More are optimistic about their financial future, but near-term caution lingers as spending intentions continue to remain soft

**Future optimism**

More respondents cite confidence in terms of money left over at the end of the month compared to September 2022 (52% v 44% in the UAE and 47% v 43% in Saudi Arabia). Thinking about the year ahead, slightly more are optimistic about their income expectations and broader financial situation.

**Near-term caution**

Inflation concerns persist. 77% of global respondents remain concerned about rising prices, substantially lower in the Middle East (52% in KSA and 53% in UAE).

4 in 10 globally continue to indicate that they're financially worse off than a year ago. The situation is comparatively better in the Middle East as 2.5 in 10 in the UAE and 3 in 10 in Saudi Arabia believe that is the case.

In the Middle East, The percentage concerned about making upcoming payments, level of savings, and delaying large purchases has improved since September 2022.

**Riding the brakes?**

In January, many consumers often experience a spending ‘hangover’ after holiday exuberance. However, the continued softening of spending intentions suggests it is part of a longer-term trend starting in the summer of 2022. Planned pull-backs are most substantial in discretionary categories, but it is widespread. Every category outside of the absolute essentials (housing, groceries, transportation) is below the Fall 2021 benchmark. Leisure travel is an exception—showing a bit more resilience.

**Sentiment across sectors:**

**Travel & Hospitality**: Leisure travel booking intentions continue to show resilience. Middle eastern consumers don’t necessarily indulge in cost saving behaviors when planning their leisure travels (see slides 11 – 13).

**Retail & Consumer Products**: Food frugality persists. 1 in 5 are leaving the grocery store buying less than they wanted to. 3 in 10 selected less expensive store brands. (see slides 8 – 10).

**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 14).
STUDY OVERVIEW

Survey Fielding


New metrics added

Wave 23: September 23–29
Wave 24: October 21–27
Wave 25: November 25 – December 01
Wave 26: December 23 – December 29
Wave 27: January 27 – February 02
Wave 28: February 24 – March 02
Wave 29: March 24 – March 30
Wave 30: April 21 – April 27
Wave 31: May 26 – June 01
Wave 32: June 23 – June 29
Wave 33: July 21 – July 27
Wave 34: August 25 – August 31

New metrics added

Wave 35: September 22 – September 28
Wave 36: October 27 – November 02
Wave 37: November 24 – November 30
Wave 38: December 22 – December 28
Wave 39: January 26 – February 01

Methodology:

• Online panel, Minimum N=1,000 consumers per country, age 18+
• Fielded in 23 countries (US Bi-weekly)
• Margin of error ±3%
• Responses are weighted at the country level according to publicly available age and income profiles

Countries in focus*

• Australia (AU)
• Belgium (BE)
• Brazil (BR)
• Canada (CA)
• China (CN)
• Denmark (DK)
• France (FR)
• Germany (DE)
• India (IN)
• Ireland (IE)
• Italy (IT)
• Japan (JP)
• Mexico (MX)
• Netherlands (NL)
• Poland (PL)
• Saudi Arabia (SA)
• South Africa (ZA)
• South Korea (KR)
• Spain (ES)
• Sweden (SE)
• UAE (AE)
• United Kingdom (UK)
• United States (US)

*Survey fielding in Norway discontinued from wave 39 (Feb 01)
Level of Anxiety

Net anxiety and anxiety drivers

Net Anxiety
“(I’m more anxious than I was last week”
(Net anxiety = % Agree minus % Disagree)

5% 5%
4% -1%
3% -2%

UAE  UAE

Anxiety Drivers
“Over the past week, have you felt anxious or worried about any of the below mentioned factors?”

Key Takeaways

• Level of anxiety remained elevated for Saudi Arabian consumers. Compared to previous month, the anxiety rose for almost all the indicators. Personal financial situation continues to be the primary source of increased anxiety, followed by health and personal family matters.

• The number of consumers feeling less anxious have outnumbered those feeling more anxious for the second month in a row in the UAE. Personal financial situation, personal family matters, and climate change remained as top 3 anxiety indicators for the consumers in the Emirates.

• A third of the consumers in the UAE and KSA felt anxious because of the climate change. Also, the fact that this proportion is higher than individual’s job or employment situation as well as their present health adds to the significance of the impact that the climate change is having on the consumer behaviour.

Source: Deloitte Global State of the Consumer Tracker
Financial Wellbeing

% of respondents

Present

Security

- Have money left over at the end of the month
- Financial situation worsened over past year
- Concerned about making upcoming payments

Freedom of Choice

- Delaying large purchases
- Concerned about credit card debt
- Can afford to spend on things that bring me joy

Future

Security

- Concerned about level of savings
- Can afford large, unexpected expenses
- Expect income to be the same/higher in one year

Freedom of Choice

- Expect financial situation to improve within 1 year
- Progressing towards financial goal
- Will have financial means to live best life in 5 years

Key Takeaways

- **Present Security**: Compared to the situation in September 2022, the confidence in terms of money left over at the end of the month has increased. Also, the concern about making upcoming payments has declined.

- **Present Freedom of Choice**: As more number of consumers are indicating that they can afford to spend on joy-related purchases compared to 4 months ago, helps us conclude that present financial situation for Middle Eastern consumers has improved.

- **Future Security**: Nearly 6 in 10 Middle Easterners anticipate their income to be same of higher in one year’s time indicating increased future financial security as well confidence in the job market.

- **Future Freedom of Choice**: When most of the world is descending into financial turmoil, the Middle East offers a ray of hope as the consumers’ confidence in future financial situation is continuously burgeoning.

Source: Deloitte Global State of the Consumer Tracker

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Inflation Concerns and Price Perceptions

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

**Inflation Concerns**

<table>
<thead>
<tr>
<th>Month</th>
<th>UAE</th>
<th>KSA</th>
<th>Global Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun'22</td>
<td>40%</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>Jul'22</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>Aug'22</td>
<td>40%</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>Sep'22</td>
<td>40%</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>Oct'22</td>
<td>40%</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>Nov'22</td>
<td>40%</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>Dec'22</td>
<td>40%</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>Jan'23</td>
<td>40%</td>
<td>50%</td>
<td>70%</td>
</tr>
</tbody>
</table>

**Price Perceptions**

<table>
<thead>
<tr>
<th>Category</th>
<th>UAE</th>
<th>KSA</th>
<th>Global Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food/Groceries</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>Apparel &amp; Footwear</td>
<td>60%</td>
<td>70%</td>
<td>80%</td>
</tr>
<tr>
<td>Restaurants</td>
<td>70%</td>
<td>80%</td>
<td>90%</td>
</tr>
<tr>
<td>Gasoline / Fuel</td>
<td>60%</td>
<td>70%</td>
<td>80%</td>
</tr>
<tr>
<td>Household Utilities</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
</tr>
</tbody>
</table>
| % UAE respondents who expect higher prices next month
| % KSA respondents who expect higher prices next month

**Key Takeaways**

- Concern for inflation slightly increased in Saudi Arabia compared to last month. This coupled with Saudi consumers’ anticipation that the prices for most of the daily household substances might increase in the next month indicates that the inflation concern is expected to rise in coming months.
- In the UAE, the concern for inflation marginally came down compared to last month. Consumers expect higher prices for apparel & footwear, while for most of the other categories they feel the prices to remain same or decline.

Source: Deloitte Global State of the Consumer Tracker
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**Share of Wallet**

**Spending intentions, next 4 weeks**

### Less Discretionary

<table>
<thead>
<tr>
<th></th>
<th>UAE Vs Prior Wave</th>
<th>UAE Vs June 2022</th>
<th>KSA Vs Prior Wave</th>
<th>KSA Vs June 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td></td>
<td>-1</td>
<td></td>
<td>-1</td>
</tr>
<tr>
<td>Groceries &amp; HH goods</td>
<td></td>
<td>+1</td>
<td></td>
<td>+1</td>
</tr>
<tr>
<td>Transportation</td>
<td>-1</td>
<td>-1</td>
<td></td>
<td>-1</td>
</tr>
<tr>
<td>Healthcare &amp; Education</td>
<td></td>
<td>-1</td>
<td></td>
<td>-1</td>
</tr>
<tr>
<td>Clothing &amp; personal care</td>
<td></td>
<td>+1</td>
<td></td>
<td>+2</td>
</tr>
<tr>
<td>Childcare</td>
<td>+1</td>
<td></td>
<td>+1</td>
<td>+2</td>
</tr>
<tr>
<td>Internet &amp; data</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### More Discretionary

<table>
<thead>
<tr>
<th></th>
<th>UAE Vs Prior Wave</th>
<th>UAE Vs June 2022</th>
<th>KSA Vs Prior Wave</th>
<th>KSA Vs June 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rec / Entertainment &amp; Leisure travel</td>
<td></td>
<td></td>
<td>+1</td>
<td>-1</td>
</tr>
<tr>
<td>Restaurants</td>
<td>+1</td>
<td>+1</td>
<td></td>
<td>+1</td>
</tr>
<tr>
<td>Electronics &amp; home furnishing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Share of Wallet**

(Spending intentions, next 4 weeks)

- **UAE**
  - Housing: -1
  - Groceries & HH goods: +1
  - Transportation: -1
  - Healthcare & Education: -1
  - Clothing & personal care: +1
  - Childcare: +1
  - Internet & data: +1
- **KSA**
  - Housing: -1
  - Groceries & HH goods: +1
  - Transportation: -1
  - Healthcare & Education: -1
  - Clothing & personal care: +1
  - Childcare: +2
  - Internet & data: +2

**Key Takeaways**

- Consumers in the Middle East are intending to increase their spending intentions on groceries, clothing and personal care, and restaurants in the next 4 weeks.
- The spend on housing, transportation, healthcare and education is expected to fall in the immediate future.

Source: Deloitte Global State of the Consumer Tracker
Impact of rising prices on shopping behavior

% who did each activity while shopping for groceries in the past 4 weeks

**Key Takeaways**

- The cost-saving levers consumers lean on vary significantly by country. In the Middle East, the consumer perception is generally to not engage in cost saving behaviors when it comes to groceries.
- 1 in 5 (global average) and slightly lesser (Middle East average) left the grocery store buying less than they wanted to.
- 3 in 10 selected less expensive store brands as a global average and slightly less in the Middle East.

Source: Deloitte Global State of the Consumer Tracker

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Key Takeaways

- Food frugality trends vary globally.
- When the six cost-saving behaviors (slide 8) are indexed to September 2022, food frugality shows little signs of abating in most countries. (Index values fall when fewer consumers engage in frugal behavior)
- For example, frugality is spiking in Australia as local overall inflation rates continue to paint new highs.
- As expected, frugal behavior eased in most countries during the holiday season except KSA where the demography is slightly different than some of the other countries under study.
Spending on joy

% who purchased at least one product to treat themselves in the past month

Despite signs of financial stress, most are finding ways to treat themselves to a little joy. Nearly 9 in 10 made at least one ‘joy-related’ purchase.

Clothing & Accessories continues to be the favourite category for consumers in the Middle East when it comes to treating oneself.

Source: Deloitte Global State of the Consumer Tracker
Leisure travel intentions

% that plan to book within the next 3 months

Key Takeaways

- Leisure travel intention is moving up in the KSA in the wake of holy month of Ramadan. While, in the UAE the picture is mixed where hotel, domestic flight, and cruise is seeing increase in demand, while the demand for international flight, private accommodation, and car rental is subsiding.

- Observing the trends over last 8 months, a pattern is forming in both UAE and KSA which is similar in some respects in both the countries. For example, travel intention in both the countries is generally at its peak during summer holidays i.e., months of July and August; whereas, in the KSA there are 2 more instances where the intentions spike up i.e., during the months of November and January.

Source: Deloitte Global State of the Consumer Tracker
Reasons for not travelling

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

- In **UAE** and **KSA**, affordability comes out as the biggest hinderance to consumer’s ability to travel and it has marginally increased this month compared to the last.
- 4 in 10 consumers from the **UAE** that are not intending to travel have stated inability to get time off from the work as the reason, indicating substantial increase compared to last month.

**Key Takeaways**

**Source:** Deloitte Global State of the Consumer Tracker
Travel Planning (Net intent)

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

**When & where I travel**
- A destination further from home
- Visit during most popular time of the year
- Travel more nights
- Full-service airline
- Most convenient flight itinerary
- Upgraded seats
- Closer to where I want to be
- Upper-class lodging
- Spend on the experiences I want to have
- Indulge on restaurants

**Airline**
- Full-service airline
- Low-cost airline
- Cheapest flight itinerary
- Cheapest seats
- Further from where I want to be
- Budget lodging
- Free activities
- Minimize restaurant spending

**Lodging**
- Upper-class lodging
- Budget lodging
- Free activities
- Minimize restaurant spending

**In-destination**
- Spend on the experiences I want to have
- Indulge on restaurants
- Upper-class lodging
- Budget lodging
- Free activities
- Minimize restaurant spending

**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.

Source: Deloitte Global State of the Consumer Tracker
Vehicle Purchasing Intent

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

**Vehicle Purchasing Intent**

“Planning to buy vehicle in next 6 months”

- **Vehicle purchasing intent (VPI) slightly decreased in Saudi Arabia and UAE compared to last month. The global average intent has remained at the same level, a bit lower than where it was six months ago.**
- **Analysing the data from June 2022, it is evident that at any moment 5 in 10 Middle Eastern consumers are planning to buy a vehicle in next 6 months, which is substantially higher than the global average which hovers between 2 to 3 consumers out of 10.**
- **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 vehicle in order to get rid of high maintenance cost of their existing vehicle and to drive something different.**

**Key Takeaways**

- **Vehicle purchasing intent (VPI) slightly decreased in Saudi Arabia and UAE compared to last month. The global average intent has remained at the same level, a bit lower than where it was six months ago.**
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Source: Deloitte Global State of the Consumer Tracker
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Among respondents able to do their job from home

- Middle East has adopted the hybrid work pattern very efficiently. Since June 2022, nearly 3/5\textsuperscript{th} of the survey respondents indicated that their job can be seamlessly done from the home.

- For those who are able to do their job from home, the number of days in a week that they work from home hovers between 2.1 to 2.6 days and is fairly consistent across the UAE and KSA and is also in line with the global average which is around 2.5 days.

- In terms of employee preference on the number of days that they want to work from home, it floats between 3.2 to 3.7 days in UAE and KSA. This is about a day more than what the employer is allowing to most of the employees.
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