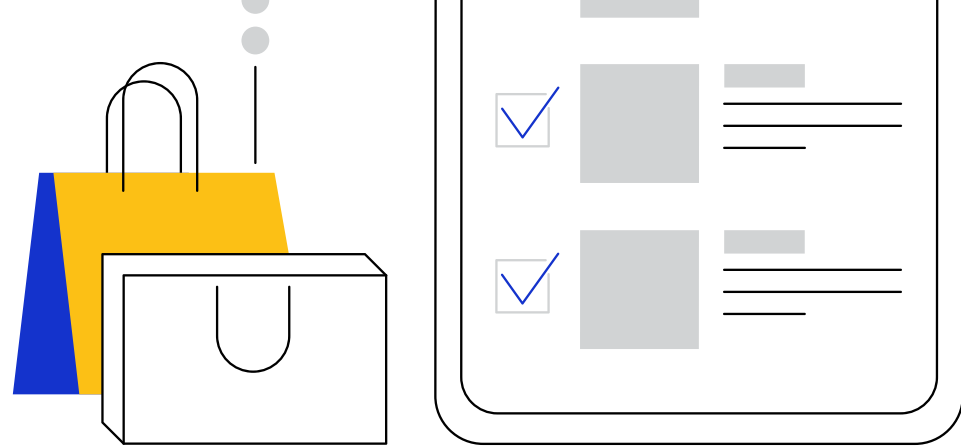


2024

Global Digital Shopping Index

UAE Edition





2024

Global Digital Shopping Index

What is Click-and-Mortar™ shopping?

Click-and-Mortar™ shopping involves both digital tools and physical locations—when a consumer researches a product online, verifies it is available locally, and picks it up in-store that same day, for example. It is replacing the siloed world of online-only or in-store-only shopping.



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Methodology



2024 Global Digital Shopping Index: The rise of the Click-and-Mortar™ shopper and what it means for merchants

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The 2024 Global Digital Shopping Index: UAE Edition was commissioned by Visa Acceptance Solutions, and PYMNTS Intelligence conducted the research and produced the report. This report draws on insights from a survey of 13,904 consumers and 3,512 merchants across seven countries conducted from Sept. 27, 2023, to Dec. 1, 2023. To learn more about our data, reference the full methodology at the end of this report. PYMNTS retains full editorial control over the following content, findings, methodology, and data analysis. Click-and-Mortar™ is a registered trademark of What's Next Media and Analytics.

What's at stake

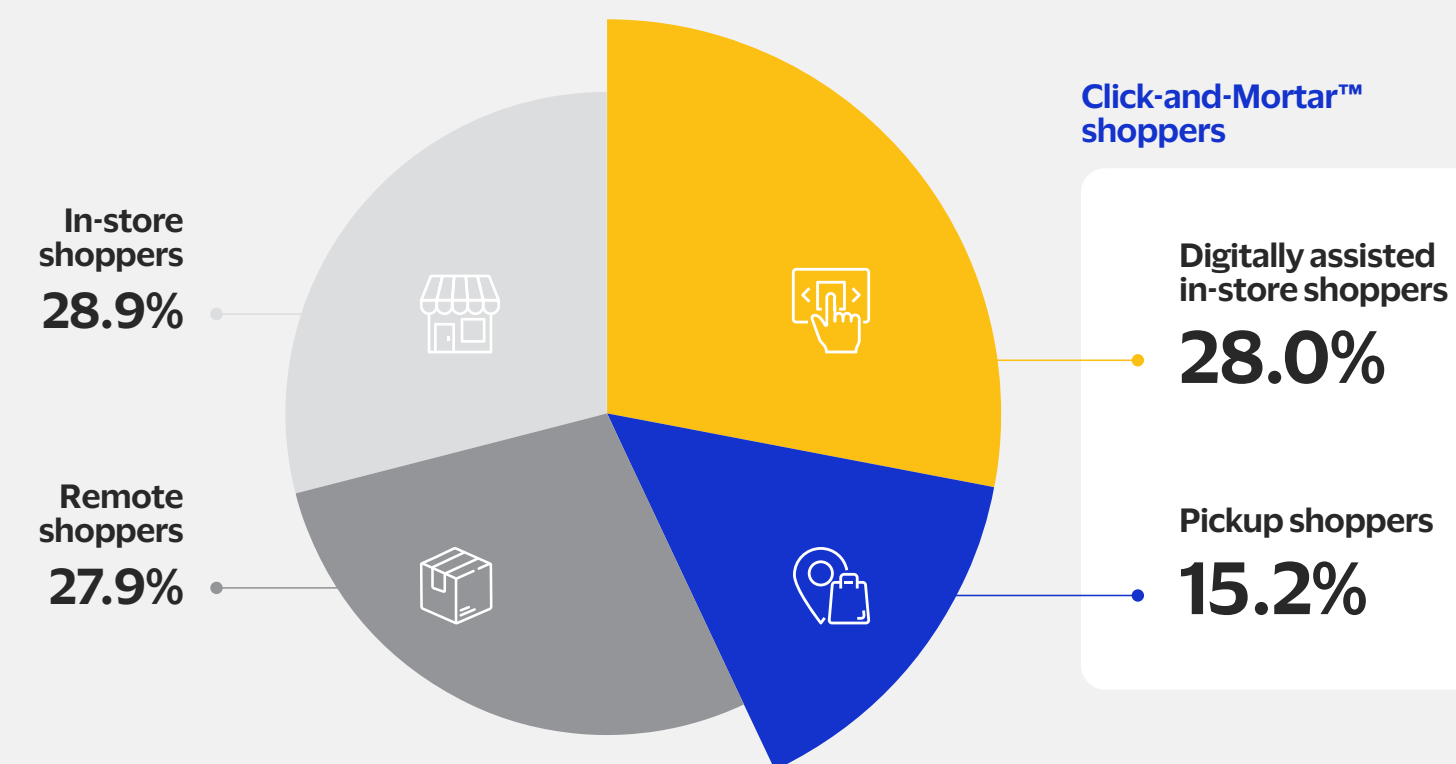
In the United Arab Emirates, 71% of consumers actively use digital features to enhance their shopping experiences. Yet valuable opportunities to build on this robust foundation remain in play. The country has the second-highest consumer satisfaction rate of the markets surveyed—and Click-and-Mortar™ shopping is a factor. All told, 43% of UAE shoppers now use digital features as a part of their in-store shopping experiences.

In a retail landscape increasingly driven by digital innovation, ongoing development can help ensure the UAE stays ahead. After all, novel digital features can quickly become stale table stakes if leaders stagnate.

Figure 1:

The types of modern shoppers

Share of UAE consumers who shop in select ways



Source: PYMNTS Intelligence

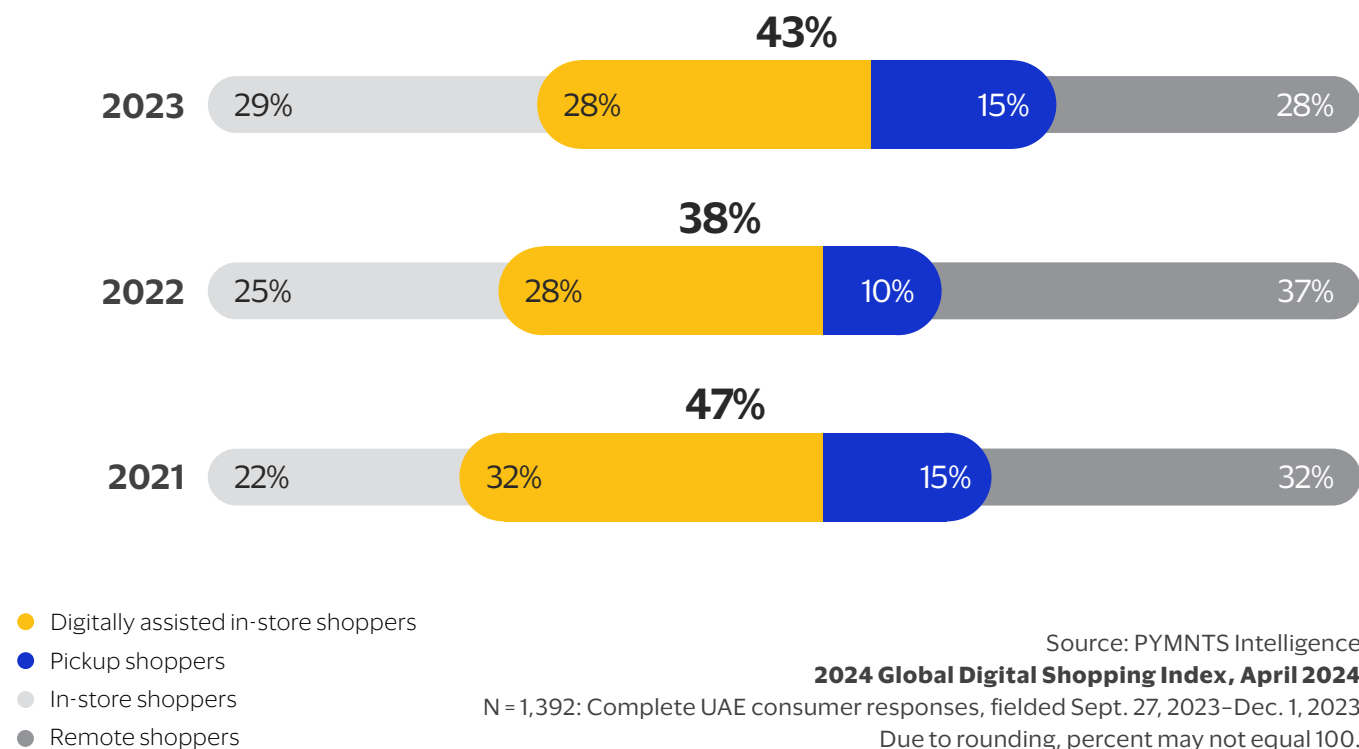
2024 Global Digital Shopping Index, April 2024

N = 1,392: Complete UAE consumer responses, fielded Sept. 27, 2023–Dec. 1, 2023

And stagnation is a danger in the UAE. Our data spans several years, and the rate of Click-and-Mortar™ consumers has actually dropped since 2021. Additionally, merchants offer one fewer feature, on average, than they did in the past year. The Click-and-Mortar™ base has recovered somewhat from 2022 to 2023, however, and an opportunity remains for UAE merchants to expand their shopper base.

In particular, the gap between consumer demand and market supply of digital features has strong growth potential for merchants, especially grocers. By expanding and diversifying their digital offerings, rather than reducing their numbers, merchants can reinvigorate the Click-and-Mortar™ experience for consumers and reap the benefits.

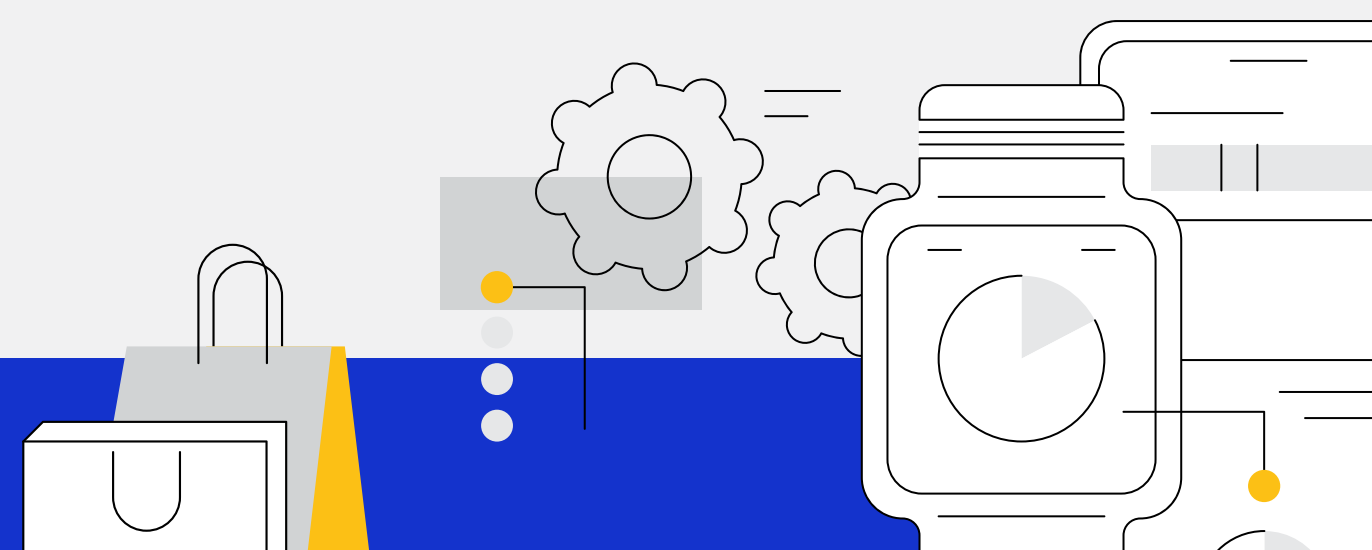
Figure 2:
UAE transaction share
Share of UAE consumers completing purchases in select ways, over time



With consumers already utilizing an average of 14 different digital features and nearly 9 in 10 retail shoppers depending on these digital aids, the appetite for an enhanced Click-and-Mortar™ experience in the UAE is strong. For local merchants to maintain their competitive edge, they must meet current needs and set new benchmarks for digital retail innovation.

These are just some of the findings detailed in the 2024 Global Digital Shopping Index: UAE Edition, a PYMNTS Intelligence and Visa Acceptance Solutions collaboration. For this edition, we surveyed 1,392 consumers and 212 merchants in the UAE to capture recent trends in consumer behavior and document the rise of Click-and-Mortar™ shopping experiences. It also draws comparative insights from a larger survey of 13,904 consumers and 3,512 merchants across seven countries conducted from Sept. 27, 2023, to Dec. 1, 2023.

This is what we learned.



Key findings

01 Feature forward

The UAE ranks second globally in shopping satisfaction, thanks to the average consumer's extensive use of digital features.



71%

Share of UAE consumers relying on digital features **the last time they shopped**

02 Stagnating growth

Click-and-Mortar™ adoption rates have started to plateau across the UAE despite high consumer reliance on digital features.



43%

Share of UAE consumers relying on digital features to shop **last year**

03 More to do

UAE merchants excel in customer satisfaction but also have ample opportunity for improvement, notably in providing digital features across the grocery sector.



89%

Portion of retail customers in the UAE who regularly turn to digital features, **compared to 45%** of grocery shoppers

04 Kid friendly

Parents in the UAE use Click-and-Mortar™ shopping strategies more often than any other demographic.



61%

Share of parents with children under their care who use digital shopping features, **compared to the 33%** of those who do so without children under their care

The blueprint for merchants



In the UAE, 71% of consumers incorporate digital features into their shopping experiences, with nearly half doing so to improve their in-store shopping experiences.

The common use of digital features in the UAE largely explains local consumers' high satisfaction rates, as the features significantly improve shopping.

In the UAE, retailers are making significant strides in customer satisfaction, ranking second among the countries studied, just behind India. This high satisfaction rate among consumers is largely due to the extensive integration of digital features into the shopping experience. Nearly three-quarters of shoppers in the UAE embrace online-only or Click-and-Mortar™ methods. This marks a substantial departure from traditional in-store shopping without digital aids and highlights how digital features improve the shopping experience.

43%

Share of UAE consumers adopting Click-and-Mortar™ shopping strategies, **4 percentage points more** than the global average of 39%

Consumers who either utilize digital aids in-store or initiate their shopping journey online but end in-store comprise the UAE's robust Click-and-Mortar™ base. UAE consumers are 4 percentage points more likely than the global average to shop this way. Moreover, the savvy consumer base uses 14 digital features, on average, which is comparable to Saudi Arabia and just four features shy of India's top average. Additionally, digital feature adoption extends across a broad spectrum of demographic groups in the UAE, illustrating the country's wide demand for a high-quality, feature-led shopping experience.

As mentioned, the UAE has the second-highest satisfaction score across all countries in our study. Digital features can simplify shopping, and our data finds a correlation between more feature use and higher satisfaction. Click-and-Mortar™ shoppers in the UAE report an average 56% increase in satisfaction relative to in-store-only shoppers who eschew digital features. Online-only shoppers enjoy a 63% bump compared to the same group.



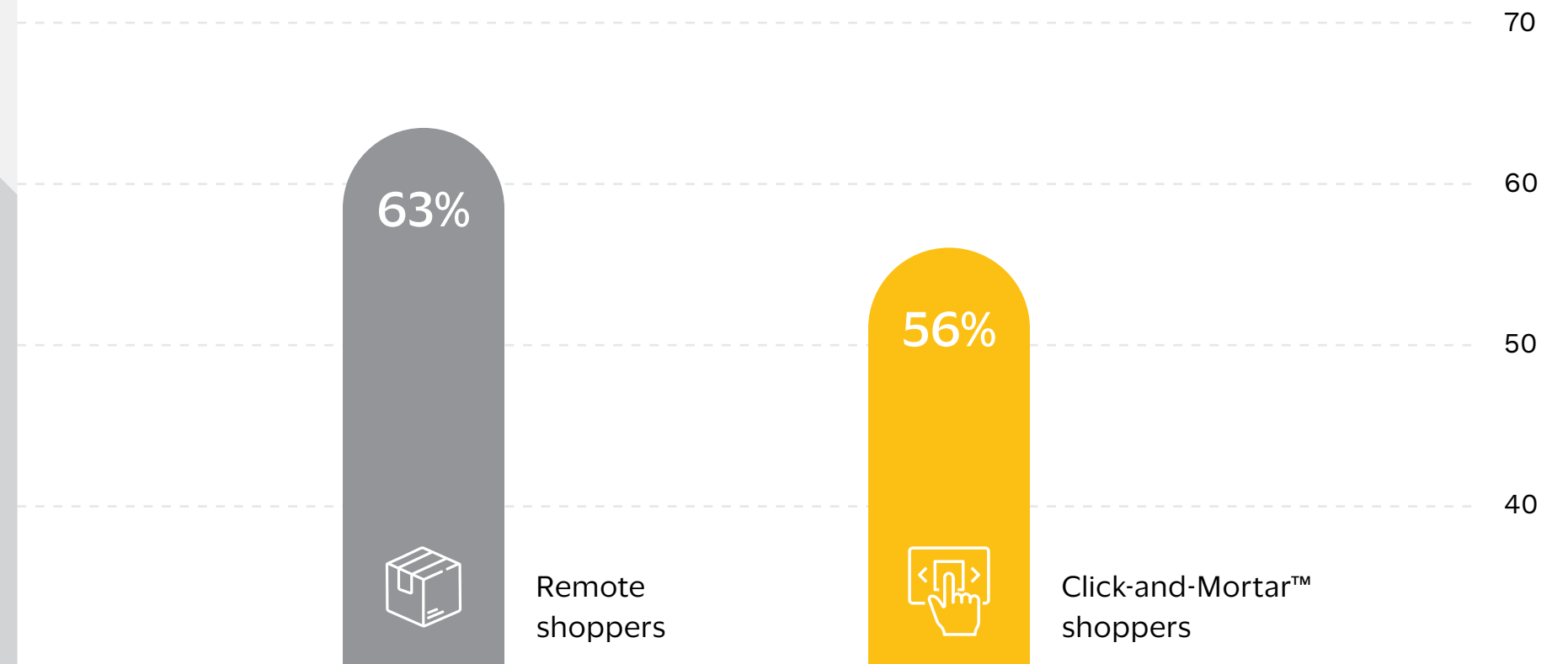
In this way, the UAE serves as a useful point of comparison for merchants in other markets, as the baseline of in-store satisfaction is 55% higher for shoppers in the UAE than for their counterparts in Brazil, the country with the lowest in-store-only satisfaction. The advantage is such that the UAE in-store-only experience tops even Click-and-Mortar™ shopper satisfaction in both Brazil and the United Kingdom. UAE merchants then build on that lead by layering digital features atop an already first-rate in-store experience, in turn fostering customer satisfaction and loyalty.

Baseline in-store shopper satisfaction is 55%
 higher in the UAE than Brazil,
 the country with the lowest in-store-only
 satisfaction score.

Figure 3:

How far digital features boost satisfaction

Percent increase in satisfaction of UAE consumers relative to in-store shopping alone



Source: PYMNTS Intelligence
 2024 Global Digital Shopping Index, April 2024
 N = 2,200: Complete Brazil consumer responses, fielded Sept. 27, 2023–Dec. 1, 2023

Despite consumers' reliance on digital features, the share of Click-and-Mortar™ shoppers in the UAE has stagnated in the last three years.

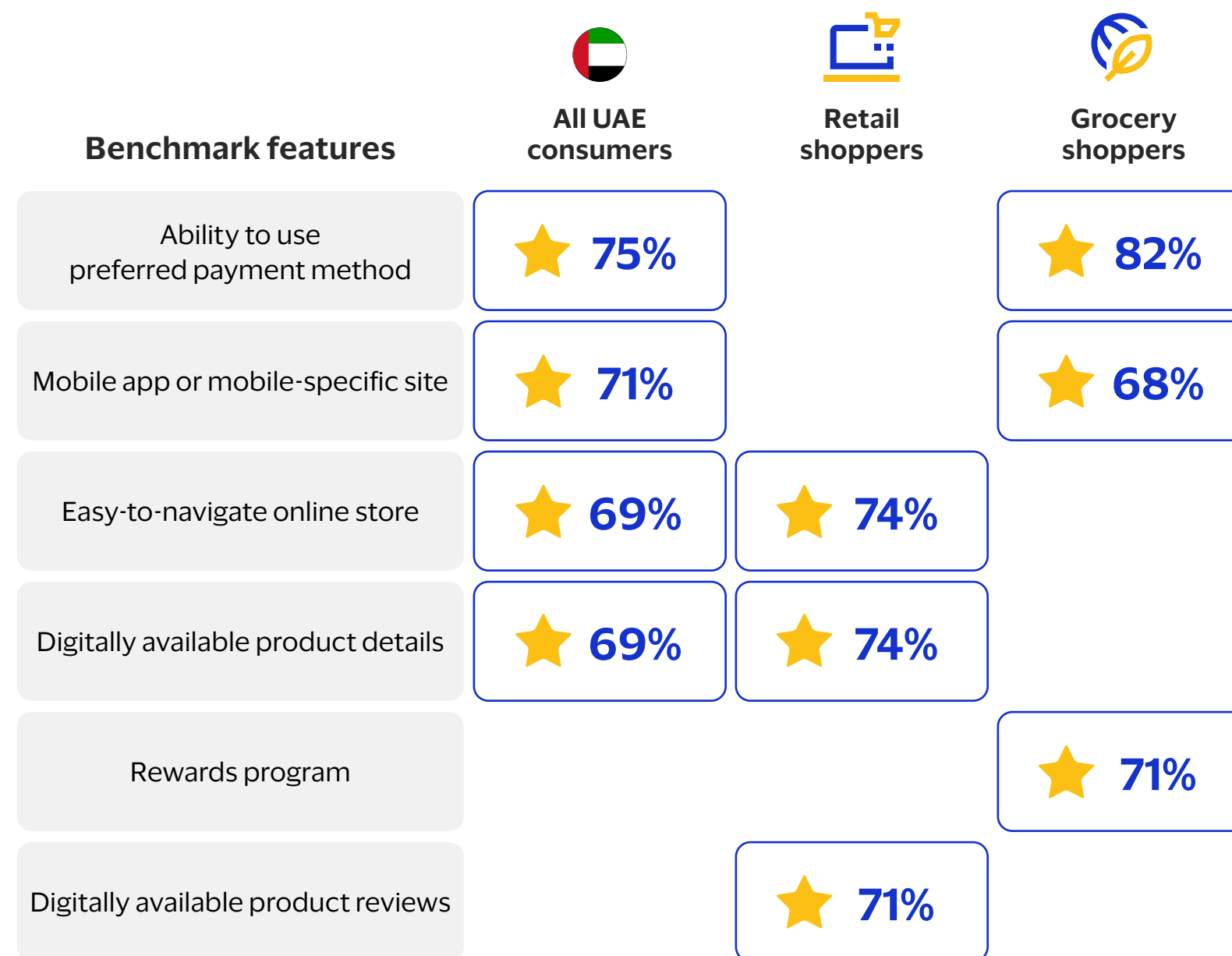
Because so many UAE consumers use digital features for better shopping experiences, the base is particularly sensitive to any shortfall in feature provision by merchants. In the past year, the number of features consumers use, on average, has risen, even as the average variety merchants offer has fallen by one feature. This mismatch in supply and demand suggests that retailers are failing to fully seize the opportunities Click-and-Mortar™ shoppers present.

A key metric in our analysis is what we call feature failure—when a shopper wants to use a feature but cannot. This kind of failure can happen in two ways: Either merchants do not provide the feature, which we call provisional failure, or the provided feature is too difficult for customers to locate or use, which we call knowledge failure.

Figure 4:

Key features UAE consumers used

Share of consumers in the UAE who use benchmark digital shopping features



Source: PYMNTS Intelligence

2024 Global Digital Shopping Index, April 2024

N = 1,392: Complete UAE consumer responses, fielded Sept. 27, 2023–Dec. 1, 2023

22%

Share of features that UAE merchants **do not provide**; likewise, consumers cannot find 22% of the features that merchants do provide

Retailers in the UAE have modest feature failure rates—merchants do not provide 22% of the features consumers desire. Consumers also cannot find 22% of the provided features. However, context from other countries reveals this rate of knowledge failure is the second lowest of the seven countries studied. This suggests both that merchants are doing relatively well at making their currently offered features accessible and that UAE shoppers are proficient at finding the features they want. Even UAE shoppers with generally low reliance on digital features are more adept at locating features than consumers in other countries.

This insight outlines merchants’ best opportunity: to tackle the provisional failure rate by improving the alignment of their offerings with consumer skills and preferences.

Demographics significantly influence Click-and-Mortar™ shopping strategies. The average UAE household contains five individuals, and 61% of parents with children use digital features while shopping.¹ This high rate is logical, given the ability of digital features to streamline shopping and the need for parents to optimize their time.

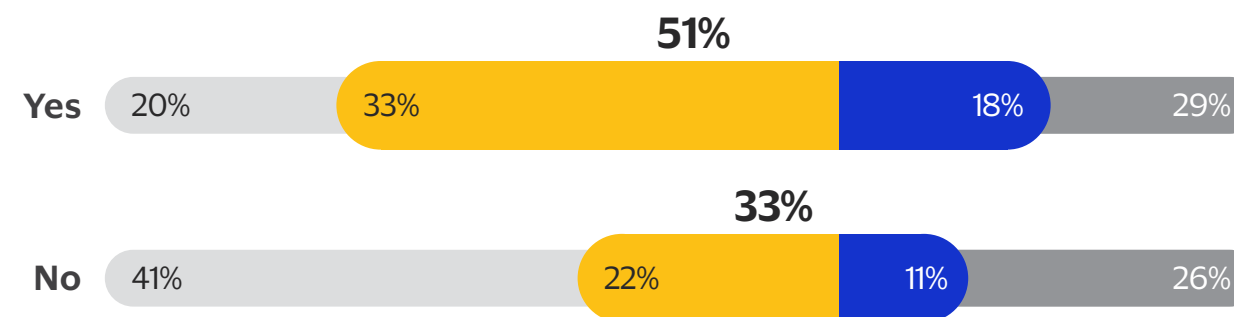
Figure 5A:

How different demographics shop

Share of UAE consumers who have select shopping experiences, by type of household



Do you have any children under the age of 18 living in your household?



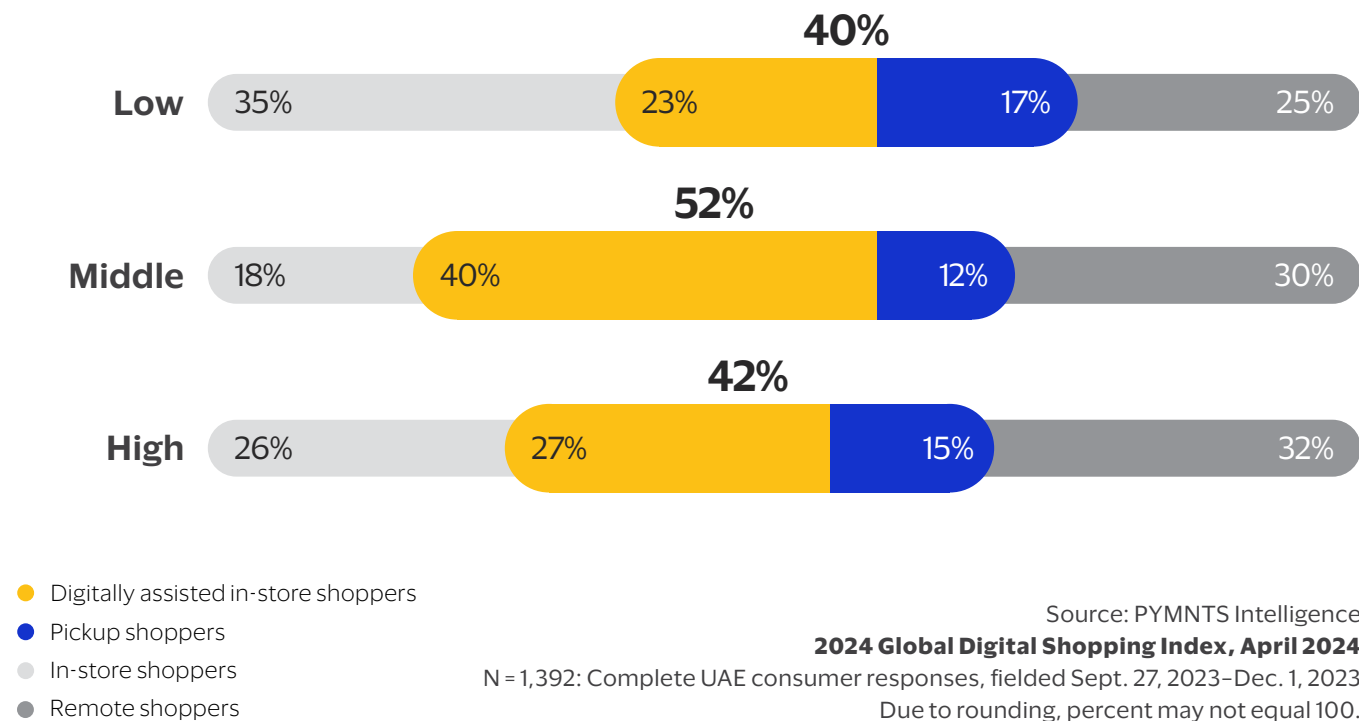
- Digitally assisted in-store shoppers
- Pickup shoppers
- In-store shoppers
- Remote shoppers

Source: PYMNTS Intelligence
2024 Global Digital Shopping Index, April 2024
 N = 1,392: Complete UAE consumer responses, fielded Sept. 27, 2023–Dec. 1, 2023
 Due to rounding, percent may not equal 100.

¹ Author Unknown. Average Household Size in the United Arab Emirates. ArcGIS. 2013. <https://www.arcgis.com/home/item.html?id=953297d8ed4a4d9d8358655242e2e0b9>. Accessed April 2024.

Millennial and Generation Z consumers are the leading age cohorts driving the shift to Click-and-Mortar™ strategies in the UAE, with roughly 80% of millennial and Gen Z consumers incorporating digital features into their purchasing behavior. Click-and-Mortar™ behavior is most pronounced among bridge millennials, more than half of whom seek these experiences. By contrast, 41% of Generation X and 87% of baby boomers and seniors prefer traditional shopping—in-store with no digital assistance.

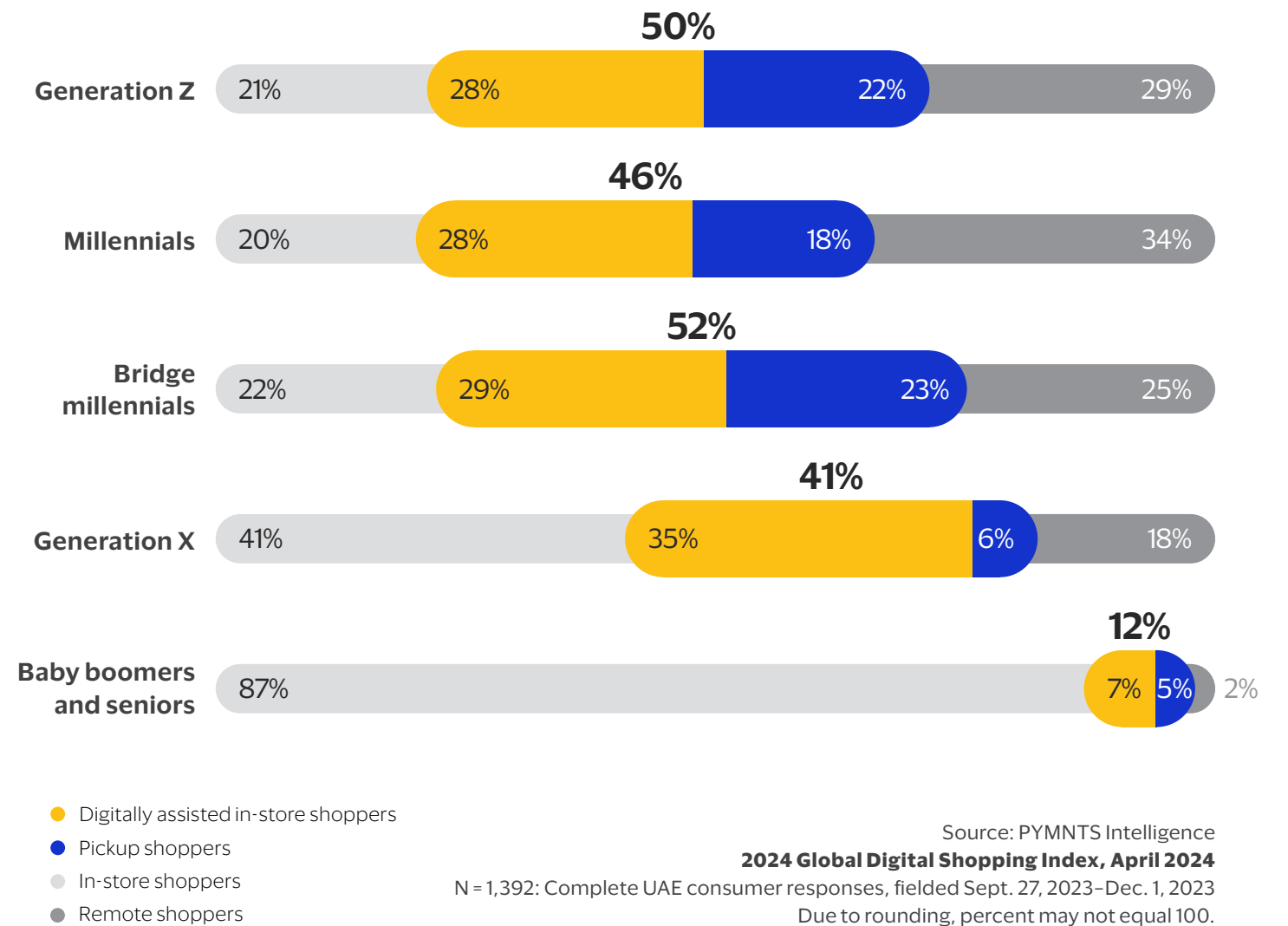
Figure 5B:
How different demographics shop
Share of UAE consumers who have select shopping experiences, by income*



* Low income: Less than 95,000 AED (approximately \$25,000)
Middle income: Between 95,000 AED and 185,000 AED (approximately \$50,000)
High income: More than 185,000 AED

Understanding these trends is key for UAE merchants tailoring their digital offerings to their diverse consumer base, where the average household may span multiple generations—and feature multiple generational attitudes toward shopping.

Figure 5C:
How different demographics shop
Share of UAE consumers who have select shopping experiences, by generation



Though merchants in the UAE are frontrunners in consumer satisfaction, they can still stand to improve—especially grocers.

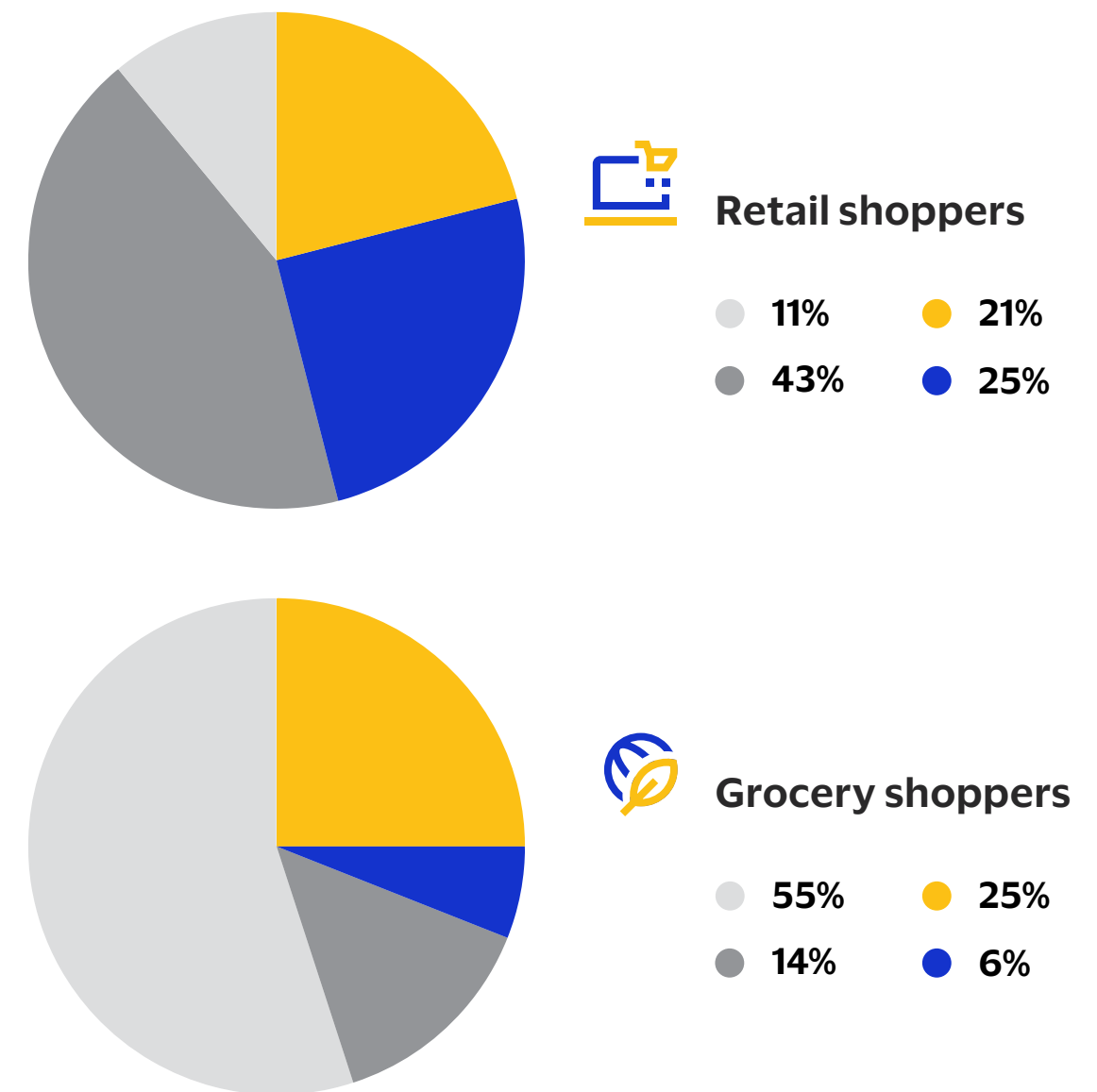
Data shows that consumers in the UAE tend to regularly use four commonplace features, with preferred payment methods atop the list. Mobile apps or mobile-specific sites are also notably popular, followed by easy-to-navigate online stores and digitally available product details. The average UAE shopper uses roughly 14 different features overall, however, suggesting that the UAE already has a digital consumer base with diverse and unique preferences. Further innovation in providing these features would help merchants reach a greater diversity of customers. Which products consumers are buying somewhat drives this diversity.

Grocery shoppers, for instance, have different digital needs compared to those buying other retail items. In the UAE, they typically use just 10 features. Given the cautionary tale of stagnation, the implication is clear. To maintain their leading position in customer satisfaction, UAE merchants, especially grocers, must innovate or risk underproviding features their customers want.

Figure 6:

How UAE consumers use digital features

Share of UAE consumers who completed their most recent purchases in select ways, retail versus grocery



- Digitally assisted in-store shoppers
- Pickup shoppers
- In-store shoppers
- Remote shoppers

Source: PYMNTS Intelligence
2024 Global Digital Shopping Index, April 2024
 N = 1,392: Complete UAE consumer responses, fielded Sept. 27, 2023–Dec. 1, 2023
 Due to rounding, percent may not equal 100.

49%

Share of grocery shoppers in the UAE who want to use and cannot find price-matching features; **just 24% of retail shoppers want and cannot find this feature**



The disparity in digital feature usage between general retail and grocery shopping is stark. Approximately 89% of retail shoppers incorporate digital features into their shopping routines, reflecting the integration of 17 features into their buying process. Yet less than half of grocery shoppers utilized digital aids when they last shopped, primarily due to insufficient offerings from grocers. This discrepancy is particularly noticeable when considering that just 11% of retail shoppers forgo digital assistance, whereas 55% of grocery shoppers make their purchases entirely in-store without any digital support.

This gap directly impacts customer satisfaction: Grocery shoppers report an average of 29% lower satisfaction compared to those shopping solely for retail items. The gap also represents an opportunity that grocery merchants in the UAE have not yet taken. Grocers are nearly twice as likely as retail-only merchants to fail to provide the digital features their customers are looking for. Addressing this shortfall and offering a more comprehensive range of digital features will help grocers make their customers happier.

Actionable insights



01

With 71% of UAE consumers utilizing digital features, there's a clear market for merchants to broaden their digital offerings to meet the robust appetite for **Click-and-Mortar™ shopping strategies**. Focus on diversifying digital tools to cater to more customers and close the gap between the high usage of digital features and the recent dip in offerings.



02

Thanks to digital retail, UAE merchants have established an enviable benchmark in customer satisfaction, achieving high rates of feature use and low failure rates: **just 22% for both provision and discovery**. However, strategic innovation is the key to sustaining the high standards consumers have come to expect. Failing to enhance offerings like price-matching or stored payment methods could drive customers away. Continue developing features to stay ahead of players in other markets that are actively working on digital retail enhancements.



03

With 61% of UAE parents using Click-and-Mortar™ shopping strategies, there is a notable demand for features that accommodate the needs of busy households. Tailor digital offerings to these demographics, prioritizing features such as family-friendly pickup options and engaging online experiences to meet the specific needs of this sizeable consumer group.

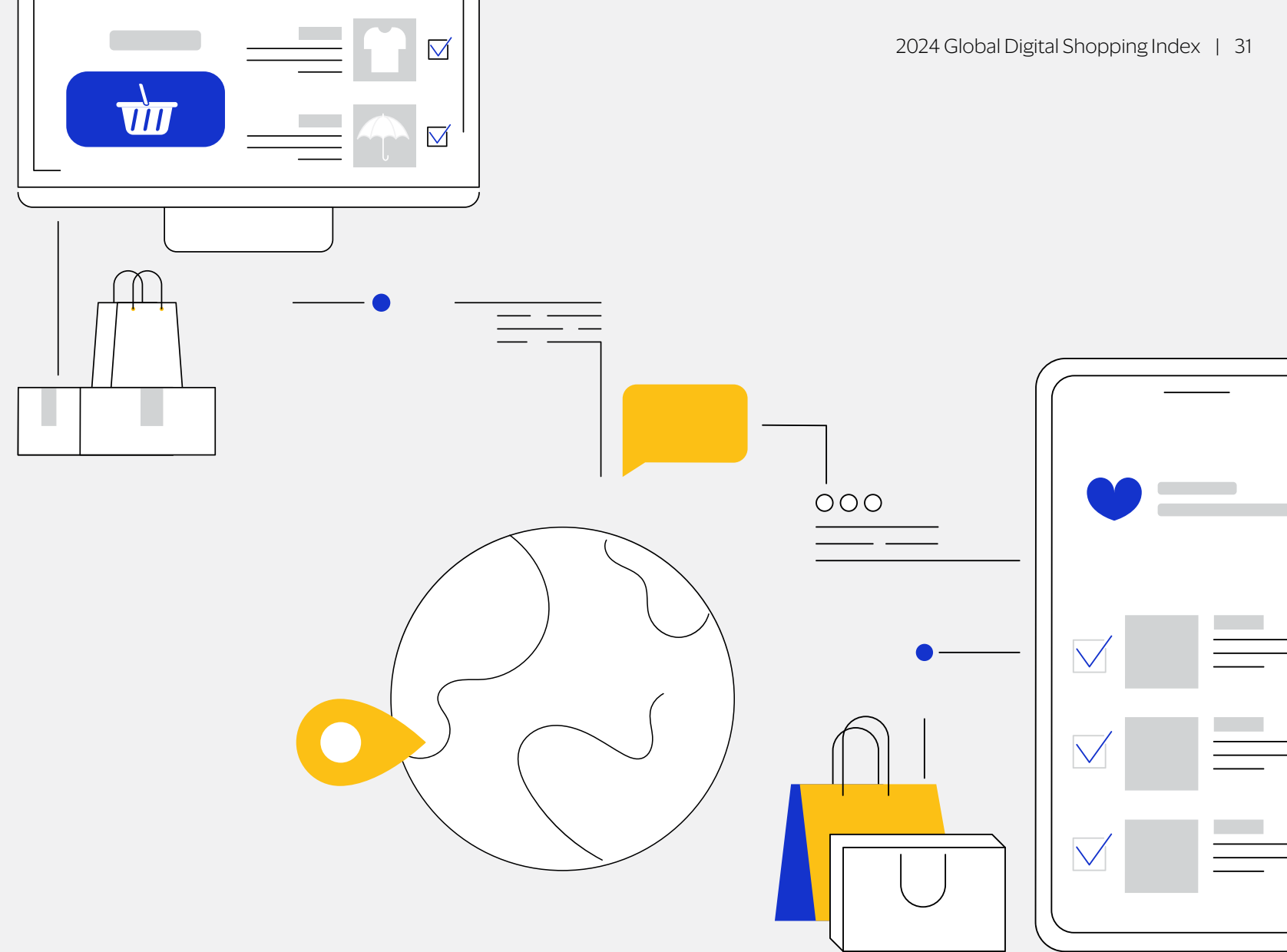


04

Given the substantial disparity in digital feature use between retail (89% of consumers use them) and grocery shopping (just 45%), grocers in the UAE have a clear opportunity to improve. Prioritize offering more digital features to elevate customer satisfaction and align with the digital expectations of UAE consumers and you may well address the 29% lower satisfaction scores for grocers compared to general retailers.

Methodology

The 2024 Global Digital Shopping Index: UAE Edition is a PYMNTS Intelligence report commissioned by Visa Acceptance Solutions. For this edition, we surveyed 1,392 consumers and 212 merchants in the UAE to capture recent trends in consumer behavior and document the rise of Click-and-Mortar™ shopping experiences. It also draws comparative insights from a larger survey of 13,904 consumers and 3,512 merchants across seven countries conducted from Sept. 27, 2023, to Dec. 1, 2023.



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