

# Deloitte.



## Buying Into Better™

Future of the consumer industry  
The Middle East focus



"It's tough to make predictions,  
especially about the future..."

- Yogi Berra

But if you believe in the process...

then you can achieve the desired outcome..



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# Executive summary

Change is a staple of humanity. This rapid pace of change is especially evident in consumer industry, which has undergone dramatic transformations over the past two decades. The GCC region, particularly Saudi Arabia, the UAE, and Qatar, has experienced significant economic growth, emerging as a global talent hub. This influx of talent highlights the region's potential and the vast opportunities it presents. This influx of talent underscores the region's potential and the opportunities it offers. Yet today, the industry stands on the precipice of an even more momentous paradigm shift and faces a once-in-a-century economic, social, and technological transition.

Over the past 24 months, Deloitte has:

- Engaged over 1000 professionals, industry experts, clients, and consumer industry insiders
- Interviewed luminaries, economists, sociologists, policymakers, authors, academics, and Wall Street analysts.
- Analyzed consumers across 20 countries monthly through Deloitte's State of the Consumer Tracker.
- Deep dived into the changing consumer landscape in the Middle East and explored the regional cultures and developments (Giga projects, Digitization of cities, technological advancements, etc.)

The research group was deliberately designed to be cross-industry, cross-functional, and highly diverse, spanning multiple generations. This intentional inclusivity aimed to ensure a comprehensive and thorough understanding of the forces shaping the future of the consumer industry, making our research more robust and reliable.

Why did we undertake this extensive research to consider the next decade of the consumer industry?

The number and urgency of questions from our clients have increased recently, reflecting a growing degree of uncertainty. This mirrored the uncertainties we were also grappling with. The similar challenges faced by our clients and every consumer company led us to explore a profound and seemingly unanswerable question: **What forces will shape the next decade of the consumer industry in the Middle East?**

Taking on this challenge reflects our commitment to our clients, our firm, and ourselves. It marked the beginning of an ongoing exploration with Deloitte's Future for the Consumer Industry team. We invite you to join us on this journey through this read.



# Paradigm shift: It's a new world

There are forces which will drive and determine those who will thrive versus those who may struggle to survive. The movement of these forces, like colliding tectonic plates, will create a new competitive landscape in which new businesses will rise and others will fall.

Charting a successful course will require vision and courage: the vision to see what others do not, and the courage to journey forth when others turn back. For some, uncertainty and complexity represent risk and fear, but for explorers, possibility, opportunity, and promise call.

Understanding and, more importantly, capitalizing on these forces and their implications will be fundamental to a company's success in the coming decade.



**Markets** – what is sold, who it is sold to, what goods and services are values, and how the industry creates value.



**Models** – how business are organized and configured, how capabilities are sourced, and how new models are developed to create value.



**Mechanics** – how business execute, employ labor, and prioritize operational decisions.

Ignoring these forces could lead to countless challenges, such as a diminishing customer base, increased employee attrition, and missed revenue generation opportunities.

## The world has never been certain or stable, but rarely has it ever been as uncertain and complex as it is today.

Change is the only constant in human history. You might feel, as we initially did, that dramatic transformations have been occurring for quite some time. However, what may not be immediately clear—just as it wasn't to us at the beginning of our multiyear journey into the forces reshaping the consumer industry—is the unprecedented speed and magnitude of these shifts. These changes are setting the stage for a vastly different decade ahead.

The Middle East region is not immune to this change, and in fact, it's poised for a paradigm shift. The dramatic impact of the increase in population, ethnic diversity, changing regulations, climate change, and the fundamental restructuring of the geopolitical order all present a unique opportunity for growth and development.

As a result of our exploration, we discovered that fundamental challenges and novel opportunities are unfolding in the marketplace. The design and structure of industries, organizations, and work are undergoing a transformation. In 2024, the total population within KSA, UAE and Qatar will be approximately 47.3 million. The burgeoning trend of online shopping among Saudi consumers, especially in the fashion, health and beauty, and consumer

electronics sectors, presents significant market opportunities. This shift, largely propelled by the tech-savvy younger generation, who value the convenience and speed of online platforms, is a promising area for investment.

Diversity and the rising expat population and immigrants are surfacing an untapped industry in the region. With over 200 nationalities represented, market segmentation is a crucial strategy for success. A notable example is the Filipino fast-food chain Jollibee, which targeted the expat community and achieved significant success, leading to further expansion plans in the region and beyond.

By 2025, the GCC's population is projected to reach 57 million, with one in five people over 50, and the median age rising from 32 in 2022 to 51 by 2100.



# Know where you are

Prior to the pandemic, the region's retailers and consumer-packaged goods (CPG) manufacturers were on a trajectory of robust growth, propelled by a buoyant economy, vibrant tourism, and substantial government investment in infrastructure. This stability, rooted in their unique strengths, reduced the immediate pressure to innovate or experiment with new products and services. Moreover, the well-established Gulf companies, bolstered by loyal customer bases, were less inclined to invest heavily in advertising and marketing. As a result, Gulf consumer companies have been slower than their US and European counterparts in embracing major trends like digitization and sustainability.

The region had a flourishing **hospitality market** with a leading global tourism footprint and luxurious hotels and resorts. The area hosts numerous mega MICE (Meetings, Incentives, Conferences, and Exhibitions) and sporting events, leading to a trailblazing growth rate of CAGR 6.9 %. However, the pandemic has significantly impacted this sector, leading to a decline in tourism and event cancellations.

The sector is seeing a rise and recovery post the pandemic. This is driven due to **change in consumer sentiments toward experience driven services**. Deloitte's financial well-being index (FWBI), which tracks shifts in consumer sentiment regarding current financial health and future financial security, improved marginally by 1.7% (103.9 in June 2024, up from 102.2 in the same period last year). The Middle East is experiencing the rise of a new consumer profile, one that increasingly values both enriching experiences and premium goods.

In the UAE, there's a noticeable surge in demand for luxury travel experiences, with consumers gravitating toward private villas, bespoke itineraries, and top tier amenities. According to Visa's 2023 Global Travel Intentions Study, 77% of UAE travelers have encountered increased travel expenses, yet only 3% would consider canceling their trips.

Despite global inflation and geopolitical tensions, the appetite for travel remains robust, with luxury bookings seeing a 10-12% increase. In H1 2024, international travel preferences were notably higher in the UAE, with over 70% of individuals likely to take an international flight for leisure, a 1% increase compared to H1 2023.

The **aviation** sector in the Middle East, vital for tourism, has made a strong recovery since COVID-19. By 2024, international passenger traffic is expected to reach 98% of pre-pandemic levels. This recovery has been fueled by the resurgence in travel demand and significant investments in major cities such as Dubai, Riyadh, and Doha. It is also expected to boost related sectors, including hospitality and retail.

As we chart a new course for the future, driven by the changing Middle Eastern consumer, we must recognize that the next decade will be shaped by the forces notable for their power and speed. **The forces mentioned will propel the consumer industry into a new era.** In this new era, the basic needs of the consumer industry, such as the mass market and homogeneous consumers, will no longer be the same. The new needs will include a healthy consumer, a sustainable industry, a healthy planet, and restored trust. These new requirements will not be just slightly different but significantly so.

**The next decade will be shaped by forces notable for not only their power but also their speed.**

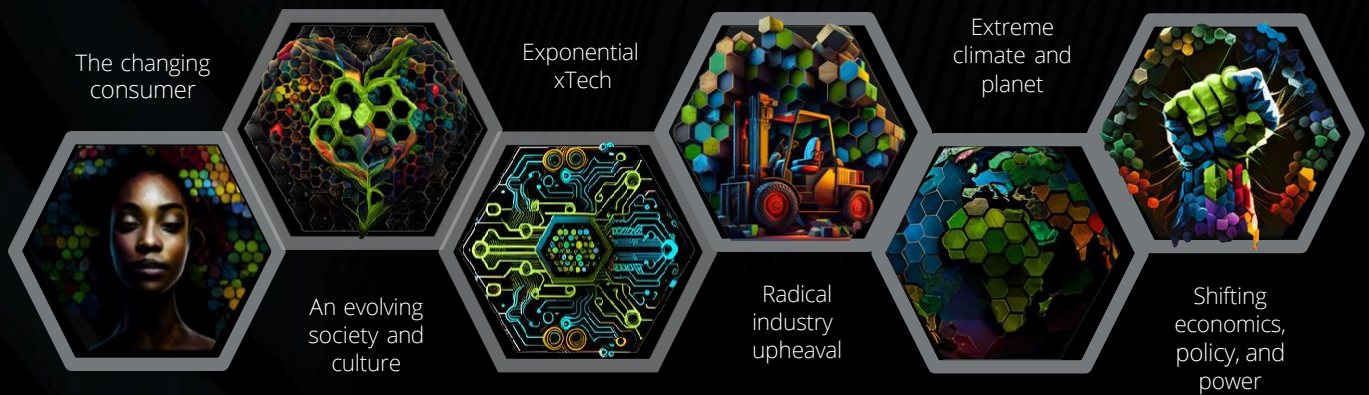
# 6 forces shaping the consumer industry in the Middle East

The velocity of change is unmistakably prominent in the consumer industry, which has experienced significant transformation over the past 20 years.

Currently, the industry is on the verge of a monumental paradigm shift that is just beginning to come into view. This is not merely a change but a once-in-a-century economic, social, and technological transformation of immense scale.

Through this extensive research, we have identified six forces that will play a fundamental role in shaping the Consumer Industry over the next decade.

Nonetheless, executives facing the constant “tyranny of the now” may be preoccupied with pressing issues such as: *How do we grow? How do we protect margins? What about this quarter’s earnings?*

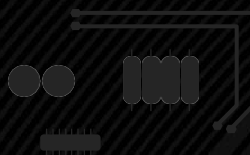


The icons representing the six forces were created using text prompts and generative AI imagining the output



## The changing consumer

Increased racial and ethnic diversity, aging and longevity, shifting geographies, ease of doing business, increasing obesity



## Evolving society and culture

Rise of purpose, increased screen time, cities reimagined, urbanization, changing role of women



## Exponential technology

The metaverse, artificial intelligence (AI), autonomous transportation, deepfakes, blockchain



## Radical industry upheaval

Everything as a service, declining barriers to entry, multi-commerce, role of influencers, growth of digital goods and services, micro mobility



## Extreme climate and planet

Global warming, rising sea levels, viruses, plant-based protein, consumer waste, desalination, renewable energy, advances in material science



## Shifting economics, policy and power

IP theft, immigration, cyber crime, rising inflation





# Force 1: The changing consumer

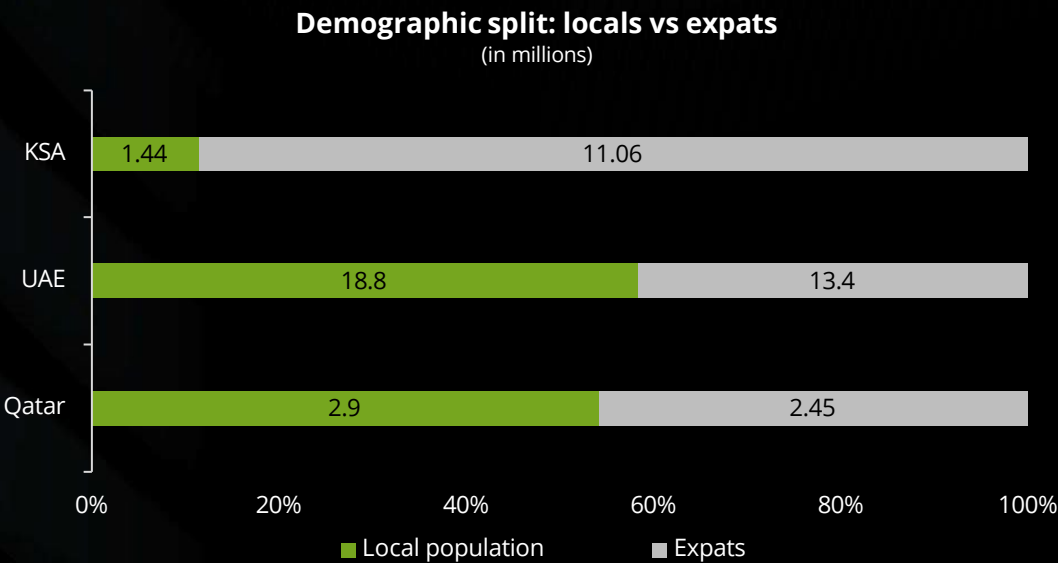
The consumer base in the GCC region is undergoing unprecedented change, moving from homogeny to an inclusive, multifaceted, and diverse populace.

This shift presents a wealth of opportunities for businesses, as diversity, already a factor in the market, is poised for even greater proliferation to a degree that may seem atomized. This diversity shows up along multiple dimensions and is poised to create a complex mosaic of needs, wants, and desires, opening new avenues for innovation and growth.

- **Economic growth:** The GCC region has witnessed remarkable economic growth in recent years, making it a magnet for global talent, particularly in Qatar, Saudi Arabia,

and the UAE. This growth is not just a statistic but a testament to the region's potential and opportunities for businesses and investors.

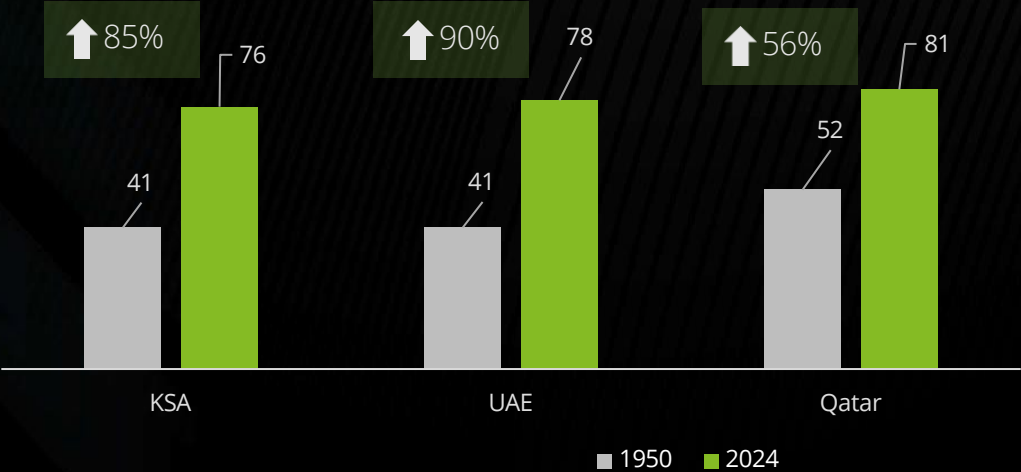
- **Diversity:** The UAE's market is a fascinating case study in diversity, with over 200 nationalities. This diversity makes market segmentation a crucial strategy for success, but it also opens a world of possibilities for businesses willing to understand and cater to the unique needs of each segment.
- The **government regulations and rules of business** have undergone changes to invite more business to the region. These changes, such as tax incentives and streamlined processes, have made the GCC a financial powerhouse for many small, medium, and large enterprises, bringing forward new consumer goods and services to the market.





- **Aging and longevity** are key factors, as seen in 2024. Saudi Arabia's population stands at 21.51 million males and 15.96 million females, with the urban population reaching 31.77 million. The median age is approximately 30.6 years, and the life expectancy has risen to 75.83 years, reflecting a gradual increase over the past few years.
- **Eco-consciousness**: There is a growing emphasis on health, ethical considerations, and environmental sustainability among younger consumers, which is increasingly influencing their purchasing decisions.
- **Shifting geographies**: Urban development and tourism attract various consumer segments to visit and consume services in the region. Massive projects such as high-end luxury projects like Saadiyat, Lusail, etc., trigger an influx of operational staff, bringing diversity and varied interests.
- **New market**: The GCC is investing heavily in sports and culture, as seen in FIFA 2022 and the Qiddiya project. This is attracting consumers from the sports and entertainment sector to visit the region and purchase consumer services here.

Life expectancy at birth: regional facts and examples  
(in Years)





## Force 2: Evolving society and culture

Humans, by definition, are social creatures with behaviors that are driven, influenced, and reinforced by shifts in the surrounding culture and society

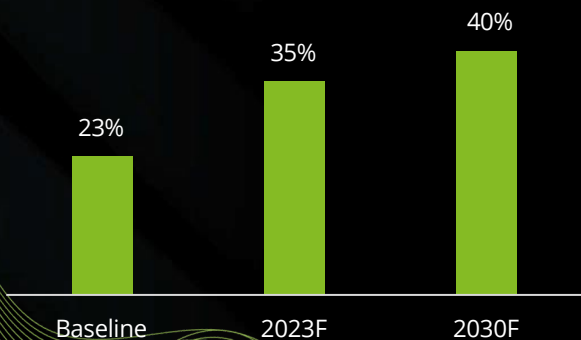
This section identifies the pillars that shape a person's interactions, cultural norms, and acceptable social behaviors. These same structures also define consumer behavior, influencing purchasing patterns linked to societal milestones and highlighting the essence of group membership. Throughout our exploration of the region's societal and cultural elements, we have observed fundamental changes such as:

- **Increasing participation of women:** As women increasingly participate in economic and political spheres, the responsibility of

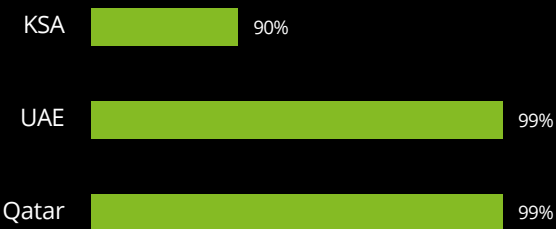
household management and consumption is becoming more balanced across gender roles. This shift, a testament to the progress in the region, is significantly impacting consumer spend and preferences, inspiring a more balanced and inclusive market.

- **Driven by purpose:** The survey results reveal a significant trend among MEA consumers, with 80% prioritizing buying from businesses that act on causes they care about, and 90% favoring purpose-driven brands. This strong consumer sentiment underscores the importance for businesses to align with social causes, as it influences consumer choices and impacts brand trust. For instance, 31% of Middle Eastern respondents say they would always recommend a company or brand with a good environmental record. Gen Z's dedication to sustainability influences older generations to prioritize eco-friendly brands, creating a ripple effect and increasing sustainable purchasing behaviors across all age groups.

**KSA female participation in the workforce**  
(% of total workforce)



**Internet access**  
(% of total population)





• **Digital adoption:** Consumers spend a lot of time interacting with digital devices such as smartphones, tablets, computers, and smart TVs. Studies that show a surge in household internet and data packages support this trend, reflecting consumers' heightened reliance on constant connectivity and their increasing dedication to digital screens. Accordingly, a study conducted by GlobalWebIndex highlighted that internet usage in the UAE daily averaged 7 hours and 24 minutes, surpassing the global average.

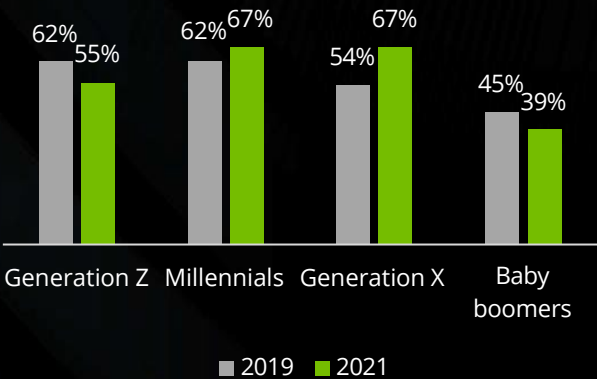
Saudi Arabia is undertaking several ambitious mega-projects as part of its Vision 2030 initiative, which is aimed at transforming the nation's economy and urban landscape.

This is expected to create significant economic opportunities, potentially contributing up to \$48 billion to Saudi Arabia's GDP by 2030.

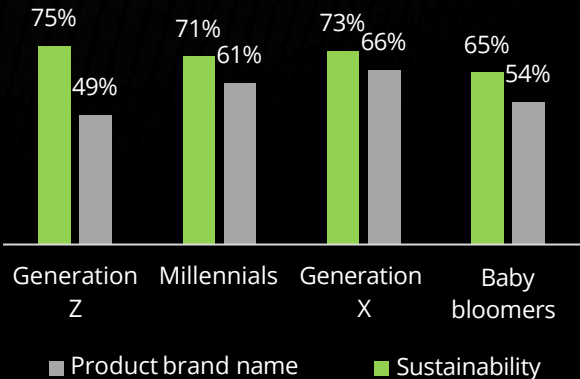
• **Urbanization:** Giga projects represent monumental opportunities for economic and social development, transforming nations into global hubs of innovation, tourism, and sustainability. Saudi Arabia stands at the forefront of this movement, with 14 giga projects reshaping its landscape.

- ❖ **Neom**, the crown jewel, is a futuristic city spanning 10,200 square miles and consisting of 10 regions, such as **Oxagon**, an octagon-shaped port city.
- ❖ **Qiddiya**, which is envisioned as a major entertainment and sports hub near Riyadh, featuring the region's largest water park and a Six Flags theme park.
- ❖ **The Red Sea Project** is focused on sustainable tourism, with plans to offer 8,000 hotel rooms while striving to achieve zero waste-to-landfill and carbon neutrality.

Preference to buy from sustainable brands



The importance of external factors when making a purchase





## Force 3: Exponential technology

Predictive analytics and AI are revolutionizing the consumer sector by enabling businesses to harness vast amounts of data to drive decision-making and personalize customer experiences.

In retail, predictive analytics can boost sales by up to 30% by allowing retailers to anticipate customer demands. In **CPG**, new product innovation is triggered through predictive modeling and AI. In **the Middle East**, key industry players, such as Jumeirah Group and Emirates Airlines, adopted predictive analytics and AI to promote operational efficiency and enhance guest experience.

**Emirates Group** embarked on a futuristic, immersive digital journey to transform its employee experience. Using AI and AWS spatial computing, it developed an immersive extended reality, iXR platform, and capability for its cabin crew.

**Kitopi**, a Dubai-based cloud kitchen platform, harnesses the power of AI and machine learning to optimize food preparation and delivery processes and enhance customer satisfaction by forecasting demand, reducing food waste, and ensuring a consistently satisfying customer experience.

**Savola Group** invested SAR 18.8 million in Caper AI, a leader in smart cart and checkout technology that creates a unified online and in-store commerce solution for retailers

**Unilever** has deployed IoT sensors to monitor equipment performance and AI to predict maintenance needs.

**Majid Al Futtaim** has collaborated with eGrocery innovator Takeoff Technologies to launch an automated Micro Fulfillment Centre (MFC) at its Carrefour store in Ibn Battuta Mall. The Carrefour Micro Fulfillment Centre uses Artificial Intelligence (AI) to pick customers' orders from the optimum storage location. Autonomous Mobile Robots (AMRs) assist human colleagues in retrieving items and maintaining stock levels as products leave the facility.



The surge in data and AI technologies has positioned humanity on the brink of a second scientific revolution that could fundamentally transform human interaction.

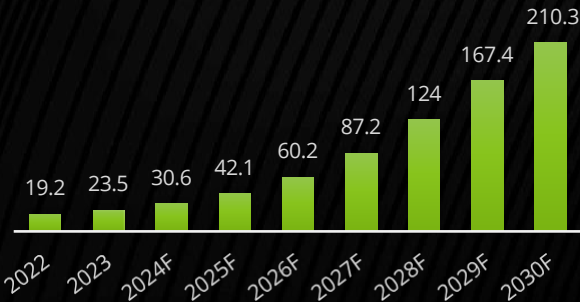
This wave of disruptive technologies, explored in detail here, holds immense potential to reshape the Middle East market and create a more efficient and innovative future.

The metaverse has transformed consumer-brand interactions. Companies are enhancing and virtualizing products to create highly realistic digital shopping experiences that closely replicate and even improve upon traditional in-store shopping. The steady growth of the global Metaverse e-commerce market underscores users' acceptance and adoption, underscoring the importance of embracing the technology. Governments have established strategies to facilitate and

encourage its adoption.

Blockchain is another revolutionary technology that has drastically transformed the consumer industry, particularly when it comes to payments. Altogether, various demographical factors in the region unlock the potential of blockchain as an emerging technology. Younger, more digital population. Highly educated, especially in Science, Technology and Engineering fields.

Global metaverse e-commerce market size  
(in billion USD)



80% of public and private sector entities in the UAE are already using the Blockchain technology. This trend is reflected globally, with a projected compound annual growth rate (CAGR) of 65.5% from 2024 to 2029.

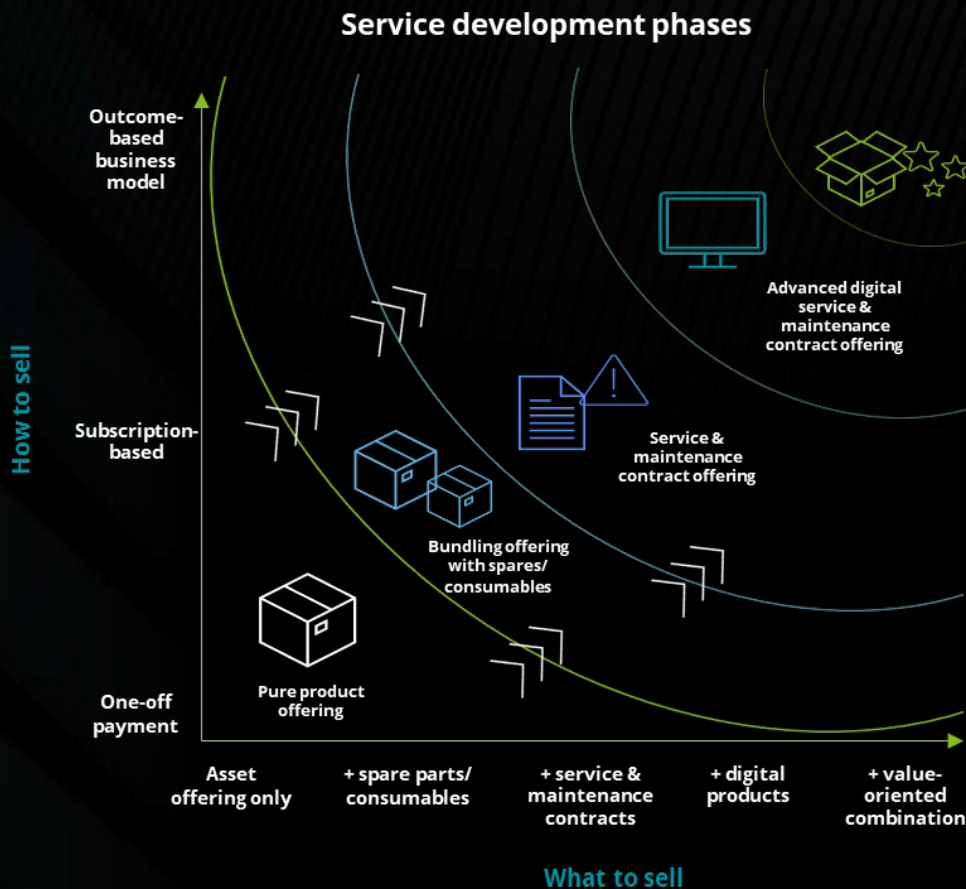


# Force 4: Radical industry upheaval

The consumer industry has undergone enormous transformation over the past decade, driven by two primary forces: globalization and technology.

Globalization has had a deflationary effect on many consumer goods categories while simultaneously opening new markets.

Similarly, technology has proved disruptive in driving efficiency and access, reducing the cost of consumer goods, digitizing physical processes and capabilities, creating new economies of scale, creating new business models, and tearing down barriers to market entry, driving both consolidation and fragmentation. Technological advancements have democratized the consumer industry, by breaking down barriers like substantial capital investments in property, plant, and equipment, and making entry more accessible even for small players.





**Everything as a Service:** Over the past decade, a significant shift has been observed in some industries, moving from one-off sales to recurring revenue streams based on product usage or outputs. This shift, commonly referred to as 'Everything as a Service', has become a common practice in the consumer industry. Notable examples include Netflix and Spotify, which offer subscription-based services, reflecting the changing business models in the consumer space. The Everything-as-a-Service model unlocked benefits for both service providers and customers, paving the way for its acceptance and adoption in the market.

Benefits for the service provider



**New profit pools**  
A shift to EaaS unlocks a higher margin revenue stream to add to existing profit pools



**Increased business predictability**  
Recurring revenues make the business financially more predictable and can offer improved margins



**Strategic market differentiation**  
Proactively meet the changing needs of the customer by providing greater value services



**Customer lifetime value maximization**  
Ongoing interactions with customers enable up-and cross-sell opportunities



**Greater business stability and resilience**  
"ultimate" loyalty program while driving consistency and reducing churn

Benefits for the customer



**Improved total value**  
Data-driven, enhanced service offerings can provide the customer with great value yield over the long term



**Greater transparency and predictability**  
Greater transparency and predictability of costs and improved alignment of usage and outcome with costs



**Improved flexibility and scalability**  
Subscription-based models allow customers to adjust their service based on changing requirements



**More personalized services**  
Subscription-based allows customers to curate and tailor their service to their specific needs



**Shifting of responsibilities and risk to the provider**  
Shift in responsibility for handling and maintenance and a reduction in risk associated with the purchase of the service

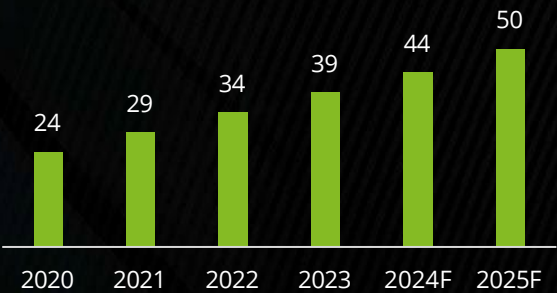
- Influencers:** Influencer marketing is poised for an extraordinary year in 2024, with the industry projected to reach a staggering \$24 billion. This growth is a testament to the evolving strategies brands adopt, prioritizing authenticity, data-driven insights, and long-term partnerships. Unlike in previous years, where mega influencers and celebrities dominated the scene, there is now a strong preference for nano and micro-influencers

Influencer marketing market size  
(Billion USD)



- **Multi-Commerce:** The e-commerce sector in the Middle East is poised for substantial growth. It is estimated to reach a market volume of US\$50 billion by 2025, driven by the widespread use of cutting-edge technologies and favorable government initiatives to promote digital economies
- **Declining barriers of entry:** In the Middle East and North Africa (MENA) region, the United Arab Emirates (UAE) ranks as the top country for ease of doing business, holding the 31st position globally. Saudi Arabia has significantly progressed, climbing from 92nd to 62nd place globally. This improvement can be attributed to the ambitious reforms under Vision 2030, which have enhanced the business environment by simplifying property registration and improving regulatory frameworks. Economic Free Zones (EFZs) offer a compelling example of how particular policies and reduced red tape can significantly benefit the retail and commercial sectors.

**Forecasted e-commerce market size in the Gulf cooperation council region**  
(Billion USD)



**Number of free zones per country**





## Renowned retailers in the Middle East, such as Alshaya, Apparel Group, Chalhoub Group, and Landmark Group

have not only embraced the power of customer data but also established distribution partnerships with third-party eCommerce service providers. They have set up their own brand websites and integrated with other marketplaces, a testament to the success that can be achieved through effective data utilization and strategic partnerships.

By integrating with other systems like enterprise resource planning (ERP), deep-learning models enable brands to optimize inventory according to shifting customer expectations and demand. These insights empower marketing teams to segment their audience based on demographics, interests, and preferences, enabling them to deliver personalized recommendations and services. Personalization is, after all, a cornerstone of a successful omnichannel strategy.

**WrkBay** a UAE-based furniture company, offers office furniture on a subscription basis, catering to businesses and startups across the GCC region. Subscription includes the provision of high-end furniture with flexibility for the consumer. It also provides service and maintenance support. Through the business model, the consumer of the service can convert their capital expenses to operating expenses. For WrkBay, there remains a continuous stream of revenue through subscriptions, a solid consumer base, and the ability to innovate.

**RedTag** implemented a customer data platform (CDP), which unifies information from multiple channels to provide a complete view of the customer's journey and behavior. The next crucial step is to contextualize the data and extract valuable insights. This is where a customer experience management (CEM) platform shines, transforming raw data into 'connected intelligence.'



## Force 5: Extreme climate change

An estimated 60% of all greenhouse gases are produced by consumers and the consumer industry

Human activities have always affected the environment, but the extent of today's impact is unparalleled. The current state of our planet's health is becoming more fragile and unsustainable. The consumer industry is a key player in this scenario, responsible for an estimated 60% of all greenhouse gas emissions. A striking example is the production of plastic bottles, which has nearly doubled today since 2004.

These changes in climate conditions also impacts the way organizations function. A staggering 36% and 61% CXOs expect moderate/some and very high/high impacts of climate change on their organizations respectively. However, only 3% anticipate this will affect their company's strategy or operations in the next three years. This disconnect can only be bridged by taking proactive measures.

In the industry, the importance of climate change has contributed to the emergence of the concept of environmental sustainability and governance (ESG).

Some of the most pressing sustainability-related challenges include:

- Traceability and responsible value chain
- Decarbonization/carbon monetization
- Responsible design and production
- Measurement/Reporting

The criticality of addressing environmental concerns shaped the top actions taken by CXOs, most of which are centered around the adoption and engraining of sustainability as a part of the organizational culture.

With their heavy reliance on fossil fuels, GCC countries are among the most at-risk nations for the effects of climate change. This urgent situation has led them to integrate sustainability as a crucial part of their national agendas, alongside other strategic national objectives.



In their commitment to sustainability, GCC countries are launching large-scale initiatives. These efforts include diversifying their economies away from fossil fuels, making substantial investments in renewable energy, addressing water reuse and recycling, and promoting non-oil sectors.

For instance, the UAE initiated an annual sustainability year in COP28 and significantly ramped up its efforts to reduce greenhouse gas emissions, aiming for net zero emissions by 2050.

Saudi Arabia's sovereign wealth fund is also aiming for net-zero emissions by 2050. In KSA, the National Renewable Energy Program (NREP), under its Vision 2030, is pursuing a comprehensive approach to sustainability.

These initiatives are part of a broader strategy that integrates environmental conservation, energy transition, and sustainability, with a focus on mitigating emissions, promoting clean energy adoption, and addressing climate change challenges.

Many industry players in the region have undertaken bold steps to tackle the challenges arising due to climate change.

- **Majid Al-Futtaim** has set ambitious targets for carbon neutrality by 2040. The company implemented initiatives such as energy efficiency in malls, water conservation, waste management, and green building certifications. Their target requires going beyond net zero to remove more carbon dioxide.
- **Emirates Group** (Aviation) Green SOPs include measures such as using reduced engine taxi, idle reverse, prudent judgment on extra fuel, optimized flap landing, inflight speed management to minimize fuel burn, and use of direct routing opportunities. In 2022-23, Green SOPs and other operating initiatives helped to reduce fuel burn by more than 50,000 tons and carbon emissions by over 160,000 tons. Hence, it was a measure that promoted a positive step towards addressing climate change.
- **Unilever** Middle East has promoted various measures, including sustainably sourcing 100% of its agricultural raw materials. They further aim to reduce their use of virgin plastic by 50% and ensure the virgin plastic's recyclability, reusability, and composability. Hence, this sheds light on Unilever's interest in reducing plastic use and maximizing the use of recycled plastic in packaging.
- **Landmark Group** has set the goal of Net Zero future by revamping their supply chain, sourcing pattern and product design incentivized through green financing. They have diversified their energy infrastructure to include solar energy source. Establishing their own sorting and recycling facility in Dubai is a significant step in responsibly managing old products, starting with textiles.

The rise of climate-related issues and sustainability as industry trends have led to the development of smart cities. These cities aim to proactively manage common challenges such as traffic volume and CO2 emissions on a minute-by-minute basis.

The concept of smart cities paved the way for introducing the idea of adaptive cities, which are intended to promote agility and enable dynamic responses to continuous climate change and disruption.

Embarking on the sustainability journey was evident in the 2022 World Cup, where Qatar launched a unique strategy to maximize the sustainability of the preparation, staging, and post-tournament activities of the FIFA World Cup Qatar 2022.

Modified shipping containers were used to construct the Ras Abu Aboud stadium in Doha for the 2022 FIFA World Cup Qatar. The stadium's uniqueness is centered on leveraging repurposed steel containers, arranging them in an "elegant curved square" and allowing modification to contain elements of the 40,000-seat stadium, including removable seats, concession stands, and bathrooms.

The venue's fundamental concept is enabling effective recycling by moving the building to a new location to host future games or repurposing it into several smaller sports and cultural venues. Using adapted shipping containers as building blocks reduces the required building materials, creating less waste and reducing the stadium's carbon footprint.





## Force 6: Shifting economics, policy and power

Contrary to expectations, inflation impacts the GCC countries despite their oil-dependent economies.

In the GCC, rising inflation influences the cost of goods and services, affecting how retailers price their products and consumers make purchasing decisions. These fluctuations are leading to changes in consumer spending and pricing strategies. This inflation also influences the cost of imported goods, a significant part of the retail market, potentially leading to higher prices and shifts in consumer behavior.

The Inflation Reduction Act, a significant part of the new legislative policies, is expected to drive investment in renewable technologies, including solar, wind turbines, batteries, and other sustainable solutions. The act's tax incentives are already spurring a shift toward reshoring manufacturing and boosting investments in renewable energy infrastructure.

**Inflation impact on sectors in KSA:** The clothing and footwear sector experienced the highest decrease in August 2024, 35.7%, with total transactions of SAR 599,4 million. Moreover, the education sector experienced a decline for the first time! The decrease was 16.9%, which translates into SAR 40.7 million. Hotels were the third most impacted sector, with a 15.9% decrease in transactions, reaching SAR 224.6 million.

**Inflation impact on the retail sector in UAE:** Despite the challenges posed by inflation, the retail sector in the UAE is poised for growth. New business retail registrations in Dubai decreased by 9%, while in Abu Dhabi, it fell by 10% compared to 2023, reaching a total number just above 7,000. UAE shoppers are becoming more price-sensitive, increasing pressure on retailers to lower their margins and rely on discounts and promotional offers. However, this shift in consumer behavior also presents an opportunity for retailers to adapt and thrive. Moreover, inflation led to an increase in underperforming companies and weakened consumer demand.

In 2020, the UAE experienced deflation, with a rate of -2.08%, but it recovered to 4.75% by 2022. Saudi Arabia also experienced considerable inflation variability, with peaks like 11.1% in July 2008 and more recent figures around 2.47% in 2022. Qatar's inflation followed a similar trajectory, moving from -2.54% in 2020 to 5.00% in 2022 before slowing down in 2024.

While technology has ushered the consumer industry into a new realm, some advancements have also led to disruptions and pitfalls.

For the consumer industry, broader external forces affect the industry's economics, structure, and direction. These forces take many different forms. Even though it catapults the industry to new realms, technological advancement also creates pitfalls for the players.

Technological advancements such as the following leads to disruption in the industry to a level never seen before.

- Deepfakes and Cybercrime: Deepfakes are a form of cybercrime highlighting the need to adopt security and privacy policies and procedures. They are centered on videos, pictures, or audio clips made with artificial intelligence to look natural.

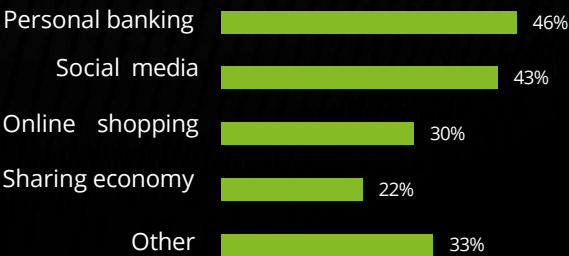
The UAE has seen a significant increase in fraud cases in the mobility sector and instances of document fraud, including a 3.2% rate of counterfeit ID cards and 21.9% fraudulent passports.

- Deepfakes leverage artificial intelligence to replicate a person's voice and facial features. This technology can use an audio recording to generate speech that the individual never actually said. Additionally, it can mimic facial movements from videos or even a single photograph.

Inflation increased consumers' price sensitivity, which motivated cybercriminals to leverage deepfakes for financial benefits. The industry, particularly in online marketplaces, is increasingly vulnerable to deepfake-related fraud.

For instance, in 2023, there was a 900% increase in deepfake cases in online marketplaces globally. This indicates that the retail sector in these regions may experience a significant impact as digital shopping continues to grow. Moreover, the success of deepfakes relies heavily on the active use of social media, where people tend to upload personal content with minimal attention to privacy factors.

Services at risk of deepfake fraud  
(% of online services)





# And it's a new dawn

Businesses have always been key drivers of human and social progress, and they will continue to be. However, new challenges are emerging that threaten the health of the economy, society, and the planet. A thriving marketplace cannot exist without a healthy society and environment. Consumer industry CEOs must grasp the significance of these six forces. Their understanding and leadership will fundamentally change their industry, customers, economy, society, and environment and allow them to lead their company through this paradigm shift.

By understanding how these forces will shape the future, CEOs can proactively steer their companies toward success, navigating the opportunities and challenges ahead.

With the right knowledge and tools, they can actively shape outcomes, rather than passively reacting to them. Thus, the role of business extends beyond profit generation; it involves addressing real problems and meeting human needs responsibly and sustainably. To achieve profitable growth, companies must balance short-term shareholder value with long-term growth and societal responsibility. **This balance is not just a choice but a responsibility that CEOs must bear, demonstrating their commitment to creating a future that benefits both business and society.**

In a world filled with exponential change, unprecedented disruption, and increasing uncertainty, it is imperative for us to come together and take action to shape a better future. We all have a role to play as consumers, executives, and citizens. Simply put, consumers, companies, governments,

communities, and society must commit to improving things. This commitment will require us to make ambitious choices at the intersection of prosperity and purpose and rethink our value on things.

- Recognize the six forces shaping our future.
- Understand the implications of these forces across three key dimensions:
  - Markets - what is being sold, to whom, and what products or services create value.
  - Models - how businesses are organized and configured, how materials and capabilities are sourced, and the emergence of new business models for value creation.
  - Mechanics - how businesses carry out activities along the value chain, employ labor, develop partnerships and ecosystems, and make strategic and operational decisions.
- Continuously monitor, assess, and plan for different scenarios based on the changing landscape.

**The future of the consumer industry requires that we all chart this path of buying into better.**

# Authors



**Bhavesh Morar**

[bhamorar@deloitte.com](mailto:bhamorar@deloitte.com)

Chief Growth Officer and Head of  
Consumer, Middle East



**Sundeep Khanna**

[sunkhanna@deloitte.com](mailto:sunkhanna@deloitte.com)

Consumer Partner and Future of  
Consumer Lead, Middle East



**Joerg Meiser**

[jomeiser@deloitte.com](mailto:jomeiser@deloitte.com)

Consumer Partner, Monitor  
Deloitte, Middle East

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**Devi Nilayangode**  
Manager

**Rasha Saif**  
Manager

**Debarun Das**  
Manager

**Sara Al Megbel**  
Senior Consultant

**Dina Salman**  
Senior Consultant

**Fatima Alsomali**  
Consultant

**Nada Kawam**  
Analyst



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