Voice of the empowered consumer

1: Regional shoppers indicate a stronger shift towards e-commerce and tech-driven retail innovation

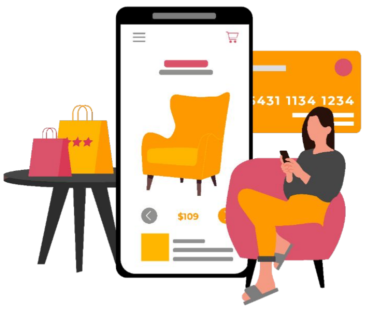
In the Middle East, in-store shopping remains the top choice, mirroring global trends in consumer behaviour. However, regional consumers shop online more frequently than their global peers, indicating a stronger shift towards e-commerce in the region. For example, according to a study by the Dubai Chamber of Commerce and Industry, the value of the e-commerce market in the UAE is projected to to reach US$8 billion by 2025, a growth trend supported by government support, high Internet penetration rate, and modern digital technologies that enhance in-store convenience, such as self-checkouts and mobile payments - highly valued by a tech-savvy population, especially by Gen Z and Millennials.

In the last 12 months, 48% of consumers in the region have frequently (daily/weekly) shopped for products (excluding groceries) from physical stores - figures somewhat higher than their global counterparts (42%). We also find that online shopping via mobile phones are more prevalent regionally, with 44% shopping online daily/weekly (versus 34% globally). This indicates a stronger engagement with both physical and mobile shopping channels in the region compared to global trends.

Our survey data has also revealed that there is a higher level of tech adoption and a greater willingness to embrace innovative shopping methods in the region. When compared to 59% of consumers globally, only 36% of regional consumers have never shopped via smartphone voice assistants. Similarly, compared to 66% globally, only 47% have never used wearable devices for shopping, while 51% have never used virtual reality for shopping, compared to 69% globally.

Tech has also enabled convenient and efficient purchasing, elevating the in-store experience for consumers. Around 40% of regional consumers highlight self-checkout, real-time personalised offers on smartphones, and mobile payments as key technologies that enhance their shopping experience. Gen Z and Millennial consumers, in particular, prioritise self-checkout technology, with 44% and 38% respectively ranking it in their top three. This demonstrates the significant impact of tech-driven solutions in creating engaging and seamless retail experiences for younger generations.

Moreover, technology has fostered a notable openness among consumers to consider purchasing big-ticket items without seeing the physical product beforehand.

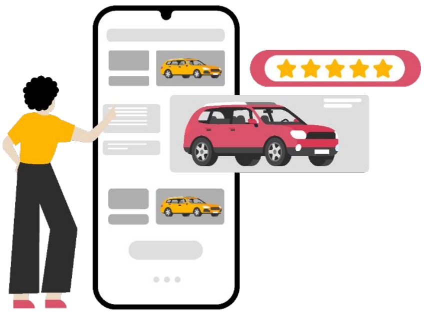


40%

have bought furniture online (vs. **39%** globally)

44%

have purchased luxury products (vs. **30%** globally)



45%

have never bought a house or apartment online without seeing it, but are open to the idea.

Demographic trends reveal that Generation X and Baby Boomers are less likely to have purchased a car online without seeing it and are not interested in doing so in the future (48% and 25% respectively). In contrast, Millennials (39%) and Gen Z (42%) are more open to this.

This reveals a growing confidence and trust in digital retail experiences among Middle Eastern consumers, particularly younger generations.

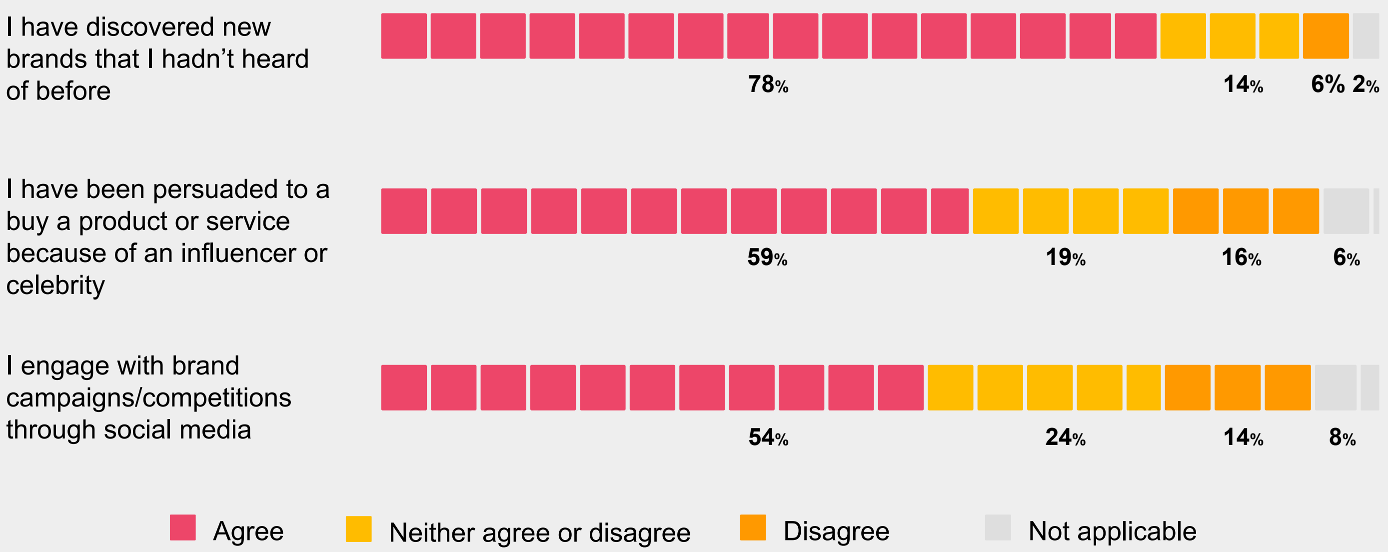
[1]https://www.wam.ae/en/details/1395302946511

2: For digital-savvy consumers, social media drives brand engagement and purchase decisions

The digitally savvy Middle Eastern consumer embraces new technologies faster and is inclined to purchase products through social media. Last year Middle East findings of the Global Consumer Insights Survey 2023 introduced the new hybrid consumer who were seeking the convenience of buying online with the confidence of buying in-store. They wanted physical shopping facilitated by digital technologies, were keen to find the product online, use virtual reality and comparative sites to look at it, then go to the physical store to physically test and touch it or to deal with IoT-enabled warehouse robots and use self-checkout.

Our 2024 survey has indicated that social media has enabled new brands to engage and attract consumers, with two thirds discovering new brands (78%) via this channel, higher than 67% globally. Additionally, 54% have engaged with brand campaigns on social platforms and 59% said they were persuaded to buy a product or a service because of an influencer or a celebrity, compared to 41% globally. More than three-quarters of Gen X and Millennials are more likely to discover new brands via social media.

Q. **To what extent do you agree or disagree with the following statements about social media?**



This underscores the critical role of social media in brand discovery and consumer engagement, especially among younger generations, and underscores the importance of influencer marketing in driving purchase decisions.

Despite the enthusiasm that we see, concerns about social media are evident, with consumers actively seeking to validate social media companies before making a purchase and a similar proportion worried about their privacy and data sharing. According to our survey, 82% of consumers look for reviews to validate a company before purchasing a product from social media, and 67% are concerned about privacy on these platforms.

Additionally, more than half of the respondents have had a bad experience purchasing on social media, and an equal number are uncomfortable with making purchases through these channels, indicating significant trust issues with social media platforms. Generation X is the least comfortable, with 56% expressing discomfort with social media purchases. Among Millennials, 54% report having had a bad experience purchasing from social media.

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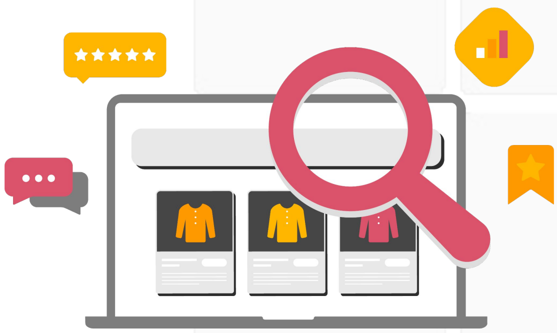
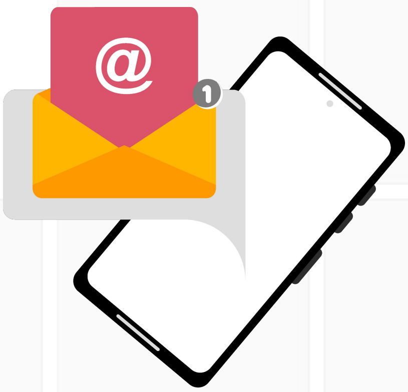
Social media | **85%** vs. **72%** globally

Retailer website | **66%** same as global





Email | **55%** vs. **54%** globally

3: What are people buying?

1: A spending surge across clothing, beauty, travel, and luxury products

Over the next six months, consumers in the Middle East anticipate significant increases in spending on clothing and footwear, health and beauty, and travel. Approximately 65% are likely to spend more on clothing and footwear, 63% on health and beauty, and 61% on travel. Notably, a significant 70% of regional respondents also expect to increase their spending on groceries, which is higher than the 62% of global consumers who ranked it as their top spending increase.

65%

63%

61%

70%

Additionally, 50% of regional consumers foresee an increase in spending on luxury products, significantly higher than the 32% of global respondents who expect this. Within the region, Gen Z and Millennials are particularly inclined towards luxury goods, with 47% and 55% respectively planning to boost their spending in this category.

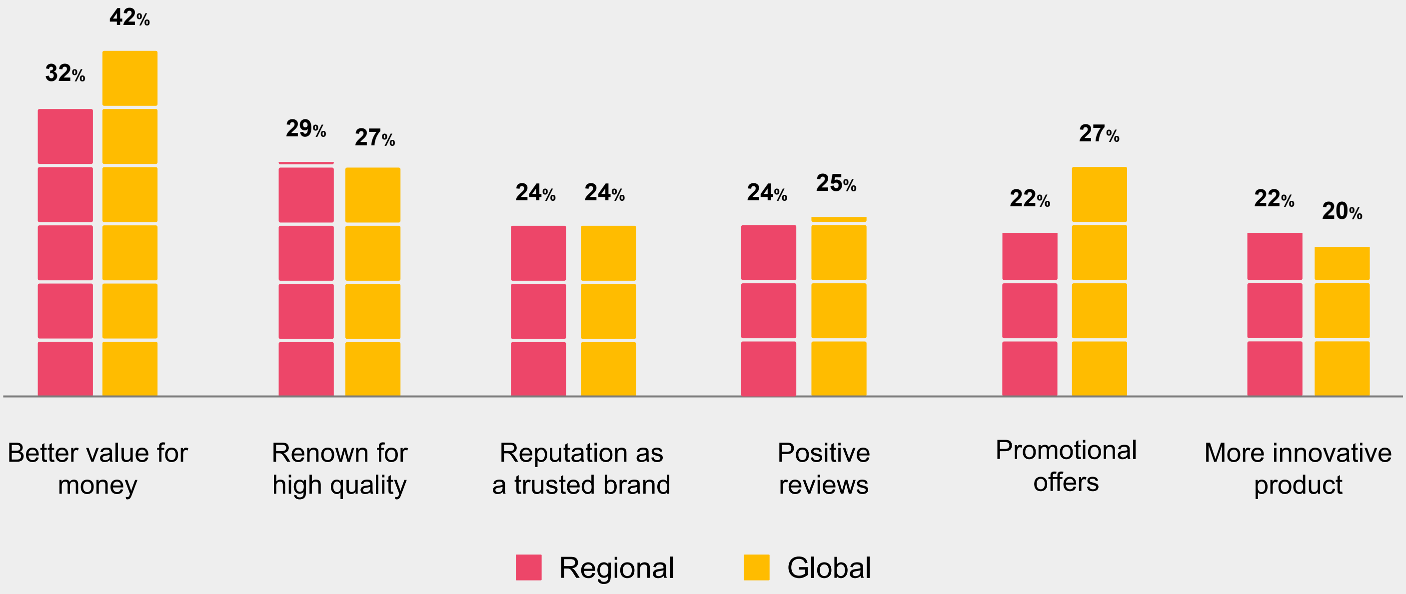
This highlights a robust consumer market in the Middle East, with a diverse range of spending priorities that include both essential and discretionary categories. The higher anticipated spending on luxury products underscores the region's continuing appetite for premium goods, particularly among younger generations.

Financial incentives drive brand loyalty

In the Middle East, consumers often actively seek brands that offer incentives to enhance their shopping experience, gain discounts, or access exclusive benefits. So, what would entice customers to try out a new brand offering similar products?

Our survey findings indicate that financial benefits are the primary driver of brand switching, with 32% of consumers seeking better value for money, compared to 42% globally. Other influential factors include high-quality products (29% vs. 27% globally), attractive promotional offers (22% vs. 27% globally), and a brand's reputation (24%, same as global).

Q. **Thinking of one of your favourite brands that you are loyal to, which of the following would entice you to try out a new brand that offers the same type of product(s)? (Ranked in top three)**



Interestingly, both regional and global consumers place less importance on a seamless digital experience or engaging digital content, with only 14% and 12%, respectively, citing these as critical factors.

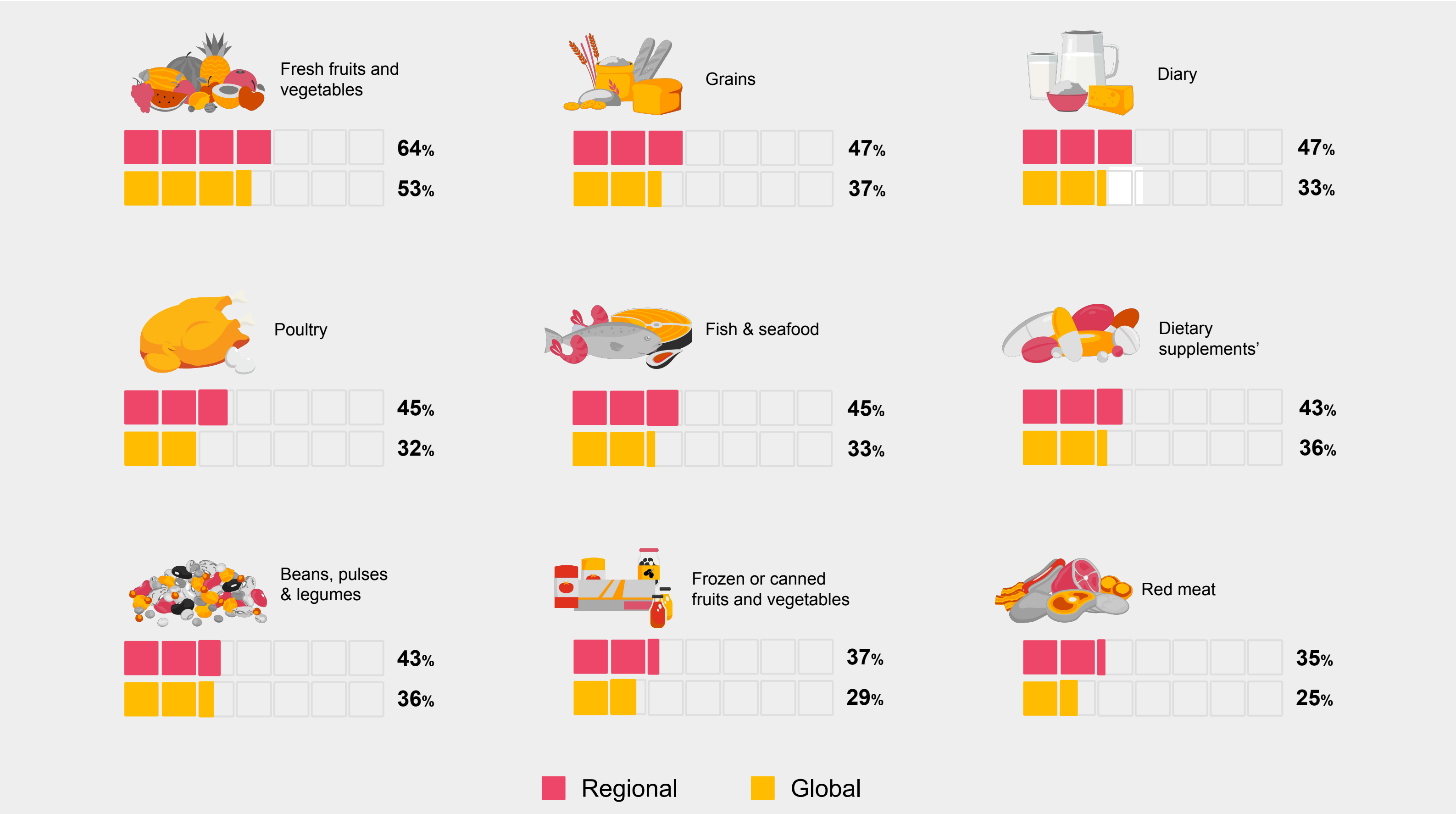
Demographic insights reveal that Generation X are most likely to try a new brand for better value for money (35%), while Gen Z values non-financial factors, such as a seamless digital experience (15%) and engaging digital content (14%). Climate-conscious consumers are more influenced by a brand's positive impact on society and the environment (18%).

2: Fresh produce consumption on the rise as consumers prioritise health and nutrition

Consumers are increasingly adopting healthier diets, prioritising personal health and affordable nutrition, with significant generational differences existing in dietary choices.

Over the past six months, 64% of regional consumers have increased their consumption of fresh fruits and vegetables, compared to 53% globally. Additionally, 47% have increased their intake of grains (vs. 37% globally), 41% of beans, pulses, and legumes (vs. 36% globally), 48% of fish and seafood (vs. 35% globally), 43% of dairy (vs. 30% globally), and 42% of poultry (vs. 29% globally).

Q. Has your consumption of the following food groups increased over the past six months?



Conversely, 24% of regional consumers have reduced their consumption of red meat, closely mirroring global trends. This reduction reflects a growing awareness not only of personal health but also of the environmental impact of red meat, which is associated with the highest greenhouse gas emissions.

Looking ahead to the next six months, there is evidence of a growing movement of health-conscious consumers aiming to embrace diets rich in fruits and vegetables, with increased intake of dietary supplements, fish, and plant-based foods. This trend highlights a shift towards more health-oriented eating habits with regional governments leading in the efforts to promote healthy diets to reduce obesity levels in countries. Cost of products was also a key consideration when making food and dietary choices, while, surprisingly, locally grown food or environmental factors had a lower impact on consumers, than what it was globally.

Key considerations for food and dietary choices:

General health | **61%** vs. **57%** globally

Cost of products | **41%** vs. **52%** globally

Nutritional information | **49%** vs. **47%** globally

Lower ranked factors:

Food trends via social media and TV | **23%** vs. **16%** globally

Environmental impact | **23%** vs. **18%** globally

When analysing generational differences, Baby Boomers prioritised general health (71%) and nutritional information (61%) when making food choices, while Gen Z were more concerned about the cost of products (46%).

69% of the regional consumers indicated that they are ready to proactively seek out information to learn if the food product is sustainable. What might also help in making them choose local products and reduce food waste is:

An independent sustainability score on food products

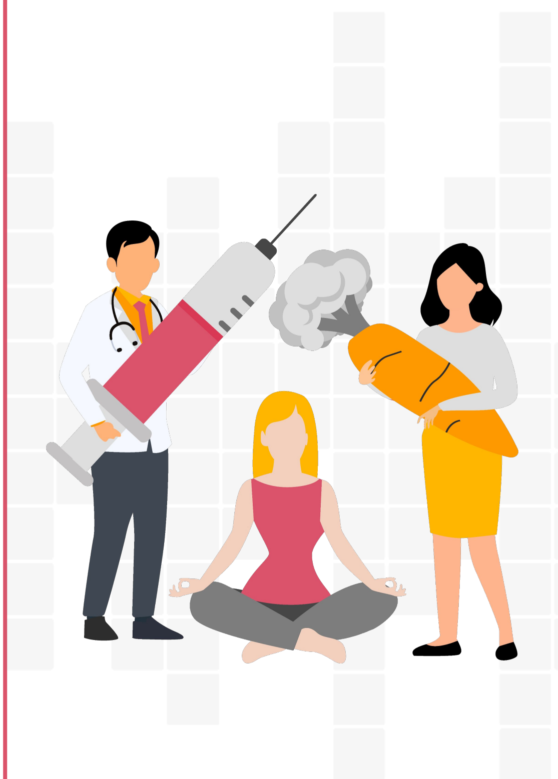
An incentive on food purchased near the expiry date

Trust in physicians and pharmacy

Consumers in the region are more likely to seek health and well-being advice from healthcare professionals and are less likely to trust digital sources like AI technology or social media. Gen X and Baby Boomers prefer traditional sources, with 61% and 71% respectively consulting physicians, and 32% and 36% respectively turning to pharmacies. In contrast, Millennials and Gen Z are more inclined to use digital sources, with 19% and 16% trusting AI-powered technology respectively and 19% and 18% following social media influencers respectively.

Additionally, 72% of regional consumers are willing to incorporate health-tracking features, such as monitoring blood oxygen levels, into their lifestyle through smart wearables, compared to 58% globally. More than half are interested in accessing weight loss prescription drugs if available and cost-effective, versus 46% globally. Millennials, in particular, show a higher tendency to adopt health-tracking features (76%) and are interested in weight loss prescription drugs (64%), especially compared to older generations.

This data highlights a generational divide in health advice sources and a strong regional interest in integrating advanced health technologies and solutions into daily life.



Conclusion

The Middle East shopping landscape balances a strong preference for traditional physical stores with a growing shift toward online shopping, driven by expanding e-commerce and supportive government initiatives. While in-store shopping remains dominant, younger consumers are embracing tech innovations in retail, such as self-checkouts and mobile payments, positioning the region ahead of the curve in digital integration.

Social media is a powerful tool for brand engagement in the region, particularly among Millennials and Gen X, but trust and privacy concerns present significant challenges. Brands looking to succeed in this market must prioritise building trust through transparency, enhancing the customer experience on social platforms, and leveraging personalised advertising, which has proven highly effective in driving purchases.

Survey data reveals a robust appetite for both essential and luxury goods, with increased spending on clothing, health, beauty, and travel. Consumer behaviour in the food sector is also shifting toward fresh produce and healthier diets, reflecting a broader trend toward health-conscious living.