UPS, in partnership with Nathan Associates and Eventis Marketing, surveyed 115 SMBs in the United Arab Emirates (UAE) to better understand how national and international trade policy can best support SMBs to compete in the global online marketplace. 43 percent of the surveyed SMBs were women-owned. Below are some of the challenges, trends, and recommendations that emerged from this survey.

Ongoing Impacts of COVID-19

Three of the top four pandemic-related challenges facing surveyed SMBs in 2021-2022 were also three of the top four pandemic-related challenges in a similar 2020-2021 survey, although to a lesser extent with the exception of supply chain disruptions.

2021

1. Decreased in-person sales (92%)
2. Decrease in cash flow (87%)
3. Increased demand for at home delivery (84%)
4. Disruption in supply chain (80%)

2022

Decreased in-person sales (81%)
Disruption in supply chain (81%)
Decrease in cash flow (78%)
Difficulty in attracting customers (76%)
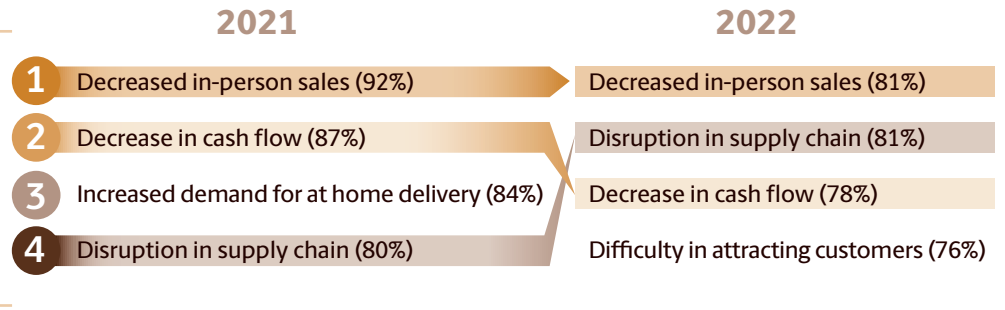
E-commerce Trends and Challenges

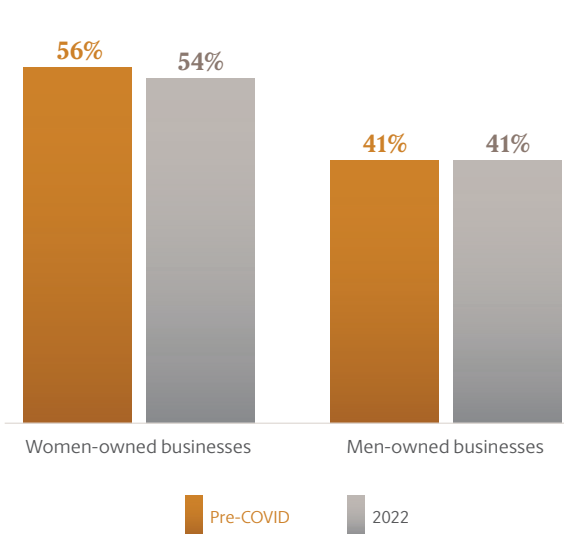### Primary e-commerce challenges in 2022

- Online marketing and branding
- Financing to upgrade to e-commerce
- Access to information about how to run an e-commerce business
- Recovering the cost of e-commerce fee

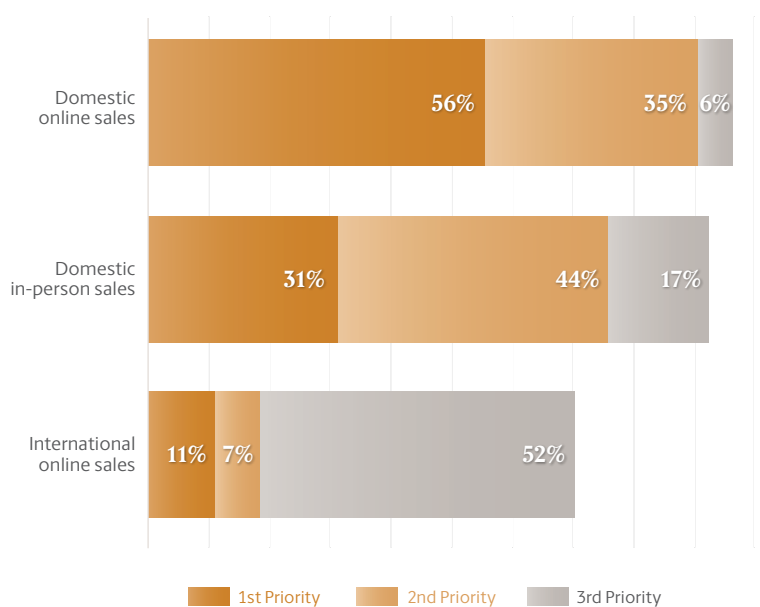Online marketing was also a top challenge for SMBs in 2021.

Is e-commerce a priority?

For SMBs that are currently selling online, e-commerce is a priority area of growth for their business. In the UAE, they prioritized online sales within the country over in-person sales and international online sales. However, the rates of SMBs selling online since the start of the pandemic through 2022 have stayed about the same, decreasing slightly for women-owned SMBs.

SMBs Selling Online from Pre-COVID to 2022

Women-owned businesses: Pre-COVID 56%, 2022 54%
Men-owned businesses: Pre-COVID 41%, 2022 41%

- Pre-COVID
- 2022

SMB Business Growth Goals for the Next Two Years

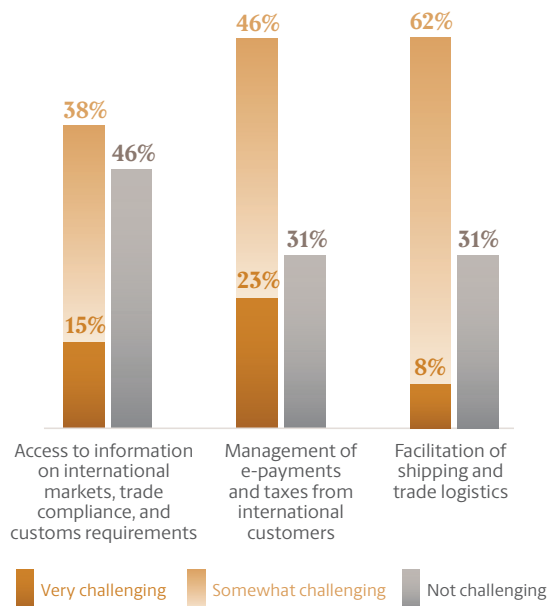|	1st Priority	2nd Priority	3rd Priority
Domestic online sales	56%	35%	6%
Domestic in-person sales	31%	44%	17%
International online sales	11%	7%	52%

Export Trends and Challenges

Only a small percentage (11%) of the surveyed SMBs engage in exporting, but they all reported that exporting has gotten easier since the COVID-19 pandemic began. Like in 2021, management of e-payments and taxes from international customers continues to be a challenge to SMB exports. Additional challenges in 2022 were:

- Facilitation of shipping and trade logistics
- Access to information on international markets, trade compliance, and customs requirements

Challenges to SMB E-commerce Exports

	Very challenging	Somewhat challenging	Not challenging
Access to information on international markets, trade compliance, and customs requirements	15%	38%	46%
Management of e-payments and taxes from international customers	23%	46%	31%
Facilitation of shipping and trade logistics	8%	62%	31%

SMB Policy Intervention Priorities to Support E-commerce Exports

	1st Priority	2nd Priority	3rd Priority
Access to information on international markets, trade compliance, and customs requirements	62%	15%	15%
Navigation of export taxes and duties	15%	23%	15%
Management of e-payments and taxes from international customers	8%	31%	46%
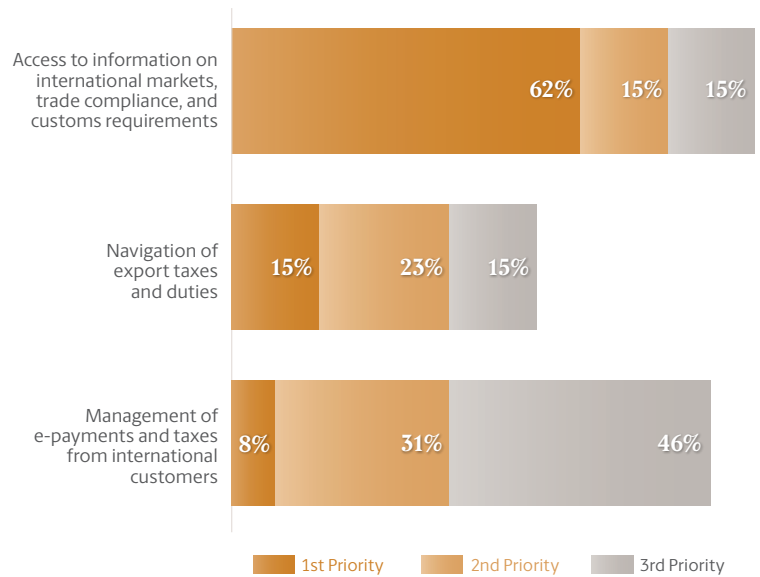
Policy Recommendations

Expand SMB Digitization Support. Provide more comprehensive information about processes, laws and regulations, support, and financial incentives to help SMBs move into e-commerce.

Ease Access to Export Information. Provide user-friendly portals and information centers that have market information and guidance for export and trade.

Enhance Financing Mechanisms. Increase SMB financing facilities and grants to support SMBs in expanding into e-commerce and managing cash flow to withstand volatile conditions.

Streamline Trade Policies and Border Procedures. Implement policies to streamline border procedures and reduce trading costs to encourage SMBs to export and expand into new markets.

Provide Digital Marketing Support. Partner with e-commerce marketplaces and SMB associations to educate SMBs about digital marketing platforms, their benefits, and costs.

Support Supply Chain Resilience. Provide information and resources for SMBs to build more resilient supply chains by forecasting demand and threats, diversifying suppliers, and digitizing supply chain processes.