

# **Saudi Arabia Foodservice Market Assessment, By Type [Full-Service Restaurants, Quick-Service Restaurants, Street Stalls/Kiosks, Catering & Banqueting, Cafes & Bars, Home Delivery, Others], By Structure [Chained Outlets-Company Owned, Franchise Model; Independent Outlets], By End-user [Corporates and Business Services, Hotels, Motels and Resorts, Nursing Homes & Hospitals, Educational Premises, Theatres and Malls, Sports Complexes and Centres, Airports, and Others], By Region, Opportunities, and Forecast, 2018-2032F**

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## **Abstracts**

The Saudi Arabia Foodservice market is experiencing robust growth and is projected to reach USD 55.25 billion by 2032 from USD 28.53 billion in 2024. The market is expected to register a strong CAGR of 8.61% for the forecast period between 2025 and 2032 owing to the rising emergence of food halls and marketplaces, the increase in social media influence on dining trends, and the introduction of food festivals and events.

Saudi Arabia's food culture has mostly evolved from its neighbouring countries, therefore visitors to the Kingdom enjoy a wide range of both local and international cuisines. The country has been actively promoting tourism, attracting a growing number of international visitors, witnessing shifting trend towards healthy and sustainable eating. Such factors have led to the demand for foodservice establishments that cater to the diverse preferences and dietary requirements of tourists, creating opportunities for

new restaurants and culinary experiences.

Moreover, Saudi Arabia's Vision 2030 program aims to increase the number of cafes to 1,000 per 1 million of population from the present number of cafes being 258 per million of people. Saudi Arabia's population in May 2023 was recorded at 36 million. There is a shortage of high-end restaurants and cafes run by internationally known chefs in the kingdom which open doors of opportunities for the hospitality companies to tap the market potential in years to come. Current number of restaurants in Saudi Arabia is 1500 per 1 million in population.

Country's foodservice expenditure has been steadily growing over the years, driven by factors increasing exposure to western lifestyles, international food, and casual dining alternatives. Furthermore, the introduction of multinational food service chains has given the Saudi Arabian food service business a much-needed boost and is projected to continue driving expansion in the coming years.

#### Expansion of International Restaurants: A Boost to Saudi Arabia's Culinary Landscape

The entry of world-renowned international restaurants into Saudi Arabia signifies a pivotal shift in the Kingdom's food service industry. As the nation continues its economic transformation under Vision 2030, the demand for diverse culinary experiences has surged. This growth is fueled by a young, dynamic population, increased urbanization, and a rising number of expatriates, all eager to explore global cuisines. International brands are leveraging this opportunity, bringing premium dining experiences to a burgeoning market that is embracing modernity while retaining cultural authenticity.

This influx is reshaping the culinary landscape, offering not just gastronomic variety but also fostering local economic growth. By introducing high-quality dining options, these establishments contribute to job creation, enhance tourism appeal, and stimulate ancillary industries, such as supply chains and hospitality services. Additionally, these ventures often collaborate with local suppliers, ensuring a blend of international expertise with regional flavors and traditions.

For instance, in December 2024, Zuma, the internationally acclaimed contemporary Japanese izakaya, officially opened in Riyadh's King Abdullah Financial District (KAFD). The two-story venue delivers a sophisticated dining experience, blending its global reputation with local nuances. Signature dishes such as Miso Marinated Black Cod and Ajwa Date and Miso Toffee Cake cater to regional palates, marking Zuma's arrival as a

milestone in Riyadh's luxury dining evolution.

### Rising Influence of Strong Cultural and Religious Identity

The adherence to Islamic dietary guidelines, such as halal food requirements, drives the presence of halal-certified restaurants and ensures that specific dietary needs are met. During the holy month of Ramadan, there is an increased demand for iftar (the meal to break the fast) offerings and suhoor (pre-dawn meal) options. The buffets typically feature a wide range of traditional Saudi Arabian dishes, as well as Middle Eastern and international cuisine. Dates, soups, appetizers, main courses, and desserts are all part of the elaborate spreads.

As Saudi Arabia is a conservative, Islamic country where alcohol or inebriation is strictly prohibited. In 2019, Saudi Arabia was the largest market for non-alcoholic beverage sales, with a value of USD 1.7 billion. Thereby, Saudi Arabia has a strong cultural and religious identity, which influences foodservice trends.

### Government Initiatives and Regulations

The Saudi Arabia government has developed many initiatives to support the foodservice industry of the country, including lowering restaurant licensing and permit costs, providing financial aid to small enterprises during the pandemic, and developing new tourism attractions. In addition, the government is substantially investing in the development of new tourist sites, which will raise demand for foodservice in such regions. This includes the Red Sea Project, which intends to build a new premium tourism destination on Saudi Arabia's western coast.

The Saudi Food and Drug Authority (SFDA) is responsible for regulating and ensuring the safety of food and beverages in Saudi Arabia. It enforces strict standards and guidelines for food establishments, including hygiene practices, labeling requirements, and food import regulations. The SFDA's efforts help maintain the quality and safety of foodservice operations across the country.

### Rise of Food Delivery and Online Ordering

Like many other parts of the world, Saudi Arabia has seen a surge in online food delivery platforms. Services like Talabat, Uber Eats, and HungerStation have gained popularity, enabling consumers to order food from a wide range of restaurants and cuisines conveniently. One prominent example is the popular food delivery platform

'Jahez.' Founded in Saudi Arabia in 2016, Jahez quickly gained traction and became one of the leading online food delivery services in the country. The platform connects customers with a wide range of restaurants and allows them to place orders for delivery or pickup through its user-friendly website or mobile app. Moreover, the platform became the Kingdom's first online delivery company to go public in 2022, with a valuation of USD 2.3 billion (SR 8.9 billion) and secured USD 36 million for their commission-free halal food ordering service, DeliverDXB, which has opened in Dubai in March 2020.

### Increasing Presence of Chained Outlets

Chained outlets like McDonald's, KFC, and Starbucks have gained popularity in the Saudi Arabia foodservice market due to their strong brand recognition, consistent quality, and efficient operations. These global chains have expanded their presence across various locations in the country, offering familiar dining experiences to Saudi Arabian consumers. Al Baik is a large fast-food restaurant chain known for its delicious fried chicken and seafood offerings with a range of sauces. With over 100 locations across the country, Al Baik has built a strong brand presence and has become a desirable option for many Saudis and expatriates alike. The chain's consistent quality, affordable prices, and efficient service have contributed to its popularity and loyal customer base.

### Impact of COVID-19

The COVID-19 pandemic substantially influenced Saudi Arabia foodservice market. Many restaurants, cafés, and hotels limited their operations due to the country's rigorous measures to control the virus's spread, such as lockdowns and prohibitions on big gatherings. Moreover, the foodservice market is primarily reliant on tourist and business travel, both of which have been badly harmed by the lockdown. The suspension of Umrah and Hajj pilgrimages, which typically attract millions of travellers each year, has also had an impact on foodservice demand. However, there has been an upsurge in demand for food delivery and takeout services. Many eateries have changed their attention to online delivery companies like Talabat and Uber Eats to respond to the COVID-19 circumstances.

In June 2022, Saudi Arabia lifted all the Covid-19 restrictions that allowed the food service sector to resume to its pre pandemic operations level. The country is back to the track to achieve its 2030 Vision.

## Key Players Landscape and Outlook

Major companies operating in the market consider quality as a key component in brand positioning to preserve their market positions. To understand changing consumer tastes and preferences, businesses are boosting their R&D and marketing expenditure as well as broadening their distribution networks. The companies are constantly involved in providing innovative menus and customer loyalty programs to sustain in the market.

For example, Al Baik, a popular Saudi fast-food chain, regularly introduces new menu items and limited time offers to cater to diverse customer preferences. Whereas Herfy, a leading Saudi fast-food chain, has a loyalty program called 'Herfy Club' that offers exclusive rewards, discounts, and personalized promotions to its loyal customers.

## Contents

### 1. RESEARCH METHODOLOGY

### 2. PROJECT SCOPE & DEFINITIONS

### 3. EXECUTIVE SUMMARY

### 4. VOICE OF CUSTOMER

- 4.1. Demographics (Age, Geography, Nationality, Income, etc.)
- 4.2. Branded v/s Localised Service
- 4.3. Brand Awareness and Loyalty
- 4.4. Factors Considered in the Adoption of Foodservice
  - 4.4.1. Overall Expenses
  - 4.4.2. Quality and Hygiene
  - 4.4.3. Taste Preferences
  - 4.4.4. Additional Benefits
  - 4.4.5. Packaging
  - 4.4.6. Ambience
  - 4.4.7. Payment Options
  - 4.4.8. Perceived Usefulness
  - 4.4.9. Reviews and Ratings
- 4.5. Frequency of Service Adoption
- 4.6. Preference of Foodservice Providers
- 4.7. Preference of Foodservice Type
- 4.8. Conscious Eating
- 4.9. Impact of Influencer Marketing or Celebrity Endorsements on Product/Brand Absorption

### 5. SAUDI ARABIA FOODSERVICE MARKET OUTLOOK, 2018-2032F

- 5.1. Market Size & Forecast
  - 5.1.1. By Value
  - 5.1.2. By Volume
- 5.2. By Type
  - 5.2.1. Full-Service Restaurants
  - 5.2.2. Quick-Service Restaurants
  - 5.2.3. Street Stalls/Kiosks

- 5.2.4. Catering & Banqueting
- 5.2.5. Cafes & Bars
- 5.2.6. Home Delivery
- 5.2.7. Others
- 5.3. By Structure
  - 5.3.1. Chained Outlets
    - 5.3.1.1. Company Owned
    - 5.3.1.2. Franchise Model
  - 5.3.2. Independent Outlets
- 5.4. By End-user
  - 5.4.1. Corporates and Business Services
  - 5.4.2. Hotels, Motels and Resorts
  - 5.4.3. Nursing Homes & Hospitals
  - 5.4.4. Educational Premises
  - 5.4.5. Theatres and Malls
  - 5.4.6. Sports Complexes and Centres
  - 5.4.7. Airports
  - 5.4.8. Others
- 5.5. By Region
  - 5.5.1. Central
  - 5.5.2. Western
  - 5.5.3. Northern
  - 5.5.4. Eastern
  - 5.5.5. Southern
- 5.6. By Company Market Share (%), 2024

## **6. MARKET MAPPING, 2024**

- 6.1. By Type
- 6.2. By Structure
- 6.3. By End-user
- 6.4. By Region

## **7. MACRO ENVIRONMENT AND INDUSTRY STRUCTURE**

- 7.1. Supply Demand Analysis
- 7.2. Import Export Analysis
- 7.3. Value Chain Analysis
- 7.4. PESTEL Analysis

- 7.4.1. Political Factors
- 7.4.2. Economic System
- 7.4.3. Social Implications
- 7.4.4. Technological Advancements
- 7.4.5. Environmental Impacts
- 7.4.6. Legal Compliances and Regulatory Policies (Statutory Bodies Included)
- 7.5. Porter's Five Forces Analysis
  - 7.5.1. Supplier Power
  - 7.5.2. Buyer Power
  - 7.5.3. Substitution Threat
  - 7.5.4. Threat from New Entrant
  - 7.5.5. Competitive Rivalry

## **8. MARKET DYNAMICS**

- 8.1. Growth Drivers
- 8.2. Growth Inhibitors (Challenges and Restraints)

## **9. KEY PLAYERS LANDSCAPE**

- 9.1. Competition Matrix of Top Five Market Leaders
- 9.2. Market Revenue Analysis of Top Five Market Leaders (in %, 2024)
- 9.3. Mergers and Acquisitions/Joint Ventures (If Applicable)
- 9.4. SWOT Analysis (For Five Market Players)
- 9.5. Patent Analysis (If Applicable)

## **10. CASE STUDIES**

## **11. KEY PLAYERS OUTLOOK**

- 11.1. McDonald's Corporation
  - 11.1.1. Company Details
  - 11.1.2. Key Management Personnel
  - 11.1.3. Products & Services
  - 11.1.4. Financials (As reported)
  - 11.1.5. Key Market Focus & Geographical Presence
  - 11.1.6. Recent Developments
- 11.2. Starbucks Corporation
- 11.3. The Al Faisaliah Group,



11.4. Herfy Food Services Co.

11.5. Yum! Brands Inc.

11.6. ALBAIK Food Systems Company S.A.

11.7. Jubilant FoodWorks Limited

11.8. Kudu Corp.

11.9. Papa John's International, Inc.

11.10. Dine Brands Global Inc.

\*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work

## **12. STRATEGIC RECOMMENDATIONS**

## **13. ABOUT US & DISCLAIMER**

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