



# **Tapping Into Saudi Arabia's Beverage Boom**



# Overview

Saudi Arabia is undergoing a beverage revolution. From energy drinks to functional beverages, the market is growing fast, driven by evolving consumer preferences, shifting demographics, and new retail channels. This playbook summarises insights from Deepak Kaul's (Ex-General Manager, Coca Cola), conversation with Suhas Misra (Co-Founder, Channelplay Limited, Paper Boat) and offers brands a clear roadmap for retail entry and success in the Kingdom.



# Inside Saudi

## What It Really Takes to Win

Navigating the Saudi Arabian market requires a nuanced understanding that often differs significantly from strategies employed in other Middle Eastern regions, such as the UAE. Success hinges on recognising the unique demographic, cultural, and economic shifts underway.

Below are critical considerations for any business looking to establish a strong and sustainable presence in Saudi Arabia:



### One Market, One Mindset Won't Work

Saudi isn't the UAE. With 60% of the population being local, success depends on local relevance—not expat assumptions.



### Culture Drives Conversion

From packaging to positioning, aligning with Saudi values is non-negotiable. If it doesn't feel familiar, it won't fly.



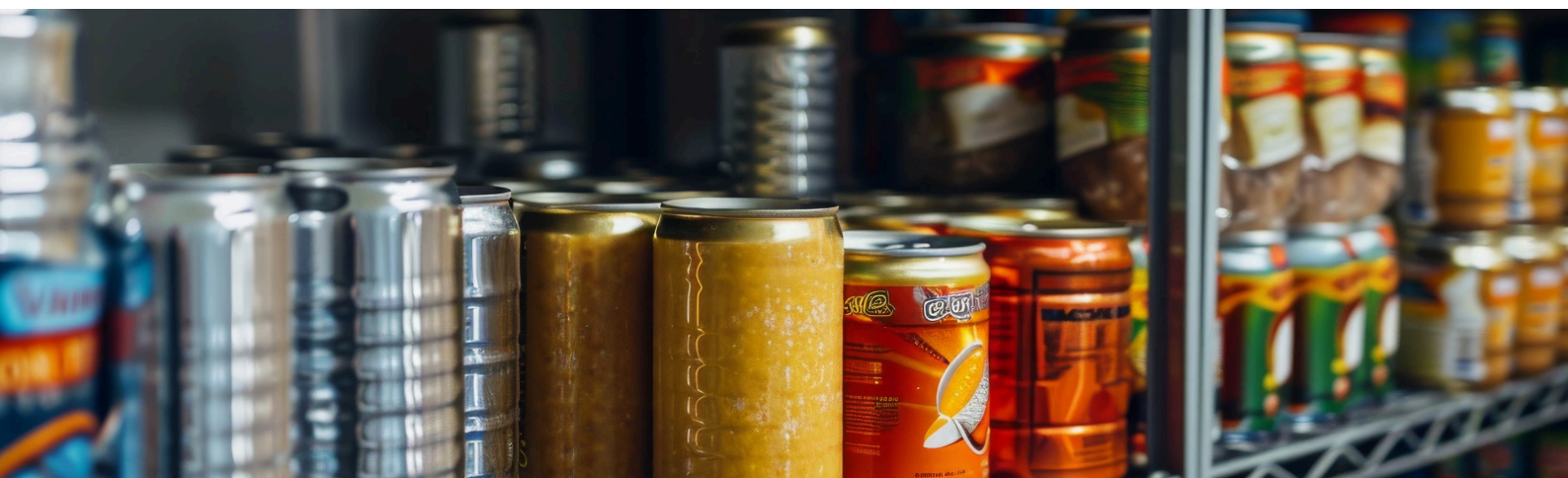
### Youth & Women Are Shaping Demand

A young population and more women joining the workforce are driving growth in on-the-go, functional, and lifestyle-driven categories.



### Growth Takes Grit

The market rewards patience. High entry costs and a slow ramp-up mean long-term success depends on innovation, relevance, and strategic timing.



# How Saudi Drinks

## Consumption Trends That Matter

The Kingdom is also seeing increased consumption across all demographics, driven by distinct consumer preferences and recent market shifts.

Understanding these dynamics is crucial for navigating this vibrant sector, which caters to both value-driven and health-conscious consumers, and has seen rapid innovation following recent tax changes.

### High per capita consumption:

Saudi Arabia consumes beverages frequently across all age groups and regions.

### Two key consumer segments:

#### ① Price-conscious:

Blue-collar workers prefer affordable energy drinks (2.5–3 SAR per can).

#### ② Premium seekers:

Affluent consumers choose functional drinks like probiotics, proteins, and juices.



Understanding the unique beverage consumption trends in Saudi Arabia is paramount for any brand aiming for success. The high per capita consumption, coupled with distinct consumer segments – from price-conscious blue-collar workers to affluent premium seekers – necessitates a highly targeted approach to market entry and distribution.

*This deep insight into consumer behaviour directly informs the critical need for strategic channel selection, moving beyond broad distribution to a more refined and effective engagement with the diverse Saudi Arabian consumer base.*



# What to Do vs What to Dodge

## Strategic Channel Selection

|  Do This |  Not This |
|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>Be selective.</b> Focus on high-potential channels.                                    | <b>Don't go wide blindly.</b> Avoid mass distribution to 100K+ outlets.                    |
| <b>Segment smartly.</b> Match channels to consumer types.                                 | <b>Don't assume one size fits all.</b> Each audience needs a tailored approach.            |
| <b>Tailor your strategy.</b> Adapt pack size, price & message per channel.                | <b>Don't copy-paste.</b> What works in one channel won't work in another.                  |
| <b>Bet on petrol stations.</b> They're rising as hybrid retail-logistics hubs.            | <b>Don't ignore emerging formats.</b> Small channels today. Growth engines tomorrow.       |

# Go-to-Market

## 7 Core Playbook Principles

Winning in Saudi takes more than business as usual. It calls for cultural insight, local alignment, and long-term commitment. For businesses looking to thrive in this dynamic landscape, consider these essential pillars for success:

- 1

Think Product

Design for real needs—functional, relevant, Saudi-ready.
- 2

Think Culture

If it doesn't reflect local values, it won't resonate.
- 3

Think Channel

Pick where your audience shops. Not all retail is equal.
- 4

Think Partnerships

Scale comes from strong local distributors, not solo plays.
- 5

Think Tech

Track everything. Data is your edge in a dynamic market.
- 6

Think Patience

No quick wins here—growth takes grit and time.
- 7

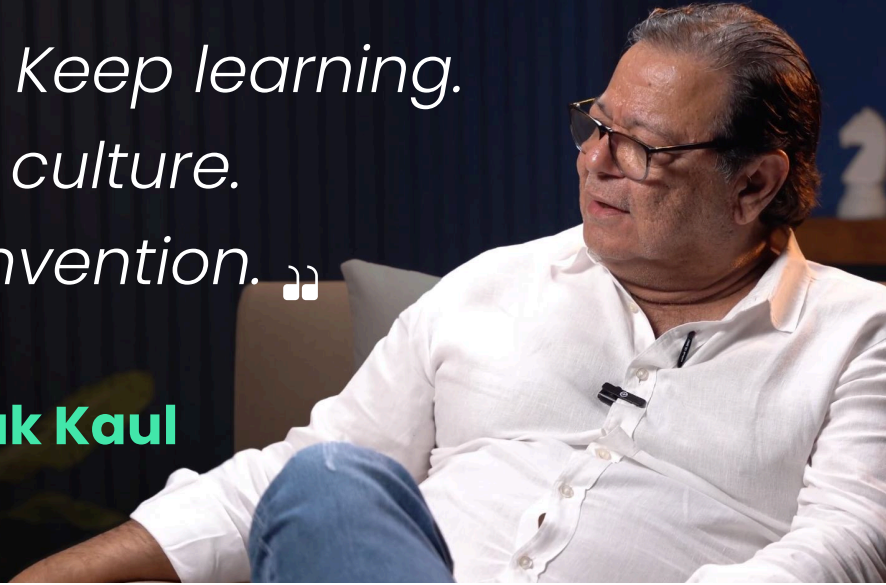
Understand Cost

High-entry market. Spend wisely, build for the long haul.





*Find your passion. Keep learning.  
Use tech. Respect culture.  
And don't fear reinvention.* ”



## Insights from Deepak Kaul

### What's Really Shifting:

#### **Saudi Sips Big**

Among the highest per capita beverage consumption in the region.

#### **Dining out is rising**

Fueled by a young crowd and more women at work.

#### **Petrol stations = future retail hubs**

Think single-serve meets dark store

#### **E-commerce is your test bed.**

50–60% YoY growth and real-time feedback.

#### **Tech is table stakes.**

Track, adapt, and stay sharp with smart tools.

# Cracking Saudi

## E-commerce First, Partners Always

For most successful brands in the Kingdom, having a dual-pronged plan leveraging both robust e-commerce capabilities and local partnerships is proving to be the most effective path to sustainable brand success. This integrated approach allows businesses to efficiently test market fit, adapt to consumer demands, and scale operations across the vast and diverse landscape, all while mitigating the significant costs and complexities associated with traditional market entry. It's about smart growth, informed by data and amplified by local expertise, as highlighted by these key considerations:



### Start Online

E-commerce is growing 50–60% YoY—ideal for testing product-market fit without heavy upfront investment.



### Skip the Shelf, For Now

Supermarket entry is costly with tough exit barriers. Online gives you control, data, and agility.



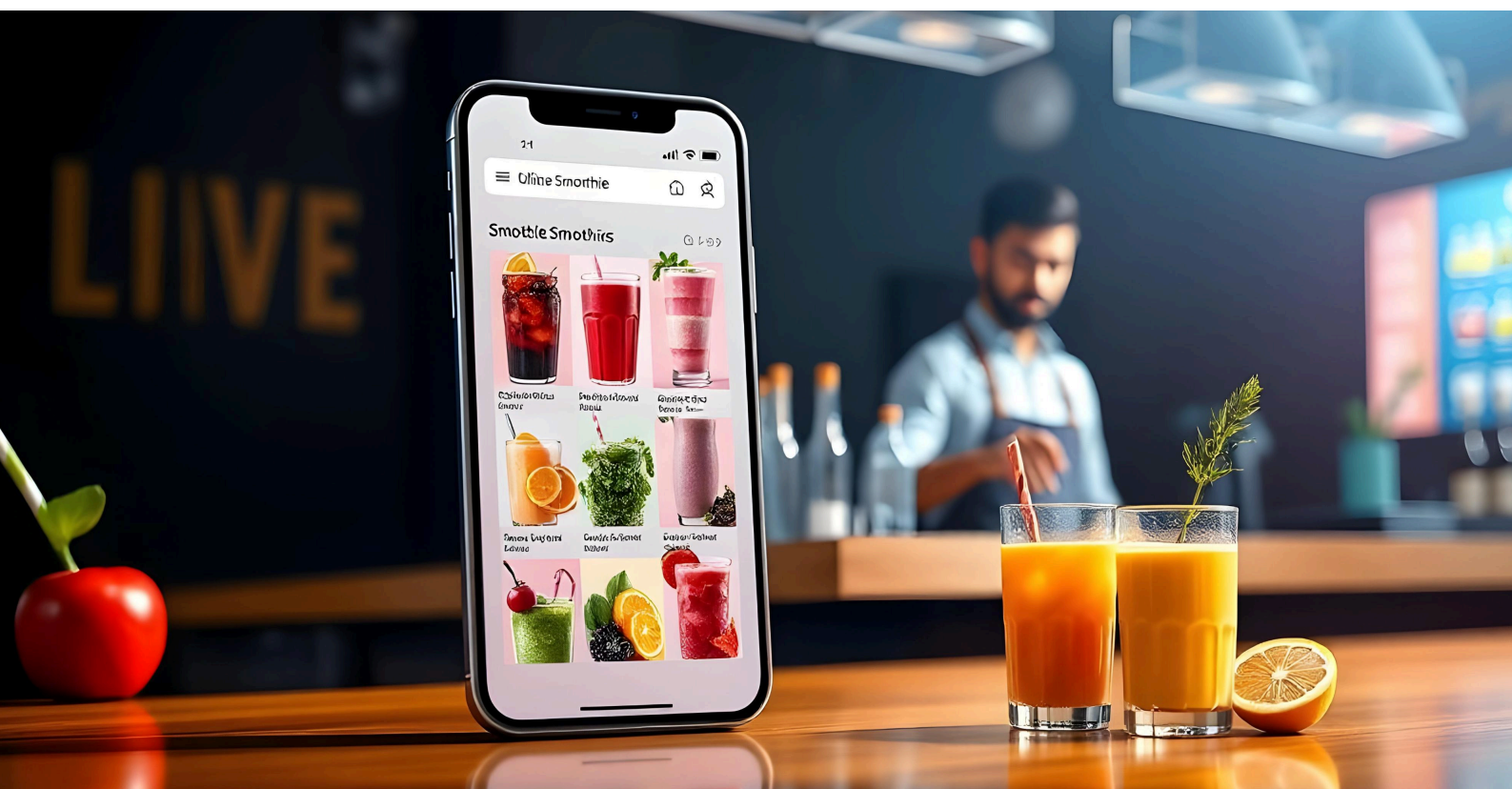
### Go Local to Go Far

Saudi's scale demands strong regional partners. Distribution is as important as the product.



### Let Tech Lead

Smart tools are non-negotiable. Use them to track sales, partners, and performance in real time.





# Fuel Stops to Full Shops

## Emerging Formats

### Petrol Stations & the Rise of Single-Serve and Dark Store Retail in Saudi Arabia

#### **Next Big Channel:** *Petrol Stations as Retail Hubs.*

Saudi's petrol stations are evolving. Not just for fuel anymore — they're emerging as the next big FMCG retail format.

#### **Fuel, Food & FMCG — All in One Stop**

- You drive in >> You refuel >> You grab a burger and a drink.
- But the next wave is bigger than that.

#### **Rise of Single-Serve: The Front-End Play.** *With on-the-go consumption booming:*

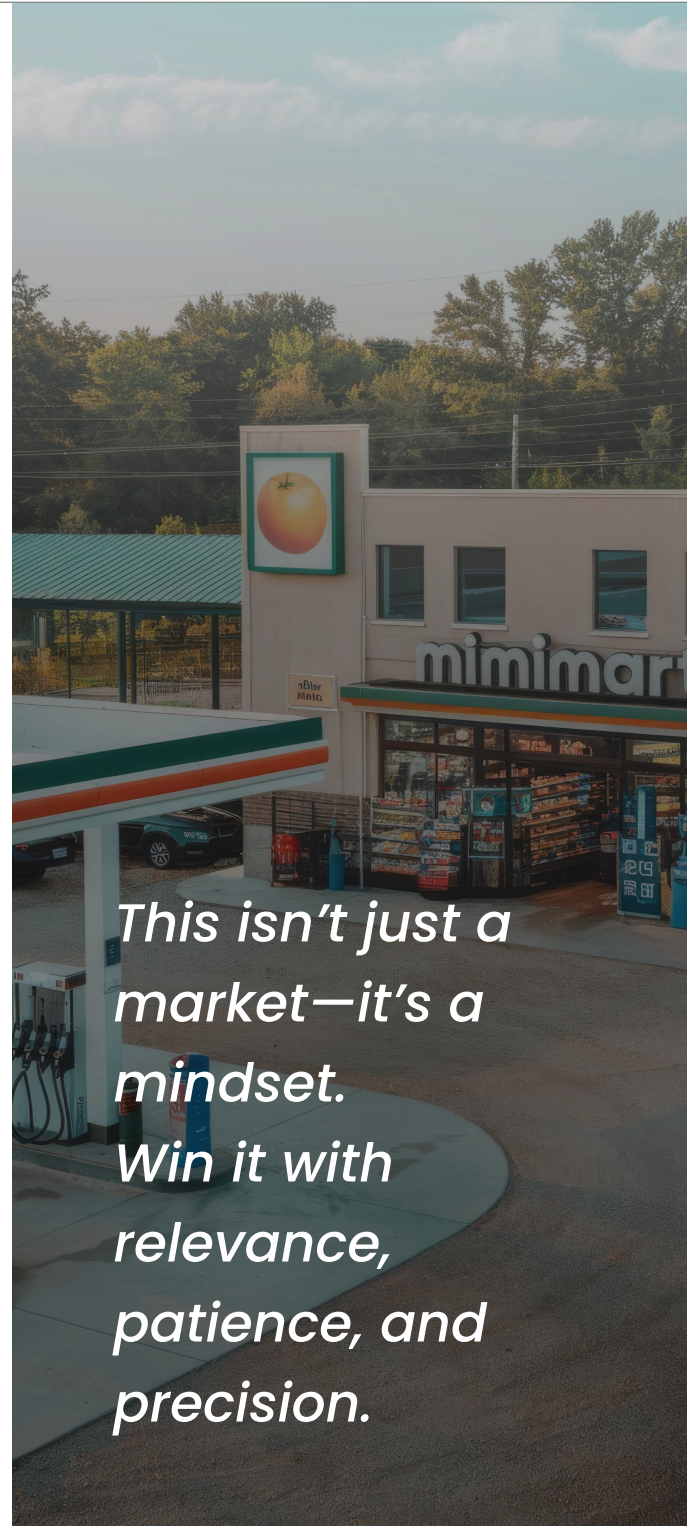
- Single-serve beverages will dominate front-of-store shelves
- Consumers are ready to pay a premium for convenience

#### **Dark Store at the Back end = Volume Engine.** *Petrol stations will double up as dark stores:*

- Stocking multi-packs & bulk inventory
- Supporting last-mile e-commerce & offline delivery models

#### **Why This Matters in Saudi**

- Family sizes are bigger → demand for larger pack formats
- Geographic spread is vast → petrol stations = distribution hubs
- E-commerce is booming → PFMs = hybrid store + warehouse



*This isn't just a market—it's a mindset. Win it with relevance, patience, and precision.*

# The Final Pour

## What It Really Takes to Win in Saudi

Saudi Arabia offers immense potential—but it rewards those who move with intention. This is not a plug-and-play market. Success demands cultural intelligence, strategic patience, and operational depth. Brands that take the time to understand the consumer, build the right partnerships, and invest in the right channels will not just enter—they'll endure, adapt, and lead in one of the region's most promising landscapes.

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**Ready to tap into the opportunity?**  
**Let's build your Saudi strategy—together.**

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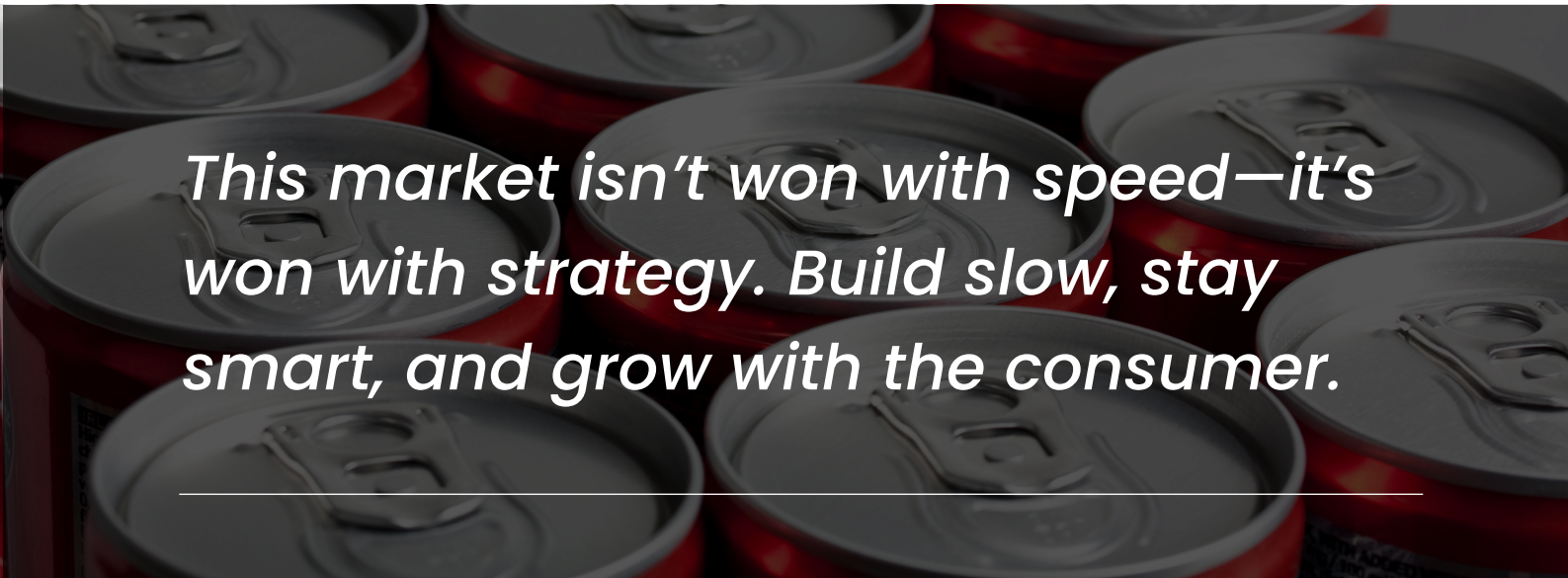
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*This market isn't won with speed—it's won with strategy. Build slow, stay smart, and grow with the consumer.*