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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)
HKBM7009 Global Business Challenges

Assignment Title:
Analytical Report – Strategies for a Large Consumer Goods Company in Hong Kong to Ensure Business Continuity under the Covid-19 Epidemic Situation

"I, ANG, Arthur Wing Kai, student no.: 2019402, certify this work is the result of my own investigations, except where otherwise stated. All references have been duly cited"

Signed: _____

Date: 19th February, 2021

HKBM7009
Global Business Challenges

Assignment 1
Programme: MBA
Student Name: ANG, Arthur Wing Kai
Student ID: 2019402
Dated: 19/02/2021

Synopsis

The COVID-19 pandemic has been a huge test for the retail industry in Hong Kong last year since January 2020.

This report is to evaluate and analyzes the potential challenges faced by International Housewares Retail Company Limited and to propose business strategy to overcome them and maintain business continuity. Looking at their businesses, they should be focusing towards convenience GMS chain stores with selling multiple range of products and at the same time to maintain a good relationship with their customers by using the digital platform from shopping and purchasing online to have a promising "one-stop" experience to pick-up in stores or home delivery service.

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1 Introduction

The COVID-19 has overwhelmed health systems; and caused widespread social and economic disruption in Hong Kong as well the global. The purpose of this report is to formulate strategies for International Housewares Retail Company Limited (JHC), which is one of the well-known houseware and consumer goods company in Hong Kong, to maintain business continuity under the pandemic situation.

It has been a year for the COVID-19 and most of the countries has a negative GDP, except China with 2.3% in 2020 and projected to a global economy growth of 5.5% in 2021 with the vaccine-powered strengthening of activity later in the year. (IMF, 2021). As Hong Kong still facing the COVD-19 challenge. The disease has caused over 10,755 cases and it has deeply plagued Hong Kong's economy. And most of our businesses had recorded negative growth, such as: retails, food and beverage, services consumption (eg. transportation, medical & healthcare), travels and tourism etc. The border to mainland China remains lockdown, classes suspended, no public activities are allowed and most of the employees are still work-from-home. With the overall value index of retail sales decreased in 2019 (-11.1, from 1-12) and 2020 (-24.3, from 1-12) (C & SD, 2021) and our government has also rolled out the 3rd rounds of relief measures to save the economy which involves USD $24.55 billion. (Legco, 2020).

In today's economy, companies of all sizes would like to look for opportunities to change their outlook, finding ways to boost up their sales and diversifying the risks which they had from the pandemics in the retail industrial. In this research, we are foreseeing most of the consumers had changed their shopping habits from shopping in physical stores to either moving to buy it online and then pick up in store or deliver to point. Also, to gain the market shares and loyalty by expanding the product ranges to consumers. The advantages of expanding are to increase their revenue and believing the diversification is necessary for long-term growth.

The report will based on the Hong Kong official retail sales & GDP figures over the past few years as well as the company annual reports as study information. Further will use tables, statistic graphs, and pie charts to comprehend the finding. Also, will include the theories and reviews to support the result. Finally, the report will provide a business improvement plan and recommendation for further studying.

2 Company background

2.1 History in Hong Kong

International Housewares Retail Company Limited operates retail houseware retail stores. The company offer customers a variety of houseware products in Hong Kong and worldwide. International Housewares Retail Company Limited (short name: JHC) was successfully listed on the main board of the Hong Kong Stock Exchange on September 25, 2013 (stock code: 1373). It was established in 1991 and is the largest homeware retail chain in Hong Kong, Singapore and Macau. They have a network of 378 stores (365 stores in 2019, with a growth of 3.5%) in Hong Kong, Eastern Asia, Cambodia, Saudi Arabia, Australia and Vietnam, with the Japan City "JHC", Japan's home "Japan Home", "123 by ELLA", "$MART", lifestyle proposal "City Life" famous brand, and online shopping "JHC eshop" and "EasyBuy". (International Housewares Retail Company Limited., 2020).

The platform provides simple houseware, home care, personal care, snacks and fast-moving consumer goods at home. With its vast procurement channels and its own brand products, the Group is Provide diversified products at a price that provides customers with a "one-stop" shopping experience and pave the way for the transformation into a general merchandising store (GMS) chain. (International Housewares Retail Company Limited., 2020).

Figure 1 - JHC Milestone. (International Housewares Retail Company Limited., 2020).

As of end of October, 2020, the Group had a total of approximately 2,382 employees (April 30, 2019: 2,175 employees).

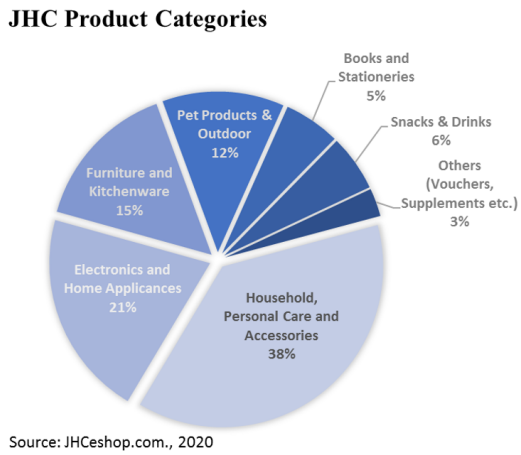
And their mission statement is to provide customers with a comfortable shopping environment with value for money, high quality, diversified product selection and convenient services. (International Housewares Retail Company Limited., 2020).

COVID-19 outbreak has affected the factory closures, sea and air outages, countries lockdown and supply chain disruption. This mainly caused by the restrictive measurement around the global and most of the businesses then needs to be suspend. As a local houseware products chain store and to remain normal operation in Hong Kong, JHC had kept themselves in a competitive position to overcome the challenges and maintain business continuity in the economic downturn.

2.2 Product portfolio

JHC has a business on houseware consumer products which divided into 7 areas with 4 major and 3 mirror category sectors. Its core sales covered on household, personal care and accessories (38%), electronics and home appliances (21%), furniture and kitchenware (15%), pet products & others (12%) and the remain are books & stationeries, snacks & drinks, vouchers and supplements, etc. with total of 14%. Most of the consumer goods are sourced from Taiwan, Guangzhou and Yiwu (Zhejiang Province, East China). Below figure 2 shows what product categories JHC has, incl. the breakdown of its sales in percentage (%).

Figure 2 - JHC Product Categories of Sales Breakdown (%)



Product Categories	Items breakdown
Household, Personal Care and Accessories	Laundry, Cleaners, Tissues/Wipes, Personal Care, Make Up, Mirrors, Mugs & Bottles, Bedding. Anti-epidemic Products, Masks, Household Tools, etc.
Electronics and Home Applicances	Microwaves, Ovens, Heaters, Electric Blankets, Fans, Water Boiler, Cookings, Vacuum Cleaner, Small Devices, etc.
Furniture and Kitchenware	Chairs, Tables, Cabinets, Sofas, Tablewares, Food & Glass Containers, Kitchenware, Pots & Pans, etc.
Pet Products & Outdoor	Pet Toys, Pet Foods, Gardening, Suitcases, Camping & Backpack, Sport Gears, etc.

2.3 Market competition

When it comes to buying household items, many people think of JHC. JHC has been in the business for 25 years and has now become a well-known brand. It has opened more than 200 stores in Hong Kong, leading the homeware retail market and was listed with a revenue reached USD $325.94M (HKD $2.54Bn) at last year (results for the year ended April 31, 2020).

One of the success factors of JHC is that the goods are cheap and affordable, which attracts many people and a strong supplier network of making directly purchase from different manufacturers in multiple countries to reduce costs and sell goods at low prices.
In recent years, following the online shopping boom, their online shopping platform "JHC eShop" has been launched, allowing customers to buy what they need at home, and even provide free pick-up services and home delivery services at designated branches to attract more customers. (International Housewares Retail Company Limited.,2020).

The household goods retail industry is often dominated by a few large chain stores or discount stores. Over the years, Hong Kong retail had provided high-quality products at competitive prices during COVID-19, established a reliable reputation and firmly established themselves in the market.

The household goods in online shopping is simple and convenient with a wide range of choices, and is becoming more and more popular with consumers. Therefore, the sales of household goods in stores, online and mobile device channels continue to grow, especially HKTVmall is a commonly used local e-commerce platform and making good use of big data analysis can help retailers respond more sensitively to consumer preferences and Pricerite Home Limited sell their products on their physical stores plus a sharp increase during the COVID-19 buy online and then pick up the goods in stores.

As a well-known brand like JHC, they also felt struggle from the local social unrest protests to the COVID-19 outbreak and the local competitive pressure with a wide range of choices. Therefore, to attract most of the Hong Kong customers JHC had integrated their brand JHCeshop, Easy Buy Jfun and its social media channel to prepare for the growth of online shopping population, expand their physical stores network to follow the new development areas, create private label for loyalty customers, expanding sourcing network and widening price range & categories products as to maintain the business in downturn.

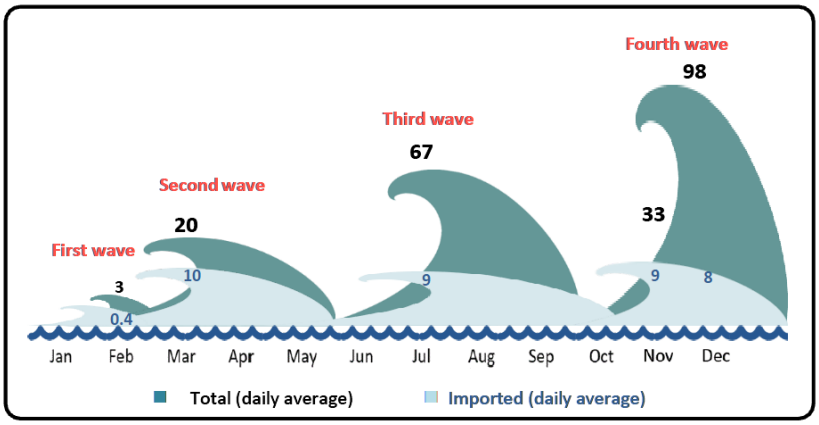
3 Company's business performance amid the economic disruption due to the COVID-19 outbreak

The combination of COVID-19, plus the internal and external factors from local unrest social protests, political uncertainty and more retails had decided to either reduce or exit in the early 2020 which causes the challenge to Hong Kong retails.

The first recorded COVID-19 case was on late January, 2020. With a month, the confirmed cases had growth rapidly with over 70 cases and government started to respond by doing social distance measures in February, 2020, incl. work-from-work arrangement for civil servant and suspending school classes. Onward in May and June, the local showed a short-lived recovery then from July getting worse again due to new wave of COVID-19 confirmed cases and announced by the HKSAR government of stricter control measures.

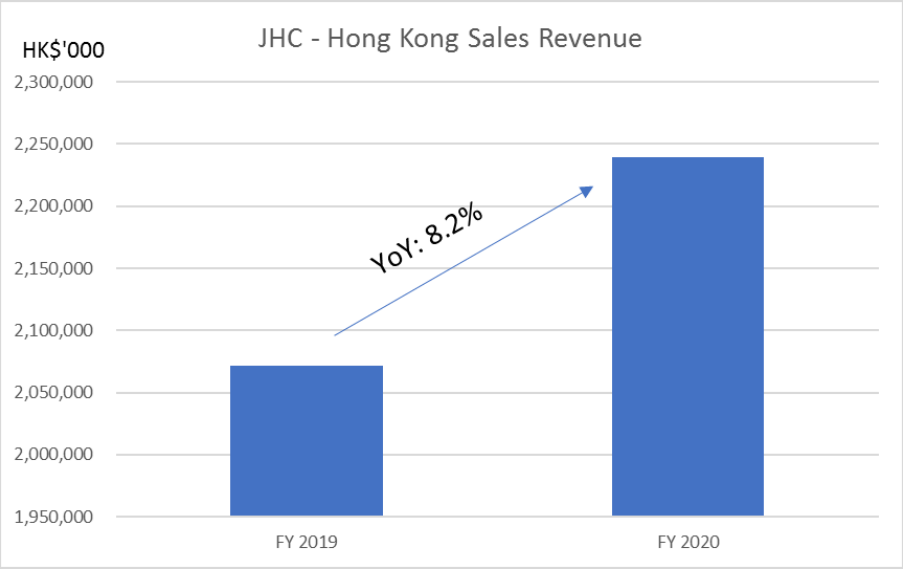
It changes all the people's habits to better personal health and environmental hygiene. Most of the stores and retails are relying on import for all the anti-epidemic products and masks as consumers are getting more health conscious. This lead the consumer goods to have a higher demand and boosting the growth during the 1st and 2nd waves. Figure 3 shows the waves distribution of the COVID-19 outbreak within 2020.

Figure 3 – Hong Kong Four Waves of COVID-19 Outbreak in 2020



Note:
Data from 23 January 2020 and as at 10 December 2020. Of all cases, one was a probable case and about 25% were imported cases.
Source: Legco, 2020., p.3.

Figure 4 – JHC Hong Kong Sales Revenue from 2019 - 2020



Source: International Housewares Retail Company Limited., 2020., Financial Highlights, p.11.

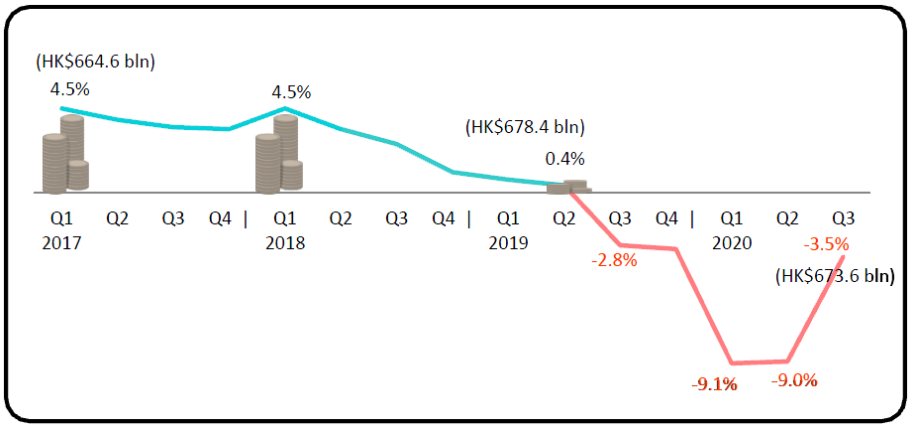
Figure 4, as to shows the total sales revenue of Hong Kong in 2020 as at 30 April, 2020 had increased during in the 1st and 2nd waves which has a higher demand needs for the consumer goods under the pandemic.

Further to the below discussion will be the causes of the COVID-19 outbreak to our macroeconomic environment, the cost structure and revenue structure which affect to JHC.

3.1 Macroeconomic environment

Economic uncertainties arising from the start of social incidents in 2019 which caused Hong Kong's economy to trend downward. Further impact will be the COVID-19 in 2020 with limited lockdowns, restrictions on travel and all other social distancing measures which slower down all our activities.

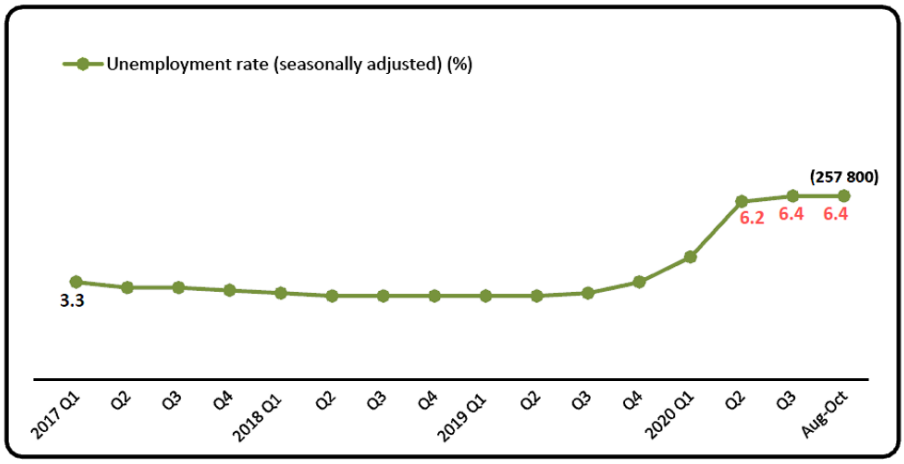
Figure 5 – Hong Kong Quarterly Real GDP year-on-year % Change



Source: Legco, 2020., p.13.

Hong Kong has been hit hardly during this pandemic crisis which reflected on our quarterly Gross Domestic Product ("GDP") with a record high of -9% in the first half of 2020. Figure 5. Then it narrowed to 3.5%, which contributed large improvement in total exports of goods and economic recovery of the Mainland. Figure 5. (Legco, 2020). Looking ahead to 2021, the Hong Kong economy is expected to see growth, but the speed of recovery will be uncertainties. (Hong Kong Economy, 2021).

Figure 6 – Hong Kong Unemployment Rate (%)

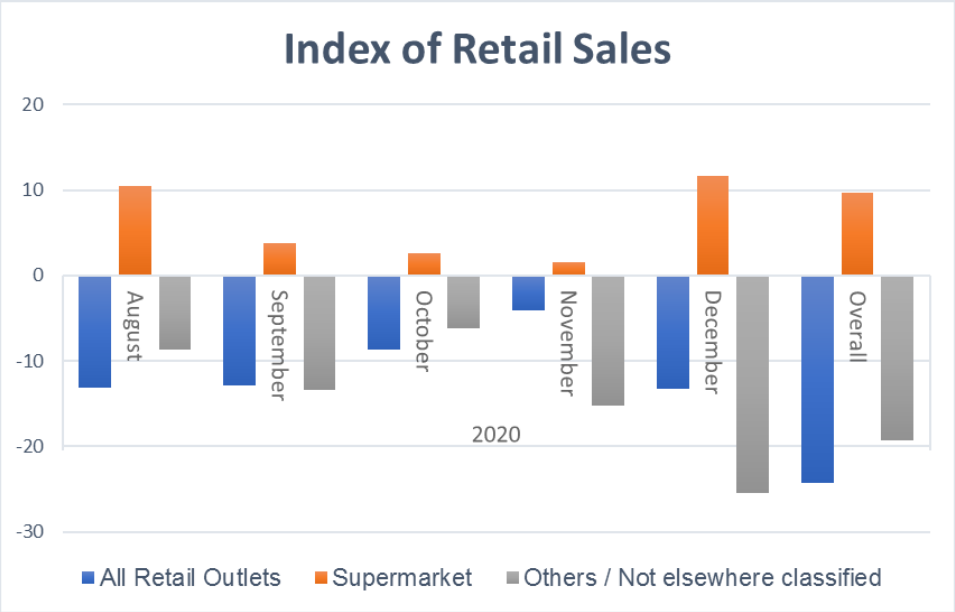


Source: Legco, 2020., p.12.

Similar to unemployment rate, it has marked to 16 years high of 6.4% with almost 260,000 people being unemployed during August to October 2020 across retail, hotel and food sectors with the struggling against a fourth wave of coronavirus infections. The general unemployment rate was remaining unchanged at 3.3%. Figure 6. (Legco, 2020). Our government had explored some ways of providing more help to the joblessness and employment, such as: announced a fourth round of relief measurement with HK$ 6.4 billion (US$0.8 billion) in December 2020. As the 4th wave continues to weigh our local consumption and economic activities remain pressure in short term.

For the retail in Hong Kong, it is not among the worse although we see ups and downs with shrink from August to November on retail sales to - 4.1 and so-called the four waves arrived and dropped to - 24.3(1-12 for all retail outlets). Figure. 7. (C&SD., 2020).

Figure 7 - Hong Kong Retail Sales Index of Year 2020



Source: C&SD, 2020.

This shows the retail have a high demand, especially to the supermarket section which shows positive figures. Consumers had a stronger in demand, and sales which benefiting from buying and value preservation behaviour during stay-at-home activities as becoming a “new normal” in front of the economy.

3.2 The cost structure

Further below, as reference to JHC fixed costs of the retail stores rent & operation expenses, the expenses for advertisement, the cost of machinery or equipment ‘s depreciation & amortization and etc. Table 1. Throughout the table, we see a shape growth on operating expenses, depreciation and amortization as JHC had new store opened and expended their network to 378 stores (365 stores in 2019, with a growth of 3.5%) in Hong Kong & Singapore and also started their own protective mask production line in late July last year in Hong Kong. According to the table, YoY expenses from FY2018 – FY2020 will be remained steady as they are looking for financial healthy and towards medium to long-term prospects expansion on its business in Hong Kong, Singapore and Macau.

Table 1 – JHC Total SG & A Breakdown

	Unit: HK$ million		
SG & A Breakdown	4/2020	4/2019	4/2018
Distribution & Adertising	64	5	57
Total administrative & other operating expenses	942	901	877
Depreciation & amortization	391	29	30
Others (Loan intertest, etc.)	22	0.83	0.83
Total SG & A	1,419	936	965
YoY % - Total SG & A	34%	-3%	
Total SG & A as a % of Revenue	39.50%	40.50%	41.90%

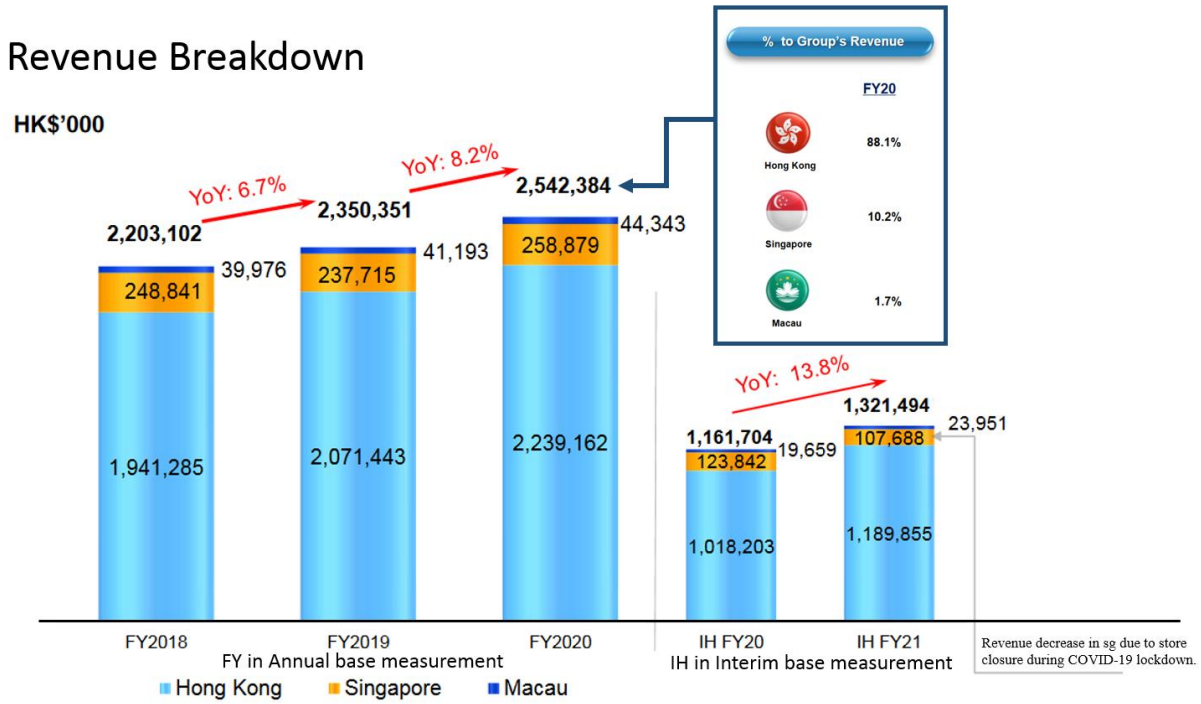
Source: HKEJ (stock code: 1373), 2020.

3.3 The revenue structure

The group's core businesses included retail, wholesale, and franchising. During the year, the retail business continued to be the main source of their sales revenue of the group and recorded continuous growth with revenue increased by 8.2% from last year to US$325.94M (HK$2.54Bn) (results for the year ended April 30, 2020) and gross profit increased by 9.6% to US$151.81M (HK$1.18Bn). Figure 8. (International Housewares Retail Company Limited.,2020).

The group also receiving new product categories growth for fast-moving consumer goods, such as: snacks and personal and home care products and revenue from wholesale business and issuance of franchise rights increased by 44.8% from last year to US$2.26M (HK$17.69M, 2018/19 was: HK$12.2). Hong Kong continues to be the main market of the group, accounting for 88.1% of total revenue. (International Housewares Retail Company Limited.,2020).

Figure 8 - JHC Revenue Breakdown from FY2018 – 2020
(FY = as of end of Apr, IH = as of end of Oct)



Source: International Housewares Retail Company Limited., 2020., Financial Highlights, p.11.

Although the business environment is full of challenges from the social events which had shorten the business hours of local stores and the recent outbreak of COVID-19 has affected the economy which causes weak retail environment to the group's businesses in Hong Kong store but still has a sales growth with a recorded of 4.6% due to growing online shopping, 4 new private label launched and new store openings. (International Housewares Retail Company Limited.,2020).

4 Analysis and discussion

In this section, we will analyze the company's future development plan and challenge on product diversity, growth on online shopping and market sharing on local market competition. The purpose of this discussion in to ensure JHC has a strategy for its business continuity for their future. We will apply our knowledge and analytical skills learnt in the course as a support to our view.

4.1 Challenges facing the company

4.1.1 Product diversities and store network challenges

The business concentration towards 3 to 5 years for JHC is remaining in Hong Kong. As they are well-know brand and this year they had opened 13 new stores and 7 stores are in Hong Kong compare to 2019 (as above 87% of their sales from Hong Kong). Table 2.
The goal is to have a wide store networking in local new developed residential or public housing area to expand its share in the retail market, to be more flexible for customers to choose pick-up and also to increase the store density for different product categories towards the GMS chain store. (International Housewares Retail Company Limited.,2020).

Table 2 – JHC Revenue (YoY) % and Number of Stores Information (2018 – 2020)

	Revenue (YoY) %			% to Group's Revenue (Average)	No. of Stores		
	4/2018	4/2019	4/2020		4/2019	4/2020	Difference
Hong Kong	4.98%	6.28%	7.49%	87.7%	305	312	7
Singapore	8.50%	-4.68%	*8.18%	10.5%	44	49	5
Macau	4.06%	2.95%	7.10%	1.8%	7	8	1

Note: *Full-year profit for the first time in 6 years
Source: International Housewares Retail Company Limited., 2020., Financial Highlights, p.11-13.

Other than that, JHC also facing the change of customer's lifestyle and consumption. As you can see from the below figure. Figure 9. During the epidemic, diversity of products demand had increased, and traditional products are no longer survive for original repeated customers.

The business had created 2 major competitors in the market which has groceries and frozen foods as their major difference. This leads JHC facing the challenge to keep their customers not just doing expansion but to keep track on their customer's shopping behaviours and needs.

Figure 9 – Product Categories vs Competitors

	Household, Personal Care and Accessories	Electronics and Home Applicances	Furniture and Kitchenware	Pet Products & Outdoor	Snacks & Drinks	Frozen Food & Groceries	Books & Stationeries	Vouchers & Supplements	Insurance & Finance	Delivery Service / Store Pick-up	Joint-venture
JHC	✓	✓	✓	✓	✓		✓	✓		✓	✓
HKTVmall	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pricerite	✓	✓	✓	✓	✓	✓		✓		✓	

Notes:

(1) Compare JHC vs Pricerite. JHC stores are mainly smaller size (sq.ft) than Pricerite. Pricerite has 25 stores which has physical products at their stores (eg. furniture & electrical appliances, etc.) but not for JHC as they sell big size products online to save places. JHC has around 312 stores in HK and they are mainly for small size repeated products.

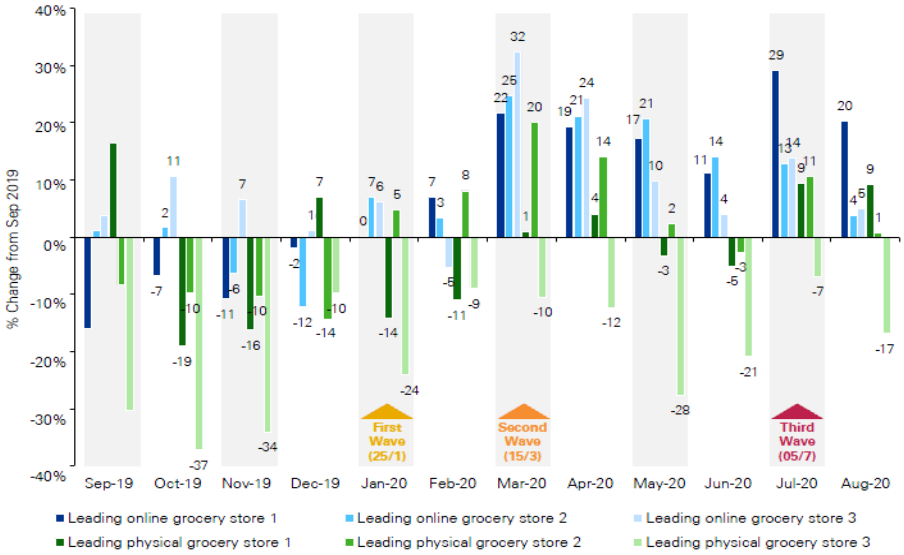
(2) HKTVmall rarely had physical store, if have only small size with frozen foods, fruits & vegatables which also servicing as stores pick-up.

Sources:
https://www.jhceshop.com/
https://www.hktvmall.com/
https://www.pricerite.com.hk/

4.1.2 E-commerce challenges

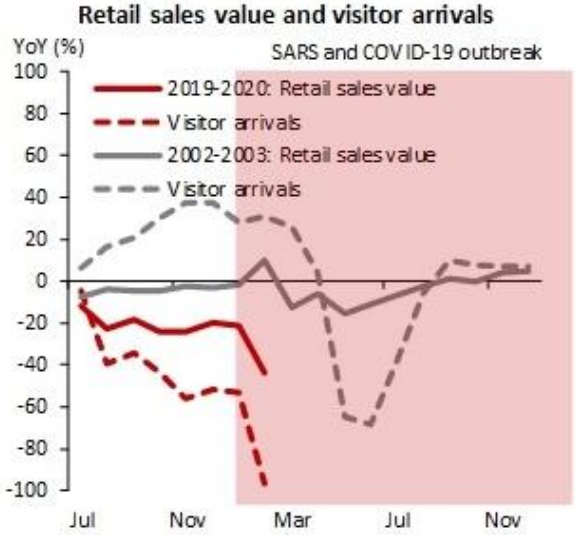
The COVID-19 has open-up a new opportunity for online-based consumption and acceleration of digital evolution helps retail sector to become less rely on physical stores and tourism-related sales. Consumers using online channels for groceries had increased rapidly in between the multiple waves of infections due to more cases are confirmed and government tightened the social distancing rules. Figure 10. The demand will decline only no longer under stay-at-home economy and vaccines are available for COVID-19. It is a copy of SARS in 2003, after the epidemic the demand of in-person purchasing will be increased and back to normal. Figure 11.

Figure 10 – Habits of retail prchasing during COVID-19 (Online vs Physical store prchasing)



Source: KPMG., 2020., Impact of COVID-19 on HK consumer behaviors, p.8.

Figure 11 – Retail Sales Value and Visitor Arrivals (SARS vs COVID-19)



Source: DBS., 2020., Hong Kong Chartbook: A deeper recession comparing with SARS.

In parallel to the market growth, we see local competitors like HKTVmall and Pricerite Home Limited not just selling their products in physical stores but also on their online platform. Therefore, JHC not just attracting their repeat customers but make them feel loyalty as shopping online has a continues E-commerce sales growth of more than 50% globally by 2021. (99Firms., 2021).

4.1.3 Cost challenges

Overall to JHC's business, we see an increase of 8.2% sales growth. However, they receive a -13.0% revenue growth from Singapore due to the store closure for 49 days under COVID-19 lockdown during the period time of 7 April to 18 June, 2020 after they had a full-year profit for the first time in 6 years. Figure 8 on above.

Other than that, the SG & A is relatively high in FY2020. Ref. to pervious Table 1 as below. This is because of the epidemic; they had invested their own brand "SMILE 365" masks with 4 production lines which had started to produce in July last year and integrating its O2O platform together with social media apps to prepare for growing online shopping population. This causes the labour cost, operation cost, distribution & advertising, automated machineries which had increased by 34% compare to FY2019.

Table 1 – JHC Total SG & A Breakdown

	Unit: HK$ million		
SG & A Breakdown	4/2020	4/2019	4/2018
Distribution & Adertising	64	5	57
Total administrative & other operating expenses	942	901	877
Depreciation & amortization	391	29	30
Others (Loan intertest, etc.)	22	0.83	0.83
Total SG & A	1,419	936	965
YoY % - Total SG & A	34%	-3%	
Total SG & A as a % of Revenue	39.50%	40.50%	41.90%

Source: HKEJ (stock code: 1373), 2020.

4.2 Strategies to ensure business continuity under the COVID-19 epidemic situation

This section is to suggest a plan to develop diversity products range towards a convenience GMS chain store. The products also can purchase it online as to ensure the business can run through under the COVID-19 epidemic situation.

4.2.1 The business continuity plan

The epidemic impact and created a huge challenge to the retail industry. No visitors, local spending is sluggish, and more companies took a step to temporary closure or no choice to do laid off and close down. While the retail sales in June was falling by 24.7% and end of 2020 was falling by 24.3% but for supermarket section has a growth of 9.7% in full year. (Census and Statistics Department, HKSAR., 2020).

Looking back the front-line team, they can still take emergency measures to stabilize store business and continue in various places, like enlarging the product range to anti-epidemic products, masks, fast-moving products, snacks, personal and home care products etc. during the COVID-19 which also reflect to the revenue with positive figure similar to the retail sales index of supermarket commodity.

In order to make themselves survive and even grow steadily, the business shall always follow the market trends and do quick response for environment changes to consider towards convenience GMS chain. Adjust could have risks and below had prioritize from highest to lowest impacts:

- Choose of popular FMCG and diversity products will be the major challenge. Will need stronger international sourcing and cooperate with global suppliers for smooth supplies.
- Enlarge supplier base and more flexible inventory policies to minimize the logistics-related challenges which caused by COVID-19.
- Invest and adapt new talents or train up existing staffs for new business / strategies – B2B, e-marketing, promotion, etc.
- Better location and bigger retail spaces in the stores for wide range products could given them the pressure on rents, although street shop rents had decreased more significantly during the pandemic but owners either willing to reduce rents for short-term contract or renew the contract for 3 years to stabilize future rental expenses.

- Addition staffs or re-arrange employees are needed, so they can still maintain a stable productivity to support new business. This could create extra labour cost and unnecessary expenses for operation needs.

4.2.2 Implementation process

To attract local consumption and defend itself in times of crisis, company shall have creative to rising in popularity. Therefore, diversity products range will be a benefit as a first step to GMS chain store. JHC is a well-known brand for most of the Hong Honger on housewares convenience store. They also have private label brands which provide electrical appliance and gadgets, thermo products, value cookware, mobile phone accessories and mask, etc. and the position for JHC is affordable good price.

Further to now, they have a good mix of direct import FMCG and strong international sourcing network as base even further to next level, and this could introduce fresh & trendy products which following in customer's age, lifestyle, unique, market needs.

Before, most likely to choose "Made in China" for their consumer products as they maintain a high quality and affordable price but since people cannot travel and they would rather spend the time on foreign website to buy goods online. This potentially will bring back the new opportunities to their online and physical store if they have theme topics like Korea, Japan or either Southeast Asian products and foods. Also, they may do fresh produces, groceries, dairy products and frozen meats together with merchants as a start in online platform.

From their annual report, they are welling and seeking right location for new store opening for big growth potential. This will benefit group's extensive sourcing network and the volume purchasing with a competitive price from suppliers. They will do the expansion in Hong Kong as well as Macau. For Singapore, as they just had their full-year profit for the first time in 6 years and parallel to the closure of 49 days due to COVID-19 optimize the business development.

In further to their supply chain, lead-time and quality are the most important role of all. They will be needed to cooperate with their strategic partner for international FMCG trade to secure smooth supplies. It will be too late if missing out a theme topic and lost out the foot traffic and the shopping experience from customer's attraction.

Other than that, online shopping is very common now. It is no because of the epidemic but after the COVID-19 it surely will have a chemical to our lifestyle as new normal. The advantages of online shopping vs physical stores are alot, such as: new customers coming from everywhere through internet by likes or share, lower cost and more efficient to sales, unlimited business hours and so. Above these tasks shall adapt new talents to do the integrated and convenient customer from promotional, easy buy and to gain points for any purchasing as customer loyalty rewards.

For spacing and new store locations will be a continuity task as this will be added to brand awareness for traffic increase and convenience to customers store pick-up. Further consolidated the development and business improvement, business operations and the diversified model will sustain the growth and the achieved changes will then help to face the future challenges,

5 Conclusion and recommendations

5.1 Conclusion

JHC as of end of April, 2020, its revenue had increased by 8.2% and gross profit increased by 9.6% compare to FY2019. It is a new record high and this was well relying on their top management team with flexible and diversified business model for them to provide financial flexibility and good development opportunities.

Earlier of the development for online platform because of the attack which they can find a new direction and complete changes in shopper's behaviour. Also, the group currently manufacture masks for locals and truly credit themselves as a local well-known brand under the epidemic to gain good reputation and repeated loyalty customers. It is not doubt that they act quickly and decisively to achieve change in the crisis. It helps them to fight thought the COVID-19 and accelerated the changes of keeping the growth and their business operations.

5.2 Recommendations

JHC relatively had a small impact from the epidemic and they had found out a way to continuous their business, such as: sell masks, alcohol handrubs, disinfection and cleaning products, etc., which significantly boosted their overall sales. However, when the epidemic end and everything back to normal then they should shaping towards convenience GMS chain store, sourcing new goods globally and expanding its business, such as: frozen foods, groceries, etc. for new demand from customer's behaviour into online platform. They were lagging behind in the domestic O2O business before and it will be a great chance to rise the popularity to get the market share.

Also, JHC had been in the mass market selling cheap household products and its own brand with strong supply chain networking in this field. In the past, they mainly source their consumer products from Taiwan, Guangzhou and Yiwu. They could be strengthen their international sourcing ability to offering or consider to allying with global FMCG brand to develop smooth supplies for new diversity ranges with higher quality products for new attractions.

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