



Food for Thought

Taste, Trends, and Triumphs

KPMG Kuwait Food and Beverage Report
May 2024







KPMG Kuwait Food and Beverage Report

A collaboration between KPMG in Kuwait and Emylon Business School France



The **current** course

Welcome to the KPMG Kuwait Food and Beverage Report — Food for Thought: Taste, trends, and triumphs.

The food and beverage (F&B) sector, like many others, is undergoing significant transformations. Rapid changes in the behavior of consumers as well as restaurant and café owners, among others in the business, have reshaped the industry's landscape and are continuing to, making it a hot plate to serve success on.

We didn't want to miss this opportunity. Therefore, we set out on a mammoth task to peel the giant onion that is Kuwait's F&B industry and uncover both sides of the bread from the consumers' and the businesses' perspectives.

For six months, we surveyed over 350 consumers and spoke to 5 business owners to present a clearer picture that illustrates the interplay between what the consumers want and what the businesses are doing about it, particularly in the restaurants and cafés segment of the F&B sector.

One of the interesting finds from our consumer survey was the prevalence of Lebanese, Indian and the local food as three of the most sought-after cuisines in the country, highlighting the potential for Kuwait to become a culinary capital in the GCC region.

We also discovered that contrary to the expected pervasiveness of food-delivery apps, nearly a fourth of Kuwait's residents still use traditional methods such as phoning in a restaurant to order their food and (or) drinks.

The report also features interviews with industry leaders to offer more insight into the current state of Kuwait's F&B industry and what can be anticipated.

These industry leaders include Abdulaziz AlTuraiji, Co-Founder and CEO, TABCo Food, Mubarak Jaffar, Co-Founder and CEO, KLC Virtual Restaurants, Eng. Mohammad S. Al-Mutairi, CEO, Aleid Foods, Khaled Naga, CEO — Restaurant Sector, Al Thiqa Food Group Company (TFGC), and Inspired Edibles. Kuwait.

My sincere thanks go out to them for helping us make this report all the more valuable. Finally, I am thankful to everyone whose contribution helped bring this thought leadership publication to life.

As I encourage you to read on, I am positive there is more value for you to take away from this publication and apply to the different endeavors that you may have.

In the following pages, you will find our outlook on the sector, including emerging trends, potential challenges, and some of the strategies that are being pioneered to prosper in the space. I am hopeful that the report will help refresh your outlook on the sector and support you in identifying and capitalizing on some, if not all, of the palatable opportunities present in it.

I look forward to hearing your thoughts.

Ankul Aggarwal,
Partner — Head of Deal Advisory
KPMG in Kuwait

Ankul has over 25 years of experience in M&A, Corporate Finance, and Corporate Planning. Prior to joining KPMG, he worked with one of the leading banks in Kuwait and large business houses in the Middle East. Before coming to the Middle East, Ankul was working with one of India's largest industrial conglomerates having manufacturing facilities for tires, cement, paper, dairy, sugar, and seeds, among others.

He has quality experience in strategic business planning, feasibility studies for both green-field and brown-field projects, financial modeling, forecasting, due diligence, intangibles/business valuations, restructuring, debt financing, and M&A.



Mise en place

Demographics & Methodology

For the purpose of this report, we adopted a two-pronged approach to uncover both sides of the restaurants and cafés segment of Kuwait's F&B sector: the consumers' perspective and business owners' view.

The first part of the approach comprised collection of consumers' thoughts and opinions relating to their favorite food and beverages, i.e., the quantitative data.

This data was collected through an online survey. The thirty-question survey was shared across KPMG networks in Kuwait, with friends and family, and the Internet for consumers primarily in the ages between 18–60 and explored seven areas specifically pertaining to gastronomy in the country.

These themes were: cuisines and flavors; modes of ordering and payment; health, diet, and intolerances; shisha and beverages; loyalty and influence; and sustainability. In total, **we received 350+ completed responses out the 500 targeted, spread across six governorates.**

The second part of the approach included gathering business owners' inputs, i.e., the qualitative data, on the different facets of setting up a restaurant or café in Kuwait's F&B market and succeeding in it.

These insights were gathered via semi-structured interviews and extended conversations with four of the industry leaders in Kuwait's F&B sector and one food-based influencer, all of whom were decided upon after reaching out to and screening 20+ leading business owners and influencers in the sector.

The research spanned over six months and was made possible through **KPMG in Kuwait's collaboration with Emlyon Business School.** Within the framework of this project, KPMG Kuwait's professionals teamed up with five of the brightest minds pursuing MSc in Digital Marketing & Data Science at emlyon business school as part of their in-company project.

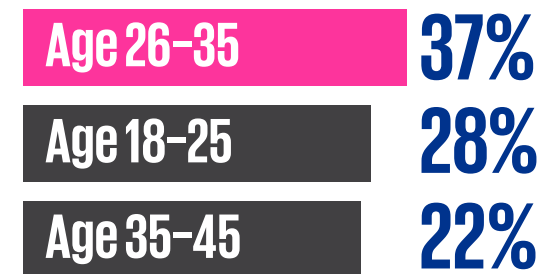
Leveraging their support, KPMG in Kuwait was able to better employ the contemporary methods required to discover deeper insights from the collected data and present them in a precise, accurate, and meaningful way.

Demographics

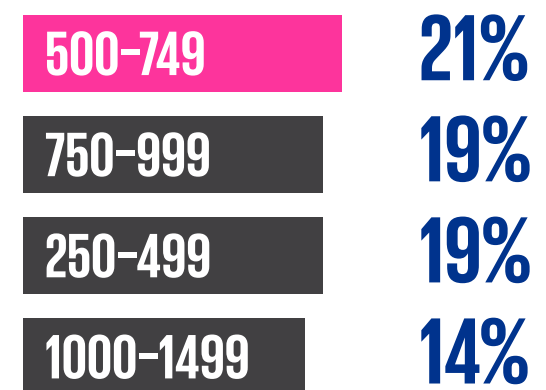
350
Total Responses

57.7%
Female Respondents

40.3%
Male Respondents



Monthly Income (KD)



Source: KPMG Kuwait Food and Beverage Survey 2023-24





Key Ingredients

What's Kuwait's favorite cuisine?

Page 11

Where and how Kuwait orders its food?

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What's Kuwait's favorite drink?

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Does Kuwait like loyalty programs?

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How does Kuwait pay for its orders?

Page 38

The Gastronomes



**Eng. Mohammad
S. Al-Mutairi, CEO,
Aleid Foods**



**Mubarak Jaffar,
Co-Founder & CEO,
KLC Virtual
Restaurants**



**Abdulaziz AlTuraiji,
Co-Founder & CEO,
TABCo Food**



**Khaled Naga, CEO,
Restaurant Sector,
Al Thiqa Food Group
Company**



Inspired Edibles

Meat of the matter

Insights, challenges, and key highlights

Focusing on a new 'P'

Other than product, price, promotion, and place, there is a growing emphasis on a new 'P', i.e., people, especially those behind a brand or a counter.

For the consumers, although taste is a big factor, it isn't what makes an F&B brand credible: they want to put their money where a brand rep's mouth is. The consumers want the brand reps to share more on company initiatives, how they are mitigating consumer concerns, their brand journey, and more. That to them builds the credibility they want to back.

(Not) Embracing a plant-based diet

Despite bigger brands starting to offer meatless and plant-based alternatives, the likelihood of such offerings creating a distinct, sought-after segment

of their own is a distant thought considering they have an uneven demand and come at premium price points that only a small portion of the country's population can afford on a frequent basis.

Making room for basics

As interested as consumers are in newer and better food-based experiences, business owners anticipate a cyclic return to cuisine staples.

Despite the growing potential for disruptive cuisines and flavors, especially among the younger masses, business owners are designing their menu only after taking into account the human tendency to return to its primary food and beverage choices after a period of culinary experimentation.

Cooking with tech

Technology is not merely changing how consumers are discovering new destinations and (or) ordering food; it is making a notable dent in terms of developing newer and more unique recipes, reducing the time between placing and receiving an order, and ensuring consistency in taste.

Unavailability of data

Business owners want reliable sector-specific data, made available periodically, so they can make robust data-backed decisions. While the larger organizations can gather and analyze data on their own, a pool of centralized and accessible industry-focused information is likely to put ahead small- and medium-sized F&B businesses that cannot afford to pay the premium involved in data collection and analysis.

Going green for good

The rising consumer awareness on sustainability and the eagerness to know a brand's viewpoint on it is urging F&B businesses to push through the shortage of support for green initiatives — be it through ecofriendly packaging and cutlery, reduction of food waste, and energy and water conservation, among others.

Diversity driving taste

The increasing recognition of global flavors and Kuwait's diverse population, a large portion of which is expatriates, is causing a surge in the dynamic demand for not one but a variety of cuisines, upping the challenge for F&B business owners to curate offerings that will appeal to the bulk of the existing population.

Scouting for talent

Given the significance of skilled talent in the casual- and fine-dining space, business owners are ever-focused on adding competent individuals to their workforce who can help build a rapport with new and existing consumers. But standing in their way is the dearth of adequate job boards, opportunities in neighboring regions, and the prevailing moral choice to not hire from familiar networks.

Choosing food over entertainment

With the pivots in F&B business strategies leaning more towards entertainment-focused than food-centric offerings, there exists an opportunity pool for food-first businesses to tap into and cater to the consumers who prioritize a purely gastronomic experience over all else.

Doing it with cloud

For cloud kitchens to function as an effective tool for F&B businesses' growth, business owners will have to stop looking at them as the sole means for business expansion and treat them as avenues for increasing process efficiencies, reducing food waste, and introducing multi-brand capabilities/ offerings, among others.





Craving for a culinary concoction

Lebanese cuisine is the most loved in Kuwait followed by Indian and Kuwaiti cuisine.

Kuwait's need to satiate its hunger for delectable food is driven by a dynamic mix of cultures that continues to push the demand for newer, more diverse offerings, along with an extra helping of convenience, from those in the trade of taste to make their gastronomic experience more cherishable.

Choosing the cuisine

The love for falafels and shawarmas reigned supreme in the country as the respondents expressed their love for the Levantine/Lebanese cuisine in our survey with the majority 15.9% votes.

Considering the Kuwaiti population comprises only about 42,000 Lebanese people, the cuisine's rise to the top can be attributed to the universally appealing flavors and spice profile — and perhaps to the generous serving of hummus that just can't stop finding its way to any platter.

But the hunger doesn't stop there. If they can, provided there is still room, the food fans want to indulge in a generous serving of Indian bliss, followed by the enriching experience that local cuisine offers. Albeit seemingly blurry, there exists a difference in the popularity of Indian (14.4%) and local cuisines (14.2%).

But whether it is the tikka masala or the machboos laham that takes the cake in the future, is only a matter of how accessible they will be for the customers and how many of their convenience needs, such as home delivery and digital dining, they will fulfill.

Eating like nobody's watching

That's what food aficionados in Kuwait want, and it's exactly what they're being delivered. The majority (45.4%) of them mentioned that they would rather order in from the comfort of their homes than eat out.

And then there were those (43.03%) who would go any length to dine-in at a restaurant/café — be it at their favorite food destination or a newly opened one — for the sheer experience of it.

For them, it's the confines of fine diners (41%) they find most appealing, followed by casual diners (25.6%) and fast-food joints (15.38%). They (75.3%) can be seen dining out 1–2 times per week on average, with a fifth eating out as frequent as 3–4 times every week.

However, the appetite of those who ordered food online at least 1–2 times a week surpassed that of those who would choose to dine-in by nearly 7%, pointing that the convenience of eating at their homes superseded everything.

The minority (11.52%) preferred grabbing food on-the-go instead. They were all about getting their food fast and at a great price.

~80% of the respondents dine out 1–2 times per week.



Chewing on the complexities

Eng. Mohammad S. Al-Mutairi, CEO — Aleid Foods

As a business owner, the F&B industry is one of the most challenging industries to work in, considering the changing trends, demands and policies keep industry leaders on their toes. So, when we sat with Eng. Mohammad S. Al-Mutairi to discuss his insights on the F&B sector, we knew we were speaking to a legacy figure who has not only managed an organization for two decades but also extended it beyond the borders.

After some niceties, when we dove into a tough question pertaining to the challenges in the industry, Eng. Al-Mutairi did not flinch and provided us with some thorough responses.

He cites the quartet of talent, inflation, supply chain, and technology and innovation as the biggest barrier to Kuwait's F&B sector. He explains that while Kuwait has a lot of talent that has led to the industry's success, attracting it has been a challenge post the COVID-19 crisis.

"This was because people could not enter the country after exiting and VISAs were not being issued for more than a year. So, skilled resources had the biggest impact, followed by inflation," he says. He draws optimism from Kuwait's future talent pool, i.e., individuals who are currently pursuing their higher education abroad,

and believes they will make groundbreaking contributions towards the sector upon their return.

When it comes to Kuwait's ability to deal with inflationary pressures, Eng. Al-Mutairi is rather optimistic and believes in the country's ability to bounce back. He adds, "Kuwait has always been resilient".

If you compare the impact of inflation and how some of the countries in the region are making a comeback, you will notice that Kuwait has been adapting faster.

The pandemic was one of the reasons why the shipping rates (cost of supply and availability of containers, etc.) multiplied, and it took us 1.5–2 years to recover from that. More people saw production of containers as a business opportunity as there was a huge demand and a shortage of supply."

Eng. Al-Mutairi thinks if there was one thing that businesses could single-handedly benefit from, then it would be through provision of key data. Businesses could leverage this information to identify gaps in their processes and in the overall market and work towards bridging them collectively, rather than working in isolation.



Eng. Mohammad S. Al-Mutairi is the Chief Executive Officer of Aleid Foods. He has over 20 years of experience in the F&B industry and has been part of a growing family business that has transformed into a listed company with a flexible business model, a strategy for sustainability, and an aim to expand regionally.

Today, Aleid Foods has over 30 brands and is actively engaging in partnership opportunities in the F&B industry.

Brewing fresh ideas

Continuing the recovery story of the F&B sector from the COVID-19 pandemic, Eng. Al-Mutairi explains, "There were many reasons behind the recovery, with a primary factor being kitchen bars/ cloud kitchens. Today, many of those innovations have taken up more of an F&B solution's role."

He further explains that if you want to expand your F&B business, you do not need to spend a lot on buying assets; instead, you can rent. This way, you will have more for your operations and overhead costs, but you may have to rely more on your talent, experience, and faith in the concept you are introducing.

"This minimization of costs gives businesses the chance to survive," he adds. He thinks that having gone through this change brought about a mindset shift in the consumers, enabling them to create their own solutions rather than relying on someone else for it.

"Now we can have one central kitchen serving seven different brands, with seven different concepts and (or) cuisines. This would have been unimaginable ten years ago," he explains.

Embracing alternative nourishment

If you are keen on growing your business, your approach must be limber, supported by the introduction of newer, more innovative concepts to the market, feels Eng. Al-Mutairi. He says, "Businesses that are more flexible and offer

unique concepts such as organic food and meatless options are the ones that have been growing since the past 2–3 years."

Despite being an advocate for innovation in the domain, Eng. Al-Mutairi has his reservations towards meatless alternatives. He says, "Yes, big brands are entering this niche, but I think there is time before it materializes into something significant."

For Kuwait's eating habits to undergo a paradigm shift and move towards cleaner, healthier ways, there needs to be dedicated and regular consumer education.

He says, "Today, organic and plant-based options are widely available and, hence, the gap is narrower and price relatively cheaper. This is driving their introduction in the market, and they are now part of the Kuwaiti consumption. So, with time, when the availability is there, the consumer is educated, and prices are reasonable, the core competition will emerge and consumer behavior will switch faster, attracting change."

Cooking up innovative solutions

Looking back at when he became the CEO of Aleid Foods, Eng. Al-Mutairi recalls how he took it upon himself to drive their organizational strategy for business transformation. He says, "We started our strategy for transformation, focused on taking our business online, and introduced new and health-based concepts to the market. This is where we began prioritizing technology more."

He shares that having a company that had dealt with the digital aspects of a business helped accelerate their online business after the COVID-19 crisis' onset. "It supported us in taking our business online and introducing our own applications and e-commerce platforms, among other things, that could have contributed to the growth of our online revenue," he adds.

He explains that the shift in focus from offline to online channels was supported by the need for digitization triggered by the pandemic.

Eng. Al-Mutairi believes taking your business online is as much a part of the future as catering to health-based needs. "This is one of the reasons why we acquired Healthland — an online shop for health- and wellness-related needs. This allowed us to offer more organic and (or) health-based products to the consumers to assist them in improving their lifestyles," he says.

Although Aleid Foods may have started as a typical FMCG distributor to many segments, it is currently focusing more on B2B markets, adding to its offline retail business, and expanding its network of cloud kitchens and mobile applications, among other things.

He says, "As the CEO, the way I wanted to bring about change was by ensuring we had different sources of revenue and future-proof offerings. This could be through the introduction of cloud kitchens, health-based food, and other similar concepts."

While one may credit financial support and adequate infrastructure for Aleid Foods' success, the key to their triumphs is really identifying the opportunities that are aligned with their ideas and leveraging acquisitions that could speed up the execution.

Marinating future strategies

The combined challenge posed by Kuwait's geographic location and difficulties in finding a prime venue for a business is motivating

business owners to look elsewhere in the region. "That's why we went to Saudi Arabia for our own businesses, i.e., whole-selling and food services. They support manufacturing plants, give you the land, provide you with the facilities, rent you equipment, and even give you access to the nearby warehousing facilities," he adds.

He recognizes the barriers in building manufacturing plants in Kuwait but does not let them stop him from considering other options to grow. He says, "We are also investing in bakeries and the business of chocolates and confectionaries in addition to cloud kitchens because we think there is a future in it."

For Eng. Al-Mutairi, opening a new office in Dubai was one of the smartest things to do as it serves as a means to access re-exporting at the best value for food and consumables. His company's goals for the next three years include the implementation of a thorough regional expansion, including setting up the business model in Riyadh and Saudi Arabia and expanding further into two more cities in the GCC region.

He also acknowledges the importance of capital in a challenging market like Kuwait and expresses his openness to have foreign investors on board.

"Since we are a listed company in the Kuwait stock market, we are further developing our business diversifications and sustainable models that are attractive to foreign investors, companies, funds, etc.," he concludes.





To **dine** (in) or not to dine

In the age of apps, the second-best way to place an online order for food in Kuwait is likely by calling a restaurant directly. Yet, while one of them arises from the technology-led need to have tasty food delivered in a matter of minutes, the other avowedly stems from the distaste for technology — or parts thereof.

The app-etite for digital dining

When ordering food online, the majority (73.9%) of food lovers in Kuwait predominantly use on one (40%), or a combination (60%), of the country's four most-popular food-delivery applications: (i) Talabat (34.8%); (ii) Deliveroo (29.2%); (iii) Cravez (18.6%); and (iv) Get Dukkan (17.2%).

The widespread reliance is particularly popular among those who are tech savvy, prefer eating in, are under 45, and probably enjoy feasting with their eyes before actually placing an order.

They want to see all that's on offer, what they look like, how people have rated them, and what price they come at.

However, respondents within the 45–60 age aren't about the 'window dining' culture. They (37.5%) know what their tastebuds desire and where to source that from — which, often always, is their staple set of restaurants that they can directly place an order with.

On the other hand, out of the 11.5% the respondents who preferred takeaways over all else, ~69% chose to purchase their food to-go through mobile applications instead of directly ordering from a restaurant (31.5%).

Talabat dominates Kuwait's food app space as ~35% of the respondents consider it their first choice for food delivery.

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Turning point

Mubarak Jaffar, Co-Founder & CEO, KLC Virtual Restaurants

When Mubarak Jaffar, Co-Founder and CEO, first started KLC Virtual Restaurants in 2012, it was extremely challenging to find a prime location in Kuwait. This led them to assess if delivery-only brands had potential. 10 years and 80 brands later, their model has been proved successful all by leveraging their operational architecture.

Back then, things were significantly different. The F&B sector was brimming mostly with quick-service and fast-food establishments, and online food delivery was not what it is today. "People were still placing orders via hotline, with many businesses transitioning from offline to online," Mubarak chips in.

He shares that although the market had shifted from franchise brands to local concepts

around 2012–13, it was not until 2013–15 when they started seeing a new wave of Kuwaiti entrepreneurs.

"They started setting up their own restaurants. They weren't necessarily going for the prime locations; instead, they were choosing those that were considered less desirable by some of the bigger brands," he tells us.

The rising number of food establishments propelled a new delivery-only ecosystem that is, in turn, driving the increase in orders generated per day today. However, Mubarak points out that although there has been an upshot in terms of market entrants, the market itself remains saturated.

"But despite the growth in people entering the F&B sector, the delivery and dining spaces became quite saturated. We saw a lot of people enter other platforms and invest in building their delivery network. What we realized is the restaurants that weren't delivering at the time didn't have a delivery fleet. So, they started resorting to aggregators and everyone started delivering, causing a huge shift in the market," he shares.

Mubarak tells us there was a period between 2014–17 when the market demand exceeded the supply, but that is not the case today as more establishments have come up.



Mubarak Jaffar is the Co-Founder and CEO of KLC Virtual Restaurants, formerly known as Kuwait London Company — a multi-brand virtual restaurant company focused on identifying gaps in the delivery market and creating delivery-only restaurants to fill those voids, with more than 80 virtual brands across a network of cloud kitchens in Kuwait, the UAE, and Qatar.

He is also a board member at Faith Capital, a Kuwait-based venture capital fund, and is a former partner at Talabat — one of the largest online food delivery platforms in the MENA region, sold to Rocket Internet in 2015.

Mubarak has graduated with a degree in Management from the Royal Holloway University of London in 2011 and holds a Master's degree in Management in the MENA Region from SOAS University of London in 2012.

“In the last 5–6 years, we’ve had so many different destinations open doors to customers. Naturally, when a new destination opens, customers shift.

This also applies to delivery. The more restaurants that deliver to you, the more options you will have and the less likely you will be to order from the same restaurant,” he says, talking about the present market situation.

Bringing talent to the table

KLC prides itself on having a culture that fosters talent from within, with the majority of the team having an average tenure of more than 8 years. “At the end of the day, we are trying to grow our team from within as opposed to hiring from the market,” he adds.

During the pandemic, labor, food, and packaging costs skyrocketed, along with other costs, resulting in a labor shortage in the market. KLC was able to overcome these challenges because of their long-term focus on employee retention, which compoundly reduced the negative effects of the market’s labor shortage.

He acknowledges that while most establishments are aware of these pertinent challenges, they really need to identify ways to work around them even if it means slowing down their expectations and growth as a business.

Smoke in the cloud kitchen

What drove Mubarak towards cloud kitchens is the realization that both locations and brands

have life cycles. He shares that every time a new destination opened, the number of consumers going to their establishment(s) in person reduced by 50–60%, leaving them dependent on delivery. “We had to look at cloud kitchens and understand if they would work for us. We moved from having 3–4 brands to 80, leveraging our infrastructure, and achieved this feat in about 10 years,” he says. Mubarak clarifies that the main purpose of having cloud kitchen-based models is to maximize the kitchen’s efficiency and create room for more virtual brands.

He says, “We look at it on a kitchen level. We started introducing brands to our kitchens to make them more efficient. In the process, we realized it helps improve the kitchens’ overall performance.

So, we try to figure out how many orders we can generate from one kitchen, and introduce the correct mix of brands to maximize orders.”

Advocating the adoption of cloud kitchens further, he tells us, “A cloud kitchen doesn’t have to be a certain size — it could be 20 square meters or even 250 square meters.”

As the leader of a profitable homegrown company with 500+ employees achieving over 6000+ orders a day across Kuwait, the UAE and Qatar, Mubarak suggests that the region’s climatic conditions, inclination towards convenience, and high spending power are among the biggest factors that uphold the delivery-based business models in the F&B industry.

“We’ve been investing in this business since day one and we’ve had many ups and downs. But

what we realized is, this model works for us given how we use virtual brands and cloud kitchens.”

Whipping up the green agenda

“Sustainability is a global trend that’s happening across the world,” says Mubarak. He adds that irrespective of whether there are government initiatives or not, customers are extremely aware of it and want to know what your organization’s stance on it is.

Speaking about some of the sustainability-based measures his organization is taking, he says, “One of the initiatives we are focusing on is reducing our carbon footprint.

We replaced single-use plastics where possible and shifted to eco-friendly packaging. We are also trying to encourage our consumers to drive such measures by incorporating responsible messaging in our packaging.”

He also shares that sustainability is one of the main drivers behind their adoption of cloud kitchens.

“One of the reasons behind why we adopted cloud kitchens was reducing food waste and becoming more efficient,” he says. Mubarak explains that if a single kitchen has multiple brands, i.e., they share similar SKUs, it will naturally contribute to a reduction in food waste. Sharing an example from his own experience, he says, “Food wastage is a major issue that many restaurants face and we did too.

KLC VIRTUAL RESTAURANTS

WALL OF FAME





One of the initiatives we are focusing on is reducing our carbon footprint. We replaced single-use plastics where possible and shifted to eco-friendly packaging.

This was because we would bring a certain quantity of ingredients and a big portion of it would go unused. It was pitiful to see huge amounts of food go to waste.”

“We realized that having a multi-brand cloud kitchen would allow us to use similar ingredients and help minimize our food waste. That’s why we started adding items that use similar ingredients to our menu.

This way we ensured our offerings were fresh and didn’t have a big batch of food and (or) ingredients that was left as waste or went unsold,” he adds.

Infusing tech into flavors

Mubarak acknowledges the importance of understanding the psychology behind what people are ordering now and what they want in the future as it enables him to create the supply and, subsequently, meet the demand.

Pointing at the shift in what the consumers are ordering, he says, “What we realized is, earlier, most of the orders in Kuwait were related to burgers, fries, etc. Now, we are seeing them order more niche items from untapped cuisines.”

He shares that after setting up his organization’s infrastructure and cloud features across three countries, their goal has been to identify food trends on a global, regional, and country level to create a pipeline of dishes and brands that address the consumer needs emerging from those trends.

“I think there are a lot of trends, and technology is helping us tap into different markets. It’s playing a huge role across the GCC region in driving advancements in the online food delivery ecosystem.

We are seeing similar food-based businesses being set up to cater to delivery-only restaurants and cloud kitchens, to help streamline marketing functions, and even to provide inventory solutions, point-of-sale (POS) solutions, and payment systems, among other things — all of which are helping improve the GCC F&B landscape,” he adds.

He explains, “Today, we are seeing huge leaps in terms of technology. The aggregators are making it easier to track orders, access dashboards, and are providing many other tools which were not available before.” His being a data-driven organization, Mubarak tells us that they take the information, look at the touch points, and put everything together on their dashboards to identify any trends and patterns in the way people order.

Today, food establishments are striving to create the same experience that one would get in a restaurant when they order online. An example of this is the click-and-choose feature that helps people tailor their orders based on portion size and add-ons, among other things.

“We noticed a rising desire for customization, which we catered to by providing customers with the ability to remove or add ingredients to their

favorite items. Five to six years ago, this would not have been the case and people were ordering an item exactly as it was presented by the restaurant,” says Mubarak.

“When you eat at a restaurant, the portions are created for dine-in customers. When you translate that portion for delivery, it’s likely a big portion and you might have to pay more than you would want to.

That’s why restaurants are considering customizing the food delivery experience for customers instead of replicating and giving them what they would ideally get in a dine-in scenario. This, in my opinion, affects everything — the food cost, the selling price, etc.,” he concludes.



Balancing the palate

When it comes to finding balance in what food connoisseurs in Kuwait eat, it's less about what goes in the food itself and more of what goes with it. Sure, there is an upshot in terms of dietary preferences pertaining to food alone, but as opposed to ordering a caffè latte and (or) a pot of mu'assel, it's small potatoes.

The gut and the great dietary distress

Responding to our survey, 77.4% of the participants expressed that they don't have any dietary predisposition(s) towards a certain cuisine, dish and (or) food ingredient. Their only criterion? Taste.

As for the rest of them, the food preferences primarily revolved between whether they were

77.4% of the respondents don't have any dietary preferences.

vegetarian or tolerant to lactose and (or) gluten. More women (57.6%) than men found themselves exploring the gluten- and lactose-free sections of the menu before placing an order.

The said intolerances were predominant between the ages 18 and 35 for, both, men and women.

Majority of the women (61.2%) said they didn't like going omakase and, if they could, they would love to create their own menu.

For women, having a mindful munch mattered more than their money, considering they said that they don't mind spending extra to get a bite of wellness.

57.6% of the female respondents prefer lactose- and gluten-free food.



Driven to drink

The thirst to have a glass of fresh juice prevailed over the desire to have a freshly brewed cup of coffee as respondents expressed juices were their go-to drinks (21.8%), edging coffee (21.7%) marginally.

78% of the respondents said they spend at least KD 50 every month on coffee.

58% of the respondents said they don't mind spending money on healthy food.

Latte, Cappuccino, and Mocha: Top 3 coffee types.

But when it came to men alone, nearly half (45%) preferred their serving of caffeine over anything and had a tendency to spend more than their female counterparts. While latte was the overall favorite (19.9%), the 18–35 and 35+ age groups stood split by a layer of milk as the former preferred latte more than cappuccino.

Although an identical percentage of people relied on either juice or coffee as their daily driver, the average spend for coffee (KD 1–50) was much higher than that of juices (KD 1–30), highlighting a clear particularness among the participants for their caffeinated concoctions and the willingness to spend more for them.

These drinks, i.e., coffee and juices, however, weren't something that the participants were keen on ordering in — they wanted to be there when it was being made, drowning in the noise of roasted beans getting crushed and fruits blended. The respondents' favorite mode to purchase their everyday elixir was either at a coffee place (29.3%) or through a takeaway place (25.3%).

Shisha on the side

Over generations, the shisha smoke has devised a way to infuse itself in Kuwait's gastronomy, influencing food lovers to partake in smoking hookah either as part of regional traditions or to simply uplift the culinary experience. Evidently, more than 80% of the individuals who

took our survey said that they indulged in smoking shisha, with the majority (69.1%) of them visiting a shisha café at least 1–3 times per week.

A small portion of the shisha smokers (7.3%), however, were more frequent (4–6 times) with their visits.

Unsurprisingly, a near-identical percentage of the people spent a higher chunk of change (KD 51–100) to meet their shisha needs.

But the love for hookah isn't solely about Kuwait's ubiquitous tobacco tradition; it's also about flavors. Among the popular shisha flavors in the region, ajamii and mu'assel were the most in-demand, with the latter being three times as preferred as the former.

For 63% of the men, it had to be mu'assel every time they took to the hookah pipe. This wasn't the case for women as they (48%) preferred alternating between the two popular flavors every once in a while.

Despite shisha's widespread consumption, its smoke hasn't quite reached the KD 2000+ income group against common expectations.

Perhaps, the breath of tradition and flavor is more for the individuals between 26–35 to take, considering they took it the most (30.3%).

~70% of the respondents who smoke shisha visit a shisha café at least 1–3 times per week.

~83% of the respondents spend at least KD 50 per month on Shisha.



Beyond the bun

Abdulaziz AlTuraiji, Co-Founder and CEO, TABCo Food

TABCo Food has made quite the name for itself in Kuwait by exclusively managing the Elevation Burger brand. What propelled the brand's beginning in the country was a well-formulated operation manual, which Abdulaziz AlTuraiji, Co-Founder and CEO, TABCo Food, refers to as 'the benchmark' that set them up for success.

Looking back, he tells us about the trifecta of challenges that stood before them.

"Our first challenge as a new entrant to the market was figuring out its size, key elements, customers' purchasing behavior, and so on. The second challenge was ensuring that we were maintaining robust legal and government relations. The third, and the most important one, was finding and hiring the right talent," he says.

Mr. AlTuraiji underlines the importance of having a complete overview of the industry conditions, staying on top and being prepared for any policy and regulatory changes, and maintaining the sharpest focus on 'the human element,' i.e., talent.

He explains that while every new entrant faces some (or all) of these challenges, the market conditions that Kuwait is predisposed to make setting up a business in the country a unique affair.

When it comes to raising capital, he thinks it is not as big a concern in Kuwait as it might be elsewhere. He says, "I believe if you have a good idea, then the market will help you get it

funded — be it through private funding, friends and family, investment opportunities, or through government policies, such as the SME's fund, among other options."

"If you can distinguish yourself, address the threats from your competition, and plan to do something innovative, you will be rewarded," he adds. He further expresses that repeating something that already exists does not add any value to the market and, therefore, bears no fruit. Innovation is key.

We believe these factors help us distinguish ourselves significantly in the market.



Mr. Abdulaziz AlTuraiji is the Co-Founder and CEO of TABCo International Food Catering K.S.C.C., a leading company in the F&B services in the Middle East. He is passionate about creating value for their customers, employees, and investors, and delivering high-quality and innovative food solutions that meet the diverse needs and preferences of their markets.

He has over 16 years of experience in the Investment Banking and Operations business and was a board member of The Public Institution for Social Security. He managed and oversaw the investment portfolio of PIFs assets being a member of the board committee from 2017 to 2023.

Mr. Abdulaziz holds a Bachelor's degree in Business Administration with an emphasis on Real Estate and Finance from the University of San Diego. He completed the Executive Education Program for Leadership Development at the Harvard Business School in 2018 and maintains his alumnus status.

Elevation Burger, as a brand, was innovative enough to come in and tap into the better segment of the market by introducing the first USDA-certified organic beef and chicken and by cooking fries with heart-healthy olive oil.

Mr. Abdulaziz sees his role as a continuation of building the dynamic foundation built in the first seven years under the leadership of his partner, Ali Ashkanani and the previous management.

He recalls a scenario from the pandemic when his organization was out of chicken for a year. "We didn't want to substitute our USDA-certified organic chicken with something we thought was subpar. We decided we would rather go out of chicken than serve something that might need explaining. It was a call of ethics and of paramount importance to us because we strive to stay truthful to our values and to what we have communicated to the market, even if it means bleeding capital," he expressed.

Kuwait's import dependence is a challenge for Mr. Abdulaziz as it is for many others in the industry. But what sets his brand apart is the organizational ethos that he shares.

He says, "It is absolutely challenging to find good, sustainable products throughout the year, considering we live in the desert and cannot access everything we need. However, we are trying to overcome this by working with young entrepreneurs in the agricultural industry who are trying to advance in this space."

Crafting culinary breakthroughs

Behind every successful business is a unique proposition. For Mr. Abdulaziz, it was identifying the sweet spot between fast casual- and fine-dining establishments and catering to those needs.

"Fast food places prepare the food in under two minutes and fine dining restaurants offer a complete culinary experience. We recognized this opportunity and decided to offer people the best of both worlds: we prepared the burgers in less than seven minutes and gave people the option to dine-in or takeaway," he explains.

But retaining consumers requires more than a unique selling proposition. Mr. Abdulaziz takes a three-pronged approach towards maintaining his consumer base. His opinion is that happy employees are great ambassadors of your brand. They put in more effort and go the extra mile to make customers happy. He adds that, to become successful, you also need to maintain a certain degree of variety and quality in your offerings and introduce them the right way to the market.

He shares, "When we introduce a burger, we don't go out and say, 'It's available for a limited time only. Go and try it!' We create a whole story around it."

We target and collaborate with young and talented local chefs, launch the products with their pictures, and introduce them to the market, among other things. You will see their pictures in the stores, on social media, and so on. We feel

this is a win-win situation for the organization and the chefs we are collaborating with as we are introducing a product with a better story by engaging with our community," he says.

He also believes in rewarding the consumer. Taking his own brand's loyalty-based reward system as a prime example, he adds that giving back something to your consumers, be it discount, giveaways, or subscriptions to brand-based loyalty programs, will always give customers reasons to return and order more from you.

Mr. Abdulaziz feels that to pioneer an industry, you need to be wary of both local and global trends. He says, "We believe people are smart and love making smart choices. And when they want to make a smarter food choice, we want to be ready for that."

While he admits that the opportunity for vegetarian options is not significant, he feels that the segment is starting to grab attention and businesses must be prepared to fulfill that need.

When asked about plant-based foods and his decision to not pursue them, he explains that they do not see an addressable demand for it but are keeping an eye on the need for future consideration.

A new blend for growth

Growth should not necessarily be in terms of verticals, feels Mr. Abdulaziz. He highlights that improving on delivery efficiencies, operational frameworks, production, and communication are part of it too.

"We deliver in most of the localities, and average between 22–23 minutes in terms of delivery times at Elevation Burger. This is achieved through operational excellence and clear internal guidance around production," he says.

Our engagement with our society is more than a CSR program, it is part of TABCO's DNA and our commitment towards the society that we take seriously.

The strategic direction is for TABCO to be a multi-brand and multi-national company. Currently, we are focusing on Elevation Burger in Kuwait to ensure we are providing the best customer experience and the highest standards of operational excellency.

Another aspect where Mr. Abdulaziz is keen on growing is talent. "Moving forward, we want to ensure that more skilled talent joins us," he says.

Mr. Abdulaziz does not diminish the importance of data when it comes to achieving growth. "We completed a few points on our employee resource planning (ERP) system. Now, we are more automated than ever and have greater access to reports and other materials that allow us to look at data in a way that is more conducive to the growth of our business," he says.

"We want to open few more stores, digitize our Club 7 Card, launch our new app, and are also working with vendors to introduce new sources of chicken and beef," he concludes, explaining that the seemingly small measures help his organization diversify their business and allow them to go from one source to many.





Deciding the dining destination

A smorgasbord of things go into selecting a place to dine at and (or) order from. One might expect that digital funnels would draw in customers, and they are to a great extent. Yet, it seems that food fanatics would rather follow what the mouths are saying than chase what the internet is showing.

Addressing the dining dilemma

Choosing one restaurant from the grand buffet of options that the internet is is no child's play. Except it is, especially when you consider that the biggest share of respondents who based their dining decisions on what they saw on the digital and social media were under 18.

Online influence such as advertisements on the digital and social media (25.1%), influencer marketing (15.8%), and app-based recommendations (15.6%) were among the top motivators behind selecting a place to eat, drink, and (or) order from.

However, the biggest crowd-puller for restaurants was the consumers' positive reviews, i.e., their word of mouth (28.5%), which they were sharing on different mediums.

Cracking the loyalty equation

In truth, positive reviews and recommendations are only a small part of the recipe that tantalizes the senses of gourmands. Perfecting this mix requires an effective loyalty program, great offers, and delicious food that customers can put their faith behind. And this is what foodaholics in Kuwait believe too.

Nearly 60% of the respondents said that customer loyalty programs were still in vogue like sushi rolls. In fact, participants in the higher income groups (KD 2500+) had the biggest appetite for such programs, especially when they were garnished with exclusive offers.

For the rest of them, however, discounts (28.5%) mattered the most when it came to selecting such programs, followed by exclusive offers (27.1%).

Interestingly, more than 20% of them were in it for free meals and all of them owed their allegiance to the restaurants that had, at some point, served them a meal without any additional cost.

Majority of the respondents (~22%) wanted the quality and (or) taste of their food to be top notch in every single order.

For another 20%, however, cleanliness mattered more. They wanted their tables wiped, plates cleaned, and they definitely didn't want to fish for strands of hair in their soup.

~60% of the respondents said that customer loyalty programs are still in vogue like sushi rolls.

The way to the consumer's heart is...

**Understanding the F&B landscape of
Kuwait with Inspired Edibles**

While there is no fixed formula to having a successful food establishment in Kuwait, it helps if you are **not focused on catching trends and work towards your specialization.**

When you spend decades looking closely at an industry, you witness every little ebb and flow in it. That's how our expert, Inspired Edibles, a seasoned food-blogger from Kuwait, learned that trends will come and go but authenticity is forever. We wanted to dive deeper into the nuances of the trends in the F&B space, and this conversation was our modus operandi.

Having started as a food blogger in 2013, our expert feels that the newer generations are looking up to social media creators in every aspect. The urge to catch a trend is real. But in that pursuit, there has been a decline in authenticity. High-paying brand deals and sponsorships, combined with increased user demand for 'influencer content', are slowing down the need to innovate, specialize in a space, and serve the audience better.

Even when influencers are working with brands, the mindset should be to offer their audience more than cool trends, i.e., relevant, useful, and original content targeting all niches and become more credible. "That's why we are trying to be more up-to-date and specialized, and come up with more original ideas.

This is the reason why we don't create generic posts such as 'coffee shops in Kuwait' and focus on something like 'coffee shops that sell specialized beans roasted in Kuwait'. We want to be more specific," he says.

Our expert stresses that originality is among the primary differentiators and helps stir a favorable emotion in your audience's mind.

A key driver of this emotion is a brand's journey, and that's what the consumers want to see. They want the CEOs and the faces behind the brands

to step forward and address their concerns. People have seen enough content on recipes and products. Now, they are craving for real people talking about their company experiences, things they are working on, and how they are addressing consumer challenges, among other things, because that is the most credible source of information they will find.

Packing value, not calories

For our expert, value comes first. Business owners must pack it not only in what they offer, but also in how they offer. Despite businesses becoming increasingly innovative with their marketing campaigns, conventional methods such as digital marketing have not lost their taste.

Our expert attributes this to the clear ROI system that some of these channels boast, allowing businesses to compare how much they are spending versus what they are generating. While there is a lot of value for business owners to gain through such channels, there is sparse for the consumers.

Even in initiatives to increase outreach, businesses must prioritize ways to incorporate consumer gain. However, slapping calorie labels and flooding social media with pictures of food are not among them.

He opines, "I don't want to see the food. If I want to see the food, then I'll look at the menu." This displeasure stems from restaurants and cafés unrelated to health and wellness doing just that to attract consumers who are into it.

He strongly feels there has to be more than visual satisfaction when it comes to food-related social media content. Citing one of his campaigns





Inspired Edibles is a food-based blog started by a pair of culinary enthusiasts who set out on a journey to share their love for all things food and everything that goes with it.

Their time as Instagram creators has exposed them to over a decade of experience with respect to the F&B space.

The blog strives to spark demand for local food-based businesses and products and focuses on delivering value without compromising on the integrity of their work, the authenticity of their perspectives, and their discipline.

as an example, he says, “We are trying to post things related to our consumers’ overall wellness, such as how many times they should change their running shoes, how bad sugar is, and the importance of hydration, among others. So, when you’re following the account, you are doing it because you want to gain more value.”

On a similar note, meal-subscription companies offering consumers a competitive price as value is not enough to convert them. In fact, he feels that prices should go up but not for nothing.

He feels that companies should use the hike in price to bring in Kuwaiti chefs, prepare freshly cooked food, and create effective systems. He says, “When you have this kind of value proposition, it becomes challenging for anyone to compete with you and the consumer benefits from it. It’s a win-win situation.”

Putting faces to flavors

Our expert believes that when the trends settle and the kitchen smoke thins out, people will return to the staples. With restaurants relying more on offering experiences unrelated to food to pull a crowd, he feels that their credibility as food establishments takes a hit.

The increased focus on entertainment impacts the experience of the people who are and (or) want to be there for the food alone. His opinion is that this shift in focus will make room for purely culinary destinations that specialize in a particular cuisine or way of cooking.

However, for them to be fully successful, our expert suggests that the restaurants put a known face behind the counter. He says, “I think the only trend that will never die is having a credible person behind the counter who can hold the place together and become the face of the brand.”

Supporting his statement, he recalls the success of a homegrown pizzeria started by two Kuwaiti brothers nearly ten years ago. He adds, “Anyone can bring people in to conduct a show at a restaurant, but finding a credible person who can smoke the meat to perfection, is much harder and, therefore, all the more memorable for the consumers.” This is even more important when you take into account that the majority of the food establishments procure raw food materials from the same source.

Sustainability as a spice

When it comes to sustainability, restaurant and café owners feel it is too spicy for their current taste. More than restaurant and café owners, it is the customers who are pushing for the integration of green initiatives.

While there are food businesses that are using eco-friendly packaging, non-plastic straws, etc., our expert thinks that the sector could progress much faster if there were set guidelines with respect to them. “Sustainability can be many things — it could be about the way you use water, amount of food you waste, or how much electricity you use, among other things.

Sustainability needs to have a top-down approach. Its widespread adoption is unlikely unless there is a clear direction from the regulatory bodies on how businesses can drive such measures,” he says. Our expert does not discount the need for sustainability-related education.

He feels that the smallest of steps such as unchecking the option for cutlery on food-delivery apps can make the biggest difference, but bringing about that will require both awareness among people and government backing, especially for those who are driving such initiatives.

Surviving the kitchen that’s Kuwait

A winning recipe is not enough to successfully setup and run an F&B business in Kuwait. Given the country’s highly competitive landscape, businesses must first try their ideas in a relatively less challenging market in the region before entering Kuwait’s F&B space.

He says, “Kuwait has diverse requirements. It is home to about 1.4 million Kuwaitis and about 21,000 restaurants. This means that we’re all fighting for the same customers. That’s why many restaurants have tried fulfilling them and failed in the past.

While there is no fixed formula to having a successful food establishment in Kuwait, it helps if you are not focused on catching trends and work towards your specialization.” He concludes that considering Kuwait’s unique challenges in terms of market share and consumer bases, surviving requires a steady cash flow and even steadier support.

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Paying for the plate

Paying for your sustenance using plastic money may be as simple as a microwave meal, but it's no longer the only option on the menu. Up and coming electronic means are catching up with the more traditional modes of payment, with the users expecting restaurants to prioritize a few aspects. However, convenience isn't necessarily the biggest reason among them all.

The mode of paying (it back)

Across all ages, credit and (or) debit cards were the go-to mode of payment for consumers, considering they took a minute to save on any device(s) and even less to swipe on card machines.

Cash was the most predominant form of payment (26.8%) after bank cards (32.9%). But as sustainability looks to become the curry of current affairs in the food space, newer, more digital payment methods are likely to gain prominence.

Our survey found that a combined 40% of the participants chose to use Apple/Google Pay (23%) and e-wallets (17.2%) over other methods.

Card and Apple/Google Pay users were also among the biggest drivers for restaurants to undergo some form of digitization, such as use of an online menu, and reduction of plastic use.

Although digitization (10.8%) was one of the agendas that consumers wanted food joints to push forward to become more sustainable, their big three were reduction of food waste (25.4%), recycling (18.1%), and conservation of energy and water (15.2%).

Respondents who earned higher than KD 2500 emphasized a lot on having their food packaged in eco-friendly material, indicating that they didn't mind paying a few fils and then some more for their order if it was directed towards making green dining more prominent.

~43% of the participants prefer Apple/Google Pay/e-wallets as their preferred modes of payment.

58% of the respondents in the **18-25** age group use digital modes of payments.

55% of the respondents said discounts and offers drive loyalty the best.

~30% of the respondents' decision is most influenced by word of mouth.

Source: KPMG Kuwait Food and Beverage Survey 2023-24





Cuisine reflects culture

Khaled Naga, CEO — Restaurant Sector, Al Thiqa Food Group Company

In our pursuit to find out the many things that food is, Shashi from KPMG in Kuwait and Lisa from TRACCS Kuwait sat down for a conversation with Mr. Khaled Naga, Chief Executive Officer for the Restaurant Sector at Al Thiqa Food Group Company (TFGC).

Our first impression of Mr. Khaled was that he is a food connoisseur and someone who believes that a cuisine reflects the culture. For him, food is much more than a business: it's a tradition which brings people together to celebrate and spread happiness. As we dove deeper into his ideas

about the F&B industry in Kuwait, it was evident from his statements that there's a deep emotional connection with the industry that extends beyond numbers.

Our first topic of discussion was diversity, taste, and the divide in the F&B industry, on which Mr. Khaled had a unique perspective.

The upsurge in Kuwait's diversity, combined with the newer generations' affinity for unique experiences is nudging F&B businesses to consider curating just that. Consequently, Mr.

Khaled feels that the future of cuisines will rely on what the younger consumers need and how the country's population diversity shapes up.

Pointing at the generational divide w.r.t flavor and cuisines, he shares that, unlike the older generations, the newer generations of consumers have started experiencing food in different ways.

He says, "The younger generations have a knack for more sophisticated flavors. Their taste buds are completely different than ours. They are into fast food and fast-casual outlets, and they are

inching towards unconventional cuisines, such as Japanese," he says.

Mr. Khaled shares that for an F&B business to tap into the younger pool of consumers, the focus should be on developing brands and products befitting the contemporary requirements. However, he believes basic is king and that businesses must incorporate the human tendency to return to it to achieve sustained growth.

He explains that, in the F&B space, consumers do not take a one-brand-only approach.



With over 30 years of experience in the F&B industry, Mr. Khaled Naga rose through the ranks by delivering significant services which have led to his current position as Chief Executive Officer of the Restaurants Sector at Al Thiqa Food Group Company.

Mr. Khaled holds a Bachelor's Degree in Business Administration from Cairo University, Egypt and an MBA from Windham University, USA. Mr. Khaled's educational background and extensive experience within the F&B industry, alongside his customer-focused approach, have allowed him to develop a deep understanding of business and people management.

Mr. Khaled aims to expand the restaurants sector locally and regionally throughout the MENA region. From creating and developing home-grown brands to franchising major food groups, Mr. Khaled's vision and approach is to provide customers with the upmost quality of restaurants.

They love trying out different things and are well-exposed to the food in and out of Kuwait, so they want to experience newness on a regular basis. But, after a while, they always return to their regular orders.

Mr. Khaled further elaborates on how demographics and business locations play an important role in the entire ecosystem.

The location of an F&B business is as important, if not more, as the consumer demographics. And when the two are tied to each other as they are in Kuwait, adopting a one-size-fits-all approach is counterintuitive at best.

Mr. Khaled says, "In our group, we have a wide variety of cuisines and international dining options, but we see a completely different consumer profile in each location." He shares that when you move from one end of the consumer spectrum to

In our group, we have a wide variety of cuisines and international dining options, but we see a completely different consumer profile in each location.

the other, priorities shift. He explains this further by citing an example from his own experience.

"In some of our locations, there are consumers who are particular about the type of chicken. But when you move towards the more sophisticated consumer groups in prime locations, you will notice that such factors matter less," Mr. Khaled tells us.

He emphasizes the importance of taking into account the income of their consumers, in addition to their ICP, before designing the experiences and offerings for them.

"In one location, we are dealing with urban customers who know all there is to about us and, in the other, we are catering to consumers who don't know about us and what we offer. That's why what we sell in one location is completely different than what we sell in another," stresses Mr. Khaled.

As the Al Thiqa Food Group has multiple brands under its umbrella, our next question focused on the operation models, particularly in terms of whether the organization uses a centralized, decentralized or cloud kitchen model.

Whether an F&B business should adopt cloud kitchens should be based on its size, the infrastructure it has, and how established it is. Mr. Khaled says, "If you're an entrepreneur who is new to the business and doesn't have the required support or infrastructure, then you might want to go in the direction of cloud kitchens." He explains that cloud kitchens rely on delivery-based services to be successful.

However, to be profitable using this model, one should have presence in multiple locations (15–30), owing to the low profit margins being offered by most service aggregators.

Mr. Khaled shares that larger organizations like his strive to maintain a 50–50 dining-to-delivery ratio, but it is not ideal.

When it comes to QSR, he tells us that they have their own central kitchen and a cluster of cloud kitchens that they leverage for catering to delivery orders as well as orders for some of their smaller brands. He feels that dark/cloud kitchens are more suited to help F&B businesses that are looking to expand or are unable to find a location for their establishment.

Upon being asked about his plans on expanding their physical presence, he tells us maintaining their bottom line is a top priority and they are unwilling to open shops at new locations unless they can achieve that.

Mr. Khaled is of the opinion that the simplest way to stay relevant among people is through visually identifiable brand placement. He emphasizes that F&B businesses are built on trust, and people find it difficult to back a food establishment if they don't know where the food is coming from.

"When people pass by your signages and see them, you will always be on top of their minds. But if you are hidden in a central/cloud kitchen, you will need to spend a huge amount of money to grab people's attention," he says.

He adds that while signages work well for smaller businesses, bigger, well-established, F&B





businesses might need to put themselves out for the public to see by building physical presence in different locations.

Al Thiqa is known for introducing the latest food tech to the Kuwait market. So, as we steered the conversation towards technology, Mr. Khaled shared that traditional forms of advertising have been replaced by the internet and other digital alternatives.

He points out that, given the high internet penetration among them, the younger masses are always on the lookout for F&B businesses that provide better offerings with a side of convenience.

Mr. Khaled tells us that people are relying more on applications to order their food and, while they are at it, they want to experience a virtual food-court-like experience, be able to check different menus, see what's trending, and (or) simply reorder a previous purchase. They also want to be able to save their addresses and cards for a quicker checkout, all of what adds to their need for a convenient food shopping experience, which is what Mr. Khaled's company tries to deliver through their ordering platforms and websites.

Recounting a technological initiative from their business, he shares, "We moved from using a normal grill to a charbroiler, which brought down the production time for grilled shrimps from 12 to 4 minutes (approx.) and helped us maintain consistent cooking time and taste."

Mr. Khaled believes that technology is a game-changer in the F&B business, and it will continue to advance, be it in terms of food-related processes, ERP, or marketing, among other aspects.

Technology is a game-changer in the F&B business, and it will continue to advance, be it in terms of food-related processes, ERP, or marketing, among other aspects.

Our next question was around the challenges in the F&B industry in Kuwait. To that, Mr. Khaled had a detailed and meticulous response.

"Kuwait is not an easy country to work in, especially when it comes to the F&B businesses because you're dealing with people both in the back and front of the house." However, what stood out the most in the conversation was the pertinence of talent as a concern.

He points out that talent concerns are more prevalent in the casual dining space as compared to QSR. "When it comes to casual dining, people want to see staff that is presentable, knows how to talk to customers, can make them laugh and hold a conversation with them," he says.

Taking the example of one of his own brands in the casual dining space, he says, "If you are a

loyal customer visiting the outlet, the people there will know your name and even your regular order and personal preferences without you having to say them."

Mr. Khaled adds that personalization requires a particular skillset. However, hiring for roles that will help you fulfil that is challenging, given most skilled talent prefer some of the other GCC countries over Kuwait, owing to the limitations in regulations in terms of VISAs, geographic origin of talent, and additional challenges in warehousing and restoring, among others.

He also feels that F&B businesses should have the flexibility to modify their prices, so they are well-positioned to tackle financial uncertainties, fuel prices, and even material costs.

We finally reached the end of the conversation with a question on the future trends in the F&B sector. We especially wanted to understand his views around plant-based food, considering it has been creating a buzz in the industry.

While he admits the presence of a market for plant-based factory-grown products, he emphasizes that the market is marginally sized to expect rapid growth.

He adds that plant-based products are more expensive than their regular alternatives. He believes it is understandable to offer such products if they are part of your business.

However, starting a dedicated factory/store is beyond reason as there is no significant demand for it in Kuwait presently.

Mr. Khaled says, "When you use plant-based milk, the price of the coffee goes up by about 30%. If you have a condition that requires you to consume lactose-free milk, then we will serve you that, but most people will continue to consume the regular products, i.e., milk, meat, and vegetables."

In the defense of his statement, he explains that only about 50,000 out of the 1.2–1.4mn Kuwaitis can bear the cost of the said products on a more regular basis, which makes the business less sustainable to run on a longer term.

Concluding his conversation with us, Mr. Khaled addresses that the ease of setting up and growing an F&B in some of the other GCC countries is urging business owners to shift bases. Putting a stop to it would require every iota of government support, complemented by the right regulations, the vision to scale up, a healthy population and adequate safety measures.

"Your approach for the future should be very calculative and based around your present requirements, location, who you're catering to, and your vision, among other key factors," ends Mr. Khaled.



Future flavors

Our final thoughts

Leaning towards ethical consumerism: The F&B industry in Kuwait is witnessing a systemic drift led by consumers' evolving preferences. The change in their behavior underlines a shift towards ethical consumerism that is urging them to demand transparency and engagement from the people behind the brands.

Although sustainability largely remains a secondary theme for Kuwait's F&B sector, it's the consumers' heightened awareness of it that is encouraging F&B businesses in the country to look past the roadblocks and adopt and implement green practices.

Evolving payments: Businesses are taking to digitization by adopting digital modes of payment as more consumers are choosing to pay via cards or through app-based payment systems. However, there's still a long way before they could retire their cash registers and go fully digital as cash as a mode of payment is showing no signs of slowing prominence in Kuwait.

Unlocking the plant potential: Unlike other parts of the world, such as Europe and the US, the demand for plant-based food and beverage alternatives is at best slow in Kuwait.

Driving this rise is a small niche of consumers willing to pay more for a plant-based meal-subscription plans, taking away from the effort

required especially for green eateries to retain customers in an already-niche section of the sector.

However, business owners believe creating a flourishing segment with said offerings would require educating the consumers, bringing down the products' prices, and taking a giant step away from Kuwait's meat-heavy diet

Embracing technology: More F&B businesses in Kuwait are starting to see technology as an enabler that not only streamlines operations and supports creation of unique and consistent culinary experiences but also maximizes efficiencies and helps reach more consumers — all of which are critical in the country's increasingly competitive market.

Driven by loyalty: While consumers are most influenced by others' word of mouth when it comes to choosing an F&B establishment, loyalty programs have emerged as a strong favorite and a powerful tool for fostering customer retention.

That's why consumers in Kuwait feel more incentivized to return when an F&B business provides personalized discounts and offers and maintains high standards in terms of food quality and service. These initiatives drive consumer satisfaction and serve as a means for brands to build a strong connection with their customers.

Rethinking shisha: The wide-reaching interest among both men and women to indulge in shisha is giving the newer, more modern restaurant and café chains a reason to consider how they can include it in their offerings. As for the establishments that are already catering to shisha consumers, they need to relook at how they are, and if they should be targeting, higher income groups.

From apps to tables: The higher penetration of mobile devices among the youth is changing the way people eat in Kuwait. With more people looking to order food using applications, F&B businesses need to reconsider the offerings and experiences they provide and cook up something that will encourage the eats-at-home consumer to dine-in.

In conclusion, the F&B industry in Kuwait is at a crossroads, shaped by a complex interplay of consumer preferences, technological innovation, and sustainability-based concerns.

To thrive, businesses must constantly seek to adapt based on evolving demands and market trends, focusing on sustainability, embracing diversity in culinary offerings, leveraging technology, and enhancing customer engagement through personalized experiences.

How **KPMG** can help

KPMG in Kuwait operates through its member firms KPMG Al-Qenae & Partners and KPMG Advisory W.L.L., providing a full range of audit, tax, and advisory services to a portfolio of clients which includes major corporations, government institutions, public sector agencies, and not-for-profit organizations.

With over 200 employees and nine partners based in Kuwait, we form a global network of KPMG firms operating in 143 countries and territories with more than 273,000 partners and employees working in member firms worldwide, drawing on global industry insights to complement our strong local knowledge.

We are part of the larger MESAC cluster. The KPMG Middle East, South Asia, and Caspian (MESAC) region comprises member firms

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Our strengths in the F&B sector

Over the years, KPMG in Kuwait advisors have worked with multiple companies in the F&B sector. We understand that the F&B industry is in constant flux and needs insight into every new technological disruption and market trend.

With deeper understanding of the F&B sector's most pressing issues and priorities, we offer a full suite of forward-looking audit, tax, and advisory services that are designed to navigate new complexities and long-term shifts in consumer behavior.

Our most innovative solutions are specifically designed to support greater customer-centricity, including, business plans, strategy planning, valuations, market research, financial due diligence, turnaround and restructuring, mergers and acquisitions (M&A), digital transformation, data analytics and security, supply chain management and growth, and new business models.

Our advisors are dedicated to serving companies in your sector and are backed by an international network of industry-focused professionals, which gives our clients the access to global industry insights, leading practices, and the latest innovative solutions, irrespective of their company size or location.





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