



20 May 2017

Media Release: NTE/11/2017

**Launch of the First Two Productive Coffee Shops in Singapore**  
***Transforming the Food Services Industry in Productive and Innovative Ways***

1 Jointly facilitated by SPRING Singapore (SPRING) and the Housing & Development Board (HDB), the first two productive coffee shops by Koufu Pte Ltd (Koufu) and Chang Cheng Group Pte Ltd (Chang Cheng) were unveiled on 20 and 21 May 2017 respectively. These have been rolled out under the pilot tender system that encourages operators to innovate and transform from traditional formats into more efficient ones. With plans for the opening of other productive coffee shops in 2018, more residents can look forward to an enhanced dining experience in their neighbourhoods. This initiative is in line with the recommendations proposed under the Food Services Industry Transformation Map (ITM), which was launched in September 2016.

2 The new coffee shops, namely "Happy Hawkers" by Koufu in Tampines<sup>1</sup> and "FoodTastic" by Chang Cheng at Choa Chu Kang<sup>2</sup>, were officially opened by Mr Masagos Zulkifli, Minister for the Environment and Water Resources, and Ms Sim Ann, Senior Minister of State for Ministry of Trade and Industry and Ministry of Culture, Community and Youth, respectively. Their successful implementation marks a major step forward in the transformation of the Food Services industry.

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<sup>1</sup> Koufu's productive coffee shop is located at Block 872C Tampines Street 86 #01-09.

<sup>2</sup> Chang Cheng's productive coffee shop is located at Block 818 Choa Chu Kang Ave 1 #01-01.

## **Transforming Traditional Formats is Critical for Sustainability**

3 The Food Services industry is constantly finding new ways to become more efficient. Innovative formats and technology adoption will become a norm to better meet the needs of consumers in a productive and less labour-intensive manner.

4 Local coffee shops represent a unique way of life for Singaporeans, but operators are facing challenges owing to their reliance on manual labour and processes. Coffee shops and food courts currently comprise close to 970 establishments, and employ 13%<sup>3</sup> of the total Food Services workforce. With the tightening of the labour market and changing workforce aspirations among locals, there is a need to improve the operating model. The introduction of the productive coffee shop under the Food Services ITM helps to initiate the transformation of this traditional business.

5 SPRING and HDB will require innovative and productive measures in future calls for tender of new coffee shop spaces<sup>4</sup>. On top of rental, the new Price-Quality tender evaluation allocates a 50% weightage on productivity improvements and quality of jobs. This pilot tender system encourages operators to rethink their service concept and operating processes.

6 “Given the manpower challenges, coffee shop operators would have to revamp the traditional business model and use technology to improve operations. The transformation of coffee shops would not only ensure sustainability but also improve the working conditions of staff. We encourage more operators to seize the opportunity to make a bigger impact on the productivity of the coffee shop sector”, said Mr Poon Hong Yuen, Chief Executive, SPRING Singapore.

## **Productive Coffee Shops to Meet Consumers’ Needs in New and Innovative Ways**

7 Beyond a modern façade, the new productive coffee shops will raise productivity with a combination of both front- and back-of-house initiatives that will, in turn, reap benefits for operators, patrons and workers.

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<sup>3</sup> Coffee shops and food courts employ about 20,800 workers.

<sup>4</sup> The pilot tender for the first two sites was opened on 14 Sep 2016, and closed on 28 Oct 2016.

Improving productivity of traditional coffee shop operators

8 At these new coffee shops, productivity improvements will be the result of technology and automation, layout redesign, offsite central kitchens and onsite shared kitchens. Compared to Chang Cheng's other coffee shops, the seating capacity of FoodTastic is about 25%<sup>5</sup> higher and its manpower need is about 60%<sup>6</sup> lower.

Enhancing the dining experience for consumers

9 With the drive towards digital solutions by the Food Services industry, consumers can look forward to the convenience of using cashless payments and digital ordering via both kiosks and mobile apps. For example, each kiosk at Koufu's Happy Hawkers features a unified payment terminal that allows customers to choose from a wide selection of payment modes like EZ-Link<sup>7</sup>, NETS, NETS FlashPay, Apple Pay, credit cards, cash. In addition, a tray return robot and compact food waste digester has created a cleaner and more pleasant dining environment.

10 Even with the enhanced customer experience, affordability<sup>8</sup> of food is not compromised. The new productive coffee shops will, therefore, continue to be a social congregation venue for the community.

11 HDB Chief Executive Officer Dr Cheong Koon Hean, said "Coffee shops play an important role in HDB living. Beyond serving the daily needs of residents, these are places where the community mingle and bond. The adoption of more productive operating formats will offer residents a more conducive dining experience, making these coffee shops even more appealing and lively."

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<sup>5</sup> As food preparation processes are completed in an offsite central kitchen, original food preparation space can now be converted into seating areas. Onsite, there is a shared kitchen concept where the stalls are supported by a larger kitchen.

<sup>6</sup> The number of workers required at Chang Cheng's productive coffee shop is expected to be reduced from ~58 to ~22.

<sup>7</sup> Payment by EZ-Link at Koufu's new coffee shop will be available from June 2017.

<sup>8</sup> Under the new tender system, there are mandatory criteria to ensure (i) diversity of food options (i.e. tenderer has to provide at least 35 food dishes comprising both halal and non-halal cuisine) and (ii) food affordability (i.e. tenderer has to provide at least 7 budget food dishes). For the prices of other common dishes, they have to be benchmarked and be comparable to the prices of similar dishes around the vicinity.

*Creating a better working environment for staff*

12 Currently, many coffee shop operators rely on mature workers to carry out the laborious tasks. With automation and a redesigned workflow, everyday chores are made less strenuous for these workers. For instance, the automated floor cleaning robot at Chang Cheng's FoodTastic and the automated dish sorting and washing equipment at the new outlet have helped to reduce manual tasks. Energy-efficient cooking equipment that emit less heat have also created a more comfortable kitchen environment in Koufu's Happy Hawkers. These investments will work positively for the staff attraction and retention.

**Wider Rollout of Productive and Innovative Initiatives in Coffee Shops**

13 Following the launch of the first two productive coffee shops, the tender for another three sites will be launched in the third quarter of 2017. Through the Capability Development Grant, SPRING will continue to support operators who are keen to tap technology and implement productive concepts.

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## **About SPRING Singapore**

SPRING Singapore is an agency under the Ministry of Trade and Industry responsible for helping Singapore enterprises grow and building trust in Singapore products and services. As the enterprise development agency, SPRING works with partners to help enterprises in financing, capability and management development, technology and innovation, and access to markets. As the national standards and accreditation body, SPRING develops and promotes internationally-recognised standards and quality assurance infrastructure. SPRING also oversees the safety of general consumer goods in Singapore. Please visit [www.spring.gov.sg](http://www.spring.gov.sg) for more information and news about SPRING Singapore.

## **About Housing & Development Board**

The Housing & Development Board (HDB) is the public housing authority in Singapore. Born in a crisis to address an acute housing shortage situation, HDB has today successfully housed more than 80 percent of Singapore's resident population in well-designed apartments located in comprehensively planned housing estates. Beyond the hardware of public housing, the fostering of bonds between communities is also of utmost importance to HDB. HDB's efforts in housing a nation has earned much international acclaim, including the 2010 United Nations Habitat Scroll of Honour Award. For more information, visit [www.hdb.gov.sg](http://www.hdb.gov.sg).

### **For media enquiries, please contact:**

Kathryn Zhang (Ms)

Senior Manager, Corporate Communications

SPRING Singapore

DID: 6279 3177

Mobile: 9762 4802

E-mail: [kathryn\\_zhang@spring.gov.sg](mailto:kathryn_zhang@spring.gov.sg)

Sherlyn Yap (Ms)

Executive Corporate Communications Manager, Corporate Communications

Housing & Development Board

DID: 6490 1263

Mobile: 9177 0747

E-mail: [sherlyn\\_yap@hdb.gov.sg](mailto:sherlyn_yap@hdb.gov.sg)