

Fusion

We look at key influences shaping the market in 2019

Sealing the deal

Deals and promotions remained a key part of the F&B offering in 2019. While in some instances they prompted a first trial for a restaurant, in others, operators used them to attract past customers back to their stores. Over the years, as consumers have become more value-seeking and competition has intensified, deals have become integral to operators' strategies.

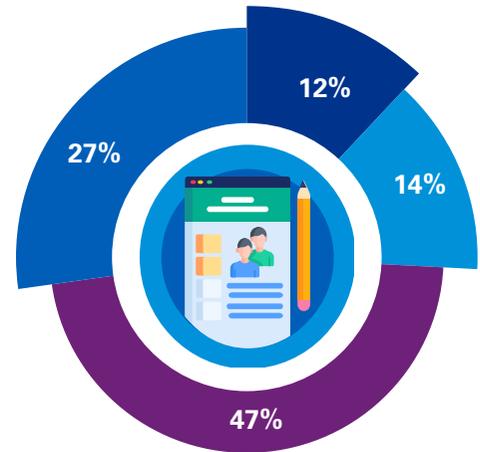
According to our survey, three out of ten consumers in the GCC could be swayed to try a new concept based on promotions. On average, 25% also look for deals associated with their preferred cuisine or restaurant.

Operators echoed this consumer sentiment – nearly half mentioned that deals were a necessity in the market, even though they do not "like" deals. Since deals do not drive customer loyalty, over a quarter of operators surveyed have made a bold decision to move away from such offers.

The shift away from deals is also evident from their contribution to the sales for operators – only 44% of the operators we spoke to saw more than 10% of their business come from deals.



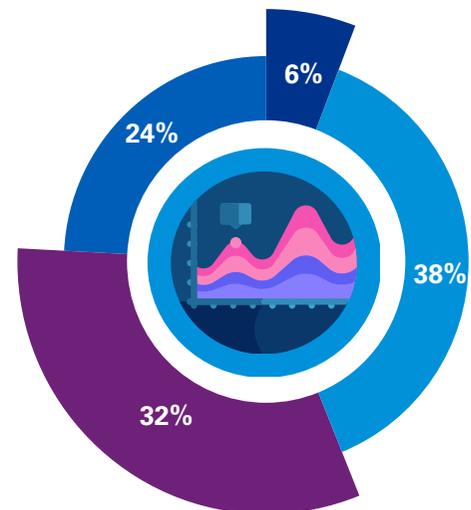
What do operators think about deals and promotions?



- Good for business
- Help, but do not drive loyalty
- Necessary, but do not like them
- Moved away from them



What share of business comes through deals and promotions?



- Good (25-50%)
- Moderate (10-25%)
- Minimal (<10%)
- None



How do deals and promotions influence your eating out habits?



27%

of consumers across the region say deals encourage them to try new cuisines

26%

look for deals in their preferred cuisines

25%

look for deals in restaurants of their choice

The word's out

When it came to the factors influencing consumers' willingness to try a new restaurant in 2019, word of mouth continued to be the most powerful. Deals and promotions were the second most influential factor, climbing up the ranks over the years. Online ratings and familiarity with a known brand from other countries were the remaining major influencers.

While recent developments in technology, such as the use of social media platforms for campaigning have greatly improved operators' ability to capitalize on word of mouth, strategies focusing on customer outreach and increasing benefits for first-time visitors have also become a key area of focus for operators.

Prior to the outbreak of Covid-19, consumers were also willing to travel for the right concept or restaurant of their choice, with two out of three consumers across the region willing to travel more than 20 minutes to dine out.



What makes you try a new restaurant? (top 4 influences)

	UAE	Saudi Arabia	Kuwait	Oman
Word of mouth →	30%	28%	31%	31%
Deals and promotions →	25%	18%	22%	15%
Online ratings →	18%	17%	15%	12%
Known brands →	12%	14%	12%	17%



What is most important to you as a consumer? (top 4 consumer choices)

	UAE	Saudi Arabia	Kuwait	Oman
Food taste and quality →	21%	21%	23%	23%
Value for money →	18%	18%	19%	15%
Service quality →	15%	14%	15%	15%
Ambience →	10%	13%	10%	10%



Quality is king

In order to improve customer retention, many operators focused on customer experience in 2019.

Quality – both in terms of food taste and service – remained a dominant factor, as noted by consumers across all four markets. While 21-23% rated food quality as the top factor they look for in a restaurant, 14-15% mentioned the quality of service as important to them.

Not surprisingly, value for money also rated highly. As consumers have become more price sensitive, this factor grew in importance and was nearly as important as food quality.

Time to be loyal?

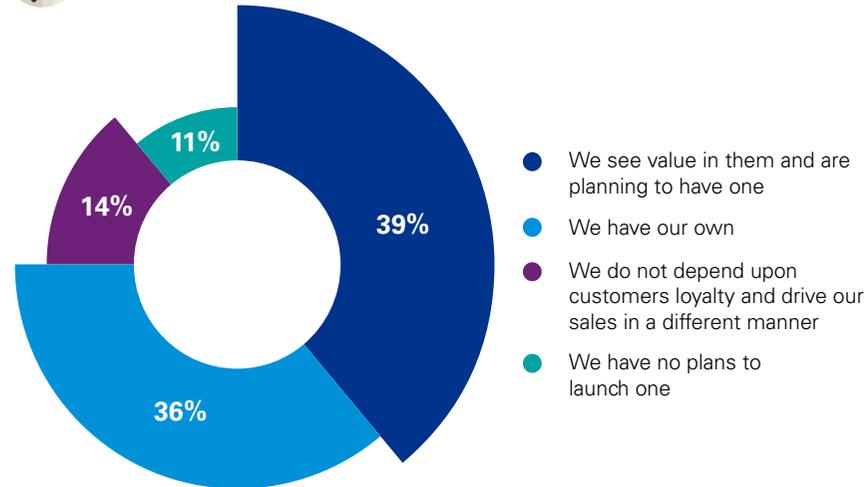
Based on conversations with operators across the GCC, three out of four had a loyalty program in place by the end of 2019 or intended to launch one. Consumer feedback, however, paints a different picture. Across the region, most consumers did not subscribe to an F&B loyalty program, while even those who did may not have necessarily used them.

There is a significant gap in how loyalty programs are currently leveraged. According to KPMG's 2019 'The truth about consumer loyalty' report, 39% of consumers in the UAE used loyalty programs. However, only 17% of those surveyed for this F&B report used them for dining purposes. This presents a key opportunity for operators to better leverage their loyalty schemes and potentially shift consumers away from deals.

Loyalty can be a very powerful and effective tool - according to the same KPMG report, when a consumer is loyal to a brand, 86% will recommend the brand and 46% will remain loyal even after a bad experience and could be a potential strategy for recovery as the market normalizes.



What do operators think about loyalty programs?



86%
of consumers recommend brands²⁹

46%
of consumers remain loyal even after a bad experience²⁹



Do you subscribe to a loyalty programme and how often do you use it?



● Yes and I regularly use it ● Yes, but I don't use it ● Not subscribed

²⁹ KPMG's 2019 'The truth about consumer loyalty' report