

September 2021

GCC Food & Beverage Sector

Industry to rebound from COVID-19
impact aided by new business models

Research Highlights:

The report examines the F & B market in GCC countries including prospects for the sector, estimated market growth and market size and online ordering trends. The report also discusses the COVID-19 impact and evolving technological advancements that are redefining the F&B landscape



Table of Contents

| | | | |
|----|--|----|---|
| 07 | CHAPTER 1 Executive Summary | 34 | CHAPTER 7 Global vs Local Players: Who will win? |
| 09 | CHAPTER 2 Industry Overview | 37 | CHAPTER 8 High rentals: Will it spoil the party? |
| 12 | CHAPTER 3 Country Overview | 40 | CHAPTER 9 Will Cloud Kitchen trend heads up in GCC? |
| 26 | CHAPTER 4 Top Trends in F&B industry | 42 | CHAPTER 10 Who is buying whom? M&A deals in F&B Space |
| 29 | CHAPTER 5 Online ordering & Takeaway: A key business segment | 44 | CHAPTER 11 Hurdles: The usual and the unusual suspects |
| 33 | CHAPTER 6 Immunity Boosting Products – Will the rising trend last long? | 45 | CHAPTER 12 Success story: Talabat Case Study |

List of Tables

Table 2.1 Restaurants types and key features

Table 4.1 Country-wise Mobile Subscription & Internet Penetration

Table 5.1 Key Players and Revenue Estimates (2020)

Table 5.2 Social Media Indicators

Table 7.1 Portfolio of family owned Franchises

Table 7.2 Regional QSR and Café chains in GCC

Table 8.1 Total Retail Space & Expected Deliveries in million square meters

Table 10.1 M&A Deals in F&B Sector in GCC

Table 12.1 Talabat's Timeline

Table 12.2 Talabat Key Information

List of Figures

| | | | |
|------------|--|-------------|--|
| Figure 2.1 | GCC F&B Structure | Figure 3.7 | UAE Revenue from Operations Forecast (in USD Millions) |
| Figure 2.2 | GCC Nations GDP Per Capita | Figure 3.8 | Average Sales per Outlet - Kuwait (USD) |
| Figure 3.1 | KSA Average Estimated Sales per Outlet, 2020 (USD '000s) | Figure 3.9 | Kuwait F&B Revenue Estimates (in USD Millions) |
| Figure 3.2 | Aggregate Food Outlets in KSA | Figure 3.10 | Kuwait F&B Revenue Forecast (in USD Millions) |
| Figure 3.3 | KSA Revenue from Operations Estimates (in USD Millions) | Figure 3.11 | Average Sales per outlet (USD '000s) |
| Figure 3.4 | KSA F&B Revenue Forecast (in USD Millions) | Figure 3.12 | Oman F&B Revenue Estimates (in USD Millions) |
| Figure 3.5 | Average Sales per Outlet – UAE (USD '000s) | Figure 3.13 | Oman F&B Revenue Forecast (in USD Millions) |
| Figure 3.6 | UAE F&B Revenue Estimates (in USD Millions) | | |

List of Figures

Figure 3.14 Total Food Service Outlets in Qatar

Figure 3.15 Qatar F&B Sales Forecast (in USD Millions)

Figure 4.1 Global Food Chain Outlets

Figure 5.1 Unit Economies of Food Delivering Companies in MENA region

Figure 8.1 GCC Rental Rates change in percentage

Figure 8.1 GCC Rental Rates change in percentage

Figure 8.2 Retail Vacancy in Major GCC Cities

Figure 10.1 Mergers & Acquisition in GCC nations

Executive Summary

The food & beverage industry is one of the promising sectors in the GCC region and has shown a strong appetite for growth for a longer period. The Covid-19 pandemic has led to a severe downfall in the industry growth and reduced the demand for people's spending. The industry is one among the most affected by Covid-19 due to lockdowns, travel restrictions and social distancing. The dine-in spending in the region also stands affected. The F&B industry in GCC is different from other regions where high number of expatriates and young generation define the growth path for the industry. The emerging online culture of the young, tech-savvy population has pushed the foodservice operators to evolve and adapt. It has become necessary for businesses to meet the diversified demands of the people. UAE and the Kingdom of Saudi Arabia are the key regions that contribute to the industry growth and has become pioneers in industry transformation. The region has many global and local players meeting the rich and varied demands of the consumer market. Chief among the reasons for changing eating patterns in the region is the emergence of Quick Service Restaurants (QSR) chains such as KFC, Burger King, Pizza Hut and regional outlets like Herfy, ChicKing that provides high quality foods at an affordable price in faster service. The ongoing pandemic has changed the behavioural pattern of eating out and the food restaurants are adjusting their business to cloud kitchen and online delivery to meet the new trends.

The industry has changed its face since the Covid-19 pandemic. Online food ordering and delivery platforms have changed the way people consume food. The innovation of technology has given power to the consumers to get their favourite foods in a few minute's time. Travel restriction and social distancing further fuelled the growth of online ordering platforms. Players like Talabat, Zomato, FoodonClick have helped businesses to transform operationally to meet the evolving trends. Talabat has clocked over 4 million monthly visits in April 2021 and average daily orders on an average exceeds 100,000. New business models like cloud kitchen and Kitchen-as-a-Service model have encouraged all restaurants to meet the increased demand. Overall, the future outlook for the Food & Beverage industry is expected to be stable. While increasing awareness of health and convenience of online food ordering could drive market growth.

Executive Summary

The industry has a wide variety of players from local and overseas. The major QSR share is held by food chains like Herfy, McDonalds, KFC, Burger King, Pizza Hut and Subway. These six franchises alone have over 2,700 food outlets in the GCC region. Americana group operates the majority of the franchise chains in the region such as KFC, Hardee's Krispy Kreme.

The GCC region imports majority of the meat from outside the region and they mostly import meat from Asian and South American countries. The industry has a certifying body for checking the quality of the meat. International Halal Accreditation Forum launched in 2016 with 10 founding members has over 35 countries as members now. This body encourages and facilitates the adoption and implementation of natural standards for food quality.

High supply of retail places has impacted the rental prices. The rental rates have reached the upper level and were falling for the past few years. The top cities like Dubai, Abu Dhabi, Riyadh and Jeddah are expected to add 1.08 million square meters of retail space in 2021 in addition to the existing space of 11.6 million square meters. Property owners are offering deep discounts and offers for attracting and retaining the tenants. The rental rates have fallen approximately 8% in those four cities in 2020.

In addition to rental rates, the foodservice operators are face challenges in the implementation of Value Added Tax (VAT) for the products. The implementation of tax is triggered by low oil prices and as a measure to diversify the country's income sources. The introduction of VAT may likely impact the consumer's purchase but it is unlikely to stay hindrance for the long term.

GCC region also benefits from higher living standards that will encourage high consumer spending. Consumers are also becoming highly selective in their product preferences, comparing quality and price differentials in a holistic manner, presenting opportunity for retailers. At the same time, investors and operators are increasingly looking to gain market share by establishing new outlets.

Did you know?

- The total food service outlets in the GCC nations is estimated to be more than 134,000 in 2020.
- The overall market expenditure of Saudi Arabia on food and beverage is estimated to be more than USD 50 billion in the year 2020.
- KSA is a leading market for QSR chains such as McDonalds, KFC and Pizza Hut and they have 304 stores, 220 stores and 222 stores. respectively.
- Total restaurant sales of UAE are expected to reach USD 8.9 billion by 2025
- Kuwait market is the third largest among the GCC nations and the Food & Beverage sector accounts for 1.6% of the non-oil GDP
- The Food & Beverage in Oman market is expected to reach the pre-pandemic level of business in the year 2022.

Interested to know more about the GCC Food & Beverage Sector? Find out in our latest report on the sector.

Why purchase the report

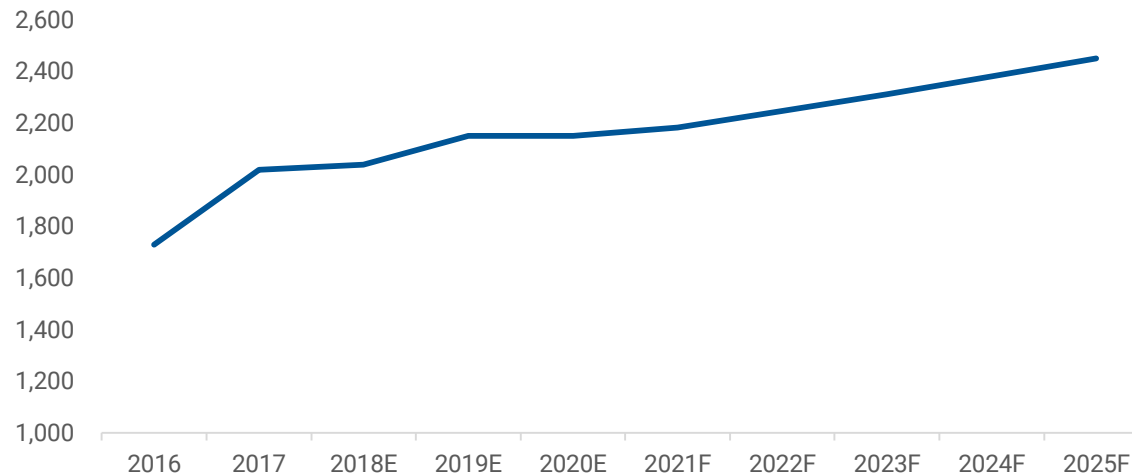
- **Timely Report on a COVID-19 Impacted Sector:** The Food & Beverage Sector is one of the severely impacted sectors by the lockdowns imposed due to COVID-19. The Report provides the impact by each of the GCC markets and when the expected rebound to pre-pandemic levels is expected to occur in these markets.
- **Market-wise Coverage & Analysis:** The report provides market wise insights on a range of aspects pertaining to the GCC Food & Beverage sector including the pre-pandemic growth trends in each of the GCC markets, the market size before the pandemic and expected market size post pandemic, the new business models taking shape in the industry and key positive and negative factors impacting the industry.
- **Key Data Points:** The report presents important data points such as,
 - Number of Food & Beverage Outlets
 - Trends in Sales per Outlet
 - Number of outlets of leading QSR Chains
 - Revenue Estimates by Different Size Categories
 - Economies of Food Delivery Companies

A 360. View

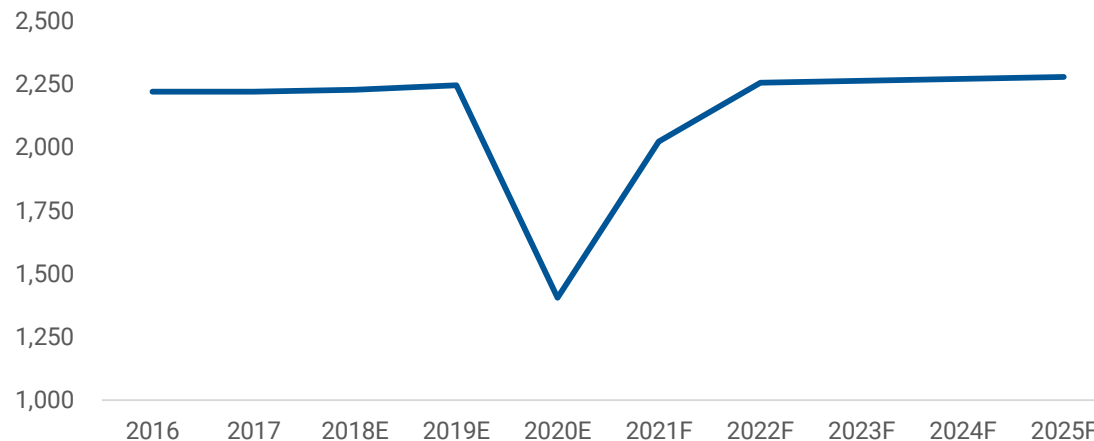


Key Discussion Points

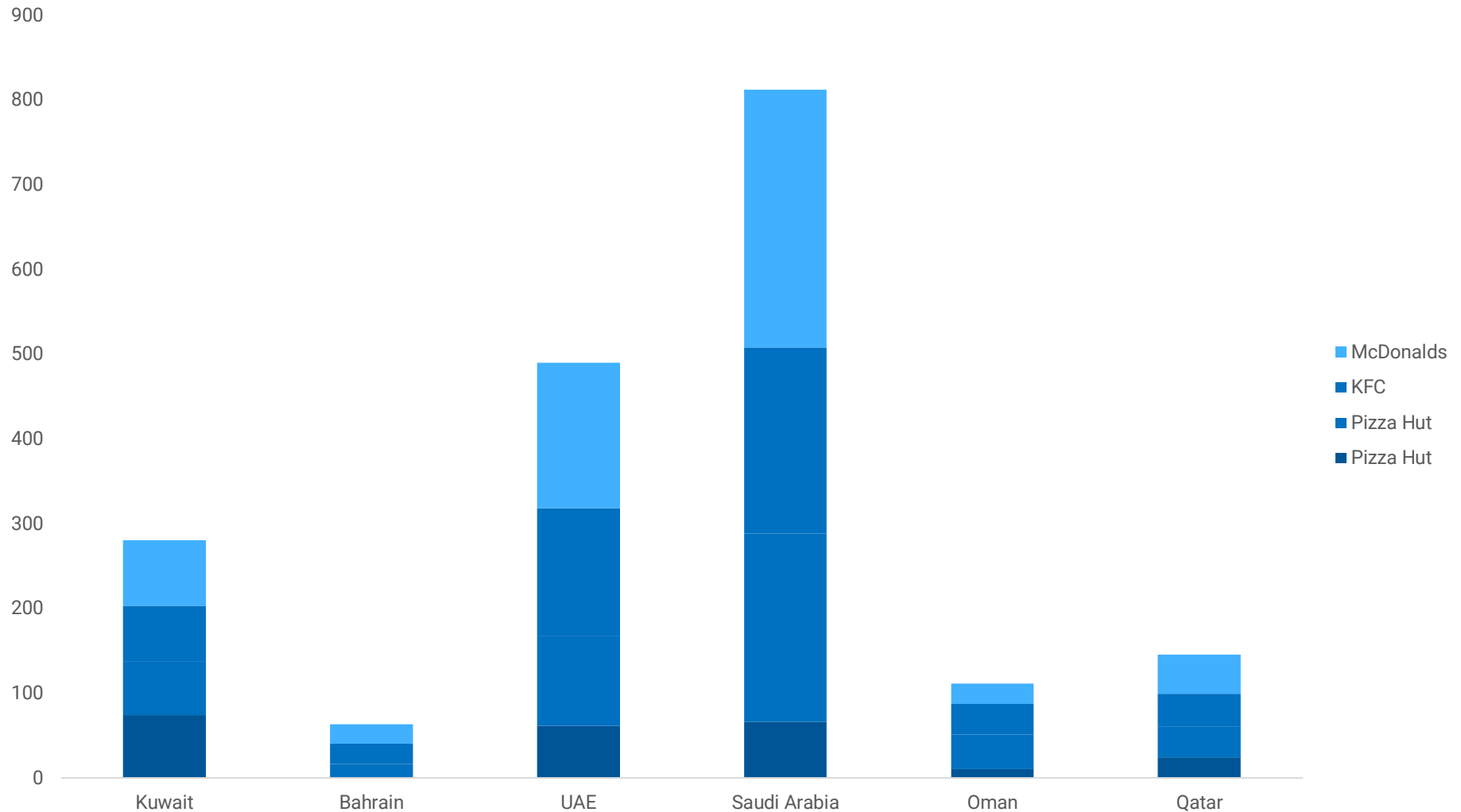
- Growth in F & B Outlets (Example: Qatar)



- Pre Covid-19 and Post Covid-19 Recovery of Sales per Outlet (Example: Oman)



Excerpt: Global Food Chain Outlets



Excerpt: Unit Economies of Food Delivery Companies in MENA



Contact us

M.R. Raghu CFA, FRM

CEO

+965 2224 8280

RMandagolathur@e-marmore.com

NC Karthik Ramesh

Director

KRamesh@e-marmore.com

To buy the full report, please

[Click here](#)

OR email us at enquiry@e-marmore.com

Would prefer talking to us? Call us at **+965 2224 8280**

Disclaimer

This report has been prepared and issued by Marmore MENA Intelligence Ltd (Marmore), a fully owned research subsidiary of Kuwait Financial Centre "Markaz" K.P.S.C. Marmore is a private limited company registered with the Registrar of Companies in India.

This Report is owned by Marmore and is privileged and proprietary and is subject to copyrights. Sale of any copies of this Report is strictly prohibited. This Report cannot be quoted without the prior written consent of Marmore. Any user after obtaining Marmore's permission to use this Report must clearly mention the source as "Marmore." The Report is intended to be circulated for general information only and should not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction.

The information and statistical data herein have been obtained from sources we believe to be reliable, but no representation or warranty, expressed or implied, is made that such information and data is accurate or complete, and therefore should not be relied upon as such. Opinions, interpretations, estimates, and projections in this report constitute the current judgment of the author as of the date of this Report. They do not necessarily reflect the opinion of Marmore or other identified parties and are subject to change without prior notice. Marmore does not have an obligation to update, modify, or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast, or estimate set forth herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn.

This Report may not consider the specific investment objectives, financial situation, and the particular needs of any specific person who may receive this report. Investors are urged to seek financial advice regarding the appropriateness of investing in any security or investment strategy discussed or recommended in this report and to understand that statements regarding future prospects may not be realized. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Investors should be able and willing to accept a total or partial loss of their investment. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily indicative of future performance.

This report may provide the addresses of or contain hyperlinks to websites. Except to the extent to which the report refers to website material of Marmore, Marmore has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to Marmore's own website material) is provided solely for your convenience and information, and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this report or Marmore's website shall be at your own risk.

For further information, please contact 'Marmore' at Email: enquiry@e-marmore.com; Tel: 0091-44-42316217.

About Marore

Marmore MENA Intelligence is a fully-owned research subsidiary of Kuwait Financial Center 'Markaz'. Since 2006, Markaz Research has been at the forefront in disseminating thought-provoking, hard-data backed research reports. Marmore continues that legacy with a focused approach to providing actionable solutions for business leaders and policymakers.

Since its inception, Marmore has published over 700 research reports and covered more than 25 varied industries and infrastructure segments; all focused primarily on the GCC economies. (To view our Research Library, please [click here](#))

With over 30 policy and regulatory research studies published, Marmore has partnered with renowned regional think-tanks and opinion-leaders to publish some of these intellectually provoking policy research papers. These research studies aim to initiate dialogue and propose better solutions to existing economic conundrums. (To view our Policy & Regulatory research report, [click here](#))

Marmore provides research-based consulting solutions to help understand current market conditions, identify growth opportunities, assess supply/demand dynamics, and make informed business decisions.

Almost on a weekly basis, Marmore publishes thematic economic, industry, policy and capital market reports. Marmore has been recently conferred "Research Provider of the Year - 2018" award by Global Investor, a Euromoney Group company. To learn more, visit www.marmoremna.com

OUR JOURNEY SO FAR

- Over **700** reports/insights published
- Over **63** Client projects executed
- Frequent media citations and conference participation
- Active social media presence



/marmoremna



@marmoremna



marmore-mena



marmoreMENA

**RESEARCH
PROVIDER
OF THE YEAR**



Business Verticals



CUSTOMIZED RESEARCH

Our customized research department caters to unique requirements of the clients



CONSULTING SERVICES

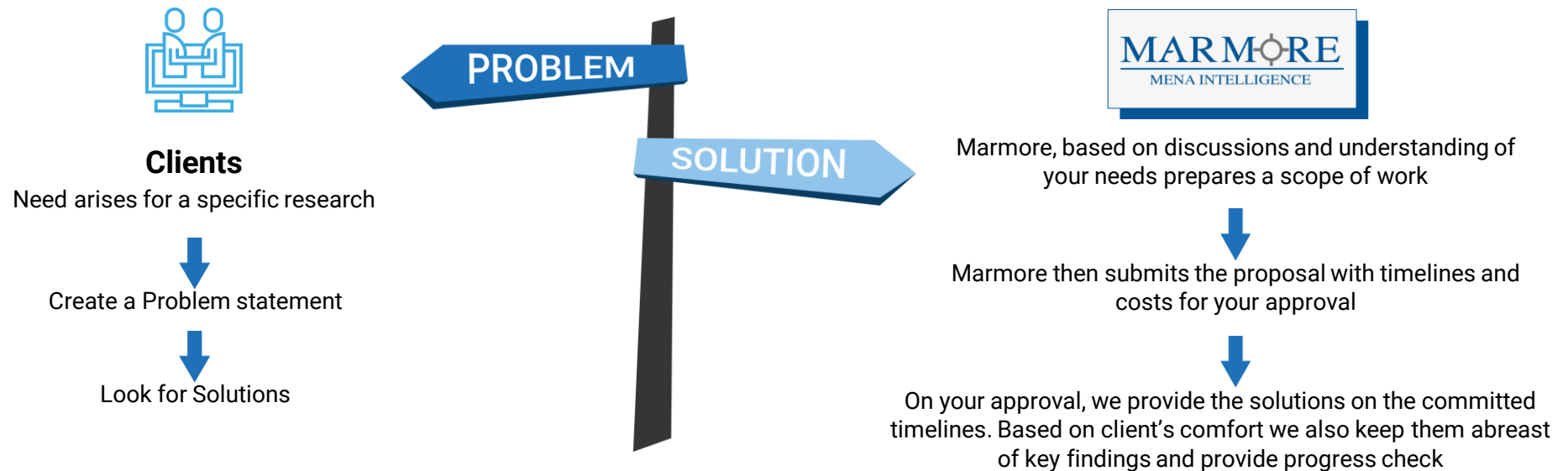
Our GCC focus enables us to provide bespoke consulting services based on clients requirements



PUBLISHED RESEARCH

We provide GCC focused research on demand or subscription

Customized Research Offerings – You ask we Deliver



MARMORE CREDENTIALS

Case 1:

Problem: A leading Venture Capital firm wanted to establish itself as a thought leader in the VC space in Saudi Arabia for which it needed a customized research on Venture Capital industry

Solution: Marmore prepared a very comprehensive report for the client and also supported in popularizing the report on Digital platforms

Impact: The client received very positive response for the report and would be engaging with Marmore for more reports subsequently

Case 2:

Problem: A leading Kuwaiti Bank, set up its economic research desk, for which it needed support for creating very insightful reports in the Economic domain.

Solution: Once the topic was finalized and approved by the client Marmore prepared a very insightful report in the committed timeline.

Impact: The report was very well received by stakeholders. Marmore's effort in the creation of the first report resulted in subsequent report awards by the client. Marmore got into a long term agreement with the client to provide research support on a continuous basis.

Consulting - GCC region imposes a unique set of challenges



The GCC governments are increasingly recognizing that the global outlook and economy are swiftly changing, and this poses



Demographic challenges



Shift in economic powers



Energy markets

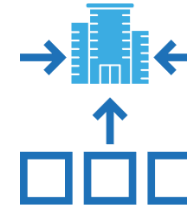


Investment



Employment opportunities

Refer our Report on [Consulting](#)



Unique challenges companies face in GCC



Challenges faced by foreign consultants

- ✓ Understand the Cultural fit
- ✓ In-depth regional awareness and capacity to provide real time solutions
- ✓ Ability to validate and overcome the information gap
- ✓ Ability to deal with data paucity



Challenges faced by local companies

- ✓ Ability to analyze the big picture and find opportunities
- ✓ Ability to connect findings with global developments

Consulting - We only win when our clients win

We at Marmore thrive on overcoming all the challenges and create value for our clients



Our breadth of coverage and deep dive research capabilities enables us to be preferred partners



Our experienced team is adept in data validation



We conduct channel checks to authenticate information



Having our Parent in Kuwait, we are well verse with cultural aspects of the region and attune our findings in accordance



We have the ability to come up with a solution which actually works for the region

Why partner with us?



Dealing with GCC region requires immense experience to understand the nuances and deliver:

Marmore's experienced and qualified Team is an asset to have



What differentiates us with others is the ability to provide solutions on a spectrum of topics like Industries, Economies, Policy and Technology - *We take pride in our breadth of research*



In a region with lack of appropriate data, ability to collaborate with relevant stakeholders is a key strength – *Our presence in Kuwait and connection with relevant stakeholders across GCC region gives us advantage over competition*



We believe in good actionable work and serve our clients to the best of our ability – *Our work speaks for our clients and our clients speak for us*

Consulting Experience:

Case Study-1: Study on Fintech Adoption in Kuwait (2019)



BACKGROUND

Advent of modern and disruptive technologies means that the world of finance and money is undergoing several momentous changes. This presents both opportunities and threats to the existing financial order. In this context, a quasi government institution in Kuwait engaged us to understand the state of FinTech adoption in Kuwait.



KEY CHALLENGES

Coordinating the interview schedules of over two dozen key personnel in Kuwait within a short span of time. Synthesizing the information collected into useful insights that could help in the development of FinTech related policy within the set deadline was a challenge.



MARMORE APPROACH

Marmore conducted extensive meetings and interviews ranging from government entities, corporate professionals, entrepreneurs and start-ups in Kuwait to understand the developments in FinTech space. In the Kuwait banking sector, Chief Executive Officer (CEO) and Chief Information Officer (CIO), or equivalents, were personally met and discussions were held to gain insights into their strategies and their work related to FinTech.

By factor analysis, self-constructed indices and analytical efforts the collected data was used to identify the ability of FinTech to impact Kuwait bank profits



KEY PROJECT BENEFITS / SUCCESSES

Recommendations for Government agencies, private sector (banks and other financial institutions) and the FinTech sector to help cement Kuwait as a serious FinTech player were provided. The recommendations covers a mix of long- and short-time line actions that will help shape the Kuwaiti ecosystem in terms of skills or talent, critical investments and infrastructure that will help better balance risk and innovation

The report findings were also presented by Marmore to a wide member of distinguished audience at the FinTech Forum held in Kuwait.

Consulting Experience:

Case Study 2: To conduct a valuation study (2019)



BACKGROUND

An Egypt-based asset management company approached Marmore to conduct a independent valuation study on one of the largest Egyptian consumer utility companies in the energy sector. The project required us to value the company by also ascertaining the fair valuation of all the non-listed investments of the company.



KEY CHALLENGES

The energy sector company had investments in many private companies which were reported on a historical book value basis and didn't represent the fair value of these investments. Diverse nature of these investments, cross ownerships and limited availability of data were key challenges in ascertaining their fair value.



MARMORE APPROACH

Marmore developed the valuation report by performing an in-depth financial analysis of the company while relying on the information provided by the client and publicly available data. Extensive research was carried to find out greater details for all the non-listed investment companies, and reasonable assumptions were taken to arrive at the fair value. A detailed valuation model was prepared with three scenarios. Two prominent methodologies in the form of discounted cash flow and trading comparable (using local and foreign peers) methods were used to conduct the sum of the parts valuation of the company



KEY PROJECT BENEFITS / SUCCESSES

The valuation report provided actionable insights to the client and also helped them to understand the fair value of all the non-listed investments of the company.

Marmore received very encouraging feedback from the client, as our report was also presented to the board of the company for consideration to re-classify its investments as 'available for sale' using fair value approach instead of cost approach.

Client testimonial

Marmore services were very useful and their team have provided a timely and reliable service in a challenging task. We are definitely looking for more cooperation in the future

Consulting Experience:

Case Study 3: To develop market penetration strategy (2020)



BACKGROUND

One of the leading regional bank in the GCC region aspiring to expand its market beyond its home country required to develop market penetration strategies for a specific target market. Marmore was engaged by the Bank to conduct the study and provide optimum solutions.



KEY CHALLENGES

The Bank was looking to enter the market by establishing a digital presence in the target market. As the concept is still relatively new for the GCC region, we had to rely on trends and patterns that existed in the developed markets. The problem was confounded due to paucity of data in both regional and international markets.



MARMORE APPROACH

In order to build effective strategies we created a lot of case studies to better understand the pain points in entering the market with digital only presence and also prepared competitive landscape for GCC region. We evaluated the potential target market with the help of third party surveys and segmented the market into different categories. For each of the customer category, strategies were proposed in terms of preferred product, features that they must sport and relevant marketing activities to capture that segment. Marmore also helped the bank with a detailed financial break-even model for the proposed digital presence.



KEY PROJECT BENEFITS / SUCCESSES

Marmore compiled all the findings in an effective manner and prepared a detailed report with multiple market penetration strategies for the client

The client has presented the findings to their Board to pursue the path with greater conviction

Select Client Testimonials

We were fortunate to work with Marmore on our project recently. The team was always professional, efficient and attentive to all our requests. They were prompt in addressing any concerns raised and we felt at ease approaching the team with our needs. We were pleased with the end result and would not hesitate to highly recommend Marmore for their business intelligent services.

Dr. Fatima Al Awadhi
Founder of Kuwait-based Aesthetic Clinic

Marmore team is very professional, from day one I saw that when they replied to my first email. We had our first project and they did a great. Many changes have been done and they were very flexible with us. It will not be our last project for sure, thanks Marmore team.

Abdullah Molla
Head of Communication & Business Development, Riyadh Valley Company

Marmore has provided both timely and reliable and services in the provision of market data. This service has proven valuable in supporting the research activities of Acreditus across all our client focus areas of credit, rating and Islamic finance advisory. I sincerely hope to continue to engage them on more advanced projects soon.

Khalid F Howladar
Managing Director and Founder of Acreditus

The experience of working with Marmore has been very positive. A precise understanding of our requirements and high quality deliverables were the key takeaways. The turnaround time for the tasks was excellent, without any delays and the tasks were handled in a professional manner.

Nigel Sillitoe
CEO, Insight Discovery - UAE

We have worked with Marmore in many occasions and are impressed with their in-depth research approach, quality analysis, and best of all, timely delivery. The team at Marmore also understands the regional business dynamics and provides exact, tailored solutions.

Ahmad Khamis
CEO, Bloovo.com

Marmore services were very useful and their team have provided a timely and reliable service in a challenging task. We are definitely looking for more cooperation in the future.

Mrs. Rana Adawi
Chairperson and Managing Director of Acumen Asset Management

MARMORE
MEDIA INTELLIGENCE
Partners of
G.A.S.A.R.F. - GARR

August 2019

**Consulting in GCC:
Understanding the
Value Add**

*Time to relate all to
implementation*

Research Highlights:
This report analyses the GCC Consulting market, also challenging the existing industry and also the opportunities for growth in the sector's. Through the study, various successful implementations have been presented for the two main dimensions, clients and consultants.



 www.garr-marmore.com

 info@garr-marmore.com

Your Research Gateway to the Middle East

Providing independent research since 2006

Our Offerings

Research Reports

- Industry Reports (25)
- Economic Reports
- Capital Market Reports
- Technology Reports
- Policy & Regulatory Reports

Consulting

- Market intelligence studies
- Strategy studies
- Technology projects (FinTech)
- Board level studies
- C- suite support




OUR JOURNEY SO FAR

- Over **700** reports/insights published
- Over **63** Client projects executed
- Frequent media citations and conference participation
- Active social media presence

Subscription Packages

| Knowledge Package Unlimited access to any one domain | Enterprise Package Unlimited access to all domains | Institutional Package Unlimited access to any two domains |
|--|---|--|
| <input checked="" type="checkbox"/> Industry (5 Reports) | <input checked="" type="checkbox"/> Industry (30 Reports) | <input checked="" type="checkbox"/> Industry (15 Reports) |
| <input type="checkbox"/> Policy & Regulatory (all) | <input checked="" type="checkbox"/> Policy & Regulatory (all) | <input type="checkbox"/> Policy & Regulatory (all) |
| <input type="checkbox"/> Technology (all) | <input checked="" type="checkbox"/> Technology (all) | <input type="checkbox"/> Technology (all) |
| <input type="checkbox"/> Economy (all) | <input checked="" type="checkbox"/> Economy (all) | <input type="checkbox"/> Economy (all) |
| <input type="checkbox"/> Capital Markets (all) | <input checked="" type="checkbox"/> Capital Markets (all) | <input type="checkbox"/> Capital Markets (all) |

Country Package

- ☐  Kuwait ☐  Saudi Arabia ☐  United Arab Emirates