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Saudi Arabia

The Saudi Market for Mayonnaise 1998

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THE SAUDI MARKET FOR MAYONNAISE

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THE SAUDI MARKET FOR MAYONNAISE

GENERAL

According to traders, the Saudi market for mayonnaise ranges between 4-5 thousand metric tons. The United States is by far the largest supplier. Last year, 22 containers of American mayonnaise were shipped monthly to Saudi ports, each holding 1,200 cases, or 18 metric tons on average. Local production accounts for 20-25 percent of total consumption.

In 1997, the United States exported 4,721 tons of mayonnaise to Saudi Arabia, an increase of 24 percent from a year ago. Based on Saudi import statistics, the United States supplied more than 80 percent of the country's imports of mayonnaise in 1996, with the balance coming from the Netherlands, Canada and other countries. The trade expects that in the future more mayonnaise will be sourced from Southeast Asia as companies with well-known brand names shift location.

Mayonnaise found on the local market is packed in 4 main sizes, with some variation:

- catering packs of 1 gallon
- 32 ounce/1 kilogram
- 16 ounce/500 gram
- 8 ounce/250 gram

Each of these four sizes commands equal shares of the market, with the latter having a slight edge. While sales of mayonnaise tend to increase during Ramadan (this year's Ramadan began on December 19, 1998), consumption remains relatively stable throughout the year. Mayonnaise is used widely by Western ex-pats and is gaining more acceptance by Saudis. The food service sector, mainly fast food outlets, restaurants, and catering companies, account for about one half of mayonnaise consumption in the Kingdom.

LOCAL PRODUCTION

Best Foods is the only local manufacturer of mayonnaise. This company, located in Yanbu on the Red Sea, produces 3 brands: Hanaa, Mazola, and Hellmann. The Hanaa brand is owned by the large Saudi food importing company, Binzagr, with the latter two owned by Best Foods. Best Foods produces 400 metric tons of Mazola and 600 MT of Hellmann mayonnaise annually. Production of the Mazola brand began August 1998; Hellmann's in 1992.

Vegetable oil and eggs are the basic ingredients used to manufacture mayonnaise. Best Foods sources oil from its large corn oil refinery (also located in Yanbu) and eggs from Fakieh Poultry Farms, the country's largest or second largest poultry operation. Corn oil refined by Best Foods is U.S. origin. Jars and buckets used for packaging are also sourced locally. Squeezable plastic bottles are sourced from Greece and their caps from Italy. Best Foods pays an import duty of 20 percent on the imported value of plastic bottles, since plastic bottles are manufactured locally. Companies that import mayonnaise in squeezable bottles pay an import duty of 12 percent for the finished product. Best Foods exports about 40 percent of its production to neighboring countries.

IMPORTS

Basamh Trading is the owner of the well known brand, “Goody”. In 1997 the company imported over 3,000 MT of Goody mayonnaise. The company imports mayonnaise in nine sizes ranging from 237 ml to one gallon containers.

Another company, Basamh Marketing distributes U.S.-origin mayonnaise under its private label, “Alalali”. This brand of mayonnaise was re-launched into the market one month ago. The company halted their sales of this brand for two years.

General Trading Corporation (GTC) is the agent for Kraft mayonnaise, sourced from Canada. The company imports only consumer-size packages.

ATCO imports mayonnaise from the U.S.A. under private label, “Green Park”, in 32 ounce and 1 gallon packages.

Family Food Supply imports mayonnaise under its private label, “AFFCO” through its sister company in the United States, American Fine Foods Corp. Family Food Supply imports up to 15 containers a year of consumer- size packages and 3 containers of 32 ounces and 1 gallon catering-size packages.

Al Azizia Panda imports mayonnaise for its 31 supermarkets in the Kingdom. Their imports are usually done through consolidators in the United States.

Abbar & Zainy is agent for Remia mayonnaise from Holland. They sell 10-kg pails to McDonald’s fast food restaurants and to wholesalers.

Arabian Food Supplies is the agent for “California Garden” mayonnaise and supplies to wholesalers and hotels, a business started one year ago.

Fuddruckers fast food restaurants imports from Fuddruckers, U.S.A.

Binzagr, in addition to its joint venture with Best Foods imports, Hellmanns cholesterol free and light varieties from the U.S.A.

Tamer, agents for Bama from the U.S.A., imports 4 to 5 containers yearly. The company expects to source its Bama shipments from Southeast Asia in the near future.

Saleh & Abdulaziz Abahsain is agent for “Country Sun” and “Kingsway” from U.S.A. Of the former they import containers filled with consumer-size packages, and of the latter containers of 1 gallon catering-size packages.

Orient Provisions Company is agent for “American Garden” and “Dragon” of which they import consumer and catering sizes from the United States.

MARKET SIZE AND SHARES

According to Saudi Statistics, the size of the Saudi import market of mayonnaise in 1996 was 2,093 tons. However, this figure is undervalued. U.S. Customs data shows that the United States exported 3,610 MT of mayonnaise to Saudi Arabia in the same year.

Goody was the dominate brand of mayonnaise in Saudi Arabia in 1996, followed by Hellmann, Kraft, Alalali, and Bama. All other brands competed for the balance.

MARKET ACCESS

Shipping requirements include identifying the shipped commodity, the origin, weight, production and expiry date, and the importer and exporter. At duty of 12 percent is imposed on mayonnaise imports. Crude corn oil used in the production process of mayonnaise is exempted from duties. However a 20 percent import duty is imposed on imported caps and plastic bottles used for bottling. The Saudi Arabian Standards Organization (SASO) of the Ministry of Commerce issues quality standards and imposes shelf life requirements for food products. The shelf life for mayonnaise is 12 months from the production date. Standard SSA745/1993 is relevant as well as complementary standards SSA1/1984, SSA 220/1984, and SSA 744/1993. For copies of these standards, please consult the Saudi Arabian Standards Organization at the following coordinates:

Saudi Arabian Standards Organization (SASO)
P.O. Box 3437
Riyadh 11471
Tel: 966-1-452-0000/1207
Fax: 966-1-452-0167
Contact: Mr. Siraj Masoudi, Director General

PROSPECTS FOR THE FUTURE

The United States is the leading supplier of mayonnaise to Saudi Arabia. With a population of 21 million (7 million ex-pats) and an annual population growth of 3.75 percent, the market for mayonnaise should continue to grow. Propects for U.S. mayonnaise look bright given the enormous increase in large supermarkets and fast food outlets and rapidly changing lifestyles.

APPENDIX A: MAJOR IMPORTERS

Abbar & Zainy U.S. Beef
P.O. Box 6319
Jeddah 21442
Tel: 966-2-664-1296
Fax: 966- 2-664-1085
Contact: Mr. Mohammed Mazharuddin, Product Development Manager

Saleh & Abdulaziz Abahsain Co. Ltd.
PO Box 40, Al-Khobar 31952
Tel: 966-3-894-2192
Fax: 966-3-895-1542
Contact: Mr. Rashed Jaber, General Manager

Abdulrahman Ali Turki Corporation (ATCO Foods)
P.O. Box 718
Dammam 31421
Tel: 966-3-833-2339 x 111 (03-833-3244 dir.)
Fax: 966-3-833-9881
Contact: Mr. Jamal Al-Rihani, Food Division Manager

Arabian Food Supplies
P.O. Box 1400
Jeddah 21431
Tel: 966-2-663-0000, ext. 159
Fax: 966-2-665-3555
Contact: Mr. Jawid Iqbal, Import Manager

Azizia Panda
P.O. Box 11471
Tel: 966-1-480-3000
Fax: 966-1-480-2000
Contact: Mr. Julius Barus, Import Manager

Basamh Trading Company
PO Box 427, Jeddah 21411
Tel: 966-2-660-6668
Fax: 966-2-660-1544
Contact: Mr. Salem Basamh, General Manager

Basamh Marketing Est.
PO Box 16362, Jeddah 21464

Tel: 966-2-660-4512
Fax: 966-2-667-1028
Contact: Mr. Saeed M. Basamh, General Manager

Binzagr Co.
P.O. Box 54
Jeddah 21411
Tel: 966-2-647-4388
Fax: 966-2-647-5856
Contact: Mr. Rizwan Ul Haque, Product Manager

Family Food Supply Co.
PO Box 317, Al-Khobar 31952
Tel: 966-3-857-9622
Fax: 966-3-857-8106
Contact: Mr. Omar A. Amoudi, Manager
Mr. Adel Salah, Import Manager

General Trading Company (GTC)
P.O. Box 319
Al Kobar 31952
Tel: 966-3-857-5622
Fax: 966-3-857-5834/5139
Contact: Mr. Nasir Muazzami, Marketing Manager (Ext. 6602)

Orient Provision & Trading
PO Box 11035
Tel: 966-2-667-3555
Fax: 966-2-660-9201
Contact: Mr. Abdul Mohsen M. Al-Ghamdi, General Manager

Tamer Co.
P.O. Box 180
Jeddah 21411
Tel: 966-2-643-5600
Fax: 966-2-643-9834
Contact: Mr. Suhail Eid, General Manager
Mr. Elyas Ad, National Sales Manager

APPENDIX B: LOCAL MANUFACTURER

Best Foods
P.O. Box 30249
Yanbu
Tel: 966-4-321-3123/396-2640
966-2-651-6687/3932 (Jeddah)

Fax: 966-4-321-2935

966-2-651-5342 (Jeddah)

Contact: Mr. C. Van der Have, Production Manager
Mr. Kamal Salman, Marketing Manager**APPENDIX C: MAJOR BRANDS*****MAYONNAISE BRANDS, PACKAGE SIZES, COUNTRIES OF ORIGIN, AND LOCAL IMPORTERS**

Brand Name	Package Size	Country Origin	Local Supplier
Alalali	473 ml	USA	Basamh Marketing
Alalali	946 ml	USA	Basamh Marketing
Mazola	250 ml	KSA	Best Foods
Mazola (squeezable bottle)	340 ml	KSA	Best Foods
Mazola	500 ml	KSA	Best Foods
Mazola	1000 ml	KSA	Best Foods
Hanaa	1000 ml	KSA	Best Foods/Binzagr
Hanaa	500 ml	KSA	Best Foods/Binzagr
Hellmann's	1000 ml	KSA	Best Foods
Hellmann's	500 ml	KSA	Best Foods
Hellmann's	5 liters	KSA	Best Foods
Hellmann (Squeezy)	340 ml	KSA	Best Foods
American Garden	237 ml	U.S.A.	Orient Provision
American Garden	950 ml	U.S.A.	Orient Provision
American Garden	473 ml	U.S.A.	Orient Provision
American Garden (light)	946 ml	U.S.A.	Orient Provision
Green Park	946 ml	U.S.A.	ATCO

Green Park	3.75 liter	U.S.A.	ATCO
Dragon	946 ml	U.S.A.	Orient Provision
Dragon	473 ml	U.S.A.	Orient Provision
Dragon	236 ml	U.S.A.	Orient Provision
Kraft	1000 ml	Canada	General Trading Corp.
Kraft	250 ml	Canada	General Trading Corp.
Kraft - Mayo	473 ml	U.S.A.	Azizia Panda
Goody	946 ml	U.S.A.	Basamh Trading
Goody	473 ml	U.S.A.	Basamh Trading
Goody	237 ml	U.S.A.	Basamh Trading
Goody (Lemon mayonnaise)	237 ml	U.S.A.	Basamh Trading
Goody (Garlic mayonnaise)	237 ml	U.S.A.	Basamh Trading
Goody (squeezable plastic)	326 ml	U.S.A.	Basamh Trading
Goody (light)	237 ml	U.S.A.	Basamh Trading
Goody (light)	473 ml	U.S.A.	Basamh Trading
Goody	1 gallon	U.S.A.	Basamh Trading
AFFCO	227 ml	U.S.A.	Family Food Supply
AFFCO	946 ml	U.S.A.	Family Food Supply
California Garden	473 ml	U.S.A.	Arabian Food Supplies
Country Sun	473 ml	U.S.A.	Abahsain
Kingsway	5 gallon	U.S.A.	Abahsain
Remia	1000 ml	Holland	Abbar & Zainy
Remia	500 ml	Holland	Abbar & Zainy
Remia	250 ml	Holland	Abbar & Zainy

Remia	10 kg	Holland	Abbar & Zainy
Bama	473 ml	U.S.A.	Tamer
Bama (light)	473 ml	U.S.A.	Tamer

* The list is not conclusive of the brands sold Kingdom wide

SOURCE:

Two class A supermarkets and industry sources listed in Major Importers and Local Manufacturers sections.

APPENDIX D: SAUDI IMPORTS**SAUDI IMPORT STATISTICS OF MAYONNAISE: 1994-1996**

1994			1995			1996		
Country	MT	\$1,000	Country	MT	\$1,000	Country	MT	\$1,000
U.S.A.	1,005	1,118	U.S.A.	1,723	2,184	U.S.A.	1,688	1,877
Canada	68	139				Canada	290	507
Germany	35	108						
Other	69	52	Other	123	191	Other	115	146
Total	1,177	1,417	Total	1,846	2,375	Total	2,093	2,530

SOURCE:

Ministry of Finance & National Economy, Central Department of Statistics.

APPENDIX E: U.S. EXPORTS

U.S. EXPORTS TO SAUDI ARABIA: (CY 1996 and 1997)

Mayonnaise	1996	1997
Metric Tons	3,610	4,721
Dollars	3,335,977	4,858,439

SOURCE: U.S. Customs