

INTERVIEW WITH HEAD OF ZSIDAI GASTRONOMY GROUP ROY ZSIDAI

“LET’S KEEP IT UP!”

Twelve restaurants – two of them in collaboration with British celebrity chef Jamie Oliver –, two hotels and a few luxury apartments – when it comes to gastronomy and hospitality in the Hungarian capital there is no ignoring the Zsidai Gastronomy Group. With Austria and Spain, the Budapest-based family business has now started venturing into foreign markets as well. We spoke to the head of the group, Roy Zsidai, about his recipe for success, the development of Hungarian gastronomy and tourism, and his plans for the future.

KATRIN HOLTZ & JAN MAINKA

Mr. Zsidai, thanks for meeting us here at Spiler Buda, the latest addition to your restaurant portfolio. How successful was the launch of your 12th restaurant in Budapest?

Things are looking very bright. We have been open for about three and a half months, and although we are still in the offseason it is going very well. We are even doing a bit better than we had imagined.

Unlike your other restaurant locations, MOM Park – where Spiler Buda is found – is frequented primarily by locals. You cannot rely so strongly on tourists as your main customers. Wasn’t that a high risk?

Of course, as a large hospitality company we have an advantage because we have good people in the company, a lot of know-how, and we have already built systems and structures that other restaurants do not have.

Nevertheless, we also have to survive in the local competition. Our clientele here consists of locals to almost one hundred percent. That actually makes it new territory for us.

What gave you the confidence that it would still be a success? Or were you just lucky?

Of course, there is always a bit of luck involved but to a large extent it is all about intensive analysis and much

reflection. So it was not a big surprise for us when the concept worked out. Of course, there are many little things to keep in mind, such as certain dynamics in a location like this: eg, how busy will it be during the week and on the weekends, what are the peaks in consumption throughout the day? We also researched in advance which other restaurants can be found in this area, which occasions are important for our potential guests – do you have to offer breakfast? – and of course we



also checked the property very carefully, if it is suitable for our needs.

Compared to a more touristic location, what other differences are there? Do you have to adjust in terms of service and pricing?

Not really. Every detail needs to be just right no matter the location. However, here we get to try out a lot of things that we cannot do in our restaurants in the Castle District. For example, selling international wines. Most of our customers there only want Hungarian wines, even the Hungarians who come there.

Spiler Buda, on the other hand, has a huge range of wines from the New World. We are probably the only ones in Budapest with such a great selection. That gives locals who already know Hungarian wines well enough the opportunity to taste something new.

An offer like that can work here but I could not have tried it in any of our other locations. This is also what made this opening so exciting.

Judging from your words, Spiler Buda turned out to be a huge success, meanwhile in your other restaurants business is humming as well. It seems like everything you touch turns to gold. What is the secret?

We constantly try to stay on top of all our restaurants. Even if it is not visible from the outside, we are permanently in the process of fine-tuning.

Of course, with a growing number of restaurants, it could happen at some point that we have to close something



down. But that would not be a disaster. Sometimes that is just what happens.

However, we are now trying to grow a little slower and more organically, so we can avoid such a case.

And yet whenever we open a new restaurant it feels like the first time to me. I have butterflies in my stomach every time. It is important that it stays that way. If I approached the matter

with an attitude like “Oh yeah, it will work out anyway”, that is when things start getting dangerous. Like former Intel CEO Andy Grove wrote: “Only the paranoid survive”. That phrase has accompanied me throughout all my businesses.

As a successful restaurateur, do you have any ambitions regarding

a Michelin star or any other gastronomic awards?

This is not a priority for us at the moment. The restaurants are our core business and we have to be profitable. What is important to us above all is to run great restaurants and that our guests love it there. In this regard we are already very successful. We get a lot of positive feedback.

Everyone can do a Michelin star restaurant if you have the right strategy and enough money. But being profitable at it is the real art.

Maybe someday a suitable opportunity will come up for us. At the moment a Michelin star is not something we need or strive to achieve. However, a recommenda-

tion in the Michelin Guide – which we already do have – is much more important for us.

What about your collaboration with English celebrity chef Jamie Oliver? In May 2016 you opened Jamie's Italian in the Castle District and this was followed by the opening of Jamie's Pizzeria at Gozsdu-udvar at the end of 2017. Has working with Oliver proven as fruitful as you hoped it would be?

It is fantastic. It was probably one of the most important steps in our recent company history. We have thrown our name in with that of the most famous chef in the world. My colleagues are in daily contact with London ever since then. We learned

a lot from this collaboration, which also benefitted all our other restaurants greatly.

But I have to stress that for a franchise – which we basically are – we have a rather atypical relationship with the Jamie Oliver Restaurant Group. It is much more flexible and personal than it usually would be. In addition, we are a franchise partner who gives back and brings a lot to the table. For example, we are working together on new concepts. Jamie's Pizzeria was already something new. It was not a pre-existing concept that we just had to copy, instead we developed it together. What opened at Gozsdu-udvar was the first of its kind. [Oliver's restaurant chain in Britain filed for bankruptcy protection in May 2019, closing 22 of its 25 eateries and leaving some 1000 people out of work but not affecting the Zsidai franchise].

So Hungary was the testing ground for this new concept?

It was more of a laboratory really. I think that is a more appropriate term because we have really developed crucial parts of the concept itself.

We are currently working on another new restaurant concept with Jamie Oliver. But unfortunately I cannot reveal any details at this point.

Sometimes I think it is incredible. I mean, we are a family business. There is no company in Central Europe, not just in Hungary, that is comparable to us and has such an influence on international gastronomy as we do. We participate in the development of the market on such a big scale.



Are you also personally in contact with Jamie Oliver?

Well, of course. It is not like I call him every week but we discuss a lot of things directly. There is a lot of trust between the two of us.

Is that the reason why Oliver also entrusted you with the opening of his first restaurant in Austria in 2017? It seems like the more obvious choice would have been to look for a local business partner who knows the market well.

I think it is just logical that Jamie Oliver when he partnered with us assumed that we would not only cover the Hungarian but several markets.

While it is true that we did not have any experience in the Austrian market, I was confident that we can rely on our extensive analysis and good instincts. And in fact, it is going well.

Are you planning further openings abroad together with Jamie Oliver? What happened to the plans that were announced in 2018 that you were looking to open a Jamie Oliver restaurant in Zurich?

We are planning on opening more restaurants but Switzerland is very particular. Many things work differently there. We are still looking for a local partner. But since last year was very busy for us, we are not actively pursuing it for now.

Why go from Hungary to gastronomically saturated markets like

Austria or Switzerland? Why not try your luck in Eastern European neighbouring countries like Slovakia?

The income and purchasing power are not that high there. But also the business culture and the marketability play a role. In Austria and Switzerland I see a lower risk than in Eastern European countries.

What are the biggest differences between running a restaurant in Vienna versus here in Budapest?

People in Austria are willing to spend more money but they are also more conservative in their consumer choices. The Hungarians like to experiment. In Vienna, for example, more people order steak than here. But 80 percent of them want it well done. Whenever Hungarians order steak, 90 percent know they should ideally eat it medium or medium rare to enjoy the maximum taste. That really surprised me.

Jamie Oliver has had to close down most of his restaurants in the UK but your restaurants in Budapest and Vienna were not affected at all. Are you doing something better here than they do in the UK?

If you have 50 restaurants, chances are there are some that are not doing well. Sometimes there can be something wrong with the location or the contracts. Also, the chain had just grown too big for England.

Jamie does three things right now: he upgrades some of the Jamie's Italians to a slightly higher level in

terms of design and quality – that is a strategy that we also employ –, he closes some of the restaurants and he turns others into something more casual. That way he gets a more favourable business structure using the same capital expenditure.

Are there any Hungarian or international companies with which the Zsidai Group serves as a consultant?

We have a partnership with the Kempinski hotel group. After our cooperation in Budapest (ÉS Bisztró in Kempinski Corvinus Hotel), we are also working together now on the Spanish market, in Marbella. There we developed a great catering concept for them. The whole design but also the strategy for the change in management came from us.

So far this partnership is working very well. We would like to continue in this direction. Kempinski has already requested us for a few other locations.

How are things going to continue here in Hungary? What are the next steps?

Of course, we always have a next project in the pipeline and we always keep an eye open for new possibilities. But right now I want to get more involved with our existing restaurants and consolidate our business. We have learned a lot in the past two years. Now it is time to implement this knowledge in all our restaurants.

Your parents once laid the foundation for the success of the Zsidai

ai Group. To what extent are they still involved in business and decision-making today?

They are still very active. My mother does not leave the office before 8 or 9 pm. I think they work even more today than they did 30 years ago. In a nutshell, they are both still participating in day-to-day business and fully involved in every major decision.

For most companies in Hungary, the labour shortage is still a major issue. Do you also encounter this problem?

It got a bit better. I think we passed the bottom of the trough. Either way, we should not exaggerate the topic. I always try to remind my staff that it has never been easy to find new colleagues.

However, what became a problem in Hungary today is that many people have the wrong idea of how much you can earn abroad and how much you should be earning in Hungary.

I consider it fake news that the incomes here are really that meagre. However, it is obvious that we cannot pay the same here that is paid in London. But you also have to take into account the difference in cost of living.

What can you offer to ensure staff loyalty?

First and foremost we are a reliable employer – especially in Hungarian gastronomy, it is still not guaranteed that salaries are paid in full and in a timely manner.

In addition, we offer numerous training opportunities. There is no other restaurant group in Central Europe that offers so many different opportunities in the field of career and personal development. I think in this respect we are the greatest employer in this industry. For this, we have already been awarded various prizes, for example the “responsible employer award”.

Besides the availability of personnel, how have conditions for your industry developed in Budapest?

Many positive things have happened but there is still a lot to do. With the establishment of the Hungarian Tourism Agency came a lot of development in urban marketing. The accessibility of Budapest via airplane has improved as well. However, it is important that we maintain this course for the long term. In addition, we must try to attract different customer segments even more and also develop specific products for them. We need more guests in the high-quality segment. Currently, party tourism is still very strong, which must be steered on the right track in the future. After all, tourism should be sustainable. Even in the party district, it must be possible for everyone to behave properly. Here, I would hold the local government more accountable. If the garbage in the bins overflows, then it has to be emptied more often. After all, every year tourism generates a huge amount of money for the state and the municipality, so they should be willing to give

something back and create better infrastructures.

Where do you still see a need for action?

I think the VAT needs to go down even further. Twenty percent for drinks is just too much. The same goes for hotels. The “5 + 4” VAT regulation for food was a good first step. However, the money that was saved there is almost completely gone because of rising personnel costs.

But apart from taxation, the best advice I could give is: keep it up! We should continue with the measures that we have already taken, just for another 30 years or so. Only this way can we be successful in the long term.

Let's look in the crystal ball at your goals for the next few years. What else do you want to achieve?

I would like to continue in the direction of hotels. I have been interested in hospitality ever since I was a little kid. I can imagine developing even more gastronomy concepts for hotels but I would also like to pursue my own hotel projects. We are always looking for new property to turn into jewels where we can offer customers a certain lifestyle – just like we did with Baltazár or Pest-Buda but maybe on a bigger scale. This is something that I would really enjoy.

Otherwise, I will follow my own advice and continue on the path we are on. It is our big goal to carry on as successful as we are now just for the next 30 years.