



قوت

جمعية المطاعم والمقاهي
Restaurants & Cafes Association

**COVID-19 Sentiment Survey by
Qoot – Powered by Mingora**

**CEOs and COOs of Leading
Restaurant Companies in KSA**

March-April 2021

MINGORA

A message from QOOT

Dear valued partners and leaders of the Food and Beverage sector in the Kingdom of Saudi Arabia,

It is our mission to keep investors and stakeholders informed on the rapid changes in the F&B sector within KSA and beyond. **To do so, we seek partnerships that power the spread of knowledge specifically for investors and stakeholders.**

This partnership with **Mingora** to evaluate the Restaurant leader's sentiments of COVID-19 is no exception.

It is our honor to share our full analysis of the Restaurant Leader's sentiments in navigating a full year of living through a pandemic and beyond. We hope that this survey allows you to have more clarity on the sector's current and future state.

Objective

1 Year since the pandemic...

One year from the beginning of Covid-19 induced lockdowns, Qoot (Saudi Restaurant and Cafes Association) and Mingora (MENA's Restaurant Performance Company) reached out to leading CEOs and COOs of leading restaurant businesses KSA.

The intent was to understand the pandemic's impact growth and investment plans of these companies, the functioning of their teams, and the mental health of their leaders. The survey also covers actions taken by the leaders to overcome adverse market conditions, the support (or lack of) from stakeholders, and what they expect the future holds.

Introduction

Market: Saudi Arabia, All Cities

57 Respondents – Restaurants Leaders

Franchisees and Franchisors

Industry leading Chains Represented

- Quick Service
- Fast Casual
- Casual Dining
- Fine Dining
- Food Service

Time period: Mar 21- April 19, 2021

14 Questions

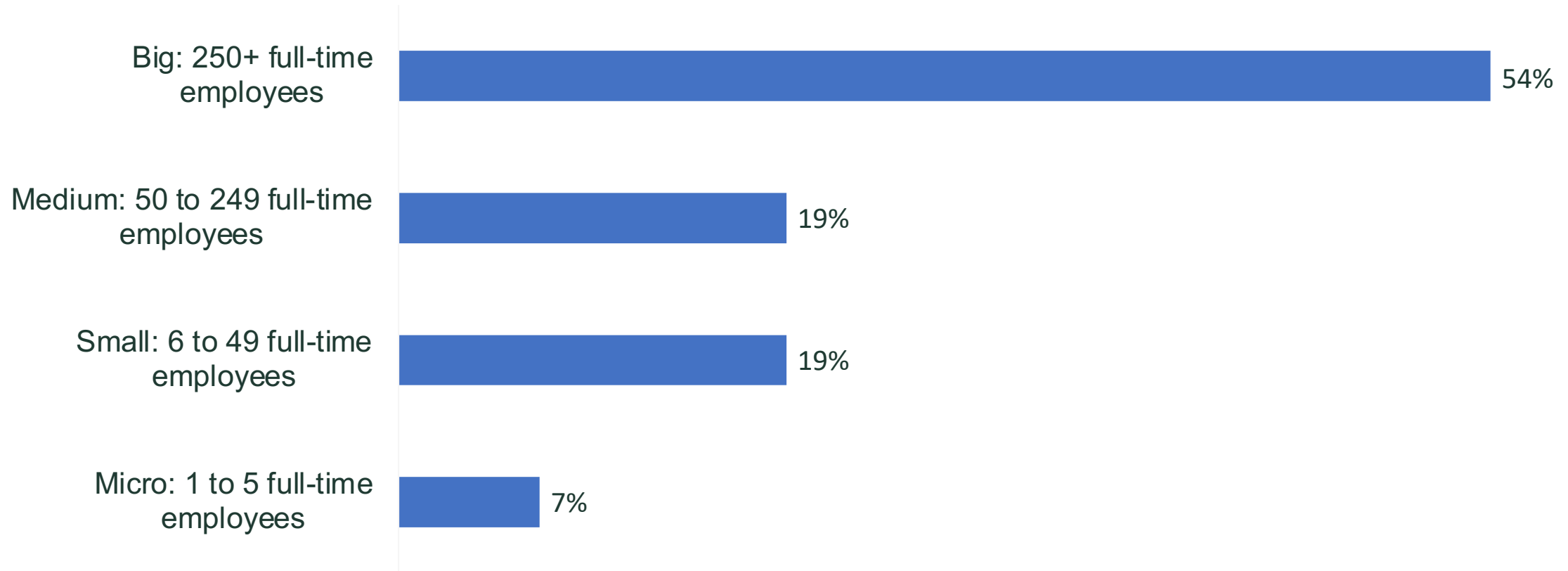
Completion rate: 81%



Saudi
Arabia

Survey take viewpoints of Restaurant and Café CEOs representing a mix of large, medium and small enterprises

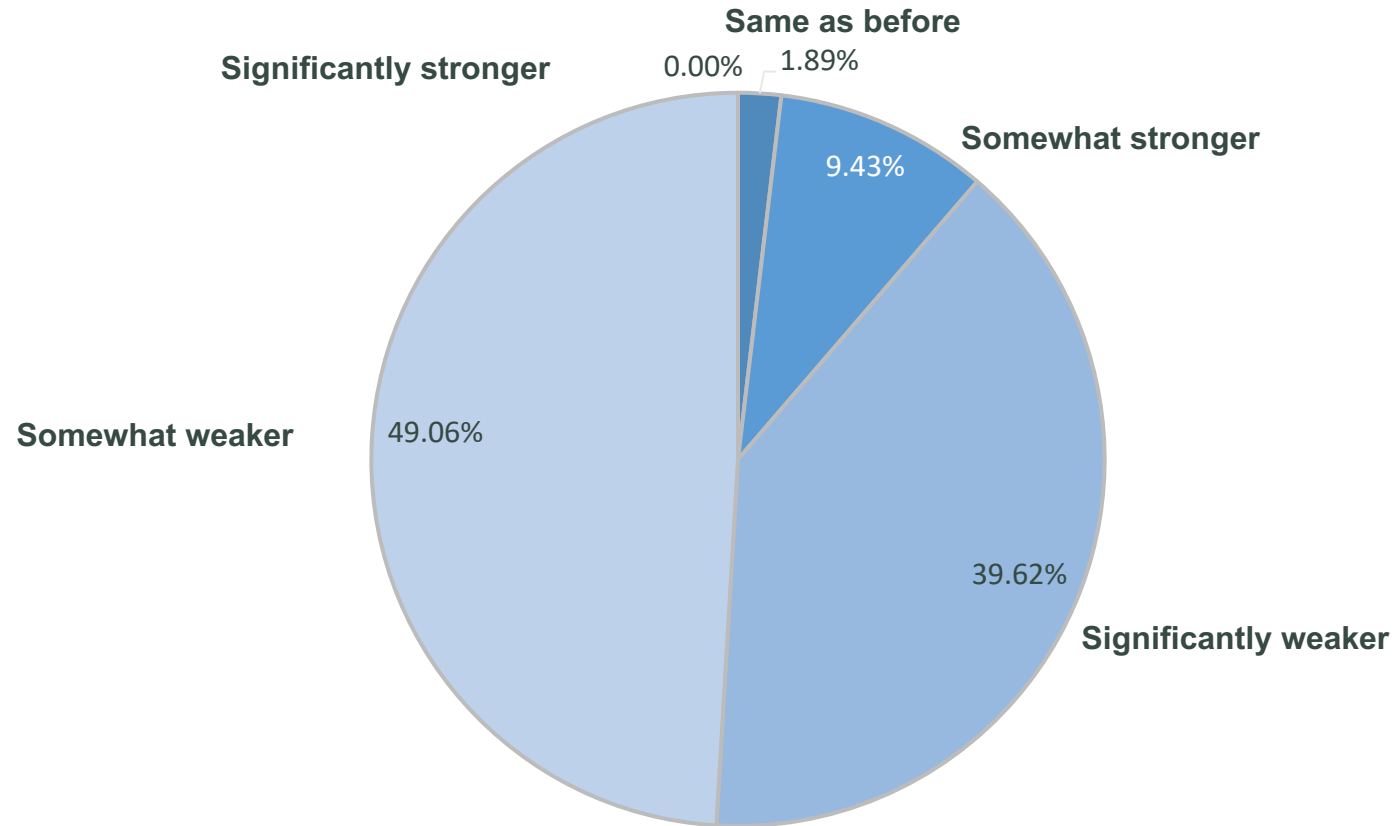
Q. How large is your company?



Growth and Investment

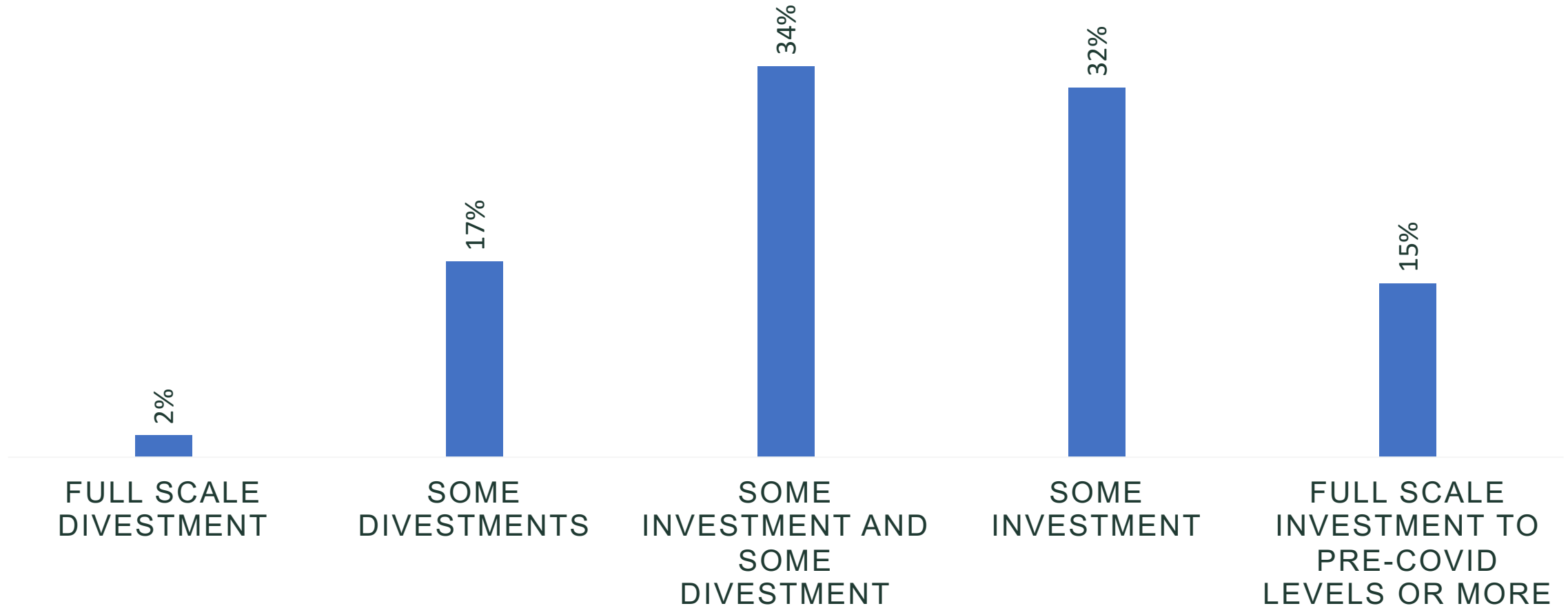
89% of the respondents feel their businesses are weaker or significantly weaker after the pandemic

Q. Compared to Pre COVID-19 (Jan 2020), how is your company's financial position today?



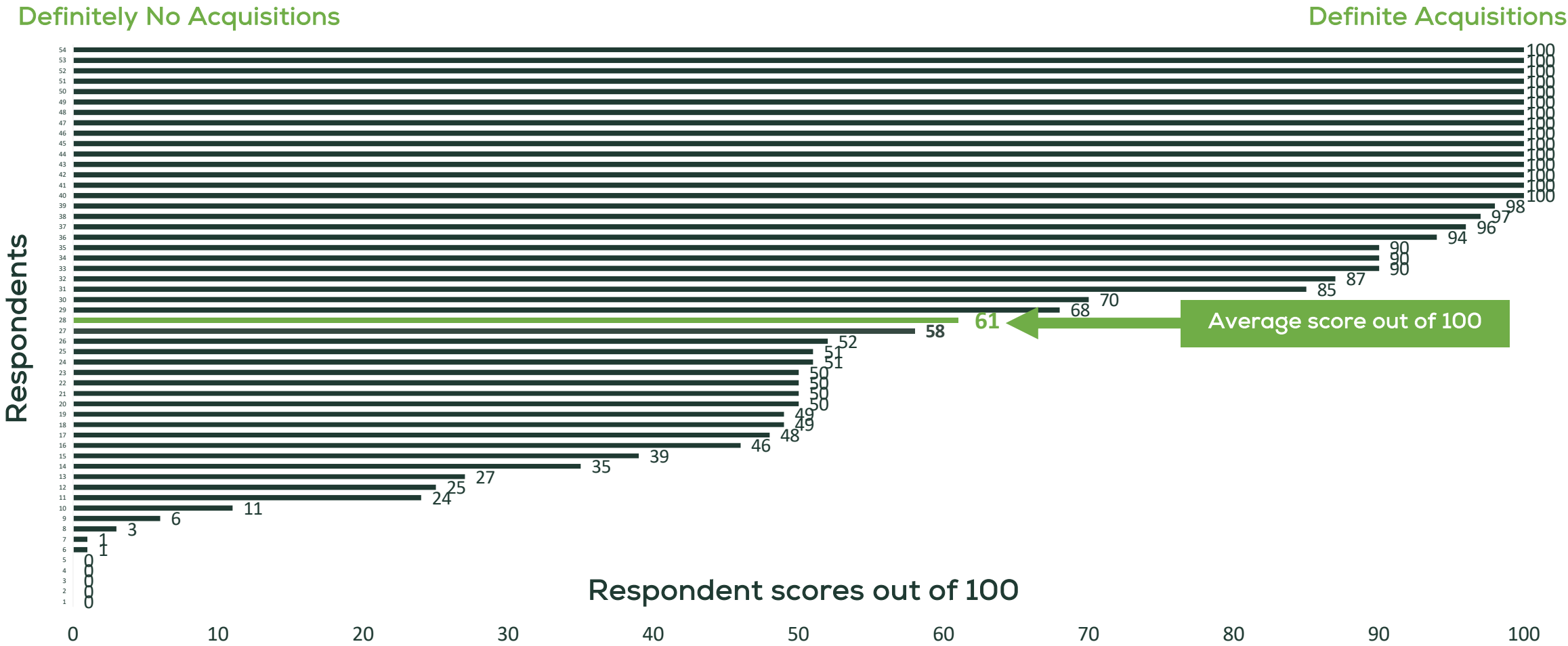
Despite their businesses being impacted, 15% of businesses plan to go to pre-Pandemic levels of investment while 32% will put in some investment

Q. How are your CAPEX investment plans looking for 2021?



Acquisition Intentions also look quite optimistic with 15/52 Respondents scoring 100 and 9/52 above 80. A 58 average indicates upcoming market activity

Q. Will you look at acquisitions this year?

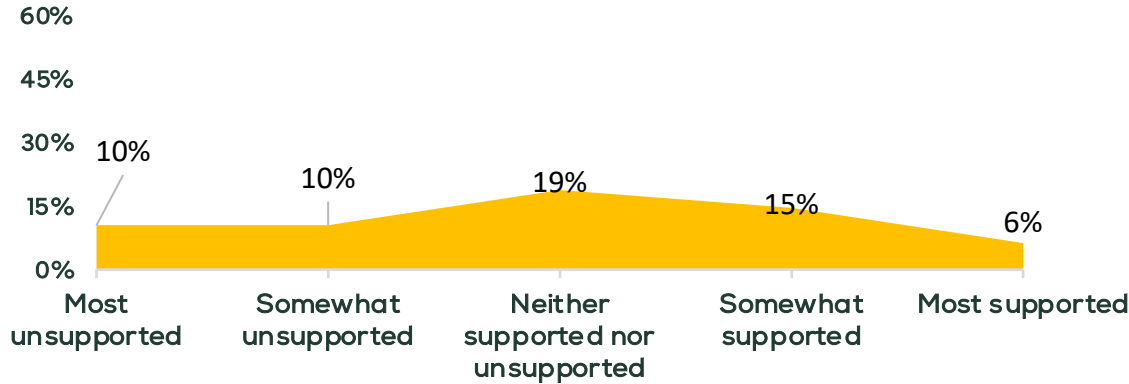


Stakeholder Support

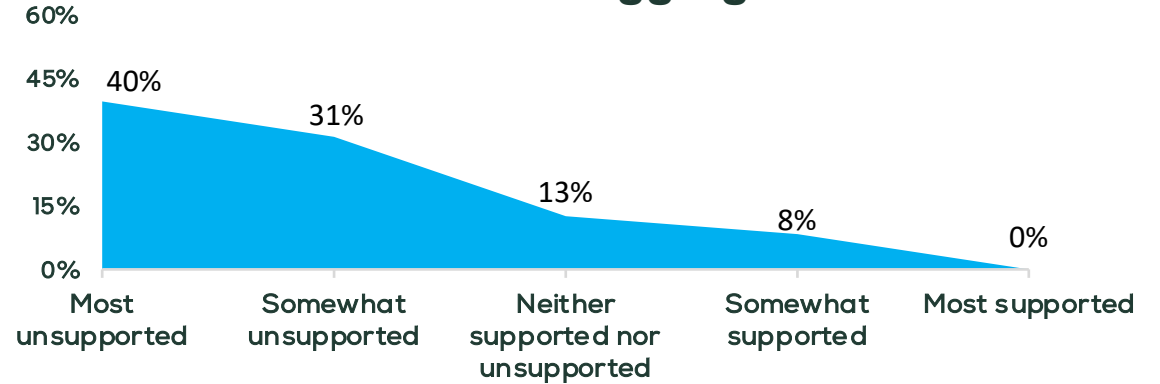
Support: Aggregators are the least supportive of all with 71% of CEOs left unsupported. Conversely, the public sector is quite supportive.

Q. How well do you feel supported by the following partners during this Pandemic?

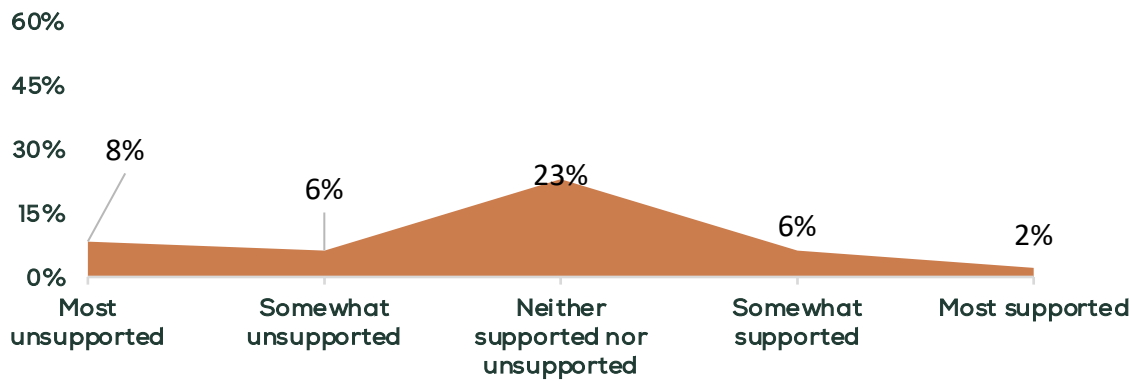
Your franchisors



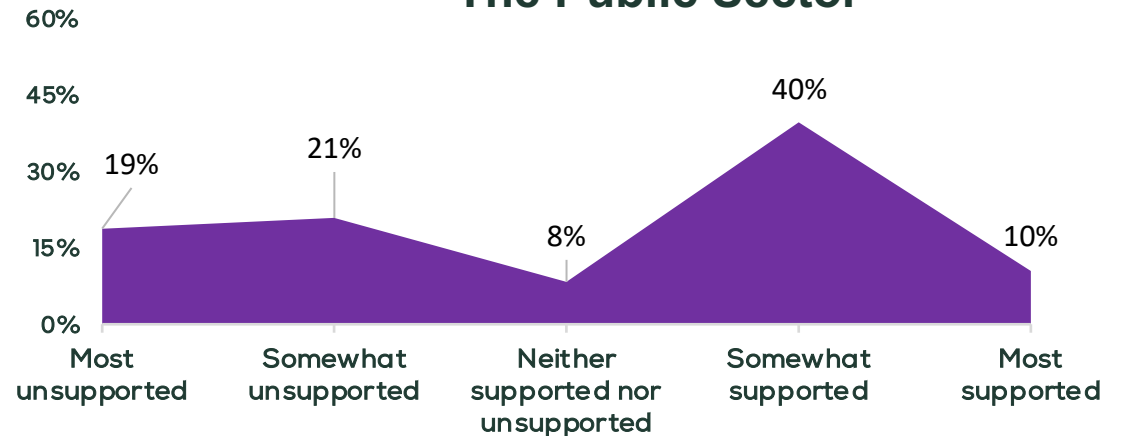
Your aggregators



Your franchisees



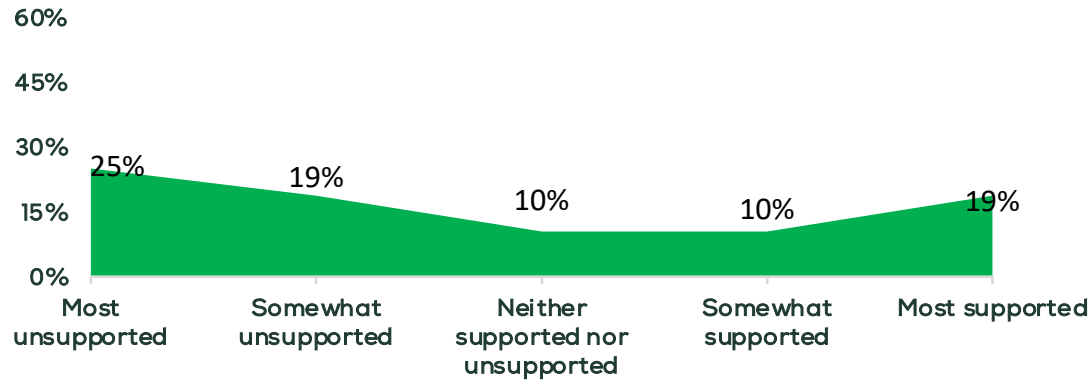
The Public Sector



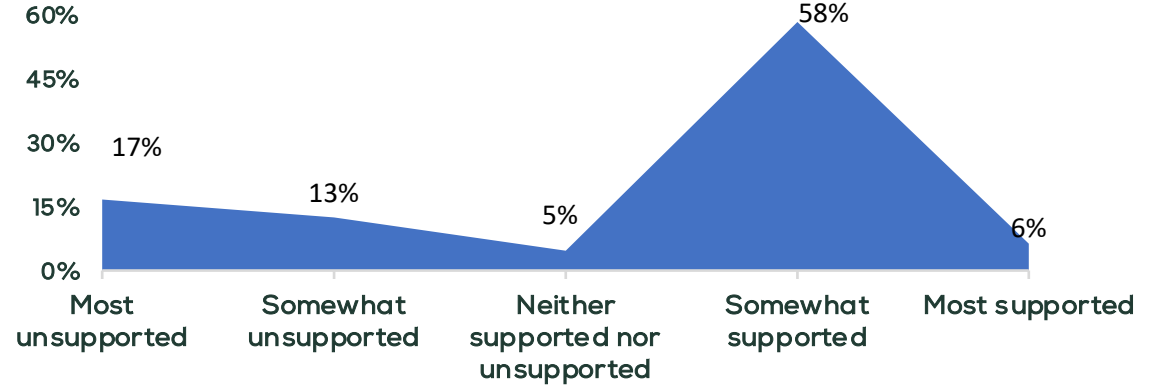
Support: Leaders felt let down by banks but also franchisees and suppliers during the COVID crisis. Landlords, on the other hand, were supportive.

Q. How well do you feel supported by the following partners during this Pandemic?

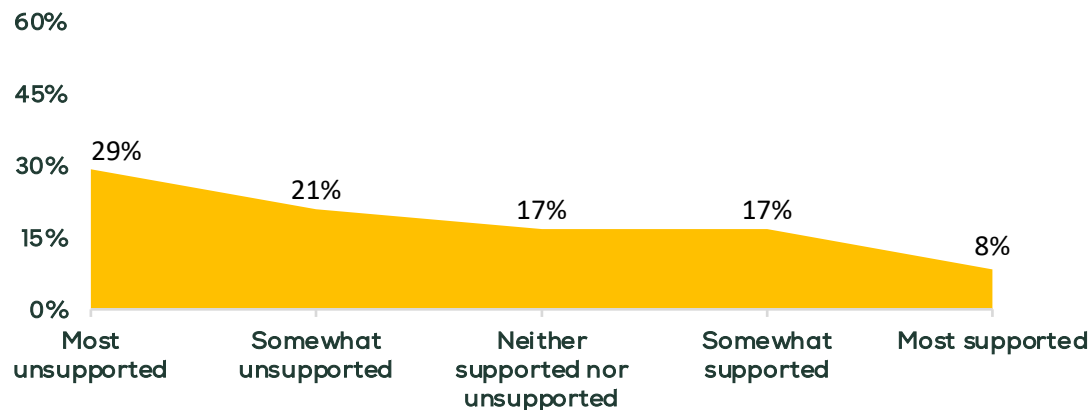
Your investors



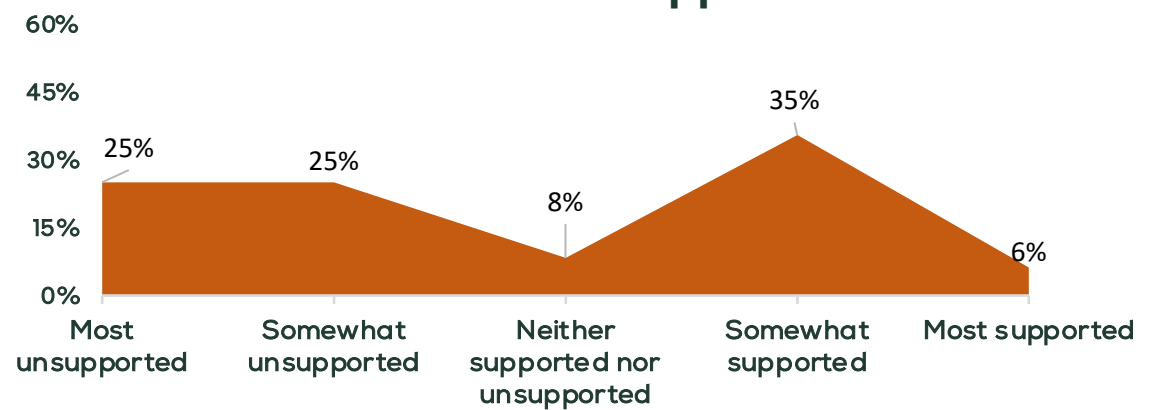
Your landlords



Your Banks



Your suppliers

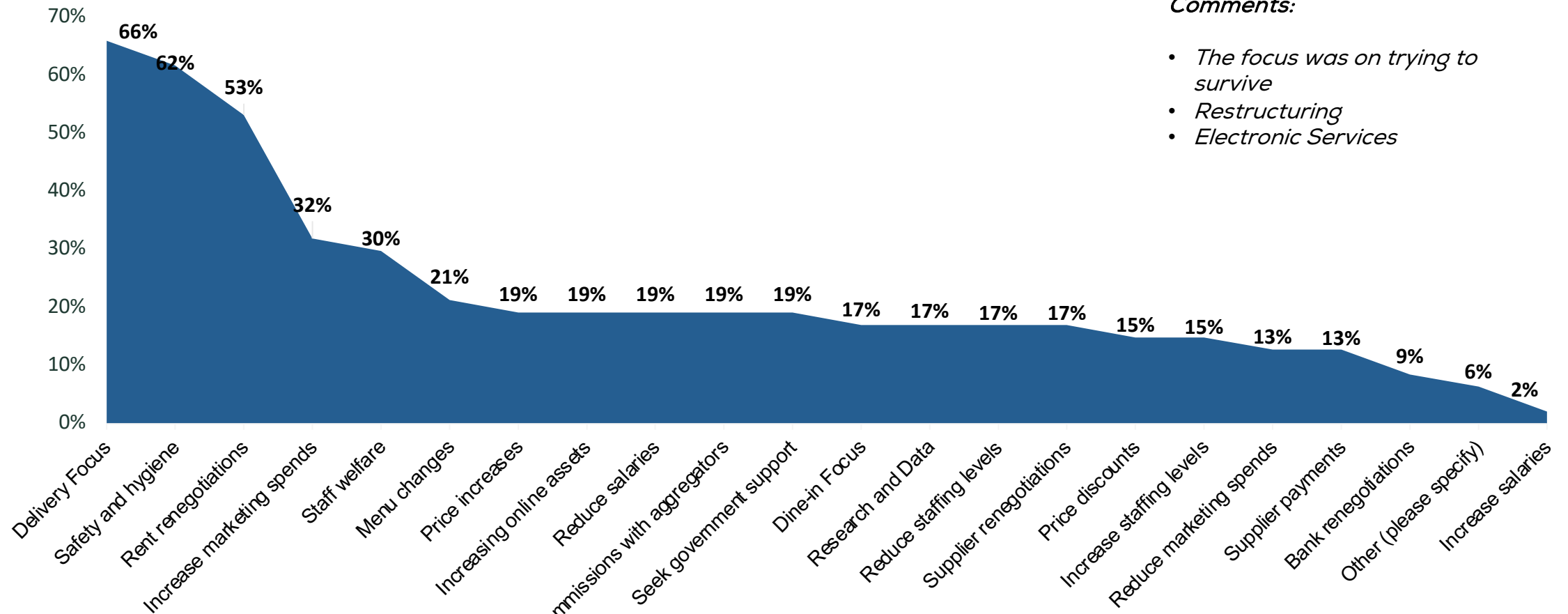


Respondent Comments: The current weak income along with the continuous fees required create a very big obstacle, and establishments cannot continue in this way

CEO Focus Areas

Top 5 focus areas: Delivery, Safety, Rents, Marketing and Staff Welfare. Bottom 3 focus areas: Increase Salaries, Banks and Suppliers

Q. Name your top 5 focus areas in 2021.



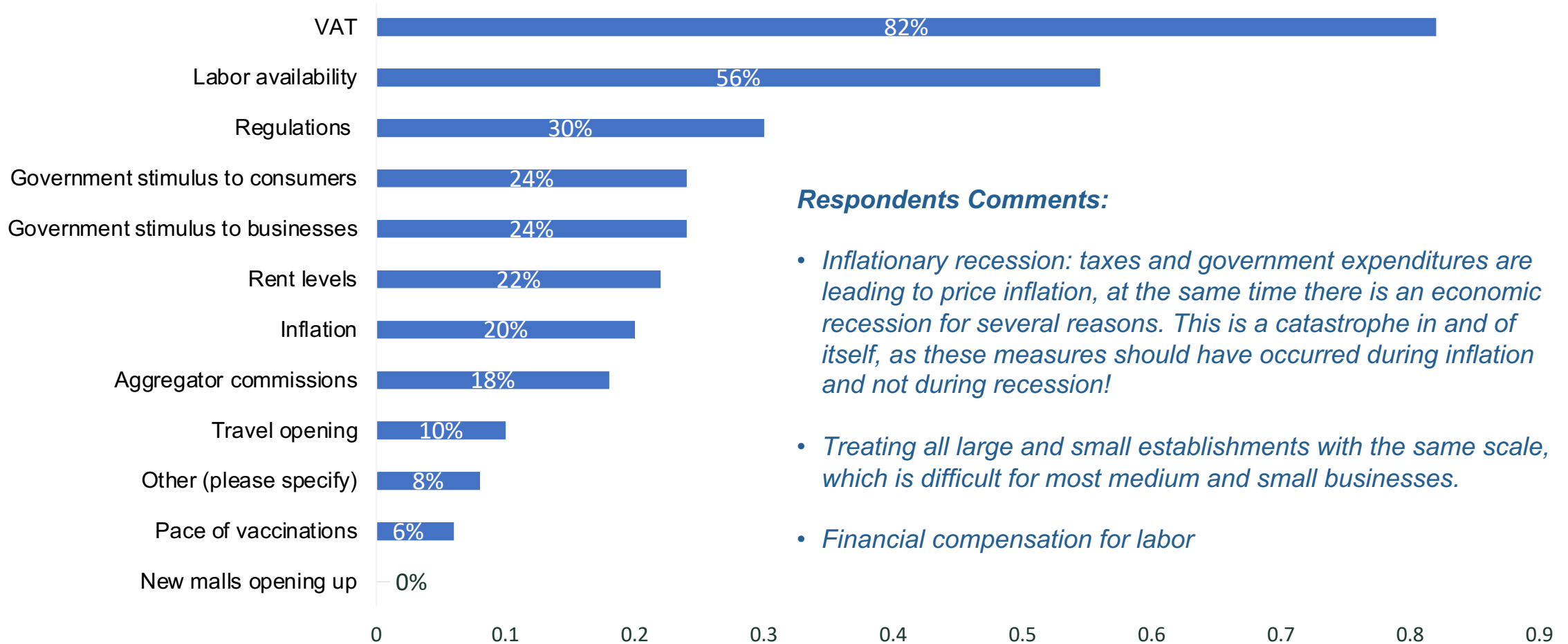
Comments:

- The focus was on trying to survive
- Restructuring
- Electronic Services

Barriers to Recovery: VAT, Labor Availability and Regulations are the biggest concern for CEOs. Vaccinations and travel not so much

Q. What do you see are the biggest barriers to business recovery in KSA?

All Restaurants



Respondents Comments:

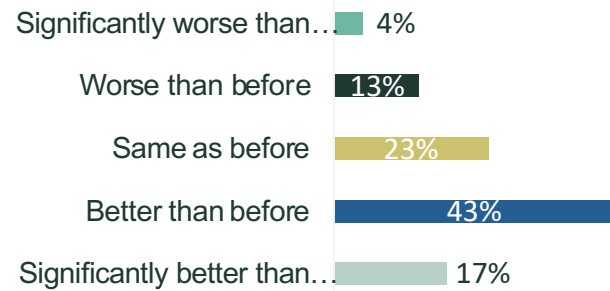
- *Inflationary recession: taxes and government expenditures are leading to price inflation, at the same time there is an economic recession for several reasons. This is a catastrophe in and of itself, as these measures should have occurred during inflation and not during recession!*
- *Treating all large and small establishments with the same scale, which is difficult for most medium and small businesses.*
- *Financial compensation for labor*

Team and Self

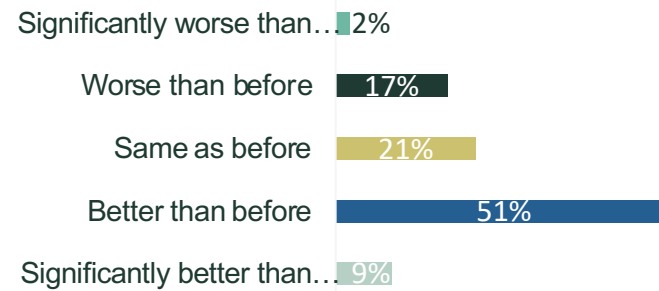
CEOs feel their teams communicate more, are more efficient, morale is up, and they feel close to them. However, CEO's own stress levels are very high.

Q. Thinking of past year, how do you describe last year?

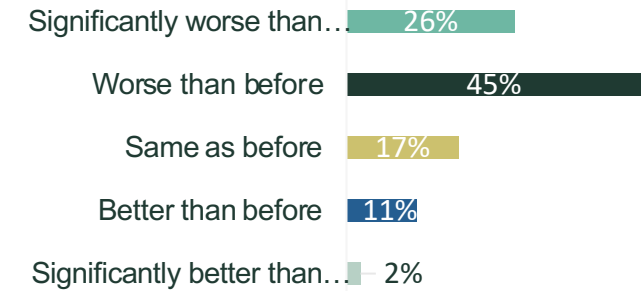
Team communication



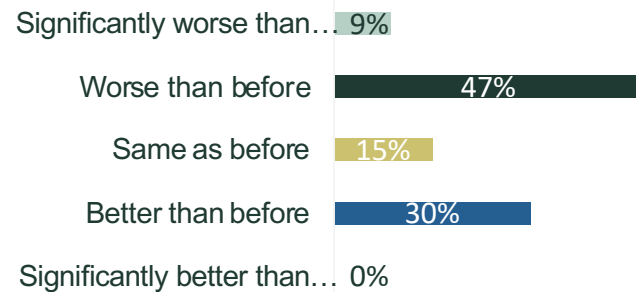
Team efficiency



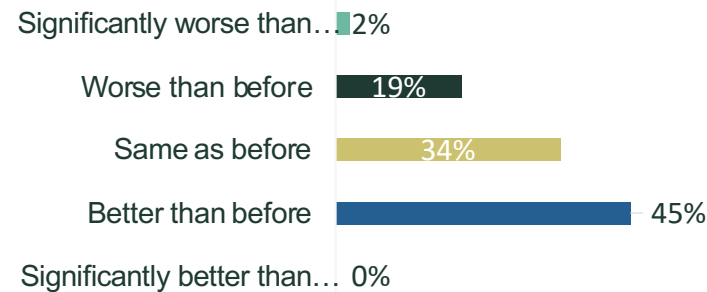
Your own stress levels



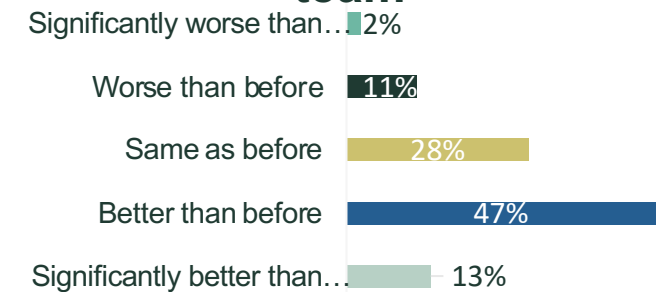
Team morale



Team cohesion



Your closeness to your team



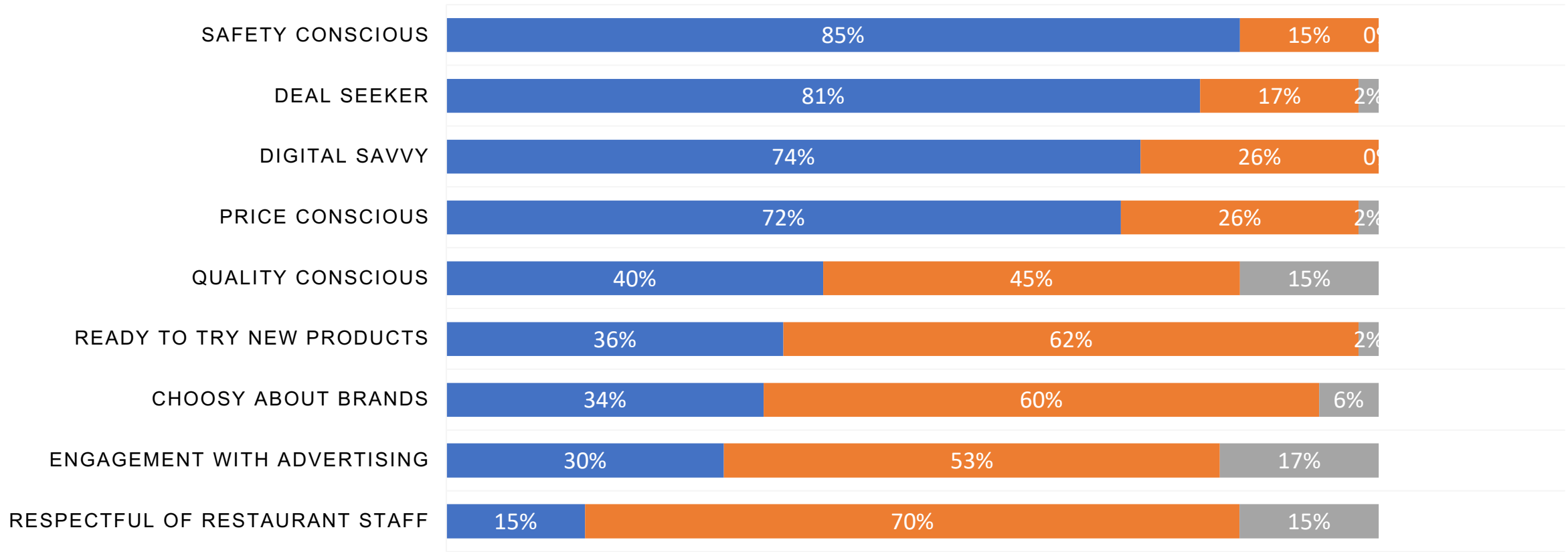


Consumers and Government

Customers: CEOs think customers are now more digital, safety conscious & deal seeking. But they are also less respectful and less attentive to advertising

Q. How has your customer changed due to COVID?

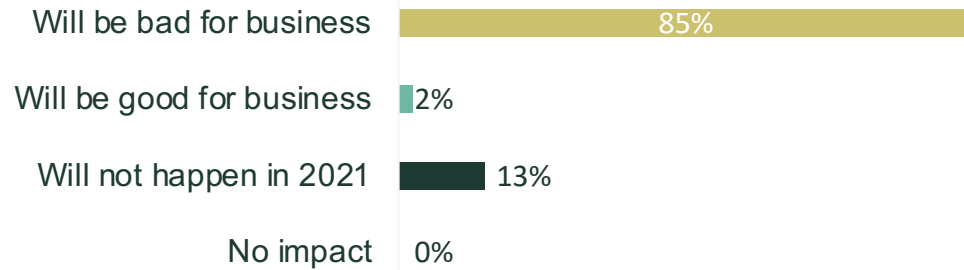
■ More ■ Same ■ Less



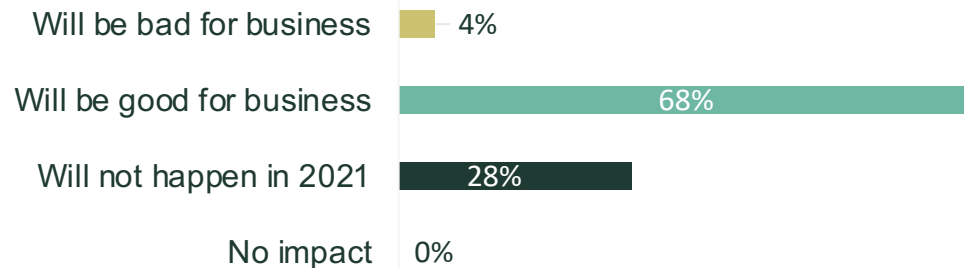
Government: CEOs feel VAT increases and labor regulations are likely and will be bad for business. They also feel vaccinations will have not much impact

Q. How do you foresee the impact of following new government steps in 2021?

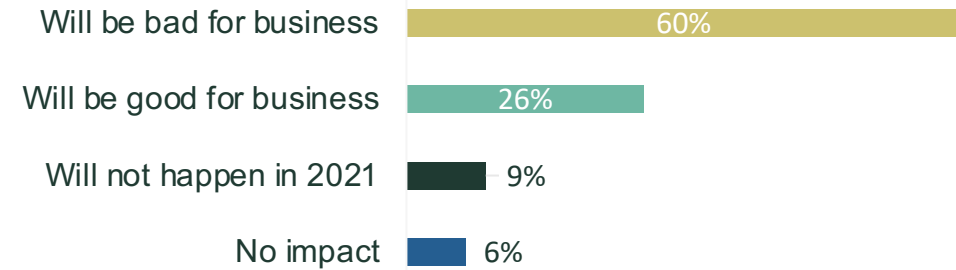
VAT Increase



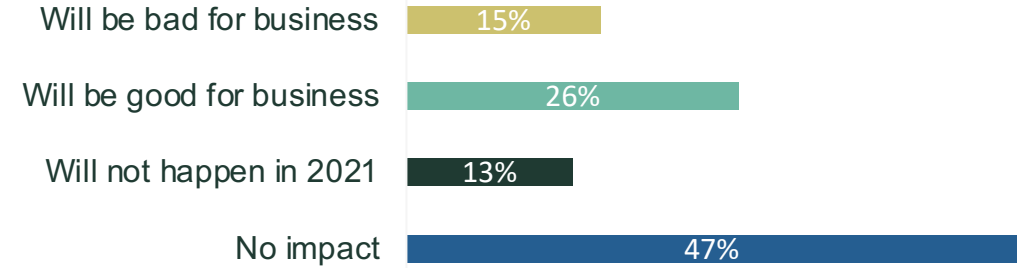
VAT Decrease



Labor Regulations



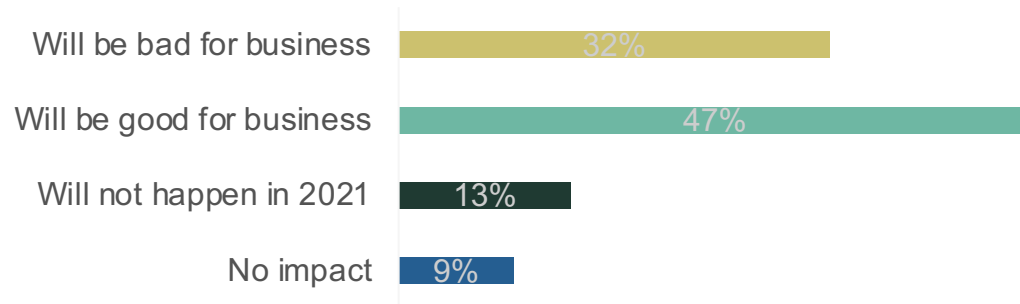
Mandatory Vaccinations



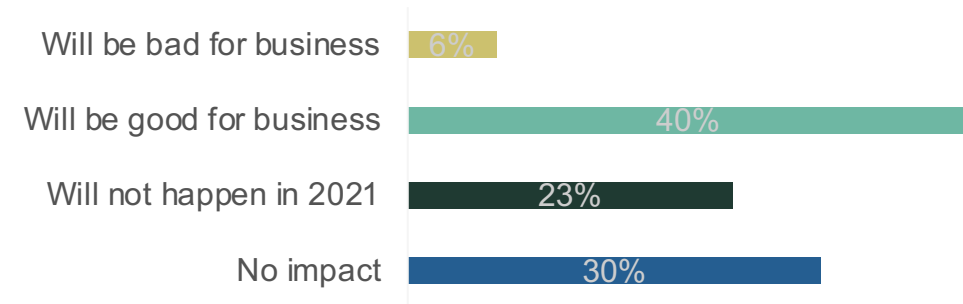
Government: Leaders expect travel restrictions easing which will be good for business. They feel Rent controls are not going to happen in 2021.

Q. How do you foresee the impact of following new government steps in 2021?

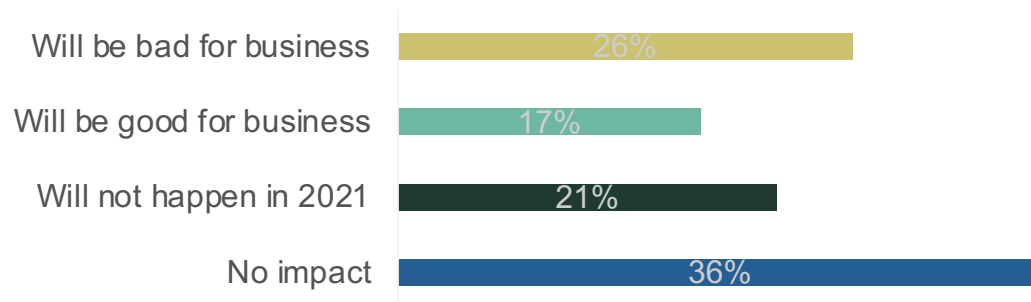
Ease of Travel Restrictions



Rent Control



Price Controls



Comments:

- The private sector has reached a very cumbersome stage of high expenses with low income
- The current situation is leading to a devastating collapse, and it is unclear how to proceed

The Future

1st Half 2021: Most leaders don't expect much improvement in global demand or local industry and customer demand in first half of 2021

Q. When do you see the following happening in 2021?

First Half of 2021



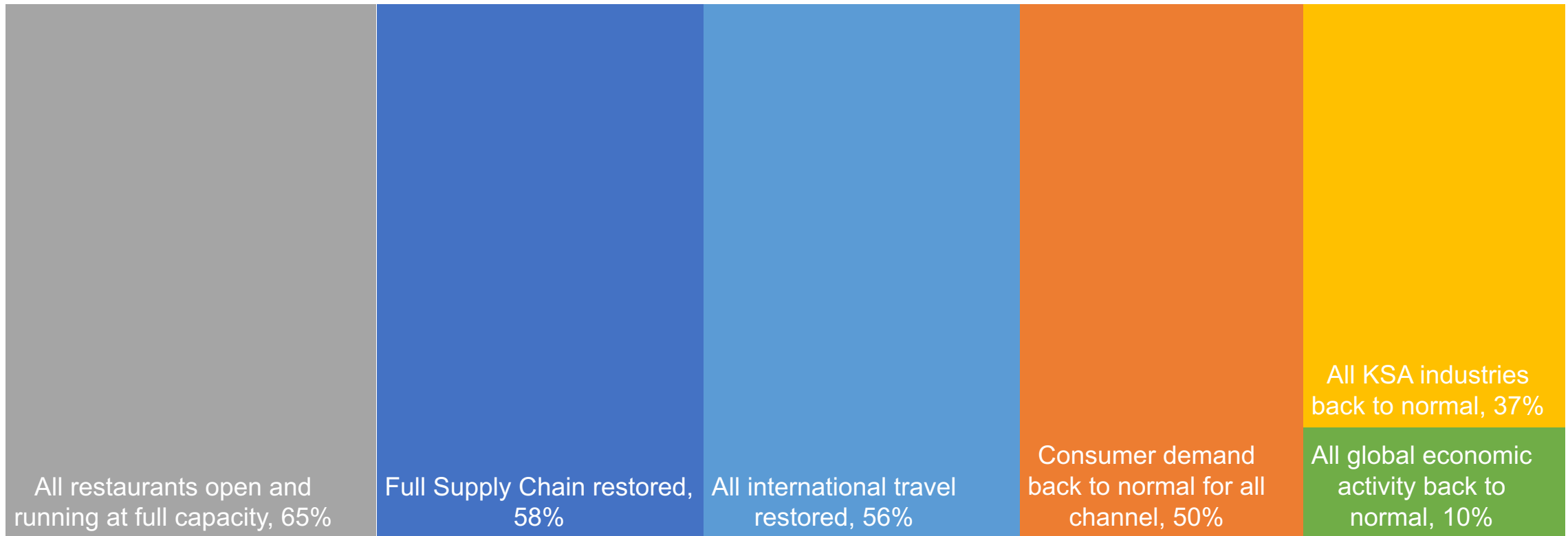
Comments:

The current weak income along with the continuous fees required create a very big obstacle, and establishments cannot continue in this way

2nd Half 2021: most Leaders expect big changes in 2nd half '21 – restaurants, travel, consumer demand, supply chain back. However, global economy a concern

Q. When do you see the following happening in 2021?

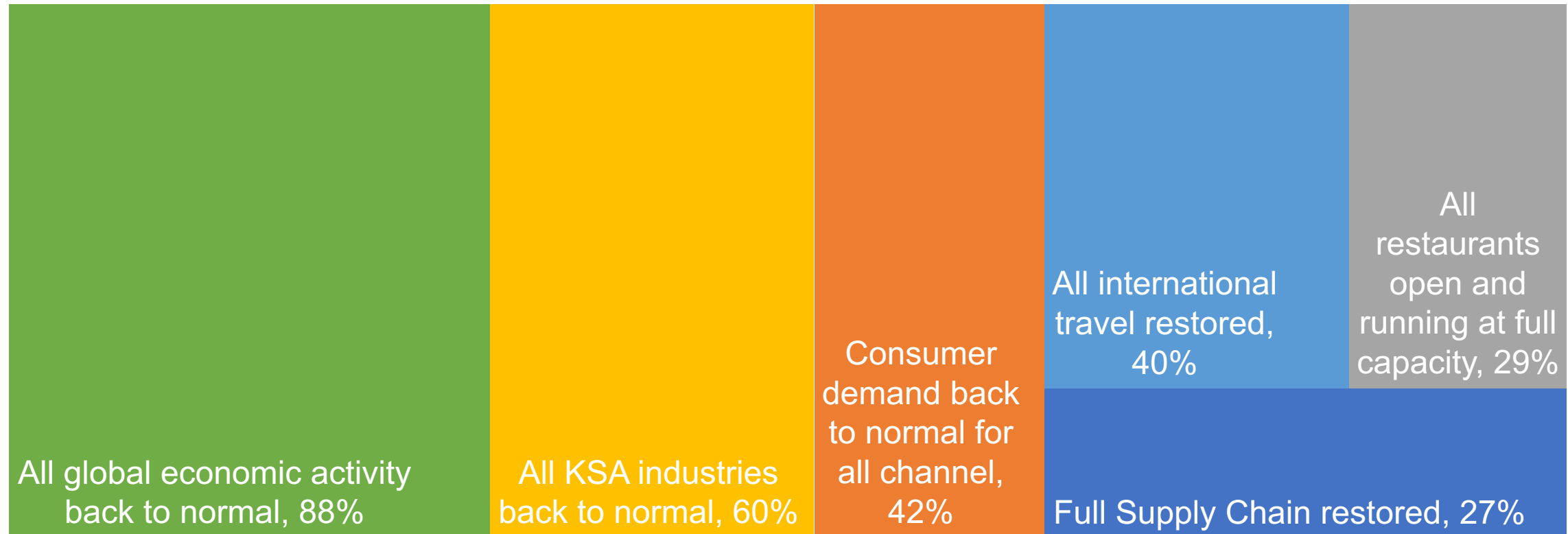
Second Half of 2021



Not in 2021: Global economic activity and other KSA industries are a major concern for restaurant leaders in 2021

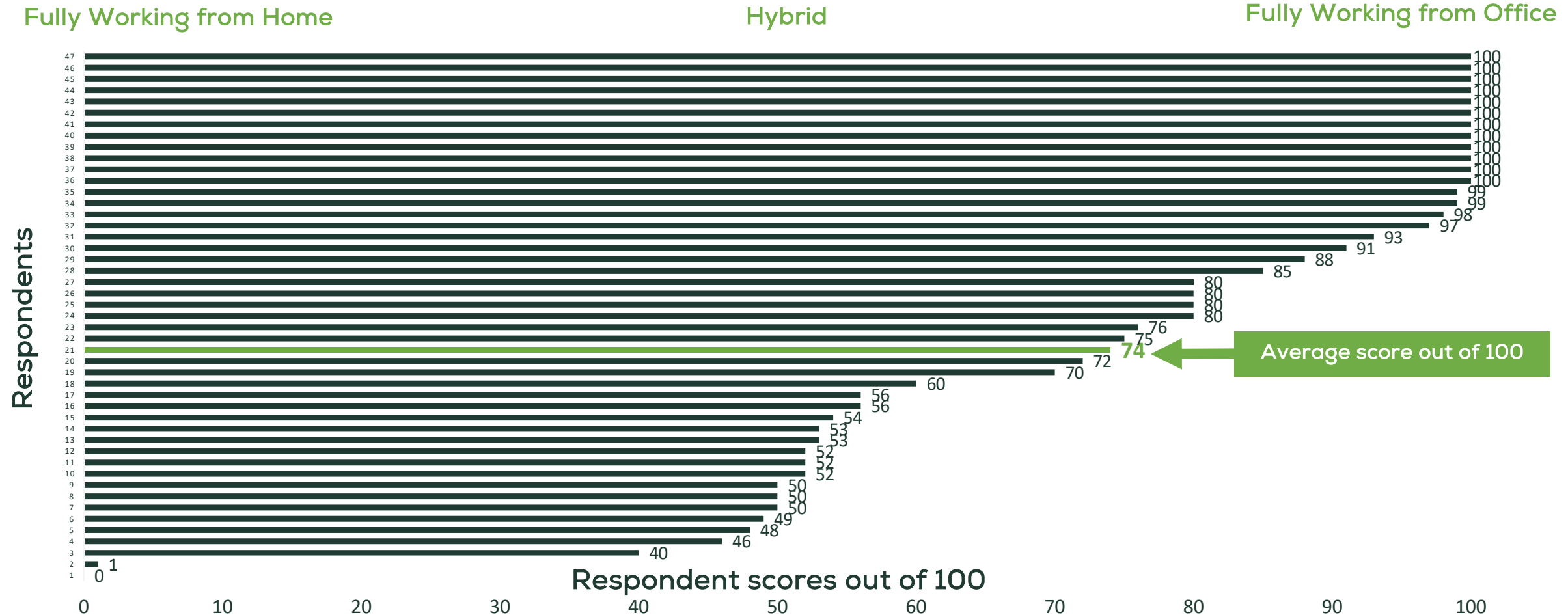
Q. When do you see the following happening in 2021?

Not This Year 2021



Work From Home: Most CEOs expect staff to be back to office now. Some advocate a hybrid system as well. Not much work from home though

Q. Moving forward, what system are you going to adopt for your office-based teams?



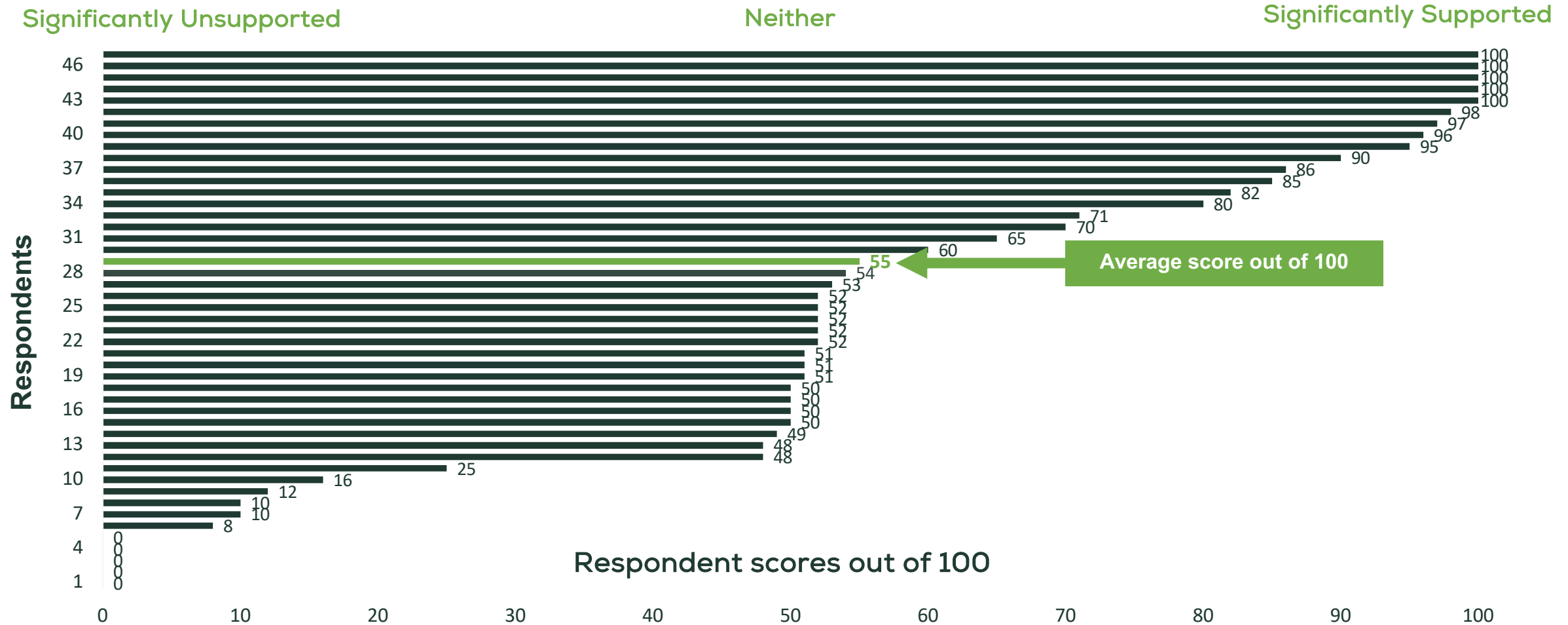
قوت

جمعية المطاعم والمقاهي
Restaurants & Cafes Association

Qoot and Mukatafa

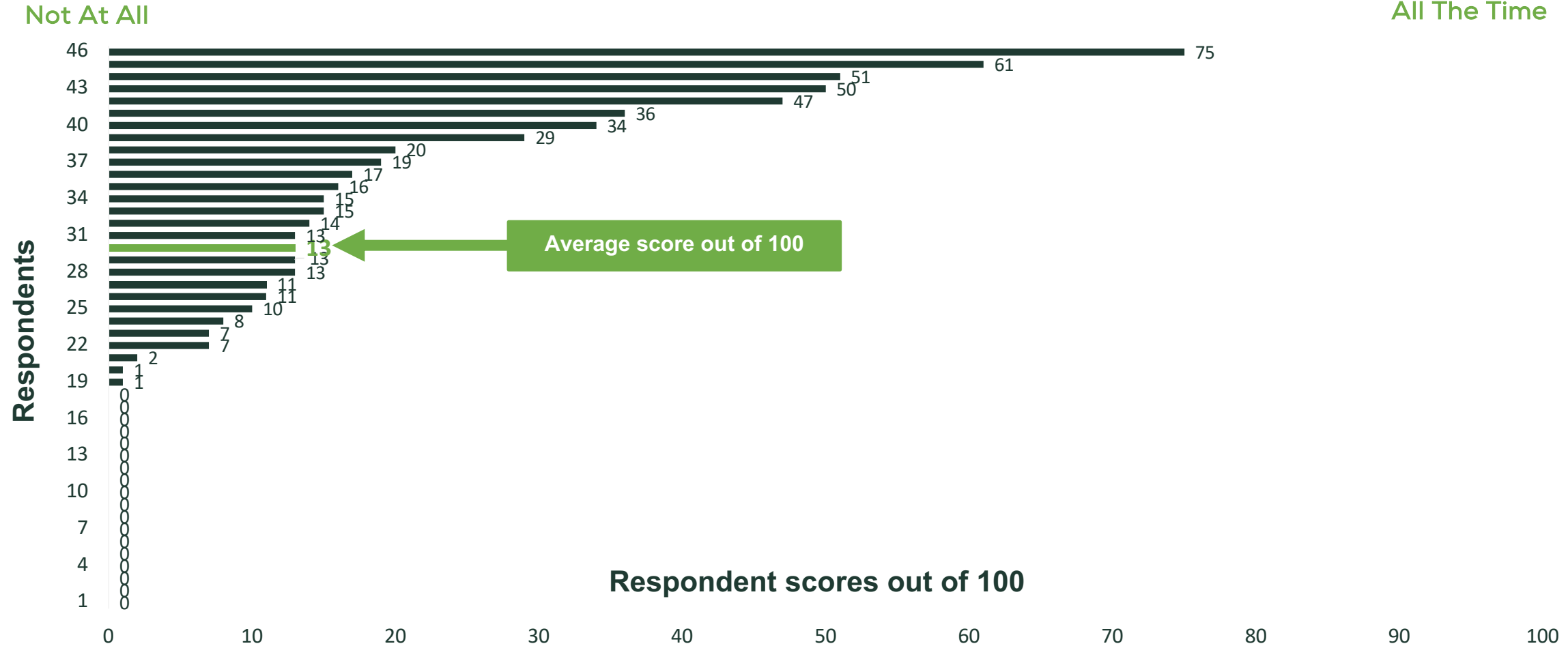
Qoot: An equal number of respondents feel supported as well as unsupported by Qoot indicated by an average score of 54

Q. How well do you feel supported by Saudi Restaurants and Coffee Shops Association (Qoot)?



Zarqa: Not many CEOs are regularly reading Zarqa blog

Q. How often do you read Zarqa blog?



About Mingora:

Mingora is MENA's Restaurant and Food Service Performance Company

We are on a mission to democratize Data for Restaurants and Food Service Sectors

50+ Major Clients Across MENA, Europe and US,
100+ Brands
Founded: Sep 2014
Partnerships in US, Europe and MENA



1. Consumer and Market research

- **Market:** SalesTrack® - Industry standard financial reports subscribed to by leading restaurant companies globally and in MENA region.

2. Mingora Advisory with Kinetic

- **Restaurant Growth and Expansion:** Strategic business and marketing advisory to leading restaurant brands, franchisees, retail groups and Private Equities.

3. The Food Panel by Mingora

- **Restaurant and Food Service Panel :** Detailed insights and full visibility into restaurant shopper behavior in major regional markets.

About Qoot

The Restaurants and Cafes Association “Qoot” was established in 2019 with the aim of contributing to the development of the restaurants and cafes sector in the Kingdom of Saudi Arabia.

The association was established to serve as a unified voice that includes all investors and workers in the sector to promote joint actions toward achieving change in the restaurants and cafes sector in the Kingdom.

Qoot Association fosters the sharing of knowledge through legislation and regulation to best support the Restaurant and Cafe's sector. Powered by Mukatafa, we are creating a future where everyone wins in tandem with the objectives of Vision 2030.

For More information or registration, kindly email: info@qoot-sa.org