卓悦 控股有限公司
BONJOUR Holdings Limited
Hong Kong Stock Code 653

Business Proposal

The HKICPA Accounting and Business Management

Case Competition 2021-22

A. Executive summary

1.Current state of business

Bonjour Holdings Limited (the Group) is a leading retail store selling beauty and lifestyle products in Hong Kong. The Group is currently operating **11** retail stores in Hong Kong and Macau as well as its eCommerce platform, HKMall. The newly built **O2O system in HKMall** enables a new retail service of "**online + offline + experience**" to serve online customers with the cooperation of Hong Kong Industry Innovation Centre (HKIIC), HKMall and Bonjour Technology.

2.1.Key Findings of financial analysis

The turnovers decreased drastically from 1459 million to 539 million. The **great reduction in turnovers** is found to be the key factor weakening its financial performance. Moreover, large improvement in profitability, management efficiency, liquidation and solvency is needed.

2.2.Key findings of SWOT analysis

High accessibility to store for consumption, **diversified products**, good corporate image, readily available resources and technology boost the turnovers of the Group. **The increasing demands of skincare products**, growth of the mainland market, high popularity of online shopping and 5G technology brought opportunities. However, the Group has **ineffective online promotion** for both physical and online stores together with a narrow scope of customer groups. The Group also has a poor interior layout for physical stores and social media management. Besides, the economic impact of the pandemic, **loss of mainland market in pure physical stores** and **tense competition of online shopping** are unfavorable to the business.

3.Key recommendations

The key strategies of our group are **engaging more customer groups, increasing online exposure** and **the loyalty of the customers**. Based on these, seven campaigns are suggested.

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B.Introduction

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1. Background

The Group has been one of the most leading retail stores selling beauty and lifestyle products. However, the Group's performance in 2020 is worse than 2019, in which the Group has a declining number of physical stores while stationed in plenty of online platforms.

2. Objective and scope

This proposal aims at **enhancing the Group's offline and online retail business**. The financial and non-financial performances of the Group in 2019 and 2020 are evaluated through financial ratio and SWOT analysis. A market survey was conducted to investigate the customer's impression and understanding of the Group. Based on the findings, several promotional campaigns are suggested for **the betterment of the Group's performance** and **the cultivation of the public's awareness towards the Group**.

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C. Financial analysis

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Profitability Ratios			
Ratios	Formula	2020 ($ in thousand)	2019 ($ in thousand)
Gross Profit margin	$\frac{Gross\ Profit}{Turnover} \times 100\%$	$\frac{\$173,095}{\$538,788} \times 100\%$ **= 32.13%**	$\frac{\$490,443}{\$1,458,828} \times 100\%$ **= 33.62%**
Net Profit margin	$\frac{Net\ Profit\ before\ Tax}{Turnover} \times 100\%$	$\frac{-\$259,112}{\$538,788} \times 100\%$ **= -48.09%**	$\frac{-\$131,588}{\$1,458,828} \times 100\%$ **= -9.02%**
Return on Average Assets	$\frac{Net\ Profit\ after\ tax}{Average\ Total\ Assets} \times 100\%$	$\frac{-\$258,423}{\frac{1}{2}\,[(\$655,771+\$371,775)+(\$1,197,644+341,994)]} \times 100\%$ **= -20.13%**	$\frac{-\$130,621}{\frac{1}{2}\,[(\$341,994+\$1,197,644)+(\$831,471+\$561,688)]} \times 100\%$ **= -8.91%**

The **profitability** of the Group **had decreased** and **the performance was dissatisfied.** In 2020, the larger decline in gross profit than that in turnovers led to a 1.42% drop in gross profit margin, reflecting its **weaker ability in controlling cost of inventory and pricing policy** and **bargaining power in raising product value**. With a larger percentage decrease in net loss than that in turnovers, it led to the significant 39.07% loss on the net profit margin, reflecting its **lower ability of controlling operational expenses efficiently.** Given the 11.22% drop on return on

average assets, the Group was **ineffective in utilizing existing assets to boost turnovers**. The net losses before tax implies the Group had **high operating expenses** and **very weak flexibility** to use its resources. Overall, the Group had **a poor turnovers performance.**

Management Efficiency Ratios			
Ratios	Formula	2020 ($ in thousand)	2019 ($ in thousand)
Average Inventory Turnover period	$\dfrac{Average\ Inventory}{Cost\ of\ Good\ Sold} \times 365$	$\dfrac{½\ (\$97,318 + \$187,968)}{\$365,693} \times 365$ **= 142.37 days**	$\dfrac{½\ (\$187,968 + \$235,697)}{\$968,385} \times 365$ **= 79.84 days**
Average Trade Payables Repayment period	$\dfrac{Average\ Trade\ Payable}{Credit\ Purchase} \times 365$	$\dfrac{½\ (\$23,734 + \$83,131)}{(\$365,693 + \$97,318 - \$187,968)} \times 365$ **= 70.91 days**	$\dfrac{½\ (\$125,812 + \$83,131)}{(\$968,385 + \$187,968 - \$235,697)} \times 365$ **= 41.42 days**
Average Total Assets Turnover	$\dfrac{Turnover}{Average\ Total\ Assets}$	$\dfrac{538,788}{½[(\$655,771 + \$371,775) + (\$1,197,644 + \$341,994)]}$ **= 0.42 times**	$\dfrac{1,458,828}{½[(\$341,994 + \$1,197,644) + (\$831,471 + \$561,688)]}$ **= 0.99 times**

The **overall management efficiency of the company had worsened**. In 2020, the significant 62.53 days increase in the average inventory turnover period showed that a **longer** average length of time was required for the Group to sell its goods. **Less efficient inventory management and lower liquidity** were reflected, which **increased the risk of having unusual inventory loss or expired inventory**. The 29.51 days extent in the average trade payables repayment period indicated that the company obtained **a longer credit period from the creditors**. Despite **a better cash position for the Group** due to better control of cash flow, there may be a higher risk that **some creditors no longer continue supplying the goods** due to the longer repayment period. For the average total assets turnover, the 0.57 times decrease indicated that the Group was **less efficient in utilizing assets to generate turnovers revenue.**

Liquidity Ratio			
Ratios	Formula	2020 ($ in thousand)	2019 ($ in thousand)

Current Ratio	$\dfrac{Current\ Assets}{Current\ Liabilities}$	$655771 : $772,320 = 0.85 : 1	$341,994 : $595,115 = 0.57 : 1
Cash Ratio	$\dfrac{Cash\ and\ Cash\ Equivalent}{Current\ Liabilities}$	$16,748 : $772,320 = 0.02 : 1	$98,855 : $595,115 = 0.17 : 1

Overall, the Group had a **weak liquidity position** and **was vulnerable to financial difficulties** in 2019 and 2020. Despite the increasing current ratio, the Group had an **unhealthy liquidity position**. Being **unable to maintain the net assets level, debt-to-equity ratio and debt-to-inventory ratio** which breached covenant clauses in banking facility letters, the Group's non-current bank borrowings was reclassified as current liabilities in 2020. Given the surge in current liabilities, a larger percentage increase in current assets due to **plants, property and equipment held for sales** amid **rapid decline in net cash generated from operating activities**, the current ratio had increased by 49.1% while the cash ratio had decreased by 88.2%. The Group had **more short-term assets yet less cash and cash equivalent** to repay loans promptly when they fell due. With the two ratios below 1:1 in 2020, the Group was incapable of **paying off the short-term financial obligations with insufficient liquid assets and cash and cash equivalent.**

Solvency Ratios			
Ratio	Formula	2020 ($ in thousand)	2019 ($ in thousand)
Gearing ratio	$\dfrac{Non-current\ Liabilities}{(Non-current\ Liabilities + Share\ Capital + Reserves)}$ $\times 100\%$	$\dfrac{\$86,678}{(\$86,678 + \$34,126 + \$138,040)}$ $\times 100\%$ = **33.49%**	$\dfrac{\$509,097}{(\$509,097 + \$34,126 + \$402,172)}$ $\times 100\%$ = **53.85%**
Debt to equity ratio	$\dfrac{Total\ Liabilities}{Total\ Equity}$ $\times 100\%$	$\dfrac{(\$772,320 + \$86,678)}{\$168,548} \times 100\%$ = **509.65%**	$\dfrac{(\$595,115 + \$509,097)}{\$435,426} \times 100\%$ = **253.59%**

The Group had an **acceptable** long-term solvency, but it **relied more on debt financing than equity**. Despite a rapid decrease in total shareholders' funds, the non-current liabilities decreased by a larger percentage due to lease liabilities and bank borrowings, that the gearing ratio dropped 20.36%. It reflects that the Group **was less debt-financing in the long term.** Since the Group's gearing ratio was within the average industrial ratio of 30-50%, the Group was **optimal-geared**, that was **not highly leveraged**, hence **reducing the business risk in the long term.**

The bank borrowing changed from non-current to current liabilities in 2020, resulting in a rapid decrease in non-current liabilities yet slight decrease in total liabilities. Due to **the drastic decrease in reserve**, there was a larger percentage decrease in total equity than that in total liabilities in 2020. It reflects that the Group **highly relied on debt-financing** to support its operations. Noticed that current liabilities outweigh non-current liabilities so much and the debt to equity ratio was far greater than 100%, it reflects that the group was **highly relied on short-term debts and it put the business at higher risk in the short term.**

Investment Appraisal			
Ratios	Formula	2020 ($ in thousand)	2019 ($ in thousand)
Earnings per Share (EPS)	*Profit attributable to Owners of the Company* / *Weighted-average No. of Ordinary Shares* $\times 100$	$\frac{-\$255,734}{3,412,566} \times 100$ **=$-7.49 cents / share**	$\frac{-\$129,648}{3,412,566} \times 100$ **=$-3.80 cents / share**

The performance of the Group on the returns on investment in shares had **weakened** and was still **disappointing** in 2020. The EPS had depreciated that it had **increased the loss generated on the investment relative to the amount of the money invested.** It reflects that Bonjour was **less profitable** and shareholders would be **less willing and confident** to invest in a company with **declining profit generating ability.** As mentioned above, being **unable to maintain several ratios**, the Group is subject to an **early repayment option** by the banks, causing difficulty in debt-financing. Thus, the Group has to rely more on equity funding instead of debt. However, with the **negative** EPS which **decreased public investment incentives** to the Group, the discouragement in investment would hinder the Group's development.

D. Summary of the Group's strategic efforts and directions

(i) Strategic efforts:

For **traditional offline retail operations**, the Group **diversified** its product portfolio to satisfy local consumers' needs and demands. For **all inclusive e-commerce business**, the Group launched a brand new **'Bonjour Life O2O'** to provide an all-inclusive e-commerce service, and the Group integrated capital flow, logistics and dataflow with **new technologies**. Moreover, the Group established the **KOL live streaming studio** to nurture frontline staff to have live streaming turnovers at various online platforms. In addition, the Group cooperated with various sectors in events, for

instance, the "Three Cores of E-Commerce" seminar and the "Lifestyle Shopping Fest", to **create a shared business ecosystem** with enterprises.

(ii) Strategic directions:

For **traditional offline retail operations**, the Group would develop its **Bonjour Tower** which includes more global brands to create a cross-border service infrastructure in Hong Kong. The Group would also **review its store network**, underperforming stores would be closed for better cost control. For **all inclusive e-commerce business**, the Group would introduce **more kinds of products** such as department store goods and health products to strengthen the Group's e-commerce development. Moreover, HKMall would expand its service to **provide professional services** of smart retail for local merchants and enterprises in Hong Kong, and cooperate with HKIIC and Bonjour Technology to **improve its e-commerce services**.

E. SWOT analysis

Strength:

1. **Wide variety of products**

HKMall provides **over 40000 types of products** of **different brands** from **different countries** while physical stores provide cosmetic products, healthcare products to daily necessities. Diversification of products caters the needs of **different customer groups**. It better targets their **ideal products** and allows them to have a **one-stop shopping experience**, thus increasing the **competitiveness** of the Group.

2. **Abundant readily available resources and technology**

The Group trained its Key Opinion Leader (KOL) during the pandemic and equipped them with **live streaming promotion skills**. Thus, **human resources** for developing HKMall are provided. Bonjour Tower and HKIIC, provide places like **KOL live-streaming rooms** and **concept store (i.e. MeiMall).** In addition, with the cloud system of Bonjour Technology and strategic cooperation with **Hong Kong Huawei Cloud, technology** required for developing HKMall is available. The resources are favorable for Bonjour's long-term development of the **O2O** model in HKMall by **reducing the cost of hiring factor of production.**

3. **Well-established corporate image**

Being a socially responsible corporate, the Group was awarded '10 years Caring Company' in 2019, indicating its care to the community, employees and the environment. During the pandemic in 2020, many Hongkongers lack medical surgical

masks. The Group sourced masks globally and resold at a low price. The Group's active fulfillments of social responsibility help it **gain public support and recognition**, enhancing **business continuity**.

4. **High accessibility to store for consumption**

For the Group in 2022, there are 11 **physical stores** located in different places, including Causeway Bay and Mong Kok, two of the busiest districts in Hong Kong, which are **easily accessible** by public transports. Meanwhile, HKMall's cooperation with 44 mainland and foreign retail platforms allow online shopping, bringing **convenience** to customers and increasing their **consumption willingness**. It helps **increase popularity** by expanding local and foreign markets.

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Weaknesses:

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1. **Poor interior layout for physical store**

According to our survey, customers think that the **spaces** between the display shelves in the physical stores are **too narrow,** and there is **poor categorisation of different types of products.** It not only causes **inconvenience** and uncomfortability to customers, but also confuses customers that they could **hardly find their desired goods**, hence lowering their consumption willingness. Also, the **appearance of the stores are relatively dull**, which could not attract customers to visit the shop.

2. **Narrow scope of customer group**

In recent years, the Group has been trying to target **mainland customers.** However, this caused an **over-reliance** on the revenue brought by the mainland parallel goods trader. Since the **customer group of the Group is narrow**, it would **limit the growth in revenue**. In particular, the linkage between the mainland and Hong Kong has been blocked due to the pandemic, the mainland tourists could no longer come to Hong Kong frequently and thus the profit of Bonjour would be greatly reduced.

3. **Ineffective promotion for HKMall**

The Group introduced their online shop (卓悅香港貓) on 2005. However, from our survey, it is found that an **overwhelmingly small proportion** of people know HKMall. Also, there are only 30000 people who downloaded the app, reflecting the ineffective promotion of the app, which causes the **low popularity**, thus **fewer potential customers** could be attracted and initiated to purchase at Bonjour.

4. **Poor social media management**

The Group has set up webpages in different social medias such as Facebook and Instagram. However, the posts are all discount-related, which is **redundant**. Due to

inadequate interaction with followers, the number of followers is small. With **low reach and browsing frequency**, there is low awareness of the Group.

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Opportunities:

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1. **Increasing demands of skincare products**

Due to the pandemic and the continuous variant virus, face masks have become a **necessity** to the general public. Given that continuous wearing of face masks causes **skin problems such as acne**. There is a **rising demand** for skincare products in which the Group mainly sells, hence bringing more **potential customers**. Customers could consume cosmetic products either from pure physical stores or HKMall, which may **boost the turnovers**.

2. **Growth of mainland market in HKMall**

Note that Mainland customers are the major customer base of HKMall. With the **foster economic development** of China, more Chinese citizens have a **higher purchasing power**. Together with the cooperation with the mainland online retailing platform such as Tmall 天貓, the large variety of products from HKMall could **satisfy the increasing needs** of the Mainland market.

3. **High Popularity of online shopping**

In recent years, online shopping has become very popular. Because of the convenience of online shopping, **less time** and **physical effort** are required in shopping. It has become a **consumption habit** among consumers nowadays. Consumers often purchase products on sites such as Taobao and HKTVmall. Hence, with appropriate promotion, the Group could **expand its turnovers channels easier** and enlarge its customer base.

4. **5G technology**

The newly developed 5G technology **improves resolution of livestream and alleviates the problem of delay**, which is **beneficial to the long-term development of online promotion**. Meanwhile, technological start-ups companies **desire for cooperation** in testing 5G technology, which gives a chance for the Group to **apply 5G in HKMall**. It would improve the quality of livestream for selling products and allow customers to have a better online shopping experience.

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Threats:

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1. **Economic impact of the COVID-19**

Against the backdrop of the outbreak of pandemic in 2020, and the **continuous variant virus** like Omicron in 2021, economic activities are likely to be disrupted

continuously and the unemployment rate would keep rising. Thus people's **purchasing power and consumption willingness decreases**, leading to **decrease in turnovers and profit**.

2. Loss of mainland market in pure physical store

Given that Mainland tourists are the **main customer base** of the Group's offline stores, the pandemic hinders mainland tourists from travelling to Hong Kong. The Group loses its major customer base **in the short term,** which affects turnovers adversely and causes fatal suffering in terms of **customer flow** and **revenue**.

3. Tense competition among online shopping platforms

With the great popularity of online shopping and the **low entry barrier** of online retailing, many retailers **seize the opportunities** to set up online stores. **Experienced competitors** such as HKTV Mall and Taobao have cultivated a **consolidated customer base**. The online retail markets are **saturated**, which limits HKMall's **opportunity to expand and attract new customers**.

F. Business Plan

A. Local customer base by increasing exposure

1. Initiative 1: Bon-Up store

**Rationale: Ineffective promotion of HKMall**

To target the **ineffective promotion of HKMall as stated in weakness analysis**, which is one of the big downsides as reflected in the market survey, Bon-Up stores would be set up in the form of pop-up stores to promote HKMall to Hongkongers.

Details: Bon-Up stores would be set up in **famous shopping malls**, such as Times Square, CityPlaza, etc. There would be 3 main zones in a Bon-Up store, including a **TV displaying the livestream of Bonjour KOLs**, **a small-scale concept store and a VR machine**. The small concept store would display a few cosmetic and skincare products. 4-6 staff would teach customers how to get the detailed description of goods by scanning QR code and buy goods using HKMall. Promotion of concept stores would also be held. For the VR machine, it would **provide a few games which use its concept store** as the background.

For example, one game requires a player to find a particular product in the MeiMall within a short time.

Expected outcome:

a. Enhancing awareness of HKMall

Floor Plan of Bon-Up Stores

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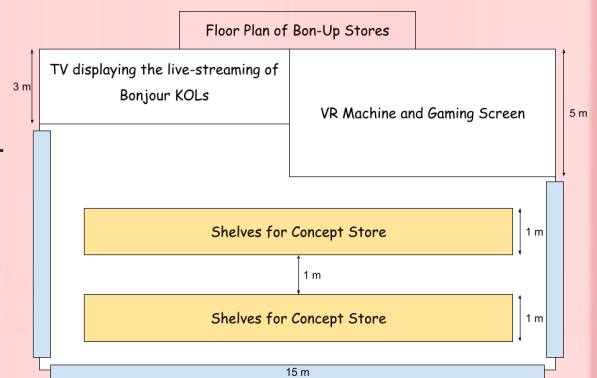
Famous shopping malls **involve high customer flow**. Live stream of Bonjour KOLs displayed on TV and stopping power brought by the novelty VR machines attract **customers to visit**. Activities there would help **promote HKMall**.

b. Familiarization of concept store

Experiencing small-scale concept store, Hongkongers would **be more familiar** and **interested in concept stores**, **increasing their acceptability** towards it. This would be favorable to the Group's aim of developing concept stores **in the long term.**

2. Initiative 2: Warmth to medical personnel (面部保護 關愛醫護)

Rationale: Maintaining good corporate image

By strength analysis, the Group has a good corporate image. Noticed that the pandemic created skin problems among medical personnel who were fully-covered by protective clothing, as the **traditional staple** in the Group is **cosmetic**, it is an opportunity to help the great medical sector to **maintain its good corporate image**.

Details: **Free skincare treatment** would be provided to around 1000 medical personnel. By detecting and examining the skin condition of the personnel, beauty therapists of the Group would create a **tailored skincare plan** for the personnel. Therapists would spend around three months examining the skin condition for all the medical personnel. Then, the skincare plan would be explained to the medical personnel in the next meeting. From **cream application, skincare tips to providing skincare products**, therapists would provide a **"one-stop service"**. The cases with obvious improvement on skin conditions would be posted on Instagram, with the comparison of the result of the before and after treatment. The **products used** during the treatment would also be **stated in the Instagram posts.**

Expected outcome:

a. Increasing the demand for skincare products

As the successful cases from the treatment would be **posted on Instagram**, the products could be **reached to more potential customers**. Once the netizens discover the **positive effects brought by the products** and find out the products that are suitable for their conditions, they would be willing to buy those products from the Group, which would **boost the turnovers volume** of skincare products.

b. Enhancing corporate image

By helping the medical personnel who contributed a lot during the pandemic, it **arouses awareness** and **recognition** from the public while people gain trust and confidence, **establishing a good corporate image** of the Group.

3. Initiative 3: YouTuber, the collaborator (Youtuber集合祭)

Rationale: Enlarging customer base

As stated in SWOT analysis, the Group had a **narrow customer base** of Mainland customers. Due to the **pandemic,** this **main customer base had been lost.** Thus, by cooperating with YouTubers, the Group could reach more **local customers.**

Detail: Bonjour KOLs and local YouTubers would cooperate to film **videos which reviews** users' comments on HKMall and **plays games** associated with the Group's **physical stores and concept store.** The reviews of HKMall include several aspects, such as ordering goods and **after-use reviews.** For the game section, the Group could invite a few YouTubers and Bonjour KOLs to play games in physical stores. For instance, they would be given a target price (e.g. $1000) and the one taking the goods with the amount closest to the target price would win the game.

Expected Outcome:

a. Rise of local awareness on the Group

By utilizing the great influence of local YouTubers, reviews or game videos both lead to **higher local awareness on physical, concept store and HKMall.** Attracting people to download HKMall or go to the stores could help to **enlarge the customer base of local people.**

b. Increasing demand on products

According to our survey, the consumption patterns of most interviewees are affected by YouTubers. The videos of **after-use reviews** could attract **potential customers** to buy the goods and hence increase the **demand and turnovers** of products.

B. Loyalty of customers

4. Initiative 4: Treasure appear, Users discover 寶物常出現 靠用戶發現

Rationale: Inadequate understanding on products

As stated in strength analysis, HKMall **provides diversified products** with different brands. However, without **users' opinion**, hardly could customers decide which products to buy. To **facilitate their decisions**, a platform for customers to share opinions would be developed.

Details: In each of the categories of products, such as 'masks', 'hand&feet care', a new button would be added next to 'coupon'- **'Review'.** A platform would be developed, which allows customers to **share reviews after using them.** The system would only allow customers who bought products from that category to write reviews

to prevent inauthentic reviews. To encourage the customers from writing reviews, [1]200 points would be given to them after writing a review. Furthermore, high-quality reviews would be **posted** on social media such as Instagram or Facebook.

Expected outcome:

   a. **Enhancing loyalty**

After writing reviews, customers could earn the points and use the points for later consumption. They would be attracted to be members of the Group, which **enhances customers' loyalty**. As a result, **long-term customers** would be developed.

   b. **Facilitating consumption**

Having a deeper understanding on the **quality** and **price-performance ratio** of products through the reviews, potential customers would be attracted and encouraged to buy products with **more positive** reviews, **boosting the turnovers.**

   c. **Ameliorating social media management**

The **sharing of useful and high-quality reviews** could help promoting the brand's products without specifying discounts, **targeting** the **weaknesses of poor social media management**.

5. **Initiative 5: Virtual Bontry-up (化妝啫 使乜咁煩)**

Rationale: Tense competition among online shopping platforms

From our survey, around 73% of the interviewees agree that a virtual make-up app is beneficial for their daily outfits as one kind of make-up may not match with their different outfits everyday. As stated in the threat analysis, the online market has been saturated. To **stand out** in the market, this app is launched to enhance **the Group's competitiveness** among the cosmetic sector.

Details: Using AR technology, the app provides various types of cosmetic products for customers to try on their captured face **virtually**. Customers could choose the brand and the cosmetic products they want to try. For example, there are various colors of lipsticks offered by brands. Customers could click the lipsticks and the one chosen would be instantly shown on the

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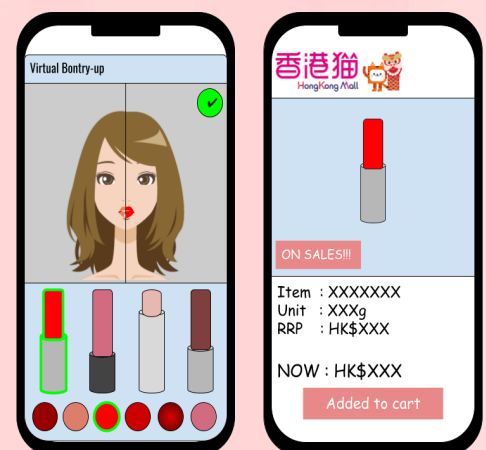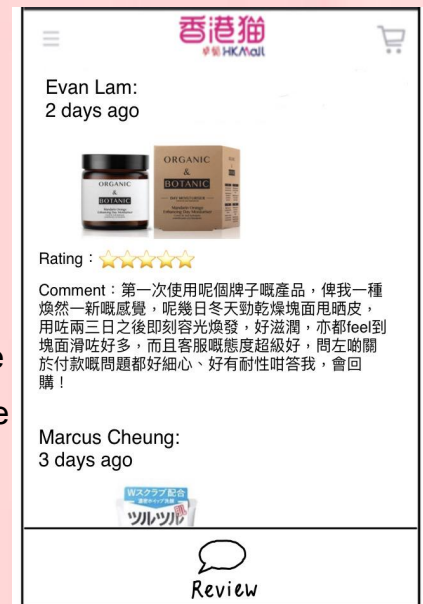
[1] Current policy of 200 points=$1

face of the customer. Next, customers could select the **most suitable** products. Then, they could click the "tick" button on the page and **redirect to the HKMall** while the cosmetic products chosen would be put in the shopping cart. Therefore, customers could buy the **ideal product** in a **very convenient way.**

Expected outcome:

    a. **Rapid turnovers growth of cosmetic products in HKMall**

Knowing visual effects of different cosmetic products from HKMall, customers are more willing to buy **a set of cosmetic products**, such as lipsticks, eye shadow plus rouge, instead of buying only one cosmetic product with ineffective mix and match.

    b. **Complementary with ReBon (refer to Initiative 6 P.13)**

Cosmetic counter provides **makeup services.** Customers could design the makeup using the app, buy the cosmetic products from the Group and ask makeup artists to put on the designated makeup. It provides **one-stop service and a better shopping experience** to customers, which **enhances their loyalty** to the Group.

    c. **Allocating less resources on tester**

The Group could reduce the number of testers, as functions of testers could be performed by this app. It could **reduce the operational cost** of the Group.

    C. Incentive for purchasing
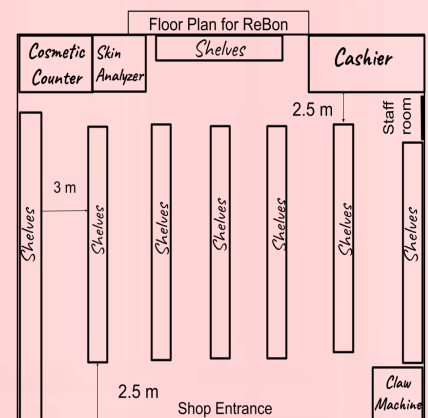
    6. Initiative 6: ReBon

Rationale 1: Increasing consumption willingness

To increase consumption willingness, ReBon would let customers have a **better understanding of their needs** on skincare and **makeup services would act as an incentive**, all of which attract purchases on cosmetic products.

Rationale 2: Ineffective promotion of HKMall

As stated in weakness analysis, HKMall has had **a low public awareness**. By using skincare service as a **gimmick**, more customers would be attracted to download HKMall and hence its awareness could be raised.

Details: In ReBon, **a cosmetic and skincare counter** with skin analyser machine and a vanity would be set up in some **larger-sized physical stores**. For non-member of the Group, **free skin-checking service** would be provided by downloading HKMall and signing up to be a member. For the members of the Group, 500 points could be used to exchange for this service. After analyzing the skin

Floor Plan for ReBon

Cosmetic Counter | Skin Analyzer | Shelves | Cashier

2.5 m

Staff room

Shelves (3 m) | Shelves | Shelves | Shelves | Shelves | Shelves | Shelves

2.5 m   Shop Entrance

Claw Machine

condition, the staff would **recommend several skincare products suiting their needs**. Moreover, when the customers consume up to $500 including cosmetic products, they can **enjoy the professional cosmetic service** at the counter. Since adding a counter involves renovation of the store, the Group could seize the chance to modify the interior layout — products would be put on shelves according to their **categories** and **QR codes** would be placed in the price tags of products for checking **additional information** and **reviews** of the products.

Expected outcome:

   a. **Encourage consumption**

Using makeup service as an incentive, customers are more willing to spend $500 or above, **raising the average spending.** Also, by providing free skin-checking with recommendations on products, customers would have a **better understanding** of their needs and thus have a **stronger affirmation on the consumption** of products.

   b. **Making a good impression to customers**

With the **professional cosmetic service**, customers who are **incapable of putting on makeup** could have a chance to become more beautiful, reinforcing the motto '天生不完美，卓悅整靚您**.** With a more comfortable consumption environment after renovation, customers would leave **a favorable image** of the Group.

   c. **Complimentary with Bon Bon App (refer to Initiative 4 P.11)**

The QR code in the price tag provides a more detailed information of goods for customers, including **buyers' reviews** (Initiative 4), helping them **cater to suitable goods, bringing better shopping experience.**

   7. **Initiative 7: Claw the mystery**

Rationale: Dull appearance of physical stores

As stated in weakness analysis, the physical stores are in dull appearance, which **do not attract pedestrians to visit** them. The claw machines could be used to **draw the attention of pedestrians**.

Detail: Two **Claw Machines** would be placed in each larger-sized physical store, including branches in Mongkok and Tuen Mun. **Several capsules would be put into the claw machines**. The capsules are black in color so that the customers could not see the prizes inside. The capsules contain mainly the products that are hardly sold but also

CLAW THE MYSTERY

Bonjour

Black capsule containing prize

Coin slot

a few **high-valued products**. When the customers purchase up to $250 in the stores, they would receive a token to play the claw machine **once**.

Expected outcome:

a. **Encourage consumption by incentives**

Customers could have a chance to win **luxurious goods** by purchasing only $250 at the physical stores, which increases their consumption willingness in order to meet the required amount. Hence, it could **boost turnovers** and **increase average spending**.

b. **Clearing Inventory of the unmarketable products**

Some **unmarketable products** could be put in the machine's offering list, the **cost of inventory** could be **saved** by giving them out to customers.

G. Implementation

1. **Implementation Plan**

Research	Design	Decision making	Programming	Contacting the third parties	Purchase equipment

Testing	Updating	Production	Promotion	Implementation	Evaluation

Implementation Plan

Year	2022				2023			
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1.Bon-Up store	Decision Making / Research / Design	Purchase equipment / Contacting the third parties / Programming	Implementation / Promotion		Evaluation	Implementation / Promotion		Evaluation
2.Warmth to medical personnel	Research / Decision making	Contacting the third parties	Production	Implementation / Promotion				Evaluation
3.YouTuber, the collaborator	Research / Decision making	Implementation / Contacting the third parties	Promotion	Evaluation	Implementation / Contacting the third parties	Promotion		Evaluation
4.Treasure appears, Users discover	Research / Design	Programming / Testing	Implementation / Promotion	Evaluation	Updating	Promotion	Evaluation	
5.Virtual Bontry-up	Contacting the third parties / Research / Design	Testing / Programming	Implementation / Promotion	Evaluation	Updating / Testing	Promotion	Evaluation	
6.ReBon	Research / Design / Decision making	Contacting the third parties	Purchase equipment / Production	Promotion	Implementation / Evaluation	Promotion		Evaluation
7.Claw the mystery	Purchase equipment / Design	Contacting the third parties	Production / Testing	Implementation / Promotion		Evaluation	Updating	Evaluation

2. Budget Plan

Campaign	Details	Budget ($'000)	% of budget (corr. to 2 d.p)
1. Bon-Up store	Rental Cost in shopping malls	1800	18.00%
	Cost of WiFi	100	1.00%
	Cost of installment (including TV, VR machine, Screen)	500	5.00%
	Promotion cost	50	0.50%
	Miscellaneous	50	0.50%
	Sub total	**2500**	**25.00%**
2. Warmth to medical personnel (面部保護 關愛醫護)	Cost of hiring beauty therapists	500	5.00%
	Cost of skincare products	1375	13.75%
	Promotion cost	10	0.10%
	Sub Total	**1885**	**18.85%**
3. YouTuber, the collaborator (Youtuber集合祭)	KOL Sponsoring Fee	600	6.00%
	Cost of goods sponsored to Youtubers for live streaming	200	2.00%
	Subtotal	**800**	**8.00%**
4. Treasure appears, Users discover (寶物常出現 靠用戶發現)	Promotion Cost	10	0.10%
	Programming Cost	300	3.00%
	Cost of developing the "Review" function	300	3.00%
	Updating and maintenance cost	300	3.00%
	Sub total	**910**	**9.10%**

Campaign	Details	Budget ($'000)	% of budget (corr. to 2 d.p)
5. Virtual Bontry-up (化妝啫 使乜咁煩)	Cost of Research (AR Technology)	300	3.00%
	Cost of making the app	300	3.00%
	Programming cost	250	2.50%
	Updating and maintenance cost	200	2.00%
	Sub total	**1050**	**10.50%**
6. ReBon:			
Modifying interior layout	Cost of modifying	1500	15.00%
Cosmetic & Skincare counter	Cost of training for staff	300	3.00%
	Cost of skin analysis machine	500	5.00%
	Sub total	**2300**	**23.00%**
7. Claw the mystery	Cost of Claw machines (production and set up cost)	60	0.60%
	Cost of capsules	1	0.01%
	Design cost	10	0.10%
	Sub total	**71**	**0.71%**
Spare budget		484	4.84%
Total		10000	100.00%

3. Projected impacts on Turnovers and Profits

Turnovers: 'Bon-up store', 'Warmth to Medical Personnel' and 'Youtuber, the collaborator' act as **advertising channels**, enhancing customers' **awareness and familiarity** towards the Group. 'Treasure appears, Users discover', together with 'Virtual Bontry' app **enhance customers' loyalty** by providing **ways to earn points** and **convenient shopping**. With the 'Claw the mystery' and 'ReBon', playing clawing machines and professional makeup service provide **incentive** to **raise customers' average spending**. All of which **boost the turnovers** of online and offline business. With the suggestions implemented, in addition to the higher vaccination rate alleviating the impact brought by the COVID-19, it is foreseeable that turnovers could **increase** 234.1% from $538,788,000 in 2020 to $760,000,000 in 2022 to 1,800,090,708 in 2023.

Profits: Through 'Bon-Up store', more local customers would be familiarized with HKMall, **attracting their consumption**. The 'Treasure appears, Users discover' provides ways to earn points, which encourages **long-term consumption and customers**. Owing to the 'Virtual Bontry-up', **cost on testers could also be reduced**. In addition to the increase of turnovers mentioned above and alleviated impact of COVID-19, it is foreseeable that the loss of the Group could be **reduced** by 49.7% from $258,423,000 in 2020 to $200,000,000 in 2022 to $129,986,769 in 2023.

H. Conclusion

Overall, the Group should strive to **utilize their online platforms** to attract **potential customers** and **retain existing customers**. As reflected in the financial analysis, it should utilize its liquid assets more effectively to **raise up turnovers** and **enhance its profitability**. From the SWOT analysis, online promotion would be an **indispensable element** to attract potential customers. Shining light on these, **7** promotional campaigns are proposed. The design of these campaigns is based on the financial and SWOT analysis, as well as the survey conducted. The key measures include improving the **app** and pure physical stores, setting up **pop-up stores** and introducing a **new make-up app**. It is believed that the campaigns could **raise brand's awareness** and to **maximize the profit** in the long run.

G. Appendices

Appendix 1 - References

Bonjour Holding Limited (Retrieved 30/12/2021) https://corp.bonjourhk.com/

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https://www.2easy.io/zh-Hant/price-guide/3d-ar-vr

AASTOCKS.com Limited. Cosmetics & Personal Care Industry (Retrieved 1/1/2022)

http://www.aastocks.com/en/stocks/analysis/peer.aspx?symbol=00653

Appendix 2 - Market survey and result

HKICPA accounting and business management case competition 2021-2022
Bonjour Performance Market Survey

Bonjour Holdings Limited (Bonjour) is a leading retail store selling beauty and lifestyle products in Hong Kong.

1. Have you heard of Bonjour?

   □ Yes □ No

2. How did you know Bonjour?

   □ Outdoor advertising □ Social media □ Flyer
   □ Recommended from others □ Newspaper □ Others:_____

3.What is the first product of Bonjour that comes to your mind?

   □ Cosmetics □ skin care products □ perfumes
   □ shampoo/body wash □ household products
   □ snacks/food □ Other:_____

4. Have you ever bought anything from Bonjour?
□ Yes (jump to part A) □ No (jump to part B) □ Not Applicable

Part A) Will you buy them again?

*If Yes:

What do you think is the selling point of Bonjour?

□ Suitable price □ Variety of products □ Useful
□ Good service □ High-quality products □ Other:_____

End of Part A

*If No:

Why don't you want to buy more?

□ Bad quality □ Bad reputation □ Bad service
□ Worried about the authenticity of the product □ Not Applicable □ Others: _____

End of Part A

Part B) Why don't you consider buying the product of Bonjour?

▢ Using similar products from similar shops ▢ Bad reputation
▢ Bad service ▢ Worried about the authenticity of the product
▢ Not Applicable ▢ Others: _____

End of Part B

5. To the best of your knowledge, what can one buy from Bonjour?
(You may select more than one answer)

▢   Cosmetics ▢   skincare products ▢   perfumes
▢   shampoo/body wash ▢   household products
▢   snacks/food ▢   Other:_____

6. What products would you buy from Bonjour?

▢   Cosmetics ▢   skin care products ▢   perfumes
▢   shampoo/body wash ▢   household products
▢   snacks/food ▢   Other:_____

7. Do you have the membership of Bonjour?

▢   Yes   ▢   No

8. Do you prefer Bonjour or SASA? Why?

▢   Bonjour ▢   SASA ▢ Not applicable

Reason: ▢ Suitable price ▢ Variety of products ▢ Convenient
        ▢ Good service ▢ High-quality products ▢ Good reputation
        ▢ Other:_____

9. Have you been to Bonjour's physical stores?

▢   Yes   ▢   No

10. Please rate the following of Bonjour's physical store (卓悅門市):

Crowdedness: ▢ 1 (Lowest) ▢ 2 ▢ 3 ▢ 4 ▢ 5 (Highest)

Cleanliness: ▢ 1 (Lowest) ▢ 2 ▢ 3 ▢4 ▢ 5 (Highest)

Display of products: ▢ 1 (Lowest) ▢ 2 ▢ 3 ▢ 4 ▢ 5 (Highest)

Customer service: ▢ 1 (Lowest) ▢ 2 ▢ 3 ▢ 4 ▢ 5 (Highest)

11. How often do you shop online?

□ Daily □ Weekly □ Once a month □ Every 2-3 months □ Once in a year

□ Not applicable

12. Have you heard of HKMall (卓悅香港貓)？

□ Yes □ No

13. Have you ever made a purchase on HKMall (卓悅香港貓)?

□ Yes □ No

14. Please rate the following of HKMall (卓悅香港貓):

User interface: □ 1 (Lowest) □ 2 □ 3 □ 4 (Highest)

After-sales service: □ 1 (Lowest) □ 2 □ 3 □ 4 (Highest)

Delivery service: □ 1 (Lowest) □ 2 □ 3 □ 4 (Highest)

Fluency of experience: □ 1 (Lowest) □ 2 □ 3 □ 4 (Highest)

Complexity of navigation: □ 1 (Lowest) □ 2 □ 3 □ 4 (Highest)

Customer Service system: □ 1 (Lowest) □ 2 □ 3 □ 4 (Highest)

15. Do you prefer Bonjour or TaoBao or HKTV Mall? Why

□ Bonjour □ TaoBao □ HKTVMall □ Not applicable

Reason: □ Suitable price □ Variety of products □ Convenience
□ Good service (specify:＿＿＿＿＿＿＿) □ High-quality products
□ Other:＿＿＿＿＿＿＿

16. Will you try testers in Bonjour's physical stores?

□ Yes □ No □ Not applicable

17. Have you ever watched videos about HK KOLs promoting products?

□ Yes □ No

18. How frequently do you watch videos about HK KOLs promoting products?

□ more than twice a week □ once a week

▢ thrice a month   ▢ less than thrice a month

19. How often will you be attracted to and buy the products promoted by HK KOLs?

▢ always   ▢ often   ▢ seldom   ▢ never

20. Who will you go with when visiting Bonjour?

▢ Individually   ▢ With friends
▢ With family members ▢ With colleagues

21. Do you know what a 'Concept Store' is?

▢ Yes   ▢ No

22. Does a virtual make-up app beneficial to your daily make-up?

▢ Yes   ▢ No

23. Gender:

▢ Male   ▢ Female

24. Age:

▢ 17 or below ▢ 18-25 ▢ 26-30 ▢ 31-35 ▢ 36-40
▢ 41-45   ▢ 46-50 ▢ 51-55 ▢ 56-60 ▢ 61 or above

25. Monthly income:

▢ Below $10000   ▢ $10001-$20000 ▢ $20001-$30000 ▢ $30001-$40000
▢ $40001-$50000 ▢ Above $50000   ▢ Prefer not to say
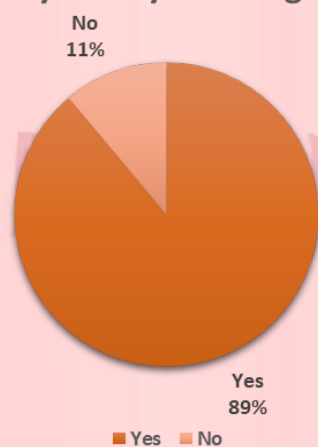

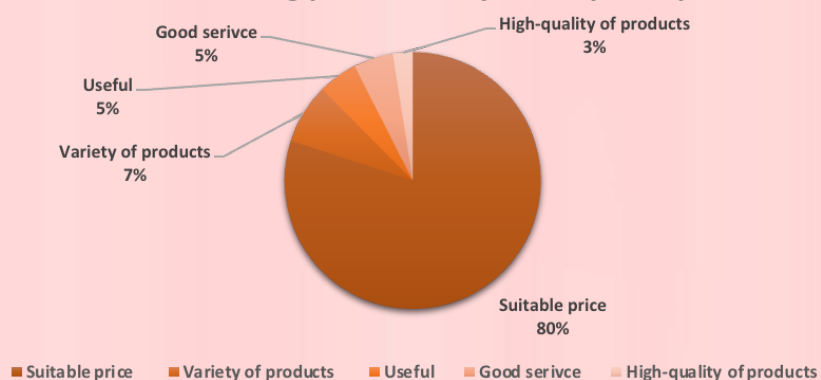Thank you for completing our survey form!

Survey Result (96 Responses)

Have you heard of Bonjour?

No
34%
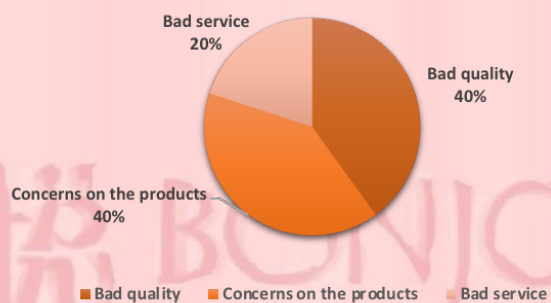
Yes
66%

■ Yes ■ No

How did you know about Bonjour?

Outdoor advertising	Social media	Recommended from others	Flyer	Newspaper
6	48	5	0	4

What is the first product of Bonjour that comes to your mind?

Cosmestic	Skincare product	Shampoo/Body wash	Household products	Snacks/Food
29	14	11	6	3

Have you ever bought anything from Bonjour?

No
29%

Yes
71%

■ Yes ■ No

Will you buy them again?

No
11%

Yes
89%

■ Yes ■ No
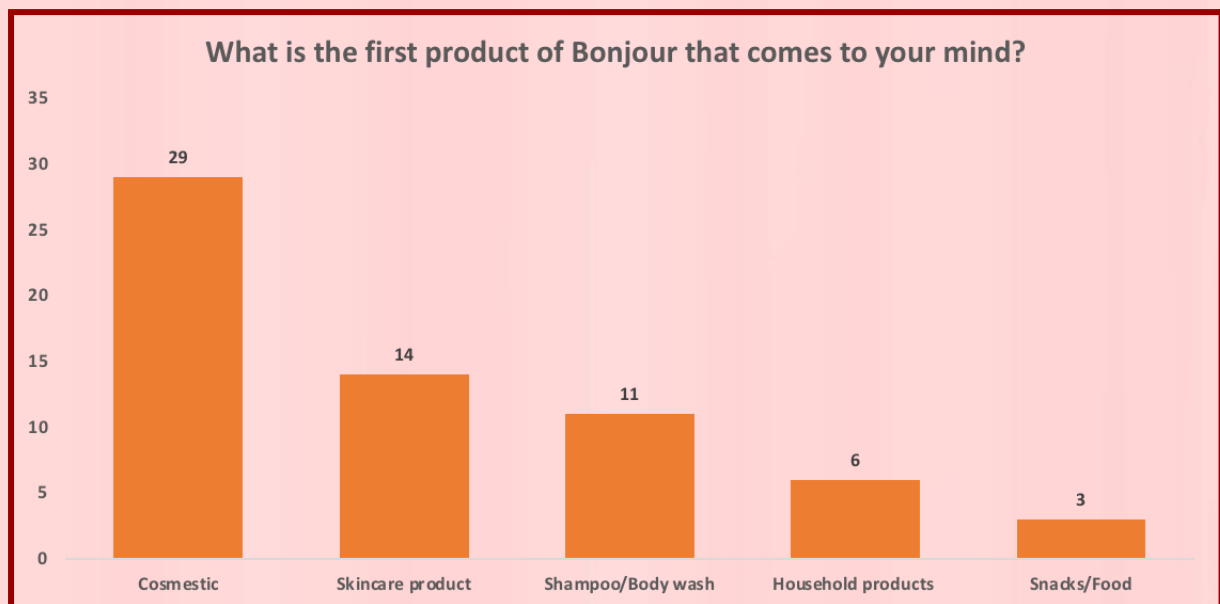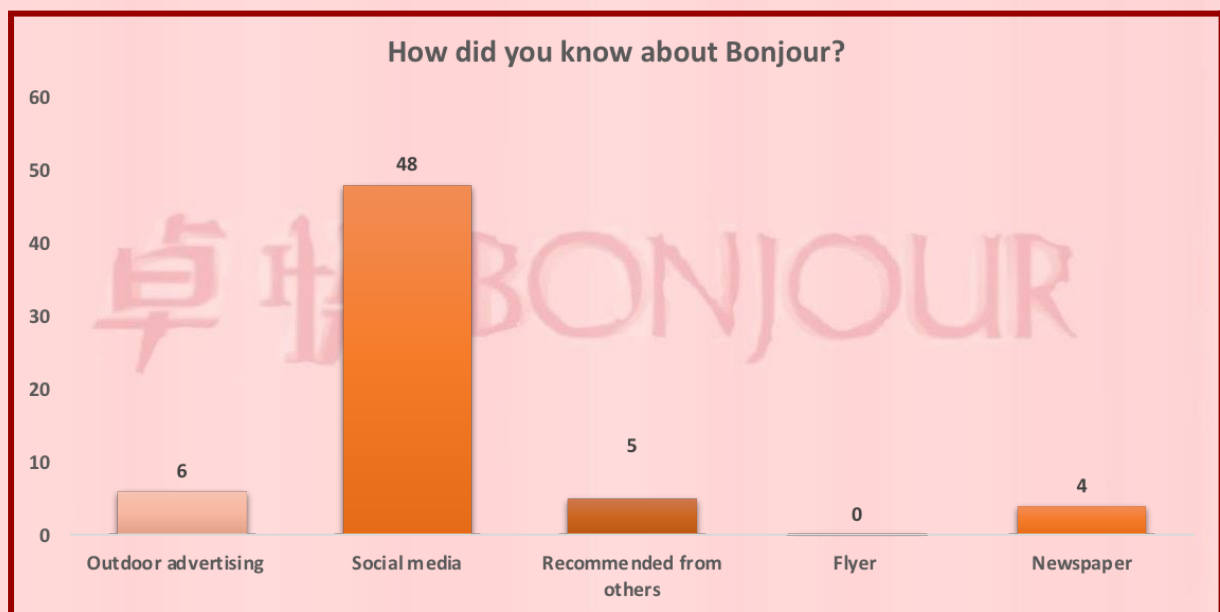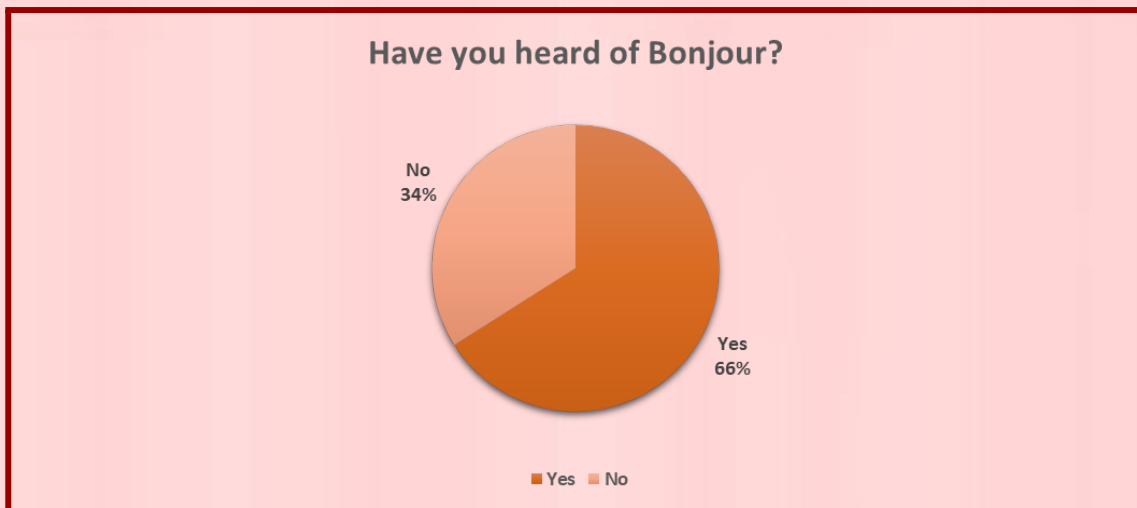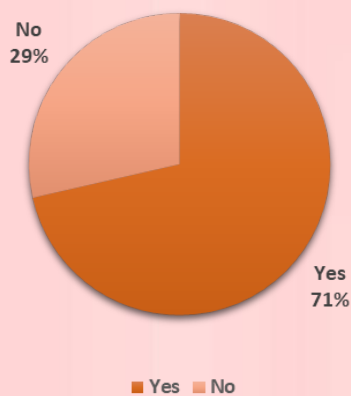
What is the selling point of Bonjour, in your opinion?

- Suitable price
- Variety of products
- Useful
- Good serivce
- High-quality of products
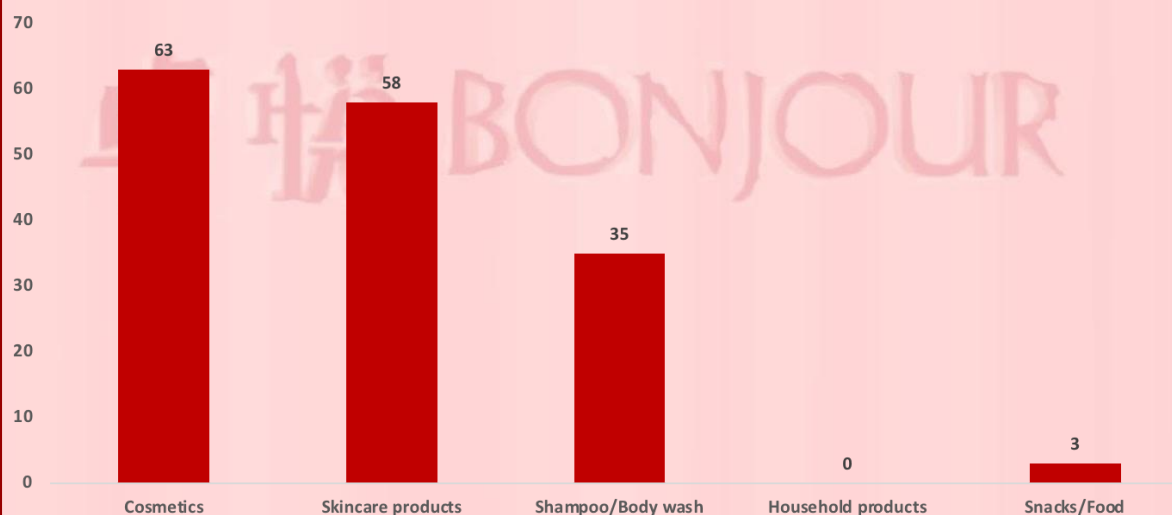
High-quality of products 3%
Good serivce 5%
Useful 5%
Variety of products 7%
Suitable price 80%

Why don't you want to buy more?

- Bad quality
- Concerns on the products
- Bad service

Bad service 20%
Bad quality 40%
Concerns on the products 40%

Why don't you consider buying the product of Bonjour?

- Using similar products from similar shops
- Bad service
- Bad reputation
- Concern on the products
- Not applicable

Not applicable 17%

Using similar products from similar shops 39%

Concern on the products 17%

Bad reputation 16%

Bad service 11%

To the best of your knowledge, what can one buy from Bonjour?
(You may select more than one answer)

Cosmetics	Skincare products	Shampoo/Body wash	Household products	Snacks/Food
63	58	35	0	3

What products would you buy from Bonjour?

Product	Count
Cosmetics	43
Skincare products	58
Shampoo/Body wash	35
Household products	0
Snacks/Food	3

Do you have the membership of Bonjour?

Yes 27%
No 73%

■ Yes ■ No

Which would you prefer, Bonjour or SASA?

Bonjour 25%
SASA 75%

■ Bonjour ■ SASA

26

Reasons of preferring Bonjour

Variety of products	Suitable price	Convenient	Good service	High-quality products	Good reputation
7	6	0	1	0	2

Reasons of preferring SASA

Variety of products	Suitable price	Convenient	Good service	High-quality products	Good reputation
5	4	6	13	9	10

Have you been to Bonjour's physical stores(卓悅門市)?

No 13%

Yes 87%

■ Yes ■ No

Ratings of Bonjour's physical stores (卓悅門市) :
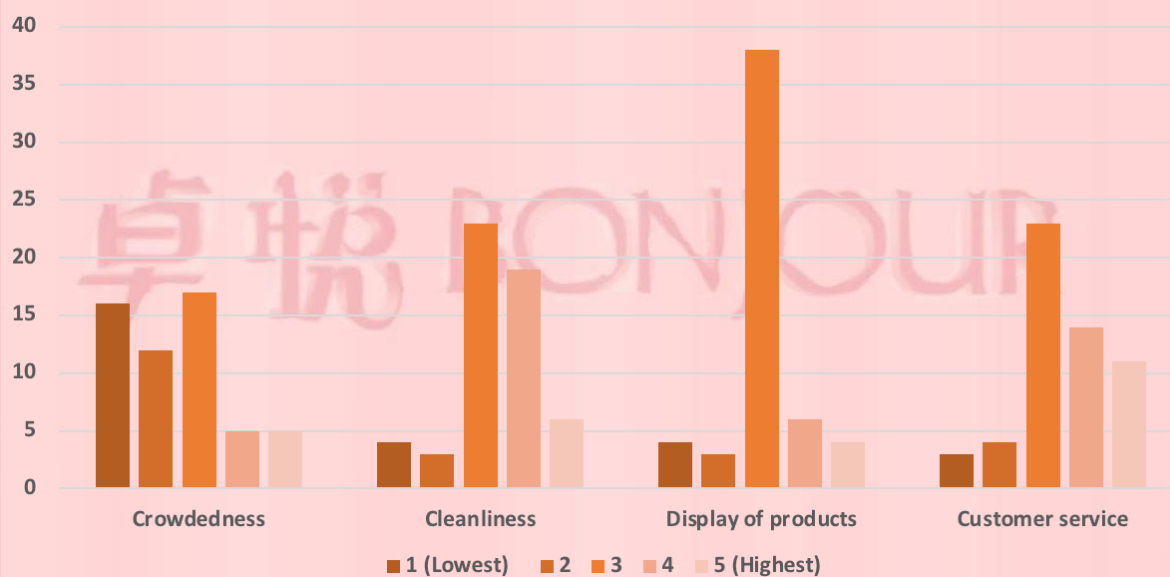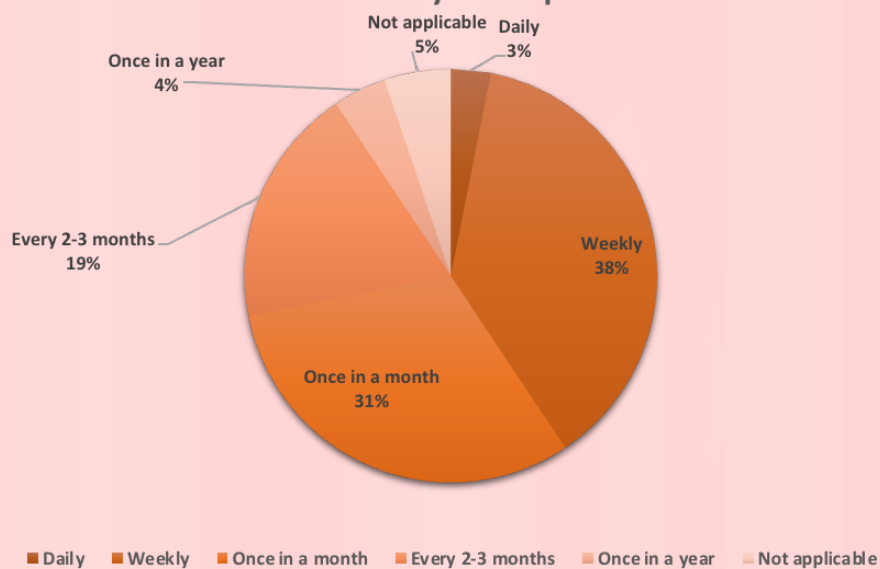
■ 1 (Lowest) ■ 2 ■ 3 ■ 4 ■ 5 (Highest)

How often do you shop online?

Not applicable 5%
Daily 3%
Once in a year 4%
Every 2-3 months 19%
Weekly 38%
Once in a month 31%

Daily   Weekly   Once in a month   Every 2-3 months   Once in a year   Not applicable

Have you heard of HKMall?

Yes 16%
No 84%

Yes   No

Have you ever made a purchase on HKMall?

Yes 33%
No 67%

■ Yes ■ No

Ratings of HKMall

■ 1 (Lowest) ■ 2 ■ 3 ■ 4 (Highest)
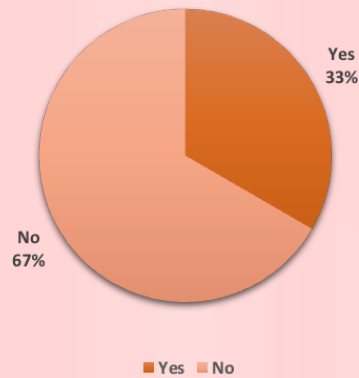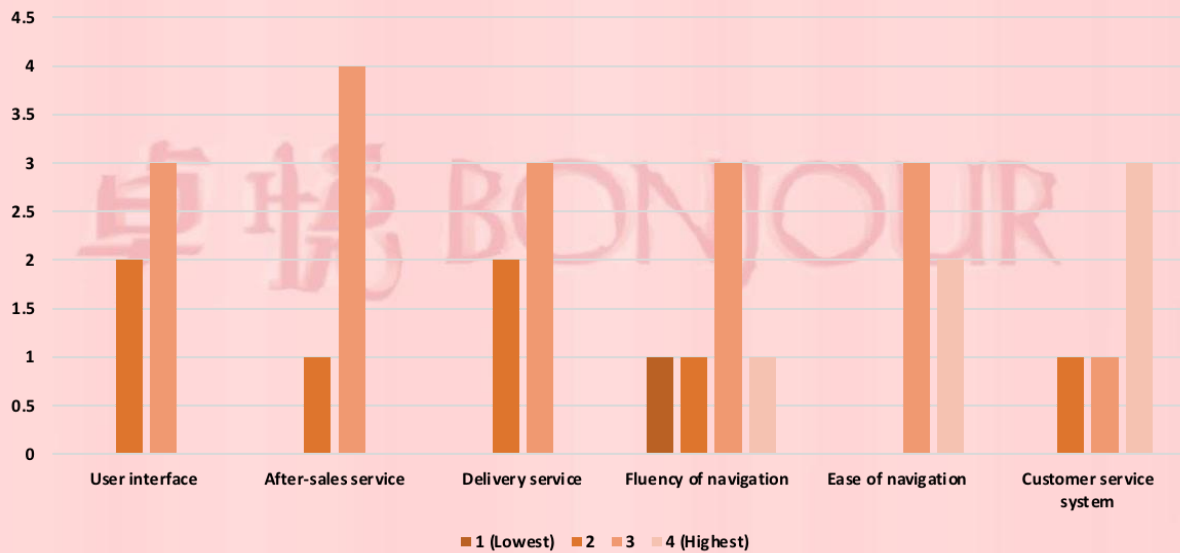
Due to the insufficient responses, the above dataset is not taken into consideration

Do you prefer HKMall or TaoBao or HKTVMall?

HKTVMall 33%
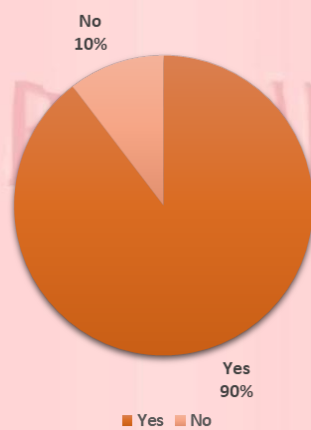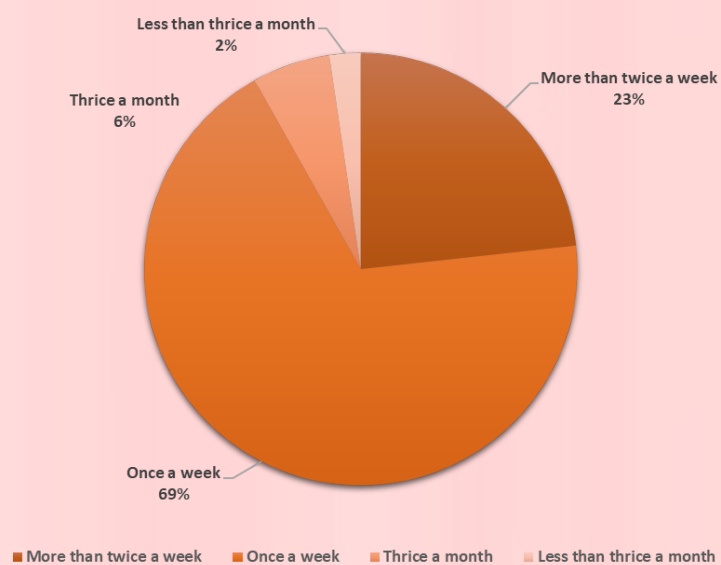
HKMall 27%

TaoBao 40%

■ HKMall ■ TaoBao ■ HKTVMall
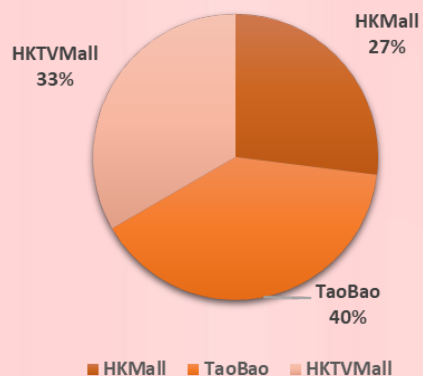
Why do you prefer HKMall / TaoBao / HKTVMall?
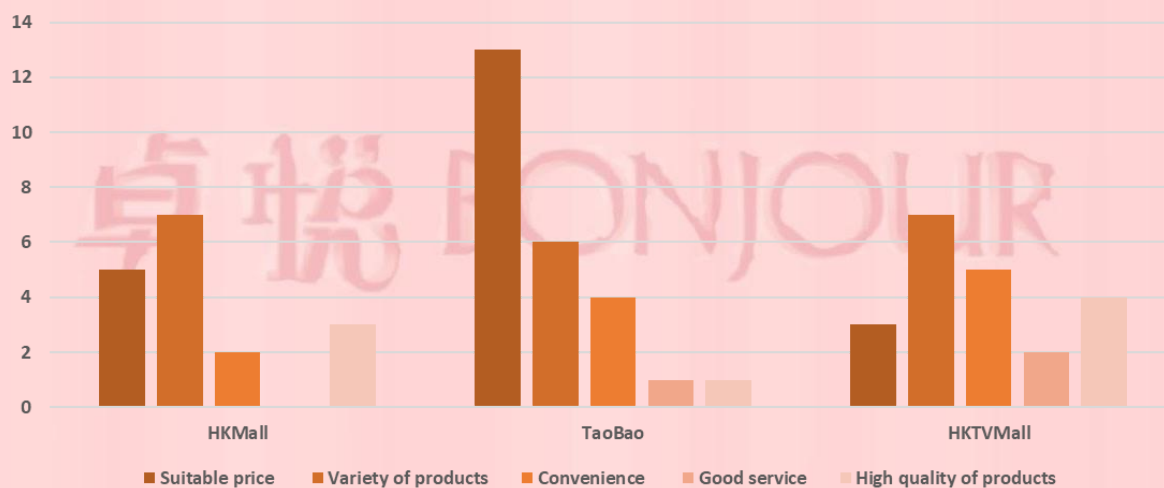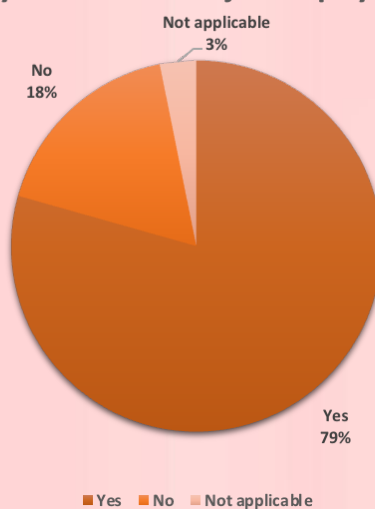
■ Suitable price ■ Variety of products ■ Convenience ■ Good service ■ High quality of products

Will you try testers in Bonjour's physical stores?

Not applicable
3%

No
18%

Yes
79%

■ Yes ■ No ■ Not applicable

Have you ever watched videos about HK KOLs promoting products?

No
10%

Yes
90%

■ Yes ■ No

How frequently do you watch videos about HK KOLs promoting products?

Less than thrice a month
2%

Thrice a month
6%

More than twice a week
23%

Once a week
69%

■ More than twice a week ■ Once a week ■ Thrice a month ■ Less than thrice a month

How often are you attracted by the products promoted by HK KOLs and buy them? ?
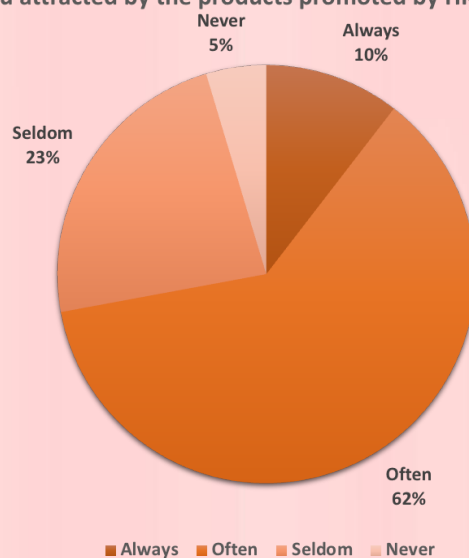
Never
5%

Always
10%

Seldom
23%

Often
62%

■ Always ■ Often ■ Seldom ■ Never

Who do you usually go will when visiting Bonjour?

With colleagues
13%

Individually
30%

With family members
38%

With friends
19%

■ Individually ■ With friends ■ With family members ■ With colleagues

Do you know what a 'Concept Store' is?

Yes
25%

No
75%

■ Yes ■ No
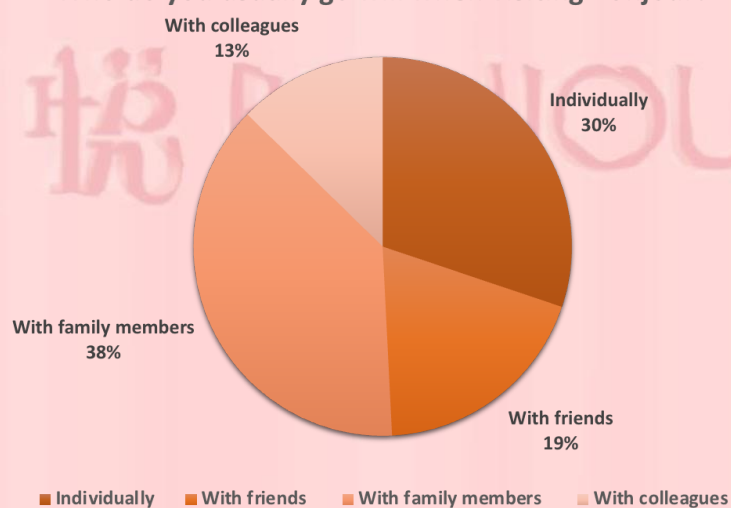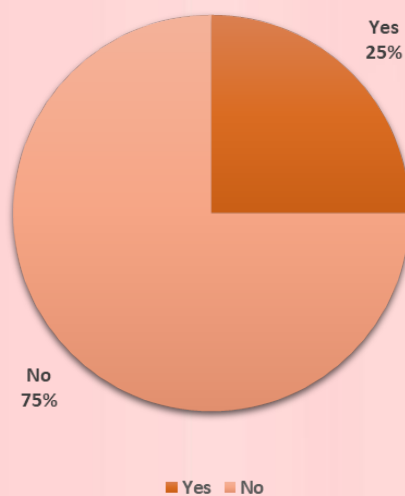
Do you think a Virtual Make-up app can facilitate your make-up process?

Not applicable
3%

No
24%

Yes
73%

■ Yes   ■ No   ■ Not applicable

Gender

Male
42%

Female
58%

■ Male ■ Female

Age

Monthly income