Agriculture and Agri-Food Canada
Agriculture et Agroalimentaire Canada

MARKET ACCESS SECRETARIAT
Global Analysis Report

Market overview

Saudi Arabia

March 2017

Market snapshot

- Saudi Arabia had a gross domestic product (GDP) of US$646.0 billion in 2015 and declined by 0.5% at the end of 2016 due to low oil prices affecting public finances and export revenues.
- Saudi Arabia is the 41st most populous country in the world with 31.5 million people, 83.2% of which live in urban areas. Men make up 56.5% of the population while women account for 43.5%. The median age in this region is 28.4 years old. The population is expected to reach 34.4 million by 2020.
- Per capita consumer expenditure was US$7,826.9 in 2015, with food and non-alcoholic beverages representing US$1,954.1 (or 25%) of total expenditure.
- The consumer foodservice industry continues to expand due to the growing number of women in the workforce and is expected to see a volume compound annual growth rate (CAGR) of 5.4% during the forecasted period from 2016 to 2021.
- Package food sales saw slower growth due to rising prices, inflation, and reduction in government subsidies. As a result, Saudi consumers are cautious about spending. However, young consumers are increasingly shopping online.
- The top packaged food company in the market is currently, Almarai Co. Ltd., with 8.0% market value share, followed by Nestlé SA (5.1%), and Mars Inc. (3.8%).
- Rising rate of obesity and health problems are driving the growth of health and wellness in both package food and beverages.

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Production

- Since 2012, dates continue to be the primary domestic crop in Saudi Arabia despite a 30% decline from from 2013 to 2014.
- Of the top ten crops produced in Saudi Arabia in 2014, sorghum, watermellons, and onions saw the highest growth from 2010 to 2014, with a compound annual growth rate (CAGR) of 23%, 12%, and 9%.
- Chicken is the leading livestock in the region, with a CAGR of 5% from 2010 to 2014.

Crop production and livestock in Saudi Arabia

Top ten crops (tonnes)	2010	2011	2012	2013	2014
Dates	991,546	1,008,105	1,031,082	1,095,158	766,800
Watermelons	338,881	365,903	374,203	401,058	532,192
Wheat	1,349,389	1,184,454	854,256	660,145	500,000
Potatoes	398,993	404,679	405,680	390,259	445,028
Tomatoes	492,402	520,034	549,119	544,464	389,698
Fresh fruit	313,353	355,458	364,944	360,000	357,546
Sorghum	114,022	117,091	118,393	110,299	265,000
Onions	93,360	104,504	107,361	112,478	131,177
Cucumbers and gherkins	220,978	228,762	240,584	246,986	127,415
Fresh vegetables	159,551	131,137	115,490	114,860	114,230

Meat indigenous (tonnes)	2010	2011	2012	2013	2014
Chicken	576,819	576,270	572,270	52,000	618,130
Sheep	45,000	40,640	41,160	43,610	101,580
Cattle	39,662	42,283	49,683	100,000	54,183
Camel	37,610	22,112	22,552	569,000	42,460
Goat	720	2,174	2,174	50,683	29,246

Livestock (head)	2010	2011	2012	2013	2014
Chickens	148,200,000	175,900,000	179,000,000	181,500,000	183,000,000
Sheep	8,741,000	10,096,000	10,129,000	11,500,000	11,650,000
Pigeons, other birds	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Goats	3,408,000	3,382,000	3,408,000	3,430,000	3,450,000
Cattle	393,324	426,204	486,503	456,371	354,276

Source for all: FAOSTAT Agricultural Production, December 2016.

Trade

- Saudi Arabia is a net importer of agri-food and seafood products. In 2015, Saudi Arabia's agri-food and seafood trade deficit were US$19.7 billion with imports valued at US$23.1 billion and US$3.8 billion in exports. Within the last five years from 2011 to 2015, imports grew at a compound annual growth rate (CAGR) of 3.5%, while exports grew at a CAGR of 1.8%.

- The top five suppliers of agri-food and seafood products in 2015 were Brazil, India, Germany, United Arab Emirates, and the United States; altogether accounting for 38% of Saudi Arabia's imports.

- The top agri-food and seafood imports in 2015 were barley, rice, frozen fowls, cigarettes, and food preparations. Altogether, these products account for 27.3% of Saudi Arabia's agri-food and seafood imports from the world.

- Imports of processed foods were US$14.6 billion in 2015 with a CAGR of 2.2% from 2011 to 2015. Canada's share was 0.4%.

- The top five suppliers of agri-food and seafood products were Brazil (worth US$2.2 billion), India (worth US$2.1 billion), Germany worth (US$1.6 billion), United Arabs Emirates (worth US$1.4 billion), and the United States (worth US$1.4 billion).

- Canada's agri-food and seafood exports to Saudi Arabia were US$166.3 million in 2015. Top export products were wheat, frozen boneless meat, groundnuts, food preparations, and cheese.

Saudi Arabia's top agri-food and seafood imports from the world, 2015

Commodity	Import value US$ millions	Top suppliers & market share			Canada's share
		1	2	3	
Barley	1,470.0	Russia 38.7%	Ukraine 24.3%	Germany 12.6%	0.0%
Rice	1,452.1	India 78.7%	Pakistan 6.1%	United States 6.0%	0.0%
Frozen fowls	1,179.2	Brazil 74.5%	France 23.4%	Argentina 2.1%	0.0%
Cigarettes	1,140.6	Germany 72.2%	Turkey 11.9%	Switzerland 9.4%	0.0%
Food preparations	1,085.0	Ireland 41.2%	Bahrain 7.7%	Denmark 6.0%	0.2%
Live sheep	791.1	Sudan 66.7%	Somalia 17.3%	Jordan 12.4%	0.0%
Food preparations for infant use	652.8	Ireland 32.6%	France 25.7%	Spain 13.3%	0.0%
Frozen cuts and edible offal of fowls	559.6	Brazil 94.5%	United States 2.5%	United Arab Emirates 2.2%	0.0%
Maize	531.2	United States 44.0%	Argentina 32.8%	Brazil 20.0%	0.0%
Solid form milk and cream	408.0	United Arab Emirates 47.1%	New Zealand 20.3%	Oman 14.4%	0.0%

Source: Global Trade Tracker, 2016.

Retail sales

- Packaged food continue to experience positive growth with a CAGR of 9.0% from 2012 to 2016. In part due to women entering the work force and an increase in religious visitors (Euromonitor, 2016).
- Artisanal companies still maintain the lead in packaged food sales. However, they are slowly losing sales to large manufacturers that are expanding their product ranges and distribution networks.
- The packaged food categories to see the highest growth throughout the review period were edible oils, baby food, breakfast cereals, ice cream, frozen desserts, sweet biscuits, snack bars, and fruit snacks. All of which saw period growths above 10%.
- The packaged food sector is expected to see a slightly lower period growth of 8.6% (CAGR) over the forecasted period from 2017 to 2021.
- Baby food is expected to see the strongest period growth of 11.7% in the forecast period, followed by breakfast cereals at a CAGR of 10.2%. Despite the decline in birth rates, the rise in working women and growing availability of products is likely to boost the demand for baby food and children's breakfast cereals.

Historical agri-food retail sales in Saudi Arabia, in fixed US$ million (2012 to 2016)

Categories	2012	2013	2014	2015	2016[E]	CAGR* 2012-16	Market share
Packaged food	**13,545.7**	**15,034.4**	**16,324.4**	**17,709.0**	**19,142.0**	**9.0%**	**-**
Baby food	646.4	754.4	789.3	892.8	1,007.9	11.7%	5.3%
Baked goods	3,557.2	3,922.7	4,247.8	4,594.4	4,949.2	8.6%	25.9%
Breakfast cereals	97.6	110.8	123.4	136.2	150.3	11.4%	0.8%
Confectionery	1,491.7	1,695.2	1,870.3	2,051.6	2,235.9	10.6%	11.7%
Dairy	3,065.0	3,427.8	3,706.2	4,012.7	4,314.8	8.9%	22.5%
Edible oils	443.7	520.7	597.2	655.3	713.5	12.6%	3.7%
Ice cream and frozen desserts	273.0	307.1	341.3	379.0	419.7	11.4%	2.2%
Processed fruit and vegetables	267.3	282.9	299.3	314.1	330.4	5.4%	1.7%
Processed meat and seafood	409.2	439.3	469.9	501.4	537.8	7.1%	2.8%
Ready meals	11.7	12.5	13.3	13.9	14.6	5.7%	0.1%
Rice, pasta and noodles	1,402.4	1,501.3	1,613.3	1,706.0	1,807.5	6.5%	9.4%
Sauces, dressings and condiments	464.0	492.5	523.9	553.3	585.4	6.0%	3.1%
Savoury snacks	871.3	958.0	1,059.0	1,162.1	1,270.9	9.9%	6.6%
Soup	36.4	37.7	38.5	39.8	41.3	3.2%	0.2%
Spreads	202.3	228.9	252.8	276.5	302.3	10.6%	1.6%
Sweet biscuits, snack bars and fruit snacks	306.5	342.7	378.9	420.0	460.5	10.7%	2.4%

Source: Euromonitor, 2016. E= Estimate *CAGR – Compound annaual growth rate

Forecast agri-food retail sales in Saudi Arabia, in fixed US$ million (2017 to 2021)

Categories	2017^F	2018^F	2019^F	2020^F	2021^F	CAGR* 2017-20	Market share
Packaged food	20,737.9	22,515.0	24,427.0	26,526.5	28,824.3	8.6%	-
Baby food	1,146.3	1,306.1	1,487.7	1,701.9	1,959.0	14.3%	6.8%
Baked goods	5,352.1	5,791.2	6,261.7	6,789.1	7,353.1	8.3%	25.5%
Breakfast cereals	165.7	182.8	201.5	221.9	244.5	10.2%	0.8%
Confectionery	2,427.4	2,631.9	2,851.6	3,085.0	3,339.0	8.3%	11.6%
Dairy	4,675.9	5,081.8	5,525.4	6,016.1	6,559.6	8.8%	22.8%
Edible oils	775.4	845.3	918.0	995.1	1,076.2	8.5%	3.7%
Ice cream and frozen desserts	460.0	502.7	546.2	589.7	635.0	8.4%	2.2%
Processed fruit and vegetables	350.8	373.0	397.5	424.7	452.8	6.6%	1.6%
Processed meat and seafood	580.1	627.7	678.1	737.4	800.2	8.4%	2.8%
Ready meals	15.4	16.2	16.9	17.7	18.6	4.8%	0.1%
Rice, pasta and noodles	1,922.5	2,056.4	2,203.3	2,359.3	2,534.0	7.1%	8.8%
Sauces, dressings and condiments	619.2	656.9	697.7	739.2	781.7	6.0%	2.7%
Savoury snacks	1,373.5	1,492.3	1,612.0	1,737.8	1,870.0	8.0%	6.5%
Soup	43.4	45.3	47.1	49.3	51.5	4.4%	0.2%
Spreads	328.2	357.6	388.0	420.9	456.7	8.6%	1.6%
Sweet biscuits, snack bars and fruit snacks	502.1	547.9	594.4	641.5	692.6	8.4%	2.4%

Source: Euromonitor, 2016. F = forecast *CAGR – Compound annaual growth rate

Health and wellness (HW)

- Healthy lifestyle and a sense of wellbeing are becoming a priority for Saudi consumers, with retail value sales of health and wellness (HW) products increasing to US$3.4 billion in 2016 at a CAGR of 15.5% from 2012 to 2016. HW products now account for 18% of Saudi Arabia's total package food sales, a 3% increase from 2011.

- The HW trend is most noticeable in categories such as edible oils, ice cream, frozen desserts, and baby food. A result of young working mothers wanting to give low calorie and reduced sugar products to their children and other family members (Euromonitor, 2016).

- Factors such as rising government-run HW campaigns designed to combat obesity and related problems (diabetes, high blood pressure, heart disease and high cholesterol) are encouraging Saudi consumers to purchase HW products with prime positioning such as general wellbeing, weight management, digestive health, energy boosting, and vision health. Combined products with these top five claims account for 83% of HW products sold in the region.

- HW trend is expected to continue with an anticipated CAGR of 7.8% from 2016 to 2021.

Historical HW products retail sales in Saudi Arabia, in fixed US$ million (2012 to 2016)

Categories	2012	2013	2014	2015	2016^E	CAGR* 2011-16	Market share
Packaged food	2,260.4	2,564.0	2,769.7	3,057.4	3,354.3	15.5%	-
Baby food	489.7	580.1	600.5	686.7	783.6	13.6%	23.4%
Baked goods	8.9	9.8	10.6	11.4	12.1	12.5%	0.4%
Breakfast cereals	97.6	110.8	123.4	136.2	150.3	11.9%	4.5%
Confectionery	123.1	138.0	152.5	168.6	183.2	11.4%	5.5%
Dairy	1,245.7	1,392.7	1,511.0	1,637.5	1,764.5	11.4%	52.6%
Edible oils	63.5	73.5	83.7	99.9	113.1	10.4%	3.4%
Ice cream and frozen desserts	0.6	0.7	0.8	0.9	1.0	10.5%	0.0%
Savoury snacks	90.4	97.0	106.6	116.4	126.9	9.1%	3.8%
Spreads	119.6	137.6	154.2	170.2	187.3	8.0%	5.6%
Sweet biscuits, snack bars and fruit snacks	19.6	22.2	24.6	27.4	30.2	8.8%	0.9%

Source: Euromonitor, 2016. E = Estimate *CAGR – Compound annaual growth rate

Forecast agri-food HW retail sales in Saudi Arabia, in fixed US$ million (2017 to 2021)

Categories	2017^F	2018^F	2019^F	2020^F	2021^F	CAGR* 2017-20	Market share
Packaged food	3,595.5	3,868.4	4,159.9	4,486.6	4,857.6	7.8%	-
Baby food	875.9	984.0	1,101.7	1,238.5	1,401.3	12.5%	28.8%
Baked goods	12.6	13.2	13.8	14.4	15.1	4.6%	0.3%
Breakfast cereals	160.8	172.3	184.4	197.1	210.9	7.0%	4.3%
Confectionery	192.2	202.0	212.3	223.1	234.5	5.1%	4.8%
Dairy	1,861.7	1,969.8	2,086.8	2,215.9	2,358.3	6.1%	48.5%
Edible oils	125.2	138.8	152.0	166.8	183.3	10.0%	3.8%
Ice cream and frozen desserts	1.1	1.1	1.2	1.3	1.3	4.3%	0.0%
Savoury snacks	133.2	139.6	145.6	152.1	158.9	4.5%	3.3%
Spreads	198.6	211.2	223.5	236.4	250.3	6.0%	5.2%
Sweet biscuits, snack bars and fruit snacks	32.1	34.2	36.4	38.9	41.6	6.7%	0.9%

Source: Euromonitor, 2016. F = forecast *CAGR – Compound annaual growth rate

Consumer foodservice

- The growing popularity of food delivery at home helped to sustain the consumer foodservice market from the negative impact of falling oil prices in the country.
- Consumer foodservice grew by 4% in 2016 along with a 2% increase in the number of foodservice outlets (reaching 35,000).
- Herfy Food Services, Food Choice Trading, and United Food Services are leading ingredient suppliers that offer high-quality products to foodservice outlets in the region (Euromonitor, 2016).
- The consumer foodservice market is expected to perform well with the continued social change in Saudi society as the number of women in the workforce continues to grow.

New product launches

- Over 5,000 products were launched in the Saudi Arabia from 2012 to 2016. Product launches occurred in the bakery, dairy, sauces and seasonings, juice drinks, and snacks categories.

- According to Mintel, the top growing product claims are microwaveable, halal, high/added fiber, and low/no/reduced calorie.

- There is a growing preference for product development in the region, specifically for products that are convenient and healthy. The majority of products launched were new which accounted for 42% of product innovation, followed by 30% in package improvement, 25% in new variety and range extensions, and 2% in product relaunches.

New products laucnhes in Saudi Arabia from 2012 to 2016

Category	New product	New packaging	New variety/range extension	Relaunch	New formulation	Total
Bakery	326	128	233	13	12	**712**
Dairy	210	310	125	22	8	**675**
Sauces & seasonings	245	153	131	8	5	**542**
Juice drinks	186	196	103	7	0	**492**
Snacks	192	72	98	2	2	**366**
Total*	**2,159**	**1,527**	**1,246**	**89**	**67**	**5,088**

Source: Mintel, 2016. ***Note**: This total is the overall total of products launched in the Saudi market during the review period.

For more information

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in Saudi Arabia**
  www.tradecommissioner.gc.ca/sa

- **Find a Trade Commissioner**
  [www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

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Resources

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Market overview Saudi Arabia

Global Analysis Report

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