





Geopolitical Aftershocks:
How Geopolitical Turmoil is Reshaping Global Foodservice Market

The Israel– Hamas conflict, which began on October 7, 2023, witnessed a brief ceasefire on January 19, 2025, facilitated by Qatar, Egypt, and the U.S., aimed at humanitarian aid and prisoner exchanges. This truce collapsed on March 18, 2025, due to renewed violence, bringing negotiations to a halt and resuming hostilities.

These political uncertainties contribute to a volatile business environment, impacting investor confidence and regional economic stability.

The economic consequences of the conflict are particularly evident in the retail and foodservice sectors, where widespread consumer led boycotts have affected multinational brands operating in the region.

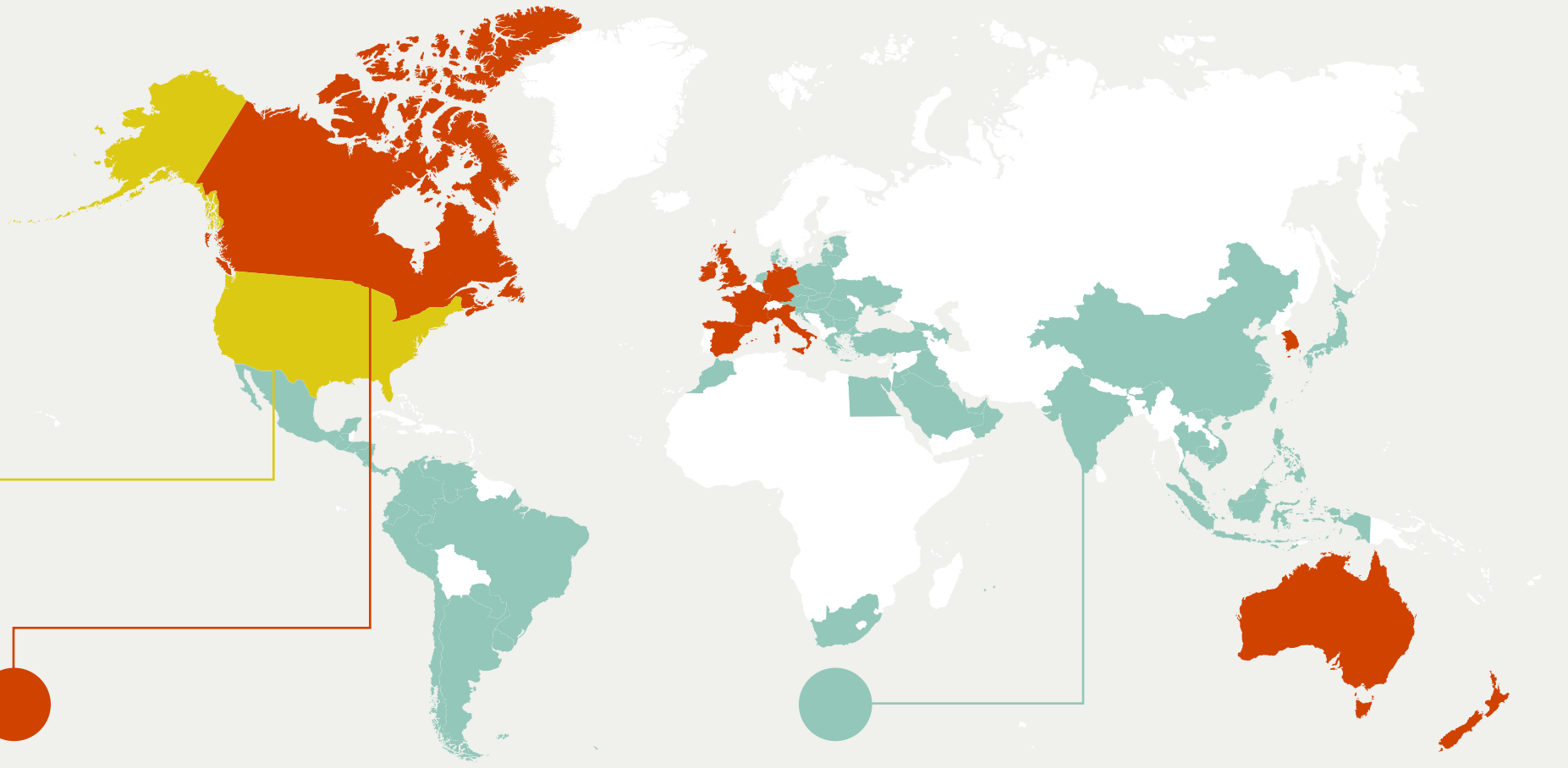
Global Financial Impact on U.S. Brands
 (2023 vs 2024 Growth Rate)

 <p>Drop of 0.1% ↓ in global sales</p> <p>McDonald's reported a 1.0% decline in global comparable sales in Q2 2024 and a sharper 1.5% drop in Q3 2024 —its steepest in four years.</p>	 <p>Decrease of 2% ↓ in global sales</p> <p>Starbucks closed its 2024 fiscal year with a 2.0% decline in global comparable store sales, reflecting continued weakness in consumer demand.</p>	 <p>Increase of 3% ↑ in global sales</p> <p>KFC experienced an 11% drop in system sales in Q2 2024 across MENA and Turkey—the brand's most significant quarterly contraction of the year.</p>	 <p>Drop of 1% ↓ in global sales</p> <p>Pizza Hut faced sustained revenue pressure, with system sales in the Middle East and Africa declining each quarter from Q4 2023 to Q3 2024, recording its largest drop of 8% in Q1 2024.</p>
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Global Impact on U.S. Major Brands

McDonald's

McDonald's Corporation faced significant challenges in 2024 due to geopolitical disruptions, economic pressures, and food safety concerns.

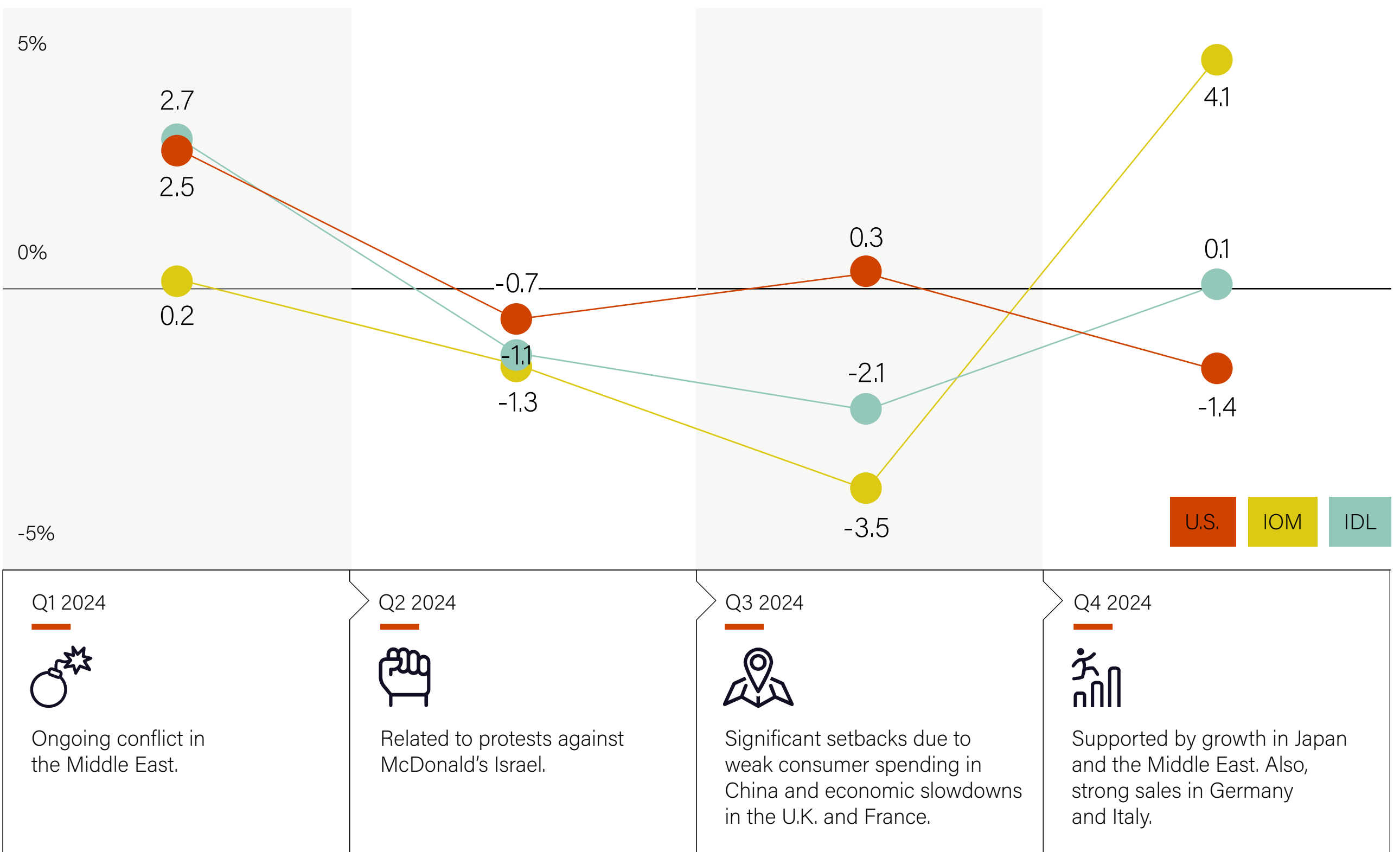


U.S.
McDonald's largest single-country revenue source, encompassing all operations within the United States and serving as a primary driver of the company's revenue growth and strategic innovation.

International Operated Markets (IOM)
Company-operated and franchised restaurants in key developed markets outside the U.S., where McDonald's maintains direct ownership or operational control rather than relying on independent franchisees. There are more than 19 markets or countries under this segment including Australia, Canada, France, Germany and the U.K.

International Developmental Licensed Markets & Corporate (IDL)
IDL markets are managed by local operators who oversee business operations, while McDonald's offers brand support, expertise, and ensures adherence to global standards. Countries under IDL are Latin America, Middle East & Africa, and Asia.

Revenue Impact



Impact of Boycotts

The comparable sales growth rate declined across all segments from Q2 2024 to Q3 2024. The impact on the overall growth rate did not become significant until Q2 2024.

Full year 2024

0.1%

decline in sales

U.S.
0.2%

IOM
-0.2%

IDL
-0.3%

As a result of global boycotts and geopolitical tensions, sales have declined, and the brand image has deteriorated.



Leadership Change

Brian Niccol, former CEO of Chipotle, was appointed as CEO on September 9, 2024, to spearhead a corporate turnaround.

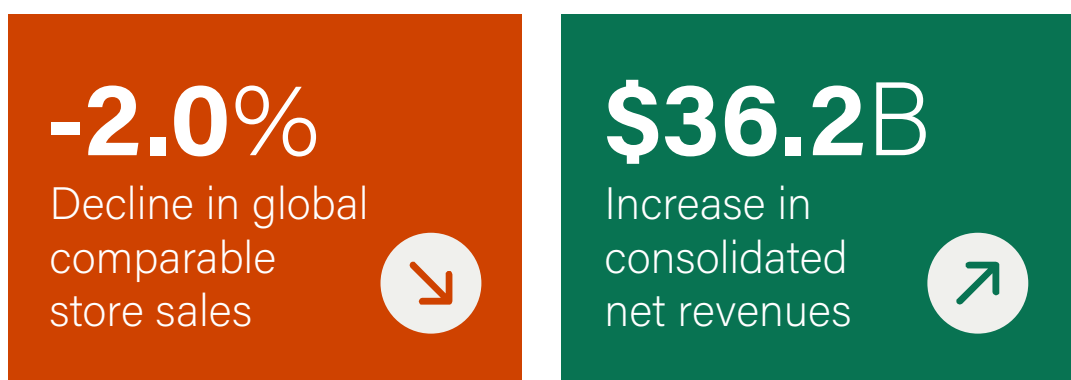
Strategic Plan

The new management introduced the "Back to Starbucks" plan, focusing on four key strategic pillars

- 1 Empowering employees
- 2 Enhancing customer experience
- 3 Reestablishing Starbucks as a community coffeehouse
- 4 Strengthening brand identity

2023 vs 2024

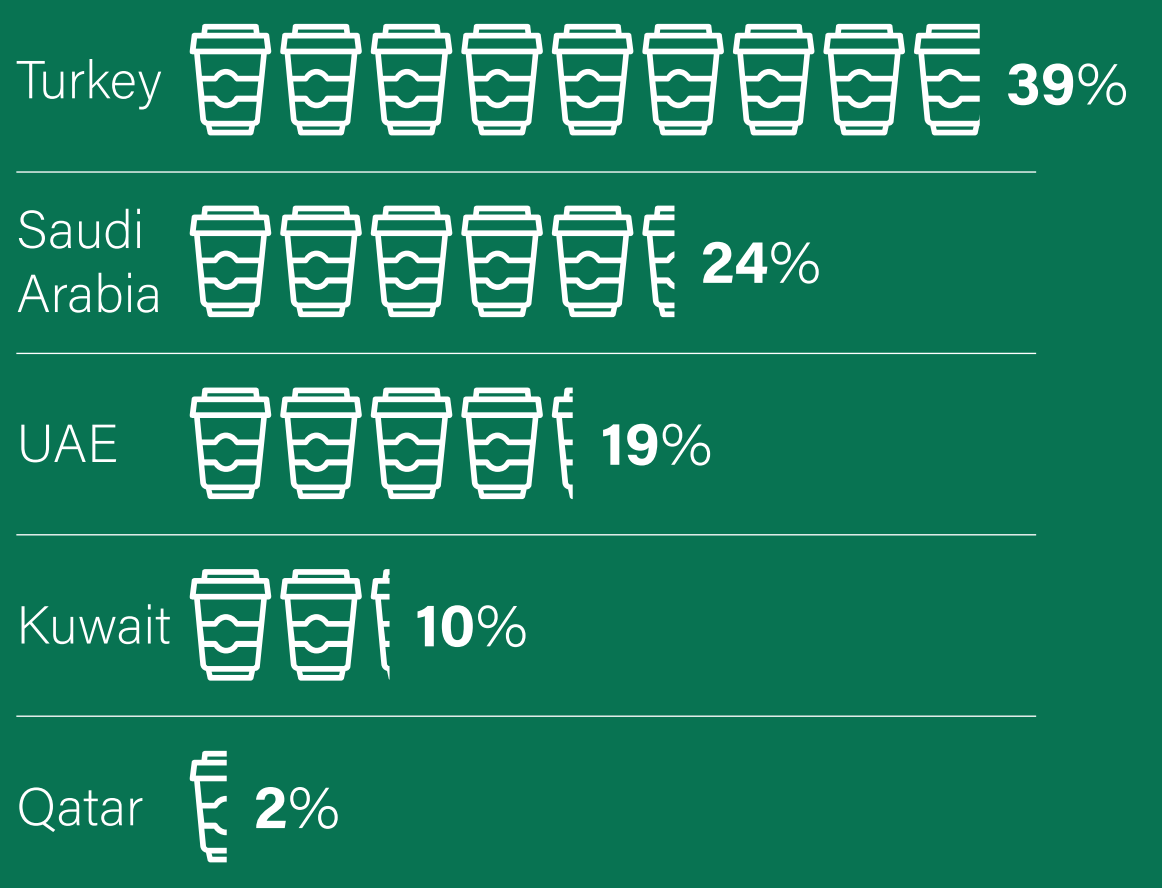
Financial Performance



This performance reflects lower-than-expected customer engagement, attributed to a cautious consumer environment and limited returns from strategic investments.

MENA Sales Contribution

by Country

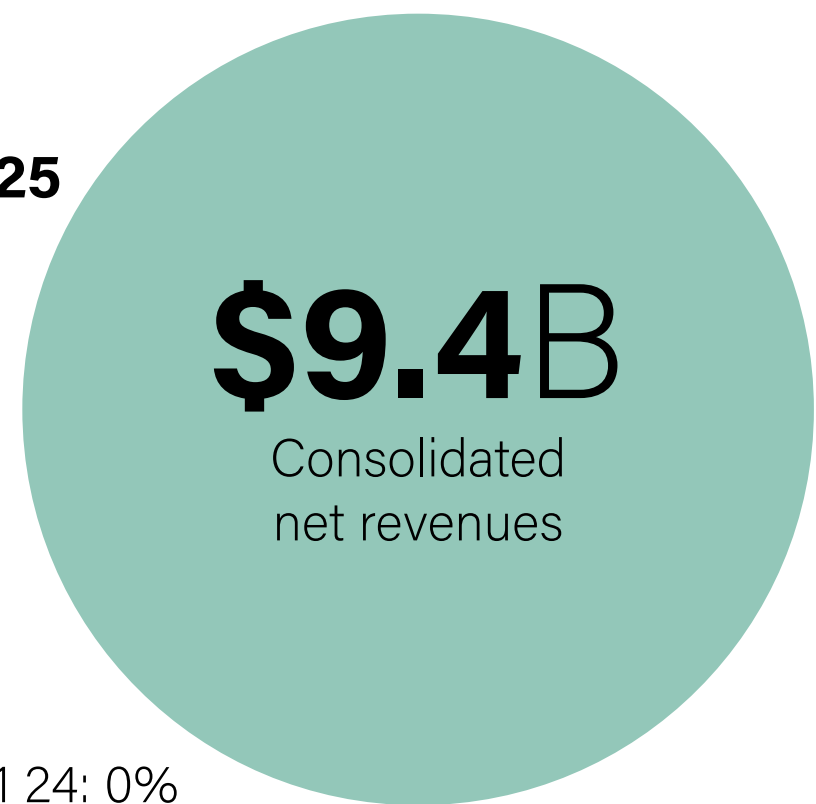


5 Year Expansion Plans

Starbucks' strategic responses underscore its commitment to overcoming regional challenges and driving growth.



Q1 FY 2025 Results



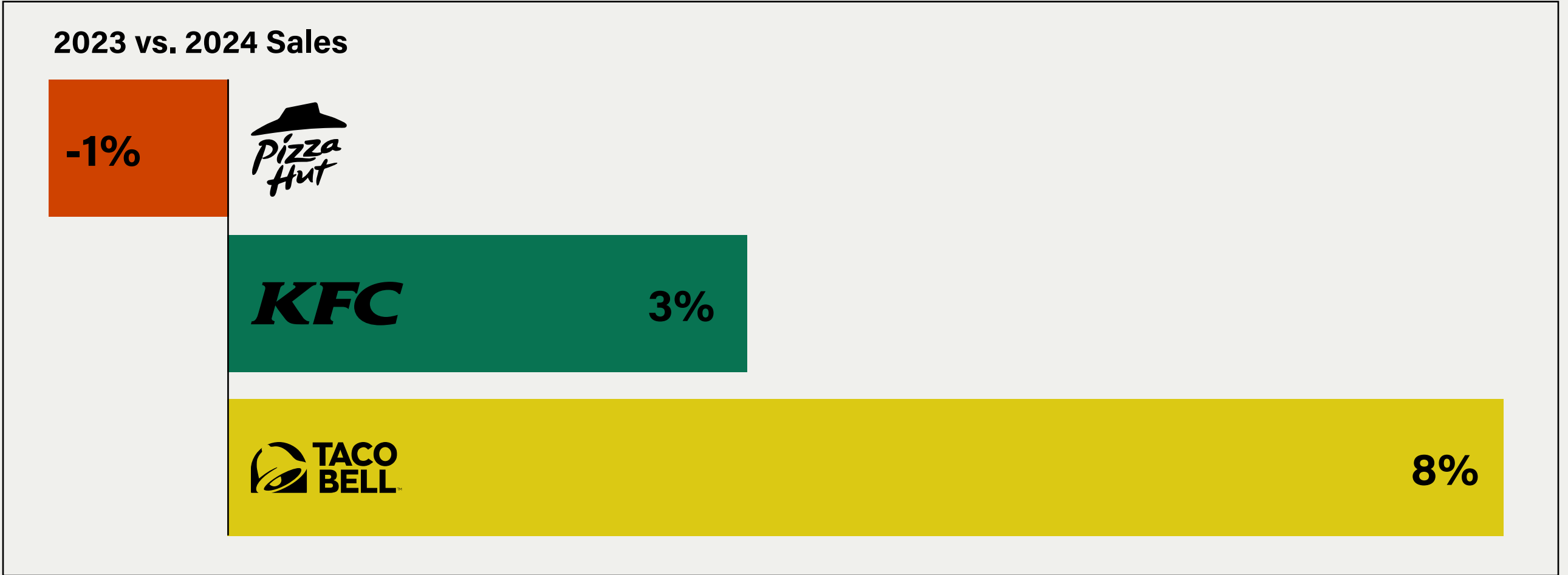
Q1 25 vs Q1 24: 0%
Q1 24 vs Q1 23: **8%↑**

* From October 2024 to December 2024, Starbucks reports its Q1 results for fiscal year (FY) 2025

Global Impact on U.S. Brands
Yum! Brands

Yum! Brands, Inc.—the American multinational fast-food corporation behind iconic names like KFC, Pizza Hut, and Taco Bell—proved its resilience in 2024 by leveraging strategic expansion, digital innovation, and operational efficiency.

The company achieved a 4% growth in global system sales, with Taco Bell leading at 8%, KFC at 3%, and Pizza Hut declining by 1%.

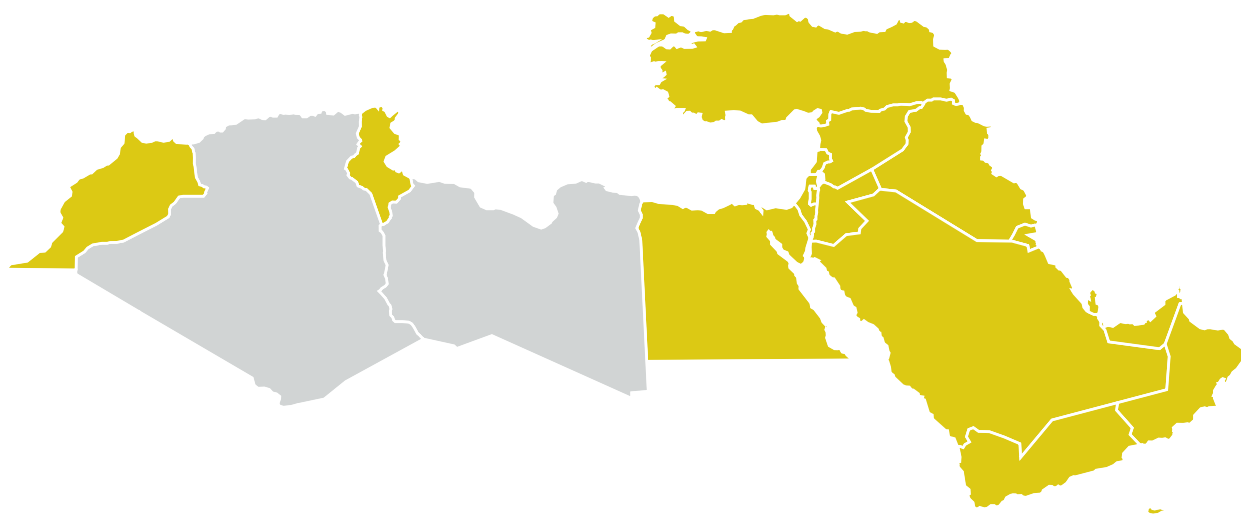


Regional Impact on U.S. Brands

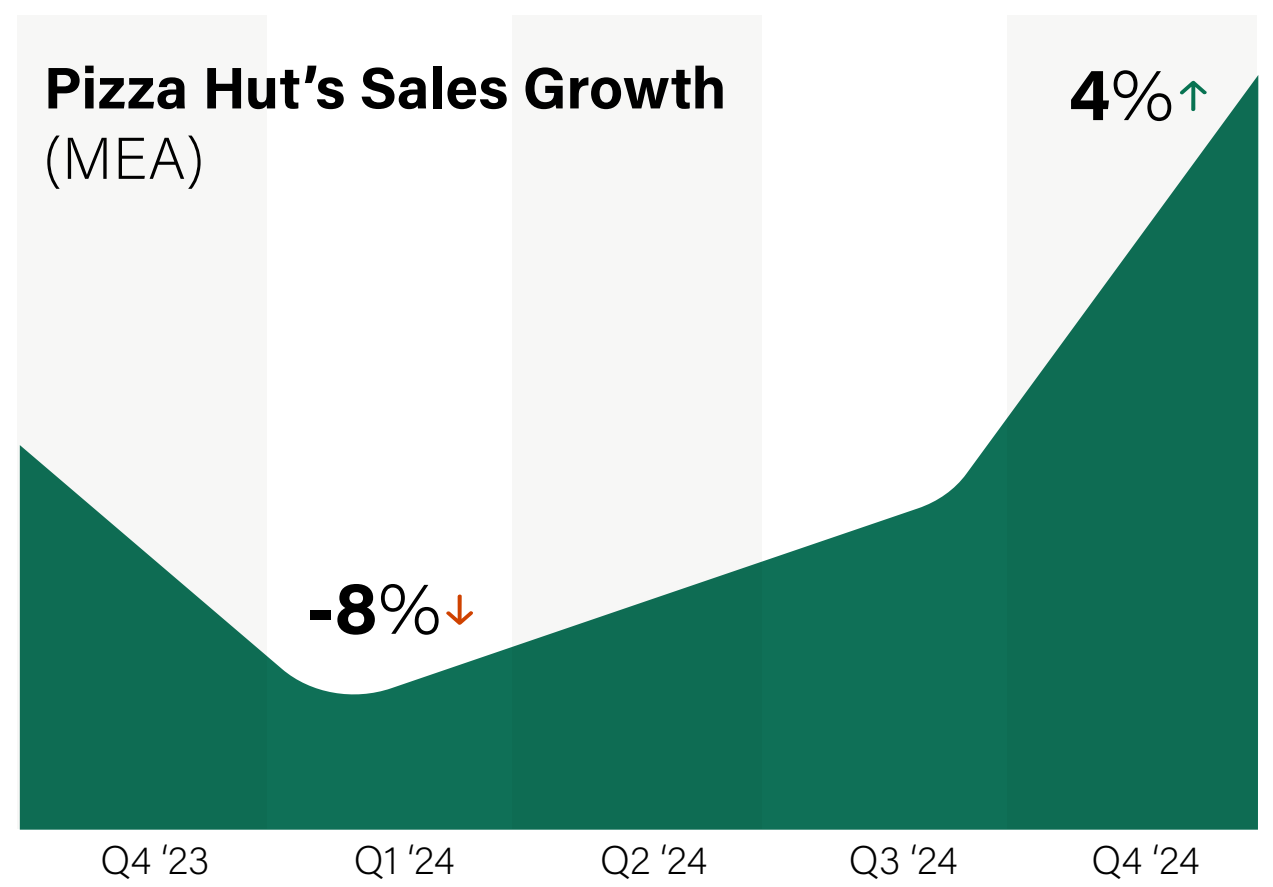
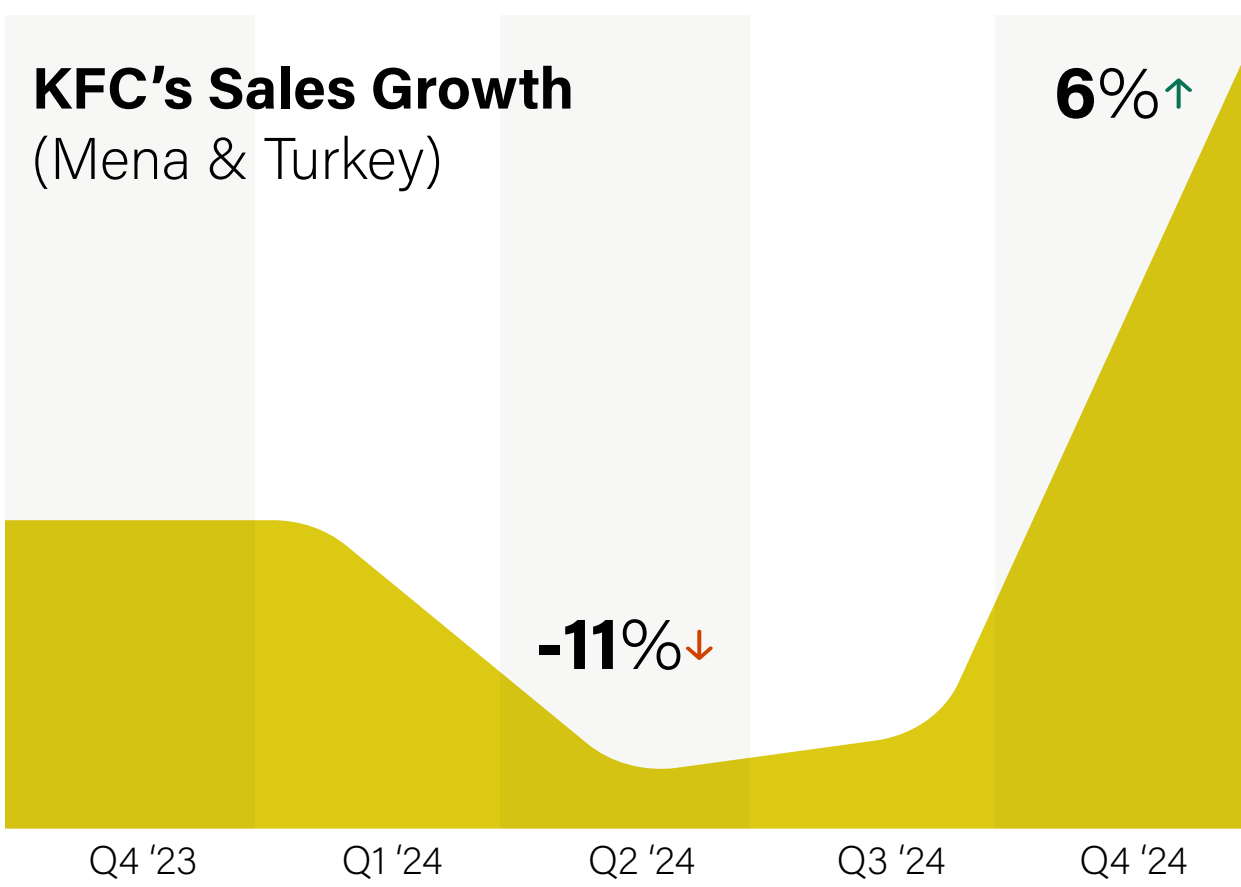
Despite Yum! Brands Inc.'s overall growth, KFC and Pizza Hut saw significant sales declines in the Middle East, Africa, and Turkey during 2024, driven by regional tensions and boycott activities.

KFC sales dropped 11% in Q2 2024, while Pizza Hut posted an 8% decline in Q1 2024. Both brands showed recovery in Q4 2024, with 6% and 4% growth, respectively.

MENA & Turkey region



MEA region






On January 8, 2025, Yum! Brands, Inc. announced the termination of its franchise agreement with IS Gıda A.S. in Turkey due to the latter's failure to meet Yum! Brands' standards. The effects of this development are not yet reflected in the chart above, as it pertains to sales data from 2024.





Regional Impact on U.S. Brands Americana Group

Americana Group experienced a 9% revenue decline, bringing total revenues to \$2.20 billion. This was primarily driven by regional geopolitical tensions, softer consumer demand in key markets, and unfavorable foreign exchange fluctuations.

Financial Performance

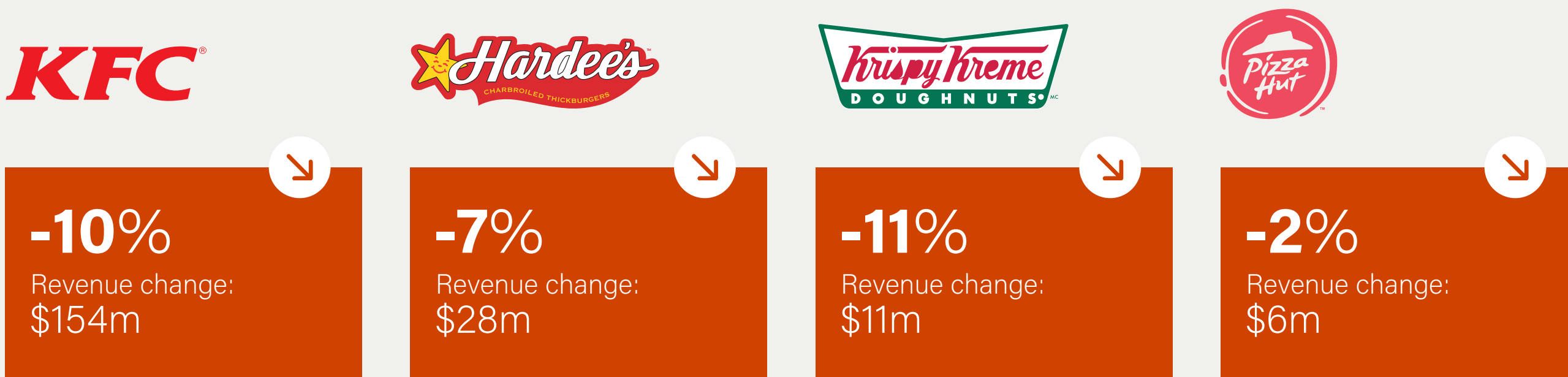
	2022	2023	2024
 Revenue Growth in Q4	12%	33%	14%
 Revenue	16%	2%	-9%
 Net Profit	27%	0.1%	-39%

Brand Expansions

	2022	2023	2024
 New Stores in Middle East	57%	46%	-15%
 Restaurants	9%	12%	6%
 KFC Outlets	5%	9%	6%
 Pizza Hut Outlets	16%	17%	8%

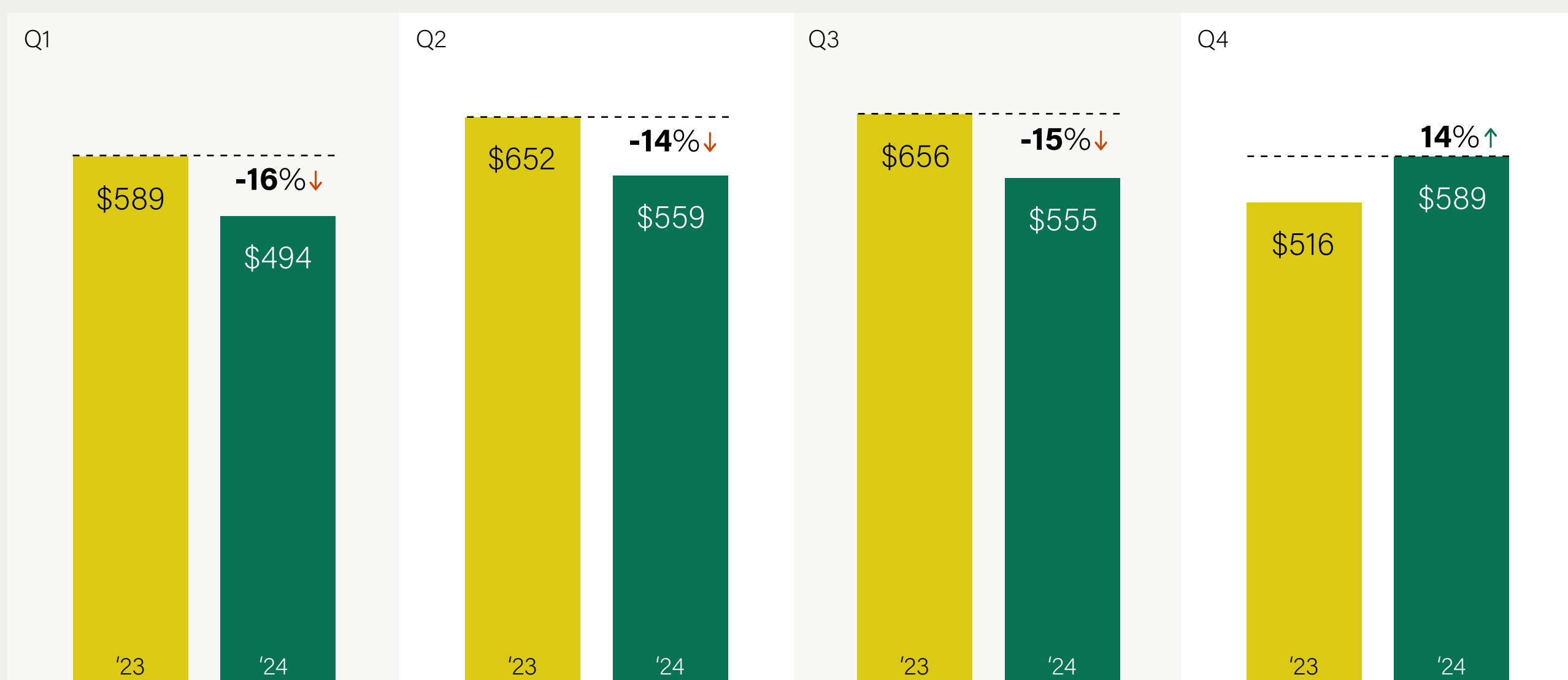
Brands' Performance (in millions)

Americana Group's Major Brands 2023 vs. 2024 Sales Performance (Year-on-Year Growth)



Revenue Impact (in millions)

Despite geopolitical tensions in the Middle East and political shifts in Kuwait, several brands reported revenue improvements:



Impact on Kuwait's Foodservice Industry

The sustained impact of geopolitical and economic turbulence has weighed heavily on the foodservice industry, particularly affecting major U.S. brands. Since the escalation of regional conflicts in late 2023, these companies have faced significant setbacks, including supply

chain disruptions, fluctuating consumer demand, and heightened operational risks across critical markets—challenges that have gradually trickled into the Kuwait foodservice scene, amplifying pressures on local operators and stakeholders.



Major U.S. Brands' Performance

-73%

(November 2023)
geopolitical
disruptions and
consumer boycotts

-53%

(September 2024, slow recovery)
below their
September 2023

Impact

The foodservice sector experienced continued declines, including local brands, due to external economic and political pressures, which weakened consumer confidence and spending.



Recovery

U.S. brands across all categories showed signs of gradual recovery.

Strategic
market
adaptations

Localized
marketing

Operational
restructuring

Final Quarter Trends

Despite local and global economic pressures, the rate of decline eased slightly with marginal recovery where major U.S. brands demonstrated continuous and significant recovery.

7.9%

Growth (Benefiting
from seasonal demand
and promotional
efforts)



In Kuwait's foodservice industry, brands are categorized by both origin, consumer perception and market footprint. Major U.S. Brands, such as Starbucks and McDonald's, are distinguished by their iconic global status, deep cultural association with American identity, and long-standing dominance in the local market.

Minor U.S. Brands, such as Pizza Hut, Papa John's, Caribou Coffee, and The Coffee Bean & Tea Leaf,

are also globally recognized with strong regional presence, but are seen as less representative of American culture and typically play a secondary role in shaping local consumer trends. Local Brands are foodservice businesses that are based in Kuwait or owned regionally. They are created locally and designed to match local preferences, offering culturally relevant alternatives to international chains.

Impact on Kuwait's Foodservice Industry

U.S. Major Brands' Minimal Recovery

The recovery accelerated, with **growth rates ranging between:**



Major U.S. brands experienced a gradual but consistent recovery from August to September 2024, each recording a 1.1% growth rate, following a remarkable upturn in July. Some locations, especially those in residential areas, have nearly returned to pre-conflict sales levels, reflecting steady improvement.

U.S. Minor Brands' Notable Highlights

Despite geopolitical tensions in the Middle East and political shifts in Kuwait, several brands reported revenue improvements:



- Driven by strategic branch expansions
- Promotional campaigns
- New product launches



- Boosted market share via kiosks and Shop in Shop (SIS) outlets.



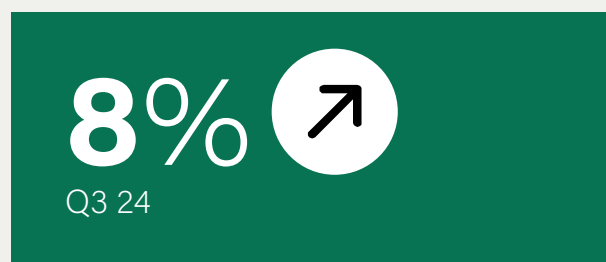
PAPA JOHN'S

- Effective marketing campaigns and discounts on delivery platforms such as Jahez and Cari



Local Brands' Strong Performance

Local specialty coffee shops recording significant boost in sales.



MILK

BUN

- The company recorded a high sales growth, driven by strategic expansions and new outlet openings.

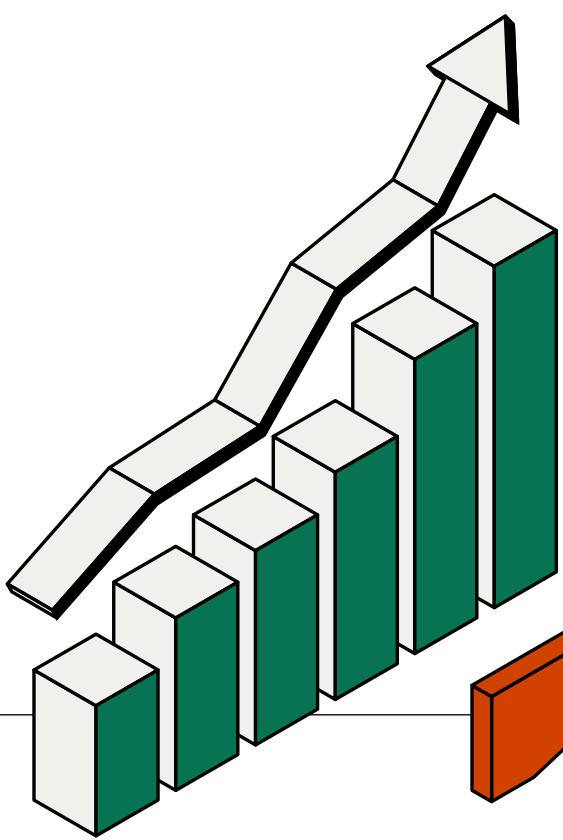


- Sales surged, supported by its innovative product launch strategy, which resonated well with local consumers.

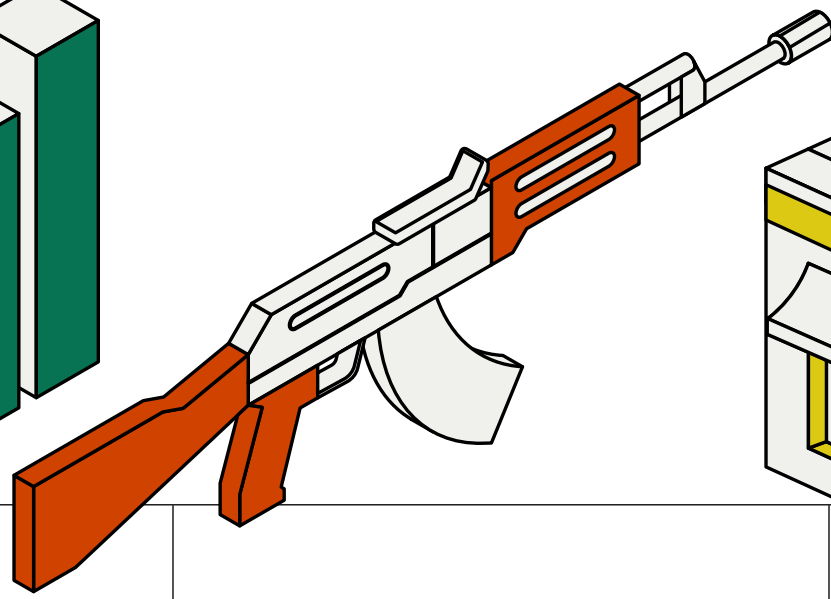


- Revenue surged at the peak of the boycott and continued to build momentum, driven by intensive promotional efforts on various delivery platforms featuring exclusive offers and discounts.

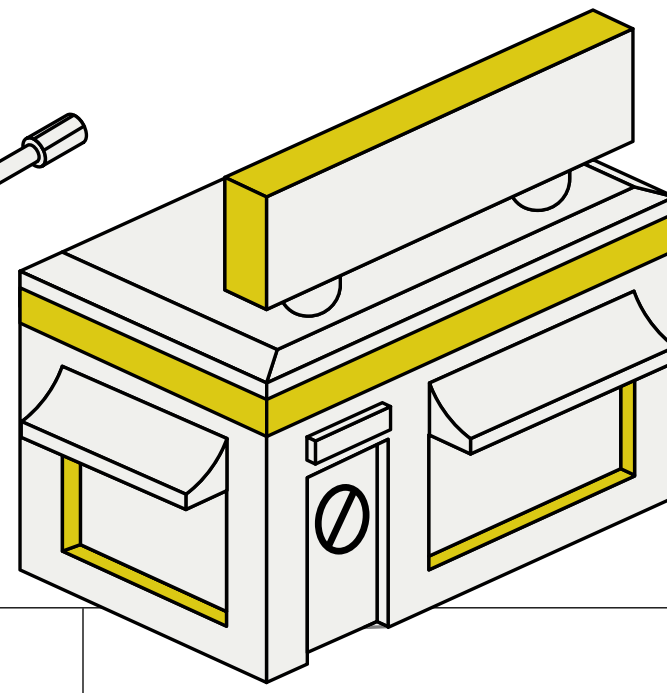
Projected Boycott Duration



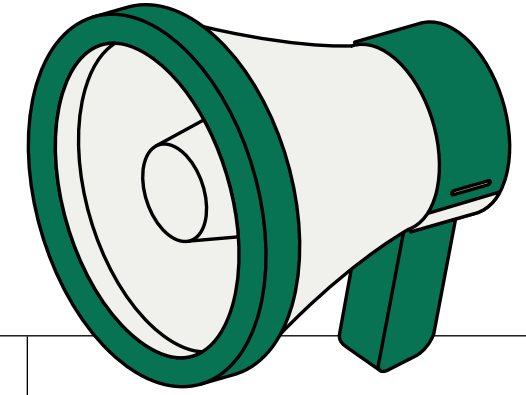
Major U.S. foodservice brands could be experiencing the early stages of sales rebound in parts of the Middle East, as consumer traffic gradually return despite lingering tensions.



However, if planned ceasefires continue to collapse, it could reverse recent gains, triggering renewed boycotts and consumer pushback.



Renewed violence may continue fueling anti-brand sentiment across key regional markets.



Sales rebound might remain uneven and fragile. While brand resurgence is possible, it will likely depend on effective localization efforts, rebuilding consumer trust, and a strong ability to adapt to ongoing geopolitical shifts.

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**Credible market estimates
with localized insights**

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