UAE: Purchasing power worth fighting for

The United Arab Emirates (UAE), on its way to becoming a leading e-commerce hub, is a pathfinder for other regions.

The UAE’s population of around 9.5 million is modest, but its residents’ wallets are worth fighting for. Adjusted for purchasing power, gross domestic product (GDP) per capita is higher than that of Switzerland, and many UAE residents, 36 percent of whom are 20 to 34 years old, enjoy a high disposable income. Destination malls such as Dubai’s Mall of the Emirates, with its indoor ski slope, and Abu Dhabi’s Yas Mall, connected to a Ferrari-branded theme park, have captured a significant part of the consumer wallet. They have accomplished this by understanding the motivations of UAE consumers, who often combine shopping, leisure and a meal with family or friends with a full-day experience.

“...The consumer in the United Arab Emirates has grown accustomed to a superb physical experience, enjoying some of the world’s most iconic malls. Matching this experience in the digital world is tough but necessary if consumers are to switch to more spending online.

Nader Haffar, CEO, KPMG in the Lower Gulf region
Dubai, the most populous city and home to approximately one-third of the UAE’s residents, has positioned itself as a regional shopping hub with its largest mall, Dubai Mall, receiving 82 million visitors a year.

While physical retail is a finely tuned concept, digital offerings are still developing. A 2017 YouGov survey showed just 49 percent of consumers with internet access were making online purchases at least once a month.

### Enthusiastically connected

One fuel for such growth is that UAE consumers are not only connected, but enthusiastically so. In our online survey, 48 percent thought a smartphone that could work out a schedule was “cool,” and thought a smartphone that could address logistical challenges was being adopted by vendors offering GPS-guided delivery services.

UAE consumers are hesitant, in some cases, about online payment. A 2017 YouGov survey found a market split between those enthusiastic about the latest payment methods, such as mobile wallets and contactless payments, and 25 percent who did not use a credit card.

### Digitized public services

With this as a background, UAE consumers are being nudged online by the digitization of public services. Dubai, in particular, is keen to be one of the world’s first smart cities, which not only involves big-ticket projects, such as automated transport, but also the digitization of everyday interactions with the government. Government services, such as permit renewals, utility payments and even reporting of crimes, are now available as online services.

In a time-poor environment — our survey showed 41 percent of consumers working six days a week, more than any developed market — the chance to save time is a powerful draw into the online world.

Despite the growth of online retailers and increased willingness to pay using electronic means, malls will remain at the center of consumers’ leisure time. Top-end destinations are attempting to retain and expand their consumer base, using apps, Bluetooth beacons and other technologies to augment the consumer experience digitally, while simultaneously providing more detailed data to retailers.

The UAE’s highly connected population is already comfortable accessing government services digitally. These factors set the scene for rapid, broad-based growth in digital commerce.}

Farhan Syed, partner and head of digital and innovation, KPMG in the Lower Gulf region

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The UAE’s highly connected population is already comfortable accessing government services digitally. These factors set the scene for rapid, broad-based growth in digital commerce. More broadly, UAE consumers may prove to be a pathfinder for others in the region, not just in electronic retail, but in broader digital services. With a high disposable income, limited free time and an enthusiasm for technology, they represent an attractive market for both innovative, digital-only services and those that connect the digital and physical worlds.
For a country less populous than Belgium, the UAE boasts a scale far greater than its size might suggest. Following its independence some 50 years ago, the oil-rich collection of seven Emirates has witnessed rapid progression, from construction of ports, man-made islands and some of the world’s tallest and most iconic buildings, to the world’s largest fleet of the world’s largest passenger airplane, to investment in smart technologies spanning the nation. And as the UAE approaches World Expo 2020 with much build-up, its economic, technological and societal transformation shows no signs of abating.
UAE: emerging themes

My motivation
- Experience/expertise drives trust in brands and industries
- The government is the most trusted and provides the best experience
- Brands are a symbol of status, but this is diminishing among younger generations

22% would not trade their personal data to a company for:
- better products and services 26%
- better security 24%
- better customer experience and personalization 21%

Hard to pinpoint one single status symbol (in the digital world) — in my opinion, it’s more of a lifestyle your online presence suggests you have. — Anjali, 34, Dubai

My attention
- Generally not overwhelmed by information
- Strong appetite for curation — even by AI

97% receive their news online
93% receive their news on social media

I try to limit the number of mobile apps I use and the websites I frequent. Also I don’t use several social media platforms in order to control my time spent online as well as the information inflow. — Pooja, 32, Sharjah

My connection
- Will most likely view brands on social media that “offer deals or discounts” (highest country)

63%

My watch
- Happy with emerging tech other than self-driving cars
- Many in the country have not disconnected for any reason

45% interested in new technology, but will only buy a device after seeing initial reviews

47% commute more than 30 minutes to work

54% feel they work too much

We’ll invest less time on basic things and be more inclined towards delivering better products/services. — Arjun, 35, Dubai

My wallet
- Many are more anxious than in the past
- Most don’t feel they’ll be able to retire

23% of families indicated their children influence their spending. The child’s involvement is “often” or “all the time” among:
- Games media 43%
- Clothing 34%
- Food 33%
- TV media 31%

97% receive their news online
93% receive their news on social media

96% received their news online
99% received their news on social media

I try to ‘disconnect’ from checking social media updates or feeds on a weekly basis. This was inspired by a phase of 2-3 months where I did not check social media feeds — it felt great and peaceful, which is why I am trying to incorporate disconnection as part of my routine. — Anjali, 34, Dubai

I would say work and money at this point in time. Stress is a factor of course, but not a constant. — Anir, 27, Sharjah
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