

Full of beans



Rachel Read and Kate Farr chat to a Hong Kong entrepreneur about the challenges of sustaining a business in one of the world's most competitive cities

Talk to Mark Chan, co-founder of the independent cafe-cum-lifestyle store officially called {sfs} – the brackets are part of the title – and you are struck by his genuine enthusiasm for Hong Kong's local community, along with a commitment to evolving his business, often against the odds in the city's cut-throat retail sector.

A British chartered architect by trade, Chan and his financier business partner Wing Lo were inspired to start Sfs after a decade living and working in London. "Back in the UK, we spent most weekends cafe-hopping around east London," says Chan. "When we met up in Hong Kong [Chan and Lo moved to the city in 2013], we discussed the lack of such a vibe in this fast-paced city and

decided to bring a piece of east London back with us."

Although Hong Kong has a thriving caffeine addiction running through its veins just like any other major city, the pair felt there was something lacking in its existing coffee shop scene.

"Hong Kong is filled with coffee chains where customers have zero interaction with the baristas," says Chan. "In fact, customers seldom speak to anyone else and are most often on their smartphones. Drinking coffee is merely a daily routine."

Sfs was founded to challenge this status quo. "We believe given the right environment, coffee can connect people. In east London many independent shops serve brilliant coffee and strangers meet and socialise while browsing



other products or even just sitting casually on the doorstep."

This vision for a Hackney-style hangout initially led Chan and Lo to work with independent UK coffee suppliers.

"When we first started, we wanted to bring the taste of east London back to Hong Kong," says Chan. "We brought back coffee beans from different London roasters and after extensive sampling, decided upon espresso

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blends from Nude Espresso and Climpson and Sons – both very popular within the UK but new to Hong Kong."

However, soaring freight costs led the pair to seek alternatives closer to home. "We now use a house blend that is roasted locally here in Hong Kong and has been equally well received by our customers," says Chan. "We also occasionally serve guest blends from around the world and always have a selection of single origin beans for those who like hand-dripped coffee."

When it came to picking a location to nurture their neighbourhood hangout vibe, Chan and Lo struck upon the Star Street precinct in Wan Chai – one of the few areas in Hong Kong Island where the majority of businesses remain independently owned, with a charmingly hip-yet-laidback vibe to match. As an architect, Chan brought his own vision to the cafe's original



“Foot traffic in the area has more than halved since we first started out and many local businesses have closed”

location on St Francis Street (which gives the business its name), overseeing its design and fit-out in just three months from inception to opening. “Things had to move really fast when we found a shop space we both liked and signed the lease. Designing and fitting out did not take very long as it was a small space and fortunately I had a team of contractors I was familiar with.”

Nevertheless, Hong Kong’s soaring retail rents are a constant challenge for small businesses – and Sfs was no exception. “The rent became too expensive to afford at our first location on St

Francis Street, plus we needed a larger space to host bigger workshops and events,” says Chan.

Demonstrating the strong community focus that has underpinned the business from the start, Sfs teamed up with a neighbour, the print gallery Odd One Out, to find a new space. “They were also looking for a new location so we found a space up the road and decided to move in together.” Relocating both businesses was, surprisingly, even faster than the original set-up, taking about one month from planning to opening, with the fit-out taking just a week.

8%

Year-on-year decline in retail sales in Hong Kong in 2016

“The transition was swift with no business days affected,” he says. This agility and openness to change has greatly benefited both establishments. “Although they remain independently run businesses, being close neighbours means we can share resources and shop space in case of events,” says Chan. “We help each other out and the relationship is mutually beneficial. Many customers do not even realise that we are actually two separate shops.”

This community-focused approach is often at odds with Hong Kong’s unforgiving business scene, in particular the city’s ruthlessly competitive retail market. According to a Maybank Kim Eng report, Hong Kong’s retail sales fell by eight per cent in 2016 – a 17-year low. Chan says in common



with many small business owners, Sfs has felt the impact of the retail slowdown. “Foot traffic in the area has more than halved since we first started out. The reduction and extreme fluctuation of foot traffic in the area is one of our biggest challenges. While we have a crowd of regulars who live or work in the neighbourhood and have supported us over the past few years, we rely equally on walk-in customers and product sales to sustain the business.” Hong Kong’s sub-tropical climate, with its hot wet summer months and unpredictable typhoon season, also significantly influences turnover. “Being a street shop as opposed to located within a shopping mall means that foot traffic is highly weather-dependant,” says Chan. “There are days that can go by with only a few cups of coffee sold.”

To combat these challenges, the partners have consciously chosen to keep their business small, maintaining a local focus while enabling it to evolve and grow sustainably.

“As our shop is very small, we only require one staff member at a time so the barista on duty is tasked with the full daily operation of the cafe.” The space has also worked in its favour with the venue’s availability for private events, music gigs and latte art workshops – opening up alternate revenue streams.

Sfs has expanded into online retail too with an e-commerce site specialising in independent lifestyle brands operating in conjunction with the store. While the duo started as distributors for east London design brands like Plumen lighting and

The venue also plays host to a variety of events, gigs and workshops

Ally Capellino bags and accessories, their product range has since grown to include local designers, including Bujie Lite handmade clutches and Kitmen Keung watches.

While curated selections are considered something of a cliché in the independent retail scene, the Sfs team are still selective about the brands that best represent their vision.

“We look for products with a twist, a reinvention of the classic,” says Chan. This is evident in Keung’s dual-dialled watches, which are ideal for frequent travellers, Bujie Lite’s crochet bags made from tee shirt yarn and Danish brand Eone Bradley, whose timepieces were originally designed for the visually impaired and substitute ball bearings for hands, enabling wearers to tell the time by touch alone. Sensitive to customers’ changing tastes and budgets, Sfs increasingly stocks lower-priced products, working on a consignment basis with designers to keep overheads low.

Looking to the future, Chan plans to pursue new creative challenges under an increasingly diverse umbrella. He recently started Sfs design collaborative, a studio where the output ranges from graphic design to exhibitions and interior design. He also remains optimistic that the outlet will continue to adapt and evolve: “With the day-to-day shop operations on track, I hope to relate my design expertise more to the cafe and hopefully fresh ideas and new collaborations will emerge.”

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