

Pulse
04



Agile and ESG conscious

The new post-pandemic Middle East consumer.

Global Consumer Insights Survey 2022.

Middle East findings

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About the survey

The Pulse 4 Middle East findings for PwC's latest global consumer insights survey include responses from 507 consumers in Egypt, Saudi Arabia and the UAE, split evenly between men and women. 75% of the sample are in the 18-41 age group, reflecting the region's young demographic profile, and around 70% are in employment. 46% say they have a hybrid working pattern and can be based in any location, indicating that the rise of remote working during the pandemic is here to stay.

Sep.
2019

PwC's 2020 Global
Consumer Insights Survey

May
2020

PwC's Global Consumer
Insights Survey COVID-19
Pulse ('COVID-19 Pulse')

Nov.
2020

PwC's 2021 Global
Consumer Insights Survey
Pulse 1

Mar.
2021

PwC's 2021 Global
Consumer Insights Survey
Pulse 2

Sep.
2021

PwC's 2021 Global
Consumer Insights Survey
Pulse 3

Mar.
2022

PwC's 2021 Global
Consumer Insights Survey
Pulse 4

Where we've included data from previous surveys, the base sizes are listed below the graph.

This research was undertaken by PwC Research, our global centre of excellence for primary research and evidence-based consulting services.

<https://www.pwc.co.uk/pwcresearch>

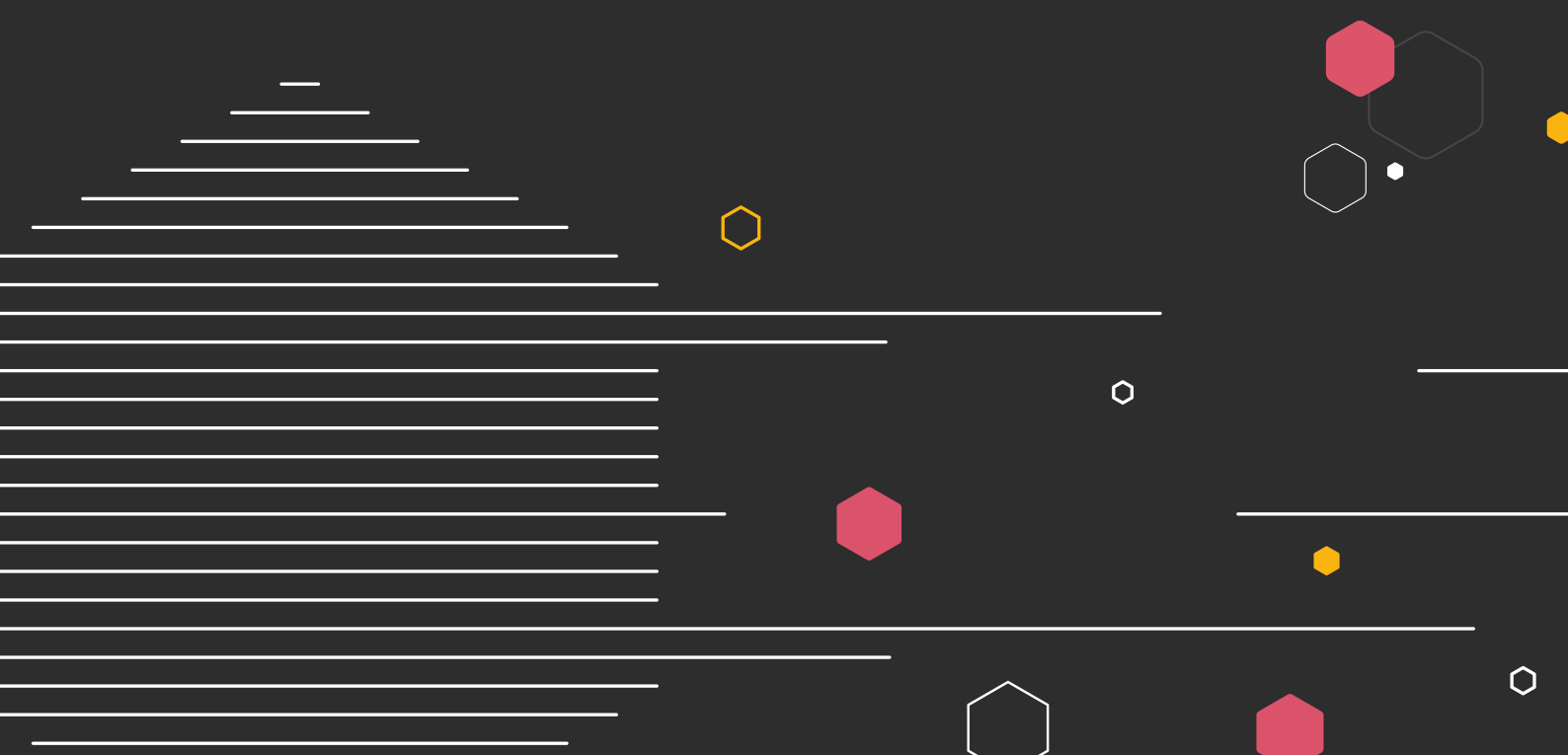
Executive Summary

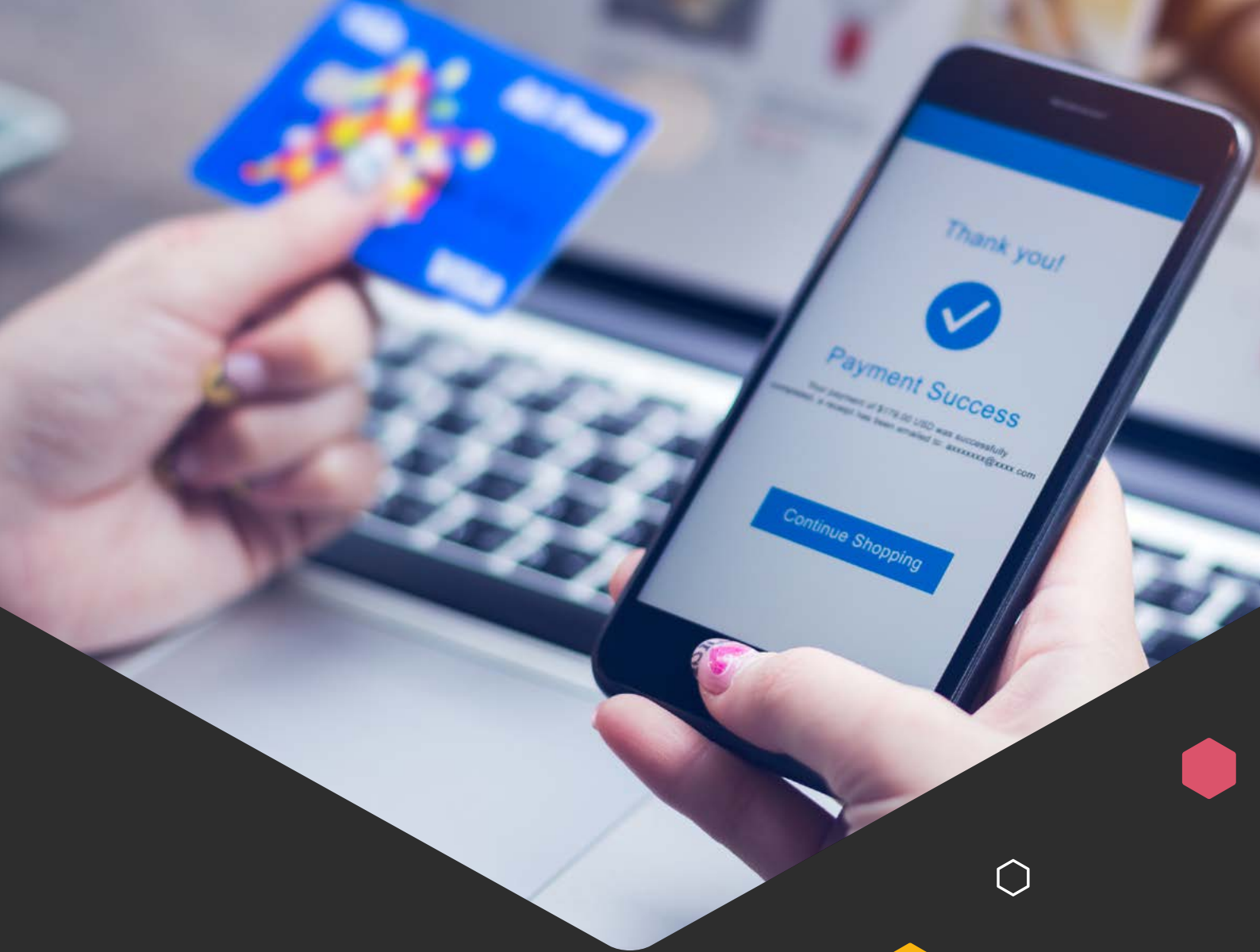
Our latest regional results for PwC's mid-year Global Consumer Insights Survey revealed that Middle East shoppers, like their international peers, have retained many of the habits and attitudes that were embedded during the COVID-19 pandemic. Our survey respondents favour retailers who provide efficient delivery, both in-store and online, while they are willing to pay more for locally made products.

At the same time, the region's consumers are increasingly choosy and agile. Middle East retailers are dealing with higher costs and supply chain issues, and their challenge is to retain the loyalty of digitally savvy shoppers who can - and often do - switch easily between channels, outlets or brands. Part of the solution is to recognise that Middle East consumer choices are increasingly influenced by environmental, social and governance (ESG) factors, as we highlighted in our previous **Pulse 3 survey**. In this regard, the region's shoppers are in some respects ahead of the rest of the global survey, reinforcing the message that it is time for Middle East retailers to get serious about ESG.

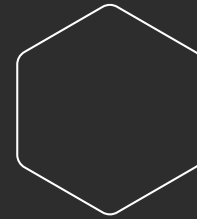
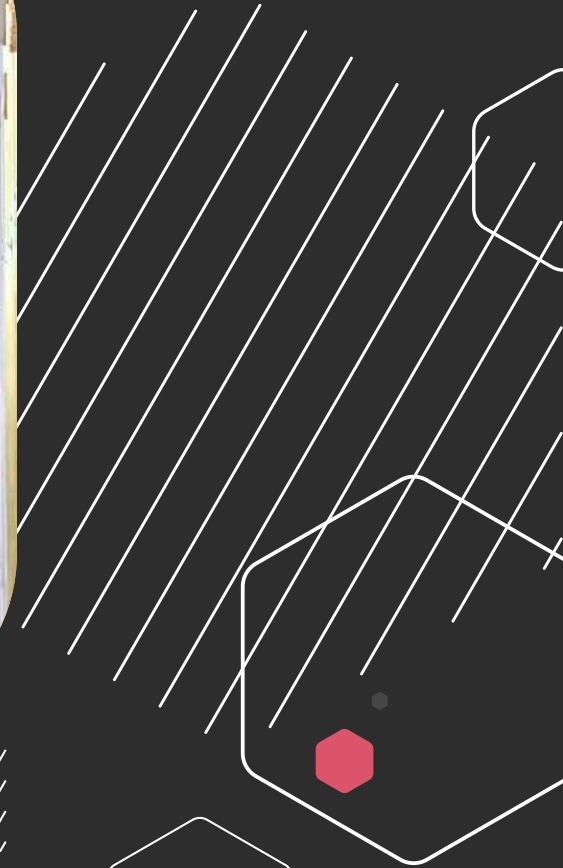
Our main findings are that:

- **COVID-19 has permanently reshaped shopping behaviour**
- **Supply chain disruptions and price rises are major concerns**
- **Working and personal lives are increasingly mobile**
- **Middle East shoppers are more ESG conscious than most global consumers**
- **Consumer trust in the Middle East is about more than protecting data**





Consumer habits have
been permanently reshaped
by the pandemic.



Overall, the results indicate that Middle East consumers, like the rest of the global survey group, are acutely cost conscious amid increasing prices for groceries and other essential items. Across the region, the rise of online shopping continues, but in-store remains the channel of choice for frequent, everyday purchases.

The popularity of in-store shopping is the most visible sign that Middle East consumers no longer feel constrained by COVID-19. Yet the results also reveal that shopping and lifestyle habits acquired during the pandemic are here to stay. In particular, more consumers are staying at home to cook and enjoy recreational and leisure activities with their families and friends, creating a lasting market opportunity for retailers in the at-home space and those with efficient home delivery channels.

Looking at the results in detail, 72% of Middle East consumers (vs 63% globally) say they have increased the amount of shopping they do online as a result of the pandemic. Meanwhile, 44% of shoppers in the region (vs 36% globally) report that COVID-19 has encouraged them to buy from local retailers, while 60% (vs 48% globally) say they are shopping from outlets with an efficient delivery or collection service. There are no significant variations on any of these questions for Egypt, Saudi Arabia and the UAE, the survey's three countries in focus.

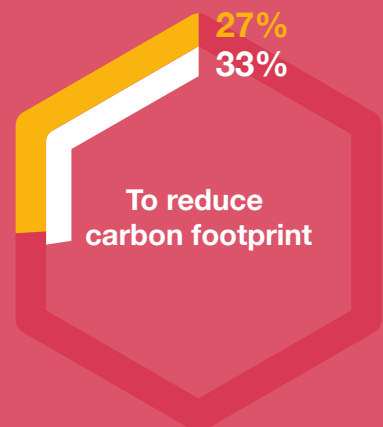
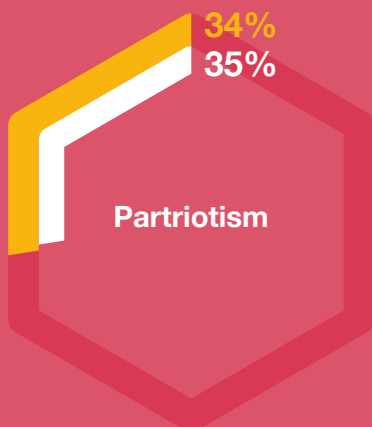
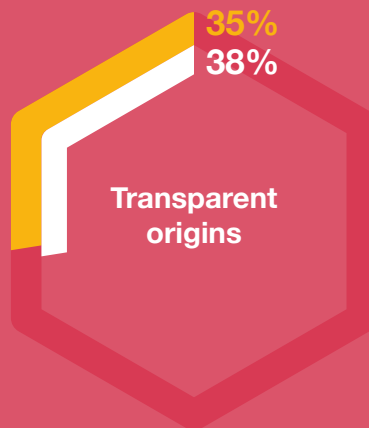
Cost and convenience are not the only factors driving this trend. Following our **Pulse 3 findings**, the Pulse 4 results provide further persuasive evidence that many Middle East consumers are staying true to their commitment to sustainability when shopping. In line with the global survey, 83% of regional respondents are willing, in varying degrees, to pay more than the average price for a purchase that is made or sourced locally, such as produce from a farmer's market. 80% (vs 74% globally) will pay more for a product with a traceable or transparent origin. At a national level, 82% of UAE consumers, compared with 76% in Egypt and 74% in Saudi Arabia, will pay a higher price for goods that are made from recycled, sustainable or eco-friendly materials.

The UAE provides an interesting illustration of how the rise of sustainability as an issue for Middle East shoppers is shaping both consumer habits and government policy regarding recycling. Since July 2022, for example, consumers in the UAE have been charged for plastic bags when they shop in-store as part of the country's Zero Waste strategy. Patriotism is another reason why Middle East shoppers are more inclined to pay a higher price for locally sourced or produced goods. The highest proportion of respondents (55% vs 60% globally) cites a desire to support the local economy, followed by 46% who say they will pay more at local retail outlets because of the convenience. For both these responses, the country results from the UAE, Saudi Arabia and Egypt are broadly the same.



Why would you be willing to pay to a great extent more for products which are produced/sourced domestically?

■ Middle East ■ Global



Base size: 395 Middle East; 7,034 Global

Source: PwC's Global Consumer Insights Survey Pulse 4.



Supply chain disruptions
and price rises are major
consumer concerns.



Like their peers around the world, Middle East retailers are still wrestling with serious disruptions to their supply chains in the wake of COVID-19. Rising prices and delayed deliveries remain a familiar experience for shoppers throughout the region. To take one example, 48% of Middle East consumers (vs 57% globally) say grocery prices at physical stores have almost always or frequently increased since their last visit during the previous three months.

57% (vs 65% globally) say the increasing cost of daily food purchases is one of the top three issues affecting their physical shopping experience, followed by larger queues and busier stores (36%) and lower quality products (29%).

Food inflation worries proportionately more consumers in Egypt (67%) than in Saudi Arabia (58%) and the UAE (48%). Similarly, 63% of respondents in Egypt have almost always or frequently noticed rising prices when they visit a grocery store, compared with 41% in Saudi Arabia and 42% in the UAE.

The same concerns are evident with online shopping, where 43% of Middle East consumers report that grocery prices have risen almost always or frequently in recent months, in line with the global survey average. Rising prices for online grocery purchases (54% vs 56% globally) was cited as the most significant “top three” issue undermining their online shopping experience, followed by delays in product delivery (42%) and a product being out of stock (37%).

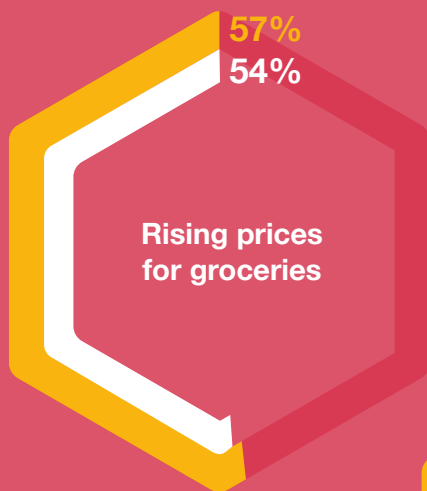
Within the region, there was one noteworthy difference regarding how shoppers felt supply chain issues had affected their recent online shopping experiences. Only 18% of Saudi respondents and 22% of the Egypt sample have noticed “significant unavailability” of their favourite foods and groceries, compared with 36% for the UAE. Yet across all products, the online experience of Middle East shoppers is broadly the same regarding shortages. For example, a similar proportion of respondents in the UAE (29%), Egypt (29%) and Saudi Arabia (22%) say they have been unable to purchase a product online because it is out of stock.



Which of these issues is having the greatest impact on you?

Ranked 1 to 3

 In a physical store  Online



Base Size: Those who have rated occasionally, frequently or almost always for at least one option for a physical store shopping, Middle East (481), and for at least one option for online shopping, Middle East (465).

Source: PwC's Global Consumer Insights Survey Pulse 4



Middle East consumers' working, and personal lives are increasingly mobile.

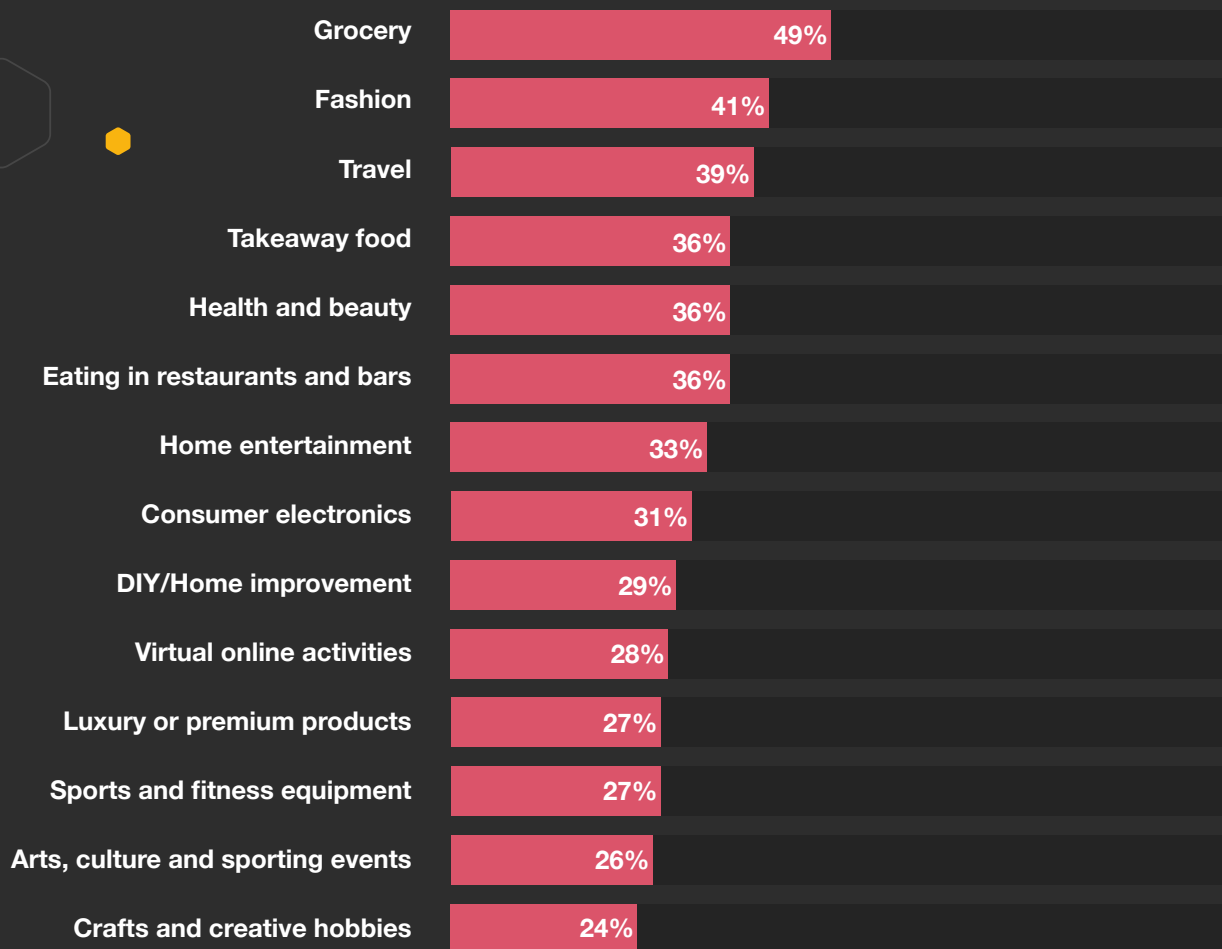


When they consider their spending decisions over the next six months, Middle East consumers continue to reflect the increased sense of freedom that shone through the Pulse 3 findings, as the region emerges from the pandemic's shadow. For example, 39% of the Pulse 4 Middle East sample expect to spend more on travel, compared with 41% in the Pulse 3 survey.

These regional findings contain some national variations, with 31% of Egyptian respondents planning to increase their travel expenditure, compared with 39% in Saudi Arabia and 46% in the UAE. However, the overall regional picture is consistent – Middle East consumers are spreading their wings to a far greater degree than the global survey average, with 60% (vs 42%) saying they are likely to travel on a domestic flight in the next six months, and 65% (vs 34%) likely to take an international flight.

In parallel to the growing appeal of travel, the pandemic has also reinforced the trend towards pursuing more leisure and recreation activities at home. For instance, 33% of Middle East consumers, compared with 41% in the previous Pulse 3 survey, say they are still planning to increase their expenditure on home entertainment in the next six months, despite the threat from the pandemic subsiding. Similarly, 36% expect to spend more on takeaway food, the same level as in Pulse 3. Meanwhile, the proportion of respondents who think they will spend more in restaurants has declined slightly from 43% in Pulse 3 to 36% in Pulse 4.

Thinking about your spending over the next 6 months, to the best of your ability, please describe your expectations on spending across the following categories.
(% increase in spend)



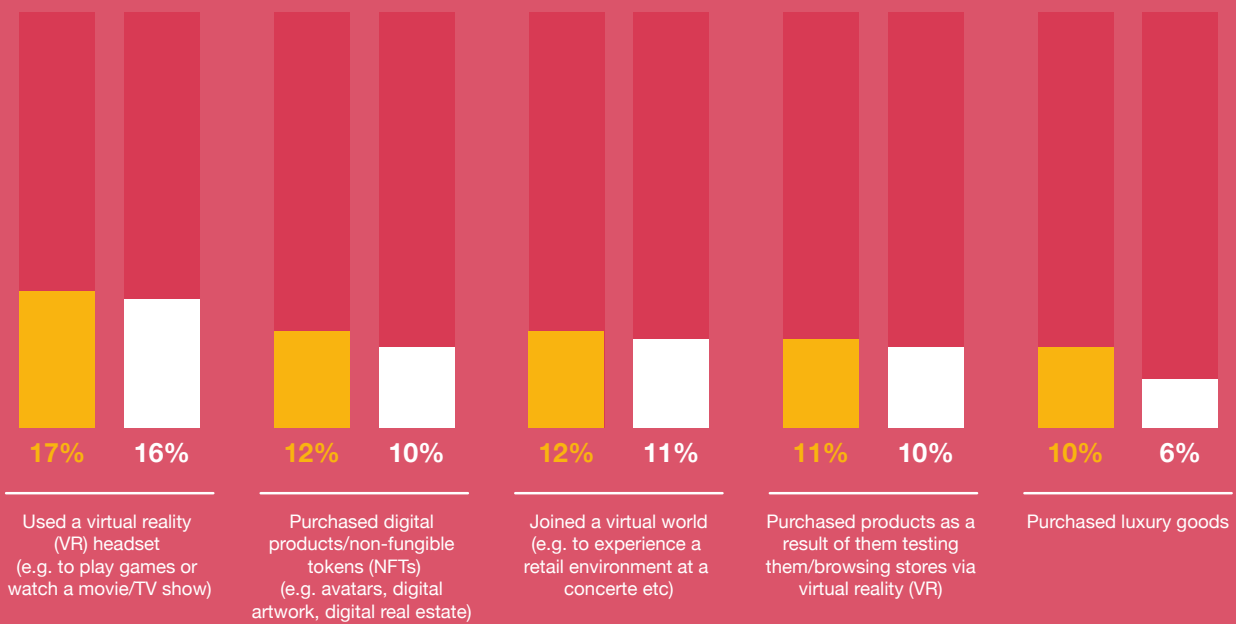
Base Size: Those who expect an increase in spending in the next six months, Middle East (507)

Source: PwC's Global Consumer Insights Survey Pulse 4

In this context, one development worth noting is the emergence of a minority (17% vs 16% globally) of early adopters who say they have used a virtual reality headset in the last six months – for example, to watch a movie or TV show or to play an online game. We expect this proportion to grow over the next year, given how younger Middle East consumers are increasingly connecting with the latest virtual reality (VR) and augmented reality (AR) technologies, including most notably the metaverse.

In the last 6 months, which of the following activities have you participated in via virtual reality?

■ Middle East
 ■ Global



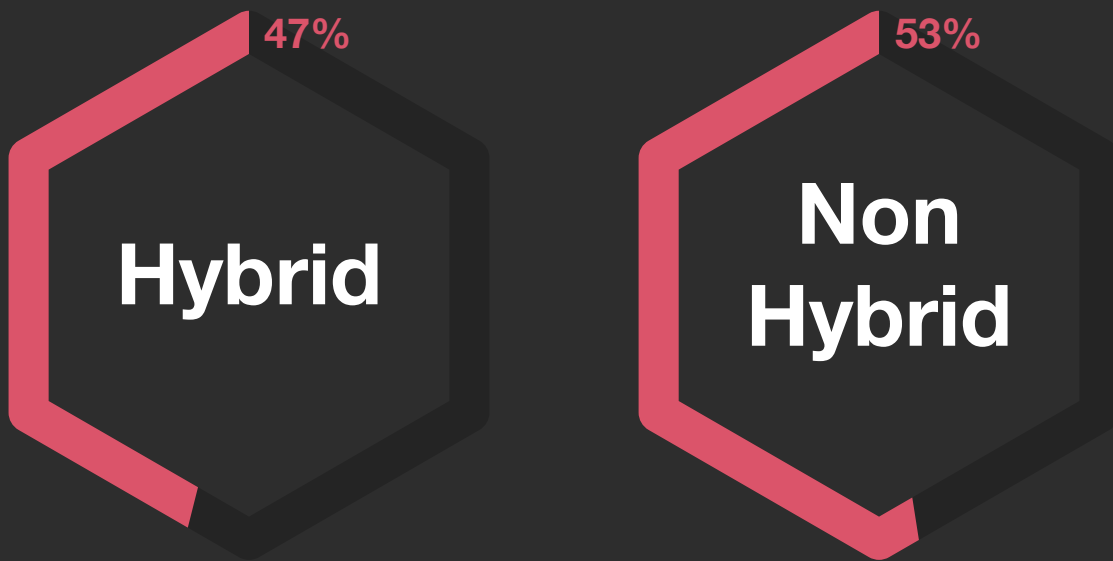
Base: All respondents, Pulse 4 (9069), ME respondents (507)

Source: PwC's Global Consumer Insights Survey Pulse 4

Yet, Middle East consumers remain weighed down by familiar everyday financial worries that afflict the rest of the global survey – notably the spectre of inflation. 49% (vs 47% globally) of Middle East respondents expect to spend more on groceries during the next six months, a proportion that has barely changed since the first COVID-19 wave in 2020.

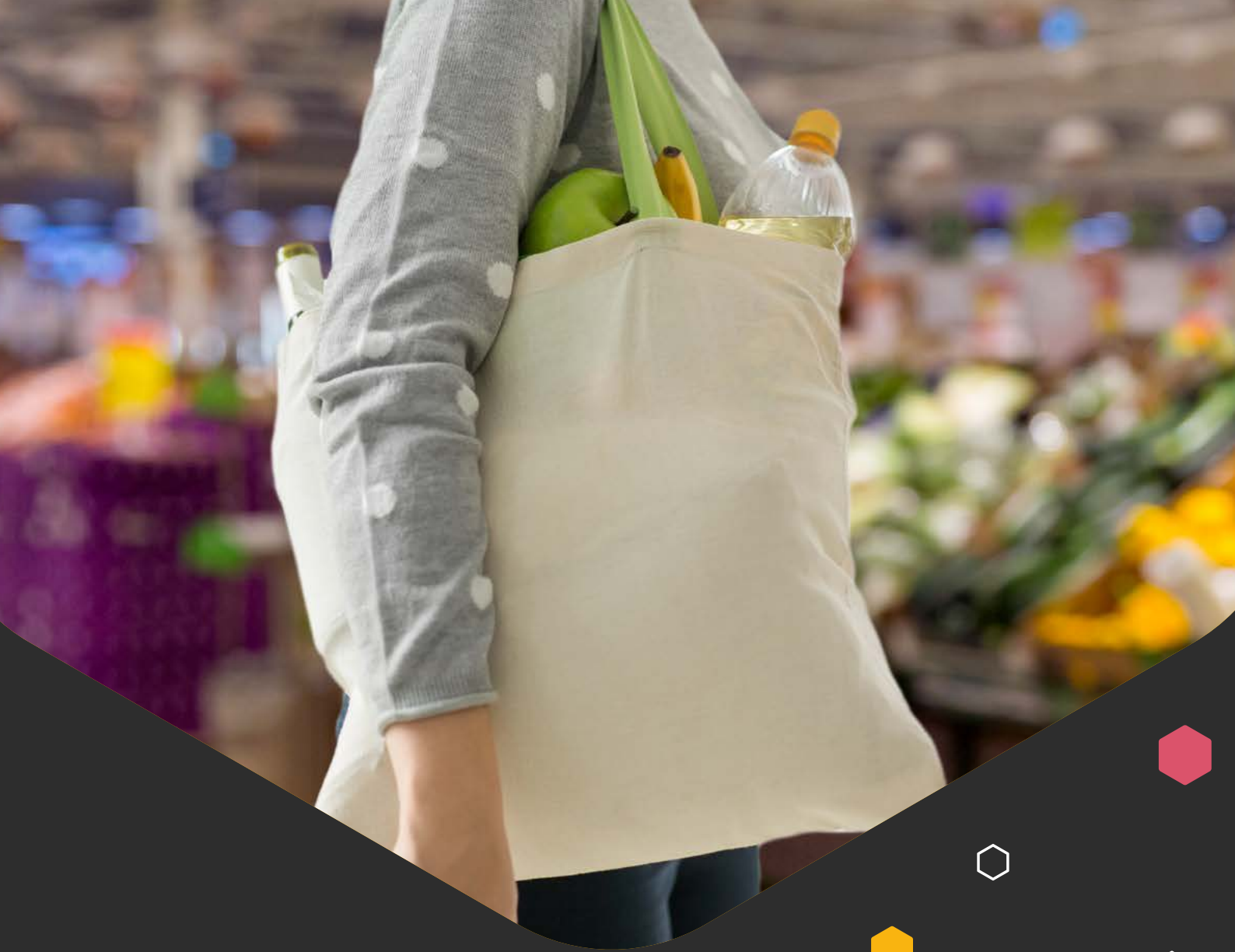
When it comes to people's working lives, there is a clear divide between respondents who are still following traditional routines and those whose jobs have become portable as a result of changes during the pandemic. 47% of Middle East consumers say their employer requires them to be in their place of work the whole time, the same proportion as across the global survey and 5% are required to work from home all the time. 33% report that they are expected to adopt hybrid working, dividing their time between their office or factory and their home, and a further 13% say they are allowed to choose where they work.

Thinking about what your employer requires at this time, which of the following statements best reflect a typical working week for you?



Base: Employed respondents (full-time, part-time and self-employed) Middle East (356), Global (6548)
Source: PwC's Global Consumer Insights Survey Pulse 4

These results do not vary significantly between Egypt, the UAE and Saudi Arabia, confirming that across the Middle East, the new ways of remote or hybrid working, which organisations were compelled to adopt at the height of the pandemic, are here to stay. The commercial logic is clear, amid accelerating regional transformation driven by new technologies, where the most valued employees of the future will be digital natives who can work anywhere, anytime.



The region's shoppers are more ESG conscious than most global consumers.



If you thought Middle East consumers were behind the global curve on ESG awareness, think again. As a reminder, our last Pulse 3 survey revealed how much the region's shoppers care about sustainability, social responsibility and good corporate governance. The Pulse 4 results show that ESG is a key factor in building consumer trust, with more than 50% of Middle East respondents saying it influences whether they would recommend a brand.

This is hardly surprising, given that the core Gen Z and millennial 18-to-41 cohort, which accounts for three-quarters of the survey group, increasingly share the same concerns and values as their international peers (a trend we have also been tracking closely in our regional **Hopes & Fears** reports about the future of the workplace).

At the same time, there are some interesting differences on specific ESG issues between older and younger consumers. For example, a significantly higher proportion (65%) of Gen X respondents say that social considerations influence whether they would recommend a company or brand, compared with Gen Z respondents (50%). Similarly, Gen X consumers (67%) are generally more likely to trust a brand because of environmental factors than the Gen Z generation (45%).

What is also striking is the clear evidence that the region's shoppers are often ahead of the rest of the global survey when considering ESG factors before buying a product or service. Consider, for instance, the fact that 31% say they would always recommend a company or brand with a good environmental record to others, compared with 18% globally, or that 27% trust a company or brand more for the same reason, almost double the survey average. These figures are largely consistent across our focus countries.

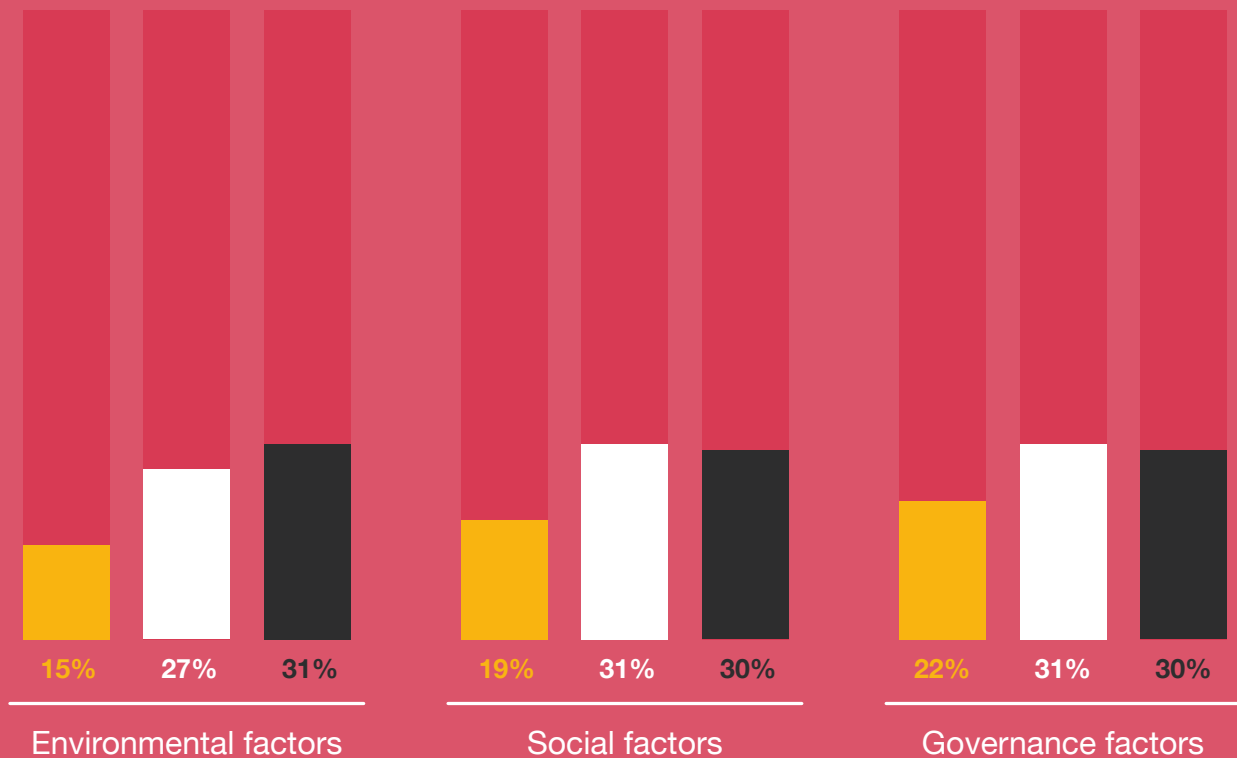
The same gap between Middle East consumers and their global counterparts is evident when considering the social factors influencing their shopping behaviour. 30% of the regional survey would always recommend a socially responsible company or brand, compared with 20% globally, and 31% (vs 19% globally) would always trust the same company or brand more. Again, broadly the same proportion of Middle East consumers hold this view, regardless of whether they live in the UAE, Saudi Arabia or Egypt.

The message from these findings is clear – on ESG issues, more and more Middle East consumers are setting an example for the rest of the world to follow.



Influence of company consideration of ESG on Consumer Behaviour

■ Purchase ■ Trust ■ Recommend



Base size: Those who have rated always, 507 the Middle East, 9069 Global

Source: PwC's Global Consumer Insights Survey Pulse 4



Consumer trust in the
Middle East is about more
than protecting data.



Trust between retailers and consumers is essential in an increasingly digitised world, as we observe in the Global Consumer Insights Survey report. Today's Middle East consumers are no different from their global counterparts in being just one screen tap away from switching channels, brands or outlets. They are also increasingly protective of their personal data, in line with the global trend, constraining the ability of retailers to use data analytics to find out more about their individual needs and shopping habits.

The latest Middle East Pulse findings confirm this reality. On the one hand, like their global peers, Middle East consumers are constantly targeted online with special offers, product innovations, improved service packages and better customer experiences, with retailers deploying the latest technologies to personalise their marketing. Yet this effort may, to some extent, be counterproductive if retailers fail to reassure consumers that their personal data is always secure.

The protection of personal data remains the most important reason for trusting a brand according to 63% of Middle East consumers, compared with 58% globally. Nationally, consumers in Egypt (71%) and Saudi Arabia (64%) are more concerned about this issue than shoppers in the UAE (53%).

Meanwhile, 51% of Middle East respondents are open to sharing their data in exchange for a better, personalised customer experience, slightly higher than the global average of 42%; and 54% (vs 52% globally) are prepared to share their data provided if it is not shared with or sold to third parties. There is little difference between the proportion of Middle East shoppers who trust a brand more if it always meets their expectations (58%) and the overall survey average (53%).

Yet it is a mistake to assume from these numbers that consumer trust lacks a distinctive Middle East dimension. For example, 60% of the regional survey group said they trust a brand more if it offers them new, enjoyable and innovative products and services, substantially more than the global average of 43%. This gap between the Middle East and global percentages reflects two trends that increasingly shape the region's consumer landscape, a young, digitally savvy generation of shoppers, and accelerating economic transformation driven by new technologies.



Thinking about a brand that consumers regularly buy products/services from, they trust the brand to a great extent if it..

■ Middle East



Base size: ME respondents Pulse 4 (507)

Source: PwC's Global Consumer Insights Survey Pulse 4

Conclusion

The latest Pulse 4 results make clear how consumer attitudes and behaviour across the Middle East have been shaped by the COVID-19 disruption of the past two years, but some pre-pandemic trends are also still shaping their decisions. The continuing rise of online shopping has been boosted by the shift during lockdowns towards new, remote ways of working and more home-based lifestyles. However, this shift would not have been possible without the massive investment by Middle East countries in digital infrastructure during the years before the pandemic struck.

Similarly, current attempts by Middle East retailers to resolve supply chain challenges are building on their pre-pandemic efforts to leverage new technologies to deliver products more rapidly and efficiently. Meanwhile, shoppers are rightly worried about price rises, but Middle East consumers have more recent experience of price volatility to draw on than some of their global counterparts, as a result of peaks and troughs in the energy price over the past decade or so.

Despite these elements of continuity, COVID-19 has undoubtedly permanently reshaped consumer behaviour, driven by younger, digital-first and socially aware shoppers. Trust matters to this rising generation, as the survey findings highlight. Yet brand loyalty for them is inspired by much more than good quality, affordable prices and reliable service. ESG considerations are also critical to their purchasing decisions – an insight which retailers should not overlook as the Middle East’s consumer market enters a new post-pandemic era.

Get in touch

If you would like to find out more, visit us at www.pwc.com/me or get in touch.



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