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**Country:** Saudi Arabia

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**Report Category:** Retail Foods

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**Report Highlights:**

U.S. exports of consumer-oriented food products to Saudi Arabia increased 23 percent over 2021 to a record \$656 million mainly due to the continued expansion in online shopping 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.

# Market Fact Sheet: Saudi Arabia

## Executive Summary

Saudi Arabia is a significant market for U.S. food and agricultural products. In 2022, Saudi Arabia's GDP exceeded \$1trillion for the first time in history, positioning the country as the largest economy in the Arab world. Total investments in the Saudi food manufacturing sector are expected to exceed \$70 billion by the end of 2030, making it a major producer of high-value food products in the region. In 2022, the United States exported approximately \$1.58 billion in agricultural and related products to Saudi Arabia. The United States was the fourth largest exporter of agricultural products to Saudi Arabia behind the EU, Brazil, and India, respectively.

## Imports of Consumer-Oriented Products

In 2022, U.S. exports of consumer-oriented food products to Saudi Arabia reached a historic high of \$655.8 million, an increase of 23% from 2021. Stronger demand was driven by the food service sector and rapid expansion of the retail food sector as well as availability of cargo ships and reduced freight costs from the United States.

## Food Processing Industry

Saudi Arabia is home to a growing food manufacturing sector that benefits from population and income growth, life-style changes, state support, and favorable trade agreements. Demand for packaged foods is growing and more multinational companies are entering the market as a result. In 2022, Saudi Arabia imported approximately \$3 billion worth of intermediate food products, mostly for further processing. U.S. suppliers provided around 11%, or \$317 million.

## Food Retail Industry

In 2022, total retail sales in Saudi Arabia were estimated at approximately \$50 billion, and 50% was generated through modern retail channels and traditional grocery stores. Traditional grocery stores are declining due to rapid expansion of new urban centers.

## Quick Facts CY 2022

### Imports of Consumer-Oriented Products (US \$8 billion)

#### List of Top 10 Growth Products in Saudi Arabia

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

#### Top U.S. Processed Foods Exported to Saudi Arabia

- |                        |  |
|------------------------|--|
| 1) Fats & Oils         | 2) Processed Veggies                   |
| 3) Pulses              | 4) Processed Dairy Products            |
| 5) Condiments & Sauces | 6) Food Preparations                   |
| 7) Snack Foods         | 8) Potato Chips                        |
| 9) Jams and Jellies    | 10) Natural, Healthy and Organic Foods |

#### Top 5 Suppliers of High-Value Food Products to Saudi

- 1) Brazil (12%), India (9%), the United States (8%), Egypt (5%), Argentina (4 %)

#### Top Host Country Retailers

Panda Retail, Othaim Supermarket Chain, BinDaWood Holding, Farm Superstores, Al Raya Supermarkets, Tamimi Super Markets, Lulu Hyper/Supermarkets and Carrefour Saudi Arabia

#### GDP/Population

Population (millions): 32.5.

## Strengths/Weaknesses/ Opportunities/Challenges

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 losing ground to hyper and supermarkets as demand for packaged food continues to increase. Major drivers of this transition include increasing disposable income, a growing population and the creation and expansion of urban centers. Total 2022 retail sales of packaged food were approximately \$50 billion, and of that amount, 52 percent was generated through traditional channels while 48 percent came through modern retail channels.

U.S. food products typically command higher margins compared to imports from various Asian and Arab countries. It is also viewed as a higher-quality product compared to locally produced products. As a result, demand for U.S. food products is traditionally extremely high. Last year, the United States exported \$1.58 billion in agricultural and related products to the Kingdom of Saudi Arabia (Kingdom).

Saudi Arabia 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. This was an increase of 23 percent over 2021 mainly due to increased demand in newer sectors. The continued expansion of retail outlets, online grocery shopping applications, and home delivery services are greatly benefiting U.S. retail packaged food products.

**Table 1 – Major Advantages & Challenges in the Saudi Market**

<b>Advantages</b>	<b>Challenges</b>
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 Turkey.
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 reliable 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 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 Arabia thus creating demand for ethnic foods.	Negative consumer attitude towards food containing 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.

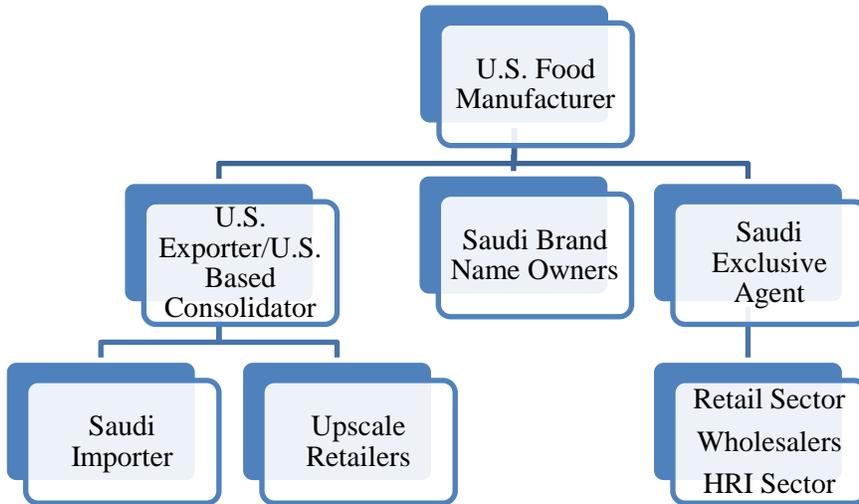
### Market Structure

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.

- **Panda Retail Company:** The largest retailer in Saudi Arabia. This publicly traded Saudi company has 230 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. For more information, please use the following link: <http://www.panda.com.sa>
- **Othaim Supermarket Chain:** This Saudi company has 227 stores in Saudi Arabia and 46 stores in Egypt. The company has also several wholesale outlets. Most of the company's purchases are local, but it also imports directly. For more information, please use the following link: <https://www.othaimmarkets.com>
- **BinDawood Holding:** This Saudi company operates a total of 73 stores across the KSA, including the BinDawood and Danube supermarket chains and purchases food products locally as well as internationally. It recently announced that it is filing an IPO. For more information, please use the following link: <https://www.bindawoodholding.com>
- **Farm Superstores:** This Saudi company has 69 supermarkets in the KSA, and most of the company's purchases are local. It also imports directly. For more information, please use the following link: <http://www.farm.com.sa/en/>

- **Al Raya Supermarkets:** A Saudi-UAE company with 54 supermarkets in the western and southern regions of the Kingdom. It purchases domestically and imports some staple food products. For more information, please use the following link: <https://www.alraya.com.sa/>
- **Tamimi Supermarkets:** An upscale supermarket with 45 branches in Saudi Arabia and one in Bahrain. 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. For more information, please use the following link: <https://tamimimarkets.com/>
- **LuLu Hyper\Supermarkets:** A Dubai headquartered retailer operates more than 234 stores across 10 West and Far East Asian countries: UAE (98 stores), Saudi Arabia (49 stores), Oman (30 stores), Qatar (20 stores), Bahrain (13 Stores), Kuwait (11 stores), Indonesia (6 stores), Malaysia (6 stores), India (5 stores) and 4 stores in Egypt. For more information, please use the following link: <https://www.luluhypermarket.com>
- **Carrefour Saudi Arabia:** It is a subsidiary of Majid Al Futtaim of UAE; the exclusive Carrefour franchisee in 38 countries across the Middle East, Africa, and Asia. They have 18 Saudi hyper and supermarkets, and mainly imports from France. Post has helped place some U.S. products in Carrefour. For more information, please use the following link: <https://www.carrefourksa.com>
- **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 12 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.

### Home Delivery

The COVID-19 pandemic helped transform the Saudi home delivery business sector and currently several international and locally created applications are being widely used to deliver retail foods and restaurant meals Kingdom wide. Online shopping is so popular that wealthy Saudi investors and government owned investment firms have either purchased existing applications or are developing new ones. NANA online shopping application is being developed with an initial investment of \$133 million. U.S. retail packed food products have benefited from the expansion of home delivery services. Post anticipates this trend will continue to benefit the U.S. agricultural sector moving forward as evidenced by an increase in U.S. exports in 2022.

### 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**

<b>Product Category &amp; Total Import Value</b>	<b>Supplier</b>	<b>Mkt Share</b>	<b>Strengths of Key Supply Countries</b>	<b>Advantages &amp; Disadvantages of Local Suppliers</b>
Dairy Products \$1.45 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 Arabia.	Local food processors import cheese blocks for repacking into smaller consumer-sizes. Locally processed cheeses are price competitive. Recent tariff increases favor local producers.
Poultry Meat & Prods. (ex. eggs) \$1.16 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 \$820 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 \$464 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 \$460 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 \$416 million	1. UAE 2. Italy 3. Turkey 4. Poland	22.5% 17.8% 15.7% 8.0%	The UAE is a regional food processing and exporting center. The	Local snack food producers depend on imported raw materials, and they do not pay import tariffs on food

	7. USA	2.6%	EU and Turkey are also major suppliers due to quality and price.	products imported for reprocessing.
Beef & Beef Products \$349 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 \$316 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 \$269 million	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 \$174 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**

Office of Agricultural Affairs, U.S, Embassy,

Tel: 966-11-488-3800 Ext. 4351

Internet E-Mail Address: [Agriyadh@usda.gov](mailto:Agriyadh@usda.gov)

**OAA Riyadh Reports**

OAA Riyadh reports on the Saudi food industry can be found at [this link](#).

**Attachments:**

No Attachments