

# Market Assessment

GCC's Plant Based Market

Case study prepared  
by Ventures Middle East



## Executive Summary

This study provides a comprehensive overview of the dynamic GCC plant-based dairy market.

The report covered the United Arab Emirates, Saudi Arabia, Qatar, Kuwait, Bahrain, and Oman. Focusing on Milk, Yogurt, and Dessert products, the analysis for the period 2022 to 2026 identifies a substantial increase in demand, propelled by growing health consciousness and a shift towards sustainable dietary preferences.

Examining market dynamics, the report uncovers key factors such as regulation, economics, and culture shaping the market's trajectory.

With insights into consumer preferences, regional variations, and competitive strategies, the study equips stakeholders with a holistic understanding, facilitating effective navigation and strategic decision-making for sustainable growth in this transformative market landscape.

## GCC Food & Beverage Market Overview

With a heightened awareness of health considerations, both regionally and globally, individuals are increasingly willing to invest more in their well-being, driving a shift towards healthier food and beverage choices.

This trend encompasses preferences for gluten-free, lactose-free, vegan, organic, and non-alcoholic options, each offering functional benefits. The ongoing impact of the COVID-19 pandemic has significantly altered dietary habits, prompting a surge in health consciousness worldwide. This shift is evident in the growing demand for healthier drinks and foods, reflecting a pronounced change in consumer behavior.

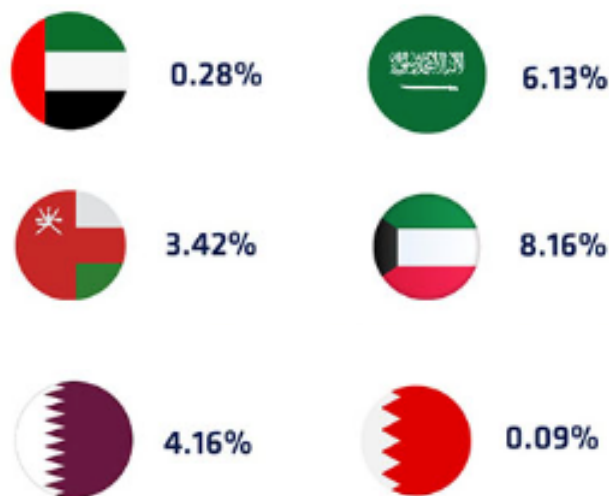
The GCC's food and beverage market, characterized by a burgeoning demand and accessible entry points, has witnessed intensified competition. This has translated into an expansion of both the number and variety of food and beverage outlets, catering to a diverse range of consumer preferences and evolving needs. Notably, the plant-based market in the GCC is experiencing noteworthy growth, with restaurants and cafes strategically catering to the rising demand from vegan consumers.

This is exemplified by the introduction of plant-based dishes and beverages, such as lattes featuring soy or almond milk, underscoring a paradigm shift towards healthier and more sustainable culinary offerings in the region.

### GCC Plant Based Protein Market Overview

Over the last decade, the GCC's plant-based dairy sector has seen steady growth, driven by economic diversification efforts and an increasing health-conscious consumer base. Government initiatives combating obesity and promoting health awareness have spurred lifestyle changes, with a notable rise in demand for plant-based alternatives like soy, almond, and coconut milk.

## GCC Consumer Price Index Food & Non Alcoholic



In response to health concerns related to traditional dairy, such as lactose intolerance, consumers are shifting towards healthier options, contributing to a 50% increase in plant milk consumption in the UAE by 2020. Additionally, global health trends, including the adoption of vegan diets post-COVID-19, are expected to further boost the growth of plant-based dairy and meat products in the GCC region, ushering in innovations such as chocolate-infused almond milk and sustainable alternatives.



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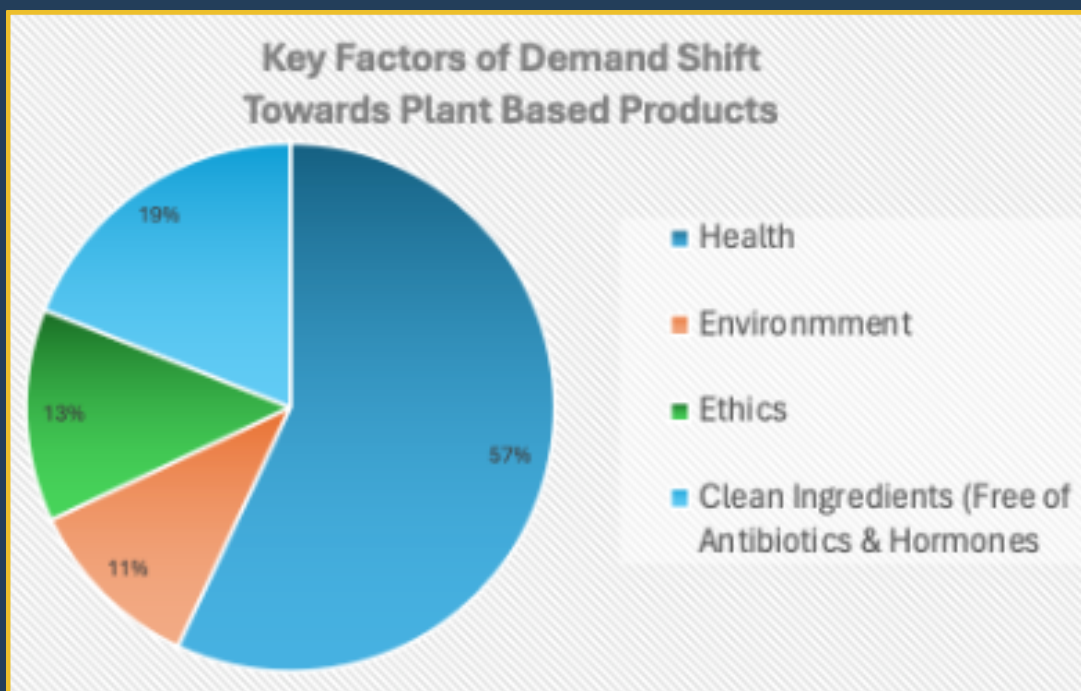
Consumer awareness  
on negative impacts of meat  
& dairy on health is leading  
a shift towards **vegan** diets

Shift in Consumer Behavior	Description
Concerns Over Animal Welfare	Growing ethical considerations and awareness of animal welfare issues driving consumers towards compassionate choices.
Personal Health	Increasing awareness of health benefits associated with plant-based diets, including reduced risks of chronic diseases.
Functional Efficiency & Sustainability	Consumer attraction to the functional efficiency and sustainability of plant-based products, emphasizing nutritional value and environmental friendliness.
Vegan Diets	Rising popularity of vegan diets, driven by ethical, health, or environmental concerns, influencing consumer preferences towards plant-based products.

## Middle East Plant-Based Market Overview

Over the last decade, the food industry has witnessed a prominent shift towards healthier eating, a trend that has been further accelerated by the COVID-19 pandemic. With the pandemic now in the rearview mirror, the focus on health and immunity remains a top priority for consumers.

The enduring awareness of healthy eating, shaped by the lasting impact of the pandemic experience, continues to influence dietary choices. Internationally and in the GCC, the transition towards plant-based, flexitarian, and redudctarian diets persists as significant nutritional and consumer trends.

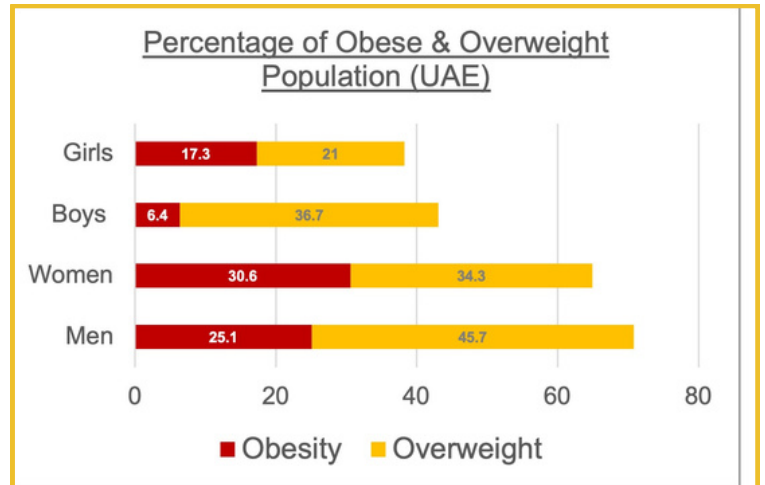




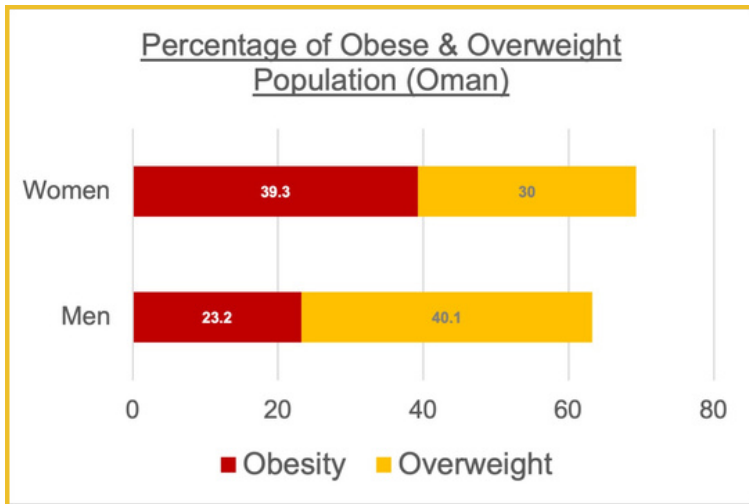
# Market Drivers

## Emphasis on Health & Innovation

A surge in health awareness, driven by the escalating prevalence of lifestyle-related ailments like obesity, diabetes, and hypertension, is propelling the demand for nutritious and organic foods in the GCC. Witnessing significant changes in dietary behaviors, consumers in the region are increasingly seeking more nutritious beverage options, creating a promising trajectory for the organic and plant-based sector. In response, brands in the GCC are actively introducing innovative plant-based products that not only cater to health-conscious consumers but also boast higher protein content and lower calories and fats, further fueling market growth.

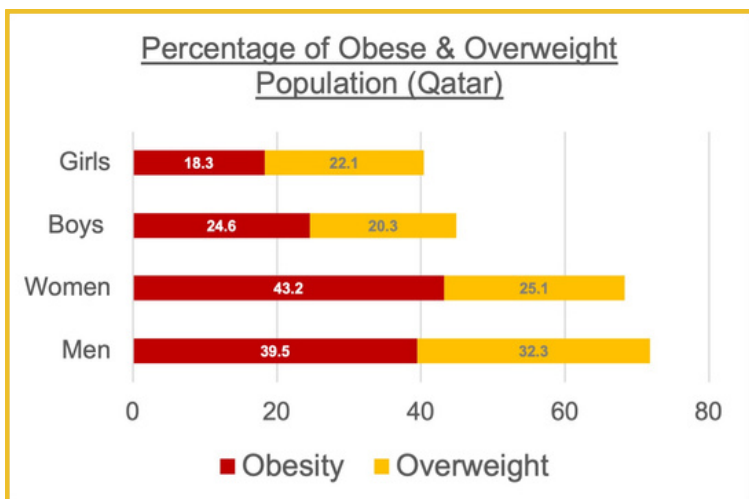


**Obesity-related disorders are expected to cost GCC Region \$68 billion per year**

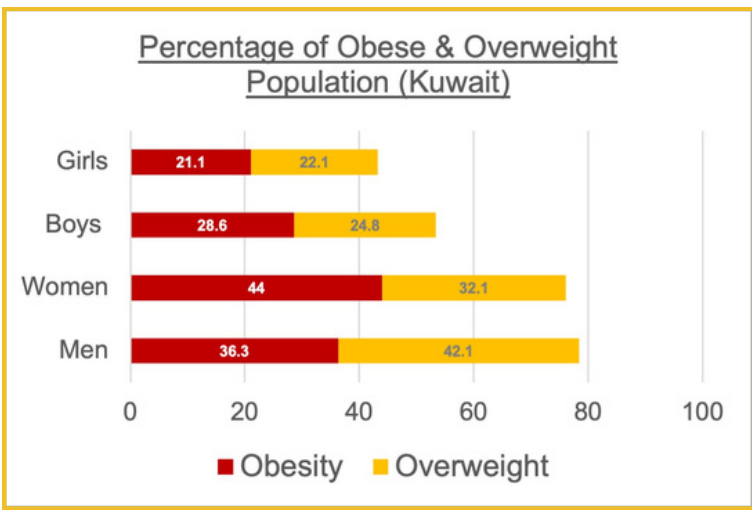
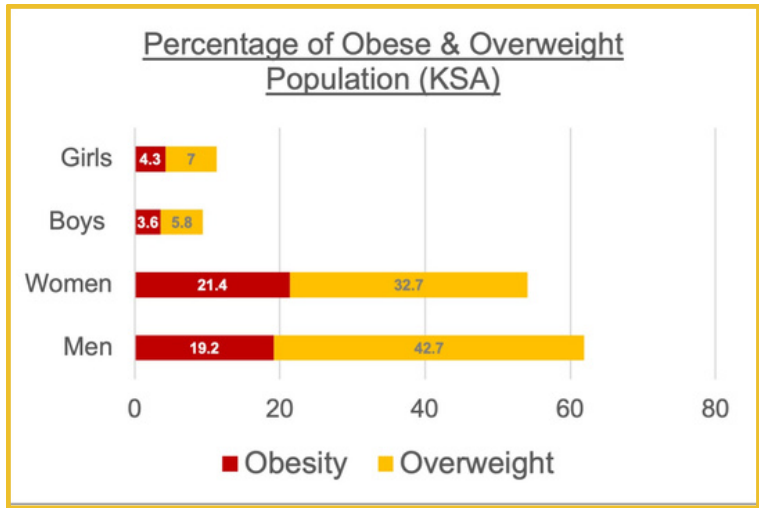
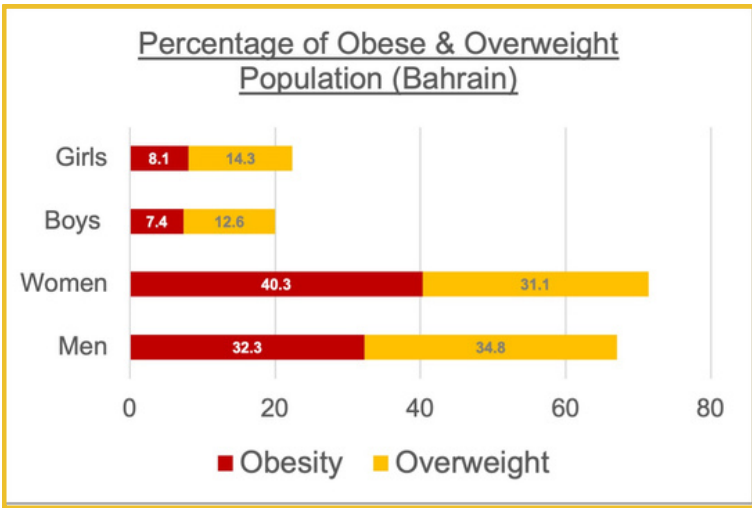


## Raise in Health Issues

The rapid economic growth witnessed in the GCC states in the last fifty years has coincided with a notable increase in obesity and cardiovascular-related health issues. Over the past four decades, the prevalence of overweight and obesity in GCC countries has nearly tripled, mirroring a simultaneous rise in cardiovascular morbidity and mortality rates.



This concerning trend is linked to various sociodemographic, environmental, and behavioral factors, highlighting the correlation between sedentary lifestyles, unhealthy dietary habits, and the escalating rates of overweight and obesity. Below highlights the obesity rates across each GCC country:



## Adoption of Vegan Diets

The adoption of vegan diets in the GCC is driving significant product development in plant-based alternatives.

The market caters not only to vegans but also to a growing number of consumers reducing meat and animal dairy intake for health and environmental reasons. The GCC, known for innovation, is witnessing a massive shift towards sustainability. Shops and restaurants are responding to increased demand by offering a variety of vegan options. The popularity of milk substitutes and other vegan products has surged, driven by concerns for animal welfare, environmental sustainability, and health.

**USD 35.6 Billion**  **Value of Global Plant-Based Food Market**

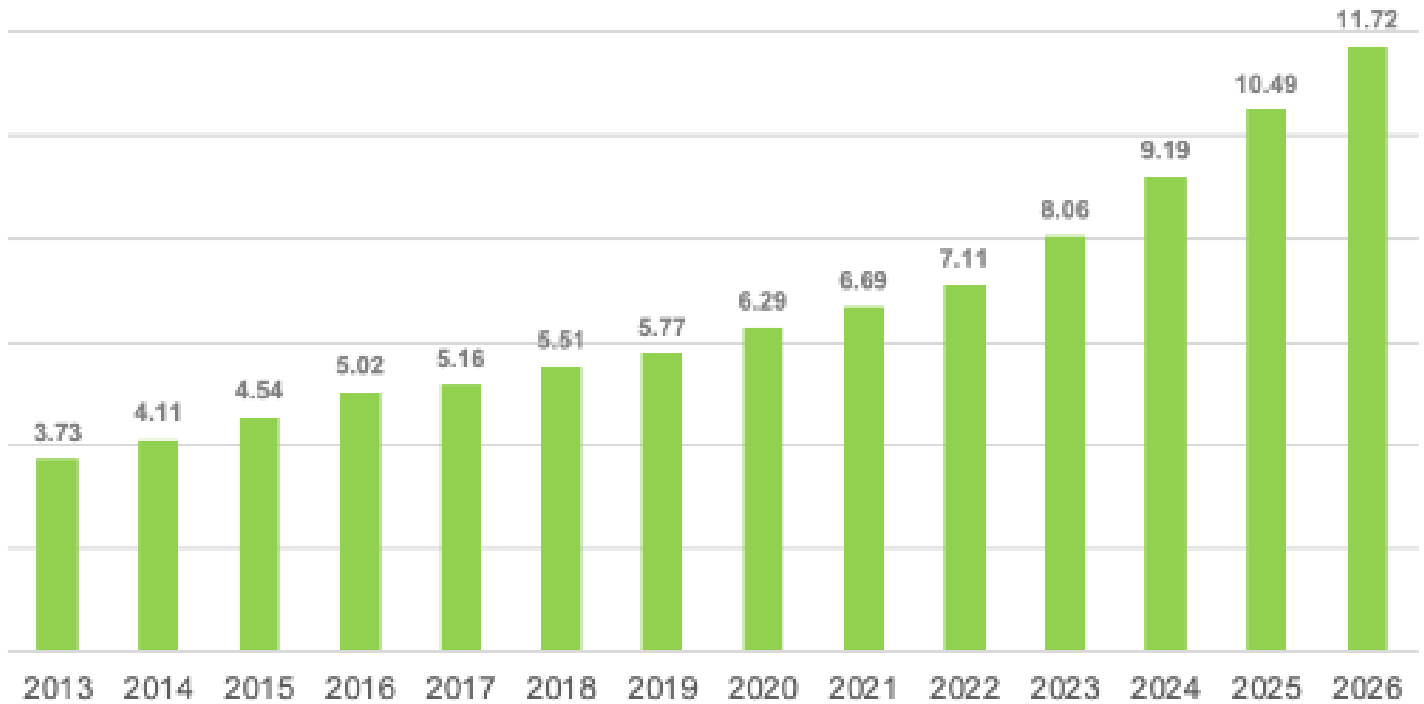
## Growing Market

The global market for milk substitutes is experiencing robust growth, reaching a record consumption of approximately 6.3 billion kilograms, marking an increase of over half a billion kilograms compared to the previous year.

Projections suggest a further surge, with global consumption expected to reach 11.7 billion kilograms by 2026. In 2020, per capita consumption of milk substitutes worldwide reached about 800 grams, a figure anticipated to rise to 1.5 kilograms per capita by 2026, according to the Statista Consumer Market Outlook.

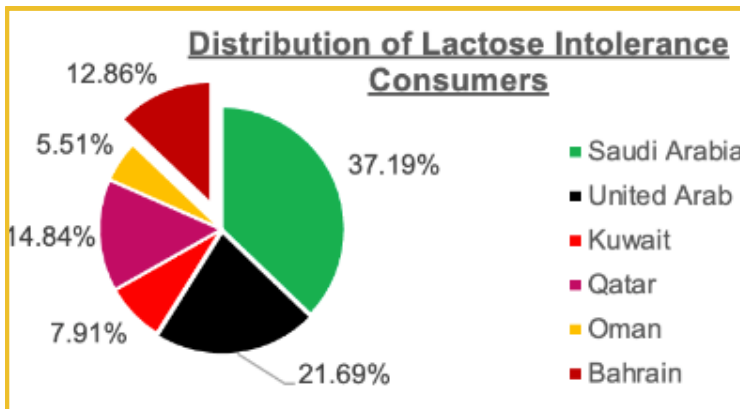


## Total Consumption Of Milk Substitutes Worldwide From 2013 To 2026 (Billions Of Kilograms)



## Growth of Lactose Intolerance

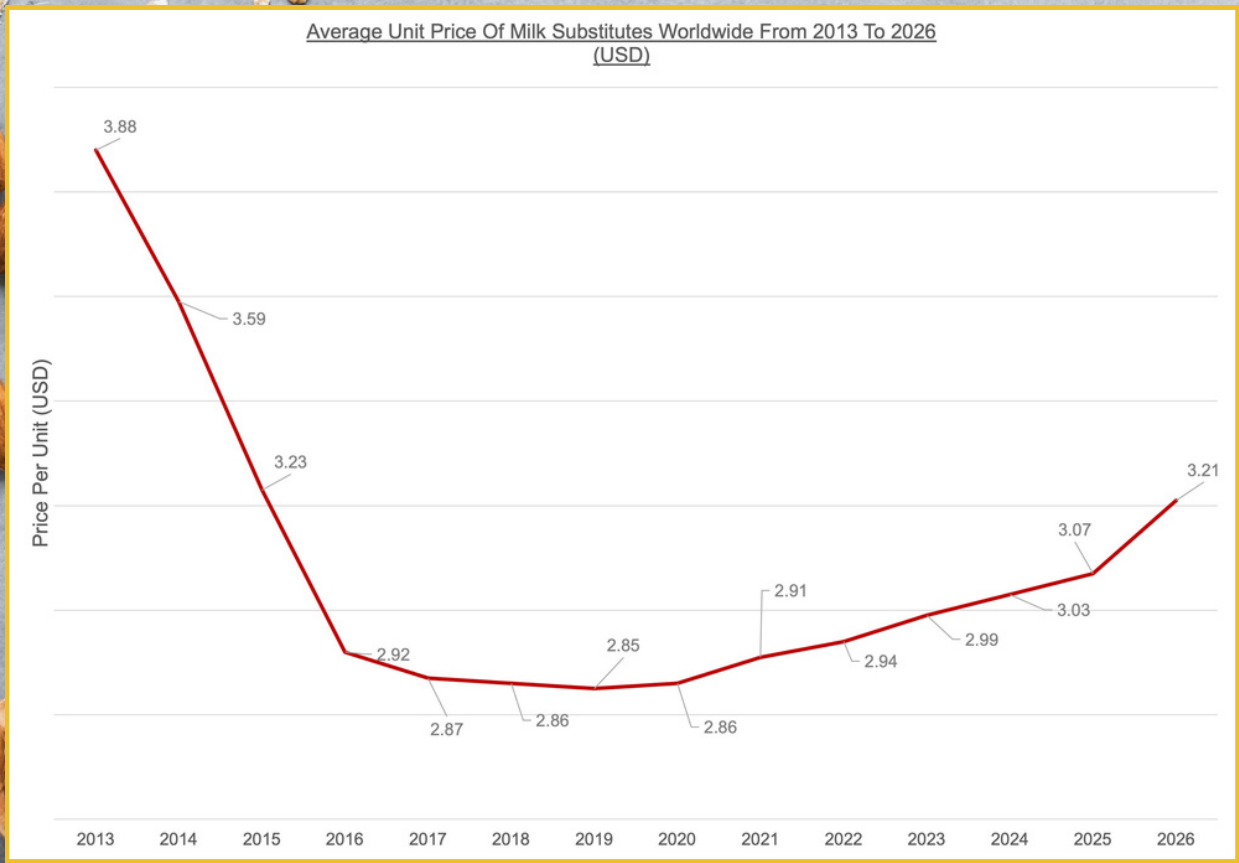
Lactose intolerance is a condition characterized by the body's inability to digest lactose, a sugar found in milk and dairy products, due to insufficient production of the enzyme lactase in the small intestine lining.



The GCC Standardization Organization (GSO) has observed a notable rise in lactose intolerance cases, particularly among individuals reporting symptoms emerging after the age of 35 to 40.

## Market Challenges | Price Disparity

In the GCC, the plant-based milk market faces hurdles primarily due to the stark price difference between plant-based and dairy milk. Plant-based alternatives, often twice as expensive, limit consumer adoption. Contributing factors include higher manufacturing and packaging costs, coupled with a lack of government support, unlike the robust backing for dairy farmers. However, over the past decade, the prices of plant-based goods have been declining with the introduction of better and more advanced technology.



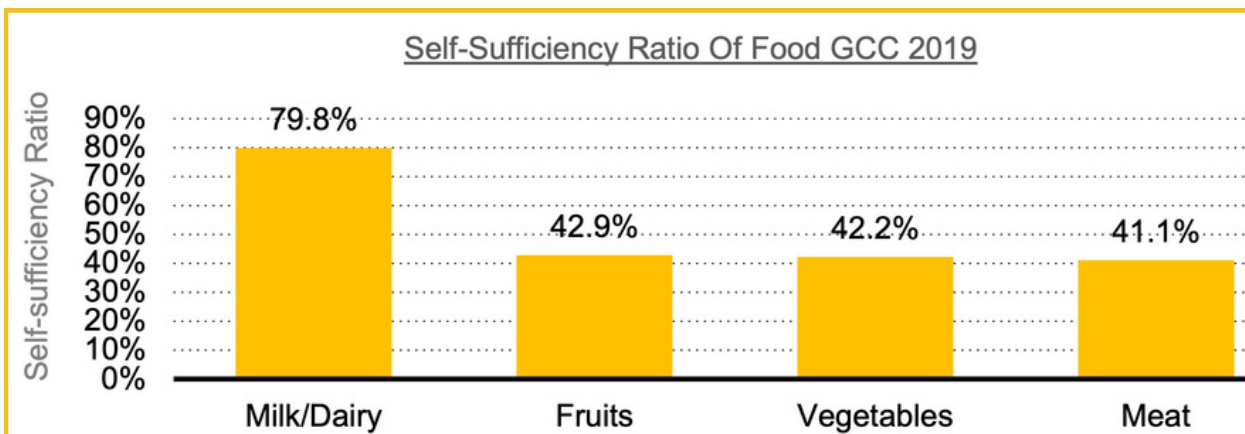
## Dependency on Imports

The dependence on international trade for raw materials increases production costs for plant-based options, in contrast to the region's efforts to achieve self-sufficiency in animal-based dairy production. These challenges underscore the need for cost competitiveness and potential governmental support to promote the growth of the plant-based market.

## Dairy Production Growth

The GCC region, particularly Saudi Arabia, has witnessed a substantial surge in milk and milk-based product production, with over 62 dairy farms contributing to the country's status as the largest dairy consumer in the GCC. Saudi Arabia's Vision 2030, aimed at economic diversification beyond oil, is set to boost the domestic dairy sector, fostering growth in the regional dairy products market.

Efforts to enhance the dairy supply chain involve projects to expand in-country cattle numbers, aligned with initiatives to raise awareness across demographics. While traditional animal-based milk remains widely consumed in GCC cities, plant-based dairy products are emerging, notably in Qatar, which achieved remarkable self-sufficiency progress in dairy products.





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The GCC dairy market is expected to exhibit a compounded annual growth rate of 6.7% between 2022 - 2027

## Nut Allergies

In recent decades, allergy rates in the GCC region have seen an upward trend, with approximately 11% of children affected, compared to 7% in the UK and 9% in Australia. Globally, food allergies impact 5% of the population, causing concerns for individuals and families due to the potential life-threatening responses triggered even by residues of allergenic foods. The surge in allergies poses challenges for the plant-based market in the GCC, given the increasing prevalence of allergies to nuts, a primary source for many plant-based products such as almond, coconut, rice, and soy milk.

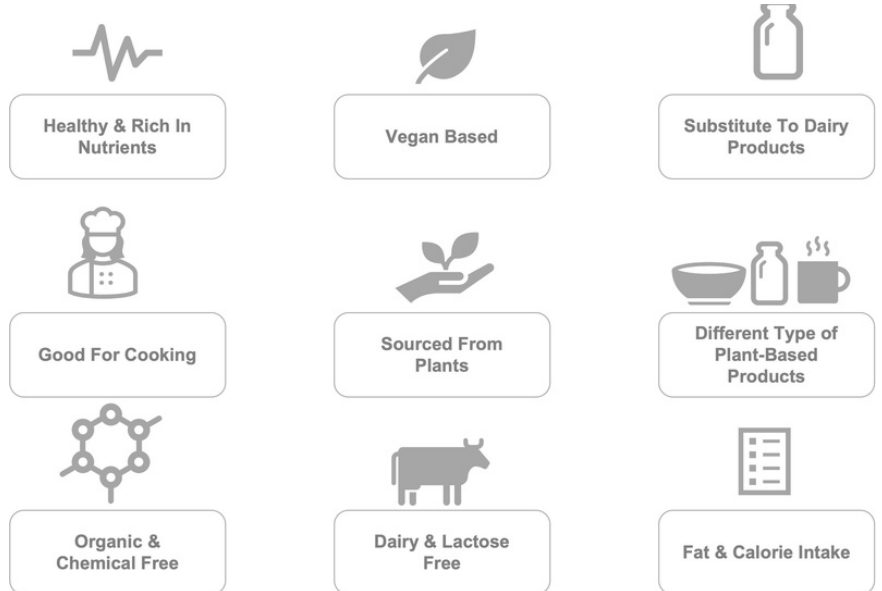
## Field Research Results

Conducting primary research, we deployed a specialized questionnaire to gather insights from the GCC population, spanning the UAE, Qatar, Oman, Kuwait, and Bahrain. The questionnaire, distributed through a dedicated platform and efficient online survey software, aimed to enrich strategic decision-making processes for organizations. The research delved into four key areas: awareness of plant-based products, consumption patterns, preferences, and an evaluation of packaging, shelf life, prices, and overall concept. This comprehensive approach sought to offer valuable insights into the perceptions and behaviors surrounding plant-based products in the GCC region.

Country	MALE %	FEMALE %
UAE	54%	46%
BAHRAIN	53%	47%
OMAN	60%	40%
QATAR	60%	40%
KUWAIT	60%	40%
SAUDI ARABIA	47%	54%

## What Do People know about Plant-Based Dairy Products?

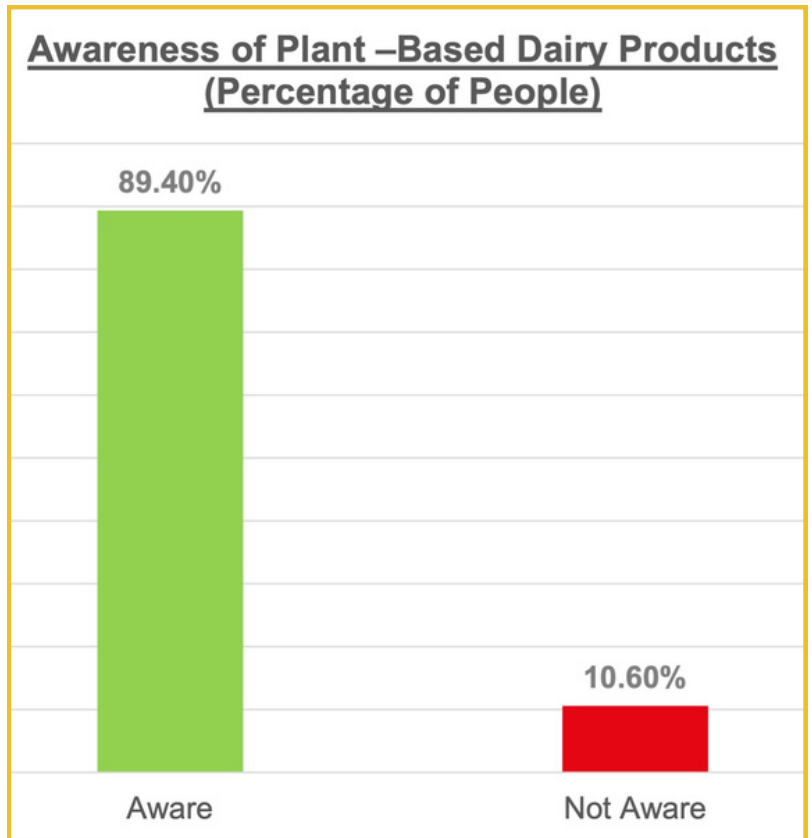
People exhibit awareness of various aspects related to plant-based dairy products. The survey results indicate recognition that these products serve as substitutes for traditional dairy, are sourced from plants, and are often considered suitable for vegan diets. Respondents also acknowledge the absence of dairy and lactose in these alternatives.



Additionally, the survey highlights that people are aware of the different types of plant-based products available in the market.

## How aware is the sample?

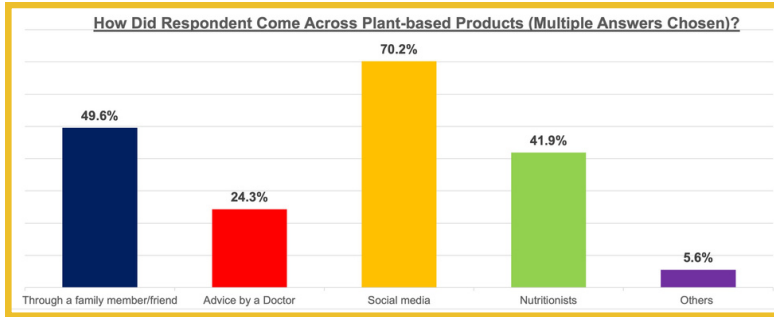
An impressive 89.4% of respondents demonstrate awareness of plant-based dairy products, underscoring a substantial recognition of these alternatives within the surveyed population. This high level of awareness suggests a growing familiarity and interest in plant-based options among the respondents.



## How Did Respondent Come Across Plant-based Products

The survey explored multiple avenues through which individuals came across these alternatives, revealing diverse pathways that contribute to the growing awareness of plant-based products in the market.

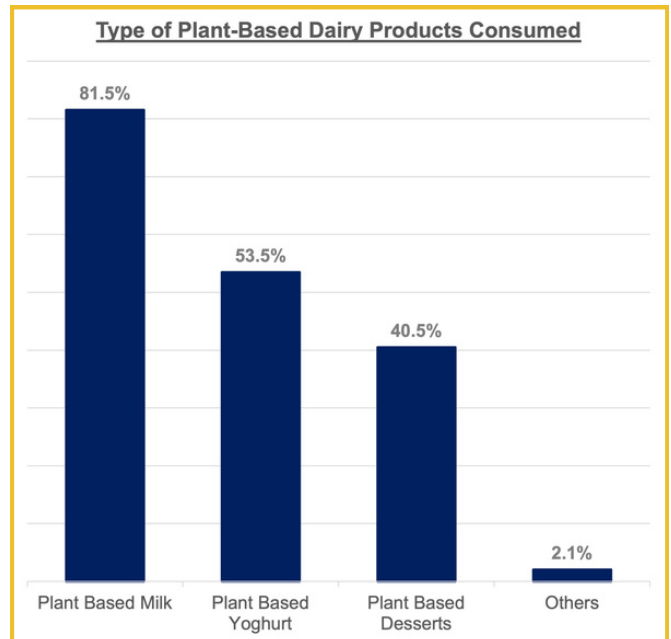
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## Type of Plant-Based Dairy Products Consumed

By examining the various options embraced by individuals, the survey aims to capture the preferences and consumption patterns contributing to the growing popularity of plant-based alternatives.

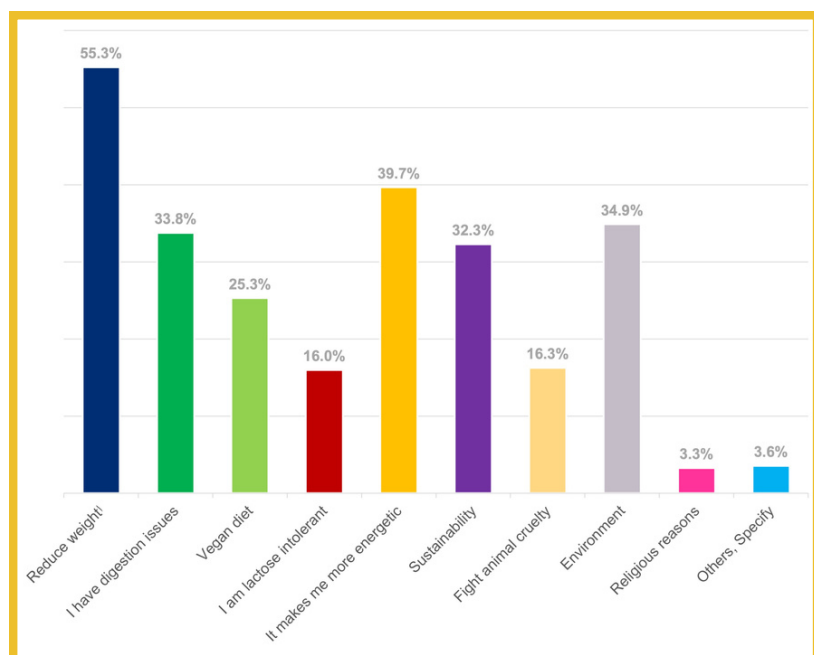


“**Social Media exposure to plant-based products is the largest category, taking a total of 70.2% of the respondent share**

## Why Do Respondents Consume Plant Based Products?

The reasons behind respondents' consumption of plant-based products reveal a diverse array of factors shaping their dietary choices. Ranging from health-conscious considerations to ethical and environmental concerns, the survey explores the various motivations driving individuals to opt for plant-based alternatives.

Understanding these reasons offers valuable insights into the evolving landscape of consumer preferences and the increasing appeal of plant-based products.



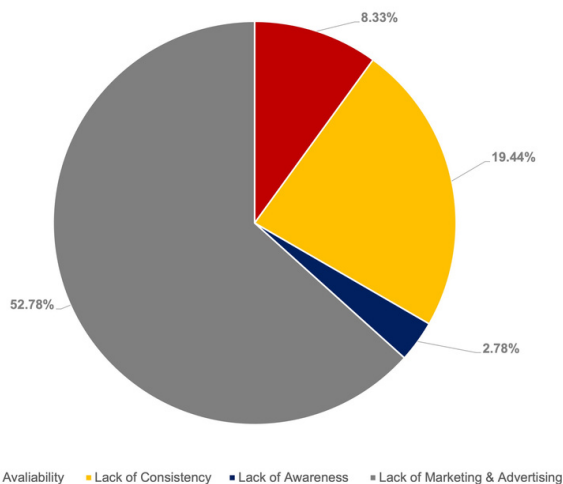
## Which Country Has The Highest Variety of Plant Based Products?

Among the surveyed countries, the data indicates that the UAE boasts the highest variety of plant-based products, with 24% of respondents highlighting the diverse options available. Following closely are Qatar and Kuwait, with 20% and 19%, respectively. This insight suggests that the UAE stands out in terms of the range and availability of plant-based alternatives, reflecting a vibrant market for these products in the region.

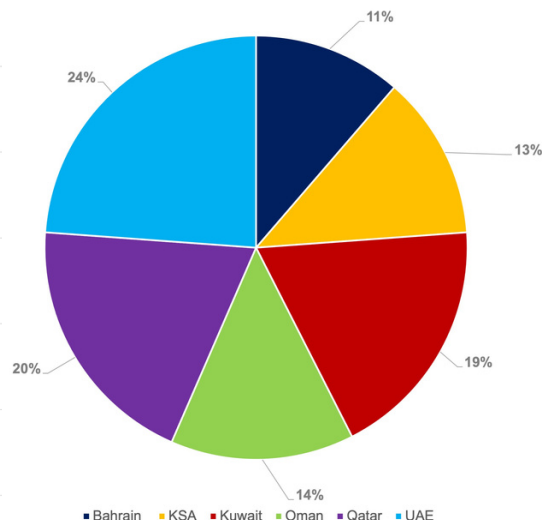
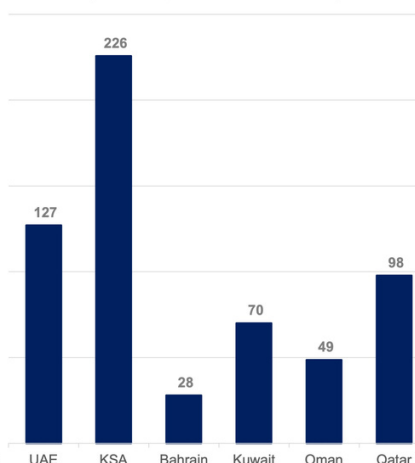
## What are the gaps in the plant-based products?

Identifying gaps in the plant-based products market is crucial for understanding the challenges hindering their widespread acceptance. The survey highlights significant issues, including a lack of availability, consistency, and awareness. These gaps serve as key focal points, guiding the development of targeted strategies to address specific challenges and enhance the overall landscape of plant-based products in the market.

WHAT ARE THE GAPS IN THE PLANT-BASED PRODUCTS

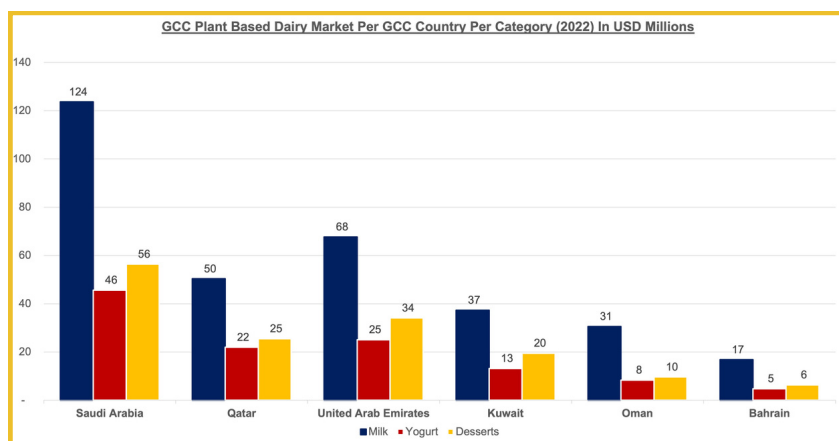


GCC Plant Based Dairy Market Per GCC Country (2022) In USD Millions



## Market Size

The GCC Plant-Based Dairy market reached an estimated USD 565 million in 2022, with Saudi Arabia leading as the largest contributor due to its sizable population and growing demand for plant-based options. The country also boasts the highest number of plant-based brands among retailers in the sample.



The UAE follows with the second-largest market size at USD 127 million, driven by increased tourism, a health-conscious population, and a surge in plant-based offerings in restaurants. Qatar, with a market size of USD 98 million, is actively attracting foreign investments and aiming to become a major exporter of plant-based and cell-based products, aligning with global sustainability goals. Bahrain has the smallest market size in 2022, possibly influenced by the enduring prevalence of dairy as a staple in households.



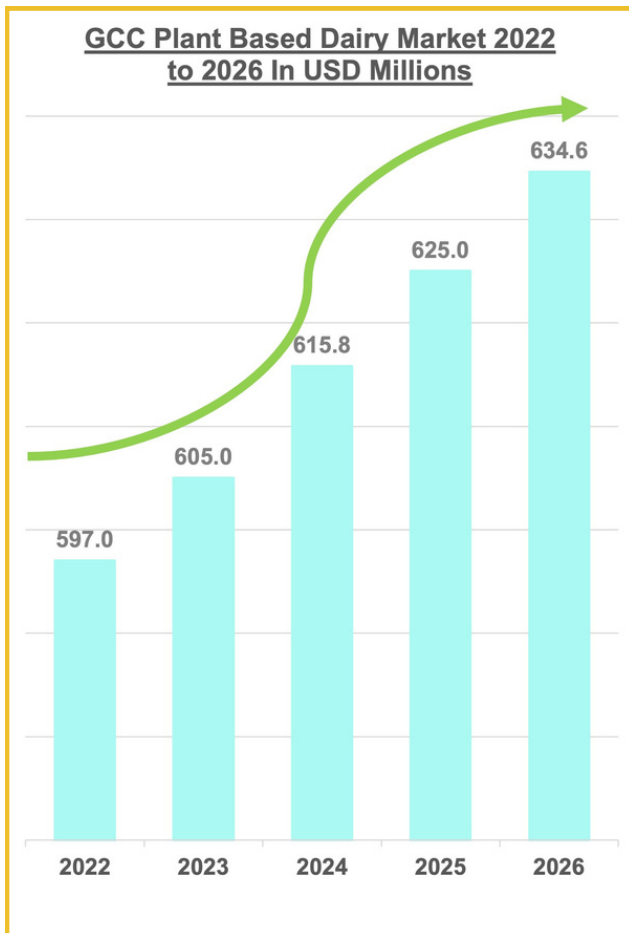
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Majority of the respondents (55.3%)  
consume plant-based dairy products  
for weight loss purposes



## Market Forecast

In 2024, the plant-based dairy product market is poised for significant growth, reaching a peak rate of 1.79%. However, projections indicate a potential decline in the following years, anticipating a reduction in growth. This shift can be attributed to evolving consumer preferences and a stabilization in market competition as prices decrease. As we look beyond this period, a positive and steady growth trajectory is anticipated in the plant-based dairy market.



## Conclusion

The plant-based dairy product market in the GCC region has shown remarkable growth, driven by a shift towards healthier lifestyles and increased adoption of plant-based and vegan diets. As of 2024, the market has experienced substantial growth, peaking at 1.79%, signaling a positive trajectory. However, projections suggest a potential decline in subsequent years, likely influenced by evolving consumer preferences and a stabilization in market competition as prices decrease. Despite these anticipated fluctuations, the overall outlook remains optimistic, with expectations of a positive and steady growth pattern beyond the assessed period.

## About Advisory Division

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