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# Meet the new Saudi consumer: Ten trends shaping a fast-evolving market

The Saudi consumer and retail market has huge growth potential. Capturing it will depend on understanding how consumer profiles and behavior are changing.

*by Abdellah Iftahy, Pamela Merlino, and Simon Land*



**Saudi Arabia's ambitious program** to transform the economy and wider society appears to be having an effect on the country's consumer and retail market. Five years ago, there was no such thing as a tourist visa,<sup>1</sup> for example, and the entertainment sector was limited. Yet in 2023, around 27.5 million foreign tourists visited Saudi Arabia<sup>2</sup> and 20.0 million people attended Riyadh Season 2023, an annual festival launched in 2019.<sup>3</sup> Today, it's one of many vibrant cultural and sporting festivals held around the country each year.

But there is still potential to expand the nation's consumer and retail market. Saudi Arabia already leads Gulf Cooperation Council countries in terms of total consumer spending, largely driven by spending on food and beverage, a category in which Saudis spend almost as much as anyone else in the world. Excluding this category, per capita spending on consumer and packaged goods is only one-third of that in markets such as the United Arab Emirates or Western Europe and one-fifth of that in the United States, according to McKinsey research.

Factors such as lower levels of innovation compared with global numbers, few premium brands, high dependency on imports, gaps in the supply chain, fragmented distribution, and relatively low e-commerce penetration underscore that the market is far from fully developed. The flip side, however, is its growth potential. Moreover, the consumer trends that will shape that market are already apparent, as are the possible implications for consumer and retail companies.

Here, we describe ten of the most important consumer changes under way, examining both their magnitude and timing and distinguishing between what is certain and what remains less clear (for the time being) in a few cases. The findings emerge from

extensive McKinsey research<sup>4</sup> into the potential of the Saudi consumer and retail market and could prove key to building strategies capable of capturing the growth opportunities that lie within the market.

## Ten consumer trends

The research highlights five noteworthy shifts in the profiles of Saudi consumers and five shifts in their behavior.

### Consumer profile

The numbers, ages, gender, and income levels of Saudi consumers, as well as where they live, are fast-changing. Our research suggests there could be more than 100 million consumers by 2035, most of whom will be young. There could be twice as many working women. Three-quarters of the population is expected to be middle class, living in cities that will rapidly expand in size (Exhibit 1).

*More than 100 million consumers.* The number of consumers in Saudi Arabia is set to take off. By 2035, there are expected to be more than 100 million consumers, compared with 60 million in 2023,<sup>5</sup> boosted in particular by strong growth in the number of expatriates living in the country and by international tourism. Indeed, tourists visiting Saudi Arabia could account for more than half the total number of consumers by 2035.<sup>6</sup>

In terms of resident consumers, our research suggests there will be 42 million to 44 million people living in Saudi Arabia by 2035, compared with 35 million in 2024. Some 25 million of these will be Saudi residents, a 25 percent increase that is in line with fertility rates. The expatriate community is expected to grow too, though the pace of that growth is more uncertain because it is dependent on economic factors.<sup>7</sup>

<sup>1</sup> Peter Beaumont, "Saudi Arabia to open itself up to foreign tourists for first time," *The Guardian*, September 27, 2019.

<sup>2</sup> "Tourism dashboard," Saudi Arabia Ministry of Tourism, accessed July 7, 2025.

<sup>3</sup> Turki Al Al-Shikh: 20 million people visited Riyadh Season 2023," Saudi Press Agency, March 9, 2024.

<sup>4</sup> The findings in this article are based on our research, including client interviews, consumer surveys, and public data from sources such as ministries and data from the General Authority for Statistics (GASTAT).

<sup>5</sup> The 60.0 million figure accounts for a 2023 population of about 33.3 million and inbound tourism of about 27.5 million people. "Saudi Arabia population (1950-2025)," Macrotrends, accessed July 7, 2025; "Inbound tourism," Saudi Arabia Ministry of Tourism, accessed July 7, 2025.

<sup>6</sup> GASTAT Saudi Arabia population 2023; Saudi Arabia Ministry of Tourism; United Nations Demographic indicators 1950–2100; World Population Review 2023; McKinsey analysis.

<sup>7</sup> "Total Kingdom population exceeds 35 million by mid-2024," GASTAT, 2024; United Nations Demographic indicators 1950–2100; World Bank population estimates and projections for the European Union; McKinsey analysis.

## Exhibit 1

### The numbers, ages, gender breakdown, and income levels of Saudi consumers, as well as where they live, are changing rapidly.

#### Outlook in 2035

>100 million consumers	A youth takeover	Women at the forefront	Mass first	Hub convergence
42 million to 44 million expected residents	4 million more local consumers, most of them young	2X as many working women	75% of the local population will be middle class	>50% of the kingdom's overall population growth will occur in Riyadh
~70 million international tourists	>75% of spending controlled by millennial, Gen Z, and Gen Alpha consumers	1/3 reduction in household size from 2010	>50% higher spending by expatriates	>80 megaprojects underway, each worth at least \$0.8 billion

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Today, about 90 percent of expatriates are blue-collar workers. However, efforts to attract a greater number of highly skilled workers and encourage foreign companies to establish their regional headquarters in Riyadh mean that the proportion could fall to around 80 percent by 2035, given current economic forecasts. In this scenario, there could be double the number of highly skilled (and high-earning) expatriates living in the kingdom than in 2024 (Exhibit 2).<sup>8</sup>

In terms of international tourists, recent data indicates that there may be many millions more visiting Saudi Arabia by 2035, perhaps rising to as many as 70.0 million, compared with 27.5 million in 2023.<sup>9</sup> Our research suggests that half of these tourists will be religious tourists—those motivated to travel by religious beliefs or a desire for spiritual experiences. The remainder will be

leisure tourists, but their numbers are harder to predict because leisure tourism tends to be more dependent on economic conditions and the speed at which infrastructure to attract these tourists is built.<sup>10</sup> Government forecasts suggest tourist spending—on accommodation, food service, and entertainment, for example—may contribute 10 percent of GDP by 2030.<sup>11</sup>

*A youth takeover.* The Saudi population (excluding expatriates) is already a relatively young one. Our research suggests that in 2024, 65 percent of consumers belonged to Gen Z and millennial cohorts, but add in Gen Alpha consumers (those born from 2010 to 2024) and the proportion of young consumers rises to 83 percent by 2035, implying that these three generations are set to control 77 percent of household incomes

<sup>8</sup> GASTAT Saudi Arabia population 2022; United Nations Demographic indicators 1950–2100; McKinsey analysis.

<sup>9</sup> "Tourism demand," Saudi Arabia Ministry of Tourism, accessed July 7, 2025.

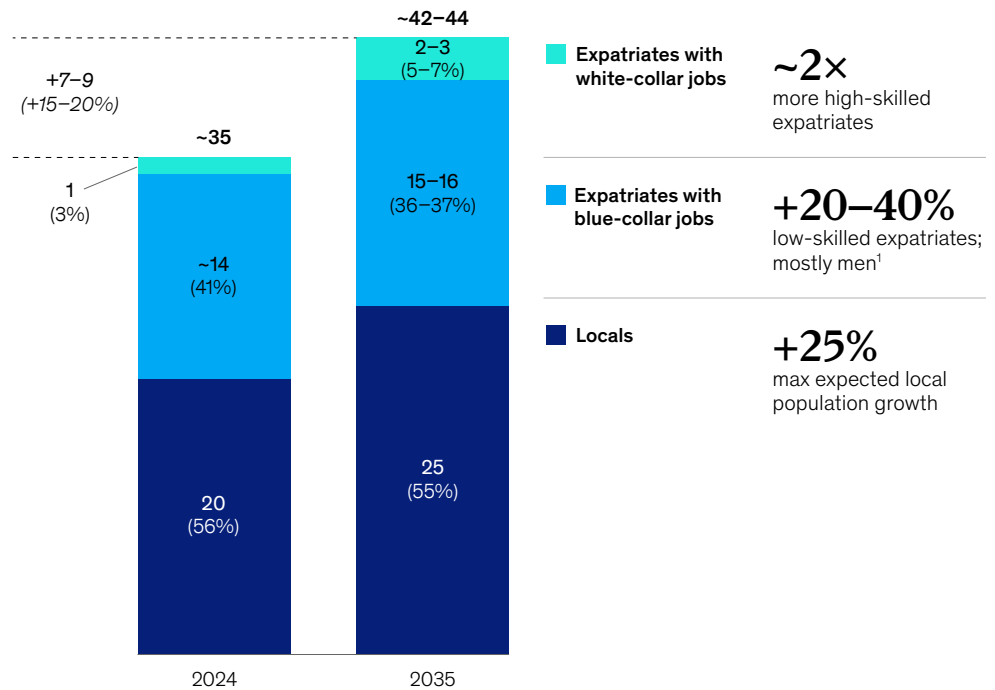
<sup>10</sup> McKinsey analysis of Saudi Arabia Ministry of Tourism data, expert input, and World Population Review 2023.

<sup>11</sup> "Invest in Saudi Arabia's tourism: An exceptional opportunity," Saudi Arabia Ministry of Tourism, November 2024.

## Exhibit 2

### Saudi Arabia's resident population is expected to grow by as much as 25 percent by 2035.

Saudi Arabia residents, million people<sup>1</sup> (% of total)



Note: Figures may not sum to total, because of rounding. Local population is expected to grow in line with United Nations—forecasted changes death and growth rates. Expatriate population is estimated based on a GDP forecast of ~\$1.9 trillion in 2035 (in 2030, the GDP is assumed to reach the target of \$1.7 trillion). From 2030 to 2035, it is assumed to grow in line with the Oxford Economics forecast and productivity forecast from Oxford Economics. Share of total expatriate population to employed expatriates is assumed to be 1.0:0.8.

<sup>1</sup>High-skilled jobs include occupation groups 3–4 in International Labour Organization (ILO) classification: managers, professionals, technicians, and associate professionals. Low-skilled jobs include occupation groups 1–2.

Source: GASTAT Saudia Arabia population 2024; UN demographic indicators 1950–2100; McKinsey analysis

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(Exhibit 3).<sup>12</sup> Such a shift could create challenges for companies whose products don't appeal to youthful consumers or for those that cannot engage such consumers digitally. Conversely, there could be considerable opportunities for those able to win youthful consumers' business.

*Women at the forefront.* The number of women in the workforce will likely double to three million between 2023 and 2035 and account for 37 percent of the workforce.<sup>13</sup> Of note, two-thirds of those women are

expected to be in high-skill jobs, reflecting in part that 50 percent of university graduates will be women by then.<sup>14</sup>

The resulting impact on the consumer and retail market could be felt in many ways. For instance, categories catering to working women—ready-made meals and on-the-go consumption, for example—will likely grow. Convenience stores where families with two busy working parents can quickly pick up goods might thrive. The shift

<sup>12</sup> GASTAT; UN Demographic indicators; McKinsey analysis.

<sup>13</sup> GASTAT; Saudi Arabia Ministry of Education; OECD.

<sup>14</sup> GASTAT; Saudi Arabia Ministry of Education; OECD.

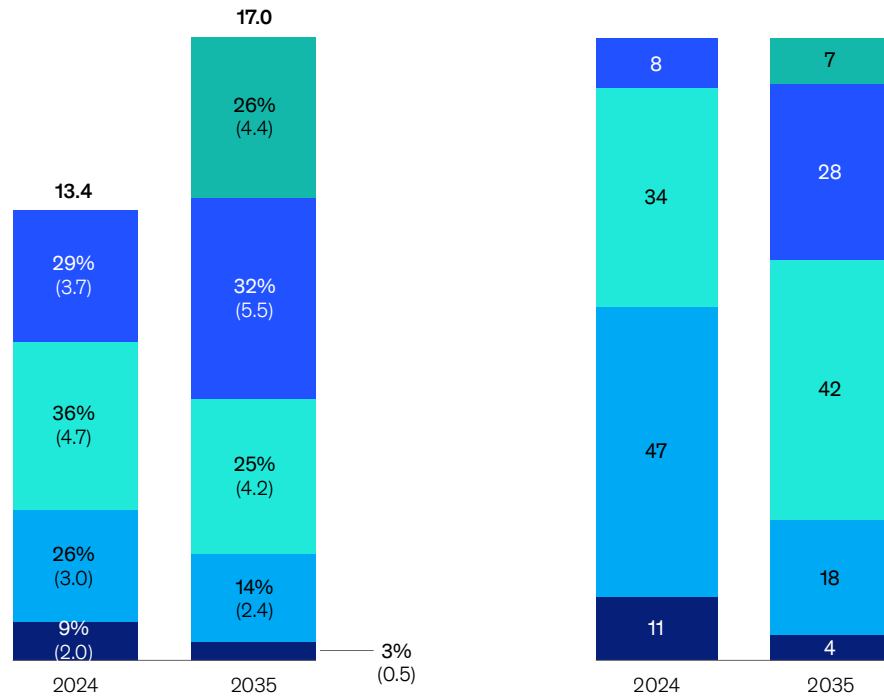
# Exhibit 3

## Young consumers will likely control 77 percent of household income by 2035.

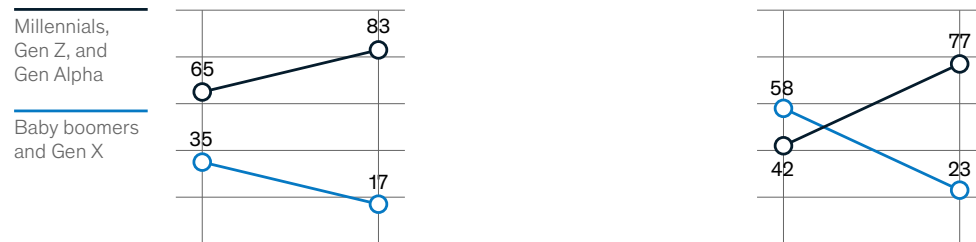
■ Baby boomers ■ Gen X ■ Millennials ■ Gen Z ■ Gen Alpha

**Saudi Arabia local consumer base (population 15 years old or older) by generations,<sup>1</sup> % (million)**

**Indicative share of household income by generation,<sup>2</sup> %**



### 2024 vs 2025, %



<sup>1</sup>The sizes of generations are estimated based on the 2022 GASTAT growth rates and age-specific death rates. These estimates are adjusted for 2022–35 in accordance with United Nations estimations. Share of people 65 years old or older in population will increase from 3% in 2023 to 9% in 2035.

<sup>2</sup>Compensation of employees is distributed based on current and forecasted employment and average salary for age groups. Nonsalary income in 2022 is assumed to be 15% for baby boomers, 50% for Gen X, 25% for millennials, and 10% for Gen Z.

Source: GASTAT; UN demographic indicators; McKinsey analysis

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could be rapid. A year ago, it was difficult to buy a ready-made meal anywhere. Today, these products have a growing presence on the shelves of big supermarkets.

Further, in line with trends observed in other markets, a higher proportion of working women may lead to smaller families. In the past two decades, the average size of the Saudi household has fallen from six to five.<sup>15</sup> This pace of decline could continue as more women join the workforce: Within little more than a decade, the average Saudi family could consist of four people, which may result in families buying smaller quantities overall and preferring smaller pack sizes.<sup>16</sup>

*Mass first.* Saudi Arabia is undergoing rapid socioeconomic change. Current GDP growth forecasts suggest that local residents' disposable income will double by 2035. By then, 75 percent of the local population (18 million people) will be classified as middle class.<sup>17</sup> Expatriates' spending is also expected to grow. While affluent consumers will remain an attractive niche segment of the market, the majority of companies seeking to grow in the nation's consumer and retail market will do so on the back of brands attractive to middle-class consumers.

*Hub convergence.* Urbanization is driving the fast growth of the populations of existing Saudi cities. At the same time, the kingdom is investing significantly in infrastructure projects in new developments across the country. Currently, more than 80 projects are under way that are each worth at least \$0.8 billion—projects that will see the development of new commercial, entertainment, hospitality, retail, and tourist venues (Exhibit 4).<sup>18</sup> As a result, the Saudi population may converge around certain hubs. About half the population is expected to be living in the Riyadh or Makkah regions by 2035, with the Riyadh region's population expected to grow from

nine million to 15 million by 2030,<sup>19</sup> accounting for more than half of overall population growth in Saudi Arabia between 2024 and 2035. Meanwhile, the population in the Red Sea coastal region of Tabuk is projected to triple on the back of the NEOM desert development project.<sup>20</sup>

### Consumer behavior

The five trends described above suggest not only the opportunity that lies in a market with so many consumers but also how best to target those consumers given their youth and spending power, the high proportion of tourists, the increasing number of women in the workforce, and where consumers are concentrated.

Yet companies wanting to partake in the market's growth will need to cater to Saudi consumers' behavior too. Five emerging behaviors already stand out. One is a hunger for new experiences. The four other behaviors describe what we dub the “zero consumer”<sup>21</sup>—the consumer who has no channel boundaries or loyalty, who prefers value offerings or premium ones (nothing in between), and whose shopping habits are increasingly influenced by sustainability and health concerns.

*A taste for the new.* As the economy develops, a proliferation of new opportunities in hospitality provide Saudi consumers more opportunities to spend time outside of their homes. Growth in related sectors is already well under way. Take sporting events: Saudi Arabia's General Entertainment Authority reports that 72 million people attended sports events and other entertainment and recreational activities in 2023.<sup>22</sup> Saudi Arabia hosted the world heavyweight boxing title in 2024 as well as the Women's Tennis Association Finals, the organization's flagship event. It has also won bids to host the 2029 Asian Winter Games, the 2030 World Expo, and the 2034 FIFA World Cup.

<sup>15</sup> Asharaf Abdul Salam et al., “Population distribution and household conditions in Saudi Arabia: reflections from the 2010 Census,” *SpringerPlus*, September 2014, Volume 3; Saudi Census 2022.

<sup>16</sup> McKinsey analysis based on Eurostat data and World Bank population estimates and projections for the European Union.

<sup>17</sup> Middle class is defined as having income of between \$15,000 and \$40,000 per annum. GASTAT; Euromonitor; Oxford Economics; McKinsey analysis.

<sup>18</sup> GASTAT; Oxford Economics.

<sup>19</sup> Mohammed al-Mutairi, “Riyadh's population rise to 15 million helps shift city towards independent economy,” *Asharq Al-Awsat*, May 1, 2024.

<sup>20</sup> GASTAT.

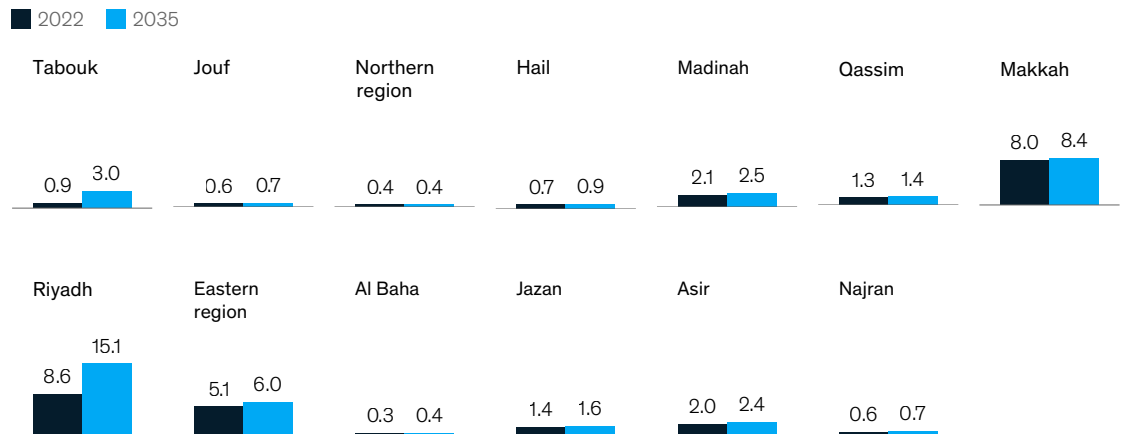
<sup>21</sup> Resil Das, Surbhi Kalia, and Dymfke Kuijpers, “Zero consumers: What they want and why it matters,” McKinsey, October 18, 2023.

<sup>22</sup> “72 million visitors attended events and recreational activities in 2023,” General Entertainment Authority, February 23, 2024.

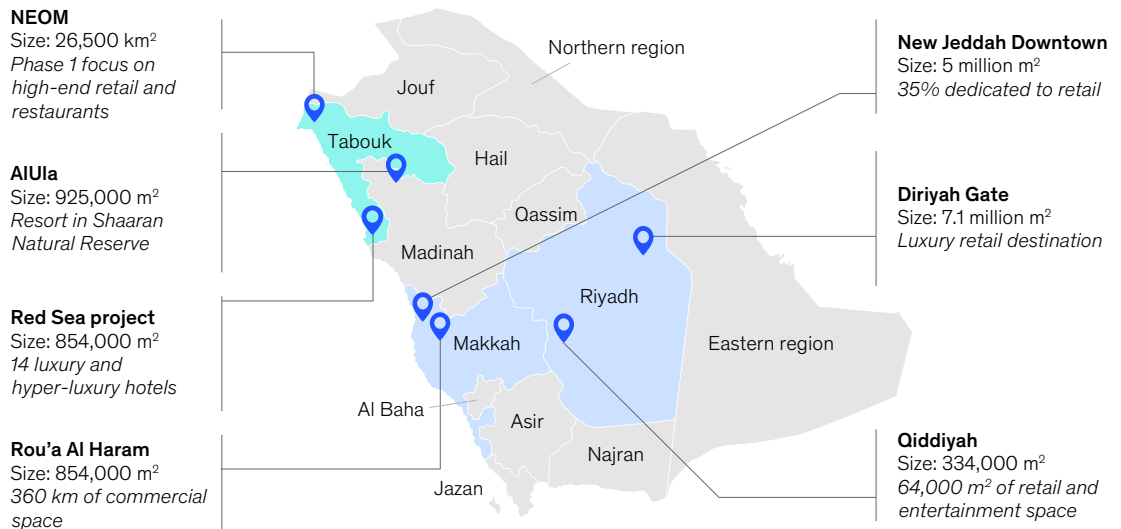
## Exhibit 4

### Mega infrastructure projects will lead the Saudi population to converge around hubs.

Regional population distribution based on natural growth and announced development projects (not exhaustive),<sup>1</sup> million



■ Greenfield ■ Brownfield



Note: The boundaries and names shown on maps do not imply official endorsement or acceptance by McKinsey & Company.

<sup>1</sup>Total population is expected to reach 41 million to 44 million by 2035. Regional distribution of growth is in line with 2010–22 historical growth, adjusted to announced megaprojects. Megaprojects include the Royal Commission for Riyadh City strategy, to reach ~15 million people in Riyadh by 2030; New Jeddah Downtown with ~60,000 residents; The Line in NEOM, Oxagon, and the Red Sea project with ~2 million residents by 2035; the AIUla project with 100,000 residents; and Soudah Development with ~10,000 residents by 2035.

Source: GASTAT; Oxford Economics; McKinsey analysis

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# Despite most consumers exhibiting trade-down behaviors, more than half of consumers express an intent to splurge.

*Zero boundaries.* Saudis are among the world's most digitally connected people,<sup>23</sup> indicating the potential of what remains a relatively underdeveloped B2C e-commerce market (for the time being). Our research suggests that e-commerce could grow by an average of 15 percent per annum to reach \$60 billion by 2035.<sup>24</sup> But Saudi consumers are already making it clear that they prefer an omnichannel experience. Previous McKinsey surveys show that some 70 percent of Saudi consumers already use multiple channels when it comes to searching for and buying accessories, apparel, footwear, and jewelry, for example. In apparel, 77 percent said they used both online and physical channels to make purchases in the last three months, compared with 73 percent in the United Arab Emirates and 64 percent in the European Union.<sup>25</sup>

Social media may be integral to that omnichannel experience. Almost 80 percent of the Saudi population use social media,<sup>26</sup> and the Saudi social commerce market is expected to grow by an average of 30 percent per year from 2023 to 2028 to reach about \$4.5 billion.<sup>27</sup> In short, companies seeking to grow in the Saudi consumer and retail market may want to consider including social media in their strategies.

*Zero middle.* Saudi consumers' spending habits are quite distinct: Many tend to either scrimp or splurge.

In an earlier McKinsey survey, nine out of ten Saudis said they traded down in the previous three months, buying smaller quantities or purchasing from lower-price retailers.<sup>28</sup> For most consumers, value is essential.

Despite most consumers exhibiting trade-down behaviors, more than half of consumers express an intent to splurge.<sup>29</sup> Some companies will therefore find a niche premium play in certain categories. Those with midpriced brands, however, could find the going tough.

*Zero loyalty.* Young consumers today are rejecting old shopping habits and trying out new brands, retailers, and channels. In more-mature markets, earlier McKinsey research shows that millennials are 2.5 times more likely to prefer shopping at independent and specialty stores than traditional grocery chains, for example, and 3.7 times more likely than other generations to try to avoid products from "big food companies," preferring niche stores and products.<sup>30</sup> In essence, these young consumers are eager to experiment as their choices proliferate, and new markets may be able to quickly grow as a result.

<sup>23</sup> Measured in terms of the number of industries with which they interact through digital channels. Abdellah Iftahy, Tom Isherwood, Chiara Marcati, and Karan Soni, "Digital consumers in the Middle East: Rising adoption and opportunity," McKinsey, January 9, 2023.

<sup>24</sup> Statista.

<sup>25</sup> McKinsey Saudi Arabia and United Arab Emirates Consumer Pulse Survey, December 2023.

<sup>26</sup> "Saudi Arabia social media statistics 2024," Global Media Insight, March 6, 2023.

<sup>27</sup> "Saudi Arabia social commerce market intelligence report 2023: Market is expected to grow by 32.4% to reach \$1.38 billion in 2023 - Forecasts to 2028," GlobeNewswire, September 18, 2023.

<sup>28</sup> McKinsey ConsumerWise Global Sentiment Data, February 2025 (n = 1,005).

<sup>29</sup> McKinsey ConsumerWise Global Sentiment Data, February 2025 (n = 1,005).

<sup>30</sup> "State of the Consumer 2025: When disruption becomes permanent," McKinsey, June 9, 2025; Christina Adams, Isabella Torres Maluf, Miguel Ramirez, and Roberto Uchoa de Paula, "A winning growth formula for dairy," McKinsey, March 18, 2019; McKinsey US Millennial Survey; IGD.



In Saudi Arabia, consumers often change retailers as part of trading down: 53 percent of those who traded down changed retailers for a lower price and 22 percent changed brands for a lower price or a private label.<sup>31</sup> New Saudi consumers will likely be just as keen to experiment, so now is the time to begin shaping their future choices.

*Conscious consumer.* Saudi consumers are beginning to change their consumption behavior because of concerns about sustainability. Previous McKinsey research showed this was the case for 40 percent of Saudi consumers, compared with 46 percent globally.<sup>32</sup> Sustainability is especially important to Saudi consumers in apparel, with 60 percent of respondents to one McKinsey survey saying fair-trade practices are important in this area and 62 percent saying sustainably sourced materials are important for apparel purchases.<sup>33</sup> Interest in healthy lifestyles is gaining momentum at a faster pace, however, as 70 percent of Saudis say they try to eat healthy options<sup>34</sup> and 65 percent are willing to pay more for healthier food, such as organic or more-nutritious products.<sup>35</sup>

## Myriad opportunities in a vibrant new market

These ten trends are shaping what could represent myriad investment opportunities in the Saudi consumer and retail market. They fall into four main categories (Exhibit 5).

- *Investments that target consumer value pools.* The trends described above make clear where those pools might lie. For instance, the fact that 75 percent of local Saudis will be middle-class consumers within ten years and that 90

percent of Saudis are already trading down<sup>36</sup> underscores the opportunities for retailers that can offer consumers value and affordability. According to McKinsey analysis, the market for discounter models could be worth anywhere from SAR 15 billion to SAR 45 billion by 2035.<sup>37</sup>

- *Investments in new offers.* Changing lifestyles, hub convergence, and a willingness to pay premiums for modern, more sophisticated products are among the trends driving opportunities in new offerings—for example, in sports and entertainment, in tourism, and in health and wellness.
- *Channel investments.* Shopping channels will need to evolve to cater to consumers' needs and expectations, which in turn will require investments to modernize existing B2B channels or facilitate e-commerce, for example.
- *Investments that build capabilities and extract maximum value from core.* Investments will be required to develop AI capabilities in the industry and automation as well as to consolidate the industry through M&A, all of which can raise productivity.

The opportunities will differ by sector. But all companies should consider them from three perspectives. First, how will the ten consumer trends described here affect the company's core business? Are there opportunities to reinforce it? Second, are there opportunities to grow the business by expanding into adjacent areas? And third, with an eye to securing still longer-term growth, what bets might be placed on building new businesses?

<sup>31</sup> McKinsey ConsumerWise Global Sentiment Data, February 2025 (n = 1,005).

<sup>32</sup> McKinsey Center for Future Mobility Consumer Survey, 2023.

<sup>33</sup> McKinsey ConsumerWise Global Sentiment Data, February 2025 (n = 1,005).

<sup>34</sup> Nielsen survey, Q3 2019; McKinsey Global Sentiment Survey, 2022.

<sup>35</sup> McKinsey ConsumerWise Global Sentiment Data, February 2025 (n = 1,005).

<sup>36</sup> McKinsey ConsumerWise Global Sentiment Data, February 2025 (n = 1,005).

<sup>37</sup> Euromonitor; GASTAT; International Labor Organization; McKinsey Sentiment Survey; Saudi Arabia Ministry of Tourism; Saudi Arabia National Tourism Strategy; Oxford Economics; United Nations Demographic indicators 1950–2100; World Population Review 2023; McKinsey analysis.

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Capturing the full growth potential that lies within the Saudi consumer and retail market will depend on embedding certain performance drivers within the organization—innovation and digital and analytics capabilities, for example. However, the starting point is to understand and keep track of fast-shifting consumer trends. Serving the new Saudi consumer well will depend upon it.

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