**Being smart about e-commerce development**

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The global e-commerce market is taking off. While the US remains the largest e-commerce market in the world, with sales reaching $238billion and just topping China this year, we must now keep our eyes on emerging markets that are quickly gaining ground.

The Asia-Pacific is one e-commerce market we should watch closely. It is the fastest growing regional market in the world, with a 35 percent year on year growth rate. For the first time its B2C e-commerce sales are forecast to beat the US. Africa’s e-commerce market is also gaining traction, growing at about 25 percent year on year. What took the developed countries years is happening in emerging countries in a very short time.

This raises the question, why is this growth happening so quickly and how can we benefit most from it?

This rapid emerging market growth is because of increasing mobile phone penetration in highly populous countries. The recent proliferation of mobile phone networks in Asia-Pacific and Africa has transformed how people connect, communicate and shop - almost overnight. Those living in rural areas no longer need to journey hours to a store to purchase what could be bought remotely from their phones. It has allowed consumers to effectively leapfrog the landline stage of development, avoiding buying desktop computers, instead using their mobile phones for internet access and online shopping. Mobile phones have become the communication lifeline for consumers and are a big opportunity for businesses.

And while mobile penetration is a given in developed markets, the number of people living in western nations doesn’t rival the sheer volume of people in Asia-Pacific and Africa. It is the highly populous countries in these regions with sudden access to mobile phones that are quickly impacting the global e-commerce industry. Asia-Pacific will gain 80 million new online shoppers this year. Countries like India, Pakistan and Bangladesh for example have a combined mobile penetration rate of about 35 percent, which is still relatively low compared to global standards, and yet have a combined population close to two billion, so the e-commerce market growth potential is enormous. And in Africa, cell phones now are just as common in South Africa and Nigeria as they are in the US, where 90 percent of adults own one. This is vastly different than a decade ago when roughly only one in ten adults owned a mobile phone in Uganda, Tanzania, Kenya and Ghana. The Asia-Pacific and Africa regions are indeed transforming the global e-commerce market.

How can Dubai be smart about benefitting from this rapid e-commerce growth in emerging markets?

As a bridge between the East and West, I believe we can profit from this quickly growing online shopping consumer base in Asia-Pacific and Africa. To do so however, we must work harder to foster an e-commerce environment locally that allows existing and potential e-commerce businesses, as well as logistics and transportation companies, to scale-up their businesses across the region and reach more consumers globally. There are four key areas of focus I believe will better fuel e-commerce growth in Dubai.

First, customs and regulatory issues in the region must be addressed to bring down costs on shipments that originate out of Dubai. GCC countries have not drafted laws specific to e-commerce and transportation and subsequently customs costs for delivering goods and services remain high. Delivering a package from New York to Dubai costs half of what it costs to ship from Dubai to Saudi Arabia. Individual items purchased by consumers online, which on average cost between $75 and $120, must be shipped by air instead of land. Current laws only allow companies to send consolidated freight by road. This means that packages purchased online and must be delivered to an individual consumer are more expensive to ship. We therefore need to find ways to ship more packages by land instead of air, reducing the overall cost of shopping online.

Second, we must upgrade transport infrastructure to ensure more smart solutions are available for existing and potential e-commerce players in the local market. This year the Logistics District at Dubai World Central announced the launch of an electronic system that regulates the process of issuing entry permits of local goods to the free zone, reducing the time necessary to issue these permits. The Logistics District is the first free zone in Dubai to invest time and money in developing such a smart system. However more needs to be done to ensure this supports the growth of e-commerce players in the local market specifically, so that packages are shipped and delivered as efficiently and smoothly as possible and reach the consumer on time.

Third, we must find ways to enhance existing online payment gateways so that online transactions are cheaper, both for existing e-tailers and consumers. Current laws and regulations make receiving collateral or a bank loan for budding entrepreneurs looking to launch e-commerce businesses difficult. Credit card penetration is also already low in the UAE, with cash on delivery dominating 70 percent of online shipments, restricting the full potential of online shopping. Local e-tailers therefore need to be able to more easily equip themselves with more online payment gateway options, appealing to those who shop only on their phones and therefore rely heavily on easy to use, safe and inexpensive online payment platforms.

Fourth, we need to encourage more public-private partnerships to benefit existing and potential e-commerce players. The Dubai government strongly supports public-private partnerships as it helps reduce its financing demands and facilitate knowledge transfer between the public and private sectors to fuel the city’s sustainable development. A new law was passed this year for example to encourage public-private partnerships to fund new infrastructure projects in the pipeline, with $40 billion in investment put aside for airports alone in the run up to 2022. However experience has shown that while the private sector is quick to respond and adapt to these types of projects, the public sector lags behind in enthusiasm. If the public sector were to embrace and support these important initiatives more quickly and whole heartedly, I am confident that mega projects like this would gain traction and the positive effect would be felt much more quickly. Similar to Dubai’s infrastructure sector, our e-commerce market could also greatly benefit from more public-private sector collaboration.

The time is now to take advantage of more consumers coming online in emerging markets. It is therefore key to find infrastructural, logistical and regulatory solutions to the challenges that could potentially hinder the growth of Dubai’s e-commerce market. If these are addressed we can truly create an open, accessible and vibrant regional e-commerce ecosystem, where existing and potential e-tailers and transportation and logistics companies can flourish and expand their operations to reach more consumers globally. I am confident that this will happen in the coming years and Dubai will continue to deliver on its promise to be a dynamic hub for global trade.