

Saudi Arabia Foodservice Disposable Packaging - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Report description:

The Saudi Arabia Foodservice Disposable Packaging Market size is estimated at USD 1.83 billion in 2024, and is expected to reach USD 2.46 billion by 2029, growing at a CAGR of 6.13% during the forecast period (2024-2029).

The increasing workforce participation in Saudi Arabia and changing lifestyles are expected to drive the Saudi Arabian market for ready meals over the forecast period. Convenience food is becoming increasingly popular among the younger generation as it offers takeout and home delivery to enhance the user experience to meet modern needs. The number of outlets is also rising due to the increasing consumer spending on fast food.

A diverse urban landscape is driving the demand for convenient, on-the-go lightweight foods in the country, which are shelf-stable and do not require refrigeration. In recent years, ready-to-eat food has evolved into one of the most diverse segments of the Saudi Arabian food service. On-the-go eating options with organic food products offered by food service vendors for consumers are one of the emerging trends in the country as they provide everything from frozen sweets to appetizers and meals.

With modern life being busy, consumers choose meals based on ease, convenience, and speed. With the demand for convenient and high-quality food constantly on the rise, pressure is placed on manufacturers to deliver safe and exciting new products to customers. The trend of convenience packaging, changing lifestyles, and the growth of smaller households is increasing the demand for single-serve options.

Sustainability is at the core of Vision 2030 as the country moves toward a Net Zero world by 2060. Saudi Arabia is at the forefront of clean energy and sustainability. Plastic recycling efforts in the country are driven by circular goals set by the Saudi Arabian government policy under its Vision 2030 strategy. Vision 2030 aims to divert 100% of municipal solid waste, 60% of construction

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waste, and 85% of industrial waste from landfills, providing a roadmap for private and public bodies to set up recycling projects in Saudi Arabia.

The GCC market, including Saudi Arabia, is anticipated to witness a surge in the demand for polymers, driven by the recovery in the packaging, construction, and industrial sectors. However, market vendors face a significant challenge due to the price volatility of polymers and other raw materials in the domestic market. Fluctuating prices for oil and gas distort the planning process for cost estimations, which vendors usually provide to end users.

In the past few months, polypropylene (PP) prices in Saudi Arabia have been backed by crude oil prices, which are also escalating. The price of crude oil in Saudi Arabia is increasing due to the increasing costs of crude oil globally and the changing dynamics of the global oil market. Therefore, this growing trend in polymer prices in the upcoming period may dent the industry margins.

The COVID-19 pandemic has impacted the food service industry, with different segments of the Saudi Arabian market being affected to varying degrees. Travel restrictions primarily influenced the restaurant dining segment, the general avoidance of people attending larger gatherings, and social distancing regulations. This resulted in the closure of an increasing number of restaurants in the country, followed by reduced profits.

As the spread of COVID-19 began to decelerate, the shift in focus started to encompass the market disruptions and their effects on the packaging markets. Some of the biggest packaging priorities and discussions revolved around sustainability. The highly debatable use of plastics, recycling, and development of bio-materials, to name a few, have been subject to intense discussion and consumer pressure. Across the Middle East, as in many other regions, there has been an increased demand for specific packaging since the pandemic's start. However, some sectors have experienced fallout from the imposed travel restrictions.

Saudi Arabia Foodservice Disposable Packaging Market Trends

Boxes and Cartons to Hold Major Market Share

- Corrugated boxes and cartons are broadly utilized in Saudi Arabia to deliver food products such as pizzas, burgers, snacks, etc. Folding carton boxes are also gaining significant traction in the country, with food outlets such as McDonald's offering their burgers in such boxes with the company's logo printed on them.??
- The boxes and cartons can be used for takeaway or online deliveries. The vendors allow complete customization for the customers in the market. Also, with growing concerns about plastic waste, paper-based boxes and cartons are expected to grow during the forecast period. ??
- The market is witnessing new launches of international food chains in the country, which may leverage the demand for boxes and cartons.
- According to the General Authority for Statistics (Saudi Arabia), the number of food outlets in the country is expected to increase from 75,971 to approximately 90,791. This growing number of food outlets nationwide is expected to bolster the demand for disposable food service packaging in the future.
- Furthermore, UAE-based disposable packaging manufacturers and supplier Hotpack Global agreed to develop a specialized food packaging project in Saudi Arabia. Hotpack Global signed the USD 266 million project with the Saudi Ministry of Industry. The company has signed an agreement with the Saudi Ministry of Industry for this project. The partners will manufacture diverse packaging products that are sustainable, recyclable, and biodegradable. Such new initiatives by companies are expected to drive the market's growth during the forecast period.

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HoReCa to be the Largest End-user Industry

- The HoReCa segment comprises hotels, restaurants, and cafes. Several major factors, such as the growing number of food outlets and restaurants and the increasing demand for junk food and processed foods among millennials, drive the HORECA food service disposable demand in the market. Furthermore, the growing consumer spending on food delivery and the need to ensure timely delivery of orders has also significantly boosted the demand.
- Saudi Arabia is embracing a fresh chapter in the food industry, capitalizing on the chance to flourish in the market. Through substantial investments in large-scale projects and a notable increase in the establishment of luxurious hotels, the country presents enticing prospects for market expansion. Famous fine-dining restaurants opened pop-up branches in Saudi Arabia during the Jeddah and Riyadh Seasons. HORECA's expansion investment in the country is expected to boost the market in the future.
- According to the World Travel and Tourism Council forecast, the tourism sector in Saudi Arabia is expected to grow at an average of 11% annually over the next few years, making it the fastest-growing travel and tourism sector in the Middle East. The country expects the entire sector's contribution to reach SAR 635 billion (USD 168.93 billion) in 2032, approximately 17.1% of the total economic GDP. With the rise of tourism, there is a consequent rise in the number of consumers in the region, which is expected to drive the growth of the food and beverage sector and disposable packaging.
- The Saudi food service sector is currently heavily dependent upon definitive local offers and large global brands, with this trend particularly apparent in the fast food sector, which remains dominated by brands such as Mcdonald's, Subway, and KFC. This has resulted in a particular disposable packaging demand.
- Single-use food service packaging in QSRs has become a vital part of the fast-paced life in the region as more people rely on fast food. Single-use packaging allows food service establishments to package meals in a sensible, safe, and cost-effective manner while providing customers with a convenient and efficient way to transport meals.
- The country continues to develop its capabilities as an up-and-coming tourist destination; the market is becoming increasingly appealing to more exciting brands such as Coya, Nobu, Scalini, Gaia, and many others, having established a presence in response to the rapid opening up of the restaurant sector in Saudi Arabia.

Saudi Arabia Foodservice Disposable Packaging Industry Overview

The Saudi Arabia Foodservice Disposable Packaging Market is semi-consolidated with the presence of major players like Napco National Packaging, Hotpack Packaging Industries LLC, SAQR PACK, Falcon Pack, and Flexpack (ENPI GROUP). Players in the market are adopting strategies such as partnerships and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

April 2023 - Hotpack Global, a manufacturer of food packaging products, plans to build a sustainable packaging plant with an estimated investment of SAR 1 Billion (USD 0.27 billion) in Saudi Arabia. The company has signed a MoU with Saudi Arabia's Ministry of Investment & Industry.

July 2023 - Napco National, the leading producer of plastic, paper, and cartonboard raw materials and packing products, has successfully acquired Rotopak, a major provider of printed flexible packaging solutions, in its strategic efforts to enhance its product range and expand its market presence.

Additional Benefits:

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

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