Specialties

We look at what works in terms of formats and cuisines and how various formats have fared in the UAE in 2018

Drive to value

Challenging market conditions and subdued sentiment have driven value-seeking behavior among consumers. As a result, quick-service restaurants (QSRs) have become more popular and appear to be faring better than other formats.

Furthermore, operators suggest that known brands and chains seem to be performing better than homegrown concepts—especially in the QSR and café segments.

We see both casual and premium casual offerings being more affected than other segments. Also noteworthy, premium outlets have witnessed a decline in diners and average ticket sizes. In a number of cases, this was attributed to a reduction in beverage spend.

Additionally, as fine dining and premium casual outlets seek to establish offerings which will attract and retain customers, the line between the two segments is beginning to blur.

Formats	What operators are saying
QSR/fast food	– Doing well; it benefits from value-seeking consumer behavior – 'Grab-n-go' concepts suited for delivery are doing well – Health-conscious eating trends may prompt changes to QSR offerings in the future; currently they do not see a significant impact
Café	– Along with QSRs, cafés continue to be one of the most popular formats – While the segment is overcrowded, international chains and established brands seem to fare better than homegrown concepts – Innovation and differentiation will be key to cafés' success
Casual dining	– Casual dining has been impacted by the downturn in the industry; footfall and ticket sizes have reduced – Well-executed concepts in the right location still do well, but growth has been a challenge – Increased variety in cuisine options has led to greater competition and a need for differentiation
Premium dining	– Number of outlets have witnessed declining footfalls; however, relatively steady patronage for certain popular brands and concepts. Ticket sizes have dropped – Hotel-based, premium, licensed offerings face increased competition from licensed non-hotel outlets – Experiential and traditional ethnic offerings appear to be working better in the market