



Gulfood Dubai

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FIAL
FOOD INNOVATION AUSTRALIA LIMITED

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Market Overview

In the GCC (Gulf Cooperative Council), due to the lack of agriculture, 70 per cent of the food is imported, where approximately 50 per cent is then exported to GCC countries, the former Soviet States, the Indian Subcontinent and parts of Africa. The high incomes, combined with a great dependence on imports, provides numerous opportunities for Australian Food & Beverage (F&B) exporters, particularly for the processed food sector, as processed foods account for more than 50 percent of food consumed in the region.

In recent years, there has been a shift from traditional foods to Western-style convenience foods. This has increasingly been driven by the rapidly growing tourist population and emerging affluence that is pushing the demand for high quality, organic and specialised foods. Despite the local presence of food processing companies such as Pepsico, there still remains a significant gap in food processing and packaging capabilities, with key sector openings in the following segments:

- Fast food, ready to eat, chilled, bakery goods, and dairy products
- Processed foods such as ready to cook products
- Health Food
- Organic Food
- Soft drinks and flavoured water¹

In the GCC, the falling oil prices have impacted the oil industry but to a lesser degree the F&B businesses. In the UAE alone, the F&B market is projected to grow by around 4 per cent annually to reach \$13.2bn in 2018 according to KPMG².

¹ Austrade 'Food and Beverage to the United Arab Emirates' Viewed April 2017
<http://www.austrade.gov.au/Australian/Export/Export-markets/Countries/United-Arab-Emirates/Industries/food-and-beverage>

² Aarti Nagraj 'Plotting Healthy Growth: Pepsico' Gulf Business #03 March 2017 pg. 58

The Companies

Gulfood is the largest annual F&B show in the world, with over 95,000 attendees, of which, 60% are international visitors, representing 120 countries.

The show was held at the Dubai World Trade Centre. All major supermarkets such as Choithrams, LuLu Hypermarket, Spinneys, Union Co-Op and Selfridges from the UK visited the FIAL stand, where FIAL showcased 57 companies from across Australia. There were also 9 companies in attendance, as they were sampling their products on the stand.

The following 9 companies had their products sampled on the FIAL stand in specially designed pods.

The Right Group

Featuring the Brand 'Ozganics', The Right Food Group specialise in ready made Organic products, showcasing the new Pete Evans product they now manufacture.

SalDoce

Featuring the brand 'Yes You Can' which is a range of gluten free bakery products. Sal Doce were the winner of the Agribusiness Export Award at the NSW Export awards in 2016.

Nut Roasters

Specialising in nuts and dried fruit, Nut Roasters have a well established wholesale business in Sydney and are looking to expand into this market with a new organic line.

Golden West Food

Based in WA, produce a lupin flour and lupin bakery products which are gluten free. Currently selling into the food service market and looking to break into export.

Sticky Fingers

Focus only on the food service market, where they produce a range of condiments such as relishes, harissas, aiolis, and jams.

LuvSum

One of the leading protein ball manufacturers in Australia, with their own brand and for others such as Boost Juice. LuvSum are an experienced exporter and have another manufacturing site in South Africa.

CocoFrio

Produce gluten and dairy free organic coconut based ice-cream, providing an unique offering to this niche market.

Julian's Gluten Free

Manufacture pizza bases for the domestic food service market in Australia, and are looking to expand into export markets.

Fresh Produce Alliance

Produce a fruit and vegetable product for infant food, who are able to make a number of claims in line with current health food demands such as gluten, dairy and nut free, and vegan



The Right Food Group





Statistics

Using the Australian Food Catalogue³, an online guide to export ready Australian F&B products, as a buyer matching tool, 113 new buyers were registered at the show. In addition, there were over 1060 connection requests from buyers to Australian export ready suppliers made at the show through this catalogue. Out of the total connection requests, 30% of the buyers originated from the UAE, with the remaining predominantly from Saudi Arabia, India, China and the United States. Of these buyers, 40% were importers, 30% distributors, 22% supermarkets, 7% marketers and 3% brokers.

The top 5 categories of interest in order of demand were: health foods, organic foods, baked products such as biscuits, condiments, and confectionary.

Market Outlook for Australian Products

The major products of interest for buyers to the FIAL stand were Health Foods and Organics. The Australian companies on the FIAL stand were in a perfect position to take advantage of this interest, as 8 out of the 9 companies showcased manufacture such products.

While there is high demand for health foods and organics in the region, this is predominantly driven by the expatriate market. Locals are also buying these products because many have been educated in Australia, particularly Saudi Arabian students. These students are incentivised to return to KSA after they have completed their studies in Australia.

All companies met with the major retailers whilst in Dubai. The key company feedback post show is that there are good opportunities to break into this market, particularly with the assistance of Australian based

distributors or consolidators. They see this approach as a good entry point to get a 'foot in the door,' particularly for initial small volumes.

It is also worth noting that there is a high incidence of diabetes in the UAE. Over 415 million people have diabetes in the world and more than 35.4 million people are in the MENA region, which is expected to rise⁴. Consumers are increasingly becoming more aware of the importance of limiting sugar intake and there is also a strong push from the UAE government to raise awareness of the dangers of excessive sugar consumption⁵

Market Insight Tour

The FIAL market insight tour was held on the last day of the show and consisted of visiting retailers such as LuLu Hypermarket, Spinneys and Organic Foods & Café. All Australian companies were able to see the differences between these diverse supermarkets, how the products were displayed on shelf and their target demographic. Many shall be using these insights to determine their marketing plans and approach with buyers in the region.

³ <http://www.australianfoodcatalogue.com.au>

⁴ International Diabetes Foundation Middle East and North Africa, Viewed April 2017 <http://www.idf.org/membership/mena/united-arab-emirates>

⁵ Aarti Nagraj 'Plotting Healthy Growth: Pepsico' Gulf Business #03 March 2017 pg. 58

Testimonials

Steven Strong, Nutroasters

What challenges did you face regarding the Middle East market before coming here and were they addressed?

"Our business has been trading here in a soft way, we haven't actively seeked a market position, so it was about understanding what the broader sales channels and marketing opportunities were. Gulfood for us was such an immense show, so to be able to take a genuine position and get serious about this market was our main objective"

Anni Brownjohn, The Right Food Group

What challenges did you face regarding the Middle East Market and were they addressed?

"I've always relied on the help of Austrade or FIAL when entering new markets so the challenges I thought we were going to face were sorted out before we got here. Thank you very much to both organisations but particularly to Wendy and Najib from FIAL who were great in making sure that we got here on time, with the right products, and the right paperwork. Like all trade shows, you come here and dance on your toes to find your customers, but this time it hasn't been difficult at all."

What were the three main benefits of doing the trade show with FIAL?

"You're going with a group of people who are there to help you sort out your problems where all you have to do is walk in, the stand is built, you're not running around looking for people to sort out the lights or find the stock. Wendy and Najib sorted it all out. Wendy did a fantastic job of sorting out all the freight and just made it easy. I've been to numerous trade shows and spent alot of time screaming at logisitics companies, and this is the first overseas show we've been to in a long time where we haven't been sitting around thinking, 'we have a problem' because FIAL sorted it out."



The FIAL 'Food from the Heart of Australia' stand ready for the show



Anni Brownjohn from The Right Food Group showcasing her brand Ozganics with Aurthur Spyrou, Australian Ambassador to the UAE and his wife, Britt Spyrou.



Tracey Haserati from Julians Gluten free with Wendy Maslin, Project Manger FIAL



The FIAL stand with all collaborating partners, from left to right Julie Willis, Horticulture Innovation Australia, Najib Lawand, FIAL, Carolyn Hine, Department of State Development WA, Rob Harrison, NSW Department of Premier & Cabinet, Brian Kearnes, Trade Victoria.



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