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TOP GROWTH OPPORTUNITIES WITHIN THE GCC SWEETS & SNACKS INDUSTRY

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The concept of snacking in the GCC and worldwide has witnessed an evolution in consumers' value propositions. Snack/tea time is usually 11 a.m.-noon and 4 p.m.-5 p.m. to curb hunger pangs. However, consumers also are looking for prospective health benefits, given the sedentary lifestyles led by many at the office and home, especially in the work from home (WFH) setups. Low-carbohydrate and low-sugar snacking items are gaining traction, along with fusion flavors within savory items such as chips and popcorns that can cater to a wide variety of taste profiles within the GCC.

The Middle East snack market is estimated at ~USD 6.7 billion as of 2021; the GCC is believed to dominate ~60% of the market. Over the next year, it is expected to grow at 4% in volume and 12% in value. With the adoption of healthier lifestyles, GCC consumers are evaluating snacking options that are baked, have less fat and sodium, no MSG, and have been developed with natural ingredients.



FROST & SULLIVAN HAS IDENTIFIED THE TOP OPPORTUNITIES WITHIN THE SWEETS AND SNACKS INDUSTRY:



Usage of protein blends and prebiotic fibers in cereal bars:

Cereal/fruit bars have emerged as a meal replacement for conventional breakfast cereals, such as ready-to-eat/ready-to-cook categories, because they are easy to carry and store. In addition to the carbohydrate content, these cereal bars also have a specific protein content along with other nutrients. Key ingredients include protein blends (whey protein concentrates/whey crisps), prebiotic fibers (fructooligosaccharides), flaxseed, soy lecithin and cocoa products. They provide a balanced nutritional alternative to traditional breakfast cereals.



Introduction of gourmet popcorns:

Popcorns are being promoted as gourmet snacks available in different flavors to cater to a wider audience looking for innovations within existing snack categories. This includes fusion flavors such as salted caramel, classic caramel, cheddar cheese, toffee apple & cinnamon, peanut butter, honey and hazelnut. The popcorns can be microwaveable or air-popped. The local population also prefers nutty flavors such as almond and hazelnut. Companies such as Joe & Seph have been pioneers of such specialty popcorns in the UAE by making them available through retail stores such as Spinneys & Waitrose, while retail stores such as Carrefour and Lulu push flavored popcorns from brands such as American Garden, Tiffany, Jolly Time and Dubai Natural.



Adoption of plant-based savories and chocolates:

Plant-based alternatives such as stevia and agave are emerging as popular alternatives to sugar in the formulation of savories (such as biscuits) and chocolates. Gluten-free biscuits with zero sugar have also become popular among health-conscious consumers. Stevia-based chocolates are mostly imported, with brands such as Torras and Chocolatessol being popular.



Emergence of potato-alternative snacks:

Traditional potato chips have been replaced by other alternatives, such as beetroot, peas, blue potato, and sweet potato, as they are considered healthier in terms of less gluten and starch content. Brands such as Hunter Foods, Terra, and Harvest Snaps are prominent in this space.



Emergence of gluten-free snacks:

The gluten-free food market in the six GCC countries was valued at about \$140 million in 2019, with Saudi Arabia accounting for 45% of the total. Gluten has no essential nutrients, and it causes harmful conditions such as celiac disease and gluten intolerance. In Saudi Arabia, about 0.64% of the population suffers from celiac disease, predominantly caused by gluten consumption. People are becoming more aware of the disease, creating higher demand for gluten-free food products.



Low-sugar chocolates:

Health-conscious consumers are switching to filled chocolate bars that have less sugar content in lieu of traditional chocolate bars such as Five Star and Bounty. These caramel and coconut-based chocolate bars are being replaced by brands such as Atkins, which offer filled chocolate bars with lower carbohydrate and sugar content.



Consumers will continue to look for alternative snacking solutions, often taking cues from Western countries, where manufacturers keep introducing novel snack flavors and concepts to satisfy customers' palates and desires for innovative cuisines. With GCC residents getting vaccinated and offices opening up, the demand for alternative snacking will increase. The health and wellness trend in the snacking industry has led to more stringent regulations and restrictions in the food and beverage (F&B) industry. KSA has banned partially hydrogenated oils (PHOs), and the UAE has banned trans-fat in food products, including snacks.

As a result, one of the major challenges for snack manufacturers is maintaining the taste profile for different snacks using alternative ingredients that are more natural. This has led to a premiumization in the snacking category due to higher manufacturing costs, but consumers have been willing to pay a higher price for a product with natural ingredients. Based on the above examples of upcoming and trending snacks, consumers are switching from milder to bolder taste profiles and spicier flavors, compelling manufacturers to include them as part of their new product development initiatives.





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