



◀RETAIL OUTREACH

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in a much better position to talk to them . . . Maybe it's too early for us to work with the bigger boys."

Swee Lee, on the other hand, started ramping up its retail reach – both online and in terms of storefronts – in 2012.

"In 2012, Swee Lee consisted of three stores in Singapore, and a staff of 50. This has now grown to seven stores in Singapore, three in Myanmar, three in Malaysia and one in Vietnam, employing more than 150 people in total throughout the region," says Kuok Meng Ru, managing director at Swee Lee Music. Swee Lee hopes to grow this network of 14 stores to 25 in the next two to three years.

With Swee Lee Online operational and set up in-house from late 2012, one might question the need for expansion on the brick and mortar front. In fact, the growth of online retail in the region has provided Swee Lee with opportunities not only to stay relevant, but also to stay ahead.

Says Mr Kuok: "We relaunched our Web store in 2014, and through 2015, our online sales contributed 15 per cent of our overall retail business revenue. We anticipate that this number will continue to increase as we roll out significant improvements in H1 2016 that optimise our unique position as both a distributor and a retailer."

But when the brand was relaunched locally in 2012, having showrooms was a key part of their strategy. In fact, these showrooms were designed to make a marked move away from the distributor model to a more rewarding consumer-centric retail experience. "These stores have become our brand hubs where customers can experience Swee Lee and the brands we represent in a hands-on and interactive way," says Mr Kuok.

Part of this interactive experience stems from the revamping of the Swee Lee business model. Today, Swee Lee not only retails other manufacturers' goods, it has developed its own branded service offerings, helping both business-to-business (B2B) and business-to-consumer (B2C) customers manage everything from logistics and admin required for import/export to making sure that a customer's guitar is set up correctly through Swee Lee Garage, its in-house post-sales service centre.

"As part of this extended end-to-end offering, we created the Swee Lee Music Academy to help teach a whole new generation of musicians, while Swee Lee Projects has been established to provide audio-visual system consultancy and services for projects in hotels, shopping malls, churches and large entertainment centres.

MAX Yeow, chief operating officer at Xiao Ban Company, oversees its Singapore and Vietnam operations. Unlike Lao Ban which features a takeaway concept, Xiao Ban is a food and beverage cafe with one outlet in Singapore, at Jurong Point.

"Typically, what you get in a cafe is *latte* or *macchiato*. We have the same kinds of products, like ice blended *mocha* or coffee. But for the froth and cream, we use soya milk. We also want to take a share of the bubble tea market – so we have milk tea with pearls, for example. We wanted to make it healthy so we created a drink with beancurd below, and milk tea, milk coffee, or chocolate on top. We now have grass jelly also – that you cannot find in Lao Ban."

According to Mr Yeow, the company was looking to open another store in Singapore last year before deciding to turn its expansion plans overseas. This was partly due to the familiar reasons of manpower limitations and high rental costs. But there is also the fact that the network of Lao Ban outlets – all of which are owned and operated by Lao Ban – already has more than 20 stores in Singapore.

Last year, Mr Yeow and his partner Ken Li worked with Spring to develop a franchise kit. They also approached IE Singapore to learn about expanding

HEADING OVERSEAS

Many companies no doubt have aspirations to go overseas. Sometimes, it is because the business has hit its expansion limit within Singapore's limited shores. Sometimes, companies choose to headquarter their business here but base their operations overseas. In this issue of Global Edge, we talk to Xiao Ban Company, a subsidiary of Lao Ban Group; and Swee Lee, an online retailer and distributor of musical instruments and pro-audio brands.

overseas. "We think that by leveraging the fact that we come from Singapore, and that we are quite decently sized here, it will be much easier to target markets out there than keep it here where there's a limit to what we can do. With 21 shops in total in Singapore, it's hard to grow another 10 per cent," says Mr Yeow.

Xiao Ban hopes to open five cafes in Vietnam over the coming two years. When this interview was conducted in February, its maiden shop in SC VivoCity, Ho Chi Minh City, was just three months old. Then, it was already in advanced talks to secure an additional two spots in Districts 1 and 3.

"While I'm opening outlets, I'm also getting franchisees to come on board so we have inorganic growth to achieve the size we want. Then, our idea is to appoint a master franchisee after a year or so, so that we can move on to the next market," says Mr Yeow.

While Xiao Ban has already received a lot of interest, Mr Yeow says that he hopes to establish a stronger footing first so as to put the company in a better position to negotiate.

"When we went to Thailand with IE Singapore, we talked to a few big groups but we were not prepared to accept their terms. That's why I think, if we are able to get a stronger brand position in a different market, then we'll be

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– **Max Yeow** (right), chief operating officer, Xiao Ban Company



PHOTO: YEN MENG JIIN

“Some notable recent projects include the newly revamped Capitol Theatre mixed development – coincidentally the very place Swee Lee began its story back in 1946,” says Mr Kuok.

BACK TO BASICS

For Swee Lee, breaking into an overseas market boils down to the basics. “As with any market in which English is not the first language, we were initially concerned about our name and did the due diligence in deciding whether we should try and create a ‘localised’ version of it,” says Mr Kuok.

Management decided to maintain the parent brand of Swee Lee, believing that the additional resource of digital search engine optimisation and credibility with an existing brand would win out. On the back end, they also invested in building the foundations for a strong supply chain network.

“Especially as we approached the digital e-commerce space back in 2012, the biggest issue initially was managing the logistical challenges of efficiently delivering our product to our customers. With the wide range of product types that we represent – from luxury crafted products to electronics – being able to provide value to our customers at the right price point was a challenge,” says Mr Kuok.



The consolidation and integration across the supply chain has since borne fruit, as the economies of scale have begun to kick in. Apart from these challenges, Swee Lee also faced the same issues that any other non-global brand does when trying to break into a market or expand beyond one’s borders: How to build brand awareness in a new market? How to differentiate their brand from the local players?

Says Mr Kuok: “We’ve been lucky that the brands we represent are treasured by musicians worldwide, and our offering has grown as our business has scaled, but we put a key focus on creating a well-defined brand, providing great products at reasonable price points and creating a culture of outstanding customer service –

especially in our after-sales support.”

For Xiao Ban’s Mr Yeow, having a network on the ground is key to running a successful business overseas. “That’s how you know what the local practices are, and you know not to do things your way,” he says. ■

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◀ SWEET SUCCESS

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