

INTERVIEW

—Koay Swee Aik, Chop Tong Guan

Cool collector

PENANG—Malaysian company Chop Tong Guan recently won the Importer of the Year Award at the inaugural Asia Fruit Awards. Director Koay Swee Aik discusses the importance of the accolade and the latest investments and developments for the company.

by John Hey



Partnerships have been key to success for Malaysian fruit importer Chop Tong Guan, be it with supermarket retailers or global suppliers, and the company was recognised for its achievements in the business during the inaugural Asia Fruit Awards at the joint Asiafruit Congress-Asia Fruit Logistica on 3 September in Hong Kong.

Chop Tong Guan was presented with the Asia Fruit Award for Importer of the Year by ASIAFRUIT and Asia Fruit Logistica in recognition of its success in expanding its operations and developing a distribution network across Peninsular Malaysia. The Malaysian importer was also singled out for its investments to maintain cold chain, food safety and traceability standards that have in turn helped it to become a key service provider to local and international retailers in the country.

“It’s an honour and great delight for us to win the Importer of the Year Award,” says Chop Tong Guan’s director Koay Swee Aik, whose grandfather established the company in 1929. “It means a lot to us because it reaffirms our business principles and direction. It also recognises our team’s dedication to their work and our supplier and clientele’s trust in us.”

True to form, however, the company is not resting on its laurels. “As the saying goes, ‘you’re only as good as your last deal’, so this just motivates us to keep working harder, innovating and building our relations with suppliers and clientele for the future.”

Koay says Chop Tong Guan has come a long way since its first major cold chain investments more than a decade ago, with the group’s largest project to date due for completion in March 2014.



“We proactively engaged and grew with the emergence of the supermarkets here in the late 1990s, and began to partner with them in the 2000s in terms of investment in reefer storage, complete cold chain logistics and pre-packing facilities,” he says. “The strategic partnerships that we began developing with major growers and packers in the 1990s provided us with the supply base to meet their requirements.”

The company’s first facility – a 1,500-pallet coldroom and pre-pack-



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 ABOVE LEFT—Koay Swee Aik (seated, centre) displays Chop Tong Guan's Asia Fruit Award with his team

BELOW LEFT—Chop Tong Guan's Kuala Lumpur facility



ing facility – was built in its home city of Penang in 2002. That was followed by a 2,000-pallet cold room and pre-packing facility in Kuala Lumpur in 2008. Now, the company is building a new cold room and pre-packing facility in Penang with a capacity of 4,000 pallets that is set to go into operation next March, but the investments do not stop there.

“At the same time, we keep on upgrading and expanding our fleet of reefer trucks that service the whole country because we see

reefer logistics as a prerequisite for further development and expansion,” says Koay. “Our future plans involve expanding into the second phase of the Klang valley and also into southern Malaysia.”

With such infrastructure and strategic supply partnerships, Chop Tong Guan acts a service provider to the international retailers in Malaysia, such as Tesco and Giant. Major retailers rely on such services, but have stringent standards in terms of audits for food safety and cold

chain standards that the company has taken care to meet.

“We see our role with the retailers as providing value in the whole supply equation from grower through to retailer,” says Koay. “On the supply side, we work closely with our supply partners and the shipping lines to leverage on our volume purchasing and wide sourcing base to support the major retailers.

“We then store, pre-pack and distribute the produce to them, maintaining the cold chain all the way from the port through our cold rooms to their DCs or stores.

“Finally, we provide merchandising services for certain promotional activities on the supermarket floor to increase their sales and we keep them abreast of all the latest market trends. In short, we partner with them so we can grow together.”

Koay says his team's efforts to understand and function within the requirements of such retail customers have also been key to the company's success. “The retailers' requirements are very strict and they want us to keep improving on many aspects,” he explains. “Our proactive approach to meeting these requirements has created a discipline within our company and benefited us.”

Serving the supermarkets is just one part of Chop Tong Guan's business, however. The other three categories include; importing, trading, wholesaling and distribution; partnering with major suppliers of branded fruits and handling their distribution; and vertical integration into production where fruit is marketed under Chop Tong Guan's exclusive brand in major super- »

TIMELINE

1929

Chop Tong Guan is established as a fresh egg trader, becoming a key importer between 1940 and 1970.

1975

The company diversifies into the fresh fruit business after the government develops the local poultry business and increases import tariffs.

1980s

Chop Tong Guan becomes a major fruit importer.

1990s

Begins to engage with supermarket chains as well as serving wholesale markets.

1998

Invests in first 800-pallet cold-room in Penang and reefer trucking fleet to serve supermarkets.

2002

Buils 1,500-pallet coldroom and pre-packing facility in Penang.

2008

Buils 2,000-pallet coldroom and pre-packing facility in Kuala Lumpur.

2014

Scheduled completion of new Penang facility.

markets. “A good example of this is our Tian Tian Chinese mandarins, which we market for Chinese New Year,” he says.

Indeed, brand-building is a major focus for Chop Tong Guan, which works with a range of global suppliers of leading brands, such as Zespri, Pink Lady, Dutoit, Blue Whale, Sunkist and Avanza.

In August, the importer led a promotion for Australian-grown Pink Lady apples in Malaysia, confident that this somewhat different apple would appeal to local consumers.

“We’ve been developing Pink Lady in Malaysia for the last couple of years,” says Koay. “It’s a new variety for us because Malaysians are accustomed to sweeter apples like Fuji and Red Delicious. This sweet/sour apple has a distinctive flavour that I believe has a growing place in Malaysia.”

While most supplies of Pink Lady have been coming from South Africa, New Zealand, France and the US, Chop Tong Guan decided to try Australian-grown fruit this year. “The Australian Pink Lady has been positioned as a premium product and we’ve begun to see acceptance of this niche item due to its sweetness and special flavour,” he says. “We’re doing promotions and samplings at supermarkets to create consumer awareness.”

Malaysian consumers are always on the lookout for new products and tastes, according to Koay, and this has been driving Chop Tong Guan’s move up the value chain in terms of the products it handles.

“Consumers are on the lookout for better tasting fruits and they’re prepared to pay more to try newer varieties,” he says. “We’ve been seeing an upsurge in sales of berries, cherries, avocados and kiwifruit as well as subtropical fruits such as mangoes recently.”

With relatively unfettered access for imported fruits to Malaysia, expanding the product range is easy enough, but this open market also brings its challenges, says Koay, with a crowded wholesale scene.

“We need careful planning and strategic partnerships to survive and thrive in this climate,” he says. “Spontaneous buying among the many traders often creates a glut in the market, causing losses in market value and fruit quality. We see this happening from time to time. Fortunately, many producers now recognise that they need to align themselves with receivers who show professionalism and planning.”



TOP—Chop Tong Guan recently led a retail promotion in Malaysia for Australian-grown Pink Lady apples
 ABOVE—The company is building a new 4,000-pallet pre-packing and cold store facility in Penang

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