



Global State of the Consumer Tracker

Middle East Highlights

February 2023

Top Takeaways

Global Wave 39

January 26 – February 1, 2023

[Visit the interactive dashboard for more insights](#)



Recent Articles

- [The rise of digital goods and services](#)
- [Exploring 2022's toll on global financial well-being](#)
- [The cost of buying green: Part II](#)
- [When inflation concerns persist for too long](#)
- [Revisiting the great rethink](#)
- [The shape of consumer spending](#)
- [When rising prices break consumers' trust](#)
- [We've had a lot of time to think, and we're thinking a lot about time](#)

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

Waves 1–22 : April 2020 – Sept 2021

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 $\pm 3\%$
- Responses are weighted at the country level according to publicly available age and income profiles

23 Countries



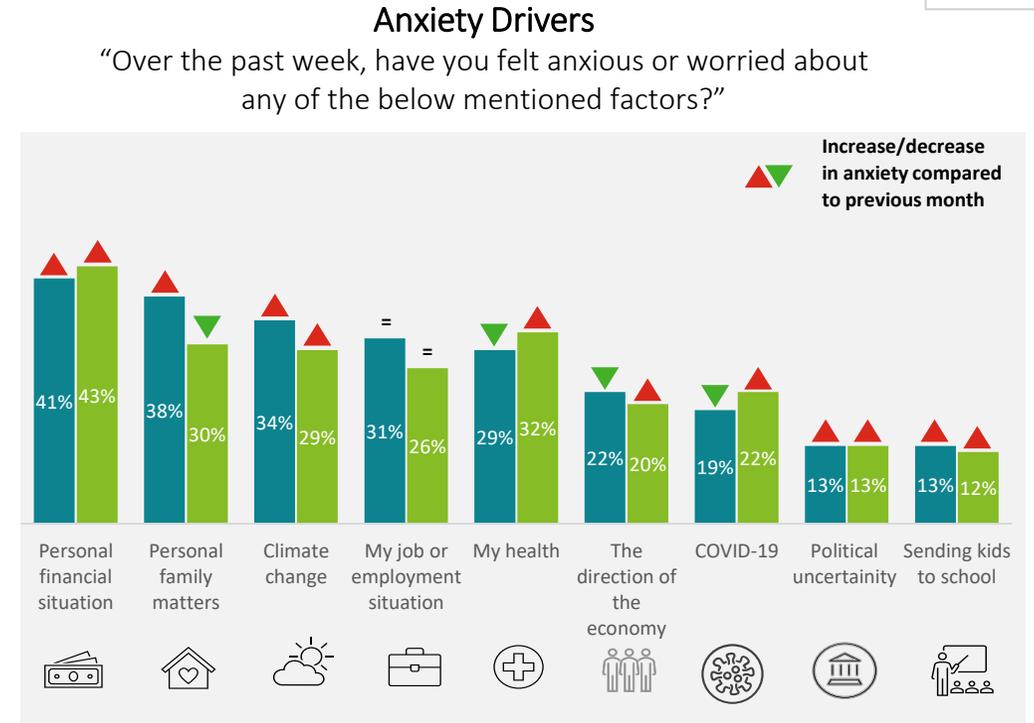
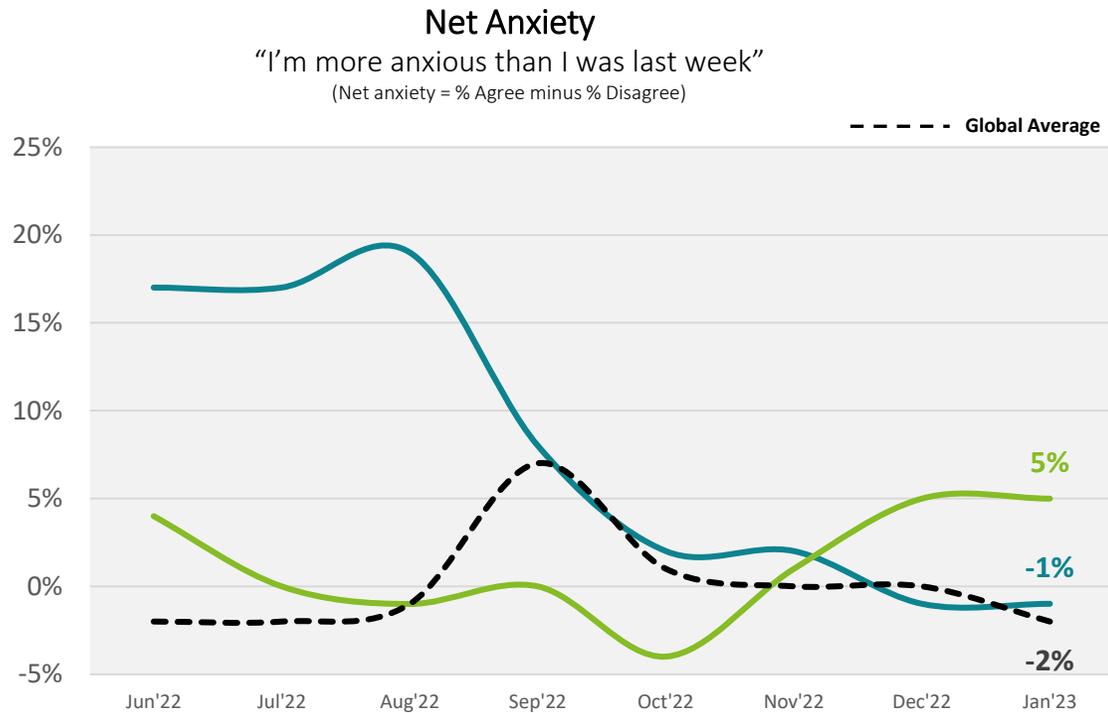
Countries in focus*

- 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



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.

Financial Wellbeing

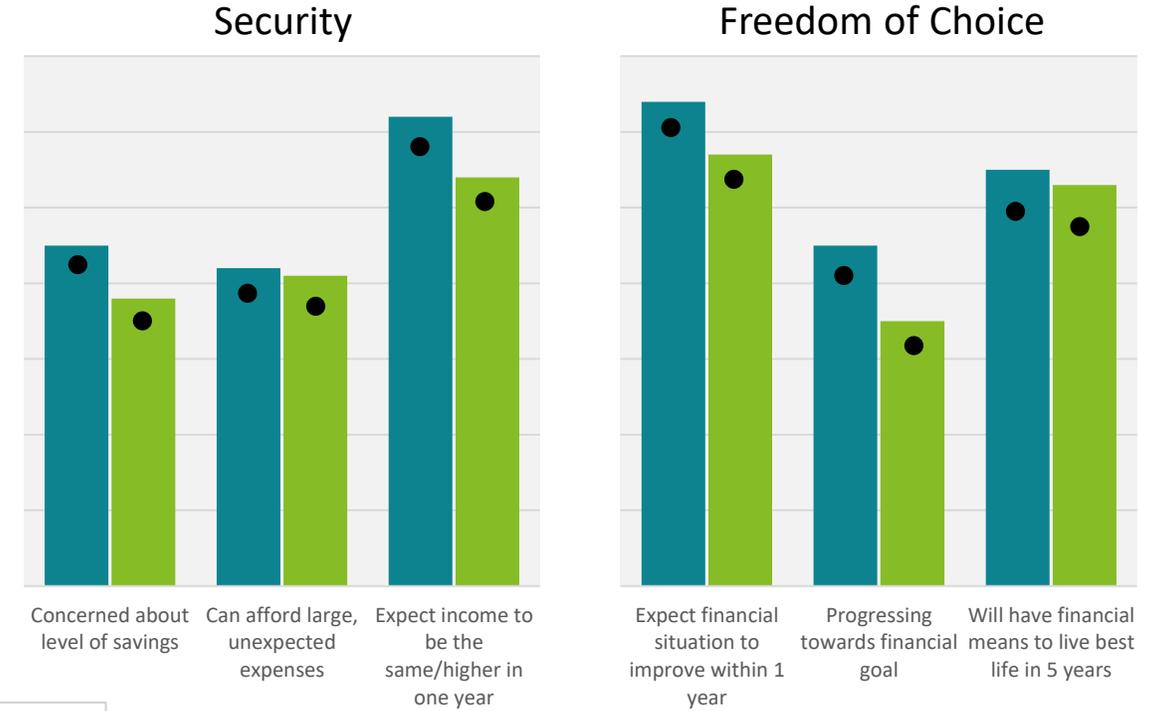
% of respondents



Present



Future



Key Takeaways

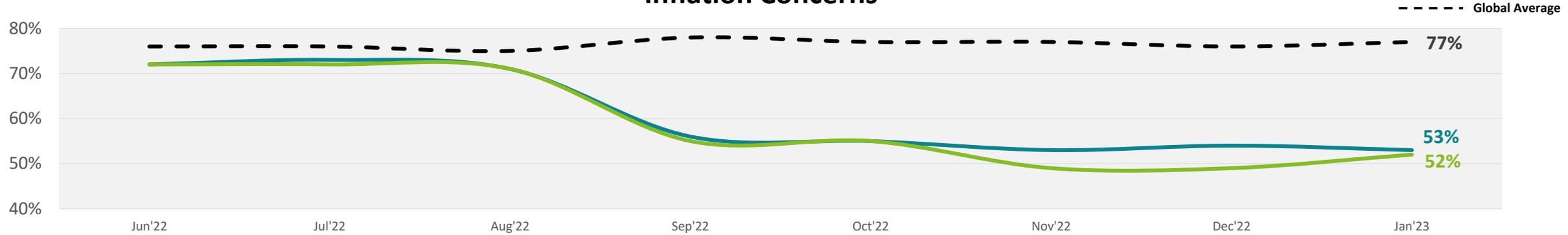
- Present Security:** Compared to the situation in September 2022, the confidence in terms of money left over at the end of the month has increased. Also, the concern about making upcoming payments has declined.
- Present Freedom of Choice:** As more number of consumers are indicating that they can afford 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.

Inflation Concerns and Price Perceptions

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

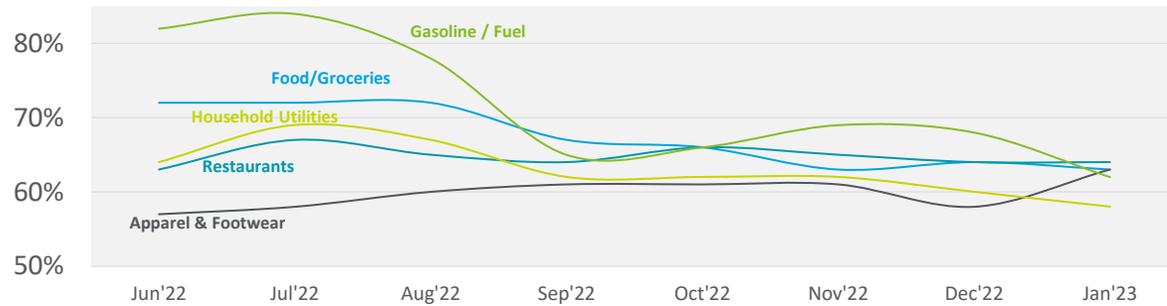


Inflation Concerns

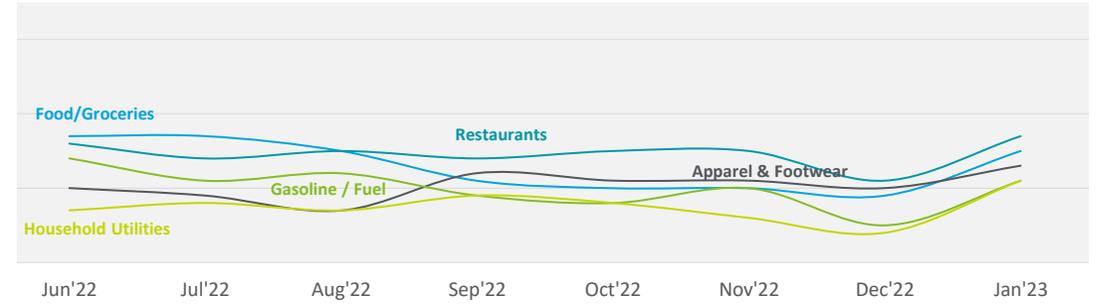


Price Perceptions

% 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.

Share of Wallet

Spending intentions, next 4 weeks



Less Discretionary

| | UAE | | KSA | |
|--------------------------|---------------|--------------|---------------|--------------|
| | Vs Prior Wave | Vs June 2022 | Vs Prior Wave | Vs June 2022 |
| Housing | = | -1 | -1 | -1 |
| Groceries & HH goods | = | +1 | = | +1 |
| Transportation | -1 | -1 | = | = |
| Healthcare & Education | = | -1 | -1 | = |
| Clothing & personal care | = | +1 | +1 | +2 |
| Childcare | +1 | = | = | = |
| Internet & data | = | = | = | = |

More Discretionary

| | UAE | | KSA | |
|--------------------------------------|---------------|--------------|---------------|--------------|
| | Vs Prior Wave | Vs June 2022 | Vs Prior Wave | Vs June 2022 |
| Rec / Entertainment & Leisure travel | = | = | +1 | -1 |
| Restaurants | +1 | +1 | +1 | +1 |
| Electronics & home furnishing | = | = | = | = |

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.



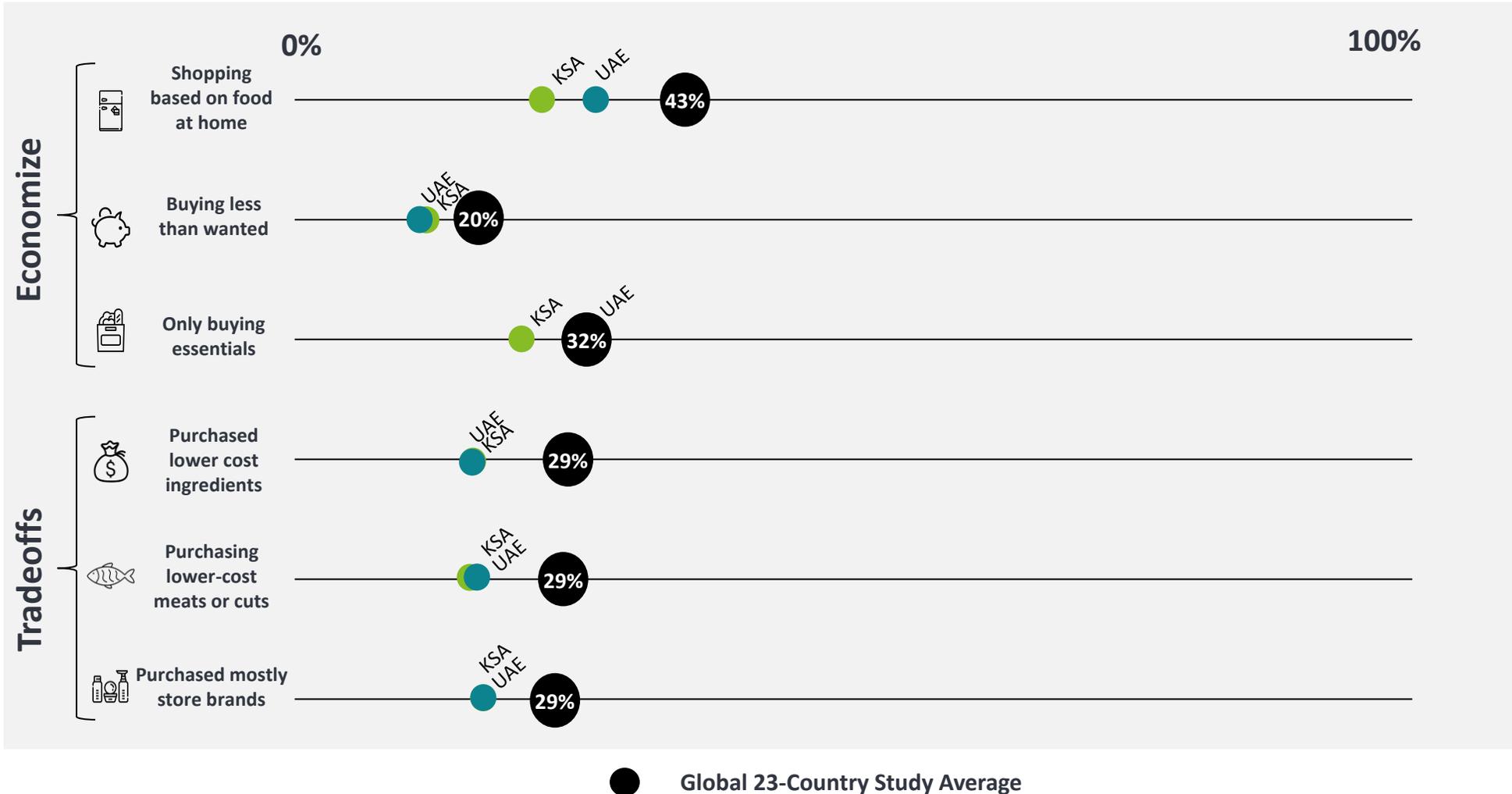
Impact of rising prices on shopping behavior

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



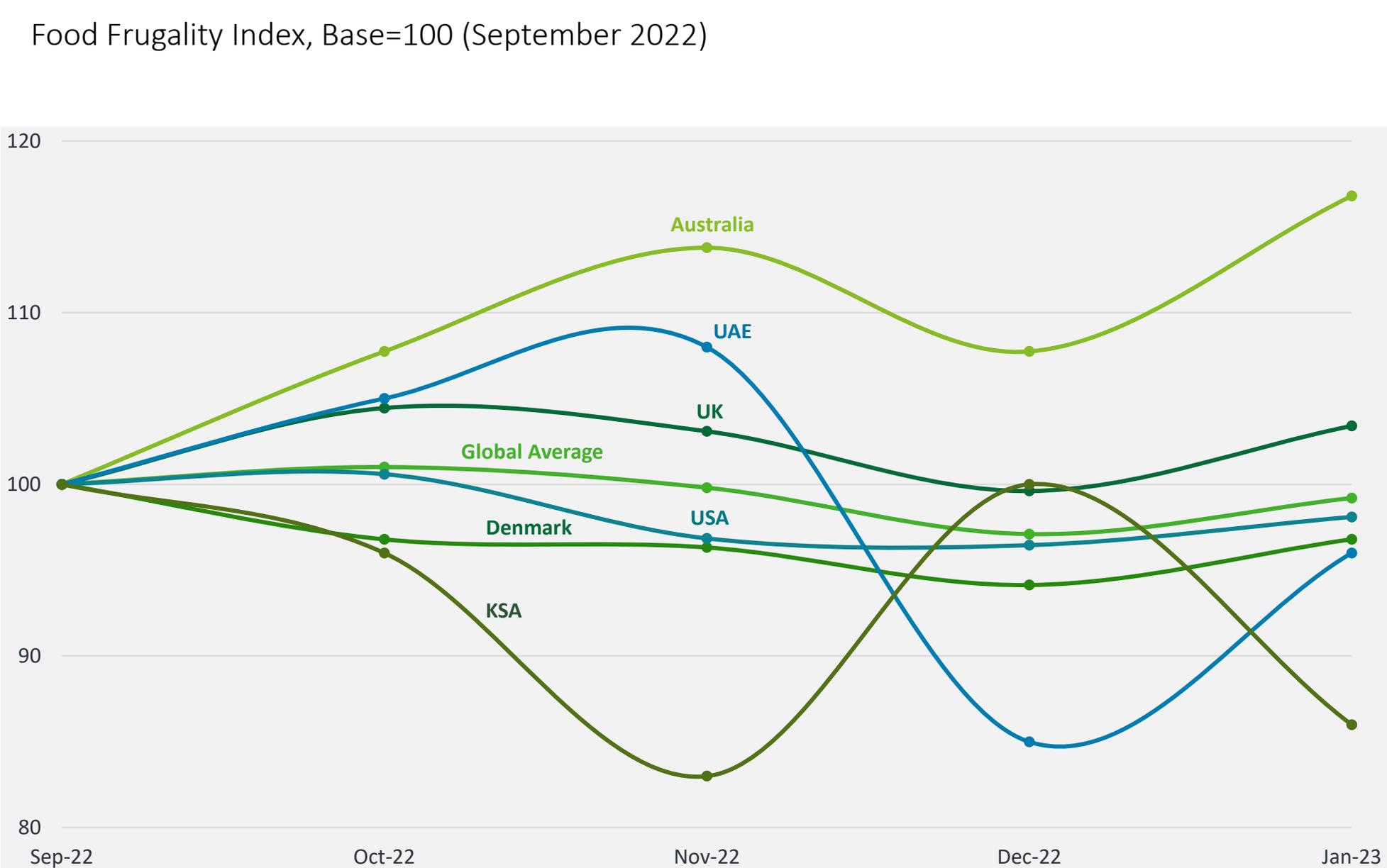
Key Takeaways

- 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.



Food Frugality Index

Food Frugality Index, Base=100 (September 2022)

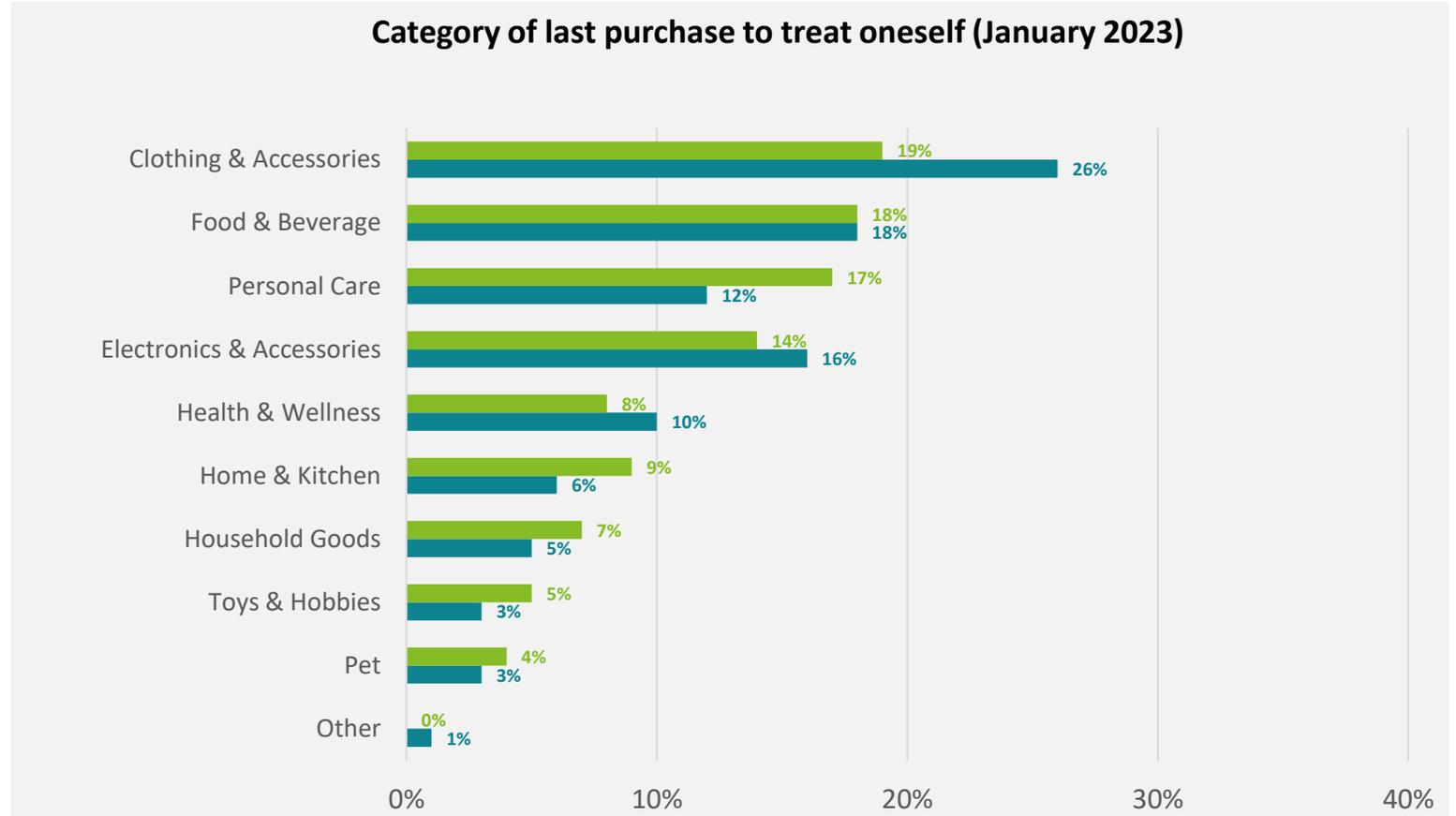
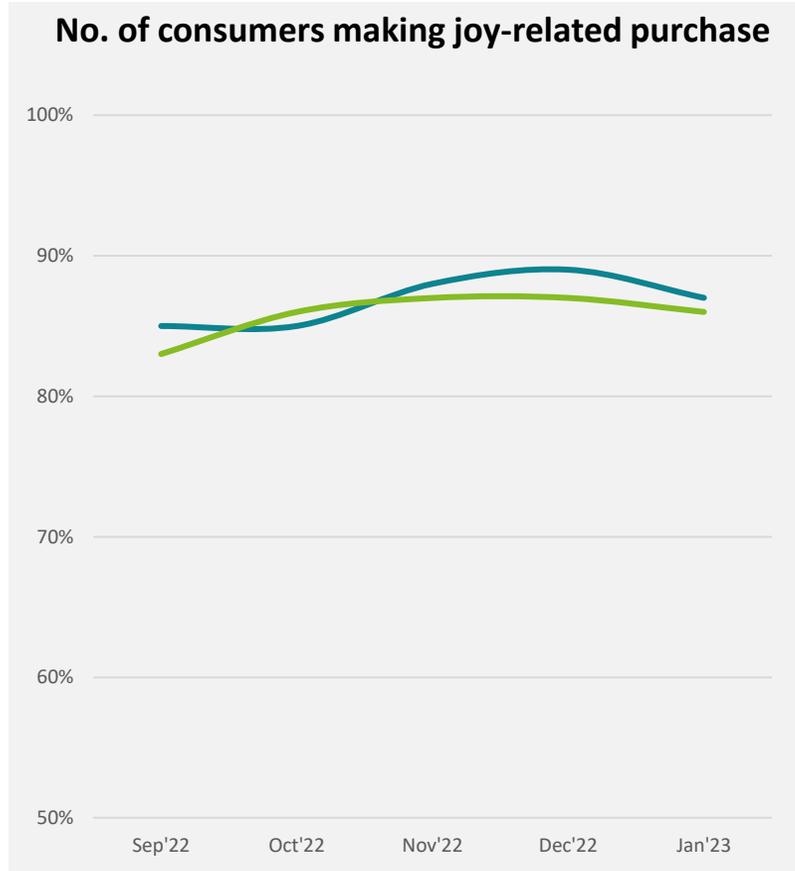


Key Takeaways

- 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



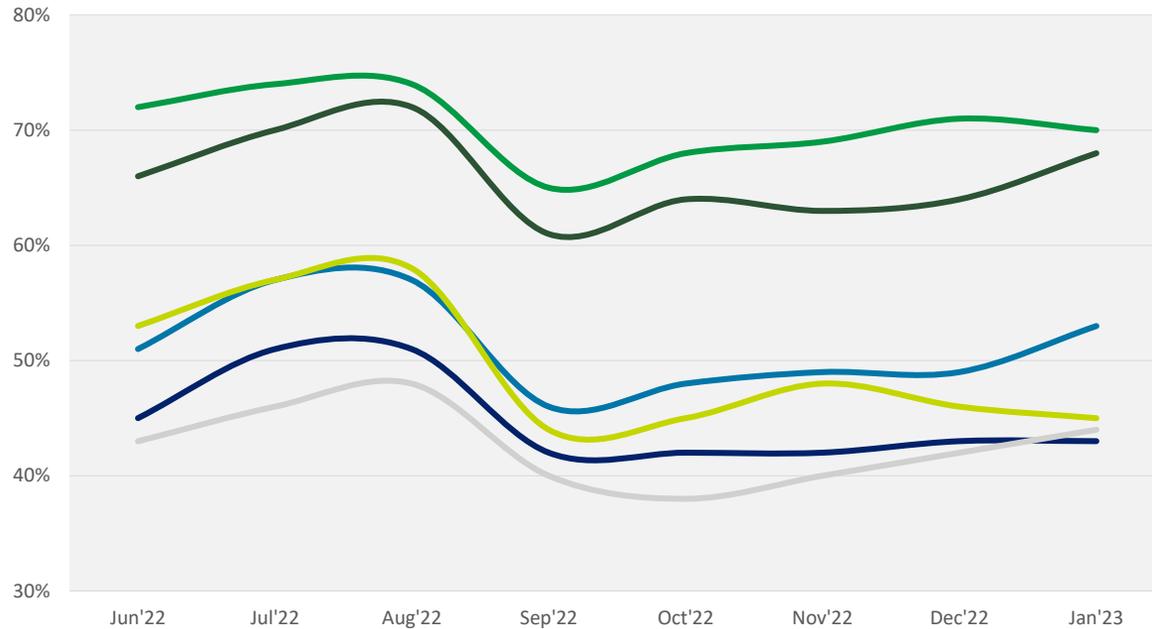
Key Takeaways

- 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.

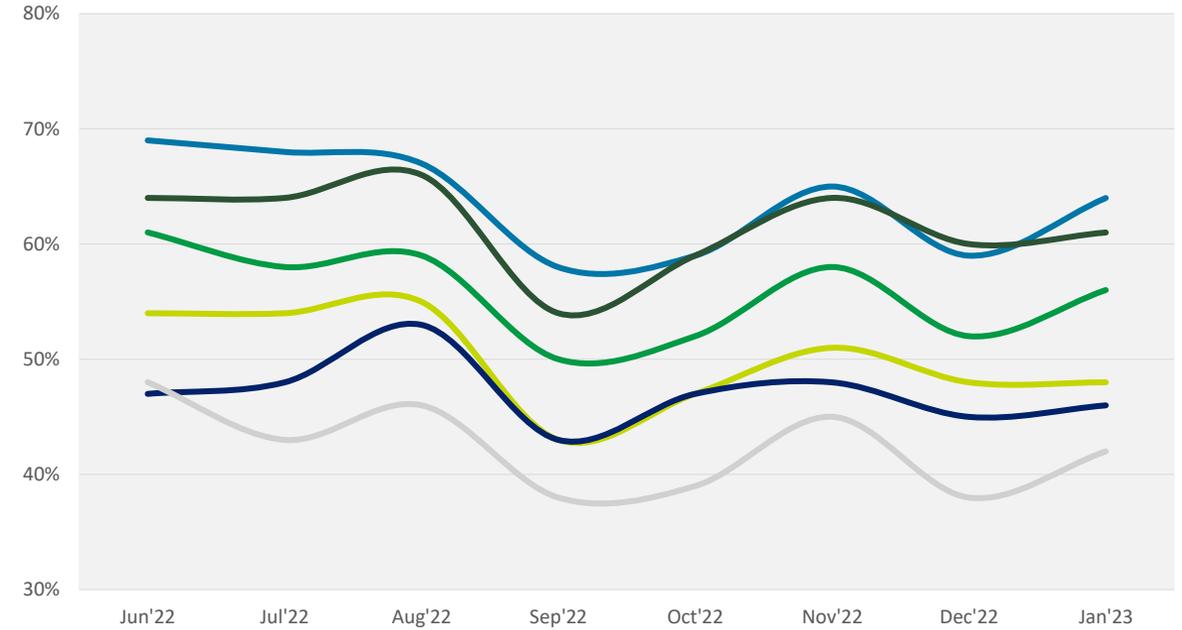
Leisure travel intentions

% that plan to book within the next 3 months

UAE



KSA



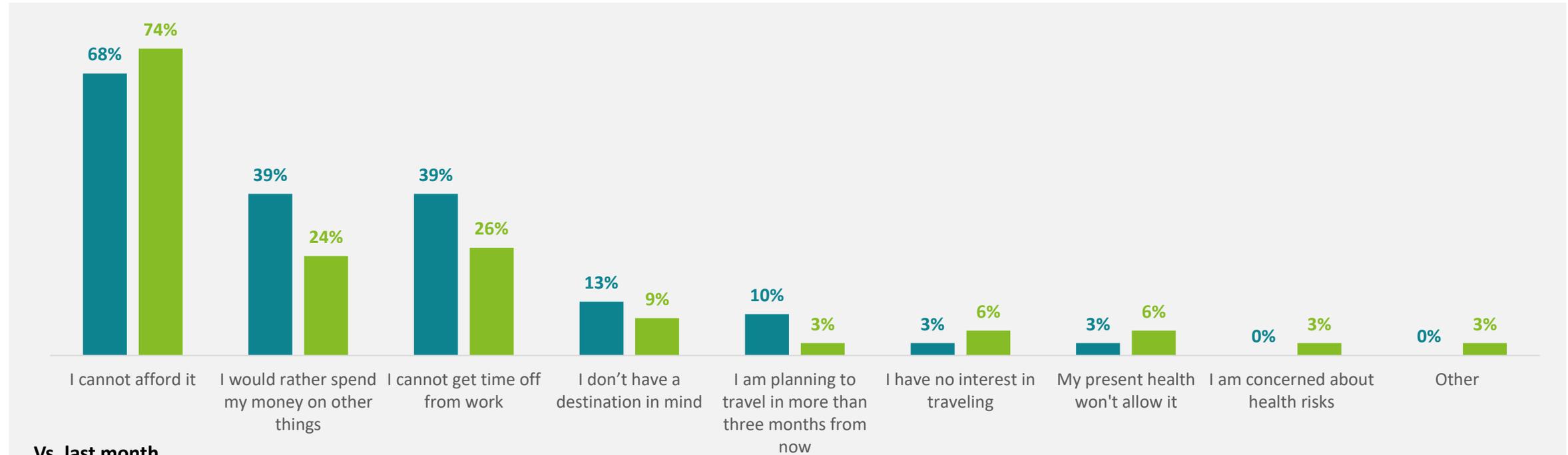
Domestic Flight International Flight Hotel Private Accommodation Car Rental Cruise

Key Takeaways

- Leisure travel intention is 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.

Reasons for not travelling

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



Vs. last month

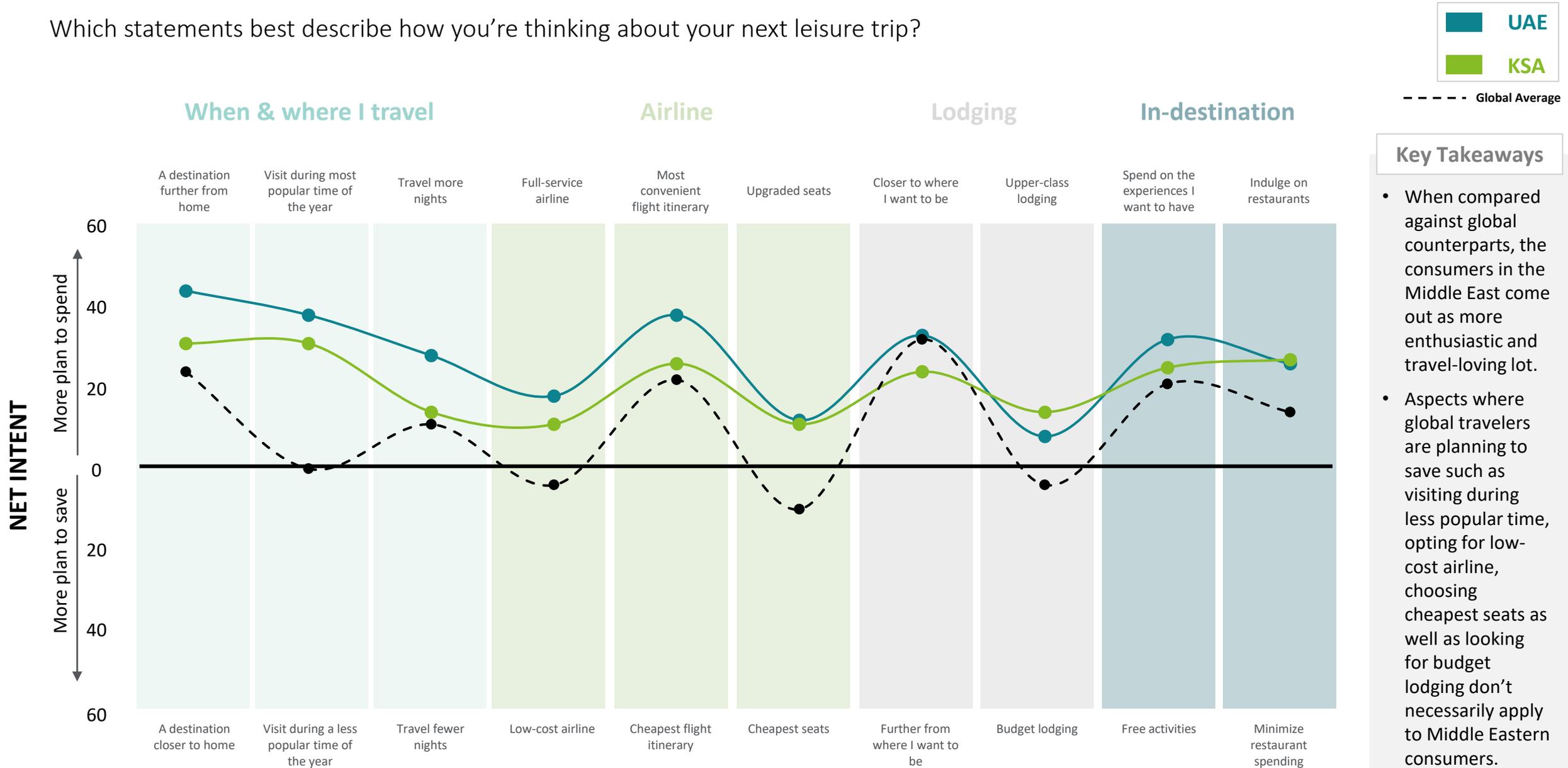
| | | | | | | | | | |
|-----|----|-----|-----|-----|-----|-----|----|----|----|
| UAE | +7 | -3 | +15 | +10 | -11 | -12 | -3 | -3 | -3 |
| KSA | +4 | -11 | -9 | -8 | -6 | -7 | -7 | -6 | -1 |

Key Takeaways

- 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.

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.

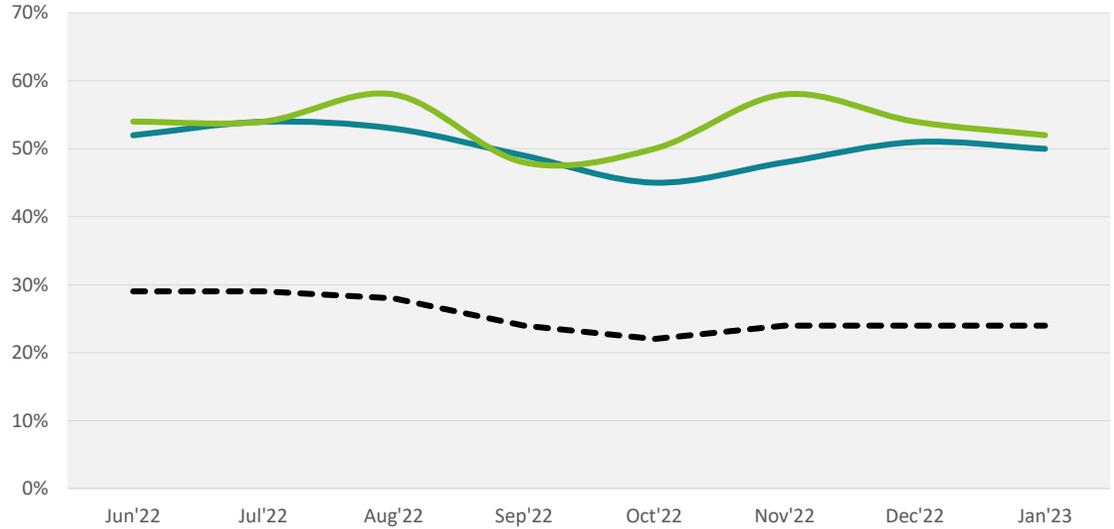
Vehicle Purchasing Intent

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

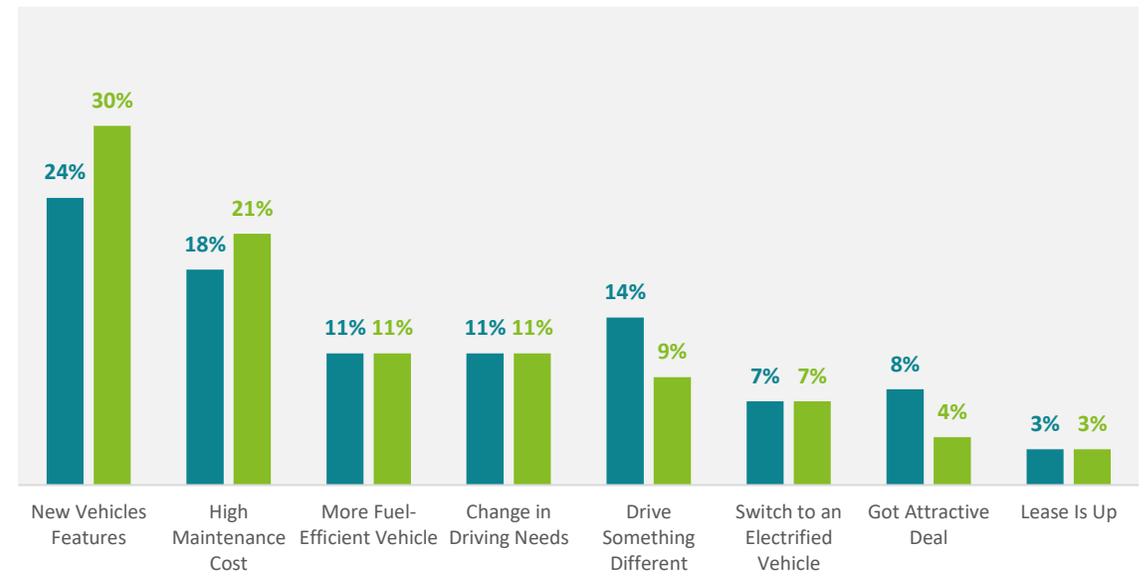


--- Global Average

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 52% Saudi and 50% Emirati consumers planning to purchase new vehicle)

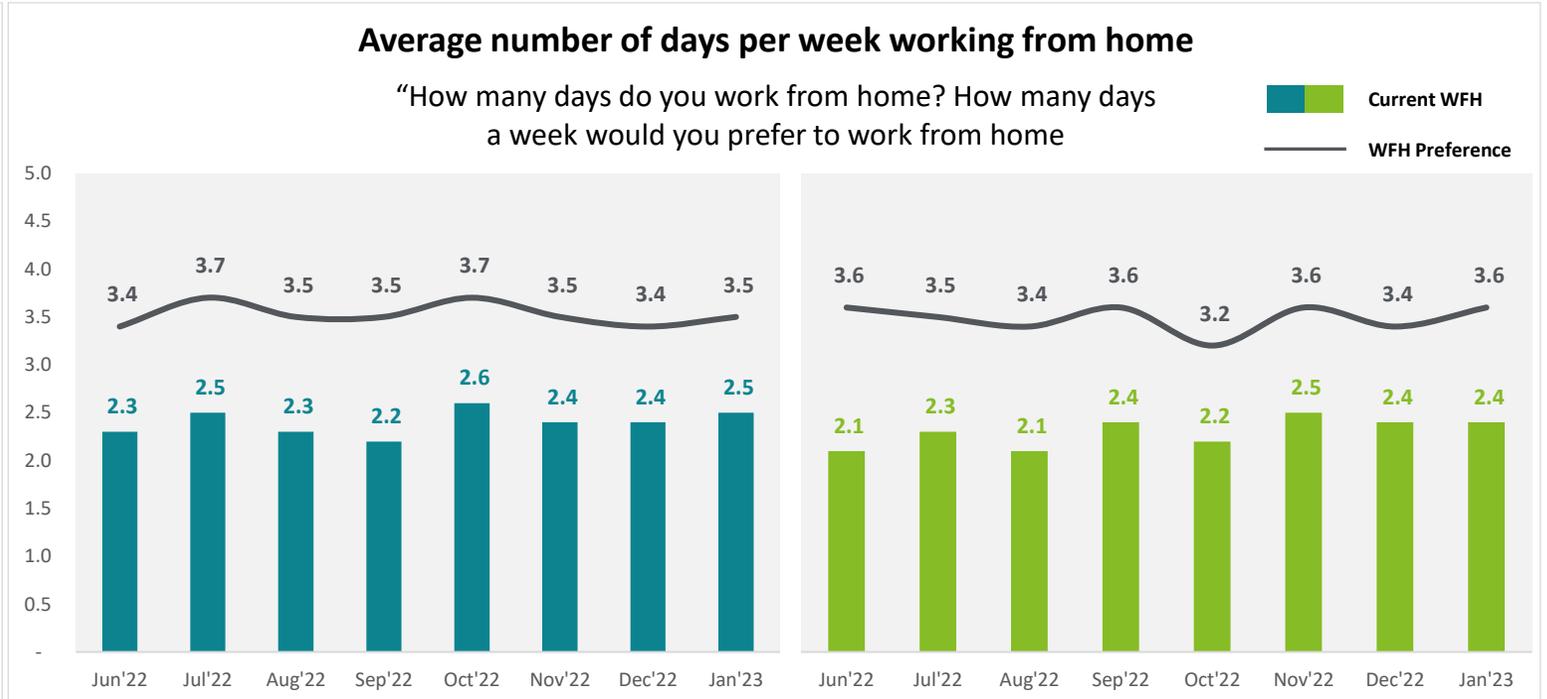
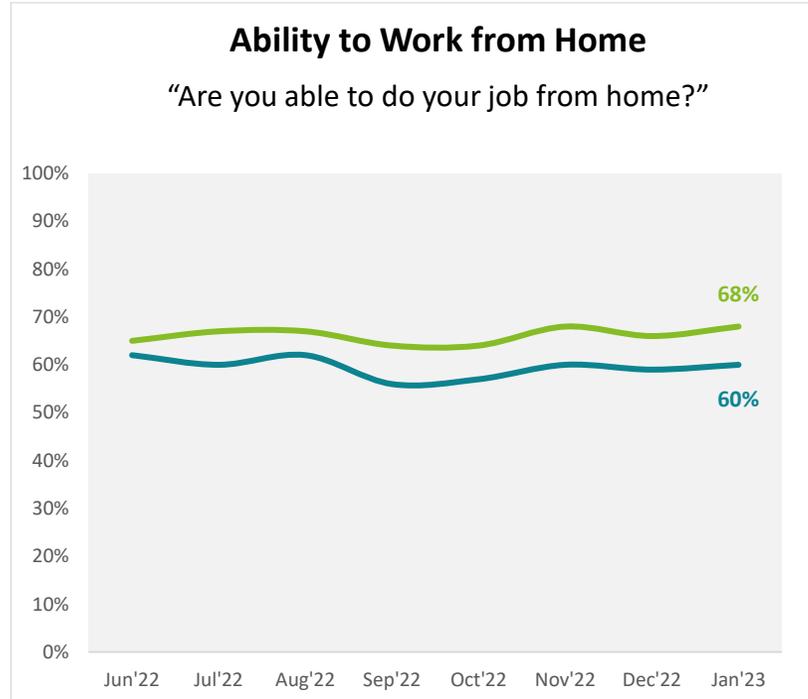


Key Takeaways

- 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.
- 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.

Work from Home situation

Among respondents able to do their job from home



Key Takeaways

- Middle East has adopted the hybrid work pattern very efficiently. Since June 2022, nearly 3/5th 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.



This presentation has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved. Deloitte & Touche (M.E.) LLP (DME) or its affiliated entities would be pleased to advise readers on how to apply the principles set out in this presentation to their specific circumstances. DME accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this presentation.

DME is the affiliate for the territories of the Middle East and Cyprus of Deloitte NSE LLP (“NSE”), a UK limited liability partnership and member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”).

Deloitte refers to one or more of DTTL, its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL, NSE and DME do not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 300,000 people make an impact that matters at www.deloitte.com.

DME is a leading professional services firm established in the Middle East region with uninterrupted presence since 1926. DME’s presence in the Middle East region is established through its affiliated independent legal entities, which are licensed to operate and to provide services under the applicable laws and regulations of the relevant country. DME’s affiliates and related entities cannot oblige each other and/or DME, and when providing services, each affiliate and related entity engages directly and independently with its own clients and shall only be liable for its own acts or omissions and not those of any other affiliate.

DME provides audit and assurance, consulting, financial advisory, risk advisory and tax services through 27 offices in 15 countries with more than 5,000 partners, directors and staff.

© 2023 Deloitte & Touche (M.E.). All rights reserved. All rights reserved.