



# Recap of Major Business and Management Concepts

## 主要經營和管理理念的概論

Secondary School Group  
(Level 1 and 2)

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10 November 2018

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



# Your role

- Level 1: **Financial Analyst** (page 2: Question paper and guideline)
- 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 1 (Financial Analyst)

- To study HKTV 2016 and 2017 annual reports
- To conduct HKTV financial analysis (70 marks) and **business analysis (30 marks)**
- To prepare a business analysis to identify at least **FOUR examples** of HKTV achievements + **ONE suggestion** for improvement:
  - **E**nvironmental Protection 環境保護
  - **C**orporate Social Responsibility 企業社會責任
  - **C**orporate Governance 公司管治

# 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 operations of HKTV in Hong Kong. (45 marks, excluding D. II a: Revenue/profit review – 10 marks)

# What are the common interests?

- Review business environment
- Enhance HKTV performance



# Agenda

## A. Introduction

1. HKTV vision and strategic directions
2. Current state of business

## B. Non financial analysis

1. External environment
2. Product portfolio
3. Competitive positioning in the industry

## C. Business analysis

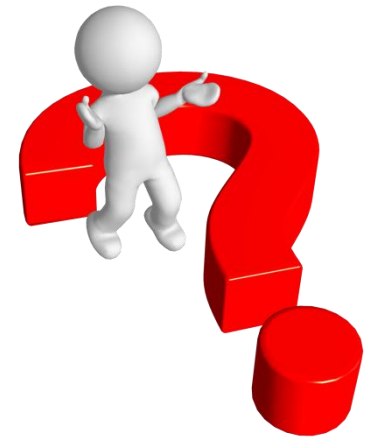
1. Environmental Protection 環境保護
2. Corporate Social Responsibility 企業社會責任
3. Corporate Governance 公司管治

## D. Implementation Plan

1. Implementation plan (Part 1) [\* Part 2: to be discussed on 28 December, 2018]
2. SWOT Analysis (Part 1) [\* Part 2: to be discussed on 28 December, 2018]
3. Evaluating Strategy (Part 1) [\* Part 2: to be discussed on 28 December, 2018]
4. Measurement and Control (Part 1) [\* Part 2: to be discussed on 28 December, 2018]

# Strategic planning approach

Question: Why it is important to understand HKTV vision and strategic directions?





# Strategic planning approach



# Why bother?

- Level 2: **Management Consultant** (page 4: Question paper and guideline)
- In preparing the business proposal, you should *ensure that all your suggestions and recommendations are **in line with HKTV's vision and strategic directions.***



# A.1 HKTV's vision and strategic direction



About HKTV

Latest News

Press

Investor Engagement

Working at HKTV

Contact Us

Company Profile

Vision

Strategic Direction

Awards and Achievements

Milestones

Directors and Senior Management

Corporate Social Responsibility

## Vision



## Core Purpose

To experience the emotion of competition, winning, and crushing competitors.

To experience the joy of advancing and applying technology for the benefit of the public.

To fulfill the desire of self-actualization and "to become everything that one is capable of becoming".



# A.1 HKTV's vision and strategic direction



## 核心目標

體驗競爭、勝利和擊垮對手的感覺

體驗引進及應用科技造福於民的喜悅

滿足實現自我的需要，充分發揮個人潛能

Source: <http://www.hktv.com.hk/big5/careers/vision.htm> (6 October 2018)

## A.2 Current state of business

1. Problem identification
2. Current management priority issues
3. Current state of **internet retail business** in Hong Kong
4. *etc.*

## A.2.1 Problem identification

- The **first step** in the problem solving & decision making process is to **identify** & **define** the problem.
  - A problem can be regarded as a **difference** between the **actual state** (Now; 2018) & the **desired state** (Future, 2019 - 2020).



# A.2.1 Problem identification

## Example 1 (level 1):

“... make one suggestion for improvement.”

(Page 3: Question paper and guideline)

### C. Business analysis

1. Environmental Protection 環境保護
2. Corporate Social Responsibility 企業社會責任
3. Corporate Governance 公司管治

# A.2.1 Problem identification

## Example 2 (level 2):

"... to further enhance the performance of HKT Group's online shopping operations in HK."

(Page 2: Question paper and guideline)



# A.2.1 Problem identification

Question: What is the **current state**?

- ✓ positioning
- ✓ revenue from the **online shopping operations**
- ✓ customer attitudes towards **ECC**

## C. Business analysis

1. Environmental Protection 環境保護
2. Corporate Social Responsibility 企業社會責任
3. Corporate Governance 公司管治



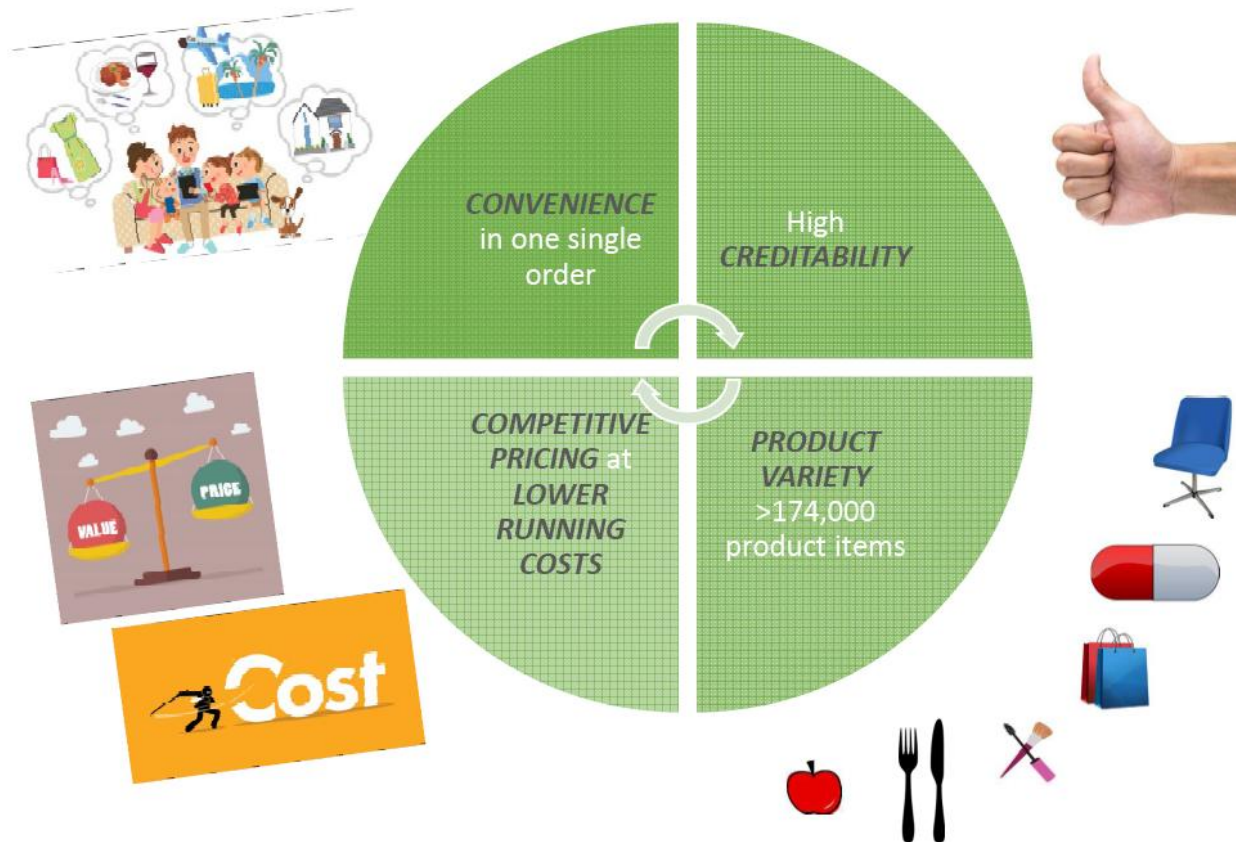
# HKTV Positioning



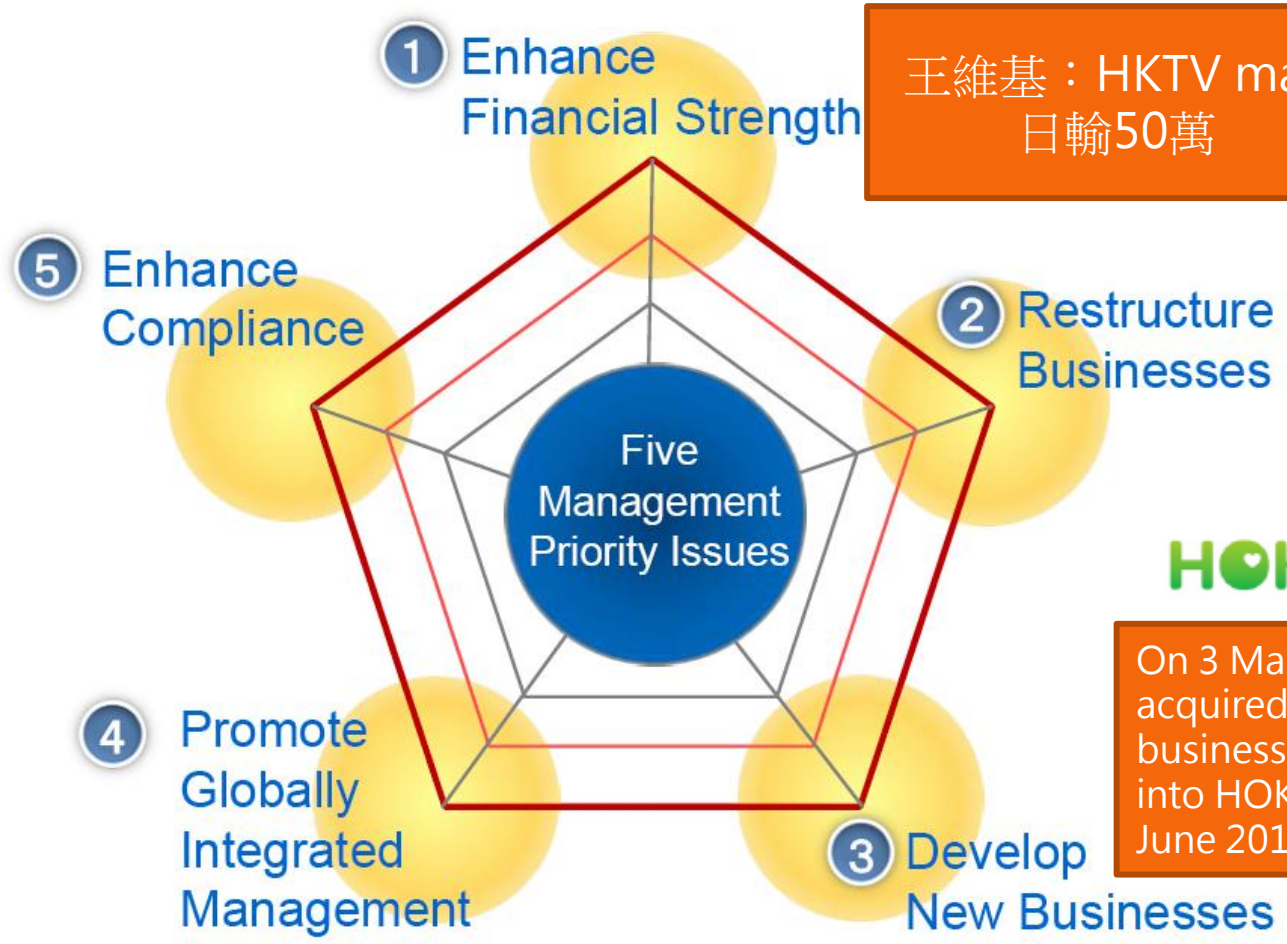
Source: [http://ir.hktv.com.hk/eng/ir/presentations/20180102\\_2017\\_HKTV\\_CorporatePresentation.pdf](http://ir.hktv.com.hk/eng/ir/presentations/20180102_2017_HKTV_CorporatePresentation.pdf)

# HKTV Positioning

A online shopping mall in the region for  
**EXPERIENCE**



# A.2.2 Current management priority issues



王維基：HKTV mall  
日輸50萬



15 May 2018

**HOKOBUY**

On 3 March 2017, it acquired Groupon HK business & rebranded into HOKOBUY on 28 June 2017



# Access to FOUR platforms (from 28 June 2017)



## A.2.3 Current state of internet retailing in HK

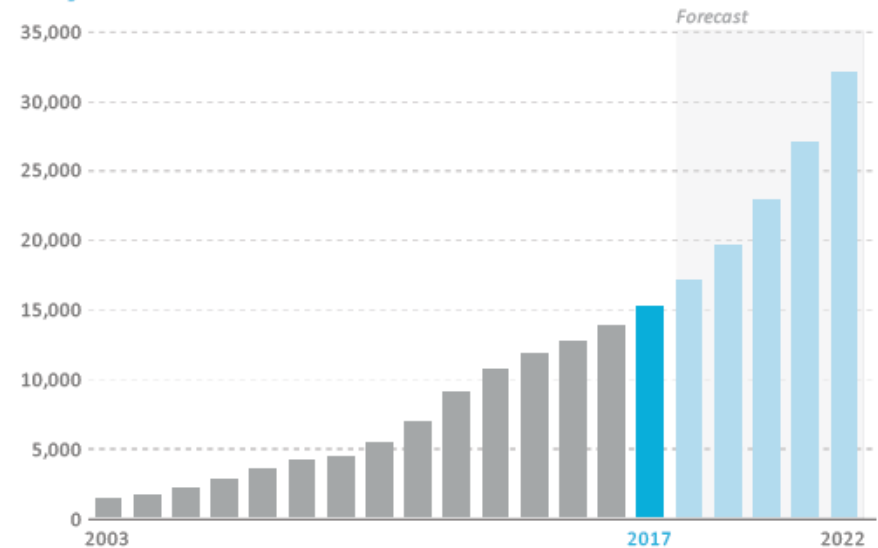
- Internet retailing increases by 10% in 2017 as sales reach HK\$15.1 billion
- Amazon.com and Apple's App Store lead sales of the channel
- Internet retailing sales is forecasted to reach HK\$28.3 billion in 2022 (app. **87.4% + in 5 years**)

### Market Sizes

#### Sales of Internet Retailing

Retail Value RSP excl Sales Tax - HKD million - Current - 2003-2022

**15,105**



#### Sales Performance of Internet Retailing

% Y-O-Y Retail Value RSP excl Sales Tax Growth 2003-2022

Source: Euromonitor International, 2018

## A.2.3 Current state of internet retailing in HK

### Group buying **declines**

- In 2017, group-buying retailers **declined rapidly**.



- In 2017, HKTVMall launched a brand new group-buying brand **HoKoBuy** to further expand its online business. It is **almost the only group-buying platform left in HK** apart from Yahoo!Deal, which is still providing the retailing service.

Source: Euromonitor International, 2018

## A.2.3 Current state of internet retailing in HK

- Instead of focusing on tangible commodities, most of the products that **HoKoBuy** offers are **services** such as facial packages and sports-learning activities.

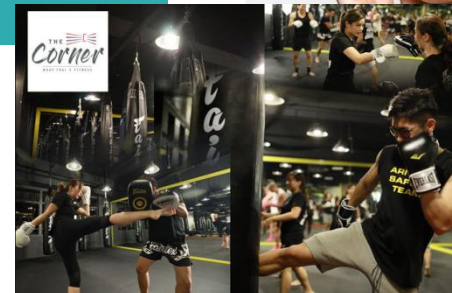
Source: Euromonitor International, 2018

 OwlFoto Studio  
貓頭鷹肖像館



Owl Photo Studio  
一站式韓式專業形象照

-\$570  
\$288



有機·純·天然  
喚醒肌膚原生修護力

2016 ORGANIC CONSUMER CHOICE AWARDS

2015 ORGANIC CONSUMER CHOICE AWARDS

sandtium organic skincare

Only available at  
Beauty Inn



# B.1 External environment – Macro/ micro (外圍環境 - 宏觀/ 微觀)

## 1. Macro (宏觀):

- **P**olitical (政治)
- **E**conomic (經濟)
- **S**ocio-cultural (社會)
- **T**echnological (科技)

## 2. Micro (微觀):

- Structure of market/ competitors (市場結構/競爭者)
- Consumer needs (消費者需要)
- Trends of the market (市場趨勢)
- Stakeholders (持份者)  
(Vrontics, Kogetsidis and Stavrou, 2008.)
- etc.

# B.1.1 PEST Analysis

- The need to follow the laws and regulations in the countries from where HKTV buys the products.
- Individual Visit Scheme
- Any existing ordinance to supervise marketing of the (*private label*) products? Any Food and Beverage Law?
- Trade Descriptions Ordinance (商品說明條例):

Chapter:	362	Trade Descriptions Ordinance	Gazette Number	Version Date
		Long title	L.N. 72 of 2013	19/07/2013

To prohibit false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods; to confer power to require information or instruction relating to goods to be marked on or to accompany the goods or to be included in advertisements; to restate the law relating to forgery of trade marks; to prohibit certain unfair trade practices; to prohibit false trade descriptions in respect of services supplied by traders; to confer power to require any services to be accompanied by information or instruction relating to the services or an advertisement of any services to contain or refer to information relating to the services; and for purposes connected therewith.

(Amended 65 of 2000 s. 3; 19 of 2008 s. 3; 25 of 2012 s. 32)

[1 April 1981] L.N. 64 of 1981



# B.1.1 PEST Analysis

- Some other factors to consider are:
  - Tax policy
  - Employment Laws
  - Minimum Wages Ordinance
  - Any **trade law** for online shopping business in HK?



# B.1.1 PEST Analysis

- Any **trade law** for online shopping business in HK?
- No specific legislations in Hong Kong regulating online retail business.
- However, some provisions in various ordinances may apply.
  - Trade Description Ordinance (Chapter 362) - Selling counterfeit goods online 網上售賣冒牌貨
  - Theft Ordinance (Chapter 210) - Not receiving product after ordering and paying over the Internet 網上交易付款後賣家沒有交付貨品



# B.1.1 Economic

- Weak global economy.....
- “The products are sold through two principal business segments: Retail and Wholesale.”
- Increases in **rental expenses**.....



# B.1.1 Economic

- Increases in **rental expenses**.....

15 stores (up to Jan 2018)



20 Oct 2016: Wharf Road, North Point  
25 Jan 2017: South Horizons, Ap Lei Chau  
20 Aug 2017: Robinson Road, Central  
29 Aug 2017: Riviera Garden, Tsuen Wan  
5 Sept 2017: Sham Tseng  
10 Sept 2017: Mei Foo Sun Chuen  
14 Sept 2017: Eldo Court, Tuen Mun

25 Sept 2017: Chi Lok Fu Yuen, Tuen Mun  
30 Sept 2017: Fortune City On Plus, Shatin  
28 Oct 2017: Tsz Wan Shan Shopping Centre  
2 Nov 2017: Laguna Plaza, Lam Tin  
11 Nov 2017: Plaza Ascot, Fo Tan  
24 Nov 2017: Island Resort Mall, Siu Sai Wan  
23 Dec 2017: Metro City Plaza, TKO



Robinson Road, Central



HoKoBuy Concept Store



Island Resort Mall



North Point



## B.1.1 Socio-cultural

- Consumer purchase behavior change
- Changing family patterns in HK and China
- Consumer taste and preferences
- Changing consumer demands
- Changing work patterns
- Changes in lifestyles of local population
- The level of education of the population in local markets
- Changing values among population

# B.1.1 Technology

對於整個購物過程出現不少問題，HKTVmall回應指，公司一直作出改變及改善，為香港尋找合適的網購模式；對於找不到與客服聯絡，官方表示是因為根據客戶服務部的經驗，歸納出客戶的主要查詢問題，然後在版面上作出改動。仍然需要協助的話，可以按「即時對話」。

而公司近日推出了人工智能「Mall Mall查」，解答客戶查詢。記者試用過，暫時仍是預設問答為主。

- Emergence of innovative technology/ mobile wave
- New e-commerce business (e-commerce platforms development) – DONE?
- Social media (to increase HKTV's exposure)
- A direct line of communication with customers (for online shopping)



Source: Apple Daily (17 October 2018)



## B.1.2 Micro (微觀) analysis

- Structure of market/ competitors (市場結構/ 競爭者)
- Consumer needs (消費者需要)– “P-E-Social-T” refers
- Trends of the market (市場趨勢) ??
- Stakeholders (持份者)– Government (政府), customers (顧客), employees (員工), .....  
[\*Community Involvement refers]
- etc.

## B.2 Product portfolio 產品組合

### [ Why have a range of products? ]

- Target different markets
- Meet customers' differing needs
- Spread the risk
- To help maximise sales and profits

The benefits of having a *wide product portfolio*

A large range of products = an **extensive product portfolio**

# B.2 Product portfolio 產品組合 (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

# B.3 Competitive positioning in the industry

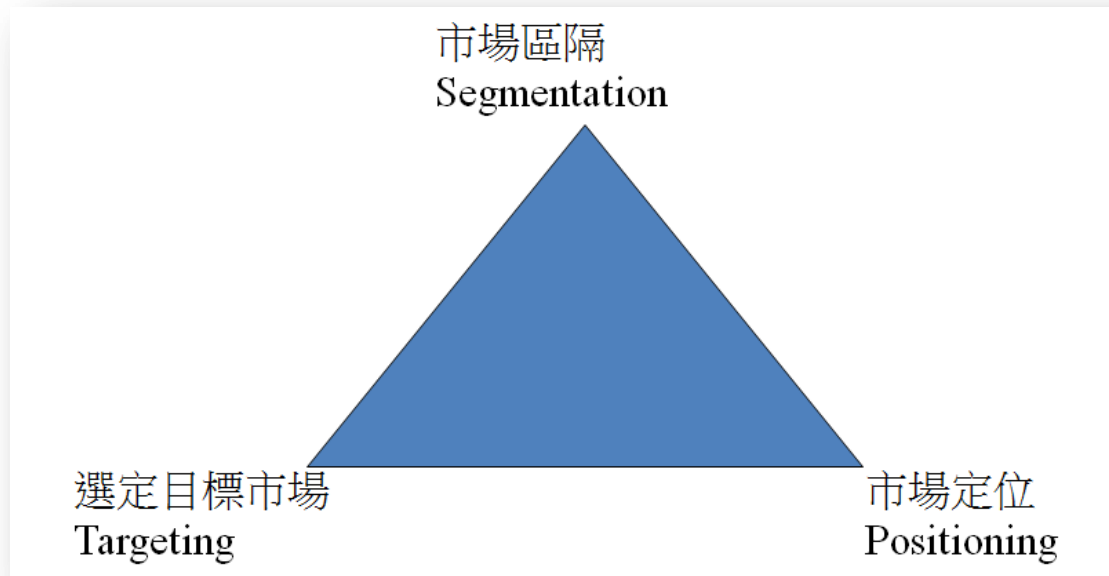
## Market analysis:

- **Environmental scanning** - Screening large amounts of information to **detect emerging trends**
- **Competitive intelligence** - Accurate information about **competitors** that allows **YOU (\*)** to anticipate competitors' actions rather than merely react to them

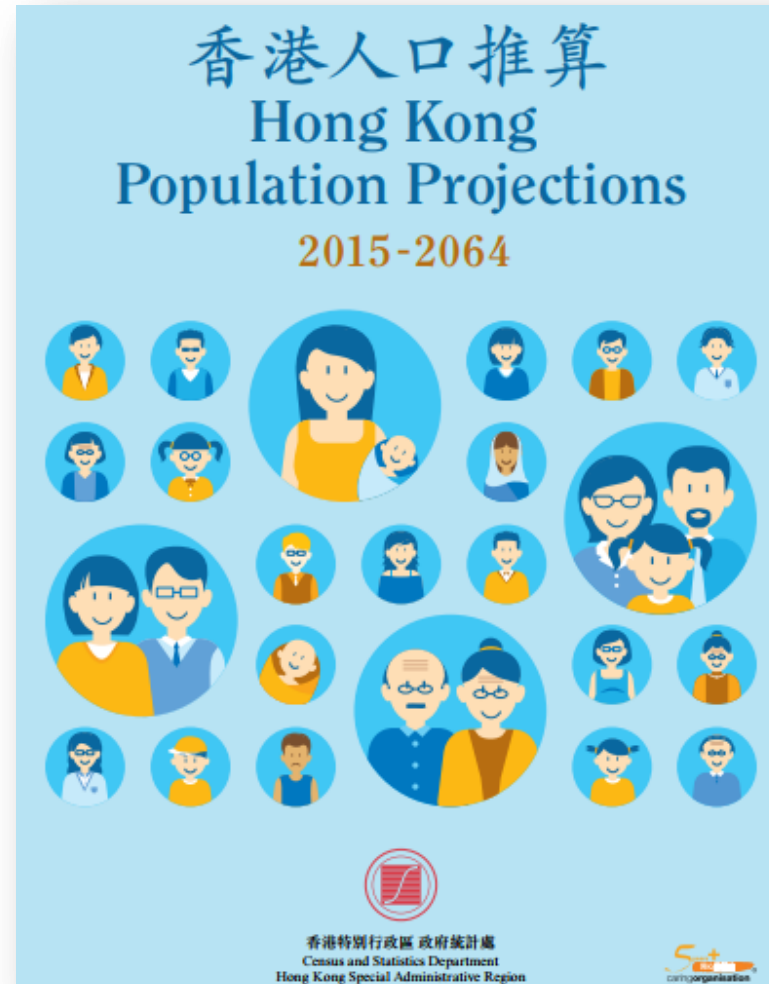


## B.3 Competitive positioning in the industry

# Segmentation, Targeting and Positioning Strategies



# Hong Kong Demographic Segmentation (2015 estimated)



(Census and Statistics Department HKSAR, 2015)

# Key summary statistics for the selected years

Mid 2014 (Base)	Mid 2019	Mid 2024	Mid 2029	Mid 2034	Mid 2044	Mid 2054	Mid 2064
Aged 1-14	12%	12%	11%	10%	9%	9%	9%
Aged 15-64	70%	67%	63%	62%	61%	59%	58%
Aged 65 or above	18%	22%	26%	28%	31%	32%	33%

2014 年 年中 (基準) Mid-2014 (Base)	2019 年 年中 Mid-2019	2024 年 年中 Mid-2024	2029 年 年中 Mid-2029	2034 年 年中 Mid-2034	2044 年 年中 Mid-2044	2054 年 年中 Mid-2054	2064 年 年中 Mid-2064			
人口百分比 Percentage of population										
0 至 14 歲 Aged 0-14			11%	12%	12%	11%	10%	9%	9%	
15 至 64 歲 Aged 15-64			74%	70%	67%	63%	62%	61%	59%	58%
65 歲及以上 Aged 65 and over			15%	18%	22%	26%	28%	31%	32%	33%

# Marketing implications

- The Hong Kong Resident Population is projected to increase from **7.34 million in mid-2016** to a peak of **8.22 million in mid-2043**, and then **decline to 7.72 million in mid-2066**.
- **Population ageing** is expected to continue. It will accelerate notably in the **coming 20 years**, and will be **most rapid** in the **coming 10 years**.
- The proportion of **elderly persons aged 65 and over** is projected to increase from **17% in 2016** to **31% in 2036**, and further rise to **37% in 2066**.





# Current targeting strategies

2015

FEB

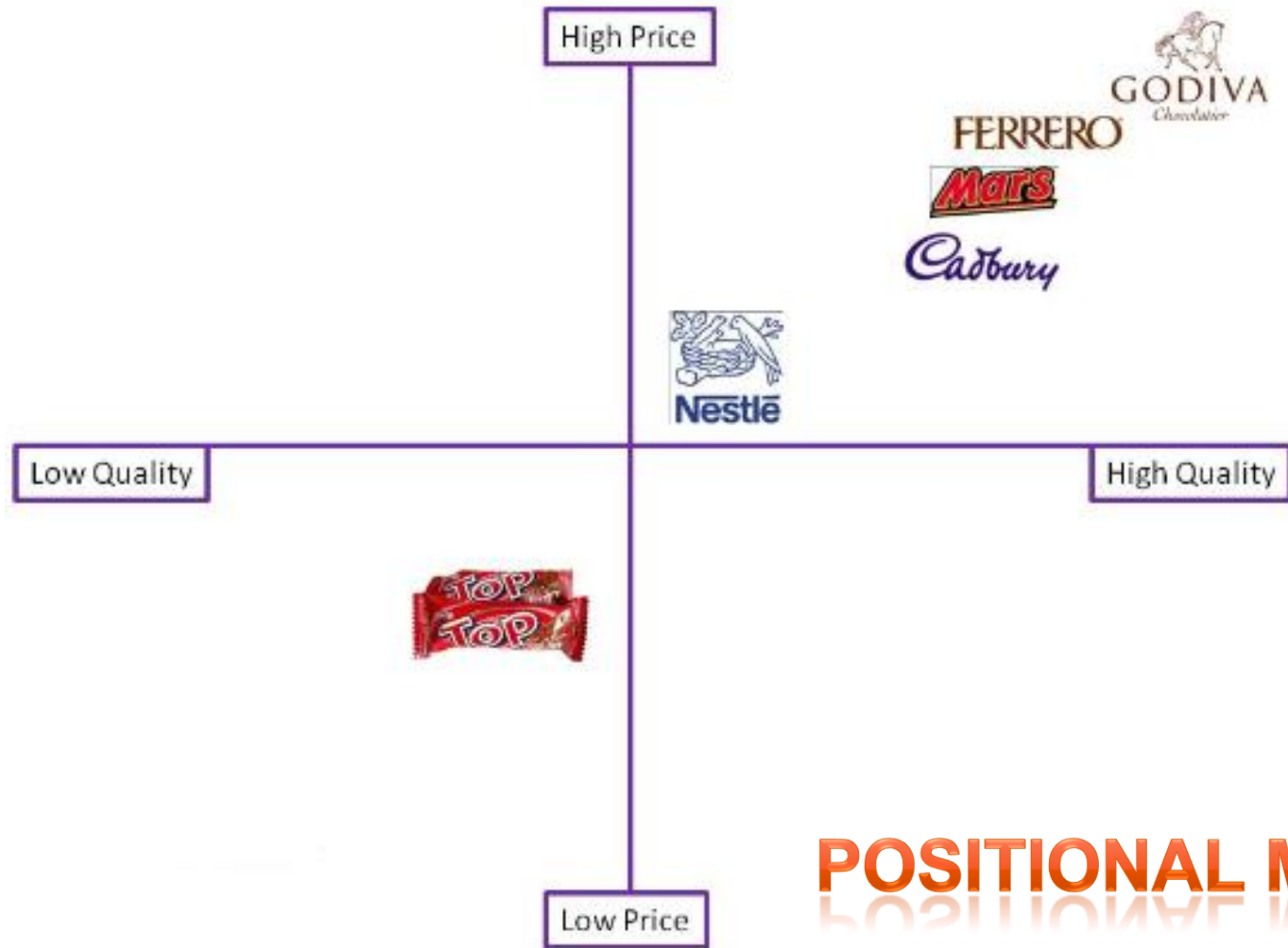
Grand launch of HKTV online shopping mall. Starting with the slogan “We Sell Whatever You Can Imagine”, HKTV worked with more than 333 stores from Hong Kong, Japan & Korea, targeting to be a large scale online shopping mall in Hong Kong



Grand launch of HKTV online shopping mall. Starting with the slogan “We sell whatever you can imagine”, HKTV worked with more than 333 stores from HK, Japan and Korea, **targeting to be a large scale online shopping mall in HK.**

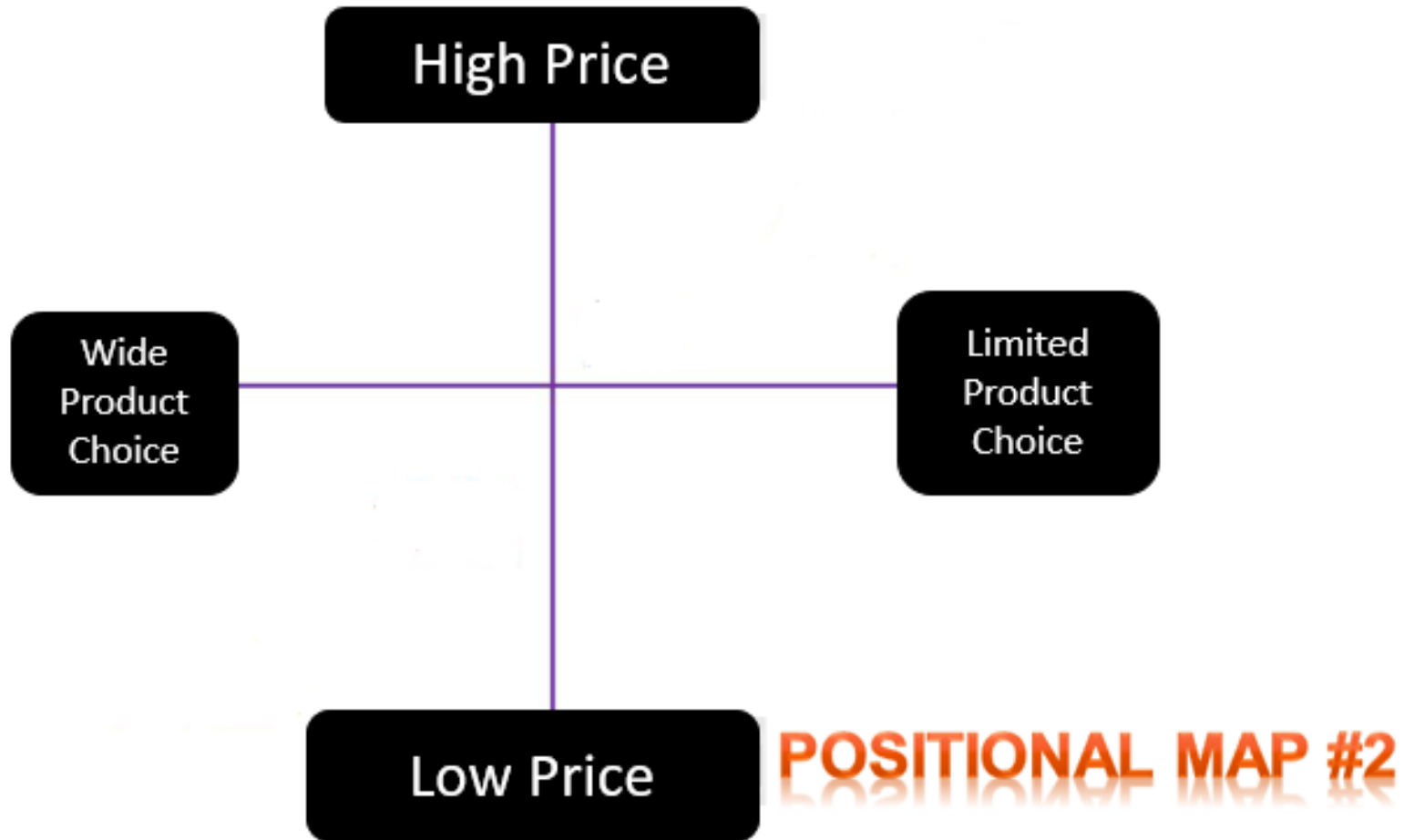
(Source: HKTV Annual Report, 2016)

# Current competitive positioning (An Example)



**POSITIONAL MAP #1**

# Current competitive positioning

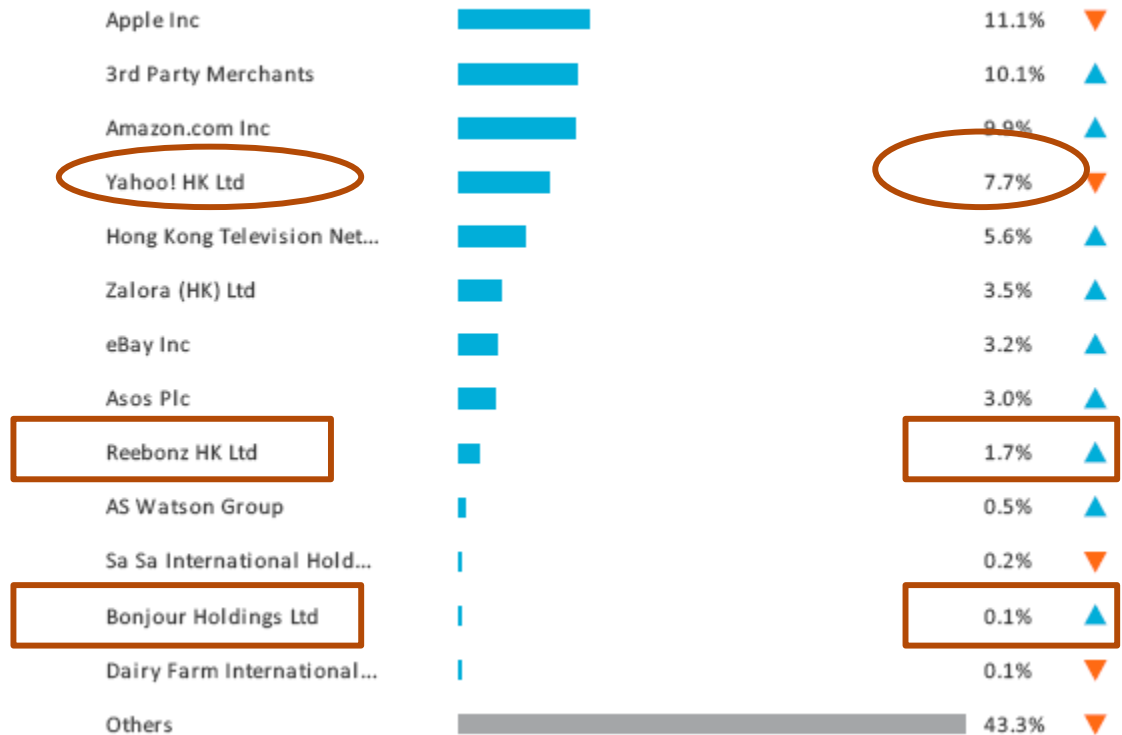


# Current competitive positioning

## Competitors (in 2017):

Company	% share

**Company Shares of Internet Retailing**  
 % Share (NBO) - Retail Value RSP excl Sales Tax - 2017



Source: Euromonitor International, 2018

# Environmental, Social and Governance Report



Source: **HKTV Environmental, Social and Governance Report 2016**

[http://ir.hktv.com.hk/pdf/announcement/EW01137-ESG\\_17072017.pdf](http://ir.hktv.com.hk/pdf/announcement/EW01137-ESG_17072017.pdf)

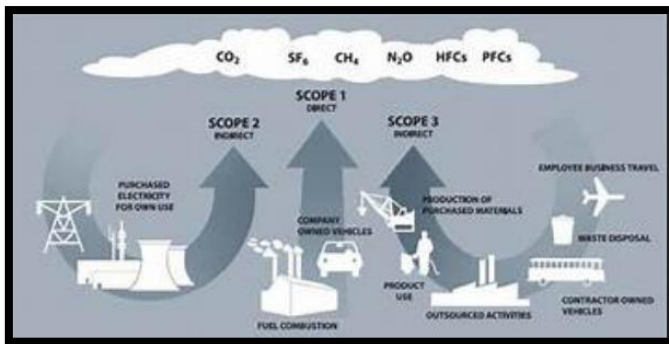
# C. Business Analysis (Level 1)

1. Environmental Protection 環境保護
2. Corporate Social Responsibility 企業社會責任
3. Corporate Governance 公司管治

# C.1 Environmental Protection



## Emissions



Carbon footprint reduction certification?



- HKTV is committed to reducing its carbon footprint and waste through efficient operations with a view to minimizing its environmental impacts.
- It operates a logistics fleet with around 120 vehicles including cold trucks.
- Aiming to reduce exhaust emissions, it managed to reengineer the routing and loading for the cold trucks.



# C.1 Environmental Protection



## Use of Resources

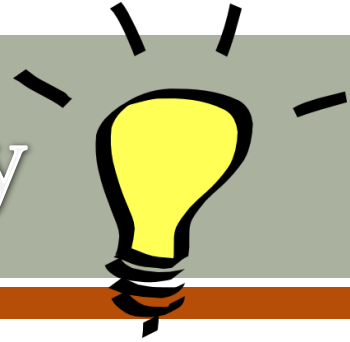
HKTVM is committed to reducing energy, water consumption, and packing material, for example, through the use of **energy-efficient retrofits, air-conditioning**, lighting, and water control measures, and recycle use of paper and cardboard in its operation.



新開的實體店有凍櫃，供市民即場購買凍肉等食物。

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

# C.2 Corporate Social Responsibility



## Health and Safety

The Group is committed to providing a safe and healthful working environment by following safety and health rules and practices and promptly reporting accidents, injuries and unsafe equipment, practices, or conditions to the responsible managers. We also provide our operations personnel with training on occupational safety and addressing risks associated with operations.

The Group maintains its occupational health and safety measures in an effective manner, including holding occupational safety and health seminars for employees on a regular basis.

Source: **HKTV Environmental,  
Social and Governance Report  
2016**

[http://ir.hktv.com.hk/pdf/announcement/EW01137-ESG\\_17072017.pdf](http://ir.hktv.com.hk/pdf/announcement/EW01137-ESG_17072017.pdf)

# C.2 Corporate Social Responsibility



## Development and Training

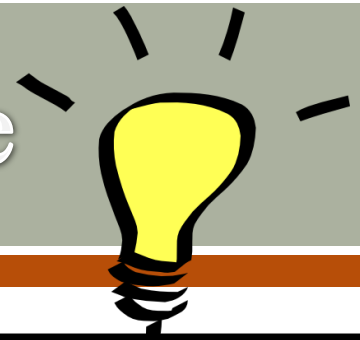
The Group recognises that its performance is dependent on the effective performance of employees. We are committed to improving employees' performance through effective coaching, counselling, and on-the-job development.

To meet the changing need of the Group, we have provided our staff members with on-the-job training covering essential work-related skills and knowledge. We also sponsor staff members with potential to receive external training for advanced skills and techniques. During the reporting period, three of our staff members had successfully completed the Hygiene Supervisor Training Course, rendering them qualified to supervise the operations of our licensed food factory.

Source: **HKTV Environmental, Social and Governance Report 2016**

[http://ir.hktv.com.hk/pdf/announcement/EW01137-ESG\\_17072017.pdf](http://ir.hktv.com.hk/pdf/announcement/EW01137-ESG_17072017.pdf)

# C.3 Corporate Governance



## **Product Responsibility**

It is essential that all products sold to customers through our e-commerce platforms shall be of merchantable quality and in compliance with applicable safety and labelling standards. All suppliers or merchants doing business with us are required to strictly adhere to the legal requirements. As part of our due diligence process, certain suppliers or merchants are required to ensure compliance with the applicable laws and regulations by submitting to us a declaration of compliance.

**Source: HKTV Environmental,  
Social and Governance Report  
2016**

[http://ir.hktv.com.hk/pdf/announcement/EW01137-ESG\\_17072017.pdf](http://ir.hktv.com.hk/pdf/announcement/EW01137-ESG_17072017.pdf)

# Conclusion: Your suggestions on improvement



# C.1 Implementation plan 實施計劃



Promotion activities	Month (Now to 31 March 2017 and 2018)	Expected outcomes
<b>POS artwork design &amp; production</b>  <b>Advertising efforts</b> <ul style="list-style-type: none"> <li>• Print ad</li> <li>• TV com</li> <li>• Radio a</li> <li>• Online a network</li> </ul>	December 2016 - .....	<ul style="list-style-type: none"> <li>• Increase brand awareness and brand's positive image</li> </ul>
<b>Sales promotion</b> <ul style="list-style-type: none"> <li>• 25% off</li> <li>• 15% off</li> <li>• Special bag boxes</li> </ul>		<ul style="list-style-type: none"> <li>• Significant increase in sales due to promotional and advertising efforts</li> </ul>
<b>PR events</b> Bauhaus Catwalk	July	<ul style="list-style-type: none"> <li>• Significant increase in sales due to promotional and advertising efforts</li> </ul>

To be elaborated on 28 December 2018



## C.2 SWOT Analysis: Identifying Organizational Opportunities

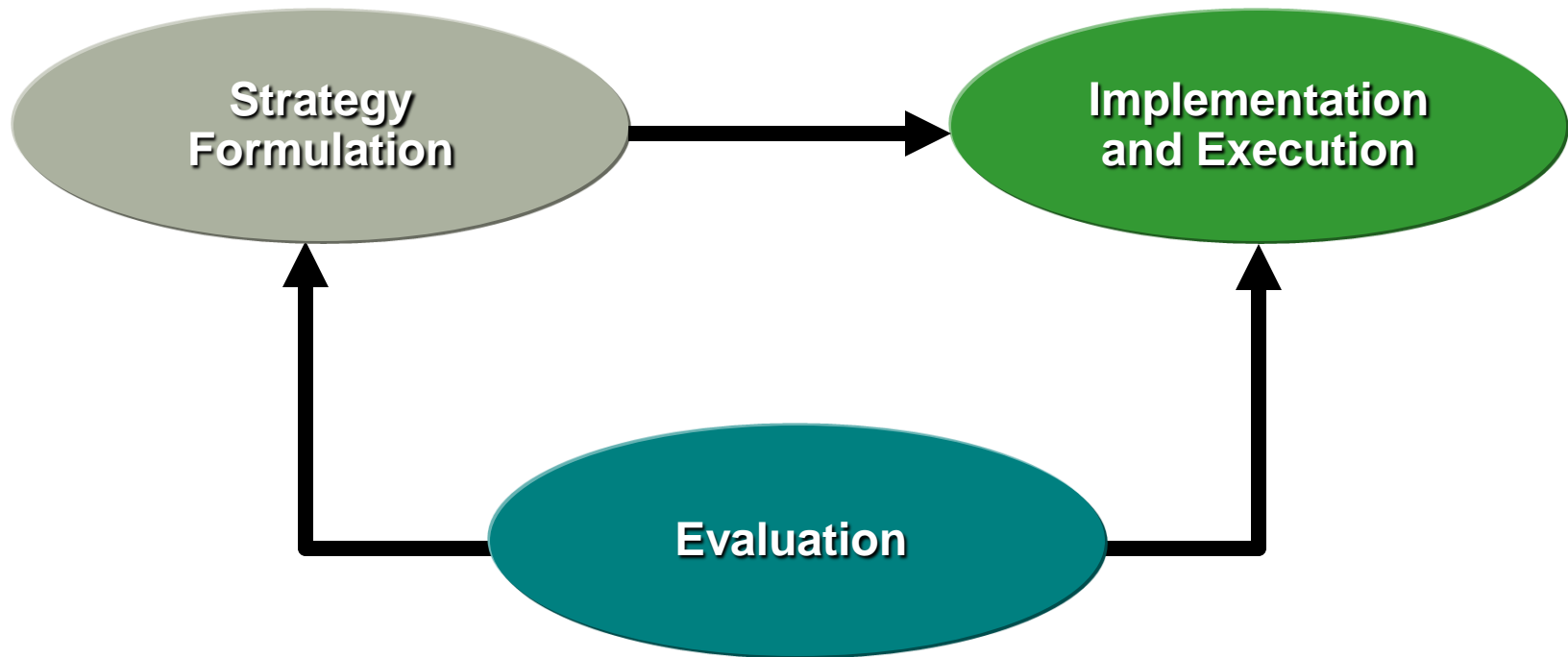
### SWOT analysis

Analysis of an organization's strengths, weaknesses, opportunities & threats in order to identify a **strategic niche** that the organization can exploit

To be elaborated on 28 December  
2018



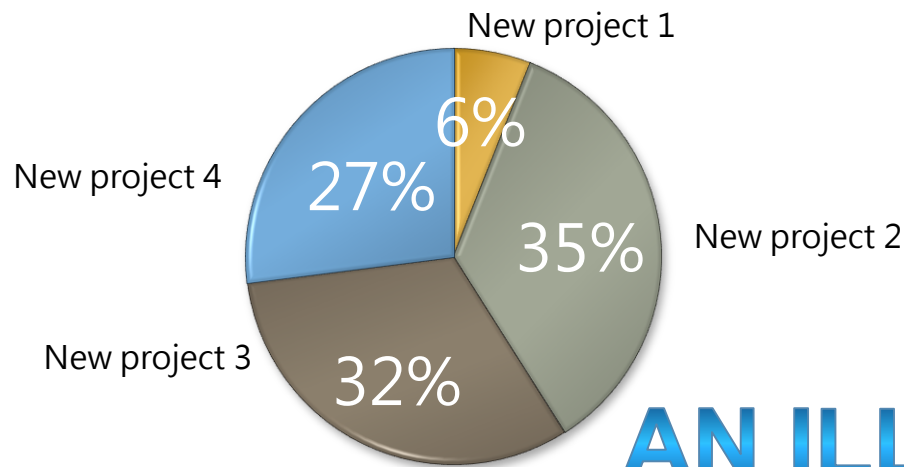
## D. 3 Evaluating Strategy (Level 2)



To be elaborated on 28 December  
2018



## D.4 Evaluating Strategy (Level 2)



### AN ILLUSTRATION

Measurement and control against :

- (Marketing and management) Objectives
- Promotion budget allocation (e.g. **HK\$10 M**)/ financial situations
- Impact on store locations, sales and average daily orders, average transaction value and sales for the year ending 31 December 2019 & 2020.**

# References

## 參考資料

- Census and Statistics Department HKSAR (2015). Available at <http://www.statistics.gov.hk/pub/B1120015062015XXXXB0100.pdf> [6 November 2017]
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- Vrontics, D., Kogetsidis, H. and Stavrou, A. (2008) 'Strategic marketing planning for a supplier of liquid food packaging products in Cyprus', *Journal of Business and Industrial Marketing*, 21 (4), pp. 250-261.

Thank you & see you (Level 2)  
on 28 December 2018:  
“Business Management & Marketing  
Strategies”

