



REVOLUTIONIZING THE GULF

How Health, Wellness, and Sustainability are
Redefining the GCC Food and Beverage Landscape

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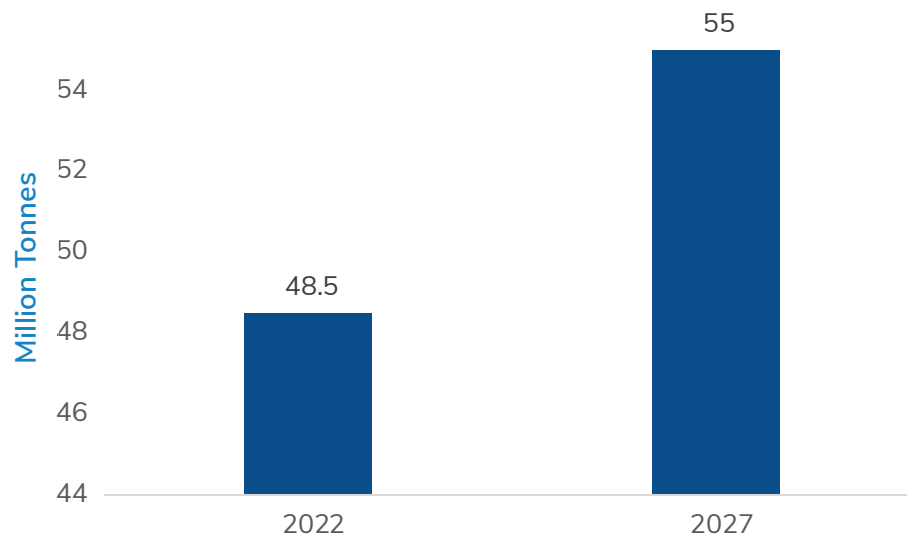
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The Gulf Cooperation Council (GCC) region, comprising Saudi Arabia, UAE, Qatar, Kuwait, Oman, and Bahrain, is witnessing a significant transformation in the food and beverage sector driven by health, wellness, and sustainability trends. As these nations pivot away from oil dependency, there is a burgeoning focus on fostering healthier lifestyles and sustainable practices within the food and beverage industry with Saudi Arabia and the UAE accounting for approximately 78% of the total market share.

Total Market size for Food in GCC Countries (Million Tonnes)



Source: Frost & Sullivan Analysis





Economic Prosperity and Urbanization

Economic prosperity and increased disposable incomes across the GCC have empowered consumers to make more health-conscious and ethically driven food choices. The region's urbanization has fostered lifestyles that demand convenience yet prioritize health, leading to a rise in demand for quality, nutritious, and sustainable food products.

- **Increased Disposable Income:** Economic growth has significantly enhanced disposable incomes, enabling consumers to prioritize high-quality and health-beneficial food options. For example, Saudi Arabia and the UAE account for approximately 78% of the total food and beverage retail sales in the GCC region, with substantial investments in organic and health-focused product lines.
- **Urbanization:** Rapid urbanization has introduced urban lifestyles that are both fast-paced and health-conscious. Urban consumers in the GCC are becoming more aware of global health trends and are more inclined to seek healthier and sustainable food options.

Cultural Shifts Towards Health and Wellness

There is a marked cultural shift towards health and wellness, driven by increased awareness of diet-related health issues and proactive government health initiatives.

- ▶ **Public Health Initiatives:** Governments across the GCC have launched various public health campaigns to combat lifestyle-related diseases such as obesity and diabetes. For instance, Saudi Arabia's "Live Healthy" campaign encourages citizens to reduce sugar, fat, and salt intake.
- ▶ **Consumer Awareness:** There is greater consumer awareness regarding the health implications of diet. This shift is evident in the increasing popularity of organic supermarkets and health-focused eateries across the region. For example, Tamimi Markets in Saudi Arabia have significantly expanded their organic product offerings in response to growing consumer demand.



Rise of Functional Foods and Mindful Eating

Consumers in the GCC are becoming more knowledgeable and are actively participating in their health and environmental well-being.

- **Functional Foods:** The market for functional foods, enriched with health-promoting ingredients, is expanding. In Qatar, there is a growing demand for products like vitamin-enriched water and energy-boosting snacks tailored to health-conscious consumers.
- **Mindful Eating:** In Bahrain, the trend towards mindful eating is on the rise, with consumers focusing on how their food choices impact their health and the environment. Cafes and restaurants are increasingly offering menus with calorie counts, ingredient transparency, and customization options based on dietary needs.

Sustainability Initiatives

Sustainability is becoming a core consideration in the GCC's food and beverage sector. The focus is on building a resilient food ecosystem that supports the region's food security goals.

- **Local Production:** Investments in vertical farming and hydroponic technologies are boosting local production, reducing food miles, and ensuring freshness. Dubai's Bustanica, the world's largest hydroponic farm, exemplifies this trend by producing large quantities of leafy greens in a controlled environment that conserves water and reduces waste.
- **Packaging Innovations:** Major food producers in Saudi Arabia are transitioning to biodegradable and recyclable packaging. Companies like Almarai have started using bio-based wrapping to reduce plastic usage, aligning with consumer demand for sustainable packaging solutions.

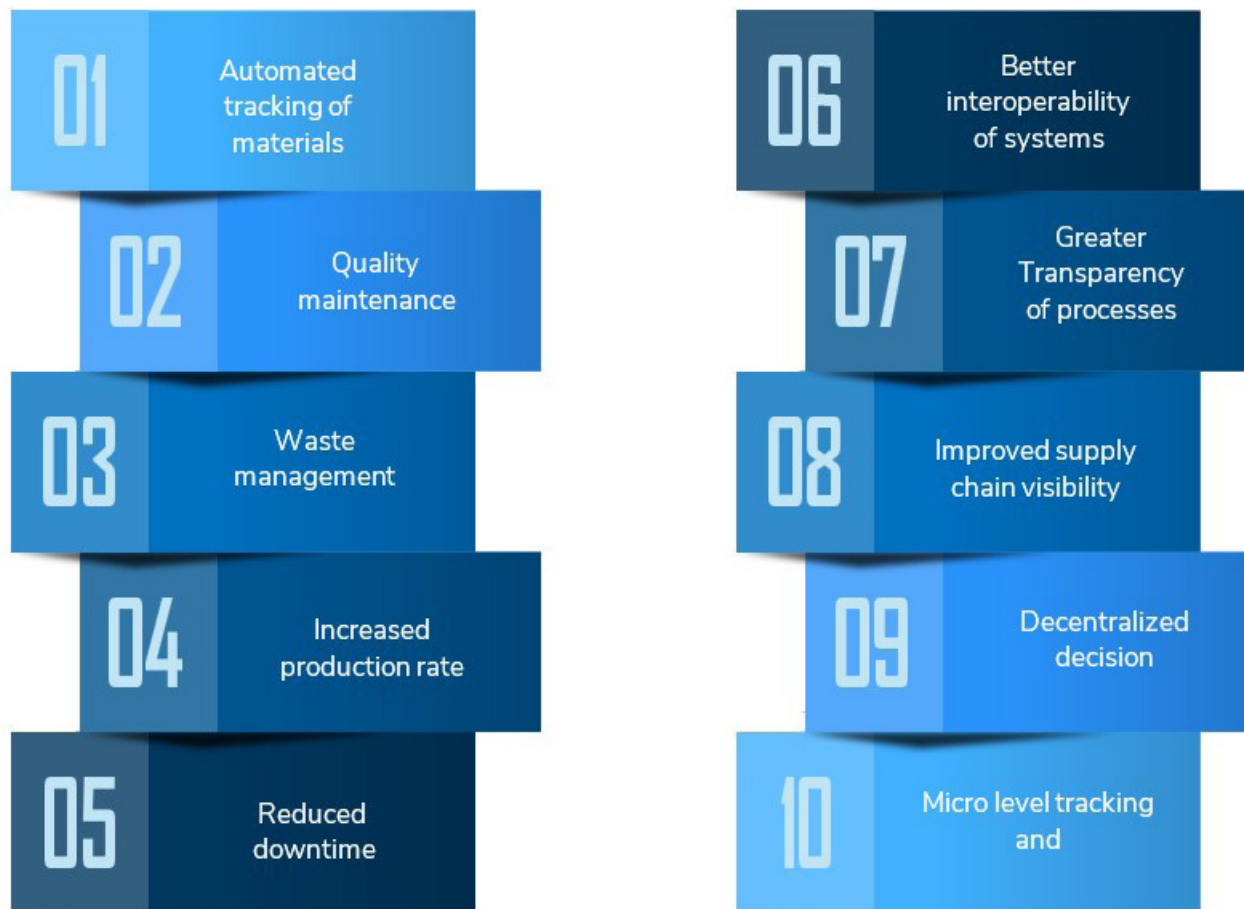




Technological Integration

Technology plays a crucial role in transforming the food and beverage sector in the GCC, from production to plate.

Key Technology Trends in F&B Manufacturing



Source: Frost & Sullivan Analysis

TOP TRENDS IN FOOD & BEVERAGES IN THE GCC REGION

- **Smart Agriculture:** The GCC region is currently witnessing a rapid adaptation of smart agriculture technologies addressing challenges such as water scarcity, extreme temperature, and rising food demand. In Oman, smart agriculture practices leveraging IoT technology are optimizing water usage and crop growth, setting new standards in sustainable food production.
- **Personalized Nutrition Apps:** Across the GCC, startups are launching AI-driven nutrition apps that provide personalized diet plans based on individual health profiles, dietary preferences, and genetic predispositions, making wellness more accessible.

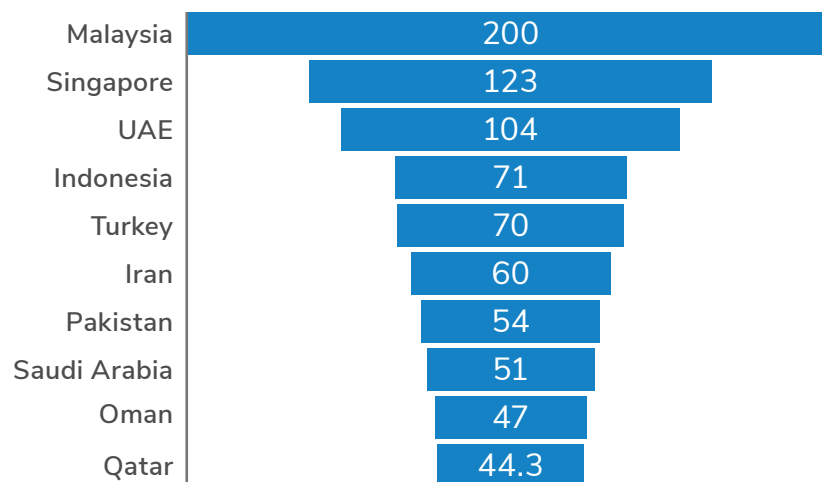


Empowering Health and Wellness: Transforming Saudi Arabia's Food and Beverage Landscape Through Innovation and Halal Integrity.

The Halal Compliance Landscape: Beyond Traditional Boundaries

Halal certification is evolving beyond the traditional food and beverage sector to include cosmetics, pharmaceuticals, and even tourism. This expansion reflects the growing demand for halal-compliant products across various consumer categories. For ingredient manufacturers, this means an increased need for halal-compliant alternatives and robust certification processes.

Top 10 Halal Food Markets (USD Million)



Source: Frost & Sullivan Analysis

This broader scope presents both challenges and opportunities for ingredient manufacturers. Meeting the halal requirements in these new categories demands innovative approaches to sourcing and production.

For example, traditional gelatin derived from animal collagen poses a significant hurdle for halal certification. Manufacturers are now investing in plant-based alternatives such as agar-agar and pectin. These alternatives not only meet halal standards but also cater to the growing demand for plant-based products.



Ensuring halal compliance requires more than avoiding non-halal ingredients. Detailed scrutiny of emulsifiers, stabilizers, and colorants is crucial, as these additives often contain animal derived or nonhalal components.

Emulsifiers and Stabilizers

Commonly used emulsifiers and stabilizers in products like sauces and ice creams are often animal derived. Ingredient manufacturers must focus on developing plant-based or synthetic alternatives that can achieve halal certification without compromising product quality.

Colorants

The use of natural colorants can be challenging due to non-halal processing methods. Synthetic colorants, while often simpler to certify, require careful evaluation to ensure all components meet halal standards.

Gaps in the Market and Emerging Opportunities

There are several underdeveloped areas in the halal ingredient market, presenting significant opportunities for innovation and market growth.

Supply Chain Complexity

Ensuring the halal status of raw materials throughout the supply chain can be complex, especially for multi-tiered sourcing. Ingredient manufacturers must establish robust supplier relationships and invest in traceability systems to mitigate these challenges.

Consumer Trust and Misconceptions

Addressing consumer misconceptions about halal certification and its implications is crucial. Companies must demonstrate transparency and commitment to halal standards to build consumer trust.

Standardization and Harmonization

The absence of a unified global halal standard poses significant challenges. Efforts towards harmonization, such as those by the Standards and Metrology Organization of Islamic Countries (SMIIC), are essential for overcoming these challenges and facilitating international trade.

Addressing the challenges in the halal industry and capitalizing on health and wellness trends requires a collaborative effort between industry stakeholders, certification bodies, and governments. By investing in innovation, transparency, and sustainability, industry players can navigate the complex landscape of Saudi Arabia's food and beverage sector and build a resilient, health-focused, and sustainable future.

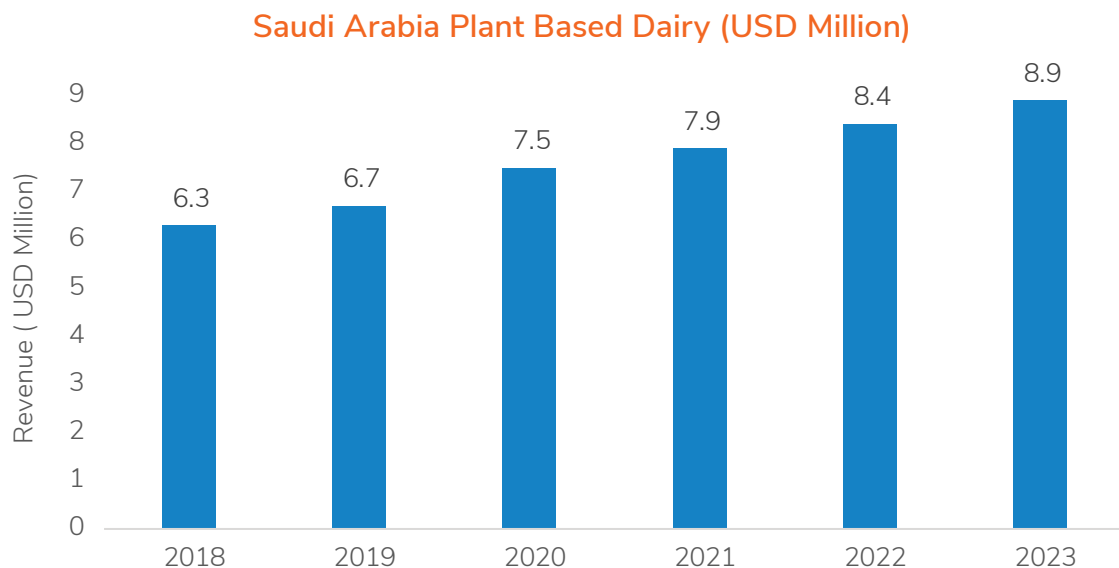


Functional Foods

There is a rising demand for halal-certified functional foods that offer specific health benefits, such as immunity support and digestive health. Developing halal-compliant probiotics, prebiotics, and other functional ingredients can meet this growing consumer need.

Plant-Based and Vegan Products

As the plant-based food market expands, there is a critical need for halal-certified options. This includes plant-based meats, dairy alternatives, and snacks tailored to vegan and health-conscious consumers. The consumption of plant-based dairy in Saudi Arabia was estimated to be 6.1 kilo tonne which has grown in volume and has reached 9 kilo tonnes by 2023.



Source: Frost & Sullivan Analysis

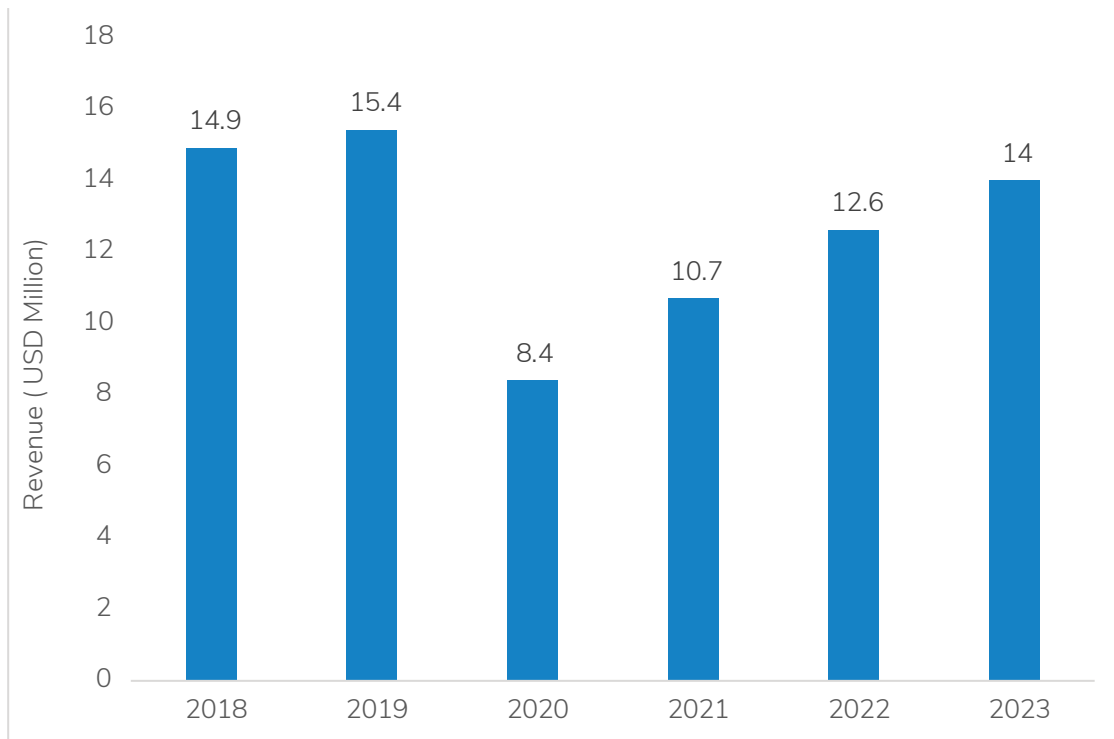


Sports Nutrition

The sports nutrition market in Saudi Arabia is ripe for development, particularly in halal-certified products. Opportunities exist for halal-certified protein powders, energy bars, and recovery supplements designed for athletes and fitness enthusiasts.



Saudi Arabia Sport Protein Powder (USD Million)



Source: Frost & Sullivan Analysis





Health and Wellness: Shifting Consumer Priorities

A Holistic Approach to Wellbeing

Saudi consumers are increasingly adopting a holistic approach to health and wellness. This shift goes beyond basic nutritional content to consider the overall impact on physical, mental, and emotional health. The COVID-19 pandemic has further accelerated the demand for immune-boosting and health-enhancing products. The market for functional foods, which offer specific health benefits such as enhanced immunity or improved digestion, is expanding rapidly. Products like vitamin-enriched waters and energy-boosting snacks are becoming staples in the Saudi diet.

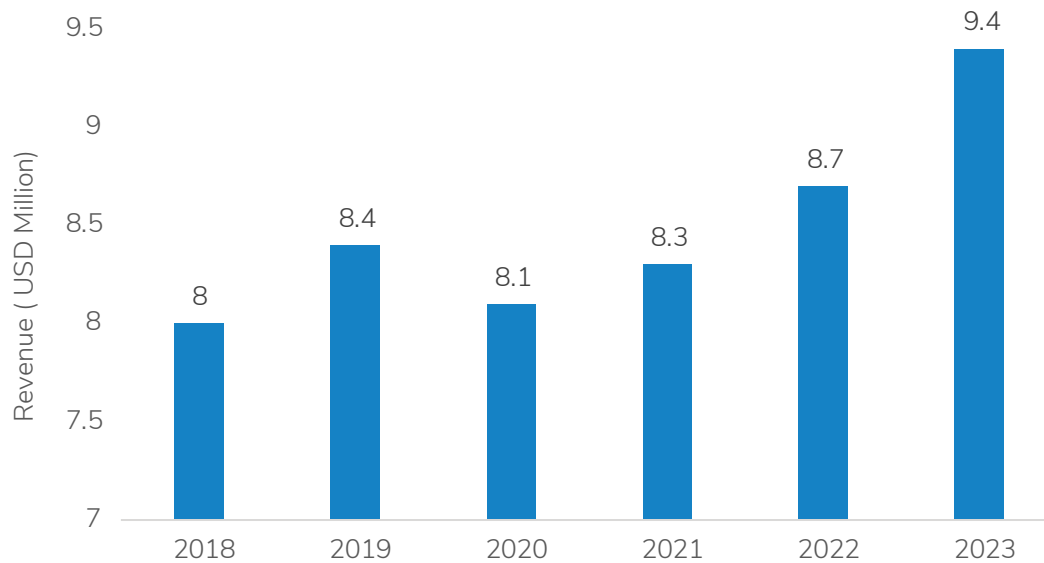
Healthy Snacking: A Growing Market

The demand for healthy snacks is on the rise, driven by the need for convenient yet nutritious food options. This trend presents significant opportunities for ingredient manufacturers to innovate and meet consumer demands. Consumers are increasingly seeking snacks that are low in calories but high in nutritional value. High-protein bars, natural fruit snacks, and low-sugar options are becoming popular choices.



Market Insight: Growth in Healthy Snacking

Saudi Arabia Energy Bars (USD Million)



Source: Frost & Sullivan Analysis

The healthy snacking market in Saudi Arabia is poised for growth, with consumers prioritizing nutrition and convenience. Ingredient manufacturers can capitalize on this trend by developing innovative, health-focused snack ingredients.



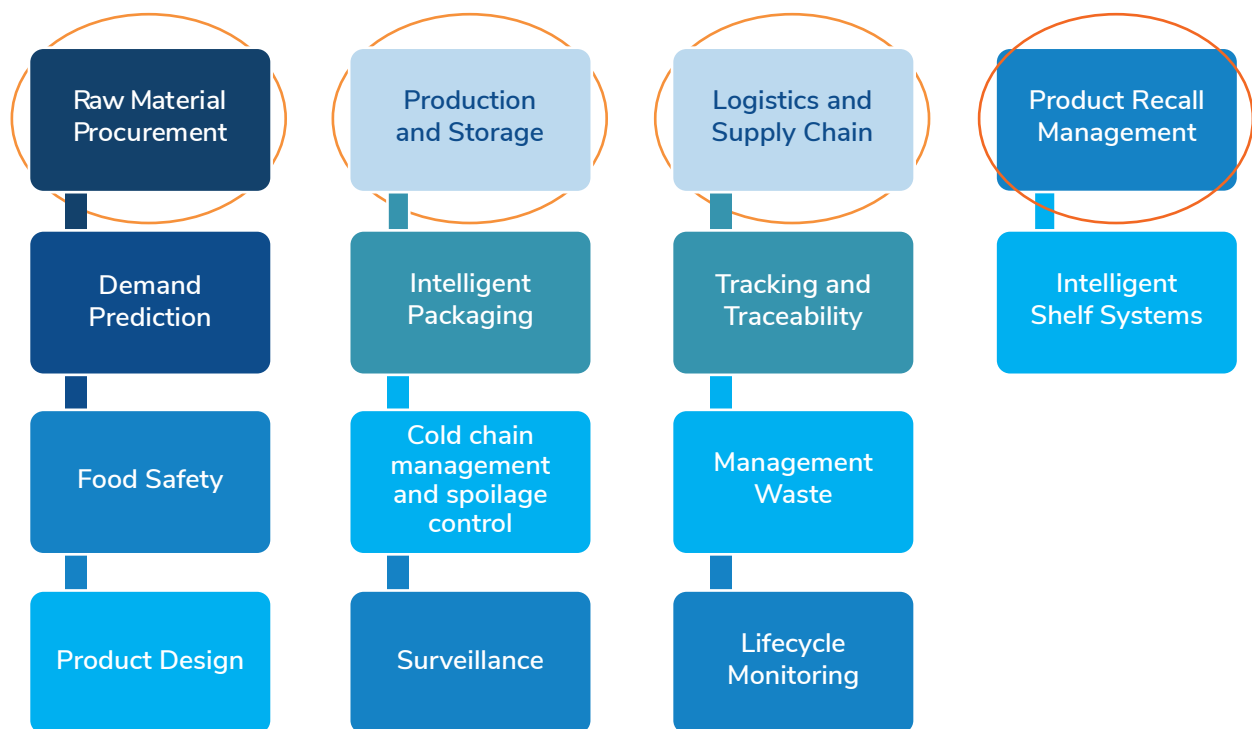


Sustainability Initiatives: Building a Resilient Food Ecosystem

Local Production with Technology Investments and Sustainable Farming

Saudi Arabia is investing heavily in local production initiatives and sustainable farming practices. These efforts are aimed at reducing food miles, ensuring freshness, and supporting the region's food security goals.

Operational Framework For Sustainable Practice In F&B



Source: Frost & Sullivan Analysis

High-Quality Ingredients: The Foundation of Excellence in UAE

Incorporating high-quality ingredients is essential for elevating ready-to-eat meals and other food products. The UAE market is increasingly favouring locally sourced produce, organic options, and ethical protein sources such as free-range and grass-fed meats. This trend not only supports local farmers but also reduces the carbon footprint associated with food production.



For instance, using artisan cheeses and cured meats can add a touch of luxury to meals, while high-quality oils like extra virgin olive oil enhance both flavour and nutritional value. Additionally, integrating superfoods and functional ingredients such as quinoa, chia seeds, and goji berries can cater to health conscious consumers seeking added nutritional benefits.

The UAE’s emphasis on sustainability has boosted the demand for locally sourced and organic ingredients. This trend supports local agriculture and provides fresh, seasonal produce, which is highly valued by consumers. Ingredient manufacturers can benefit by establishing strong relationships with local suppliers and ensuring a steady supply of high-quality raw materials.

The UAE’s food and beverage industry is undergoing a profound transformation driven by a focus on high-quality ingredients, gourmet flavours, and innovative packaging solutions. This shift aligns with the growing consumer demand for convenience, health, and sustainability. For ingredient manufacturers, understanding these trends and the unique market dynamics of the UAE is crucial for capitalizing on emerging opportunities.

Gourmet Flavours: Crafting Exceptional Taste Experiences

Creating unique and memorable flavour profiles is key to appealing to the sophisticated palates of UAE consumers. This involves a careful selection of ingredients and culinary expertise. Infused oils and vinegars, exotic spices and herbs, and innovative flavour pairings are all instrumental in achieving this goal.

Country	Flavour Innovation
Beverages	Floral and Botanical Infusions, Middle Eastern Spice Blends, Tropical Fruit Fusion, Kombucha and Kefir Reinventions
Dairy Products	Savory Yogurt, Middle Eastern Cheese Innovations, Ice Cream Reinvented
Savory Foods	Elevated Hummus, Spice Blends, Grain-Based Innovations, Meat Alternatives
Sweets and Confectionery	Date-Based Innovations, Luxurious Chocolate, Arabic Gum Confections



For example, blending Middle Eastern spices like Za'atar with western ingredients can create exciting new taste experiences. Reducing sodium and sugar while maintaining rich flavours is also crucial, reflecting the growing consumer preference for healthier yet delicious food options. Customizable flavour options allow consumers to personalize their meals, enhancing the overall dining experience. The UAE's diverse population, with its rich tapestry of cultures and cuisines, has given rise to a trend of fusion flavours. This culinary melting pot blends elements from different culinary traditions, creating innovative and appealing dishes. For instance, combining sushi rice with hummus and tahini or adding teriyaki sauce to grilled kebabs can result in unique and delightful flavour profiles that resonate with a wide range of consumers.

Innovative Packaging Solutions: Enhancing Convenience and Appeal

Innovative packaging is essential for the modern UAE consumer who values both convenience and quality. Packaging solutions that are microwave-safe, oven-safe, and sustainable are highly sought after. Eco-friendly materials such as recycled cardboard and biodegradable plastics are gaining traction, reflecting the market's shift towards sustainability.

Compartmentalized packaging keeps different meal components fresh, while interactive elements like QR codes provide additional information or recipes, enhancing consumer engagement. Heat-and-eat pouches and vacuum-sealed packaging offer convenience and longer shelf life, addressing the fast-paced lifestyle of UAE residents.

Sustainable packaging solutions are increasingly important in the UAE. Consumers are becoming more environmentally conscious, demanding products that minimize waste and use eco-friendly materials. Ingredient manufacturers can differentiate themselves by adopting sustainable packaging practices, thereby appealing to the eco-conscious consumer base.

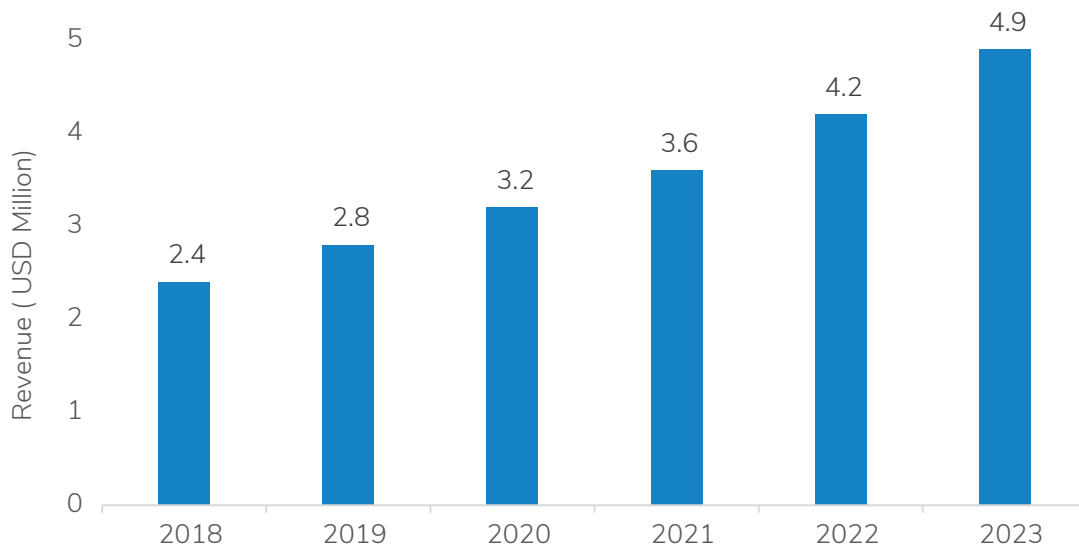
Meeting the Demand for Convenience and Time-Saving Solutions

The busy lifestyle in the UAE has driven demand for convenient, time-saving food solutions. Ready-to-eat meals that offer diverse culinary options, premium ingredients, and health-focused choices are increasingly popular. Innovations in meal kits, which allow for customization and provide high-quality ingredients with clear instructions, are also on the rise.

Portion control packaging is another key trend, offering individualized portions that cater to smaller households and reduce food waste. This approach aligns with the growing emphasis on sustainability and the need for practical, manageable food options.



UAE Ready to Eat (RTE) and Soups (USD Million)



Source: Frost & Sullivan Analysis

The UAE's market for ready-to-eat (RTE) meals is thriving, with consumers seeking high-quality, health-conscious options. Ingredient manufacturers can capitalize on this trend by providing premium ingredients and innovative solutions that meet the diverse needs of this dynamic market.

Addressing Diverse Consumer Needs

UAE's multicultural population demands food products that bridge different culinary traditions. UAE has been the epicentre in Asia for expat migration, leading to a consumer base demanding a taste of their homeland coupled with local ingredients. This has led to a surge in cultural fusion, resulting in innovative and exciting food offerings. Halal and kosher certifications are critical for expanding market reach and building consumer trust.

Offering diverse product ranges that cater to global palates, such as ethnic-specific products and customization options, enhances customer satisfaction and loyalty. Understanding the specific preferences and dietary restrictions of different ethnic groups is essential for successful product development.

Obtaining halal and kosher certifications can significantly expand a product's market potential. These certifications assure consumers of compliance with religious dietary laws, building trust and opening new market segments.



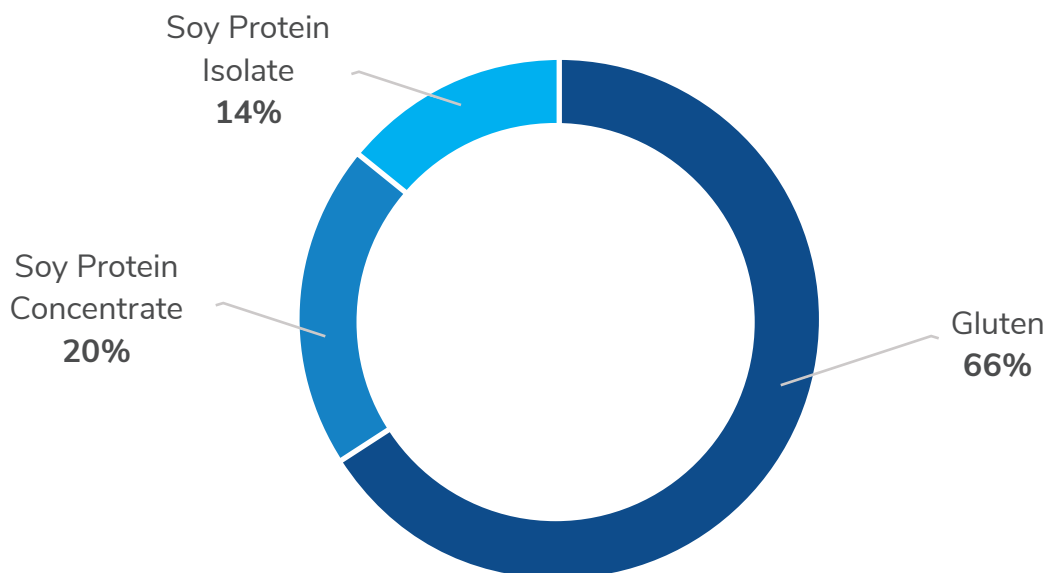
Blending Tradition With Innovation: Bahrain, Qatar, and Oman Lead the GCC in Health, Wellness, and Sustainable Food and Beverage Excellence.

Health and Wellness: Blending Tradition with Innovation

Date-Based Products: A Nutrient-Rich Staple

Dates are a dietary staple in the GCC, revered for their nutritional benefits and cultural significance. The growing popularity of plant-based diets has led to a surge in date-based product innovation. Functional date-based ingredients like date extract, which serves as a natural sweetener and thickener, are increasingly being incorporated into various food products. Date fibre is gaining recognition as a prebiotic ingredient promoting gut health, while date seed oil, rich in antioxidants, is emerging as a premium cooking oil.

Qatar Plant Based Dairy (USD Million)



Source: Frost & Sullivan Analysis



Gourmet Innovations

Dates are also being used in gourmet products such as date-infused balsamic vinegar for salad dressings and marinades, and date and chocolate pairings for premium confectionery. These innovations cater to both local tastes and global health trends.

Honey and Bee Products: Nature's Superfoods

The increasing awareness of the health benefits of honey and other bee products has fuelled consumer demand across the GCC. Bee pollen, recognized as a superfood, is being integrated into supplements, energy bars, and protein shakes. Propolis, known for its antimicrobial properties, is finding its way into wellness products such as throat lozenges and skincare items. Royal jelly, celebrated for its anti-aging and immune-supporting properties, is being used in luxury health supplements and skincare products.

Sustainable Beekeeping:

Supporting sustainable beekeeping practices and promoting bee-friendly initiatives are crucial for ensuring the availability of high-quality bee products. These practices not only contribute to environmental conservation but also support local economies.

Traditional Herbs and Spices: Authentic Flavours and Health Benefits

The global trend towards authentic and exotic flavours has led to a resurgence of interest in traditional GCC herbs and spices. Products incorporating spices like zaatar, cumin, and cardamom are gaining popularity. For example, zaatar-infused feta or cardamom-flavoured halloumi offers unique taste experiences that appeal to both local and international consumers.

Herbal Tea Innovations

Combining traditional herbs with tea blends creates products that offer specific health benefits such as improved digestion, better sleep, and enhanced immunity. Infusing herbal tea with natural sweeteners like honey or date extract can further enhance its appeal.

Plant-Based and Functional Foods: Catering to Health-Conscious Consumers

The demand for plant-based and functional foods is rising across the GCC. Plant-based alternatives that mimic the taste and texture of traditional dairy and meat products are increasingly popular. Innovations such as zaatar-infused tofu or date-based yogurt combine local flavours with global health trends, appealing to both expatriate and local populations.

Functional Ingredients

Ingredients like quinoa, chia seeds, and goji berries are being integrated into snacks and meals to cater to health-conscious consumers seeking added nutritional benefits.



Sustainability: Ethical Sourcing and Eco-Friendly Practices

Sustainable Packaging: Reducing Environmental Impact

The growing environmental consciousness among GCC consumers has driven a shift towards sustainable packaging options. Companies are exploring eco-friendly materials such as recycled cardboard, biodegradable plastics, and glass. Minimizing plastic use and optimizing package sizes to reduce material consumption are critical strategies.

Circular Economy Initiatives:

Participating in recycling programs and developing take-back systems for packaging can significantly reduce environmental impact and appeal to eco-conscious consumers.

Ethical Sourcing: Supporting Local Agriculture

Supporting local farmers and promoting sustainable cultivation practices are essential for the GCC markets. Using locally sourced ingredients not only ensures fresher produce but also reduces the carbon footprint associated with transportation.

Traceability and Certifications:

Ensuring that products are organic and fair-trade certified enhances their market appeal. Implementing traceability initiatives to verify product authenticity and ethical sourcing practices can further build consumer trust.

Desert Agriculture: Innovation in Arid Environments

The harsh climatic conditions of the GCC have spurred innovation in desert agriculture. Techniques like hydroponics and aeroponics, which minimize water consumption, are being adopted to cultivate nutrient-rich crops like Moringa. These superfoods, indigenous to the region, are being incorporated into various health and wellness products.

Water Conservation Practices

Highlighting the use of sustainable farming practices that conserve water can enhance the appeal of these products to environmentally conscious consumers.

Opportunities for Ingredient Manufacturers

The convergence of health, wellness, and sustainability trends in the GCC presents significant opportunities for ingredient manufacturers and food producers. By aligning with these trends, companies can meet consumer demands and drive future growth.



Key Takeaways and Way Forward

For Food and Beverage Players

1. Develop Targeted Health-Driven Products:

- **Opportunity:** Take advantage of the growing consumer interest in health and wellness by creating products that provide distinct health benefits. For instance, fortify beverages and snacks with vitamins and minerals that support immunity and energy, responding to consumer desires for products that contribute to overall well-being.
- **Action:** Collaborate with nutrition experts to identify trending health concerns (like diabetes and obesity prevalent in the GCC) and develop products that cater to these needs, such as low-sugar beverages or high-fibre snacks.

2. Enhance Local Sourcing and Sustainability:

- **Opportunity:** With a growing preference for sustainable and locally sourced products, there is a clear market advantage in emphasizing local ingredient sourcing and sustainable production practices.
- **Action:** Build partnerships with local farms and suppliers to source ingredients like dates, saffron, and local dairy, ensuring freshness and reducing carbon footprint. Publicize these efforts through marketing campaigns that highlight the use of local, organic, and non-GMO ingredients, enhancing consumer trust and brand loyalty.

3. Customize Offerings for Cultural Diversity:

- **Opportunity:** The GCC is a melting pot of cultures, and there's a significant opportunity in catering to this diverse demographic with culturally tailored food options that also align with health trends.
- **Action:** Develop a range of products that cater to different ethnic groups, like gluten-free flatbreads for Middle Eastern diets or lactose-free dairy for expatriates. Use market research to tailor flavours and product formats to specific community preferences and dietary restrictions.



For Food and Beverage Ingredient Manufacturers

1. Halal Innovation in Non-Traditional Categories:

- **Opportunity:** Expanding halal certification to non-traditional sectors such as plant-based products and functional foods can open new markets and consumer segments.
- **Action:** Invest in R&D to develop halal-compliant versions of popular functional ingredients like omega-3 oils or antioxidant-rich extracts. Work with certification bodies to ensure compliance and promote these innovations through B2B marketing to F&B manufacturers.

2. Development of Specialized Functional Ingredients:

- **Opportunity:** There's a growing consumer demand for functional foods that aid health and wellness, particularly for boosting immunity and enhancing mental focus.
- **Action:** Create ingredients that can be easily incorporated into everyday F&B products, such as soluble fibre for bakery items or protein enhancements for dairy alternatives. Focus on ingredients that support prevalent health trends in the GCC, like cardiac health and diabetes management.

3. Strengthen Traceability and Transparency in Supply Chains:

- **Opportunity:** As consumers become more concerned about the origins and safety of their food, ingredient manufacturers need to offer greater transparency.
- **Action:** Implement advanced traceability systems using blockchain or IoT technology to track ingredient sourcing and processing. This not only builds consumer trust but also assures F&B clients of compliance with regulatory standards, providing a competitive edge in the market.



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