



By Dawoud
Zahran

Now Is the Time for an E-Commerce Revolution!

Palestinian entrepreneurs should utilize the current circumstances caused by the restrictions imposed to combat COVID-19 to add unique value to their communities. As a first step, an e-commerce revolution is more timely than ever.

Uber and Airbnb, both currently valued at around \$65 billion,ⁱ emerged out of the 2008 financial crisis despite its dire economic restrictions. While many external conditions enabled the creation of these two companies, the fact that many individuals in the United States at that time were looking for jobs and for more ways to generate income motivated a lot of them to “exit their comfort zone” and try out new options. Who would’ve thought that sleeping at a stranger’s place and getting into a stranger’s car could become mainstream? Their revolution was enabled despite difficult circumstances, and it continues today.ⁱⁱ

Palestinian entrepreneurs should utilize the current restrictions caused by the COVID-19 pandemic to create their own ongoing revolution. In the MENA region, e-commerce has been growing rapidly, with its market valued at around US\$8 billion in 2017.ⁱⁱⁱ One segment of e-commerce, e-groceries, which includes companies that deliver groceries to customers, has also been growing, particularly in the Gulf.^{iv} Palestine does not yet have its own share in this development, but this is changing.



Over the past month, we have seen numerous Palestinian companies using social media platforms to offer delivery services, mostly for the first time. Importantly, their product delivery range is wide – from groceries to electronic devices to gym equipment.

Over the coming months, we could see many companies that want to focus on their former day-to-day operations while looking for options to outsource the product order and delivery process. Newly established start-ups could take over this operation for a large group of companies, and charge a fee per order. This process could be implemented across various product segments, from electronics to flowers.

Most importantly, the Palestinian consumer market is ready for this revolution, especially with the growing smartphone penetration rates and internet and social media usage.^v The main missing component has been a large number of e-commerce first-movers on the supply and demand sides, but now this process occurs daily, and it will continue to develop if consumers, providers, and enablers push for it (they should!).

Many Palestinians are now, for the first time, experiencing the convenience of ordering a product online and getting it delivered to their doorstep. This is an exciting development, and local entrepreneurs should build on it with a customer-first focus.

The foundational work needed to initiate an e-commerce revolution in Palestine has started, and in the midst of the current conditions, Palestinian entrepreneurs have a golden opportunity to seize.

Dawoud Zahran is the founder and director of MISSION Startups Center (www.mission.org.ps), the upcoming curator of the Global Shapers Community in Ramallah, and an Oxford University alumnus.

ⁱ Tyler Sonnemaker, “Airbnb is reportedly paying a steep 10% interest on the debt it just raised in its \$1 billion funding and its valuation is nearly half what it was in 2017,” *Business Insider*, April 8, 2020, available at <https://www.businessinsider.com/airbnb-paying-10-percent-interest-debt-valuation-cut-18-billion-2020-4>; and Uber Technologies, Inc, yahoo!finance, available at <https://finance.yahoo.com/quote/UBER?p=UBER&.tsrc=fin-srch> - Uber valuation assessed on 28/April/2020.

ⁱⁱ Kia Kokalitcheva and Courtenay Brown, “The Great Recession Generation,” *AXIOS*, September 15, 2018, available at <https://www.axios.com/the-great-recession-generation-5e73bdb7-1384-446e-9df3-fb90116a81f9.html>.

ⁱⁱⁱ Cyrille Fabre, Anne-Laure Malauzat, Charbel Sarkis, Tanmay Dhall, and Josette Ghorra, “E-commerce in MENA: Opportunity Beyond the Hype,” Bain & Company, February 19, 2019, available at <https://www.bain.com/insights/ecommerce-in-MENA-opportunity-beyond-the-hype/>.

^{iv} “Online Grocery Retail in MENA,” *Wamda*, 2019, available at <http://backend.wamda.com/api/v1/downloads/publications/Online-grocery-retail-in-Mena-2019>.

^v The most recent official numbers are two years old, but the trend has been ongoing; and if any change has occurred, the numbers have risen. See Palestinian Central Bureau of Statistics and Ministry of Communications and Information Technology, “Joint Press Release,” May 2018, available at <http://www.pcbs.gov.ps/post.aspx?lang=en&ItemID=3141>.