

hodemahighlights



Photographies by Alexandre Medawar

How did the Lebanese hospitality industry perform in 2008 and what are the challenges ahead?

The Lebanese hospitality sector performance in 2008 is considered positive by the professionals with a number of passengers equal to 3.62 Million during the first 11 months of the year; Lebanon sets a new record high exceeding by 25% the benchmark of 2004. Indeed, the stabilization of the political context and the reopening of the national dialogue under the patronage of the Lebanese President placed the year 2008 on an up curve.

While Lebanon tourism industry had a rough beginning of year in 2008, it was able to recover quickly. Professionals agree in their admiration of the resilience capacity of the Lebanese market. Few months back, after 18 months of political stalemate and without president, projections were rather pessimistic. The Doha deal triggered the long awaited wave of hope and tourists came flowing in.

Overview on the Lebanese hospitality industry in 2008

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The jump of hotel performance in Beirut for the year 2008

In a regional review of the hospitality sector on the first quarter of 2008, Beirut performance was poor. The city ranked the lowest on occupancy with 36.8%, while the ARR was US\$115 below the regional average of US\$ 180.7 and US\$ 42 for the RevPAR (Table 1).

Location	Occupancy (%)	ARR (US \$)	RevPAR (US \$)	RevPAR change (US \$)
Middle East	74.3	180.7	134	19.4
Dubai	88.6	356	315	12.5
Abu Dhabi	86.7	291	252	24.4
Muscat	84.2	275	232	35.4
Doha	77.3	274	212	1.8
Manama	72.1	231	166	21.9
Riyadh	82.8	249	206	22.9
Cairo	83.0	125	104	31.3
Amman	54.5	129	83	37.1
Alexandria	71.4	80	57	44.7
Beirut	36.8	115	42	20.5
Hurghuda	76.2	45	34	23.3
Taba	68.1	36	25	107.7

Source: Hotel benchmark survey by Deloitte

With ease in political tension, following the Doha agreement, confidence was restored and the tourism sector revived. Occupancy jumped to 61% in June. Thanks to that, occupancy continued to increase till 69% in July and soared to 91% in August, a rate Lebanon has not experienced over the last 4 years. In fact, the performance registered in 2008 has proved both the impact of the political stability on the tourism industry in Lebanon, and the attractiveness of the country as a destination.

2008	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Occupancy (%)	43	32	34	44	29	61	69	91

Source: Byblos Bank report of the economic research and analysis departement, issue n 87; compiled by hodema

The occupancy rate in Beirut reached 50% in the first 8 months of 2008, up 13% from 37% in comparison to 2007. Moreover, ARR reached 164\$ and RevPAR 84\$, up by 73.6% year-on-year. As stated earlier, performance in 2008 has brought Lebanon back to the 2004 level of activity with a total number of tourists reaching 885,729 in the first 8 months and is expected to reach 1.3 Million by the end of the year with revenue expected to amount to more than US\$ 6 Billion. Based on previous forecasts, tourism industry could contribute as high as 20 % of GDP, but today it is estimated at only 10% of GDP. Clearly, the country has great economic potential in its tourism industry. The country will require political stability in order to develop to its true potential. Much emphasis and expectations are placed on the national dialogue, the upcoming elections and government policies to favor the normalization of the political process.

The political instability has long had a negative impact when it

comes to the perception of Lebanon as a tourism destination. In the last three years, it also favored the migration of the qualified workforce to the neighboring countries, thus putting additional stress on the industry.

Lebanon is now located in a growing region and has to face many challenges when it comes to the tourism industry. As an example, Syria has launched a series of reforms and promotional activities related to its tourism industry; likewise, Abu Dhabi is promoting cultural tourism and hosting museums such as the Guggenheim and the Louvre while Dubai has become the regional leisure and business center as well as an airline hub. However, a major challenge in the region is the infrastructure and many governments have initiated development programs, placing emphasis on tourism development as a mean for economic independence.

Middle Eastern governments are committed to long-term strategies to move away from reliance on oil and associated revenues and are investing substantially in tourism products and services that will appeal to different segments.

Syria has announced the launching of the development of two major highways linking the coast to its eastern frontier and the southern frontier to the northern frontier. At the same time Dubai has launched its monorail public transportation as a solution to the massive traffic jams.

In Lebanon, infrastructure developments are also a challenge and the country has been working on major restructuring to its roadway system, in addition to reconstructing the entire infrastructure destroyed during the 2006 war.

The country has also to make efforts when it comes to tourism infrastructure. Many sites remain under exploited and require technical support as well as promotion and commercial development. In addition, Lebanon would gain by developing its network of tourism offices in the country as well as in foreign capitals. Today, the world is faced with its most dramatic economic downturn over the last century and the industrial countries have recently met in international summit to discuss the reform of the international financial system. Paradoxically, Lebanon has been under the limelight due to the stability of its banking system. Several businesses, newspapers and magazines such as the New York Times have reported and studied the case of the banking sector in Lebanon which has proven to be extremely efficient despite all the political turmoil it has encountered. Such promotion could help reposition Lebanon as a business destination. However, this promotion is a long process since the country is faced with the aging of its telecommunication infrastructure. The government has announced several measures aiming at upgrading and updating the systems especially those related to

the internet. Such upgrade is necessary to help Lebanon develop its business tourism.

Finally, Lebanon was designated to host the Francophone games in September 2009. In the organization of these games, the country will be expected to host more than 10,000 athletes along with officials and spectators. Needless to say that such an event will put great deal of stress on both the public and private hospitality touristic facilities of the country. Successfully hosting such an event will help replacing Lebanon on the tourism map.

Nevertheless, recent history has shown the fragility of the Lebanese tourism market and at the first sign of turmoil, tourists will flee to safer destinations. Moreover a financial crisis is hitting the world and upcoming Lebanese elections in spring 2009 with their risks on the political stability are awaiting the country. While the market has shown its resilience in 2008, growth in 2009 is all but certain.

Hotel Name	Number of Rooms	Targeted Opening Date	Location
Raouche Rotana Suites	170	2009	Raouche
Hilton Beirut	167	2009	Beirut Central District
Four Seasons	234	2009	Beirut Central District
Grand Hyatt	354	2010	Beirut Central District
Campbell Gray Hotel	100	2009	Beirut Central District
Solidere Rotana Suites	250	2010	Beirut Central District

Source: compiled by hodema

Sampled projects in development and expected openings

The growth of tourism flow and the development perspectives the Lebanese market had in 2004, encouraged developers to initiate a series of project developments.

Consequently, 360 new restaurant projects were announced in 2008 by the syndicate of restaurateurs. More over, Lebanese restaurant brands have displayed a strong dynamism and expanded in the Middle East.

On the hotel side, the new properties were welcomed as the Lebanese market needed an upgrade of the standards and an increased capacity during the peak periods. It is important to note that major hotels have recorded 100% occupancy for the Christmas 2008 and New Year period, while waiting lists were being filled for the 1st months of 2009. Furthermore, new openings by international and regional brands would bring high visibility. This visibility would contribute to the country's overall visibility on the international tourism market.

However, with the political instability in Lebanon during last year, hotel openings scheduled for 2008 were delayed and numerous openings are targeted for 2009, although no announcements were made by the respective managing companies.

As a result, the Lebanese hotel room inventory may suffer a supply shortage in 2009 if tourism pursues the pick up registered at the end of 2008, especially with the upcoming Francophone Games.



Photography by Mark Mansour

Interview with Mr. Joe Boulos

Chairman of the Board of Directors of the **Compagnie Libanaise du Téléferique et d'Expansion Touristique SAL.**

Our consultants at *hodema* recommended the development of an appealing Food Court comprising renowned world brands...

1 • How did you hear about *hodema's* services?

Our board of Directors at the Teleferique comprises members with strong public relations including relations in the Food & Beverage business. *hodema* had been recommended to us by several sources to help us find the best solutions to develop the F&B component of our touristic/family destination in Harissa.

2 • Which project are you currently working on with *hodema*?

hodema is currently helping us to develop a new F&B concept in Harissa. This is just the start. In the future, we will move on to develop the F&B business in our Jounieh departure station.

3 • What was your motive to develop a new F&B concept for the Teleferique?

Our Board of Directors agreed to create a new positioning for the Teleferique project as a whole in order to transform the established image of a purely touristic/religious landmark into a more up-to-date family-oriented destination. Of course, we certainly continue to treasure our heritage, being located in Lebanon's most visited area - the Sanctuary of Notre Dame du Liban, in a unique natural setting overlooking the beautiful bay of Jounieh. Still, we want to improve our offer to attract families -especially children- to a full-day of entertainment while maintaining our traditional target of adult visitors and tourists. This led our consultants at *hodema* to recommend the development of an appealing Food Court comprising renowned world brands along with a kids' area while optimizing the use of our large premises.

With the help of *hodema*, we established contacts with various companies which interest in this specific concept encouraged us to proceed with our architectural plans and execution. Our objective today is to launch the project for the high season of 2009.

4 • What is *hodema's* added value as consultants in the development of your project?

Once our company agreed to adopt the family new entertainment positioning, it realized that professional advice and expertise in the F&B field was urgently needed to guide our decisions. That's when *hodema* got into the picture spelling out a great specific and detailed concept that was most crucial to our overall positioning. *hodema* surveyed and studied carefully the neighboring area and detected a need for a clean, multi-taste and pleasant F&B environment. The Teleferique promptly seized this opportunity and will further develop the idea with *hodema* team.

5 • What are your other plans for the modernization of the Teleferique?

Public Safety is our top priority and we are investing in non-visible additional cable and passenger cabin safety equipment to upgrade our strong German-built equipment that served us so well during more than 45 years of operation without any single accident or injury to clients. On the architectural front, we are working on a "Facelifting" project to modernize the departure and arrival stations and refurbish the passenger cabins which will take 6 to 18 months.

Since 1998, Joe Boulos is the Chairman of the Board of Directors of the Compagnie Libanaise du Teleferique et d'Expansion Touristique SAL. The company was founded in 1964 by the Boulos family along with other shareholders. They obtained a concession to build the Teleferique of Jounieh-Harissa in the days of late President Fouad Chehab. The company has constantly upgraded the Teleferique to keep it "an attractive public landmark for Lebanon, the region and the world". The equipment was initially designed, built and installed by a German worldwide pioneer of the Teleferique concept.

Thanks to regular maintenance and check-ups by European suppliers, and to frequent and substantial investments in safety and technical upgrades, the equipment has always operated safely.

Joe Boulos lived several years in the United States where he studied and took his Bachelor in Mechanical Engineering from Texas University as well as his Master's of Science in Mechanical Engineering with High Honors from California's Stanford University.

He worked with Boulos Freres & Co SAL, a company he co-managed upon his graduation. This family company was founded in the mid-thirties by the 3 late brothers Joseph, Paul and Fouad Boulos. They were active in the fields of Electronics and Home Appliances and brought to Lebanon and the Middle East the first TV set in the mid-fifties. They were also the founding partners of the CLT, the first Lebanese TV station. Unfortunately due to difficult political situations, Boulos finally left the country. He worked in major companies in various top managerial and marketing positions. In 1994, upon his second return to Lebanon, he founded and managed a company importing and distributing home appliances.

Joe Boulos is currently working on developing a Master Franchise for a world leading retailer of tools, paint and home supplies.



6 • And on the entertainment aspect as advised by *hodema*?

On the entertainment aspect, we are stressing on the development of the Kids Area in Harissa (Jounieh will follow later). We have rides being planned for the Terrace itself above the Food Court as well as in the neighboring woods and gardens that will be landscaped.

With *hodema's* help and advice on new ideas, we are considering major developments such as sleighs going downhill from Harissa to a few hundred meters, in between the trees which will of course be preserved with respect to local zoning laws and environmental considerations.

We believe that with the help of *hodema*, our investments in the current infrastructure of the ropeway itself, in conjunction with the Food Court and the various developments in entertainment such as the Kids Area will all come together into a comprehensive plan clearly positioning the Teleferique as a unique family entertainment destination in Lebanon.

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hospitality development

Nagi Morkos: nmorkos@hodema.net • Karim el Asmar: kasmar@hodema.net

Lebanon
Badaro 2000 bldg - 4th fl - Badaro st
P.O.Box 16 6364 - Beirut - Lebanon
T/F+961 1 381101

KSA
Future Business Centre, 5th fl
Amanah st - Jeddah - 21352
P.O.Box 126666 - Saudi Arabia
T +966 26529600 • F+966 26529633

Development of a Food & Beverage offer for Jounieh's Teleferique

Jounieh, Lebanon

hodema performed an assessment of the F&B offer for the well-known Lebanese Teleferique; a cable-car system in Jounieh operating since 1965 that transports passengers to an altitude of over 650 meters. The assessment included an analysis of the competitor's profile and a detailed explanation of the financial projections for the new concept created by *hodema*; a Food Court with various F&B brands.

A complete file with recommendations on the company's branding and overall image as well as on several aspects of the Food Court design and architectural plans were presented to the client. *hodema's* founding partners were involved in the elaboration process through meetings with the company's board members.

hodema is currently in the process of selecting the F&B brands that will be present in the Food Court. Moreover, *hodema* was also appointed to follow-up on the architecture, branding and human resources.



Perspective by Architect Paul Muarrawi

Horeca 2008

Beirut, Lebanon

For the third consecutive year, *hodema* was actively involved in Horeca, the annual hospitality and food event in the Middle East region. The exhibition took place at Biel, from June 24 until June 30, 2008 and featured numerous F&B brands as well as products such as equipments related to F&B. It also presented various services among which franchising, catering, technology, furniture, media, university hospitality programs, maintenance and hygiene, hotels, banks, etc. During the exhibition, *hodema* presented the Food Hygiene and Safety Guide –Application of the HACCP method– elaborated in collaboration with apave Liban, and that will be available early 2009.



Photography by Dominique Acouri

Implementation of a fine food restaurant and retail corner

Beirut, Lebanon

hodema was assigned to develop a concept and elaborate a market, feasibility and financial study for the creation of a 100 sqm gourmet corner offering premium products with flavors from around the world, "Produits du Terroir", ready-to-drink beverages, etc. *hodema* also provided the clients with a strategic support in order to enable the transition of the brand from a concept corner in a renowned shopping mall to a stand-alone outlet in Ashrafieh featuring a fine food catering section, a retail section and take-away and delivery services.



Perspective by Architect Karim Begdache

Development of a pizzeria franchise

Beirut, Lebanon

Following the opening of a popular pizzeria in Beirut, *hodema* was assigned by the restaurant's management to work on developing the brand in Saudi Arabia. *hodema* is currently conducting a market study including an overview of Jeddah's F&B market and an assessment of the major Italian restaurants in Saudi Arabia with a particular focus on existing pizzerias. The client will also be presented with a list of major suppliers especially those that provide premium Italian products.



Photographies by Steve Cozmal

Concept development and market study for a modernized Levantine cuisine restaurant

Beirut, Lebanon

hodema performed an overview on the Lebanese cuisine restaurants market in Lebanon and the increasing trend in the franchise development of Lebanese F & B outlets abroad and more specifically in the Gulf countries.

hodema completed the mission by elaborating a concept of a modernized Levantine cuisine restaurant, and performing the feasibility and financial study of the Beirut flagship outlet.

hodema listed as expert in the Lebanese Franchise Association



hodema is listed as a franchise expert in the Lebanese Franchise Association. This exclusive community of franchisors and franchisees is the leading authority for franchising in and from Lebanon; it develops, promotes and protects Lebanese commercial franchising. *hodema* is currently working on developing franchises of several Lebanese outlets in KSA. For more information, please visit the website: www.lfalebanon.com

Franchise development support for an Armenian restaurant

Beirut, Lebanon

With its ongoing support, *hodema* provided assistance in the development of the franchise activity of an Armenian restaurant concept based in Beirut, Lebanon. *hodema* participated in the elaboration of the Franchising contract terms and engaged in the negotiation and follow up with franchisees on the implementation process in addition to a visit to the location of the franchisee operation in Saudi Arabia and Kuwait.

Land evaluation

Jounieh, Lebanon

hodema was assigned by property owners to perform an assessment of two plots located in interesting spots in Jounieh – one is located at the heart of the Jounieh touristic area, the other right on the beach. The owners, committed to upgrade and modernize their existing facilities, requested from *hodema* to evaluate the strengths and weaknesses of each plot and its location. After completing this mission, *hodema* provided recommendations on the best solutions to adopt to make the most of these facilities.

Creation of a single product based retail concept to be franchised

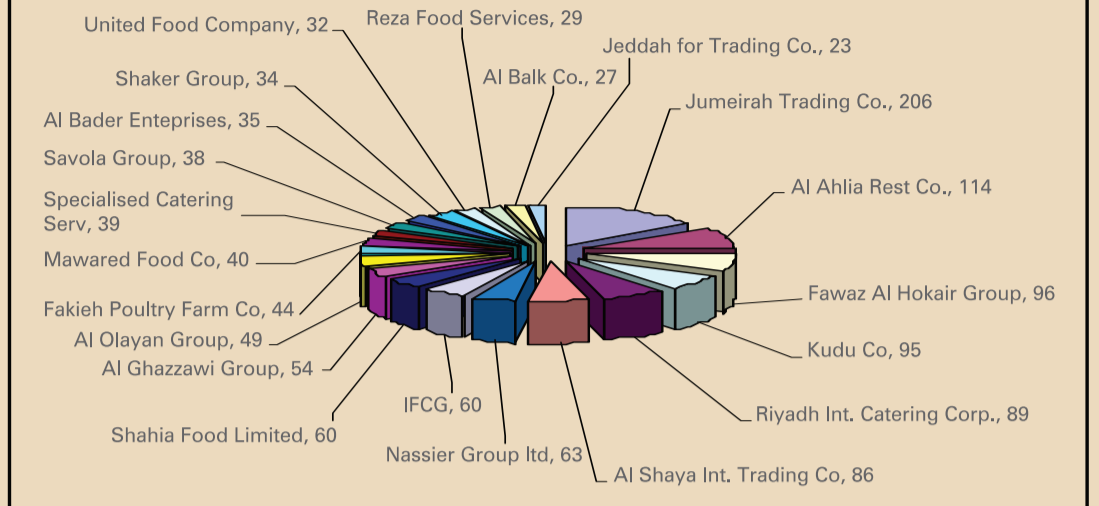
Beirut, Lebanon

hodema developed a concept and facilities programming for a project to be exported worldwide. The project's concept as defined by *hodema* will be a unique destination outlet featuring a continuously renewed list of references from around the world with a high-tech interior design and a pedagogic approach to promotions enabling customers to learn more about the product they are about to purchase – a "taste before you buy" philosophy. *hodema* also undertook the feasibility study for the flagship outlet.

Implementation of a Food & Beverage Fund Jeddah, Saudi Arabia

hodema was appointed by a Saudi Fund to study the Food and Beverage market in Saudi Arabia and look for investment opportunities. The area of study covered the Kingdom's three main cities: Riyadh, Jeddah and Dammam-Al Khobar. Along with an Economic overview of Saudi Arabia and a study on the country's suppliers and imports of goods, *hodema* elaborated detailed reports per city featuring all the F&B outlets, workforce, legislations related to opening a restaurant, and Hospitality Training centers available in Saudi Arabia. *hodema* also developed a concept for an F&B fund with a comprehensive description of its portfolio composition, and elaborated a vision and mission statement in addition to the fund's preliminary feasibility study and financial projections.

Major F&B groups in Riyadh, Jeddah & Dammam-Al Khobar (N° of outlets)



Source: compiled by *hodema*

Strategic support for the development of a restaurant Jeddah, Saudi Arabia

hodema offered strategic operational support for a low end restaurant concept in the city. In order to complete appropriate outcomes, *hodema* started by identifying the opportunities in the low and mid end restaurant markets in Jeddah. It provided the client with six concepts proposals among which one was selected. *hodema* evaluated the plots likely to host the outlet and performed a feasibility study featuring financial projections.



Development of a trendy Mediterranean and sea food restaurant Jeddah, Saudi Arabia

hodema developed an innovative concept for a trendy Mediterranean and sea food restaurant; one that will be located in one of Jeddah's prime areas. *hodema*'s mission is to deliver a turnkey project. A market study was conducted as well as an evaluation of all sea food restaurants in the city. The financial projections are currently underway.

Concept development for a contemporary casual American restaurant Jeddah, Saudi Arabia

hodema reviewed the initial restaurant idea and performed an assessment of the market study, concept, location, architecture and branding that were previously provided by the client. After evaluating the strengths and weaknesses and providing recommendations, *hodema* repositioned the restaurant as being "a contemporary casual American restaurant targeting active people that are interested in healthy eating".

Development of a coffee shop Jeddah, Saudi Arabia

hodema was in charge of developing a coffee shop project in Jeddah. It provided a turn-key service for this mission, performing a market study on the coffee shops segment in the city and an assessment of the locations selected by the client. *hodema* suggested various concepts among which a state-of-the art high-tech coffee shop concept targeting young Saudis entrepreneurs was selected. *hodema*'s team provided a strategic support and carried out a feasibility study to enable a successful implementation of the outlet that comprises an office venue and a concept store.

Project review for a specialty restaurant Jeddah, Saudi Arabia

hodema reviewed the preliminary concept of a modernized version of a restaurant serving the traditional Ma'soub and Motabug Yemenite specialties. The review covered the concept, architecture & interior design, branding, feasibility study as well as a thorough assessment of the location.



Peer review and concept development for a chain of serviced apartments and offices Saudi Arabia

hodema was asked to review a project relating to serviced apartments and offices for short and extended stays; a study that was formerly tackled and elaborated on by an international hospitality consultancy firm. The project targeted private investors and institutional funds. *hodema*'s assessment covered all the issues developed in the initial plan such as the market study, concept declinations, architecture & interior design, branding, financial projections as well as the development strategy. As a first phase, the concept's strengths and weaknesses were identified and a set of comprehensive recommendations that would allow for long-term sustained development were provided.

hodema recently launched the second phase of its mission: the final concept, feasibility study and strategic support for the opening of the chain's flagship outlet.



استشارات ضيافة و سياحة

Nagi Morkos: nmorkos@hodema.net • Karim el Asmar: kasmar@hodema.net

المملكة العربية السعودية
 فيوتشر بيزنس سنتر - الطابق الخامس - شارع
 أمانة - جدة - ٢١٣٥٢ - ص.ب ١٢٦٦٦٦
 هاتف +٩٦٦ ٢٦٥٢٩٦٠٠ فاكس +٩٦٦ ٢٦٥٢٩٦٣٣
 لبنان
 مبنى بدارو ٢٠٠٠ - الطابق الرابع - شارع بدارو
 ص.ب ٦٣٦٤ - ١٦ بيروت
 هاتف / فاكس +٩٦١ ١٣٨١١٠١