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# EFood Service Europe & Middle East

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Special Features: Foodservice Markets Russia & USA



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*Over the years, sushi has developed from an 'in' food for trend-conscious city-dwellers into the best known and most popular mass-produced Asian dish in many European countries. In our Pan-European Survey, we present the most interesting sushi-based formats.*



Sushi Factory (Germany)

Photo: Joannie Whitehall



## ■ ■ ■ page 30

*In our interview, Simon Kossoff, CEO of UK restaurant chain Carluccio's, talks about the development of the hybrid brand, dedicated to Italian food and seamlessly blending cafe, restaurant, bar and food shop.*

## front cover ■ ■ ■

*Another way to paint the map of France ... and a reference to a culinary heritage that is firmly rooted in cheese and bread. Food stylist Caitlin Levin and photographer Henry Hargreaves have created some fascinating food maps using foodstuffs to represent the cultural heritage of countries and continents.*

*See more on page 48/49.*

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## page 38 ■ ■ ■

*How do airport operators in the Middle East keep up with customer expectations of their F&B offer? We take a look at three major airports in the region: Dubai, Hamad (Doha) and Abu Dhabi.*



Caviar House & Prunier, Hamad International Airport

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# Healthy Hero



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**This edition's Pan-European Survey** is dedicated to a product that used to be an exotic 'in' food for trend-conscious city-dwellers in Europe and all over the Western hemisphere before it found its way onto the mass market. Today, from super markets to convenience stores, from take-away outlets, via fast-casual concepts, to fine dining, sushi is omnipresent. Nevertheless, the resilient image of sushi as a healthy food is vital for the product's success. And, astonishingly enough, sushi, just like pizza, can be adapted to cater for a broad spectrum of price and quality expectations. Read more about the most interesting sushi-focussed formats throughout Europe in part I of our Pan-European Survey beginning on page 8.

**Italian fare is another unbeatable all-time hero** worldwide. In our interview (from page 30), Simon Kossoff, CEO of the UK's Carluccio's group, explains how their hybrid concept, seamlessly blending cafe, restaurant, bar and food shop into a smart, multi-occasion all-day offer, has managed to create its own profitably distinct niche in a crowded eating-out category since being launched in the mid-1990s. To date, Carluccio's has close to 100 outlets, most of them in the UK. Further growth outside the Kingdom is planned, with first international outlets opened in Turkey and the UAE. An initial step towards the USA will be taken towards the end of this year.

**Talking about crossing borders**, here's another aspirational candidate: La Pataterie, France's first table-service restaurant franchisor, which can now boast 200 outlets and system sales of €153.7 m net (2013) – an increase of 15.4% over the previous year. Targeting families and the working public, La Pataterie is primarily to be found on the outskirts of medium-sized towns and offers a menu centred on the potato. With an authentic décor based on the theme of Grandfather's farm and highly moderate prices, the free-stander format has proved to be recession-proof. This year, they opened their first outlet in Poland where they have the high-flying target of 200 restaurants within ten years (read more from page 44).

**Having arrived in Eastern Europe**, we go a step further to investigate the Russian food-service market. As our market report shows (from page 24), things are not too easy there at the moment. Despite this, the top 40 companies still managed to book an increase in outlets of 14.3% in mid-2014 compared to twelve months ago. Particularly good results were returned by league-leader Marcon with its Stardog!s and Bagetteria brands. By the middle of the year, the street-food and QSR specialist had 905 outlets, an upsurge of over 30%. In second place, Subway rang up an increase of almost 19% with 691 outlets, followed by Shokoladnitsa with 434 outlets (+20.2%). However, the one-year import embargo on agricultural products from Europe and other western countries will be an expensive burden for the Russian foodservice sector.

**Foodservice companies** on the other side of the globe are also having a tough time. According to the top 100 ranking of the United States' NRN trade magazine, the 100 biggest foodservice companies turned a total of US\$ 222.1 bn in 2013, a plus of 3.2% over the previous year following 5.6% the year before that. From page 52, we document the first 50 companies and introduce the Hot Concepts of 2014. And take a look at the booming craft-beer scene in New York.

**In this issue's Hot Trend Section**, we invite you to join us on a trip across Europe focusing on riverside restaurants (see page 20). Whether secluded spots or the bold new architecture of urban districts: riverside restaurants are more in demand than ever before.

**Finally, in our Middle East Section**, we change the element and enter a more airy environment. At three of the region's major locations, we examine the F&B strategy of airport operators at Dubai International Airport, Hamad International Airport Doha and Abu Dhabi International Airport (from page 38).

**All this and more on 68 pages** – we wish you inspiring reading pleasure!

Transitioning from supply chain management to a value chain strategy is an imperative for equipment companies that deliver to foodservice industry customers and want to optimise their economic and brand position in the market place, according to industry experts. Douglas K. Fryett and Keith Warren explain what the value chain model is all about and how sustainable value creation can be achieved.

# An Industry Imperative

Supply chain management is static in nature. It's about managing an existing model where each of the participants in the chain independently adds worth to their particular product. Often participants only consider what is happening at their point in the chain. Value chain strategy is entirely different. By nature, 'value' is dynamic. It is constantly changing because value is always in the eyes of the beholder. In other words, it means different things to different people or constituent groups at dif-

ferent times. As such it requires a significantly greater degree of nimbleness, cooperation between all of the various chain constituents, and attention being paid to it by all members of the value chain.

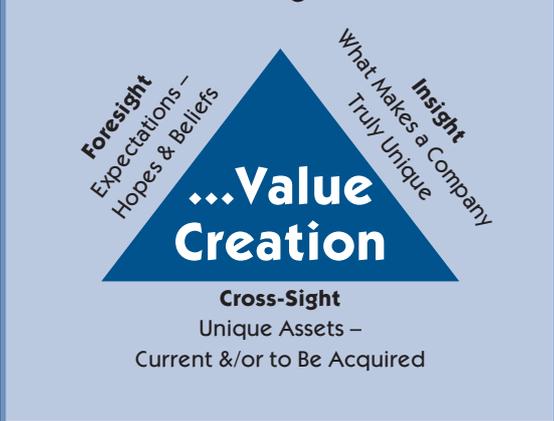
Foodservice equipment manufacturers have a chain of suppliers who provide the various raw materials and components necessary to manufacture and assemble their particular family of products. They also have a chain of distributors – equipment and supply dealers, food distributors, design consultants, and service agencies – who are responsible for providing an efficient go-to-market strategy.

rather elusive sustainable competitive advantage – because in today's marketplace, there is no such thing. The biggest challenge facing today's foodservice leaders is finding new and innovative ways to create and sustain value for the end-user/operator base.

## Look at your market

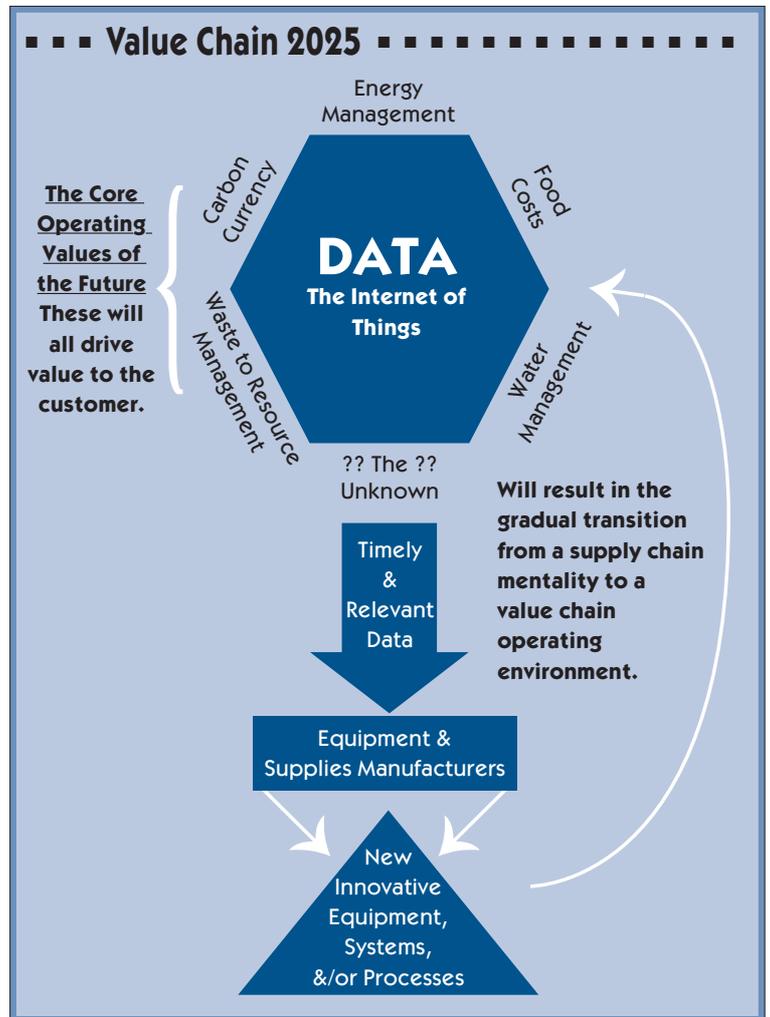
But how can a company create sustainable 'value' for its constituents? How can it make value creation part of its corporate identity? Todd Zinger, in a recent Harvard Business Review article, proposes that value can be created through the convergence of three sights – foresight, insight, and cross-sight. Foresight should clearly predict future consumer tastes and/or consumer demand; operator issues and drivers; take into consideration the use of current technologies and the emergence of new technologies. It should also anticipate the reaction of its competitive rivals. Foresight also suggests predicting the future state of the industry in which a company is operating, and considering those asset acquisitions, investments, and strategic actions and alliances that

### ■ ■ ■ The 'Three-Sights' of ... ■ ■ ■



## Creating value is crucial

It will be important that organisations shift to a value chain business model if they want to optimise their economic and brand position in the marketplace. To put it another way, to achieve sustained growth, companies should concentrate on developing and executing strategies that create value for all of the constituents of their supply chain, rather than focusing on trying to develop that



will prove essential for its continuing success.

Today, there is a massive convergence of industry and non-industry dynamics, including new technologies; the increased proliferation of existing technologies; sustainability; the increased use of analytics based management; changing consumer demands; and changing end-user/operator dynamics; all of which shape the global foodservice industry.

Insight is what makes your company truly unique. If your competitors have assets and capabilities that are very similar in nature to yours, then they can certainly replicate and execute your strategy or, more disturbingly, improve on it. True insight is very company-specific – it identifies those assets that are rare, distinctive, and valuable to your company. They are assets that companies can, and should, use as leverage in the marketplace.

Cross-sight is a company's ability to identify those assets that are uniquely valuable to a company and/or assets with unique value that other companies are simply unable to perceive. Think of Apple and the numerous technology acquisitions and product developments that it has made over the years that have made its products the leaders in consumer electronics.

Foresight, insight and cross-sight, when combined and used together, will allow companies to develop a continuous succession of value-creating strategies. Foresight, specifically as it applies to future demand, the use of new and existing technologies, and industry and consumer trends, will highlight those areas in which companies should be searching for cross-sight. Conversely, insight, regarding a company's unique assets, will help focus a company's search for foresight and cross-sight. And finally, cross-sight will help reveal those valuable, complimentary products and services, which in turn will highlight the domain of foresight.

## Value creation

Value creation for foodservice industry customers should focus squarely on their experiences and solutions to their problems. Study after study in this industry has shown that what operators are looking for from their suppliers – and very few, if any companies are actually providing this – are well-designed experiences and solutions to their problems.

Companies who do an excellent job of this put themselves inside their customers' businesses (in some cases, literally) and then embrace the outcomes that they (their customers) are trying to achieve. The great Austrian-born management guru, Peter Drucker, noted that knowledge-driven innovations are "almost never based on one factor but rather on the convergence of several different kinds of knowledge." The initial knowledge that is born often results in a tremendous amount of activity and excitement, but it is not until all the pieces of the knowledge puzzle have been discovered and put into their appropriate places that true progress can actually be achieved.

## External forces and drivers – the data revolution

The 'internet of things' and 'big data' are widely acknowledged to be the drivers of the move to a value chain strategy. They will be the hub of the technical developments for the foodservice industry, as they will be for most industries. Ultimately, the ability to share and interrogate data amongst all constituent groups will lead to catering equipment that is intuitive to use and even more important to operators.

In fact, the data revolution that society is embarking on today is the contemporary equivalent to the industrial revolution. Those who adapt will significantly increase their chances of success. Those who don't, well ...

Data management teams will be as essential to a business in 2025 as marketing, sales, accounts, and operations teams are today. The equipment companies that are closest to the foodservice operator will have the opportunity to gather and interpret operational data. Thus, the benefits of big data and the internet of things will inevitably grow.

Manufacturers in the new value chain will have specialists within their own business who can interpret the data, use it, and turn it into valuable, actionable information. This will provide competitive advantage at all levels in the chain, but especially in the foodservice operator's management team. A greater understanding of operator and consumer habits can be linked to the catering equipment's specific operational needs. The use of data in this way will increase the need for transparency and trust be-

tween the equipment manufacturers and the foodservice operators.

The availability and use of data in the proposed new value chain will mean that equipment companies will have the opportunity to develop new products that will provide access to even more data, which they will need to turn into actionable information. This, when linked to the identification and transfer of innovative ideas and technologies from other industries, will complement a company's own research and development initiatives.

The future is bright for those companies who can sustain their strategies with ever-closer engagement with specifiers and foodservice operators. There will be the inevitable and unforeseen disruptive influences to business (as there always have been) but an enhanced value proposition that is data-focused will be key to effective business development.

## Engage and evolve

In summary, the transition from a supply chain to the value chain will be achieved by those companies that show the ability to engage and evolve their management thinking and practices. Companies that can flex their resources and actively engage all of their supply chain constituents in a meaningful and transparent way will become leaders in the value chain that is already beginning to evolve. ■



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## FoodService Europe & Middle East

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