



HUNG FOOK TONG

BUSINESS PROPOSAL

HKICPA CASE COMPETITION 2017-18

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1. Executive Summary

1.1 Mission

Hung Fook Tong (hereinafter HFT) is a retailer of Chinese herbal products in Hong Kong. Since 1986, HFT has transformed from a traditional herbal tea shop to a modern wellness concept food shop. The corporate vision is “Naturally Made Wholeheartedly Good”. HFT adhered its “No Additive” approach and stringent quality control measures for production. The company also aims to be the trendsetter in the Chinese Herbal industry and merged Chinese herbal with modern living.

1.2 Current state of business

HFT has been the market leader of Chinese herbal products in Hong Kong for 14 consecutive years. During the year 2016, nine new shops were opened, raising the number of shops to 116. However, due to a lot of volatile economic factors and intense competitions faced, HFT’s revenue has a decline of 8.4 million.

1.3 Analyses performed

Financial Analysis: Trend Analysis and Competitor Analysis

Non-Financial Analysis: SWOT Analysis and Brand Positioning Map

1.4 Key Findings

1.4.1 Financial Analysis

HFT has performed well in solvency, management efficiency and its liquidity has improved as well. However, HFT’s profitability has worsened in 2016 which net profit margin and return on average assets ratios all recorded decreases, only gross profit margin has a slight increase (+1%). And for return on investment, P/E ratio even drastically fall 17.2 times. HFT should have better control in issuing shares as well as improve its profitability in order to gain higher level of confidence from investors.

1.4.2 Non-financial Analysis

It is discovered that HFT has a wide range of variety of food for the benefit of customers with different health conditions. However, HFT’s promotion measures are ineffective as the effects are insignificant. Therefore, HFT should evaluate the effectiveness of each promotion measures in order to fully utilize their resources and have the highest return.

1.5 Main Conclusion

From the analyses, it is found that HFT did not perform as well as its competitor, Vitasoy, in profitability in the beverage industry, in the previous years. Also, it is now facing some threats from rival competition and the operating environment. Therefore, this proposal is to give suggestions and raise HFT’s competitiveness.

1.6 Business plan recommended

The key recommendations suggested include “A combo a day keeps the doctors away” and “Hung Fook Tong is with you”, increasing promotion and raising the profits of HFT. These suggestions aim at boosting sales, improving its financial performance, gaining more recognition from the public and promoting the image of HFT.

2. Introduction

Background

In this business proposal, HFT’s financial performance is analysed through financial and non-financial aspects. It is found that the Group’s promotional measures were ineffective and corporate governance could also be improved. This business proposal

is proposed to improve the Group's performance. More detailed analyses and suggestions to ameliorate the Group's performance are expound below.

Objectives and Scope

In this proposal, HFT's financial performance is reviewed in the past two years through financial and non-financial analysis. A questionnaire is carried out to investigate people's impression towards HFT. Based on these findings, several measures have been suggested to further enhance the performance of Hong Kong's retail segment of HFT.

3. Part 1 – Overview of Hung Fook Tong Group's financial performance

3.1 Profitability ratios

Ratio	Formula	Ratios of 2016	Ratios of 2015
Gross Profit Margin	$\frac{\text{Gross Profit}}{\text{Sales}} \times 100\%$	$\frac{440,931,000}{715,207,000}$ = 61.7%	$\frac{438,927,000}{723,578,000}$ = 60.7%
Net Profit Margin	$\frac{\text{Net Profit Before Tax}}{\text{Sales}} \times 100\%$	$\frac{4,368,000}{715,207,000}$ = 0.611%	$\frac{10,635,000}{723,578,000}$ = 1.47%
Return on Capital Employed	$\frac{\text{Profit Before Interest and Tax}}{\text{Capital Employed}} \times 100\%$	$\frac{4,368,000 + (-1,825,000)}{(48,841,000 + 256,982,000 + 42,872,000 + 258,806,000) / 2}$ = 2.04%	$\frac{10,635,000 + (-2,074,000)}{(42,872,000 + 258,806,000 + 20,714,000 + 253,583,000) / 2}$ = 4.41%

The overall profitability worsened in the year of 2016. The percentage of gross profit margin increases while that of net profit margin and return on average asset decreases.

Firstly, the percentage of gross profit ratio has a slight increase from 60.7% to 61.7% indicating that the company generates higher gross profit from its sales in 2016, as the cost of goods sold is reduced. HFT has higher efficiency in controlling the cost of goods sold and the pricing policies.

Secondly, the great decrease in net profit margin from 1.47% to 0.611% indicates that the ability in generating net profit from its sales is lower. This can be attributed to a backward expense control, as proved by a big gap of 60% between the net profit margin and gross profit margin. HFT should exercise tighter control over its expenses, especially the operating expenses, in order to improve the net profit margin.

Thirdly, for the percentage of return on average asset, there is a decrease from 1.64% to 1.53%. This reflects HFT's ability to utilize the assets for generation of profits decreases.

3.2 Management Efficiency ratios

Ratio	Formula	Ratios in 2016	Ratios in 2015
Average Inventory Turnover Period	$\frac{\text{Average Inventory}}{\text{Cost of Goods Sold}} \times 365 \text{ days}$	$\frac{(27,921,000 + 30,102,000) / 2}{274,276,000} = 38.6 \text{ days}$	$\frac{(30,102,000 + 36,688,000) / 2}{284,651,000} = 42.8 \text{ days}$
Average Trade Receivables Collection Period	$\frac{\text{Trade Receivables}}{\text{Credit Sales}} \times 365 \text{ days}$	$\frac{(53,659,000 + 64,320,000) / 2}{715,207,000} = 30.1 \text{ days}$	$\frac{(64,320,000 + 55,068,000) / 2}{723,578,000} = 30.1 \text{ days}$
Average Trade Payables Repayment Period	$\frac{\text{Credit Purchases}}{\text{Trade Payables}}$	$\frac{(274,276,000 + 27,921,000 - 30,102,000) + (28,925,000 + 23,558,000) / 2}{28,925,000 + 23,558,000} = 10.37 \text{ times}$	$\frac{(284,651,000 + 30,102,000 - 36,688,000) + (28,925,000 + 26,677,000) / 2}{28,925,000 + 26,677,000} = 10.0 \text{ times}$
Trade Payables Repayment Period	$\frac{\text{Average Trade Payables}}{\text{Credit Purchases}} \times 365 \text{ days}$	$\frac{(23,558,000 + 28,925,000) / 2 + (274,276,000 + 27,921,000 - 30,102,000)}{28,925,000 + 23,558,000} = 35.2 \text{ days}$	$\frac{(28,925,000 + 26,677,000) / 2 + (284,651,000 + 30,102,000 - 36,688,000)}{28,925,000 + 26,677,000} = 36.5 \text{ days}$

The management efficiency shows an increasing trend in the year of 2016. Firstly, for average inventory turnover period, it has decreased slightly from 42.8 days in 2015 to 38.6 days in 2016. It indicates HFT has a faster pace to sell its inventory. Hence, the liquidity is improved. The low inventory level of the company can minimise the chance of having inventory obsolescence, which is beneficial to its operation. Secondly, for average trade receivables collection period remains unchanged. Though the ratios did not get bad and they are relatively low, it is recommended to further shorten the period to minimise the incurrence of bad debt expense. Thirdly, for average trade payables repayment period, it has decreased slightly from 36.5 days in 2015 to 35.2 days in 2016. HFT is able to settle its debts faster in 2016, which will prevent the dissatisfaction and the termination of agreements with the suppliers.

3.3 Liquidity ratios

Ratio	Formula	Ratios in 2016	Ratios in 2015
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{251,838,000}{247,915,000} : 1 = 1.02 : 1$	$\frac{275,300,000}{272,543,000} : 1 = 1.01 : 1$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Prepayments}}{\text{Current Liabilities}}$	$\frac{[(251,838,000 - 27,921,000 - 30,102,000)]}{247,915,000}$	$\frac{[(275,300,000 - 30,102,000 - 36,688,000)]}{272,543,000}$

	Current Liabilities	32,942,000) / 247,915,000] : 1 = 0.77 : 1	29,458,000) / 272,543,000] : 1 = 0.79 : 1
Cash Ratio	$\frac{\text{Cash + Cash Equivalents}}{\text{Current Liabilities}}$	$\frac{131,160,000}{247,915,000}$ = 0.53 : 1	$\frac{127,210,000}{272,543,000}$ = 0.47 : 1

The current ratio and cash ratio both increase while the quick ratio decreases.

Considering all current assets and current liabilities, HFT has slightly improved its liquidity from 1.01:1 in 2015 to 1.02:1 in 2016. The decrease in quick ratio from 0.77 to 0.79 indicates HFT is slightly less liquid as quick ratio just considers liquid assets (excluding inventories and prepayments) that can be quickly converted into cash.

With reference to the statement of financial position of 2015 and 2016, the drop of quick ratio may due to the decrease in amount of trade receivable. The reason in decrease in trade receivable is two-fold, which is attributed to the decrease of sales. On the other hand, the cash ratio has marked a great improvement from 0.47:1 to 0.53:1, indicating HFT has more cash and cash equivalents to pay its short-term financial obligations. Though the cash ratio has been increasing, the company only has \$0.53 cash for \$1 current liabilities, the level is not enough for its long run.

3.4 Solvency ratios

Ratio	Formula	Ratio in 2016	Ratio in 2015
Gearing Ratio	$\frac{\text{Non-current Liabilities + Preference Share Capital}}{\text{Non-current Liabilities + Shareholders' Fund}} \times 100\%$	$\frac{48,841,000}{(48,841,000 + 256,982,000)}$ = 15.97%	$\frac{42,872,000}{(42,872,000 + 258,806,000)}$ = 14.21%
Debt to equity ratio	$\frac{\text{Total Liabilities}}{\text{Shareholders' Equity}}$	$\frac{296,756,000}{256,982,000}$ = 115.48%	$\frac{315,415,000}{258,806,000}$ = 121.87%
Time interest earned	$\frac{\text{Profit before Interest and Tax}}{\text{Interest Expense}}$	$\frac{4,368,000 + 1,825,000}{2,027,000}$ = 3.06 times	$\frac{10,635,000 + 2,074,000}{2,416,000}$ = 5.26 times

We can see that the company has an acceptable gearing ratio and debt to equity ratio.

Although the gearing ratio increased from 14.24% in 2015 to 15.97% in 2016, the percentage is still considered as a low gearing ratio. While debt to equity ratio decreased from 121.87% in 2015 to 115.48% in 2016, it shows the company has paid certain efforts to improve the debt to equity ratio. These two ratios reflect that the company should retain these relatively optimal ratios to further attract the possible investors.

However, the time interest earned decreased drastically from 4.40 times in 2015 to 2.15 times in 2016. The company therefore should be aware of its profitability as the huge decrease is mainly due to less profit is made for the year. If the situation continues, it will weaken Hung Fook Tong's financial structure. In long run, investors may lose their confidence towards Hung Fook Tong.

3.5 Return on investment ratios

Ratio	Formula	Ratios in 2016	Ratios in 2015
Dividend Cover for Ordinary Share	$\frac{\text{Net Profit After Tax – Preference Dividend}}{\text{Ordinary Dividend}}$	$\frac{8,643,000}{4,985,000}$ = 1.73 times	$\frac{9,331,000}{4,985,000}$ = 1.87 times
Earnings per Share (EPS)	$\frac{\text{Profit attributable to owners of the Company}}{\text{Number of ordinary shares issued}}$	$\frac{8,961,000}{655,944,000}$ = \$0.014 /share	$\frac{8,707,000}{655,858,000}$ = \$0.013 /share
Price-earnings Ratio (P/E ratio)	$\frac{\text{Current Price per Ordinary Share}}{\text{EPS}}$	$\frac{0.65}{0.0137}$ = 47.45 times	$\frac{0.85}{0.0133}$ = 63.9 times

The investment ratios have performed less well than before.

The EPS ratio did slightly increase by \$0.0004 /share. Even HFT has issued more ordinary shares, the ratio still raised because the profit gained this year is higher. This shows the dividends paid will be higher.

On the contrary, dividend cover ratio and P/E ratio do not perform well. Dividend cover ratio decreased by 0.14 times. The proportion of profits distributed as dividends is smaller, yet this may imply revenues are retained to finance its future development. The P/E ratio faced a drastic decrease of 17.2 times. The major reason for this big change is the decrease of price per ordinary share. It has decreased for \$0.21. On one hand, HFT should not issue too much ordinary share as the demand is not that high. On the other hand, HFT should build up the confidence of investors.

3.6 Overall Conclusion

From the above analysis, we can see that HFT is financially acceptable in terms of management efficiency, short-term liquidity and long-term liquidity. However, it is found that HFT's profitability and return on investment show a worsening trend in recent year as the company has an increase operating expenditure and a decrease of price per ordinary share. In order to improve its performance, the Group should not issue too much ordinary share and rearrange its expenses to cut down the costs.

4. Part 2 – A business plan for Hung Fook Tong Group's operations in Hong Kong

4.1 Financial Analysis

Revenue:

Revenue of Hong Kong retail business has increased by 5.95% to \$503,965,000 during the year ended 31 December 2016 (2015: \$475,654,000).

HFT also recorded a favourable same-store sales due to a strong online marketing effort.

Net Profit before Tax:

Net Profit before Tax of local retail operations has increased by 5.49% to \$63,356,000 (2015: \$60,057,000)

The rise in profit is believed to be caused by the increase in sales.

Hence, it is foreseeable that the net profit will continue to increase in the future. Sales can be further boosted (with suggestions in the business plan) and more emphasis can be placed on the expense control.

Net Profit Margin:

Net Profit Margin has slightly increased from 12.57% in 2015 to 12.63% in 2016. This shows HFT is more effective in controlling the operating costs than the past year and has a higher ability in generating net profit from its sales.

4.2 Competitor Analysis

Comparison between HFT and its competitor –Vitasoy

Among the catering industry, it is believed that HFT and Vitasoy are competing as they share the same value of selling healthy and beneficial drinks to customers. They have their own production lines and produce similar products. Therefore, HFT and Vitasoy are investigated to see their competitiveness.

	Hung Fook Tong			Vitasoy		
	2015	2016	Change	2015	2016	Change
Revenue	475,654,000	503,965,000	+ 5.95%	2,048,335,000	2,069,421,000	+ 1.03%
Net profit before tax	60,057,000	63,356,000	+ 5.49%	355,101,000	380,350,000	+ 7.11%
Net profit margin	12.57%	12.63%	+0.06%	17.34%	18.38%	+ 1.04%

HFT's revenue has increased by 5.95% while that of Vitasoy has increased by 1.03%. This reflects HFT has a better ability in generating profits as proven by the increase of 5.49% in net profit. On the other hand, the increase in net profit before tax of HFT (5.49%) is lower than that of Vitasoy (7.11%). HFT has the same net profit margin in 2015 and 2016, while Vitasoy has increased 1.03%. Although HFT has a higher increase in revenue, Vitasoy has a better improvement on net profit before tax and net profit margin. This can be attributed to a poorer expense control compared to Vitasoy. It leads to the significant worsening performance in profitability, the problem is more intense when compare to one of its competitors - Vitasoy.

4.3 SWOT Analysis

SWOT analysis is aim at finding out Strength, Weakness, Opportunities and also Threats of HFT. A questionnaire (Appendix 5) and position map (Appendix 3) have been carried out to better understand people's impression towards HFT

<p>STRENGTHS</p> <p>1. Good reputation: Being established for 31 years, the image of Hung Fook Tong is deeply rooted in the heart of Hong Kong people. It insists on producing additive-free healthy food products which matches with the rising</p>	<p>WEAKNESSES</p> <p>1. Ineffective advertising strategies: Advertisement is a good promotion strategy. However, the advertisements of HFT are seldom found in media and MTR, which are known to be the effective ways to promote products.</p>
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awareness on health issues of Hongkongers. With HFT's great sense of corporate social responsibility, the sentiments of Hongkongers towards HFT is high. The 'Hong Fook Tong Volunteers Team' has worked on some environmental protection programmes such as recycling tortoise herbal jelly containers. These build up a good image among Hongkongers.

2. Wide distribution network:

HFT has more than 130 stores in Hong Kong and Mainland China. There are 55 stores located in MTR stations in different district while the others are located in residential area and shopping malls. It has a wide distribution network and the stores are easy to reach.

3. Help spread risk:

The diversity of products (eg: Chinese herbal tea and siumai) can provide customers with more choices and attract customers of different age groups. Innovative Chinese drinks such as the Apple & Bitter Melon Drink can arouse the interest of the younger generation who wish to try new flavours. Hence, with a larger variety of products, a wider range of potential customers can be obtained, so a new market may be possibly found.

4. Recognition gainers:

HFT has been awarded the top seller in the Wellness Drink market for 14 consecutive years by Nielsen and is now the top retailer of Chinese herbal products in Hong Kong.

5. Ready-made food can cater Hongkongers' needs:

Unlike the traditional tortoise herbal jelly, HFT presents it in a portable squeezing packaging. Customers can enjoy wherever they are. Besides, HFT has provided some ready-made Chinese soup and congee to cater for Hong Kong people's busy lifestyle.

6. More hygienic than traditional shops:

Unlike the traditional shops that

2. Ineffective promotion techniques:

HFT has provided seasonal products in order to meet the customers' changing needs. However, due to the ineffective promotion of seasonal needs (e.g.: According to Chinese, winter is very dry and we need to replenish the lost of nutrients), the number of products sold remains low. Also, some promotion measures are attractive and innovative, but the public awareness remains low (e.g. Food truck) (Refer to appendix 1)

3. Unattractive packaging design:

The packaging of drinks are not appealing. Consumers, especially youngsters, are generally attracted to eye-catching products, such as calligraphic designs, pantone colours, etc.

4. The website and the app '鴻福堂' are not user-friendly:

The language changing program is not user friendly as the website will automatically return to homepage. For the app "鴻福堂", the recognition is not satisfactory as the number of users is not significant (10,000 users from Android systems since the app has been released in about 8 years ago). Upon investigation, it is found that the app is not very user friendly to the public as only registered members are allowed to use the app. This discourages new customers (non HFT members) in downloading the app to receive more up-to-date information, shop and enjoy HFT's products, let alone being a fan of HFT.

5. Low average spending per person:

The average spending per person of non-HFT member is around \$20-\$30 now and for HFT members is around \$50-\$60.

6. Poor product differentiation:

In product packaging and interior design of stores, HFT looks similar with another brand, HealthWorks Shop. Some customers may find their

<p>customers have to drink herbal tea immediately after they pay, HFT has drinks with individual packaging and has launched long shelf-life herbal drinks. Moreover, HFT has its own self-operated and highly automated production facilities which are qualified by ISO 22000/2005, ACI-HACCP and AGI-GMP.</p>	<p>products homogeneous and choose to purchase from one store randomly.</p>
<p>OPPORTUNITIES</p> <p>1. Herbal tea being a Chinese Intangible Cultural Heritage: Chinese herbal tea, being recognised by the United Nations Educational, Scientific and Cultural Organization as a Chinese Intangible Cultural Heritage, has successfully gained public attention throughout the world. As a result, there will be a growing popularity of herbal tea consumers.</p> <p>2. User-friendly technologies: With reference to a release of Go-Globe in 2015, 49% of the online customers have spent considerable time researching products online prior to buying. The increasing reliance on technologies in our daily lives and the opportunities in developing user friendly technologies are seen. If HFT can improve their current application and website, it could bring itself to a new era of Chinese Herbal Tea and have an old and new cultural combination.</p> <p>3. Rising popularity of online shopping: According to a release of Go-Globe in 2015, 89% of the smartphone users in Hong Kong have researched a product using their smartphones and 43% of the smartphone users have purchased products using smartphones.</p> <p>4. Good economy prospect: Based on good performance of the Hong Kong economy in 2016 and 2017, the International Monetary Fund predicted that Hong Kong's economy will have a impressive rise of 3% on the whole. These provide an unprecedented</p>	<p>THREATS</p> <p>1. Herbal teas become less popular: Herbal teas are used to enhance health and address core issues within the body. However, these illnesses can be cured with Western medicine in a faster pace. With the fast living pace in Hong Kong, people will tend to choose an instant solution.</p> <p>2. Adverse operating environment: Because of inflation, the operating expenditure keeps increasing these years.</p> <p>3. Rival competition: In recent years, more businesses of new style Chinese wellness drinks and food pop up in Hong Kong, such as Healthworks and Hoi Tin Tong.</p>

chance for HFT to improve their business.

5. Common belief: Prevention is more important than cure:

Due to the raising awareness on health and fitness of Hongkongers, they have started to comprise their diets with wellness drinks and soup in order to prevent getting sick. HFT's products can definitely meet the market's needs with suitable promotion.

Marketing positioning of HFT: With reference to Appendix 2-5, due to the high ranking in various aspects, the current position of HFT is rather high among its competitors in the Chinese Herbal industry such as Hoi Tin Tong and Hui Lau Shan.

4.4 Business Plan

Strategy

A business plan of \$10 million is proposed to improve HFT group's retail operation in Hong Kong. In this business plan. The problem identified in the 'Weakness' and 'Threats' will be tackled while making good use of the advantages found in 'Strengths' and 'Opportunities' part at the same time.

Key measure 1: A combo a day keeps the doctors away

Reasons for adopting this measure: As stated in SWOT analysis, the average spending per person is low for non-members of HFT. Besides, the promotion on seasonal needs is not enough. Therefore, the customers face difficulties to choose the suitable products in the according season. In order to raise the average spending per non-member, some combos for every single day will be introduced in order to gain recognition for various products from customers and fit in their needs.

Features:

1. **To introduce 'Hero Combos':** In order to boost sales, seasonal combos will be set up. In the combos, the customer can get drinks and soups that are beneficial to their health and can replenish their nutrients loss. If they purchase the combos, discounted prices are provided. These combos will be sold throughout the season to meet most of the customers' needs. Likewise, products can be introduced to customers in a more clear and systematic way. Customers can have a better understanding of the benefits of the products.
2. **To set up a few combos per day:** In order to attract customers with different tastes and preferences every day, a few combos can be set up to meet the customers' needs. (Attached in appendix 5 are a sample of hero combos for winter and a sample combo sets for a day in winter)
3. **To introduce delivery service on bulk purchase:** HFT can consider to set up delivery service on bulk purchases (eg: from office workers). They can place orders using the app "鴻福堂" in the morning. The catering process can be done in the factory and send to different stores as orders are received beforehand. Freshness of products are guaranteed.

Expected impacts:

1. **To meet different customers' needs:** Customers have their own preferences and want to have a set that fits their personal needs best. Introducing the combos can provide economic incentives for customers to buy in a larger amount. Also,

for those who do not know how to choose the best for themselves, they can easily follow the name of the combos and choose one that suit them best.

2. **To gain support from customers:** With the combos amended every single day and seasonal hero combos, customers will feel that HFT has considered everyone's need and try to place serving the customers as their top priority. This can further polish the business reputation.
3. **To increase average spending per person:** As mentioned, combos provides economic incentives for customers to buy more (as in the package). This can stimulate the sales and increase inventory turnover if there are some products that cannot be sold in a fast pace and their shelf life is near the expiry dates. The average spending per person can be increased (please refer to section 4.7). Also, with the delivery services provided in the long run, it can serve as an alternative for busy people (eg: office workers) other than having unhealthy fast-food as lunch but having HFT's fresh, fast healthy products as lunch. It can surely provide incentives for groups (eg: students) on bulk, everyday purchases.

Key measure 2: Hung Fook Tong is with you

Reasons for adopting this measure: As stated in SWOT analysis, HFT needs more promotion to raise its brand recognition. It is known that HFT has joined the Food Truck Pilot Scheme. However, according to TaKungPao, business of those trucks are not satisfactory.

Features:

1. **Set up mobile truck:** Mobile trucks will be parked in residential areas. This practice will be carried out once a week and notifications will be made through social networking sites beforehand. Inside the trucks, sample of HFT's products such as soup and drinks are provided. Besides, free professional suggestions (not medical consultations) will be offered from postgraduate Chinese medicine practitioners. They will analyse their body condition and give suggestions of HFT's products that matches their health conditions correspondingly.
2. **To invite postgraduates of Chinese medicine practitioners as interns:** Some postgraduates will be invited to have internships in mobile trucks. They will provide suggestions to customer who come for aside what products are beneficial to their health. Hence, it is predicted that the professional suggestions of products of HFT can boost sales..

Expected impacts:

1. **To be a social responsible enterprise:** The postgraduates will have a chance to apply their knowledge learnt in class. This also helps them to shape their career. This can also get more attention from the university students of its brand. Furthermore, a social responsible enterprise image can be built.
2. **More people will know about its products:** The mobile truck will be located in different districts in Hong Kong, so the promotion will cover a wide range of potential customers. Through the sample of products provided to pedestrians, more people will be aware of HFT's products and hence have a larger batch of potential customers.
1. **To stand out from the competitors:** HFT has a similar image with its competitors such as HealthWorks. It will be the pioneer in the industry to have a mobile truck and offering free professional suggestions. It will draw attention from the public. Besides, since the awareness on health of Hong Kong people is rising, they will be attracted to ask for health advice. Hence, it can also boost the sales.

Key measure 3: Improvement of the app “鴻福堂”

Reasons for adopting this measure: As stated in the SWOT analysis, public health awareness has been increasing and online shopping is becoming more popular. It is hoped that the app “鴻福堂” can be reformed to a more user-friendly app and add in new elements to attract potential customers to try it out.

Features:

1. **E-coupons scheme:** Once new members have registered to be a member of HFT, e-coupon of \$20 will be sent to their accounts. E-coupons can act as an incentive to attract new users to try out the app, or use the e-coupons in stores as well. E-coupons could be sent to relatives and friends online as a gift through account, attracting more people to use the app.
2. **Implementation “Pre-order”:** In this function, customers can buy card credits at retail shops or via credit card. With the card credits, they can order hot soup or herbal teas or even lunch boxes anywhere and pick up at a designated time and venue (marked in their orders). Cash dollars can be rewarded to customers in forms of card credits when they have spent \$30 or above. This reduces the time for queuing in stores and preheating of soup. The non-monetary cost will be reduced. The convenience will be enhanced and customers will be encouraged to continue purchase in apps. If the feedback is good, HFT can consider to offer free delivery on bulk purchase in long run (for example, lunch boxes for above \$500) to offices and schools to make more profits.
3. **Implementation of a simple body condition quiz:** In the quiz, some guiding questions will be set to ask the users (e.g. about their current health status, medical record, etc.) All of the answers will only be used in this quiz and obliterated once they leave the page. A system could be developed to analyse the answers and recommend suitable wellness products to the users. In this way, people are attracted to the new function. Through the recommendation, it would be more likely for them to get one in MTR station stores and the time for choosing and asking staff can be reduced.

Expected impacts:

1. **To provide incentives:** The e-coupon received by the newly registered members can attract them to install the app and spend in store for HFT's products. This first-time experience for newly registered members and the cash dollars for the existing members can surely build up customer loyalty. It is foreseeable that they will continue to use the app to make further purchase and sales can be boosted.
2. **To stir up public attention and attract potential users:** “Pre-order” of Chinese herbal teas and soup is one of the cutting edge technology in the society. Once it is implemented and promoted in the social media, it can definitely arouse people's attention. It will create a trend based on this new function and hence raise the brand reputation as well as stimulate sales. Also, HFT will be the pioneer to implement the simple body condition game. It is a blend of old and new and can make it more eye catching and stand out from its competitors to attract more people to try that out.
3. **To provide a convenient service:** Due to the fast living pace in HK, most of the people, especially office workers have a bustle life and do not have time to shop. The “Pre-order” function can shorten the queuing time as they can pick up the teas and soup immediately at stores. Improving apps and developing the new functions can encourage more people to purchase HFT's products as it provides great convenience to them. In long run, HFT can offer free delivery on bulk

purchases. It will definitely be the market leader to do so and can compete with the restaurants that have long queues and unhealthy fast foods.

Key measure 4: Cooperation with businesses of other industries

Reasons for adopting this measure: As mentioned in the SWOT analysis, due to a lack of effective promotion, some good products cannot gain high recognition from the public. As stated in the annual report, HFT has partnerships with more than 1200 corporate clients. However, it is believed that HFT can take a step forward by implementing the practices below. Like direct product selling.

Features:

1. **To cooperate with businesses of other industries (i.e. not catering industry):** For example, HFT can cooperate with the entertainment industry. Hong Kong people likes karaoke and people may have sore throat after singing for a long time. Besides, karaoke companies provide very few choices of healthy drinks that can ease unwellness, so it is suggested to introduce the products of Hung Fook Tong into these karaoke companies. Chuan Bei Pipa with Honey Drink is one of the products that is good for soothing sore throat.
2. **To design a special menu:** HFT can design a special menu with wide range of drinks for the karaoke customers to choose from. It can include some drinks that has been piled up and have low recognition from the public.

Expected impacts:

1. **To raise the brand awareness and increase products' exposure:** Singing karaoke has been many Hongkongers' entertainment. It is believed to be a natural and effective way to emerge our market. Also, the inventory turnover of products that have low exposure and recognition from the public can be increased.
2. **To have a fresh image:** As most of the people, especially young people thinks that herbal tea is old fashioned, HFT's image is not an exception. With the collaboration with karaoke companies, HFT could build its image in a more lively way. New inspirations can also be brought to customers such as cultural integration is possible and it can be impeccable as well. This measure is believed to arouse a new target group's interest towards HFT.
3. **To boost sales:** Hong Kong people like singing karaoke when they are free as mentioned above. It generally covers from teenagers to elderly. Through the cooperation, the exposure of HFT will increase. More people will have more chances to taste and purchase the products.

4.5 Implementation Details

Measure	First year				Second year			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. A combo a day keeps the doctors away	<ul style="list-style-type: none"> - To invite and discuss with the professional Chinese medicine practitioners to set up different seasonal and everyday combos. - To introduce the hero combos and everyday combos to the public. - To strengthen the training of staff on the usage of mobile order and in store pick up. 	- To discuss with the professionals and change the seasonal hero combos.						
2. Hung Fook Tong is with you	<ul style="list-style-type: none"> - To invite Chinese practitioners to join our internship scheme which lasts for two quarters - To purchase and decorate the mobile trucks - To start online promotion and introduce products that will be sold on the trucks. 	<ul style="list-style-type: none"> - To introduce mobile trucks. - To collect feedbacks will from users and make adjustments based on the feedbacks received (eg. variety of products in our mobile truck). 	<ul style="list-style-type: none"> - To evaluate the effectiveness of the measure. - To investigate the reliance on the mobile truck for sales. - To train the second batch of postgraduate Chinese medicine practitioners (intems). 	<ul style="list-style-type: none"> - To introduce more trucks if the response from public is positive. - The new batch of intern is at work. 	<ul style="list-style-type: none"> - To start the annual evaluation on the mobile truck scheme. - To ensure that products quantity distribution on the truck should be near to the actual selling curve. - To train third batch of interns. 	<ul style="list-style-type: none"> - To consider the expansion of 'Hung Fook is with you' scheme. 	<ul style="list-style-type: none"> - To carry out interim evaluation and train the fourth batch of the interns. 	<ul style="list-style-type: none"> - The cycle of the scheme will go on if the actual statistics of feedbacks are positive.

Measure	First year				Second year			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
3. Improvement of the app “鴻福堂”	<ul style="list-style-type: none"> - To contact the technicians of the app and discuss the possibility of implementing those changes, i.e. publicise the app. If possible, make the changes. - At the same time, get the games, e-coupons ready. 	<ul style="list-style-type: none"> - To make announcement to the public that the app is open for all. - To offer training sessions to the staff so that they can be aware of the changes and promote them to the customers. - To release the e-coupons the game to users. - To start planing the mobile order function and delivery of bulk lunch boxes orders. 	<ul style="list-style-type: none"> - To start planing the mobile order function and delivery of bulk lunch boxes orders. -To carry out trials of the pre-order and delivery service. - To analysis the trend of users and see if more promotion is needed for the new functions. 	<ul style="list-style-type: none"> - To implement the pre-order and cash dollar functions officially. 	- The app will go on publicly, with e-coupons to each newly registered members, quiz games and pre-order function.			
4. Cooperation with businesses of other industries	<ul style="list-style-type: none"> - To target some industries and negotiate with them. - To investigate the feasibility of cooperation. If the feasibility is high, discuss which products should be sent to other industries. 	<ul style="list-style-type: none"> - To gather feedbacks from the customers of other industries. - To feview the sales and the popularity of the products sent. - To strengthen the promotion of the products which are less popular and sent more stocks of the popular items to the industries. 	<ul style="list-style-type: none"> - To gather feedbacks from customers of other industries. - To review the sales (especially the less popular products) to see the promotions done are useful or not. If the sales of certain product remains low, HFT may consider on giving up sending that product to the industries. 	<ul style="list-style-type: none"> - To gather feedbacks from the customers of other industries. - To review the sales of the products sent regularly and make suitable amendments of the amount of stocks sent to the industries with respect to the sales. 				

4.6 Marketing Expenses Budget

Measures	Details	Budget (\$)	% of budget
1. A combo a day keeps the doctor away	Promotion expense	250,000	2.5%
	Delivery cost	500,000	5%
	Design of combos: -Consultation from Chinese medicine practitioners	150,000	1.5%
	Training cost for the staff in store	100,000	1%
Total		1,000,000	10%
2. Hung Fook Tong is with you	Purchase and decoration of trucks	3,000,000	30%
	Volunteer clinic subsidy: -Training offered to postgraduate Chinese medicine practitioners -Miscellaneous fees and salaries of the postgraduates	800,000	8%
	Discount for customers	300,000	3%
	Promotion expense	500,000	5%
	Implementation of the body condition game: -Salaries for programmers -Consultation from Chinese medicine practitioners	500,000	5%
	Regular functions update and maintenance of the app	300,000	3%
	Promotion expense	250,000	2.5%
	Administrative expense	200,000	2%
Total		2,350,000	23.5%
4. Cooperation with businesses of other industries	Commission to other industries	500,000	5%
	Design of the special menu: -Consultation from Chinese medicine practitioners	150,000	1.5%
	Promotion expense	250,000	2.5%
	Administrative expense	300,000	3%
Total		1,200,000	12%
Reserve		700,000	7%
Total expenditure		10,000,000	100%

4.7 Impacts on store locations, sales and average spend per customer

Store locations: The store locations are fine now and changes are not required.

Sales: Through the implementation of “A combo a day keeps the doctors away” and the improvement of the app “鴻福堂”, the e-coupons, game and the convenience bring much incentives for the public to try out the app and purchase products through the app. It can surely stimulate the sales. Weekly ‘Hung Fook Tong is with you’ will be held so as to attract potential customers to increase their knowledge towards Chinese

supplements and stimulate them to purchase. The cooperation with other industries can attract people to buy HFT's products to ease their needs. With the suggested measures implemented, it is foreseeable that the sales can be increased by 4.9% from \$715,207,000 in 2016 to \$750,000,000 in 2020.

Average spending per customer: With the key measure of "A combo a day keeps the doctors away" mentioned above and the improvement of the app "鴻福堂", it provides economic incentives for the customer (e.g.: Cash dollars rewards and e-coupons) to purchase and increase their amount spending on each purchase. It is foreseeable that the average spending per person of non-HFT member can be raised by 125% to \$50 from \$20-\$30 now and a raised of 60% to \$80 for HFT members from \$50-\$60.

5.5 Conclusion

HFT needs improvements in future in order to improve their financial performance.

From the financial analysis, HFT needs to exercise tighter expense control in order to generate more net profit from its sales. Comparing HFT to Vitasoy, it is discovered that HFT has a poorer expense control. The problem can be alleviated by cutting down some costs.

In the SWOT analysis, it is found that the good reputation has deeply rooted in Hongkongers' heart and the awards won can gain confidence from the customers. With the good economy prospect and the new common belief "prevention is more important than cure", HFT can seize the chance to carry out the suggested key measure, "A combo a day keeps the doctors away" to improve its financial performance. It is hoped to polish its reputation, increase the average spending per person and boost the sales.

At the same time, it is identified in the SWOT analysis that HFT has ineffective promotion techniques. Also, a good business image can attract more potential customers by committing social responsibility. Hence, "Hung Fook Tong is with you" is suggested to raise the profit of HFT and gain more recognition from the public. It is the pioneer in the industry to apply mobile truck to promote, so it can stand out from its competitors and allow the public to know about its products.

Moreover, Hong Kong is a technology-based society that everyone has a smartphone. However, it is found that the app "鴻福堂" is not user-friendly and cannot cater every user's need. Therefore, "Improvement of the app 鴻福堂" is proposed to allow the public to get access to HFT information more conveniently.

Besides, it is found in the SWOT analysis that HFT has a poor product differentiation. It is advised to promote more differentiated products and place more focus on its competitors. As a result, "Cooperation with businesses in other industries" is

suggested to raise the brand awareness, give the public a fresh image and boost the sales.

These key measures are proposed to tackle HFT's weaknesses and make good use of the advantages from the current situation in order to maximize its profit, build a good image and raise its competitiveness.

5. Appendix

Appendix 1 – Reference

1. Hung Fook Tong 2016 Annual Report
http://www.hungfooktongholdings.com/html/open.php?file=./attachment/2017042516500100012789477_en.pdf
2. Hung Fook Tong 2015 Annual Report
http://www.hungfooktongholdings.com/html/open.php?file=./attachment/2016042716320100032496289_en.pdf
3. Hung Fook Tong Group Holdings Limited website
www.hungfooktong.com
4. Hoi Tin Tong website
<http://hoitintong.com.hk/>
5. HealthWorks website
<https://www.healthworks.com.hk/>
6. Hui Lau Shan website
<https://www.hkhls.com/>
7. Article - Tai Kung Pao 14 Feb 2017
“美食車先導計劃再有新車出動，第六輛美食車鴻福堂昨天進駐中環海濱活動空間，惟開業即拍烏蠅，午飯人潮最旺時段仍無人問津，兩小時內的生意只得六、七單。”
<http://www.takungpao.com.hk/hongkong/text/2017/0214/59668.html>
8. Vitasoy 2016 Annual Report
http://www.vitasoy.com/wp-content/uploads/2015/01/ew_00345-Annual-Report_20160715.pdf

Appendix 2 – Census of passenger flow

On 10 February 2018, from 1730 to 1800, we have observed the passenger flow in Jordan MTR station. The results are as follows.

	Hung Fook Tong	HealthWorks
Number of people passed by	45	65
Number of people consumed	23	35

Appendix 3 – Non-financial analysis for HFT

Comparison between HFT and its competitors

3.1 Products variety

	Hung Fook Tong	Hoi Tin Tong
Variety	-Congee, rice, noodles -Dessert -Herbal jelly -Herbal tea -Soup	-Herbal jelly -Herbal tea -Soup
Number of herbal tea products available	8 series including 32 products	® 13 products
Number of fresh products	9 series including 133 products	12 products
Long Shelf-life Drinks	8 series including 50 products (mainly wholesale)	4 series including 25 products

Comment: Among the healthcare industry, Hung Fook Tong has the largest variety of products, such as herbal tea, herbal jelly and congee, while other businesses have products like herbal tea and herbal jelly only. Moreover, it has the greatest number of products (183), including fresh products and long shelf-life drinks. For the other businesses, they have an average of 20-30 products only.

3.2 Shop location

	Hung Fook Tong	HealthWorks	Hoi Tin Tong
Number of stores	-116 stores in Hong Kong -55 stores located in MTR stations in different district in Hong Kong (3 will be constructed soon)	-22 stores in Hong Kong -15 stores located in MTR stations	-45 stores in Hong Kong
Wholesales	-ParkNshop -Wellcome -Convenience shops	-Convenience shops -Wellcome	-Wellcome -Convenience shops

	-Yata -Aeon		-Vanguard -Sogo -Yata
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Comment: For the number of stores, Hung Fook Tong has 116 stores in Hong Kong, including 55 located in the MTR stations, who ranks the first in the industry. Other businesses such as HealthWorks and Hoi Tin Tong have only 19% and 39% of the total number of Hung Fook Tong's branches respectively. On the other hand, both Hung Fook Tong and Hoi Tin Tong have a wide network of wholesale. Customers can purchase their products conveniently.

3.3 Promotion

	Hung Fook Tong	Hui Lau Shan	Hoi Tin Tong
Online promotion	-Website -Facebook Page -YouTube channel -App	-Website -Facebook page	-Website
Means of promotion	-Advertisement -Business cooperation(e.g. sanrio) -Introduction of seasoning recipe -Promotion discount -Committing social responsibility	-Promotion discount -Coupon -Committing social responsibility	-Advertisement -A page about frequently asked questions towards herbal jelly is set up -Promotion discount -Committing social responsibility

Comment: For the promotional aspect, Hung Fook Tong has more channels to promote its own brand in no matter the online or the solid methods relatively compared to the other two competitors. Besides, we could see Hung Fook Tong intend to strengthen its promotion by increasing.

3.4 Customer loyalty

	Hung Fook Tong	Healthworks	Hoi Tin Tong	Hui Lau Shan
A membership system	Yes	No	Yes	Yes
Coupon scheme	Yes	Yes	Yes	Yes

Comment: Hung Fook Tong, Hoi Tin Tong and Hui Lau Shan have both a membership system and coupon scheme while Healthworks only have coupon scheme but no membership system.

3.5 Average price

	Hung Fook Tong	Healthworks	Hoi Tin Tong	Traditional herbal tea shops
Herbal tea	\$23	\$20	\$14	\$20
Herbal jelly	\$55	\$45	\$47	\$40
Long shelf-life drinks(excluding herbal tea but drinks like Salted Mandarin Drink)	\$10	\$8.5	N/A	N/A

Comment: In all aspects, Hung Fook Tong has the highest price in the industry. This implies that the price of the Hung Fook Tong products will make itself less favourable compared with the other two companies.

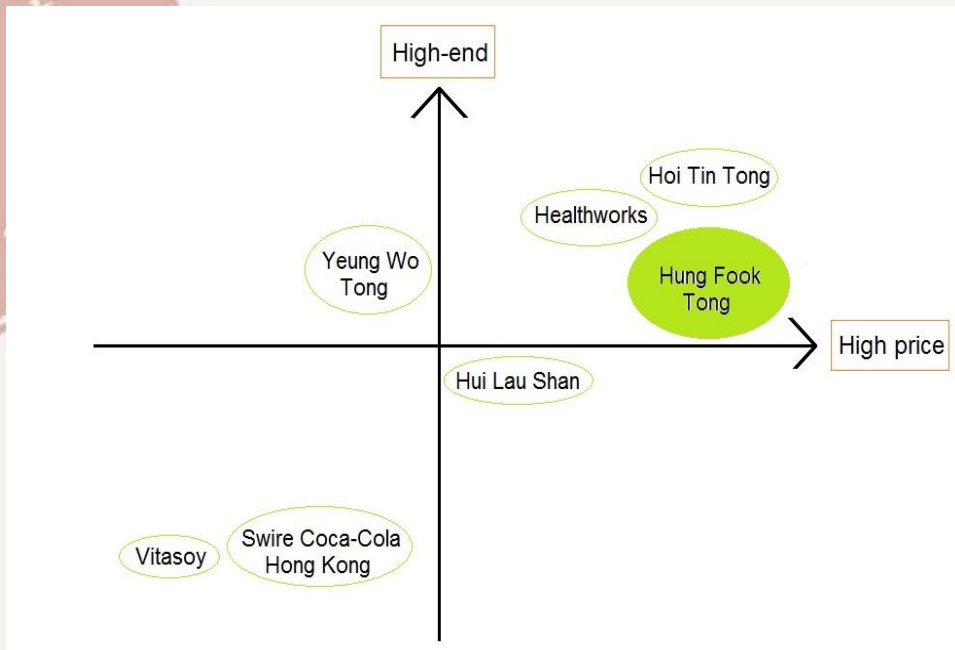
3.6 Shop setting

	Hung Fook Tong	HealthWorks	Hoi Tin Tong
Setting	seating and non-seating	seating and non-seating	seating

Comment: Both Hung Fook Tong and HealthWorks have shops with seating and non-seating, while Hoi Tin Tong has shops with seating only. Therefore, people may spend more time in Hung Fook Tong and Healthworks than in Hoi Tin Tong per entry. Hence, a higher possibility to have a higher expenditure per time.

3.7 Conclusion: After comparing HFT with other businesses, it shows it is the market leader in the Chinese herbal tea industry. It does the best in products variety, shop location, promotion, refund and shop setting and its products have the highest price. However, these may not indicate HFT has no problem at all or it does good enough, there are still room for improvement in these aspects. Since it is the only listed company in the industry, its sufficient capital enables it to do better than other businesses.

Appendix 4 – Brand Positioning Map



Appendix 5 – Samples of Key measure 1

Sample combos for winter

Hero combos:	滋陰養顏皇牌套餐	清熱解毒皇牌套餐	健脾潤肺皇牌套餐
Target group:	Ladies	People who like to eat hotpot or Korean barbecue throughout the year	General public (From SWOT analysis, people are more aware of preventing diseases)
Products included:	滋補美顏花膠響螺煲竹絲雞湯 / 滋養調補黑松露花膠象拔蚌響螺湯	滋陰補腎鮑參翅肚燉竹筍湯 (附湯料) / 清肝排毒紅菜頭姬松茸雜豆素湯	滋陰潤肺花膠海底椰川貝百合豬腱湯 / 補肺護肺杏仁汁金腿豬肺湯 (附湯料)
	寧心健脾蓮子百合紅豆沙 / 滋潤養顏手磨杏仁蛋白茶 / 補血安神四紅補血糖水 / 清熱排毒正品唧唧龜苓膏	清熱解毒海帶綠豆沙 / 解毒除濕正品藥製龜苓膏 國家認定秘方編號 149 / 生津潤燥竹蔗蘆薈馬蹄露海底椰	清熱解毒海帶綠豆沙 / 潤肺潤腸川貝杏仁露 / 護肝健胃玫瑰花粉蜂蜜蘋果茶

滋潤養顏北海道牛乳百合木瓜 露 / 潤燥養顏法國血桃烏龍醋甘露 飲品 / 養陰清熱百合玉竹清補涼	養肝明目有機甘筍南瓜蔬果 飲 / 排毒潤腸羽衣甘藍無花果蔬 果飲 / 清熱祛濕龜苓茶	清熱宣肺桑葉菊花羅漢果茶 / 清肺潤燥川貝雪梨海底椰 / 養胃健脾熊本栗子奶露飲品
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Sample combos for each day

Choices:	啖啖肉套餐	滋補養生套餐	神采飛揚套餐
Target group:	Workers that have large demand of energy (eg: construction workers)	General public	Students and general public
Products included:	鱒魚雞粒紅米飯 / 梅菜肉餅紅米飯 / 馬拉盞排骨紅米飯 益氣養血蓮藕鱒魚響螺豬腱 湯 / 調補五臟蟲草花淮杞花膠雞 湯 / 咸柑桔 / 竹蔗甘筍海底椰	南乳蓮藕冬菇素肉紅米飯 / 白汁菠菜魚柳長通 / 蟲草花杞子滑雞紅米飯 益肝補虛姬松茸海參杞子響 螺竹絲雞湯(附湯料) / 清涼潤燥西洋菜陳腎羅漢果 豬腱湯 / 雪梨茶 / 川貝枇杷蜜	健脾開胃粟米南瓜瘦肉粥 / 蒲燒鰻魚飯糰 / 冬菇蝦米雞絲湯銀針粉 補中益氣黨參北芪淮杞冬菇 響螺湯 / 清肺潤燥川貝雪梨海底椰 / 紅豆薏米 / 花旗蔘蜜

Appendix 6 - Questionnaire

HKICPA Accounting & Business Management Case Competition Questionnaire

Hello! Thanks for agreeing to answer this questionnaire. We are a group of S.5 students from a local secondary school and we are doing some analysis for the financial performance of Hung Fook Tong (鴻福堂). We would be very grateful if you could spare a few minutes on this questionnaire. All questionnaires will be destroyed after the research and the information you provided will be kept confidential. Thank you very much.

*Required

Personal information

1. What is your gender? *

Mark only one oval.

- Female
 Male

2. Please specify your age range. *

Mark only one oval.

- below 20
 20 - 39
 40 - 59
 60 - 79
 80 or above

Have you ever tried Hong Fook Tong's products?

3. 1. Have you ever tried any Hong Fook Tong's products? *

Mark only one oval.

- Yes Skip to question 4.
 No Skip to question 9.

For those who have tried out Hong Fook Tong's products:

4. 2. How frequent do you buy Hong Fook Tong's products in a year? *

Mark only one oval.

- One to five time(s)
 Six to ten times
 Eleven to fifteen times
 Sixteen to twenty times
 Twenty times or above

5. 3. Which type(s) of food have you tried out? *

You may choose more than one answer.

Tick all that apply.

- Siu Mai
 Tea flavoured egg
 Wellness drink (eg: Chuan Bei Pipa with Honey Drink)
 Soup
 Dessert
 Other: _____

6. 4. How much do you spend in a purchase on average? *

Mark only one oval.

- \$20 or below
 \$21 - \$40
 \$41 - \$60
 \$61 - \$80
 \$81 - \$100
 \$101 - \$130
 \$130 - \$150
 \$150 or above



7. **5. Where do you purchase the products from? ***

You may choose more than one answer.
Tick all that apply.

- Retail store
- Convenience store
- Supermarket
- Grocery store
- Other: _____

8. **6. What are the reasons of purchasing Hung Fook Tong's products? ***

You may choose more than one answer.
Tick all that apply.

- Their food and drink are of high quality and delicious
- I/ My family do not have time to make soup for maintaining health
- Through consuming their drinks and products, my health has been improved
- Promotion and advertisements are attractive
- The rewards redemption for specified points are attractive (eg: Le Petit Prince 小王子)
- The services of staff are good
- Price of the goods are reasonable
- The location of stores are convenient
- There is a great variety of products
- Other: _____

Marketing strategy of Hung Fook Tong

9. **7. Do you think that the promotion or advertisements of Hung Fook Tong's is enough? ***

Mark only one oval.

- Yes Skip to question 10.
- No Skip to question 12.
- Have not seen their advertisements before Skip to question 12.

For those that have seen their promotions:

10. **8. Where have you seen Hung Fook Tong's promotion before? ***

You may choose more than one answer.
Tick all that apply.

- Print-media advertisements
- TV advertisement
- Websites
- Social media (eg: Instagram, Facebook, etc)
- Friends' recommendation
- Radio
- Bus stops or MTR station
- Other: _____

11. **9. To what extent do you think Hung Fook Tong's promotion is successful? ***

Mark only one oval.

- 1 2 3 4 5
- Totally agree Totally disagree

Skip to question 12.

Hung Fook Tong's website & application software

12. **10. Do you know Hung Fook Tong has its website? ***

Mark only one oval.

- Yes
- No

13. **11. Do you know Hung Fook Tong has its own app? ***

Mark only one oval.

- Yes
- No



Online shopping behaviours

14. **12. Do you enjoy online shopping? ***
 Mark only one oval.

- Yes
- No *Skip to question 19.*

Online shopping behaviours (Con't)

15. **13. How frequent do you shop online? ***
 Mark only one oval.

- Twice a week
- Once a week
- Once a month
- Once a year
- Other: _____

16. **14. Do you feel secured when you shop online? ***
 Mark only one oval.

- Yes
- No

17. **15. Have you ever searched for a product online before buying them in store? ***
 Mark only one oval.

- Yes *Skip to question 18.*
- No *Skip to question 19.*

For those that have looked into a product's information:

18. **16. Why would you look up for the information of the product online before buying them? (either buying them in store or online) ***
 Mark only one oval per row.

	Yes	No
a) It saves time.	<input type="radio"/>	<input type="radio"/>
b) I can check the product details.	<input type="radio"/>	<input type="radio"/>
c) I can check the product availability of a specific store.	<input type="radio"/>	<input type="radio"/>
d) I can look for some related products that fit my needs.	<input type="radio"/>	<input type="radio"/>
e) I can get the latest promotions and discounts information online.	<input type="radio"/>	<input type="radio"/>

Effectiveness of existing promotion measures

19. **17. Do you know Hung Fook Tong has invited different celebrities and have filmed some promotional videos? ***
 Mark only one oval.

- Yes
- No

20. **18. Have you ever bought Hung Fook Tong's coupons? ***
 Mark only one oval.

- Yes
- No

21. **19. Have you ever bought Hung Fook Tong's products because of its featured cartoon character in that period? ***
 Mark only one oval.

- Yes
- No

Skip to question 22.



Marketing strategy of Hung Fook Tong

9. **7. Do you think that the promotion or advertisements of Hung Fook Tong's is enough? ***
Mark only one oval.
- Yes *Skip to question 10.*
 No *Skip to question 12.*
 Have not seen their advertisements before *Skip to question 12.*

For those that have seen their promotions:

10. **8. Where have you seen Hung Fook Tong's promotion before? ***
*You may choose more than one answer.
Tick all that apply.*
- Print-media advertisements
 TV advertisement
 Websites
 Social media (eg: Instagram, Facebook, etc)
 Friends' recommendation
 Radio
 Bus stops or MTR station
 Other: _____

Marketing strategy

22. **20. Have you ever seen any promotions on street before? (eg: mobile trucks, free sample distribution, etc) ***
Mark only one oval.
- Yes
 No *Skip to question 26.*

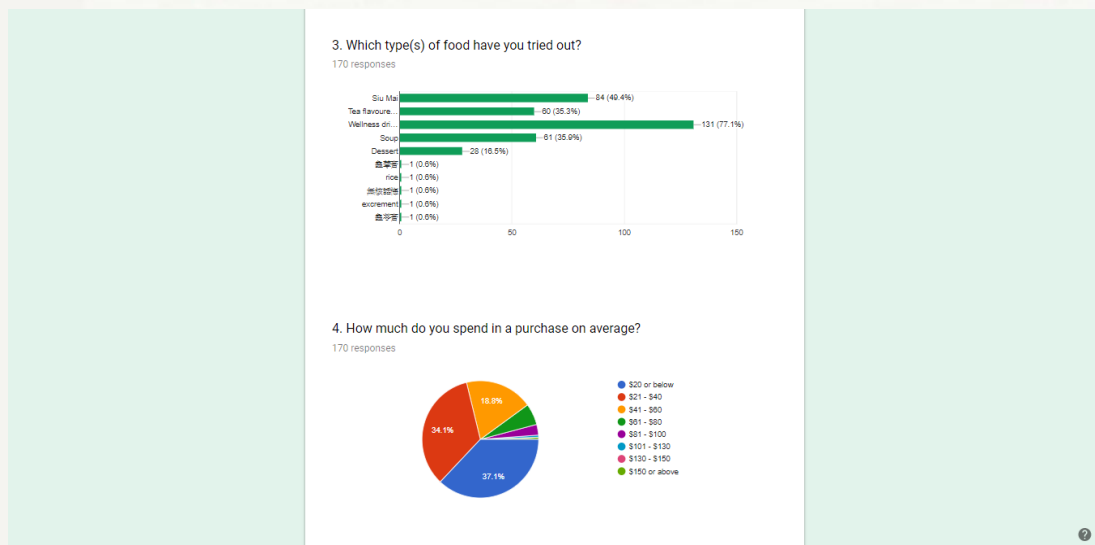
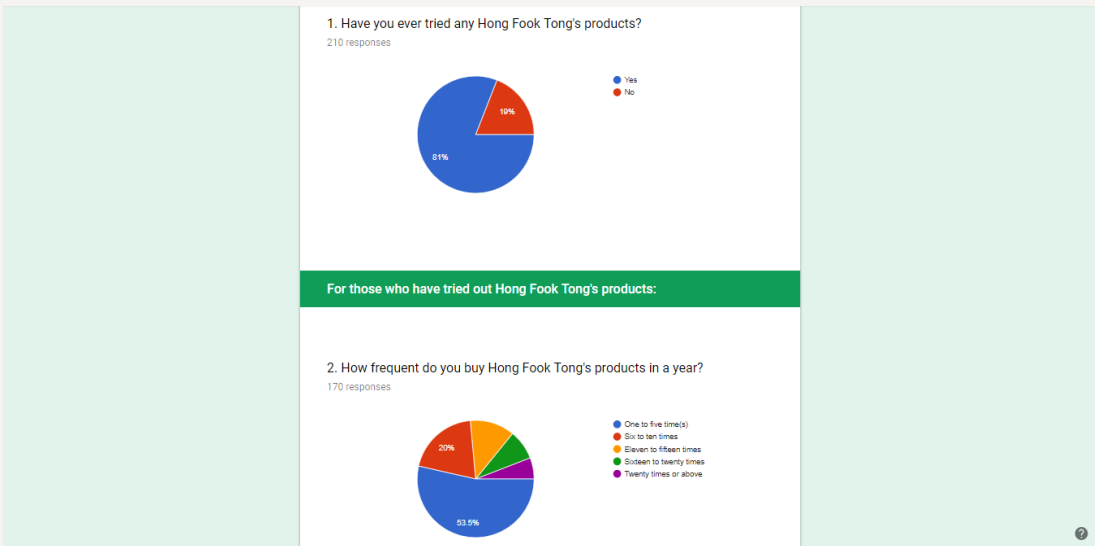
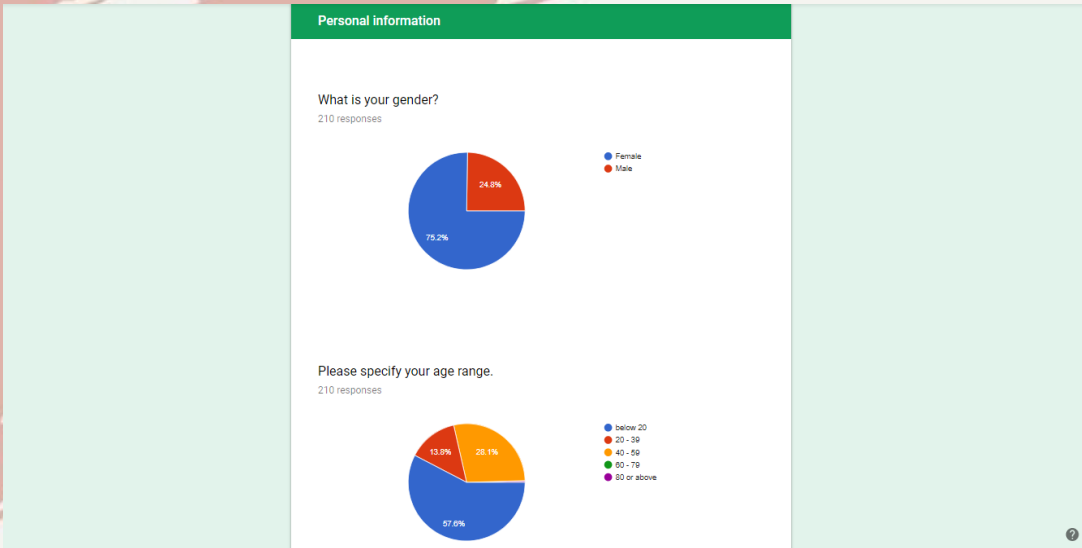
For those that have seen promotions:

23. **21. Are the promotions attractive to you? ***
Mark only one oval.
- Yes
 No
24. **22. Were you attracted to the booth and listened to the staff explaining their brand and products? ***
Mark only one oval.
- Yes
 No
25. **23. Have you considered to buy the products after the staff's explanation? ***
Mark only one oval.
- Yes
 No
- Stop filling out this form*



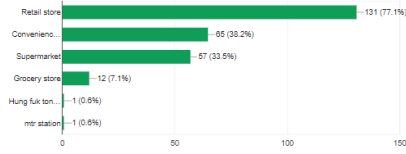
For those that have never seen any promotions:

26. **24. Would you be attracted to the booth and listened to the staff explaining their brand and products? ***
Mark only one oval.
- Yes
 No
27. **25. Which of the following promotion measures are appealing to you? ***
Tick all that apply.
- Advertisement
 Having discounts on products
 Posting promotion videos on youtubes
 Having artists to promote the Hung Fook Tong products
 To have different cartoon characters as seasonal promotion
 Other: _____



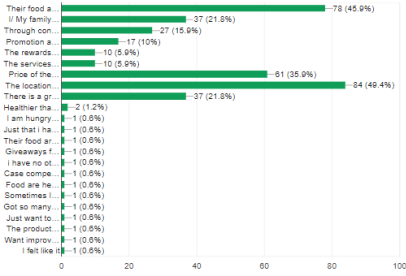
5. Where do you purchase the products from?

170 responses



6. What are the reasons of purchasing Hung Fook Tong's products?

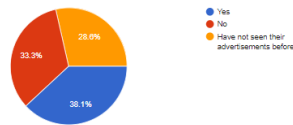
170 responses



Marketing strategy of Hung Fook Tong

7. Do you think that the promotion or advertisements of Hung Fook Tong's is enough?

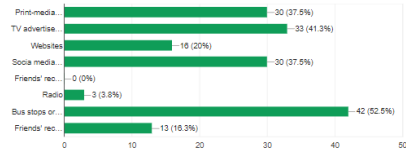
210 responses



For those that have seen their promotions:

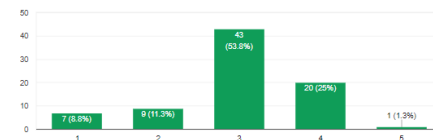
8. Where have you seen Hung Fook Tong's promotion before?

80 responses



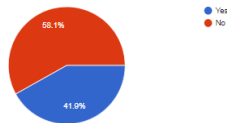
9. To what extent do you think Hung Fook Tong's promotion is successful?

80 responses

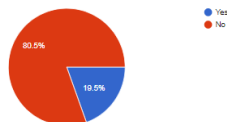


Hung Fook Tong's website & application software

10. Do you know Hung Fook Tong has its website?
210 responses

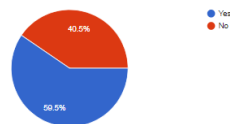


11. Do you know Hung Fook Tong has its own app?
210 responses



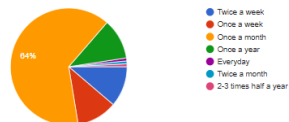
Online shopping behaviours

12. Do you enjoy online shopping?
210 responses

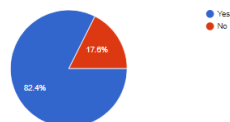


Online shopping behaviours (Con't)

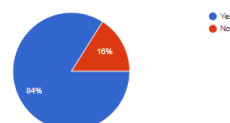
13. How frequent do you shop online?
125 responses



14. Do you feel secured when you shop online?
125 responses

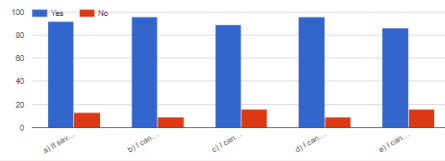


15. Have you ever searched for a product online before buying them in store?
125 responses



For those that have looked into a product's information:

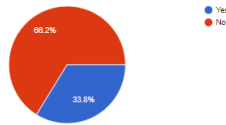
16. Why would you look up for the information of the product online before buying them? (either buying them in store or online)



Effectiveness of existing promotion measures

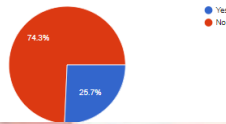
17. Do you know Hung Fook Tong has invited different celebrities and have filmed some promotional videos?

210 responses



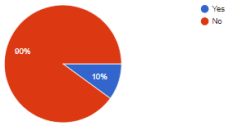
18. Have you ever bought Hung Fook Tong's coupons?

210 responses



19. Have you ever bought Hung Fook Tong's products because of its featured cartoon character in that period?

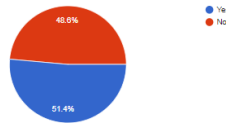
210 responses



Marketing strategy

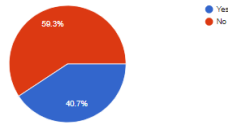
20. Have you ever seen any promotions on street before? (eg: mobile trucks, free sample distribution, etc)

210 responses

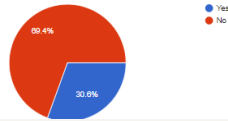


For those that have seen promotions:

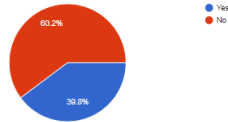
21. Are the promotions attractive to you?
108 responses



22. Were you attracted to the booth and listened to the staff explaining their brand and products?
108 responses

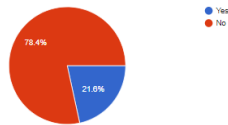


23. Have you considered to buy the products after the staff's explanation?
108 responses



For those that have never seen any promotions:

24. Would you be attracted to the booth and listened to the staff explaining their brand and products?
102 responses



25. Which of the following promotion measures are appealing to you?
102 responses

