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Legend's PizzaExpress set for China expansion, transformation

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Business › Companies

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PizzaExpress, the British restaurant chain acquired by Legend Holdings' private equity unit Hony Capital, plans to boost its number of stores in China 10 times to more than 200 within five years as larger rival Pizza Hut has hit a roadblock in the world's second-biggest economy.

In an interview with the *South China Morning Post*, PizzaExpress global chairman Wang Jinlong vowed to target the premium end of the casual dining market where Western dining among Chinese millennials has become prevalent, with an ongoing nationwide branding revamp and the launch of a "fast casual" brand next.

The vision was laid out two years into Hony's £900 million buyout of the London-based operator of 589 PizzaExpress restaurants worldwide, more than 80 per cent of which are currently in Britain and Ireland.

"We have set a small goal. I hope our business in China can grow by 10-fold in the next five years with all the efforts we are making," said the former chief executive of Starbucks' greater China arm. "Money is not an issue."

That ambition is poised to make PizzaExpress, a favourite among the British middle class but less-known among Chinese diners with only 29 outlets, one of the biggest upscale Western fast-food restaurant chains in China in the years to come.

"A first step we are taking to bolster our high-end appeal is to rebrand PizzaExpress as PizzaMarzano and replace the characters in our Chinese name with those delivering a classier meaning," said Wang, who is also the chief executive of PizzaExpress' China unit.

The expansion comes despite the lacklustre performance by Yum China's Pizza Hut chain, which has been plagued by a waning appetite among Chinese consumers and a food safety scandal that tarnished the brand's image in 2014. The struggling pizza maker, with hundreds of stores in China, was recently spun off by its US parent Yum Brands.



Yum China's Pizza Hut chain has been plagued by a waning appetite among Chinese consumers and a food safety scandal. Photo: AFP

Industry insiders have cast doubt over the prospects for Western pizza giants in China as other players have also struggled. US-based Papa Johns, among the top three pizza brands worldwide, sold all its self-operated businesses in China to franchisees last year following years of store closures across the country.

Wang suggested PizzaExpress's Mediterranean-themed menus and store decoration would enable it to outshine its rivals, particularly in the eyes of millennials who seek fine-dining experiences and vivid stories behind the brand, even if they had to pay a premium.

"To ensure Italian authenticity, we are sourcing more than 50 per cent of the ingredients from overseas," Wang said. "We also added some local touches by rolling out Peking Duck pizzas."

While the transformation of PizzaExpress to PizzaMarzano in China is set to be completed by the end of the year, the chain's catering group plans to introduce a "fast casual" restaurant brand to the country, offering quicker services and delivery of pizzas.

"We want to build a system that enables customers to place orders and pay on their mobile [phones] before arriving at the store," Wang said. "We are now pouring tens of millions of yuan into the development of these areas, which others may not be able to afford to do."

Wang revealed that the new outlets would be in the central business districts of the country's prosperous first- and second-tier cities, including those in the east and the north.

"Two hundred outlets for Shanghai alone is by no means a 'mission impossible'," Wang said, without giving a time frame.

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