

Saudi Arabia Dairy Products - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

Saudi Arabia Dairy Products Market Analysis

The Saudi Arabia dairy products market is expected to grow from USD 6.04 billion in 2025 to USD 6.27 billion in 2026 and is forecast to reach USD 7.58 billion by 2031 at 3.85% CAGR over 2026-2031. This growth aligns with the Kingdom's Vision 2030 food-security agenda, which has shifted the nation from being a net importer to a net exporter by enhancing domestic production self-sufficiency. Significant investments, including Almarai's SAR 18 billion five-year expansion and the development of cluster farms in Al-Kharj, are driving capacity growth while reducing per-unit logistics costs. Rapid urbanization, population growth, and rising disposable incomes are increasing per-capita dairy consumption, particularly in functional, fortified, and convenient formats. As consumers increasingly associate dairy with benefits such as calcium, protein, and gut health, demand for fortified, probiotic, and low-fat dairy products is rising. Additionally, advancements in cold storage and transport technologies are ensuring product freshness and reliable supplies, even in challenging climates. The modernization of retail, growth of e-commerce, and a strong cold-chain infrastructure are enhancing product accessibility and shelf life. This not only supports premium market positioning but also strengthens cross-border exports to neighboring Gulf Cooperation Council (GCC) countries.

Saudi Arabia Dairy Products Market Trends and Insights

Rising consumer interest in convenience and ready-to-eat dairy products

With the acceleration of urban lifestyles, consumers are increasingly opting for quick and reliable dairy options, driving demand

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for conveniently packaged, ready-to-eat (RTE) dairy products. These include single-serve yogurts, yogurt drinks, cheese snacks, pre-cut cheese portions, and ready-to-use dairy desserts. Urbanization in Saudi Arabia has significantly influenced consumption patterns. In 2023, 84.95% of the population resided in urban areas, according to the World Bank, highlighting the role of working professionals and dual-income households in boosting demand for grab-and-go dairy products. The convenience segment is experiencing robust growth, with products like flavored milk, yogurt cups, and cheese snacks recording double-digit sales increases. This trend is particularly prominent among individuals under 25, who value portability and on-the-go consumption. As Saudi Arabia's Vision 2030 drives economic diversification, resulting in longer commutes and busier lifestyles, convenience is becoming a lasting driver in the dairy market rather than a temporary shift in preferences.

Rapid growth of modern grocery retail and cold-chain logistics

Saudi Arabia's retail sector has undergone significant transformation, leading to the establishment of a highly advanced cold-chain infrastructure that facilitates the nationwide distribution of premium dairy products. Hypermarkets and supermarkets now play a pivotal role in driving dairy sales, contributing substantially to the overall market. Prominent retailers such as Carrefour and LuLu have integrated IoT-enabled temperature monitoring systems, which ensure the preservation of product quality and integrity throughout the supply chain, from the farm to the retail shelf. Additionally, the rapid growth of e-commerce platforms, including global players like Amazon Fresh and various local applications, has further accelerated the development of cold-chain logistics. This growth has heightened the demand for specialized refrigerated vehicles to ensure efficient and reliable last-mile delivery. Investments in this infrastructure not only provide a competitive edge for established market players but also support the positioning of premium dairy products and enhance regional export opportunities to neighboring GCC markets.

Water scarcity and high feed-import costs

Saudi Arabia's arid climate and limited renewable water resources create significant cost pressures, posing challenges to the scalability of its dairy production. On average, dairy farming in the country consumes approximately 1,000 liters of water to produce a single liter of milk. This water usage is notably higher than the global benchmark of 700 liters, primarily due to the cooling requirements necessitated by the region's extreme temperatures. To mitigate these challenges, leading dairy producers are increasingly investing in advanced water recycling technologies and precision irrigation systems. For example, Almarai, a key player in the market, has implemented state-of-the-art treatment facilities, achieving an impressive 56% water recycling rate. Furthermore, the Saudi government has taken proactive steps to conserve water resources by phasing out wheat production and redirecting agricultural support toward cultivating more water-efficient crops. Despite these initiatives, dairy farming remains vulnerable to potential water allocation restrictions in the future. Such restrictions could hinder herd expansion, elevate operational costs, and pose additional challenges to the industry's growth and long-term sustainability.

Other drivers and restraints analyzed in the detailed report include:

Rising demand for functional / fortified dairy
Expansion of school milk and nutrition programmes
Growing preference for plant-based alternatives

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Milk captures a 30.92% share of the market in 2025, reflecting its deep-rooted cultural importance and its role as a staple in daily consumption across households. This segment benefits significantly from government-led nutrition programs aimed at promoting healthy dietary habits. Additionally, milk's traditional integration into key cultural practices, such as its use in Arabic coffee and its presence in Ramadan iftar meals, further reinforces its prominence. Fresh milk remains the leading choice within the segment;

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however, flavored milk options, particularly chocolate and strawberry, have experienced a notable rise in demand among younger consumers. These flavored variants are positioned as premium products, commanding a 25% higher price compared to plain milk.

Butter stands out as the fastest-growing segment, achieving a 4.77% CAGR through 2031, driven by the growth of the bakery industry and the increasing adoption of Western diets. Vision 2030's tourism initiatives have further boosted demand for international cuisines and baking ingredients. Cheese follows closely, with processed cheese dominating food service applications, while natural cheese gains traction in retail due to its premium positioning. Yogurt emerges as a hub of innovation, with probiotic and Greek-style variants capturing market share from traditional formats. Dairy desserts, including ice cream, experience seasonal demand fluctuations but maintain steady growth through premiumization and flavor localization strategies that incorporate traditional Middle Eastern ingredients like rosewater and pistachio.

The Saudi Arabia Dairy Products Market Report is Segmented by Product Type (Butter, Cheese, Cream, Dairy Desserts, Milk, Yogurt, Sour Milk Drinks) and Distribution Channel (On-Trade, Off-Trade). The Market Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

Almarai Company Saudia Dairy and Foodstuff Company (SADAFCO) National Agricultural Development Company (NADEC) Arla Foods AmbA Groupe Lactalis Nestle SA Al Rashed Food Company AlRawabi Dairy Company Danone SA Bel SA Fonterra Co-operative Group National Food Products Company (NFC) Almunajem Foods Saad Group Al-Jouf Agriculture Development Company Saudi Modern Factory for Food Industries Tamimi Markets Nesma Holding Gulf Dairy Products Company Bateel Dairy

Additional Benefits:

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

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