

International retailing

Innovative from field to franchise

An innovative organic initiative jointly launched by PARKnSHOP, NutriSmart and the Vegetable Marketing Organisation in Hong Kong is a win-win for all stakeholders. What can Australians learn from this organic retailing strategy?

Increasing organic demand in Hong Kong is driving the need for more innovative solutions to deliver product supply, in an effective, safe and affordable manner. To this end, a dynamic partnership has been formed between organic farmers, the developer of an organic eco-fertiliser, a major supermarket retail chain and the Hong Kong Government to bring quality local organic produce to customers. This successful collaboration is a win-win example of building an organic value chain that benefits all stakeholders and can be applied in markets across the world.



CK Life Sciences Int'l. (Holdings) Inc.

ORGANIC TAKES OFF IN HONG KONG

The Hong Kong market is fast catching up with the Western world in terms of demand for organic produce. Theseus Lin, PARKnSHOP's commercial manager of trading produce, has noticed that more shoppers are prepared to pay a higher price for quality.

"Consumers are becoming more health-conscious," he says. "With greater spending power, they are more attentive to the quality of the products they buy. More and more people are therefore choosing to go organic to ensure that their food is free from additives, pesticides, hormones and other harmful chemical additions. Our organic range of produce is continuously growing to meet market demand."

Since opening its first store in 1973, PARKnSHOP has established itself as a leading supermarket in greater China, with about 250 stores in Hong Kong, Macau and mainland China. All PARKnSHOP outlets are in prime retail locations and carry centrally controlled product ranges tailored to suit each micro-market that they serve. The range of organic products available at PARKnSHOP has been rapidly expanding to meet the surge in demand.

A WIN-WIN RETAIL INITIATIVE

As part of a strategy to enhance its organic range, PARKnSHOP last year launched a local organic vegetable scheme together with CK Life Sciences and the Vegetable Marketing Organisation (VMO). Under this innovative scheme, local Hong Kong organic farmers who buy and use NutriSmart, the eco-fertiliser developed by CK Life Sciences, in their vegetable farming, will have their produce collected and screened

by the VMO and then delivered to selected PARKnSHOP supermarkets for sale on consignment. This arrangement forms a complete organic produce life-cycle, from production to retail.

The eco-fertiliser range developed by CK Life Sciences has proved to be an efficient and effective organic product. NutriSmart matches, and in some ways outperforms, chemical fertilisers in terms of yield, crop quality and cost without any of the harmful environmental effects of chemical fertilisers. It is available in 13 regions or countries globally and its availability will continue to be extended around the world.

Since the initiative was launched, more than 40 varieties of herbs, leafy vegetables, fruits and melons have been made available for sale. On average, the prices for these produce are about 50% lower than imported organic vegetables. Because the organic vegetables are locally grown, the vegetable sources can be traced and monitored, and are therefore guaranteed to be fresh, safe and of good quality.



THE POWER OF BRANDING

Local organic farmers are thrilled with the initiative. The profile of local organic vegetables has been considerably raised. Consumers are assured by the quality control and organic accreditation imposed by the VMO and are able to enjoy a wider variety of organic products at a lower price. All vegetables grown under the scheme are branded with three labels: an accredited organic NutriSmart label; the 'Good Farmer' label that the VMO uses to distinguish safe and quality local vegetables; as well as the details of each participating farm.

These labels have helped to significantly raise the visibility and awareness of local organic produce. The labels perform an important function as well, letting consumers and government authorities to trace the source of the produce if necessary.

Participating farmers have also enjoyed their enhanced brand recognition. Since launching, sales of the local NutriSmart organic vegetables have rocketed and the number of selected PARKnSHOPs that sell the produce has been extended.

AN ORGANIC TRIUMPH?

Plato Yip, strategy development manager of CK Life Sciences, says his company is delighted by the response of local consumers.

"The local organic farming market is young and needs support and nurturing," he says. "We think that this win-win initiative achieves this by enhancing the profile of organic produce in the minds of shoppers. At the same time, we have also been able to promote our own NutriSmart eco-fertiliser as a truly effective product.

"We hope that we can continue to partner with local farmers to bring more high quality produce, at more affordable costs, to the people. The support of the VMO has been incredible and has enabled us to make huge strides in a short space of time."

Mr Yip concluded: "The initiative has been a real success story for organic retailing in Hong Kong. The partnership between local farmers, a leading retail outlet, an effective organic fertiliser and government accreditation has been a winning formula. This has not only benefited all participating parties, but is great news for the consumer, who can enjoy quality organic produce at lower prices. We think that this organic production and retailing model has real potential and can be applied virtually anywhere. Even in more mature markets such as Australia, a similar initiative could be effective in matching supply with demand". ■

Left to right: Mr Theseus Lin of PARKnSHOP, Mr Edward Lai of the VMO and Mr Plato Yip of CK Life Sciences inspect the NutriSmart local organic vegetables in the Whampoa Homeworld PARKnSHOP.



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