Demystifying the Middle East Market:

Inform-Connect-Export

Agenda

- ❖ Overview of the region
- ❖ Socio-economic and trade stats
- ❖ Consumer Demographics
- ❖ Food Service & Retail Dynamics
- ❖ Food Manufacturing and AgTech
- ❖ Regulatory and import requirements
- ❖ Routes to Market
- ❖ Business and Cultural Nuances

About GMA Marketing Management

About US

GMA Marketing Management is a Dubai-based, market entry strategy firm whose main objective is to support international companies, government bodies and trade associations that intend to start a new venture in the GCC region.

We also assist GCC-based companies in improving their current business practices through benchmarking, in-house retail training and by opening new opportunities in the Gulf market and beyond.

Select Portfolio

Potatoes USA

WSDA

Great Seal of the State of Wisconsin

Hawaii Tropical Fruit Growers

SBA U.S. Small Business Administration

Canadian Beef

Seafood from Canada
Taste the North

USDA

The Emirates Culinary Guild

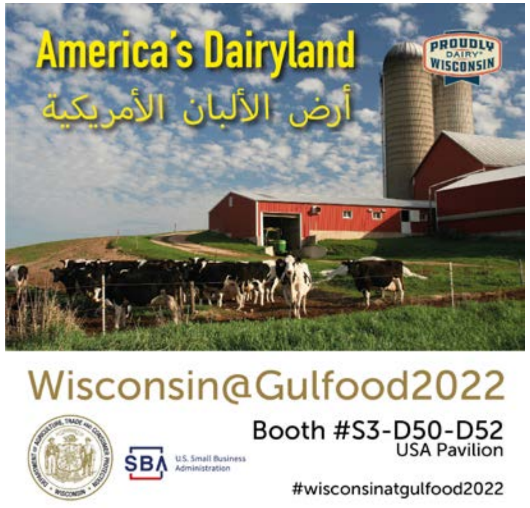
Canada-Arab Business Council
Conseil de Commerce Canado-Arabe
المجلس التجاري الكندي العربي

Our Work – Trade (Gulfood 2022)

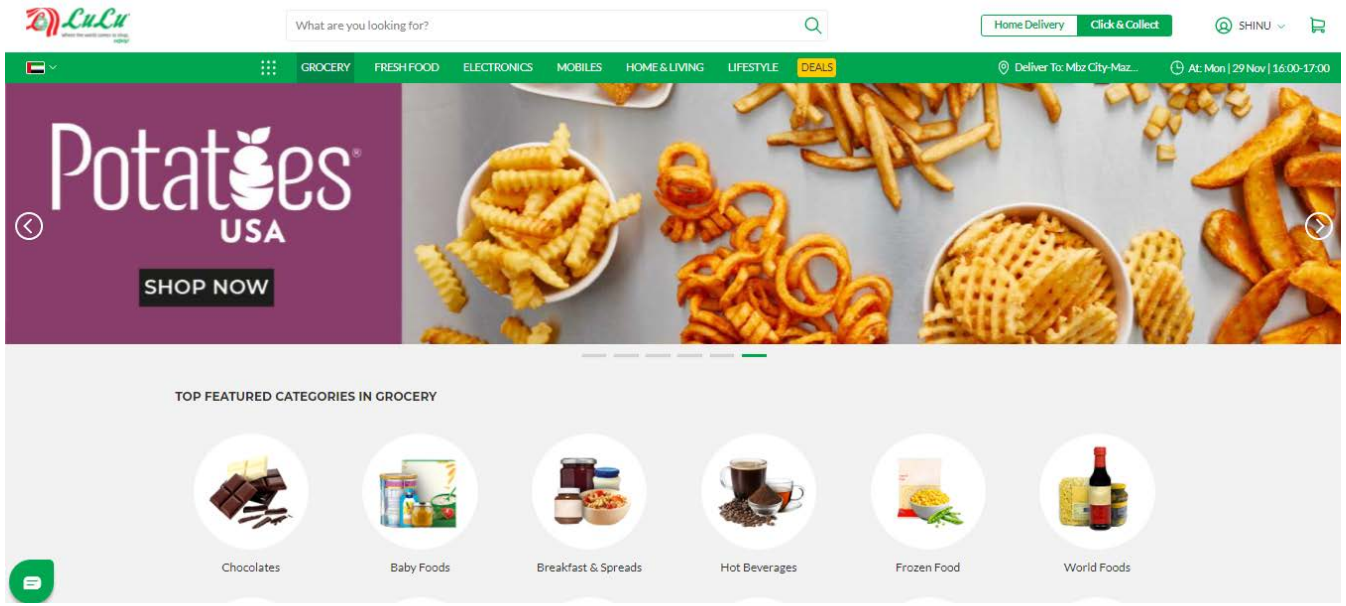
Our Work – Trade (Chef Masterclass at ICCA Dubai)

Our Work – Trade (Emirates Culinary Guild)

Our Work – Trade (Gulfood 2022 and Social Media)

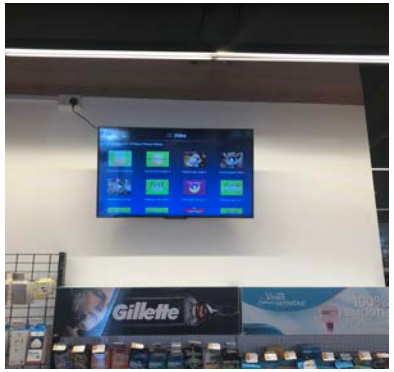


Our Work – Online Retail Promotions



www.goodbasket.com
www.luluhypermarket.com

Our Work – Retail Promotions



Our Work – Economic and Investment Forum

CANADA ARAB BUSINESS COUNCIL
CONSEIL DE COMMERCE CANADO-ARABE
المجلس التجاري الكندي العربي

Our Work – Country of Origin Branding

Canada Chef Kitchen

A Journey of Canadian Excellence

Canada · Canadian Beef · Seafood from Canada · Ontario Canada · Alberta · The Emirates Culinary Guild · GMA Marketing Management








- Africa
- East Europe
- West Europe
- Atlantic Ocean
- East Coast USA

1. Iran
2. Afghanistan / Pakistan
3. India
4. Southeast Asia
5. Australia
6. Pacific Ocean
7. West Coast USA

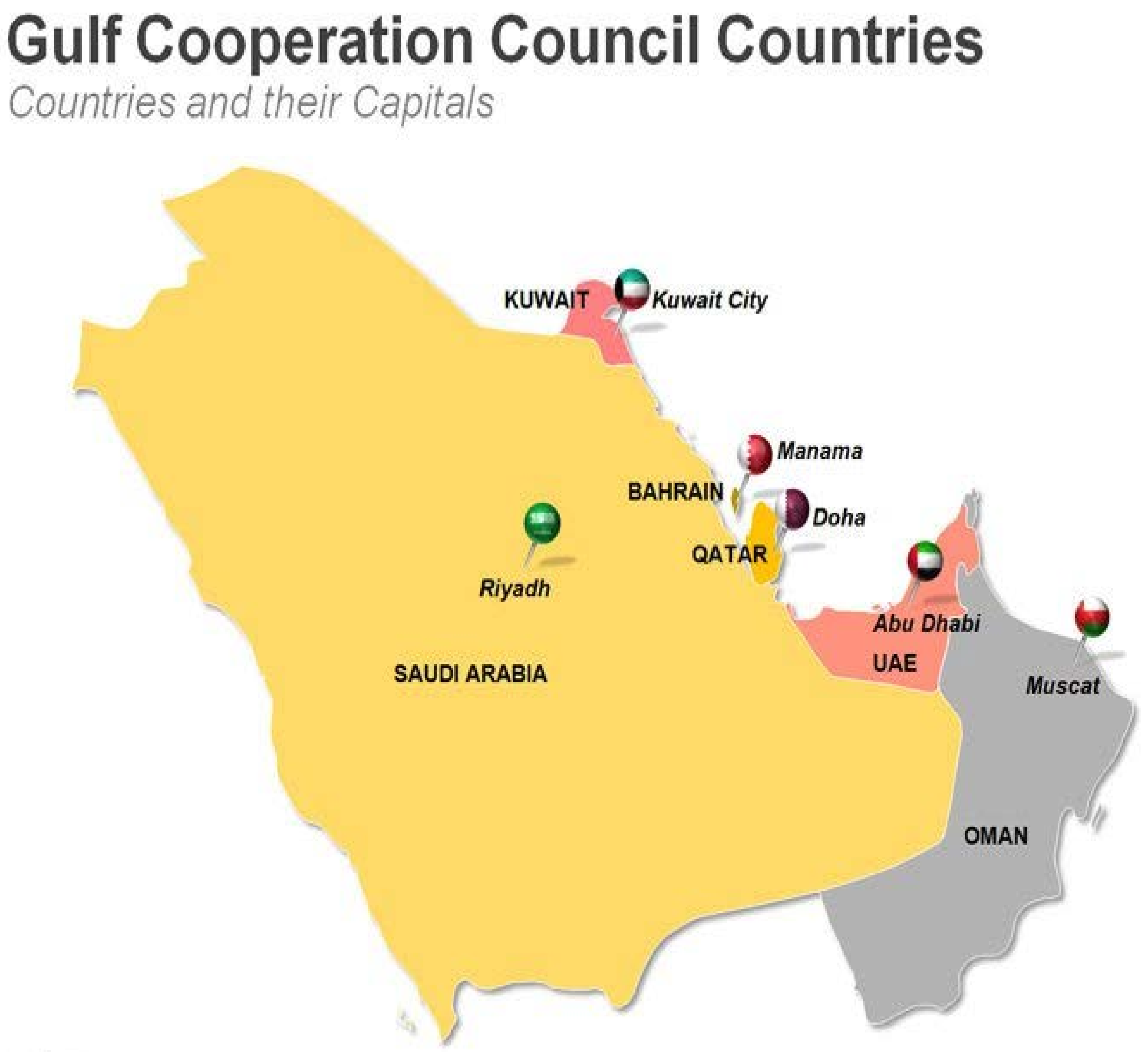
Table 1 Macroeconomic variables MENA select countries

Country	Population (Million)	GDP (PPP) Per Capita	Notes
GCC			
1. Saudi Arabia	**34.2**	**$56,817**	
2. UAE	**9.6**	**$70,441**	
3. Kuwait	**4.6**	**$67,891**	
4. Qatar	**2.6**	**$138,910**	
5. Oman	**4.9**	**$47,366**	
6. Bahrain	**1.6**	**$52,129**	
Egypt	**99.8**	**$14,023**	
Algeria	**43**	**$15,765**	
Morocco	**36.5**	**$10,000**	
Tunisia	**11.7**	**$12,862**	
Jordan	**10.4**	**$9,406**	
Lebanon	**6.9**	**$15,049**	
Additional MENAT Countries			
Turkey	83.2	$29,326	
Iran	83.2	$17,662	
Israel	9.2	$40,336	
Palestine	4.8	$5,795	

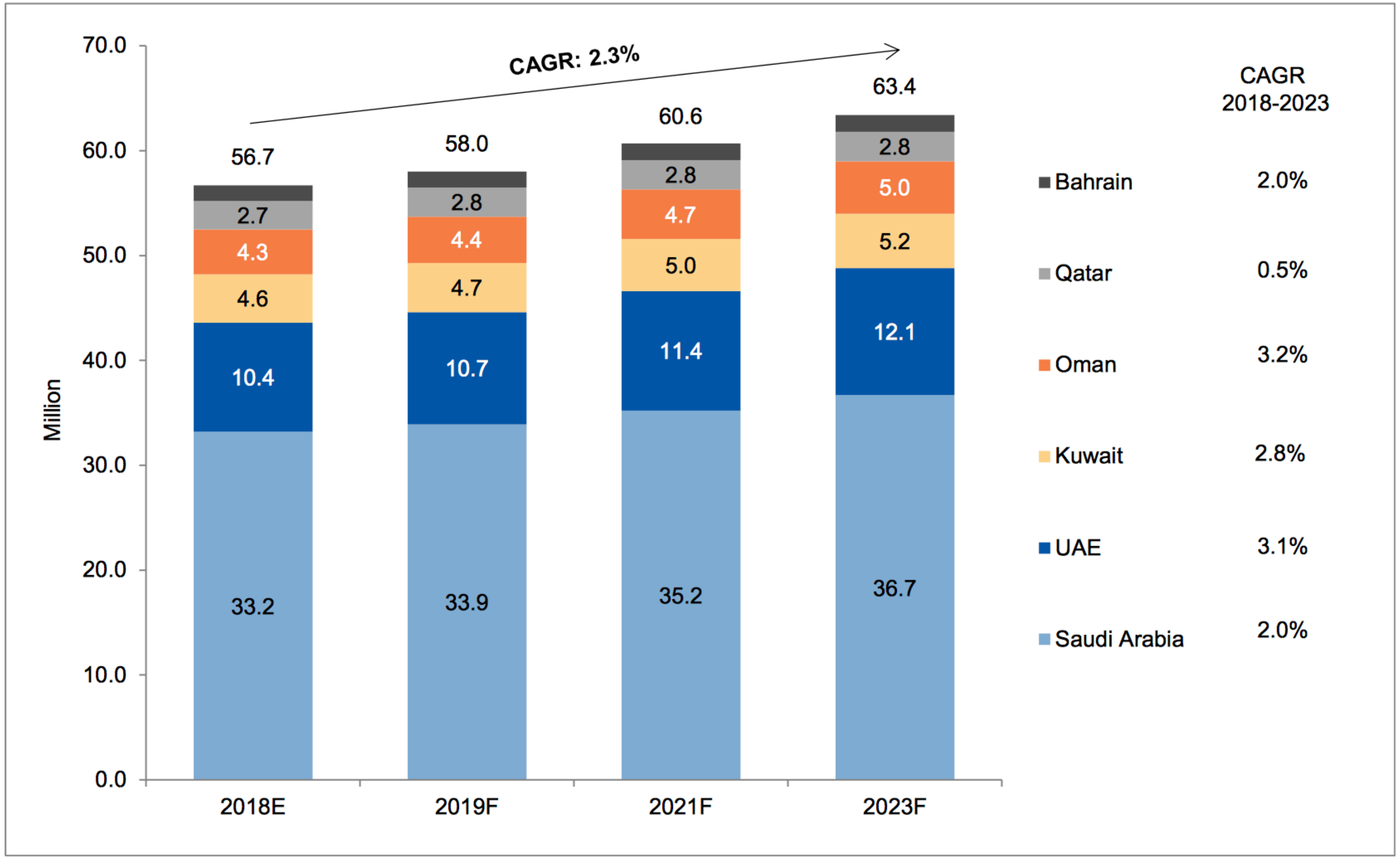
Gulf Cooperation Council (GC

- Saudi Arabia
- United Arab Emirates
- Kuwait
- Oman
- Qatar
- Bahrain

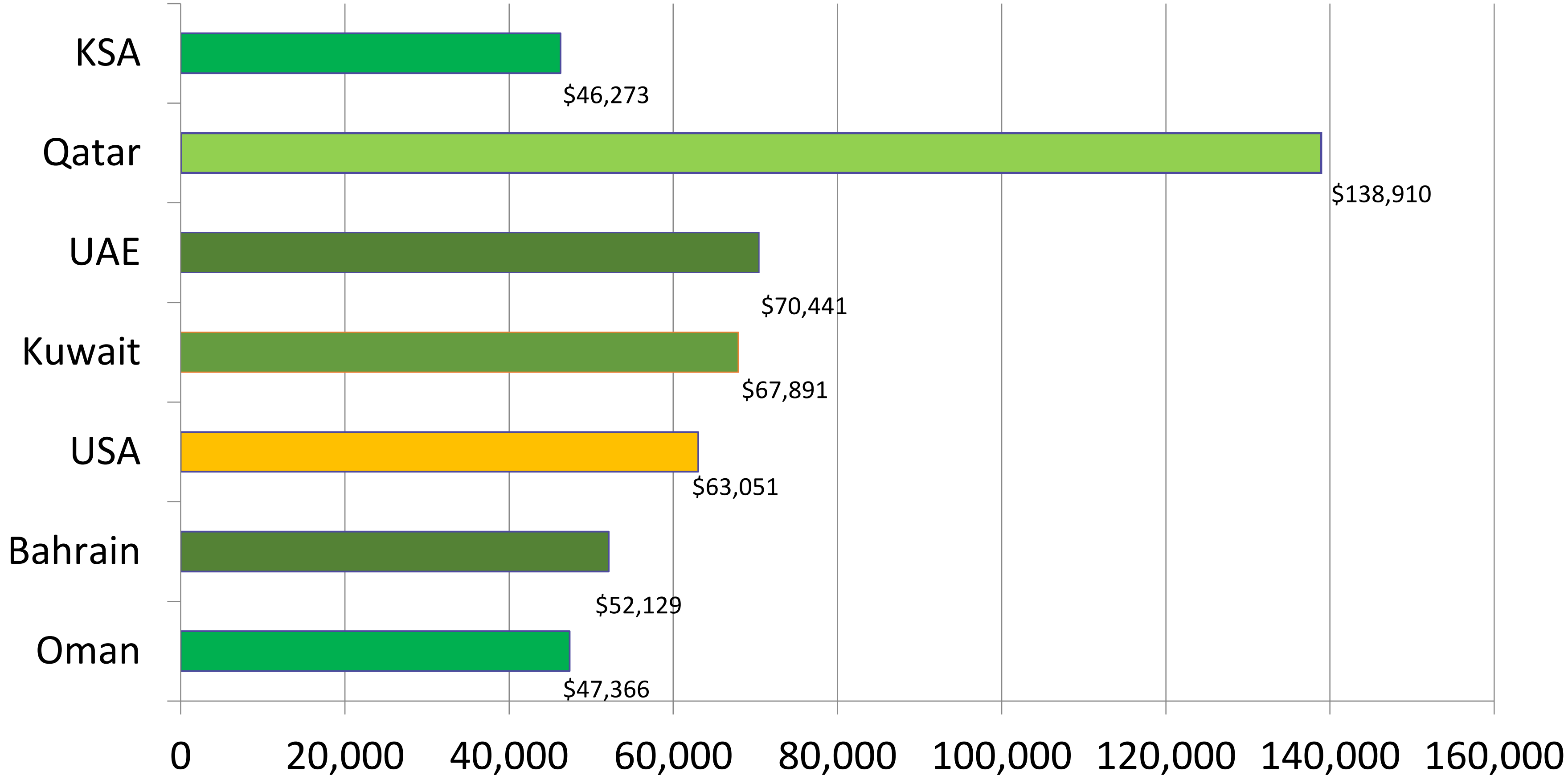
The GCC is a political and loose economic union, sharing cultural and linguistic ties.



GCC Population & Forecast (Source IMF)



GDP Per Capita (PPP) 2020 in GCC



Life in the early years
1970's to 90's

Today

Abu Dhabi Coastline

Burj Khalifa

DXB Airport

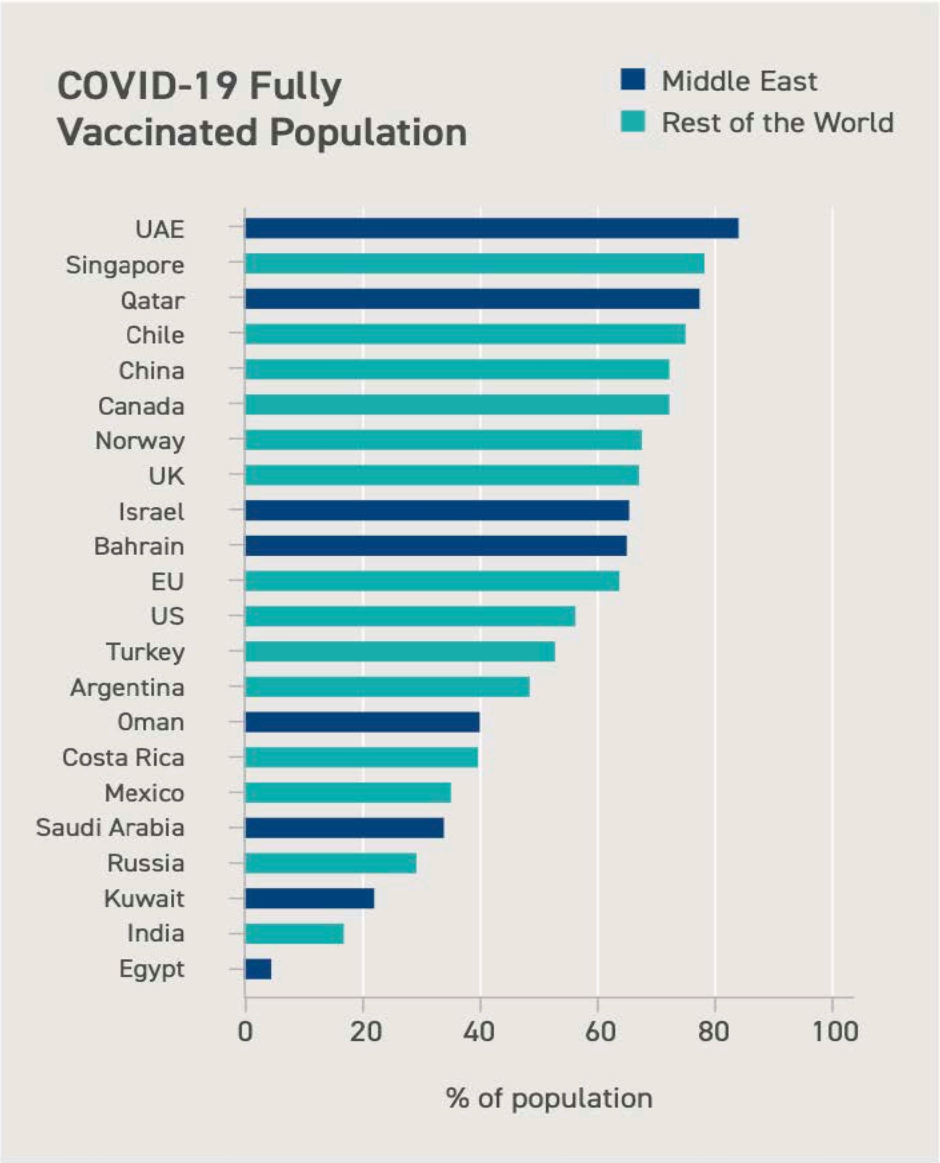

DUBAI
Gateway to Global Trade
#madefortrade

Regional Macro Issues

- Diversification of economies: Trade, Tourism, Transportation
- Water Conservation
- Future of oil and future energy needs
- Managing population growth in a sustainable manner
- Securing the food supply = a matter of national security

GCC Food Industry Challenges

- 85-90% of all food imported
- Exposure to food price fluctuations and adverse changes to socio-political environment in source countries. Vital trade routes is also a threat/consideration to food imports.
- Recent economic slowdown due to decrease in oil prices as well as global trade disruptions and pandemic.
- VAT 5% in UAE, Bahrain and Oman. Increase of VAT to 15% in KSA.
- UAE Income tax 9% 2023



Source: Our World in Data (OWID)

UAE Covid Impact

- UAE open for travel & tourism!
- Masks compulsory indoors and monitored
- PCR testing no longer required (easily accessible and affordable) but changes daily
- 82% of population vaccinated in UAE
- "Live" conferences and events are back
- Ports unaffected but worldwide shortage of containers; Air freight constrained due to reduced passenger flights
- Restaurants across the UAE open with restrictions
- Retail segment gained share during COVID. Food sampling possible but limited
- Online, apps and home delivery rapid growth

KSA Covid Impact

- Opened borders Feb 2022 for most nationalities
- Borders opening and closing at short notice
- Malls and dine-in restaurants are open, with some limitations on capacity, mandatory wearing of masks and social distancing measures in place
- F&B companies shifting focus away from the hospitality sector, towards retailers and online channels. QSR still had good business. Fine dining trying to recover.
- Increasing demand for healthy food and beverage products
- In-person international tradeshows and events have been postponed but restarting as of 2022

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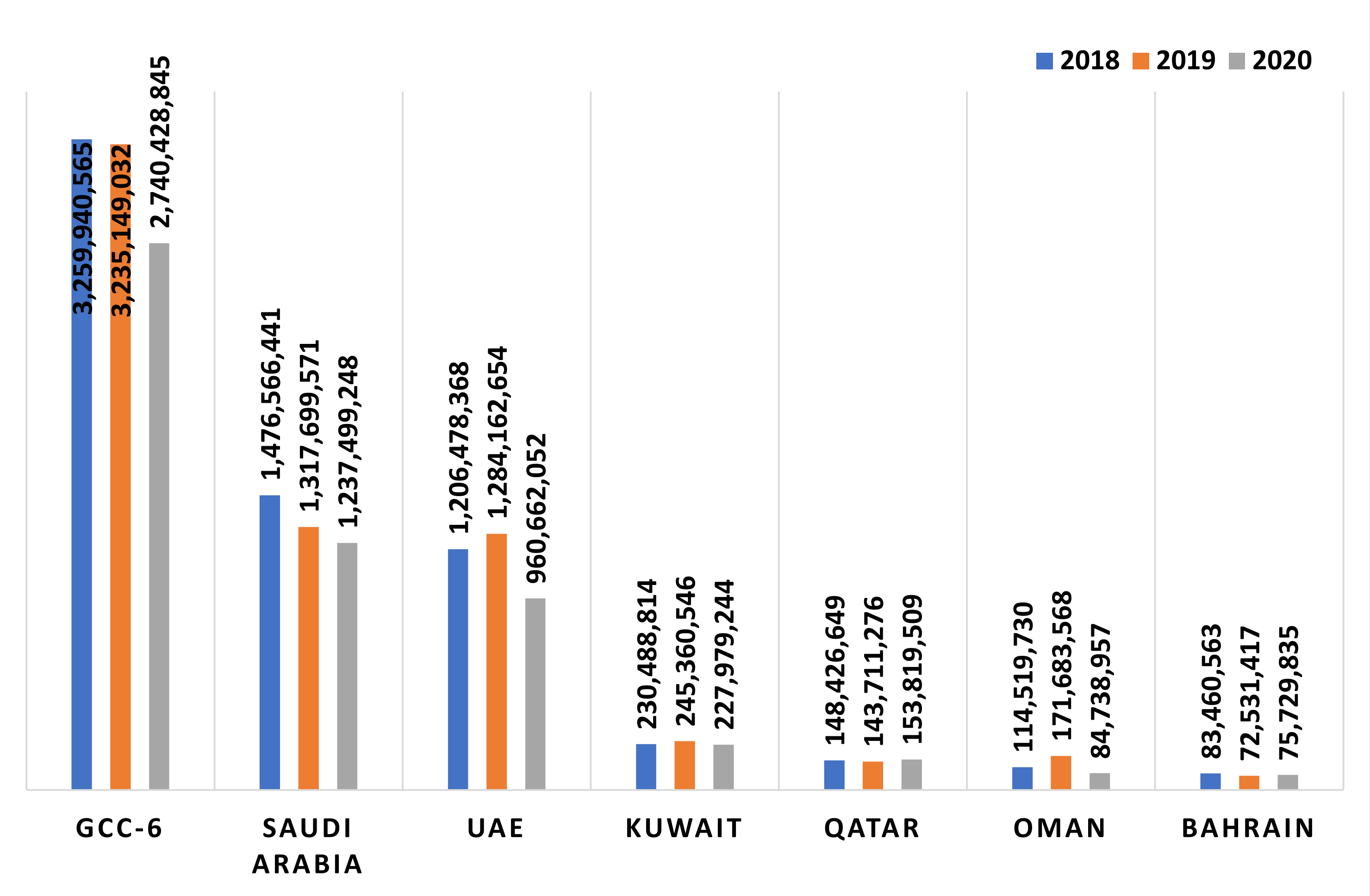
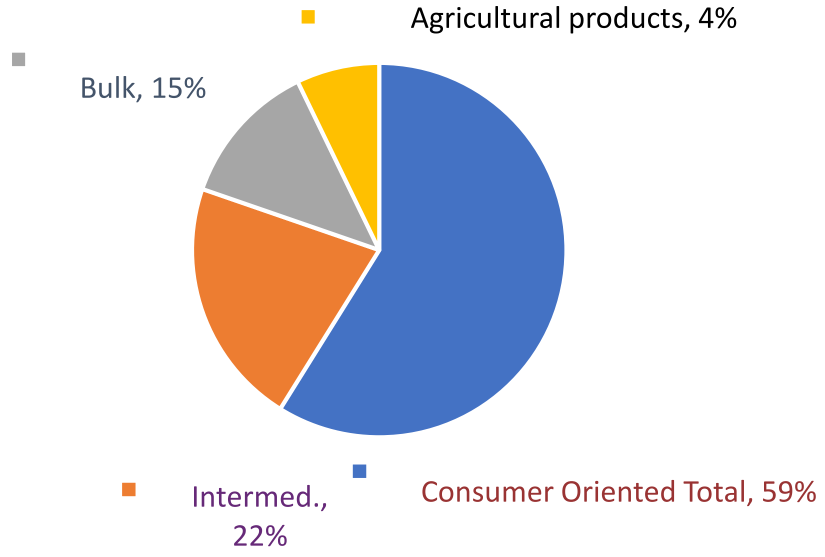
U.S. Exports of Agricultural Products to GCC -6

Values in USD



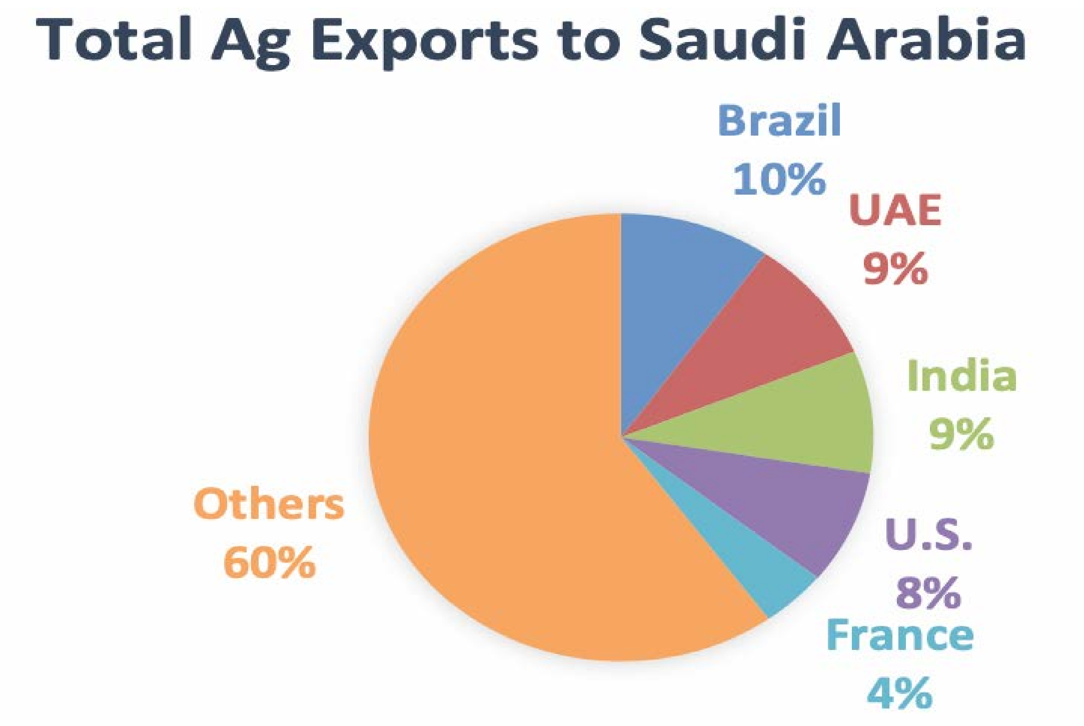


U.S. Ag Exports by Market Segment, 2020

KSA Food Industry Snapshot

List of Top 10 Growth Products in KSA	Top U.S. Processed Foods Exported to KSA
1. Processed Meat & Seafood	1. Fats & Oils
2. Baby Food	2. Processed Veggies
3. Baked Goods	3. Pulses
4. Ice Cream & Frozen Treats	4. Processed Dairy Products
5. Breakfast Cereals	5. Condiments & Sauces
6. Processed Fruits & Veggies	6. Food Preparations
7. Ready Meals	7. Snack Foods
8. Savory Snacks	8. Potato Chips
9. Fruit Pie Fillings	9. Jams and Jellies
10. Beverages	10. Beverages

Imports of Consumer-Oriented Products = US $7.8 billion

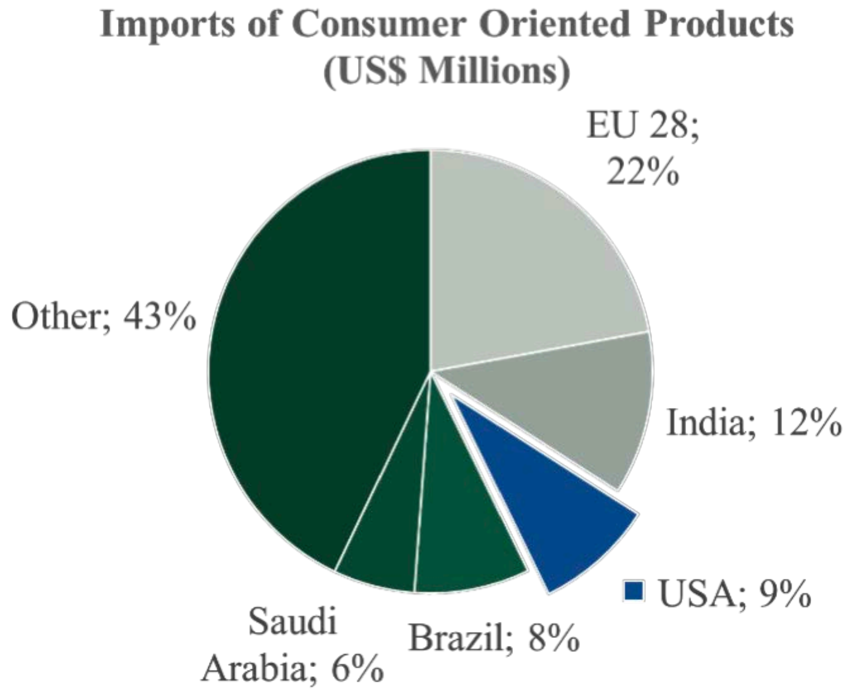


UAE Food Industry Snapshot

10 Top Consumer – Oriented Products Imports

Dairy	$1.4 billion
Food preparations	$1.1 billion
Fresh fruit	$815 million
Poultry meat & products	$804 million
Tree nuts	$762 million
Beef & beef products	$582 million
Chocolate & cocoa prod	$475 million
Fresh vegetables	$430 million
Meat products (NESOI)	$368 million
Wine & beer	$375 million

Imports of Consumer-Oriented Products (2019) = US$ 5.4 billion



Consumer Demographics UAE

Growing middle Class

Everyone is from
somewhere else

Quality and Trust

International

Band Conscious

Tech Savvy

Segmentation

Transient

Taste of Home = Comfort foods

Consumer Demographics KSA

Growing middle Class

Young & Affluent

Multi-ethnic (8 mill expats)

Quality and Trust

International

Band Conscious

Tech Savvy

Segmentation

Demand for Western Products

Largest market in the GCC

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GCC Food Trends

- Shifting preference towards a healthier lifestyle. High levels of "diabesity" & metabolic syndrome, which augment demand for healthy food
- Wide variety of culinary preferences… "Everyone is from somewhere else"
- Increased focus on food processing. In addition to local producers, international manufacturers also set up shop to satisfy regional demand (JAFZA). Raw materials imported
- Growing importance of Ag Tech
- Growth in PL, fueled by growth in "modern" retail trade

Food Service Dynamics

- Food and dining out an important part of the culture
- Growing by 8.4% annually until COVID
- UAE: concentration of existing 4 and 5 star hotels UAE + pipeline projects
- KSA: ongoing and future projects to diversify economy
- High end restaurants, unique recipe development
- QSR and franchising model. Importance of brands. UAE leader. KSA catching on
- Large scale catering such as EKFC, ship chandlery (Costa cruises), mega projects like World Expo 2020, Global Village, Theme Parks, World Cup Soccer 2022

Eat-in versus e-Commerce Food Service Sales 2014 to 2019

% Value	2014	2015	2016	2017	2018	2019
Drive-Through	0.7	0.8	0.8	0.8	0.8	0.9
Eat-In	74.4	74.2	74	74	73.9	73.3
Home Delivery	11.3	12.1	12.7	12.9	13.1	13.5
Takeaway	13.6	12.9	12.5	12.3	12.2	12.4

Consumer Foodservice

Chains in the UAE (2019)

Outlets	Independent	Chains	Total
Cafes/Bars	2,538	836	3,374
Full-Service Restaurants	9,697	624	10,321
Limited-Service Restaurants	1,523	1,706	3,229
Self-Service Cafeterias	16	6	22
Street Stalls/Kiosks	389	47	436
Consumer Foodservice	14,163	3,219	17,382

Major U.S. Casual Dining Restaurants	Major Local Casual & Fast Food Restaurants	Major U.S. Fast Food Restaurants
• Applebee's • Chili's • TGI Fridays • Long Horn House, • Oliver Garden, Red • Lobster • Fuddruckers • Texas Roadhouse/ • Cheesecake Factory • California Pizza Kitchen	• The Steak House • Herfy • Kudu • AlBaik • Al Taza BBQ Chicken • Shawaya House • Maestros Pizza • House of Donuts • Piatto • Shawarmer • Jan Burger • Nando’s • Salt • Zaatar wa Zait	• Shake Shack, Starbucks • Subway • McDonald's • Burger King • Pizza Hut • KFC • Domino's Pizza • Hardee's • Wendy's • Hardee's, Baskin Robins, Krispy Kreme • Five Guys • Jollibee • Tim Hortons • NY Fries • Papa John’s

KSA Major QSR and Casual Dining Chains

Hotel/large scale catering
(UAE 2020)

Airline Catering

Ship Chandlery

Mega Amusement Parks

U.S. Hotel Chains	UAE Hotel Chains	Major International Hotel Chains
• Marriott (59) • Hilton WW (35) • Hyatt (14) • Intercontinental (33) • Radisson (13) • Sheraton	• Jumeirah Group (15 hotels) • Emaar Hospitality (3 brands) • Damac Properties (5 plus Trump) • Al Habtoor (Grand, Waldorf Astoria, Polo) • Majid Al Futaim	• Sofitel (6) • Rixos (3) • Novotel (10) • Ibis (25) • Shangri-La (4) • Fairmont (6) • Atlantis

UAE Hotel Chains

TOURISM Underpins Food Service Growth

- UAE: Dubai Expo 2020: 20 million VISITS. 2019: 12 Million tourists
- Abu Dhabi cultural center (museums and HNW Chinese tourists)
- RAK: Outdoor tourism (213 new hotels)
- Hospitality infrastructure
- Ramadan food sales increase by 10%
- KSA: 16.1 million in 2018 Haj/Umrah. 22.5 million by 2023. Aim is 30 million religious pilgrims by 2030
- Relaxation of tourism visas rules. Qiddiya for non religious tourism

Tourism reinvents Opportunities UAE

United Arab Emirates Pavilion at EXPO 2020 Dubai

Museum of the Future

KSA Pipeline Projects

SAUDI GIGA-PROJECTS

NEOM	AMAALA	RED SEA PROJECT	QIDDIYA
Located on northwestern edge of Saudi Arabia	Located on northwestern Red Sea coast	Located along the northwestern Red Sea coast	Located in southwest Riyadh
26,500 sq km project area	**3,300 sq km project area**	**34,000 sq km project area**	**334 sq km project area**
Vision 2030 flagship project	Ultra-luxury tourism project	Luxury tourism venture along 200 km of pristine coastline	$8bn city for entertainment, sports and the arts
$500bn mega-city of the future	Resort and wellness destination with own airport	9 islands backed by vast desert landscape and mountains	Biggest entertainment city in the world, three times the size of Walt Disney World Resort, Florida
Hub for innovation, and sustainable ecosystem for living and working	2,500 luxury hotel rooms and 700 residential villas	50 hotels, new international airport and a town for 35,000 residents	Will include 20,000-seat clifftop stadium, F1 racetrack, Six Flags theme park
GDP contribution projected to top $100bn by 2030	Will feature an equestrian club and four yacht marinas	To run on renewable energy, 100% carbon neutral, with a zero waste-to-landfill policy	Estimated 14.5m visitors per year will contribute $4.5bn to GDP
Will host a population of more than 1m	Recently merged with the Red Sea Project	Will create 70,000 jobs and contribute $5.9bn per year to the economy	
Expects to attract up to 5m visitors annually			

ARAB NEWS

Retail Segment Dynamics

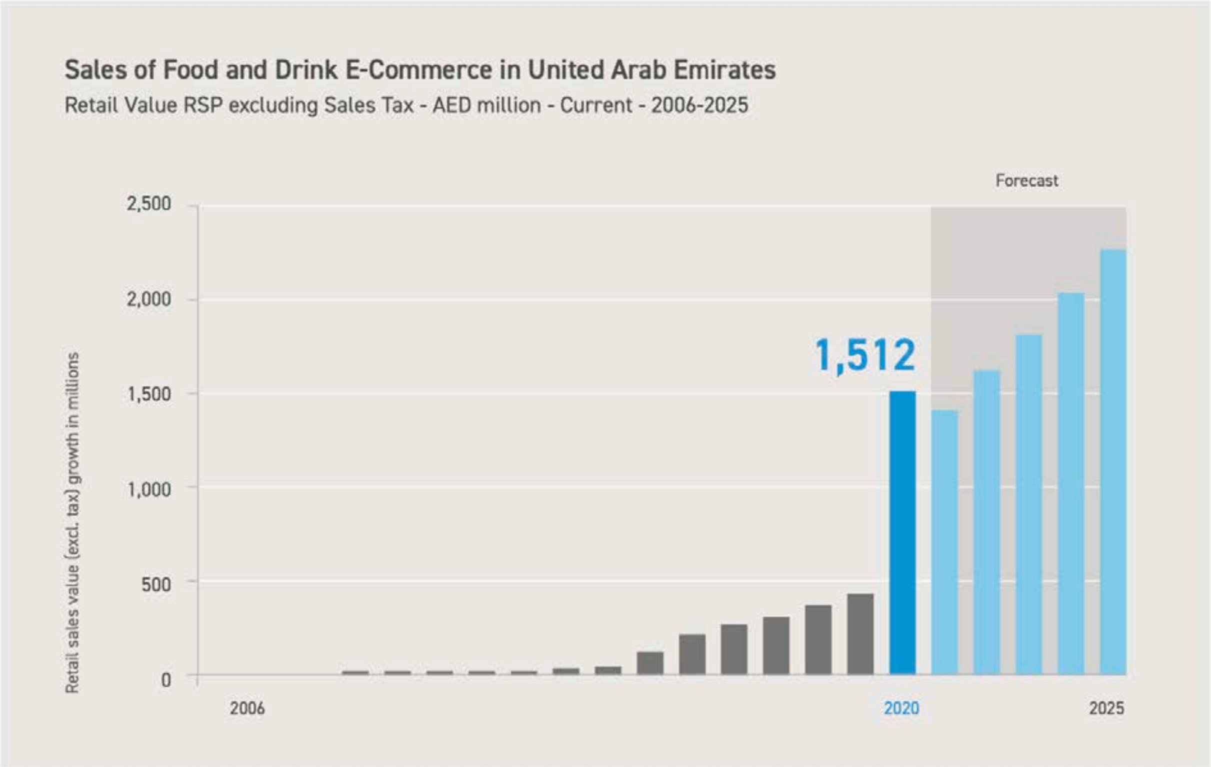
- Shifting preference towards a healthy lifestyle. High levels of "diabesity" and metabolic syndrome augment demand for healthy food and healthier cooking methods. (Air Frying)…but pleasure still dominates
- Packaged food sales exploded during COVID...and home delivery…
- Challenges include: competition from everywhere, greater price sensitivity, changing taste patterns, shelf life and need for adequate infrastructure/ equipment in the supply chain such as controlled ambient temperature
- Private Label growth and discount retailers emerging
- Opportunity in retail prepared foods

Retail post COVID

- Cautious Optimism: vaccination roll outs around the world, borders re-open, trade and tourism resumes, oil demand recovry.
- Risk for new variants?
- Food delivery segment still expanding rapidly and traditional dining reopening.
- UAE: Expo 2020 brought tourism
- Qatar FIFA World Cup Nov 2022

Food Deliveries on the Rise

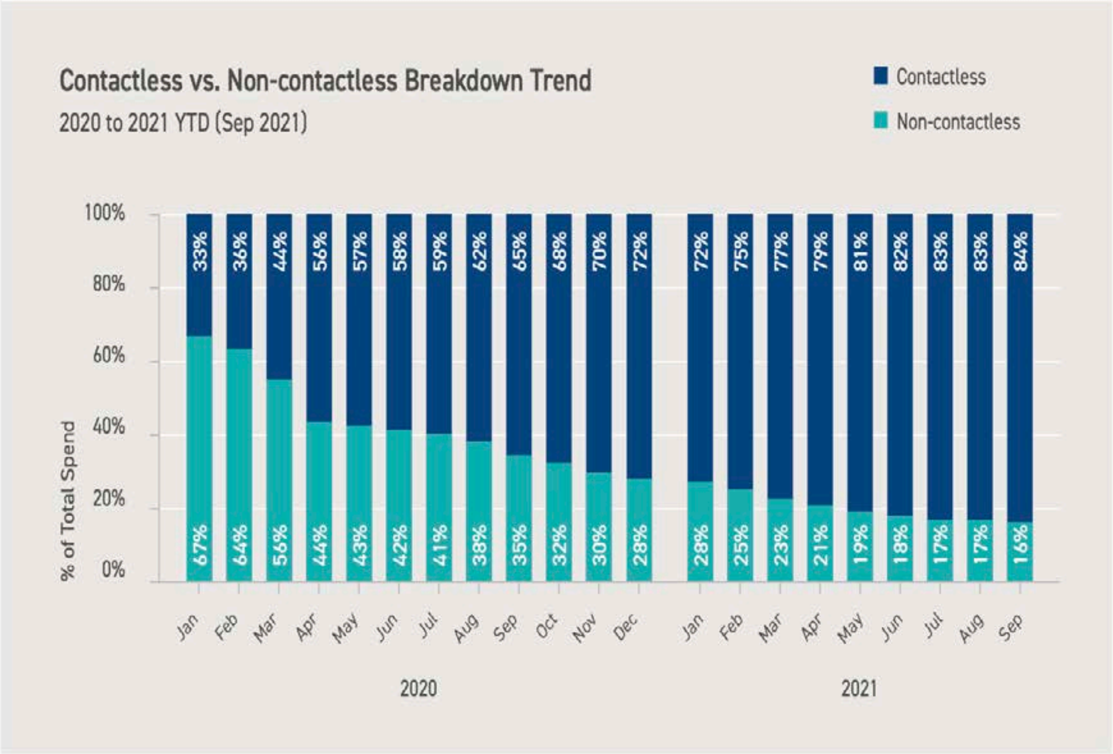
Fulfilling online delivery orders at Carrefour



Source: Euromonitor

Contactless Payment Set to Stay

Majid Al Futtaim Retail



Source: POS data 2020 to 2021 (excludes e-commerce)

Marketing at Retail

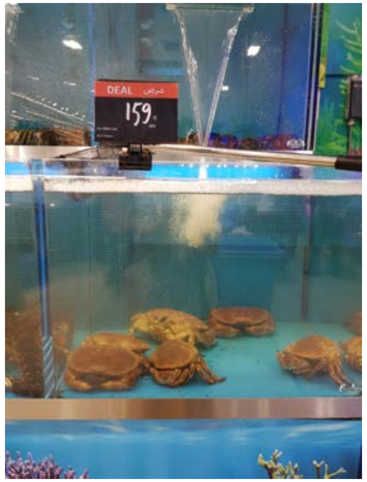
- Trade Marketing practices
  - Slotting, % of sales EOY, promotions
  - Support your brand
  - Technical training/PR
- Consumer
  - Highly brand conscious consumers
  - Digital and traditional strategies
  - High penetration of Smart phones
  - Social Media: FB, Insta, LI, Twitter…snapchat, Tik Tok

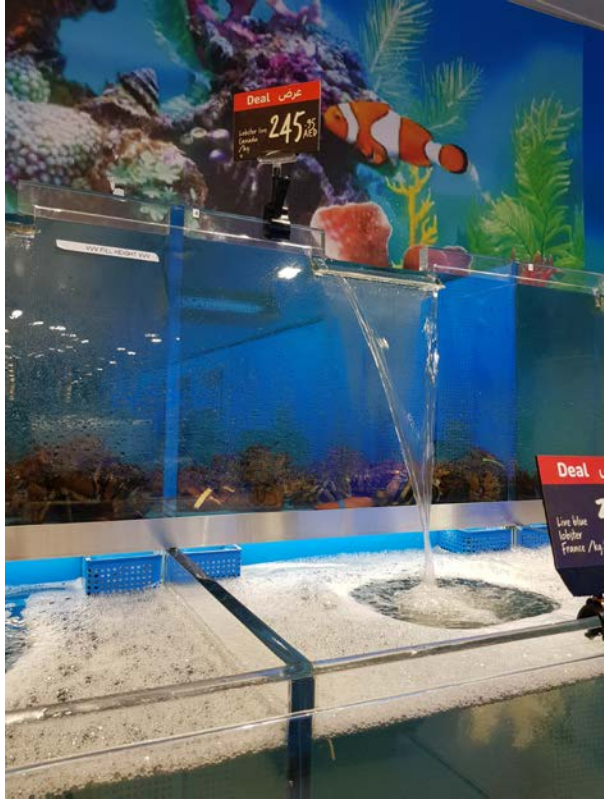
Retail – Organic / Healthy / Ag Tech

Retail – Seafood

Retail – Carrefour Mall of the Emirates

Retail – Live Seafood





Retail – Fresh Seafood

Retail – Frozen Seafood

Retail – Pet Store

Retail – Social Distancing

Retail – Alcohol

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GCC Food Processing Industry

- Relies heavily on imported commodities and ingredients and plays a major role in the government's efforts to enhance food security and self- sufficiency in basic commodities.
- UAE:
- 568 food and beverage processors
- Imports of bulk and intermediate agricultural products totalled $2.5 billion, ten percent ($248 million) of these imports came from the United States
- KSA
- Investment in the sector is projected to reach $59 billion in 2021 (64% increase over 2013)
- Manufacturers include major multinational and domestic companies such as PepsiCo and SAVOLA
- Imported $2.7 billion worth of intermediate food products in 2019, mostly for further processing. U.S. suppliers provided approximately 13 percent, $350 million

AgTech

- Addressing food security issues
- AgTech = "transforming the global food system through digital technology" and "smart farmers getting smarter using digital technology"
- Encompasses advanced agricultural methods that differ from traditional ways of farming
- Aquaculture, vertical farming, drone use and sensors are four of the technologies utilised to maximise crop production while ensuring good husbandry of resources
- JV's with local GCC companies
- Opportunity to demonstrate "world-class science knowledge and progressive food and farming supply chain learnings" of U.S. companies to the Gulf region

UAE Considerations for U.S. Food Suppliers

Strengths	Weaknesses
• UAE is a modern transit hub for the broader MENA region. Gateway to the region. • U.S. products are considered high quality • USA brand recognition is prevalent among consumers • Fixed exchange rate with US$ • Excellent intermodal shipping infrastructure	• Distance • Long shipping time and high freight costs • Specialized labelling and shelf-life requirements • Requires dedicating resources to branding and consumer outreach
Opportunities	**Threats**
• Import regulations are transparent and not complex • Health-conscious consumers with growing incomes • Expanding e-commerce and food delivery sectors • Prevalence of U.S. food franchises • Multi-ethnic consumer base	• Developing rules, subject to change without prior notice • Proximity to India, Europe, and other MENA agricultural producers with cheaper prices • Market oversaturation and strong branding from competitors

KSA Considerations for U.S. Food Suppliers

Strengths	Weaknesses
• Dependent on food imports and U.S. food is considered high-quality • Growing population, a strong food service sector, a maturing retail sector • Large, young population, with high disposal incomes • Fixed exchange rate with US$	• Distance • Freight costs from the United States are higher than competitors • Preference for smaller introductory orders
Opportunities	**Threats**
• Retail, food service and food processing sectors are growing • Religious tourism (Hajj) • Developing tourism & entertainment industry (domestic and international) • Becoming more open to business and international tourism over the past several years (e-visa) • Large number of U.S. franchises operate here	• Price competitiveness of local products and imports from other markets • Regulators routinely issue complicated rules • Volatile oil prices and the effects of COVID-19. • Some consumers perceive U.S. food products as promoting a relatively unhealthy lifestyle.

UAE Food Laws & Import Procedures

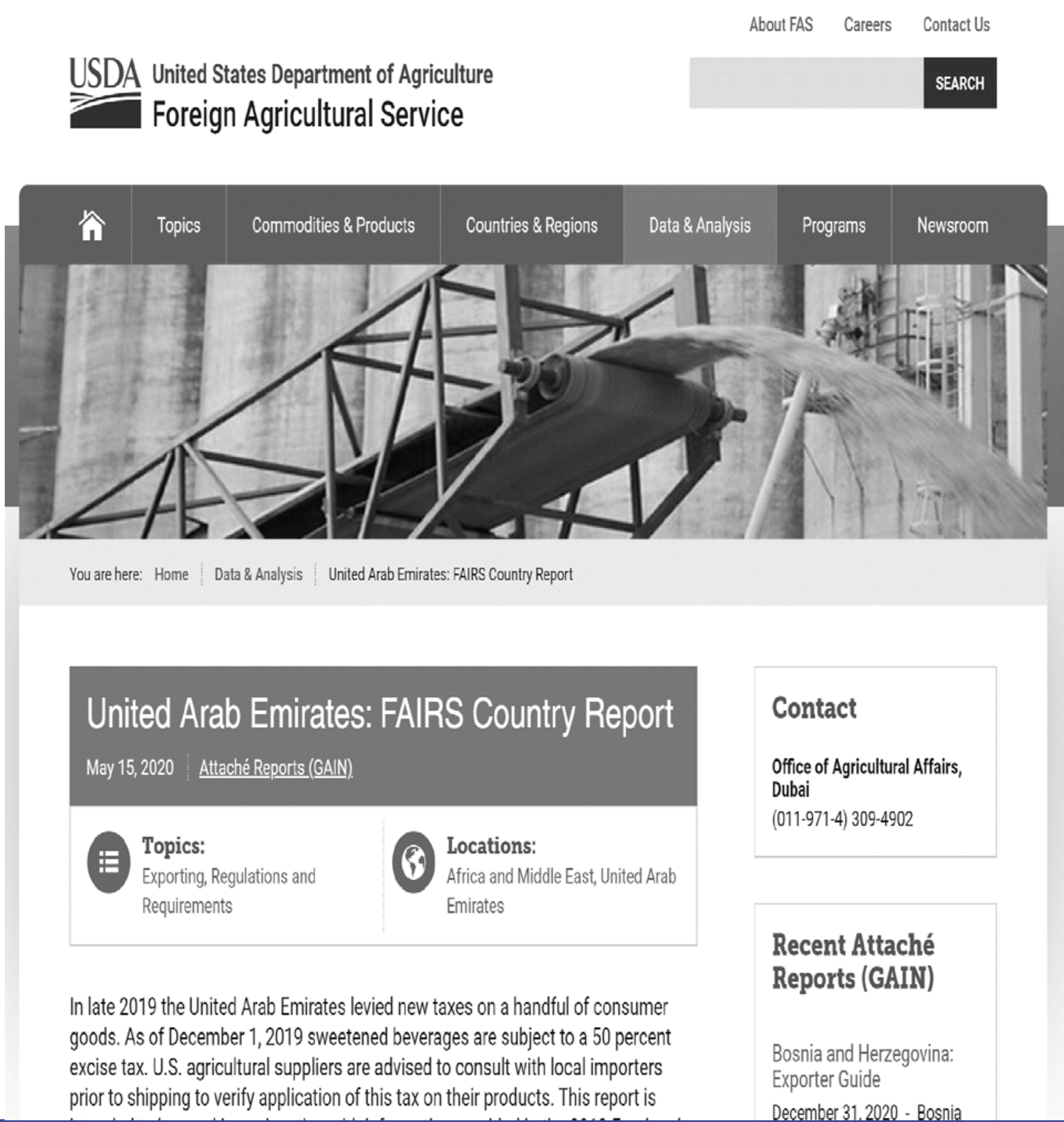
- Standardization amongst GCC countries = goal
- Most food products have 5% duty….some ag products duty free.
- Alcohol 50% duty. Tobacco 100% duty. Sugar tax of 50%
- Halal certification for required products (meat).
- Before importing, product must be registered by importer (FIRS)
- Lab testing by UAE.
- Import documents can be in English.
- Required docs: Airway Bill, original health certificate from USA, packing list, commercial invoice, certificate of origin, halal certificate

UAE Labeling requirements

- Required: product name, ingredient list, food additives, nutritional declaration, net wet, name of manufacturer, country of origin, production AND expiry date.
- Can be in English with Arabic translation of key information on adhesive label affixed manually.
- Production and expiry date must be printed, or stamped directly onto original label using indelible ink. (dd/mm/yyyy)
- Nutritional labeling.
- USDA certification is recognized.
- Shelf life is regulated by UAE authorities.

F&B Import Regulations in the UAE & KSA

- Import duties
- Customs documents
- Meet product regulations (not haram)
- Product registration and compliance
- Packaging requirements/label approval
- Halal, kosher and organic certifications
- Import clearance and required documentation
- KSA Some of SFDA's regulations are not compatible with U.S. regulations or are costly to enforce or implement



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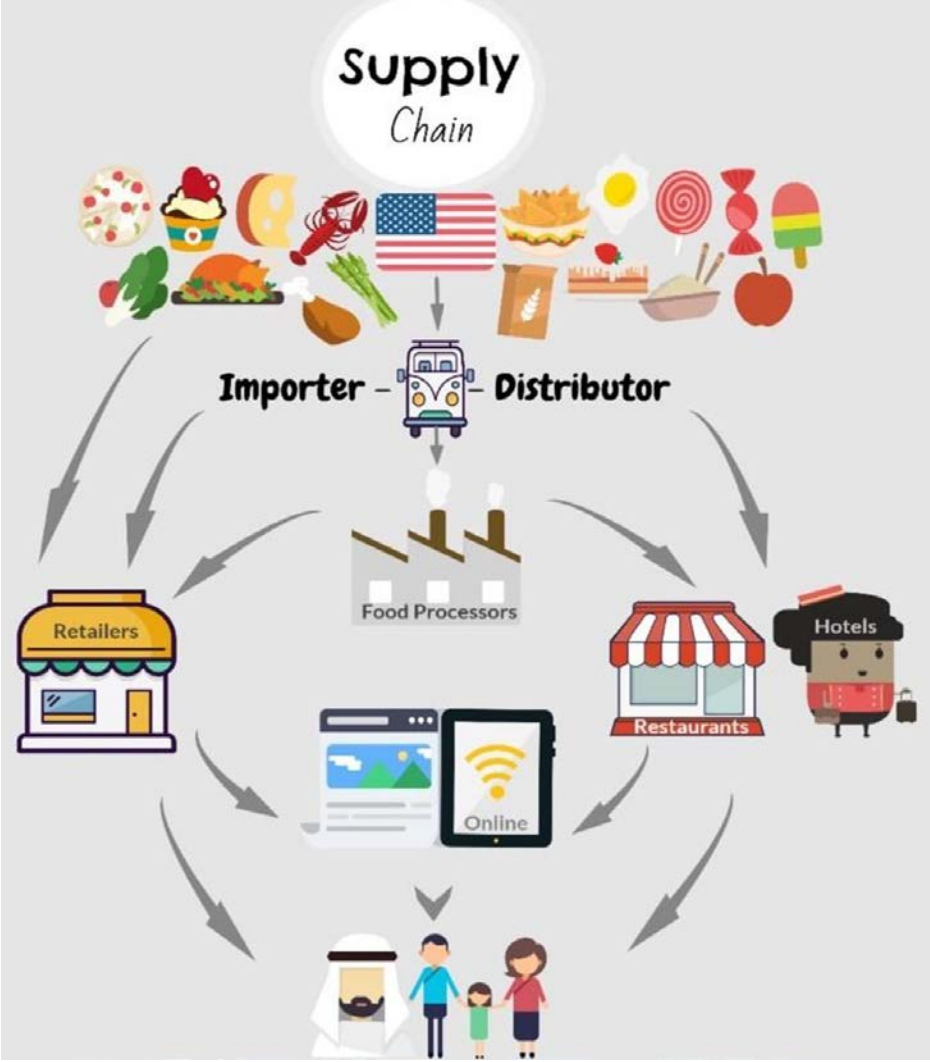

Routes to Market

There are four main routes to market companies can choose, depending on their brands and products:

Importers and Distributors

Importers act as your agent by helping to build the brand, with marketing support from your company.

Consolidators

Most consolidators are sole regional agents, covering the entire Middle East and African regions.

Selling direct

Large chain supermarkets often prefer to import directly from foreign suppliers.

Private label

Private label is a growth area in retail and retailers are increasing the range of products under private label from basic ingredients and spices to high-end gourmet products.

Supply Chain, Logistics & Freight

- Most consumer ready products enter through Jebel Ali Port in Dubai, the world's ninth busiest seaport, and the biggest and the busiest port in the Middle East. BUT 3rd largest trading hub
- A container takes roughly 4 – 6 weeks coming from the U.S.
- Transportation from the UAE to other GCC countries takes roughly one week by air or sea
- High value products and perishables that come in small volumes are usually brought in via air cargo through Dubai International Airport, located in the heart of Dubai city

"Don't they know it's Friday" ....and "When does yes mean yes..."

Social interactions

Contract negotiations

Next Steps & Opportunities

- Inform-Connect-Export
- Come to the Market!
- Gulfood 2023
- Foodex Saudi
- Work with your partners such as WSDA or WUSATA

Contact Us

Victoria Hassani

Managing Director

GMA Marketing Management

Mobile & Whatsapp: +971 50 101 3541

Ph: +971 4 518 7210

victoria.hassani@gmadubai.com

19th Floor Conrad Hotel Tower

P.O. Box 5610

Sheikh Zayed Road, Dubai UAE