The Business of Fashion

BoF

White Paper

Inside the Fashion Opportunity in Dubai

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Working with Dubai Design District and leveraging proprietary data from BoF's data think tank, BoF Insights, this white paper explores the commercial and creative opportunities in the city of Dubai for fashion and luxury businesses looking to optimise and expand their presence, reach and operations in the region.

In Partnership With DUBAI DESIGN DISTRICT

Executive Summary

The city of Dubai, situated in the United Arab Emirates (UAE), is celebrated for its cosmopolitan community that fuses historic Arab culture with global influences and the radically new and innovative.

Its rapidly growing population is predominantly made up of expatriates (expats) attracted to the city's strong economic growth and promising career prospects. Along with the city's thriving tourism trade, Dubai presents global fashion brands and retailers with significant opportunities to connect with an expanding international consumer base.

Dubai's government is also striving to deliver the city's ambitious economic agenda, D33, with aspirations to double its GDP between 2023 and 2033. It seeks to achieve this by bolstering industries like fashion and retail, as well as building out the infrastructure required to allow these markets to thrive.

International businesses are expanding their presence in the city to capitalise on its rapid development and maximise their proximity to Dubai's increasingly prosperous consumer base, as well as those in its neighbouring countries in the Gulf Cooperation Council (GCC): the Kingdom of Saudi Arabia (Saudi), Bahrain, Kuwait, Oman and Qatar.

"Dubai is a truly global city. It is strategically located as the gateway of the Middle East and North Africa (MENA) and beyond. It's a metropolitan city, so it makes sense given the fashion offering represented in Dubai, that it's the fashion capital for the region," says Khadija Al Bastaki, senior vice president of Dubai Design District (d3) — a business hub for design, art and creativity in the city.

As *The Business of Fashion*'s analysis unveils, Dubai's fashion industry is proving resilient despite wider market uncertainty. The UAE apparel market is forecast to outpace regional and global competitors with a 5 percent forecast compound annual growth rate (CAGR) for 2024 to 2030, according to Euromonitor International. For comparison, the global apparel industry's projected CAGR is 3.7 percent over the same period.

"The Dubai fashion market is one of impressive growth and potential for global creative industries, propelled forward by the city's rapid development and nurturing of regional and international brands and businesses," says Nick Blunden, president of BoF. "BoF continues to follow the impressive trajectory and subsequent opportunities in the city and the wider Gulf region, increasing our presence and coverage as a result, with exciting activations in the pipeline for 2025."

In partnership with d3 — a part of TECOM Group, which operates an ecosystem of sector-focused business districts championing education and innovation — the objective of this paper is to equip the international fashion industry with strategic insight and advice on the creative and commercial opportunities in Dubai today.

This paper includes exclusive, proprietary data and analysis from a survey conducted by d3 and BoF Insights — BoF's data and analysis think tank — of more than 1,000 residents in Dubai. The survey, conducted in June 2024, was designed to better understand consumer expectations, behaviour and on-the-ground experiences within the city.

For example, residents in the d3 x BoF Insights survey expect to lean further into the luxury fashion category in the near future. An impressive 55 percent of respondents selected luxury apparel, accessories and footwear as an expected top-five discretionary spend outlet for them in the next three years.

"In partnership with d3, BoF presents thorough research into the fashion market in Dubai — informed by exclusive data on consumer behaviour and trends, as expressed by the residents of Dubai themselves," says Blunden.

"These findings, analysed alongside expert commentary and advice on how brands can leverage these consumer trends and behaviours, will equip the global industry with a toolkit to authentically resonate with the city's residents and global visitors, and wider business opportunities in the city and Gulf region," he adds.

This paper combines expert insights from independent consultants, academics, and brand and retail executives, reflecting both regional and global perspectives.

A survey by d3 and BoF Insights of more than 1,000 residents in Dubai in June 2024 provides exclusive, proprietary data and analysis in this paper.

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A Wider Lens on Dubai's Fashion Market and Consumer Base

The finale of the Angelo Estera show at d3's Dubai Fashion Week in September 2024. (Dubai Design District)

Key Insights:

- Dubai's fashion industry is proving resilient despite wider market uncertainty — the UAE apparel market is forecast to outpace regional and global competitors with a 5 percent forecast CAGR for 2024 to 2030.
- Dubai is a strategically positioned regional hub, identified by global fashion businesses as the primary location from which they can expand developments and activity in the wider Gulf.
- The city is known for its world-leading retail offering, from which consumers expect ultra-localised personalisation, early product access, capsule collections and exceptional customer service, as well as omnichannel services for heightened convenience.
- Global fashion businesses must account for the varied socio-economic backgrounds and multicultural identities that make up Dubai's consumer base.

The macro-economic landscape continues to challenge the fashion and luxury industries in 2025. This is in part driven by an underperforming Chinese market, and ongoing economic uncertainty and political upheavals in major economies like the US — and Germany, the UK and France in Europe.

Within this market context, Dubai and the UAE is proving to be a resilient economy. The UAE's gross domestic product (GDP) of US$545 billion was forecast to have an annual growth of 4 percent in 2024, according to the International Monetary Fund.

This section first looks at Dubai's market context on a global scale. It explores why brands and retailers have identified Dubai as their base from which they can expand activity in the region. It also provides an overview of Dubai's fashion retail landscape to help global brands better understand the city's current offering.

With a wider lens on the Dubai consumer base, this section also dives into the demographic makeup of the city's residential and touristic population, challenging consumer stereotypes in the region. It offers insight into how and why success in this market relies upon delivering world-class experience and global benchmarking.

A Resilient Fashion Market Amid Global Uncertainty

The fashion industry in Dubai and the UAE is booming, driven in part by its strong standing as a cultural activity among residents. The d3 x BoF Insights survey saw 50 percent of overall respondents, and 65 percent of women respondents, indicate that "fashion" is one of their top three preferred creative and cultural attractions to engage with in Dubai.

The latest data from Euromonitor International currently places the UAE as the second-largest apparel market in the GCC, representing 36.8 percent of total apparel sales in the region in 2024, behind only Saudi Arabia. However, the UAE is forecast to slightly outpace Saudi's growth in the years ahead, with a 5 percent forecast CAGR between 2024 and 2030 (versus a 4.8 percent forecast CAGR for Saudi). It will significantly outpace the global apparel industry's projected CAGR of 3.7 percent over the same period.

The UAE's luxury market is also expected to accelerate in growth in the years ahead — at a CAGR of 3.0 percent to 2030 — and the country boasts the largest footwear market in the GCC.

This projected growth comes at a pivotal time as fashion businesses look to identify new and resilient markets. The fashion and luxury industries have experienced significant challenges with the recent slump in Western Europe and an underperforming Chinese market. The country's GDP growth is projected to decelerate sharply, with Euromonitor placing China's apparel industry CAGR forecast at just 0.6 percent from 2024 to 2030.

There is further uncertainty around China's recovery with Donald Trump's return to the White House. At time of writing, President Trump has proposed heightened tariffs on imported goods, with the greatest tariff rate levelled at China. Many US companies will likely respond through price hikes, which could harm consumer spending by US$50 billion a year, according to the National Retail Federation.

The US presidential race was one of 2024's defining elections in a year where a historically large proportion of the global population voted. For many, this was the first election since the COVID-19 pandemic. Many countries are still struggling with aftereffects of the health and socio-economic crises of COVID-19. By contrast, the UAE achieved one of the fastest vaccine roll-outs and uptakes globally, with just one three-week lockdown in Dubai. In 2021, the city was able to host the prestigious six-month World Expo, with brands like Chanel and Giorgio Armani taking part.

Perhaps unsurprisingly, when global fashion executives looked to resilient markets in 2024, 51 percent of those surveyed for BoF and McKinsey & Company's The State of Fashion 2024 report said the Middle East was the most promising region compared to the year prior — the region that received the most positive response.

The GCC continues to demonstrate economic resilience, with governments focused on building out the residential and business opportunities, exemplified through the Dubai Economic Agenda, or D33. This is a multi-tiered economic plan to bolster industries and infrastructure within the city, to drive sustainable economic growth and double GDP between 2023 and 2033. The agenda details its purpose of making Dubai "the fastest, safest and most connected city in the world".

Dubai has seen rapid population growth — projected to increase by 7.5 percent from 3.6 to 4 million between 2024 and 2026, according to S&P analysts. They attribute this growth to the inflow of working professionals looking for better job opportunities and investors wanting to cash in on high returns from the growing economy. Individuals also benefit from no personal income tax in the UAE.

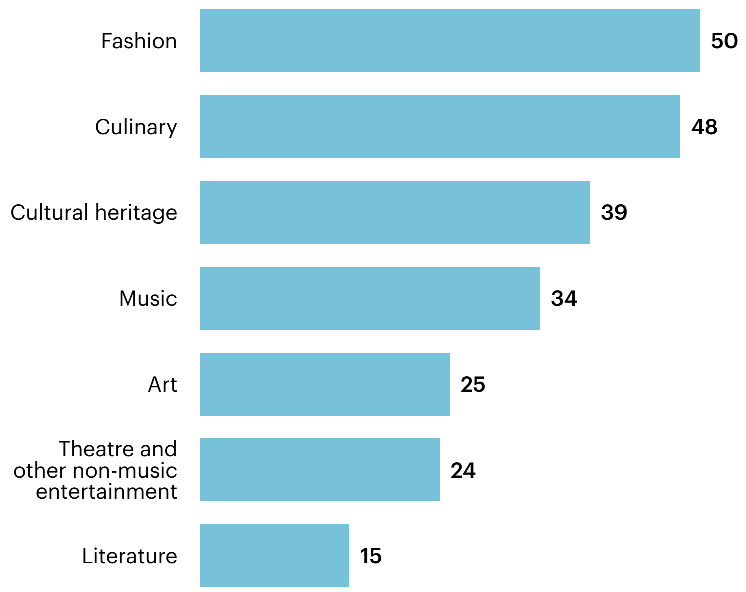
In the d3 x BoF Insights survey, the city achieved the highest score among respondents with regards to its role as a place that fosters creative talent and entrepreneurs, in comparison to neighbouring cities like Abu Dhabi, Doha, Riyadh, Manama, Muscat and Kuwait City.

Workplace research firm Gallup's State of the Global Workplace report in 2024 also found that 69 percent of UAE employees believe 2024 was a good year to find a new job. These employees also believe they are growing better than their regional and global peers in their profession.

Exhibit 1

50% of Dubai residents indicate that fashion is one of their top three local cultural aspects with which they engage

Q: Which three, if any, of the following creative and cultural aspects of Dubai do you most prefer to engage with?
% of respondents



Source: d3 x BoF Insights survey; BoF Insights analysis.

A Strategically Positioned Business Hub

In order to capitalise on the business opportunity in the GCC, fashion companies are vying for an increased presence and reach in the region. Many have identified Dubai — the biggest trade hub in the Middle East, and strategically located logistical gateway to the Middle Eastern, African and Asian markets — as the location from which they can expand developments and activity in the region.

For one, French conglomerate Kering — owner of luxury maisons including Gucci, Saint Laurent, Balenciaga and Bottega Veneta — created the position of president of Kering Middle East and Africa at the beginning of 2023. This role is designed "to support and to aid the structure of the long-term development of our houses within the region," Miral Youssef, who has held the role since its inception, told BoF.

To further optimise its position in the region, Kering opened its offices in Dubai Design District, or d3 — an area of the city that is recognised as the leading neighbourhood for brands and businesses within the art, design and fashion industries. It is the first and largest design district in the GCC, with a variety of retail and creative spaces, corporate offices and events. With more than 1,100 customers and 20,000 creative professionals, d3 is also home to regional conglomerates like

Chalhoub Group and teams at Chanel, Adidas, Asics, Puig and Sephora, whose offices sit alongside co-working spaces for emerging brands.

D3 is the force behind some of the biggest fashion, cultural and retail events in the city — from the annual trade show and culture festival, Sole DXB, to the region's largest creative festival, Dubai Design Week. In partnership with the Arab Fashion Council, d3 is also evolving Dubai Fashion Week (formerly Arab Fashion Week) into one of global prestige.

"A decade ago, no one [in the region] understood what fashion week was," says Jacob Abrian, co-founder and CEO of Arab Fashion Council. "There [were] fashion events, but [...] they used to happen without vision or standards, [which was] very difficult for brands to trust [...]. This trust has now been established. The standards we have set in Dubai are even higher than Western counterparts."

Its roster of talent for years remained relatively localised, with brands such as Michael Cinco and The Giving Movement showcasing alongside up-and-coming labels like Bazaza, Pipatchara and Dima Ayad. Today, however, the event is drawing international household names. Carolina Herrera hosted a runway show in September 2023 and Roberto Cavalli closed out the Spring Summer 2025 shows.

Delivering World-Leading Customer Experience

Dubai is globally recognised for its world-leading retail, which is considered a lifestyle boon by its residents. Dubai achieved the highest score from the d3 x BoF Insights survey with regards to their perception of its fashion offerings and experiences in comparison to neighbouring cities.

Its retail offering is also a key contributor towards its booming tourism trade. The city received over 16.7 million overnight visitors between January and November 2024. This is a 9 percent increase on the same period the year before. and overtaking pre-pandemic levels, according to Dubai's Department of Economy and Tourism. The UAE's Ministry of Economy last reported the total spending of international tourists in 2022 amounted to over US$32 billion.

Popular retail locations among residents include Dubai Hills Mall, Atlantis Mall and City Walk, an outside shopping leisure area. However, the frontrunners for footfall and activity are indisputably Dubai Mall and the Mall of the Emirates, drawing a substantial amount of tourism expenditure. Ninety-nine percent of travellers to Dubai visit the Dubai Mall and 78 percent of visitors state the purpose of their visit is leisure, according to the Dubai Department of Economy and Tourism's 2023 annual report.

Dubai Mall is the second largest in the world by total land area. The mall owner, property developer Emaar, announced that Dubai Mall received 57 million visitors in the first half of 2024 — an 8 percent increase from the same time last year. Meanwhile, the Mall of the Emirates, owned by Majid Al Futtaim, saw its revenue grow by 20 percent year-on-year in 2023 to nearly US$2 billion. The company's year-end report attributes this to "record-breaking footfall and higher occupancy rates benefitting UAE-based malls".

Fashion is only one aspect of the expansive mall offering, designed to cater to an array of consumer expectations. Leading culinary options are also on offer, from the likes of Eugène Eugène, Parker's, Salt and Angelina Paris. Then, entertainment options range from cinemas and bowling alleys to aquariums, ice rinks and indoor ski slopes.

"It's the mall that is the destination, not the shop," says Ingie Chalhoub, founder and CEO of Etoile Group, which operates more than 40 boutiques across seven countries in the region, including luxury brands such as Chanel, Etro, Ralph Lauren, Valentino, Tod's and Aquazzura.

With shopping malls' own exceptional offering for visitors, competition is rife for vendors looking to stand out. They must prioritise aspects like exceptional service and differentiated product offerings to meet consumer expectations. The d3 x BoF Insights survey found aspects like customer service, a wide assortment of products and access to international fashion brands are all key factors when residents choose a location to shop for fashion products.

"High quality, personalised service experience is vital in this part of the region," says Al Bastaki.

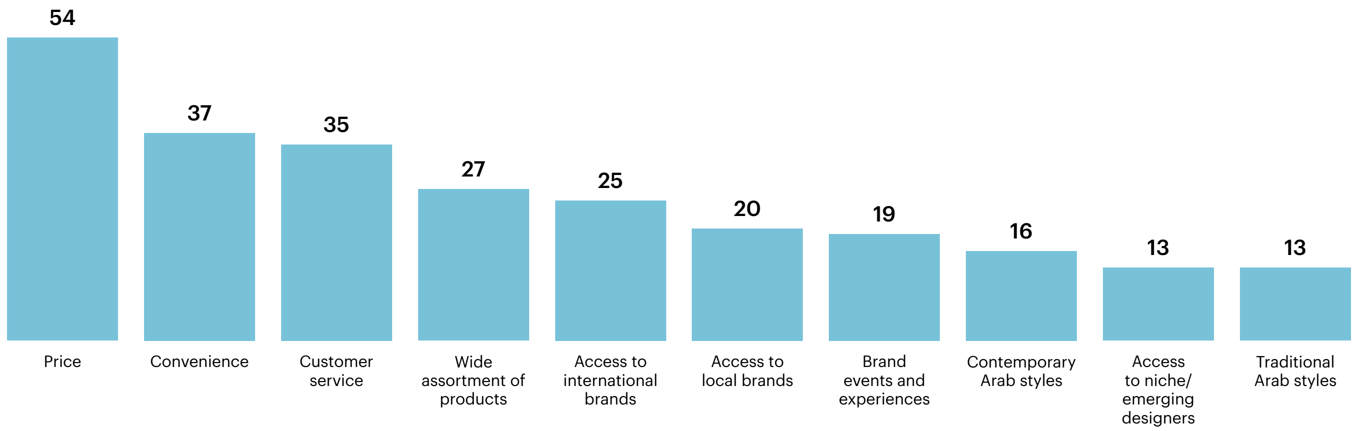
"What [consumers] are looking for is ultra-localised personalisation, but it also needs to have a global recognition," adds Youssef. She recommends offering "early product access, capsules and, from an experiential standpoint, ensuring

Supermodel Naomi Campbell and designers Rizman Nordin and Ruzaini Jamil at the close of the Risman Ruzaini runway show at Dubai Fashion Week in 2023. (Dubai Design District)

Exhibit 2

Over 50% of Dubai residents cite price as the most important factor when shopping for fashion, followed by convenience and customer service

Q: Which three, if any, of the following are most important to you in a retail destination when shopping for fashion?
% of respondents



Source: d3 x BoF Insights survey; BoF Insights analysis.

that the stores have VIC rooms, apartments and suites," which Kering have integrated within some brand flagship stores in Dubai.

Indeed, Gucci to Louis Vuitton have created salon concepts that provide exclusive product ranges and personalised clienteling services. Loro Piana re-opened its store in Dubai Mall in 2023 following extensive renovation — it was the first in the world to showcase the new Loro Piana concept and exclusive VIP client lounges.

"These consumers expect international brands to provide exclusive, region-specific merchandise, personalised VIP services, and exclusive in-store events and experiences that match international standards," a brand director at a leading fashion group previously told BoF under the condition of anonymity.

While digital retail is still a relatively new phenomenon in the GCC, it picked up momentum during the COVID-19 pandemic and is now experiencing exceptional growth. So much so that, in the d3 x BoF Insights survey, Dubai residents revealed multi-brand websites like Ounass and Noon to be their preferred shopping channels across wealth brackets.

"The Middle East is always a late but a fast adopter. [...] So what you see is the pace of growth of the online channel in the Gulf is among the fastest on a geographic level worldwide on an e-comm basis," Khalid Al Tayer, CEO of luxury e-commerce giant Ounass, owned by UAE multi-division conglomerate Al Tayer Group, shared with BoF's founder and CEO Imran Amed in his first public interview last year.

As a result, many brands have pivoted to becoming omnichannel, says Fahed Ghanim, CEO of Majid Al Futtaim Lifestyle, which operates more than 70 stores and 22 digital platforms across six markets in the Middle East. The company holds exclusive licensing rights for the likes of Lululemon, Lego, Abercrombie & Fitch, AllSaints, Shiseido and more, as well as operating THAT, a multi-brand concept store and app.

These brands, he explains, are seeking to provide "convenience, information and flexibility for customers to choose where they like to transact, at the convenience of their home on their sofa or to browse and then come and pick up from store."

Dubai residents prioritise convenience (37 percent) and customer service (35 percent) as the two most important factors after price (54 percent) when choosing a retail destination for shopping, according to the d3 x BoF Insights survey. As a result, baking omnichannel services into a brand's retail offering is no longer a point of difference but a critical must-have.

"A lot of people want to just shop on Ounass and they don't want to go back and forth with an emerging brand and [our] logistics — we can't compete," Stephanie Skourti told BoF. Skourti is co-founder and business lead of Nafsika Skourti, a Dubai-based womenswear brand whose distribution partners include Ounass and Harvey Nichols Dubai alongside its own website and retail pop-ups.

With this in mind, the brand considers their sales strategy carefully so as not to cannibalise their different channels: when hosting pop-ups, for example, Skourti will showcase dresses for sale through her wholesale partners, allowing consumers to try them on, but she directs clientele to purchase through these alternative platforms.

Challenging Consumer Stereotypes in the Gulf

For the fashion brands looking to enter or expand their presence in the region, they should first seek to understand the immensely varied consumer profiles across Dubai's residential and touristic population, as well as the wider GCC.

For example, among the tens of millions of tourists that travel to Dubai, Western Europe is one of the biggest origin points of international visitors, with over 1.1 million arrivals (22 percent overall share) in 2024. This was followed by South Asia with 869,000 visitors (17 percent). The Commonwealth of Independent States and Eastern Europe accounted for 16 percent, the GCC and MENA 13 percent and 12 percent respectively, followed by North-East Asia, South-East Asia, the Americas, Africa and Australasia, according to the *Emirates News Agency* (*WAM*).

Dubai's residents are similarly globally diverse, with expats making up the vast majority of its population. "From the Russian community to the Levant community to the UAE community to the Indian community, there's just a wide range of people who live there," says Skourti — a Dubai-based Greek-

Palestinian who founded Nafsika Skourti with her sister, the brand's namesake, in Amman, Jordan, in 2014.

The brand had already established an international consumer base before moving to Dubai. However, the relocation offered the co-founders access to "a wider range of customers and demographics."

However, international businesses often speak of the "Middle Eastern" consumer cohort without distinguishing the expanse of identities that make up these markets — another way in which brands can quickly alienate the consumer base.

"People coming from the US, Europe, they put us all in the same melting pot, whether it's customers from Kuwait, Bahrain, Riyadh, Jeddah — even Riyadh and Jeddah are not the same customers. Dubai and Abu Dhabi don't have the same customers," says Chalhoub.

Demographics vary significantly across countries in the GCC. For instance, Saudi is the largest country in terms of population size by a wide margin, with 32.6 million residents. The UAE is closer to 9.6 million, while the remaining countries range from 4.8 million (Kuwait) to 1.5 million (Bahrain), according to Euromonitor population data for 2023.

Nearly 44 percent of Saudis are under the age of 30, whereas some 33 percent of UAE residents are under the age of 30, skewing the average age slightly older. Saudi has a relatively even split between men and women; in the UAE, men account for two-thirds of the population. The majority of Saudi and Oman residents are nationals, whereas expats make up the majority of the UAE and Qatari populations.

With that in mind, Skourti advises caution when navigating the swathes of consumer profiles present in Dubai's international consumer base. "You have to think about which customer you want to target and [...] how you're going to reach them, because there are so many different profiles," she says.

Fashion companies should also avoid generalisations of socio-economic backgrounds in the region, with many equating Gulf consumers as an all-wealthy, luxury-focused clientele. Indeed, there are currently more than 202,000 US$ millionaires in the UAE, according to UBS' Global Wealth Report 2024. This figure is also projected to increase 15 percent by 2028. Dubai's luxury retail offering of course also draws in a wealthy touristic clientele from around the world.

However, the d3 x BoF Insights survey revealed only 20 percent of Dubai households generate an income of around US$100,000 per annum or more, which is approximately US$8,100 a month. The largest consumer cohort, at 45 percent of survey respondents, earns up to US$2,700, or AED 10,000, while 35 percent earns between US$2,700 and US$8,100 a month, or AED 10,000 and 30,000.

"When people think about the Middle East, and particularly Saudi Arabia and the UAE, they often think about the high-net-worth and ultra-high-net-worth consumers. Those are not the only consumers," says Gemma D'Auria, senior partner at McKinsey and global leader of the management consultancy's apparel, fashion and luxury practice. "There is a reason why brands like Landmark Apparel are doing super well — by targeting the value segment."

In fact, the d3 x BoF Insights survey respondents with an annual income of over US$100,000 demonstrate shopping habits that mirror their less wealthy contemporaries: multi-brand websites like Ounass (which stocks luxury fashion) and Noon (which stocks mass-market brands) are the most popular avenues for expenditure. This is closely followed by fast-fashion brands' — both in-person and online — ahead of multi-brand department stores, luxury brands' stores and their e-commerce sites.

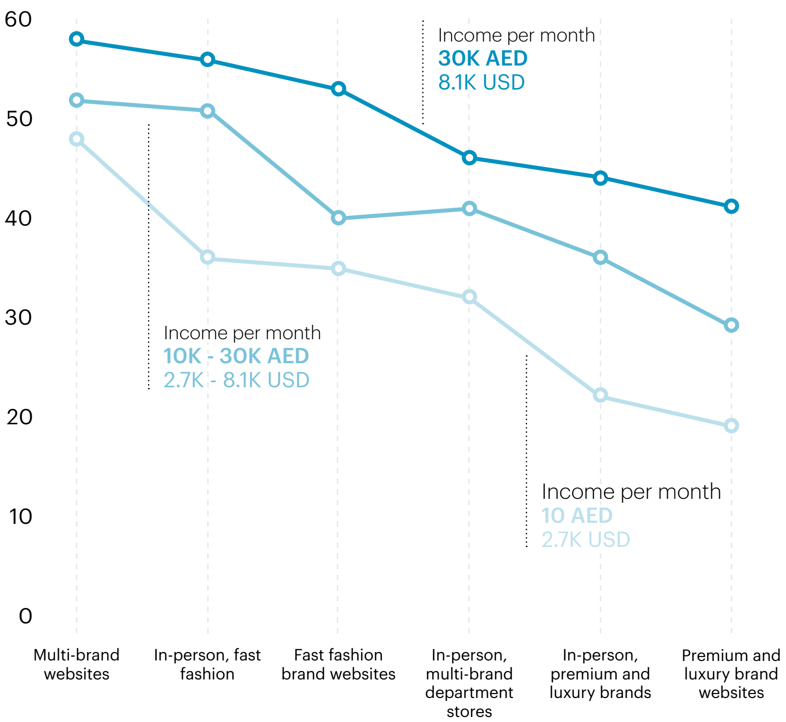
While many consumers might have the discretionary spend for luxury products, they are "not always going to [want] uber-luxury brands. They want to have a casual life," says Al Tayer.

There exists an appetite for mass-market and fast-fashion brands, despite associations with poor design, quality, and their environmental and social impact. This consumer behaviour is also at odds with the reported uptake in sustainability concerns among younger generations in the region: a Majid Al Futtaim report notes that 98 percent of Arab youth say they have made environmentally conscious lifestyle choices over the past year. In fact, this behaviour is fuelling a booming second-hand market, with luxury re-commerce in the Gulf region expected to hit a value as high as $780 million by 2026, up nearly

Exhibit 3

Dubai residents revealed multi-brand websites to be their preferred shopping channels across wealth brackets

Q: Where do you usually shop in Dubai?
% of respondents



Note: Conversion of AED to USD uses Xe currency conversion rates.
Source: d3 x BoF Insights survey; BoF Insights analysis.

> *"Our competition is not regional — we benchmark against the world."*
>
> — Fahed Ghanim, CEO, Majid Al Futtaim Lifestyle

60 percent compared to 2022, according to Dubai-based luxury retail giant Chalhoub Group.

However, this consumer behaviour also demonstrates the demand for competitive pricing across segments — and reflects the global consumer prioritisation of price over arguably more sustainable choices.

As Sergio Azzolari, CEO of Italian luxury house Roberto Cavalli, explains: "The biggest chunk of the clientele, which makes the vast majority of the luxury buyers in the Middle East, is pretty mainstream. They buy accessories because they still consider it a status symbol." He argues that this clientele is focused on "entry points into brands."

As a result, brands should not assume luxury products and higher price point items are the main focus for consumer cohorts across income categories. They should ensure a variety of price points and entry-level options to meet consumer behaviour.

Benchmarking on a Global Scale

Brands need to account for a more informed, discerning consumer base in Dubai, who has an increasingly global means of benchmarking products, price, offerings and experiences — or risk quickly ostracising this cohort.

The regional rise in social media usage and the global connectedness of social platforms play a key role in consumers' benchmarking. The d3 x BoF Insights survey revealed local social media creators and/or influencers are the primary source of inspiration for fashion purchases for about 45 percent of Dubai residents. However, this is closely followed by international creators or influencers, which sits at 35 percent.

"This is an ultra-connected part of the world," says D'Auria. "They are extremely attuned to what's happening in the US, in Europe, in Asia. They are on TikTok. They are on [Instagram]."

The UAE boasts one of the highest smartphone penetration rates globally, with Euromonitor data reporting nearly 98 percent of the population own a smartphone. For comparison, France sits at about 75 percent; the UK at over 80 percent; the US at 90 percent.

"[A] high internet penetration rate and a large, tech-savvy youth population means a consumer base that is connected with global trends and wants to be part of the global conversation," says Al Bastaki.

With the city a nexus of global communities, this also heavily influences the global reference points of its consumer base — driven by the sheer volume of international tourists and the constantly growing multinational, multicultural population.

The d3 x BoF Insights survey found that 40 percent of 18-24 year olds have lived in Dubai for just three years or less, meaning these younger residents are likely bringing with them lived experiences and expectations from an expanse of global markets. As a result, fashion brands and their executives must evaluate on, and level their offering with, the international stage — because their consumers do.

"Our competition is not regional — we benchmark against the world," says Ghanim. "We don't look at what's happening next door in the mall — we look at the best practice and the best stores, the best websites, around the world. That's what our customer is exposed to. How can we offer them, bare minimum, the same?"

"[Your brand] has to cater for a local [consumer] with a global vision," adds Chalhoub.

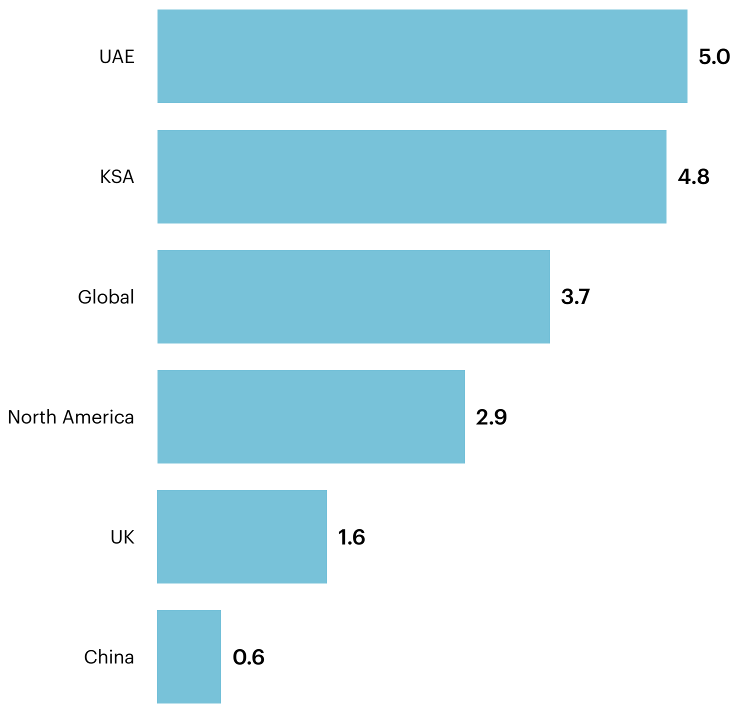
Dubai residents are mostly content with the fashion retail offering available to them, as reflected in their spending patterns. Most purchases by Dubai residents are made locally, according to the d3 x BoF Insights survey. A third of residents indicated that more than 50 percent of their total fashion spend in the last 12 months took place in Dubai.

Luxury consumers in the UAE previously often travelled to shop pre-COVID-19, purchasing 30 to 40 percent of their luxury goods outside the region, according to consultancy Bain & Company. The pandemic saw shopping repatriated — a practice that has stayed. The State of Fashion 2023 report found that over 60 percent of luxury spending occurs domestically in the Middle East.

Exhibit 4

The UAE is forecast to be among the fastest growing apparel markets worldwide to 2030

Apparel market forecast CAGRs (2024–2030)
%



Source: BoF Insights analysis, Euromonitor Interienational data.

Infrastructural Shifts

Dubai's Rapidly Evolving Infrastructure and Value Chain

Dubai Design District (d3) is a hub for multinational corporations, architectural firms, and leading fashion, beauty and jewellery brands. (Dubai Design District)

Key Insights:

- Dubai's local government is prioritising entrepreneurship as part of the economic growth plan and making systematic changes to facilitate global brands' entry into the city and region.
- Dubai's growing economy and job opportunities in industries like fashion and retail is attracting more creative talent, providing a significant and diversified influx of professionals.
- The local government is championing next-gen technologies, from generative AI to advanced analytics, which in turn consumers expect within their retail experience and in brand activations.
- Dubai is channelling resources into its manufacturing hubs to enable a holistic production process for consumer industries, to strengthen local supply chains and stimulate homegrown manufacturing.
- An interconnected ecosystem of business hubs in the TECOM Group enables businesses in its districts, like Dubai Design District (d3) or Dubai Industrial City to access growing prototyping and manufacturing opportunities.

Heavy investment in and rapid development of Dubai's infrastructure, supporting much of the local and international fashion industry operating in the region, is paramount in the city's ability to deliver on evolving consumer and industry needs.

In 2023, the city unveiled the Dubai Economic Agenda, or D33 — a plan to bolster industries and infrastructure by diversifying economic portfolios away from an overreliance on petrochemicals. Its goal is to drive sustainable economic growth and double GDP by 2033, to make Dubai "the fastest, safest and most connected city in the world", according to the agenda outline.

As part of D33, the increasing support of creative industries including fashion saw Dubai's government lower the barrier of entry for international businesses and offer more resources for regional talent. It has also focused on improving the transportation and logistics systems, and introduced smart technology on government platforms.

"Dubai is very different to the rest of the GCC," says Youssef, citing the city's speed of adoption from an operational standpoint. "The city is extremely agile and reacts very quickly to these transitions and to the needs of clients."

This section will analyse how Dubai is optimising its infrastructure to bolster the fashion opportunity for international and local business.

Enabling Entry for International and Regional Brands

To improve how global and regional brands can enter the UAE, Dubai's government has overhauled access to its services, putting in place smart systems to assist navigation of governmental websites and services.

"You can get every single piece of paperwork set up in [about] 48 hours. To set up a business [or] get a freelancer visa, it's incredibly efficient," says Rani Ilmi, founder and managing director of Frame Publicity, a Dubai-based luxury brand communications firm for the Middle East. "I think the UAE has one of the best smart governments in the world where everything can be done electronically, via one app. The infrastructure, whether you are an international business [or] a local business, is incredibly simple."

"We have more of a historical set-up in Dubai, across all our various functions, whether it be from shared services, logistics or the general management of the entities."

— Miral Youssef, MEA President, Kering

Facilitating access for international and regional brands is a way in which the Dubai government is catering towards its residents' consumer preferences too. In the d3 x BoF Insights survey, 25 percent of residents cited "access to international brands" as one of the most important factors of a retail destination when shopping for fashion. Twenty percent said the same about local brands.

Access for fashion businesses large and small is also prioritised by d3 as part of the wider TECOM Group's ecosystem of sector-focused business districts championing education and innovation. D3 has cemented its status as a hub for regional headquarters within fashion, beauty and luxury, with international and regional businesses like Christian Dior, Prada, Dolce & Gabbana, Hugo Boss, Loro Piana and Michael Cinco located there.

What's more, anyone with a licence registered by the Dubai Development Authority can work and create in d3, allowing for emerging creatives and entrepreneurs to sit side by side with major global players.

The local government is "prioritising entrepreneurship" as part of the economic growth plan, says Al Bastaki of d3, which also runs In5 Design — an incubator for creative talent. In5 "provides a simplified set-up" for talent, as well as "creative facilities, mentorship, guidance and facilitates access to relevant stakeholders and investors for designers to scale up adds Al Bastaki.

To assist in brands' entrance to the city, the Dubai government recently removed the need for international businesses to require a 51 percent UAE partner on paper, as was previously mandated. With that, brands typically had to pay a flat fee every year, often with a commission-based structure for a percentage of sales. Instead, recent amendments mean international businesses can now come in 100 percent on their own, relinquishing the need to find local distribution partners who require a financial cut.

While brands can now enter the region without a local partner, many still choose to work with a UAE-based entity because, without such, you are left "with no marketing support, with no real operations support," says Ilmi. "We have seen a lot of brands actually go back to the older model because they realised it's just a safer bet."

TECOM and d3 have sought to assist brands facing these challenges by offering both freezone and mainland licences. For businesses within the TECOM ecosystem, brands benefit from operational set-up and can tap into various activations, events and networking opportunities.

Ilmi also suggests that independent labels might consider using the services of independent retail consultants in the area, while larger brands should work with one of the larger groups, such as Chalhoub, Al Tayer or Majid Al Futtaim. That way, "you're then guaranteed a little bit of a consistent buy each season for your product [...] [and] you're on one of the strongest local e-commerce platforms [or] you're in the Dubai Mall and Mall of the Emirates."

For example, e-commerce company Ounass offers a testing ground for Al Tayer's retail arm Insignia, launching brands online to gauge regional reception. Recently, they were the exclusive launch partner for Skims, Kith and Fear of God Essentials. Activations follow, such as custom events or pop-ups, before it rolls out physical retail and hands over operations to the wider Al Tayer Group for regional expansion.

Expanding Retail Offerings in Dubai

Most major fashion players already have a presence in some form or another in Dubai. However, brands looking to enter or expand their physical presence in the market might well face challenges with long waiting lists for retail store space.

"You cannot just go in and get a [retail] location [in Dubai] because of the scarcity," says Azzolari. "You have to convince someone to either partner up with you or give the store to you."

Kering is "continuously looking at developing and expanding our network along with our existing locations," says Youssef, who adds: "That will come organically as the country or city evolves with the new developments that are being built."

Emaar, the developer of Dubai Mall, announced in 2024 it will introduce another 240 stores to its more than 1,200 existing retail spaces and 200 food and beverage outlets. However, some brands do not have the budget or available space to expand their retail footprint.

As a result, their way into, or to expand within, Dubai's physical retail landscape can be unlocked through multi-brand retailers and department stores like Bloomingdale's and Harvey Nichols, as well as Etoile La Boutique and THAT Concept Store. Other multi-brand retailers with more accessible price points include Namshi, with a presence in Dubai Mall, and Apparel Group, which opened more than 100 stores across the Middle East and Asia in the first half of 2024.

D'Auria also recommends brands get "much more creative and test new concepts in-store" to innovate the offering and capture consumer attention in their current spaces. Critically, when shopping abroad, 53 percent of residents earning over US$100,000 per annum are searching for more unique and/or inspiring shopping experiences, according to the d3 x BoF Insights survey. As a result, brands and retailers need to strengthen their offering within Dubai to recapture the imagination of the highest spenders in the city, to assist in the repatriation of their spend.

"Newness, engagement and going beyond [the] transactional with your relationship with the customer — that's the way to thrive," says Ghanim. "Any investment we do, whether it's technology, whether it's a journey that we're designing or a brand that we're getting into the market, the lens is: will this resonate with the customer?"

For example, Ghanim works with brands to integrate next-generation technologies, including generative AI and advanced analytics, to "act faster and better" in line with customer expectations. One brand they operate uses augmented reality, allowing consumers to see virtual overlays of furniture in their homes; a beauty brand offers the chance to try different shades of lipstick without removing makeup. This, he argues, is a distinguishing feature in the physical retail offering as much as anything else.

"Our Shiseido store, for example, has a visualiser that analyses your skin and recommends which product you should use. This is something that is practical technology — it's not gimmicky. Customers were very quick to filter between gimmicky technologies and real-use technology. [...] It was an immediate success."

With the technology only previously available in Japan, the retail offering has an additional experiential lens that helps entice and engage consumers in-store. "Integration of immersive experiences

Khadija Al Bastaki, senior vice president of Dubai Design District, looks at the work of an emerging designer. (Dubai Design District)

and advanced technologies and analytics to help drive personalised shopping experiences have been quite important," he adds.

Other brands have sought and brought newness into the region through nurturing the evolution of cultural mores and regulations. For example, American jewellery brand Maria Tash, which entered the UAE about five years ago, provides luxury piercing services throughout most of its retail locations globally — a process that is not unusual in Dubai, but considered somewhat taboo as a public practice.

"Maria Tash fought to get the licence, to do it properly, so it actually became a trade function," says Ilmi. "There are now multiple [entities] in the market [that offer piercing services] [...] so there have been strides made to bring the experiences in."

A Strategically Positioned Logistics and Talent Hub

Dubai is geographically well-positioned as a logistics hub for trade and tourism, as a gateway to the wider Middle East, Asia and African markets. There are plans to further expand its already world-leading travel and transport offering too, with a US$35 billion plan to build a new terminal at the Al Maktoum International Airport, which will make it the world's largest airport.

As a result, many global and local brands, big and small, have situated their regional headquarters and logistical operations in Dubai.

"It allows for, from a logistical standpoint, very easy mobility — whether it be the GCC here or the Middle East as a greater remit," says Youssef. "We have more of a historical set-up in Dubai, across all our various functions, whether it be from shared services, logistics or the general management of the entities."

The local workforce employed by companies based in Dubai, whether retail or headquarters staff, also reflects the diversity of the residents in the region. "Last year, we saw more than 150 nationalities [of consumers] enter our stores and our workforce population reflects that [diversity]," adds Youssef. "We have over 50 nationalities currently [working] within our stores."

With Dubai's focus on attracting more professionals and businesses to the region, there has also been a "significant inflow of talent and investment for the creative and cultural industries," according to Al Bastaki. "We have witnessed a lot of nationalities [enter the city] and an increase of [people] from different parts of the world [come] to Dubai, with skills in craftsmanship, tailoring, art and fabrics, [and] embroidery work."

The d3 x BoF Insights residents survey found that over 60 percent of respondents felt that Dubai is a city that is open to new residents and expats, and a place that fosters creative talent.

In addition to its talent incubator In5, TECOM also launched the Dubai Institute of Design and Innovation (DIDI) in 2018 — a design university with a curriculum co-created with Massachusetts Institute of Technology (MIT) and The New School's Parsons School of Design. Its programme offers multidisciplinary design degrees with a focus on visual literacy, technological fluency and business strategy.

More than 60 percent of respondents felt Dubai is a city that is open to new residents and expatriates, and a place that fosters creative talent.

Source: BoF Insights analysis.

"There's more and more awareness in seeing that creativity is a driving force of a new economy," says Hani Asfour, vice president of innovation and institutional partnerships at DIDI. He helps oversee the programme that is designed to train the next generation of talent in Dubai, to support the creative visions powering some of the 100 projects within the D33 plan to bolster the city's offering and opportunities.

The city boasts other design schools nurturing Dubai's next-gen designers, such as: Faculty of Art and Design (FAD), accredited by Middlesex University in the UK and situated in Dubai Knowledge Park; L'École School of Jewelry and Arts, supported by Van Cleef and Arpels; and Istituto Marangoni's Dubai campus, based in Dubai International Financial Centre.

"I'm bullish on [Dubai's] role as a hub for creative Arab talent," says D'Auria. "Your first port of call [as a creative in the region] is going to be Dubai, because that's where you have the confidence of ideas, the critical mass, the freedom and the support from an infrastructure standpoint."

What's more, changing regulations to who can enter the country based on their employment status inspired what D'Auria calls a "step-change." She notes that the city's shift from a more "transient place" to one of improved permanence has meant "the quality of life has really increased".

A Growing Manufacturing Hub

Dubai is channelling resources into its manufacturing hubs to enable a holistic production process for businesses in industries like fashion, with the aim of strengthening local supply chains and stimulating homegrown production.

"Local manufacturing is growing. Localised production can help businesses rapidly overcome supply chain issues — especially during COVID-19, when we were able to produce in-house materials for medical masks, which created a need for the government to have support in

The finale of The Giving Movement runway show during Dubai Fashion Week in 2023, with founder and CEO Dominic Nowell-Barnes. (Dubai Design District)

localised production," says Al Bastaki.

Now, brands like sustainability-focused activewear and streetwear brand The Giving Movement produce their garments in the UAE to minimise their carbon footprint.

Dubai Industrial City — a part of the TECOM Group since 2004 — is a regional, large logistics and industrial business hub with more than 300 factories exporting locally and globally, alongside warehousing capabilities. Its land occupancy grew by 12 percent year-on-year in 2023, and its ecosystem of customers grew by 17 percent in 2023 to reach more than 1,000 local, regional and international businesses, as reported by *WAM*.

"Prototyping is also something that can easily be done in Dubai, in the Design District or in Dubai Media City," says Asfour, referencing the interconnected ecosystem of business hubs under the TECOM umbrella. "We can rapidly prototype your ideas. [...] We have the talent, we have the skill, we have the facilities. [...] They're opening manufacturing of digital chips in Abu Dhabi — this is the most advanced technology. Thirty years ago, we couldn't do that — you had to be in Taiwan."

Asfour notes that there remains limitations in scale, to enable localised mass production, as it will require "more space, more resources, more waste management, a faster supply chain." However, in May 2024, Dubai Industrial City unveiled 13.9 million square feet of additional land capacity within its ecosystem to meet existing and growing demand.

"We feel our charge, as a design university, is to shift Dubai from a consumer to producing city, where we don't only have to produce things — we produce ideas," adds Asfour. "I would say the shift from consumer to producer and production can be anywhere from an idea to rapid prototype and maybe mass production."

As part of the D33 plan, the government has also launched "Sandbox", designed to encourage testing and commercialisation of new technologies to make Dubai a major innovation hub.

"This is part of the AI minister's agenda. [D3] are trying to be part of it, working internally with fashion and AI with the team," says Al Bastaki. This approach extends to the education sector, with DIDI University boasting a "blueprint for artificial intelligence [that] aims to accelerate the adoption of AI applications."

Design students at DIDI University learn coding, gamification, augmented reality (AR), virtual reality (VR), 3D fabrication, robotics and AI among business and design models, says Asfour. This is because,"if we want creativity to be productive, we need designers to be able to understand how engineers think and understand business."

Consumer Trends and Cultural Opportunities in Dubai

Carolina Herrera's presentation at Dubai Fashion Week in October 2023. (Dubai Design District)

Key Insights:

- Brands should match their number of SKUs in Dubai to other global markets, reflective of regional demand.
- Across age groups, consumers desire more modest fashion options, which cater to both traditional dress like abayas and kaftans, and modest non-traditional clothing, like non-form-fitting pieces.
- Co-creating and collaborating with regional talent, such as those fostered through DIDI University and In5 Design, resonates with local consumers.
- Price sensitivity is prevalent and price arbitrage is increasingly less common with consumers shopping elsewhere if they feel the price is unfair.
- Dubai has a lively social calendar and design-led events throughout the year, that global brands can tap into for cultural clout and increased exposure to the local industry and consumer base.

The fashion and luxury brands operating in or entering the Dubai market must learn about the expectations of the Dubai consumer, from trending product categories to cultural opportunities idiosyncratic to their city.

The d3 x BoF Insights survey found that 65 percent of respondents believe that Dubai offers exciting fashion products and experiences. This sentiment varies across age groups, rising to about 75 percent for older cohorts and falling to 50 percent for 18-24 year olds. This take offers both learnings and opportunities to better understand what resonates locally.

In this final section of the paper: Inside the Fashion Opportunity in Dubai, BoF breaks down some of the behavioural trends of the city's residents, as collated from the d3 x BoF Insights survey findings.

We share strategies and learnings on how to connect with and cater to the multi-faceted Dubai-based consumer.

Expand Luxury Category Offerings in the Region

For residents in Dubai, having a wide assortment of products and access to international brands are in the top five most important factors when choosing a retail location for shopping, according to the d3 x BoF Insights survey.

More than 30 percent of all age groups surveyed agreed with the statement that they can easily find fashion made by international brands, which increases to 40 percent for the 55+ age bracket. However, these older residents appear to resonate less with international brands — just 9 percent agree that they feel prestige when wearing products from them and 20 percent agree that they have exciting trends. It suggests an opportunity for international brands to improve their brand assortment and engagement in the market.

According to BoF Insights' Middle East report in 2023, international luxury brands' product assortments are 10 to 40 percent greater in the US than in the UAE, despite demand for everyday and special

Exhibit 5

Respondents aged 18–24 view local brands as trendier and more affordable, while those aged 25–44 see them as equally trendy and affordable as international brands

I believe local fashion brands...

	18-24	25-34	35-44	45-54	55+
Have high quality	21%	30%	29%	26%	28%
Have exciting trends	28%	29%	28%	22%	37%
Are expensive	19%	25%	29%	16%	14%
Are prestige	21%	29%	33%	16%	26%
Are easily found	27%	28%	29%	20%	30%

I believe international fashion brands...

	18-24	25-34	35-44	45-54	55+
Have high quality	28%	34%	29%	28%	37%
Have exciting trends	25%	32%	29%	29%	21%
Are expensive	30%	29%	30%	32%	37%
Are prestige	21%	32%	29%	28%	9%
Are easily found	32%	32%	29%	35%	40%

<10% 10-15% 16-20% 21-25% 26-30% 31-35% 36-40% <>40%

Source: d3 x BoF Insights survey; BoF Insights analysis.

occasion clothes. There is also a stock keeping unit (SKU) imbalance towards more accessories and jewellery, largely due to an assumed desire for products that could be worn with traditional, modest dress.

By contrast, international mass market brands reportedly offer a similar product range in the UAE as they do in the US and have more than 80 percent of assortments devoted to apparel, with only 10 to 12 percent devoted to accessories.

Nearly 60 percent cite a better selection of brands and more unique shopping experiences as their primary reasons for shopping abroad.

Source: BoF Insights analysis.

"You cannot just treat [Dubai consumers] as everybody else because they are becoming more integrated in the global system," says D'Auria. "You have to recognise that they hunger for the same things that young people hunger for in Europe or in the US."

Of high-earning respondents to the d3 x BoF Insights survey — those with a household income of US$100,000 per annum or more — nearly 60 percent cite a better selection of brands and more unique shopping experiences as their primary reasons for shopping abroad.

Luxury brands should therefore increase their number of SKUs in Dubai if they lag behind other geographic markets, to ensure their Dubai-based clientele does not feel undervalued compared to the global consumer base.

What's more, brands that delay product delivery to Dubai may find a dissatisfied consumer who is increasingly aware of their hampered access to products. As Chalhoub explains, access to online shopping "gives you visibility over the borders".

Consequently, "if you are late [delivering in Dubai] versus Europe, people notice — and you can't afford to be late." She adds that, despite increased attention on the region, timely delivery is still something they struggle with today.

This is important when capturing future discretionary spend too, with Dubai residents in the consumer survey expecting to lean further into the luxury fashion category. An impressive 55 percent selected luxury apparel, accessories and footwear as an expected top-five discretionary spend outlet for them in the next three years.

After luxury fashion products, consumers expect to spend more on experiential travel and home categories, opening up more potential for brands to explore these broader categories, like furniture or travel products.

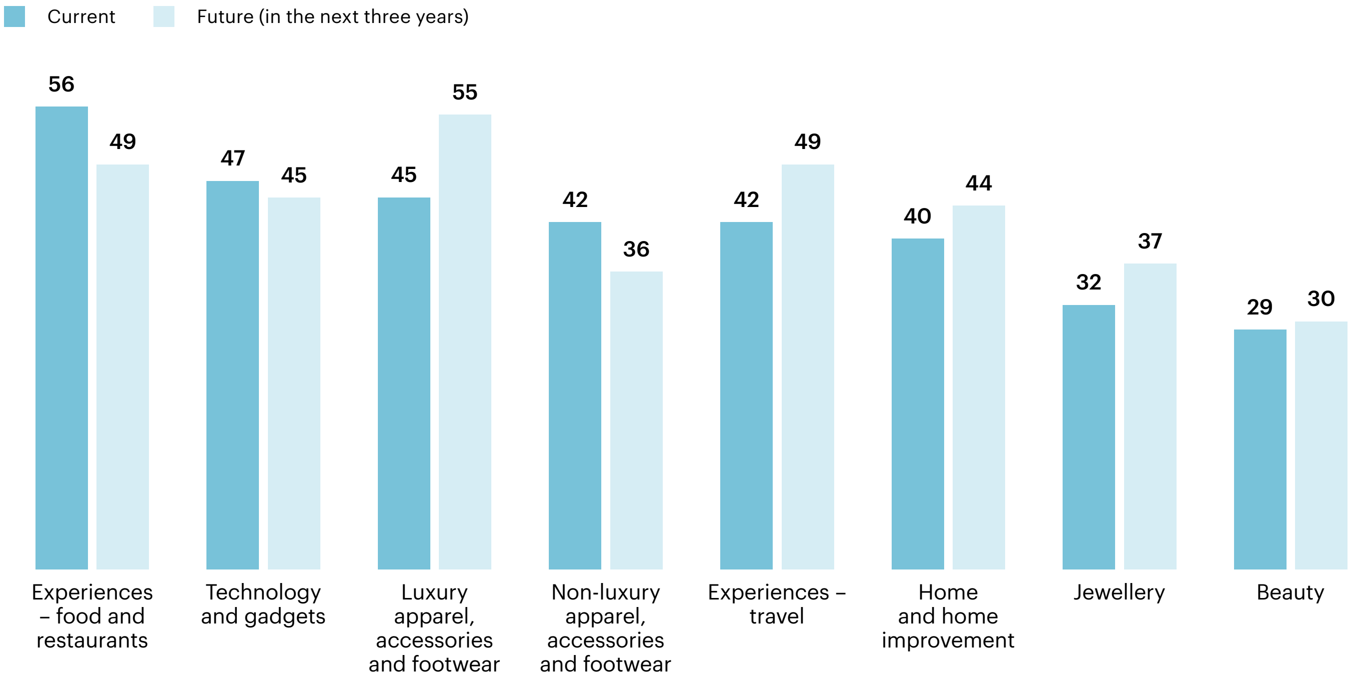
At Roberto Cavalli, for instance, Azzolari

Exhibit 6

Dubai residents expect to spend more on luxury fashion, accessories and footwear in the next three years

Forty-five percent of Dubai residents classify luxury fashion as one of their top-five outlets for current discretionary spend; this increases to 55 percent of residents for future discretionary spend.

Which five, if any, of the following categories make up the majority your current and future expected discretionary spending?
% of respondents



Source: d3 x BoF Insights survey; BoF Insights analysis.

notes a general rise in categories across the brand's 11 running licences, "from home to personal to travel," he says. "We see a lot of traction in home [products] [...] in general [with] the real estate development [in Dubai]. There is a renewed interest in spending money on your home but also on personal [categories], so eyewear and perfumes."

In recognition of the increased traction in the homeware sector, d3 launched a new art and design fair, Editions, in November last year. Taking place during Dubai Design Week, it is the region's first affordable art and art collectable fair, targeting a demographic looking for unique art and objects for their homes.

Combine Global Collections With Modest and Traditional Styles

Adding more SKUs to collections sold in Dubai and the wider GCC is not just about stocking the same product offering as Western markets.

Indeed, the Dubai consumer represents hundreds of nationalities among residents and tourists. This might lead brands to assume that, by simply offering their core products and collections, it will appeal to a broader consumer base — and the d3 x BoF Insights survey did find that about 50 percent of respondents believe Dubai fashion caters to a variety of lifestyles including their own.

However, global brands and retailers that account for regional tastes within a wider assortment are the ones that will gain the most traction among regional consumers.

"The brands that have taken this customer as a very important customer and respects them are seeing benefits. The ones that approach this customer as, 'They're just going to buy what we make and we're going to do [...] a good enough job because we're busy somewhere else,' are not," says Al Tayer.

There is a demand across age groups for more modest fashion options, which cater to both traditional dress, like abayas, jalabiyas and kaftans, as well as modest non-traditional clothing like long-sleeves, non-form-fitting pieces or dresses of a conservative hem length. Just 28 percent of residents surveyed by d3 and BoF Insights wanted fewer modest options like sleeveless shirts, cocktail dresses or form-fitting styles, while only 22 percent wanted more resort and swimwear.

The greatest demand for more conservative dress comes from the younger regional consumers: those surveyed aged 18 to 24 had the highest ratio of respondents saying that they would like to have a wider selection of traditional styles available to shop. In fact, the two younger cohorts surveyed, aged between 18 and 34, were also the most in favour of more modest options available to shop.

Some global brands have catered to regional wear needs for some time by offering capsule collections with traditional and modest styles in mind. In 2016, Italian luxury house Dolce & Gabbana released a collection of abayas and hijabs in its signature prints, which were "a

Michael Cinco's Dubai Fashion Week show in September 2024 was an example of how designers are fusing western and modest design aesthetics. (Dubai Design District)

resounding success," according to D'Auria.

Thirty-five out of 50 top international brands in the apparel, footwear and accessory segment, including Prada, Louis Vuitton, Dior and Gucci, have introduced Ramadan collections, according to the Fashion Futures Saudi Arabia report. Other fashion brands and retailers from DKNY and H&M to Tommy Hilfiger and Oscar de la Renta now offer modest collections tailored to the region.

"We, as Middle Easterns, are not interested in a brand if it's irrelevant to us. Develop products and activations in line with the local taste and preferences," says Al Bastaki. "A personalised or limited-edition collection can go a long way in terms of winning the trust of customers. [...] There's a regional pride with textile and [...] handiwork. It's appreciated aesthetically."

Launching a range of abayas to capture commerce stimulated by regional cultural celebrations like Ramadan and Eid, or a jewellery collection channelling the colours of a national flag to coincide with founding days, are positive steps forward in localising. But more broadly, there remains a lack of nuance or significant focus and investment to truly tap into the opportunity — more must be done to match consumer preferences.

Brunello Cucinelli, for example, is leaning into a multi-layered approach that fuses regional taste and references with its global design codes and product offering. The brand held an intimate and exclusive runway show for regional VICs and media players at Nara Desert Escape for the Spring Summer 2025 collection — previewed alongside a special abaya capsule collection. The colour palette was inspired by the desert, merging the luxury house's Italian heritage with the earthy, natural palette of the desert dunes. Cucinelli himself, alongside his daughter Carolina — the brand's vice president and co-creative director — introduced and attended the show.

This approach of mixing global design codes with regionally-relevant categories appeals to higher income residents especially, with 30 percent searching for more contemporary Arab styles, blending local and western fashion. Consumers are also searching for modest dress within brands' wider assortments, rather than limiting themselves to dedicated capsule collections. Modesty is often achieved through styling, rather than requiring specific modest pieces.

"Usually, Ramadan is known for kaftans and dresses. But now, I could wear a dress with a modern twist and a t-shirt during a Ramadan gathering. It might just have a Ramadan embroidery theme," says Al Bastaki. "The new trend is to be very modern, but you have this craftsmanship and element of local culture woven into the fashion."

The two younger cohorts surveyed, aged between 18 and 34, were the most in favour of more modest options available to shop.

Source: BoF Insights analysis.

Semi-traditional items are also a popular category, which blends the traditional with western style. This can provide opportunities for brands to create regionally relevant items with global resonance for consumers in Dubai.

Ilmi says brands should ask themselves, "How modest does it need to be?" when tailoring clothes to consumer needs in the Gulf. "If it's an ankle-length dress, where does it need to skim? [...] Certain footwear brands do really well in our market because of how little toe cleavage they show," she adds, with more conservative women preferring not to show their toes. Brands might therefore consider tweaking their assortment for modest-wearing clientele with alterations to hem or sleeve length, even heel height, for the region.

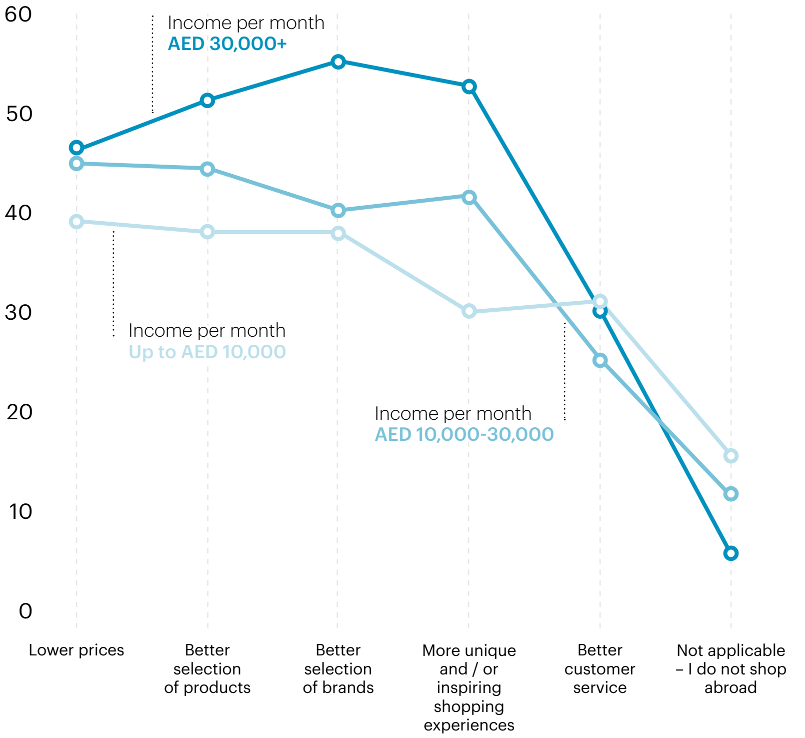
Brands should also consider regional body shapes. For example, Kuwaiti footwear brand Thuna, which sells on UAE-based e-tailer BySymphony, offers shoes that account for the typically wider calves and flatter feet of women in the region. Ilmi also cites a preference for 1950s-style dresses with smaller waists as the "silhouette that works best here."

"There's never a day where you can't wear a sundress. We're seeing so many brands come in and, in slightly more modest silhouettes, owning that space," she says, namechecking brands like Khaite, Aje

Exhibit 7

>40% of respondents — across income levels — cite lower prices as a key reason to shop abroad

Q: Which, if any, of the following are reasons why you shop abroad? (Please select all that apply)
% of respondents



Source: d3 x BoF Insights survey; BoF Insights analysis.

and Zimmermann for their popularity in the region.

Collaborate With Local Creative Talent

Abrian argues that international brands' increased efforts in regional collections means competition is growing between international and local brands. However, he sees the overall effect as "positive, because international brands are willing to collaborate with local designers and work with local creatives."

To name a few: Berluti reopened its boutiques in the Mall of the Emirates and Dubai Mall with its logo reinterpreted by Dubai-based artist and designer Nadine Kanso; Loro Piana worked with Emirati artist Mattar Bin Lahej on 50 limited-edition cashmere plaids; Dior worked with Emirati designer Yasmin Al Mulla on a region-exclusive fragrance and packaging for Dior Beauty products.

"They are more PR than commercially successful," says Ilmi, but adds that "[brands] do them to raise awareness within these micro-communities."

Tapping into regionally relevant creatives and influencers who are recognised and celebrated in the community can strengthen brand resonance and relevance. Ilmi cites Chats by C.Dam as popular in the region. The Vietnamese brand names some of its designs after regional creatives with whom it works, like influencer Deema Al Asadi, jewellery designer Rima Zahran and stylist Soha Mohamed Taha.

Al Tayer of Ounass also notes "new design views" that are "moving away from that globalist, western aesthetic". The luxury retailer has collaborated with British brand Represent Clothing for pop-ups in 2023 and 2024, leveraging Arabic script and imagery on products. An exclusive collection also featured 14 new styles with the Saker Falcon, the national bird of the UAE, and Arabian horses.

For Ghanim, he believes consumers are less concerned about the international versus local brand presence, and more concerned about exclusivity and newness — something regional brands are delivering on, by prioritising their regional consumers and surpassing their global competition on speed to market.

As a result, global brands should not underestimate the rising popularity of local design talent and regional brands. Thirty percent of surveyed Dubai residents believe that local fashion brands have exciting trends — this sentiment spikes to 38 percent for consumers aged 55+. All consumers believe local brands offer high-quality products, and consumer desire for access to international brands is quickly followed by access to local brands when choosing a retail location.

"Consumers want to support home-grown brands," says Al Bastaki. "If it's a Lebanese home-grown brand started in Dubai, the Lebanese community and the Arab consumers will support the brand."

Alongside luxury and trend assortments, Ounass' third core category assortment is dedicated to local talent, which is "the most successful subcategory out of all, the way it's growing," according to Al Tayer.

As an incubator for talent through In5 Design and DIDI, d3 is fostering emerging designers and artists with whom global brands can work, to create synergies with regional skillsets, culture and creatives. What's more, with d3 as a business district housing large and small businesses side by side, the opportunity for tenants to meet future collaborators and foster connections is facilitated by proximity onsite.

Price With Caution

More than 50 percent of Dubai residents cite price as the most important factor when shopping for fashion. This sentiment echoes across all age groups, according to the d3 x BoF Insights survey. Women are more sensitive to price, at 60 percent versus 41 percent of men, and Dubai residents who spend on fashion abroad most commonly cite lower prices as an incentive to do so.

"No matter how much disposable income there is here, price sensitivity is huge," says Ilmi. Indeed, 40 percent of respondents to the BoF Insights x d3 survey, across income levels, cited lower prices as a key reason to shop abroad.

After all, this price-sensitive consumer cohort has been on the receiving end of price arbitrage for decades. This relates to the practice of hiking prices to cover — and then some — hidden costs accrued from import tax, shipping costs and VAT. Some argue the practice was also taking advantage of wealthier consumers that could afford a higher price tag and were unaware of market cost elsewhere in the world.

Al Tayer refers to global price arbitrage as "cowboy country. [...] The brands didn't know. But the brands now know and if you continue to misbehave, [regional businesses] will stop working with you," he adds.

In some instances, price arbitrage has also accounted for the historic "souk culture" and its affiliation with bartering on price. This allows brands and their store managers to give a discount when requested, as is culturally practised in the region.

In fact, cost negotiations are also commonplace outside of consumer environments. "If I was quoting a local business, I would go in 50 percent higher because I know they're going to ask me to come down," says Ilmi. "If I'm pitching an international business, I go in at the expected rate."

However, brands must not take advantage of a previously customary market price set as high as 25+ percent before VAT refund. Al Tayer instead recommends between 5 and sub-10 percent for luxury and fashion brands, as "that's pricing with integrity" and a "fair adjustment" to allow for inflation and currency fluctuations.

Price arbitrage is also becoming less common because the consumer will simply shop elsewhere if they feel the price is unfair — whether at different brands or even in different countries.

In 2018, the UAE and Saudi introduced VAT at 5 percent and 15 percent respectively. Now, "a lot of Saudi clients come in [to Dubai] and shop because they're not willing to pay that 15 percent locally," says Ilmi, who cites a similar practice for Saudi nationals travelling into Bahrain.

Luxury consumers are also exploring brands at slightly lower price points, with Ilmi referencing Australian brands like Aje and Zimmermann, as well as Chats by C.Dam, as hitting what she calls the "sweet spot" between US$500 to US$700 for ready-to-wear.

At THAT Concept Store, the retailer has lately resonated with the "middle segment [of brands] because [consumers] are looking for those individual expressions of style, of fashion, of brands," says Ghanim, who cites recent success with the introduction of menswear brand Psycho Bunny, which sells polo shirts at around US$120.

"[It's] not luxury, but [...] it's fun and it does extremely well across multiple age groups. [...] It's important to continue bringing newness into the market."

Design a Regionally-Relevant Social Media Strategy

Local social media content creators and/or influencers are the primary source of inspiration for fashion purchases for about 45 percent of Dubai residents, according to the d3 x BoF Insights survey. International creators or influencers sit

As a result, when designing a social media strategy for the region, leveraging local content creators offers a key opportunity to inspire and resonate with the local consumer.

However, brands should demonstrate a "sensitivity towards cultural affiliation and affinity, particularly for the high-net-worth and ultra-high-net-worth [individuals]," according to D'Auria. "They will have a greater loyalty to a brand that tries to cater to their specific context."

What people react to is, "'I want to do that too,' as opposed to, 'I want to buy that'," says Azzolari. "[That's] the important difference between the western style influencers of yore and modern influencing in the Middle East."

Dubai-based influencers — from Karen Wazen (8.1 million followers) and Deema Al Asadi (1.1 million) to Mariam AlYassi (1 million) and Nouf AlTamimi (552,000) — achieve the closest the country gets to cultural celebrity status, with less regional affinity for western avenues of fame like pop culture and music.

There are also successful conservative content creators who won't show their face on social media. Rather, they demonstrate their lifestyle through what Ilmi calls "wrist real estate" — posts of a luxury watch, designer bracelets or the steering wheel of a sports car. This approach resonates strongly with more modest regional followers.

What's more, most social media accounts — even of content creators — are private. Snapchat is a popular channel due to the increased privacy of the format. However, these users still offer critical marketing avenues for international brands, with "word of mouth and social media by friends/family" one of the most common sources of inspiration especially for female consumers, according to the d3 x BoF Insights survey.

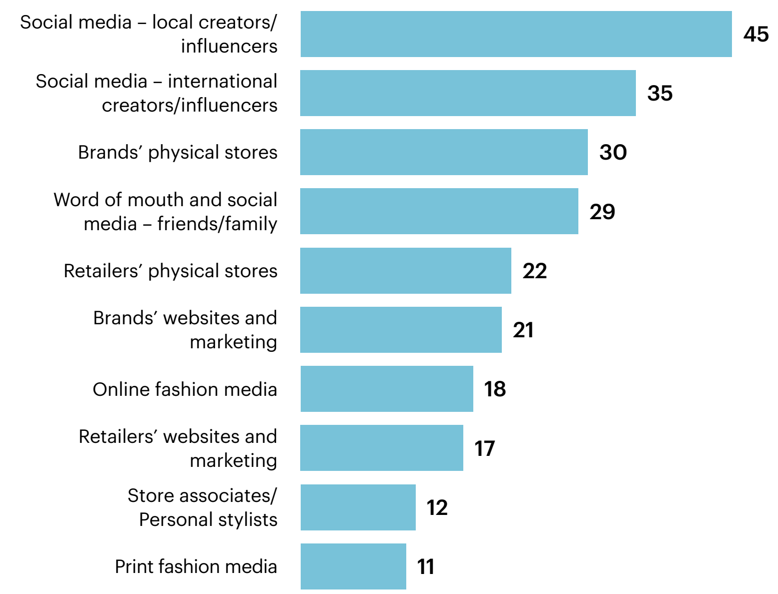
"At the end of the day, a wealthy person who boasts on her own Instagram is already an influencer," says Azzolari.

Exhibit 8

Local and international influencers are the most cited source of inspiration for fashion purchases

Q: Which three, if any, of the following do you most often seek inspiration/information from on what fashion to buy? (Please select up to three options).

% of respondents



Source: d3 x BoF Insights survey; BoF Insights analysis.

Tap Into Local Social Calendars and Cultural Events

Dubai boasts a bursting social calendar, much of which is shaped by religious and cultural holidays throughout the year.

In the ninth month of the Islamic calendar — roughly between the end of February and throughout March in the Gregorian calendar — the Arab world celebrates Ramadan through a period of fasting, prayer and social connection. Ramadan is followed by Eid al-Fitr, the festival of the breaking of the fast, and two months later Eid al-Adha — the feast of the sacrifice — coinciding with the end of the Hajj pilgrimage.

Traditionally, these significant moments in the Islamic calendar consist of family gatherings, majlis attendance, iftars — the evening meal that breaks the fast during Ramadan — and suhoors, which are meals eaten before dawn. In recent years, fashion brands and retailers have hosted their own events during Ramadan as a way to connect with customers and promote Ramadan and Eid collections.

For example, in 2024, Valentino, MCM, Miu Miu and jewellery brand Marli all hosted activations for top-tier clients and industry insiders across Dubai. Net-a-Porter hosted two back-to-back VIP suhoor events in partnership with Oscar de la Renta and Garrard. The activations were attended by Net-a-Porter interim CEO and president Alison Loehnis, aligned with a selection of exclusive designs from over 27 international and regional designers.

"It is more about being present [at] certain occasions and dressed for the occasion," says Ilmi, who argues that receiving invitations to special events, based on your status as a loyal customer, is "appreciated in this region more than most. [...] Money is not as big of a differentiator, but being invited to an experience, not because you purchased it, but because you earned it, is much more appealing."

As a result, when brands provide consumers with unique access to events and experiences, it offers a new-found marker of status that consumers use to benchmark their perceived loyalty to, and alignment with, brands and their communities.

"There's a craving for a sense of belonging — to be part of a community," adds Youssef. "Linking back to clienteling, we develop bespoke [activations], whether that be for them to attend global shows, global events, or even for local-level activations."

A range of brands, from luxury to athleisure, are leveraging this approach: Roberto Cavalli invited its VICs to the brand's latest runway show at Dubai Fashion Week; sportswear brand Adanola and luxury fashion house Valentino have hosted events at Dubai's Matcha Club — Adanola held a pilates class and breakfast while Valentino tapped into the growing padel craze, with branded rackets and refreshments for an immersive experience.

Models walk the runway at d3's Dubai Fashion Week in 2024. (Dubai Design District)

"You need to really engage in the fabric of society and you do need to go beyond transactional in your relationship with the consumer, which has been the key. So, it's about building communities," says Ghanim. He references athleisure brand Lululemon's tapping into local sports communities by hosting yoga sessions and running clubs across the Gulf, like at Dubai's Kite Beach.

The brand also hosted its largest community gathering in October 2023, ahead of World Mental Health Day (10 October), with an event at Jumeirah Beach Hotel Dubai. Two thousand participants came together to "move, connect, and engage in meaningful discussions around wellbeing" as part of Lululemon's Together We Grow global initiative. The strategy was conceived in response to UAE audiences' increasing interest in wellbeing after government campaigns and pandemic lifestyle shifts.

Dubai residents also value visiting museums and historical sites — these featured in the top three preferred cultural and creative activities from the d3 x BoF Insights survey. Such interest and engagement offer ample possibilities for brands to tap into relevant cultural programming.

For example, high jewellery brand Cartier collaborated with d3 for Al Manama — an exhibition and cultural programme celebrating UAE National Day in 2024 with a multi-disciplinary offering across architecture, design and heritage. The two-week-long initiative offered an array of cultural talks and creative collaborations that highlight the contemporary pulse of Emirati culture, hosted in the d3 district.

Skourti shares how her brand is "constantly looking for opportunities to engage with [their] community that isn't pushing product," from a panel talk in Jordan to an intimate dinner in Dubai. She recognises that some people want to interact with Nafsika Skourti clothes without the expectation that they will spend money. So, before Dubai's wedding season, they opened the NS Window Shop, renting a suite for a week and inviting people to "try but not buy our clothes," she explains.

"We found a lot of the customers who came maybe didn't have an occasion [to buy a dress]," she says. But by attending the event, the customer could try on different styles, discover their sizing and eventually convert to a consumer when an occasion for a Nafsika Skourti product arose.

Importantly, while brands should consider the benefit of hosting tailored events during times of cultural and religious significance, the months are also often oversubscribed, which can impact event planning and guest attendance. As a result, careful planning far in advance is necessary, as well as exploring opportunities in hosting events outside of the exceptionally busy Ramadan period.

Brands might also consider other diasporas' culturally significant events: due to the large expat population, two of the biggest holidays outside of Ramadan and Eid are Diwali, the Hindu festival of light, and Russian Orthodox Christmas.

Plug Into Fashion and Design Events and Festivals

Outside of the cultural calendar, Dubai has amassed an array of pivotal design-led events throughout the year. Fashion and retail businesses can plug into these events for increased exposure to and integration into the local industry and consumer base.

Firstly, for fashion brands, there is Dubai Fashion Week. Taking place just before New York Fashion Week historically kicks off "fashion month", Al Bastaki explains how the event offers a way for brands to "connect more immediately with the local and regional fashion community, which includes buyers, influencers, media and consumers." It offers partnership initiatives and community building for international brands, who can invite their regional VICs to attend.

Al Bastaki also notes the popularity of Dubai Fashion Week among the younger generations due to its recent highlighting of brands with an environmental and ethical focus. "Brands like Pipatchara and The Giving Movement are part of our Fashion Week calendar — our popular labels leading conversations on sustainability, social responsibility and fashion," she adds.

D3 has a strategic partnership with Dubai Design Week, the leading design fair in the Middle East, and Downtown Design is the trade element of the festival. D3 also organises the Dubai Calligraphy Biennale — a city-wide event celebrating the artform and its cultural resonance. L'École School of Jewelry Arts, based in d3 and supported by jewellery maison Van Cleef & Arpels, also hosts a robust programme of courses, talks and exhibitions.

Dubai Design Week offers another way in which brands can tap into key dates and collaborations in the events calendar.

The 2023 edition of Sole DXB, the UAE's leading contemporary culture festival based in d3. (Dubai Design District)

For instance, for the 10th anniversary of the design week, d3 launched Design Next — a first-of-its-kind exhibition on the circular economy, in partnership with Milan-based Isola Design. This platform is dedicated to international emerging designers and independent design studios, with a focus on innovation, sustainability and biomaterials.

The d3 events calendar also accounts for the city's growing streetwear community via Sole DXB, the annual trade show and culture festival of global stature. What started in 2011 as a modest gathering for sneaker enthusiasts in Dubai has evolved into a regional platform, where the likes of Nike and Adidas have unveiled exclusive releases. The co-founders behind the event have helped transform the streetwear scene in the wider GCC by attracting not only fashion and footwear industry leaders but also artists, athletes, celebrities and style icons from the hip-hop community.

Other key events for retailers to tap into include the Dubai Shopping Festival, which takes place across malls in the city, and the 3-Day Super Sale (3DSS) at the end of May — a major discounting weekend.

The Dubai Food Festival, which typically takes place in venues like residential community JBR and City Walk, is another key opportunity for brand presence. The d3 x BoF Insights survey found 56 percent of residents cite food and restaurant experiences as a primary outlet for discretionary spend, while both fashion and culinary experiences were the top two local cultural attractions that residents prefer to engage with in Dubai.

"[Brands] don't really tend to mix too much with food or experiences like that," says Ilmi. Referencing Pangaia and Coach café experiences, she adds that these activations "last two weeks and then it sort of dissipates. The experiences aren't starting here; they'll still be franchised over [...] but I think that will change soon."

These tie-ups are not unheard of in Dubai, but it is arguably an underexplored opportunity for localised collaborations on buzzy food businesses. Other fashion and luxury retailers have approached longer-term branded hospitality or food and beverage opportunities for some time, like Roberto Cavalli's Lounge & Restaurants, open since 2009.

"We need to go back to [...] the experience of spending time within the brand," says Azzolari. "We all know it's not a physical item that makes it a luxury experience."

Afterword

The d3 neighbourhood connects global fashion brands and retailers with an expanding international consumer base. (Dubai Design District)

> *"Dubai is a truly global city. [...] So it makes sense, given the fashion offering represented in Dubai, that it's the fashion capital for the region."*
>
> — Khadija Al Bastaki, Senior Vice President, Dubai Design District

Dubai's fashion industry is forecast for continued growth and set to outpace regional and global markets' growth rates. As a result, fashion brands and retailers from the region and further afield should do more to expand their presence and impact in the city — reaching an increasingly affluent but diversified and price-conscious consumer cohort.

Brands and retailers that are already making an impact are implementing a multifaceted strategy: extending their retail and events activations; creating specialised marketing strategies; tailoring product categories and capsule collections to regional needs; and collaborating with local artists, all in a bid to resonate more authentically with the end consumer across price points.

As a rapidly evolving market — whether in relation to logistical and infrastructural developments or the continuously evolving consumer preferences — brands should prioritise local resources, collaborators and partners, where available to them. This approach allows them to not only de-risk market expansion, but maintain alignment with a burgeoning and self-aware local culture.

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