



PRESS RELEASE

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PolyU study shows shoppers' satisfaction on the decline

According to the latest research report on "Customer Perceived Value in Hong Kong's Retail Sector" conducted by The Hong Kong Polytechnic University (PolyU)'s Faculty of Business, both local and non-local shoppers are becoming less satisfied with the services of Hong Kong's retail sector.

The study showed decline in all five performance factors, including **shopping environment** (covering the store environment, alignment of shopping environment with customer lifestyle and perceived risk of purchasing merchandise), **service quality** (including staff attitude and skills, and quality of interaction with staff), **merchandise** (referring to quality and alignment of merchandise with self-image of the customer), **effort** required by the customer during the retail experience, and **price of merchandise**.

In particular, shoppers have spent much more effort and long waiting time during the entire purchase process. This signals that there is a serious shortage of labour in the retail sector, which could not cope with the high increase in sales in July 2007.

In light of the counterfeit product scandals earlier this year, PolyU researchers also asked shoppers about their confidence towards shopping in Hong Kong. Shoppers from Mainland were most alert of the scandals but some of them heard about the positive actions taken by the authorities and trade associations concerned. Though this group of shoppers also rated down the perceived value of Hong Kong's retail service as compared to previous phases, the majority of them still remained confident of shopping in Hong Kong. In addition, Mainland shoppers are more confident of shopping in quality assured stores (those displaying the "Quality Shopping" sign).

There has been a steady decline in the overall Customer Perceived Value(CPV) index from July 2006 onwards. This finding indicates that shoppers feel the value of Hong Kong's retail sector is decreasing. Hong Kong is, in particular, faced with the intensifying competition from neighbouring cities like Macau, which is fast blooming into an integrated gaming and convention destination city, posing an ever-increasing threat with its burgeoning retail sector.

The declining performance of Hong Kong retail sector also suggests shoppers' perception that goods sold by different retailers are very similar, and that stores lack their individual identity as they are undifferentiated. Hong Kong retailers thus need to urgently take action to maintain their competitive edge.

Dr Sherriff Luk, Director of PolyU Asian Centre for Brand Management emphasized that “CPV assesses the performance of retailers in several key areas. Although the majority of tourists still demonstrate a certain degree of confidence in shopping in Hong Kong, extra effort is required on service performance and further differentiating the store identity and characteristics in order to attract shoppers to return in the future”.

The survey tracks the performance of Hong Kong retailers on measures such as product and service quality, customer satisfaction, perceived value, customer loyalty and importance of branding. The results show the advantage of establishing brand preference as findings indicate that shoppers who hold a preference for a particular retail brand have favourable perceptions toward the retailer, are willing to make positive comments regarding the retailer and in general have higher ratings on satisfaction and perceived value in comparison to shoppers who have less favourable brand preference. Higher spending per transaction is also found amongst shoppers with favourable brand preference. These findings further strengthen the need for retailers to build strong brands given the critical impact of branding on several behavioural outcomes.

Prof. Judy Tsui, PolyU Dean of Faculty of Business and Director of Graduate School of Business said, “Branding is now becoming a path to success and shoppers who have strong brand preference towards the retailers rated all value factors higher, suggesting the importance of brand building for Hong Kong retailers”.

Prof. Edward Snape, Head and Professor of PolyU Department of Management and Marketing, said, “This is the seventh 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 shipping paradise”.

Launched in 2004, this biannual study is undertaken by the Asian Centre for Brand Management (ACBM) of the Department of Management and Marketing. The latest survey was conducted between July and August 2007, with a total of 3,554 questionnaires 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 package tours.

ACBM was founded in 2005 and focuses on conducting applied research on branding issues with practical value for improving business performance. As a regional centre for branding and retail studies, ACBM focuses on creating and improving brand value, and organizing research projects on the management of brands as market-based assets.

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