Required Report: Required - Public Distribution

Date: December 30, 2025

Report Number: SA2025-0019

Report Name: Food Service - Hotel Restaurant Institutional Annual

Country: Saudi Arabia

Post: Riyadh

Report Category: Food Service - Hotel Restaurant Institutional

Prepared By: Hussein Mousa

Approved By: Chris Frederick

Report Highlights:

The Saudi food service sector is estimated at $30 billion and is projected to grow by an additional $15 billion by 2032. The sector's continued growth is driven by a growing population, ongoing urbanization, rising disposable incomes, shifting social and cultural trends, a thriving tourism industry, the rapid expansion of cloud kitchens, booming food delivery services, and high demand from the food catering sector. Although U.S. food products face intense competition in the local market, they are generally highly regarded.

Executive Summary:

Saudi Arabia is one of the wealthiest countries in the world. In 2024, the 'country's GDP exceeded $1.24 trillion, and is forecast to grow by 3.5 percent in 2025, positioning the country as the 19th largest economy in the world and the most influential economy in the Middle East. Saudi Arabia is currently the largest exporter of petroleum in the world and depends on imports to meet 70 percent of its food demands.

Consumer-Oriented Agricultural Imports:

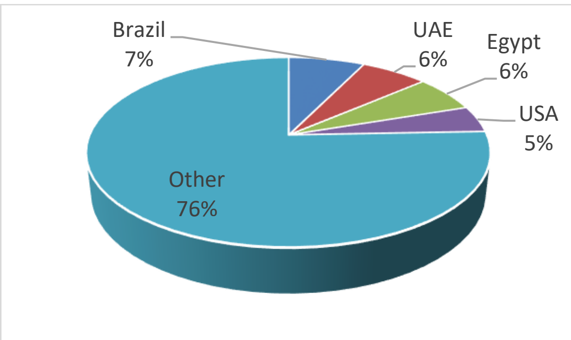


Chart 1: Top Exporting Countries to Saudi Arabia

Food Retail Industry:

Saudi 'Arabia's food retail sales reached more than $50 billion in 2024 and are expected to grow approximately 5 percent in 2025. The significant growth in the domestic retail food sector has been a major incentive for continued expansion of major retailers in the county such as: LuLu, Tamimi, Panda, Danube and Othaim. Together, the five chains represent more than 80 percent of retail revenues.

Food Processing Industry:

Saudi 'Arabia's food industry is comprised of 1,300 registered companies; approximately 80 percent of them are large companies with more than 100 employees. Food processing sales are a major focus in the domestic market and account for more than 75 percent of overall revenue. Total investment in this sector is estimated at $60 billion.

Food Service Industry:

Saudi Arabia's food service sales reached $30 billion in 2024 and are expected to grow to approximately $45 billion by 2032, driven by strong demand from catering sector, a surging population, ongoing urbanization, rising disposable incomes, shifting social and cultural trends, a thriving tourism sector, the rapid expansion of cloud kitchens, and booming food delivery services.

Quick Facts CY 2024

Imports of Consumer-Oriented Products *(US $15.6 billion-as of 2024)*

List of Top 10 Growth Products in Saudi Arabia

1) Processed Meat & Seafood
2) Baby Food
3) Baked Goods
4) Ice Cream & Frozen Treats
5) Breakfast Cereals
6) Processed Fruits & Veggies
7) Ready Meals
8) Savory Snacks
9) Fruit Pie Fillings
10) Beverages/mocktails

Food Industry by Channels (in billion USD)

Retail Food Industry	$50
Food Service-HRI	$30
Food Processing	$60
U.S Food & Agricultural Exports	$1.4

Top 10 Saudi Retailers

1) Panda
2) Othaim
3) Tamimi
4) LuLu
5) Danube
6) Farms
7) Bin Dawood
8) Carrefour Saudi Arabia
9) Manel
10) Nesto

GDP/Population

Population *(millions)*: 35.30
GDP *(trillion USD)*: 1.24
GDP per capita *(USD)*: 35,127

Sources: World Trade Atlas and IMF

Strengths/Weaknesses/Opportunities/Threats

Strengths	***Weaknesses***
-Well-established market with modern distribution channels. - Dependent on food imports and U.S. food is considered high-quality	- Freight costs from the United States are higher than competitors
Opportunities	***Threats***
-Retail, food service and food processing sectors are growing	-High level of competition from export-focused competitors

SECTION I. MARKET SUMMARY

In 2024, the thriving construction industry, ongoing social changes, a growing number of high-profile exhibitions, and expanded tourism opportunities significantly benefited the hospitality and restaurant industry (HRI). Last year, the food service sector revenue was estimated to reach nearly $30 billion, reflecting a roughly 20 percent increase from 2022. Projections indicate that the food service sector will experience an annual growth of about 10 percent, aiming for approximately $45 billion by 2030. Here are some key factors contributing to this rising demand:

High Disposable Income: With a per-capita income of $35,127 in 2024, dining out is quite accessible for many. Saudis allocate over 20 percent of their income to food expenses. The previous year's estimated per capita expenditure on dining in restaurants and home delivery was approximately $1000. The current Saudi population, 35.3 million, is expected to grow to 40 million by 2030.

Social and Cultural Changes: Dining at western style domestic fast food, casual dining chains and fine dining restaurants is considered a form of entertainment.

Increased Numbers of Women Entering the Workforce: The proportion of women participating in the workforce has risen significantly over the years, reaching 36 percent in 2024, up from under 15 percent just ten years earlier. This growing demographic of working women has increasingly turned to dining out or ordering ready-to-eat meals for home delivery to save time, making them a vital and reliable consumer group.

Vision 2030 **to Strengthen Demand for Foodservice:** Saudi Vision 2030 includes a series of government initiatives to lessen the country's reliance on oil by broadening its economic base across multiple sectors. Central to this vision is constructing various large-scale infrastructure and real estate projects, projected to cost approximately more than 2 trillion. Furthermore, by 2030, Saudi Arabia aims to add more than 300,000 new hotel rooms.

Growing Tourism Sector: Tourism has been recognized as a key revenue-generating sector for the attainment of Vision 2030 objectives. The Riyadh Season, an annual five-month event, is the primary attraction for millions of local and international visitors to the capital city, Riyadh, which is the government's hub. This season is an official entertainment initiative featuring diverse events, including cultural exhibitions, international sports competitions, global fashion weeks, major concerts, and iconic sporting matches, all taking place continuously from October to February each year. The country also hosts numerous international trade fairs and a variety of global and regional conferences, attracting thousands of participants regularly. These events have significantly contributed to the remarkable growth in international visitors to the Kingdom in recent years. Last year, domestic and foreign tourist numbers surpassed 100 million, with international visitors reaching 30 million-an impressive 65 percent increase compared to 2022. This achievement is remarkable for a nation that only began issuing tourist visas for the first time in its history at the end of September 2019. The total number of international tourists is expected to rise by over 10 percent in the current year. The government anticipates domestic and foreign tourists will exceed 150 million annually by 2030.

High Demand by Institutional Customers: Increased demand for prepared foods by the expanding airlines industry, labor camps, the military, hospitals, universities, schools, Umrah/Hajj catering for weddings, conferences and other celebrations are key factors that are invigorating the HRI sector.

Growing Food Delivery Service: The pre-pandemic emerging online food ordering and home delivery industry has grown 7-fold from 2017 to 2024, generating approximately $8.5 billion in total revenue. With an increasing number of consumers opting for the convenience of ordering food online and prompt delivery services by both restaurants and food aggregators, the value of this service is projected to reach $12 billion by 2030.

Rapid Expansion of Cloud Kitchens: The concept, which enables restaurants to expand with a minimal footprint or start a virtual brand at minimal cost, generated an additional $200 million in revenue in 2024 for HRI. The continued use of this concept is expected to generate another $500 million by 2030.

Advantages & Challenges in the Saudi Market	
Advantages	Challenges
• Popularity of American culture carries over to American food. • U.S. exporters are reliable. • U.S. is known for consistency and high-quality food products. • Large variety and U.S. food products. • Familiarity of chefs with U.S. food products. • There are several American restaurant chains in Saudi Arabia that regularly source U.S. food supplies. • Increasing demand for U.S. beef and seafood products. • Growing home delivery business	• Price competitive imports from the EU, GCC, and Asian countries have affected U.S. market share due mostly lower fright cost compared to imports from the states. • Ban on poultry stunning by SFDA eliminated U.S. poultry from the Saudi market. • Cattle meat exports to Saudi Arabia must be Halal certified & participate in a USDA export verification program. • Increased variety of competitively priced high-quality locally processed food products. • Strict implementation of regulations that may not be compatible with U.S. regulators. • Economic volatility due to volatile oil prices.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

U.S. suppliers interested in the Saudi food service market must understand customer demands and how to meet their purchasing requirements or specifications. In addition to meeting product standards and regulatory requirements, new-to-market food suppliers must consider the following points when contemplating entry into the Saudi foodservice market:

- **Look for a Strong and Knowledgeable Importer:** Exporters must look for and collaborate with a knowledgeable and reliable importer who knows how the food service sector operates. The prospective importer should have a professional sales force and strong distribution network in major cities (particularly Riyadh, Jeddah, Makkah, Medina, Dammam, and Al-Khobar) where most of the foodservice and hotels are concentrated.

- **Develop Personal Relationships:** Personal relationships are important in establishing long-term and reliable working relationships in Saudi Arabia. The best way to accomplish this is to travel to Saudi Arabia. A visit will help a potential U.S. exporter see first-hand the types of products needed by the Saudi food service sector and allow them to meet one-on-one with key importers. Face-to-face meetings with buyers in the Arab world are very important and it builds trust and confidence. Language should not be a barrier on your visit as most Saudi professionals speak English.

- **Attend** Saudi HORECA. Prospective U.S. exporters of food service products should consider attending Saudi HORECA, which has been held since 2011. This year, the show was held at the Riyadh International Convention and Exhibition Center, typically scheduled every November. The exhibition shows countless products used in the HRI sector.

- **Attend U.S. Based & Regional Food Shows:** Exporters will find U.S. based shows, such as the National Restaurant Association Show (NRA), and regional food shows, particularly the annual Gulfood Show held in Dubai helpful in their entry strategy. Gulfood is the most important trade event for the Saudi agribusiness, and more than 5,000 Saudi companies attend the show every year. Other regional food shows that attract a significant number of Saudi food buyers include Anuga in Cologne, Germany, and SIAL in Paris, France.

- **U.S.-based Consolidators:** Consider using U.S.-based consolidators that have experience exporting food service products to Saudi Arabia. This can be astute particularly when exporting small quantities because most Saudi importers buy for mass distribution and employ consolidators. Consolidators typically source products from U.S. wholesalers, apply bilingual stickers, and arrange mixed containers for shipment to Saudi Arabia. Consolidators often recommend new-to-market products to Saudi Arabian importers.

- **Direct Contact:** Develop direct contacts with hotel and restaurant chain management, including chefs and food purchasing managers.

- **Comply with SFDA Regulations:** Work closely with local importers to comply with food import regulations, including product labeling, to minimize issues at ports.

Market Structure

U.S. food manufacturers normally sell directly to their Saudi agents, pack for Saudi private label owners, or sell exclusively to U.S.-based consolidators. Major Saudi importers operate well-established Kingdom-wide distribution networks, including cold chain networks, and they sell directly to hotels, restaurants, cafes, institutional customers, and wholesalers.

Some Saudi companies that specialize in supplying the HRI sector import a wide range of food products for mass distribution by employing consolidators in the United States. Often, consolidators are the sole regional agents of major U.S. manufacturers or brand owners covering the entire Middle East and Africa.

Consolidators assist Saudi food importers by sourcing products from U.S. manufacturers and wholesalers and providing services such as placing stickers on labels, which translate key ingredient and product information into Arabic. "Stickering" is a laborious task, and many manufacturers do not want to take on this burden, so potential exporters should keep this in mind when entering the Saudi market. Several food service companies that operate foreign casual dining or fast-food franchises have regional purchasing offices located outside Saudi Arabia.

- For instance, McDonald’s uses a Saudi company based in Dubai as its exclusive supplier of imported food products for its Middle East operations.

- On the other hand, the Al-Ahlia Restaurant Company, which operates KFC, Hardee’s, TGI-Friday’s, Chicken Tikka, Krispy Kreme, Longhorn Steakhouse, and Red Lobster in Saudi Arabia, has a regional purchasing office in Cairo, Egypt.

- Regional offices are responsible for purchasing food service, food products, and ingredients from approved suppliers worldwide. These and other large fast and casual dining firms import directly, between 30-85 percent of their food products. The food products that are directly imported include: beef, poultry, cheese, sauces, French fries, potato wiggles, frying oil, mix buns, ketchup, deserts, salad dressing, seafood (shrimp, salmon, and other fish), and syrup.

- As for the Saudi HRI sector, it is serviced by several specialized food importers who have extensive networks of contacts that enable them to procure products that meet customers’ needs. Most of the HRI companies import a large percentage of their food products from the United States and to some extent from Europe and Latin America.

<u>HRI Sourcing of Domestically Produced Products</u>

HRI sourcing of domestically produced products differs depending on the products. Below are various examples of how each industry sources products.

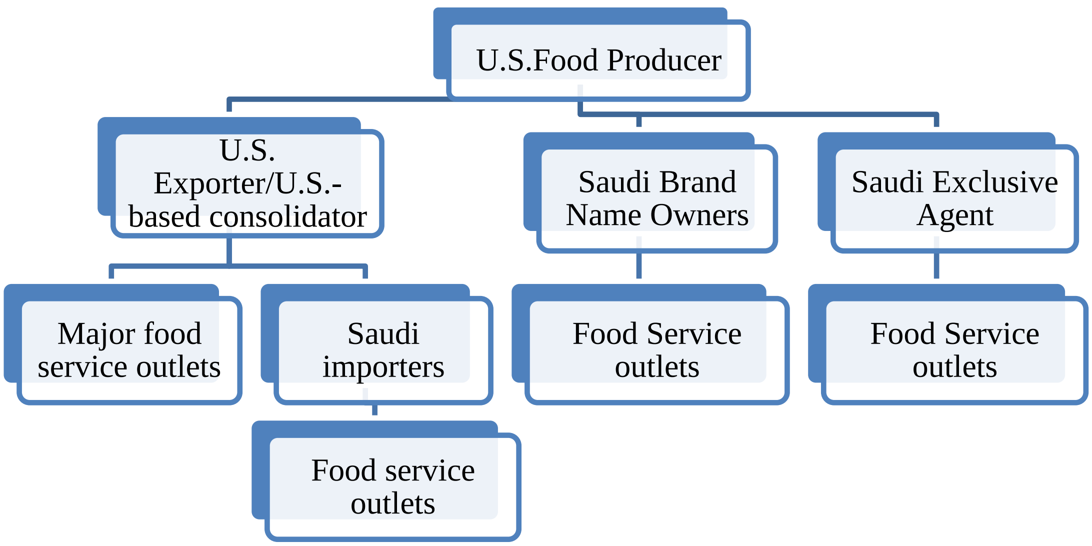
- Sourcing poultry products for most international casual dining and fast-food franchisors is done locally or from neighboring GCC countries. For example, the Supreme Food Group (SFG), a Riyadh based Saudi company, produces a wide range of poultry and side order items in accordance with customers’ specifications and menu options. The firm currently supplies beef (mostly imported) and chicken burgers to Burger King (Middle East), Pizza Hut, Dairy Queen, Pans and Co, Fuddruckers, and Applebee’s (chicken burgers). In addition, the company manufactures and distributes its own range of poultry, red meat, and side order items to the broader food service market.

- Meanwhile, the National Food Company (Americana), which is based in Jeddah, is certified to supply Hardee's with beef burgers. National Food Company is owned by the Americana Group (a Kuwait Food Company) that operates KFC, Hardee's and other American fast-food chains and casual dining restaurants in Saudi Arabia. The firm's beef burgers are produced from imported beef.

- Other local food producers provide various ingredients such as bakery items, buns, ketchup, mayonnaise, salad dressings, and shortenings to the food service sector. Most of these products are processed from imported raw materials. Sales representatives of local food producers visit HRI customers weekly, or even daily, to promote their products.

<u>Distribution</u>

Flow Chart: Distribution Channels for the Consumer Foodservice Industry



<u>International Chain Hotels and Resorts in Saudi Arabia</u>

Almost all international chain hotels are present in the Kingdom, and they depend on local importers for their food ingredients. There are currently no upscale resorts in Saudi Arabia.

<u>Major Casual & Fast-Food Outlets Operating in Saudi Arabia</u>

Independent stores and chains account for approximately 73 percent of total revenue in the consumer food service sector. Recent trends in the Saudi consumer food service includes smoke houses, Turkish fine dining steakhouses, fine dining restaurants, high-end sandwich outlets, and food trucks.

In recent years, local investors have also developed new home-grown QSR chains along with expanding their franchises. For example:

- <u>Maestro Pizza</u>: This chain was established in Riyadh in 2013 and has become a household name in a span of seven years. With nearly 170 outlets the pizza chain is preferred by many

Saudi and Arab consumers for its quality and price, and the firm has become a formidable competitor to several U.S. pizza chains, such as Domino’s and Pizza Hut.

- AlBaik: This fried chicken chain is extremely popular and launched in 1974. They are currently expanding to reach every major city in the Kingdom. In recent years, the firm has increased its outlets from 40 to nearly 150. The firm competes head-to-head with KFC, and its fried chicken and seafood are very popular with non-western consumers.

Institutional

There is no official government data on the value of the institutional foodservice market in Saudi Arabia. The institutional food sector offers services to schools, workers' camps, company cafeterias, hospitals, universities, Hajj and Umrah catering, the military, prisons, airline catering, and special events. However, senior managers from major catering companies interviewed for this report estimate the annual value of the catering market to be approximately $5 billion. The institutional subsector serves several million meals daily and relies primarily on imports.

SECTION III. COMPETITION

U.S. food products are generally viewed as meeting higher quality standards than imports from other countries or those produced locally. Consumers prefer U.S. origin and branded products, and these products benefit from strong demand so long as they are priced competitively. Some local retailers use shelf talkers and signs to identify U.S. products to impress their customers with high-quality products.

U.S. food exports face fierce competition from the improving quality of both locally produced and competitively priced imports from third countries. Food products produced in Gulf Cooperation Countries (GCC) enter Saudi Arabia duty free. Food imported from other Arab countries, Australia, various Asian countries, parts of Latin America, New Zealand and South Africa often offer lower priced products to comparable U.S. products, mainly because of lower shipping costs. Usually, local importers prefer to initiate business deals by making small trial orders; conditions that many U.S. exporters are not willing or able to accommodate.

SECTION IV. BEST PROSPECTS

A. Products Present in the Market That Have Great Potential

Dairy products, fresh fruit, fresh vegetables, red meats, condiments and sauces, coffee shop ingredients, baked frozen pastries, and frozen sandwich bread.

Top Consumer-Oriented Products Imported from the World

Beef, chocolate & cocoa products, condiments & sauces, coffee, dairy products, extracts, fresh fruit, fresh vegetables, food preparations, miscellaneous beverages, poultry meat, processed fruit, processed vegetables, spices, and tree nuts.

B. Top Consumer-Oriented Products Imported from the United States

Tree nuts, dairy products, processed vegetables, condiments and sauces, fresh fruit, snack food and non-alcoholic beer.

This link provides data on U.S. Exports of Agricultural & Related Products to Saudi Arabia for the past five years.

C. Products Not Present in Significant Quantiles but Have Potential

Diabetic, organic, and healthier lifestyle products, (low sodium/sugar, high fiber or added vitamins) and natural foods.

D. Product Not Present Because They Face Significant Barriers

U.S. poultry meat, U.S. table eggs and products, some U.S. seafood, U.S. spices (paprika), and U.S. lamb and products.

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

A. The Saudi General Authority for Statistics

B. Post Contact Information

OAA Riyadh Reports	**Post Coordinates**
OAA Riyadh reports on the Saudi food industry can be found at this link.	FAS/Riyadh, United States Embassy, Tel: 966-11-835-4351 E-Mail Address: *Agriyadh@.usda.gov*

C. Saudi Government Regulatory Contacts

The SFDA sets food and feed products standards. Contact information for SFDA, and other ministries involved in food and agricultural products safety and inspection, is as follows:

Dr. Sami Al-Sager, Vice President for Operations, Saudi Food & Drug Authority
Tel: 966-11-203-8222 Ext: 5800 Fax: 966-11-275-7238
Email: ICd@sfda.gov.sa, www.sfda.gov.sa

D. Other Import Specialists Contact

Saudi Arabia does not have relevant import specialists who are not affiliated with the government.

Attachments:

No Attachments