

Latest Consumer Trends - CPG

Trends report | April 2024

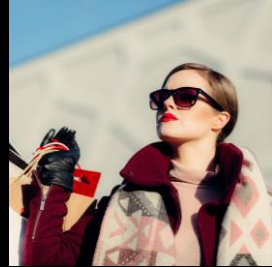
Trends in the CPG Space



Growth of
Halal cosmetics



e-Commerce hyper-
personalization



Demand for
Pre-loved luxury



Price re-evaluation in
response to rising inflation



Rise of
private labels



Snacking
on the rise



Surge of
plant-based
foods



Sustainable
packaging



Growth of halal cosmetics

The halal cosmetic industry is booming, driven by government backing, a sizable Muslim population, and rising prosperity.

The KSA halal cosmetics market is projected to hit **USD 37.3 billion** by 2032, according to Polaris Market Research. The country is seeing significant investments with the goal of becoming a **global center for halal cosmetics**.

Growth is fuelled by increasing awareness, changing lifestyles, and a focus on sustainable products.

Both **international and local brands** are **entering the market** to cater to this demand – such as Amara, IBA, INIKA, PHB ethical.



Innovation in product development, including research into new ingredients and formulations that align with halal principles.

As awareness for the trend increase, further demand for halal certified brand will increase, along with customers moving away from conventional products.

Growth of halal cosmetics

Example of brands introducing beauty and personal care Halal products



IBA Halal certified cosmetics

Iba Cosmetics is a one-of-its-kind brand - the 1st Halal-certified brand of beauty and personal care products which was founded in India. The commitment to provide not just Halal but also vegan beauty and cosmetics products means that each offering from Iba is of the highest quality and purity as possible.



Hyper personalization through eCommerce

The e-commerce sector in the UAE is projected to reach [\\$17 billion by 2025](#) driven by rising online shopping among smartphone/tablet users.

Retailers in the UAE are adopting [omnichannel solutions](#) like buy online, pickup in-store, and curbside pickup for better customer experience.

Retailers are improving customer experiences by delivering hyper-personalized product recommendations and tailored shopping experiences based on individual preferences using [AI and big data analytics](#).



Keep up with trends such as metaverse, quick commerce, virtual shopping trials and rapid delivery services to meet changing customer needs.

Utilize AI and big data analytics to offer personalized promotions and products tailored to individual customer preferences.

Hyper personalization through eCommerce

Example of e-commerce players partnering with AI-Marketing-tech



The logo for BTC Fashion is displayed on a black background. It features the letters 'BTC' in a large, ornate, gold-colored serif font. Below 'BTC', the word 'FASHION' is written in a smaller, gold-colored, all-caps sans-serif font.

BTC Fashion X Webpage

BTC Fashion is integrating its back office, loyalty program, data lake, and e-commerce platform with WebEngage's customer data platform and AI solutions to create a unified customer profile, allowing tailored communication based on behaviour and intent.

Automation ensures hyper-personalized campaigns across multiple channels, maximizing engagement



Thriving pre-loved luxury market

The Middle East's pre-owned luxury goods market, currently valued at **\$2 billion**, is projected to grow at a **CAGR of 12-14% until 2031**.

Demand for pre-owned luxury items, particularly antique furniture, handbags, clothing, watches, eyeglasses and jewellery is fuelling this growth.

Presence of stores specialized in selling pre-owned designed products is driving second-hand luxury goods market share in UAE.

In addition to **physical store**, **online channels are gaining traction**, catering to a young demographic who wants to save on cost and minimize waste – Garderobe, The Plush Posh, The RealReal.



Brands can acquire or invest in resale platforms and ensure certified products are sold to maintain brand equity.

Build its pre-owned store or website and offer both new and their vintage product lines.

Thriving pre-loved luxury market

Example of luxury brands promoting the sale of second-hand luxury goods to extend the lifespan of luxury goods



The RealReal

The RealReal launches a program that allows customers to resell their pre-owned branded items, encouraging sustainability and circular economy practices in the fashion industry.

This initiative aims to promote the longevity of luxury goods, reduce environmental impact, and support a more sustainable approach to fashion consumption



Price re-evaluation in response to rising inflation

According to Mercer's 2023 cost of living survey, Dubai (18th) and Abu Dhabi (43rd) were ranked the most expensive cities in the middle east after Tel Aviv (8th) - both Dubai & Abu Dhabi saw a significant increase in their ranking over 2022.

Saudi cities such as Riyadh (85th) and Jeddah (101st) have also jumped up the global list, by 18 and 10 spots, respectively.

Increasing costs prompted consumers to move to value brands & bulk discounters as a means to control costs and they haven't looked back ever since.

Discretionary spending wanes as value-driven shopping surges.



Offer value bundles or discounts for bulk purchases/larger SKUs to attract cost-conscious consumers.

Premiumize brand to avoid direct competition from mass-market brands.

Price re-evaluation in response to rising inflation

Example of brands experiencing different impacts/shifts due to inflation



L'ORÉAL

P&G and LOREAL

In the FMCG market, inflation is driving consumer behavior, resulting in a split market where some consumers are trading down to seek value due to rising prices, while others are trading up to prioritize innovation and are willing to pay more.

Procter & Gamble (P&G) and L'Oreal are highlighted as brands experiencing differing impacts in the FMCG market due to consumer behavior shifts influenced by inflation.

P&G's flat volume sales indicate the need to win back price-sensitive consumers, while L'Oreal's 9.4% sales increase demonstrates that innovation can outweigh inflation when targeted effectively.



The rise of private labels

For years, the UAE consumer goods market has been synonymous with international brands, **known for their quality and global recognition**. However, the landscape is rapidly evolving, as private-label products gain traction.

Retailers in the country like Lulu, Carrefour, Spinneys keenly aware of the changing consumer preferences, have invested heavily in reshaping their private label offerings.

Emphasis on quality and affordability are they key factors driving rapid growth of private labels in the region.

As consumers seek affordability, private labels are increasingly becoming a concern for international companies.



Innovate to avoid competing with cheaper private labels and value brands

Offer personalized experiences or customizable options that cater to individual consumer needs and preferences.

Foster meaningful connections with your customers through engaging marketing campaigns, social media interactions, and loyalty programs.

The rise of private labels



Example of brand laying down a promising sales growth on private labels

Spinneys Bets Big on Private Label Sales

Spinneys' robust growth, with revenue hitting AED 2.87 billion in 2023, is attributed to its successful private label offerings like "SpinneysFOOD" and "SpinneysHOME."

This growth was achieved despite inflation, thanks to strategic pricing strategies and increasing private label penetration.



Snacking indulgences drive growth for food businesses

The snacking sector in the Middle East is soaring as consumers become increasingly time poor, with more healthy options also becoming increasingly popular, albeit from a low base.

This demand is spurred by urbanization, tourism and the busy lifestyles prevalent in the region, particularly among the younger population.

According to Euromonitor, the [Middle East snack market was valued at €6 billion](#).

Farm Fresh has unveiled its latest growth strategy by shifting to healthy snacks – introduced its new sub-brand, Shnax, featuring chicken chips.



Launch snacks focused on health & convenience for time-constrained snackers seeking guiltless options.

Innovate to cater to regional tastes & preferences.

Snacking indulgences drive growth for food businesses

Example of frozen foods brand Farm fresh diversifying into healthy snacking category to capture Zillennials



Shnax Chicken chips

GMG's introduction of "Shnax," their Farm Fresh Chicken Chips, represents a significant innovation in the snack industry.

By crafting these chips entirely from 100% chicken, GMG is not only offering consumers a healthier snacking option but also reshaping perceptions of traditional snacks



The surge of plant-based foods

Veganism faces misunderstanding in Arab nations - many don't know why one would avoid meat and animal products, believing it reveals a problem.

However, Nada Elbarshoumi, the writer of the "One Arab Vegan" believes that as diabetes and heart disease become more prevalent in the Arab world, the number of vegans will grow.

Veganism has powerful support in the region from Saudi Prince Khaled bin Alwaleed bin Talal, who is vegan and aims to spread veganism throughout the Arab world.

The Middle East plant protein market is projected to be worth \$0.79 billion by 2024, reaching \$1.06 billion by 2029, according to Mordor intelligence. Brands like Thryve, PXB life are providing healthier and more sustainable eating options.



Consider line extensions into vegan food options to meet consumer needs.

Create a plant-based food line for the Middle East with vegan versions of traditional dishes and snacks.

The surge of plant-based foods

Example of a brand designed to nourish & energise the body & mind, using sustainable foods/plant-based food served in a casual cafe style



PXB lifestyle

PXB Dubai's holistic wellness hub promotes health, wellness, and sustainability through plant-based nourishment.

From the ground floor café to the rooftop restaurant, embrace natural, nourishing foods for a healthier you and a greener planet





Sustainable packaging

With the rise in consumer awareness regarding environmental impact, FMCG companies are swiftly innovating to tackle these concerns. Companies like AL Ain water, Duboxx are leading the change.

Sustainable packaging not only aligns with consumer values but also offers tangible business benefits.

Today, eco-conscious consumers are increasingly seeking brands that prioritize environmentally friendly practices, making sustainable packaging a crucial factor for business success.

By embracing sustainability, companies can enhance their brand reputation, differentiate themselves from competitors and attract eco-conscious consumers.



Consider eco-friendly alternatives such as biodegradable or compostable materials, recycled or recyclable materials, or renewable resources.

Optimizing packaging design to reduce material usage and waste can have a significant impact on sustainability.

Sustainable packaging



Al Ain Water launches 100% RPET bottle, complying with MoIAT's decree on recycled plastic water bottles

Al Ain water

Made of post-consumer recycled plastic and when recycled it becomes rPET, a strong, durable and infinitely recyclable

Some of our new tools...



Live Communities

A tailor-made, real-time, quick & cost-effective digital panel that offers you a window to live data – anytime, anywhere



Insight Express

Our go to solution for IPD studies with a standardized and automated approach for quicker decision making



Chatbots

4SiGHT's Chatbot Aasma allows us to have engaging conversations with consumers and reduces their effort in filling consumption diaries

For more information, contact info@4sight-global.com