



Annual UAE Restaurant Leaders' Sentiment Survey 2023 by UAERG

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July 2023

Objectives

The Annual UAE Leaders' Sentiment Survey is designed to gather feedback from UAE's restaurant leaders (Founders, Owners and CXOs of restaurant businesses) to help shape policy conversations

Insights gathered from this survey offer visibility on the choices UAEs restaurant leaders are making everyday on important issues, the barriers and opportunities in their path to growth and their outlook on the future.

These insights will shape UAE Restaurant Group's (UAERG) priorities for the coming 12-month period.

Introduction

Market: UAE

26 Founders, Owners and CXOs

All restaurant sectors

- Fast Food
- Fast Casual
- Coffee, Desserts and Ice Cream
- Casual Dining
- Fine Dining

Time: Jun 14-Jul 03, 2023

17 Questions



** Caution: Current Survey (2022) is UAE wide while previous survey (2021) was Dubai based only. Important to consider this for all comparison charts.*

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Summary – High growth market, one major barrier (rent)

Financials: 81% of leaders' financial position is stronger vs 2022. This carries the growth momentum from last year when 69% of leaders felt they were better off than benchmark year (2019). Leaders also expect sales growth to continue and plan to put in investments into their businesses

Barriers to Growth: Biggest barrier to growth is identified as rent levels. This is followed labor availability & categorization, business costs and inflation

Government: Restaurant leaders only need help from the government in one area – Rents. Everywhere else, they find government interventions unhelpful to extremely unhelpful. Corporate tax is identified as the most unhelpful intervention, followed by any other new taxes/VAT increases

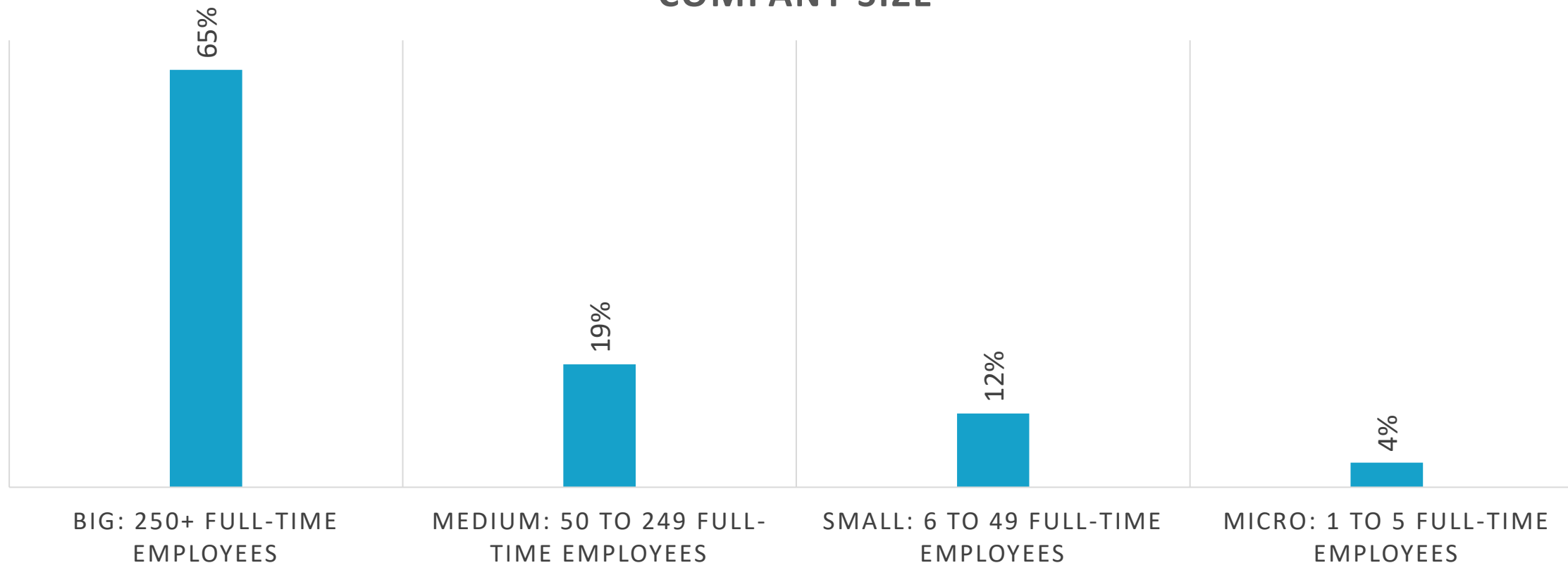
Focus Area: Rent is the biggest focus area for CXOs at 65%. This is followed by a welcome focus back on dine-in sector. Delivery, which was a big focus last year, is no longer amongst the top 5. Supplier renegotiations & menu are far more important this time – showcasing back to basics restaurant fundamentals

UAERG: Leaders find UAERG very helpful (71%). They feel it gives them a voice and is helpful in insights sharing and events. They want UAERG to focus primarily on aggregator and government regulations that impact them

Company Size: Survey takes viewpoints from restaurant leaders of large, medium & small enterprises. Spotlight on larger companies this year.

Q. How large is your company?

COMPANY SIZE

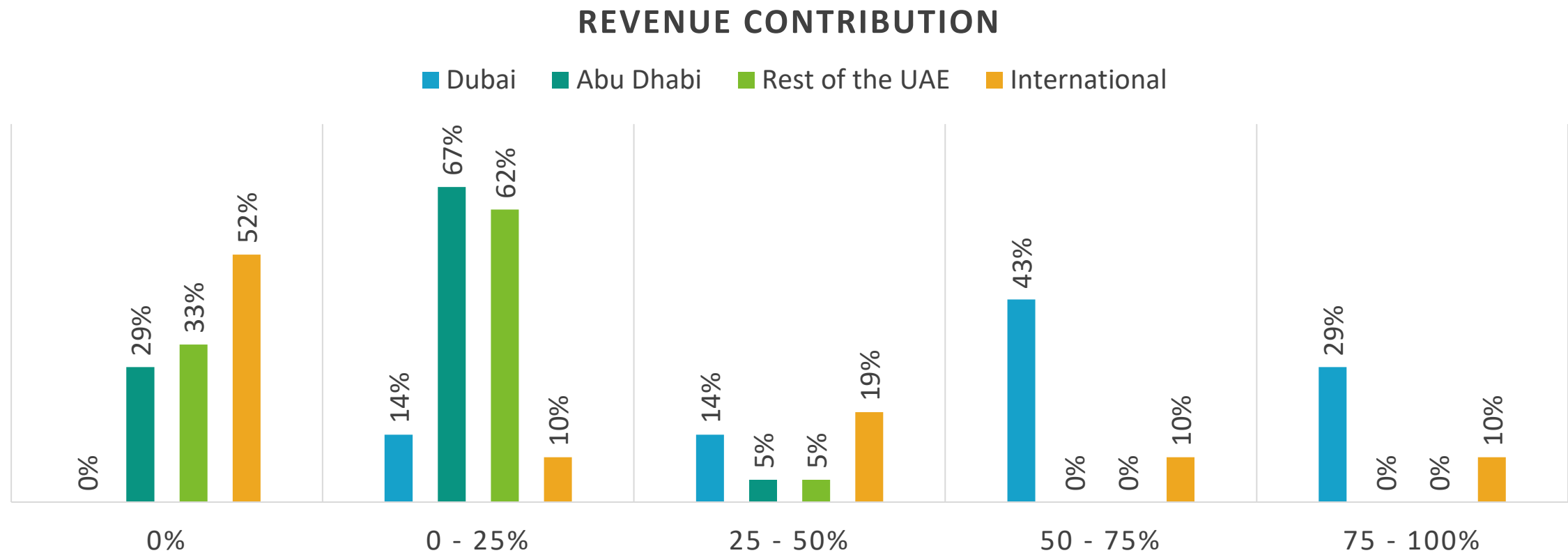


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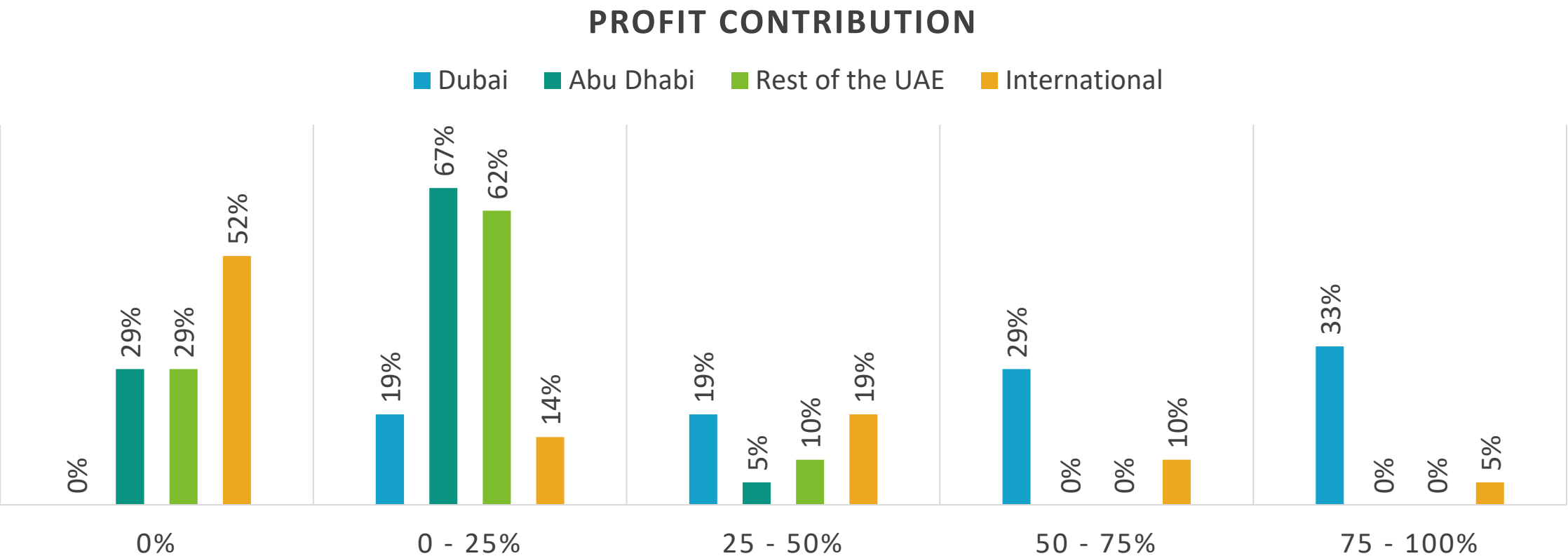
Revenue Contribution: Most respondents have major part of their sales based in Dubai, followed by International and Abu Dhabi

Q. What percentage of revenues come from the following regions?



Profit Contribution: Most respondents have major part of their profits based in Dubai, followed by International and Abu Dhabi

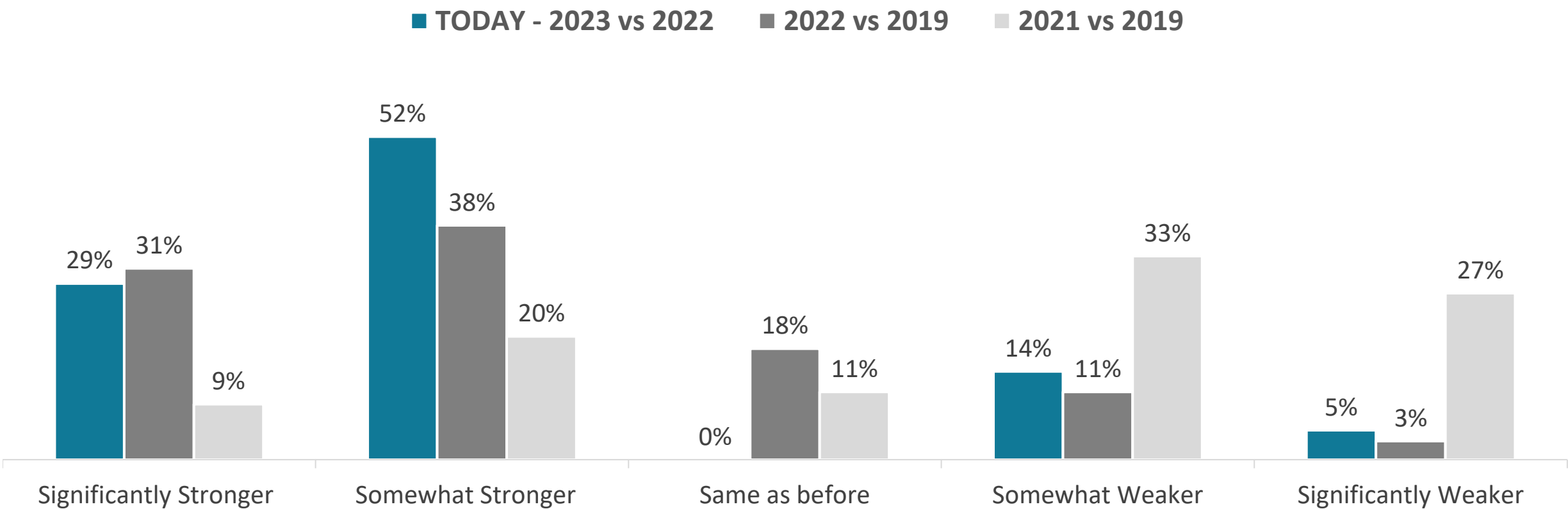
Q. What percentage of profits come from the following regions?



Financials

Financial Position: 81% of leaders' financial position is stronger than benchmark year (2022). This continues market's momentum from last year

Q. How is your company's financial position today (Jun '23) compared to the same time last year (Jun '22)?

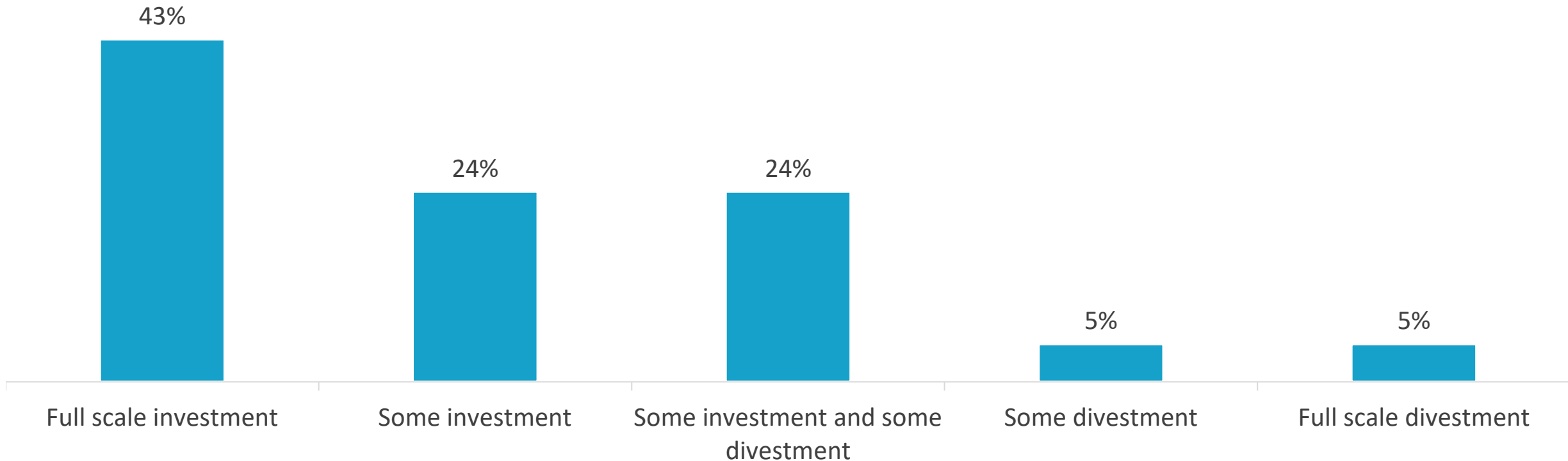


* Note: Previous survey was Dubai based only



CAPEX Plans: 42% of leaders plan to put in full scale investments into their businesses in 2023, indicating positive market sentiment

Q. How are your CAPEX investment plans looking for the next 12 months?



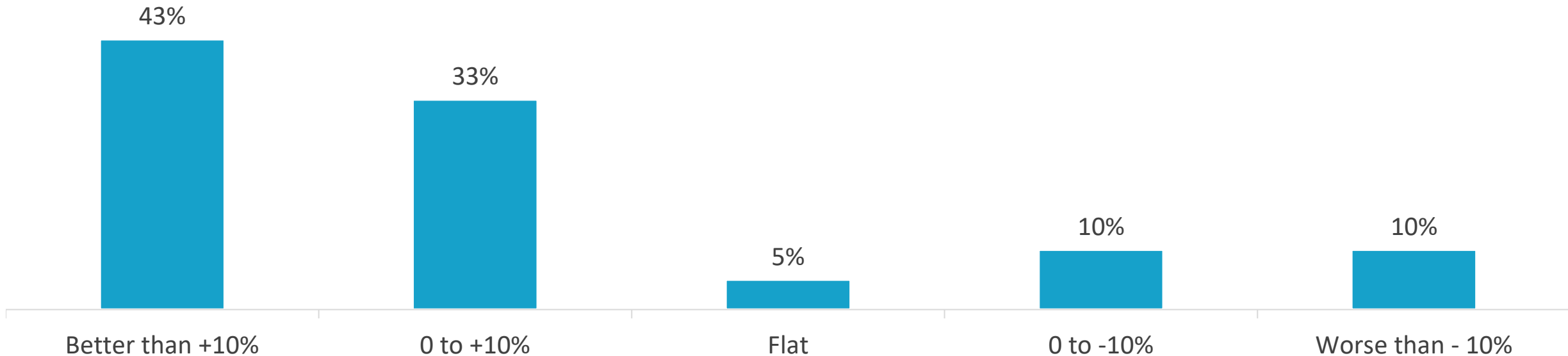
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Financial Position: 43% of CEOs expect better than +10% growth in the next 12 months

Q. What is your business sales growth looking like in the next 12 months?



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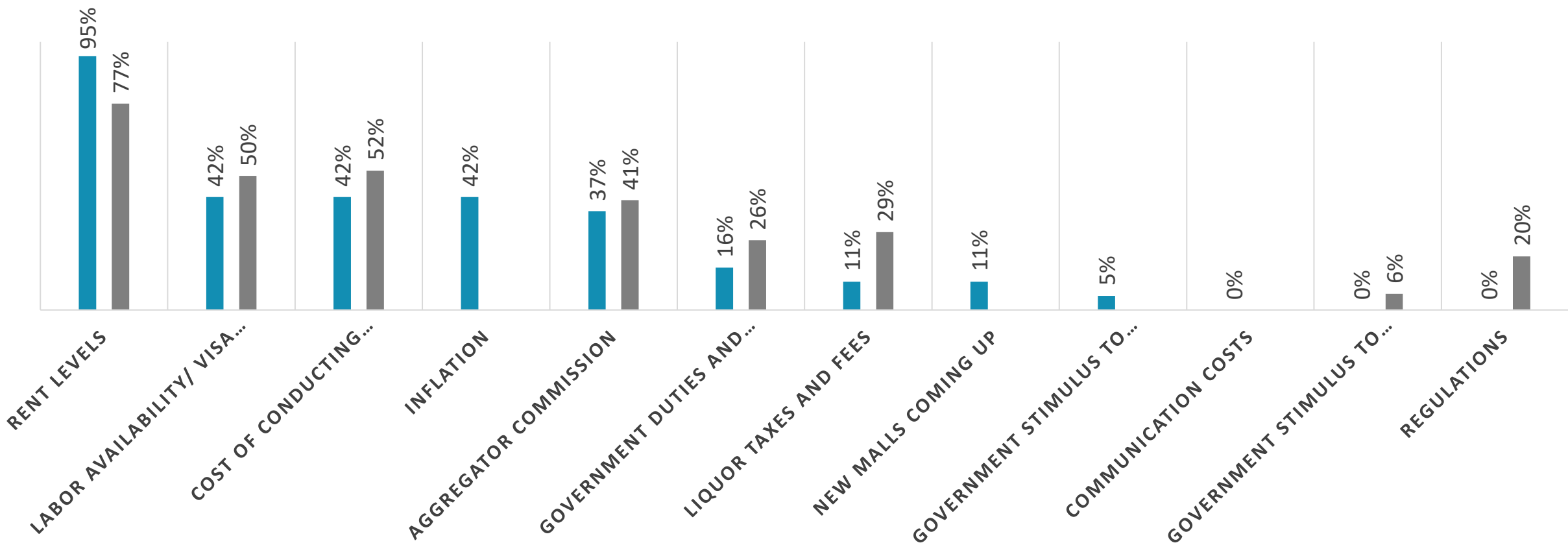
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Barriers to Business

Barriers to Business: Rent levels is by far the biggest barrier, followed by labor availability & categorization, business costs and inflation

Q. What top 3 barriers, when removed, will make UAE the most business-friendly country in the world?



* Note: Multi-selection question, therefore %ages add up to more than 100%.

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Comments

Here is what UAE Leaders say on the barriers...

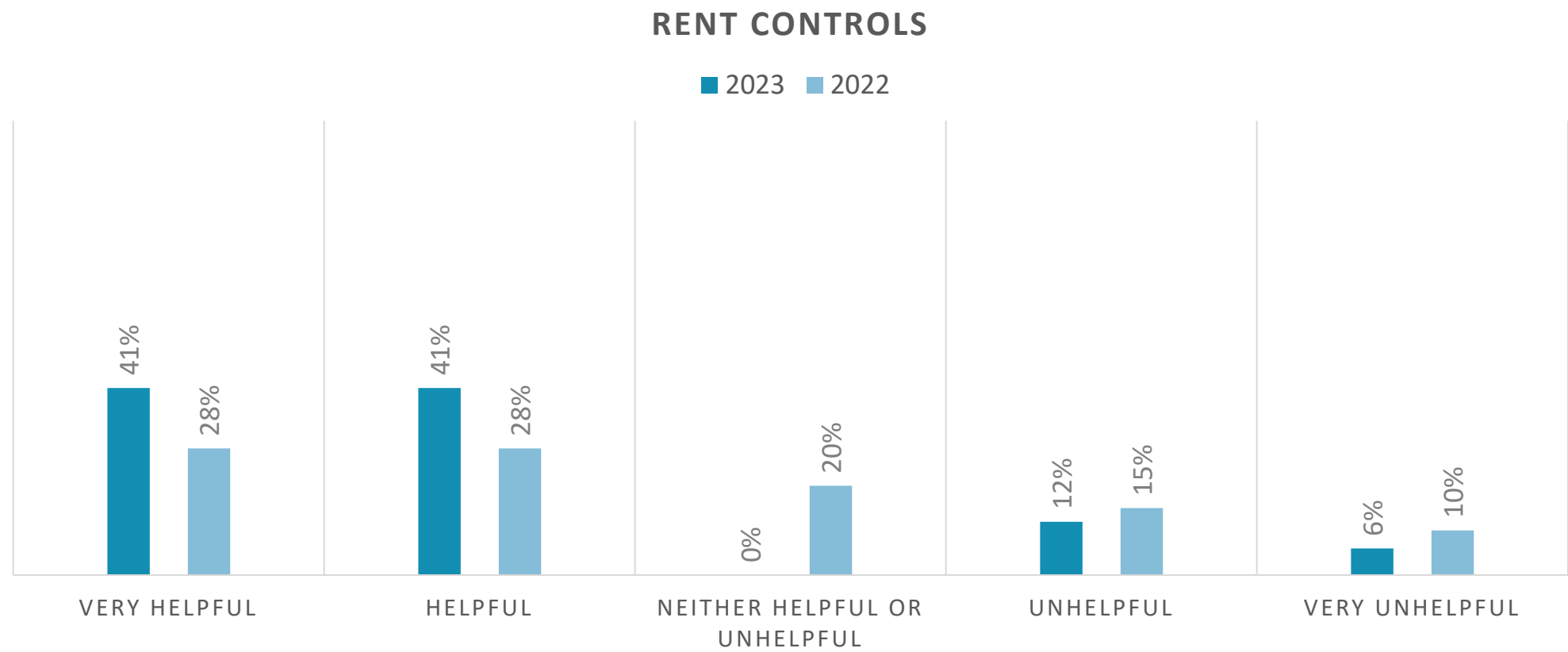
Turnover rent being charged when there is no Tenant Improvement Allowance. Especially when turnover rent is being charged on delivery revenue. Simply does not make sense.

Speeding up approvals at government level

The Government

Highly Helpful: Rent controls is the only area where CEOs feel government steps are needed. A majority 82% support it.

Q. How do you see these Government steps impacting your business in the next 12 months?

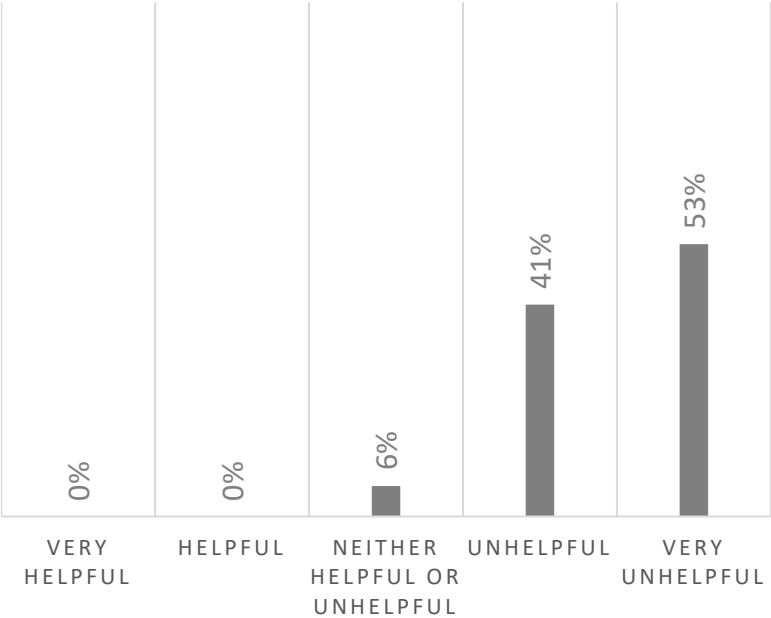


Highly Unhelpful: Corporate tax is considered outright unhelpful to business at 94%. New Taxes and VAT increases also highly discouraging

Q. How do you see these Government steps impacting your business in the next 12 months?

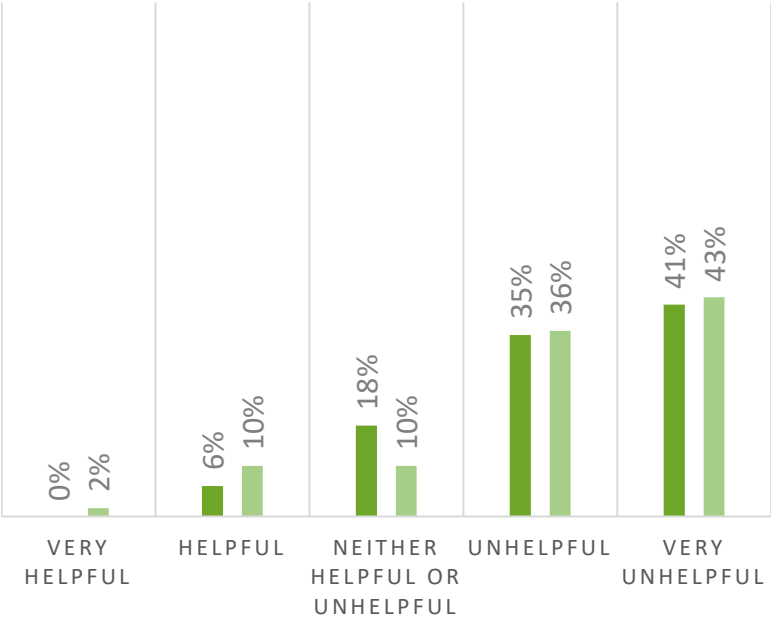
CORPORATE TAX

■ 2023



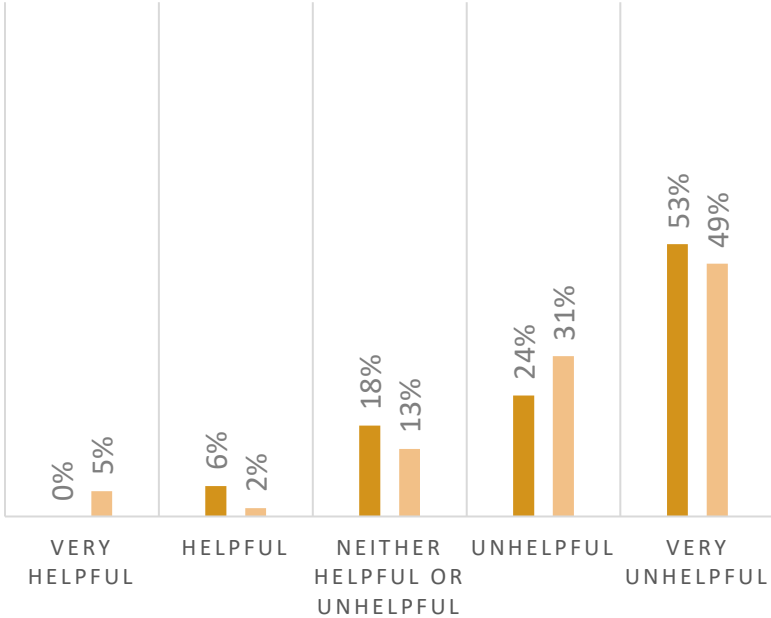
NEW TAXES

■ 2023 ■ 2022



VAT INCREASE

■ 2023 ■ 2022

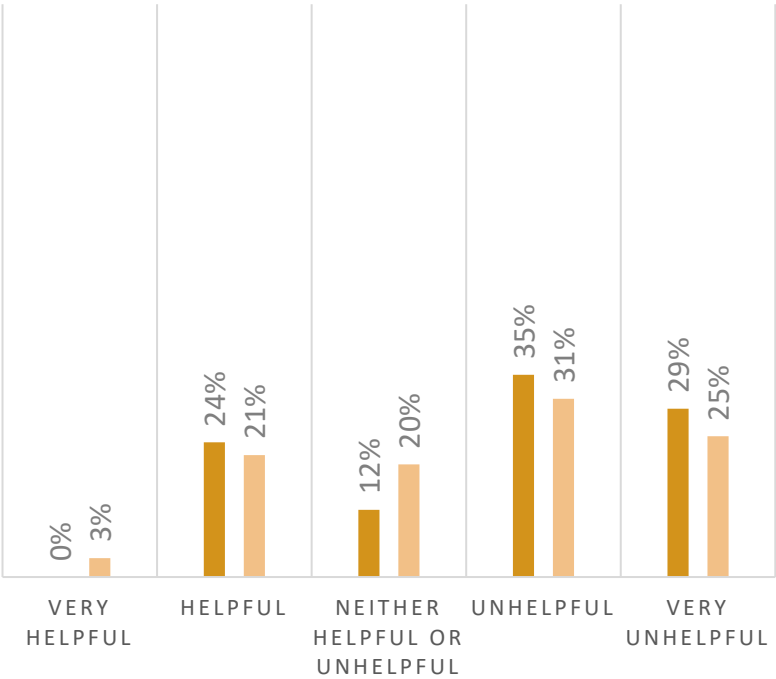


UNHELPFUL: 64% consider stricter labor regulations unhelpful. Menu labeling, price controls are also not considered helpful by most

Q. How do you see these Government steps impacting your business in the next 12 months?

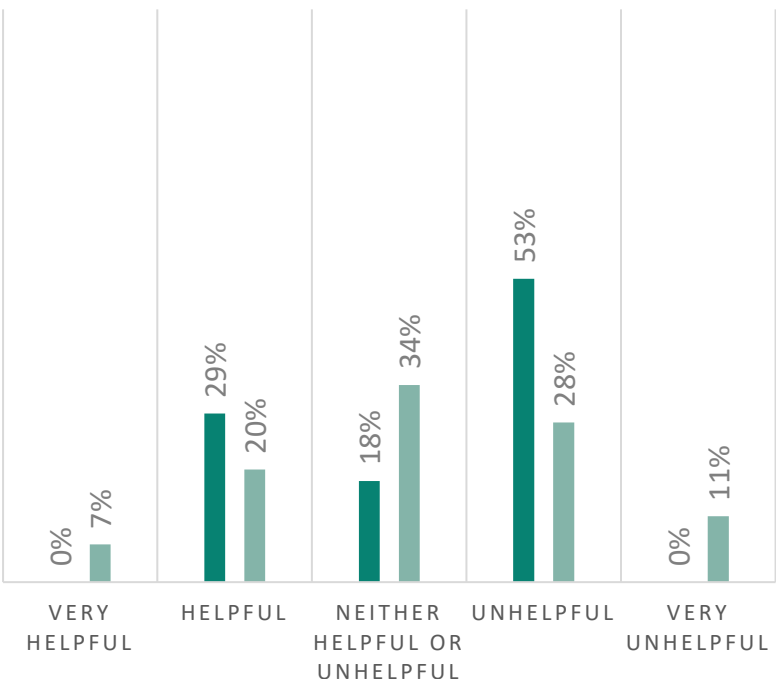
STRICTER LABOR REGULATIONS

2023 2022



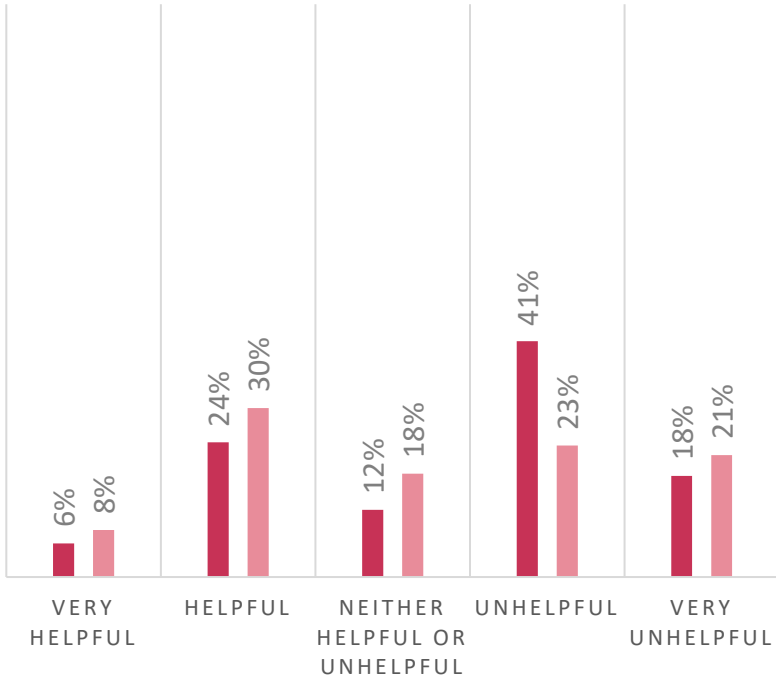
MENU LABELING REGULATIONS

2023 2022



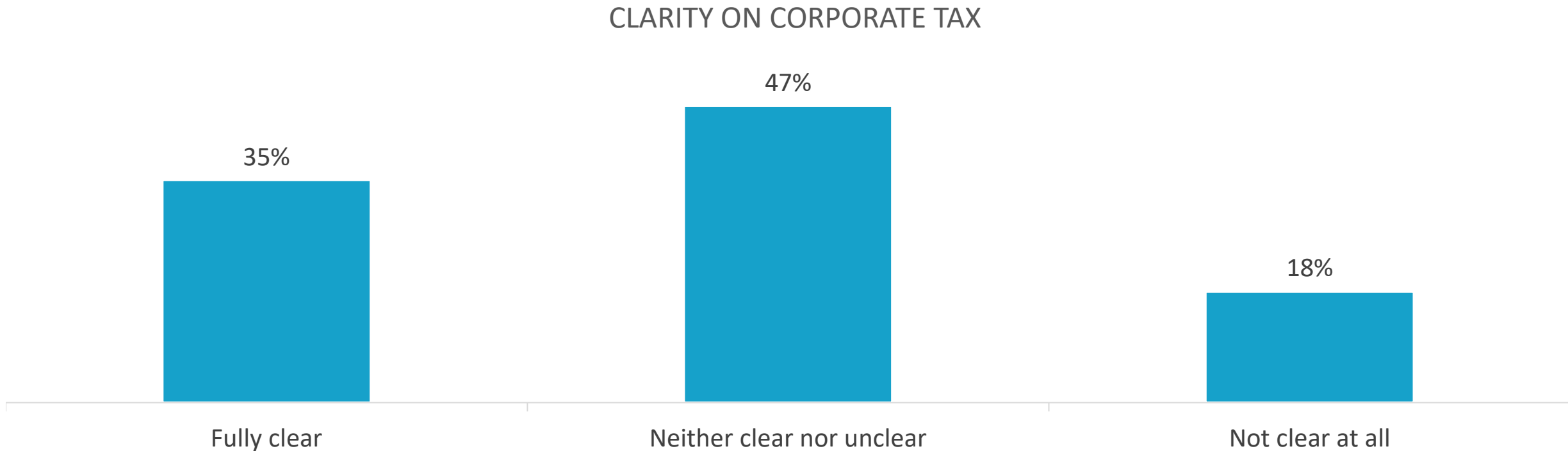
PRICE CONTROLS

2023 2022



Clarity on Corporate Tax: 35% of leaders are clear on corporate tax, and only 18% are unclear

Q. The UAE Government has introduced Corporate Tax in 2023. Is it clear on how it will be implemented?



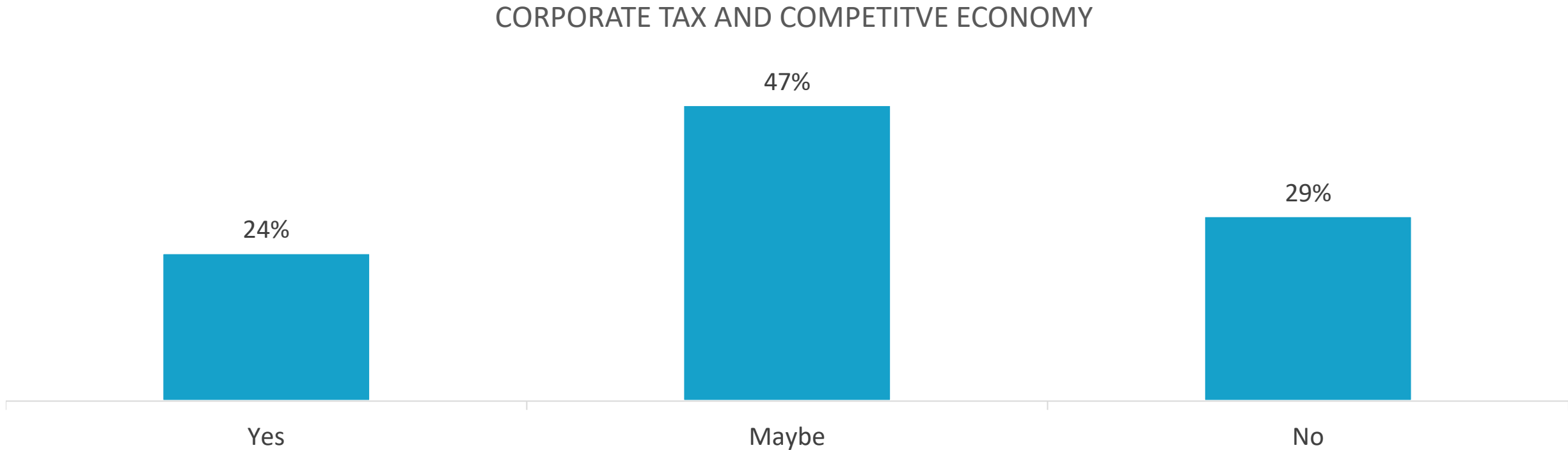
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Corporate Tax and Economic Competitiveness: Leaders are divided or unsure on corporate tax's impact on economic competitiveness

Q. Do you think Corporate Tax is necessary for UAE Govt. to continue to support a competitive economy?



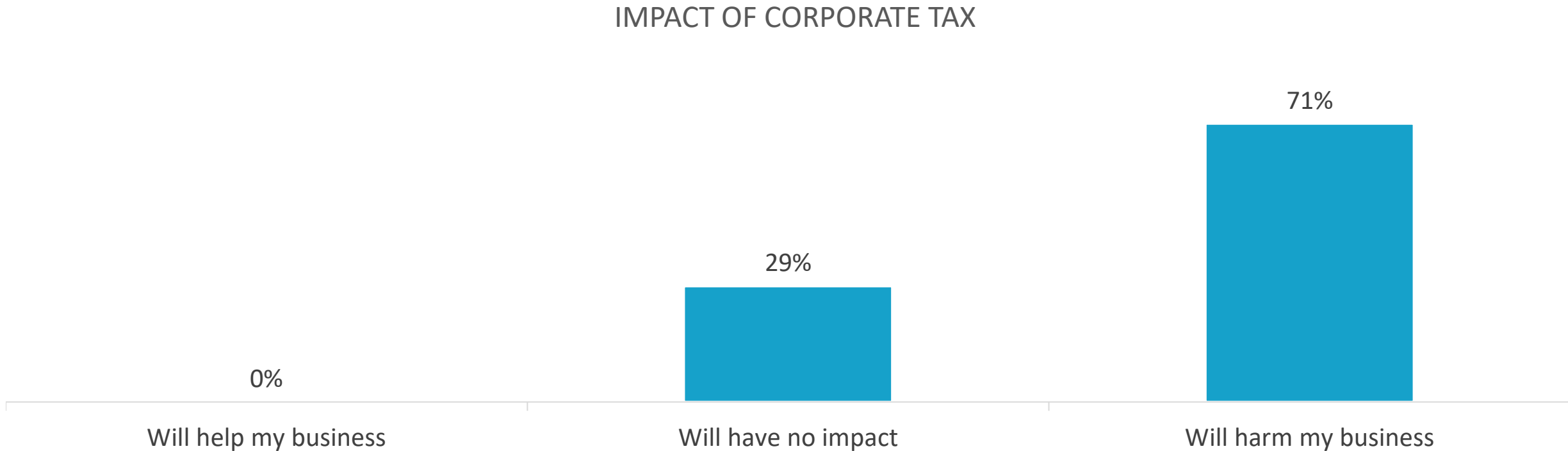
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Impact of Corporate Tax on Business: 71% of leaders think Corporate Tax will harm their business

Q. How do you see Corporate Tax impacting your business



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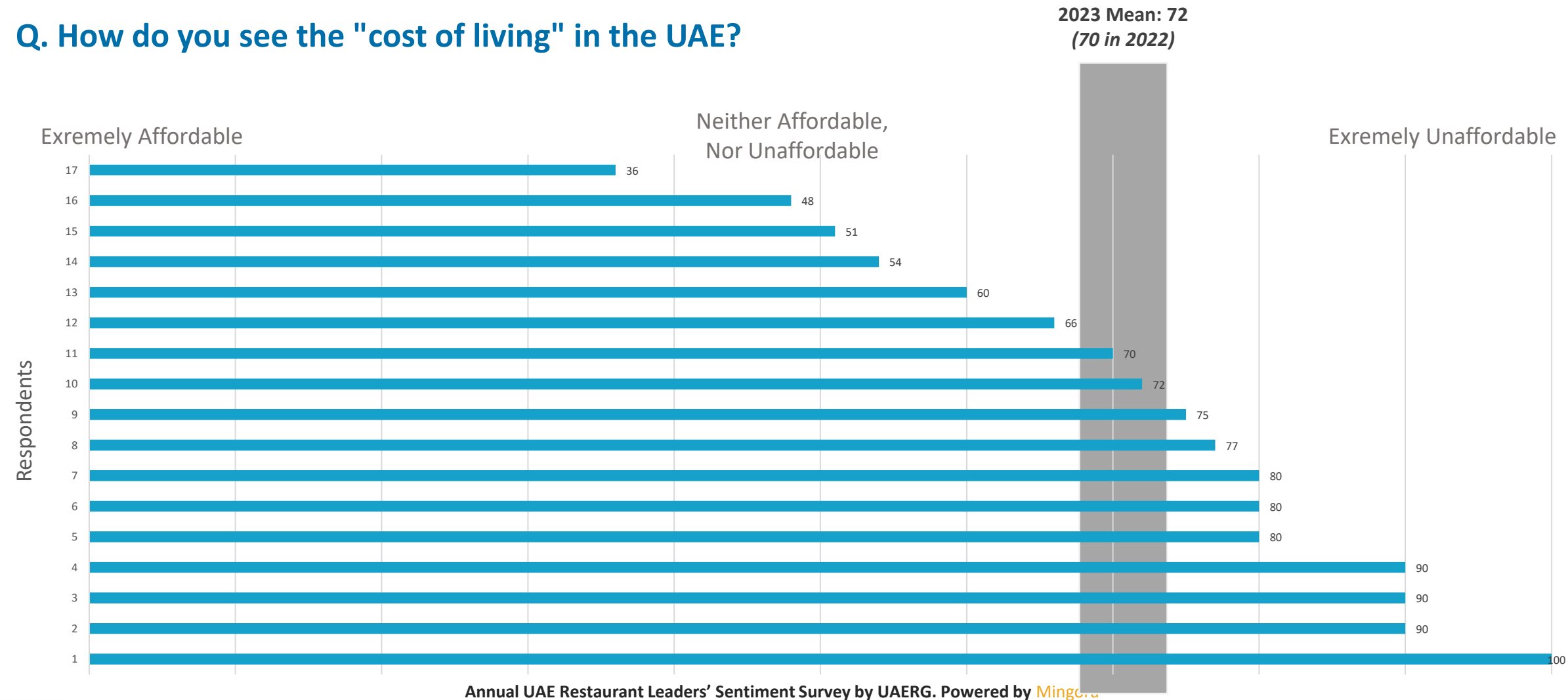
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Cost of Living

Cost of Living: A mean of 72 this year (2022 score: 70) means respondents find UAE more on the unaffordable end of the scale.

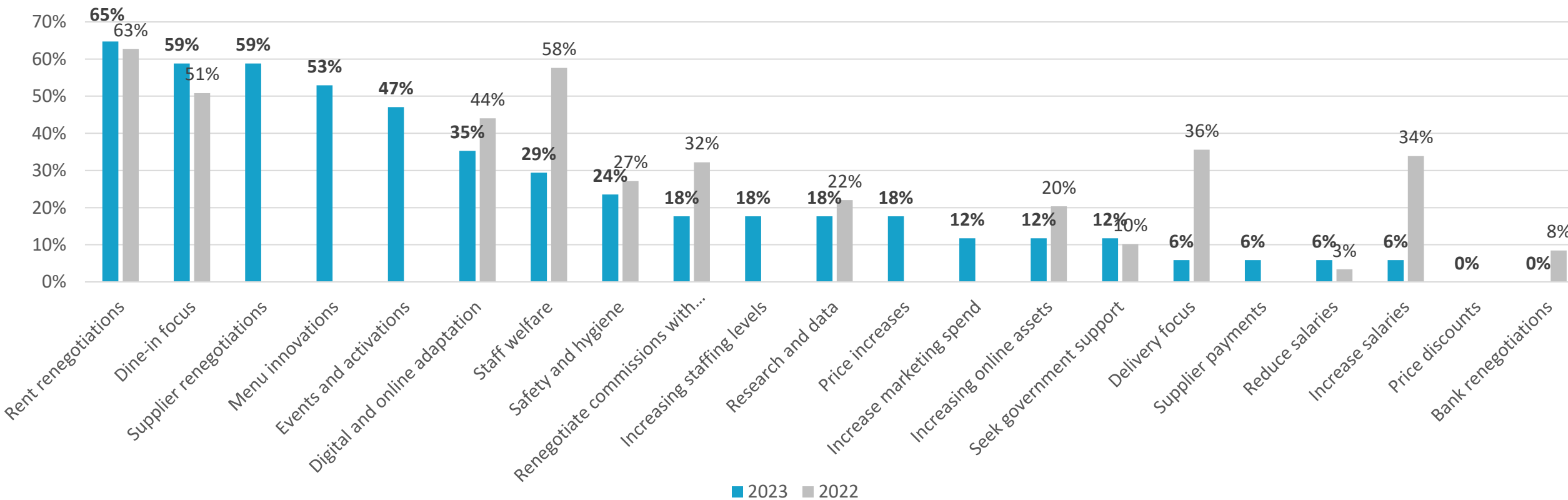
Q. How do you see the "cost of living" in the UAE?



The Future

CEO Focus Areas: Leaders to focus on rent renegotiations, dine-in, supplier renegotiations & menu. Staff welfare, delivery & salaries no longer in spotlight

Q. Name your top 5 focus areas in 2022. Choose only top 5



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Corporate Responsibility: 41% of UAE companies have a government registered CSR program

Q. Do you have a corporate social responsibility program currently registered with the government?

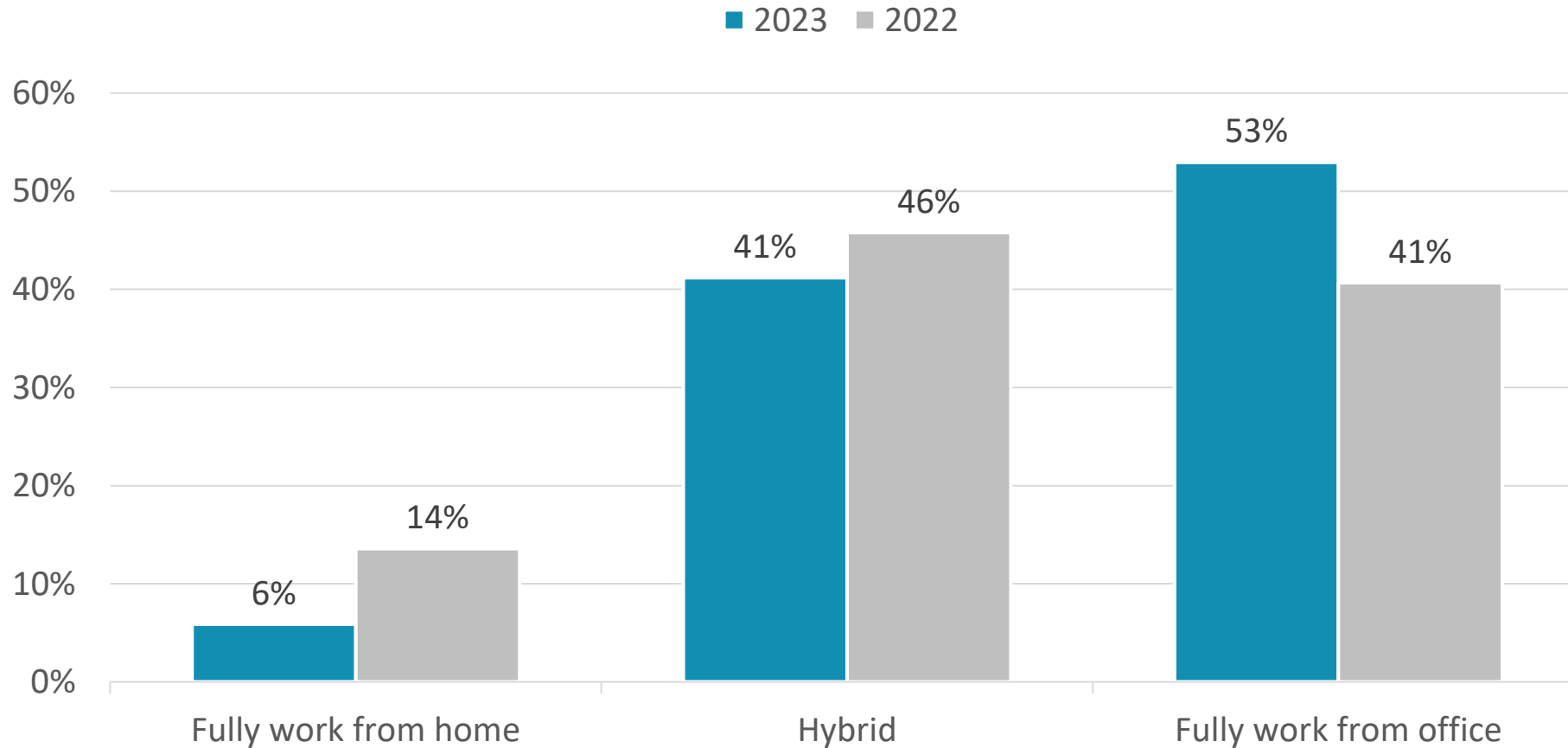
CORPORATE RESPONSIBILITY PROGRAM



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WFH: UAE is divided between fully work from home (53%) and hybrid (41%) mode. More shift toward office compared to 2022.

Q. What office policy is in effect in your business?

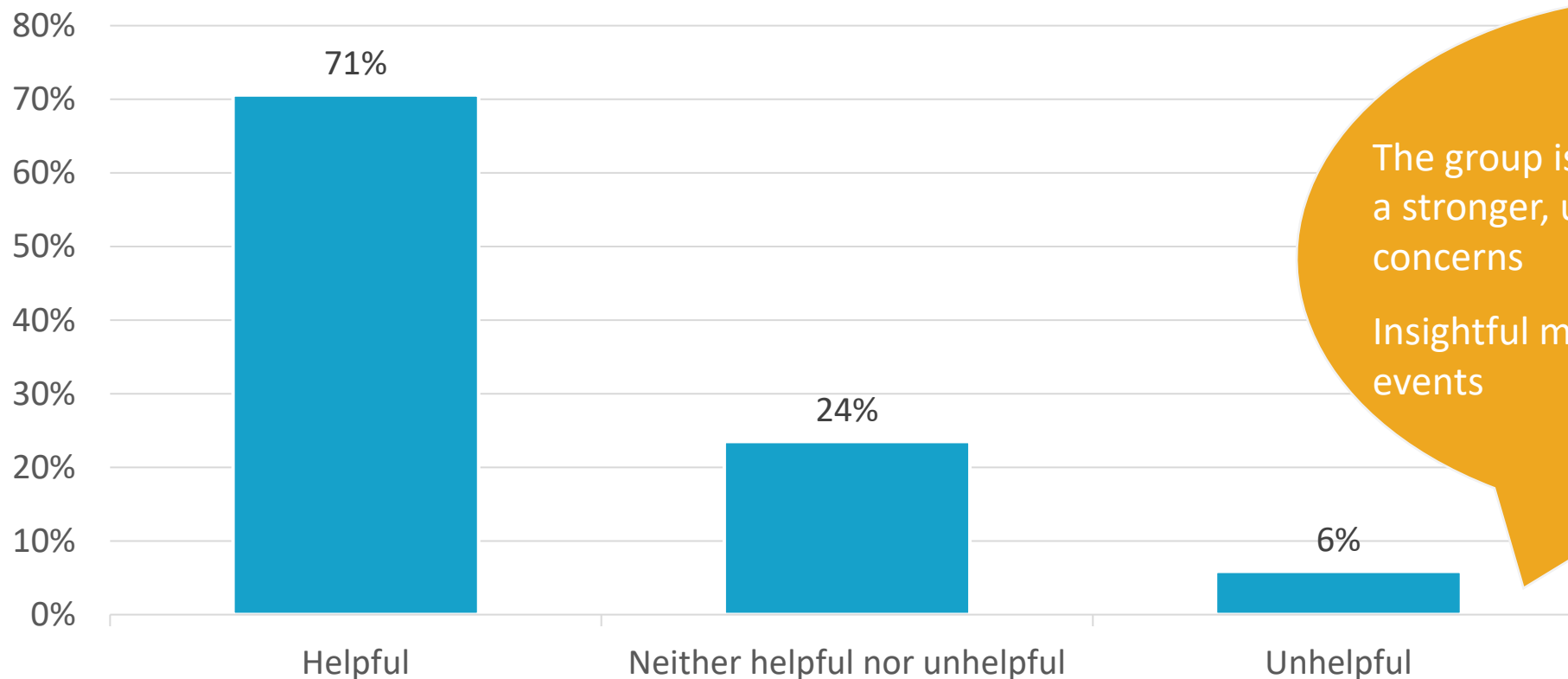


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UAE Restaurant Group (UAERG)

UAERG: Leaders find UAERG very helpful (71%) - pointing toward its focus on a unified voice and sharing of insights

Q. How do you see the UAE Restaurants Group (UAERG) helping your business?



The group is helpful in that it allows us a stronger, unified voice for our concerns

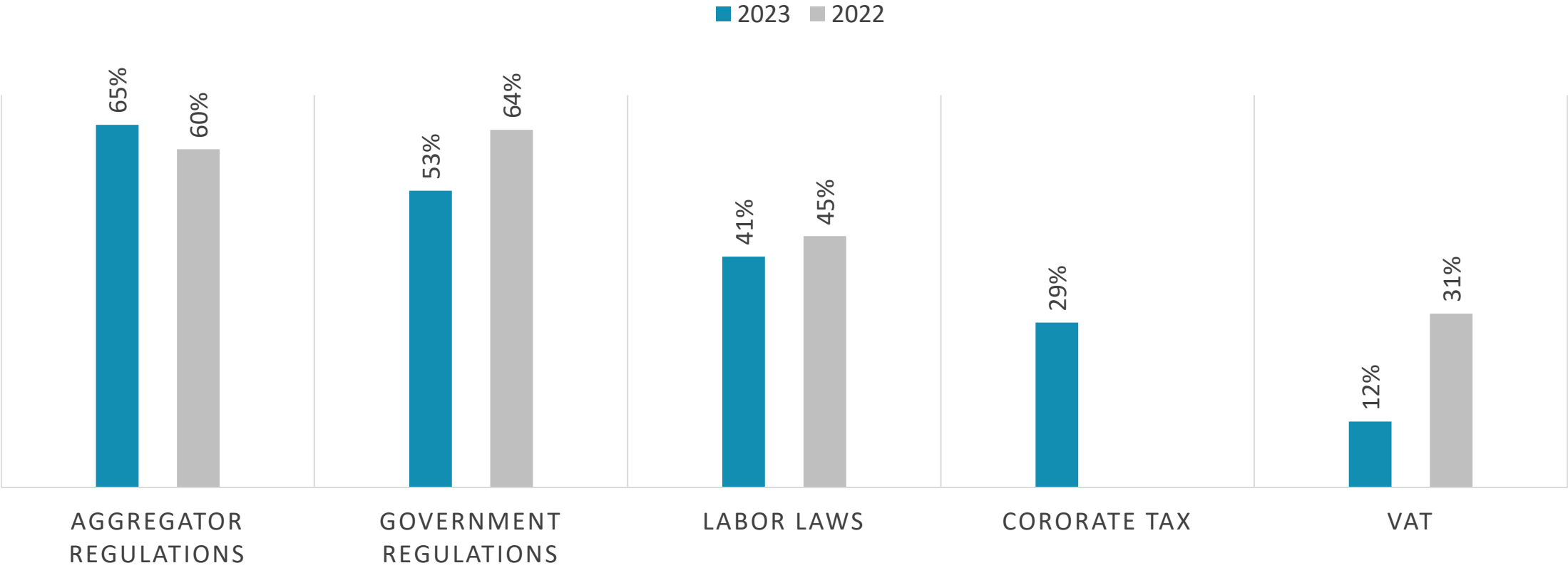
Insightful market data and networking events

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UAERG Focus: Helping with aggregator regulations, government regulations and labor laws are top expectations for respondents

Q. Which of the following areas would you like UAERG to focus on the most? Choose your top 2.



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About Mingora

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Mingora is Chief Data Officer for MENA's Restaurant and Foodservice Businesses

Consumer and Market research

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

Kinetic

Foodservice Marketing and Strategy Advisory

- Strategic business and marketing advisory to leading brands, franchisees, retail groups and Private Equities.

The Food Panel by Mingora

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

Franchising Advisory

- Franchise sourcing, buying and selling. MENA experts on matchmaking leading global and local franchises with Tier 1 operators in the region

About Mingora



60+ Major Clients Across MENA, Europe and US, **100+** Brands

Founded: **Sep 2014**

Partnerships in **US, Europe and MENA**

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