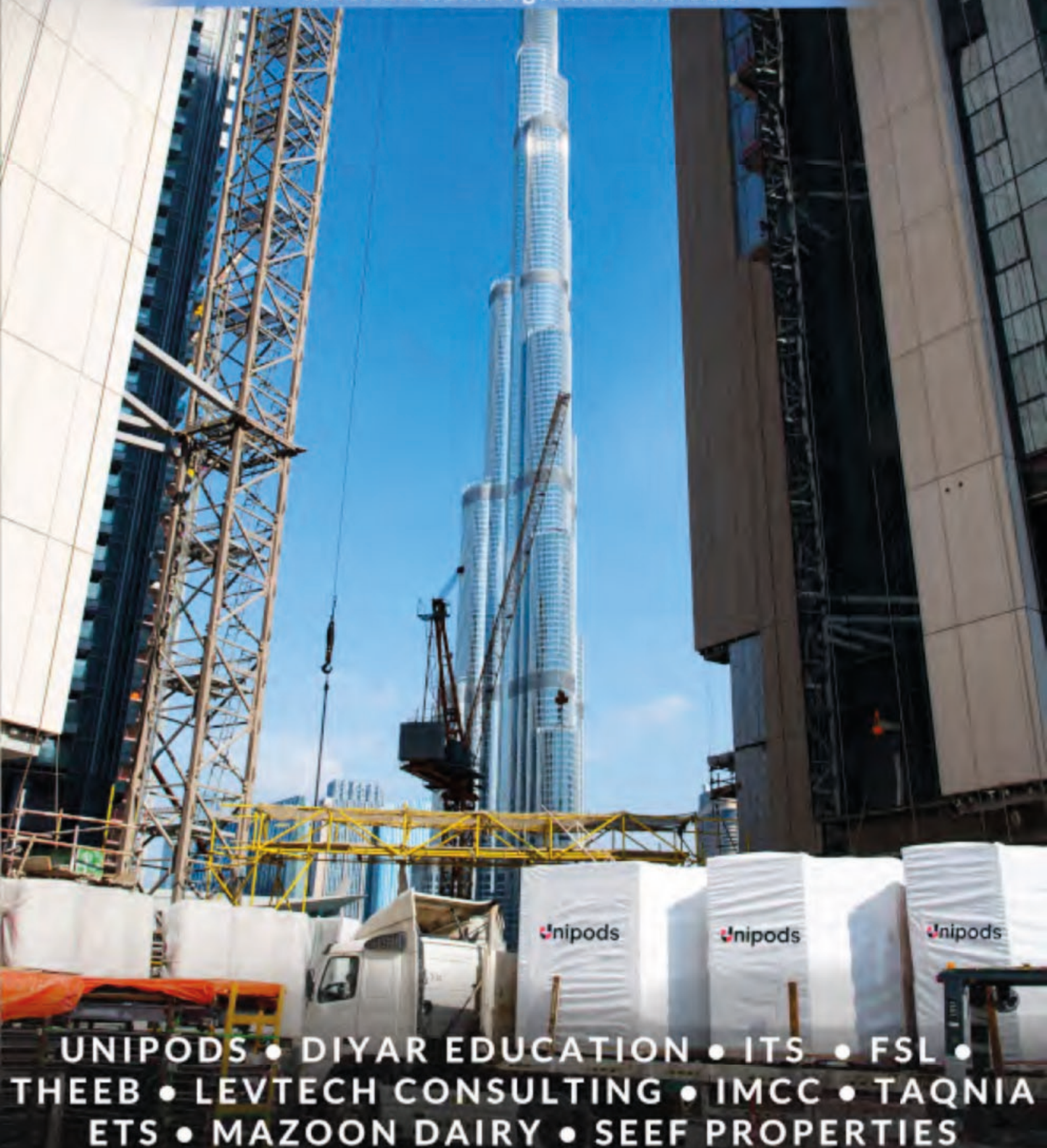


INNOVATION & INSIGHT

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Food Specialities

Healthier Food & Beverage
Solutions



Food Specialities Ltd (FSL) Article

Food Specialities Ltd (FSL) is well established in the Middle East supplying a full range of food ingredients and solutions to the food and beverage manufacturing industry for over thirty years. FSL has a prestigious reputation in the industry for working with customers on new product development, cost engineering and to improve the shelf life, performance, flavour and nutritional profiles of existing products.

We spoke with Dhruv Dhawan, Head of Innovation & Marketing for FSL, about the opportunities and prospects for the company. With the region home to multiple nationalities that are both culturally and economically diverse, his challenge is to develop ingredient solutions for a broad spectrum of consumers. A graduate of Cultural Anthropology from Duke University, Dhawan credits his methodical mindset as he keeps abreast of consumption patterns and cultural demographics across the Middle East. Utilising



these analytical tools helps him understand how trends can manifest and how to identify which global trends will catch on in the region and what would be the driving factors of their success. This helps him advise customers on the best marketing and positioning strategy for new products which is why the marketing and innovation departments are integrated at FSL.

Beyond studying consumer trends and behaviour, the innovation team maps out the cultural overlaps which exist in the regional taste profiles of the key consumer groups in the region - Arabs, South Asians, Africans, East Asians and Europeans - helping FSL develop products and flavour profiles which would appeal to a broader audience. The team at FSL are inspired by their understanding of the traditional and cultural experiences that are entwined with food, so this gives them a greater perspective on how to target, position and market their products.

Your passion for progress has seen FSL become a market leader, what key achievements have you seen from your innovation department?

We have been consistently developing new products for the Middle East since the 1990s. In 2019 the Board took the decision to create a dedicated innovation department, to cultivate ingredient solutions best suited for growth in their markets. As its leader, I have been able to steer the department in its studies of regional demographics, health data and global consumer dynamics, in order to identify the key trends which will manifest successfully in the region.



Scrutinising the data has revealed an inherent relationship between food and health. As we looked at key health factors across the region, they fostered a deeper understanding into the future of the food economy. In response, we have developed an extensive range of plant-based meat and dairy alternatives, reduced sugar solutions, healthy low-fat solutions, fibre and protein enriched products, and new flavours customised to the taste profiles of Middle Eastern consumers.

The key health concerns raised during this research were primarily heart disease, obesity and high blood pressure, so in response to these conditions, the FSL innovation team have developed a wide range of healthier fat solutions and plant-based analogues, to substitute meat products which are a contributing factor in the prevalence of these illnesses in our region. These plant-based recipes were in development for over a year, as our goal was to create the best tasting and healthiest plant-based burgers and other meat substitutes in the Middle East.

It seems that tackling health concerns is forefront for FSL, what are your future ambitions in this arena?

We certainly feel a responsibility in this area, the Middle East region needs healthier, more sustainable food options for children and adults. For example, a key issue that was identified in our research was the high levels of sugar and unhealthy fats in products such as chocolate spreads aimed at children. The innovation team spent 10 months developing a healthy alternative to this much loved indulgent product by replacing unhealthy fats with healthy ones, reducing the sugar content by up to 50% and using whole, natural ingredients. GMO elements were also eliminated, along with nut allergens, which means these products can now be used in schools as well as in homes and communities.

An excess consumption of sugar and diabetes in adult consumers also came to light as part of the enquiry. It is an issue being addressed by regional governments, imposing excise taxes of up to 50% on beverages with added sugar content. FSL took on the challenge to create a healthier alternative and have now developed an excellent range of various solutions to combat sugar reduction and replacement. Consumers can now enjoy great tasting beverages whilst also protecting their health.

Food Specialities Ltd

Our study also found that the Middle East population is somewhere between 30-60% lactose intolerant, so FSL developed plant-based milks, creamers and coffee solutions which are gaining popularity as the region embraces the plant-based trend. The organisation is also keen to address fibre and vitamin D deficiencies across the region, so have been fortifying the dairy, bakery and beverage industries with vitamins, minerals and fibre for the past five years.

To complement all these new products, the innovation team have also worked towards improving the nutritional profile, taste and shelf-life of existing products. They have also designed clean label solutions for their customers, in recognition of the increasingly more discerning and label-conscious consumer of the 21st century.

These are very positive steps, but what about your environmental impact?

We are very committed to accountability and sustainability, so the plant-based products which replace the use of meat, dairy and eggs, reduce the carbon, land and water footprint by 85% of the

previous environmental toll of an animal-based product. We also have a Corporate Social Responsibility (CSR) programme with environmental sustainability as one of our key pillars and which is practiced throughout all our offices across the Middle East.

How have you seen the COVID-19 pandemic affect the dietary habits of your customers?

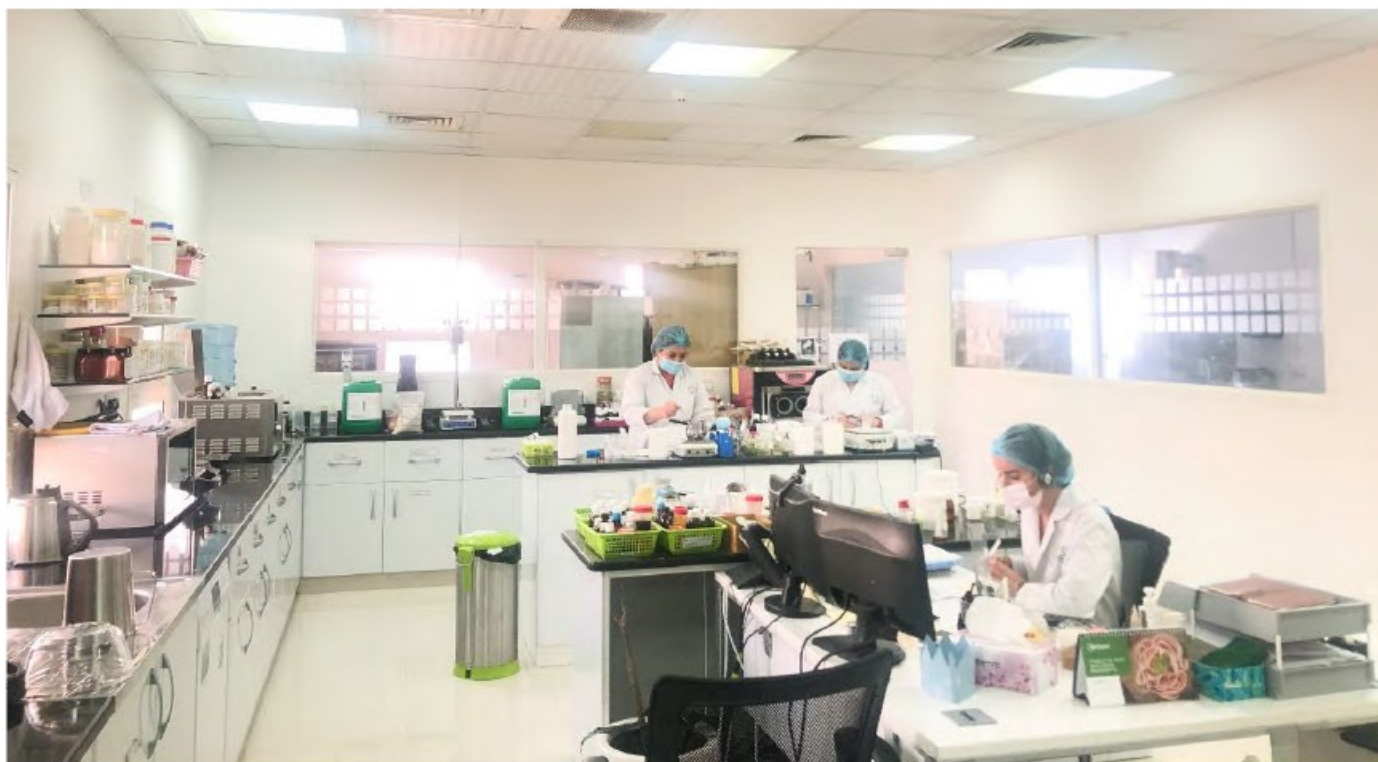
Whilst the health trend has consistently led the food industry for the past decade, more recently the COVID-19 pandemic has accelerated concerns around wellness and immunity. The virus demonstrated that younger, fitter, healthier people were less at risk to infection and this has prompted a shift towards a lifestyle change that involves wholesome nutritious food and regular exercise. According to an FMCG Gurus survey of 23,000 global consumers, 72% are now actively seeking healthier food and beverage products, showing a monumental shift in consumer psychology.

What trends do you see unfolding in this decade, are your customers looking for particular types of products?

In 2020, we witnessed growing demand for immunity boosting ingredients, reduced sugar products and less processed foods, as consumers ate more at home. There was also a surge in demand for plant-based products, due to a growing consumer scepticism surrounding animal products during the pandemic. In a recent Mintel survey, 54% of Saudi's agreed that the COVID-19 pandemic indicates we should eat less meat.

Concurrently, the global conversation regarding lifestyle changes to protect the environment, reduce our carbon footprint and not contribute to global warming is also finding traction with consumers. The meat industry has been highlighted in the press for the destruction of rainforests for farmland and for its significant





impact on global warming, water usage and water pollution.

Correspondingly, it was no surprise to us when sales of plant-based burgers in foodservice recorded record growth of 120% after the pandemic, while retail plant-based milk sales grew by around 50% in the UAE over the course of 2020.

The COVID-19 pandemic has brought the conversation surrounding ethics and sustainability to the forefront, as the global population is compelled to consider the repercussions of their actions and the health of the planet. According to data collected by Mintel, 81% of Saudi consumers claim that they now try to act in ways which are less harmful to the environment and 54% agree that the pandemic indicates that we should consume less meat.

How does this translate for the innovation team at FSL?

It means that we are adapting to a growing appetite for new products, raw ingredients and flavours, as consumers seek greater variety and new sensations in the retail arena, after a year of

lockdowns has meant being restricted from coffee shops, restaurants and culinary experiences. They are looking for plant-based products that will help them create exciting taste profiles and textures in their home cooking.

As you are working to predict the future of food trends in the region, do you have plans to develop any new products in line with your discoveries?

As we look to the future, FSL is working closely with its manufacturing partners to provide cleaner label solutions, so that consumers can access healthier foods with fewer e-numbers, less sugar and more natural ingredients. There is no denying that this is a growing trend that is fuelled by the desire for wellness, as well as the generation-z consumers who are driving the demand for more sustainable and ethical products over the course of the next decade. Also predicted is a new wave of growth in the beverage sector in the next few years as concepts such as kombucha, matcha teas, probiotic beverages and plant-based on-the-go coffees will gain traction amongst a growing consumer curiosity for functional drinks and new experiences.



We are starting to witness the rise of smaller, regional brands producing high-quality, niche products, with ethical provenance. The growth of this sector will fill the gaps that evolve in a dynamic food economy with a diverse population moving towards healthier lifestyles. Healthy snacks and on-the-go beverages are likely to emerge from these homegrown ventures.

What goals do you have for the company over the next five years?

Over the next five years, FSL is set to expand into the fast-growing African markets, with Nigeria as the first focus. The company will also expand its technical capabilities and the innovation team will be passionate about developing more value-added solutions for our customers. There will be substantial investment in expanding the existing lab facilities and team of expert technicians, constructing a new 5000 sq. ft. hub in Dubai, as a centre for innovation and product development.

In the tradition of thinking ahead, FSL is exploring the opportunities for lab-grown meat in the future of the Middle East as this ground breaking innovation which is already being sold in some countries, will play a key part in addressing the food security, environmental sustainability and ethical issues of meat production which governments are keen to address. This is a potential game-changer for the meat industry, as animals will no longer need to be farmed when their cells can be grown and harvested in a clean environment at a lower cost.

Our thanks to Dhruv Dhawan for his knowledge and insights. As an organisation supplying ingredients to the food and beverage industry in over 10 countries, FSL is dynamic and leads with solutions which align to customers' brands and emerging trends. The innovation team, with insightful leadership, is already in research and development of many of these products and are dedicated to being at the vanguard of innovation in the food and beverage industry.

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