

A study on Saudi Arabian retail dynamics, its potential future and challenges

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Keywords

Retail industry, futuristic challenges, business potential, market forecast, revenue growth, food sector.

Abstract:

The research report is aimed at providing opportunities to the retail business players and the government to get the best benefits from the business potential and resources available in the of Saudi Arabia. It covers the dimension to study the scope, behavior and treatment of the business and to bring the potential factors in the view of the business players and administrators of the State for the future viability of Saudi Arabia's retail industry in the global scenario. It also covers the role of governance, financial policies and stock liability. Its basic objective is to make industry more effective, dynamic and to create adopting mechanism to cope with the international business challenges and to avail the business potential for the future generation.

Key Words:- Retail industry, futuristic challenges, business potential, market forecast, revenue growth

1. Introduction

The retail industry is in the midst of a customer revolution. The collision of the virtual and physical worlds is fundamentally changing consumers' purchasing behaviors. Consumers are seeking an integrated shopping experience across all channels, and expect retailers to deliver this experience. Failure to deliver the changes as per the demand of the market puts retailers at risk of becoming irrelevant. Traditional retailers must find opportunities by developing in-store and online technologies that allow them to create and maintain meaningful and sincere connections with customers across all channels.

1.1. Role and impact of Saudi Arabia on the world

As the Saudi Arabia is very important from geo-political position and its oil strength, had Saudi Arabian known the art of interdependence, the history would have been different altogether. It has all the vitality to play role of impact in the world. Presently it is one of the expected veto power members including Japan, German keeping a member would be especially a representative from the Islamic world. It could be hub of technology as consolidated countries in the middle-east and same minded countries associated being members of Muslim world. It is also enjoying the prestige of enjoying the member of G20 and WTO that consolidates its position in the world platform both economically and socially. The possibility cannot be denied that there is a gap of technology between the East and the West. It has the potential to place itself a destination of emergence for the under developed and developing economies.

In Saudi Arabian retailers, 2014 seems to be a challenging trading environment. In recent survey, 69% of Saudi Arabian retailers show consumer confidence to remain the same in 2014.

Service rates remain low and may be reduced further, whilst there is some evidence of increasing house rentals. However, the labour market remains relatively weak with a little sign of any significant change in the near future. With further overseas expansion and new entrants into the Saudi Arabian market in 2014, competition will be stronger than ever. There are certainly many opportunities for Saudi Arabian markets to grow and prosper in 2014; developing and executing on an appropriate strategy will be critical in these challenging global economic times.

1.2. Investment rational and its behavior

It appears that the planners of economy of Saudi Arabia are thinking seriously to take turn to diversified economy and get rid of dependency of oil industry. Global retailing players can see Saudi Arabia as good business buoyancy as increasing per income, transforming of rural urban population, taste of consumers leaning toward European goods and abundance of employees from Asia and other countries that is very supportive to business.

1.3. Challenges owing to technological gap between Saudi Arabia and the West

On the other hand, Saudi Arabia is greatly dependent to Western technology that makes the domestic producers have to produce the products at par with the quality of the West. The study suggests that local business players are facing stiff competition from the Western business expertise and quality in absence of the technology on the European benchmark. There is a huge gap in understanding the need to develop the science and technology. The study speaks there is a bit gap of understanding the human values and its utilities, and further the nature of interdependence of the world.

Saudi Arabia is having unique in the throughout the Islamic world due to capital of Islam as custodian of two important holy places Mecca and Medina. It is needless to mention that Muslim world and Muslims community are deeply attached by faith in Saudi Arabia and these advantages can be used in making Saudi Arabia a capital of Muslim world as hub of superior technology, trade, production and economic order by forging alliance with Muslim world countries so that they could share their expertise in these very field with Saudi Arabia.

2. Research Objective

The objective of exploring the futuristic trends in retail market operative in KSA retail market is to provide detailed quantitative analysis of past and future trend. Research survey method applied in this regard it is supposed to give the insight in market trend and would help to analyze the real situation and chalking out right strategies in order to cope with challenges ahead and to take benefit from the present and future opportunities to establish the status of firms operative in KSA in the monopolistic markets.

2.1 Methodology

The methodology is principally based on two approaches i.e. demand side and supply side putting technological competencies as a hallmark of the factors of the future of the retail industry of the Kingdom of Saudi Arabia with the pace of human evolution.

Demand-side approach: Forecast of growth estimate is based on trend of population, arrival of tourist and transit, inflation, consumer spending and behaviour. The forecast depends mainly on the sources that sourced from IMF and Economic Intelligence Unit (EIU).

Supply-side approach: The forecast estimate of retail market size is based on scientific calculation to gauge the total Gross Leasable Area (GLA) in the next years.

Technology as hallmarks: Technology is playing a vital role in determining the behaviour of demand and supply as a hallmark that cannot be ignored.

Human evolution: Nothing in the world is stagnant; it is either changing fast and getting slowed. But it is changing and change of consumer tastes and behaviour, human evolution cannot be ignored in the past and present and future trend of any business.

3. Saudi Arabian Retail Landscape

3.1 Saudi Arabia's Retail Food Sector:

While the European countries are facing the heat of economic recession, Saudi Arabian economy proved itself robust and remained unaffected. As a result of increase in the wages in public sector, the household expenditure got a boost in GDP growth by 2013. It is expected that growth in its population and positive GDP would help in surging the food sector. It is natural that the populace of Saudi Arabia got the exposure of the West and got Western valued lifestyle and education and in the wake of these basic changes of their perception, they are getting encouraged towards healthy food segments.

Milk consumption being treated the driving force in GCC, Saudi Arabia holds 60% of its share in GCC. According to BMI, milk consumption demand has got growth of 6% annually against the previous year.

Sales of drinking milk products by sector

| SR Million | 2006 | 2007 | 2008 | 2009 | 2004-09 CAGR | 2009-14 CAGR |
|-----------------------------------|---------|---------|---------|---------|-----------------|-----------------|
| Milk | 1882.54 | 2012.16 | 2234.80 | 2446.66 | 7.34 | 3.11 |
| Fresh/ pasteurized | 1138.06 | 1226.50 | 1369.65 | 1517.35 | 7.96 | 3.22 |
| Long Life | 743.36 | 784.44 | 863.81 | 927.86 | 6.37 | 2.93 |
| Goat Milk | 1.12 | 1.22 | 1.33 | 1.45 | 13.26 | 4.91 |
| Flavored Milk Drinks | 418.57 | 447.87 | 488.18 | 530.16 | 6.93 | 4.03 |
| Powder Milk Drinks | 792.16 | 887.22 | 1043.37 | 1001.64 | 6.46 | -1.93 |
| Flavored Powder Milk Drinks | 37.41 | 39.28 | 41.38 | 48.03 | 7.90 | 6.04 |
| Chocolate Flavored Milk Drinks | 29.50 | 31.03 | 32.66 | 37.97 | 7.88 | 6.18 |
| Malt Based hot Drinks | 7.91 | 8.25 | 8.72 | 10.06 | 7.98 | 5.48 |
| Drinking Milk Products | 3130.68 | 3386.53 | 3807.73 | 4026.49 | 7.07 | 2.12 |

Source: www.portaleuromonitor.com

Supermarket & Hypermarket of KSA

a) Panda Supermarkets

Panda Supermarkets were established in 1979 and currently has 100 retail in major cities of Saudi Arabia and has plans to increase the number to 130 by the end of 2015 (100 supermarkets and 30 hyper markets). In 2007, the firm entered international activity by opening its first hypermarket in Dubai. Panda is owned by Savola Group, the leading food products company in Saudi Arabia with interests in edible oil, sugar, dairy farm, fast food restaurants and

packaging.

In July 2009, Savola Group signed an agreement to purchase all Géant Hypermarket outlets owned by Fawaz Alhokair Group. According to the purchase agreement, SAVOLA group agreed to pay \$117.3 million to buy the 11 Géant hypermarket outlets located in various regions of Saudi Arabia. Géant Hypermarket chain was a joint venture between Géant France and Fawaz Alhokair Group.

The purchase deal will allow SAVOLA's retail arm, Aziziah Panda supermarket outlets to increase its market share from 7 to 8 percent in the Kingdom's retail sector as well as boost its turnover by 13 percent. SAVOLA Groups wants to see that Aziziah Panda retail outlet increases its market share to ten percent by 2014. Currently, the Saudi retail market is estimated at SR96 billion (\$25.6 billion) annually.

Also another merging took place in February 2008 where the Saudi Giant Stores (no relation to Giant in the United States), merged with SAVOLA Group under a share swap deal. Giant Stores had 12 supermarkets in major cities in Saudi Arabia.

b) Al Othaim Markets Company

Al Othaim Markets Company has 42 supermarkets, 21 corner stores and 7 wholesale outlets located in central, eastern, northern and southern parts of the Saudi Arabia.

c) Farm Supermarkets

Farm Supermarkets which is owned by the Saudi Arabia Marketing Company (SAMCO) was established in 1978 in Dammam, Saudi Arabia. Currently, the firm has 26 major supermarkets and nine corner stores mainly in the Eastern part of country

It cannot be overlooked that its retail industry is mainly dominated by individual players. With the pace of time, the sector is getting matured and individual players started consolidating and creating chain of retail outlets like Al-Aziza Panda spreading their access in all over Saudi Arabia. Factors like youth demography, inflow of tourist, higher per capital income and positive trend in Saudi Arabia's business environment. It is further taking new trend of "Online Marketing" and it matches the taste and behaviour of customers in this region.

Key retail companies

| Company | Type |
|----------------------------|--|
| Fawaz al-Hokair Group | Apparel |
| Jarir Marketing co. | Bookstore |
| Abdullah Al Othaim Markets | Retail sales centres and supermarket |
| Fitaihi Holding | Jewellery |
| Al-Sawami | Lifestyle |
| Savalo | Grocery, Super Market and Hyper Market |

Customers' interest is very encouraging to turn it into emerging markets provided that Saudi Arabia ensures to encourage the technological interdependent players on the business world landscape. Presently, it is highly dependent on the European technology and that is not good sign in making country economical sovereign state beyond the dependence of the West.

Before the coming generation of Saudi Arabia, that would be the biggest challenge to overcome the impediments in the leading its economy.

The retail industry of Saudi Arabia is experiencing the new global entrants in the industry like Carrefour Debenhams and IKEA. The players got entered in the retail industry through franchise and local business players. As the foreign products are considered of better quality in Saudi Arabia being having western exposure directly or indirectly, the foreign goods have good foothold on its soil. The second point is that the market in the West got matured and to develop the economy of their countries, it is very essential to enter into the field of developing market to get benefits. It is not beyond the understanding of the Saudi Arabian economists and business acumen personalities to understand that if it does not enter into the under-developing countries, its retail sector cannot get the dynamics to make its presence felt in the world retail industry. But it appears that in the near future, these leading characteristics are very elusive in distance sight. According to 2010 UN statistics, 32% of the Saudi population are 0 - 14 years of age, while approximately 50% are in the 15 - 40 age range, making the country an ideal market for food and beverage companies. Higher income levels are also leading to a shift from a carbohydrates-based diet (grains) to a protein-based diet (meat, eggs, dairy products), with poultry having the highest consumption rate. Juices and baked goods are also emerging sub-sectors.

3.2. Saudi Arabia's Agro-Food Sector in 2013

Keeping in demand of creating jobs, Kingdom of Saudi Arabia shifted its priority to boost the fast food market as it is the best to create enough jobs to fulfill the aspiration of its young generation. It is giving special preference to restaurant industry as it also source of entertainment. Strengthening the food companies is good news for the agro-food market as well as with the expansion and exploration of food industry and good dividends from this industry, foreign brands are also stepping up in Saudi Arabia to make their presence felt. According to EIU research, it valued the Saudi retail sales at US\$83.3 billion in 2011; food sales shared US\$41.7 billion (or 50%) having trend of high growth in future, too.

3.3. Food sales to represent more than 50% of retail sales by 2016

According to 2010 UN statistics, Saudi Arabia is having high ratio of young generation; among which 50% are in the 15-40 ages range that is mainly contributive of disposal income. It further speaks that the generation is shifting to protein-based diet (meat, eggs, dairy) from carbohydrate-based diet (grains). It shows that by 2016, food sales would represent more than 50% of retail sales.

3.4. Unemployment in Saudi Arabia and helping hand of Retail Industry:

According to recently study by UN, it is estimated, the rate of unemployment is 15%, which is a challenge before the governance of the country. The best sector that can reduce the unemployment is retail industry that is why the Kingdom is encouraging so much this very industry. But the basic cause of unemployment is lack of education and skill. That is why Saudi Arabia has boosted the expenditure on spreading education and giving training in different technical and management fields and it has expended billion dollars in developing infrastructure.

As Saudi Arabia joined WTO in 2005, it has paved way of attracting foreign investment in Saudi Arabia; it will facilitate to create more jobs in the Kingdom. The government has announced to establish six "economic cities" in different regions of the country to promote

development of its economic with special scope of retail industry. The ambitious project has a scope of to add \$150 billion to the country' GDP in near future that would increase the per capita income from \$13,000 to \$33,500 and simultaneously would create employment opportunities for 1.3 million people.

3.5. General business practice by Saudi importers

In Saudi Arabia, some large importers purchase foodstuff and do packaging locally with their own brand and re-sell them into the market. Arabic sounding brand appeals to the Arabians as they are deeply under influence of their values and language. On the other hand, some importers purchase the foodstuff and give them foreign sounds name that attract the customers taking them high quality products as American and European. As far as grocery is concerned, private labels dominate in the market. "Goody" widely known and imported from the United State of America and another large importer uses an Arabic sounding private label i.e. "Al-Alali" that appeals to Saudis and Arabs, even though larger percentage of its products are of U.S. origin.

In some cases, Saudi importers contract directly with US manufactures of big brands like Kellogg's, Campbell Soup, and Budweiser and sell them in Saudi markets using the sole agency. US exporters retain its brand and Saudi businessmen also are getting logistic support from US partners.



3.6. Tourist and transit side to show revival

It is expected demand in tourism will get enhanced to boost the economy in the region. People are gathering due to Hajj and Hajj Umrrah pilgrimage as a capital of Islam. People of

different countries are living in the Saudi Arabia for livelihood especially and purchasing goods for their native places every interval. That also attracts the retail industry players domestic as well as international.

3.7. On-line retailing

With the space of time and invent of information and technology, the boundaries of nations are melting away and the world is getting global village. People are purchasing on-line. A lot of private companies are coming in on-line marketing. Consumers' taste is also getting changed as having the western exposure. A lot of young generation is having Western education and they prefer western way of life and taste.

3.8 Demand side estimate

It is expected that demand side is 14.5. It is difficult to ensure the phase of changes. Saudi Arabia is experiencing huge expansion of organized retail sectors and demand on high side and leads to profits to the business community but still in terms of GLA this region is lower in comparison to the developed market. Better enhancement is expected in Saudi Arabia and UAE. A growth rate population supports the better enhancement of GLA. The sector is experiencing new malls and better retail outlets.

4. Financial performance:

It needs to be studied the performance of largest public listed realities in the Saudi Arabia. The study reflects of 8.3% in 2015 in the non-discretionary retail industry. As far as discretionary retail industry is concerned, it shows negative trends too. Al Othaim Markets and Al-Savola Group have done excellent performance in the industry and the future trend is positive too. While Fatahi is struggling in the reversing the trend of performance, it clearly speaks that the non-discretionary markets is better than the discretionary markets. One of the main reasons of this trend goes to the economic slowdown in the West.

Higher revenue growth shows better business condition in spite of discretionary retails sectors is not having same advantage in the market. People's purchase remained unaffected due to economic slowdown especially non-discretionary retail sectors.

The Savola Group has unique advantage in retails sectors primarily due to acquisition of Giant and Géant hyper Stores and expansion its Panda store chains. These companies are highly dependent on the business strategy defined by the West and marketing style. However Fitaihi Holding struggled in consolidating its position in discretionary products. But despite of negative trends, there are some positive impulses that show the positive trend in the industry. As per the economist, Steve Keen BBC interview, he had asserted that to measure the depth of economic crisis is very difficult and may take decades to get back on the previous track. The performance of Fitaihi Holding has already a ripple effect of economic slowdown due to dealing in the discretionary sector. International players from emerging and developed markets are getting major benefits from the Saudi Arabian markets as they have the advantage in terms of products and marketing strategy. The future performance of non-discretionary and discretionary will remain robust and there is positive sign that luxury goods segment is in the process recovery from the weak performance in 2012.

| Retail companies overview: | | | | |
|----------------------------|---|-------------------|--|--|
| Company | Business Segment | Type | Main brands | Trend |
| Fawaz al-Hokair Group | | | | |
| Jarir Marketing co. | Books, School & Office supply and gaming products | Discretionary | HP Laptops, WD External disks, HTC mobile | Growth in electronic segments and books and office equipment would provide good dividends. |
| Abdullah Al Othaim Markets | Food | Non-discretionary | Rex, Victo, Haley, Shear, Safoori, Proof | Mild food inflation expected and grow would be positive |
| Fitaihi Holding | Jewellery and Crystal | Discretionary | Miss Fitaihi, Fitaihi Junior, Royal amily, Mont, Blanc, Dunhil, Sarcar | |
| Al-Sawami | | | | |
| Savola | Food, Real Estate | Non-discretionary | | Mild inflation expected and grow would be positive |

5. Corporate governance

There is no iota of doubt that in comparison to developed of economy, corporate governance has not developed at the required level in Saudi Arabia at the threshold. But good corporate governance needs to be made to attract international investors.

Saudi Arabia retail sectors are lagging behind their global counterparts in the area of corporate communication. It reflects that they realize the need of corporate communication but their implementation part is weak in comparison to the emerging and developed markets. For instance, only two-three years financial statements are available of the Saudi Arabian retail companies but the four-five years financial statements are available of the emerging and developed markets. There is some possibility that the competition is not so standard in Saudi Arabia industry and it will get improved through the phases of evolution of improvement.

6. The Global Retail Industry

6.1. Emerging market showing higher activities level:-

It appears that large emerging markets are more dynamics in putting their impact in the global economy in the years to come. But some of the business players in the Asia Pacific region and Middle East and Africa are out-performing in comparison to developed market in the growth of business. As the emerging markets and developed markets are already developed and space of growth cannot be the same.

| Region | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------|------|------|------|------|------|------|------|------|------|
| North America | 2.0 | 0.6 | -4.1 | -4.6 | 0.1 | 0.8 | 0.8 | 0.9 | 1.1 |
| Western Europe | 1.0 | 0.9 | -1.9 | -4.1 | -0.9 | 1.1 | 1.2 | 1.4 | 1.5 |
| Eastern Europe | 9.5 | 10.7 | 9.6 | -3.2 | 2.2 | 4.6 | 4.5 | 4.6 | 4.8 |
| Asia Pacific Region | 4.6 | 5.0 | 6.4 | 0.4 | 4.2 | 4.3 | 4.5 | 4.3 | 4.5 |
| Latin America | 4.5 | 5.9 | 6.5 | -5.3 | 0.4 | 3.0 | 4.0 | 4.4 | 4.6 |
| Middle East & Africa | 4.8 | 5.0 | 2.3 | -1.1 | 5.4 | 5.7 | 5.7 | 5.8 | 6.0 |
| World | 3.1 | 2.8 | 1.0 | -2.9 | 1.4 | 2.5 | 2.9 | 2.9 | 3.1 |

The global economic recession has put an adverse impact a spending behaviour of the consumers and it made hurdles in the way of natural growth. It is pertinent to mention here that the behaviour may sustain longer period in the developed market like USA, the UK, Spain and other developed markets. Companies need to be more pro-active to offer the best value of the customers' expenditure.

Luxury products got affected most adversely by economic slowdown. Effects of recession may be experienced everywhere but it has been felt greatly in luxury brands. The negative impact on the mind of customers would rather sustain for longer period than the expected one. The resolution of economic crisis depends how much economic powers understand the mechanism of the economic catastrophe that affected the market including retail sectors.

Keeping in view the heat of impact of recession, luxury retails industry is putting their feet in the region where recession has minor impact like Middle East and India.

6.2. Grocery Retail: beyond the impact of recession

Recession has wide negative impact even some areas remain intact like grocery segment in 2013. As the grocery segment is basically purely depends on day-to-day utilities of the common people. That is why it remained unaffected.

7. Saudi Arabia retail characteristics

The Saudi Arabia retail market account is however meager but per capital expenditure is very significant. It is also pertinent to mention here that the expenses have declined in Saudi Arabia and UAE. But the fact can't be ignored that there is ripple effect on the business activities due to slowdown and retrain in the business growth. Further Europe and America got affected more adversely due to the economic menace. Every market has its own unique characteristics and Saudi Arabia is not an exception. The UAE and Saudi Arabia are the largest markets in terms of total expenditure. The UAE is the highest retail per capital expenditure in the region while Saudi Arabia is the lowers per capital expenditure. But the study shows that the large population of Saudi Arabia is solely responsible for the big market.

7.1. Growth drivers

Saudi Arabia's GDP has performed well mainly to its rising population. The rising factor of its growth is the hike in the price of oil products. As the world economy, mainly depends on the price of oil and arms dealings and the oil world hub is Saudi Arabia and other states under

its direct and indirect affect, the world power is very sensitive to the interest of Saudi Arabia very positively. According to IMF, in Saudi Arabia, over 81% of the population is economically active and if further projects it to exceed 83% by 2015.

7.2. Rise in tourist

Saudi Arabia is getting benefits of tourist for Hajj and Hajj Umrah. It is playing a pivotal role in consolidating its economic and social position vibrant. Lots of malls are being made to attract the customers to boost its retails sectors. This is giving Saudi Arabia unique social and well as economical leverage in the member country of gulf counties. This contributes in generating revenue for the country and well it is giving big for retail market.

A great number of hajj and Umrah pilgrims gather in the Kingdom every year and a great number of them are active retail customers that results boosting of retail sector. According to Gulf News, the sales of gifts and souvenirs in 2008 were estimated to have risen by at least SAR4bn (US\$1.1bn) due to shopping by the hajj pilgrims. These tourists are contributing in a great way in boosting in the retail business in the country. Even hotel industry is also getting benefitted from these religious obligations.

According to seminar organized by Hajj and Umrah Institute at Umm AL- Qura University, Makkah 26-28 May, 2012 Saudi Arabia is expected to see 9.3 million new visitors between 2012 and 2015, where there will be approximately 3.6 million new arrivals in the UAE during the very period. There is a need to see trend business that has far-reaching impact. Any where the economy is growing the touring spirit is emanating – like China and India. People want to investment money to understand the world. They believe the world is a book, who does not visit, read only one page.

7.3. Urbanization

With the space of time, urbanization is taking place with speed and it is increasing its consumption rate per head. It has taken many initiatives to increase the rate of urbanization. People are getting better quality of life in urban areas. For developing any country's economy, it is very essential that its urban population must get increases relentlessly. We can take China; it has big project to speed up urbanization. It would be a vital power for future China to hold a strong economy. This will also increase per capita income of China and would be proved a striking factor in flexing its economic muscle in the world economy.

7.4. Per capital income and health diseases

As per capital income is high in Saudi Arabia, they are used to eat healthy foods more and that leads to many diseases in Saudi Arabia. The UAE ranks second highest in the world for diabetic patients followed by Saudi Arabia and other obesity problems is the gift of high consumption of food and comfortable life. It is facing huge problem from the health side. As the medical service very costly in Saudi Arabia, health industry is also getting a momentum.

7.5. Brand conscience

Saudi Arabian population is having high global exposure and its population is used to have the foreign goods. Other thing is that a lot of population got education in foreign universities and enjoying better social and economic position in the society. This is also facilitating to foreign players to establish their products in the Saudi Arabia. Its population is greatly travel savvy and getting close to Europe and America way of thinking. The demands of foreign goods are getting momentum in domestic market. American and British products are their first choice. They are treated as reliable and closure to their taste. Brands from France,

Germany, Italy, Holland, Brazil, Canada are also in high demand treating their products having an age on the domestic products. The tastes of customers have encouraged the retailers to sell the foreign goods. It is leading to making abundance of malls and chain of exclusive showrooms, generating huge products to the retailers and improves the economy of Saudi Arabia.

8. Competition

As we ushered in the science and technology and every country is trying its best to get the best technology and produce the best product, it is creating stiff competition. Now US foodstuff export is feeling the heat of stiff competition from both locally produced and competitive imported products from third countries. Other thing is that Saudi Arabia has allowed duty free transaction of goods from Gulf Cooperation Countries Council. Other countries like other Arab countries, India, Pakistan, South Africa, Latin America, New Zealand, Australia often offer product so lower price that of similar US products. As Saudi Arabia has joined WTO, it has waved the path of removal of many economic restrictions to open its market for foreign goods. Growing competition from both locally produced and competitively priced imported food products from third countries threaten the continued expansion of U.S. foodstuff exports.

9. Challenges For Saudi Arabian Retail Industry

Keeping in view the potential in Saudi Arabia, many business international players directly or indirectly have expanded their access to get benefits from the growth of Saudi Arabian market. But it is posing major threat to the retail industry and economy as indigenous producers are not well equipped and advanced in technology as the West. Domestic retail sectors have had to face the fact that they are not at par competent to foreign players and they will have to face in future too, if the Kingdom of Saudi Arabia does not develop the right strategy to overcome these challenges, the retail players will have to face serious problem in competition with European business players. In these circumstances, foreign players will erode the interest of Saudi business community; and dividends will go to the West.

10. Conclusion and Suggestion

The study speaks that however the positive trend is prevalent and would be in future, too but Saudi Arabian business community may have to face the reality of subjugative European influence in the retail industry in absence of science and technology at with the West. Future stability in the region will depend on the development of technological expertise to make their indigenous producers at par the West. Many steps are being taken in this direction but it has to do a lot of too. It needs to make union of trust oriented countries of nations under its leadership. This will facilitate a future Saudi Arabia a technology driven nation.

Apart from it, Saudi Arabia will have to forge alliances with countries in general and Muslim worlds, Confucians and African hemisphere in particular, keeping in eyes to access these markets so that its produced retail products can get a foothold in the emerging markets of the world.

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