

UAE Retail Market By Type (Food Retail, Non-Food Retail), By Type of Market (Organized, Unorganized), By Distribution Channel (Supermarkets, Online, Baqala Stores, Department Stores/Hypermarkets, Exclusive Stores, Specialty Stores) By Region, By Competition Forecast & Opportunities, 2020-2030F

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Abstracts

UAE Retail Market was valued at USD 44.38 Billion in 2024 and is expected to reach USD 61.89 Billion by 2030 with a CAGR of 5.70% during the forecast period. The United Arab Emirates (UAE) boasts a thriving and diverse retail market, making it a regional hub for shopping and commerce. The retail sector in the UAE is characterized by modern shopping malls, traditional souks, and a wide range of international and local brands. Dubai and Abu Dhabi are the primary centers of retail activity, with iconic destinations like Dubai Mall and Mall of the Emirates drawing in both tourists and residents.

The government's commitment to diversifying the economy and promoting tourism has driven significant retail growth. Retailers in the UAE cater to a multicultural and affluent consumer base, with a penchant for luxury products and high-end experiences. E-commerce has also gained prominence, with numerous online retailers and marketplaces serving a tech-savvy population. The COVID-19 pandemic accelerated the shift towards online shopping, prompting retailers to adapt and enhance their digital presence. While the UAE's retail market offers ample opportunities for growth, it also faces competition and challenges, including changing consumer preferences, economic fluctuations, and sustainability concerns. Retailers are adapting by offering unique shopping experiences, personalized services, and sustainable practices to meet the evolving demands of consumers in this dynamic market. The market is also propelled

by new developments, strategic partnerships, and a focus on meeting evolving consumer demands. Notable recent developments include the opening of G?ant Hypermarket at Sahara Centre in 2023. The hypermarket offers a wide range of products, including fresh food options, as well as unique concepts like “La Cantine” for international meals and “Le Caf? by G?ant.” The store also collaborates with partners like Supercare Pharmacy and Tornado Electronics to enhance its retail presence. The food and beverage sector is also innovating, as seen with Dufry Sharjah's launch of Hudson Caf? at Sharjah International Airport, in collaboration with Avolta and Mondelez World Travel Retail.

Key Market Drivers

Tourism and Expat Population

One of the primary drivers of the UAE retail market is the country's status as a global tourist destination and a significant expatriate population. The UAE, particularly Dubai and Abu Dhabi, attract millions of tourists from around the world every year. Tourists flock to the UAE for its luxury shopping, world-class malls, and an array of international brands. This influx of tourists contributes significantly to the retail sector's revenue, making it a tax-free shopping paradise. Additionally, the UAE is home to a large expatriate population, with people from various nationalities living and working in the country. These expatriates bring diverse tastes, preferences, and consumer habits, which retailers must cater to. This multicultural population is a driving force behind the demand for a wide range of products and services, from global brands to specialty items. In 2023, the UAE welcomed a record number of tourists, with Dubai hosting more than 17.2 million international visitors, a 19% increase compared to 2022. The tax-free shopping environment and shopping festivals, such as the Dubai Shopping Festival, further boost spending by both tourists and residents.

Economic Diversification

The UAE government has long recognized the need to diversify its economy and reduce its dependency on oil revenues. As part of this diversification strategy, the government has invested heavily in developing the retail and tourism sectors. This investment has led to the establishment of world-class shopping destinations and the creation of a vibrant retail landscape. Additionally, the UAE has worked to create a favorable business environment, attracting global retailers and luxury brands to set up shop in the country. The retail sector's growth is closely tied to the success of this economic diversification, as it provides jobs, stimulates local businesses, and boosts the overall

economy. In 2023, consumer spending rose by 13% compared to 2022, with retail-specific expenditures growing by 14%. This growth was driven by sectors such as hypermarkets, supermarkets, leisure, entertainment, and fashion.

Digital Transformation and E-Commerce

The rapid adoption of digital technology and e-commerce is another major driver of the UAE's retail market. The country has one of the highest rates of internet penetration and smartphone usage in the world. This tech-savvy population has embraced online shopping and digital payments. The COVID-19 pandemic accelerated the shift towards e-commerce, with more consumers opting for the convenience and safety of online shopping. Many established brick-and-mortar retailers have expanded their online presence, while pure-play e-commerce companies have thrived. As a result, the digital transformation of the retail sector is changing the way consumers shop and interact with brands, leading to increased competition and innovation. The UAE government has been supportive of this digital transformation by launching initiatives to facilitate e-commerce growth, such as regulations to protect consumers and encourage online businesses. The rise of online marketplaces and delivery services has created opportunities for both established retailers and entrepreneurs to enter the market, further driving the sector's expansion.

Luxury and Premium Segment

The UAE's retail market is renowned for its focus on luxury and premium products. High-net-worth individuals and tourists with a penchant for luxury goods are a significant driver in this market segment. The country boasts some of the most luxurious shopping destinations, including the Dubai Mall, Mall of the Emirates, and The Galleria in Abu Dhabi, housing high-end international brands, fashion houses, and exquisite boutiques. The UAE's status as a global luxury shopping hub is further supported by events like the Dubai Shopping Festival, where retailers offer attractive discounts and promotions, attracting shoppers from all over the world. Luxury and premium brands continue to expand their presence in the UAE, and retailers are continuously enhancing the shopping experience to cater to this discerning clientele. The UAE's retail market is shaped by several drivers that contribute to its robust and dynamic nature. These include the tourism and expat population, economic diversification efforts, digital transformation, and the focus on luxury and premium offerings. As the retail landscape continues to evolve, retailers must adapt to these drivers to remain competitive and meet the ever-changing demands of consumers in this diverse and flourishing market. In 2024, Lulu Hypermarket opened its 25th store in Dubai and its 296th globally at

Dubai Outlet Mall. The retail group aims to reach 300 outlets globally within a year, driven by high demand in the UAE region. The new hypermarket, spanning over 97,000 square feet, is the first 'Outlet concept' in the Middle East.

Key Market Challenges

Economic Volatility and Oil Dependency

The UAE's economy has historically been heavily reliant on oil revenues. While significant efforts have been made to diversify the economy, the country is still subject to economic fluctuations driven by global oil prices. When oil prices are low, government revenues decrease, which can have a trickle-down effect on consumer spending and the overall retail sector. Economic downturns can lead to reduced consumer confidence and lower discretionary spending, impacting retail sales. The COVID-19 pandemic, coupled with fluctuating oil prices, served as a stark reminder of the economic vulnerabilities the UAE faces. Lockdowns and restrictions directly affected brick-and-mortar retailers, causing a decline in footfall, and in some cases, store closures. To address this challenge, the UAE government is actively working on economic diversification, encouraging non-oil industries such as tourism, technology, and manufacturing. Retailers, in turn, should adopt resilient business models that can withstand economic shocks and reduce dependency on oil-driven consumer spending.

Changing Consumer Preferences

Consumer preferences are evolving rapidly in the UAE, driven by factors like globalization, sustainability, and digitalization. Today's consumers, both locals and expatriates, are more conscious of environmental issues, seeking eco-friendly products and brands. The rise of conscious consumerism is reshaping the retail landscape, with demand for sustainable, organic, and ethical products on the rise. Furthermore, the younger generation in the UAE is more digitally connected than ever, favoring online shopping and seeking seamless omnichannel experiences. They also value unique and personalized experiences, both in physical stores and online. Adapting to these changing preferences is challenging for traditional retailers. They need to invest in sustainable practices, incorporate digital technology, and develop innovative marketing strategies to remain relevant in the evolving market.

Competition and Market Saturation

The UAE's retail market is highly competitive, with numerous local and international

brands vying for consumer attention. Major cities like Dubai and Abu Dhabi are saturated with shopping malls and retail outlets, which can lead to challenges such as oversupply and intensified competition. Smaller retailers may struggle to stand out, particularly in a market dominated by well-established global players. The e-commerce sector also contributes to the competition, as online marketplaces offer consumers a vast array of choices, often at competitive prices. To succeed, traditional retailers must differentiate themselves through unique in-store experiences, localized products, and efficient customer service. Additionally, market saturation can lead to price wars and reduced profit margins, which may impact the sustainability of businesses. Retailers must carefully strategize to avoid overreliance on discounts and focus on delivering value and quality to customers.

Key Market Trends

E-commerce Growth and Omnichannel Retailing

E-commerce is experiencing rapid growth in the UAE, fueled by the country's high internet and smartphone penetration rates. Online shopping has become increasingly popular, driven in part by the convenience it offers, as well as the impact of the COVID-19 pandemic, which accelerated the adoption of digital channels. Major retailers, both local and international, have expanded their online presence to cater to this growing demand. The trend of e-commerce is complemented by the rise of omnichannel retailing, where retailers seamlessly integrate their online and offline operations to provide customers with a unified shopping experience. This means that consumers can research products online, make purchases through various channels (online or in-store), and receive products through multiple fulfillment options, such as home delivery or click-and-collect services. In response to this trend, retailers are investing in improving their digital infrastructure, enhancing the user experience on their websites and mobile apps, and implementing technologies like augmented reality for virtual try-ons and artificial intelligence for personalized recommendations. Additionally, traditional brick-and-mortar stores are leveraging digital technologies to bridge the gap between the physical and digital shopping experience.

Sustainability and Ethical Consumption

Sustainability is a global trend that has taken firm root in the UAE retail market. Both consumers and retailers are increasingly aware of the environmental and social impacts of their choices. Shoppers in the UAE are showing a growing interest in sustainable, eco-friendly products and brands that prioritize ethical practices and corporate

responsibility. Retailers are responding to this trend by adopting sustainable business practices, reducing plastic usage, incorporating eco-friendly packaging, and supporting fair trade initiatives. Many are also transparently sharing their sustainability efforts and certifications, as this can serve as a strong selling point for eco-conscious consumers. Moreover, the government of the UAE has implemented regulations and initiatives to promote sustainability, such as plastic reduction campaigns and energy efficiency measures. Retailers must comply with these regulations and align with the country's broader sustainability goals.

Personalization and Customer Experience

Consumers in the UAE are increasingly looking for personalized shopping experiences. They want retailers to understand their individual preferences and offer tailored recommendations and promotions. This trend is closely tied to the use of data analytics and artificial intelligence in retail operations. Retailers are leveraging customer data to personalize marketing campaigns, suggest products based on previous purchases, and enhance the in-store and online shopping experience. This not only increases customer loyalty but also drives sales as customers feel more connected to the brand. In physical stores, retailers are creating unique and immersive shopping environments to offer an exceptional customer experience. Pop-up stores, interactive displays, and experiential retail spaces are becoming more common, as they provide customers with a reason to visit the physical store beyond mere product acquisition. Additionally, the use of technologies like chatbots and virtual assistants is growing, enabling customers to get instant, personalized assistance, whether they are shopping online or in-store.

Segmental Insights

Type Insights

In the UAE retail market, the non-food retail segment holds the dominant share in 2024, driven by growing consumer demand for a wide range of non-food products. This category includes electronics, fashion, home goods, beauty products, and health-related items, which are increasingly popular among the affluent and tech-savvy population in the UAE. The rapid urbanization and increasing disposable incomes in the country have led to an expansion in the demand for these products, making non-food retail a significant contributor to the UAE's retail sector. One of the key factors driving this segment is the rise of online shopping, with e-commerce platforms offering convenience, variety, and competitive prices. The UAE's robust digital infrastructure and high internet penetration rates have fueled the growth of online retail, allowing

consumers to access a wide array of non-food products. Furthermore, the government's efforts to diversify the economy through initiatives like the UAE Vision 2021 have led to greater investment in non-oil sectors, including retail. The development of modern shopping malls and luxury retail outlets has also boosted the demand for high-end fashion and electronics, further solidifying the non-food retail segment's dominance in the market. As consumer preferences evolve and the market continues to expand, non-food retail is expected to remain a key driver of growth in the UAE retail landscape.

Regional Insights

Dubai was the dominated region in the UAE retail market with market share in 2024. It stands out as a global shopping and tourism hub, attracting millions of visitors from around the world. The city boasts an impressive array of world-class shopping malls, such as the Dubai Mall, Mall of the Emirates, and the Gold Souk, housing a diverse range of international and luxury brands. These shopping destinations are not only iconic but also set the standard for retail experiences in the region. Dubai's strategic location as a major transportation and logistics hub further enhances its prominence in the retail sector, making it an ideal place for international retailers to establish their presence in the Middle East. Its diverse and multicultural population, along with a strong expatriate community, fuels retail demand and consumer diversity. With a forward-thinking government encouraging economic diversification and innovation, Dubai continues to be the dominant force driving the growth and evolution of the UAE retail market.

Key Market Players

Majid Al Futtaim Holding LLC

Landmark Group

Union Coop

Azadea Group

Amazon (Souq)

M.H. Alshaya Co. (Al Shaya Group)

Lulu Group International

Spinneys Dubai LLC

Al Maya Group LLC

West Zone LLC

Al Madina Group

Report Scope:

In this report, the UAE Retail market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

UAE Retail Market, By Type:

Food Retail

Non-Food Retail

UAE Retail Market, By Type of Market:

Organized

Unorganized

UAE Retail Market, By Distribution Channel:

Department Stores/ Hypermarkets

Online

Baqala Stores

Supermarkets

Exclusive Stores

Specialty Stores

UAE Retail Market, By Region:

Dubai

Abu Dhabi

Sharjah

Ajman

Rest of UEA

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the UAE Retail market.

Available Customizations:

UAE Retail Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

Contents

1. INTRODUCTION

- 1.1. Service Overview
- 1.2. Key Highlights of the Report
- 1.3. Market Coverage
- 1.4. Market Segments Covered
- 1.5. Research Tenure Considered

2. RESEARCH METHODOLOGY

- 2.1. Objective of the Study
- 2.2. Baseline Methodology
- 2.3. Key Industry Partners
- 2.4. Major Association and Secondary Sources
- 2.5. Forecasting Methodology
- 2.6. Data Triangulation & Validation
- 2.7. Assumptions and Limitations

3. EXECUTIVE SUMMARY

- 3.1. Market Overview
- 3.2. Market Forecast
- 3.3. Key Regions
- 3.4. Key Segments

4. VOICE OF CUSTOMER

- 4.1. Source of Information
- 4.2. Preferred Mode of Distribution Channel
- 4.3. Average Monthly Expenditure on Food Products
- 4.4. Factors Influencing Purchase Decision

5. UAE RETAIL MARKET OUTLOOK

- 5.1. Market Size & Forecast
 - 5.1.1. By Value
- 5.2. Market Share & Forecast

- 5.2.1. By Type Market Share Analysis (Food Retail, Non-Food Retail)
- 5.2.2. By Type of Market Share Analysis (Organized, Unorganized)
- 5.2.3. By Distribution Channel Market Share Analysis (Department Stores/ Hypermarkets, Online, Baqala Stores, Supermarkets, Exclusive Stores, Specialty Stores)
- 5.2.4. By Regional Market Share Analysis
 - 5.2.4.1. Dubai Market Share Analysis
 - 5.2.4.2. Abu Dhabi Market Share Analysis
 - 5.2.4.3. Sharjah Market Share Analysis
 - 5.2.4.4. Ajman Market Share Analysis
 - 5.2.4.5. Rest of UAE Market Share Analysis
- 5.2.5. By Top 5 Companies Market Share Analysis, Others (2024)
- 5.3. UAE Retail Market Mapping & Opportunity Assessment
 - 5.3.1. By Type Market Mapping & Opportunity Assessment
 - 5.3.2. By Type of Market Mapping & Opportunity Assessment
 - 5.3.3. By Distribution Channel Market Mapping & Opportunity Assessment
 - 5.3.4. By Regional Market Mapping & Opportunity Assessment

6. DUBAI RETAIL MARKET OUTLOOK

- 6.1. Market Size & Forecast
 - 6.1.1. By Value
- 6.2. Market Share & Forecast
 - 6.2.1. By Type Market Share Analysis
 - 6.2.2. By Type of Market Share Analysis
 - 6.2.3. By Distribution Channel Market Share Analysis
- 6.3. Total Number of Retail Stores in Dubai, By Retail Store Type and Their Details {Average Number of Employees, Average Monthly Salary (USD), Average Annual Income (USD), Average Space (Sq. Ft.), Average Rental (USD)}, 2024
 - 6.3.1. By Total Number of Baqalas
 - 6.3.2. By Total Number of Department Stores/ Hypermarkets
 - 6.3.3. By Total Number of Exclusive Stores
 - 6.3.4. By Total Number of Specialty Stores
 - 6.3.5. By Total Number of Supermarkets

7. ABU DHABI RETAIL MARKET OUTLOOK

- 7.1. Market Size & Forecast
 - 7.1.1. By Value

7.2. Market Share & Forecast

7.2.1. By Type Market Share Analysis

7.2.2. By Type of Market Share Analysis

7.2.3. By Distribution Channel Market Share Analysis

7.3. Total Number of Retail Stores in Abu Dhabi, By Retail Store Type and Their Details {Average Number of Employees, Average Monthly Salary (USD), Average Annual Income (USD), Average Space (Sq. Ft.), Average Rental (USD)}, 2024

7.3.1. By Total Number of Baqalas

7.3.2. By Total Number of Department Stores/ Hypermarkets

7.3.3. By Total Number of Exclusive Stores

7.3.4. By Total Number of Specialty Stores

7.3.5. By Total Number of Supermarkets

8. SHARJAH RETAIL MARKET OUTLOOK

8.1. Market Size & Forecast

8.1.1. By Value

8.2. Market Share & Forecast

8.2.1. By Type Market Share Analysis

8.2.2. By Type of Market Share Analysis

8.2.3. By Distribution Channel Market Share Analysis

8.3. Total Number of Retail Stores in Sharjah, By Retail Store Type and Their Details {Average Number of Employees, Average Monthly Salary (USD), Average Annual Income (USD), Average Space (Sq. Ft.), Average Rental (USD)}, 2024

8.3.1. By Total Number of Baqalas

8.3.2. By Total Number of Department Stores/ Hypermarkets

8.3.3. By Total Number of Exclusive Stores

8.3.4. By Total Number of Specialty Stores

8.3.5. By Total Number of Supermarkets

9. AJMAN RETAIL MARKET OUTLOOK

9.1. Market Size & Forecast

9.1.1. By Value

9.2. Market Share & Forecast

9.2.1. By Type Market Share Analysis

9.2.2. By Type of Market Share Analysis

9.2.3. By Distribution Channel Market Share Analysis

9.3. Total Number of Retail Stores in Ajman, By Retail Store Type and Their Details

{Average Number of Employees, Average Monthly Salary (USD), Average Annual Income (USD), Average Space (Sq. Ft.), Average Rental (USD)}, 2024

- 9.3.1. By Total Number of Baqalas
- 9.3.2. By Total Number of Department Stores/ Hypermarkets
- 9.3.3. By Total Number of Exclusive Stores
- 9.3.4. By Total Number of Specialty Stores
- 9.3.5. By Total Number of Supermarkets

10. MARKET DYNAMICS

- 10.1. Drivers
- 10.2. Challenges

11. IMPACT OF COVID-19 ON UAE RETAIL MARKET

12. MARKET TRENDS & DEVELOPMENTS

13. PORTER'S FIVE FORCES MODEL

- 13.1. Competitive Rivalry
- 13.2. Bargaining Power of Buyers
- 13.3. Bargaining Power of Suppliers
- 13.4. Threat of New Entrants
- 13.5. Threat of Substitutes

14. SWOT ANALYSIS

- 14.1. Strengths
- 14.2. Weaknesses
- 14.3. Opportunities
- 14.4. Threats

15. POLICY AND REGULATORY LANDSCAPE

16. UAE ECONOMIC PROFILE

17. COMPETITIVE LANDSCAPE

- 17.1. Company Profiles

- 17.1.1. Majid Al Futtaim Holding LLC
 - 17.1.1.1. Company Details
 - 17.1.1.2. Product & Services
 - 17.1.1.3. Financials (As Per Availability)
 - 17.1.1.4. Key market Focus & Geographical Presence
 - 17.1.1.5. Recent Developments
 - 17.1.1.6. Key Management Personnel
- 17.1.2. Lulu Group International
 - 17.1.2.1. Company Details
 - 17.1.2.2. Product & Services
 - 17.1.2.3. Financials (As Per Availability)
 - 17.1.2.4. Key market Focus & Geographical Presence
 - 17.1.2.5. Recent Developments
 - 17.1.2.6. Key Management Personnel
- 17.1.3. Landmark Group
 - 17.1.3.1. Company Details
 - 17.1.3.2. Product & Services
 - 17.1.3.3. Financials (As Per Availability)
 - 17.1.3.4. Key market Focus & Geographical Presence
 - 17.1.3.5. Recent Developments
 - 17.1.3.6. Key Management Personnel
- 17.1.4. West Zone Group
 - 17.1.4.1. Company Details
 - 17.1.4.2. Product & Services
 - 17.1.4.3. Financials (As Per Availability)
 - 17.1.4.4. Key market Focus & Geographical Presence
 - 17.1.4.5. Recent Developments
 - 17.1.4.6. Key Management Personnel
- 17.1.5. Al Madina Group
 - 17.1.5.1. Company Details
 - 17.1.5.2. Product & Services
 - 17.1.5.3. Financials (As Per Availability)
 - 17.1.5.4. Key market Focus & Geographical Presence
 - 17.1.5.5. Recent Developments
 - 17.1.5.6. Key Management Personnel
- 17.1.6. Azadea Group
 - 17.1.6.1. Company Details
 - 17.1.6.2. Product & Services
 - 17.1.6.3. Financials (As Per Availability)

- 17.1.6.4. Key market Focus & Geographical Presence
- 17.1.6.5. Recent Developments
- 17.1.6.6. Key Management Personnel
- 17.1.7. Amazon (Souq)
 - 17.1.7.1. Company Details
 - 17.1.7.2. Product & Services
 - 17.1.7.3. Financials (As Per Availability)
 - 17.1.7.4. Key market Focus & Geographical Presence
 - 17.1.7.5. Recent Developments
 - 17.1.7.6. Key Management Personnel
- 17.1.8. M.H. Alshaya Company (Al Shaya Group)
 - 17.1.8.1. Company Details
 - 17.1.8.2. Product & Services
 - 17.1.8.3. Financials (As Per Availability)
 - 17.1.8.4. Key market Focus & Geographical Presence
 - 17.1.8.5. Recent Developments
 - 17.1.8.6. Key Management Personnel
- 17.1.9. Spinneys Dubai LLC
 - 17.1.9.1. Company Details
 - 17.1.9.2. Product & Services
 - 17.1.9.3. Financials (As Per Availability)
 - 17.1.9.4. Key market Focus & Geographical Presence
 - 17.1.9.5. Recent Developments
 - 17.1.9.6. Key Management Personnel
- 17.1.10. Al Maya Group LLC
 - 17.1.10.1. Company Details
 - 17.1.10.2. Product & Services
 - 17.1.10.3. Financials (As Per Availability)
 - 17.1.10.4. Key market Focus & Geographical Presence
 - 17.1.10.5. Recent Developments
 - 17.1.10.6. Key Management Personnel
- 17.1.11. Union Coop
 - 17.1.11.1. Company Details
 - 17.1.11.2. Product & Services
 - 17.1.11.3. Financials (As Per Availability)
 - 17.1.11.4. Key market Focus & Geographical Presence
 - 17.1.11.5. Recent Developments
 - 17.1.11.6. Key Management Personnel

18. STRATEGIC RECOMMENDATIONS

19. ABOUT US & DISCLAIMER

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