

Saudi Arabia Catering Services Market By Service Type (Contractual, Non-Contractual), By End User (Hospitality, Holy Sites, Onshore Rigs, Healthcare, Offshore Rigs, Education, Corporate, Others (Airlines, Industries, Commercial Sites, Railways, Defense, etc.)), By Region, By Competition Forecast & Opportunities, 2018-2028F

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Abstracts

Saudi Arabia Catering Services Market has valued at USD6.45 billion in 2022 and is anticipated to project robust growth in the forecast period with a CAGR of 8.49% through 2028. The Saudi Arabia catering services market has undergone significant growth and transformation in recent years, reflecting the country's evolving socio-economic landscape and the changing preferences of its population. This dynamic sector plays a pivotal role in meeting the diverse culinary demands of Saudi residents and visitors.

Saudi Arabia's booming economy, coupled with its increasing participation in international events and exhibitions, has spurred the demand for catering services. The market has expanded to cater to a wide range of occasions, including weddings, corporate events, government functions, and private parties. Traditional Arabic cuisine remains popular, but there is also a growing interest in international cuisines, reflecting the country's increasingly diverse population.

Furthermore, the COVID-19 pandemic has driven a shift towards remote working and virtual events, prompting catering services to adapt and offer innovative solutions, such as virtual catering and meal delivery services. This adaptability has sustained the industry during challenging times. The Saudi Arabia catering services market is highly

competitive, with both large multinational catering companies and local businesses vying for market share. Quality, hygiene, and customer satisfaction are paramount in this industry, and providers are continually striving to exceed expectations.

In summary, the Saudi Arabia catering services market is vibrant and evolving, driven by economic growth, cultural diversity, and changing consumer preferences. Adapting to new trends and embracing innovation will be crucial for businesses in this sector to thrive in the coming years.

Key Market Drivers

Economic Growth and Diversification

One of the primary drivers of the catering services market in Saudi Arabia is the country's sustained economic growth and diversification efforts. Historically reliant on oil revenues, Saudi Arabia has embarked on an ambitious economic diversification plan, known as Vision 2030, which seeks to reduce its dependence on oil and stimulate growth in other sectors, including tourism and hospitality.

As the country opens up to international tourists and attracts foreign investments, there is a growing demand for catering services to support various events and functions, ranging from business conferences and trade exhibitions to cultural festivals and sporting events. This diversification has led to an increased number of opportunities for catering companies to showcase their culinary expertise and meet the diverse culinary preferences of a global clientele.

Expanding Tourism Industry

Saudi Arabia has been making significant strides in developing its tourism sector, with initiatives such as the launch of tourist visas and the development of tourist destinations like NEOM and the Red Sea Project. The influx of tourists has boosted the demand for catering services, particularly in areas frequented by international visitors.

Tourists often seek authentic local cuisine experiences, and catering companies have responded by offering traditional Saudi dishes alongside international options to cater to diverse tastes. This trend has not only created new revenue streams for catering businesses but has also fostered cultural exchange and culinary innovation.

Changing Consumer Preferences

Consumer preferences in Saudi Arabia have evolved, driven by factors like urbanization, exposure to global culinary trends through media and travel, and changing lifestyles. Modern consumers are seeking convenience, variety, and quality in their dining experiences, whether at home, in the office, or at events.

Catering companies have adapted by offering a broader range of services, including meal delivery, meal planning, and event catering. These services cater to consumers looking for hassle-free dining options, whether it's a busy professional ordering lunch at the office or a family planning a special event. Additionally, there's a growing interest in healthier and more diverse food options, leading to a surge in demand for caterers capable of providing customized, health-conscious menus.

Technological Advancements

Technology has played a significant role in shaping the Saudi Arabia catering services market. The adoption of digital platforms for ordering and delivery has streamlined operations and enhanced the customer experience. Mobile apps and online ordering platforms have made it easier for consumers to access catering services, browse menus, place orders, and provide feedback.

Furthermore, technology has enabled catering companies to optimize their supply chain, improve inventory management, and enhance food safety and quality control. Innovations like kitchen automation, temperature monitoring systems, and food tracking software have become essential tools for ensuring efficient and safe food production and delivery.

Adaptation to COVID-19 Challenges

The COVID-19 pandemic has posed unique challenges to the catering services market in Saudi Arabia, but it has also driven innovation and adaptation. Social distancing measures, restrictions on large gatherings, and a shift towards remote working and virtual events prompted catering companies to pivot their business models.

Many catering companies in Saudi Arabia embraced the opportunity to offer virtual catering services, delivering restaurant-quality meals to the homes of individuals participating in virtual events or working from home. This not only helped businesses survive during lockdowns but also introduced a new revenue stream. Furthermore, the

pandemic accelerated the adoption of strict hygiene and safety protocols in the industry. Caterers implemented rigorous sanitation measures, adopted contactless delivery options, and reconfigured their kitchens and workflows to ensure the safety of their customers and employees.

In conclusion, the Saudi Arabia catering services market is undergoing significant growth and transformation, driven by economic diversification, expanding tourism, changing consumer preferences, technological advancements, and adaptation to COVID-19 challenges. As the country continues to develop its non-oil sectors and attract a diverse range of visitors and investors, the catering industry is poised for further expansion and innovation. Catering companies that can adapt to these drivers and provide high-quality, diverse, and technologically advanced services will likely thrive in this dynamic market.

Key Market Challenges

Economic Dependence on Oil Prices

One of the most prominent challenges facing the catering services market in Saudi Arabia is the country's heavy reliance on oil revenues. Historically, the Saudi economy has been deeply dependent on oil exports, making it susceptible to fluctuations in global oil prices. When oil prices are high, the government has more resources to invest in infrastructure development, tourism promotion, and other economic diversification efforts, which can benefit the catering industry indirectly.

However, during periods of low oil prices, the government may reduce spending on non-oil sectors, impacting the overall economy and, subsequently, the catering services market. The industry's growth can be hindered when government investments in tourism, entertainment, and other sectors slow down due to budget constraints. Catering companies may experience reduced demand for their services as a result.

Seasonal Demand Fluctuations

Another challenge is the seasonal nature of demand for catering services in Saudi Arabia. The country has a distinct climate, with extremely hot summers and milder winters. This climatic variation can lead to significant fluctuations in the demand for catering services, as outdoor events and gatherings are less common during the scorching summer months.

Catering companies often need to adjust their business strategies to accommodate these seasonal fluctuations. During the cooler months, there is a surge in demand for outdoor events, weddings, and festivals. In contrast, the summer months can see a decline in such activities. Catering businesses must find ways to diversify their services and maintain a steady revenue stream throughout the year.

Competitive Market Landscape

The catering services market in Saudi Arabia is highly competitive, with a mix of multinational corporations and local businesses vying for market share. This intense competition can make it challenging for smaller or newer catering companies to establish themselves and grow.

Established players in the market often have well-established client networks, brand recognition, and the resources to invest in marketing and technology. Smaller and emerging businesses need to differentiate themselves through unique offerings, exceptional service, and innovative marketing strategies to compete effectively.

Excessive Wastage of Food

The Kingdom of Saudi Arabia is renowned for its high rate of food wastage, with an average per capita food loss of 427 kg per year. This is due to the Kingdom's limited arable and water resources, which means that it must rely heavily on imported and subsidized food to cover its needs. Food waste, however, is the most common form of landfilling, and can be found in restaurants, catering facilities, and households. Examples of food wastage can be seen at events such as festivals and other social gatherings, where it is common for customers to bring more than is necessary. As caterers are often unable to accurately predict the quantity of food a customer will require for an event, a large amount of food is left to go to waste.

Regulatory and Licensing Challenges

Navigating the regulatory landscape in Saudi Arabia can be a significant challenge for catering companies. The country has specific regulations and licensing requirements for food businesses, which can vary by region. Compliance with these regulations is essential to ensure the safety and quality of food services.

Obtaining the necessary permits, licenses, and certifications can be a time-consuming process, especially for new entrants or businesses looking to expand to multiple

locations. Compliance with Saudi Arabia's stringent food safety standards is crucial, as any lapses can lead to legal issues and damage the reputation of catering companies.

In conclusion, the Saudi Arabia catering services market faces several challenges that range from economic dependence on oil prices and seasonal demand fluctuations to intense competition, regulatory hurdles, and cultural sensitivities. Overcoming these challenges requires a combination of strategic planning, adaptability, compliance with regulations, and a deep understanding of local culture and preferences.

Catering companies that can navigate these challenges effectively, differentiate themselves in the market, and provide high-quality, safe, and culturally sensitive services are well-positioned to thrive in this dynamic and evolving industry. Additionally, keeping a close eye on economic trends, diversifying services, and seeking opportunities for innovation can help catering businesses stay resilient and grow in the face of these challenges.

Key Market Trends

Fusion Cuisine and Culinary Innovation

One of the most noticeable trends in the Saudi Arabia catering services market is the increasing popularity of fusion cuisine and culinary innovation. As the country opens up to international influences and attracts tourists from around the world, there's a growing appetite for unique and diverse flavors.

Catering companies are embracing this trend by incorporating elements of various international cuisines into their menus. For example, you may find Arabic dishes infused with Asian, Mediterranean, or Latin American flavors. This fusion approach not only appeals to a broader range of tastes but also showcases the creativity and adaptability of catering businesses.

Additionally, there's a focus on using locally sourced ingredients to create fresh and sustainable dishes. Caterers are exploring ways to incorporate traditional Saudi ingredients and flavors into their offerings, giving a modern twist to classic dishes.

Health-Conscious Menus

Health-conscious dining has gained significant traction in Saudi Arabia, mirroring global trends towards wellness and mindful eating. Consumers are becoming increasingly

concerned about the nutritional value of their meals and are looking for options that support their health and well-being.

Catering companies are responding by offering healthier menu choices, including vegetarian, vegan, and gluten-free options. They are also focusing on transparency in ingredient sourcing and preparation methods to assure customers of the quality and freshness of their food. Incorporating superfoods, organic produce, and low-sugar and low-sodium options has become more prevalent. Caterers are also using alternative proteins, such as plant-based meat substitutes, to cater to the growing demand for vegetarian and vegan diets.

Sustainable Practices and Eco-Friendly Initiatives

Sustainability and eco-friendliness are increasingly important considerations for both consumers and businesses. In the Saudi Arabia catering services market, this trend is evident in various aspects of the industry.

Catering companies are adopting sustainable practices in their operations, including reducing food waste through better portion control and recycling excess food. They are also increasingly using eco-friendly packaging materials to reduce environmental impact. This aligns with broader global efforts to reduce single-use plastics and promote sustainability.

Furthermore, some catering businesses are sourcing ingredients from local farmers and producers, supporting the growth of sustainable agriculture in the region. The emphasis on sustainability not only appeals to environmentally conscious consumers but also aligns with the broader goals of Saudi Arabia's Vision 2030, which includes environmental sustainability as a key pillar.

Booming Tourism Industry

The catering services market is closely linked to the tourism and hospitality industry, and the government of Saudi Arabia has implemented several initiatives to increase tourism and Hajj pilgrim numbers in the wake of the coronavirus pandemic. For example, the quota of Hajj pilgrims for Makkah has been increased from 60 000 to 1 million, which will undoubtedly benefit the catering services market as most tourists and pilgrims depend on food that is mainly provided by catering companies. As domestic and foreign tourists continue to increase in the country, the catering services market is expected to experience a significant growth in the coming five years, providing an

excellent opportunity for the catering services business to thrive.

Personalization and Customization

Personalization has become a significant trend in the Saudi Arabia catering services market. Catering companies are offering more options for customers to customize their menus and dining experiences to suit their preferences and dietary requirements.

Customized catering packages are increasingly popular, allowing clients to tailor the menu, portion sizes, and service style to their specific event or occasion. This level of personalization ensures that catering services are aligned with the unique needs and preferences of each customer.

Some catering companies are also offering chef's tables and interactive dining experiences, where customers can collaborate with chefs to create bespoke menus for special events. This not only adds an element of excitement but also elevates the overall dining experience. In conclusion, the catering services market in Saudi Arabia is undergoing rapid transformation, driven by culinary innovation, health-conscious dining, sustainability initiatives, technology integration, and personalization. Catering companies that adapt to these trends are better positioned to meet the evolving expectations of their clientele and stay competitive in a dynamic and competitive industry.

As Saudi Arabia continues to diversify its economy and attract a global audience, the catering services market is likely to experience further growth and innovation. Staying attuned to these trends and embracing them as opportunities for creativity and growth will be essential for catering businesses in the region.

Segmental Insights

Service Type Insights

The Saudi Arabia catering services market is witnessing a significant surge in the demand for contractual catering services, marking a notable trend in the industry. This growing popularity can be attributed to various factors, including the country's economic diversification efforts, the expansion of the corporate sector, and changing consumer preferences.

Contractual catering services offer businesses and institutions a cost-effective and

efficient solution for their food service needs. Many organizations, both public and private, are opting for long-term contracts with catering companies to provide meals for their employees, students, or residents. These contracts ensure a consistent and reliable source of high-quality food, which is essential for employee satisfaction, student well-being, and overall operational efficiency.

Furthermore, contractual catering arrangements often come with the added benefits of customized menus, flexible service options, and adherence to specific dietary requirements. As Saudi Arabia continues to diversify its economy and attract foreign investments, the demand for contractual catering services is expected to rise further, presenting opportunities for catering companies to expand their clientele and provide tailored solutions to meet the evolving needs of businesses and institutions in the region.

End User Insights

The Saudi Arabia catering services market is experiencing a substantial uptick in demand from the hospitality sector, signifying a noteworthy trend in the industry. This heightened interest can be attributed to the nation's burgeoning tourism industry, growing number of international visitors, and increased investments in the hospitality sector.

As Saudi Arabia seeks to diversify its economy and reduce its dependence on oil, the government has made substantial investments in developing the tourism and hospitality sectors. The opening of tourist attractions like NEOM and the Red Sea Project, coupled with the launch of tourist visas, has resulted in a surge in visitors to the country. These tourists, along with business travelers, require a wide range of catering services for events, conferences, weddings, and other functions. The hospitality sector, including hotels, resorts, and event venues, is relying on catering companies to provide high-quality culinary experiences to enhance the overall guest experience.

Catering companies are responding to this demand by offering a variety of services tailored to the hospitality industry's specific needs. This includes not only catering for large-scale events but also providing in-room dining options, catering for hotel restaurants, and collaborating with event planners to create memorable culinary experiences for guests. As Saudi Arabia continues to position itself as a global tourist destination, the demand for catering services within the hospitality sector is expected to continue its upward trajectory, presenting lucrative opportunities for catering companies.

Regional Insights

The Saudi Arabia catering services market is experiencing a notable surge in demand from the Northern and Central regions, signifying a significant regional trend within the industry. This heightened demand is attributed to the rapid urbanization, economic growth, and increasing population density in these areas.

Northern and Central regions of Saudi Arabia, which include cities like Riyadh, Qassim, and Hail, have been at the forefront of the country's economic development and urban expansion. These regions have witnessed a growing number of corporate offices, government institutions, and educational facilities, all of which require catering services for various events, meetings, and daily meal provisions. This surge in demand is driven by the need to provide convenient and high-quality food services to employees, students, and residents in these bustling urban centers.

Catering companies are actively expanding their presence in these regions to meet the rising demand. They are offering a diverse range of catering solutions, including corporate catering, school and university meal services, and event catering, to cater to the unique requirements of the Northern and Central regions. As these regions continue to be hubs of economic activity and population growth, the demand for catering services is expected to remain robust, making them key growth areas within the Saudi Arabian catering services market.

Key Market Players

Gulf Catering Company

Saudi Airlines Catering Company

Sodexo FZE

Unique Catering Services Ltd.

Algosaibi Services Company

Gulf Mahmal Support Services Co. Ltd.

Al-Karam Al-Arabi for Catering Services Ltd.

Rezayat Catering & Support Services

Almays Catering Solutions

Arabian Gannas Ltd. Co.

Saudi Catering and Contracting Co.

Report Scope:

In this report, the Saudi Arabia Catering Services Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Saudi Arabia Catering Services Market, By Service Type:

Contractual

Non-Contractual

Saudi Arabia Catering Services Market, By End User:

Hospitality

Holy Sites

Onshore Rigs

Healthcare

Offshore Rigs

Education

Corporate

Others (Airlines, Industries, Commercial Sites, Railways, Defense, etc.)

Saudi Arabia Catering Services Market, By Region:

Northern & Central

Western

Southern

Eastern

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Saudi Arabia Catering Services Market.

Available Customizations:

Saudi Arabia Catering Services Market report with the given market data, Tech Sci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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