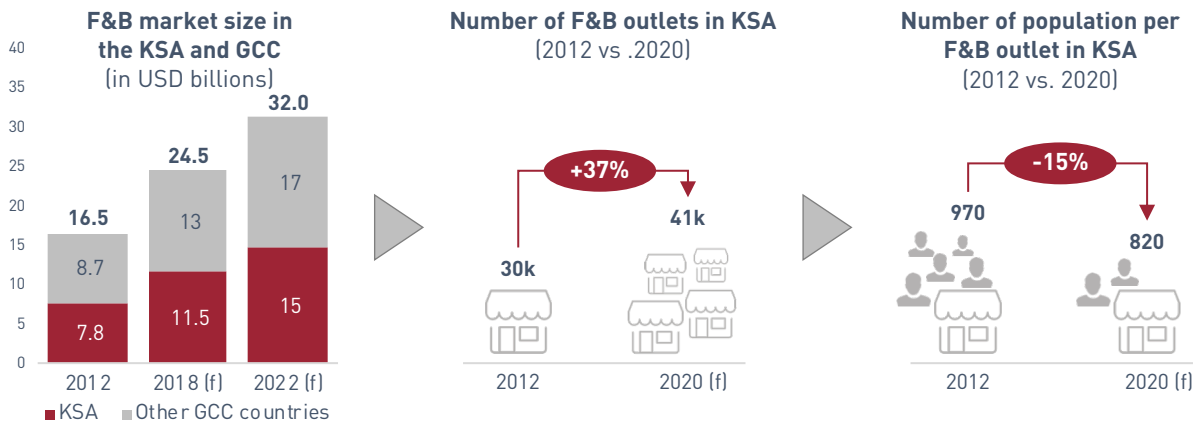


# Lean Food & Beverage

Lean in the F&B industry aims to increase the efficiency of processes, reduces stock and the cost of the supply chain. In the background, operations increases the freshness of the products and ensures maximum seating, space and staff utilization by maintaining the best customer experience.

## Market trends in the F&B industry

The KSA F&B market is on course to nearly double its size from 2012 to 2022, however increased competition is leading towards a drop of 15% in terms of population per outlet over the same period

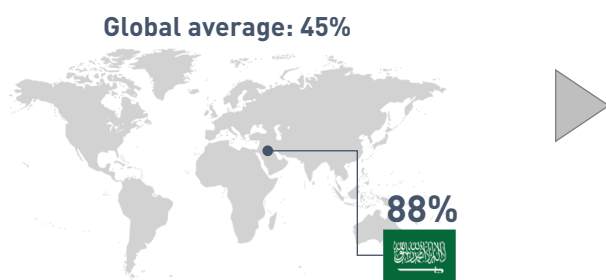


The 'decade doubling' of the GCC F&B market size from 2012 to 2022 is attracting the industry players to increase the number of outlets by presumably 37%. Such heightened competition will force outlets to operate more efficiently to maintain market share and profitability.

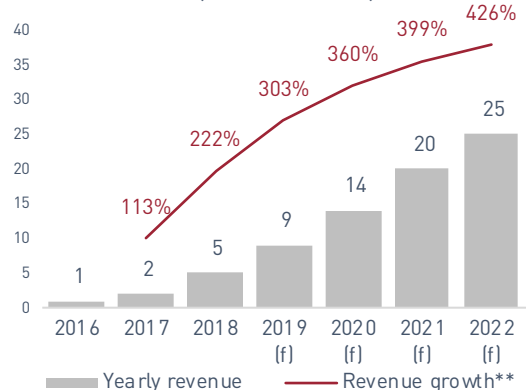
## Consumer behavior in the F&B industry

The smartphone penetration rate in the KSA is twice the international average, which leads to a platform-to-consumer-delivery\* market revenue growth of 2,500% from 2016 to 2022

Smartphone penetration rate in 2018 as share of global population vs. KSA



Platform-to-consumer-delivery\* revenue in the KSA (in USD millions)



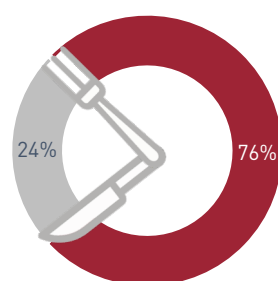
\*Platform-to-consumer-delivery: e.g. deliveries placed on and delivered by the same platform (e.g. Uber Eats, Hunger Station, Zomato, etc.)  
 \*\*Growth rate compared to baseline market size in 2016

In the GCC market and especially in the KSA, a high smartphone penetration rate leads to 76% of F&B customers declaring to research for deals before making a restaurant or food delivery decision



The F&B market expects to receive 58% of food orders in 2020 from online services, with an increasing rate of 3.7% per year.

Opinion of consumers in KSA about importance of deals in the food and beverage market



- Deals influence my choice
- I rarely, or never use deals

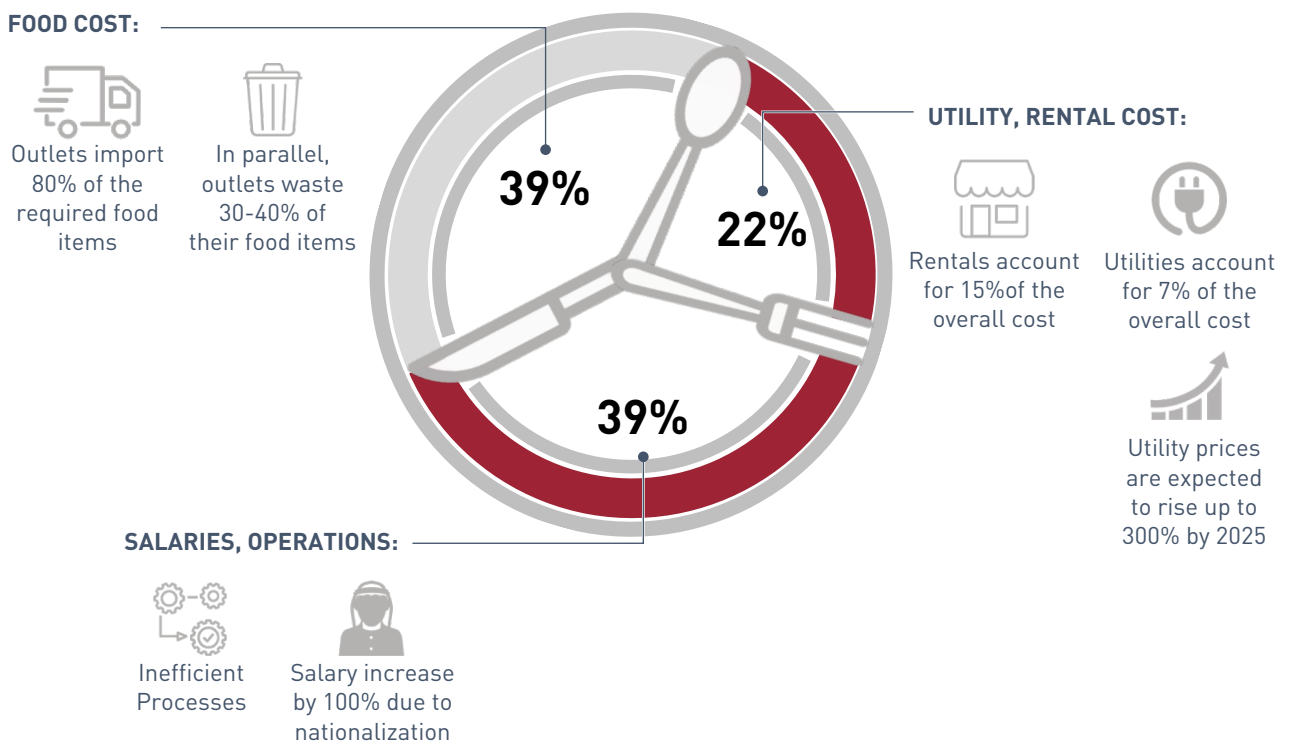
The consumer shift towards connectivity and the real-time availability of information raises awareness of deals and online price comparisons as an on-demand service. With such a price sensitive market, outlets can no longer rely on traditional strategies and are highly vulnerable to cutting cost while maintaining quality.

## Challenges for service operators in the F&B industry

New consumer trends, shifting market dynamics, digitalization, and changes in regulations lead to an increased cost pressure on food service operators in the KSA.



## Typical cost structure for service operators in the F&B industry



## Advantages of Lean management in the F&B industry

Lean management can support food service operators in creating competitive advantage over competition.



### OPTIMIZATION OF FOOD HANDLING

- Focusing on streamlining food processes to reduce raw material & finished goods waste.
- Introduction of Lean principles to optimize ergonomics, food storage and handling.

### OPTIMIZATION OF UTILITY MANAGEMENT

- Redesigning layouts to optimize space management in order to eliminate the need for additional capex or rentals.
- Implementing centralized kitchens for semi-finished goods and all products with a longer shelf life.
- Increase of service levels of the branches and elimination of overproduction and waste of space.



### OPTIMIZATION OF OPERATIONAL COST

- Connecting processes to increase speed of delivery improves product freshness.
- Introducing Lean principles to efficiently produce only what customers order and removing processes that can be centralized.
- Adapting headcount based on newly structured processes in operations.

## Global benchmark in F&B industry

Lean implementation success stories can be found all over the F&B industry and are consistently showing positive results



## Four Principles results in F&B industry

Four Principles has experience in helping restaurant businesses in KSA to improve customer lead time, enhance food freshness and achieve significant optimization of processes and service to continue growing in a sustainable manner

