



PRESS RELEASE

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PolyU study sets off warning to HK's retail services

Shoppers complain about the long waiting time during the entire purchase process, which is considered the worst-performing area in local retail services, according to the eighth research report on “Customers’ Perceived Value (CPV) of Hong Kong’s Retail Sector” conducted by the Asian Centre for Brand Management (ACBM) under the Faculty of Business of The Hong Kong Polytechnic University (PolyU).

Launched in 2004, the research project aims to assess both local shoppers’ and tourists’ perceived value towards local retail services, so as to provide local retailers the direction for further improvement in service standards and for brand building activities. The latest survey was conducted between January and March 2008, with a total of 2,640 questionnaires completed by shoppers from Hong Kong, the Chinese Mainland and overseas countries. It reflects their shopping experience with nearly 400 retailers from seven main retail industries, namely, Fashion, Footwear, Jewellery/Watches, Department Store, Cosmetics, Consumer Electronics and Telecommunications. In addition, the study, for the first time, examines the “Shopping Orientation” of local and tourist shoppers and investigates if shoppers have regained confidence in shopping in Hong Kong after the “zero-charge tours” scandal.

According to the survey, the CPV index continues to fall below the 2004 baseline (100) over the three phases of study from early 2007 to 2008 (to date), after reaching its peak in the second half of 2006 (100.5), indicating that shoppers are becoming less satisfied with the services of Hong Kong’s retail sector. The rating for the factor of “effort” has continued to fall and reached a new low index value of 83.3 in the latest survey, showing an accumulated decline of 16.7, raising an alert to the future of Hong Kong’s retail sector.

The survey, however, provides some encouragement for Hong Kong’s retail and tourism sectors. Results show that Hong Kong not only has recovered and regained its reputation as a safe, reliable and low risk shopping city shortly after the “zero-charge tour” scandal early last year, but also has received a score of 102 in the factor of “perceptions of safety”, the highest score ever achieved since 2004 for the factor.

Prof. Judy Tsui, PolyU Associate Vice President, Dean of Faculty of Business, Director of Graduate School of Business and Chair Professor of Accounting, said, “In terms of overall customer satisfaction, our study shows some degree of improvement. Furthermore, the rating on customer satisfaction towards Hong Kong’s retail industry is 74.3 out of 100, which is better than that of similar surveys of other countries. The customer satisfaction level was 74.2 for the retail industry in the US in the fourth quarter of 2007, 65-75 for some European countries, 68.7 for Singapore, and 72 for South Korea.”

The survey also shows that satisfaction levels for shoppers from the US and Canada, Europe, Asia and the Chinese Mainland in local retail services are 76, 77.6, 74 and 74.3 respectively. Hong Kong retailers are therefore encouraged to sustain such good performance so as to enhance the image of Hong Kong as a “Shopping Paradise”.

Dr Sherriff Luk, Director of ACBM pointed out that “The CPV index for electronics and cosmetics retailers have still not returned to the base level of 2004. While the CPV index for department stores has been steadily progressing, the index for telecommunications category has recorded the lowest score.”

The early 2008 figures show slight improvement in service quality, staff attitude and interaction with customers in the seven main retail categories in Hong Kong. However, the ratings on product design and quality, shop environment and price of merchandise have not improved over the past years. Tourists, especially shoppers from the Chinese Mainland still love shopping in Hong Kong, as the products they buy here make them feel good about themselves, and help enhance their personal image.

Prof. Edward Snape, Head and Professor of PolyU’s Department of Management and Marketing, said, “Once again, the survey results prove that the CPV index is directly proportional to customer preference for a particular brand. The higher the level of CPV, the more favourable customers are to the brand. More importantly, it has been found that customer preference for a particular brand translates into higher spending per transaction. The difference in spending per transaction between customers who have strong brand preference and those with less brand preference can be greater than HK\$500 (23%).”

It is the first time the study analyses “Shopping Orientation” of local and tourist shoppers in retail categories of fashion, jewellery/watches, department stores and footwear. Results show “brand buyers” are by far the majority among the groups. In general, purchasing of branded products is often a major attraction of shopping in Hong Kong. These findings suggest that Hong Kong retailers should continue to improve their product design and quality, to extend their brand mix by investing into new brands, to recruit more frontline employees and to speed up service process, thereby sustaining Hong Kong as a shopper’s paradise of branded products.

Founded in 2005, ACBM 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 aims at creating and improving brand value, and organizing research projects on the management of brands as market-based assets. ACBM would like to express its heartiest gratitude for receiving support from HKQAA, Ambassadors of Design and Giordano for our research on brand management.

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