

Warsaw: a hidden potential



Chadi Chidiac, managing partner of PROTOCOL hospitality management and consultancy shares insights on the Polish markets

Market profile

Warsaw, with a population of 1.7 million and a GDP per capita reaching Eur 28,000, and with a cost of living of around Eur 950/month, yields a healthy disposable income of approximately Eur 1,380. This is boosted by the 8.5 million tourists, including 2.8 million foreign tourists who increased occupancy rates to around 60.3 percent; matching the EU average of 60.85 percent.

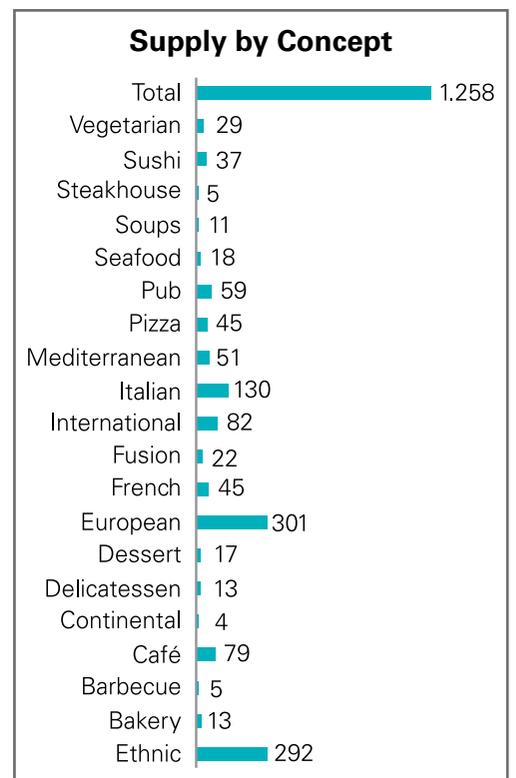
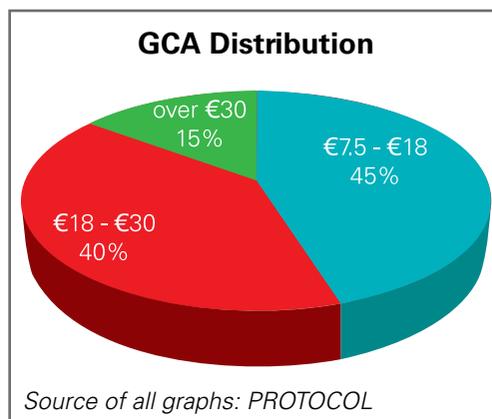
Supply by concept

A recent study by PROTOCOL in early 2014 showed that Warsaw numbers approximately 1,258 restaurants offering 133,000 seats. While dominated largely by European concepts ethnic cuisine units number 292, with 130-strong Italian restaurants. International concepts and coffee shops also have a strong presence, with 79 outlets. A weak presence of international chains was recorded.

Average check repartition

The same PROTOCOL study showed that Warsaw's restaurants charge a relatively lower guest check average (GCA) than any other Western European capital. There are

numerous restaurants around the old town square and along the "royal route", but many of these are expensive. There are some great finds in the diplomatic quarter, Powiśle, and Praga neighborhoods. PROTOCOL grouped average checks findings into three pricing tiers: Eur 7.5 to Eur 18, Eur 18 to Eur 30, and over Eur 30. The first tier was recorded in 45 percent of the operating units, 40 percent of restaurants within the Eur 18 to Eur 30 bracket, and 15 percent for the over Eur 30





Wojciech Amaro

regardless of their star-status, receive another designation – "fork and spoon", as a subjective reflection of the overall comfort and quality of the restaurant.

Startup investment

Investing in Warsaw's restaurant business might be a good idea. Paying a higher lease is worthy in exchange of a prime location for a good return potential. A lucrative investment should target concepts with a lower start-up cost selling fast moving goods with high CM yielding higher gross profit. Investors should look for operations with minimum overheads though requiring less return-per-seat or per-square-meter per year to break even. Investments should go for a less labor-intensive operation, thus requiring less skilled personnel and lower payroll though transferring to a lower labor cost. A startup budget for a 140-seater full-fledged menu in Warsaw might be a good investment needing a relatively low startup budget allocation of around PLN 459,540.00, equivalent to Eur 159,000.00.

Consensus

Warsaw has come a long way fast, and nowhere is the urban vibrancy more apparent than in the city's progressive culinary scene. Today one can find worldwide quality dining experiences. As the Polish palate is developing, so too is the service industry, though incompetent service is still far too common. On the other hand, findings also showed that some venues have closed and others will close their doors if business is slow. Some 'resto-bars' employ different sets of hours for bar and kitchen and/or some other operators might rely on menu prices adjustment to save their margins and sustain their businesses.

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bill. Warsaw has a low ratio of 0.07 per capita or around 12 individual per seat-day excluding tourists. This is considering 10 percent of the Eur 1,380 monthly residual income channeled for eating out by 1.7 million, the same as a restaurant bill size of around Eur 235,000,000 spread over 1,258 restaurants yielding around Eur 187,000 per unit per month.

Epicurean epicenter

Warsaw has become the epicurean epicenter of Poland. If you need a quick bite try a zapiekanka, a 'Polish pizza' made up of half a stale baguette split lengthwise and topped with melted cheese, chopped mushrooms, ketchup.

Poland's first restaurant to receive Michelin's Rising Star award guides its guests through a modern version of Poland's culinary traditions. Its top chef and owner, **Wojciech Amaro**, created his auteur restaurant after 20 years of searching for exquisite products all over Europe. Working for top world restaurants – Le Meurice in France or El Bulli in Spain, both of which have 3 Michelin stars – have made him believe that good quality and local ingredients are key.

He says the chef's talent and vision lie lower down on the priority list. "I've travelled around Poland for a year and half, preparing myself for the creation of my Atelier and searching for the best foods possible," Wojciech Amaro told PROTOCOL. In 2013, Michelin's recommendations got 40 restaurants in Poland – 21 restaurants from Warsaw and 19 from Krakow. All listed restaurants,

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Top-rated Warsaw restaurants

Restaurant	★	🍴	🍴	🍴	🍴
Atelier Amaro	X		X		
Amber Room		X			
Pod Gigantami		X			
AleGloria			X		
Belvedere			X		
Michel Moran – Bistro de Paris			X		
Platter by Karol Okrasa			X		
Polska Różana			X		
San Lorenzo			X		
Tamka 43			X		
Concept				X	
Concept 13				X	
Dom Polski				X	
La Rotisserie				X	
Rozbrat 20				X	
U Fukiera				X	
Butchery & Wine					X
Boathouse					X
Merliniego 5					X
Qchnia Artystyczna					X
U Kucharzy					X

Startup Cost

Description	Avg Cost PLN	Avg Cost
Wet works	PLN 198,720.00	48,000.00
FFE	PLN 103,500.00	25,000.00
SOE	PLN 22,770.00	5,500.00
Kitchen Equipment	PLN 144,900.00	35,000.00
Storage	PLN 41,400.00	10,000.00
Sound & Light	PLN 18,630.00	4,500.00
Dining Room Equipment	PLN 103,500.00	25,000.00
Signage	PLN 14,490.00	3,500.00
Shop Fitting	PLN 10,350.00	2,500.00
Sub-Total	PLN 459,540.00	159,000.00