Me, my life, my wallet

What’s really driving consumers’ decisions?

Global executive summary
— UAE edition
KPMG International
Global Customer Insights
Second edition

kpmg.com/customerinsights
Today’s consumer grows more complex by the day. Tomorrow’s consumer is less predictable than ever. And the collision of geographic, geopolitical, demographic and technological revolutions has created a ‘perfect storm’ that’s making customer centricity a prerequisite for survival, far from simply a management ideal.

In the second edition of *Me, my life, my wallet*, we’ve continued our exploration of the multidimensional customer — what’s truly driving behavior and choices — and how this is set to change as the customer of tomorrow emerges. We’ve built on the first edition’s unique and multilayered research methodology developed by KPMG Innovation Labs with an even more ambitious research endeavor, drawing on new insights from across the KPMG network. This year’s edition is based on ethnographic interviews and an online survey, conducted during 2018, by GLG and Foresight Factory on behalf of KPMG International for *Me, my life, my wallet*. The survey included nearly 25,000 consumers across Brazil, Canada, China, France, India, the UAE, the UK and the US.

The research explores six key themes of critical importance to organizations and institutions around the world.

**Trust**
Understanding consumers’ explicit and implicit expectations regarding their data, and the need for organizations to rebalance permission and presumption.

**Data**
Uncovering the stark realities of the data trail consumers create across devices, interactions and key life stages.

**Wealth and retirement**
Questioning the potential impact of a looming savings crisis and rethinking retirement in an era of unretirement.

**Generational surfing**
Challenging the Boomer and Millennial hype and looking at the overlooked Generation X and the behavior transfer to Generation Z.

**The customer of the future**
Connecting the need to understand consumers more intimately with the ability to deliver more personalized experiences in today’s hyperconnected and informed world.

**The B2B customer**
Recognizing that rapidly changing consumer motivations and expectations are permeating the workplace, and applying a consumer behavior lens in a B2B context.

For organizations faced with an already demanding consumer with rising expectations, our global research provides a fresh approach to help understand the complex, underlying and interconnected drivers of human decision-making.
The research across eight global markets provides an in-depth look at the STEP (social, technological, economic and political) events influencing consumers of today and tomorrow, and spotlights emerging patterns of behavior around the world.

Brazil

43%

of Brazilians gave their first child a smartphone at the age of six or younger, and that number rises to 53% for the second child and 65% for the third

“Despite the economic downturn, Brazil’s consumer has fallen in love with mobile technology, and this has led to a complete realignment of purchasing behavior. A return to robust economic growth would allow them to act on these motivations fully for the first time, creating enormous opportunities for companies that have laid the groundwork in time.”

Charles Krieck
Chairman and CEO,
KPMG in Brazil

Canada

57%

of Canadian consumers don’t trust anyone with their social data, ahead of the global average of 36%

“The Canadian consumer has increasing expectations of value in a very diverse market. Only companies with a deep understanding of local consumer motivations and priorities will win in this thriving market.”

Elio Luongo
CEO, KPMG in Canada

China

37%

of Chinese consumers would trade their personal data for better customer experience and personalization, compared to the global average of 15%

“The scale and sophistication of China’s online environment is unique — and the story is ongoing. China’s consumer chases novelty, giving new players plenty of opportunities to enjoy astonishing growth rates. The players that dominate this, the world’s largest online market, must reinvent themselves continually to stay ahead.”

Benny Liu and Honson To
co-Chairmen,
KPMG in China

France

33%

of consumers in France say they would not trade their data, compared to 24% globally

“The French consumer is frustrated by clumsy online marketing and prefers to do their own searches online. They like to feel free as they deepen their involvement with the digital world. A company that is smart enough to win the sophisticated French consumer can win any consumer worldwide.”

Jay Nirsimloo
Chairman and CEO,
KPMG in France
### India

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<td>64</td>
<td>64% of Indian consumers feel overwhelmed by the volume of available information</td>
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“The Indian consumer is difficult to understand, and as the online revolution progresses beyond the big cities and starts gaining momentum in the country’s heartland, they are getting more complicated still. The rewards for companies who take time to learn, though, are substantial.”

*Arun M. Kumar*
Chairman and CEO, KPMG in India

### UAE

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<td>46</td>
<td>46% of consumers in the UAE find virtual personal assistants ‘cool’</td>
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“The consumer in the UAE 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 spending more online.”

*Nader Haffar*
CEO, KPMG in the Lower Gulf

### UK

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<td>34</td>
<td>34% of UK consumers say their data is not for sale</td>
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“We remain a digitally astute nation, however the UK consumer mindset is shifting. Data privacy is a key concern, and consumer trust is at an all-time low. Organizations need to truly understand their consumers’ behaviors and values, if they are really going to exploit the value of personalization and drive growth.”

*Bil Michael*
Chairman, KPMG in the UK

### US

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<td>25</td>
<td>25% of US consumers find the prospect of drone deliveries ‘cool’</td>
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“Over the last year, the US economy has proven its resilience across a range of measures, but presuming that this upwards trajectory will naturally translate into improved revenue growth isn’t a foregone conclusion. The companies thriving in today’s marketplace are taking steps to ensure they understand the consumer of today, and tomorrow, and are adjusting their business models accordingly.”

*Lynne Doughtie*
Chairman and CEO, KPMG in the US
Highlight

- **We live in anxious times and younger generations are feeling it.** Forty-seven percent of consumers worldwide feel more anxious than last year, and the same number feel more anxious than 5 years ago — especially the Millennials at 51%, compared to only 36% of Boomers.

- **Consumers are eager for all kinds of new technologies that make their life easier.** Two-thirds of consumers are interested or very interested in technology — and even more so in China (81%) and India (83%). And the majority of AI, voice and machine-learning ‘new tech’ is considered ‘cool’ rather than ‘creepy’ — particularly virtual personal assistants (42%), fraud detection on credit cards (43%) and smart home devices used for security (42%).

- **Consumers love access to information — but increasingly need a break.** Seventy-six percent of consumers like having access to lots of information; however, 29% sometimes feel overwhelmed. In fact, 30% of consumers say they intentionally disconnect from technology, with over half (54%) saying it is because they need a break.

- **Huge concerns surround the use of data and hacking.** Globally, 51% of consumers are anxious about identity theft, 48% about the hacking of financial, medical, or other personal info online, 46% about the theft of credit card details when shopping online, and 38% about the unauthorized tracking of their online habits by companies, governments, and criminals. And concerns run surprisingly higher among digitally native younger generations, with Millennials consistently the most anxious.

- **Consumers are aware of the breadth and value of their data.** Globally, 73% of consumers are okay with sharing some aspects of their data and personal information, although they want to see value from its use. And financial data isn’t the biggest concern when it comes to safety — 72% of consumers don’t trust anyone with their social media data, 68% don’t trust others with their search or browsing history and 81% don’t trust behaviorally tracked ads.

- **Trust varies widely by industry …** Globally, the majority of consumers trust banks (59%), healthcare providers (60%) and technology companies (54%). Advertising (26%) and government (37%) are trusted the least.

  … and by the type of data being shared. Consumers are more likely to trust companies with the data that is directly relevant to the service they are providing. For example, 71% of consumers trust banks with their financial data, but only 9% would trust retailers with this info. Likewise, 47% of consumers trust telecom providers with their mobile data, but only 8% would trust advertisers.

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Explore the full *Me, my life, my wallet* report, including an in-depth look at these themes, alongside comprehensive country-by-country analysis, at www.kpmg.com/customerinsights.
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
Purchasing power worth fighting for
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 80 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”, a level of enthusiasm for digital-world innovation beaten only by the smartphone-crazy consumers of China and India. In addition, there is a high level of trust in tech companies:

in the same survey, 58 percent said they would entrust tech companies with their data, for instance, a much higher proportion than seen in developed markets.

When asked about trading their data for personalization or better deals, UAE consumers were midway between the privacy-conscious Europeans and the more carefree consumers in China or India, with 23 percent saying they would not trade their data at all.

Reflecting this potential, the local landscape for e-commerce is changing fast. This year also saw the launch of Noon, a $1-billion e-commerce venture backed by, among others, Saudi Arabia’s Public Investment Fund and Mohamed Alabbar, chairman of local property giant Emaar Properties. In 2018, Noon made a move by partnering with a major American multinational e-commerce corporation, enabling delivery of products from around the globe.

While Dubai has positioned itself as a regional brick-and-mortar shopping hub, the UAE is also well on its way to becoming the leading regional e-commerce hub.

The challenge for e-commerce platforms lies in providing a population, accustomed to superb offline customer experiences, the same online experience, which is not easy. For example, last-mile logistics can be a challenge, even though approximately 50 percent of the UAE’s population resides in its two largest cities. Delivery agents frequently combat logistical challenges, such as uncooperative building security guards, by directly calling recipients; however, delays and miscommunication impact deliveries. While still an issue, some such logistical challenges are being addressed 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 likely 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.

Given the sheer size of the UAE’s malls, technological solutions, such as indoor positioning systems like GPS working inside the mall, are a great help. Among those to have installed them is Dubai Mall, which has no less than 1,200 stores and 200 food and beverage outlets. While some malls continue to focus on experience, others are focusing on value, geared towards offering outlet prices, but still including leisure facilities to service social and family needs.

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.

“

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

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

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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.
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**Influence**
- **Largest man-made port in the world, Jebel Ali, opens**
- **Independence from Britain, formation of UAE**
- **Oil is discovered in Abu Dhabi**
- **First shipment of crude oil exported**
- **HH Sheikh Zayed (founder of UAE) becomes ruler of Abu Dhabi**
- **Iran occupies islands of Abu Musa and Greater and Lesser Tunbs (disputed territory)**
- **Federal unification of the seven emirates**
- **Ras Al Khaimah joins UAE**
- **Female students admitted to universities**
- **Largest man-made port in the world, Jebel Ali, opens**
- **Federal Labor Law established**
- **Gulf Cooperation Council (GCC) is formed**
- **Launch of UAE Dirham (currency)**
- **Color TV**
- **United Arab Emirates University is the first university to be established in the UAE**
- **Federal National Council is established**
- **HH Sheikh Zayed dies**
- **DP World relinquishes control over six ports in the US**
- **HH Sheikh Mohammed becomes Vice President and Prime Minister of the UAE**
- **Shams 1 — largest renewable energy project in operation in the Middle East — becomes operational**
- **Launch of Dubai Smart City Initiative**
- **TANMIA established to encourage 'Emiratization' of the workforce**
- **Emirates Airline founded**
- **Inauguration of Palm Jumeirah artificial island**
- **Burj Khalifa (tallest building in the world) opens**
- **Overland oil pipeline opens to bypass Strait of Hormuz**
- **HH Sheikh Zayed becomes Vice President and Prime Minister of the UAE**
- **Burj Al Arab (iconic hotel) opens**
- **Financial crisis**
- **First shipment of crude oil exported**
- **Dirham is pegged to US dollar**
- **Provisional constitution is made official**
- **Emirates Airline founded**
- **Federal National Council holds first elections**
- **Dubai metro opens**
- **VAT introduced**
- **Dubai tram opens**
- **The country’s first Minister of State for Happiness appointed**
- **Burj Khalifa (iconic hotel) opens**
- **World Expo 2020**
- **Launched of Dubai Smart City Initiative**
- **Minister for AI is appointed**
- **Launch of Dubai Smart City Initiative**
- **Shams 1 — largest renewable energy project in operation in the Middle East — becomes operational**
- **Launch of Dubai Smart City Initiative**
- **Establishment of first free zone in UAE (JAFZA)**

**PHOTOS:** Henglein & Steets; Tim Graham; Nasser Younes/AFP; Chris Jackson; Charles Crowell/Bloomberg; Sandra Mu/Getty Images for Emirates; Helen Boast; Mohamed Farag/Anadolu Agency; Skydive Dubai; Michele Laurent/Gamma-Rapho – all via Getty Images
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.

Sarah, 34, Abu Dhabi, UAE

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

63% will most likely view brands on social media that “offer deals or discounts” (highest country)

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, UAE
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, UAE

“"We’ll invest less time on basic things and be more inclined towards delivering better products/services."

Giorgio, 35, Dubai, UAE

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

Amr, 27, Sharjah, UAE
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