

Saudi Arabia Foodservice Market - Growth, Trends, and Forecasts (2023 - 2028)

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Report description:

The Saudi Arabian foodservice market is valued at USD 27.8 billion in the current year, and it is projected to record a CAGR of 7.71% over the next five years.

Saudi Arabia is one of the major markets for fast food, as the young population has been witnessing rapid growth. Approximately 70% of the population is under the age of 30 years. In addition, the growing trend of mobile foodservice, supported by changes in lifestyle and continued exposure to local and western consumer food trends, is driving the growth of the Saudi Arabian foodservice market. Thus, an increasing number of domestic and foreign manufacturers are trying to penetrate this highly potential segment of the country by adopting various strategies, primarily promotional activities, such as discounts and competitive price range, followed by robust distribution channels (providing a takeaway option, 100% home delivery, and dine-in).

Over the medium term, the increasing demand for home delivery and foodservice providers is expected to drive the market's growth. Increasing health consciousness and the growing rate of obesity among the Saudi Arabian population are challenging the market.

The full-service restaurant segment accounted for the major market share due to the strong presence of the millennial population, the growing tourism industry, and acceptance of western culture across the country. Consequently, the casual dining restaurants in the United States, such as Chili's, Fuddrucker's, TGI Fridays, Applebee's, Sizzler, and On The Border, are very popular and located in all the major cities of Saudi Arabia.

Saudi Arabia Foodservice Market Trends

Due to Rising Immigration from Asian Countries, the Prominence of Asian Ethnic Cuisine Has Been Increasing

Over the past decade, Saudi Arabia witnessed more immigrants from Asia than from any other region, making Asians the

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fastest-growing immigrant population in the country. These immigrants bring their diverse cultures, different economic and demographic traits, and various food and beverage consumption patterns from various Asian countries and the Indian subcontinent into Saudi Arabia. As per the World Bank data, the ex-pat population in the country is diverse, consisting of various ethnic and linguistic groups from Asia, Europe, and America. The increasing number of Asian migrants in Saudi Arabia for various purposes, including work and education, has been transforming the food landscape of the country, especially in the major cities like Riyadh, Jeddah, Mecca, Medina, Khobar, Hofuf, Yanbu, Ta'if, Dhahran, and Dammam. Therefore, Asian consumers are increasing the popularity of Chinese, Japanese, Thai, and other Asian ethnic cuisines.

The country has a huge number of immigrants from Thailand, Indonesia, and the Philippines. Therefore, there is a growing demand for South Asian cuisine in Saudi Arabia. The growing urge of the millennial population to try out different cuisines is also creating a promising opportunity for the southeast Asian food in the Saudi Arabian foodservice market. Some of the famous dining services offering authentic southeast Asian cuisine in the country are Toki, Ginza I Chome, Bamboo Kitchen, Yauatcha Riyadh, and Hualan.

Increasing Presence of Western Fast-food Chains

The market has been experiencing rapid socio-cultural changes over the past few years, mainly due to the accelerating economy, which allowed people from the country to travel to western countries for tourism and education, thus exposing them to western food and culture. The market also unveiled a series of significant tourism initiatives in Saudi Arabia, proving that the country is moving toward becoming a world-class global tourism hub, backed by competitive advantages that attract international travelers looking for new experiences in the country. Thus, this trend is creating a huge opportunity for restaurants offering western cuisine, such as burgers and pizza, as they are a convenient go-to option.

With limited entertainment options available, the culture of eating at restaurants and food trucks gained prominence in the country. Since 2010, the immigrant population in Saudi Arabia has contributed to the demand for assorted cuisines and new dining concepts. This trend further augmented the demand for global cuisines, thus boosting the number of foodservice outlets. In 2022, due to the high penetration of international cuisines, Saudi Arabia became the largest market, accounting for more than half of the GCC foodservice market.

Saudi Arabia Foodservice Market Competitor Analysis

The Saudi Arabian foodservice market is a fragmented and competitive market with the presence of several players. Key players in the market include McDonald's, Yum! Brands Inc., Herfy Food Services Co., Albaik Food Systems Co. SA, and Domino's Pizza Inc. There exists stiff competition among foodservice providers based on pricing, quality of services, calorie intake per meal, and healthier menu options. Restaurants across foodservice channels are changing their adopting expansions, partnerships, and innovations as key strategies. The players are also boosting their sales by venturing into home delivery and online foodservice segments, thus gaining popularity.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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