

Every morning, the world awakens to tastes and flavors that long have become part of our daily lives and to a very large degree, a necessity to starting the day. While some prefer coffee, others enjoy tea, yet both are intricately linked and date back thousands of years. In the following cover story, Hospitality News delves into this colorful world to bring you the most comprehensive report on this year's global and regional coffee and tea industries

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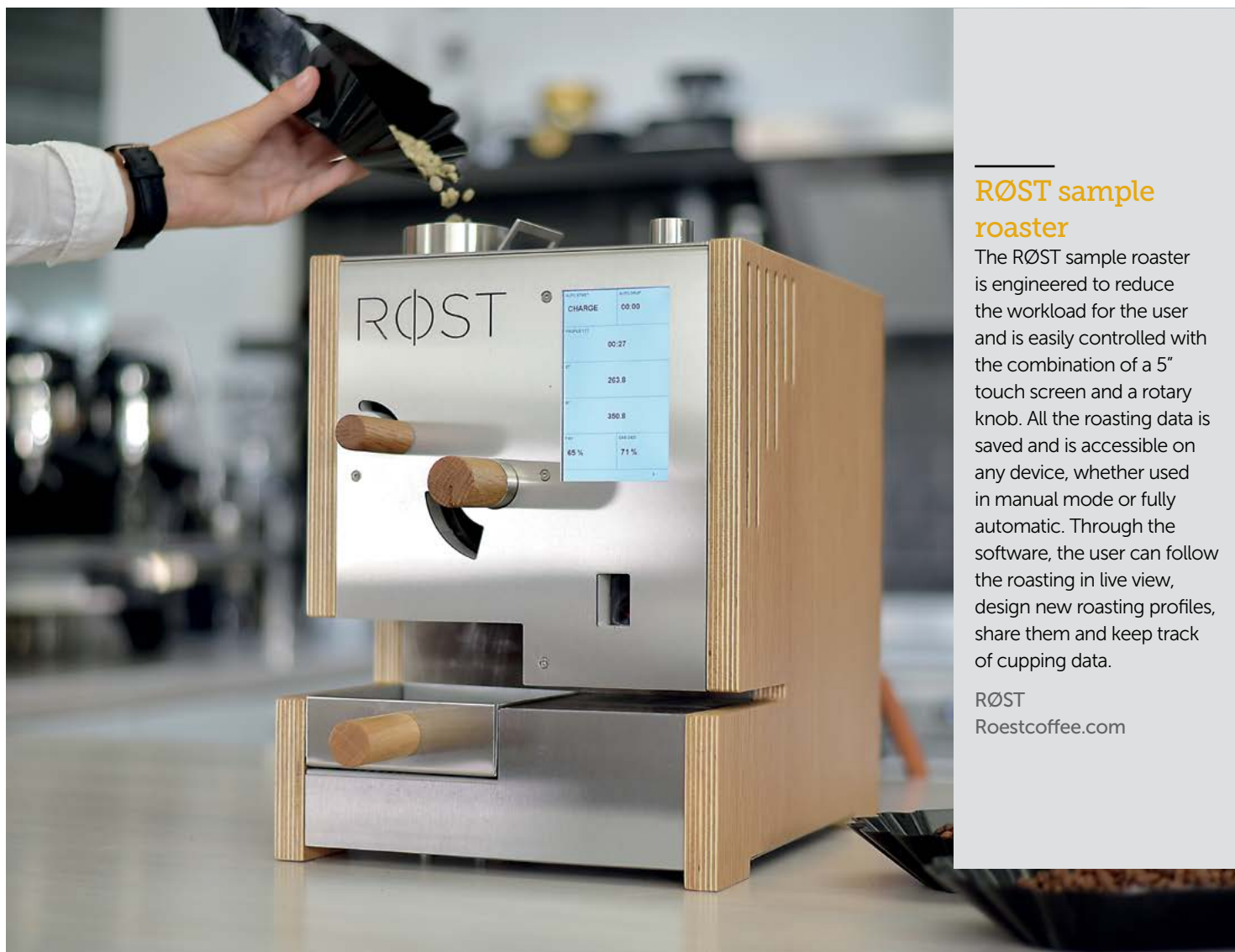
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RØST sample roaster

The RØST sample roaster is engineered to reduce the workload for the user and is easily controlled with the combination of a 5" touch screen and a rotary knob. All the roasting data is saved and is accessible on any device, whether used in manual mode or fully automatic. Through the software, the user can follow the roasting in live view, design new roasting profiles, share them and keep track of cupping data.

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BREWING UP A STORM

Every passing year brings a wealth of discoveries on the hot beverage front and, while some novelties will make more waves than others, you can bet that the hits will keep on coming

This year was no different, especially for the coffee industry, which global experts believe is gradually maturing into a fifth wave. The first of four pillars to consider is the shift away from a 'science-centric' approach to one that places equal emphasis on the actual business model itself, in light of rising concerns about supply and demand. This, in turn, is driving both the growers and major brands to rethink their approach.

Another issue relates to the adoption of a more holistic approach in which the in-house roasting element is employed to create a smart boutique feel, delivering a custom-tailored, artisanal service on a model of scale. This will require the individuals operating within the HORECA industry to acquire a special set of skills, a trend known as hyper-specialization, which, in the years to come, will fuel the sector and drive it forward.

Finally, as consumers' expectations rise, getting 'just the right' cup of coffee, will no longer suffice. As 'exacting' standards become the norm, increased investment in new technologies will hit new highs.

Once all of these elements fall in sync, the results will yield a highly-focused and more efficient business model, fueled by a collectively sincere passion for the craft. This will lead to the delivery of original concepts that are sure to hit the right note with consumers, especially among millennials who will soon become this sector's largest market segment.

Riding the coffee wave

According to the Global Coffee Platform Organization's annual report for 2016, demand for coffee will outstrip supply at current rates by 2030. This is partly due to the fact that consumption has doubled in the last 35 years, from 4.9 billion kilograms to 9.5 billion in 2016. As a result, the estimated value of the global industry has risen to more than USD 100 billion, with 120 million people working in the coffee segment.

This rise in demand, is fueled by an increase in consumption by drinkers aged 19-24, better known as millennials, market research company Mordor Intelligence concluded in its Global Coffee Market Forecast 2017-2022 study.

According to the National Coffee Association (NCA) report on drinking trends, gourmet coffee is a key driver of the overall increase in consumption. The association found that 29 percent of consumers take a cup of gourmet coffee on a daily basis, compared to 19 percent who drink traditional coffee each day.

Given the fast-paced lifestyle associated with millennials, retailers are experimenting with new ways to serve more customers in shorter timeframes. According to the NCA, 2017 was a year in which a number of telling trends were noted. First, the NCA noted, consumption has become increasingly based on public interaction as opposed to a private home affair, thanks in large part to social media. As a result, the emphasis has shifted to the broader experience rather than price. To make full use of this reality, the report advises retailers to invest in more captivating packaging and intriguing labels that prompt consumers to take photos and share them online. It also highlighted the benefits of using the same labels to clearly indicate the brand's commitment to sustainability.

Meanwhile, a separate report by World of Coffee (WOC) 2017 Championships, compiled from interviews with café owners, roasters, equipment manufacturers, competitors and coffee associations, highlighted the rising number of consumers found to be learning about coffee and becoming interested in specialty varieties. As a result, Saudi Arabia, along with other Middle Eastern countries, has begun purchasing relatively large amounts of Baratza's high-tech grinders to meet growing demand. This trend is expected to result in more micro roasters and cafés popping up in unexpected places.

New machines and app-based smart coffees

Due to technological advances, coffee shops are investing in fully automated machinery which has proven to be more stable and remove the 'human error' element from the equation, since grind-by-weight capabilities allow for greater precision and consistency. Yet while more tech enters the equation when baristas use modern coffee-making machines, the attention is undoubtedly focused on the social element. One example is this year's best new product winner, titled RØST sample roaster, which, according to the manufacturer, offers consumers the option of downloading an app and allows users to record, monitor and control the roaster via Wi-Fi.

The gap between retailers and producers

While a number of changes are sweeping through the coffee world when it comes to marketers, sellers and brands, owners of plantations tend to be playing catch-up when it comes to adapting and building on these advances. Brazil International Coffee Week, which brings together 800+ producers across Brazil with international coffee professionals, aims to bridge that gap by connecting the farmers with market innovators, the event's content director, Mariana Proença, explained.

In a March 2017 report, BMI Research described Asia and Latin America as the "fastest-growing regions for hot drink sales over our 2017-2021 forecast period". Coffee will be the "outperforming category across emerging markets", the report noted, "driven by rising incomes and high levels of investment by multinational food and drink companies". BMI added that product innovation, particularly in terms of healthy and ready-to-drink offerings, will support

Najjar Raqwa

Najjar Raqwa is the revolution in Lebanese coffee that serves the perfect cup of coffee at a press of a button, every time.

CAFÉ NAJJAR
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najjarraqwa.com



Supplier spotlight: Café Najjar



Karl Najjar
CEO
Café Najjar

What, in the past year, have been some of the most interesting novelties introduced?

The latest innovation by Café Najjar, is Najjar Raqwa, which elevated the

traditional Lebanese coffee experience to the next level. It is a revolutionary coffee maker that brews a consistently fresh and perfect cup of coffee at the press of a button, thereby combining heritage and innovation for a whole new contemporary approach to Lebanese coffee preparation. Najjar Raqwa coffee maker offers ease of use and convenience, as well as consistency, with a 45-second serving time, the ability to prepare multiple cups with Ashwe, an auto-wash system, auto-boiling temperature control, as well as measured water quantity in every cup (60ml). Each capsule consistently delivers a richly satisfying taste, as it contains five grams of the finest quality 100 percent Arabica beans that were roasted to perfection then ground

and vacuum packed to seal in the freshness and aroma. The two available variants are Classic and with Cardamom.

What are the changes you expect to see throughout the coffee industry?

Consumers will continue to ship coffee 30 years from now and demand will continue to increase. However, production might be affected due to climate change, which is especially threatening to the Arabica coffee beans as these are particularly sensitive to temperature variations. According to some estimates, coffee consumption is projected to grow, presenting a worrisome reality as current production is barely keeping up with demand.

najjarraqwa.com



growth in developed markets. "Furthermore, global sales of coffee, tea and other hot drinks will rise at a compound annual growth rate (CAGR) of 6.4 percent between 2017 and 2021, reaching a total value of over USD 261 billion annually," it noted. "Emerging economies will be the principal driver of growth in hot drinks over this period, with sales rising at 7.8 percent CAGR."

Ready to drink

As our world becomes faster paced, sales of ready-to-drink coffee and tea will present highly lucrative opportunities for beverage manufacturers who are constantly looking for ideas to help them increase their market share. Driven by the introduction of new products, especially in the cold-brew market, various brands will be catering to consumer's busy lifestyles by making beverages more appealing and desirable. These concepts work by encouraging consumers to pick up a bottle of coffee at a local cafe or grocery store without having to wait in line. The main contenders in this market are Coca-Cola, which introduced a new ready-to-drink coffee range in the US under its Gold Peak brand, and Starbucks, whose double-shot espressos and iced lattes are proving to be a huge success.

BMI also reported that while tea is the traditional drink of choice for many emerging market households, particularly in Asia and MENA, coffee will be the predominant driver of growth in the hot drinks industry over the coming years. This segment is forecast to expand at a rapid pace due to the range of options and choice available, which include mixing varieties of instant coffee with milk, sugar and other ingredients.

Another industry heavyweight, Limitless Coffee & Tea, predicts that consumers will be mixing coffee with tea in the years to come, thereby eliminating the need to choose one or the other. Two such mixes building momentum are Ethiopian coffee combined with organic Moroccan mint tea, and green tea melded with French roast coffee.

New kids on the block

While the global coffee production industry is led by Brazil, Colombia and Ethiopia, other somewhat smaller, emerging producers like Vietnam, Indonesia, Thailand, Taiwan and Australia have shown themselves keen to increase their market share, primarily by introducing previously unknown flavors. The trend for novelty is likely to support their efforts and gain them more traction in less time than the industry has witnessed to date.

Novelty the buzzword in the MENA region

The Middle East coffee market is set to hit USD 4.4 billion by 2021, according to a Euromonitor report published in September 2017. The report highlighted the shift in consumer appreciation toward coffee as an artisan, specialist and quality experience,



LINO + GINO Deluxe Brewing Kit

The GINO pour-over coffee dripper is hand-blown from dishwasher-safe laboratory grade lightweight glass that is heat and scratch resistant. The angle of the interior cone and size of the three holes at the bottom are engineered to ensure an even extraction for a pure and flavorful brewed coffee, while the double-walled keeps the heat insulated.

NOTNEUTRAL
notneutral.com

rather than a commodity. "As a beverage with multi-cultural appeal, coffee consumption in the region is growing twice as fast as the global average, putting pressure on the foodservice industry to stay relevant to its customers," it found.

The popularity of coffee and tea in the MENA region dates back more than 800 years and has become ingrained in the history and culture of its people. In a move to investigate these origins further for the brand, Kopi Luwak, thought by many to be the world's most expensive coffee, conducted a report entitled 'Coffee Culture and History in the Middle East'.

The producer found coffee to be the second-most traded commodity in the world, with around 2.25 billion cups consumed every day. Its findings indicate that during the 1200s, there was a momentous point at which the Muslim community in Arabia began brewing coffee for its stimulant powers. At the time, the drink was used to keep them awake for extremely long prayer sessions. The beans were parched and boiled to make a drink. Coffee was consumed solely within

Arabia until the 1600s, after which its reach extended to other parts of the globe.

At this time, an Indian pilgrim known as Baba Budan left Mocha with seven beans, having fallen under the beverage's spell during a pilgrimage to Mecca. These beans proved to be the start of Europe's love affair with coffee. By the 15th century, coffee was prevalent in Yemen and began spreading to Egypt, Persia, Turkey and Syria, where it was enjoyed within individual homes and at public coffee houses. These public coffee houses were known as 'qahveh khaneh' and were frequented by all classes of society.

Local brewing methods and tastes

In general, Arab countries employ one of two brewing methods, although the additions that go into the mix vary. The beans can

either be roasted heavily or lightly and since the beverage has a slightly bitter taste, it is often coupled with dried or candied fruit. Furthermore, and depending on the country, the coffee is sometimes brewed with saffron, cinnamon, cardamom or cloves. A coffee pot known as a 'dallah' is the main serving vessel.

In Egypt, coffee follows the Turkish method of preparation, which involves serving the drink in a small cup with a layer of foam (face) on top, an indicator of sorts that the coffee was properly prepared. Lebanese coffee is generally boiled in one take and has no 'face'. The most common countries of origin for this coffee are Colombia, Kenya, Indonesia, Brazil, Ethiopia and Vietnam. Yemeni coffee, meanwhile, has a comparatively mild taste and is slightly lighter in color due to the beans used. The word 'mocha' is thought by many to have its origins in this type of bean. Immediately after the beans are ground, the roaster may add cinnamon sticks, saffron filaments or green cardamom, resulting in an aromatic flavorful cup of coffee. According to existing literature, Yemen could also be the birthplace of the modern word for coffee. Referred to as 'qahwah' there, the word coffee became 'kahveh' in Turkey, which was then changed to 'koffie' by the Dutch, before it finally evolved into coffee in the English language. Saudi Arabian coffee is lightly roasted using green beans, with cardamom added before serving, while Turkish coffee undergoes a simmering process and is often blended with sugar.

Middle Eastern specialty coffees

A 2016 report in Arabian Business put the number of new coffee shop licenses issued between 2014-16 throughout the region

at 2200, driven largely, it said, by a huge expat community that has had tremendous exposure to a much broader range of coffee-based beverages, qualities and brewing methods. The report listed a number of well-known specialty coffee companies, including: Specialty Batch Coffee, an all-in-one roaster, equipment supplier and coffee educator based in Dubai; Raw Coffee Company, a specialty coffee chain that focuses on ethically sourced coffee; and Stomping Grounds Specialty Coffee Hub in Dubai, described as where coffee meets art and science.

Saudi Arabia's coffee lovers, meanwhile, can also find specialty coffees at: Tale Coffee; Manual Brew Café; 12 Cups; J Café; Golden Kangaroo; The Roasting House; Mekyal Café; Brew Crew; Alchemy Coffee Roasters; Drip Coffee; Warm and Frosty Café; Medd Cafe and Roastery; Brew 92; and Cup and Couch.

Cold goes cutting edge

This year's coffee-drinking trends are a combination of old and new, largely due to operators' attempts to garner a dedicated following by setting themselves apart from their competitors. Coffee is still usually perceived primarily as a hot beverage, yet research suggests somewhat surprisingly that cold varieties are becoming increasingly popular. In 2017, market penetration in the U.S. for cold brews reached 21 percent, up from 15 percent in 2015, according to data from the New York-based National Coffee Association, indicating huge opportunities for roasters and retailers alike.

As the wave of specialty coffees grows, innovation is following, with companies like Dunkin' Donuts and Starbucks already

Supplier spotlight: Nespresso



Manuel Sancho

Middle East & Africa Business
Development Manager
Nespresso

What, in the past year, have been some of the most interesting novelties introduced?

On the B2B front, we recently launched two new grands crus, Espresso Vanilla and Espresso Caramel, both of which use one of our bestsellers as the base, the Espresso Forte. It is most balanced yet still intense, a superior choice for flavored coffee. Keep in mind that this is the first time we have introduced flavored coffee in our professional range. These sophisticatedly-flavored coffees are well balanced and can be enjoyed alone or with milk to create interesting recipes for today's connoisseurs. We've also noticed an increasing interest in milk-based recipes and are working closely with our business partners to make sure our machines help them create unique coffee moments for their consumers.

What are the newest market trends?

Across the Middle East, we see increased demand for milk-based recipes, such as flat whites using local or regional ingredients. Another main trend we recognize among customers, both across B2B and B2C, is an increased awareness in both provenance and sustainability. Nespresso is proud to be a vocal advocate of recycling and is a company that has been making great strides in contributing to sustainability through its Positive Cup' strategy, which seeks to create positive impact for farmers, consumers and society at large, while caring for the environment. All components of the Nespresso portioned capsules, whether the aluminum or the coffee grounds are also infinitely recyclable. These two elements are separated before being processed by local partner Bee'ah, the Middle East's fastest growing environmental management company. While the aluminum is re-melted using a low energy process, the grounds are used as natural compost to beautify surrounding areas by fertilizing plants and flowers.
nespresso.com





aRoma

BARISTA ESPRESSO
barista-espresso.com

testing the next big thing in response to rising demand for novelty. The trend for experimentation is also enabling retailers to expand their product offerings and involve new consumers at the outset. One example is the steady 25 percent annual growth recorded by Starbucks, which first introduced the cold brew back in 2015, according to a report by the Chicago-based Mintel Group. The same report estimates that 24 percent of consumers currently drink retail-purchased cold brew coffee, with 55 percent of them aged 29-38.

Specialties and extra specialties

One of the main reasons for this drink's popularity is its taste, which is less acidic and also a little sweeter. Buoyed by the success, Starbucks also introduced another, nitrogen-infused coffee. Both of these varieties have a foamy texture, which gives them a smoother taste compared to more traditional options.

For consumers who enjoy taking their time with their coffee, Siphon coffee is currently

enjoying a revival. A more sensory option with great visual appeal, this coffee uses a brewing method that has been around since the mid-1800s. Prepared via an elaborate setup, the coffee is supposed to be consumed in a slow fashion, making it popular with more mature audiences.

For a visually-appealing experience on par with Siphon, the Chemex system, invented by an American chemist in 1942, is considered a heavy-weight contender in the coffee-bar industry. The brew relies almost entirely on craftsmanship, using the infusion method rather than technology, producing coffee that has a distinctly rich flavor and is sediment free.

The cold-drip, which is also trending, represents the most demanding coffee of them all. This variety takes about half a day to process before it's ready for consumption and requires operators to soak the beans in water for 10 hours beforehand. Well worth the wait, the result

is a coffee that boasts subtle flavors and a complex body devoid of any overpowering acidity or bitterness sometimes associated with heat-extracted coffee.

At the top of the chain and favored by connoisseurs is the single-origin coffee. In the same way that fine wines and single malt whiskies have a select fan base, this coffee boasts a higher quality only appreciated by a few, since the difference is not discernable to most palates. However, aficionados will be aware that this coffee, which is sourced from one origin, constitutes the zenith of character and quality, along with a price to match. For these reasons, single-origin coffee is usually sold in specialty shops.

On a lighter note, a concept inspired by a mythical creature with a rainbow-colored mane is also proving to be an albeit unlikely industry talking point. The unicorn has proved to be a draw for numerous global brands, prompting them to introduce a broad spectrum of consumables, including hot beverages. The unicorn-food craze is rumored to have been started in Brooklyn by small independent coffee and dessert stores, eventually spreading throughout the world when Starbucks joined the party. The appeal was heightened when millennials swiftly took to the marketing gimmick and elevated it to the level of digital sensation using social media and harnessing its 'Instagramability'. Eager to capitalize on the concept's marketability, the F&B industry employed its most gifted artisans to craft a selection of items, each more visually appealing than the last. Materials used have ranged from algae, chocolate sprinkles, lavender and herbs to berries, natural dyes and rose petals.

The sometimes potent and often

Supplier spotlight: Barista Espresso



Roy Daniel
Managing Partner
Barista Espresso

What, in the past year, have been some of the most interesting novelties introduced?

During the past year, we at Barista Espresso focused on diversifying our

capsules' range. The Chocolate Shot was launched: a novelty product that has received the Gulfood Innovation Award, a prestigious accolade that we are proud of. In terms of coffee products, new blends and flavors will be launched during Christmas, so stay tuned.

What sort of experience are you offering your customers at the point of sale?

We will soon open our own Barista Showroom that will include all our products in addition to a Café corner where customers can enjoy a cup of coffee, freshly roasted from our factory.

What are the newest market trends?

According to a Mintel report, cold brew sales have jumped 580 percent from 2011 to 2016.

Iced coffee, which uses heat to extract coffee, has been replaced by this new trend that uses the time factor: soaking beans in water for 12 hours or more to turn water into coffee. The year 2018 will hopefully be the one in which we introduce our own Barista Cold Brew.

What are the changes you expect to see in the global coffee industry?

I believe ready to drink (RTD) coffee will start invading the region very soon. Specialty coffee and coffee shops will keep on growing. To summarize, however you brew it or serve it, consumers are demanding, more than ever, a good, tasty cup of coffee.
barista-espresso.com

Supplier spotlight: Ets. Rafic Abi Nasr



Firas Abi Nasr
General Manager
Ets. Rafic Abi Nasr

What are the newest machines used and how do they add value to the end result?

There is no doubt that the VA388 Black Eagle Gravitech from Victoria Arduino is the espresso machine for all those who dedicate their lives to coffee. This machine was chosen as the official machine of the World Barista Championship 2015-2017. The built-in Gravimetric technology guarantees a perfect espresso, allowing the user maximum precision by ensuring total control at all stages of extraction. The barista just has to set the weight of the liquid in the cup for each blend. That means each coffee cup can be made with the same ratio, ensuring a consistent brew. Furthermore, the technology measures the weight of the liquid extracted directly in the cup. The data is therefore much more precise and, more importantly, is not affected by

other factors, such as the shape of the filter, the tamping force on the coffee and the condition of the showerheads.

What are the newest market trends?

According to USA's National Coffee Association 2017 National Coffee Drinking Trends, the consumption of decaf coffee has risen from 0.19 cups per day to 0.39 cups per day, the biggest percentage increase of any category, which is mostly driven by 18-24 year-olds at 19 percent. This is mainly due to the fact that younger consumers consider the act of getting coffee as an occasion, a gathering, a business meeting and more. Therefore, and to moderate their caffeine intake, decaffeinated coffee has become a likely choice. Many years ago, we introduced a decaffeinated version of cafe Abi Nasr, which you can find in most supermarkets and the Prestigio espresso decaffeinated line is available in many hotels and restaurants.

What are the changes you expect to see throughout the global coffee industry?

Clients are becoming more and more demanding when it comes to coffee. They are intrigued by coffee origins, roasting degrees, extraction methods and preparations of coffee cocktails. Eventually, this will create changes throughout the whole supply chain, especially in how coffee is roasted, blended and packed as single origins, delivered and prepared by the barista. cafeabinasr.com, smartlogisticsal.com

exciting mix of coffee and alcohol has provided those consumers permitted by law to drink with wonderfully creative options over the years, while recent trends have taken pairing to another level. Mixology suddenly boomed as the drive for novelty gained momentum. Simultaneously, the opportunity to be both barista and mixologist raised the bar to a whole

new level. This trend, unlike others, emerged when someone somewhere thought, "Isn't it bizarre that we can order coffee

in a bar, but not a cocktail in a coffee shop?" Some of the notable alcoholic ingredients that work particularly well with coffee are: vodka; rum; hazelnut liqueur; bourbon; kahlúa; whiskey; and the old party favorite, tequila. Another full-sensory experience proving popular that falls under the umbrella of mixing, matching and pairing is the in-house

nano roaster, which immerses the coffee aficionados in a world unlike any other. The nano roaster adopts a similar approach to the 'food miles' concept, which focuses on the distance that specific food has traveled before being offered for consumption. In this instance, coffee roasters put on a show and invite customers to become part of

the actual process to highlight the freshness of their products.

Non-dairy drive

For consumers who like to mix things up there are plenty of choices when it

comes to selecting the milk they wish to put in their café latte. While soy milk used to be the preferred choice of health-conscious individuals, the market has now opened up. The most popular non-dairy milk alternative today is almond milk, which is also used in cooking and baking. With a creamy texture, almond milk has a sweet taste

“As the wave of specialty coffees grows, innovation is following, with companies like Dunkin’ Donuts and Starbucks already testing the next big thing”



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and also contains vitamin E, as well as other essential nutrients. Competing in that same category is coconut milk, which has the major advantage of being suitable for consumers suffering from gluten, soy or dairy allergies. This milk is also creamy and is considered ideal for cooking and baking. It is, however, higher in fat content. A third alternative, rice milk is viewed by many as the most hypoallergenic of all milk products. This product has the least amount of fat and is cholesterol-free, but is high in starch and low in proteins.

While most consumers rarely, if ever, take the type of water used to make their coffee into consideration, experts will tell you that this element can have a significant effect on the rest of the preparation process. Aside from the various levels of minerals found in different waters, the selection made also has an effect on the longevity of the coffee machine itself. The importance of choosing the right water in coffee-making was raised during the 2016 World Barista Championship and has remained a topic of debate in the industry ever since. Many consumers and retail shops are already using purified/filtered water in their coffees, while others are promoting sparking water in the hope of appealing to those looking for something a little different.

Turning to tea

This 5000-year-old discovery is hotter today than ever, with the biggest name in tea right now undoubtedly 'Quickly'. Appropriately, the franchise, which is the largest milk-tea concept in the world, happens to be Taiwanese, the birthplace of this product. Dating back to the 1980s, the brand offers more than 250 flavors and has grown to become a global sensation. Its original recipe



Sand Coffee Brewer

Taking an age-old tradition and bringing it to new life, chef Samaan Hilal has designed a bespoke machine to brew Turkish coffee for Jnayet La Crêperie restaurant in Jounieh, Lebanon.

consisted of a black tea, tapioca pearls, a starch extracted from the cassava root, condensed milk, and syrup or honey.

This type of product has proven to be a draw for the Arab world, buoyed by the region's long-held tradition of tea consumption. According to a Khaleej Times article, tea imports are expected to rise in the Middle East over the next decade. The region currently stands second globally for black tea consumption, behind the Far East.

With the aim of capitalizing on a highly lucrative industry and the current boom, a wave of local and international tea stores are opening throughout the country. The popular culture has also seen bubble tea gaining tremendous traction, with the first dedicated

concept store opening at the end of 2012 in Dubai, offering hundreds of combinations based on three different types of tea mixed with milk, yoghurt or juice.

The other tea popular in the Arab world and India is Karak. This beverage contains black tea, milk, sugar and green cardamom, mixed with either ginger, cinnamon, saffron or peppercorn. While somewhat heavy, this Arabian version of the native Indian masala chai, Karak is full of nutrients and vitamins. Fans have cited its effectiveness in helping with ailments that range from nausea and bloating to heartburn. The four ingredients also combine to produce a beverage that has anti-inflammatory properties.

Supplier spotlight: Café Younes



Amin Younes
Managing Partner
Café Younes

What sort of experience are you offering your customers at the point of sale?

Café Younes is first and foremost a specialty coffee roaster since 1935.

Today, after more than 80 years and three generations, we remain committed to our original heritage of quality and customer service. Genuinely embracing modernity throughout its history, Café Younes is about authenticity, not nostalgia. To keep pace with the expansion plan, while maintaining the products' quality and building on the coffee experience, we intend to bring the roasting experience to every single one of our outlets. By integrating the roasting experience into the café experience, Café Younes will immerse its customers in a unique concept. Aside from sourcing the best coffee bean possible, we also make sure to communicate to our customers its sourcing journey; how it's farmed, picked, tended, dried and shipped.

What are the newest market trends?

'Forth-Wave' boutique coffee roasters are spreading globally, with some even showing fanatical levels of obsession when it comes to their coffee. Personally, I find a good dose of obsession combined with passion, healthy for the industry. Accordingly, Café Younes has recently piloted a new business model by developing a 'live' micro coffee-roasting outlet. It is a unique and highly scalable concept, integrating the roasting journey with the café experience, where guests will have a front row seat to the brewing experience. This new model is a unique selling proposition in the coffee industry that would clearly differentiate us from the competition.

cafeyounes.com

Supplier spotlight: The Roaster



Gilbert Najjar

GM

The Roaster sal

What, in the past year, have been some of the most interesting novelties introduced?

If you are one of those people who cannot decide between tea or coffee, you are in luck. Coffee – Tea, as it is referred to, is drying the coffee cherry husk and mixing it with tea blends. Sales of coffee-infused teas increased throughout 2016 and are expected to gain more traction in 2017. Manufacturers are creating some interesting and delicious blends including Ethiopian coffee mixed with organic Moroccan mint tea and green tea mixed with French roast coffee.

What are the changes you expect to see throughout the coffee industry?

Overall, as shoppers prioritize experience over price, consumption of gourmet and specialty coffee beverages is on the rise. Even for brands that have not traditionally operated in the specialty space, opening up a luxury line could pay off in 2017. Increased interest in the cold brew industry is further fragmenting the sector into sub-categories and introducing consumers to innovations that have yet to enter the coffee category. In addition, a growing awareness among consumers has led coffee companies to improve the quality of organic coffee, fair trade coffee and specialized coffee brewing techniques. More nitro coffee products will be available in 2017, which have a smooth and creamy taste similar to craft beer. The coffee is stored in a keg at high pressure or bottled. Manufacturers are expected to jump into this trend in 2017 and we will see many more nitro cold brew coffees in stores, with coffee shops and offices offering these coffees on tap. the-roaster.com

Supplier spotlight: Cafés Richard



Branislav Beronja

Brand Manager and Trainer – MEA
Judge for the HORECA Lebanese
Barista Competition

Cafés Richard

What, in the past year, have been some of the most interesting novelties introduced?

Beside fair trade, there are an increasing amount of coffee with more specific labels, which directly incentivize and guarantee traceability of their origins. One of them is our grand cru Sumatra 'OranGutan'.

What are the newest machines used and how do these add value to the end result?

When Italian espresso brand, Victoria Arduino, launched a coffee machine integrating something called Gravitech technology, the user gained the ability to get accurate readings related to their coffee extraction process. Yet, most importantly, consistency with every cup was now guaranteed.

What are the newest market trends?

'Slow Coffee' is using different filtration methods to extract hot or cold brews. The added value is a kind of sensory experience throughout the preparation 'ceremony'.

What are the changes you expect to see throughout the coffee industry?

Coffee has always been compared to wine or tea. Therefore, I would like a variety of coffee to offered as opposed to serving a black liquid, of unknown origin, in a cup. cafesrichard.com

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ESPRESSO WARS



Although Lebanese coffee remains king in Lebanon, the industry's players have diversified their offerings in the last 20 years by introducing the emblematic espresso shot in a bid to increase their brand visibility, boost profit margins and adapt to a fast-changing society. **Nagi Morkos**, managing partner of Hodema consulting services, elaborates

Lebanon's coffee market is valued at more than USD 220 million, divided between producers and roasters. With an annual consumption of 5.8 kg of coffee per capita, Lebanon ranks among the world's top 20 importers, according to the International Coffee Organization, making it a lucrative and globally indispensable market.

"More than 70 percent of the coffee is consumed the Lebanese way," explained Roy Daniel, CEO of Barista, sister company of Café Daniel. Apart from instant coffee, which is entirely imported, production is divided between espresso (20 percent) and filtered coffee (10 percent). In 2015, revenues generated by Lebanese coffee alone reached USD 130 million.

Despite the fact that 100 roasters are in operation, the local market is dominated by just a handful of industry players, who collectively hold 80 percent of business. The manufacturing process remains the same for all producers, with the green beans usually arriving through Beirut's harbor, primarily from Brazil, but also from Colombia, Ethiopia, Vietnam and Indonesia, before they are sent to the roasting plants. They are then grounded, packed and



distributed or re-exported. "The Lebanese retail coffee market consumes about 10,000 tons annually, valued at USD 90 million," Nadim Dahan, managing director of Café Super Brasil said. "You also need to factor in the amount of sales, unaccounted for, made by the country's small local shops who offer little, if any, data in that regard."

A USD 10 million espresso cup

According to Georges Najjar, president of Najjar SAL, "The target audience of the local coffee market is the adult consumer, not young workers who have developed other habits."

Dahan added that Café Super Brasil's customers were used to consuming coffee the Lebanese way, which, from a processing point of view, was "quite demanding" as it required significant time to prepare. "Today, however, society is evolving and everything is becoming more instant, with consumers wanting things immediately," he acknowledged.

The espresso bean has taken root in Lebanon, in line with global trends, since the end of the 1990s, and continued to gain widespread popularity. From Café Najjar, Super Brasil and Abi Nasr to Café Daniel, local roasters have dedicated a part of their production to the espresso and created their own label. Accordingly, they have equipped themselves with specific machinery, capable of transforming the green coffee bean into grain, pods and capsules.

Meanwhile, international firms, such as Nespresso, Lavazza, Illy and Kimbo, have also imported their products into Lebanon, mainly through F&B and local hospitality distribution companies. According to some of the industry's players, the espresso market in 2015 was valued at USD 10 million. "With a kilo worth around USD 40, margins are three times higher than with Lebanese coffees," noted Nizar Lababki, former HORECA head for Café Najjar. Since its launch in 1986, Nespresso has taken great strides and revolutionized the coffee industry. In Lebanon, the operating unit of the Swiss company, which is part of the Nestlé Group, assigned the Dima Group to handle its business in the year 2000. According to our 2015 estimates, it achieved a USD 4.2million in turnover, selling 6 million capsules.

"It is hard to compete with Nespresso, which has its niche and a flawless marketing strategy," Walid Hachem, distributor of the Italian brand Kimbo in Lebanon, said. The Italian company's revenue stands at USD 1 million. "But, now that they have lost patents on some of their machines, many companies have launched their own Nespresso-compatible pods on the market," he added. "This can entice consumers to look for a cheaper option like ours, which is 30-40 percent less expensive."

Let's take the shot outside

While traditional Lebanese coffee remains associated with family gatherings and cozy living rooms, the espresso shot has established itself as the most common brew requested in public. When it comes to Lebanon, the beverage is mainly consumed in hotels, restaurants, offices, shops and banks. This trend makes it easier for the brands to reach a large audience and promote themselves. Some use their espresso offering to sell additional products, such as alcohol and varieties of nuts. To gain market share, local producers and importers have also developed different ordering systems, with some, such as Nespresso and Illy, even opening their own shops. They have also started selling a large number of espresso machines. "Most of our sales come from machines we supply on a consignment basis," explained Daniel. "You run an office, we loan you a machine and in exchange you commit to drinking a certain amount of coffee each month. It requires a significant investment, since you have to take into account the purchase of the machines and a rigorous maintenance and after-sales service fee."

He added that his company employed more people for maintenance than for sales. Simultaneously, the industry is still targeting households, which is Nespresso pod system's main market. "Capsules and pods help us enter homes where Lebanese coffee still has the upper hand," said Daniel who, through his Barista brand, sells Nespresso-compatible products. "These products meet today's fast-paced society. They are available in supermarkets and require very little preparation."

Hachem acknowledged that making an espresso at home necessitated a small investment for a machine. "You can find one for about USD 100, which may not be affordable

A USD 80 million instant coffee market

Nescafe, for Lebanon, is what Scotch is to adhesive tape or Nutella to chocolate spread, becoming synonymous with instant coffee. "Three-quarters of the market belongs to Nescafe," Dahan calculated. "All of it is imported because of the complicated manufacturing process." In 2015, the instant coffee market was valued at USD 80 million. Between July 2015 and August 2016, about 73 percent of instant coffee consumed locally was made by Nestlé. However, local roasters remain undeterred. One such example is Café Super Brazil, which imports its instant coffee and distributes it through its brand, Lio.

for all, but it tends to become cheaper with more competitive pricing," he noted.

The espresso trend has gained momentum over the last 10 years, with production on the rise for local roasters and higher imports for distributors. However, industry players dismiss the idea that espresso will eclipse demand for traditional Lebanese coffee. "Demand for espresso is growing and new players are trying to enter the market every year," Firas Abi Nasr, managing director of the Abi Nasr group acknowledged. "We have managed to earn a reputation thanks to espresso. But Lebanese people also like the tradition associated with drinking Lebanese coffee, which has, over many generations, become part of our society's DNA. Trying the espresso doesn't mean you'll love it!"

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FUELING COFFEE & TEA INDUSTRY'S GROWTH



While drinking coffee has long been a tradition in many Arab countries, tea consumption has also finally penetrated the regional market, boosted by the influx of tea-loving expatriates who swear by its numerous health benefits.

Neha Mistry, project manager of International Conferences and Exhibitions (IC&E) and Dubai International Coffee & Tea Festival, explains

The UAE lies at the center of a vibrant coffee and tea industry in the Middle East. Aside from its high level of consumption, the emirates also serves as a re-export hub for hot drinks, including coffee and tea, along with other, similar beverages. According to a report released by the Brazilian Export and Investment Promotion Agency (Apex-Brasil), the country exported coffee and tea worth USD 368.7 million in 2015, 42.7 percent of which went to Saudi Arabia, Russia, Kuwait, Oman, Qatar and other key international markets.

While coffee still accounts for a bigger chunk of the UAE's total hot beverage sales, tea and other powder-based hot drinks have been steadily catching up over the year, the report further notes.

The same Apex-Brasil study shows that the local hot drinks market will be worth USD 1.01 billion in 2019, up from USD 774.5 million in 2015.

Additionally, industry experts are confident that the UAE's coffee market alone will experience more than 30 percent growth over the next four years, due to a continuous upsurge in demand. Zagat, the F&B online resource, has calculated that more than 4000 tea and coffee houses are now operating in the country, serving 82 percent of the population who admit to drinking coffee daily.

New tastes and demands

Young consumers with high disposable income in the UAE are the main market influencers and growth drivers, prompting companies to offer new flavors and ingredients with a modern twist to satiate this key segment's tastes and demands.

Specialty coffees, such as organic varieties, as well as teas known for their health benefits, are fast gaining ground in the region, supported by growing numbers of consumers who are now looking for healthy food and beverage choices and alternatives. Apex-Brasil says it is for this reason that beverages such as fruit tea, Italian coffee and hot drinks with added vitamins and minerals will remain a draw for consumers. The Tea Company's new brand of loose leaf tea is another example of a healthier alternative beverage, as is the Cold Brew Green Tea. Both have no artificial flavors or chemicals. Cold Brew Green Tea is stored in a refrigerator to bring out its sweet and smooth taste. Cold-brewing is also seen as environmentally friendly, since it eliminates the water heating process, thereby

promoting energy conservation.

Other varieties of drinks that are becoming more popular among bolder coffee and tea lovers include the specialized nitro coffee beverages, which are perfected by adding nitrogen to cold brew coffee; coffee-infused teas, which are created by drying the coffee cherry husk and mixing it with tea blends; and the healthy mushroom coffee drinks, which are prepared by adding mushrooms to the blend. With the mushroom flavor hardly noticeable, the latter is not only nutritious but also calming, eliminating the risk of coffee jitters.

A focus on health

Healthy alternatives are just one of several influential trends that are reshaping the regional market. Aside from a sharper focus on these beverages, the regional market has also taken a keen interest in sustainability initiatives. Take, for instance, Dubai, where efforts are being deployed to reduce waste and raise environmental consciousness among citizens and residents. As an example, coffee shop owners, in line with Dubai Municipality's directives, are encouraging patrons to bring their own mugs or cups when ordering their favorite drinks, in a bid to help reduce the use of disposable cups across cafes. Many outlets across the UAE are following suit, as part of their initiatives to become responsible corporate citizens of the nation. Other regional market trends include home roasting and sourcing of green beans from China.

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TEA SOMMELIERS IN THE MIDDLE EAST

Despite the fact that tea is firmly entrenched in Middle Eastern culture, questions have been asked about the beverage's current status and its future in the drink segment. **Anfal Fekri**, founder of Silver Tea Leaf Consultancy (STL), the first regional establishment of its kind to help elevate the standards of tea in the hospitality sector, sheds light

Long an essential part of Middle-Eastern culture, tea is the second-most-consumed beverage after water. Black and green teas are favored regional varieties, with the most common additions being milk, sugar, mint and spices. Even with new trends, like the introduction of ice-tea, flavored and blends of teas, alongside 'karak' (tea with milk), the preparation of traditional teas continues to flourish today.

Silver Tea Leaf has been collecting and analyzing data relating to the overall perception and consumption of tea since

2013, while also exploring the topic of whether tea sommeliers could emerge in the region to help innovate in the hospitality industry.

Tea consumer: research and analysis

At the start of our research journey, we had a few areas that we were keen to cover, led by consumers' norms and behaviors around tea and their taste and palate expectations.

We were able to survey a sizeable quota of respondents in Bahrain, with the aim of understanding a variety of behaviors and norms around tea. These were the results:

1. 40 percent of respondents take their tea in the morning, while 24 percent drink it in the afternoon on a daily basis. The remaining 36 percent like to have tea on different occasions and at alternative timings.
2. The majority (81.6 percent) of people purchase their tea from supermarkets, while the remainder prefer to obtain it from different sources, either online shops, hotels and restaurants, or while abroad during their travels.
3. The top three decisive factors for

purchasing tea are: quality (57.9 percent); flavors available (15.8 percent); and price of the product (7.9 percent). The remaining criteria were distributed proportionally on: packaging design, decaffeinated options, organic and fair-trade brands.

4. The top additions to tea are: milk, sugar, mint and spices.

STL also undertook a palate evaluation during its workshops and events in which it looked at tea's role at various occasions and different aspects of taste and palate. As part of the evaluation, consumers were divided into three groups to test and taste a variety of products and share their experiences.

The first cohort of respondents was asked to taste two samples of one type of tea, with one test cup prepared in the correct way and the other over-steeped.

In a separate evaluation, the second group tasted five varieties of tea, while wearing blindfolds. Meanwhile, in the third test, tasters sampled tea paired with a variety of flavored chocolates and were asked to compare the taste of the chocolate before and after consuming their tea.



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From the first batch of tasters, just 37 percent of tasters preferred the tea that was perfectly steeped, taking time to appreciate its taste and mouth-feel, while 63 percent liked the second sample, even though the tea was over steeped and very bitter and dry. These reactions suggested that the tasters had certain preconditioned expectations about the tea and judged it on the intensity of the bitter flavors and the color of the cup.

Members of the second, blindfolded cohort conducted a tasting experiment in which they were asked to describe the taste and mouth-feel of perfectly steeped tea. From the group, 76 percent were able to identify and appreciate the differences in tea sampled, having had the advantage of a heightened sense of taste and smell, thanks to the blindfolds.

The third testers were given three varieties of chocolate, each paired with a different type of tea. Over 80 percent of participants noticed the difference in taste and texture of the chocolate before and after consuming their tea. Many of them said they were astonished by the results.

“The time is ripe for the Middle-Eastern hospitality sector to consider how it can kick-start the effective sharing of knowledge and expertise related to tea”

The evaluations revealed several insightful results. In the first tasting, the outcome indicated that knowledge and education levels among consumers around tea remain at a very basic, with samples judged favorably solely on the intensity of color and strength of bitterness. However, the second and third cohorts showed themselves able to step outside of their comfort zone and enjoy tea prepared and steeped in the correct manner, while simultaneously discovering new tastes and flavors in other food that suits being paired with tea.

Tea sommelier: a key component in the Middle-Eastern hospitality sector's future

STL has also been evaluating the overall operations and educational aspect of tea in the hospitality and restaurant sector. Throughout our research and observation, we have noticed the need across the sector for a strong presence of professional and well-trained tea sommeliers and tea stewards who understand every aspect of the drink, what's involved in managing and running a tea lounge and, most importantly, the palate of demanding customers.



We also concluded that while consumers in this region demand diversity and innovation in the food and beverage products and services offered by the hospitality sector, they still want authenticity and tradition when it comes to the various methods of tea preparation across the range of Middle-Eastern countries.

The role of the tea sommelier is to provide the most suitable choice for the consumer and also recommend pairing options for a dish or tea. The role of the tea steward is another crucial one, requiring an understanding of the types of tea and the ability to differentiate between caffeinated and non-caffeinated teas in order to best

serve the consumer. The steward is also responsible for preparing and steeping tea at the right temperature and for the correct amount of time.

The time is ripe for the Middle-Eastern hospitality sector to consider how it can kick-start the effective sharing of knowledge and expertise related to tea as a means of driving the segment forward. In scenarios where consumers demand more alternatives and options for consumption, hotels and restaurants should consider recruiting additional tea sommeliers and stewards. Hospitality schools should also play their part by providing a comprehensive education around tea preparation and serving. silvertealeaf.com

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