

All about bird's nest and ginseng

Superbrands winner Hockhua Tonic banks on consumer education, quality products and competitive prices to grow its business

by ahmad osman

YOU get the information you need when you shop at the 41 Hockhua Tonic retail outlets here, which sell more than 1,000 health and food products.

You will know, for example, the quantity, quality and origins of the dried bird's nest, with prices ranging from \$70 to \$300 for every 37.5g.

Its sales staff will help you to identify expensive wild ginseng and the cheaper ginseng grown in commercial farms.

They also tell you the actual weight and number of pieces of abalone in a can if the information is not stated on the label.

"We explain everything shoppers must know when they are in our stores," says Mr James Teo, the general manager of Hockhua Tonic.

"It is up to them to decide if they want to buy what we offer at the prices they can afford to pay. If they like a certain brand, they continue to buy it from us."

Bird's nest, ginseng, abalone, traditional Chinese herbs, medicines and health supplements are the most popular items in the Hockhua Tonic retail chain.

Other products include herbal tea, dried seafood, beans, red dates, longan, and wines from Australia, New Zealand and Chile.

Hockhua Tonic is the retail arm of the Hockhua group. The group was founded in 1986 by its chief executive, Mr Chan Tiong Cheng, to sell ginseng imported from Canada at reasonable prices.

Hockhua Holdings control the quality, prices and range of products in Hockhua Tonic stores. These stores are bigger than the other outlets here selling traditional Chinese medicines and health supplements.

The stores, with a wider variety of products and prices, also have more sales staff. Hockhua Holdings works with its

As we expand, we will provide all the explanations required by customers for them to continue to come back to our outlets.

— Mr James Teo (right), general manager, Hockhua Tonic

partners overseas to cultivate bird's nest, grow ginseng in Canada and China, and pick the best abalones and wines from different countries.

Its bird's nest, imported from eastern Malaysia and Indonesia, is processed in a factory here according to stringent global hygiene and food safety standards.

The same standards are applied in processing the imported ginseng at another plant in Ang Mo Kio.

Hockhua's manufacturing plants in Singapore, which meet international health, safety and quality requirements, also produce lingzhi, cordyceps and ginseng capsules.

Getting supplies directly from partners and farmers overseas helps the Hockhua group to control the quality of the products.

It can also offer competitive prices. Mr Teo says: "We do not have to rely on wholesalers. We do not have to pay what they charge and mark up our prices again before we sell what we have to Singaporeans."

"We offer a variety of abalone from Australia, Mexico and New Zealand. There are different species of the popular Australian Tiger King abalone. We go to Australia to negotiate for the best quality and prices with Australian abalone farmers."

"We get our supply directly from Tasmania Seafood, which is a major supplier in Australia, and our prices are very competitive. We also fly to Australia and work with consultants there to pick affordable good quality and tasty wines."

The emphasis on consumer education, good quality and competitive prices are the key factors for the success of Hockhua Tonic.

Demand for the products in its stores grew rapidly since it started its first shop in Hougang in 1989.

Annual sales revenue grew from \$50,000 in 1989 to \$83 million in the financial year ending on Sept 30, 2009.

"We want to expand the number of our stores here from 41 to 50 in the next two to three years," says Mr Teo.

"As we expand, we will provide all the explanations required by customers for them to continue to come back to our outlets."



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