

# The ultimate guide to starting a business in Dubai

A Definitive Guide | August 2021

**A definitive guide to everything a company of any size needs to know about doing business in the thriving emirate of Dubai.**

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# Introduction

Dubai—a city best defined as a land of opportunities and a home of dreamers. A city that rose from sandy quiet shores to towering heights in just a matter of a few years. A city that exemplifies how innovation and the right vision can be a key to a brighter future. A city that is an integral part of the world business map today and is poised to define the digital future the world is headed to.

It is, therefore, no surprise that the city is a magnet for businesses all over the world. After all, the values that helped this city grow into a globally acclaimed metropolitan are valuable lessons for businesses and individuals alike to succeed and prosper. Anyone wanting to grow their business, move with the pace of the ever-evolving world is today looking at Dubai as their next business home.

Benefits ranging flexible visa options to tax-free income and supportive investment and infrastructure landscape, together make a strong case for Dubai. The UAE Government is ready to welcome innovative businesses with open arms by way of zero corporate tax, minimum import duties, 100 percent foreign ownership, and much more—factors that have also contributed to placing UAE 16th in the World Bank's ease of doing business rankings.

Thanks to the forward-thinking leadership and the foundational strategies they operate on principles of empathy, equal opportunities, and a love for humanity, Dubai has a very conducive business environment which is further expected to boost with Dubai Expo 2020 just around the corner.

There is no better country than the UAE and no better city than Dubai to start an entrepreneurial journey.

The UAE has been ranked first in the region and fourth globally in the latest Global Entrepreneurship Index, by the Global Entrepreneurship Monitor.

As per the ranking, the UAE has outperformed major global economies such as the United States, the United Kingdom, Australia, China, Japan and South Korea by varying parameters. Riding high on the wave of technological developments and the presence of a forward-looking supportive government, the Emirates took fifth place in the 2019 ranking.

The ranking has also placed the UAE second under the national government's response to the Covid-19 lockdowns and the impact on the entrepreneurial sector. It has scored 7.3 out of 10 on the general physical infrastructure and services indicator access along with other factors such as cultural, social norms, and social support.

All these are reasons enough to encourage businesses to explore business avenues in the Emirate. To assist such businesses in taking their first step in this direction, we have designed this guide with all the information about setting up a business in Dubai.

## Before we get started

Over the past few years, the UAE has become a rising global market, attracting a wide range of businesses—from across industries. With a plethora of expansion opportunities, a strategic location connecting the East and the West of the world, and friendly trade policies, it is an ideal location for perpetually any kind of business to flourish.

There are more than enough opportunities for business in this multicultural, innovative, progressive, and highly empowering country. So if you've already thought of bringing your business to Dubai, you've thought in the right direction.

Now before you actually take the first step, there are several things that you need to factor in before making a final decision. **The very beginning needs to be from research.**

Start looking online or ask your peers about from the diverse cultural spectrum in the city and how it affects your business, try to get familiar with differences in administrative and economic realms as compared to your country of origin and also evaluate the logistical challenges that you might have to tend to when you actually bring your business here.



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## Part I

# Understanding the market even better

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Contrary to what many will suggest, the first rough research of the market will NOT do the trick. Right after your research phase is over, you need to go a step ahead and understand the market better in terms of how businesses operate in the country, what cultural, regional, and etiquette-related mannerisms you need to adopt before you set foot in Dubai.

One needs to remember that even though the UAE is a business paradise, there are certain aspects related to business practices that need a prior comprehension for any business planning to come here and settle in.

Keep in mind some do's and don'ts like the ones listed below:

### **a) Make the right company formation choice**

Of three types of company formations in the UAE, namely Mainland, Freezone, and Offshore, the businesses need to make a sensible choice. Carefully understand the market you are targeting and then decide the company formation.

Look at aspects like geographical restrictions and ownership limitations, and consider taking help of company formation specialists to guide you through the procedures and legal requirements if necessary.

### **b) Opt for the right licence**

Depending on your products, services, and objectives select from three types of licences — Commercial, Industrial, and Professional. This is an important step that you will take towards your goal of bringing your business to Dubai.

As it comes with long term implications, this decision needs to be taken with utmost care and attention.

### **c) Look for a reliable sponsor**

Another important step in this journey is selecting a reliable sponsor. A sponsor will be responsible for managing official formalities and saving business owners from unnecessary procedural hassles. Do your research to settle for a dependable sponsor.

### **d) Check for the right visa**

As the most basic requirement to operate in the UAE, procuring an investor visa is a vital part of setting up a business in Dubai. Here, a local sponsor can come in handy as the complicated application process will be taken care of.

### **e) Team up with a strategic partner**

Even if a new market has a lot of potential, it is sometimes difficult to break into – same is the case with the UAE. As a result, in order to develop a presence in the region and enjoy the most benefits, new firms should seek out mutually beneficial relationships with established players.

The Seed Group, for example, has a diverse range of company activities in a variety of industries, as well as excellent contacts in the business corridors.

### **f) Be modest and learn mannerisms**

Modesty and mannerism are important aspects of general business etiquettes that business professionals must follow in the UAE. It is critical to research a country's cultural characteristics and business etiquette in order to avoid embarrassing business situations, and the UAE is no exception. While the business community in Emirates is friendly and cordial, commercial interactions may necessitate specific behaviour. This is one of the most important things to think about before meeting a close associate or partner in the UAE.

## Part I

# Understanding the market even better

### g) Be ready to network

The UAE, as the gateway to 1.5 billion customers in the Middle East, Africa, and Asia, is a hive of economic activity. To develop a presence in the region, new firms must be open to socialising.

The more you network and hold conferences, meetings, and public relations events, the more business prospects you will open up for yourself. You need to develop this attitude well before you actually come to Dubai to start with your business.

### h) Be open to seeking help

The steps required, from business registration to setting up, are akin to entering into uncharted terrain. As a result, international investors should avoid managing business, registration, and licencing on their own and instead enlist the assistance of local specialists who can guide them through the legal and official processes.

### i) Take everything in writing

Make it a habit to always keep everything in writing – all agreements made, all payments finalised – everything should be on paper. It is rather unwise to rely on verbal commitments.

### The Do's and Don'ts of Doing Business in Dubai

**Do** select the ideal company formation

**Do** get the right licence

**Do** find a reliable sponsor

**Do** get your visa requirements sorted

**Do** team up with a strategic partner

**Don't** be too casual

**Don't** keep to yourself and operate in silo

**Don't** complicate things – take professional help

**Don't** rely on verbal commitments

**Don't** overlook the cultural sentiments



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## Part II

# Evaluating the benefits and challenges



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Look at the benefits of coming to Dubai and weigh the challenges that you will have to face. To start with, it is a fact that Dubai's geographical position means companies here enjoy a wealth of investment and commercial cooperation options with European and Asian countries.

It serves as a bridge between the West and the East of the planet. Business owners who want to expand and serve international consumers would greatly benefit from this. In fact, Dubai's distinctive geographic position is one of the things that sets it apart from the rest of the globe.

Another benefit is that embracing real-time IT improvements has been a top priority for Dubai, in order to improve its business climate. Since the Emirate's financial fundamentals have improved as a result of this innovation-driven strategy, it's gained a favourable corporate position in the international community.

Dubai provides investors one of the lowest tax bases in the world, thanks to a conducive business climate. Company growth is a top priority for local government officials, who are dedicated to improving the profitability and efficiency of their business operations.

However, there are challenges too, but not the ones that cannot be dealt with. Dubai professionals adhere to social business standards, a practice that is supported and encouraged by the country's basic principles of mutual respect and understanding.

Prospering global community environment. Every year, Dubai welcomes millions of people from across the world and the work environment is a true potpourri of cultures. This variety is a guiding concept for businesses here.

Dubai's unspoken purpose is to enhance the level of life for its citizens continually, with companies as partners. On this road, the UAE aims to overcome all obstacles and raise the standard. If you are unable to catch up to the pace, your business will probably suffer.

### The Benefits and Challenges of Doing Business in the UAE

#### Benefits

1. Gateway to unlimited growth spurt
2. Information tech advantage
3. Negligible tax obligation
4. Single-window approvals
5. Strategies pivot for Asia and Europe business tapping

#### Challenges

1. Greater business etiquette diligence
2. Prospering global community environment
3. Post-pandemic take-off
4. Acclimatising to the new normal
5. Securing the future



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## Part III

# Sorting the finances

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# Sorting the finances

The financial modalities of a business journey are the most important part of this journey, without a second thought. Businesses need to think of a path for a smooth sail in terms of costs (the apparent and hidden ones).

Ask any entrepreneur worth their salt, especially the ones operating successfully in the glimmering Emirate of Dubai and they will tell you how important it is to sort out your finances before you jump on to join the founders' club.

Even though your concept is worth billions, if you allow loose ends in determining the first financial backing you'll need to get your business off the ground, you risk losing everything.

The UAE's commercial market is distinct from that of the United States, the United Kingdom, or larger Asian economies such as China or India. The government and authorities in our country believe in leveling the playing field, therefore whether a company is little or large, whether it is a start-up or a Fortune 500 company, beginning a business follows the same regulations and demands the same investment from everyone.

You must sign up with a number of government agencies and authorities in Dubai to ensure that the company gets off to a stable and sound start. All of these agencies demand a fee for their services, and you must determine which category your company belongs to so that you are aware of all of these fees ahead of time. If you want the voyage to go well, you'll need to plan ahead for things like free-zone or onshore trade licence charges.

Everyone is concerned about the larger expenses since they are frequently discussed and written about, but most of us

overlook crucial expenses such as renting office space, purchasing furniture, putting in place the necessary technological infrastructure, and paying for visa fees for recruiting personnel.

If you take care of finances beforehand and wisely, you will be able to enter the Dubai market with much ease and confidence. Once you enter the business ecosystem here with a clear idea of the foundational investment needed, your business journey is likely to be a pleasant and prosperous one.

### Setting up a business in Dubai: An overview of all costs



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## Part IV

# Entering with a winning market strategy

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# Entering with a winning market strategy

Once all the research and preparation is done and you are sure about your move, you'll have to settle upon a market entry strategy to ensure your debut is sorted and directed towards success and expansion.

Now, there are several market entry strategies that you can opt for depending upon the kind of your business preferences. A successful plan in this context is not just the best method to gain access to the UAE's unique market; it is the only way.

Here are some of the best market entry techniques you can use to guarantee you put your best foot forward and get off to a good start:

### **a) Representative office or a branch office**

Opening a representative office or a branch office in the UAE to carry out your company activities is one of the finest methods to get into the UAE market. This method allows you to take care of your marketing, advertising, and branding requirements while also personalising your services to the local market.

This method, however, has a disadvantage. A representative office in the UAE is not permitted to conduct business activities. This implies that despite being able to market and promote your items, you will be unable to sell them. If you choose this option, you'll also need to select a local service agent, who will be authorised to conduct certain business operations on your behalf.

### **b) Local partner**

Another way to enter the UAE market is to create a joint venture with a local firm. You may pool your resources and benefit from a local partner's knowledge and expertise,

knowing that you're in good hands with a firm that is native to the market and knows it far better than you do.

The local partner can also help you better grasp the applicable legislation, consumer expectations, market trends, and cultural intricacies to be aware of. Your local partner can be trusted, and the partnership is crucial for your existence. By selecting this option, market risks are lessened.

### **c) Local distributor**

Partnering with local distributors or vendors is another approach to access the UAE market.

For distribution of your products/services in the local market, you can engage distributors or retailers. This eliminates the need for a formal agreement because your local distributors handle all of your sales, distribution, and other needs. They remove the weight off your shoulders so you can concentrate on more important things.

### **d) Business licensing**

If building a branch office is not a possibility, consider business licencing, which is one of the most frequent ways for overseas companies to enter the UAE market. Unlike creating a branch, obtaining a business licence allows you to offer your products/services directly in the nation without the need for a local agent.

Getting a company licence is a lengthy and difficult procedure, but it is well worth the effort. Due to the time and work required, this is not generally advised for small enterprises or start-ups.

## Part IV

# Entering with a winning market strategy

### e) Franchising

Lastly, there is the business franchising approach. As part of their worldwide growth strategy, large corporations or brands choose to franchise their operations to local organisations.

Should you choose this route, you will need to write a franchise agreement with local entities and then you will be ready to start. Global FMCG brands are among the most prevalent instances of company franchising.

#### Five winning strategies to enter the UAE market

1. Opening a representative office or a branch office
2. Forming a local partnership
3. Linking up with a local distributor
4. Business licensing
5. Business franchising



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## Part V

# Marketing yourself well



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# Marketing yourself well

With the UAE aiming to double its \$421-billion economy by 2031 and seeking to create industry-friendly laws and tax regimes to encourage heightened commercial activities, the conditions are conducive for all kinds of businesses, including start-ups, to come to Dubai.

As a result of consumer spending, the UAE's economy is booming. According to Euromonitor, a London-based market research company, consumer spending in the UAE is witnessing a phenomenal upward trend with a forecast to grow 3 per cent this year to \$146 billion, and 4.3 per cent over the next five years to \$175 billion.

An integrated marketing plan is essential for any international company that wants to create more revenue and stand out from the competition in the UAE, one of the fastest-growing economies in the Middle East. Try out the following plan to taste the fruits of success in marketing and communicating about your product, idea, or service.

### **a) Understand consumer behaviour**

Online purchasing preferences have changed dramatically in Covid-19 due to high internet penetration rates, advanced electronic payment methods, and a tech-savvy populace. Dubai's retail e-Commerce industry is expected to expand by 53 per cent between 2020 and 2025, reaching \$3.9 billion.

Additionally, the UAE's m-Commerce market is projected to expand by 18.9% between 2020 and 2025, reaching \$3.9 billion by 2025. A new company's marketing plan should thus take into account the UAE's rapidly evolving digital ecosystem and customers' rising preference for innovative online ways to buy and access services.

### **b) Work on your website**

Being online alone is no longer sufficient; you must also attract attention and create commerce. In order to do this, the marketing plan must focus on developing a functional website that is consumer-centric and delivers a fantastic online purchasing experience for consumers.

SEO will assist your website get to the top of the internet search directory, increasing its visibility. An important component of internet sales is the user's experience. It's important that prospective customers feel comfortable using your website. To enhance the consumer experience, consider using add-ons and pop-ups.

### **c) Give it a personal touch**

Communication with your present and future customers should be maintained at all times. Use email and newsletters to stay in touch with your customers, alerting them of new goods, special deals, and forthcoming events. Through webcast and e-conferences, you may increase public knowledge of your firm and establish confidence in your brand among your target audience..

Using professional online platforms such as LinkedIn and other social networking sites is a fantastic way to communicate, get feedback, and market your business. If a firm has a review system or sends out email requests for reviews, it can get useful input from customers. In short, these methods will make your customers feel important.

E-Commerce sales may be boosted by using online advertising on Google, Facebook, Instagram and Twitter in the form of banners, pop-ups, pay-per-click, and search engine, and classified advertisements.

## Part V

# Marketing yourself well

More than 52 per cent of the UAE internet users have their own websites, blogs, etc. These may be utilised for advertising to boost your brand's presence and publicity.

### **d) Work on offline brand presence too**

While internet marketing has become the new standard, don't overlook the power of well-established conventional offline marketing techniques to increase your brand's worth. Because of this, the most effective marketing tactics integrate offline and internet efforts. Offline approaches include visual merchandising, radio and television campaigns, ads in major magazines, fliers, and billboards in prominent areas.

Additionally, you may sponsor events such as conferences and exhibits to increase your exposure on the ground. It is more cost-effective to run one campaign across several channels since it provides you more opportunities to use the content, pictures, and promotional materials.

### **e) Hire an agency**

Sometimes it's preferable to use marketing companies that can assist you to get the most exposure and business. As a result of their improved industry knowledge, these firms are able to develop focused strategies and plans that will help your business grow.

### **Five key techniques to market your way to success in the UAE**

1. Understand consumer behaviour
2. Optimise website to bring business
3. Marketing with a personal touch
4. Amplify brand presence offline too
5. Hire a specialised marketing agency



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# Conclusion

In a nutshell, if you go by the following 10-step process, you will be able to set up a company in Dubai in less than two weeks:

- 1. Team up with a local partner:** To make sure you are making all the right moves from the very beginning, it is advisable to select and stick to a local partner.
- 2. Choose your zone:** Whether you would like to go for a Free Zone or Offshore or establish a Franchise or a Mainland company—assess your requirements and make a decision before you do anything else.
- 3. Pick your license type:** Choose out of commercial, industrial, or professional license, depending upon the kind of business you are into.
- 4. Select the category:** After selecting the license, define your business further by choosing a specific category your business belongs to.
- 5. Choose a trade name:** Choose the right name for your business and register it.
- 6. Submit a minimum investment:** Almost all businesses require some amount of initial funding to start with.
- 7. Secure initial approvals and agreements:** Apply for initial approval to ensure that the authorities are ok with you starting the business.
- 8. Select your premises/address:** In Dubai, it is compulsory for all businesses to have a physical address. Once you know where you are based, you are closer to opening your dream office.

- 9. Submit your documents:** After preparing all your documents laced with location, license type, zone type, and legal information, submit your documents for final approval.
- 10. Get a license:** Right after final approvals, you will be required to pay for the license through approved payment channels.

## The 10 steps to starting a business in Dubai



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Over the past 16 years, Seed Group has formed strategic alliances with leading global companies representing diverse regions and industries. These companies have propelled their business interests and goals in the Middle East and North Africa region through the support and strong base of regional connections of the Seed Group. The Group's goal is to create mutually beneficial partnerships with multinational organisations and to accelerate their sustainable market entry and presence within the MENA region.

We would welcome your feedback on this eBook – please email [marketing@seedgroup.com](mailto:marketing@seedgroup.com).

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