Cold Chain strategy to consolidate food chain in GCC countries

Mr. Abdullah Hamdan Al-Anazi
LuLu Saudi Hyper Market
WELCOME TO THE WORLD OF LULU

Our Vision is to bring World-Class Shopping Experience to all
GLOBAL OVERVIEW

ANNUAL TURNOVER OF USD 8.4 Billion

Serving 1.6 Million shoppers everyday

Shopping Malls, Hypermarkets and Supermarkets.

MORE THAN 55,000 EMPLOYEES
11 Glorious Years in Saudi Arabia

17 HYPERMARKETS, 12 ARAMCO COMMISSARIES AND 5 MINI MARKETS IN SAUDI NATIONAL GUARD COMPOUNDS.

Our Footprint in Kingdom of Saudi Arabia

SERVING MORE THAN 150,000 CUSTOMERS PER DAY
COLD CHAIN STRATEGY TO CONSOLIDATE FOOD CHAIN IN GCC COUNTRIES
LULU COLD CHAIN FULFILLMENT IN GCC

- 250,000+ METRIC TONS Fruits & Vegetables (Import & Local)
- 10,000+ Temperature Controlled Containers (FMCG)
- 12,500+ METRIC TONS Pandemic Period Additional Shipment March - August
- 200,000+ Sqm Temperature Controlled Storage Area
- 1500+ Temperature Controlled Fleets
- Importing from 100+ Countries
- 16 Countries Direct Sourcing Offices
32,000+ METRIC TONS FROZEN & CHILLED MEAT PRODUCTS

150 TEMPERATURE CONTROLLED FLEETS

12,000+ Sqm Temperature Controlled Storage Area

IMPORTING FROM 16 COUNTRIES
LULU PRODUCT JOURNEY
SOURCE TO CONSUMER

SOURCE  TRANSPORT  PROCESSING UNIT  TRANSPORT  SHIPPING
TRANSPORT  WAREHOUSE  TRANSPORT  IN THE STORE  CONSUMER

Quality Assured

Temperature Checked & Logged at Each Point
LuLu E-Commerce Fleet
Temperature Controlled Cabins In Each Vehicle
For Quality Assurance
THANK YOU
Cold chain strategy to consolidate food chain in KSA

Prof. Salah Mohammed Aleid
King Faisal University, KSA
Cold Chain Strategy to Consolidate Food Chain in the Kingdom of Saudi Arabia

استراتيجية سلسلة التبريد لزيادة كفاءة مراحل سلسلة الإمداد الغذائي
في المملكة العربية السعودية

October 15, 2020

Prof. Salah Aleid
Utilization of Food in Saudi Arabia

- Utilization of food in Saudi Arabia depends on a host of factors like quality, production and storage, nutritional value, health status of the consumer. Which in turn, minimize food losses and waste.

- Availability of adequate and appropriate cold chain storage facilities could be a major step in price stabilization in Saudi Arabia.
Saudi Arabia Food Imports by the Top 10 Trading Partners

Source: Dutch KSA WEF Nexus
Despite its current relatively high Food Security Index score, KSA is very much prone to food insecurity in the future. The food security pressures is below the global average, particularly with respect to water.

Efficient supply chain could go a long way in substantial reduction of post harvest losses (high at the time being).
Fresh Produce Imports by Saudi Arabia

- Egypt (22%)
- South Africa (9%)
- Philippines (8%)
- Ecuador (6%)
- Turkey (6%)
- China (5%)
- Italy (5%)
- USA (5%)
- Chile (4%)
- India (4%)
- Rest of World

International Trade Centre
Meats Imported by Saudi Arabia
Value and Quantity of EU F&B Export to Saudi Arabia – Sea Transport

Source: The Food and Beverage Market Entry Handbook: Saudi Arabia – EU
Land, Sea and Air Ports Contribution to Cold Chain in Saudi Arabia

Source: Ministry of Finance, Saudi Customs
Cold Storage Capacity in Some Major Cities in Saudi Arabia

<table>
<thead>
<tr>
<th>City</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riyadh</td>
<td>120</td>
</tr>
<tr>
<td>Qassim</td>
<td>100</td>
</tr>
<tr>
<td>Alahsa</td>
<td>30</td>
</tr>
<tr>
<td>Madinah</td>
<td>10</td>
</tr>
</tbody>
</table>
Total Loans for Cold Storage from “Agricultural Development Fund”

<table>
<thead>
<tr>
<th>Region</th>
<th>Million Saudi Riyal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riyadh</td>
<td>97.4</td>
</tr>
<tr>
<td>Qassim</td>
<td>62.1</td>
</tr>
<tr>
<td>Hail</td>
<td>26.5</td>
</tr>
<tr>
<td>Tabouk</td>
<td>23.7</td>
</tr>
<tr>
<td>Mekkah</td>
<td>23.5</td>
</tr>
<tr>
<td>Alkharj</td>
<td>17.1</td>
</tr>
<tr>
<td>Jazan</td>
<td>2.9</td>
</tr>
<tr>
<td>Aljouf</td>
<td>2.7</td>
</tr>
<tr>
<td>Asir</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Total = 257.8

- Agricultural Development Fund of Saudi Arabia was founded in 1962.
- Its main purpose is to finance the agricultural activities in Saudi Arabia by providing loans to farmers.
Cold Chain Supply Cluster with all Stakeholders in Saudi Arabia
Measures to be Considered - Food Cold Chain Distribution in Saudi Arabia

- Better product quality in terms of color, texture and nutritional value.
- Extension of shelf life.
- Development of packaging industry.
- Address the issue of traceability.
- Better handling and Hygiene practices.
- Inventory management and automation.
- High he growth of refrigerated transport industry.
Cold-chain Development with Controlled Temperature

focuses on the network channels

Source: http://bte.maxtrak.com/cases/coldchain.html
Challenges to Cold Chain Supply in Saudi Arabia

- Balanced distribution of cold storage facilities along the food chain.
- High cost for smart systems for monitoring and process optimization.
- Rising Real Estate Costs.
- High cost investment with long term turnover.
- High Energy Consumption Cost.
- Large costs associated with transportation, distribution and storage (25 USD per metric ton / month).
Strategies to Overcome Challenges Faced by Cold Chain Supply in Saudi Arabia

- Developing improved business models by promoting producer owned supply chains.

- Continue extant grants and subsidy schemes for cold chain infrastructure development and extend the schemes to include the logistics and transport sector.

- Develop multi-model cold chain links through railways; aiming at a fast track for perishables.

- Inviting Foreign investments.
Thanks
OPEN DISCUSSION