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PARKSON-CHINA

PARKSON'S PROFITABLE VENTURE IN CHINA

By: Ali Mamat

BEIJING, Aug 18 (Bernama) -- With China's huge and growing domestic market, it has proven to be a perfect choice for Parkson, a subsidiary of the Lion Group, in entering its retail scene.

Since operations started in the world's most populous country in 1992, Parkson has now become China's second largest retailing chain, specialising in department stores and supermarkets.

Its annual sales exceeded 2.5 billion yuan (RM1=2.2 yuan) with a growth rate of 230 percent per year over the past three years, well above the industry's 20 percent growth rate.

Shanghai Parkson's General Manager Tan Han Ming said in an interview with Bernama that besides Shanghai, Parkson China has outlets in more than 15 major cities including Beijing, Chengdu, Dalian, Qingdao, Wuxi, Chongqing, Xian, Yangzhou, Wuhan and Mianyang.

The rationale behind Parkson's entry into China is because of its large market with a population of 1.2 billion from 255 million households and a heavy concentration of an estimated 300 million people in 640 cities.

Turnover from China's retail industry is also enormous, exceeding 2,600 billion yuan annually and its growth rate has also been exceptional, at 20 percent per year in the past five years.

Tan explained that Parkson's decision to venture into China is also encouraged by the country's growing retail industry where Chinese consumers are now demanding for better quality merchandise and customer service.

Meanwhile Prime Minister Datuk Seri Dr Mahathir Mohamad, who is now on an official visit to China, will launch a promotion of Malaysian products at the Beijing Parkson Store on Thursday.

Tan said Parkson's department stores in China provides wide range of quality products to local customers. Besides offering high-end items such as top brandname fragrances, cosmetics, high fashion wear and accessories, its stores also offer alternative products at reasonable prices.

It has been observed that many local retailers in China are not cost efficient and adopt traditional approaches. This has offered opportunities for Parkson China to penetrate into the local market with modern retail stores.

To run its stores efficiently, Parkson China also provides training to its staff on advanced sales terminals and computerised merchandise control technology.

Elaborating on the competitive advantage of Parkson China, Tan said more than 50 million people in the country are already aware of the 'Parkson' brandname.

Parkson China has spent more than 100 million yuan on advertising and promotion and intends to spend about 30 million yuan on advertising and promotion every year over the next five years.

Parkson China's stores are also strategically situated in all its locations and Tan said they formed the nucleus for future expansion into various regions and cities.

On top of that, Parkson China has also established extensive and long-term business partnerships with thousands of suppliers in China. It also taps into overseas supply networks through Parkson Malaysia.

Tan said the company is confident that Parkson China would soon emerge as a leader in the country's retail industry with its track record and inclusion of more high quality Malaysian products. -- BERNAMA

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