Saudi Arabia Delivery Apps - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

https://marketpublishers.com/r/SA437BCAC956EN.html

Date: July 2024
Pages: 130
Price: US$ 4,750.00 (Single User License)
ID: SA437BCAC956EN

Abstracts

The Saudi Arabia Delivery Apps Market size is estimated at USD 7.22 billion in 2024, and is expected to reach USD 14.77 billion by 2028, growing at a CAGR of 15.40% during the forecast period (2024-2028).

High internet penetration and a growth in smartphone adoption propel the growth of the studied market. In addition, changing lifestyles in the country positively impact the market's growth.

Further, a rise in investment in digitalization and an increase in alliances and collaborations of various restaurants, grocery stores, and pharma stores with application developers are anticipated to offer remunerative opportunities for the expansion of the market during the forecast period.

Further, the rise in e-commerce and quick commerce services in the country would create an opportunity for the market vendors to develop advanced delivery applications to capture the market share. For instance, according to the Riyadh Chamber, The government of Saudi Arabia aims to increase the contribution of modern commerce and e-commerce to 80% in the retail sector by 2030.

The Saudi Arabia delivery apps market faces a challenge as there is a high consumer desire for a fine dining experience. While delivery apps offer convenience, many consumers in Saudi Arabia prioritize the experience of dining out. This preference acts as a restraint on the growth of delivery apps, particularly in the segment catering to upscale dining.

Further, inflation can affect the costs associated with running a delivery application, including fuel prices, raw materials, and labor costs. Higher inflation rates may lead to increased operation expenses, which would result in higher prices for consumers or reduced profit margins for delivery companies. For instance, according to IMF, In 2022, the average inflation rate amounted to 2.47 percent compared to the previous year.

According to the World Bank, in 2022, Saudi Arabia's estimated unemployment rate amounted to approximately 5.64 percent. This decrease is down almost 1 percent from the year before. The unemployment rate is the percentage of workers in the total labor force. Such a huge unemployment rate may restrict individuals from spending more, which would hamper the studied market.

Saudi Arabia Delivery Apps Market Trends

Rise in Smartphone Penetration to Fuel the Growth of the Market

The rise in smartphone penetration in Saudi Arabia has fueled the growth of the app delivery market, as more people are using their mobile devices to access goods and services conveniently. Companies like HungerStation and Jahez have capitalized on this trend, offering food delivery services with a wide range of restaurant options to choose from. Moreover, grocery delivery apps like Nana Direct and Mrsool have gained popularity, allowing users to order groceries and other essentials easily.

Ride-hailing apps have expanded their services beyond transportation to include food and package delivery, leveraging their existing infrastructure and customer base. Additionally, delivery service providers like Talabat and Zomato have diversified their offerings to include groceries, pharmacies, and other essentials, catering to the evolving needs of consumers.

Companies like Delivery Hero have seen increased demand for their delivery services, prompting them to expand their operations and enhance their technology to meet customers' growing expectations. Therefore, the rise in smartphone penetration has transformed the app delivery market in Saudi Arabia, with many companies offering convenient solutions for various consumer needs, driving innovation and competition in the industry.

The Communications, Space, and Technology Commission (CST) released its report on the usage and penetration of the internet in Saudi Arabia for 2023. According to the report, internet penetration in the Kingdom reached nearly 99% by the end of 2023, up from 98.6% a year earlier.

Additionally, with the high internet and smartphone penetration, consumer shopping behavior is rapidly changing, thus forcing the e-commerce market vendors to offer innovative shopping apps coupled with various digital payment transaction modes. Such factors are further expected to drive the market in the country as consumers continue to look at the easy and convenient way to shop online using their smartphones. Due to the growing smartphone and internet penetration, major e-commerce vendors such as SHEIN, Noon, and Amazon offer their mobile applications for online shopping in the country.

Over the forecast period, high internet and smartphone penetration are expected to drive the e-commerce market in the Kingdom at a rapid pace owing to the changing consumer behavior, increasing use of smartphones for online shopping, and fast-speed internet. Moreover, the high internet penetration in the country is expected to enable retailers to connect with potential customers and express their brand in entirely new ways, thus driving the e-commerce market in the Kingdom of Saudi Arabia over the forecast period.

Food Delivery Apps to Witness Rapid Growth

The food delivery segment in Saudi Arabia is experiencing rapid growth due to several factors, such as increasing internet penetration, changing consumer preferences, and convenience. Companies like HungerStation, Jahez, and Talabat are capitalizing on this trend by offering easy-to-use apps, a wide range of restaurant choices, and efficient delivery services.

Additionally, the pandemic has further accelerated the adoption of food delivery services as people prioritize safety and convenience. This growth is also attracting investments from both local and international players, further fueling the expansion of the market. Therefore, food delivery apps' convenience, variety, and safety are driving their popularity and growth in Saudi Arabia.

For instance, in July 2023, Delivery Hero SE acquired all the outstanding

minority shareholdings, 37%, in HungerStation Holding Limited, the sole shareholder of HungerStation Company Ltd in Saudi Arabia, which operates Delivery Hero's Saudi business. The transaction came to a total of USD 297 million.

The proliferation of smartphones, improved internet accessibility, and the growing digital infrastructure have been pivotal in expanding online food ordering and delivery services in Saudi Arabia. The widespread adoption of mobile applications and online platforms has revolutionized how consumers interact with the food industry.

Overall, these technological advancements have empowered consumers with the convenience of browsing diverse menus, placing orders, and tracking deliveries with just a few taps on their smartphones. Furthermore, integrating GPS tracking systems enables real-time monitoring of delivery status, enhancing customer transparency and reliability.

Saudi Arabia Delivery Apps Industry Overview

Saudi Arabia's Delivery Apps Market is fragmented as Continuous innovation in technology services and marketing strategies is necessary to stay ahead of competitors. Price competition, promotional offers, and loyalty programs are common tactics used to attract and retain customers. Some of the Players include MRSOOL Inc, Jahez International Company For Information Systems Technology, HungerStation LTD (Delivery Hero SE), Talabat (Delivery Hero SE), Carrefour Ksa (Majid Al Futtaim Retail)

April 2024 - Talabat joined forces with Truecaller to improve customer safety and business communication using Truecaller's verified business caller ID solution suite. Talabat's Verified Business caller ID solution enables the company to improve its phone-based communications by providing authentic brand identity, contextual information, trust & safety, which helps users to identify authentic business calls and significantly improves their communication experience.

April 2024 - Chinese on-demand local services company Meituan is poised to launch its international food delivery platform, KeeTa, in Riyadh. The move represents the company's first foray into an overseas market amidst a slowdown in domestic growth. The anticipated launch in Riyadh, one of the wealthiest

cities in the Middle East, is part of Meituan's broader strategy to seek growth opportunities abroad as competition in China intensifies while local consumption is falling.

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