

Consumer Trends

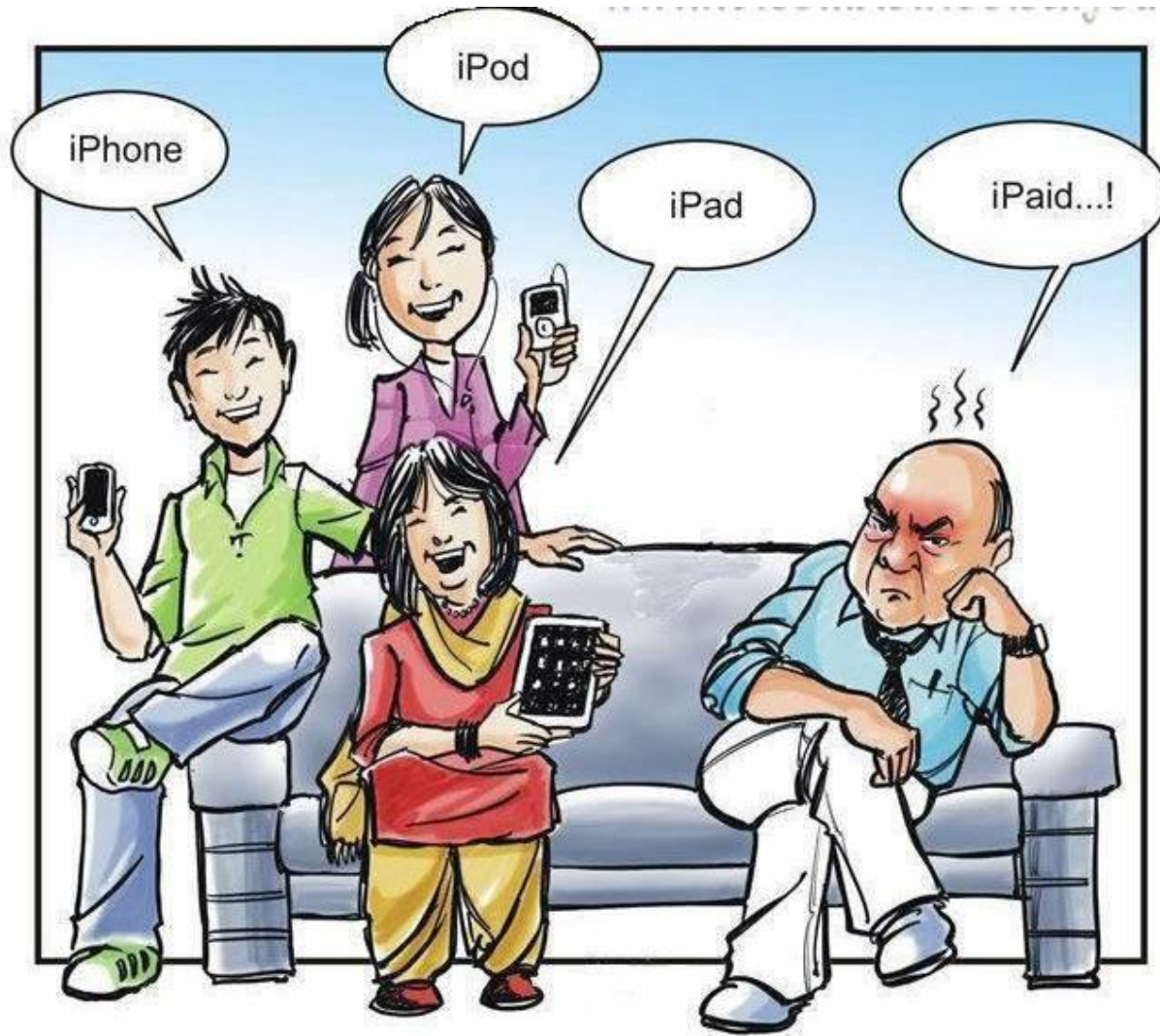
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Online shopping is growing in prominence.

- Traditionally, the Middle Easterners pay cash. The online shopping market is growing slowly in the Middle East in comparison to global terms
- The Middle East region boasts nearly 72.5 million internet users in a population of 210 million (one third)
- Opportunity: Social networking is the most popular online activity across the Middle East with 88% of consumers reporting they use the internet for this daily
- **On the customer side, the main reasons for avoiding purchasing online are**
 - Unsuitable payment options
 - The lack of local online retailers
 - Unreliable delivery
 - The inability to process order or deliver
 - Poor website design
 - Bad internet connection and
 - Items not in stock



Neighbourhood malls are growing in prominence across Middle East.

- Consumers are increasingly becoming choosy about where they would like to shop as distance and travel times increase as cities become bigger
- When not visiting a destination mall, the obvious choice is a neighborhood mall
- Consumers generally look for 'convenience' in a neighborhood mall to provide them complete services and goods as a one stop solution to all family needs
- **Based on the fast changing consumer lifestyles we believe neighborhood malls will only grow in prominence across Middle East**



Trend for healthy and natural foods is slowly growing in the Middle East.

- A report by Food database XTC World Innovation - Over the past five years just 4% of new types of products launched in the Middle East were "natural" - those sold as being without artificial additives - compared with 12% in the rest of the world
- Organic foods have grown in prominence
- People are more educated and have more money to spend, that's when we see more choices develop
- **As consumers embrace city lives they are becoming more conscious about what they eat. Healthy and natural foods are here to stay**



Entertainment options and kids activities are driving where one would shop.

- Consumers are looking for more family entertainment when visiting shopping malls
- Mall operators now are trying to offer a 360 degree shopping experience by adding more entertainment led platforms to influence consumer behavior and thereby enable retail sales growth
- **Entertainment is a must for driving tourists and families to come to shopping centers in the Middle East**



More shopping is likely to happen via the Mobile going forward.

- Middle East region has one of world's highest rates of mobile phone ownership
- Customers in the Middle East may not be the fastest to pick up the use of e-commerce services, but internet content access via mobile devices is on an upward curve
- For example in the UAE, 31% of consumers access the internet via mobiles, up by 11%, as compared to 2010
- In the UAE, the percentage of internet users who have bought goods or services via smartphones is higher than those using PCs (29% versus 26%)
- **Mobile is now a shopping tool that cannot be ignored anymore**



Consumers looking for 'deals' all the time. 'Outlet' concepts continue in popularity.

- GoNabit and Cobone are two of the local startups which have carved a name for themselves in the group buying industry. Cobone, which claims monthly growth of up to 50%, currently holds a 70% share market in the region
- The huge competition of social buying websites which have struck a chord with Middle Eastern shoppers is expected to take e-commerce in the region to a new level
- 'Outlet' stores are increasingly becoming popular as consumers embrace them
- **Middle East consumers love 'deals' and 'outlet' stores are here to stay**



Growing inclination of consumers to engage with 'home grown' retail brands with a global appeal

- Its interesting to note that (quite a few) consumers are aware of the home grown concepts/brands in the Middle East and take pride in embracing them – across nationalities
- **More and more local brands are growing in prominence**

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Luxury retail witnessing huge growth due to high disposable incomes

- “In spite of global uncertainty, 2011 has seen healthy growth in the GCC luxury retail segment particularly in the UAE, Saudi Arabia, Qatar and Kuwait driven by high disposable incomes, intra-gulf and international tourist arrivals and the success of certain mega-malls as social life destinations, with both retail and entertainment.” **Patrick Chalhoub**
- **Middle Eastern consumers are increasingly savvy, knowledgeable and well informed about global luxury retail trends**



The prominence of loyalty programs is fast growing as consumers embrace brands.

- Loyalty programme is an integral part of the answer and the Middle East has witnessed a variety of initiatives for generating repeat business
- Studies reveal that a 5% incremental retention of customers through a successful loyalty program can lead to 75% increase in lifetime value
- **Redeeming points easily was a key area highlighted by consumers**



Thank You

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