



Egypt's coffee craze spreads



Café culture and society has always practically influenced the life of Egyptians. Today, Western style coffee houses are part of the mix. **Nagi Morkos**, managing partner, **Hodema** explains



Coffee and tea have always been part of the Egyptian culture. Arabic coffee is traditionally served at home and during official ceremonies. Cafes, or Qahwas, have thus flourished all over the country, gathering both male and female clientele, who smoke shisha and play backgammon, while putting the world to rights, or gossiping.

In the last few months a revolution was staged from cafe back rooms, and now the future of the country is discussed over cups of coffee. Cafe Riche, for instance, has been open since 1908 and saw the planning of the 1919 rebellion, the making and breaking of political careers and artists such as famed writer Naguib Mahfouz.

Cafe culture has shaped, and continues to shape Egypt's life. With a growing population and a larger exposure to international trends, new cafes are in demand. All types of concepts are opening across the country, with even the first 'Islamic' cafe, D.Cappuccino, opening in Cairo. Male and female customers are separated, the waiters wear beards, no songs are played, and smoking is prohibited. The place shuts down during prayer times.

A promising market

More than half of Egypt's population of over 80 million people is under the age of 30 – youth that is increasingly familiar with foreign brands and the latest fashions. This is how foreign cafe chains have managed to get their foot in the door of a market in the hands of local traditional cafes. International brands offer a different atmosphere, usually less oriental, and a larger range of food on the menus. They appeal to young Egyptians as a cheaper alternative to restaurants and a way to socialize, as cafes are one of the places where men and women are allowed together. The next few years should be as promising for the market, with a growth expected in the hot drink demand.

The boom of F&B chains

International chains, in the last few years, have succeeded in carving out a strong position for themselves in the market, triggering a growing trend. Costa Coffee was the first to open in Egypt in 2004. The British brand currently has 35 outlets in the country. It also has the highest annual average number of outlets opened in Egypt since it was introduced to the market. As well as its classical Italian inspired menu (Espresso Doppio, various paninis, wraps and sandwiches, pastries and light snacks), Costa tries to adapt to the



local tastes. The chain plans to introduce high tables for more transient guests and Arabic coffee to attract and retain the older generation. It is also working on a delivery system to be launched soon.

Costa's main competitor is the American giant Starbucks, which opened in Egypt in 2006, where there are now 23 outlets.

In recent years, Starbucks has widened the scope of their drink offering with non-coffee based drinks to attract the growing child and teen waves of the Egyptian population. Generally Starbucks prefers to present a more 'classical' cafe menu.

Cilantro, the local take on the global trend

Alongside these two coffee giants, a local insider competes successfully with them on its own turf. Cilantro was launched in 1999 by Delicious Inc., a few years before foreign brands arrived in the country. It was thus considered as the gateway for international chains, by both piquing the curiosity and acclimatizing people to the idea of non-Turkish coffee. By 2005, Delicious Inc. had 14 Cilantro stores in two cities, Cairo and Alexandria. In that same year it was acquired by Hisham El Sewedy.

The Western style cafe-restaurant was the first homegrown Egyptian cafe to introduce international cuisine on its menu, and is widely seen as the trigger for cafe culture modernization with three franchises; first in London, then Amman and, more recently, in Riyadh. The chain now has two locations in London, and is aiming to open two or three more. There are plans to open a second location in Jordan.

A recipe for success

Cilantro's recipe for success contains many ingredients: first the brand styles – the interior designed to match a specific neighborhood or consumer group, sparking interest and making its customers identify with the place. Cilantro caters to their young target audience with modern furnishings, cool colors and hardwood floors. Their signature is "appetite for life," and the menu features a range of coffee delights, teas, salads and sandwiches. They even have a sushi platter and a cheese plate. To adapt to their clientele, the brand has introduced mango drinks and highlighted chocolate-based drinks in their drink selection – both popular flavors with Egyptians. Cilantro also offers a delivery service, introduced in 2011. This timely launch, during the political and economic instability, has made the service popular. The brand now plans to launch small branches targeting Egypt's corporate clientele.

This prosperous expansion has been supported by the strategy of the brand to rely on franchises abroad, using the same formula. Costa and Starbucks are applying in Egypt. The brand now thinks on a bigger scale, with plans to franchise in Bahrain, Algeria, France and the United States. Other popular local café chains include Pascucci café, Pasqua café and Beano's café.

The Egyptian coffee market is growing and will continue to grow in the coming years fueled by international franchises coming into the market and the continuous breeding of new local café concepts.

hodema.net

hodema
consulting services