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Consumer behavior amid regional uncertainty

How KSA and UAE residents are spending, saving, and planning

100 Years in the Middle East

Foreword

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The current situation across the Middle East has led to an increase in oil prices and caused widespread supply chain disruption. This has put pressure on businesses across sectors, especially those in the consumer retail sector.

While businesses and consumers are already experiencing higher prices and weaker sentiment, the full impact will continue to unfold as supply constraints work their way through the system, in parallel to rising energy, food, and travel costs affecting households worldwide.

In parallel, our separate **Business Resilience amid regional uncertainty** survey explores how businesses across the region are responding to this environment. This article, however, focuses specifically on the consumer lens.

Closer to home, how is this affecting businesses and consumers in the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE)?

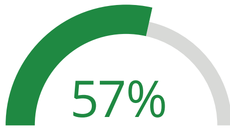
To help businesses navigate this landscape, we surveyed KSA and UAE consumers on their household finances, travel plans, and purchasing behavior.

The findings that follow provide insight into how consumers are adapting to the current environment and highlight important differences between the two markets. The results indicate that businesses are right to be concerned. There's still a silver lining: consumers remain optimistic about a near-term recovery.

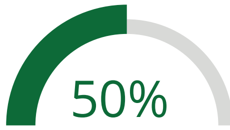
Executive summary

Feel pessimistic about their personal financial situation over the next 12 months

Plan at least one major purchase in the next 12 months



Expect the economy to recover within the next 12 months



Would consider relocating if the conflict continues/restarts

Our findings challenged expected narratives about conflict and consumer behavior: confidence is relatively measured, but spending intentions remain robust, and optimism about recovery is high. However, the landscape is highly nuanced across regions and demographic groups.

Key findings:

Confidence varies by residency and region: Around half of respondents feel financially secure, despite widespread inflation across everyday essentials as well as discretionary and luxury purchases. Nationals indicate higher financial confidence than expatriates. Overall, KSA consumers exhibit stronger financial confidence than their counterparts in the UAE.

Travel is disrupted, but not derailed: While 45% of respondents have deferred or canceled trips since the situation began, intentions to travel over the next 12 months remain strong in both markets.

Relocation intent is strong: If the conflict were to worsen, nearly half of respondents say they would consider moving. Notably, nationals also show meaningful relocation intent, with UAE residents being most undecided.

High optimism for recovery: 57% of respondents expect the economy to rebound within 12 months, led by savings and travel. UAE consumers are more optimistic about the macro-outlook, while KSA consumers are more confident about their own household finances and spending.

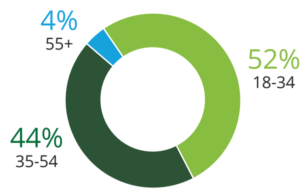
Methodology and sample

United Arab Emirates

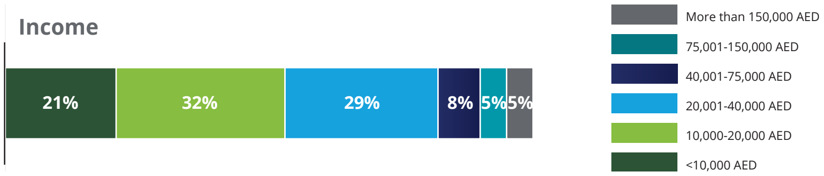
n=500

Gender

Age



Income



Nationality

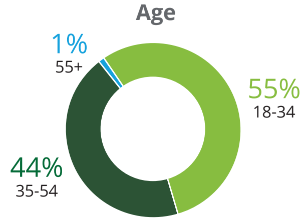
Duration of Residency

Kingdom of Saudi Arabia

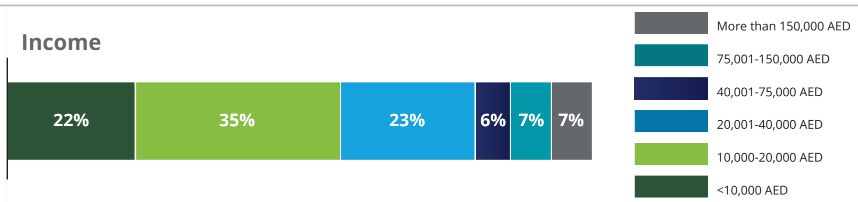
n=500

Gender

Age



Income



Nationality

Duration of Residency

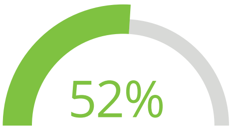
Note: KSA has a substantially higher proportion of nationals (39%) compared to the UAE (10%), which is predominantly an expatriate market. This structural difference shapes attitudes toward relocation, spending stability, and economic confidence.

1. Confidence varies by residency and region

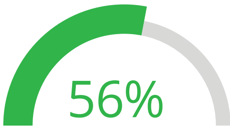
Consumer sentiment is broadly positive, but KSA responses show greater financial confidence

Across both markets, 52% of respondents feel their household financial well-being is better compared to before the conflict. This may reflect stronger household savings and income stability among these consumers.

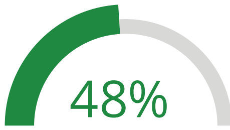
Overall, 60% of respondents reported being confident in their current financial ability, while lower-income households in both markets reported the lowest confidence, driven by factors such as lower savings, weaker income stability, and job-security concerns.



of total respondents feel their household's financial wellbeing is better



of respondents in the KSA feel their household's financial wellbeing is better



of respondents in the UAE feel their household's financial wellbeing is better

of total respondents feel their household's financial wellbeing is worse

KSA consumers earning more than SAR 10,000 per month consistently report greater financial confidence (56%) than their UAE counterparts earning more than AED 10,000 (48%). This gap widens in higher income brackets. In the UAE, the share of people who feel better off peaks at ~70% among those earning >AED 75,000 per month, while in KSA it rises to ~80% among those earning >SAR 40,000 per month.

Expatriates in both markets report lower financial confidence than citizens. However, KSA-based expats show a higher degree of resilience, irrespective of their residency duration, compared to UAE expats. On average, 22% of UAE expats say they have been negatively affected by the conflict compared to just 13% in KSA.

This is also reflected in the IMF assessment[1] which underscores the resilience of Saudi consumers, supported by strong domestic demand, low inflation, and solid economic fundamentals. In comparison, UAE consumers appear more cautious, cutting discretionary spending and increasing savings[2].

Figure 1: Financial wellbeing by demographic factors in UAE and KSA

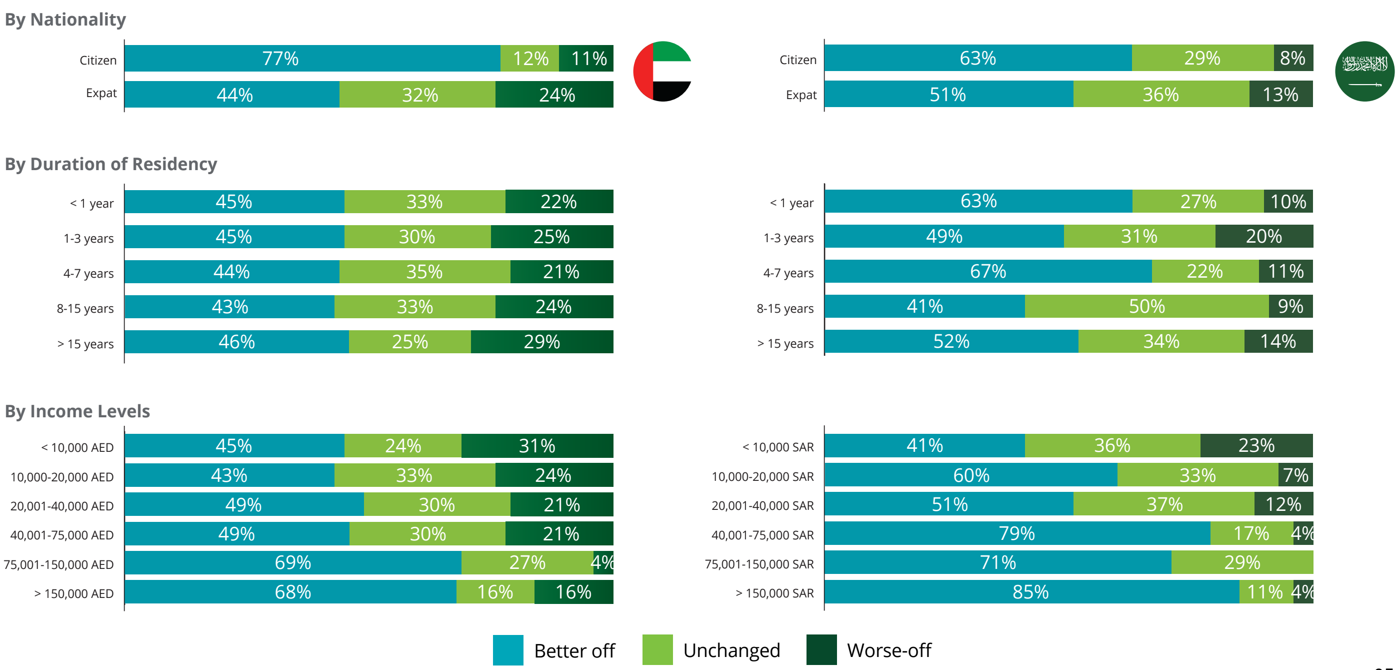


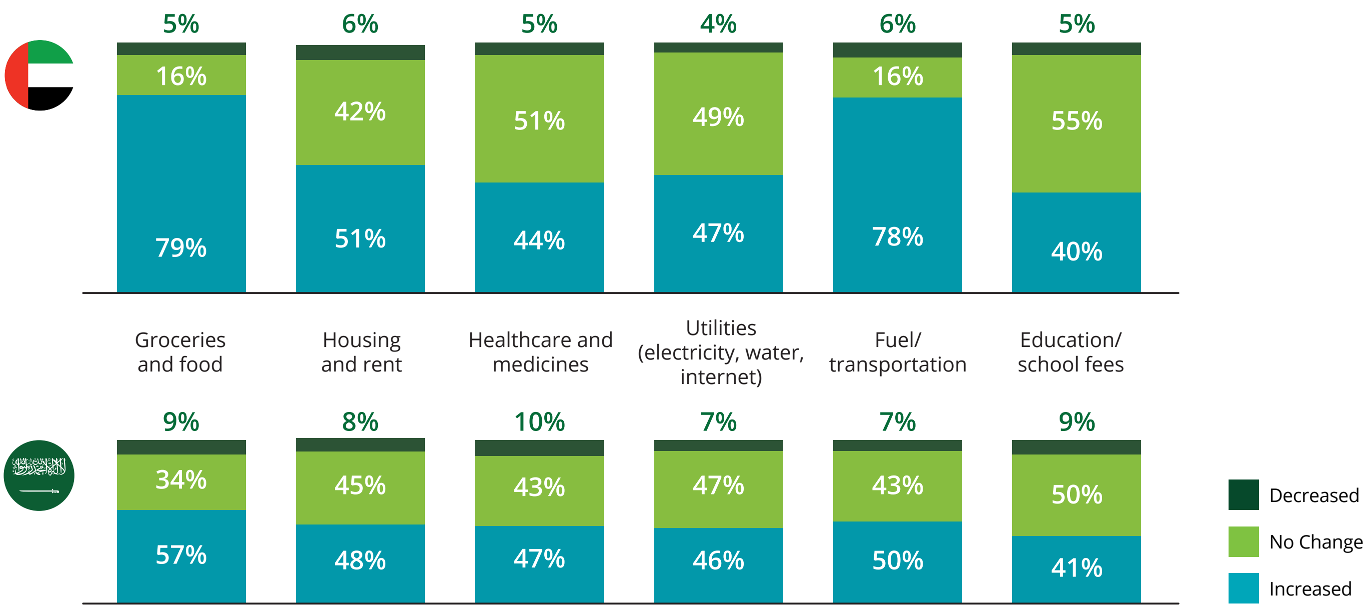
Figure 2: Financial wellbeing and confidence across UAE and KSA

Q: Please indicate how much you agree with each of the following statements about your current situation.

i. Impact of inflation: Prices for all goods and services are rising, but consumers are responding differently

Rising prices on everyday essentials are widely felt in both markets. Groceries & food and fuel/transportation have experienced the most significant spikes, reflecting the disruption in supply through the Strait of Hormuz[3] and the region's heavy reliance on imports.

Figure 3: Price inflation by market (UAE, KSA)



Q: For each of the following essential categories, how have prices changed compared to before the conflict?

While household spending on groceries and fuel has risen across both KSA and UAE, this uptick is likely a direct reflection of price inflation and stockpiling rather than an organic increase in consumption. Since these essential goods are highly inelastic, consumers cannot easily reduce their volume of consumption even as prices climb.

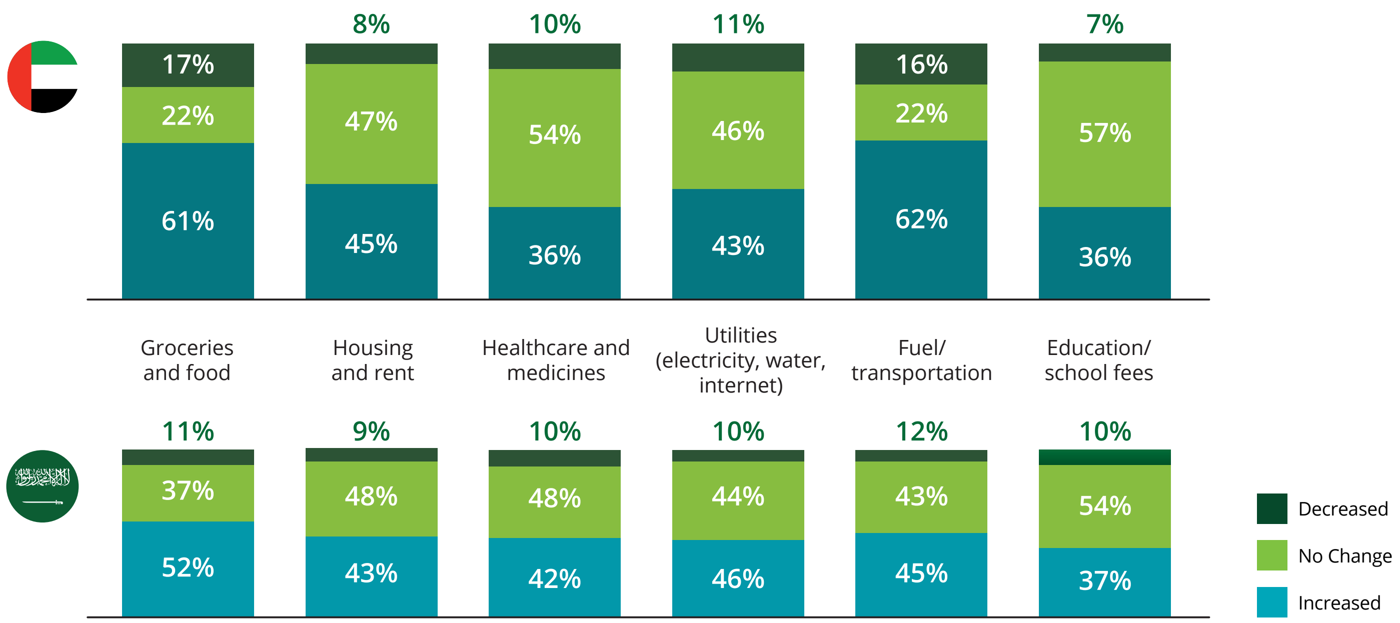
Rather than cutting out essentials entirely, Middle East households are maintaining volume through structured coping mechanisms. Our survey shows a deliberate shift to frugality through the following measures:

01 | Brand substitution
Consumers are actively switching to cheaper private labels or alternative brands to maintain baseline consumption.

02 | Value hunting
Consumers may prefer promotional buying, bulk purchasing, and eliminating impulse items.

03 | Discretionary sacrifice
Consumers are reducing non-essential spending (such as leisure and big-ticket items).

Figure 4: Essentials spending by market (UAE, KSA)

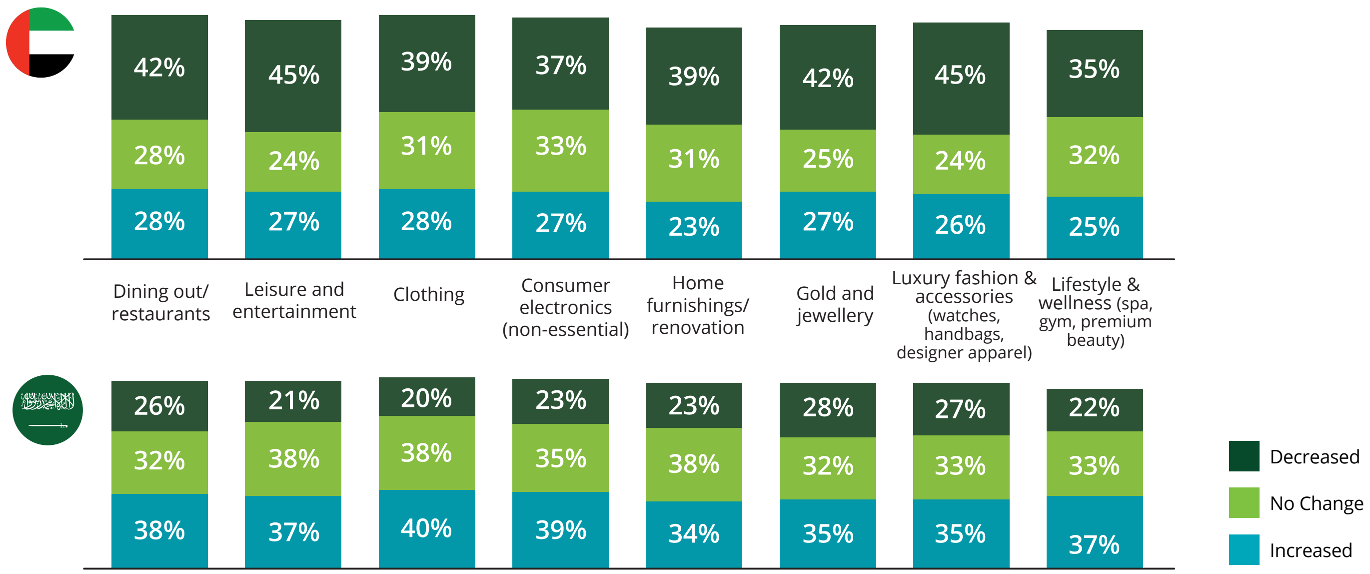


Q: For each of the same essential categories, how have your household's spending habits changed since the conflict began?

ii. Discretionary spending: KSA maintains its appetite for non-essentials, while the UAE pivots to intentional spending

KSA consumers are net positive across all discretionary categories, indicating increased spending on non-essentials and luxury items. In contrast, UAE consumers are net negative across every discretionary category, suggesting they have reduced or deferred purchases since the conflict began. The UAE consumer appears more intentional, increasingly selective, and spending-conscious amid heightened uncertainty[4].

Figure 5: Discretionary spending by market (UAE, KSA)



Q: For each of the following discretionary or luxury categories, how have your household's spending habits changed since th

The largest divergence by category is in leisure and entertainment, followed by luxury, fashion, and accessories. In the UAE, consumers are broadly pulling back on experiential and high-ticket spending, pointing to potential commercial headwinds for luxury fashion retailers as well as hospitality and leisure businesses. This impact can already be felt on the ground: Luxury brands reported year-over-year sales declines of 30-50% at the Mall of Emirates (one of Dubai's largest malls) in March, driven by lower tourist traffic, disrupted travel routes, and heightened geopolitical uncertainty [5].

Compounding this, the World Travel & Tourism Council estimates the Middle East tourism sector is losing ~$600 million per day in international visitor spending due to flight disruptions, reduced travel demand, and uncertainty[6].

Interestingly, while all discretionary spending in the UAE is under pressure, categories like consumer electronics and lifestyle and wellness (both -10pp) and clothing (-11pp) saw the least decline. As UAE residents cut back on going out, they are redirecting their discretionary spending towards their immediate home environments and personal wellbeing.

Ultimately, these findings highlight a critical commercial reality: the KSA and UAE consumer markets are fundamentally diverging. Several factors may contribute to this divergence, including the UAE's higher living costs, its large expatriate population (whose income security is closely tied to the regional stability), and differing psychological responses to the broader geopolitical landscape.

The commercial implication is clear: treating the GCC as a homogeneous bloc is no longer viable. Businesses will need to develop market-specific briefs, messaging, and channel allocations for KSA and UAE separately to succeed.

"The current regional situation has made us more cautious with our financial decisions. Rising living costs and uncertainty have led us to prioritize essential expenses and reduce non-essential spending. We are focusing more on saving and building a financial cushion."

– UAE respondent

"Currently, the situation has not significantly changed my financial decisions or future plans. I am continuing with my original goals as planned."

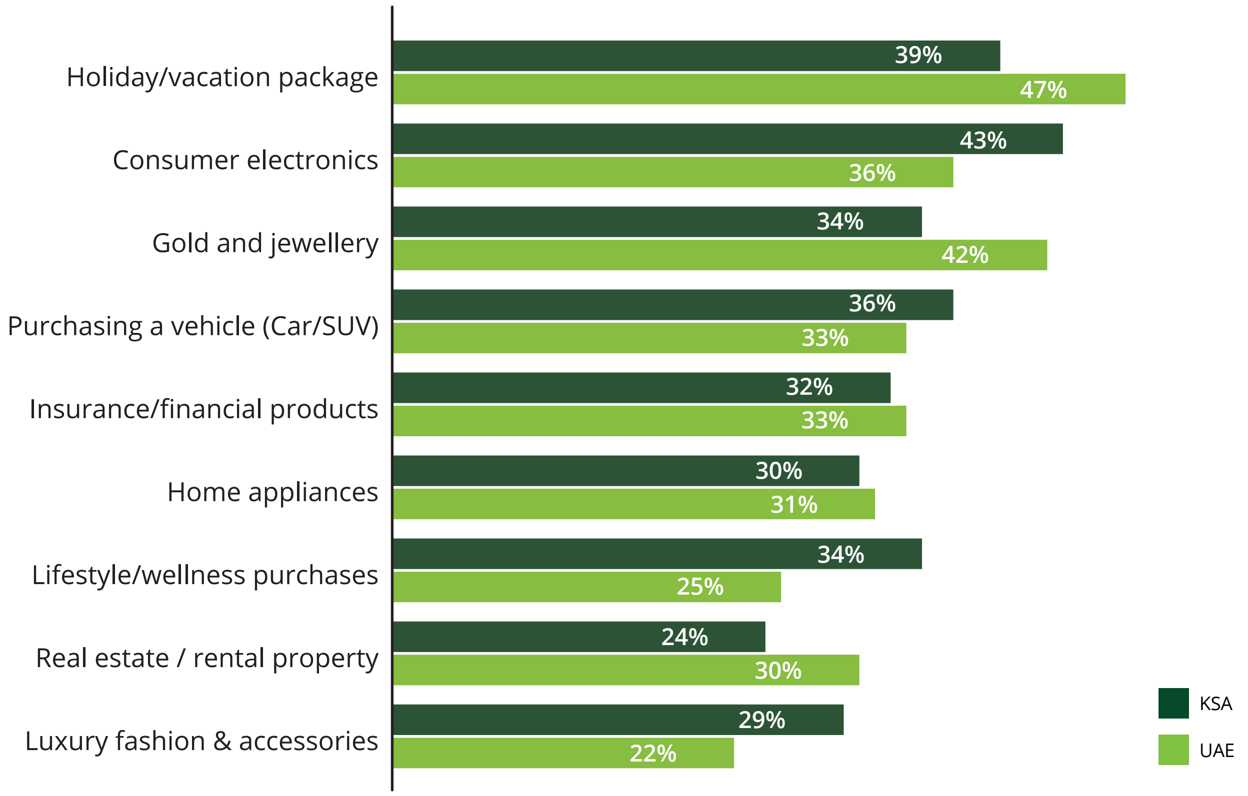
– KSA respondent

iii. Strong forward purchase intent: Consumers plan major purchases in the next 12 months

Our survey found that 94% of consumers plan a major purchase in the next 12 months, but priorities differ by market. Only 8% of KSA and 6% of UAE respondents plan no major purchases in the next year. However, the intent across spending categories reveals meaningfully different consumer priorities.

When asked about their forward purchase motivation, consumers across both markets emphasized “improving home and family comfort and security” (32%), followed by “buying now before prices rise further” (21%) and “taking advantage of deals and promotions” (21%)[7]. These priorities reflect a degree of price anxiety that is consistent with feelings about cost increases felt across both markets.

Figure 6: Forward purchase intent by category across UAE and KSA



Q: Over the next 12 months, which of the following major purchases are you planning?

Future spending intent in KSA outpaces the UAE on consumer electronics (+7pp), lifestyle and wellness (+9pp), luxury fashion (+7pp) and vehicle purchase (+3pp). But, when it comes to holidays and gold and jewelry, spending intent is substantially stronger in UAE.
The gap in holiday intent is particularly telling as it aligns with our findings about travel: UAE consumers are cutting back now but protecting their travel plans, suggesting that their aspirations are being disrupted, not derailed. The focus on gold and jewelry may also point to a desire for financial security amid uncertainty. In contrast, KSA purchases are more lifestyle- and experience-led, suggesting business strategies centered on product range, aspiration, and quality.

Businesses may need to tailor their strategies to suit the diverging consumer preferences in both regions. Heavy promotional discounts are unlikely to be necessary, as demand remains intrinsically motivated. UAE consumers are more cautious but not disengaged; strategies anchored in financial prudence, emphasizing quality, longevity, and value for money rather than indulgence, are more likely to perform. Another study indicated that UAE consumers are prioritizing essential value-led purchases anchored in trust and convenience, while still allowing for ‘selective comfort spending’[8].

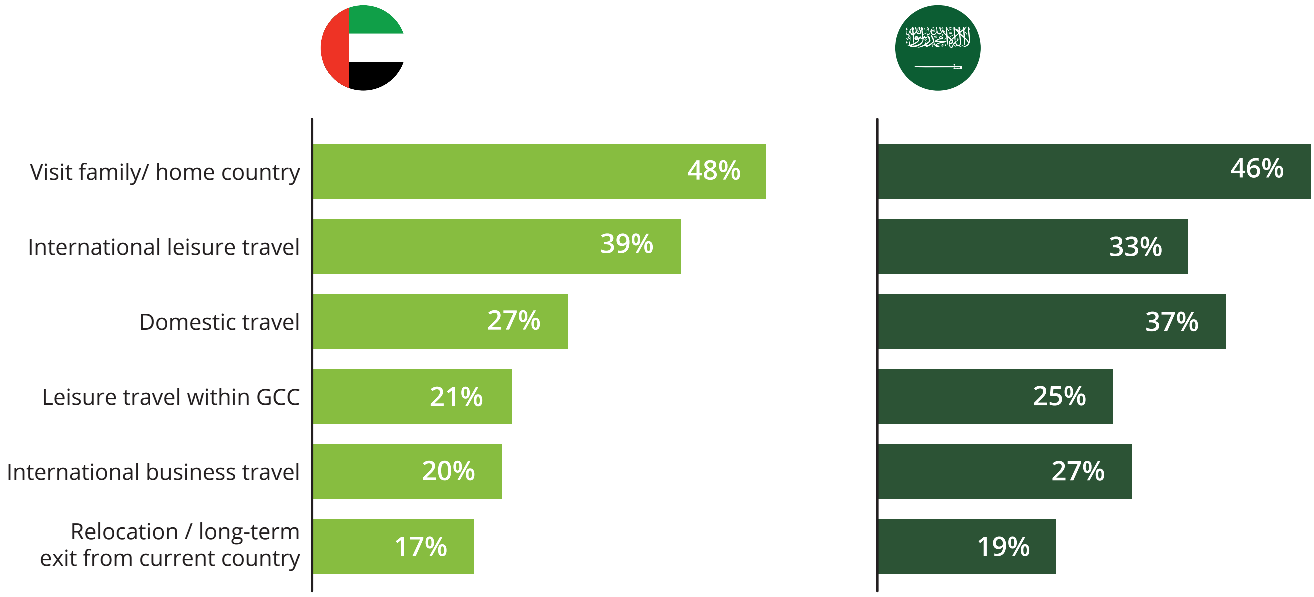
> “Many households are prioritizing liquidity and long-term stability over luxury spending. There is increasing interest in gold and digital assets as a hedge against global market volatility.”
>
> **– UAE survey respondent**

2. Travel is disrupted but not derailed[9]

Near-term caution is real but forward intent is strong, especially in UAE

Across both countries, 45% of respondents have reduced or cancelled travel plans since the conflict began. Yet, despite a cautious spending stance, UAE consumers express stronger appetite for international leisure travel. Conversely, KSA consumers show stronger intent for domestic (37% vs. 27%) and international business travel (27% vs. 20%), potentially reflecting higher travel costs, reduced availability, and broader uncertainty.

Figure 7: Future travel objectives by market



Q: Over the next 12 months, what travel do you intend to undertake?

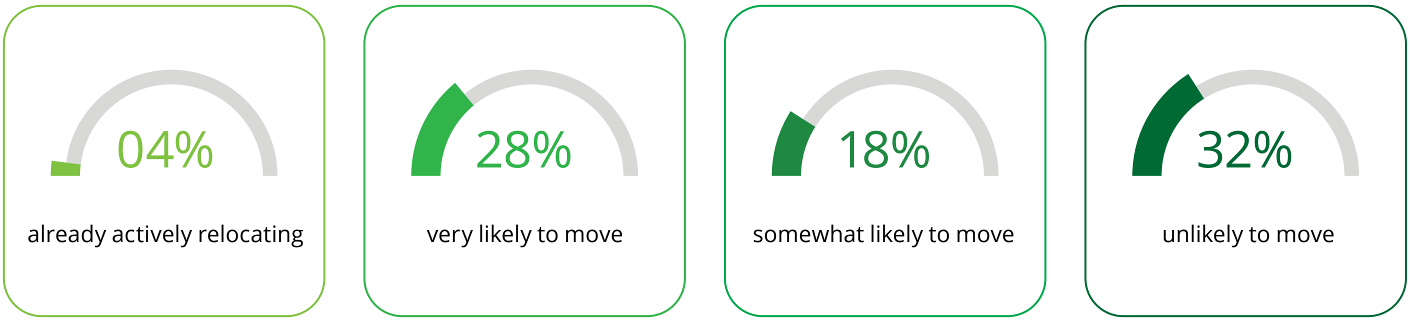
"I have postponed most of my leisure travel since ticket prices are massively high and I don't want to get stranded in another country if the situation escalates."

– Survey respondent

3. Relocation intent is strong

With 50% of residents considering relocation, businesses may face a mounting challenge of talent and consumer flight

If the regional conflict were to escalate significantly, 50% of respondents across both markets say they would consider relocating, with 4% already actively taking steps to do so. This has clear potential consequences for governments, employers, and businesses whose models depend on a stable resident consumer and employee base.



Distinct relocation profiles

Splitting the data by both country and residency status reveals substantial variations.

Relocation intent	KSA Nationals (n=193)	KSA Expats (n=307)	UAE Nationals (n=52)	UAE Expats (n=448)
Already relocating	4%	5%	12%	4%
Very likely to move	27%	28%	35%	23%
Somewhat likely	20%	20%	8%	19%
Undecided	15%	19%	6%	25%
Somewhat unlikely	7%	8%	10%	11%
Very unlikely / stay	27%	20%	31%	18%
Net likely to move	51%	53%	55%	46%
Net score (move minus stay)	**+17%**	**+25%**	**+14%**	**+17%**

01 | KSA residents are the most consistently mobile
KSA expatriates show the clearest relocation intent (+25% net score), while 47% of KSA nationals would also consider moving.

02 | UAE expats are the most undecided
25% of UAE expats are uncertain about what they would do. This is the highest level of indecision of any group. While their net score (+17%) is similar to that of KSA nationals, the underlying dynamic is different: UAE expatriates appear uncertain about their next steps. This aligns with the broader UAE pattern across the survey, where residents are not necessarily more settled, but more uncertain, potentially reflecting the market's predominantly expatriate composition (90% of our survey respondents).

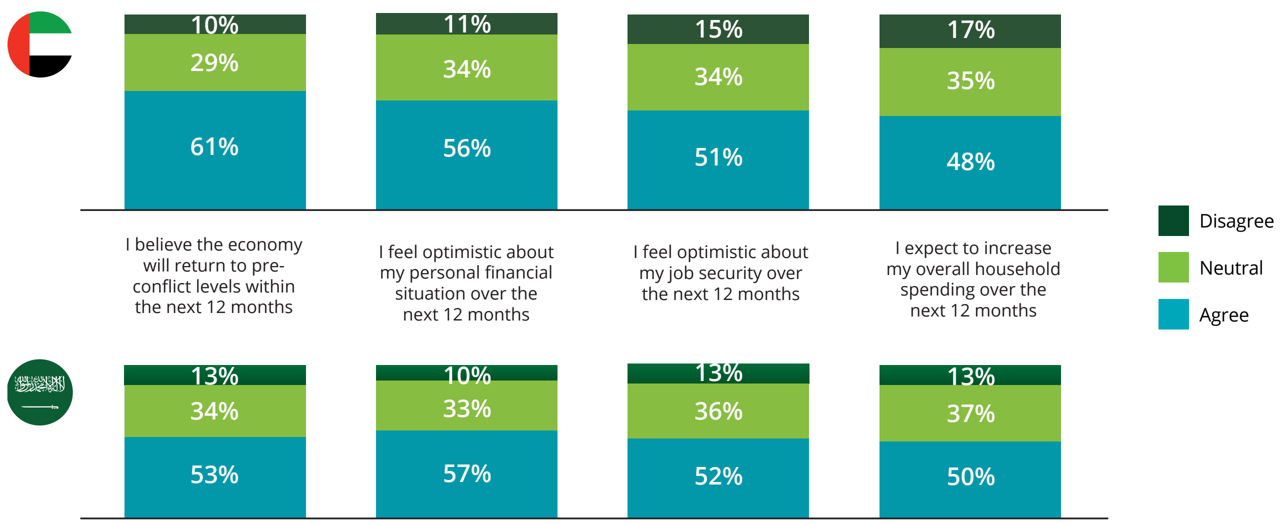
For employers, talent retention is a critical business-continuity priority. For governments, the willingness of nationals to relocate could also signal pressure on long-term stability.

4. High optimism for recovery

Consumers in the UAE are more optimistic about macroeconomic recovery, while KSA consumers are more confident in household finances

Optimism about recovery is strong in both markets: 57% of respondents expect the economy to return to pre-conflict levels within 12 months. However, UAE respondents anticipate a faster macroeconomic rebound (+61% vs. +53%), while KSA respondents feel more secure about their personal household finances.

Figure 8: Consumer optimism on recovery across markets



Q: Please indicate how much you agree with each of the following statements.

Consumers in both markets expect savings and investments to recover first, though the strength of that preference differs markedly between the two markets (33% in the UAE, 20% in KSA). This is followed by travel and automobile sectors.

The largest difference between the two markets is in clothing and fashion: it ranks third in KSA but does not appear in the UAE's top five. This is the sharpest country-level split in the entire recovery ranking, and it reflects the same pattern seen throughout the survey: KSA consumers have maintained stronger discretionary spending on clothing during the conflict and continue to see it as a priority. UAE consumers, who cut back sharply, place it much further down the queue.

Figure 9: Household financial priorities after stabilization

KSA	Recovery spending priority	UAE
Savings & investments	#1	Savings & investments
Leisure Travel/ holidays	#2	Leisure Travel/ holidays
Vehicle purchase / Clothing & fashion	#3	Vehicle purchase
Gold & Jewelry	#4	Gold & Jewelry
Dining out and restaurants	#5	Dining out and restaurants
Luxury fashion & accessories	Lowest ranked	Luxury fashion & accessories

Q: Once the regional situation stabilizes, which spending categories do you expect to recover first in your household?

In KSA, Vehicle purchase & lifestyle are expected to rebound quickly, so brands should start preparing for a rapid return in demand. In the UAE, the recovery path is more cautious, skewing toward practical, security-oriented spending. As a result, businesses should phase recovery marketing by market.

The clear divergence between KSA and UAE consumers highlights the importance of understanding each market's distinct priorities and behaviors.

For businesses operating in the region, success is no longer about establishing a broad Middle Eastern footprint, but about achieving deep localization. Organizations will need to transition from regional assumptions to market-specific execution to navigate these shifting dynamics, capture emerging opportunities, and mitigate structural risks,

This may require businesses to deploy both demand and supply-side strategies.
At the same time, companies will need to take a harder portfolio view. In a more fragmented and uncertain environment, success will depend not only on market-specific execution, but also on re-evaluating which businesses, categories, channels, and capabilities remain core, optimizing the portfolio around the most resilient value pools, simplifying non-essential complexity, and resetting the operating model for the future. Against this backdrop, the implications are clear across both the demand and supply side.

Demand-side strategies

Abandon one-size-fits-all approach: A single GCC-wide commercial approach is unlikely to perform well. Differences in demographics, income mix, and spending priorities between markets such as KSA and the UAE mean that messaging, offers, channel mix, and product emphasis must be tailored by market (and often by segment within each market).

Phase recovery marketing: Align campaigns with expected category rebounds. Prepare for a rapid return in fashion/lifestyle demand in KSA, while adopting a cautious, security-oriented approach in the UAE.

Focus on retention: The relocation risk can pose significant challenges to businesses across both expat and national demographics. Businesses will need to integrate robust employee retention programs to ensure continuity.

Supply-side strategies

Strengthen supply chain resilience: Businesses should think about diversifying their suppliers and shipping routes to mitigate the Strait of Hormuz closure.

Optimize inventory: Increasing flexibility in sourcing, revisiting inventory buffers for critical SKUs, and renegotiating logistics and procurement terms where possible to protect operating margins.

Conduct demand forecasting: Tighter demand planning and scenario-based forecasting can help align inventory with shifting consumption patterns and avoid both stock-outs and overstock.

Conclusion

Ultimately, despite prevailing regional uncertainties, the baseline sentiment across both Kingdom of Saudi Arabia and the United Arab Emirates remains remarkably resilient. Consumer confidence, spending intent, and recovery optimism continue to outperform broader macroeconomic anxieties.

The path forward for regional leaders is clear: success belongs to organizations that can make fast, highly localized commercial decisions while maintaining a resilient, risk-hedged supply chain. By aligning consumer-centric strategies with operational flexibility, businesses will not only protect their continuity under volatile conditions but also position themselves to lead the next chapter of growth.

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Endnotes

1 IMF says Saudi economy holding up during Iran war but growth could slow to 2% in 2026 | Reuters
2 UAE shoppers pull back and stash cash as war drags on - The Economic Times
3 Explainer: Iran shuts Hormuz strait: But wasn't it already closed? | AlJazeera
4 UAE consumers recalibrate spending as regional tensions drive value-led, intentional shopping | Khaleej Times
5 Exclusive: Luxury brands face profit squeeze as Iran conflict shrinks UAE mall sales, sources say | Reuters
6 US-Israel-Iran Conflict Costs Middle East Tourism $600 Million Daily, Says WTTC
7 Purchase motivation (Q7) based on those intending a major purchase: KSA n=460 (92% of KSA sample), UAE n=471 (94% of UAE sample). Total n=1,178.
8 UAE consumers recalibrate spending as regional tensions drive value-led, intentional shopping | Khaleej Times
9 Tourism and Hospitality in a changing regional landscape

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