



Global State of the Consumer Tracker  
Middle East Highlights

May 2023

# Top Takeaways

Global Wave 42

April 20 – April 26, 2023

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## Discretionary spending intentions see a slight boost – driven by leisure travel and approaching summer season

### Financial wellbeing signals stability

Despite recession warnings, prolonged inflation concerns, and recent volatility in the banking sector, financial wellbeing sentiment has remained steady in recent months, even showing a few optimistic signs. Slightly fewer feel their financial situations are worsening, and slightly more are optimistic about their financial futures.

The Middle East can be considered slightly advanced in this regard as the inflation did not really affect consumer's pockets as far as the UAE and Saudi Arabia (the 2 Middle Eastern countries in our study) are concerned.

### Replenishing savings

While financial wellbeing sentiment holds steady, the percentage of respondents concerned about savings (45%) remains elevated. The concern is likely weighing on spending decisions. Since September, saving intentions have outperformed spending intentions across several categories, including clothing, personal care, and recreation & entertainment.

### Prioritizing leisure travel

Consumers aren't signaling intentions to pull back everywhere. On the contrary, spending intentions for leisure travel are spiking as the summer season approaches, providing a healthy sign of spending confidence.

### Sentiment within sectors:

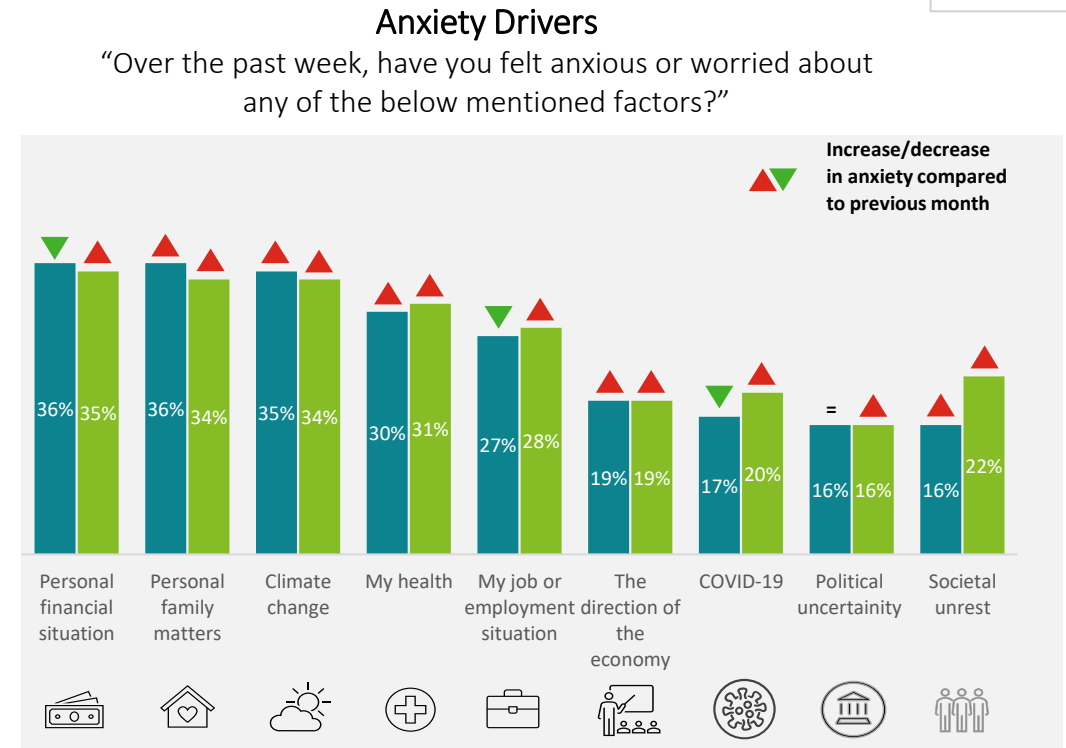
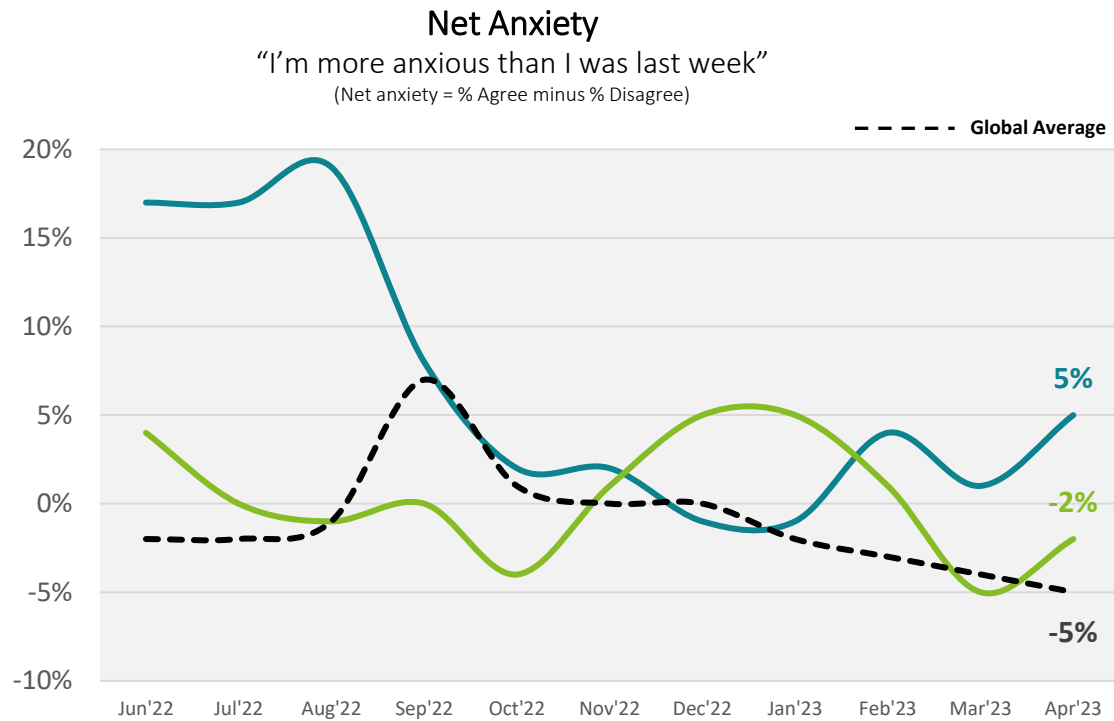
**Retail & Consumer Products:** Countries are signaling varying levels of stress at the grocery store. While the global Food Frugality Index (FFI) trendline generally remains steady, countries like the United States are hitting new highs. In the Middle East, the FFI is on lower side and is trending downwards (see slide 8).

**Travel & Hospitality:** Leisure travel booking intentions are rising ahead of peak season. The percentage of respondents planning to book hotel and car rental are down slightly year-on-year—while domestic and international flights are even. In the Middle, the picture is slightly mixed as UAE consumers seem to have started planning their summer travel; while Saudi Arabian consumers have still not (see slide 9).

**Automotive:** Vehicle purchase intentions show slight improvement since October 2022. The long-term trendline, however, remains subdued and points to softening demand. 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

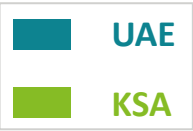


### Key Takeaways

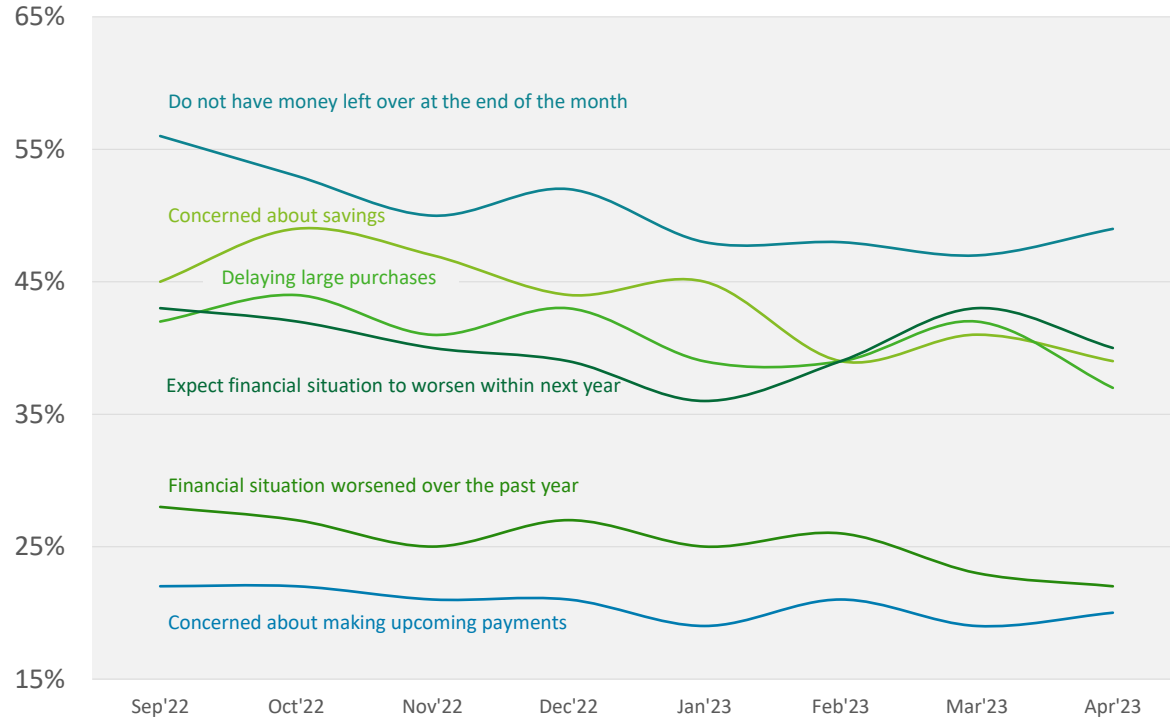
- Level of anxiety in both UAE and KSA witnessed an increase compared to previous month. The level of anxiety in Saudi Arabia spiked across all the parameters after reaching nadir in the last month; however, the number of consumers that are less anxious still outnumber those that are more anxious in the Kingdom.
- The major drivers of anxiety such as personal family matters, climate change, health, etc. have all seen increase compared to last month which has resulted in the overall spiking of the anxiety amongst Middle Eastern consumers. In the UAE, the concern for financial situation has slightly lowered, however it couldn't offset the overall increase in the level of anxiety among consumers in the UAE.
- The anxiety induced by climate change marginally increased compared to last month as 1 in 3 respondents felt anxious about climate change.

# Financial Wellbeing

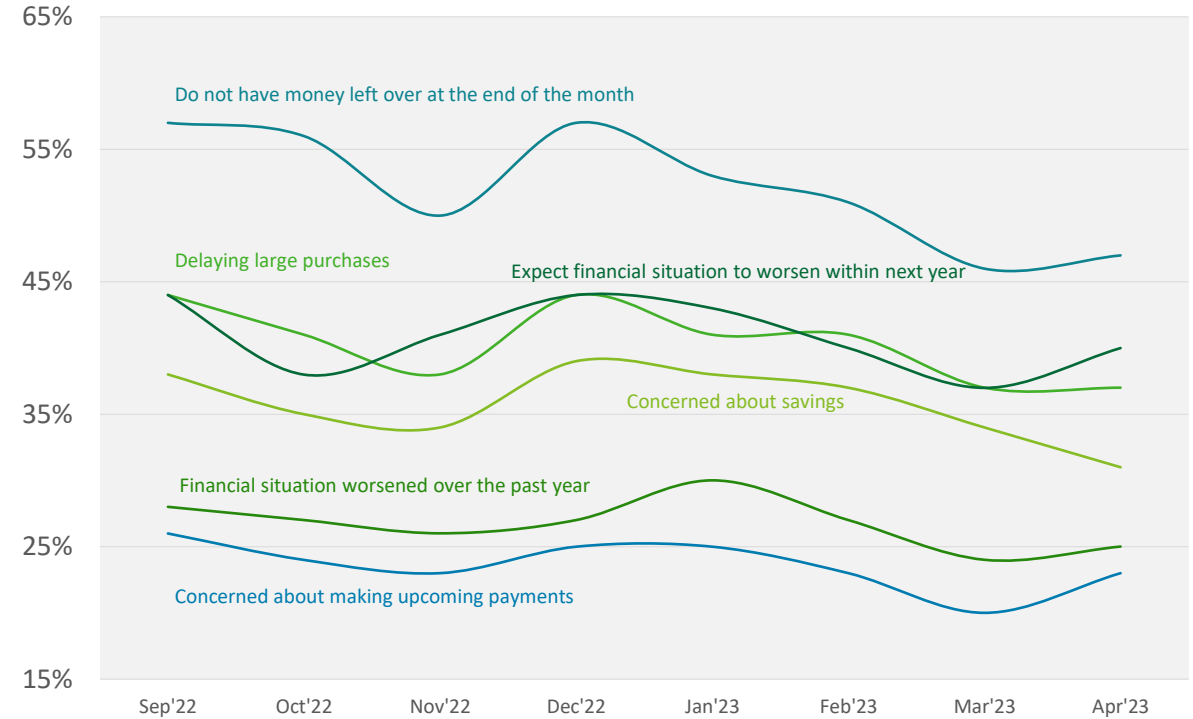
% of respondents



## UAE



## KSA

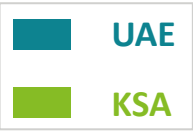


### Key Takeaways

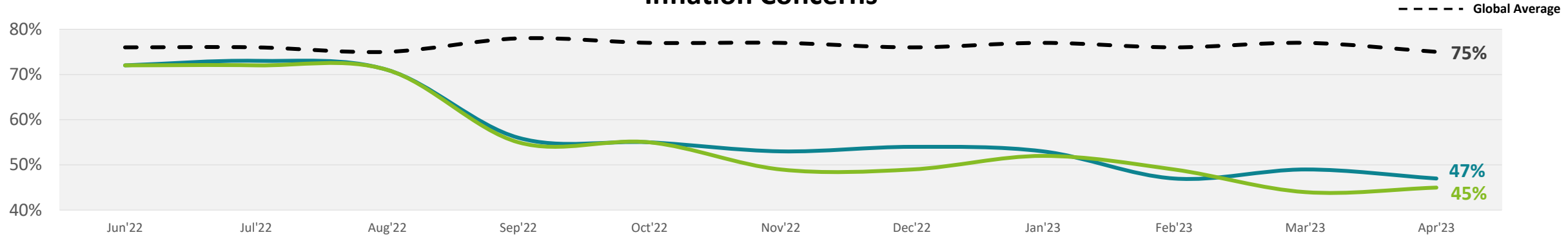
- Financial wellbeing has been steadily improving in the region for last 8 months. However, a hint of discomfort was observed especially among Saudi consumers in terms of having money left, expectations that the financial situation will worsen and concern about making upcoming payments among others.
- The proportion of respondents concerned about their level of savings has gone down from 45% and 38% (in September 2022) to 39% and 31% (in April 2023) among UAE and Saudi consumers respectively indicating a possible inclination towards more spending in coming months.

# Inflation Concerns and Price Perceptions

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

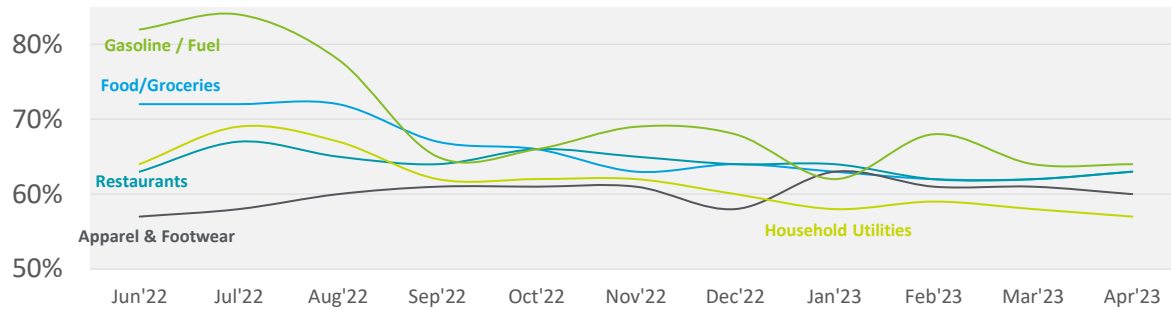


## Inflation Concerns

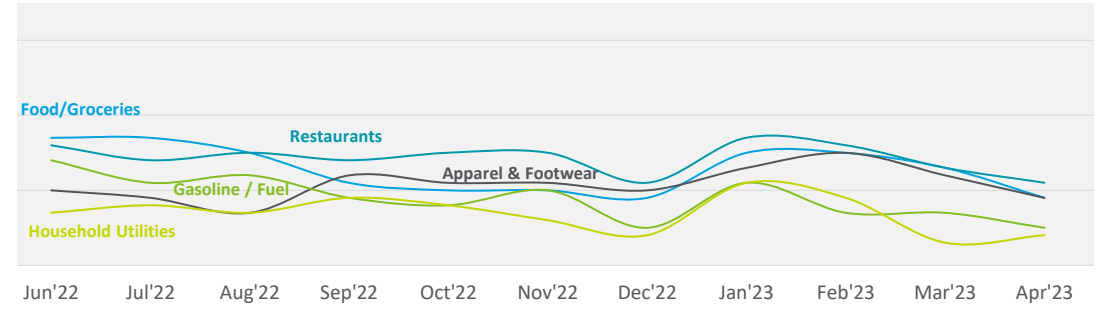


## Price Perceptions

% UAE respondents who expect higher prices next month



% KSA respondents who expect higher prices next month

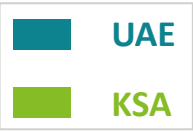


### Key Takeaways

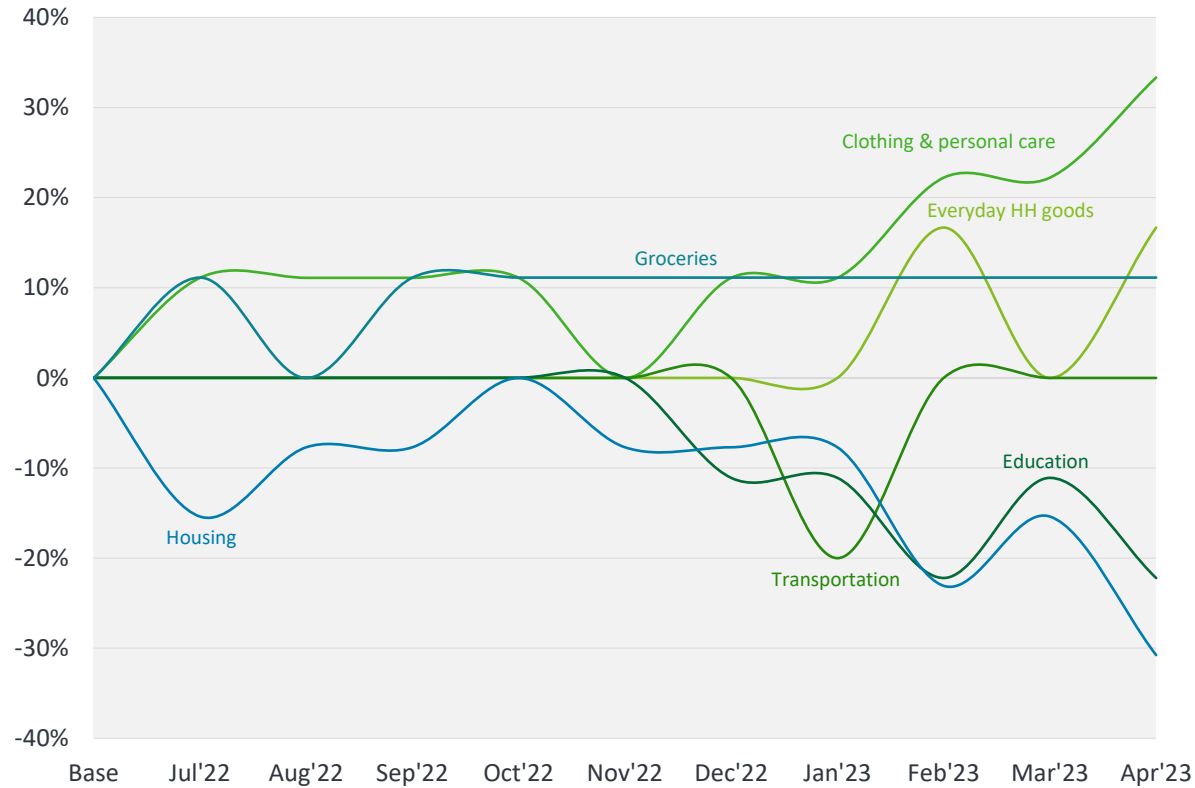
- Concern for inflation as a global average eased slightly. In the KSA, slightly more felt concerned about the inflation driven by expectations that the prices for household utilities might go up. while in the UAE it remained at the same level as that of last.
- The two Middle Eastern countries i.e., KSA and UAE retained their position as the 2<sup>nd</sup> and 3<sup>rd</sup> ranked countries in terms of those least concerned about inflation in our global study of 23 countries.

# Spending Intentions (Less Discretionary Categories)

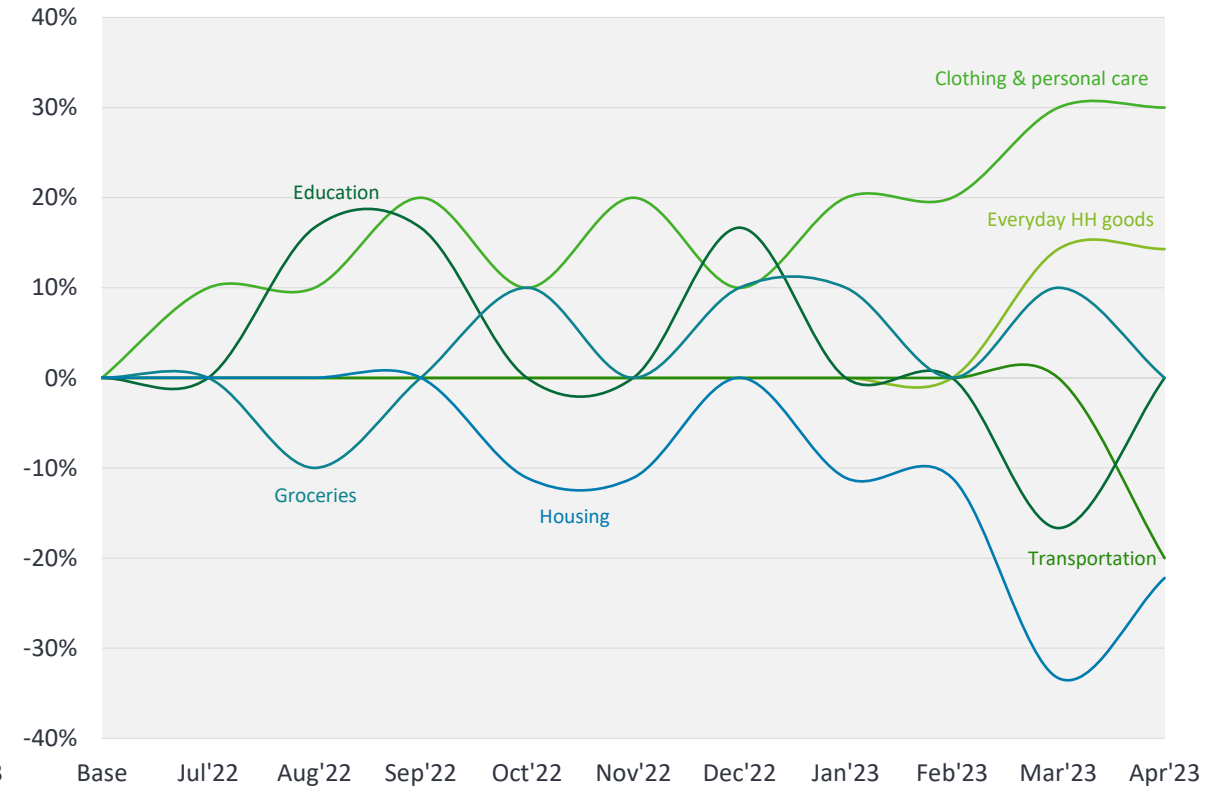
Estimated spending amount, next 4 weeks (% change)



## UAE



## KSA

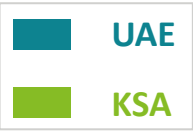


### Key Takeaways

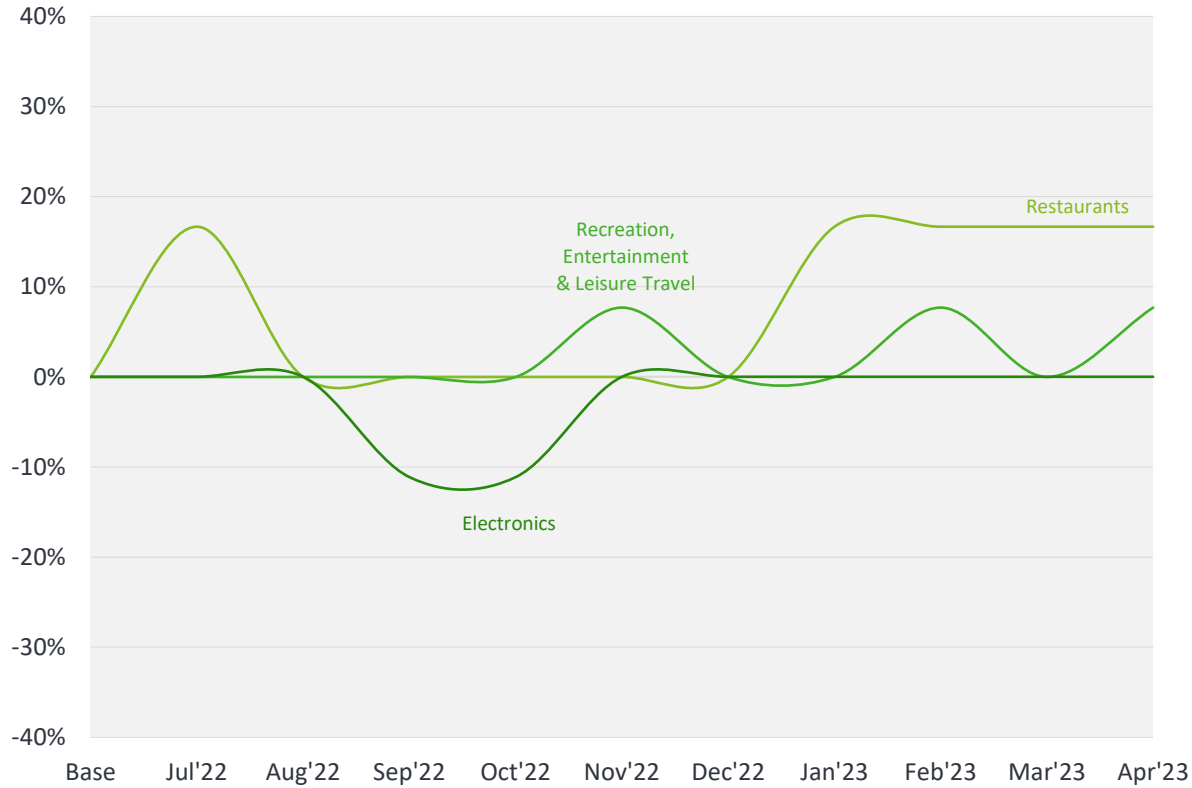
- Spending intentions for clothing and personal care are on an upward trajectory, while that for housing is generally trending downwards except a small uptick in Saudi Arabia in April 2023.
- Spend on groceries is flat in the UAE for last few months and exhibits cyclical behaviour in Saudi Arabia.

# Spending Intentions (More Discretionary Categories)

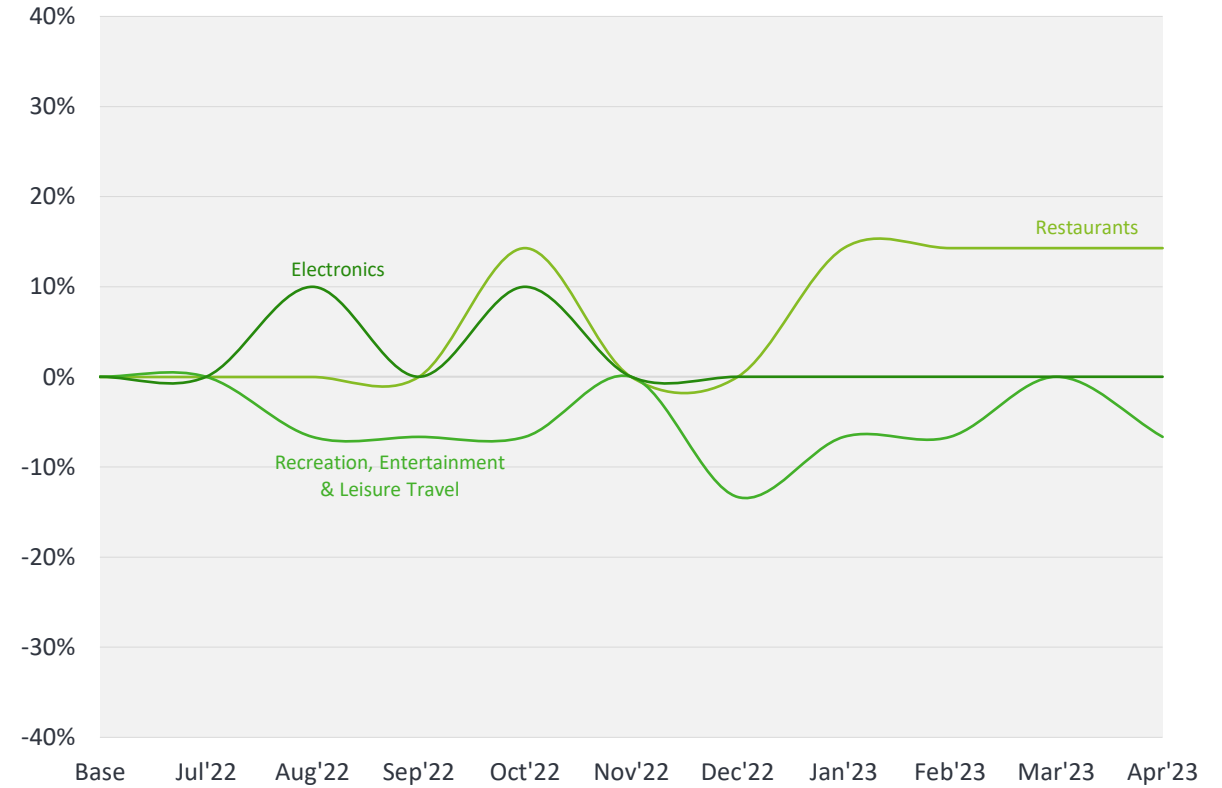
Estimated spending amount, next 4 weeks (% change)



## UAE



## KSA

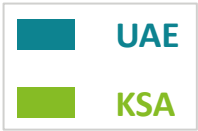
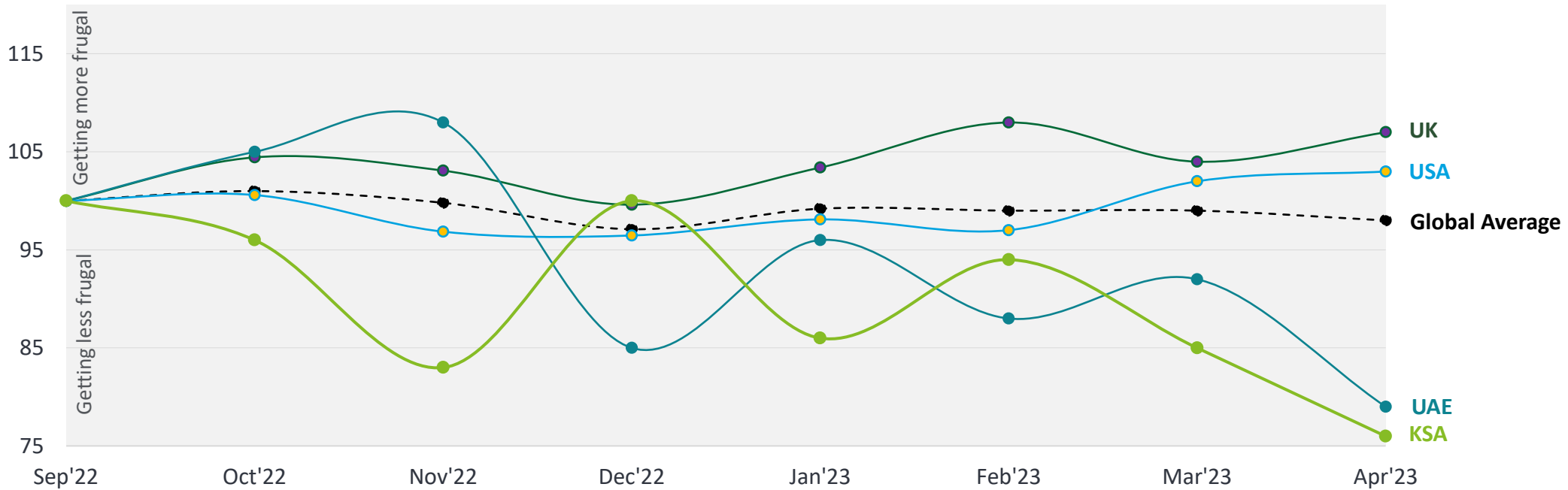


### Key Takeaways

- Consumers in the UAE and KSA are prioritizing their discretionary spending towards restaurants.
- Spend on recreation, entertainment & leisure travel hasn't picked up much from June 2022 levels. However, a recent uptick in UAE can be considered as a sign for increase in spend in coming months. However, the dip for the same measure in the KSA indicates that the 2 markets do not necessarily behave in the same manner.

# Food Frugality Index

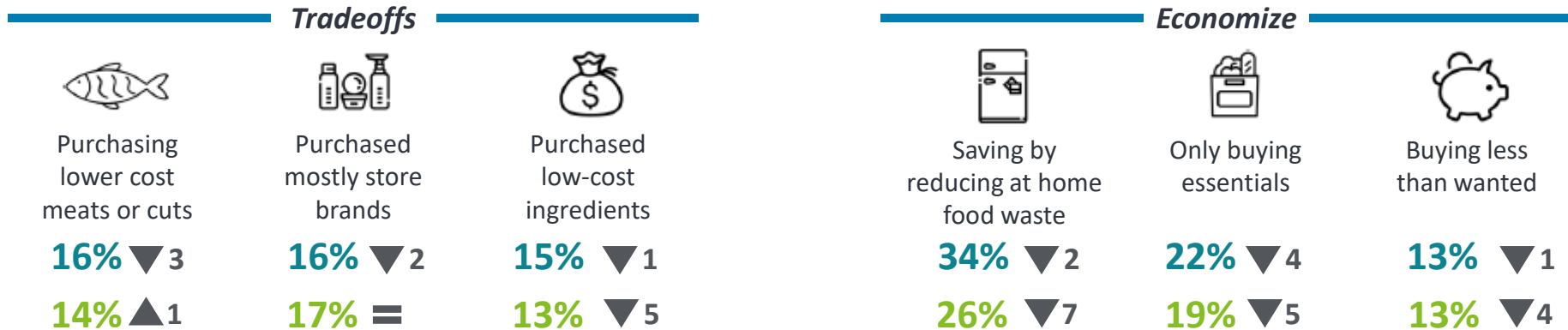
Food Frugality Index, Base=100 (September 2022)



## Key Takeaways

- Global food frugality is holding steady, but the country level frugality differs.
- In the Middle East, the frugality is much lower than the global average due to low levels of inflation and it declined even further in this month.
- Some of the frugal behaviors of Middle Eastern consumers such as reducing the food waste and only buying essentials can be considered as mature and conscious decisions rather than just being the cost-saving initiatives.

## Underlying Food Frugality Index Behaviors

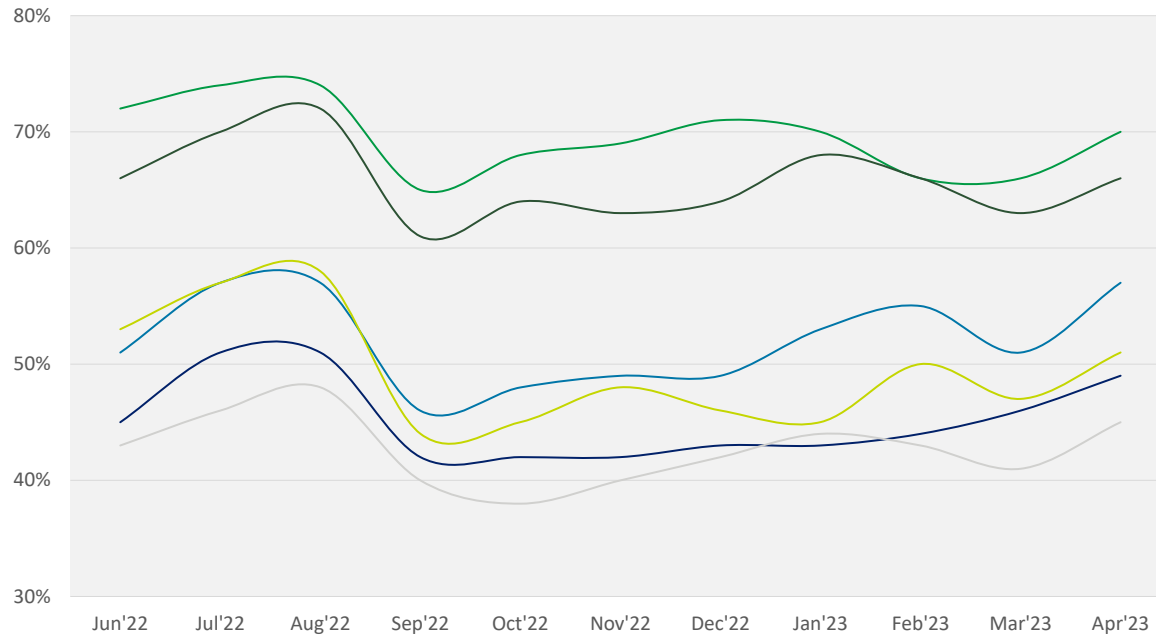




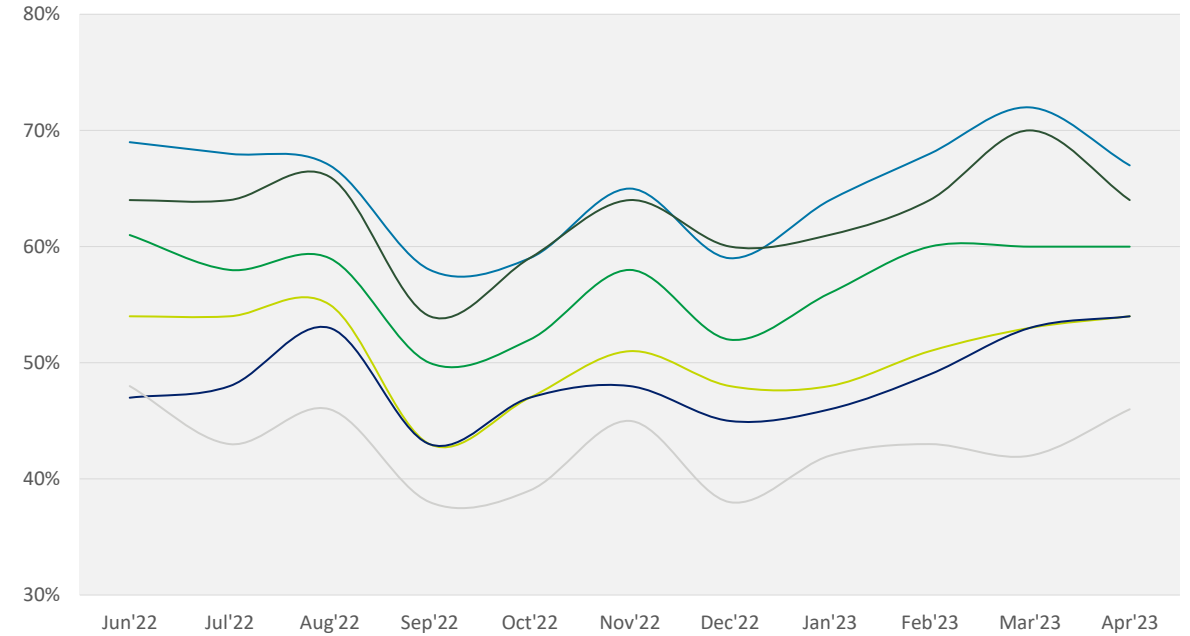
# Leisure travel intentions

% that plan to book within the next 3 months

## UAE



## KSA



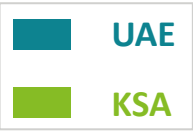
Domestic Flight International Flight Hotel Private Accommodation Car Rental Cruise

### Key Takeaways

- Leisure travel intention started to move upwards in the UAE which could be an indication that people have started planning their summer travels.
- The same cannot be said about Saudi consumers as the intention to book flights or hotels has either come down or remained the same compared to previous month.

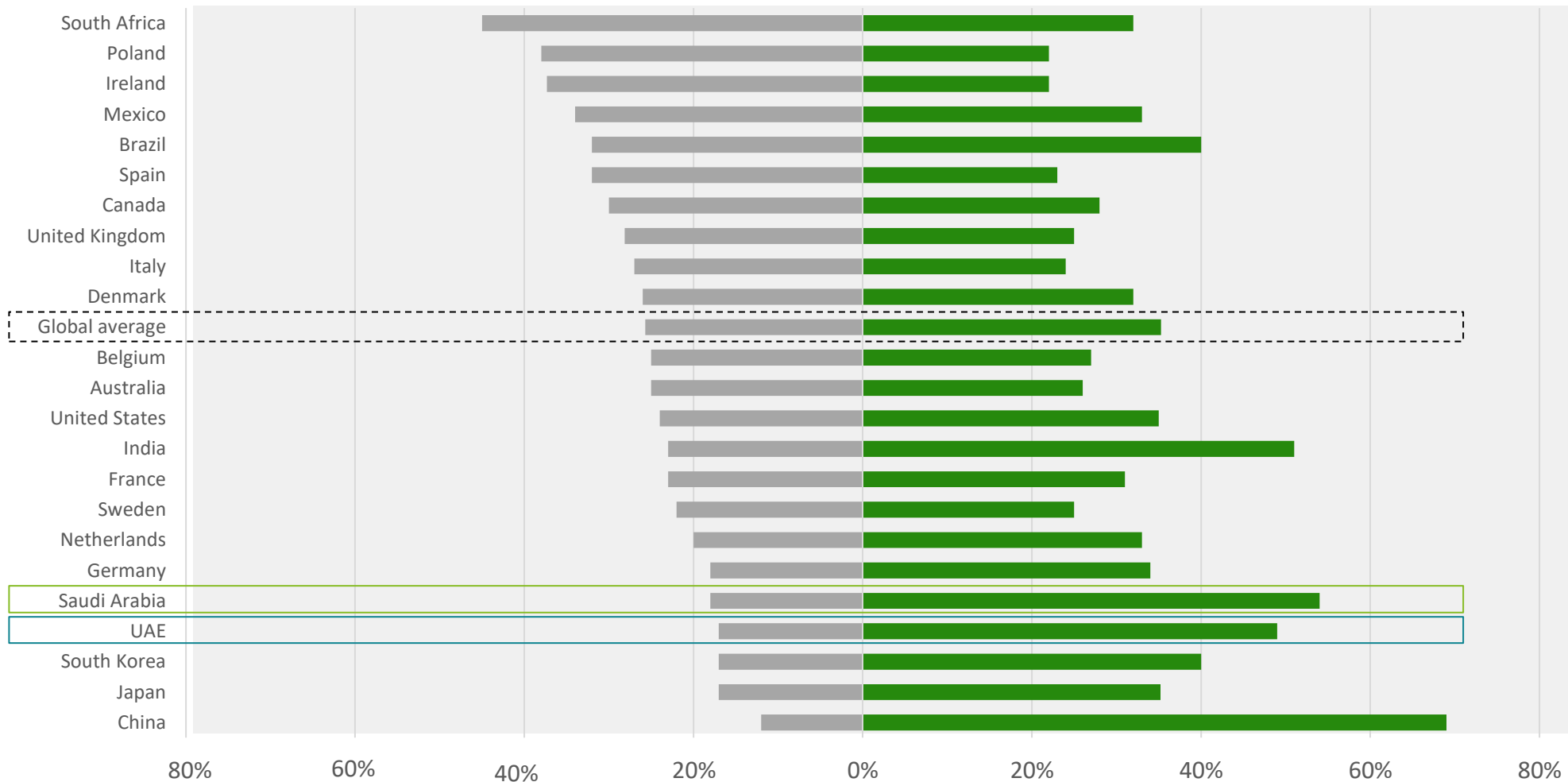
# Travel spending sentiment

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

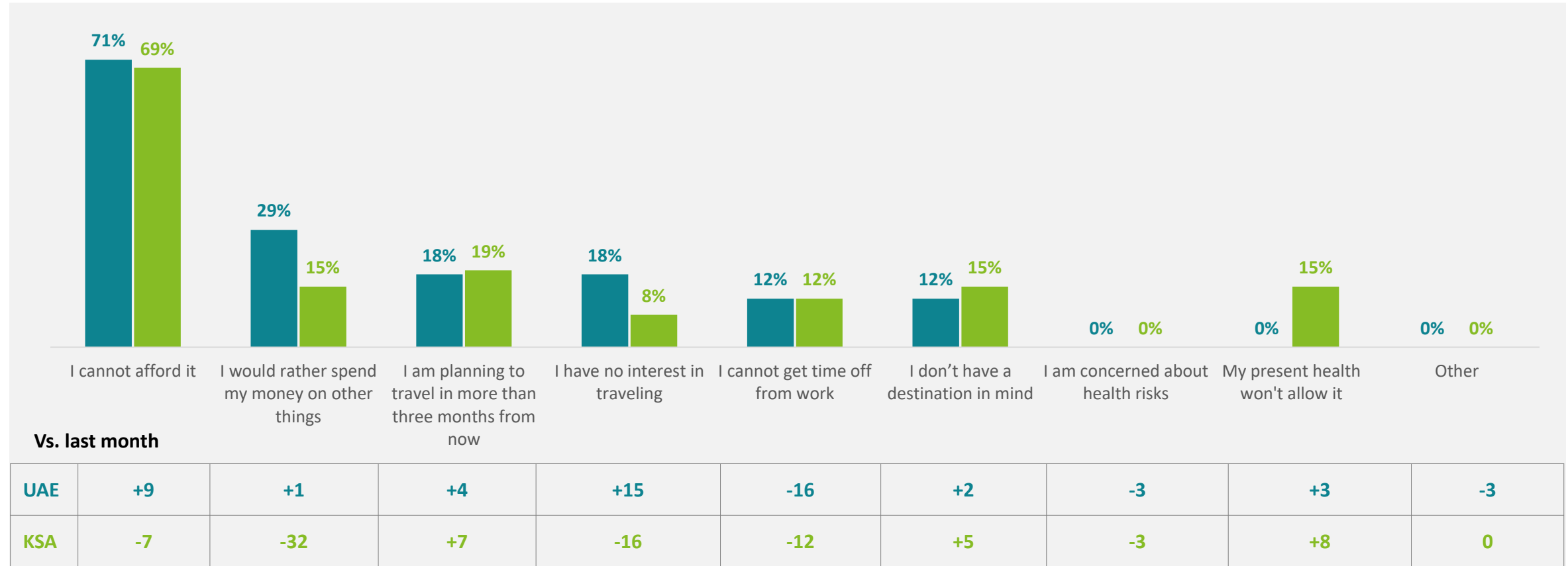
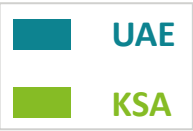


## Key Takeaways

- 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.
- UAE and Saudi Arabia ranked 4<sup>th</sup> and 5<sup>th</sup> respectively in terms of consumers that are least bothered about sacrificing travel preferences to save money.

# Reasons for not travelling

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

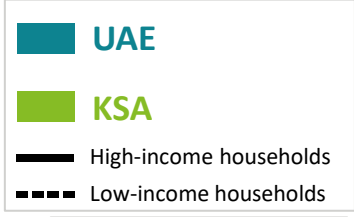
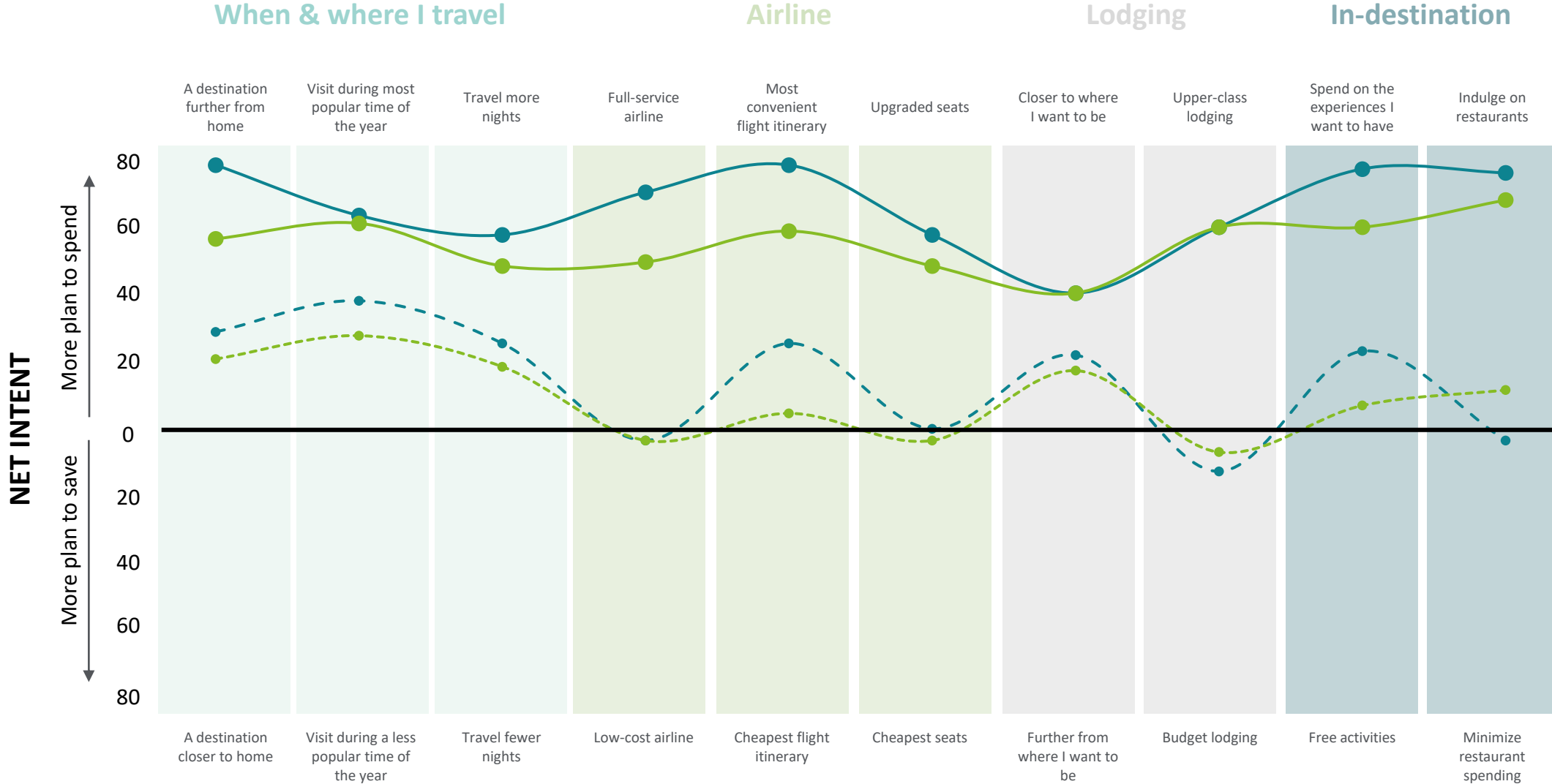


## Key Takeaways

- In UAE and KSA, affordability continues to be the biggest hinderance to consumer’s ability to travel and it has increased in the UAE and decreased in the KSA for this month compared to the last.
- Every 1 in 5 consumer unwilling to travel has indicated that he/she is planning to travel in more than 3 months from now, indicating pent up demand for travel in near future, probably during the summer.

# Travel Planning (Net intent)

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

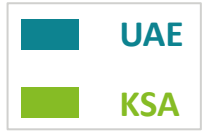


## Key Takeaways

- There exists differences between plans to spend and plans to save amongst low- and high-income households.
- However, the difference is not uniform across all categories. E.g., high-income households are likely to opt for full-service airline and low-income households will not; but both categories would want there stay to be closer to the main attraction.

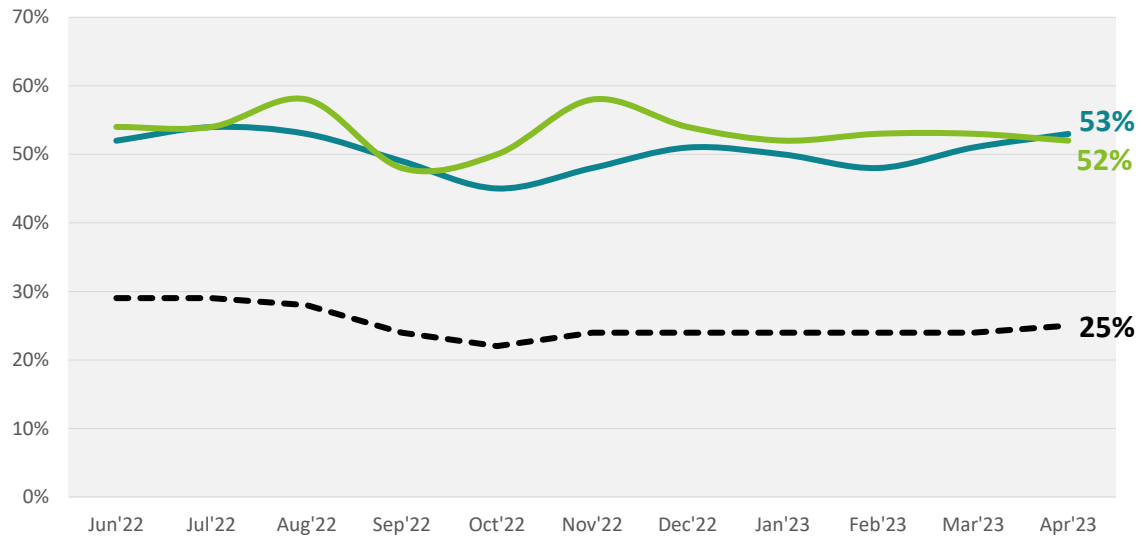
# Vehicle Purchasing Intent

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

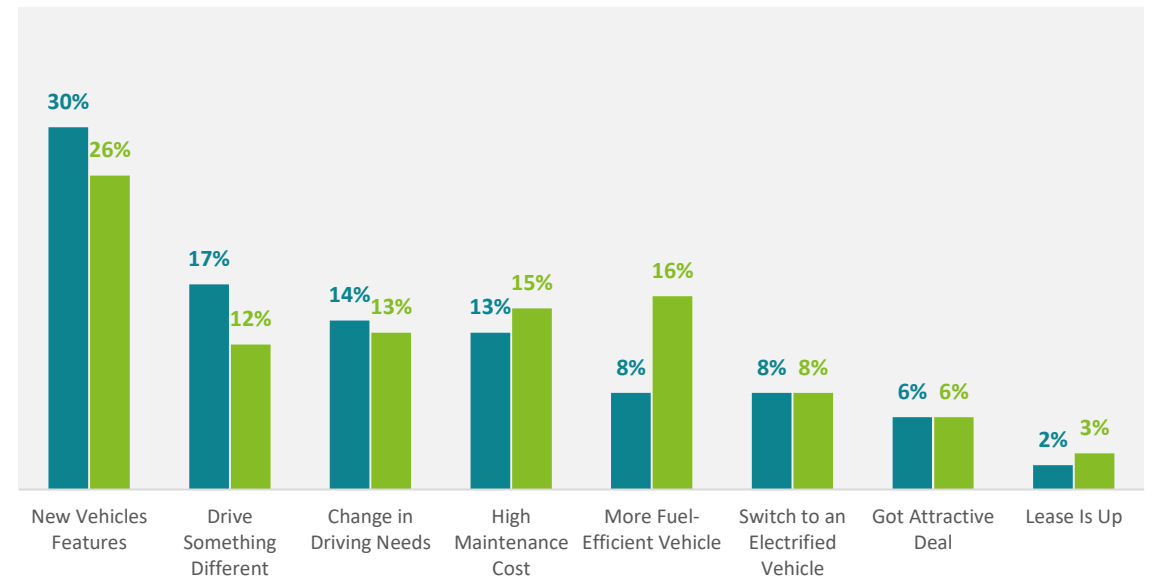


--- Global Average

**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 53% UAE consumers planning to purchase new vehicle)

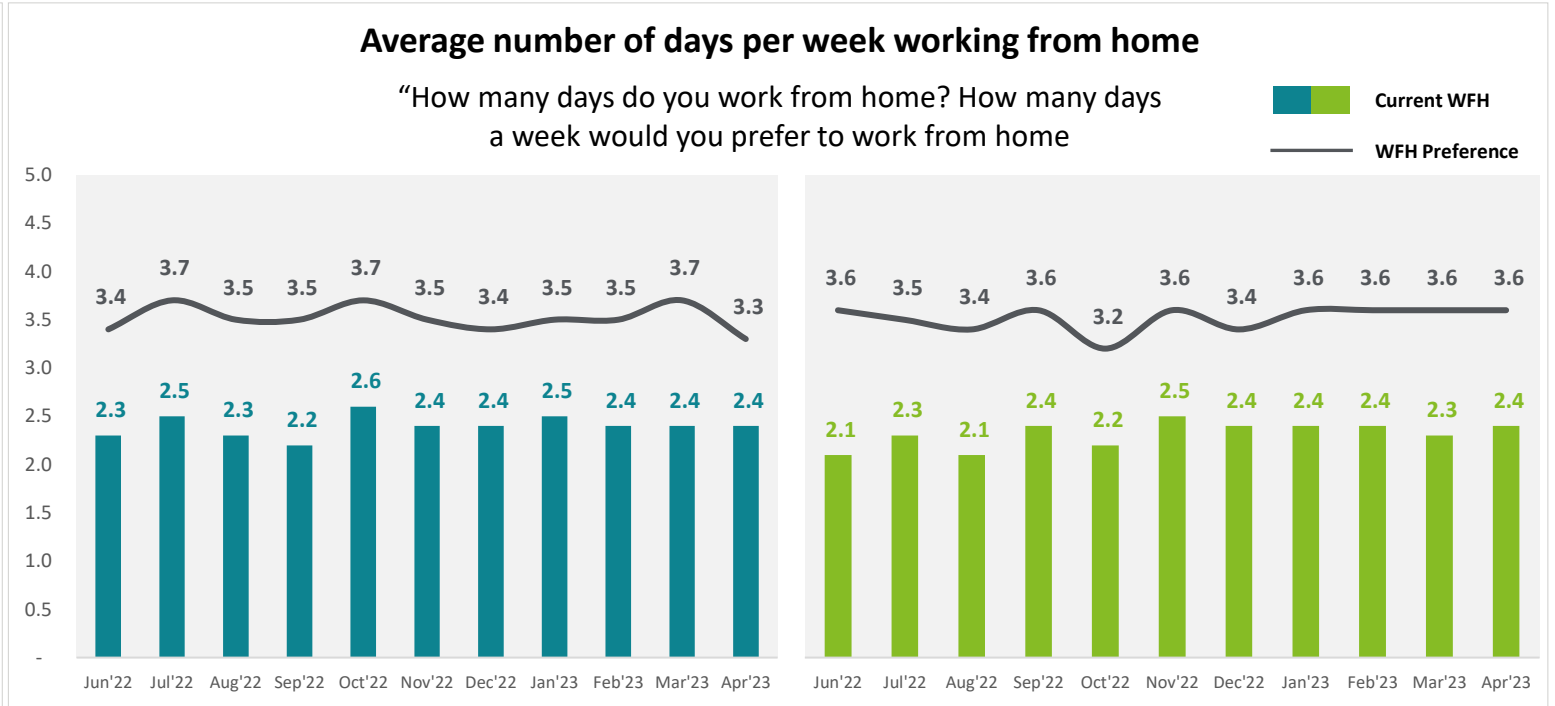
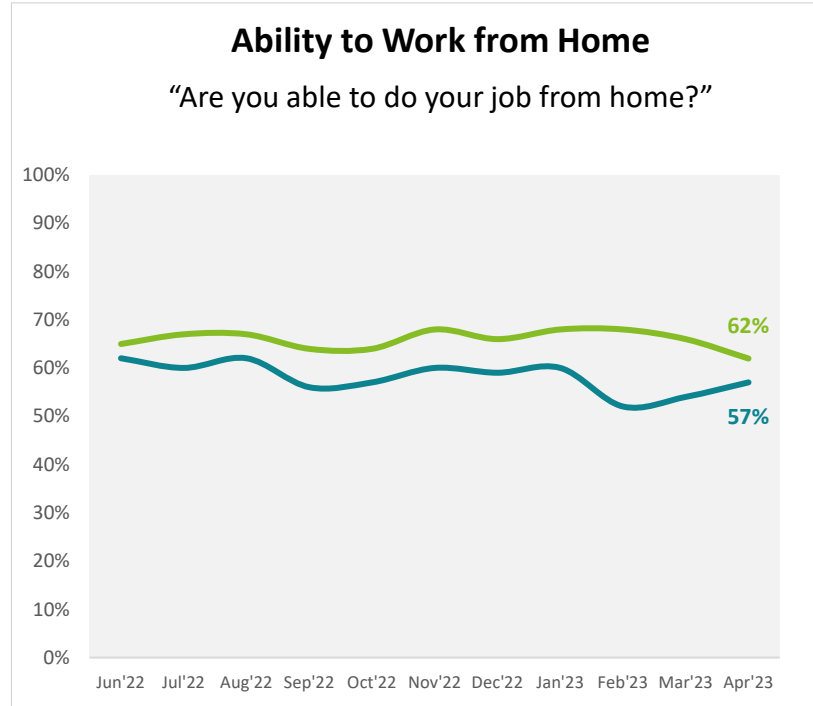
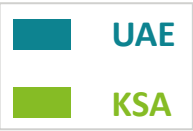


## Key Takeaways

- Vehicle purchasing intent (VPI) is on a rising trend in the UAE for last couple of months while it marginally declined in KSA as compared to last month. The global average intent has also seen a slight increase in this month bucking the trend of sluggishness.
- Features/specs continues to be the most enticing factor for consumers in the Middle East to buy new vehicle. Wanting more fuel-efficiency and high maintenance cost of existing vehicle 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 manage the change in their driving needs.
- 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 3 in 5 employees in the UAE and KSA are able to do their job from home.
- 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. While the delta amongst Saudi consumers is at 1.2 days and remained consistent in last few months, the same is about 0.9 days in the UAE and has considerably decreased this month compared to the last.



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