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An Analytical Report on How Global price Changes Affects Domestic market

An Analytical Report Submitted in Contribution to 100% Module Assessment

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Synopsis

This article presents an empirical study investigating the impact of global price changes on the domestic retail markets of Hong Kong and Malaysia. Through a comparative analysis of consumer inflation patterns, the research highlights key insights into the influence of inflationary trends on retail performance.

The study reveals that Hong Kong's inflation rate averaged 1.86% during the recent period, while Malaysia's consumer price index showed a mean growth rate of 3.14%. These findings underscore significant disparities in consumer behavior and inflationary pressures between the two regions. Recommendations include focusing on specific demographics and employing flexible pricing strategies to navigate the distinct economic landscapes in both markets, thereby supporting the company's objective of expanding its global business operations.

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1 Introduction

This article presents an empirical analysis of how global price changes impact the domestic retail market, specifically through a comparative study of consumer inflation patterns in Hong Kong and Malaysia. The main aim is to identify potential investment opportunities for enhancing the company's global operations. The investigation focuses on key indicators, such as the Consumer Price Index (CPI) and Gross Domestic Product (GDP), which demonstrate a significant positive relationship between the consumer inflation rate and retail sales in Hong Kong (Barnett and Sergi, 2021). Given Malaysia's favorable economic environment, marked by a steady CPI growth of 3.14%, it is positioned as a promising site for establishing a new department store for WO.

1.1 WO company international limited (WO) background and challenges

WO, a publicly listed company in Hong Kong with the stock code 289, operates primarily within two core business segments: department store operations in Hong Kong and global property investments. According to its most recent annual report, the company has encountered significant challenges in its department store operations, resulting in an operating loss of HKD 2.8 million (WO, 2024).

As a publicly listed entity, WO's stock price serves as an indicator of its business performance over the past decade, from 2014 to 2024. During this period, the stock reached a peak price of HKD 30.1; however, it subsequently experienced a decline, falling to HKD 11.80, representing a decrease of over 50% (Yahoo!finance, 2025). This substantial drop underscores the challenges faced by the company and may prompt a reassessment of its strategic direction moving forward (Köse, 2019).

1.2 Research motivation for improve department store business

In response to evolving market dynamics, WOC has undertaken significant measures, including large-scale discount sales and the closure of its branch in Discovery Bay in 2023. These actions reflect the changing consumer spending habits and shopping patterns in Hong Kong, particularly the increasing tendency of consumers to travel north to the Greater Bay Area for retail purchases (WO, 2023). This shift is anticipated to persist, thereby applying continued downward pressure on Hong Kong's retail market.

Conversely, Malaysia, as a member of the ASEAN, maintains a free trade relationship with Hong Kong. The overall population of Malaysia has demonstrated a consistent upward trend over the years, with an increase of 10.91% from 2014 to 2024 (refer to Appendix 1.0). According to Kearney (2024), Malaysia ranks eighth in the Global Retail Development Index among over 40 markets, positioning it as one of the top three countries in Asia, alongside China and India.

These factors underscore the need for WOC to reassess its strategic positioning and explore opportunities in the Malaysian market, which presents favorable conditions for retail expansion. By adapting to these market changes, WOC can improve its department store business and leverage the potential for growth in a more stable retail environment.

1.3 Research methodology

This report employs qualitative methods to explore the retail markets of Hong Kong and Malaysia. The primary focus is on qualitative approaches, complemented by statistical analyses including regression and correlation techniques, which help identify trends and generate forecasts. Additionally, econometric analysis is utilized to enhance the depth of the research. A thorough literature review further supports this analysis by systematically compiling and evaluating existing studies, thereby providing essential context and pinpointing potential gaps in the current understanding of Malaysia.

1.4 Overview of Key Sections

The research background introduces the importance of critical economic indicators, establishing the context for analyzing retail sales and consumer inflation in both Hong Kong and Malaysia. Following this, the theoretical basis discusses the macroeconomic theories that inform the analysis, particularly focusing on the relationships among GDP, inflation, and retail performance. The section on current performance of consumer inflation and retail sales presents an overview of the dataset, highlighting recent trends in consumer inflation and retail sales across both regions. In the analysis and discussion, patterns of consumer inflation and retail sales in Hong Kong are examined, followed by a comparative analysis with Malaysia. The summary of findings synthesizes the key insights derived from this analysis, while the conclusion and recommendations offers actionable strategies based on these findings, aimed at supporting informed decision-making for potential retail investments.

2 Research Background

This analysis report examines critical economic indicators such as gross domestic product (GDP) and the inflation rate as reflected in the Consumer Price Index (CPI). These indicators are essential for evaluating a region or nation's economic performance and overall quality of life. Specifically, GDP measures economic activity and growth, while the inflation rate directly impacts purchasing power (Sabry, 2023).

For this comparative analysis, Malaysia has been selected due to its dynamic economic landscape and the emergence of notable trends. The country's recent developments provide an opportunity to explore the interplay among these vital indicators. By investigating how GDP influences inflation

and how inflation affects overall economic conditions, the report aims to illuminate the intricate relationships that shape Malaysia's economic environment.

The objective of this report is to uncover meaningful insights into the interconnections among these indicators. Understanding these relationships will enhance comprehension of the strategic opportunities and challenges within Malaysia's economic framework. This analysis not only provides a comprehensive overview of Malaysia's current economic state but also highlights potential areas for growth and development, equipping stakeholder for WO with valuable information for informed decision-making.

2.1 Theoretical basis

This report is grounded in macroeconomic theory, which assesses aggregate economic indicators to evaluate overall performance and societal well-being. Within this framework, it explores the interactions among essential economic factors, including GDP and the inflation rate. Each variable is analyzed to determine its collective impact on economic health and overall quality of life (Konarasinghe, 2023).

By highlighting these interrelationships, the report aims to provide a comprehensive understanding of how these indicators influence the strategic decision to establish a new retail department store in Malaysia. This analysis will help inform business strategies and policy-making by elucidating the dynamics at play in the Malaysian economic landscape.

2.2 Current performance of consumer inflation and retail sales in Hong Kong and Malaysia

The current performance of consumer inflation and retail sales in Hong Kong and Malaysia presents important implications for economic analysis and retail strategy, particularly as businesses contemplate expansion opportunities. Recent statistical and market reports reveal that Hong Kong has faced dropping CPI, attributable to other variations in consumer demand and consumer behavior (Boone, Kurtz and Pfaltzgraf, 2025). Although retail sales have experienced notable fluctuations, overall consumer sentiment reflects both adaptability in spending patterns and a degree of caution in response to inflation.

Conversely, Malaysia exhibits a more resilient landscape. Despite ongoing inflationary trends, retail sales have demonstrated robust growth, supported by a diverse consumer base and proactive economic policies. Analysis indicates that Malaysian consumers are adjusting their purchasing behavior, prioritizing essential goods while also engaging in discretionary spending where feasible. This adaptability is critical for businesses aiming to capture market share in the region.

In light of these observations, the objective of this research is to conduct a critical review of

pertinent statistical reports and market analyses to better understand the relationship between consumer inflation and retail sales in both regions (Mahdzan et al. 2021). This analysis will inform strategic decision-making, especially for entities considering the establishment of new department stores in Malaysia. By examining these key variables, the report aims to provide a comprehensive framework that can guide expansion strategies, ensuring that new ventures are effectively positioned to address consumer needs within a dynamic economic environment. Ultimately, this research aspires to equip stakeholders with actionable insights that align with prevailing market conditions in Hong Kong and Malaysia.

2.3 Dataset

This analysis utilizes comprehensive annual time-series data covering the period from 2014 to 2024, focusing on key economic indicators in both Hong Kong and Malaysia. The dataset comprises four pivotal variables that are instrumental in understanding the interplay between retail sales and inflation. The first variable is the annual percentage change in retail sales value for Hong Kong (HKVRS), quantified in millions of Hong Kong Dollars (HKD). This measure reflects consumer spending trends and overall market conditions. The second variable is the annual percentage change in the Hong Kong Consumer Price Index (APCHKCPI), which serves as an indicator of inflation by capturing the average changes in prices paid by consumers for a market basket of goods and services.

Furthermore, the dataset includes the annual percentage change in retail sales value for Malaysia (APCHKVRS), representing year-on-year changes in consumer expenditure within that market. Finally, the annual percentage change in the Malaysian Consumer Price Index (MAPCHCPI) is included to illustrate inflationary pressures in Malaysia.

The data sources for this analysis are robust and credible; they include OpenDOSM (2024) for the MAPCHCPI figures and the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region (2025) for HKVRS, APCHKCPI, and APCHKVRS. By employing these data points, the study aims to perform a comparative assessment of Hong Kong's retail sales performance set against the backdrop of consumer price inflation trends in both Hong Kong and Malaysia, ultimately providing valuable insights into the economic dynamics of these regions.

Table 1.0: Annual percent change (%) in value of retails sales in Hong Kong and consumer inflation in Hong Kong and Malaysia (from 2014 to 2024)				
	Hong Kong			Malaysia
Year	HKVRS (HK\$ Million)	APCHKVRS	APCHKCPI	MAPCHCPI
2014	52,273	1.33	4.90	2.70
2015	50,123	-4.11	2.30	2.70
2016	47,011	-6.21	1.20	1.70
2017	48,617	3.42	1.70	3.50
2018	53,257	9.54	2.50	0.20
2019	46,353	-12.96	2.90	1.00
2020	35,939	-22.47	-0.90	-1.40
2021	34,752	-3.30	2.40	3.20
2022	31,294	-9.95	2.00	3.80
2023	35,176	12.40	2.30	2.50
2024	30,302	-13.86	2.30	2.80
Source: OpenDOSM, 2024; Census and Statistics Department The Government of the Hong Kong Special Administrative Region, 2025				
Notes: Inflation rate, end of period consumer prices (Annual percent change)				

Table 1.0 presents Hong Kong retail sales data (HKVRS and its annual percentage change, APCHKVRS) alongside Hong Kong (APCHKCPI) and Malaysian (MAPCHCPI) consumer price inflation from 2014-2024.

Hong Kong's retail sales (APCHKVRS) demonstrated significant volatility from 2014-2024, swinging between periods of substantial growth (such as 9.54% in 2018) and sharp contractions. This instability is highlighted by considerable declines in 2015 (-4.11%), 2016 (-6.21%), 2019

(-12.96%), and 2024 (-13.86%), with the most dramatic decrease occurring in 2020 (-22.47%), strongly suggesting a major negative impact from the COVID-19 pandemic.

The most interesting aspect is the contrast between this price stability and the considerable volatility observed in Hong Kong's retail sales (HKVRS and APCHKVRS) during the same period. This divergence suggests that factors beyond domestic inflation significantly impacted Hong Kong's retail sector. For example, while both economies experienced some deflationary pressures in 2020, the impact on Hong Kong's retail sales (-22.47%) was far more pronounced than the inflationary changes in either country.

Analysis of Hong Kong retail sales value (HKVRS) from 2014 to 2024 reveals a predominantly declining trend, despite relatively stable inflation rates in both Hong Kong (APCHKCPI). While the significant drop in 2020 is attributable to the COVID-19 pandemic, the overall downward trajectory of HKVRS starting in 2014 suggests underlying factors beyond the pandemic contributed to the decrease in retail sales values.

Table 1.1: Gross Domestic Product (GDP) of Hong Kong and Malaysia (2014-2024)		
Year	Hong Kong	Malaysia
2014	2.8	6
2015	2.4	5
2016	2.2	4.4
2017	3.8	5.8
2018	2.8	4.8
2019	-1.7	4.4
2020	-6.5	-5.5
2021	6.5	3.3
2022	-3.7	8.9
2023	3.3	3.6
2024	3.2	4.8
Source: International Monetary Growth 2025		

In Hong Kong, the GDP growth rate fluctuated significantly over the decade. Notably, the economy experienced a sharp contraction of -6.5% in 2020, likely due to the impacts of the COVID-19 pandemic and related social disruptions. Following this downturn, Hong Kong saw a robust recovery in 2021 with a growth rate of 6.5%. However, the subsequent years indicated ongoing instability, particularly with a decline of -3.7% in 2022, before stabilizing to around 3.3% and 3.2% in 2023 and 2024, respectively.

Conversely, Malaysia's GDP growth remained relatively more stable compared to Hong Kong. Though the Malaysian economy also faced challenges during the pandemic, its GDP showed a less severe contraction of -5.5% in 2020, and it rebounded sharply in 2021 at 3.3%. Notably, Malaysia recorded a remarkable growth rate of 8.9% in 2022, signaling a strong recovery. In 2023, the growth rate was 3.6%, followed by 4.8% in 2024, illustrating a consistent upward trajectory.

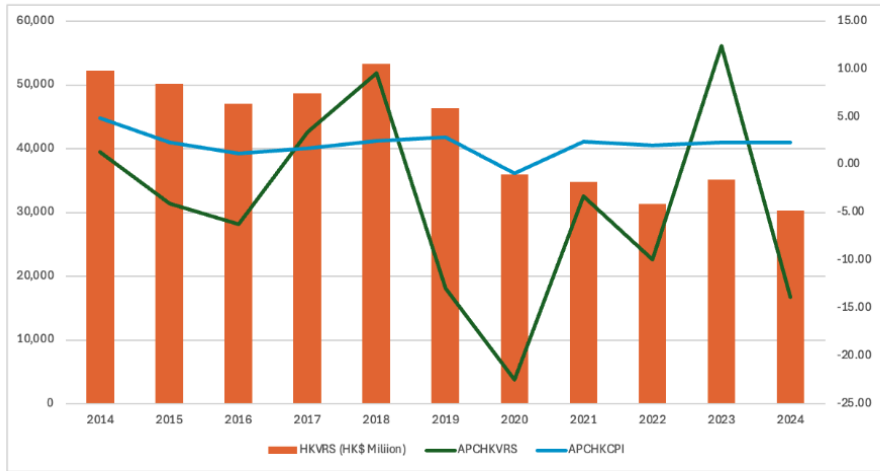
3 Analysis and Discussion

This section examines the patterns of consumer inflation and retail sales in both Hong Kong and Malaysia, highlighting similarities and differences in their trends. It investigates how retail sales values in Hong Kong have fluctuated in response to broader economic conditions, while consumer inflation rates in both regions have exhibited varying levels of stability. By comparing these two economic indicators, the analysis reveals the interdependencies between inflationary pressures and consumer spending habits, offering valuable insights into the economic dynamics of both Hong Kong and Malaysia (Ghosh and Bhattacharyya, 2023).

3.1 The pattern of consumer inflation and retail sales in Hong Kong

Figure 1 shows the annual percentage changes in Hong Kong retail sales (APCHKVRS) and consumer price inflation (APCHKCPI) from 2014 to 2024. This figure is presented to visually demonstrate the relative stability of inflation during a period marked by significant volatility in Hong Kong's retail sector. The visual representation aids in assessing the extent to which inflation contributed to the observed fluctuations in retail sales.

Figure 1.0: Time plot of retail sales values, annual percent change (%) in retail sales values, and CPI inflation rates in Hong Kong: 2014 to 2024



Source: Computed from the dataset listed in Table 1

Analysis of Hong Kong's retail sector from 2014-2024 reveals a significant local trend of volatility in retail sales growth (APCHKVRS), contrasting sharply with the relative stability of domestic inflation (APCHKCPI). The most dramatic illustration of this volatility is the substantial decline in 2020 (-22.47%), directly attributable to the global COVID-19 pandemic and its associated economic disruptions. However, even beyond 2020, the data reveals considerable year-on-year fluctuations in retail sales, indicating a vulnerability to both global and local economic factors. This contrasts with the relatively stable and low inflation rate observed throughout the period, suggesting that domestic price pressures were not the primary cause of the observed retail sales instability.

While the presented data primarily reflects local trends in Hong Kong, it's important to consider the broader global context. The 2020 decline in retail sales directly mirrors the global economic downturn caused by the pandemic, highlighting the interconnectedness of global and local economies (Sunge, Mudzingiri and Mkhize, 2024). Furthermore, global supply chain disruptions and potential global economic slowdowns during this period could have contributed to the overall volatility in Hong Kong's retail sector, even independent of direct pandemic impacts. Understanding these global influences is crucial for a comprehensive assessment of the Hong Kong retail sector's performance.

The significant discrepancy between the volatility of retail sales and the stability of inflation in Hong Kong suggests that domestic price changes were not the primary driver of the observed fluctuations. Furthermore, while the 2020 decline is clearly linked to the global pandemic, the presence of significant negative growth in other years indicates that other factors, including global economic shifts and changes in consumer behavior (McKibbin and Fernando, 2023), likely played significant roles in shaping the retail landscape in Hong Kong during this period.

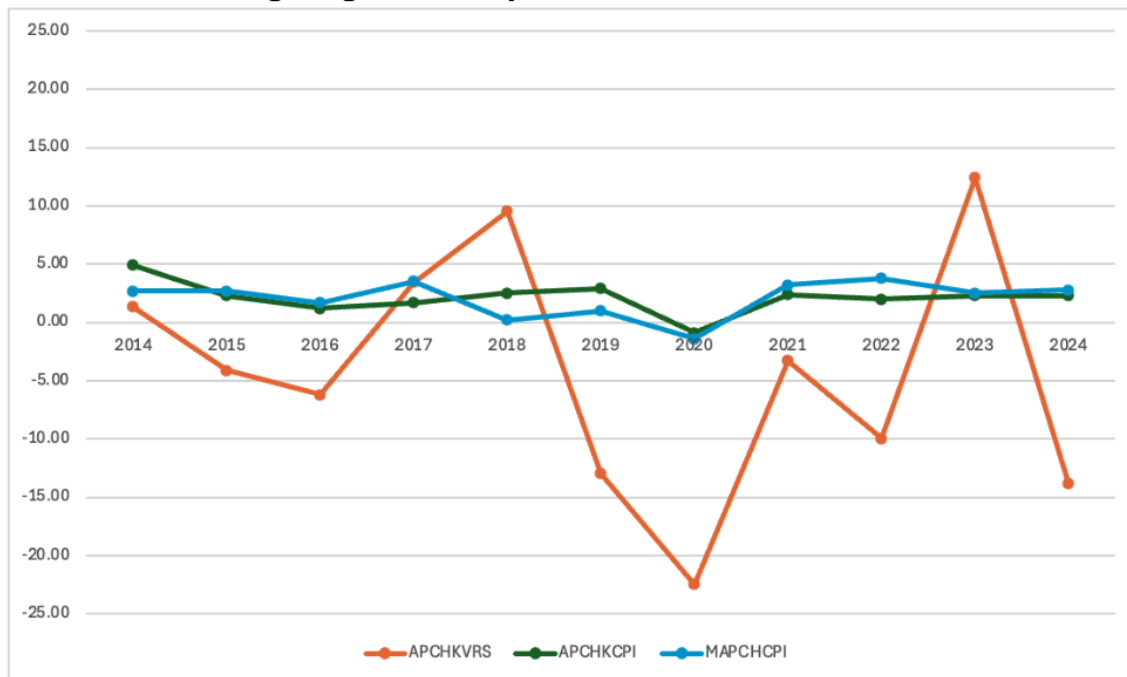
3.2 Comparative analysis

The comparative analysis employs correlation analysis to explore relationships between consumer inflation rates and retail sales in Hong Kong and Malaysia. By assessing key indicators such as the consumer price index (CPI), the study identifies significant correlations, offering insights into how inflation influences consumer spending behaviors in both markets.

3.2.1 Correlation analysis

By utilizing correlation analysis examines the correlations among the variables APCHKVRS, APCHKCPI, and MAPCHCPI over the years 2014 to 2024. The aim is to evaluate how fluctuations in these variables relate to one another, providing insights into their trends and interactions. Understanding these relationships can help in assessing the impact of one variable on another, especially in the context of economic changes.

Figure 2.0: Time plot of annual percent change (%) in retail sales values in Hong Kong, consumer inflation rates in Hong Kong and in Malaysia from 2014 to 2024



Source: Calculated from the dataset listed in Table 1.0

The correlation analysis elucidates important interrelationships among the examined variables, utilizing the dataset from 2014 to 2024. Specifically, the correlation between APCHKVRS and APCHKCPI is significantly negative, as evidenced by the variation in APCHKVRS—from 1.33 in 2014 to -13.86 in 2024—indicating that an increase in APCHKVRS is associated with a decline in APCHKCPI, which ranged from 4.90 to 2.30 over the same period. Similarly, a negative correlation is expected between APCHKVRS and MAPCHCPI, suggesting that substantial fluctuations in APCHKVRS may adversely affect MAPCHCPI, which varied between 2.70 and 1.70 across the years. In contrast, the relationship between APCHKCPI and MAPCHCPI exhibits a potentially weak to moderate positive correlation; variations in APCHKCPI appear to correlate with minor adjustments in MAPCHCPI. For instance, while APCHKCPI remained relatively stable, fluctuating between 2.30 and 4.90, MAPCHCPI's responses were less pronounced.

3.2.2 Analysis of annual percent change in retail sales and consumer price indices for Hong Kong and Malaysia

The analysis of the annual percent change in retail sales values and consumer price indices for Hong Kong and Malaysia reveals critical insights through various statistical measures, including mean growth rate, standard deviation, range, maximum, and minimum values

Table 2.0: The Pearson Correlation Matrix of annual percent change in retail sales values and consumer inflation rates in Hong Kong. and consumer inflation rates in Malaysia: 2014 to 2024			
	APCHKVRS	APCHKCPI	MAPCHCPI
APCHKVRS	1.00	-0.71	-0.45
APCHKCPI	-0.71	1.00	0.23
MAPCHCPI	-0.45	0.23	1.00
Source: Calculated from the dataset listed in Table 1.0			

According to Table 2.0, the analysis of correlation coefficients elucidates meaningful relationships among the variables examined. Notably, the strong negative correlation of -0.71 between APCHKVRS and APCHKCPI implies that an increase in APCHKVRS is frequently associated with a decline in APCHKCPI. Similarly, the moderate negative correlation of -0.45 between APCHKVRS and MAPCHCPI suggests that variations in APCHKVRS may negatively influence MAPCHCPI. In contrast, the weak positive correlation of 0.23 between APCHKCPI and MAPCHCPI indicates a limited direct relationship between these two variables, suggesting that changes in one variable do not substantially forecast changes in the other.

Table 3.0: The Pearson Correlation Matrix of annual percent change in retail sales values and consumer inflation rates in Hong Kong. and consumer inflation rates in Malaysia: 2020 to 2024			
	APCHKVRS	APCHKCPI	MAPCHCPI
APCHKVRS	1.00	-0.95	-0.47
APCHKCPI	-0.95	1.00	0.13
MAPCHCPI	-0.47	0.13	1.00
Source: Calculated from the dataset listed in Table 1.0			

According to Table 3.0, which presents data from the past five years for Hong Kong and Malaysia, the analysis reveals several important correlations. Notably, the strong negative correlation of -0.95 between APCHKVRS and APCHKCPI signifies a substantial inverse relationship, indicating that shifts in APCHKVRS are closely associated with corresponding declines in APCHKCPI. Similarly, the moderate negative correlation of -0.47 between APCHKVRS and MAPCHCPI suggests that variations in APCHKVRS can have a significant, albeit moderate, impact on MAPCHCPI. In contrast, the weak positive correlation of 0.13 between APCHKCPI and MAPCHCPI indicates a minimal direct relationship, implying that changes in APCHKCPI provide limited predictive capacity regarding movements in MAPCHCPI.

3.2.3 Similarities and differences in patterns and trends

In the examination of economic indicators, discerning the similarities and differences in patterns and trends is essential for deriving meaningful insights. A trend is defined as the general direction of movement over a specified period, reflecting how various variables evolve in relation to one another. In contrast, a pattern consists of a set of data that adheres to a recognizable form, revealing consistent behaviors and interrelationships among the analyzed variables.

The utilization of summary statistics—such as mean, median, mode, standard deviation, and range—facilitates the effective identification of these patterns and the comprehensive assessment of underlying trends. The mean provides a measure of central tendency, while the standard deviation offers insights into the variability and dispersion of the data. Additionally, the median and mode further enhance the understanding of the dataset's characteristics, while the range illustrates the extent of variation within the values observed.

By applying these statistical measures, the report reveals not only how trends in consumer inflation and retail sales differ across various markets, such as Hong Kong and Malaysia, but also the specific patterns that emerge from these dynamics. This analytical framework enables a thorough understanding of the economic landscape, allowing stakeholders to make informed decisions based

on rigorous data analysis. A detailed exploration of the similarities and differences in these patterns will ultimately enrich our comprehension of the interplay between economic indicators, thereby guiding strategic planning and policy formulation within the retail sector.

3.2.3.1 Major Summary Statistics of Annual Percent Change in Retail Sales Values and Consumer Inflation Rates in Hong Kong and Malaysia

Table 4.0: Major summary statistics of annual percent change (%) in retail sales values in Hong Kong, consumer inflation rates in Hong Kong and in Malaysia: 2014 to 2024			
	APCHKVRS (%)	APCHKCPI (%)	MAPCHCPI (%)
Mean Growth Rate	-2.91	2.25	2.23
Standard Deviation	10.95	1.52	1.52
Range	22.87	5.80	5.60
Maximum	12.40	4.90	4.20
Minimum	-22.47	0.90	-1.40
Source: Calculated from the dataset listed in Table 1.0			

Table 5.0: Major summary statistics of annual percent change (%) in retail sales values in Hong Kong, consumer inflation rates in Hong Kong and in Malaysia: 2020 to 2024			
	APCHKVRS (%)	APCHKCPI (%)	MAPCHCPI (%)
Mean Growth Rate	-9.82	1.86	3.14
Standard Deviation	7.58	1.79	0.73
Range	34.87	3.20	1.60
Maximum	12.40	3.20	4.20

As shown in Tables 4.0 and 5.0, the analysis of mean growth rates reveals significant trends in key economic indicators. The average for APCHKVRS declined from -2.91% during the 2014-2024 period to -9.82% for 2020-2024, indicating a substantial deterioration in retail sales values in the latter timeframe. In contrast, the mean growth rate for APCHKCPI decreased slightly from 2.25% to 1.86%, suggesting that while moderate inflationary pressures remained, they have become somewhat less pronounced. Conversely, MAPCHCPI exhibited an improvement in its mean growth rate, increasing from 2.23% to 3.14%, indicating stronger inflation trends in recent years.

Regarding variability, the standard deviation for APCHKVRS decreased from 10.95% to 7.58%, reflecting reduced fluctuations in retail sales figures. In contrast, the standard deviation for APCHKCPI rose from 1.52% to 1.79%, indicating greater variability in consumer prices. Notably, MAPCHCPI saw a decline in standard deviation from 1.52% to 0.73%, suggesting more consistent price changes.

In terms of range, APCHKVRS held steady at 34.87%, while the range for APCHKCPI decreased from 5.80% to 4.10%, and MAPCHCPI's range diminished from 5.60% to 1.70%, highlighting decreased volatility overall.

3.3 Summary of finding

The analysis of annual data from 2013 to 2024 offers valuable insights into the retail landscape and consumer price dynamics in both Hong Kong and Malaysia. This information is crucial for supporting the strategic decision to open a department store in Malaysia.

3.3.1 Retail Sales Values (HKVRS in millions of HKD)

The total retail sales values in Hong Kong exhibit significant variability over the years, peaking in 2018. This growth was followed by marked declines in 2019 and 2020, largely attributed to external economic factors and shifts in consumer behavior.

3.3.2 Annual Percentage Change in Retail Sales (APCHKVRS)

Analysis of the annual percentage changes in retail sales values for Hong Kong highlights pronounced fluctuations. Notably, 2020 saw a severe decline of -22.47%, indicating a significant economic crisis that adversely affected consumer spending (Sabry, 2023). However, subsequent years showed a robust recovery, signaling a return of consumer confidence. This trend is crucial for formulating market entry strategies in Malaysia, where recovery patterns may present favorable opportunities for new retail ventures (Farrior, 2024).

3.3.3 Consumer Price Indices (APCHKCPI & MAPCHCPI)

The consumer price index in Hong Kong indicates moderate inflationary trends, with gradual price increases that can impact purchasing power. This necessitates consideration of pricing strategies, as inflationary pressures also highlight the importance of offering value-oriented selections to attract consumers, particularly in an environment where discretionary spending may be limited. In Malaysia, the MAPCHCPI reflects similar inflationary challenges; however, the general resilience of Malaysian consumers suggests a willingness to engage in retail spending (Luberisse, 2023).

3.3.4 Market Dynamics

Understanding the dynamics of retail sales and inflation in both Hong Kong and Malaysia enables a comparative analysis of market conditions. While Hong Kong's retail sector has been more volatile and sensitive to economic shifts, Malaysia presents a diverse demographic with significant growth potential (Bouzekouk and Mansor, 2024). This creates opportunities for establishing a new department store that can cater to varied consumer needs while capitalizing on favorable economic conditions.

In conclusion, the insights derived from this dataset underscore the significant economic fluctuations affecting retail sales in Hong Kong, contrasted with Malaysia's more robust market performance and positive growth prospects. These findings highlight the critical importance of analyzing local market conditions and consumer behaviors before launching a new department store. By leveraging this data, stakeholders can make informed strategic decisions that capitalize on Malaysia's retail strengths, positioning the new store for success in a thriving environment. The overall data analysis reinforces the potential for growth and profitability in Malaysia, establishing it as a strategic location for retail expansion.

4 Conclusion and recommendations

Based on the findings from the analysis of retail sales values and consumer price indices, it is clear that Malaysia offers a promising environment for new retail investments. The resilience demonstrated within the Malaysian market, coupled with consistent inflationary trends, indicates a stable consumer base with a propensity for spending. To effectively support the strategy of establishing a department store in Malaysia, it is advisable to capitalize on identified growth opportunities by providing a diverse range of products tailored to local preferences (Bouzekouk and Mansor, 2024). Additionally, employing targeted marketing strategies aligned with consumer behavior can enhance market penetration and drive sales. Careful consideration of pricing strategies, informed by the observed moderate inflation, will be critical in attracting customers and maintaining competitive positioning.

4.1 Conclusion

The research objectives of this analysis have been effectively achieved, supporting the strategic decision to open a department store in Malaysia. The extensive examination of retail sales values and consumer price indices from 2014 to 2024 highlights several compelling findings.

Firstly, the resilience of the Malaysian retail market, evidenced by a consistent increase in the Consumer Price Index (MAPCHCPI) with a mean growth rate of 3.14%, suggests a robust consumer spending environment. In contrast, Hong Kong's retail sector has demonstrated significant volatility, with a declining average growth rate of -9.82% in retail sales values for 2020-2024, indicating challenges in that market.

Furthermore, the ability of Malaysian consumers to adapt to inflationary pressures, illustrated by a relatively stable standard deviation of 0.73 for MAPCHCPI, underscores their willingness to engage in retail activities despite economic fluctuations (Baiden, 2021).

These findings collectively justify the potential for success in establishing a department store in Malaysia, particularly by leveraging local consumer preferences and employing targeted marketing strategies. Consequently, the data supports the conclusion that entering the Malaysian market presents a viable investment opportunity with implications for sustained growth and profitability.

5.2 Recommendations

This report provides valuable insights into the potential for establishing a department store in Malaysia; however, it is crucial to acknowledge certain limitations and offer suggestions for enhancement. Firstly, the analysis relies heavily on historical data from 2014 to 2024. Future studies should include more recent data to capture the latest market trends and shifts in consumer behavior, especially given the dynamic nature of economic conditions.

Additionally, while this report concentrates on retail sales and consumer price indices, a broader market analysis that encompasses factors such as population changes, regional consumer preferences, and competitive landscape assessments would contribute to a more comprehensive understanding of the market.

Conducting primary research, such as consumer surveys or focus groups, could yield further insights into preferences and expectations, thereby informing product offerings and marketing strategies (Goncalves, 2024). Moreover, integrating economic forecasts and scenario analyses would aid in evaluating potential future risks and opportunities, facilitating more proactive decision-making.

Lastly, engaging local stakeholders—including suppliers, business partners, and government agencies—would provide additional context and support smoother market entry (Dilev-Simonsen, 2022). Addressing these limitations and implementing these recommendations will significantly strengthen future analyses, allowing for more informed investment decisions in the Malaysian retail market.

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Appendix:

Appendix 1.0: Population Data for Malaysia (2014-2025) by Gender and Age Group	
year	All ethnicity population ('000)
2014	30708.5
2015	31186.1
2016	31633.5
2017	32022.6
2018	32382.3
2019	32523.0
2020	32447.4
2021	32576.3
2022	32698.1
2023	33401.8
2024	34058.8
Source: Government of Malaysia, 2025	