



Global State of the Consumer Tracker
Middle East Highlights

March 2023

Top Takeaways

Global Wave 40

February 23 – March 1, 2023

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Economic confidence improves. But consumers lean towards saving over spending — potentially signaling lingering caution

Less anxiety about the direction of the economy

Global anxiety has remained subdued in recent months, primarily driven by decreasing anxiety around the economy's direction. In the Middle East, the level of anxiety saw increase among UAE consumers and decrease among Saudi consumers. Climate change has emerged out as the second highest anxiety concern across UAE and Saudi Arabia.

Saving over spending

Despite the uptick in economic confidence, spending intentions have not materially improved. Relative to September 2021, spending intentions remain significantly weaker in all but 3 of the 11 categories tracked—housing, transportation, and groceries (i.e., the essentials).

Savings intentions, however, have been increasing in recent months, signaling consumers are attempting to replenish their reserves.

Global financial wellbeing in holding pattern; rapidly improving in the Middle East

Comparable to six months ago, the percentage of consumers concerned about their level of savings (45%), delaying large purchases (45%), and feeling their personal financial situations worsened over the past year (41%) remains elevated as global average

In the Middle East, the consumers are well off financially than they were a year ago. Also, the optimism that financial situation will improve within next year is rapidly growing.

Sentiment within sectors:

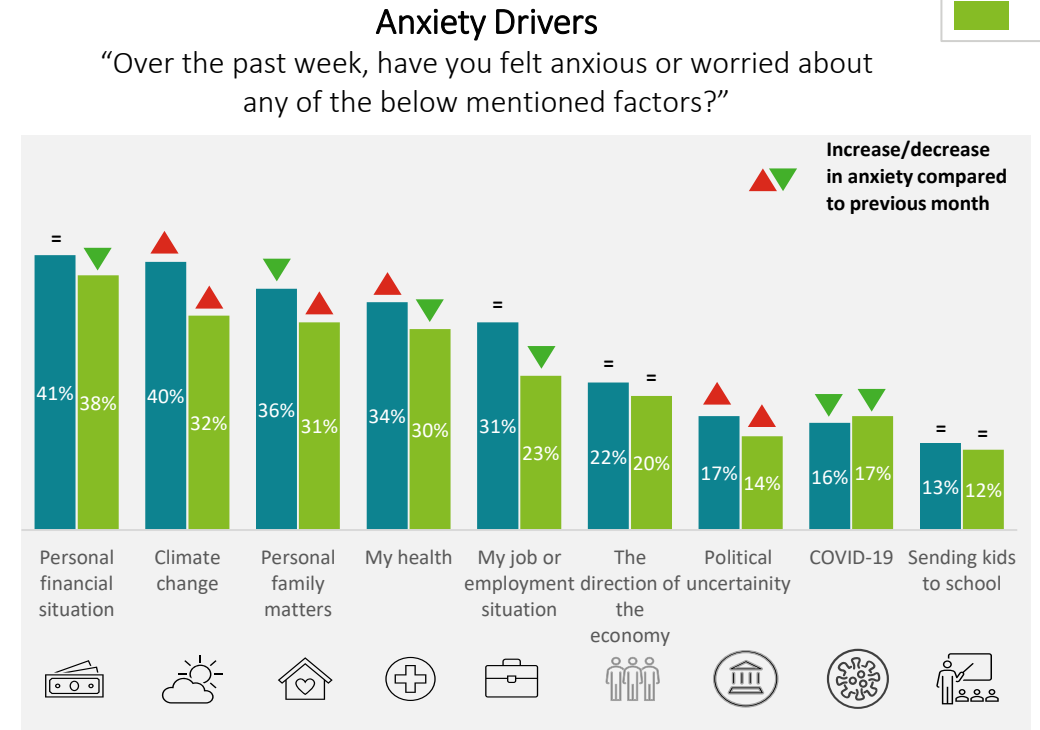
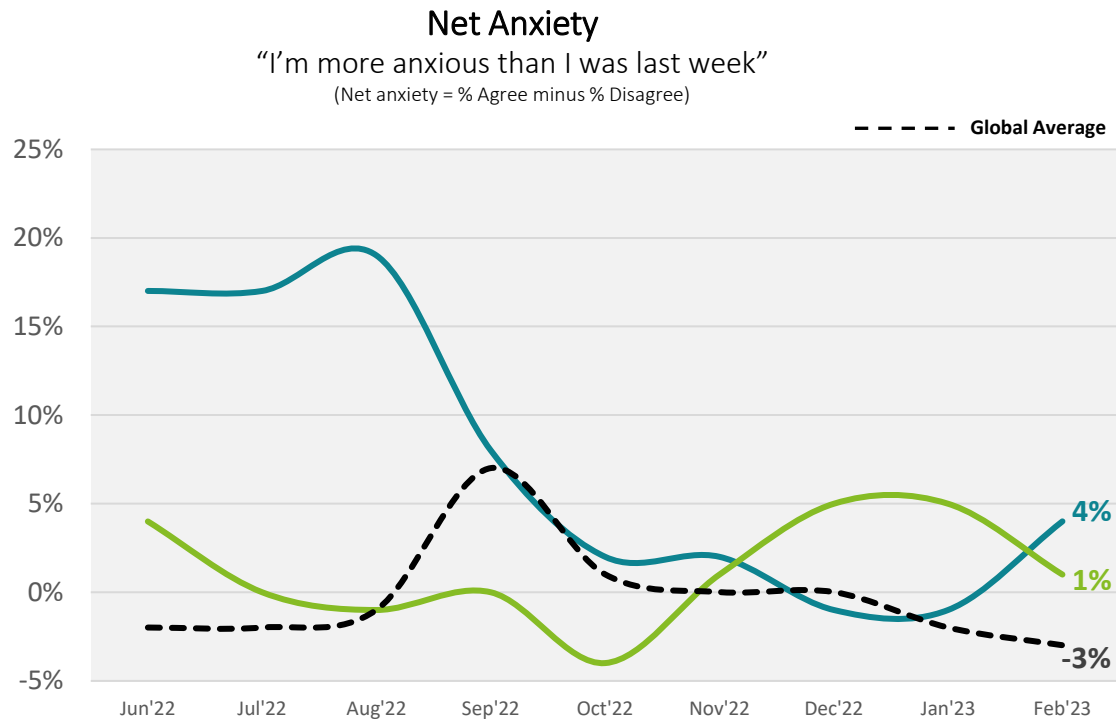
Travel & Hospitality: Leisure travel booking intentions continue to show resilience. Middle eastern consumers don't necessarily indulge in cost saving behaviors when planning their leisure travels (see slides 8 – 10).

Retail & Consumer Products: Food frugality continues spiking in countries with high food inflation such as the UK. Food frugality in Middle Eastern countries viz. UAE and KSA is lower than the global average owing to relatively low levels of inflation (see slide 7).

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 11).

Level of Anxiety

Net anxiety and anxiety drivers



Key Takeaways

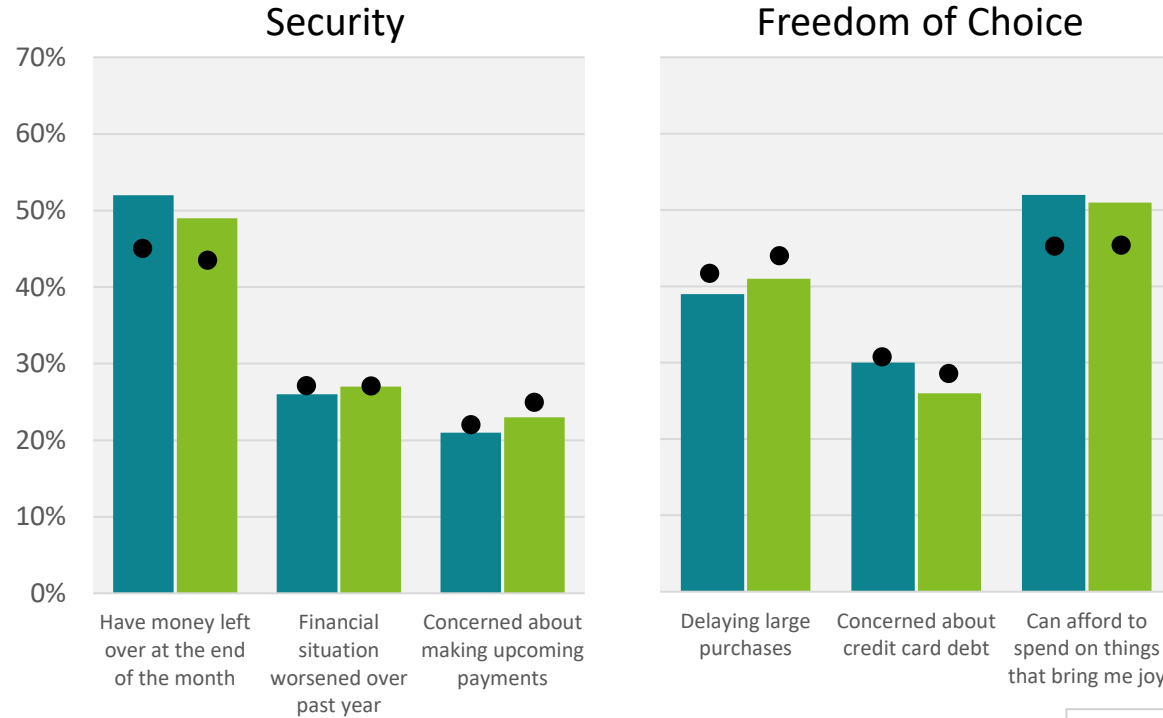
- Level of anxiety declined amongst Saudi Arabian consumers after a series of rises. Most of the indicators such as personal financial situation, health, job or employment situation, etc. saw a decline in anxiety level compared to previous month for consumers in Saudi Arabia.
- The level of anxiety witnessed a marked increase in UAE in February compared to previous months. While, the anxiety driven by personal financial situation remains elevated, a substantially high number of respondents attributed their present health as major concern for their elevated anxiety levels.
- The anxiety induced by climate change is quickly becoming a concerning factor in the Middle East as it is now the second highest driver of anxiety in UAE as well as KSA.

Financial Wellbeing

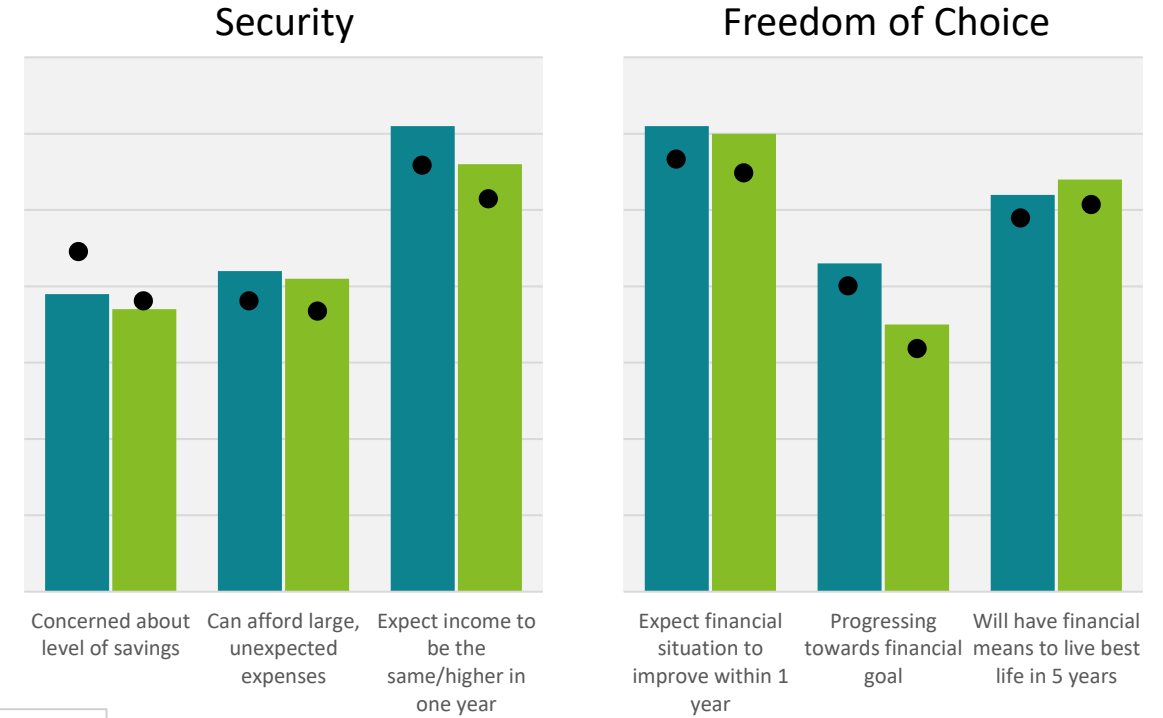
% of respondents



Present



Future

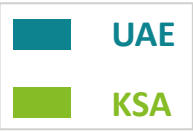


Key Takeaways

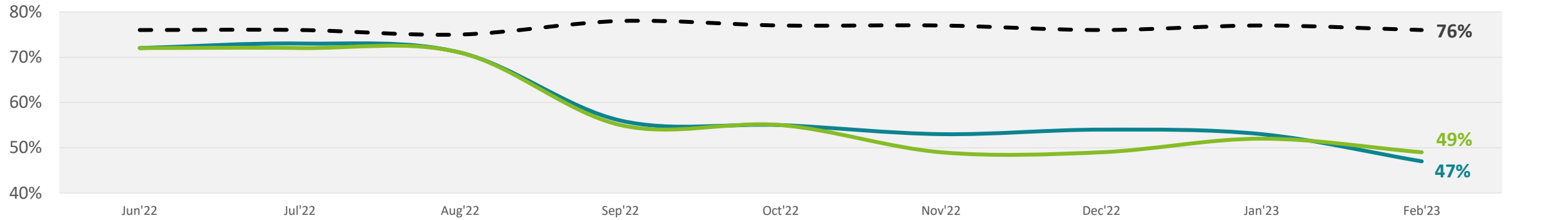
- Present Security:** Compared to the situation in September 2022, the confidence in terms of money left over at the end of the month has markedly increased. Also, the concern about making upcoming payments has declined.
- Present Freedom of Choice:** The number of consumers delaying large purchases as well as those concerned about their credit card debt has declined in both UAE and KSA indicating consumer confidence in spending.
- 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 in the region.
- 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

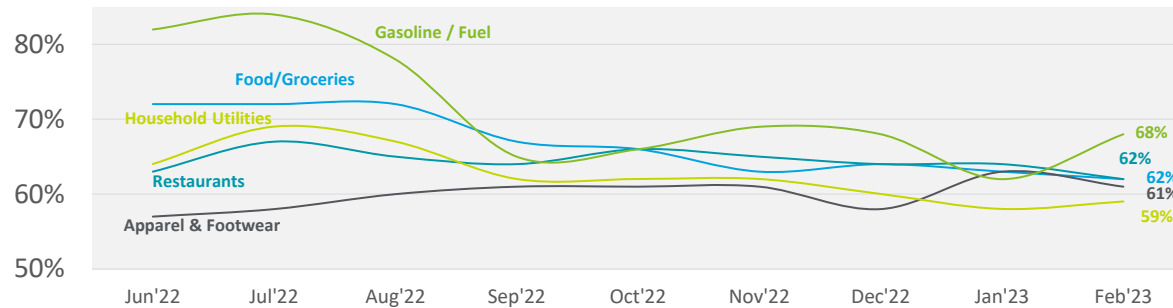


Inflation Concerns

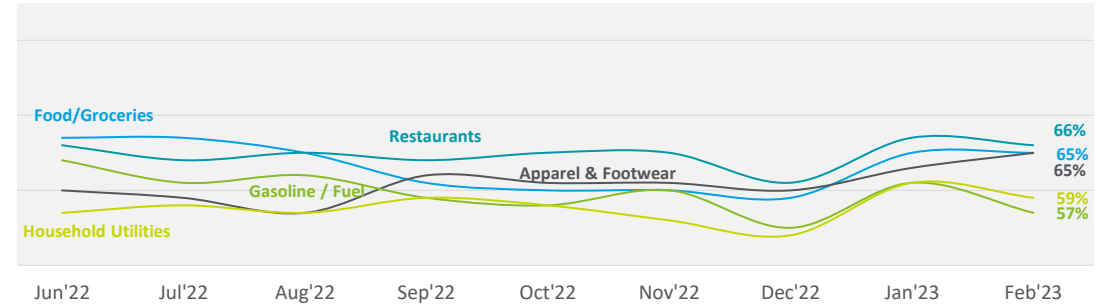


Price Perceptions

% UAE respondents who expect higher prices next month



% KSA respondents who expect higher prices next month

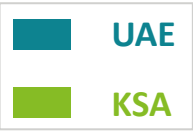


Key Takeaways

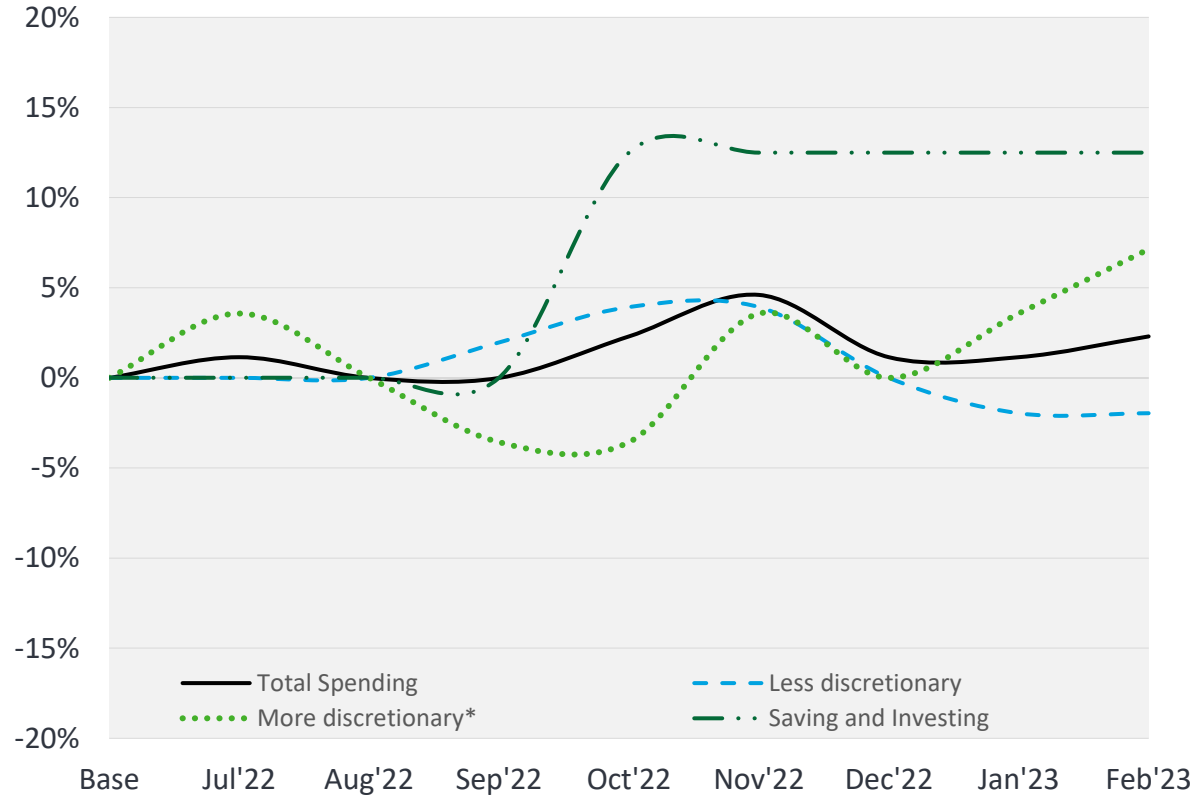
- Concern for inflation decreased in the Middle East and for the first time since the beginning of this monthly study that more than 50% of consumers from both the countries are less concerned about rising prices.
- Across the globe (among 23 study countries), this has meant that UAE and KSA take the 2nd and 3rd spot respectively in terms of countries least concerned about inflation, only behind China.

Spending Intentions

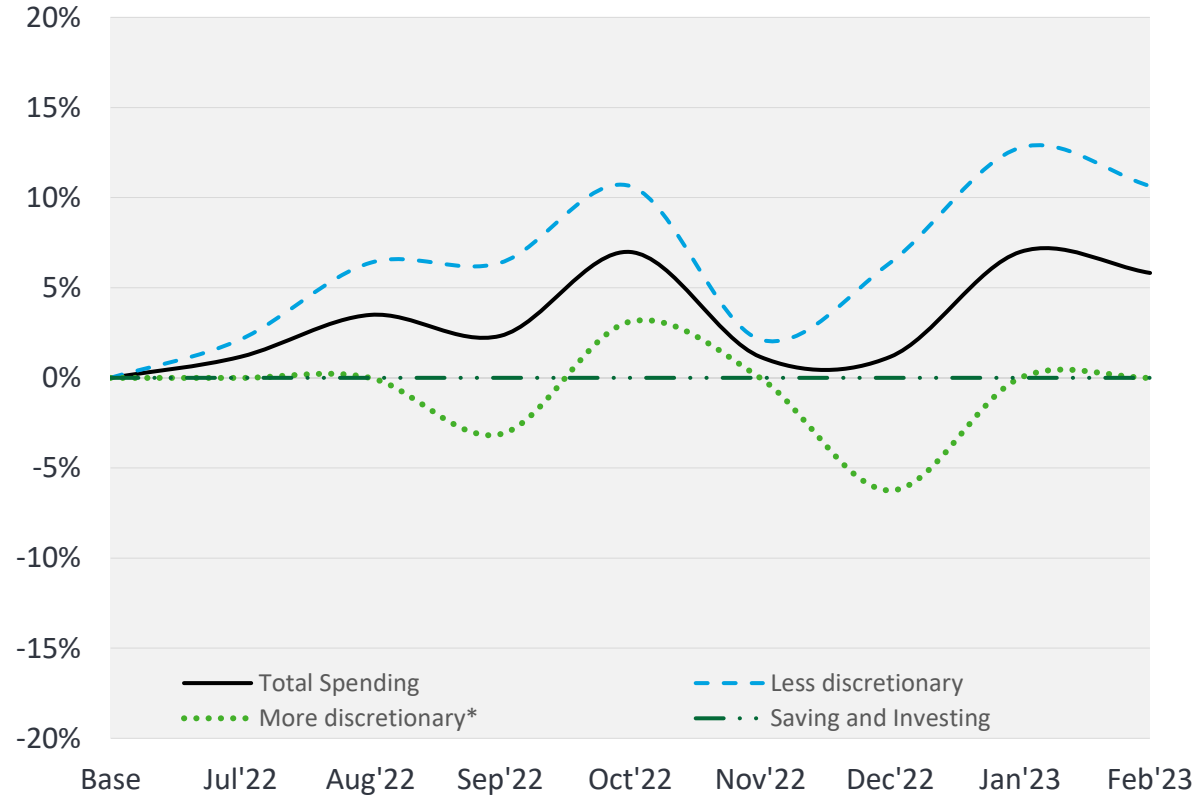
Estimated spending amount, next 4 weeks (% change)



UAE



KSA



Key Takeaways

- Spending intention in the Middle East portrays cautionary picture as consumers are not exuberantly spending on more discretionary items. They are rather indulging in saving, investing and spending on less discretionary items.
- Recent jump in more discretionary spending in UAE could be an indication of improving consumer's confidence in their financial position.

More discretionary categories:

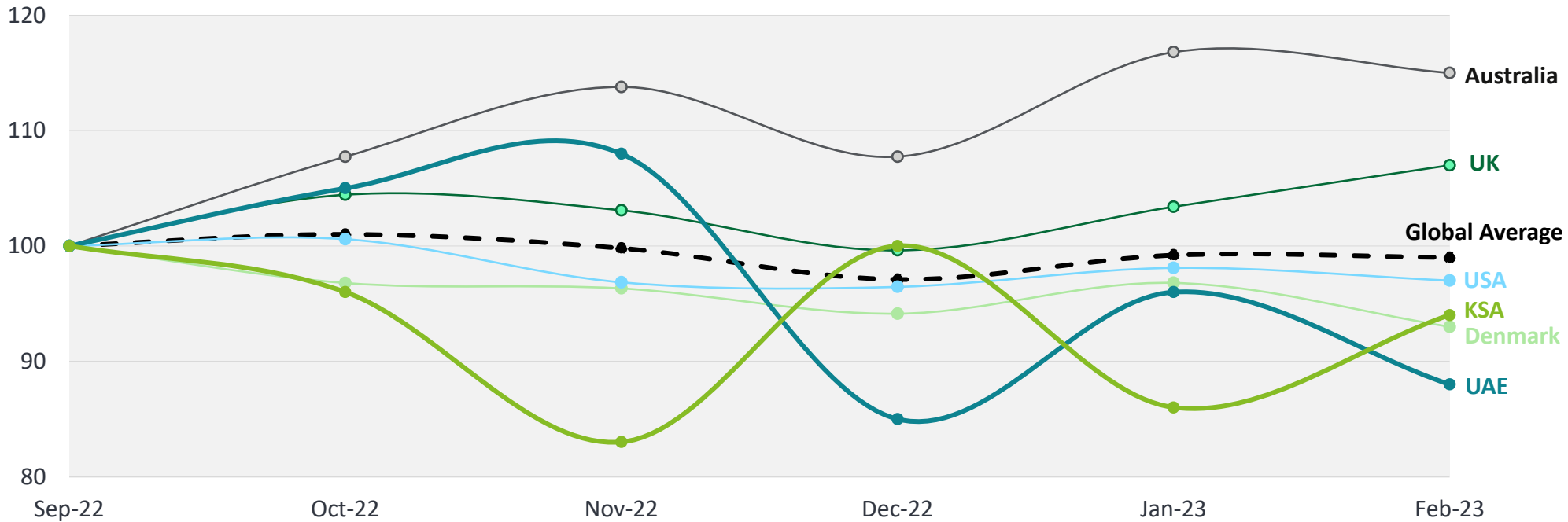
1. Leisure travel
2. Restaurants
3. Electronics
4. Recreation & Entertainment

Less discretionary categories:

1. Everyday household goods
2. Groceries
3. Personal care
4. Transportation
5. Housing
6. Clothing and Personal Care
7. Education

Food Frugality Index

Food Frugality Index, Base=100 (September 2022)



Key Takeaways

- Food frugality index eased during the holiday period (December) in most of the countries (except KSA).
- Frugality is on the rise for countries where food inflation appears to be rising, for example Australia and the UK.
- Consumers in UAE and Saudi Arabia exhibit sinusoidal behavior in terms of food frugality.
- As the level of inflation is low in these two Middle Eastern countries, their frugality index is lower than the global average.
- Consumers in the Middle East also appears to be conscious in terms of reducing food waste by limiting unnecessary purchases.

Underlying Food Frugality Index Behaviors

Tradeoffs



Purchasing lower cost meats or cuts

18%

17%



Purchased mostly store brands

18%

18%



Purchased low-cost ingredients

16%

18%



Saving by reducing at home food waste

36%

33%



Only buying essentials

26%

24%



Buying less than wanted

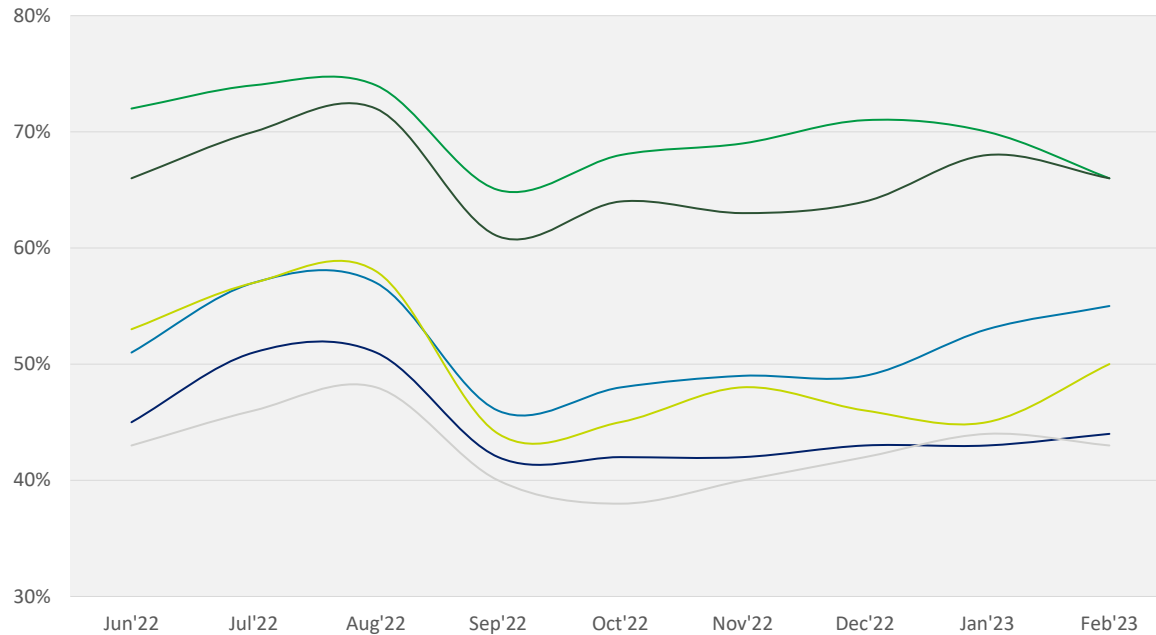
14%

17%

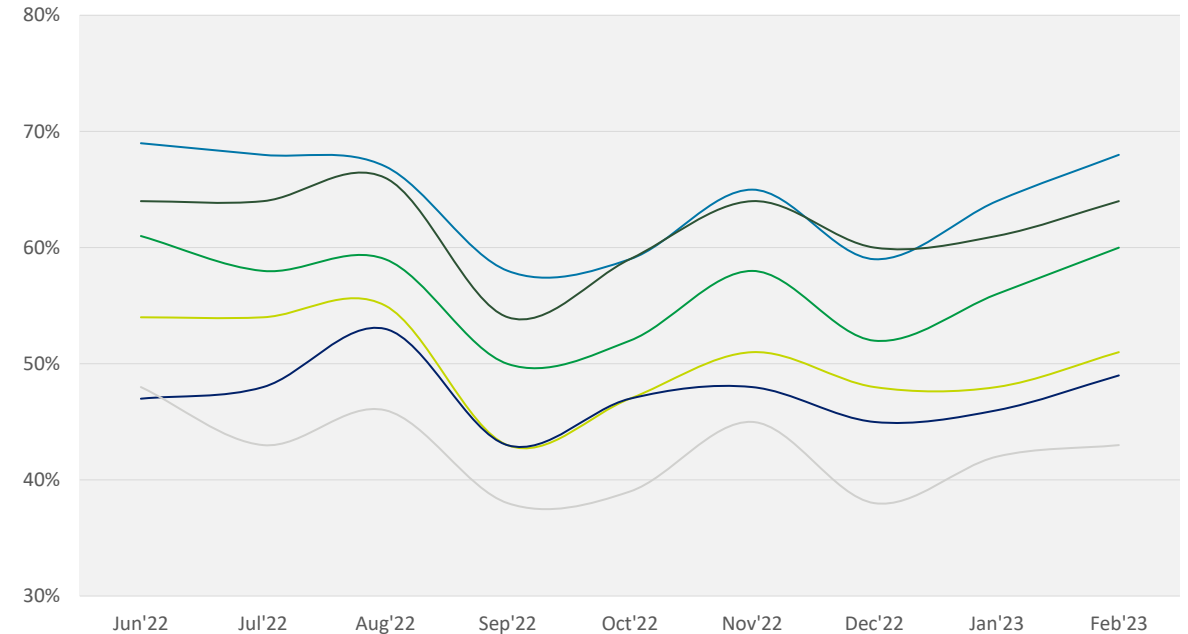
Leisure travel intentions

% that plan to book within the next 3 months

UAE



KSA



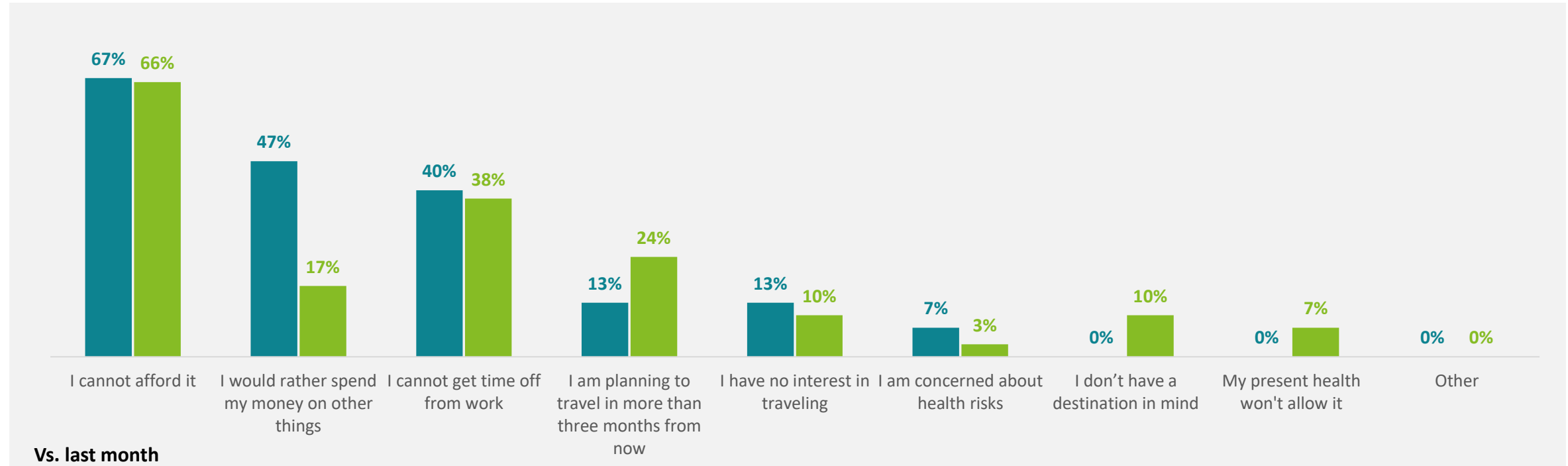
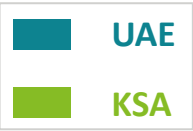
Domestic Flight International Flight Hotel Private Accommodation Car Rental Cruise

Key Takeaways

- Leisure travel intention moved up considerably in the KSA. While UAE exhibits mixed picture as domestic flight, private accommodation and car rental witnessed increased demand; whereas, the demand for international flight, hotels and cruise slowed down.

Reasons for not travelling

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



Vs. last month

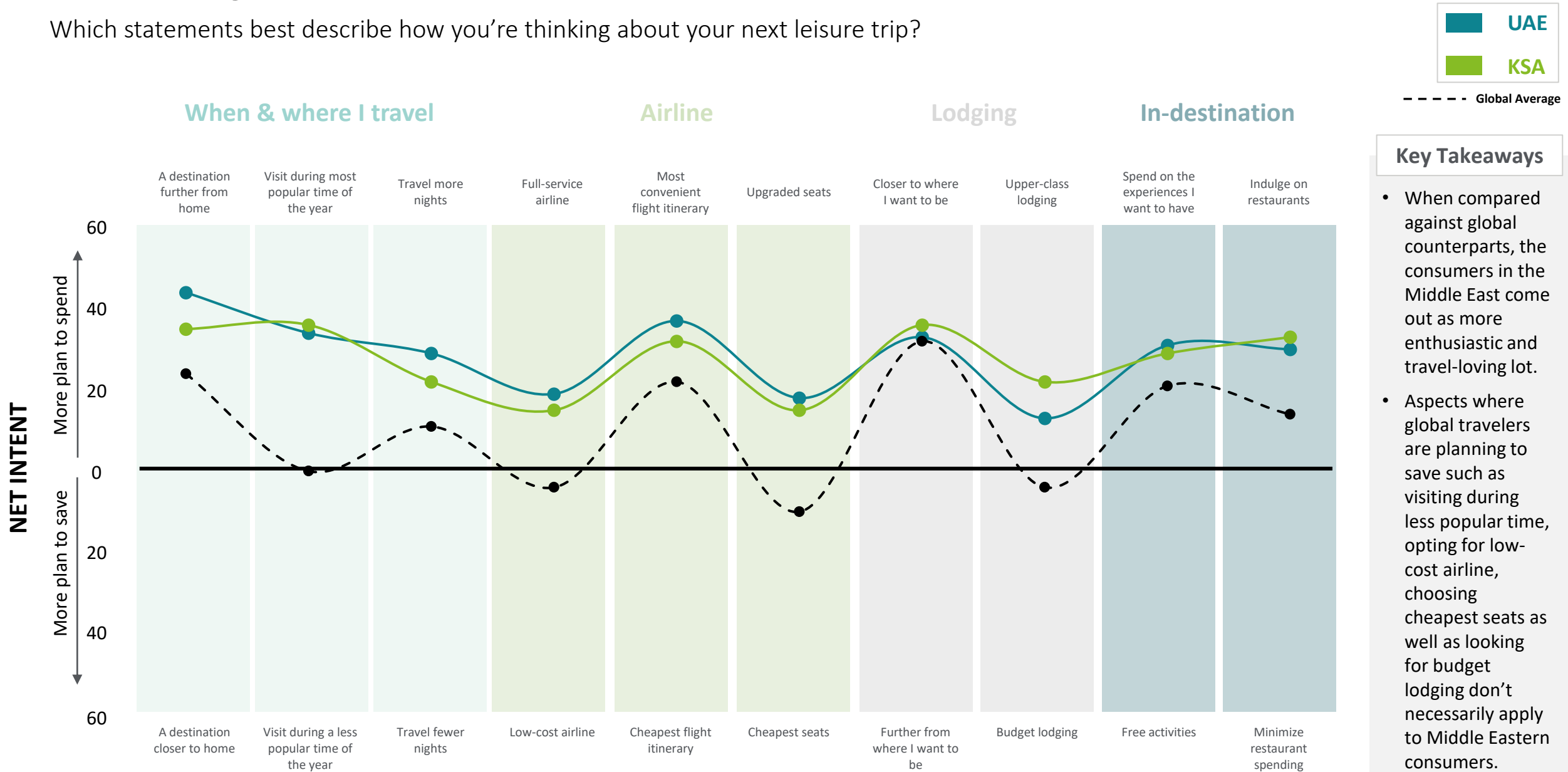
UAE	-1	+8	+1	-3	0	+7	-3	-3	0
KSA	-8	-7	+12	+4	+15	0	+4	+1	-3

Key Takeaways

- In UAE and KSA, affordability comes out as the biggest hinderance to consumer's ability to travel and it has slightly decreased this month compared to the last.
- 4 in 10 consumers from both UAE and KSA mentioned that their inability to get time off from work is the reason for them not able to go on leisure travel and this proportion has increased compared to last month.

Travel Planning (Net intent)

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

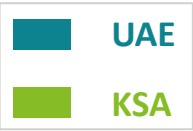


Key Takeaways

- 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.

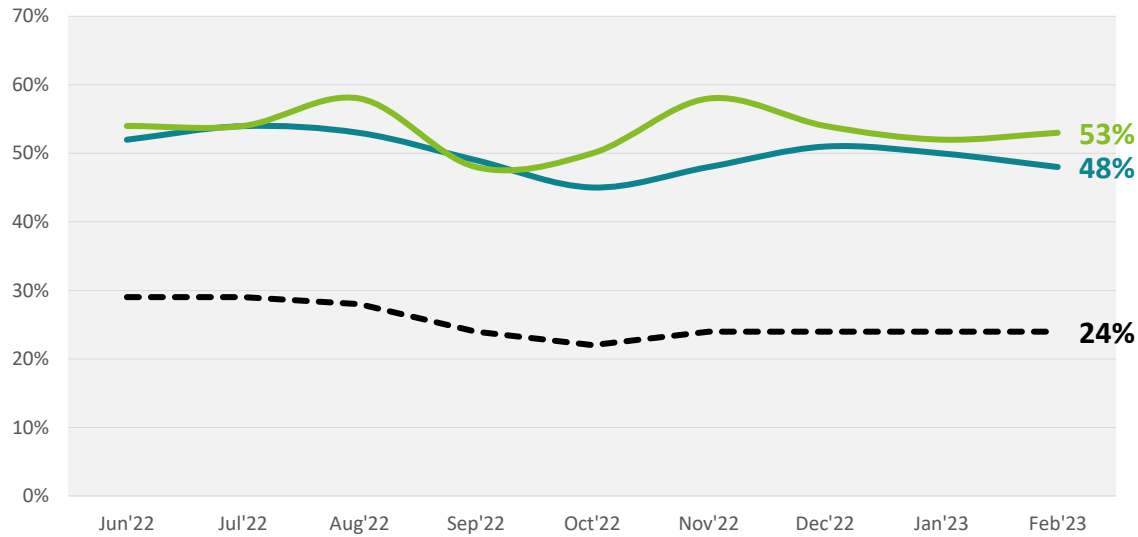
Vehicle Purchasing Intent

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

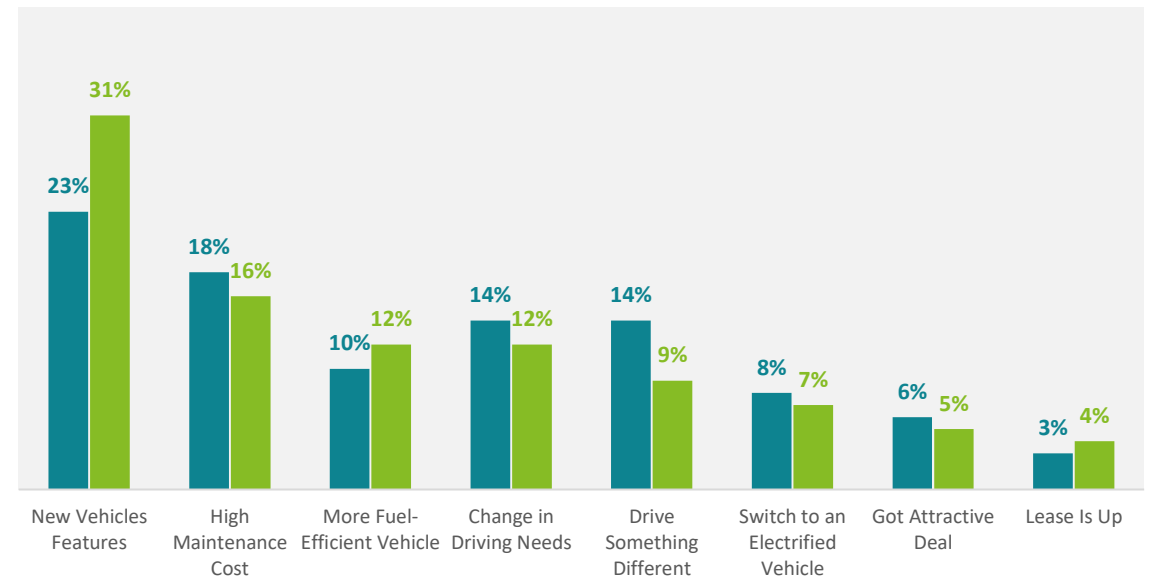


--- Global Average

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 53% Saudi and 48% UAE consumers planning to purchase new vehicle)

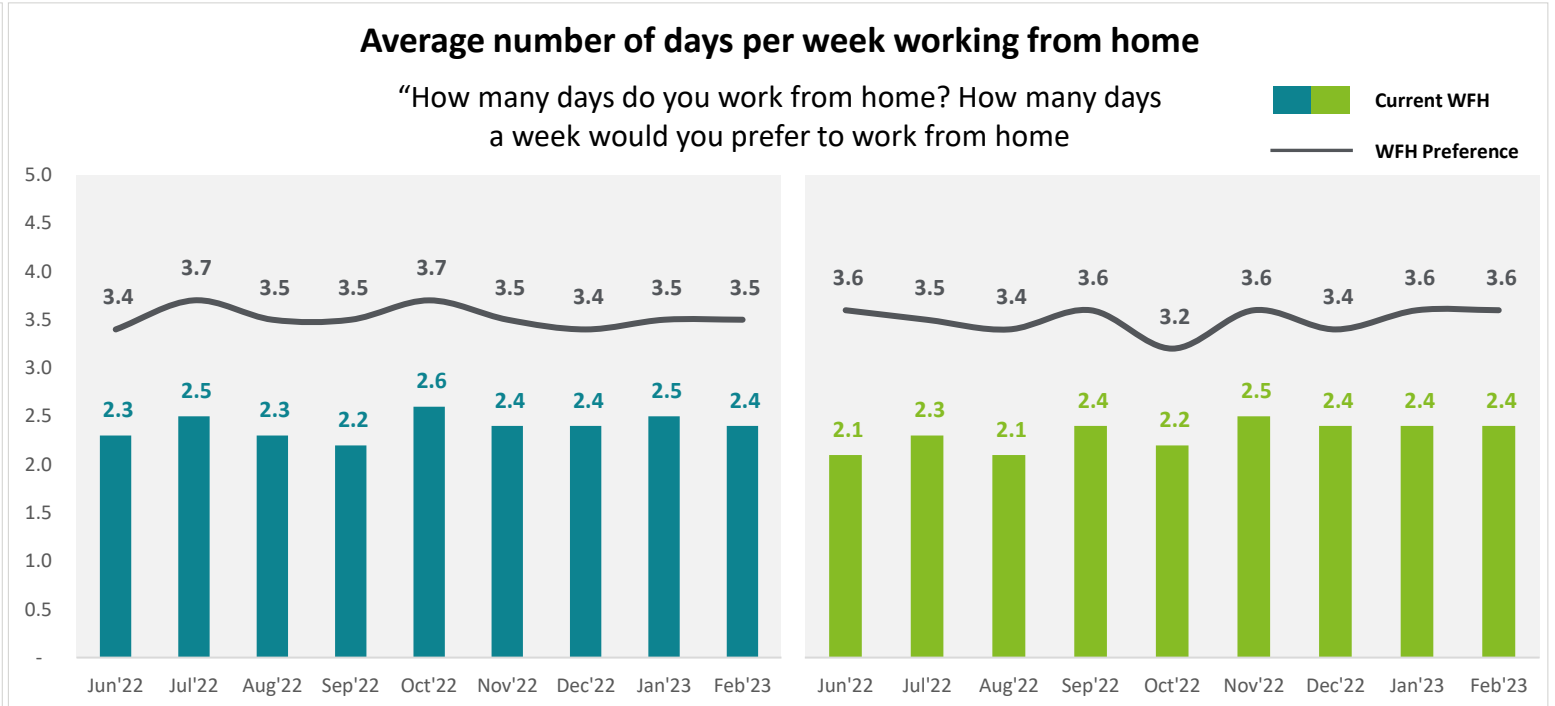
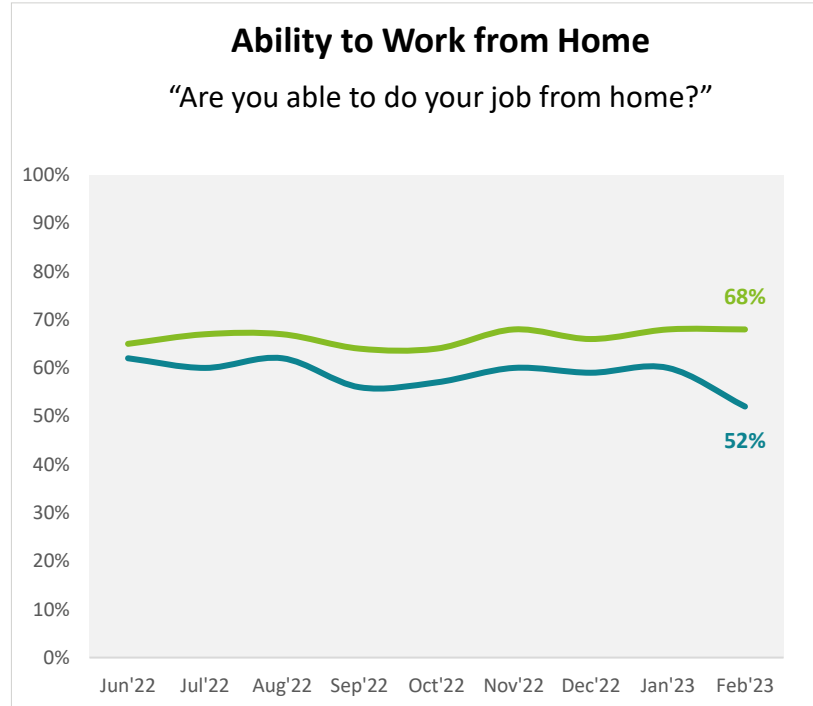
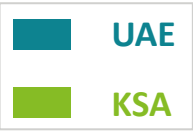


Key Takeaways

- Vehicle purchasing intent (VPI) slightly decreased in UAE and marginally increased in KSA compared to last month. The global average intent has remained at the same level for last 4 months.
- 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.
- 1 in 10 consumer is planning to switch to an EV in the region.

Work from Home situation

Among respondents able to do their job from home



Key Takeaways

- Number of employees with an ability to work from home has greatly reduced in the UAE compared to previous month, while it has remained at the same level for Saudi Arabian workers.
- 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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