

# Perspective

The people and ideas shaping  
hospitality in the Middle East.

## Q2 2014

## per·spec·tive

2014 Volume 2

1. the art of visualizing things in a way that reveals their attributes and position in relation to each other.
2. a particular attitude toward or way of regarding something; a point of view.
3. a habit of thought that is particularly useful when making investment decisions.
4. a publication from the Hotel Arabian Investment Conference (AHIC) and Cain Hospitality Innovation (CHI).

### Highlights in this issue:

- a review of quarterly hotel performance in nine key markets in the GCC (pp. 2-3).
- an overview of restaurant supply in fifteen key markets in the GCC (pp. 4-5).
- a brief on restaurant franchising in the Middle East, from a legal perspective (p 6).
- an opinion on the creation of restaurant concepts with a sense of place (p. 7).
- a section with conversation starters, with updates from our community (pp. 8-10).

A few months ago, on the occasion of the 10th anniversary of the *Arabian Hotel Investment Conference (AHIC)*, we had introduced the *pilot issue of Perspective*, a quarterly publication focused on hospitality development in the Middle East.

In this second issue, we experiment with a slightly different structure and format. To begin with, the newsletter will be distributed exclusively in digital format, using the channels available to AHIC and Cain Hospitality Innovation.

Our goal is to publish original content that can support strategic decisions in hospitality development. So we propose a mix of in-house research and contributions from established industry players.

Consider our dashboard for monitoring hotel performance in nine key markets in GCC, with data provided by *STR Global*.

We only presented RevPar numbers, without imposing our own interpretation, because we hope you will be inspired to share your thoughts with us online. Let us know if you find this interesting.

We also introduce our first attempt to map the restaurant industry in the GCC, covering fifteen key markets. This research from Cain focuses on market size, geographic distribution, and location types. We include a teaser on restaurant classification and ask you to tell us what other research directions would be relevant to you.

*Ms. Babette Märzheuser-Wood*, of *Dentons*, contributed a piece on restaurant franchising, sharing insights related to due diligence when choosing a partner and negotiating a franchising agreement.

*Mr. Bob Puccini*, of *Puccini Group*, discusses two types of creativity when designing a restaurant concept, the importance of local elegance when setting the mood, and the reasons why cultural artefacts still matter.

If you are interested in finding investment opportunities and enhancing your connections, consider our *Arabian Hotel Investment* group on LinkedIn. This is an open networking group for senior level executives involved in hotel investment in MENA and it already has more than one thousand active members.

If you are a senior decision-maker interested in thought-leadership, consider our newly launched *Hospitality Innovation* group. This is a small and exclusive discussion group where confidentiality is our priority. Membership is invitation-only. Strictly no commercial agendas. Please express interest to join if you wish to share your perspective with the people who shape hospitality in the Middle East.

Read us, talk to us, and help us create a truly useful platform for the ideas and people that are shaping hospitality in the Middle East.

Thank you for your support.

*Jonathan Worsley*  
Chairman - Bench Events

*Catalin I. Cighi*  
Managing Partner  
Cain Hospitality Innovation (CHI)

# per·spec·tive hotels





## Hotel Performance - a Quarterly Overview

by *Catalin I. Cighi*

We looked at the RevPar dynamics associated with over 100,000 hotel rooms in nine key markets in the GCC, comparing 2014 monthly data with last year's performance. The data was provided by STR Global.

We created this dashboard without comments to give you the opportunity to use the white space to jot down your own questions and interpretations. We do so to fuel dialogue and we invite you to share your thoughts with us.

### Legend:

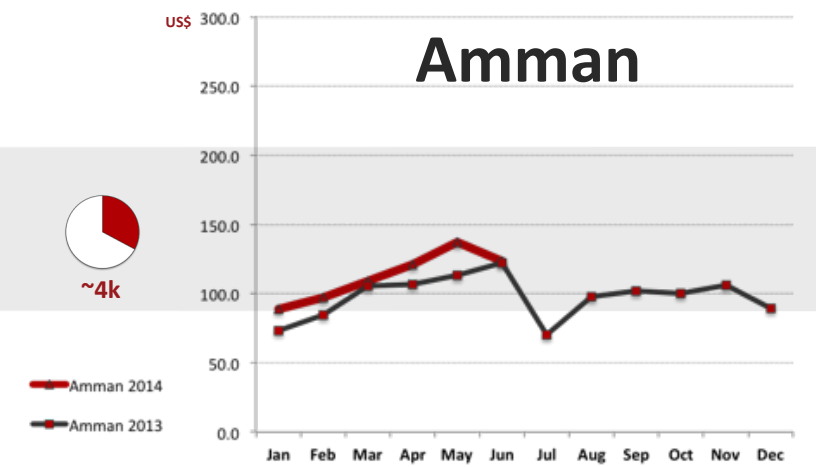
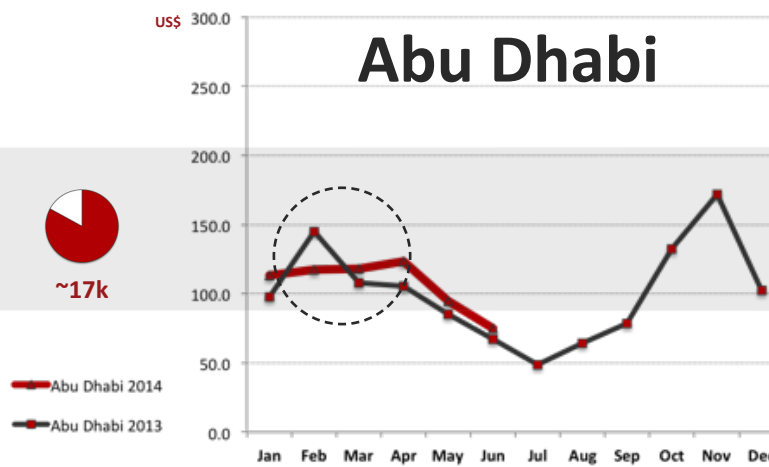
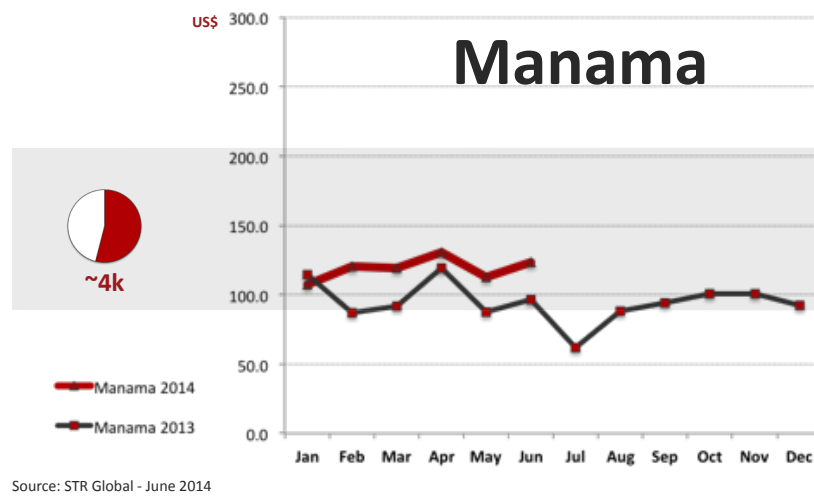
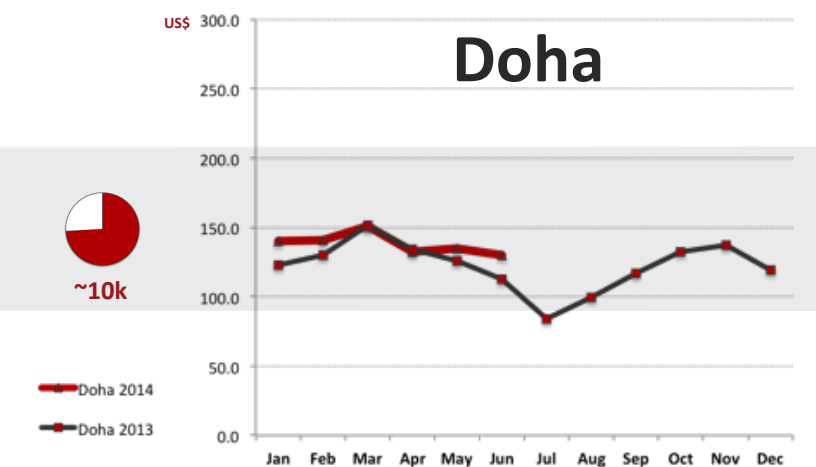
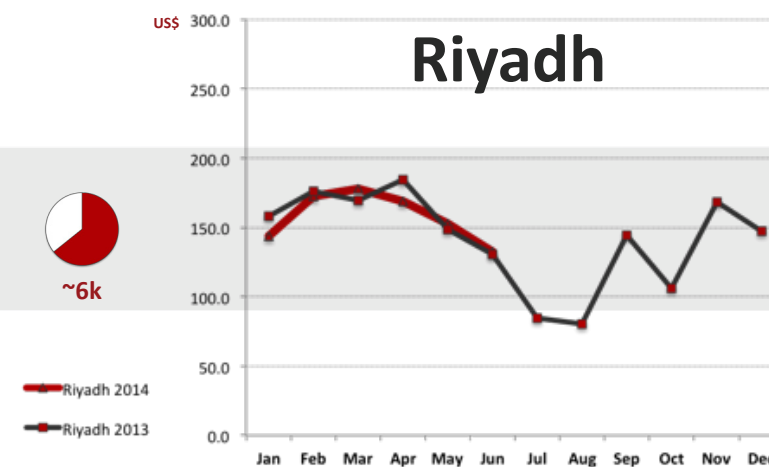
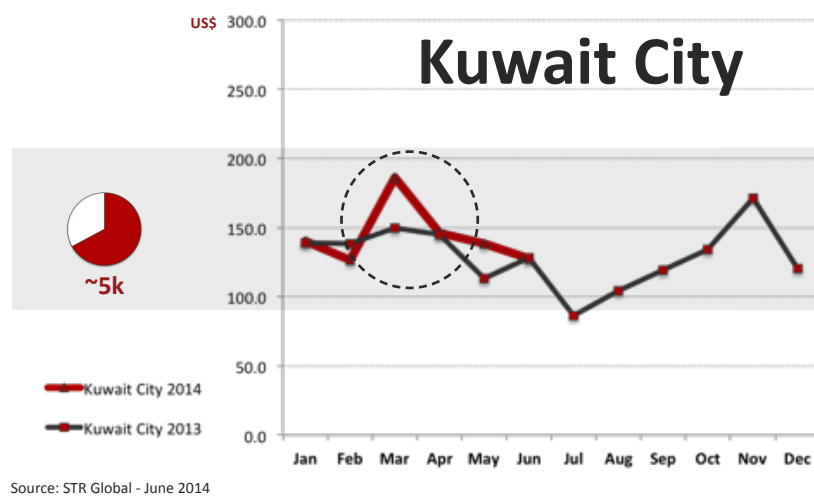
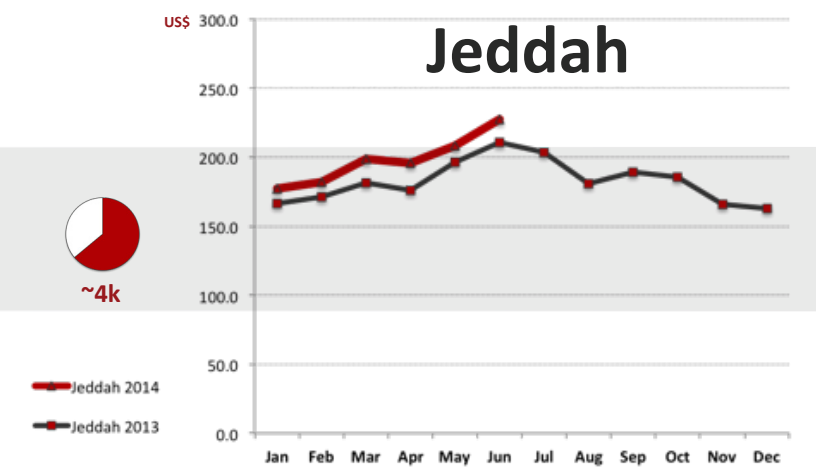
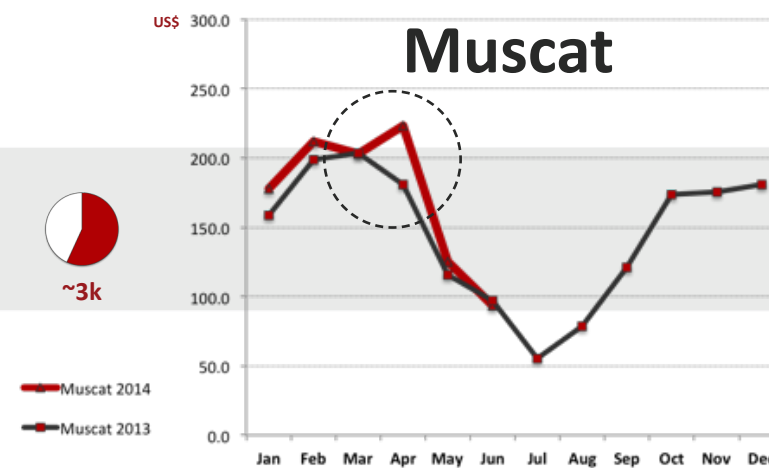
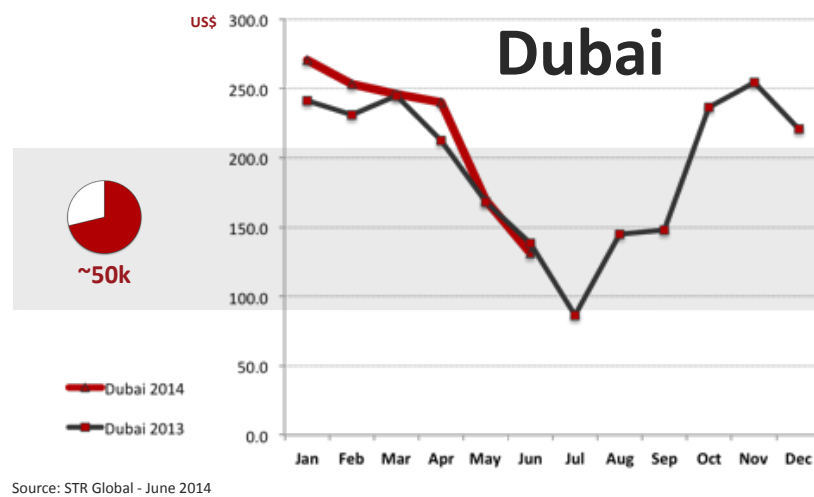
-  Sample (% census)
-  Sample Size (rooms)
-  2014 RevPar (US\$)
-  2013 RevPar (US\$)

In this format, the data does not present a sufficient basis for any type of decision making, for reasons related to lack of granularity and matters related to sample size as % of entire population.

For decision making, please consider the tailored trend reports offered by STR Global, which allow you to select your own competitive set and build a picture relevant to your specific needs.

STR Global covers the performance of more than 49,000 hotels globally, and supports decision-making with valuable hospitality supply and demand data.

In the Middle East / Africa, STR Global surveys some 735,000 rooms, with a current participation of more than 260,000 rooms.



# per·spec·tive restaurants

## Restaurants in the Gulf - an Overview

by *Catalin I. Cighi*

What do we know about restaurants in the Gulf? A timely question I think, given how many hotels are planned for development, and how important it is for hoteliers to create an attractive and profitable F&B portfolio.

This article answers a few of the big picture questions to build a basis for making restaurant development decisions and to encourage stakeholder dialogue as we prepare for the second *Global Restaurant Investment Forum* in Dubai.

### Step 1: Used digital footprints to find restaurants in the Gulf.

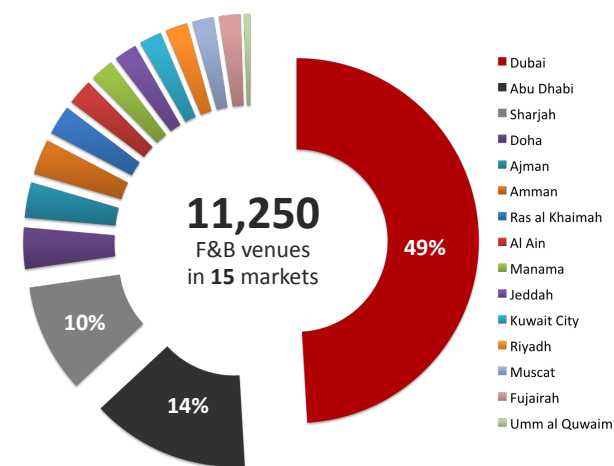


Figure 1: All the restaurants we could find in the Gulf.

This method is not perfect, because it excludes restaurants that don't have digital footprints - i.e. have no website and are not mentioned online. I think this blind spot is negligible, but I cannot tell for sure just how many I missed. The only way to know is to collaborate with government agencies and analyse their databases of active restaurant licenses.

After eliminating mentions of restaurants that are no longer open, I was left with 11,250 venues located in 15 key markets in the GCC. I also collected some 120,000 online reviews. No surprise about the size of the Dubai market - but who knew there were so many restaurants in Sharjah?

For each restaurant, I collected some 30 data points. But digging into the data, I found some gaps in the available information:

- Only **65%** of the restaurants (7,350 venues) had published GPS coordinates online. I have all their addresses, but I cannot yet pinpoint all of them reliably on a map.
- Only **51%** of the restaurants (5,726 venues) have online reviews - which means that half of them are still a mystery to me when it comes to food quality, service, or ambiance.
- Only **33%** of the restaurants (3,676 venues) had a clear positioning. Lacking a unified system of classifications, restaurants positioned themselves by National Cuisine (37%), Venue Type (17%), by Dish Type (8%) and then in seven other different ways.

### Step 2: Used online reputation measures to identify the most popular restaurants in the Gulf and verify their information.

The original data set was too large to verify for accuracy and completion. Filling the information gaps would have taken too long and benefited us too little. So I selected a subset of this data using online reputation measurements.

I included only restaurants that had more than 100 online reviews. The nature of the reviews, good or bad, was not important. Only the idea that these are the venues that currently enjoy the highest popularity online.

This approach is easy because the information is readily available from various online platforms. It reduced the original 11,250 list to only 244 venues, which made it possible for me to check each of them individually, correcting errors and filling in data gaps. It also opened up some interesting analysis venues.

The choice of the 100 reviews threshold was not accidental. It was inspired by something I noticed a few months ago, while mapping the highest ranked restaurants in Dubai. One morning I found a restaurant ranked 2<sup>nd</sup> on a list provided by Trip Advisor, then only a few hours later it ranked 80<sup>th</sup>. At the time of writing this article, this venue ranks 28<sup>th</sup>. What was going on?

The restaurant's ranking jumped all over the place because it had a small number of reviews, and each additional vote had a very large impact on its score.

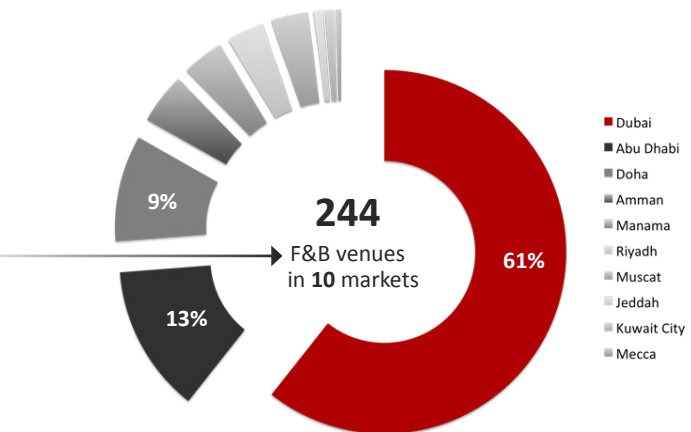


Figure 2: **r100** = restaurants with >100 reviews online

By choosing only restaurants with a minimum of 100 reviews, I knew that each additional review would have an immaterial impact, moving the needle by less than 1%. This meant that I could perform some interesting analysis on the reviews associated with this sample. Stuff such as seeing how scores for food, service and atmosphere differed by geography, location, venue type etc.

But this is a topic for a separate article. And it makes for an interesting conversation, because as unreliable as online reviews may be, they are still significant. The average consumers rarely bothers with fact-checking, and I have evidence that suggests even development decisions are made by investors who pull out iPads in the middle of a meeting where a brand is evaluated.

For now, I only used the number of reviews to select my sample of most popular restaurants in the Gulf. I refer to it as the *r100*. At the end of July 2014, there were only 244 restaurants that made the list, located in ten markets.

I found no restaurant with 100 reviews in five of the markets analysed, most notably in Sharjah, which has ~1,100 restaurants. This does not necessarily mean a lack of popular restaurants - fewer reviews may be a function of customer profiles and not a reflection of restaurant quality. Still, this Emirate may benefit from some extra attention to its social media strategy.

Dubai's share of this sample is considerable, at 61%. Together with Abu Dhabi and Doha, these three markets account for 73% of the most popular restaurants in GCC. This is the combined effect of customer profiles, tourism visitation volumes, and prevalent lifestyles (Dubai residents dine out a lot!).

### Step 3: Classified each individual venue per geography, location type, and association with a mixed-use development.

Location is important for restaurants. So I wanted to know how many of these popular venues are standalone street restaurants and how many are located in hotels or malls. And in each category, how were these restaurants distributed? Figures 3 to 5 show what I found.

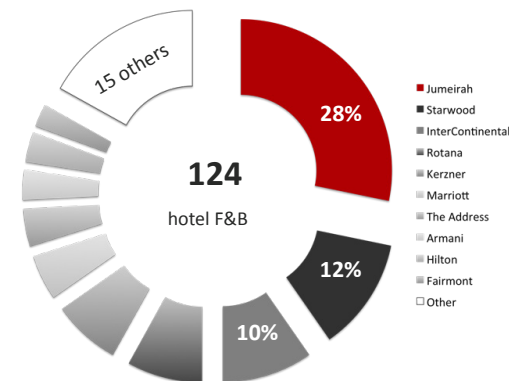


Figure 3: Hotel operators with most popular restaurants

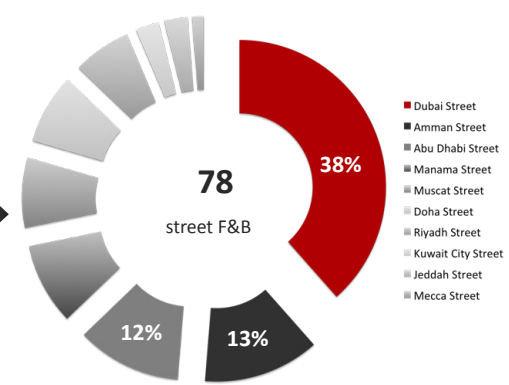


Figure 4: City streets with most popular restaurants

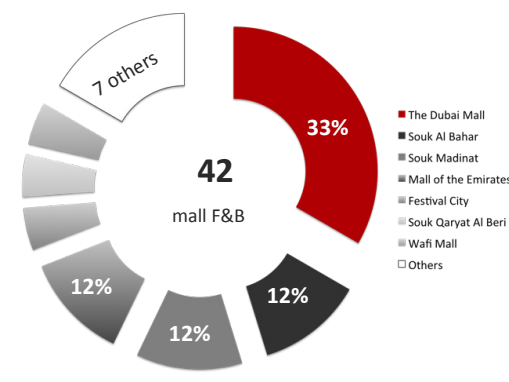


Figure 5: Shopping Malls with most popular restaurants

Three hotel operators are associated with 50% of the popular hotel restaurants in the GCC. We know about Jumeirah's RnB division, but what is it about Starwood and InterContinental restaurants that makes them so popular?

Dubai maintains its leading position even in the street restaurant category, while Amman and Abu Dhabi are competing for second place. In the mall restaurant category, the second place is contested by no less than three establishments. How interesting that, in spite of the climate we enjoy here, the list of popular restaurants is almost twice as long in the street category when compared to shopping malls. I did not expect that.

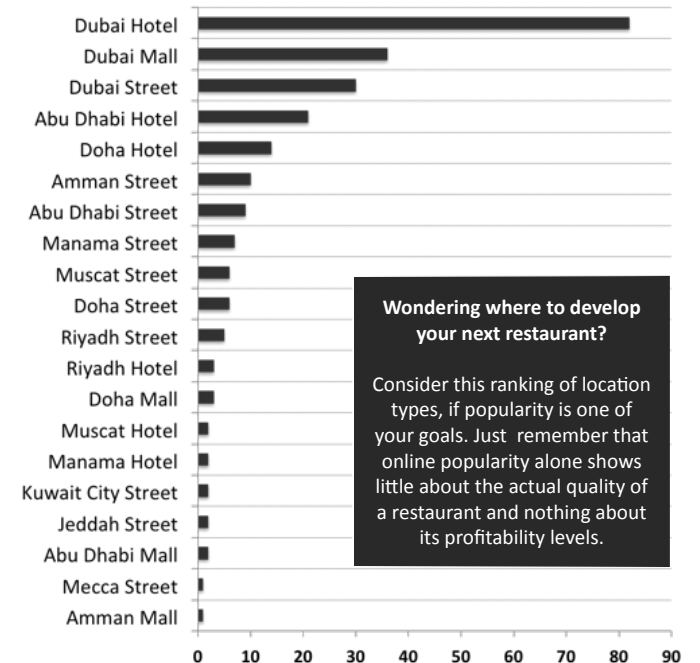


Figure 6: Most popular location types for restaurants in GCC

Let's finish with a teaser from the next article on restaurants in the Gulf, which will analyse current and future supply in terms of venue type. Figure 7 illustrates the distribution of the 244 popular restaurants by venue cuisine. A glance will tell you that too many select the generic position of "International" suggesting there is further scope for differentiation. That Indian is the new French, and that Belgians don't mingle when restaurant character is at stake. But all this in a future issue of *Perspective*.

- CC -

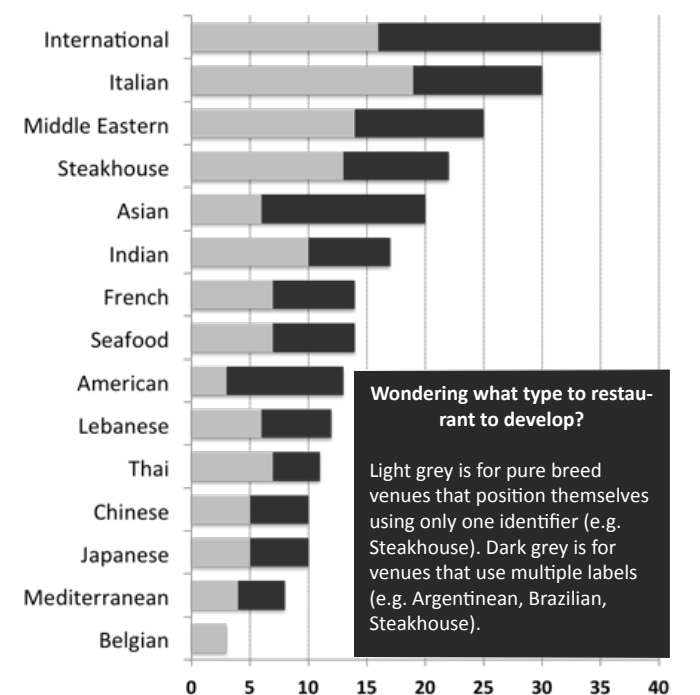


Figure 7: Most popular restaurant categories in the GCC

Cain Hospitality Innovation (CHI) is a hospitality R&D company in the Middle East. We make this research available freely, in pursuit of our goal to advance knowledge about the hospitality industry. Please share with us your critical opinion and suggest new directions for research. Scan the QR code for contact details. Follow us on Twitter and connect with us on LinkedIn to be one of the first to know about new research and publications. Thank you for your continuous support. -C.C. -





## Improving your F&B through Franchise Agreements

by Babette Märzheuser-Wood

Franchising is a proven route to the successful international cooperation between F&B businesses such as restaurants and coffee shops and local real estate investors such as owners of hotels and shopping centres.

Global brands such as Jamie’s Italian or Costa Coffee have used franchise and management agreements to successfully grow in both traditional economies and emerging markets.

### A tasty way of doing business

Franchising is an established way of expanding a business internationally. Annually it accounts for turnover of USD\$300 billion in Europe, USD\$850 billion in America and USD\$130 billion in Australia. Together with management agreements, it is the preferred form of international expansion for many successful restaurant and leisure brands.

The success of F&B franchising in the USA has demonstrated that international franchising works for the sector.

### Benefits for Franchisor and Franchisee

Franchising works because it offers real benefits, not only to the brand owner but also to its local partner. It offers a number of clear advantages to hotel owners looking to improve their F&B offering and it is at the same time attractive to the restaurant owner.

For the Restaurateur or celebrity chef, it removes the need to invest capital and other substantial resources in creating a new restaurant abroad.

A franchise strategy will see the local partner place the restaurant in his existing property and make the bulk of the investment into fit out and decoration whilst benefiting from the know-how, good name and quality assurance program of the company acting as franchisor.

Franchising enables restaurant companies to access the required capital and grow the business internationally by partnering with high quality local investors such as hotel owners.

These investors are highly sophisticated and have a great incentive to make the project a success in their local market. They also have a strong understanding of the local F&B market.

So franchising enables the hotel owner to have access to the blueprint of a strong proven concept with a known reputation.

Few local owners have the resource and time to research their own specialist know how to put together an innovative and successful F&B concept for the local market that would generate attractive levels of income without the trial and error that goes into building a successful new F&B business.

### Adding spice to the mix

In order to take advantage of the potential that franchising offers, one needs to plan the approach carefully.

It is important to be discerning as some would be franchisors will not have the structure in place to support a local opening.

A franchise which has been well planned, structured and executed can have a substantial positive impact on a business but one that has been done as a response to an opportunistic approach can be catastrophic.

Key preparatory steps include due diligence on the partner to ensure that there is a good match between franchisor and franchisee as regards to business philosophy, approach to operational standards and cooperation.

The Franchisor should be open to appropriate local adjustments such as modification of menu items, alcohol policies and opening hours and the franchisee should be prepared to accept that the franchise system must be followed correctly.

Franchisees that refuse to invest in training, regular renovations and brand upgrades are typically less successful in the medium term than others

The reality is that on those relatively rare occasions where international franchises fail, this is usually due to lack of due diligence regarding the right partner.

### Expert advice

Before entering into an arrangement with a restaurant partner you need to ensure the F&B brand is fully protected by way of trademark registrations in the target market and that any franchise fees or royalties are structured tax efficiently.

That requires some expert professional advice before negotiations start. There are countries where the registration of a trademark can take between two and four years. This can result in promising negotiations aborting because the trademark situation is unclear until registration has been achieved. Early planning is therefore key.

It is important to get good support from specialist franchise lawyers when negotiating the franchise agreement. This begins at the LOI stage.

Whilst the LOI is non-binding, it can be extremely difficult to negotiate against a signed LOI. It is a common mistake not to take legal advice on the LOI and this can result in significant difficulty and additional legal fees at the contractual stage.

Key provisions to focus on as regards the legal agreement would be:

- the duration of the franchise agreement
- investment in brand standard updates, and
- provisions regarding step-in.

The duration should be long enough to allow the franchisee a return on investment and there should be a renewal right.

Brand standard updates are necessary but there should be limits on the frequency and costs.

Step-in rights have become an area of controversy. Many Franchisors require the right to take over the business of the franchisee on termination at book value. Whilst franchisors often have no intention of exercising this right, there has been a recent trend to impose very onerous step-in clauses on franchisees. Such clauses are best resisted.

- B.M.W. -

## Setting the Mood

by Bob Puccini

**“There is more to a restaurant than food, decor, and service. There’s the mood.”**

### Dubai Today

I have been coming to Dubai for nearly 20 years.

During my first few visits, some of the first hotels had just opened here and the city was more of a big village rather than the true international gateway and metropolis it is today.

Dubai has grown, the UAE has grown and indeed the whole of the Middle East is quickly maturing into a destination for virtually every international activity.

The first thing that strikes me every time I visit is the number of new international restaurant brands now located here.

What has not been communicated clearly by this region, however, is a sense of history and place when it comes to the restaurant culture.

### Two Types of Creativity

There are two types of creativity: the type that reinterprets classics and the kind of creativity that creates new concepts that become tomorrow’s classics.

Depositing into the region reliable but mostly western-styled restaurants has seemingly been the primary operating style of most hotels, but truly reinventing indigenous classics or inventing new classics has not yet fully flowered.

Creativity of the second sort relies on confidence in the market, understanding it and being able to fine-tune a concept so that it appeals to locals, expatriates and visitors.

One could argue that local design in Dubai is directed to be monumental, the result of allowing big budgets and unleashed architects to expand their egos.



Photo courtesy of Manzil Downtown.

### The Case for Local Elegance

Great design comes from fully understanding and appreciating the simplicity and elegance of a culture—not just the flash.

Why would you want your restaurant in Dubai to embody local elegance?

Because all of us who live outside the UAE have visited most of the restaurants that exist within the UAE and we grow tired of the same dishes served over and over again.

It is a simple formula: create demand by inventing something that equals style and quality but reflects local colour, aesthetics and tastes.

Look at the traditional approach of the Courtyard in Manzil, or the contemporary interpretation of Qbara, in Wafi. Invest more in similar directions.

### Restaurants Set the Mood

Restaurants, like people, reflect different moods.

Yes, restaurants are very much about the food, but the experience they provide for guests, in combination with superb menu offerings, is what makes a restaurant successful.

There is Nobu for Sushi and then there is Zuma. Both are Japanese-based but are very different—one is very hot and trendy, while the other is more relaxed and cool. Determine which style makes the most sense for your market.

How you want to make people feel really determines how all of the pieces, such as décor, food, service, sound and lighting, perform.

The gradation in experience from quiet and serious to hot and high energy is generally the determining factor in how a restaurant relates to its public.



Photo courtesy of Qbara

### Cultural Artefacts Matter

How could Dubai culture’s hallmarks like clothing style, music, architecture and patterns, create some memorable experiences for diners?

The breakfasts and lunches offered at the Sheikh Mohammed’s Centre for Cultural Understanding are remarkably popular. Why not build on that success with a fully fledged restaurant concept?

Music, like mariachi and blue grass, have their equivalent in all cultures; exposing clientele to local music is always a pleasure for all and aids in enhancing the guest experience. Is there a type of local music that could serve this purpose?

Additionally, determine which foods define the culture and experience, and establish how they translate cross-culturally. The most memorable food styles come from the peasant foods of a culture (think Italian, Mexican and French).

The types of foods that are the most popular are the basic food styles that everyday people eat, like Peruvian Ceviche, Mexican Tacos, German Sausages, Spanish Paella and so on.

Where are those foods that define the local people of Dubai? Packaging local foods with décor that reflects the symbols of the culture is a recipe for success.

Developing a local restaurant is a matter of understanding who your principal public is and what they enjoy. Trolling local souqs, coffee houses and shopping bazaars should give you an idea of what people want.

Taking a restaurant to the level of interesting and memorable is what we as restaurant consultants and designers do to enhance and distil the concept and experience so that, like the translation of a great poem, it is sweet to everyone’s ears.

- B.P. -

DENTONS



### Should hotels include franchised restaurant concepts in their portfolios?

#### Key benefits:

1. Access to proven system & concept
2. Recognition of a well-known brand
3. Regular specialist training and support

#### Key Challenges:

1. Payment of additional fees
2. Inflexible concept / Limited Menu
3. Difficult to negotiate levels of service agreements (i.e. room service)

PUCCINI GROUP



Photo courtesy of Nobu Dubai.



Photo courtesy of Zuma Dubai.



What happened in the hospitality development community in the past quarter? Here are a few conversation starters provided by Cain Hospitality Innovation (CHI).

#### King Abdullah Economic City (KAEC)

- As of June 2014, KAEC is shifting focus to become a local tourism hub from its initial plans of being a financial centre.
- At least 10 hotels and 2,000 rooms are planned to achieve this goal, the first of which, the Bay La Sun, opened last year.
- KAEC will focus on the untapped local market, including Haj and Umrah pilgrims, leveraging its connection with the Haramain Railway.

#### Carlson Rezidor Hotel Group

- Carlson Rezidor opens its first Radisson Blu Hotel in Dhahran, KSA, featuring 74 suites.
- Five new projects signed in Saudi Arabia increasing presence to 22 hotels and ~ 4,000 rooms in operation and under development.
- Radisson Blu launches a new blog, encouraging consumers to share travel insights, to capitalize from benefits of social media.

#### Jumeirah Group

- Jumeirah Group announced it will invest \$2.19 billion to expand in 11 countries over next three years.
- Jumeirah Emirates Towers, Dubai revealed a refurbished collection of suites with personalised butler service, completing the 400 rooms and suites renovation which started in 2012.
- A 350-key ultra-luxury resort will complement the Jumeirah Beach Hotel and double the capacity of the existing yacht marina.
- Jumeirah signed a management agreement to operate a luxury resort in Mauritius. The hotel is currently under development and expected to open in 2018.

#### Emaar Hospitality Group

- Emaar and the Dubai Municipality signed an MOU to develop a waterfront lifestyle development at the Al Mamzar Lake.
- Emaar unveiled Manzil, its fourth hotel brand following The Address Hotels + Resorts, Vida Hotels and Resorts and Dubai Inn.

- Emaar and Meraas confirm the first Dubai Inn will open in 2015 opposite to Al Morooj Rotana, near Dubai Mall.

#### InterContinental Hotel Group (IHG)

- IHG has signalled that it would consider a “value-creating” takeover bid after activist investors sparked speculation of a possible sale by launching a strategic company review.
- A 20-year management agreement was signed with the National Corporation of Tourism and Hotels for the 184-key InterContinental Abu Dhabi – Grand Marina (2016).

- IHG also signed a management agreement with Pearl Azure Hotel Management LLC for the 257-key Holiday Inn Abu Dhabi Downtown, a conversion of the Sands Hotel (2014).

#### Accor S.A.

- Accor opens Novotel, Ibis and Adagio in Fujairah, the first three-tiered Accor hotel in the Middle East.
- Novotel Abu Dhabi Al Bustan opens as a four-star, 361-room hotel located in the heart of the capital, 20 minutes from the airport.
- Adagio Abu Dhabi Al Bustan opens as the largest Adagio-branded property in the Middle East, with 279 apartments.
- Accor will operate the largest economy hotel in the Middle East at DWTC, an Ibis with 588 keys, to be opened by Q1 2016.

#### Hilton Worldwide

- Hilton Worldwide launches Curio — A Collection by Hilton, with the bold statement that “individuality” is what “unifies the hotels” and the probable intent of using this label to absorb independent hotels into its portfolio.
- Hilton Worldwide has signed a management agreement with First Qatar Real Estate Development Company to open the Hilton Doha The Pearl Residences, Qatar in 2017.
- Hilton signs a management agreement with Majid Al Futtaim Properties to develop a 370-room Hilton Garden Inn Mall of the Emirates.
- The first DoubleTree by Hilton opens in Dhahran, Saudi Arabia. Also, Doubletree Jumeirah Beach opens on The Walk with 110 suites.
- The first tower of the 480-room, two tower, Hilton Suites Makkah in Saudi Arabia opened, overlooking the Kaaba and Holy Haram.
- Hilton and Qatar investors Al-Rayyan Hospitality to develop the largest Hilton in the Middle East at Salwa Beach in Qatar.

#### Marriott International

- In addition to its Protea acquisition, Marriott plans to open nearly 40 additional hotels 6,000 rooms, in Africa, by 2020.

- The expansion targets 13 African countries: Algeria, Benin, Egypt, Ethiopia, Ghana, Gabon, Mauritius, Morocco, Nigeria, Rwanda, South Africa, Tunisia, and Zambia.

- The Marriott Marquis City Center Doha Hotel opened with 580 guest rooms and 1,200 square metres of flexible meeting space.

- JW Marriott unveils Spa by JW, debuting in Houston and Mumbai before the end of 2014, then in 20 more locations.

#### Starwood Hotels and Resorts

- Starwood adds the 205-rooms Ajman Saray to its Luxury Collection Resorts.
- Starwood took over a two-tower property which previously housed the Kempinski Grand and Ixir Hotel in Bahrain, re-branding as Le Meridien and Westin City Centre.
- Starwood will open 35 hotels in the Middle East in the next three years, expanding its portfolio to over 80 hotels.

#### Wyndham Hotel Group

- External construction completed on United Tower in Bahrain Bay, a mixed use development that will house the Wyndham Grand Collection Manama, opening later this year.
- Super 8 Riyadh is the first hotel to open as part of a master development agreement with Saudi Automotive Services Company (SASCO) for 20 Super 8 hotels in Saudi Arabia over a period of five years.

#### Rotana Hotels

- Salalah Rotana Resort opens as a 400-key hotel, the largest free-standing hotel in Oman, and the first Rotana in the Sultanate.
- Rotana signs a new agreement with Ossis Property Developers to manage a 311 room luxury property in Bahrain.
- Rotana has announced the signing of 10 new hotels in the UAE, Iran and Sudan, which are expected to start operations before 2020.

#### The Ascott Limited

- Ascott and Al Qurashi Group sign a contract to develop the 51-key Citadines Sari Jeddah (2015) and the 135-unit Somerset Corniche Jeddah, the first Somerset-branded serviced residence in Saudi Arabia (2016).
- Ascott will also manage the 125-unit Ascott Tahlia Jeddah and the 122-unit Citadines Al Salamah Jeddah for Al Qurashi Group when the properties open in 2015.

#### DAMAC

- DAMAC Properties launches NAIA - a hotel management services company with more than 2,200 Hotel Apartment units under management by the end of 2014.

- Damac Maison opens on Dubai Mall Street its first luxury hotel apartment property, features new spa brand Chrysalis and restaurant Maison Café.

#### Other Hotel Updates

- Abdul Latif Jameel Real Estate Investment Company opened the 1,743-room Anjum Hotel, close to The Grand Mosque in Makkah in June.
- The Bin Ham Group conglomerate opened Royal Rose Abu Dhabi as a five-star independent property with 355 rooms and suites.
- The South African operator Tsogo Sun opens the 353-room Southern Sun Abu Dhabi.
- The 655-key Rixos Bab Al Bah opens on Al Marjan Island, Ras Al Khaimah, as the first all-inclusive resort in the UAE.
- Zaya Retreats announced UAE’s first unique, boutique private island resort is scheduled to open later in 2014 on Nurai Island, located off the coast of Abu Dhabi.
- MGM and Hakkasan create a JV called MGM Hakkasan Hospitality to develop three lifestyle hotels at Dubai Pearl by 2018– MGM Grand, Skylofts and Bellagio.
- Fairmont announced seven new hotels in the Middle East, Africa and India (MEA) region and plans to double the number of hotels it operates in the region by 2020.
- IFA Hotels & Resorts joins forces with Kuwait-based Tijaria to launch their first-ever vacation club business.
- The luxurious Alila Jabal Akhdar Muscat, has opened its doors to guests in May, 2014.
- Sharjah’s first boutique hotel, 72 by Hues, was opened on 30th April, 2014.
- Dubai Holding launched new commercial incentive packages to encourage hospitality industry investors to enter the three- and four-star hotel segment in the emirate.

#### Utopia Hospitality Group

- Hospitality group Utopia is launching a home-grown concept called Frioul Bistro de Luxe at Souk Madinat Jumeirah, in Dubai, UAE.
- Utopia, established in 2008 and owned by Viva Entertainment, will also be launching Pacha Ibiza Dubai in Q4 2014.

#### Pizza Express

- After the opening of the inaugural Jazz@ PizzaExpress outlet in JLT Dubai, the brand is now expanding to Abu Dhabi (8th outlet).
- This licensed restaurant concept features authentic Italian dishes with live musical entertainment – both local and international.

#### Nightclubs

- Chameleon Club Dubai was relaunched on July 28 at the Byblos Hotel Tecom with a larger dance floor and resident DJs.
- The Crystal Group is on track to open five new F&B and entertainment concepts across Dubai and Abu Dhabi this year.
- The founders of London’s Chinawhite Club, Rory Keegan and John Stephen, are bringing the concept to the Grand Hyatt Dubai.

#### Jumeirah Group - RnB

- Jumeirah Group has opened Zero Gravity, a luxury beach club, bar and restaurant located next to the drop zone of Skydive.
- End of April, Jumeirah hosted an exclusive pop-up restaurant created by Chef Diego Munoz, the Head Chef at ‘Astrid y Gastón’ one of Peru’s most famous restaurants.
- Jumeirah partnered with UK-based EQ group to bring one of the UAE’s famed home-grown brands, the noodle house, to Central London

#### Home-Grown Concepts

- Emirati venue Al Fanar Restaurant and Café has opened its second branch in the UAE at the new Venetian Village development at Ritz Carlton Abu Dhabi Grand Canal.
- UAE home-grown brand Chez Sushi partnered with Oman Holdings International Company, not long after signing a similar master franchise agreement in Bahrain.
- East Asian venue Cargo, a UAE-developed concept designed to cater to the Dubai Marina community, opened in Pier 7.
- In Q2 2014, Just Falafel signed 57 restaurants for the Benelux region, opened its first American outlet in San Francisco, its first Canadian restaurant, and made its debut in Australia.
- UAE home-grown brand Shakespeare and Co. opens its second location in the US, and has upcoming venues in Egypt, Kuwait and Iraq.
- Bateel secured a presence on the shelves of Harrod’s in London, with a selection of UAE-born products.
- Taqado, a UAE-created Mexican brand is looking for additional venues to open in the UAE in the next couple of years.

#### Celebrity Chefs

- Nick & Scott, formerly of Table 9, joined Al-bwardy Investment’s F&B arm to open Taste Kitchen in August at Mercato Mall, Dubai.
- Gary Rhodes’ latest venture, Rhodes W1, will open in September at the Grosvenor House, as reinvented version of Rhodes Mezzanine.
- Three-star Michelin chef Heinz Beck has opened ‘Social by Heinz Beck’ at the Waldorf Astoria Dubai Palm Jumeirah.

- Chef Jason Atherton will open his first restaurant in the Middle East at the InterContinental Dubai Marina, by end of 2014.
- Australian celeb-chef Greg Malouf has relocated to the UAE to open a yet-to-be-named Middle Eastern concept in the Al Fattan Currency house, by end of 2014.
- Two new international F&B concepts open at the Le Royal Meridien Beach Resort and Spa: Geales Seafood restaurant from London and Sandoval’s Zengo – a Pan Oriental concept.
- In May 2014, Chef Wolfgang Puck unveiled at The Address Downtown Dubai a new American steak house concept named CUT.
- Puck will also open a casual dining restaurant in the Dubai International Airport, Terminal D, in partnership with Emirates Leisure Retail (ELR) and Maritime Mercantile International (MMI).

#### Other F&B news

- Ocean Basket, a South African seafood restaurant, signs a license agreement to open 10 outlets in the Kingdom of Saudi Arabia.
- CHI Hospitality opens a new American concept SoHo Grill on Sheikh Zayed Road, next to the DIFC metro station.
- Italy’s two-Michelin starred Italian restaurant, Don Alfonso 1890, to open in the Shangri-La Hotel, Sheikh Zayed Road, Dubai.
- More Café, is in advanced negotiations to open inside five-star hotels as an alternative to traditional all day dining restaurants.
- Bulldozer Group opens the first overseas Sass Café location in Al Fattan Currency House, in partnership with restaurateur Salvador “Sassa” Treves and his son.
- Think Food LLC opens its latest restaurant concept, Avec, a fusion shisha lounge located in Dubai Media City.
- Ikram Group, the food services arm of Al Mana Group, will open Alan Yau’s concept Busaba Eathai at the Beach in JBR, Dubai.
- Four Seasons Resort Dubai, due to open in Q4 2014, will feature 10 F&B concepts, five of which will be operated by external brands.
- Cooks Global Foods aims to have 30 Middle East Esquires Coffee Houses, including the first stores in both Oman and Qatar open by end of March 2015.
- Emirates Leisure Retail (ELR) and Maritime Mercantile International (MMI) have created a new sports bar concept designed specifically for the Terminal D at Dubai International.
- Naseeb Group launches Döner & Gyros’ first two branches in Al Barsha Mall and Dubai Marina, a concept that combines street food specialities from Germany and Greece.
- New York brand Burger Joint NY has opened its first location in Abu Dhabi at Nation Towers, after its opening in Dubai at City Walk.

## Legislation

- UAE introduces new visa rules to support economic, touristic and social activities. The new law will apply starting with August 2014.
- KSA confirms reduced quotas for the number of visas issued to pilgrims for Umrah and Hajj will remain in place for 2015.
- Bahrain attempts to boost its tourism industry and drive investment by offering visa on arrival to visitors from 64 more countries, according to an announcement in July 2014.
- Oman tightened its visa rules for expatriate workers, creating concerns that the quality of tourism services will be negatively impacted. Effective from June 2014.

## Online Travel

- Increased M&A activity has been observed in the online restaurant reservation space, an emergent trend for OTAs to buy restaurant operators:
- TripAdvisor, the world's largest travel review company, acquired French site LaFourchette for \$140 million in May 2014, gaining access to 12,000 participating restaurants.
- Priceline, the world's biggest online travel agency by revenues, acquired North America's leading restaurant reservation service, OpenTable, for \$2.6 billion, gaining access to 24,000 restaurants in the US.
- Sabre launches three data-driven travel solutions - Customer Experience Manager, Guest Connect Upsell and TripCase Corporate - to help travel companies design and offer a more personalised shopping and travel experience for travellers.
- According to a report by Amadeus, the Middle East travel and tourism market is set to see a 11.9% rise in visitors by 2024.
- Travelport teams up with Expedia and Majid Al Futtaim Finance to launch UAE's largest online travel reward scheme.
- Through Travelport's listings, TripAdvisor added instant booking capabilities for about 580,000 hotels worldwide, including 480,000 independent hotels.
- Currently, about 40% of all travel sales worldwide occur online, according to Forbes. PhoCusWright, a research firm, reckons that online booking now accounts for 43% of total travel sales in America and 45% in Europe.
- With some strategic acquisitions and partnerships including licencing Room77 technology, Google is moving to develop Hotelfinder, a metasearch platform.

- This will pitch Google in direct competition with the OTA's "gorillas", whose 2013 revenues were: Expedia \$4.8.bn, Priceline \$6.8 bn and TripAdvisor \$944m with Orbitz trailing at \$800m.
- Airbnb has added a business travel service and has inked a deal with Concur TripLink customers to reserve Airbnb inventory and capture the booking data. TripLink will pre-populate expense reports with Airbnb booking info. Roughly 10% of Airbnb customers are believed to be business travellers.

## Demand Generators

- Dubai is expecting Dh25 billion in total investment in infrastructure-related projects in the run-up to Expo 2020 with nearly 277,000 new jobs being created.
- Work is in full swing on the Dh7.34-billion Dubai Water Canal that will connect the Business Bay with the Arabian Gulf passing through the heart of Dubai.
- WL Hospitality Group launched the world's largest man-made adventure park, Wire World Meydan Adventure Park.
- The Mall of the World is announced, a temperature-controlled pedestrian city intended to add 20,000 hotel rooms to Dubai.

## Aviation News

- Scheduled upgrades at Dubai Airport will ensure that it becomes the largest international airport by 2015 and also maintains that position.
- Dubai International will be a low cost carrier airport with flydubai as its anchor tenant when Emirates moves in 2024 to Al Maktoum International at Dubai World Central (DWC)
- Etihad Airways unveiled the new product and service offering on its Airbus A380 and Boeing B787 Dreamliner aircraft in May. It includes 'The Residence by Etihad', the world's most luxurious living space in the air, available only on the airline's A380 aircraft.
- The new terminal at Muscat International Airport would be completed by 2016 and will have the capacity to handle 12 million passengers annually.
- The King Khalid International Airport undergoing a USD 2.6 billion expansion program to increase capacity to 25 million passengers per year by 2018.
- Doha's Hamad International Airport opened on April 30 with an initial annual capacity of 29 million passengers, three times the former volume. Upon completion, it will be able to handle 50 million passengers per year
- Etihad Airways' new Dh10.8 billion home at Abu Dhabi International, scheduled to open in July 2017 with a 30 million passenger capacity, 65 terminal gates, and create an additional 30,000 jobs.

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