

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Natural and Organic Food Market in the United Arab Emirates

**Country:** United Arab Emirates

**Post:** Dubai

**Report Category:** Agricultural Situation

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**Report Highlights:**

Based on retailer reports and market observations, Post anticipates a steady rise in the demand for natural, organic, healthy and "free-from" products in the Gulf region. Disposable income, a more "health-conscious" consumer and UAE government initiatives to lower obesity will accelerate the demand for these food products over the coming years.

## UAE Market Snapshot

The United Arab Emirates (UAE) is an attractive market for foreign food suppliers due to its reliance on imports (~80 percent) and emergence as a global trade and transit hub for products destined to the broader Middle East and North Africa regions. According to industry estimates, food re-exports from the UAE have increased more than 25 percent over the last decade while total UAE agricultural imports reached \$13.3 billion in 2018. Last year the United States exported \$1.2 billion worth of agricultural and related products to the UAE with most of the sales coming from consumer-oriented goods found in the country's retail sector.

### Natural & Organic

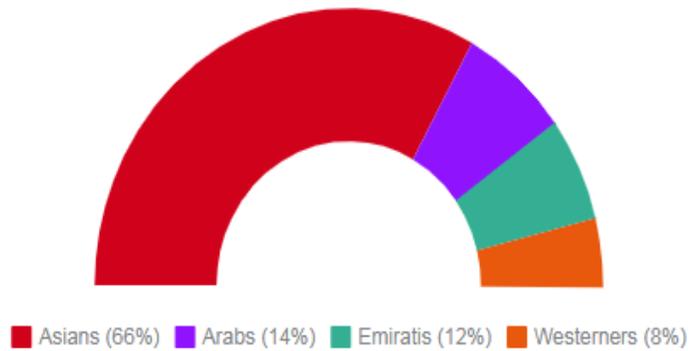
Based on retailers' reviews and market observations, Post anticipates a steady rise in the demand for natural, organic, healthy and free-from products in the region. Sizeable disposable incomes, a more "health-conscious" consumer and UAE government initiatives to lower obesity will accelerate the demand for these food products over the coming years. As recently as 2015, organic and "natural" food options in the UAE were limited and found primarily to specialty stores. Today, consumers have access to a plethora of these products in most major UAE hypermarkets, supermarkets and even some smaller convenient stores. Additionally, in just the last few years UAE retailers have sought to capitalize on this growing consumer trend by dedicating more shelf-space for organics products.

**Sales of Health and Wellness by Type: Value in UAE Dirham (million)**

UAE Dirham million	2016	2017	2018	% Value Growth 2017/18
Better For You	428.3	466.8	516.5	10.6
Fortified/Functional	2,295.3	2,542.2	2,936.3	15.5
Free From	77.5	95.2	106.8	12.2
Naturally Healthy	2,922.9	3,125.4	3,409.1	9.1
Organic	79.5	95.4	115.7	21.3
Health and Wellness	5,803.4	6,324.9	7,084.5	12.0
Source: Euromonitor				

Graph 1: UAE Demographics

The UAE retail industry targets customers from four major demographics: Local Emiratis, Arabs, Westerners, and South Asians (Graph 1). Retailers not only monitor consumer attitudes and trends within these groups but also supply affordable and favored food products sourced from expats home countries. This form of marketing aims to entice and secure UAE customer loyalty in a marketplace with countless options.



Over the last three years retailers have noticed behavioral changes in the high-income consumer category with a greater emphasis placed on nutrition as well as environmentally friendly foods. Suppliers report a marked increase in spending on products designated as free-from, organic, and local-particularly in the areas of fresh fruits and vegetables, meat and dairy alternatives and ketogenic items.

Furthermore, online availability and sales for these goods shows progress and is expected rise as e-commerce gains momentum in the Gulf region. Most retailers offer now products both online and in store and include home delivery service. Some of the major online based grocery retailers are: [Kibsons](#), [Noon](#), [Instashop](#), [NRTCfresh](#), and [Farmbox](#). Conventional retailers also offer an online option, such as [Carrefour](#), [Lulu](#), [Choithrams](#), [Organic Foods and Café](#), and [Ripe](#). On April 30, 2019, Amazon announced the launch of a new marketplace targeting the Middle Eastern market after acquiring [Souq.com](#) and rebranding it to [Amazon.ae](#).

### Market Structure

Grocery retailers are classified into two major groups in UAE: modern and traditional trade. Modern trade includes organized retail chains, regional grocery outlets, express markets, specialty grocers, convenient stores and online retailers. This group dominates the market especially in the emirates of Dubai and Abu Dhabi. Traditional trade includes direct trading services and standalone small groceries (baqala in Arabic) that operate an average 18 hours a day seven days a week and focus on immediate household needs and high turnover grocery products. Traditional trade is more prevalent in the northern emirates like Sharjah, Ajman, Fujairah, and Umm Al Quwain due to the smaller availability of modern retail outlets. Natural and organic products are sold in both modern and traditional trade and throughout the UAE with a greater selection found in the Emirate of Dubai and Abu Dhabi.

### Top 10 UAE Grocery Retailers and Outlet Types

Retailer	Hypermarket	Supermarket	Express market	Online grocery
Carrefour	30	70	25	Yes
Lulu Group International	32	14	19	Yes
Union Co-operative Society	18	0	0	Yes
Abu Dhabi Cooperative Society	16	3	11	No
Sharjah Co-operative Society	26	4	0	Yes
Emirates Cooperative Society	9	0	0	No
Al Madina Group	16	8	6	No

Baniyas Co-operative Society	5	3	1	No
<a href="#">Nesto Group (Western International Group LLC)</a>	17	5		
Al Maya	0	50	0	No
Choithrams	0	40	0	Yes
Park n Shop	1	2	0	No

Source: OAA Dubai & Local Industry Estimates

**[Carrefour](#):** This French brand is the largest hypermarket chain in the UAE. It opened the first hypermarket in Dubai in 1995 and through the years expanded to over 125 stores between hypermarkets, supermarkets, and express markets serving over 250,000 customers a day. It offers food, non-food, and household goods with year round deals and promotions. It has a private label called “First 1” and [Carrefour Bio](#) range offering affordable quality organic products. Majid Al Futtaim (MAF) is the exclusive franchisee to operate Carrefour in 38 countries across the Middle East, Africa, and Asia. Several stores in the UAE are located in MAF shopping malls.

**[Lulu Hypermarkets](#):** Founded in 2000 and managed by EMKE group, an Indian multinational brand operating a chain of hypermarkets and retail companies, headquartered in Abu Dhabi and considered the second largest in the UAE. With over 65 stores in the UAE ranging between hypermarkets, supermarkets, Lulu express, Lulu webstore, it serves over 200,000 customers a day with a total annual food sale of \$1 billion, expecting a 30 percent annual growth rate of food retail sales in the next three years. It imports 75 percent of its food products, 50 percent of which is imported direct from the source and the remaining 50 percent is consolidated.

**[Union Cooperative Society](#):** The largest consumer cooperative in the UAE offering a wide range of food, non-food, and household appliances. It operates 18 retail stores and two malls (Al Barsha Mall, Etihad Mall). It was established after a ministerial decree to serve the local community. Union Coop has also launched mini stores under the brand (Coop) as well as an [online store](#). It offers Loyalty card called “Tamayaz” for both shareholders and non-shareholders and stabilizes prices through promotional campaigns and special deals.

**[Abu Dhabi Cooperative Society](#):** Established in 1980, Abu Dhabi Co-operative Society operates three major hypermarket, supermarket and convenience store brands in the country: Abu Dhabi Coop, SPAR and Megamart. With 45 stores in the UAE, it serves 50,000 customers a day and offers exclusive range of private labels.

**[Sharjah Co-operative Society](#):** Founded in March 1977 as the first co-operative society in the UAE. It has 31 branches in the emirate of Sharjah equipped with modern shopping facilities. They recently launched an e-commerce site offering free delivery across Sharjah city. It has its own private label “Sharjah Coop.”

Market size in \$ million

Market Size		2013	2014	2015	2016	2017	2018
Hypermarkets	\$ million	7,508.73	8,034.36	8,755	9,964.26	9,570.6	9,896.9
Supermarkets	\$ million	2,621.04	2,850.55	3,048.3	3,264.7	3,522.63	3,802.67

Sources: Euromonitor from trade sources/national statistics

**Hypermarkets** are retail outlets with a selling space of over 2,500 square meters. They focus on selling food, beverages, and other groceries. Hypermarkets also sell a range of non-grocery items. In the UAE, Hypermarkets are often located in shopping centers and enjoy high footfall.

**Supermarkets** are retail outlets with a selling space between 400 and 2,500 square meters. They focus on selling groceries. These exclude baqala (standalone small groceries), discounters, and convenience stores. Example brands include Al Maya, Spinneys, Choithrams, Park N Shop.

**Attachments:**

No Attachments.