

CSR Initiatives

ISCM Anti-COVID-19 Fundraising Campaign

Since the outbreak of the new coronavirus pneumonia (COVID-19), our Institute set up an Anti-COVID-19 Fund aiming at procuring more anti-epidemic supplies for public distribution. Meanwhile we call upon the support from our members to donate money and which will be further distributed to families, elderlies and underprivileged communities via the help of



organisations including but not limited to HKYWCA, Hong Kong Sheng Kung Hui Welfare Council Limited and related bodies for anti-epidemic purposes.

We would like to express our gratitude to the following donors for their warm support:

No.	Name	Donations
1	Ms. Perry Poon	200 masks
2	Ms. Maria Wong	100 pcs of 150ml sanitiser
2	Anonymous	HK\$1,000

Your donations are welcome

- Money donation:
Donate by Cheque: Cheques should be made payable to "Institute of Shopping Centre Management" and mail it to the ISCM Secretariat Office (Address: Room 1106-8, 11/F, C C Wu Building 302-308 Hennessy Road, Wanchai, Hong Kong)
- Donate by Direct Bank Transfer: Please make a direct deposit to ISCM bank account at HSBC 499-411-569-001. Please scan and send the bank receipt to secretariat@iscm.org.hk
- 1. Material donation:
- For details, please contact ISCM Secretariat Office at +852 3159 2943 or email: secretariat@iscm.org.hk

Let's live through this difficult time and make miracles together. May everyone be safe and healthy.

Sponsors

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Membership Application

Our Membership is open to any individual person who is a practitioner in shopping centre industry. Students who have enrolled in the course of shopping centre management at HKU School of Professional and Continuing Education (HKU Space) will also be considered.

Grade of Membership	Annual Fee
Fellow Member	HK \$ 1,650
Full Member	HK \$ 1,100
Associate Member	HK \$ 720
Student Member	HK \$ 280

Online application can be completed at the following link:

www.iscm.org.hk



Give us Feedback

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Editorial

The year 2020 is going to be a very tough year not only for Hong Kong, but also for the world. Needless to say, the impact of the global spread of the new coronavirus is likely to increase the negative shocks to the Hong Kong economy in the near term when the city's economy has been hit by a triple whammy of the Sino-US trade dispute, the social movements and now the new coronavirus.

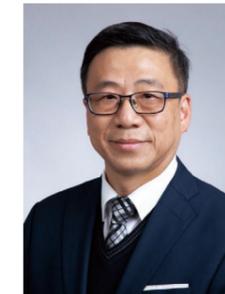
The retail sector has become one of the worst-hit parts of the economy. It is not just people in Hong Kong who are staying away from shops, but also the plunge in inbound travellers leads to the emptiness of all tourist destinations.

How would the shopping mall operators as well as the retail and catering businesses struggle to survive during this hard time? We hope you could find some insights from the two features in this issue.

More than that, our Chairman Mr. Baldwin would like to share with you how the Institute would go hand in hand with the members and industry players strategically in 2020. Mr. William Chan, our newly elected Director of Training wrote a message on his forthcoming plan on the training aspect.

Do enjoy reading it.
Thank you

Message from the Institute



I take great pleasure in joining this big family of ISCM, as I assume the role of Director of Training for the years 2020 — 2022. It is a rare opportunity that provides me with an excellent platform, and I look forward to networking with market experts and professionals, and top management executives and entrepreneurs in different fields of endeavour, as well as widening my horizons and learning together with our fellow invited seminar speakers.

Please do not miss any of our unique upcoming seminars, which will enable you to absorb invaluable knowledge and expertise, hands-on experience, and distinctive insights.

The HKSAR Government has been adopting vigorous measures to combat the spread of COVID-19. Building management plays crucial role in this crisis in terms of fully implementing precautionary steps in line with the initiatives advocated by the Centre of Health Protection to keep buildings and facilities in a disinfected and hygienic condition, which can effectively prevent and/or minimise the risk of community transmission. Prevention is always better than cure. We must protect ourselves and contain the spread of the virus. Time and time again Hong Kong has risen to the occasion and recovered after previous stormy weather. There is always a glimmer of hope at the end of the tunnel.

The market is ever changing. A slowing economy, changing market demands, and rising consumer expectations will all require a major rethinking of shopping mall practices. We must prepare well for a bumpy road, and be brave in the face of the challenges that lie ahead. Are you ready for that?

Lastly, I would like to express my sincere gratitude towards Ms. Maureen Fung, the founding chairperson, for inviting me to be one of the Institute's executive members. I would also like to extend my thanks to Mr. Baldwin Ko, the incumbent chairman, and all the other board members for their instant support they showed towards me as a newcomer. Special thanks must also be extended to Mr. Louis Lee who has been so generous with his time, helping me to find my feet so that I can be well-prepared before his departure.

William Chan
Director of Training

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Stepping Up Efforts In Fulfillment of Corporate Social Responsibility

The world is muddling through another challenging year in 2020. With hundreds of millions of people around the world who are now forced to stay at home, the novel coronavirus pandemic (COVID-19) has become a truly global event.

As the year of 2019 faded, the world's financial markets were reaching record high, celebrating that Britain had final closure on Brexit and relieving the uncertainty that has dragged on UK economic growth; and the non-announcement of a Sino-US trade truce that seems to postpone more intractable problems to the future. In Asia, however, no country has immune to the US-China trade dispute, with growth in trade slowing and investments in limbo as the outlook becomes blurry.

In an official blog post published on 28 March, Financial Secretary Mr. Paul Chan warned, "a rapid rebound of Hong Kong's economy after SARS (Severe Acute Respiratory Syndrome) in 2003 is unlikely to repeat this time." He warned that unlike previous shocks in the global market that were triggered by financial turbulence, the coronavirus had interrupted the global production, trade and supply chains, and had seriously hit the real economy. As a result, the global economy is expected to contract in the first half of the year and probably the coronavirus pandemic would continue to hit economies for another year or until vaccines are ready in use in the middle of next year, as has been suggested by local health experts.

The SARS outbreak hit heavily on Hong Kong's economic growth in the second quarter of 2003, but the city experienced a V-shaped economic recovery largely due to The Closer Economic Partnership Arrangement (CEPA) between Hong Kong and mainland China, which was initiated by Beijing in 2003. Equally important was the introduction of the Individual Visit Scheme which helped boost inbound tourism and thereby rejuvenating the local labour market and investment spending.

That Hong Kong has become a lodestar for its ability to keep COVID-19 at bay, for now at least is no accident, when the city's professional health workers have been combating hard against the spread of this deadly virus.

Spreading Positive Energy

ISCM was founded in 2003, the year when the outbreak of SARS epidemic caused the lives of 299 people in 122 days in Hong Kong. With the aim of promoting professionalism in shopping centre management, the Institute has a special focus on advancing the discipline and driving developments for related industries in Hong Kong.

As our Founding Chairman Ms. Maureen Fung said, "We have over the years laid the foundation for shopping centre management practitioners across the city to seek and achieve professional and academic excellence through seminars, peer exchange sessions, as well as local and overseas study tours with a view to enhancing their competitiveness towards managing sustainability in pursuit of future development for the shopper's paradise Hong Kong." It is against this backdrop the Institute has been growing together with the industry practitioners.

It was not until the year of 2013, some ten years after its establishment, the Institute stepped up efforts in its fulfillment of

corporate social responsibility. Since then, the Institute, through organising charity auctions at the Annual Dinner, delivering gift packs to the elderlies and the needed, pursues to plough back resources into Hong Kong society, immersing the city's underprivileged and minority groups in the communal joy at shopping centres while spreading positive energy to Hong Kong.

Masks Donation to the Needy

Being aware of the novel coronavirus outbreak in Wuhan in January this year, the Institute instantly bought face masks from the United Kingdom and Canada and donated them to the needy. Our Chairman Mr. Baldwin Ko says in an interview, "The coronavirus pandemic ran rampant

after the Chinese New Year. When I saw some elderly people queuing up for face masks at midnight, I immediately held discussions with our Board Members on purchasing face masks for the elderly and needy." A total of 5,000 adults masks as well as 400 kids' masks and toys were given to YWCA on 16 February, to be further distributed to elderly and families in urgent need, and also to frontline staff of Feeding Hong Kong and YWCA. Then on 27 February, the CSR Committee organised a second masks donation to elderly homes and Feeding Hong Kong.

Mr. Ko mentions that the Institute has allocated HK\$80,000 for purchasing anti-epidemic materials, most of which are face masks. He says, "We hope to take further actions to show our care, a lot of families living from hand to mouth have been adversely affected by the novel coronavirus epidemic, grassroots families are particularly the most vulnerable." He adds that the Institute will mobilise its affiliated shopping arcades by providing new job opportunities. There are various positions of different job natures in shopping malls, such as marketing, property and tenancy management. Among them, the entry requirements of property management are the least stringent.

The Institute organises an annual dinner in April every year. Due to the novel coronavirus outbreak, the Institute has postponed the annual dinner for the first time ever since its establishment for 17 years. Mr. Ko says it all depends on the epidemic situation in September or October, "A cocktail may probably be held, but we will see if the epidemic continues then. Even though it will slow down, we should maintain social distancing in the event."

Value-added Services to Members

Before the spread of the novel coronavirus, the Institute held various activities monthly, such as seminars and expeditions. When facing the raging

pandemic, Mr. Ko says the Institute is thinking of delivering seminars through digital platforms. "We used to rent some venues for holding seminars or conferences. In the wake of the changes in social behaviour, we are thinking of leveraging other formats, such as Zoom video meetings, to hold activities." He stresses that COVID-19 has brought unprecedented challenges to Hong Kong and the entire world. The Institute will take a proactive approach to offering value-added services for members and local industries.

Mr. Ko also advises his counterparts, "I hope we can stay optimistic to fight the epidemic. There are indeed severe hardships ahead. Shopping malls, retailers and catering outlets have been suffering tremendous losses. Apparently, the mall management strategies in the future entail transformations. We hope all of us can stay positive and endure difficult times concertedly. Take care and stay healthy."

He believes that social activities will be rejuvenated after the end of the epidemic. "I am confident that the purchasing power will be restored as the general public have retrained themselves from consumption for long. When everything returns to normal, they will again unleash their shopping desires and continue to benefit shopping malls and retail stores." As typical Hongkongers, we are gearing up for tackling diverse challenges in the future.



The CSR Committee has initiated two rounds of mask donations to YWCA and Feeding Hong Kong to help distribute to the elderly and families in urgent need.



Hoping for Rebound with Innovation and Novelty

When SARS broke out in Hong Kong in March 2003, there were few shoppers in local shopping arcades. The catering outlets launched a series of promotional offers, such as wonton noodles at HK\$10 per bowl, a tea set at less than HK\$20, HK\$1 chicken dinner specials, HK\$100 late-night hotel buffets, among others. As the SARS pandemic had been brought under control since late May in the same year and the Mainland began to issue individual travel permits afterwards, the Hong Kong economy could be rejuvenated rapidly.

17 years later, the novel coronavirus hit Hong Kong. From late January to present, people all over the world have been fighting the virus with concerted efforts. To survive the bleak external economic environment, shopping arcades and tenants make good use of online platforms, in addition to promotional offers, to seize business opportunities amid the coronavirus crisis.

Mr. Au Sik Hung, a Government Economist, mentions that 2003 saw a year-on-year negative economic growth in the short term. The unemployment rate in the second and third quarters of 2003 hit 8% or above. In April and May of the same year, the number of visitors to Hong Kong was less than 10,000 daily and the hotel occupancy rate was less than 20%. Having said that, the global economy at that time was better than that today. In 2003, the exports of goods in Hong Kong marked a robust growth, consumption and export trade rebounded strongly in the fourth quarter. What's more, the number of visitors to Hong Kong and the hotel occupancy rate were resumed to the normal level in August, and the unemployment rate also dropped back to 7% in the following year.

Make Good Use of Technology

Since the novel coronavirus broke out in Hong Kong in late January 2020, the

epidemic has been spreading rapidly around the world. At this time of global economic downturn, the domestic economy has already been adversely affected by the social movement earlier. In addition to weak exports and the once-in-a-century pandemic, it is foreseen that the Hong Kong economy can hardly be



While people are ordered to stay at home and work from home, eateries are launching alternate options such as takeaway and delivery to keep their businesses. (Photo by The Creative Exchange & Clem Onojeghuo on Unsplash)

rejuvenated in the near future.

While the retail sector has experienced a slump in its overall business, e-commerce retailers appear to be unaffected by the coronavirus outbreak. HKTV Mall, an e-commerce platform, is a case in point. The increase in demand of online retail transactions may provide conventional retailers with insights to reposition part of their business operation via online transactional platforms. In an attempt to endure tough times and to turn risk into

opportunities, shopping malls, catering outlets and retailers should now unleash creativity and put technology to good use.

Hysan Development which manages Hysan Place provides their tenants with appropriate technical support and

strengthens business collaboration. For example, some tenants are tutorial centres which need delivering online lessons for the time being. Hysan Development offers them various technical support, such as helping them organise live broadcast of tutorial classes. Furthermore, Hysan Development has also swiftly introduced retail technology in a bid to help tenants draw customers, such as launching a self-developed mobile app which enables members to redeem special offers

with membership credits and rewards. The app will also be incorporated with an electronic payment system so that customers can process online payment conveniently. The Company also provides exclusive solutions for tenants of various scales, in the hope of boosting below-the-line business by above-the-



line campaigns, reaching the goal of stimulating the consumption growth in a mutually beneficial manner.

Not only are shopping mall tenants adversely affected by the novel coronavirus, but retail tenants also suffer severe losses. They started to transform their business modes by exploring sales channels on online platforms. Mr. Fong Po Kiu, Honorary President of Hong Kong Information Technology Federation, says that myriad small and medium-sized

tenants selling cosmetics and apparel offer epidemic prevention supplies via online platforms, which does not only attract consumers to buy antiseptic products, but also draws their attention to such tenants for shopping on their online portals. Some cosmetics chains such as Sasa and Bonjour, as quoted by Mr. Fong, not only sell face masks and antiseptic products, but also promote other cosmetic products synchronously, which attracts shoppers to make more purchases.

Thinking Out of the Box

As the current situation of the novel coronavirus infection is severe, the HKSAR Government announced that catering outlets should adopt diverse antivirus measures. To tackle the epidemic, a lot of small and medium-sized restaurants have launched contingency measures, including measuring body temperatures for their customers. When customers are seated, restaurant staff will sanitise the dining tables before them handing out menus. Tissue paper or envelopes for storing the face masks will also be freely distributed so as to enable customers to feel at ease while dining. Besides, plenty of catering outlets have a series of special arrangements for dine-in services. For example, tea houses have installed transparent sheets to isolate customers who share the same table among one another. They also offer takeaway services and various special offers, such as discounts on takeout options, aiming to encourage customers to place more takeaway orders. McDonald's, one of the fast food chains, also welcomes customers to use McDonald's App for self-ordering. Customers can then place takeaway orders and pick up meals with zero contact.

Deliveroo, an online food delivery company, collaborates with 20 shopping arcades, including K11 MUSEA, K11 Art Mall, Lee Gardens, Lee Theatre

Plaza, Hysan Place, APM and Mega Box, among others, to launch the "Mall Partnership Programme". According to this programme, shopping malls and tenants can draw customers with exclusive offers and discounts. Shopping malls can enjoy cross-channel marketing opportunities by launching special district offers with Deliveroo. A quick signup system is also introduced so that food and beverage tenants can join Deliveroo rather quickly, and the service charge can be much lower with the support of shopping malls.

Sino Group has also launched a live WhatsApp service platform, which provides customers takeaway information of the catering outlets in the Group's shopping arcades. The spokesperson of Sino Group says the takeaway market is flourishing prosperously and the demand keeps rising. The Group aspires to endure the epidemic with its tenants by providing them this WhatsApp platform without additional charges. It is hoped that this brand-new service can save customers' time in searching for restaurants. The Group also promises to reply to customers in five minutes upon receiving their enquiries.

The current situation is a challenging time for all the businesses, not only for those in Hong Kong, but for all over the world. Tightening government restrictions to contain the spread of COVID-19 are making everyone stay at home which has tremendously dampened the sales and the morale of the businesses. It is, however, essential to have a positive mindset while hoping for a rebound with innovative and novel ideas.

How Mall Operators Are Supporting Retail and Catering Tenants Amid the Outbreak of COVID-19

The novel coronavirus (COVID-19) outbreak has spread around the world rapidly. Hong Kong has been facing a second coronavirus wave from returning citizens since late March, while a senior government adviser has warned of a third wave of infections arising from Mainland visitors.

Public gatherings of more than four people have been forbidden, while cinemas, fitness centres, bars, pubs and other entertainment venues have been ordered to close until 23 April. Restaurants also must keep tables 1.5 metres apart. In addition, Hong Kong has extended its travel ban on non-Hong Kong residents and will continue to keep quarantine measures in place, as well as its suspension of all transit flights "until further notice".

Amid all these restrictive measures, some catering outlets have either suspended dine-in services or only offer takeaway in the evening. Representatives of the retail and catering industries believe that even if the COVID-19 epidemic in Hong Kong is under control, business activities can hardly be rejuvenated until virus infections have slowed down more significantly. It is expected that those strategies employed during the SARS outbreak in 2003 could serve as a guide. Accordingly, the retail and catering industries could offer special deals, which, along with the cash handouts of HK\$10,000 offered by the government, will boost consumption.

Takeaway and Promotional Offers

At present, the novel coronavirus has been running rampant for nearly two months, and vast shopping centres have implemented anti-virus measures to reduce the risk of virus infections. Many catering outlets also offer discounts for takeaway orders, and many shopping malls are providing rental reductions to help their tenants endure these hard times.

Hong Kong's retailers and shopping malls

had already been battered by months of political unrest before the viral outbreak that emerged in China in December 2019 and escalated ahead of the Lunar New Year holiday. China's Ministry of Culture and Tourism has suspended all tour groups as well as the sale of flight and hotel packages overseas since the end of January. The business environment for local retail trade has become even more austere as the epidemic brings inbound tourism to a near standstill and severely disrupts all consumption-related activities.

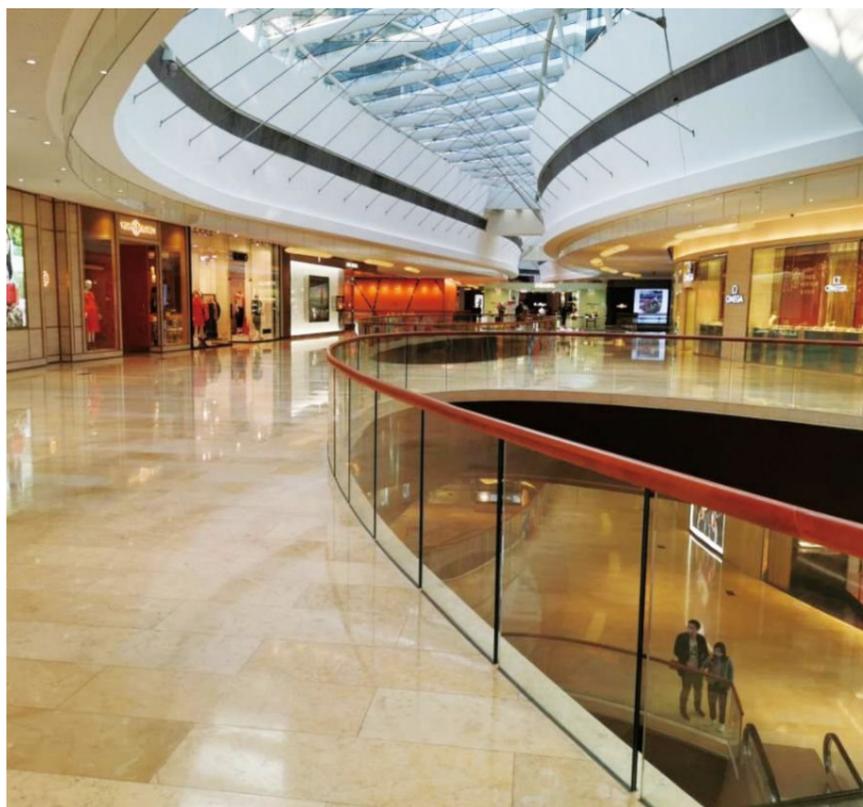
According to the Hong Kong Tourism Board, daily visitor arrivals to the city for February plummeted to fewer than 3,000 people, an almost 99% decline compared to the same period a year ago. According to the Airport Authority, February saw a 68% drop in inbound and outbound flight passengers compared to the year before.

The Hong Kong marathon has been cancelled, and other major public events are expected to be suspended as well. Indoor leisure venues and cultural facilities including museums, libraries, sportsgrounds and other public facilities have been closed until further notice. Two major amusement parks, Ocean Park and Disneyland, are temporarily closed.

Largest Retail Drop on Record

The impact of the coronavirus on Hong Kong could severely affect an already-fragile retail sector that had only just begun to see an easing in the monthly sales decline triggered by social unrest since last June. According to the government data, retail sales by value fell 21.4% in January compared to a year earlier, followed by another 44% fall in February, which was the largest drop on record.

Ms. Annie Tse, chairwoman of the Hong Kong Retail Management Association, said in an interview that she expected to see a drop of 30% to 50% in retail sales in the first half of the year. Even the lower end of that spectrum would be a historical record for Hong Kong. She told reporter



Mall operators are taking proactive steps including temperature checks, stepping up their cleaning schedules of facilities and common areas and providing hand sanitisers to safeguard the health of customers.

that retailers are very pessimistic about industry prospects as there are no clear hints as to when the outbreak of the Coronavirus will cease.

Before the current turmoil, the longest losing streak for Hong Kong's retail sector was a two-year stretch that started in March 2015 and ended in February 2017. Several factors were behind that downturn including the Occupy Central protests, China stepping up an anti-corruption campaign, and Japan and South Korea taking more tourists from mainland China, diverting some away from Hong Kong in the process.

Mall Operators to Launch Relief Measures

Various landlords have launched relief measures including granting rent-free periods, reducing rents, or allowing rent

payment by instalments. Additionally, to safeguard the health of customers and ease their anxiety, landlords are also taking more proactive steps, such as temperature checks, providing surgical masks and hand sanitisers, and stepping up their cleaning schedules of facilities and common areas.

According to a report from Withers Worldwide, in addition to rent reduction or varying the timing of rental payments, mall operators could make commitments to use a portion of the rent received to support their tenants' retail business. For instance, mall operators could consider initiatives including organising more promotional or marketing events, buying their tenants gift coupons to hand to customers in their shopping malls, or lowering the minimum spending amount for free parking in order to stimulate sales revenue and increase

customer foot traffic.

Lawmaker Mr. Peter Shiu told the media that the retail, catering and tourism industries were the worst-hit during the SARS outbreak in 2003. He recalled that when the epidemic in 2003 was easing slightly, those seriously affected industries launched lucky dips, prizes and other special offers in an effort to boost spending. He expects that the situation this year is more or less the same. While the number of inbound visitors has dropped drastically, promotional campaigns launched in response could possibly be targeted mainly at locals, who are deemed to have a certain purchasing power.

Mr. Simon Wong, President of the Hong Kong Federation of Restaurants and Related Trades, predicts that Hong Kong



people will spend part of the HK\$10,000 cash handouts offered by the government on consumption, which could help boost the economy to a certain extent.

Measures to Boost Internal Consumption

Dr. Billy Mak, Associate Professor, Department of Finance and Decision Science, Hong Kong Baptist University, also agrees that the retail and catering industries will employ the strategies implemented after the end of the SARS outbreak by launching special offers and prize draws to boost internal consumption. Having said that, even if virus infections are under control in Hong Kong, business activities will only be gradually resumed as the epidemic in other regions around the world slows down gradually. He suggests that the HKSAR government should plan measures for revitalising the economy in advance. Otherwise, its effects may be limited when other regions also launch vigorous measures to stimulate consumption.

On 8 April, the government announced its biggest coronavirus financial relief package, offering a HK\$137.5 billion lifeline to save ailing businesses and ensure some 1.5 million workers would continue to get paid in the tough months ahead. Financial Secretary Mr. Paul Chan expected the relief package to help boost GDP by around 2 percentage points. Along with all the other relief measures since last August, altogether totalling around HK\$320 billion, this could drive that figure up by about 5 percentage points.

As the spread of coronavirus sends jitters across Hong Kong, usually bustling shopping malls, restaurants and retailers are deserted, leaving small business owners contemplating their unknown future. The hope is that the government's relief package, along with promotional offers such as the ones mentioned, could help boost consumption in a later phase.