Pulse 6

Global Consumer Insights Survey: Middle East findings

Empowered by technology,

a more aware Middle Eastern consumer doesn't hesitate to make informed choices

pwc

Executive summary

PwC's latest Middle East Pulse report, part of its Global Consumer Insights Survey, highlights a more aware and better-informed buyer who is empowered by the latest technology and does not hesitate to seek out information before making a final decision on a purchase.

It builds on the trend seen in our **Pulse 5 report**, where high inflation and rising costs of living were the two main factors influencing consumer behaviour in the region.

In Pulse 6, we see price-conscious shoppers cross-checking product prices from multiple sources, ranging from retailers' websites or apps to e-commerce platforms while browsing social media for reviews, recommendations and testimonials. With higher awareness levels, there is an uptake in the use of specialised price comparison platforms to complement relying on search engines, Amazon, social media, and word-of-mouth.

When it comes to where customers are shopping, consumers in the Middle East have a slightly higher preference for physical stores compared to shopping online via mobile phones and personal computers.

Another trend to note in the Middle East is the increasing amount of time consumers spend on a brand's website for informed decision-making and the growing rate of returns that retailers experience.

As seen across previous Pulses (**3**, **4** & **5**), sustainability features high on the list of consumers in the region. Lastly, a generally younger and tech-savvy population in the Middle East is more likely than consumers globally to use emerging technologies during their purchase journeys.

Our key findings are:

- 68% of regional consumers (vs 63% globally) purchase directly from a brand's website.
- Prior to purchase, more than 60% of regional and 50% of global consumers research products online, looking for product reviews and competitive prices.
- More than 50% of regional and global consumers use subscriptions for convenience.
- 20% regionally and 15% globally are willing to pay 11- 20% above average for products that have a lower carbon footprint or by a company with ethical practices.
- 20% of regional consumers (vs 17% globally) believe that accurate and detailed product description is critical to reducing returns.

1 Consumers rely on research and technology as they finalise their purchase decisions.

Our survey reveals an extremely aware and price-conscious Middle Eastern consumer who prefers to make informed decisions before purchasing a product. They typically use their smartphones or connected devices to compare prices online and in-store while analysing reviews on websites and social media.

Online plays a significant role in how consumers research products in the Middle East with slight variations in their search methods. More than 60% of the surveyed consumers in the Middle East agreed to have frequently researched products online, looking for product reviews and competitive prices. More than half of the regional consumers use retailers' apps on their mobile to compare products (vs 40% globally), use their phones in-store to compare products and determine if they are cheaper on the website (vs 35% globally) and also use social media to view live or visual reviews before purchasing (vs 37% globally).

How often do you typically use your mobile device or smartphone to do any of the following before making a purchase decision?

Base: Middle East respondents (642), excluding those who selected none of the above

Similar to their global counterparts (54%), half of the surveyed consumers in the Middle East use search engines to research items, ranking it as one of the top three ways of researching products. An equal number of the regional consumers use Amazon (49%) and social media platforms (41%), while 33% research items by reading customers reviews and speaking to their friends, family and colleagues.

In general, where do you typically research the items/products that you intend to buy?

50% Search engines

49% Amazon

41% Social media

33% Family & friends network

33% Customer reviews

29% Price comparison websites

25% Retailer websites

22% Resale & upcycling websites

5% Chatbots

Rank 1-3

Base: Middle East respondents (642)

In the region, search engines were preferred and ranked top by 27% of the consumers in Egypt, compared to 24% of the UAE and 19% of KSA consumers. Amazon was ranked as the number 1 platform in the UAE, with 24% of respondents using it for researching products online, followed by 21% in Egypt and 15% in KSA. Product research via retailers' sites and family and friends networks was preferred by 14% of respondents in KSA, higher than the other countries surveyed.

Our Middle East findings have also revealed that when it comes to advertisements, sponsored ads on social media were among the top three most influential tools used by consumers, with 49% of survey respondents voting for it, led by millennials (52%) and the Gen Z (48%). In the region, 34% preferred ads with influencers and celebrities. While sponsored ads on social media were widely used in Egypt and the UAE, influencer adverts were gaining popularity among young millennials and Gen Z in these two countries.

Social commerce global sales are expected to grow from an estimated $992.4 billion in 2022 to $2.9 trillion by 2026. (Source: Statista). According to the PwC report **Is your brand ready for the $3 trillion social commerce marketplace?** the evolution of social commerce is providing companies with an opportunity to achieve meaningful returns on investment.

When deciding to buy a product, 32% of survey participants preferred traditional TV advertisements, while 42% chose adverts that directly linked them to offers and promotions on their favourite brand or product. Ads linking directly to offers and promotions and sponsored social media ads were among the most preferred advertisement models in the KSA, with 25% of respondents voting for it.

Which types of advertisements do you find most influential in making a purchase decision?

Base: Middle East respondents (642)

2 Current shopping behaviour

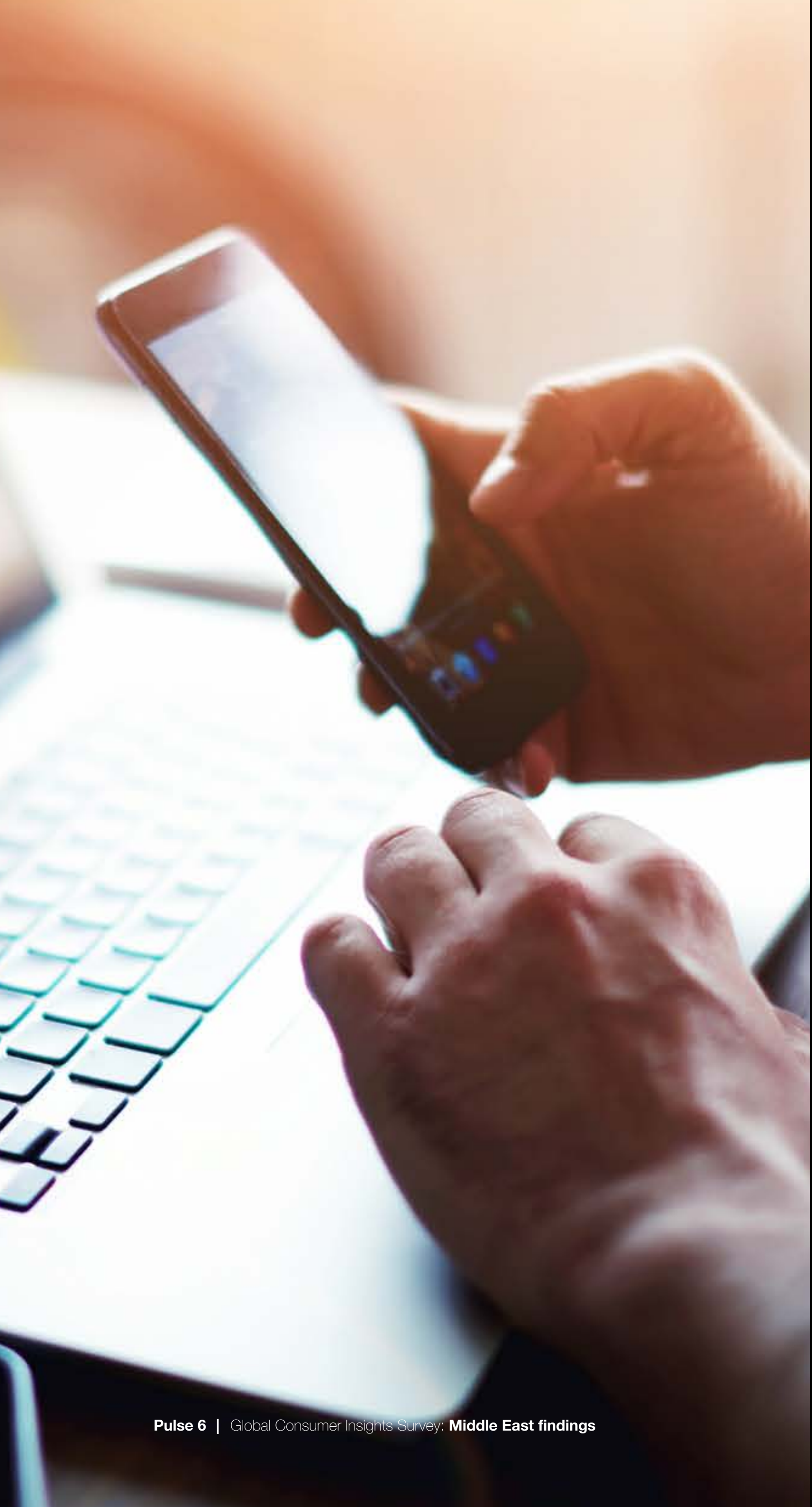
2.1
In-store shopping preferred and self checkouts gaining a foothold, despite the rise in online buying

Interestingly, shoppers in the Middle East have an equal preference for physical stores, as well as online platforms. Our survey results have revealed that 49% of respondents in the region have preferred in-store visits for frequent shopping in the last 12 months, while a close 43% prefer to shop online via mobile phone and 31% via personal computers. A small minority (20%) used wearable devices for daily or weekly shopping, whereas only 18% used virtual reality.

With the region pushing the boundaries to deliver unique shopping experiences to consumers, self-scanning technology or self-check-outs in physical stores have gained a foothold in the region. Our survey has revealed that more than 50% of regional consumers prefer using self-checkout in a physical store because it is faster, has a more responsive touch screen (53% in UAE and 52% in Egypt) and has a greater variety of payment options (58% in Egypt and 51% in Saudi). Also, 42% of regional consumers use it as it enables them to purchase products directly from the aisle without the need to wait in long queues.

Thinking about a time when you have used a self-checkout in a physical store, which, if any, of the following would encourage you to use them more often?

Base: Middle East respondents (642), who have shopped in physical stores at least once in last 12 months and used a self-checkout (excluding those stating “Not applicable to using self-checkouts”)



2.2
Brand websites are trusted

Middle East findings spotlight another interesting shopping behaviour where consumers, particularly millennials and GenZs, prefer to visit a brand's website for more product information so they can make an informed decision. The website experience was key to 68% of survey participants, who directly purchased products from the brand's website vs 63% of their global peers. In Egypt, 71% of respondents have directly purchased products from the brand's website, followed by 66% in the UAE and 65% in KSA.

More than half of our regional respondents have purchased food, beverages, clothes and accessories directly from the brand's website, while more than 40% have purchased electronics, beauty and personal care products.

Ensuring the authenticity of products is a key reason why 31% of regional consumers (compared to 24% globally) have purchased products directly from the brand's website, while 19% preferred to visit websites for more competitive prices.

Product returns pose a major challenge for retailers in the region. As the region's growing population shows a keen preference to shop online, we also find an increase in the volume of e-commerce returns.

Our survey reveals that 20% of regional and 17% of global consumers believe that accurate and detailed product descriptions are critical to reducing the number of returns, followed by the ability to read previous customers' reviews (16% vs 14% globally) and accurate sizing information (15% vs 18% globally).

Speaking about technology, the world of artificial intelligence and virtual reality holds significant opportunities for internet-based home buying or shopping.

Our Middle East Findings revealed that while 27% have heard of virtual reality, only 23% have used it in the last six months. The survey also highlights only 17% regionally (vs 11% globally) have used VR to play games or watch a movie, 16% (vs 9% globally) to interact with a brand they already know, and 14% (vs 8% globally) joined a VR world to experience a retail environment or a concert.

Middle Eastern consumers are also showing greater interest in chatbots (57% vs 44% globally) keen to use them for product information. More than 40% are interested in other chatbot functions like retailer customer service, product alerts & updates, and customised offers.

2.3
Hands on the latest tech products

Living in a region that embraces advanced technology and is at the forefront of innovation, Middle East consumers are more likely to buy cutting-edge technology as soon as it is available.

The survey has revealed that 67% of Middle Eastern consumers would like to be the first to buy cutting-edge technology as soon as it is available and to try out the latest technology before most people - a trend is significantly higher than 48% of the global respondents.

2.4
Willingness to pay more for sustainable and local produce

In line with earlier surveys, Pulse 6 reveals that shopping decisions in the region were increasingly being influenced by sustainability concerns.
More than 20% of regional consumers would be willing to pay 11 - 20 % above the average price for a product produced locally. 20% regionally and 15% globally are willing to pay the same percentage for products that have a lower carbon footprint or by a company with ethical practices such as supporting human rights or avoiding animal testing. 16% of consumers would pay more than 30% for a bespoke product, 14% for a product by a company with ethical practices, and 12% for a product from a transparent origin.

2.5
Strong preference for subscriptions

The growth in e-commerce and a strong digital payments infrastructure in the region have seen a significant rise in the subscription model. The trend grew during the pandemic and regional subscriptions have been popular in UAE, Egypt, and Saudi Arabia, countries with strong e-commerce markets.

Our survey reveals that 32% of regional consumers (significantly higher than the 17% globally) subscribe to household grocery delivery services like fruit and vegetable boxes and meal kits. Cosmetics, wellbeing supplements, tea, coffee, cleaning supplies, grooming products, clothing services and online fitness apps are products and services that more than 20% of regional consumers currently buy using subscription services.

Which, if any, of the following products/services do you currently buy using a subscription service?

Currently subscribe	
32%	Household grocery delivery
29%	Tea and coffee
27%	Clothing /fashion
24%	Beauty and cosmetics
23%	Grooming products
22%	Household cleaning supplies
21%	Health supplements
20%	Online fitness apps
17%	Baby products
16%	Automobile subscription
14%	Pet supplies

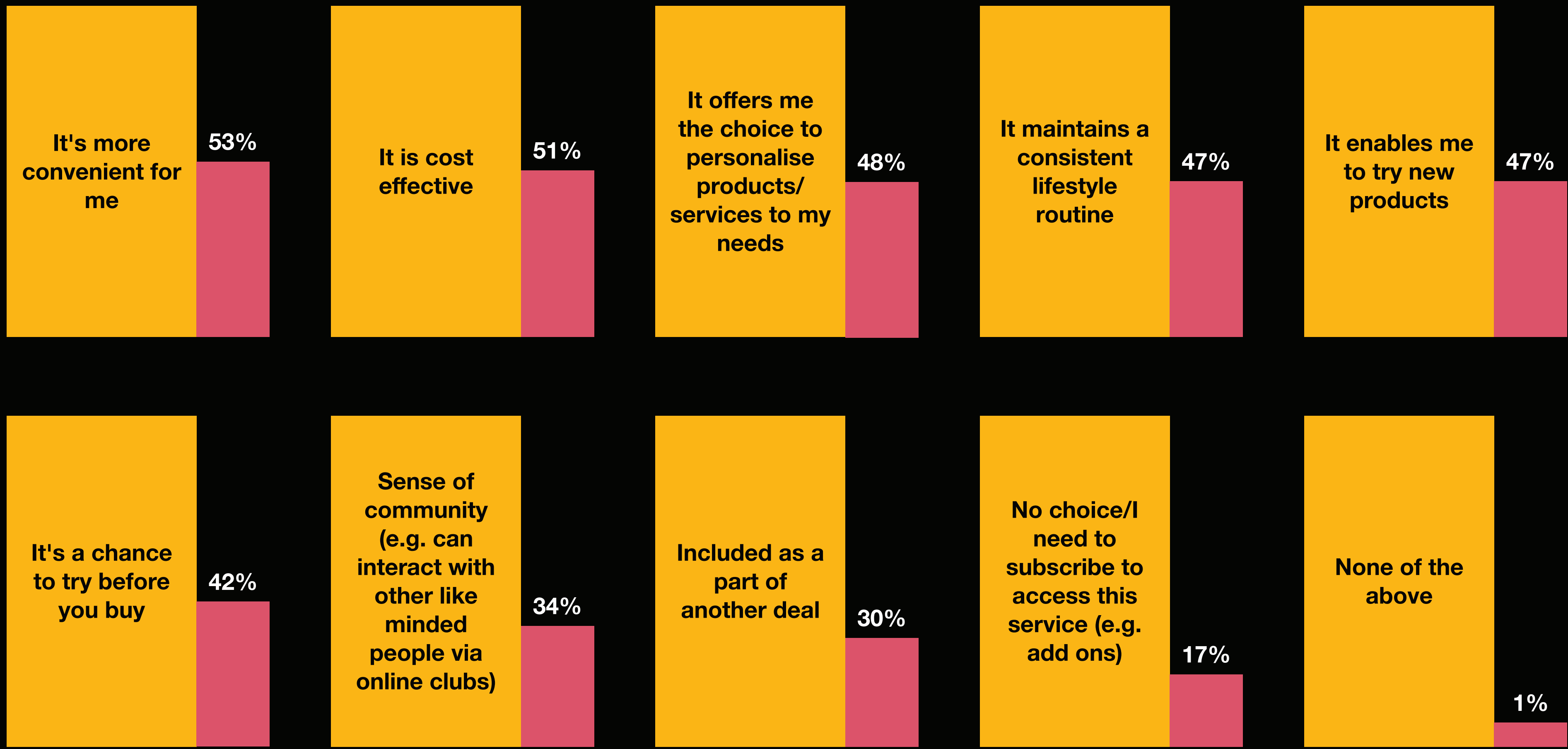
Currently subscribe

Base: Middle East respondents (642)

For more than 50% of regional consumers, subscriptions meant greater convenience and cost-effectiveness, while more than 40% said it enables them to try new products, personalise their buying, and maintain a consistent lifestyle routine.

43% of regional consumers (compared to 39% globally) cancelled subscriptions in the past because they no longer needed the product. More than 30% cancelled, as they found it expensive, quality inconsistent, and fees were unexpectedly increasing.

Why do you use or plan to use product/service subscriptions?



Base: Middle East respondents (588), those who currently subscribe or plan to subscribe in next 6 months

Consumers in the Gulf also subscribe to an average of 2.9 video-on-demand streaming services, such as Netflix, Amazon Prime and YouTube Premium, second to the US where each person has an average of 4.7 subscriptions, according to **the Arab News report.**

3 Future trends

Instore vs Online: A best of both worlds

The Pulse 6 global survey has revealed that half of those polled intended to boost their online spending and continue shopping in physical stores over the next six months.

Consumers in the region will continue to seek the convenience of buying online with the confidence of buying in-store. They want the best of both worlds - the immersive experience of physical shopping as well as the convenience of online and are increasingly using digital technologies to make an informed purchase.

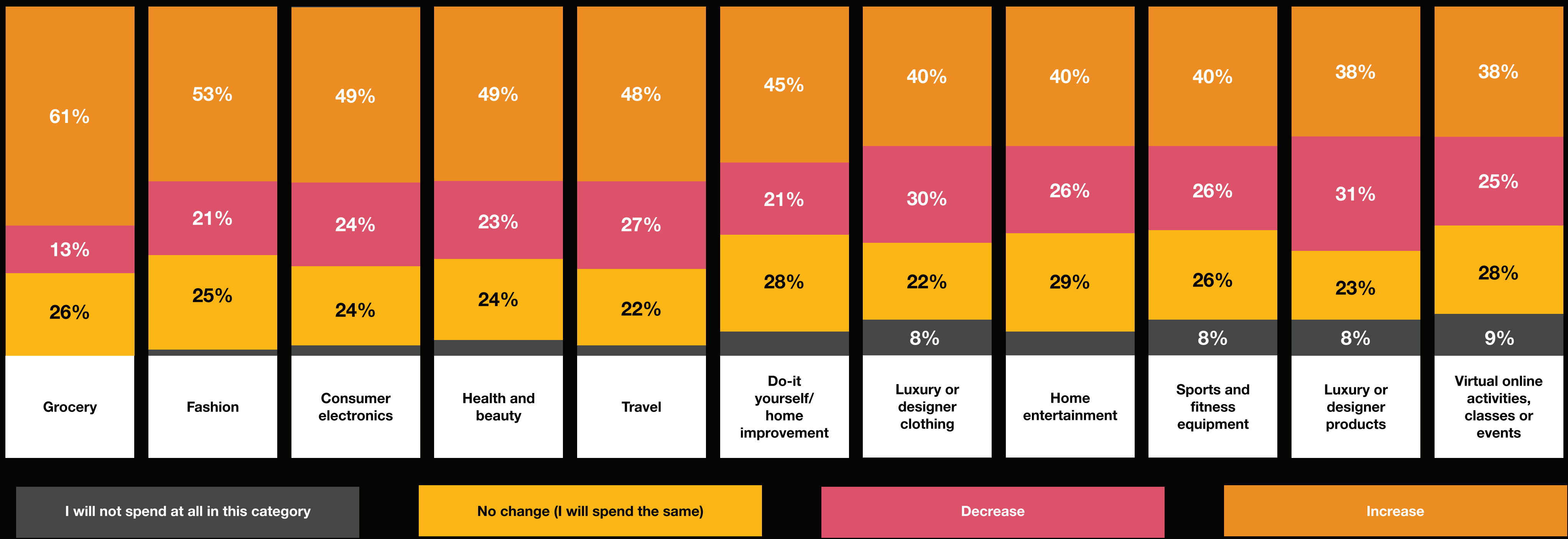
Essentials will remain a priority, a cautious approach for luxury purchases

Rising prices, disruption of supply chain and other financial pressures have resulted in changed consumer habits. In our Pulse 5 (P5) survey, we had 45% of survey participants spending less on luxury and designer products.

In Pulse 6, consumers are more willing to spend on essentials, around 61% of survey participants revealed that they were ready to spend more on groceries (compared to 47% in P5), while 53% would spend on fashion (compared to 40% in P5), and 49% on consumer electronics (compared to 36% in P5). Around 31% of respondents said they will decrease spending on luxury products, and 30% on designer clothes.

Within the region, more than 60% of the UAE and Egypt consumers will increase their spending on groceries and more than 50% on fashion. In KSA, 50% will spend more on groceries and 45% on fashion. More than 30% in KSA and Egypt and more than 20% of the UAE consumers would decrease spending on luxury/designer products and clothes.

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:



Base: Middle East respondents (642)

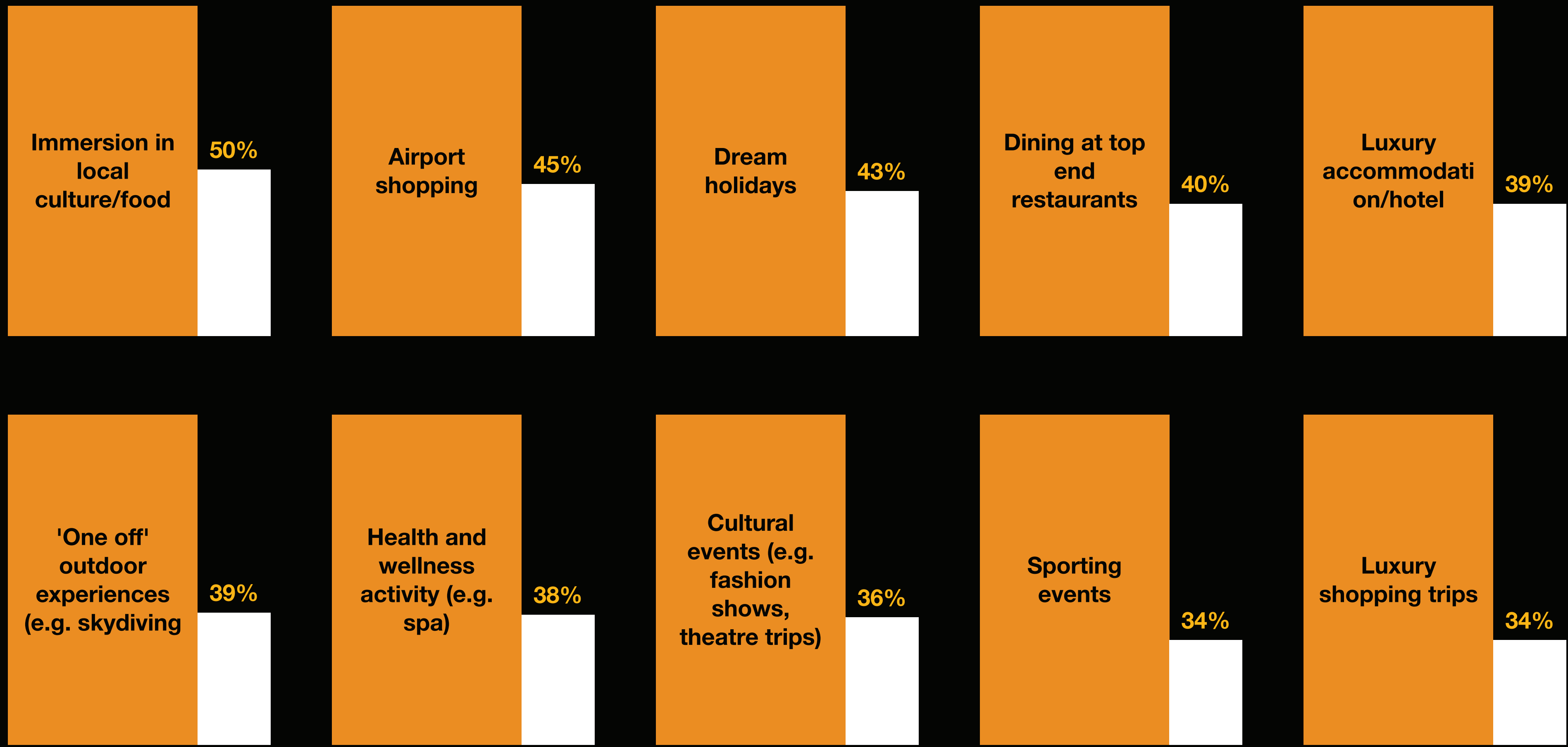
Bigger spend on travel: experiences count for the Middle Eastern consumer

According to the **United Nations World Tourism Organisation**, demand for domestic and regional travel will remain strong in the region and help drive the sector's wider recovery.

The Pulse 6 survey reveals that 69% of survey participants from the Middle East are likely to travel on an international flight to a new destination. Regional consumers are spreading their wings to travel abroad more than their global peers (44%) and are more likely to take domestic flights (59% vs 47 globally). Also, they are more likely to take less frequent but longer journeys (51% vs 33% globally), as well as short trips for frequent getaways (62% vs 48% global).

Key drivers for travel include immersion in local culture and food (50%), indulging in airport shopping (45%), experiencing a dream holiday (43%), and dining at top-end restaurants (40%).

Based on your intended international travel, which of the following are you planning to spend money on?



Base: Middle East respondents (442), who intend to travel on international flight

Key takeaways

The Pulse 6 survey establishes a savvy generation of consumers in the phygital realm, who are ready to seize the opportunities presented by this brave new hybrid world - the physical onsite store and online platforms.

There is also a huge opportunity for brands to engage with customers across a wider spectrum of the purchasing journey by demonstrating operational efficiency, customer loyalty and competitive advantage.

Retail companies must expand their online offerings and capture new opportunities into the virtual space by integrating virtual reality in their offerings.

Businesses must also offer a more robust personalised in-store experience, while also integrating sustainability in their business operations to attract a more environment-conscious shopper.

About the Survey

This year, the global survey focused on 8,975 consumers in 25 countries and territories, including 792 respondents in the Middle East region.

The Pulse 6 Middle East findings included responses from 642 consumers in Egypt, Saudi Arabia and the UAE, split between 55% men and 45% women. 79% of the sample are in the 18-41 age group, the sample comprises 57% Millennials and 22% Gen Z respondents, reflecting the region's young demographic profile, and around 77% are employed.

This report references the Middle East findings of the following surveys:

- **PwC's 2020 Global Consumer Insights Survey** — **September 2019**
- **PwC's Global Consumer Insights Survey COVID-19 Pulse** ('COVID-19 Pulse') — **May 2020**
- **PwC's 2021 Global Consumer Insights Survey Pulse 1** — **November 2020**
- **PwC's 2021 Global Consumer Insights Survey Pulse 2** — **March 2021**
- **PwC's 2022 Global Consumer Insights Survey Pulse 3** — **September 2021**
- **PwC's 2022 Global Consumer Insights Survey Pulse 4** — **March 2022**
- **PwC's 2023 Global Consumer Insights Survey Pulse 5** — **November 2022**
- **PwC's 2023 Global Consumer Insights Survey Pulse 6** — **April 2023**

Get in touch
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