

A Brand Named Clan Anchors Far East Hospitality's Pivot From Mid-tier to Lifestyle



The reception area where guests are "one of us" and treated to a welcome tea ceremony and sweeping views of old and modern Singapore. Photos: The Clan Hotel Singapore/Far East Hospitality



Arthur Kiong, CEO, Far East Hospitality, believes there's a great opportunity to recreate The Clan anywhere. "Every place has its story," he said.

By Raini Hamdi, December 1, 2021

Singapore's Far East Hospitality wants to expand beyond its two main markets, Singapore and Australia, to countries such as Japan and Vietnam. It has a new tactic: drop its positioning as a mid-market hotel player and become an owner/operator of world-class lifestyle hotel brands.

That's ambitious of the group, a 70-30 joint venture formed in 2013 between Far East Orchard, a listed company under Far East Organization, and The Straits Trading Company. Lifestyle is a nebulous concept and competition in this category is expected to rise as the pandemic stokes customers' desire for more than just accommodation at hotels. The trend was clear way before Covid-19 hit the industry.

For Arthur Kiong, CEO, Far East Hospitality, lifestyle is about creating unique products that offer experiences, enabling these hotels to command higher rates. Mid-market hotels are more cookie-cutter and compete on price, he said.

A slowdown in business during Covid-19 gave him the chance to create a new lifestyle brand, The Clan Hotel, as a showcase of the company's adeptness in optimising real estate, product differentiation to achieve higher pricing, and the art of storytelling.

All this may be sweet music to hotel owners seeking new operators to manage their assets, but it's early days whether they will bite. The first Clan Hotel in Singapore may work well as it is located in the birthplace of Chinatown clans, many of which still exist. But opportunities may be limited elsewhere, while the brand may not resonate so easily with the younger crowd for whom kinship is online.

Pain Point

Clan Hotel Singapore, opened last March, is located at Cross Street in the central business district and Chinatown. The property sits on 1,065 sqm plot of land, large enough for the neighbourhood community centre to conduct square dancing lessons. In this tall building that towers above two-storey pre-war shophouses, there are 324 rooms.

The group could build another standard economy hotel that will draw business travellers because of the location. But Kiong said he saw a chance to solve a customer pain point.

"With hotels in the central business district, you either get experience or affordability but not both. The ultimate experience there is at Fullerton Hotel, but you pay a high price. Otherwise, at Holiday Inn Clarke Quay or Park Regis, which is affordable but is not experiential. How do I create both?"

Kiong seized on the location's rich heritage as the backbone of the Clan concept. The earliest Chinese settlement in Singapore developed in the area south of the Singapore River in the 1820s. Clans, associations, temples and other institutional buildings were established there and are part of the roots of Chinese in Singapore, according to government website, [Roots](#), which lists 27 of these fascinating buildings for visitors to explore.

"To me, this is the definitive story of authentic Singapore, not Raffles or Fullerton, which are iconic but a period when we were (colonised by the British). The story of Singapore is about how our city was built on the back of immigrants. They came with nothing and became tycoons and philanthropists who contributed towards the collective psyche of Singapore. They had this obligation that if you come to Singapore, come, you have a place to stay, you are a part of us," said Kiong.

'One of us'

With a serene entrance, staff at Clan Kempinski greet you outside the hotel and

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with a narrow entrance, staff, or Clan keepers, greet you outside the hotel and lead you to a lift landing area. A huge tablet on a wall carries the pledge: "We take care of you like you are one of our very own. We are The Clan."

The Reception, on Level 2, offers sweeping views of old and modern Singapore. DP Architects and Interior Designer Kanko Kikaku Sekkeisha (KKS International) turned a small space into a homely lounge sporting modern Chinese decor. A Nanyang tea ceremony by an expert adds to the one-of-us welcome.

There are other "authentic touchpoints", created by "The Clan Collective". This is a network of local craftsmen, artists and influential figures whom the hotel uses to amplify its story-telling of the vicinity and local culture. It's in their artworks at the hotel, the staff uniforms, the locally-brewed craft beer. The in-room dining menu is a partnership with local hawkers. An all-day dining restaurant and bar, QIN (for kinship), is outsourced to TungLok Group, an established local name.

"The modern-day guest is looking for authentic encounters," said Kiong.

Guests are encouraged to explore the immediate vicinity. At partner merchants, they can identify themselves as guests of The Clan with their room card and enjoy special treatment.

Other facilities include a sky pool and gym on Level 30 and two small meeting rooms, Mahjong and Den.

Premier rooms, called Master Series, comprise 25 percent of the total inventory. Premier rooms, 31sqm to 36sqm in size, are positioned at S\$400 (US\$294), while Deluxe rooms, 24sqm in size, S\$290.

"For CBD area, that's affordable – and comes with experience," said Kiong. "For us, the revenue per sq ft is efficient. We're able to charge more than a standard economy. We create a new leisure market and boost weekend occupancy, which is a challenge for CBD hotels," said Kiong.

'Can't be a Me-too'

Kiong aims to grow Far East Hospitality's portfolio to 25,000 keys by 2025, from 20,000 keys now. Japan and Vietnam are the primary focus because of their large domestic market and their appeal to international visitors, he said.

Indonesia, South-east Asia's largest market, is a secondary target. The group's alliance with Artotel Indonesia, signed in April, is for hotel development purposes, aside from cross-marketing.

Kiong believes there is a great opportunity to recreate The Clan. "You can't replicate the Singapore story, but you can recreate The Clan in, say, New York, where the Chinese diaspora, for one, is an angle.

"Every place has its story. Japan has lots," said Kiong.

To compete, be it for guests and management contracts, "we can't be a me-too product, we need to create uniqueness".

"How else do you negate owners' questions like, do you have a loyalty programme the size of Marriott? I don't buy the business – I do it through providing experience. A lot of chains think, how can we scale? I think how I can segment."

He uses Far East Hospitality's recent foray into Japan with the Village concept as an example of how its brands can be transported. The group opened the Village Hotel Ariake Tokyo, in November 2020, followed by Village Hotel Yokohama in June this year. The former is owned 50:50 by Far East Hospitality and its parent Far East Organization. The Yokohama hotel is owned by the latter.

With 306 rooms and 277 rooms respectively, these are huge villages. But the crux is how they deliver the brand's pillars, Eat, Play and Explore Like a Local, not in roomcount.

Expansion beyond Singapore and Australia, however, has been modest with its other lifestyle hotel concepts such as Oasia and Quincy. In Vietnam, it signed a management contract in 2019 with Five Elements Development to manage two boutique hotels in Ho Chi Minh City, the 56-key Hotel Réve and 30-key Suzu Hotel.

"We have to grow, but in a sustainable way," said Kiong. "For us, business is about real estate, must deliver the prescribed yield or else the investment does not make sense and must be reallocated. The cornerstone of our mother company is to do business and to do good in business, i.e. how to optimise profit and, with our optimised profit, contribute to society's greater good, particularly to the needy."

Just like the clans.





Not a tall order to offer both experience and affordability.

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