

COVID-19 Sentiment Survey by DRG – Powered by Mingora

CEOs and Owners of Leading Restaurant Companies in Dubai
August 2021

Objective

1½ years since the start of the pandemic...

18 months on from the start of Covid-19, Dubai Restaurants Group (DRG) and Mingora (MENA's Restaurant Performance Company) reached out to leading Owners and CEOs of leading restaurant businesses in Dubai, UAE.

The intent was to understand the pandemic's impact on their profitability, growth and investment plans, the functioning of 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.

Findings of this survey will be used to make recommendations on policy.

Introduction

Market: Dubai, UAE

46 CEO's, COOs and Owners

All restaurant sectors

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

Approximate number of stores represented: 1,000

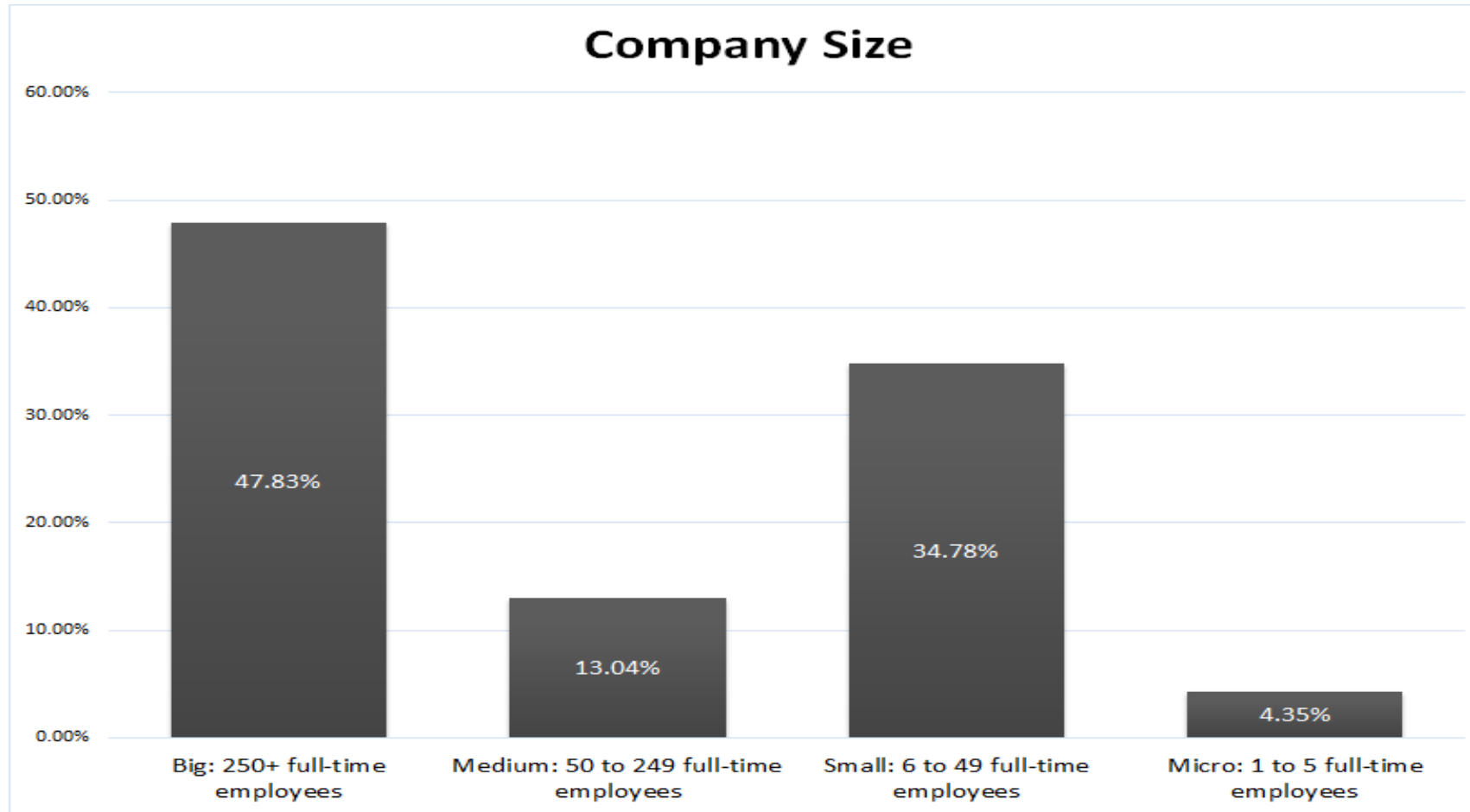
Time period: Aug 1-15, 2021

14 Questions

Completion rate: 86%

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

Q. How large is your company?

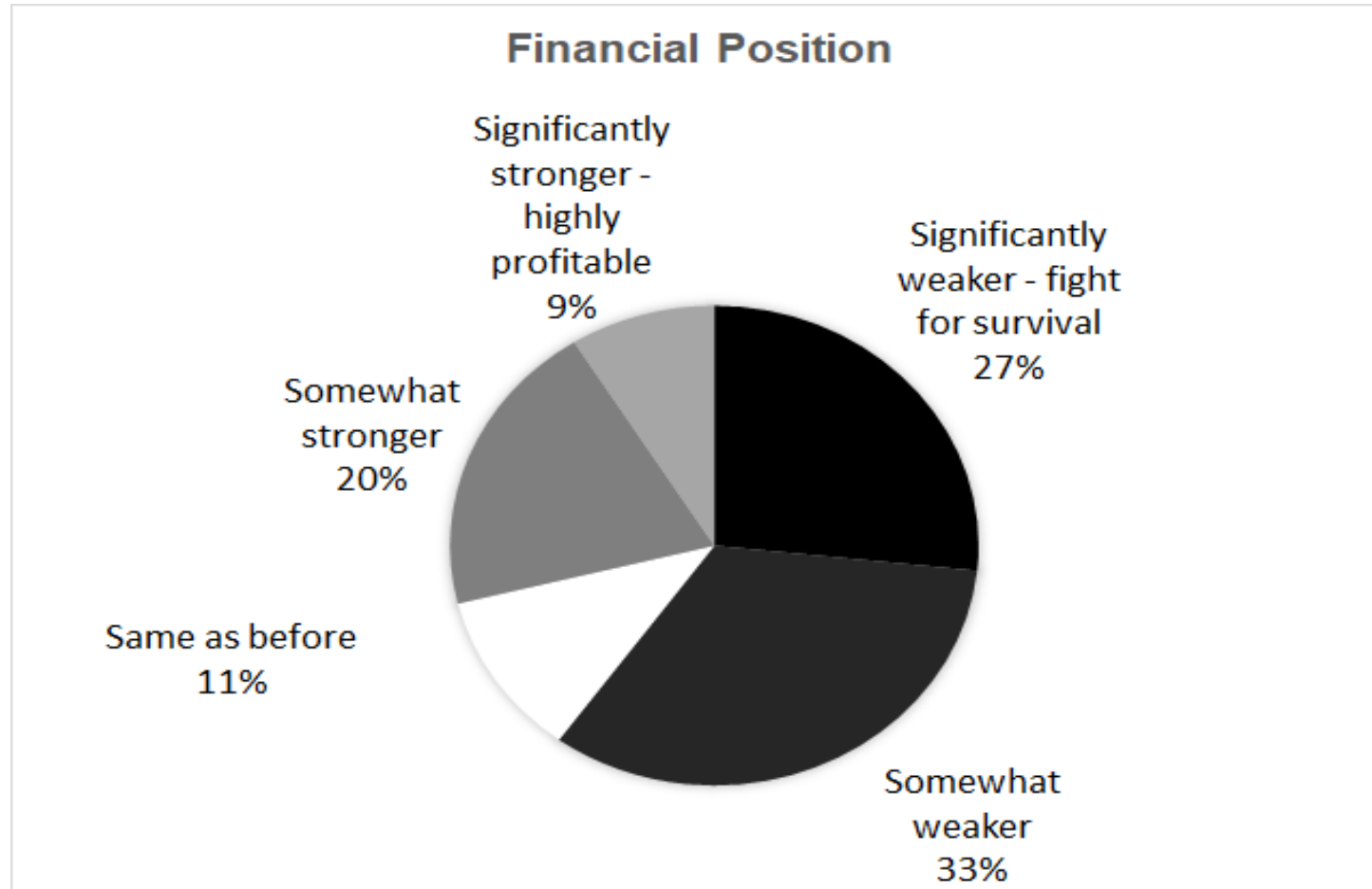


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Financials and Investments

60% of leaders feel their businesses are weaker or significantly weaker after the pandemic, while 29% feel they are now stronger

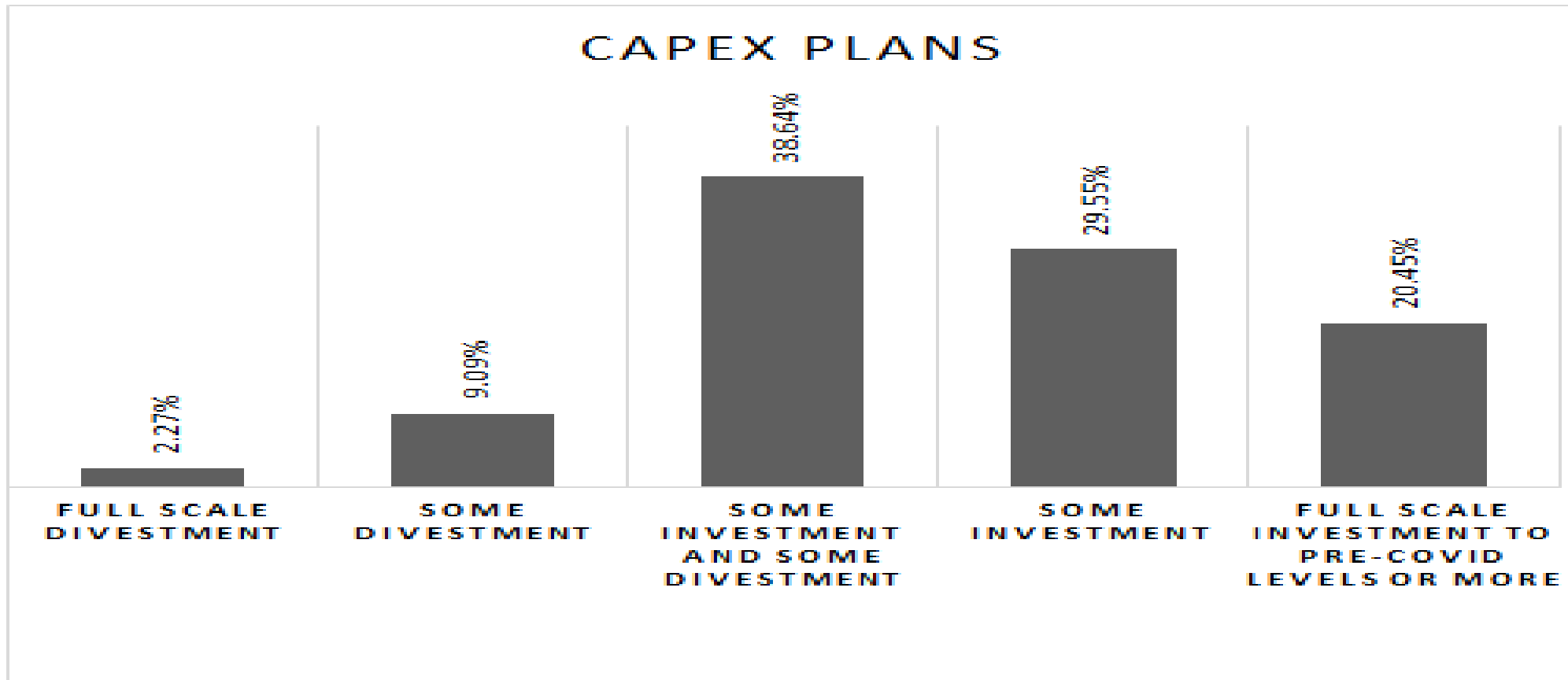
Q. Compared to pre-COVID (Jan 2020), how is your company's financial position?



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Despite their businesses being impacted, 20% of businesses still plan to reach pre-Pandemic levels of investment while 30% will put in some investment

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

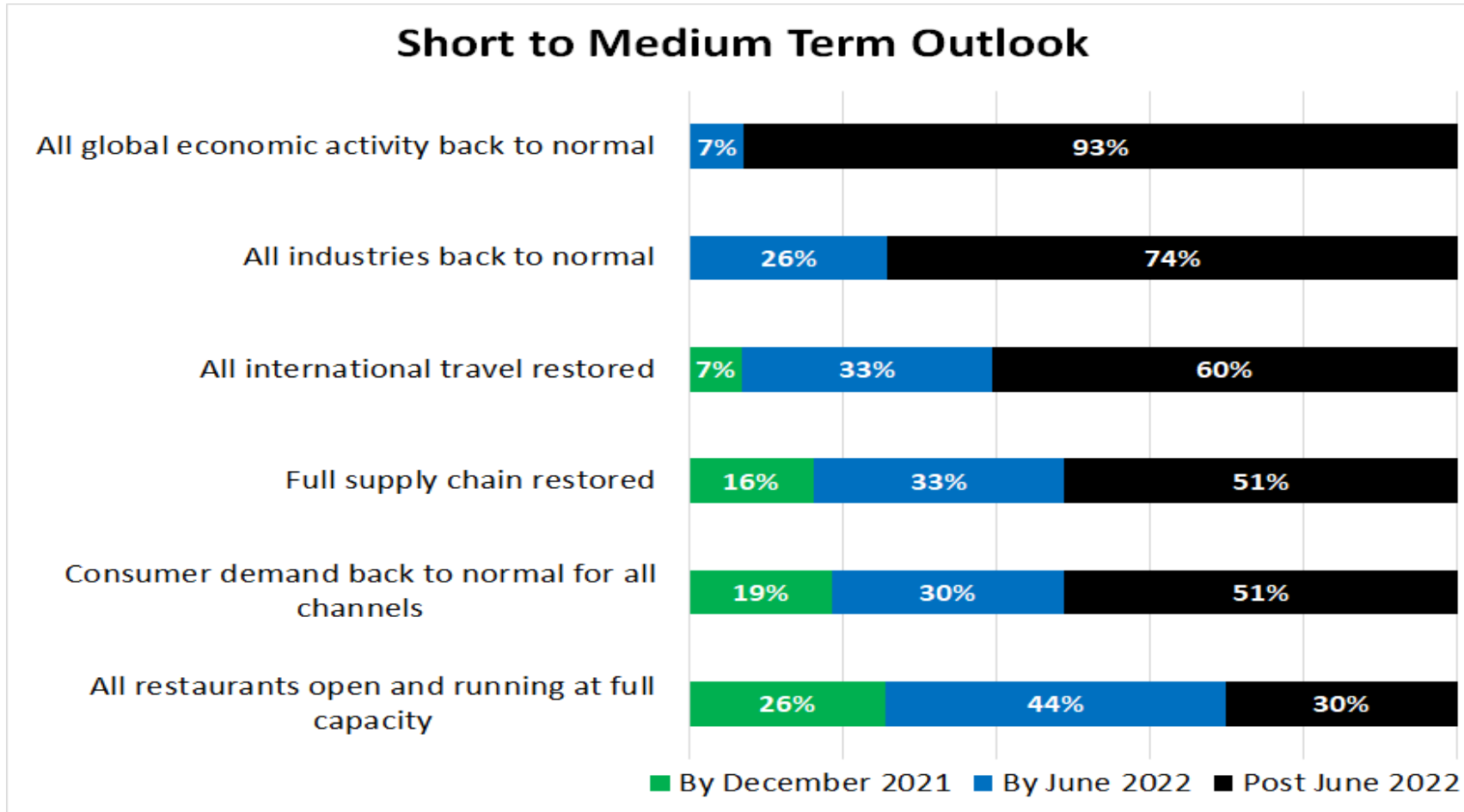


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Future Outlook

Outlook: Most CEOs expect normalization of key events only after June 2022

Q. When do you see the following happening?



Comments

- We feel as the pandemic is never ending issue globally especially when the impact will continue as long as we don't get to a full international travel to a scale before the pandemic

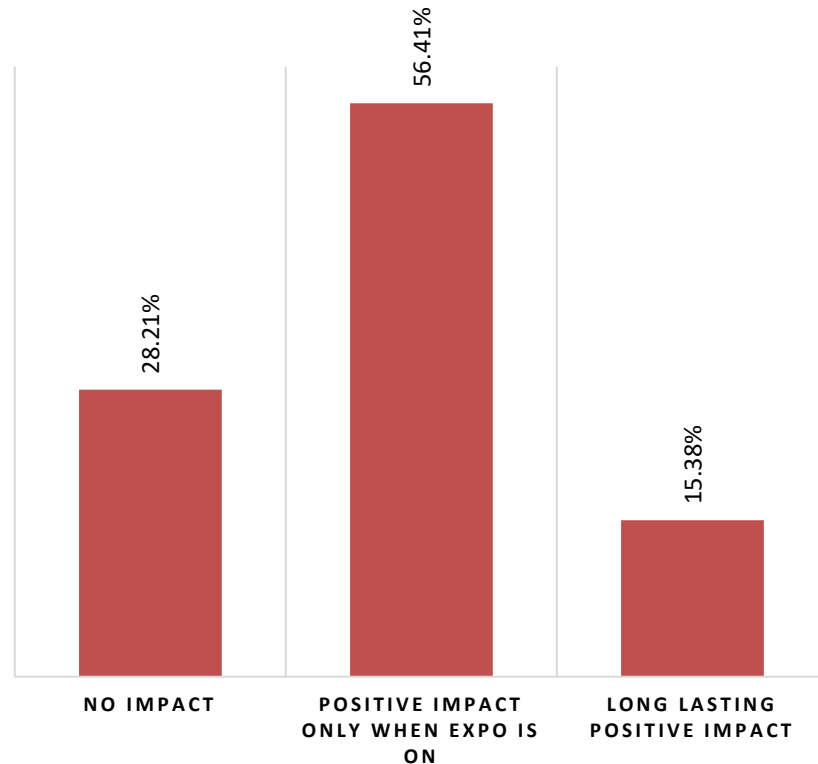
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Expo 2020 Impact: Most respondents expect Expo to have positive impact in the duration it is on but not so much afterwards

Q. How do you see Expo impacting your business?

Comments

Expo Impact



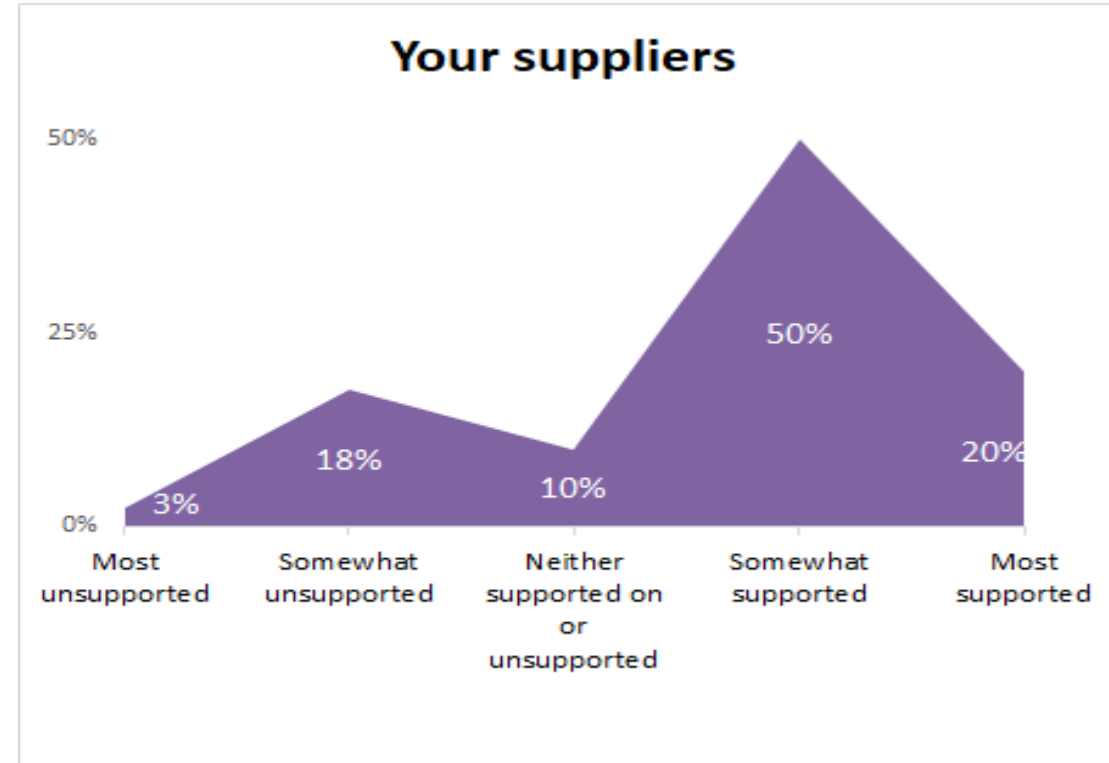
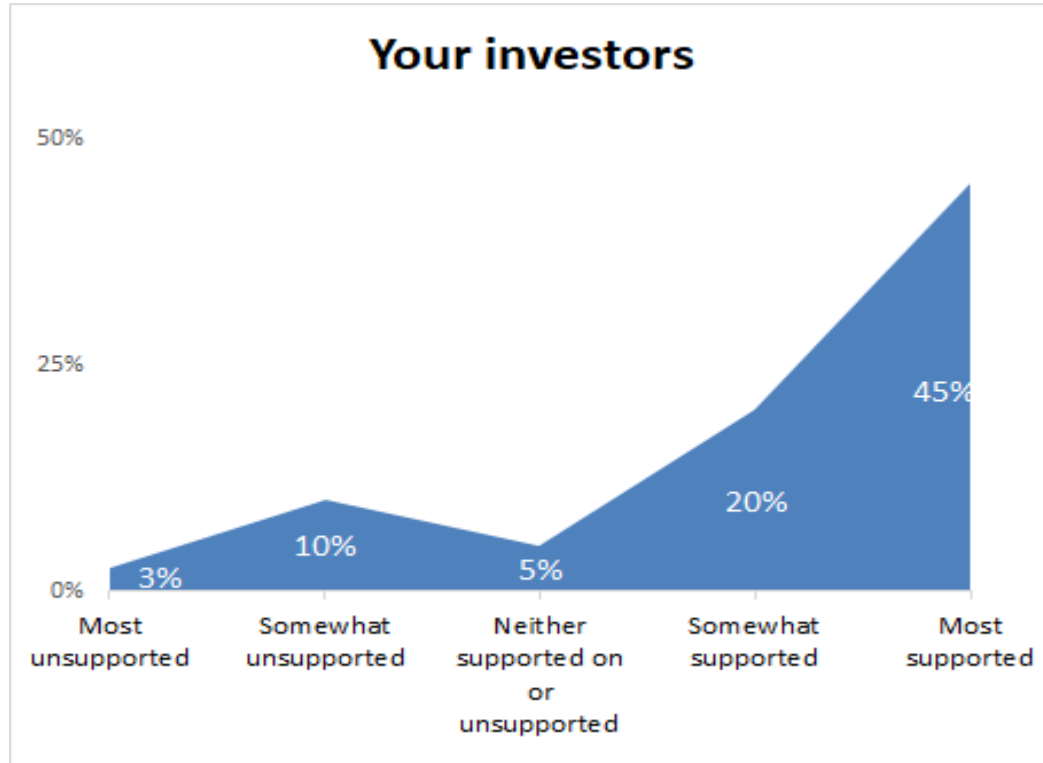
- If the Expo would **help opening new businesses** in the region than it would benefit the economy positively in the Long term.
- Expo is a very important event for the country and businesses in general. It will increase the number of visitors all businesses need especially after coming out from pandemic, however long lasting positive impact will only be achieved if all service channels of any restaurant is focused and not just **delivery and cloud kitchens** all over the place of which it will be an issue going forward and restaurants will **shut down** if replaced by cloud/dark kitchens. More importantly rise of gathering events, celebrations and catering events must also be restored post the pandemic.
- We are on the opposite side of the EXPO site so don't anticipate footfall. We definitely can benefit from positiveness created by EXPO
- No impact at all. I doubt it will have a positive impact
- No doubt Expo will bring incremental tourist traffic and hopefully exceed 2019 count. That would certainly help business overall during the event. There will be a lingering positive impact helping subsequent years establishing Dubai as a place in more people's bucket lists than ever before.

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Stakeholder Support

Supportive Stakeholders: CEOs mostly feel supported by their investors and suppliers

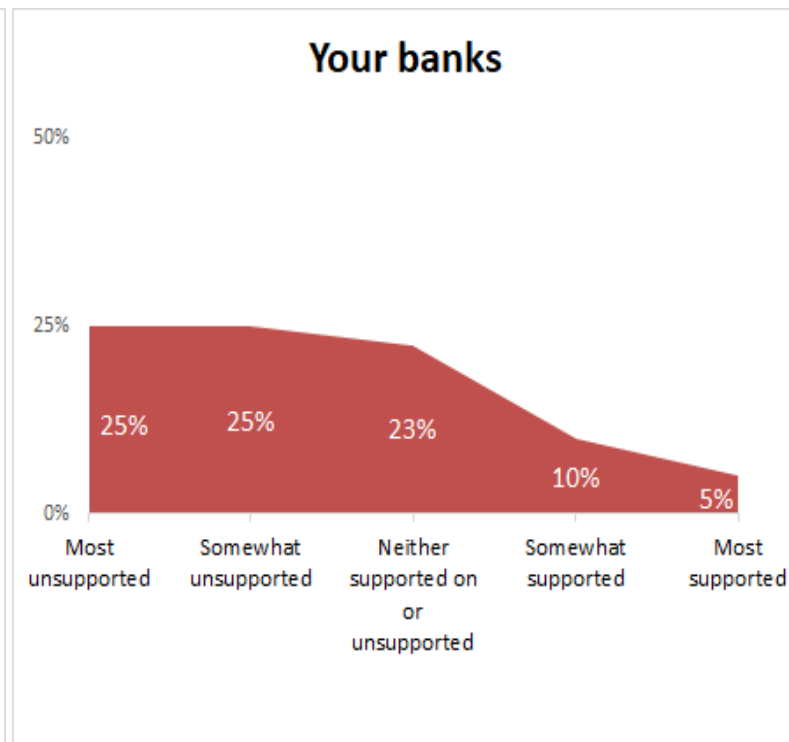
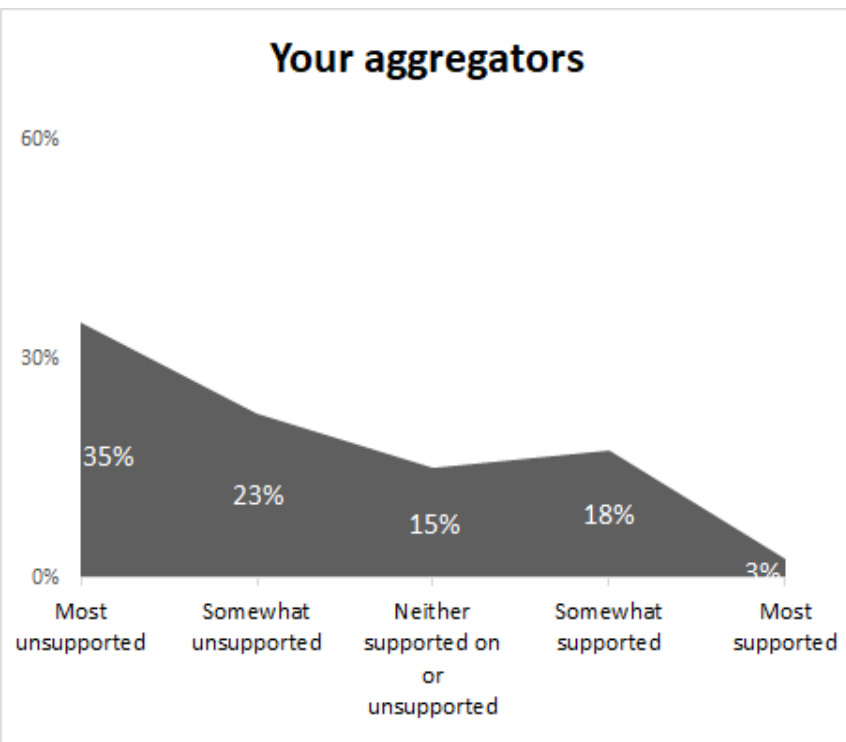
Q. How well do you feel supported by the following partners during this pandemic?



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Unsupportive Stakeholders: Majority of respondents feel unsupported by aggregators, landlords & banks

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



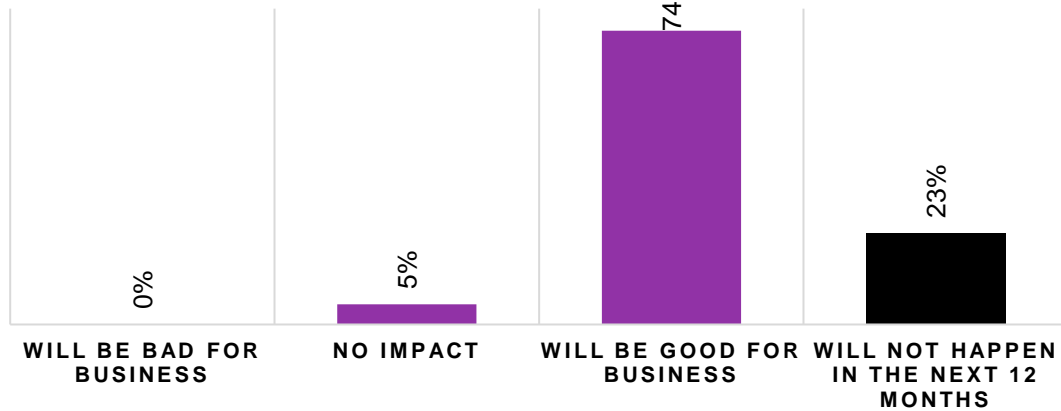
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Public Sector

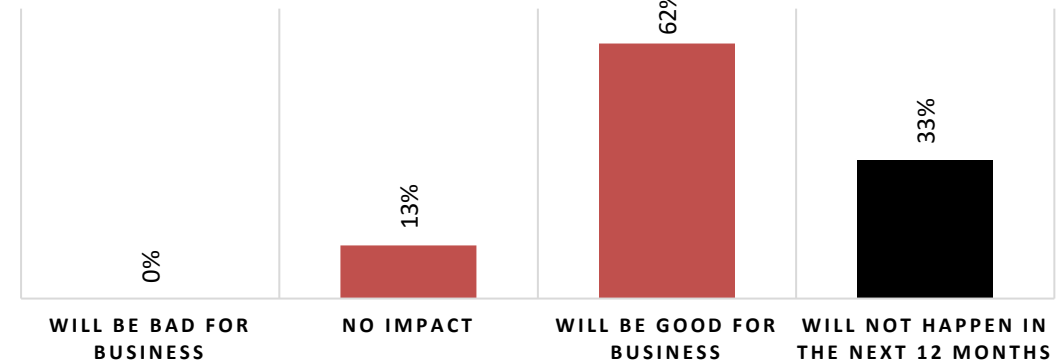
Potentially Positive Government Steps: CEOs feel rent controls, VAT decrease, ease of travel and vaccinations will be extremely good for the industry

How do you see these government steps impacting your business in the next 12 months?

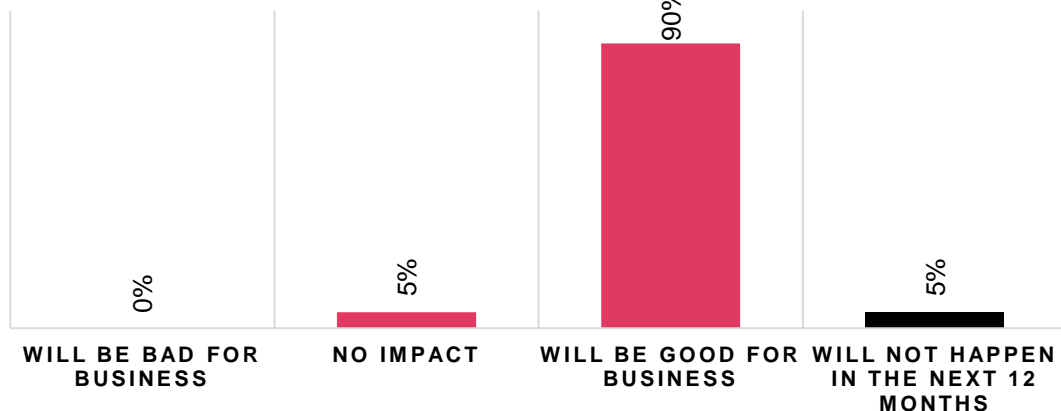
Rent Controls



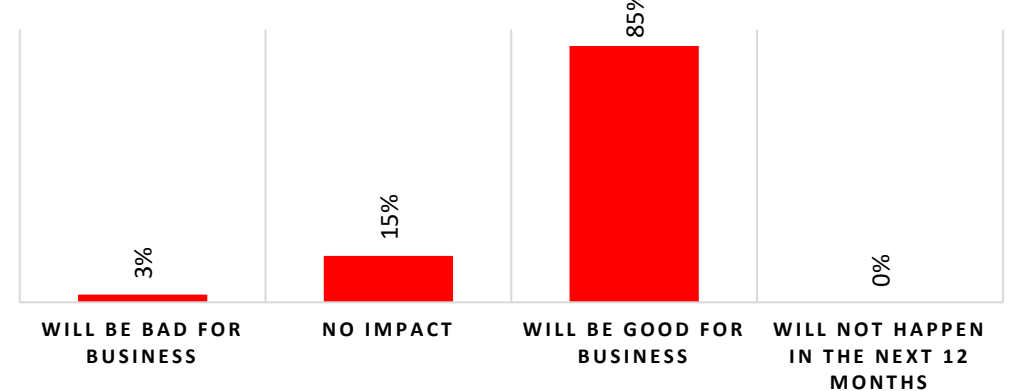
VAT Decrease



EASE OF TRAVEL RESTRICTIONS



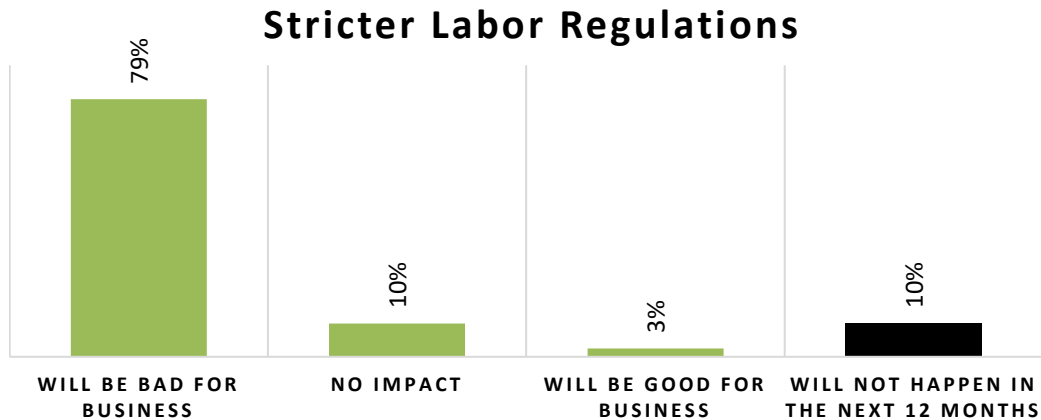
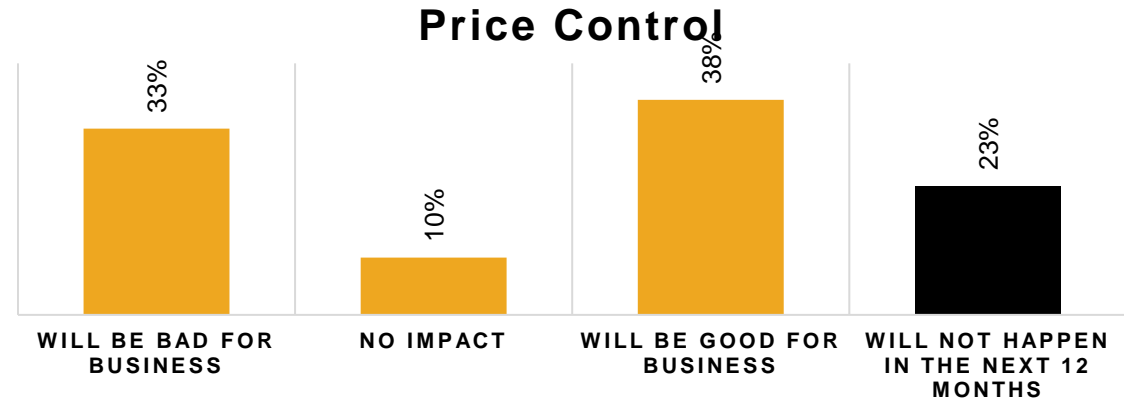
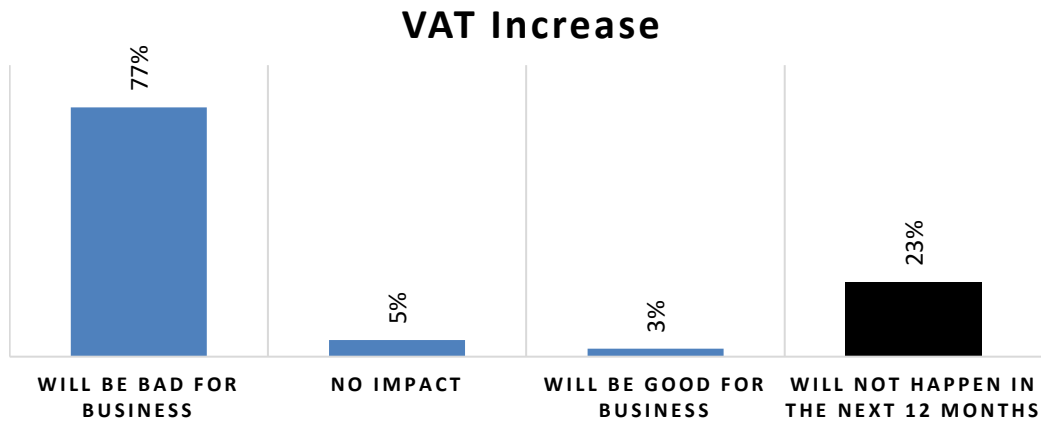
Mandatory Vaccinations



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Potentially Adverse Government Steps: Any increase in VAT or stricter labor regulations or price controls will be harmful to businesses

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

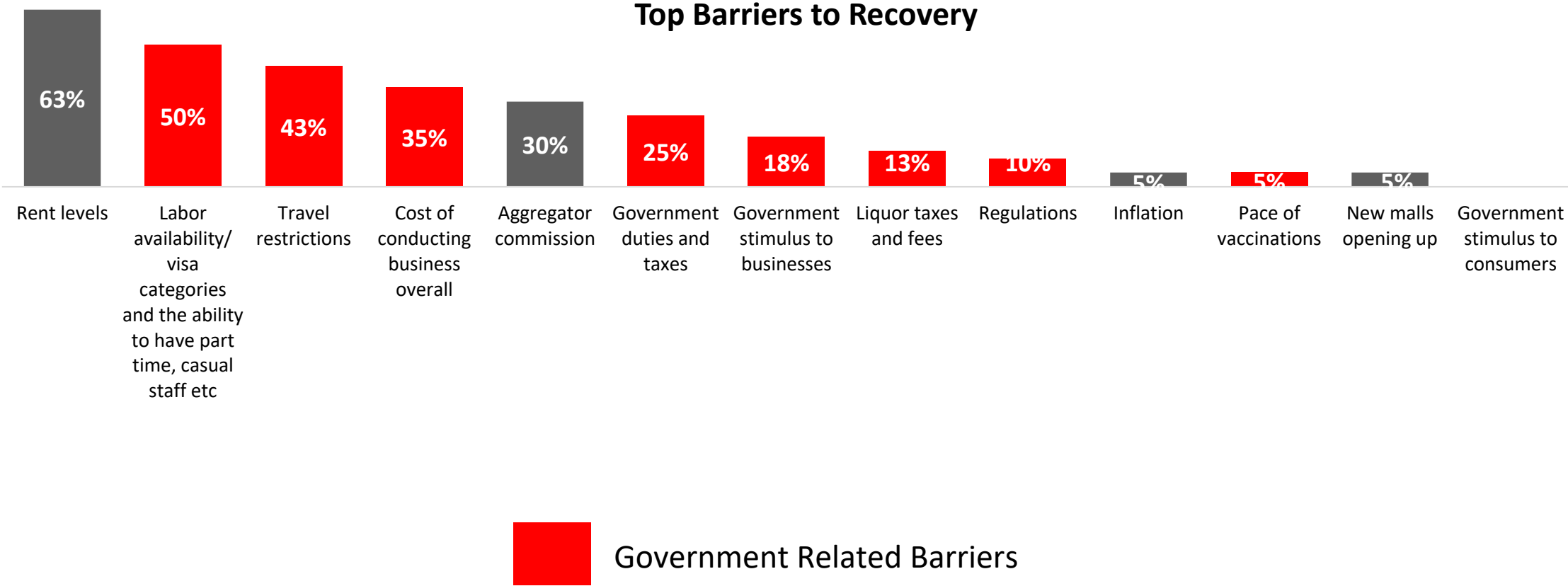


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Focus Areas

Barriers to Recovery: Rent levels, labor related issues and travel restrictions (business/tourism) are biggest concern for CEOs.

Q. What do you see are the biggest barriers to business recovery in Dubai. Select top 3 only



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Comments

*With **capacity restrictions** enforced by relevant authorities, landlords must be encouraged to give a **reduced rent equivalent** to the net capacity level or until the pandemic is fully over to only work off a turnover rent with NO basic or fixed rent in line with capacity restrictions. Rent should be linked to seating capacity and/or footfall until the situation goes back to normal*

*There should be more **transparency**.*

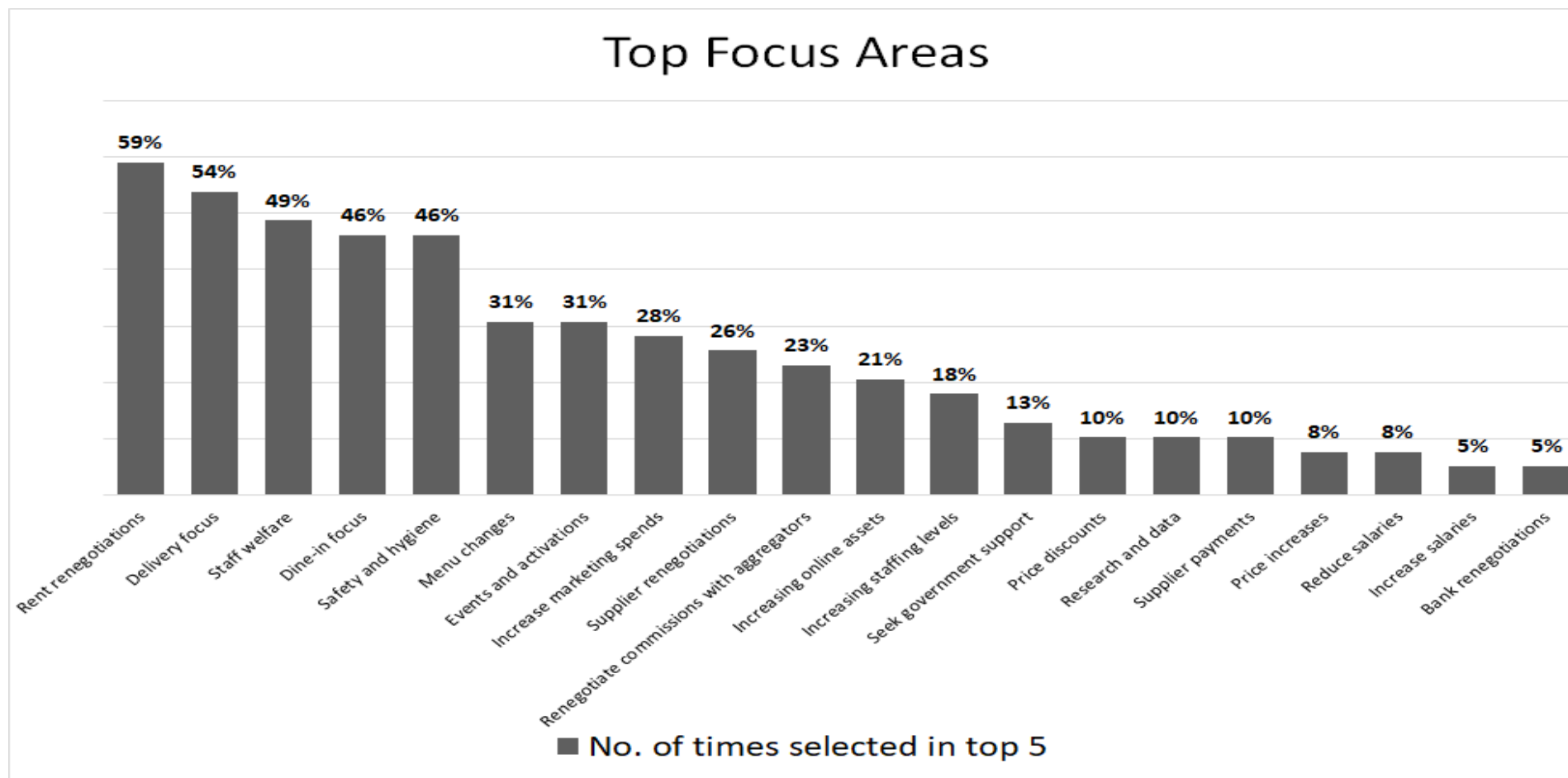
*Certain areas in Dubai especially Dubai Marina, mainly dependent on tourists and visitors, restaurants and cafes must be given the opportunity to obtain **liquor license** as we constantly see requests by dine-in tourists and customers. Also businesses that are mainly dependent on dine-in or mainly set for dine-in i.e. marina walk in Dubai and other areas must be supported by landlords and public sector on many levels to survive and grow because we cannot rely on home delivery channels due to **high commissions** by aggregators and rise of cloud kitchens which unintentionally destroy the physical and full flesh restaurants.*

*We need **legal casual qualified labor** (waiters and captains) to give us flexibility for our manpower thus reducing expenses.*

*Ability to hire talented employees from native countries is key to growing a successful business, in absence of that one is **forced to recruit locally** resulting into substandard performances. This not only hurts the business but also Brand Dubai. Cost of conducting business overall is another large component in the P&L with room to reduce. A relief via **waiver of VAT or Licenses Renewal Fees** would have helped businesses.*

Top 5 focus areas: Rent is top of mind, followed by delivery and staff welfare. Surprisingly, dine-in focus is at no 4 indicating the importance of the channel

Q. Name your top 5 focus areas in 2021. Choose only top 5

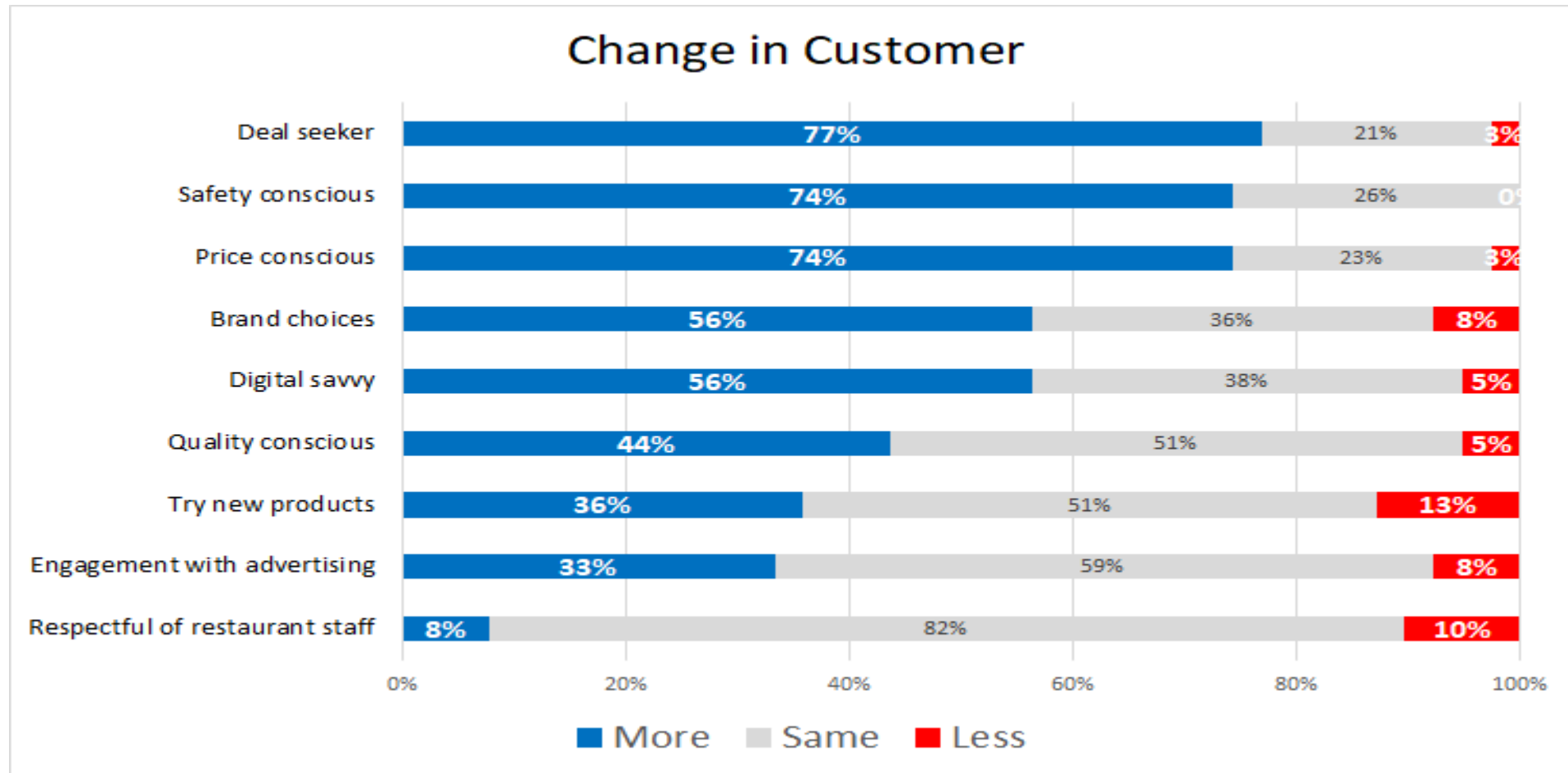


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Customers and Teams

Customers: more deal seeking, safety conscious, and digital savvy; less likely to try new products

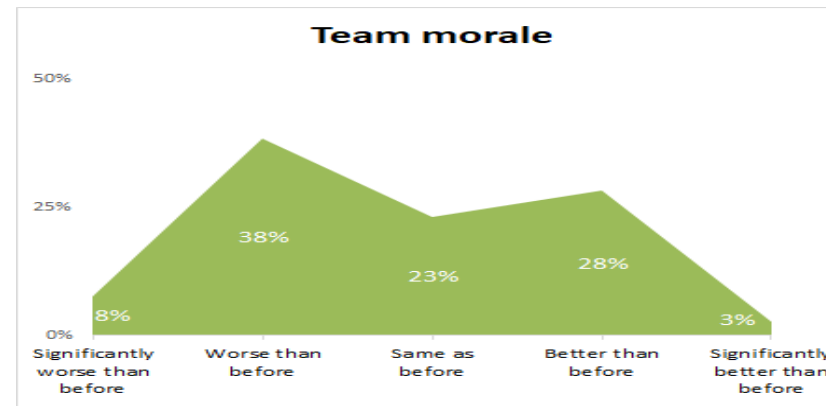
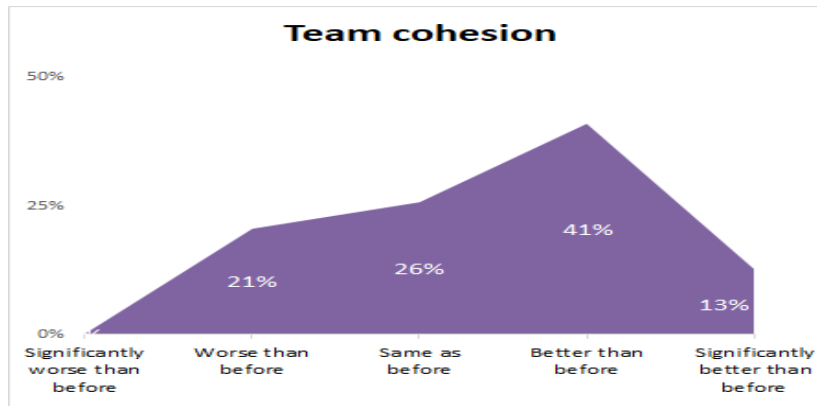
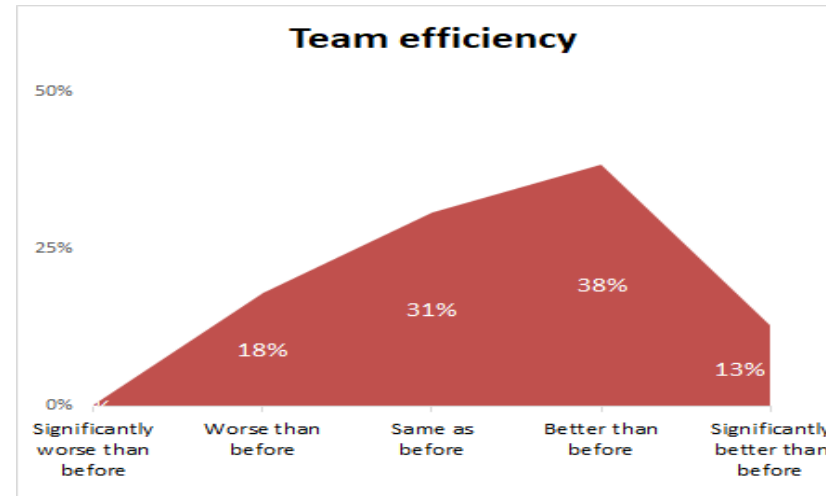
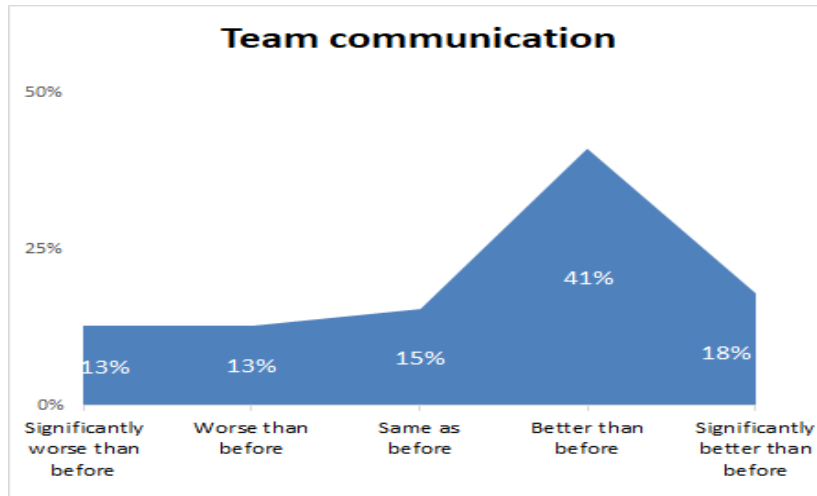
Q. How has your customer changed due to COVID ?



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Teams: CEOs feel their teams communicate more, are more efficient and more cohesive. However, overall morale is down.

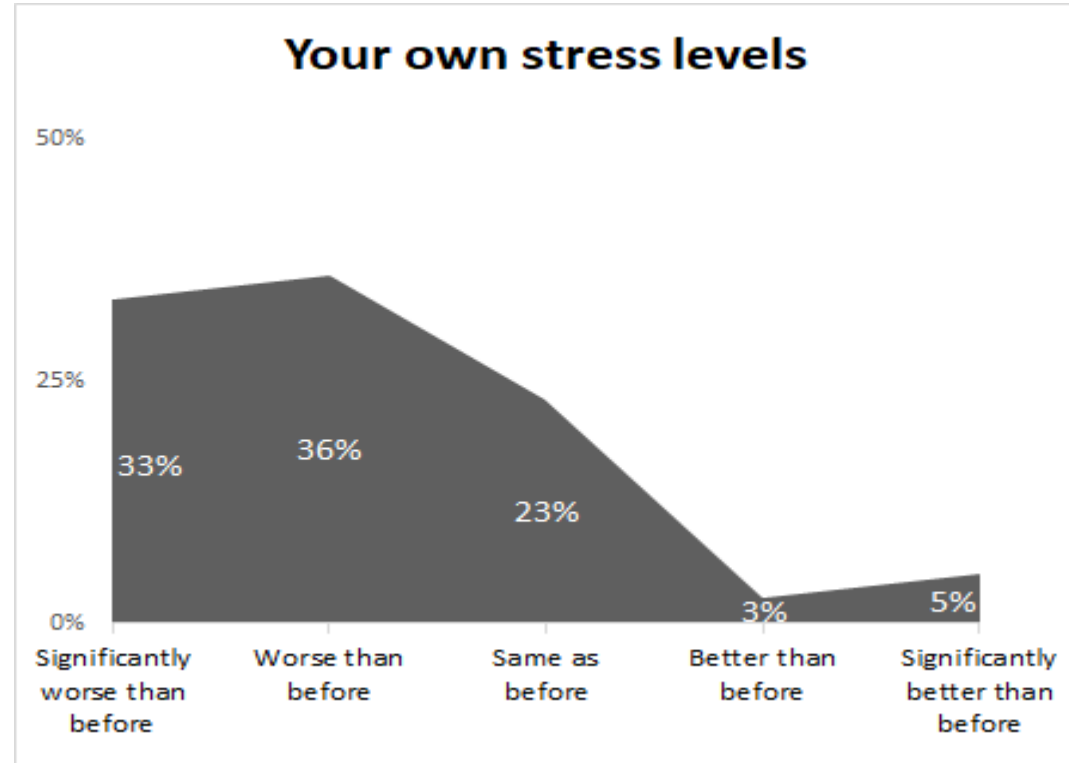
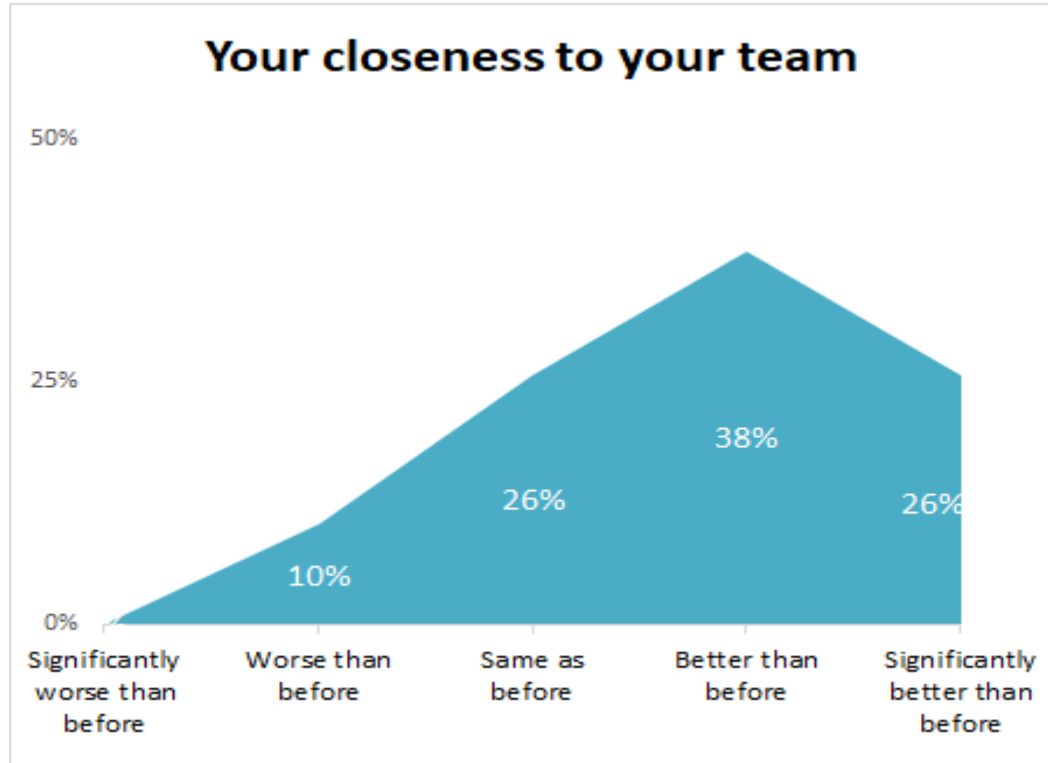
Q. Thinking of the past year, how do you describe last year? Please choose only one option per row



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Self: In managing through crisis, leaders have become closer to their teams, although the pandemic has taken a toll on their stress levels

Q. Thinking of the past year, how do you describe last year? Please choose only one option per row

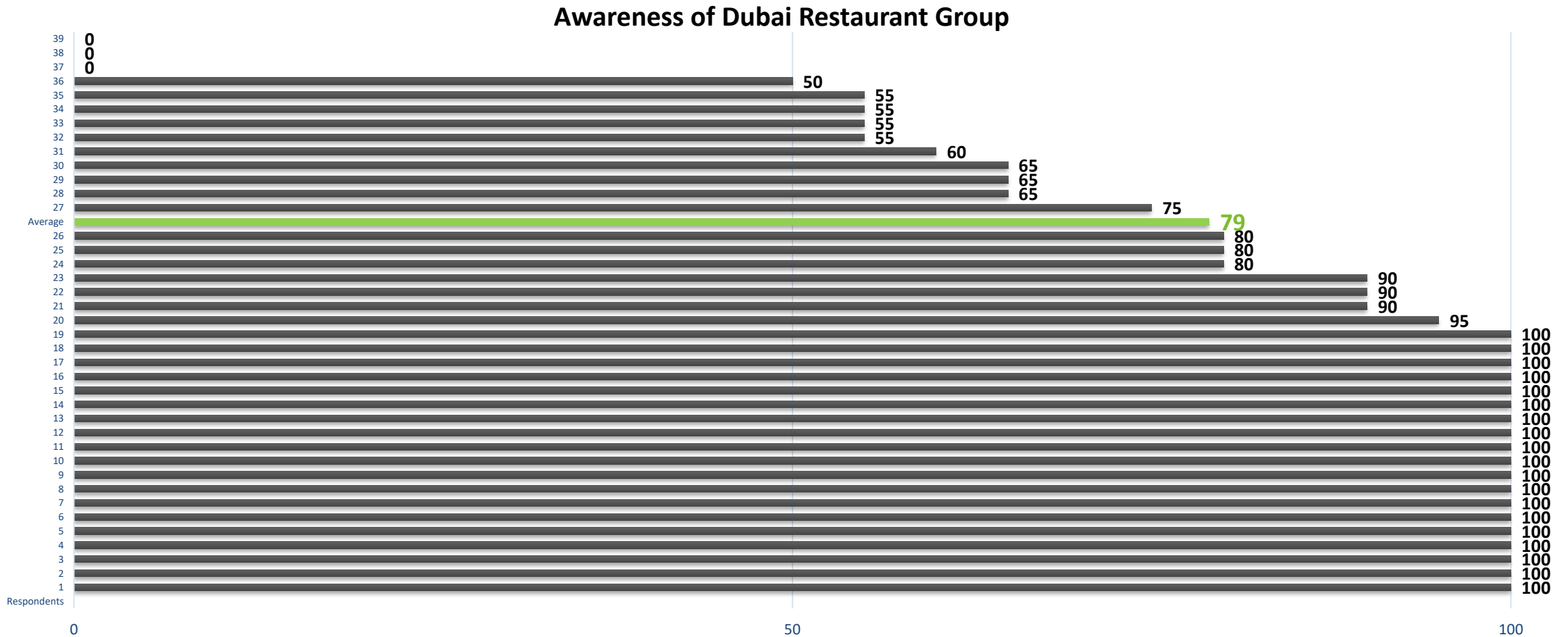


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DRG Priorities

DRG Awareness: An average of 79% of CEOs are aware of Dubai Restaurants Group.

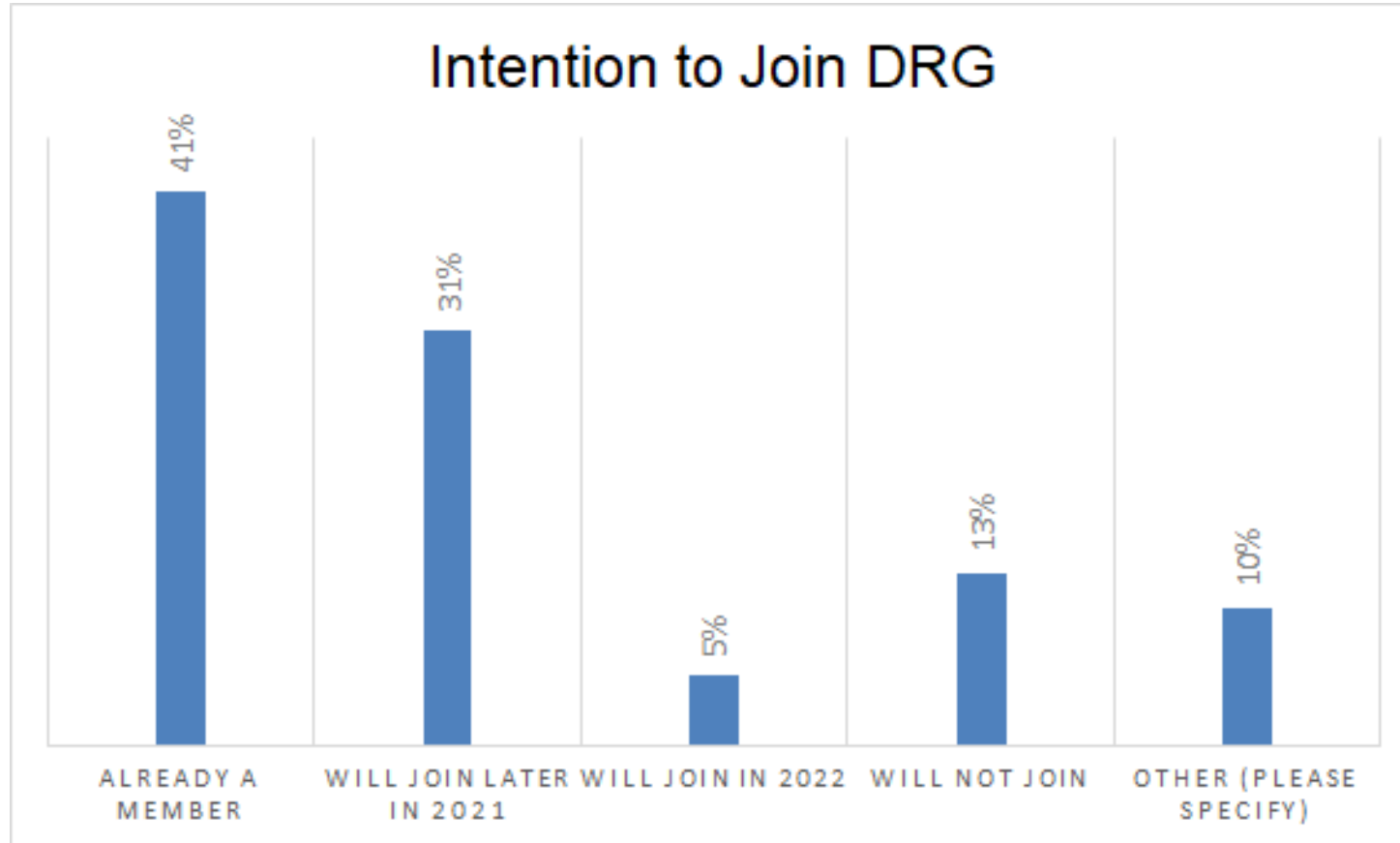
Q. Are you aware of Dubai Restaurants Group (DRG)? 0 being not at all aware and 100 being fully aware



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Joining DRG: 41% of surveyed leaders are already members while 31% more plan to join this year.

Q. When do you plan to join DRG?



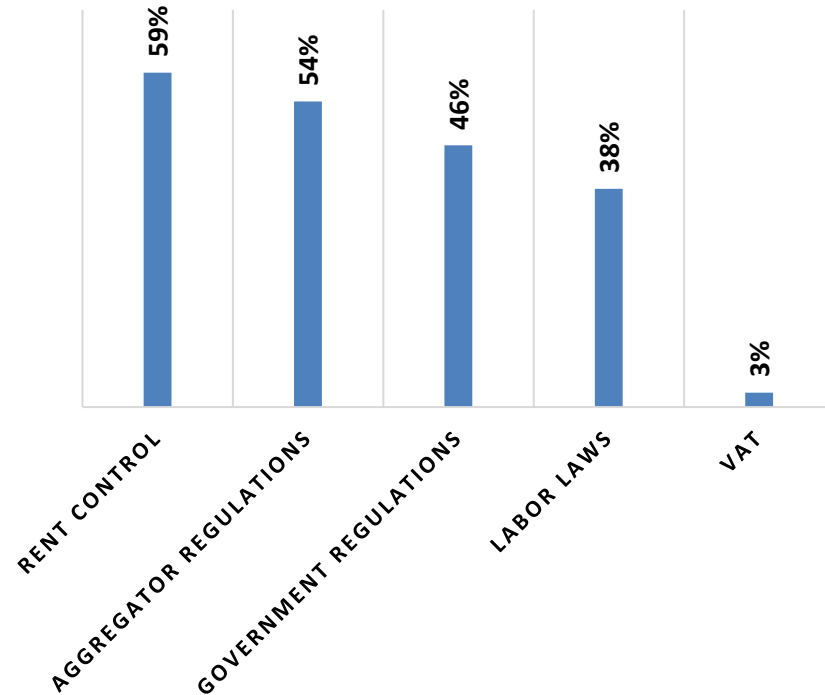
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DRG Focus Areas: CEOs and Owners want DRG to focus above all on rent controls and aggregator regulations

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

Comments

Suggested DRG Focus Areas



- *Hope DRG can become a industry wide data provider so we can understand the Macro & Micro climate in the country to adjust our business. New **Innovations & Solutions** being used globally. **New Tech** is another important aspect where industry needs help. Networking is another one*
- ***All of the above.** They all go hand in hand. The government is already doing well when it comes to supporting the businesses in whichever way possible and it is something we do rely on when it comes to be able to do our business without much restrictions but also to have **fees reduced, ease of payments, penalties reduction** etc.... However do not turn the market into dark kitchens and lose the importance of having and supporting F&B venues, hospitality and service to remain the focus that makes Dubai the best in this industry.*
- *Give restaurants immediate flexibility with **legal casual labor and reduce hiring fees** and give restaurants upper hand **when hiring from abroad**. Staff moving for an increase of 100 dhs salary is a huge problem the industry faces.*
- *I believe favorable labor laws and supportive government regulations are equally important. **Landlords & aggregators have to be regulated.***
- ***Opening up Employment Visas** for employees from native countries.*

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Key Findings Summary

Summary

COVID period has seen a significant deterioration of industry players' financial position

Majority of industry leaders foresee a normalization only after June 2022

Cautious optimism on Expo 2020's impact to the industry with a need to focus on longevity of positivity

More support is critical from landlords, aggregators, as well as banks and public sector

DRG already established as a representative entity for the industry; expectation is it's focus to tackle rental terms, aggregator economics, as well as support with government regulations

Thank you

