

HKICPA Accounting and **Business** **Management** Case Competition 2018-19



Your role

- Level 2: **Management Consultant** (page 2: Question paper and guideline)
- Target company: Hong Kong Television Network Limited (HKTV) – online shopping operations in Hong Kong



Level 2 (Management Consultant)

Prepare a business proposal (商業企劃書) to:

- Part A: HKTV overall group financial performance for the past TWO years, for the years ended 31 Dec 2016 and 2017 (30 marks); and
- Part B: Formulate a **business [*promotion] plan of HK\$10 million** for the coming **TWO** years (i.e. for the years ending 31 Dec 2019 and 2020) to improve the online shopping operations of HKTV in Hong Kong. **(45 marks, excluding D. II a: Revenue/profit review – 10 marks)**

Level 2 (Management Consultant)

Prepare a business proposal (商業企劃書) to:

- Part II - Formulate a business plan for **HKTV's online shopping operations in Hong Kong**

(b) **SWOT analysis** of HKTV Group's online shopping operations in Hong Kong – **non financial analysis** in terms of favourable (+) or unfavourable (-) factors external & internal to the organization.

(20 marks – approximately 3 pages)

Level 2 (Management Consultant)

(c) Business plan

A business plan of **\$10 million** for launching a **promotional project** to improve HKTV group's online shopping operations in Hong Kong, which should be supported by a **marketing expenses budget** and **implementation details**.

In order to evaluate the effectiveness of your recommendations, you are required to **analyse** the projected **impact** on average daily orders, average transaction value and sales for the years ending 31 December 2019 and 2020.

(25 marks – approximately 4 pages)

Point to note



- In preparing the business proposal, you should *ensure that all your suggestions and recommendations are **in line with HKTV Group's vision and strategic direction.***

(page 4: Question paper and guideline)

Agenda (on 28 December 2018)

Business Management and Marketing Strategies

1. **[Think]** - SWOT Analysis
2. **[Do]** - Implementation plan
3. **[Check]** - Evaluation, measurement and Control

Agenda

Business Management and Marketing Strategies

1. **[Think]** - SWOT Analysis
2. **[Do]** - Implementation plan
3. **[Check]** - Evaluation, measurement and Control

1. SWOT Analysis: Identifying Organizational Opportunities

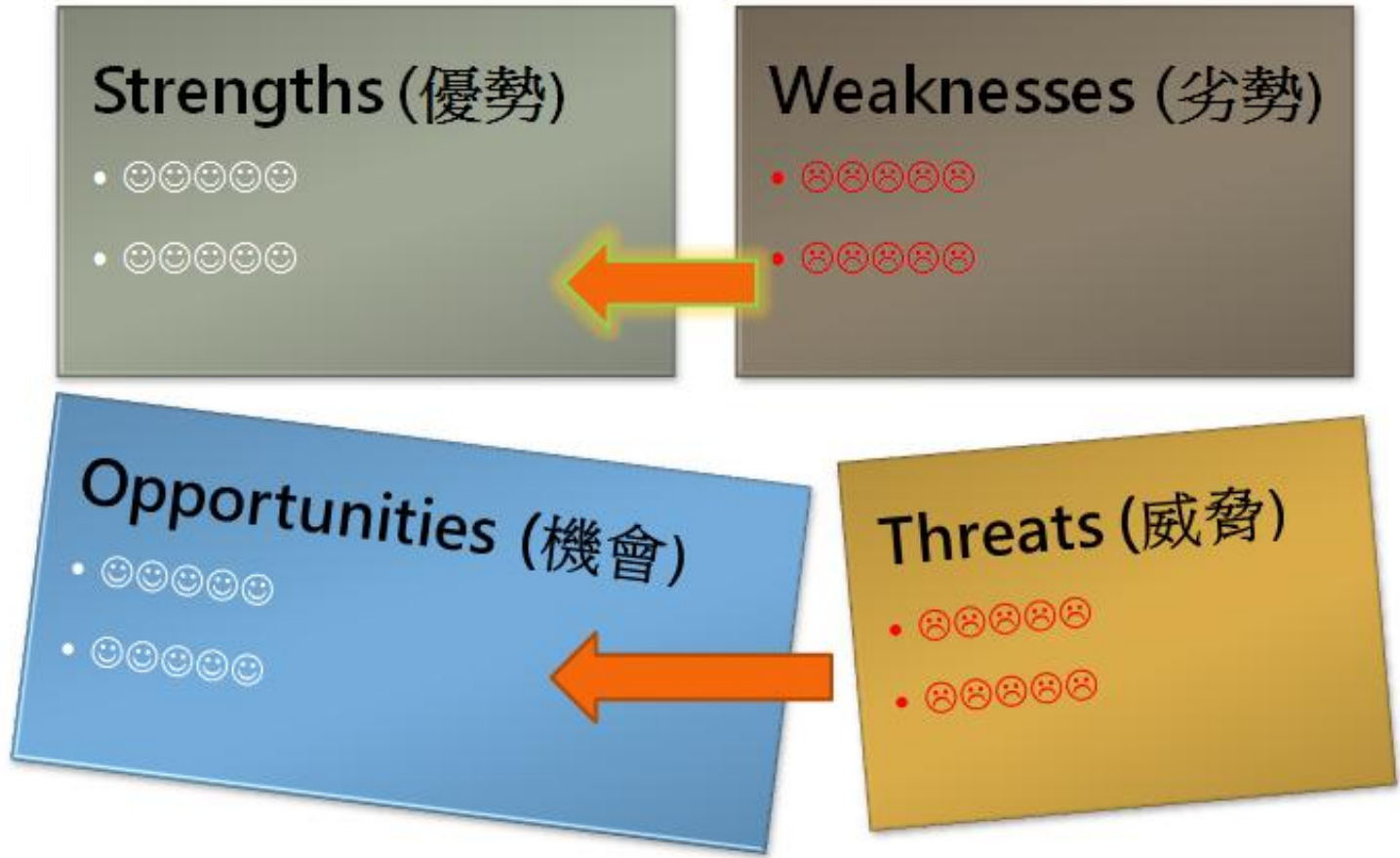
SWOT analysis

Analysis of an organization's strengths, weaknesses, opportunities & threats in order to identify a **strategic niche** (以某個市場區隔為主的利基策略) that the organization can exploit




1. SWOT Analysis (continued)

強弱機危分析 (續)



Keyword search

 SWOT analysis of HKTV



Keyword search

^[PDF] [香港電視在香港電視的未來發展分析](#)

comd.hkbu.edu.hk/mm/mmgtpjproject/image/projects/2015_project/15_group8.pdf ▼

香港電視的強項、弱點、機遇及危機 (**SWOT Analysis**) . 6.4 市場營銷 ... 3 免費電視發牌的四個準則及十一個因素 http://www.hktv.com.hk/press_admin/files_upload/ ...

^[PPT] [Free-to-Air TV market - HKUST](#)

lbcone.ust.hk/files/open/LABU2052.pptx ▼ [翻譯這個網頁](#)

Situation. **HKT**. General Public (Audience). Competitors (TVB, ATV). Hong Kong ... Monopoly; Market Share; TV channels; TV genre; SWOT ... **SWOT Analysis**.

[E Marketing & Bussiness HKT V MAlI - Business/Marketing ...](#)

refme.com/.../E%20Marketing%20%26%20Bussiness%20HKT V%20M... ▼ [翻譯這個網頁](#)

2017年6月7日 - **HKT** Mall Annual Results (12 months up to 31 December 2016) ... The **SWOT Analysis** : A Key Tool for Developing Your Business Strategy.

[Can HKT V survive with its new online shopping mall business?](#)

www.ejinsight.com/20150804-can-hktv-survive-with-its-new-online-sh... ▼ [翻譯這個網頁](#)

2015年8月4日 - The customer had made a purchase worth more than HK\$400 on **HKT**'s online shopping mall and was entitled to a free coffee machine, but ...

^[DOC] [The Accounting and Business Management Case ... - Hkicpa](#)

[www.hkicpa.org.hk/.../2018%20\(Level%20\)Case_Questions_Eng_Fin...](http://www.hkicpa.org.hk/.../2018%20(Level%20)Case_Questions_Eng_Fin...) ▼ [翻譯這個網頁](#)

Hong Kong Television Network Limited (**HKT**), together with its subsidiaries **SWOT analysis of HKT** Group's online shopping operations in Hong Kong.



Keyword search



COMM7290 Professional Seminar & Application Proj. (Section 1)
[2014 S2]

香港電視

在香港電視的未來發展分析

香港浸會大學傳理學院與商學院
傳媒管理社會科學碩士
畢業報告

Keyword search

- 1 概要
- 2 「香港電視」背景
 - 2.1 理念與方向
 - 2.2 第一次申請免費電視牌照
 - 2.3 轉戰流動電視市場及第二次申請免費電視牌照
 - 2.4 HKTV Mall 網上購物平台
 - 2.5 幾翻波折 港視正式開台
 - 2.6 最新發展
 - 2.7 港視的廣告市場

Keyword search

2.4 HKTV Mall 網上購物平台

HK\$400,000/12 = HK\$33,333.3 per month

另一邊廂，港視於2014年5月宣布推出購物網“HKTV Mall”¹¹，寄望從營運電子商貿獲得資金，以維持營運。預計會投入1至2億發展購物網站，希望吸引本地知名商戶進駐，針對客戶為年薪40萬的中產家庭¹²。至於會否轉營網上電視，王維基稱「網上即使有100萬人觀看，盈利亦只得15萬。」認為利潤不大且營運成本太高。

而“HKTV Mall”最終在2015年2月正式面世，但被批評價格偏高，反應暫時不太熱烈。有報道指出“HKTV Mall”賣的一排六盒檸檬茶價格比超市超出逾4成，削減了“HKTV Mall”在網購市場上的吸引力¹³。王維基不惜大花超過一億元，在二月初向每位港視註冊會員派出一百元的網購現金券來增加網購人流。報告較後部份會有港視對網購業務未來的期望。

Keyword search

(vi) 市場定位

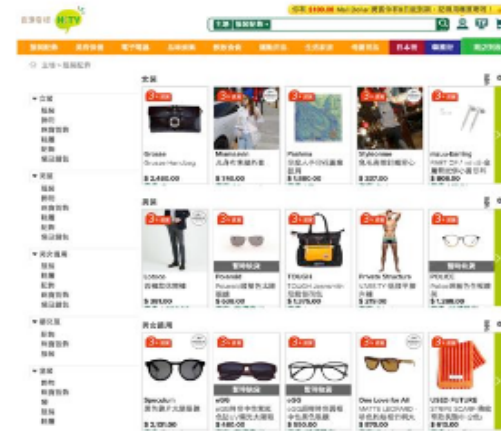
除了市場細分和目標市場，市場定位的分析能讓港視在公眾中建立一個獨特的形象。港視在開台初期，一直都以其自製劇集為噱頭，劇集以創新主題和新穎的拍攝手法吸引觀眾和廣告商。直至今年二月，加入 HKTV Mall 以增加港視的收入，延續港視的業務發展。市場定位是為香港人帶來新生活為主，港視的出現確能代表一個新時代，而且態度積極，在不獲發牌後繼續尋求出路，某程度上引起很多香港人的共鳴，贏取了港人的同理心和支持。

Bring new life to Hong Kong people

Keyword search

不過，調查亦顯示，56%人會在網上比較不同產品的價格和性能等。以 HKTVMall 的網頁（見右圖），就最受網購歡迎的衣物及潮流配飾，價錢由數百至高達數千元，未必能吸引觀眾購買。HKTVMall 的貨品介紹亦未能讓網民比較價格和性能。不符合香港人以平價網購的心理消費模式。

(2015)
Weakness



港視主席王維基曾稱 HKTVMall 與過百間商舖合作，將出售超過 50 萬件商品，針對客戶為年薪收入 40 萬的中產人士⁸²。中產香港人會否選擇在網購數千元的眼鏡，成為疑問。另外，根據「消費洞察報告」，29%港人會透過互聯網查看用家心得和評論，但 HKTVMall 裡，未有看到像淘寶一樣的評論心得等欄目，也沒有即時聯繫客戶服務員等功能。

(2015)
Weakness

淘寶是香港挺受歡迎的網購店之一，其成功之處就是價格便宜，資料齊全，圖片豐富，有評論參考，也有即時客服查詢，相對之下，HKTVMall 的功能就有所不及。以上因素反映要在未來佔有一定市場空間並不容易。

Keyword search

(iii) 網上購物商場

除了電視的業務外，港視同時發展一個全港最大型的網上購物商場，與逾 300 間商店合作，於 2015 年 2 月 2 日正式啟動 HKTVMall，藉此改造香港人的生活和購物模式。HKTVMall 銷售共八大類別的商品，包括：服裝配飾、美容保健、品味娛樂、電子產品、飲食、運動用品、生活家居及母嬰用品，部份商品以日本和韓國直送作為賣點。此外，在 HKTVMall 設立 HKTVMall Shop 以銷售其獨家產品，包括網絡電視盒子 (HKTVMall)、港視劇集和劇集副產品。

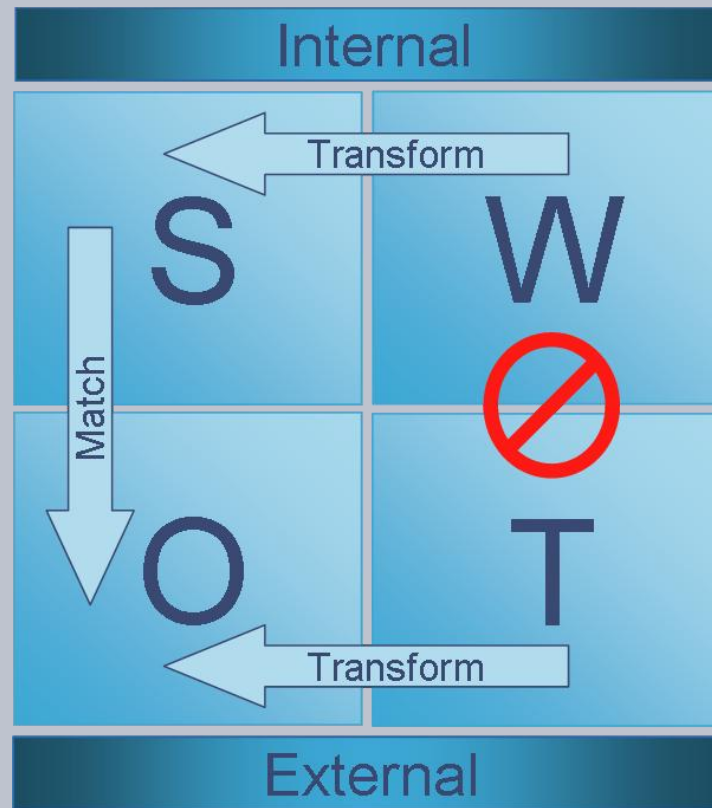
在送貨安排上，標榜「最快 24 小時內送貨 – 早上買，晚上放工回家就可以收貨！」。在網購者的角度，快速發貨確能提高購買的意慾，此舉亦增加了 HKTVMall 在網購市場的競爭力。

產品的套特性，港視在產品生命周期理論 (Product Lifestyle Analysis) 必須注意，因為話題過後的，觀眾便會容易淡望，重回慣性收看的習慣。而且，港視以相同的品牌名稱發展兩項完全不同的業務，亦存有危機性，因為品牌的聲譽會緊緊相扣，如 HKTVMall 如售後服務做得不妥當，會影響公眾對整個品牌的評價，包括電視節目和廣告。如果做得好，則可以相輔相成。

(2015)
Strength

(2015)
Strength

SWOT Summary



Strengths

- Management: effective leadership
- Management: social management approach
- Strong financial performance
- Marketing and advertising capabilities
- Strong customer connect through strong brand promotion
- Fulfill customer demand
- Brand awareness and reputation/High TOMA (**top of mind awareness**)
- Multi channel strategy by extending online sales
- Strong and extensive distribution channels in Hong Kong/ Efficient distribution
- Minimalistic (簡約) (**physical**) store image
- Sustainable research and development
- CRM – quantitative research for customer data collection
- Product diversification: example: over 300 products
- Flexible operations: retail stores + online platform



Relevancy ?

Strengths (?)

- Quick strategic decision making: by B.O.D. (?)

Senior Management Team



Managing Director
Ms. Jelly Zhou

Vice Chairman and CEO
Mr. Paul Cheung

Chairman
Mr. Ricky Wong

CFO
Ms. Alice Wong

COO
Mr. Kenneth Lau

- The **unique product categories/ types** are the most powerful strengths for HKTV (?)
- Being benefit from the cost controlling: HKTV gets a very **competitive price**..... (?)

Weaknesses

- Similar to competitors
- Lack of marketing capability
- Higher costs arising from training personnel
- Unclear targeting: too many products, consumers do not have a clear concept about the core product of HKTV
- Difficult for brand positioning promotion
- Difficulty to enter to mainland market: lack of network and knowledge on local market?
- New market expansion limitation: Mainland customer online shopping experience/ requirement differences (vs Hong Kong customers)?



Relevancy ?

Weaknesses (?)

- Financial burden?



<https://hk.finance.appledaily.com/finance/daily/article/20180516/20392611> (Publication: 16 May 2018)

Opportunities

- Brand image
- Company image and social engagement
- Growing popularity of mobile payment systems
- Online market (expand into internet)
- E-commerce and internet are emerged as promissory distribution channels
- Launching online stores in key markets
- Group can go for brand extension (merger and acquisition)
- An unfilled customer need
- Arrival of new technology
- Good prospective – growth industry
- Life standard of Hongkongers is improving
- Convenience concept (“Time pressure”)



Relevancy ?

Opportunities (?)

- In HK, we are suffered from time pressure.
- Different payment methods in HK



Threats

- Fluctuation in exchange rates (products imported from overseas)
- Market entry barriers
- Local competitors
- Fierce competition
- Change in customer demand
- Shift in consumer buying preferences/tastes
- New regulations
- High staff turnover/ staff shortage
- Keen (HK) market competition
- Increases in wages – leads to an increase in cost and affects HFTV's development



Relevancy ?

Threats (?)

- Popularity of [local] online shopping: Despite of the technology innovation (online shopping and payment, ...), there are still **some barriers** to make all public to accept online shopping.



Agenda

Business Management and Marketing Strategies

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2. [Do] - Implementation plan
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Level 2 (Management Consultant)

(c) Business plan

A business plan of **\$10 million** for launching a **promotional project** to improve HKTV Group's online shopping operations in Hong Kong, which should be supported by a **marketing expenses budget** and **implementation details**.

In order to evaluate the effectiveness of your recommendations, you are required to **analyse** the projected **impact** on average daily orders, average transaction value and sales for the years ending 31 December 2019 and 2020.

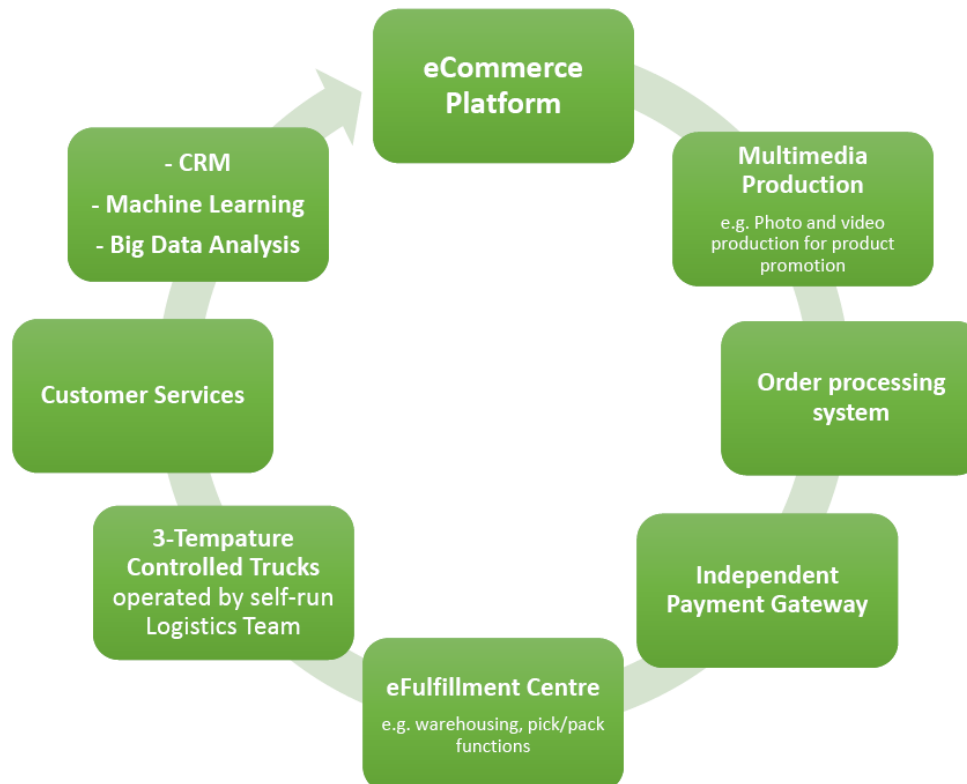
(25 marks – approximately 4 pages)

Purposes of promotion

- Inform,
- Persuade &
- Remind customers about the **Group** and/or its **products**.

We are selling EXPERIENCE...

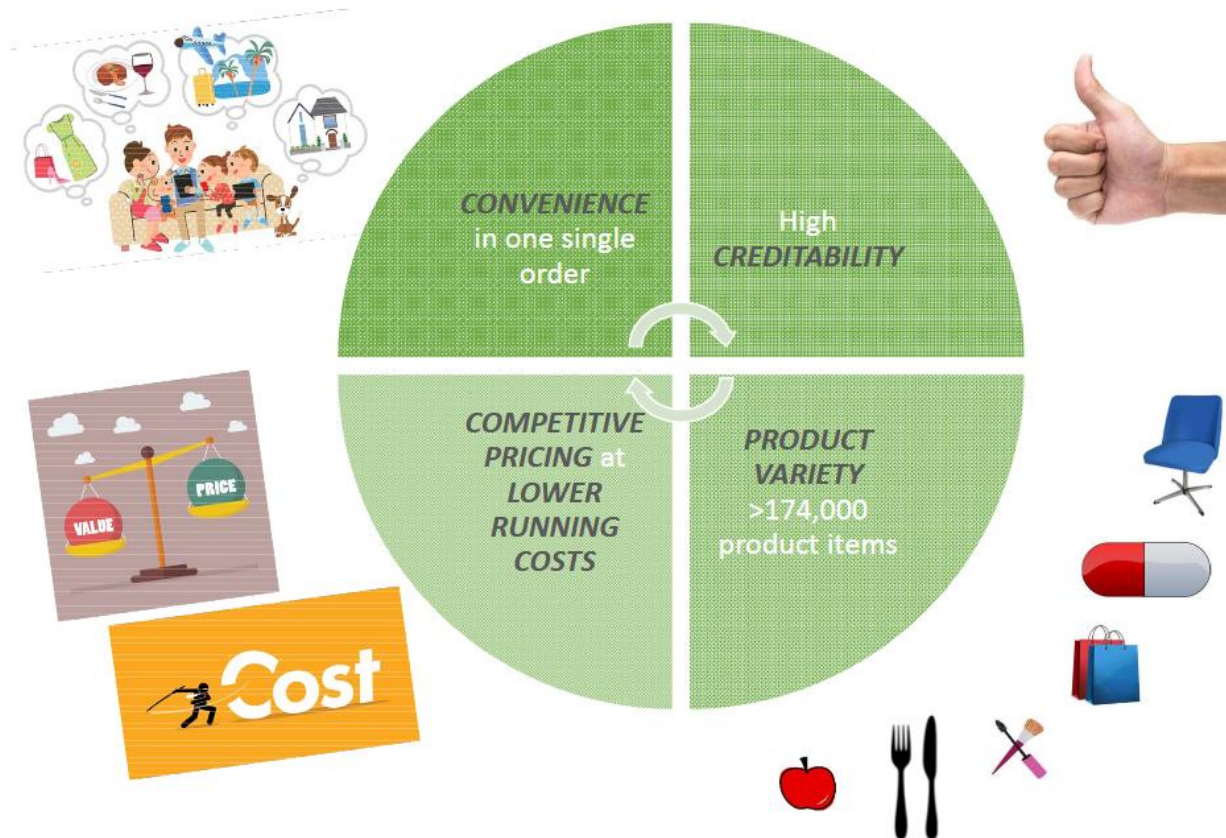
Online Shopping is NOT a Website for Display Shelves, it's EXPERIENCE



Source: http://ir.hktv.com.hk/eng/ir/presentations/20180102_2017_HKTV_CorporatePresentation.pdf (1 Nov 2018)

We are selling EXPERIENCE...

Our Positioning – A Online Shopping Mall in the Region for EXPERIENCE



Choosing the right form of promotion

You need to consider:

- The **target market**
- The **nature** of the products
- The **stage** of the product's life cycle
- **Money available** for the promotion

Promotion: Introduction stage



王維基大撒約五百萬元宣傳推廣費，包括抽獎送四百萬買樓，希望盡吸新用戶。

Source: <http://eastweek.my-magazine.me/main/59946>
(Publication: 27 October 2016)

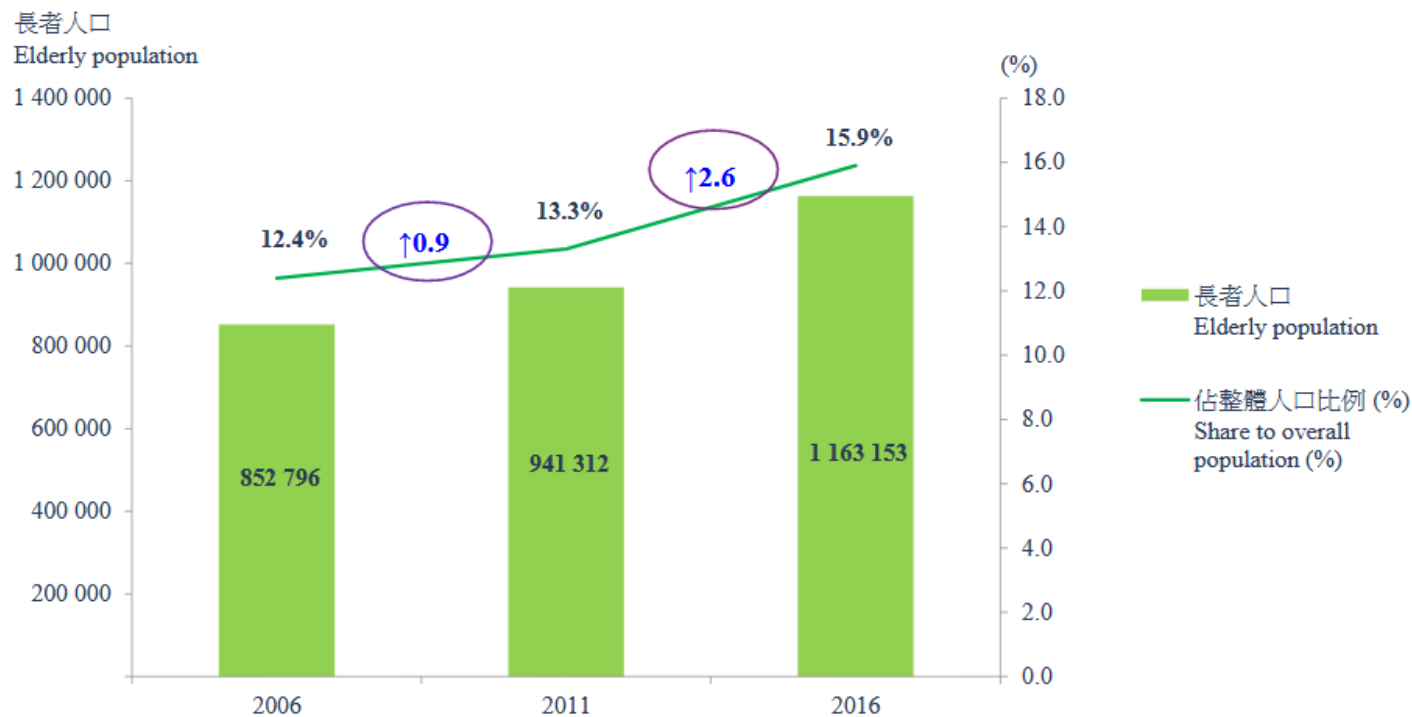
The target market

- Question: HKTV targets WHO by selling WHAT??



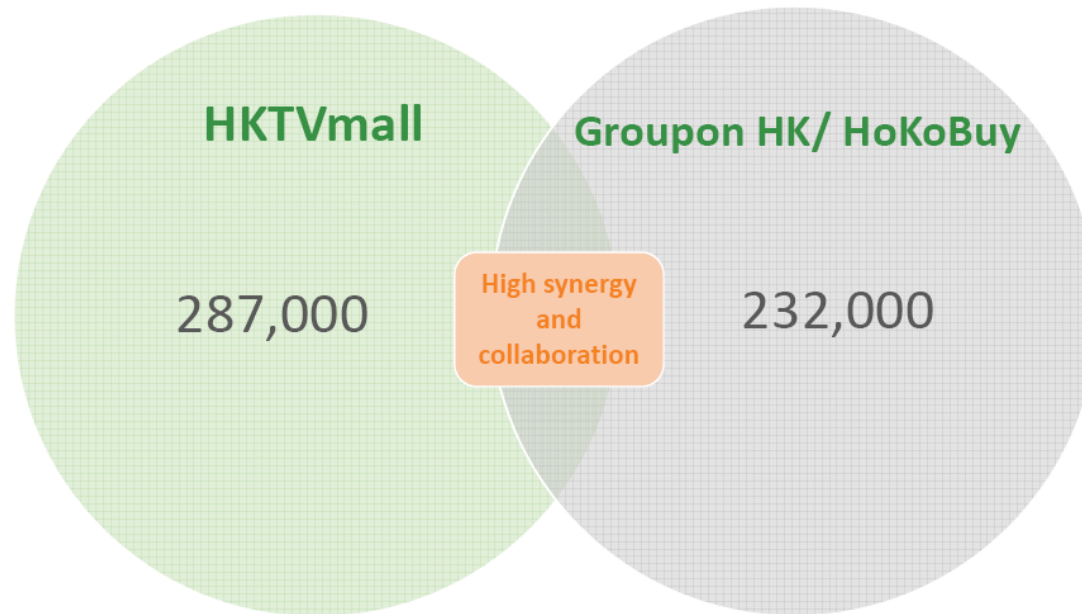
The target market – senior market (銀髮市場)

在過去五年間，長者比例由13.3%上升至15.9%
Proportion of Elderly Increased from 13.3% to 15.9% in the Past Five Years



HKTVMall X HOKOBUY by GROUPON

- Delivered combined 477,000 loyal, high spending & digital new generation customers to merchants



The above figures represent number of unique customers for 12-month ended 31 December 2017

Source: http://ir.hktv.com.hk/eng/ir/presentations/20180102_2017_HKTV_CorporatePresentation.pdf (1 Nov 2018)

New target market – Seniors (?)

To Conclude – How will HKTV be successful

2. Expanding “Digital” crowds

- Though Hong Kong has 81% of its population connected to Internet, it is still behind its peers in the region – Singapore, South Korea, Japan in terms of digital transformation

(source: The Economist: <http://connectedfuture.economist.com/article/connecting-capabilities/>)

- ***Focus on “Seniors”*** – while the 80s - 90s’ are “Online” savvy, the 50s - 70s are keen to catch up the world trend on digital city. It is just a matter ***if you are the first one to change their behavior and can capture the “time of need”***.

Source: http://ir.hktv.com.hk/eng/ir/presentations/20180102_2017_HKTV_CorporatePresentation.pdf (1 Nov 2018)

Product portfolio 產品組合

HKTVMall and HoKoBuy - A One-Stop Shopping Experience with Wide Spectrum of Products

As at 3 January 2018

On Combined basis: > 174,000 product items
From own FMCG inventory to Merchant offered varieties



Supermarket



Beauty & Health



Fashion



Household



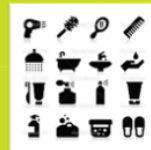
Music,
Video & Books



Mother & Baby



Outdoor & Sports



Hot Deals



Digital & Electronics



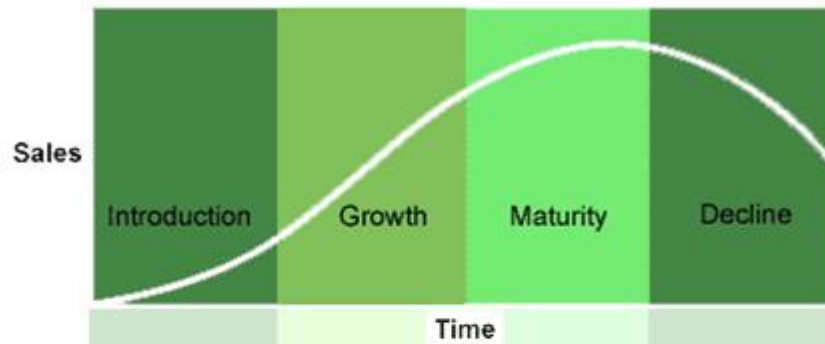
Pets



Toys, Games & Stationery

Source: http://ir.hktv.com.hk/eng/ir/presentations/20180102_2017_HKTV_CorporatePresentation.pdf (1 Nov 2018)

Product life cycle



Characteristics

	Introduction	Growth	Maturity	Decline
Sales	Low sales	Radically rising sales	Peak sales	Declining sales

Marketing Objectives

	Introduction	Growth	Maturity	Decline
	Great product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand

Strategies

	Introduction	Growth	Maturity	Decline
Product	Offer a basic product	Offer product extensions, services, warranty	Diversify brands and models	Phase out weak items
Price	Charge cost-plus	Price to penetrate market	Price to match or beat competitors	Cut prices
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective; phase out unprofitable outlets
Advertising	Build product awareness among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain hard-core loyals
Sales Promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy customer demand	Increase to encourage brand switching	Reduce to minimal level

Product life cycle (?)

Growth stage

- Sold a lot + **To sell as much as possible**
- **Competitors** watch & decide about joining in with a competitor product
- Growth continues until too many competitors in the market (**market saturation**)
- At the end of the growth stage, **profits starts to decline** & the Group has to **spend more money on promotion** to **keep sales going**
- **Spending money on promotion cuts into the Group's profit**
- **"Persuasive promotion"** is in place during this stage

Product life cycle (?)

Maturity stage

- Many competitors have joined – **market is saturated**
- The only way to sell is to begin to **lower the price & profits decrease**
- It is **difficult to tell the different between products** since most have the same F.A.B. – Features, Advantages & Benefits [*** no obvious product differentiation**]
- “**Persuasive promotion**” becomes more important during this stage
- *The Group TV commercials (or promotion) almost **begging the customers to still buy its products** because the Group still makes it just as good (?)

Money available for the promotion

HK\$10,000,000
10 million



Advertising

**Paid & non personal mass
communication**

Types of advertising

- Focus on information & **goodwill** of the Group
- **Consumer** advertising: **Rational** versus **emotional (e.g. humor)** appeals
- Focus on particular **product(s)** or **brand(s)**
- **Stimulate demand** for specific brands

Which media to use?

- **What** do you want your ads to do?
- **Who** are you trying to **reach**? [*** Target customers**]
- What **promotional message** do you want to communicate?
- How much does **each medium cost**?

From Annual Report 2017

	Year ended 31 December 2017 HK\$'000	Year ended 31 December 2016 HK\$'000
(a) Other operating expenses		
Depreciation of property, plant and equipment (note 12(a))	46,775	34,230
Advertising and marketing expenses	40,209	29,290

On page 18:

Advertising and marketing expenses increased by HK\$10.9 million, in 2017, we focused more on digital advertisement, event marketing and activity-based promotional campaigns to boost sales but less on brand awareness activities.



HKTV 2017 promotional strategies

- Digital advertisement 網路廣告
- Event marketing 活動/事件行銷
- Activity based promotional campaign 基於活動的促銷活動

Other promotional methods



Promotional plan - example

Promotion activities	Month (Now to 31 Dec 2018 and 2019)	Expected outcomes
<p>POS artwork design and production</p> <p>Advertising efforts</p> <ul style="list-style-type: none"> → Print ad → TV commercial → Radio ad → Online ad on social networking sites 	January 2018 -	Increase brand awareness and brand's positive image
<p>Sales promotion</p> <ul style="list-style-type: none"> → 25% off regular items → 15% off all items coupons → Special environmental bags 	December to January (Christmas and Lunar New Year)	<ul style="list-style-type: none"> → Sales to increase due to promotional and advertising efforts → Significant product awareness → Brand will generate positive reviews and gain positive image
PR events	July 2018	<ul style="list-style-type: none"> → Significance increase in sales due to promotional and advertising efforts

Promotional plan:
marketing expenses budget and implementation details

Promotional plan - example

	SEPTEMBER				OCTOBER				NOVEMBER				DECEMBER					
	29	5	12	19	26	3	10	17	24	31	7	14	21	28	5	12	19	26
NETWORK TELEVISION																		
Glee: Tues 8-9pm				1	1	1												
X Factor: Wed 8-10pm				1	1	1												
TMZ: M-F 7:30-8pm	1	1	1	1	1	1	1	1	1	1	1	1						
King of the Hill/Cops: M-F 1-2am	2	2	2	2	2	2	2	2	2	2	2	2						
Fringe: Fri 9-10pm - 2 spots TBD																		
Hell's Kitchen: Mon 8-10pm - 2 spots TBD																		
Animation Prime (i.e. Simpsons, Family, Guy, etc.): Sun 8-10pm - 2 spots TBD																		
CABLE TELEVISION																		
MTV, Comedy Central, VH1, TBS, Spike, ABC Family	[Yellow bar spanning all dates]																	
OUTDOOR																		
E. I-94 Fwy W/O St. Aubin S/S F/E	O	O	O	O	T	T	T	T	T									
W. I-94 Fwy E/O Pardee N/S F/E										Y	Y	Y						
I-96 Fwy E/O Lamphere N/S F/E	O	O	O	O	R	R	R											
I-96 Fwy & Coyle S/S F/W								R	R	R	R	R						
W. I-94 Fwy W/O Haggerty Rd. N/S F/W	O	O	O	T	T													
N. I-75 Fwy S/O Nevada W/S F/S							R	R	R	R	R	R	R					
I-275 Fwy .2 mi N/O Ecorse W/S F/N									T	T	T	T						
I-96 Fwy 1 mi W/O Wixom Exit S/S F/W (Digital)										Equal rotation of R/T/Y								
S. I-75 Fwy & Southfield Fwy E/S F/S									T	T	T	T						
I-696 Fwy & Sherwood N/S F/W (Digital)	O								Equal rotation of R/T/Y									
O = Your Turn - Open House; Y = Your Turn; T = Tradition; R = Ready																		
ONLINE DISPLAY																		
Facebook Premium																		
Yahoo																		
Google																		
PAID SEARCH																		
Google																		
CRAIN'S																		
GRAND TOTAL																		

Promotional plan:
 marketing expenses budget
 and implementation details

Promotional plan - example

Quarterly Marketing Plan Worksheet

Location _____	October			
Week Ending	5-Oct	12-Oct	19-Oct	26-Oct
Last Year Weekly Sales				
Sales Goal - Weekly				
Actual Sales - Weekly				
Key Dates & Events				
Key Dates & Events				
Key Dates & Events				
Message				
Promotional Message				
Sales Promotions				
Sales Promotions				
Sales Promotions				
Sales Promotions				
Sales Promotions				
Advertising Direct Mail				
Advo				
Valpak				
Money Mailer				
Newspaper insert				
Newspaper insert				
Other mass mailing				
Other mass mailing				

Promotional plan:
 marketing
 expenses budget
 and
 implementation
 details

Agenda

Business Management and Marketing Strategies

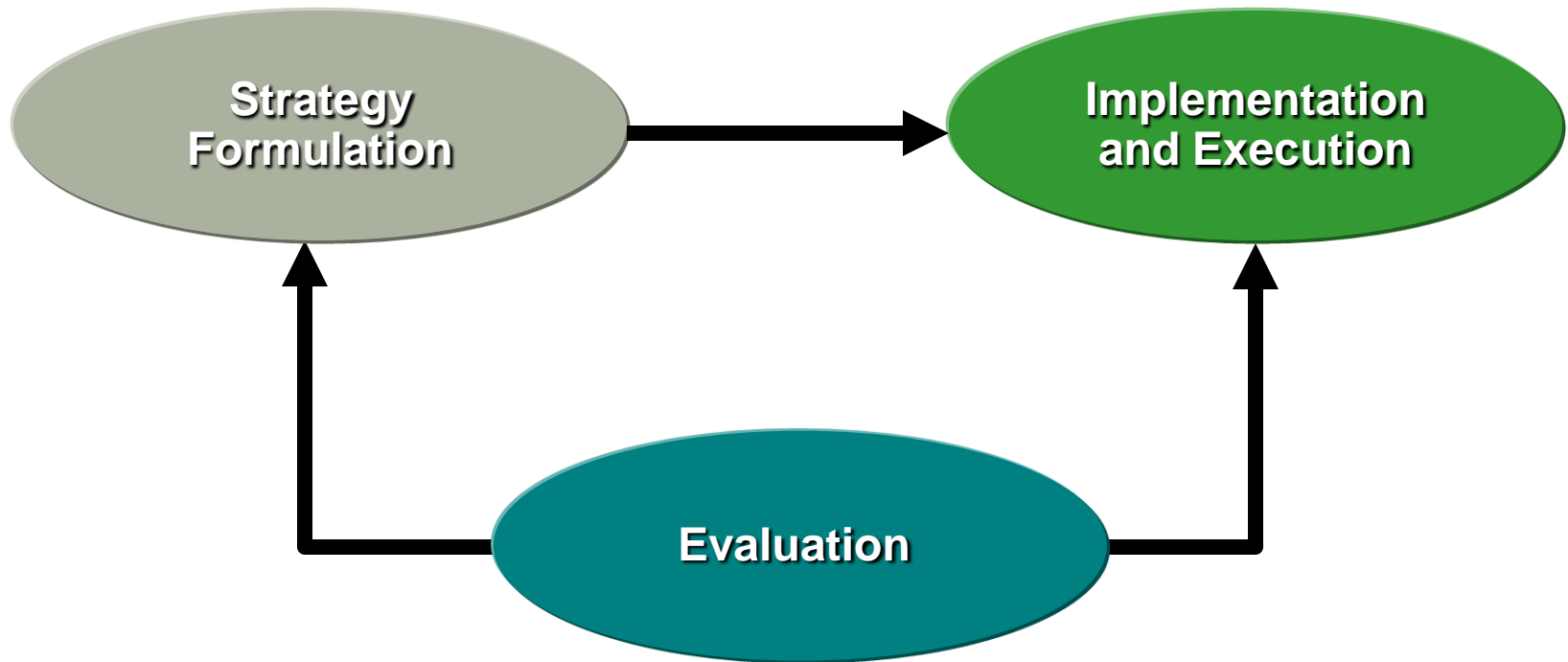
1. [Think] - SWOT Analysis
2. [Do] - Implementation plan
3. [Check] - Evaluation, measurement and Control

Projected impact on sales

- Sales data before and after the promotion
- How many sales are a result of those promotions
- **Timing** of promotion [* Hedonic consumption experience]
- Customers' **preferences**
- **Change** of average spending per customers [*Increased/decreased]
- **Competitors'** promotional campaigns



Evaluating Strategy



References

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