Leader of the Pack
BIGGER IN CHINA

PARKSHIPS, trailblazing supermarket revolution is new being exported across the border to China, where the chain’s biggest outlet to date has just opened.

The new PARKSHIPS Mega Store in Guangzhou’s Tien He district is essentially a hypermarket, nearly twice as big as Hong Kong’s largest supermarket, extending over a massive 13,800 sq ft.

It’s an entirely new model, bigger than anything we have opened so far in Hong Kong,” says Evans, managing director for PARKSHIPS in China.

Communication. and planners spent 18 months perfecting the “hypermarket” model, which is the first of many envisaged for Guangdong province.

“We didn’t want to just copy others. We wanted to own it,” says Evans. “And I’m delighted. You could put anywhere in the world and people would be impressed.”

In fact, by adding the hypermarket dimension, PARKSHIPS believes it has gone one better than any other retailer in Asia.

Fashion stores, “I don’t know of any other store that incorporates all of these major ‘malls’ around the world, from traditional supermarkets to hypermarkets,”

The Guangzhou Mega store is essentially a “one-stop-shop” for virtually everything people need to buy.

The enormous range over two floors incorporates: electrical products and household appliances; a Home World retailing everything from bedding and kitchen appliances to personal computers; a World’s Beauty Zone offering cosmetic, bedroom products and baby apparel; an Expat Corner featuring imported favourites; and a giant supermarket including the enormously successful “well-marker” concept pioneered in PARKSHIPS’ Hong Kong supermarkets.

The latter store alone extends over 8,000 sq ft.

PARKSHIPS was the first foreign retailer in China, having opened its first store in Shanghai 17 years ago.

Over the years, the company grew to over 70 stores in China. But they were all very small supermarkets known for selling only imported products from Hong Kong. “Our reputation was very much to the luxury end,” Evans explains.

“Now shopping habits have changed dramatically in China, and when we started opening hypermarkets, PARKSHIPS was unfortunately left behind. But ever since 1999, we’ve decided to create a world-class format. We closed down the last of our ‘small’ supermarkets, to the point where today we have just 21 stores across our 27 outlets in Guangdong province.

“We have stores in Beijing and Shanghai, but the thrust of our operations is in Guangdong, where we see the largest potential for growth in Hong Kong. The first of these opened last year, in the China Travel Services building in Guangzhou, and has proved immensely popular.

But the strategy was also to build giant hypermarkets on the fringes of Guangzhou’s major cities.

“There are exciting times for PARKSHIPS,” says Evans. “To meet the challenge, we’ve recruited an entirely new management team, nearly all of whom are bright, young, mainland graduates. It’s actually the youngest management team in retailing in China, with an average age of only around 30, and the new blood is extremely ambitious.”

have transformed their factories to achieve hygiene standards as good as anywhere in the world,” says Johnston.

“We even get involved in factory design. For example, over the past year we have been working closely with a chicken processing firm in Mainland China, and we completely re-engineered it, with a unique Fresh Check system, a system that enables them to hygienically process and chill chicken with the need and feel satisfied, which is how local consumers prefer them.

“We’ve been extremely rewarding experience, working through all the frustrations, setbacks, and pressures. It’s allowed us to work in the factory construction and production stages. It’s allowed us to work in the factory construction and production stages.

The first outlet, PARKSHIPS opened three laboratories at its centralized supply depot close to the border the Fresh Food Distribution Centre in Shenzhen. PARKSHIPS also has three laboratories at its centralized supply depot close to the border, the Fresh Food Distribution Centre in Shenzhen.

They test food virtually around the clock,” says Johnston. “A microbiological laboratory tests about 900 samples of 2,500 products at a meat harbor. An analytic laboratory tests for bacterias and vegetables. All food must pass every test before being accepted. National standards are also conducted to meet consumer expectations. Food is further tested for additives.

Since one of the biggest food safety risks in Hong Kong is post-harvest processing of Chinese vegetables, which results in several hospitalisation cases a year, PARKSHIPS invested in a testing laboratory that operates all night, every night. Every single batch of vegetables from China is tested before being sent to stores in the morning.

PARKSHIPS even has its own agricultural scientists, a line of supply, all-salad supply chain, to ensure quality, hygiene safety and hygiene assurance. Cleaners for safer fish molecules our passion for food safety.”

The exciting initiatives on local and national levels are already attracting businesses, and not just from customers. Sales through PARKSHIPS’s 52 new supermarket stores are now equal to total across the entire chain of supermarkets.

For its efforts, PARKSHIPS last year also won top prize in the Hong Kong Management Association’s HMA 2001 annual awards for businesses that broke new ground in management excellence. The HMA concluded that PARKSHIPS had transcended into a “truly quality-driven organisation.”

But the commitment to food hygiene and quality is not yet over.

“We have a culture of continuous improvement,” notes Taylor. “We want to get better all the time.” This is the first step, he is not afraid to diversify. The first time this topic comes up, he says, he receives a flurry of calls from his colleagues and suppliers. “The first time this happens, we are usually pleased. The first time this happens, we are usually pleased.”

And so, which is oversee in the future? PARKSHIPS? “The next step is...”
An alliance between PARKISHOP and Ng Fung Hong, a leading fresh food distributor and wholesaler, has taken fresh pork on sale to new levels of hygiene.

Historically, the supply of pork to the Hong Kong market has been conducted without a cool chain, despite the fact that meat spoils rapidly in hot temperatures. It was not unusual to see butchered meat being carried in open trucks in the heat of the sun, or sides of pork being wheeled around the city on a bicycle.

Riding the wave in this process, PARKISHOP worked with Ng Fung Hong to develop a new pork-cutting facility at Tai Po’s new Fresh Food Distribution Centre in Sheung Shui. The pigs selected for PARKISHOP are brought quickly from the slaughterhouse and chilled. Sealed trucks to the cutting plant processed and cut in an environment of the highest hygiene standards and transported to stores in the same chilled trucks. The process takes only around six hours from slaughter to arrival at stores.

The alliance provides PARKISHOP with a fresh pork supply chain whose standards equal the best in the world. The PARKISHOP model means pigs are now audited, monitored, and tested, all the way from the farm to the stores.

Perfect Pork

The transport system means pigs are now audited, monitored, and tested, all the way from the farm to the stores.

Life in the Freezer

Where is the healthiest place to work in PARKISHOP? Believe it or not, it is the coldest of the three warehouses at Sheung Shui’s Fresh Food Distribution Centre – maintained at a freezing -10°C. There are two other controlled-temperature levels at the depot, one at 2°C and the other at 8°C.

But depot manager Richard Leung reveals: “Asepsis due to sickness among our staff of around 190 is far lower is the coldest warehouse than anywhere else.”

Despite having to wear warm parkas, gloves and woolly hats, it seems employees are the picture of health because the “Freeze Zone” is not only too cold for most human, but also for germs.

Fishy Business

Over 100 varieties of fish are currently being distributed through PARKISHOP’s new Fresh Fish Centre (PFC) in Aberdeen. The PFC opened in January 2017 and has rapidly established itself as the go-to destination for fresh fish in Hong Kong.

The PFC’s 33 holding tanks currently contain around 15,000-20,000 kilograms of fish at any one time, as it is a very efficient, while indoor waters around Hong Kong are not suitable for keeping fish.

So PARKISHOP decided to rent a boat with a giant water tank. The boat makes daily trips to offshore waters where it monitors for red tide and feeds the Global Positioning Satellite system records where it has been within a few meters and a copy is e-mailed to PARKISHOP every morning. If the water is clear, it can arrive at the location to source the cleanest water.

The boat then returns to the dock in Aberdeen where the water is pumped out to the PFC then filtered, UV sterilized and laboratory tested before flowing into the holding tanks.

Fresh Food Supply Chain

1. Shipping

> Over 2,000 product lines of meat, dairy, fruit, vegetables, frozen foods and packaged items are shipped daily by air and sea from around the world. Fresh food is also imported from 20 countries in China.

2a. Goods In

> Goods are transferred to the Fresh Food Distribution Centre in Sheung Shui. The warehouse complex is the most advanced in Hong Kong with ISO 22000 certification. It handles 360,000 cases of food a day and can process 3,000 boxes of apples and oranges, and as many as 45,000 mixed in a single shift.

2b. Sorting and Testing

> Goods are sorted and checked. Samples are sent to the Analytical Laboratory for testing. Trucks then proceed to the warehouse for storage. The Analytical Laboratory is the only CMC-owned analytical laboratory in Hong Kong.

2c. Goods Out

> Goods are sorted into aggregated orders from retail outlets, then loaded into trucks for delivery.

3. To Market

> Goods are transported to 34 PARKISHOP supermarkets and 42 supermarkets – ready for consumers.
“When I joined in 1990 there was no recognizable quality assurance in our business,” says Johnston. “PAKHSIPO was starting to open more supermarkets selling a range of fresh foods, but there was an array of food scares — from clams and e. coli to toxic poisoning of catfish, red turtles and toxic pesticides in vegetables from China.

“We realized that if we wanted to succeed in selling fresh foods, we couldn’t put up in to the existing supply chain of the wet markets without tolerating all their inherent vulnerabilities.”

So a string new benchmark standard was set: that fresh food at PAKHSIPO would “match the best food safety standards in the world.”

“Fresh Choice” stands for quality assurance, all the way down the PAKHSIPO food chains, from the farm (or ocean) to the supermarket. The concept embodied suppliers, storage, delivery, staff hygiene training, medical testing, store hygiene, laboratory testing and consumer information.

“The programme was the first of its kind in Hong Kong and initially there was some mistrust in that PAKHSIPO was placing such emphasis on food safety, as no one had bothered much about it before,” says Johnston.

“I was constantly reminded that Hong Kong people don’t care about food safety because they are too busy making money, and when it came to food they were only interested in ping, long, jeng (cheap, nice and good). But our customer surveys revealed a very different picture — that Hong Kong people really do care about food safety. This was clearly demonstrated by plugging value figures of almost any item involved in a food scare.”

CHALLENGES AND REWARDS

Tackling the entire food chain was (and continues to be) an enormous challenge. Every one of 350 suppliers of fresh food was found then required to meet existing international hygiene standards. For many this required substantial investment, but the alternative was losing their PAKHSIPO business, and most accepted the necessity to improve.

“We have had some great success stories with suppliers, many of whom...
Another elaboration: "Caught yesternight near South China Sea, in Sale Today 7:30am," Not only is the seafood freshly caught and the man in charge is executive, including both familiar local treasures and famous fish from across the world's oceans. Atlantic cod, salmon, and halibut, Californian sea bass, New Zealand wakame, even live crabs and frogs.

Shoppers never had it so good.

**COME THE REVOLUTION**

Welcome to a 21st-century wet market. This one is at PARKSHOP's latest supermarket in Mido City, and it is one of the biggest food stores in Hong Kong. Its Fresh Market features not only seafood but also fruit & vegetables, sushi, a butcher's, French-style bakery and even a kitchen setting ready-cooked dishes and served in metal bowls.

Until recently, local supermarkets lagged behind their Japanese counterparts in North America and Europe. But an executive from Shinagawa's, the popular Japanese supermarket chain, recently toured the Mido City Superstore and declared it to be "world class."

In fact, a shopping "revolution" is underway in Hong Kong and PARKSHOP is unquestionably the trailblazer for the changes in an industry worth HK$10 billion (about US$1.5 billion) per year. Hong Kong's spending on food doubles approximately into four groups: 28% in supermarkets and 23% in wet markets, with the remaining 50% shared by restaurants (mostly Chinese) and fast-food nations.

When he took the helm at PARKSHOP five years ago, Logan Taylor, a British supermarket industry veteran, quickly realized that shopping habits were ripe for change. "People in the business insisted there was little opportunity to increase our market share in food sales but I knew that was rubbish," he says.

Research indicated that shoppers frequented wet markets on a daily basis, and visited supermarkets four times a week. Wet markets had the edge on total spending, not least because supermarkets were not so

**THE PRICE IS RIGHT**

The territory's populace had traditionally regarded PARKSHOP as pricier than its historic rivals. so the PriceWatch initiative was launched in 1997 to combat the misconception.

"A "Yellow Label" campaign indicated differences every day on over 2,000 items — PARKSHOP prices are monitored against all major supermarkets and our price is guaranteed to be competitive.

The initiative is backed by an intense public relations and advertising effort. "These are the same people they go to buy fresh, say Taylor. "In two years we have depressed the price gap significantly. Before, we scored high with the public on stores and service, but low on price. Now, the public believes we are no longer compelling reasons to shop elsewhere.

"We have never set out to be the price leader, but the idea was to neutralize the perception of being pricier, and PriceWatch helped us achieve that. Interestingly, very few retailers have managed to close such a big gap in price perception before!"

The strategy proved literally priceless during the supermarket "price war" of the late 1990s. But PARKSHOP bought off the opposition and in the process became the undisputed No. 1 chain in Hong Kong.
PARK SHOP takes the lead in trailblazing Hong Kong’s supermarket revolution.

By Tom Metcalf.

Smiling customers can hardly resist the sales pitch: “Look, our fish is so fresh and so cheap, they’re taking photographs of it!” the saleslady below the fish case exclaims. Her audience takes the bait and quickly crooks around the well-stocked seafood, probing for more information about the quality and the price. The photographer is on a shoot for this article, and the saleslady, in the grand improvising tradition of market traders, had spotted an extra opportunity to promote her products.

The atmosphere, bustle and flipping fish are familiar aspects of any traditional Hong Kong wet market. But one similarity between them and my current location end there. Here, a quantum leap in hygiene standards is immediately apparent. Unlike a typical wet market, modern air-conditioning and extractors keep the air comfortably cool and fresh, and the ground underfoot is spottless and dry rather than slippery from fish scales.

Staff wear clean white smocks and rubber boots. None has a cigarette dangling from their mouth or splashes of blood on their uniform — which are handed daily. They even wear hankies, and badges indicating they are graduates of the Fresh Check Food Hygiene Academy.

Behind the semicircular market stall, ice cascades from the ceiling to replenish the frozen display area. Some customers still satisfy their Hong Kong habit of handling fish before they buy to test the firmness of the flesh, so a small sink is provided for customers to wash their hands so they don’t end up with slippery fingers.

To stress the seafood’s freshness, one slogan above the stall declares: “Nobody’s Faster, Nobody’s Fresher.”