McKinsey&Company

Middle Eastern Sentiment Survey

MCKINSEY 2018 GLOBAL SENTIMENT SURVEY – RESULTS FOR THE MIDDLE EAST

January, 2018

WORKING DRAFT
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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 Sep 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

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

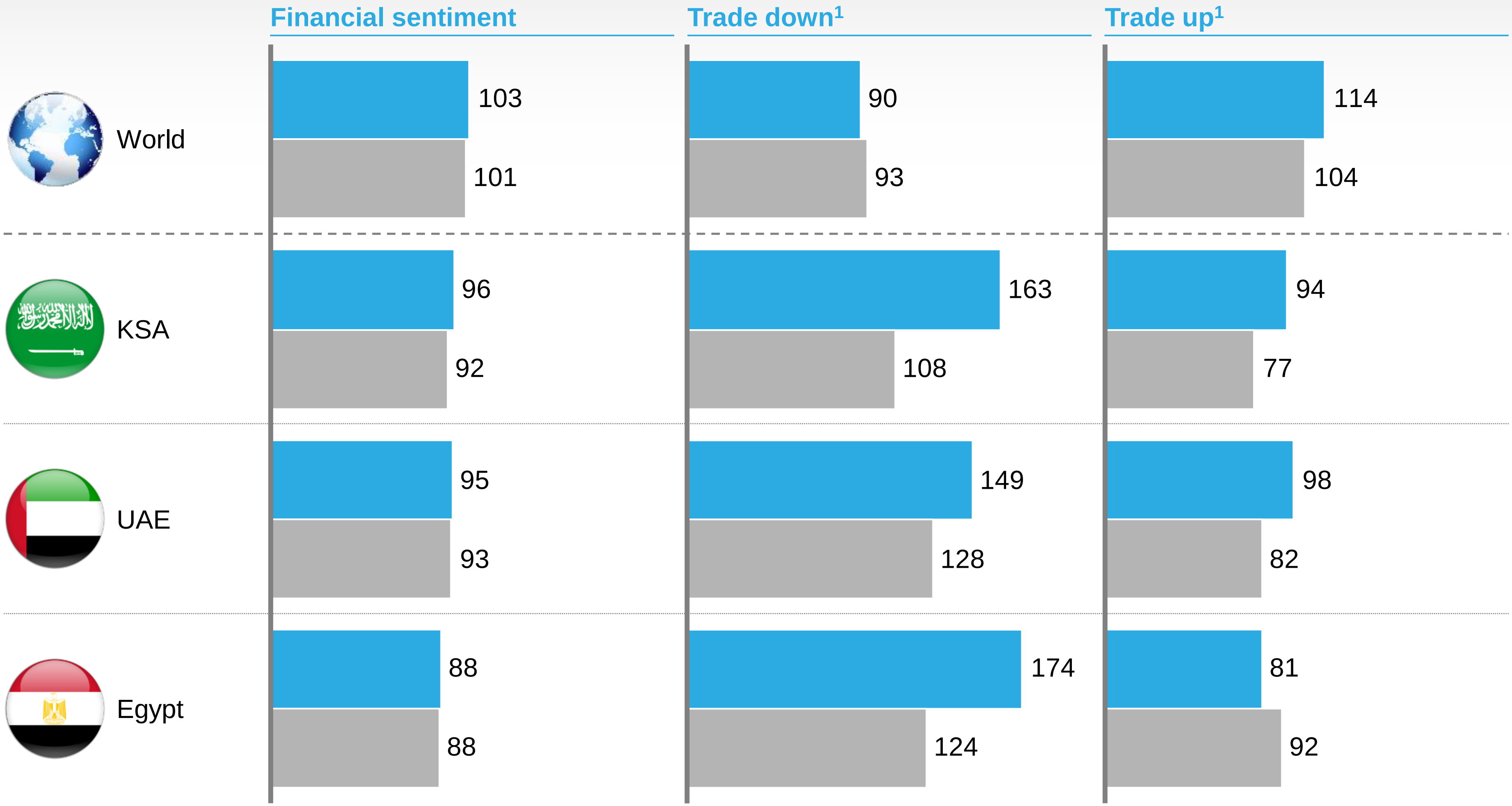
28k *respondents*

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

2016 2017

Financial Sentiment is improving in the Middle East with implications for levels of trading up/down

Index 2015 = 100



[1] In standard shopping basket of FMCG categories
[2] Pakistan cannot be indexed as the data is available for 2017 only

SOURCE: McKinsey 2016-18 Consumer Sentiment Survey

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]

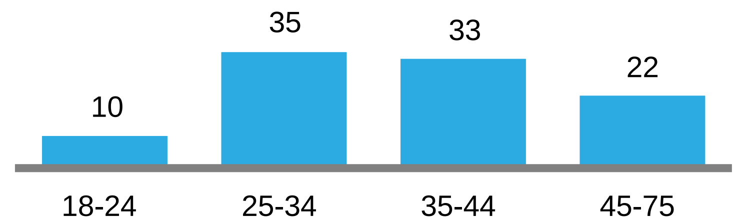
Expats	Nationals
36%	64%

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

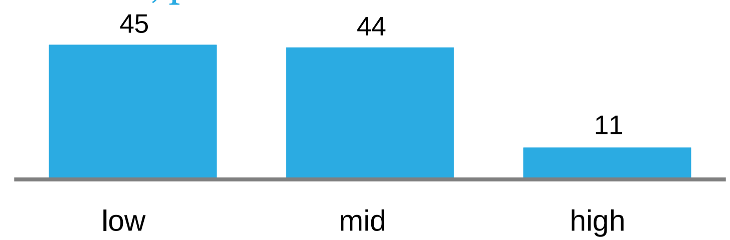
Gender

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

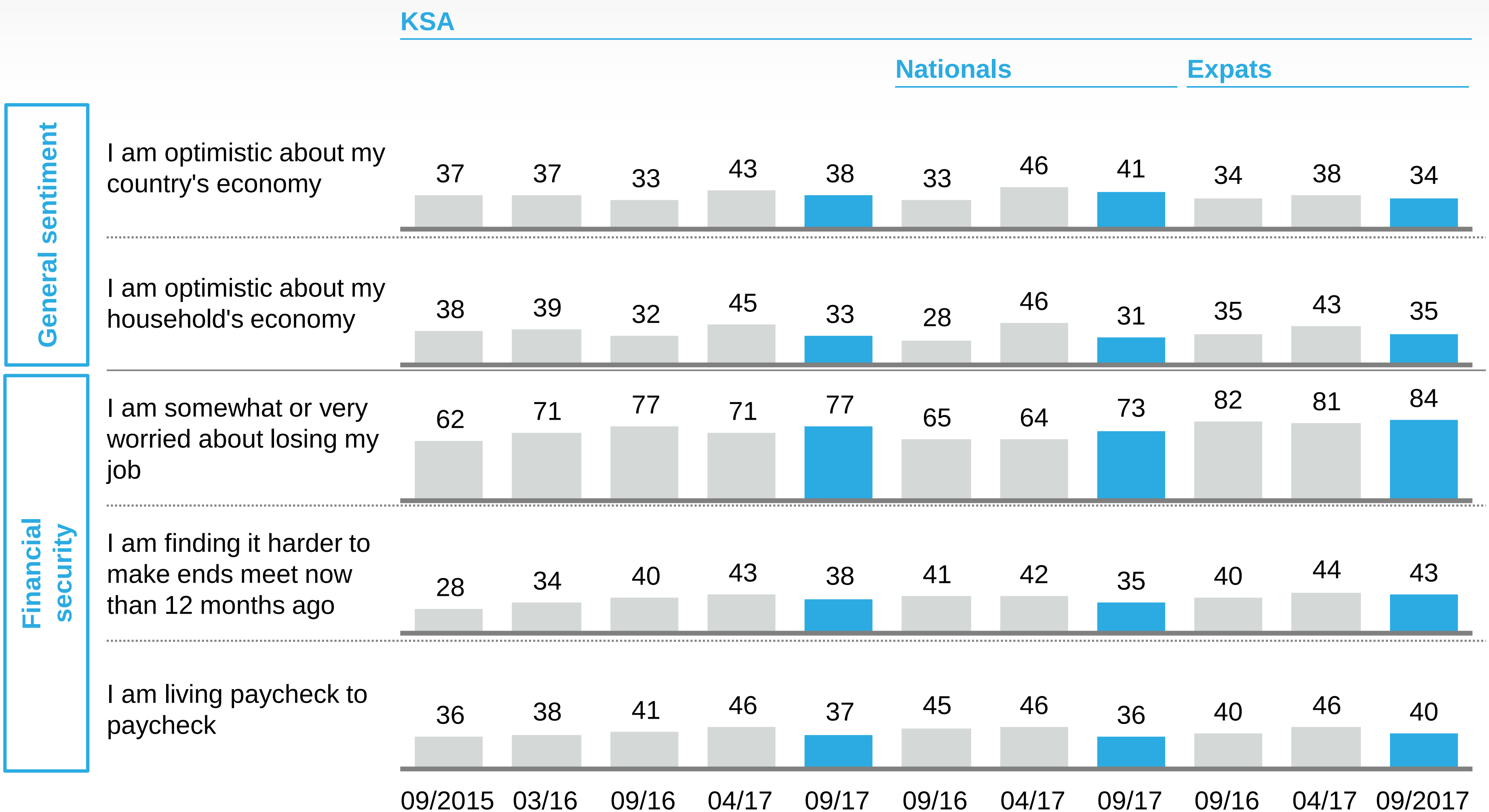
[2] weighted percentages

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

KSA consumers report improved financial sentiment

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement

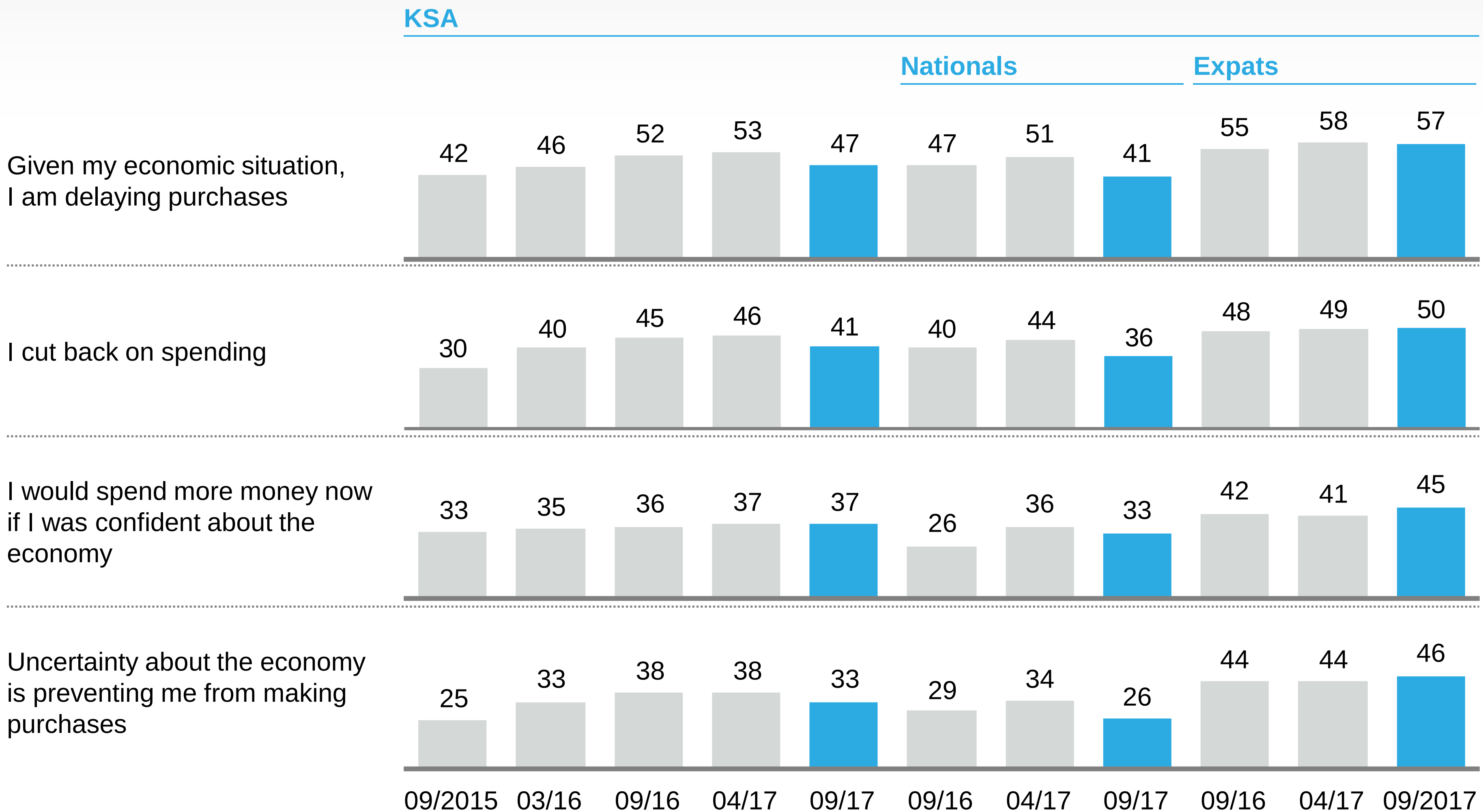


SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

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



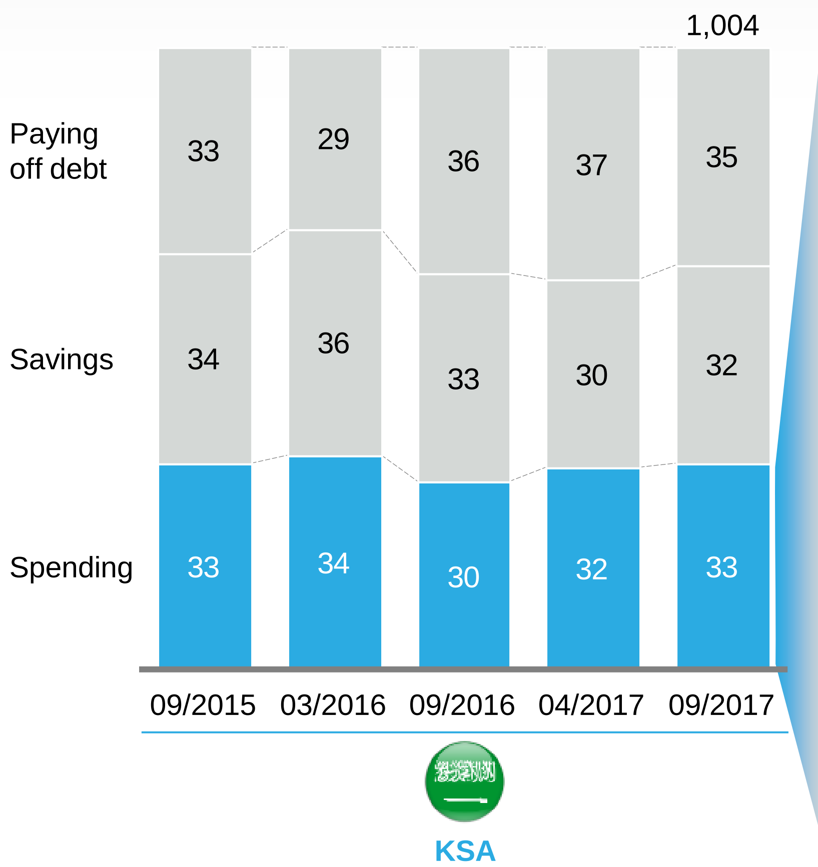
SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Extra money allocated toward spending

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

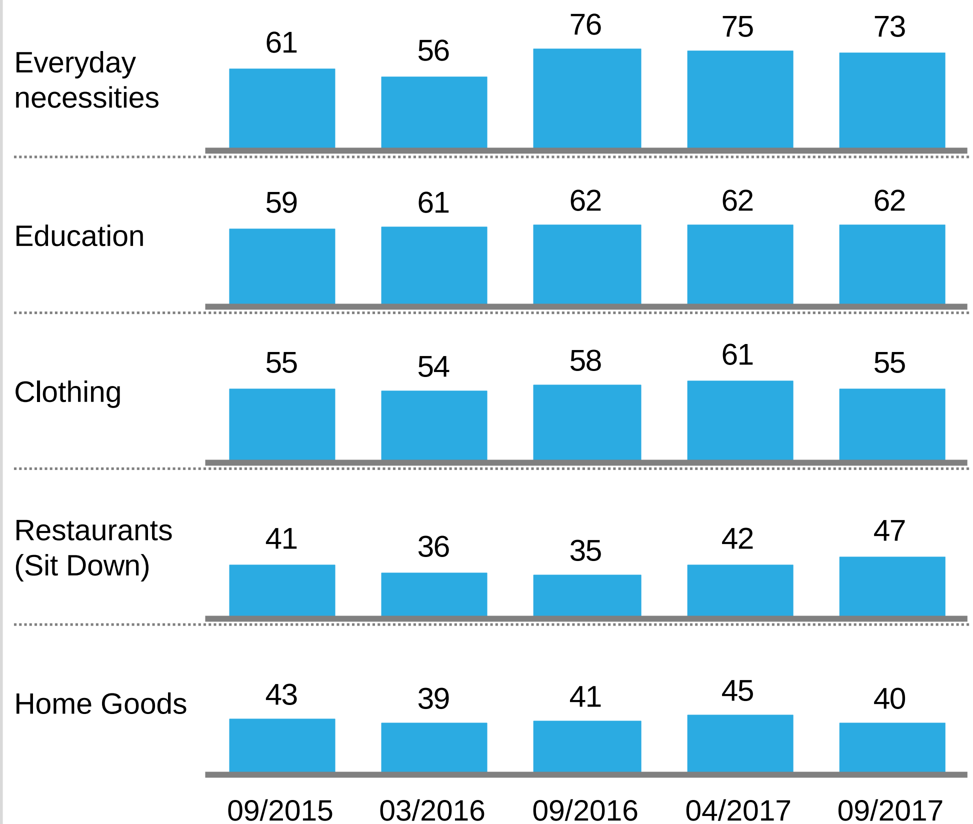
If I earned 10% more next year, I would put it towards

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

45% of trade down leads to happy consumers (vs 41% in Sept 2016) and only 46% of consumers desire to go back to their old brands (44% 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

KSA

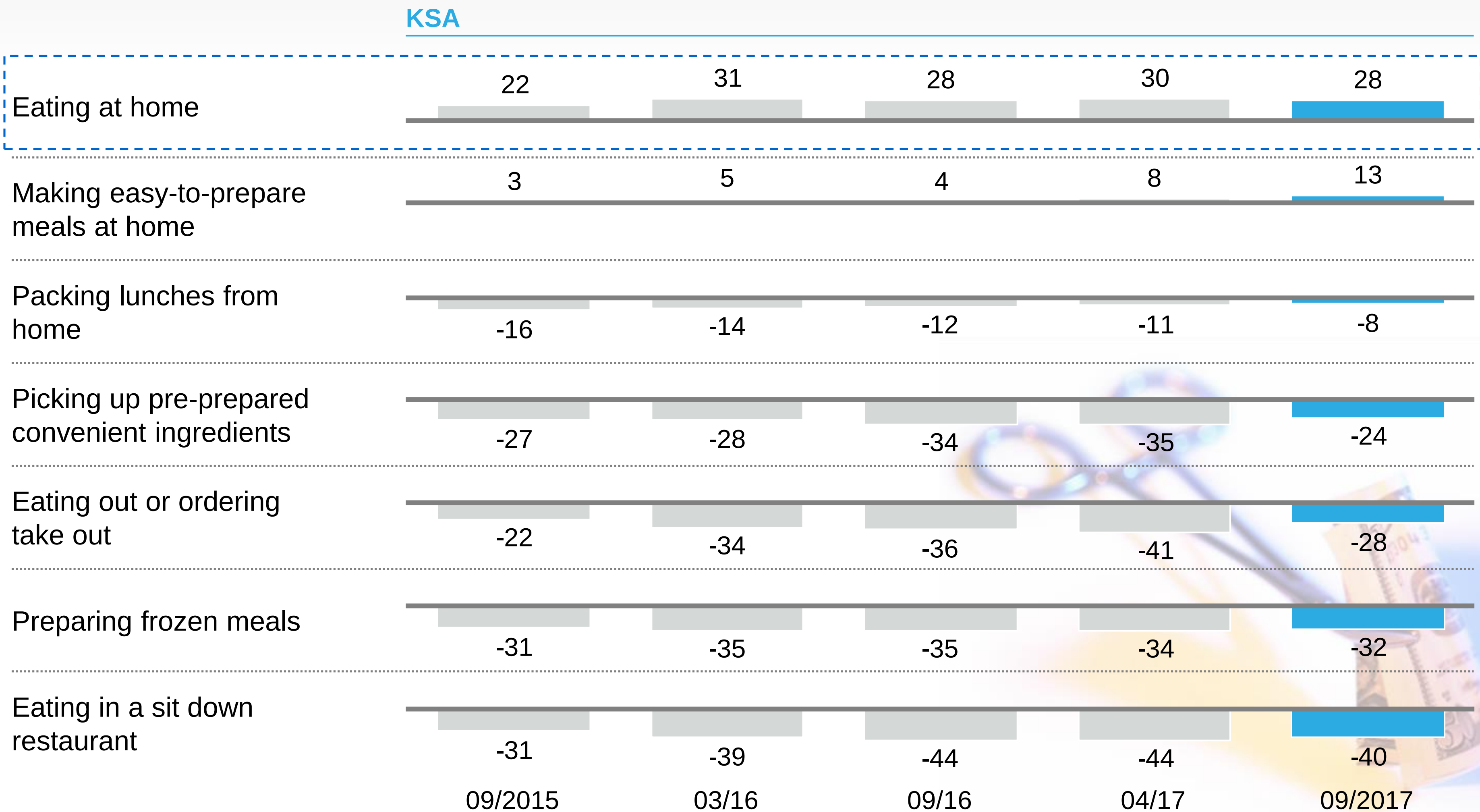
	09/2015	03/16	09/16	04/17	09/2017
I am increasingly looking for ways to save money	44	53	52	56	52
I am looking for sales and promotions	40	43	52	54	49
I am delaying purchases	42	46	52	53	47
I shop around to get the best deals	37	43	46	46	44
I am paying more attention to prices	35	39	44	46	44
I wait for products to go on sale	30	34	39	40	40
I use coupons and loyalty cards more often	19	21	27	35	34
I buy more in bulk	23	26	32	29	28

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

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



Savvy cost-cutters

1 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

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

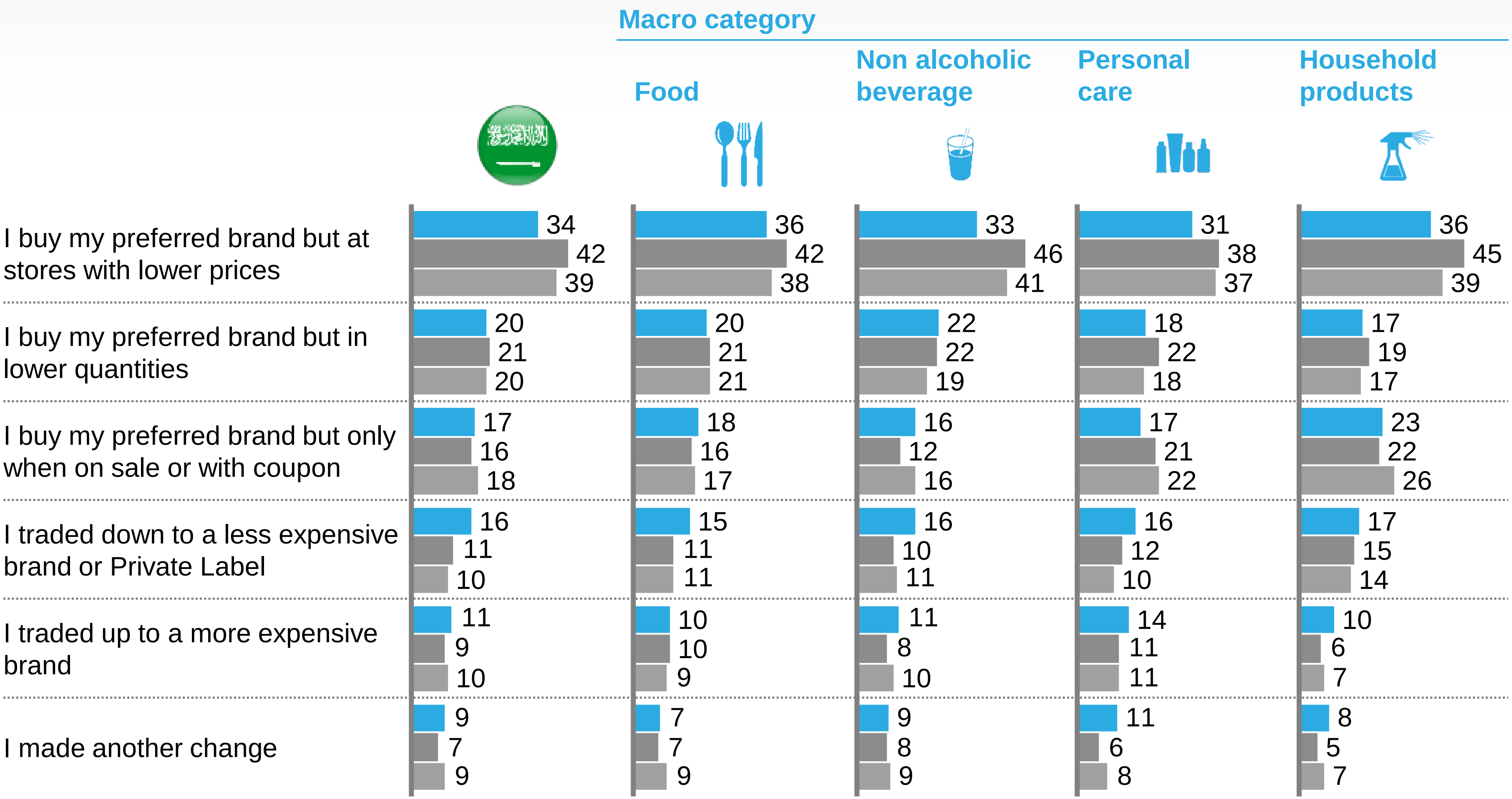
SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

09/2016 04/2017 09/2017

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

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

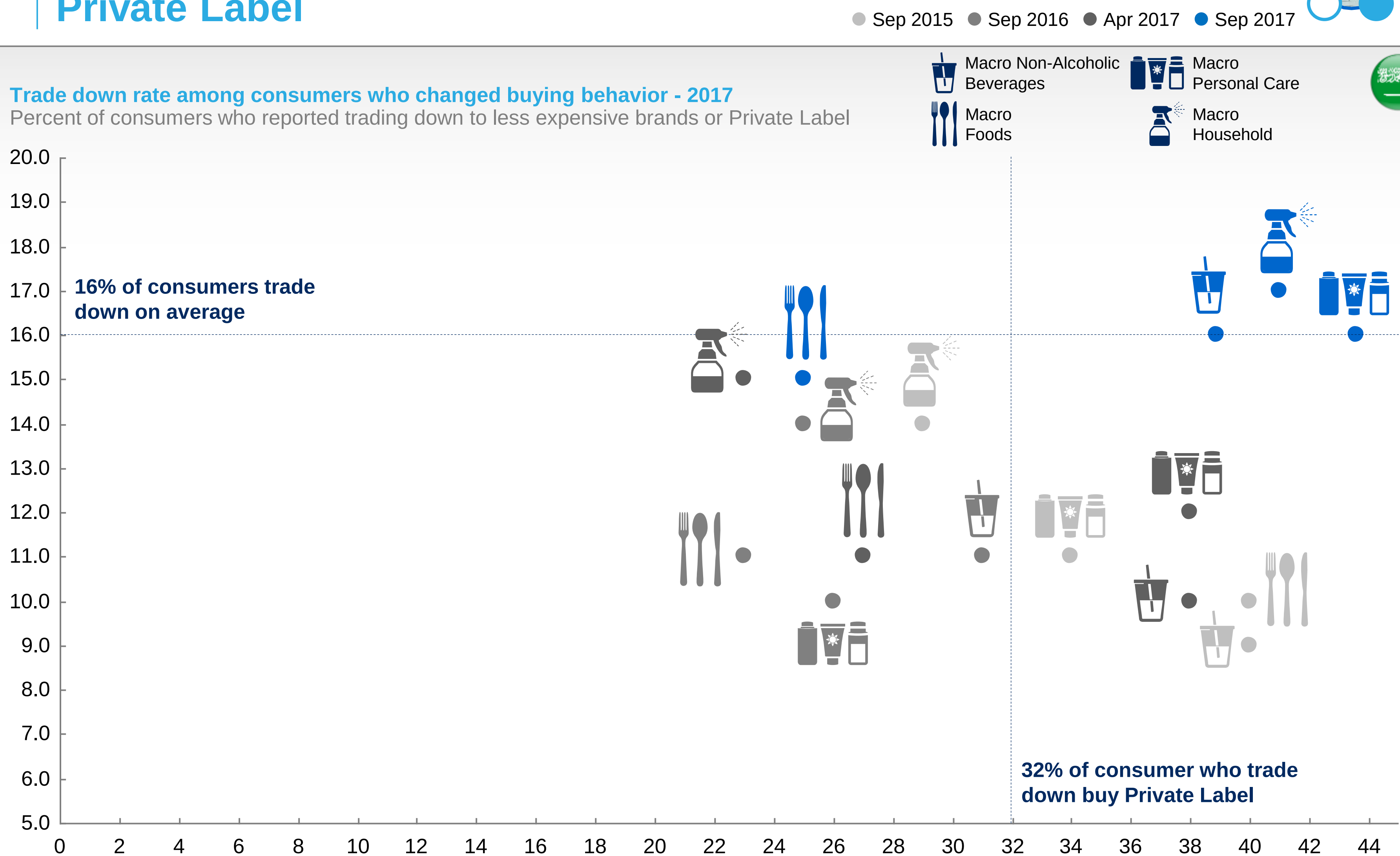
	09/2015 Trade down	09/2015 Trade up	03/2016 Trade down	03/2016 Trade up	09/2016 Trade down	09/2016 Trade up	04/2017 Trade down	04/2017 Trade up	09/2017 Trade down	09/2017 Trade up
Standard shopping basket										
Fresh Produce	9	20	16	16	9	11	14	9	18	9
Salty Packaged Snacks	7	13	8	9	11	6	8	9	17	8
Ice 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

Selective splurgers

3 16% of consumers trade down overall; 32% of this group buy Private Label

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

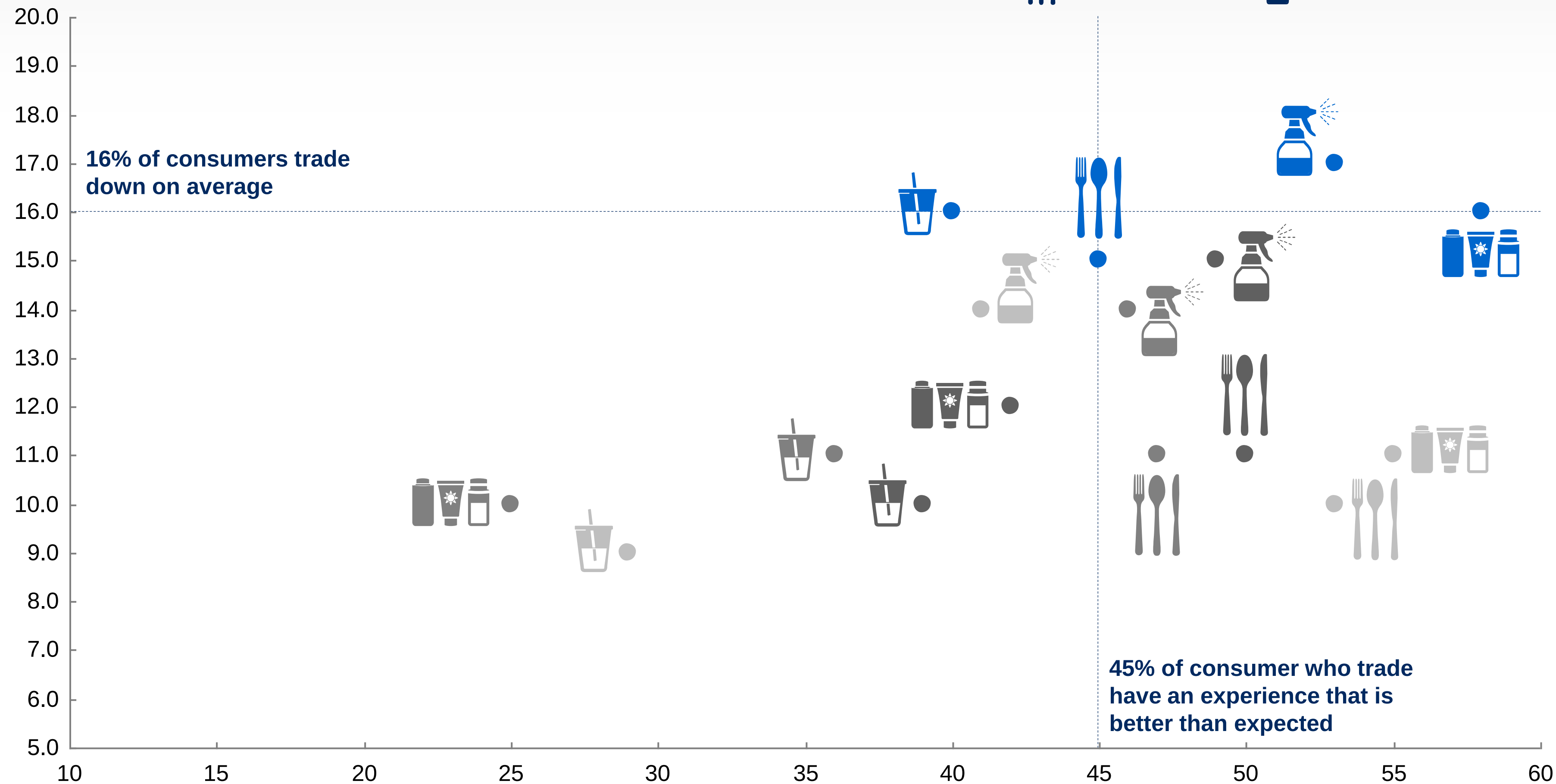
On average, 45% of trade down leads to happy consumers

Sep 2015 · Sep 2016 · Apr 2017 · Sep 2017

Macro Non-Alcoholic Beverages · Macro Personal Care · Macro Foods · Macro Household

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

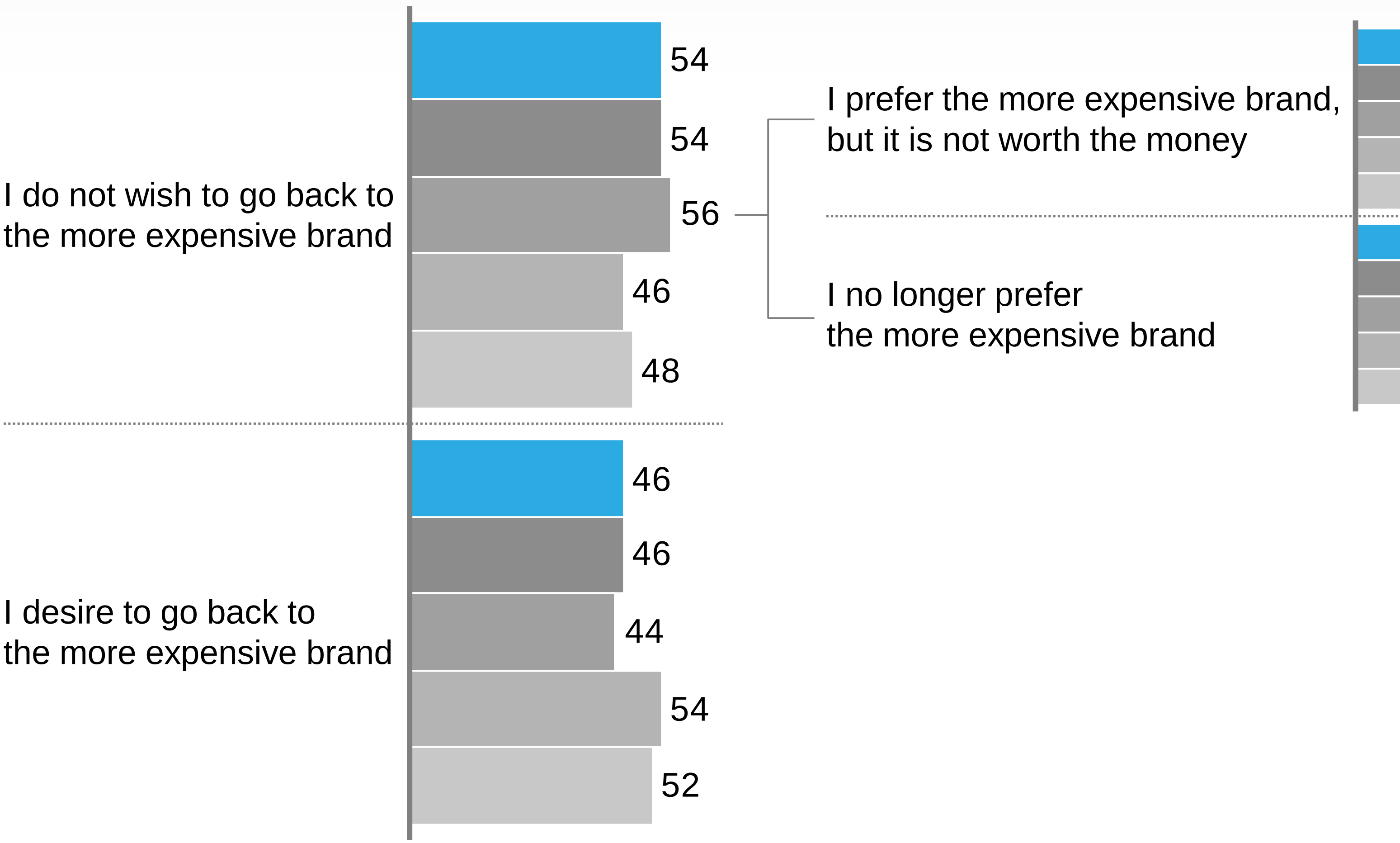
4 Trade-down converts

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

KSA



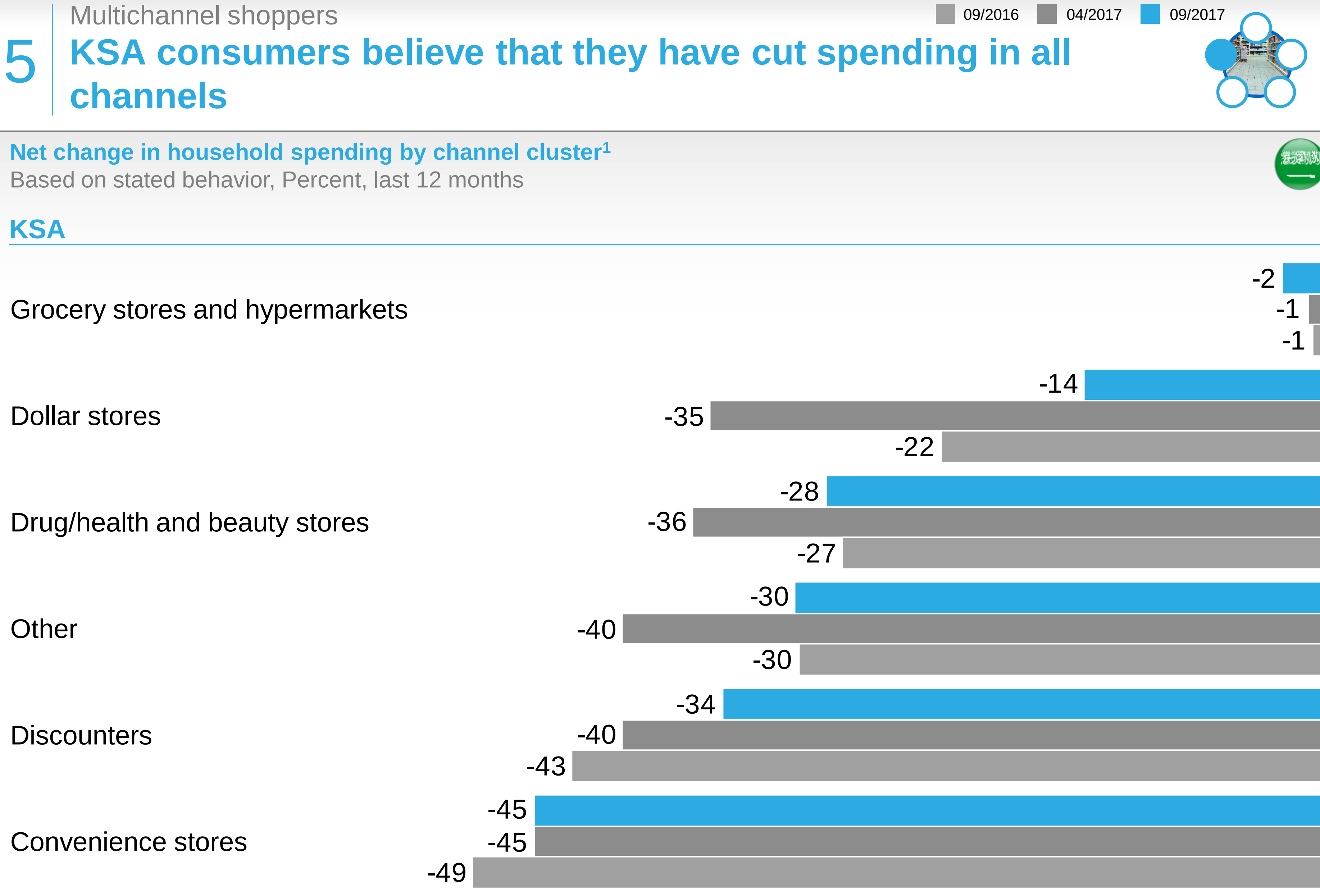
SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

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



SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Content

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- **UAE results**
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- Pakistani results

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

1,003

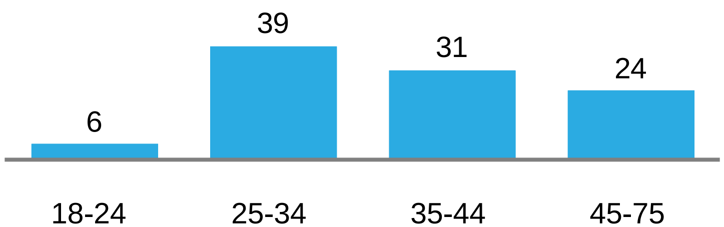
Respondents[1]

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

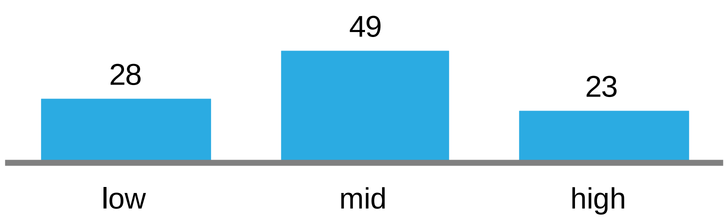
56%

44%

Age, percent

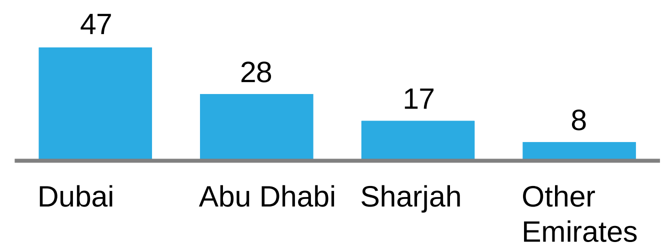


Income, percent



Additional split available by region

Region, percent



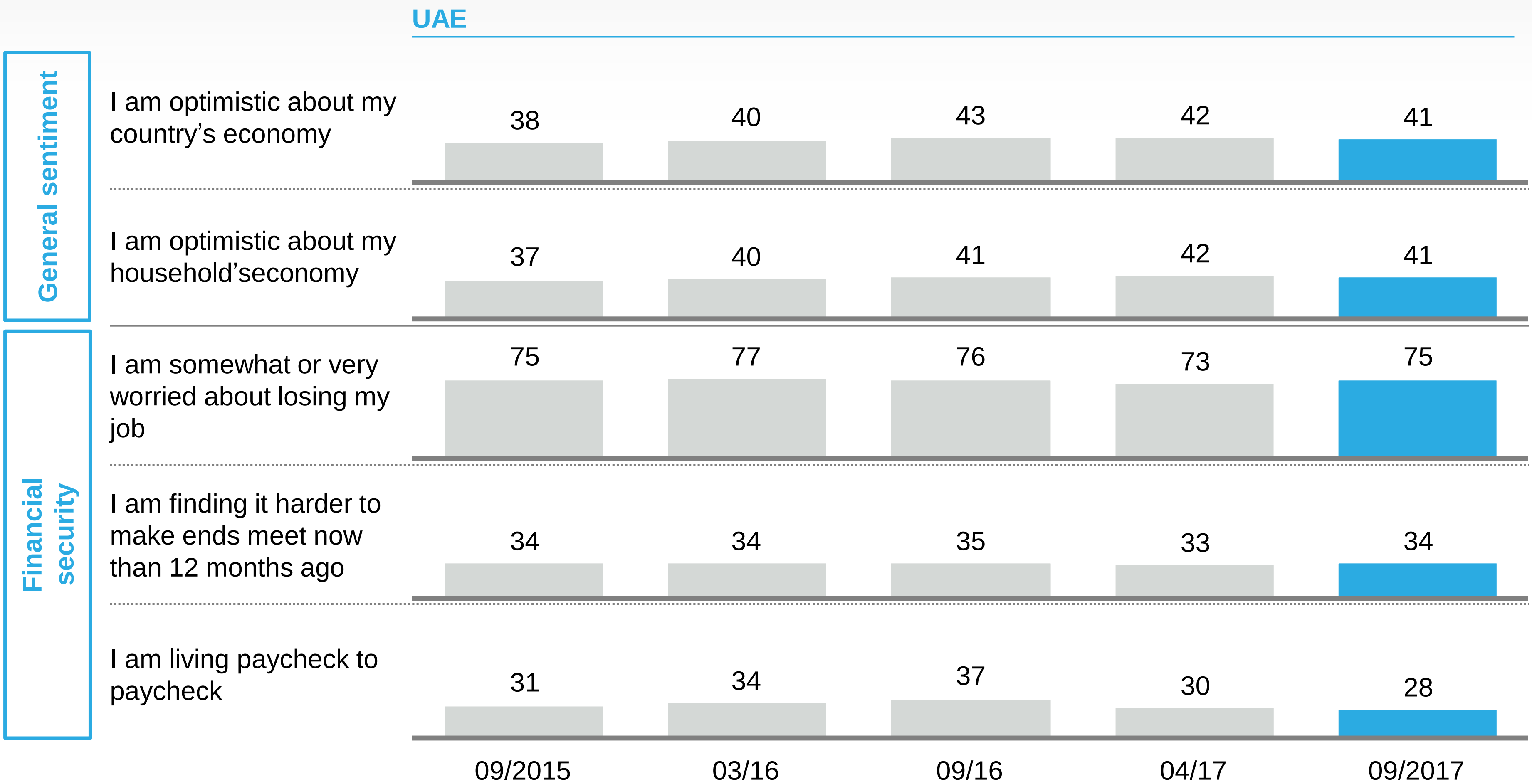
1 700 respondents in April 2017, 1,000 in September 2016, 700 in March 2016, and 358 in September 2015
2 weighted percentages

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Sentiment of UAE consumers is constant, yet fewer claim to be living paycheck to paycheck

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement

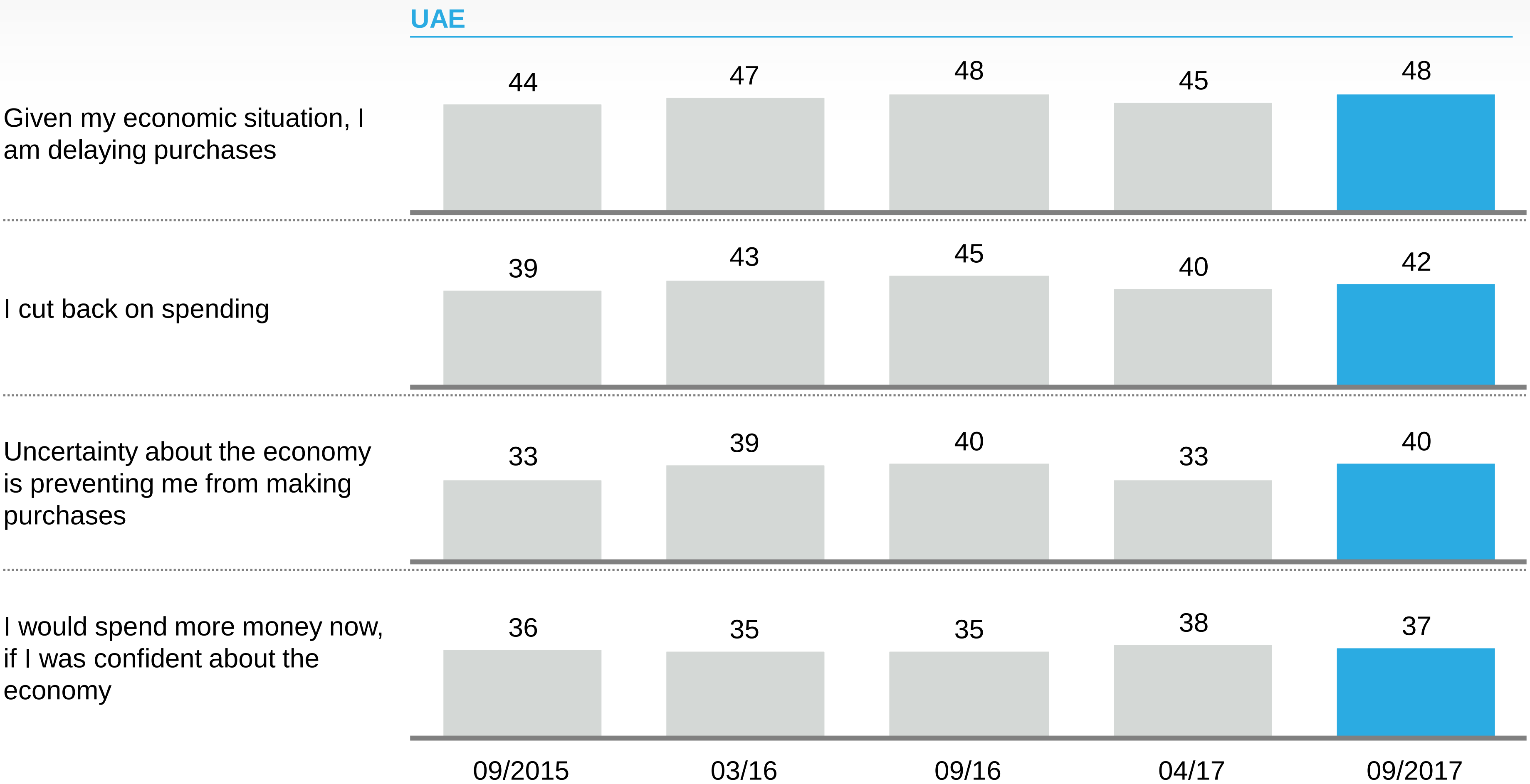


SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

UAE consumers are less cautious when making financial decisions today than in September 2016

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement

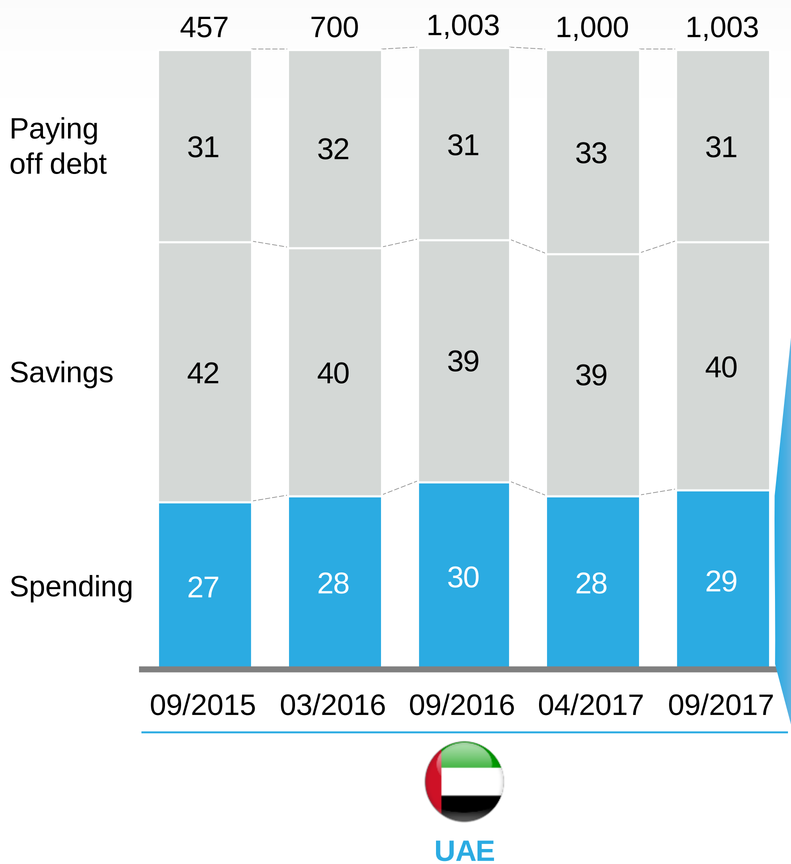


SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

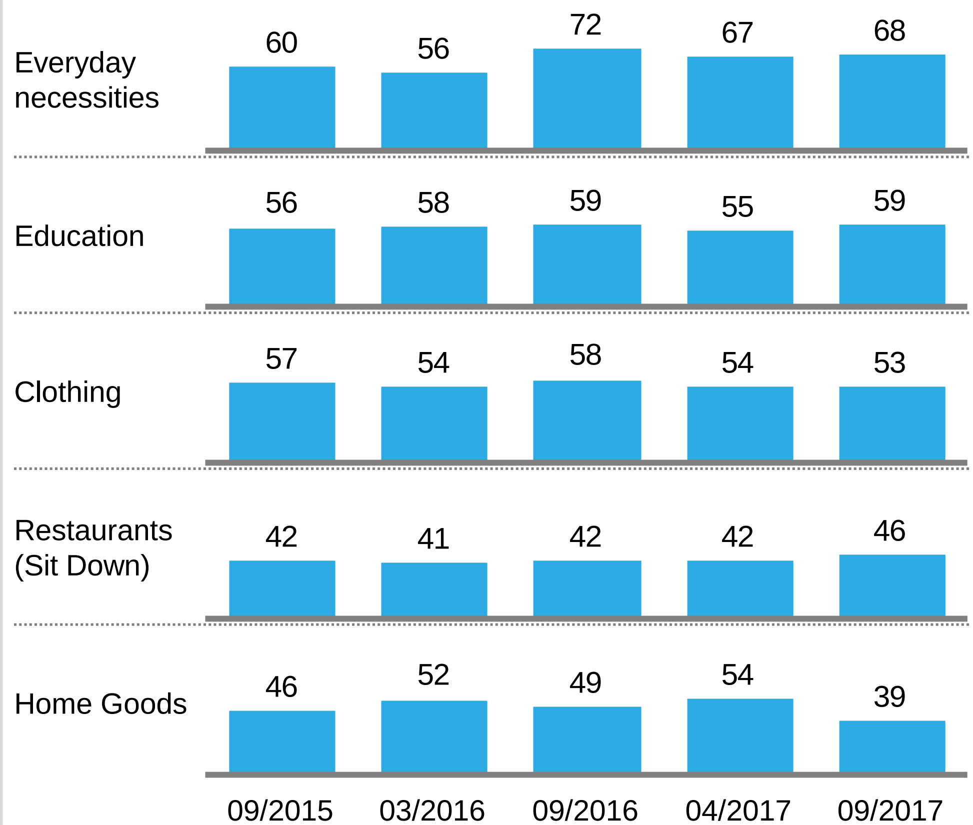
Even if incomes increase, UAE consumers do not plan to spend more than 29% of it

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

41% of trade down leads to happy consumers and only 46% of consumers desire to go back to their old brands

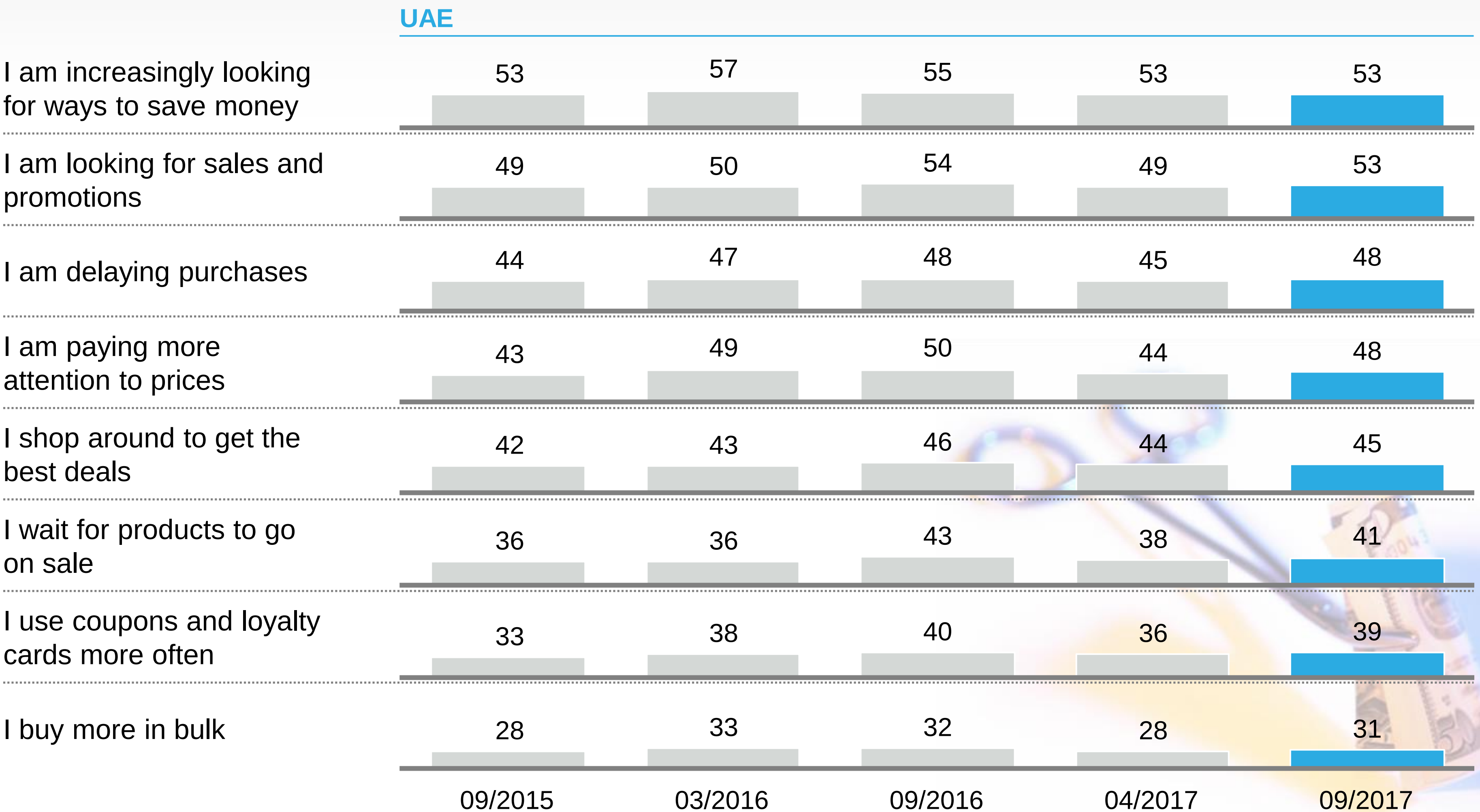
5 Multichannel shoppers

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

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Fewer UAE consumers are changing their behavior to save

Consumers agreeing/strongly agreeing over the last 12 months
Percent



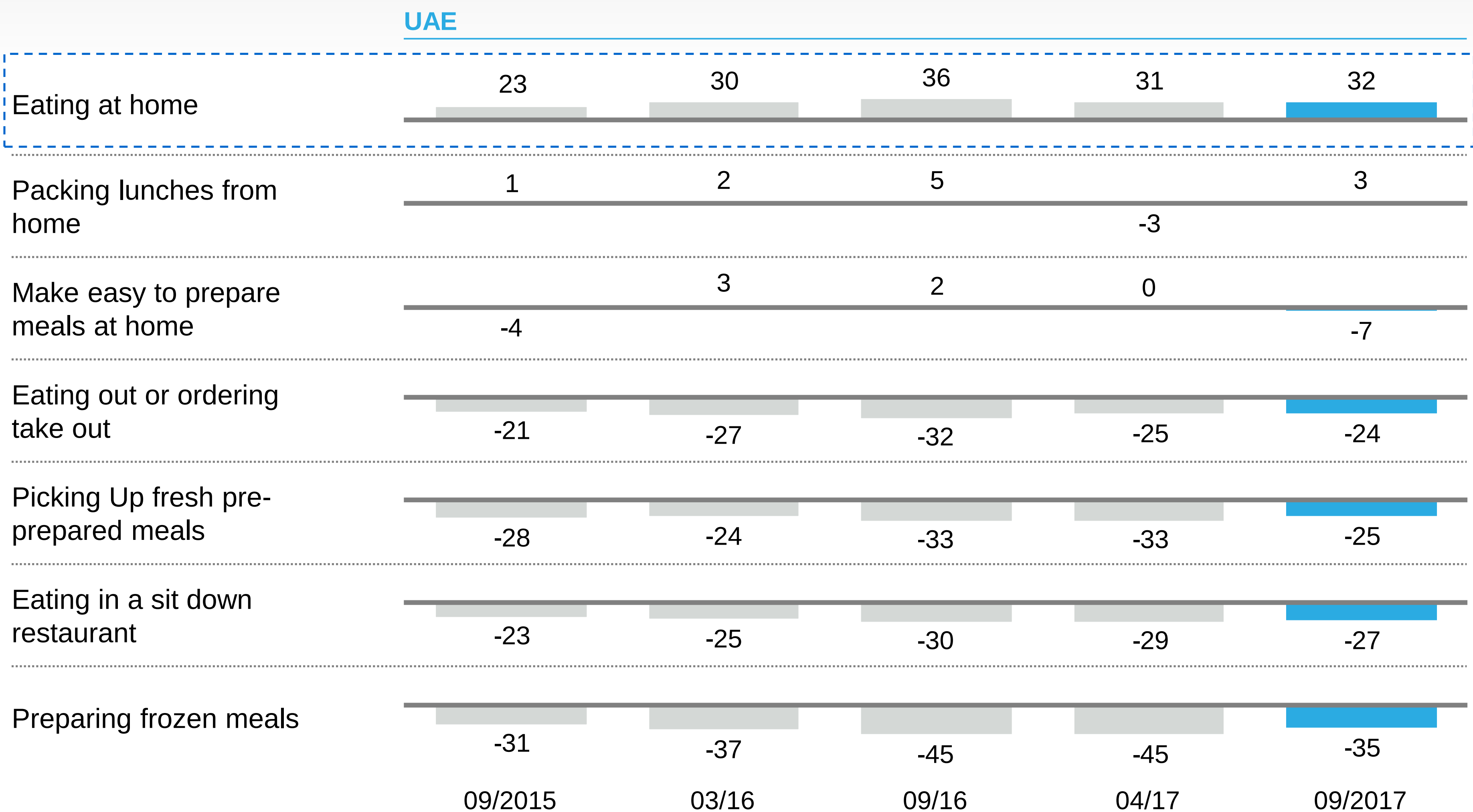
SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Savvy cost-cutters

1 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

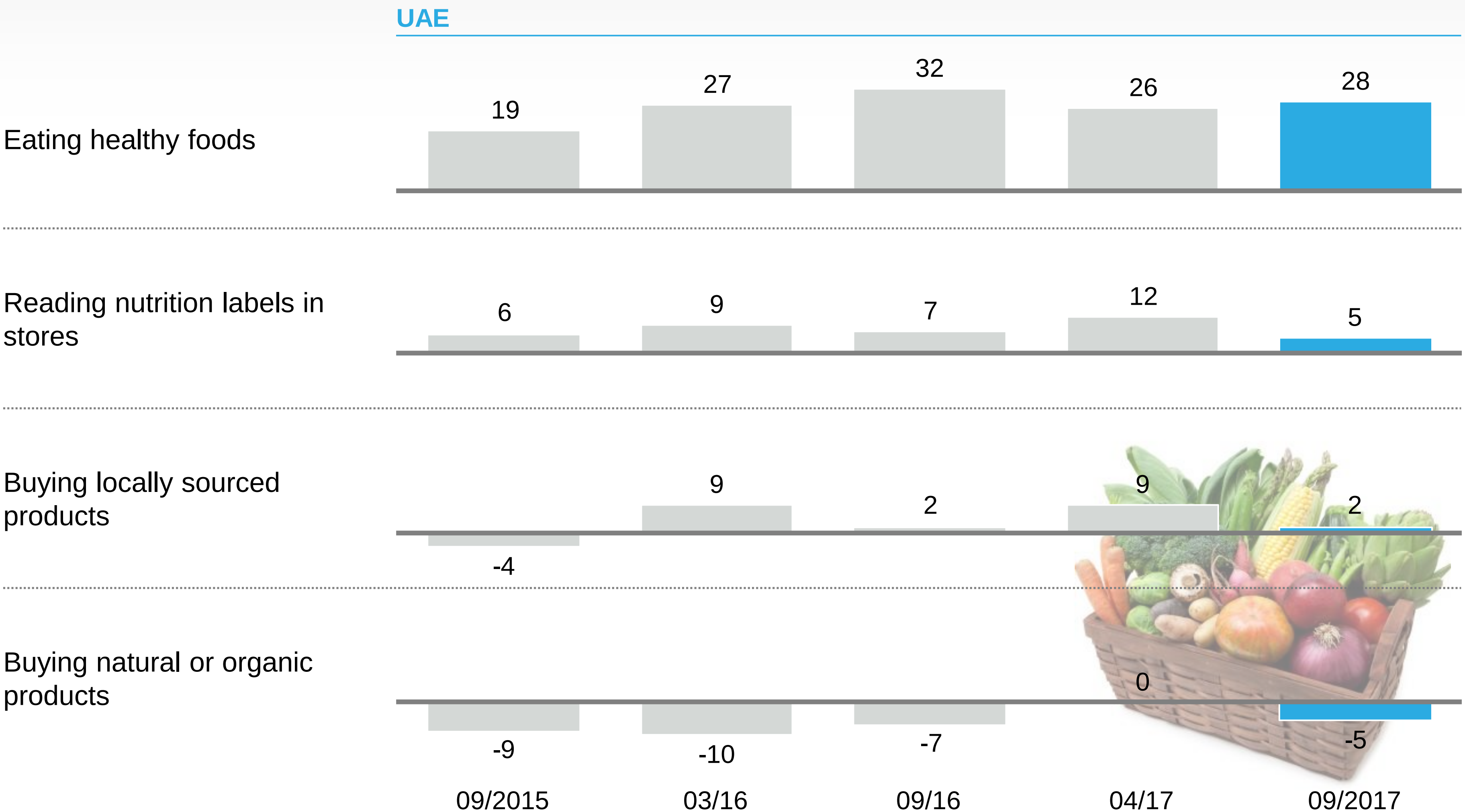


SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

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

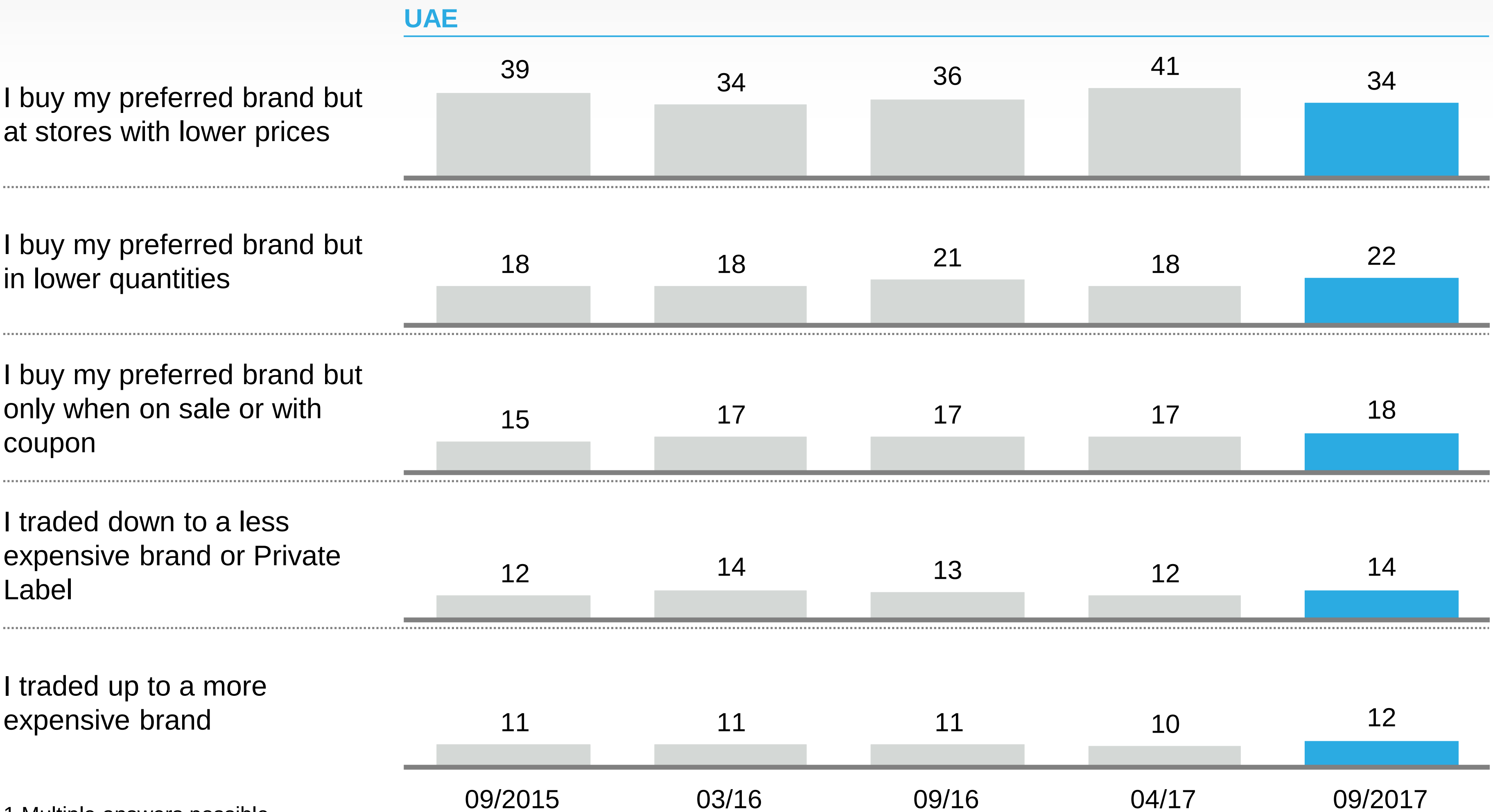


SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

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



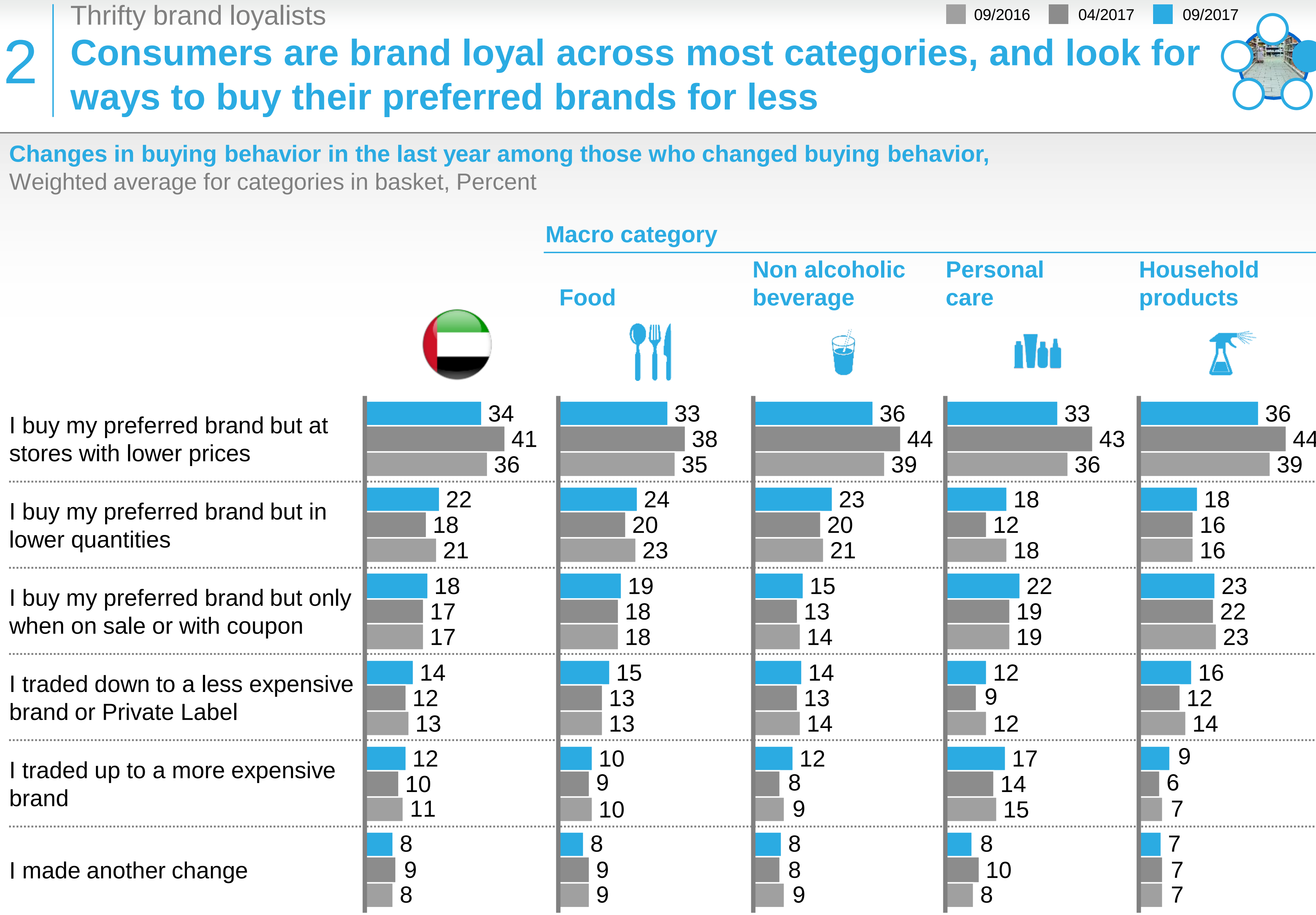
1 Multiple answers possible

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

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

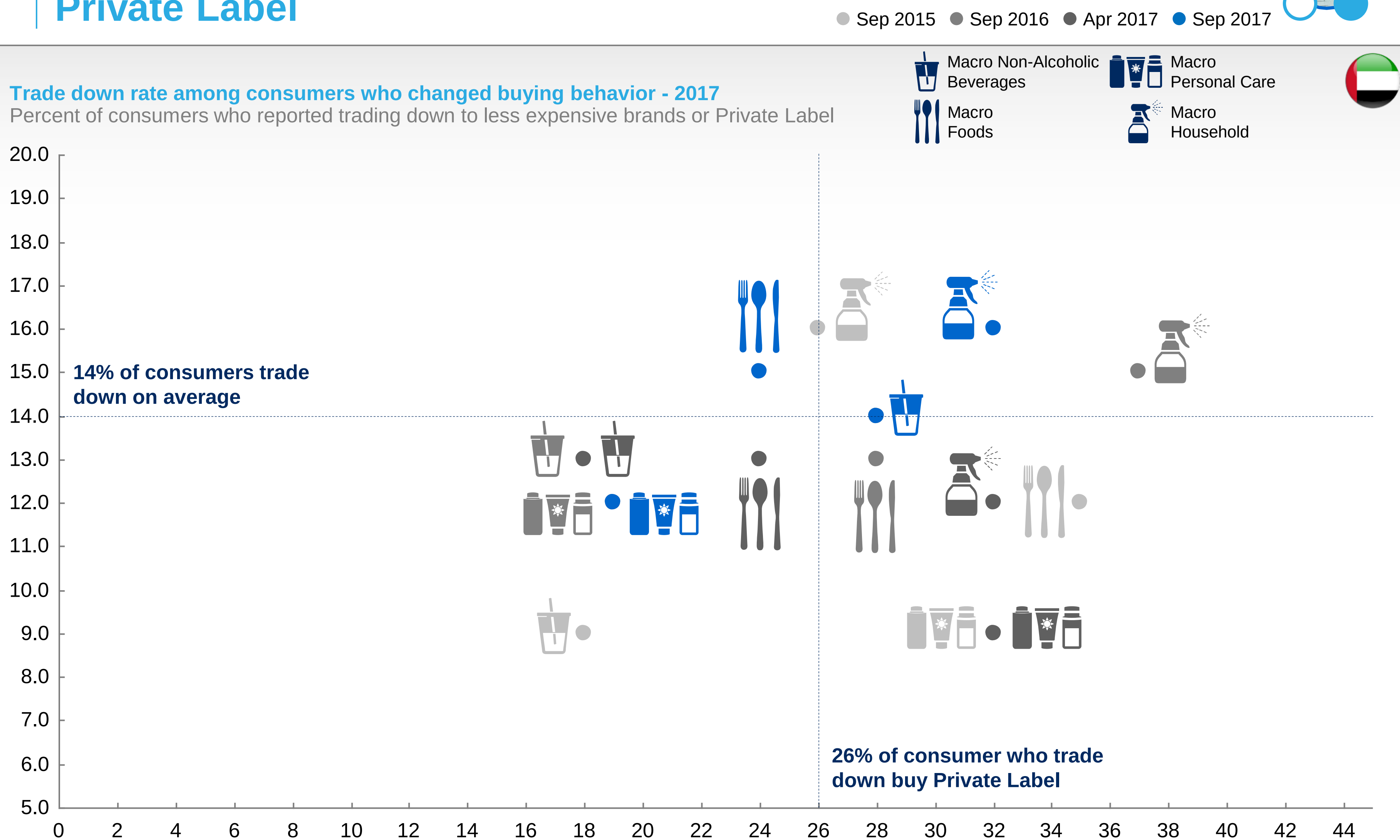
UAE

	09/2015 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
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

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

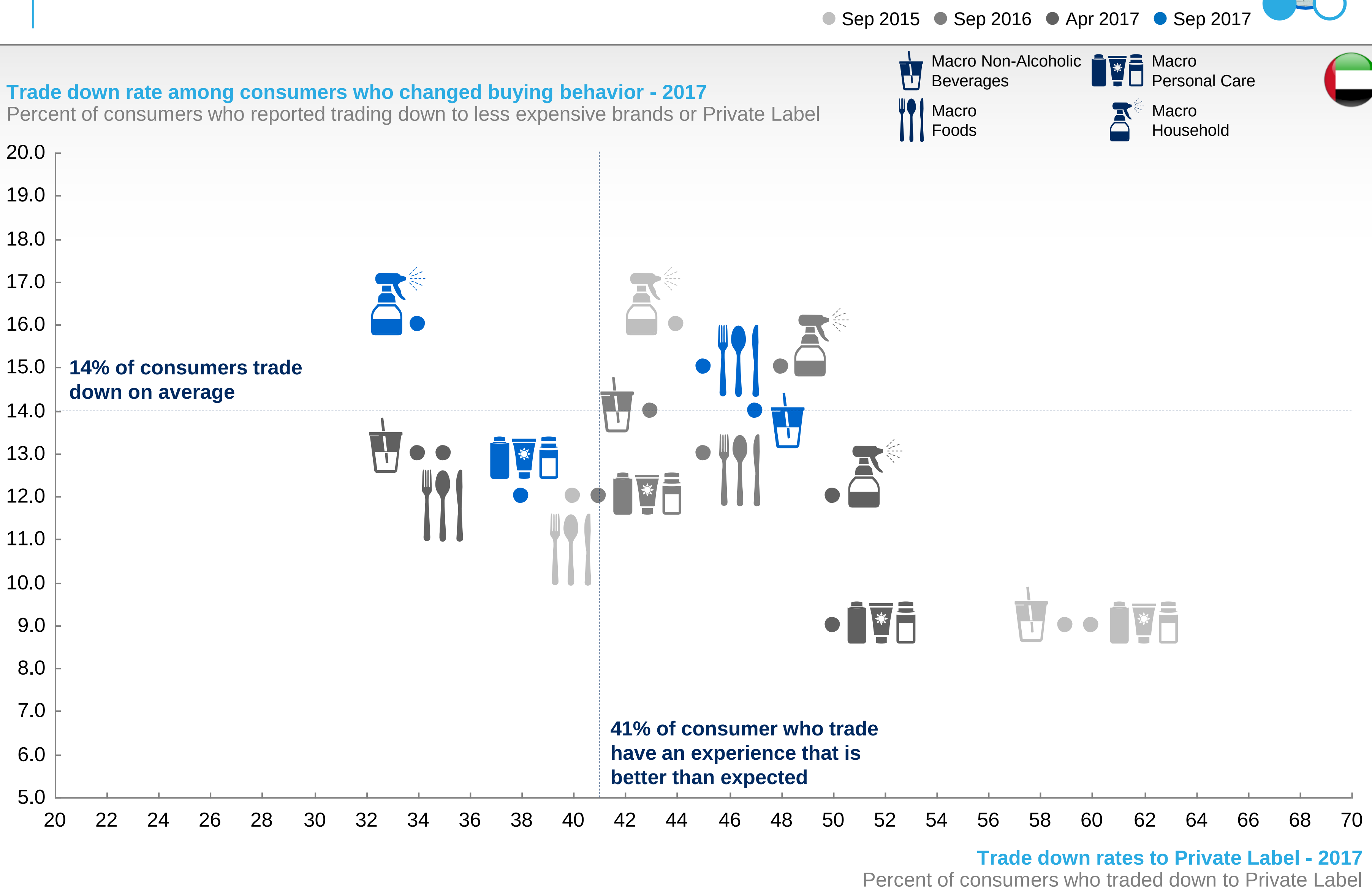
Trade down rate among consumers who changed buying behavior - 2017
Percent of consumers who reported trading down to less expensive brands or Private Label



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

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

On average, 41% of trade down leads to happy consumers



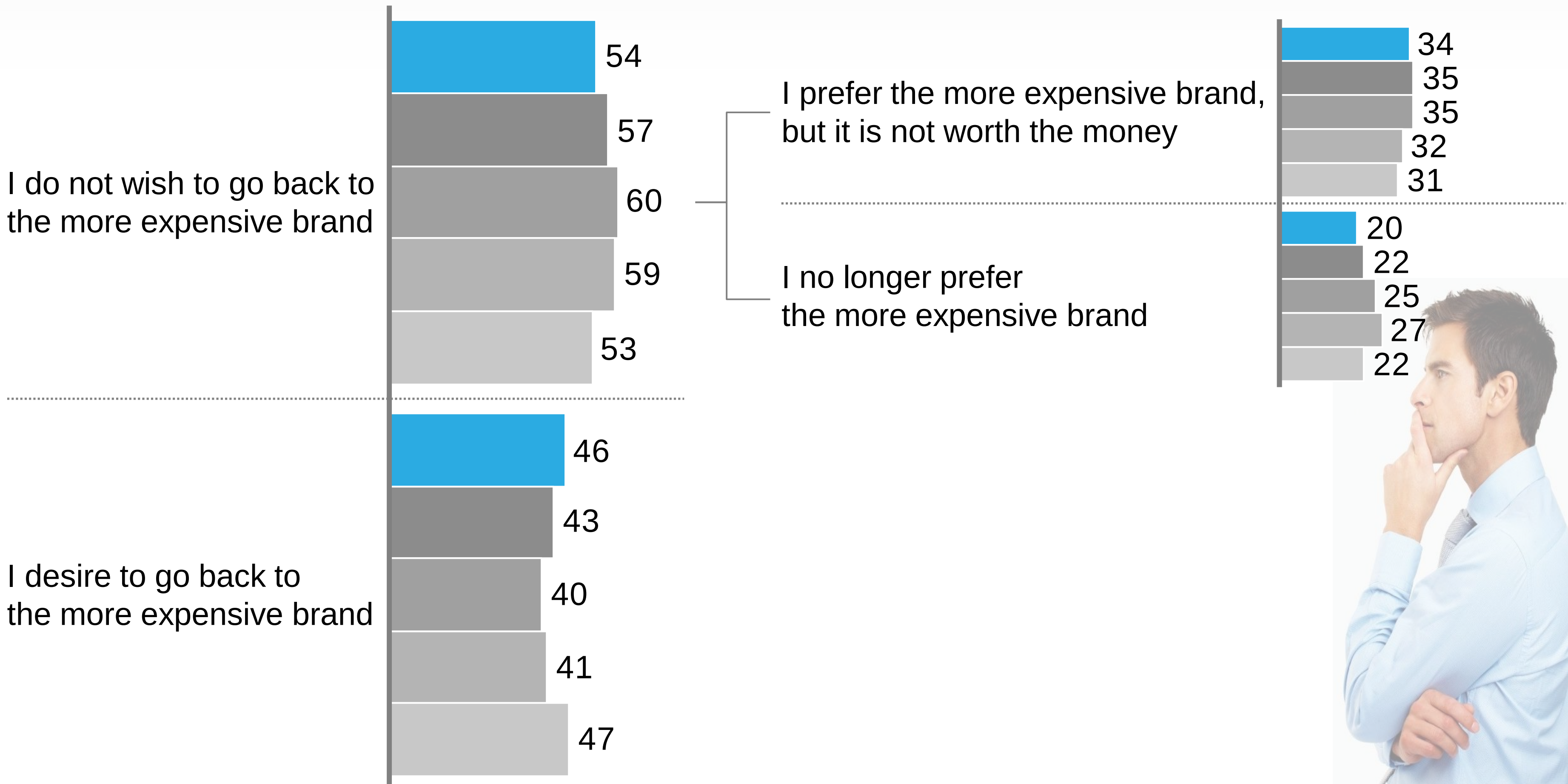
SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

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



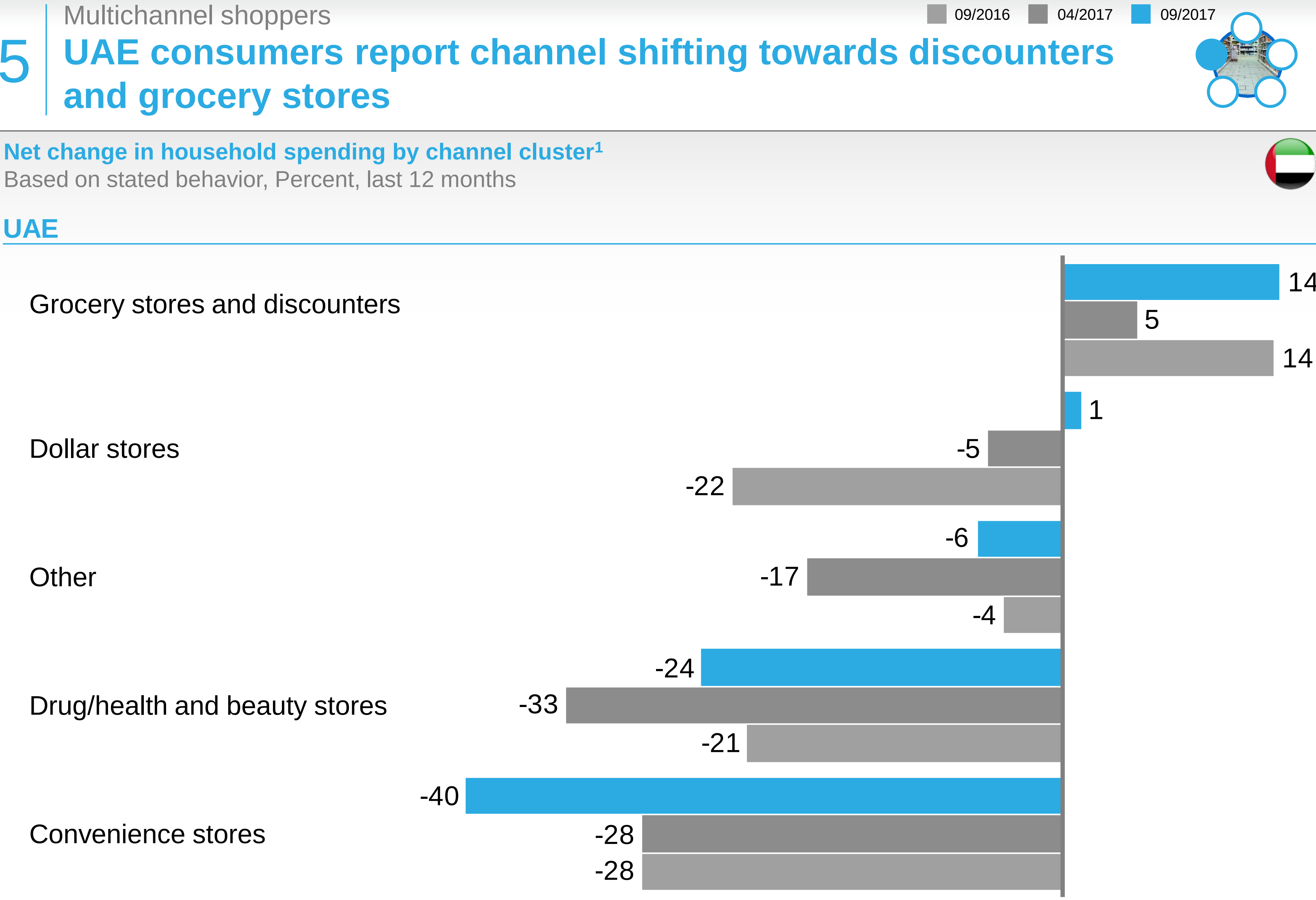
SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

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

SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Content

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

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

1,000

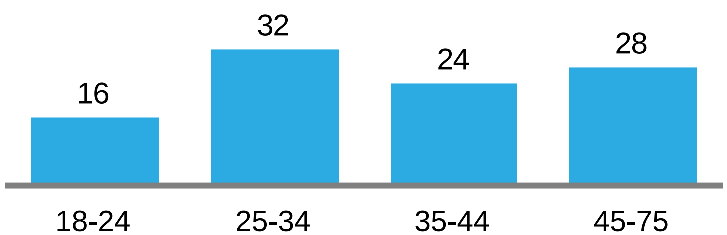
Respondents[1]

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

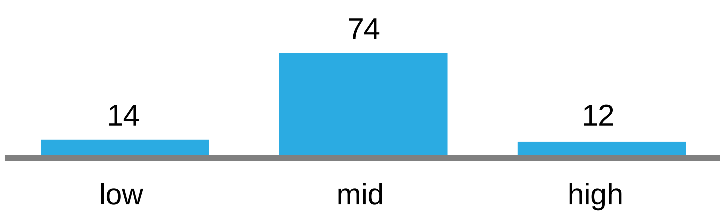
69%

32%

Age, percent

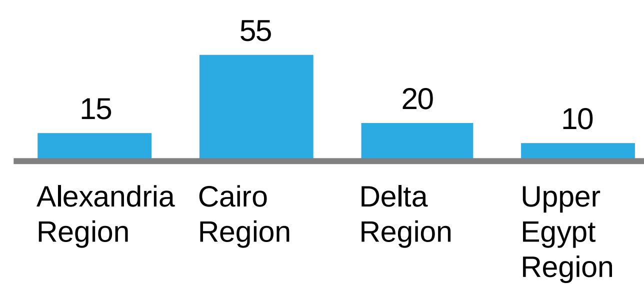


Income, percent



Additional split by region

Region, percent



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

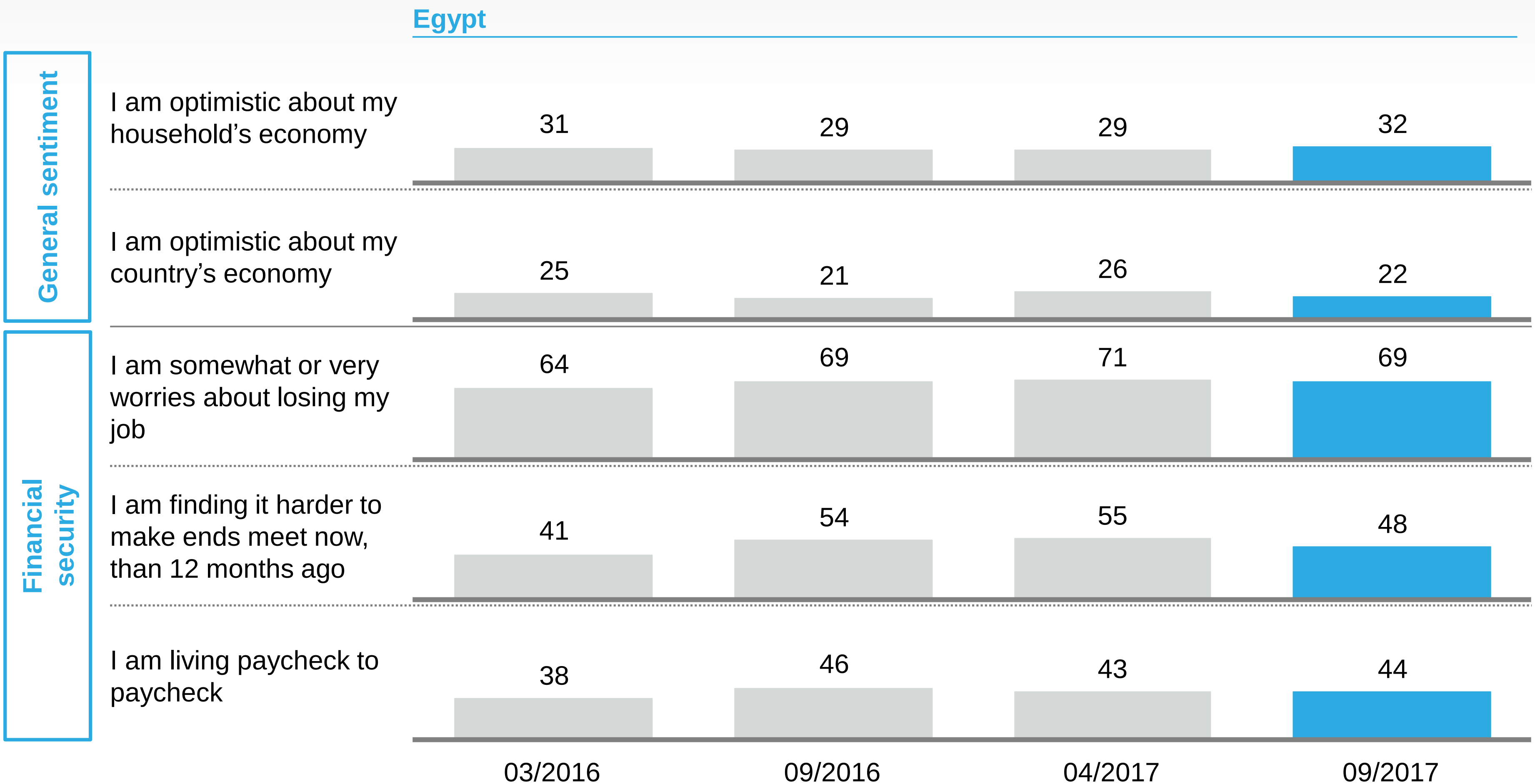
[2] weighted percentages

SOURCE: McKinsey 2016-2018 McKinsey Global Sentiment Survey

Egyptian consumers are more optimistic about the economy today than in September 2016

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement

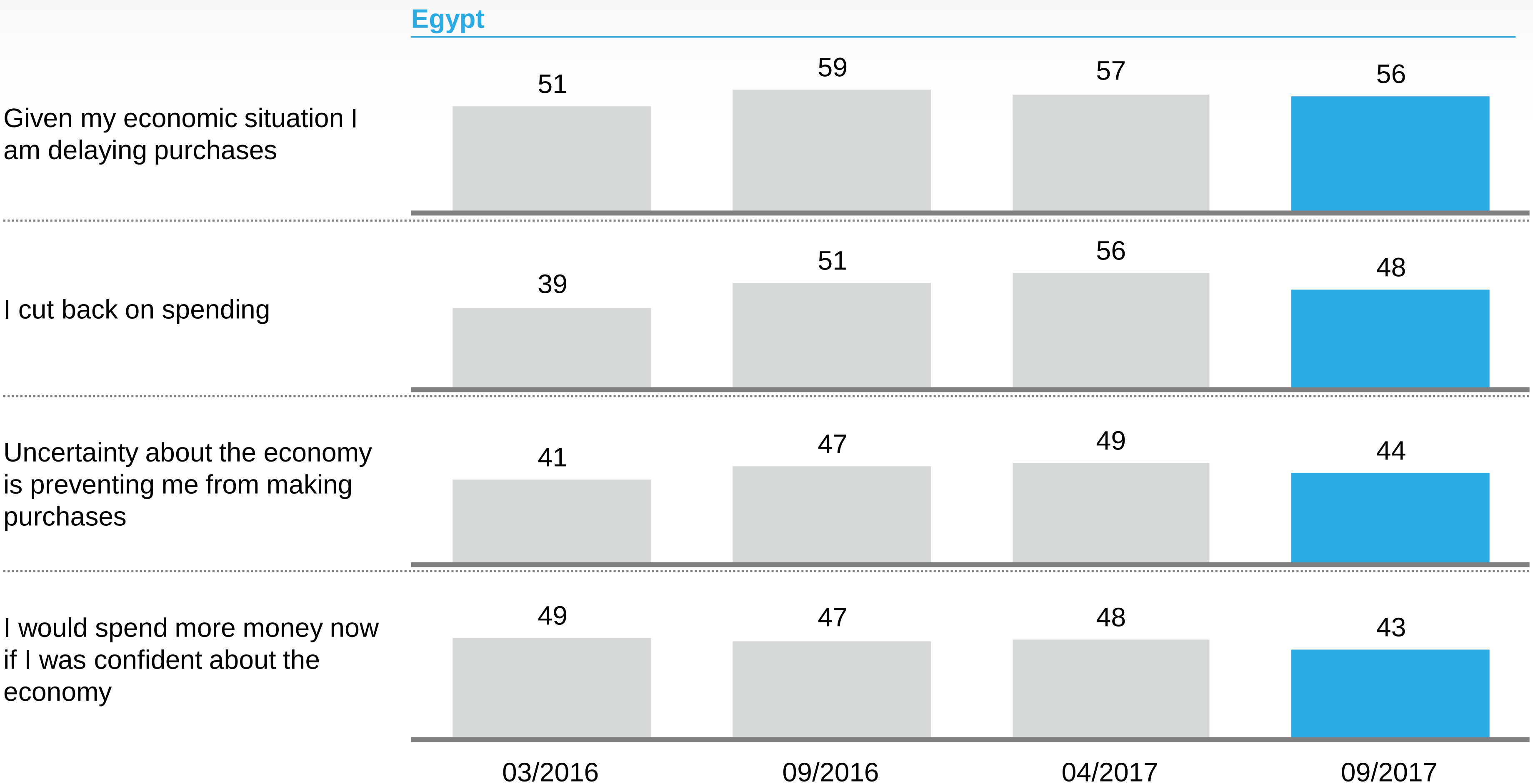


SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Egyptian consumers continue making cautious financial decisions

Consumers sentiment

Percent of people agreeing/strongly agreeing with each statement



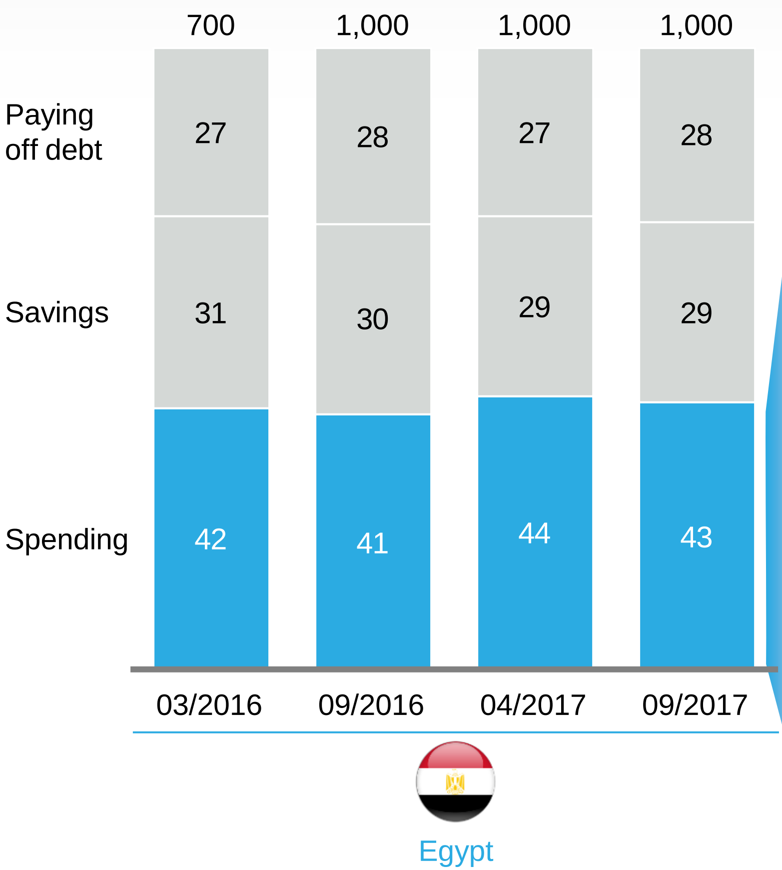
SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

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

Extra money allocated toward spending

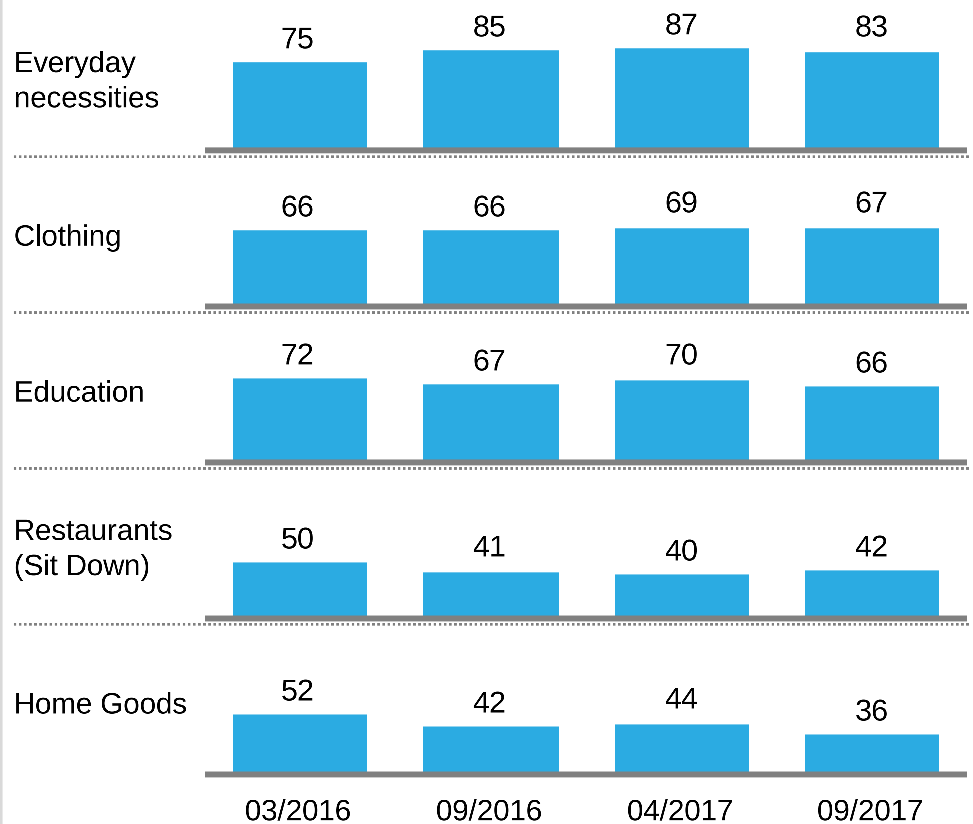
If I earned 10% more next year, I would put it towards

Percent



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

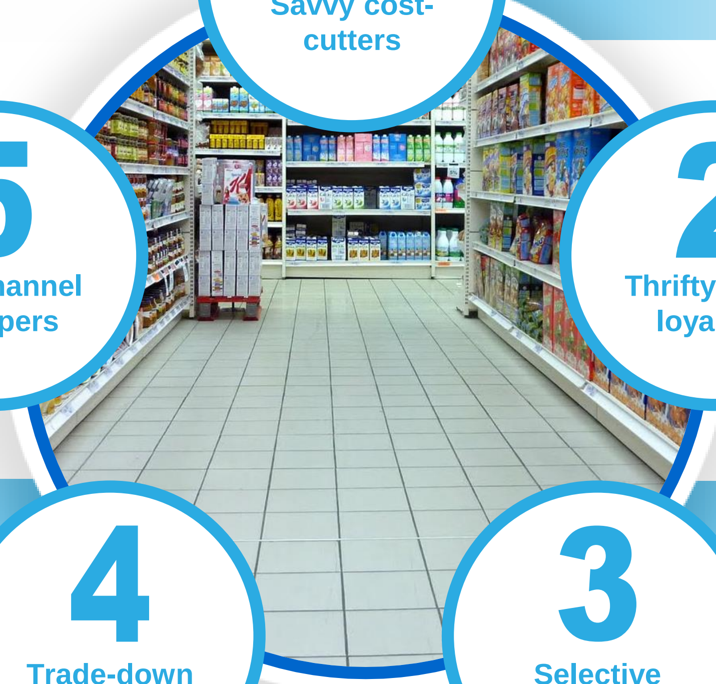
Percent of consumers likely or very likely



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

36% of trade down leads to happy consumers and only 47% of consumers desire to go back to their old brands

5 Multichannel shoppers

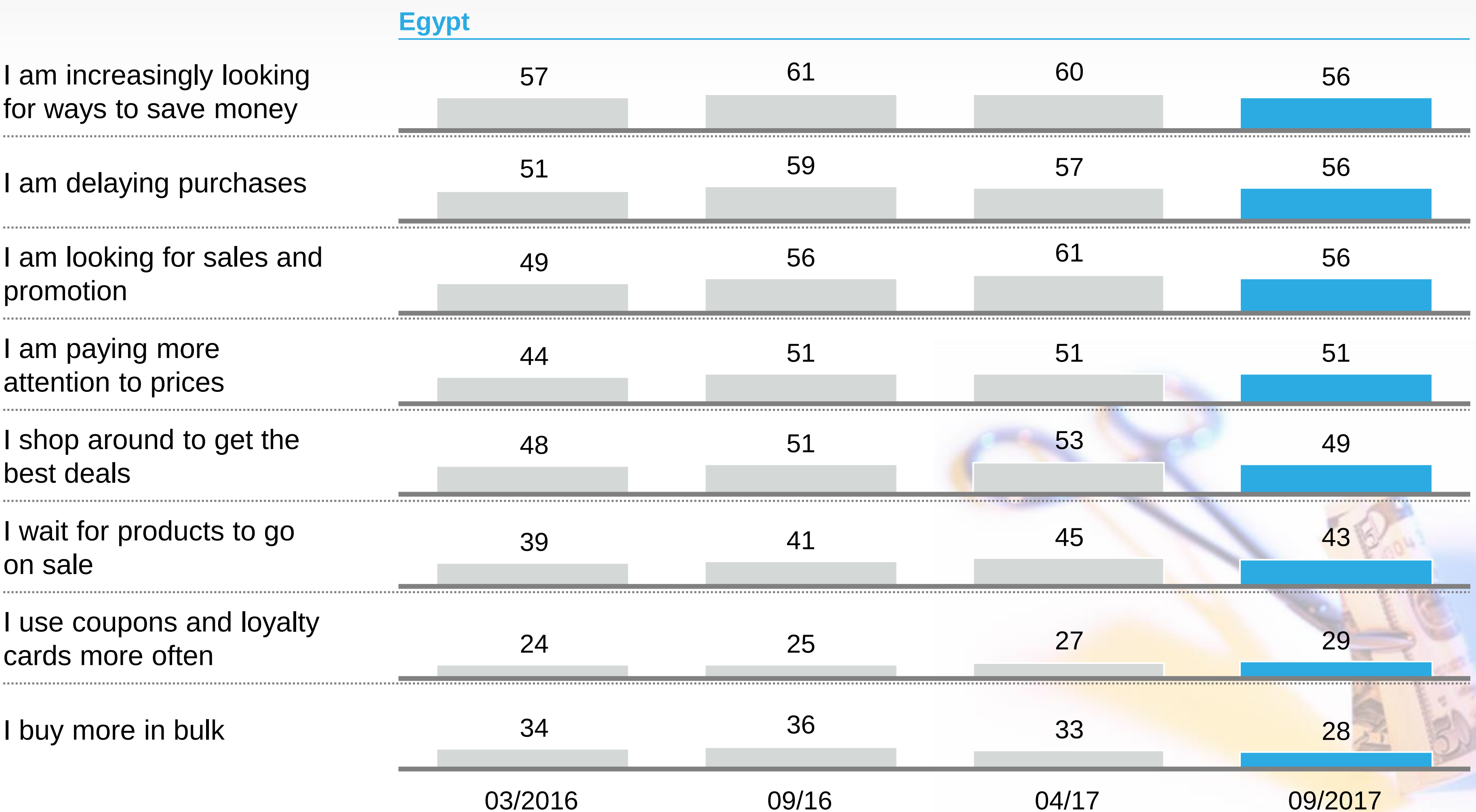
Consumers in the region shift spending towards discounters and club stores

SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Savvy cost-cutters

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

Consumers agreeing/strongly agreeing over the last 12 months
Percent



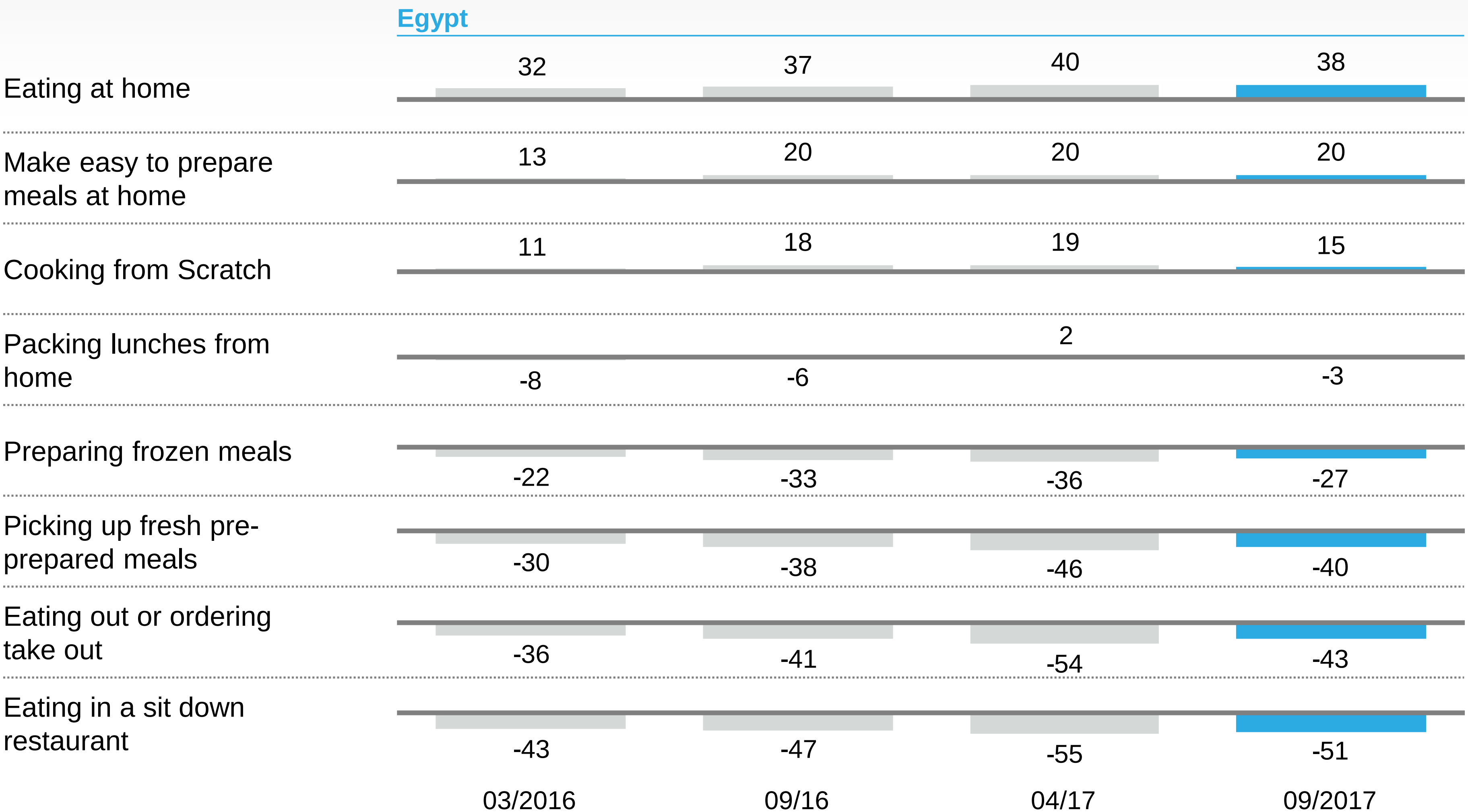
SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Savvy cost-cutters

1 Egyptian consumers explore other eating habits to save money

Net changes in eating habits in the last 12 months

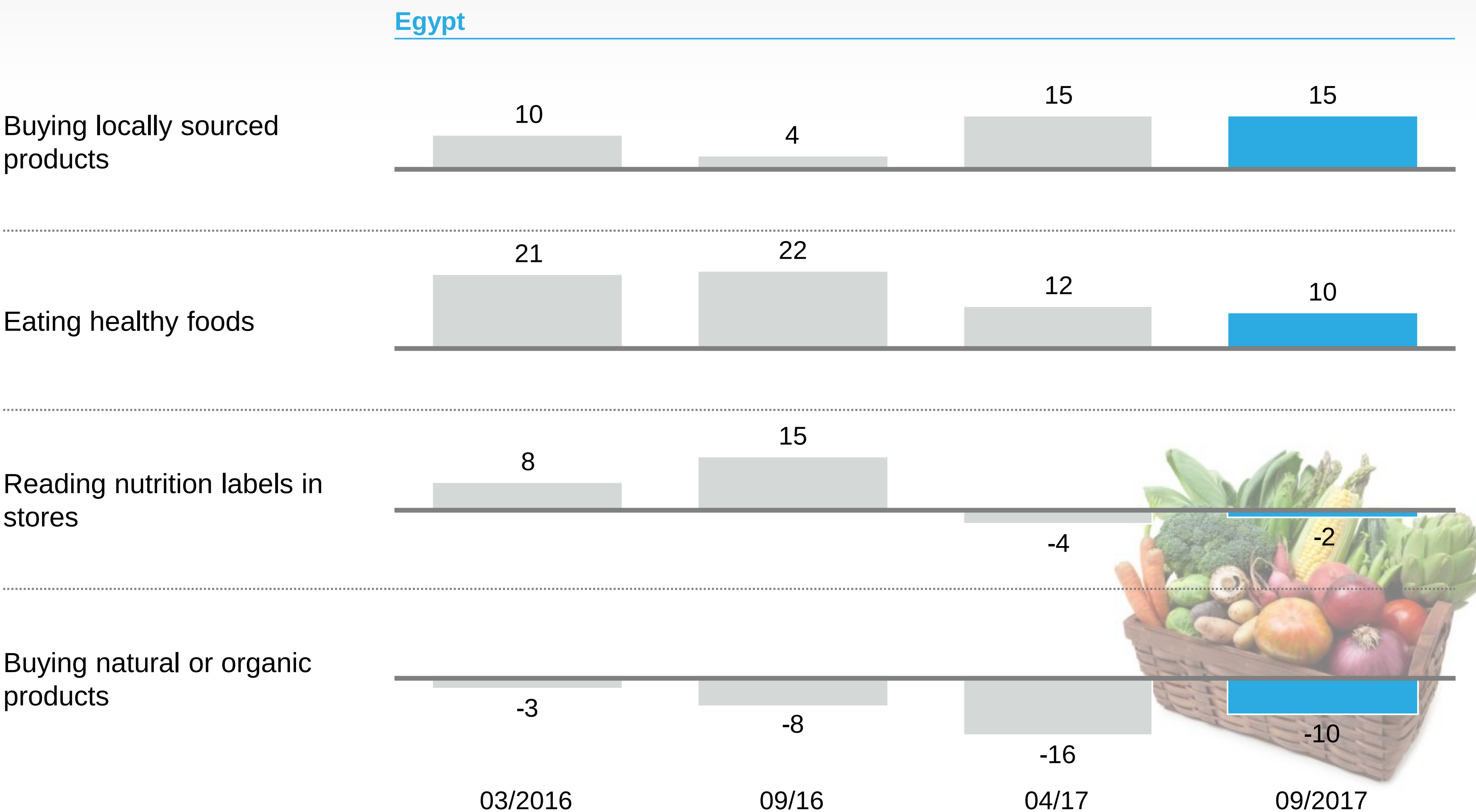
Difference between doing more and doing less, Percent



SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

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



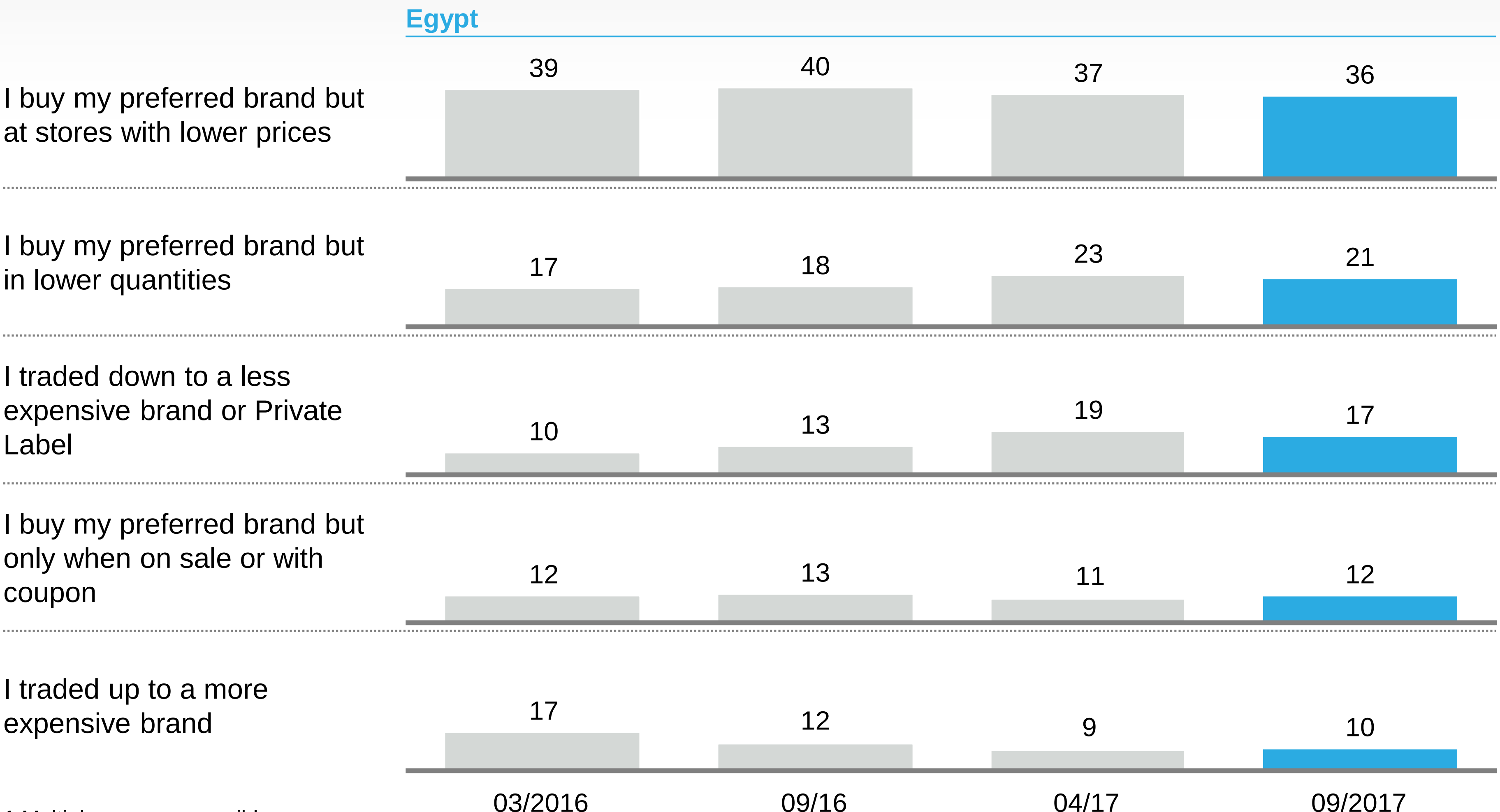
SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

2 Thrifty brand loyalists

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



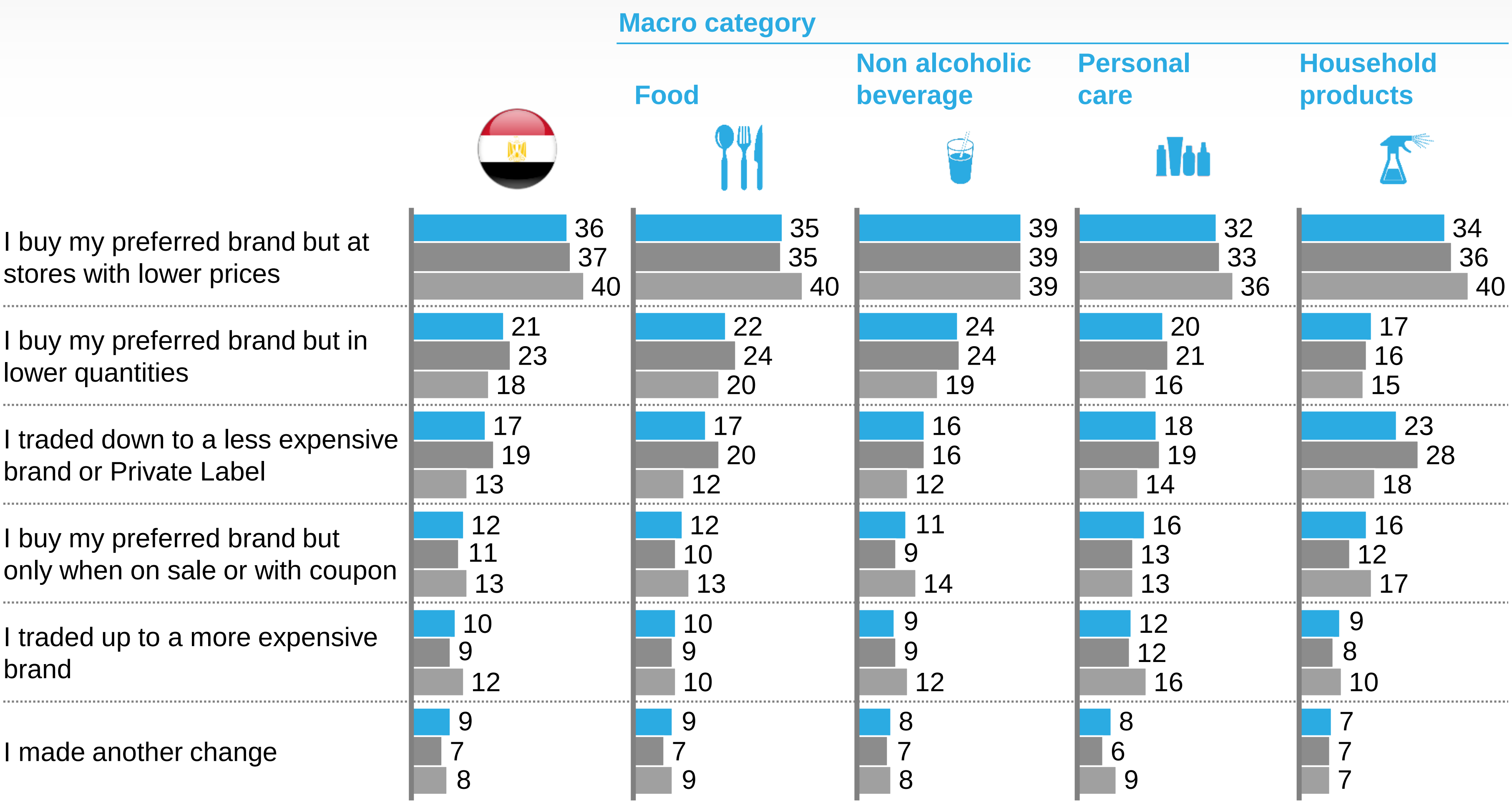
1 Multiple answers possible

SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

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

SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

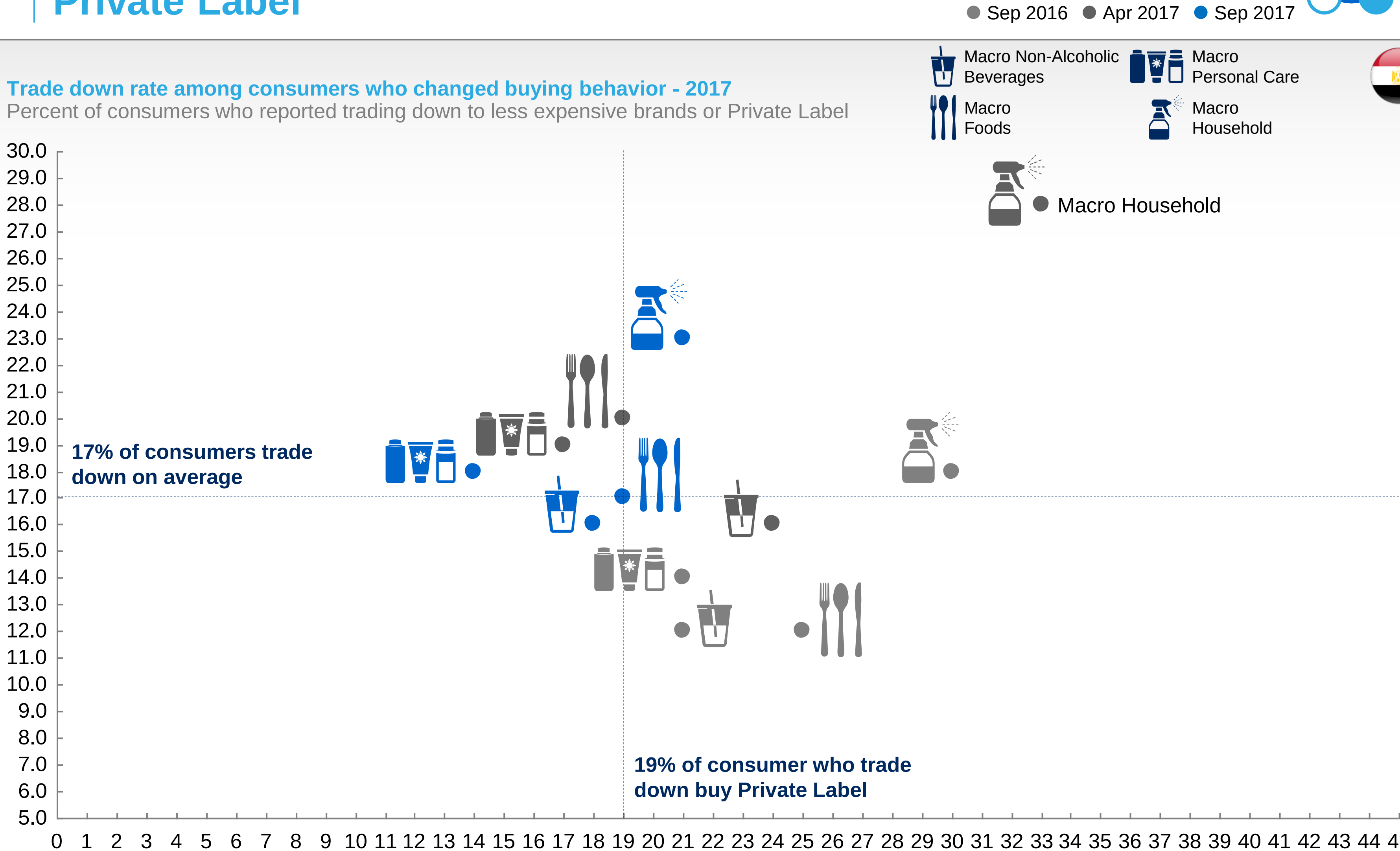
3

Selective splurgers

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

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 2017-2018 McKinsey Global Sentiment Survey

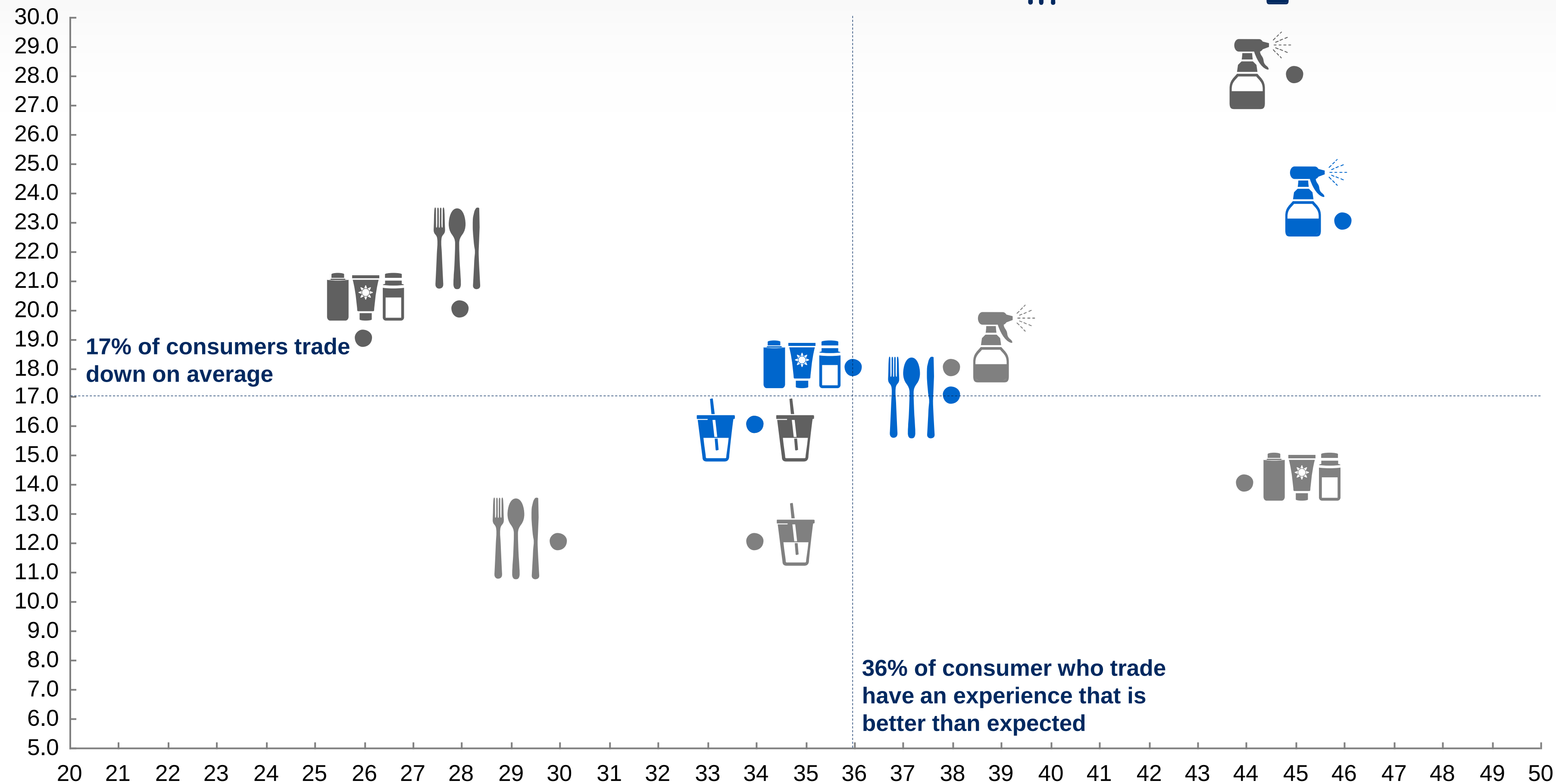
Trade-down converts

On average, 36% of trade down leads to happy consumers

Sep 2016 Apr 2017 Sep 2017

Macro Non-Alcoholic Beverages
Macro Personal Care
Macro Foods
Macro Household

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 2017-2018 McKinsey Global Sentiment Survey

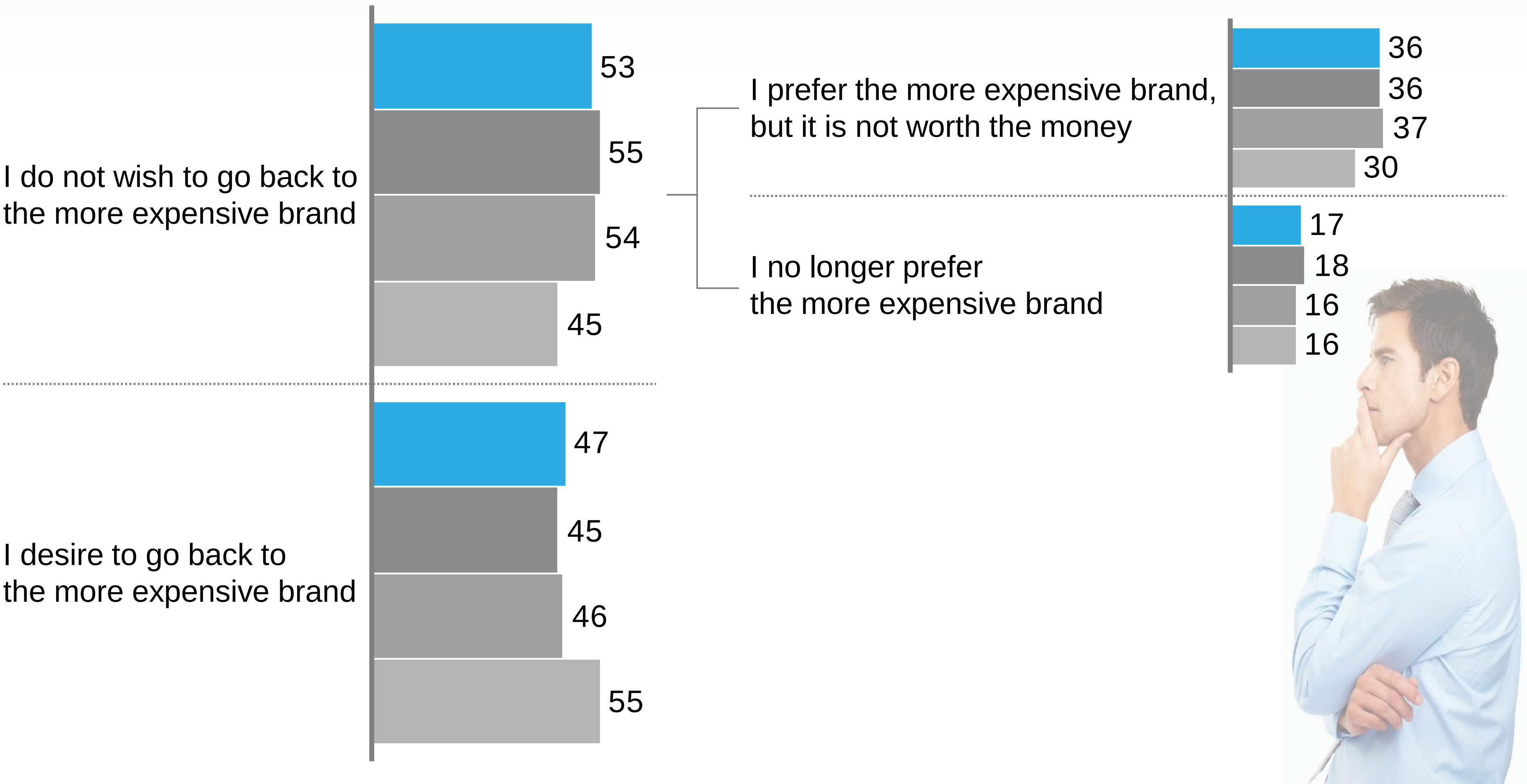
Trade-down converts

4 53% of consumers do not intend to return to the more expensive brand

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

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

Egypt



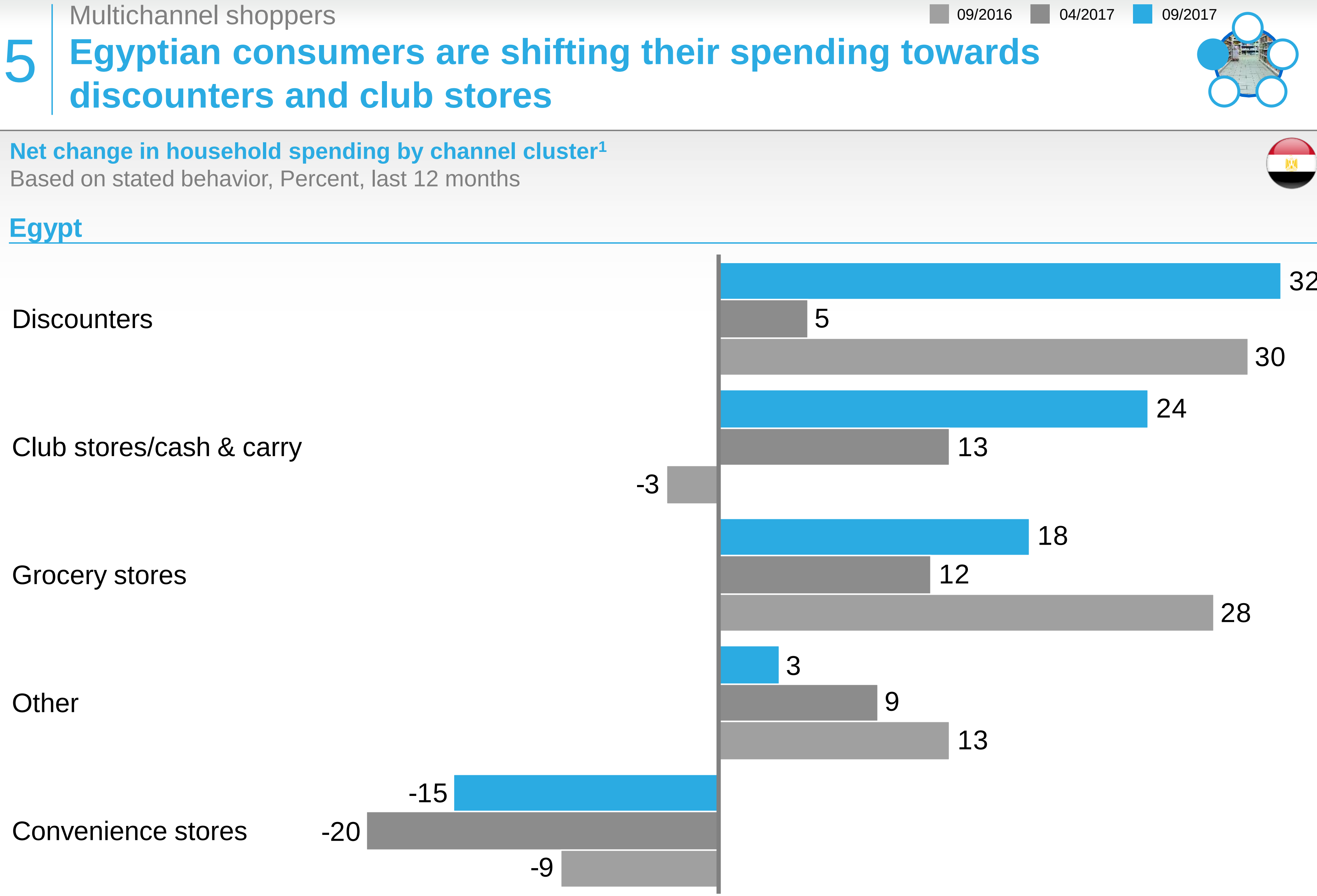
SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

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

SOURCE: McKinsey 2017-2018 McKinsey Global Sentiment Survey

Content

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

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

1,000

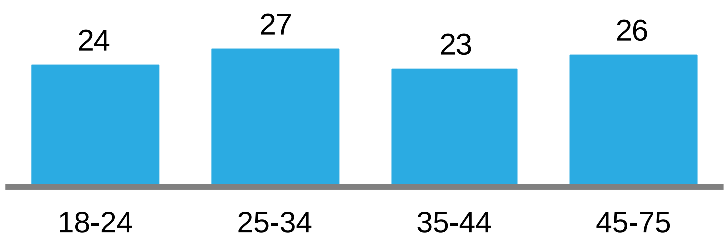
Respondents[1]

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

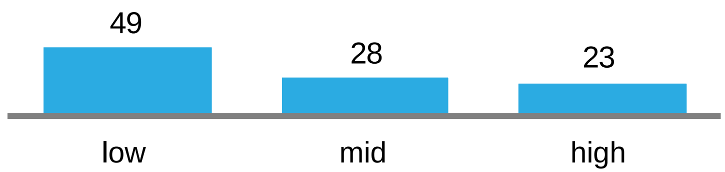
40%

60%

Age, percent

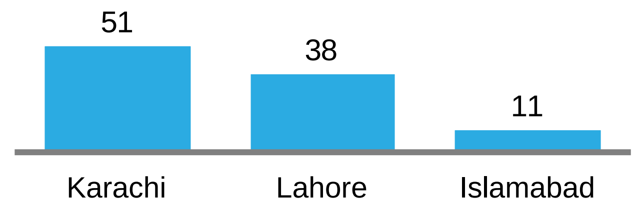


Income, percent



Additional split by region

Region, percent



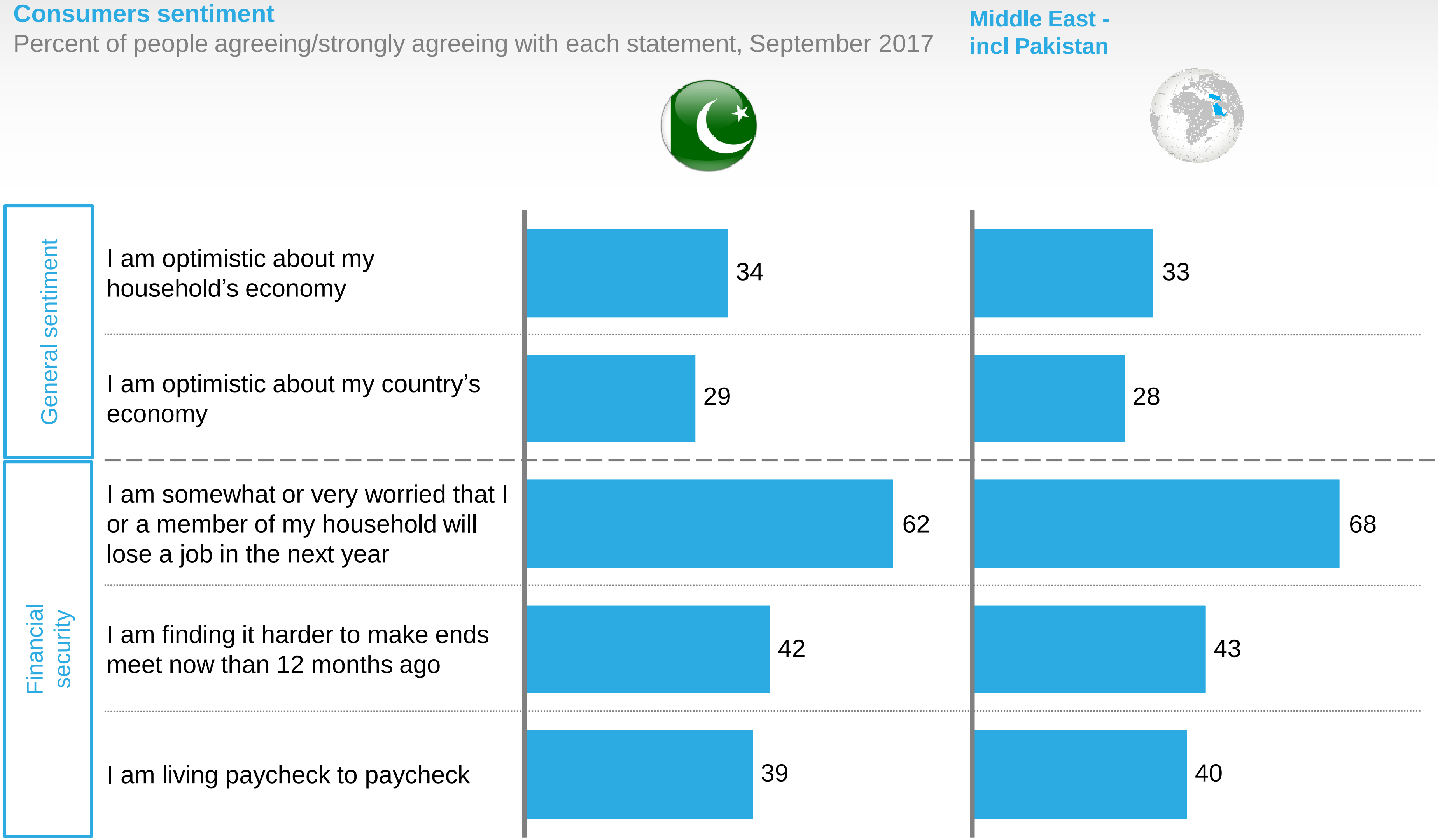
1 weighted percentages

SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

Pakistani consumers feel more financially secure and are more future looking than those in the broader region

Consumers sentiment

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



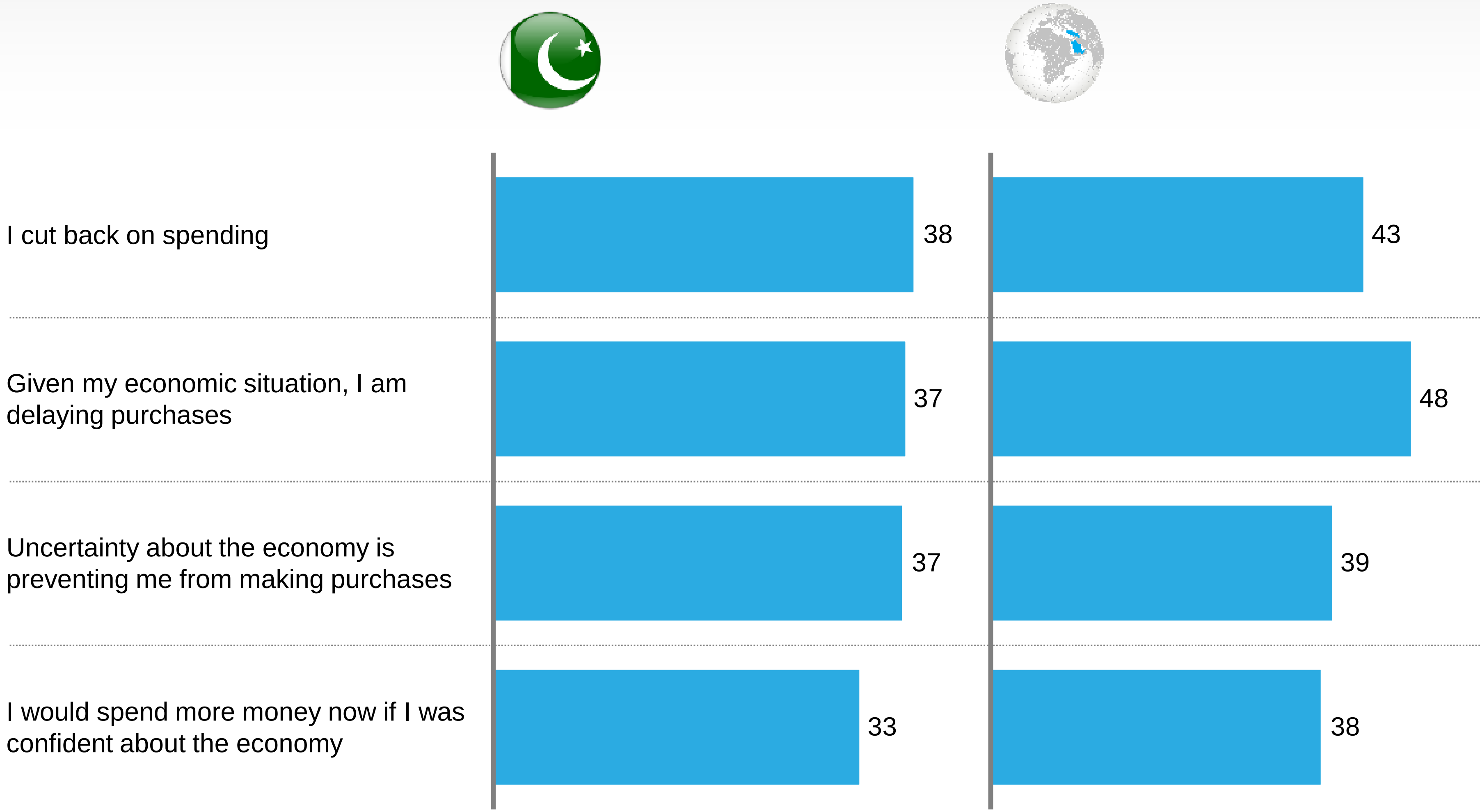
SOURCE: McKinsey 2018 Global Sentiment Survey

Pakistani consumers are more bullish in their spending

Consumers sentiment

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

Middle East - incl Pakistan



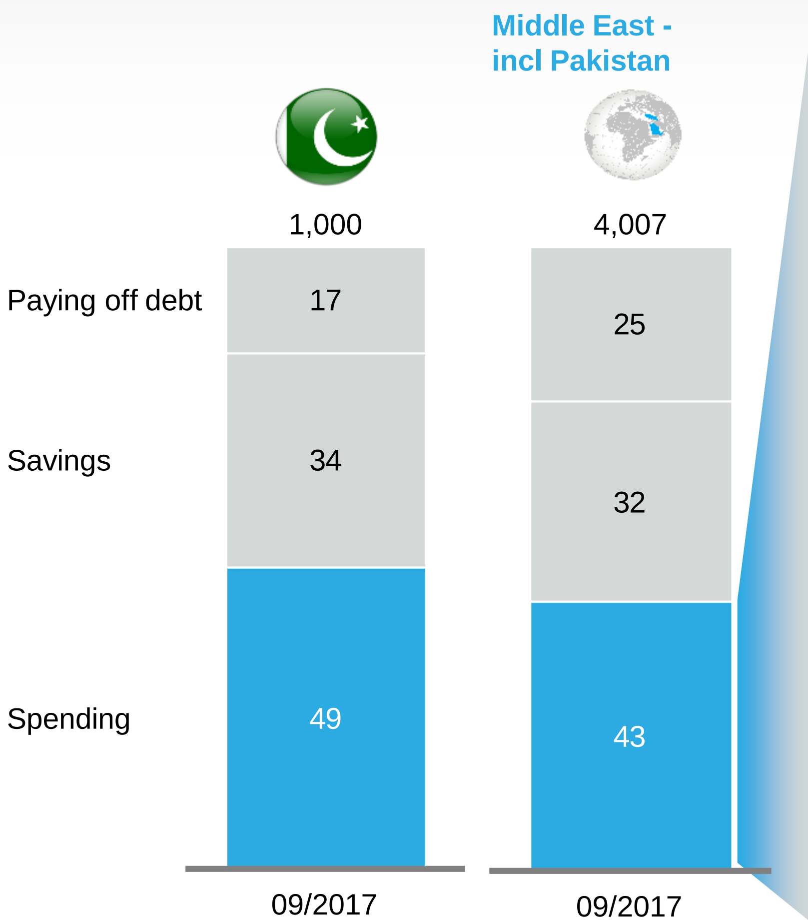
SOURCE: McKinsey 2018 Global Sentiment Survey

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

Extra money allocated toward spending

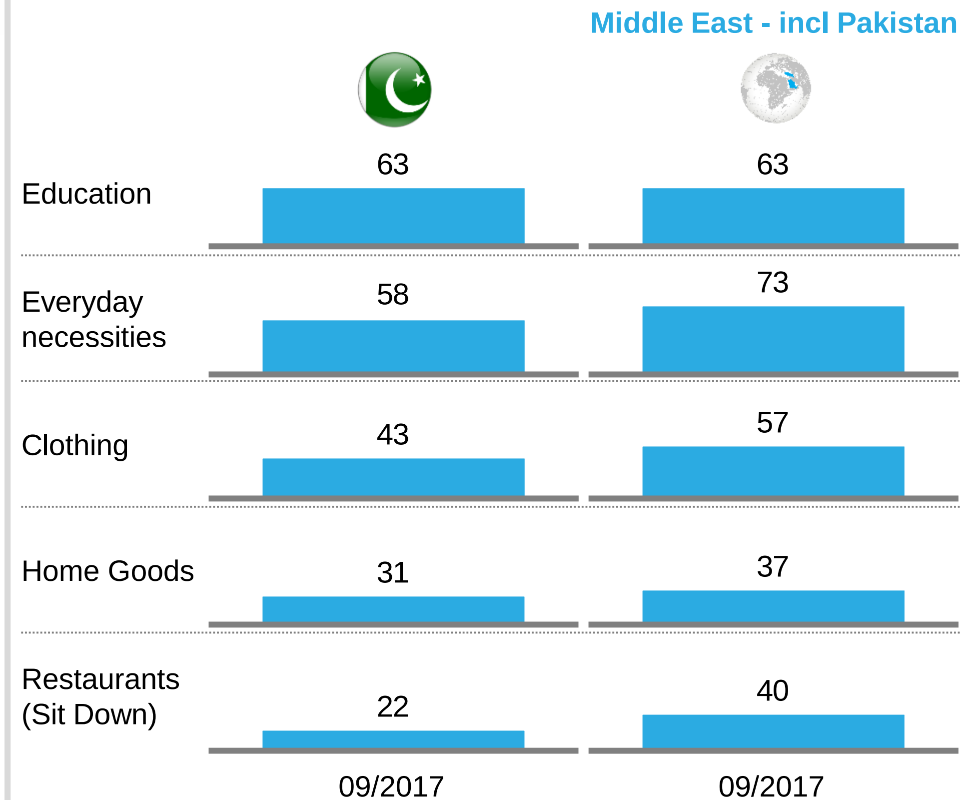
If I earned 10% more next year, I would put it towards

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

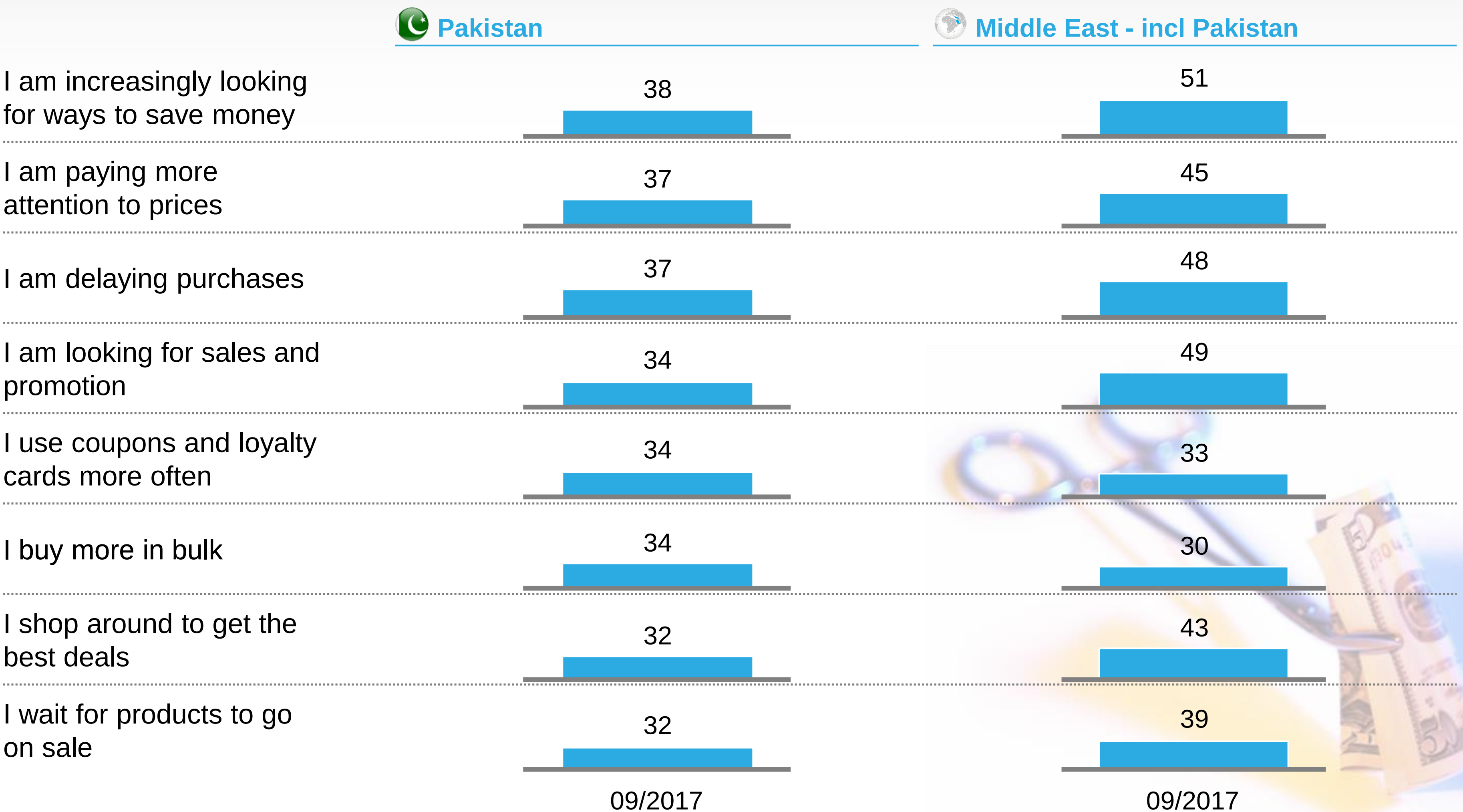
4
Multichannel shoppers

Consumers in the region shift spending towards grocery stores

SOURCE: McKinsey 2018 Global Sentiment Survey

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

Consumers agreeing/strongly agreeing over the last 12 months
Percent, September 2017



SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

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

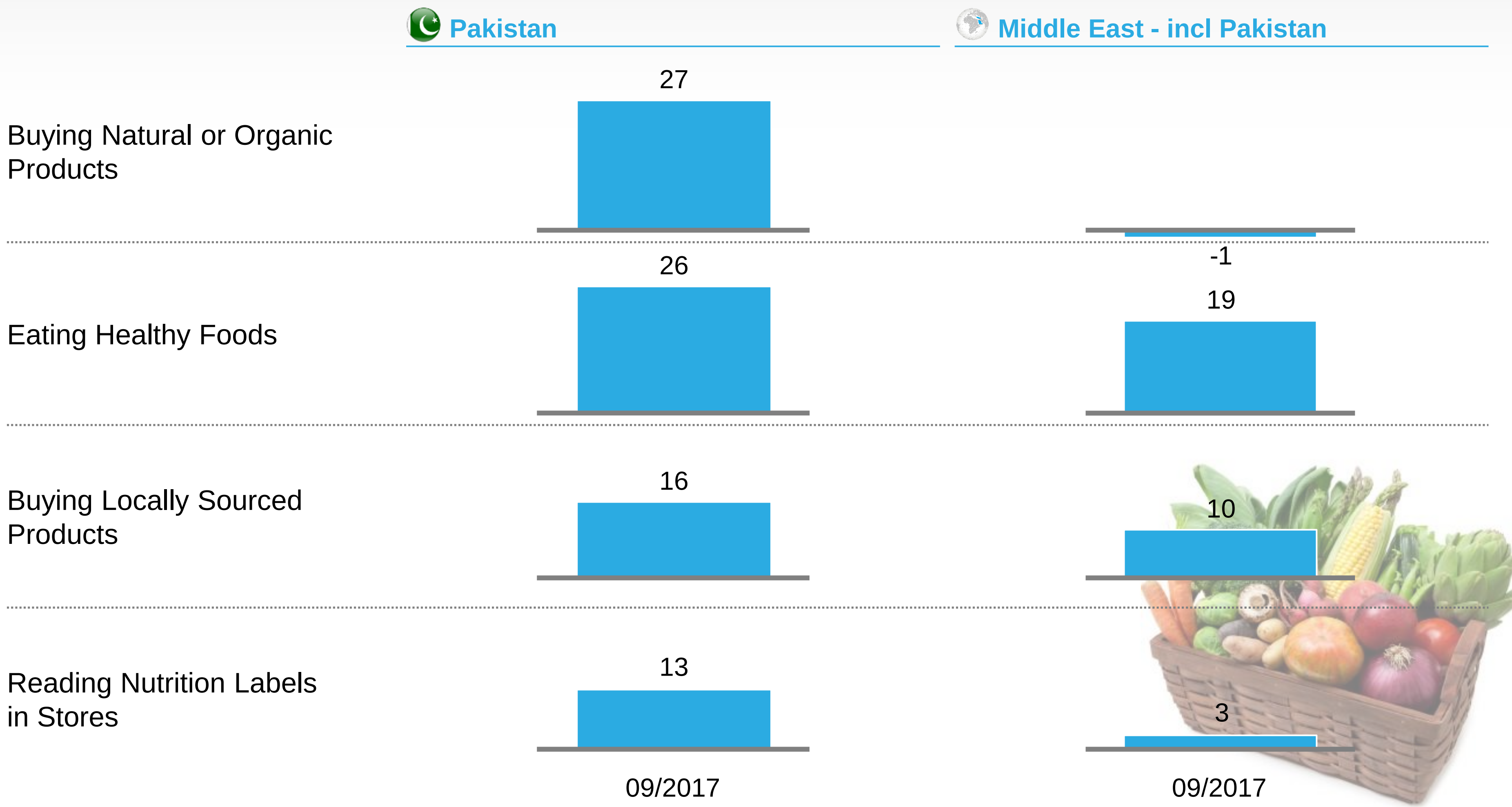
SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

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

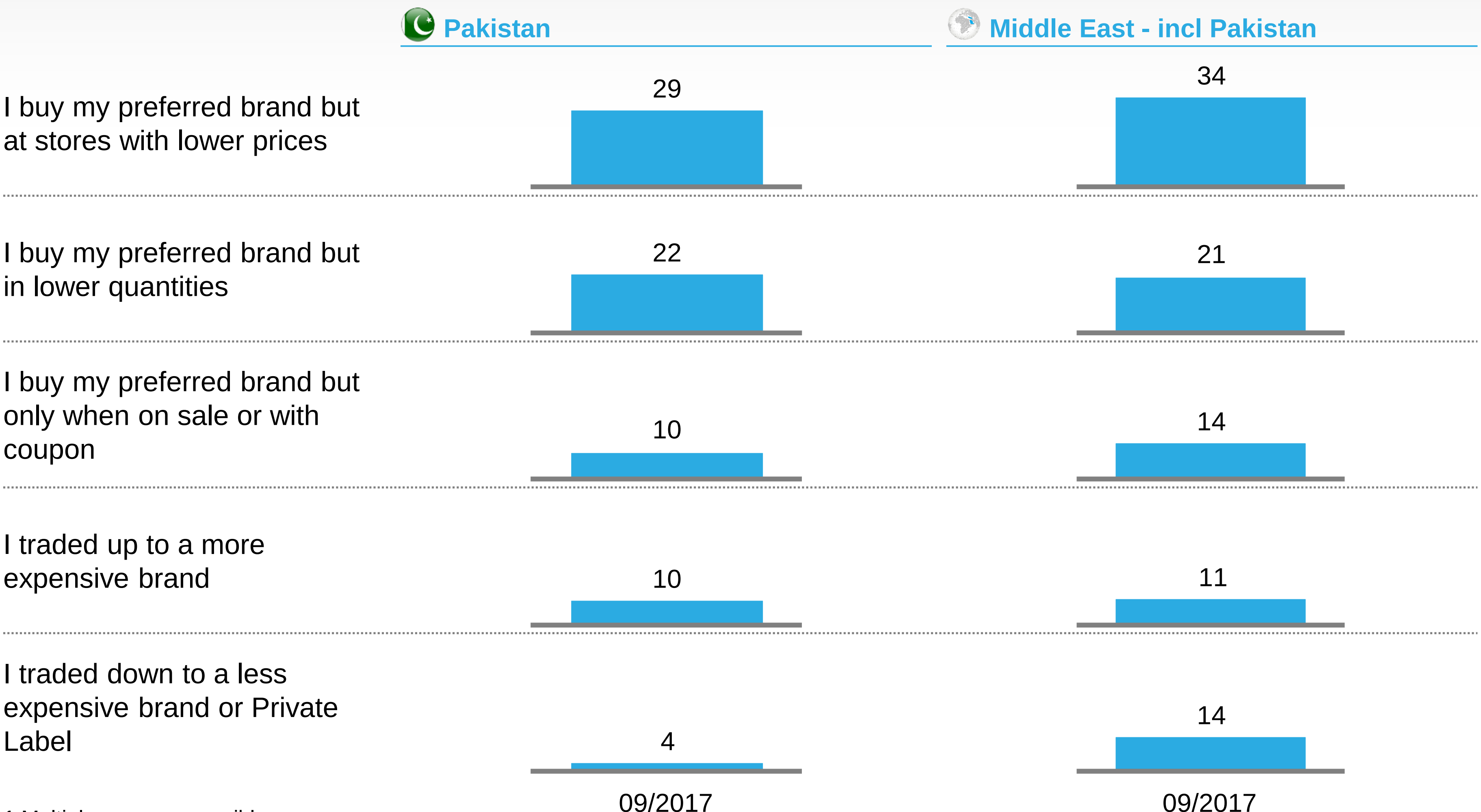


SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

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

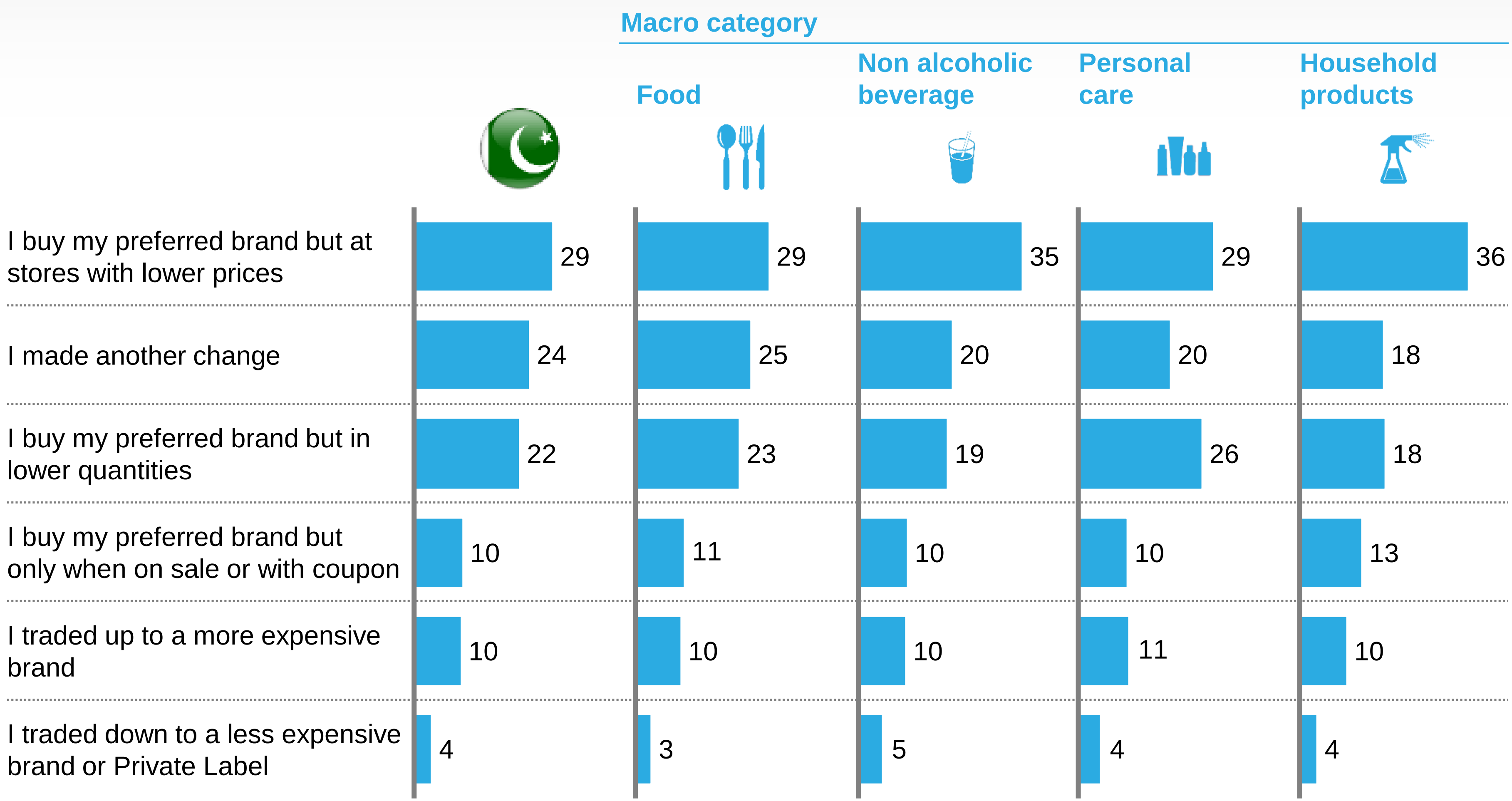


1 Multiple answers possible

SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey

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

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

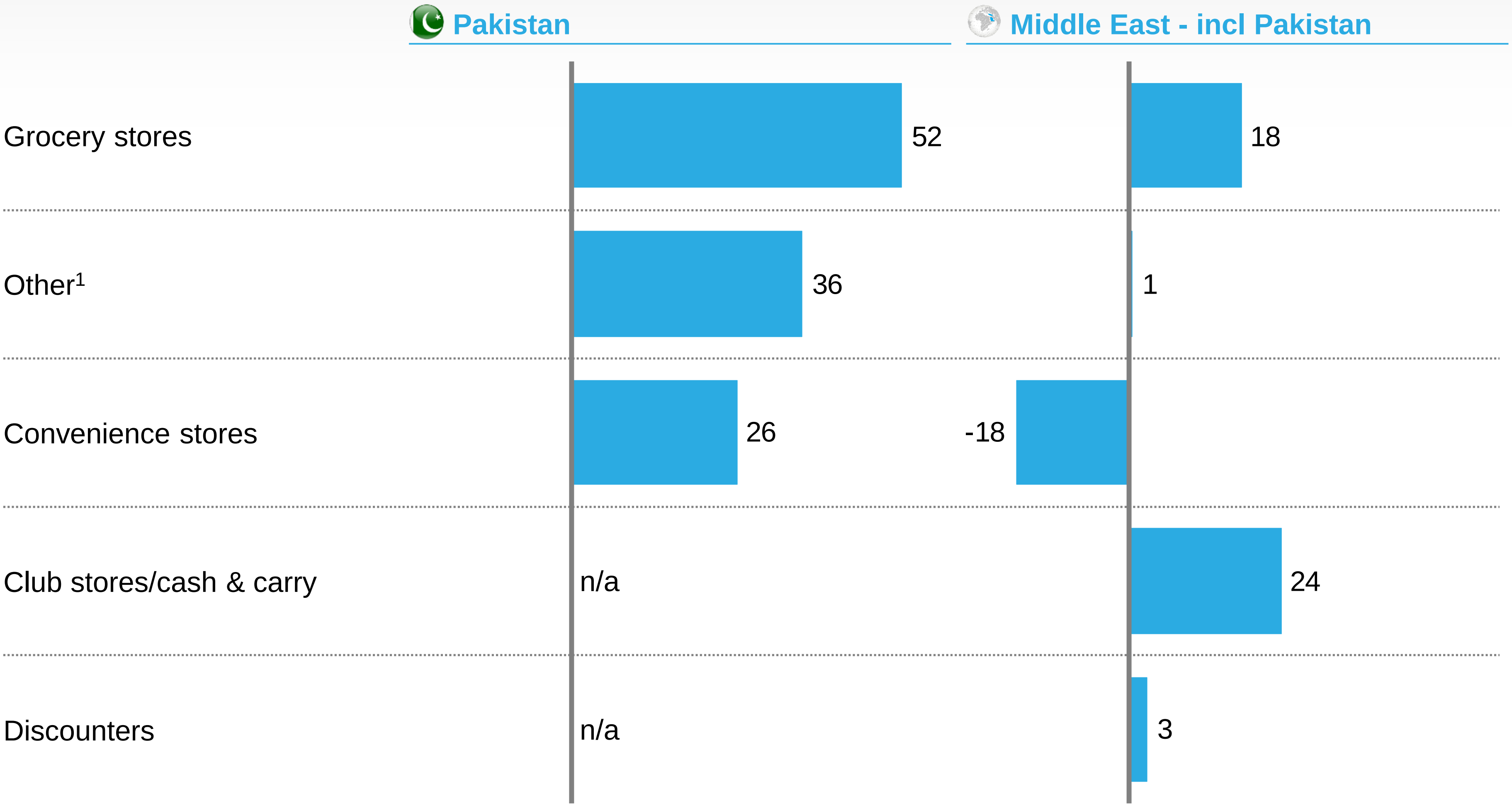
	Pakistan: Trade down	Pakistan: Trade up	Middle East - incl Pakistan: Trade down	Middle East - incl Pakistan: Trade up
Higher trade down rate				
Ice Cream and Other Frozen Dairy Desserts	8	10	14	11
Candy	7	8	14	10
Cookies	4	14	14	11
Frozen Pre-Cooked Meals	3	10	14	10
Rice	2	11	12	9
Salty Packaged Snacks	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

SOURCE: McKinsey 2018 McKinsey Global Sentiment Survey