

Amazon Buys "Amazon of the M. East"

Written by Marco Attard
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Amazon wants to bolster its presence in the Middle East with the acquisition of Souq, the online retailer often described as "the Amazon of the Arab world."



"Amazon and Souq share the same DNA-- we're both driven by customers, invention, and long-term thinking," Amazon says. "Souq pioneered e-commerce in the Middle East, creating a great shopping experience for their customers. We're looking forward to both learning from and supporting them with Amazon technology and global resources. And together, we'll work hard to provide the best possible service for millions of customers in the M. East."

Souq sells CE, as well as fashion, household items and other goods. It claims to be the largest e-commerce player in the region, and was valued at \$1 billion during its last round of funding back in 2016. Last year Souq was reportedly in talks with Amazon to sell a 30% stake, a deal also putting its value at \$1bn, but TechCrunch sources claim the final asking price for the deal comes to around \$650 million.

It first started as an eBay-style auction site, before becoming a retailer and marketplace for 3rd party vendors. It now has an existing fulfillment operation and an own online payments gateway, dubbed Payfort.

The acquisition provide Amazons with both expertise and a foothold in a rapidly expanding market, thanks to the young and tech-savvy population of Kuwait, S. Arabia and UAE. Madrona Venture Group director Scott Jacobson tells Reuters Amazon lacks personnel and infrastructure for an MEA retail backbone, not to mention it cuts through the red tape required to operate in such countries.

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"Mobile device penetration is quite high [in the M. East]" Jacobson adds. "Pair that with a significant population and healthy GDP per capita in countries like Saudi Arabia and in the UAE, and those factors make it an interesting market."

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