

LEVEL 3 ASSESSMENT SPECIFICATION

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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

An Analytical Report on Strategies for sustainable development of a Business Enterprises in the Hong Kong Tourism Industry of trade show during COVID-19

“I, Woo Ka Cheong (Student no.:213229), certify this work is the result of my own investigations, except where otherwise stated. All references have been duly cited.”

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Date: Feb 15, 2022

Synopsis

Upon the confirmation of COVID-19 in Hong Kong in January 2020, the economy has plunged rapidly like many other parts of the world, affecting nearly every business aspect, from domestic to international. The tourism and travel industry is one of the most challenging business segments; the business-to-business (B2B) trade shows industry plays a significant role. This analytical report will examine the strategies for sustainable development of the world's leading trade show organizer, HKTDC, in relation to the impact of the pandemic on their business. Additionally, it proposes strategies for sustaining the business during this challenging time.

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1. 1. Introduction

1.1 Research motivation

The COVID-19 struck the economy all over the world in Dec 2019; every industry had been impacted by it, the tourism and travel industry had never been so difficult as ever. Many countries or cities that rely on tourism have suffered a mandatory crisis; they responded quickly with their policies to prevent the virus spread widely in a flash. Hong Kong was not exceptional; the government had launched various policies to battle this outbreak, including access control and quarantine. These policies restricted people to Hong Kong from various places outside Mainland China, including compulsory quarantine in designated hotels for up to 14 days. Returnees from the Mainland and Macao may undergo up to a 14-day compulsory quarantine (with an exemption for those fulfilling specific criteria) at home or other designated places (including hotels that are not designated for quarantine). (HKTB, 2021)

Thus, Hong Kong, as an international city, is well known as a Shopping and Food paradise. The tourism and travel industry functions as a significant role in four key industries. They are 1) financial services, 2) tourism & travel, 3) trading & logistics, and 4) professional services & other producer services. The tourism & travel industry itself carried up to 4.5% GDP in 2018 before the pandemic, and it took just two years had dropped 90% to 0.4% GDP in 2020 and it is ongoing. (CSD, 2021)

1.2 Research framework

This research framework includes the study of the current situation of the impact of the trade shows during the COVID-19 and throughout the findings from the annual report of HKTDTC to identify the company background, the cost and revenue structures.

Evaluate from HK tourism board to compare the number of tourists before and after COVID-19. It also helps to understand the current business's internal and external business environments, which summarize the impact of the revenue brought into the company.

Analysed the Census & Statistics Department statistics to determine the impact of the tourism and travel industry. By studying the revenue and cost structures, compare the differences in their performances before and after the outbreak. Summaries the impact on the company's profitability,

It also investigated the internal and external challenges of the industry in Covid-19. Provide suggestions to sustain the business during this period and the development in the future.

2. Company background

In this section, we will have a brief description of the role and the financial structure of the selected company, the purpose being to let the audience understand the background of the company.

2.1 Company profile:

The Hong Kong Trade Development Council

(HKTDC) is the leading institution responsible for promoting, assisting, and developing Hong Kong's trade worldwide, established in 1966. With 50 offices worldwide, including 13 in Mainland China, the HKTDC promotes Hong Kong as a two-way global hub for investment and business. In addition to organizing business to business (B to B) exhibitions, conferences, and business missions, it facilitates the search for business opportunities in mainland China and overseas for companies of small and medium-sized enterprises (SMEs) (HKTDC, 2021, p.5)

The geographical advantage of Hong Kong held an exciting platform for exhibitions, and it is also a practical meeting point for exhibitors. With a popularity for extra particular infrastructure and efficiency, the metropolis affords the right gateway to Asia, attracting thousands of enterprise tourists each year. Likewise, it is a sourcing hub within the Asia-Pacific region, a web website hosting a regular movement of customers from many prominent global companies. (HKCEC, 2021)

Each year, Hong Kong hosts approximately 1,000 events, encompassing numerous world's most significant and maximum prestigious exhibitions and conferences. Among the maximum brilliant are the most important. In June, the Hong Kong Jewellery Fair is the world's number one jewellery event; the second biggest timepiece event besides The Basel World is the Hong Kong watch and clock fair held in September. Does not forget the largest toy fair in Asia, the Hong Kong toy fair, The Gift and Premium Fair, The Houseware and Electronics Fair, Wine & Spirits, Fashion, and The Licensing Shows. HKTDC mainly organizes them at the Hong Kong Convention and Exhibition Centre (HKCEC, 2021).

2.2 The cost structures:

The trade shows business nearly covers every corner of the entire economy, from production and development, marketing, branding and sales. Every company must meet new customers or suppliers to develop their business, making this industry profitable and unique. As we mentioned, it brings up 4.5% of GDP in Hong Kong each year before COVID-19. To understand how this business works. We should understand what the revenues and expense items of it are? Here is a look at the most common revenue and expense items to find in a professional trade show business plan. (CSD, 2021)

Fixed cost:

- **Rent and rate:** The fee paid to operate the offices to market their trade promotion services. The trade shows organiser set up the office to enrol the exhibitors and buyers, primarily to assist the (SMEs) to create more

opportunities to reach more customers. They have a tiered structure for a trade show to allocate a large area to set up the booth structure and the rent based on the position of the floor. In addition, to organise many conferences to promote these services. (LEGCO, 2021, p. 97)

- **Depreciation:** This area included the depreciation of the Hong Kong Convention and Exhibition Centre, land, office, building & staff quarter, equipment, fitting, leasehold improvements, motor vehicles and assets & exhibition stand system. (LEGCO, 2021, p. 135)

Valuable cost:

- **Labour cost:** HKTDC hire nearly 1,000 employees <https://www.linkedin.com/company/hong-kong-trade-development-council/about/> to operate the business, from trainees to executives, which covers a high percentage of the total costs. (LEGCO, 2021, p. 128)
- **Exhibitions and missions:** The main objective of HKTDC is to promote Hong Kong as a two-way global hub for both investment and business, which separates into two areas, exhibitions in Hong Kong and overseas, and organising mission trips to visit the prudential markets overseas through different programmes, such as belt and road. (LEGCO, 2021, p. 97) (Belt and Road Summit, 2021)
- **Other promotion and trade activities:** Include some marketing fees and small events. (LEGCO, 2021, p. 97)
- **Exchange rate:** Because of the business nature, which involves plenty of foreign transitions, exchange differences occurred. (LEGCO, 2021, p. 106)

Table 1: The Cost structure of the HKTDC in percentage

(For the Year Ended 31st March)

	Before COVID-19	After COVID-19		
Year	2018	2019	2020	2021
Fixed cost (%)				
Rent and Rate	4.84	5.12	5.54	8.12
Depreciation of property, plant, and equipment	4.96	4.72	5.00	8.44
Variable cost (%)				
Labour cost	28.31	27.48	31.05	49.02
Exhibition and mission	47.00	47.34	41.31	12.52
Other promotion	15.37	14.41	16.20	21.29
Trade-related activities	0.74	0.64	0.78	1.32
Exchange Rate (gain)	(1.22%)	0.31	0.13	(0.70)
Total cost (100%)				

Sources: *HKTDC Annual report 2018 to 2021* (HKTDC, 2018) (HKTDC, 2019) (HKTDC, 2020) (HKTDC, 2021)

Note: Percentage added up +/- to 100% due to rounding.

Table 1 shows the differences in the financial period (For the Year Ended on 31st March) from 2018 before the COVID-19 outbreak to 2021. The percentage of the cost structures remained unchanged from 18/19 to 19/20. However, the main business of Exhibition and mission dropped significantly from 47.02% in 18/19 to 12.51% in 20/21 during the outbreak.

2.3 The revenue structures:

There is nearly all business related to exhibitions and trade shows. That should show how profitable this industry can be. To understand this, let us take a closer look at the HKTDC annual reports, especially in those areas where revenue was generated prior to and after COVID-19. (LEGCO, 2021, p. 97)

Which breakdown into two parts:

Government Subvention:

- The subsidise from the HKSAR government was used to fund the trade-related events organised by The Hong Kong Shippers' Council and the government-related services. (LEGCO, 2021, p. 100)

Revenue from operating activities:

- Exhibitions and Mission: Vendor fees are paid by exhibitors to display or market their products at the fair. Most fairs have a tiered pricing structure based on the booth's position on the floor. The more prominent the position, the higher the rent fee. In addition to booth rental fees, vendors also pay for booth upgrades such as additional tables, electrical outlets, and audio-visual equipment. The exhibition managers usually add on these upgrades to generate more revenue. (LEGCO, 2021, p. 97)
- Product magazines and online marketing: suppliers pay an exhibition fee because they have access to a large group of buyers. Attracting visitors is perhaps the most considerable responsibility of running a trade show. Therefore, marketing plays a vital role in the viability of the business plan. HKTDC provide a special offer for exhibitors to join their marketing plan on magazines and website. (LEGCO, 2021, p. 100) (HKTDC SOURCING, 2021)
- HKCEC operations: The HKCEC has ten restaurants, showrooms, meeting rooms and other services to bring in revenue to HKTDC. (LEGCO, 2021, p. 100) (HKCEC, 2021)

Table 2: Revenue structure of HKTDC in percentage

	Before COVID-19	After COVID-19		
	2018	2019	2020	2021
Income (%)				
Government Sub	13.66	14.17	19.80	46.02
Exhibitions and Mission	69.46	68.71	66.64	5.45
Product magazines and online marketing	5.67	5.23	5.52	5.11

HKCEC operations	5.37	6.05	6.40	8.24
Other operations incomes	1.59	2.14	2.10	1.15
Investments	3.50	2.91	(1.53)	25.46
Interest on bank deposits	0.21	0.36	0.50	0.16
Misc., Incomes	0.48	0.44	0.54	8.40
Total cost (100%)				

Sources: *HKTDC Annual report 2018/19 to 2020/2021* (HKTDC, 2018) (HKTDC, 2019) (HKTDC, 2020) (HKTDC, 2021)

Note: Percentage added up to +/- 100% due to rounding.

Table 2 illustrates the variation of the financial period (For the Year Ended 31st March) from 2018 before the COVID-19 outbreak to 2021, the percentage of the revenue structures remind consistent in the period of 18/19 to 19/20, but the core business in Exhibition and mission has collapsed significantly from average 69% in 18/19 to 5.45% left in 20/21 during the outbreak. The amount from \$1,960,315,000 to 70,663,000 which reflected the influence of the COVID-19 to hammer the trade shows industry deadly.

3. The Company's current business performance

In this section, we will discuss the current business performance in the trade show industry to review the internal and external business environment during this difficult time, which will also help us go deeper into analysis in the next section.

3.1 External business environment

The impact of COVID-19 on the trade show industry worldwide, Hong Kong is not alone; the unique location was used to be an international interchange when traders travel to Mainland China or other Asia countries. They usually drop by Hong Kong. A new emergency response level of The Hong Kong Special Administrative Government (HKSAR Government) was established for COVID-19 of public health importance under the "Preparedness and Response Plan for Novel Infectious Disease of Public Health Significance" on 25 January 2020. Several large-scale trade shows and public events held in the Hong Kong Convention and Exhibition Centre (HKCEC) and Asia World-Expo (AWE) organized by the HKTDC have been cancelled as part of the government's strategy to reduce the risk of viral outbreaks in the community in February 2020. (HKECIA, 2021)

Under the HKSAR Government's Disease Prevention and Control Measures (Implemented) as of 8th February 2020, the following policies were introduced the following policies:

Measures of port health are enhanced:

- No passengers are allowed to pass through Hong Kong. A temperature check is taking place at Hong Kong International Airport (Airport) for both departing and transit passengers. No boarding is allowed for passengers with a fever.

- Inbound travellers must submit a health declaration and temperature check at the Airport, Shenzhen Bay Control Point, and the Hong Kong-Zhuhai-Macao Bridge Control Point.

Anyone from Hubei Province has been restricted over the past 14 days into Hong Kong.

- The quarantine period of 14 days applies to everyone entering Hong Kong from the Mainland or anyone visiting Mainland China within 14 days of arriving in Hong Kong starting from 8th February 2020.

- Transportation vices to/from Mainland China reduced/suspended

Based on the Legco questions of commerce and economic development bureau written by Hon Vincent Cheng to Mr. Edward Yau on 9th December. 2020, The trade show industry has brought significant benefits to Hong Kong. In 2016, for example, the exhibition industry contributed \$52.9 billion in expenditure effects to Hong Kong, equivalent to 2.1% of GDP, and provided 77,000 full-time jobs. The industry has been at a standstill for almost a year under the impact of COVID-19. As a result, exhibition organisers and the professionals related to the industry have suffered huge losses, and some companies are nearly closed. In addition, there were 238 shows postponed or cancelled at HKCEC, and 126 shows at C&E events initially scheduled for February to November 2020. (CEBD, 2021)

Table 3: Business Receipts Indices of selected service industries and service sectors, Q3 2019 to Q3 2020

(2015年按季平均指數 = 100)
(Quarterly average of 2015 = 100)

	2019		2020			Q1-Q3 2020#
	Q3	Q4	Q1	Q2	Q3 #	
服務行業 <u>Service Industry</u>						
服務界別 <u>Service Domain</u>						
旅遊、會議及展覽服務 <u>Tourism, convention and exhibition services</u>	71.0 (-26.8%)	57.4 (-49.3%)	23.0# (-78.6%)	5.1# (-94.8%)	6.7 (-90.6%)	11.6 (-87.4%)
電腦及資訊科技服務 <u>Computer and information technology services</u>	92.6 (-8.8%)	99.2 (-9.7%)	78.9 (-12.0%)	89.1 (-3.7%)	92.5 (-0.1%)	86.9 (-5.2%)

註釋: # 臨時數字。

() 括號內的數字表示與上年同期比較的變動百分率。

Notes: # Provisional figures.

() Figures in brackets denote percentage changes as compared with the same

Sources: Census and Statistic Department (CSD, 2020 p.11)

Table 3: It has been extracted from the Census and Statistic Department HKSAR to show the indices of business revenue and percentage differences in the two service industries of tourism, convention and exhibition services, and computer and I.T. services from Q3 2019 to Q3 2020.

Overall, the tourism, convention and exhibition services industries were smash hard compared to computer and I.T. services, which were hit by COVID -19 and computer and I.T. services recall a stable Q3 2019 to Q3 2020.

With regards, we see that the stock fell 26.8% in Q3 2019 due to the protests, and the downward trend continues in Q4 2019, up to almost 50%. But the real damage has been done by COVID -19 starting in Q1 at 80%, Q2 at 94.8% and Q4 at almost 90%, averaging 87.4% in 2020 out of three quarters.

On the other hand, computer and I.T. services reflect the fact that no matter how difficult the external environment? The demand for these services remains unchanged.

A comparison of tourism, convention and exhibition services and computer and I.T. services before and after the impact of COVID -19 shows that both service sectors have declined due to the external business environment. But computer and I.T. services currently have a better business performance which indicate demand for knowledge in online business, training and marketing information increased due to the unexpected challenge of COVID-19. (CSD, 2020 p.11)

For instance, the B2B physical fair, overseas and mainland China traders have been restricted. Therefore, HKTDC has opened the entire Hong KONG Watch Fair exhibition to the public for the first time instead of the previous shows on the last day to respond to the decrease of overseas buyers. As a result, it changed the nature of the shows from B2B to Business to Customer (B2C).

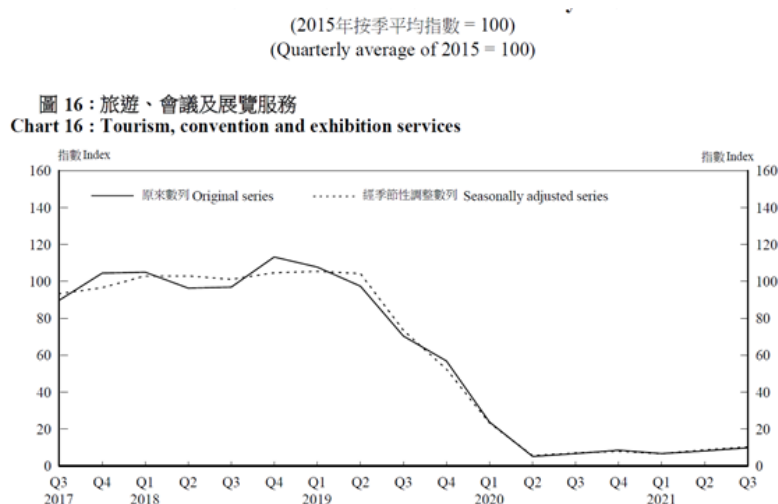
3.2 Internal business environments:

Moreover, COVID-19's impact extends beyond the external business environment. The domestic business environment suffered as well. The HKSAR government introduced the social distance to prevent the spread of the disease. Thus, the opportunity to shift trade shows from B2B to B2C was limited.

3.3 A summary of the Covid-19 impacts on the company's profitability

After the outbreak of COVID -19, 238 shows at HKCEC were postponed or cancelled, 126 shows at C&E events were postponed, and new exhibitors and buyers awaited these shows. At the time of this report, the fifth wave of the Omicron's pandemic hit 6000 cases per day in Hong Kong, which saw a 95% drop from table 2 in revenue from exhibitions and missions. Government policies became more extreme, restricting social distance, immigration control and quarantine regulations, limiting the chance to attract exhibitors and buyers overseas. Moreover, the industry has no idea that business is returning to normal.

Table 4: Diagrams with indices of business receipts of tourism, convention & exhibition services from Q3 2017 to Q3 2021.



Source: Census and Statistic Department (CSD, 2020 p.23)

Table 4: The given line chart illustrates the data from Census and Statistic Department HKSAR to show the business of revenue tourism, convention & exhibition services by quarters from 2017Q3 to 2021Q3.

Overall, in 2017Q3, the index increased from 85 to 105 by the end of the year, which remained constant for another quarter until 2018Q1. In 2018Q2, it started to fall again from 105 to 90 and remained unchanged until 2018Q3. The graph shows that it reached a record high of 120 in 2019Q4, which indicated the outbreak of COVID-19. (CSD, 2020 p.23)

In contrast, during the first wave of COVID-19, tourism conventions and exhibition services became a disaster zone. From a record high of 120 in 2018Q4, the cliff fell to a low of 5 in 2020Q2, lasting 15 months to stop the downward trend, during the third wave of COVID-19 in Hong Kong.

The trend became slightly fluctuating from 5 in 2020Q2 to ending at 10 in 2021Q3. However, we do not have any clue in this line chart to see an upward trend or any indication that the tourism, convention & exhibition service will recoup its losses and return to normal.

In summary, even calculated according to the seasonally adjusted series, the external business environment was the main reason for tourism, convention & trade fair services. (CSD, 2020 p.23)

4. Analysis and discussion

4.1 Identification of the major challenges

Using the above passages, we have discussed the current situation under the attack of COVID -19, despite the border control policy and quarantine preventing travellers from visiting Hong Kong and business partners to attend the Mainland China nor overseas fairs organised by HKTDC, plenty of them had already postponed or cancelled. There are still some major challenges affecting this industry.

Here are three biggest challenge of trade show business:

- **Lack of space:** For the organisation of successful fairs and events (in normal/favourable time) this area is an interesting topic. As we know, the world-famous trade shows like Hong Kong Watch & Clock Fair or Hong Kong International Fair need a lot of space to cope with the growth of exhibitors and buyers. The expansion policy, first introduced in 2017, was to demolish the original government buildings and the bridge to combine the HKECC into one building to increase the area for the largest capacity.

Although this policy has been discussed for a long time, do industry stakeholders disagree? They do not expect this policy to improve the current situation in a short time, even after the pandemic. (HKET, 2020)

We can see a little deeper referring to the annual report of HKTDC as follows, this extra cost had already spent up to 1.48 billion and after deducting depreciation, the net book value is 645 million, which is a big lost in the net book value.

7. PROPERTY, PLANT AND EQUIPMENT		7. 物業、設備及器材						
		HKCEC Atrium Link Extension	Land, Office Buildings and Staff Quarters	Furniture Equipment, Fitting and Leasehold Improvements	Motor Vehicles	Operating Assets and Exhibition Stand Systems	Total	
		香港會議 展覽中心 中庭擴建	土地、 辦事處樓宇 及職員宿舍	傢俬、 裝置 及租賃樓宇 內部裝修	汽車	經營資產 及展覽 攤位裝置	總額	
(HK\$'000)	(港幣千元)							
2020/21								
Cost	原值							
At 1 April 2020	於2020年4月1日	1,481,419	457,794	573,762	3,718	149,525	2,666,218	
Additions	增置	-	-	27,258	-	1,425	28,683	
Disposals	出售	-	-	(163)	-	(9,054)	(27,318)	
At 31 March 2021	於2021年3月31日	1,481,419	457,631	582,919	3,718	141,896	2,667,583	
Accumulated Depreciation	累計折舊							
At 1 April 2020	於2020年4月1日	836,183	165,797	496,008	2,802	132,332	1,633,122	
Depreciation	折舊	74,347	7,759	38,777	478	8,361	129,722	
Depreciation written back on disposals	出售時的折舊撥回	-	-	(17,961)	-	(9,051)	(27,175)	
At 31 March 2021	於2021年3月31日	910,530	173,393	516,824	3,280	131,642	1,735,669	
Net Book Value	賬面淨值							
At 31 March 2021	於2021年3月31日	570,889	284,238	66,095	438	10,254	931,914	
2019/20								
Cost	原值							
At 1 April 2019	於2019年4月1日	1,481,419	457,794	552,248	3,718	154,835	2,650,014	
Additions	增置	-	-	33,774	-	11,128	44,902	
Disposals	出售	-	-	(12,260)	-	(16,438)	(28,698)	
At 31 March 2020	於2020年3月31日	1,481,419	457,794	573,762	3,718	149,525	2,666,218	
Accumulated Depreciation	累計折舊							
At 1 April 2019	於2019年4月1日	761,837	158,027	468,179	2,181	139,333	1,529,557	
Depreciation	折舊	74,346	7,770	40,079	621	9,386	132,202	
Depreciation written back on disposals	出售時的折舊撥回	-	-	(12,250)	-	(16,387)	(28,637)	
At 31 March 2020	於2020年3月31日	836,183	165,797	496,008	2,802	132,332	1,633,122	
Net Book Value	賬面淨值							
At 31 March 2020	於2020年3月31日	645,236	291,997	77,754	916	17,193	1,033,096	
During the year, net gain on disposal of property, plant and equipment amounting to HK\$95.87 million was included in "Miscellaneous Income" (2020: HK\$0.64 million in "Office Expenses").								
於本年度內，出售物業、廠房及設備的淨收益為港幣9,587萬元並計入「雜項收益」(2020年：港幣64萬元計入「辦公室費用」)。								

Sources: HKTDC Annual report 2020/2021 (HKTDC, 2020)

Table 5 As a result, we can understand that more investment brings more revenue. In this case, reflecting a multiple time of SMEs also creating revenue through fixed assets, under a good and healthy business, which is a good strategy to maximise profit while fighting inflation, it seems to be a traditional method in Hong Kong. But is it a wise move in these difficult times (COVID -19), as the article questions, worth discussing? (HKTDC, 2020)

- Challenge from the competitor:

In any business, there are always competitors. Informa Markets is HKTDC's biggest competitors. Let us briefly introduce of it:

- **Informa Markets** (Informa Markets, 2021) is a brand that focuses on the jewellery fairs in Asia of the parent company **Informa PLC**, (Informa PLC, 2021) which is the largest fair organiser in the UK, Jewellery and Gems Asia (JGA) (JGA, 2021) is usually held in mid-June and July, the other famous fair is held in mid-September, Jewellery and Gems World (JGW) (JGW, 2021) in between, they organised two smaller trade shows SEASONS | Spring and Autumn - Fashion Jewellery & Accessories Fair , which were usually held in mid-March and May. These two fairs were renamed from Hong Kong Jewellery and Fashion Fair before 2018.

In this section we will not compare the two companies in detail but discuss the strategies Informa Markets has used to deal with the impact of COVID -19.

On the website of SEASONS | Spring and Autumn - Fashion Jewellery & Accessories Fair, which is organised by Informa Markets, there was no information about any of the fairs in 2020, indicating that the organiser reduced its revenue by reacting quickly. With this action, they might lose their potential revenue from the smaller fairs but manage the risk of further losses COVID -19 They have no timetable for the withdrawal of the two fairs in 2022 next March and May. In addition, the JGA and JGW have been merged into one fair, originally held in September for the

past 30 years and exhibited at AWE near Hong Kong International Airport. With this move, the fair directly competes with the HKJMA during the same period. The result was that Informa Market was able to minimise the losses from the cancellation of the fairs as they shared half of the revenue from this special arrangement. From these actions we can see that the pressure came from the quick reaction of the competitor and reflected the difference of the HKTDC. (Cheryl Arcibal, SCMP 2021)

- **The operation cost increased:**

The factors that came to our attention were the bottlenecks in the supply chain, which have been driving up logistics costs since the outbreak of COVID -19 and thus negatively impacting business planning, the trade fair business, which is based on large supply from various business partners, including stand constructors, insurance companies, freight forwarders, travel agents and hotels which also affects the costs of logistics from suppliers and distributors. (HKTDC, 2021)

- HKDTC has recorded 90% loss of its business in the last two years during the COVID-19. As a result, the company has shifted its business to new business models and introduced new practises such as digitising the platform and virtualising the fairs, which are driving up operating costs. If one looks at the profit and covers the loss of the enterprise, one cannot avoid the increased operating costs. However, it may be worthwhile to improve the new business models to compete with the difficult environment. In the following section we will examine the process of business planning and implementation in more detail. (HKTDC, 2021)

4.2 Strategies to ensure business continuity under the Covid-19 crisis

4.2.1 The business continuity plan

HKTDC had long recognized the impact of disruptive technology trends on business; the COVID-19 suddenly accelerated these trends. With the advantage of digital tools, strategic collaboration with key technology partners and in-house expertise, HKTDC immediately digitized the new advertising programme. It introduced several new offerings to keep the business going despite broader overseas control.

- HKTDC's official website, hktdc.com sourcing, featured smartphones, desktops, and tablet devices. As part of the upgraded Sourcing platform, HKTDC.com offers new page designs and easy-to-use features designed to make it more convenient for the buyer and the supplier to connect. Enhancements such as AI, image recognition and machine learning, as well as a 24/7 smart-sourcing experience, recommended products that are relevant to buyer preferences, and Enhanced editing of product photos and videos provides a more personalized and satisfying experience. (LEGCO, 2021, page 49)
- An innovative virtual 3D showcase was developed to display a virtual work of art at The Spring Virtual Expo in April 2020 when Hong Kong was facing a sudden lockdown in which people were trapped inside. The rest of the world was confronting the consequences of the pandemic. The platform has gathered 1,500 in-depth business contacts across Asia and Europe, 270 media clippings, and online posts, which resulted in over 1,500 media clippings and social media posts. That being said, the platform has also attracted 600 new suppliers from Asia and Europe and an

overall double-digit increase in overall traffic to hktcdc.com Sourcing from the same month last year. (LEGCO, 2021, page 49)

- In July 2020, HKTDC initiated the Summer Sourcing Weeks | Go ONLINE (SSWGO), which had combined nine product fairs into one all-in-one platform to help businesses source throughout the summer.
- With the success of the above, they had carried on and launch the Autumn Sourcing Week Online (ASWO); the exhibitors experienced presenting their new collection and getting in touch with potential buyers via the internet, which recorded 65,000 attendants. (LEGCO, 2021, page 53)
- It is a constant learning process in business, especially during a difficult time during COVID-19. Therefore, HKTDC continued to refine its digital platforms to deliver an engaging user experience and success in business matching. In addition, HKTDC started setting up the framework for post-pandemic fairs, conferences, and promotions. That will make the best use of physical event, management, and advanced technologies to draw broad audiences and deliver a more flexible and personalized experience whether attendees are physically present or remote all over the world.
- It is nonetheless notable that although there were virtual and hybrid exhibitions. With the support of the government of the HKSAR, there were some programmes relating to the Belt and Road, as well as improvements in the relationship with the Association of Southeast Asian Nations (ASEAN) economies as part of our ongoing efforts to help Hong Kong SMEs capture opportunities in the region.
- HKTDC had launched a new programme called Consign Easy in October 2020. It offered a new service to Hong Kong retailers to explore the opportunities of the Chinese market. The program helped the SMEs seek out the Chinese market's prospects directly. This position will involve all aspects of the work related to import, logistics, storage, payment arrangements, marketing, and value-added design aspects for the importation of goods into the country. In addition, the optimization of the online and offline sale channels at the HKTDC Design Gallery outlet showcases in Beijing. (LEGCO, 2021, page 63)
- In some ways, it was a roller-coaster situation during the re-emergence of the pandemic. After the pandemic situation in Mainland China had been brought under control by the middle of June 2020, it became possible for some physical gatherings to take place. The HKTDC took advantage of this opportunity. Furthermore, try to experiment with hybrid formats that allow participants to participate virtually in multiple events across multiple venues in Hong Kong and worldwide through satellite venues. For examples, as we mentioned as above, the AWSO in April. HKTDC had organized a pre-event business matching which attracted 111 buyers from 107 companies, among these including Suning.com, Amazon and Xingyun Group. (LEGCO, 2021, page 63)
- Transformation Sand Box(T-box) is a support programme designed to help SMEs achieve their goals to explore the market in brand building, e-commerce, manufacturing and supply chain solutions, and new markets in a way that enhances their business competitiveness. The supporting team provide SMEs with the group and individual services, identifying their transformation goals over three months, in 2020/21 with the result which enrolled over 1,300 companies to the agenda (LEGCO, 2021, page 45)

4.2.2 Implementation process

Compared to the previous business model, the implementation process in COVID-19 has been relatively smooth since they knew before that the digitalization of their business models needed to be enhanced. It also benefits from the advantage of the resources of the HKSAR government, which spent a quarter of a year improving the company's official website. It was the milestone to develop the Online to Offline (O2O) business for the customers. (HKTDC, 2021)

Meanwhile, two months later, they launched their first virtual show at the Spring Virtual Expo in April 2020, which allowed them to transform their physical exhibitions into virtual ones. At the same time, in the same year, in Autumn, the HKTDC came up with a new and improved way of combining the benefits of both physical and virtual shows into a hybrid show to maximize these events' potential. More importantly, it only took less than two years for them to sustain their business and create a multidimensional business model after the impact of COVID-19. (Business Line, 2020)

5. Conclusion and recommendations

5.1 Conclusion

In conclusion, the business of tourism and travel industry had been wrapped out in COVID-19, and that exhibition and events industry is one of the most affected. It was due to the introduction of international border control measures, the quarantine period of 14 days in Hong Kong and the restriction of social distance by the government, that most of the exhibitions and events had to be cancelled or postponed. In response to these unexpected situations, the HKTDC did not have a choice but to follow the precaution which also included postponed or cancelled the events in Hong Kong as well as overseas, while simultaneously prepping for a potential resumption of business activities as early as possible.

5.2 Recommendations

In response to the COVID-19 disruption of the public services, the HKTDC has done some pretty excellent work on its official website. They enhanced it to work correctly on various platforms to make the website more compatible. For the end-users, this makes accessing the site a lot easier.

In October 2021, the leading social media company Facebook, Inc., had rebranded the name to Meta Platforms, Inc., (META, 2022) which introduced the metaverse. This virtual world might be able to interact with our real world in a short future. HKTDC also develop their 3D virtual shows combined with the physical shows to lavage the loss of the postponed and cancellation during the COVID-19.

Even though the world's exhibitions, trade shows, and expos remain closed throughout COVID-19 due to the explosion of online consumption, it was evident the next step was to replicate an experience closer to the regular sourcing calendar to coincide with the seasons of specific industries.

Nevertheless, HKTDC had put great efforts to sustain the business in the last two years, but the policy to achieve "COVID-Zero" to battle with the fifth wave coronavirus Omicron, which had already sacrificed the

overall business environment in Hong Kong. The core factor in the exhibition and trade shows industry is face to face meetings in an event regularly; if the situation continues to develop in this way, a particular part of this industry might vanish in history.

Some countries returned to normal and approached the Omicron differently; they coexist with the virus instead of Hong Kong and Mainland China. The face mask rule and COVID passport were already cancelled in the United Kingdom in mid-January 2021. (BBC, 2022) Vaccine tourists are also welcome in Krabi, Phang Nga, Koh Samui, and Phuket. It gives us a little hope to see that the trend will improve in the coming future. (STRAITSTIMES, 2022)

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