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A hit with Hawaii locals, bakery tests visitor market

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The sister team that owns Panya bakery faced a momentous decision six years ago — whether to take their bread and pastries, which had been a hit in McCully and Kakaako, to the big time, Ala Moana Center.

The risk paid off.

Today, they are preparing to take another gamble on yet another big-time location — Waikiki.

Alice and Annie Yeung will open **Panya Waikiki** this month on the ground floor of the **Royal Hawaiian Center** in the space recently vacated by Satura Cakes.

It means more than opening their fourth Panya location after the flagship bakery on Queen Street in Kakaako, the Panya Bistro in Ala Moana Center and Panya Downtown.

It means taking a product mix that has been popular with local residents for 12 years and remixing and repackaging it for the tourist market.

“We focus 98 percent [of the business] on local business before, now we turn around to 90 percent tourist,” Annie Yeung said.

The plan is to open a 600-square-foot cafe and gift shop offering a wide variety of food, in addition to the fresh-baked pastries and breads Panya is known for.

“With that square footage we can do bakery, sandwiches, cookies,” said Annie Yeung, 44. “We believe the taste of our product is perfect for the gift market.”

They also are investing in new packaging for their cookies, which they feel will appeal to tourists looking for gifts to take home, and are changing the brand’s color scheme from a salmon pink to more sophisticated earth tones.

They got the idea to offer cookies as gifts from bringing them on trips home to their native Hong Kong — friends and family raved about the cookies more than anything else. They also want to offer more locally produced fruits and other food and want to sell some of the ingredients they use in the prepared food, such as a blended Hawaiian salt, for tourists to take home.

“We are trying to put ourselves as tourists, to think, ‘what would I want in Hawaii?’” said Alice Yeung, 37.

As frequent travelers themselves, the sisters are sensitive to the amount of space that gifts can take up in luggage because of airline restrictions.

Space was a significant consideration when they decided to take the plunge in Waikiki.

Panya was born in 1997 when Alice Yeung, a recent University of Hawaii graduate, decided to bring a Japanese-style self-serve bakery serving high-quality bread and pastries to Honolulu. Annie, also a UH graduate, partnered with her, and they found a space at the McCully Shopping Center that had been the site of Alfonso’s Bakery.

They then moved Panya to a location in Kakaako near the IBM Building, behind a former 7-Eleven, where they built out a kitchen and offered cafe-style seating. But in late 2002, they received a letter informing them that their four-year lease would not be renewed — the building would be torn down the following year to make way for the Hokua high-rise condominium and Panya had to be out by September.

In early 2003, they began looking for new space and even considered buying a building. But, after losing out on several potential deals, and with the clock ticking, they decided to lease.

Their broker suggested a space on the mauka side of Ala Moana Center that had once been a portion of Nordstrom Shoes.

“Going into Ala Moana, that was a bigger decision that we had to make,” Annie Yeung said. “That was being in business for five years — we have to make that decision — go into a mall and have a restaurant with a bakery behind it.”

They signed the lease on the Ala Moana space in April of that year, but it took almost eight months to build out the retail space into a kitchen and restaurant. Panya Bistro opened in December 2003 serving not only baked goods and coffee, but sandwiches, salads, soups and pupu items such as goya. The bistro later started serving alcoholic beverages in the evenings.

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With Ala Moana lined up, the sisters then needed to find another space where they could have a commercial kitchen for baking to supply the new store — somewhere not too far from the mall.

They found it in an old theater at the corner of Queen and Cooke streets, where they leased 6,000 square feet for a small Panya retail bakery shop backed by a large commercial kitchen and bakery.

Last summer, they opened Panya Downtown in the lower arcade of the Remington College Building on Bishop Street.

Then the leasing agents for Royal Hawaiian Center contacted them about the former Satara Cakes space. It wasn't the first time they had thought about breaking into the tourist market.

"The last time we looked, [the space] was over 1,000 square feet," Annie Yeung said. "We only considered this one because the size was small."

Even though the rent is pricey — they expect to be paying percentage rent, as they do at Ala Moana — the cost to operate the store will not be a large burden, Annie Yeung said.

"The space is smaller, that's why I think we can try," Alice Yeung said. "In this economy, it's kind of risky."

The sisters, who also have a Panya Catering business, have no immediate plans to open more stores.

"More doesn't mean better," Annie Yeung said. "We are very particular in choosing if we are going to have one more location."

Small-business issue

Expanding a business into Waikiki.

Strategies

- Start small; limit your cost load.
- Rethink product mix and packaging for the tourist market.
- Offer items that tourists can easily take home.

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