

## hodemahighlights



Photographs by Ghadi Smatt for Le Commerce du Levant

## Various hotel openings in Beirut in 2009

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With 2008 being a particularly good year for the tourism industry in Lebanon, experts became optimistic for 2009 and announced promising forecasts. Now that we are more than half way through the year and have calmly overcome the June 2009 elections, it is safe to say that Lebanon is experiencing a boom like never before.

Today, and despite the economic crisis, the hotel sector in Beirut registers record numbers compared to the results of previous years and other hotels in the region.

According to a study on the hotel sector in the Middle East conducted by the consulting company HVS, Beirut is going through the highest growth in terms of profitability per available room. It is also ranked number one in terms of hotel occupancy rates for the first quarter of 2009. These rates grew from 39% in 2007 to 57% one year later. As for the net operating profit, it increased by 700% compared to the years prior to 2008.

Nonetheless, these numbers should be put into perspective and cautiously interpreted, as they are based on a comparison with the considerably poor performance of the previous years that were marked by the security issues and political instability, which placed Lebanon at the bottom of all the region's hotel rankings. Indeed, Beirut occupies the last position in the ranking of Arab cities regarding regional hotel occupancy rates for the past fifteen years (1994-2009), according to HVS, whereas the regional average is 67% and Dubai's rate reaches 77%.

Prospects are more favorable now, and Beirut is today a much more attractive city than Dubai for the new investors in the sector. This tendency is confirmed by the various hotel sector professionals who were gathered at the AHIC (Arabian Hotel Investment Conference) in Dubai last May. Many speakers from specialized companies such as Deloitte and Jones Lang La Salle considered the Levant, and Beirut in particular, as being investment opportunities for the coming years. [...]

As a definite indicator, investors have gone back to developing their projects that had been suspended or stalled a few years ago. Indeed, many establishments will be opened in 2009, including the much-awaited Four Seasons and Le Gray hotels. On the other hand, another Rotana project, the Solidere Rotana

Suites, which has been expected since 2007, seems to be suspended, or even stopped.

Other projects have also been announced, such as the renovation of the Summerland hotel, which should be turned into yet another Kempinski hotel (after al-Abadiyah Hills) whose expected opening is in 2012.

Finally, there are some projects, like the Hilton, that keep ceaselessly preparing for their opening. It seems as if the conflicts between the hotel owner and/or the contractor have delayed its opening, which has been expected since July 2007. As for the hotel project of Marwan Kheireddine (from al-Mawarid Bank), which had Philippe Starck as its designer, its fate is equally uncertain.

It must be noted that, with the exception of the Kempinski al-Abadiyah Hills, this summer's announced openings are mainly concentrated in Beirut, which has always attracted the largest number of five-star hotels in the country.

This wave of investments comes as an answer to the underdeveloped hotel offer. In 2006, there were 4 000 rooms in the capital compared with around 11 000 rooms in Mount Lebanon, out of a national total of 17 449 rooms. Since then, there hasn't been any new hotels (other than the Ramada in downtown Beirut), but rather hotels that ceased their operations. It is very hard to assess the growth of demand in a country like Lebanon, but it is certain that the offer in terms of hotels is today neither sufficient nor adapted to the higher international standards.

Lebanon is still an emerging country and its hotels must be both renewed and increased.

Investments are made by various stakeholders who are aware of this deficit. Great « traditional » hotel families such as the Salhas, the Saabs, and more recently the Youneses count among the Lebanese stakeholders. As for the foreign stakeholders, they are the Kingdom and Khourafi groups, or investment funds from the Gulf such as the Istismar Group. Hotel chains do not invest in Lebanon or elsewhere, as it is the operators who would rather be in charge of management. However, they are requested to operate the establishments, and some of these chains carry in their name various projects at the same time. The tendency to resort to large chains can be explained by two reasons : (a) the will to raise the level of the local hotel sector and make it more professional, at a time when all the attention is focused on the growth of tourism in the Land of the Cedars ; (b) the scope of the client database these international chains are capable of generating in terms of reservation volume compared to independent hotels.

Most of the new hotels are in the five-star range in order to meet the demand as it is perceived from the market: the larger part of foreign clients who come to Lebanon today is constituted of tourists from the Gulf who require luxury, utmost comfort, and flawless service. As for the current offer by middle-range hotels, it meets quite well the demands of European tourists looking for minimum comfort. However, the number of such tourists is still relatively low. The professionals in the sector say that the high-range market is not at risk of being saturated and seem to be confident, as the market will always be a carrier in case of stability. This optimism is linked to the nature of the sector, where return on investment is made on the long-term – knowing that the past years have not been very encouraging.

### Eight new hotels in Beirut

Name of Hotel	Capacity (rooms/suites)	Opening Date	Location
Le Gray	87	August 2009	Downtown
Grand Hyatt	443	End 2011	Downtown
Four Seasons	234	July-September 2009	Downtown
Kempinski Summerland	151	2012	Jnah
Landmark	288	2013	Downtown
Hilton	200	N/A	Downtown
Raoucheh Rotana Suites	170	September 2009	Raoucheh
Solidere Rotana Suites	200	N/A	Downtown
<b>Total</b>	<b>1773</b>		



Photographs by Mark Mansour



## Interview with Mr. Fadi el Khoury Owner of Ichiban restaurants

**We wanted to franchise our concept abroad. *hodema* was exactly the company we needed to support us in undertaking this mission.**

Fadi el Khoury spent 15 years abroad in France and Europe where he worked as a foreign exchange dealer in American and European banks. He returned to Lebanon in 1995 with the dream of opening his own restaurant. He has always had a passion for "real cuisine" and has developed various Food & Beverage concepts and projects.

In 2003, he opened his first Japanese restaurant, Ichiban, in Jal el Dib. After 6 successful years, he opened a second outlet in Achrafieh. For Khoury, Japanese cuisine is a passion: "it is more than just food; it is an art that combines taste, beauty and colors".

Khoury frequently travels around the world to discover and learn new recipes as well as search for innovative products. Unlike a few others in the Food & Beverage business, he creates each of his menu items based on his most recent discoveries. Today, he is working on franchising his brand abroad.

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

I heard about *hodema* through one of their collaborators. We had already decided to open a second Ichiban outlet in Achrafieh and needed support prior to the official opening. We also wanted to franchise our concept abroad. *hodema* was exactly the company we needed to support us in undertaking this mission. We started working with *hodema* in March 2009.

### 2 • What tasks did *hodema* carry out to assist you in the opening?

*hodema* started by conducting a competitors' profile analysis and assessing our existing outlet and operations in Jal el Dib. They provided us with helpful advice and numerous recommendations for the new location with regards to concept adaptation, the restaurant's positioning, menu pricing, advertising and marketing strategies, floor layouts and so forth. We were able to apply some if not most of their suggestions. However, other suggestions, although very constructive, could not be implemented since we had already initiated the construction and pre-opening process. At this time, *hodema* is working on a full franchise package for Ichiban Cuisine and elaborating our standard operating manuals to facilitate the product expansion.

### 3 • How do you describe the Japanese restaurants market in Lebanon?

The Japanese restaurants market is divided into two categories: upscale and mid-scale. When the sushi craze first started in Beirut, it was considered as 'trendy'. Over the years, Japanese cuisine has become much more accessible and very popular. Although we have seen many new Japanese restaurants pop up, the demand has not ceased to grow. Besides the known and specialized sushi restaurants, we have noticed an increasing number of outlets such as clubs, pubs and

international restaurants that serve sushi on their menu even though they are not particularly focused or specialized in Japanese cuisine. To conclude, I would say that although Japanese restaurants are quite abundant in Beirut's F&B market, with up to twenty already established names, there is still room for new concepts, specifically in the upscale Japanese-fusion market.

### 4 • After Jal el Dib, what made you choose Achrafieh as a location for your new outlet?

Achrafieh is an absolute must for any high end restaurant. For our second outlet, we wanted to upgrade our previous concept and that is why we created "Ichiban Cuisine". We chose a strategic location in a prestigious building, on a busy avenue, in the heart of the capital's main touristic venues. In addition, I think Achrafieh attracts a broader clientele base since it is close to other main sectors which expose our brand to potential franchise opportunities.

### 5 • What modifications did you bring to the new Ichiban?

As a first step, we changed our restaurant's name to "Ichiban Cuisine". This allowed us to expand our menu offering and serve true and authentic high quality Japanese cuisine with a wider selection of starters, salads and hot foods. We also created several new sushi and maki mixes, as well as exotic Ichiban wraps that use special imported ingredients. We offer innovative high end items that are served exclusively at "Ichiban Cuisine". Our dishes are created following our continuous and extensive research and we focus a lot on quality. Japanese food is trendy, healthy, colorful and joyful. For me, a sushi and maki platter looks a lot like a painter's palette. However, the look should not fail or deceive the intended palate; and this is what I constantly work on in my restaurants.



### 6 • What do you consider was *hodema's* added value as consultants in the development of your project?

*hodema* supported and advised us during the final stages of our opening and their contribution helped us to be strategically placed on the right launch pad for the international market. Now that Ichiban Cuisine is up and running in Beirut, *hodema's* main input will be in the brand's franchise development process. Their team is closely collaborating with ours in order to develop a set of standard operating manuals and elaborate our franchising strategy. They are analyzing the various ways to adapt Ichiban's concept to other F&B markets in the Gulf. Once our concept is exported, *hodema* will act as our representative and will ensure a strong coordination between our brand and the franchisees.

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## Development of the first Wine Museum in the Middle East

Bekaa, Lebanon

*hodema* was appointed to develop a concept for the first modern wine museum in the Middle East. The museum will be design-oriented, state-of-the-art and interactive for both amateurs and professionals in the wine field. Apart from providing guests with a leisure-filled experience, the aim of the wine museum is to educate and inform the general public.

The project relates to the Middle East region as the universal oldest wine production sites and informs the public on the history and evolution of winemaking in the Bekaa valley and the Levant. The *hodema* team performed an overview of the wine theme as a cultural product, assisted in the legal set-up of the museum, identified existing wine museums in the world through visits to several wine museums abroad and developed a unique concept. Today, *hodema* is setting up the research team that will include renowned oenological researchers and experts, archeologist, geology experts and museums curators.



Source: [www.hameauduvin.com](http://www.hameauduvin.com)

## Press launching for the Teleferique food court project

Jounieh, Lebanon

Targeting the representatives of well-established F&B companies, key public figures, and the media, the Teleferique food court project launching took place on March 11, 2009. Mr. Joe Boulos, Chairman of the Board of Directors, announced that the Téléferique management has decided that it is time to give the infrastructure a 'facelift' while stressing on the increasing number of passengers. Mr. Nagi Morkos, Managing Partner of *hodema*, described the new Food Court, which will include a Lebanese restaurant, and Children Playground projects. The conference was followed by a Q&A, a cocktail and a guided tour of the premises.



## Development of a franchising department for a Lebanese brand

Beirut, Lebanon

*hodema* is assisting the owner of a Lebanese restaurant which offers a wide range of sandwiches, grilled specialties, and daily platters, in the restructuring of the outlet's operation prior to franchising the brand abroad. *hodema* started the mission by assessing the restaurant's concept, branding, premises and operations. It is currently helping the client reshuffle the existing concept and creating a new subsidiary with the aim to franchise both brands; it is also updating its actual franchise offer and creating a franchise department while providing ongoing strategic counseling in order to ensure the brand's long term success.

## hodema, Gold sponsor at AHIC

Dubai, UAE



Photograph by Simon Charlton



Photograph by Nicolas Dumont

*hodema* was a gold sponsor at the Arabian Hotel Investment Conference (AHIC) in Dubai on May 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> 2009. This prestigious conference gathers international industry leaders and key regional hospitality industry players. Mr. Karim el Asmar, one of *hodema*'s managing partners, moderated the panel "Pipeline promises", which hosted lively discussions of the situation regarding the regional pipeline in the context of the international financial crisis. Among the participants were architects, consultants and international and regional hotel operators.

## Development of a bakery shop & tea house

Beirut, Lebanon

*hodema* is currently developing a flagship bakery shop & tea house outlet that will introduce an innovative and differentiated offer in the Beirut market. The outlet will serve as a pilot for a regional development. *hodema*'s scope of work included a market study on the F&B industry and on new trends in Lebanon and analyzed the demand and supply in the country. *hodema* then developed a concept and a preliminary feasibility study, and assisted the client in the selection of the outlet's location.

## Food & Beverage analysis on Beirut

Beirut, Lebanon

*hodema* is authoring and will soon be co-publishing its first issue of the annual F&B analysis of Beirut, with a leading economic magazine. It will include a detailed study of all outlets that serve food and/or beverages (restaurants, bars, snacks, nightclubs, etc.). This report will tackle the main trends, landmarks, and major players in the F&B field and will focus on the prime F&B hubs throughout the city. The report is expected to be released by the end of the year.



## Development of a franchise department for a Japanese restaurant

Beirut, Lebanon

*hodema* was appointed as consultant to a Japanese cuisine restaurant for the development of a franchise. *hodema* started with an assessment on the outlets and concept. It performed a competitive survey and benchmarked the Japanese cuisine food offer on the market. *hodema* also provided the client with an ongoing strategic support and consulting on the internal organization of the company as well as on the brand strategy and the product structuring. *hodema* is currently providing support in the development of the franchise offer and the operating manuals in view of exporting the brand.

## hodema in international conferences

### Conference at IMHI - ESSEC | Paris, France

Karim el Asmar held a conference in January 2009 at IMHI Business School in Paris, France in the scope of the "Leaders in the industry" conferences cycle about the "Industry trends" in the Middle East for the year 2009.

### Workshop on the Arab Tourism Bank | Damascus, Syria

*hodema* participated in a workshop on the creation of an Arab Tourism Bank by presenting the trends in financing and development of projects in the Arab countries in April 2009, during the Arab Tourism Organization conference in Damascus.

### HORECA 16th edition 2009 | Beirut, Lebanon

For the fourth consecutive year, *hodema* participated in HORECA, the annual hospitality and food exhibition that took place at Biel, from April 27 until April 30, 2009.

### Entrepreneurs Forum, 1st edition 2009 | Beirut, Lebanon

*hodema* participated in the first Entrepreneurs Forum on May 21st and 22nd, in Biel's "Pavillon Royal" among 50 exhibitors and leading businesses offering a comprehensive range of services.



## hodema new offices

In order to cope with the growth of activity and the increase in staff number, *hodema* moved to larger offices in Badaro 2000 corporate building. *hodema* has now a team of 20 collaborators over 3 offices: Beirut, Jeddah and Riyadh.





## Hotel room design: trends and influences

The full article was published in "Hospitality News" – N° 64 June/July 2009 by Karim el Asmar from *hodema*

Hotel design is a balance between the driving forces of the actors involved. At the end of the development process, the end product -the room- will have combined the various agendas brought forth by the developer, the operator, and the designer, who all have wishes, constraints, and a vision of what the guest wants.

The room is also a mix of space, esthetics, technology, cost, and asset. Depending on the product being developed, one component may weigh in more than the other. For example, the restoration of an old building in Paris into a charming hotel will defer from the development of a luxury hotel on a pristine plot of land in Dubai. Likewise, the development of a high-tech business hotel will differ from a country side luxury hotel.

Guests staying at the Rosewood Hotel in Jeddah, Saudi Arabia, will experience a number of high tech facilities such as chromo-therapeutic showers, seeing on TV monitor who's at the door and automatic TV volume change when answering the phone whereas the Chedi Hotel in Muscat, Oman, focuses mainly on esthetics to create a uniquely relaxing atmosphere and a stress-less haven.

In the last decade with the prevailing economic boom high-tech was a major and powerful component in the hotel rooms worldwide. [...]



As the cost of technology decreases an expansion of high-tech is expected in hotel design. However, as digital technology is integrated in all aspects of the hotel it often creates confusion and conflicts with the very notion of a comfortable stay for the less techie guests.

Esthetics has also been a driving force. In the last decade we have seen the development of numerous reservation systems and labels focusing on design and referencing hotels based primarily on the esthetics of the design. For example, Design Hotels and Tablet Hotels are two labels promoting properties selected for their innovative design. While Ian Schrager, the American creator of the boutique hotel, through his association with Philip Stark, the French product designer, developed the very notion of design hotels with a central focus on the esthetics.

The guest of the 21st century has proven to be very sensitive to design but also to technology. The emergence of lifestyle brands is the result of this sensitivity. The Starwood lifestyle brand W combines ingeniously the esthetics and technology. Another illustration of this trend is the

emergence of concept stores, integrated into the hotel, where the guest can buy articles available in the room. Technology associated with financial means and innovation frenzy allowed operators and developers to explore different usages of technology in the room. With the possibility to personalize virtually everything in the room from the welcome, room set up, TV screen, radio station and so on, technology became a source of guest experience improvements. It also became a source of improved internal control by integrating more complex security codes and protocols.

Room technologies have been developing, exploring and tackling various issues related to the guest's stay, some making the stay more pleasant and more secure while others were adding to the 'wow' effect contributing an unforgettable guest experience by immersing them directly into a sci-fi futuristic environment.

The Mandarin Oriental Hotels have implemented wireless technologies allowing the room to "recognize" its guest and customize the atmosphere by adjusting the light, temperature, curtains and TV channel. The Five Hotel in Paris has reputedly small rooms; however, with the integration of chromotherapeutic lighting in the shower, a tinge of design and innovative lighting, the rooms were transformed into a cozy haven, upgrading a property that would have otherwise been rated as a 2-star hotel. The result being a higher RevPar.

High tech and esthetics, which still constitute a differentiating factor for properties today, are becoming a must. With the recent financial crisis technology trends are being reviewed drastically. For one thing, the crisis acted as an electro-shock reminding consumers, travelers and developers of current environmental issues. On the other hand, the development is expected to shift further towards the budget hotels, and the fancy yet onerous aspect of all this high tech approach to the room development will have to be revised.

Undoubtedly, design for budget hotels is different. While in luxury we allow for more freedom in space, esthetics and technology, in budget hotels we speak of ergonomic design as functional use of space.

Technology remains very basic, often limited to the set of plugs in the wall and the TV. Nevertheless, in the midst of the current crisis, the new customer profile has different wishes. Having their travel budget downgraded, has not reduced the needs, tastes and expectations of business travelers. Moreover, the massively integrated technology in higher class properties has set a standard expectation, to which budget and limited service properties have to adjust. The current context might offer just what is needed. The construction costs being lower, associated with a lower cost of high tech and auditioned to inventory surpluses, will facilitate the access of developers to techies' gizmos at a lower cost. Hence new budget properties should improve at integrating digital technologies.

### Actors involved in the development process

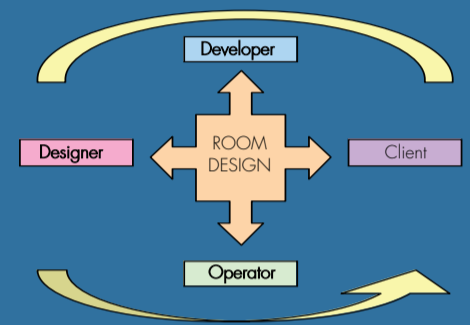
**The developer:** The driving force in the development of the project. As a fund provider, the developer gets the final say. However, inexperienced investors are often confronted with costly loopholes in the design process and later on during the operation.

**The operator:** Has the closest contact with the guest, and is the most seasoned and experienced on how a property will age. Often comes to the table with a set of requirements and constraints.

**The designer:** The driving force in esthetics, the designer tries to answer the constraints as set by the operator and the developer. Also tries to imagine the lifestyle of the guest in the property and has a natural lenience towards design esthetics which can sometimes prove risky for the long term operation.

**The guest:** The major concerned person and the least involved. However, the guest can prove a ruthless judge, jury and executioner.

**The development consultant:** A newly introduced actor on the development scene. Being the least anchored of the actors, acts as a moderator to find the balance between the other actors.



### Components of a hotel room design

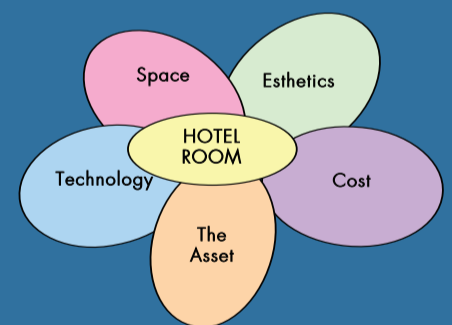
**Space:** Guests would like more, designers love it, operators want it to be efficient, and owners fear its cost.

**Esthetics:** Guests have developed a taste for it, designers would love more, operators want to use it as an advantage, while developers often consider it a necessary damage.

**Technology:** Guests want it to improve their experience not complicate it. Designers would love more, operators want it used efficiently, and developers wonder how much is really necessary.

**Cost:** Guests want the best value for money, designers fear budgets are too tight, operators want to optimize it, and developers aim to minimize it.

**Asset:** The property, land or building, that comes with a number of constraints, such as location, size, form and, sometimes, original design.



As for the design, we have observed several trends and the furniture, fixtures and equipment (FF&E) market has integrated numerous designs. Retailers such as Ikea have democratized design and consumers have gained easy access to design objects at great value for money.

Likewise, developers have access to lower cost design FF&E, which should facilitate the integration of esthetics in the rather dull budget hotel design.

"easyHotels" innovated by introducing flashy color, soft lines and shapes into the room. The demand for the coming years being at the level of the budget hotels, higher differentiation will be needed, as the brand alone may not suffice. Budget hotels may witness similar trends as luxury hotels in design and esthetics. Finally, one of the most important socio-economic trends is the sustainable and eco-friendly development.

While developers have been announcing its integration, the hospitality industry is still lagging on that front.

However, eco-friendly and sustainable development will become increasingly a criteria for selecting a hotel, whether at an individual basis but also at a corporate level. The next influencing component in design will be sustainability.