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## MOLTO BENE AT VAPIANO

By Kimberly Tchang

You don't have to be European to love Vapiano. But it helps if you love the lifestyle. And if you relish freshly prepared Italian food and also happen to like a sophisticated, high-tech environment, you are sure to be happy. That's because this five-year-old restaurant chain blends those elements, and others, into an urban-upscale, fast-casual dining concept that has emerged as a popular meeting spot for 20- and 30-somethings who love its Mediterranean decor, its highly personalized — and personal — approach to food, and its chip-card payment system.



Italian name and cuisine notwithstanding, parent Vapiano International is based in Germany, but no matter. The chain is going places. Its first three U.S. units opened in 2007 in the metro Washington area, followed by a fourth in Fort Myers, Fla., in July 2008. A fifth opened in the Chinatown section of Washington this past February, and a sixth is set to roll out in Dallas this month.

Customers order their pasta, salads or pizza at exhibition-style cooking stations throughout the restaurant and can even chat with the chefs as the meals are being prepared. "The whole idea is interactive cooking," said Kent Hahne, president and founder of Vapiano International. "You walk up, you order one of the eight different pastas and sauces, and the process of cooking starts. All the while, you're talking to the cook, smelling, hearing, seeing and using all your senses."

Theater for the diner — that is the way William Bender, a Santa Clara, Calif., restaurant consultant, describes the experience. "A lot of people are interested in having their food prepared in front of them and that kind of freshness," Bender said. "What that does for the brand is let people know that this is a company that cares about quality. And the restaurant's style and design really give it an urban energy."

And for an interpersonal touch, many of the tables are communal, inviting diners to mingle; a lounge area features sleek, red-leather club chairs. Evidently, Vapiano is no place to hunker down with your laptop; Wi-Fi is unavailable, and many of the restaurants forgo TVs. "We're really focused on the social aspect of dining," said Hahne. "We don't want people to sit there and not talk to each other."

Vapiano also puts the customer in control of the dining experience. Upon arriving, diners receive an electronic chip card that they swipe to order food and drinks. On the way out they hand the card to the hostess and pay. The convenience factor is huge, says Bender. "It means that you don't have to wait for a check to be presented and then wait for the server to come back again to make your payment," he said. There are no servers; customers sit wherever they like and move about to order. This system also frees them to eat quickly and leave, or to linger as long as they like.

Vapiano restaurants range from 4,000 to 8,000 square feet and seat about 150. The average check is about \$13.50. The chain is open to any type of retail setting, from urban downtown areas to malls and lifestyle centers. Perhaps just as important as the physical setting is the psychological attitudes of the people, says Hahne. "It's really more about the openness of the customers to accepting a new European model," he said.

Hahne anticipates that the U.S. restaurants will make about \$2,500 in sales per square foot. "We think we should be in the \$3 million to \$5 million range [per year] for each restaurant," he said.

Vapiano's innovative approach earned it a place among Fast Casual magazine's top 100 Movers & Shakers in 2007 and among Ernst & Young's top 100 Entrepreneurs of the Year in 2006.

Bender notes that though chip-card technology is new to the U.S., it is common in Europe and Canada. "It's something that will definitely be coming to the U.S. market in the next few years," he said. "There will be a period of time it will take our market to adjust to that."

So far, though, there seem to be no problems with acceptance. "It's a very busy place, particularly at lunch hour and after work hours. It has caught on as sort of a hip place to meet people," said Julie Mangis, executive director of the Ballston-Virginia Square Partnership, which promotes the downtown urban areas of Ballston and Virginia Square, in Arlington, Va. Vapiano opened its first U.S. restaurant in Ballston in 2007. "The decor is also very tech-oriented, and you sit at high tables, usually a communal table. So it lends itself to people meeting other people and socializing, in addition to having good food. The demographic here is young professionals. The concept of a chip card was not foreign to them, and they adapted to it very rapidly."

Vapiano operates 49 restaurants across 14 countries and expects to open roughly 40 more worldwide by the end of this year. The chain says it plans to roll out an additional 40 or 50 units over the next few years, in North America, Eastern Europe and the Middle East. In the U.S. alone Vapiano has franchise contracts for 10 stores in San Francisco, 10 in Dallas-Fort Worth, five in Houston, three in Boston, three in Chicago, two in San Jose, Calif., and six in Southwest Florida.

One development firm that thinks the Vapiano concept travels well is Rockville, Md.-based Lerner Enterprises. The company leased and managed the second U.S. Vapiano restaurant, in Washington's Dupont Circle neighborhood. And Lerner added Vapiano to the lineup at its Dulles (Va.) Town Center, a super-regional mall, and is talking with the chain about opening other units.

"We're very happy with their addition to both properties," said Mark Kufka, Lerner's vice president of retail leasing. "The food preparation and presentation are unique, and the restaurant has a casual yet sort of urban sophistication to it, coming from Europe," he said.

The state of the U.S. economy being what it is, this may not seem the ideal time to be rolling out a chain. But Hahne says the units open longer than a year consistently posted double-digit increases. "We've been doing well," he said. "I can't say whether it's because people are downgrading from full-service dining, or because it's a new concept." As the chain expands, though, the downturn has actually had some positive effects. "We're getting better real estate deals," he said. "The economic models are getting better for us."