



THE ROAD TO A SUCCESSFUL RESTAURANT VENTURE



The Food & Beverage industry is often perceived as a good business opportunity for many entrepreneurs looking for a quick return on investment. It also attracts foodies and nightlife lovers who want to express their creative take on the sector. **Sabine Karam**, Beirut Team Manager – Consultant for Hodema consulting services, offers a guideline for turning a restaurant business into a viable investment

It is easy to confuse a good idea for a good business, as many of the new outlets end up closing within the first year of operation, as a result of a lack of market research, low barriers to entry, lack of management skills or a miscalculated financial business plan.

The golden rules

To turn your restaurant business into a successful investment, there are a few key rules to follow:

1. The prime one would be the location, which is a crucial factor for a successful food and beverage (F&B) venture. A thorough site analysis is always required prior to deciding on a location suitable for the concept. Market research is also a critical step to take before rushing into an investment. It is an essential tool to develop a solid concept, to identify the current supply and demand in order to avoid unnecessary competition. It also helps to come up with innovative ideas and answer any gaps in the market, thereby avoiding the pitfalls of fading trends.
2. Beating competition requires having a clear idea of your concept, with a unique approach that will differentiate you from the crowd. This approach should also be dynamic to adapt to the market's demand, changes and trends. Constant

monitoring of the industry's behavior enables you to anticipate new trends and find immediate answers to the customer's appetite for change.

3. Besides the location and the concept, the human resources developing stage is crucial. The quality of the staff is the first thing a happy or an unhappy customer will retain from their experience, at any venue. Hiring a competent management team and investing in your staff, through continuous training, frequent appraisals and securing career growth, are key elements for the success or failure of any F&B project.

4. Products need to be well chosen, with an emphasis on quality and consistency. The challenge is to keep high standards as time goes by. Many outlets do not keep up with the initial quality of food as a result of a weak implementation of recipe cards or challenges in their supply chain.

5. Health and hygiene, as well as food safety, require the staff to follow strict and restrictive procedures at every step of the operation. The Hazard Analysis and Critical Control Point (HACCP) training is mandatory for employees and the supervising team needs to collaborate with certified cleaning and hygiene control companies.

6. On the management side, a cost control system needs to be put in place, through the monitoring of labor and food costs and the implementation of inventory and waste management procedures. All this will enable the establishment's owner or manager to offer the best deal to its customers, finding the right balance between price, value, service and product. This winning formula is what will make clients come back over time and turn the place into a hot destination.

7. When you've dutifully followed all these rules, the finishing touch is the marketing. Advertising campaigns, press releases, public relations, a loyalty system and special events are all good tools to boost your business. However, what you need to focus on is social media. Being both instant and highly popular, it enables restaurants, bars and cafés to communicate new events or menu items and proactively engage with customers; keeping up to date with their opinions and getting instant feedback.

What's happening in popular cities in the region

Beirut's ever-changing mood

Beirut is renowned for its restaurants and exuberant nightlife. The city attracts many local and foreign investors, willing to be a part of this glamorous industry, but also hoping to make quick and easy money. This leads to a high turnover, with 184 openings and 155 closures out of the 865 F&B outlets counted in 2015. The quick evolution of the market is also due to the Lebanese clientele itself, wherein customers are usually well informed on the latest trends worldwide and have unforgiving high standards. In recent years, outdoor terraces have proven very popular, benefiting from the country's average 300 days of sun. Lebanese customers enjoy spending hours chatting, and favor venues where you can 'see and be seen'. Some investors have understood the importance of the trend, building their concepts around the terraces. Standalone restaurants like Al Falamanki, clusters such as Uruguay Street or Zaitunay Bay and malls like ABC Achrafieh or Beirut Souks are all allocating outdoor seating areas within their premises. Other establishments, mainly nightlife addresses, are going completely open-air during the summer season, such as Music Hall Waterfront, 7 Sisters or GardenState.

Another main factor is to develop a local brand. Despite their exposure to other culinary cultures, Lebanese customers remain faithful to their homegrown brands over international franchised concepts. That said, it doesn't mean they dislike change as they show their willingness to try new and exotic imported brand, but they always come back to their preferred local F&B concepts. America's Shake Shack, Applebee's and Papa John's among

others have not been met with the success they expected, whereas local brands offering similar food such as Roadster Diner or Classic Burger Joint have proven popular over the years.

Dubai, a challenge for investors

Dubai is perhaps not as ever-changing as Beirut, but it has an impressive track record, being among the most active markets in the Middle East. In the few last years it has been showing solid growth, thanks to the city's expansion and its cosmopolitan population, all coming from diverse ethnic backgrounds. In Dubai, all types of concepts - either created or imported - have virtually been tried and newcomers need to think out of the box to come up with fresh ideas. Some have succeeded, such as Logma, which has revolutionized Emirati food with its modernized recipes. Another challenge is to find the initial investment to develop a new venue, where city standards are set very high and most of its F&B destinations are upmarket. The price of property, ranked among the highest commercial rent prices in the world, is also a major challenge.

Cairo, the city of a 1001 opportunities

The newest hub in the region is undoubtedly Cairo. The city's nearly 12 million residents are mostly young and active with a developing middle class, which means high potential for F&B growth. Many multinational companies have already expressed their interest in investing in the underdeveloped Egyptian market. And, there is something for everyone - many concepts have not been created or imported yet. There is a clear lack in the casual market and the main recipe for

success is to offer popular street food in a modern setting and design, such as Zooba with its five branches across the city. The homegrown concept offers traditional Egyptian street food with a modern twist and a distinctive decor. The investors willing to make it in Cairo F&B market will have to come up with a brand that offers good value for money.

Different cities have different takes on a concept according to its demographics, cultural traditions and food habits. Many areas over the Middle East share the same challenge - the lack of government regulations and control over the industry, which sometimes leads to an anarchical development of a market, whether through oversupply or saturation of certain types of cuisine.

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