

LEVEL 7 ASSESSMENT SPECIFICATION			
Student name:	Lui Man Hung	Student ID number:	2019945
Programme:	MBA		
Module:	Global Business Challenges		
Module code:	HKBM7009	Contribution to Overall Module Assessment (%):	100%
Lecturer:	Dr Che Cheong Poon	Internal Verifier:	Dr Joe Leung
Assignment Title:	Analytical Report – Organisational Strategies in a COVID 19 World	Word count (or equivalent):	5,000 words or equivalent
Submission deadline:	22 February 2021	Return date of provisional marks & written feedback:	Within 20 days after submission
Submission method:	All written assessments, where practical and possible, must be submitted via Turnitin unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into Turnitin or it will match many similarities with other students' submissions.) Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to one week late, maximum mark of 50%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

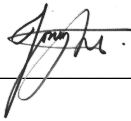
UWTSD MBA (May/Nov 2020 intakes)
BMMB7009 Global Business Challenges

Assignment Title:

Analytical Report – Organizational Strategies in a COVID 19 World

"I, [Lui Man Hung \(2019945\)](#), certify this work is the result of my own investigations, except where otherwise stated. All references have been duly cited"

Signed: _____



Date: February 12 2021

Synopsis

Over the years, HKTV mall has been one of the successful online shops in Hong Kong. With a giant scale online retail business model and a massive group of loyal customers, it recorded a significant growth of 113.6% in 2020 despite the Covid-19 pandemic in Hong Kong. After analysis, this report found that consumers will change their shopping habits back to the in-store mode when the Covid-19 pandemic is over. And the recommendation given HKTVmall should provide online flight booking ticket service in order to maintain consumer loyalty to using HKTVmall online platform even the pandemic situation is no longer to boost up the consumer online shopping retention.

Table of Contents

1. Introduction.....	P.5
2. Background of the Companies	P.6
2.1 History in Hong Kong	P.6
2.2 Product Information.....	P.7
2.3 Market Competition	P.9
3. Company Performance during Pandemic.....	P.12
3.1 The general business Environment	P.12
3.2 The Cost Structure.....	P.16
3.3 The Revenue Structure.....	P.18
4. Analysis and Discussion	P.19
4.1 Demand Challenges	P.19
4.2 Costing Challenges.....	P.21
4.3 Consumer Loyalty	P.23
4.4 Maintain consumer loyalty after the Covid-19 pandemic.....	P.27
4.4.1 Product Development.....	P.27
4.4.2 Business Plan.....	P.29
5. Conclusion and Recommendations.....	P.31
References.....	P.33
Appendices.....	P.36
Appendix 1 Statistic data based on different purchase channel	
Appendix 2 Statistic date based on different online travel agencies (OTA)	

1. Introduction

The study aims to evaluate the strategies for an HKTVmall in Hong Kong to ensure business continuity under the Covid-19 epidemic situation. This pandemic provides a good opportunity for the company to enhance its online shopping business overall performance that is beneficial from the social distancing restriction and infection control guidelines. In the meantime, however, maintaining current and potential customer e-loyalty for using the company's online platform will be the key to sustainable growth once the pandemic is over.

This report major motivation is to understand how the largest and the first online shopping company can generate profit in the industry during the biggest pandemic in Hong Kong history. But the business growth of HKTVmall is mainly dependent on the social distancing restriction, and therefore when the pandemic is over, the social distancing will be over. How does the HKTVmall market innovation lead the company continuity growth without due to the social distancing restriction is the major research problem for this study.

This study uses official data and official annual reports to facilitate the Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis. It uses statistics graphics, line charts, and pie charts to illustrate and present the findings. The outline will be using the annual report to understand its strengths and resources clearly. Compared with other competitors to understand the company position and competitiveness within the market. After that, finding the possible problem solution using official data, and finally using an analysis tool for the recommendation.

2. Background of the Companies

2.1 History in Hong Kong

Hong Kong Television Network Limited (HKTV) was a well-known company in Hong Kong. But the company's initial name also known as City Telecom in 1992. Mr. Ricky Wong is the founder of City Telecom and Hong Kong Broadband. Later on in 1999, the Hong Kong Broadband Network Limited (HKBN) was established, it obtained the local wireless license as well as launch the Broadband internet services in March 2000. In 2007-2009, HKBN invested in the internet TV Platform, announced new application of "bbBOX" and provided free WiFi services at public housing estates in Hong Kong. In early 2011. The HKBN reached 10,000 Symmetric 1Gbps subscribers.

Only at HK\$158/ month, and HK\$9.9/month for home telephone service. In 2013. City Telecom change the company name as Hong Kong Television Network Limited ("HKTV"). The company acquiring mobile TV service license and launched, Over-The-Top (OTT) Internet content platforms and TV service for the mobile phone have launched. In February 2015, HKTV online shopping mall was established. The company states the slogan "We Sell Whatever You Can Imagine," HKTVmall co-working with over 300 stores from Hong Kong, Japan & Korea, aiming to the leading positing in terms of company scale in online shopping mall sector in Hong Kong. In 2016. HKTVmall expanded the warehouse and logistics center to Tsing Yi for additional 144,000 square feet and also launched the first Online Electronic Product Sales in Hong Kong history.

Because the growth of an online business increases, the 10th O2O concept store is opened at Shatin. In order to maximize the capacity for logistics needs. Automated picking & warehousing system at Tsing Yi the logistics center in full operation, and the cooperating partners with different transaction applications such as, PayMe to ensure secure payments for buyers using mobile phones on the HKTV mall app. This transaction implements launched in 2018.

This general finding of the company history shows that the company has built up a convincing brand image as the number one and the most significant first-ever online shopping platform in Hong Kong. And over the years, that allows the company to attract many online users to become their consumer incrementally and generate consumer e-loyalty. This can be explained why the consumer tends to be buying the product from HKTVmall online platform than other online shops during social distancing restriction under the Covid-19 pandemic situation. This allows the company to generate positive revenue growth even during the Covid-19 pandemic. This result aligns with this study to ensure company continuity growth under the Covid-19 epidemic situation.

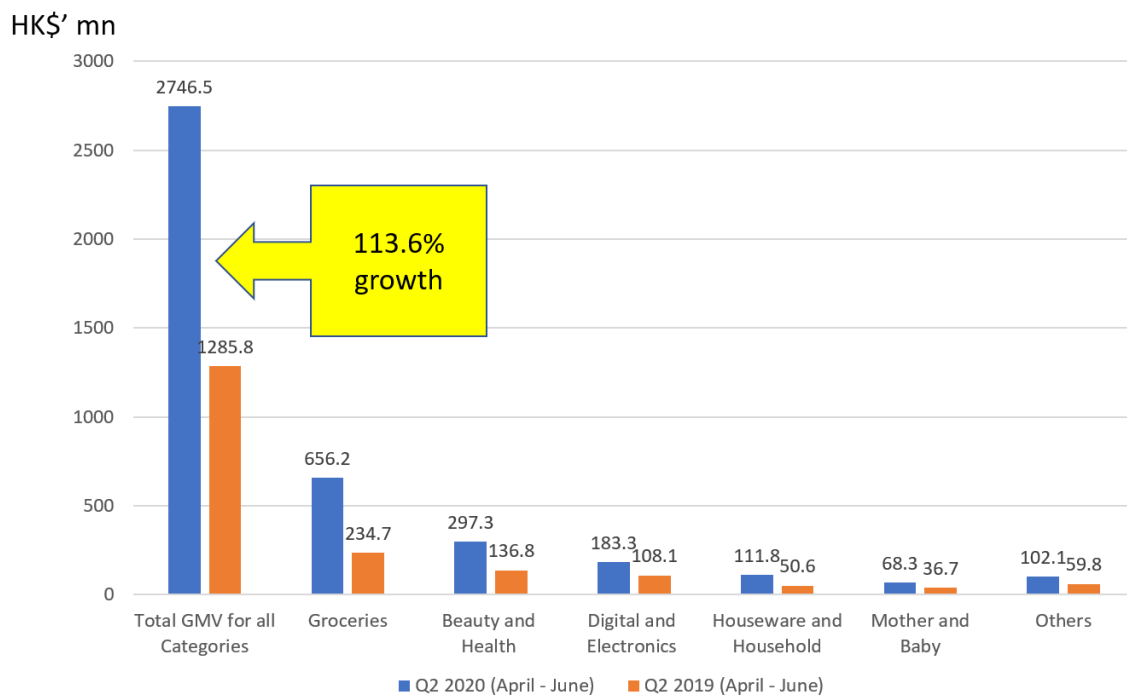
2.2 Product Information:

In February 2015, HKTV launched the online shopping mall "HKTVmall" with more than 300 merchants from Hong Kong, Japan & Korea to provide different variety of products on the online shop. The brand aimed to be the biggest online shopping mall in Hong Kong. The product is reasonable priced in order to bring make consumers willing to feel comfortable for shopping of quality products

Because the change of consumer shopping behavior leading the retail environment shift to the online platform. Consequently, HKTV received benefits from this changing that allows the company to have 813,000 unique customers in 1H2020 and more than 3,700 merchants and suppliers partnering with HKTVmall.

There six major product categories that HKTVmall has launched to the online platform as well as O2O concept shop for consumers. The table shown below will provide Quarterly Gross merchandise Value (GMV) on completed orders before the pandemic in 2019 and during the pandemic in 2020.

Figure 1 Gross Merchandise Value by Categories and by Quarterly 2019-2020



Source : (Hong Kong Television Network Ltd, 2020 page.13)

Figure 1 shows the value of Groceries goods is the highest amongst other consumer goods leading the biggest proportion for GMV. And due to the Covid-19 outbreak during Q2 2020, the overall GMV has tremendously increase compared to the same quarterly in 2019 indicated 113.6%

The finding here stated that grocery products demand is higher due to social distancing restrictions. Peoples need groceries products to maintain a regular living. And these product demands elastic is low. Therefore consumers tend to buy more when they need it. The stronger brand image of HKTVmall built over the years reflecting the result shows that most online consumers prefer to buy an essential daily use product from the biggest online shopping company in Hong Kong. But when the social distancing is over. Peoples can buy groceries products in-store instead of online, which can negatively impact the HKTVmall overall GMV.

2.3 Market Competition :

Supermarket business concepts can be defined as an online and offline model. There are using two different business models. Where the offline supermarket tends to store operation driven for revenue. But for online supermarket, it more depends on the design and online strategy management of automated, by consolidating different function using technology, such as robotic, warehousing, and logistic models; offline supermarket emphasizes store operations while online supermarket focuses on the design and management of fully automated warehousing and logistics systems

By variation, HKTVmall using big data analysis helps the company develop the most giant-scale automated picking and fulfillment center. The systems enhance the efficiency of the entire pick and pack process. However, almost all the standard supermarket (offline mode) have no such knowledge in this area

However, online shopping platform businesses do have a different scale of companies investing in this sector over the past few years in Hong Kong. The table shown below is the companies with a similar business model and selling similar products by category and the debut platform compared to HKTVmall.

The market structure is changing. The consumer nowadays can be easy to find lower price online sellers. When the lower-cost company can provide higher quality products but retain the same cost as the larger company. the lower-cost company can obtain larger shares of business from higher-cost competitors

Table 1 : Competitors with similar selling products by category.

Company Categories / Debut Platform	HKTVmall	BigBig Shop	Ztore	PrettyMe
Groceries	✓	✓	✓	✓
Frozen Food	✓	✓		
Clothing	✓	✓		
Beauty and Health	✓	✓	✓	✓
Digital and Electronics	✓	✓		✓
Houseware and Household	✓	✓	✓	✓
Mother and Baby	✓	✓	✓	✓
Debut Business via OTT (over-the-top)	✓	✓		

Sources: (HKTVmall, 2021), (BigBig Shop, 2021), (Ztore, 2021), (PrettyMe, 2021)

Table 1 shows BigBig shop is the biggest competitor to HKTVmall in terms of product similarities and the debut platform. BigBig shop is the latest launched online shopping platform using OTT service "myTV SUPER" under Television Broadcasts Limited ("TVB") since 2018. TVB has the most historic brand image of representing the television broadcasting industry in Hong Kong since 1967. Over the years. TVB became the most prominent commercial Chinese program maker in the world. Making and output over 22,000 hours of dramas and various programs every year. Nevertheless. TVB has been investing in operating OTT service since 2016.

Although both HKTV and TVB were first debuting the online shopping platform through OTT service. But HKTV has decided to abandon the television operation and focus on the shopping platform since 2018. The OTT service operation from 2014 to 2018 allows HKTV to launch HKTVmall while simultaneously promoted HKTVmall's product and obtain new customer and their loyalty as the company objective for the long term. However. Without using OTT service as a promotion platform for HKTVmall to explore the product since then. In the first half of 2020 during the epidemic,

HKTVmall only accounted for about 16.3% of the 1H2020 GMV by the new customers, whereas most the business growth came from the existing customers obtained from or before 2019.

On the other hand, Since 2018, TVB strategies implementation on OTT service "myTV SUPPER, led the company became the top OTT operator in Hong Kong. Provided BigBig Shop opportunities to increase sales by reaching potential customers from a large scale audience. And generate relevant data for future development. See below table 2 and table 3 show the sales during the pandemic period for both companies. Due to the consumer's habit change to online shopping incrementally during the pandemic. And the marketing strategy implements enhanced customer loyalty for HKTVmall. The company profit has significant growth compared with last year and also to myTVB SUPER.

Table 2 : HKTVmall sales profit comparison before and during the pandemic

Years	Up to June 30, 2020	Up to December 31 2019
Gained / (Loss)	109 million	(289) million

Source : (Hong Kong Television Network Ltd, 2020 page.10)

Table 3 : Sales profit comparison before and during the pandemic.

Years	Up to June 30, 2020	Up to December 31 2019
Gained / (Loss)	1 million	44 million (BigBig Shop alone)

Source : (Television Broadcasts Limited, 2020 page.8 & 2019 page.40)

The findings for tables 2 and 3 demonstrated the business performance is determined by brand image and consumer loyalty. To keep the online business continuously growing for the long run after the pandemic and using good of consumer e-loyalty would boost the overall company performance against competitors. This result helps to understand how to ensure business continuity under Covid-19, which is aligned with the study objective.

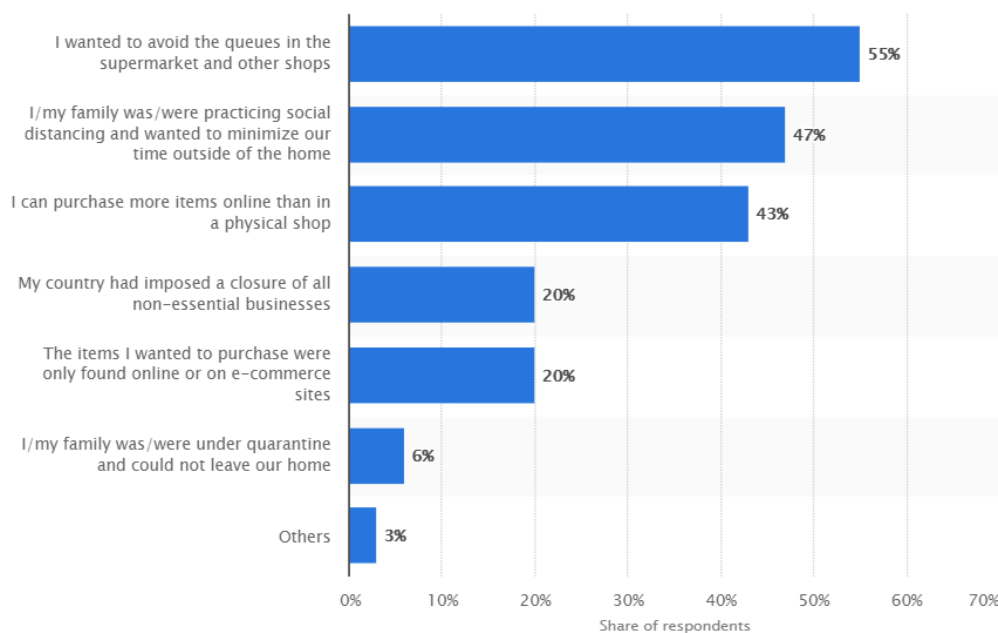
3. Company Performance During Pandemic

3.1 The general business Environment

Like many cities around the world, Hong Kong is heading into uncharted territory as it deals with the Covid-19 pandemic. Seven million people move relatively quickly to put measures in place to help fight the extend of the coronavirus. These include closing schools, social distancing restriction, and canceling public events. Consequently, many peoples are forced to stay at home for more than several months intermittently since Jan, 2019.

Figure 2 stated that people prefer to increase online purchases during the early phase of the pandemic period rather than physically going to the supermarket to avoid waiting in queues and minimize social distancing and minimize spending time away from home. According to the same survey conducted in May, 2020 in Hong Kong, it has more than two thousand respondents. Indicated 43% of customers agreed they can purchase more items online than in a physical shop. These are the factors that caused demand growth for grocery products.

Figure 2 : Factors caused consumer preference transformation in Hong Kong



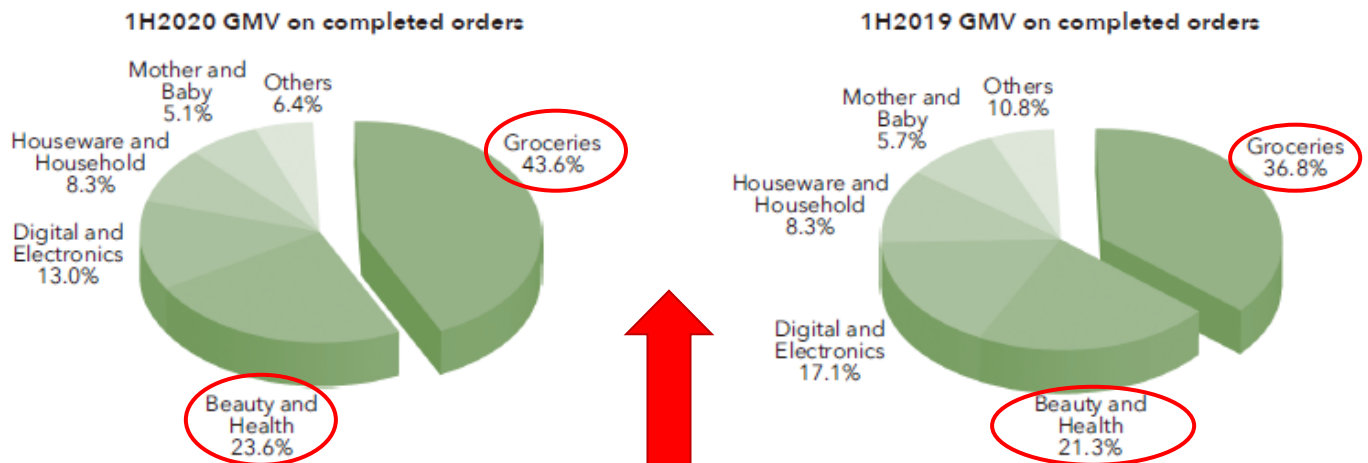
Source : Statista, 2021

The demand definition refers to explain that the various quantities of a given commodity or service which consumers willingly to purchase in one market in a given time at different prices, or at multiple incomes, or at different prices of related commodities (Anderton, 2006). And once the consumer is willing to pay for a specific product or service, it is call price. As the sum of units purchased at that given price is defined as the quantity demanded. When the price of a good increase, the quantity demanded will almost certain to decrease of that product. Or, inversely, a drop in the price will increase the quantity demanded. (Textbook Equity Edition, 2014).

A demand curve is a downward slope representing the correlation effect by increasing price and quantity. In economic terms, it is called the law of demand (Lipsey and Harbury, 1992). If the price is reduced, the consumer is willing to buy more, but inversely, consumers resist buying more if the price is relatively high. The law of demand is included with common sense. This can explain why the consumer willing to buy more commodities from HKTVmall when the promotion of online sales can generate more GMV (Gross Merchandise Value) during the Covid-19 period. Its proven evidence of the law of demand.

Buying things based on one more factor, and that function has been noted in any specific period, a consumer derives less satisfaction from each consecutive unit of the commodities that the consumer consumes. And this satisfaction can be termed a marginal utility. Due to consecutive units yield less and less marginal utility, consumers are willing to purchase additional units if the price of those units is significantly reduced and that expenditure is subject to diminishing marginal utility. Income and replacement effects combine to make buyer able and willing to purchase more of a product at a low price rather than price is relatively consider as high (Trivedi, 2006), (Aryasri, 2008), (IntroBooks, 2019)

Figure 3: GMV completed orders percentage comparison



Source : (Hong Kong Television Network Ltd, 2020 page.14)

In figure 3 shows the Groceries orders have significant increase compare a year before, Because people are restricted by social distancing regulation, people need to make recurring purchase catalyst, and product categories cross-selling factor also have caused an increase in the proportion of Groceries during 1H2020

Home time increased, leading HKTVmall GMV increased during Covid-19 outbreak. Since the increase of staying at home, Hong Kong people tend not to explore themselves in crowded public area. Hence, the GMV (Gross Merchandise Value) has scored a record high in January 2020 at HK\$338.0 million and further going up to HK\$482.4 million in February 2020 with an average daily order number of 32,600 during the first wave of the pandemic.

The main revenue comes from GMV orders. Groceries continued as the largest contributor to GMV on completed orders and accounted for 43.6% (1H2019: 36.8%), Beauty and Health ranked the second and contributed to 23.6% (1H2019: 21.3%) and Digital and Electronics ranked the third and contributed to 13.0% (1H2019: 17.1%)

This section findings have been drawn as the most popular products for the online consumer who would like to make a purchase order via HKTVmall is always a groceries product and beauty and health product even before the pandemic. Another product that HKTVmall provides for online consumers is not as attractive as a groceries product or beauty and health. Therefore, HKTVmall has built a certain level of consumer e-loyal for the company. But only apply for those products that the consumer is willing to orders.

3.2 The Cost Structure

In a review of the cost structure for HKTVmall between 2019 and 2020. There is a different proportion of expenses in maximizing the entire robotic system capacity for the automated picking and storage system. Hence, the system can handle daily orders from 20,000 orders in 2019 further increased to 35,000 orders by 2020. Besides that, the labor cost is also other critical expensive while improving the daily capacity to handle orders during the pandemic period since early 2020.

Table 4 : Major items cost percentage share before and during the pandemic

Six months ended Items (Percentage Share)	2020 June 30	2019 June 30
Operating Expenses (Including Fulfilment cost, O2O Shop operating expenses, and eCommerce operation supporting)	37.7 %	43.7 %
Cost of Inventories	44.4 %	37.3 %
Employee Cost	17.8 %	18.9 %
Total Amount 100% (Expressed in million HKD)	(1,521) 34%	(1,004)

Source : (Hong Kong Television Network Ltd, 2020 page.16, 22, 29)

Table 4 shows the total items of expensive cost intake in June 30, 2020, of HK\$1,521 million, representing 34% growth relative to June 30, 2020, of HK\$1,004 million. The cost of inventory percentage in 2020 is increased compared to a year before, because the storage system is not ready to handle massive orders, especially during the high demand for online shopping due to pandemic issues. Average daily orders increased from 15,000 orders per day in June 2019 to 29,800 orders per day in June 2020. It even achieved a record high in July 2020 with average daily orders of 36,300 orders per day.

The finding from this section shows that the cost of keeping inventories is the most significant proportion of the expense for HKTVmall. Because the major best selling items are the groceries items necessary to keep these items in place to ensure a constant product supply and delivery efficiency for online orders. Thus, the operating expense and employee cost relatively low compared to last year due to the lack of consumers buying products from in-store shops during the pandemic. Therefore, less employee workforce for the O2O actual shop.

3.3 The Revenue Structure

Table 5 : Major revenue income before and during the pandemic

Before and during the pandemic Items	2020 June 30	Annual growth rate	2019 June 30
Revenue (In million of HKD)	1,340	↑ 114.2 %	625
GMV (Gross Merchandise Value) (In million of HKD)	2,746	↑ 113.6 %	1,285
Average Daily Order	29,700	↑ 121.6 %	13,400
Average Order Value (HKD)	508	↓ 4.15 %	530

Source : (Hong Kong Television Network Ltd, 2020 page.9)

Table 5 shows that even the average order value "Price" is slightly lower than last year. But the revenue has tremendously increased by 114.2% to HK\$1,340.0 million (1H2019: HK\$625.5 million). Hence, from figure 5 shows that the demand curve has shifted over the period. Any alter that increases the quantity that allows consumers to buy more at any given price shifts the demand curve position (Mankiw, 2018).

The finding has demonstrated that the HKTVmall generated revenue, because the average order value increased, leading the GMV also increased. This is because the demand has increased average daily order due to the social distancing restriction forcing people to buy groceries goods more often rather than place an order once. Therefore, causing the average order value is slightly dropped compared to 2019.

4. Analysis and Discussion

4.1 Demand Challenges

Despite the HKTVmall successfully achieved profit turnaround in 1H 2020. And generate unique customers incrementally over the last few years. But according to the Food and Health Bureau of Hong Kong. The Government's objective target is to provide vaccines for a greater part of the Hong Kong population by 2021 through vaccination programs deployed in January (Press Releases, 2020). Therefore, when the Hong Kong government withdraws the social distancing measurement. The demand of online shopping will also decline. And the demand of in-store shopping will be increase. A review of the similar virus outbreak impact in Hong Kong back to 2003. The SARS pandemic situation occurred from February to June in 2003, after the epidemic is over. The retail sales by type of retail outlet have indicated significant growth. See table 6 shows below provided official data from The Census and Statistics Department of Hong Kong comparing retail Sales before and after the SAR outbreak.

Table 6 : Retail outlet Sales comparison before and after SARS

Month of the years comparing with a year earlier	2004 April	2003 April
Retail Sales items by type of retail outlets		
Jewellery, watches and clocks, and valuable gifts	+71.4%	-44.3%
Wearing apparel, footwear and other clothing accessories	+81.2%	-56.7%
Miscellaneous consumer goods, food, drinks, alcoholic	+21.7%	-11.6%

Source : (Press Release, 2003) (Press Release, 2004)

Table 7 : Retail outlet Sales during pandemic in 2020

Month of the years comparing with a year earlier	2020 Nov
Retail Sales items by type of retail outlets	
Jewellery, watches and clocks, and valuable gifts	-16.1%
Wearing apparel, footwear and other clothing accessories	-31.6%
Miscellaneous consumer goods, food, drinks, alcoholic	-8.8%

Source : Press Release??, 2020

Table 6 stated that consumer shopping behavior will be increased tremendously once the pandemic is over from periods of experience. Although the eCommerce shopping trends has not mature developed at that time. But even after the short period of the pandemic matrix (Feb – Jun in 2003), which can still stimulate retail sales for different retail outlets. Therefore, consumer shopping habits expect to switch back to traditional shopping habits when the Covid-19 pandemic is relatively lower. Especially once the vaccination programs and public social activity are resumed normal in the coming future. Maintaining consumer loyalty and maintaining their online shopping intention is critical for the company to survive and develop after the pandemic is over.

The finding from this section shows and expected the in-store retail sales for all groceries, and other luxury goods items will be increase, once the pandemic is over. The shopping intention will be to switch from an online platform to in-store shopping instead. Therefore the demand using online shopping for grocery items will also decrease, whereas the significant revenue for HKTVmall online shop is by selling groceries items. Thus, the HKTVmall revenue will be effected once the pandemic is over.

4.2 Cost Challenges

Since the online shopping business was established in February 2015, HKTVmall did not generate significant revenue and profit from the core business until the Covid-19 pandemic hit Hong Kong in 2020. Consequently, the company achieved a first time profit turnaround in 1H2020. However, HKTVmall plans to increase the cost of operation and investment that allows the automated pick/pack system and warehousing capacity to cater for further eCommerce business growth up to HK\$10 billion GMV in the coming three years

Table 8 : Cost breakdown for major expenditure comparison

Timeline	2020 June 30	2019 June 30	2018 June 30
Incomes			
Profit / Loss (HKD million)	109.3	(155.3)	(139.6)
Cost Expenditure (Past / Forecast)			
Operating Expenses (HKD million)	(574)	(439)	(336)
- Fulfilment cost			
- O2O Shop operating expenses			
- eCommerce operation supporting			
Expansion of e-fulfilment centre (HKD million)	(200)	N/A	N/A
- Additional 50,000 square feet			
Adding the 6 th fulfilment centre (HKD million)	(40)	N/A	N/A
Adding 200 – 250 delivery trucks (HKD million)	(90 to 110)	N/A	N/A
Upgrading computer hardware and software (HKD million)	(50)	N/A	N/A

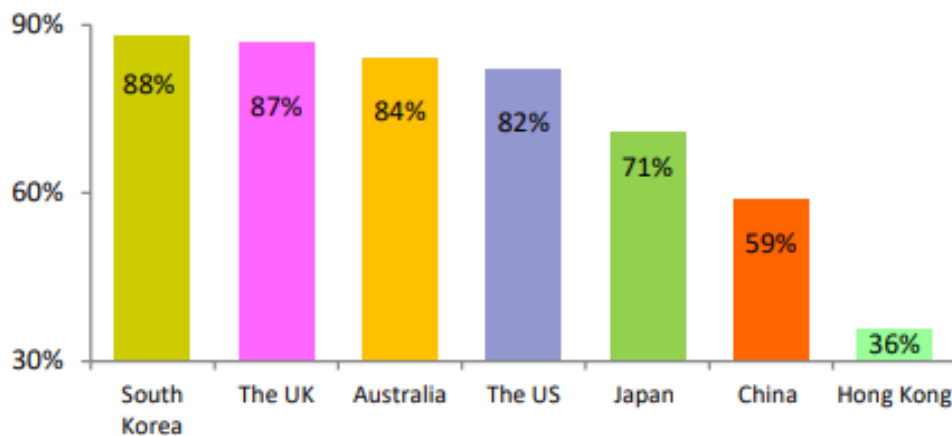
Source : (Hong Kong Television Network Ltd, 2020 page.20)

The finding from table 8 shows the biggest proportion of expenditure is the expansion of e-fulfilment center. Although the plan ahead for the future aims to enhance the fulfillment systems to handle an additional 50% of orders. But the profit and operation expenses is determined by the demand of consumer online shopping intention. As mentioned, the consumer might go back to the in-store shopping process once the pandemic is over. Therefore, these costs might be affected by this factor, moreover, with the uncertainty of some expense and expenditure for operation. HKTVmall might face the challenge of generating any sufficient income in the coming year.

4.3 Consumer Loyalty

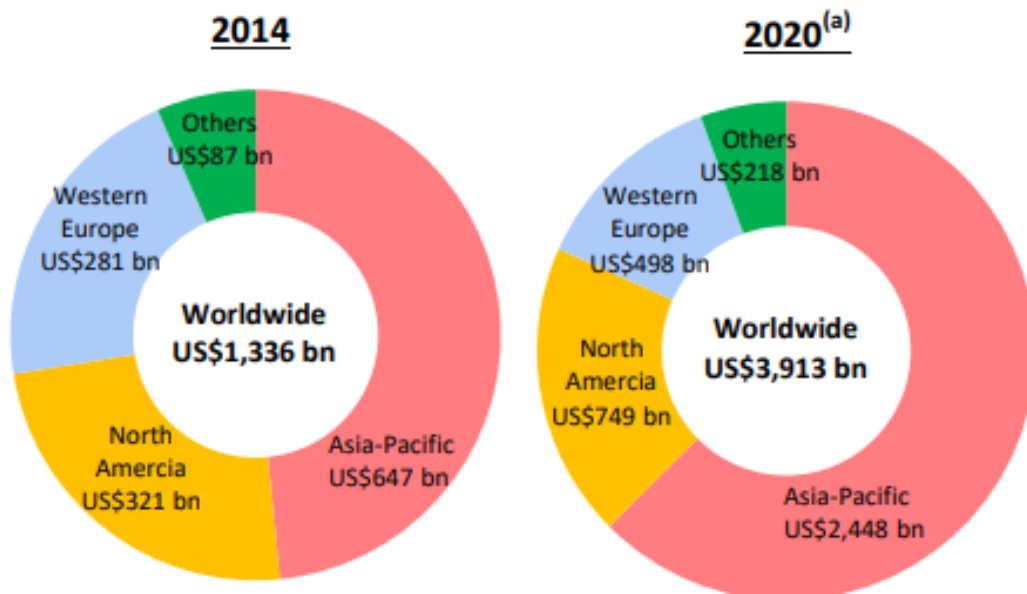
Hong Kong resident's online shopping intention can be reflected by revenue number increase from HKTVmall during the Covid-19 pandemic in 2020. But the argument has been made by reviewing the research result showing that the online purchasing penetration rate in Hong Kong is considered lower than other well-developed economies see figure 4. In fact, The retail sales by e-commerce in Asia-Pacific indicated the highest compared to other regions in 2019. Moreover, the research has estimated the growth of retailing sales for Asia-Pacific will be trebling to reach approximately US\$ 2,448 bn in 2020 see figure 5.

Figure 4 : Online consumers penetration rate in different economies, 2019



Source : (Information Technology and Broadcasting, 2020)

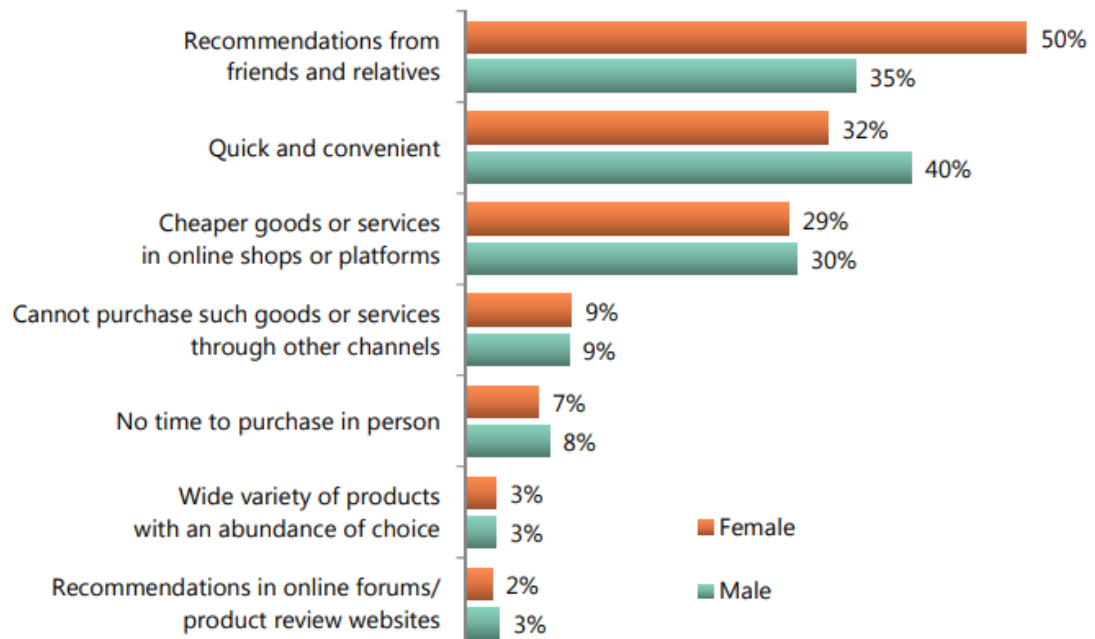
Figure 5 : Estimate retail sales potential growth in 2020



Source : (Information Technology and Broadcasting, 2020)

Covid-19 pandemic has boosted the growth momentum of online buying and selling, as a result has enticed more people to shift their shopping habits to online platforms. Hence, enhancing consumer loyalty to maintain their online shopping intention can improve the penetration rate for Hong Kong to be more competitive refer to this study (Consumer Council, 2016).

Figure 6 : Reasons for first-time online purchase (n=605)

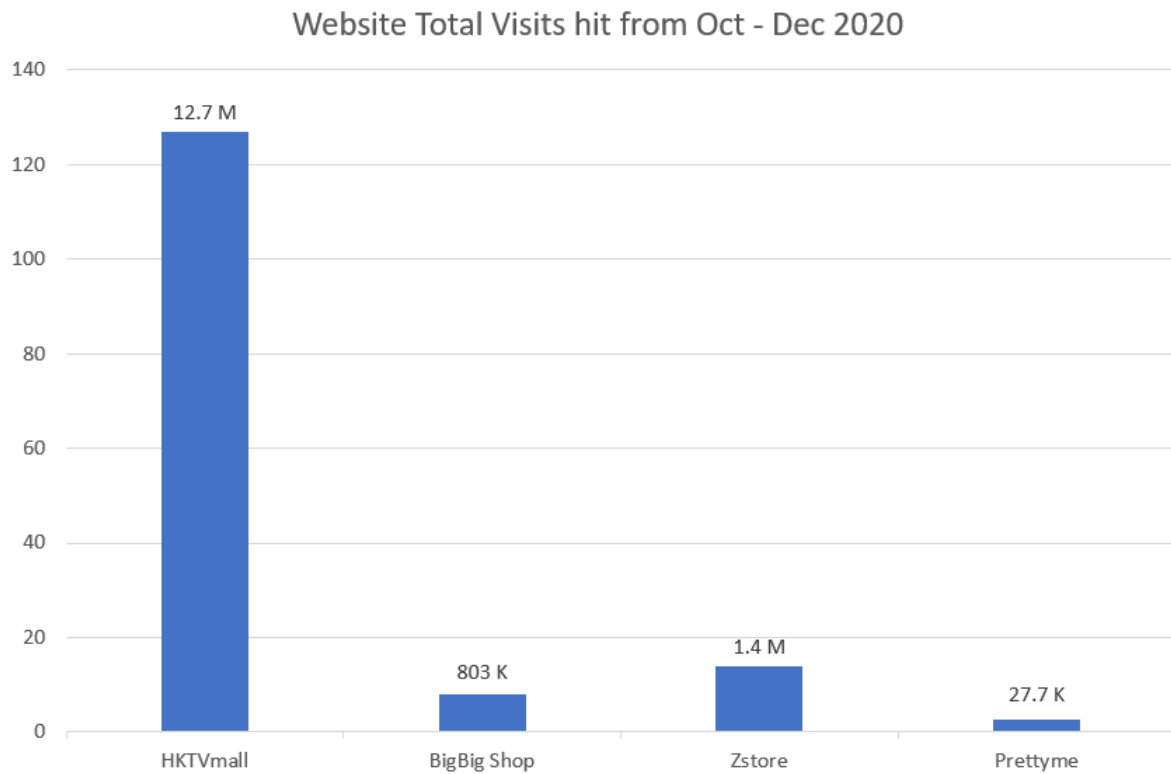


Source : (Consumer Council, 2016)

Figure 6 stated that the primary reason for first-time online purchases of Hong Kong people is to depend on a recommendation from friends and relatives. In terms of words of mouth. As HKTVmall leading the most popular online HKTVmall is the top 8 "2018 Millennial Word of Mouth" in Hong Kong out of 310 brands as revealed by research performed among adults aged 18–34 on the "Most Positively Talked About" brand in Hong Kong (Hong Kong Television Network Ltd, 2018).

During the fourth wave of Covid-19 in Hong Kong from Oct – Dec 2020. HKTVmall website indicates a 12.7 M hit score amongst other competitors see figure 7.

Figure 7: Total website visits over times comparison with competitors



Source : (Similarweb, 2021)

Figure 7 shows that the HKTVmall website received significant attention by online consumers during the pandemic's fourth wave. Customers who have online purchase relationships with companies before have already built a certain trust level. This trust can allow the company to enhance further customer loyalty based on different buyer shopping criteria (Pitta, Franzak and Fowler, 2006). HKTVmall can use the well-developed brand image and relationship with the customer to deploy more products or services to help to embrace customer loyalty, further obtaining potential online consumers in Hong Kong. Moreover, these products or services can remain highly market demand when the pandemic is over.

4.4 Maintain Consumer loyalty after the Covid-19 pandemic

4.4.1 Product Development

Changing product by market demand is essential for the company to continuously maintain business competitiveness and enhance customer loyalty after the Covid-19 pandemic. Consumer booking airline tickets at the last moment tend to have highly inelastic demand curves: When consumers are traveling for an important business purpose or family emergency matter, consumers are willing to pay a high price (Schneider, 2019). The consumer will increase the intention of going overseas for business travel or holiday as soon as after the pandemic is over. Because according to Atmosphere Research Group among business travelers in the U.S., 72% have some type of professional job that allows them to stay away from low risk of unemployment. 58% of leisure passengers have a professional job which is allow them to stay away from low risk of unemployment. In review of SARS or 9/11, leisure travel comes back sooner than business travel. In 2004, post-SARS passenger traffic growth was more than 14% (Cirium, 2020). Therefore, the air-ticket is considered inelastic demand low. When the increase percentage is higher than the decreased percentage. The revenue for airline ticket will be increase, according by the inelastic demand definition (Mishra, 2008)

Table 9: Potential growth in Flight booking segment in 2021

	2021 Estimation	2020	2019	2018
Revenue Growth in Flights booking segment % (1)	72.61	-56.70	8..28	8.06
Revenue Growth in Travel & Tourism % (2)	62.27	-53.89	5.47	6.58
Sales Channels for Flights booking by Online % (1)	88.03	87.76	87.28	86.41
Sales Channels for Travel & Tourism by Online % (2)	80.43	81.06	76.82	74.59

Source : (Statista, 2021)

(1) : Statistic data based on different purchase channel, such as an airline's website or a travel agency.

(2) : Statistic date based on different online travel agencies (OTA) such as Expedia, Booking.com, etc.

According to table 9. It indicates a significant potential increase in revenue and demand for flight booking and the travel and tourism sector, and this assumption is based on the Covid-19 pandemic will be stable or over in 2021. This is a potential opportunity for HKTVmall to sell related products or services to reach more potential customers in the market and offer this new product to existing customers to enhance customer loyalty for the long term. Most of the sales for both flight booking and travel and tourism sectors are made online nowadays. And the consumer habit in these sectors has consistently remained at a high level of growth over the years. Furthermore, HKTVmall has the same online purchase ecosystem and generating big data from consumers incrementally over the last several years. This can benefit HKTVmall to reach potential consumers from these sectors effectively.

4.4.2 Business Plan

Products and service:

Is to launch a flight booking system, according to table 9, the market for this product is increase after the pandemic. Thus, this new system allow an online consumer to book their flight ticket via HKTVmall online platform, incorporate this system with the HKTVmall membership program.

Provide an online discount promotion for a consumer to re-buy groceries items or other products via HKTVmall.

Long Term Objective

To enhance customer e-loyalty and continuously generate revenue and business growth for a long run after the pandemic. Also attract potential consumers to use HKTVmall to buy not only for the essential daily product. But also leisure-related product once the social distancing restriction is resuming normal.

Figure 8 : Milestones for input the new product

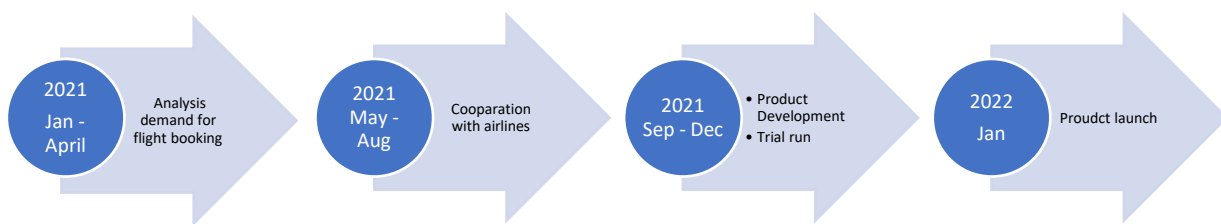


Figure 8 shows the timeline needs for HKTVmall to launch the system in next year. As mentioned in 4.1, the vaccination program objective will be complete by 2021. Thus, people intend to go overseas and travel, as also mention in table 9. Therefore, HKTVmall needs to be ready to launch this system by the earliest 2022.

Table 10: SWOT Analysis

Internal Strategic plan External Analysis	STRENGTHS -Strong Brand Image -Biggest online shopping platform -Largest big data intelligence -3.5 million membership	WEAKNESSES -Lack of cooperating experience with an airline company
OPPORTUNITIES -Maintain consumer online habit after the pandemic -Reach the potential customer -Demand for flights booking increase after a pandemic -Increase company market share	1. Launch flights booking system via HKTVmall online platform 2. Further provide related products or services (hotel booking, overseas voucher, etc.) 3. Searching potential focus customer by using big data	1. Recruit former travel agency or professional to provide related knowledge and skillset to establish a partnership with airline companies
THREATS -Competition with other online booking applications -Infectious pandemic might occur again in the future	1. Provide exclusive offer for existing member and focus consumers 2. Flight ticket refundable flexibility by HKTVmall products or service.	1. Further expansion in this travel-related business sector to increase bargain powder

See Table 10, the SWOT analysis is a concept credit by Albert Humphrey. After the analysis, HKTVmall suggested using sufficient resources to develop an online flight ticket booking system to maintain consumer loyalty and keep consumer online shopping retention after the pandemic over. And leading company continuously growth. Loyalty referred to re-buy a particular product or service with a consistent pattern in the future (Oliver, 1999). But the e-loyalty is more highlight loyalty of customers who have transacted over the internet (Reichheld and Schefter, 2000). E-loyalty can refer to the meaning that customers feel comfortable making transactions online on a specific website (Gao, 2005). The existing membership program for HKTVmall content 3.5 million members up to 2020. With the current mega data, HKTVmall can deploy an e-loyalty program with individual communication, customization, and data collection possibilities to consolidate information. Allow online flight booking service via HKTVmall website or application.

5. Conclusion and recommendations

This study's objective is to evaluate the strategies for a HKTVmall in Hong Kong to remain competitive under the Covid-19 epidemic situation. In review the HKTVmall overall company performance before and during the pandemic. The analyzed result shows that the objective is achieved. Because the pandemic situation impact given the HKTVmall is positive in terms of revenue, customer loyalty, and brand image comparing with other competitors during the pandemic. HKTVmall indicated a significant Gross Merchandise Value in 113.6% compared a year before, while groceries products were the largest contributor to GMV that led HKTVmall earned the group first net profit record HK\$109.3 million at the end of 2020. This implies that the consumer shopping habit demand has shifted to online purchasing incrementally not only the pandemic reason, but the pandemic has shortened this anticipated result at the earliest. Furthermore, HKTVmall has well-prepared consumer shopping habit change since in 2014. This finding is supported by reviewing the company's previous financial statement and using analysis techniques to examine the result.

In this report, the past data results under similar circumstances (SARS). It has proven that consumer shopping habits can change again once the pandemic is over. Developing an online flight booking service can capture the market demand in the future when the global epidemic is over.

This study also demonstrates that consumer demand change will create another change in profitable business opportunities. Because the eCommerce industry is growing globally, HKTVmall can make fair use of the existing resource and investment plan to further develop more demand-driven products while simultaneously stimulate customer buying retention via an online platform to maintain loyalty. The company needs to be able to change strategy and forecast the future market demand as crucial to keep company competitiveness within the market.

This report was limited to the pandemic situation still raging due to the number of confirmed cases being unstable; thus, the social distancing measures currently will be maintained while conducting this study. Data obtained from Hong Kong Government could not reflect the final impact of the

Covid-19 pandemic on this specific topic. In the future, other researchers can also make a business performance review studies between the locally and globally online shop business during the Covid-19 pandemic period after the pandemic is definite over.

The suggestion given to HKTVmall should not be limited to selling airline tickets but and other tourism-related products. Such as oversee restaurant or theme park vouchers, which can be considered in the future. However, HKTVmall should also remain a sufficient resource to enhance its core product and service, align with company objectives, and meet stakeholder expectations.

6. Reference

Aryasri, A (2008). *Managerial Economics And Financial Analysis*. 3rd ed. New Delhi: Tata McGraw-h=Hill Publishing Company Limited.

Anderton, A (2006). *Economics*. 3rd ed. London: Pearson Education Ltd.

Accenture (2020). *COVID-19 Is Reshaping The Consumer Goods Industry*. [online] Accenture.com. Available at: <https://www.accenture.com/_acnmedia/PDF-127/Accenture-COVID-19-CGS-Pulse-Survey-Research-Wave-4.pdf> [Accessed January 7 2021].

BigBig Shop (2021). *big big shop 網購平台*. [online] big big shop. Available at: <<https://www.bigbigshop.com/>> [Accessed 10 February 2021].

Cirium, 2020. *Open Letter To Travel: How To Be Innovative In A Crisis*. [online] Cirium. Available at: <<https://cirium.lookbookhq.com/airline-industry-opportunities/>> [Accessed 24 January 2021].

Consumer Council (2016). *A Study On Hong Kong Consumer Attitudes, Business Practices And Legal Protection*. [online] Consumer.org.hk. Available at: <https://www.consumer.org.hk/sites/consumer/files/competition_issues/online-retail/full%20report_e.pdf> [Accessed 14 January 2021].

Gao, Y (2005). *Web Systems Design And Online Consumer Behavior*. Hershey PA: Idea Group Pub.

HKTVMall (2021). *香港電視 HKTVmall 網上購物*. [online] Hktvmall.com. Available at: <<https://www.hktvmall.com/>> [Accessed 10 February 2021].

Hong Kong Television Network Ltd (2018). *Annual Report*. [online] Ir.hktv.com.hk. Available at: <<https://ir.hktv.com.hk/pdf/announcement/CW01137-AR18.pdf>> [Accessed January 3 2021].

Hong Kong Television Network Ltd (2019). *Annual Report*. [online] Ir.hktv.com.hk. Available at: <https://ir.hktv.com.hk/pdf/announcement/file/E_882690_AR_0408_2330_ESS.PDF> [Accessed January 3 2021].

Hong Kong Television Network Ltd (2020). *Interim Report*. [online] Ir.hktv.com.hk. Available at: <https://ir.hktv.com.hk/pdf/announcement/file/EW01137_IR_2020.PDF> [Accessed January 3 2021].

Lipsey, R. and Harbury, C., 1992. *First Principles Of Economics*. 2nd ed. Oxford: Oxford University Press.

Information Technology and Broadcasting (2020). *E-Commerce In Hong Kong*. [online] Legco.gov.hk. Available at: <<https://www.legco.gov.hk/research-publications/english/1920issh34-e-commerce-in-hong-kong-20200708-e.pdf>> [Accessed 14 January 2021].

IntroBooks (2019). *Law Of Supply And Demand*. Readintrobooks.com.

Mankiw, N (2018). *Principles Of Macroeconomics*. 8th ed. Boston: Cengage Learning.

Pitta, D., Franzak, F. and Fowler, D (2006). A strategic approach to building online customer loyalty: integrating customer profitability tiers. *Journal of Consumer Marketing*, 23(7), pp.421-429.

Mishra, R (2008). *Industrial Economics And Management Principles*. New Delhi: Laxmi Publication LTD.

Oliver, R. L. (1999) 'Whence Consumer Loyalty?', *Journal of Marketing*, 63(4_suppl1), pp. 33–44. doi: [10.1177/00222429990634s105](https://doi.org/10.1177/00222429990634s105)

PrettyMe, 2021. *PrettyMe 網上購物平台 | 體驗衣食住行網購樂趣，大量優惠產品發售*. [online] Prettyme.hk. Available at: <<https://www.pretty.me.hk/>> [Accessed 10 February 2021].

Press Release (2003). *Press Release (June 6 2003) :Provisional Statistics Of Retail Sales For April 2003 | Census And Statistics Department*. [online] Censtatd.gov.hk. Available at: <https://www.censtatd.gov.hk/press_release/pressReleaseDetail.jsp?charsetID=1&pressRID=-4574> [Accessed 12 January 2021].

Press Release (2004). *Press Release (June 7 2004) :Provisional Statistics Of Retail Sales For April 2004 | Census And Statistics Department*. [online] Censtatd.gov.hk. Available at: <https://www.censtatd.gov.hk/press_release/pressReleaseDetail.jsp?charsetID=1&pressRID=-4598> [Accessed 12 January 2021].

Press Releases (2020). *Government Announces Latest Development Of COVID-19 Vaccine Procurement*. [online] Info.gov.hk. Available at: <<https://www.info.gov.hk/gia/general/202012/12/P2020121200031.htm>> [Accessed 12 January 2021].

Reichheld, F. F., & Schefter, P. (2000, July/August). ELoyalty: Your secret weapon on the Web. Harvard Business ReviewAPA (American Psychological Assoc.)

Schneider, G., 2019. *Microeconomic Principles And Problems*. Routledge, pp.212-214.

Similarweb (2021). *Similarweb - Login*. [online] Pro.similarweb.com. Available at: <https://pro.similarweb.com/#/companyresearch/websiteanalysis/overview/website-performance/hktvmall.com,bigbigshop.com,ztore.com,prettytime.hk/*/344/3m?webSource=Total> [Accessed 16 January 2021].

Statista (2021). *Travel & Tourism - Hong Kong | Statista Market Forecast*. [online] Statista. Available at: <<https://www.statista.com/outlook/262/118/travel-tourism/hong-kong>> [Accessed 17 January 2021].

Statista (2021). *Flights - Hong Kong | Statista Market Forecast*. [online] Statista. Available at: <<https://www.statista.com/outlook/269/118/flights/hong-kong>> [Accessed 17 January 2021].

Statista (2021). *Hong Kong: Reasons To Increase Online Purchases During Coronavirus Pandemic 2020 | Statista*. [online] Statista. Available at: <<https://www.statista.com/statistics/1127328/hong-kong-reasons-to-increase-online-purchases-during-coronavirus-pandemic/>> [Accessed January 8 2021].

Trivedi, M (2006). *Managerial Economics Theory And Applications*. New Delhi: Tata McGraw Hill Education Private Limited.

Television Broadcasts Limited (2020). *TVB Interim Report 2020*. [online] Img.tvb.com. Available at: <http://img.tvb.com/corporate/_upload_/article/en/254365f2967a874e09eb24268e41a62f.pdf> [Accessed 7 January 2021].

Textbook Equity Edition (2014). *Principles Of Economics Volume 1 Of 2 Paperback – Illustrated, March 31, 2014*. Lulu.com; Illustrated edition.

Ztore (2021). 士多 Ztore. [online] 士多 Ztore. Available at: <<https://www.ztore.com/tc/>> [Accessed 10 February 2021].

7. Appendices

Appendix 1 : Statistic data based on different purchase channel, such as an airline's website or a travel agency.

Definition

Hong Kong, Flights in EUR

Revenue in million €

	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR in %
Total	1,298.97	1,403.70	1,519.89	658.13	1,136.01	1,479.61	1,771.35	2,031.45	2,201.08	6.81

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020, exchange rate: 0.88562 EUR/USD

Revenue Growth in percent

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total		8.06	8.28	-56.70	72.61	30.25	19.72	14.68	8.35

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020

Sales Channels in percent

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Offline	15.99	13.59	12.72	12.24	11.97	11.83	11.75	11.71	11.22
Online	84.01	86.41	87.28	87.76	88.03	88.17	88.25	88.29	88.78

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020

Users in millions

	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR in %
Total	1.60	1.66	1.73	0.72	1.20	1.51	1.75	1.95	2.06	3.27

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020

Penetration Rate in percent

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total	21.67	22.38	23.12	9.56	15.79	19.74	22.78	25.27	26.58

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020

ARPU in €

	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR in %
Total	814.09	844.47	877.68	912.32	946.97	980.43	1,011.79	1,040.45	1,066.09	3.43

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020, exchange rate: 0.88562 EUR/USD

Global Comparison - Revenue in million €

	2017	2018	2019	2020	2021	2022	2023	2024	2025	Rank
United States				35,646.89						1
China				30,851.55						2
India				24,161.89						3
United Kingdom				9,268.49						4
Germany				8,482.71						5
Hong Kong				658.13						38

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020, exchange rate: 0.88562 EUR/USD

Global Comparison - User Penetration in percent

	2017	2018	2019	2020	2021	2022	2023	2024	2025	Rank
Sweden				18.46						1
New Zealand				17.30						2
Australia				15.13						3
Norway				15.09						4
United Kingdom				14.57						5
Hong Kong				9.56						21

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020

Appendix 2 : Statistic date based on different online travel agencies (OTA) such as Expedia, Booking.com, and Airbnb

Definition
Hong Kong, Travel & Tourism in EUR

Revenue in million €

	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR in %
Total	2,578.62	2,748.26	2,898.69	1,336.58	2,168.90	2,759.93	3,225.85	3,643.67	3,898.67	5.30
Cruises	219.87	242.67	238.13	68.32	149.61	205.00	251.03	291.89	317.46	4.70
Vacation Rentals	423.74	461.52	503.33	307.81	436.61	532.57	614.61	687.05	735.37	7.13
Hotels	932.20	965.25	1,006.65	580.34	812.08	978.72	1,122.49	1,253.30	1,343.80	4.68
Package Holidays	1,002.81	1,078.82	1,150.58	380.11	770.60	1,043.64	1,237.72	1,411.44	1,502.05	5.18

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020, exchange rate: 0.88562 EUR/USD

Revenue Growth in percent

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total		6.58	5.47	-53.89	62.27	27.25	16.88	12.95	7.00
Cruises		10.37	-1.87	-71.31	118.98	37.02	22.45	16.28	8.76
Vacation Rentals		8.92	9.06	-38.85	41.84	21.98	15.41	11.79	7.03
Hotels		3.55	4.29	-42.35	39.93	20.52	14.69	11.65	7.22
Package Holidays		7.58	6.65	-66.96	102.73	35.43	18.60	14.04	6.42

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020

Sales Channels in percent

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Offline	26.58	25.41	23.18	18.94	19.57	19.45	18.64	18.42	17.87
Online	73.42	74.59	76.82	81.06	80.43	80.55	81.36	81.58	82.13

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020

Users in millions

	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR in %
Total	4.69	4.83	4.97	2.57	3.73	4.51	5.11	5.65	5.97	3.07
Cruises	0.23	0.25	0.24	0.07	0.15	0.20	0.24	0.27	0.29	3.00
Vacation Rentals	2.03	2.08	2.13	1.23	1.65	1.92	2.13	2.30	2.39	2.07
Hotels	3.72	3.81	3.93	2.25	3.12	3.74	4.27	4.74	5.07	3.95
Package Holidays	1.31	1.38	1.43	0.46	0.89	1.16	1.33	1.47	1.53	1.94

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020

Penetration Rate in percent

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total	63.62	65.03	66.34	34.04	49.11	58.97	66.56	73.08	76.80
Cruises	3.12	3.37	3.22	0.90	1.93	2.58	3.09	3.52	3.75
Vacation Rentals	27.57	27.95	28.41	16.27	21.74	25.15	27.71	29.77	30.79
Hotels	50.50	51.28	52.50	29.77	41.07	48.91	55.51	61.42	65.29
Package Holidays	17.80	18.61	19.11	6.04	11.69	15.14	17.26	19.03	19.68

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020

ARPU in €

	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR in %
Total	550.37	568.86	583.29	520.19	581.29	612.31	630.68	645.32	653.48	2.17
Cruises	955.94	970.69	986.97	1,004.78	1,022.36	1,040.35	1,057.77	1,074.17	1,089.17	1.64
Vacation Rentals	208.69	222.28	236.48	250.69	264.36	277.09	288.59	298.73	307.49	4.96
Hotels	250.62	253.40	255.99	258.28	260.23	261.83	263.12	264.14	264.93	0.70
Package Holidays	764.82	780.20	803.76	834.02	867.82	901.70	932.95	960.02	982.41	3.18

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020, exchange rate: 0.88562 EUR/USD

Global Comparison - Revenue in million €

	2017	2018	2019	2020	2021	2022	2023	2024	2025	Rank
United States					92,618.83					1
China					79,068.18					2
Germany					40,642.60					3
Japan					26,013.08					4
United Kingdom					23,654.33					5
Hong Kong					2,168.90					32

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020, exchange rate: 0.88562 EUR/USD

Global Comparison - User Penetration in percent

	2017	2018	2019	2020	2021	2022	2023	2024	2025	Rank
Sweden					60.04					1
Belgium					58.07					2
Denmark					57.35					3
Austria					56.00					4
Switzerland					55.95					5
Hong Kong					49.11					12

Source: Statista (Forecast adjusted for expected impact of COVID-19), September 2020

