

Membership Info

All Board members and Honourable members Mr. Raymond Kwok, Mr. Michael Tien, Dr. Roger C.K. Chan, Professor Rebecca L.H. Chiu, Professor Eddie C.M. Hui, Dr. T.M. Kwong, Mr. Jimmy C.W. Wong, Mr. Kendrew C.Y. Leung welcome the following new members:

Full Members

Ms. Chan Tak Wing, Sophia
Mr. Cheung Theobald Aylwin
Mr. Chui Chi Ming
Ms. Chung Wing Yee, Winnie
Mr. Fung Man Ho, Ronald
Mr. Hui Hon Wai, Henry
Mr. Lau Hoi Kei
Ms. Lam Wai Kan, Molly
Ms. Lam Shuk Yin, Shirley
Mr. Lui Yau Hang, Edward

Associate Member

Ms. Choi Sin Ying

Contact Us

The Editor

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Mall Q&A



Q: What is **turnover rent** ?

A: Turnover rent, commonly seen in retail leases, is calculated by reference to the sales generated by tenants in the premises. Although there are a number of disadvantages such as uncertainty, extra administrative efforts in sales data collection & reporting, concerns of trust, turnover rents are becoming more common these days. It is because turnover rents align landlord and tenants interests more closely. The goal from both sides is to encourage and promote sales. There are a number of ways in which rents with a turnover element can be structured. Common practice as follows:

Pure turnover rent:
certain percentage of sales

Basic rent :
(usually some discount on market rent) plus turnover rent.

The percentage of turnover rent is not standard. It would depend on a number of elements, such as the quality of mall/shop location, desirability of the landlord/tenant, profit margin of the tenants etc.

You are welcome to email us any questions regarding mall management. Please send your question to contactus@iscm.org.hk



商場管理學會
Institute of Shopping Centre Management

The Board

Chairman	Maureen Fung
Vice-Chairman	Irene Fisher
Vice-Chairman	Victor Wong
Vice-Chairman	Teresa Shiu
Treasurer	Denise Fung
Honorary Secretary	Victor Ng

Editorial

The consumption appetite of mainland visitors has dropped due to the slowdown of China's economy. This has dragged Hong Kong's retail-sales growth to the weakest pace since 2009. Is it all that gloomy? In this issue, we begin with a message from Ms. Denise Fung, our treasurer, pinpointing the experience of ISCM members in mall management will help sustain the exceptional shopping experience in Hong Kong.

During August and September, we had arranged a visit to the New Generation Fresh Market- Tai Yuen Market, a seminar on commercial leasing and a tasting dinner at Menya Musashi, which had all been well-received. In the coming months, we plan to organise an even wider varieties of member activities. The upcoming one will be a visit to Tai O Heritage Hotel.

Finally, New Marketing Tools has a feature on the e-shopping experience introduced by various shopping malls recently whereas Current Market News reviews the success of marketing campaign of Hysan Place and Abercrombie & Fitch.



Message from the Institute

Hong Kong's economy has grown to be more dependent to China's economic growth for the last decade. In company with China's strong demand, Hong Kong's favourable policies to Chinese visitors have secured Hong Kong's economic growth in spite of much global economic turbulence throughout the last few years. The provisional data estimates that Hong Kong retail sales will add up to HK\$360.18 billion, resulting in 8.8% of increase year over year value-wise in 2012. Hong Kong continues to benefit in the relationship between mainland tourists and retail sales.



Despite the staggering expansion of China's economy in the decade, the economy now faces challenges in keeping its high 8% growth per annum. On one hand, the Chinese government intends to narrow the income disparity between different citizens over the wide landscape; on the other hand, it is every government's goal to keep up a stable economic growth in the country. New policies are implemented to relieve the roaring inflationary pressure in the country. This, however, creates tension in softening of growth and overall demand in the economy.

The Hong Kong Tourism Board projected that visitor arrival would increase 5.5% to 44 million in 2012. The speculation reflects the lower confidence in future retail growth. The uncertainty reaches sales of high-end luxury items such as jewellery and watches, cosmetics and skin care products and clothing.

With the downbeat forecast, people cannot help but ask: What can we do to sustain the growth of the economy?

Shopping centre management though cannot control how consumers will react in the market under the current environment. The congregation of expertise in management helps to improve the shopping atmosphere for the consumers, attracting consumers to continue shopping in Hong Kong. In the 2012 mid-year highlights of Colliers International suggests that Hong Kong attracts mainland consumers as a lifestyle choice. With the effort of members of ISCM, we hope to sustain the dazzling and thrilling shopping centre experience visitors enjoy in Hong Kong.

Denise Fung
Treasurer

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CASC Conference 2012

Council of Asian Shopping Centre (CASC) Conference in Beijing
by Maureen Fung, Chairman of ISCM, 7-10 September 2012



Our Chairman Ms. Maureen Fung had delivered a keynote speech the annual CASC Conference held in Beijing.

One of the key missions of ISCM is to share the best practice of shopping centre management with industry practitioners across the region. In light of this, our founding chairman, Ms. Maureen Fung, who is also General Manager (Leasing) of Sun Hung Kai Properties, had attended the annual CASC Conference held from 7-10 September 2012 in Beijing and delivered a keynote speech on a topic "The Rise of Luxury Mall in China" with the success case of Shanghai ifc built and managed by Sun Hung Kai Properties.

In Ms. Fung's presentation, she pointed out the increasing localisation of luxury brands and the sophistication of mainland customers in their understanding of luxury brands nowadays. She concluded with some suggestions on "how to keep strong" for luxury mall operations in China.

This year celebrated the 10th anniversary of CASC and the theme of the conference was "Growth Opportunities for Retail in China and Asia". Senior management of companies including Triple Five, Lend Lease, Hines, AEON, Mitsui Fudosan, RDM Italy and many others which focus on

Asia-Pacific regional development were invited to give speeches and take discussions. More than 400 industry practitioners across the region have attended the CASC Conference, making it a highlight industry event of the year. The CASC Conference 2013 is scheduled to be held in Malaysia.

While CASC association members agreed that training is essential to raise the level of professionalism of shopping centre industry across the region, they would work closely on organising overseas study tour in the



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coming year. Besides, association members would work on setting up standards and accreditation regulations for CASC awards including CASC Design Award and CASC Marketing Award which are expected to present in CASC 2013.

CASC will also further develop the CASC website for the future use of all association members with the domain of www.casc.asia, so that the website of all association members will be hyperlinked and useful resources can be shared.

Seminar & Visits

Visit to Tai Yuen Fresh Market- New Generation of Market
18 August 2012



Tai Yuen Market in Tai Po is the first fresh market revitalisation project of The Link, which was completed in 2012. The revamped Tai Yuen Market has established itself the new model for the modern fresh market. In the afternoon of 18 August, a total of 15 members and industry practitioners joined our Visit to Tai Yuen Fresh Market and learned the success story of this new generation of market.

The first part of the visit was a presentation by Mr. Jimmy Lau, Deputy General Manager- Market Operation, The Link. According to Mr. Lau, Old Tai Yuen Market was operated in an unfavourable environment leading to poor business of the tenants. Before the revamp, The Link's senior management had visited a number of fresh markets in Europe while aiming to renew the culture of fresh market shopping.

In Mr. Lau's presentation, he pinpointed the key areas of revitalisation, including the improvement in hardware and software as well as the enhancement of tenant mix. Also, innovative concepts have been implemented such as the introduction of Octopus payment and the

employment of customer services ambassadors.

According to Mr. Lau, the newly-designed layout of Tai Yuen Market has helped eliminate dead ends and increase visibility of most stalls. Besides, a tailor-made ventilation system was installed to minimise unfavourable odour whereas direct-feed pipes for pumping sea water to seafood stalls were set up to help keep the market dry.

After his presentation, all the participants were invited for a site walk including the fresh market, the eco-friendly roof top and the loading bay. They were all impressed that Mr. Lau had a good relationship with the stall tenants and knew them by names.

The revitalisation of Tai Yuen Market is a good example of Win-Win case



for both landlord and tenants while shoppers are winners as well due to the improved shopping experience.

After the tour, some participants shopped around Tai Yuen Market and bought delicious food home. By the end of the visit, all participants were given the book "New Generation of Market: Tai Yuen Market" published by The Link, which made the study tour even more fruitful.



Key insights:

- Identification of existing deficiencies
- Look for good references in the planning stages and think outside the box
- Close communication with tenants & other relevant stakeholders
- Continuous monitoring and enhancement

Seminar & Visits

Pitfalls and Practice in Commercial Leasing

by Mr. Sam Shum, Partner in the Litigation Department of Woo, Kwan, Lee & Lo, 26 Sept 2012



More than 50 industry practitioners have attended the seminar

Loopholes in a tenancy contract may cause disputes. In the evening of 26 Sept, we were privileged to have Mr. Sam Shum, Partner in the Litigation Department of Woo, Kwan, Lee & Lo as the speaker of the seminar on Pitfalls and Practice in Commercial Leasing. The seminar gave landlords advice on how to

protect their rights and handle trouble tenants with the help of leasing contracts. The seminar was well received drawing an audience of 50 practitioners from various sectors including real estate, retailing and government agencies.

At the seminar, Mr. Shum presented

different options to forfeit a tenancy along with the pros and cons of various options. Besides, he also mentioned ways to sue for rents including distraint actions in recovering the outstanding rent and the pitfalls in execution. Most important of all, he shared with the attendees his own experience as well as some relevant cases to make the seminar a lively and educational one. During the Q&A session, the audiences were enthusiastic to ask Mr. Shum questions.



Mr. Louis Lee, Chairman of Training Committee presented Mr. Shum a souvenir.

Tasting Dinner at Menya Musashi (麵屋武藏)

13 Sept 2012



More than 12 practitioners were drawn by the tasting dinner at Menya Musashi

It was almost a year since we organised our first tasting dinner at Wong Chi Kei. In the evening of 13 September, our Welfare Committee arranged another tasting dinner at Menya Musashi (麵屋武藏) at apm, Kwun Tong.

Menya Musashi (麵屋武藏) opened since 1996 in Japan which name is derived from the famous warriors Miyamoto Musashi (宮本武藏). They follow the idea of Miyamoto Musashi to create new dishes and more than 140 styles of ramen have been created.

Its shop at apm was the group's first overseas outlet.

The tasting dinner has drawn more than 12 members and industry practitioners who had enjoyed ramen of different flavours at their own choice as well as over 6 dishes of snacks.



Mrs. Irene Fisher, our Vice Chairman, presented a souvenir to the representative of Menya Musashi

Mall Apps bring ease and novelty to shoppers and diners



The growing popularity of smartphones has inspired mall marketers to introduce multifunctional apps to capture business opportunities.

To ride on the widespread use of smartphones in everyday life, some malls have seized the new business opportunities at the earliest. A variety of multifunctional apps have been rolled out. Customers can navigate the malls with the apps and find the shops and restaurants they love or may like. They can also find the latest news about mall promotions and shop discounts. Customers can also get special shopping offers and exclusive gifts by using the check-in function of the apps. Mall apps can subsequently bring business growth as more customers will patronise the shops after getting to know more

about the malls through the apps.

Over the past year, quite a number of trendsetting features were seen in the apps of some malls. For example, Metro City Plaza in Tseung Kwan O made use of the QR Code technology in lucky draws and engaged customers to point and shoot the codes with their smartphones. Last Christmas, in its app, 1881 Heritage added a special photo function to which the QR Code technology was also applied. The mall's app also offers an audio tour guide function in 4 different languages for the convenience of tourists.

An interactive mobile app "Play & Reward" launched by K11 in Tsim Sha Tsui allows shoppers to detect a list of locations and participating stores in the mall with their smartphones. Shoppers will be entitled to a stamp when they share their dining or shopping experience on their facebook. While collecting two stamps, they can then redeem a gift.

New Town Plaza in Shatin has recently added the e-table booking function to its Android App. Wherever the customer is, he or she can use the e-table booking feature to make a reservation for any restaurants in the mall and get a waiting number electronically. Moreover, beeping notifications can be sent to the smart-

phone to remind the customer to arrive at the restaurant when the table is about to be ready. Waiting excessively long outside the restaurant can be avoided.

In addition, the mall has introduced an electronic car searching system, which was the first of its kind in Asia. The system is to help a driver who has finished shopping to instantly locate his or her car in the park.

Considering those customers who do not use smartphones, some large malls including the newly-opened Hysan Place in Causeway Bay have launched a central electronic system of table booking. Not only customers can make a table reservation through the system, instant info update about the waiting queues for different restaurants will also be displayed on each floor of the mall. Customers can shop around in the mall while waiting for their table. At K11, diners can book a table by giving their names and phone numbers to the restaurant staff equipped with iPads. The staff will key the information into the iPads and give waiting numbers to the diners who can then see their latest positions in the queue on the electronic display there.



APM promotion with iPhone



Some malls such as K11 have launched a central e-table booking system to benefit non-smartphone users.

Noteworthy Hysan Place in Causeway Bay



Large crowds gathered outside Hysan Place for its grand opening.

In mid-August, Eslite and Abercrombie & Fitch (A&F), two renowned brands from overseas, have landed in Hong Kong, drawing large enthusiastic crowds to their stores in Causeway Bay and Central respectively.

On 10 August, the grand opening of the Eslite, which occupies floors 8 to 10 of the Hysan Place, Causeway Bay, attracted huge attention across the city. Eslite fans, keen readers and curious visitors flocked in thousands



Eslite

to the bookstore on its opening day.

On that day, large crowds gathered outside the mall waiting for the business hours to commence. Traffic police officers were deployed to regulate the flow of shoppers. The escalators at the exterior of the Hysan Place were packed with Eslite customers and crowd control measures were needed. At the peak



Hysan Place Interior

time, it could take a customer as much as an hour of waiting before he or she could get in. After midnight, there were still well over a thousand customers in the bookstore.

In Taiwan, the spacious Eslite of Taipei is furnished with abundant seats. The coffee bar inside the bookstore enables the customers to enjoy a cup of java while taking pleasure in reading. Eslite are not just selling books but it is also promoting an attitude of life and a taste for unwinding cultural pursuits. It has become a must-go for Hong Kong visitors to Taipei. While large malls in Hong Kong lack mega bookstores, the Hysan Place, by offering special favourite tenancy terms, has successfully lured Eslite to set up a store in Hong Kong, the first one outside of Taiwan.

The Eslite at the Hysan Place has an area of 40,000 square feet and a collection of 230,000 books. In addition to books and magazines, the bookstore also features Eslite Stationery Shop, Wang De Chuan Tea House and Ah Yuan Soap Store and some other popular Taiwanese neigh-



A&F had created an excitement in Central on its grand opening day!

bourly brands. The presence of Eslite not only adds a touch of cultural nourishment to the Hysan Place but also brings enormous visitors to the mall.

The Hysan Place, with a youthful image, is composed of 17 storeys and 120 shops targeting mainly at female shoppers and fashionable consumers. The mall is distinct from the tourist-packed Times Square and the family oriented Sogo Department Store. Some retailers of the mall are international celebrated brands that are opening its debut stores in Hong Kong such as Eslite and several Japanese trendsetting fashion labels. This mall in Causeway Bay is not particularly focused on huge international luxury brands which are the favourites of many Chinese mainland tourists. Rather, it features many "exclusive" retail brands, attempting to win over the hearts of both local customers and tourist shoppers. A new landmark in the shopping district is emerging.

Central, which is two MTR stations away from Causeway Bay, was also packed with large crowds. The Ameri-

can fashion brand of casual wear, A&F, was having an opening event for its first store in Hong Kong. The promotional event featured a group of 80 muscular and shirtless male models that attracted a line of 2,000 people waiting for taking pictures with them. What an excitement in Central! The A&F store has already become a trendy spot for fashion lovers. Recently the consumption power of Chinese mainland tourists has weak-

ened, adversely affecting the business of local retailers of luxury brands. Indiscriminately looking for big luxury brands to become the tenants is not a desirable approach for shopping malls. By contrast, a more distinctive and calibrated collection of retailer tenants can draw more shoppers and bring greater sale turnover.



A&F grand opening day