

# Hospitalitynews

## MIDDLE EAST

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## FRANCHISES IN THE MIDDLE EAST FLYING HIGH

### 80 LEBANESE RISING STARS

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# FRANCHISES IN THE MIDDLE EAST

## IMPORT VS. EXPORT



In the Middle East, food concepts are more often imported than they are exported. However, although the region has never really been a trendsetter in the Food and Beverage (F&B) business, there are franchise opportunities for local and Oriental food concepts. **Nagi Morkos**, managing partner of Hodema consulting services explains

### INTRODUCING FRANCHISES IN THE MIDDLE EAST

The Middle East is a complex regional market. Close to 400 million inhabitants live in over 15 countries in utmost disparity: the GDP per capita varies between USD 2,500 in Yemen to over USD 100,000 in Qatar. This heterogeneous context makes it difficult for a brand to adapt to many different markets at the same time.

In the past, the Middle East has never been a trendsetter as far as F&B was concerned. The region has always been an importer of food trends either from Europe, America or from Asia. In the case of Asian foods, recipes and concepts were rarely directly imported from Asia; they were usually adapted to Western taste before they became popular in the Middle East. This is the case for instance of Japanese sushi or, in terms of brands, of the Chinese dining P.F. Chang's, which has over 15 stores in the Arab world.





















### GIANT INTERNATIONAL FRANCHISE OPERATORS

International brands such as McDonald's and/or Starbucks have entered the Middle East by selling their territory rights to a few giant franchise operators like Al Shaya, Americana or the Lebanese group Azadea. These groups offer multiple advantages to the brand owners. Most of them own malls and provide the F&B brands with prime locations. They also centralise the brands' expansion throughout the whole region. Apart from that, these groups weigh heavily on the market and can insure prime location even when they don't own it; as in the case of Al Shaya who runs 627 Starbucks outlets in the Middle East. No local or regional brand can claim having that many stores. By comparison, the biggest Saudi chain, Kudu, counts around 200 outlets while McDonald's has 807.



# TOP 20 FRANCHISES IN THE MIDDLE EAST

UAE, KSA, KUWAIT, QATAR, OMAN, BAHRAIN, JORDAN,  
EGYPT, LEBANON AND TURKEY

<b>1</b>		<b>McDonalds</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 807</b> <b>World 36,000</b>
<b>2</b>		<b>KFC</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 759</b> <b>World 14,197</b>
<b>3</b>		<b>Starbucks</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 627</b> <b>World 23,043</b>
<b>4</b>		<b>Baskin Robbins</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 526</b> <b>World 7,546</b>
<b>5</b>		<b>Subway</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 506</b> <b>World 42,227</b>
<b>6</b>		<b>Dunkin' Donuts</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 390</b> <b>World 11,568</b>
<b>7</b>		<b>Pizza Hut</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 304</b> <b>World 15,605</b>
<b>8</b>		<b>Hardee's</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 263</b> <b>World 2,086</b>
<b>9</b>		<b>Herfy</b> Country of origin <b>KSA</b> Nº of outlets <b>Middle East 260</b> <b>World 260</b>
<b>10</b>		<b>Burger King</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 255</b> <b>World 13,000</b>
<b>11</b>		<b>Domino's Pizza</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 223</b> <b>World 12,100</b>
<b>12</b>		<b>Costa Coffee</b> Country of origin <b>United Kingdom</b> Nº of outlets <b>Middle East 208</b> <b>World 3,080</b>
<b>13</b>		<b>Kudu</b> Country of origin <b>KSA</b> Nº of outlets <b>Middle East 200</b> <b>World 200</b>
<b>14</b>		<b>Little Caesars Pizza</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 173</b> <b>World 4,000</b>
<b>15</b>		<b>House of Donuts</b> Country of origin <b>KSA</b> Nº of outlets <b>Middle East 133</b> <b>World 133</b>
<b>16</b>		<b>Papa John's</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 131</b> <b>World 4,600</b>
<b>17</b>		<b>Cinnabon</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 120</b> <b>World 1,307</b>
<b>18</b>		<b>Krispy Kreme</b> Country of origin <b>United States</b> Nº of outlets <b>Middle East 111</b> <b>World 1,000</b>
<b>19</b>		<b>Dr. Cafe</b> Country of origin <b>KSA</b> Nº of outlets <b>Middle East 96</b> <b>World 104</b>
<b>20</b>		<b>Tim Hortons</b> Country of origin <b>Canada</b> Nº of outlets <b>Middle East 78</b> <b>World 4,304</b>

## LEBANESE CUISINE, LOCAL CUISINE AND MODERNIZED ORIENTAL FOOD

Some concepts are very popular in the Middle East, but their development is still quite unknown outside the region. This is the case of F&B brands such as the Lebanese fast casual concept Zaatar W Zeit. To better target international customers and expand worldwide, entrepreneurs and people from the Middle East need to focus on what makes them unique. There is no point in trying to sell burgers to the Americans, pizzas to the Italians or sushi to the Japanese; their competitive advantage lays in what they know best: Oriental food. In order to succeed in franchise, Arab entrepreneurs should focus on local cuisine and modernized Oriental food. We identified three "franchisable concepts" that carry a large potential for development.

### • Modernized Oriental street food

Oriental street food mainly consists of affordable tasty sandwiches. Local brands such as the Lebanese Zaatar w Zeit, or Emirati Man'oushe Street are innovating by emphasising on new and healthier recipes as well as on branding and packaging. Another example is Shawarmanji, specialising in shawarma as its core product, which was launched in 2012: today the

brand aims at becoming the world's most popular shawarma restaurant. So far, it has registered in 50 countries and aims to open 150 shops by 2017.

### • Lebanese cuisine

For most people in the world, Lebanese cuisine is the flagship of Oriental food. It is usually associated with the idea of sharing and conviviality. It also has the advantage of offering many vegetarian and healthy options.

### • Local based cuisine

These are home-grown concepts based on the country's local cuisine with a special touch in the way of presentation or in recipes; blending for example traditional dishes with Western products. These concepts promote a modern image of the country's cuisine while remaining loyal to its roots. Examples of such outlets include Logma in the UAE, Khaneen in Kuwait, Semsom in Lebanon and Lebanese-Armenian Al Mayass.

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