



Qatar's rising hospitality sector



Elie Ghattas, consultant at hodema consulting services, takes a closer look at Qatar's diverse and expanding food and beverage industry

Qatar is currently witnessing a period of fast and impressive economic growth. The fact that the country is the third largest global natural gas producer, preceded only by Russia and Iran. In addition, Qatar has the world's 12th largest oil reserves. These natural resources accounted for 58.3% of the country's GDP in 2011.

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Qatar's GDP per capita almost doubled from USD 44,292 in 2004 to reach USD 92,501 in 2011, making it the third richest country in the world, immediately after Luxembourg and Norway. Compared to other countries in the GCC, Qatar is at the top of the list. According to Qatar's Statistic Authority, trade, restaurant and hotel activities account for approximately 6% of the country's total GDP.

Boom of the tourism and real estate sectors

Qatar is becoming a hotspot for financial, cultural and tourism investors. Doha International Airport is currently being expanded to have the capacity to handle 50 million passengers per year, compared to the current figure of 12 million passengers.

Additionally, the Doha metro project is expected to be completed by Q1 2015 and will consist of 4 lines interlinking the main areas of the capital. Qatar Tourism Authority is also investing in sites such as the USD 3 billion Museum of Islamic Art, designed by world famous Japanese architect Pei, renowned for his inspirational modern wing of the Louvre in Paris. Other cultural spots include the Photography Museum, the National Library and the traditional Souk Waqif area.

With the FIFA World Cup taking place in Doha in 2022, ten new stadiums are currently being constructed to host soccer fans from all over the globe. Other high profile projects are being developed to accommodate the future influx of expatriates and tourists.

In the hospitality sector, there are plans for over 85,000 hotel rooms. In the real estate sector, the main projects are The Pearl Qatar - an artificial island consisting of residential buildings, 5-star hotels, upscale retail, Food and Beverage (F&B) outlets and a marina, as well as

Msheireb Downtown Doha, an eco-friendly city center focusing on sustainable energy, which includes residential buildings, retail stores and F&B outlets.

Drivers of the F&B industry

Qatar's booming economy is attracting an increasing number of young expatriates who enjoy a high standard of living and are driving the F&B industry in the country. Doha, the country's capital and largest city, hosts more than 45% of Qatar's population. This group is young with a median age of approximately 31 years, wealthy, well travelled, exposed to other cultures and represents the main demand for F&B concepts. Other drivers for the F&B sector are the city's hot and dry climate with low annual rainfall, and limited cultural, social and sports events, which encourage indoor activities such as shopping and dining out.

These factors also explain the existing and upcoming number of malls hosting most of the city's F&B concepts. Correspondingly, Doha currently has around

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10 operating malls, the major ones being City Center Doha, Landmark and Villagio, which together, gather 105 F&B outlets. Additionally, given the growing population and in order to be ready for the 2022 FIFA World Cup, new malls such as the North Gate, Doha Festival City, Ezdan, Al Markhiya and the Gulf Mall are currently being constructed and will include numerous F&B outlets.

Main F&B hubs

Malls are not the only F&B destinations. Clusters a geographic concentration of adjacent F&B outlets holding at least three F&B units within a short walking distance from each other, each having a distinct design, menu and seating area are also popular in Doha, such as Souk Waqif - a historical landmark with low-end market positioning and one of the biggest F&B hubs with 42 operating outlets. Katara Cultural Village and The Pearl Qatar both host a majority of mid to high-end F&B brands. Combined, the two dominate the F&B market with 76 outlets in total.

In addition to The Pearl Qatar and its neighborhood, another main F&B area in Doha is the intersection of the C-ring road and Al Salwa road, which is surrounded by banks, residences and offices that contribute to it being an F&B destination. However, Doha’s main area remains the West Bay, a major business hub, with several alcohol licensed 5-star hotels and their restaurants.

F&B groups in Qatar

Given the development in the city’s F&B market and the growing number of malls, major F&B key players such as the Kuwaiti groups Americana (Hardee’s and T.G.I. Friday’s) and Al Shaya (Starbucks, Pinkberry and Asha’s) have penetrated the market and currently operate 43 and 23 F&B outlets respectively. As for the local players, the main ones are the Hospitality Development Company, Al Muftah and Al Jassim Groups.

A diversity of cuisines

Qatar has become a melting pot of cuisines with more and more emerging international franchises in the market (Elevation Burger and Wagamama). However, international and American cuisines remain the most popular and represent over half of the total number of outlets in Doha. Due to Qatari and Arab nationals’ exposure to the Lebanese culture, current F&B trends show that there is an increasing preference for this cuisine, which also contributes to the popularity of shisha concepts in the city.

As for the outlet categories, approximately half of the local F&B market consists of full-service restaurants. Coffee shops which are popular, partly because of exponential shopping trends that have led to a rise in mall traffic, are still in demand. Hence, the increase of local and international coffee shop brands (Sugar & Spice, Starbucks), which are considered as casual social venues and represent 18% of the F&B outlets in Doha. Quick-service restaurants are

highly appreciated by modest income expatriates and are found mostly in food courts of major malls around Doha. This trend is forecast to continue, given the rising number of malls in the city.

Compared to other main cities in the GCC region such as Dubai and Abu Dhabi, the customer dining culture in Doha tends to lean towards hotel restaurants rather than stand-alone restaurants, given the quality of food served and the availability of alcohol in licensed hotels.

Goals, challenges and gaps

Doha’s F&B market is still in its development phase, but promises a brighter future. The growth of the F&B industry is highly supported by the increasing population, in addition to the continuous development of malls and F&B clusters, which are becoming a part of the modern day culture for Qataris and host more than 60% of the total F&B outlets in the capital. New destinations are currently being

added as the country prepares to host the 2022 FIFA World Cup.

While Qatar seems to be developing at a pace that is on par with other countries in the region, certain challenges persist, such as the struggle between the conservative and modernist parties in the nation. This is evidenced by the January 2012 alcohol ban at The Pearl Qatar, which has led to the closure of several F&B outlets, including Maze restaurant of the renowned celebrity chef Gordon Ramsay.

Despite this, and although there is a variety of F&B concepts in Qatar, there are still certain gaps in the market including European-style cafés, American diners and pizzeria/trattoria concepts. Due to the high influx of foreign nationals to Qatar and the expanding multinational corporate sector, these are predicted to become F&B success stories in the near future.

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