Shisha company Al Fakher at the forefront of innovation



Ziad Jabre, Head of Global Travel Retail for Al Fakher, with the company's updated logo

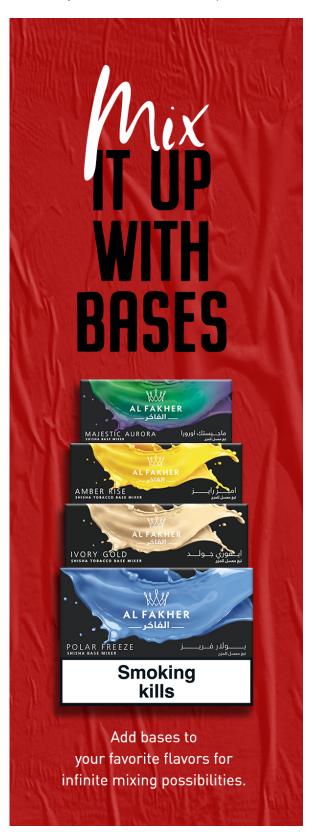
For Al Fakher tobacco's travel retail department, 2020 started out great. The company, which is the top-selling shisha tobacco brand in the world, began focusing strongly on global travel retail last year. Al Fakher had a substantial presence in Cannes in 2019, with a high-profile booth comprising both indoor space and a large patio area. This was where the company introduced its new packaging, which was a true departure from its traditional look, and which launched in February.

According to Ziad Jabre, Head of Global Travel Retail for Al Fakher, up to mid-March of this year, its travel retail business was going great. The new packaging, which was exclusive to Dubai Duty Free in February and March, did very well. Brand ambassadors promoted the brand, explaining to consumers that although the package made a big switch from traditional to more edgy, it was still the same great taste they were used to.

Flavor enhancement

At the same time, the company launched Bases, a range of tobacco-based flavor enhancers that you mix with shisha tobacco to personalize the shisha session. The shisha smoker adds bases to his or her tobacco in order to intensify a certain flavor aspect. "It's a very personal thing, determined based."

on what you want the flavor experience to be."



Three flavors of Bases, a range of tobacco-based flavor enhancers that you mix with shisha tobacco, are available in travel retail. These are Amber Rise (Citrus-base flavor), Ivory Gold (cream-base flavor) and Polar Freeze (cooling flavor)

Depending on the flavor and percentage you choose, Bases creates a personalized intensity, allowing you to enhance the flavor of your shisha your own way. "People are moving away from traditional flavors and personalizing their shisha, not just taking a flavor off the shelf. Adding their own flavor,

their own twist. It's like cooking — empowering the shisha smoker to play around to get the ultimate flavor," Jabre says.

Because of the newness of Bases, shisha smokers will need to learn how to use it to get the best session. "The plan, which got derailed, was to launch in airports where we have Brand Ambassadors. Bases have not been designed to be consumed on their own, due to their intensity."

In February, Bases launched globally in duty free with three flavors: Amber Rise (Citrus-base flavor), Ivory Gold (cream-base flavor) and Polar Freeze (cooling flavor). Five flavors are available in the domestic market.

Pandemic impact

When the pandemic hit, the company's number-one priority was to make sure everyone was healthy and safe, those at head office in addition to colleagues based remotely. "Safety was of paramount importance," says Jabre. "Then after that we all had to go through the shock of what was happening and the impact that has had on business. Obviously traffic is what it is and that heavily impacted everyone's offtake, but looking at numbers tobacco has been less impacted than other categories. Our category is a functional one, so although we have been impacted, the impact has been somewhat better than for categories that rely on impulse purchases or gifting."

Sharing of shisha

Jabre says the pandemic has affected shisha use and thus purchasing habits in that, as people were confined to their homes, and with the closure of restaurants and shisha lounges, at home consumption has increased.

Also, the sharing aspect of shisha has changed, says Jabre. "While shisha still brings people together, they are not sharing a shisha pipe as they once did. People do still enjoy consuming shisha in groups, however, even if they are not sharing."

Taking time to innovate

Once the borders began to close and the skies began clearing of airplanes, Al Fakher took this time to refocus. "We all know on the day to day in usual times we're all very busy and now we are as well end of year, but in April/May/June we had the chance to take a step back and refocus on where are we taking this business and how are we doing things," says Jabre. "Other than helping people accelerate their ecommerce business, COVID forced companies to start looking at their ranging. We had the chance to clean up the range and create room for innovation, so that's what's been happening."

True innovation in SPARCS

As with its new Bases flavor-enhancing tobacco, Al Fakher has been at the forefront of innovation in the category. Just launched, and currently only in e-commerce, is a new product called <u>SPARCS</u>. This range of nontobacco products are available in 100g bottles. You can premix with tobacco or add tobacco later for a newly personalized flavor experience. Premixed, it acts in a similar fashion as Bases although less intense, but there's a whole new way to use SPARCS.



Al Fakher's newest innovation, SPARCS, revitalizes flavor at the end of a shisha session

Shisha smokers will know that by the end of the session the performance of the flavor starts going down. At this point you add SPARCS, and the flavor is revitalized. This innovation is truly the first of its kind. Also, through its eCommerce platform for SPARCS AI Fakher is the first shisha company to offer 24/7 customer service.

SPARCS, which launched November 1 of this year, is available in fruity, citrus, basil, mint, cream, cooling and menthol flavors. So far, this new product is doing very well, especially considering it's very grass roots and therefore the company has not yet gone out to engage people or promote it. The plan is to launch SPARCS in travel retail, starting in airports when it's once again possible to have staff to act as brand ambassadors.

And now, the future

Jabre does not feel a vaccine is going to bring traffic back quickly. He points out that many people are still very skeptical of a vaccine, so does not believe it would massively accelerate travel retail. "Current predictions are for recovery in 2023 to 2024. The presence of a vaccine might accelerate this to 2023 more than 2024, but it won't make recovery happen by 2021."

He notes that some retailers have requested a reduction of staff. This brings challenges not only in reaching the customer on a personal level but also, "For a brand like ours that's growing very rapidly, in keeping the shelves well merchandised."

Jabre has personally noticed that hub airports are slower to recover, and he is well aware that travelers and staff both must be provided with a safe environment and must feel safe. "We know people are still not totally comfortable interacting with others. It's very important for us to have training for our staff on how you build rapport with the customer while wearing masks and without close interaction. It's also important to find ways to communicate with customers where we don't have brand ambassadors."