

Hodema news #10

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Hodema celebrates its 10-year anniversary in 2014!

Written by Nagi Morkos, Managing partner at Hodema consulting services

In 2014, Hodema is celebrating ten years of existence. Ten years of exciting projects, beautiful encounters, managing creative people and creating landmarks venues in Lebanon and abroad.

When in August 2004, my former partner Karim el Asmar and myself set up a consulting company specialized in hospitality, retail and real estate, we were far from imagining that our small structure would go all that way. But it did: within a decade, Hodema team grew from two to twenty multilingual consultants, with a strong background in hospitality, leisure, tourism, retail and real estate, along with high-profile academic degrees. Thanks to the varied experiences of Hodema consultants, analysts and managers, our company has become a reference in the regional market: in a 10 year timeframe, we have created, implemented or franchised over 300 projects, many of which valued over US \$100 million.

These ten years were also filled with challenges and adrenaline rushes. First, we have always had to take into account Lebanon's political turmoil and chronic instability: Hodema was founded in 2004, only a few months before Prime Minister Rafiq Hariri's assassination, and two years prior to the 2006 war between Israel and Lebanon. These events, which triggered a series of bombings, the recurrent unrest and the unsteady situation that has been prevailing in the country since then, could have been discouraging factors to any business related to the hospitality, tourism and retail industries.

But it hasn't. The other main challenge is the hospitality consultant job in itself as consulting is traditionally more often associated in people's minds with finance, or human resources. Indeed, when Hodema was born, the consultancy profession was a blurry concept with a majority of Lebanese and Middle Eastern investors not feeling the need for professional guidance to start their hospitality business. Before selling their services, hospitality consultants first had to market their role and added value in building the client's venture long term success. However, today the boom of the sector supports demand for professional expertise in hospitality. Since the global financial crisis, Arab investors started

putting their large cash flows in the Middle Eastern markets and turned to the hospitality and F&B sectors, seen as safe havens. Lebanon is considered by Gulf businessmen as a showcase for Food & Beverage (F&B) concepts and an attractive market for many retailers. This, as Lebanese restaurant owners have gradually realized that running their business abroad could be a successful exit strategy in the event of political trouble in Lebanon. In addition to that, the Lebanese hospitality market remained dynamic and witnessed the creation of numerous F&B brands. All these factors combined required a more professional approach to establishing a business.

With the huge success of foreign chains in Lebanon and Lebanese chains in the Gulf, Hodema has become an expert in franchising processes, and is one of the key specialists in the Lebanese Franchise Association (LFA). We provide services to concepts and brands wishing to expand abroad, such as the elaboration of operating and franchise manuals. We offer A to Z packages, customized solutions and creative concepts to all types of companies whether flagship or franchised outlets, with the support and collaboration of leading lawyers, architects, brand builders and designers in the region. In addition to this, our expertise also covers the market and feasibility studies, concept development,

strategic consulting, operational support, training programs, and quality control. Hodema's know-how covers the entire hospitality spectrum. It ranges from hotels to spas, restaurants,

tourism, and retail ventures. We also provide analysis and support for real estate projects, sometimes intertwined with hospitality components. Our slogan «Building value for your company» shows our ongoing commitment to ensure long-term growth and success.

Hodema consultants also keep abreast of the ever-changing international health and safety regulations, which we are strongly advocating throughout the Middle-Eastern and African markets. We have published a practical guide on HACCP issues in English, French and Arabic, entitled 'Food hygiene and safety - Application of the HACCP method', in collaboration with Apave Liban, key experts in risk control. This guide helps professionals in the restaurants and hotels industries in the Middle East and Africa region to meet

international standards and establish good manufacturing practices. Besides, Hodema has co-founded the Hospitality Consultants Association (HCA Lebanon), a non-profit organization that meets the needs for competent, unbiased advice, and professional guidance on the diversified problems which the hospitality industry in Lebanon faces.

Hodema is also a regular contributor to leading local economic and hospitality magazines such as the monthly Le Commerce du Levant and Hospitality News Middle East in Lebanon. Our yearly special issue on restaurants, cafes, snacks and bars in Beirut published in association with Le Commerce du Levant since 2010 is now a key reference for the local hospitality industry.

As a global solution provider, we are present all over the region. Initially in Beirut, we started expanding in the Levant then the Gulf countries with a permanent office in Jeddah and soon in Dubai. Last year, we entered the African market with projects in Djibouti, the Democratic Republic of Congo, Nigeria and Ghana. Today, we are active in up to 16 countries and advise large scale corporations in Lebanon and the Middle East such as Emaar, M1 Group, Solidere, ABC mall, Bank Audi, Khalil Fattal & Sons among other clients.

So, with this satisfactory track record, what should we consider for the next decade? In the next ten years, I hope we will witness a prosperous, peaceful and stable Lebanon, where we can achieve as much as we did since the creation of Hodema, and even go much further, by reinforcing and consolidating our activities in the Middle East, expanding our projects in promising Africa and, if opportunities arise, set a foot on other international markets.

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Interview: **Tania Ezzedine**

Head of Retail and Marketing Division at ABC Group



Tania Ezzedine graduated from ESSEC Business School (Ecole Supérieure des Sciences Économiques et Commerciales) in France with a focus on marketing for luxury goods (LVMH chair). With commendable credentials throughout her career, she has more than 17 years of experience in strategic marketing and retail. She held several managerial positions in LVMH Paris and L'Oréal Liban whereby she led several successful launches in Lebanon in the consumer goods division and the luxury product division.

In 2005, she joined ABC Group to implement the marketing division that she has developed along with the visual merchandising department. Moving to other executive functions, she headed the corporate services department (Finance, IT and HR) with a record of success and development in cost management and improvement of the overall organization and processes.

Mrs. Ezzedine is now leading the retail and marketing division at ABC Group since 2010. In her current function, she is responsible for the retail business unit Profit & Loss (P&L) and manages a team of over 60 employees from buying, supply chain, warehousing and marketing functions. She plays a major role in the internal committees and mainly in the brand mix strategy, branding, market research and overall positioning. She is also very active in the company's business development mostly in the new ABC Verdun project. She is as well in charge of ABC Corporate Social Responsibility (CSR) strategy, supporting several NGO's in the past few years.

Can you briefly describe ABC group (number of malls, number of retail outlets, number of restaurants, expansion plan, etc.)?

ABC is the premiere shopping destination in Lebanon. It is the oldest and leading retailer in the country. It currently operates two flagships in prime locations, Ashrafieh and Dbayeh, ABC Ashrafieh being the first open air mall to meet international standards in the region. The latter has 22 restaurants and cafés, and Dbayeh hosts 14. ABC is home for around 250 retail outlets in Ashrafieh and 150 in Dbayeh. The expansion plan includes the new project of ABC Verdun expected to open in 2017.

How do you perceive the Lebanese market with regards to malls?

The mall business has expanded considerably since the inauguration of ABC Ashrafieh mall in 2003. We were the first to introduce the concept of a mall as a lifestyle destination in Lebanon. ABC's success has led others to follow us on this journey and each mall has positioned itself in a different way to target a specific group of customers. This differentiated positioning for each has segmented the market, and the numerous malls in the country changed the Lebanese customers' behavior in terms of shopping and entertainment.

What are the main challenges that ABC group is facing?

Like any other group today, our main challenge is to operate in an unstable environment and a very difficult economic situation. It is becoming increasingly difficult to plan properly. Besides the situation, our challenge is to remain Lebanon's favorite brand by continuously providing the best customer experience which includes the service excellence and the brand mix. Therefore we strive to ensure the best possible service and always offer our customers novelty along with innovative brands and concepts.

What are the challenges facing Lebanese malls and their Food & Beverage portfolios?

In regards to Food & Beverage portfolio in malls, I would say that the main challenge is to offer a qualitative unique mix. Today, you find the same Food & Beverage brands in all the malls and the main challenge is to propose a differentiated offer and lock the best in class Food & Beverage outlets.

It also depends on the overall atmosphere of the mall. Each one has to create a distinctive mix and signature when it comes to Food & Beverage. The offer has to be in line with the mall positioning and customer expectations.

Can you describe the projects that Hodema is assisting you with?

Hodema consultants have been working with us on a new Food & Beverage strategy for Ashrafieh mall including the review of the current mix along with a specific new scheme to select new brands. Recently, we also appointed them on the ABC Verdun project as part of our consultant team.

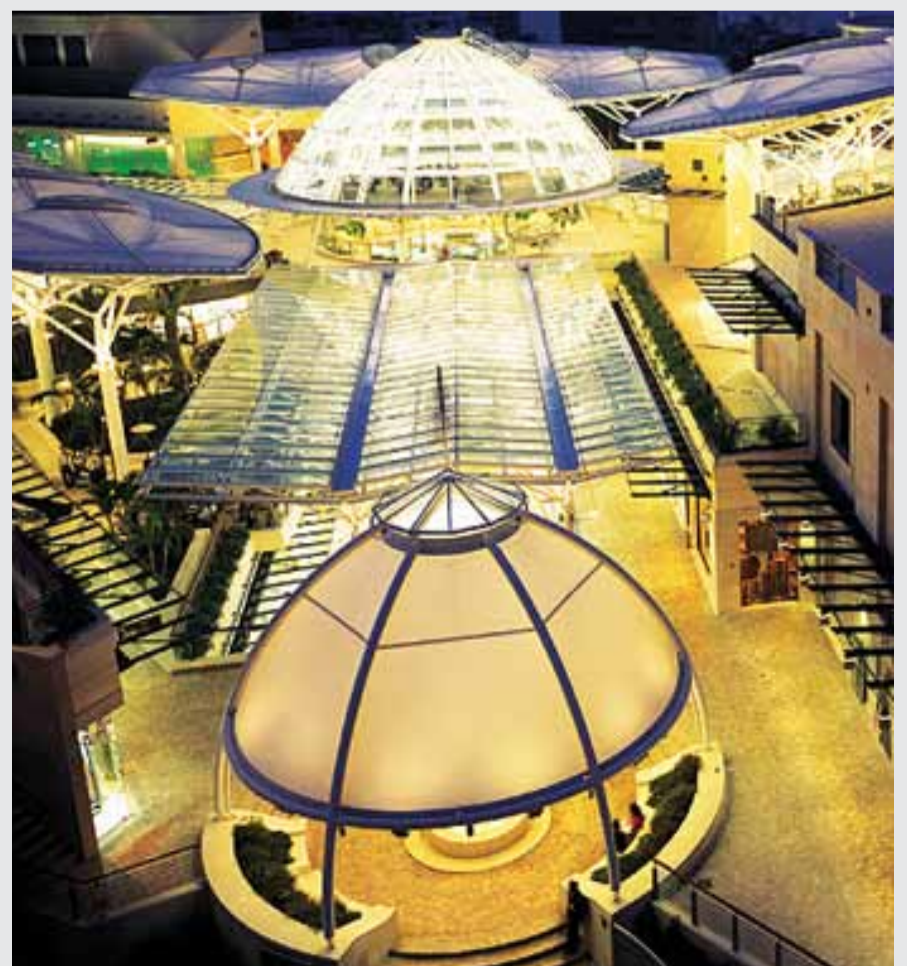
In your opinion, what is Hodema's added value?

Hodema has a very strong expertise in the Food & Beverage industry with a deep knowledge of all the market trends as well as the Food & Beverage operators present locally and internationally.

What are ABC group's future plans?

On the short term, we will be enhancing Ashrafieh mall brand mix with new anchor stores like Victoria's Secret and Zara, a new mall square for Ashrafieh merchants as well as a new kids' playground. We will also be renovating ABC Ashrafieh department store and upgrading its environment. On the longer run, we are expanding our business by opening another flagship ABC in Verdun area. With this third mall, ABC's catchment area will increase to cover around two-thirds of the Lebanese population.

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PROJECTS

Furnished Apartments and Office Building Beirut, Lebanon

Hodema assisted in the development of a mixed-use project in Kantari area. Hodema evaluated the financial opportunity of developing residential and furnished apartments along with business offices. Accordingly, Hodema defined the concept of a contemporary mixed-use project consisting of furnished apartments and retail, with Food & Beverage categories and brands to be included in the project's commercial space.



Lebanese Restaurant Iraq

Hodema performed a market study in Iraq for the implementation of a Lebanese cuisine restaurant concept. The study that was conducted in Bagdad and Erbil, analyzed the market potential as well as its current restaurants supply. Hodema also developed a business plan with financial projections in both cities for the implementation of a typical Lebanese restaurant concept.

Fred Bistrot Beirut, Lebanon

Hodema was appointed by the owners of La Table D'Alfred, the high end gastronomic restaurant located in Beirut, to perform a market study to define the demand for a mid-end restaurant in Beirut. Based on the market findings, Hodema assisted in the creation of Fred concept, a French bistrot positioned in the mid-end segment, developed the financials, followed up on the interior design and branding to ensure their consistency with the new concept, and finally assisted the owner in the menu pricing. Fred opened in May 2013.



F&B Cluster Muscat, Oman

Hodema analyzed the "restaurants clusters" market supply in Muscat, Oman, prior to the development of a Food & Beverage cluster project. The study analyzed the market potential along with the consumers' trends and psychographics factors. Hodema identified the ideal location for the project.

Al Mayass Restaurant Beirut, Lebanon

Hodema provided franchise support for the Armenian family owned restaurant located in Ashrafieh, Beirut. Al Mayass opened outlets in Kuwait, Qatar, the UAE and the USA, as well as in Saudi Arabia. For the latter, Hodema assessed the company's current franchise department and legal structure, and assisted in the negotiation process for the master franchise. Hodema also developed operating and illustrated training manuals.



Dardachat Café Beirut, Lebanon

After finalizing the brand's franchise documentation, Hodema was requested by Dardachat, a Lebanese Café renowned for its homemade quality food and friendly atmosphere and located in Ain el Mreisseh, Batrakieh and Verdun, to assist them in the set-up of their franchise department and the review of their franchise legal agreement.

Flamingo Cluster Kuwait

Hodema studied the "restaurants clusters" market in Kuwait, in order to develop a Food & Beverage cluster including 20 restaurants and coffee shops over a 5.000 sqm plot of land. Following the market study, Hodema developed in collaboration with the architects the project's master plan and proposed the tenant mix.



La Siesta Resort Khalde, Lebanon

Hodema worked on a mixed-use project located on the seafront of Khaldeh in Mount Lebanon. The mission included an assessment on the project's location and an overview of the beach resorts market supply in Lebanon. Based on the study's findings, Hodema developed a concept for the mixed-use project including serviced furnished apartments, a banquet area, a pool and beach club, a kids' area and Food & Beverage outlets. Hodema also elaborated the business plan and financial projections of the project.

Flagship Restaurant and Lounge Dubai, United Arab Emirates

Hodema performed a market study in Dubai for private Lebanese investors who wish to invest in a restaurant lounge concept in the city. The study included a detailed mapping of all the restaurant-lounges in Dubai, and an analysis of the current supply positioning, pricing, entertainment and menu offer. Hodema also developed a business plan and financial projections for a typical restaurant-bar in Dubai, taking into consideration the local construction benchmarks, consumer trends and volume of local demand.

Crumz Bakery Amman, Jordan

Hodema assisted the all-day restaurant and bakery café "Crumz" in getting ready for franchising by setting up its franchising department and developing operating manuals. The Jordanian brand, popular for its breakfasts and afternoon gatherings, benefited from Hodema's ongoing technical support and onsite job training. Hodema also established Crumz strategic expansion plan in the region.



Maki Restaurant Kuwait

Hodema elaborated the operating manuals of Maki, the contemporary Japanese fusion cuisine restaurant concept which operates one outlet in Bahrain and four in Kuwait. Maki appointed Hodema to develop its franchising department and the related operating manuals required for the brand's regional expansion.

Furnished Apartments and Residences Beirut, Lebanon

Hodema was requested by private investors to perform a market study, and review architectural layouts for the implementation of a mixed-use project in Ashrafieh. The study covered existing and future supply and demand of furnished apartments in Beirut. Hodema created the project's concept to include residential apartments, furnished apartments and a commercial space, and developed its business plan.



Nikki Beach Dammour, Lebanon

Hodema developed a full market and feasibility study for the international beach club brand Nikki Beach which was planned to open in 2015. The market study included the profiling of 150 beach club/resorts in Lebanon. The purpose of the study was to determine Nikki beach's eventual positioning on the Lebanese market and the investment cost in their selected location in Dammour, few kilometers South of Beirut. The results of the feasibility study were used by Nikki Beach to validate their initial assumptions based on the Lebanese market specifications.



PROJECTS

Fleuron Lebanon

Hodema reviewed the franchise offering proposal of Fleuron, a refined pastry, chocolate and ice cream retail and catering concept. Hodema also assessed the company's central kitchen, flagship outlet and the five franchised points of sales in Lebanon including their premises, operations, concept, branding, marketing strategy, and financials. Hodema presented a set of recommendations for the operations' improvement, provided the owner with ongoing assistance in the human resources' operations and management, and helped in the recruitment of the management team.

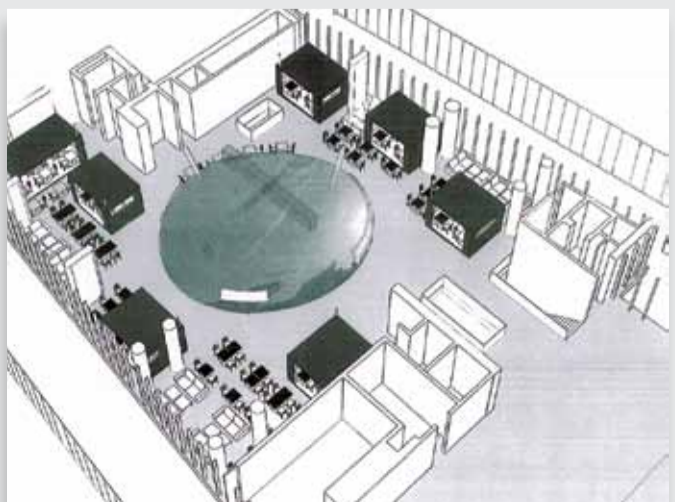
Deera Café Jeddah, Saudi Arabia

Hodema assessed the operations of Deera Café, an oriental coffee shop in Jeddah, KSA. The mission included an evaluation of the concept components, the menu offering and the operational performance. Hodema was then requested to develop the brand's set of operating manuals with the aim of franchising the brand.



Beirut Souks Beirut, Lebanon

Hodema assisted Solidere with the development of the Food & Beverage component of the Beirut Souks phase II which also includes 14 movie theatres and their concession areas. Hodema analyzed the food courts and the food clusters market in Greater Beirut malls, assessed both options including the project's architectural layouts, and provided recommendations on the most suitable solution for this location. Based on the findings, Hodema defined the concept of Beirut Souks' food court including the number of outlets and cuisines mix, and proposed a list of potential F&B operators. Hodema also provided recommendations on technical and design requirements as well as legal guidelines for the food court development.



NordSud Restaurant Qualamoun-Tripoli, Lebanon

Hodema developed a flagship international restaurant and coffee shop in Tripoli, Lebanon. Hodema started by assessing the project's location and conducting a study of the Food & Beverage market in Tripoli. Hodema also coordinated the architecture, interior and graphic designs, and assisted in the menu engineering and the recruitment of the management team.



Beach Resort Halat, Lebanon

Hodema undertook a mission for a group of investors planning to develop a project on a plot of around 5000 square meters situated on the Mediterranean Sea front in Halat, Keserwan district. Hodema conducted a full study of Lebanon beach market, in which it identified a hundred beach properties on the Lebanese coast as part of the country's existing supply. Based on its findings, Hodema developed the concept of a mixed-use project including a small boutique hotel, an open grill restaurant and a beach lounge club. The project will be completed by the summer of 2015.



Source: Youssef Tohmé Architects

King Abdullah Economic City Jeddah, Saudi Arabia

Hodema was appointed by Emaar The Economic City to assist in the development of three Food & Beverage outlets in various locations within King Abdullah Economic City (KAEC) in Jeddah. Hodema assessed the current Food & Beverage supply in KAEC, and the locations selected for the projects. It is currently developing Food & Beverage concepts for each location, and assisting in their implementation by sourcing and coordinating with the interior designers, brand builders and third parties. A business plan and financial projections will be elaborated for each outlet.



Tavolina Restaurant Beirut, Lebanon

Hodema assisted in the development of an Italian trattoria in Mar Mikhael. Hodema provided ongoing strategic support prior to the outlet's opening. Tavolina opened in June 2012.



Criollo Café Jeddah, Saudi Arabia

Hodema performed an assessment on the operations of Criollo café in Jeddah. The study covered an evaluation of the concept components, menu offering and operations for its two locations and its central production facility. Hodema was then requested to develop the outlet's set of operating manuals in order to franchise the brand in KSA and the GCC region.

Commercial Center Beirut, Lebanon

Hodema is working on the renovation of a mixed-use project including commercial spaces and offices in Beirut Central District. Hodema assessed the commercial space layouts and location and performed an overview of the retail market in BCD. In addition, Hodema defined the commercial space concept positioning and target clientele, and advised on the retail strategy of the commercial space including the tenant mix, the brands to select and the optimal rental prices.



Restaurant and Lounge Kuwait

Hodema was selected by a private investor to assist in the development of a khaleeji cuisine restaurant and lounge in Kuwait. Hodema assessed the concept interior design and branding components, menu offering and kitchen design, and assisted in the recruitment of the staff. Hodema will be in charge of developing the outlet's operating manuals and the strategy of the geographical expansion of the brand.

Casper & Gambini's franchise Kurdistan

Hodema negotiated on behalf of a Lebanese investor to acquire Casper & Gambini's franchise to Kurdistan. The mission included the review of the franchise agreement and business plan presented by the franchisor. Hodema also assessed the project's location in Erbil and provided recommendations to the client.

Interview: Ebrahim Al Qassab

Managing Partner at OTB Concepts



Ebrahim Al Qassab got an MBA degree from the Imperial College, London Business School in 1994 and a Bachelor Degree and MIA from the University of North London in 1992.

He joined Gulf Bank as a fresh graduate and gained extensive experience in offshore banking and dealing with international markets. He became an active member of the Credit Analysis department and worked on major syndication loans with projects in the region. He was promoted to Vice President in the Marketing department handling corporate offshore clients as regional manager for the Near-East market.

In 2002, Mr. Al Qassab decided to take a shift in his career path and expand his experience, and moved to Dubai. He joined Marriott Group International as Regional Executive Manager handling Alliance accounts of the group (Mainly banking sector, oil and gas) in Doha and Kuwait. In 2003, he moved to Kuwait with Marriott International and established there the branch where he successfully signed strategic deals with major banks and oil companies both in Kuwait and Doha.

In 2005, he joined Kuwait United Company for Publishing and Advertising as their Regional Marketing Director and launched "Star Magazine", a youth magazine for the group in Lebanon, Kuwait and Syria. He also worked closely with the board to acquire a new business, and assisted the chairman in increasing the group's performance.

In 2006, he established, with the help of his partner Mr. Mohamed Al Otaibi, his own Creative Boutique, an independent creative house operating in marketing communication, interior design, events and PR.

Through his passion for art and his love in exploring new creative ideas, he created in 2010, FA Gallery, a concept gathering art, fashion and food.

Why did you decide to venture in the Food & Beverage sector?

My Partner, Mr. Mohamed Al Otaibi and I have always wanted to venture into this domain, due to the fact that we love food and we are very adventurous when it comes to trying new cuisines. Food brings joy to our lives and it's the core of any social gathering; our palates play a great role in feeding our souls. Food is about understanding cultures and takes us back in time to our childhood. Food is art. But we were waiting for the right time and the right partners to make this project worthwhile and rewarding. We would love to show the world the Khaleeji cuisine.

What is the meaning of Baythan and why did you choose this name for your restaurant?

Baythan is an attractive name and easily pronounced in all languages. It refers to almonds. In the Gulf, it also refers to a pattern that was brought to our culture through Indian and Persian heritage, which became iconic in our tradition, just like food in the Gulf region is mainly influenced and driven by these cultures. An attractive branding was also developed from the name. Baythan is not only about food, it's a complete cultural experience. People will understand better the story of the name when they visit us.

What will Baythan cuisine offer?

For the first time in the Gulf, the Khaleeji cuisine will be served in a very modern way, focusing on light dishes that are presented in a lounge atmosphere.

How will Baythan be able to promote the Khaleeji cuisine?

Baythan will present the Khaleeji experience through its sophisticated and eclectic interior, targeting a broad clientele, specially the younger generations who are looking for a complete experience.

Who is behind the creation of Baythan concept?

As I mentioned before, for us to venture in the food business we had to have the right partner, Solaiman Al Qassar. He is a celebrity in the Gulf region, well-known for being a great entertainer and chef. He already had two great seasons of TV cooking shows hosting celebrities from the Arab world and will soon launch his book on Khaleeji food. He is one of the few who understands our cuisine and knows how to add a twist to make it even more appealing.

What was Hodema's added value in the development of your project?

Hodema has brought a lot to the table with their experience in creating a solid ground and their expertise as specialized Food & Beverage consultants. Their knowledge in turning a vision into a reality and creating franchise manuals will make Baythan brand expand and spread its wings to the world with a solid base. Hodema's input has been great in directing us into the right path.

What are your future projects?

Our future plan is to expand Baythan beyond this region and sell the franchise to Europe and the United States. We would love to introduce our cuisine and culture to the world, and let people understand us better. We also plan to develop additional food concepts.



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Interview: Fadi Al Safadi

Owner of Al Safadi Group



Fadi Al Safadi is a seasoned businessman in the Food & Beverage industry with over 35 years of experience.

He worked several years with his father Fadl Al Safadi in their butchery business. In 1995, he started his first business venture in Beirut, Lebanon in a startup restaurant, Al Safadi, serving authentic Lebanese cuisine.

Having established the brand's reputation and built a loyal customer base, Al Safadi made a strategic partnership with the businessman Mr. Kamal Ghaith, to open a number of outlets in the growing metropolis of Dubai, and opened in 2000 his first restaurant abroad with 28 employees.

Today Fadi Al Safadi manages Al Safadi group of restaurants in Beirut, Dubai, and the most recent Erbil with almost 500 employees in total.

Why did you leave Lebanon to open a restaurant in Dubai?

After the success of Al Safadi in Lebanon, I was invited to Dubai by Mr. Kamal Gaith to visit the city and assess the market for an opportunity. The fast pace development of Dubai, and the number of expatriates attracted to it drew my attention and I saw an opportunity for Al Safadi and a chance of growth in the city.

How do you maintain Al Safadi's leadership position in Dubai with so many competitors in the market?

I consider the level of competition in the hospitality industry in Dubai as big as the scope of the city. Dubai became an attraction to restaurants and franchises from all over the world. Despite the harsh competition, Al Safadi was able to maintain its leadership simply by ensuring the proper combination in terms of quality of food, cozy and hospitable atmosphere, and reasonable prices. These elements were and still are the key to our success.

Currently, you operate all Al Safadi branches; is this your strategy or do you consider franchising?

Franchising is an option for sure, since expanding all branches under our management will draw a challenge at some point. But on the other hand, franchising is also a challenge especially when it comes to the Lebanese cuisine which includes a very large variety of items. We will make sure to be fully ready before starting the franchising phase.

Why did you choose Erbil as a location for your new restaurant outside the UAE?

Erbil is one of the promising cities in the region, and one of its fastest developing economies. Opening there will give us the first-mover advantage. After a couple of trips to Erbil, we saw that there is a need

for a restaurant like Al Safadi in the city especially that the brand name is well known to locals who often visit Dubai.

What were the main challenges of opening your restaurant in Erbil?

The challenges started from day one in Al Safadi Erbil project, and there are still more challenges to come. The main challenges in sequence were finding a contractor who could handle the project as a turn-key, finding good building material quality (we shipped many things from Dubai and Turkey), the lack of high quality kitchen equipment (we imported everything from Europe and US through Dubai), hiring qualified human resources, finding high quality ingredients and ensuring an ongoing supply since some items lacked in the suppliers stock for months.

Can you describe how Hodema is assisting you?

Hodema is truly a unique consultant in the field of hospitality, since their services are tailored to meet the specific requirements of each client. We are working with Hodema on developing all the manuals needed for Al Safadi and are recording every procedure and process done at Al Safadi. In some cases, Hodema brings suggestions and advices to improve them.

Where do you see Al Safadi brand in the future?

After finalizing the manuals with Hodema, and if both of us see a growth potential for our company, we will launch the franchising process of the brand.

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PROJECTS

Four-Star Hotel Project Brazzaville, Congo

Hodema performed an overview of the hotel market in Brazzaville-Congo for investors wishing to develop a four-star hotel concept in the city. Hodema assessed the hotel's potential location and its surroundings. In addition, GHS requested from Hodema to perform an operator/label search for the property. A business plan and financial projections will be developed for the hotel taking into consideration the local construction costs, customs regulations and design specifications. Hodema's role also involves coordinating with the architects, interior designer and brand builder selected for the project, in addition to assisting in the recruitment of the management team.



Source: Bayati Architects- Abu Dhabi

Bakery Project Jeddah, Saudi Arabia

Hodema performed a market study in Jeddah for the development of an industrial bakery project in the city. The study included the identification of existing industrial bakeries in the city in addition to a competitive analysis of the current bakeries supply with regards to their positioning, pricing, and product offering. At a later stage, Hodema will develop a detailed concept along with a business plan and financial projections and will assist in the implementation of the bakery by coordinating with various parties involved such as the kitchen designer, suppliers, interior designer and brand builder.

Garcia's Restaurant and Bar Beirut, Lebanon

The owners of Garcia's, a Mexican restaurant and bar in Hamra area in Beirut, requested Hodema's support in franchising the brand. Hodema assisted Garcia's team in setting up the franchise department and planned the brand's strategic development and geographical distribution.



Café-Restaurant Dubai, United Arab Emirates

Hodema performed a market study in Dubai for the development of a fast casual outlet serving Khaleeji treats. The mission involved a research on the local cuisine and ingredients, and assisting the client in the menu engineering. Hodema also coordinated the concept's branding and interior design, and developed a feasibility study for the implementation of the project.

Al Safadi Dubai, United Arab Emirates, 2013

Hodema assessed the two outlets of Al Safadi Lebanese restaurant located in Dubai. The mission included an evaluation of the concept components, the menu offering and the operational performance. Hodema is currently developing the brand's set of operating manuals with the aim of franchising the brand.



Toasted Saudi Arabia

Hodema performed a market study in Dubai, Jeddah and Riyadh to identify the main competitors to Toasted, a casual eatery which aim is to further expand in these cities. The study focused on the existing competitors supply in the various cities taking into consideration the consumer trends and Food & Beverage habits. Hodema also carried out a comparative analysis of the brand's main competitors.



Food & Beverage Retail Outlet Cairo, Egypt

Hodema performed an assessment on a landmark Food & Beverage retail outlet in Cairo, Egypt. The concept, premises, product offering and operations were analyzed. Hodema also conducted an overview of the food retail shops and rest houses from Cairo to Alexandria. Hodema is currently developing a new concept for the outlet to enhance its offering, along with a business plan to increase its profitability.

Pan-Arab Restaurant Project Dubai, United Arab Emirates

Hodema is currently developing a Pan-Arab restaurant concept in Dubai which will add a landmark on the oriental cuisine market. The mission started with a market study in order to define the existing supply of similar projects and analyze the viability of such a project in the city. Hodema also developed a feasibility study for the implementation of the restaurant.

Food & Beverage Confectionary and Retail Saudi Arabia

Hodema performed a study in the Kingdom of Saudi Arabia on the dates confectionary retail market. The study was conducted in Jeddah, Mecca, Medina and Riyadh; it presented an analysis of the market current supply and potential evolution and a comparison of the major dates confectionary retail shops.

La Plage Beirut, Lebanon

Hodema assessed La Plage, a beach club including four Food & Beverage outlets in Ain el Mreisseh area and evaluated the outlets' operations. Hodema negotiated on behalf of the owning company to sublease the Food & Beverage outlets to potential operators.



Em Sherif Restaurant Beirut, Lebanon

The oriental cuisine restaurant Em Sherif located in Monot area in Beirut requested from Hodema to review the brand's franchise agreement and elaborate its set of operating manuals. Hodema also developed Em Sherif's training manuals for the front of house and the back of house operations, assisted in the set-up of the brand's franchising department, and recruitment of its key positions.



The Cupcakery Beirut, Lebanon

The Cupcakery, a cupcake shop located in Hamra area, appointed Hodema to perform a general assessment on its operations prior to franchising the brand. Hodema set up the brand's franchising department and planned its strategic development and geographical distribution. Hodema team is currently elaborating the brand's set of operating manuals.

Margherita Pizzeria Del Quartiere Dal 1959 Beirut, Lebanon

Hodema is providing ongoing support for Margherita pizzeria del quartiere dal 1959 and assisted the brand in expanding outside Lebanon. The pizzeria opened in Dubai JBR in August 2013, in Kuwait in December 2013, and soon in Nigeria.



PROJECTS

Soto and Olio Restaurants Lebanon

Hodema performed a general assessment on Soto and Olio flagship outlets in Kaslik. Hodema set up the franchising department for the two brands and elaborated Soto and Olio's set of operating manuals.



Basatin Trablos Tripoli, Lebanon

Hodema worked for MI Real Estate Company on a mixed-use project spread on an 11,000 square meter plot of land in Tripoli. Hodema conducted a market study with a focus on the Food & Beverage, retail and leisure segments in the city and developed an in-depth qualitative and quantitative study for the market demand in the city. Hodema assessed the project's location and developed a concept for a F&B and leisure cluster including F&B outlets, an entertainment center and a health club & spa. Hodema also elaborated the project's business plan and financial projections, and will follow up, at a later stage, on the architecture, interior design and branding.



365 Restaurant Dbayeh, Lebanon

Hodema performed a general assessment on 365 Restaurant. The outlet, located in ABC Dbayeh mall, serves international cuisine and daily specials. The study covered the premises, operations, concept, branding and marketing strategy, financial performances, strategic vision as well as the legal structure. The assessment was followed by a series of recommendations.

Corporate Cafeteria Beirut, Lebanon

Hodema was approached by Khalil Fattal et Fils to assess the company's cafeteria's general operations. Hodema elaborated a Request For Proposal to be sent to potential operators and assisted the client in the drawing of the kitchen layouts and the selection of a cafeteria operator.

Two Food & Beverage outlets Jeddah, Saudi Arabia

Hodema assessed the operations of a home-made crepes concept and a sushi restaurant in Jeddah. The study included an evaluation of the outlets' various locations and operations. Following the assessment, a set of recommendations were presented.

ABC Verdun Beirut, Lebanon

Hodema is currently assessing ABC Verdun Food & Beverage layouts in terms of space allocation, number of outlets, Back of the House and Front of the House areas, and circulation flow.

Mixed-use Project Rmeileh-Sibline, Lebanon

A private land owner required Hodema's assistance for the development of his property spread over five plots of lands totaling a surface of over 100,000 square meters by the sea in Rmeileh. Hodema conducted a market study with a focus on day beaches, beach resorts and beach compounds. Hodema identified and analyzed the beach projects on the Lebanese coast and assessed the project's location prior to developing several concept directions for each plot of land. Hodema is currently elaborating the business plan and financial projections for each concept.



ABC Ashrafieh mall Beirut, Lebanon

Hodema was selected by ABC Group to assess the current Food & Beverage mix of ABC Ashrafieh mall including 22 Food & Beverage outlets. Based on the assessment's findings, Hodema created a F&B brands' selection criteria which will be used when selecting a new Food & Beverage brand. Hodema also defined the Food & Beverage strategy including the tenant mix, suggested brands, and developed a Request For Proposal for potential Food & Beverage operators. Hodema is currently assisting ABC group in various F&B related tasks.



Keyrouz Bakery Beirut, Lebanon

Hodema was requested by Keyrouz Bakery located in Beirut to perform a general assessment on the operations and concept's components including the bakery, the catering and the restaurant. A set of recommendations was also provided to improve the operations.



M1 Building Beirut, Lebanon

Hodema assessed the commercial space layouts and location of M1 Building, a mixed-use project including commercial spaces and offices located in Omar Daouk Street in Beirut Central District, in order to define its concept positioning and target clientele. Hodema developed the retail strategy of the commercial space and advised on the tenant mix, the type of brands to be selected and the optimal rental prices.



Khayal Restaurant Jeddah, Saudi Arabia

Hodema assessed the operations of a renowned Turkish restaurant, Khayal, in Jeddah, covering the concept components and its operational performance. Following the assessment, a set of recommendations were established in order to renovate and upgrade the restaurant's design and production areas.

Food & Beverage Concept Store Beirut, Lebanon

Hodema performed an overview of the concept store-café in Beirut prior to developing the concept of a contemporary all-day breakfast café in the city. Hodema consultants elaborated the project's business plan and financial projections and are currently assisting the owner in the interior and graphic designs, menu engineering, and the selection of the Executive Chef.

Le Bristol Beirut, Lebanon

Le Bristol Hotel located in Verdun area required from Hodema to review the concepts of its Food & Beverage outlets. Hodema performed a market study with a focus on 5 star hotel restaurants in Beirut, and developed, as a result of the study, new concept directions for the two outlets, in addition to their respective business plans.



Interview: Ramzi Solh

COO, Commercial Development at Emaar Economic City



Ramzi Solh is the Head of Emaar, the Economic City's (EEC) Hospitality, Commercial and Leisure Business Unit and is responsible for overseeing the development and management of real estate assets within this portfolio at King Abdullah Economic City (KAEC).

Prior to joining EEC, Solh has held several managerial posts with leading regional organizations and institutions.

Solh started his career in 1998 in retail operations with groups such as UAE's Omar Al-Futtaim Group and Home Center, a network of big-box department stores in Saudi Arabia where Solh served as a senior member of management.

In 2007, Solh joined the Saudi Arabian General Investment Authority (SAGIA) as an Investment Promotion Specialist focusing on the retail and leisure sectors in KAEC.

In January 2008, Solh was appointed as the Director of Retail Development with EEC, the Master Developer of King Abdullah Economic City.

Solh's capacity with EEC expanded to include Hospitality and Commercial Development. A graduate of the University of Western Ontario, in Canada in 1998 and a holder of a bachelor's degree in Economics, Solh also completed an advanced course in Real Estate Development at the Urban Land Institute, hotel development and asset management courses at Cornell School of Hotel Administration, in addition to an Intensive Real Estate Program moderated by instructors from the Harvard Business School.

Can you describe King Abdullah Economic City (KAEC) today?

King Abdullah Economic City (KAEC) is a city of opportunity in all sense of the word. If you operate in the industrial sector, it is a place where you have access to an operating port, serviced industrial land for lease or purchase neighbored by leading industrial players, necessary utilities and infrastructure, telecommunication services, operation and maintenance, security, etc. For the corporate or business-services sector, KAEC is a place where you have access to class A office space. If you are a resident, it is a growing vibrant community. Residents have the comforts of any urban environment; a place to live, a place to learn for their children, a place where residents can avail of all required services & amenities, with a variety of retailers, restaurants & cafes and other essential retail services, all in safe and secure communities lined with waterfront promenades and lush landscapes. Most importantly, for the job seeker, and as many of our Industrial and Corporate investors commence with the development of their projects, countless jobs will be created. KAEC today, in line with his Majesty King Abdullah's vision, is an enabler for the Kingdom's socio-economic growth and is well on its way to becoming a regional and eventually a global industrial and economic hub.

Hodema understands the local dynamics, constraints and adaptations required for concepts to be successful here – this is a key differentiator that few can provide.

What is Emaar, the Economic City (EEC) involvement in the project?

KAEC is a privately led initiative; as such, EEC is the master developer of KAEC with the mandate of development and operations of the City. This cannot be done without partnerships across the various sectors involved in the City development. The government's involvement as regulator is also embedded in the form of the Economic City Authority (ECA), the independent government authority in charge of overseeing KAEC development as well as the licensing authority for any business wishing to establish within the City.

What are your hospitality projects in the city?

In November, the first hotel in the City was launched, the Bay La Sun Hotel & Marina, a 195 room "business-class" hotel which has been a tremendous addition to KAEC's lifestyle offering. The hotel is equipped with large banqueting and meeting facilities making it an ideal venue for corporate off-sites and retreats. Moving forward, with the extensive public and private led investment underway in KAEC and in the immediate surrounding area with projects such as King Abdullah University of Science and Technology (KAUST) and PetroRabigh, we see a tangible demand for varied hospitality products and KAEC is best positioned to cater to this need. We are currently reviewing plans for the imminent development of a budget hotel in the Industrial Zone and a serviced apartment concept in our Bay La Sun District. In the medium term, we are looking at a hotel property in our Haramain District, where the Haramain Highspeed Rail Station is located connecting KAEC to Jeddah, Mekkah and Madinah.

We are also moving forward with the development of an 18-hole Golf Course and Club House in our Murooj District and consequently revisiting plans for the development of a waterfront Resort Property alongside the golf course.

Why did you choose to create "Bay La Sun" brand instead of signing with an international operator?

As you know, Bay La Sun is the name of KAEC's first mixed-use district and the heart of urban activity for the years to come in the City. The hotel lies at the heart of this district and the name "Bay La Sun Hotel & Marina" serves as the gateway to the lifestyle it offers. The hotel is managed by Al-Khozama Management Company (AKMC) as we believe they share our vision of enriching lifestyle and providing quality offerings and are a leader in the Hospitality sector in the Kingdom. At KAEC we strive to build partnerships with Saudis' best companies across all sectors and AKMC is a proven partner when it comes to hospitality.

Can you describe KAEC's current Food & Beverage offering?

We have a selection of recognized franchises as well as independently operated restaurants in the City both in the casual dining and fast food segment located along the beach front retail arcades. Given the growth in the community and the resident population, we are seeing an increased demand for services and consequently greater interest from F&B operators. We are also planning an expansion of the F&B offering at the Bay La Sun Hotel & Marina with two new outlets to the hotels offering along the Marina front in addition to the existing Season's restaurant, the all-day-dining venue, and Corojo, the cigar lounge.

What is Hodema's involvement with KAEC?

In this first phase of our engagement, Hodema is supporting us in the assessment of KAEC current Food & Beverage portfolio mix and in the identification of the F&B gaps in terms of market trends and customer profile. In addition to this, we are working with Hodema on the development of the new F&B outlets in the Bay La Sun Hotel & Marina and in an additional standalone location. Hodema will support the positioning, branding, operational planning, and execution associated with these new concepts to be rolled-out.

What is Hodema's added value in the development of your project?

In addition to the expertise Hodema brings in the hospitality, real estate and retail industries and their reputed portfolio of projects and successful concepts that many of us have experienced and enjoyed, their value is in their understanding of regional markets, and as it pertains to KAEC, the Saudi market in specific. Hodema understands the local dynamics, constraints and adaptations required for concepts to be successful here – this is a key differentiator that few can provide.



Horeca 2013, Beirut, Lebanon April 2013

For the 8th consecutive year, Hodema participated in Horeca, the annual hospitality and food exhibition which celebrated its 20th anniversary. The fair, which took place at Biel, Lebanon from April 9th to 12th 2013, gathered more than 300 companies from France, Iran, Italy, Poland, Thailand, Turkey, Jordan, Kingdom of Saudi Arabia, Lebanon, Syria, Sri Lanka and The United Arab Emirates.



Women's roundtable, Beirut, Lebanon July 2013

Nada Alameddine, regional director of sales & marketing at Hodema, moderated the "Women's roundtable", a panel organized by Hospitality Services on July 2nd, 2013 at Le Gray Hotel in Beirut, Lebanon. The panel gathered leading women in the hospitality business among which Mrs. Dina Abboud (Partner/Senior Operation Director-Cat & Mouth catering), Mrs. Hala Achkar (Board Member-Monroe Hotel), Mrs. Maya Bekhazi (Owner-The Beirut Cellar), Mrs. Ghada Blanco (Owner-Wedding RS), Mrs. Rana El Khoury (General Manager-Le Gray Hotel Beirut), Mrs. Mireille Hayek (Owner-La Parilla, Em Sherif and Yasmina restaurants), Mrs. Aline Kamakian (Owner-Mayrig and Batchig restaurants), Mrs. Lina Lteif (Owner and General Manager-La Mie Dorée), Mrs. Hala Massaad (General Manager-Raouche Arjaan by Rotana), Mrs. Lina Mroue (Owner-Lina Mroue Consultancy), Mrs. Corine Nader (Operations Director-Magnolia Bakery), and Mrs. Michelle Souhaid (Owner-Mandaloun Café). The purpose of this roundtable was to exchange experiences and opinions by tackling various topics and discussing the challenges facing women in the hospitality and tourism business.

Special issue on Beirut Food & Beverage market July 2013

For the fourth consecutive year, Hodema authored and published the 2013 special issue on Beirut Food & Beverage market, in collaboration with the Lebanese economic magazine, "Le Commerce du Levant". Hodema scanned, once again, the dynamic Food & Beverage industry in the Lebanese capital. The 2013 edition tackled the main trends, landmarks and zones as well as the major players of the nightlife industry. In order to illustrate the publication's cover, Hodema gathered (in a single picture), key actors and professionals of the field who have imprinted their marks in this competitive and busy market.

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Saudi Horeca 2013, Riyadh, KSA December 2013

Hodema participated in Saudi Horeca, the Saudi International food, beverage and hospitality exhibition which took place from December 10 to 12, 2013 at the Riyadh International Convention & Exhibition Center. The event featured a host of activities and shows including workshops and culinary art show, and gathered more than 70 exhibitors among which food processing technologies, skills and equipment, canning, dairy and food processing, packaging, frozen food, refrigeration and thermo processing, fruits and vegetables, fisheries, milk products, meat and poultry, bakery and confectionery equipment, beverages, food grains and hospitality consultants.



PRACTICAL GUIDE

Food Hygiene and safety

APPLICATION OF THE HACCP METHOD

(Editions) ALEPH

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Bifex 2013 April 2013

Hodema participated in the Beirut International Franchise Forum & Exhibition (Bifex) that was organized by the Lebanese Franchise Association (LFA) and Al-Iktissad Wal-Aamal, and held at Phoenicia Hotel on April 17 and 18, 2013. This edition took place in conjunction with the World Franchise Council meeting in Beirut where delegates from Franchise Associations around the world met to promote collaboration and discuss the latest trends in franchising.

Hodema workshop September 2013

In the scope of its continuous progress and growth, Hodema organized an internal workshop on September 27, 2013 at the Smallville Hotel in Badaro. The aim of the gathering was to evaluate the past ten years of the company's evolution, and discuss future development and improvement.



Hodema team prepping for the shoot

December 2013

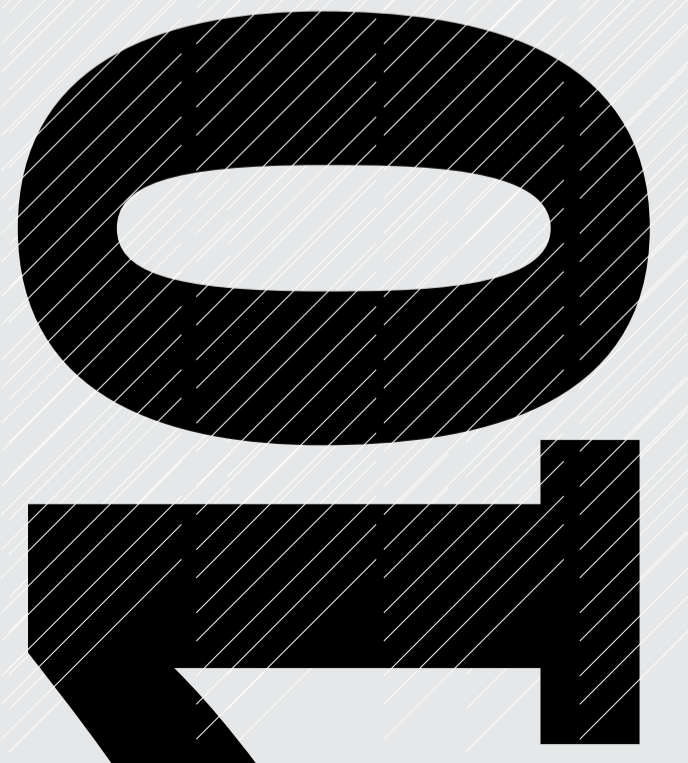


Hodema team gathered to enjoy an outdoor lunch in the mountains

September 2013



HODEMA



Designed by Anna Salam design



Coffee shops in malls in Lebanon: main victims of the smoking ban

September 2013

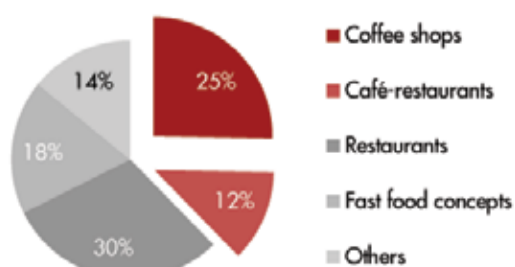
Written by Youmna Maatouk - Consultant, and Lina Raphaël - Senior consultant at Hodema consulting services

Hodema conducted in August 2013 a market study to evaluate the impact of the smoking ban law in the Food & Beverage industry one year after its implementation, with a focus on coffee shops in malls' indoor locations which appear to be the main victims. In this study, we consider "coffee shops" as an outlet generating most of its revenue from coffee based beverages with a limited food offer and a small preparation area unlike "café-restaurants" which have a broad food menu and a larger preparation area.

Coffee shops: a large market share in Lebanon's malls

Coffee culture has always been part of the Lebanese roots and the social life often revolves around a cup of coffee, hence the wide expansion of coffee shops all over the country. They gather both male and female clientele who drink their coffee while smoking shisha or cigarettes and playing cards or backgammon. Along with the countless small local and traditional cafés, there are about 20 coffee shop chains spread all over the country with around 15 international franchises and 130 outlets. Coffee shops, usually located in busy shopping and business neighborhoods, have widely developed in the last few years in commercial centers. The latter have recorded an ongoing growth in the country since 2003 and are favored by coffee shops since they guarantee a minimum customer base, and attract a broad clientele throughout the day including Sundays. Coffee shops became a service complementing the customers' mall experience since they offer the option of resting and eating casually while shopping. Some cafés have gradually become destinations on their own, attracting people who primarily come to eat or chill even before hitting the shops. This explains the large share the coffee shops hold in malls representing an average of 25% of their total F&B supply while 12% are café-restaurants that have an extensive coffee offer.

Fig 1. Percentage of coffee shops inside each major mall of Greater Beirut 2013



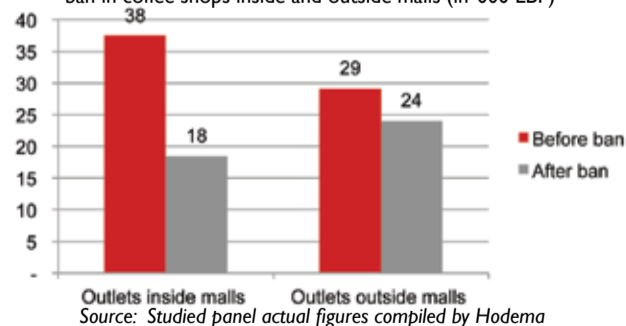
Negative impact of Law 174 on coffee shops in malls

However, since the implementation of the smoking ban, there is a downside of being located inside a mall for a coffee shop. Most commercial centers in Lebanon are closed structures, except for Beirut Souks and some areas in ABC Ashrafieh, and do not benefit from outdoor smoking areas. This makes it difficult for coffee shops to respect the ban especially that they have limited internal design options at hand to adapt their outlets to the legal requirements. Apart from this structural problem, coffee shops in malls are under heavy pressure by the mall managers themselves who are strictly applying the law while outlets outside malls, particularly in areas and regions where the state lacks authority, are enjoying more flexibility and attracting the smokers.

Drop of sales

One year on, the negative consequences of Law 174 on coffee shops located in malls are noticeable. They aroused as an addition to the negative effect of the political instability that had hit the entire F&B industry and to which most professionals had started adjusting. Since coffee is often associated with smoking, the ban led to a decrease of coffee sales that reached up to 50% in some outlets. This drop was drastic given that their revenue streams rely mainly on coffee consumption throughout the day (rather than on lunch or dinner services – the latter being limited by the mall's closing hours). As a result of the coffee drop, overall food orders also decreased since most customers order food or a dessert with their coffee. According to Christine Sfeir, owner of Dunkin Donuts franchise in Lebanon, "the decline was felt overnight with a drop of sales of 30% compared to the day preceding the ban". Indeed, the average sales per seat of coffee shops inside malls have witnessed a cut by half from an average of LBP 37,500 to 18,000 while the same brand located outdoors or benefiting from a terrace has seen a drop from an average of LBP 29,000 to 24,000.

Fig 2. Average sales per seat before and after the smoking ban in coffee shops inside and outside malls (in '000 LBP)



Source: Studied panel actual figures compiled by Hodema

In terms of percentage, the sales of coffee shops in the studied panel located inside the malls have dropped by 25% to 50%, whereas the same brand, located in an outdoor area, recorded a decrease of only 15%. This shows clearly that before the smoking ban implementation, coffee shops inside malls were recording higher sales per seat than those located outdoors. Their competitive advantage has weakened. It is worth observing that coffee shops in malls that benefit from a

terrace have gained a competitive advantage over those lacking outdoor space; they increased their sales in the last year.

Increase in the operational costs

The second major consequence of the smoking ban on the activity of coffee shops in malls is the increase in costs. Like other F&B establishments, "coffee shops tenants have to face high fixed costs, thus any external negative factor affects directly their performances", says Lina Letayf, owner of La Mie Dorée sal which includes Paul and La Mie Dorée brands. This increase can be described as follows:

- Rent increase from 30% up to 50% in some cases as a percentage of sale, due to the decrease in sale versus fixed rental fees: "Some in-mall outlets have even seen their rent go from 13% to 55% of sales after the ban implementation, thus shifting from a profitable business to a losing one", says Sami Hochar owner of Lina's. Based on industry standards, rent should not exceed 20% of sales.
- Increase in their coffee costs: since coffee sales have dropped and foot traffic slowed down, brands are buying smaller quantities of coffee and are no longer benefiting from advantageous rates from their suppliers.
- Increase of the overall cost of goods: food sales rose to the detriment of beverages causing an increase in overall costs since, traditionally, food costs are higher than beverage. Indeed, the food to beverage ratio went from 30%/70% to 35%/65% in some cases since the smoking ban implementation. Hence the addition of food items in the coffee shops menus. All the above factors drove the decline of profit margins in indoor coffee shops which are forced to reconsider their initial concepts and business models in order to survive.

A mandatory shift for the coffee shop concepts?

Today, in the light of the current challenging context, owners of coffee shops in malls are reinventing their concepts as an attempt to face the obstacles of the smoking ban and keep up with the competition. Some, such as Brioche Dorée, are adding food items on their menus others such as Paul are planning to focus on their take-away service which sales recorded a lower drop than the dine-in, and enables the clients to enjoy food and beverage without the constraint of the smoking ban imposed in the outlet. Finally, some brands are questioning whether to open in malls or not in the future: "We could consider renting smaller spaces in malls dedicated to take-away", says Massaad Fares, owner of La Maison du Café while others such as Sami Hochar "will only open outlets in malls' outdoor locations, or will reconsider changing the business model of outlets in malls by opening kiosks rather than full-fledged coffee shops". In the case of franchised coffee shop brands, this shift to adapt to the local context and legislation is often leading to conflicting strategies between the Lebanese franchisees and their international parent brand. This may go to the point of closing an outlet.

Uncertain future for coffee shops inside mall

Today one can question the viability of the coffee shop model in indoor malls altogether; based on the following factors:

- Lebanon records one of the highest cigarettes consumption in the world; hence smokers represent an extensive target segment in the F&B industry
- Smoking ban is applied more strictly in Beirut malls than in other areas
- Smoking ban led to a drastic drop of coffee sales, coffee being often associated with smoking
- Coffee shops are highly reliant on coffee sales since their revenue streams are limited
- Drop in coffee sales led to a decrease in coffee order, hence an increase in coffee costs
- In some cases, coffee shops rents in malls reached up to 50% of sales, versus a maximum of 20% in industry standards
- Coffee shops in indoor malls are losing their competitive advantage over outlets located outdoors In a short to mid-term timeframe, the smoking ban obstacles faced by coffee shops in malls will lead to the closing of many of them, especially the ones lacking outdoor spaces. These failures can have a reciprocal impact on malls who count on coffee shops as one of their main F&B categories.