

INSIDE THE BAQALA

A Snapshot into How UAE Consumers
Interact with Traditional Retail Outlets
2024 Spotlight

With Research & Analysis by
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24SEVEN
OPTIMA



Introduction – the Importance of Baqalas as Community Commerce Hubs

Jarrar Shah, CEO and Co-Founder of 24SEVEN

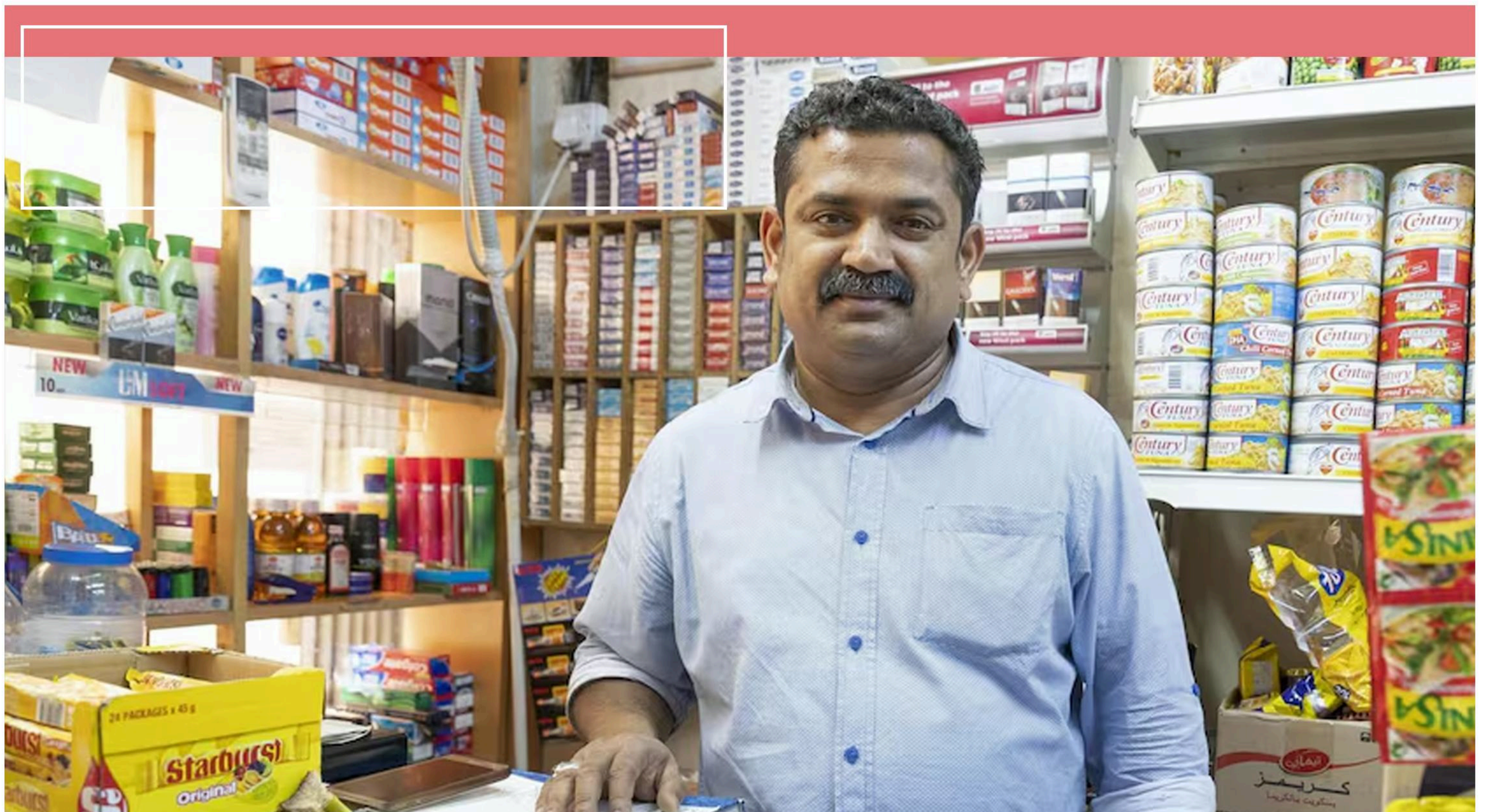
Across the UAE, baqalas are a key part of many communities. These neighbourhood stores can trace their earliest development back to the trading history of the Emirates, as goods passed their way through on the Spice Route connecting the Arabian Peninsula to Africa, Asia and Europe. As traders and travellers stopped on this strategic route, stores of essential goods popped up, buying and selling an array of items. This long held tradition continues to this day, with baqalas appearing wherever there is a need for convenience and service. As a key part of daily life, baqalas are at the heart of community commerce. In fact, 81% of grocery outlets in the UAE are regulated as baqalas (0-50sqm) (Source: 24SEVEN proprietary data).

Modern day baqalas provide an accessible point for groceries and household essentials, but increasingly there is an opportunity for these shopping outlets to cater to a more diverse range of needs. UAE nationals, expatriate residents and tourists, often require additional services beyond the typical grocery order, such as remittance, credit options, mobile phone top-ups, utility bill transfers and payments.

About 24SEVEN's Digital Spot Survey

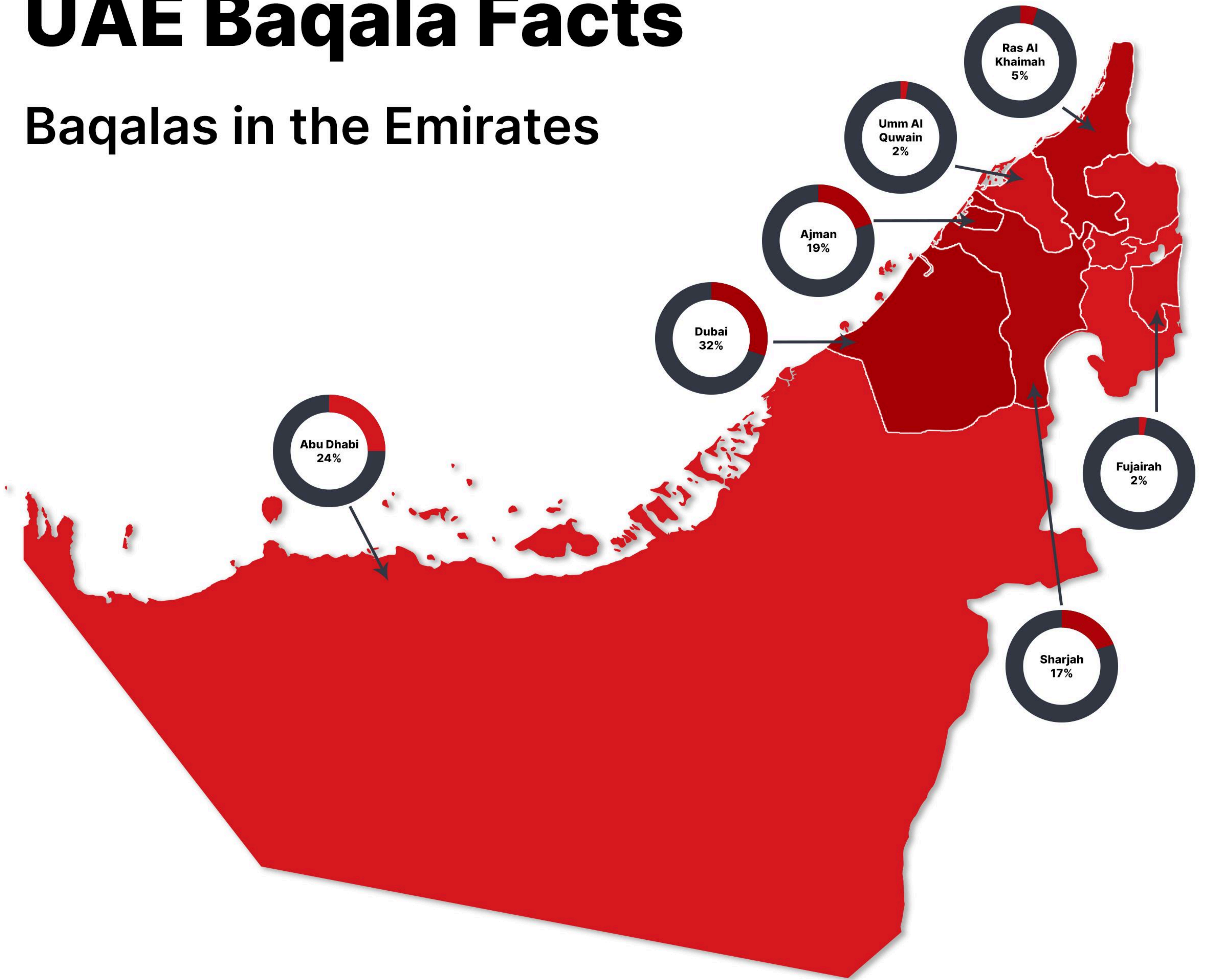
To find out more about how people in the UAE are using baqalas, in February 2024 we collated the answers from a digital spot survey of more than 100 people from a cross section of UAE society.

We wanted to uncover how people in the UAE are using baqalas and what matters to them, providing immediate data points for a traditionally underserved and under-researched segment of the retail landscape.



UAE Baqala Facts

Baqalas in the Emirates



Baqala Usage, Frequency and Habits

60% of UAE respondents said that they shop at baqalas at least once per week, while 30% said they rarely shopped in small grocery stores. For many, the baqala is a regular part of life. While for others, online shopping and larger retail outlets have captured their most regular custom.

The main reason that people shop at baqalas or local grocery stores, is perhaps unsurprisingly the aspect of accessibility, being close to where people live or work; after all, these locations are often referred to globally as convenience stores. Nearly six in ten people said this was a key factor in visiting a baqala.



Top Five Reasons People Shop At Baqalas



31% of respondents stated they shopped at a baqala for specific, niche or specialist products/items.

People in the UAE also like that baqalas open earlier and stay open later than many supermarkets and large retail stores, with 27% valuing the 'open all hours' nature of these community hubs.

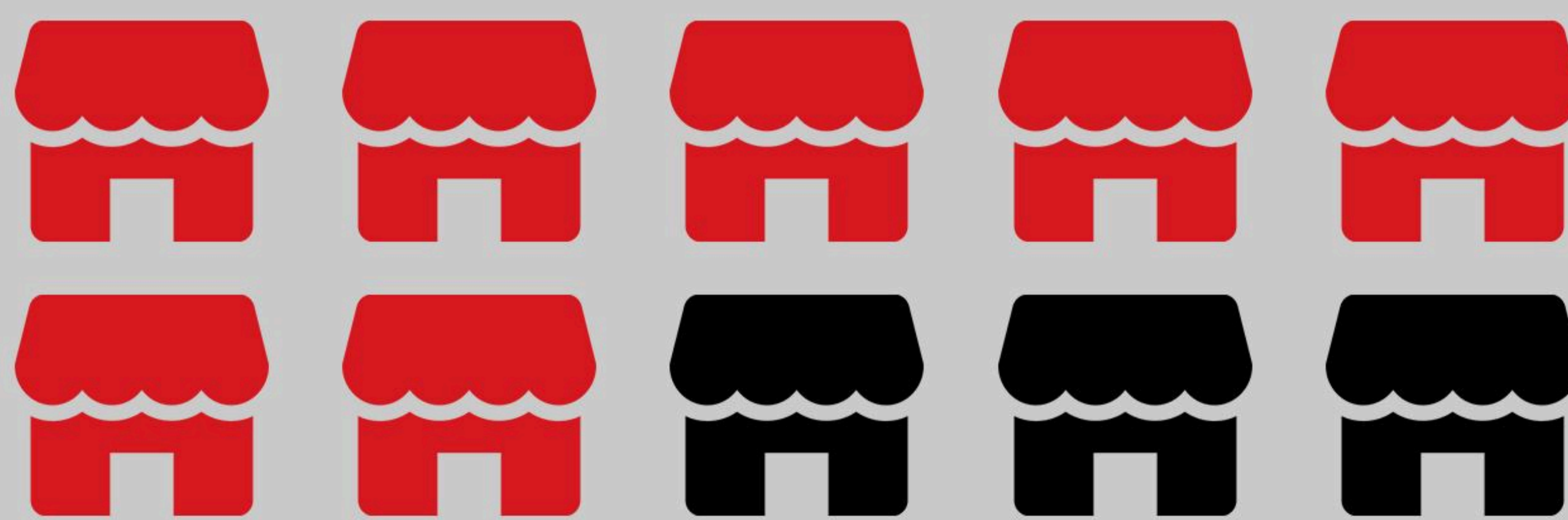
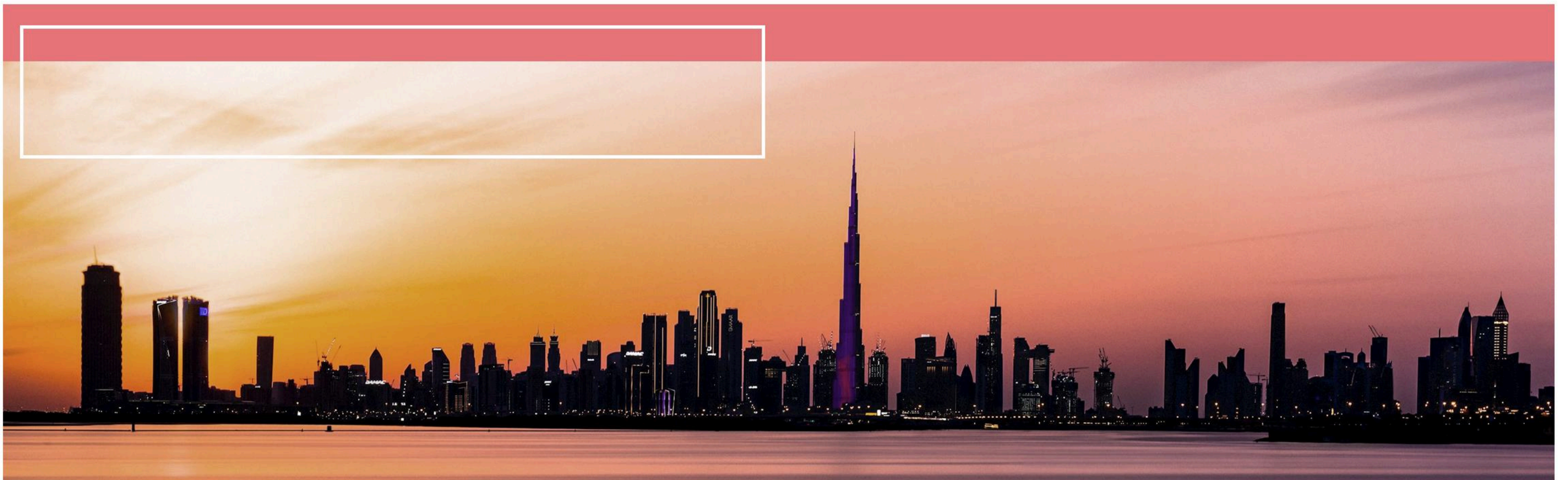
20% simply pick shopping at a baqala because of the friendly nature of the staff and experience, with a similar proportion of people valuing the 'shop local' nature of a baqala.

Payments

Currently, the most preferred form of baqala payment selected by survey respondents was debit or credit card (47%) but cash is still favourite for more than a quarter of people (26%).

Mobile wallet usage is increasingly common and 22% prefer to use this payment method, while just 4% said they hold a line of credit with their shopkeeper. Prepaid cards were preferred by a little over 1% of people.

However, despite seven in 10 people preferring to use digital payments (where possible) in baqalas, 24SEVEN's proprietary research shows that more than 70% of small grocery stores do not have appropriate digital hardware and software to keep up with customer demand.



7 out of 10

Baqalas Lack the Right Digital Systems

Future Trends – Modernizing the Baqala



In a sign of the times, 26% of people said they would be interested in Buy-Now, Pay-Later options in their grocery store, demonstrating the desire for modern day forms of payment and credit.

Among 18-24 year olds, this figure was much higher, with 42% desiring Buy-Now, Pay-Later options in-store.

This is impossible for many baqalas at the moment with the devices they currently use. However, with technology such as 24SEVEN Optima, such exciting new forms of payment are completely within reach as the traditional Point-of-Sale (POS) is transformed into a Point-of-Everything. UAE customers are also accustomed to loyalty and reward schemes and 40% of people said they would avail such options if available at their local store.

Mobile bill payments (33%) and utility bill payments (22%) were also highly requested by baqala customers, while expatriates identified remittance to their home country as an important addition to baqala services (16%)

If BNPL Facilitated 26% of Baqala Sales



It Would Account for \$338m of Transactions



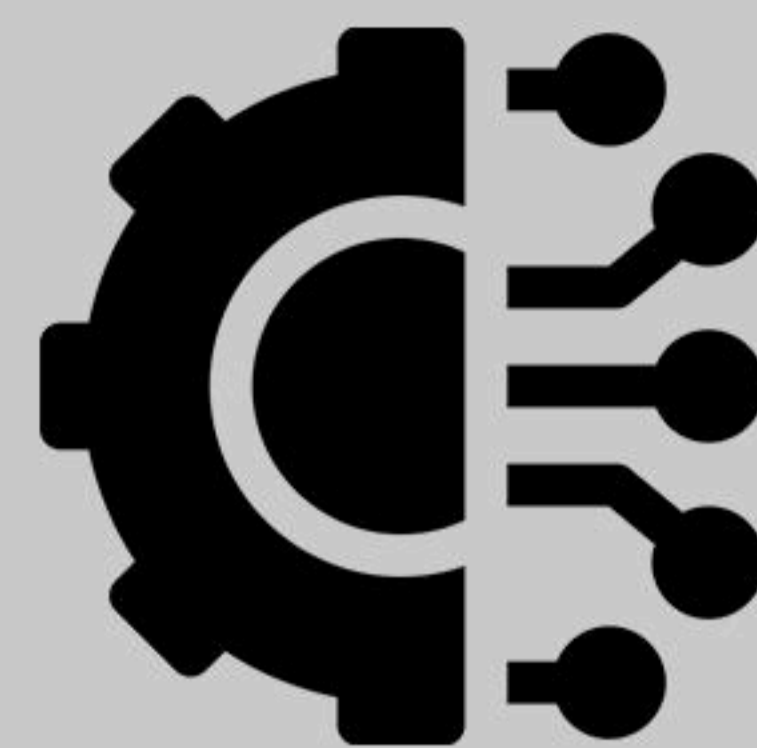
A Boost for Baqala

Our research and data shows that there is a demand from store customers for enhanced digital services in baqalas.



Convenient Services

+



Connected Technology

=

Happy Customers

And The Big Win for Baqala Owners...?

24SEVEN Optima enables a range of these embedded financial services, specifically built for the needs of small to medium size stores.

Through 24SEVEN Optima's connected point of sale and checkout technology, stores can provide their customers with an increased range of services. Most importantly, this leads to an average increase in store revenue of between 8 to 12%.

24SEVEN Optima Boosts Revenue by 8-12%



Summary



To keep pace with the rapidly changing retail environment, baqalas need cutting edge support. 24SEVEN Optima is bridging the gap for baqalas by bringing world-class hardware and software at a fraction of the price of enterprise retail systems. By embedding all the operational requirements for grocery payments, supply chain and retail management in one cloud system, combined with convenient devices packed full of embedded fintech products and software, baqala owners can not only compete but outperform bigger retailers.

Unlock Limitless
POSSIBILITIES



To find out more about 24SEVEN Optima, visit
24seven.ae

Further Reading

If you've found the information in this spotlight interesting, here are some other articles about the importance of grocery retail and baqalas to the UAE.

Gulf News - Timeless Marketing Skills of a Baqala

Statista - Market share of major supermarkets

The National - Abu Dhabi's progressive baqala system

USDA - UAE Retail Food Report



Established in 2016 in Pakistan, 24SEVEN is a leading B2B2C retail technology platform, serving grocery store owners and operators across 10 cities in the MENAP region. Its regional team of 300 specialized experts supports over 6,500 businesses to optimize operations, maximize sales and serve well over 1.2million customers on a daily basis.

In June 2022, the company raised USD 6 million in Pre-Series A funding from investors such as SOSV, Betatron Venture Group, Newlin VC, Verity Capital, and Argo's Quest.



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