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Report Highlights:

The ongoing transformation of Saudi Arabia bodes well for the retail food sector. In 2023, the Saudi food retail market was estimated at more than \$51 billion and projected to increase by more than 5 percent annually in the coming years due to the continued urbanization, growing population, changing shopping habits, expansion of physical store locations , and increasing popularity of online platforms. Saudi consumers prefer U.S. agricultural products, and the United States is well-positioned to gain additional market share over the next several years.

Executive Summary:

Saudi Arabia is an upper middle-income country and in 2023, its GDP reached \$1.1 trillion, positioning the country as the 19th largest economy in the world and the largest, most influential economy in the Arab world. Saudi Arabia is the leading producer and exporter of petroleum and products in the world and depends on imports to meet its 80 percent food demands.

Saudi Consumer-Oriented Agricultural Imports

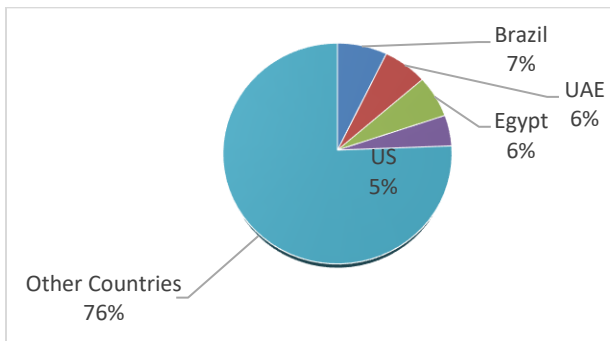


Chart 1: Top Exporting Countries to Saudi Arabia

Food Retail Industry:

Saudi Arabia’s food retail sales were estimated at more than \$51 billion in 2023 and projected to increase by more than 5 percent annually for the next several years due to mainly increasing population, rapid urbanization growth, and changed consumer shopping habit. The eight large retail chains: Othaim, Panda, Tamimi, LuLu, Danube, Carrefour, Farmers and Al Raya account for an estimated 70 percent of the total food retail revenues.

Food Processing Industry:

Saudi Arabia’s food processing industry is comprised of more than 1,300 registered companies; approximately 75 percent of them are small companies with less than 20 employees. Food processing is a major and growing sector in the domestic economy and accounts for approximately 30 percent of revenues in the retail sector.

Food Service Industry:

Saudi Arabia’s food service sales reached about \$29 billion in 2023. The annual growth in this sector is projected at approximately 10 percent in the next five years due to the continued influx of both blue and white-

collar workers to the country to execute the multi-trillion gigantic construction projects as well as to meet the high demand for eating out and increasing tourist and religious visitors.

Quick Facts CY 2023

Imports of Consumer-Oriented Products (US \$15.5 U.S. billion)

List of Top 10 Growth Products in Host Country

- | | |
|----------------------------|-----------------------------|
| 1) Processed Meat | 2) Baby Food |
| 3) Natural – Organic Foods | 4) Frozen Treats |
| 5) Breakfast Cereals | 6) Processed Fruits/Veggies |
| 7) Ready Meals | 8) Savory Snacks |
| 9) Fruit Pie Fillings | 10) Beverages |

Food Industry by Channels (U.S. billion)

| | |
|------------------------------|------|
| Retail Food Industry | \$51 |
| Food Service-HRI | \$29 |
| Food Processing | \$18 |
| Food and Agriculture Exports | \$23 |

Top 10 Host Country Retailers (based on sales)

- | | |
|-------------------|-----------------------|
| 1) Al Othaim | 2) Panda retail group |
| 3) Tamimi Markets | 4) Danube |
| 5) Farms | 6) Lulu hypermarket |
| 7) Al Raya | 8) Carrefour |
| 9) BinDawood | 10) Manuel |

GDP/Population

Population (millions): 32.5
 GDP (billions USD): 1068
 GDP per capita (USD): \$28,895

Sources: Euro Monitor, Saudi Gov Stat and IMF

Strengths/Weaknesses/Opportunities/Threats

| Strengths | Weaknesses |
|--|--|
| - Dependent on food imports and U.S. food is considered high-quality | - Freight costs from the United States are higher than competitors. |
| Opportunities | Threats |
| - Retail, food service and food processing sectors are growing | - Increased competition and regulators routinely issue complicated rules |

SECTION I. MARKET SUMMARY

The traditional retail sector is gradually being overshadowed by hypermarkets and supermarkets as the demand for packaged food continues to rise. Key factors driving this shift include increased disposable income, a growing population, the development and expansion of urban areas, and changing consumer preferences that emphasize convenience and processed food options. In 2023, total retail sales of packaged food reached more than \$51 billion, with modern retail channels accounting for 60% of sales, while traditional channels made up the remaining 40%. The ongoing development of urban areas across Saudi Arabia has significantly contributed to the rapid growth of modern retail outlets. This trend is expected to persist in the coming years. The country's various initiatives to diversify its oil-dependent economy, such as the development of major projects like NEOM, the Red Sea resorts, and urban expansions, are further propelling the growth of modern retail channels throughout the country.

U.S. food products generally yield greater profit margins than imports from different Asian and Arab nations. Additionally, they are perceived as higher quality than locally produced items. Consequently, the demand for U.S. food products has remained robust. In the previous year, the United States exported around \$1.5 billion in agricultural and related products to the Kingdom of Saudi Arabia.

The Kingdom is reliant on imports to meet up to 80 percent of its food consumption needs, and U.S. retail food product exports to the country have grown rapidly over the past several years reaching a record high of approximately \$656 million in 2022. In 2023, the exports declined by 10 percent to \$589 million mainly due to interruptions to shipping in the Red Sea. The supply situation has improved as shipping companies adjusted their routes. U.S. Customs data for the first 9 months of this year indicates a 2 percent increase in exports of consumer ready food products to Saudi Arabia compared to the same period last year. The continued rapid expansion of retail outlets, online grocery shopping applications, and home delivery services are greatly benefiting U.S. retail packaged food products.

The total processed foods market in the Kingdom has been going through considerable growth caused by several factors including changing consumer preferences, rapid urbanization, and the increasing demand for convenience and processed food products. The market is diverse, ranging from ready-to-eat meals to frozen foods, snacks, and beverages. The main factors that are contributing to continued expansion in the consumer-oriented food products could be the following:

1. Population Growth and Demographics

The Saudi population is 32.5 million and projected to reach forty million by 2030. Millions of foreign workers are coming to the Kingdom annually to work on several gigantic construction projects, creating opportunities for packaged ethnic foods. The young consumer group (63% under age 30) is increasingly looking for convenience in their food choices.

2. Rapid Expansion of Retail Outlet in the Kingdom

The continued physical expansion of retail outlets due to the rapid urbanization throughout the country, the persistently expanding online grocery shopping and home delivery services benefit packaged food products.

3. Changing Lifestyles and Consumption Patterns

Increasing busy and congested urban lifestyles, coupled with the rising number of working women currently estimated at 36 percent compared to less than 15 percent a decade ago, have led to an increased preference for convenient, ready-to-eat and quick-to-prepare foods such as frozen foods, microwavable foods and other ready to cook foods that have time saving options. Women in Saudi Arabia have been catching up with their Western counterparts in all walks of life.

4. Health Consciousness

There is a growing awareness of health and wellness among consumers in Saudi Arabia. This is increasing the demand for healthier packaged food options such as organic, low-sugar, natural foods, and gluten-free food products.

5. International and Local Brands

Both international and local brands are highly active in the Saudi packaged foods market. Major global food companies such as Nestlé, Unilever, Mondelez, and PepsiCo, along with strong local brand names such as Freshly, Goody's, Sunbulah, Binzagr, SAVOLA, Almarai and others are frequently introducing new food concepts that meet the changing consumer needs.

Table 1 – Major Advantages & Challenges in the Saudi Market

| Advantages | Challenges |
|---|---|
| The United States is considered a supplier of quality food products. | Price competitiveness of local products and imports from parts of Asia, Brazil, the EU, New Zealand, and Türkiye. |
| Saudi Riyal (SR) is pegged to the U.S. dollar at the rate of \$1 to 3.75 SR, which currently benefits U.S. exports. | Freight costs from the United States are higher than those from export competitors in Europe and Asia. |
| High per-capita income and purchasing power helps increase demand for healthy, organic products. | Local importers prefer to initiate business deals with small orders; conditions many U.S. exporters are not willing or able to meet. |
| Hypermarkets are popular destinations for shopping as well as family outings. | Saudi Arabia maintains dual date labeling system (production and expiration) for all food products. |
| The United States is recognized among the business community as a dependable supplier. | High markups, listing and other fees that major retailers charge significantly increase the cost of launching new products in the Saudi market. |
| Government regulations and awareness campaigns are driving more Saudis to opt for better diet and healthier food products (low in salt and sugar, high fiber, or added vitamins). | Some food retailers return products to suppliers that are not sold by the expiration date printed on packages in order to get reimbursed. |
| The increasing number of foreign workers, pilgrims and tourists creates demand for institutional food products. | General lack of brand awareness and loyalty by most of the Saudi consumers. |
| More than 13.5 million expats live in Saudi | Negative consumer attitude towards food containing |

| | |
|--|---|
| Arabia thus creating demand for ethnic foods. | or made from biotech products. |
| Saudi retail outlets are equipped to carry all types of items, including fresh and frozen items. | Some consumers perceive U.S. food products as promoting a relatively unhealthy lifestyle. |
| Major retail chains are constantly looking for new-to-market U.S. products. | The Saudi Food and Drug Authority (SFDA) has rapidly issued new regulations and standards, which have closed the market to several U.S. products. |

SECTION II. ROAD MAP FOR MARKET ENTRY

The success of a U.S. company entering the Saudi market depends on its product, its market knowledge, and its ability to build relationships with established and knowledgeable importers. An experienced Saudi importer should know the market, import regulations, required documentation, and communicate with regulators. [This link](#) leads to recently published FAS GAIN Reports, especially the Agricultural Import Regulations and Standards (FAIRS) reports that potential U.S. exporters may find useful. These reports provide more detailed information on Saudi food regulations and certification requirements.

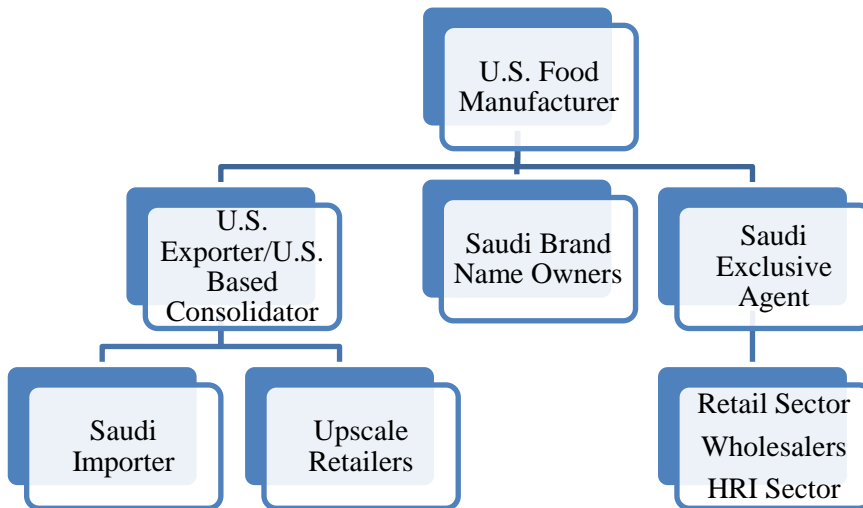
Market Structure

There are numerous food importers in the Kingdom of Saudi Arabia (KSA), and approximately 40 account for the bulk of food imports from the United States. For exporter business tips, please search for FAS Riyadh's recently issued Export Guide at [this link](#). When considering Saudi Arabia as a potential export destination, please consider the following points:

- U.S. producers often sell directly to Saudi exclusive agents, pack for a Saudi private label, or sell exclusively to a U.S.-based consolidator.
- U.S. consolidators sell mostly to Saudi importers and, to some extent, major retailers. Often the consolidator is the sole regional agent of the U.S. manufacturer or brand owner covering the Middle East and Africa. Consolidators may also provide services such as placing Arabic labels on food packages.
- Most major Saudi importers operate well-established distribution networks and sell directly to retailers, wholesalers, and the HRI sector all over the Kingdom.

Flow Chart of Distribution Channels

The flow chart below highlights the various marketing and distribution channels of imported food products in Saudi Arabia.



Major Supermarkets\Hypermarkets in Saudi Arabia There are no specialized food publications or retail journals in Saudi Arabia and as a result, reliable data on food retailers' sales and floor space is not readily available. Profiles on the major food retailers are below.

- **[Othaim Supermarkets](#)**: This Saudi company has 255 retail stores in Saudi Arabia and forty-six stores in Egypt. The company also has several wholesale outlets. Most of the company's purchases are local, but it also imports directly.
- **[Panda Retail Company](#)**: The largest retailer in Saudi Arabia. This publicly traded Saudi company has 182 retail outlets (hypermarkets and supermarkets) in Saudi Arabia. The firm also has two hypermarkets in Egypt and one in Dubai, United Arab Emirates (UAE). Most of the company's purchases are local, but it also imports directly.
- **[Tamimi Supermarkets](#)**: An upscale supermarket with 165 branches in Saudi Arabia and one in Bahrain (111 Tamimi and 54 Al Raya Supermarkets). The company is one of the largest consolidated U.S. food products importers in Saudi Arabia. It is the only Saudi supermarket that currently sells chilled U.S. beef.
- **[Farm Superstores](#)**: This Saudi company has 107 retail outlets in the KSA, and most of the company's purchases are local. It also imports directly.
- **[BinDawood Holding](#)**: This Saudi company operates a total of sixty-five stores across the Kingdom, including the BinDawood and Danube supermarket chains and purchases food products locally as well as internationally.

- [LuLu Hyper\Supermarkets](#): A Dubai headquartered retailer operates fifty-six stores in Saudi Arabia.
- [Carrefour Saudi Arabia](#): It is a subsidiary of Majid Al Futtaim of UAE; the exclusive Carrefour franchisee in 40 countries across the Middle East, Africa, and Asia. They have 19 Saudi hyper and supermarkets, and mainly imports from France.
- [Manuel Supermarket](#): It is an upscale Saudi supermarket established in Jeddah by the Al Darwish family in 2010. Its first supermarket was inaugurated in October 2010 at the Hira International Mall in Jeddah. Currently, the firm has twelve supermarkets (10 in Jeddah and two in Riyadh).

Lulu, Tamimi, Danube, and Manual Supermarkets a significant percentage of the food products they sell directly from the United States.

Online Shopping and Home Delivery

The COVID-19 pandemic significantly transformed the home delivery sector in Saudi Arabia, leading to the widespread adoption of various international and locally developed applications for delivering food and restaurant meals across the Kingdom. Online shopping has become immensely popular, with nearly all retail outlets leveraging it as a vital and growing sales and marketing strategy. Grocery and non-food items are now being delivered quickly and reliably. Wealthy Saudi investors and government-backed investment firms are either acquiring existing applications or creating new ones. The [NANA](#) application stands out as the leading platform for online grocery shopping and delivery, specializing in home essentials from retail stores. The growth of home delivery services has also benefited U.S. retail packaged food products. While several aggregators offer services like NANA, it remains the largest online grocery retailer and home delivery service in the market.

SECTION III. COMPETITION

The United States faces fierce competition in the Saudi food import market from Brazil, Egypt, the EU, India, New Zealand, Turkey, and the UAE.

Table 2: Saudi Imports of Select Food Products by Major Suppliers

| Product Category & Total Import Value | Supplier | Mkt Share | Strengths of Key Supply Countries | Advantages & Disadvantages of Local Suppliers |
|---------------------------------------|--|--|---|---|
| Dairy Products \$1.50 billion | 1. NZ 2. UAE 3. France 4. Netherlands 7. USA | 16.6% 19.6% 9.2% 9.1% 5.4% | Price competitiveness and quality are key factors in this market. New Zealand has been the dominant exporter of cheese and milk powder to Saudi | Local food processors import cheese blocks for repacking into smaller consumer-sizes. Locally processed cheeses are price competitive. Recent tariff increases favor local producers. |

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|--|--|--|---|---|
| | | | Arabia. | |
| Poultry Meat & Prods. (ex. eggs) \$1.20 billion | 1. Brazil 2. France 3. UAE 4. Ukraine 10. USA | 70.1% 18.8% 5.7% 5.0% 0.5% | Brazil is the most price competitive supplier. It also meets food service size, moisture, and fat content requirements. | Local broiler meat production has gained momentum in recent years due to government assistance programs. It currently accounts for approximately 60 percent of total consumption. |
| Fresh Fruit \$840 million | 1. Egypt 2. UAE 3. Ecuador 4. Turkey 6. USA | 18.6% 16.7% 10.9% 7.8% 6.9% | Price and availability are the major criteria when importing fresh fruit. | Saudi Arabia depends on imports as it produces limited quantities of citrus, grapes, and pomegranate. |
| Processed Vegetables \$480 million | 1. Netherlands 2. Belgium 3. USA 4. Egypt 5. UAE | 20.7% 15.9% 13.5% 12.7% 7.9% | U.S. exports of these products have been steadily increasing due to competitive prices and quality. | Some local food processors import frozen vegetables for repackaging. Locally packed vegetables are highly-price competitive. |
| Fish Products \$470 million | 1. Thailand 2. UAE 3. Indonesia 4. Norway 16. USA | 31.5% 26.8% 12.6% 6.8% 0.4% | Thailand is the dominant supplier of fish products; it mostly ships canned tuna. The UAE re-exports seafood, including U.S. products. Norway ships farmed salmon. | Saudi Arabia is a significant exporter of high quality commercial Red Sea shrimp to the EU, U.S., and Japan |
| Snack Foods \$430 million | 1. UAE 2. Italy 3. Turkey 4. Poland 7. USA | 22.5% 17.8% 15.7% 8.0% 2.6% | The UAE is a regional food processing and exporting center. The EU and Turkey are also major suppliers due to quality and price. | Local snack food producers depend on imported raw materials, and they do not pay import tariffs on food products imported for reprocessing. |
| Beef & Beef Products \$370 million | 1. Brazil 2. India 3. Pakistan 4. USA 5. Netherlands | 44.8% 32.2% 8.3% 3.2% 3.0% | Indian buffalo meat and Brazilian beef target lower income consumers and the catering sector. U.S. beef commands a higher price. | The only significant beef production is dairy steers and spent dairy cows. |

| | | | | |
|-----------------------------------|--|---|--|--|
| Fresh Vegetables \$340 million | 1. Egypt 2. Jordan 3. Netherlands 4. Turkey 9. USA | 31.5% 25.3% 12.6% 8.5% 0.9% | Price and availability are the major criteria when importing fresh fruit. | Saudi Arabia is 85 percent self-sufficient in fresh vegetables. Prices of locally produced vegetables are usually higher than imports. |
| Tree Nuts \$280million | 1. USA 2. India 3. Turkey 4. UAE 5. Hong Kong | 43.4% 26.2% 10.2% 9.0% 3.1% | Almonds account for the largest percentage of Saudi tree nut imports. The United States is the dominant supplier of almonds to Saudi Arabia. | No local production of tree nuts. There is some local repackaging and processing. |
| Processed Fruit \$190 million | 1. India 2. UAE 3. Egypt 4. Turkey 5. USA | 24.5% 12.6% 10.2% 9.4% 7.4% | Over the past few years, India has become the largest supplier of processed fruit to Saudi Arabia followed by the UAE and Egypt. | Some local food processors import frozen fruit for repackaging into smaller consumer-size containers. |

IV. BEST PROSPECTS

Currently, more consumers in Saudi are seeking out the following products: healthier lifestyle products (diet foods, organic etc.), beef, poultry meat, beverage ingredients, non-alcoholic beer, tree nuts, dairy products, plant-based meats, fresh fruit and vegetables, processed fruits and vegetables, fruit and vegetable juices, honey, and snack foods. [This link](#) provides data on U.S. Exports of Agricultural Related Products to Saudi Arabia for the past five years.

V. KEY CONTACTS AND FURTHER INFORMATION

FAS Riyadh maintains an extensive network of food and agricultural contacts in Saudi Arabia and Bahrain and can provide lists of relevant Saudi food and agricultural product importers to U.S. exporters upon request. U.S. suppliers can contact Post to be matched with prospective importers, to qualify prospective importers, for assistance clearing consignments of U.S. products, marketing opportunities, or for market information and regulations.

Post Contact Information

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Attachments:

No Attachments