

ROAD TO **EXPO 2020**

FMCG IN THE UAE AND SAUDI ARABIA - WHAT'S THE OPPORTUNITY?



NEW ZEALAND
TRADE & ENTERPRISE
Te Taurapa Tūhono



THE UNITED ARAB EMIRATES



COUNTRY PROFILE

The UAE is home to a variety of nationalities with diverse F&B tastes. The proportion of spending on essential items such as F&B is above regional and global levels.

STRENGTHS

- Major trade hubs for access to Middle East and Asia
- Well-developed logistical services and transport
- Free trade zones with many advantages for F&B business
- Expanding mass retail groceries and large network of smaller local outlets
- Increasing number of tourists

OPPORTUNITIES

- Low level of domestic production
- Net importer of agri-food and seafood products
- Demand for premium, high-value foods
- A growing international customer base that is novelty-seeking
- Convenience – 60% of UAE population visit malls to eat and drink
- Robust growth in consumption of organic food, health & wellness food, etc.



10 MILLION
POPULATION

- 11% EMIRATIS
- 19 % EXPAT ARABS
- 65% INDIAN AND ASIANS
- 5% WESTERNERS / OTHERS



16/190 WORLD BANK'S EASE OF
DOING BUSINESS RANKING
(SAME SCORE AS TAIWAN)



34TH COUNTRY IN THE
WORLD BY GDP
(NZ IS 64TH)



90%

OF TOTAL FOOD PRODUCTS IN THE
UAE ARE IMPORTED



36% OF POPULATION
ARE MILLENNIALS



AVERAGE ANNUAL SPEND
ON F&B PER DUBAI HOUSEHOLD:

AED	27,830	NON-EMIRATI
NZD	10,485	
AED	62,300	EMIRATI
NZD	24,000	

GEOGRAPHICAL OVERVIEW

Free zones play an important role for F&B imports

7

There are seven emirates in the UAE: Abu Dhabi, Dubai, Sharjah, Fujairah, Ras Al Khaimah, Ajman, Umm Al Quwain

2

Legal entities in the UAE free zones: Free Zone Limited Liability Company (FZ LLC) or Free Zone Company (FZ Co.), Free Zone Establishment (FZE)

3

Free Zones may also be broadly categorized as sea-port free zones, air-port free zones, and mainland free zones. Each free zone has its own independent authority and rules

45

Free zones across the seven emirates in the UAE (27 in Dubai, 7 in Abu Dhabi, 4 in Ras Al Khaimah, 3 in Sharjah, 2 in Fujairah and 1 each in Ajman and Umm Al Quwain)

100%

Complete ownership of enterprises; other advantages include being tax free – exemption from personal and corporate taxes, possibility of owning 100% interest in the company by foreign national, etc.



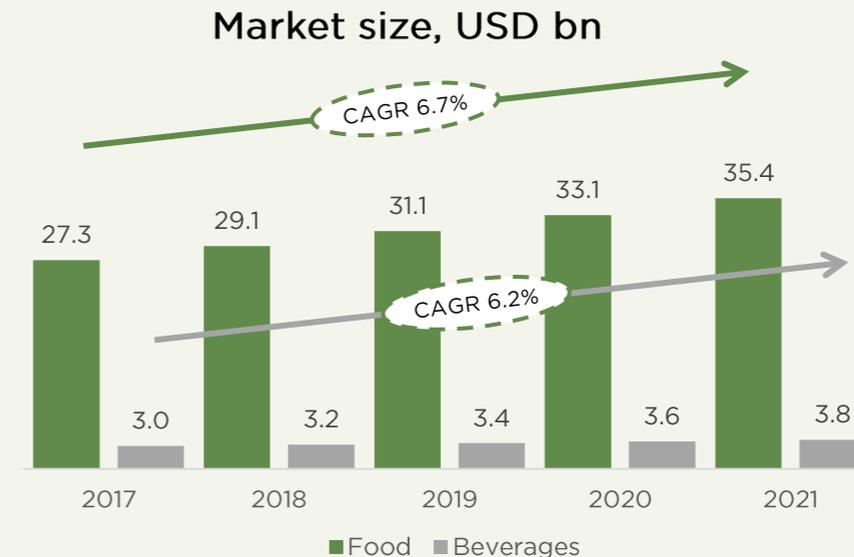
MARKET SIZE AND GROWTH

A FEW THINGS TO KNOW ABOUT THIS MARKET

- The UAE imports nearly 90% of its total food products.
- India is the major exporter in both fruit and vegetable markets. The growth in overall population and the middle-class population is creating opportunities through new demand for this segment.
- UAE's domestic F&B market is witnessing consistent growth driven by a high purchasing power and increasing population.
- Expanding mass retail groceries and large network of smaller local outlets are creating opportunities for new entrants.

USD 36.7 bn

was the size of the F&B market in 2020. Compared to USD 50 bn in New Zealand.

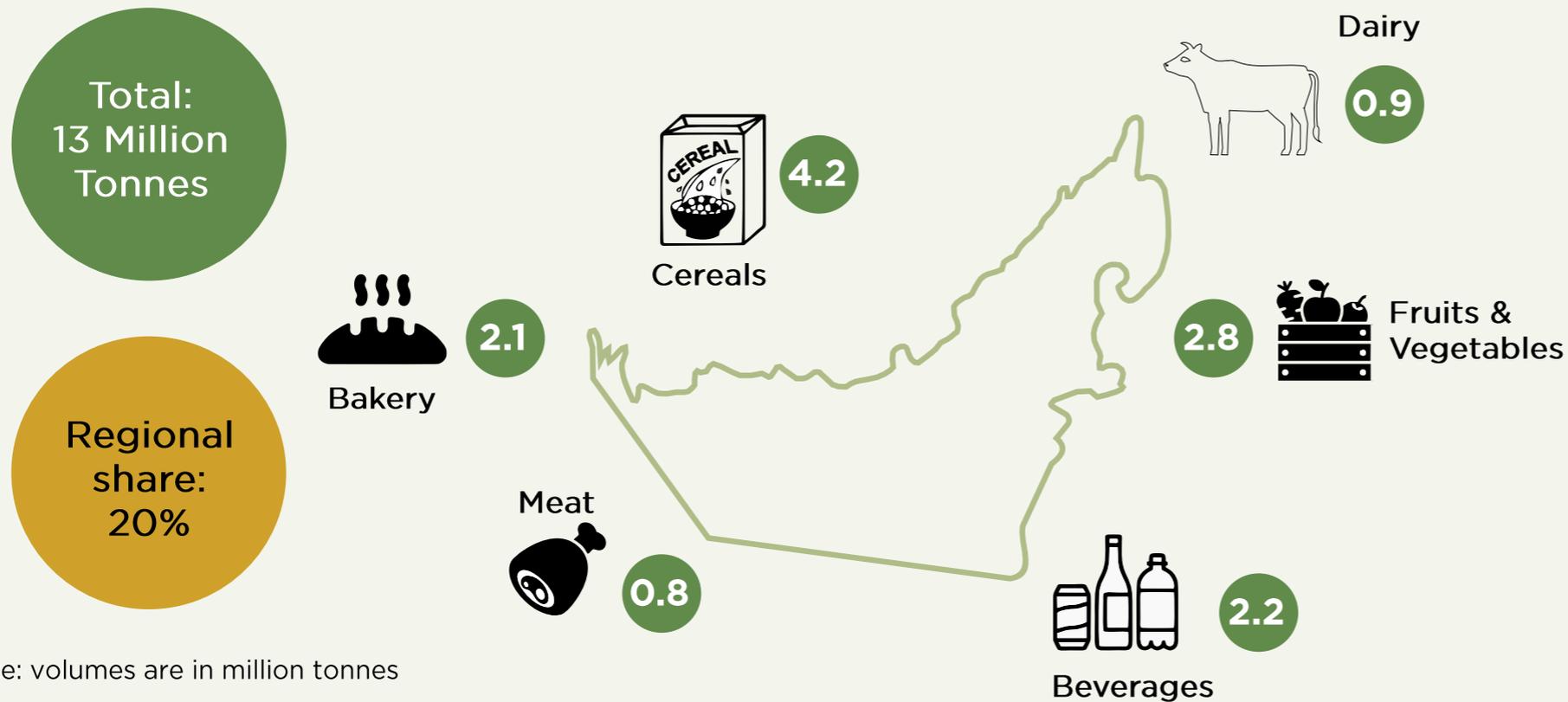


NOTE: 1 AED = 0.27 USD as of August 2021

The market is estimated to grow at a Compound Annual Growth Rate (CAGR) of around 6.7% during 2017-21

F&B RETAIL SALES BY MARKET VOLUME (2020)

UAE being a hub for expatriates belonging to different cultures means it witnesses strong innovation within F&B categories, which in turn drives demand in the region



Note: volumes are in million tonnes

All Figures are rounded, base year 2020. Source: Frost & Sullivan

- The UAE dairy products market is forecasted to grow at a CAGR of ~7% during 2018-24
- Key import markets for fish products are India, Norway, Pakistan and Oman
- Brazil is the largest import market for poultry meat; domestic production accounts for approximately 10% of total market
- UAE meat consumption is above global average. A study done by the Ministry of Foreign Trade showed that consumers in the UAE ate 18 times more meat per capita than the global average in 2020.
- New Zealand meat exports to the Middle East enjoyed a combined annual growth rate of 7% over the last five years, while fruit exports grew at nearly 9% over the same period. New Zealand exports of fish and other seafood products have doubled since 2018.

FOOD TRENDS: RISE IN DELIVERY AND HEALTHY EATING

A STEEP RISE IN DELIVERIES, CASUAL DINING & CLOUD KITCHENS

- Casual dining in the UAE has grown dramatically and has now overtaken Doha as the number one location for casual dining in the Middle East
- Cloud kitchens and virtual restaurants are fast capturing the F&B market in Dubai, and the food delivery sector is expected to grow at a rate of 6% annually for at least the next five years.
- Burgers: With over 250 burger focused restaurants in the UAE, its residents are always on the hunt for a new burger place; who doesn't love a good burger?

A RISE IN HEALTHY & ORGANIC SALES

- UAE recorded a 6% growth in sales of fresh food products last year, which reached \$7.9 billion.
- Packaged organic food consumption in the UAE was forecast to top US\$51.2 million in 2020, up from US\$38.1 million in 2018. Overall, the growth of organic food in the region is 39% in 2020 compared to 11% growth for retail value globally.
- Chief Commercial officer at Majid Al Futtaim Retail claimed Carrefour witnessed a 300% rise in organic products during the pandemic. 60% of consumers are looking for beauty products that are 100% natural.
- This fast-growing movement towards healthy eating fits well with consumer perceptions of New Zealand as a country blessed with beautiful landscapes that produces natural, safe and high-quality food.

EATING HABITS

More spending on food delivery business in the UAE

Online transactions climbed more than 15% in May 2020 over reported volumes in March 2020, growing further by over 30% in October as delivery became a popular and preferred choice following lockdown restrictions

Sales in Consumer Foodservice by Eat-In vs Delivery and To-Go: % Foodservice Value 2015-2020

% value	2015	2016	2017	2018	2019	2020
Drive-through	0.8	0.8	0.8	0.8	0.8	0.8
Eat-in	74.3	74.1	74.1	74.0	73.4	68.2
Home Delivery	12.0	12.7	12.9	13.1	13.4	16.7
Takeaway	12.8	12.4	12.2	12.1	12.3	14.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources



KEY RETAILERS IN THE UAE

HYPERMARKETS AND SUPERMARKETS ARE THE LEADING DISTRIBUTION CHANNELS

	Retailer	Hypermarket Market Share	Supermarket Market Share	Petrol & Metro Store Market Share
	Carrefour	32%	15%	0%
	Union Coop	22%	5%	0%
	Lulu	20%	23%	0%
	Nesto	14%	0%	0%
	Spinneys	10%	5%	0%
	Waitrose	1%	0%	0%
	Park n Shop	1%	0%	0%
	Choithrams	0%	10%	0%

	Retailer	Hypermarket Market Share	Supermarket Market Share	Petrol & Metro Store Market Share
	West Zone	0%	29%	0%
	Aswaaq	0%	5%	0%
	Lifco	0%	3%	0%
	Circle Q	0%	5%	0%
	Zoom	0%	0%	38%
	Adnoc	0%	0%	44%
	Emirates Petrol	0%	0%	18%
	Total	100%	100%	100%

Note: data is indicative

A SNAPSHOT OF HORECA IN THE UAE

KEY PLAYERS IN QUICK SERVICE RESTAURANT

The quick service restaurant management landscape of the UAE is dominated by international players, especially those from the United States.



KEY PLAYERS IN CASUAL DINING

Homegrown concepts are doing really well in this space.



KEY PLAYERS IN PREMIUM DINING

Premium dining is focused on hotels, with many international restaurants such as Hakkasan and Zuma having outlets in the UAE.



FACTS & STATS IN THE UAE



1,303 new food establishments opened in Dubai in 2020



19,259 total number of food establishments in Dubai by end of 2020. This number is expected to reach 20,000 before October 2021.



54.7% UAE hotel occupancy in 2020 the second highest in the world

UAE CONSUMERS: WHAT MAKES THEM TICK?

Discovery and innovation are driving the market. Savvy consumers are on the lookout for what is new and of good value. Brand loyalty has been overtaken by value-hunting.

- Being an expat-majority population, UAE consumers are fascinated by the new, innovative offerings the region has to offer.
- This constant innovation makes it difficult for trends to properly 'stick'. What is in vogue is fleeting.
- Consumers have become experienced hunters, and in many cases, value hunters.
- Value is more important than price in the UAE and many FMCG goods come in bundle formats, at a price that offers more for one's money.
- Consumers switch brands based on promotions & deals, which negatively impacts brand loyalty.

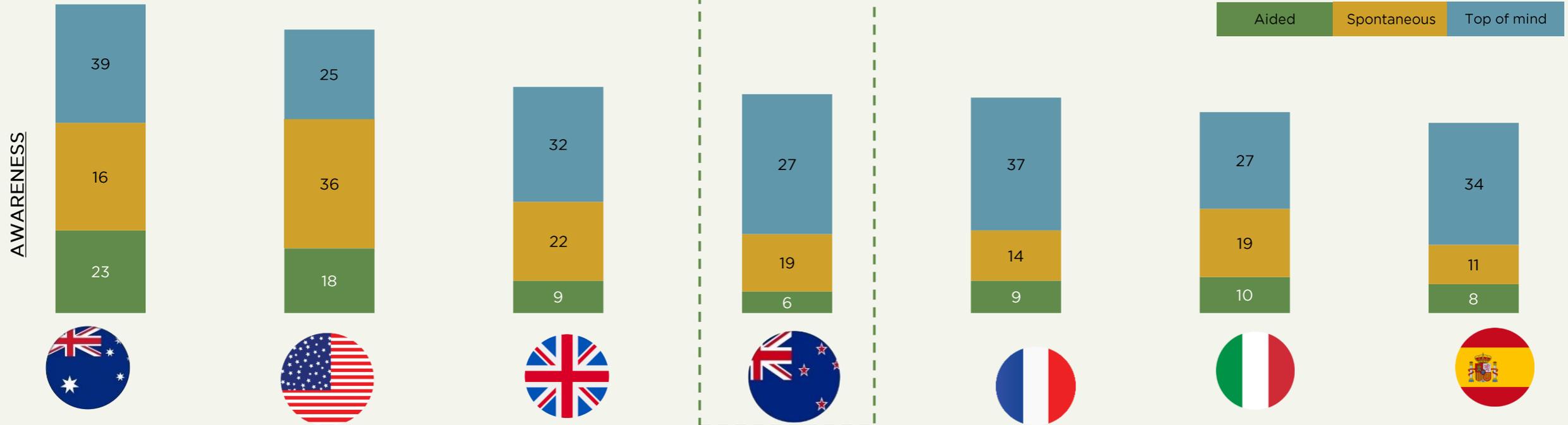


6 OUT OF 10 SHOPPERS SURVEYED RECOGNIZE NEW ZEALAND AS A SUPPLIER FOR PREMIUM PRODUCTS

The following data is based on market research, which included a sample size of 256 respondents in the UAE

Australia	USA	UK	New Zealand	France	Italy	Spain
86	79	64	61	59	56	54
219	201	163	156	152	143	138

Base



QUESTIONS:

When thinking of countries who are recognized for producing premium quality food and drinks, which first come to mind?
And from the list below, which of the following countries are recognized for producing premium quality food and drink?

BASE:

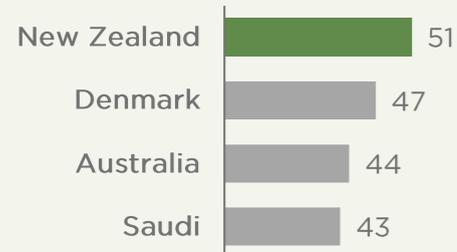
256 respondents

All figures in %

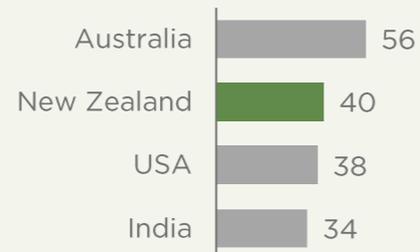
AUSTRALIA LEADS ON PREFERENCE ACROSS MOST CATEGORIES, NEW ZEALAND TOPS DAIRY AND IS CLOSE SECOND ON VEGETABLES, FISH AND RED MEAT



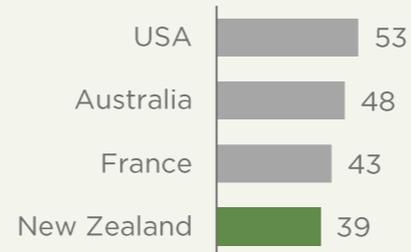
DAIRY



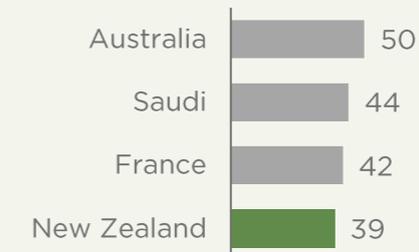
VEGETABLES



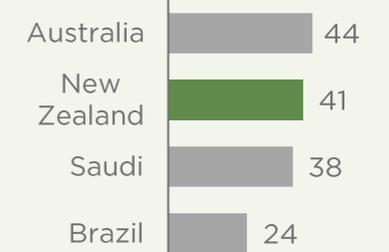
FRUITS



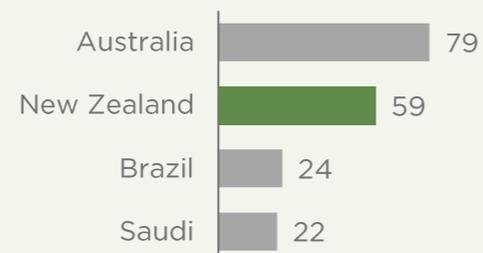
CHICKEN



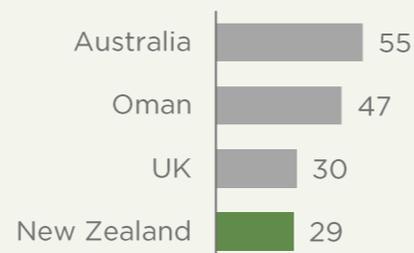
FISH



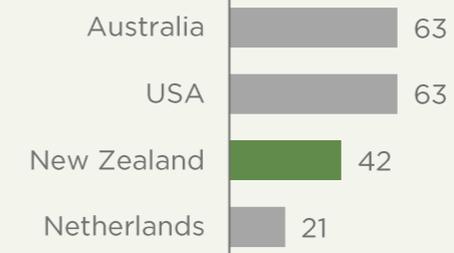
RED MEAT



HONEY



HEALTHY SNACKS



QUESTIONS:

Which of the following "category" producing countries are your favorite?

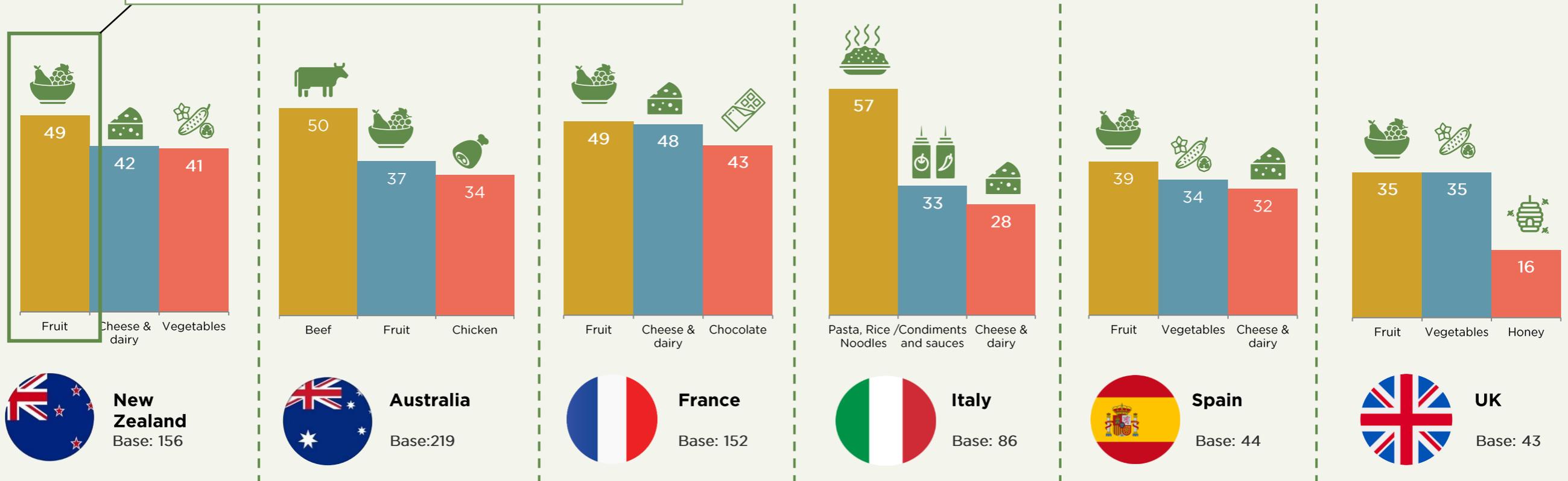
BASE:

based on categories consumed

All figures in %

OPPORTUNITY: NEW ZEALAND HAS THE HIGHEST PURCHASE CONSIDERATION, ALONG WITH FRANCE, FOR FRUITS COMPARED TO OTHER COUNTRIES

Consumers surveyed are open to trying New Zealand fruits, so there is an opportunity to use marketing campaigns to increase purchase of NZ fruits in the UAE.



QUESTIONS: And which of the following food and drink products are you likely to purchase from each country? Please select all that apply.

BASE: Overall UAE data

All figures in %

CONSUMERS SURVEYED LOOK OUT FOR NOVELTY AND SHOW STRONG INTEREST IN PREMIUM FOODS AND INGREDIENTS

F&B CONSUMPTION BEHAVIOR

Most Agreed Upon



Least Agreed Upon



Top Box

Top 2 Box

F&B = Food and Beverage products

QUESTIONS:

To what extent do you agree with the following statements?

BASE:

Overall UAE data All figures in %



RECOMMENDATIONS ON MARKETING

3 KEY ACTION AREAS FOR YOUR MARKETING

CAPTURE THE LOW HANGING 'FRUIT'

Fruits and vegetables are the most consumed products in the UAE household.

Currently, none of the exporting countries are being associated with fruits, which leaves a white-space to capture consumers' minds.

New Zealand is also well placed to capture the opportunity, as it has the highest future purchase consideration for fruits vis-a-vis other countries.

ENSURE PRESENCE IN THE RIGHT RETAILERS

Of all the retailers, Carrefour is by far the most preferred retailer, and the 2nd most preferred online website/app.

The profile of shoppers in Carrefour are synonymous to the market and is an opportunity for exposure across all product categories.

Those willing to pay more for quality products have higher shopping preference from Carrefour online, along with Waitrose, and Now Now.

IMPROVE PURCHASE CONVERSION

6 out of 10 shoppers recognize New Zealand as a supplier for premium products

New Zealand also garners healthy funnel conversion and is seen second only to Australia.

The opportunity is to improve purchase conversion by targeting middle aged, Emirati, males who are showing interest but not converting.

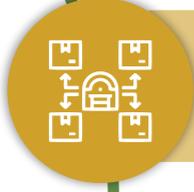
Focus on dialing up perception around taste, nutrition and being a leader in food innovation, while leveraging current strengths.



ROUTES TO MARKET



Through importers & distributors (agency agreements) - Importers help build the brand but require marketing support from the international company



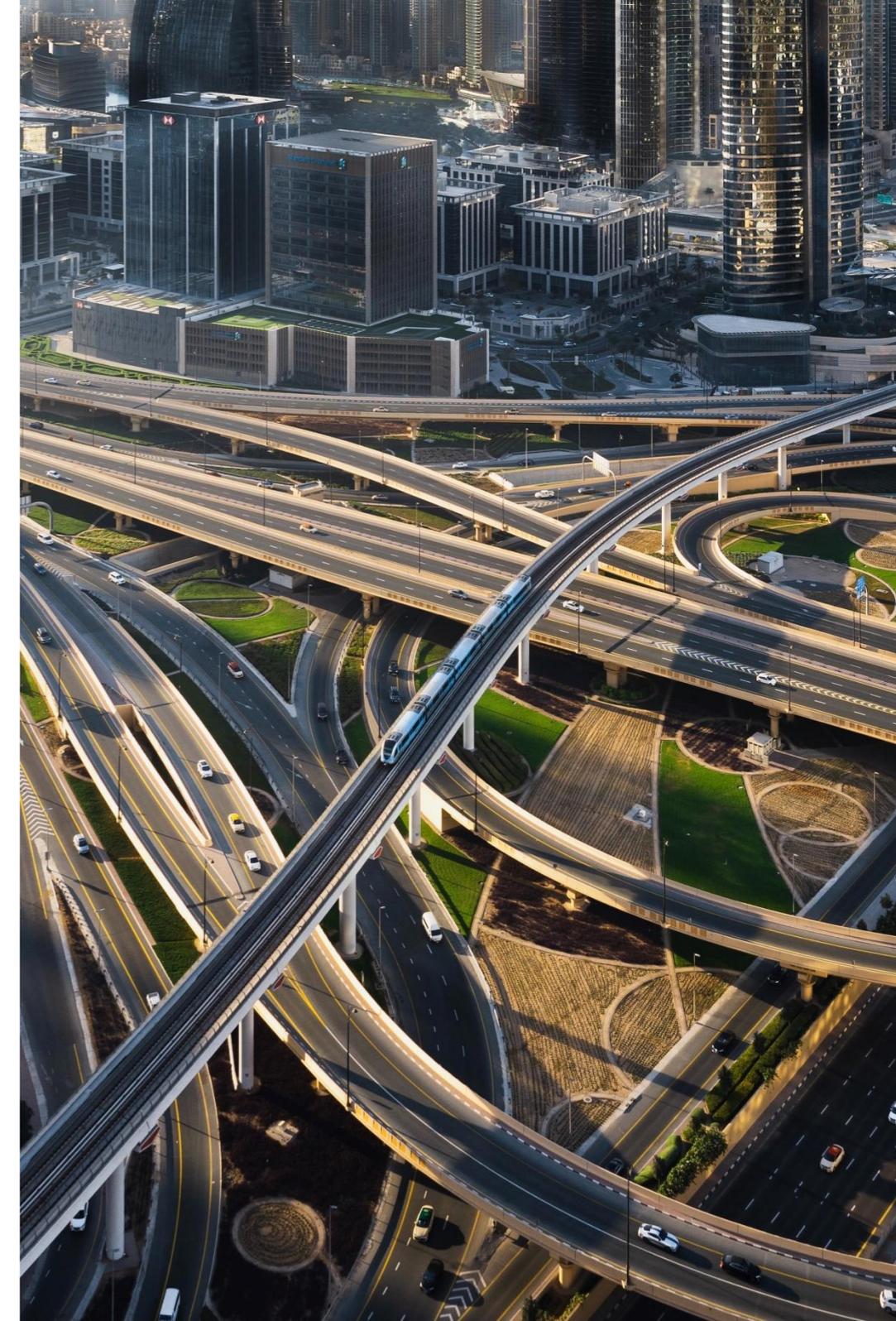
Through consolidators - Applicable for companies importing a wide range of food products for mass distribution



Directly to supermarkets - Large chain supermarkets frequently import directly from foreign suppliers



Via eCommerce channels (Noon, Amazon) - Becoming common for non-perishables



THE UAE'S DIGITAL COMMERCE MARKET IS THE FASTEST GROWING IN THE REGION

\$49 Billion USD

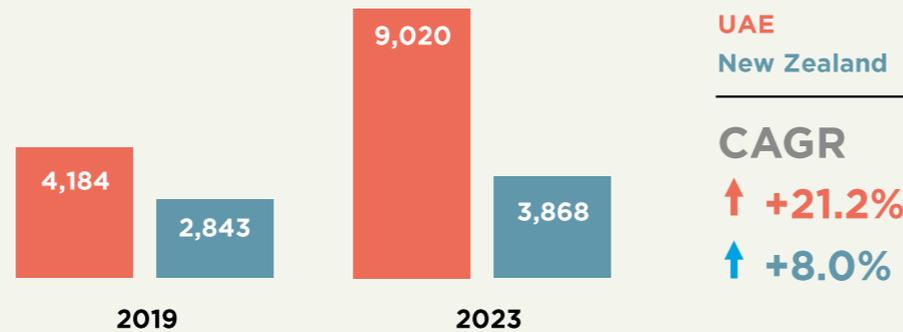
total value of retail digital commerce sales in 2021 in MENA

\$4,2 Billion USD

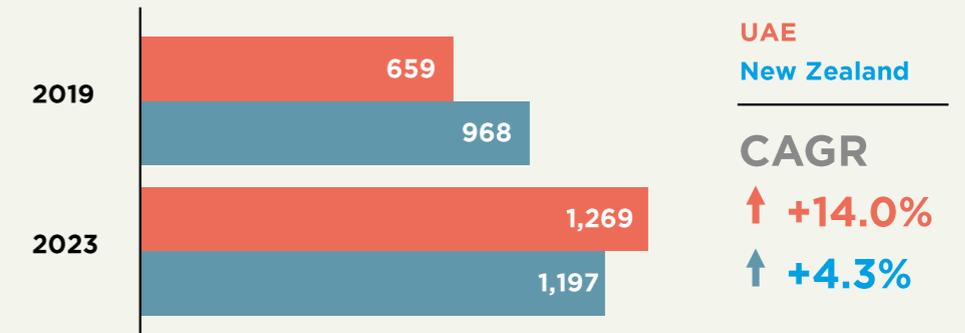
total value of retail digital commerce sales in 2021 in UAE

Digital commerce market, United Arab Emirates

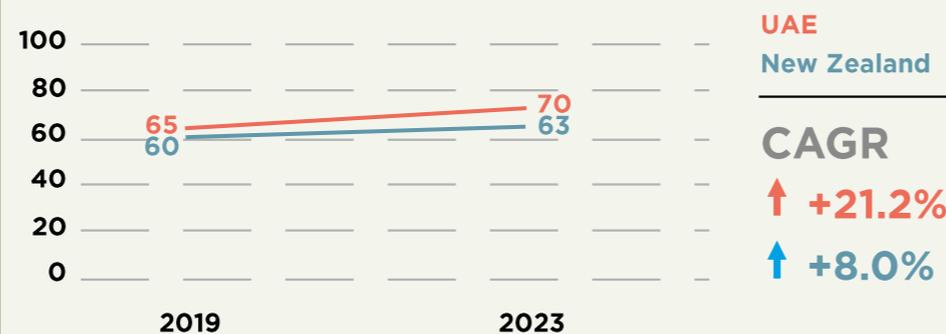
Digital commerce revenue (in mUSD)



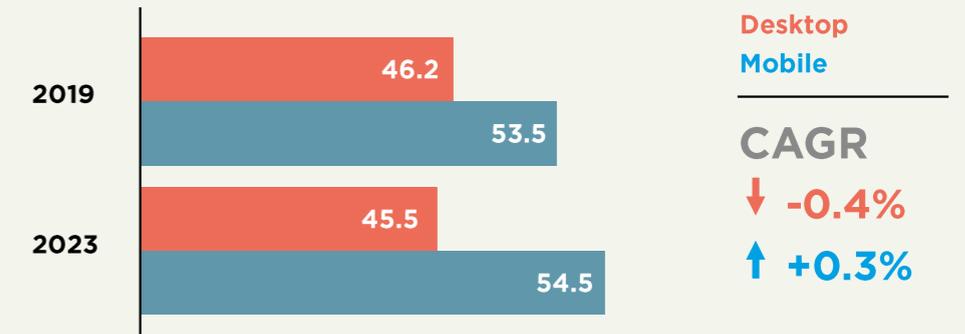
Digital commerce revenue (in mUSD) (Average Revenue Per User) (in USD)



Digital commerce user share (share of population in %)



Digital commerce revenue by device (in %)



ONLINE HABITS IN THE UAE VS NEW ZEALAND

USERS IN THE UAE SEARCH AND GATHER INFORMATION ONLINE, WHETHER THEY'RE BUYING ONLINE OR OFFLINE

Digital commerce activities, United Arab Emirates

Percentage of internet users (age 16-64) who report performing each activity in the past month (2020, in %)



Source: Datareportal Digital Report 2020

F&B CONSUMER SPENDING AND HABITS ONLINE

- Online sales within the UAE's food and beverage market surged 255% year-over-year in 2020 to reach \$412 million.
- Online sales are expected to reach \$619 million by 2025 with a compound annual growth (CAGR) of 8.5 percent.
- Consumers in the UAE crave convenience, grocery mobile apps such as Instashop have been widely adopted since the pandemic.



LOOKING FORWARD: WHAT IS GOING TO BOOST CONSUMER SPENDING?

There is always something to look forward to in Dubai and the wider GCC...

