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TRENDS

The international magazine on Arab affairs

Aftershocks

A recession in the West is bringing job cuts to the Middle East. Is yours safe?





'Going out is not about dining any more. It's about socializing, to have a see and be seen.'

company to launch such a local café, with an offering revolving around numerous Turkish coffee types and targeting mostly the older generation. But Casper & Gambini (C&G) was the company that really shook the market up with a different idea altogether.

Homegrown despite its Italian-flavored brand name, C&G had started in 1996 as a professional food delivery company addressing companies and employees. "The C&G name was invented for marketing purposes," says Anthony Maalouf, CEO of Ant Venture, the company that established C&G. "We wanted a name that would stand out from competition and more importantly, that wouldn't relate to our delivery activity, as we knew we would quickly grow but we didn't know how yet."

Indeed, in 1998, Maalouf launched the first C&G coffee shop, back from a trip in the US where he had forged his conviction that this kind of outlet offered tremendous possibilities in the Middle East. "C&G was identified as an old days café, but we differentiated ourselves through the offering and the constant upgrading," he says. "Today, we have around 60 different beverage items. This diversity helped the success of the brand. Moreover, 90 percent of customers go to chains like Starbucks or Costa for dessert or coffee, and the downtown outlets are mostly restaurants. So we combined the two."

In a C&G outlet, food generates 55 percent of total turnover against 80 percent in a restaurant, and half of customers arrive between lunch and dinner. "People needed a place to hang out for

leisure," says Maalouf. "Going out is not about dining anymore, it's about socializing, to have a 'see and be seen' location, all day long."

Something for everybody. In this new type of outlet, dubbed "restaurant-café" by Maalouf, customers can either have a full lunch, a dessert or just a drink, and they can actually spend as much time as they want without having to order a complete meal. Just like major international chains have done, the new Lebanese restaurateurs are adapting to the younger generation's needs.

"People are now finding their comfort zone in these coffee shops," says Tamar Boladian, junior consultant at Hodema. "A few years ago, customers used to simply have coffee and leave after half an hour. To hang out with friends, they'd go to Starbucks, which was in phase with their fascination with whatever comes from the West, and that's enhanced by television and movies."



Peer pressure has ignited attempts to modernize what had become all too boring

But today, these Lebanese places have free Internet, newspapers, magazines and they keep innovating in order to attract more customers."

No wonder then that at any time of the day, be it on weekdays or weekends, terraces and inside rooms are packed with the young and the not-so-young, hip patrons, hooked on their laptop or smoking an apple shisha with a bunch of friends.

"It never was trendy to go and have lunch in a Lebanese restaurant, it was a family thing," says Morkos. "And no one would have taken a date to a Lebanese coffeehouse. These were basically for men. But today, it's perceived as actually cool to go have a drink in Falamenke with your date or grab a bite and smoke a shisha at Café Blanc. A cultural transformation recently occurred."

Mixing old habits with new ones,

Lebanon's coffee shops have managed to attract a new range of customers. "In the morning, it is actually women who now provide the largest customer base," says Joumana Dammous-Salame, managing director of Hospitality Services, the company that organizes the Horeca exhibition. "They don't have their '*sobhiyat*' at home anymore, they meet in coffee shops. And men started meeting up after work for coffee, as in the Arab world we don't have this Western notion of having a drink in the afternoon."

Peer pressure has also ignited attempts to modernize what had become all-too boring. For the past five to seven years, places like Café Blanc, Layla, Semsem or Falamenke made a sensation by providing customers with clever new concepts, based on a mix of traditional offerings and fashionable design, all for relatively reasonable prices.

In order to attract more of the public's attention, this new type of Lebanese outlet are increasingly focusing on a theme: Café Blanc is good for a drink, Layla for

BITTERSWEET

Lebanese coffee is bitter but is frequently sweetened to suit personal tastes.

MANLY

Men will gather at Awheet El Ezez and sit for hours, drinking coffee out of glasses.

LADYLIKE

Women gather for Sobhiyat, an opportunity to gossip and drink coffee together.



Francis Louis

Arabs are yearning for ideas more oriented towards the region's habits and culture

its character, and Maison du Café Najjar for its wide variety of coffees.

Design has also been revamped. Café Blanc introduced high-tech shishas, plates and outfits (with everything available for sale), Falamenke dressed its staff in traditional outfits with a modern touch, and Zaatar w Zeit came up with a new Westernized calligraphy on its Arabic menu. There are no clay plates or landscapes on the wall of Lebanon's latest coffee shops.

Similarly, the way to deal with food has been challenged: portions are smaller

and creativity, though limited, is in order. "When they saw the West coming up with some many ideas with their own products, Lebanese hospitality professionals started to reinvent what they had here," says Boladian. "They're seeking acceptance from the young ones more than the older generation by proposing a new, creative offering that will arouse their curiosity and have them come back over and over again to try different things. Today, for example, we have hummus in three different colors at Sem-

sem and four different tastes at Falamenke. People are accepting it, or at least they want to try. They're not rejecting the offer."

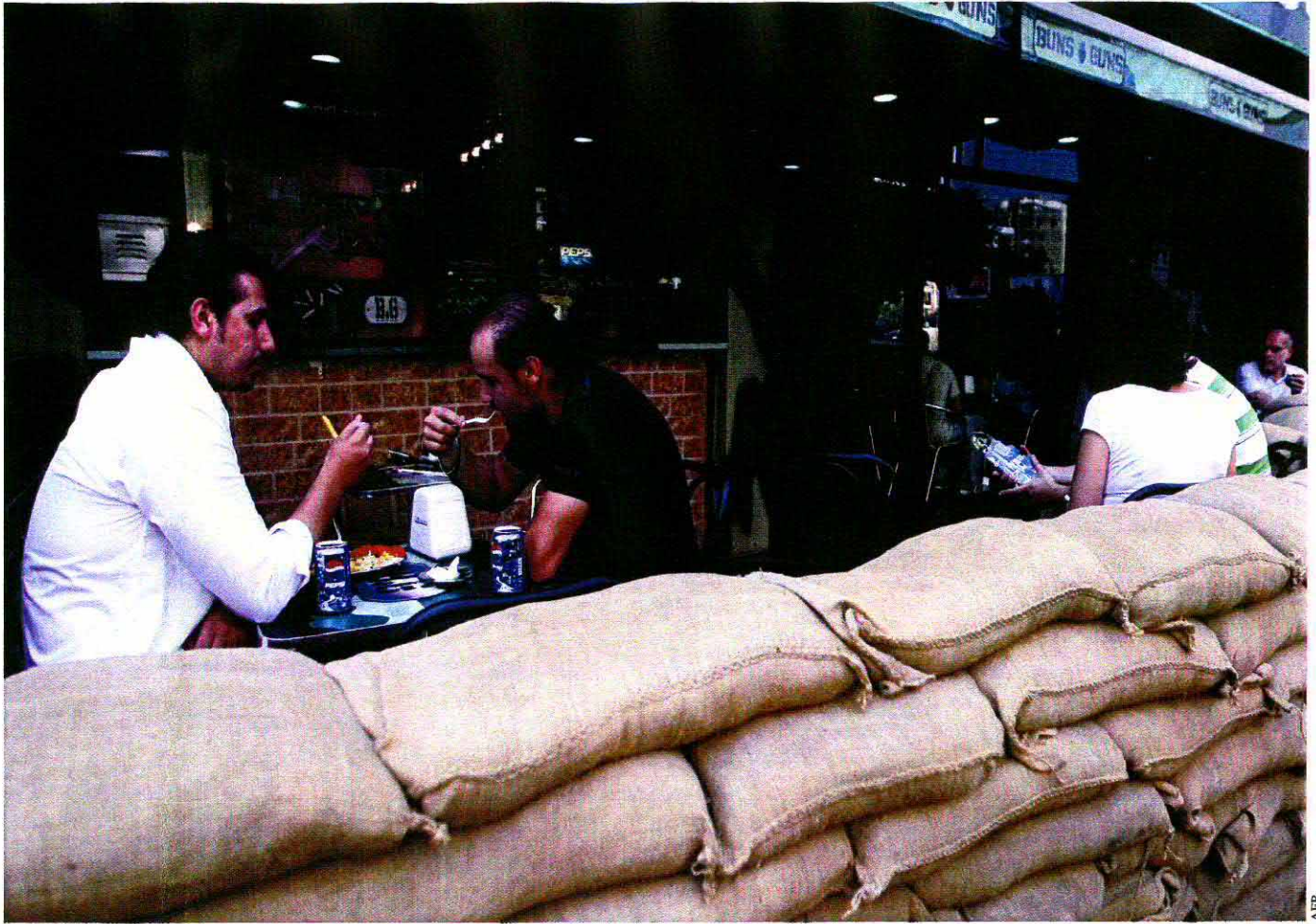
Against all odds. This new trend in coffee shops proved successful not only in Lebanon but also all over the region, where most Lebanese brands are expanding rapidly. International coffee shops chains – including brands established locally with a Western identity such as Costa – are intensely active and growing in the Arab world, where malls are abundant, but Arabs are nevertheless yearning for ideas more oriented towards the region's habits and culture.

"We currently have many clients who are looking for new concepts of modernized Lebanese or Arab cuisine and cafes," says Morkos. "This trend really picked up after 9/11, when companies started repositioning themselves on a more oriental segment. Besides, to modernize a traditional asset is exciting and motivating, it flatters the Arab pride. And Lebanese people are behind most of these concepts."

In fact, even the unquestionable impact of the global financial meltdown hasn't slowed down the industry. Business goes on as usual, if not faster than ever. According to Maalouf, "coffee shops are even benefiting from the crisis, as people will rather choose to go to cheaper places." Dammous-Salame explains indeed that: "Unlike restaurants, coffee shops are doing rather well. Customers can spend there more time for a cheaper average ticket than in restaurants."

So in Lebanon, coffee shops remain packed with customers used to the ups and downs of their environment. "There's a crisis, so what?" says Morkos. "In Lebanon, even during the war, business went on. Today, people will wait to buy a Porsche or a house, but they won't change their daily routine. There can be no crisis in the F&B [food and beverage] consumption as people won't stop eating out and enjoying their leisure time."

Moreover, franchise deals continue to be inked at an impressive pace. For example, Layla's franchising rights have been sold to Khourafi for \$1.4 million.



Lebanon's resilience to turmoil has proven itself time and again during the last three years

C&G, that started franchising in 2001, now has 22 operations in eight countries, including six new outlets in 2008. Maalouf, who recently took over C&G franchised operations in the UAE in order to expand heavily in Dubai and Abu Dhabi, plans 12 to 14 more operations in the next three to four years for a price tag of \$20 to \$25 million. Operations in Turkey and North Africa are in the works. According to Morkos, “some

Arab investors even want to open a small outlet in Beirut just so that they can sell the franchise afterwards.”

Even more significantly, “franchises are now being signed before the actual outlet is even open,” says Boladian. “For a concept to be Lebanese is a token of quality. As Beirut is being considered the Paris of the Middle East, whatever comes from here should be good.”

Lebanon is paving the way to a local,

strongly identified coffee shop industry. One last, sure sign of their success lies in the fact that neighboring countries are now waking up and smelling the coffee: in Aleppo, Syria, customers can now prepare their own mix of various teas and plant powders in a fashionable tea shop, logically named “Oriental.”

Lebanon’s resilience to turmoil has proven itself time and again during the past three tumultuous years, not to mention during the civil war. Today, its fast-growing coffee shop business gives Lebanese entrepreneurs the ultimate opportunity to use their skills at their best: such ventures don’t require massive investments, they allow for creativity, they deal with entertainment and are bound to attract customers day in and day out, as people – at least in the region and even more so in Lebanon – are keen to keep having a good time, and eating out, despite what may happen to the economy. For most observers, this trend is just getting started. It’s certainly a new way of getting a buzz from coffee. ■

BRAND

Lebanese coffee brands are expanding across the Middle East.

TRADITION

Coffee shops and gatherings to drink coffee and converse have a long history in Lebanon.

MODERNITY

The search is on for new concepts of modern recipes incorporating Arabic cuisine.