



F R O S T & S U L L I V A N

THE ARTISTRY BEHIND GOURMET FOOD – EVOLUTION & WAY AHEAD FOR GOURMET FOODS IN THE GCC

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Overview & Key Developments Driving Demand

The GCC has evolved over the last decade to shift its image from an oil-based economy to a **‘service economy knowledge-based’** hub where the inflow of Asian and Western expatriates has enriched not only its demographic profile, but also its cultural profile. According to Frost & Sullivan analysis, the GCC food service industry is estimated at USD 38-40 billion in 2023; of which 2%-3% would be contributed by gourmet food which includes organic ingredients such as fruits & vegetables, meat items (chicken), cereals and food items¹. **The overall F&B industry for 2023 in the GCC is estimated at USD 110-115 billion; of which the foodservice industry contributes 35-40%²**

- The concept of ‘Artisanal & Gourmet Food’ has gained a center stage within the GCC dietary habits as a result of the inflow of European and American expatriates who have brought along with them, their ethnic cuisine or food ingredients, which in turn has become a **‘luxury’** or **‘indulgence’** purchase amongst local Arabs and other residents.
- The premiumization of restaurants where consumers look out for memorable dine-out experiences has been a major catalyst driving the demand for ‘Artisanal & Gourmet Food’.
- The influence of social media apps such as Instagram and Snapchat, has added to the need for consumers not only in GCC but across the world to make a display of their social lives **“Instagrammable”** which makes the visual presentation of these gourmet foods an **‘essential aesthetic’**.



¹Frost & Sullivan Analysis. In the context of the foodservice industry, it includes the ingredients used by Chefs such as artisanal/ natural cheese, olive oil and end products consumed by customers such as gourmet burgers, non-alcoholic beverages for food pairing. From a retail perspectives it includes niche food items purchased from shelves or specialized shops such as artisanal chocolates, non-alcoholic beverages, gourmet sausages etc

Key Opportunities & Disruptions

01

Small Batch Supply Chain Ecosystem: Since Gourmet Foods are prepared organically, using very specific home-grown ingredients to prepare a cuisine/dish, hence the availability of the desired ingredients is of paramount importance. Logistics companies such as DHL would need to undertake the responsibility of delivering a customized quantity of a certain ingredients or seafood to be delivered for the Head Chef in a Five Star Hotel. (For e.g. Mediterranean Fish to be delivered to a JW Marriott Marquis in Dubai).

02

Prescriptive Food Preferences Basis Dietary Requirements: The hospitality segment, especially five star hotels and resorts are trying to develop mechanisms & capabilities to prepare customized menu items for guests who have to be careful about their calorie intake. For e.g. sportsmen like footballers and cricketers. The dieticians and team management often share confidential details about portion size, protein requirement etc. with the head chefs of the hotels, so that the necessary cuisine can be prepared which suits the palette of the celebrity guest. Generally it is believed that a sportsman needs 2,500-3,500 calories per day. The protein & carbohydrates contain 4 calories per gram each, while fat contains 9 calories per gram. The diet needs to be customized accordingly³.

03

Gourmet Delivery: Many QSR's have developed or planning to develop the necessary packaging and cold storage infrastructure to ensure specialized ingredients which is critical in cuisine preparations are transported safely without any bottlenecks. For e.g. Dominoes who have recently introduced gourmet items such as Burrata Pesto Pizza or Gouda Cheese based pizza in their menu have to ensure, that appropriate temperatures are maintained during the transportation and delivery of the natural cheese to the various QSR outlets.

04

Changing Geographical Landscape of Gourmet Foods from Traditional Power Centres to Emerging Economies: The concept of Gourmet food has been witnessing a gradual shift from European/American-based cuisine (Italian, Mexican etc.) towards Africa-based cuisine, especially Nigerian and Sudanese cuisines. With more than 800,000 Sudanese estimated to live in KSA (especially Jeddah), restaurants such as 'Amo Zain' and 'Al Abbasiyah' that offer Sudanese cuisine are popular. Similarly The All Africa Festival held in the UAE showcases events related to art, entertainment as well as food. Expatriates comprise ~40% of the population in KSA, which explains emergence of Asian & African gourmet food brands such as AYO and Yaka Taste African Restaurant.

²Frost & Sullivan Analysis. The GCC foodservice industry comprises of the food consumed through the HORECA channel (Includes QSR's, Casual Dining, Fine Dining, In Room Dining, Café & Lounges, Bakery & Pastry Shops, Catering as well as Street Kiosks). The total F&B sales/ consumption in the GCC in 2023 is estimated between USD 110-115 Billion of which foodservice contributes 35-37% (~USD 38-40 Billion)

³[Youthsportsnutrition.com](https://youthsportsnutrition.com)

⁴<https://yaka-foods.com/>, <https://ayo-foods.com/>

05

Specialized Flour Preferences by Chef's: As the health quotient has gained prominence amongst food categories, Chef's in artisanal bakeries and five-star hotels are opting for specialized flours such as Almond Flour, Oat Flour, Millet flour and Rice Flour to prepare sourdough, multigrain breads and other patisserie items that are more dense and have minimal gluten. Ready-made rice flours are prepared by Chef's, who prepare South Indian food and snack items like Idli, Dosa & Uttapam in five-star restaurants.

06

Artisanal Confectionaries driven by Children & Young Adults in Retail: Children often serve as major influencers in the bakery & confectionary category as well. European brands such as Ritter Sports, Lindt & Godiva are estimated to capture only 8%-10% of the overall chocolates category which is dominated by brands such as Nestle, Cadbury's and Galaxy. The price for these premium chocolates would be 30%-50% higher (For e.g. a 95g Cadbury Dairy Milk chocolate costs SAR 9.95, while a 100g Ritter Sport Fine Milk Chocolate costs SAR 14.25). Many artisanal bakeries and chocolate shops have sprouted up such as Elements (By Four Seasons), Bateel and Patchi who dominate the luxury chocolates & dates segment.



Current Challenges

01

Justifying Value Proposition: Gourmet food is usually served in small portions to its consumers as the preparation process is considered to be slow and organic, without the usage of any artificial ingredients. However, hotels are making efforts to make gourmet cuisine consumption an experience amongst its consumers. Hence, while catering to a larger audience size, the need for quicker preparation becomes mandatory. In such cases, the restaurant or the hotel has to justify its higher price, through the preparation techniques or on the basis of having equipment's which consumers may not have home.

02

Food Experience Management: The presence of a larger audience would make the experience of a gourmet cuisine buffet a challenge amongst restaurateurs. Post COVID-19 consumers are looking out for dining experiences with peers & families and hence they look out for augmented experiences such as Dining out with a Celebrity or Real Life Experience of a Stadium for a sporting event. In such cases, preparing the correct product and providing the appropriate experience becomes the point of differentiation for foodservice providers.

Future Strategic Outlook

The major consideration that hoteliers and restaurateurs have to keep in mind is the ever-evolving landscape and definition of artisanal & gourmet cuisine. The parameters like batch sizes, home grown natural ingredients which are relevant in current times may change in the next four to five years. The matrix for various food ingredients such as ripening scale, brix test score and sweetness index which may be relevant for vegetables such as Tomatoes may undergo a change over a period of time. Artisanal & Gourmet cuisine consumption will evolve to be as much as **physical experience** by way of food consumption and visiting a restaurant as much as it will also be a **digital one**, as consumers will access various platforms to evaluate the choice of cuisine they wish to consume, thus making artisanal & gourmet cuisine consumption a **'Phygital experience'**.





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