



Seminar : Young Entrepreneurs Series

The winner of Young Industrialist Awards of Hong Kong 2017, Eddie Hui, kicked off the first chapter of our Young Entrepreneurs Seminar Series. Mr. Hui started the seminar by sharing an amazing video to introduce his career that B. Duck was created in 2005 when he wanted to give his newly born son something specially designed gift. With his own style, he has created a very cute bathing duck.

Mr. Hui is the second generation of Hong Kong entrepreneur. He started his business from design, manufacturing, retailing to export while online shopping is the milestone of his career. He is now more focusing on B. Duck intellectual patent and clothing, and he is now attempting on specialty restaurant. B. Duck is so successful in Mainland China and Eddie talked about valuable brand building experience in China's online market by illustrating the power of fan group. The online figures make manufacturers to produce the most popular product instead of production following the needs of traditional brick and mortar shop. He believed consumer-to-manufacturer is the final most price-competitive online shopping model. For B. Duck, his vision is building the first worldwide brand by a Hong Kong entrepreneur.



Mr. Eddie Hui sets to build B. Duck the first global brand from Hong Kong.

In the evening of 25 May 2018, Mr. Gareth Kwok, Assistant General Manager of The Wing On Department Stores (Hong Kong) Limited, has given our members and friends an interesting sharing on his experience in the transformation of a Hong Kong-based department store.

With the strength of the comprehensive range of quality products and loyal customer base, Wing On has begun its new era of digital platform recently by establishing its mobile apps. This move involves remarkable investment by this long-history retail entity, which does not only drive sales from the online platform but also further strengthens its customer service and reinforces their loyalty. It has also helped to broaden the customer base.



Mr. Gareth Kwok shared his experience in the transformation of a Hong Kong-based department store.

The new digital platform has drawn much attention and interest by the customers and kicked off a bright debut in the digital world for this renowned retail guru.

It was a fascinating sharing by Mr. Andy Ann, CEO and Founder of NDN Group, in the evening of 8 June 2018. Andy has brought us through his 17 years' entrepreneur path in two hours. It was like a roller coaster ride which has recalled the participants' memory of SARS, Lehman Brothers, Occupying Central; and the transformation of commercials from TV panels to mobile screens.

Hong Kong is a fast-changing city, we fall and rise again. Same as Andy's media business which relied on retail products and F&B outlets, it dropped significantly when Hong Kong was experiencing an economic turmoil. Despite this, Andy is full of ideas, he changed his business model and started up again - from Hot Media to Darizi, from Hotmob to recently the Klarity.

Below was what Andy meant to emphasise: "We have been stepping into a new era in the digital world, with AI, blockchain, big data. We should 'embrace collaboration' and open our mind to new ideas. No matter there are retailers who want to expand their sales, or shopping mall management who want to capture more shoppers, digital marketing and the data analytics will become part of our lives. Hong Kong market is small but we have no lack of talents, keeping our mind open and adapting to changes will allow things to happen and it will be the way to keep our industry competitive."



The entrepreneur path of Mr. Andy Ann is like riding roller coaster.

Membership Application

Our Membership is open to any individual person who is a practitioner in shopping centre industry. Students who have enrolled in the course of shopping centre management at HKU School of Professional and Continuing Education (HKU Space) will also be considered.

Grade of Membership	Annual Fee
Fellow Member	HK \$ 1,650
Full Member	HK \$ 1,100
Associate Member	HK \$ 720
Student Member	HK \$ 280

Online application can be completed at the following link:

www.iscm.org.hk



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商場管理學會 Institute of Shopping Centre Management



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Editorial

This issue begins with the message from our Chairman, Mr. Baldwin Ko, who shares with us his views on the positive impact of the Greater Bay Area on Hong Kong as the prospective shopping destination. He also pinpoints the new vision of the Institute to organise the awards for the shopping centre management industry.

In the past few months, our Institute has arranged a wide array of networking activities including our annual Gala dinner and a visit to Tai Kun. We also had our Young Entrepreneur Seminar Series and the key visions of our three speakers are shared in this issue.

Last but not the least, we have prepared two feature stories, one on the emergence of Mainland brands while using Hong Kong as a stepping board to extend overseas and serving Mainland Chinese customers in Hong Kong whereas the other discusses about the trends of "Weekend Markets".

We wish you enjoy reading this issue and welcome your comments.

Thank you.



Message from the Institute



Thanks to the joint efforts of our shopping centre professionals as well as the retailers, the retail sales figures in Hong Kong have been coming with an encouraging and continuous bounce back. Under the stable economy with near-full employment in Hong Kong, we are optimistic with the retail performance for the rest of this year.

While our industry professionals are thinking innovatively on the applications of technologies in their marketing and business, we also see the prospective opportunities for our industry from the Guangdong-Hong Kong-Macao Bay Area (Greater Bay Area) development.

The September service commencement of the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section will see the volume of Greater Bay Area commuters rise. It is generally believed that Hong Kong tourism will reap the benefits. With a level of retail service superior to that of the Greater Bay Area, Hong Kong can expect to retain its competitive edge.

The Greater Bay Area development involves considerable infrastructure construction, which is set to enhance the connectivity across the region and is expected to foster collaboration and integration for the cities within. This will help increase the accessibility and reduce travel costs. As a result of this, tourist flow shall be boosted. Hong Kong's shopping centres may look forward to more customers who travel to Hong Kong from the Greater Bay Area, or they may tap into the Mainland market. I believe there are unlimited business opportunities and room for development for our industry and we as the shopping centre management professionals should be well prepared and strive harder to maintain Hong Kong's reputation as the Asia's shopping paradise.

I am honoured to be elected as the Chairman for the year 2018-2020 and our new Board members are enthusiastic to bring in new ideas and activities to our members and industry peers. One of the new attempts will be the industry award and we shall announce our progress and details in due course. Please sign up as members and join us.

Baldwin Ko
Chairman

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14th Annual Gala Dinner Filled with Joy and Love

In celebration of the 14th Anniversary of the Institute of Shopping Centre Management (ISCM), nearly 400 industry representatives and business gurus congregated in the Grand Ballroom at Harbour Grand Hong Kong for the ISCM Annual Dinner on 27 April 2018. With the supports from key industry players and the leaders from professional institutes across Asia, our Gala Dinner has well been recognised as an annual exchange platform for the industry.

This year, we were honoured to have Dr. David Chung Wai-keung, JP, Under Secretary for Innovation and Technology of HKSAR Government to be our Guest of Honor and gave us an opening speech. In his speech, he shared with us his insights on the government's endeavours in promoting innovation and technology with partners from academics to business fields in Hong Kong.

Dr. Chung then joined our Founding Chairman Ms. Maureen Fung, our Chairman Mr. Baldwin Ko, and ISCM Honourable Members Professor Rebecca Chiu, Professor Eddie Hui, Professor Leo Sin and Dr. TM Kwong to commemorate this significant occasion in the toasting ceremony and a photo session on stage.

Mr. Baldwin Ko then expressed his gratitude in his speech to ISCM Members and the industry for their continuous support,



We were honoured to have Dr. David Chung Wai-keung, JP, Under Secretary for Innovation and Technology of HKSAR Government (first row, middle) to be our Guest of Honor and joined our Founding Chairman Ms. Maureen Fung (his left) and our Chairman Mr. Baldwin Ko, as well as our Honorable Members and Board Members at the photo session on stage.

which has helped the Institute grow as a recognised institution for the industry. He remarked that the application of innovation and technologies is key to all shopping centre management. Thanks to our guest speaker, Mr. Eric Yeung, President of

ESports Association Hong Kong, who delivered a special presentation outlining the recent development of eSports in Hong Kong and its feasible application in mall marketing and promotion.

In the hope of facilitating industry participation in charitable causes, our Institute hosted a closed charity tender at the ISCM annual dinner with the enthusiastic support from Estee Lauder (H.K.) Limited, Gucci, L'Oréal, LVMH Group, Lukfook Group, Saint Laurent and Valentino Hong Kong. While our institute has been prioritising corporate social responsibilities (CSR) activities, we would like to donate half of the money to be raised in this charity tender to support Fu Hong Society's Art Inclusion Project, which aims to use art and music as a means to promote social inclusion of persons with disabilities and to facilitate their emotional expression and communication. Students, young people and corporate volunteers are trained to become art and

inclusion ambassadors to conduct art workshops to PWDs. The remaining sum will be used in our upcoming CSR initiatives of serving the community.



Our guest speaker, Mr. Eric Yeung, President of ESports Association Hong Kong, shared with us the development of eSports in Hong Kong.



This year we invited the performing group from My Concept, a social enterprise, to perform the Shadow Dance, which wowed our guests.

Free Personalised Tour to Tai Kwun

To celebrate the opening of this museum, we opened the doors to wonderment with the management team of Tai Kwun Centre for Heritage and Arts for a free site tour followed by a happy hour gathering on 29 Jun 2018.

Kwun" as well as two Art Exhibitions including the "Six-part Practice" and "Dismantling the Scaffold". After the tour, the participants have had a happy gathering and networking.

Situated in the restored Central Police Station compound, Tai Kwun "Big Station" was built in the early 1860s, a one-stop shop for justice incorporating not only a police station and barracks but also a magistracy and the Victoria Prison. It is one of the most significant revitalisation projects in Hong Kong, comprising three declared monuments—the former Central Police Station, Central Magistracy and Victoria Prison.

During the visit, our participants were given a brief introduction at the visitor centre by the management of Tai Kwun. Then they went for the Heritage Exhibition "100 Faces of Tai



Participants were given a guided tour by the management of Tai Kwun.



Our Chairman Mr. Baldwin Ko (right), Vice Chairman Mr. Tony Budhrani (2nd from left) and Director of Marketing & Promotions Ms. Angie Chung (left) expressed gratitude to the management of Tai Kwun.



Happy hour session after the visit.

Mainland Brands Embarking on Hong Kong Easing Nostalgia for the Homeland and Paving the Way for Overseas Expansion

In the past, international brands worked to enhance their reputation in Hong Kong before entering the Mainland market. In recent years, Mainland brands have endeavoured to tap into overseas markets, with many of them using Hong Kong as the springboard. According to the figures of Invest Hong Kong, the number of Chinese-funded enterprises established in Hong Kong in 2016 marked an over 30% increase from the 2012 figure, while the investment amount of Chinese-funded enterprises in Hong Kong exceeded HKD3 trillion annually in the past five years (table 1).

Professor Eddie Hui, the Professor of Real Estate at the Department of Building and Real Estate, the Hong Kong Polytechnic University, notes that Mainland brands' embarking on Hong Kong did not begin in recent years. It dated back to a few decades ago when Mainland products were widely popular in Hong Kong, including Mainland-manufactured brands like the Seagull Camera and Phoenix Bicycle, which were imported to Hong Kong by Chinese department stores. Later, Mainland enterprises shifted towards the OEM business and did not produce any renowned brands. In recent years, Mainland businesses have been actively developing their own brands to considerable success. Among them, the Xiaomi and Huawei mobile phones are being used by an increasing number of Hong Kong people. To complement their business development, the brands have opened self-operated stores in Hong Kong.

Targeting both mainland students and locals

Speaking of Chinese-funded enterprises that have entered the Hong Kong market, business giants like Tencent, Huawei and Xiaomi immediately come to mind. In fact, there have been Mainland students who stayed in Hong Kong after they graduated and established their own businesses in the city. Among these businesses is the Shannxi snacks restaurant Chang'An Taste, which has opened two outlets in



Mainland brands set out to tap into the Hong Kong market, while catering to not only Mainland tourists but also Mainland Chinese who have moved to Hong Kong.

Number of Chinese-funded enterprises established in Hong Kong

Year	2012	2013	2014	2015	2016
Regional Headquarters	106	114	119	133	137
Regional Office	152	148	160	186	174
Local Office	595	639	678	772	812
Total	853	901	957	1091	1123

Source: InvestHK

Hung Hom and Sai Wan. After obtaining his doctorate degree from the Hong Kong Polytechnic University, founder Han Liang met up with two good friends with whom he talked about the Shannxi cuisine from his hometown. It stirred a sense of nostalgia, while he realised there were no Shannxi restaurants in Hong Kong. He believed many students studying in Hong Kong would miss their home cuisine, which prompted his decision to open the restaurant. He started with the outlet

in Hung Hom because there are many Mainland residents in the area, and it is close to the Polytechnic University which many Mainland students attend. Later he opened the second outlet near the University of Hong Kong in Sai Wan. On opening two outlets in only two years, he says it is attributed to the popularity of the home cuisine among Mainland students.

Haidailao, the leading Sichuan-style hot pot chain from the Mainland, opened

its doors in Hong Kong in October 2017. The restaurant recorded an over HKD16 million turnover in two months. F. Warren McFarlan, Professor Emeritus at Harvard Business School, examines the restaurant's business model in a research article. He pinpoints that the restaurant offers not only hot pot but an all-round experience. It includes services such as free snacks, drinks and fruits, shoe shining, nail art and child sitting for customers while they are waiting for a table. There are other free value-added services at the restroom, where the attendant turns on the basin tap for and hands paper napkins to the customers, while hand cream is available. The restaurant also arranges for solo diners to be accompanied by a teddy bear.

Haidailao has applied for listing on the Hong Kong stock market. According to its IPO document, Haidailao recorded over 103 million customers and a turnover of RMB9.7 billion and held a 0.3% market share in 2017. In terms of table turnover

rate, annual turnover and annual customer volume, it ranked first among the top five food and beverages brands in the Mainland.

As Professor Leo Sin Yat-Ming, Part-time lecturer at the Faculty of Business Administration of the Chinese University of Hong Kong points out, the Mainland brands entering Hong Kong are well-developed brands with sizeable store networks in the Mainland. He remarks that with the increasing integration between Hong Kong and the Mainland, Hong Kong people have started to be receptive to Mainland brands. He adds that Hong Kong people dine out frequently, and hot pot is a popular choice. Mala hot pots with exotic flavours from the Mainland are novelties for Hong Kong people, and they uniqueness draws in Hong Kong diners. The mala hot pot restaurants that quartered in Hong Kong in recent years have attracted many local diners and celebrities. "As there is a sizeable number of Mainland Chinese coming to live in Hong Kong, including university students, these exotic Mainland cuisines quench their longing for home and turn them into regular customers of the restaurants," Prof Sin emphasises.

Tapping into international markets

The century-old brand from Shanghai Lao Feng Xiang, which has close to 3,000 points of sale in the Mainland, chose to quarter in Hong Kong during the retail trough in 2015. Speaking during an interview, the company's spokesperson Wang Ensheng said that about 80% of Lao Feng Xiang's customers are Mainland. He added that when the Mainland tourists see a Lao Feng Xiang store during their visit to Hong Kong, it inspires a sense of familiarity. When these customers return to the Mainland after having shopped at Lao Feng Xiang in Hong Kong, they see there are no notable differences in styles and prices. It enhances their

impression of the brand. He contended that in opening its Hong Kong stores, the company is using Hong Kong as a base to build an international brand, and to tap into the Asian, European and the US markets.

Prof. Sin also notes that while the Hong Kong is small, the city receives travellers from around the world. Mainland merchants use Hong Kong as the window to introduce their brands to the international market. Hong Kong is the first stop for the Mainland brands' international expansion. However, it is not easy for Mainland brands to enter overseas markets swiftly, given the differences between the Mainland and the business environment overseas. Since Hong Kong is a free economy with an international business environment, Mainland brands can learn and prepare for their overseas expansion by opening their outlets in Hong Kong.

Prof. Hui adds that electric appliance brands like Haier have always garnered support from Hong Kong consumers, while Suning is also accepted among Hong Kong people. Along with the increasing acceptance of Mainland brands by the Hong Kong public, there will be an increasing number of well-known Mainland brands entering the Hong Kong market. Haidailao, for instance, is well-known in the Mainland. In opening its outlet in Hong Kong, the brand sets out to tap into the Hong Kong market, while catering to Mainland Chinese who have moved to Hong Kong. He also notes that it also helps the Mainland brands to enhance their image by opening their outlets in Hong Kong. Xiaomei is also planning to be listed in Hong Kong to facilitate financing for the company.



Haidailao, ranked first among the top five food and beverages brands in the Mainland, has applied for listing on the Hong Kong stock market.



Shanghai Lao Feng Xiang is using Hong Kong as a base to build an international brand, and to tap into the Asian, European and the US markets.



The “Weekend Market” Shopping Trend among the Youth Creating New O2O Business Model

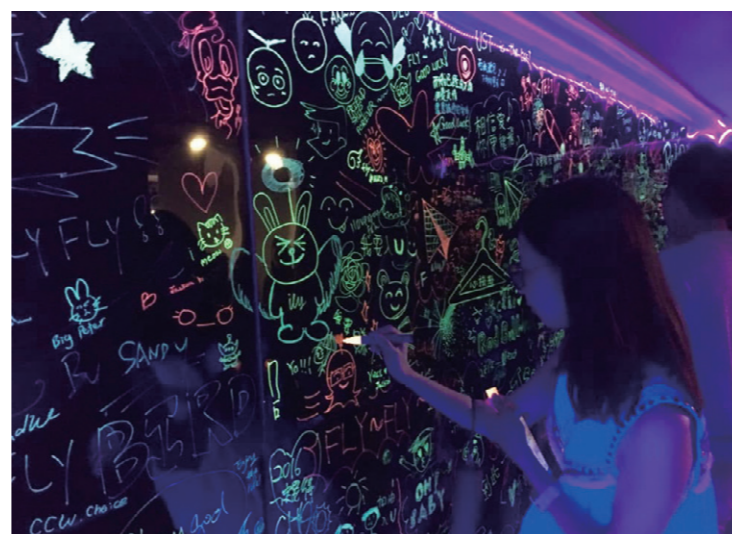
Catering to the consumption patterns of young people, the “Weekend Market” has become a popular trend in recent years. Visiting the market is not only for shopping, but also for activities like learning handicrafts and coffee making. The locations of these markets have expanded from shopping centres to outdoor venues or even industrial buildings. Some scholars believe that the emergence of the “Weekend Market” creates not only a sense of novelty for consumers, but also business opportunities for venue providers and market participants.

Triple Square has organised the Dreamcatcher Holiday Market since 2015. The first market was held at an industrial building in Kwun Tong. In view of the enthusiastic response, the concept of industrial building revitalisation was introduced into the market as a selling point, which revolved around the local creative shopping centre D2 Place. The market was later held at different shopping centres including Discovery Park, The Mills, Tseung Kwan O Plaza, Link REIT's shopping centres, and Cyberport. The market has partnered with more than ten shopping centres so far.

A wider range of shopping choices

Jeff Wong, project manager of Triple Square, remarks that the holiday market is widely popular in Japan, Thailand and Singapore, and there are even handicraft maker showcases in Japan. The market has also gained popularity among the public in Hong Kong in recent years, as it has landed in shopping centres in various districts. “Since the majority of shopping centre tenants are chain stores, the market provides a wider range of unique choices for shopping centre consumers”, he says.

Professor Eddie Hui, the Professor of Real Estate at the Department of Building and Real Estate, the Hong Kong Polytechnic University, also notes that in the past,



“Weekend Markets” creates not only a sense of novelty for consumers, but also business opportunities for venue providers and market participants.

the market was a gimmick for shopping centres. As the market has proven to boost visitor flow, however, there has been a growing number of Pop Up Stores and market events. Special themes such as the World Cup, Japan festival, Mid-autumn and New Year celebrations have been incorporated into the markets, turning them into holiday events at the shopping centres. From his understanding, food markets are most effective in drawing in customers; for instance, it offers added convenience for consumers when moon cakes and candies are available at the market around the Mid-autumn Festival

and the New Year respectively. The Montmartre outdoor market at Gold Coast has an artistic vibe with the presence of drawing and handicraft booths. It has generated more business for nearby restaurants and stands out as a successful strategy.

Jeff pinpoints that there is a variety of products and booths at the markets targeting customers from different age groups. The lower-priced handicrafts target young customers, while

the higher-priced hand-made leather and silver products appeal to middle-aged consumers who appreciate the makers' skills. He mentions that in the early days, the market operated on the model of individual booths for rental. With the growing number of markets, however, it takes special themes and interactive games to draw consumers in for an all-round experience in dining, play and shopping. The market themes are designed according to the position of each shopping centre and its target customers.



A unique theme to snuff out competitors

There has also been an increasing number of companies that specialise in organising markets, which has grown from 5 to about 30 at present within three years. As creativity is a common strategy, quality is valued over quantity in organising markets. Jeff believes that branding the market as an annual event is a strategy to stay ahead of the competition. The “Lighting June” market, which has taken place in three consecutive years, features light in the dark as its theme. At the market, there are unlit containers for visitors to draw graffiti on them with fluorescent paint, which has made the market a popular check-in spot on social media.

Organising a market is beneficial to both the shopping centre host and the participants. Jeff points out that many handicraft makers practise the craft in their spare time. The emergence of markets allows them to carry out a trial business run at low costs and survey the market taste. He emphasises that while most handicraft makers have online stores, some consumers are accustomed to seeing the physical products before making a purchase. The market is a good physical retail platform for handicraft makers to connect with different consumers at shopping centres in various districts.

Paul Ching founded the studio A Nice Place to in 2014 to host different handicraft workshops, and he has held handicraft markets at different venues since 2010. He states that the market was mainly a part of cultural events in the past, such as the market at the Kowloon City Book Fair that resembles a flea market. Since 2015, the market has become commercialised, as it has been transposed to industrial buildings and shopping centres. He remarks that while there are different markets being held every month, he believes that “refinement” is the path for future development. For instance,

music performance adds a lively vibe to the outdoor market.

Prof. Hui thinks that there are more pros than cons to hosting markets for shopping centres. Since the availability of store premises at shopping centres is limited, the market provides an opportunity for handicraft makers to run their business at shopping centres. Distinctive products can also attract visitors to the shopping centres, which benefits the stores at the venues. In addition, it generates income for the shopping centres to set up booths for rental in the spare space on-site.

Extending online consumption to offline channels

Professor Leo Sin Yat-Ming, Part-time lecturer at the Faculty of Business Administration of the Chinese University of Hong Kong, mentions that young people comprise the majority of consumers at shopping centres. They are in favour of pleasure and new, creative products, and they are willing to spend to pursue instant gratification. In light of this, there is certain market demand for markets selling new and unique products, which creates business opportunities for shopping centres.

He points out that in organising markets, shopping centres can bring new products into the venues within a short time. Beside catering to the young consumers' appetite for newness, it also capitalises on the trend of O2O business integration. The market attracts online stores to do a trial sale run at the shopping centre. Success at the market facilitates the opening of physical stores for these businesses, extending online consumption to offline channels. The shopping centres can also select potential future tenants throughout this process.