

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Commercial Properties Committee

Promotion Programmes for Shopping Centres in 1999/2000 and 2000/2001

PURPOSE

To inform Members of the promotion activities for Housing Authority (HA) shopping centres conducted in the year 1999/2000 and those planned for 2000/2001.

BACKGROUND

2. The HA's commercial property portfolio currently includes 113 shopping centres. To sustain the attractiveness, competitiveness and profitability of these centres, continuous activity is required on a number of fronts. One key aspect is regular promotion activity, which is essential to stimulate local awareness and loyalty so as to maximise the benefit to the adjacent population and resist outflow to competitors. Such activity is also beneficial in fostering a sense of local community and participation.

PROMOTION ACTIVITIES 1999/2000

3. In the light of recovery in the general economy and retail sector in 1999/2000, intensified promotion activities with the main theme of "Towards a Prosperous Millennium" (跨越新紀元, 百業齊興旺) were spearheaded by the Department to build up a special atmosphere stressing the promising future for our shopping centres.

4. Regular promotion programmes including civic, educational and community activities, special events, publicity and image building activities tailored for shopping centres of various sizes and types were intensively organized to attract new customers and generate additional sales. Large scale package activities and centralized seasonal decoration were arranged for large

groups of shopping centres achieving greater impact and cost effectiveness through economies of scale. In celebration of the new millennium, a stream of territory-wide events was launched to enhance the corporate image and create a memorable occasion to all commercial tenants and shoppers during the festive period.

5. Special promotion programmes jointly organized with anchor tenants and merchants associations were conducted which helped not only to increase patronage but also strengthen mutual trust and understanding between commercial tenants and the Department. Notably, the “Spending in Hong Kong” (留港消費, 振興經濟) campaign jointly organized with the Hong Kong Public Housing Estate Shop Operators Union (全港公屋商戶總會) with full support from local commercial tenants was particularly successful, with the Department’s contribution gaining recognition, praise and appreciation from commercial tenants.

6. More than 236,000 hours of promotion activities, including 57,300 hours for millennium events were conducted in the year 1999/2000, well above the target of 220,000 hours. Detailed descriptions incorporating special features of various promotion activities are at **Annexes A to D**.

PROMOTION ACTIVITIES FOR 2000/2001

7. Promotion activities for 2000/2001 will be further intensified under the theme for the year “**New Era of Opportunity**”(龍躍千禧啟萬機). Activities will encompass –

a) Promotion of Stanley Plaza

Under a pilot scheme, all promotion work for Stanley Plaza (Shopping Centre, Village Square and Murray House) has been outsourced to an experienced public relations company, including strategic planning, supervision and execution of promotion activities. Following the launch of warm up events at the Shopping Centre, a programme of multi-cultural activities will be fully implemented upon substantial completion of Village Square and Murray House in May 2000. The unique features of open seaside environment and the rebuilt Murray House will be strongly promoted. In addition to local media and tourist publications, publicity will be extended to attract overseas visitors via Internet. Bus advertisements have been arranged and an independent website for Stanley Plaza is being developed. Efforts will also be

exerted to co-ordinate with local management, our shop tenants, private sector retailers in the vicinity, other government departments and particularly the Hong Kong Tourist Association to explore joint venture opportunities to promote the business potential of Stanley Plaza. The Grand Opening of Stanley Plaza is scheduled for Autumn this year.

b) Promotion of New Shopping Centres

Given the large number of new shopping centres, 15 in total, coming on stream this year, special emphasis on promotion is called for to raise public awareness. In coordination with the front-line management and Information and Community Relations Division, promotion strategies have been formulated for major new centres, namely Lung Cheung Mall, Chung Fu Shopping Centre Phase 2 and Homantin Plaza, due for completion in September and October 2000. Tailor-made promotion activities will be launched to tie in with intake of commercial tenants.

c) Centralized Promotion and Seasonal Decoration

Package promotion activities will be further expanded to cover larger groups of smaller shopping centres to tie in with the roll out of the centralized seasonal decoration scheme, which has proved to be cost effective and more efficient. The arrangement has been well received by the front-line management and various contractors.

d) Joint Ventures with Electronic Media

Joint promotion functions with radio stations and TV companies will be stepped up to widen publicity of our shopping centres. This will include radio/TV promotions. The appearance of popular disc jockeys and TV artists in HA shopping centres also attracts other media coverage.

e) Promotion through Internet

Given the rapid advancement of information technology, websites for focal shopping centres will be developed containing information like location, transportation, trade mix, special features and promotion calendars etc. available for both local and overseas visitors.

f) Shopping Centre Newsletters/Shopping Guides

The production of shopping centre newsletter will be continued to disseminate promotion and marketing messages of individual shopping centres, both existing and new. To achieve wider coverage and greater cost effectiveness, district shopping guides will be produced to tie in with large scale promotion activities conducted on a district basis covering a large group of shopping centres.

g) Exhibition and Promotion Venue

To optimize use of promotion venues and increase revenue in support of other promotion activities, high quality sponsors will be targeted. Venues in new shopping centres will be available and the installation of kiosks in existing centres will be explored to enhance the shopping atmosphere. A users' guideline has been drawn up for compliance by the promoters for better management control. Due care in the selection of trade type for short term letting of promotion venues will be exercised in order to avoid conflict with the business of existing shop tenants.

h) Cooperation with Shop Tenants/Merchants Associations

Promotion functions jointly organized with shop tenants/merchants associations help to sustain a good working relationship. The "Millennium Sale cum Best Service" (留港消費振興經濟, 服務為本客為尊) campaign will be jointly organized with the Hong Kong Public Housing Estate Shop Operators Union as a continuation of the successful "Spending in Hong Kong" campaign launched previously. More joint activities will be explored.

i) Environmental Initiatives

To respond to government pledges to improve environmental protection, a series of promotion activities to promote environmental awareness and care will be launched and sustained in HA shopping centres. To encourage enthusiastic participation of commercial tenants, a large scale promotion activity, with awards given to outstanding shop tenants for their contribution in environmental care, will be conducted in addition to incorporating green initiatives in other major promotion activities throughout the year.

8. Members were recently informed of the development of an evaluation system to assess the performance and effectiveness of promotion activities for better targeting of future promotion strategies and resource utilization (Paper No. CPC 5/2000). The general findings were that extra traffic and addition sales volume is generated as a result of promotion events. Favourable feedback was also received from commercial tenants, shoppers and local management on the positive effect of promotion and the need for increased promotion activities.

THE WAY AHEAD

9. Participation of commercial tenants is very important in assuring that promotion programmes are successful. Enhanced communication will help commercial tenants coordinate their advertising and sales efforts with the HA programmes. Close liaison with front-line management will be maintained to facilitate planning and implementation of tailor-made promotion activities to suit the needs of individual shopping centres. Site supervision and monitoring will be strengthened to ensure delivery of quality service by various contractors. Opportunities will continuously be explored for joint promotion activities with interested parties for enlisting sponsorship. Package promotion activities and centralized seasonal decorations of greater efficiency and cost effectiveness will continue to be our emphasis.

10. In the light of completion of 15 shopping centres in the current financial year with corresponding increase in promotion work, the existing resources will be further stretched. To absorb the additional workload, continuous re-engineering, productivity enhancement and further outsourcing initiatives as well as more effective and efficient planning of promotion programmes will be pursued. An initiative has been included in the 2001/02 Commercial Business Plan for a review of the future direction of outsourcing of promotion work.

FINANCIAL IMPLICATIONS

11. Total expenditure on shopping centres promotion for 1999/2000 was \$34.3M (including \$8.0M in-house staff cost); income from venue charges for the same year was \$22.3M. The net cost of \$12M (i.e. \$34.3M less \$22.3M) represented less than 0.25% of the total commercial business income at 4.778B. Sponsorship to a value of about \$3.5M in the form of gifts and contributions to production cost for promotion activities was received in 1999/2000.

12. The expenditure budget for 2000/2001 is \$36.6M (including \$8.0M in-house staff cost) and it is anticipated that a similar proportion to 1999/2000 can be recouped from venue charges.

INFORMATION

13. This paper is issued for Members' information.

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File Ref. : HD(H)CP 6/1/1/ (II)

Date : 22 May 2000