

The Role of Grocery Stores for Small FMCG Manufacturers

Market Size - Market Opportunity - Case Study

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The Role of Grocery Stores for Small FMCG Manufacturers

1. Introduction

Small FMCG (Fast-Moving Consumer Goods) manufacturers, particularly those producing items like sweets, snacks, and beverages, heavily rely on grocery stores to reach their target audience. These manufacturers often lack the budget for large-scale advertising campaigns or nationwide distribution, making **local grocery stores and mini-markets** their primary channel for sales and brand visibility.

2. Advertising Market

The advertising market in Saudi Arabia is robust and growing rapidly, reflecting the Kingdom's economic diversification and digital transformation. In 2024, advertising spending is projected to surpass **9.3 billion SAR**, driven by the rise of digital platforms and innovative advertising formats. Digital advertising, particularly on social media and mobile platforms, represents the largest share of the market, accounting for more than **50% of total spending**. This growth is attributed to the high penetration of internet and smartphone usage in Saudi Arabia.

OOH advertising, which includes digital signage in stores, has grown from 3.3 billion SAR in 2022 to 3.67 billion SAR in 2023, highlighting the increasing adoption of out-of-home advertising formats.

Traditional advertising formats, such as outdoor billboards and in-store promotions, also hold significant value. With projects like Vision 2030 encouraging modernization and technology adoption, sectors such as retail, consumer goods, and entertainment are investing heavily in in-store and location-based advertising to enhance customer engagement.

This dynamic environment presents a strong potential market for solutions like BioScreens, which can combine in-store advertising with cutting-edge digital displays to capitalize on this growing trend.

References:

<https://www.6wresearch.com/industry-report/saudi-arabia-advertising-market-outlook>
<https://www.imarcgroup.com/saudi-arabia-advertising-market>

3. Key Characteristics of Small FMCG Manufacturers

1. Specialized Product Lines:

- Focus on niche offerings, such as local sweets, regional snacks, or unique beverage flavors.
- Appeal to local tastes and preferences, which align well with the customer base of neighborhood grocery stores.

2. Limited Advertising Budgets:

- Lack of access to mainstream advertising channels like TV, billboards, or major digital platforms.
- Depend on **in-store visibility**, such as shelf displays and promotions, to attract customers.

3. Shorter Distribution Chains:

- Operate with limited production volumes and rely on direct distribution to nearby grocery stores or wholesalers.
- Grocery stores often serve as the **first point of contact** for consumers.

4. Challenges Faced by Small FMCG Manufacturers

1. Competition with Larger Brands:

- Struggle to compete for shelf space against global and national FMCG giants.
- Lack of marketing resources to build brand awareness and customer loyalty.

2. Visibility Issues:

- Products are often overlooked due to ineffective or non-dynamic point-of-sale (POS) advertising.
- Static displays and crowded shelves make it difficult to stand out.

3. Limited Data Insights:

- Lack access to consumer insights, preventing them from optimizing pricing, product placement, or promotional strategies.

5. The Role of BioScreens in Supporting Small FMCG Brands

1. Enhanced Product Visibility:

- Digital signage at grocery store POS allows small FMCG brands to showcase their products in a **dynamic and attention-grabbing manner**.
- Displays can highlight product benefits, promotions, and unique features, increasing the chances of customer engagement.

2. Affordable Advertising Solutions:

- Provides cost-effective alternatives to traditional advertising, enabling smaller brands to reach their target audience directly.
- Shared screen space allows multiple brands to co-advertise, reducing individual costs.

3. Real-Time Consumer Engagement:

- QR codes and mobile integration let customers access product details or redeem offers instantly.
- Appeals to tech-savvy shoppers seeking convenience and interactivity.

4. Data-Driven Insights:

- Solutions like BioScreens provide real-time analytics, tracking impressions, engagement, and consumer sentiment.
- Equips brands with actionable insights to optimize future campaigns and compete effectively with larger players.

6. Opportunities for Small FMCG Manufacturers in Grocery Stores

1. Leveraging Local Appeal:

- Grocery stores serve as a **community hub**, making them ideal for small manufacturers to build trust and loyalty among local customers.

2. Targeted Promotions:

- Digital signage allows for **localized advertising**, enabling small FMCG brands to tailor their messages to specific store demographics or regional preferences.

3. Cross-Promotion with Retailers:

- Collaborating with grocery stores on promotions, such as bundled offers or discounts, can drive sales while benefiting both parties.

7. The demographic of people who shop at grocery stores

often called **baqalas** in Saudi Arabia can vary, but certain trends are commonly observed:

1. Income Levels

- **Middle- and Low-Income Groups:** Small grocery stores are typically frequented by individuals and families with moderate to low incomes. These stores often provide affordable options and allow customers to buy items in smaller quantities, which suits their budgets.
- **Labor Workers:** Many expatriate labor workers, who often live in close-knit communities, prefer baqalas due to their proximity and affordability.

2. Expats and Nationals

- **Expatriates (≈40% of the population):** especially from South Asia (India, Pakistan, Bangladesh, and the Philippines), Southeast Asia, and some African nations. These groups often look for ethnic-specific products that larger supermarkets might not stock.
- **Saudi Nationals (≈60% of the population):** Some Saudi families and individuals also frequent baqalas, particularly in suburban and rural areas or for convenience shopping.

3. Urban vs. Rural Divide

- **Urban Areas:** In cities like Riyadh, Jeddah, and Dammam, small grocery stores cater to local communities, particularly in residential neighborhoods.
- **Rural Areas:** In smaller towns and rural areas, baqalas often serve as the primary or sole shopping option for local residents.

4. Shopping Habits

- **Convenience Shoppers:** Many customers visit small grocery stores for quick, last-minute purchases such as snacks, beverages, or basic household necessities.
- **Cultural Preferences:** Baqalas sometimes stock niche products that cater to specific cultural or regional tastes, attracting a diverse customer base.

5. Gender

- Both men and women shop at these stores, but it is common to see male shoppers more frequently, as men often manage household errands in traditional setups. However, this is evolving, especially in urban areas where women are increasingly independent shoppers.

6. Age Group

- **Adults:** Predominantly adults, including young professionals, heads of families, and domestic workers, make up the bulk of baqala shoppers.
- **Teenagers and Children:** Often visit baqalas to purchase snacks or soft drinks.

7. Accessibility and Transportation

- **Pedestrians:** Many baqalas are located within walking distance of residential areas.
- **Car Owners:** Urban shoppers may stop by on the way to work or home for convenience purchases.

8. Frequency of Shopping

- **Daily Shoppers:** Laborers or families on tight budgets buy in small quantities regularly.
- **Occasional Shoppers:** More affluent customers visit for quick stops or unique products.

Small grocery stores in Saudi Arabia play a crucial role in everyday life, especially in catering to the diverse needs of a multicultural population.

Summary

Small FMCG manufacturers depend heavily on grocery stores to sustain and grow their business. By adopting **digital signage solutions**, they can overcome challenges like limited visibility and budget constraints, while creating more impactful customer engagement. This enables them to compete effectively with larger brands, grow their customer base, and build sustainable, long-term success in the highly competitive FMCG market.

8. FMCG Product Categories in Saudi Grocery Stores

This list represents a wide array of categories and FMCG products commonly stocked in grocery stores across Saudi Arabia, encompassing thousands of SKUs from various brands. The products come primarily from local, smaller manufacturers or regional brands that cater to the preferences of the Saudi consumer. These products cover a broad range of categories, including:

1. **Beverages:** Soft drinks, juices, energy drinks, bottled water.
2. **Snacks:** Chips, chocolates, biscuits, candies, popcorn.
3. **Dairy & Eggs:** Milk, cheese, yogurt, butter, labneh.
4. **Frozen Foods:** Frozen vegetables, frozen meals, ice cream.
5. **Canned Goods:** Canned fruits, vegetables, beans, fish, and meats.
6. **Health & Beauty:** Personal care items, shampoo, toothpaste, deodorants, skincare.
7. **Household Goods:** Cleaning supplies, tissue paper, detergents.
8. **Spices & Sauces:** Cooking oils, sauces, marinades, and spices.

The diversity in product categories showcases a thriving FMCG landscape that reflects the dynamic consumption patterns in Saudi Arabia, where consumer demand for both local and international brands continues to grow. The fast expansion of grocery stores in major cities and across the Kingdom ensures that these smaller brands get an important channel for reaching their target market.

This emerging market represents a fertile opportunity for innovations such as **Bioscreens**, which can help enhance in-store engagement, improve brand visibility, and provide valuable consumer insights in real-time. Given the rapid growth of FMCG products in retail spaces, the potential for digital signage solutions is substantial.

1. GROCERY

1.1. DAIRY & EGGS

- A. Butter
- B. Cheese
- C. Cooking Creams
- D. Cream Caramel & Sweets
- E. Creams
- F. Eggs
- G. Laban
- H. Labneh
- I. Milk
- J. Yogurt

1.2. CANNED FOODS

- A. Canned Beans
- B. Canned Fish & Meats
- C. Canned Fruits
- D. Canned Vegetables
- E. Honey
- F. Spreads
- G. Tahini Halva

1.3. FROZEN

- A. Frozen Pastry
- B. Meat & Poultry
- C. Processed Food
- D. Vegetables

1.4. SPICES AND SAUCES

- A. Sauces
- B. Spices

1.5. PASTE & NOODLES

1.6. BREAKFAST CEREAL

1.7. INSTANT SOUP

1.8. MARGARINE & GHEE

1.9. MILK POWDER

1.10. OILS

1.11. RICE

1.12. BAKING NEEDS

1.13. CHICKEN & TURKEY

1.14. HUMMUS

2. BREADS

2.1. BREAD

2.2. BUNS & HOT DOG BUNS

2.3. MUFFINS & CAKES

2.4. PASTRY

2.5. RUSK

2.6. SWEETS BAKERY

3. SWEETS & SNACKS

- 3.1. BISCUITS
- 3.2. CANDIES
- 3.3. CHIPS
- 3.4. CHOCOLATES
- 3.5. COOKIES
- 3.6. NUTS & CRUNCHIES
- 3.7. POPCORN

4. VEGETABLES & FRUITS

- 4.1. DATES
- 4.2. FRESH FRUITS
- 4.3. FRESH VEGETABLES
- 4.4. LEAVES

5. BEVERAGES

5.1. COLD BEVERAGES

- A. Cold Coffee
- B. Energy & Refreshment Drinks
- C. Juice & Nectar
- D. Malt Drinks
- E. Soda Drinks

5.2. HOT BEVERAGES

- A. Coffee
- B. Tea

6. FRESH POULTRY

6.1. FRESH CHICKEN

7. HOME CARE

- 7.1. ALUMINUM & PAPER
- 7.2. BATTERIES
- 7.3. CLEANING TOOLS
- 7.4. DISH-WASHING
- 7.5. DISPOSABLE
- 7.6. LAUNDRY
- 7.7. PESTICIDE
- 7.8. REFRESHERS
- 7.9. TISSUES

8. PERSONAL CARE

- 8.1. HAIR CARE
- 8.2. HEALTH & HYGIENE CARE
- 8.3. MEN'S GROOMMING
- 8.4. ORAL CARE
- 8.5. SKIN & BODY CARE
- 8.6. WOMEN CARE

9. ELECTRONICS

9.1. ELECTRONICS DEVICES

9. Case Study

Business Overview



Fesh Fash Snack Food Production Company is a prominent name in Saudi Arabia's snack food industry. Established in 1981, it has evolved from a small operation into a publicly listed company in 2020. The company is a pioneer in the local production of corn puffs, natural potato chips, and potato pellets, offering products under well-recognized brands like **Fish Fash, Coorah, and Garameesh**. With nearly four decades of experience, Fesh Fash is a household name and a leader in Saudi Arabia's snack food market.

Financial Performance

- **Revenue:** In the most recent fiscal period (**6 Months**), Fesh Fash reported total sales of **SAR 18.98 million**, reflecting a **9.37% growth** compared to the same period in the previous year (SAR 17.35 million).
- **Net Profit in 6 Months:** The company achieved a **net profit of SAR 2.07 million**, a **49.96% increase** from the previous year's profit of SAR 1.38 million.
- **Equity Growth:** Total shareholders' equity reached **SAR 14.99 million**, marking a **7.07% rise** compared to the prior year.

Potential Market for BioScreens

Fesh Fash's extensive product line and robust financial growth underline its significant market presence in the Saudi FMCG sector. By deploying BioScreens, Fesh Fash can expand its spending in in-store advertising, targeting grocery store customers directly at the point of sale. With a rising consumer base and increased focus on marketing effectiveness, digital signage can enable brands like Fesh Fash to enhance product visibility, optimize promotions, and collect real-time shopper insights, driving further growth.

This positions Fesh Fash, along with other FMCG brands in the region, as a key potential client for BioScreens' innovative solutions.