QATAR NATIONAL E-COMMERCE
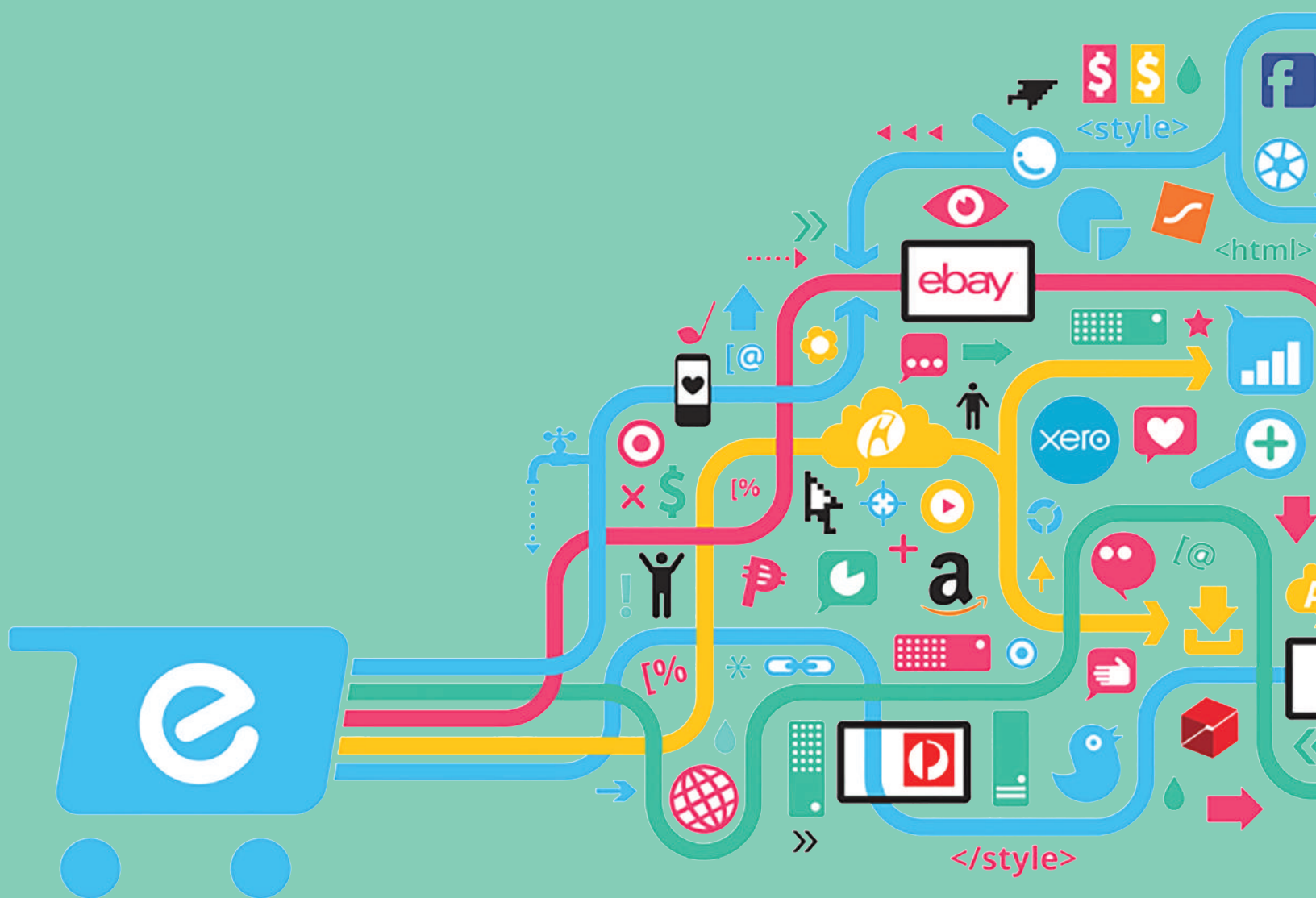## ROADMAP 2017

وزارة المواصـلات والاتصـالات
Ministry of Transport & Communications

Contents

Foreword

Due to major advances in information and communications technology and its continuously changing landscape, the way we perceive and conduct business is rapidly changing as well. The world is experiencing a highly dynamic business environment, with e-commerce becoming more of a business imperative than ever before, supporting economic competitiveness and diversification. Qatar is part of this trend. With the progress we have made over the past decade in the penetration of ICT into all facets of life, Qatar is poised to realize favorable social and economic returns from growth in e-commerce.

In 2015, Qatar's business-to-consumer market reached nearly USD 1.2 billion as extrapulated from the 2014 figure of USD 1.02 billion at %17 CAGR, making Qatar the seventh-largest market in the MENA region, with significant opportunity for growth and improvement. Qatar already has many of the key ingredients conducive to a favorable e-commerce environment—a population with high levels of disposable income, a strong and secure ICT infrastructure, and a highly connected society. In fact, Qatar has the potential to double its forecasted e-commerce market size by leveraging its large investments in both ICT and logistics as well as the growth in its SME sector. Government interventions and coordination are required to realize this potential and enable a robust e-commerce ecosystem.

Recognizing Qatar's high potential, the Ministry of Transport and Communications (MOTC) has developed this National e-Commerce Roadmap to coordinate the implementation effort required to establish a well-governed and well-supported e-commerce ecosystem. It is the result of a detailed analysis of the Qatari e-commerce market combined with local, regional, and global stakeholder consultations, including a broad set of views from the public and private sectors. And it is based on leading practices and latest developments and trends from around the globe.

This roadmap is an ambitious blueprint for change that reflects the inclusive effort required for successful implementation. This initiative belongs to all of Qatar, and its success—which will also help drive the continued prosperity and success of the nation—depends on the work and determination of all of us.

H.E. Jassim Saif Ahmed Al Sulaiti
Minister of Transport and Communications

Introduction

E-commerce is becoming more of a business imperative than ever before as consumer awareness and expectations evolve. The proliferation of high-speed broadband and the availability of a sophisticated Internet infrastructure and Web-enabled mobile devices present increased economic opportunities for government, businesses, and individuals that could have profound impact on how future business-to-business (B2B) and business-to-consumer (B2C) commerce is conducted.

In 2015, global e-commerce B2C sales totaled USD 1.54 trillion. To get a glimpse into how e-commerce is transforming the marketplace worldwide, one only has to take a look at some of the world's most successful and popular businesses. Amazon, one of those companies, has no points of sale. Uber, the world's largest taxi company, owns no vehicles. Netflix, the largest pay TV service, owns no STB or transmission infrastructure. And Alibaba, one of the world's most valuable retailers, has no inventory.

This national e-commerce roadmap is the first of its kind in Qatar. It outlines the current e-commerce landscape in Qatar, details challenges and inhibitors to success, and provides the framework to chart a path forward. This roadmap is the result of a thorough collaborative effort with local, regional, and international stakeholders across the entire e-commerce value chain—from product creation to consumer receipt of the product—and its successful implementation is dependent on strong collaboration and coordination among the different stakeholders.

E-commerce has not yet been fully embraced in Qatar, and widespread adoption would have a positive effect on Qatar's business environment. It could significantly contribute to economic development, a major pillar of the Qatar National Vision, as it provides businesses better access to consumers, improves business efficiency, expands trade and investment opportunities, and promotes innovation, diversification, and competitiveness. E-commerce also has a direct impact on the remaining three pillars that compose the Qatar National Vision as shown in Figure 1.

Adoption of e-commerce can benefit small businesses as well as consumers, who will be able to make more informed decisions and easily conduct commercial transactions. In addition, e-commerce removes the barriers of physical location and allows consumers to conduct transactions round the clock from the convenience of their homes.

From the perspective of business operations, e-commerce allows for more efficiency and increases productivity. The rise of B2B e-commerce results in the reduction of transaction and coordination costs and improves supply chain management, which can result in reduced business exposure to increasing prices. Moreover, e-commerce offers a business opportunity to logistics and postal operators to expand beyond their traditional roles across the e-commerce value chain.

Figure 1: How e-Commerce Contributes to Achieving Qatar's National Vision 2030

ECONOMIC DEVELOPMENT

E-commerce contributes to the evelopment of a Competitive and Diversified Economy
• Enabling innovative business models, sectoral organization, and market structures
• Stimulating entrepreneurship and foreign direct investment
• Fostering the development of target sectors (e.g., logistics, financial services)
• Ushering in large economic productivity gains through leveraging ICT, and advancing the drive toward a smarter nation

HUMAN DEVELOPMENT

E-commerce contributes to the development of Qatar's Human Capital
• Accelerating upskilling/ multiskilling trends e.g., digital/ICT management skills), which in turn place demand on the education sector
• Encouraging continuous training and inter-firm collaboration, thus enabling innovation
• Providing an opportunity for consumers to gain access to the best world resources
• Becoming an inclusion opportunity for low-wage laborer and transients

SOCIAL DEVELOPMENT

E-commerce contributes toward a nowledgebased and Just Society
• Driving the shift toward an economy based on knowledge and information through shaping facets of modern society
• Stimulating policies that promote the development and availability of information technologies and access to advanced networks
• Providing a sound legal framework to protect consumers throughout the life cycle of electronic transactions

ENVIRONMENTAL DEVELOPMENT

E-commerce contributes toward a Greener Environment
• Reducing the carbon footprint and energy usage through optimization of inventories and transportation services
• Stimulating social sharing and crowd services, increasing utilization of existing assets and capabilities
• Enabling innovative pure digital business models with no physical infrastructures that can rely on cloud services, thus resulting in further energy savings and cost efficiency

E-commerce also provides access to electronic markets, facilitating trade, promoting export-oriented business activities, and attracting foreign direct investment (FDI). More important, e-commerce sets new frontiers for innovation and competition, enhances producer bargaining power, and supports omnichannel commerce models. It can promote the entry of SMEs into the market and enable them to achieve economies of scale as well as to reach out to consumers currently unavailable to them under the traditional physical storefront and single-source sales channel model.

This roadmap engages and targets all stakeholders in the e-commerce value chain:

Government institutions play a role in regulating and supporting both the physical and digital business environment, including payments, and in protecting consumer rights.

Financial institutions enable electronic payments (e-payments) including issuers and acquirers of cards, and emerging e-payment providers (such as aggregators and processors).

Logistics providers are involved in the delivery of goods to end-customers and provide local merchants with the logistics backbone required for more efficient supply chain operations.

ICT and service providers supply the technology and professional capabilities needed to set up, manage, and successfully operate an e-commerce venture. They include fixed and mobile telecom operators, vendors of cloud and software solutions, system integrators, media agencies, web consulting firms, and other e-commerce specialists in different fields.

Merchants include local merchants who are considering the setup/enhancement of their online presence as well as start-ups and foreign investors that are willing to enter Qatar's e-commerce market.

Consumers include all those living in Qatar—Qatari nationals, expatriates, and low-wage laborers who are (or would potentially be) involved in B2C transactions. Consumer also refers to recipients of B2B goods and/or services.

The Ministry of Transport and Communications (MOTC) developed this roadmap through a rigorous and comprehensive process that involved a broad set of stakeholder interviews and consultations as well as secondary research, all of which is summarized in the table on opposite page (see Figure 2).

Figure 2: Sources of Input (not exhaustive)

Stakeholders Interviews and Consultations

Government
MOTC
Comm's Regulatory Authority
M. of Justice
M. of Interior
M. of Economy and Commerce
Qatar Central Bank

Telecom
Ooredoo
Vodafone

Logistics
Aramex
DHL
Qatar Post

Education
Qatar University
Qatar Foundation

Leaders
Amazon
Google
Souq.com
Ericsson
Rocket Internet

Financial Services
Qatar National Bank
Commercial Bank
Doha Bank
Qatar Financial Center
QPay International
Pay Fort
Visa
PayPal

Merchants
Qatar Airways
Ikea
Spark
and many others

+

Reports / Analysis

MOTC Publications
World Bank
United Nations
World Trade Organization
World Economic Forum
International
Telecommunications Union
Universal Postal Union

OECD
MasterCard
PayPal
Ovum
Ipsos Research
Business Monitor
International
EY Research
Arab Advisors Group

+

Benchmarking

Countries include:
Kingdom of Saudi Arabia
United Arab Emirates
Kuwait
Oman
Jordan
Italy
Egypt
Germany

Singapore
United States
United Kingdom
Malta,
India

Organizations include:
Alibaba Group
Tesco
Mediamarket
Souq.com
NetBanking
M.Pesa
PostePay
GiroPay

E-Commerce Landscape in Qatar

QATAR enjoys a favorable environment for e-commerce adoption, including a population with high levels of disposable income; high Internet, mobile, and fixed connectivity; and increasing ICT maturity. However, several key inhibitors are stopping Qatar from realizing its full e-commerce potential. The section below provides an overview of the state of e-commerce in the country.

In 2015, the business-to-consumer market was USD 1.2 billion as extrapulated from the 2014 figure of USD 1.02 billion at %17 CAGR, making Qatar the 7th-largest B2C market in the MENA region. The Qatari economy is one of MENA's fastest-growing economies and boasts the world's highest gross domestic product (GDP) per capita.
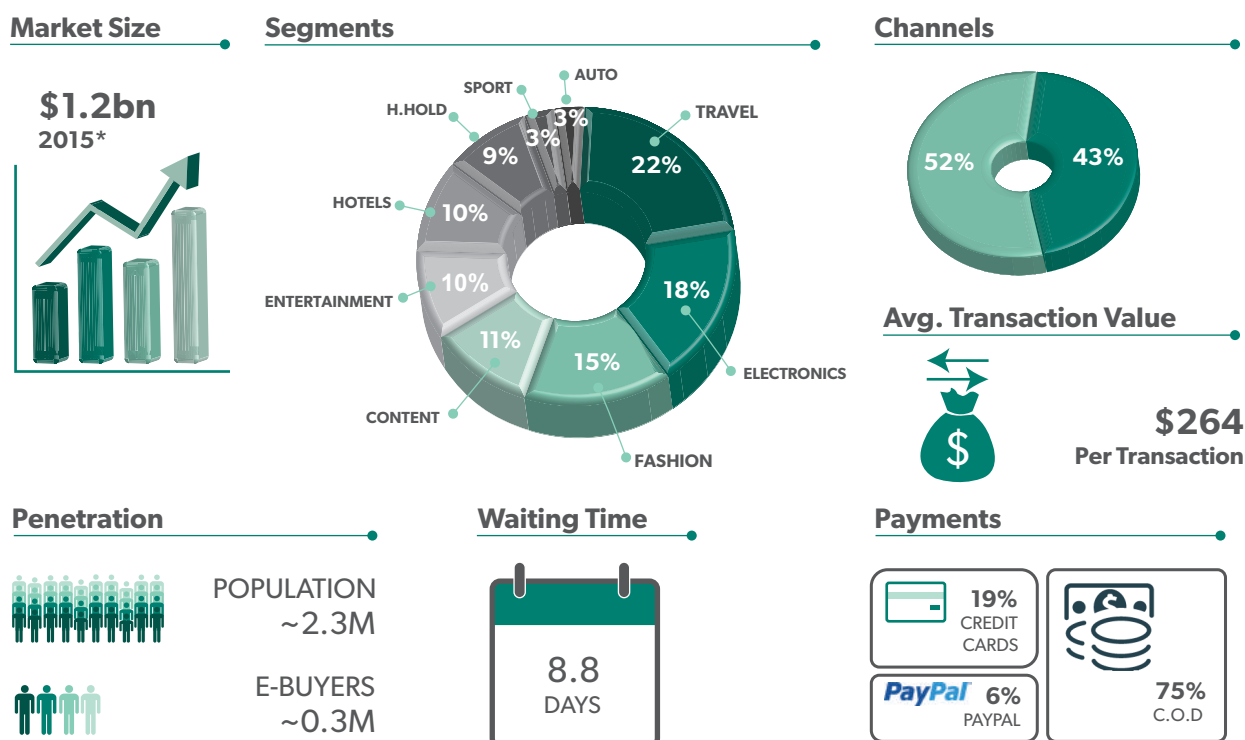
The diagram below (Figure 3) provides a snapshot of Qatar's e-commerce market, and Figure 4 (opposite) details more fully Qatar's favorable environment for e-commerce adoption.

In Qatar, these factors have translated into the highest average annual e-commerce spend per user in the MENA region and an average value per online transaction higher than the Gulf Cooperation Council's (GCC) average. In Qatar, the average person spends USD 3,453 per year, with each transaction approximately USD 264 (see Figure 5).

Figure 3: Snapshot of the Qatar e-Commerce Market

Qatar is currently the 7th largest B2C Market in MENA; with tremendous uplift potential ...

Snapshot of the Qatar e-Commerce Market

Market Size

$1.2bn
2015*

Segments

- AUTO — 3%
- SPORT — 3%
- H.HOLD — 9%
- HOTELS — 10%
- ENTERTAINMENT — 10%
- CONTENT — 11%
- FASHION — 15%
- ELECTRONICS — 18%
- TRAVEL — 22%

Channels

52% / 43%

Avg. Transaction Value

$264
Per Transaction

Penetration

POPULATION ~2.3M

E-BUYERS ~0.3M

Waiting Time

8.8 DAYS

Payments

- 19% CREDIT CARDS
- 6% PAYPAL
- 75% C.O.D

Source: Team Analysis
* as extrapulated from the 2014 figure of USD 1.02 billion at 17% CAGR

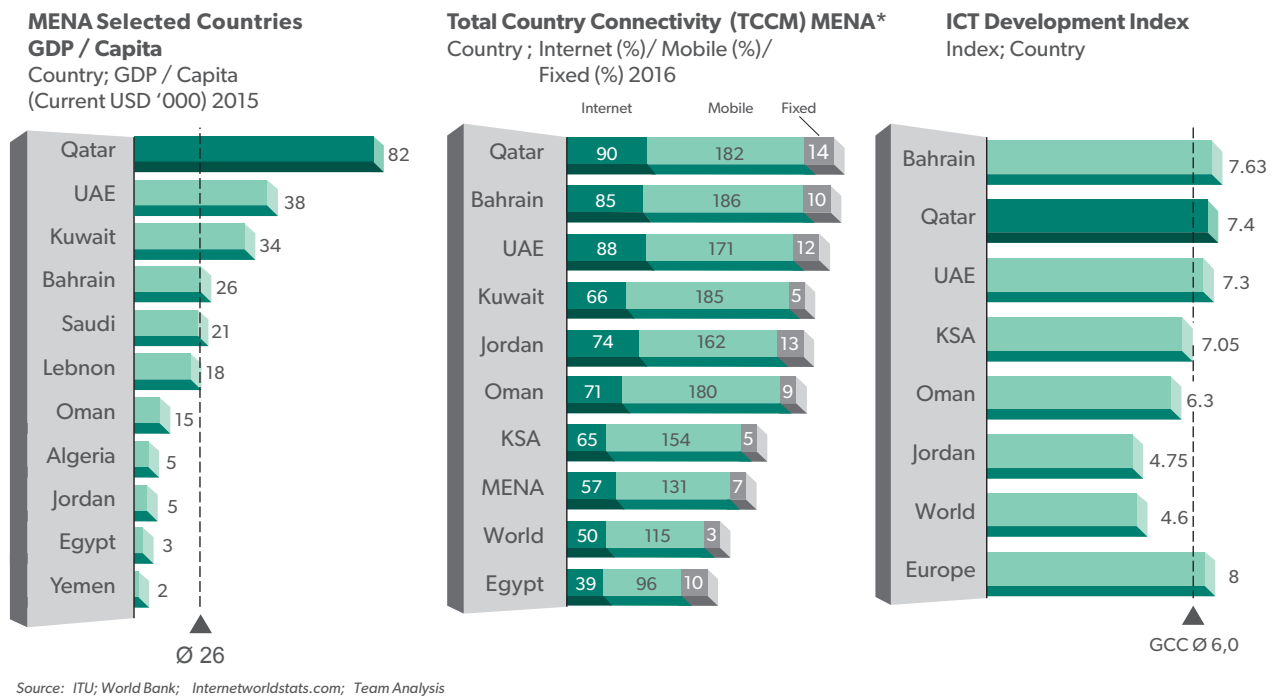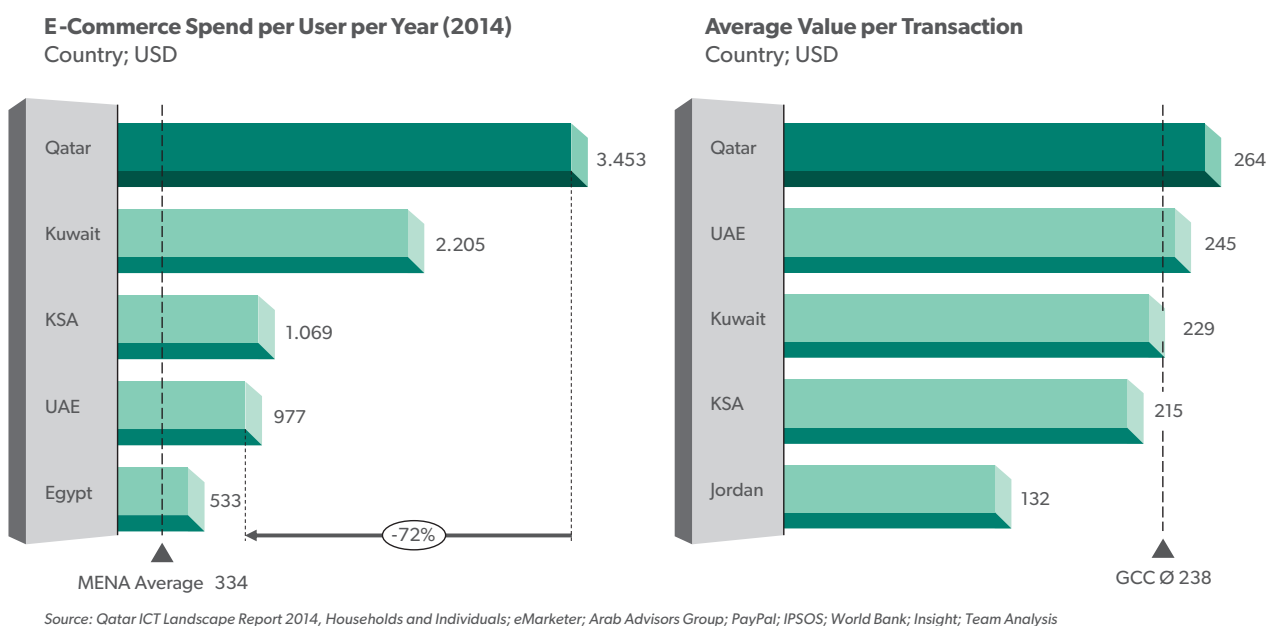## Figure 4: Qatar's Economic and Connectivity Indicators

MENA Selected Countries GDP / Capita
Country; GDP / Capita
(Current USD '000) 2015

Country	GDP/Capita
Qatar	82
UAE	38
Kuwait	34
Bahrain	26
Saudi	21
Lebnon	18
Oman	15
Algeria	5
Jordan	5
Egypt	3
Yemen	2

Ø 26

Total Country Connectivity (TCCM) MENA*
Country ; Internet (%)/ Mobile (%)/ Fixed (%) 2016

Country	Internet	Mobile	Fixed
Qatar	90	182	14
Bahrain	85	186	10
UAE	88	171	12
Kuwait	66	185	5
Jordan	74	162	13
Oman	71	180	9
KSA	65	154	5
MENA	57	131	7
World	50	115	3
Egypt	39	96	10

ICT Development Index
Index; Country

Country	Index
Bahrain	7.63
Qatar	7.4
UAE	7.3
KSA	7.05
Oman	6.3
Jordan	4.75
World	4.6
Europe	8

GCC Ø 6,0

Source: ITU; World Bank; Internetworldstats.com; Team Analysis

Figure 5: Qatar's Average e-Commerce Spend

E-Commerce Spend per User per Year (2014)
Country; USD

Country	Spend
Qatar	3.453
Kuwait	2.205
KSA	1.069
UAE	977
Egypt	533

-72%

MENA Average 334

Average Value per Transaction
Country; USD

Country	Value
Qatar	264
UAE	245
Kuwait	229
KSA	215
Jordan	132

GCC Ø 238

Source: Qatar ICT Landscape Report 2014, Households and Individuals; eMarketer; Arab Advisors Group; PayPal; IPSOS; World Bank; Insight; Team Analysis

B2C Market Insights

The B2C MENA market size is approximately USD 40 billion, largely dominated by Saudi Arabia and the United Arab Emirates. Qatar's B2C market is the seventh-largest in MENA, with a current market size of nearly USD 1.2 billion and is expected to grow at a compound annual growth rate (CAGR) of 17 percent over the next four years, in line with the MENA average (see Figure 6)

Currently, airline tickets and consumer electronics are the dominant B2C segments, making up approximately 40 percent of the B2C market in Qatar. This B2C market segmentation is also in line with the overall MENA B2C market split (see Figure 7)

Despite a favorable environment for e-commerce in Qatar, the e-commerce uptake remains relatively low. The percentage of people shopping online represents 14 percent of the total population (compared with a regional average of 27 percent), with relatively higher adoption rates among expatriates and lower rates among Qatari nationals and low-wage laborers (see Figure 8)
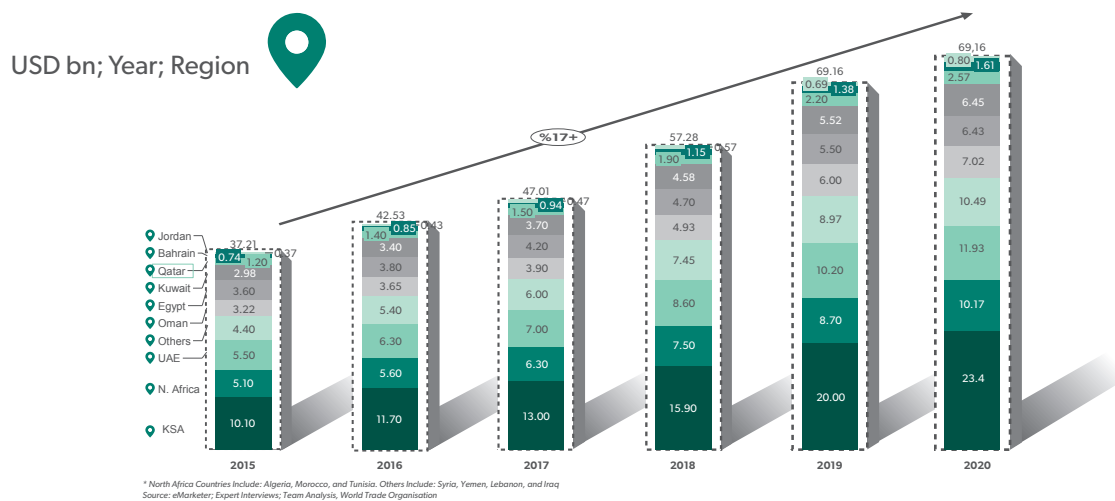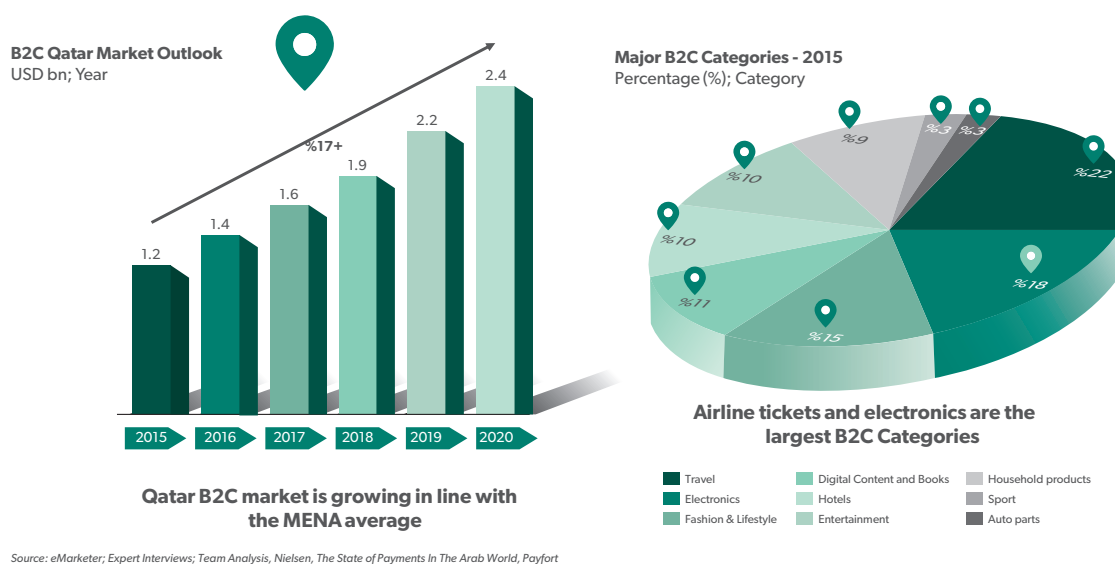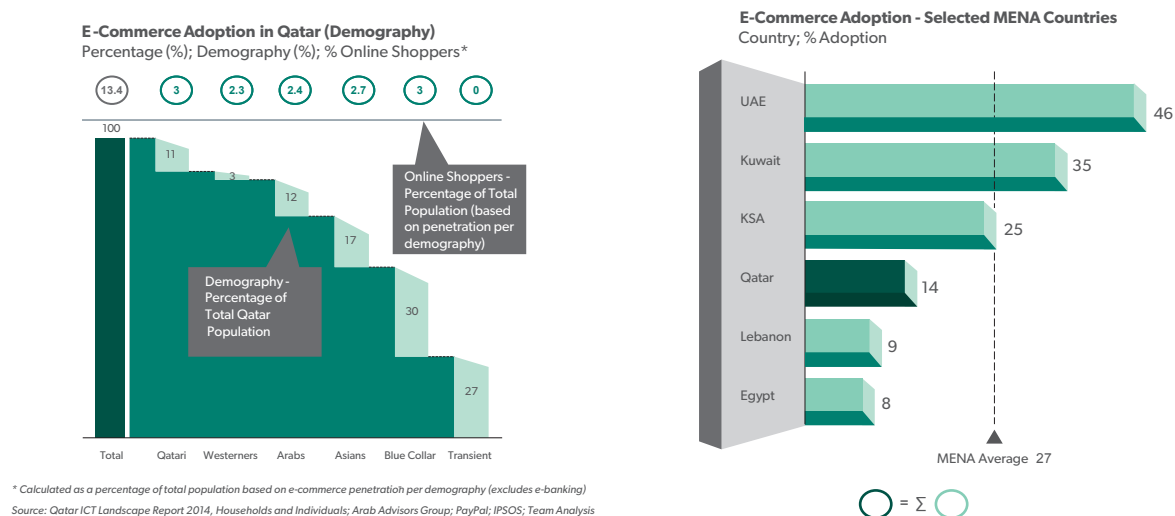
Figure 6: B2C Market—Regional Outlook

USD bn; Year; Region

%17+

	2015	2016	2017	2018	2019	2020
Total	37.21	42.53	47.01	57.28	69.16	69.16
Jordan	0.74	0.85	0.94	1.15	1.38	1.61
Bahrain	1.20	1.40	1.50	1.90	0.69	0.80
	0.37	0.13	0.47	0.57	2.20	2.57
Qatar	2.98	3.40	3.70	4.58	5.52	6.45
Kuwait	3.60	3.80	3.90	4.70	5.50	6.43
Egypt	3.22	3.65	6.00	4.93	6.00	7.02
Oman	4.40	5.40	7.00	7.45	8.97	10.49
Others	5.50	6.30	6.30	8.60	10.20	11.93
UAE	5.10	5.60		7.50	8.70	10.17
N. Africa	10.10	11.70	13.00	15.90	20.00	23.4
KSA						

North Africa Countries Include: Algeria, Morocco, and Tunisia. Others Include: Syria, Yemen, Lebanon, and Iraq
Source: eMarketer; Expert Interviews; Team Analysis, World Trade Organisation

Figure 7: B2C Market—Qatar Outlook

B2C Qatar Market Outlook
USD bn; Year

%17+

2015	2016	2017	2018	2019	2020
1.2	1.4	1.6	1.9	2.2	2.4

Qatar B2C market is growing in line with the MENA average

Major B2C Categories - 2015
Percentage (%); Category

%22, %18, %15, %11, %10, %10, %9, %3, %3

Airline tickets and electronics are the largest B2C Categories

- Travel
- Electronics
- Fashion & Lifestyle
- Digital Content and Books
- Hotels
- Entertainment
- Household products
- Sport
- Auto parts

Source: eMarketer; Expert Interviews; Team Analysis, Nielsen, The State of Payments In The Arab World, Payfort

Figure 8: Qatar E-Commerce Adoption

E-Commerce Adoption in Qatar (Demography)
Percentage (%); Demography (%); % Online Shoppers*

	Total	Qatari	Westerners	Arabs	Asians	Blue Collar	Transient
Online Shoppers	13.4	3	2.3	2.4	2.7	3	0
Demography	100	11	3	12	17	30	27

Online Shoppers - Percentage of Total Population (based on penetration per demography)

Demography - Percentage of Total Qatar Population

E-Commerce Adoption - Selected MENA Countries
Country; % Adoption

Country	% Adoption
UAE	46
Kuwait	35
KSA	25
Qatar	14
Lebanon	9
Egypt	8

MENA Average 27

= Σ

Calculated as a percentage of total population based on e-commerce penetration per demography (excludes e-banking)
Source: Qatar ICT Landscape Report 2014, Households and Individuals; Arab Advisors Group; PayPal; IPSOS; Team Analysis

The groups not active in e-commerce are concentrated between blue collar and transient laborers—who represent 54 percent of the total population in Qatar. Fifteen percent of the total population above the age of 20 is not active in e-commerce, and 17 percent of the non-active population is under the age of 20 (see Figure 9)

Moving forward, the segment with the highest potential for activity in e-commerce is Westerners and Arab/Asian expats (Digital Value Seekers) at 29 percent, followed by young Qataris and Arabs, Asians, and Westerners with high disposable income (Digital Shopaholics) at 20 percent. Blue collar and transient laborers will continue to have low e-commerce potential (%25) (see Figure 10)

B2B Market Insights

The 2015 B2B market in Qatar is estimated at USD 1.43 billion, extrapulated from the 2014 figure of USD 1.3 billion, and is expected to grow at a CAGR of 10 percent, a rate higher than the global average. Nevertheless, the B2B market is considered underdeveloped. While the B2B market represents approximately 80 percent of the e-commerce market globally, in Qatar it represents roughly 40 percent of the local e-commerce market (see Figure 11)

According to the latest SME survey launched by MOTC in 2015, the adoption of B2B e-commerce is generally low in Qatar, with only 7 percent of small to medium-size enterprises (SMEs) placing online orders.

Figure 9: Demographic Breakdown of Active/Not Active, Part 1

Percentage (%); Demographics (Active / Not Active)

Total Population

14

Non-active **Qatari / Westerner / Arab / Asians** above 20 years old represent 15% of the total Qatar population

31%

9% 1%

11%

17%

31%

86

Non-active **Blue Collar / Transient** represent 54% of the total Qatar population

Age Group	
0 - 4	16%
5 - 9	13%
10 - 14	13%
15 - 19	12%
20+	46%

2014

2014

Ω *Excluding Blue Collar / Transient non-active population*

■ Active ■ Not Active

□ Qatari ▦ Westerner ▨ Arabs ■ Asians ▨ Blue Collar ▥ Transient

Source: Qatar ICT Landscape Report 2014, Households and Individuals; Populationpyramid.net; Expert Interviews; Team Analysis

Figure 10: Demographic Breakdown of Active/Not Active, Part 2

Percentage (%); Demographics (Active / Not Active)

Total Population

14

0%

22%

22%

20%

17%

19%

86

Digital Value Seeker	29%
Digital Unconcerned Low Income	25%
Digital Shopaholic	20%
Social Digital Shoppers	16%
Digital Unconcerned High Income	11%

Digital Value Seekers Dominated by Westerners and Arab/Asian expats; will continue to be the largest segment; key driver is price

Digital Unconcerned Low Income Dominated by blue collar/transient labor; will continue to have low e-commerce potential; m-commerce (money transfers, simple mobile payments, prepaid telecom services, etc.) is an opportunity

Digital Shopaholic Dominated by young Qataris and high-disposable-income Arabs/Asians and Westerners; key drivers are to facilitate e-commerce activity and provide diverse options

Social Digital Shopper Dominated by Arab/Asian expats; key drivers are word of mouth and reviews; opportunity for social media t be leveraged to increase e-commerce activity

Digital Unconcerned High Income Dominated by older Qataris and high-income older Arabs; key drivers are availability of Arabic content and diversity in high-quality product offerings

■ Active ■ Not Active

2014

Ω *Excluding Blue Collar / Transient non-active population*

□ Qatari ▦ Westerner ▨ Arabs ■ Asians ▨ Blue Collar ▥ Transient

Source: Qatar ICT Landscape Report 2014, Households and Individuals; Populationpyramid.net; Expert Interviews; Team Analysis

Figure 11: B2B Market—Qatar Outlook

B2B Market Size - Qatar
USD bn; Year

+10%

2015	2016	2017	2018	2019	2020
1.4	1.6	1.7	1.9	2.1	2.3

E-Commerce Market Split (2015 & 2019)
% of Total Market; Year

2015
- Qatar: B2C 46%, B2B 54%
- World: B2C 18%, B2B 82%

2019
- Qatar: B2C 52%, B2B 48%
- World: B2C 26%, B2B 74%

Source: eMarketer; Expert Interviews; Team Analysis

Key e-Commerce Inhibitors

A number of inhibitors impede the development of a robust e-commerce ecosystem in Qatar, and they require dedicated government intervention. The inhibitors fall into six categories summarized in the table below (see Figure 12):

Figure 12: Key e-Commerce Inhibitors

A — **Legal & Governance**
E-commerce laws and key roles in place need to be further clarified, implemented, and communicated

B — **Customer**
Limited e-commerce conversion of digital browsers Poor e-commerce penetration among low-wage laborers

C — **Payment**
Cash-on-delivery relevance, with limited e-payment beyond credit cards Acquiring complexity

D — **Logistics**
Pricing and delivery performance lower than best practices due to limited volume and Q-Post monopoly

E — **Merchants**
Limited online offer due to low presence of local merchants Start-up registration complexity, foreign investment constraints

F — **Ecosystem**
Fragmented e-commerce ecosystem still in the development phase Trust and security to be sustained

Legal and governance The 2010 e-Transactions and e-Commerce Law needs to be further clarified, implemented, and communicated. This includes further clarification of the current roles and responsibilities of the relevant players as well as building awareness of the law among affected stakeholders. In addition, the law strongly privileges PKIs (public key infrastructure) based on electronic signatures, creating uncertainty about other alternatives.

Customer adoption Limited e-commerce conversion of digital browsers (due to low consumer awareness around e-commerce options) and a lack of local offers are current challenges. Other issues include problems with websites of local merchants: low attractiveness and accessibility, less-than-optimal, non-user-friendly navigation, and failure to address the needs of different segments of the population. In addition, poor e-commerce penetration among a large population of low-wage laborers (both blue collar and transient laborers) inhibits a robust e-commerce effort.

Payment In Qatar, most payments are made on a cash-on-delivery basis, and there are limited e-payment methods (debit cards, prepaid cards, digital wallets, etc.). Complex e-payment rules and regulations, complexity in merchant e-payment setup, an acquiring process with high associated costs, and the absence of aggregators in the market inhibit e-commerce development.

Logistics Pricing and delivery performance is lower than leading practice standards due to limited volume and the monopoly of the national postal operator (Q-Post). The lack of enhanced competition in the local parcel delivery segment of the market results in higher prices and limited inbound volume. In addition, lack of free-trade zones reduces the trade and export attractiveness of Qatar.

Merchants Low online presence of local merchants results in limited local e-commerce offers. Likewise, local merchants have generally limited awareness and insufficient ICT skills to enable e-commerce and omnichannel strategies. Current funding resources are limited, with complex and expensive registration and start-up procedures that needs to be simplified to fit the needs of online businesses. Finally, foreign investments are constrained by stringent regulatory requirements and a non-competitive environment, reducing the appeal of conducting business in the Qatari market.

Ecosystem A fragmented e-commerce ecosystem is still in the development phase, resulting in sub-optimal ICT platforms and limited infrastructure innovation. In addition, awareness of e-commerce by local SMEs and start-ups is low. Thus the lack of tools and shared solutions to facilitate the e-commerce start-up process and the concerns about trust and security require certifications, trustmarks, and customer support.

A Framework for Growth

To overcome the identified obstacles and realize the substantial benefits of e-commerce, a flexible framework was designed to ensure successful growth and adoption of e-commerce in Qatar.
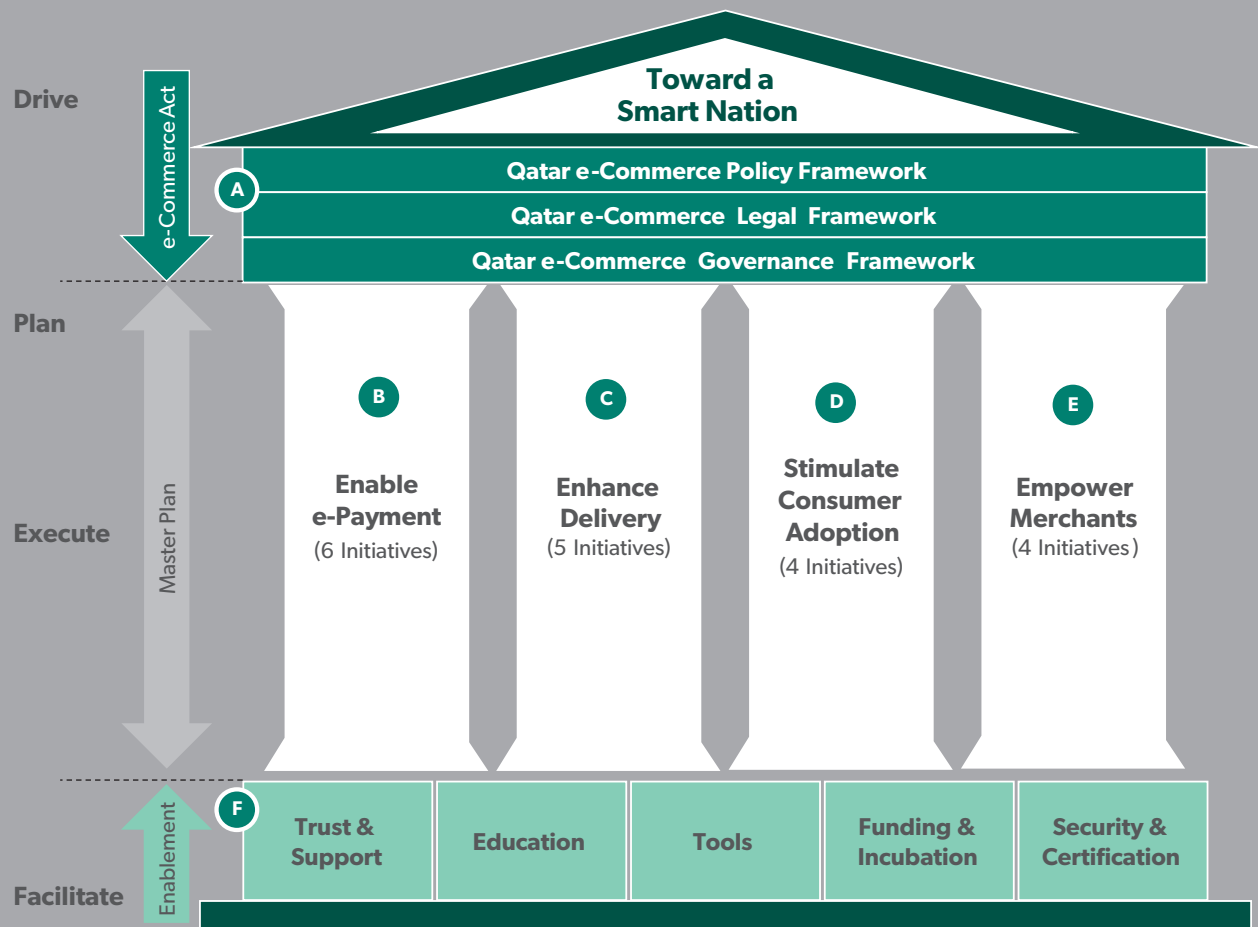
The framework has three major parts described in more detail below: enable the regulatory and governance aspect of e-commerce through the E-Commerce Act; address the needs of the e-commerce value chain through the e-Commerce Master Plan; and provide a capability platform to facilitate the implementation and support the adoption of e-commerce through the an enablement platform (see Figure 13)

E-Commerce Act is designed to issue the relevant policies, achieve full implementation of the existing e-Transactions Law and ensure its effective communication, simplify existing legislation, and propose a clear governance model.

E-Commerce Master Plan addresses key areas of the e-commerce value chain through a variety of initiatives aimed at increasing e-commerce awareness and penetration; promoting the adoption of electronic payment methods; opening the market for competition and capitalizing on cross-border opportunities to drive logistics efficiency; promoting the online presence of local merchants; and boosting e-commerce-related foreign directinvestment (FDI)
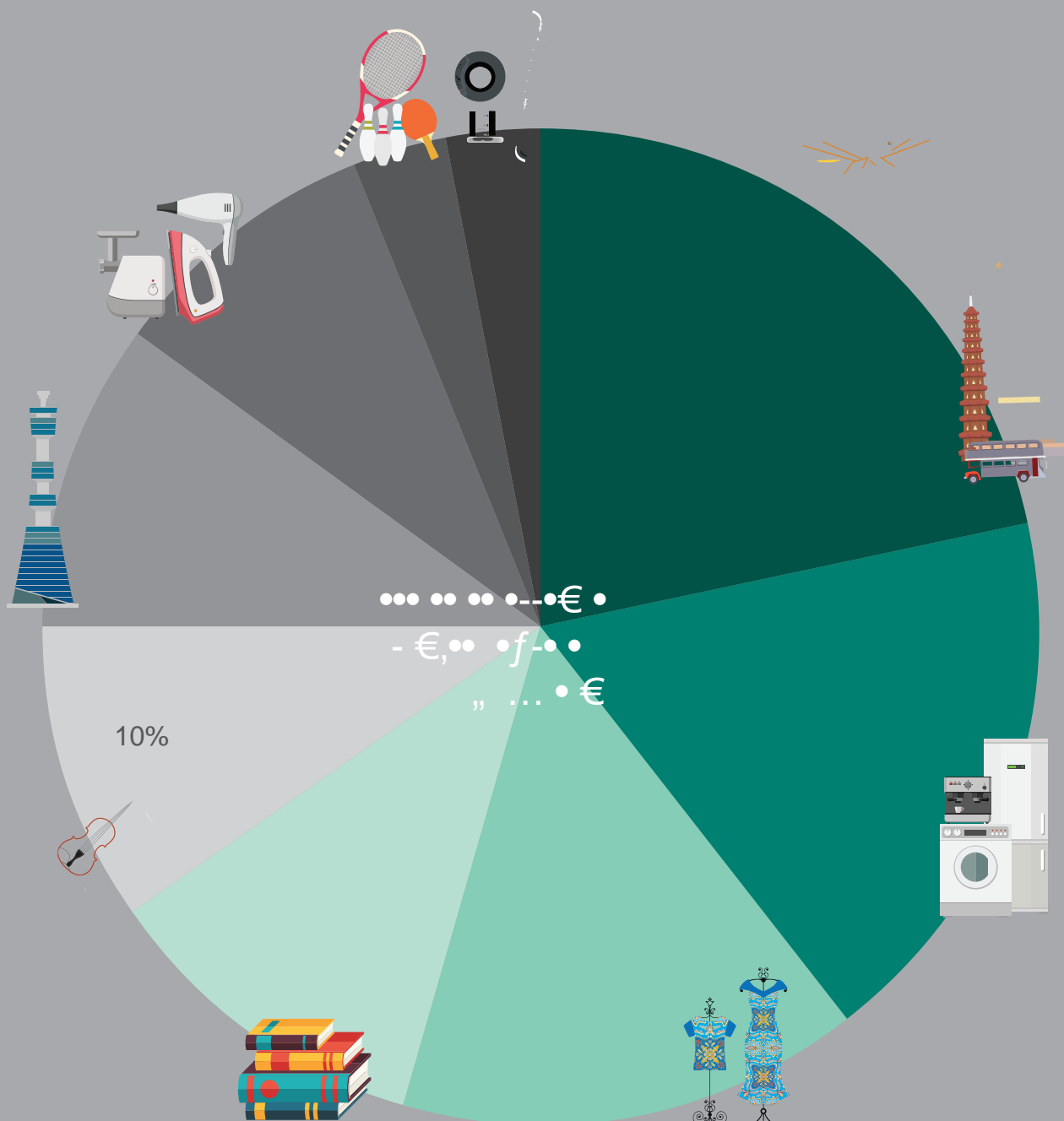
Enablement platform provides key capabilities through initiatives aimed at building consumer trust and confidence through trustmarks and certification. This platform supports merchants and SMEs in accessing knowledge/ learning resources, and provides online tools, on-demand-support, and funding.

Figure 13: E-commerce Framework Design

At-a-Glance: E-Commerce in Qatar

40%

17%

10%
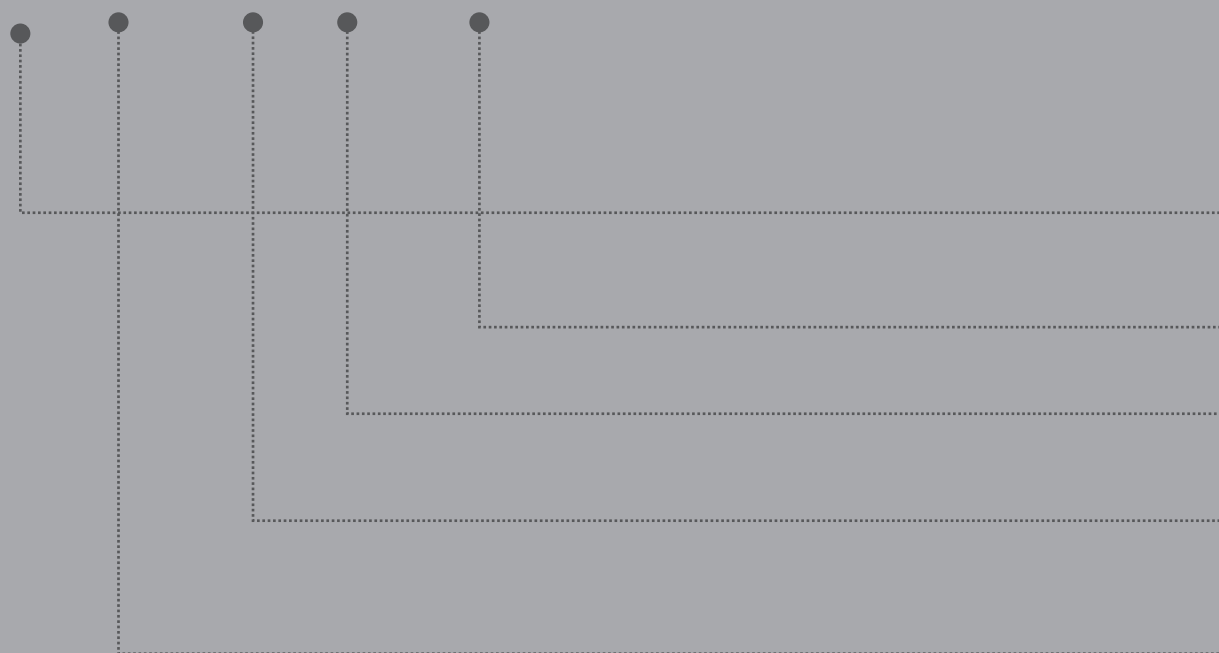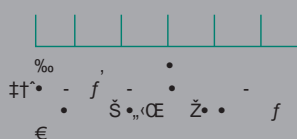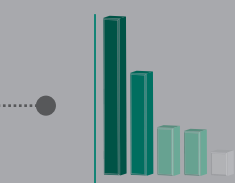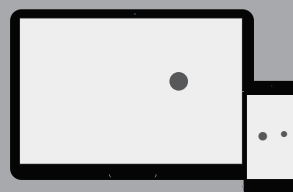
A Plan for Action

As e-commerce is still in its infancy in Qatar, the role of the government in nurturing the e-commerce ecosystem is paramount.

Through dedicated government interventions, Qatar has the potential to double its forecasted e-commerce market size by 2020.

The following actions and initiatives address the obstacles to a robust e-commerce effort, are outlined in five major areas: ensure legal and governance; enable e-payments; enhance delivery; stimulate consumer adoption; empower merchants; and strengthen the e-commerce ecosystem. Implementation will take place over a three-year time frame.

ONE

Strengthen the e-Commerce Regulatory Framework

Objectives

» Accelerate implementation and evolution of the e-Transactions Law

» Promote self-regulation and trustmarks

» Establish an inclusive governance structure to oversee implementation

The e-Commerce Regulatory Framework—consisting of policy, legal, and governance frameworks—is vital to growing and sustaining the e-commerce ecosystem in Qatar. These frameworks will harness leading practices in a set of binding provisions and voluntary rules that provide clear and pragmatic guidance to market players in an accountable and transparent structure.

The policy framework focuses on co-regulatory and self-regulatory initiatives that will serve as flexible instruments involving market players and consumers in the development of rules, standards, guidelines, and recommendations to better implement the mandatory regulatory requirements. This policy framework will also provide direction on the criteria for the licensing of trustmarks. The framework is intended to foster transparency, fairness, and security in the market and allow merchants to better comply with legal provisions. Market players will be able to adopt international best practices as well as take advantage of the knowledge developed by other successful players in the market.

The legal framework focuses on creating trust online and securing electronic interactions between enterprises, consumers, and public authorities.The legal framework responds to the fragmented and complex environment regulating online commercial practices in Qatar by implementing the e-Commerce Act and the e-Transactions Law, combined with other legal initiatives and actions, in addition to building awareness and understanding of applicable new legal rules such as the privacy

and data protection law. This framework requires intensive coordination with the relevant institutional stakeholders.

A governance framework involving institutional stakeholders is essential to lead and manage the implementation of the e-Commerce Roadmap in 10 areas orresponding to important aspects of e-commerce currently subject to regulation: personal data protection, consumer protection, electronic transactions, business registration, commercial practices, information security, payment services, postal services, cybercrime, and regulated sectors and professions. In each of these areas, actions should focus on quick wins within the existing legal framework as well as longer-term objectives that require amendments to the existing legal framework.

> **Therefore, the actions required for success in the legal and governance area include:**
>
> • Define a set of policies to support self-regulation and define key criteria for trustmark certification.
>
> • Define quick wins and long-term initiatives to consolidate and improve the legal framework
>
> • Define roles, responsibilities, and core processes to develop the e-commerce program

Access to multiple payment methods and an efficient e-payment process is vital for ncreased e-commerce adoption.

Merchants are subject to a costly and complex process through national banks in order to set up e-payments. Promoting the role of aggregators in the market will truly benefit merchants (particularly start-ups and SMEs) by reducing costs and introducing process efficiencies.

To further liberalize and promote the e-payment sector, an e-payment act needs to be implemented in order to simplify regulatory and administrative requirements surrounding authorization and licenses for payment institutions, expand the circulation of payment methods, and reduce complexity around eligibility criteria (KYC, minimum salary limits, etc.). Implementation of an e-payment act will also reduce transaction fees and drive down consumer prices.

In addition, different payment options need to be available to meet the needs of different segments of consumers. Multiple initiatives are planned for this purpose including addressing regulatory requirements and leveraging wage protection laws and the QPAY Gateway to enable the use of prepaid cards, debit cards, and wage cards for secure online payments. In addition, mobile operators need to be involved to capitalize on wide mobile penetration to enable mobile wallet technology and the use of mobile devices for e-commerce.

Therefore, the actions required for success in enabling e-payments include:

- Promote electronic payments by facilitating merchants acquiring (with aggregators) and enabling debit cards and digital wallet technology

- Evaluate opportunities to provide simplified authorizations to payment institutions and electronic money institutions

- Simplify issuance of e-payment instruments such as prepaid cards and digital wallets

- Consider adopting a "payments act" that will aid in the regulation of the market while also allowing payment service providers to obtain a license to operate

Objectives

» Reduce the complexity of the payment process

» Promote the role of payment providers

» Enable secure online payment methods for all e-commerce users

THREE

Enhance Delivery

Objectives

» Stimulate a competitive and innovative logistics and delivery market

» Enhance distribution options, reduce costs, and increase service quality

» Focus on the re-export market to drive inbound volume

The logistics sector in Qatar promises significant economic returns to the country and drives efficiency while enhancing distribution options.

Opening up the domestic parcel distribution for competition provides numerous benefits for consumers and market players. It reduces costs, promotes competitive pricing, and increases the quality of service. It also stimulates innovation and efficiency. A partial opening of the market whereby Q-Post can still maintain a dominant market share while other players are allowed to enter certain market segments is an option to explore. The government has decided to formally permit open competition among domestic courier services, thus opening up the local delivery market. This decision will also give international couriers the right to deliver to home addresses within the country.

Further improvements to the delivery and logistics operating model can be realized by considering innovative and efficient delivery methods such as lockers and automated pick-up points that would translate into faster and lower-cost delivery while driving an increase in e-commerce penetration. To truly benefit from trade and logistics opportunities, investing in free-trade zones and e-facilitation platforms would enable easier, faster, and more efficient cross-border logistics. For this purpose, Qatar could leverage its proposed logistics/ economic zones to position Doha as a logistics hub, expand trade volume, and exploit opportunities from the re-export market.

Therefore, the actions required for success in enhancing delivery include:

- Implement competition in the local parcel distribution market to enhance overall delivery performance and reduce costs

- Ensure e-commerce focus for Q-Post, enabling local merchants with e-logistics solutions

- Capitalize on current investments in logistics/ economic zones to boost the re-export market to enhance Qatar's transaction volume and price performance

FOUR

Objectives

» Promote consumer awareness and knowledge around e-commerce

» Support merchant and SMEs' online presence

» Increase e-commerce penetration

Increasing the adoption of e-commerce by consumers in Qatar involves building awareness and knowledge about e-commerce and creating a user-friendly experience for online shopping while enabling access to wider segments of the population.

Stimulation of B2C adoption requires multiple digital initiatives that focus on providing information about different online local e-commerce offers; creating an integrated shopping experience that leverages online channels; and establishing consumer trust and awareness. Qatar eCommerce information portal will help build the desired awareness and knowledge of e-commerce.

It is also important to cater to the needs of non-Qataris, particularly low-wage laborers and transient workers.

In addition, a Web and mobile application that serves as a one-stop-shop omnichannel portal would provide information, support, and services to consumers.

Moreover, to increase the online presence of SMEs and promote consumer conversion, SMEs need an online platform that provides them with the required information, tools, and support in areas such as cross-border selling, e-procurement, and e-facilitation.

Therefore, the actions required for success in stimulating consumer adoption include:

- Establish an institutional website on e-commerce to inform consumers on laws, policies, benefits, and news

- Establish trustmarks to qualify certified partners and promote consumer trust
- Develop a one-stop-shop portal for laborers to help them live better in Qatar by using customized special online services

- Design online-only e-government services, to stimulate e-commerce usage among the non-active population

FIVE

Empower Merchants

Objectives

» Empower merchants to embrace e-business and e-commerce

» Enhance local and cross-border e-commerce offers

Expanding merchants' online presence and consequently their e-commerce offers would require dedicated interventions aimed at empowering merchants and supporting them to seamlessly adopt e-commerce.

The costly and complex registration process in Qatar is not tailored to the online and omnichannel environment and is therefore one of the key roadblocks that online start-ups face today. Supporting these enterprises in the commercial registration process and facilitating the related start-up activities are among the key initiatives to encourage increased e-commerce economic participation. In addition, Qatar hosts a significant number of "grey-market" e-commerce enterprises that predominantly use social media platforms such as Instagram and Pinterest to market their products. These enterprises are typically home-based and do not have a company registration, and thus operate outside the country's legal, commercial context.

A specifically tailored company registration process would see such businesses enter the formal e-commerce sector as SMEs and eventually contribute to the national economy. It is also essential to enable and facilitate the adoption of omnichannel strategies by local merchants in order to boost local online offers and enhance the consumer experience.

The Enablement platform can be leveraged to provide merchants with end-to-end support, embracing omnichannel strategies covering education and resources. These include

instructions on how to buy & sell, as well as tools & resources that support online activities.

Creating an open environment to support the entry of foreign investors enhances competition and knowledge transfer in the market, improving overall e-commerce performance.

In addition, pushing e-government to discontinue traditional payment methods and enforce e-payment will promote e-commerce usage.

Therefore, the actions required for success in empowering merchants include:

- Facilitate and support the registration process and other start-up activities

- Establish trustmarks for e-commerce to indicate websites that pass security tests and are branded by a trustworthy third party

- Help SMEs increase online presence and embrace e-commerce strategies

- Facilitate and support the entry of foreign direct investment

- Force the use of e-payments by discontinuing physical payment for some e-government services

SIX

Strengthen the e-Commerce Ecosystem

Objectives

» Promote trust and awareness in the e-commerce ecosystem

» Strengthen local e-commerce capabilities

» Enable a safe and secure digital platform

The Enablement platform is essentially a capability platform that serves as the foundation of the e-commerce framework by supporting merchants and consumers and helping to develop local capabilities.

Building consumer awareness and promoting trust in the electronic environment is a key element for e-commerce adoption.

Accordingly, developing marketing and media plans relating to e-commerce adoption is fundamental in building consumer awareness. In addition, implementing trustmark schemes and providing consumers with a call center or help desk will strengthen consumer confidence and trust in conducting electronic transactions and payment.

Education and e-learning are essential to support online merchants and SMEs to build awareness of their business, help prepare their entry into the e-commerce market.

Additional efforts that support merchants and SMEs center around providing merchants with funding and facilities, and include providing financial incentives (such as vouchers) to merchants, co-investing with venture capital firms in e-commerce start-ups, and providing incubator services and facilities where appropriate.

Online security, certification, and compliance are issues critical to building an e-commerce ecosystem. Strategies include creating secure national identification, providing Qbuy certification services to license trustmarks to platform and merchant partners, and reducing cyber security attack risks through Qbuy/Q-CERT cyber security checkups and monitoring.

Therefore, the actions required to successfully strengthen the ecosystem include:

- Implement marketing and communications plans to increase e-commerce awareness and trust

- Educate and support merchants in their online journey

- Enforce e-commerce security

- Provide funding and incubation support for e-commerce start-ups

Governance & Monitoring

Exploiting the present opportunity for e-commerce growth requires a dedicated governance structure to enable timely and successful implementation of the framework and plans for action.

Spearheaded by the Ministry of Transport and Communications, this inclusive structure is designed to oversee and facilitate implementation. A national workgroup chaired by the Ministry, will be responsible for oversight of the e-commerce implementation program, with a dedicated e-commerce unit responsible for managing the day-to-day rollout in collaboration with relevant stakeholders.

In addition, an e-commerce expert panel, comprising industry experts, will advise the workgroup and act as technical experts to the e-commerce unit. This expert panel will also work with relevant stakeholders to establish implementation plans and indicators, and conduct performance reviews and periodic reporting.

Conclusion

Qatar has seen tremendous growth in the ICT sector over the past decade due to a number of targeted and well-planned initiatives. Stimulating the adoption of e-commerce is pivotal to the continued development of ICT in Qatar.

Despite high e-commerce potential due to favorable economic and demographic indicators, Qatar's e-commerce industry is still in its infancy, with a number of inhibitors currently impeding the development of a leading e-commerce ecosystem. The role of government in nurturing the development of e-commerce is paramount in a variety of ways—through ensuring a conducive legal framework that protects the rights of all parties involved throughout the lifecycle of an electronic transaction, facilitating the dissemination of various forms of electronic payments, enhancing the current logistics sector performance, and raising awareness of the benefits of e-commerce to both consumers and businesses.

Moving forward, the national workgroup and an e-commerce unit within MOTC are being formed. This unit will collaborate with relevant stakeholders to determine the best ways to implement the actions described in this document, which will lead to the development of a robust e-commerce ecosystem in Qatar.

This roadmap is Qatar's first national e-commerce blueprint, orchestrating the coordinated effort of all relevant stakeholders for the purpose of capitalizing on Qatar's high e-commerce potential. Establishing and successfully implementing a vibrant e-commerce ecosystem based on leading practices and the latest developments and trends will double Qatar's forecasted e-commerce market size by 2020 and promises numerous favorable outcomes in enhancing social, economic, human, and environmental development, thus helping Qatar achieve its 2030 aspirations.

Appendix: Definitions

B2B	Business-to-business commerce covering the multitude of online transactions and payments conducted between business entities
B2C	Business-to-customer commerce covering the multitude of online transactions and payments conducted by individual customers
CAGR	Compound annual growth rate
E-Commerce	The multitude of transactions and payments conducted electronically
FDI	Foreign direct investment: controlling interest of a foreign entity in a Qatari enterprise
GCC	Gulf Cooperation Council: political and economic union including Qatar Bahrain, Kuwait, Oman, the UAE, and Saudi Arabia
ICT	Information and communications technology
KYC	Know-your-customer: refers to the process and the governing regulations for verifying customer identity
MENA	Middle East and North Africa region, including GCC countries
MOTC	Ministry of Transport and Communications
Qatar's National ICT National ICT Plan 2015	Government plan for Qatar's ICT strategy through 2015, promoting the development of the country toward becoming a knowledge-based economy
Qatar National Vision 2030	Vision and long-term objectives for Qatar across four key development pillars (human, economic, social, and environmental)
Q-Buy	E-commerce capability platform in Qatar providing a set of tools and enablers to support e-commerce
Q-CERT	Qatar Computer Emergency Response Team
QPAY Gateway	Payment gateway for debit cards issued in Qatar, owned by Qatar Central Bank. It should not be confused with QPAY International, a privately owned company, established in Qatar, competing in the e-payments business, as processor for financial institutions and payment gateway/ aggregator for merchants
Q-Post	Qatar Post; the national postal operator in Qatar
SME	Enterprises with maximum 250 employees (except Creative Industries, with max 100 employees), and its Annual Revenue / Income- after deduction and taxes not to exceed 100m QR
Transient Laborers	Low-skilled or unskilled foreign labor force residing in labor camps