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# EMERGING FOOD INGREDIENTS TRENDS IN THE GULF COOPERATION COUNCIL (GCC)

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The Gulf Cooperation Council (GCC) hospitality sector has attracted many tourists with varied demands for different food products. The adoption of healthy lifestyles has influenced the demand for “better-for-you” products with spices, non-dairy ingredients, and herbal-infused beverages growing in the region.



## Frost & Sullivan has identified emerging ingredients within the GCC food sector that relevant stakeholders could tap into, including:



### Move toward natural sweeteners and increased potential for date palm sugar:

Increasing health awareness regarding the drawbacks of consuming refined sugar has influenced the global demand for natural sugars. Consumers in GCC countries have witnessed a similar trend. The demand for natural sweeteners is high compared to artificial sweeteners due to the health benefits. GCC member states are the largest producers of date palms; hence, the consumption of palm sugar is experiencing a surge.

Date palm sugar is characterized by its functional properties and relatively low glycemic index compared to other varieties. Several research studies also indicate that date palm sugar is a better alternative for diabetic patients. Al Barakah is one of the prominent companies from Dubai that launched palm sugar in retail packs to its B2B customers in 2020. The trend is anticipated to lure other entities into the profitable business of producing date palm sugar. Additionally, the sugar tax on sweetened beverages in the GCC makes the market for sugar alternatives lucrative for players entering the segment.



### Increased demand for hot beverages infused with herbal ingredients amidst the COVID-19 pandemic:

Tea is the most popular beverage in the GCC countries. The demand for tea as a hot beverage is increasing in the GCC and is strongly backed by product innovations incorporated into the product and marketed in the region. Saudi Arabia and UAE are the two major consumers of tea in the region. The annual tea consumption in UAE is about 15,500 tons; the annual consumption of tea in the GCC is about 45,000 tons. The import data from ITC Trade indicates UAE imported tea worth USD 210 million in 2019, whereas Saudi Arabia's import totaled USD 236 million in 2019. Increased interest in health and wellness is driving the demand for infused tea in the GCC market.

The post-COVID scenario has propelled the demand for infused herbal tea, with ingredients such as peppermint, ashwagandha, ginger, and probiotics experiencing a surge. These teas are gaining popularity based on the overall functional property-enhancing characteristics with immunity-boosting properties. Additionally, a significant shift to green tea has been observed, backed by the availability of new flavors in the green tea segment. Fermented tea—kombucha—is gradually gaining popularity in the region. Saba Kombucha, a Dubai-based organic kombucha company, saw an increase in its sales by 30% through online platforms and 20% through retail outlets. Its best-selling products include ginger and turmeric kombucha.



## Adoption of plant-based meat alternatives—Fact or Fad?

The GCC is dominated by a meat-consuming population. Meat consumption was estimated at 4.3 million tons in 2019. The plant-based products hold a low market share in the member states but are anticipated to experience gradual growth. Two major drivers back the demand for plant-based products: the demand for sustainable and organic products and the increased inflow of tourists in the country who demand vegan or plant-based products.

Consumers want healthy products and ingredients, and the market for plant-based products is lucrative for players wishing to enter the segment. Frozen plant-based products grew 600% in a UAE-based supermarket chain in 2019 compared to just about 100% in 2018. The CAGR of the plant-based meat sector is projected at 4%-5% over the next four years. In February 2021, one of the largest frozen food companies in the GCC, Al Islami, announced the launch of its plant-based, preservative-free burger patty. The patty is produced using peas, fava beans, sunflowers, and beetroot juice for color. Prince Khaled bin Alwaleed bin Talal Al Saud of Saudi Arabia promotes an animal-free lifestyle and invests in entities focusing on sustainable development. This has given a boost to companies trying to enter the plant-based segment in the country.

Health consciousness among consumers is driving the demand for healthy ingredients in the GCC. Consumers have a high inclination toward sustainable, high-protein products, which fuels the market for plant-based alternatives in the country.



## Dairy-free Cheese:

There is a demand for plant-based products in the GCC with the growing inclination toward sustainable food consumption and awareness of meat consumption and its impact on the environment. Upfield, a global plant-based company based in the Netherlands, launched Violife, which offers 100% vegan and allergen-free cheese in the UAE. A consumer survey revealed the population of millennial flexitarian consumers in the region to be about 45%-50%. Mass consumers are replacing dairy with a plant-based diet in the UAE, and the trend will gain pace post-COVID-19. Health concerns post the pandemic have been the major reason for the shift toward plant-based diets in the country. Nafsika's Garden, another plant-based cheese company from Canada, announced its plan to expand its geographical reach to the Middle East region. The Middle East market for dairy-free products is lucrative due to the recent food consumption in the region.





## Home-grown ingredient sourcing:

Government initiatives to become self-sufficient and achieve food security in the GCC boost home-grown ingredients produced in the region. Vertical farming and greenhouse farming practices in the GCC have enhanced the production of various crops, such as tomatoes, okra, kale, eggplants, etc. Changes in consumers' lifestyles are fueling the increased demand for organic fruits and vegetables. Consumers' awareness of ingredients they consume encourages purchases of healthy produce, which is better for the environment as well. Entities like Barakat Fresh have fulfilled the promise of "farm to table" and collaborated with 50 local farms to deliver fresh farm produce to consumers in about 4 hours. Increasing the production of local home-grown ingredients and fresh produce would ensure the region's ambition to achieve food security. In 2020, Abu Dhabi's ADQ holding company established a company called Silal in Abu Dhabi. Silal aims to enhance UAE's locally grown food. Initiatives like these support home-grown ingredient production in the country and are gradually being adopted by other countries in the region.

## Key Takeaways:

- Rising demands for natural sweeteners or refined sugar alternatives have created an attractive market for the natural sugar segment players. GCC state members are among the largest date palm producers, with high revenue-generating potential through the palm sugar segment. Coconut sugar is also a lucrative segment, backed by consumers' increasing inclination toward natural ingredients.
- The adoption of healthy lifestyles has a positive impact on the home-grown ingredient sector. Ingredients are used for the production of final products, such as herbal drinks. The consumption of herbal beverages has increased, fueling the demand for herbs and spices cultivated in the region.
- Government support to enhance the production of home-grown or locally produced ingredients through sustainable farming practices, backed by increasing demands for fresh and healthy produce from consumers, makes the market for organic produce highly lucrative in the region.
- The rise in the vegan population and increased consumer interest in sustainability and circular economy boost the demand for dairy-free products such as dairy-free cheese and meat substitutes. This trend makes the market attractive for players wanting to enter the segment.





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