



# HIE THEE TO HONG KONG

HONG Kong is the Asian neighbour that Singapore is most commonly put up against. The economy had a population size of 7.3 million as at end-2015 and has long been Singapore's keenest competitor as the financial centre of Asia (ex-Japan). According to data from Invest HK, shopping is the number one leisure activity of Hong Kong's seven million residents; and many of its 59.3 million visitors a year also go to the city expressly to shop. Shoppers spend more than US\$5.2 billion a

month in Hong Kong stores. The dynamic and vibrant city is thus, perhaps not surprisingly, also home to a range of Singapore brands. In this issue of Global Edge, we catch up with two retailers – cupcake specialist Twelve Cupcakes, and bookstore chain Page One. Both Twelve Cupcakes and Page One have set up shop in Hong Kong, and share why the city is key to their expansion strategy.



## TURNING THE PAGE

PAGE One has an ambitious target of 100 bookstores over the next five years according to Mark Tan, its chief executive officer and founder. In the general landscape of falling readership and a preference for e-readers over traditional books, it is a figure made all the more ambitious.

As it is, retail companies are also faced with rising overhead expenses and tight business margins. Page One in fact pulled down its shutters in Singapore in 2011, citing high rental costs. This was shortly after another book retailer, Borders, closed its doors at Wheelock Place.

Today, Page One has kept its headquarters in Singapore even though its expansion plans are concentrated on China. In June 2010, it established its first retail store in mainland China in Hangzhou MixC Mall followed by China World Mall in Beijing on April 2011. It opened its first concept flagship store as the fourth retail shop at Taikoo Li Sanlitun on January 2013. The outlets in Hong Kong were established after it moved into China, because as Mr Tan puts it, it is a "cosmopolitan and trendy city in line with the contents we provide".

Not that the Hong Kong market is without its challenges. "Hong Kong is one of most expensive cities for rent in the world. With the total land area of less than 1,500 sq km, rental fees occupy the main proportion in cost," he says. "This is quite a trial but also a great opportunity for you to think and plan how to make yourself different in an efficient and effective way."

The other issue faced by the company is human resource. "Hong Kongers . . . (are) adventurous, quick, efficient and effective, eager for new information, but the endurance ability comparatively (is) not (as) good as other cities," notes Mr Tan. "Manpower is always a big challenge for running a business in Hong Kong."

One of the ways that Page One is responding to this host of challenges – rent, manpower and a new market that is less focused on the traditional book store business model – is by creating a store that sells books (of course) but also products inspired by these books.

"The most attractive thing about the market in Hong Kong are the people living there. They are eager to acquire knowledge, creative and innovative. They want something new, thus Page One started from a designer's bookshop to become a concept store that doesn't just sell books but also be inspiring by product," says Mr Tan.

The concept store in Hong Kong includes a bookshop, cafe, restaurant and art commodities. This, according to Page One, offers an innovative lifestyle to customers who advocate simple fashion and a cognitive style.

It is a far cry from Page One's origins. It started out in 1983 as a small shop in Singapore with slanting shelves, stocking hand-picked art and design books. As the Page One stores grew, the company expanded the scope of the business and began publishing, too. This new business model will, Page One hopes, take it to the next chapter.

Meanwhile, even as it is expanding in China, it has its eye on the world. In response to the question of what cities the company would like to set up shop in, Mr Tan gives the all encompassing answer: "(The) major cities of the world and the least developed and poorest countries in the world." ■



◀ **THE NEXT CHAPTER**  
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## SWEET DEAL

OVER the course of 2013, Twelve Cupcakes embarked on an aggressive expansion plan. It opened its first outlet in Jakarta in April 2013, and thereafter expanded into Taipei and Kuala Lumpur, before entering Hong Kong in December 2013. In Hong Kong, it currently has six outlets – three on Hong Kong island and three on the Kowloon side, with plans to expand further.

“The biggest challenge for us in Hong Kong when we were setting up was twofold – finding the right locations for the

### ◀ SIMPLE AND SCALABLE

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business, and setting up centralised back-end operations so that once we started growing, we could expand fast,” says Aneesh Deepak, brand manager for Twelve Cupcakes International.

According to Mr Deepak, the Twelve Cupcakes business model is “simple and scalable”, and only requires that outlets are opened in popular, high-traffic locations. “While there are lots of factors while determining a particular location, we lay a lot of stress on looking for high-traffic, popular locations which have a healthy percentage of corporates and/or residential areas next to them.”

That being said, competition is highly evolved in cosmopolitan markets such as Hong Kong. “We not only innovate around special flavours round the year but have recently launched a new range of products – lava cakes – in Hong Kong successfully. We believe in the quality of our products, and always let our products rule in our marketing plans.” These include special themed cupcakes for holiday festivals such as Easter and Christmas. Twelve Cupcakes also has special cupcake designs for weddings.

Twelve Cupcakes was started by Singapore celebrity couple Jamie Teo and Daniel Ong and opened its doors in the

island state in July 2011. A love for baking mixed with a dash of business savvy saw the couple make and sell their first 10,000 cupcakes in their first outlet at United Square in Singapore.

They have recently opened a new dessert cafe, Dulce and Sucre by Twelve Cupcakes in Singapore. The cafe retails a wider variety of items such as puddings, crunchies, whoopsies, loaves, tarts and special items. It also serves its own blend of Brazilian roast, which is not available in any other coffee place in Singapore.

All the Twelve Cupcakes outlets both in and outside Singapore are, to date, company-owned and operated. However, it is now looking to expand the brand across the Asia-Pacific through franchising, says Mr Deepak.

“While we cannot disclose much information at this moment, we’re actively looking to expand further in the market in the short term and across Asia-Pacific in the next two to three years,” says Mr Deepak. “With our franchising process underway, we hope to bring our product closer to people all over the Asia-Pacific.” ■

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