McKinsey&Company

Middle Eastern Sentiment Survey

MCKINSEY 2018 GLOBAL SENTIMENT SURVEY – RESULTS FOR THE MIDDLE EAST

January, 2018

WORKING DRAFT
Last Modified 28/03/2018 10:58 Arabian Standard Time
Printed

Content

- **Overview of the survey**
- Saudi results
- UAE results
- Egypt results
- Pakistani results

Survey details

- Survey fielded Sep 2015, Mar 2016, Sep 2016, April 2017 and Oct 2017
- Online survey thereby skewing to online population (usually younger, urban, and more affluent)
- In Pakistan in-person interviews are used

Weighting

- Country results weighted to census for age and to panel for income/social economic status
- Category insights weighted by purchase incidence
- Regional and country weighting in line with MGI procedures
  - Sentiment questions weighted by size of the consuming class
  - Behavioral questions weighted by size of the consuming class and per capita consumption of the consuming class

Content

- Overview of the survey
- **Saudi results**
- UAE results
- Egypt results
- Pakistani results

Surveys conducted in Saudi are balanced by immigration status, gender, age, and income

1,004

Respondents[1]

All respondents are balanced by immigration status[2]

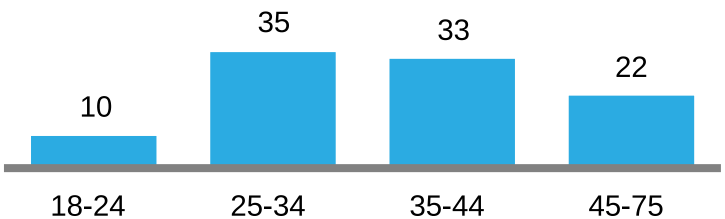
Expats	Nationals
36%	64%

Additional balancing by gender, age, and income[2]

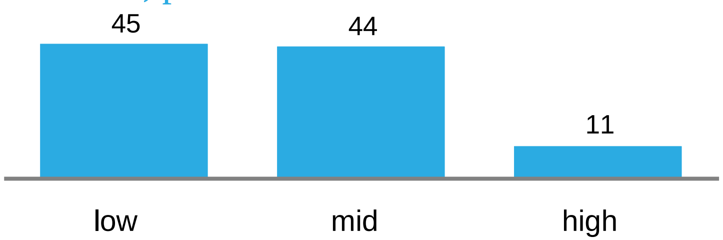
Gender

Male	Female
36%	64%

Age, percent



Income, percent



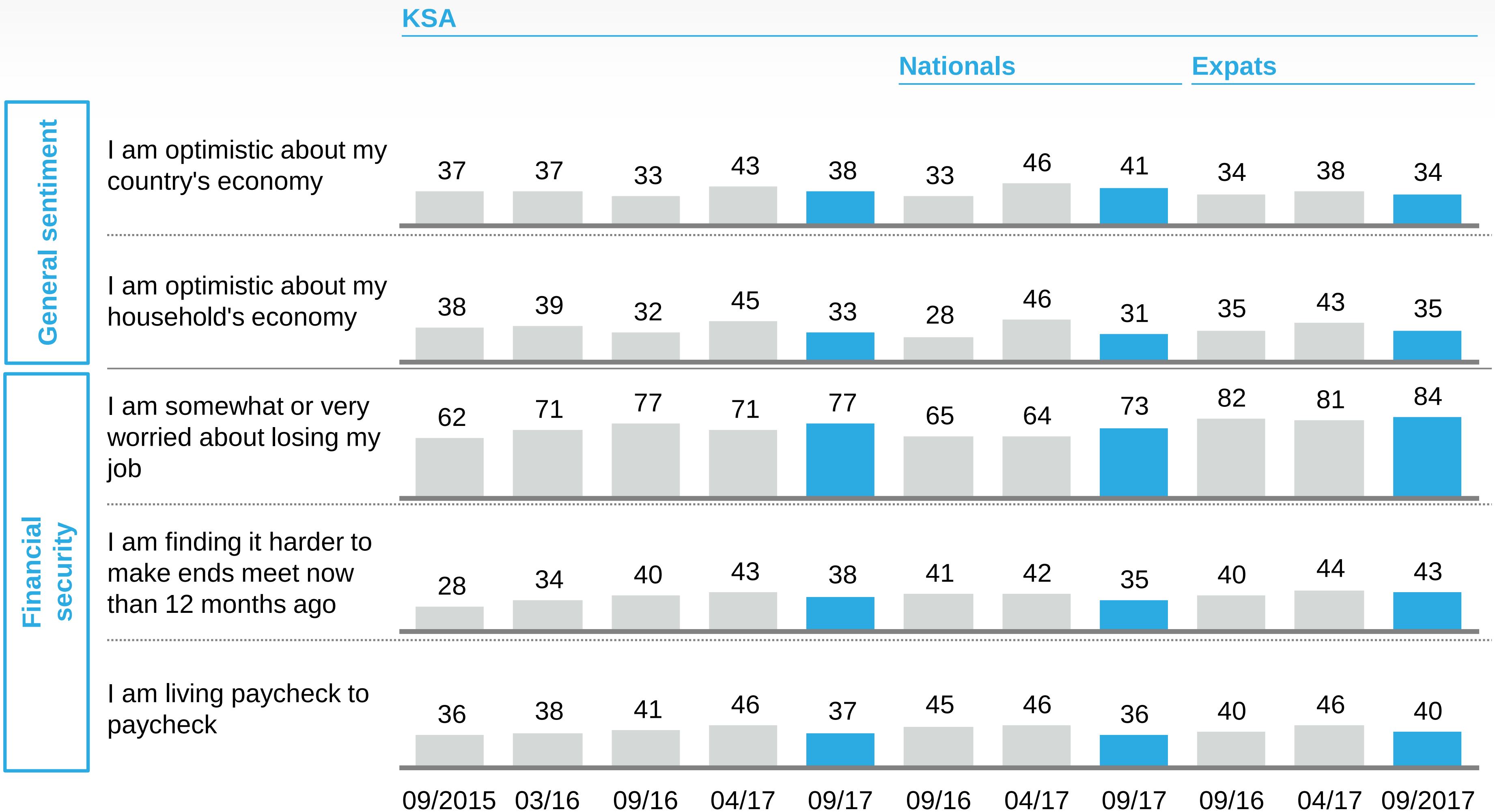
[1] 700 respondents in April 2017, 1,000 in September 2016, 700 in March 2016, and 457 in September 2015

[2] weighted percentages

KSA consumers are more financially secure yet also increasingly worried about their economy and their ability to maintain a job

Consumers sentiment

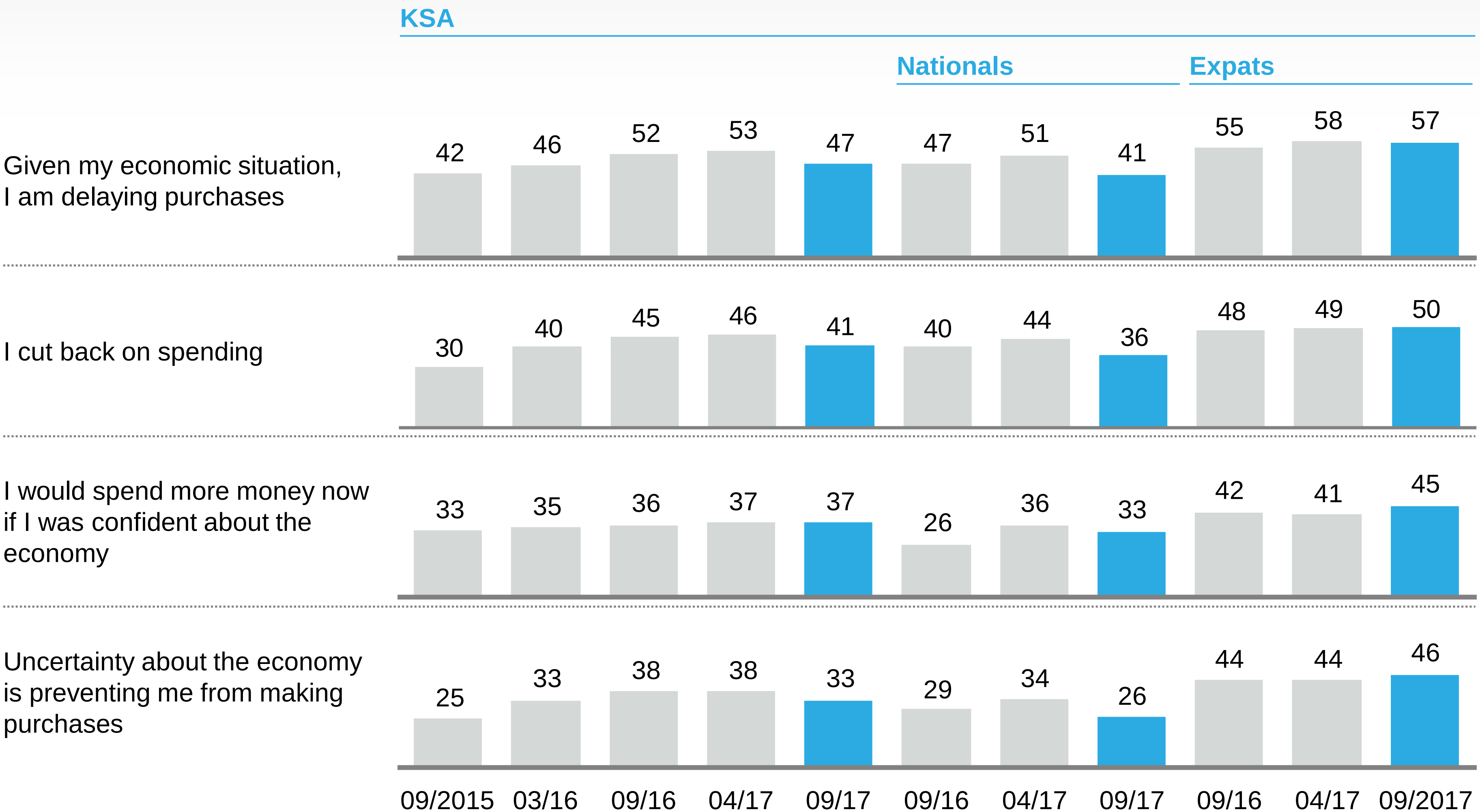
Percent of people agreeing/strongly agreeing with each statement



Consumers are more bullish about their ability to spend; especially Nationals are generous spenders

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement

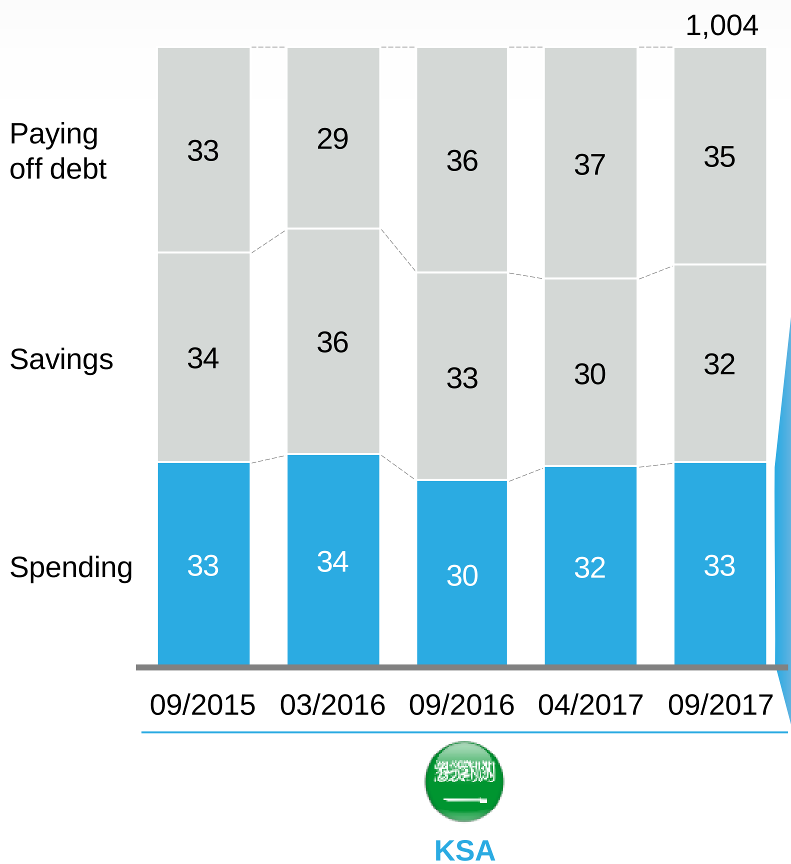


Even if incomes increase, KSA consumers would not spend more than 33%

Extra money allocated toward spending

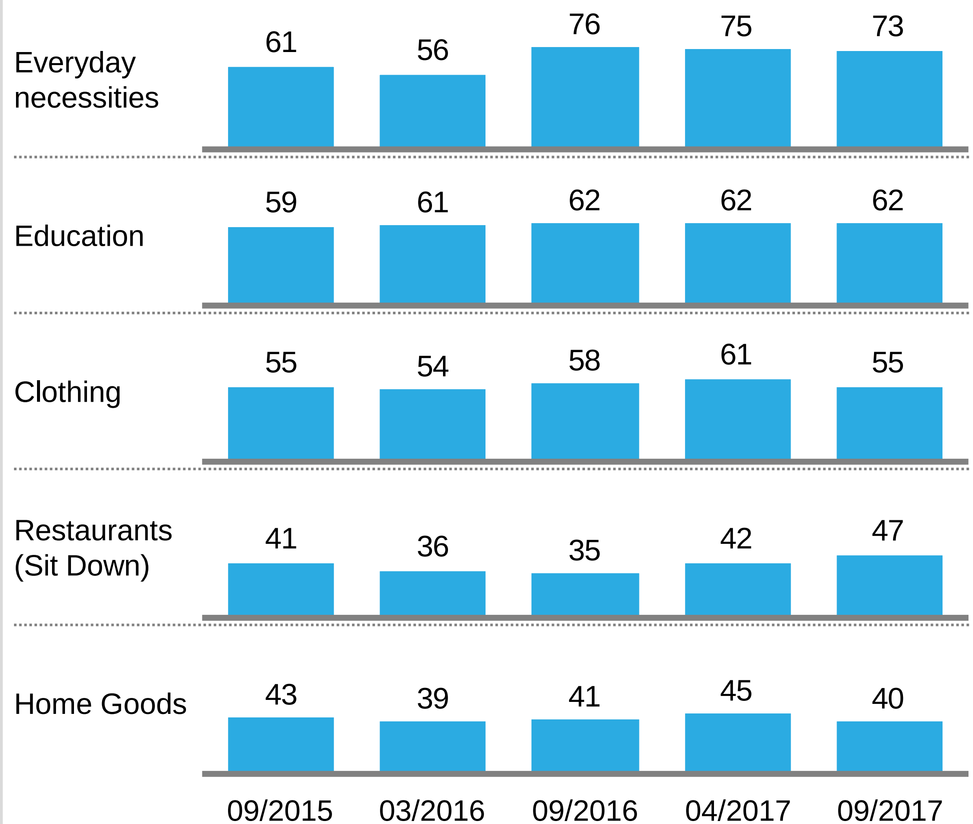
If I earned 10% more next year, I would put it towards

Percent



Top 5 priorities for consumers wishing to allocate additional spending[1]

Percent of consumers likely or very likely



[1] Other categories not listed in the top 5 for KSA (9/2017) are Electronics (40), Home/Housing/Real Estate (40), Vacations (39), Restaurants (Take Out) (38), Major Appliances (36), Gifts (34), Vehicles (32), Entertainment (28), High-End Designer/Luxury Products (27), Pet Care (15)

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

5 truths about today's consumers in KSA

1 Savvy cost-cutters

All consumers find creative ways to spend less and save money: 52% of consumers are increasingly looking for savings in KSA today (down from 56% in April 2017)

2 Thrifty brand loyalists

~34% of consumers look to buy their preferred brands at stores with lower prices (in April 2017, this number was 42%

3 Selective splurgers

Consumers continue going up and down the price pyramid: 16% trade down and 11% trade up

4 Trade-down converts

54% of trade down leads to happy consumers (vs 46% in Sept 2016) and only 46% of consumers desire to go back to their old brands (54% in Sept 2016)

5 Multichannel shoppers

Consumers in the region believe to have cut spending in all channels

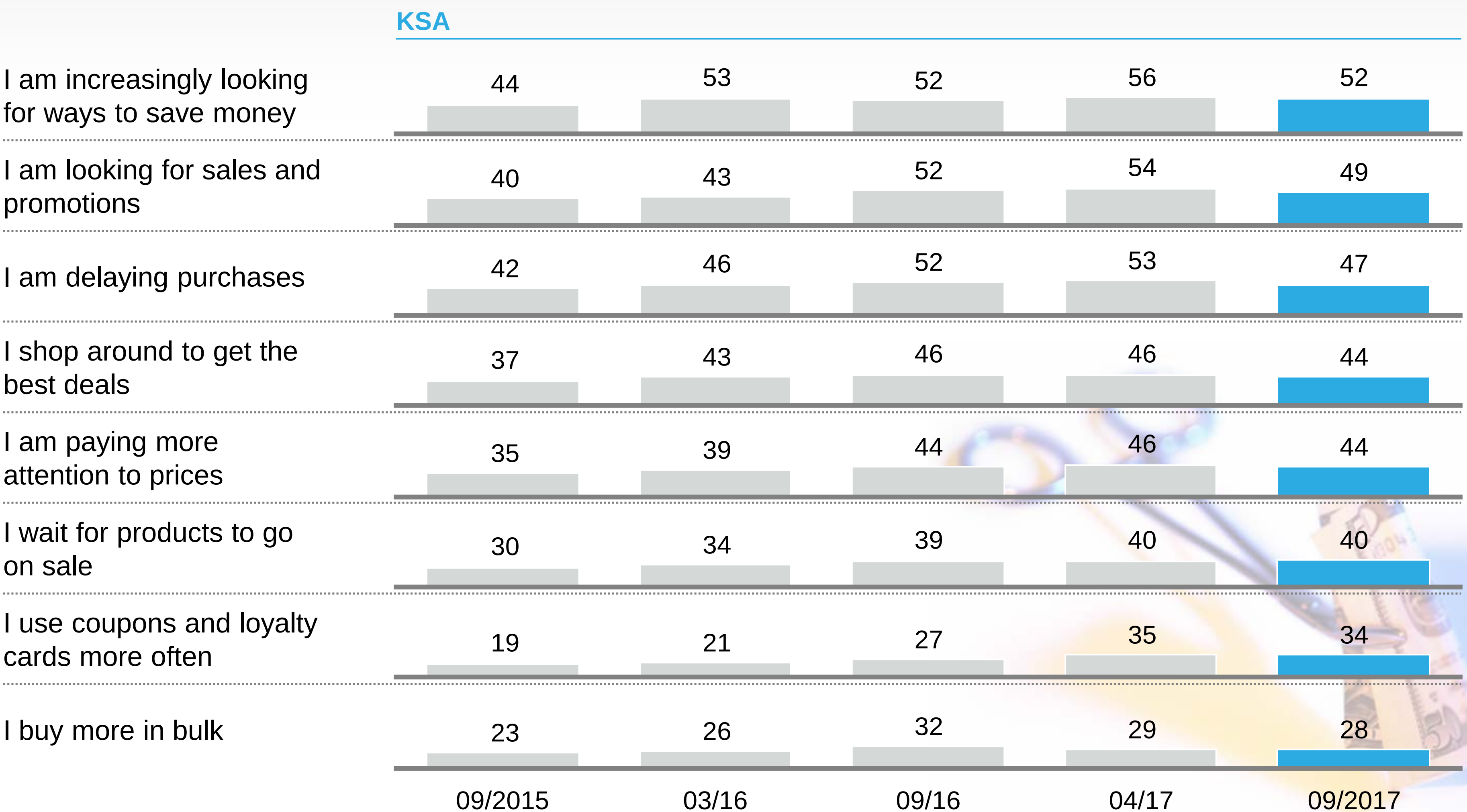
SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Savvy cost-cutters

1 KSA consumers are finding creative ways to spend less and save money

Consumers agreeing/strongly agreeing over the last 12 months

Percent



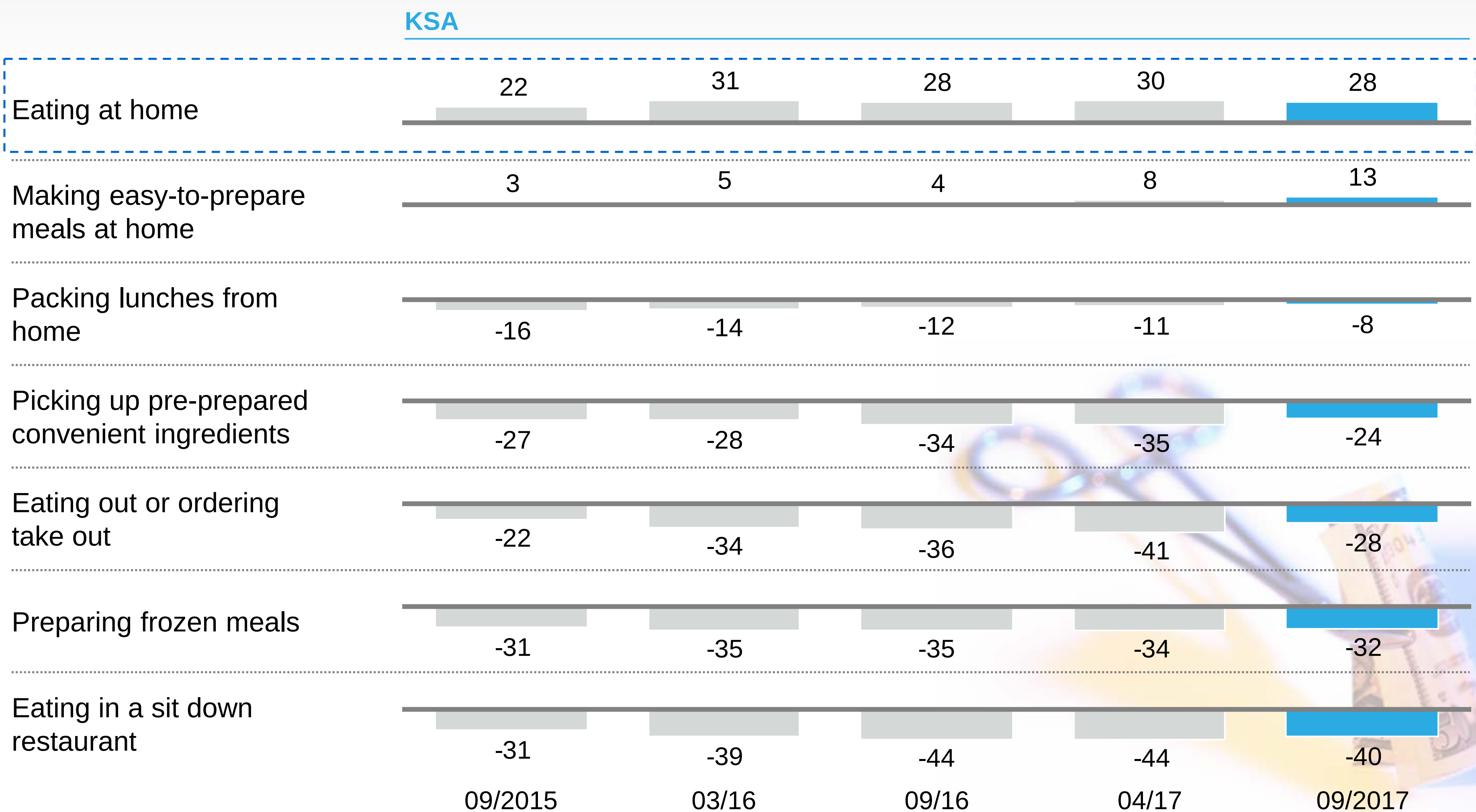
SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Savvy cost-cutters

1 KSA consumers also explore other eating habits to save, with a continued focus on at home dining options

Net changes in eating habits in the last 12 months

Difference between doing more and doing less, Percent



SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Consumers continue their quest to eat healthy food

Net changes in eating habits in the last 12 months

Difference between doing more and doing less, Percent

Thrifty brand loyalists

2 KSA consumers are generally brand loyal IF the price is right

Changes in buying behavior in the last year among those who changed buying behavior

Weighted average for categories in basket, Percent

1 Multiple answers possible

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

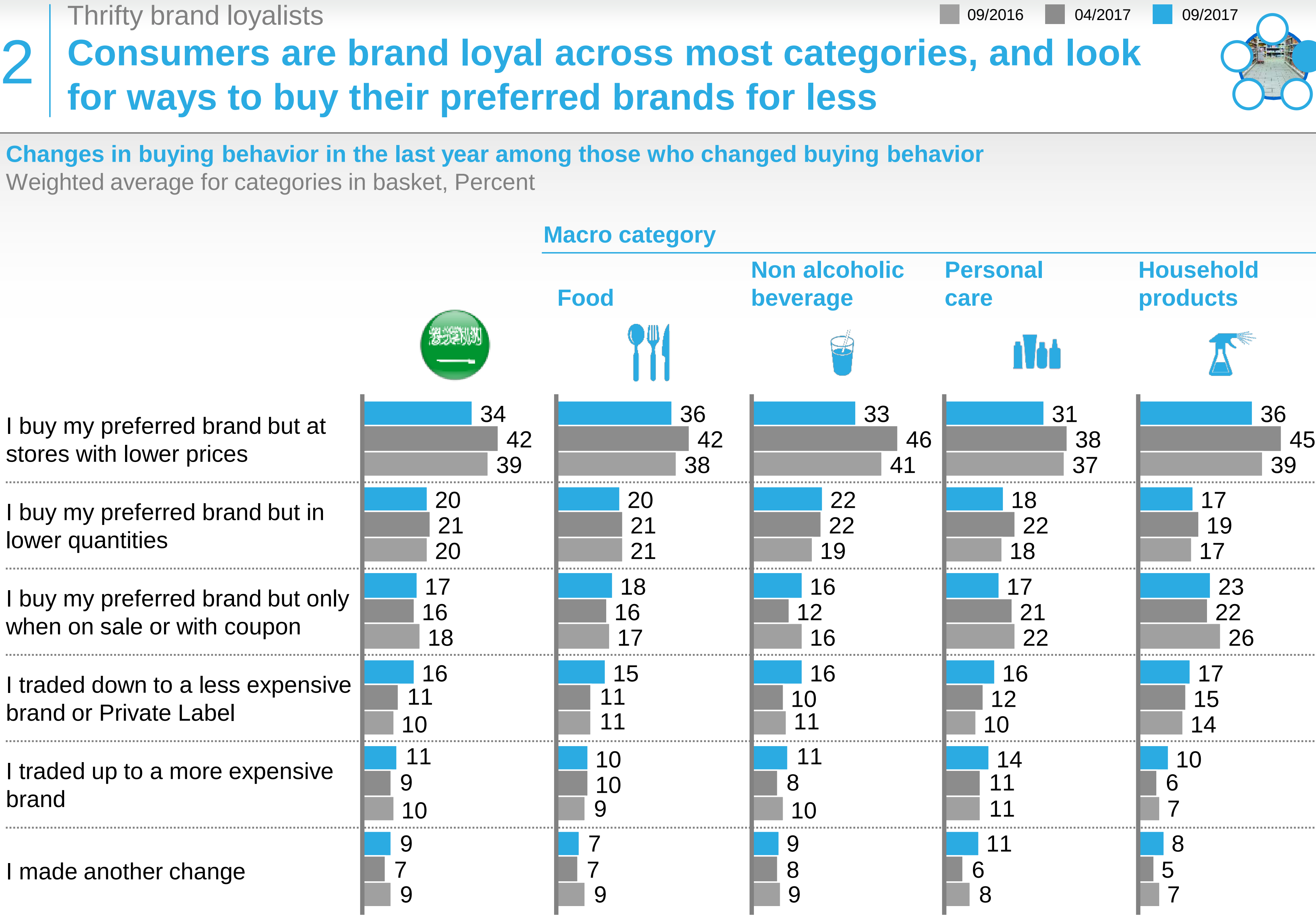
Thrifty brand loyalists

2

Consumers are brand loyal across most categories, and look for ways to buy their preferred brands for less

Changes in buying behavior in the last year among those who changed buying behavior

Weighted average for categories in basket, Percent



1 Multiple answers possible

SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

3

Selective splurgers

KSA consumers increasingly bifurcate their spending – selectively trading up or down

Trade down | Trade up

Trade-off rates in the last year among those who changed buying behavior

Percent

STATED BEHAVIOR

KSA

	09/2015 Trade down	09/2015 Trade up	03/2016 Trade down	03/2016 Trade up	09/2016 Trade down	09/2016 Trade up	04/2017 Trade down	04/2017 Trade up	09/2017 Trade down	09/2017 Trade up
Standard shopping basket										
Fresh Produce	9	20	16	16	9	11	14	9	18	9
Salty Packaged Snacks	7	13	8	9	11	6	8	9	17	8
Ice Cream and Other Frozen Dairy Desserts	11	16	6	12	11	12	12	12	16	11
Pasta	11	16	13	8	12	8	12	6	16	11
Pre-Packaged Bakery Products	8	23	10	14	10	9	8	13	16	14
Frozen Pre-Cooked Meals	10	15	11	13	12	11	16	12	15	8
Candy	13	21	8	13	10	10	10	13	14	9
Rice	9	14	8	13	10	10	9	10	13	9
Cookies	12	12	12	10	10	7	15	6	13	11
Juice	10	17	10	9	7	10	8	7	19	11
Carbonated Beverages	7	12	8	11	13	8	10	9	16	12
Bottled Water	12	16	8	9	14	9	12	11	15	15
Dairy Milk	7	16	8	13	10	12	8	7	14	8
Cosmetics	9	23	11	20	10	13	16	13	16	13
Oral Care Products	13	18	8	15	10	10	10	11	16	13
Hair Care	9	23	10	11	9	11	10	9	15	15
Household Cleaning Supplies	12	11	13	15	14	7	16	6	20	12
Laundry Supplies	16	14	11	12	14	7	15	5	13	7
Average of all categories in the survey										
Food	9	16	9	11	10	10	10	9	15	10
Non-food	12	18	10	14	11	10	12	10	17	11

SOURCE: McKinsey 2016-18 McKinsey Global Sentiment Survey

3

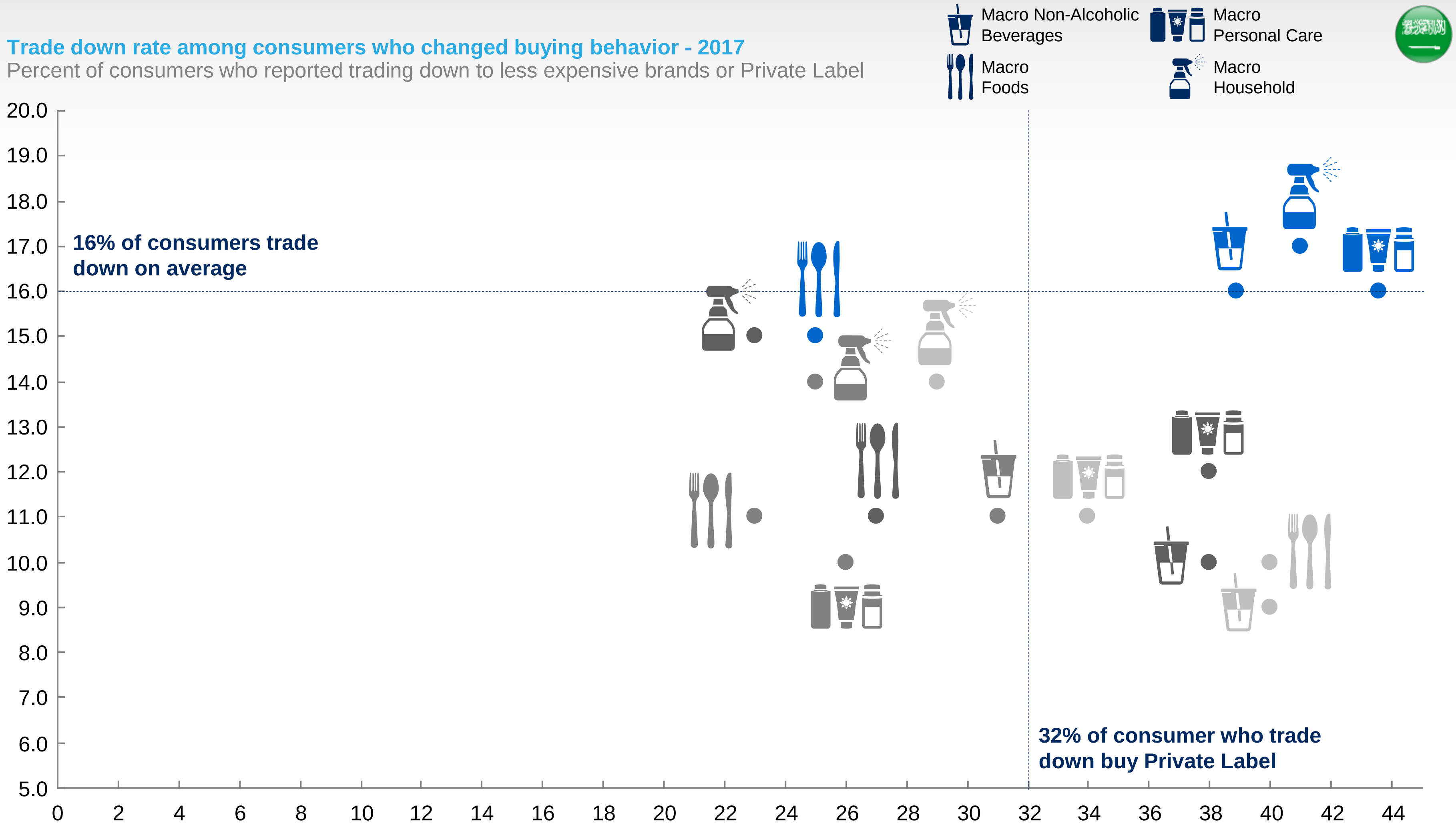
Selective splurgers

16% of consumers trade down overall; 32% of this group buy Private Label

● Sep 2015 ● Sep 2016 ● Apr 2017 ● Sep 2017

Trade down rate among consumers who changed buying behavior - 2017

Percent of consumers who reported trading down to less expensive brands or Private Label



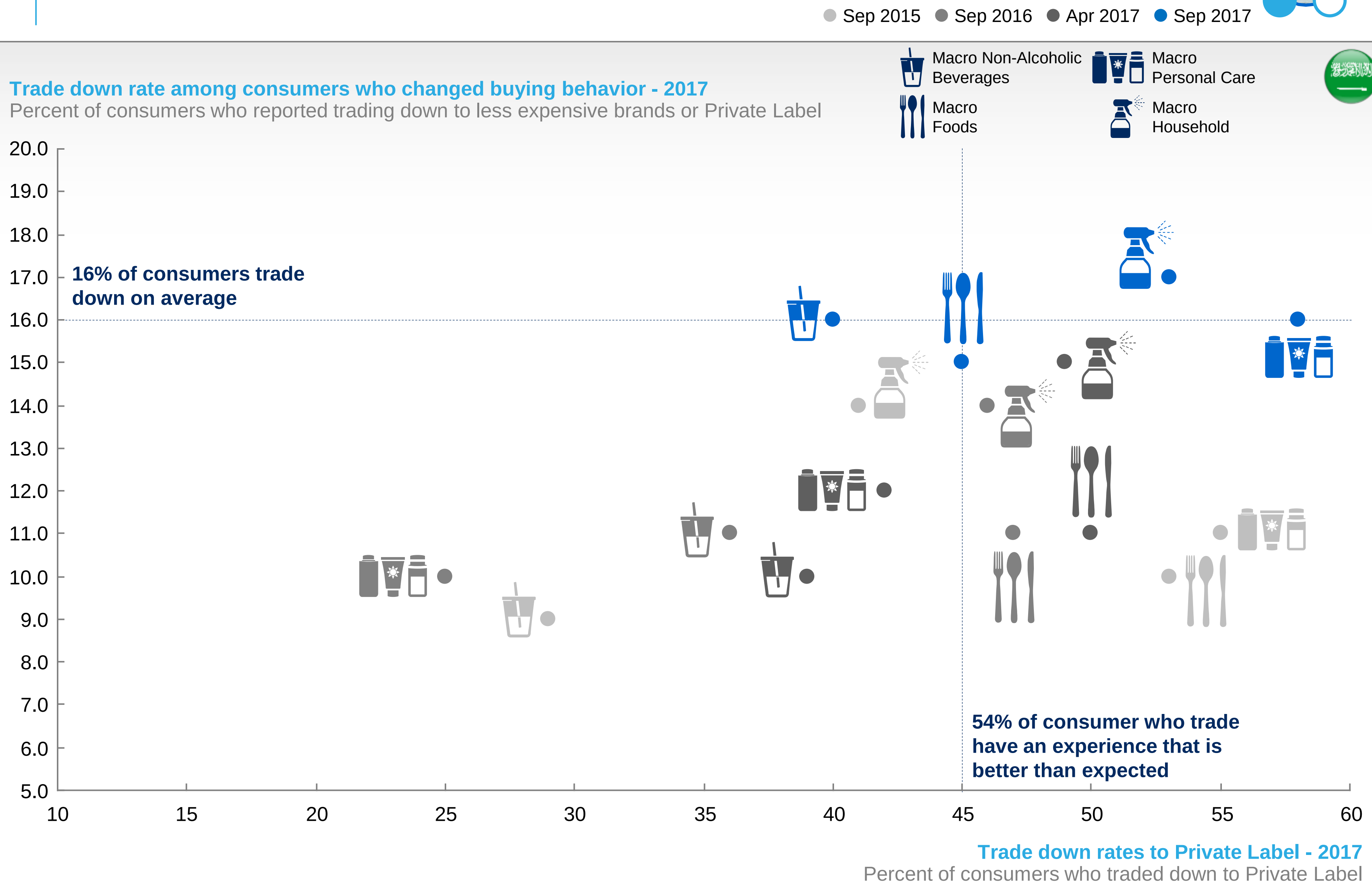
Trade down rates to Private Label - 2017

Percent of consumers who traded down to Private Label

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Trade-down converts

On average, 54% of trade down leads to happy consumers



4 Trade-down converts

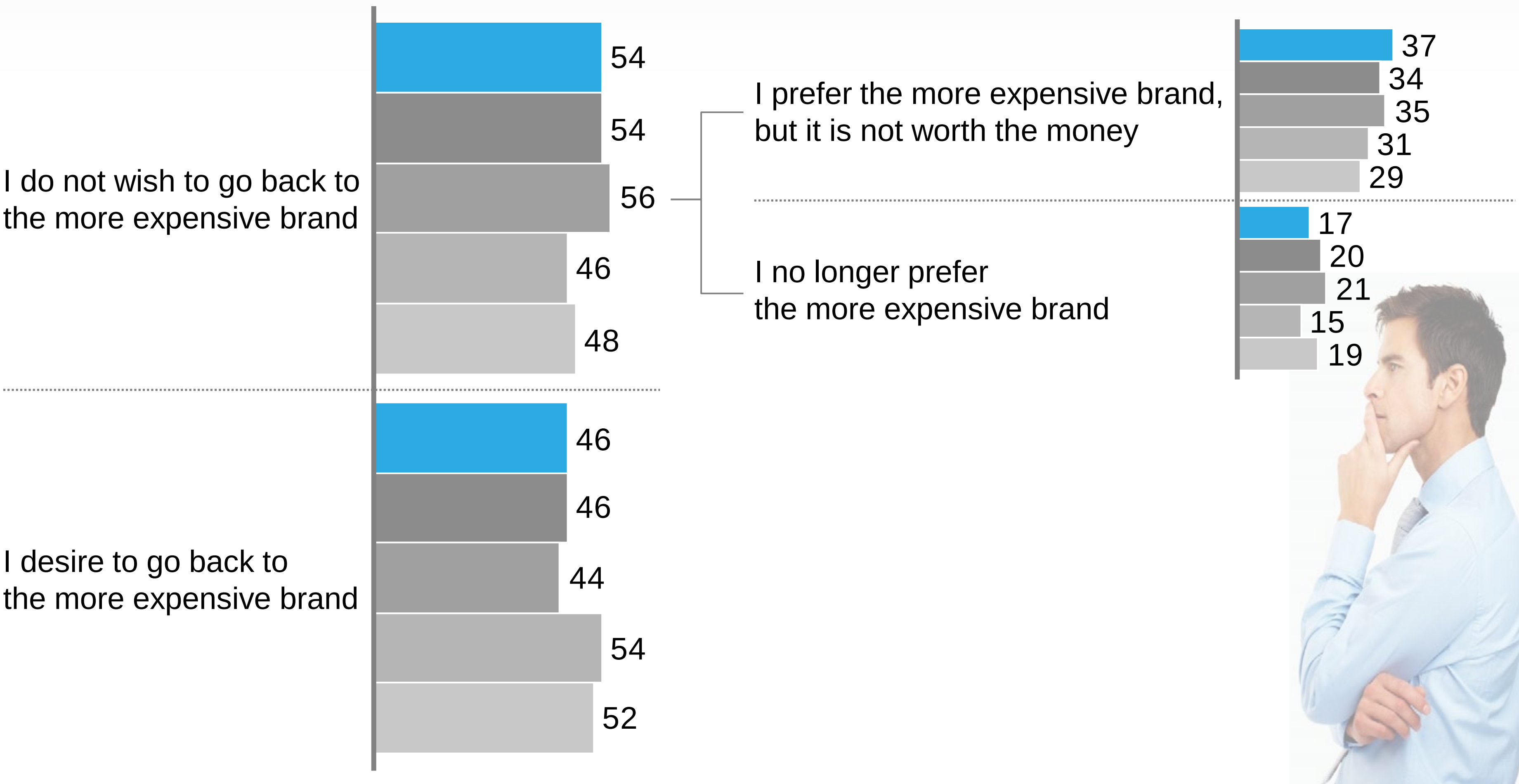
54% of consumers do not intend to return to the more expensive brand

09/2015 03/2016 09/2016 04/2017 09/2017

How are you feeling about your current purchases of less expensive brands

Percent

KSA

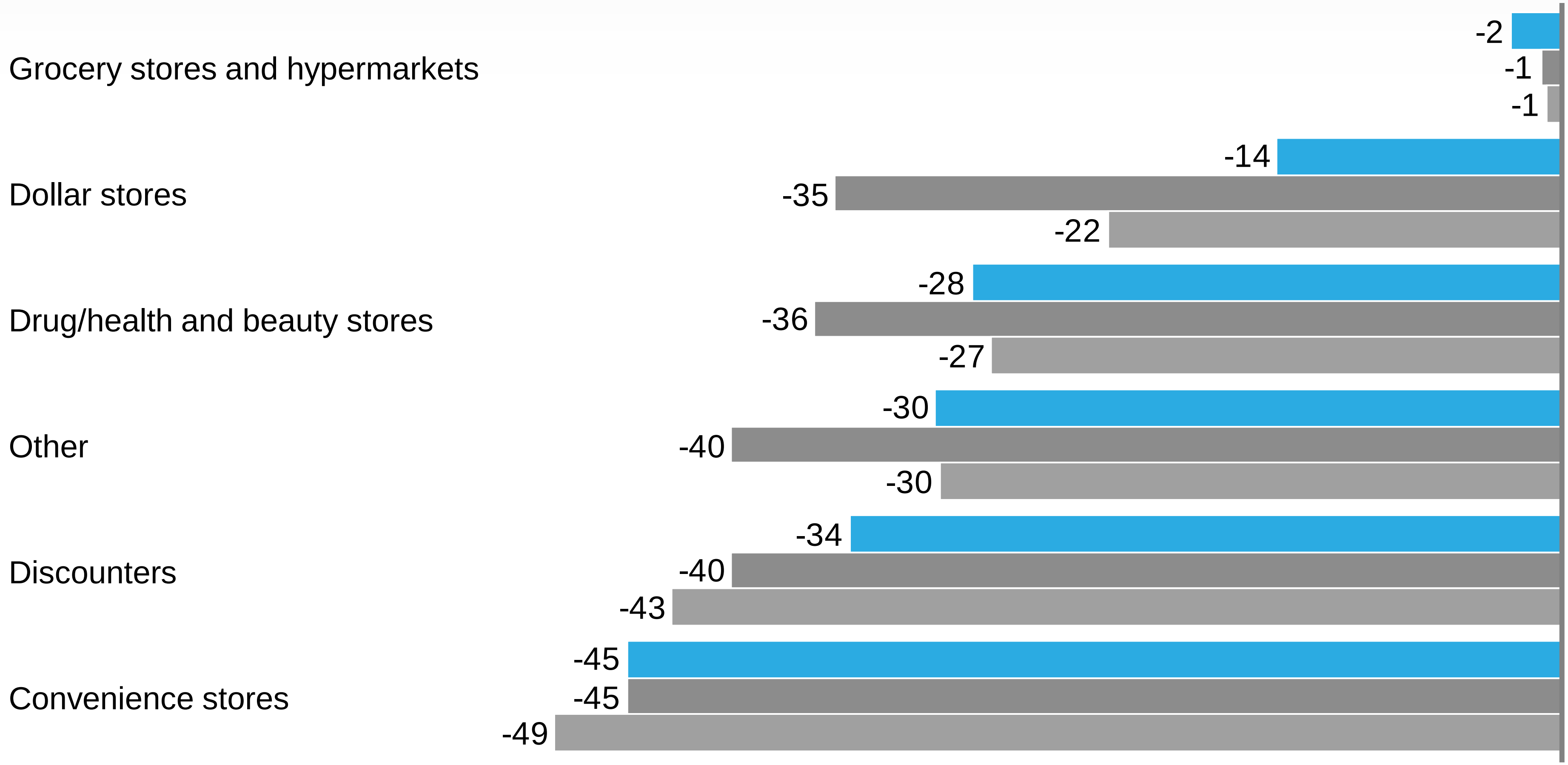


KSA consumers believe that they have cut spending in all channels

Net change in household spending by channel cluster[1]

Based on stated behavior, Percent, last 12 months

KSA



Content

- Overview of the survey
- Saudi results
- **UAE results**
- Egypt results
- Pakistani results

Surveys conducted in UAE are balanced by gender, age, and income

1,003

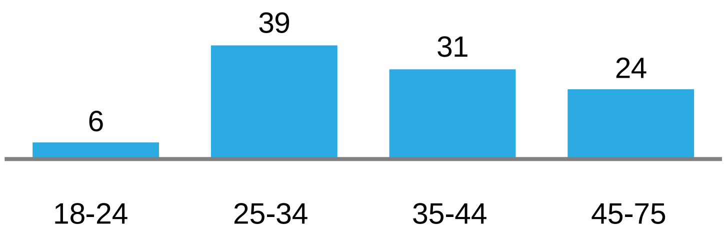
Respondents[1]

All respondents are balanced by gender, age, and income[2]

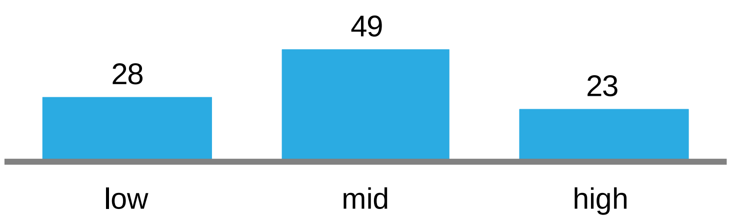
56%

44%

Age, percent

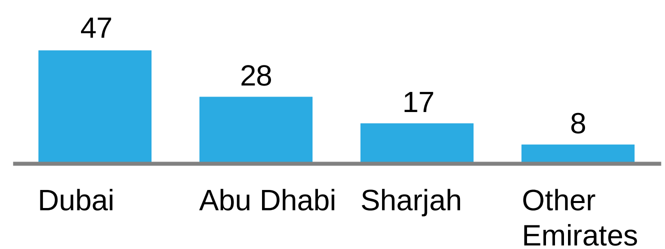


Income, percent



Additional split available by region

Region, percent



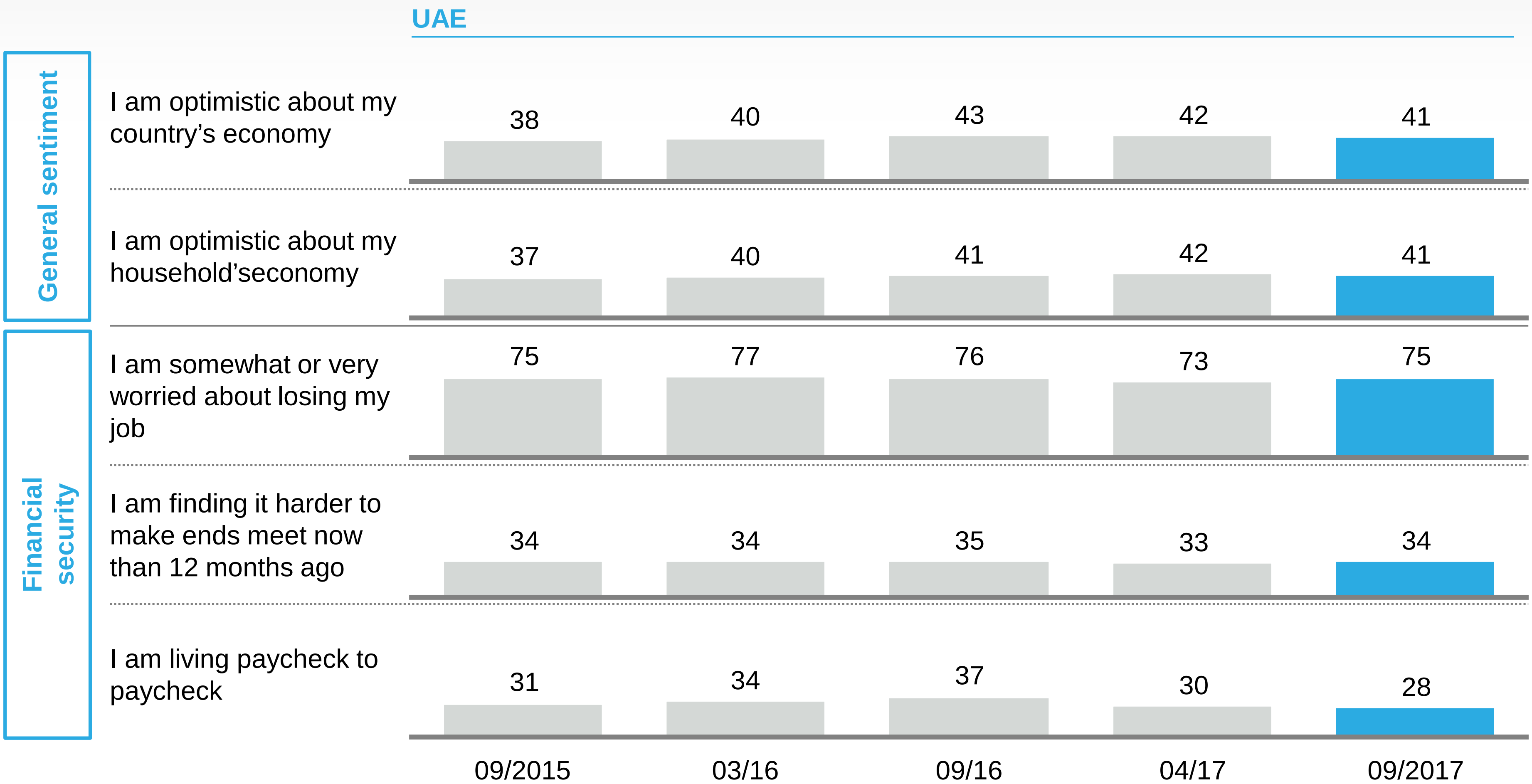
1 700 respondents in April 2017, 1,000 in September 2016, 700 in March 2016, and 358 in September 2015
2 weighted percentages

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Sentiment of UAE consumers is similar to Spring 2017 levels

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement

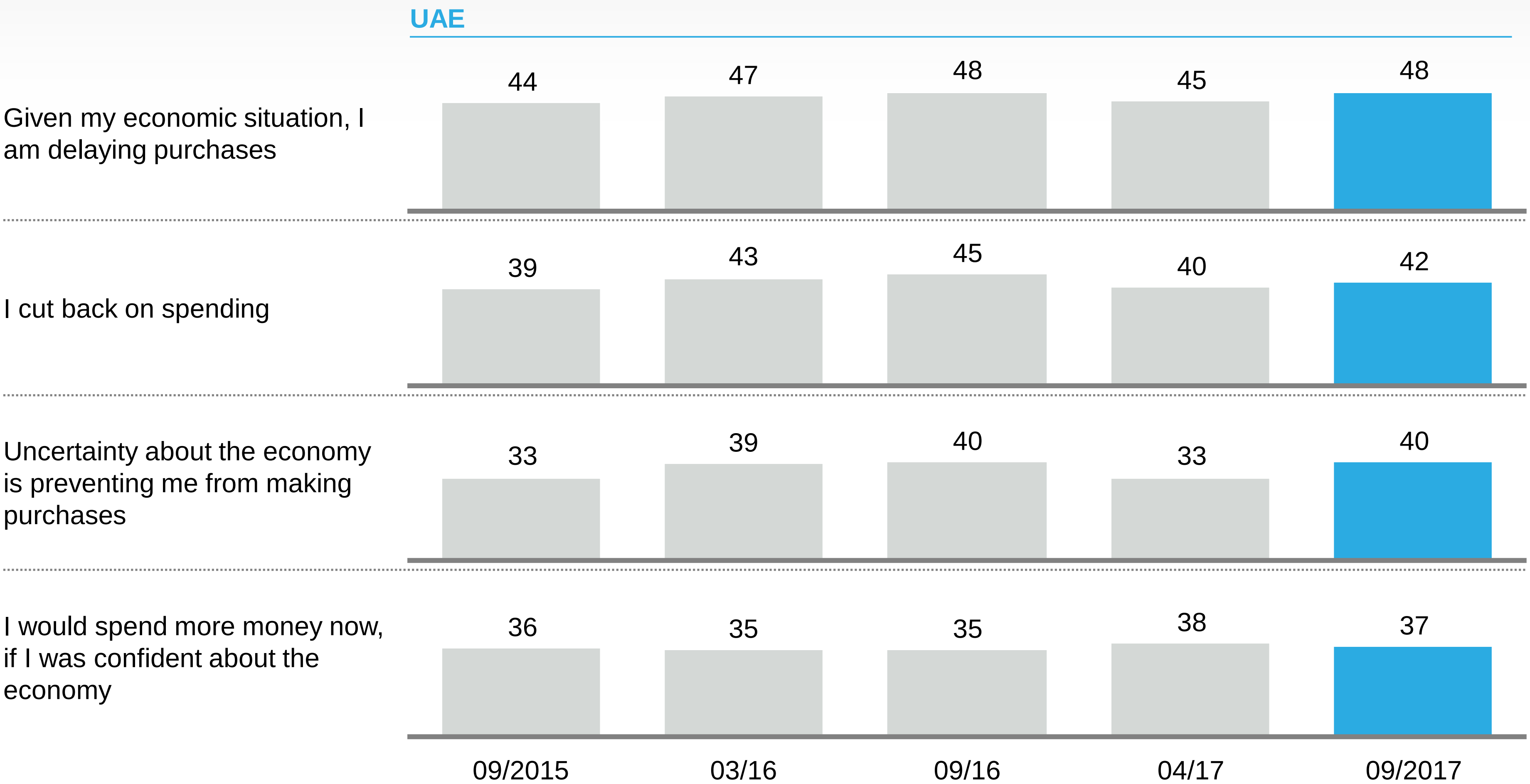


SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

UAE consumers are more cautious when making financial decisions today than in April 2017

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement

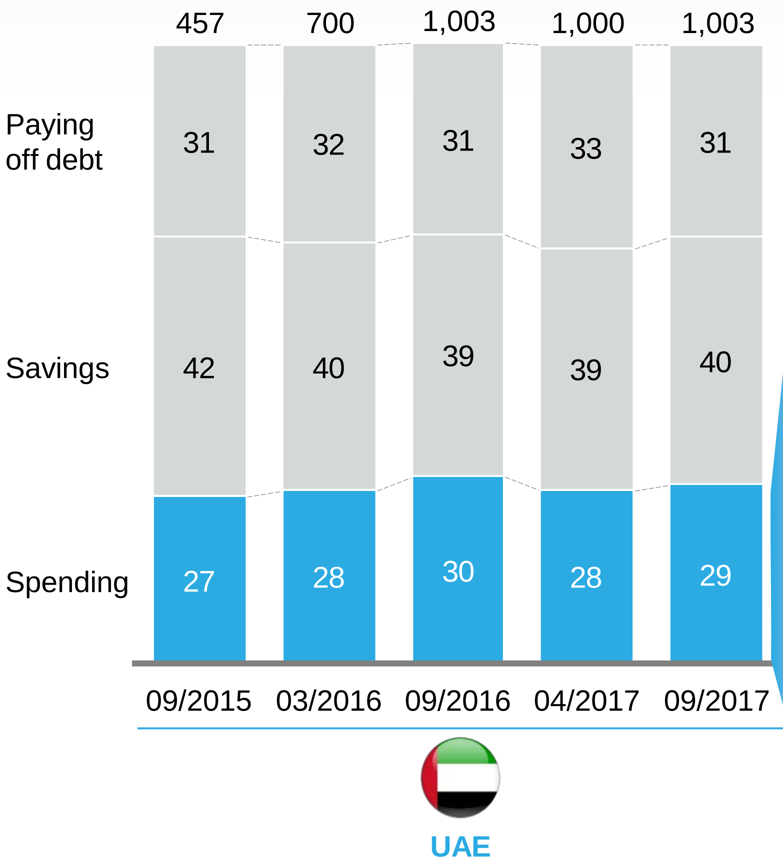


Even if incomes increase, UAE consumers do not plan to spend more than 29% of it

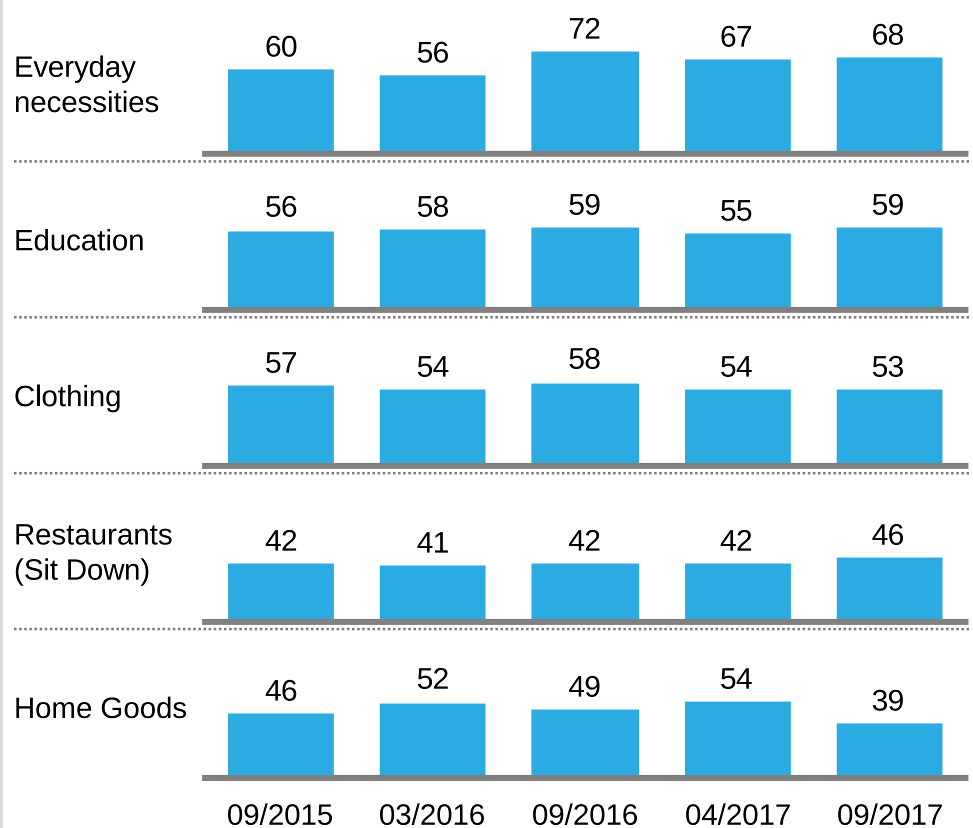
Extra money allocated toward spending

If I earned 10% more next year, I would put it towards

Percent



Top 5 priorities for consumers wishing to allocate additional spending[1], Percent of consumers likely or very likely



1 Other categories not listed in the top 5 for UAE are Home/Housing/Real Estate (38), Electronics (37), Restaurants (Take Out) (37), Entertainment (37), Gifts (32), Vehicles (30), Major Appliances (30), High-End Designer/Luxury Products (25), Pet Care (13)

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

5 truths about today’s consumers in UAE

1 Savvy cost-cutters

Slightly fewer UAE consumers are changing their behavior to save: 53% of consumers are looking for sales and promotions

2 Thrifty brand loyalists

78% of consumers in the region changed their consumer buying habits to save: 34% of consumers look to buy their preferred brands at stores with lower prices

3 Selective splurgers

Consumers continue going up and down the price pyramid: 14% trade down and 12% trade up

4 Trade-down converts

54% of trade down leads to happy consumers and only 46% of consumers desire to go back to their old brands

5 Multichannel shoppers

Consumers in the region increasingly favor discount formats and chain grocery stores

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Savvy cost-cutters

1 Fewer UAE consumers are changing their behavior to save

Consumers agreeing/strongly agreeing over the last 12 months

Percent

UAE

	09/2015	03/2016	09/2016	04/2017	09/2017
I am increasingly looking for ways to save money	53	57	55	53	53
I am looking for sales and promotions	49	50	54	49	53
I am delaying purchases	44	47	48	45	48
I am paying more attention to prices	43	49	50	44	48
I shop around to get the best deals	42	43	46	44	45
I wait for products to go on sale	36	36	43	38	41
I use coupons and loyalty cards more often	33	38	40	36	39
I buy more in bulk	28	33	32	28	31

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

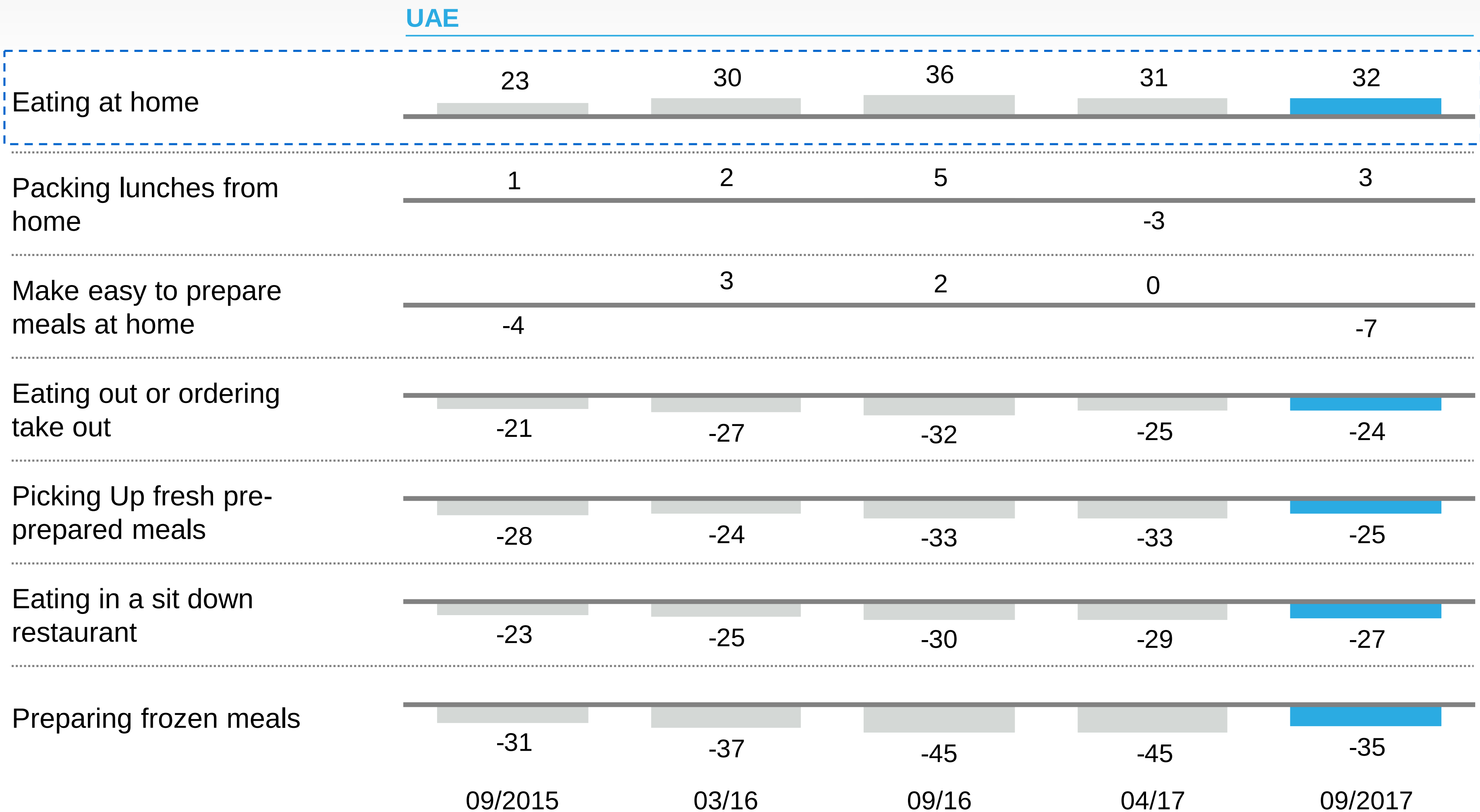
1

Savvy cost-cutters

Food & Beverage deep dive – UAE consumers are eating at home more to save money

Net changes in eating habits in the last 12 months

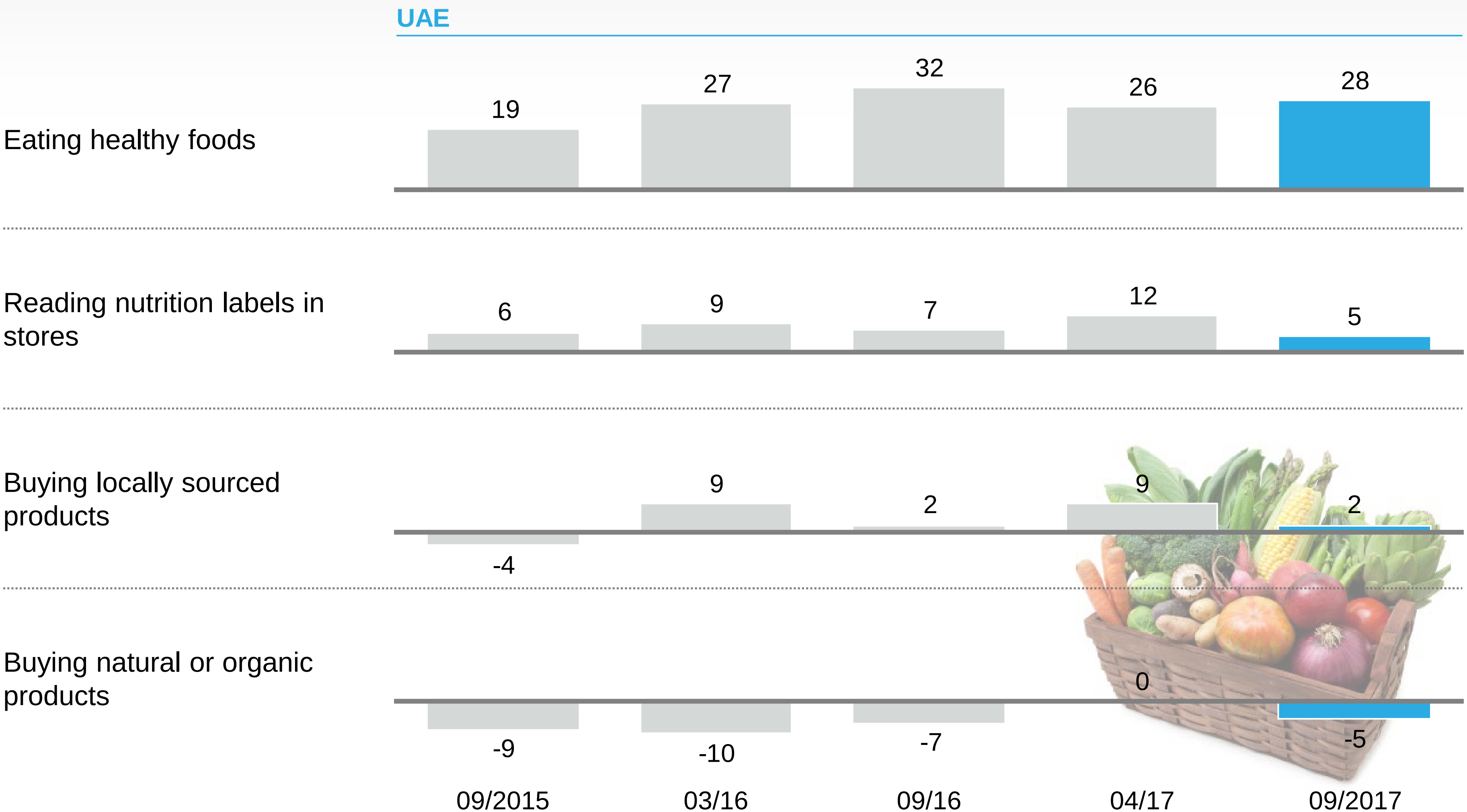
Difference between doing more and doing less, Percent



Consumers continue their quest to eat healthy food

Net changes in eating habits in the last 12 months

Difference between doing more and doing less, Percent

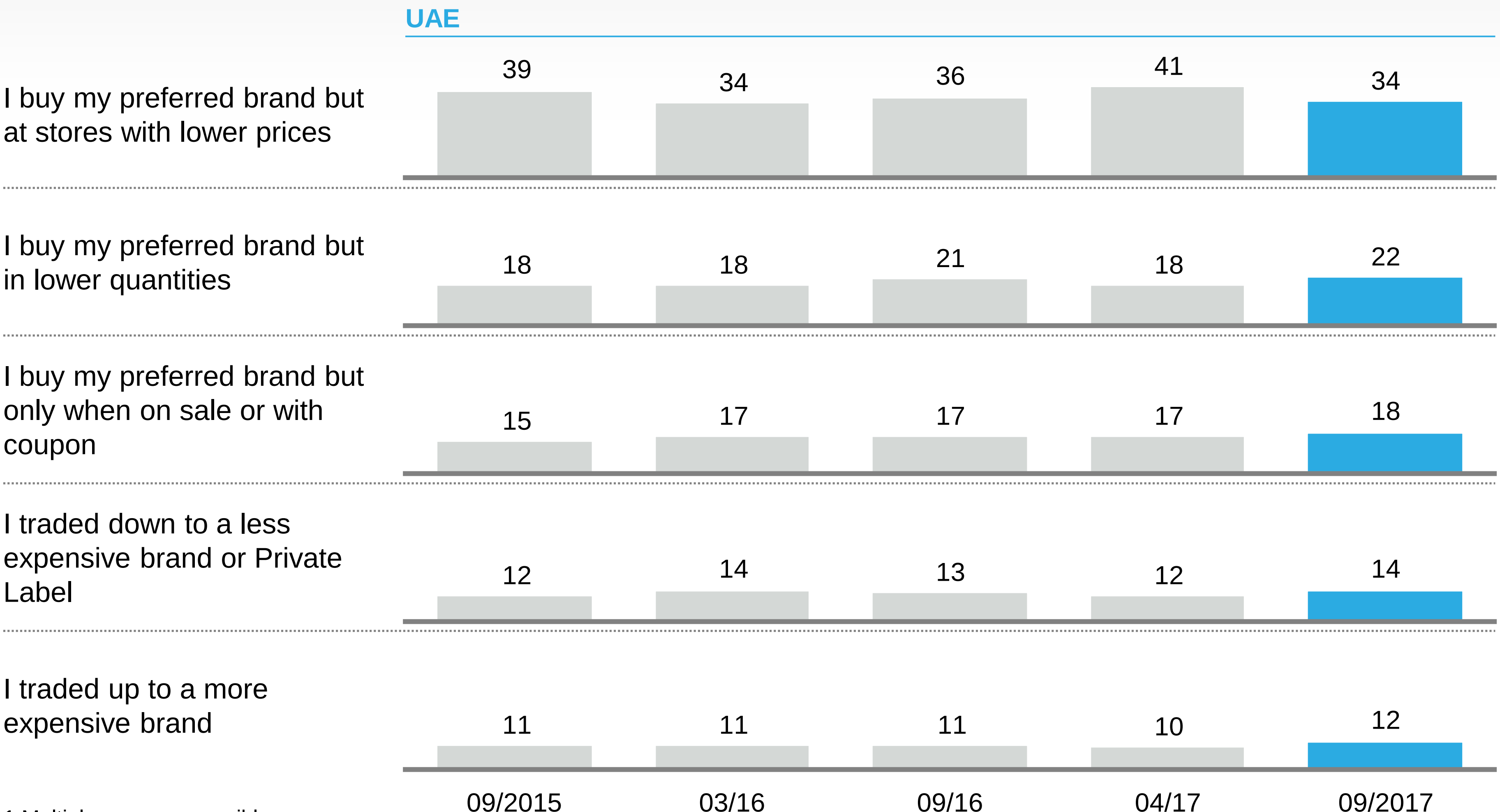


SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

UAE consumers are generally brand loyal IF the price is right

Changes in buying behavior in the last year among those who changed buying behavior

Weighted average for categories in basket, Percent



1 Multiple answers possible

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

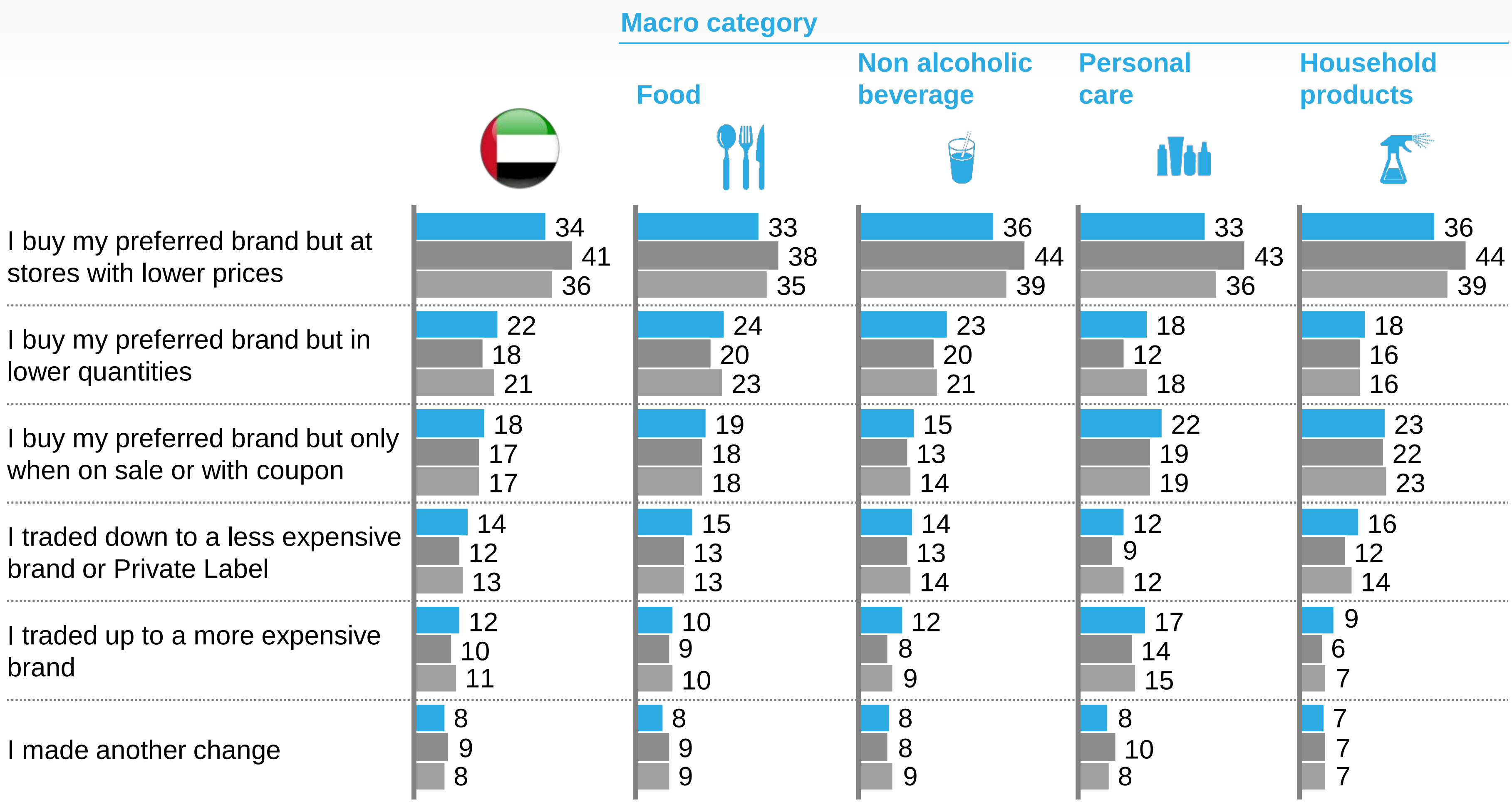
Thrifty brand loyalists

2

Consumers are brand loyal across most categories, and look for ways to buy their preferred brands for less

09/2016 04/2017 09/2017

Changes in buying behavior in the last year among those who changed buying behavior,
Weighted average for categories in basket, Percent



1 Multiple answers possible

SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

UAE consumers actively trade up in personal care category

Trade down | Trade up

Trade-off rates in the last year among those who changed buying behavior[1]

Percent

STATED BEHAVIOR

UAE

	09/2015		03/2016		09/2016		04/2017		09/2017	
	Trade down	Trade up	Trade down	Trade up	Trade down	Trade up	Trade down	Trade up	Trade down	Trade up
Higher trade down rate										
Fresh Produce	13	10	18	11	12	10	10	12	19	13
Frozen Pre-Cooked Meals	17	10	14	12	14	12	12	10	18	8
Salty Packaged Snacks	7	4	11	9	14	7	14	7	17	9
Pasta	15	6	15	11	16	9	13	8	17	11
Cookies	8	8	12	8	13	9	12	8	15	8
Pre-Packaged Bakery Products	15	8	19	7	13	7	13	12	13	8
Candy	20	12	15	14	12	16	15	9	13	8
Rice	8	10	14	13	12	8	15	7	13	10
Ice Cream and Other Frozen Dairy Desserts	8	11	16	10	13	9	13	11	11	14
Bottled Water	8	11	11	11	14	9	14	9	16	12
Dairy Milk	6	7	12	6	13	4	11	8	15	11
Juice	13	7	17	10	13	11	14	8	13	13
Carbonated Beverages	11	13	13	13	14	12	13	5	13	9
Oral Care Products	10	11	12	14	13	13	8	14	12	16
Hair Care	9	21	16	14	10	19	8	13	12	17
Cosmetics	8	21	11	15	12	15	9	18	11	21
Laundry Supplies	12	10	17	8	14	8	12	5	16	8
Household Cleaning Supplies	20	8	24	8	16	7	12	7	15	10
Lower trade down rate										
Food	12	9	14	11	13	10	12	9	14	11
Non-food	11	13	15	13	13	13	11	12	13	14

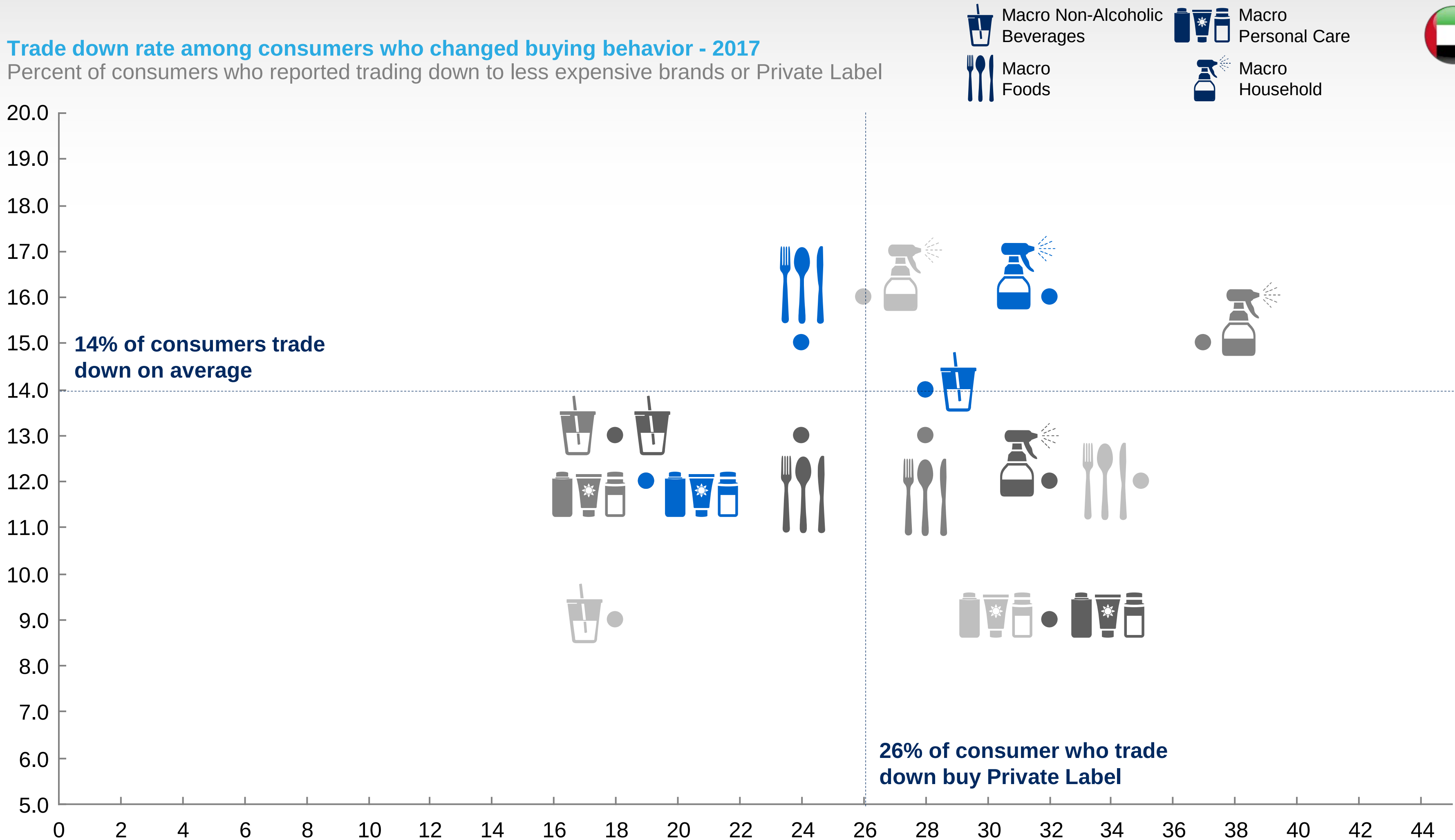
SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

Selective splurgers

3 14% of consumers trade down overall; 26% of this group buy Private Label

Sep 2015 Sep 2016 Apr 2017 Sep 2017

Trade down rate among consumers who changed buying behavior - 2017
Percent of consumers who reported trading down to less expensive brands or Private Label



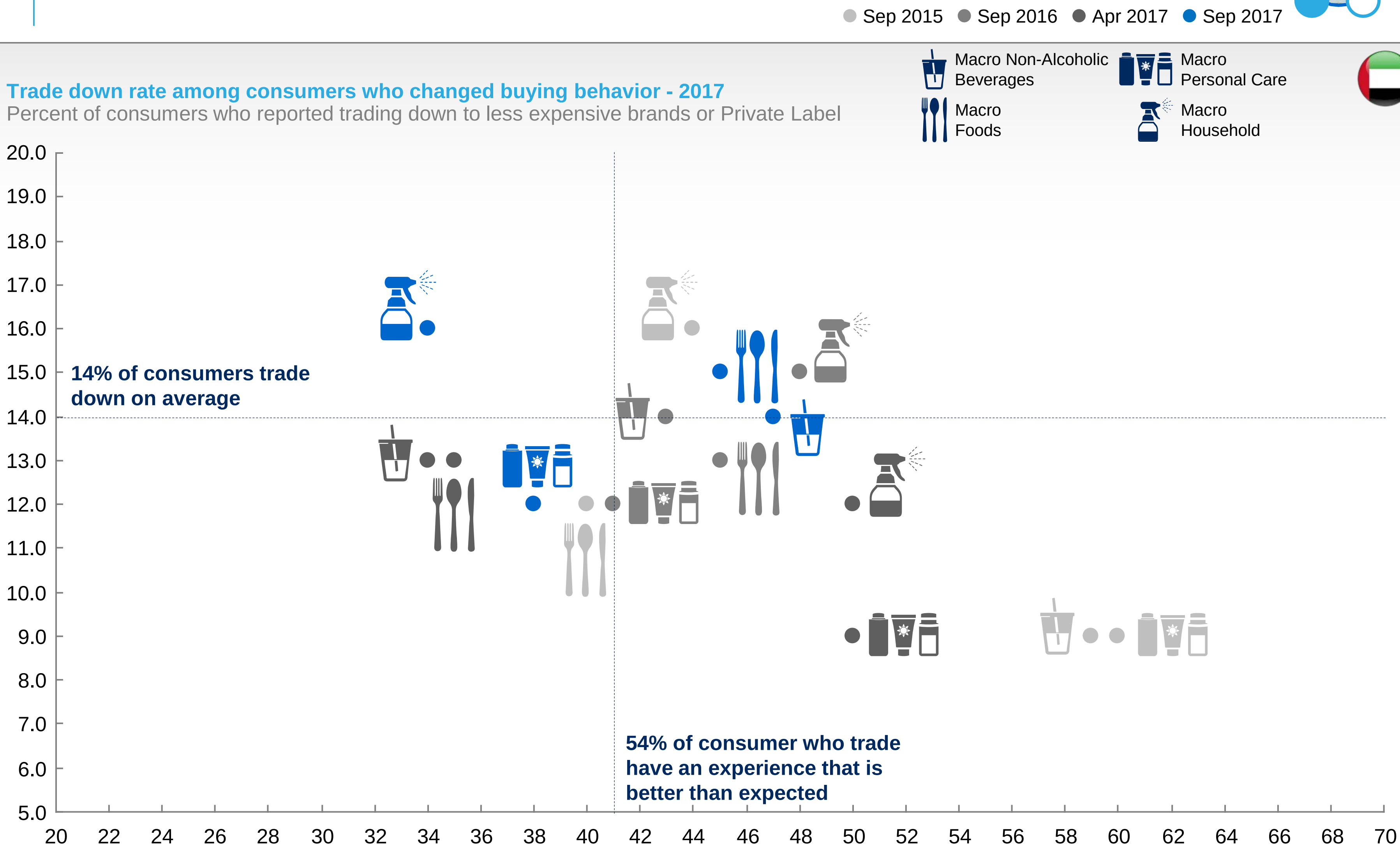
Trade down rates to Private Label - 2017
Percent of consumers who traded down to Private Label

Trade-down converts

On average, 54% of trade down leads to happy consumers

Trade down rate among consumers who changed buying behavior - 2017

Percent of consumers who reported trading down to less expensive brands or Private Label



Trade down rates to Private Label - 2017

Percent of consumers who traded down to Private Label

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Trade-down converts

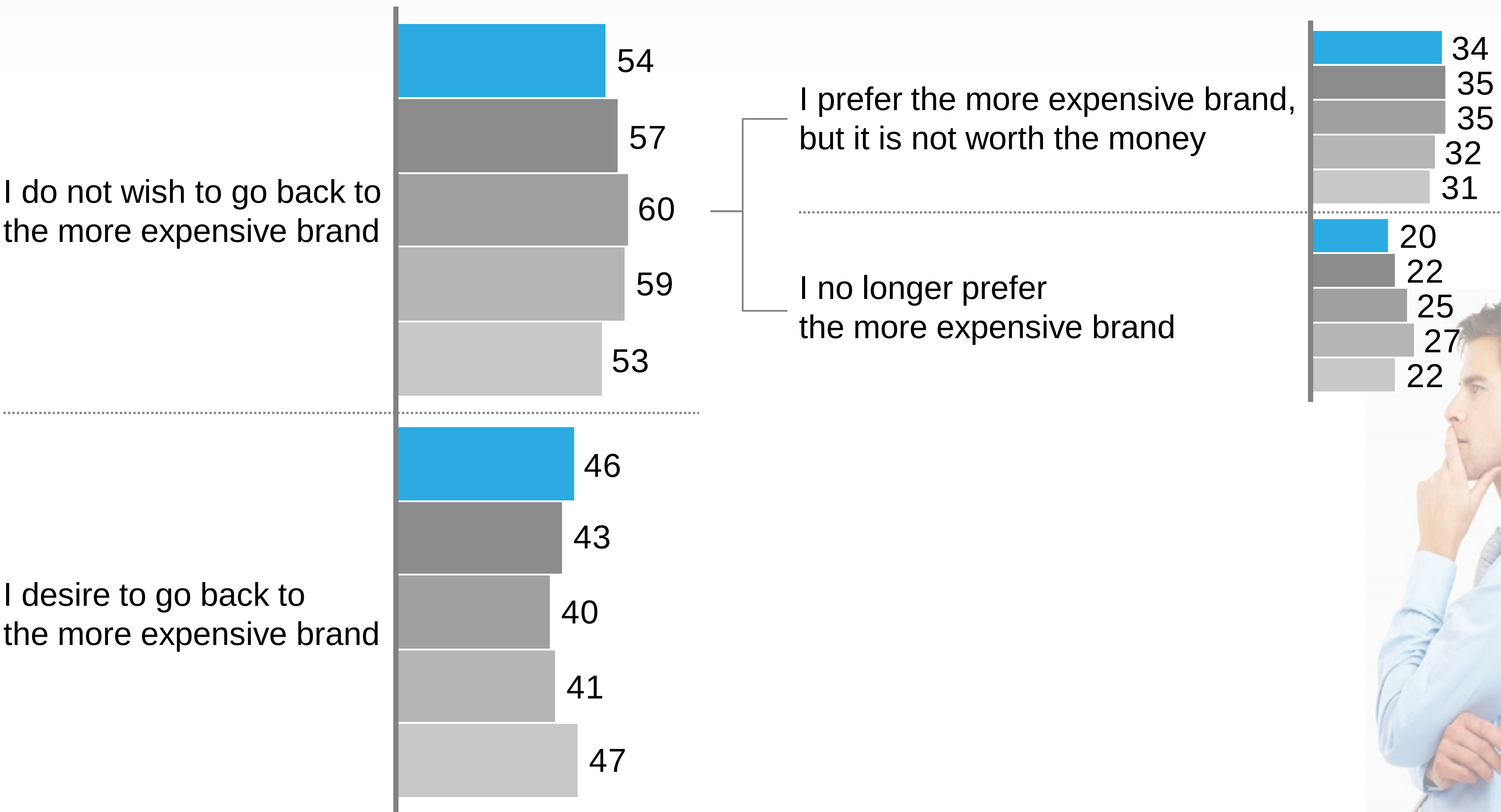
09/2015 03/2016 09/2016 04/2017 09/2017

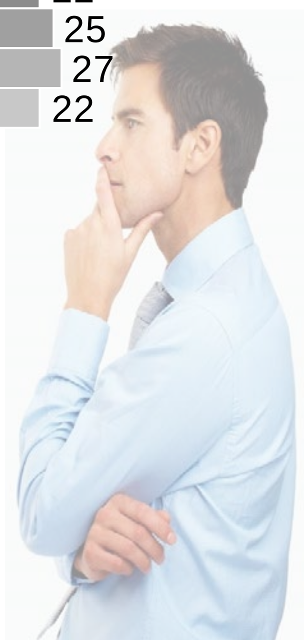
4 54% of consumers do not intend to return to the more expensive brand

How are you feeling about your current purchases of less expensive brands

Percent

UAE



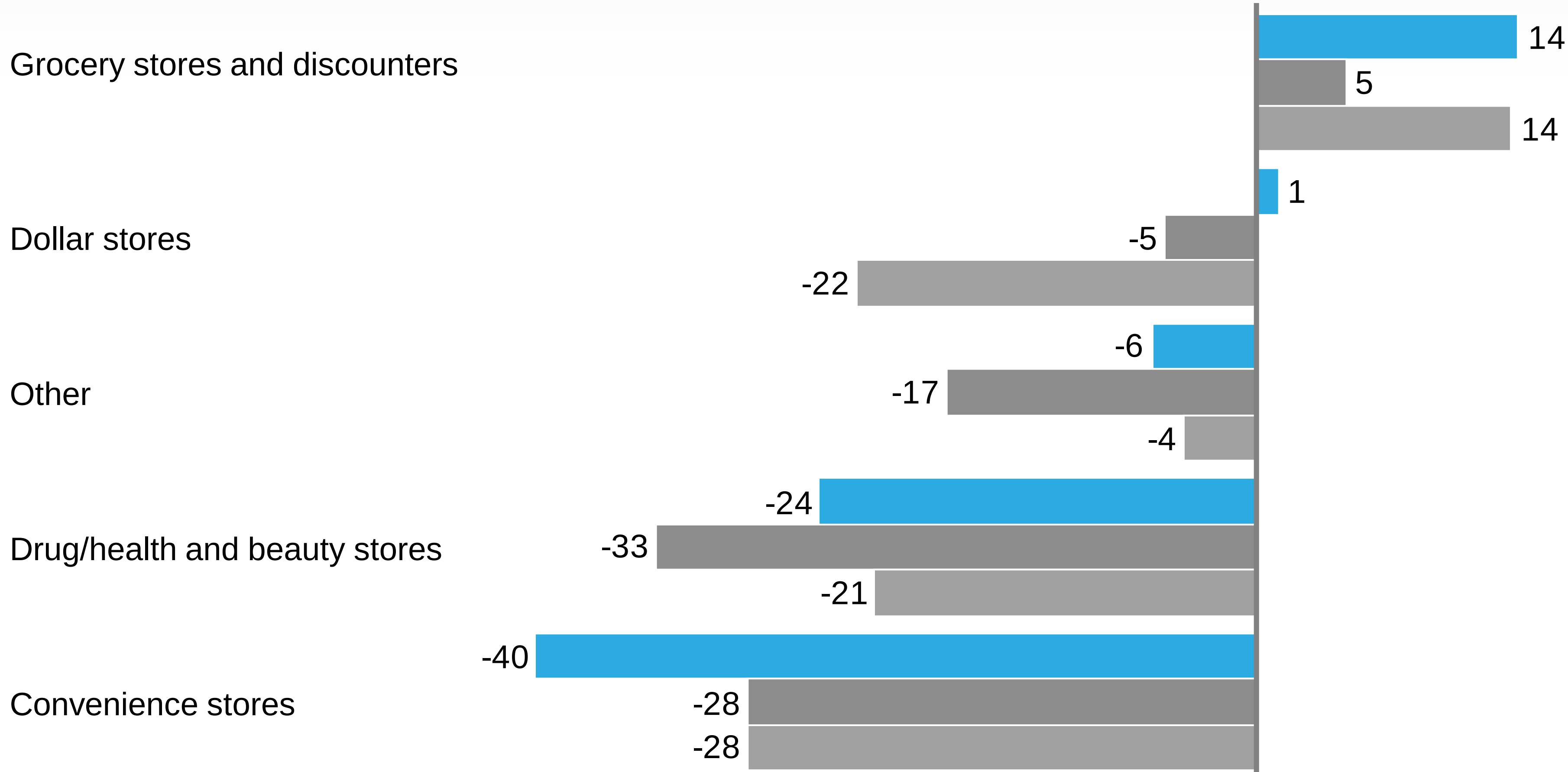


UAE consumers report channel shifting towards discounters and grocery stores

Net change in household spending by channel cluster[1]

Based on stated behavior, Percent, last 12 months

UAE



1 channels listed as n/a were not included in the geography or had insufficient sample

Content

Surveys conducted in Egypt are balanced by gender, age, and income

1,000

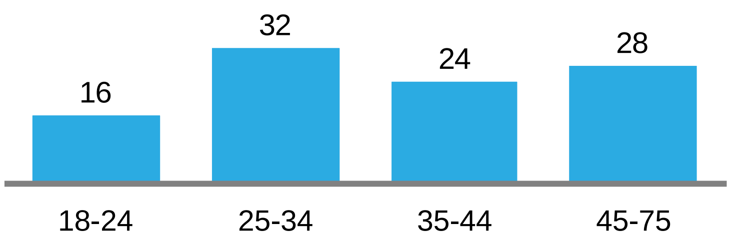
Respondents[1]

All respondents are balanced by gender, age, and income[2]

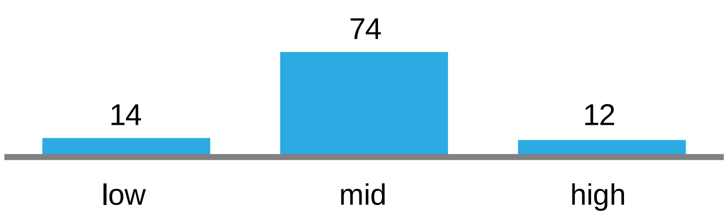
69%

32%

Age, percent

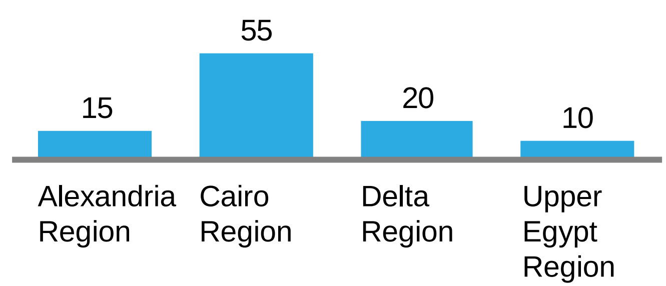


Income, percent



Additional split by region

Region, percent



[1] 706 respondents in April 2017, 1,000 in September 2016, 702 in March 2016

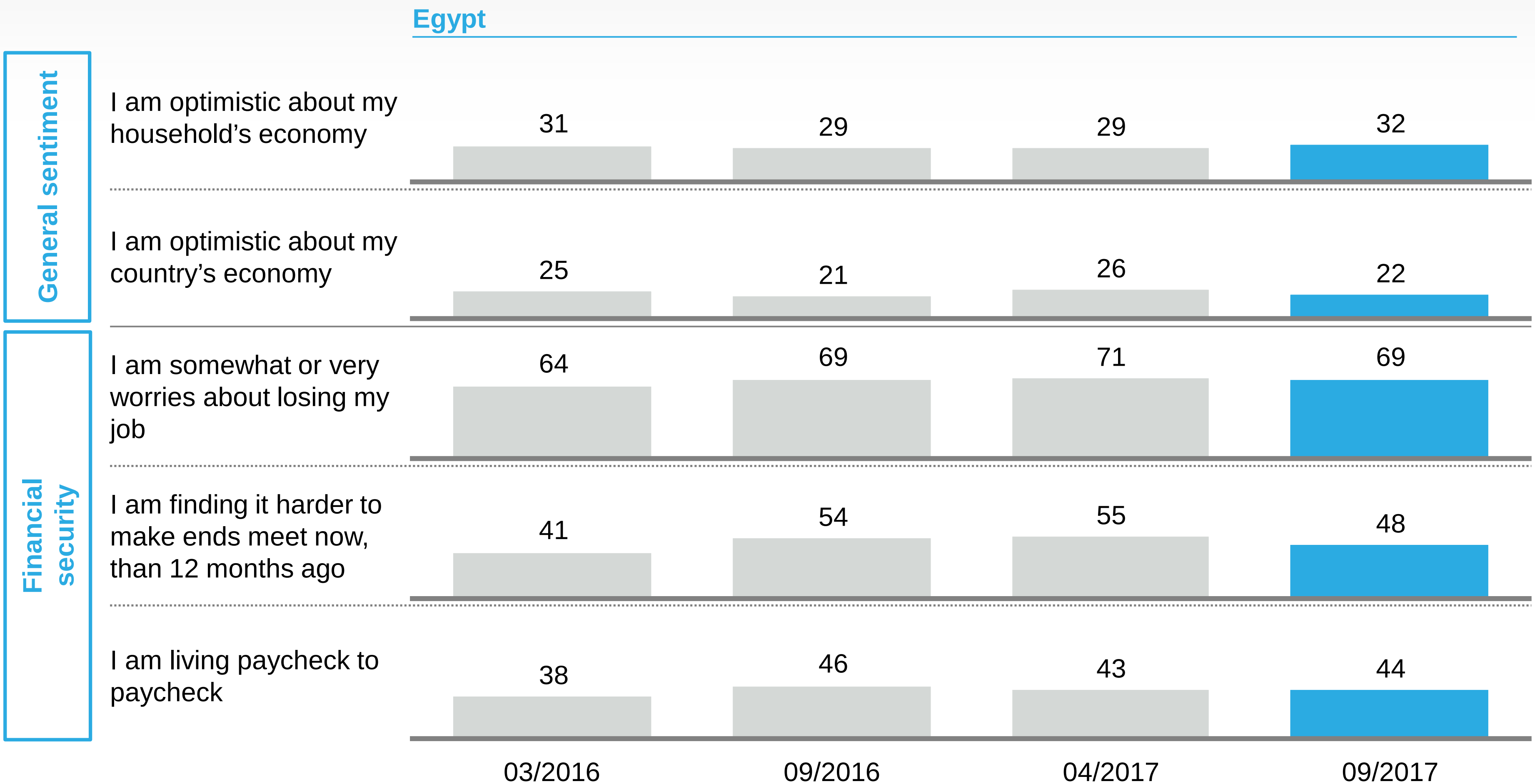
[2] weighted percentages

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Egyptian consumers feel slightly more financially secure today than in Spring 2017

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement

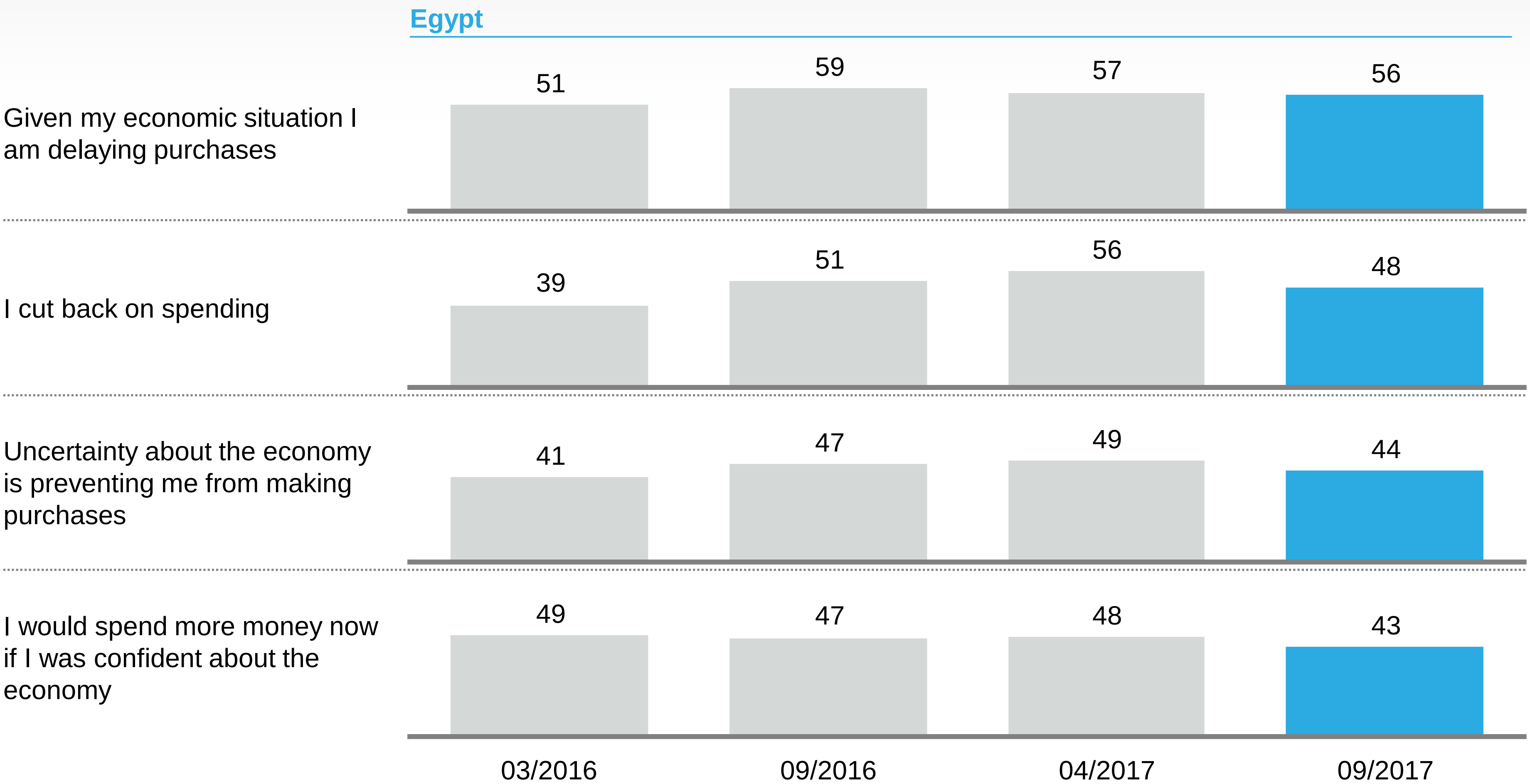


SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Fewer consumers are cautious spenders today than in April 2017

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement



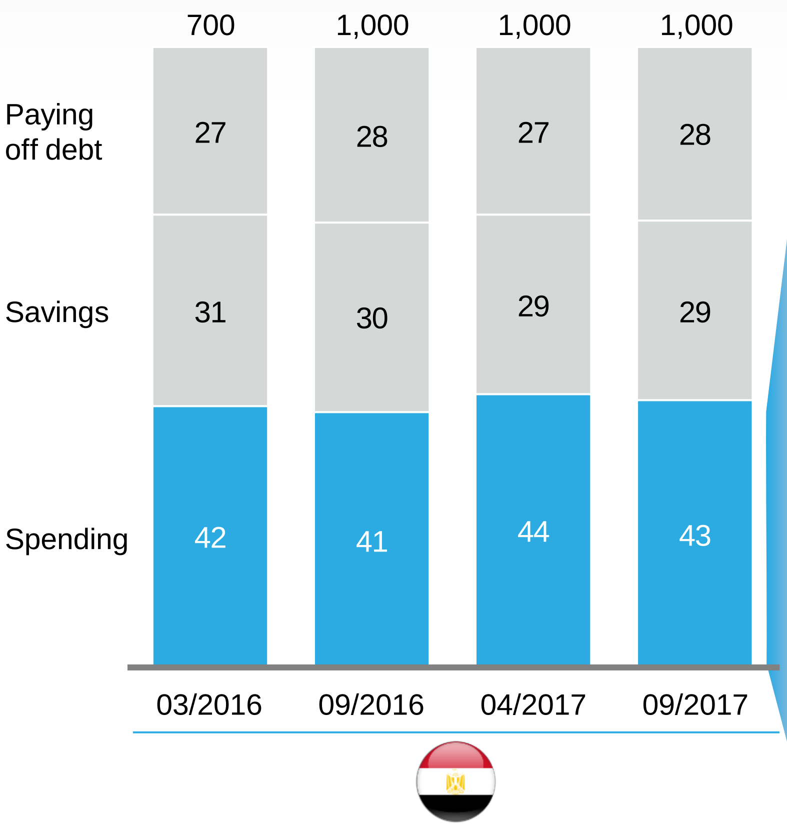
SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Egyptian consumers plan to spend 43% of additional income- mainly on everyday needs, clothing, and education

Extra money allocated toward spending

If I earned 10% more next year, I would put it towards

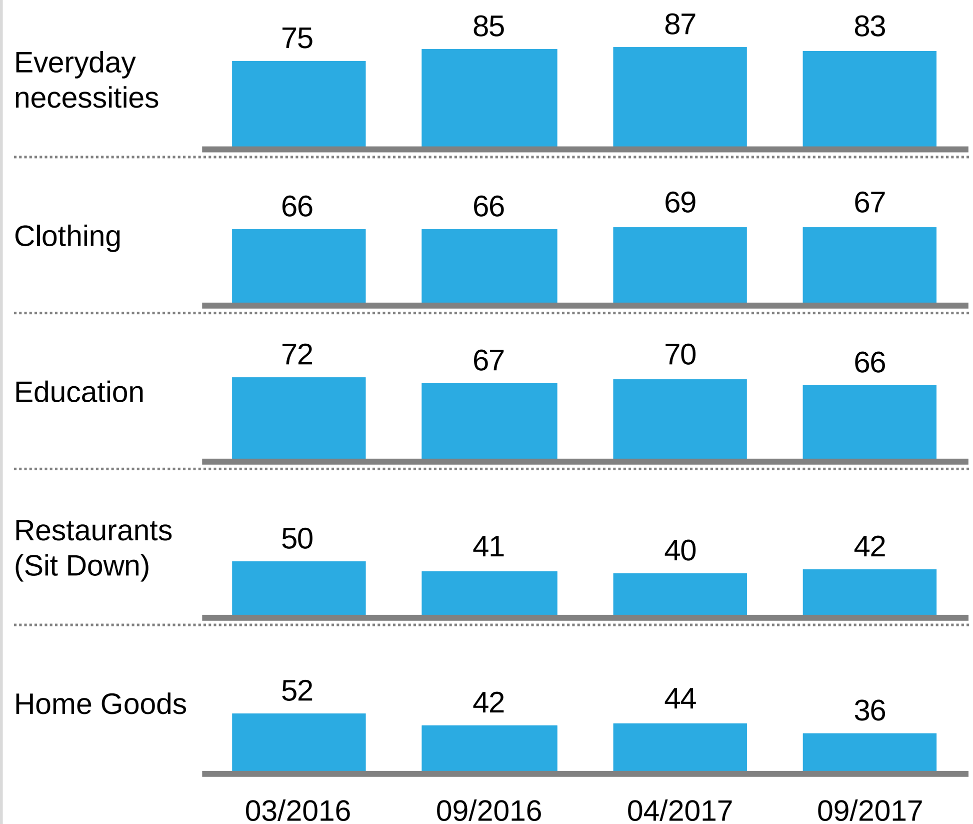
Percent



Egypt

Top 5 priorities for consumers wishing to allocate additional spending[1]

Percent of consumers likely or very likely



1 Other categories not listed in the top 5 for Egypt are Restaurants (Take Out) (40), Home/Housing/Real Estate (33), Major Appliances (32), Entertainment (28), Gifts (27), Vehicles (24), High-End Designer/Luxury Products (23), Pet Care (13)

SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

5 truths about today's consumers in Egypt

1 Savvy cost-cutters

All consumers find creative ways to spend less and save money: 56% of consumers are looking for sales and promotions

2 Thrifty brand loyalists

74% of consumers in Egypt changed their consumer buying habits to save: 36% of consumers look to buy their preferred brands at stores with lower prices

3 Selective splurgers

Consumers trade down in large numbers (17%) while 10% trade up

4 Trade-down converts

53% of trade down leads to happy consumers and only 47% of consumers desire to go back to their old brands

5 Multichannel shoppers

Consumers in the region shift spending towards discounters and club stores

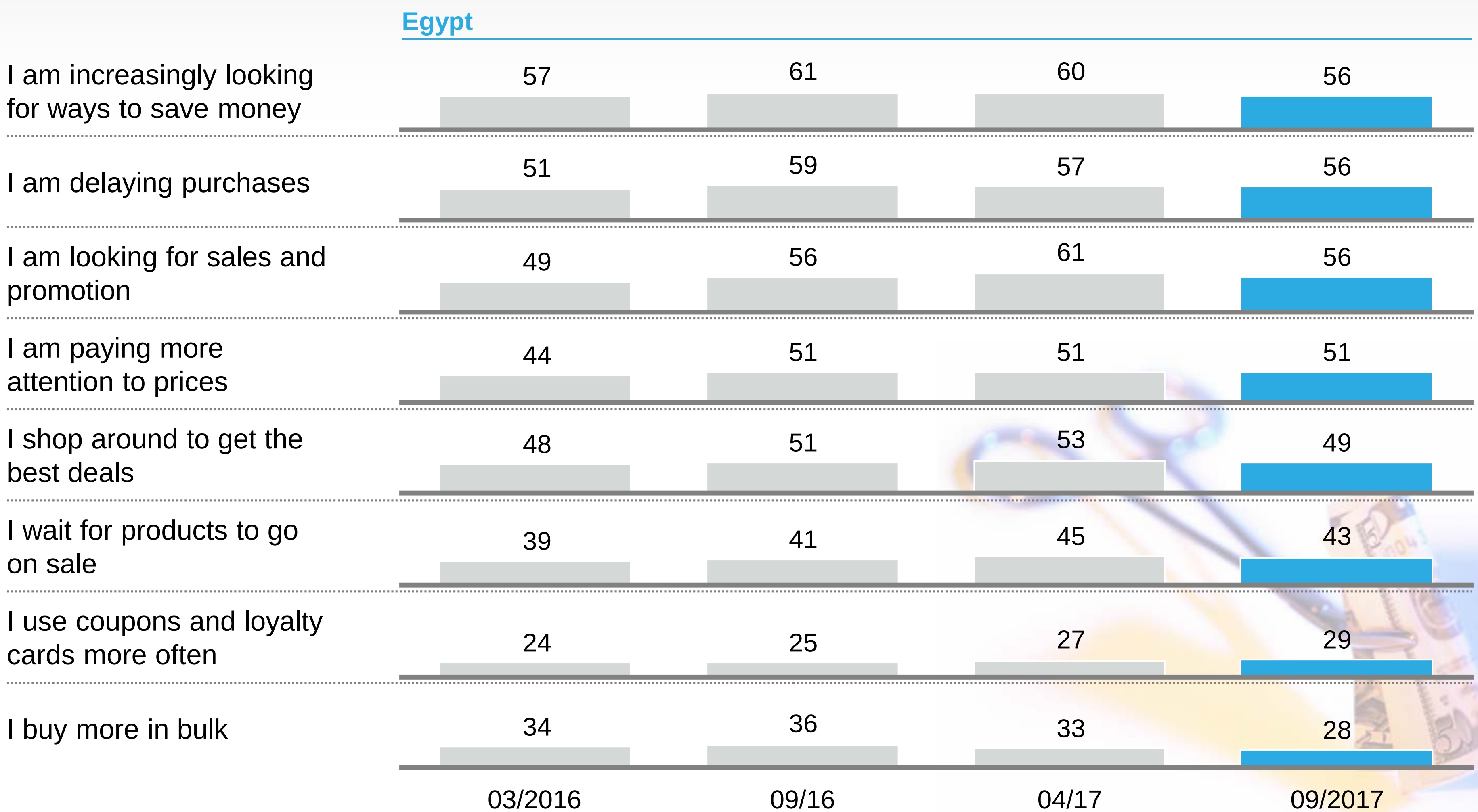
SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Savvy cost-cutters

Egyptian consumers are finding creative ways to spend less and save money

Consumers agreeing/strongly agreeing over the last 12 months

Percent

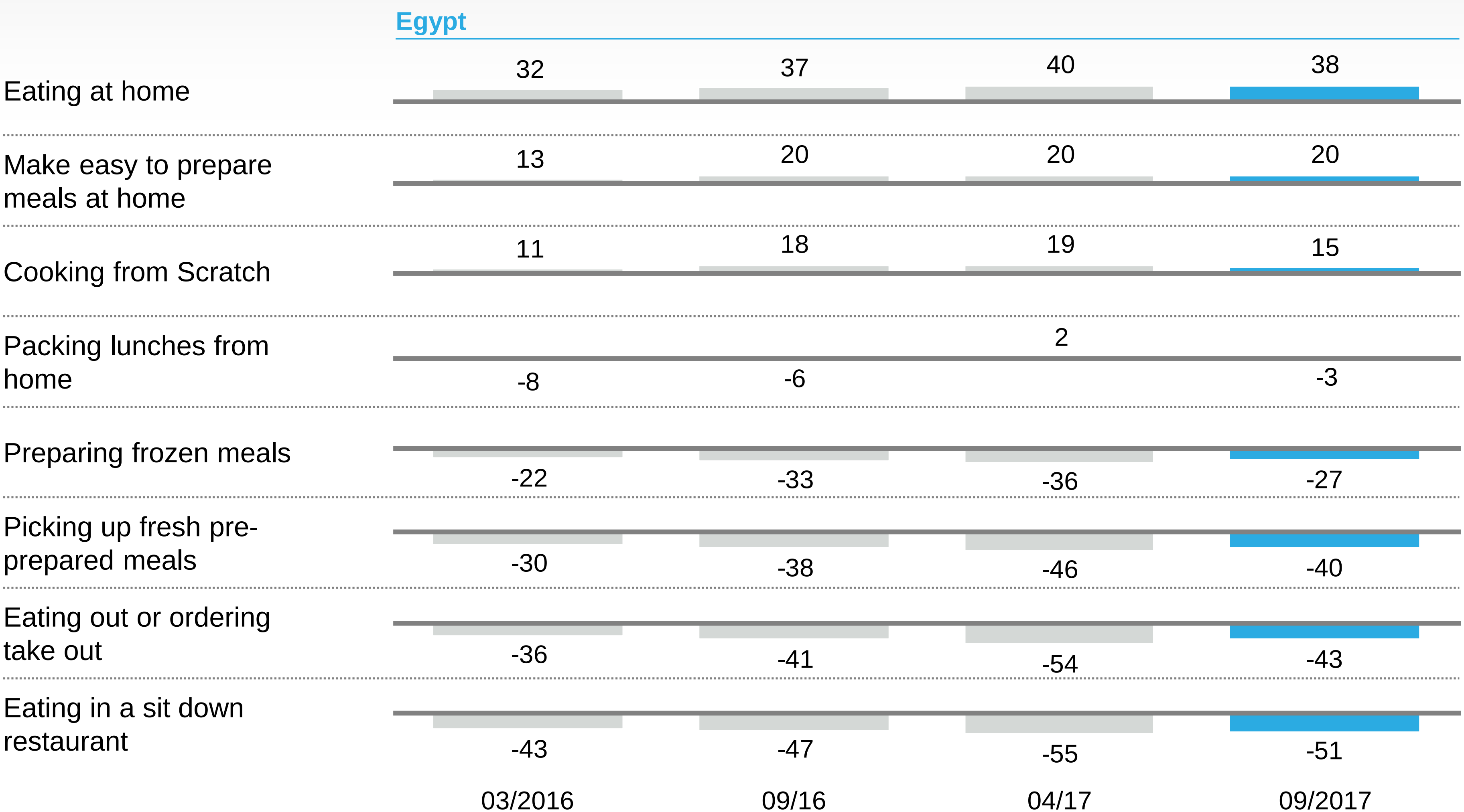


SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Egyptian consumers explore other eating habits to save money

Net changes in eating habits in the last 12 months

Difference between doing more and doing less, Percent

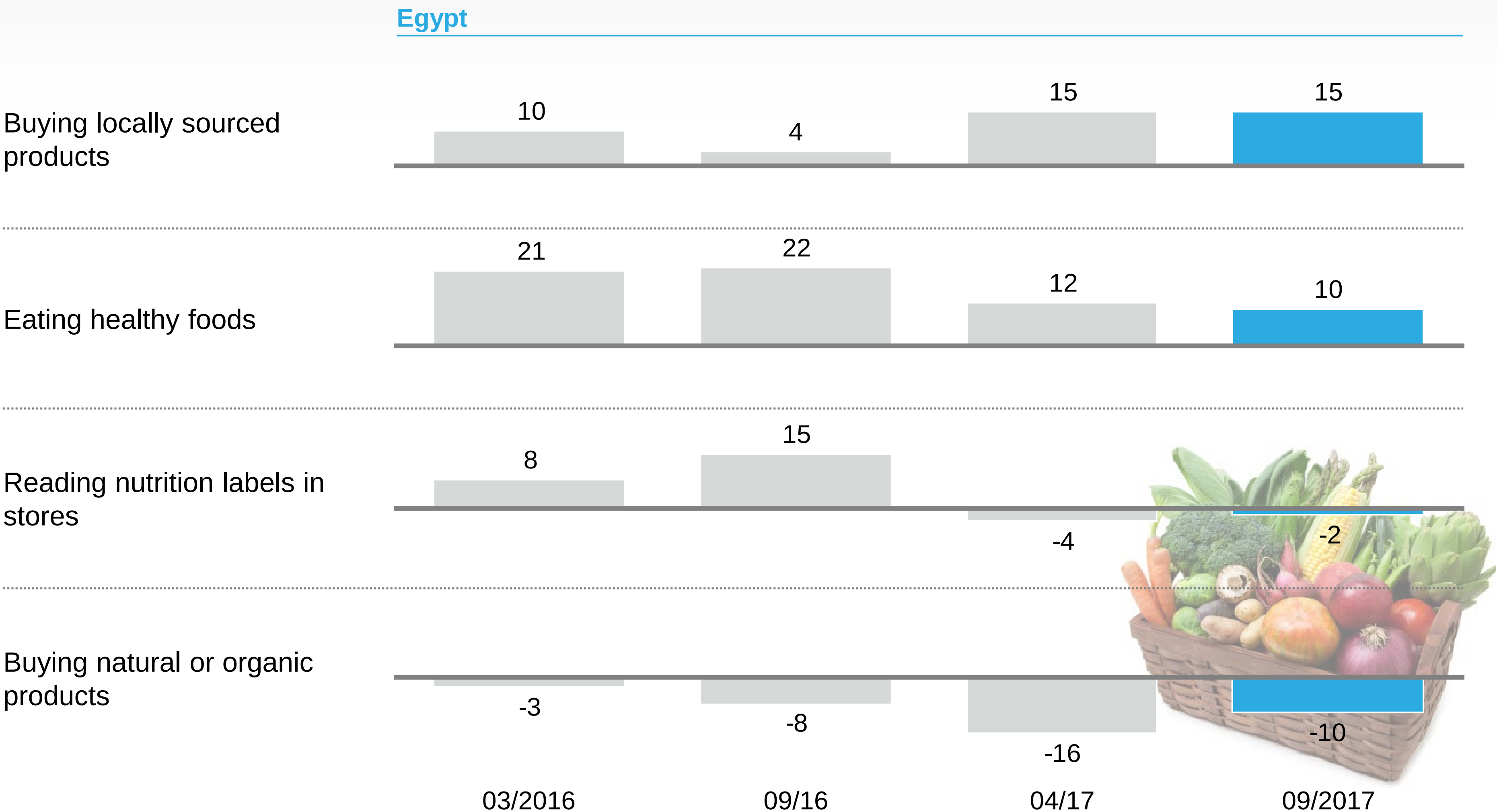


SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

1 Consumers buy locally sourced products and continue their quest to eat healthy food

Net changes in eating habits in the last 12 months

Difference between doing more and doing less, Percent



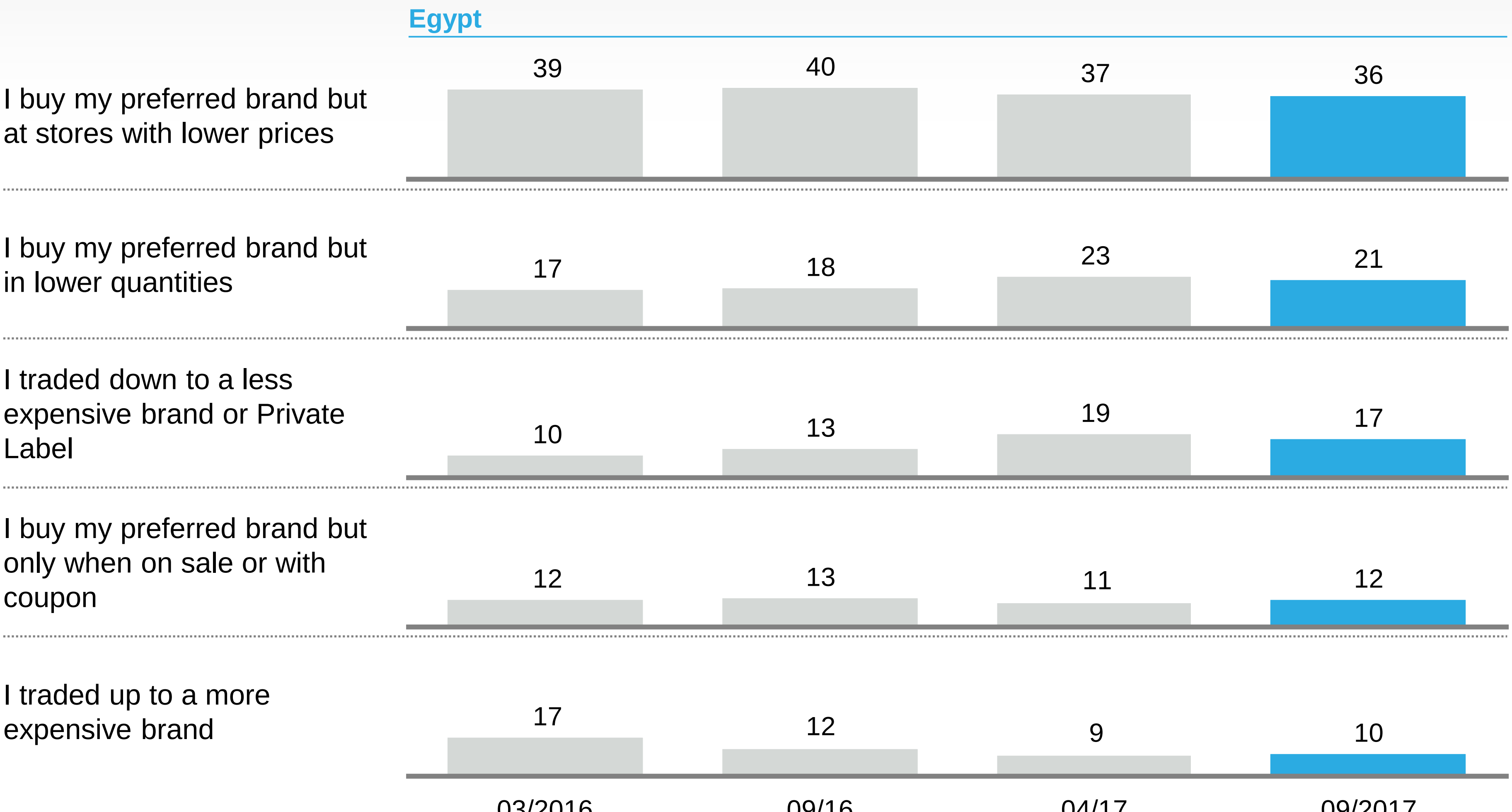
SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Thrifty brand loyalists

2 Egyptian consumers are generally brand loyal IF the price is right

Changes in buying behavior in the last year among those who changed buying behavior

Weighted average for categories in basket, Percent



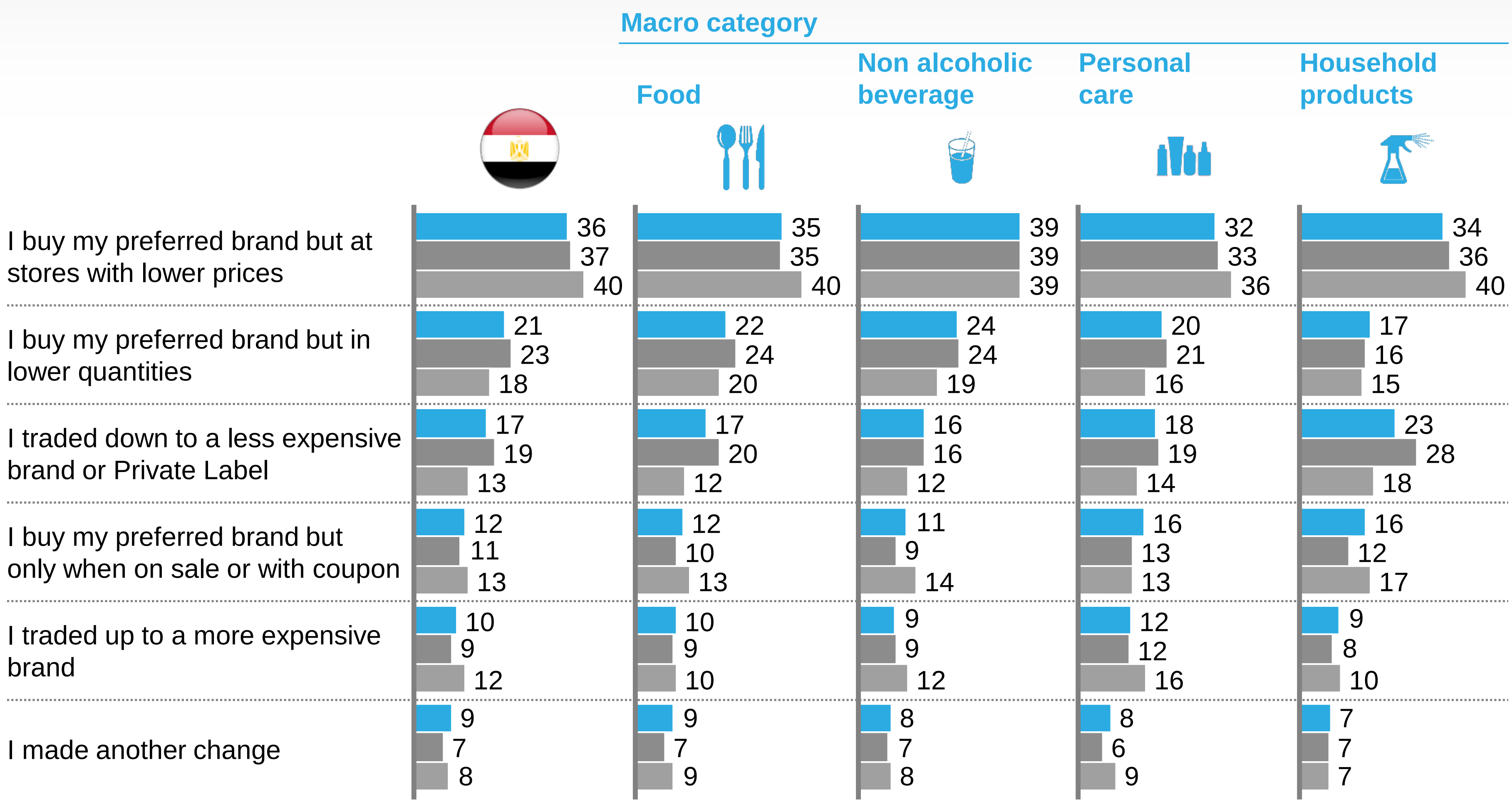
1 Multiple answers possible

2 Thrifty brand loyalists

09/2016 04/2017 09/2017

Consumers look for ways to buy their preferred brands for less and are willing to trade down especially in household products

Changes in buying behavior in the last year among those who changed buying behavior,
Weighted average for categories in basket, Percent



1 Multiple answers possible

SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Egyptians trade down in large numbers – especially in home care

Trade down | Trade up

Trade-off rates in the last year among those who changed buying behavior

Percent

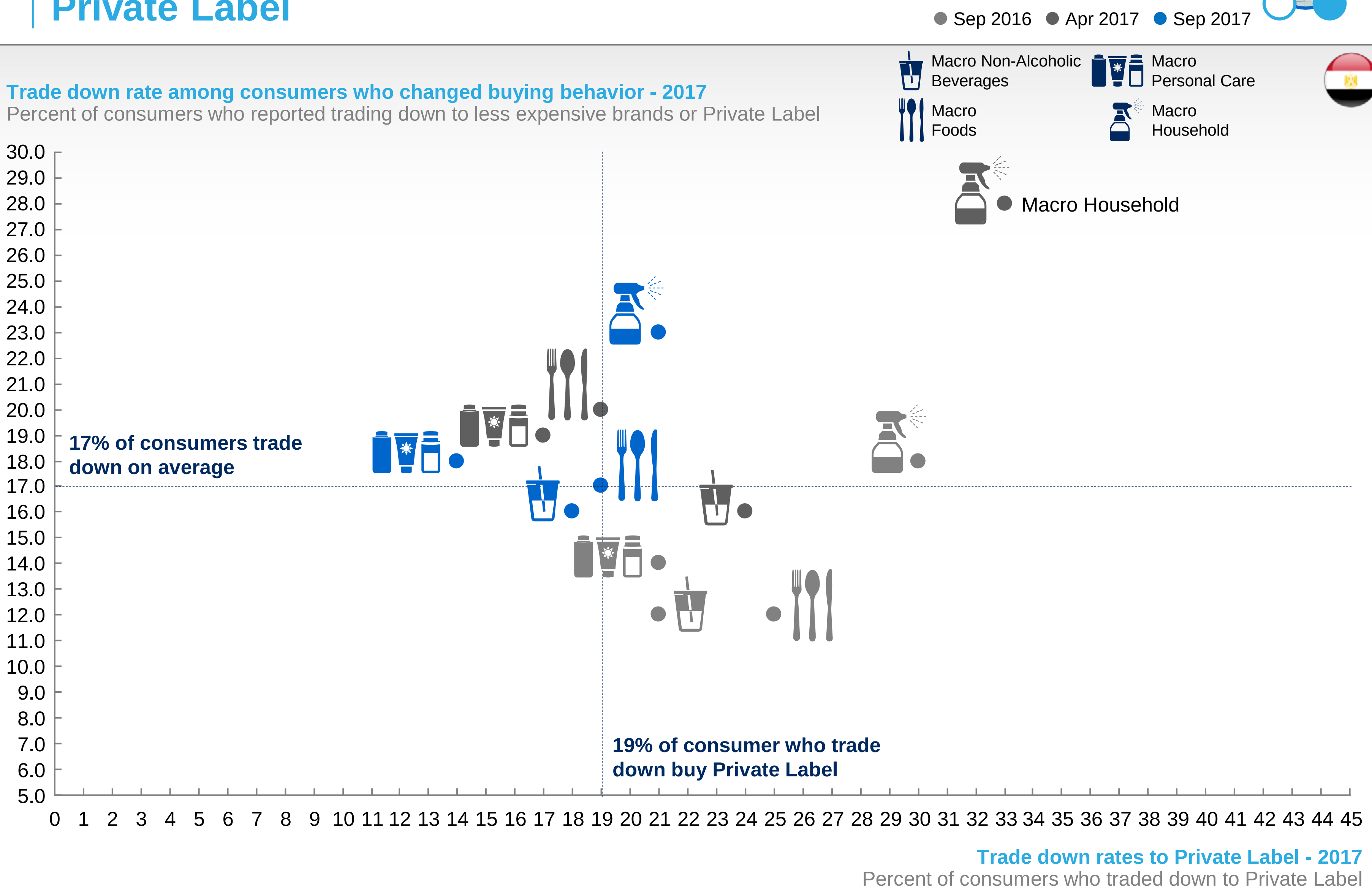
STATED BEHAVIOR

Egypt

	03/2016 Trade down	03/2016 Trade up	09/2016 Trade down	09/2016 Trade up	04/2017 Trade down	04/2017 Trade up	09/2017 Trade down	09/2017 Trade up
Higher trade down rate								
Cookies	12	15	11	9	20	11	19	10
Pasta	15	12	15	11	26	9	19	10
Salty Packaged Snacks	8	11	13	9	17	7	19	11
Frozen Pre-Cooked Meals	6	20	13	11	16	9	18	11
Candy	10	9	11	11	17	10	18	12
Rice	10	17	11	10	22	7	16	7
Ice Cream and Other Frozen Dairy Desserts	8	18	12	11	18	9	15	9
Fresh Produce	12	14	11	11	19	7	15	10
Pre-Packaged Bakery Products	9	17	11	11	19	9	15	10
Juice	8	13	11	6	18	8	18	8
Bottled Water	7	21	13	14	14	11	17	11
Dairy Milk	10	18	12	15	14	9	15	8
Carbonated Beverages	8	18	13	14	19	9	14	9
Hair Care	4	23	11	17	22	11	20	12
Cosmetics	8	26	14	16	21	17	17	13
Oral Care Products	10	26	17	15	16	9	17	12
Household Cleaning Supplies	13	15	19	11	27	6	24	10
Laundry Supplies	18	13	17	9	28	9	22	9
Lower trade down rate								
Food	9	16	12	11	23	10	16	10
Non-food	11	20	16	13	18	9	20	11

Selective splurgers

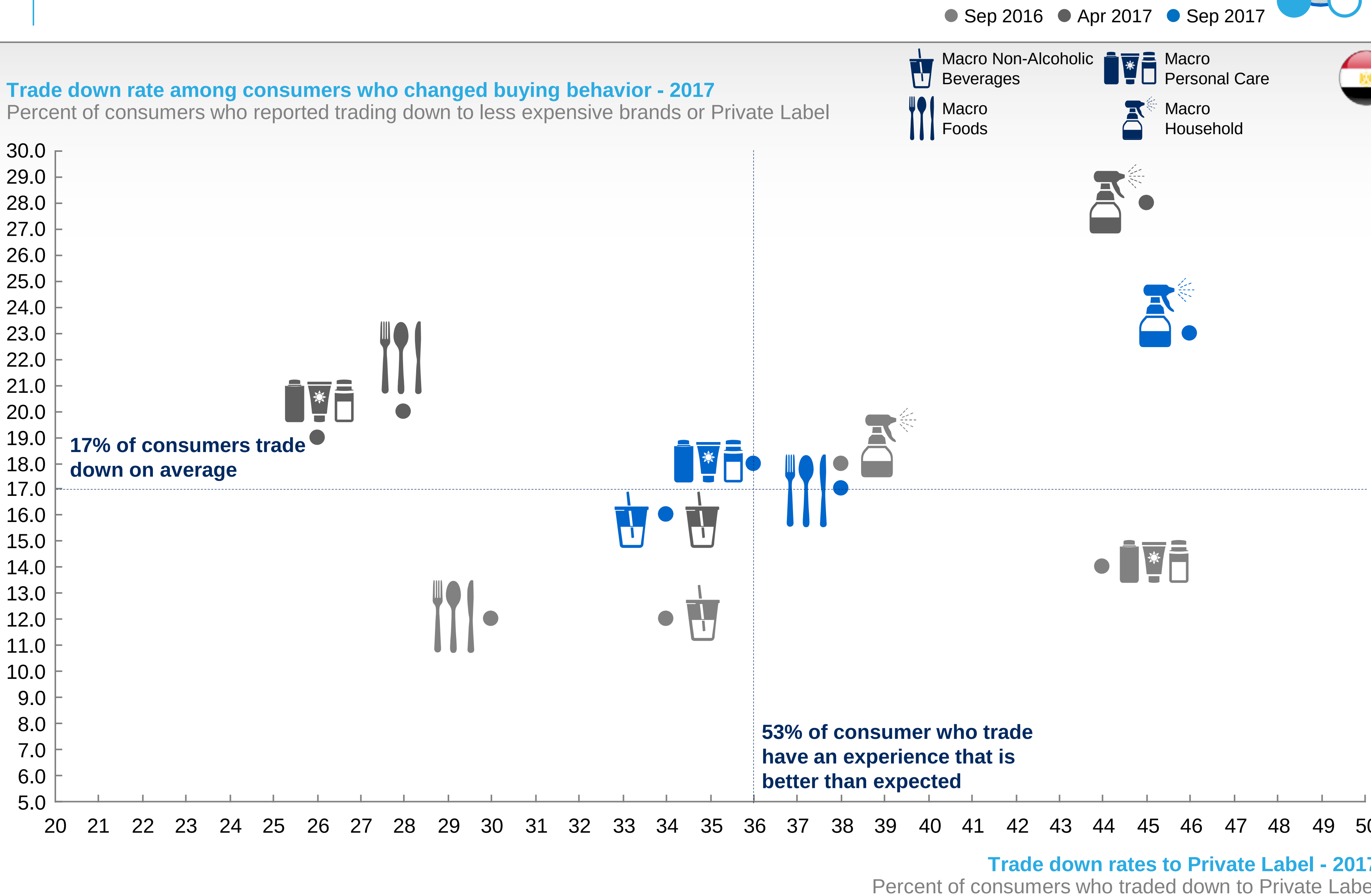
17% of consumers trade down overall; 19% of this group buy Private Label



4

Trade-down converts

On average, 53% of trade down leads to happy consumers



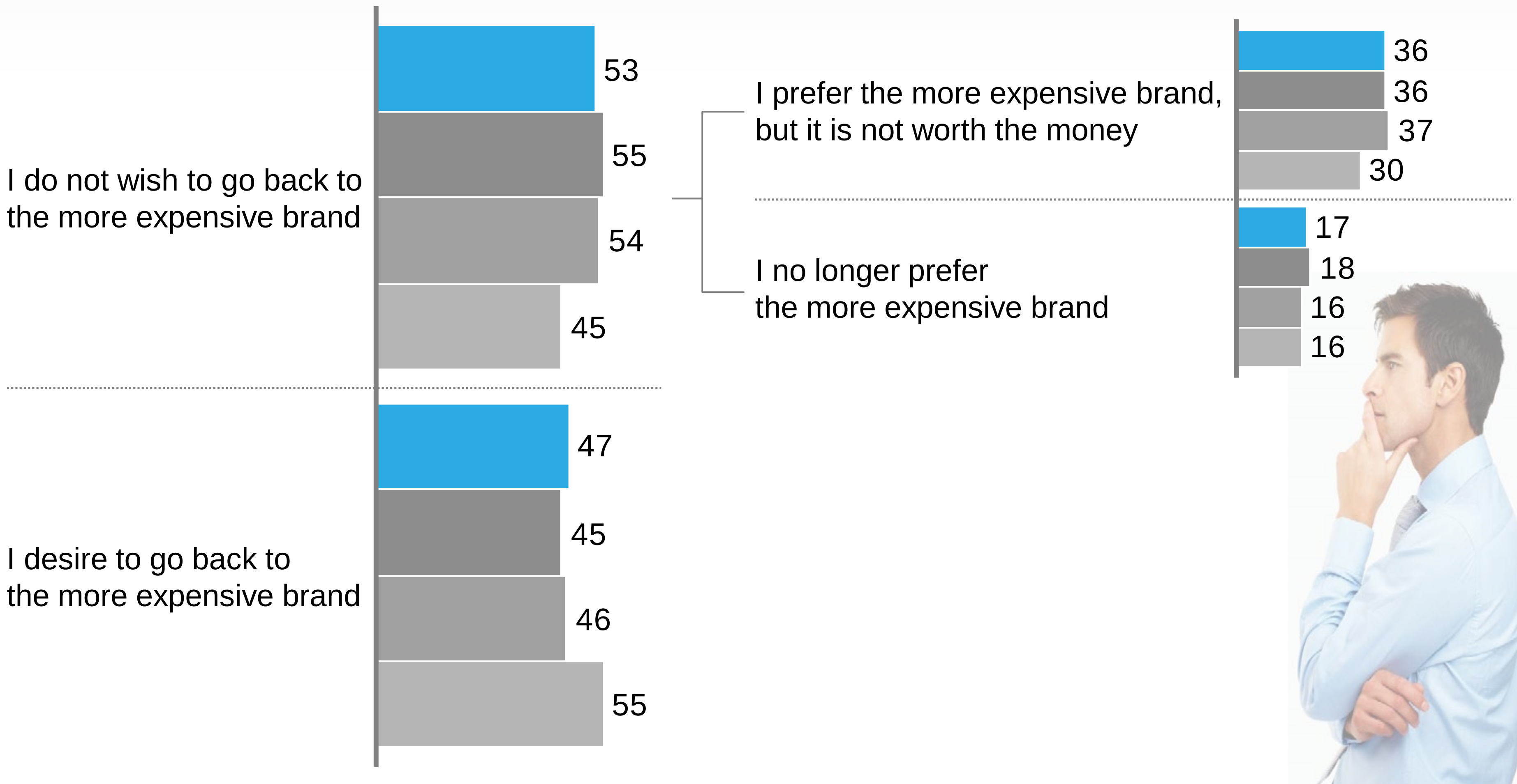
SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

53% of consumers do not intend to return to the more expensive brand

How are you feeling about your current purchases of less expensive brands

Percent

Egypt

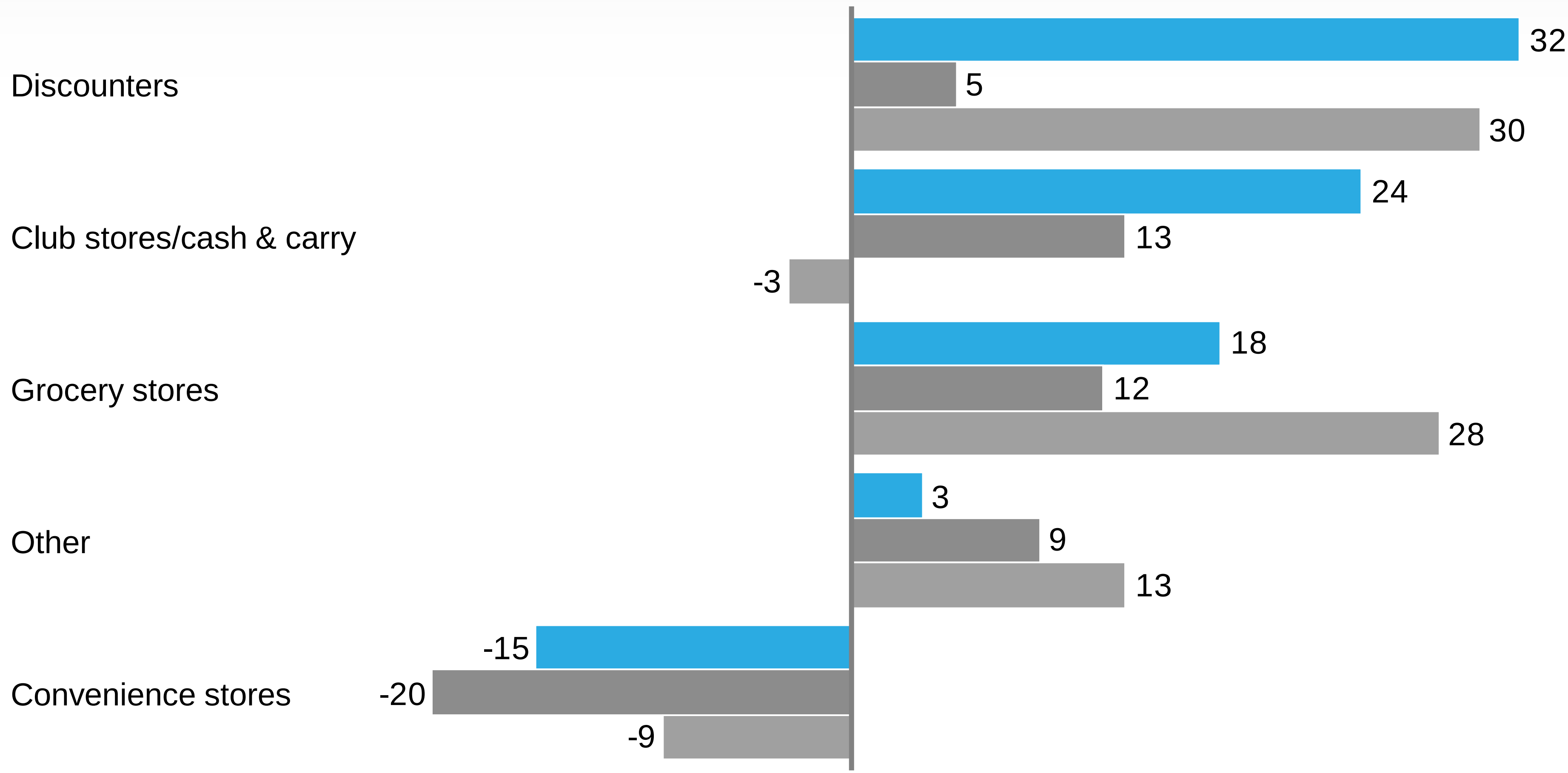


Egyptian consumers are shifting their spending towards discounters and club stores

Net change in household spending by channel cluster[1]

Based on stated behavior, Percent, last 12 months

Egypt



1 other includes fresh food markets and mom & pop stores

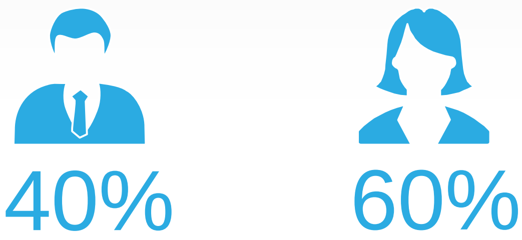
Content

In-person surveys conducted in Pakistan are balanced by gender, age, and income

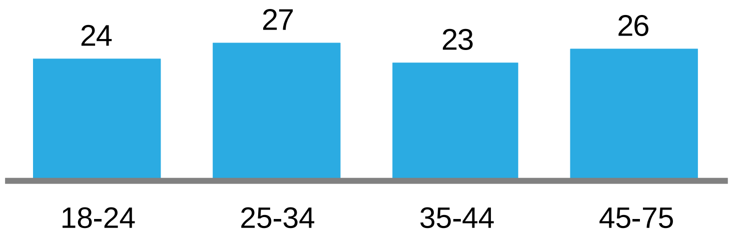
1,000

Respondents[1]

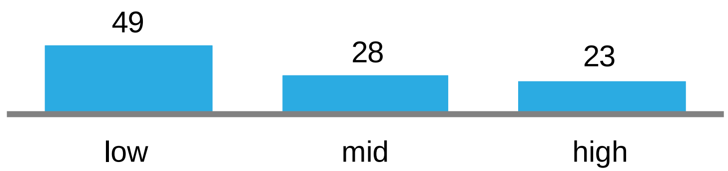
All respondents are balanced by gender, age, and income[1]



Age, percent

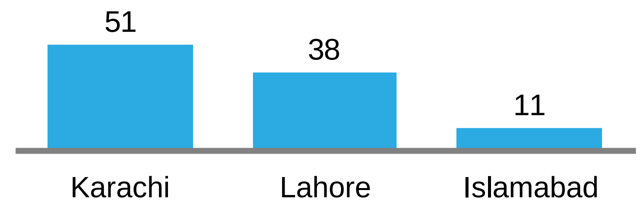


Income, percent



Additional split by region

Region, percent



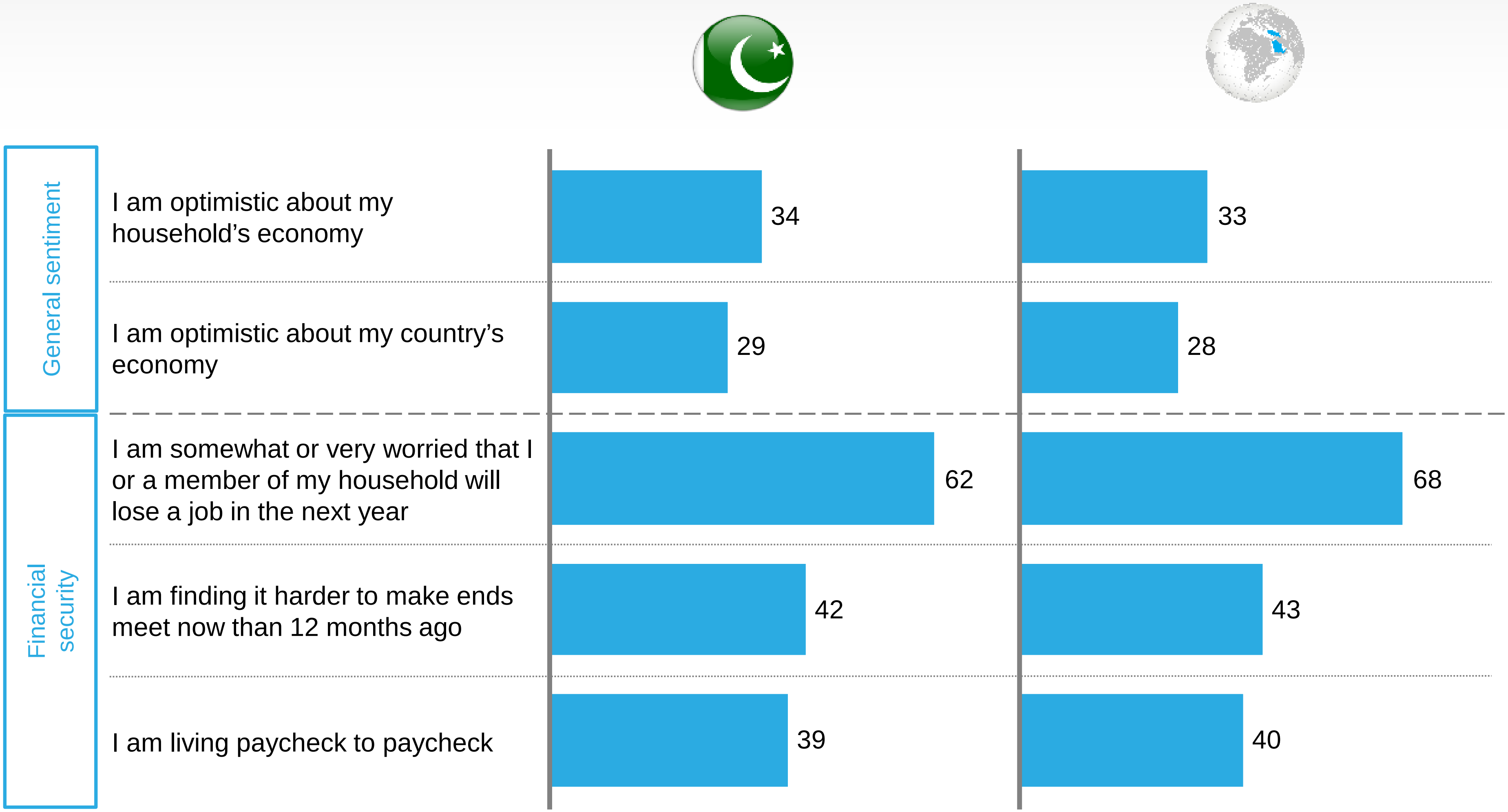
1 weighted percentages

Feelings of financial security in Pakistan is similar to that in the broader region

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement, September 2017

Middle East - incl Pakistan

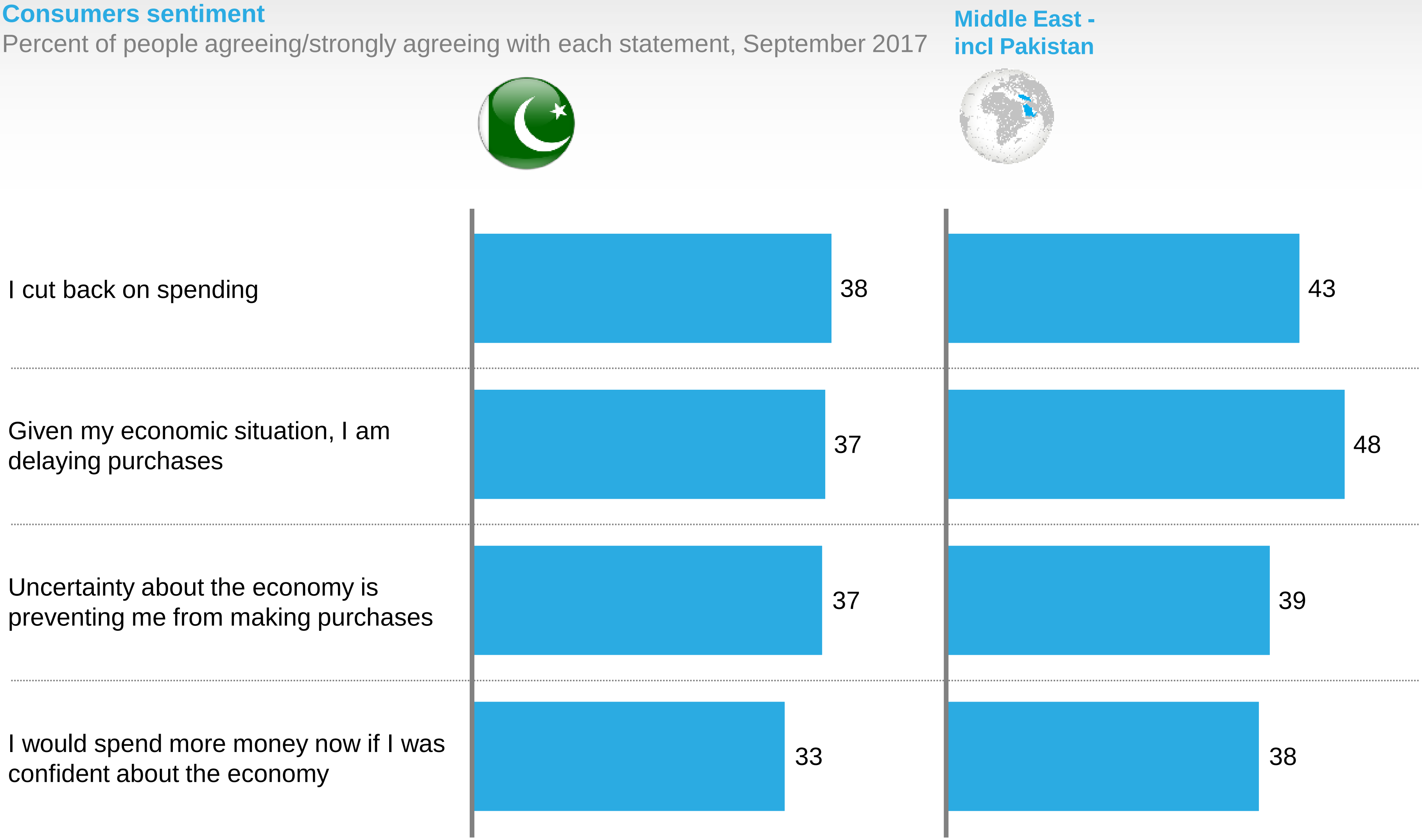


SOURCE: McKinsey 2018 Global Sentiment Survey

Pakistani consumers are more bullish in their spending

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement, September 2017



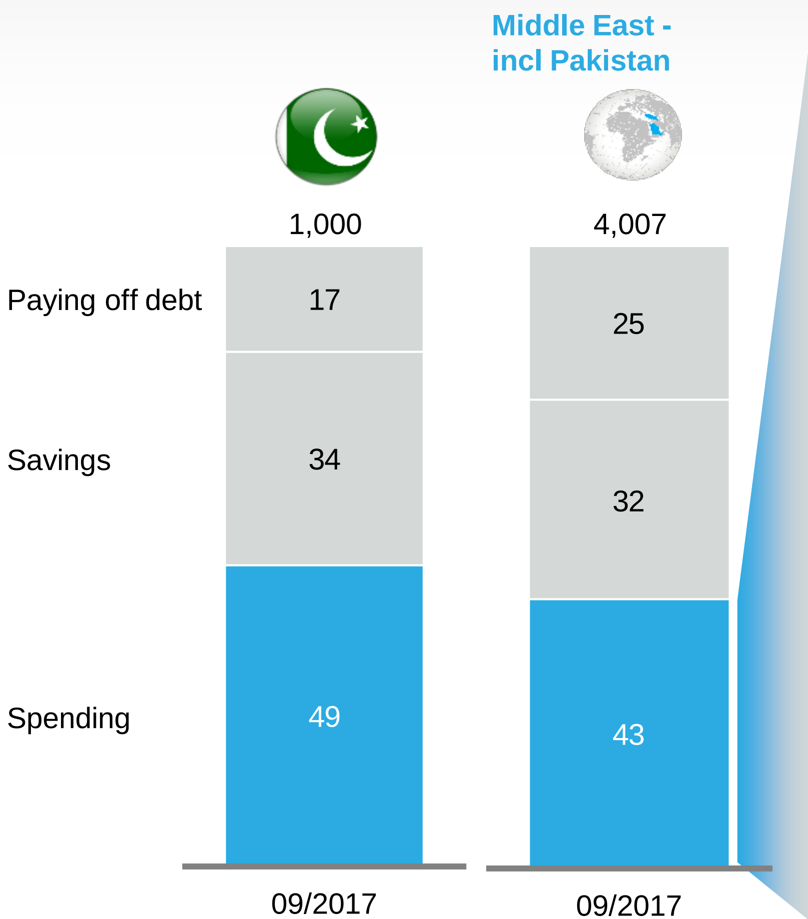
SOURCE: McKinsey 2018 Global Sentiment Survey

Extra money allocated toward spending

Pakistani consumers plan to spend 49% of additional income- most spending would go towards education and everyday necessities

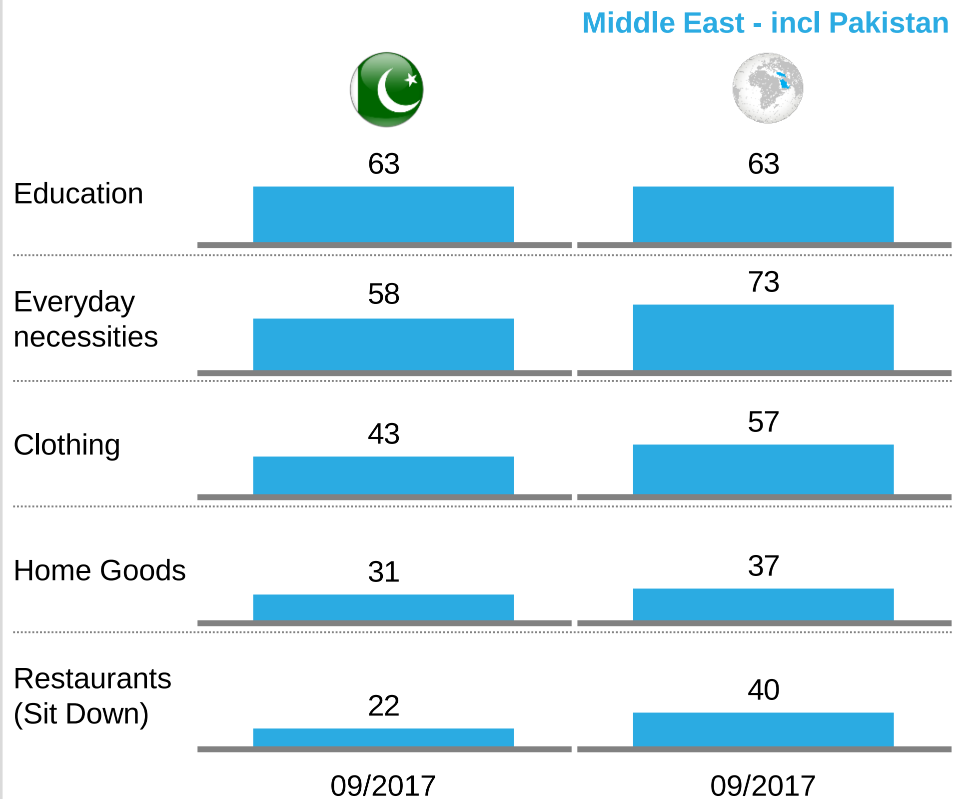
If I earned 10% more next year, I would put it towards

Percent, September 2017



Top 5 spending priorities for consumers wishing to allocate additional spending

Percent of consumers likely of very likely to spend in these categories



1 Other categories not listed in the Top 5 for Pakistan are Home/Housing/Real Estate (17), Gifts (16), Restaurants (Sit Down) (16), High-End Designer/Luxury Products (16), Vehicles (14), Restaurants (Take Out) (14), Vacations (11), Pet Care (10), Entertainment (8)

SOURCE: McKinsey 2018 Global Sentiment Survey

5 truths about today's consumers in Pakistan

1

Savvy cost-cutters

All consumers find creative ways to spend less and save money: 36% are paying more attention to prices

2

Thrifty brand loyalists

54% of consumers in Pakistan changed their consumer buying habits to save: 29% of consumers look to buy their preferred brands at stores with lower prices

3

Selective splurgers

Few Pakistani trade down (4%) while 10% trade up

4

Multichannel shoppers

Consumers in the region shift spending towards grocery stores

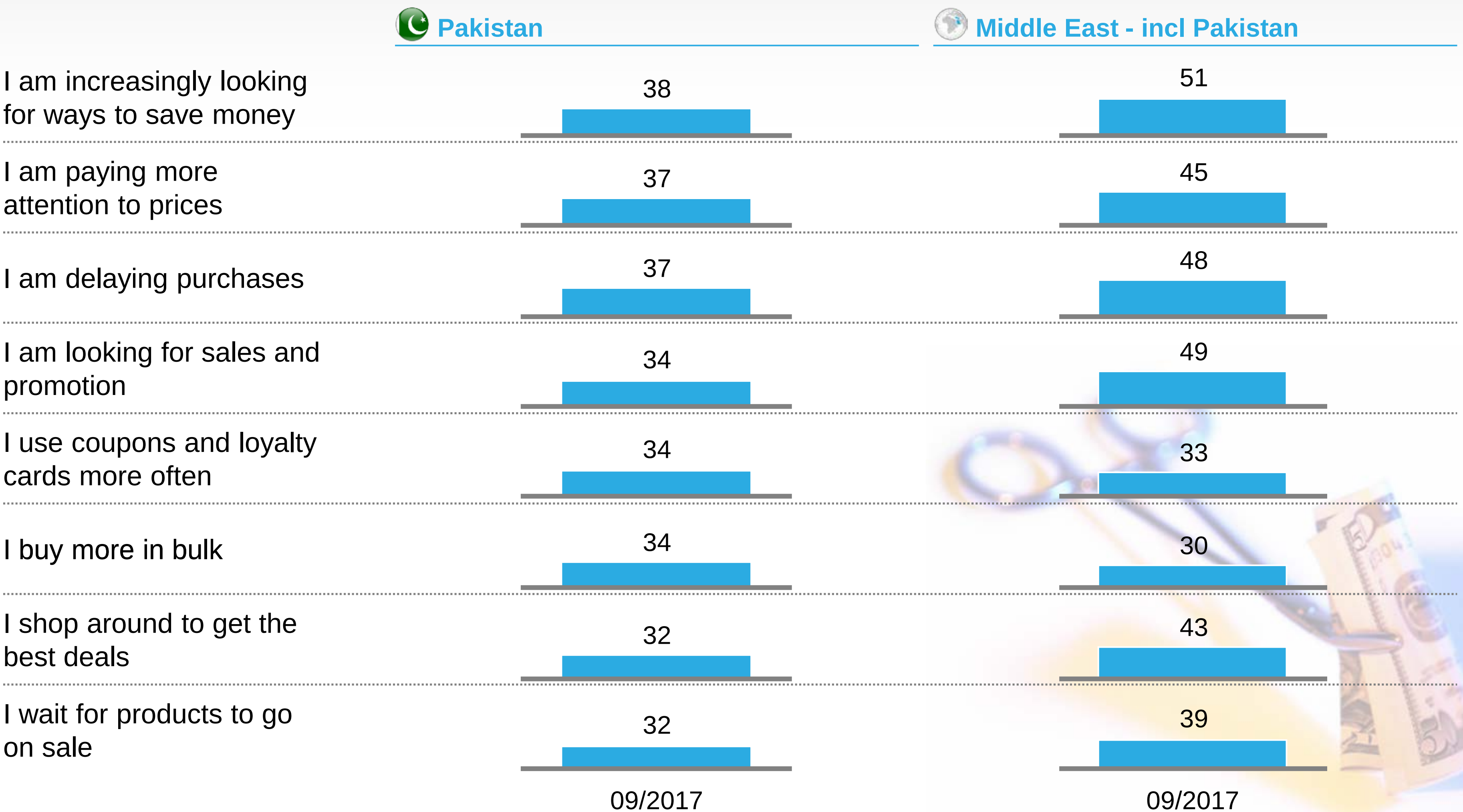
SOURCE: McKinsey 2018 Global Sentiment Survey

Savvy cost-cutters

Pakistani consumers are finding creative ways to spend less and save money

Consumers agreeing/strongly agreeing over the last 12 months

Percent, September 2017



Savvy cost-cutters

1 Pakistani consumers also explore other eating habits to save money

Net changes in eating habits in the last 12 months

Difference between doing more and doing less, Percent, September 2017

	Pakistan	Middle East - incl Pakistan
Cooking from scratch	23	15
Eating at home	21	31
Packing lunches from home	1	-3
Eating out or ordering take out	-15	-30
Preparing frozen meals	-17	-27
Make easy to prepare meals at home	-24	5
Picking up fresh pre-prepared meals m	-25	-32
Eating in a sit down restaurant	-33	-41
	09/2017	09/2017

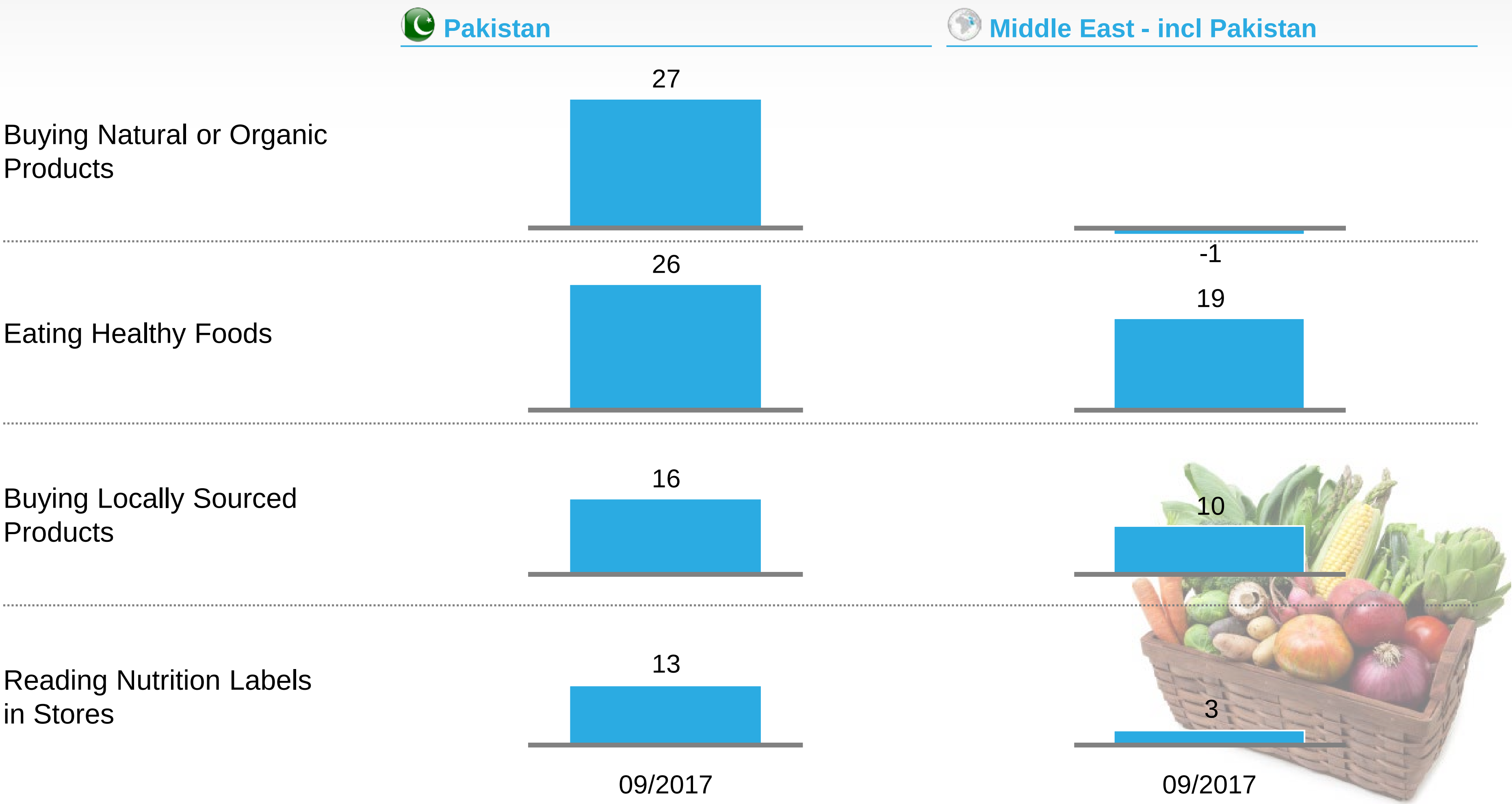
SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

Savvy cost-cutters

1 Consumers buy locally sourced products and continue their quest to eat healthy food

Net changes in eating habits in the last 12 months

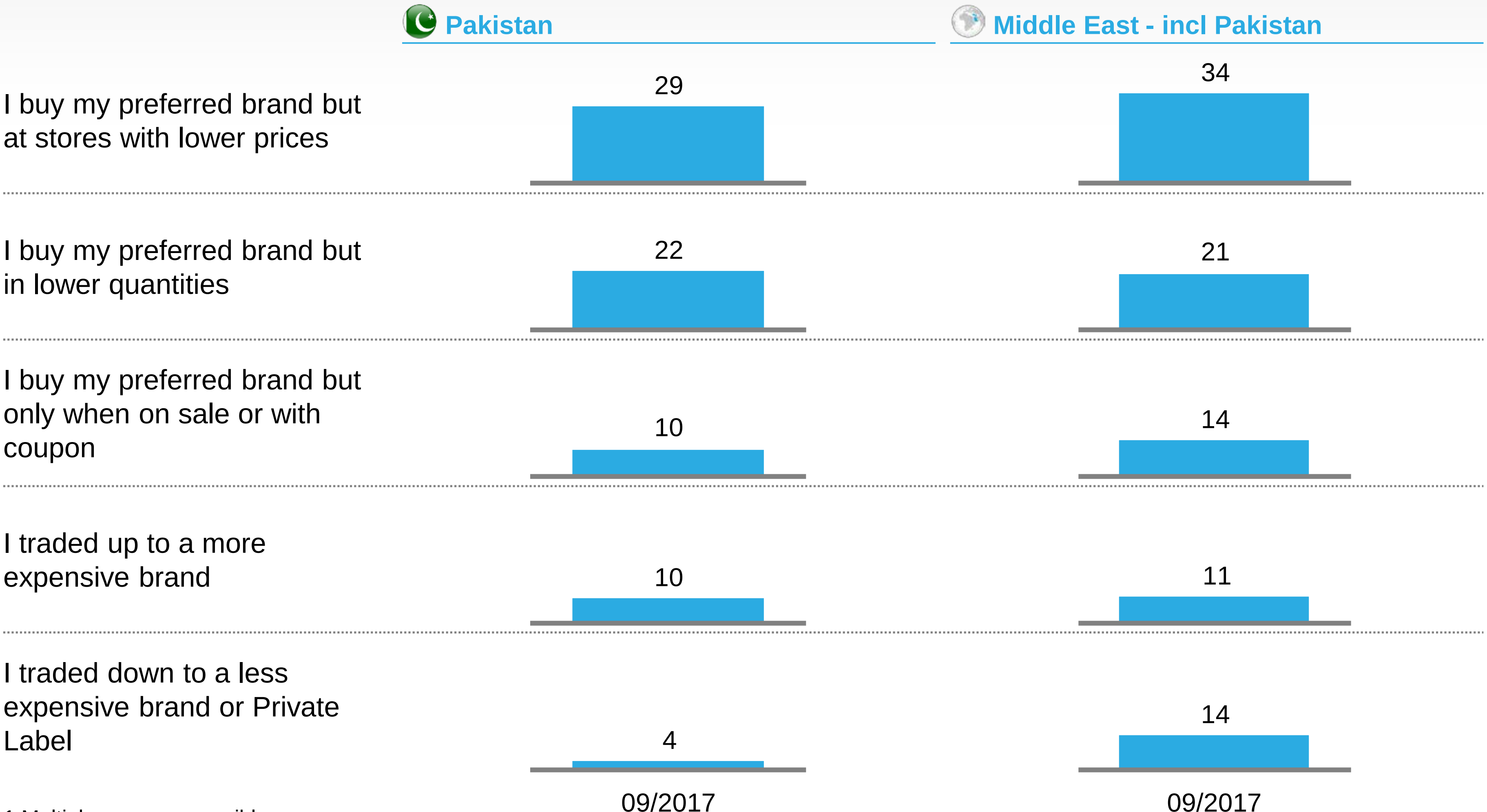
Difference between doing more and doing less, Percent, September 2017



SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

Pakistani consumers are generally brand loyal IF the price is right; one in five trades down

Changes in buying behavior in the last year among those who changed buying behavior
Weighted average for categories in basket, Percent, September 2017



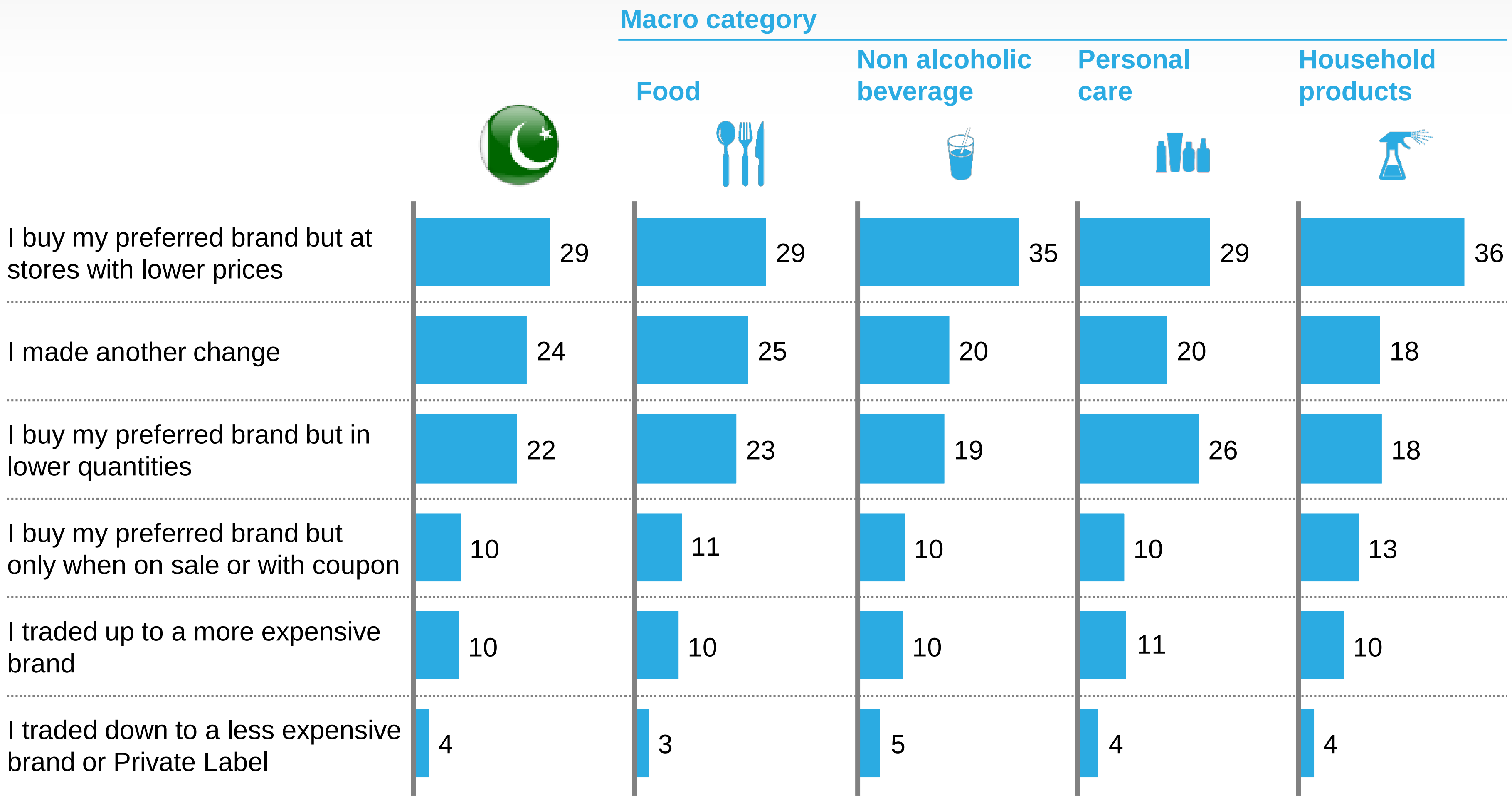
1 Multiple answers possible

SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

Thrifty brand loyalists

2 Consumers look for ways to buy their preferred brands for less; very few trade down and some trade up

Changes in buying behavior in the last year among those who changed buying behavior,
Weighted average for categories in basket, Percent, September 2017



1 Multiple answers possible

SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

McKinsey & Company

3

Selective splurgers

Few Pakistanis trade down while 10% trade up

Trade down | Trade up

Trade-off rates in the last year among those who changed buying behavior

Percent, September 2017

STATED BEHAVIOR

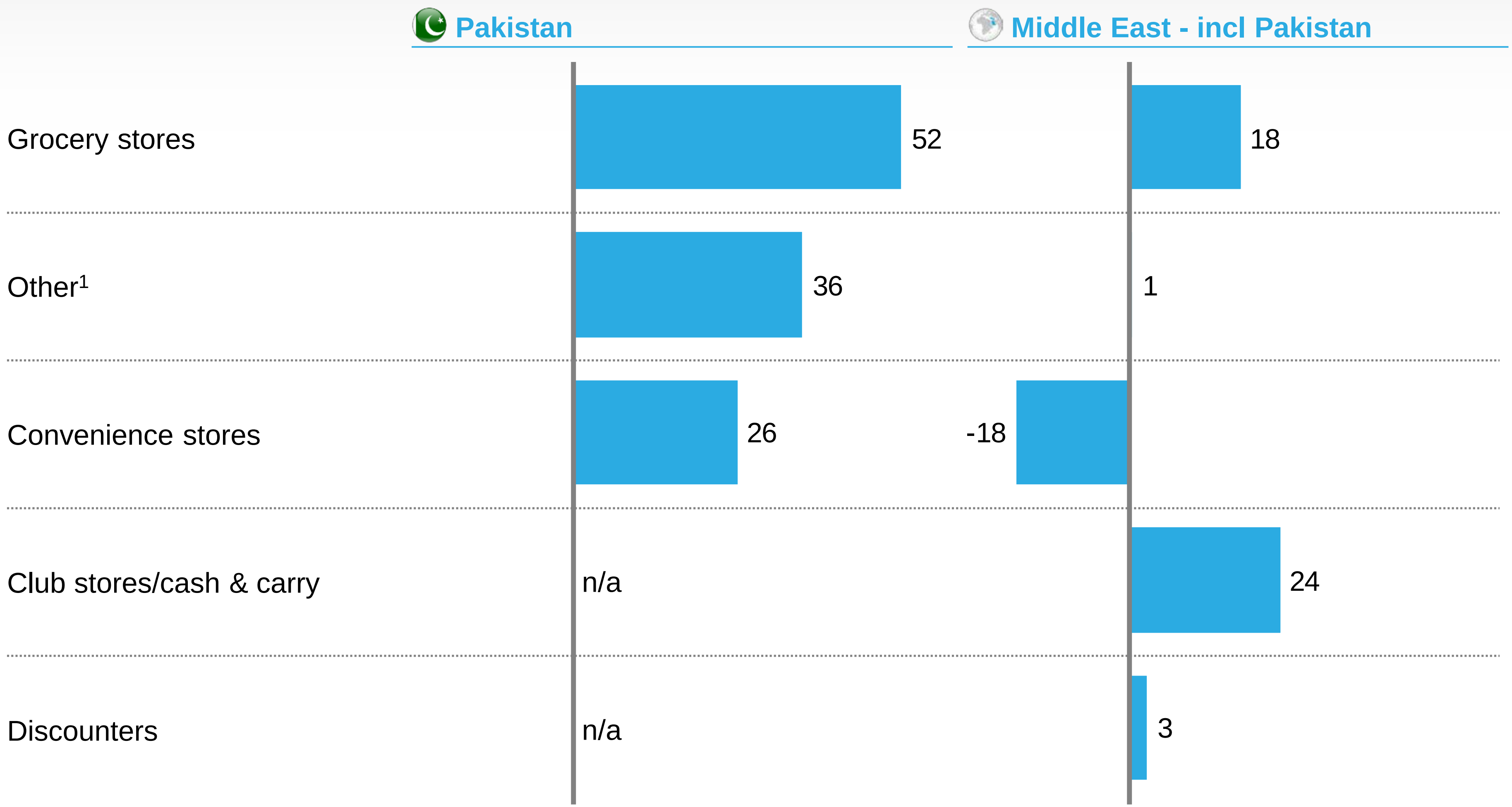
	Pakistan – Trade down	Pakistan – Trade up	Middle East - incl Pakistan – Trade down	Middle East - incl Pakistan – Trade up
Higher trade down rate				
Ice Cream and Other Frozen Dairy Desserts	8	10	14	11
Candy	7	8	14	10
Cookies	4	14	14	11
Frozen Pre-Cooked Meals	3	10	14	10
Rice	2	11	12	9
Salty Packaged Snacks	2	10	15	9
Pre-Packaged Bakery Products	1	4	12	10
Pasta	1	12	15	11
Fresh Produce	0	8	14	10
Juice	6	12	15	10
Bottled Water	6	11	14	12
Carbonated Beverages	4	9	12	10
Dairy Milk	4	8	12	9
Hair Care	6	10	15	13
Oral Care Products	5	12	13	13
Cosmetics	3	10	12	13
Laundry Supplies	4	12	15	9
Household Cleaning Supplies	3	9	18	10
Lower trade down rate				
Food	4	10	13	10
Non-food	3	10	15	12

SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

Pakistani consumers are shifting their spending towards grocery stores

Net change in household spending by channel cluster[1]

Based on stated behavior, Percent, last 12 months, September 2017



1 Other includes fresh General stores, Kiryana stores, Rahat bakery, French bakers, La Farine, pie in the sky

Appendix

Leadership of the 2018 Global Sentiment Survey

Partner/AP
Expert/Analyst

America
EMEA
Asia

Global leadership: Max Magni, Anne Martinez, Rukhshana Motiwala, Alex Rodriguez

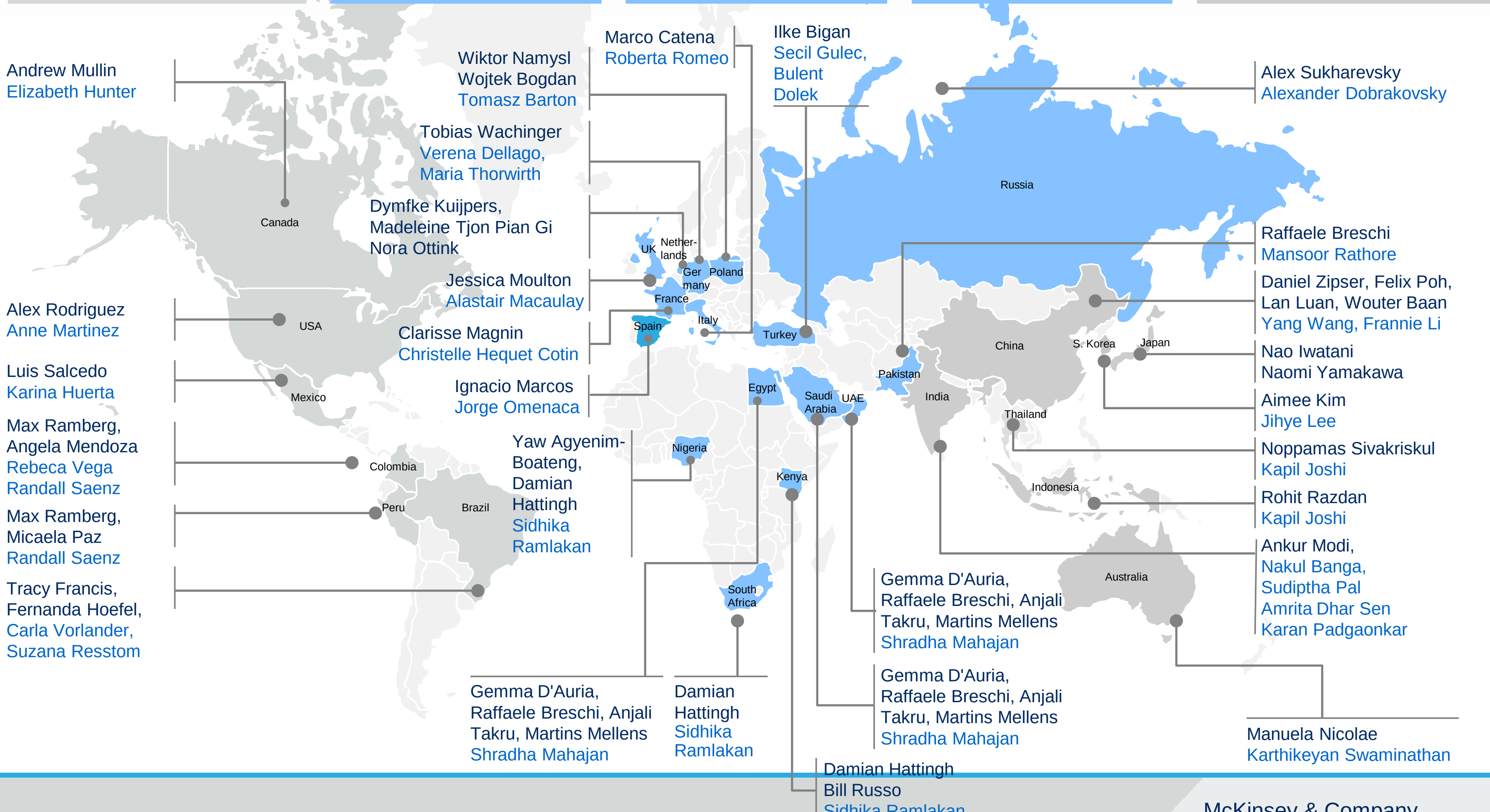
Americas:
Leadership: Alex Rodriguez
Expert: Anne Martinez

Western Europe:
Leadership: Jorn Kupper
Expert: Christelle Hequet-Cotin

Eastern Europe:
Leadership: Peter Breuer
Expert: Yvonne Fahy

Africa & Middle East
Leadership: Tarek Mansour
Expert: Sidhika Ramlakan

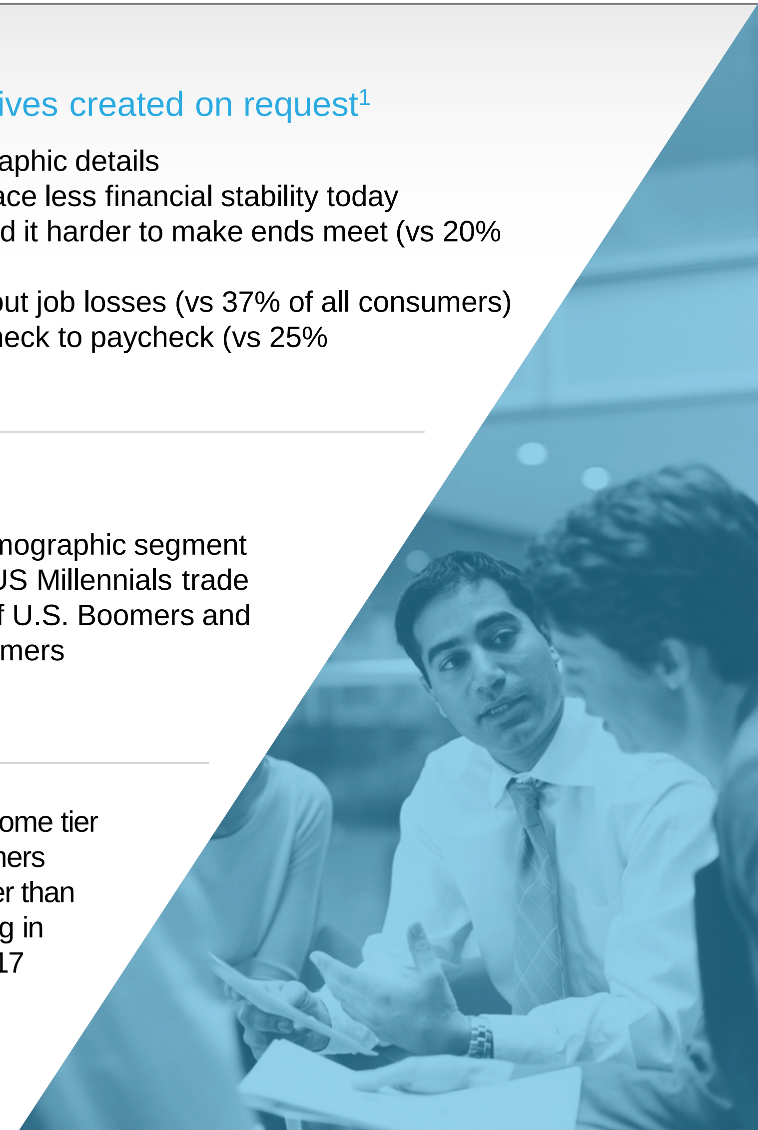
Asia:
Leadership: Paul McInerney, Naomi Yamakawa
Expert: Kapil Joshi



McKinsey & Company

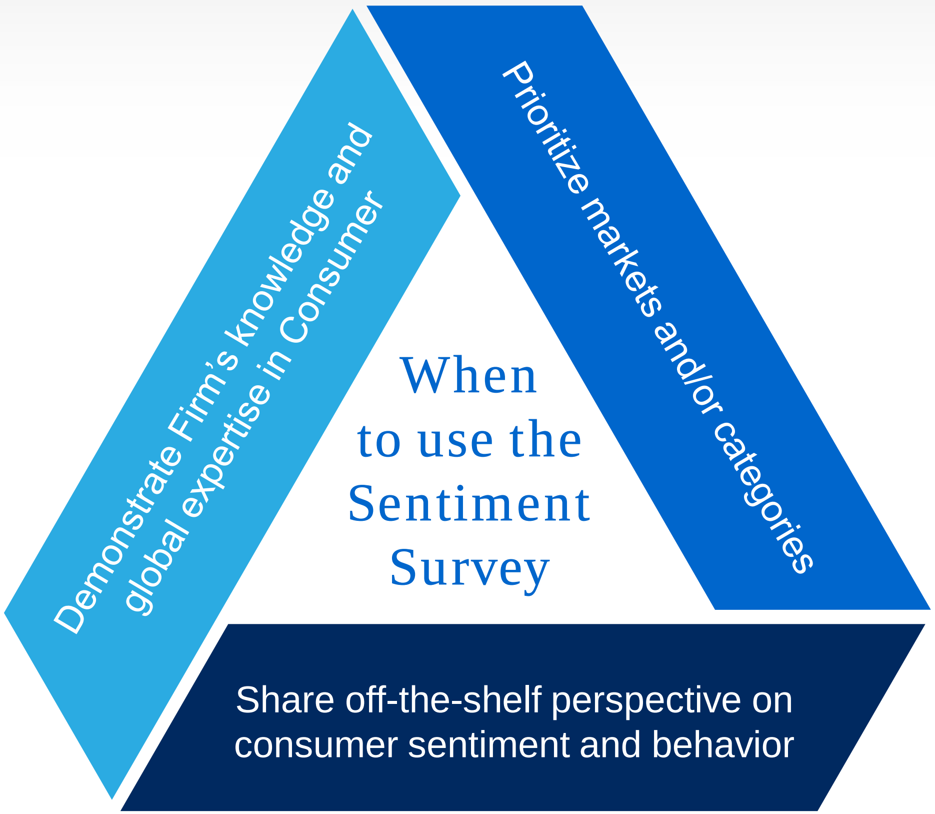
Survey data provides summarized perspectives as well as more granular insights tailored to client needs

Example	Summarized perspectives available in this report	Nuanced perspectives created on request[1]
Growth workshop for a beverage player	Financial sentiment and related ability to spend money	Regional and demographic details e.g., U.S. Hispanics face less financial stability today - 26% of Hispanics find it harder to make ends meet (vs 20% of all consumers) - 56% are worried about job losses (vs 37% of all consumers) - 33% are living paycheck to paycheck (vs 25% of all consumers)
Category growth strategy for an alcoholic beverage player	Trade off rates for alcoholic beverages	Trade off rates by demographic segment e.g. in 2017, 10% of US Millennials trade up in spirits vs 20% of U.S. Boomers and 15% of all U.S. consumers
Channel behavior details for a retail client	Stated net increases in spending for the US consumer	Channel behavior by income tier e.g. 33% of U.S. consumers with a HH income greater than $100K increase spending in the online channel in 2017 vs 18% of those making less than $50K

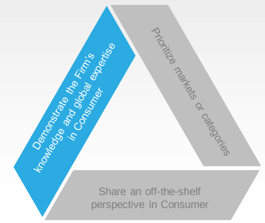


[1] Contact the experts listed on the leadership page for details

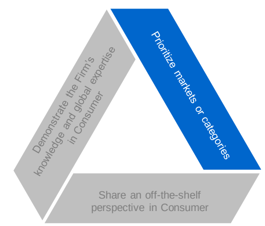
Survey insights can be shared with clients in different ways



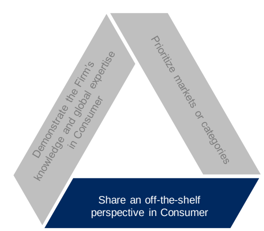
Examples



EU retailer engaged the Firm in the Middle East after seeing our knowledge of consumers in the region



Snack company created a dashboard for international expansion based on premiumization in salty snacks



Top tier U.S. buy-out firm used survey insights as a central point in client discussion

The Global Sentiment Survey has global reach and covers 80% of the world consuming class

McKinsey's Proprietary Annual Global Sentiment Survey

Americas

North America
- Canada
- United States

South America & Mexico
- Brazil
- Colombia
- Mexico
- Peru

Western Europe – North
- Germany
- Netherlands
- United Kingdom

Western Europe – South
- France
- Italy
- Spain

Eastern Europe, Middle East, and Africa

Eastern Europe
- Poland
- Russia

Turkey
- Turkey

Middle East
- Egypt
- Pakistan
- Saudi Arabia
- United Arab Emirates

Africa
- Kenya
- Nigeria
- South Africa

Asia Pacific

Developed Asia
- Australia
- Japan
- South Korea

Mainland China
- Mainland China

Other Asia
- India
- Indonesia
- Thailand

28k *respondents*

Note
Canada, Netherlands, Spain, and Nigeria are newly added in 2017