



Global State of the Consumer Tracker
Middle East Highlights

April 2023

Top Takeaways

Global Wave 41

March 23 – March 29, 2023

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Financial sentiment and spending confidence continue holding pattern as easing economic anxiety likely tempered by lingering inflation concern

Financial wellbeing sentiment holds steady

Financial wellbeing sentiment has generally remained steady over the last seven months despite recession warnings and recent banking volatility. In recent months, consumers have felt slightly more secure about the economy's direction and their financial future.

Inflation concerns linger in major economies, not so much in the Middle East

While inflation rates have shown signs of easing in recent months in some countries, most respondents (77%) remain concerned about rising prices as a global average. Most expect prices to continue rising across major categories. Gas/fuel price perceptions have eased since last June. Utility price perceptions ease as Spring arrives for many.

In the Middle East, the number of respondents anticipating higher prices are outnumbered by those feeling otherwise indicating that the inflation concern in the region remains lower than the global average.

Mirroring financial sentiment, spending intentions unmoved

Total spending intentions have remained consistent in recent months. Spending intentions for many categories, including household goods, transportation, electronics have yet to rebound following last summer's inflation-driven drop.

In the Middle East, Spending intention towards clothing & personal care and restaurants outperform other categories.

Sentiment within sectors:

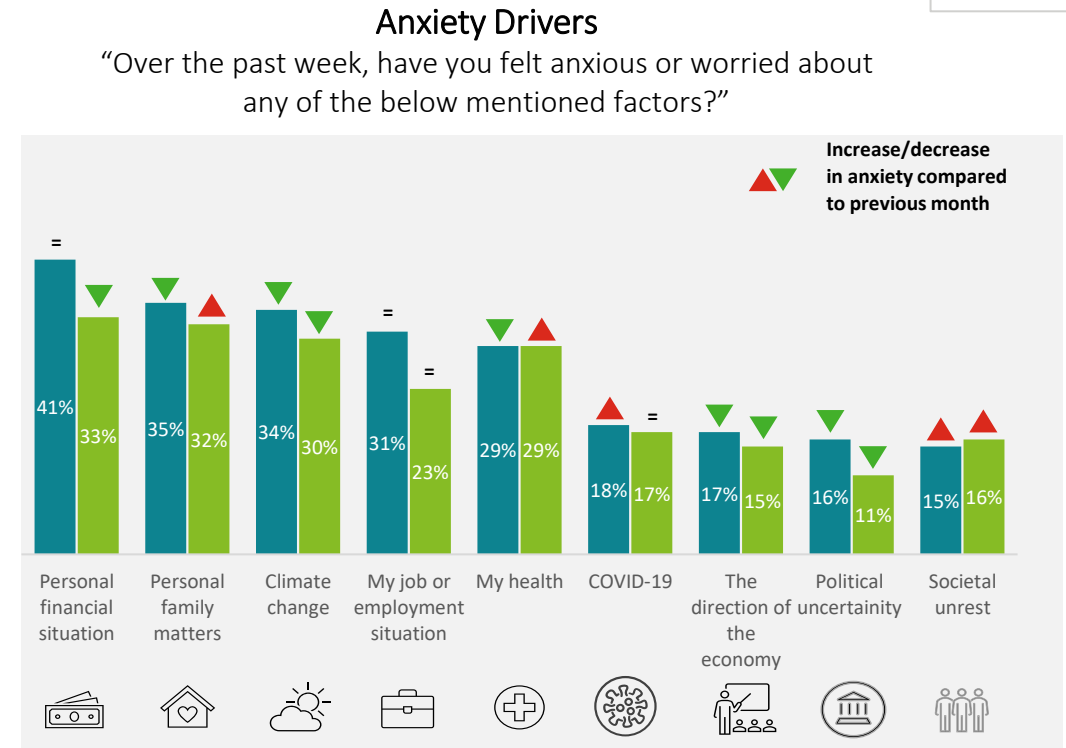
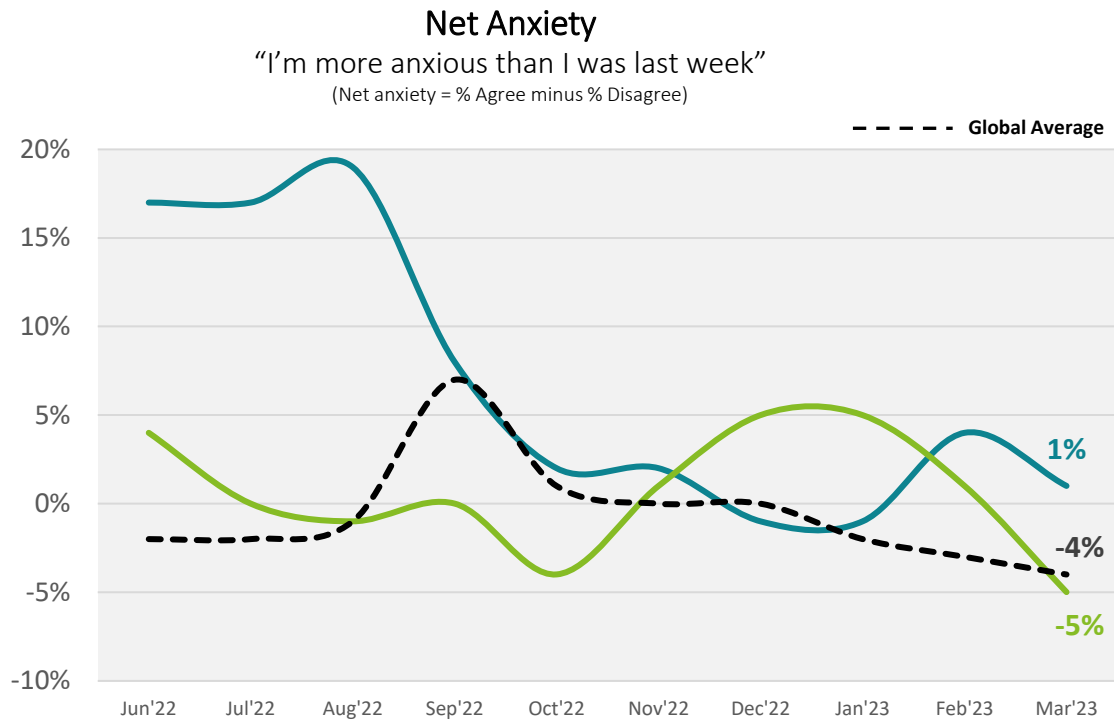
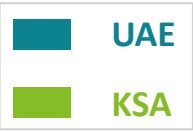
Travel & Hospitality: Leisure travel booking intentions are yet to pick up strongly in the Middle East, upcoming summer season might signal a change. Globally, the signs are emerging that it will be a strong summer travel season (see slide 9).

Retail & Consumer Products: Aside from an expected easing during the end-of-year holidays, food frugality shows few signs of significantly abating in most countries. In the Middle East, Deloitte Food Frugality Index is lower than the global average likely to be driven by low levels of food inflation (see slide 8).

Automotive: Globally, Deloitte's Vehicle Purchase Intent (VPI) points to a continued long-term downtrend; whereas, in the Middle East the intent is substantially higher pointing towards a resilient market for automotive sector (see slide 13).

Level of Anxiety

Net anxiety and anxiety drivers

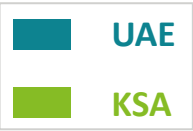


Key Takeaways

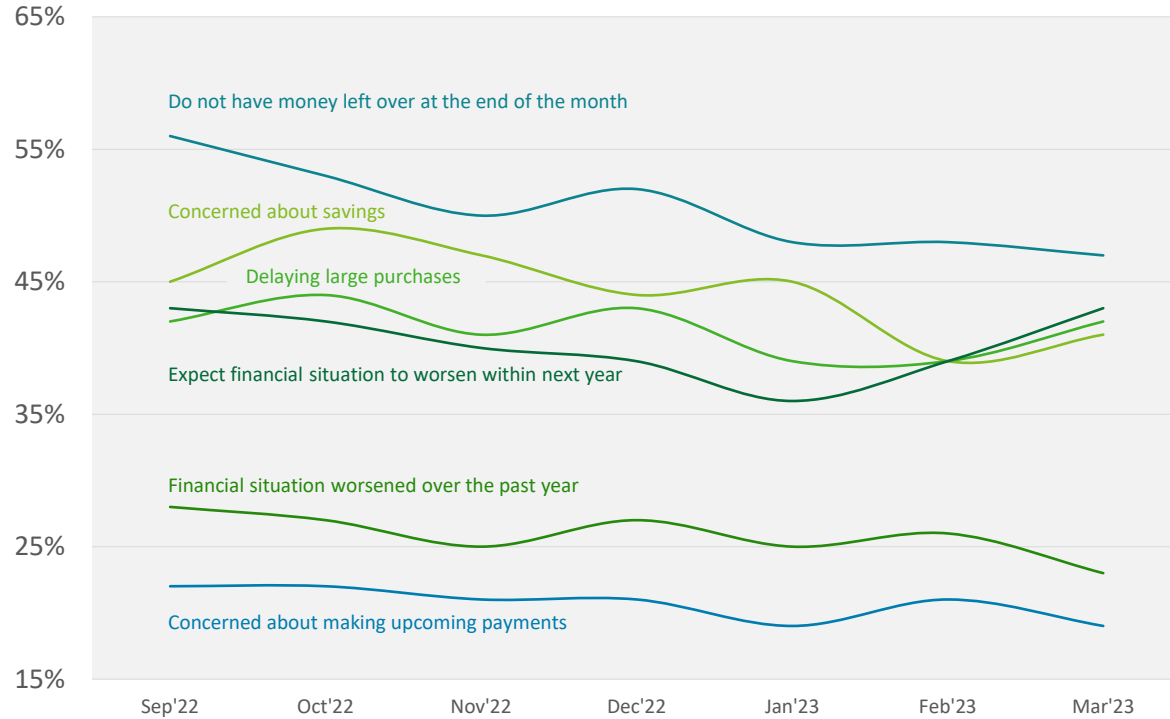
- Level of anxiety witnessed marked decline across the world and the same applies to UAE and KSA. In Saudi Arabia the level of anxiety is at its nadir across our study period of 10 months. In the UAE, the number of anxious people still outnumber those that are not anxious, albeit by a fine margin.
- The major drivers of anxiety such as personal financial situation, climate change, employment situation have all either gone down or remained at the same level compared to last month which has resulted into the overall lowering of the anxiety amongst Middle Eastern consumers.
- The anxiety induced by climate change declined marginally compared to last month; however, 1 in 3 respondents is still anxious about climate change.

Financial Wellbeing

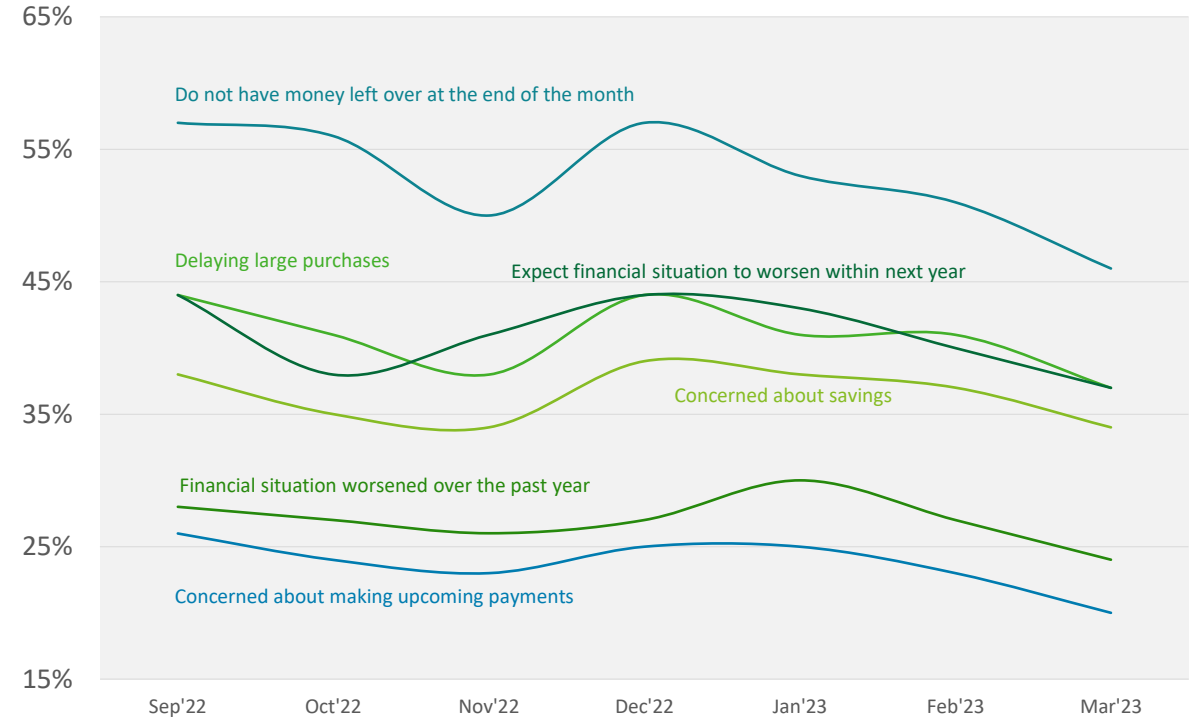
% of respondents



UAE



KSA

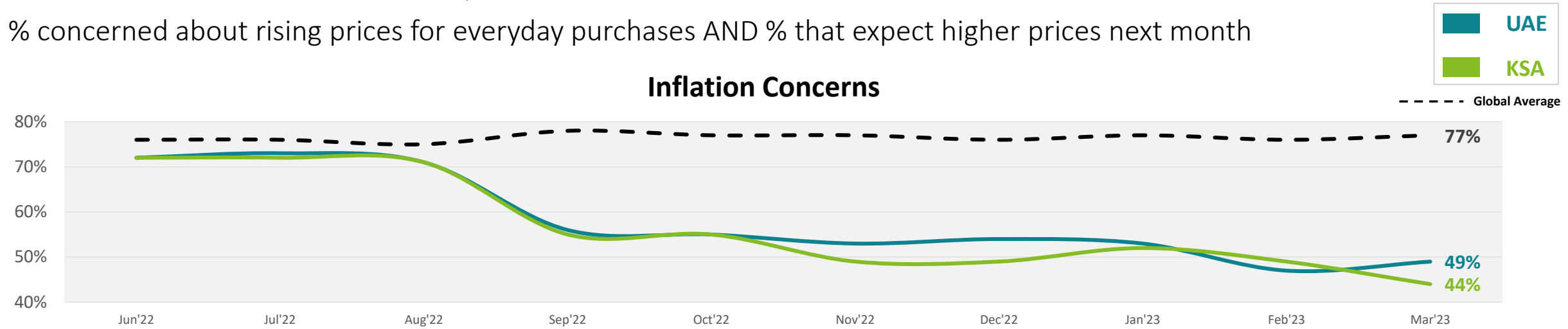


Key Takeaways

- Financial wellbeing has remained stable over the last 7 months with a few fluctuations along the way. Though there is a slight variation in percentage of respondents, but the general trend for most of the parameters has remained same across UAE and KSA indicating similar behaviour and thinking process as far as personal finances are concerned.
- The number of respondents indicating that they do not have money left over at the end of the month as well as those concerned about their level of savings have declined compared to 7 months ago indicating a general improvement in terms of financial wellbeing across households.

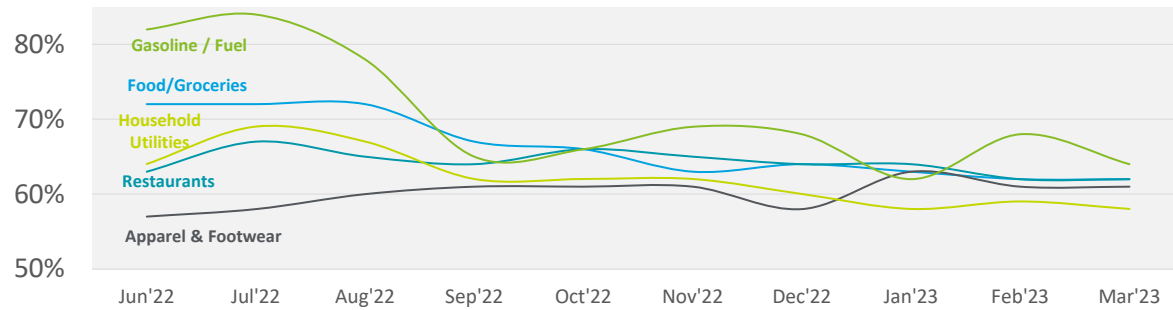
Inflation Concerns and Price Perceptions

% concerned about rising prices for everyday purchases AND % that expect higher prices next month

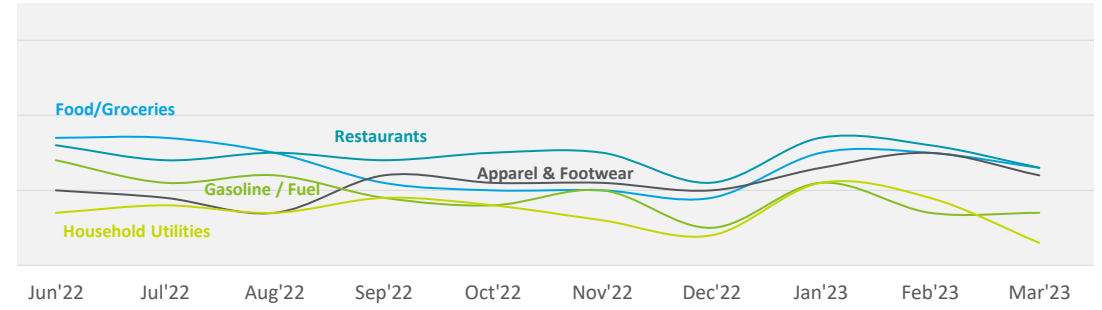


Price Perceptions

% UAE respondents who expect higher prices next month



% KSA respondents who expect higher prices next month

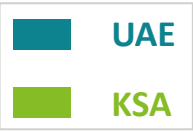


Key Takeaways

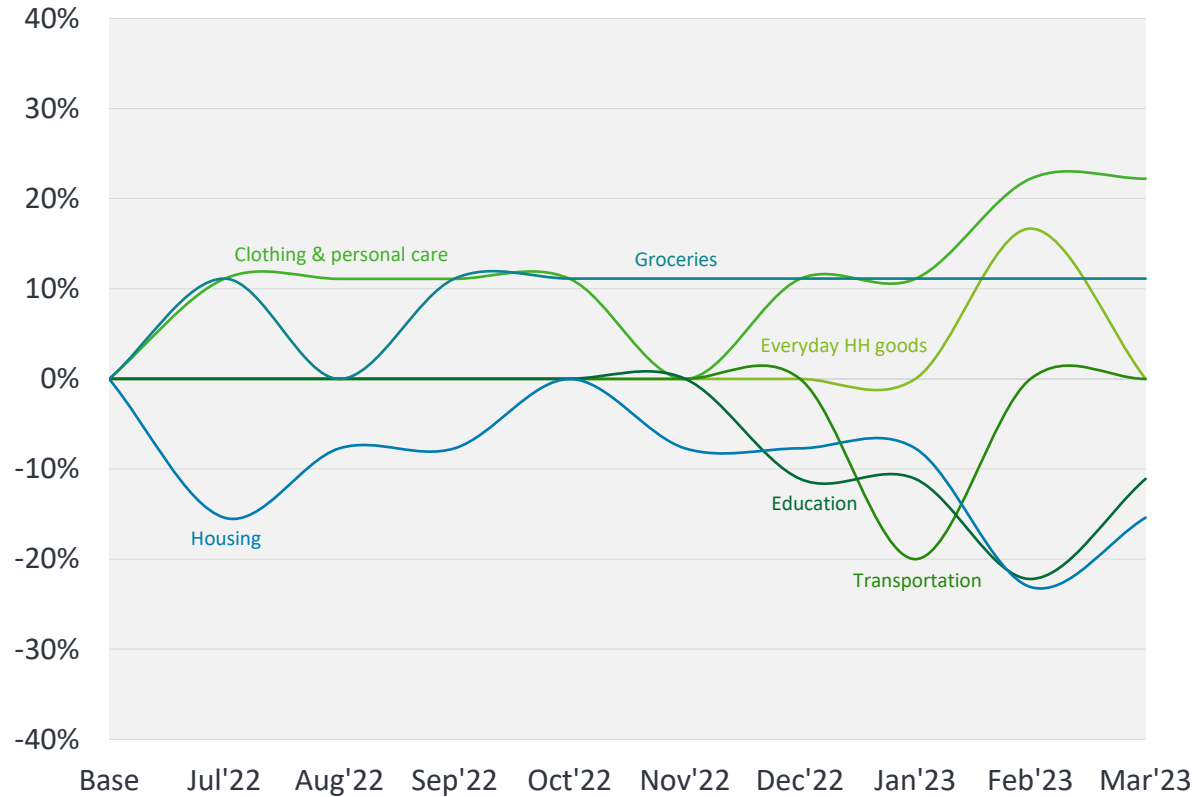
- Concern for inflation increased slightly in the UAE while it decreased further in the KSA. The two Middle Eastern countries i.e., KSA and UAE are ranked 2nd and 3rd in terms of countries that are least concerned about inflation in our global study of 23 countries swapping their position compared to last month.
- Observing the last 10 months trend, apparel and footwear comes out as the category for which consumers continuously anticipate that the prices will keep going up.

Spending Intentions (Less Discretionary Categories)

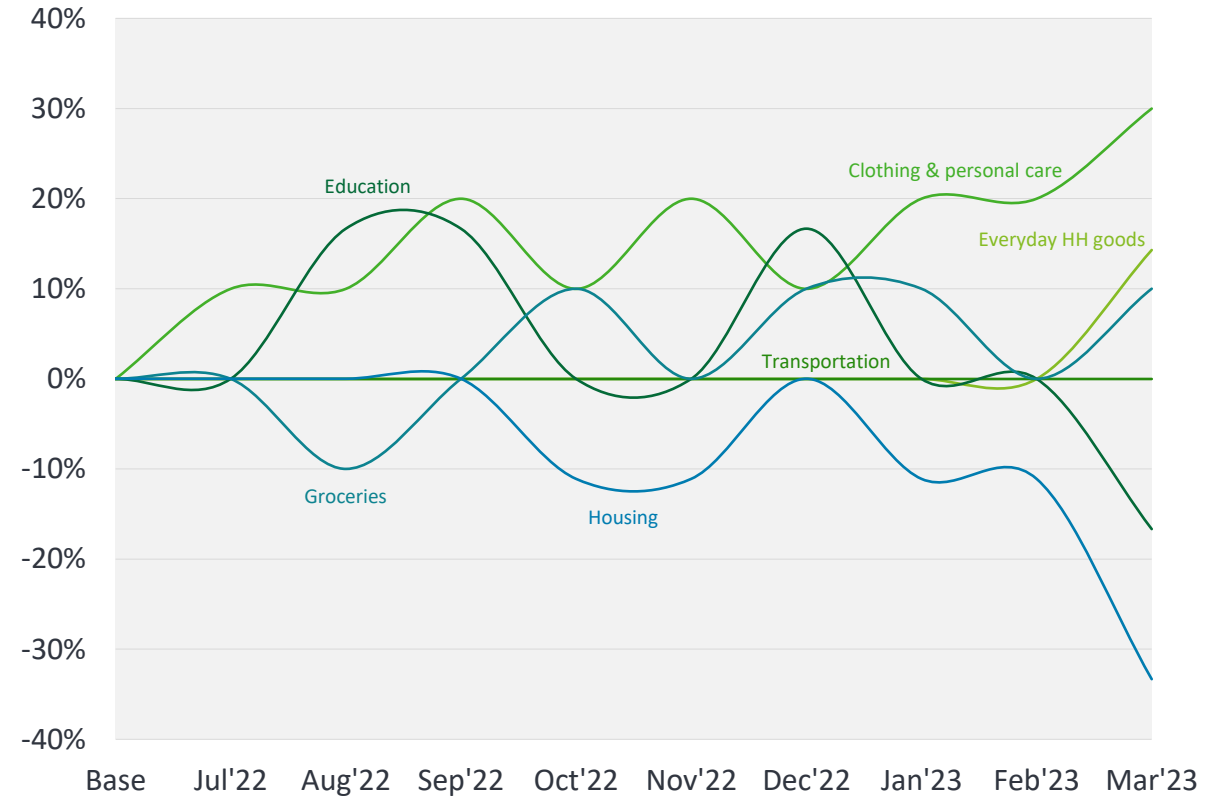
Estimated spending amount, next 4 weeks (% change)



UAE



KSA

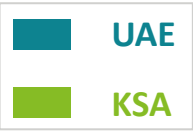


Key Takeaways

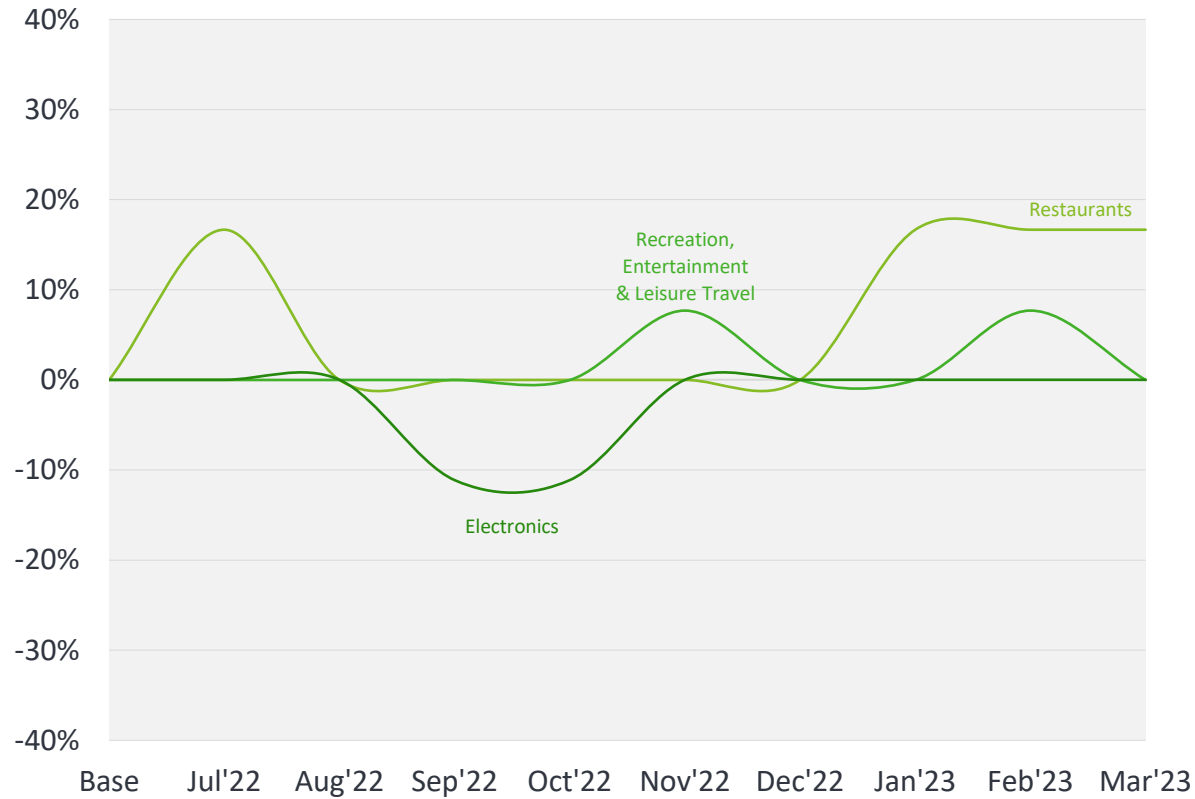
- Spending intentions for clothing and personal care are on an upward trajectory, while that for housing is trending downwards.
- Spend on groceries exhibits cyclical behaviour; however, it is trending higher this month compared to 10-months ago period.

Spending Intentions (More Discretionary Categories)

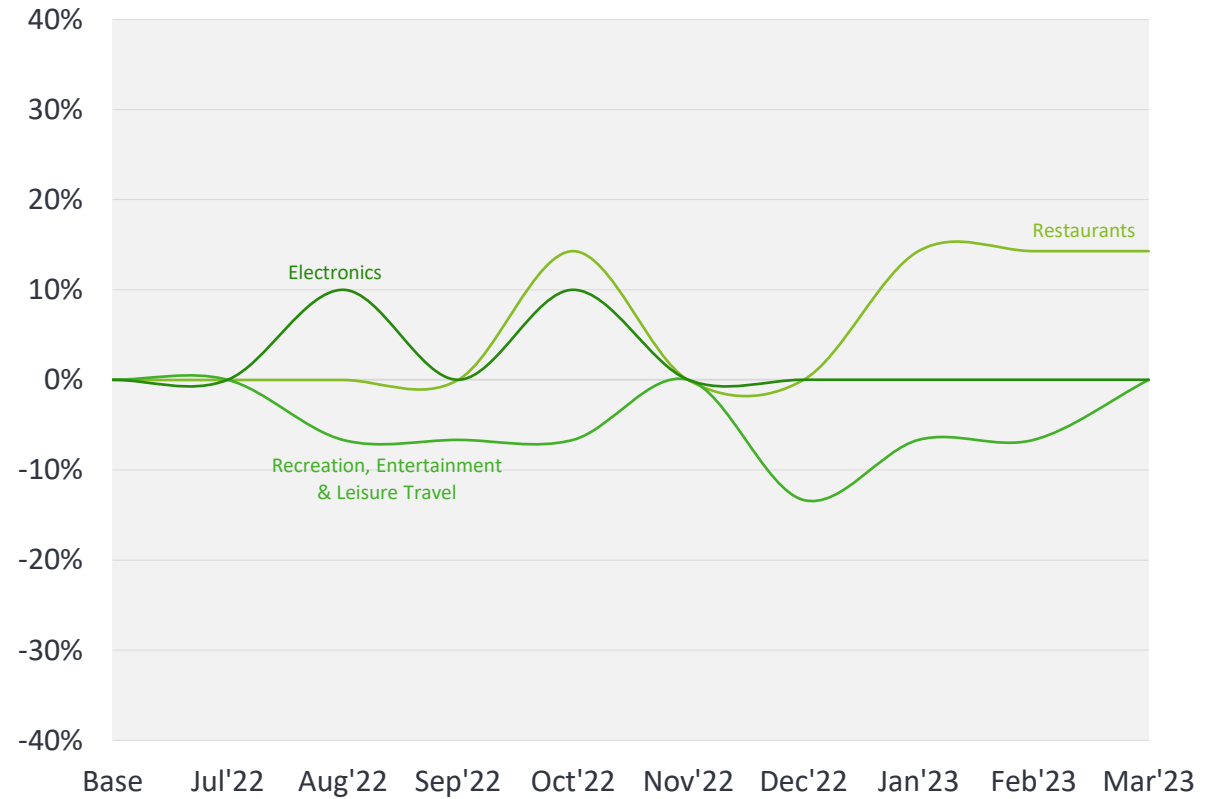
Estimated spending amount, next 4 weeks (% change)



UAE



KSA

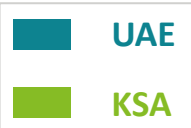
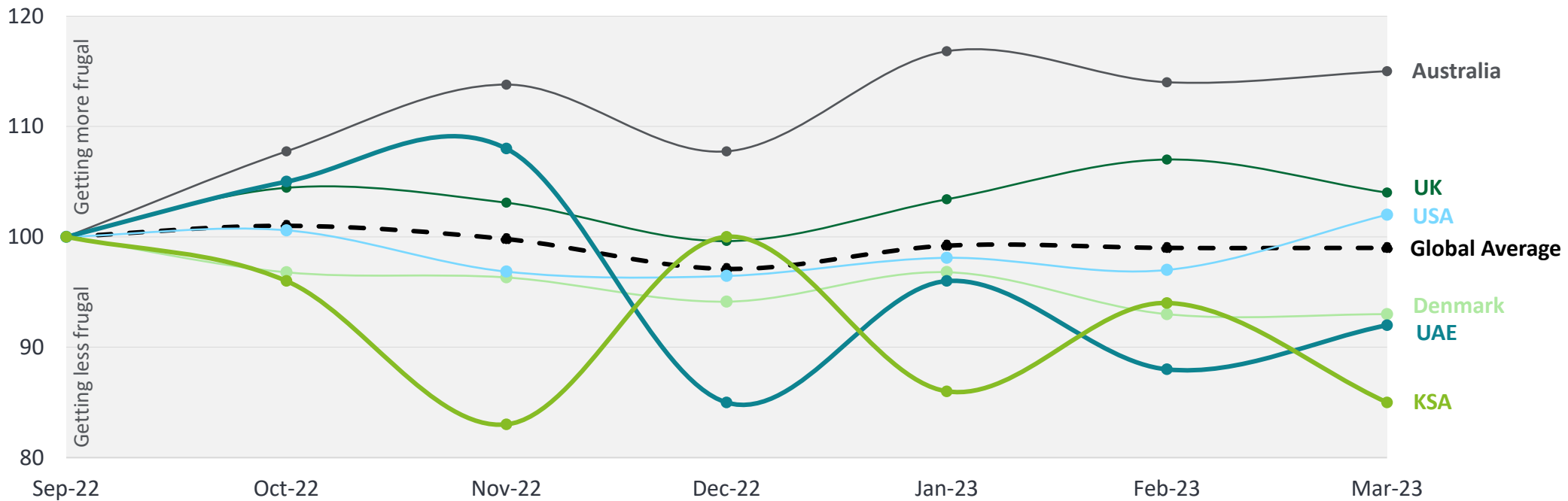


Key Takeaways

- Consumers in the UAE and KSA are prioritizing their discretionary dirhams and riyals towards restaurants.
- Spend on recreation, entertainment & leisure travel hasn't picked up much from June 2022 levels. Upcoming summer months will be able provide clear picture in terms of consumer's willingness to spend towards this category.

Food Frugality Index

Food Frugality Index, Base=100 (September 2022)



Key Takeaways

- Global food frugality is holding steady, but the country level frugality differs.
- In the Middle East, the frugality is generally lower than the global average mainly due to low levels of inflation.
- UAE and KSA continue to exhibit contrasting behaviors each month wherein when one country crests the other one troughs.
- Nearly 2 in 10 consumers in the Middle East are still buying low-cost ingredients.

Underlying Food Frugality Index Behaviors

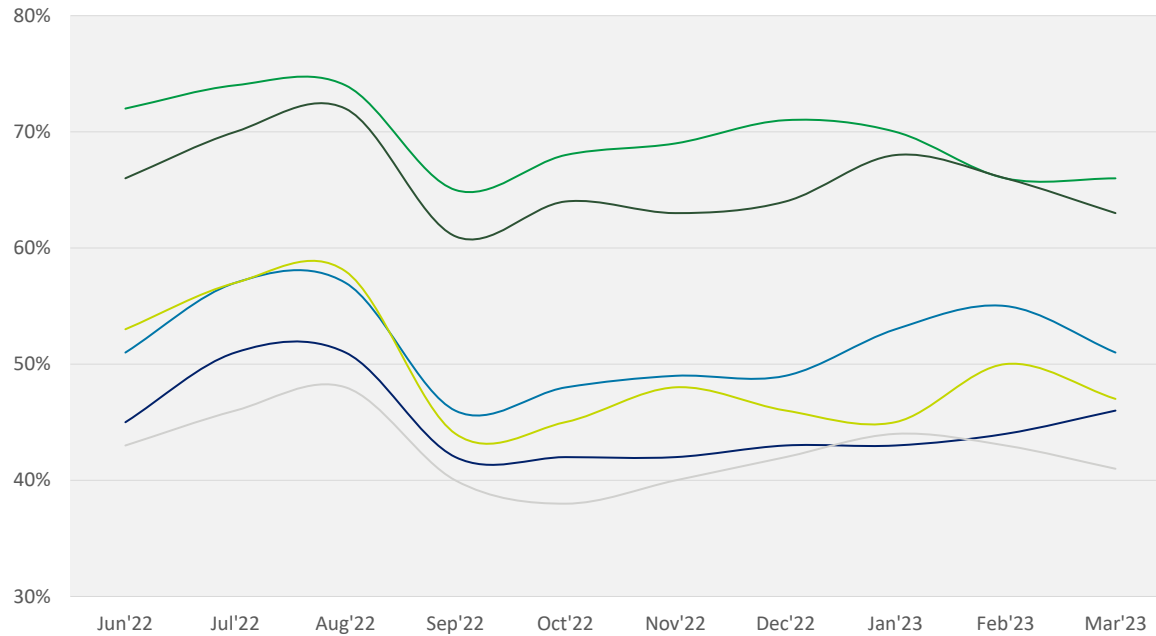


Source: Deloitte Global State of the Consumer Tracker

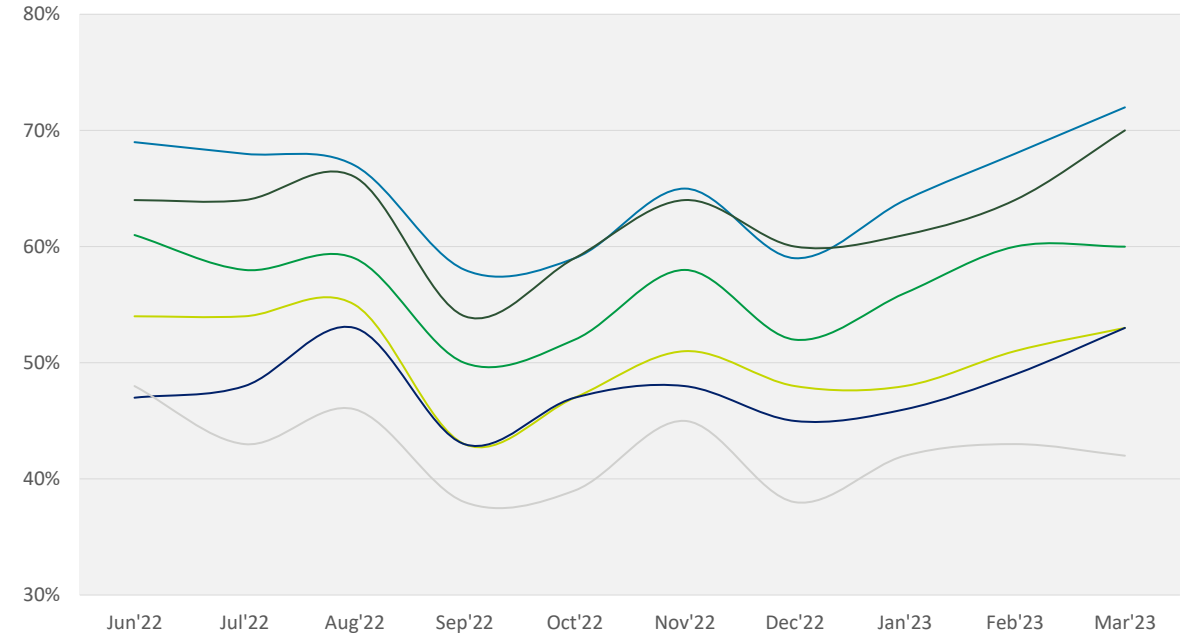
Leisure travel intentions

% that plan to book within the next 3 months

UAE



KSA



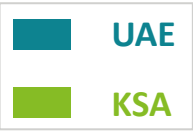
Domestic Flight International Flight Hotel Private Accommodation Car Rental Cruise

Key Takeaways

- Leisure travel intention is on an upward trajectory in the KSA possibly driven by Ramadan and Eid holidays.
- In the UAE, the leisure travel intention seems to be trending downwards for most of the categories barring international flight and car rentals.

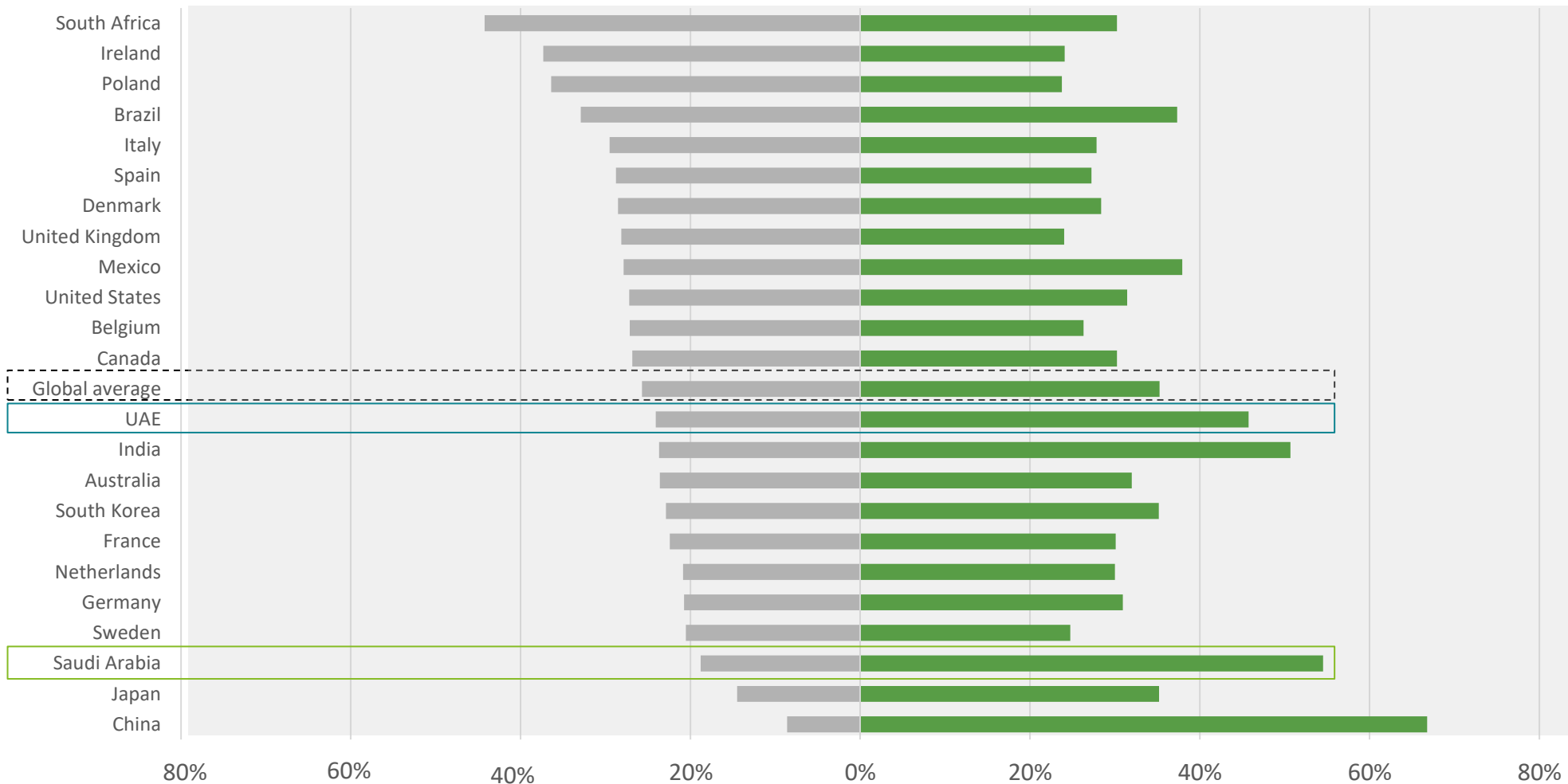
Travel spending sentiment

Among survey respondents likely to travel for leisure within next 3 months



Which statement best describes how you are thinking about your next leisure trip?

- Spend more to treat myself to an upgraded travel experience
- Sacrifice some of my travel preferences to save as much money as possible

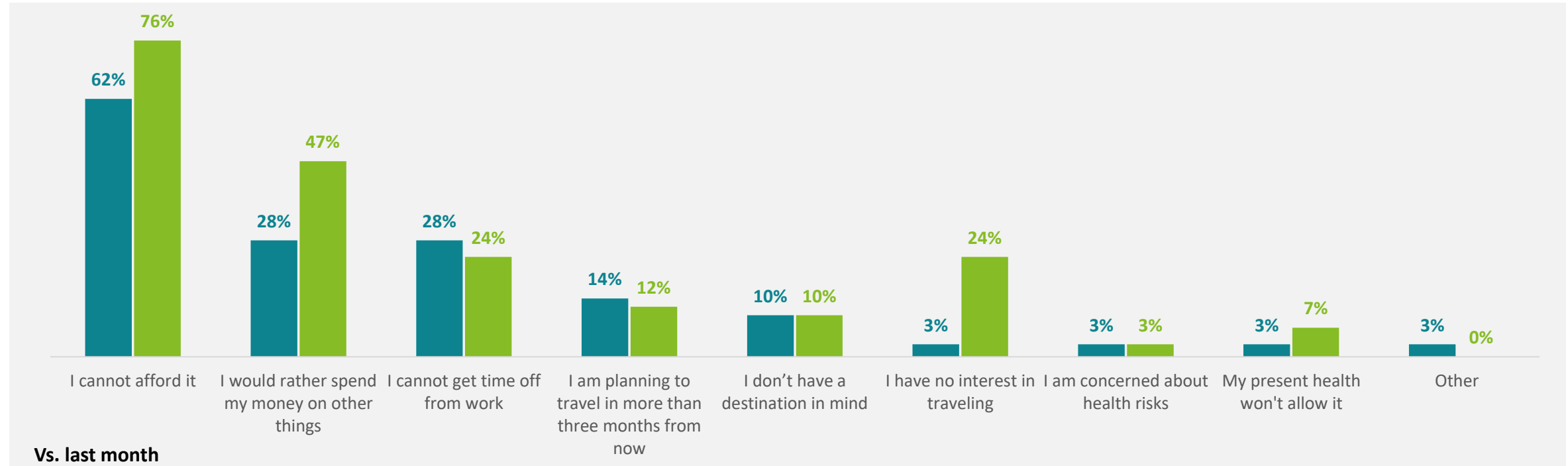
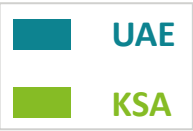


Key Takeaways

- Among consumers planning leisure travel, those looking to splurge outnumber the ones wanting to make compromise and save.
- The balance between travel 'savers' and 'spenders' varies significantly across countries.
- In the Middle East, both UAE and Saudi consumers falls in the category of spenders.

Reasons for not travelling

Among adults not planning to travel for leisure within the next 3 months



Vs. last month

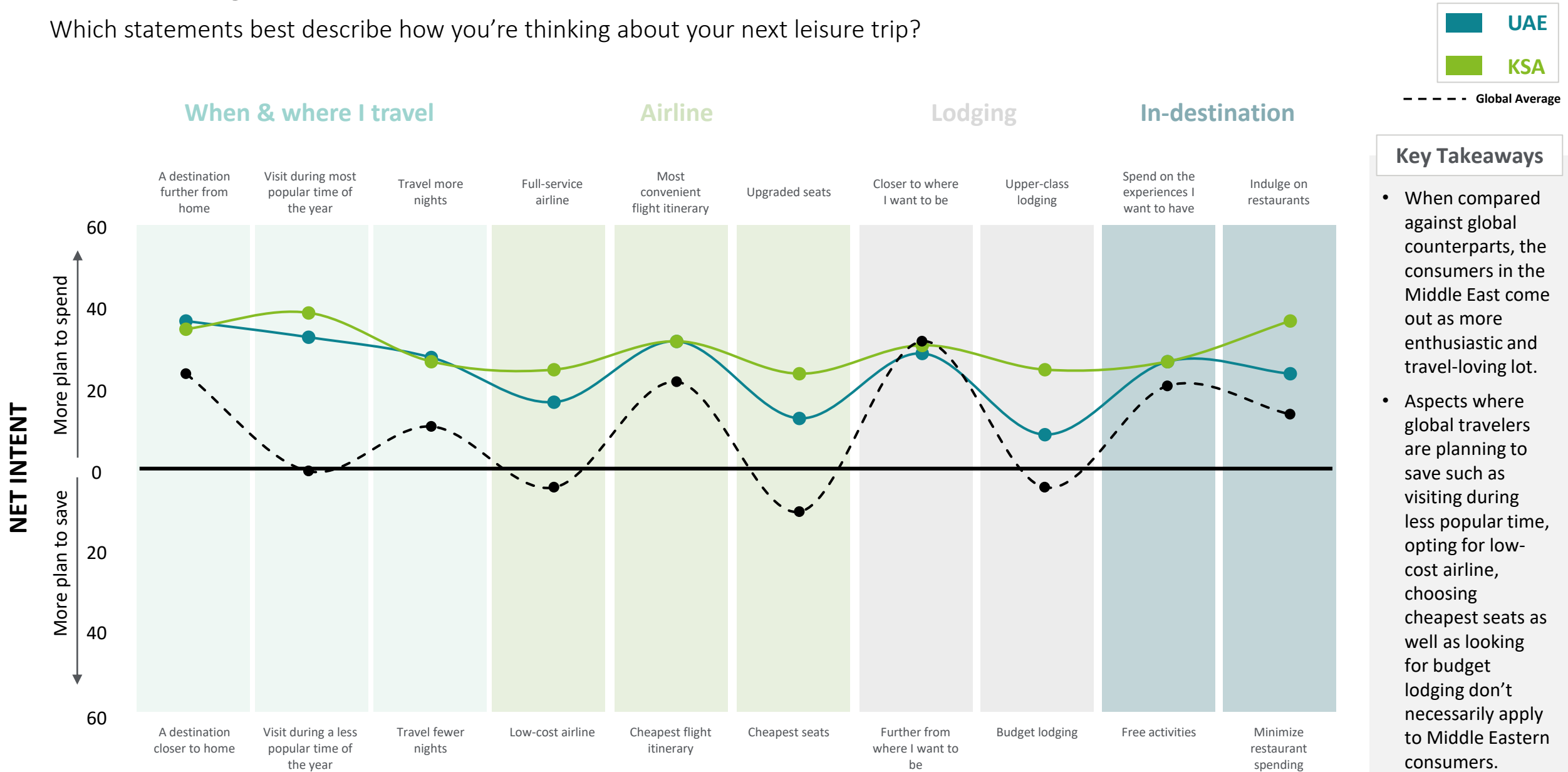
UAE	-5	-19	-12	+1	+10	-10	-4	+3	+3
KSA	+10	+30	-14	-12	0	+14	0	0	0

Key Takeaways

- In UAE and KSA, affordability comes out as the biggest hinderance to consumer's ability to travel and it has slightly decreased in the UAE and increased in the KSA for this month compared to the last.
- Few Saudi respondents indicated unwillingness to spend on travelling excursions which could be a worrying sign for travel planning and booking businesses.

Travel Planning (Net intent)

Which statements best describe how you're thinking about your next leisure trip?

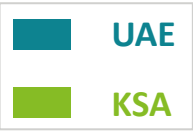


Key Takeaways

- When compared against global counterparts, the consumers in the Middle East come out as more enthusiastic and travel-loving lot.
- Aspects where global travelers are planning to save such as visiting during less popular time, opting for low-cost airline, choosing cheapest seats as well as looking for budget lodging don't necessarily apply to Middle Eastern consumers.

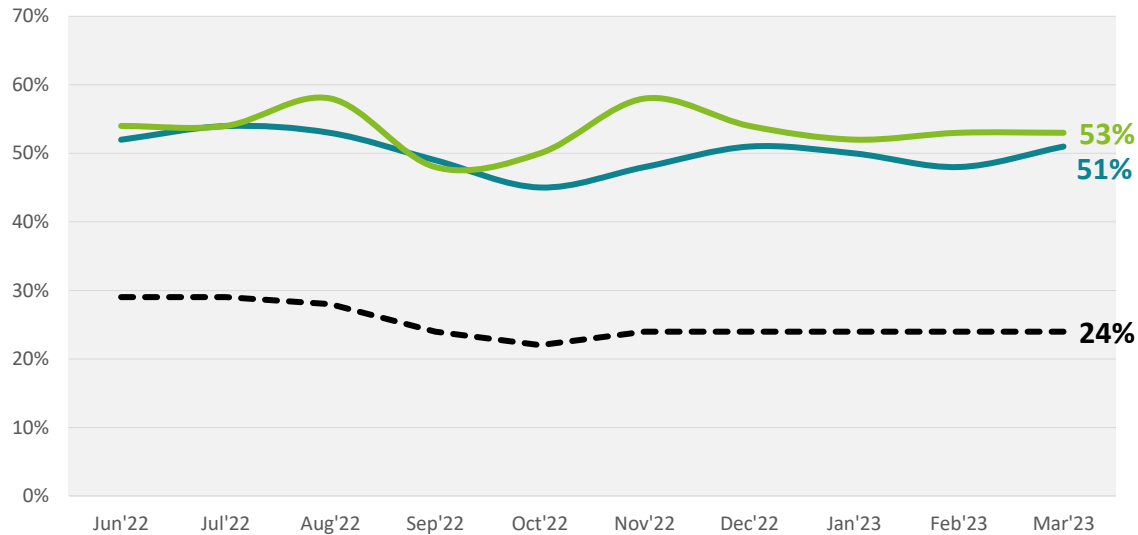
Vehicle Purchasing Intent

Planning to buy vehicle in next 6 months, reasons for purchasing new vehicle

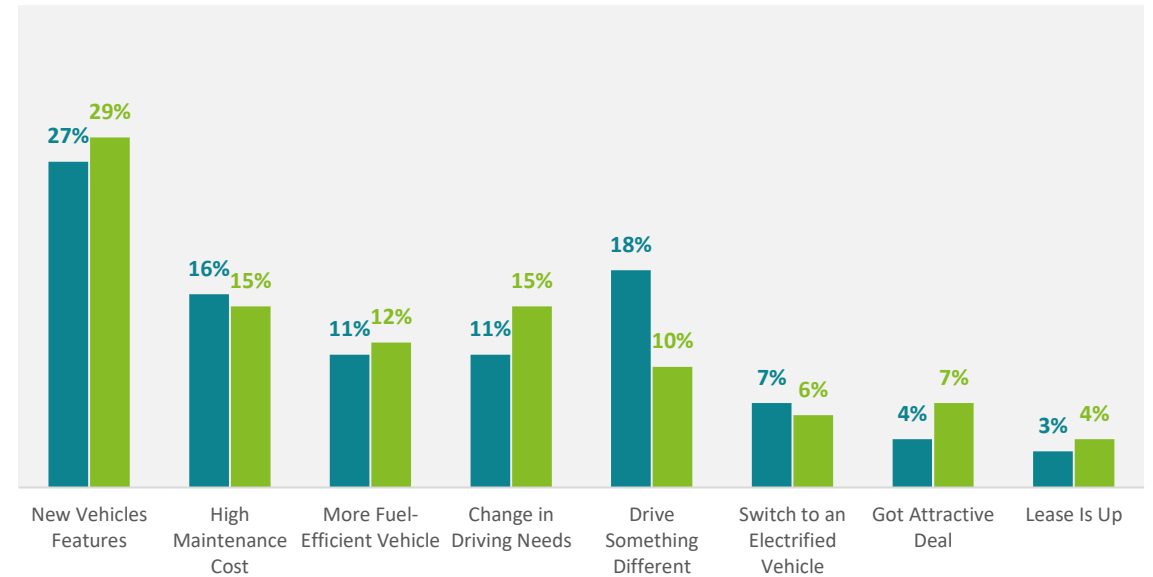


--- Global Average

Vehicle Purchasing Intent
“Planning to buy vehicle in next 6 months”



Reasons for purchasing new vehicle
“What is the main reason you will be acquiring a vehicle?”
(Among the 53% Saudi and 51% UAE consumers planning to purchase new vehicle)

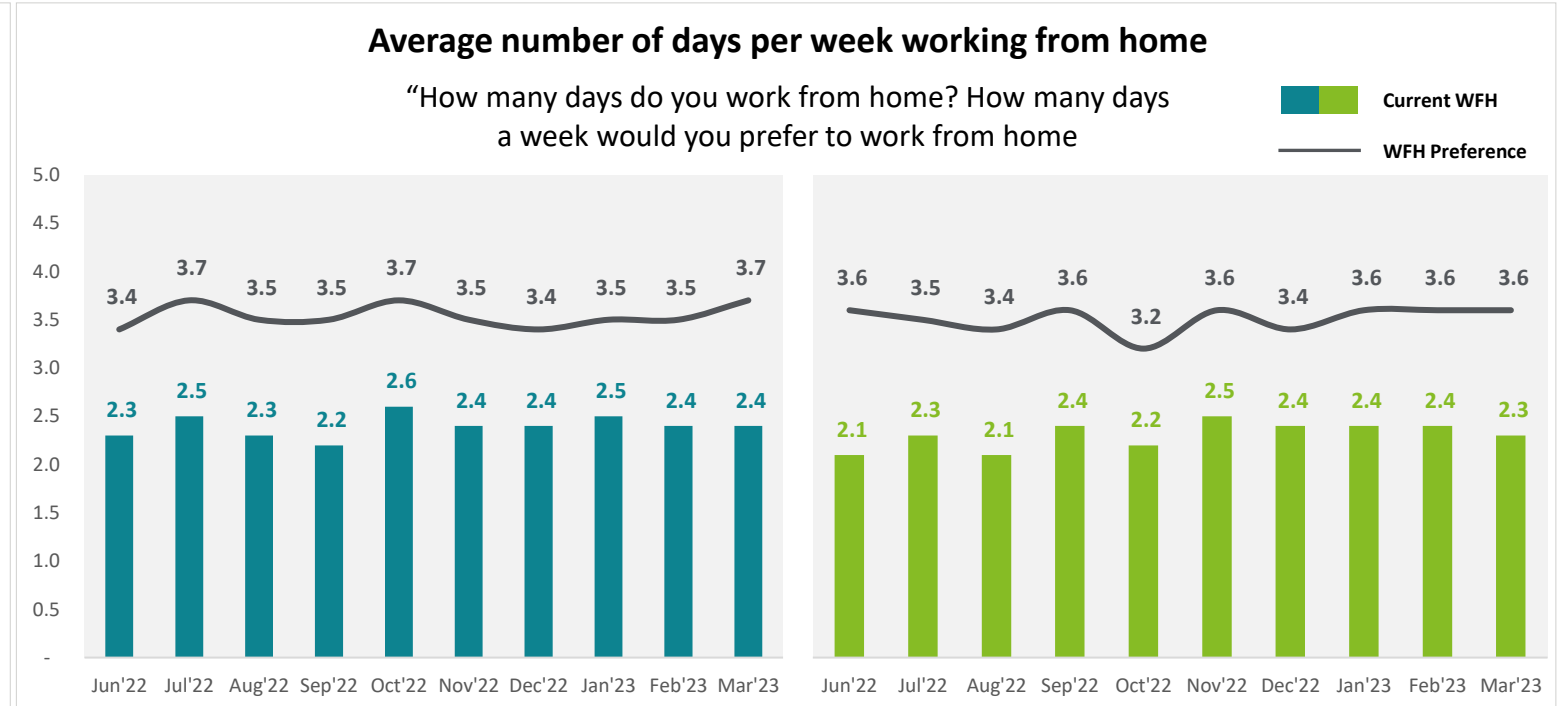
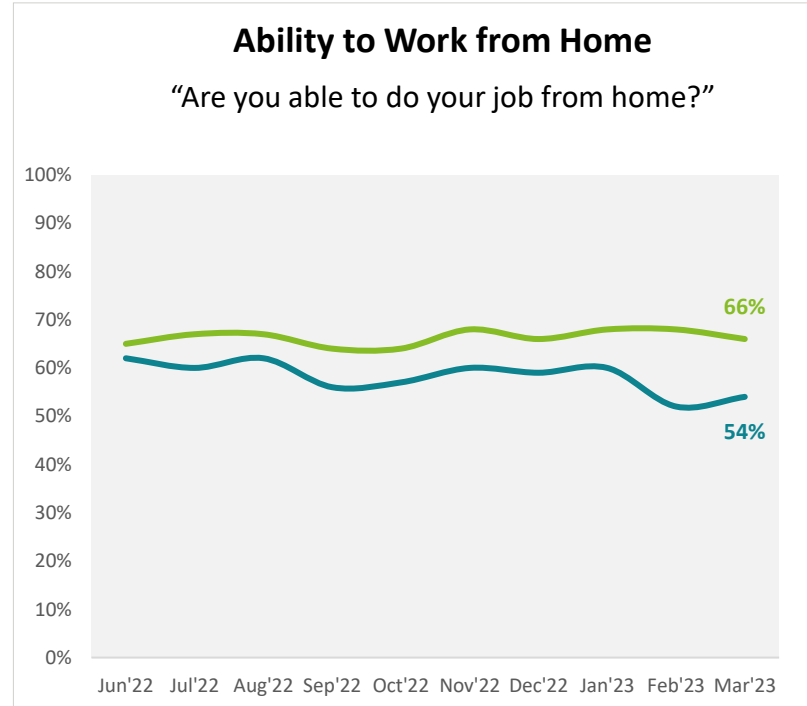
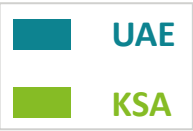


Key Takeaways

- Vehicle purchasing intent (VPI) increased in the UAE and remained at the same level in KSA as compared to last month. The global average intent has remained at the same level for last 5 months indicating softening demand.
- Features/specs continues to be the most enticing factor for consumers in the Middle East to buy new vehicle. High maintenance cost of existing vehicle and wanting more fuel-efficiency are the other two reasons for purchasing new vehicle among Saudi consumers. While, Emirati consumers are planning to purchase new vehicle in order to drive something different and to get rid of high maintenance cost of their existing vehicle.
- 1 in 10 consumer is planning to purchase new vehicle in the region in order to switch to an EV.

Work from Home situation

Among respondents able to do their job from home



Key Takeaways

- Nealy 5 in 10 employees in the UAE and 7 in 10 in KSA are able to do their job from home. While this proportion has largely remained stable in the KSA, it has somewhat declined in the UAE during last 10 months.
- There always remains a delta between employee’s wants and what they get from their employers in terms of number of days to work from home. This delta has remained more or less constant in both UAE and KSA in last few months.



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