



**MARKET ACCESS SECRETARIAT
Global Analysis Report**

Foodservice Profile

The United Arab Emirates

May 2015



EXECUTIVE SUMMARY

The United Arab Emirates (UAE) is home to a unique and profitable consumer foodservice industry, valued at just under US\$8.5 billion in 2013, that is expected to continue posting strong growth into the future. With one of the highest standards of living and largest proportion of expatriates in the world (90% in 2013), coupled with an increasing number of incoming tourists, this country's population is very diverse, wealthy and well-travelled, creating ample demand for foodservice options that suit a myriad of tastes as well as busy schedules.

Foodservice is a fundamental piece of the Emirati lifestyle, with consumers regularly eating out or visiting a café to gather with family and friends, or hold a business meeting with colleagues. Even during the economic downturn, the convenience, indulgence and social opportunities found in foodservice outweighed the cost savings of cooking at home. Euromonitor predicts that by the end of 2017, as affluence grows, most Emirati consumers will turn to foodservice options for more than half of their weekly meal occasions, with the lunch hour proving particularly profitable. Consumers are also trading up to chained establishments in increasing numbers, seeking new and exciting food experiences, as well as the familiarity and quality of internationally recognized brands, which are largely franchised by local operators.

Retail locations (within malls and other establishments) are currently the most prominent and sought-after in the UAE, with nationals and tourists alike turning to shopping malls in the major cities as a leisure activity to escape the hot, dry climate. As the UAE works to further establish itself as a tourist destination, massive investments are being made in infrastructure and other such attractions, which will only grow the foodservice sector.

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POSITIONING FOODSERVICE IN THE WORLD

**Top 5 Foodservice Companies Worldwide in 2013,
US\$ Millions**

Company	International Foodservice Sales	Foodservice Sales in the UAE
1. McDonald's Corp	89,126.0	193.8
2. Yum! Brands Inc	44,140.0	385.4
3. Doctor's Associates Inc	20,137.0	151.7
4. Seven & I Holdings Co Ltd	18,026.2	N/A
5. Burger King Worldwide Inc	17,885.8	127.0

Source: Euromonitor International, 2014

**Top 10 Foodservice Markets
Worldwide in 2013, US\$ Billions**

Country	Retail Sales
1. China	510.8
2. United States	492.5
3. Japan	214.7
4. Brazil	141.3
5. Italy	100.2
6. India	96.1
7. Spain	96.0
8. United Kingdom	86.9
9. South Korea	67.3
10. France	62.7
37. United Arab Emirates	8.5

Source: Euromonitor International, 2014

Top Agri-Food and Seafood Importers Worldwide, 2013

Country	Imports US\$ billions	Top Suppliers & Market Share			Canada's Share
		1	2	3	
United States	127.4	Canada 19.7%	Mexico 15.1%	China 5.6%	19.7%
China	118.0	United States 22.6%	Brazil 19.1%	Australia 7.3%	4.9%
Germany	106.8	Netherlands 19.5%	France 8.6%	Italy 7.7%	0.5%
Japan	76.5	United States 20.6%	China 13.2%	Canada 6.1%	6.1%
Netherlands	71.5	Germany 18.2%	Belgium 12.3%	Brazil 7.5%	0.6%
United Kingdom	68.8	Netherlands 14.3%	France 11.2%	Ireland 9.5%	0.7%
France	64.9	Spain 13.0%	Netherlands 12.0%	Belgium 11.6%	0.5%
Italy	54.8	Germany 14.9%	France 14.5%	Spain 9.6%	0.8%
Belgium	42.0	Netherlands 26.3%	France 23.0%	Germany 11.3%	1.0%
Russia	39.7	Brazil 7.3%	Germany 5.1%	Ukraine 5.0%	1.2%
United Arab Emirates (2011*)	14.0	India 14.1%	United States 8.3%	Canada 6.3%	6.3%

Source: Global Trade Atlas, 2014.

Note: At the time of writing, 2011 is the latest import data available for the United Arab Emirates.



CONSUMER ATTITUDES AND ECONOMIC DRIVERS

Foodservice is an important industry in the United Arab Emirates, appealing to consumers across a broad income and cultural spectrum, including locals, expatriates, and visiting tourists from all over the world. According to Euromonitor, 2013 was a year of strong gross domestic product (GDP) growth in the UAE, which resulted in a rise in consumer incomes, and thus the continued acceleration of sales across all foodservice subsectors. Growth was particularly seen across premium establishments, as consumers felt comfortable trading up to higher-end options.

Eating out is a common practice among most consumers in the UAE, with foodservice establishments frequented as a leisure activity, for business meetings, and for the sake of a convenient meal. The typically hectic lifestyles and long office hours of expatriate professionals cause many to rely on foodservice options daily, if not more. The habitual use of technology is only fuelling this trend, with applications that allow consumers to place and purchase orders for takeout or delivery via their mobile device such as talabat.com and foodonclick.com, surging in popularity. Consumers are also seeking out comparative information on restaurant locations, menu offerings, photos, and reviews online, increasing the use of “portals” that compile details on numerous establishments in a single location, such as zomato.com (Euromonitor International, 2014-b).

The strong GDP growth in 2013 also allowed for further development of the tourist industry, adding to the gains being seen in the foodservice sector. Already boasting one of the highest hotel occupancy rates in the world (90% occupancy year-round), the UAE is looking to attract 20 million visitors per year by 2020, and generate 64% of GDP through non-energy sectors by the year 2030. As such, the UAE is investing heavily in tourism-oriented development. For example, 2013 saw the opening of the first mega water park in Abu Dhabi, as well as the world’s tallest hotel in Dubai (Euromonitor International, 2014-b). As well, in late 2013 the UAE was awarded the opportunity to host Expo 2020 in Dubai, a six-month-long world expo offering exhibits, attractions and cultural events sponsored by a multitude of international participants (Expo 2020 Dubai, 2013). This event is expected to boost the economy and thus foodservice opportunities for the next few years. In preparation for the event, the Dubai government has already announced the development of major projects including Legoland (to be completed in 2016), a Bollywood theme park, more than 60 new upscale hotels, and many three-to-four star hotels for business travelers.

In 2014, the 2.5 million square foot Yas Mall opened in Abu Dhabi, boasting over 370 retailers, including 60 food outlets, and plans were announced for the “Mall of the World” in Dubai. This ambitious project, a completely self-contained, temperature-controlled, city-like shopping, entertainment, accommodations and services development, would be the first of its kind in the world, encompassing more than 48 million square feet, and a 7 kilometre street network (Hohenadel, 2014; Stott, 2014; YasMall.ae, 2014). Dubai is also expected to see the opening of 20 new community shopping malls over the next five years, particularly in the areas surrounding the Expo 2020 site. These smaller shopping centres will be tailored to the community in which they are built, and will each host a supermarket as the anchor tenant, as well as an additional 20 to 30 retail units (Arabian Industry, 2014). Finally, airports in both Abu Dhabi and Dubai are currently undergoing expansions plan to significantly boost passenger capacity.

These and other infrastructure developments will stimulate continued, if not amplified, growth in the tourism industry, which is a significant factor in pushing demand through all foodservice channels (Euromonitor International, 2014-b;). Some analysts have suggested the food and beverage industry will need to expand drastically, as much as quadruple in size, simply to support the influx of demand generated from existing development projects in the UAE (Scott, November 2014). This creates opportunities to introduce new and exciting concepts from fast food options to fine dining, for both franchises and independent restaurants.



FOODSERVICE OVERVIEW

The UAE foodservice sector was valued at just under US\$8.5 billion in 2013. Between 2009 and 2013, the market recorded a compound annual growth rate (CAGR) of 10.4% and is expected to continue expanding, although at a slightly slower rate, with a CAGR of 7.7% until 2018, to reach total sales of US\$12.3 billion. According to Euromonitor, the top five players in the market are entities franchising major international brands, including Kuwait Food Co. (Yum! Brands' Kentucky Fried Chicken, and Pizza Hut), Emirates Fast Food Co. (McDonald's), Subway Arabia, First Food Services (Burger King), and M H Alshaya (Starbucks, PF Chang's China Bistro, and The Cheesecake Factory).

Cafés/bars was the dominant subsector in 2013 in terms of both value sales and growth, representing 40% of the total market. While full-service restaurants and fast food are not far behind (with 30.2% and 27.8%), their proportions of the overall market are expected to decline over the forecast period to 2018, by 3.9 and 1.2 percentage points, respectively. Over the same period, the cafés/bars category is expected to capture the entire market share lost by other subsectors, to represent 45.3% of the total foodservice market by 2018.

Historic Value Sales and Growth of UAE Foodservice by Subsector, US\$ Millions

Subsector	2009	2010	2011	2012	2013	% CAGR* 2009-13
Total consumer foodservice	5,712.7	6,327.3	7,092.9	7,790.5	8,488.4	10.4
Cafés/bars	2,165.4	2,380.1	2,706.0	3,028.4	3,387.4	11.8
Full-service restaurants	1,763.4	2,015.4	2,223.5	2,387.6	2,565.0	9.8
Fast food	1,647.2	1,787.2	2,007.8	2,210.6	2,361.7	9.4
100% home delivery/takeaway	116.7	122.6	132.6	140.2	149.8	6.4
Self-service cafeterias	10.4	11.5	11.8	12.0	12.4	4.4
Street stalls/kiosks	9.5	10.5	11.2	11.7	12.2	6.6
Pizza consumer foodservice**	338.3	366.9	406.1	415.1	456.5	7.8

Source: Euromonitor International, 2014

*CAGR = compound annual growth rate

**Pizza consumer foodservice data is compiled from three different subsectors (fast food, full-service restaurants, and 100% home delivery/takeaway) for the purposes of comparison, but remains reflected within the figures for these subsectors, and thus the consumer foodservice total. As such, pizza consumer foodservice is not counted as its own sector within the consumer foodservice total.

Forecast Value Sales and Growth of UAE Foodservice by Subsector, US\$ Millions

Subsector	2014	2015	2016	2017	2018	% CAGR* 2014-18
Total consumer foodservice	9,142.1	9,852.5	10,591.1	11,362.1	12,315.5	7.7
Cafés/bars	3,747.4	4,131.2	4,558.4	5,027.4	5,583.1	10.5
Full-service restaurants	2,693.9	2,816.3	2,937.2	3,056.3	3,233.1	4.7
Fast food	2,517.2	2,711.2	2,891.9	3,065.1	3,274.3	6.8
100% home delivery/takeaway	158.5	168.2	177.6	186.6	197.5	5.7
Self-service cafeterias	12.5	12.7	12.8	13.0	13.2	1.3
Street stalls/kiosks	12.7	12.9	13.2	13.7	14.2	3.0
Pizza consumer foodservice**	482.8	504.2	529.6	549.9	577.5	4.6

Source: Euromonitor International, 2014.

*CAGR = compound annual growth rate.

**Pizza consumer foodservice data is compiled from three different subsectors (fast food, full-service restaurants, and 100% home delivery/takeaway) for the purposes of comparison, but remains reflected within the figures for these subsectors, and thus the consumer foodservice total. As such, pizza consumer foodservice is not counted as its own sector within the consumer foodservice total.



Independent operators are the prevalent foodservice providers in the UAE, accounting for US\$5.2 billion or just under 62% of the total foodservice market in 2013. While chained foodservice recorded a stronger CAGR from 2009 to 2013, independent operators will continue to absorb market share over the 2014-2018 forecast period, to represent almost 63% of all consumer foodservice, or US\$7.7 billion in sales by 2018.

Historic Value Sales and Growth of UAE Foodservice by Type, US\$ Millions

Type	2009	2010	2011	2012	2013	% CAGR* 2009-13
Total consumer foodservice	5,712.7	6,327.3	7,092.9	7,790.5	8,488.4	10.4
Independent consumer foodservice	3,618.3	3,966.4	4,412.3	4,803.4	5,236.7	9.7
Chained consumer foodservice	2,094.4	2,360.9	2,680.6	2,987.1	3,251.7	11.6

Source: Euromonitor International, 2014.

*CAGR = compound annual growth rate.

Forecast Value Sales and Growth of UAE Foodservice by Type, US\$ Millions

Type	2014	2015	2016	2017	2018	% CAGR* 2014-18
Total consumer foodservice	9,142.1	9,852.5	10,591.1	11,362.1	12,315.5	7.7
Independent consumer foodservice	5,640.7	6,082.5	6,566.5	7,086.2	7,710.2	8.1
Chained consumer foodservice	3,501.4	3,770.0	4,024.6	4,275.9	4,605.2	7.1

Source: Euromonitor International, 2014

*CAGR = compound annual growth rate

In 2013, the UAE foodservice sector had over 5,800 outlets and recorded about 620 million transactions. By subsector, fast food establishments had the most outlets as well as the most transactions, at 2,325 and 360 million, respectively. In contrast, the self-service cafeterias subsector had the fewest outlets, with less than 10 across the entire UAE in 2013, and, unsurprisingly, the fewest transactions as well. A typical foodservice outlet earned almost US\$1.5 million from about 106,560 transactions, or US\$13.69 per transaction in 2013. Due to their popularity as a foodservice and socializing destination for both domestic patrons and tourists, cafés/bars recorded the highest sales per outlet and the second-highest average transaction value.

Historic Outlets and Transactions of UAE Foodservice by Subsector, 2013

Subsector	Outlets	Transactions (thousands)	Average Sales per Outlet (\$US)	Average Sales per Transaction (\$US)
Total consumer foodservice	5,818	619,954.9	1,458,989.3	13.69
Cafés/bars	1,631	145,323.8	2,076,885.3	23.31
Full-service restaurants	1,615	96,073.6	1,588,235.3	26.70
Fast food	2,325	359,245.2	1,015,784.9	6.57
100% home delivery/takeaway	125	15,099.0	1,198,400.0	9.92
Self-service cafeterias	9	740.7	1,377,777.8	16.74
Street stalls/kiosks	113	3,472.6	107,964.6	3.51
Pizza consumer foodservice*	272	36,966.2	1,678,308.8	12.35

Source: Euromonitor, 2014.

*Pizza consumer foodservice data is compiled from three different subsectors (fast food, full-service restaurants, and 100% home delivery/takeaway) for the purposes of comparison, but remains reflected within the figures for these subsectors, and thus the consumer foodservice total. As such, pizza consumer foodservice is not counted as its own sector within the consumer foodservice total.



Forecast Outlets and Transactions of UAE Foodservice by Subsector, 2018

Subsector	Outlets	Transactions (thousands)	Average Sales per Outlet (\$US)	Average Sales per Transaction (\$US)
Total consumer foodservice	6,933	811,983.7	1,776,359.4	15.17
Cafés/bars	2,088	210,348.3	2,673,898.5	26.54
Full-service restaurants	1,815	115,455.4	1,781,322.3	28.00
Fast food	2,754	462,030.8	1,188,925.2	7.09
100% home delivery/takeaway	141	19,519.6	1,400,709.2	10.12
Self-service cafeterias	12	784.4	1,100,000.0	16.83
Street stalls/kiosks	123	3,845.4	115,447.2	3.69
Pizza consumer foodservice*	312	46,640.3	1,850,961.5	12.38

Source: Euromonitor, 2014.

*Pizza consumer foodservice data is compiled from three different subsectors (fast food, full-service restaurants, and 100% home delivery/takeaway) for the purposes of comparison, but remains reflected within the figures for these subsectors, and thus the consumer foodservice total. As such, pizza consumer foodservice is not counted as its own sector within the consumer foodservice total.

CAFÉS/BARS

The cafés/bars subsector was valued at just under US\$3.4 billion in 2013, representing the largest consumer foodservice category in the UAE, or 40% of total sales. This is largely due to Emirati consumers' regular visits to cafés and bars for meetings, social occasions or to grab a quick beverage and snack, as well as the rising number of incoming tourists who frequent these establishments for their comfortable atmosphere. Between 2009 and 2013, this subsector saw a CAGR of 11.8%, the highest of any subsector, and is expected to continue posting strong growth over the forecast period, although at a slightly slowed rate of 10.5% until 2018, reaching sales of US\$5.6 billion. The over 1,600 cafés/bars outlets in the country saw over 145 million transactions in 2013. A typical outlet earned US\$2.0 million in sales, with an average transaction value of US\$23.31.

Bars/pubs, the highest-grossing segment of the cafés/bars subsector, are primarily frequented by tourists and Western expatriates, since sales of alcoholic beverages are highly regulated in the UAE (limited to guests within their respective hotels, or to non-Muslim residents with a personal liquor license). Sales reached US\$2.8 billion in 2013, and are expected to reach US\$4.7 billion in 2018. Unsurprisingly, the bars/pubs segment also represents the highest number of outlets and transactions, a trend that is forecast to continue through 2018. However, the juice/smoothie bars segment, representing just 1.8% of value sales in the cafés/bars subsector, is expected to register the strongest growth over the forecast period of 2014 to 2018, with a CAGR of 11.4% in value sales, 6.4% in outlet numbers, and 10.1% in total transactions. This is likely attributable to Emirati consumers expanding their interest in healthier foodservice options, as well as the popular presence of juice/smoothie bars in shopping malls, offering consumers a convenient and portable snack.

UAE Cafés/Bars by Type, Historic % Breakdown Based on Retail Value Sales

Type	2009	2010	2011	2012	2013
Bars/pubs	80.3%	80.3%	80.5%	81.4%	82.4%
Specialist coffee shops	10.6%	11.1%	11.1%	10.4%	9.4%
Cafés	7.2%	6.8%	6.6%	6.6%	6.5%
Juice/smoothie bars	1.9%	1.8%	1.8%	1.7%	1.8%

Source: Calculated using data from Euromonitor International, 2014-a.

Note: Column totals may not add to exactly 100% due to rounding.



**UAE Cafés/Bars by Type,
Forecast % Breakdown Based on Retail Value Sales**

Type	2014	2015	2016	2017	2018
Bars/pubs	82.7%	83.2%	83.7%	84.2%	84.7%
Specialist coffee shops	9.2%	8.7%	8.2%	7.8%	7.3%
Cafés	6.4%	6.3%	6.3%	6.3%	6.2%
Juice/smoothie bars	1.8%	1.8%	1.8%	1.8%	1.8%

Source: Calculated using data from Euromonitor International, 2014-a.

Note: Column totals may not add to exactly 100% due to rounding.

The cafés/bars subsector is very fragmented, with the top brands representing just 4.9% of the market. The major chains in the market, internationally known Starbucks and Costa Coffee, are franchised by local operators M H Alshaya and Emirates Leisure Retail, respectively. Coffee culture is well established in the UAE and international chains dominate the specialist coffee shop category, but many consumers still tend to prefer frequenting smaller independent shisha cafés, according to Euromonitor (2014-a).

**Top Five Chained Brands in the UAE Cafés/Bars Subsector,
Historic % Breakdown Based on Retail Value Sales**

Brand	Company	2011	2012	2013
Starbucks	Starbucks Corp	2.1	2.1	1.9
Costa Coffee	Whitbread Plc	1.9	2.0	1.8
Caribou Coffee	Caribou Coffee Co Inc	0.6	0.5	0.5
Gloria Jean's	Jireh International Pty Ltd	0.5	0.4	0.4
Caffè Nero	Caffè Nero Group Plc	0.3	0.3	0.3

Source: Euromonitor International, 2014.

FULL-SERVICE RESTAURANTS

Full-service restaurants registered sales of US\$2.6 billion in 2013, surpassing fast food to become the second-largest subsector in the UAE consumer foodservice industry, or 30.2% of the total market. Emirati consumers view dining out as not only a convenience compared to cooking at home, but as a social occasion, or an opportunity to enjoy the company of family and friends. As such, rising consumer affluence and the increasing presence of established international chains, both contributed to the CAGR of 9.8% registered by sales in this subsector over the 2009 to 2013 period. Full-service restaurants are projected to see decelerated growth over the forecast period (4.7% CAGR), reaching total sales of just under US\$3.2 billion in 2018. Consequently, as shown in the table on page 4, full-service restaurants are forecast to relinquish their short-lived second place sales ranking back to the fast food subsector.

Euromonitor attributes this to the weaker performance projected for independent full-service restaurants, which will be increasingly forced to compete on price to attract the lower-income consumer segment. Chains have been flourishing in the full-service subsector and are expected to continue doing so at the expense of independent operators. Despite the generally higher price tag for menu items in chained restaurants, this category will continue to see sales growth due to international familiarity and strong marketing tactics. The expanding number of tourists visiting the country, coupled with Emirati consumers' growing desire to trade up, will only further encourage a diverse portfolio of international full-service restaurant brands to enter the UAE foodservice market.



In terms of sales and outlet numbers, the Middle Eastern category is the top player within full-service restaurants, representing a value of US\$756.0 million and 655 outlets in 2013. However, no single category is particularly dominant. According to Euromonitor data, Middle Eastern restaurants represented 29.5% of total sales in this subsector, while European restaurants held 24.3%, followed by Asian (19.1%), North American (15.2%) and pizza (12.0%). The North American category is the strongest performer in terms of outlet growth, with a CAGR of 6.4% over the 2009 to 2013 period and 6.7% forecast for 2014 to 2018, attributable to the ongoing expansion of popular chains into and across the market. The success of North American full-service restaurant chains in the UAE is further evidenced by the average sales per outlet recorded in this category, the highest of any full-service restaurant, at US\$3.4 million in 2013.

**UAE Full-Service Restaurants (FSR) by Type,
Historic % Breakdown Based on Retail Value Sales**

Type	2009	2010	2011	2012	2013
Middle Eastern FSR	29.7%	29.9%	30.0%	29.8%	29.5%
European FSR	23.7%	23.5%	23.6%	24.2%	24.3%
Asian FSR	18.6%	19.4%	19.7%	19.5%	19.1%
North American FSR	15.4%	15.1%	14.5%	15.1%	15.2%
Pizza FSR	12.6%	12.1%	12.3%	11.5%	12.0%

Source: Calculated using data from Euromonitor International, 2014-d.

Note: Column totals may not add to exactly 100% due to rounding.

**UAE Full-Service Restaurants (FSR) by Type,
Forecast % Breakdown Based on Retail Value Sales**

Type	2014	2015	2016	2017	2018
Middle Eastern FSR	29.3%	29.0%	28.8%	28.9%	28.8%
European FSR	24.3%	24.4%	24.2%	24.0%	24.2%
Asian FSR	18.9%	18.8%	18.7%	18.5%	18.3%
North American FSR	15.5%	15.9%	16.2%	16.7%	17.0%
Pizza FSR	12.0%	11.9%	12.0%	11.9%	11.8%

Source: Calculated using data from Euromonitor International, 2014-d.

Note: Column totals may not add to exactly 100% due to rounding.

The full-service restaurant subsector is fairly fragmented, with the top five brands representing less than 20% of the market, combined. Euromonitor notes that localization was a prevalent trend among full-service restaurants in 2013, with international brands adapting their menu offerings to better suit the local palate and boost growth. For example, Pizza Hut introduced flat-bread pizzas and new toppings, such as mint and halloumi cheese (Euromonitor, 2014-d).

**Top Five Chained Brands in the UAE Full-Service Restaurants Subsector,
Historic % Breakdown Based on Retail Value Sales**

Brand	Company	2011	2012	2013
Pizza Hut	Yum! Brands Inc	6.6	6.4	6.5
Hatam	Al Khaja Group	3.3	3.7	3.8
Paul	Holder, Groupe	2.6	3.1	3.3
Chili's	Brinker International Inc	3.4	3.2	3.1
TGI Friday's	Carlson Cos Inc	1.4	1.5	1.7

Source: Euromonitor International, 2014.



FAST FOOD

Fast food is the third-largest subsector within Emirati consumer foodservice, with registered sales totalling US\$2.4 billion in 2013, or 27.8% of the overall market. Following close behind full-service restaurants, fast food is a consumer favourite in the UAE due largely to the convenience it offers a population with busy lifestyles, as well as the breadth of international cuisines and well-known brands that are available. Between 2009 and 2013, fast food registered a CAGR of 9.4%, just slightly slower than full-service restaurants. Sales growth across the entire foodservice industry is expected to slow over the forecast period of 2014 to 2018, so the expected CAGR of 6.8% will actually make fast food one of the better performers in the coming years. The over 2,700 fast food outlets saw almost 462 million transactions in 2013, the highest total of all the subsectors. Due to the high number of transactions, a typical fast food outlet earned US\$1.2 million in sales, even with an average transaction value of just US\$7.09.

The burger fast food category recorded the highest sales in this subsector, with US\$716.9 million in 2013, as well as the most transactions. However, in terms of outlet numbers, Middle Eastern fast food is the most prevalent in the UAE, with 543 (compared to 293 for burger establishments). Furthermore, growth from 2009 to 2013 was dominated by the fish fast food category, a relatively new development in the industry. While still representing a marginal proportion of the market, fish fast food is being driven by its appeal to nationals, foreign residents and tourists alike, according to Euromonitor (2014-c). Sales in the fish category surged from US\$3.8 million in 2009 to US\$22.7 million just four years later, a CAGR of 56.8%, with outlet and transaction numbers each recording CAGRs of over 50% during this time. Fish fast food also saw the highest average sales value per transaction, with US\$12.94 in 2013.

While new entrants are growing rapidly, well-established categories within fast food are also expected to continue posting growth, as operators find ways to attract an ever-diversifying consumer base and offer food items that cut across subsectors. Euromonitor cites Tim Horton's as an example of a bakery fast food chain finding success in the UAE, due to its line of baked goods, portable breakfast and lunch fare, and coffee beverages similar to those found in the very popular cafés/bars segment, but in a quicker and more convenient format for consumers on the go. As well, in light of rising rates of obesity and diabetes in the UAE, the government launched advertising campaigns encouraging the increased consumption of fruit and vegetables. Following this growing trend toward health, many fast food operators are expected to introduce healthier product variations and new menu items, promoting whole wheat options, salads, and organic ingredients, among others (Euromonitor, 2014-c).

**UAE Fast Food (FF) by Type,
Historic % Breakdown Based on Retail Value Sales**

Type	2009	2010	2011	2012	2013
Burger FF	28.8%	29.4%	29.8%	29.6%	30.3%
Middle Eastern FF	22.5%	22.2%	21.5%	20.6%	20.3%
Chicken FF	21.1%	21.0%	19.3%	19.2%	19.1%
Bakery FF	16.4%	15.8%	17.8%	18.8%	18.5%
Asian FF	3.9%	3.9%	3.7%	3.6%	3.6%
Ice cream FF	2.9%	2.9%	2.9%	3.0%	3.1%
Other (unspecified FF)	1.9%	2.1%	2.1%	2.1%	2.0%
Convenience store FF	2.2%	2.2%	2.0%	1.9%	1.9%
Fish FF	0.2%	0.4%	0.6%	0.9%	1.0%
Latin American FF	0.1%	0.1%	0.1%	0.2%	0.2%

Source: Calculated using data from Euromonitor International, 2014-c.

Note: Column totals may not add to exactly 100% due to rounding.



**UAE Fast Food (FF) by Type,
Forecast % Breakdown Based on Retail Value Sales**

Type	2014	2015	2016	2017	2018
Burger FF	30.5%	30.9%	31.2%	31.2%	31.8%
Middle Eastern FF	20.5%	20.9%	21.3%	21.9%	22.4%
Chicken FF	19.0%	18.6%	18.5%	18.4%	17.2%
Bakery FF	18.3%	18.0%	17.6%	17.2%	17.2%
Asian FF	3.5%	3.4%	3.3%	3.3%	3.2%
Ice cream FF	3.1%	3.2%	3.2%	3.3%	3.3%
Other (unspecified FF)	1.8%	1.7%	1.6%	1.6%	1.5%
Convenience store FF	1.0%	1.0%	1.0%	1.0%	1.1%
Fish FF	0.2%	0.2%	0.3%	0.3%	0.3%
Latin American FF	2.0%	2.0%	2.0%	1.9%	1.9%

Source: Calculated using data from Euromonitor International, 2014-c.

Note: Column totals may not add to exactly 100% due to rounding.

The fast food subsector is led by international brands, including KFC and McDonald's, largely due to their affordability, the sheer volume of outlets across the country, and their use of advertising. However, according to Euromonitor, the market is becoming somewhat polarized, and mid-range fast food operators such as Kuwait Food Co (Americana), the franchisor of KFC and Hardee's, are slowly losing share in the UAE. Consumers appear to be trading up to establishments with more premium options and ingredients, or trading down to independent/domestic brands that have even more budget-friendly fare (2014-c).

**Top Five Chained Brands in the UAE Fast Food Subsector,
Historic % Breakdown Based on Retail Value Sales**

Brand	Company	2011	2012	2013
KFC	Yum! Brands Inc	10.7	11.0	9.3
McDonald's	McDonald's Corp	8.6	8.2	8.2
Subway	Doctor's Associates Inc	5.7	6.1	6.4
Burger King	Burger King Worldwide Inc	5.2	5.4	5.4
Hardee's	CKE Restaurants Inc	3.4	3.1	3.0

Source: Euromonitor International, 2014.

TOP COMPANIES AND BRANDS

According to national law, only UAE nationals, corporations owned by UAE nationals, or corporations with an Emirati partner or sponsor, are permitted to conduct domestic business in the country. As shown in the table on page 11, the top companies in the UAE foodservice market are comprised of many internationally recognized brands. However, these companies are in fact represented by wealthy local operators who act as master franchisors (Euromonitor, September 2014-b). For example, Yum! Brands Inc., the top company in 2013 with a 4.5% value share of the total foodservice market due to the popularity of its KFC and Pizza Hut brands, is franchised by Kuwait Food Co., and McDonald's (2.3% in 2013) is franchised by Emirates Fast Food Co. The market is very highly fragmented, with the top 10 companies only representing a combined 15.6% of total sales, and a plethora of companies holding a market share of 0.1% or less.



The UAE has become an ideal destination for many international foodservice brands seeking global expansion, due to a diverse population of consumers that are hungry for established and recognized chains. Currently, as is also reflected in the tables on the following page, Western foodservice formats are preferred over those from Eastern Europe or Asia, with many outperforming even local brands (Arabian Business, 2013). Many domestic or regional operators are curating whole company portfolios to capitalize on a variety of foodservice subsectors and cuisines, addressing consumer preferences for both diversity and familiarity, while tailoring approaches to suit the unique characteristics of the UAE market (Euromonitor, September 2014-b).

Top 10 Companies in UAE Consumer Foodservice, % Share Based on Value Sales

Company	2009	2010	2011	2012	2013	PP* Change 2009-13
Yum! Brands Inc.	5.0	5.0	5.1	5.1	4.5	-0.5
McDonald's Corp	2.6	2.6	2.4	2.3	2.3	-0.3
Doctor's Associates Inc.	1.2	1.2	1.6	1.7	1.8	0.6
Burger King Holdings Inc.	1.6	1.5	1.5	1.5	1.5	-0.1
Al Khaja Group	1.0	1.0	1.0	1.1	1.2	0.2
Holder, Groupe	0.7	0.8	0.8	0.9	1.0	0.3
Brinker International Inc.	1.2	1.2	1.1	1.0	0.9	-0.3
Dunkin' Brands Group Inc.	0.9	0.9	0.9	0.9	0.8	-0.1
CKE Restaurants Inc.	1.1	1.0	1.0	0.9	0.8	-0.3
Starbucks Corp	0.9	0.9	0.8	0.8	0.8	-0.1

Source: Euromonitor International, 2014.

*PP = percentage point.

Top 10 Brands in UAE Consumer Foodservice, % Share Based on Value Sales

Brand	Company	2009	2010	2011	2012	2013	PP* Change 2009-13
KFC	Yum! Brands Inc.	2.9	3.0	3.0	3.1	2.6	-0.3
McDonald's	McDonald's Corp	2.6	2.6	2.4	2.3	2.3	-0.3
Pizza Hut	Yum! Brands Inc.	2.0	2.0	2.1	2.0	2.0	0.0
Subway	Doctor's Associates Inc.	1.2	1.2	1.6	1.7	1.8	0.6
Burger King	Burger King Holdings Inc.	1.6	1.5	1.5	1.5	1.5	-0.1
Hatam	Al Khaja Group	1.0	1.0	1.0	1.1	1.2	0.2
Paul	Holder, Groupe	0.7	0.8	0.8	0.9	1.0	0.3
Chili's	Brinker International Inc.	1.2	1.1	1.1	1.0	0.9	-0.3
Hardee's	CKE Restaurants Inc.	1.1	1.0	1.0	0.9	0.8	-0.3
Starbucks	Starbucks Corp.	0.9	0.9	0.8	0.8	0.8	-0.1

Source: Euromonitor International, 2014.

*PP = percentage point.

Top Franchise Families in the United Arab Emirates

- Al Shaya Group:** owns the crème de la crème of multiple consumer brands, including over 20 foodservice names such as Starbucks, The Cheesecake Factory, Potbelly, P.F. Chang's, IHOP, Texas Roadhouse, Teavana, Pizza Express and Potbelly Sandwich Shop.
<http://www.alshaya.com>
- Apparel Group:** represents Canadian brand Tim Horton's, as well Cold Stone Creamery.
<http://appareluae.com/>



- **Gourmet Gulf:** a food and beverage company that operates top-tier brands such as YO! Sushi, Panda Express, Morelli's Gelato, The Hard Rock Café, and California Pizza Kitchen.
<http://www.gourmetgulf.com>
- **Rmal Hospitality** (part of the Al Fahim group which owns the Paris Gallery): owns franchises for Frankie's Italian Lounge and Grill, Wagamama, Trader Vic's Mai Tai Lounge, and Marco Pierre White Steakhouse & Grill.
<http://rmalhospitality.com>
- **Bin Hendi Group:** Café Havana, Mini Chinese Restaurant, Japengo, Bella Donna Restaurant, Second Cup, Duck King, and NOW Café.
<http://www.binhendi.com>
- **Saleh Bin Lahej Group:** The Pizza Company, Chili's, Romano's Macaroni Grill, El Chico (Mexican), Cantina Laredo, Black Canyon (Asian), and Steak n' Shake (to open this year at the Dubai mall).
<http://www.salehbinlahejgroup.com>
- **Americana Group/Kuwait Food Company:** franchises include Hardee's, TGI Fridays, Krispy Kreme, KFC and Pizza Hut.
www.americana-group.net
- **Jumeriah Restaurants LLC** (part of the Jumeirah group): Noodle House, Rivington Grill (British cuisine), Urbano (Italian cuisine) and The Ivy, among others.
www.jumeirahrestaurants.com

OUTLOOK

As the UAE economy maintains strong growth, and the country's population base becomes increasingly affluent and diverse in nature, the consumer foodservice industry will continue presenting new opportunities. Busy and sociable lifestyles are expected to not only increase the frequency at which Emirati consumers turn to foodservice, but also influence the options they choose. While the top three subsectors of cafés/bars, full-service restaurants, and fast food are expected to remain as such over the 2014-2018 forecast period, currently niche services, such as 100% home delivery/takeaway, will continue to expand their menu offerings and likely find increasing presence among a convenience-seeking population (Euromonitor, September 2014-b).

Furthermore, as local operators continue to seek franchise opportunities with international chains to diversify their portfolios and bring familiar brands to the forefront of the UAE, consumer expectations of foodservice establishments in terms of quality and variety will only heighten. According to Euromonitor, Emirati foodies are already trading up, and the desire for new and unique eating experiences will continue to extend beyond typical fast-casual options. This desire will include demand for healthier and better-for-you options, including gluten-free concepts, as the UAE Ministry of Health invests in methods to combat the growing obesity rate. Foodservice operators that can offer appealing, healthy, interesting and convenient options, while maintaining the social ambiance that Emirati consumers appreciate as part of their daily lifestyle, will find favour into the future.



FOR MORE INFORMATION

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in the United Arab Emirates**
www.tradecommissioner.gc.ca/eng/offices-united-arab-emirates.jsp
- **Find a Trade Commissioner**
www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

For additional intelligence on this and other markets, the complete library of Global Analysis reports can be found under *Statistics and Market Information* at the following link, arranged by sector and region of interest:

- ats-sea.agr.gc.ca

For information on the 2015 Gulfood exhibition in Dubai, please contact:

- **Ben Berry, Deputy Director**
Trade Show Strategy and Delivery, Agriculture and Agri-Food Canada
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Foodservice Profile: The United Arab Emirates

Global Analysis Report

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