



MENA

digitized

EXPLORING THE TECH TRENDS
SHAPING THE REGION

GAME CHANGERS





INTRODUCTION

Combine an explosive growth in Internet usage, a wave of tech-hungry millennials and the infiltration of smart devices in the MENA region, and witness a digital transformation taking consumer lifestyles by storm.

With connectivity levels skyrocketing, MENA's consumers are finding their voices online, engaging the world around them and expecting to be heard. And with unprecedented connectivity comes the pivoted reality of how media is being consumed, information searched for and opinions formed.

Despite the fact that infrastructural, cultural and societal challenges have slowed down the development pace, the direction in which the transformation is moving is

catching up to the trends that are now the norm in more developed regions around the world. As a result, the now booming (albeit somewhat late-blooming) digitized market in the Middle East and North Africa presents immense opportunities for businesses and organizations working in this developing region, and those with an eye on it. This is a window for smart businesses to penetrate a market with untapped potential by discovering new ways to find, connect with and engage consumers in rougher digital terrain.

To map that terrain, Ipsos Connect provides an annual snapshot of consumer trends on all things digital as part of its MENA Tech Tracker survey, by surveying over 24,000 respondents across 9 MENA countries (KSA, UAE, Kuwait, Qatar, Bahrain, Oman, Jordan, Lebanon and Egypt). What follows is an exploration of the key trends from that survey.

Ipsos MENA Tech Tracker Survey



24,000 INDIVIDUALS COVERING 9 MARKETS



GAME CHANGERS



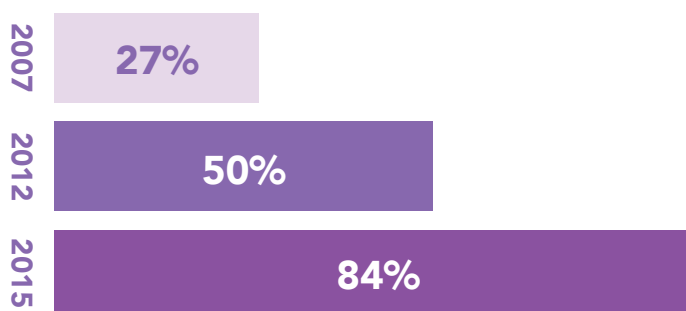
SMART DEVICES & SMART PROSPECTS

Dial up modems and fixed Internet troubles are no longer the ball-and-chain dictating access to the internet, and like the rest of the world, MENA is on par with the aid of new technologies that have elevated the way consumers interact with the global market. The shift in consumer behavior in MENA is largely attributed to the rise in smart devices throughout the region.

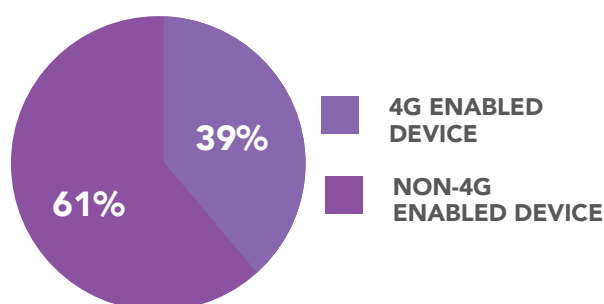
But it is one device, the smartphone, that has created the largest impact; with 84% penetration across MENA's mobile subscribers it has become the region's 'device of choice'. Thanks to the introduction of lower-end devices at more affordable prices, even lower-income households are no longer limited in their access of the latest technology.

Among smartphone owners, more and more are jumping the wagon and upgrading to more sophisticated smartphone models regardless of social economic class, with approximately 50% now owning high-end smartphones, and 1 in 3 devices being 4G enabled.

SMARTPHONE PENETRATION



DEVICE TECHNOLOGY



SMARTPHONE DEVICE RANGE

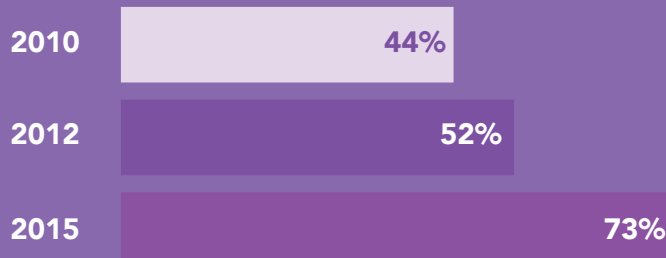


The growth in smartphone usage has also led to an accelerated growth in internet usage, which today stands at 73% in the region, compared to 44% in 2010 when smartphones were still slowly making their way into consumers' lives. To many people on both ends of the age spectrum, smartphones represent their first experience and entry point to the internet world, and while this route is an expected one for digital natives, the larger impact can be seen in the rising internet usage levels amongst the older age groups, to whom mobile phones represent a more familiar and more convenient connectivity route. As a result, internet usage levels across those aged 45 years and above have almost doubled between 2012 and 2015.

With smartphones having already carved out an established presence, the digital transformation is set to continue with the rise of other smart devices as consumers diversify their digital touch-points and experiences. Most notable is the rise of tablet ownership in the region in recent years, growing from below 1% in 2012, to 19% in 2015, and with potential to grow further as cheaper alternatives are made available.

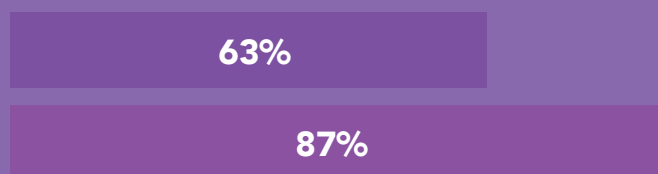
As more consumers become digitally connected, their behaviors, expectations and attitudes also evolve, and their increased engagement levels with people, brands, media, and the world at large are fast becoming the norm.

INTERNET USAGE

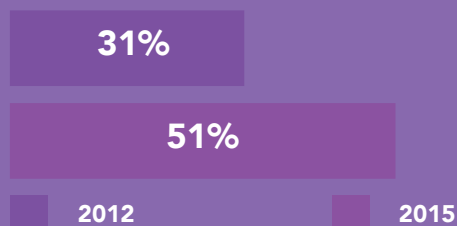


INTERNET USAGE BY AGE

15-24 Years



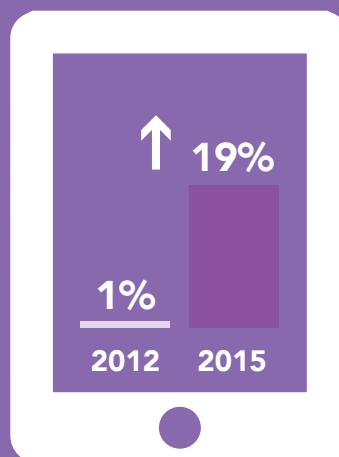
45+ Years



2012

2015

TABLET OWNERSHIP



GEOGRAPHY MATTERS

A REGION OF CONTRASTS

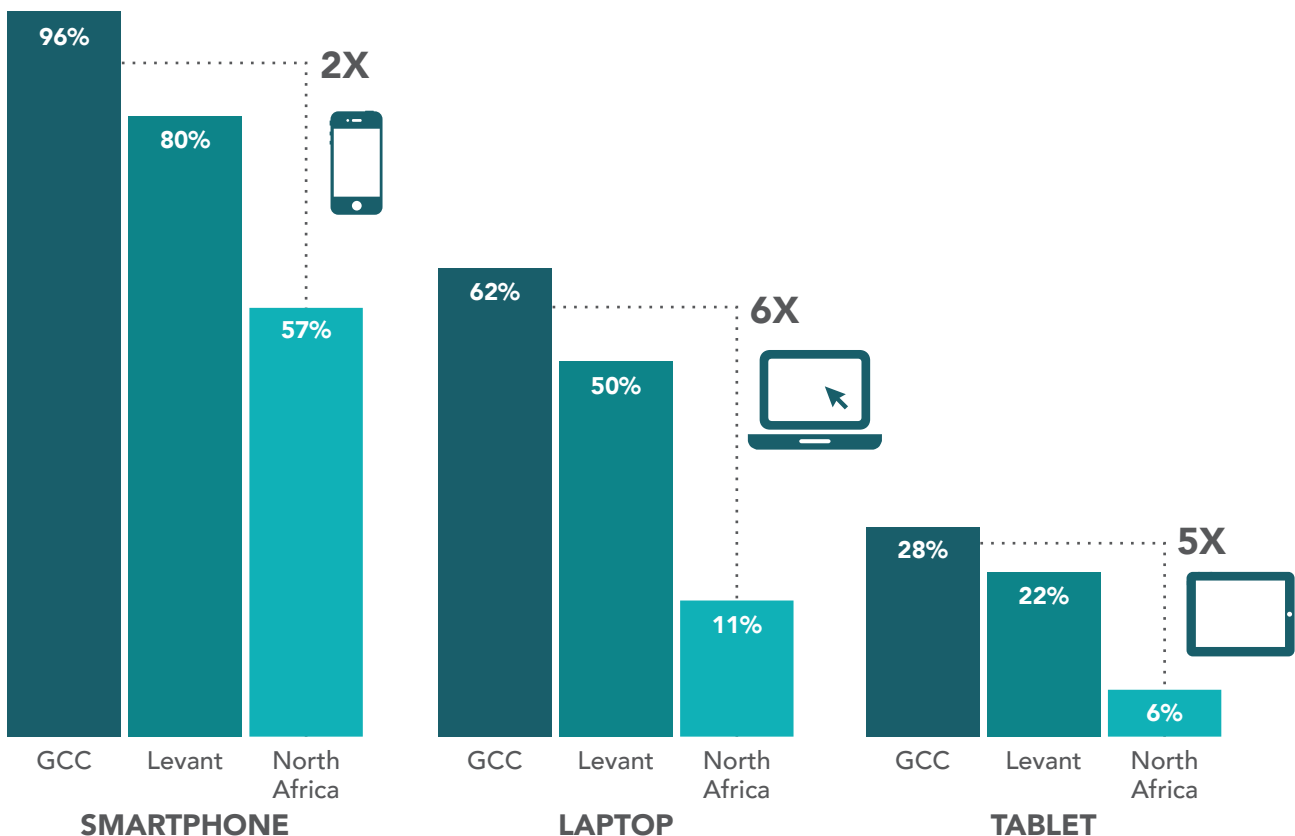
While MENA's digital landscape is evolving, some countries are emerging as prominent frontrunners in the race towards saturation, naturally skewed by factors, economic and otherwise, that render these countries more adept at establishing a leadership position in this space. As such, higher income countries in the GCC region are leading the rest of MENA in almost every measure of technological penetration and adoption. This is not surprising when considering that close to 40% of the population in

countries like the UAE falls in the high-income bracket in comparison to less than 10% of the populations in the Levant and North Africa.

Everything from laptops and smart TVs, to mobile Internet and online shopping are seeing higher penetration rates across the GCC than in other MENA regions. In fact, GCC consumers are 6 times more likely to own a laptop at home, 5 times more likely to own a tablet and twice as likely to own a smartphone than those in North Africa.

The Levant tends to remain consistently in the median across the board, with tablet penetration being the most closely contested figure (22% in Levant vs. 28% in the GCC). When it comes to mobiles, the GCC is also at the forefront, with 93% of mobile subscribers having Internet connectivity, and owning 8 out of every 10 4G enabled smartphones in MENA. Thus, breaking into the GCC market is a surefire way of trickling the adoption of new technologies into the rest of the MENA region, their success depending largely on their reception by GCC consumers.

DEVICE PENETRATION BY REGION



Once connected, some consumer trends start to even out, irrespective of the region. Social media is a good example: 95% of GCC Internet users are on social media platforms, but the Levant and North Africa are close at 82%. But despite the similarly large appetites for social media across countries, the ways GCC consumers use social media platforms in comparison to their counterparts from other regions in MENA vary widely. GCC users are twice as likely to keep up with international events through social media, but much less likely to use these platforms to express themselves, at least in

comparison to those living in the Levant region (31% of GCC consumers versus 48% of Levant users). The reasoning for this transcends the infrastructural limitations that are found in the digital landscape of the Levant and North Africa regions, but rather points to factors that are both cultural and societal that may be unique and common to consumers living in these countries.

So while the GCC is a great base to break into for new technology, consumers elsewhere may be more active and engaged on social media platforms, implying that marketers

can expect the Levant to share content on one hand, and the GCC to buy products and services on the other. Businesses looking to tap into the MENA market should differentiate their strategy based on their target regions, instead of treating the region as a monolithic block. Having said that, they should consider the one constant and tremendously important driving force behind the digitization trends across all regions in MENA; millennials!

MILLENNIALS

AGENTS OF CHANGE

Millennials are coming of age and are poised to reshape the economy and the world around them. They are blooming into their prime spending years, and will have more purchasing power than any other generation, all the while dominating the global online audience. The potential for MENA millennials is no exception.

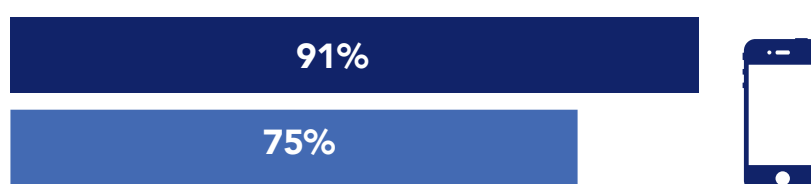
Never has this been more relevant, in a region characterized by having over 70% of its population under the age of 30, than it is now. MENA's youth are the trend-setting leaders in the world of technology in the region. They have the highest ownership and usage rates of all the new technologies available in the market, with 9 out of 10 millennials owning a smartphone, 54% of which are high end flagship phones and almost half of which are 4G enabled, thus allowing the 80% of millennial mobile subscribers to be connected to mobile internet.

It comes as no surprise then that 9 out of 10 millennials use social networks, and 80% use chatting platforms in the region. Like their global counterparts, they are also big on reviews, engaging with brands, and best of all, are hyper sharers. Thus, the proliferation of smartphones in the region has made communication more direct than ever, and nowhere is this more pronounced than when considering the mega-influencing powerhouse of a platform that is social media.

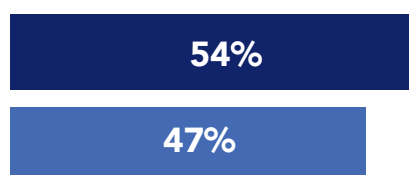
■ **MILLENNIALS**
15-34 Years

■ **OLDER SEGMENT**
35+ Years

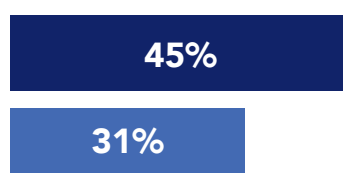
SMARTPHONE PENETRATION



HIGH END DEVICE PENETRATION



4G DEVICE PENETRATION

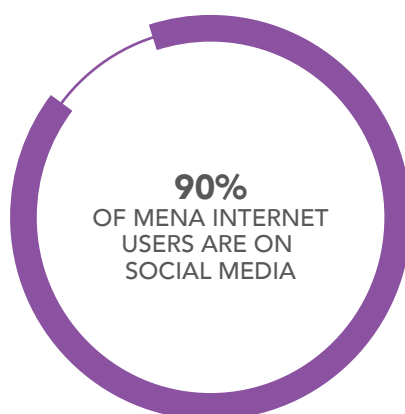


SOCIAL MEDIA

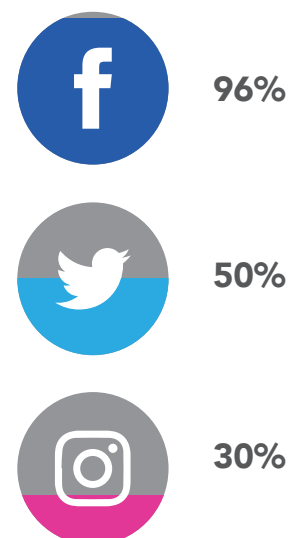
AN INDISCRIMINATE MONSTER

A staggering 90% of internet users in MENA are on social media, and this has had a profound impact not only on the creators of content, but also on consumers of it. In an effort to defy ageism, and contrary to common belief, social media is not exclusive to the echo-boomers. In fact, with roughly half of those aged 45 and older using the internet, 80% of them are on social media. As such, this unlikely age group now accounts for 18% of all social media users in MENA.

SOCIAL MEDIA PENETRATION



TOP SOCIAL NETWORKS USED



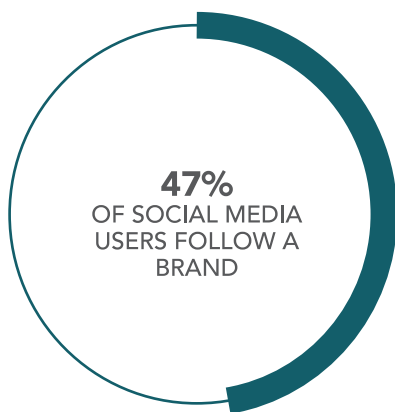
While all in all, the three most popular social networking platforms in the region are Facebook, Twitter and Instagram, a look at each platform's user base reveals interesting variations that may be telling of an inherent shift in attitude that comes with selecting these different platforms.

On platforms such as Instagram and Twitter, millennials are especially active, thriving on creating images and tweets that can be quickly posted and viewed by a wide audience, compared to Facebook which they perceive to be more of a news-curating feed. The older generation, on the other hand, is more likely to be present on Facebook, sharing and posting content there and favoring that platform to Twitter and Instagram where their presence is less pronounced. And while both age groups primarily use social media for staying in touch with friends and family, as well as meeting new people online, understanding how the different segments use these platforms is key to effectively communicating with them, and ultimately, establishing stronger connections.

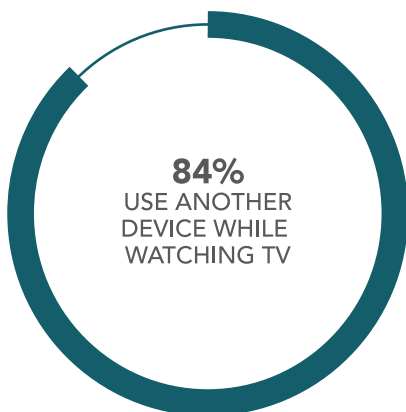
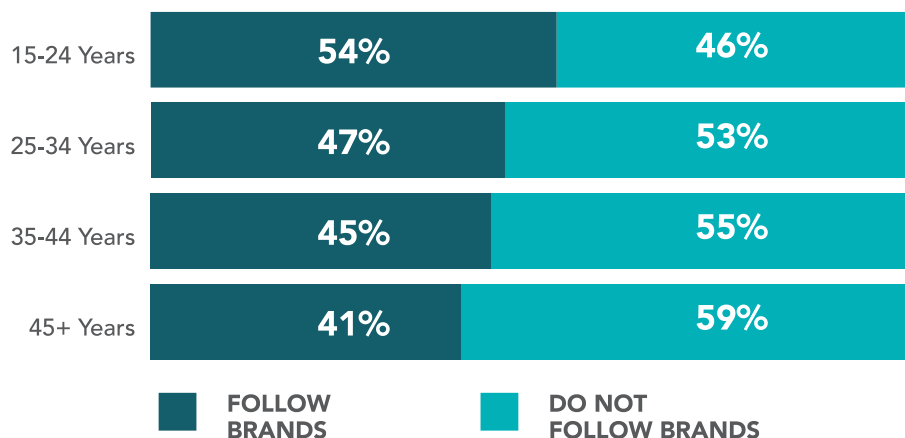
ENGAGEMENT

FROM MONOLOGUE TO DIALOGUE

For brands in the region, the growth in social media usage arguably presents them with the most exciting opportunities yet, ones that were almost non-existent in the days prior to the digital revolution. Today, almost half of MENA's social networkers follow a brand online, and the differences between those aged below 25 years those above 45 years are surprisingly not very big (54% vs. 41% respectively), meaning an ability to directly and closely engage with consumers from all walks of life. Furthermore, social media is seen as the most important source of information among those who depend primarily on online sources for information, beating websites, blogs, online publications and email to first place.



BRAND ENGAGEMENT BY AGE



MAIN SOURCE OF INFORMATION

MILLENNIALS 15-34 Years



OLDER GENERATION 35+ Years



Having said that, traditional media remain the main source of information in MENA, with TV the primary driver. Yet this is not the case for almost half of MENA's millennials, who are slowly tilting the scales in favor of online sources, and in doing so, are pushing brands to change the nature of their communication efforts to become more inclusive.

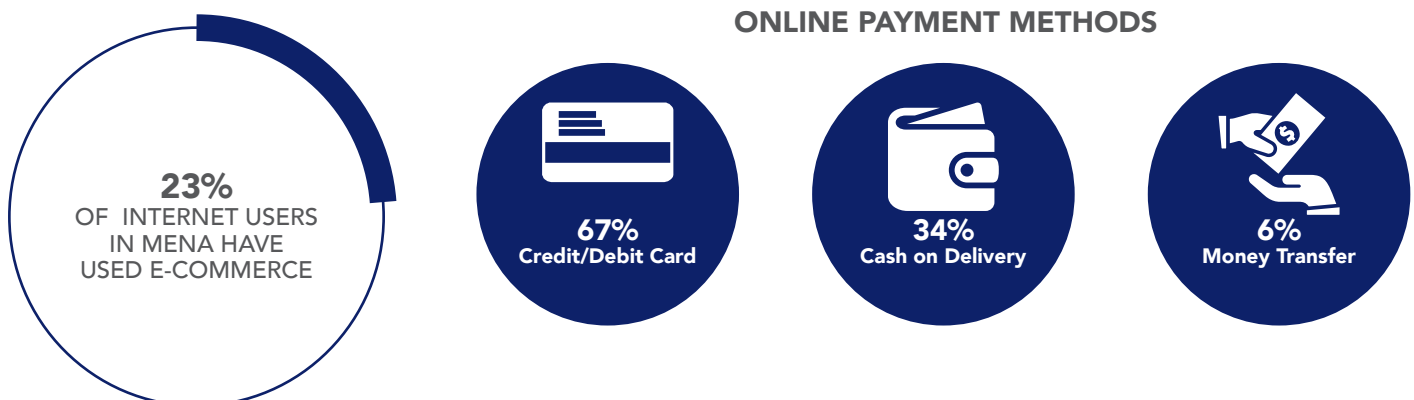
Importantly, the lines between traditional and digital media are also blurring as far as engagement is concerned. With the rise of smart devices comes the rise of multi-screening, and with over 80% of MENA's consumers using another device while watching TV (mainly mobile), the ability to keep consumers engaged for longer by traveling between screens increases significantly.

E-COMMERCE

THE NEXT FRONTIER

Despite all the growth indicators in MENA's digital arena, one area where the region still falls short is in e-commerce, with most consumers either reluctant, or unable, to conduct e-commerce activities, resulting in usage levels of only 23%, and even then, these are limited to specific categories such as fashion and travel.

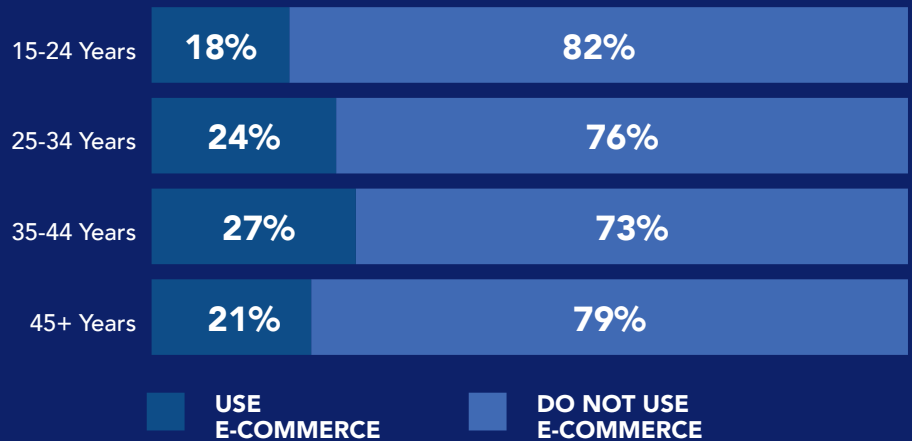
The low usage levels are mainly due to a set of challenges that are seen to be restrictive of the growth of the sector in the short term. One such challenge remains in the limited access that many in the region have to bank accounts, and as a result, credit and debit cards, which are currently the primary methods of payment online among e-commerce users (67%). The numbers are even lower across millennials, who are expected to have a larger appetite for e-commerce in general, should they have the tools through which to exercise this option.



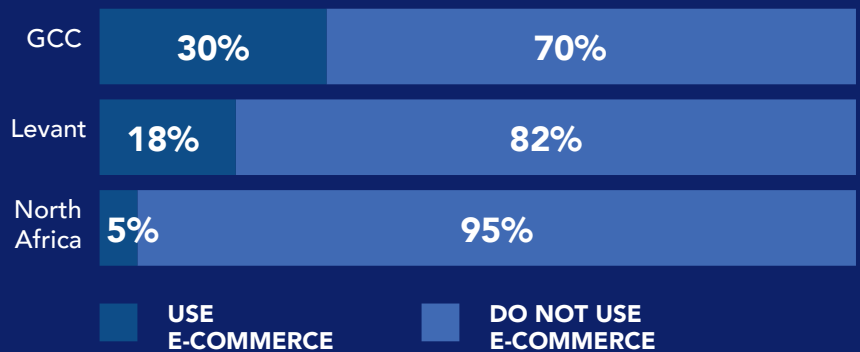
Yet these limitations are expected to be short-term. As such, the future does look bright for those wishing to explore e-commerce in the MENA region, and many are already reaping the benefits. This steady shift in consumer behavior towards increased connectivity is forcing companies to offer alternative payment options that are more relevant to large portions of the region's population. By bypassing the need for bank accounts, credit cards and debit cards, some have found a way to reach consumers through cash on delivery as an option, a key growth route for e-commerce in the region. Around a third of all e-commerce activities are already being conducted through cash on delivery methods, with the younger generation at the forefront of this trend.

Expectedly, consumers in the GCC are much more likely to opt for debit/credit cards as payment methods online given the larger percentage of banking consumers and higher credit card penetration levels in those markets. This is an indication of the potential that exists when current barriers in payment methods are overcome, and in doing so, opening yet another opportunity in the region, which will no doubt lead to changes in consumer purchasing patterns in the future, especially among the region's millennials.

E-COMMERCE USERS BY AGE



E-COMMERCE USERS BY REGION



FINAL THOUGHTS

The digital scene in MENA is vibrant and expanding with the growing adoption of smart devices. For those operating in this fast-developing region, it is an opportunity to capitalize on the rising popularity of digital touchpoints and the resultant changes they bring in consumer behavior. An increasingly engaged and active audience that is hungry for interaction translates into an ability to continuously connect with consumers in a way that is unprecedented.

In particular, MENA's millennials are a force to be reckoned with; a segment that is changing the rules of marketing and brand engagement, redefining purchasing habits and shifting trends in media and content consumption, and they will continue to push the digital envelope to new frontiers over the next few years.

Tapping into all that potential requires businesses and organizations to reexamine how they attract, involve, and communicate with an increasingly digitized consumer, while overcoming the unique challenges presented in the MENA region, and forming a clear understanding of the differences that exist between markets and demographic profiles. Those that are able to best adapt can expect to prosper within this booming digital space.

FOR MORE INFORMATION

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GAME CHANGERS

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