

Hospitalitynews

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Thierry Marx
Exclusive
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DYNAMIC MILAN



Expo Milano 2015, under the theme Feeding the Planet, Energy for Life, takes place from May 1 to October 31, 2015. With an expected 20 million visitors, **Chadi Chidiac**, managing partner of Protocol, shares his insights on the Milan F&B market

The restaurant sector is an important component of the Italian economy. However, it has been severely hit by the recent economic slowdown, with a drop of 15 percent in turnover in 2014. A recent study conducted by Protocol and supported by the Rapporto Unioncamere, an Italian public entity that represents and cares for the general interests of the Italian Chambers of Commerce, showed that restaurants and hotels are mainly concentrated in the following

regions: Milan (5 percent), Lombardy (9.4 percent), Lazio (10.8 percent), Campania (8.6 percent), Veneto (8.4 percent), Emilia-Romagna (8.2 percent), Tuscany (7.9 percent) and Piedmont (7.3 percent). The hotel and restaurant sector is characterized by a high level of fragmentation and the labor force often holds non-standard employment contracts, plus a high percentage of seasonal and temporary work.





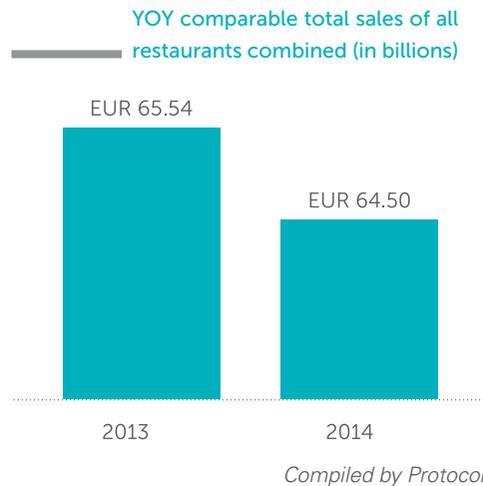
Geographical dispersion of restaurants throughout Italy

The same study, conducted in cooperation with the Cerved Group of Milan, a leader in Italy in the sector of business information and in the development of credit risk assessment models, showed that the economic crisis has significantly affected the sector, especially in terms of actual sales. In 2014, the hotel sector registered a five percent drop in attendance and patronage, with around a 15 percent drop in turnover year-on-year (YOY). Whereas the total turnover in 2014 of the restaurant sector amounted to around EUR 64.5 billion, with approximately a 1.6 percent drop in comparison to 2013.

In terms of employment, the economic crisis has not particularly affected the sector. The Italian National Institute of Statistics (I-STAT) recorded a sectorial employment rate increase of 2.1 percentage points. In general, the sector's dynamism is characterized by high corporate turnover. In 2014 the number of start-ups increased in comparison to 2013 data (+37%), as well as the number of closures or bankruptcies (+15 percent and +22 percent respectively).

Market supply

In terms of market supply, the sector enjoys a wide diversity with a total of 5,718 units according to our study undertaken in 2014, which revealed that Italian and pizza concepts dominate the market scene with approximately 2,687 outlets, reaching approximately 47 percent of the total available units. Japanese and international restaurants follow with 280 and 277 outlets respectively. Middle Eastern cuisine numbered the least with 20 outlets, while café concepts numbered 200 units; 302 for pubs and 111 for seafood outlets. When it comes to supply in terms of seats available in the market, the same study showed



that Milan accommodates approximately 733,260 seats with 305,900 of those seats (42 percent) allocated to Italian concepts followed by 72,065 seats for ethnic cuisines, while pizzerias and international concepts numbered an impressive 62,750 and 51,245 seats respectively.

Price pattern

The average restaurant checks in Milan showed that the mid-level concept's average menu pricing ranged between EUR 10 and EUR 35, which takes the lion's share at a huge 62 percent among all tiers of the sector. The sector's upper-tier units average menu pricing is above EUR 35, occupying a decent share of 27 percent while the lower-tiered units showed a weak 11 percent market share. Compared to other sectors the (HORECA) business sector is still enjoying a higher dynamism, due to a lot of inbound tourism that makes it seem that an economic slow-down yields lower price tags, which transfers into opportunities for consumers.

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The Middle Eastern influence

Arriving from the Middle East and North Africa, a concoction of residents have gravitated to the fashion capital bringing their native tastes and flavors and introducing them to Milan's society

Lyr Ristorante, a traditional Lebanese restaurant richly furnished within lavish settings situated in vibrant Piazza San Marco, offers its specialty minted *tabbouleh* salad, eggplant moussaka, veal and fish. Another influence is Aladino, located at Via Achille Maiocchi (30, 20129 Milano) is a Syrian-Lebanese restaurant offering a wide selection of oriental delicacies. Located at the Via Cadore 26, Ali Baba is the most popular of all; it's been 20 years since two Lebanese sisters opened this restaurant to tantalize Milanese taste buds with special ingredients flown in from their homeland, to create platters such as *hummus*, grilled meats and fresh vegetables. Via Pietro Custodi (4, 20136) Milano is the Nasser family pride, who use their know-how to create a regal atmosphere with Arabic cuisine and music, only a few feet from the city's Navigli area.

