

A grand entrance

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Chinese restaurant behemoth Crystal Jade starts with San Francisco in its quest to become a global brand, with more concepts to follow in North America.

IT'S been barely a month since Crystal Jade made its grand US\$14 million debut in the heart of San Francisco's financial district, but chief operating officer James Quek is already casting his net wide for more business opportunities within the US and beyond for the Singapore-grown Chinese restaurant group. "We can't just do one investment of US\$14 million - we need to leverage on it," says Mr Quek, 58, who came on board after L Capital - the equity arm of LVMH - acquired most of the group from its founder/CEO Ip Yiu Tung in May this year.

The immediate plan, says Mr Quek, is to expand in California now that it's got a foothold in the state, with plans to open a couple more concepts in the Bay area, and then to Los Angeles and Las Vegas. He was recently on a recce trip to Dallas and Houston, and the group may go ahead to open in Houston, which shows more potential for a high-end Chinese restaurant than Dallas. "Recently I met a developer in Hong Kong who is from Vancouver and he is also keen to bring Crystal Jade to Canada," adds Mr Quek.

But Crystal Jade Jiang Nan is by far the most ambitious undertaking by the group, and was already in the works even before L Capital came into the picture, says Mr Ip, who was in San Francisco for the grand opening on Nov 18. That night saw the city's Who's Who descend upon the 20,000 sq ft of Oriental splendour in the prime Embarcadero district to the deafening gongs of a lion dance and a non-stop flow of dim sum and Peking duck.

"It is already very saturated in Singapore," Mr Ip says of his desire to open in the US. "We thought about the US and Europe because that is how you can become a global brand. Besides, in San Francisco - I checked myself - no one (Chinese restaurants in the city) is better than us so we are confident we can do much better."

It's not with false pride that Mr Ip says that. Despite the city boasting a high proportion of ethnic Chinese residents, the quality of Chinese food has remained sadly lacking. With the likes of R&G Lounge and Z&Y Szechuan restaurant offering good

food but lousy ambience, or Hakkasan and PF Chang's providing the cool factor but a Westernised Chinese menu, there's barely any competition in the mid-high market that is equal parts style and authenticity.

Crystal Jade Jiang Nan is something that's a long time coming, adds Mr Quek, saying that many of the guests who attended the November opening told him that they wouldn't step foot in Chinatown because of the poor hygiene and food quality, "so they're really happy with what they have seen".

Yes, they could have started small with a couple of cha chan tengs (casual tea shops) but "is that what we want?" asks Mr Quek. San Francisco is a rich town, the Embarcadero is prime real estate and the upper tier market is just the right demographic they are pitching at, so the objective was to make a big impression on the city. In fact, the opening party saw even the present and past mayors of San Francisco helping out with the ribbon-cutting.

It was the culmination of three years of hard work to pull the whole thing together after Crystal Jade was first approached to do business in San Francisco by the city's economic development office. It was originally set up to attract business from China and a trade representative who came across Crystal Jade in Hong Kong didn't realise it was a Singapore company. Nonetheless, the wheels were set in motion, with San Francisco-based businessman Gus Murad as their local partner, although he has a small share of some 10 per cent.

Originally, the plan was to open in the Four Seasons hotel, but they were not able to come to an agreement and decided to look elsewhere.

The Embarcadero site, which had been empty for some time, came to their attention and when Mr Ip saw the space, he liked it immediately. The first unit they looked at was smaller, but they decided to take on the unit next door, for a combined space of 20,000 sq ft. Some 16,000 sq ft was turned into a spacious dining hall for around 200 diners, with the remaining space used to create an outdoor space that can be used for private events.

Its opulent surroundings designed by hot interior designer Ken Fulk mixes elegant yet elaborate chinoiserie with colonial English charm to winning effect. Besides a state-of-the-art kitchen, the US\$14 million went into creating a sumptuous gallery-like lobby with a stairway that leads into the main dining hall, past lighted fish tanks filled with swimming seafood of the day. A tricked-out living room with all the plush trappings of home provides comfortable space for lounging with a drink from the Liu Ling Bar. There's also a space on the ground level for a takeaway section selling Singapore food.

For Mr Ip, who will continue to act as an advisor to the group, Crystal Jade Jiang Nan - which focuses on regional Chinese cooking rather than just Cantonese - is his last big hands-on project as he eases into retirement. He has been the main food-sourcer for the project, insisting only on wild-caught seafood, free-range chicken and pasture-raised meats. He's totally in love with Californian produce with its quality "and the prices are not that bad", adding that they've been able to keep prices at a level that, while premium, are still lower than what they could be. "We could be charging 25 per cent to 30 per cent above market level, but we managed to keep it down to about 10 per cent or less," says Mr Ip.

Even so, that hasn't stopped diners from complaining about the prices and service on online review sites, but such is par for the course for a new entrant to the market. And business has been good so far - "we're not full-full, and we still haven't opened our banquet or takeaway Singapore food kiosk yet, but business has been very consistent," says Mr Quek.

And of course, opening in a new market poses its own set of problems which can make or break the business. Chief amongst the issues Crystal Jade is facing is the quality of their staff. "When we started to hire we found that a lot of the staff are below standard. They may have worked in other Chinese restaurants but when they come over, their work is so bad we even have to dismiss them."

So, "yes there is still room to improve but we have the right product. So long as we run our operations well I don't see why we can't stay sustainable for the long term". And, at the very least, for Singaporeans looking for a familiar Chinese food fix, a taste of home will be waiting for them.

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Going far and wide

WITH a saturated market like Singapore's, a logical path for F&B operators wanting to grow their business has been to open outlets overseas. But as many have found out - sometimes painfully - the rewards are there but it's not as straightforward as it seems.

For the Les Amis Group, a bid to offer the same fine cuisine in Hong Kong with its restaurant Cepage ended last year when its five year lease was up, because "it was performing below expectations", says the group's spokesman Raymond Lim.

However, it has had better success in the former British colony with its casual eatery Piccolo Pizzeria & Bar (which is the equivalent of the group's popular Peperoni Pizzeria) which has grown to three outlets, plus a Bistro Du Vin, Le Port Parfum French seafood bistro, and an Italian Cicchetti bar - all of which are joint ventures.

In addition to Hong Kong, the Les Amis Group has left its footprint in Myanmar, Vietnam, Philippines, and Indonesia. The exported concepts are mainly casual eateries such as Peperoni Pizzeria, NamNam Noodle Bar and Bistro Du Vin, and it limits its exposure to South-east Asia. "We believe that just within this three hour flight radius is a big enough market," says Mr Lim.

With profits squeezed at home by sky-high operating costs, rentals and lack of manpower, it's no wonder that the grass looks greener on the other side.

"An average waiter in Vietnam costs about US\$160-US\$200 compared to US\$2000 you would pay in Singapore," shares Mr Lim. "There is not much upside in terms of revenue and growth in Singapore especially when the market is so small as compared to big population markets like Indonesia and Vietnam which are more attractive."

While frightfully high rental is also a common problem in Hong Kong, Michelle Chan, director of the KG Group Holding Ltd, who brought the Ya Kun franchise into Hong Kong in June this year, notes that business is brisk in Hong Kong. "The Ya Kun outlet in Hong Kong performs three times better than the one in Singapore because of the high population density. The demand is there and the crowd is non-stop," says Ms Chan who also owns a Ya Kun franchise outlet in the National University Hospital in Singapore.

Even though there's a cha chan teng in every neon lit alley, Ms Chan explains that the Ya Kun Coffee & Toast cafe in Hong Kong remains competitive because it offers a more sophisticated atmosphere and décor - "we've positioned ourselves as a lifestyle café and it feels like Starbucks", she says. In addition to offerings like kaya toast and soft boiled eggs, they also serve Hainanese chicken rice, beef ball kway teow soup, salads, and beverages like lattes and cappuccinos.

Flush with success, KG Group have recently opened a second outlet in Hong Kong: a 24-hour, two storey café that is the biggest Ya Kun outlet in the world, in Causeway Bay, and is planning to open a third Ya Kun Coffee & Toast café in January 2015. But the move was not without its challenges. Ms Chan shares that they had to teach their staff what is "kopi o" and other commonly used lingo used by Singaporeans when

ordering coffee because they cater to a large number of travelling Singaporeans. They also had to speed up their preparation process to meet the fast-paced culture in Hong Kong.

Other homegrown F&B concepts that have set up foreign outposts include the BreadTalk Group with Toast Box in Malaysia, Thailand, Philippines, Hong Kong, Taiwan, and China. Haute tea parlour TWG extended its global reach to American, Europe and even Russia.

When going into a foreign market, investors are well aware that they cannot transplant the exact copy of the original concept without making adjustments to suit the local palates. Bistro Du Vin in Manila offers side dishes of pilaf rice with their rustic French fare. Toast Box cafes in Indonesia and the Middle East swap their famous pork floss buns for chicken floss.

What works in one country may not work in others either, if the timing or concept is not right. Homegrown sushi chain Sakae Sushi, for example, opened outlets in New York in 2007, but underperformed due to the weak US economy and subsequently closed down.

However, Sakae Sushi is still going strong in other countries such as China, India, Philippines, Vietnam, Indonesia, Malaysia and even Japan. "Venturing overseas has always been on our mind from the beginning and our dream is to build 30,000 stores in five continents," shares Douglas Foo, CEO of Sakae Holdings. In China, the company took into account the four seasons and adapted their menus accordingly to include winter dishes like hotpots.

For Mr Foo, opening restaurants in any market will have the same challenges of getting skilled manpower, good locations, and good raw materials sourcing. "We ensure that we have a good network of suppliers, regulators, and property owners before we enter the market," he adds.

Local restaurateurs hoping to make it big overseas must navigate a host of potential pitfalls. But that hasn't deterred them from spreading their wings. Harry's Bar recently refreshed the brand to prime itself for overseas expansion in the next two years. The Deliciae Group is currently in discussions with Thailand, Taiwan, and Indonesia to export concepts like Parisian style steakhouse L'Entrecote, &Made Burger Bistro, and Sabio Tapas Bar in 2015.

Unfazed by economic hurdles, The Big Idea Group is also making plans to take their restaurant concepts abroad. In the pipeline: opening Marmalade Pantry, a chic café-restaurant known for its cupcakes and brunch staples, in Kuala Lumpur next year. And that's just the start of bigger expansion plans.

"The conditions must be right with timing, opportunity, brand prowess and calculated risks. The acquisition of The Big Idea Group by Far East Organization in February 2014 opened the pathway for the group to grow regionally. Leveraging off Far East's overseas expansion footprints, the risks are lowered for F&B operators like us," explains Karen Seah, managing director of The Big Idea.

Teaming up with a company that has already found success in a foreign land seems to have worked out well for Jumbo Seafood - it partnered with BreadTalk Group to open a Jumbo Seafood restaurant in Shanghai last November. "The BreadTalk Group is already an established name with significant presence in China," explains Ang Kiam Meng, CEO of Jumbo Seafood. In fact, The BreadTalk Group has close to 500 outlets in more than 50 cities in China.

"Jumbo Seafood Shanghai signifies our efforts at bringing Singaporean dishes overseas and extolling the wonderful culinary offerings of our country. The Jumbo brand and our dishes are already well known among the Chinese and we've received many requests from our Chinese tourist customers to open an outlet in China," explains Mr Ang.

The main aim was to replicate the experience of the Jumbo Seafood Singapore outlets in their Shanghai spinoff. To do that, the group brought in ingredients from Singapore and stationed three chefs from their Singapore outlets in China.

Jumbo Seafood Shanghai has enjoyed so much popularity that the group is scouting for a location to open another outlet in Shanghai. Pretty soon, fans of chilli crabs and black pepper crabs might be able to tuck into their favourite dishes in Indonesia, as the Jumbo Group will be setting up a marketing office in Jakarta to explore new opportunities.

Stiff competition at home and more opportunities abroad might mean that Singaporeans will be able to get a taste of chilli crab and kaya toast anywhere in the world in the future.

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