

Product Innovations & The Waves of Change in Consumer Needs

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Important Note

- *The views presented here reflect those of the presenter and do not necessarily reflect the official position of NBC*
- *The views presented below as well as the discussion that follows are for the benefit of the participants and not meant to be quoted or covered by the press corps if present.*



Discussion outline

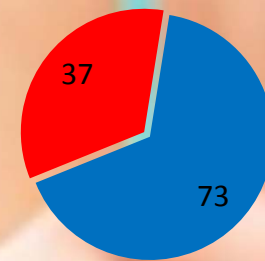
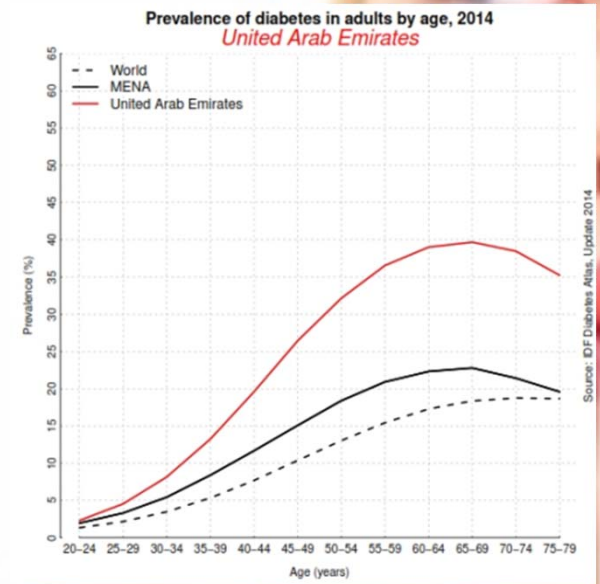
- *Unhealthy State of the Nation*
- *State of Beverage Industry Today*
- *Paradigm Shift: Constructive Destruction*
- *What would it take to make it sustainable*



Unhealthy State of the Nation

Health challenges:

- *Modernization has brought tremendous benefits to UAE, but lifestyle changes have contributed to major public health issues, especially diabetes type 2, obesity, and cardiovascular disease*
 - *The International Diabetes federation reports an alarmingly high incidence of Diabetes in UAE*, see red line on graph.*
 - *Risks of cardiovascular disease and stroke are up to six times higher in people with diabetes. HAAD reported that 37% of deaths were due to cardiovascular disease.***
 - *More than 66 per cent of men and 60 per cent of women in the UAE are overweight or obese****

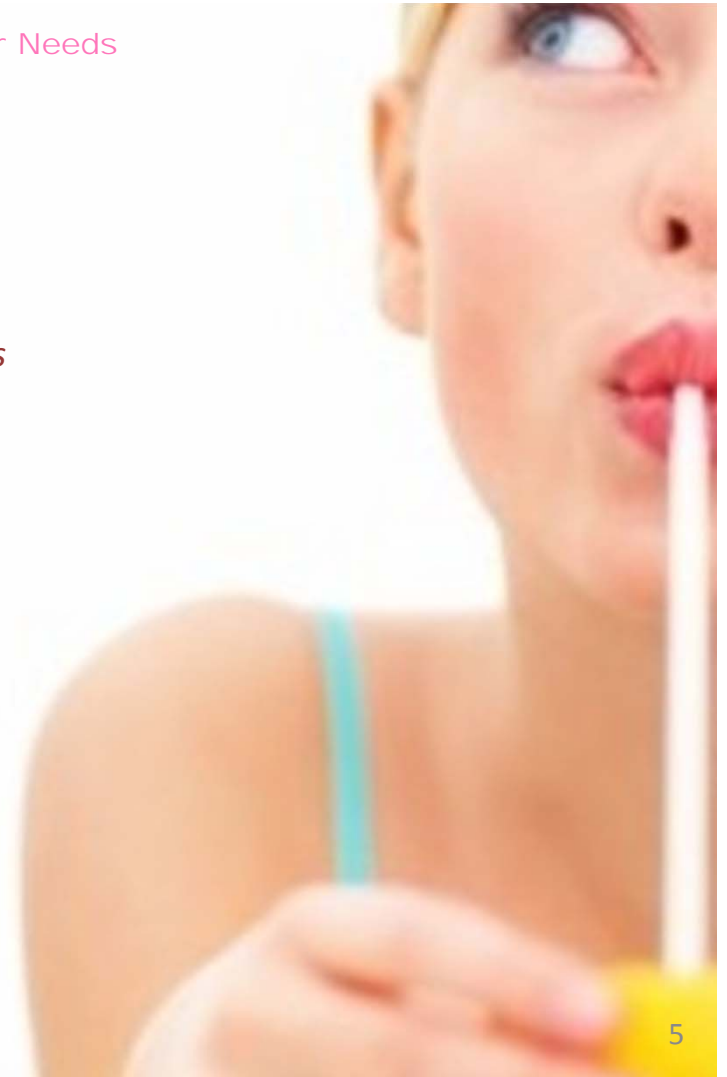


HAAD: 37% of deaths were due to cardiovascular disease**.

Unhealthy State of the Nation

...more health challenges

- *In addition to Diabetes and Cardiovascular diseases, The nation has to deal with Osteoporosis*
 - *About 30 per cent of those over the age of 50 in the emirate have low bone density or osteoporosis, which makes bones brittle and can lead to hip fractures.**
 - *One in three women in the UAE over the age of 50 is prone to fractures incurred through osteoporosis and could experience osteoporotic fractures. After a hip fracture, 20 percent of cases can be fatal and 50 percent cause permanent disability***



Unhealthy State of the Nation

State of the Beverage industry

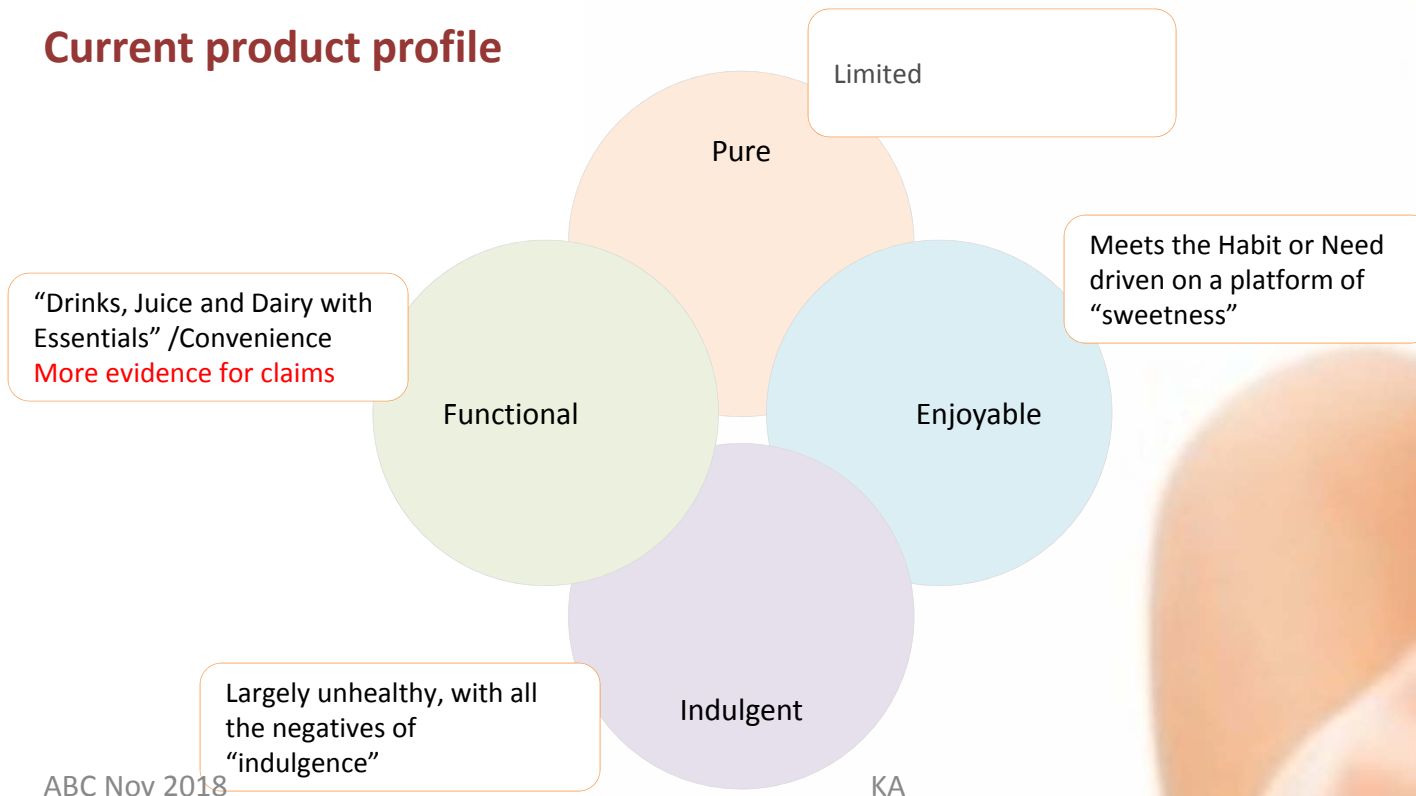
- *The industry has in one way or another been catering & pandering to the consumer wants not needs.*
- *The existing product taste profiles are profiled to match sweetness.*
- *Industry Communications and Market strategies focus on Price factor and only pays lip service to value added healthy, active lifestyle.*
- *Continues to “tinker” with existing brand extensions, nothing radical – only radical introductions unhealthy Energy Drinks.*

Industry needs to embark on a path of CONSTRUCTIVE DESTRUCTION of the existing.



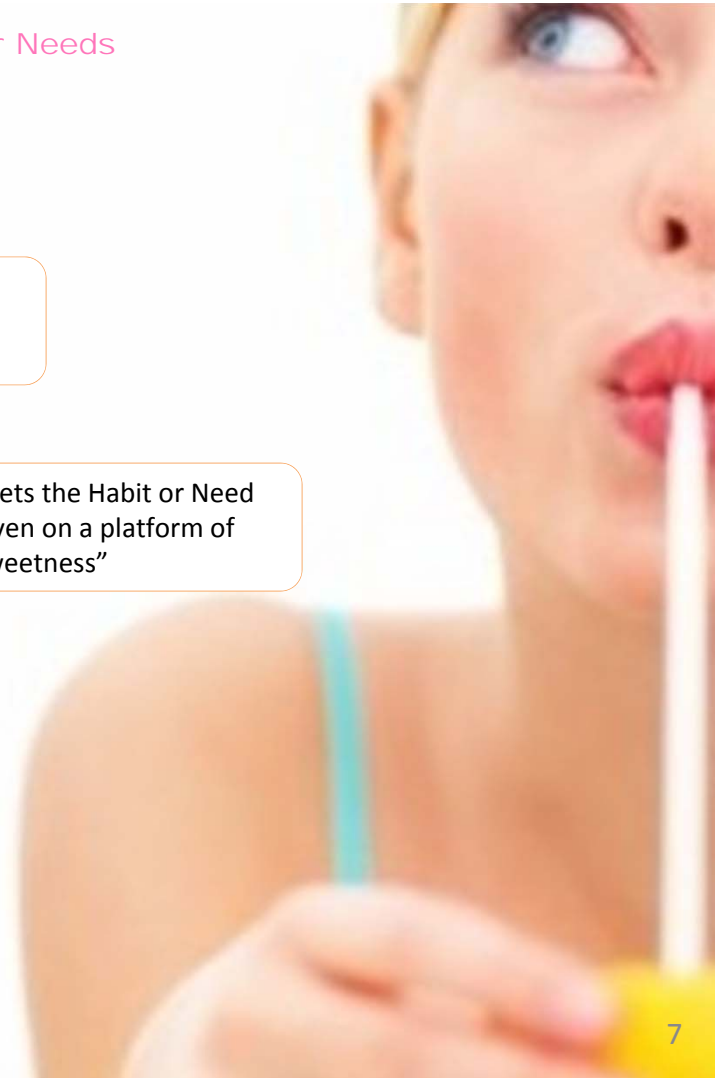
State of Beverage Industry Today

Current product profile



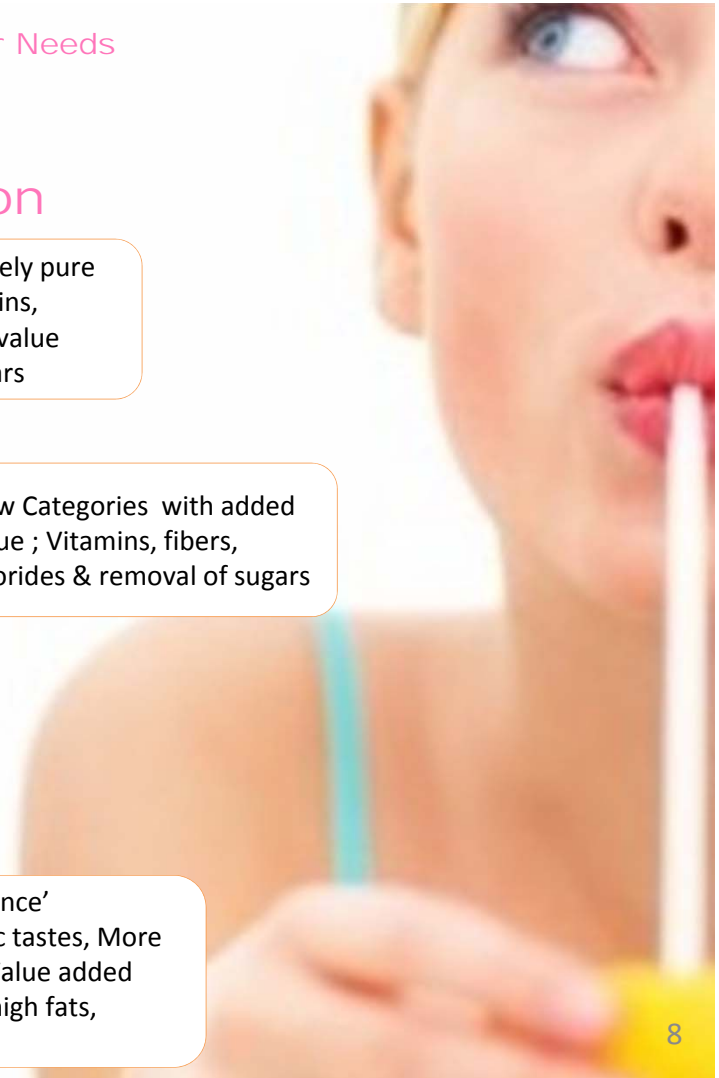
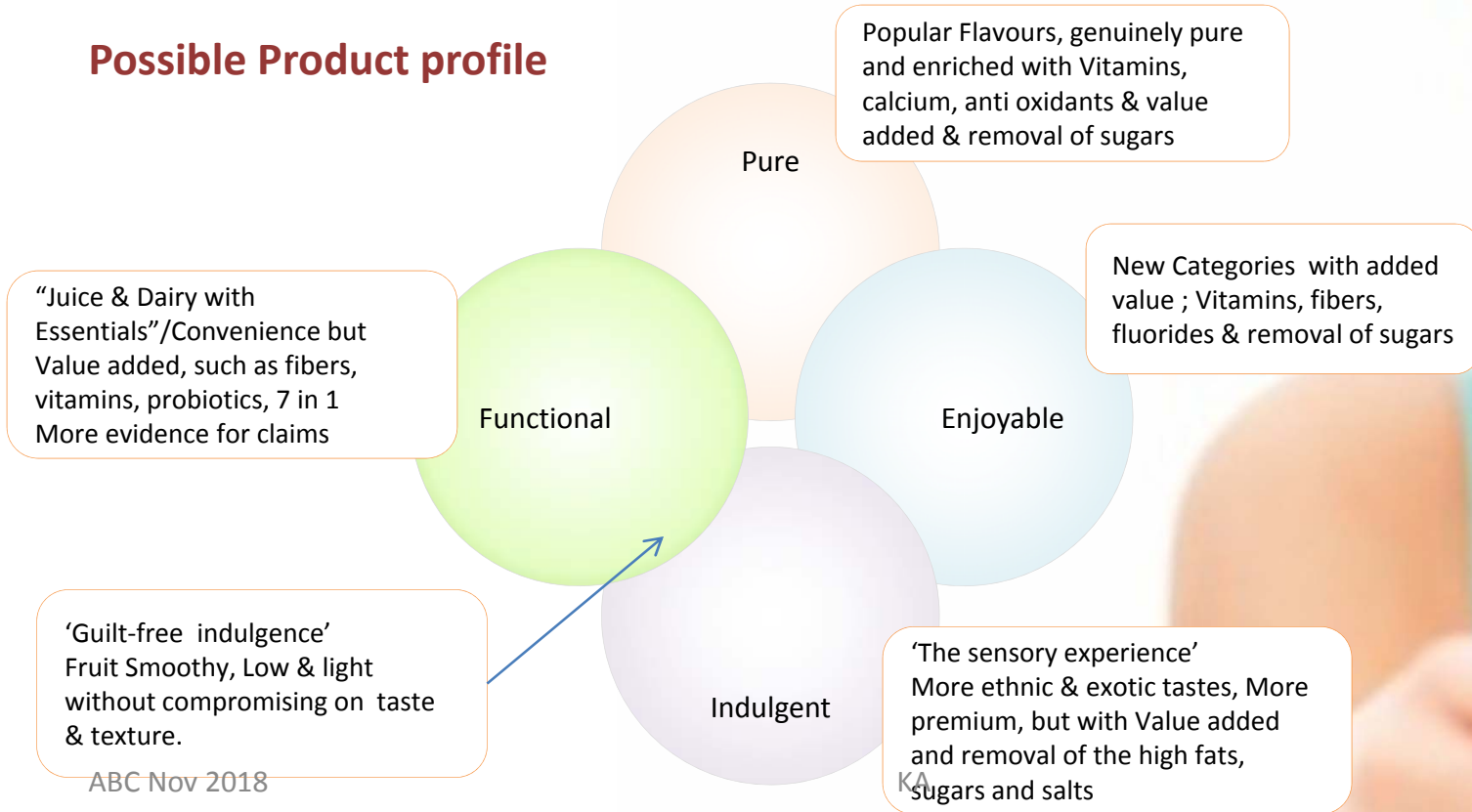
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A Paradigm Shift: Constructive Destruction

Possible Product profile

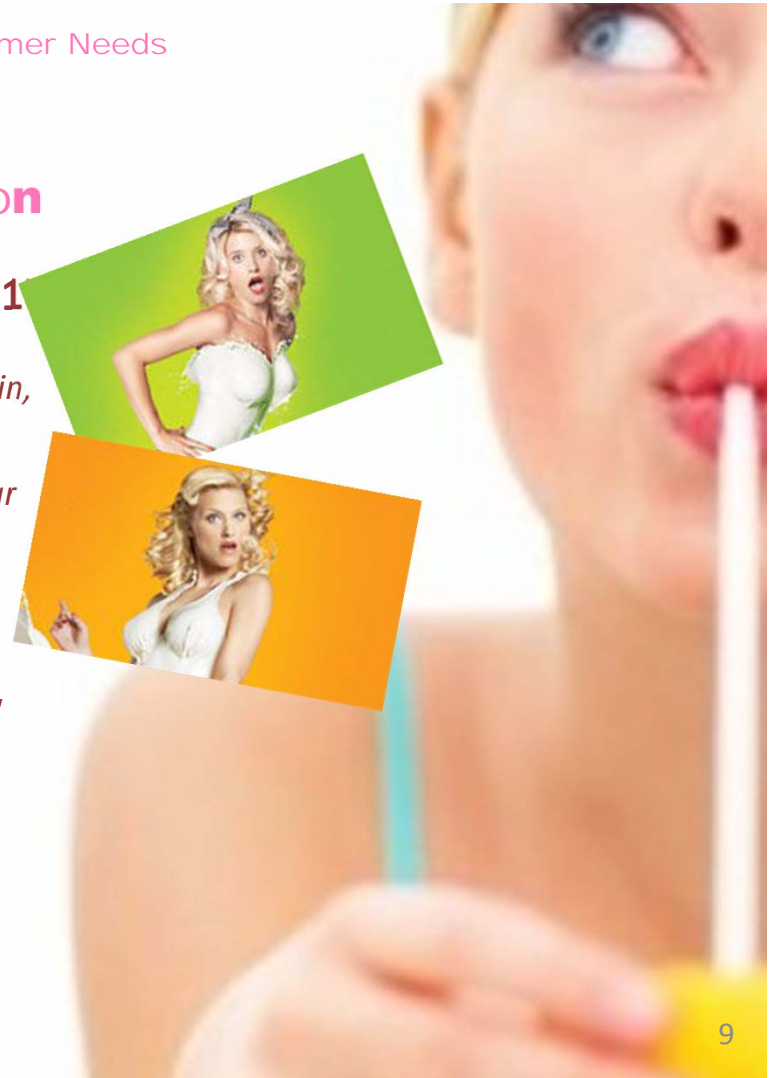


Paradigm Shift: Constructive Destruction

Coke Fairlife milk example 79% growth in Sales in 201

- *Fairlife, doesn't contain lactose and it has 50% more protein, 30% more calcium, and 50% less sugar than regular milk.*
- *The product has a shelf life of 90 days, compared to regular milk that typically expires within a week of purchase.*
- *The product defies conventional categorization:*
 - *BusinessWeek calls Fairlife a "high-end milk."*
 - *The Atlanta Journal-Constitution calls it a "lactose-free drink."*
 - *Fairlife packages call it "purely-nutritious milk."*
 - *Guardian calls it 'Milka-cola'*
 - *Other news stories call Fairlife a "value-added milk."*

The Paradigm is shifting...



What would it take to make it sustainable

Milk plus... addressing Obesity & Diabetes

- *Develop product with no sugar(s) & low fats. The design of the product should have no added sugar and remove natural sugars.*
- *Sweetness to be controlled through sweeteners (Splenda) or through sweet flavoring systems or a combination of both*

Milk plus... addressing Digestion

- *To develop a product high in FIBRE and with the addition of healthy bacteria, like Lactobacillus casei Shirota strain.*
- *The potential addition of Bifidobacterium BB-12(r), the probiotic if no contra-indications occur with the above.*
- *The potential addition of Acidophilus "friendly" bacteria which would helps with the breakdown of food and in the synthesis of some B vitamins, and helps prevent harmful bacteria and other micro-organisms such as candida albicans from spreading out of control in the gut.*



What would it take to make it sustainable

Milk plus... addressing Osteoporosis

- *To develop a product which is fortified with CALCIUM and VITAMIN D which assists in the prevention of osteoporosis.*
- *The product should have secondary benefits for the prevention of arthritis and could be fortified with VITAMIN C, B3, B6, E, ZINC and GLUCOSAMINE.*

Milk plus... addressing Dental Hygiene

- *To develop a product which is specifically designed for children.*
- *The product should be of low acid and low in sugar.*
- *The potential for fortification with fluoride and calcium.*

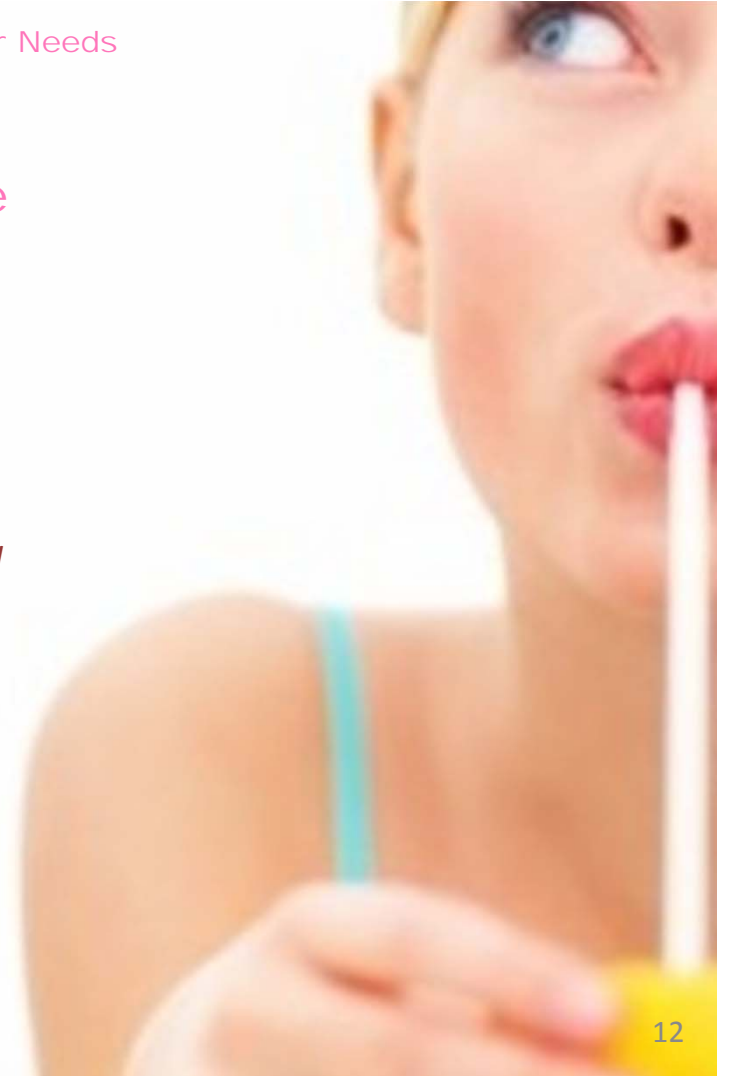
Milk plus... addressing Food for Special Medical Purposes for the dietary management of early Alzheimer's Disease. Souvenaid is a 1kcal/ml, ready to drink, milk based oral nutritional supplement containing vitamins and minerals



What would it take to make it sustainable

Getting the message across...Dairy drinks is the way to go

- *Despite the seriousness of the Unhealthy State of the Nation, the Consumer is being slow to respond, therefore, it is essential for:*
 - *The Brand Owners & Marketers Communications & Message must be powerful & Dynamic to help drive the Awareness and habit change*
 - *The Manufacturers & Purveyors must ensure the availability and ubiquity of the products*



What would it take to make it sustainable

Getting the message across – communication channels

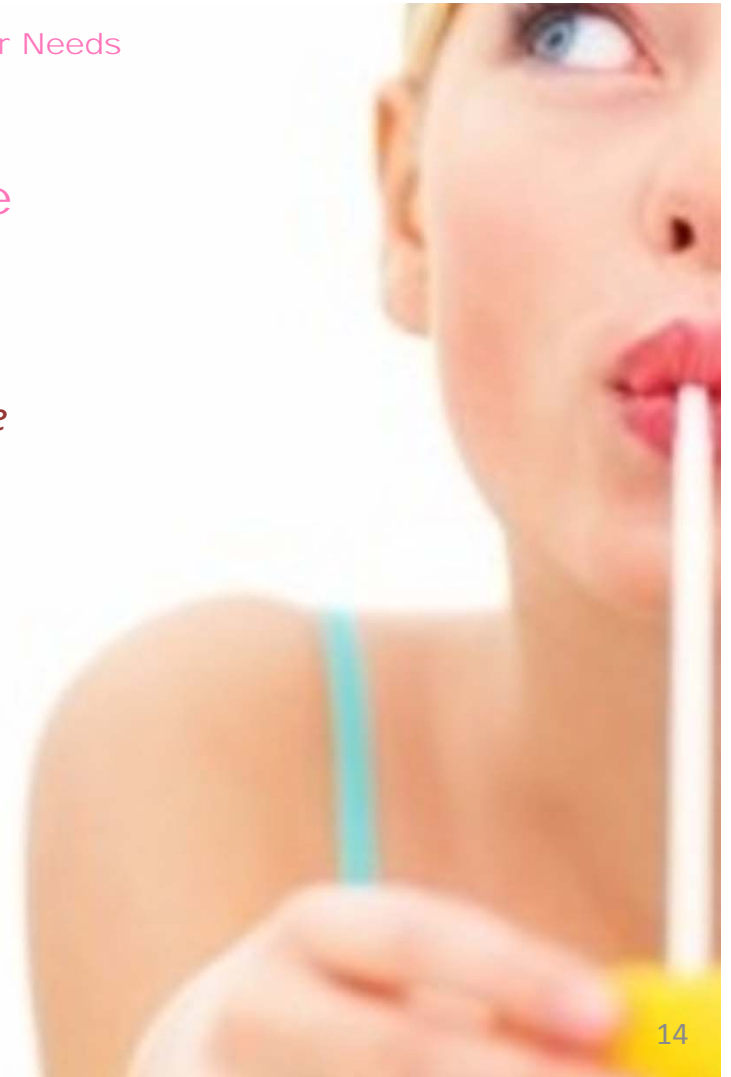
- *Highly targeted print campaign in selected media publications and in health, beauty and well being sections of dailies and weeklies.*
- *A targeted print campaign in doctors and medical journals. This would also include specific journals for specific health magazines.*
- *Banner advertising on specific health web-sites.*
- *Potentially direct marketing campaign to Doctors.*
- *Value Message and Communications to migrate from current Value Model of Liters/\$ to Value Added/\$*



What would it take to make it sustainable

Onus on the industry and society

- *The Industry is challenged on a number of fronts, but Change is no longer “a Nice to Have” it is now an “absolute Must” for the Well Being and Health of all GCC citizens.*
- *It is incumbent on the Industry to drive the changes in habits, needs, desires and aspirations derived from our various beverage portfolios.*
- *Arguably the biggest task will be the Value Equation migration away from Volume to Health Value Added – this will require a quantum leap of faith by the industry, and can only become a reality when supported on all communications by Authorities, Legislators, the Medical profession the Education System, and ultimately Parents.*





Thank you

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