



**KARADENİZ İHRACATÇI BİRLİKLERİ
GENEL SEKRETERLİĞİ**

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Konu : Introduction to Food Sector in UAE Webinar

E-POSTA

**KARADENİZ İHRACATÇI BİRLİKLERİ ÜYELERİNE SİRKÜLER
2025 / 083**

Sayın üyemiz,

Dış Ekonomik İlişkiler Kurulundan alınan 10/02/2025 tarih 177 sayılı yazıda,

Orta Doğu’da ve özellikle Körfez bölgesindeki gıda sektörünün öneminin artmasıyla birlikte yeni yıl içerisinde BAE’deki gıda sektörü ile ilgili düzenlenecek gıda fuarları ile ilgili olarak “**Introduction to Food Sector in UAE / BAE’de Gıda Sektörüne Giriş**” webinarının, **12 Şubat 2025 Çarşamba TSİ 12.00**’de çevrimiçi olarak düzenleneceği bildirilmekte olup, İngilizce olarak gerçekleştirilecek bahse konu webinara ilişkin duyuru görseli ve BAE’deki Yıllık Gıda ve İçecek Raporu ekte yer almaktadır.

Bilgilerinize sunarız.

e-imzalıdır
Salih AKSOY
Genel Sekreter a.
Şube Müdürü

EKLER:

Ek.1 – Webinar Duyuru Görseli (1 Sayfa, Türkçe)

Ek.2 – BAE’deki Yıllık Gıda ve İçecek Raporu-2024 (48 Sayfa, İngilizce)

Detaylı Bilgi İçin:

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Webinar Adı: Introduction to Food Sector in UAE

Tarih-Saat: 12 Şubat 2025, TSİ 12.00, BAE Saati ile 13.00

Kayıt Linki:

https://us06web.zoom.us/webinar/register/WN_Y8UodfS6RZu4_851QFv4ZQ#/registration

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DEİK/TÜRKİYE-UNITED ARAB EMIRATES BUSINESS COUNCIL

INTRODUCTION TO FOOD SECTOR IN UAE

12 February 2025, Wednesday

12 pm With Türkiye Time

1 pm With UAE Time



MEHMET ALİ AKARCA

Chairperson of
DEİK/Türkiye-United Arab Emirates
Business Council



ARDA CENK TOKBAŞ

Vice-Chairperson of
DEİK/Türkiye-United Arab Emirates
Business Council



A. ABDUL VAHEED

Secretary General of
UAE F&B Business Group



SALEH LOOTAH

Chairman of
UAE Manufactures
Business Group

**Webinar will be held in English.*

UAE FOOD & BEVERAGE
ANNUAL
REPORT 20
24



UAE FOOD & BEVERAGE
BUSINESS GROUP
Inspiring Sustainable Wellbeing

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- 05** Market Overview and Economic Stability in the UAE's F&B Sector
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AT A GLANCE

The UAE's F&B sector continues to showcase remarkable growth, valued at \$13 billion in H1 2024 and projected to reach \$43.98 billion by 2029 at a 17.09% CAGR. With key infrastructure like the Jebel Ali Port F&B terminal—handling 73% of the UAE's imports—efficiency in import, storage, and re-export supports robust food security measures.

Abu Dhabi's F&B sector adds further momentum, with exports increasing by 26.5% in 2022, reaching AED 4.7 billion and contributing 4.8% to non-oil exports. Strategic initiatives like the AGWA Cluster address global challenges in food security and water scarcity, fostering sustainable agricultural practices and leveraging technologies like AI and precision agriculture to optimize water use.

The National Food Security Strategy 2051 and Dubai Urban Plan 2040 focus on sustainable agriculture, strategic import diversification, and expanding food production facilities to accommodate a projected population of 7.8 million. Tourism also drives demand, with Dubai hosting 17.15 million tourists in 2023, up 19% from the previous year, fueling diverse dining options.

Technology innovations, such as AI and MES, improve F&B production efficiency and sustainability, while health-conscious trends see 57% of consumers preferring wellness-oriented products, pushing brands toward organic, plant-based offerings. As a regional trade hub, the UAE's advanced logistics network, including Jebel Ali Free Zone's 700+ F&B companies, and Abu Dhabi's global reach across 28 export markets, provide access to the \$65 billion GCC market. This reinforces the UAE's role as a key distribution center for the MENA region and its positioning as a leader in sustainable food systems.



01

THE UAE F&B SECTOR

Dynamic Growth and Strategic Positioning

The UAE's Food & Beverage (F&B) sector is one of the most rapidly expanding and integrated industries in the Middle East, benefiting from its strategic location, diverse consumer demographics, economic stability, and strong government support. As a major player in regional trade, logistics, and culinary tourism, the UAE has positioned itself as a leader in F&B innovation and sustainability.



Strategic Geographic Location

At the crossroads of Asia, Africa, and Europe, the UAE serves as a critical node in global trade routes. Ports like Jebel Ali and Khalifa facilitate food imports essential to meeting 80-90% of the UAE's food needs, making it a vital gateway for international producers entering the Gulf region. Free zones, including Jafza, enable multinational F&B companies to import, process, and re-export efficiently, making the UAE a testing ground for new products targeting Middle Eastern consumers



Economic Stability and Favorable Policies

With a projected 4% GDP growth for 2024, the UAE's stable economy and pro-business policies create an appealing environment for F&B investment. Key policies include free trade zones that allow 100% foreign ownership, tax exemptions, and the National Food Security Strategy 2051, which promotes local production, sustainable practices, and import diversification.



Multicultural Demographics and Consumer Diversity

The UAE's population is highly diverse, with over 90% of Dubai's residents being expatriates from more than 200 countries. This multicultural demographic supports a wide array of F&B products, catering to various dietary needs and preferences.



Robust Tourism Sector Fueling Growth:

Tourism is a major driver of F&B demand, with Dubai attracting 17.15 million tourists in 2023, marking a 19% year-over-year increase. This number is expected to grow at 5% annually, fueling demand for diverse dining options from fine dining to casual eateries. Dubai's reputation as a luxury destination attracts high-spending visitors, while Abu Dhabi's cultural sites and events bring a steady influx of tourists seeking both Emirati and global cuisines.



Commitment to Innovation and Sustainability:

The UAE is investing in sustainable practices and advanced agricultural technology to support its F&B sector.

INITIATIVES INCLUDE:

- ✓ Hydroponics and Vertical Farming to produce local crops with minimal water.
- ✓ Plant-Based Foods as part of a wellness and sustainability trend.
- ✓ Advanced Cold Chain Logistics like the 100,000-sqm cold storage at Jebel Ali, ensuring fresh and high-quality goods reach consumers while reducing food spoilage.



Investor-Friendly Environment

The UAE's low-tax policies, streamlined regulatory processes, and robust support for foreign direct investment make it an ideal base for F&B operations. Initiatives like Dubai Food Park and Abu Dhabi's AgTech Park provide infrastructure for F&B production, research, and regional distribution, supporting businesses seeking to expand within the GCC market.



02

MARKET OVERVIEW AND ECONOMIC STABILITY IN THE UAE'S F&B SECTOR

The UAE's F&B sector thrives within a stable economic framework, supported by steady GDP growth, a growing foodservice market, and a flourishing tourism industry, creating a promising environment for sustained growth and investment.

Economic Resilience The UAE stands as one of the MENA region's most economically resilient nations, driven by diversified economic strategies, infrastructure investments, and an open market that encourages foreign investment. With GDP growth projected at 4% in 2024 and 5% in 2025, the UAE's economy provides a favorable setting for business expansion, particularly in high-growth sectors like food and beverage.

Key pillars of the UAE's economic stability include

Economic Diversification: The UAE's shift from oil dependency has promoted growth in sectors like tourism, real estate, and F&B, reducing exposure to oil price fluctuations and positioning the country as a leader in retail, logistics, and F&B.

Pro-Business Environment: Known for ease of business operations, the UAE's regulatory framework attracts global investors with tax advantages, minimal trade barriers, and free zones that permit 100% foreign ownership. The UAE consistently ranks high in the MENA region for ease of doing business, enhancing its appeal for F&B companies.

Infrastructure and Logistics: Investments in advanced infrastructure, including Jebel Ali Port and major airports, strengthen the UAE's trade and transport capabilities, critical for an import-reliant F&B sector. These logistics hubs solidify the UAE's role as a re-export center for the GCC and broader MENA regions.

Stable Currency and Inflation Control: The UAE dirham's peg to the US dollar provides currency stability, reducing exchange rate risks for F&B imports and exports. Inflation control measures also help maintain consumer purchasing power, benefiting the F&B sector's stability.

Market Size and Growth The UAE's foodservice market is expanding steadily, propelled by high consumer demand, a focus on premium dining, and growing health consciousness. Projected to grow at 17.09% CAGR, the market is expected to reach \$43.98 billion by 2029. This growth is fueled by:

Rising Consumer Spending on F&B: With one of the highest per capita incomes in the MENA region, UAE consumers allocate a substantial portion of disposable income to dining out and quality grocery items, favoring diverse, premium, and health-conscious options.

Health and Wellness Trends: There's a notable shift toward health and wellness, with rising demand for organic, plant-based, and minimally processed foods. This trend prompts F&B operators to expand offerings in functional beverages, vegan products, and nutritious snacks.

Growth in Delivery and E-Commerce: Accelerated by the pandemic, online food delivery and e-commerce platforms like Deliveroo, alabat, and Zomato have become integral, with food delivery and online grocery shopping continuing as high-growth channels.

Expanding Retail Food Sector: Investments in hypermarkets, supermarkets, and specialty stores cater to varied consumer tastes. As convenience becomes a priority, retail outlets are expanding ready-to-eat and grab-and-go options, bolstering growth in the retail F&B segment.

F&B SUCCESSES



Source: DP World Analysis

Successes and Growth Dynamics in the UAE's F&B Sector

The UAE's F&B sector demonstrates strong growth across various industries, driven by local processing, packaging, and distribution:



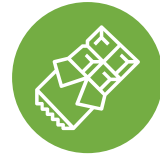
SNACKS

Locally sourced and processed, with extensive distribution



SUGAR REFINERY

Raw sugar is refined and packaged at port facilities for efficient distribution



CHOCOLATE

Imported liquid chocolate undergoes local flavoring, molding, and packaging



FISH FARMING

Fish are sustainably farmed in controlled environments, catering to local and international markets



CANNED FOODS

Fresh imports are vacuum packed and sterilized for wide distribution



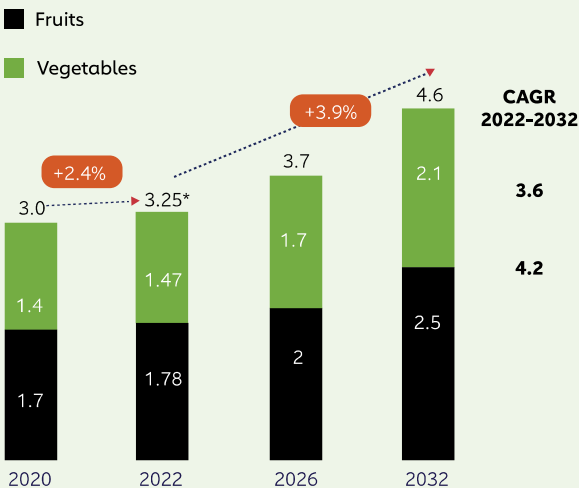
TEA PROCESSING

Imported tea leaves are processed and blended for local and export markets

GROWTH POTENTIAL FOR F&V IN UAE

UAE F&V consumption is expected to grow at a CAGR of 3.9% between 2022 and 2032 to reach 4.6MT

Estimated UAE F&V available for consumption, mn MT



UAE F&V Market Dynamics

Key insights

Growth underpinned by

- ◆ F&V consumption to be driven by underlying rise in population (1.8% CAGR) and disposable income per capita (4.7%)
- ◆ Foodservice F&V consumption growth is slightly higher than for Grocery (5% vs 4% CAGR), on the back of forecast increase in tourism to UAE (+7% CAGR)
- ◆ Grocery consumption accounts for ~70% of volume and only 62% of value, as higher-value Products are sold in foodservice (where prices are also higher due to lower scale)
- ◆ Shifting consumer demand to higher sustainability and wellness

UAE production is insufficient to cover consumption demand and imports will continue to be crucial to food security; steady demand for imported F&V and need for a trade hub

Fruits & Vegetables (F&V) Market Growth Potential

F&V consumption is projected to grow at a 3.9% CAGR, reaching 4.6 million MT by 2032, driven by:

POPULATION & INCOME GROWTH

Increasing population (1.8% CAGR) and rising disposable income (4.7%) drive demand for diverse F&V options.

VALUE DISTRIBUTION

Higher-value F&V items are favored in foodservice, though grocery channels cover 70% of volume

LOCAL PRODUCTION

Limited to 0.77 MMT, covering only 15% of demand, mainly in dates (53%) and cucumbers (16%).

TOURISM IMPACT

F&V demand in foodservice grows at 5% CAGR, outpacing grocery demand due to rising tourism.

CONSUMPTION & RE-EXPORTS

✓ 65% of F&V is consumed domestically, led by dates and onions.

✓ 35% (1.87 MMT) is re-exported, primarily to Saudi Arabia, India, and Kuwait, reinforcing the UAE's role as a regional trade hub.

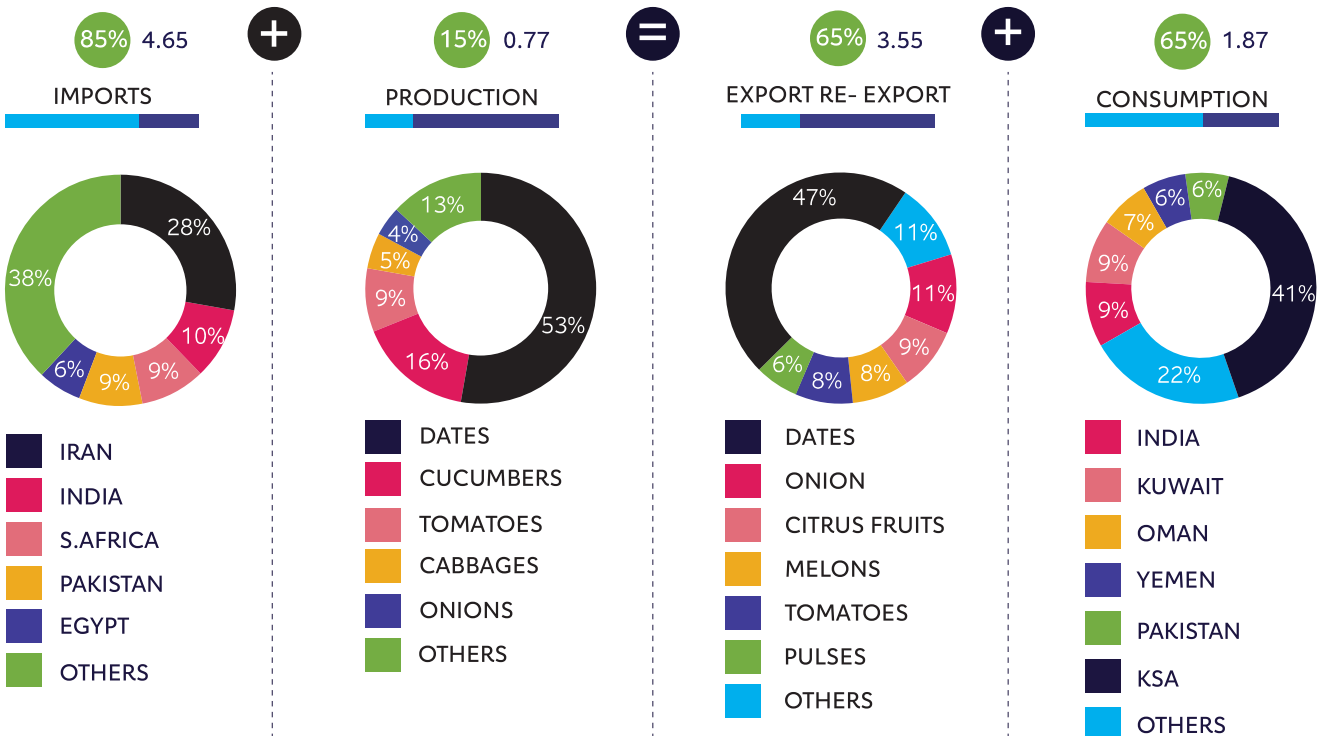
RELIANCE ON IMPORTS

Imports make up 85% of F&V supply (4.65 MMT), with top sources including Iran (38%), India (10%), and South Africa (9%).

UAE F&V MARKET DYNAMICS

UAE F&V market depends heavily on imports given limited local production: 65% of the sourcing is consumed locally and the rest exported

(in M MT, 2022)



UAE relies on import to meet rising F&V demand

key F&V categories are sourced from a limited number of countries, raising the need for better food security planning

F&V projection forecast to grow at faster pace between 2023-30 on back of UAE strategies to ensure food security, yet still very far from self-sufficiency

UAE consumption per capita has increased by CARG of 2.4% over the past five years, driven by the rise of healthy eating habits and increased availability of affordable produce

World class, logistics, and infrastructure, and efficient handling, storage, and distribution facilities, hence benefiting from a key re-export position

03

UAE FBMG INITIATIVES



The Future Food Forum is the UAE Food and Beverage Manufacturing Group's (FBMG) flagship annual event, uniting industry leaders, policy makers, and innovators from around the globe to discuss the future of the F&B sector. This premier event facilitates high-level discussions and panels on challenges and solutions that impact the food ecosystem. Its activities encompass panels on sustainability, technology integration, and consumer trends, workshops on best practices, and extensive networking opportunities that bring together thought leaders and stakeholders.

The forum is designed to foster collaboration between government entities, industry experts, and academic leaders, allowing for cross-functional insights and strategic dialogue.

As a platform for policy, innovation, and networking, the Future Food Forum remains vital to addressing key issues and catalyzing growth in the F&B industry, setting the stage for new trends, sustainable practices, and actionable roadmaps that align with UAE's vision for a robust and secure food system.

The Food Verse is a pioneering digital initiative introduced by the UAE Food and Beverage Manufacturing Group (FBMG) in collaboration with **Nostra Group** to drive innovation in the F&B sector through Metaverse technology. This interactive virtual platform provides industry professionals, consumers, and stakeholders a space to connect, collaborate, and innovate within an immersive digital environment. By offering a variety of applications, Food Verse allows businesses to showcase products, conduct virtual training, and engage in global collaborations that transcend geographical limitations. The platform, developed with input from Nostra Group's advanced Metaverse capabilities, aims to create a neutral and transparent space where data can be collected, shared, and analyzed to benefit the entire food ecosystem.

In the Food Verse, users can participate in virtual simulations and industry events, creating opportunities to explore innovative solutions, address sector challenges, and engage in seamless networking. This initiative symbolizes FBMG's commitment to digital transformation, reinforcing the UAE's position as a leader in future-ready technology adoption within the F&B sector. By leveraging the Metaverse, Food Verse is set to revolutionize how businesses and stakeholders interact, enhance operational efficiency, and promote transparency within the industry.



إشراق Ishraq

an initiative of
مجلس تنمية
الموارد البشرية
الإماراتية
Emirati Human Resources Development Council



National Talent Development Initiative

The Ishraq Initiative stands as a cornerstone of FBMG's commitment to developing Emirati talent in the F&B industry. Created with a vision to equip young nationals with specialized skills, Ishraq includes training programs and practical learning experiences tailored for career advancement in the food sector. In collaboration with the University of Dubai and Lifology, the initiative provides the Training Diploma in Career Management, a comprehensive program that covers emerging areas such as AI in career planning, psychometric assessment, and advanced career coaching. This initiative ensures that participants are not only technically skilled but also prepared for leadership and innovation roles. By fostering a generation of skilled Emiratis, Ishraq supports the UAE's drive toward self-sufficiency and strengthens the local workforce. Ishraq's overarching goal is to establish a capable and well-prepared talent pipeline, ensuring that the UAE food industry has the expertise it needs to remain competitive, sustainable, and innovative.



WHAT MATTERS

an FSMG Initiative

The What Matters Series is a thoughtfully designed platform by FBMG to address and resolve the most pressing challenges within the F&B industry. Through a series of discussions and brainstorming sessions, the series facilitates open dialogue around crucial topics such as regulatory hurdles, supply chain optimization, sustainability, and advancements in product innovation. With contributions from experts, business leaders, and regulatory bodies, the What Matters Series encourages transparent and strategic problem-solving, ensuring that all industry voices are heard.

This initiative places a strong focus on regulatory adaptations, operational efficiency, and environmental sustainability, paving the way for more resilient and future-ready industry practices. By fostering an atmosphere of collaboration, the series contributes to stronger relationships within the F&B ecosystem and provides key insights into overcoming emerging challenges, ultimately empowering the UAE's F&B sector to thrive in a dynamic global market.



The FBMG Annual Report

is a definitive resource for anyone invested in the UAE's food and beverage sector. This yearly publication provides comprehensive insights into industry trends, regulatory updates, and future market opportunities, catering to a diverse audience of industry stakeholders, government officials, and investors. Through robust data analyses, the report sheds light on consumer trends, policy impacts, and operational improvements, helping decision-makers anticipate changes and strategize effectively. It also highlights the year's successes, challenges, and lessons learned, offering an informed perspective on the evolving food landscape in the UAE. Designed to be both informative and forward-looking, the Annual Report is instrumental in guiding industry stakeholders towards sustainable and profitable growth. By offering critical insights and actionable recommendations, this report reinforces FBMG's commitment to transparency, thought leadership, and proactive industry support.



The F&B Innovation Lab is FBMG's think tank-style event, strategically designed to accelerate innovation within the food and beverage sector. This unique gathering brings together startups, established companies, and innovators to showcase and explore groundbreaking solutions that can address current and future challenges in the industry. The lab provides a collaborative environment where participants can interact, test ideas, and seek feedback from peers and industry veterans. Through its dynamic format, the F&B Innovation Lab encourages the exploration of emerging technologies, from automation to sustainable packaging solutions, that can redefine the F&B landscape. By fostering innovation at all levels, this initiative aims to propel the industry forward and ensure that the UAE's F&B sector remains competitive and cutting-edge. With its emphasis on sustainability, efficiency, and technology-driven advancements, the Innovation Lab is essential to FBMG's goal of nurturing a forward-thinking and resilient food ecosystem.



The UAE Food Platform is an FBMG backed digital marketplace designed to empower local F&B companies by providing them with a streamlined, accessible avenue for product discovery and trade. This platform connects UAE-based food manufacturers, suppliers, and distributors, creating a robust ecosystem that promotes local businesses and simplifies intra-UAE trade.

The platform is equipped with tools for businesses to showcase their products, access market insights, and connect directly with potential buyers and collaborators. By promoting local products, the UAE Food Platform enhances the visibility and accessibility of UAE-made food and beverage items, supporting the country's goals for food self-sufficiency. This initiative not only strengthens the UAE's local supply chain but also reduces the need for imports, fostering economic growth and resilience within the sector. The UAE Food Platform underscores FBMG's commitment to supporting UAE businesses and promoting sustainable, locally sourced food solutions.



The Zero Food Waste – ne'ma Initiative is a sustainable, forward-thinking project designed to address the challenges of food waste across the F&B supply chain. This initiative focuses on reducing food waste through sustainable practices, responsible consumption, and innovative waste management strategies. Working in close collaboration with F&B companies, Nema encourages the adoption of practices that minimize waste and maximize efficiency in production, storage, and distribution. Awareness campaigns educate the public on the importance of sustainable consumption, while partnerships with companies help promote responsible waste management. Nema aligns with the UAE's sustainability goals, aiming to contribute meaningfully to the country's green agenda. The initiative reflects FBMG's commitment to environmental responsibility and its dedication to creating a food system that respects resources, reduces waste, and sets new standards in sustainability for the UAE's F&B sector



FBMG TV is the official YouTube channel of the UAE Food and Beverage Manufacturing Group, serving as a dynamic media platform that provides industry insights, updates, and interviews with key F&B figures. Through professionally curated content, FBMG TV offers valuable resources and educational materials that are accessible to a wide audience, from industry professionals to students and aspiring entrepreneurs. The channel covers a range of topics, including industry trends, regulatory news, sustainability practices, and technology innovations, making it a go-to source for staying updated on the latest developments within the F&B sector. FBMG TV supports the group's mission to foster a well-informed community, ensuring that stakeholders have access to reliable and relevant information. This initiative amplifies FBMG's voice in the industry, positioning it as a thought leader and trusted source of knowledge.

The Rundown Newsletter is FBMG's weekly publication, providing timely updates on industry news, trends, and insights to keep stakeholders informed of the latest developments in the UAE's F&B sector. Each edition covers crucial topics, including policy changes, technological advancements, and key industry events, enabling members to stay ahead of the curve. By offering curated content and expert analyses, The Rundown fosters a well-informed community, helping stakeholders make strategic decisions based on the latest information. The newsletter also features exclusive interviews, event highlights, and in-depth articles on emerging trends, making it an essential resource for F&B professionals. With a focus on relevance and accuracy, The Rundown reinforces FBMG's dedication to transparency, knowledge-sharing, and industry leadership.



04

FUTURE FOOD FORUM SPEAKERS ON UAE F&B SECTOR





H.E. ABDULLA BIN TOUQ AL MARRI

Minister of Economy
UAE

“The UAE’s food ecosystem is not just a sector; it is a lifeline that connects communities, drives economic growth, and supports sustainability across the nation and the wider region”



SALEH LOOTAH

Chairman
UAE Food & Beverages
Manufacturing Group

“What we achieve today in the Food Verse is a step forward into the future, ensuring that the UAE’s food ecosystem evolves digitally, becoming more efficient, transparent, and interconnected”



ABDULLAH ALBADER

CEO, Almarai

“Saudi Arabia is committed to enhancing the resilience of our food supply chain, not just for our nation but for the entire GCC, and this collaboration with the UAE strengthens the entire region’s food security”



ARNOUD VAN DEN BERG

Group Chief Executive Officer
Al Dahra Group

“The UAE’s food sector is positioned to innovate, collaborate, and lead the GCC toward a more resilient and self-sufficient food economy, setting standards in sustainability and cluster-based collaboration”



SAM CLEVER

CEO, Nostraverse Group

“Digital transformation in the UAE’s F&B industry is driving rapid, impactful change. With innovations like the Food Verse, we’re setting the stage for smarter, more connected supply chains that support growth and sustainability”



AHMED BAYOUMI

CEO, Berain Water

“The UAE’s initiatives to support sustainable practices across the value chain are visionary, as they balance innovation with responsibility toward the environment and the community”



SURESH VAIDYANATHAN

CEO Special Projects & CEO
Ghassan Aboud Group &
Abu Dhabi Food Hub

“The UAE’s focus on building strong local partnerships is critical to food security and self-sufficiency, creating a robust infrastructure to support a resilient food ecosystem”



KENNETH COSTA

Managing Director
Barakat

“Building a resilient food ecosystem means leveraging local resources effectively, and the UAE’s approach to food security shows how to create impactful synergies with global practices”



RONALD HOLMAN
Event Director
FREE FROM FOOD DUBAI 2024
AND VIENNA 2025

“UAE consumers increasingly value transparency, and the F&B sector’s adoption of clean labels aligns with this demand, providing confidence and fostering trust”



IMTIAZ HASHEM
Consumer Insights Director
Kantar Worldpanel, UAE

“The UAE’s rapid shift toward e-commerce within the FMCG sector demonstrates a clear trend—digital engagement is essential, and brands must adapt to reach increasingly savvy consumers”



VIDYA SHAH
Chief Commercial Officer
Abu Dhabi Food Hub

“By advancing initiatives like the UAE’s Cluster Economy, we are creating a food sector that’s not only resilient but self-sustaining, benefiting both local and regional economies”



JEROME VIRICEL
General Manager
RECAPP, Veolia Middle East

“The UAE’s F&B sector is committed to driving sustainability across packaging and production, as it works to build a circular economy that benefits both business and community”



ABDULAZIZ ALBADER
Head of Sustainability
Almarai

“A sustainable F&B industry in the UAE requires collaboration, not competition. By joining forces with industry partners, we can build a resilient supply chain that supports long-term growth”



ALIA GAMIL
Head of Communications
TetraPak Arabia

“The UAE’s commitment to sustainability extends across every aspect of the supply chain, from sourcing ingredients to packaging and distribution, fostering responsible and impactful practices”



SERGEI KISELEV
Head of R&D
Al Ain Farms

“For UAE food manufacturing, sustainable practices go beyond compliance—they represent a commitment to excellence and innovation in how we produce, package, and deliver”



SAHIL MAJEED
Technical Manager
SGS Gulf

“As the UAE’s F&B sector evolves, so does the need for clean-label products, which foster transparency, trust, and healthier consumer choices across the region”



05

CONSUMER TRENDS IN HEALTH, WELLNESS & VALUE ORIENTATION IN UAE'S F&B SECTOR

In 2024, consumer behavior in the UAE's F&B sector reflects a strong focus on health, wellness, and value-oriented purchases. With a digitally savvy population and evolving priorities, brands must adapt to meet these demands.

HEALTH AND WELLNESS PRIORITIES

1. Focus on Healthy Lifestyle Choices:

57% of UAE consumers actively seek products and services that promote a healthy lifestyle.

2. Diet and Weight Management:

Around 52% of consumers in the UAE follow specific diets for weight management.

3. Ingredient Avoidance for Health:

A significant 61% of UAE consumers avoid specific ingredients for general health.

4. Top Health-Related Product Claims in UAE:

UAE consumers prioritize claims like "made with natural ingredients," "supports the immune system," and "contains healthy supplements". These preferences reflect a demand for transparency and wellness-focused benefits. Additionally, UAE-specific claims include a strong emphasis on products that "provide a good balance of taste and health."

5. Leading Wellness Categories:

Dairy Alternatives: Plant-based options, such as almond, oat, and soy milk, are increasingly popular due to dietary diversity and health awareness.

Functional Beverages: Drinks with added health benefits, such as kombucha and vitamin infused waters, have seen a 10-15% growth, appealing to consumers focused on hydration, digestion, and immunity.

Organic and Clean Label Products: There's a marked preference for clean labels, especially among millennials and Gen Z, who view organic and non-GMO labels as indicators of quality.



Made with natural ingredients



Contains healthy supplements like Vitamins, Zinc, Omega 3, Fiber



Supports my immune system



Provides a good balance of taste and health



Made with 100% organic ingredients



VALUE ORIENTATION AND CONSUMER CONCERNS

1. Value-Driven Purchases:

UAE consumers are becoming more price-sensitive, focusing on affordable, high-value options without compromising quality. This trend is particularly strong in essential categories like dairy, snacks, and grains, where private label products are gaining traction by offering competitive pricing and quality standards.

2. Top Consumer Concerns:

Family Health and Wellbeing is the primary concern for 40% of UAE consumers, underscoring the importance of products that support a healthy lifestyle.

Personal Financial Conditions are a significant concern for 36% of UAE residents, indicating a heightened focus on value for money.

Geopolitical Conflicts and Job Security also influence consumer decisions, as 35% and 31% of UAE consumers, respectively, express concern over these issues, impacting purchasing behavior and preferences for affordable options.





52%

Following the diet to maintain or control my weight



57%

Look for products & services that help live a healthy lifestyle



61%

Avoid or minimize types of ingredients or food in your diet for General Health

What consumers are doing for their physical health?

Health-conscious behavior is also evident in the purchasing choices. In Saudi Arabia, 59% of consumers actively look for products that promote a healthy lifestyle, while 46% are mindful of ingredient quality to ensure general health. Additionally, 44% of consumers follow specific diets to manage weight and health, indicating a more disciplined approach to diet and nutrition.

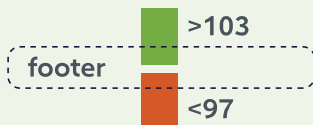


SHOPPERS ARE RATIONALISING THEIR PURCHASES BY SHOWING PREFERENCE FOR SMALLER PACK SIZES IN FOOD AND BEVERAGES.

Segments performance | Matt Q2' 24 index vs SPLY

Spend	Volume	Avg. Price Paid	Volume/ Buyer	Frequency	Basket size	Pack size/trip	Packs/trip
98	100	98	98	99	100	96	100
97	97	100	96	99	97	93	114
100	98	102	97	98	99	95	100
102	103	99	102	102	100	99	100

KANTAR



Total FMCG



Food



Diary



Beverage



06

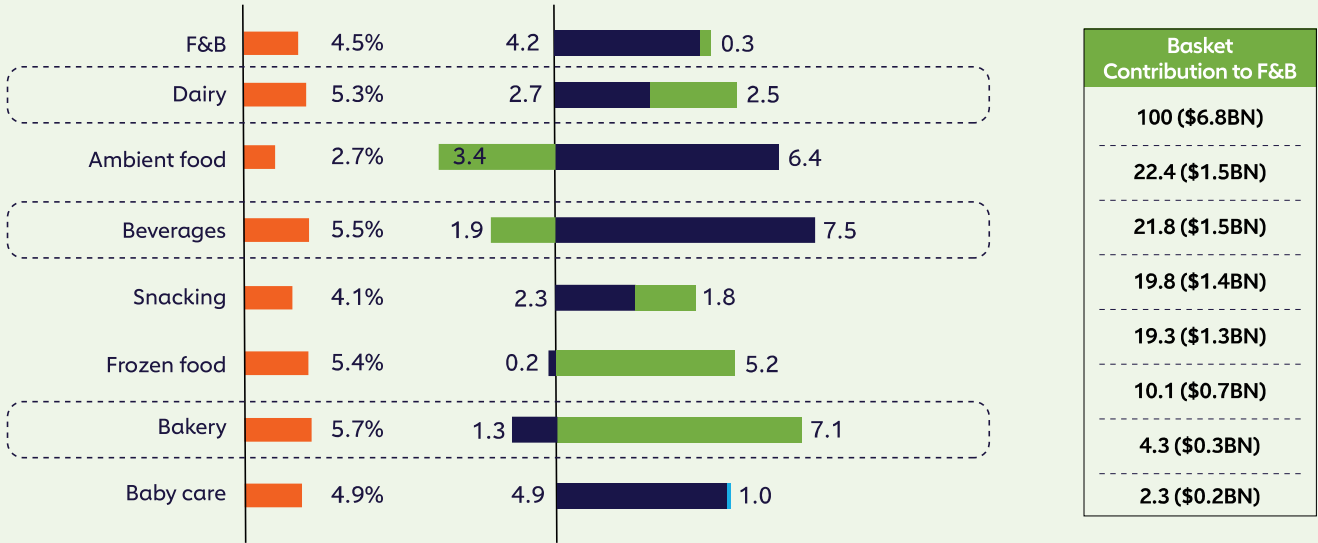
UAE FOOD BASKET PERFORMANCE INSIGHTS WITH CONTRIBUTION TO F&B

The UAE's F&B sector exhibits diverse growth across various product categories, with essential and indulgent items shaping consumer demand. Below is a breakdown of the performance of each segment along with its contribution to the overall F&B basket value.

MULTIPLE BASKETS OUTPACE F&B'S GROWTH

Consumers prioritise mix of essential and indulgent categories.
Bakery gain, purely price driven

Value growth: Mat TY vs YA



Overall F&B Growth

The F&B sector in the UAE grew by 4.5%, driven largely by volume growth at 4.2% and a smaller price increase of 0.3%. The total value of the F&B basket is \$6.8 billion.



Dairy

Dairy experienced a 5.3% growth with contributions split between volume (2.7%) and price (2.5%). Dairy contributes 22.4% (about \$1.5 billion) to the overall F&B market indicating consistent demand despite price adjustments.



Ambient Food

Ambient food grew by 2.7%, led by strong volume growth (6.4%) despite a 3.4% decrease in price. This category holds a 21.8% share of the F&B basket valued at approximately \$1.5 billion. Consumers' preference for shelf-stable foods drives this category.



Beverages

The beverage segment recorded a 5.5% growth, with a 7.5% increase in volume and a 1.9% price decrease. Beverages make up 19.8% of the F&B basket, contributing around \$1.4 billion. The high volume growth reflects increased consumer demand for refreshments and indulgent options.



Snacking

Snacking saw a 4.1% growth, split between volume (2.3%) and price (1.8%). This category contributes 19.3% to the F&B basket, with a total value of about \$1.3 billion. The growth in this sector highlights balanced consumer spending on indulgent snacks.



Frozen Food

Frozen food experienced a 5.4% increase, primarily from volume growth at 5.2% with stable prices (0.2%). It accounts for 10.1% of the F&B basket, valued at \$700 million. The convenience factor makes frozen food a popular choice.



Bakery

The bakery segment grew by 5.7%, driven mainly by a 7.3% price increase, though volume saw a slight decline (0.3%). Bakery contributes 4.3% to the F&B basket valued at \$300 million, with growth largely fueled by price adjustments and premiumization within this category.



Baby Care

Baby care grew by 4.9%, entirely due to volume growth, reflecting steady demand within this essential segment. It represents 2.3% of the F&B basket, valued at \$200 million.

TOP 5 MOST CHOSEN FMCG BRANDS IN UAE

The UAE's FMCG sector is dominated by a select group of brands that enjoy high consumer preference, as measured by Consumer Reach Points (CRP):



Al Rawabi 45.8 million CRP: Leading the market Al Rawabi is widely chosen for its dairy products, reflecting strong consumer loyalty in essential food categories.

2. Al Ain Farms - 43.3 million CRP Al Ain Farms closely follows with a significant presence in the UAE, particularly in dairy and poultry products, appealing to a broad consumer base.

3. Almarai - 39.0 million CRP: Known for its quality dairy offerings, Almarai ranks third, demonstrating its popularity in the UAE's competitive dairy segment.

4. Marmum - 30.8 million CRP: Another dairy-focused brand, Marmum has solidified its position within the top five, catering to local tastes and preferences.

5. L'usine - 17.0 million CRP: Specializing in bakery products, L'usine rounds out the top five, showcasing demand for baked goods among UAE consumers.



07

UAE E-COMMERCE GROWTH IN FMCG SECTOR

The UAE is experiencing one of the fastest-growing e-commerce markets globally, particularly in the FMCG (Fast-Moving Consumer Goods) sector. This surge in e-commerce is reshaping consumer behavior and market dynamics, with a notable shift from traditional retail to digital platforms.

E-Commerce and Digital Transformation in FMCG Markets

The post-pandemic landscape has accelerated digital adoption, making e-commerce an essential part of consumer recovery in the FMCG sector. E-commerce platforms are outpacing traditional retail channels in terms of growth, with promotions, flash sales, and loyalty programs

enhancing the online shopping experience driven by increasing internet penetration and consumer demand for convenience.

e-commerce FMCG Share

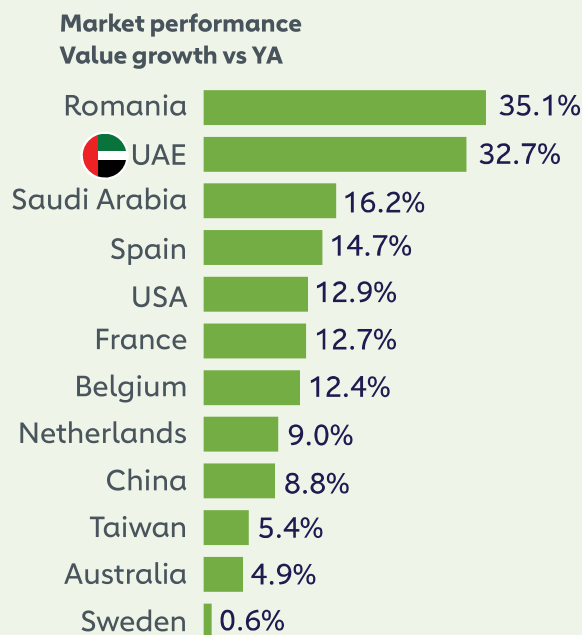


NIQ

RAPID E-COMMERCE GROWTH*

The UAE ranks as the 2nd fastest-growing e-commerce market worldwide, with a year-over-year value growth of 32.7%, surpassed only by Romania. This rapid expansion highlights the increasing adoption of online shopping channels within the country, as consumers increasingly prefer the convenience and variety offered by e-commerce

KSA and UAE E-commerce are the second and third fastest growing channels across the globe



Last 3 months ending Mar'24
Ecom value growth

 UAE ▶ +36%

*growth is driven by consumption increase

Recent Performance

In the three months leading up to March 2024, the UAE recorded a 36% growth in e-commerce value, underscoring accelerated consumer adoption of online platforms for purchasing FMCG products. This growth is driven by high consumer demand for digital convenience, an extensive range of available products, and streamlined delivery services.

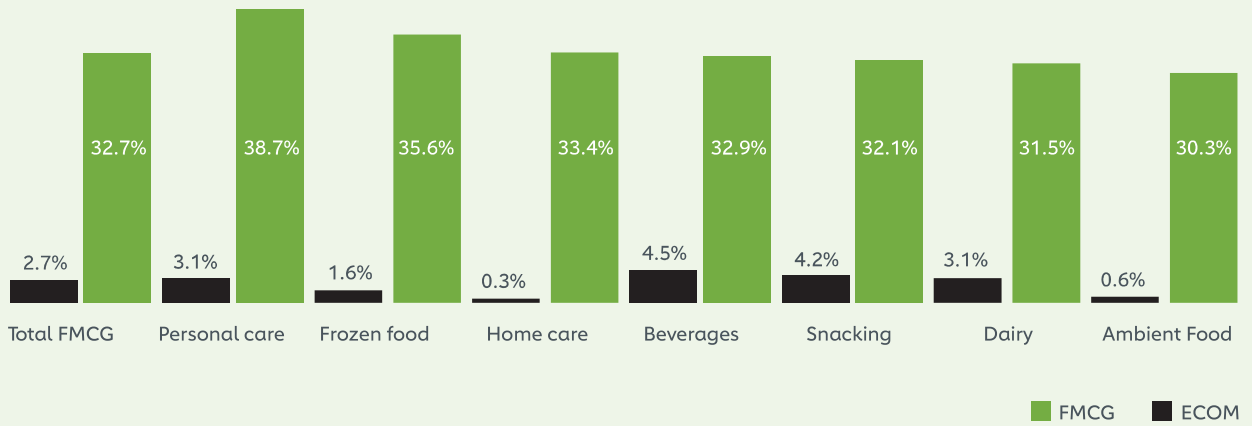
Steady Growth in E-Commerce FMCG Share

The share of e-commerce within the UAE's FMCG sector has shown consistent growth, increasing from 4-5% in 2022 to an estimated 7-8% in 2024. This upward trend signifies a steady shift toward online shopping, with more consumers opting to buy everyday essentials digitally.

E-COMMERCE GROWS CONSISTENTLY WITH A HIGH DOUBLE DIGIT ACROSS BASKETS

off-line with online categories, value change(%)

MAT vs MAT YA



Comparison with Traditional FMCG Growth

In contrast to the rapid growth of e-commerce, traditional FMCG sales showed a modest growth rate of 2.7%. This disparity highlights that the online channel is outpacing offline sales, largely due to the convenience, variety, and promotional offers available online.

E-Commerce Contribution Differences

While the distribution between traditional FMCG and e-commerce channels in the UAE is generally similar across categories, there is a notable difference in the "Others" category. This segment, which includes items like pet care, baby care, and paper products, accounts for 14.6% of e-commerce sales, compared to 8.4% in traditional FMCG. This suggests a higher demand for these products through online channels, reflecting a shift in consumer preferences toward digital platforms for specific categories.

Top Product Categories

In both traditional FMCG and e-commerce, ambient food remains the largest category:

- Ambient Food: 23.9% in traditional FMCG, 18.4% in e-commerce
- Beverages and Personal Care: Following closely behind in both channels.

The UAE's e-commerce growth in the FMCG sector reflects the country's evolving consumer landscape. As digital platforms continue to expand, e-commerce is expected to play an even more critical role in the UAE's FMCG market, offering significant opportunities for brands to connect with consumers in new and innovative ways.

E-COMMERCE GROWTH ACROSS FMCG CATEGORIES

E-commerce in the UAE's FMCG sector has experienced substantial growth across various categories:



PERSONAL CARE
+38.7%



HOMECARE
+33.4%



FROZEN FOOD
+35.6%



DAIRY
+31.7%

PROMOTION-DRIVEN BEHAVIOR AND LOYALTY IN THE UAE'S F&B SECTOR

High Sensitivity to Promotions

Price sensitivity has led 77% of UAE consumers to actively seek promotions, especially for high-consumption items like beverages, dairy, and snacks. Promotions such as "Buy One, Get One Free" (BOGOF) and bundle deals are particularly popular with family-oriented households that value bulk savings.

Loyalty Programs and Digital Coupons

Loyalty programs and digital coupons drive repeat purchases, with major retailers like Carrefour and Lulu offering loyalty cards and apps that provide points, exclusive deals, and personalized discounts. These programs encourage brand loyalty by rewarding frequent shoppers.

Health-Focused Promotions

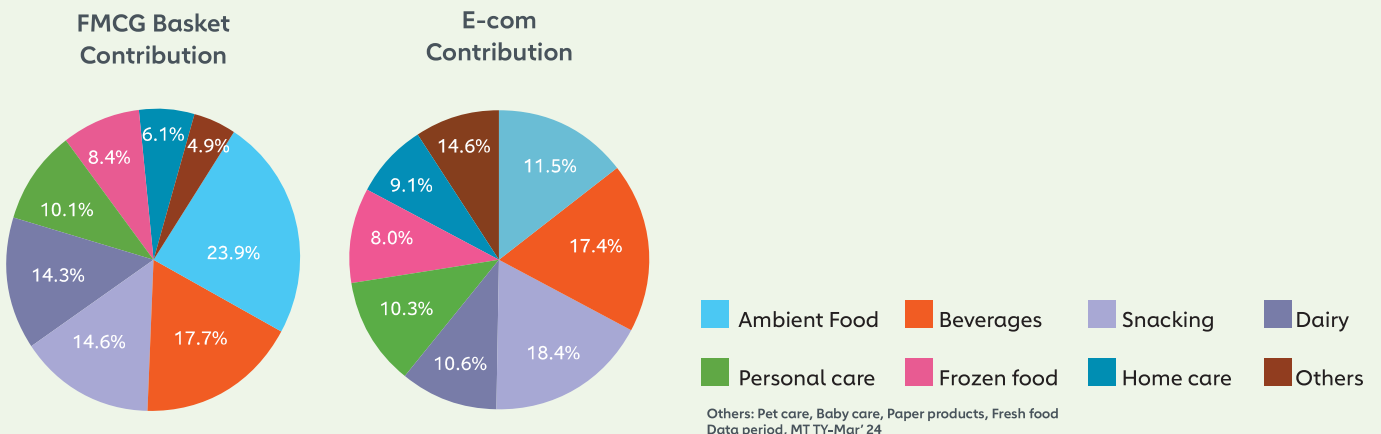
Promotions for wellness products, including organic, low-calorie, and dairy alternatives, appeal to health-conscious consumers. Discounts on these items drive sales in premium categories while aligning with rising health trends.

Cashback and Digital Payment Offers

Cashback and payment-linked discounts via digital platforms like Apple Pay and Samsung Pay are growing, incentivizing consumers to use digital payment methods, enhancing convenience, and offering financial rewards.

THE DIFFERENCE BETWEEN FMCG VS E-COM IN UAE ARE NOT BIG EXCEPT THE "OTHERS" BUCKET

UAE retail audit - Value Contribution





08

INFRASTRUCTURE AND STRATEGIC HUBS

Infrastructure in the UAE is pivotal to supporting the rapidly growing F&B sector, providing critical facilities for storage, processing, distribution, and export. The UAE's strategic position as a gateway for trade in the Middle East has led to the development of world-class logistics hubs and facilities, with Jebel Ali Port, Al Aweer Fruit & Vegetable Market, and DP World's comprehensive F&B Ecosystem playing central roles in the sector's infrastructure.

JEBEL ALI PORT: The UAE's Primary F&B Gateway

Overview and Capacity:

Jebel Ali Port is the UAE's largest and most advanced port, handling 73% of the nation's F&B trade by value, with a total capacity of 19 million TEUs. Strategically located, the port facilitates imports from Asia, Europe, and Africa, positioning it as a regional hub that supports re-exports across the GCC and MENA regions.

Specialized Facilities:

Dedicated Quayside for F&B Commodities: Covering over 1 million sqm, with 14-16 meters draft, 2 km quay length, and 12 berths, Jebel Ali's F&B terminal is equipped for large-scale handling.

Agricultural Terminal: A \$150 million terminal with bulk silo storage, efficient conveyor belt discharge, and rail connections to the GCC, enabling streamlined processing and storage of grains, oil seeds, and pulses.

Cold Chain Logistics: The 100,000 sqm facility for temperature-controlled storage is crucial for perishable goods, minimizing spoilage and extending shelf life for fresh produce, meat, seafood, and dairy.

Sustainability and Technology

The cold chain facility reduces waste by 20-25% through optimized storage and handling practices. Advanced technology, including automated cranes, ERP systems, and real-time monitoring, supports efficient cargo handling, enhancing operational productivity and aligning with the UAE's sustainability goals.

UAE F&B SECTOR OPPORTUNITIES

Jabel Ali plays a crucial role in enabling F&B products to be consumed (Import) locally and distributed (Export) across the GCC region



Cereals



Meat Products



Beverages

Total imports
US\$ 24 billion
FY 2023



Dairy products



Fruits, Nuts
Vegetables



Sugar, Tea
Coffee, Cocoa

Exports
US\$ 13 billion
15% 19-23

LOCAL CONSUMPTION

Source: IH5Market DP World analysis, Web search

The UAE relies on imports for 80-90% of its food consumption requirements
Jabel Ali is the primary gateway for food imports into the UAE

Jabel Ali port handles 73% of the UAE food and beverage trade by value

- ✓ Dedicated F&B terminal
- ✓ Gateway to the GCC, Middle East, Asian, and African markets

700+ F&B companies in the Jabel Ali free zone (Jafza) growing their trade by 12% annually
Jabel Ali ecosystem allows F&B Traders to tap into US\$ 65 billion GCC marketplace



- ☑ Area of over 1 million sqm
- ☑ 14-16 m draft
- ☑ 2 km quay length
- ☑ 12 berths
- ☑ Readily available quayside plot
- ☑ Bulk silo storage
- ☑ Conveyor belt discharge system
- ☑ Rail connection to GC

EQUIPPED TO PROCESS



Grains



Tea & Coffee



Sugar



Oil seeds



Meat & seafood



Dairy products

AL AWEER FRUIT & VEGETABLE MARKET: The Largest Wholesale Produce Hub

Covering 1 million sqm and managing 2.3 million MT of produce annually, Al Aweer is the UAE's primary distribution hub for fresh produce. It houses 184 wholesale and 78 retail outlets, crucial for ensuring food security and fresh produce availability.

Expansion Plans

- ✓ **Cold Storage Expansion:** Plans to increase the 118,000 sqm of cold storage will improve handling and reduce spoilage.
- ✓ **Digital Traceability:** New tech investments will enhance transparency across the supply chain with QR codes and blockchain tracking.
- ✓ **Processing Facilities:** On-site cleaning, sorting, and packaging will streamline the distribution process and improve efficiency.

DUBAI CENTRAL FRUITS & VEGETABLE MARKET

KEY HIGHLIGHTS

~350
Traders in the market

~190k sqm
Lease Area

2.3M MT
Trade F&V Volume

53%
UAE Market Capture

OPPORTUNITIES FOR IMPROVEMENTS

Improve Infrastructure

Increased Transparency

Multi-Category Facilities

New Digital Services



184
Wholesales
Outlets



78
Retail Outlets



~1.1k+(2)
Parking Spots



1,432(3)
Off/On-loading docks



~118k sqm(1)
Cold Storage Facilities

DP WORLD'S F&B ECOSYSTEM

An Integrated Logistics Network

End-to-End Services: Spanning Jebel Ali Port, National Industries Park (NIP), Dubai Traders' Market, and Mina Rashid, DP World's ecosystem provides a complete supply chain solution from import to distribution for the UAE and regional markets.

Key Facilities

- ✓ National Industries Park (NIP): A 21-million-sqft park supporting F&B logistics, manufacturing, and research, promoting local production.
- ✓ Dubai Traders' Market: A platform for import/export of bulk food commodities, supporting re-exports across the GCC and MENA regions.
- ✓ Mina Rashid: Complements Jebel Ali Port by facilitating processed food imports and re-exports with extensive storage and handling options.
- ✓ Benefits: The ecosystem ensures seamless integration through centralized ERP, supports sustainability with eco-friendly practices, and is key to UAE's food security by providing reliable access to essential food supplies.



STRATEGIC INFRASTRUCTURE AND INVESTMENTS IN SUSTAINABILITY

The UAE is investing in sustainable food systems, with a focus on eco-friendly sourcing, advanced cold chain logistics, and sustainable farming. These initiatives support food security, meet environmental goals, and address local climate challenges.

Sustainable Sourcing and Practices

- ✓ Local Sourcing Commitments: Brands like Boca in DIFC prioritize local ingredients, sourcing 90% of seafood and 50% of produce regionally, reducing carbon footprint and supporting local agriculture. Boca's efforts have earned it accolades, including recognition from the Michelin Guide, setting a standard for sustainability in the F&B sector.
- ✓ Expanding Local Supply Chains: Partnerships between F&B brands and local farms enhance food quality, reduce import dependency, and improve access to fresh, seasonal options, resonating with health-conscious consumers.
- ✓ Environmental Impact: Local sourcing reduces greenhouse gas emissions from transportation and refrigeration, aligning with UAE's carbon reduction targets. Many brands also use eco-friendly packaging and reduce single-use plastics to minimize environmental impact.

Cold Chain Investments

- ✓ **Importance of Cold Chain Logistics:** The UAE's arid climate makes cold chain infrastructure critical. The 100,000-sqm facility at Jebel Ali Port supports temperature-controlled storage for perishable goods, minimizing spoilage and extending shelf life, directly aiding the UAE's food security.
- ✓ **Smart Cold Storage Technology:** Advanced tech in cold storage, like real-time temperature monitoring and AI-driven inventory systems, ensures product freshness and reduces waste. These systems optimize energy use, lowering costs and supporting sustainability goals.
- ✓ **Food Waste Reduction:** By preserving food quality, cold chain logistics help reduce food waste, which aligns with the UAE's goal to cut waste by 50% by 2030, supporting both cost savings and environmental objectives

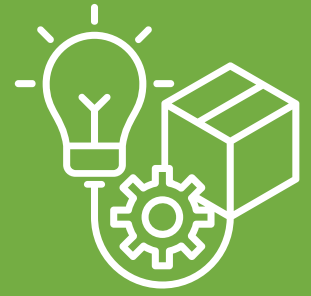
Government Initiatives

- ✓ **National Farm Sustainability Initiative:** This initiative promotes eco-friendly farming practices, such as hydroponics and vertical farming, which are suitable for the UAE's climate. It supports research on climate-resistant crops, helping increase local food production sustainably.
- ✓ **Waste Reduction Policies:** Aiming to cut food waste by 50% by 2030, the UAE encourages inventory tracking, portion control, and food donation. Legislation requires F&B operators to separate organic waste for composting, lowering disposal costs and enhancing brand reputation.
- ✓ **Water Conservation in Agriculture:** The UAE promotes water-saving techniques in agriculture, such as drip irrigation and treated wastewater usage, aiming for a 20-30% reduction in water use. This ensures sustainable food production with limited water resources, supporting both food security and environmental goals.

Circular Economy Initiatives

- ✓ **Recycling and Waste Minimization:** F&B operators are encouraged to recycle, reduce single-use plastics, and repurpose food waste into compost or animal feed, supporting the UAE's circular economy goals. These efforts reduce methane emissions and align with greenhouse gas reduction targets.
- ✓ **Sustainable Packaging:** The UAE promotes biodegradable and recyclable packaging in the F&B sector, with brands like Boca leading the shift. This aligns with both local regulations and consumer demand for eco-friendly packaging, helping reduce the environmental impact of food packaging





09

TECHNOLOGY AND INNOVATION IN UAE'S F&B SECTOR

The UAE's F&B sector is leveraging advanced technology to enhance efficiency, ensure compliance, and cater to a tech-savvy population. Key innovations such as Manufacturing Execution Systems (MES), artificial intelligence (AI), and ghost kitchens are driving the industry forward, aligning with trends in automation, digitalization, and customer personalization

COMPOSABLE MES (Manufacturing Execution System)



Yokogawa's MES optimizes production by integrating ERP and CRM systems, providing real-time data across all production stages to improve traceability and efficiency.

- ✓ **Efficiency Gains:** MES enhances operational safety by 20-30% and reduces downtime by 15% through predictive maintenance, allowing for repairs without interrupting production.
- ✓ **Traceability and Compliance:** Full traceability from raw materials to final products ensures adherence to UAE's strict food safety standards and certification processes.
- ✓ **Sustainability:** MES tracks water and energy usage, helping reduce waste by up to 20-25%, supporting the UAE's sustainability targets.

AI-Driven Personalization and Product Innovation

- ✓ **Personalized Marketing:** AI systems analyze consumer behaviors to provide personalized product recommendations, boosting customer loyalty among digitally connected consumers.
- ✓ **Smart Ordering and Automated Service:** AI chatbots and virtual assistants manage inquiries, orders, and reservations, handling specific dietary requests to enhance service accuracy and satisfaction.
- ✓ **Product Development:** AI-human collaboration models have achieved 2.2x growth in successful product launches by analyzing trends and feedback to efficiently prototype and test new offerings.

Emerging Innovations

- ✓ **Blockchain for Supply Chain Transparency:** Blockchain enables full traceability from farm to table, enhancing quality control and safety, important to UAE consumers.
- ✓ **IoT-Enabled Smart Kitchens:** IoT links kitchen equipment for real-time monitoring of inventory and processes, maintaining quality and reducing waste.
- ✓ **Robotics in Food Preparation:** Robots in high-traffic areas automate repetitive tasks, improving speed and precision.
- ✓ **AR/VR for Enhanced Dining:** Some restaurants use AR/VR to offer virtual ingredient tours, creating immersive dining experiences that elevate customer engagement.





10

NATIONAL FOOD SECURITY AND GOVERNMENT INITIATIVES

The UAE's commitment to securing its food supply is exemplified by the National Food Security Strategy 2051, supported by the Dubai Urban Plan 2040 and a suite of enabling policies. Together, these initiatives create a robust framework to address challenges such as climate change, resource scarcity, and reliance on imports. By fostering a resilient and sustainable food production system, the UAE aims to lead globally in food security

NATIONAL FOOD SECURITY STRATEGY 2051

The National Food Security Strategy 2051 aims to position the UAE as the top-ranked nation on the Global Food Security Index by 2051, building resilience against supply disruptions through technological innovation and diversified supply chains.

Key Objectives

Food Security Independence: Reduce import dependency by 10–15% by 2030 through high-tech agriculture.

Sustainability: Implement climate-smart practices, focusing on water-efficient farming.

Waste Reduction: Cut food waste by 50% by 2030 through recycling and consumer awareness campaigns.

International Partnerships: Establish supply resilience with diverse suppliers across Asia, Africa, and Europe.

Focus Areas

Sustainable Production: High-tech methods like hydroponics (90% water-saving), aquaponics, and vertical farming enable sustainable, year-round food production.

Waste Reduction: Initiatives include recycling food waste into compost and animal feed, supported by AI and IoT waste monitoring to optimize resources.

Global Supply Diversification: Partnerships with countries like India, Australia, and Egypt secure alternative sources for essential imports, supplemented by agricultural investments in East Africa and Central Asia.

NATIONAL FOOD SECURITY STRATEGY 2051 A GUIDING STAR

By launching the National Food Security Strategy 2051, the UAE aims to achieve zero hunger by ensuring access to safe, nutritious and sufficient food all year round throughout the world, with an aim to



**Make the UAE
the world's best in
the Global Food Security
Index by 2051**



**Develop a comprehensive
national system based on
enabling sustainable food
production using modern
technologies**



**Enhance local
production**



**Develop
international partnerships
to diversify food sources**



**Activate legislation
and policies that contribute
to improving nutrition**



**Activate legislation
and policies to
reduce waste**

DUBAI URBAN PLAN 2040

Dubai Urban Plan 2040 supports food security and population growth by promoting sustainable food production and logistics.

Key Goals

Infrastructure Growth: Plan for 7.8 million residents by expanding hospitality spaces by 134% and allocating 1.7 billion sq ft for F&B processing and logistics.

Environmental Sustainability: Incorporate rooftop farms, greenhouses, and urban gardens to reduce carbon emissions and promote local food production.

Logistics Hubs: New hubs around free zones and ports will improve food distribution, lowering transportation costs and enhancing supply chain efficiency.

Sustainable Transportation: Emphasize electric and hybrid vehicles in F&B logistics to reduce the carbon footprint.

Supporting Policies

The UAE government's policies facilitate F&B sector growth through tax incentives, business support, and innovation platforms.

Tax Incentives and Business Setup: Reduced taxes in free zones and streamlined licensing make the UAE attractive for F&B and agritech startups. Programs like Dubai SME and RAKEZ support business formation.

Funding and Partnerships

✓ **Grants and Subsidies:** Available for agritech innovations in indoor farming, waste management, and renewable energy.

✓ **Public-Private Partnerships (PPP):** Enable collaboration on projects like sustainable farming, processing, and infrastructure, with entities like ADIO promoting advanced farming systems.

Innovation Platforms

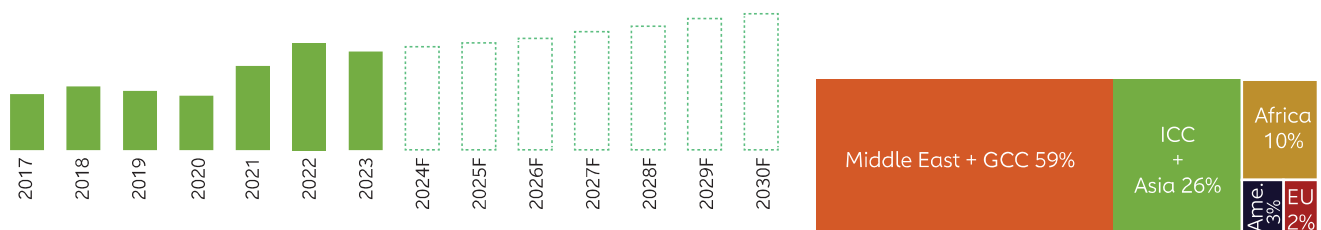
✓ **Dubai Food Park:** Provides infrastructure for F&B production, processing, and cold storage.

✓ **Abu Dhabi AgTech Park:** Supports agritech research and commercialization, focusing on biotechnology and sustainable agriculture.

Research and Development (R&D)

Investment in agritech R&D drives solutions in climate-resilient crops, water-saving techniques, and blockchain-enabled food traceability, strengthening food security across the supply chain.

UAE F&B Sector Poised to witness remarkable growth





11

TOURISM IMPACT ON THE UAE F&B SECTOR

Tourism is a key driver of the UAE's F&B sector, particularly in Dubai, which welcomed 17.15 million tourists in 2023, a 19% increase from 2022. This tourism growth significantly enhances F&B revenue and boosts the UAE's culinary reputation globally

Culinary Tourism Events

Events like the Dubai Food Festival and Gulfood attract international visitors and promote the UAE's diverse food scene, driving investments in F&B.

Integration with Major Attractions

Attractions like the Dubai Mall and Burj Khalifa include high-end dining, making F&B a core part of the tourism experience.

High-Spending Tourist Profile

Tourists in the UAE have higher average daily spends than in other Middle Eastern markets, with a large share allocated to dining.

Year-Round Demand and Innovation

The UAE's tourism calendar supports continuous demand, prompting seasonal and innovative F&B offerings, from specialty cafes to health focused eateries.



12



SECTOR CHALLENGES AND COMPETITIVE LANDSCAPE

The UAE's F&B sector faces unique challenges, influenced by both global economic pressures and evolving consumer behaviors. As the market grows, companies navigate a complex competitive landscape where economic conditions, consumer expectations, and emerging brands shape the strategic decisions for F&B stakeholders.

INFLATIONARY IMPACT ON CONSUMER PURCHASING POWER

The UAE has experienced a notable rise in inflation, affecting consumer purchasing power, especially in urban centers like Dubai and Abu Dhabi. As a result:

- ✓ 86% of consumers report increased price sensitivity, closely monitoring product prices and prioritizing affordable options and promotional deals.
- ✓ Inflationary pressures are reshaping consumer behaviors across income levels, with a shift in demand from luxury and premium products to essentials like dairy, grains, and staple vegetables.

Shifts in Consumption Patterns

With rising inflation, consumers are adjusting their purchasing priorities:

Essential Items: Demand for essential items remains stable as consumers prioritize basics over discretionary spending.

Luxury and Premium Goods: There has been a slowdown in premium categories, including imported goods, high-end snacks, and upscale dining experiences.

Brand Strategies to Mitigate Consumer Sensitivity

Brands in the UAE are adopting various tactics to maintain customer loyalty amid rising prices

Promotional Activities: Brands increasingly use bundled offers, multi-pack deals, and loyalty programs to appeal to price-sensitive shoppers.

Smaller Pack Sizes: To help consumers manage budgets, brands are introducing smaller pack options, allowing them to access premium products at lower unit costs.

Cost Optimization in F&B Supply Chains

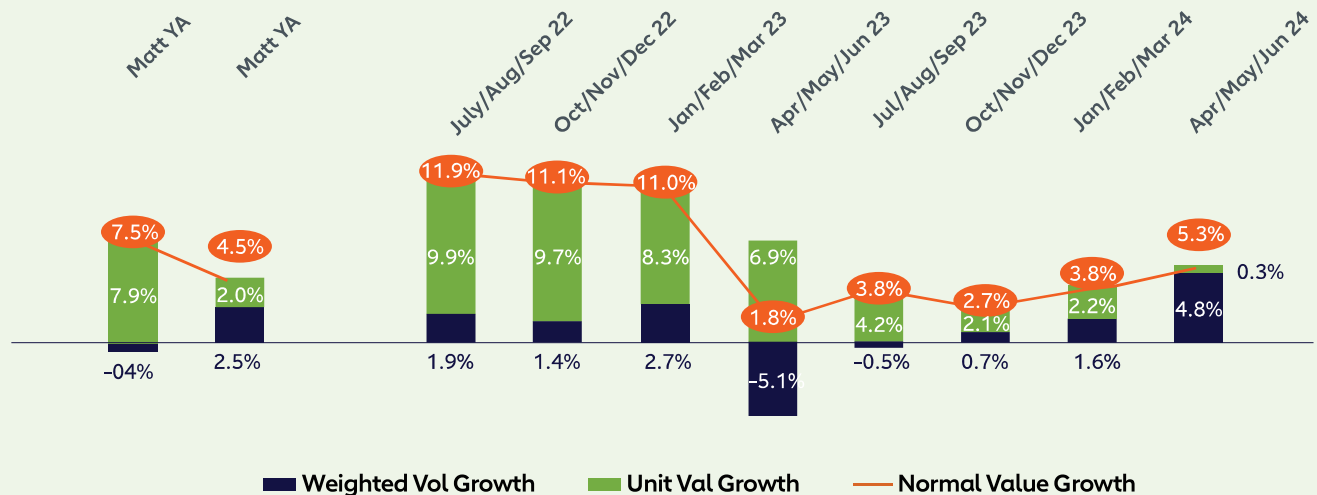
To address rising operational expenses and reduce the pressure on end prices:

Supply Chain Efficiency: Companies are consolidating orders, reducing packaging costs, and leveraging local production to stabilize prices.

Technology-Driven Operations: Automation in manufacturing and digital inventory tracking are helping brands minimize waste and streamline operations.

F&B WITNESSES, A GROWTH IN CONSUMPTION AS INFLATIONARY PRESSURE DECLINE

increase in growth levels visible across recent quarter as consumption grows post price stabilisation



Consumption Growth Amid Price Stabilization

As inflationary pressures begin to moderate, there is renewed growth in F&B consumption:

Growth Trends: Recent data shows increases in both weighted volume growth and unit value growth, with a notable 5.3% growth in April-June 2024 as price stabilization takes effect.

Improved Consumption: Consumers appear more willing to spend as prices stabilize, reflecting renewed confidence in the F&B sector's value offerings.

PRIVATE LABEL AND NICHE COMPETITION IN UAE'S F&B MARKET

Rise of Private Labels: Private labels are experiencing significant growth in the UAE's F&B sector, especially in essential categories like dairy, snacks, and grains. With a value growth of 12.4% year-over-year, private labels are outpacing traditional FMCG brands, appealing to value-conscious consumers seeking quality at competitive prices. Supermarkets such as Carrefour and Lulu have expanded their private-label offerings, capturing notable shelf space and meeting the demand for affordable essentials like eggs (Al Ghurair) and rice (Punjab Riceland).

Expansion into Health and Wellness: Private labels are venturing beyond basics into wellness-oriented products, offering organic grains, plant-based milks, and low-sugar options. This diversification appeals to health-conscious consumers, enabling private labels to compete with premium brands by addressing dietary preferences and wellness trends.

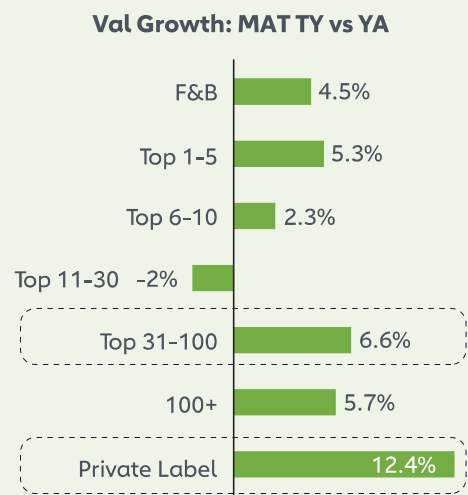
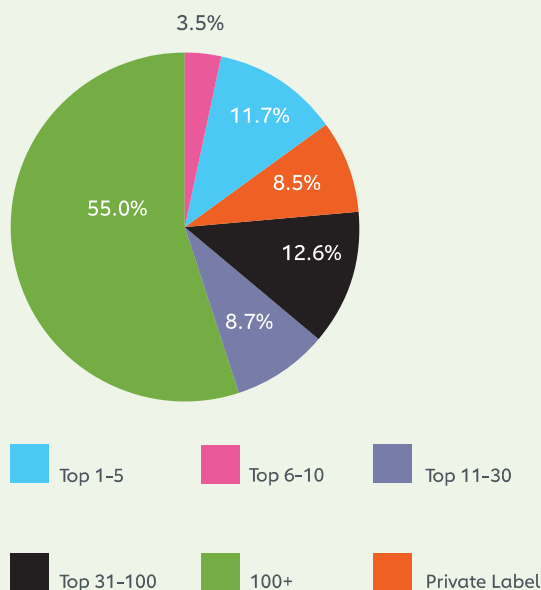
Strategic Retail Partnerships: Retailers support private labels through prime shelf placements and exclusive promotions, enhancing visibility and reducing dependency on external brands. Carrefour's "Bio" and "Carrefour" lines, for instance, provide affordable organic options that directly compete with traditional FMCG brands.

PRIVATE LEVEL OUTGROWING MARKET LEADERS IN F&B

following:(top 31-100)-> led by Eggs basket fueled by Al Ghurair followed by rice basket led by Punjab Riceland (Gautam)



Manufacturer performance percentage value contribution and growth is YA



Growth of Small and Niche Brands: Alongside private labels, small and niche brands are gaining popularity by catering to specialized consumer needs, such as keto-friendly and plant-based products. These brands offer agility in launching new products quickly, building brand loyalty among consumers who value authenticity and transparency.

Top 1-5 Brands: These leading brands grew by 5.3%, maintaining strong market presence.

Top 6-10 Brands: Slower growth at 2.3% suggests challenges in keeping pace with private labels.

Top 31-100 Brands: Growth of 6.6% shows steady demand for well-recognized, non-premium brands.

Market Share: Private labels hold 3.5% market share, while 55% of the sector's value comes from brands outside the top 100, indicating a fragmented market ripe for private-label expansion.

Challenges in Maintaining Brand Loyalty and Market Share in the UAE's F&B Sector

- ✓ **Balancing Quality and Affordability:** With inflation pressures, brands struggle to offer quality products, especially in health-oriented and organic categories, at competitive prices. Brands that successfully balance quality and affordability will likely retain consumer loyalty.
- ✓ **Digital Transformation and Consumer Engagement:** As e-commerce grows, consumers demand seamless online shopping, personalized recommendations, and transparency. Brands, including private labels, are increasingly leveraging digital strategies like social media and e-commerce to connect with younger, tech-savvy audiences.
- ✓ **Pressure from Imported Goods and Exchange Rates:** Given the UAE's reliance on imports, fluctuations in exchange rates and global supply chain issues affect prices, particularly in premium categories. Brands reliant on imports must decide between absorbing rising costs or passing them to consumers, which could impact demand.

Strategies for Competitive Positioning

- ✓ **Innovative Product Development:** Brands are expanding product lines to include plant-based, fortified, and clean-label options, addressing consumer preferences for health, sustainability, and convenience while standing out in a crowded market.
- ✓ **Direct-to-Consumer (DTC) Channels:** Some brands are establishing DTC channels, reducing retail costs and enabling personalized marketing. This approach allows brands to offer lower prices and strengthen consumer loyalty by gathering direct feedback.
- ✓ **Collaborations with Local Producers:** To stabilize supply chains and reduce reliance on imports, brands are partnering with local farms, offering fresher, eco-friendly products that align with the UAE's sustainability goals and consumer demand for locally sourced items.

Outlook and Implications

- ✓ **Adapting to a Competitive Landscape:** As inflation drives consumers toward budget-friendly options, private labels and niche brands continue to challenge established brands. Traditional FMCG brands may need to adjust pricing, product formats, and packaging to meet evolving consumer expectations.
- ✓ **Sustaining Growth Amid Economic Challenges:** Brands must focus on innovation and cost efficiency to succeed in a competitive environment. Adapting to changing consumer needs while managing rising costs will be key.
- ✓ **Future Growth Opportunities:** The growing health-conscious population and digital shopping trends offer opportunities for brands investing in wellness-focused, digital-friendly products. Embracing digital transformation, sustainable practices, and local partnerships will help brands achieve long-term growth in the UAE's dynamic F&B sector.



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STRATEGIC RECOMMENDATIONS FOR STAKEHOLDERS IN THE UAE F&B SECTOR

Enhance E-commerce and Digital Strategy

With 25% of UAE consumers favoring online shopping, F&B companies should invest in seamless e-commerce platforms that include easy navigation, diverse payment options, and personalized product recommendations. Collaborating with local delivery services and focusing digital marketing efforts on wellness and premium products can boost visibility and drive loyalty.

Value-Driven Packaging

Given the price sensitivity of UAE consumers, value-driven packaging is essential. Offering smaller packs, family-sized options, and bundle deals for essentials like dairy and snacks can cater to budget-conscious households and maximize accessibility for all demographics.

Expand Health-Focused Product Lines

As 57% of UAE consumers prioritize wellness, F&B brands should increase offerings in organic, low-sugar, and probiotic-enriched products. Seasonal promotions for items like vitamin-infused beverages can appeal to health-conscious consumers, particularly in premium segments.

Sustainability and Transparency

Eco-friendly sourcing, recyclable packaging, and clear labeling build trust, particularly with the 28.4% of Health Active consumers. Highlighting local sourcing partnerships and environmental initiatives can enhance brand loyalty and align with the UAE's sustainability goals.

Leverage AI for Personalization

AI-driven analytics enable brands to personalize shopping experiences with targeted promotions, product recommendations, and efficient inventory management. This level of customization encourages repeat purchases, increases engagement, and boosts sales in high-margin categories like organic foods.

Invest in Cold Chain Logistics

High-quality cold chain logistics are essential for imports of perishables. Investing in IoT-enabled cold storage and real-time tracking for products like dairy and seafood ensures freshness and minimizes food waste, supporting food security and compliance with quality standards.

Optimize Ghost Kitchen Operations

Ghost kitchens allow brands to operate multiple virtual brands under one roof, minimizing overhead costs and expanding menu variety. Utilizing data insights to adjust menus and streamline delivery times can help brands capture the convenience-driven, digital-native market.

Participate in Local Culinary Events

Events like the Dubai Food Festival offer brands visibility and engagement opportunities. Participation through product showcases, live demos, or collaborations with influencers can strengthen brand recognition and provide direct consumer feedback.

Promote Transparency in Sourcing

Emphasizing ethical sourcing through transparent labeling and social media appeals to environmentally conscious consumers. Sharing information on local farm partnerships and sustainability certifications builds consumer trust and resonates with health-oriented segments.

Support Local Talent Development

Collaborating with culinary programs and supporting UAE-based chefs can foster local talent, enhancing the UAE's F&B ecosystem. This investment not only aligns with cultural goals but also boosts authenticity and innovation, strengthening the UAE's position as a global food hub.



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