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Better For You Beverages in the United Arab Emirates (UAE)

PROSPECTS

Younger Demographic and Labelling Set to Drive Growth

After exceptionally strong growth for better for you (BFY) beverages in 2018, the category saw a negligible retail current value decline in 2019. Nevertheless, growth is expected to resume in the forecast period. The excise tax on carbonates and energy drinks is expected to reduce the production of sugary beverages and will ensure companies to concentrate on formulating beverages that are better for consumers' health. The young population in the United Arab Emirates (UAE) will also remain a significant contributor to overall sales of BFY beverages, as increasing health awareness is slowly changing the dietary habits of the country's population. The government has also announced a policy to colour code nutrition labels to indicate the sugar, salt, and fat content of products, which is likely to boost sales of BFY beverages over the forecast period.

Growing Popularity of Reduced Sugar Beverages to Reduce Calorie Intake

Many consumers seek to maintain their daily indulgences while reducing their calorie intake. This is leading companies to innovate, especially in BFY reduced sugar beverages. The demand for healthier beverages has led manufacturers to expand their portfolios with healthier variants. These include lower sugar variants which substitute sugar with fructose, sucralose, or stevia, depending on the level of sugar reduction required, as well as adding alternatives such as agave syrup to maintain the taste profile. Within hot drinks, beverages such as sugar-free green tea are becoming increasingly popular, along with the allocation of more shelf space for such products. Reduced sugar beverages therefore remained by far the most popular category within BFY beverages in 2019. Players such as Pepsi-Cola International and The Coca-Cola Co are committed to reducing the amount of sugar in their soft drinks, with Pepsi Diet and Coca-Cola Light remaining particularly popular. Although BFY reduced sugar beverages is expected to remain the largest category in the forecast period, BFY reduced caffeine beverages is expected to continue to see stronger retail current value growth.

Consumer Awareness on the Rise

There is growing awareness of the importance of reducing the sugar content in beverages. Selective taxes which were introduced in October 2017 raised awareness of the need to make better beverage selections, and consumers are now accustomed to seeing health messages from the government, which are shifting perspectives. Mass volume drivers with high sugar and low juice content

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DTI EXPORT MARKETING BUREAU PHILIPPINES

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are therefore, seeing sales declines. Children are being educated in schools about healthy options of food and drinks, and how to fight obesity, leading to demand for lower sugar products. Rising consumer demand and government intervention have led manufacturers to look at technological solutions to ensure the reduction of sugar but, maintain the taste profile and mouthfeel. The prevalence of diabetic and pre-diabetic individuals in the population is increasing, and the growth rate is alarming experts around the world. The Ministry of Health and Prevention in the UAE is launching awareness programs, and has developed the National Diabetes Control Committee.

COMPETITIVE LANDSCAPE

Pepsi-Cola International Maintains its Lead Despite Falling Sales

Due to its dominance in the retail distribution of standard low calorie cola, Pepsi-Cola International maintained its lead in BFY beverages in value terms in 2019, despite seeing a slight sales and share decline. Pepsi Diet accounted for the dominant share of value sales in other low calorie cola in this year. The Coca-Cola Co was second, and was the only other player to hold a double-digit value share in BFY beverages in 2019, but this company also saw a sales and share decline. It was "others" which saw the strongest increase in value share in BFY beverages in 2019, as the competitive environment became more fragmented. Of the larger players, National Trading & Development Est (NTDE) recorded the highest percentage increase in value sales in 2019, due to the ever-widening distribution of its Pokka brand. It also focused on increasing its overall brand equity and raising consumer engagement with its products through a variety of marketing and advertising campaigns.

Consumers Prefer Brands to Private Label Due to Innovation

The strong presence of well-known international and domestic brands in BFY beverages means there is little demand for private label products, which accounted for a negligible value share in 2019. Moreover, despite the competitive prices of private label products, retailers of the leading private label lines did not carry out much marketing in the review period, resulting in low consumer awareness. Meanwhile, branded players chose to launch products containing naturally occurring sweeteners, and continued to move away from single fruit formats to multi-fruit products to attract consumers. This also represents an opportunity for manufacturers, as they can reduce the sugar content of their products by including extracts of fruits that have naturally occurring sugars, which enables them to charge premium prices for these products and add value to their product ranges.

Consumers Engage in Planned Indulgence

Consumers are increasingly inclined to switch to reduced sugar variants rather than stop buying the products they like entirely; meaning they can still indulge occasionally while reducing their calorie intake. Manufacturers are therefore introducing sugar-free variants with lower calories. For instance, the younger population and the need for convenience have fuelled the growth of coffee mixes, and new launches have been seen in this segment. Mondelez International also launched a low sugar version of Tang, which claims an 83% reduction in sugar content compared with the original offering. It was launched with an extensive campaign in a bid to encourage discerning consumers to use the product as a healthy after-school beverage. Juices have also been rebranded to communicate lower sugar content, natural sweeteners and a lighter offering than original variants. The Berry Company has repositioned itself with a "naturally light" offering in various SKUs in the category. The Lacnor Healthy Living range with no added sugar and new packaging was another step in this direction.■

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Coronavirus Accelerates Shift Towards Plant-Based Food

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