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Saudi Diet Food Market

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Report Highlights:

Saudi Arabia is awaking to the concept of health foods (diet foods) but could become a promising market for it. The limited diet food market, mostly dominated by sugar substitute sweeteners, was introduced in the early 1990s. The growth rate in this sector is forecast to increase significantly over the coming years due mainly to simmering health problems caused by bad eating habits.

General Information:

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Saudi Diet Food Market

Saudi Arabia is awaking to the concept of health foods (diet foods) but could become a promising market for it. The limited diet food market, mostly dominated by sugar substitute sweeteners, was introduced in the early 1990s. The growth rate in this sector is forecast to increase significantly over the coming years due mainly to simmering health problems caused by bad eating habits. The number of Saudis citizens and expatriates who are concerned about their well-being is increasing every year. Other contributing factors for the expected growth are better exposure to nutritional education and an increase in disposable income. The per capita income in Saudi Arabia increased from \$6,500 in the late 1990s to approximately \$13,500 in 2007, thanks to increased petroleum revenue.

Saudi government import data do not show diet foods in a separate category since diet foods are co-mingled and imported with conventional retail packed foods. As such, it is difficult to know the exact import figure. However, retailers estimate the value of imported diet foods and drinks at \$2 million a year. This report focuses on food and drink products which are modified in some way to make them part of a recommended nutritional regime suitable for obese and diabetic patients. Products targeted in this report are low-carb, low or fat free, sugar free and other products intended to control weight, treat obesity, and those intended for diabetic consumers.

Obesity and Diabetes Problems

The 2007 Saudi census survey puts the country's population at approximately 24 million. That number is forecast to double in the next 20 years. Almost 73 percent of the total population in the country is Saudi nationals while the rest are foreign workers. The population is growing at a rate of 2.3 percent annually, with 70 percent under the age of 30. According to the Ministry of Health (MOH), 51 percent of Saudi women, 45 percent of Saudi men, 29 percent of teenage girls and 36 percent of boys are obese. The MOH puts the country's diabetes rate at about 30 percent. Saudi nutritional experts attribute the high diabetes and obesity rates to the following main factors:

1. Exposure to Western Diets: Though the Saudi population is relatively young, there are no recreation means for either the young or older population. As a result, shopping trips and outside dining at fast food and casual dining restaurants are very popular and are major forms of entertainment. The relatively high per capita income of \$13,500 per annum allows a large segment of the population the luxury of going out for at least weekend dinners. This factor has contributed to the expansion of U.S. fast food chains offering hamburgers, and other beef and chicken menus. Currently, major U.S. fast food chains such as McDonalds, KFC, Burger King, Wendy's, Hardees, and casual dining outlets such as Fuddrucker's, TGI Friday's, Applebee's and Chilies, as well as leading local outlet Herfy and Kudo, are expanding significantly to cover major Saudi cities. This creates more opportunities for young Saudis to experience western diets Kingdom-wide.

The change in diet pattern is all contributing to the increased rates of obesity and diabetes among the young generation. Traditional meals consisted of rice, whole wheat, meat and fresh vegetables. Saudi youth often prefer to drink sodas instead of milk and fruit juices. They prefer to eat fast-foods over traditional cuisines. Having sodas for breakfast instead of milk or fruit juice is not unusual among Saudi teenagers. According to local retailers, the fastest moving food items in local supermarkets are chocolates, candies, cookies, chips and other snacks loaded with salt or sugar. The continued migration from rural communities to cities is also blamed exposure to processed and fast foods as well as for sedentary life style.

2. Lack of physical exercise (sedentary life style): Old and young alike spend long hours in front of the TV or play-stations for lack of outdoor entertainment alternatives. There are no cinemas, decent parks or similar entertainment facilities geared to both single and family alike.

3. Expansion of supermarkets: The number of class A supermarkets in Saudi Arabia has tripled over the past 15 years, currently totaling more than 300 outlets. Several more supermarkets and hypermarkets are being built in major Saudi cities creating more opportunity for a wider distribution of processed foods, sodas, chocolates, candies and similar food products.

Diet Food Consumer Profile

Consumers of diet foods are described as health conscious, living in big cities, educated, medium to high income and prefer shopping in class A supermarkets over wholesalers. According to major supermarkets, educated Saudis, western and other high income expatriates are the dominant consumers of diet food products in Saudi Arabia. The consumers tend to be more concerned about quality, nutritional value of the product than prices of diet foods compared to regular foods. They tend to try and enjoy new diet foods.

Consumer Awareness

The limited quantity of diet food imports indicates that the majority of potential consumers are not aware the benefit and availability of health foods. To take advantage of this untapped market, potential exporters should join hands with major importers and retailers to device marketing mixes geared at educating targeted segments of the society, mainly people with diabetic and obesity problems. Currently, the ranges of diet food products and import volume are very limited, and it will take a few more years for the market to reach its potential. However, the expected increase in health awareness is forecast to accelerate demand for diet food products over the next few years.

Available Product Range

There are limited diet food categories in Saudi Arabia. Currently available products include sweeteners, peanut butter, mayonnaise, dairy products, biscuits, cookies, sodas, drink mixes, snacks, vanilla cream, jams, chocolates, candies, chewing gum, and granola bars. According to retailers, the fastest moving diet items are sweeteners intended to replace sugar with lower-calorie substitutes. Available diet foods and drinks are labeled in various phrases such as diet, lite, light, low calorie, low fat, no fat, fat free, trans fat free, no sugar, sugar free, and zero calorie. Use of these terms is not regulated in Saudi Arabia.

In recent years, the increased health concern has created opportunities for some hospitals and diet centers to offer healthy meals and weight-management programs. Nutrition and Diet Center and Diet World are the most popular Riyadh based firms that specialize in offering diet food programs.

1. Nutrition and Diet Center is a Lebanese owned company that entered the Saudi market in 1996. The firm operates three diet clinics in the three major Saudi cities (Riyadh, Jeddah and Dammam) which offer nutrition consultations, and create nutritional and diet programs. The firm has 12 diet shops in the three main cities that offer take away and free delivery services for breakfast, lunch, dinner and catering service. Besides prepared meals, the shops carry other diet foods and desserts.
2. Diet World was established in 1999 by Riyadh based Specialized Medical Center Hospital. The firm offers its clients several weight-management programs including home meal delivery, fitness plans and menu planning services. The firm delivers three meals a day seven days a week in the cities of Riyadh, Dammam, Al-Khobar and Dharan. Basically, a day's meals are delivered every morning to a customer's home or office. The meals come in microwave-safe aluminum disposable containers.

Required Product Attributes

Saudis have a strong appetite for eating in general and sweets in particular which contributes to the high incidence of diabetes and obesity in the country. Many diet products that do not provide the taste requirement have failed to make in-roads into the Saudi market. As such, any diet food intended for export to Saudi Arabia should be enjoyable, tasty and competitively priced. Overall, increased demand for diet products hinges on availability of products in retail outlets, quality, price, and taste. As such, supermarket managers see the benefit of offering a wide variety of diet products at competitive prices to attract more potential customers.

Importers of Diet Foods

There are no major specialized diet food importers in Saudi Arabia. In recent years, larger diet food selection has been imported by conventional foodstuff importers and supermarkets, especially those with the ability to handle large

volumes. Saudi importers are constantly searching for new products, and often request support from suppliers for promotion and advertising. The Saudi consumer is a discriminating consumer, closely examining labels and looking for the best deal. Advertising and in-store promotions (tasting and sampling) are considered vital marketing tools to win Saudi consumers.

Marketing Diet Foods

There are no strong efforts by the trade to promote and market diet foods in Saudi Arabia. The MOH has been active in recent years to promote healthy eating habits. The Ministry has been involved in a healthy lifestyle educational campaign branded 'Weigh Your Life', in order to educate and motivate Saudis to eat healthier foods and engage in physical exercise. The media campaign has used some prominent sports and art personalities. This effort is expected to result in increased health awareness and create opportunity for marketing of diet and healthy foods.

Market Opportunity for U.S. Diet Food Products

Food products, including diet foods, produced in the United States are generally viewed as meeting higher quality standards compared to imports from other countries and those produced locally. Under normal political and economic conditions, U.S. origin and brand products have highly favorable consumer preferences and demand. Each year, several new-to-market U.S. food products are introduced to the Saudi market particularly following U.S. based and regional food shows such as Gulfood organized annually in Dubai. Saudi consumers like to try new products and are shopping more often in hypermarkets and supermarkets. With one of the highest rates of diabetes in the world, widespread obesity, and an increasing number of supermarkets, the Saudi market offers strong potential for increased imports of diet foods over the next five years.

U.S. Diet and Health Foods with High Export Potential

Following is a list of diet and healthy consumer ready food products with high export potential as long as they are modified to meet nutritional requirements of health conscious, diabetic or people with obesity problems in Saudi Arabia.

Sweeteners, mayonnaise, tomato ketchup and sauces, milk powders, non-alcoholic beer, cheese, tree nuts, fresh fruits, jams and jellies, fruits and vegetable juices, pastries, biscuits, dietetic foods, potato chips, peanut butter, crackers, candies, chocolate, gum, salad dressing, breakfast cereals, brown sugar, brown rice, milk powder, cookies, wafers, sugar free drink mixes, granola bars, ice cream, cake mixes, and seasonings.

Food Standards and Regulations

Key Saudi regulations which U.S. diet food exporters must adhere to include:

- Manufacture determined production and expiration dates (for most foodstuffs)
- Arabic labeling
- Biotech Labeling