



**Research summary on  
“Customer Perceived Value in Hong Kong’s Retail Sector”**

**I. Background**

The longitudinal research entitled “Customer Perceived Value in Hong Kong’s Retail Sector” has been undertaken by the Department of Management and Marketing of The Hong Kong Polytechnic University with the objective to examine shoppers’ evaluations of Hong Kong’s retail services in relation to service quality, service performance of frontline personnel, satisfaction, customer loyalty and perceived value. It adopts the street interviewing approach whereby shoppers of key retail industries such as fashion, footwear, jewelry, electronic products, department stores and cosmetics were interviewed.

Data has been collected biannually since July 2004. The findings summarized below were obtained during the fourth round of data collection in January and February 2006.

**II. Respondents’ Profile**

The respondents’ profile, including tourists and shoppers from HK, is shown below:

- HK	9%
- Mainland China	62%
- Asia	11%
- USA & Canada	6%
- Europe	10%
- Australia & New Zealand	2%

A total of 2432 completed questionnaires were used for statistical analysis. The findings reflect their shopping experience with more than 300 retail outlets in Hong Kong.

**III. Findings to be reported in the press conference**

**1. Determinants of customer’s perceived value**

Perceptions of the value of retail services are strongly influenced by 9 factors. These include perceived risk and safety, enhancement of self-image, service attitude and skills, product quality, promise and interaction, price, shop environment, efforts spent in purchasing and consuming the service, and ability of the merchandise mix to match the life-style of the shopper.



Shoppers' evaluation on "risk and safety" has been the highest (5.83) since the first round of data collection. Shoppers from different retail categories have similar pattern of variations in rating these 9 factors. Tourists from different countries can be differentiated according to the perceived relative importance of these nine factors. Hong Kong shoppers were tough in assessing our retail service.

## **2. Perceived quality of retail service and performance of frontline service employees**

Hong Kong shoppers perceived the store service, product quality and performance of frontline employee services as lower than the average. Staff performance consistently received relatively low ratings (4.74). However, slight improvement in the language ability (5.4 for English and 5.05 Mandarin) of frontline service employee was reported.

## **3. Overall satisfaction level and perceived value**

Overall satisfaction level (5.27 for January to February 2006 and 5.29 for July to August 2005 respectively) and perceived value (5.19 for January to February 2006 & July to August 2005) remains at the high level this round and last round.

## **4. Index of customers' perceived value**

Using the performance level defined by the findings obtained in round I as the base, we develop an index for measuring service quality, customer satisfaction, and perceived value to track the performance of HK retailers. Jewellery shops and electronic product shops improved significantly in "Effort" where as cosmetic shops deteriorated.

## **5. Intention to shop again:**

Overall, 20.4% of tourists indicated that they would "definitely" shop at the same retail store or retail chain again, whereas only 2.1% would "definitely not". A positive relationship between the intention to patronize and satisfaction level is observed.