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GCC Food & Beverage Industry



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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 region has many global and local players meeting the rich and varied demands of the consumer. The industry dynamic is slightly different compared to other regions, as a large proportion of the consumption is driven by imports. From a supply perspective, steps have been taken to improve self-sustenance and reducing dependence on imports as disruption in the supply chain has led to a spike in food prices. On the demand side, the industry is expected to expand in the near term, supported by factors such as increasing disposable income, rising tourist inflows, positive government initiatives, and a changing consumer lifestyle and preferences.

The rise in population is expected to drive demand for food and water further, lead to rapid urbanization, and result in a surging need for new and innovative product categories. As a result, the demand for food and beverages is expected to rise. To support this demand, the Gulf countries have historically relied heavily on imports to fulfil their food and beverages requirements. This external reliance has slowly started to reduce as various long-term government initiatives introduced in recent years aim to improve the food self-sufficiency of the countries over the coming years.

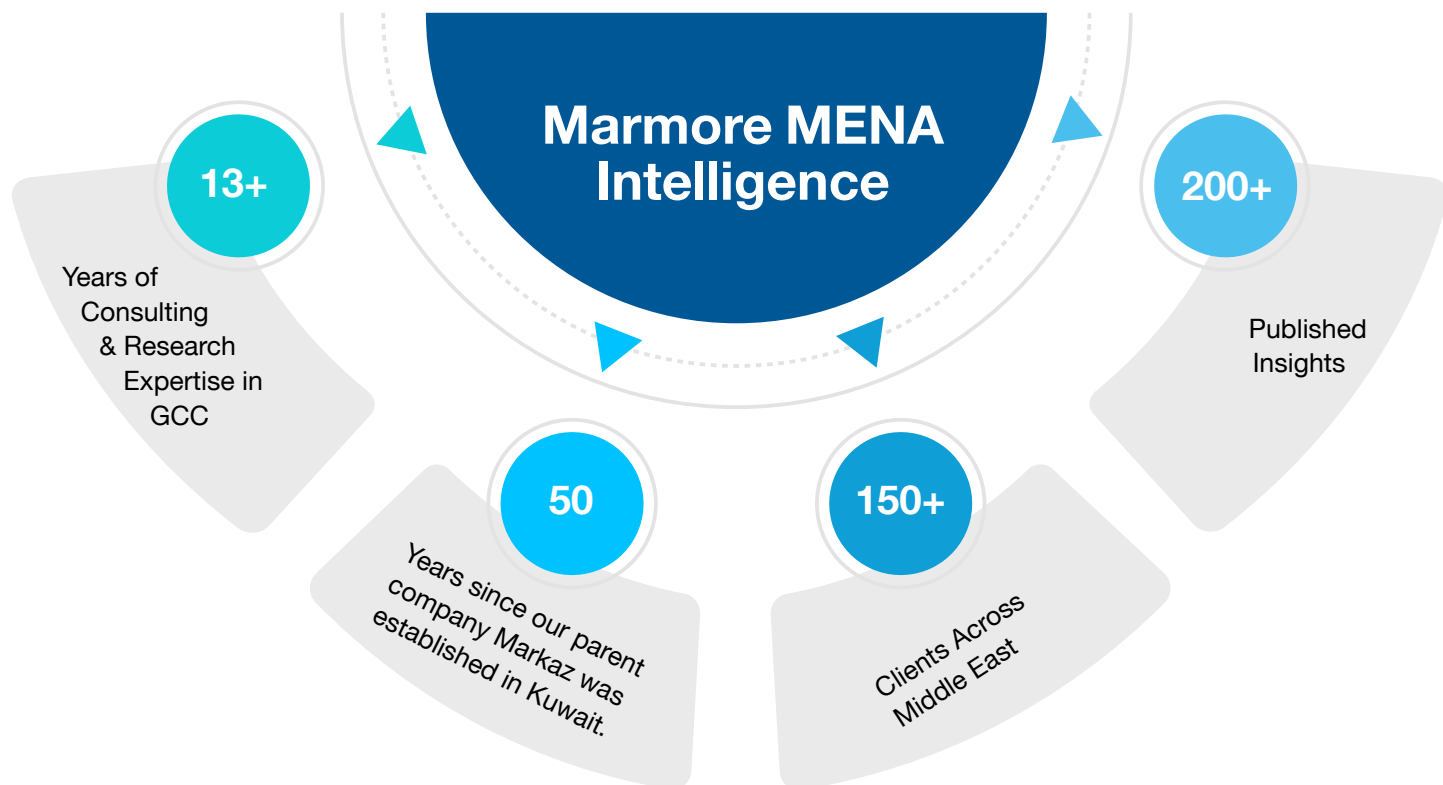
The GDP per capita of the GCC nations is amongst the highest globally. A high GDP

per capita is indicative of more disposable income and higher spending power, which ushers in growth opportunities for the various industries, especially food and beverage as demand surges. This is also boosted by customers looking for healthier and alternative organic products, produced by companies that use sustainable and environmentally friendly practices. Post the COVID-19 pandemic, online food delivery and service platforms have also seen rapid growth, adding to the overall growth of this industry.

Emerging trends in the GCC F&B space include the increasing adoption of online food delivery platforms and the rise of cloud kitchens, which cater to the growing demand for food delivery services. The emphasis on local production and reducing dependence on food imports is gaining importance, along with a focus on sustainability in packaging and farming practices. Technology in the F&B space is gaining traction as it plays a significant role in the F&B industry, with advancements such as drone delivery, automation, robotics, artificial intelligence, and 3D printing shaping the sector.

Overall, the GCC F&B industry is experiencing significant growth driven by various factors but rising food prices and the need for regulatory compliance pose challenges. Embracing technology, promoting sustainability, and focusing on local production will remain key strategies for the governments to drive the industry's growth.

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