

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Commercial Properties Committee

Promotion Programmes for Shopping Centres in 1998/99 and 1999/2000

PURPOSE

To inform Members of the promotion activities for Housing Authority shopping centres conducted in the year 1998/99 and those planned for 1999/2000.

BACKGROUND

2. The Authority is currently managing 106 shopping centres. In addition to continuous upgrading of management service, regular promotion and publicity programmes are essential to create public awareness of the shopping centres, build traffic and increase sales. Towards this end, the Commercial Properties Division has been actively involved in staging promotional events to maintain the attractiveness, competitiveness and profitability of the Authority's shopping centres.

PROMOTION ACTIVITIES 1998/99

3. 1998/99 was an immensely tough year for the retail business which was most hard hit by the economic downturn since 1997/98. Apart from rent reassessment measures to assist commercial tenants in difficult time, intensified promotion activities have been planned, launched and maintained by the Department tailored for various sizes and types of shopping centres in order to sustain their viability and outmarket competition from private sector developments. In addition to stepping up large scale festive events in district centres like Lok Fu and Tai Wo, promotion programmes for new focal centres such as Tsz Wan Shan Shopping Centre, Sheung Tak Shopping Centre and Fu

Tung Shopping Centre were intensively organized. Also, district-wise activities for smaller centres all over the territory were held centrally on package basis which proved extremely cost effective as a result of economy of scale. Hence, more than 247,500 hours of promotion activities were conducted in the year 1998/99 representing a significant increase of 48% when compared with the 167,000 hours in 1997/98.

4. These promotion activities can broadly be divided into the following categories –

a) Civic, Educational and Community Activities

Such kind of activities are usually arranged jointly with other government departments, voluntary agencies and community organizations to arouse public awareness and general concern on social and environmental aspects.

b) Special events

Special activities are staged throughout the year, the timing and frequency of which will depend on the specific needs and the general nature of individual shopping centres. These effective events mainly include large scale promotions in conjunction with major holidays and festivals with special themes and gimmicks.

c) On-going Promotion Activities

Performances by pop singers, musicians and entertainers are organized on regular basis in addition to shopping centre anniversary celebrations, fun fairs and new products promotion/exhibition/trade fair.

d) Publicity and Image Building

Publicity campaigns/programmes are required to attract public attention to existing shopping centres and new developments and to develop their reputation. Effective advertising is also essential to the success of promotion events. The many media used include –

- i) Press and Magazine
- ii) Poster and Pamphlets
- iii) Shopping Centre Newsletters
- iv) District Shopping Guide
- v) Commercial Properties Division Directory
- vi) Telecom Voice Service
- vii) Radio
- viii) Television
- ix) Bus Advertisement
- x) MTR Station Advertisement
- xi) HA Homepage on Internet
- xii) Touch Screen Display
- xiii) VCD

5. Detailed descriptions incorporating special features of these activities are in **Annexes A to D**.

PROMOTION ACTIVITIES FOR 1999/2000

6. Promotion activities for 1999/2000 will be further strengthened in a proactive manner by practising new tactics and using cost effective and power packed promotion strategies. These will include -

a) Promotion for New Shopping Centres

The need for intensified promotion activities has become more pressing in the face of 15 new shopping centres coming on stream in 1999/2000, among which, a thematic centre “Stanley Plaza” in Stanley with target completion date in late 1999 will be the Authority’s focal centre in the new millennium. As Stanley is a famous tourist attraction for millions of local and overseas visitors every year, coordination with Hong Kong Tourist Association is being closely maintained in formulating the promotion strategies for Stanley Plaza. A promotion calendar has been drawn up for implementation by competent and experienced promoters in the tourism sector to be identified. Other major new centres like Kai Tin Shopping Centre in Lam Tin and Chung Fu Shopping Centre in Tin Shui Wai will also require special emphasis in publicity and promotion works.

b) Centralized Promotion and Seasonal Decoration

In alignment with expansion of package promotion activities covering larger groups of smaller shopping centres, centralization of seasonal decoration will be stepped up to achieve greater efficiency and cost effectiveness. Optimal use of decoration materials will be emphasized for further cost saving.

c) Promotion Through Electronic Media

Co-operation with various radio stations will be continued and strengthened in the coming year with a view to widening publicity on the shopping centres. Joint functions with TV stations will be maintained as television is the most powerful communication media in Hong Kong.

d) Shopping Centre Newsletters/Shopping Guides

The production of district shopping guides will be stepped up for wider coverage and greater cost-effectiveness to tie in with large scale package promotion initiatives. Other than shopping centre newsletters, estate newsletters will be used to disseminate promotion and marketing messages following successful trials in a number of estates.

e) Exhibition and Promotion Venue

To optimize use of promotion venues and increase revenue in support of other promotion activities, a proactive approach will be taken to identify quality potential clients from various sources and additional venues will also be further explored.

f) Promotion Tools

i) Promotion Kiosk

Installation of aesthetic kiosks in shopping centres will continue in order to enhance shopping atmosphere and generate additional revenue.

ii) Video Wall

Initiatives on free advertisement time slots provided for the shop tenants of Sheung Tak Shopping Centre together with the broadcasting of Cable TV, dissemination of Government/Hong Kong Housing Authority/Housing Department messages have been successfully tried out in the video wall in Sheung Tak Shopping Centre since late 1998. In case of better economic climate in future, the placing of commercial advertisements will be contemplated as a means to generate additional revenue.

g) Joint Venture with Hong Kong Tourist Association (HKTA)

To promote the Authority's image, co-operation with HKTA will be further strengthened with the introduction of the "Hong Kong Lifestyles Tour" to visit Housing Authority estates, shopping centres and markets.

h) Millennium Celebrations

Thematic millennium activities will be launched in the shopping centres all over the territory in celebration of year 2000.

i) Other Promotion Functions

Equal emphasis on promotion activities of civic, educational and community nature will continue. Programmes under preparation include 'ARTability' 99' 'Old Books Recycling Campaign' and 'Charity 3D Theatre' etc.

THE WAY AHEAD

7. Liaison and co-operation with anchor tenants, merchants' associations and front-line management will be further strengthened to improve communication in mapping up long-term promotion plans for individual shopping centres. Close liaison will also be maintained with the Information and Community Relations Division for support and assistance in stepping up promotion activities and publicity enhancement especially for new developments

coming up. Package promotion activities through further outsourcing to improve productivity and achieve greater cost effectiveness will continue to be our emphasis. Under the prevailing market condition, promotion cost can also be saved by negotiation and package price. For shopping centres under the privatization scheme, the Property Management Agents will be required to undertake regular promotion works and provide logistics for activities centrally organized by the Department as part of the outsourcing initiatives.

8. The Department will maintain a proactive and positive approach in the promotion works for the Authority's shopping centres. A set of mechanism will also be developed to evaluate the performance and effectiveness of promotion activities.

FINANCIAL IMPLICATIONS

9. Total expenditure on shopping centres promotion for 1998/99 was \$32.9M (including \$7.9M in-house staff cost) while income from venue charges for the same year was \$24.7M. Thus, the net cost on shopping centres promotion for 1998/99 was \$8.2M (i.e. \$32.9M less \$24.7M) representing less than 0.17% of the total annual income at 4.885 billion dollars from commercial lettings. On the other hand, about \$4.4M sponsorship in the form of prizes and contributions to production cost for promotion activities was enlisted in 1998/99.

10. Expenditure for 1999/2000 is budgeted at around \$34.9M (including \$7.9M in-house staff cost) and it is anticipated that much of the expenses can be recouped from venue charges. The Authority, however, may have to contribute additional expenditure incurred from the intensified promotion activities in the light of the prolonged depressing retail market situation notwithstanding the various cost saving initiatives.

INFORMATION

11. This paper is issued for Members' information and discussion, if necessary, at the Commercial Properties Committee Meeting to be held on 6 July 1999.

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