



Lebanese Catering Business: In Focus

Lebanon is a regional hub in hospitality services. Catering business, a sub-sector of this industry, has been mastered many years ago by Lebanese companies, entrepreneurs and individuals. In the following article, Chadi Chidiac, managing partner of **PROTOCOL** hospitality management & consultancy, takes a closer look with insight and market analysis for the Lebanese catering industry with integrated business trend summary. The compiled data was gathered in regard to caterers as in-premise/off-premise providers of single event-based food services. Furthermore, the scope of the market size and forecast is restricted to caterers or food service contractors; standalone restaurants, In-hotels food & beverage outlets as well as pastry shops and bakeries that provide off-premise catering services.

Drivers of the catering industry

The Lebanese food catering sector is divided into various categories defined by the caterer's target market and quality of offering. Categories are segmented and include industrial, in-flight and airport, institutional, corporate and private. Industrial segment in Lebanon is not the most important to target locally since there is no availability of demand, bearing in mind that there is a considerable number of companies that has been successful serving this segment on the international level like **Albert Abela SAL**, **Protocol** and **Starsal**. On the other hand, **Sodexo** is a multinational company with offices and operations in Lebanon and operating more than 34,300 units worldwide with 421 thousand employees and total revenues of around USD34 billion for the fiscal year 2012.

In-flight and airport catering services for the Rafic Hariri International Airport (RHIA) are offered exclusively by **Lebanese Beirut Airport Catering Co (LBACC)**, a Lebanese company mainly owned and managed by **Middle**

East Airlines (MEA). LBACC caters to first, business and economy class as well as private jets serving from 7,000 and up to 10,000 plus meals a day in peaking periods. LBACC caters to the busy VIP lounges of the RHIA as well with buffets for up to 1,000 pax (person) a day. The company employs around 200 permanent individuals supported by 75 seasonal during peaks.

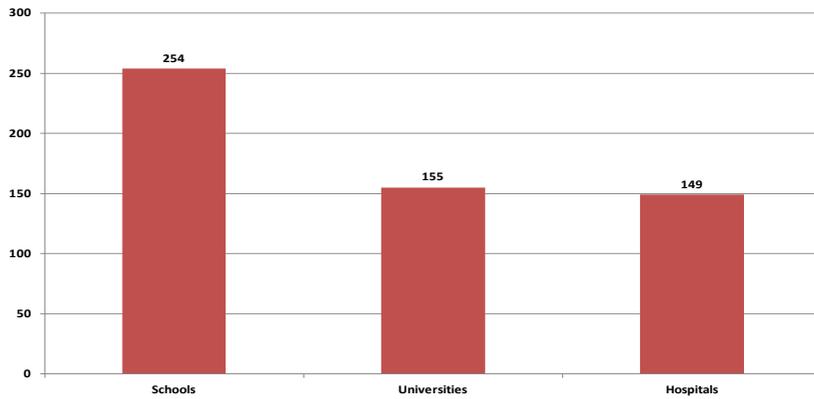
Institutional catering in Lebanon is expanding and marketing managers' are paying more attention to this long-term source of repeated earnings. Institutional business targets schools, universities and hospitals; it has the lowest profit margin among all segments but the highest turnover rate at the same time. The Lebanese institutional market size is distributed as 254 universities and faculties with 229 thousands students, 155 schools with 217 thousands students and 149 hospitals with 14 thousands beds with average occupancy rate of 58 percent. Companies competing in this sector in the Lebanese market are **Albert Abela**, **Sodexo**, **Protocol**, **USM**, **Faqra** and **Sofil** catering.

"The private catering segment is largely dependent on seasonal demand"





Chart 1: Institutional Sources of Demand



Source: PROTOCOL

Corporate segment is a tricky segment; it is a long term consistent business generator but has higher fixed costs especially in units with limited man-day. Demand generators of this segment are mainly banks, insurance companies, offices of large companies and groups' headquarters. There are around 195 large companies of all sectors in the Lebanese market currently with an average number of 250 employees per company totaling a minimum of 48 thousands man-day.

The private catering segment is largely dependent on seasonal demand and around 70 percent of the segment revenues come from weddings functions totaling around 33 thousands marriages per year with 35 percent of those marriages seeks catering services for their celebrations yielding around 11,500 functions per year where 80 percent of those functions take place in summer season starting the 15th of May until mid-September of each year. Another source of demand for the private catering segment comes from private dinners on Christmas with narrow selective menus largely dependent on main items such as turkey estimated at 30 thousand orders per season as well as Christmas Yule logs which are very popular gifts with an estimated 60 thousand selling per season.

"Another emerging trend are the diet centers that cater healthy food"

Chart 2: Market Supply



Source: PROTOCOL

Suppliers of the catering sector

The Lebanese market houses around 84 off-premise catering companies, 243 bakeries and pastry shops offering outside catering services, 165 standalone restaurants that take food and beverage function as well as 548 in-hotels restaurants and ballrooms, totaling 1,040 sources of supply catering to the whole Lebanese market demand. Minor demand sources can add business volume, such sources are engagements, birthdays, proms and business gatherings which are hard to estimate but do not contribute that much in comparison to other sources.

Trends in catering sector

1. In-flight and airline catering: are becoming more and more bottom line oriented due to the economic crises with increasing reliability on automation to decrease labor and operating costs as well as increasing control, synergy and economy of scale yielding higher synergy and profitability.
2. Institutional catering: Operators are looking for prepaid meals contracts with pre-set minimum volume. They are also looking for contracts with a partial support from management in order to insure covering of the fixed costs. Because of recession, operators are seeking desperately to increase cost efficiency in order to cover lower selling prices.
3. Corporate and private: Caterers are going more and more to the nouvelle cuisine miniature and individual portioning with fancier more sophisticated presentations where simple artistic plating and verrines are introduced. The set menu trend is more popular in 5 stars hotels restaurants where 3 to 5 courses menus are proposed offering luxurious items such as balik or gravlax salmon, carpaccio and tartar, beluga, lobsters and clams as well as wagyu or angus. Open-air and garden venues are becoming more and more popular and they are increasing in number due to the very low entry barriers for the development of such business in addition to a low operating cost.
4. Diet trends: Another emerging trend is the diet centers that cater healthy food and target people who want to lose or maintain a healthy weight. Such centers currently counting around 40 are mainly managed by credible celebrity nutritionists basing their fees on monthly charges for 3 daily meals ranging from USD600 to USD1,000 per month. This business model is increasing in popularity locally and regionally with expansion plans and franchise agreements are being signed like Diet Delight who will open soon in Doha, Qatar. ■

Source:

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يعتبر لبنان مركزاً إقليمياً في مجال خدمات الضيافة. وقد أتقنت الشركات اللبنانية إلى جانب رجال الأعمال والأفراد على مدى السنين العمل في أعمال التموين التي تشكل قطاعاً فرعياً لقطاع الضيافة. ويقوم شادي شدياق في المقال أعلاه بتحليل سوق التموين في لبنان وعرض توقعاته لهذه السوق بالإضافة إلى عرض ملخص حول اتجاهات هذه السوق. تم جمع البيانات بناءً على اللاعبين الأساسيين في قطاع التموين. وتجدر الإشارة إلى أن المعلومات المذكورة في المقال محصورة بمتعهدي تقديم الطعام من دون أن ننسى القطاعات القائمة بحد ذاتها مثل المطاعم وأقسام الأطعمة والمشروبات داخل الفنادق وكذلك محلات الحلويات والمخابز التي توفر خدمات التموين إلى الخارج.