

Awarding excellence in a fast moving sector

by ArabianBusiness.com staff writer on Thursday, 01 March 2007

Whether you're an industry insider or just a consumer, it is clear that the Middle East's FMCG sector is changing rapidly. Hardly a month passes by without numerous food producers and distributors announcing expansion plans, often involving several million dollars.

The region's main supermarket groups are also developing at a rapid pace and expanding into new markets, and this level of competition amongst retailers can only be good for consumers - and the FMCG industry as a whole.

The figures speak for themselves. Saudi Arabia's food industry alone was worth some US \$3.56 billion in the year to November 2006 - a rise of 11% on 2005's value - according to figures from The Nielsen Group. The modern trade, meanwhile, also recorded healthy growth, with trade rising by 8.5% between January and November 2006.

And figures such as these are backed up by some ambitious projects from leading FMCG companies, particularly producers and retailers. Indeed, the past few months have seen numerous large-scale developments, from Kraft Foods' decision to build a US \$40 million factory in Bahrain, to the doubling of production capacity at Lipton's Jebel Ali tea factory.

All of the major hypermarket groups, meanwhile, continue their aggressive expansion plans.

Furthermore, while international food producers are ramping up their investments in the Middle East, so local producers are also setting their sights on the international stage. Al Islami and Aujan Industries are just two players that stand out in their desire to tap global markets.

All of this growth also bestows on those same companies an enormous responsibility - to drive up standards across the region.

This is something that many local FMCG companies in the region have been working diligently towards, even before government regulations demand some of the changes.

It is the achievements of these companies that the *Retail News Middle East* awards, held at Dubai's Fairmont hotel on February 21, aimed to recognise.

The awards, which were held in association with Aujan Industries, with additional sponsorship from Hyper Media, Fine, and Kraft Foods MEA, aimed to recognise and acknowledge the efforts of organisations that have contributed to the continued growth of the regional FMCG sector, from food production, through to distribution and retail.

They were also intended to highlight some of the best products available in the region's supermarkets and grocery stores, and the companies that have brought those products to market.

Local companies that have invested the time, resources and effort needed to ensure that the local FMCG industry not only meets international standards but, at times, exceeds them, were also considered during the judging of the awards.

These awards acknowledge those leading from the front, and they are designed to encourage those following in their footsteps - the newcomers that are driving both the industry's growth and helping create a Middle East FMCG industry that is increasingly coming to the attention of global players.

Retail News Middle East gave 14 awards to companies and brands that have displayed excellence in FMCG production, distribution, marketing and innovation.

The winners were selected after a rigorous judging process, in which shortlists compiled from industry nominations were combined with statistics from market research companies including The Nielsen Group and MEMRB.

An independent panel of judges then voted for the company or product or team they thought had made the greatest contribution within each category.

Furthermore, the judging panel featured some of the leading players in the Middle East's retail and

FMCG sectors, including Mohammed Adil, CEO of Geant Saudi Arabia; Ashraf Ali M.A., executive director, Emke Group; Boudi Ghandour, Carrefour's general manager for marketing and sourcing, and Jannie Holtzhausen, managing director of Spinneys in the UAE.

The companies, brands and products short-listed were testimony to the outstanding levels of innovation and excellence that is becoming a hallmark of a growing number of FMCG companies across the Middle East - and this made the judging process a difficult task.

Best dairy product of the year

The winner: Al-Safi-Danone

With products ranging from yoghurt to milk, butter and cheese, this year's best Dairy Product of the Year was always going to be a difficult choice. The company selected by our panel of judges was chosen for innovation and strength of sales demonstrated by its latest products.

Al Safi Danone emerged as this year's winner for its Activia and Actimel yoghurts, and its laban. Judges cited not only the health benefits of these products, but also the effective awareness campaigns instigated by the company that have helped to drive sales.

Georges Abi Najem, country manager in the UAE for Al Safi Danone said: "I think we won the award for the second year for several reasons: product innovation such as Activia and Actimel is giving the company big advantage on the other dairy companies; we believe that we have a very good relationship with our retailers based on a 'win win' situation; and our expansion in the Middle East along with fast and healthy growth.

"The evening was well organised starting from the award ceremony to the dinner and I believe it will be more and more successful in future.

"I believe it is important to have such events where the suppliers that are doing good work are being recognised by the buyers, giving more motivation to the industry to be more active."

Companies nominated:

- Pinar;
- Al Ain dairy;
- Al Safi Danone;
- Al Marai;
- Fromageries Bel;
- Al Rawabi;
- Arla Foods.

Best toiletry product of the year

The winner: Gillette M3Power.

The award for Best Toiletry Product of the year is focused on a sector that has experienced enormous growth across the region in the past year, with new products from facial cleaners to deodorants and tissue papers entering the market. This year's winner stood out in its peer group for outstanding innovation, and a marketing campaign that ensured the product received the attention - and the sales - it deserved.

Ahmed Rizk, PR Manager, P&G, Arabian Peninsula said: "The product speaks for itself as it is the world's first revolutionary power-based wet shaving system. The launch of the Gillette M3Power has signified a breakthrough in the male grooming industry and set a new standard for shaving performance in the Middle East.

"This award signifies the strong dedication of the Gillette team, the strength of the P&G distribution networks and commitment of our partners who have done an excellent job in gaining a leadership position for the brand in the Arab region.

"This is a top-tier accomplishment for Gillette as it is an award given to us by our peers and industry leaders, as well as reflecting the consumer confidence in our brand. This award further pays tribute to

our ongoing efforts and initiatives in delivering the Gillette brand promise: 'The Best a Man Can Get.'

The awards ceremony is an excellent initiative to encourage companies to deliver outstanding product."

Companies nominated:

- FINE;
- Dove;
- Gillette M3Power;
- Signal 2 toothpaste;
- Cussons shower gel.

Best household cleaning product

The winner: Jif

Selecting Best Household Cleaning Product of the Year proved a difficult choice, with well established brands competing with newer products.

But one brand in this category received more nominations from the panel of judges than its rivals - and not surprisingly. This year's winner, Jif, is the world leader in household cleaning.

And according to retail managers on the judging panel, Jif stood out in the past year for its excellent market share and consistently strong sales.

Peter Dekkers, of Unilever, said: "For many consumers Jif is synonymous with cleaning. They ask for Jif when there is a tough cleaning job to be done. We are very proud to have reached this stage as it shows our efforts of consistent high quality products, advertising, in-store support and promotions," he added.

"It pays off showing year-on-year accelerating growth figures, which only last year more than 30%," he said. "And just to re-emphasise the superb cleaning qualities and raise the standard even further we are just about to introduce Jif Super Crème with bleach, in a striking purple bottle, so we are very proud to get this award and look forward to another great year for Jif."

Peter Dekkers collected the award from Tolga Sezer, executive vice president of Aujan Industries, the main sponsor of the awards ceremony.

Companies nominated:

- Dettol;
- Harpic;
- Jif;
- Clorox;
- Scotch Bright.

Best hot drink of the year

The winner: Lipton Green Tea

While supermarket shelves offer a wide choice of hot drinks, a small number of brands dominate in the hot drinks category, particularly in the tea sector. While this year's winner is by far and away the biggest player in the GCC's lucrative tea market, it has shown no signs of arrogance.

By investing heavily in new products such as its green tea range, which has now become a mainstream seller in most hypermarkets and supermarkets, Lipton emerged as a clear winner.

Rod Maxfield, managing director, Arabian Gulf Unilever Gulf FZE said: "We are very proud to accept the award on behalf of Lipton, a brand that has shared its heritage with both the expatriate and local communities across the Middle East for decades. We are excited with recent innovations on our market leading green tea, which in only two years we have grown to twice the size of our nearest competitor,

and in speciality teas where we predict market leadership this year.

"This of course would not be possible without the help of our customers across the region, and we thank them for their support."

Sales of green tea have boomed in the Middle East in the past couple of years, and Lipton moved quickly to gain the biggest market share. Sales have been strong not only because of excellent availability, but also because of awareness campaigns from Lipton. Rod Maxfield collected the award from Peter Janho of Fine, a sponsor of the *Retail News* awards ceremony.

Companies nominated:

- Ali Café Coffee;
- Lipton;
- Nestle Red Mug;
- Twinings.

Best baby product of the year

The winner: Johnson & Johnson

This year's winner for Best Baby Product of the Year was selected not only for its outstanding sales record, but also for its consistent quality, innovation and commitment to the region. The panel of judges chose Johnson & Johnson as winner of this year's award.

Andrew John Mojica, Lower Gulf Country manager, Johnson & Johnson, said: "Johnson & Johnson is the undisputed market leader in baby toiletries world wide. We have accumulated a wealth of consumer insights over the decades and transformed these insights into successful product platforms ('Bed Time' for example).

"The success of our company is based on trust and we make sure that our know-how and attention to detail answers the high level of expectations from both our cherished consumers and our trade partners.

"Johnson Middle East was very grateful that key retailers and ITP not only appreciated our innovative launches but selected us as a role model for baby products. It was also pleasing to see that ITP has built a strong partnership with UAE key retailers and hence they do have a pulse on what is happening in the ME retail world.

"The evening was excellent from the venue all the way to the key players and stake holders that attended the evening both retailers as well FMCG companies."

Companies nominated:

- Heinz;
- Gerber;
- Pampers;
- Nestle;
- Johnson and Johnson.

Best frozen food of the year

The winner: Al Islami

Frozen food is a fast growing sector in the Middle East, particularly in the bigger cities where a fast-paced lifestyle is creating a greater demand for convenience foods. Despite this, the market for frozen goods is fractured, with a myriad of brands of varying qualities vying for attention. But this year's winner emerged as a leader for two reasons: the quality of its frozen products, and the sheer ambition of the company, which is continually looking to expand its export markets.

Saleh Abdullah Lootah, chief executive officer at Al Islami Foods said: "We are much delighted of being decorated with yet another esteemed award in Al Islami Foods' crown, which is in recognition of

delivering the best and most nutritious products to our customers. The recognitions have led us to consolidate Al Islami's presence in the global halal market.

"Employing rigorous standards, Al Islami Foods has established itself as a leading player in the region's processed food industry with the most advanced technologies in its operations, ensuring that the food items are prepared under the most stringent hygiene standards and offering a high nutrient content."

Mustafa Jassem, marketing manager at Al Islami Foods, added: "Winning the award is a reflection of consumers' trust. The award is an acknowledgment of Al Islami Foods' continuous commitment to quality, health and safety while providing nutrient content to halal-food consumer market."

Companies nominated:

- Al Kabeer;
- Watties Frozen Vegetables;
- Al Islami;
- Americana;
- Entaj frozen chicken.

Best canned food of the year

The winner: Luna

As with their frozen counterparts, canned foods have seen rapid growth in recent years as demand for convenience drives demand. But with leading brands, and lesser-known brands from across the globe available on the shelves of supermarkets in the Middle East, the choice was not easy. This year's winner gained the most votes from the judges largely because of the progress made in its canned dairy products, which have seen phenomenal growth.

"We felt elated and honoured to be declared a winner in our category, more so when we had to compete with the likes of Heinz and Libby's who are leaders the world over," said Shashi Shekar, general manager, Luna.

"Luna brand has developed a loyal clientele especially in the dairy category, for evaporated milk, and is a prominent brand in this category of evaporated milk across the GCC. Success has not been easy as compared to other brands, mostly from Europe, Luna is a young brand - just about 11 years old - and was the only Middle East brand in this category until recently, making the competition extremely tough, pitched against world giants like Nestle and Friesland.

"However the vision of the owners - the Hayel Saeed family - and the perseverance of a dedicated and loyal core team has steered this brand from an unknown commodity to where it has reached today i.e. 'the Best Can food of the year.'"

Companies nominated:

- American Garden;
- Delmonte;
- Luna;
- Heinz;
- Libby's.

Best confectionery product

The winner: Galaxy

The best confectionery product was always going to be a tough choice. All of the main international brands are available in stores across the region and numerous local confectionery producers are also taking a significant slice of the market.

This year, one brand held the attention of our judges and supermarket buyers alike for the progress it has continued to make since its brand re-design last year. That brand is Galaxy.

Yara Badri, brand manager, Galaxy, Master Foods Middle East, said: "The *Retail News* award has, for the second year running, recognised the strength of Galaxy within our region. The brand's continuing growth and success is a result of our commitment to understanding consumer trends, continuous innovation and our dedication to providing consumers with a pleasurable chocolate experience.

"We were proud to win this prestigious award. It is a testimony to the confidence that our retail partners have in the strength of our brand and the joy it brings to consumers.

"It is an honour to be awarded the best confectionery award for the second year in a row in this increasingly competitive market place.

"The evening was extremely enjoyable and well organised, it is a great initiative by ITP that helps to continue developing and strengthening positive relationships between manufacturers and retailers."

Companies nominated:

- Cadbury;
- Gandour;
- Mars;
- Galaxy;
- Ferrero Rocher.

Best distributor of the year

The winner: NTDE

Distributors in the Middle East face a difficult task. Margins are often tight, and only the most efficient companies have any chance of survival. But for those companies that are prepared to work with their suppliers and key account holders as business partners, the rewards can be high.

This year's winner of the best distributor award, NTDE, is a prime example. The company distributes some of the best known brands in the GCC, including Lays crisps and Vitaene C.

"A major moral booster. The event was very well organized with an energetic atmosphere," said Farid Ahmadi of NTDE.

Adel Alsmadi of NTDE, added: "I just felt that hard work pays off. It was a very nice feeling to be awarded especially when you live the in and outs of distribution every day. This is only the beginning and we are aiming towards bigger logistics successes. A special thanks to the *Retail News Middle East* team for hosting the evening, we met a lot of interesting people."

NTDE services more than 7,500 customers, from large hypermarkets, duty free operations, shipchandlers and commercial concerns to small groceries. It distributes more than 6,000 products across the UAE, the Sultanate of Oman and Iran. The company now employs more than 800 people across all of its divisions. 24-hour delivery is guaranteed for most of its customers.

Companies nominated:

- Global Export Marketing Company;
- NTDE;
- Spinneys Jordan;
- Gulfco;
- Choithrams.

Best cold drink of the year

The winner: Rani Float

The cold drink sector is also dominated by a small number of heavyweight players, although smaller brands are rapidly gaining ground in the Middle East.

And while soft drinks have continued to perform strongly in the Middle East, concern about health may also have influenced this year's result, with juice-based drinks and mineral water taking an increasing share of the market.

This year's winner also stands out from the crowd for innovation in packaging, its natural fruit ingredients, and a consistent, powerful marketing campaign. The winner is Rani Float.

Aujan's Emre Pelin collected the award from Habib Wehbi, CEO of Hypermedia, a sponsor of the event.

Launched in 1982, Rani has experienced tremendous growth across the GCC, Iran, Iraq, North Africa and other international export markets, generating sales revenues of more than US \$150 million by 2005.

Since its launch, Rani has extended into Rani Fruit Drink cans in 1986, Tetra-Pak format in 1988, and PET format in 1999. Rani Float is described by Aujan Industries as the 'superstar' format within the Rani portfolio, and has been strongly supported by an innovative multi-media campaign, incorporating the slogan: "Get Chunked".

Companies nominated:

- Pepsi;
- Rani Float;
- Mountain Dew;
- Mirinda;
- 7-Up.

Best marketing strategy of the year

The winner: Masafi

International players and their local counterparts are increasing their marketing spend in the Middle East, and some eye catching campaigns have been unleashed in the past year. Marketing strategy is about capturing the consumers' attention via advertising and media campaigns, solid product availability and a strong presence on supermarket shelves.

Masafi emerged as a winner for its strong marketing campaigns across its product range, and in particular for its juices, which have captured 5% of the UAE juice sector since their launch just one year ago.

On winning the award, Masafi's Tarek Megahed said. "Masafi Juice garnered 5% market share within a period of only 6 months in spite of an extremely competitive landscape, thereby beating industry benchmarks and norms.

"In addition to the UAE and the neighboring countries, Masafi Juice managed to have a dominant presence in other markets like East Africa and South-East Asia with the support of its quality and in being 100% natural and free from preservatives.

"In a nutshell, Masafi's popularity is largely due to its philosophy to deliver superior quality products and its strict adherence to international quality standards."

Companies nominated:

- NTDE;
- Coca-Cola;
- Dove;
- Masafi.

Best key account manager of the year

The winner: Karim Dmitri, Unilever

This next award helps bridge the divide between the food producer and distributor, and the retailers that sell their products. Indeed, the process by which products find their way on to the supermarket shelves often hinges around a strong relationship between the supplier and the retailer. Key account managers work in partnership with retailers, offering advice to ensure transactions offer a good deal for all parties. For this award, one name stood out. Karim Dmitri, a key account manager for Unilever, was selected by the judges for his flexibility of approach and his in depth knowledge of the accounts he handles.

Karim Dmitri said: "I think I was probably nominated for this award by some retailers due to the fact that the approach Unilever has with the retailers is changing from a traditional supplier retailer relationship to one of two partners working together to win with consumers. This means that at Unilever we try to understand the retailers' operation, their profitability model, understand what matters to them and try to incorporate this in our marketing plan." Dmitri added that while he was initially suprised by winning the award, it made sense given the work Unilever has done in the past year and the devepments it has made in supplier relations.

Best food producer of the year

The winner: Gulf Food Industries

The award is for the Best Food Producer of the year was not an easy category to judge, with many producers making an outstanding contribution to the region's food and drink sector.

One company caught the attention of the judges and is being awarded best food producer of the year for the quality and diversity of its product base. Best known for its Caifornia Garden and Americana brands, this year's winner is Gulf Food Industries.

Elbanna Ramy, technical manager at Gulf Food Industries, collected the award on behalf of his company from Fine's Peter Janho.

Companies nominated:

- Food Specialities;
- Modern Bakery Group;
- Al Islami;
- Gulf Food Industries;
- Advanced Baking Concept;
- Federal Foods;
- Al Marai;

Best innovation of the year

The winner: Tilda International

Best innovation is a broad category, and this year *Retail News Middle East* looked at a range of products and companies. This year's winner won for bringing an answer to a very specific problem in its field in order to raise standards and ensure the end consumer gets a fair deal.

The problem of adulterated basmati rice has made headlines in daily newspapers in recent months. By screening rice using DNA technology, Tilda International can guarantee the purity of its rice. It is also offering the screening service, known as Riceseach to other companies.

Deepak Thawani of Tilda International Ltd, said: "Tilda has taken on the responsibility of protecting the interests of consumers who place their trust in our brand.

"That is where DNA technology takes the lead. Tilda has instituted 'Riceseach' a DNA laboratory dedicated to rice. It is part of Tilda's commitment to preserve, promote and guarantee basmati rice authenticity worldwide. Tilda's continuous commitment to protect the interests of consumers who place their trust in our brand resulted in inception of Riceseach.

"Tilda's unique approach in innovating DNA technology to ensure that consumers get pure basmati helped us win this award. Bringing in DNA technology to the rice industry has proved what can be achieved by bringing together the ancient art of cultivating pure basmati rice and the techniques of

21st century science."

Companies nominated:

- Gillette for M3Power;
- Advanced Baking Concept;
- Tilda International.



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