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**Analytical Report –
Strategies for sustainable development of
a Business Enterprises in the Hong Kong
Tourism Industry during Corona Virus**

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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 are one of the most challenging business segments; the business-to-business (B2B) trade shows industry is affected significantly. This analytical report examines the cost and revenue analysis, Porter's Five Forces and SWOT, the strategies for sustainable development of the world's leading trade show organiser, HKTDC, and the pandemic's impact on their business. Additionally, it proposes strategies for sustaining the company during this difficult time.

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1. INTRODUCTION:

1.1 The definition of a trade show:

The purpose of a trade show is to present and discuss new merchandise and support from experts from the industry or a particular industry division. There is a ready market for this economic consumption.

These are the activities of the trade shows:

- Promotion of the brand.
- Prospecting for targeted customers.
- Negotiating contracts.
- Understanding the industry.
- Reaching out the new trends.
- Interacting with people.
- Enhancing the company identity.

As a result, trade shows are promotional events that let companies connect with the market and ultimately of bringing in more potential business. (Businessjargons, 2022).

1.2 Research motivation:

COVID-19 struck the economy worldwide in Dec 2019; every industry had been impacted by it, and the tourism and travel industry had never been so difficult. 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 multiple 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 not selected 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 plays a significant role in four key sectors. They are 1) financial services, 2) tourism & travel, 3) trading & logistics, and 4) professional services & other producer services. The tourism & travel industry carried up to 4.5% GDP in 2018 before the pandemic, and it took just two years to drop 90% to 0.4% GDP in 2020 and is ongoing. (CSD, 2021).

It is intended to accomplish the objective in two ways: by modifying the activities from physical shows to online shows and winning the confidence of exhibitors and visitors to return to trade shows following COVID-19.

An overview of the report is presented in five segments, beginning with offering a framework and objective. HKTDC's revenue and cost structure are outlined in the second sector. Analysing the business environment, challenges, and impacts for the following section on both the global and internal levels. In addition to describing the measures taken by HKTDC to alleviate the effects of COVID-19, provide recommendations for maintaining the business. Based on the analysis and suggestions, conclusions can be taken, and forecasts can be made.

1.3 Research framework:

Using the conclusions of the annual report of HKTDC, which identifies the company's background, cost structure, and revenue level, this research framework examines the impact of the business shown during COVID-19.

Evaluate from H.K. 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 summarise the impact of the revenue brought into the company. Apply Porter's five forces(Indeed Editorial Team, 2021).to categorise and examine the external environment of the current state to identify its limitations and strengths. In addition, SWOT analysis(Schooley, 2022).is conducted to assess the internal capability and restrictions and possible external opportunities and threats.

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:

2.1 Company profile:

In 1966, the **Hong Kong Trade Development Council** (HKTDC) was established to promote, assist, and develop Hong Kong's trade overseas. The HKTDC operates 50 offices worldwide, including 13 in mainland China. Furthermore, it facilitates SMEs' search for business opportunities in mainland China and abroad through business-to-business exhibitions, conferences, and business missions. (HKTDC, 2021, p.5).

The geographical advantage of Hong Kong makes it an excellent venue for exhibitions. Every year, thousands of business tourists come to the metropolis for its unique infrastructure and efficiency. Likewise, it serves as a sourcing hub for many prominent global companies in the Asia-Pacific region. (HKCEC, 2021).

Over 1000 of the world's most significant exhibitions and conferences occur in Hong Kong annually. The two most famous are the Hong Kong Jewellery Fair in June and the Hong Kong Watch and Clock Fair in September at Hong Kong Convention and Exhibition Centre. (HKCEC). (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. Companies 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 its revenues and expense items of it are. Here is a look at the most familiar gain and loss items in a trade show business plan. (CSD, 2021).

Fixed cost:

- *Rent and rate:* The fee 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) in creating 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).

Variable cost:

- *Labour Cost:* HKTDC hires 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 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).

	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%)				

Table 1: The Cost structure of the HKTDC in percentage (For the Year Ended 31st March) Sources: *HKTDC Annual report 2018 to 2021* (HK TDC, 2018) (HK TDC, 2019) (HK TDC, 2020) (HK TDC, 2021)

Note: Percentage added up +/- to 100% due to rounding. Table 2.2 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 before and after COVID-19. (LEGCO, 2021, p. 97).

Which breakdown into two parts:

Government Subvention:

- The Subsidise from The HKSAR Government: It 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 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
KCEC 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 remain consistent from 18/19 to 19/20. Still, core business in Exhibition & mission has collapsed significantly from an average of 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 reflected the influence of 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 used to be an international interchange when traders travelled to Mainland China or other Asia countries. They usually drop by Hong Kong. The Hong Kong Special Administrative Government (HKSAR Government) established a new emergency response level on 25th January 2020 for COVID-19 of public health importance. Several large trade shows and public events organised by the HKTDC at the Hong Kong Convention and Exhibition Centre (HKCEC) and Asia World-Expo (AWE) have been cancelled. (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 procedures:

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 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. Hong Kong benefits significantly from trade shows. The exhibition industry, for example, provided 77,000 full-time jobs and contributed \$52.9 billion to Hong Kong's GDP in 2016. COVID-19 has paralysed the industry for almost a year. Consequently, some companies, including exhibition organisers, have suffered huge losses. Additionally, 238 shows at HKCEC and 126 at C&E events were initially scheduled for February-November 2020. (CEBD, 2021) *See Appendix A.*

Overall, the tourism, convention and exhibition services industries were smashed 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.

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 real damage has been done by COVID -19 (starting in Q1 at 80%, Q2 at 94.8% and Q4 at practically 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.

After COVID-19, tourism, convention, and exhibition services declined. I.T. companies perform better, indicating high online business, training, and marketing demand. (CSD, 2020, p.11).

B2B physical fairs restrict overseas and mainland China traders. To respond to the decrease in overseas buyers, HKTDC has opened the entire Hong KONG Watch Fair exhibition to the public for the first time; This changed the nature of the presentations from B2B to B2C.

External analysis studies external factors that may affect a business's current operations, also known as environmental analysis. To remain competitive in a particular market, companies adapt to change. This analysis focuses on how factors such as industry trends affect the success or failure of a business. (Indeed, 2020a).

3.1.1. Porter's Five Forces:

Michael Porter, a professor at Harvard Business School and engineer, devised Porter's Five Forces model in 1979; business tactics are created and expanded varying on the degree of rivalry within an industry. This analysis analyses the strength of competition and conflict within an organisation using Porter's Five Forces model. This information explains how desirable the sector is for investors and its effectiveness. Companies use it to verify whether or not a specific industry has the capability for growth in the market. (Indeed, 2021).

Competitive rivalry: Hong Kong's trade show industry is dominated by two established organisations, HKTDC and Informa Markets. (Informa, 2021) To maintain their market share, they have substantial resources at their disposal. HKTDC offers a wide range of services to meet the needs of its customers for different products. At the same time, Informa Markets focuses on international jewellery shows, and their major competitor is JMA, focusing on domestic jewellery shows. The competitive rivalry for HKTDC is relatively LOW.

Threat of new entrants: A substantial investment in advertising and human resources is required to enter the Hong Kong trade show market. Existing organisations are well established, raising the bar for entry into this sector. Despite this, others might be interested in joining the race after the post-pandemic because the business's nature has changed little. The threat of new entrants is MEDIUM. (Hong Kong Traveller, 2022).

Threat of substitute products: To facilitate business transactions and exploration, the trade show's organiser, HKTDC, provides temporary space for buyers and sellers to meet and transact business. As an alternative, companies can copy products or even business models. However, given the nature of the trade show industry, a replacement is unlikely to be successful. Threat of substitute products is LOW.

Bargaining power of buyers: Besides facilities for returning customers, the HKTDC also extends prospective exhibitors and buyers' opportunities. The exhibitors have sufficient bargaining power to replace the services provided by the HKTDC. Potential exhibitors may consider participating in smaller shows or joining V.R. shows as an alternative. Another trend emerged in these years; returning customers did not exhibit at the trade shows in HKCEC but met at nearby hotels (Grand Hyatt Hong Kong, the Renaissance Harbour View Hotel and Harbour View Hotel). See Appendix D. The collective bargaining power of buyers is MEDIUM.

Bargaining power of suppliers: The trade show industry is comprised of a large and various supplier base. HKTDC has a distinct advantage in that it works closely with the government of HKSAR, which benefits daily operations in this area. The bargaining power of suppliers is MEDIUM.

Based on the analysis, HKTDC has a good chance of being profitable due to this analysis. It must communicate with its existing customers to continue attending the shows. And convert the prospects as regular clients. (Indeed, 2020b).

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 social distance to prevent the spread of the disease. Thus, the opportunity to shift trade shows from B2B to B2C was limited.



Figure 1. shows Porter's Five Force (created by Author)

3.3. SWOT Analysis:

An organisation's **SWOT** analysis is used to identify potential business competitors and opportunities to determine how they will position themselves against them. SWOT is composed of these words. (Schooley, 2022).

3.3.1 Strengths:

- **Work closely with the Government:** HKTDC works closely with the HKSAR Government. The SMEs can benefit from comprehensive policies covering several trade show expenses. The government subsidise exhibitors and major conference participants 50 per cent of the participation fee at events organised by the HKTDC starting from November 2020. (HKCEC, 2022).

3.3.2 Weaknesses:

- **Slow Response in Decision Making:** Since HKTDC is intimately involved with the HKSAR Government, one of the disadvantages is the time taken for a response, especially in this fast-paced business environment. Some decisions need to be discussed back and forth. One of the prominent examples is the postponement and cancellation of the trade shows during COVID-19.

Further discussion is provided in section 4.1.2. The challenge from the competitor.

3.3.3 Opportunities:

- **Business Transform in Post-pandemic:** Since the impact of COVID-19, people have gotten used to working from home. Although the trade show industry recovered at the beginning of 2022, online activities seem to be a trend after the post-pandemic. Further discuss the advantages and possibility of metaverse (Robertson and Peters, 2021) in section 4.2 Strategies to ensure business continuity under the Covid-19 crisis.

3.3.4 Threats:

- **Various Competitors in the Same Industry:** As I explained in Porter's five forces, the industry requires considerable investment to participate in trade shows. Despite this, the situation has undergone a slight shift due to virtual shows. These events do not require investment in hardware fixtures and have a high demand for human resources. There is a possibility that some newcomers will join the competition.
- **Exhibitors & Visitors Dropped Drastically since COVID -19:** Many exhibitors downsize their exhibits to a certain extent as in-person trade shows close. While some companies have reduced their travel budget, fewer employees are permitted to travel. Additionally, they are concerned about the social distancing caused by COVID-19. Consequently, few overseas buyers are participating in the regular trade shows.

Figure 2. shows SWOT. (Created by: Author, 2022)



3.4 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 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. *See Appendix B.*

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 indicted 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 fluctuated slightly from 5 in 2020Q2 to 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:

This section examines how a comprehensive review of the available evidence is crucial for a systematic analysis that can justify the past.

4.1 *Identification of the significant 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 from attending mainland China or overseas fairs organised by HKTDC, plenty of them had already been postponed or cancelled. There are still some significant challenges affecting this industry. Here are the three biggest challenges of trade show business:

4.1.1. Lack of space:

This area is an exciting topic for organising successful fairs and events (in normal/favourable times). As we know, 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 was first introduced in 2017 to demolish the original government buildings and the bridge to combine the HKECC into one building to increase the area for the largest capacity. (HKTDC, 2020b).

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 been spent up to 1.48 billion, and after deducting depreciation, the net book value is 645 million, which is a bit lost in the net book value.

See Appendix C.

As a result, we can understand that more investment brings more revenue. In this case, reflecting multiple times of SMEs also creating income through fixed assets, under a good and healthy business, which is an excellent strategy to maximise profit while fighting inflation, it seems to be a traditional method in Hong Kong. However, given the weaknesses of the SWOT, which is the slow response in decisions, is it wise to invest in this challenging time under COVID-19? Should the organisation consider deferring this extension project?

4.1.2. The challenge from the competitor:

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

Informa Markets (Informa Markets, 2021) is a brand that focuses on jewellery fairs in Asia. The parent company Informa PLC (Informa PLC, 2021), which is the largest fair organiser in the U.K. Jewellery and Gems Asia (JGA) (JGA, 2021), is

usually held in mid-June and July. The other famous fair is held mid-September, Jewellery and Gems World (JGW) (JGW, 2021). 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 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.

Informa Markets' website had no information about any of the fairs in 2020, indicating that the organiser cut its revenue quickly by reacting quickly. As a result, they might lose revenue from the smaller fairs but manage COVID-19 losses. There is no timetable for withdrawing from the fairs in 2022. Also, the JGA and JGW have merged into one fair, held in September for the past 30 years at AWE near Hong Kong International Airport. This move puts the fair into competition with the HKJMA. Due to the arrangement, Informa Market could minimise the losses from cancelling the fairs as they shared half of the revenue from this arrangement. From these actions, we can see that the pressure came from the quick reaction of the competitor and reflected the difference between the HKTDC. (Cheryl Arcibal, SCMP 2021).

4.1.3 The operation cost increased:

A bottleneck in the supply chain has been driving up logistics costs since the outbreak of COVID-19 and negatively affecting business planning. Supply from various business partners influences logistics costs for suppliers and distributors. These include stand builders, insurance companies, freight forwarders, travel agents, and hotels. (HKTDC, 2021).

COVID-19 resulted in a 90% loss in two years for HKDTC. It has led to a shift in business models and new practices like digitalising the platform and virtualising fairs, which are driving up operating costs. The increased operating costs cannot be avoided by looking at profits and losses. Improved business models may be worth it to compete in rugged environments. The following section discusses business planning and implementation. (HKTDC, 2021).

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

This section aims to discuss the organisation HKTDC to react promptly and energetically to sustain business continuity.

4.2.1 The business continuity plan:

HKTDC had long acknowledged the influence of disruptive technology trends on business; COVID-19 suddenly enhanced these developments. With the advantage of digital tools, strategic collaboration with crucial equipment partners and in-house specialities, HKTDC instantly digitised the new advertising programme. It introduced several new offerings to keep the business going despite broader overseas control.

In response to the COVID-19 disruption of 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.

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 layouts and convenient features to connect the buyer and supplier more conveniently. Enhancements such as A.I., image recognition and machine learning, a 24/7 smart-sourcing experience, recommended products relevant to buyer preferences, and Enhanced editing of product photos and videos provides a more personalised 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 faced 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 said, the platform has also attracted 600 new suppliers from Asia and Europe and a double-digit increase in overall traffic to hktdc.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 combined nine product fairs into one all-in-one platform to help businesses source throughout the summer.

With the above success, they carried on and launched 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 the physical event, management, and advanced technologies to draw broad audiences and deliver a more flexible and personalised 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.

In October 2020, HKTDC launched Consign Easy. Hong Kong retailers could explore the Chinese market with this enhanced service. It helped SMEs explore the Chinese market directly. Importation, logistics, storage, payment arrangements, marketing, and value-added design aspects will be part of the duties of this position. Optimise the online and offline sale channels at HKTDC Design Gallery outlets in Beijing. (LEGCO, 2021, page 63).

As the pandemic re-emerged, it was like riding a roller coaster. In June 2020, the pandemic situation in Mainland China was under control. It was an excellent opportunity for HKTDC. Consider hybrid formats that allow participants to participate virtually in multiple events across multiple venues in Hong Kong and worldwide through satellite venues. The AWSO takes place in April; as we mentioned above, the event preceded a pre-event business match that drew 111 buyers from 107 companies. (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 to enhance their business competitiveness. The supporting team provides SMEs with the group and individual services, identifying their transformation goals over three months in 2020/21 and enrolling over 1,300 companies on 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 digitalisation 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 a 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 maximise 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 tourism and travel industry have been wrapped by COVID-19, and the exhibition and events industry are directly affected. Trade shows business heavily related to overseas travellers. 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, most 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 included waiting or cancelling the events

in Hong Kong and overseas while simultaneously prepping for a potential resumption of business activities as early as possible. As a result, the revenue of HKTDC dropped significantly.

5.2 Recommendations:

The world is gradually regaining from the consequences of 2019. It provides an opportunity to rebuild the strategies to adapt to the new business environment. Combining virtual and live events (online and offline) will be essential to meet both customers' demands as more people take COVID vaccines.

Around 94% of people miss trade shows. While there is no doubt that virtual shows will become antiquated when in-person meetings are safe, 84% of visitors and exhibitors have tried at least one novel digital show since the lockdown. Finding answers adapted to the post-pandemic world will be a crucial contest.

These are two recommendations as follows:

- Mixture Show:

In October 2021, the leading social media company Facebook, Inc., rebranded the name to Meta Platforms, Inc. (META, 2022), introducing the metaverse. This virtual world might be able to interact with our natural world in the short future. HKTDC also developed their 3D virtual shows combined with the physical shows to lavage the loss of the postpones and cancellations during the COVID-19. However, the world's trade shows and expos remain closed throughout COVID-19. Due to the explosion of online consumption, combining in-person and online interaction can replicate an experience closer. It is a trend that the trade show industry and the small businesses that support it are undergoing a transition. (Snyder, 2021).

- *Small-scale, more specific, district shows.*

The HKTDC should consider downsizing its current trade shows from the MEGA size, which is how they were, to a minor, more targeted buyers, district trade show. Greater segmentation is needed.

Minor events pose fewer hazards, enhancing participant safety. It is easier to keep a 1.5M social distance when the number of people in a venue is limited. Moreover, fewer participants have a lower probability of becoming ill. The intimacy of these smaller gatherings is attractive to many people.

Also, a trade show is neither a concert nor a carnival and does not require a large audience. HKTDC should carefully identify segments benefiting exhibitors and buyers to facilitate faster trade following the pandemic. (Asante, 2022).

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 regular face-to-face meetings during an event; if the situation continues to develop, 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 that the trend will improve in the future. (STRAITSTIMES, 2022).

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7 APPENDICES:

Appendix A.

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			
	Q3	Q4	Q1	Q2	Q3 #	Q1-Q3 2020#
服務行業 Service Industry						
服務界別 Service Domain						
旅遊、會議及展覽服務 Tourism, convention and exhibition services	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 Computer and information technology services	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。 Notes: # Provisional figures.
() 括號內的數字表示與上年同期比較的變動百分率。 () Figures in brackets denote percentage changes as compared with the same

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

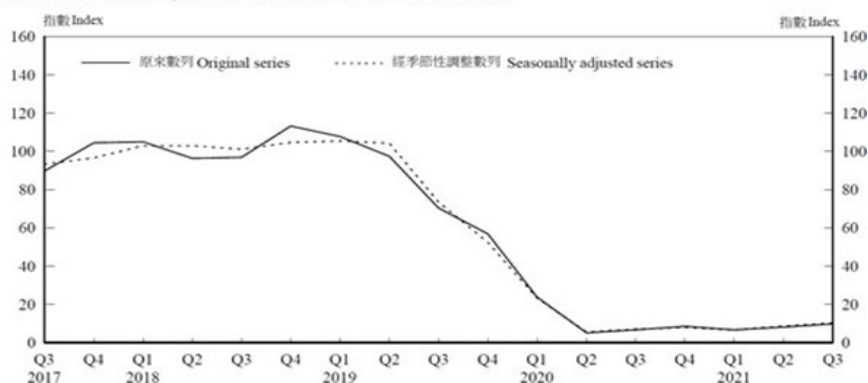
It has been extracted from the Census and Statistic Department HKSAR to show the indices of business revenue and percentage differences in the service industries of tourism, convention and exhibition services, and computer and I.T. services from Q3 2019 to Q3 2020.

Appendix B.

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

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

圖 16 : 旅遊、會議及展覽服務
Chart 16 : Tourism, convention and exhibition services



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

Table 3.3: 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.

Appendix C.

Notes to the Consolidated Financial Statements 綜合財務報表附註

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 傢俬 傢具 及租賃樓宇 內部裝修	Motor Vehicles 汽車	Operating Assets and Exhibition Stand Systems 經營資產 及展覽 攤位裝置	Total 總額
(HK\$'000)	(港幣千元)						
2020/21							
<u>Cost</u>	<u>原值</u>						
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)	(18,101)	-	(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
<u>Accumulated Depreciation</u>	<u>累計折舊</u>						
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	出售時的折舊回撥	-	(163)	(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
<u>Net Book Value</u>	<u>賬面淨值</u>						
At 31 March 2021	於2021年3月31日	570,889	284,238	66,095	438	10,254	931,914
2019/20							
<u>Cost</u>	<u>原值</u>						
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
<u>Accumulated Depreciation</u>	<u>累計折舊</u>						
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	出售時的折舊回撥	-	-	(12,250)	-	(16,367)	(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
<u>Net Book Value</u>	<u>賬面淨值</u>						
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(Legco Gov HK, 2022).

As a result, we understand that more investment brings more revenue. In this case, reflecting multiple times of SMEs also creating income through fixed assets, under a good and healthy business, which is an excellent strategy to maximise profit while fighting inflation, it seems to be a traditional method in Hong Kong.

Appendix D.

The Map shows the hotels nearby HKCEC, where the exhibitors held their meetings instead of an exhibit in the trade shows organised by HKTDC.



(HKCEC, 2022).