

CONSUMERISM IN THE 2025 IRAN VS ISRAEL WAR

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ABSTRACT:

The Iran–Israel conflict in June 2025 has profoundly reshaped consumer behaviour in both countries, though in dramatically different ways. In Iran, consumers confront a dire situation: inflation exceeding 40%, soaring food prices (rice, cooking oil, potatoes), acute fuel shortages, power blackouts, and mass displacement from Tehran’s airstrikes. These crises have pushed households toward panic buying, stockpiling essentials, and shifting toward subsistence-driven consumption—characteristic of what economists call a “resistance economy.”

In Israel, consumer markets have faced travel restrictions, energy price spikes, reduced discretionary spending, and strong but strained economic resilience. The paper identifies major challenges: inflation, infrastructure disruption, psychological stress, and policy limitations. Recommendations include targeted subsidies, supply chain diversification, digital resilience programs, price controls, and financial education. Implementation requires government credibility, infrastructure strengthening, and cultural factors. This comparative analysis offers insights into consumer agency under conflict and provides policy implications for enhancing consumer resilience in times of war.

Key challenges identified include inflation dynamics, disrupted supply chains, psychological stress impacting decision-making, and the diverging policy responses of each country. Iran’s rigid economic controls and censorship hamper resilience, while Israel’s market-driven interventions and subsidies help cushion shocks. The essay proposes targeted recommendations: **for Iran**, social safety nets, supply chain decentralization, and digital resilience; **for Israel**, price regulations, consumer protections, and diversified imports. Shared strategies include enhancing financial literacy, promoting local production, and embedding emergency preparedness within national frameworks. The conclusion emphasizes that while consumer agency remains constrained during conflict, carefully calibrated policies and resilience-building can mitigate adverse outcomes. This comparative study sheds light on how differing political economies shape consumer responses to war and advocates for policy designs that strengthen households amidst turmoil. (**Keywords:** consumerism, Iran, Israel, war economy, inflation, resilience, supply chain, digital censorship)

INTRODUCTION:

The June 2025 conflict between Iran and Israel has triggered profound shifts in consumer behaviour altering everything from how people shop to what they prioritize in daily life. In Iran,

decades of economic fragility were magnified by the war. Years of sanctions, mismanagement, and inflation had already driven the rial to record lows, exacerbating widespread hardship and triggering protests and supply chain disruptions. When Israeli strikes targeted critical infrastructure, including fuel depots and nuclear facilities, panic-buying surged alongside mass exodus from Tehran. Power outages and internet blackouts intensified fears, catalysing hoarding of essentials and pushing households into a defensive consumption mode akin to a “resistance economy”.

In contrast, Israeli consumers experienced a different kind of shock. While inflation remained relatively moderate hovering between 3% and 4% it was primarily driven upward by war-related supply interruptions and rising energy costs. The Bank of Israel maintained interest rates and leaned toward stability, mindful of geopolitical uncertainty. Private consumption dipped slightly as discretionary spending retracted, and households deferred travel and luxury purchases. Yet overall resilience was underpinned by government subsidies and strong exports in technology and defence sectors.

This essay explores these contrasting consumer landscapes through the lenses of war economy, panic buying, and economic resilience. By comparing Iran’s collapse-driven coping mechanisms with Israel’s stabilized, adaptation-based responses, we aim to illuminate how conflict shapes consumer psychology, market structures, and policy effectiveness. The subsequent sections will examine each country’s unique challenges—ranging from inflation dynamics and supply disruptions to digital censorship and institutional trust—before proposing targeted interventions and implementation strategies geared toward enhancing consumer resilience in volatile environments.

BODY & CONTEXT:

Iran: Survival Through Uncertain Aisles

When war hit Iran in June 2025, consumer life became a daily struggle. Inflation surged above 40%, reducing the rial to record lows and pushing food prices like rice, bread, potatoes upward by 40–70%. Many households, earning about \$120 monthly, now require over \$400 just for basic groceries. Fuel scarcity and rolling blackouts have turned morning routines into anxiety-laden rituals of lining up at gas stations, hoping utilities or the internet won’t fail again. In this climate of fear, people rush to buy whatever they can find hoarding flour, medicine, even

cleaning supplies more out of instinct than genuine need. Panic buying has become normalized, as daily life is reshaped by uncertainty and the instinct to preserve what little remains.

Israel: Adapting to Economic Ripples

In Israel, the impact has been gentler but noticeable. Inflation, hovering around 3–4%, has been nudged upward by rising energy and import costs tied to wartime pressures. Consumers report increased food and transport bills, as households prioritize essentials while scaling back on dining out, travel, and retail indulgences. Amid this squeeze, people have grown more strategic: comparing prices, choosing local products, and delaying big purchases. The state has stepped in with subsidies and fiscal support, helping stabilize confidence—even as uncertainty clouds everyday choices.

Shared Psychological Pressures:

Despite their disparate economies, Iranian and Israeli consumers share common emotional experiences. Fear and anxiety whether from the threat of airstrikes or financial instability push people toward conservative behaviour, where certainty becomes more valuable than choice. In Iran, this means stockpiling; in Israel, it means saving. Both responses are rooted in survival instincts, reframed by each society's unique economic coping mechanisms.

CHALLENGES FACED BY CONSUMERS IN IRAN:

Iran: Daily Struggles in a Collapsing System

- **Soaring Inflation and Currency Collapse**
The Iranian rial has plummeted to historic lows, with inflation exceeding 40%. This has rendered necessities unaffordable for many, pushing families into poverty. For instance, a simple loaf of bread now costs 200,000 rials, and a kilogram of beef has reached 9.9 million rials.
- **Severe Food Shortages**
Staples like rice, cooking oil, and dairy products have seen price increases of up to 70%. Packaging and transport costs have surged, further exacerbating the crisis.
- **Energy and Infrastructure Failures**
Iran faces a 25-gigawatt electricity deficit, leading to widespread blackouts. Gas

shortages have forced industries to reduce production, and over 40% of oil and gas facilities require immediate modernization.

- **Government Mismanagement and Corruption**

The government's mismanagement of foreign currency reserves and subsidies has led to increased food prices and limited access to essential goods. Additionally, widespread corruption has driven capital flight and economic decline.

- **Deteriorating Living Standards**

Between 2022 and 2023, the average daily caloric intake per person in Iran fell below 2,100 calories, indicating a significant portion of the population can no longer afford the bare minimum required for sustenance.

CHALLENGES FACED BY CONSUMERS IN ISRAEL:

Israel: Economic Pressures Amidst Conflict

- **Surging Emigration Amidst Uncertainty**

In 2024, approximately 82,700 Israelis emigrated, marking a significant increase from previous years. This trend reflects growing concerns over security, economic instability, and political polarization. Notably, nearly 60% of these emigrants were under 35 years old, and about 70% held at least a college degree, indicating a potential "brain drain" of young, educated professionals.

- **Economic Slowdown and Rising Costs**

The ongoing conflict has led to a projected \$400 billion in lost economic activity over the next decade. This downturn is primarily due to reduced investment, slowing productivity growth, and labour market disruptions. The Bank of Israel estimates that war-related costs from 2023 to 2025 could amount to \$55.6 billion, representing about 10% of the economy.

- **Declining Consumer Confidence**

Consumer confidence in Israel has been negatively impacted by the war, with significant declines in household spending and increased financial uncertainty. This has

led to reduced demand in various sectors, including retail and services, further straining the economy.

- **Strain on Public Services and Infrastructure**

The conflict has placed immense pressure on public services and infrastructure. Essential services such as healthcare, education, and transportation have faced challenges in maintaining operations due to resource constraints and increased demand. Additionally, infrastructure damage has disrupted daily life and economic activities.

SUGGESTIONS:

- **1. Strengthening Consumer Protection Laws**

Governments should enact and enforce stricter consumer protection laws to prevent price gouging, especially during times of crisis. This includes regulating essential goods and services to ensure affordability and accessibility for all citizens.

- **2. Promoting Financial Literacy and Resilience**

Educational programs focusing on financial literacy can empower consumers to make informed decisions, manage their finances effectively, and build resilience against economic shocks.

- **3. Encouraging Ethical Consumerism**

Consumers should be encouraged to support businesses that adhere to ethical practices, such as fair trade and environmental sustainability, to promote a more responsible and equitable market.

- **4. Supporting Local Economies**

Investing in and supporting local businesses can help strengthen domestic economies, reduce dependency on imports, and create more resilient supply chains.

- **5. Enhancing Transparency in Supply Chains**

Companies should provide clear and accessible information about their supply chains, allowing consumers to make informed choices and hold businesses accountable for their practices.

- **6. Implementing Price Controls and Anti-Hoarding Measures**

During emergencies, governments may implement price controls to prevent excessive price hikes for essential goods and services. Anti-hoarding measures may also be put in place to prevent stockpiling of essential items by businesses or individuals.

IMPLEMENTATION FACTORS:

- **Build Trust and Transparency**

People need confidence that measures—like price caps or rationing—are fair and effective. Authorities should communicate updates honestly and enforce rules consistently.

- **Establish Clear Legal Safeguards**

A solid legal framework—covering price-gouging and anti-hoarding measures—helps reassure consumers that abuses will be addressed swiftly and predictably.

- **Mobilize Community Networks**

Grassroots organizations and volunteers play a critical role in understanding local needs, distributing supplies, and giving real-time feedback—enhancing reach and trust

- **Maintain Open Communication Channels**

Utilize diverse channels—like text alerts, community meetings, and radio broadcasts to keep people informed, especially where digital trust is weak.

- **Respect Cultural Norms and Behaviors**

Tailor interventions to local habits. In Iran, reassure communities to reduce panic buying; in Israel, leverage tech-savvy behaviours like comparison shopping and support of local businesses.

- **Gather Feedback and Adapt Quickly**

Use surveys, hotlines, and market data to monitor effectiveness. Regular adjustments prevent small issues from becoming crises and reinforce consumer confidence.

CONCLUSION:

The June 2025 Iran–Israel conflict has laid bare how consumerism shifts under the shadow of war—transforming routines and reshaping priorities in Iran and Israel alike. In Iran, the conflict magnified pre-existing economic collapse: sky-high inflation, chronic shortages, power and internet blackouts, and panic-induced stockpiling all converged to strip away consumer choice. Shopping became a fraught act of survival, with families hoarding essentials amid uncertainty and fear. In contrast, Israeli consumers faced a different kind of upheaval.

While inflation remained modest, the rising cost of energy and imports nudged households into tighter budgets, prompting them to cut back on dining out, travel, and discretionary spending. Yet despite these challenges, consumer resilience and confidence—propped up by government subsidies, central-bank actions, and ongoing economic activity—held steady.

Our analysis reveals a stark dichotomy. Where Iran’s fractured infrastructure and economic instability eroded not just access but trust, Israel’s stronger systems, institutional support, and adaptive markets preserved space for choice even under duress.

Conflict narrowed the freedom to consume, pushing decision-making toward anxiety-driven calculation and survival. But it also highlighted what can shield consumers: transparent governance, social cohesion, and reliable infrastructure. These factors matter as much as policy prescriptions. If societies wish to protect consumer agency in crisis, planning must go beyond price controls or subsidies it must cultivate trust, bolster systems, and engage communities.

The Iran–Israel case offers a cautionary tale and an opportunity: conflict may constrain consumerism, but with foresight and sustained commitment, it need not extinguish it. Now is the time for governments, NGOs, and citizens to build the foundations that help shopping—and life—feel less like dodging disaster and more like participating in a community whose values and systems endure, even under threat.

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