Global Consumer Insights Survey 2021
Middle East findings

More digital and sustainable: post-pandemic priorities for Middle East consumers

About the survey

For the 2021 Global Consumer Insights Survey, PwC adopted a ‘pulse’ approach in order to remain attuned to changes in the worldwide landscape and connected to the behaviours of the global consumer. With pulse surveys put into the field in November 2020 (‘Pulse 1’) and March 2021 (‘Pulse 2’), this biannual study seeks to keep a closer watch on changing consumer trends.

The regional respondents were from the UAE, Saudi Arabia and Egypt, at least 18 years old and were required to have shopped online at least once in the previous year.

The Middle East base size for Pulse 1 is 513 and 515 for Pulse 2. Where we’ve included data from previous surveys, the base sizes are listed below the graph.

This report also references the Middle East findings of the 2020 Global Consumer Insights Survey, in the field in late 2019, and our Global Consumer Insights Survey COVID-19 Pulse (‘COVID-19 Pulse’), fielded in May 2020.

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

As we publish the latest Middle East findings from our 2021 Global Consumer Insights Survey, it is clear that as a result of extensive vaccination programmes consumer confidence is rising across the region. In fact, in our Pulse 2 survey we found that:

58%

of Middle East consumers were more optimistic about the economy

Three-quarters

plan to return to their place of work and visit shopping malls

6 out of 10

plan to travel internationally or regionally

Despite this confidence, the results show that the economic and social consequences of COVID-19 have impacted consumer behaviour and that those changes are here to stay. In this rapidly evolving market landscape, Middle East retailers must rethink their business models to ensure they are meeting their customers' changed expectations and do so quickly.

Our survey charts the shift in consumer attitudes after a period of upheaval and provides guidance about how retailers can seize the opportunities ahead.

A closer look at consumer trends in the Middle East

01

The shift to online and mobile shopping accelerates

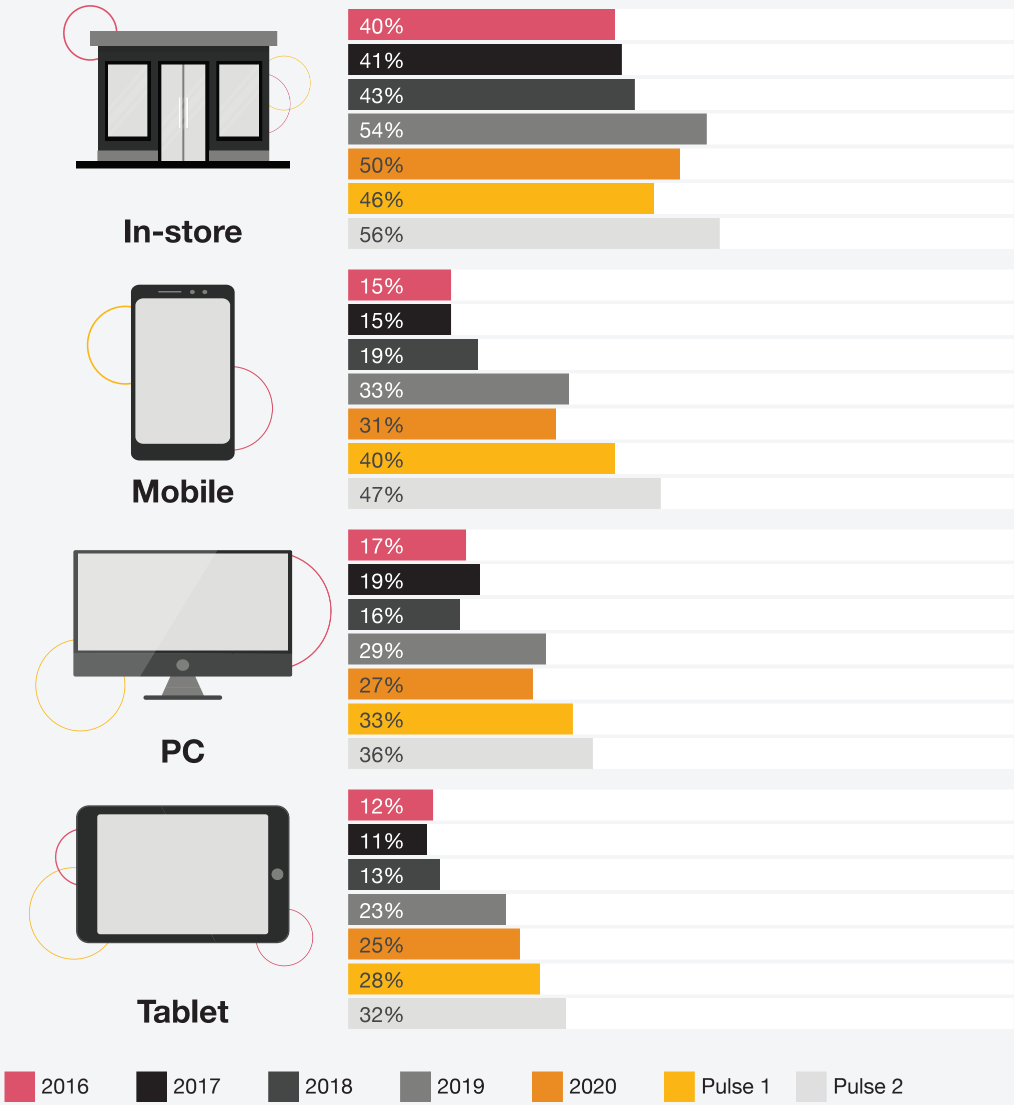
Our Pulse 2 survey results make it clear that as a result of COVID-19 there has been a significant shift to digital across the Middle East – 67% of regional consumers believe they have become more digital between October 2020 and March 2021, compared to 51% of global consumers, particularly in Egypt where 72% of consumers confirmed that.

The survey also highlights that online shopping and mobile shopping have accelerated due to the pandemic and are here to stay. In our 2020 Global Consumer Insights Survey, fielded before the outbreak of COVID-19, 31% of Middle East respondents said they were shopping via their mobile phone on a daily or weekly basis. Our follow-up COVID-19 Pulse survey in May 2020 found that 53% of Middle East consumers had increased their use of smartphones for shopping in response to the pandemic, compared with 34% of global consumers.

Our latest data shows that mobile is now the main online channel, with 47% of regional respondents saying they use their smartphones most frequently for purchases, compared with 39% of global respondents.

Figure 1: More Middle East consumers are shopping online and on their mobile

Q. In the last 12 months, how often have you bought products (e.g. clothes, books, electronics) using the following shopping channels? Not including grocery.



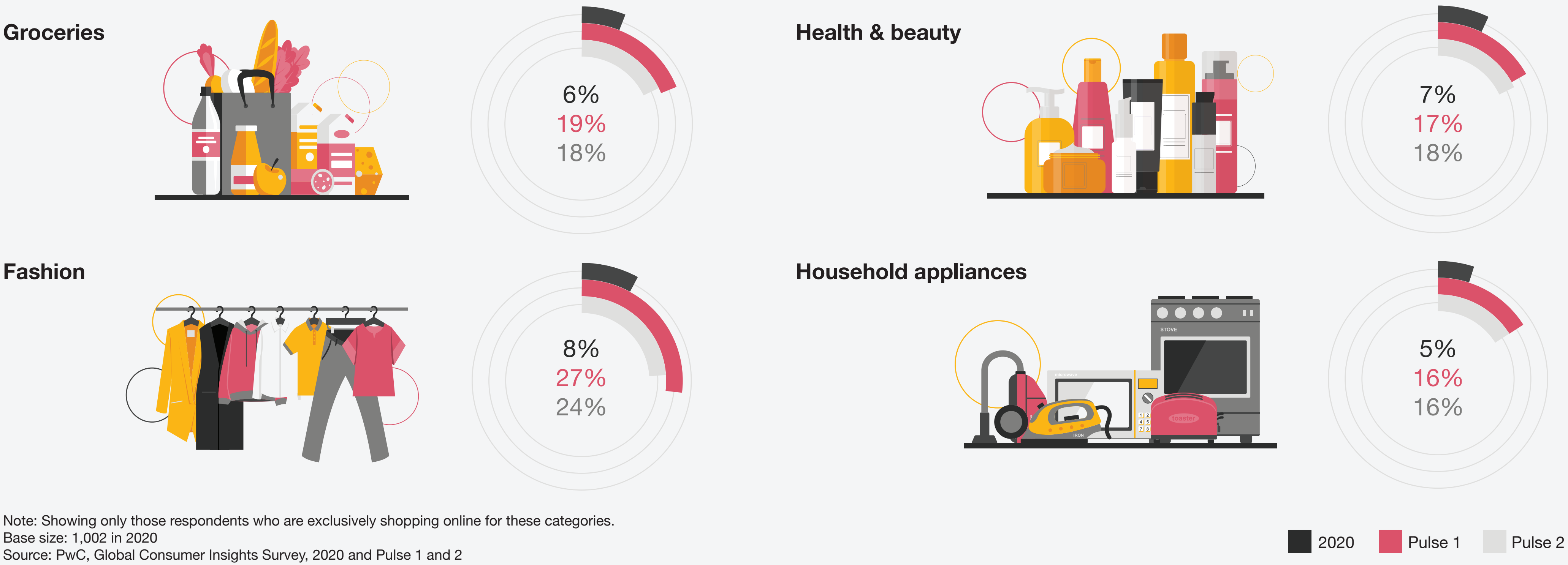
Note: Showing only daily and weekly shopping.
Base sizes: 1,002 in 2020; 1,004 in 2019; 1,033 in 2018; 1,007 in 2017; 1,003 in 2016
Source: PwC, Global Consumer Insights Survey, 2016-2020 and Pulse 1 and 2

Middle East consumers are now more likely to purchase groceries online

Historically, groceries has been the category that consumers are most likely to purchase exclusively in-store. But as a result of COVID-19, we've seen an increase in the number of people going online for this category – in our 2020 Global Consumer Insights Survey just 6% of consumers said they purchase groceries exclusively online while in our Pulse 2 survey the same was confirmed by 18% of respondents. Further to that, consumers that we've identified as health and safety conscious are more likely to exclusively shop online for both groceries (21%) and health and beauty products (20%).
Other categories that consumers are now more likely to exclusively purchase online include health & beauty, fashion and household appliances.

Figure 2: Middle East consumers are more likely to shop exclusively online for certain categories

> Q. Considering the following product categories, how has the way you shop online changed, if at all, in the last 6 months?



Note: Showing only those respondents who are exclusively shopping online for these categories.
Base size: 1,002 in 2020
Source: PwC, Global Consumer Insights Survey, 2020 and Pulse 1 and 2

Fast delivery continues to be most important to those shopping online

Like for global shoppers, a major consideration for Middle East consumers shopping online continues to be fast and reliable delivery. As a result, we're seeing more retailers, from luxury sites to grocery stores, offer same-day delivery.

Figure 3: Most important attributes for those shopping online

> Q. In the current climate, which attributes are important to you when shopping online?

	Pulse 1	Pulse 2	
Fast/reliable delivery	35%	38%	Fast/reliable delivery
In-stock availability of items I want	32%	31%	A good return policy
A good return policy	31%	30%	Easy to use mobile app/interface

Note: Answers reflect percent who chose the reason as one of their top three choices.
Source: PwC, Global Consumer Insights Survey, Pulse 1 and 2

02

In-store shopping will remain important as part of multi-channel retail strategies

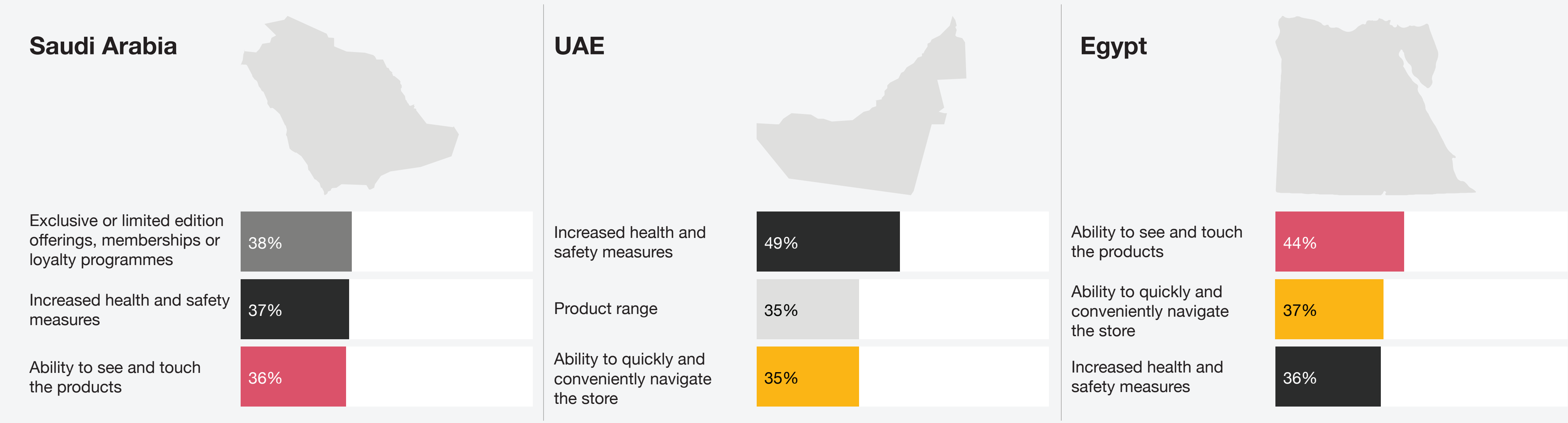
The results suggest that in-store shopping will remain important to Middle East consumers for many reasons. Shopping malls and physical stores are places to inspect the products in person, explore special offers, and also spend time with friends and family.

Despite the pandemic, 56% of the Middle East consumers, compared with 45% globally, prefer visiting physical stores – in Saudi Arabia, 59% of respondents say in-store is their channel of choice. Proximity and convenience are key though as we see the popularity of community malls increase.

Not surprisingly, those consumers that shop in-store consider increased health and safety as one of the most important attributes for a physical store but other considerations vary across the region. In Saudi Arabia, exclusive or limited edition offerings, memberships or loyalty programmes are the most important reasons for shopping in physical stores. In the UAE, when compared to Pulse 1, 17% more consumers ranked increased health and safety measures as their top concern, while product range (35%) is the second most important attribute. Finally, for consumers in Egypt, the ability to see and touch the products (44%) is more important than increased health and safety.

Figure 4: Most important attributes for those shopping in-store

Q. In the current climate, which attributes are important to you when shopping in physical stores?



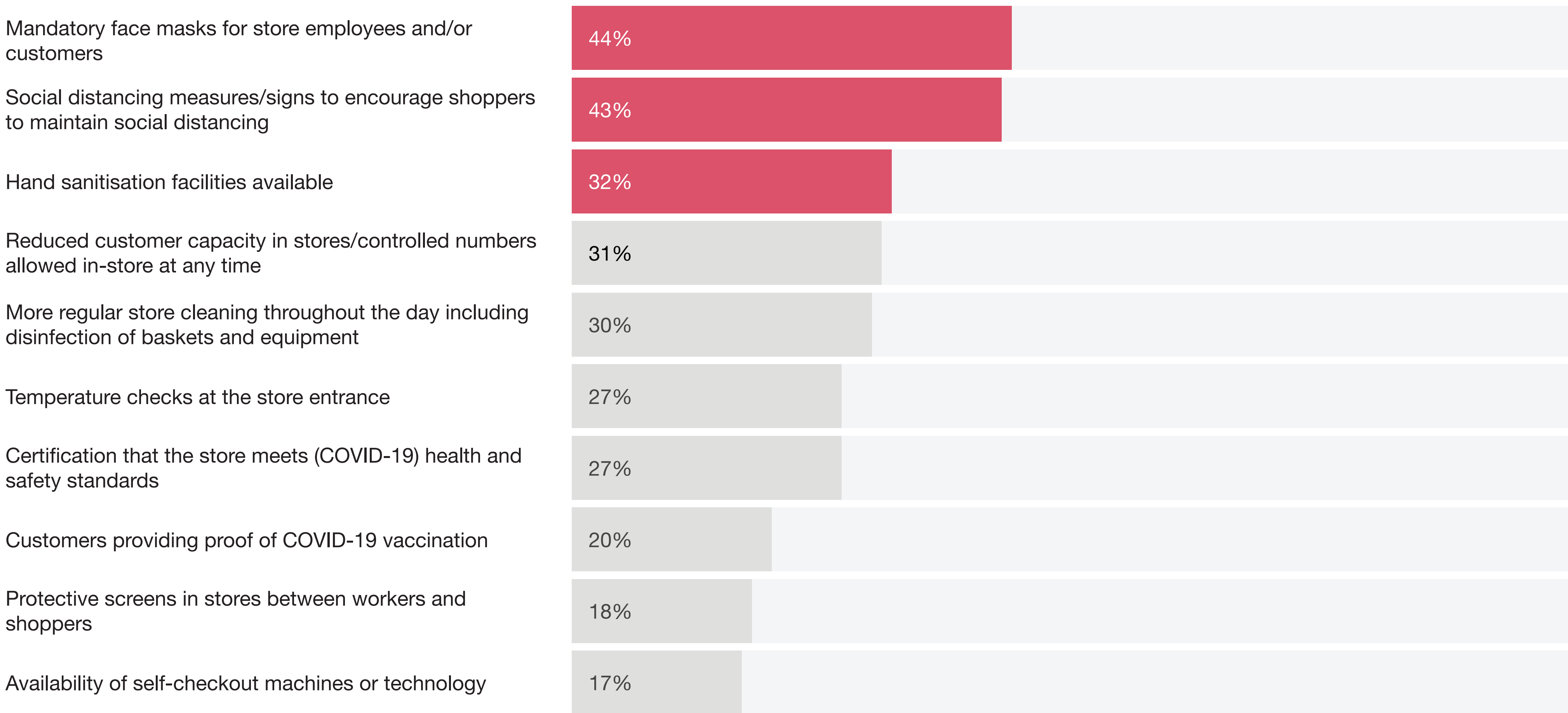
Note: Showing Pulse 2 results only. Answers reflect percent who chose the reason as one of their top three choices.
Source: PwC, Global Consumer Insights Survey, Pulse 2

Health and safety is still a major concern

In general, 40% of Middle East consumers cite health and safety as their most important in-store concern. Key safety measures that regional consumers highlighted for in-store shopping include mandatory face masks (44%), social distancing (43%), hand sanitisation stations (32%) and reduced capacity (31%).

Figure 5: Most important health and safety measures for those shopping in-store

> Q. Which of the following health and safety measures are most important to you when shopping in-store?



Note: Showing Pulse 2 results only.
Source: PwC, Global Consumer Insights Survey, Pulse 2

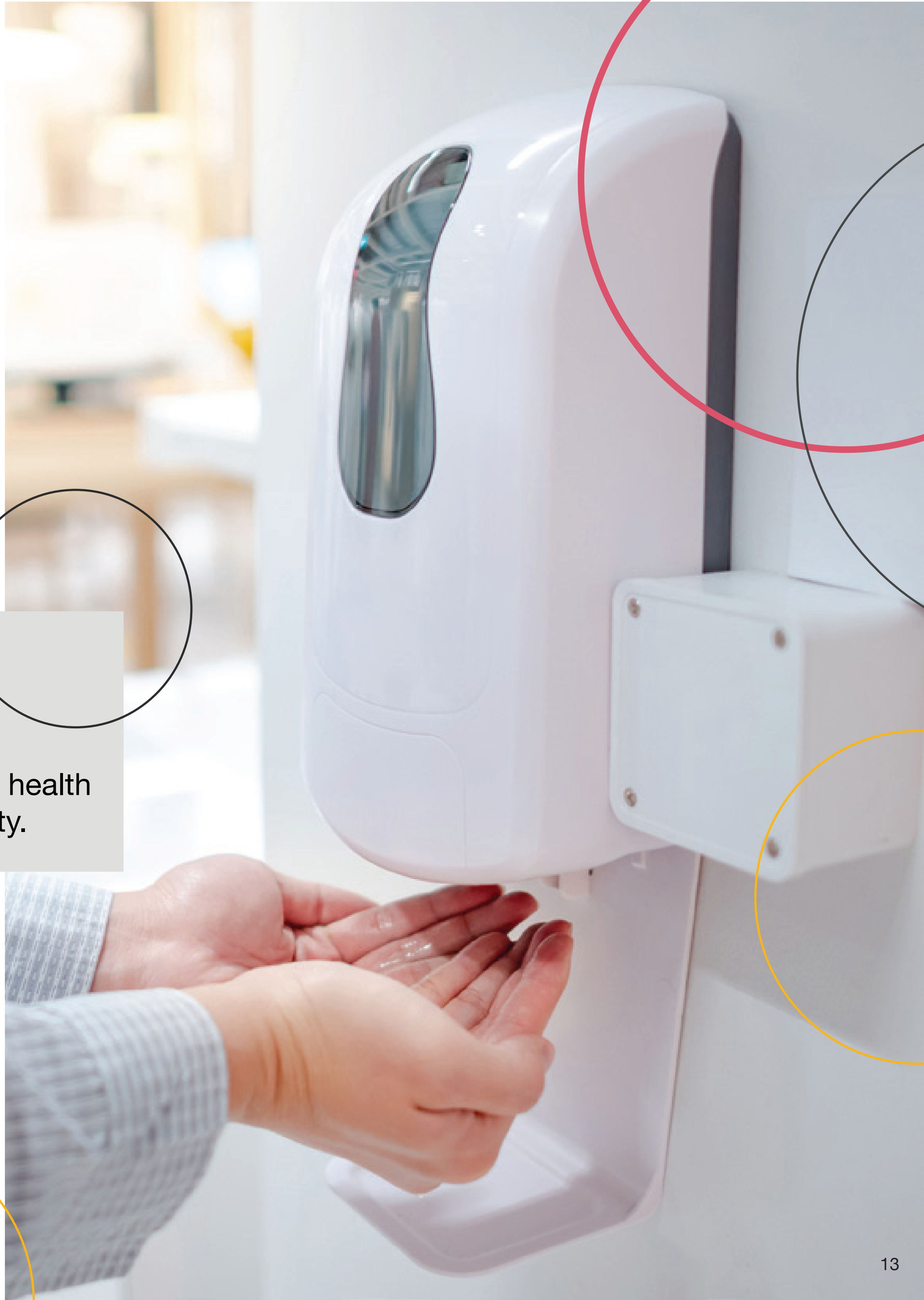
Across the Middle East, 48% of respondents in the 35-44 age group put health and safety as their main in-store concern, higher than the regional average, while women in all age groups (43%) were more anxious about this issue than men. We also found that those consumers who are predominantly working from home rated health and safety higher (48%) than those who work away from home (37%).

It's also important to highlight that while sustainability considerations are more important than ever, concerns over health and safety outweigh consumers' sense of environmental responsibility – 75% of Pulse 2 respondents confirmed as much.

Given these worries, retailers will need to maintain rigorous health and safety regimes in the coming months while leveraging technologies, such as virtual reality tools, to attract customers by enriching their in-store experience.

75%

of Middle East consumers confirmed that their concerns over health and safety outweigh their sense of environmental responsibility.



03

Middle East consumers are more price sensitive

Despite widespread vaccination programmes and increasing consumer confidence across the region, shoppers remain more price conscious than before the pandemic. 57% of Middle East consumers in Pulse 2 indicated that they have been more price oriented in the last six months and 66% said they have been focused on saving (compared to 54% of global consumers). Females in particular are more likely to be price sensitive compared to men.

When consumers do spend money, they are more likely to spend it differently than before the pandemic. In our 2020 Global Consumer Insights Survey, Middle East consumers were spending their disposable income on eating out at restaurants (42%), on travel (41%) and health and wellness (27%). In our latest findings we see that, in the coming months, 53% of regional consumers are expecting to spend more on groceries, 47% on takeaway food and 40% on home entertainment. This is perhaps not surprising given that five out of 10 consumers said that they are mostly working, dining, consuming entertainment, working out and interacting with friends and family at home.

Where consumers shop has also changed; in Pulse 2, 77% said that in the last six months they have been shopping more with discount retailers, compared to 67% in Pulse 1.

Figure 6: COVID-19 has had a lasting impact on consumer spending

Q. Which of the following activities, if any, do you prefer to spend your disposable income on?

Before COVID-19

Middle East consumers spent their disposable income on:

Base size: 1,002; Source: PwC, Global Consumer Insights Survey, 2020

Q. How has your household spending changed, if at all, as a result of the COVID-19 social distancing/social isolation measures?

During COVID-19 outbreak (May 2020)

Top areas of increased household spend

61% Grocery

41% Entertainment & media

24% Ingredient and recipe meal kit services

Top areas of decreased household spend

50% Clothing & footwear

42% Restaurant food pickup/ delivery

41% Health and beauty products

Base size: 501; Source: PwC, Global Consumer Insights Survey, COVID-19 Pulse

Q. Thinking about your spending over the next 6 months, to the best of your ability, please describe your expectations on spend across the following categories.

Expected spend in Q2 and Q3 of 2021

Top areas of increased household spend

53% Grocery

47% Takeaway food

40% Home entertainment

Top areas of decreased household spend

32% Travel

31% Arts, culture and sporting events

28% Eating in restaurants

Source: PwC, Global Consumer Insights Survey, Pulse 2

04

Middle East consumers are more health conscious

As with their counterparts globally, COVID-19 has dramatically increased awareness of health and wellness among Middle East consumers. In the 2020 Global Consumer Insights Survey, more than half (58%) of respondents said they were making time each week to improve their health and general wellness and adopt a better diet. In our COVID-19 Pulse Survey, conducted in May 2020, 84% agreed that they were more focused on taking care of their diet.

This rising health consciousness is reflected in our Pulse 2 results. For example, 71% of Middle East consumers indicated that they have become more healthy in the last six months. This is particularly true for consumers in Saudi Arabia (79%) and females across the region (75%).

Figure 7: Health continues to be a priority for Middle East consumers

COVID-19 Pulse

8 out of 10 consumers

...said they were more focused on taking care of their diet, mental and physical wellness due to COVID-19

Q. As a result of the COVID-19 situation, I am more focused on taking care of my…
Base size: 501

Pulse 2

71% in the Middle East

79% in Saudi Arabia

68% in the UAE

68% in Egypt

...said they have become more healthy in the last 6 months

Q. Thinking of the last 6 months, please indicate from the list of attributes below how, if at all, you have evolved as a consumer.
Source: PwC, Global Consumer Insights Survey, COVID-19 Pulse and Pulse 2

When shopping for groceries, 41% of respondents say that they are willing to pay more for healthier options, for health-conscious consumers this percentage is even higher (47%). Surprisingly, men are more likely to pay for healthy grocery options than women – 45% vs. 41%.

In the Pulse 2 survey, 70% of regional consumers also said that they are including more plant based foods in their diet due to sustainability principles, up from 53% in our 2020 Global Consumer Insights Survey.

Responding to this demand, food retailers in the region are increasing their range of healthy or diet products. In addition, last year's lockdowns and continuing safety fears help explain why 37% are planning to spend more on virtual activities, such as online fitness classes.

05

Socially aware consumers are on the rise

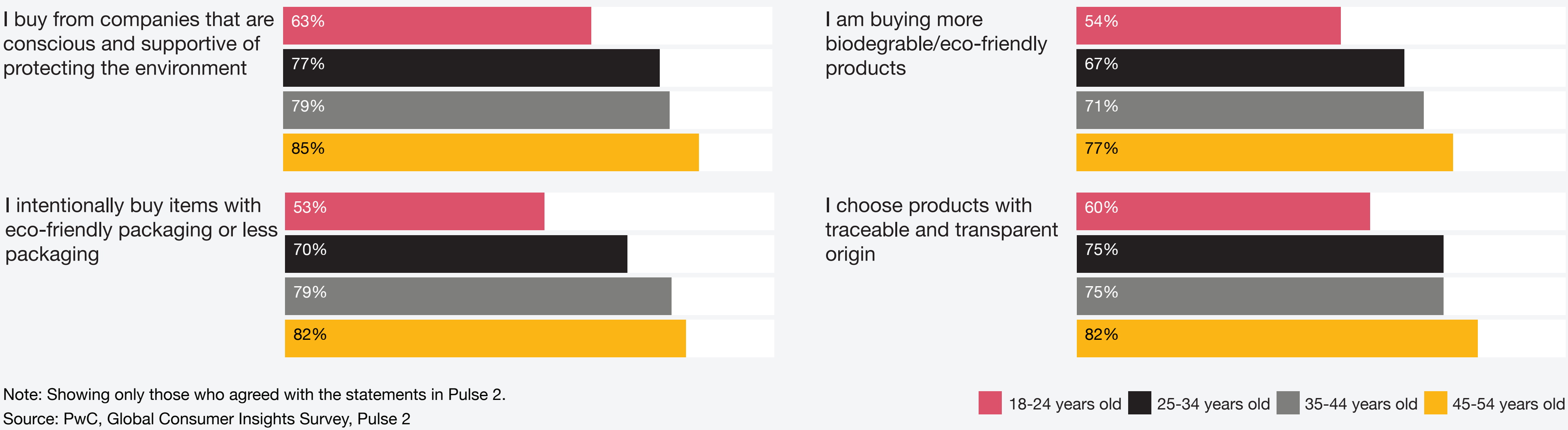
COVID-19 has reinforced the growing awareness of Middle East consumers about social and environmental sustainability. In our Pulse 2 survey, 65% of regional consumers said they have become more eco-friendly in the last six months.

Overall, seven out of 10 Middle East shoppers say that they engage in sustainable behaviours, with respondents from the region consistently outscoring the global survey participants on a range of questions in this area. For example, 75% of Middle East consumers say they buy from companies that are environmentally conscious, compared with 54% globally; and 72%, versus 55% globally, say they choose products with a traceable and transparent origin; for groceries, 39% of shoppers cite local produce as the top attribute they would pay more for.

It is interesting to note that this environmental consciousness has seen an uptick from our Pulse 1 survey – at the time six out of 10 consumers agreed with our sustainability statements – and that younger, Generation Z, consumers are less likely to agree with those statements. In fact, the older the shopper the more likely they are to care about sustainability.

Figure 8: Older consumers are more likely to be focused on sustainability

> Q. Indicate to what extent you agree or disagree with the following statements around shopping sustainably.



Note: Showing only those who agreed with the statements in Pulse 2.
Source: PwC, Global Consumer Insights Survey, Pulse 2

Consumers who are not prioritising sustainability, believe there is a lack of sustainable options (39%), that the quality of those products is inconsistent (36%) or that they are priced too high (35%).

With social and environmental sustainability more in focus than ever before, retailers need to rethink how they approach these considerations and ensure they are committed to environmental, social and governance (ESG) factors before governments start regulating them.

Facing the future

A rapidly evolving consumer landscape will require equally fast, focused action by retailers

As the pandemic subsides and they prepare for the future, retailers across the region will need to be fast and agile to capture business from a rising generation of youthful, socially aware consumers who are digitally savvy. They can do this by gaining actionable insights into their operations, keeping their businesses robust and becoming more sustainable.

Here we highlight some key measures for retailers at each stage of their transformation.

The speed of the shift in consumer sentiment reflected by our findings is a reminder that retailers cannot afford to adopt a wait-and-see strategy as the region's shoppers emerge from a period of lockdown, economic uncertainty and emotional stress. A new, digitised market is taking shape, which already looks increasingly different from the region's pre-pandemic consumer landscape.

Repair

- Using new AI-enabled technologies to improve efficiency in supply and distribution chains disrupted by COVID-19
- Real-time data collection about offline and in-store consumer behaviour and purchases to driver actionable insights
- Employee communication, engagement and empowerment
- Consumer communication and engagement to further build trust

Rethink

- Channel strategies as more consumers purchase via mobile and other devices
- The concept of the physical store and, in particular, the in-store experience, utilising technology to attract customers while maintaining rigorous health and safety standards
- Brand and portfolio propositions that are aligned to evolving consumer behaviour
- ESG, health and wellness as major business priorities that require an actionable mission statement

Reconfigure

- Sales and marketing channels to capture growing mobile phone shopping
- Marketing strategies, in an environment where many consumers will continue to work from home
- HR management, ensuring the health and wellness of employees and consumers is a business priority

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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