



# PRESS RELEASE

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## **PolyU releases latest Customer Perceived Value in Hong Kong's retail sector**

According to the latest research report on "Customer Perceived Value in Hong Kong's Retail Sector" released by The Hong Kong Polytechnic University (PolyU)'s Faculty of Business, shoppers from Mainland remain confident of Hong Kong retailers. In particular, they perceive little risk of purchasing fake products in Hong Kong, giving Hong Kong retailers an average score of 5.9 out of 7.0.

The survey shows that the overall satisfaction rating on the service quality of Hong Kong's retailers remains at a high level of 5.13 out of 7.0 (73.3%), which is comparable with similar customer satisfaction ratings in the US (74.4%) and higher than that of some European countries. The study also indicates that department stores enjoyed the highest levels of customer loyalty among local shoppers, while Mainland shoppers found the jewellery category the most attractive. About 15 per cent of total shoppers indicated they would definitely return to shop again at the same store.

The study commenced in 2004, and is undertaken by the Asian Centre for Brand Management, of the Department of Management and Marketing (MM). In the latest phase, the survey was conducted between January and February 2007 during which 3,206 questionnaires were completed by shoppers from Hong Kong, the Mainland and overseas countries. Mainland shoppers surveyed were mostly visiting on the Individual Travel Scheme, instead of joining any 'shopping package tour'.

In the latest survey, average spending per transaction shows a stark increase of 18 per cent as compared to last year. Mainland shoppers are the highest spending group and on average each of them spent 33% more compared to other non-local shoppers in general. Apart from shoes and telecommunications products, Mainland shoppers' spending on all other products is 25 per cent more than overseas shoppers. This finding indicates the importance of their contribution to the Hong Kong retail industry and highlights the need of understanding the characteristics of buying behaviour and expectations of retail service amongst Chinese shoppers.

Findings show that overall service levels in some areas have been steadily deteriorating over the previous six phases of the study. Perceived risk and safety are also deteriorating slightly, and this finding, together with the recent counterfeit product scandals, highlights the need for more effort to sustain the competitive edge of Hong Kong's retailers.

The survey tracked the performance of Hong Kong retailers on measures such as product and service quality, customer satisfaction and perceived value. The survey identified nine factors crucial for customer perception of the value of Hong Kong retailers, including perceived risk and safety, enhancement of self-image, service attitude and skills, product quality, promise and interaction, price, shop environment, effort spent in purchasing and consuming the service, and the ability of the merchandise to match the lifestyle of the shoppers.

Dr Sherriff Luk, Director of the Asian Centre for Brand Management said, “Customer Perceived Value (CPV) is a composite measure that assesses the performance of retailers in several key areas. Although CPV has been quite stable over past few phases, growing competition from our neighbouring countries suggests that extra effort is needed to attract shoppers, particularly Mainland tourists, to return in the future.”

Prof. Judy Tsui, Dean of Faculty of Business and Director of Graduate School of Business said, “The recent counterfeit product scandals suggest that brand equity is a major concern to many local retailers and, fortunately, Mainland shoppers who have not joined shopping package tours still have faith in our city. In particular, shoppers who have strong brand preference towards the retailers give a much higher rating on all value factors, which suggest the importance of brand building for the Hong Kong’s retailers in Hong Kong.”

The Asian Centre for Brand Management was founded in 2005 and focuses on conducting applied research on branding issues with practical value for improving business performance. Inter-disciplinary and cross-functional approaches are adopted to develop reliable assessment of brand value and brand asset. Prof. Edward Snape, Head and Prof. of MM, said, “This is the sixth survey we have done and the survey results have provided useful feedback to the Government and trade associations to develop a better strategy to promote retailers’ service and the image of Hong Kong as a ‘shoppers’ paradise’.

Since its inception in February 2004, the project on “Customer Perceived Value in Hong Kong’s Retail Sector” has conducted six surveys. The survey is conducted twice a year, every January / February and July / August with an aim to understand how shoppers evaluate the service quality of Hong Kong’s retailers and to assess how likely tourists are to come back and shop again in Hong Kong. The project will provide information to help enhance the overall service quality of local retailers.

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