



FOOD FOR THOUGHT

THE local retail scene has endured its fair share of rain lately, with slower growth, decreasing tourism numbers and competition from overseas markets all taking their toll on the sector.

Global names such as Uniqlo, Apple and Victoria's Secret may have announced plans to make Singapore the base for their South-east Asian

flagship stores, but our local retail players are also stepping up their game to compete in this challenging environment.

Two established home-grown brands – Mr Bean and Brotzeit – are taking the softening economy in their stride and thinking ahead to cope with manpower and operations costs.



STAYING AHEAD
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UNIQUE SELLING POINTS

THINK of German cuisine in Singapore, and it is likely that Brotzeit comes to mind. The contemporary bar and restaurant came about in 2006, when a group of European professionals – mainly Germans and Austrians – decided to do something about the lack of German food in Singapore.

Missing a place to eat and drink that was not in a traditional, old school, “*bier-garten*” setting, the founders started Brotzeit to fill a gap in the market by representing the modern German dining experience.

The very first Brotzeit outlet located in VivoCity is open to this day. “Its success enabled the rest of the company’s history to develop,” says chief executive Filippo Fanin. The restaurant chain now has six restaurants in Singapore with over 140 full-time staff.

To compete in the “very challenging” market conditions that the retail sector is facing in Singapore, Mr Fanin says that Brotzeit has to continually evolve through the years. Not only has its design changed, but so has the menu and beer offerings.

From an operating perspective, the company is also using less people per restaurant

due to manpower constraints and its search for efficiency and productivity. Higher operating costs, fewer foreigners and lower tourist numbers have impacted consumer demand. “At a macro level, the hope is that the industry will consolidate a little, reducing the supply of F&B restaurants and rebalancing the ‘supply versus demand’ equation,” says Mr Fanin.

He also notes that aside from new F&B entrants, food delivery players such as Deliveroo, UberEats and FoodPanda will also threaten the company’s margins in the long run. Only the fittest will survive over the years, he says, and that will be those who are able to adapt and meet the customers’ changing needs.

Unable to radically change its core business model, Brotzeit will be placing its bets on smaller, less manpower-reliant concepts that have been planned to roll out over the next 18 months. This is in addition to continued expansion overseas through franchising, adds Mr Fanin. He also shares frankly about some of the biggest obstacles faced by the company to date. “Developing people while our growth has slowed down is also a major challenge,” he says.

Revising the pace of previous plans have led to some employees leaving the company, and talent is often difficult to replace in the industry.

Internationally, Brotzeit also encountered its fair share of woes. Its direct investment in China was not successful. To add salt to the wound, its South-east China franchisee defaulted on its contractual obligation last year and started running the restaurants under a different brand. But Mr Fanin says that the company is taking it in its stride and is treating this as a learning point to improve and develop its franchising model.

Keeping staff confident in their future and in the company’s vision is a top priority as that is the “key determinant” of what customers will experience in their restaurants.

Looking ahead, the company plans to focus on the unique selling points of its service and improving customer experience by providing unique beers, with enhanced food quality and presentations.

From a business model perspective, Brotzeit plans to expand further across Asean, China and Australia through its franchising model. At the same time, it is planning to introduce a range of “by Brotzeit” complementary concepts to improve market penetration and mitigate some of its issues with its full service model.

The new line aims to bring to customers high quality products in a different setting and service approach, but maintaining its own core brand values and German inspiration.

While it is difficult to be optimistic, Mr Fanin believes that challenging times are always exciting times as the obstacles that it faces will force Brotzeit to take “strategic bets” in its growth direction.

“After this business cycle is over and a new expansion phase starts again, we will be still standing, stronger than before and hopefully able to provide a better overall experience to our customers,” he says. “Seeing our patrons leave our restaurant with a full belly and a smile on their face is the ultimate purpose for which we are in business, after all.” ■

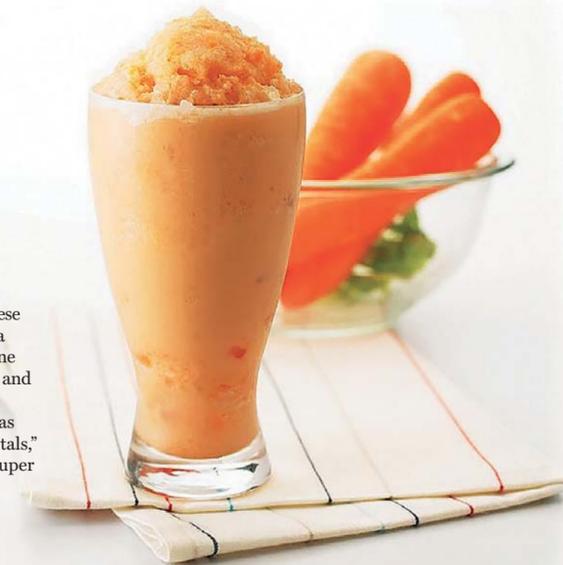
OLD FAVOURITE GETS NEW TWIST

A LOCAL favourite that has lasted the test of time is the humble soya beancurd, and that is exactly what food and beverage chain Mr Bean is known for. Its first outlet was a hawker stall at People’s Park Hawker Centre in Chinatown, started by the two founders Loh Jwee Poh and Kang Puay Seng in 1995.

Soya milk and beancurd are usually eaten for breakfast, but the co-founders decided to shake things up by providing them throughout the day. Previously, to get these items, one had to make a trip to the market,

but both Mr Loh and Mr Kang wanted to make these items more accessible to the masses. This became a reality with the introduction of a compact, all-in-one machine to grind and brew soya milk, as efficiency and productivity increased.

“Soon we started to penetrate into other areas such as MRT stations, shopping malls and hospitals,” says Mr Loh, who is now the chief executive of Super Bean International, managing company of the Mr Bean chain. Co-founder Mr Kang sold his



shares to Mr Loh in June 2015 and is currently pursuing his own interests.

Today, Mr Bean is the biggest soya-based F&B retail chain store in Singapore with over 500 staff here. The chain has also expanded overseas, with one store in Japan and two in the Philippines.

Despite its remarkable achievements raising the renown of the humble soya bean, the business is not resting on its laurels due to the “increased competition in the F&B business in recent years”, says Mr Loh.

Mr Bean’s biggest challenges are not unique – they include rising operational costs, manpower shortage and high rental. Consumers in Singapore have also become more knowledgeable and discerning in their taste due to increased travel and exposure to lifestyle trends elsewhere. “These are challenges we have to overcome . . . the key is to continue delivering the best to our customers and to continue to do best in what they like about us,” he says.

This means constantly innovating to keep up with the consumer’s fickle tastebuds instead of being content with its current success.

In the beginning, Mr Bean only offered two items on the menu: fresh soya milk and soya beancurd. But since then, a more creative range of soya-based products have been added to the list. Some of these food items include soya ice cream and flavoured soya milk and beancurd which became part of its signature products introduced to



COOL YET CONSISTENT

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revolutionise soya consumption.

While Mr Bean’s products might get more hip and modern, Mr Loh says that quality remains constant. “Right from the start, we believe in product quality as a differentiating factor and hence we use quality, non-GMO beans from North America . . . Customers must have trust in the brand,” he points out.

The company also invested heavily in branding and product research and development in order to continue being one step ahead from competitors. Some of its latest developments include an extended range of fast moving consumer goods (FMCG) that are now made available to customers so they may enjoy greater convenience at partnered touch points such as selected BreadTalk outlets and

upcoming online retailers.

Mr Loh explains that Mr Bean is committed to engage the next generation of consumers by continually nurturing the brand and offering more targeted products to suit their needs and satisfy their growing expectations.

The brand plans to expand locally whenever there are potential locations available to strengthen its foothold in current market. In addition, continuous efforts are in place to further business expansion overseas, especially in Asian markets, adds Mr Loh. ■

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