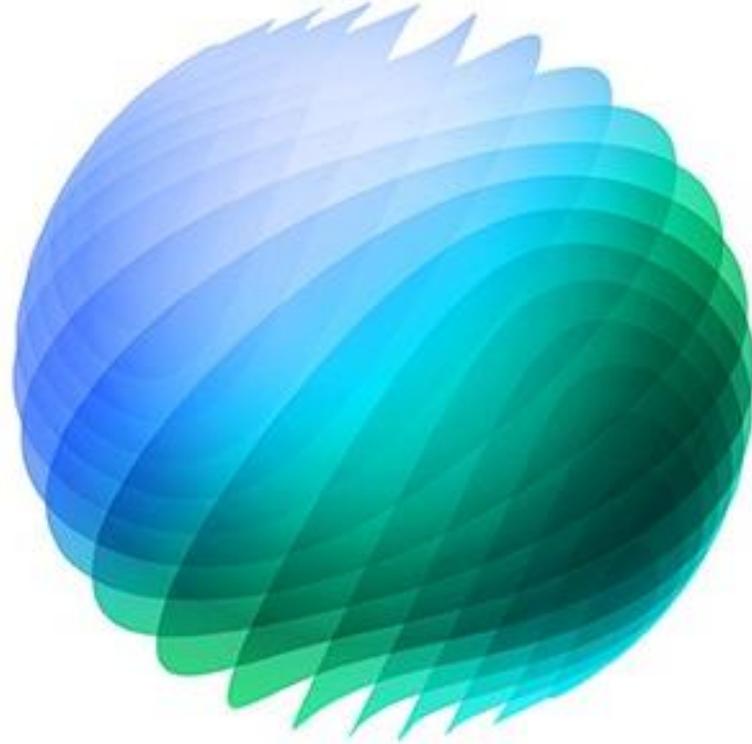


**Deloitte.**



**ConsumerSignals<sup>TM</sup>**

Middle East Highlights: March 2023 – March 2024

# Top Takeaways

**Financial Wellbeing:** Deloitte's Middle East financial well-being index increased slightly from 105.9 in March 2023 to 106.4 in March 2024 and has remained consistently more than 100, reaching its peak at 108.1 in May 2023.

**Spending Intentions:** Mirroring financial well-being, spending intentions continue a slight, long-term uptrend. In the Middle East, nearly a quarter of spending is on recreation, entertainment, leisure travel and restaurants.

**Food Frugality:** Consumers in Saudi Arabia and UAE emerged as ranked 1<sup>st</sup> and 2<sup>nd</sup> in terms of least frugal behavior with respect to their grocery purchases.

**Travel & Hospitality:** In the Middle East, hotel and flight booking intentions remain the top priorities for consumers when it comes to planning their upcoming leisure travel. Choosing the most convenient flight itinerary and spending on in-destination experiences saw highest YoY jump.

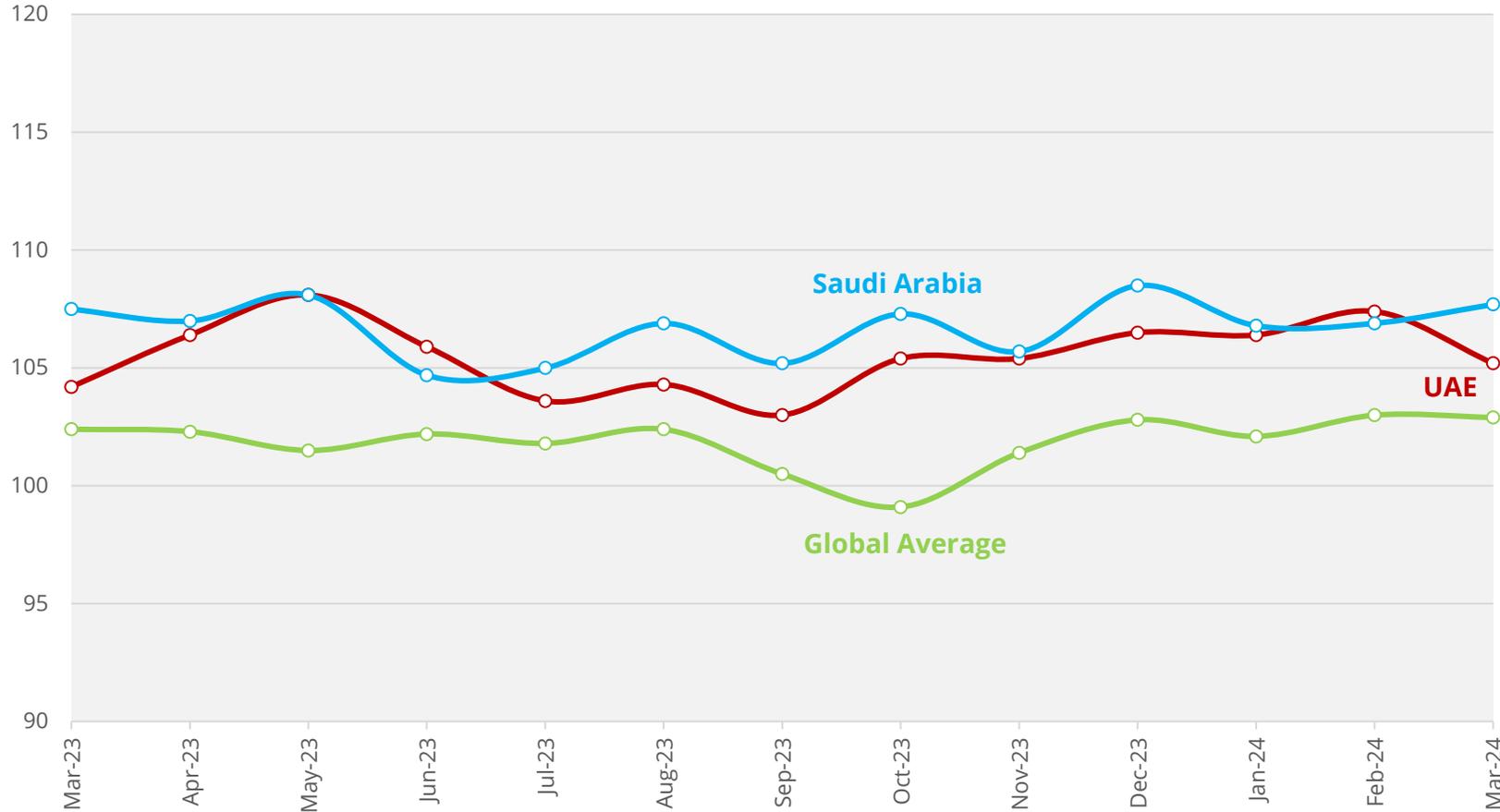
**Vehicle Purchase:** Compared to other global countries, UAE and Saudi Arabia ranks 2<sup>nd</sup> and 3<sup>rd</sup> respectively, only behind India, in terms of consumers planning to buy a car in next 6 months.

# FINANCIAL WELL-BEING INDEX

- **The improvement in financial well-being is observed at global level as well as in the Middle East as the financial turmoil induced due to COVID and Russia-Ukraine war is beginning to come back to normalcy.**
- **European countries witnessed marked improvement as the financial well-being rose from 101.2 to 104.9 in last 12 months.**
- **In the North America, the index grew from 100.2 to 100.5.**
- **APAC region also witnessed marginal improvements in the financial well-being as the index rose from 102.5 to 102.9.**
- **Even as global inflation stabilizes, most remain concerned about rising prices.**
- **Anxiety in the Middle East is a mixed bag with Saudi Arabian consumers' level of anxiety is lower than the global average while that of UAE consumers remain higher.**

# FINANCIAL WELL-BEING INDEX (FWBI)

% concerned about rising prices for everyday purchases



Source: Deloitte ConsumerSignals.

## March 2024

107.7

Saudi Arabia

105.2

UAE

102.9

Global

UAE and Saudi Arabian consumers consistently maintained higher financial well-being index than the global average over the course of last 12 months.

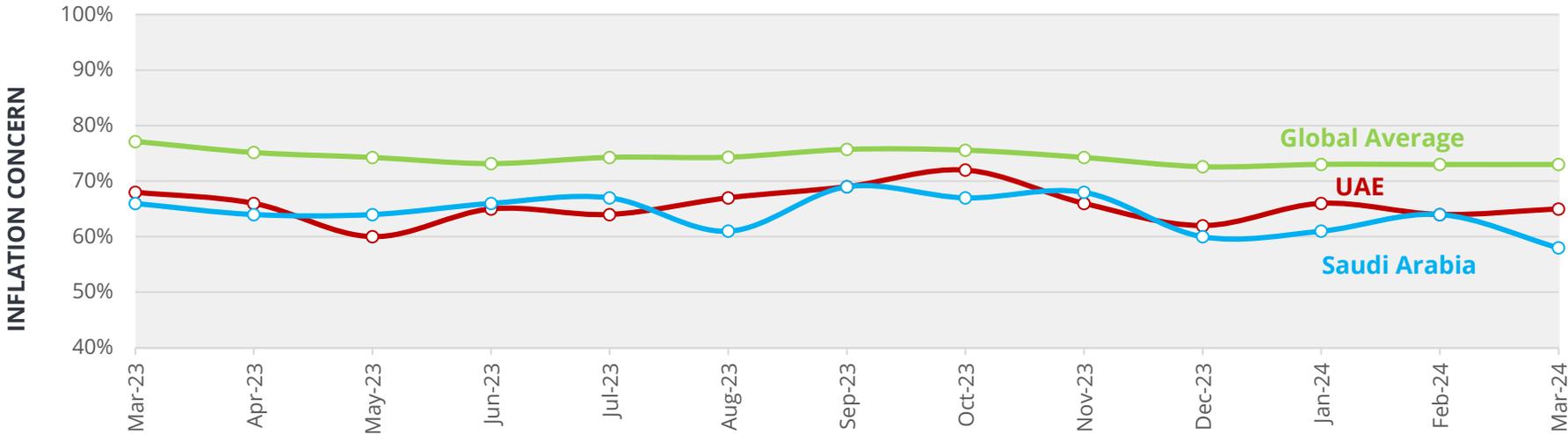
### Underlying Metrics

(% strongly agree/agree/neutral)

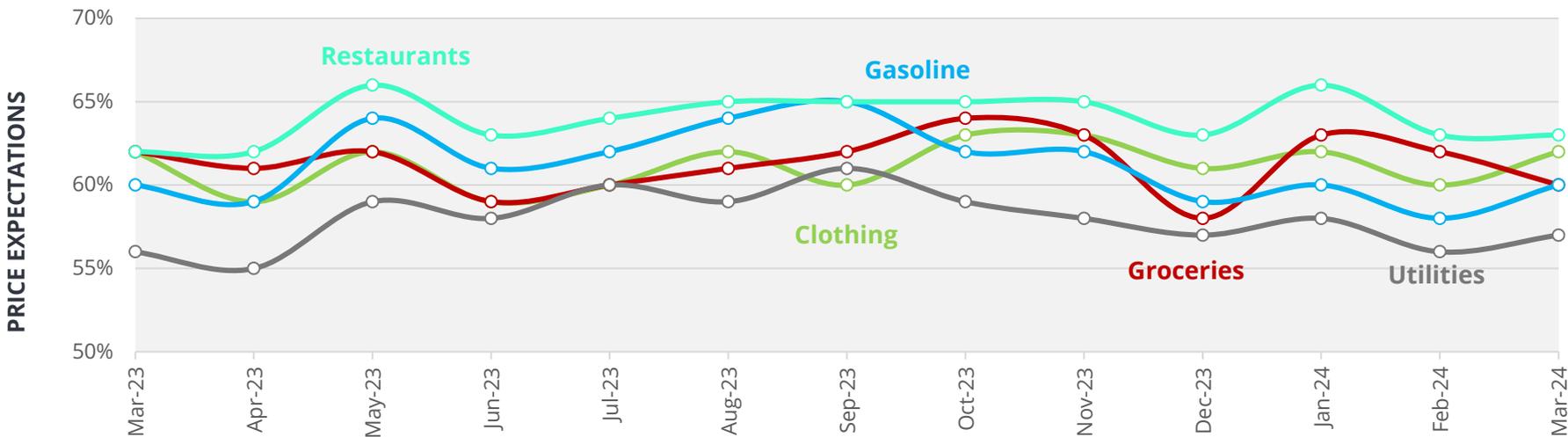
	KSA	UAE	Global
Confident about making upcoming payments	81%	80%	78%
Not delaying large purchases	60%	60%	58%
Have money left over at end of month	57%	54%	46%
Finances same/improved within past year	78%	78%	65%
Comfortable with amount of money in savings	68%	60%	56%
Expect finances to improve within the next year	64%	61%	44%

# INFLATION CONCERN & PRICE EXPECTATIONS

% concerned about rising prices for everyday purchases



% expecting higher prices next month\*



## Global inflation concern remains elevated

But it is lower than where it was a year ago. Inflation concern in Middle East is lower than global average, however 6 in 10 respondents are still concerned about rising prices.

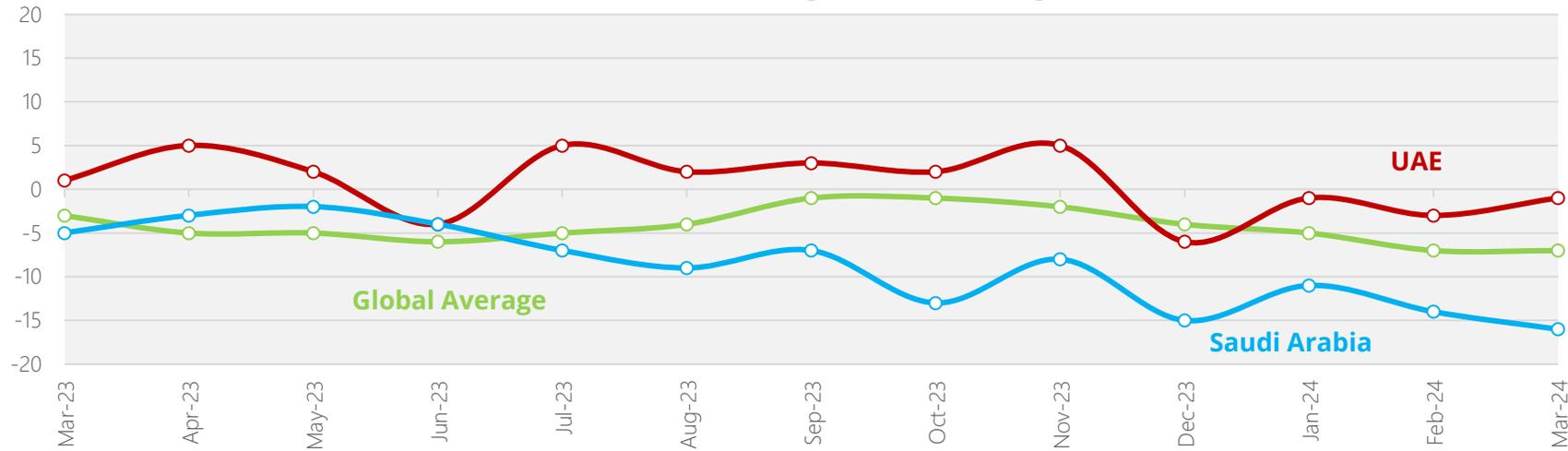
Category-level price expectations showcased cyclical behavior over last 12 months with increasing prices at restaurants as a biggest concern, closely followed by clothing.

**Methodology Note:** Respondents cited their expectations of prices in the upcoming month.

Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

# NET ANXIETY & ANXIETY DRIVERS

I'm more anxious than I was last week (% Agree - % Disagree)

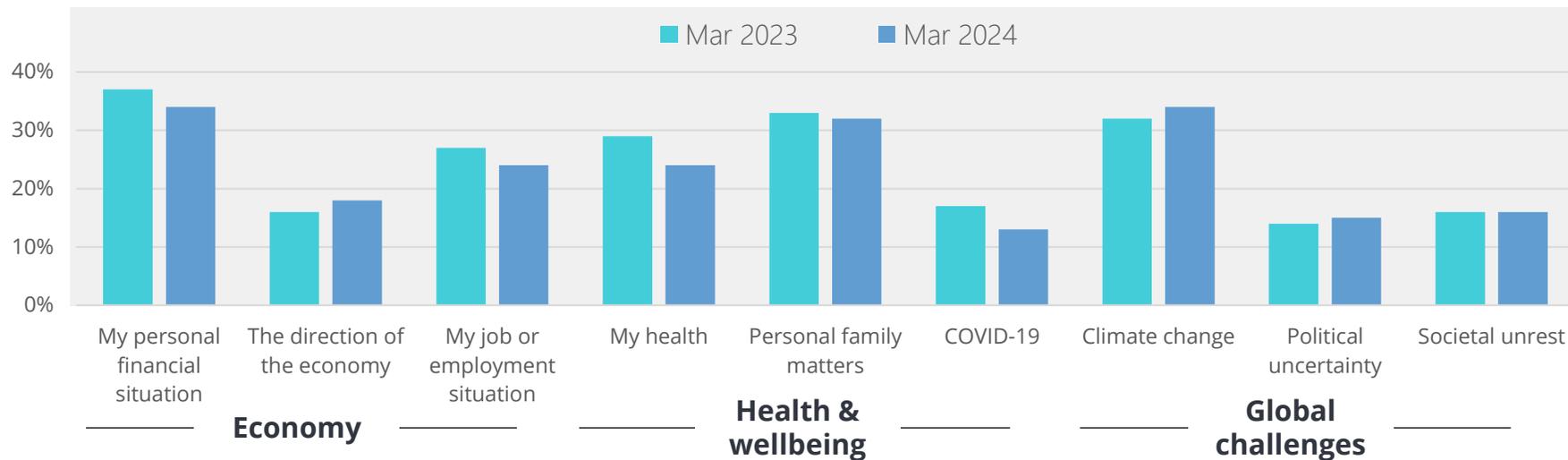


**Saudi Consumers are less anxious than consumers in the UAE as well as global average**

Anxiety in UAE consumers is higher than global average; however, number of respondents mentioning that they are not anxious outnumber the anxious consumers.

Anxiety about the personal financial situation has improved slightly over the past year; anxiety about the climate change concerns has increased.

Have you felt worried about any of the following over the past week?\*



Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

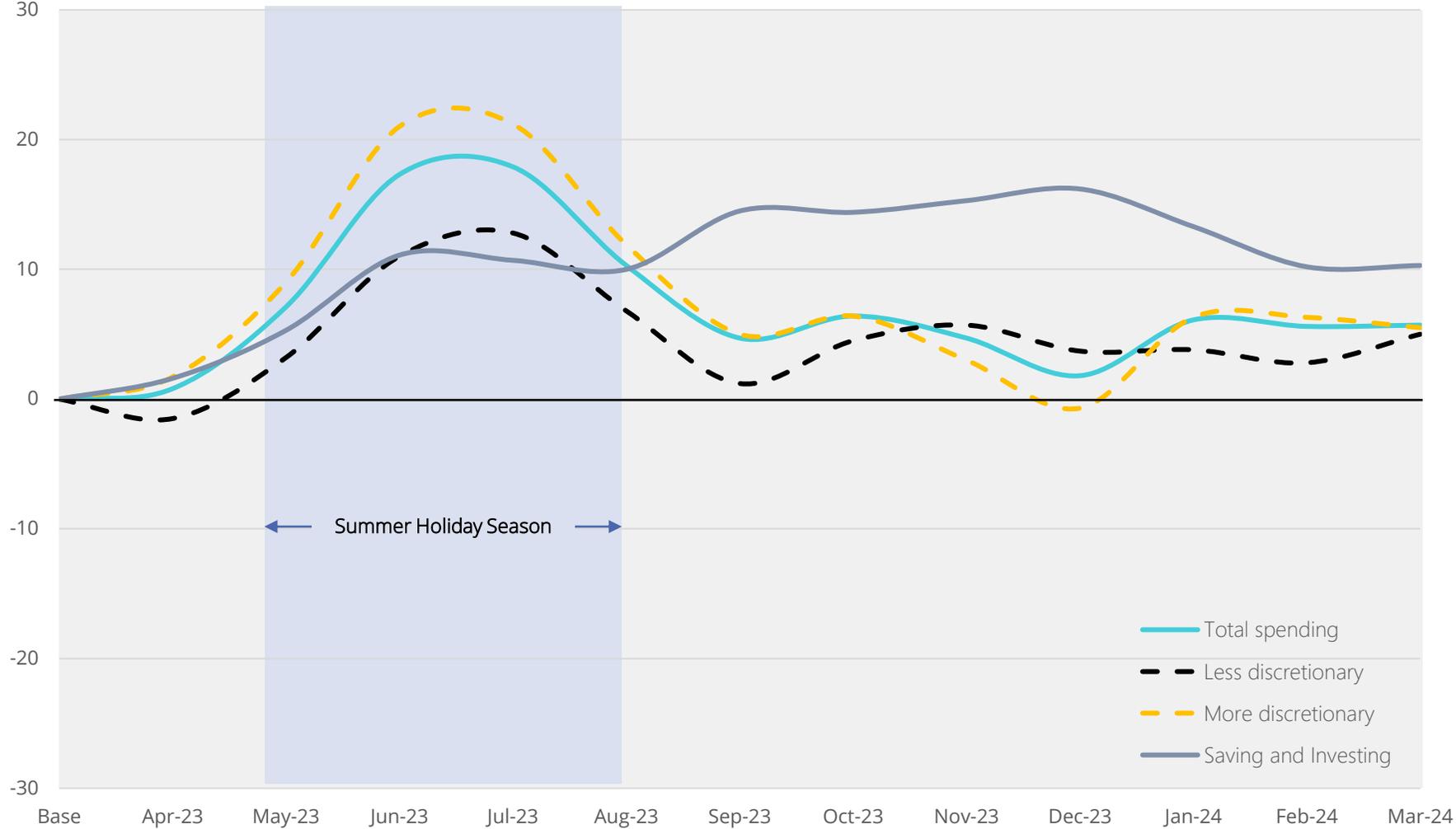
# SPENDING INTENTIONS INDEX

Mirroring financial well-being, spending intentions continue a slight, long-term uptrend.

- Savings have generally outperformed discretionary categories over the past year. Summer 2023 remains the only exception, driven by strong spending intentions for recreation, entertainment and personal care.
- Longer-term, spending intentions have surpassed baseline in the Middle East and on course across other global countries. Globally, more sustained optimism is needed before suggesting global consumers are leaving a long-term, inflation-driven slump in spending confidence behind.
- Globally, spending intentions continue to signal a priority on services over goods. Whereas, in the Middle East, this observation is not particularly holding true.
- In the Middle East, nearly a quarter of spending is on recreation, entertainment, leisure travel and restaurants.

# SPENDING INTENTIONS INDEX

Estimated spending amount, next 4 weeks (% change) (Mar 23 = 0)\*



**Mirroring financial well-being, spending intentions continue on a slight, long-term uptrend**

Total spending in the Middle East peaked during the summer holiday season with higher spend on more discretionary categories such as recreation, entertainment and leisure travel than less discretionary ones such as groceries.

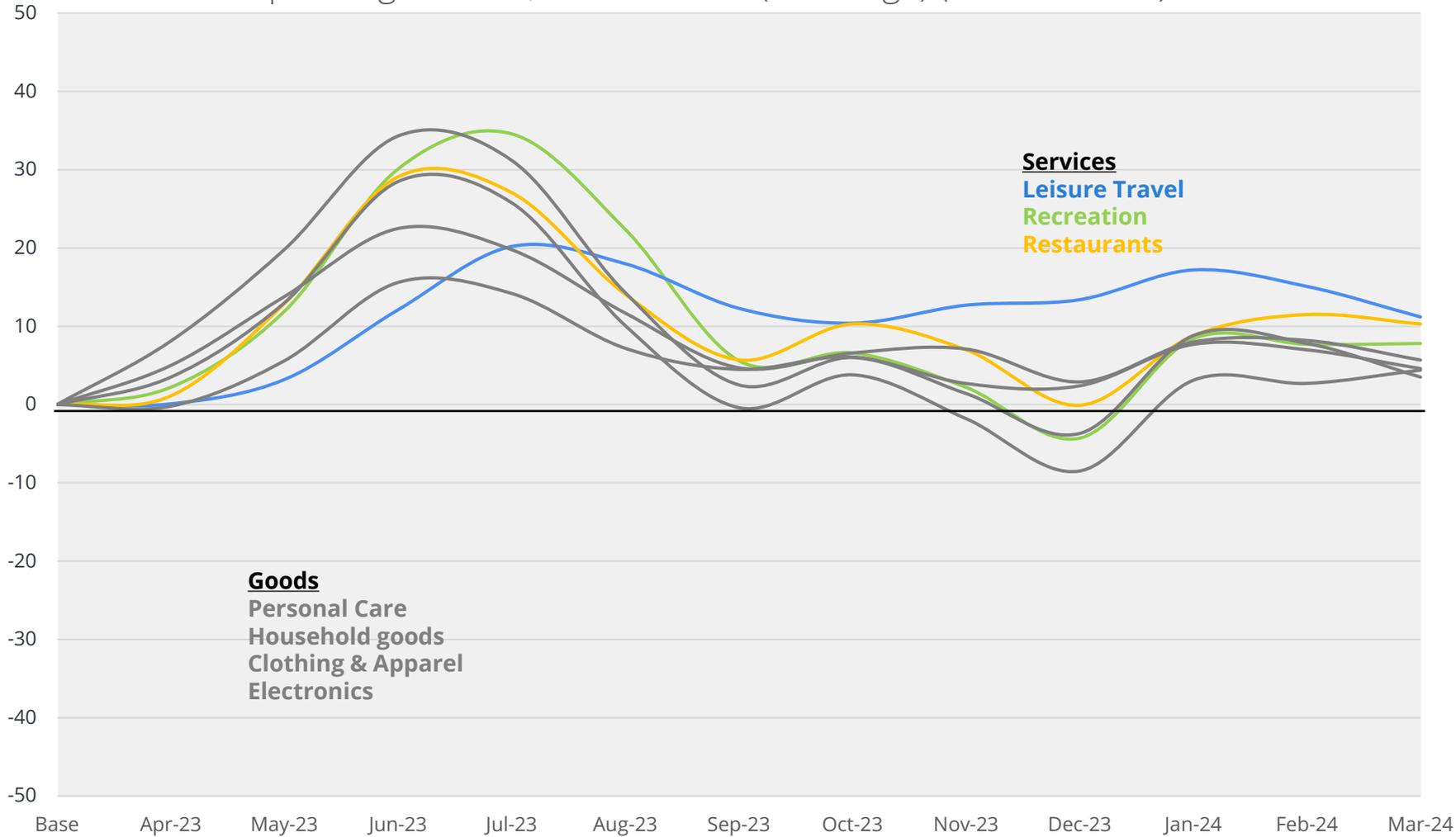
Once the holiday season is over, consumers give precedence to saving and investing.

**Methodology Note:** Mar 2023 value as a base (i.e., 0%). Subsequent months show % change from base.

Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

# SPENDING INTENTIONS (MORE DISCRETIONARY CATEGORIES)

Estimated spending amount, next 4 weeks (% change) (Mar 2023 = 0)\*



**Contrary to what is being observed across other global countries, there is not a lot of difference in consumer's preferences towards goods and services when it comes to spending on more discretionary categories.**

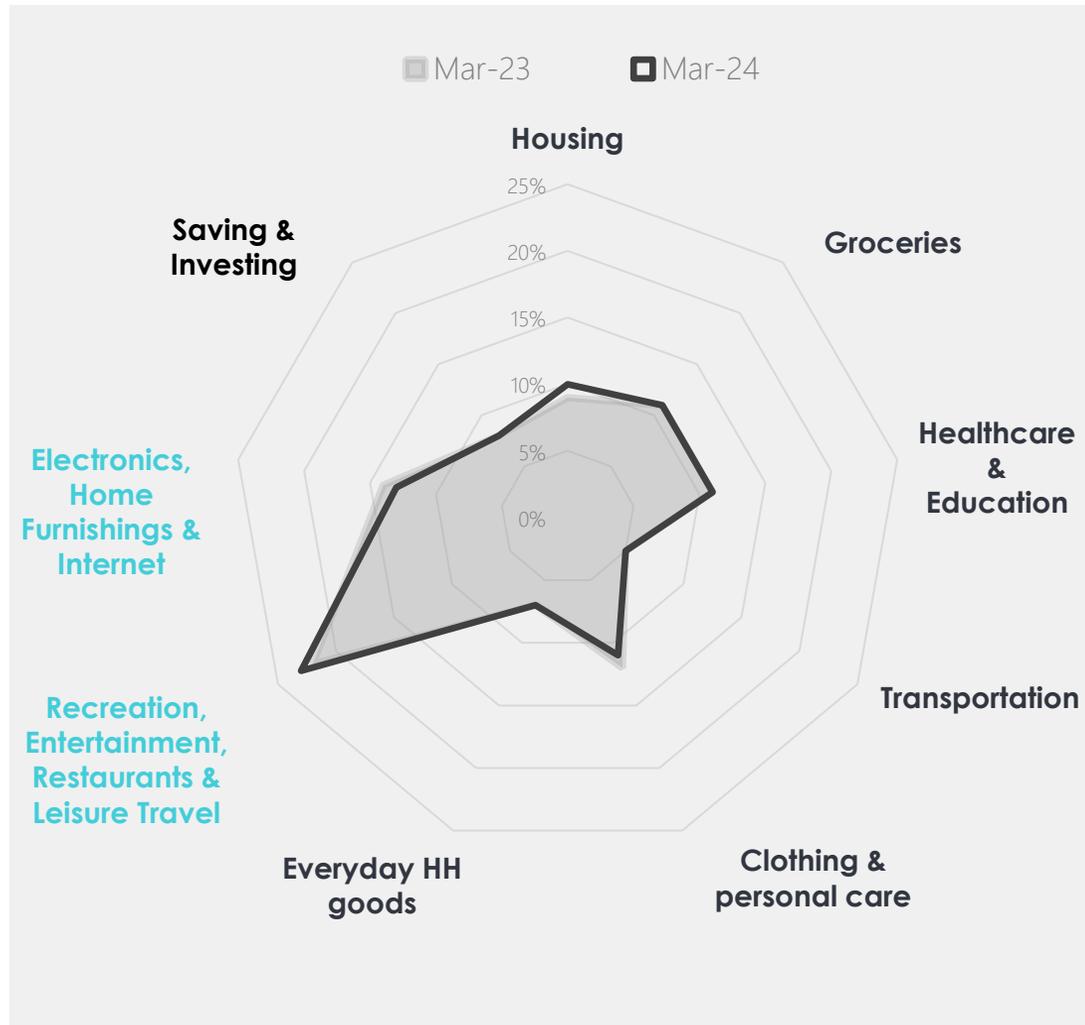
In most of the other global countries, the consumers have started to spend more on services than goods.

**Methodology Note:** Mar 2023 value as a base (i.e., 0%). Subsequent months show % change from base.

Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

# SHARE OF WALLET

Spending intentions, next 4 weeks\*



## Less discretionary

	Vs. Feb 2024	vs Mar 2023
Housing	-1	+1
Groceries	=	=
Transportation	=	=
Health care	=	=
Clothing	-1	-1
HH goods	=	=
Personal care	=	=
Childcare	=	+1
Education	=	=
Internet & Data	=	=

## More discretionary

	Vs. Feb 2024	vs Mar 2023
Rec/Entertainment	=	+1
Leisure travel	=	=
Restaurants	=	=
Electronics	+1	-1
Home Furnishing	=	=
Saving/Investing	=	=

**Spending intentions as a share of wallet have generally remained steady compared to a year ago period.**

At the global level, there's been pullback across some categories like education, internet, electronics, and home furnishing. A smaller portion of consumers' wallet has shifted towards recreation and entertainment.

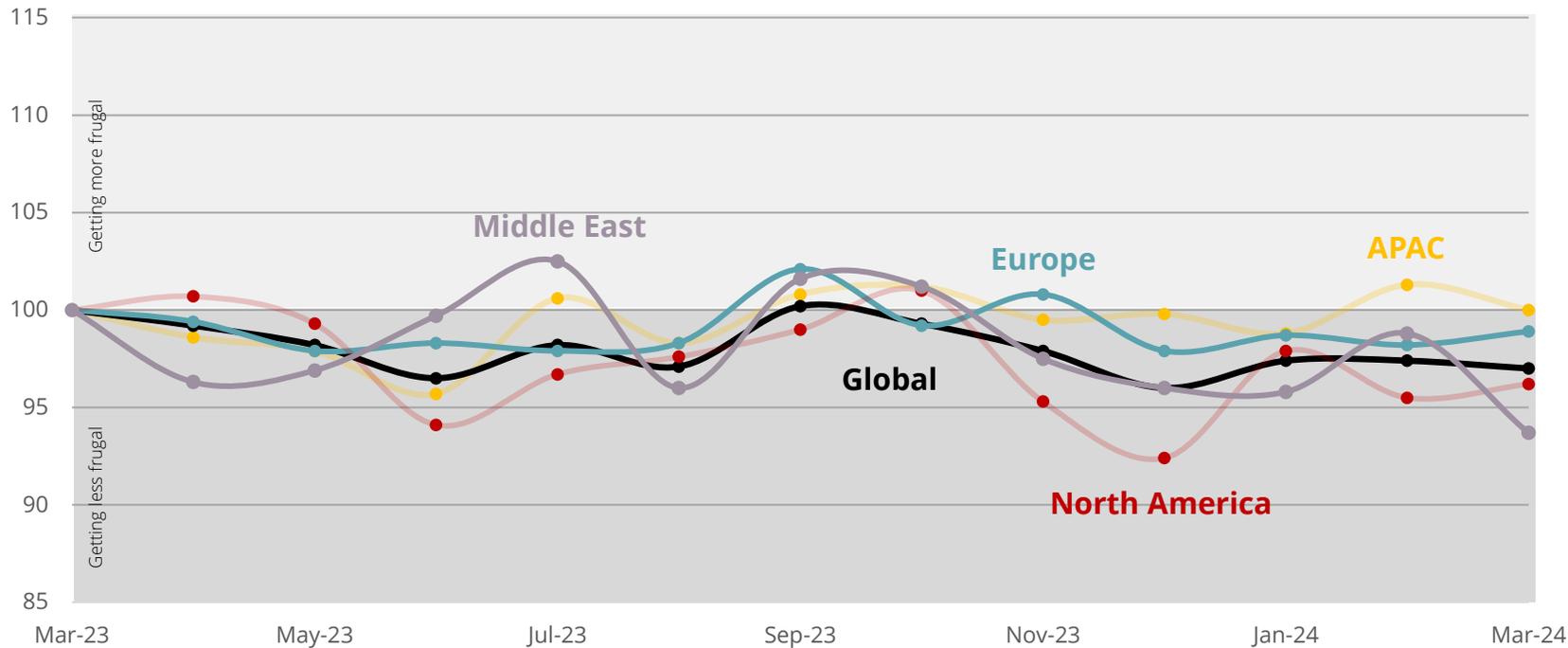
Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

# FOOD FRUGALITY INDEX (FFI)

- **Consumers in Saudi Arabia and UAE emerged as ranked 1<sup>st</sup> and 2<sup>nd</sup> in terms of least frugal behavior with respect to their grocery purchases.**
- **One of the primary reasons for low FFI is that the governments in both the Middle Eastern countries i.e., Saudi Arabia and UAE managed to keep the food inflation in check when the world was going through high price increases amidst post-COVID financial and supply chain disturbances and Russia-Ukraine war.**
- **Normalcy in terms of lowering the food inflation has started to take shape in some part of the world such as North America and Europe.**
- **The situation remains challenging in APAC with food inflation rising in Australia.**

# FOOD FRUGALITY INDEX (FFI)

Food Frugality Index, relative change for each region from March 2023 (Base=100)



March 2024

93.7

**FFI in the Middle East decreased over the last 12-months**

All the regions witnessed crests and troughs in the food frugality index in last 12 months.

The index for all the regions in March 2024 is either same or lower than what it was a year ago (i.e., March 2023)

**Methodology Note:** The Deloitte Food Frugality Index measures longitudinal change in the percent of respondents engaging in the six cost-saving grocery behaviors featured.

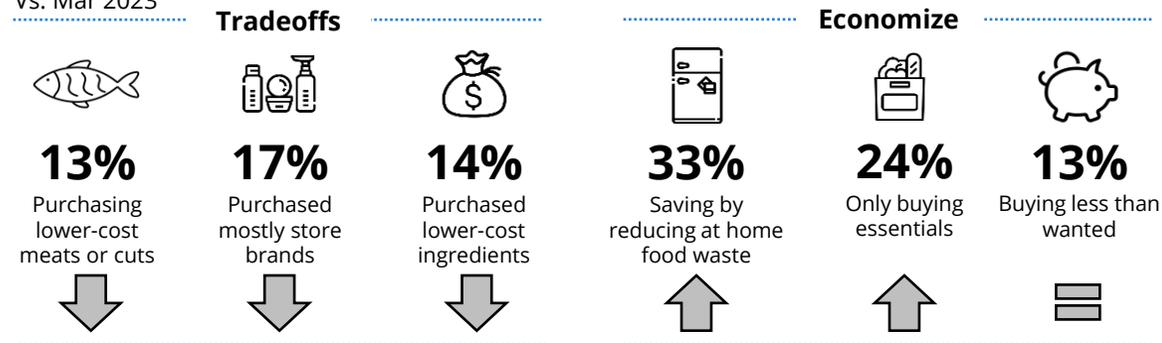
Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

**Everyone needs to eat, but food is becoming less affordable for some.**

The Deloitte Food Frugality Index (FFI) is a monthly, proprietary measure of behaviors associated with financial stress at the grocery store—and how they may be shaping the way consumers shop for food.

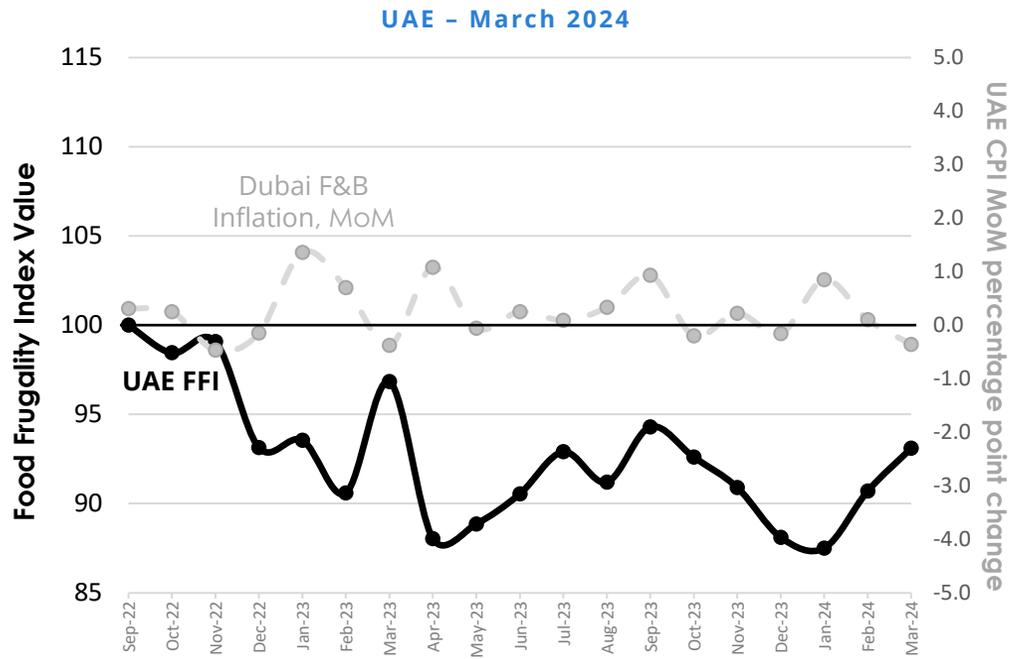
## Underlying Food Frugality Index Behaviors\*

Vs. Mar 2023



Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

# Food Frugality Index: Will consumers tolerate higher prices?



FFI September 2022 = 100 Source: Deloitte Consumer Signals. Dubai F&B Inflation: Dubai specific metric via Dubai Statistics Center

## Why frugality matters

- High frugality may signal consumers struggling financially and with affordability. As that happens, retailers and food suppliers could begin to lose some pricing power.
- Frugality may precede, and with time, contribute to decreased retail food inflation.

## Current observations

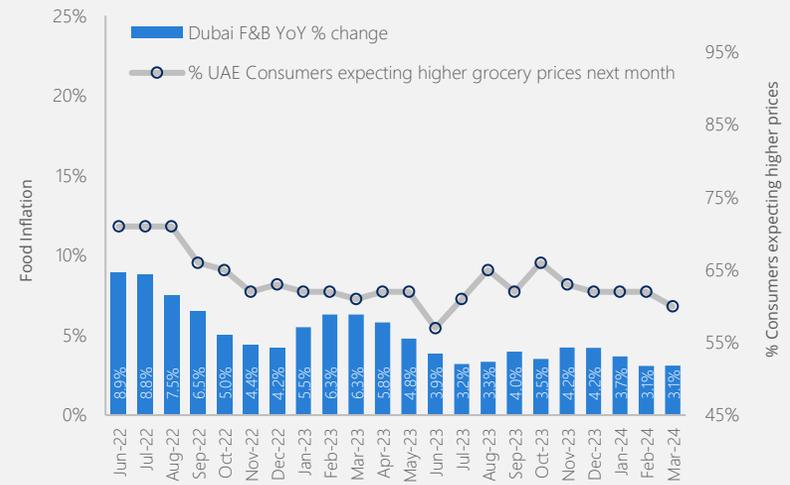
- Frugality among surveyed consumers rose slightly again, driven by more consumers only buying essentials and reducing at-home food waste.
- UAE food inflation is down YoY; yet about 6 in 10 consumers expect higher grocery prices next month.
- Overall, frugality is lower in the UAE relative to most countries, potentially due to government efforts to control inflation and food pricing, low share of private label/store brands (which is a component of FFI), and a survey sample that skews toward wealthier consumers.

## Implications

- With consumer interest in at home food waste, the industry may see smaller carts, more frequent shopping and/or a shift from fresh to shelf stable and frozen. Food suppliers may look to pack sizing and technology that reduces food waste.

## UAE Food Inflation

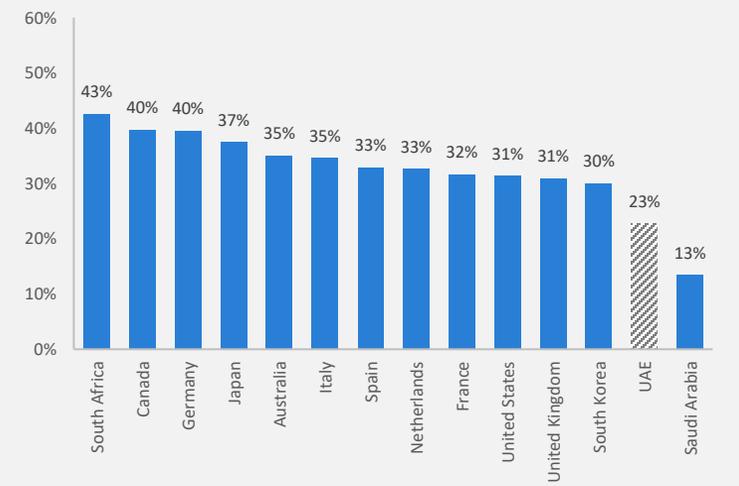
Changes in consumer expectations seem to precede changes in the CPI



Source: Deloitte Consumer Signals ; F&B Inflation: Dubai specific metric via Dubai Statistics Center

## % Consumers shopping frugally

Engaged in 3+ frugal behaviors in the past two weeks



Source: Deloitte Consumer Signals

**Everyone needs to eat, but food is becoming less affordable for some.**

The Deloitte Food Frugality Index (FFI) is a monthly, proprietary measure of behaviors associated with financial stress at the grocery store—and how they may be shaping the way consumers shop for food.

## UAE : Underlying Food Frugality Index Behaviors

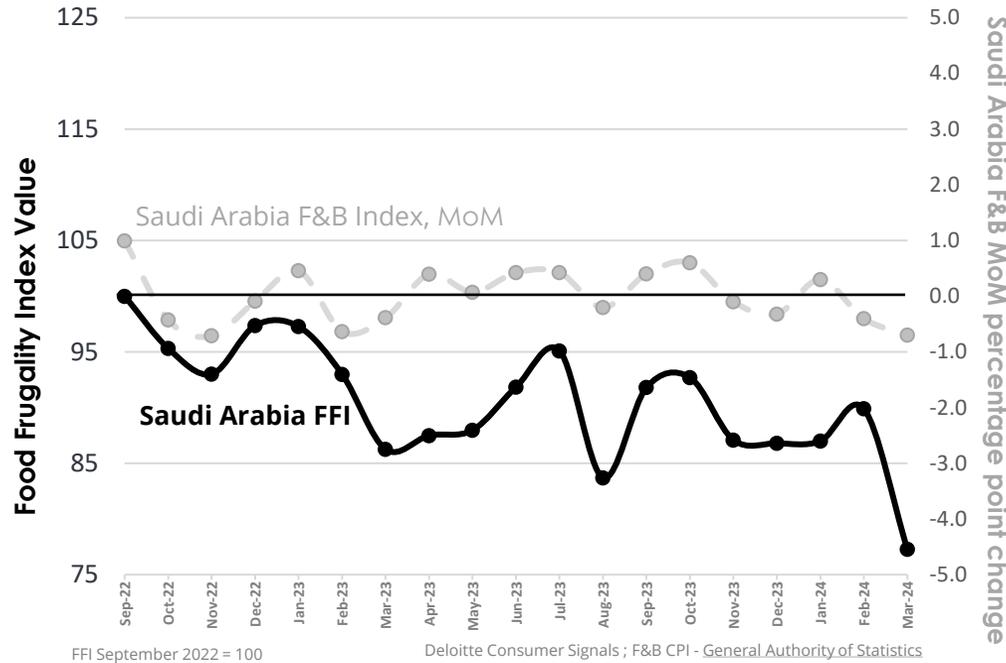
Vs. Prior Month

Tradeoffs			Economize		
<b>16%</b>	<b>19%</b>	<b>16%</b>	<b>40%</b>	<b>32%</b>	<b>15%</b>
Purchased lower-cost meats or cuts	Purchased mostly store brands	Purchased lower-cost ingredients	Saved by reducing at home food waste	Only bought essentials	Bought less than wanted
			<b>3 pp</b>	<b>5 pp</b>	

Source: Deloitte Consumer Signals

# Food Frugality Index: Will consumers tolerate higher prices?

## Saudi Arabia - March 2024



### Why frugality matters

- High frugality may signal consumers struggling financially and with affordability. As that happens, retailers and food suppliers could begin to lose some pricing power.
- Frugality may precede, and with time, contribute to decreased retail food inflation.

### Current observations

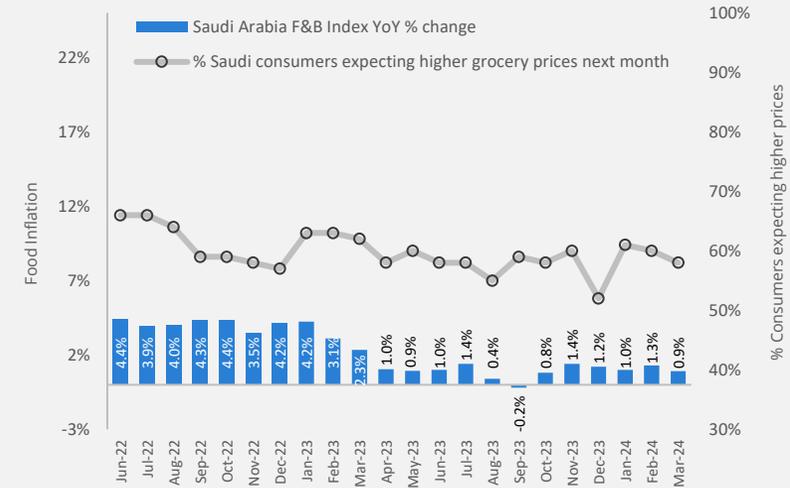
- KSA frugality among surveyed consumers plummeted 13 pp, amid relatively stable levels of food inflation, driven by a broad range of behaviors but especially fewer consumers saving by reducing at-home food waste.
- The number of consumers expecting higher grocery prices next month continued a slow decline MoM at 58%.
- KSA consumers continue to show the least frugality relative to other countries. This could be in part due to government measures to control inflation and increase the social safety net, relatively low share of private label sales, which is a component of the FFI index, and a survey sample that skews to wealthier consumers.

### Implications

- With consumer interest in at home food waste, the industry may see smaller carts, more frequent shopping and/or a shift from fresh to shelf stable and frozen. Food suppliers may look to pack sizing and technology that reduces food waste.

## Saudi Arabia F&B Inflation

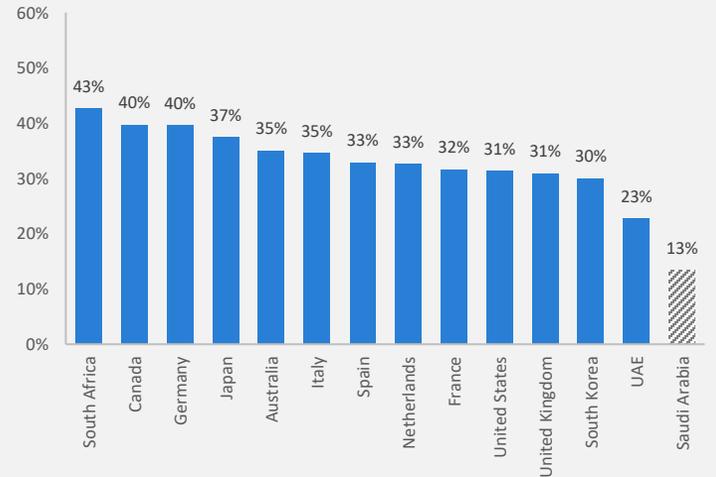
Changes in consumer expectations seem to precede changes in the CPI



Source: F&B CPI - General Authority of Statistics  
Deloitte Consumer Signals

## % Consumers shopping frugally

Engaged in 3+ frugal behaviors in past two weeks



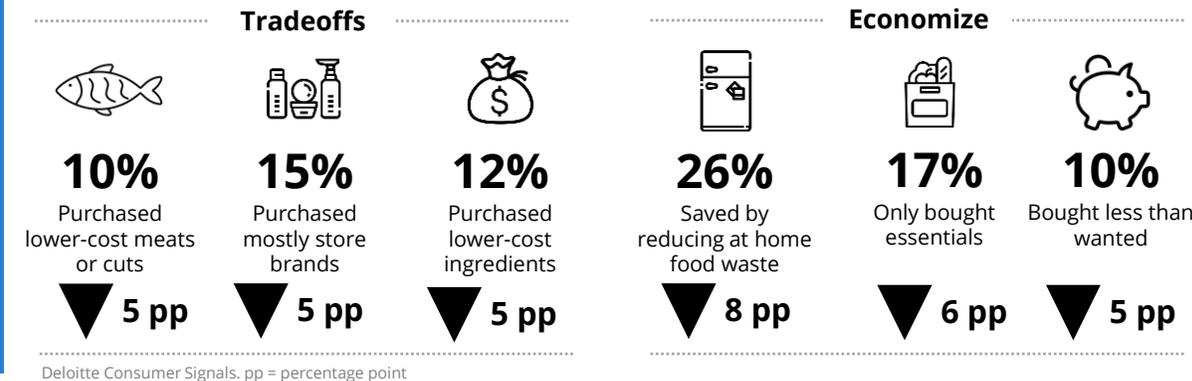
Source: Deloitte Consumer Signals

**Everyone needs to eat, but food is becoming less affordable for some.**

The Deloitte Food Frugality Index (FFI) is a monthly, proprietary measure of behaviors associated with financial stress at the grocery store—and how they may be shaping the way consumers shop for food.

## Saudi Arabia: Underlying Food Frugality Index Behaviors

Vs. PriorMonth



# TRAVEL & HOSPITALITY

Leisure travel remains a global bright spot. March booking intentions are up YoY across all travel segments.

In the Middle East,

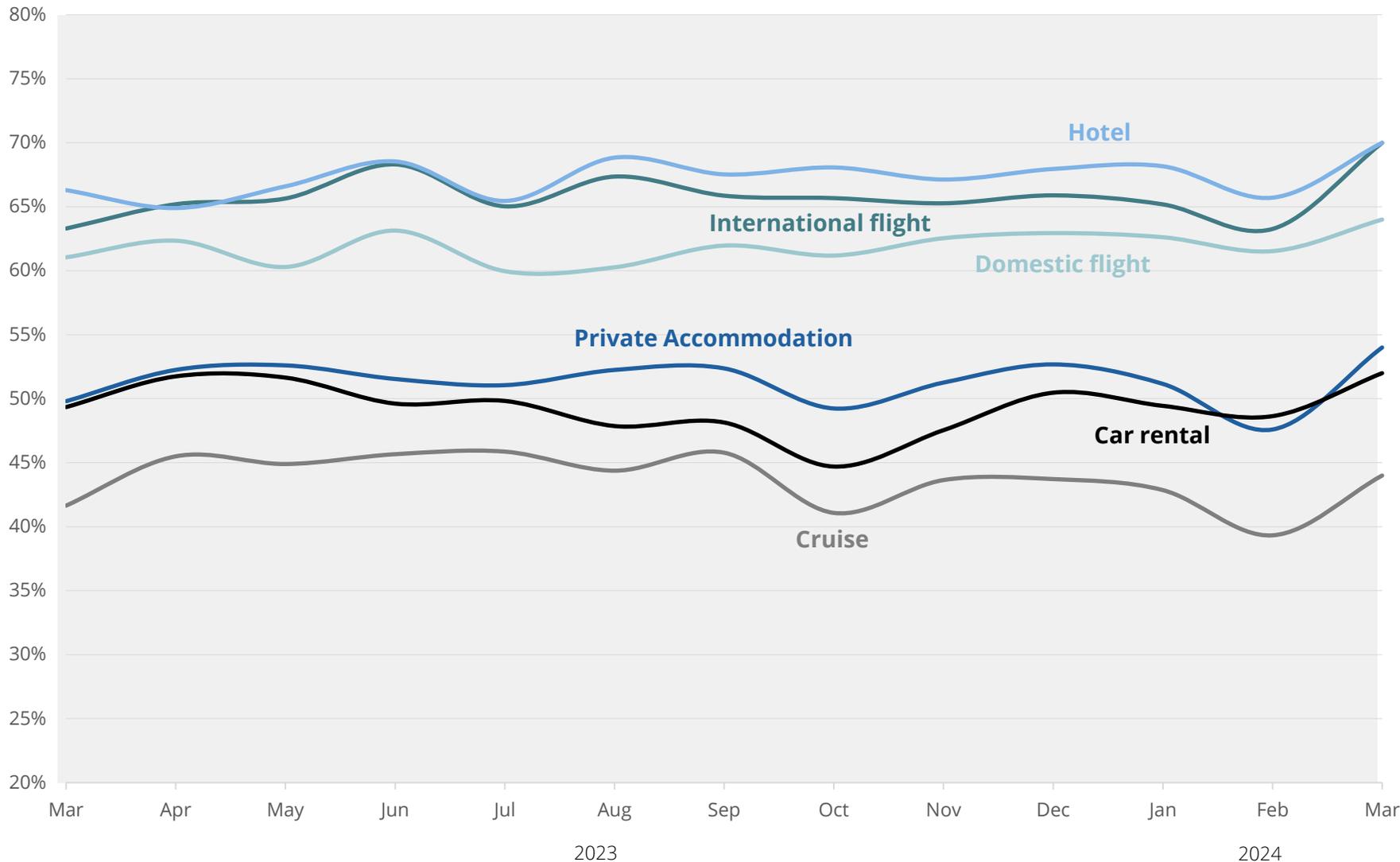
- Hotel and flight booking intentions remain the top priorities for consumers when it comes to planning their upcoming leisure travel.
- Consumers are willing to spend more on all the travel planning categories compared to 12-months ago period. In particular, choosing the most convenient flight itinerary and spending on in-destination experiences saw highest YoY jump.

Globally, travel spending priorities vary in important ways...

- Asia Pacific: Focused on lodging close to the popular attractions and prioritize in-destination spending.
- North America: Prioritize longer trips.
- Europe: Most likely to save with LCCs, move down market for lodging, and save on in-destination spending.

# LEISURE TRAVEL INTENTIONS – Middle East Average

% that plan to book within the next 3 months\*



**Leisure travel remains a bright spot. March booking intentions are up YoY across all travel segments**

Booking intentions for international flights saw the strongest jump, increasing 7 percentage points YoY

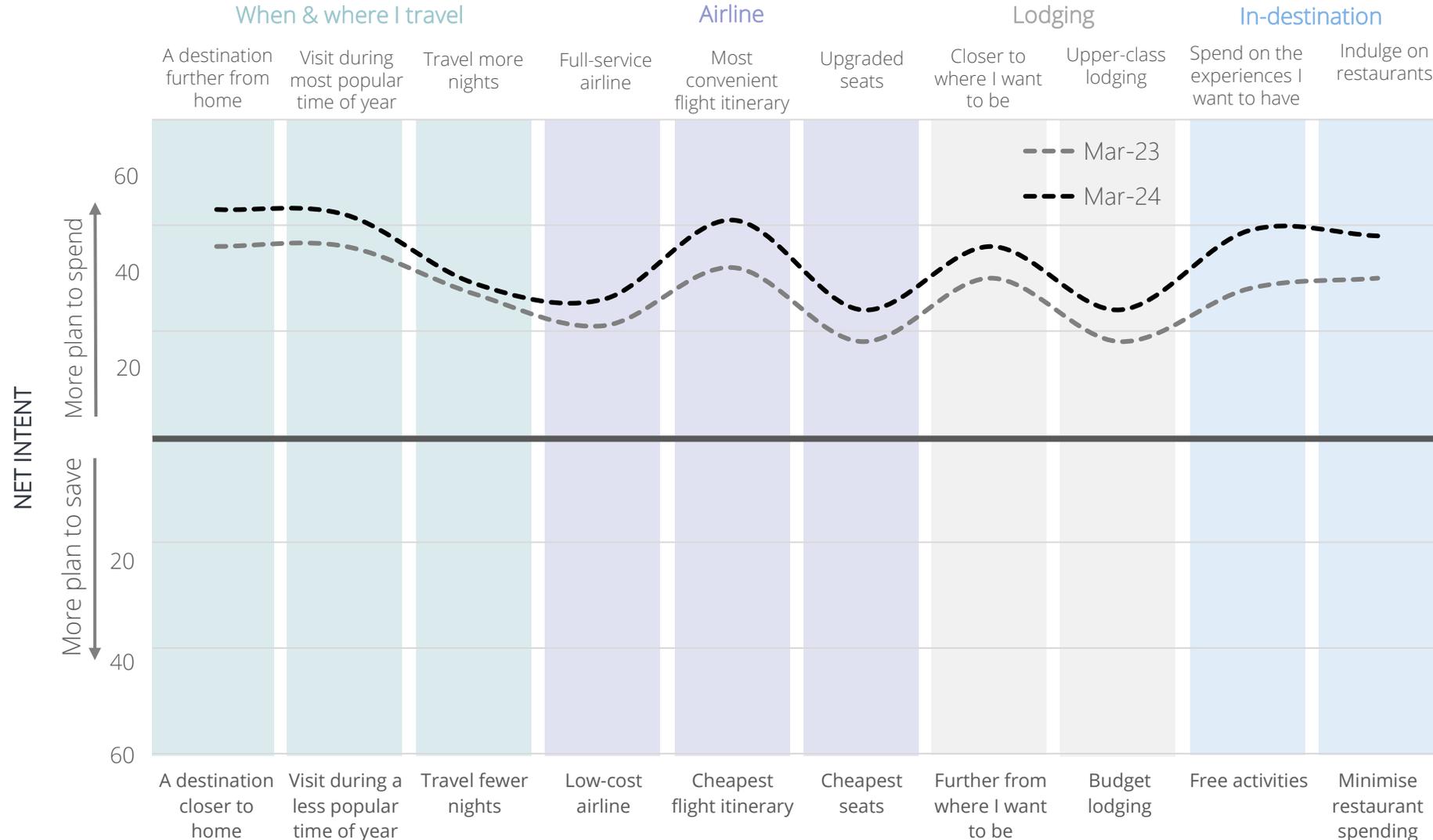
Hotel increased from 66% to 70%

Long week off to both public and private sector employees to mark the end off Ramadan is one of the strongest drivers for increase in travel intentions

Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

# TRAVEL PLANNING (NET INTENT) – Middle East Average

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



In addition to stronger booking demand YoY, fewer travel planners say they're making cost-saving compromises for upcoming trips—particularly around airline and lodging choices, and in-destination spending.

## Methodology

Paired, opposing statements (6-point scale)

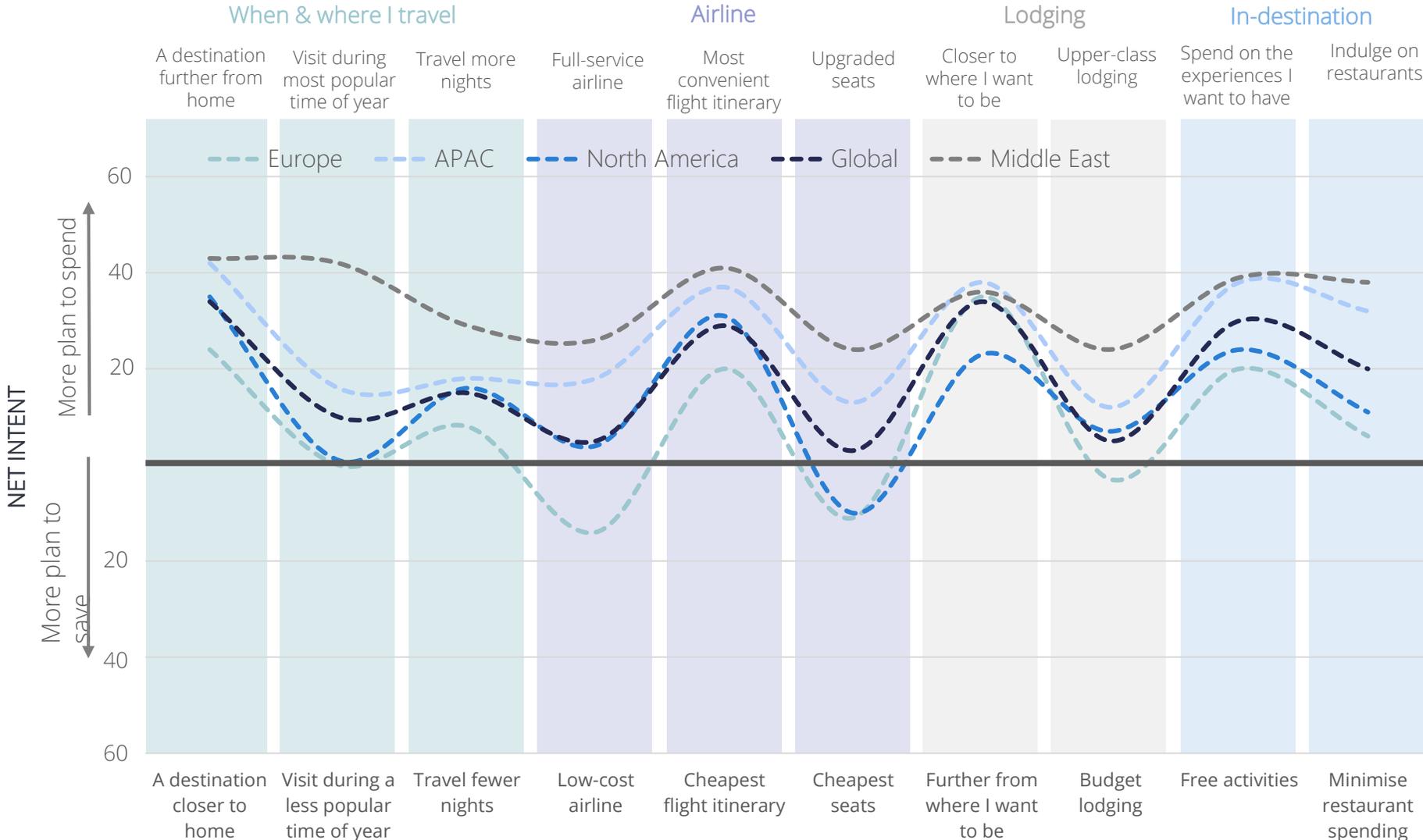
Example:



Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

# TRAVEL PLANNING (NET INTENT)

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



Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

## Globally, travel spending priorities vary in important ways

Asia Pac: Focused on lodging close to the popular attractions and prioritize in-destination spending.

N. America: Prioritize most convenient flight itinerary.

Europe: Most likely to save with LCCs, move down market for lodging, and save by visiting during less popular time.

### Methodology

Paired, opposing statements (6-point scale)

Example:



# VEHICLE PURCHASE INTENT (VPI)

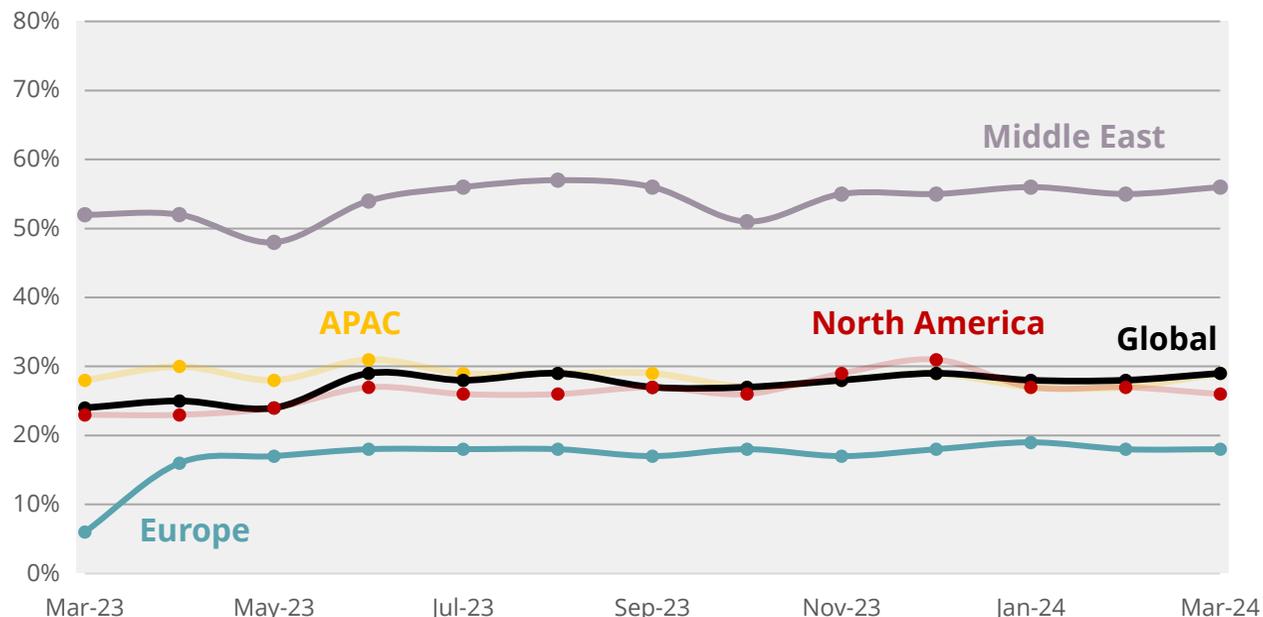
VPI increased slightly compared to 12-months ago, but trends vary by country.

- In the Middle East, the intent to purchase the vehicle has marginally increased. Compared to other global countries, UAE and Saudi Arabia ranks 2<sup>nd</sup> and 3<sup>rd</sup> respectively, only behind India, in terms of consumers planning to buy a car in next 6 months.
- In North America, the intent has slightly increased over last 12 months, while in the APAC it has reduced marginally.
- Europe has witnessed highest change in the vehicle purchase intent over the course of last 12 months with nearly 1 in 5 consumers planning to buy a car which is an increase from 1 in 10 consumers during the same period last year.

More than half of the consumers who are planning to buy a car in UAE expressed an interest in buying an EV; while, in Saudi Arabia 3 in 10 car buyers are planning to go with EV.

# VEHICLE PURCHASE INTENT (VPI)

Vehicle Purchase Intent (% of respondents planning to buy a car in next 6 months)



- Vehicle purchase intent in the Middle East is significantly higher than the rest of world. Every 1 in 2 respondents in Middle East is planning to purchase a car in the next 6 months, while the global average is around 3 in 10 consumers.
- More than half of the consumers in the UAE who are planning to buy a car in next 6 months have indicated that they are looking to buy an EV, while the global average is around 2 in 5 consumers.

Source: Deloitte ConsumerSignals; \*Note: Contains data for Middle East average which represents average of UAE and KSA respondents

## Key behaviors impacting mobility and vehicle sales

Behavioral Aspect	UAE	Saudi Arabia
Average Daily Driving Distance	67 KM	70 KM
Consumers expecting higher fuel prices next month	61%	55%
No. of days work from home per week	2.4	2.3
Preference for online vehicle purchase	31%	24%
Electric vehicle purchase intent	53%	30%

## Top five drivers for acquiring a vehicle\*

New vehicles on the market have features I want now	30%
Current vehicle is not worth the cost to maintain it	15%
I am just ready to drive something different	15%
My driving needs have changed	14%
I want a more fuel-efficient vehicle	9%

# STUDY OVERVIEW

## Methodology

- Online consumer panel
- N=1,000 consumers per country each wave, Adults age 18+
- Fielded in 20 countries
- Margin of error  $\pm 3\%$
- Response data for Australia, Canada, France, Germany, Italy, Japan, Netherlands, Spain, United Kingdom, and the United States are weighted at the country level according to publicly available age and income profiles
- Response data for Brazil, China, India, Mexico, Saudi, Arabia, South Africa, and UAE are not weighted by income. Data represents higher-income consumers compared to national income distributions. Soft quotas and weighting are used to hold sample income distributions consistent wave to wave

## Countries in Focus

- Australia (AU)
- Brazil (BR)
- Canada (CA)
- China (CN)
- France (FR)
- Germany (DE)
- India (IN)
- Italy (IT)
- Japan (JP)
- Mexico (MX)
- Netherlands (NL)
- Poland (PL)
- Portugal (PT)
- Saudi Arabia (SA)
- South Africa (ZA)
- South Korea (KR)
- Spain (ES)
- UAE (AE)
- United Kingdom (UK)
- United States (US)



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