

UAE consumer and retail segments' performance

While the overall consumer and retail sector has been adversely affected by recent developments, it has been a mixed bag of challenges with fewer opportunities for various stakeholders. Let's take a closer look at how various segments are faring – both to see what has been performing well and where the challenges lie.





Positive impact



Food/grocery retailing:

- With the increasing magnitude of the crisis and panic buying in light of uncertainty, demand for food and grocery products has seen a significant increase.
- Most grocery retailers have witnessed a 20-40% increase in their sales in the first half of March, compared with the same period last year.



Online retailing:

- Online retailing across most segments has experienced consistent growth.
- Online grocery retailing, though a smaller segment of the market, has enjoyed exponential growth in the first half of March. For example, one grocery delivery platform in the UAE witnessed a 70% increase in app downloads, a 50%+ increase in daily orders and a 60%+ increase in basket value, as of mid-March.¹
- Online marketplaces are also witnessing strong demand, particularly for laptops/ tablets (online learning and work from home requirements) and gym equipment (closure of gyms and fitness centers).
- Prominent online marketplace players are trying to focus their efforts on supplying food and essential items during the current crisis.



Negative impact



Luxury and fashion retailing:

- Luxury and fashion retailing has been severely impacted by the Covid-19 crisis. For most, sales were down by 20-50% in the first half of March.
- With malls closed, the situation is expected to worsen, with a limited boost from the online channel.



F&B (restaurants, bars and cafes):

- The F&B segment is also witnessing a similar, and perhaps more severe impact, compared to fashion retailing. Sales are down by 30-80% across concepts.
- Operators expected food delivery to compensate to some extent. However, people cooking at home and concerns around hygiene appear to have dampened its promise.



Electronic retailing:

- Electronic retail, which has already been impacted by online retailing, witnessed a drop in sales to the tune of 30-50% in the first half of March.
- However, categories such as laptops/ tablets, as well as large home appliances (refrigerators), are seeing an uptick in demand.



Jewelry and watch retailing:

- The jewelry and watch segment has also been impacted and is expecting to witness a significant decline in sales due to subdued consumer sentiment and volatility in gold prices.

(1) How Covid-19 impacts consumer behavior, leading to a +53% growth of InstaShop, KhaleejTimes, 23 March, 2020