



# Minding the Retail Gap

*Hong Kong's talent challenges and  
future strategies*



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# About the survey

KPMG China and the Hong Kong Retail Management Association (HKRMA) commissioned YouGov to conduct a survey of retail organisations in the city earlier this year to gather views on the major challenges the industry faces.

The 281 respondents included companies dealing in fashion and accessories, health and beauty products, department stores, drug stores, electronic and electrical appliances, supermarkets, watches and jewellery, cosmetics and other areas.

Survey findings were supplemented by interviews with C-level executives to capture their in-depth insights. To uncover the views of young people, both as consumers and the workforce of the future, focus groups were carried out with undergraduates studying retailing, marketing, fashion and other business-related courses from Hong Kong Baptist University, Hong Kong Polytechnic University and the Vocational Training Council as well as a group of young industry professionals who are managers at an early stage of their career.

The objective was to garner insights to help the retail industry address changes in its business landscape. As a new generation takes over from an ageing workforce, insights were sought on what it takes to recruit and retain talent as well as help the industry improve the quality of its services.

# Executive summary



Retail is one of the core pillars underpinning Hong Kong's economy. More than 63,000 retail establishments operate here, most of them small or medium-sized in scale, and collectively these businesses employ about 270,000 people. The industry, alongside the wholesale sector, accounts for about 4 percent of GDP<sup>1</sup>. The retail industry is directly affected by tourism, which itself accounts for 5 percent of GDP<sup>2</sup>. With the number of visitors in Hong Kong rising sharply between 2004 and 2018, it has become even more important that retailers be adequately staffed and their workforce trained to meet the increased demand.

In this changing landscape, technology has transformed expectations. Consumers now want retail experiences that are engaging, intuitive and appropriate to their purpose at a moment's notice. This calls for the industry to accelerate its adoption of technology to reduce its dependency on people. As the industry is experiencing a shortfall in the retail workforce pipeline, it must guard against deteriorating service that will pose a direct threat to Hong Kong's competitiveness.

Bold transformation is urgently needed in the recruitment, retention and training of talent – especially young people – as an ageing workforce leaves the industry. Hong Kong-based retailers are looking for innovative approaches to maintain the quality of their customer service in the face of a number of challenges.

This paper specifically articulates the context of talent challenges in Hong Kong's retail industry and explores various possible solutions.

What emerged as a central theme from the varied conversations with senior executives and focus groups is that the industry must rebrand as a dynamic, fast-moving career with strong growth potential to entice the next generation of Hong Kong talent.



*The retail industry is a pillar of Hong Kong's economy, and its workforce is vital to its continued success. Retaining those who work in retail and making the industry more attractive to prospective employees are high priorities.*

**Alice Yip**

Partner, Head of Consumer & Industrial Markets, Hong Kong  
KPMG China

<sup>1</sup> Hong Kong government, <https://www.statistics.gov.hk/pub/B10100022019MM06B0100.pdf>

<sup>2</sup> Hong Kong government, <https://www.gov.hk/en/about/abouthk/factsheets/docs/tourism.pdf>



*The new era of retail enabled by the latest technologies is essential not only to customer experience but also to Millennials setting their sights on careers in the industry.*

**Annie Yau Tse**  
Chairman  
HKRMA

Hong Kong retailers will need to communicate robust employee value propositions. What will they offer talent for their time, effort and loyalty? Cohesive cultures as well as creative environments and benefits must be considered. This also means reassessing the career trajectory of staff and being willing to use technology imaginatively to achieve goals, such as strengthening ties with customers.

E-commerce is a priority. The focus groups recommended, for example, that retailers do better in aligning online and in-store shopping experiences. Given Hong Kong's unique geographical landscape, however, companies should bear in mind a sound two-pronged approach that drives towards omni-channel while factoring in the physical shopping experience.

Retailers should also bear in mind the potential of the Greater Bay Area (GBA) development plan, which integrates economic ties between Hong Kong, Macau and nine cities in Guangdong province to create a single, connected market of more than 70 million people. Flagship infrastructure projects such as the Hong Kong-Zhuhai-Macau Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link have reduced travel times, enabling the increased flow of talent and goods and strengthening cross-border collaboration.

The GBA thus offers promising opportunities for the city's retail industry, especially in terms of talent access and development. It also represents an entry point into a wider customer base that is focused on technology.

"The bulk of visitors to Hong Kong are Millennials from mainland China," notes Annie Yau Tse, Chairman of the HKRMA. "Most of these people are tech savvy, so embracing technology will be vital to meeting the wishes of shoppers from across the GBA."



# Introduction: Pain points



*The next generation of talent in Hong Kong needs to be nurtured, and we need to up-skill at all levels. If traditional businesses stand still, they are finished.*

## Anson Bailey

Partner  
Head of Consumer & Retail, ASPAC  
Head of Technology, Hong Kong  
KPMG China

## The retail industry at a glance

Hong Kong's retail industry is instrumental to the city's economy. Beyond consumer goods and services, the industry, alongside the wholesale sector, accounts for about 4 percent of GDP<sup>3</sup>.

Shopping revenues in the city are divided between local residents (70 percent) and visitors (30 percent). From the 2000s to 2013, when Hong Kong eased entry requirements for individual travellers from mainland China to help spur the economy, the industry experienced rapid growth. Last year the number of tourists expanded nearly 9 percent to total 65 million. This surge placed renewed demands on the industry's manpower<sup>4</sup>.

A government report on manpower this year projected that Hong Kong could face a shortfall of as many as 250,000 workers in 2027<sup>5</sup>. The challenge stems from the number of tourists in Hong Kong outstripping the number of people who work in the retail industry.

Between 2004 and 2018, the number of tourists in Hong Kong increased nearly 200 percent, compared with an increase in the retail workforce of just 28 percent<sup>6</sup>. By any measure, retail is important to tourism, which accounts for 5 percent of GDP<sup>7</sup>.

## Main challenges

### High rent

Asked to identify the top three major challenges the Hong Kong retail industry faces, survey respondents singled out high rent by a considerable margin: 79 percent (see Figure 1.1).

Private retail rents have steadily increased across the city over the last three years. On Hong Kong Island, for example, monthly rent per square metre averaged HKD 1,499 in 2016, HKD 1,518 in 2017, and HKD 1,526 in 2018<sup>8</sup>.

<sup>3</sup> Hong Kong government, <https://www.statistics.gov.hk/pub/B10100022019MM06B0100.pdf>

<sup>4</sup> Hong Kong government, <https://www.censtatd.gov.hk/ksstat/sub/sp320.jsp?productCode=B1080003>

<sup>5</sup> 2018-2019 Hong Kong Legislative Council Panel on Manpower, Key Findings on Manpower Projection to 2027

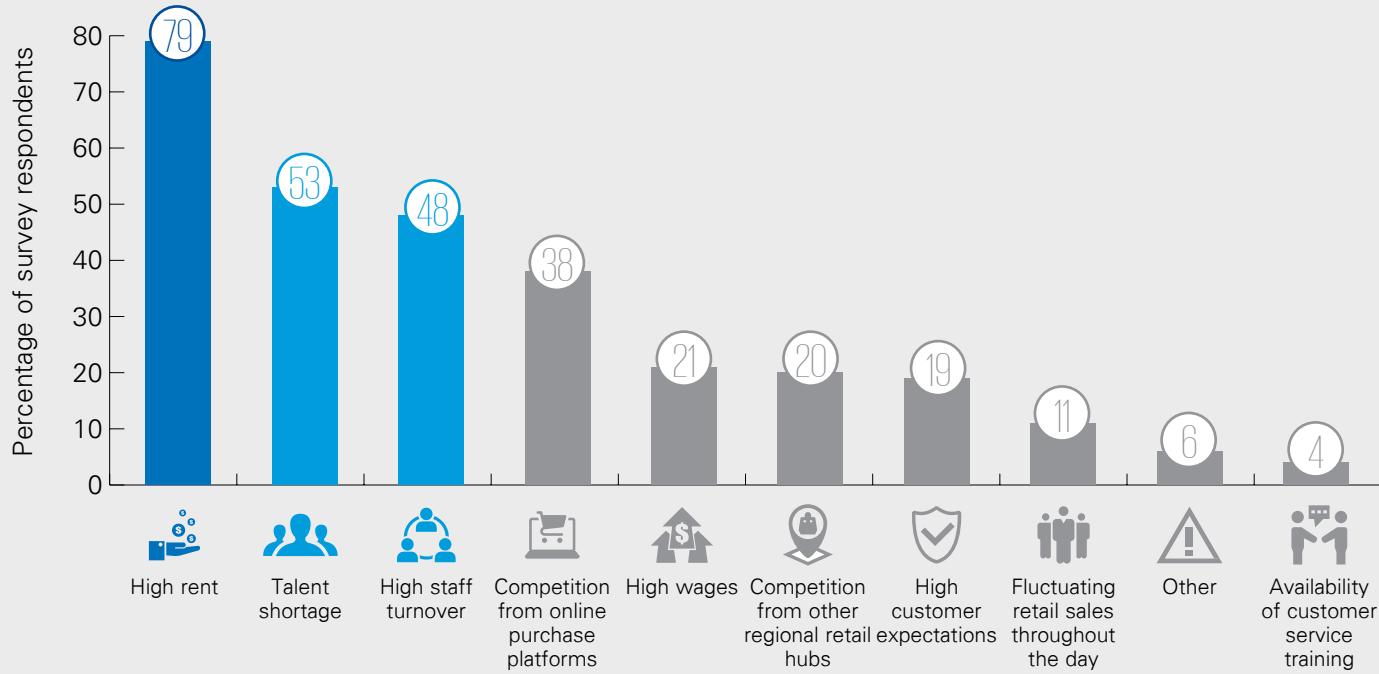
<sup>6</sup> Hong Kong Census and Statistics Department

<sup>7</sup> Hong Kong government, <https://www.gov.hk/en/about/abouthk/factsheets/docs/tourism.pdf>

<sup>8</sup> Hong Kong Census and Statistics Department



## Figure 1.1: Main challenges facing Hong Kong's retail industry



Source: KPMG/HKRMA Retail Labour Survey

### Talent shortage and staff turnover

The next two challenges respondents identified are linked to employment: 53 percent cited talent shortage, and 48 percent named the high turnover rate of retail staff.

An inability to source talent inhibits the industry's expansion plans. One leading Hong Kong retailer has a vacancy rate of between 8 and 9 percent across its 200 stores in the city. For another that operates nearly 30 stores locally, the shortages reach double-digit percentages.

### Technology

Competition from online purchase platforms ranked fourth in the survey question about major challenges the industry faces. The disruption caused by mobile-first customers is changing the industry. Empowered by instant access to information about goods wherever they are, customers are becoming more exacting. Hong Kong retailers therefore need a technologically savvy workforce.



*Retail organisations seeking to transform their workforce need to be more responsive than ever to changing attitudes and technological innovations.*

**Jonathan Lo**  
Partner and HR Transformation Lead,  
Hong Kong  
KPMG China

# Talent challenges in focus

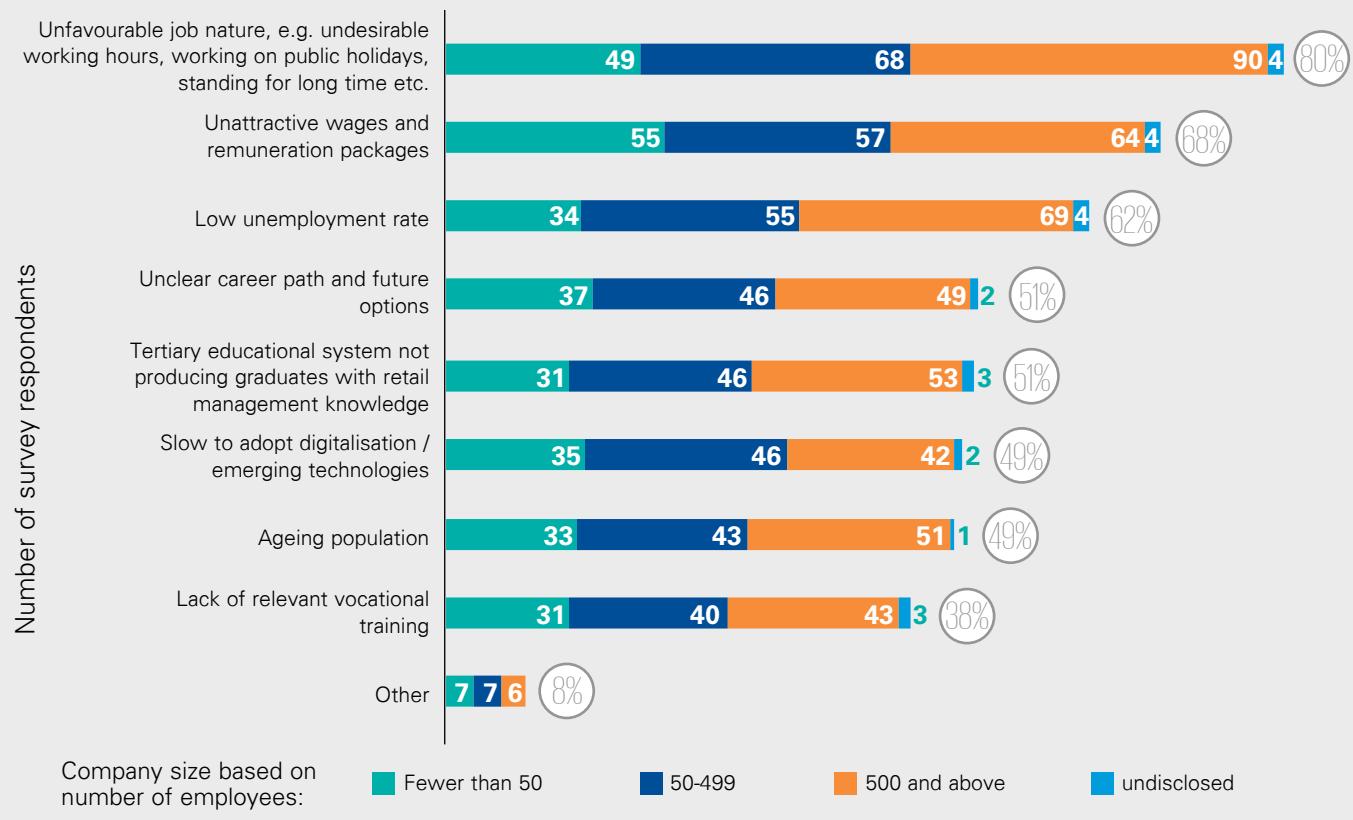


## Causes

The survey findings reveal the retail industry's talent issues arise from economic and social factors, combined with reasons tied to the nature of the work.

At the top of the list is the view that staff must work hours which run counter to shifting expectations on work-life balance, often on their feet, during public holidays and weekends (see Figure 2.1). That perception was cited by 80 percent. Unattractive wages came second, identified by 68 percent.

**Figure 2.1: Causes for workforce shortages in the retail sector**



Source: KPMG/HKRMA Retail Labour Survey

In third place is Hong Kong's low unemployment rate, as indicated by 62 percent of responses. Over the last three years, the city's unemployment rate has steadily declined: 3.4 percent in 2016, 3.1 percent in 2017 and 2.8 percent in 2018<sup>9</sup>. This trend suggests jobseekers can be increasingly choosy when looking for work.

For members of the focus groups consulted for this report, the industry's undesirable working hours and the prospect of a precarious work-life balance lead the list of challenges. Especially for the Millennial generation and those now studying at universities and colleges, retail jobs hold diminished appeal.

The focus group participants stated these concerns would need to be addressed to make the industry more attractive to them and their peers. Students in the focus groups who expressed reluctance to enter the industry used words like "exhausting" and "pitiful" to describe their perception of working in retail.

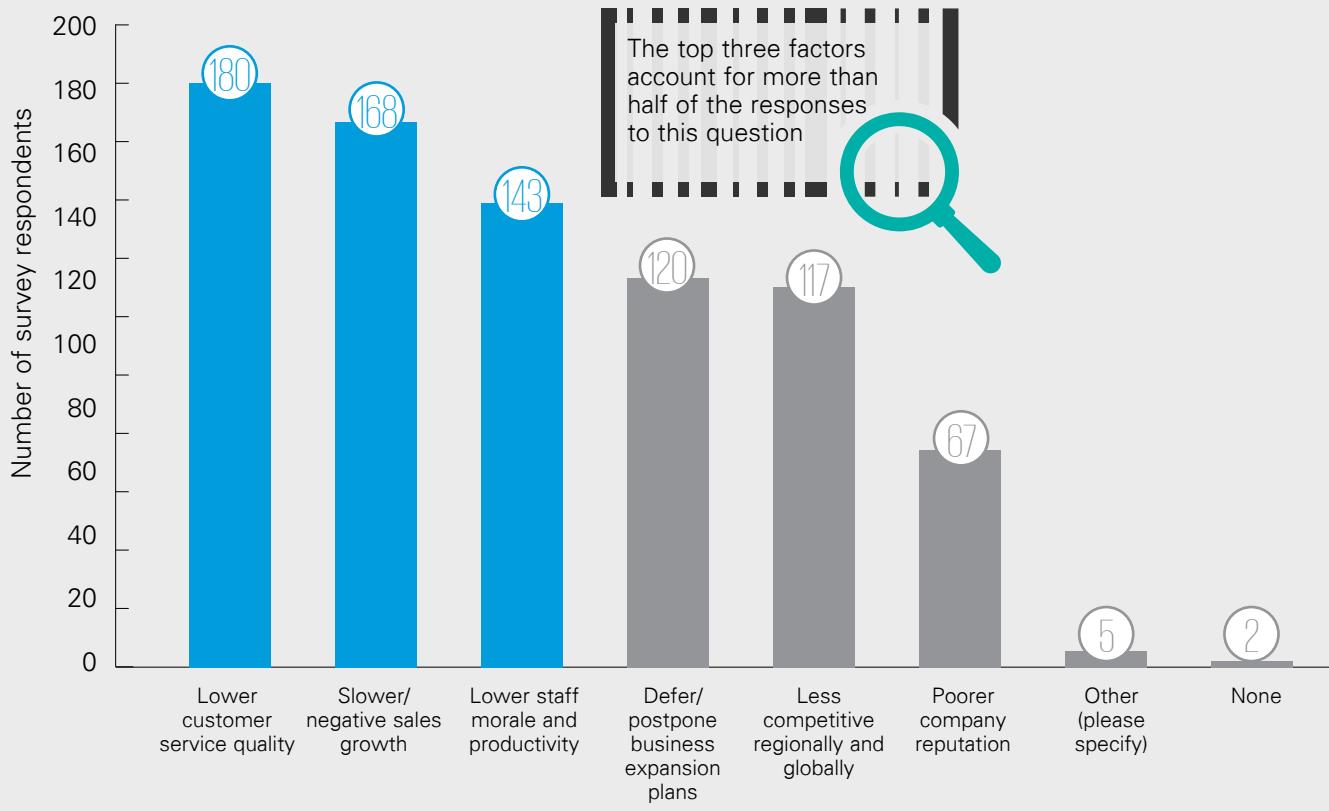
Amid the overall reduced interest in working in retail, Hong Kong's manpower supply is projected to decrease at an average annual rate of 0.2 percent between 2017 and 2027, according to the government's manpower report. Combined with a rapidly ageing workforce – about 24.4 percent of the city's manpower supply in 2027 will be aged 55 or above – the talent shortage is on course to become even more acute.

## Impact and implications

Respondents were asked to identify the top three anticipated effects of the Hong Kong retail industry's undersupply of talent in the next two years. Lower customer service quality, slower or negative sales growth, and lower staff morale and productivity lead the list (see (Figure 2.2).

<sup>9</sup> Hong Kong Census and Statistics Department. <https://www.censtatd.gov.hk/hkstat/sub/sp200.jsp?tableID=006&ID=0&productType=8>

**Figure 2.2: Impact of retail talent shortage on your business in next two years**



Source: KPMG/HK RMA Retail Labour Survey



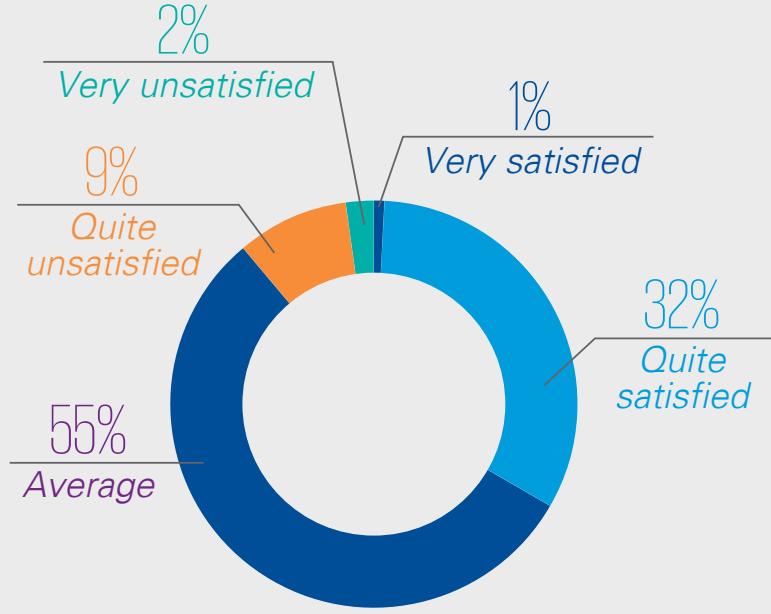
Coming in fourth is deferred or postponed business expansion plans. Alan Chau, Head of Operations at Tse Sui Luen Jewellery (HK) Co Ltd – also known as TSL – says that if staff were readily available, the company would be more eager to expand in Hong Kong. This factor ties into the fifth-ranked effect, namely that businesses would become less competitive regionally and globally.

Tse of the HKRMA adds that these anticipated effects could possibly hold retailers back in pursuing their technological ambitions, which is contradictory to where the retail industry should head. “The new era of retail enabled by the latest technologies is essential not only to customer experience but also to Millennials setting their sights on careers in the industry,” she explains.

### Customer service and competitiveness

Despite the bleak picture, most retailers believe customers perceive the performance of sales staff as average (see Figure 2.3).

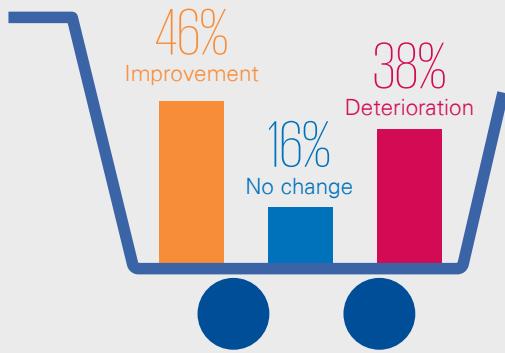
**Figure 2.3: Customer satisfaction with Hong Kong retail sales staff**



Source: KPMG/HKRMA Retail Labour Survey

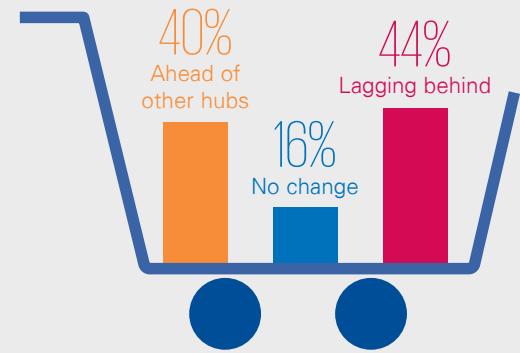
In fact, some 46 percent of those surveyed stated that customer service levels in Hong Kong’s retail industry are better than they were two years ago. However, that is offset by the 38 percent who view service as having deteriorated (see Figure 2.4).

**Figure 2.4: Customer service in Hong Kong's retail industry compared to two years ago**



Source: KPMG/HKRMA Retail Labour Survey

**Figure 2.5: Customer service in Hong Kong's retail industry compared to other global hubs**



Comparisons with other cities reveal a similar finding. Of those surveyed, 44 percent believe the city's retail service levels lag those of other international retail hubs, versus 40 percent who see them as superior (see Figure 2.5).

A service standards review last year by the Hong Kong Tourism Board found that Hong Kong continued to "stay high," with overall visitor satisfaction improving and scores for intention to return to the city and recommended visits holding at favourable levels.

However, if the retail manpower shortage persists or worsens, customer service could suffer, affecting Hong Kong's image as a shopping destination compared to other cities. The lack of talent could also frustrate the industry's ability to transform technologically, further hindering its competitiveness regionally and globally.

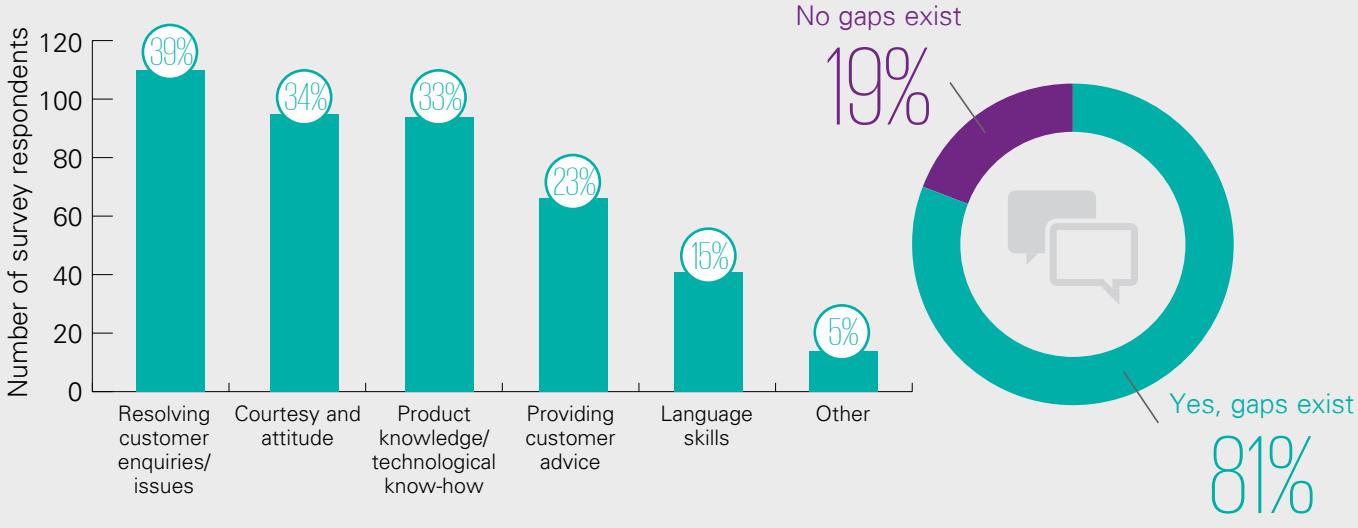




The consensus among the focus groups was that customer service in the city is acceptable but not world-class. "Sales associates in Hong Kong can be very polite, so customer service is all right," a Polytechnic University student observed. A member of the young professionals group described service as tending to be "quick but lacking in passion". A Vocational Training Council student said Hong Kong's service standards were behind Japan's but ahead of Europe's when it comes to being able to handle customer needs rapidly.

Companies are already reporting an impact. Some 81 percent of the surveyed retailers claim a gap exists between staff service quality and customer expectations. The biggest gaps are in resolving customer enquiries/issues (cited by 39 percent), courtesy and attitude (34 percent) and product knowledge/technological know-how (33 percent) (see Figure 2.6).

**Figure 2.6: Gaps in service quality**

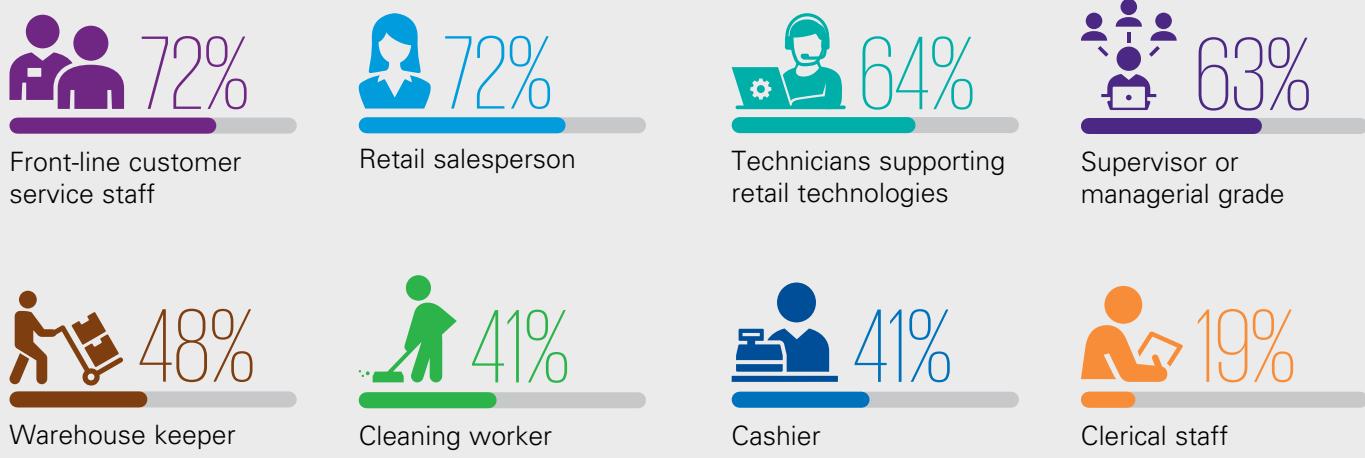


Source: KPMG/HKRMA Retail Labour Survey

### Hardest areas to recruit

Service quality gaps could be bridged by effective recruitment. The areas where companies find it hardest to recruit are front-line customer service staff and retail salespersons (each selected by 72 percent of respondents), followed by technicians supporting retail technologies/digitalisation/e-commerce (64 percent) and supervisors or managerial grade staff (63 percent) (see Figure 2.7).

**Figure 2.7: Positions that retailers find difficulties in hiring**



When it comes to considering overseas workers to fill the talent gap, language skills are the most sought-after quality in front-line customer service staff and retail salespersons jobs, the survey indicated.

However, Randy Lai, CEO of McDonald's Hong Kong, says there is a more pressing issue. "Currently the biggest challenge is to sustain a stable and efficient workforce that has adequate product knowledge to serve customers," she says. "Once this is achieved, the next step is to change the industry practitioners' perception about what good customer service should entail."



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**Randy Lai**  
CEO  
McDonald's Hong Kong

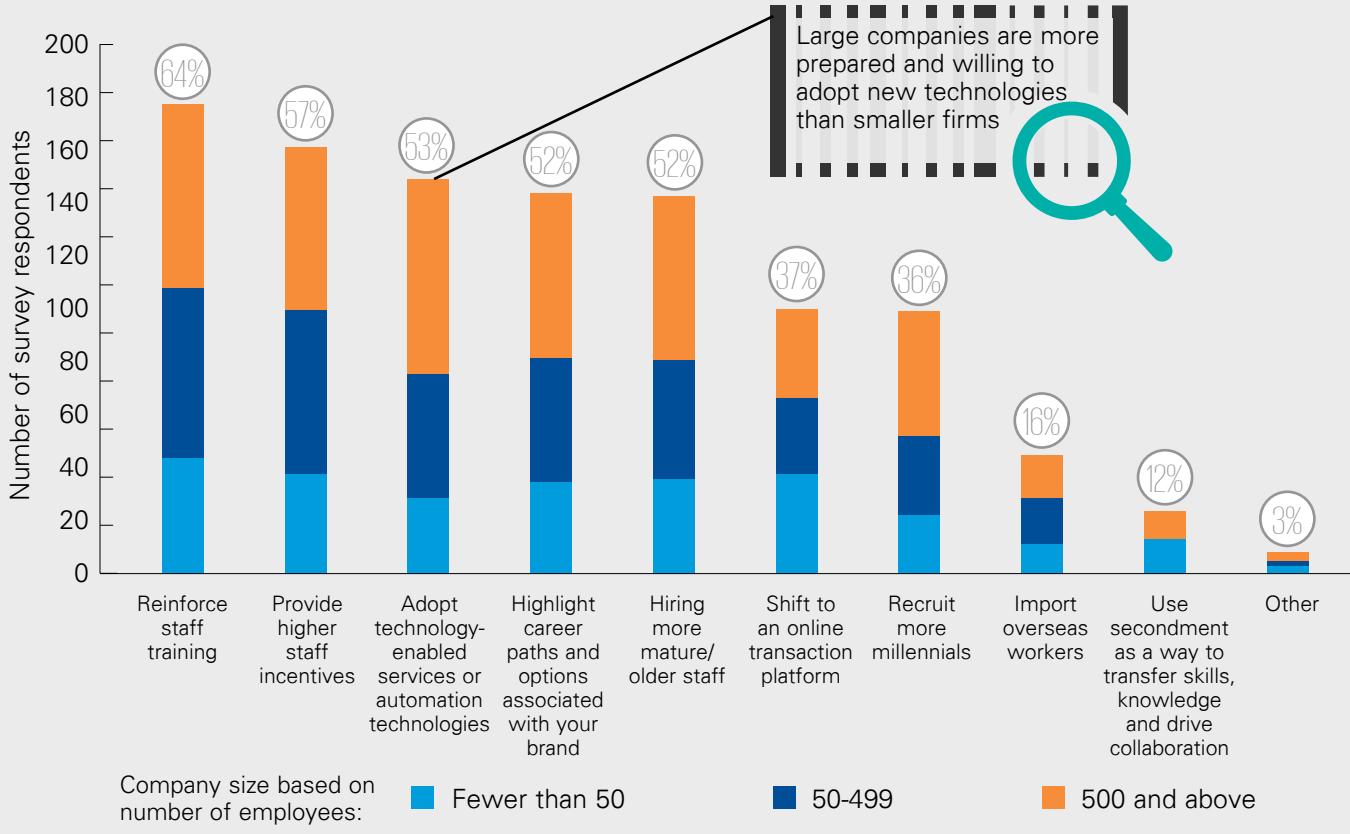
# Strategies for retail rebranding



In terms of strategies to consider in the next two years, more staff training topped the survey at 64 percent (see Figure 3.1). This was followed by improved staff incentives, at 57 percent. The third-ranked strategy was adopting technology-enabled service/automation technologies, at 53 percent, closely trailed by highlighting the career possibilities associated with your brand, at 52 percent.

The focus groups echoed these findings, calling for better enticements to recruit and retain talent. Vocational Training Council students, for example, said companies should make working in the industry more appealing through a combination of higher salaries, better training and more flexible and controllable working hours.

**Figure 3.1: Labour management strategies to consider in next two years**



Source: KPMG/HKRMA Retail Labour Survey



*It is important to find the right young dynamic talent on your team who can adapt and at the same time are committed to excellent customer service.*

**Thibault Villet**

President  
Revlon Asia

## Transforming the industry

The government could help significantly by allocating more funding towards rebranding to convey what it means to work in retail, according to Tse of the HKRMA. In 2014, the Commerce and Economic Development Bureau allocated HKD 130 million to assist the industry, with some HKD 50 million to support technology adoption and HKD 70 million for retail apprenticeships<sup>10</sup>. Only a small amount was allocated to promoting the image of retail, she notes.

Tse says besides helping retailers to boldly transform, more money should be spent on building up the public image of the industry – not just to lure more shoppers to the city, but to stress its pivotal role in the economy. This would raise its profile in the minds of prospective staff.

In the meantime, how might individual retailers recast their image? Organisations rebrand best by telling their story. With so many channels for doing this, it is important to find creative ways to deliver success stories to the public. This is more difficult for companies whose jobs or work focus is not outwardly appealing. Yet all organisations need to ask themselves how to keep up with change.

Thibault Villet, President of Revlon Asia, says innovation is a key ingredient to both hiring talent and attracting business. “Chinese customers are evolving fast, and it is important to find the right young dynamic talent on your team who can adapt and at the same time are committed to excellent customer service.”

## Smart talent development strategies

One possible strategy to boost recruitment and retention is to make career paths more transparent. In the past, many retail companies, especially those selling fast-moving consumer goods, were too accepting of high turnover rates, says Chau of TSL. He urges companies to focus on making themselves more professional by offering extensive training and a clearer career trajectory.

Malina Ngai, Group COO at A.S. Watson Group and also an HKRMA Vice-Chairman, notes the retail industry offers many positions across various job functions that involve more than sales. Whether it is marketing, human resources management, data analytics or finance and accounting, there is an abundance of development opportunities, she adds. “With the adoption of retail technology, jobs can be interesting and provide a promising career path for young people.”

Across the focus groups, a number of participants who had worked in retail described the experience as fun, wide-ranging and suitable for those who enjoy engaging with people. Some noted that the salary was attractive when compared to clerical work requiring a similar level of experience.

Ngai encourages a concerted effort to alter perceptions that make it difficult for the industry to recruit talent. “We should change the mindset of parents, teachers, career advisers and students, starting from secondary school to allow them to understand the retail industry can offer a professional career.”

In general, Hong Kong could benefit by looking at what the city needs to compete over the long run. Guy Look, CFO and Executive Director of Sa Sa International Holdings Ltd, says “we need to bring in people from outside Hong Kong to build up the industry” because of scarce expertise amid the talent shortage.

<sup>10</sup> Hong Kong Legislative Council, Panel on Commerce and Industry, April 2014



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**Malina Ngai**

Group COO, A.S. Watson and Co Ltd  
HKRMA Vice-Chairman



*Hong Kong government support should come in various channels. A clear and strategic vision is needed to succeed.*

**Guy Look**

CFO & Executive Director  
Sa Sa International Holdings Ltd

"Hong Kong government support should come in various channels, such as encouraging and funding technology projects as well as educating the younger generation and supporting universities," Look adds. "A clear and strategic vision is needed to succeed."

Retailers that train their people well by teaching skills in leadership and team management stand out as employers, says Peter Suen, Executive Director at Chow Tai Fook Jewellery Group. "Training is not only a means to equip employees with professional skills and knowledge for work, but also a channel to nurture employees more broadly and move the company forward," he adds.

Organisations possessing a strong capability to equip people with skills that are readily transferrable will be viewed as attractive. Employers that can help people think critically and solve problems are regarded as more worthwhile places to work as these employers provide greater development opportunities. Life skills give people the confidence to do their job well. Industry leaders should consider such initiatives a priority and encourage this kind of training.

All employers need to understand that the employee experience is fundamental. Potential staff nowadays can be discerning about where they want to work. Social media is influential in that there is so much information and choice available. Employers should strive to create multiple, highly compelling propositions for different segments of the population who could join their workforce. Employers should focus on finding ways to draw all those segments of the population in distinctive ways.

Richard Kelly, Chief Catalyst at Li and Fung Group, says effective companies are those that can adapt to change. "If retailers and brands want their teams to be future-ready, they should have a relentless shift from complacency to curiosity," he explains. "This feeds the need to experiment and learn faster than your competitors."

Going forward, organisations need to articulate what they do for their employees and the community in which they operate. By staying focused on these points, organisations can create compelling value propositions.

In addition, retailers should ensure that staff experience the same brand they project to customers. If a brand bills itself as fresh and innovative, then managers should make sure they develop internal practices that are consistent with this message.

### **Technology initiatives**

On the point of technology, Anson Bailey, KPMG's Head of Consumer and Retail for Asia Pacific and Head of Technology for Hong Kong, raises several questions companies should consider asking themselves when contemplating initiatives:

- How are you changing your retail experience to take account of virtual and augmented reality?
- What role does data play in your everyday business?
- Should you have separate teams for your online and offline business, or should you be more forward-looking and have one team?

Technology can play a substantial role in raising service levels, notes Lai of McDonald's experience. "The use of mobile app and electronic kiosks helped us to create a modern customised consumer experience journey that makes consumers feel special," she recalls. "It has also helped to refocus our workforce in an area where customers cannot self-help to improve operational efficiency."



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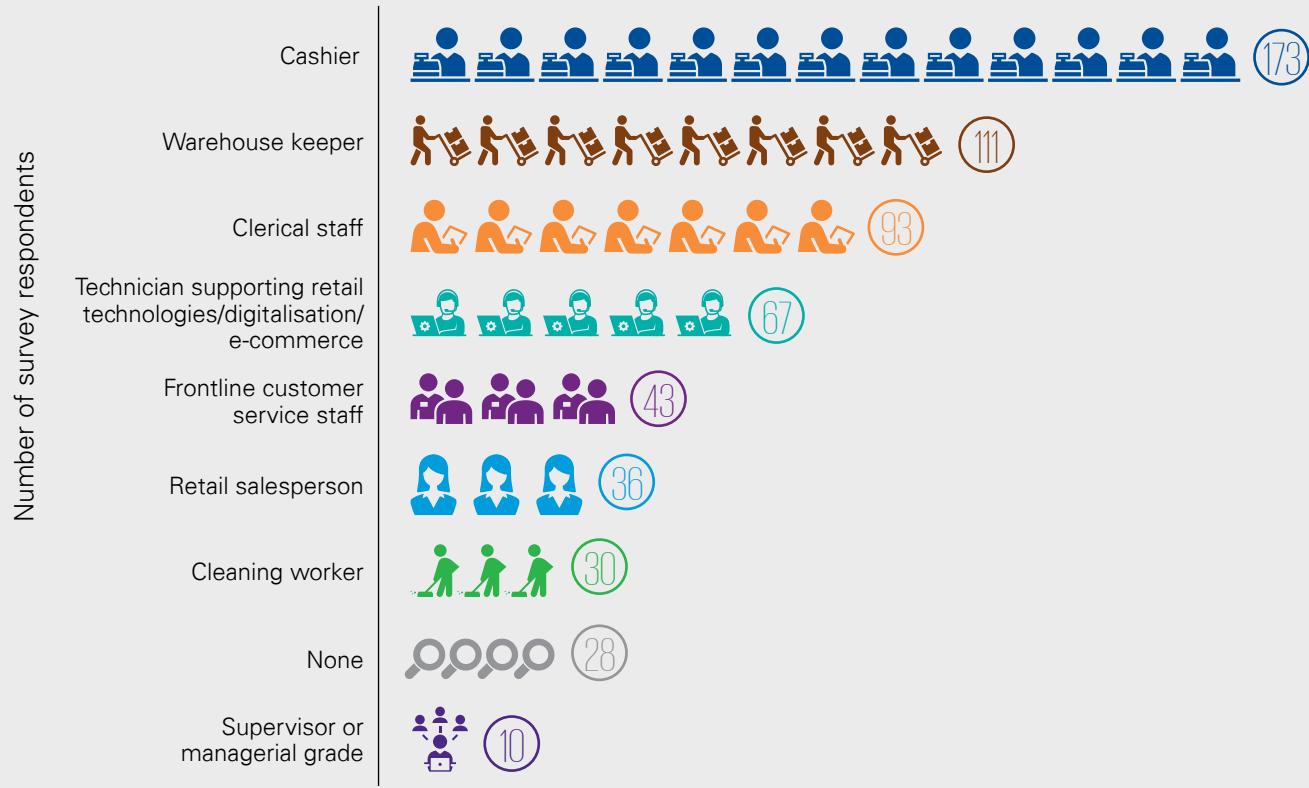
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## Figure 3.2: Jobs in Hong Kong most likely to be replaced by automation\*



\*Respondents selected up to three options

Source: KPMG/HKRMA Retail Labour Survey



*Utilise technology to replace labour-intensive work and train up staff to manage more challenging and interesting tasks.*

**Maggie Li**  
Regional General Manager  
Chow Sang Sang Jewellery Co Ltd

A common suggestion across all the focus groups was for companies to look at ways to improve e-commerce channels in order to make their online shops and marketing as professional as in their physical stores. A focus group participant from Baptist University said too many corporate websites put up barriers to customers' journeys, such as intrusive pop-up windows or excessive emails offering irrelevant products.

Digital transformation will make a range of workforce processes more efficient. In stores, automation in inventory management, payments and monitoring consumer habits could free up staff to spend more time on value-added tasks, such as introducing and explaining products to customers.

Many companies are using mobile devices like tablets or smartphones for training and to provide information about a brand's products and services. Virtual reality training is also becoming popular, allowing companies to role-play in-store scenarios with staff.

Maggie Li, Regional General Manager for Hong Kong, Macau and Taiwan at Chow Sang Sang Jewellery Co Ltd, says retailers could "utilise technology to replace labour-intensive work and train up staff to manage more challenging and interesting tasks".



*Apps and platforms allow entrepreneurs to create new businesses and gather information about their customers in ways that are qualitatively little different from those of the big brands.*

**Janis Tam**

Managing Director, Swire Resources  
HKRMA Vice-Chairman

Indeed, there is some creative work that technology cannot fully replace, areas where innovation, passion and high levels of thought are required. In jewellery, for example, some tasks can clearly be automated, but high-end retailers in that field still need to invest in staff who can help create a superior customer experience.

It can be said that technology does not hold all the answers, such as for addressing labour challenges. Abilities that cannot be automated include skills that build rapport and relationships and those that require problem-solving.

At the same time, other technologies are giving retailers data they can use to bolster competitiveness. Customer relationship management tools can help retailers keep track of what consumers buy. RFID chips allow them to know which goods are being handled in shops. WiFi usage or facial recognition can alert staff when a VIP customer enters a store. Heat maps can help improve store layouts.

Deployed wisely, technology could recast retailing as an innovative, entrepreneurial-driven business. Small and medium-sized retail enterprises could benefit from readily available tools and software, such as Facebook, Instagram, WeChat and Alibaba's various apps and platforms, according to Janis Tam, Managing Director of Swire Resources and also an HKRMA Vice-Chairman.

"They allow entrepreneurs to create new businesses and gather information about their customers in ways that are qualitatively little different from those of the big brands," Tam says. "Some small brands are proving adept at using this kind of social commerce."



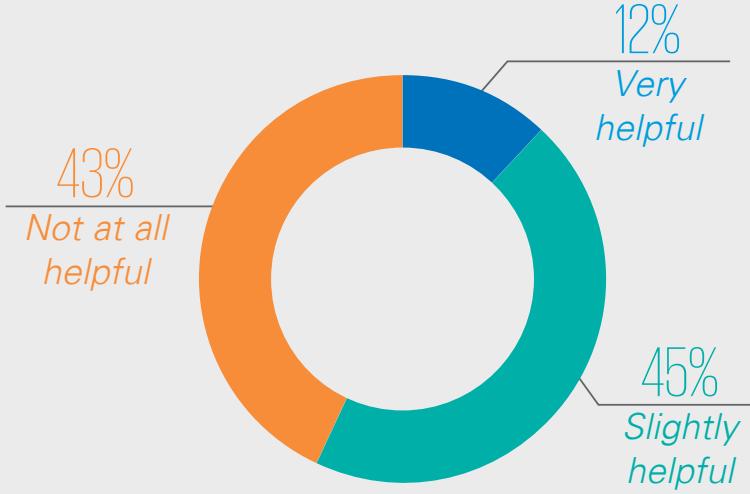
## GBA opportunities

Envisioning a single, connected market of more than 70 million people across southern China, the Greater Bay Area initiative offers opportunities for the Hong Kong retail industry. It is early days for the development plan, and opinions about the initiative have been mixed.

Whilst 57 percent of the executives surveyed believe that the GBA initiative will change the way they manage their talent, 43 percent say it will not make any difference (see Figure 3.3). This sentiment about the GBA was echoed by the focus group participants.

Tam of Swire Resources says the GBA “could be part of the solution to easing labour shortages in Hong Kong” by facilitating the movement of workers across the region. TSL’s Chau agrees, adding that “talent flow” would translate into benefits for the retail industry.

**Figure 3.3: Impact of the GBA initiative on approaches to talent management in Hong Kong**



Source: KPMG/HKRMA Retail Labour Survey

Kelly of Li and Fung Group describes the GBA as representing “an opportunity to explore and learn with the latest ideas around new retail, new forms of content and consumer management”.

The magnitude of the initiative and the opportunities it is expected to bring will require that Hong Kong employers rethink their employee value proposition (EVP). An organisation’s EVP refers to the balance of the rewards and benefits employees receive in return for their performance in the workplace, such as development opportunities; reward and recognition; shared values; and an inclusive culture, among other qualities. Every organisation has an EVP, but its effectiveness will depend on how well the retail organisation defines and communicates this internally and externally to prospective talent.

Companies should differentiate their brand and customer service to attract the right employees, who will in turn lure the right customers. The principal strategies are rooted in the values and purpose of the organisation, and the ability to cultivate the right company culture.

# Looking ahead



*The big opportunity for employers is to create unique and targeted employee value propositions. What can retail companies offer employees that is compelling and makes them stand out?*

**Peter Outridge**

Partner, Head of People & Change  
Advisory  
KPMG China

Hong Kong's retail industry has strong prospects. To overcome workforce challenges and ensure the city remains one of the world's leading shopping hubs, retailers are looking at how to rethink and reposition themselves as an industry worth joining.

This entails raising the profile of retailing in Hong Kong to reflect its contribution to the city's economy. It also calls for a greater awareness of how the industry is evolving – in its embrace of new technologies and becoming an industry that emphasises training, career progression and work-life balance. The government can help by highlighting the ways in which companies are innovating.

The industry is attuned to the issues it needs to address in terms of concrete measures to draw and retain talent and to correct misperceptions of the industry, especially in the minds of young people.

From the onboarding process, positive relationships can be cemented, with staff offered a seamless experience as part of attractive career and development opportunities. Identifying the pain points for employees and working to address them promptly is key to ensuring the employee value proposition becomes irresistibly compelling. This is why retail organisations should focus on deeply understanding employees' needs and developing appropriate and targeted employee value propositions.

To succeed, companies will have to be increasingly nimble and flexible, experimenting with and testing new ways of working. This means more than rejecting those methods that fail to deliver, but rapidly rolling out those that resonate and provide a competitive edge.

The long-term solution calls for multiple responses, ranging from increasing the size of the workforce by bringing in overseas workers, to looking at how omni-channel operations may lead to a large part of a company's business being done outside physical stores and providing consistent experiences for employees and customers. Forward-looking organisations are asking the questions: what is the ideal shape of our workforce and what are the optimal sources of labour?

Finally, the Greater Bay Area initiative could offer fresh talent development opportunities for the industry in Hong Kong. As a long-established retail hub, the city could leverage the GBA to formulate strategies that appeal to both the local workforce and labour based in other cities in the region.



# Recommendations

## What retailers can do



Listen intently to the views of both your customers and potential staff of all generations. Pay particular attention to their views on what makes for a great shopping experience and a satisfying working environment.



Tailor different employee value propositions for different segments of the population, articulating what they offer to employees and the communities they serve. This is key to defining the experience the brand delivers, and in so doing attract the right employees.



Proactively identify the optimal shape of the workforce. 'Workforce Shaping' has replaced 'Workforce Planning' as the agile way of identifying the optimal sources of labour (internal, outsourced, human, AI, etc).



Explore how technology can transform labour-intensive, front-line work in stores, freeing staff to focus on more challenging, interesting and value-added tasks where innovation, passion and high levels of customer empathy are required to deliver enhanced customer service.



Seize the opportunities offered by the Greater Bay Area initiative as a means for securing better access to the mainland's pool of talent, and producing opportunities for employees.

## What government can do



Formulate a forward-looking master plan on the future demand of human capital development with practical measures provided by the Human Resources Planning Commission, highlighting retail as a priority industry.



Help promote the retail industry's image in a way that attracts talent for sustainable development and contributes to its transformation.



Render policy support towards an improved retail ecosystem, underscoring smart technology adoption, O2O integration and the nurturing of new talent.



Facilitate the flow of retail talent, particularly in collaboration with partners in the Greater Bay Area.



Adopt retail in the current educational curriculum as one of Hong Kong's key industries, emphasising its promising career prospects.

# About KPMG



KPMG member firms and its affiliates operating in mainland China, Hong Kong and Macau are collectively referred to as "KPMG China".

KPMG China is based in 22 offices across 20 cities with around 12,000 partners and staff in Beijing, Changsha, Chengdu, Chongqing, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Nanjing, Qingdao, Shanghai, Shenyang, Shenzhen, Tianjin, Wuhan, Xiamen, Xi'an, Hong Kong SAR and Macau SAR. Working collaboratively across all these offices, KPMG China can deploy experienced professionals efficiently, wherever our client is located.

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 153 countries and territories and have 207,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

In 1992, KPMG became the first international accounting network to be granted a joint venture licence in mainland China. KPMG was also the first among the Big Four in mainland China to convert from a joint venture to a special general partnership, as of 1 August 2012. Additionally, the Hong Kong firm can trace its origins to 1945. This early commitment to this market, together with an unwavering focus on quality, has been the foundation for accumulated industry experience, and is reflected in KPMG's appointment for multi-disciplinary services (including audit, tax and advisory) by some of China's most prestigious companies.

# About HKRMA



The Hong Kong Retail Management Association (HKRMA) was founded in 1983 by a group of visionary retailers with a long-term mission to promote Hong Kong's retail industry and to present a unified voice on issues that affect all retailers.

HKRMA has been playing a vital role in representing the trade, and raising the status and professionalism of retailing through awards, education and training.

As the leading retail association with membership covering more than 8,000 retail outlets and employing over half of the local retail workforce, HKRMA is one of the founding members of the Federation of Asia-Pacific Retailers Associations (FAPRA) and is the only representing organisation from Hong Kong. FAPRA members cover 17 Asia-Pacific countries and regions.

# About YouGov



YouGov is an independent, publicly listed global consumer insight company. We are one of the most recognised and quoted names in research across the UK, Europe and North America, and we are expanding quickly throughout Asia Pacific. We help businesses grow by providing a real-time picture of consumer perception and behaviour, enabling our clients to make rapid, informed decisions.

# Contact us

## Andrew Weir

Senior Partner, Hong Kong  
KPMG China  
+852 2826 7243  
andrew.weir@kpmg.com

## Ayesha Lau

Managing Partner, Hong Kong  
KPMG China  
+852 2826 7165  
ayesha.lau@kpmg.com

## Alice Yip

Partner, Head of Consumer & Industrial Markets, Hong Kong  
KPMG China  
+852 2978 8152  
alice.yip@kpmg.com

## Anson Bailey

Partner, Head of Consumer & Retail, ASPAC  
Head of Technology, Hong Kong  
KPMG China  
+852 2978 8969  
anson.bailey@kpmg.com

## Peter Outridge

Partner, Head of People & Change, Advisory  
KPMG China  
+852 2847 5159  
peter.outridge@kpmg.com

## Jonathan Lo

Partner, People & Change, Advisory  
HR Transformation Lead, Hong Kong  
KPMG China  
+852 2913 2986  
jonathan.lo@kpmg.com

## Jessie Qian

Partner, Head of Consumer & Retail, China  
KPMG China  
+86 21 2212 2580  
jessie.qian@kpmg.com

## Sylvene Fong

Partner, Head of Enterprise, Hong Kong  
KPMG China  
+852 2978 8227  
sylvene.fong@kpmg.com

## Alison Simpson

Partner, Head of Deal Advisory, Hong Kong  
KPMG China  
+852 2140 2248  
alison.simpson@kpmg.com

## Karmen Yeung

Partner, Head of Industrial Manufacturing,  
Hong Kong  
KPMG China  
+852 2143 8753  
karmen.yeung@kpmg.com

## Daniel Hui

Partner, China Tax  
KPMG China  
+852 2685 7815  
daniel.hui@kpmg.com

## Irene Chu

Partner, Head of New Economy & Life Sciences, Hong Kong  
KPMG China  
+852 2978 8151  
irene.chu@kpmg.com

## Henry Shek

Partner, Head of IT Advisory, Risk Consulting  
KPMG China  
+852 2143 8799  
henry.shek@kpmg.com

## John Timpany

Partner, Tax  
KPMG China  
+852 2143 8790  
john.timpany@kpmg.com

## Egidio Zarrella

Partner, Head of Clients & Innovation  
KPMG China  
+852 2847 5197  
egidio.zarrella@kpmg.com

## Maggie Lee

Partner, Head of Capital Markets Development, Hong Kong  
KPMG China  
+852 2826 8063  
maggie.lee@kpmg.com

## Cyan Sze

Partner, Corporate Finance  
KPMG China  
+852 2140 2359  
cyan.sze@kpmg.com

## Christoph Zinke

Partner, Head of China Strategy, Global Strategy Group  
KPMG China  
+852 2140 2808  
christoph.zinke@kpmg.com

## Marc Cersovsky

Partner, Strategy (Consumer & Retail)  
KPMG China  
+852 2140 2205  
marc.cersovsky@kpmg.com

## Adam Stuckert

Partner, IT Advisory, Head of Blockchain  
KPMG China  
+852 2847 5163  
adam.stuckert@kpmg.com

## Reza Nobar

Director, Consulting (Consumer & Retail)  
KPMG China  
+852 3927 3122  
reza.nobar@kpmg.com

## Leonie Marshall

Associate Director, People & Change, Advisory  
KPMG China  
+852 9535 3966  
leonie.marshall@kpmg.com

## Willy Kruh

Global Chair, Consumer & Retail  
KPMG  
+1 416 777 8710  
wkruh@kpmg.ca

## Elaine Pratt

Director, Global Consumer & Retail  
KPMG  
+1 416 777 8195  
epratt@kpmg.ca

## Contact HKRMA

### Annie Yau Tse

Chairman  
Hong Kong Retail Management Association  
+852 2866 8311  
chairman@hkrma.org

### Ruth Yu

Executive Director  
Hong Kong Retail Management Association  
+852 2866 8311  
ruth.yu@hkrma.org

### Katherine Yu

Senior Manager, Communications & Public Relations  
Hong Kong Retail Management Association  
+852 2528 9963  
katherine.yu@hkrma.org

## Contact YouGov

### Cindy Chan

Head of Greater China  
Hong Kong  
+852 9194 7545  
cindy.chan@yougov.com

### Michael Fu

Associate Director, Business Development  
Hong Kong  
+852 9502 2841  
michael.fu@yougov.com

# Acknowledgments

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We wish to thank the following contributors for participating in this report.

**Alan Chau**

Head of Operations, Tse Sui Luen Jewellery (HK) Co Ltd

**Richard Kelly**

Chief Catalyst, Li & Fung Group

**Randy Lai**

CEO, McDonald's, Hong Kong

**Maggie Li**

Regional General Manager – Hong Kong, Macau & Taiwan,  
Chow Sang Sang Jewellery, Co Ltd

**Guy Look**

CFO & Executive Director, Sa Sa Cosmetic Co Ltd

**Malina Ngai**

Group Chief Operating Officer, A.S. Watson & Co Ltd and  
HKRMA Vice-Chairman

**Peter Suen**

Executive Director, Chow Tai Fook Jewellery Group

**Janis Tam**

Managing Director, Swire Resources and HKRMA Vice-Chairman

**Annie Yau Tse**

Chairman, HKRMA

**Thibault Villet**

President, Revlon Asia

**Ruth Yu**

Executive Director, HKRMA

**Hong Kong Baptist University**

**Hong Kong Polytechnic University**

**Vocational Technical Council**

**Publications team:** Nina Mehra, Bong Miquiabas, Victoria Tam

**Designer:** Pui Lam Chan



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