Voice of the climate-conscious consumer

Blending trust with cautious optimism in emerging technologies

Our survey indicates that consumers in the Middle East see climate change, inflation and macroeconomic volatility as the top threats impacting their countries in the next 12 months. This echoes the views of Middle East CEOs, as highlighted in our latest 27th Annual CEO Survey: Middle East findings, where inflation and macroeconomic volatility are also seen as key business threats. More than half (56%) of Middle East consumers view inflation as a threat, compared to 64% globally. The trend of rising inflation in the region began in late 2021 and has reshaped consumer spending, with price-sensitive consumers shifting expenditures towards essential items.

Additionally, 43% of regional consumers see climate change and extreme weather conditions as a risk, higher than the 39% global average. In fact for 19% of consumers surveyed, this showed up as a foremost concern. 42% of consumers surveyed considered macroeconomic volatility a key concern, closely aligned with the 41% of global respondents.

Interestingly, despite ongoing geopolitical conflicts in the region, only 30% of consumers rank it as a potential threat for the next 12 months. This contrasts sharply with 71% of Middle East CEOs who have it firmly on their risk agenda, with more than a third stating their company is “very highly” or “extremely” exposed to it.

[1]https://www.thenationalnews.com/business/money/2024/04/09/how-inflation-and-high-interest-rates-have-reshaped-consumer-spending-in-mena/

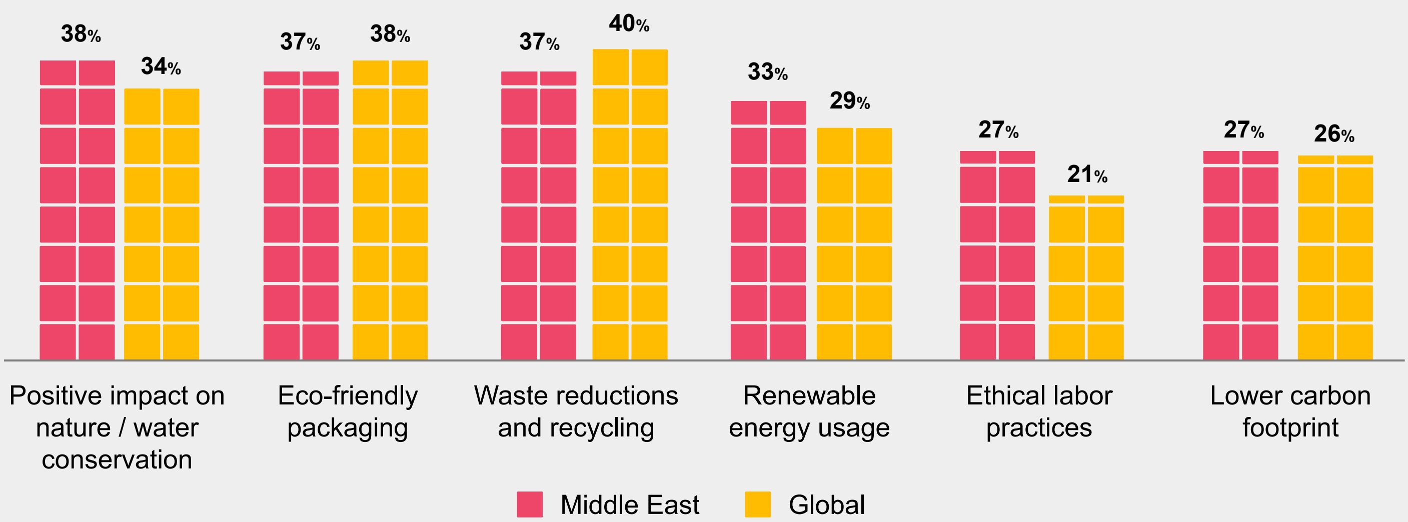
Consumers are climate-conscious and care about sustainability

A significant majority of consumers, both regionally and globally, are highly aware of and concerned about climate change. This concern is driving shifts in purchasing habits towards more sustainable products and practices, with a notable willingness to pay a premium for products that are bespoke, locally produced, or have a lower carbon footprint. Efforts by CEOs in the region to improve energy efficiency and create climate-friendly products align with consumer preferences, with more than half of organisational leaders fully embedding sustainability strategy across their organisation.

In the last 12 months, 84% of regional consumers versus 85% globally have noticed climate-related disruptions to their day-to-day lives. Additionally, 83% of Middle Eastern consumers express worry about climate change, with almost a third (26%) feeling worried daily. Notably, 30% of Millennials feel worried about climate change on a daily basis, compared to 20% of Gen Z, 23% of Gen X, and 9% of Baby Boomers.

We find ESG concerns sitting in front of the minds of these climate-conscious consumers who support local products, are mindful of the environmental impact of manufacturing, and value brands' reputations in meeting climate goals. 68% of these regional consumers consider a brand's reputation for meeting climate goals to be of high importance, compared to 52% globally. An equal number support local producers. Additionally, 67% view the environmental impact of product manufacturing as highly important, and 68% find the environmental impact of product packaging to be crucial.

Q. What information about a brand's sustainability performance and practices would increase your likelihood to purchase from them? (Ranked in top three)



This data highlights a clear trend, Middle Eastern consumers are deeply concerned about climate change and are adapting their purchasing behaviour accordingly. The higher percentage of regional consumers prioritising ESG concerns indicates a strong regional commitment to sustainability.

To reduce their impact on climate change:

53%

of regional consumers would buy more sustainable products, vs **46%** globally

34%

would use renewable energy as a power source compared to **25%** globally

31%

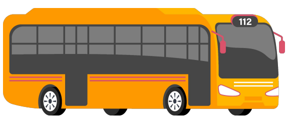
would travel less or differently - selecting a lower carbon footprint, same as global

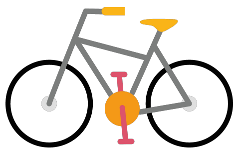
29%

plan to purchase an electric vehicle vs **24%** globally

In the next three years, 45% of consumers in the Middle East would consider acquiring an electric vehicle (EV), compared to 32% globally. This is particularly noteworthy given that 70% of Middle Eastern consumers plan to drive their own car over the next three years, higher than the global average of 65%. This highlights that despite a higher overall intention to drive, there is a strong regional inclination towards sustainable transportation, with a significant portion of consumers open to eco-friendly alternatives.

Our survey data reveals that while Baby Boomers are less open to owning an EV, Millennials have indicated they are open to owning an EV in the next three years (46%). This suggests a generational shift in mobility patterns, with younger consumers potentially favouring more sustainable transportation methods. In fact, our survey findings indicate that regional consumers do prefer alternative transport methods with nearly three quarters willing to use drones for product delivery and public transport in the region, if there was improved infrastructure, with 6 in 10 supporting a car free city centre and willing to pay a congestion tax to reduce road traffic.





82%

will be willing to use public transport if there is improved infrastructure

74%

would trust drones to deliver package

69%

support a car free city centre

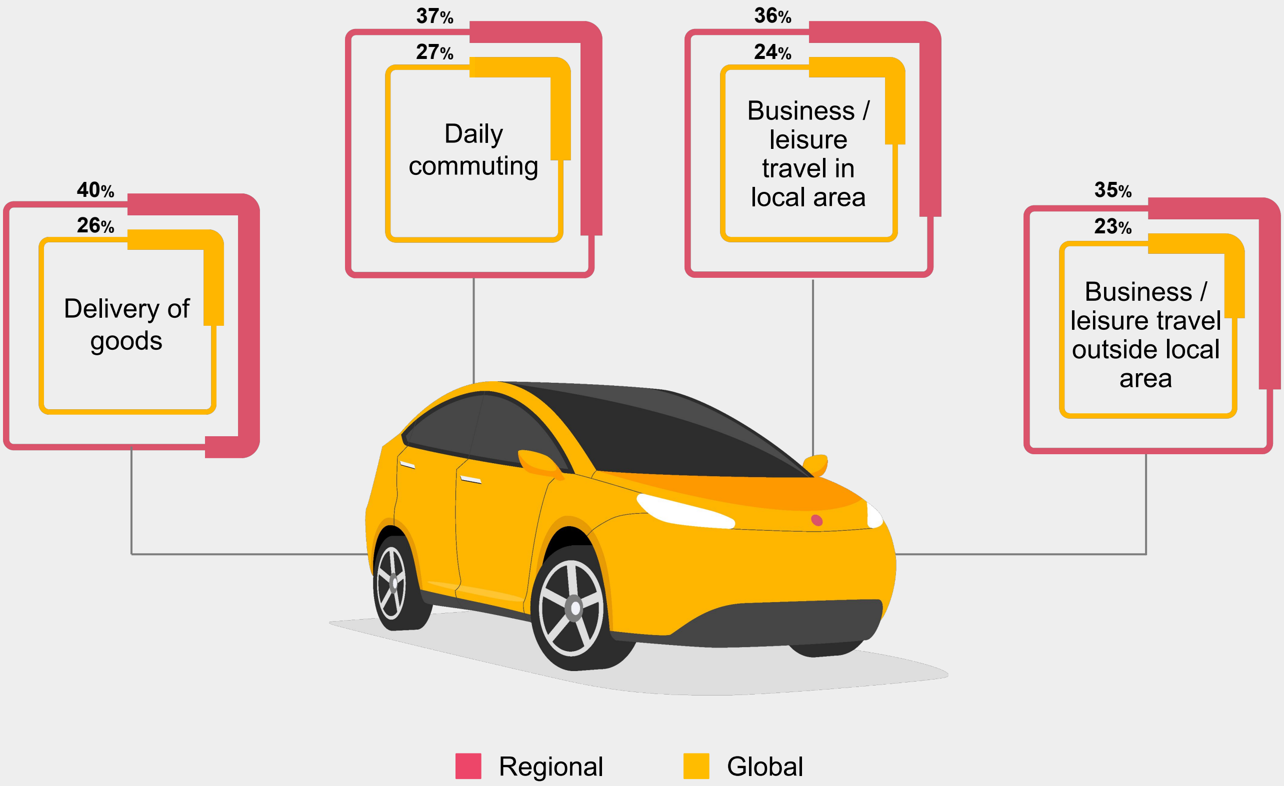
63%

willing to pay a congestion tax

Governments in the region are actively working to make cities more sustainable by introducing transport systems based on autonomous mobility. Autonomous vehicles can significantly contribute to the sustainability agenda by increasing the number of shared rides, reducing the need for parking, and creating space for more people-friendly infrastructure like parks and bike lanes.

Our survey reveals a notable comfort level among consumers with using autonomous vehicles for various activities, although comfort is lowest for travelling outside their local area. Specifically, 37% of regional consumers would highly feel comfortable using AVs for daily commuting, compared to 27% globally. Additionally, 40% would highly use AVs for the delivery of goods, versus 26% globally, and 36% would use them for business or leisure travel within their local area, compared to 24% globally.

Q. On a scale of 0 to 10, how comfortable would you feel using a fully autonomous vehicle in each of the following scenarios?



Individuals who feel highly comfortable using autonomous vehicles, rating their comfort level between 9 and 10

This data indicates a higher acceptance and readiness for AV adoption in the region compared to global averages. It suggests that regional consumers recognise the potential benefits of AVs in enhancing daily life and supporting sustainability efforts. As governments continue to implement these systems, the growing comfort and acceptance among consumers could drive the successful integration of AVs into urban transport, furthering sustainability goals.

What incentivises greater consumption of brands?

According to survey findings, regional consumers who are strongly committed to sustainability will choose brands that demonstrate a lower carbon footprint. This has been ranked as the top 1 practice by 8% of consumers. Additionally, more than 30% are significantly influenced by brands that positively impact nature conservation, support initiatives like eco-friendly packaging, and work towards waste reduction and recycling - factors that have a direct and observable effect on the environment.

Consumers in the Middle East are also willing to pay 11-20% higher than the average price for a product if the product is

24% bespoke or custom made

22% produced locally

21% produced with a low carbon footprint

To reduce their impact on climate change, just over half of the consumers are changing their purchasing habits by buying more sustainable products. Additionally, 41% are more mindful of their overall consumption and support green policies and candidates.

Gen Z, in particular, is making notable changes: 29% are reducing their online purchases and 19% are considering having fewer or no children as a means to reduce their environmental impact.

These insights highlight a strong commitment to sustainability among Middle Eastern consumers, with a willingness to adjust their spending and lifestyle habits to support environmental goals.

Conclusion

Middle Eastern consumers are deeply concerned about inflation, climate change, and macroeconomic volatility, reflecting a significant shift in their priorities and behaviours. Inflation and climate risks are prominent, influencing consumer spending towards essentials and fostering a heightened focus on sustainability. Despite geopolitical tensions in the region, they are perceived as less immediate threats compared to economic factors.

Consumers are increasingly adopting sustainable practices, with a strong preference for products with lower carbon footprints and a notable willingness to pay a premium for local or bespoke items. The growing interest in electric vehicles and public transport, coupled with a high level of comfort with autonomous vehicles, underscores a regional commitment to greener alternatives.

We see a clear trend toward environmentally conscious purchasing and lifestyle choices among Middle Eastern consumers, driven by both economic pressures and a strong commitment to sustainability. As governments and businesses adapt to these evolving consumer preferences, aligning with these values will be crucial for future success.

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 151 countries with nearly 364,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

Established in the Middle East for over 40 years, PwC Middle East has 30 offices across 12 countries in the region with around 12,000 people. (www.pwc.com/me).