

Inc.

Pretty, Tasty, and Cheap: How Poke Became the Instagram-Friendly Fad Food

These two groups of friends jumped into the business of selling raw fish over rice--and joined the food trend sweeping America.



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Poke is healthy, relatively inexpensive to prepare, easy to customize for almost any diet, and, above all, pretty—making it the perfect food for the Instagram age.

CREDIT: Sam Kaplan

One day back in 2015, Peter Yang invited his brother and two friends over to his garage to [test out a business idea](#) under discussion--one involving stainless steel prep tables, innovative sriracha sauces, and lots of raw fish.

"We all felt it was going to be as popular as [roll sushi](#)," recalls Yang, who co-owns Pokéworks, one of the [fastest-growing poke chains](#) in the country. What he didn't foresee? "The speed of it."

Poke, if you're not a regular at Pokéworks (or rivals Sweetfin or Poke Me or the PokéSpot or Poke Green or Mainland Poke Shop), once referred to a traditional Hawaiian dish involving sushi-grade raw fish, rice, and some sort of marinade. These days, it's a catchall term for the reigning fast-casual food craze, one that's spreading from Southern California across the country.

Take Yang, his brother Mike Wu (the CEO), and their seven co-founders. Just weeks after the opening of the first Pokéworks store in New York City in late 2015, lines were pouring out the door. In January. They now have \$12 million in annual revenue from 19 locations, of which seven are franchised. The company plans to open another 20 to 25 franchised outlets in the United States this year.

Pokéworks is far from alone: More than 700 restaurants nationwide tracked by Foursquare and [Eater.com](#) served poke in 2016, a 100 percent increase from 2014. ZeroCater, a corporate catering company, says that in 2017 it saw a 78 percent annual increase in poke deliveries for its customers in New York, San Francisco, Los Angeles, Chicago, Austin, and Washington, D.C.

Poke (pronounced POH-kay) seems tailor-made for our moment in time. The fish, combined with a grain or salad base and mostly vegetable toppings, is fresh and healthy, playing to current wellness trends. It's infinitely customizable, so it can be engineered to suit almost any diet: high-protein paleo, gluten-free, or even--if you swap out the fish for tofu--vegan. Colorfully photogenic, poke bowls are Instagram catnip, and easy for office workers to eat in front of their computers.

Most important for entrepreneurs, a poke restaurant is fantastically cheap to open. You don't need a stove--or a six-figure ventilation system or a landlord willing to host such a thing. Starting your own poke business requires little more than a refrigerator for the fish, a rice cooker for the grains, and a few prep tables.

"You can open a poke restaurant in a closet," says Michael Parlapiano, the creative director at the Culinary Edge, a restaurant consultancy based in San Francisco. "There's a low barrier to entry."

Which has led to a glut. In Los Angeles, where [The Hollywood Reporter](#) discovered a 10-fold increase in poke establishments between 2015 and 2017, a recently opened Sweetfin on West Third Street is two blocks away from Mainland Poke Shop, which the [Los Angeles Times](#) called "the best poke restaurant if you want to see and be seen." In New York, at least three poke joints are within a 15-minute walk of the *Inc.* offices. But it's not just a coastal-elite thing: Pokéworks also has outposts in Houston and El Paso.

A shakeout [seems inevitable](#). But so far, two market leaders are Pokéworks and Sweetfin, a startup that's taken a very different route to poke success. While Pokéworks is using franchising to grow nationally at a rapid pace, Sweetfin is flush with investor money and tightly controlled by its founders. It stayed in its home region of greater Los Angeles for almost three years before opening in nearby San Diego, which it did in February.

"We don't have to be first to market because of what we've built as a brand and a product," says Alan Nathan, one of Sweetfin's co-founders and a veteran Los Angeles restaurateur. He co-founded the company with family friend Brett Nestadt and Nestadt's college buddy Seth Cohen, who worked in commercial real estate.

Nestadt and Cohen hatched the idea of a poke business during a vacation in Hawaii, and then brought on Nathan. With \$450,000, including savings and money raised from family and friends, the group went looking for the right space for a launch. The poke trend was still so new in 2013, Nestadt recalls, "we would go to landlords and investors, and nine out of 10 of them didn't know what it was." One property owner turned down Sweetfin in favor of a grilled-cheese concept.



College buds Seth Cohen (left) and Brett Nestadt hatched their poke business idea while on vacation, and recruited restaurateur Alan Nathan to co-found Sweetfin. CREDIT: Courtesy Sweetfin

The Sweetfin founders finally opened their first restaurant in Santa Monica in April 2015. Their patience paid off. Kate Hudson, Chris Pratt, and Barry Bonds were just some of the celebrities spotted ordering Sweetfin bowls. That store's revenue reached \$2 million by the end of the year, a mere eight months after it served its first customer.

Flush with success, Sweetfin raised another \$2 million in early 2016; investors include former Shake Shack CEO David Swinghamer. The founders used the money to expand slowly and methodically throughout the Los Angeles area; last year, Sweetfin revenue reached \$8 million.

It hasn't been all clear sailing, however. For more than a year and a half, the company has been looking unsuccessfully for the right space in New York City. Yet the founders will not consider

franchising, which would allow them to expand more quickly while shifting much of the financial risk onto the franchisees. Instead, Sweetfin prefers to maintain full control over all of its stores and the food served in them. "People really want to look at a brand and identify with quality," Nathan says.

Pokéworks, it must be said, is more suburban strip mall than Hollywood glamour. It's closer to the traditional, Chipotle-esque assembly line than is Sweetfin, which preps its ingredients in a kitchen, assembles them at a counter, and hand-delivers them to customers: "We're chef-driven and kitchen-forward, and we wanted our cashiers to be cashiers and our kitchen team to be a kitchen team," Cohen explains. Pokéworks also sells chicken (cooked sous vide) to those who won't eat raw fish or tofu.



Four of the nine Pokéworks founders at the chain's location in Irvine, California. From left: Kasper Hsu, Peter Yang, Kevin Hsu, and Mike Wu, the CEO. Not pictured: Jerry Wang, Michael Chen, Billy Chen, Wen Wei, and Donald Giang. CREDIT: Courtesy Pokéworks

Both founding groups have food-world bona fides, but Pokéworks had to work a little harder for prestigious connections. Sheldon Simeon, a well-respected *Top Chef* contestant, now consults on its menu--after Pokéworks co-founder Billy Chen cold-contacted Simeon on Facebook. "He may or may not get back to me," Chen reasoned, "but it's worth a shot."

The involvement of Simeon, who was born and raised in Hilo on the Big Island and specializes in the local cuisine, also gives Pokéworks a bit of cover from critiques about the modern poke business and its [co-opting of food culture](#) (since the closest ties many poke entrepreneurs have to Hawaii are brief vacations there). The founders of Sweetfin, meanwhile, argue that their product is a Cal-Asian fusion. "It's not traditional Hawaiian poke," Nestadt says. "We see our food as something that transcends the label *poke*."

"You can open a poke restaurant in a closet," says one consultant. "There's a low barrier to entry."

At Pokéworks, all the owners or their parents immigrated from China. Brothers Peter Yang and Mike Wu (Yang is their mother's surname, Wu their father's) came to the United States as children and grew up working at their parents' Chinese restaurant in suburban San Diego. "Our mom would be at the counter, the customer would ask for a fork, and my mom would look at me and ask, 'What did she say?' " Wu recalls. "I was half translator, half food prepper."

Billy Chen and his brother Michael did the same at their immigrant parents' Chinese restaurant. The parents, Billy adds, did not want the sons to continue on with the family trade: "My dad works very, very hard and he wanted us to have a more normal life."



CREDIT: Sam Kaplan; prop styling: Emily Mullin; food styling: Maggie Ruggiero

After college, Yang and Wu continued on in the restaurant industry, while Michael Chen went into computer software and later joined Billy Chen as a serial entrepreneur, investing in everything from a tattoo supply company to a chain of vaping bars. Mutual friend Jerry Wang--who also became a co-founder--introduced the two sets of brothers, who began to talk startup ideas. Wu and Michael Chen floated the poke idea over lunch one day, leading to the development session in Yang's garage.

Eventually, through college friendships, family ties, and business dealings, they put together a group of nine co-owners. The group bootstrapped their initial funds, coming up with \$1 million from their own savings. Now they're funding their expansion by selling franchise rights to individual operators.

The founders of Pokéworks very deliberately went for first-mover advantage. Their growth strategy is less hothouse-flower than Sweetfin's, more a quick marking of territory. "If we're going to do it, let's do it big" is how Yang recalled their thinking at the time. Six months after the first Pokéworks opened for business in 2015, the company expanded to Irvine and Mountain View, California. Pokéworks is as likely to locate in suburban office parks as city centers, a strategy that nets fewer celebrity visits but assures a population of workers hungry at lunchtime.

Yet all this rapid growth and franchising means compromises. Sweetfin makes all its food on its premises, and sends some from one store to another. Meanwhile, last year Pokéworks began outsourcing its manufacturing of specialty sauces, like sriracha aioli, to a facility in California, which ships them overnight across the country. The decision improved consistency and also saved Pokéworks money on everything from worker hours to bulk purchases. The company also hopes to centralize fish purchases this year.

This raises a major issue in the poke world: [sustainability](#). Fish might be healthy for you, but eating it isn't necessarily good for the environment. Tuna and salmon, the most popular cuts in the modern mainland American iteration of poke, are the most vulnerable; since 1950, the amount of larger fish, like tuna, in the world's oceans has declined more than 96 percent. Much of the salmon in the United States isn't wild caught, but farmed, which can result in significant waste and pollution. This leads to less-than-favorable publicity and regular [headlines](#) asking if poke-crazed customers, and the entrepreneurs selling to them, are "ruining the environment."

Sweetfin works only with suppliers certified as providing fish either farmed or wild caught in a sustainable way; Pokéworks says its partners also have sustainability or responsible fishing certifications. Both companies are selling alternatives to the usual standbys--Pokéworks has wild bora, and Sweetfin has kanpachi, an amberjack certified by the Monterey Bay Aquarium's Seafood Watch as a "Best Choice."

"There are tons of species out there that taste great but that people don't eat because no one knows about them," Wu says. "To really be sustainable, you really have to be exploring the fish." (So far, customers are not: The vast majority continue to order tuna and salmon.)

Another problem facing the industry is its own sustainability. Like every other food fad, poke first-movers need to brace for an eventual slowdown--and a potential winnowing out among the rival startups. Some experts also question just how far a food based on raw fish can go: "It's very difficult for a new and unusual bicoastal trend to wildly succeed in Middle America," argues Clay Raymer, a national sales manager with food service market researcher Sandelman and Associates.

But the entrepreneurs who have embraced poke aren't too worried about its losing popularity anytime soon. "I don't see this as a trend," Billy Chen argues. "Poke is a product that's going to stick."