

13 May 2002

Hon Fred Li Wah-ming, JP
Chairman
Legco Panel on Food Safety and
Environmental Hygiene
Legislative Council Building
8 Jackson Road
Central Hong Kong

RECENT PROBLEMS OF FRESH PORK SUPPLY

Introduction

I am Logan Taylor, representing PARKnSHOP Hong Kong.

PARKnSHOP is the leading food retailer in Hong Kong. We have over 200 stores, 50 of which are superstores. We account for some 22% of total retail food sales in Hong Kong.

Our share of fresh foods is much lower, at under 10%. Our share of the pork market as measured by AC Nielsen is under 5%. Traditionally, over 90% of fresh pork has been sold in the wet markets.

What does PARKnSHOP stand for?

We stand for quality, value, freshness and food safety. Over the past few years we have brought world class standards of food retailing to Hong Kong.

We have pioneered the introduction of one-stop shopping in response to changing consumer needs. As part of this, we aim to offer quality assurance on all the fresh foods we sell, backed by a hygienic supply chain, comprehensive testing and full traceability from farm to store.

PARKnSHOP's new Campaign.

Recently we launched a savings campaign called "Feed your family for less". The aim was to help our customers save money in these tough economic times.

We opened the campaign with pork because it is the single biggest-selling fresh food item, accounting for 18% of household expenditure on fresh food. Savings on pork can make a big impact on consumers' everyday cost of living.

How fresh is PARKnSHOP pork?

PARKnSHOP sells fresh pork from 57 counters. All the pork we sell as fresh is delivered fresh from the Sheng Shui abattoir on the same day of kill. We obtain all of our pork from legal, authorized sources.

We test our fresh pork for clenbuterol residues. Our pork is not only fresh but has the highest standards of hygiene and quality assurance in Hong Kong. We do not sell Thai pork.

Is PARKnSHOP selling below cost?

PARKnSHOP is not selling below cost. We do not believe that our selling price, an average of \$19 a catty, is below the cost that vendors in the market are paying for pork.

What has been the effect of the PARKnSHOP prices on the market?

ParknShop has increased sales as a result of its price cut. There have been many reports in the media about drastic declines in wet market volumes.

The facts are that PARKnSHOP only has 57 counters selling fresh pork. Even after the price reduction we still account for less than 10% of the total market of all fresh pork sold in Hong Kong.

Why was Pork not available in PARKnSHOP on May 6th?

Fresh pork was not available in PARKnSHOP for reasons beyond our control. All of our fresh pork is slaughtered on the morning of delivery to stores. Although we placed orders to meet Monday's sales, these were not met due to well publicized events in and around the slaughterhouse.

What is PARKnSHOP doing wrong?

Shoppers around the world have benefited from the lower prices which volume retailers, such as PARKnSHOP, are able to deliver. In addition to low prices, we are dedicated to improving the quality standards of fresh foods, and giving our customers the choice of air-conditioned, one-stop shopping.

We believe that high standards and low prices are in the interests of Hong Kong consumers.

Yours sincerely,

Logan Taylor
On Behalf of PARKnSHOP