

Saudi Arabia Food & Beverage - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Saudi Arabia Food & Beverage Market size is estimated at USD 23.48 billion in 2024, and is expected to reach USD 27.83 billion by 2029, growing at a CAGR of 3.44% during the forecast period (2024-2029).

Key Highlights

-The Saudi Arabian food and beverage market is undergoing remarkable growth, owing to the flourishing food and dairy industry and increasing consumption of food and beverage products, including milk and dairy products, in the country. Additionally, rising awareness of the benefits of milk and related products and the growing fitness trend are anticipated to drive the market during the forecast period.

-Local food producers and manufacturers are enjoying a boom in Saudi, and global firms are also benefiting from the outstanding potential. According to the current statistics of March 2023 by the National Committee of Dairy Producers in the Federation of Saudi Chambers (FSC), the volume of dairy consumption has recorded an increase during the holy month of Ramadan. Milk production in Saudi Arabia reached more than 7 million liters per day or more than 18 million bottles daily. The number of trucks that transport and distribute dairy products daily reached more than 10,000, while the number of retail stores that receive dairy products daily is 38,000.

-Moreover, the dairy alternatives segment also holds a wide scope for product development, pulling the significant attention of manufacturers to contribute to the market. As a result, food companies are increasingly investing in catering to the appeal of novel flavors and taste profiles. These days, milk substitutes, meat substitutes, or vegan products are becoming popular. They exist together with products in the market. These substitute products are appreciated by consumers due to animal welfare, environmental, and health-related reasons.

-Additionally, functional efficacy and high sustainability claims offered by plant-derived products are driving the market study. The growing intolerance toward lactose sugar, which is found in animal-derived dairy products, causes a desire for dairy replacements

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to maintain the body's nutrition level. The market examined is being driven by the growing demand for dairy substitutes among the millennial population.

-For instance, in June 2022, a research article on the 'Awareness of Lactose Intolerance Disorder in Saudi Arabian Population' stated that 104 (8.7%) of study participants reported having lactose intolerance disorder that began between the ages of 11 and 20 years for 41 (39.4%) and between the ages of 21 and 30 years for 36 (34.6%), while 18 (17.3%) experienced the disease during their first ten years of life. Regarding dairy product consumption, 811 (68.2%) of participants said they consume dairy or its derivatives daily. All these factors contribute to the growth of the market studied.

Saudi Arabia Food & Beverage Market Trends

Rising Expenditure on Organic and Clean Label Products

- The organic food and beverage industry is anticipated to grow significantly due to the surge in demand for Clean-label food and beverage products in the country. Consumers are much more aware of the foods and beverages they consume. To ensure that every product is organic and sustainable, they want to learn about the food and drink ingredients, their source, and government authority certificates.

- With the changing lifestyle, consumers are more conscious about their health. Therefore, consumers prefer more organic food and beverages than any other confectionary food. Moreover, due to the rise in income, consumers can now afford organic products as they are a little more expensive than conventional ones.

- Organic food and beverages provide consumers with good health benefits, as these organic products are preservative-free and are produced using natural ingredients. Organic animal-based products such as meat and chicken are also genetically modified organisms (GMO)-free. Due to the emerging demand for organic food, sales growth is rising concurrently. The need for organic food is increasing thus, as consumers prefer more natural food and beverages instead of chemically preserved foods, which is one of the significant reasons for driving the market growth.

- Moreover, governments are taking the required initiative to promote healthy eating. For instance, In August 2023, Officials from the Saudi Ministry of Environment, Water, and Agriculture signed two agreements to transform agricultural plant products into plant-based foods with animal protein flavor. With the agreements, the ministry aims to promote a culture of healthy food within communities while looking to provide locally made, high-quality vegetarian alternatives and utilize advanced technologies for producing meat and dairy substitutes. All of these factors are contributing to the market's growth.

Rising Demand for Dairy Products in the Country

- Dairy products are an important part of the Saudi Arabian diet, and the consumption of milk and milk products is high in the country. The Saudi Arabian dairy market is expected to continue to grow over the medium term, driven by factors such as population growth, urbanization, rising disposable incomes, and changing dietary habits. The country gives high importance to dairy products to meet its dietary requirements, which drives the milk market.

- Additionally, several Saudi Arabian dishes require milk and cheese in their preparation, thereby propelling the demand for milk in household consumption. Consumer preference is shifting toward fresh milk. Food and nutrition awareness is expanding within Saudi households. Hence, dairy manufacturers, particularly long-life milk producers, are targeting children by offering a variety of flavored milk.

- Furthermore, due to the associated benefits, consumer preference is observed to be deviating from cow milk to other sources, such as camel milk products, owing to its high antioxidant levels, which help prevent damage to cells that can lead to serious diseases such as cancer, diabetes, and heart diseases.

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- Moreover, products like cheese and butter are also gaining traction in the market. The increasing popularity of Western cuisines drives the cheese market, increased disposable incomes, and the development of several flavored cheese products such as pepper, garlic, red chili flakes, and oregano pickles. Due to its versatility, it can satisfy the various tastes and preferences of people across the nation. In recent years, demand for processed cheese has increased among consumers due to the changing consumption pattern and increasing adoption of Western-style cuisine.
- In addition, due to its widespread use of butter in home cooking, particularly baking, butter and its varieties, such as clarified butter, cultured butter, churned butter, fine butter, salted butter, and unsalted butter, are in high demand nationwide. The consumption of butter has been steadily rising each year by 2%, according to the Organization for Economic Co-operation and Development (KSA) study from 2020. All of these factors are positively impacting the segment's growth.

Saudi Arabia Food & Beverage Industry Overview

The food and beverage market in Saudi Arabia is highly competitive. Local players are emerging to cater to the demand for dairy products and other food and beverage products in the country. Some of the major companies are Almarai Company, SADAFCO, National Agriculture Development Company (NADEC), Nestle S.A, Tanmiah Food Company, The Kellogg Company, and others.

The major players are focusing on introducing new and innovative products in the market to cater to the interests of the consumers. Additionally, the companies are following strategies that include the provision of products through e-commerce (own website and third parties) websites to facilitate a larger targeted audience. Moreover, to gain a competitive advantage, the key players try to differentiate their offerings and compete on different factors, including product offerings, flavor, price, quality, packaging format, and marketing activities.

Additional Benefits:

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

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