



welcome to

Reshaping your Workforce for the New Retail Sector

19 November 2020

benefits that truly benefit



Our speakers for today



Jordi Balsells

Chief Strategy & Channels
Officer & Board Member

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Shirman Li

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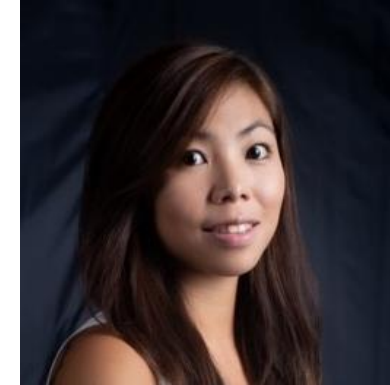


Kimmie Chan

Director - Sales, Marketing &
Communications, and
Consumer & Retail

ConnectedGroup

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Sales Leader – Health MMB

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Agenda/Overview

1. New Trend for Retail and Customer
by Jordi Balsells, Chief Strategy & Channels Officer & Board Member at Desigual
2. What is the New Normal for Retail
by Shirman Li, Principal Consultant - Compensation & Benefits, Mercer
3. Recruitment and Talent Trend
by Kimmie Chan, Director - Sales, Marketing & Communications, and Consumer & Retail at ConnectedGroup
4. Employee Benefit Benchmark in Retail Industry
by Karen Tse, Sales Leader – Health MMB



New Trend for Retail and Customer

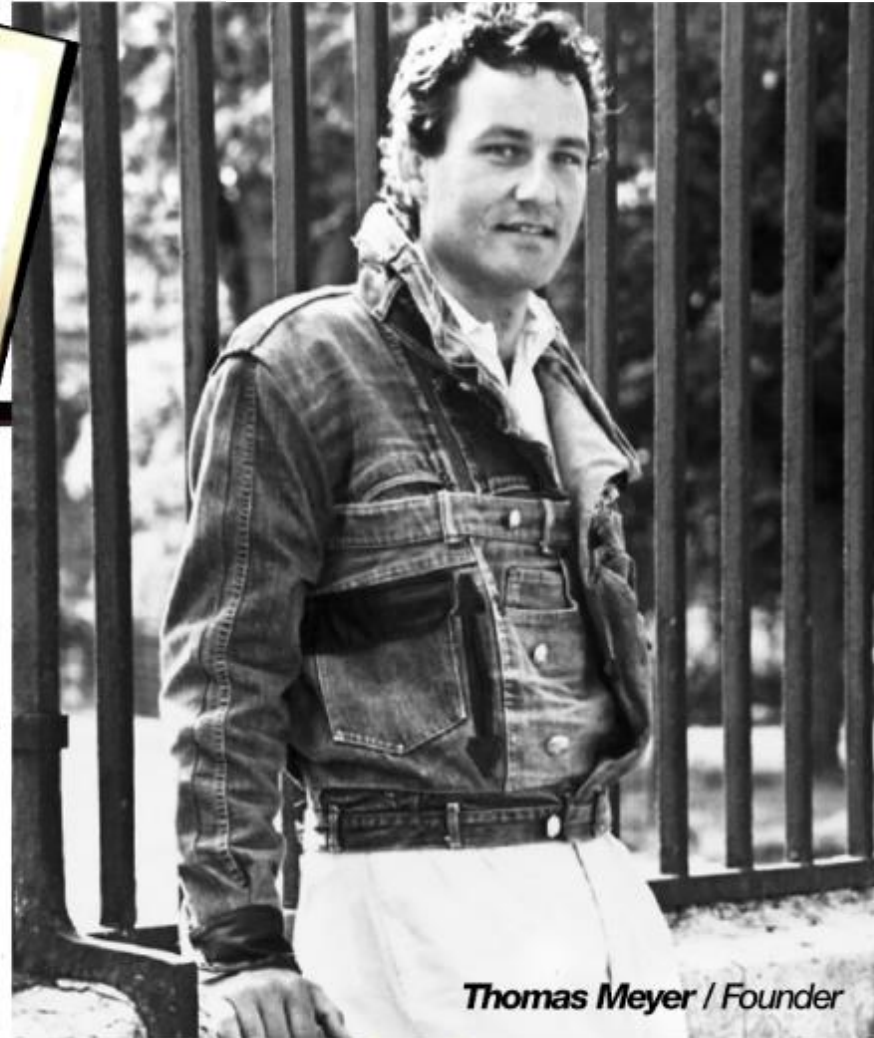
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barcelona **1984**

Desigual.

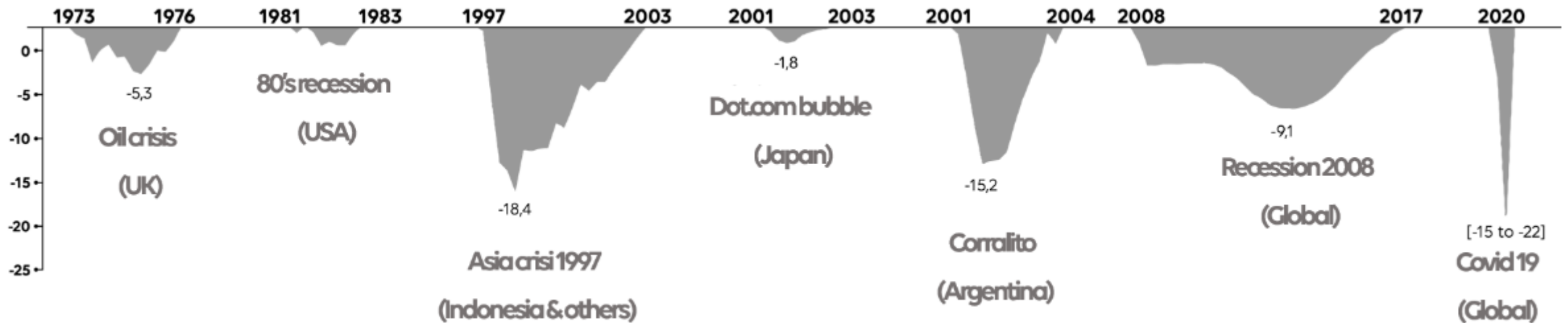


DESIGUAL
DESIGUAL

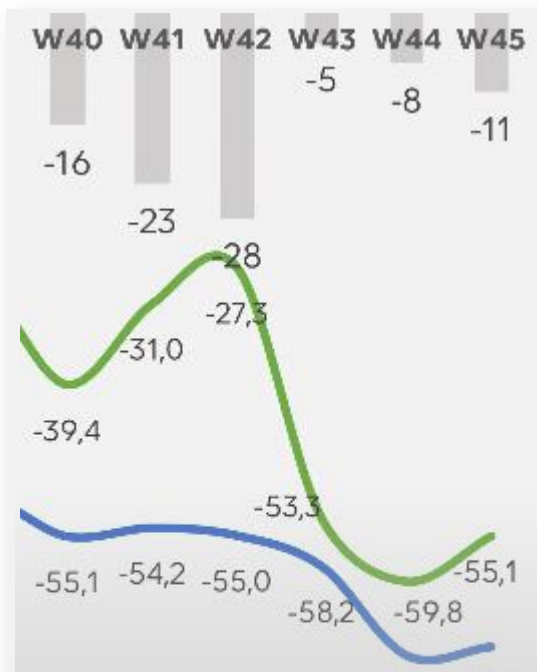


Thomas Meyer / Founder

2. Big impact on Business & retail globally



3. Retail Trends



Less Traffic



More Omnichannel

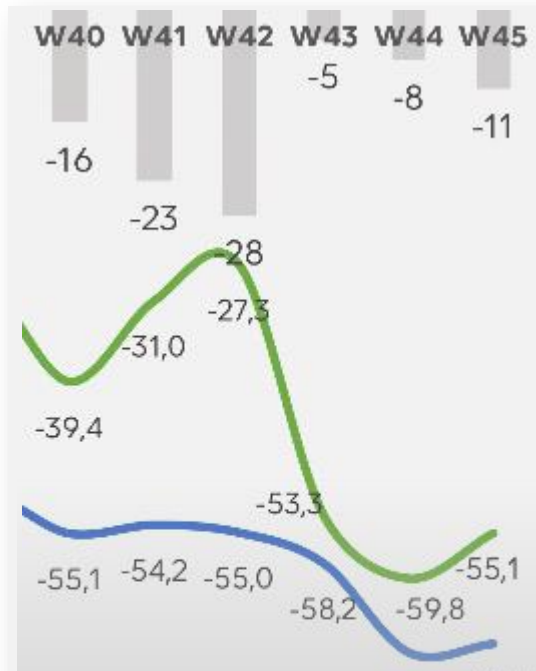


More Experience



Better Service

3. Retail Trends



Less
Traffic

strategies

- Online, safety, convenience
- Focus in CR, ATV, UPT
- CRM, data acquisition & loyalty programs
- Brand building

Brand builders



📍 Herald Square en New York

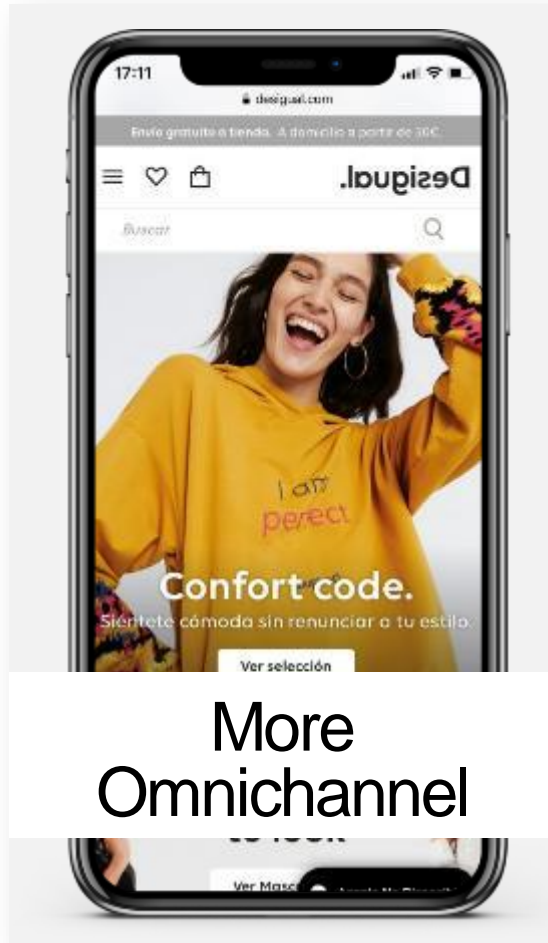


📍 Headquarters en Barcelona



📍 Harajuku en Japón

3. Retail Trends



strategies

- Omnichannel = comfort
- Inspiration, content creators
- Every purchase start in digital (mobile) & ends in any channel
- Pick & pack, efficient one stock, ask me, ...
- Last mile satisfaction & profit



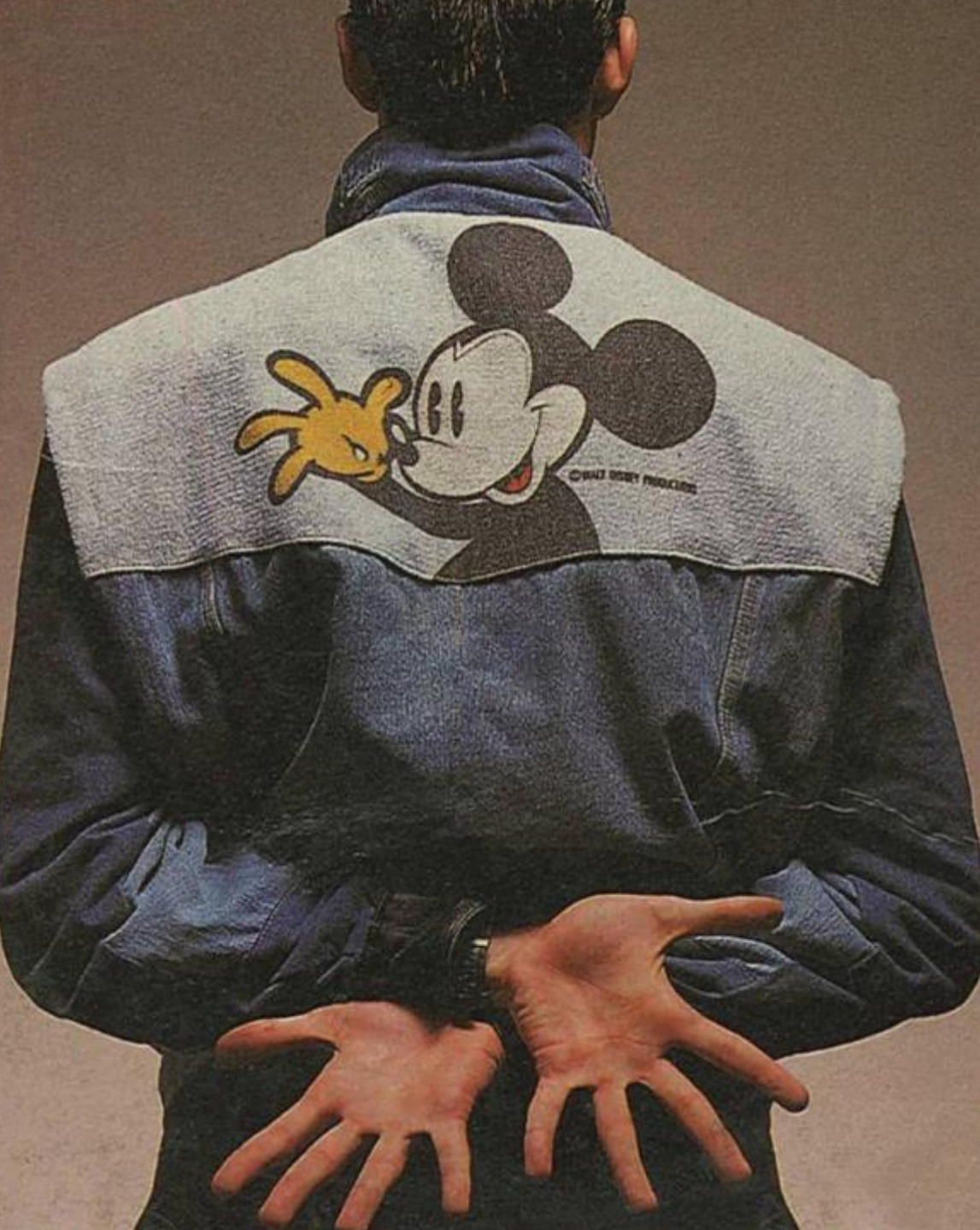
3. Retail Trends



More
Experience

strategies

- Capacity to inspire, surprise, joy
- Brands as content creators
- 1 to 1
- Seamless experience



Life is awesome

3. Retail Trends



**Better
Service**



strategies

- Where the customer is, as fast as possible
- Virtual shopping & new ways of selling
- AI vs Customer know how & personalization
- Personal shopping
- High tech tools

Ginza store (Tokyo)

- Opened May 2020
- <https://virtualstoreginza.desigual.com/>





Key insights

- Hybrid models
- Start digital, end omnichannel
- Content creators & inspiration

THANK YOU !

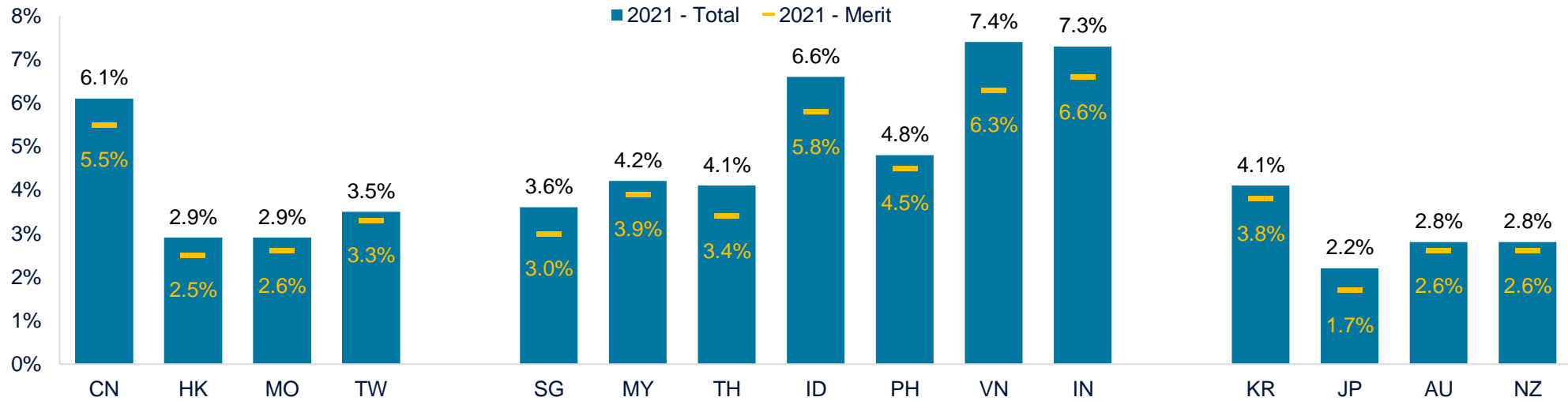
Jordi Bellsells / Chief Strategy & Channels Officer / j.bellsells@desigual.com

What is the New Normal for Retail



Target Pay Increase Budget 2021F – Excluding Pay Freeze

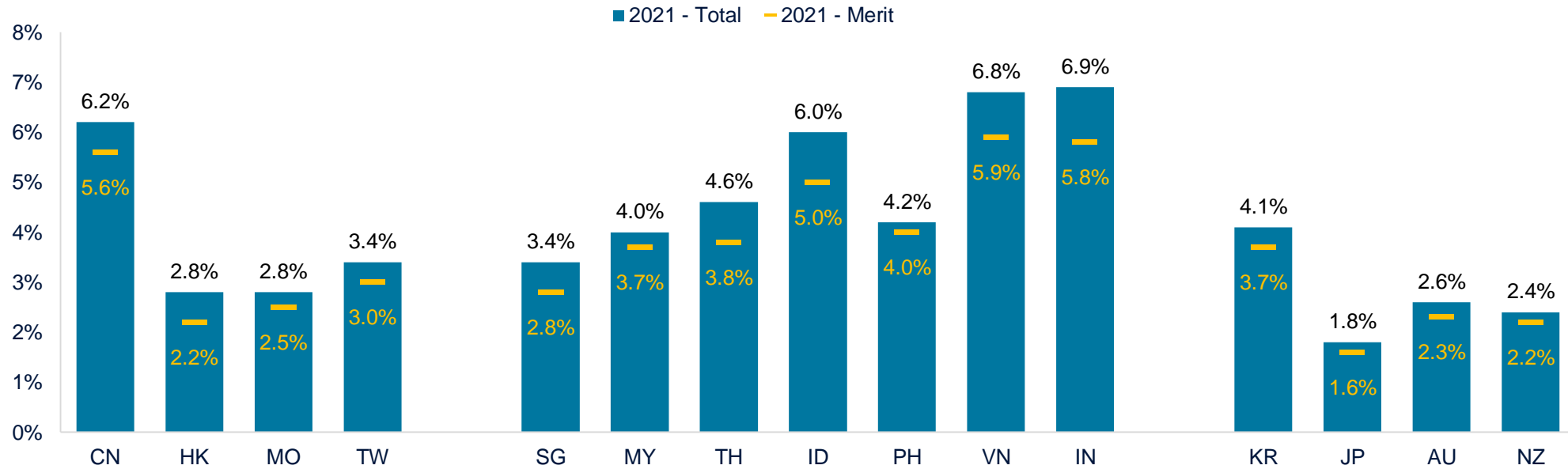
2021 Retail Industry Pay Increase Forecast – Excluding Pay Freeze
Median (P50)



2021 MERIT	5.5%	2.5%	2.6%	3.3%	3.0%	3.9%	3.4%	5.8%	4.5%	6.3%	6.6%	3.8%	1.7%	2.6%	2.6%
2020 MERIT	6.0%	3.6%	4.0%	3.6%	4.0%	4.8%	5.0%	8.5%	6.5%	9.0%	10.0%	4.3%	2.2%	2.8%	2.9%
2021 TOTAL	6.1%	2.9%	2.9%	3.5%	3.6%	4.2%	4.1%	6.6%	4.8%	7.4%	7.3%	4.1%	2.2%	2.8%	2.8%
2020 TOTAL	6.8%	4.0%	4.2%	4.0%	4.2%	5.3%	5.3%	8.8%	6.9%	9.5%	10.6%	4.8%	2.5%	3.2%	3.0%

Target Pay Increase Budget 2021F – including Pay Freeze

2021 Retail Industry Pay Increase Forecast – Including Pay Freeze
Median (P50)



2021 MERIT	5.5%	2.2%	2.3%	3.0%
2021 TOTAL	6.0%	2.7%	2.7%	3.3%

2.7%	3.6%	3.1%	5.0%	4.0%	5.9%	5.8%
3.3%	4.0%	3.9%	6.0%	4.2%	6.8%	6.9%

3.7%	1.6%	2.4%	2.4%
4.0%	1.8%	2.7%	2.7%

How is the Pay Freeze Situation in 2021?

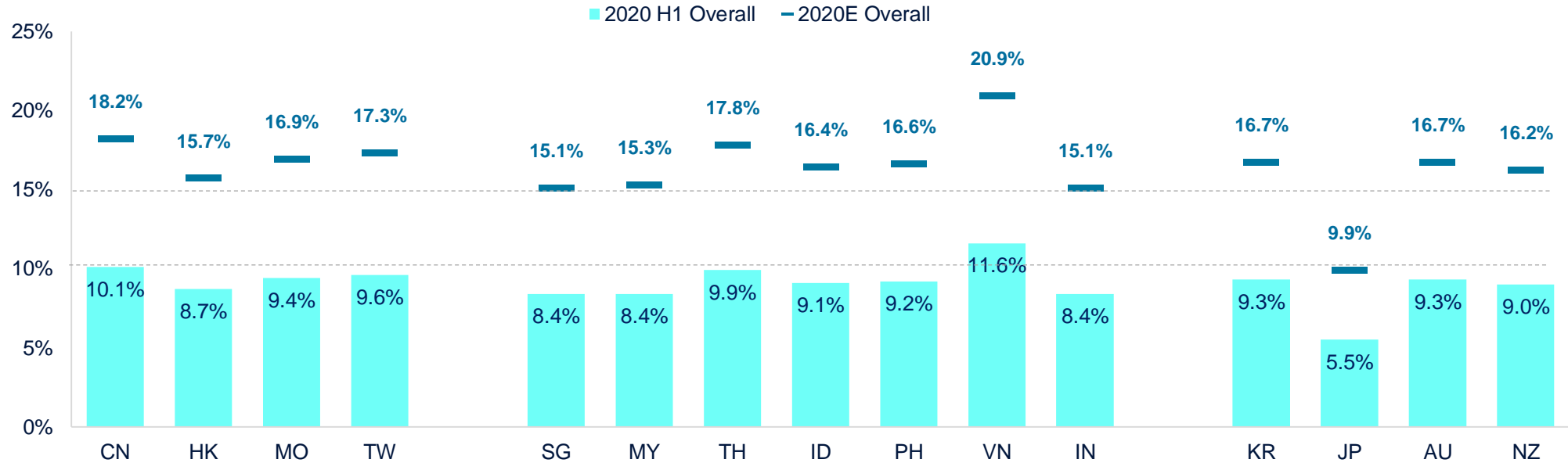
% of respondent having Pay Freeze (Zero Pay Increase) in 2021

	CN	HK	MO	TW	SG	MY	TH	ID	PH	VN	IN	KR	JP	AU	NZ
2021F	6%	18%	14%	11%	10%	8%	6%	-	-	10%	-	9%	11%	8%	-
2020	16%	30%	29%	26%	24%	20%	15%	-	-	18%	-	18%	9%	10%	-

Voluntary Attrition 2020H1 & Full Year Estimation

Company Overall

Voluntary Attrition Rate – Company Overall
(Average)

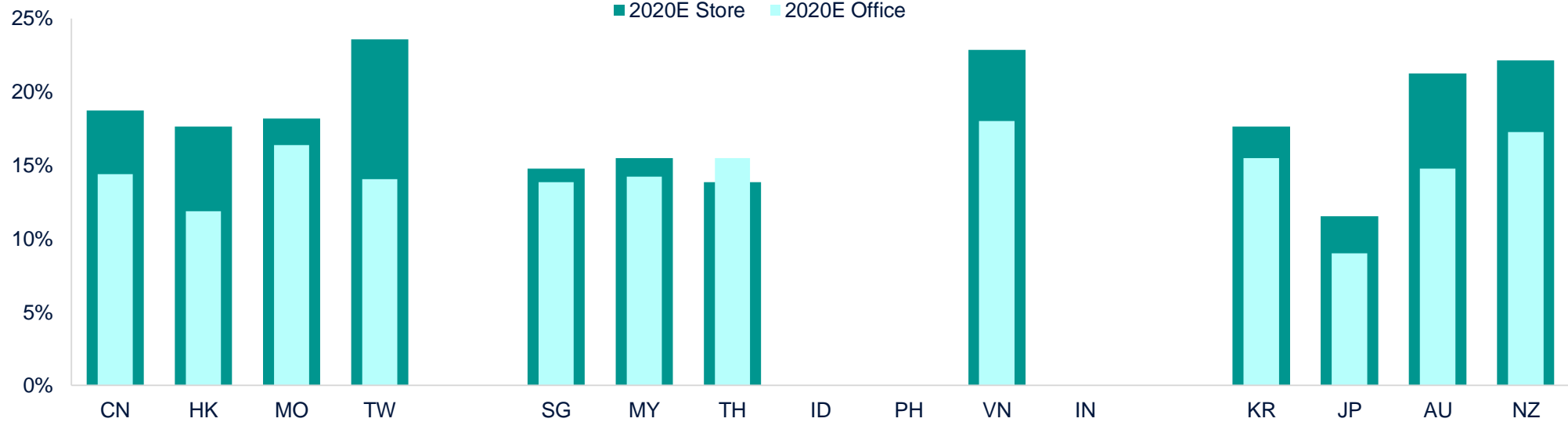


2020 H1 Actual	10.1%	8.7%	9.4%	9.6%	8.4%	8.4%	9.9%	9.1%	9.2%	11.6%	8.4%	9.3%	5.5%	9.3%	9.0%
2020E (Full Year Estimation)	18.2%	15.7%	16.9%	17.3%	15.1%	15.3%	17.8%	16.4%	16.6%	20.9%	15.1%	16.7%	9.9%	16.7%	16.2%
2019E	27.6%	24.1%	28.8%	25.2%	23.4%	22.3%	27.6%	30.1%	--	27.2%	--	23.6%	16.7%	24.1%	25.3%
YoY Change	-9.4%	-8.4%	-11.9%	-7.9%	-8.3%	-7.2%	-9.8%	-13.7%	--	-6.3%	--	-6.9%	-6.8%	-7.4%	-9.1%

Voluntary Attrition 2020H1 & Full Year Estimation

Store & Office

Voluntary Attrition Rate - Store and Office
(Average)

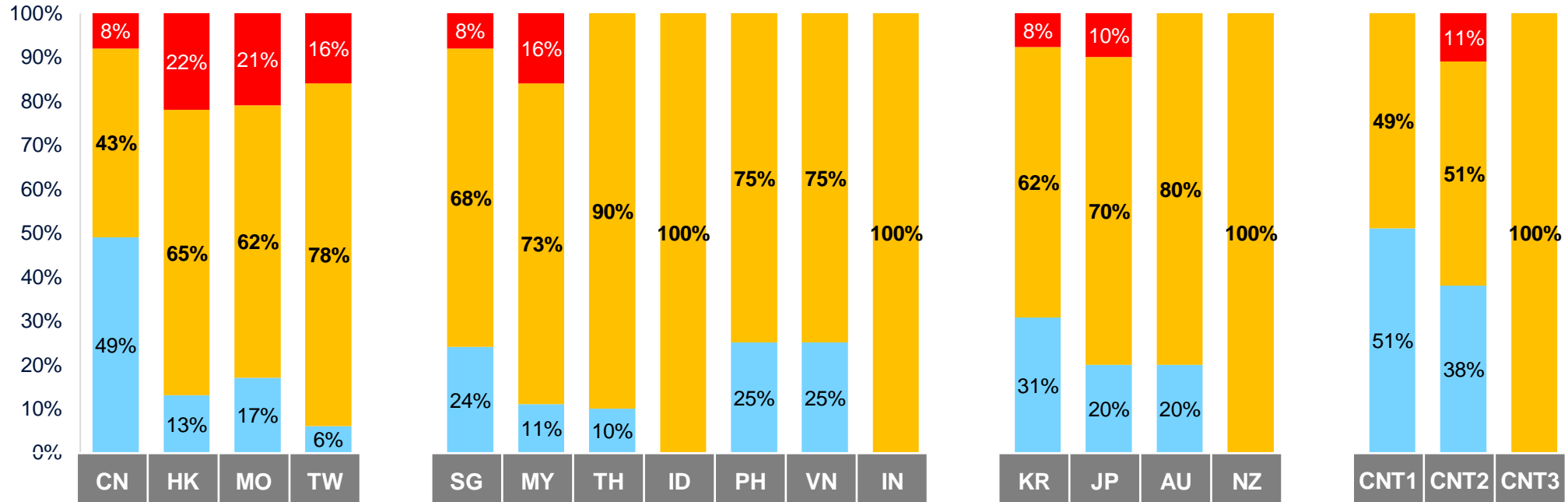


2020H1 Store	10.9%	9.9%	10.2%	13.3%	8.7%	8.9%	8.4%	-	-	13.3%	-	10.5%	6.3%	12.0%	12.7%
2020H1 Office	7.9%	6.5%	8.9%	7.7%	8.1%	7.8%	10.2%	-	-	9.1%	-	8.1%	4.6%	7.9%	8.1%
2020E Store (Full Year Estimation)	19.6%	17.8%	18.4%	23.9%	15.7%	16.0%	15.1%	-	-	23.9%	-	18.9%	11.3%	21.6%	22.9%
2020E Office (Full Year Estimation)	14.2%	11.7%	16.0%	13.9%	14.6%	14.0%	18.4%	-	-	16.4%	-	14.6%	8.3%	14.2%	14.6%
2019E Store	31.9%	27.8%	33.9%	29.7%	27.5%	31.6%	32.5%	--	--	29.5%	--	26.6%	19.4%	29.3%	--
2019E Office	16.3%	18.5%	26.0%	17.5%	22.4%	19.6%	24.3%	--	--	21.4%	--	19.9%	12.7%	20.0%	--

Workforce Planning – 2021

Workforce Demand for 2021

■ Increase ■ Maintain ■ Decrease



Avg % Increased in HC

Avg % Decreased in HC

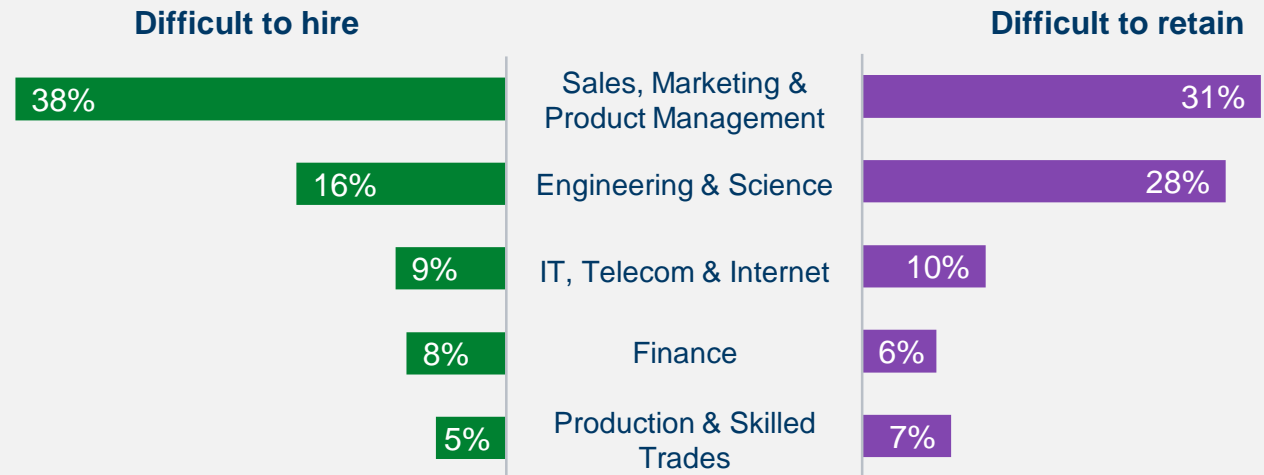
13%	5%	24%	9%	3%	16%	5%	--	--	20%	--	28%	6%	73%	--	11%	16%	--
-4%	-16%	-21%	-23%	-5%	-7%	--	--	--	--	--	-8%	--	--	--	--	-6%	--

Yet some companies found it difficult to hire and retain critical talent

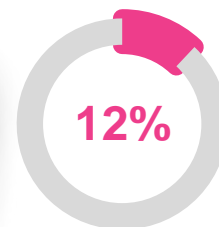
14% of the organizations in APAC had difficulties in **hiring** employees in a certain job family during the pandemic; while

10% of the organizations in APAC had difficulties in **retaining** employees in a certain job family during the pandemic

Job families most difficult to hire/retain in APAC during the pandemic

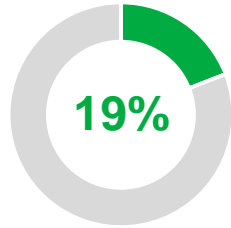


Some organizations are offering “premiums” of one form or another to attract critical talent



of the organizations in APAC granted or are considering granting **special COVID-19 related bonuses** for employees who are **critical** to meet or maintain the organization’s current business goals

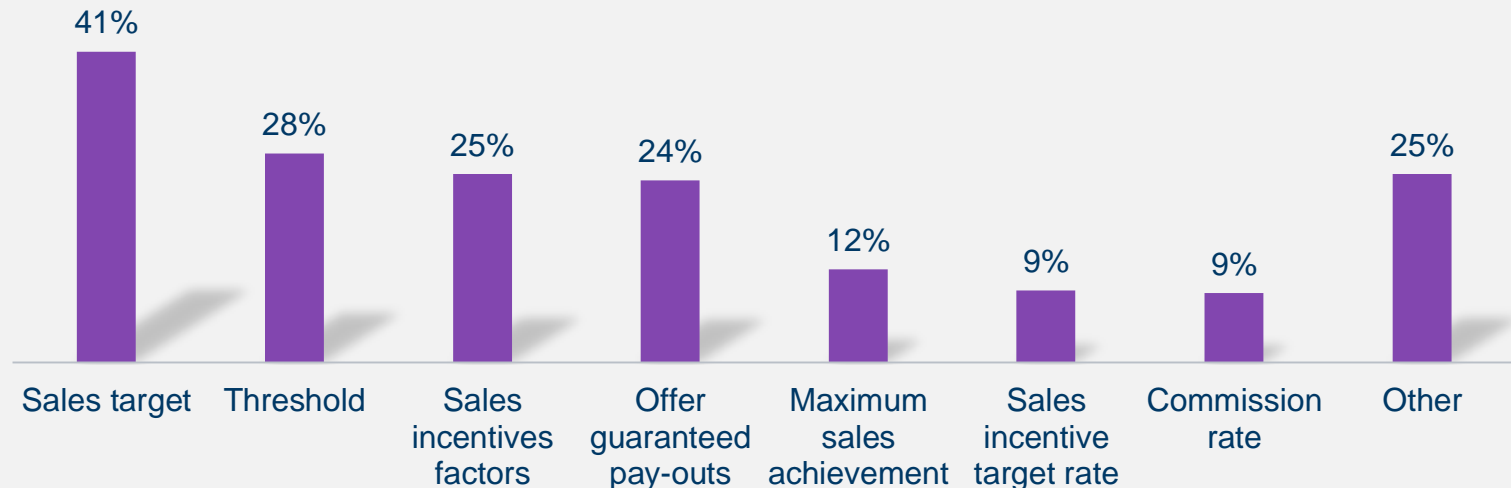
Sales incentives plans are also being revisited



of the organization **adjusted or are considering adjusting their sales incentive policy** because of the COVID-19 pandemic

For **37%** of the organizations, **all departments** were affected by the sales policy adjustment

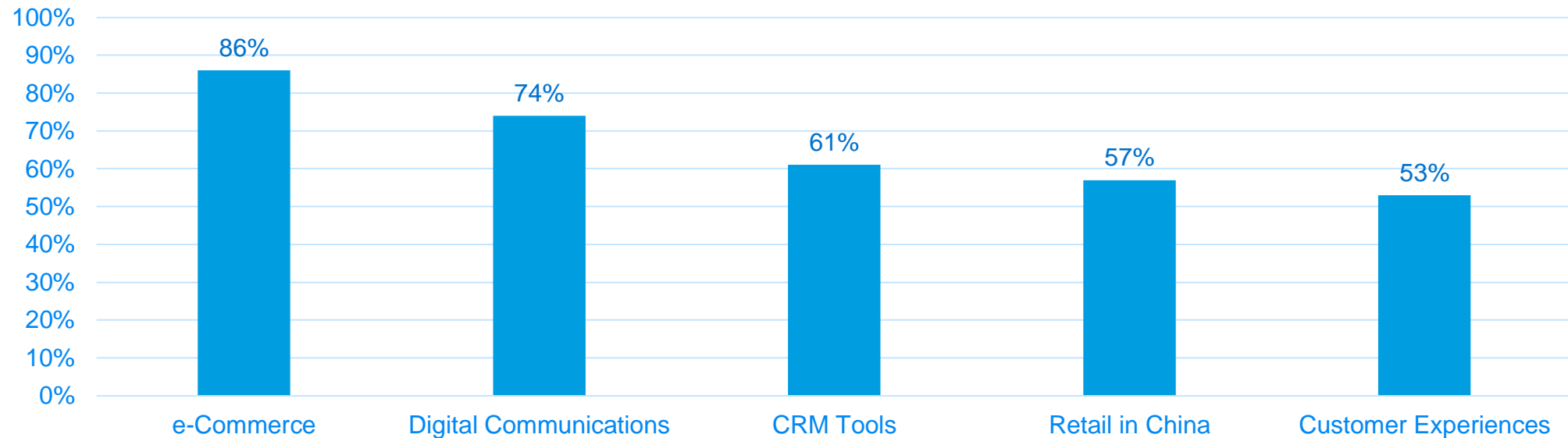
Elements that organizations are looking to adjust in their sales incentive policy because of the COVID-19 pandemic



What to expect in the next two years?

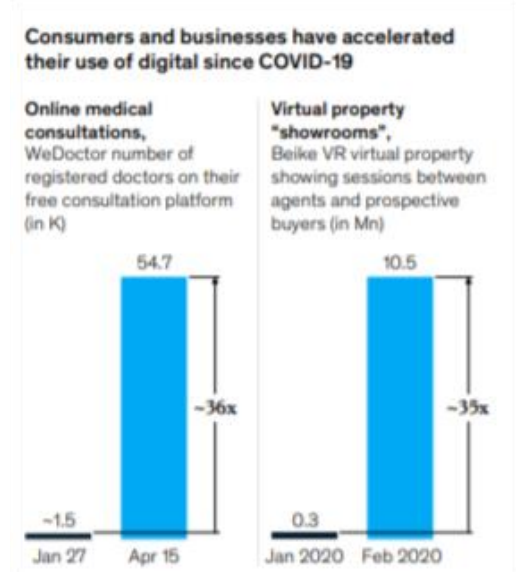
49% of executives interviewed think their companies will attain a level of sales equal to 2019 in 2021

Investment Priorities in the Next 18 Months



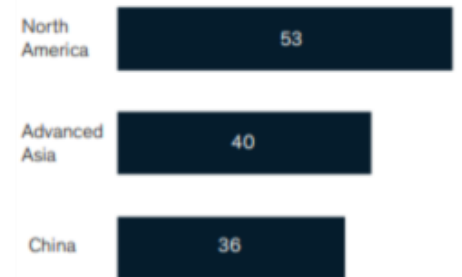
Five Accelerating Trends in Retail

- **Digitalization:** Digital tools become increasingly popular solutions, expanding from B2C to B2B
- **Declining Global Exposure:** Rising importance of domestic markets, technology, and capital
- **Rising Competitive Intensity:** Technology and agility drive winners to capture the lion's share of industry value
- **Consumers Come of Age:** Consumers (especially the young) are becoming more prudent and health-conscious
- **Private and social sectors step up:** The private sector plays a stronger socioeconomic role, while the social sector rises



Leadership is highly contested in China

Likelihood of staying at the top quintile over a decade¹, %



There is still significant uncertainty for 2021

Though outlook is more positive now compared to earlier this year



Actions you can take:



Keep a pulse on the market to ensure competitiveness

The market is still moving, and disruption will drive new patterns as we move into 2021



Streamline merit planning and other compensation administration activities to stay agile

Decisions are likely to be delayed or change



Make the most of your budget

Organizations with smaller budgets are increasing differentiation (performance, skills and competitiveness) and limiting eligible populations

Asia Pacific Retail Forum (APRF)

...is coming in 2021 !

Asia Pacific Retail Forum (APRF) 2021

Membership Entitlements



APAC Retail Update / Trends Sharing

Retail Forum Meetings to share industry trends and poll result by Mercer, also with industry speakers sharing on hot topics.



Quick Poll & HR Metrics

Regular pulse surveys on retail hot topics, covering salary trend, benefits update, workforce planning and industry outlook, etc.

HR Metrics from Mercer market intelligence surveys.



APAC Retail Industry Networking

Forum member organizations are represented by their **regional/local HR or rewards leaders**, thus providing opportunities to exchange POV within the forum.



Extra Discount with Other Retail Offerings

Discounted price for existing Mercer TRS Survey participants

Recruitment and Talent Trend

3



About Us

Established in 1997 in Hong Kong, ConnectedGroup is a regional executive recruitment and search consultancy with broad coverage across a range of functional and industry specialisms, each serviced by dedicated teams. Our strategy is to continue to develop our offering as a 'big boutique' where we combine high levels of engagement and accountability with a comprehensive scope of delivery capability.



Our Expertise

Consumer & Retail · Manufacturing, Sourcing & Supply Chain · Financial Services · Technology
Sales, Marketing & Communications · Finance & Accounting · Human Resources · Legal ·
Property and Real Estate · Technical & Engineering · Professional Support

CONNECTEDGROUP



Kimmie Chan

Director

Industry leader: Consumer & Retail

Functional leader: Sales, Marketing & Communications

Based in Hong Kong covering Global recruitment
Over 15,000 LinkedIn followers

To connect, email kimmie.chan@connectedgroup.com



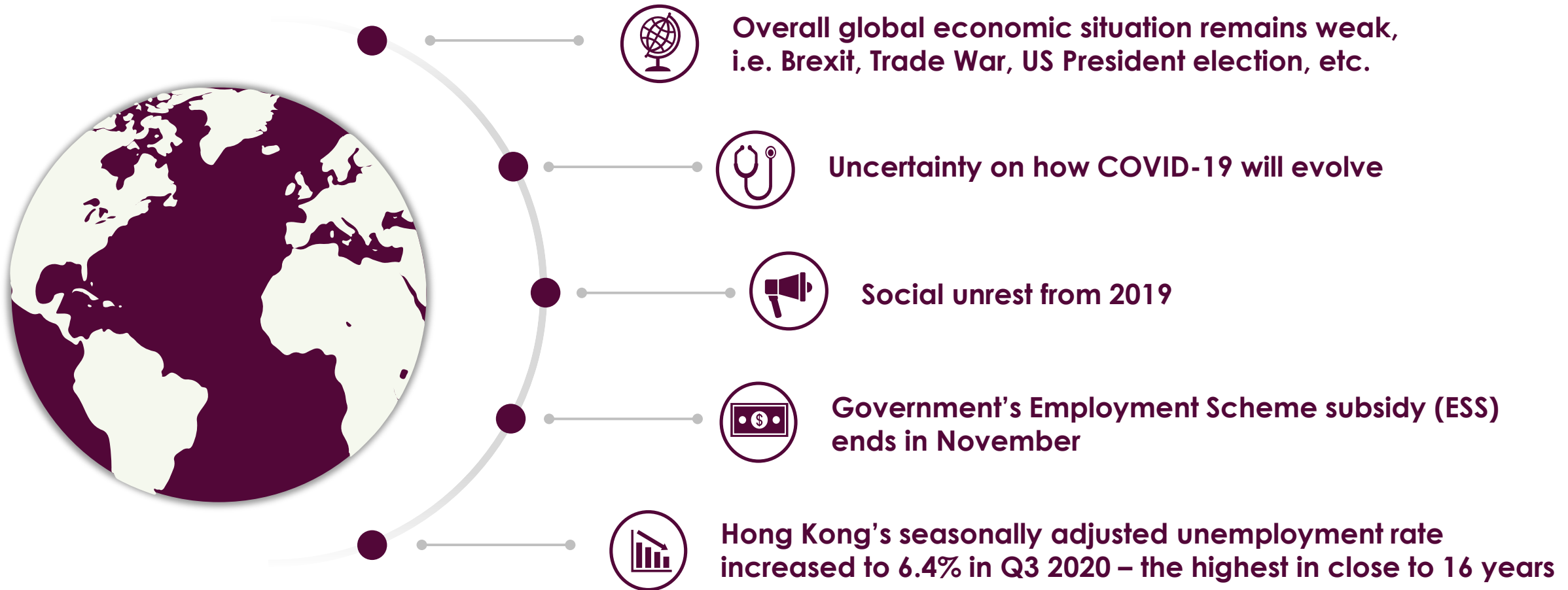
Kimmie has been in the search industry for almost ten years and with ConnectedGroup since 2015 to head the Consumer & Retail practice. She has progressed to additionally become the functional leader for Sales, Marketing and Communications across all key industry verticals.

Prior to which she held consulting positions within Mercer and PricewaterhouseCoopers, as well as in-house HRBP role with Burberry and British American Tobacco. She has a Bachelor's degree from the University of British Columbia.

She leads a team of consultants delivering services to clients across a wide range of industries. She is passionate about providing a consultative level of service to her clients and meaningful career advice to her candidates. Kimmie is considered as a trusted advisor and business partner to many senior executives.



Macro Impact on Talent Trend



Source: Labour force statistics (i.e. provisional figures for July - September 2020) released on October 20 by the Census and Statistics Department

Trend in the Retail Industry



- Retail business in China has rebounded significantly since Q3
- Most brands have clearer business objectives on how they will tackle the new norm, i.e. digitalization
- Positive news on how Brands partner with marketplaces starting November
- APAC hubs split into sub-regional GC & SEA hubs

- Total retail sales in Sep 2020 decreased by 12.9%, compared with the same month in 2019
- First nine months of 2020 taken together, it was decreased by 28.7% compared with the same period in 2019
- Talent departed from Hong Kong during turbulent times created talent gap



- Both Alibaba and Lazada's Double-11 Global Shopping Festival broke record
- Farfetch, Alibaba Group and Richemont partner to develop "Luxury New Retail"
- Shiseido and Shopee partner to boost J-beauty in SEA
- Diageo partners with JD.com to enter the Chinese market

Source:

- Monthly Survey of Retail Sales September 2020 Census and Statistics Department HKSAR
- Retail in Asia, articles in November 2020
- Marketing Interactive, article on 12 November 2020

What's in Demand?

Jobs in Demand

SALES



eCommerce/ omni-channel Director
KOL/ Live streaming specialist

MARKETING



Performance/ growth marketing
CRM/ loyalty (domestic)

HR



Organisation development
E-community engagement

IT



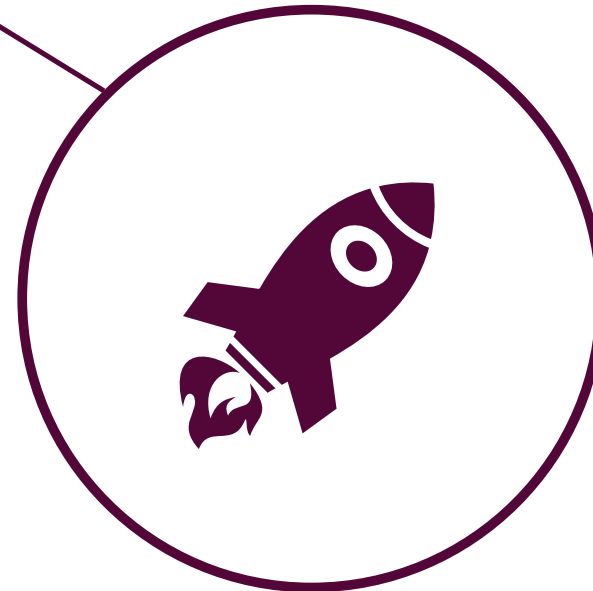
App/ Web engineer
Software developer
Information security

CONSULTING



Strategy director
Digital transformation
Project manager

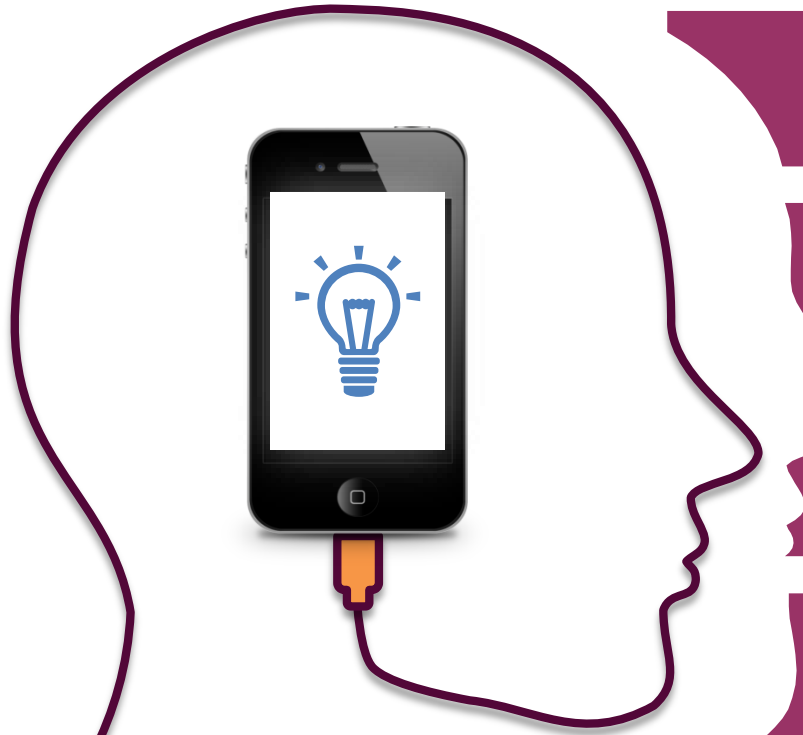
Skillsets in Demand



Agility
Resilience
Critical thinking
Project management
Growth mindset

Influential marketing
Experiential marketing
AI and machine learning
Data analysis
Programming
Cybersecurity

Attract and Retain the Right Talent



WHO

- Recruit talent with the Digital Agility (right mindset and skillset)
- Millennial and Gen Z

WHAT

- Talent in Demand \neq Available Candidates
- High unemployment rate vs. 80%+ job vacancies

WHERE

- Hiring without boundaries (through different channels and online platforms)
- Internationalised talent pool (remote team)

HOW

- Embrace existing and emerging technologies
- Offer competitive salary and financial incentives; they want stability
- Provide opportunities for growth
- Give them some privacy
- Walk the talk with corporate purpose and values

Source:

- hrbulletin, Human Resources Magazine Q3 2020
- Future of Work: How to attract GenZ to the Workplace, Flexible workspace news, Allwork.Space 27 Sep 2019
- The Deloitte Global Millennial Survey 2020
- HR360, Millennials to Generation Z: How to Attract, Retain and Encourage the New-Age Workforce 10 Nov 2020

Thank you

For further information, please visit
www.connectedgroup.com

My email
infohk@connectedgroup.com



**Employee Benefit
Benchmark in
Retail Industry**



Claims uncertainty: what are we projecting?

Country / Region	2019 Medical Trend Rate Experienced ¹	2019 estimated inflation rate ²	2020 Projected Medical Trend Rate ¹	2020 forecast inflation rate ²
Global ³	9.7%	3.4%	9.5%	2.6%
Asia	10.2%	1.9%	10.7%	1.4%
China	10.1%	2.9%	9.8%	3.0%
Hong Kong	7.9%	2.9%	9.0%	2.0%
India	9.5%	4.5%	11.5%	3.3%
Indonesia	11.1%	2.8%	13.8%	2.9%
Malaysia	13.8%	0.7%	13.5%	0.1%
Philippines	9.3%	2.5%	10.1%	1.7%
Singapore	10.0%	0.6%	9.5%	-0.2%
South Korea	8.0%	0.4%	10.0%	0.3%
Taiwan	11.4%	0.5%	9.6%	0.5%
Thailand	8.6%	0.7%	9.2%	-1.1%
Vietnam	12.0%	2.8%	12.0%	3.2%

In Asia, the majority of the impact from COVID 19 claims deferral was felt in the first part of 2020, and a **significant portion of medical spend has resumed**

¹Important Notices

The above medical trend rates reflect insurer survey results and may not be MMB's view.

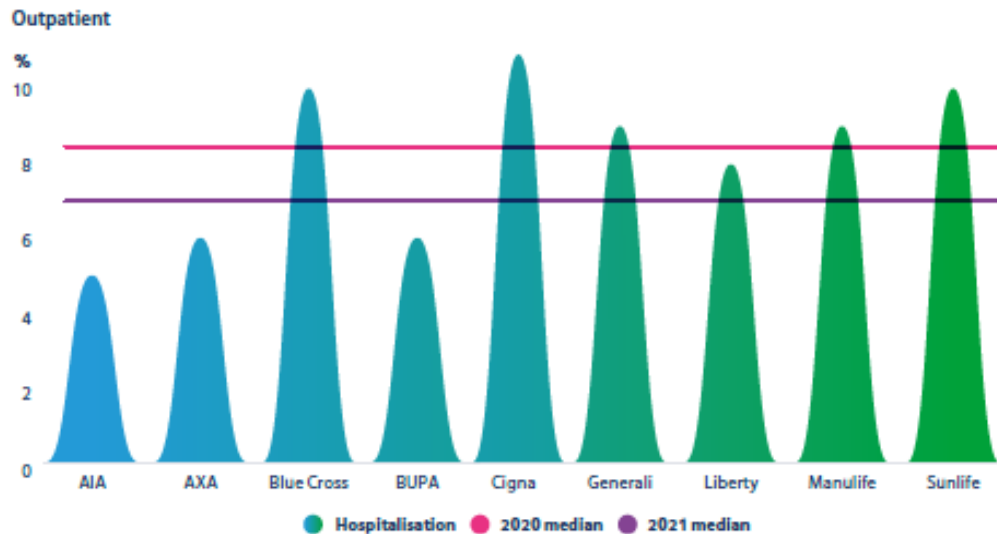
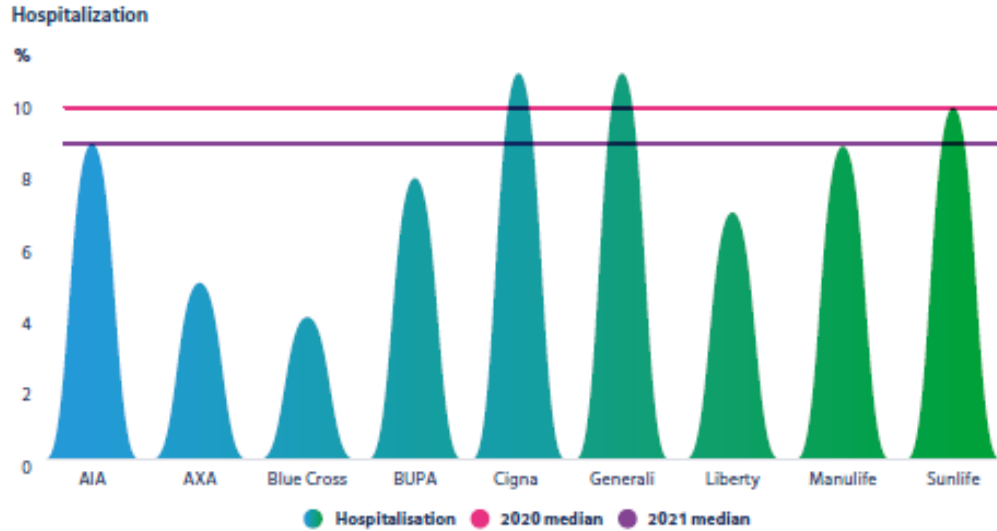
You accept this document on the understanding and agreement that it does not form the basis of any contract, and Mercer and Marsh shall have no liability in respect of any reliance on, or decisions based on, the content of this document.

²Sources for inflation rates include:

- For all countries unless otherwise noted: International Monetary Fund, World Economic Outlook Database, April 2020
- For Latin America: Mercer's Latin America Economic Trends, July 2020

³Average of 59 countries

Claims uncertainty: 2021 projected medical inflation in Hong Kong



2021 projected medical inflation

2021 projected medical inflation trend		
Insurer	Hospitalization	Outpatient
AIA	9%	5%
AXA	5%	5%
Blue Cross	4%	4%
Bupa	8%	5%
Cigna	11%	11%
Generali	11%	9%
Liberty	7%	7%
Manulife	9%	7%
Sun Life	10%	10%
Median	9%	6%

Hospitalization
+ 9.0% median
(down from 10% in 2020)

Outpatient
+ 6.0% median (down from 8% in 2020)

Claims uncertainty: looking ahead into 2021

Rebound

In elective diagnostics and treatments

Delays

Leading to greater need for care

New claims

Linked to remote working and COVID-19 specific claims

On-going

COVID-19 concerns

Greater

Usage of local private systems

Increases

To unit prices

Exchange

Rate depreciation




Hong Kong Employee Health and Benefits Report 2020


Our annual insured health and benefits survey

2020 Hong Kong Employee Health and Benefits Survey



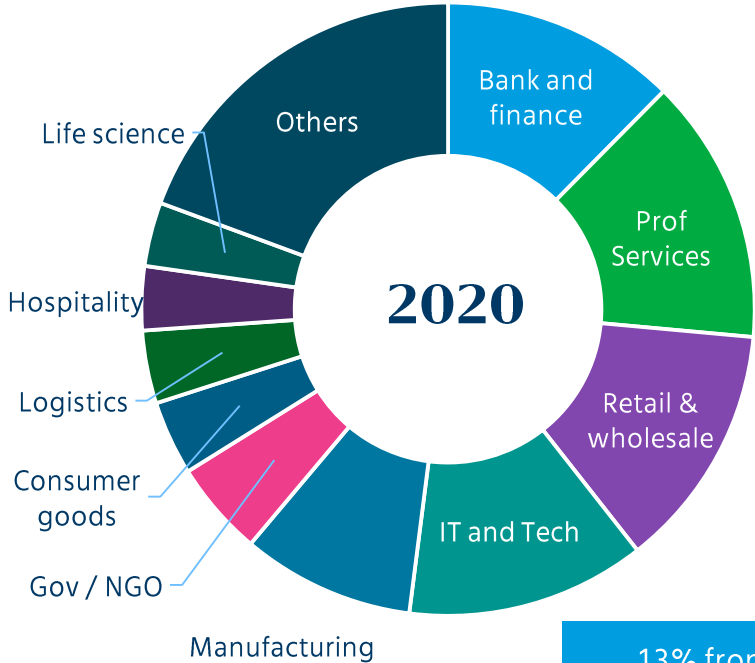
 **1,482**
Companies participated

 **Over 284,300**
employees

 **3,378**
Medical schemes

 **1,640**
Risk schemes

Top 10 Industries



13% from Retail and Wholesale

How competitive are you compared to the market?

MMB Annual health and benefits survey 2020

Median Maximum Reimbursement Amounts Benefits	2020 Class of scheme (All industries) Average over ward, semi-private and private	2020 Class of scheme (Retail & Wholesale) Average over ward, semi-private and private
Basic hospital	Market Prevalence: 90%	Market Prevalence: 85%
Daily room & board	1,200	1,200
In-hospital doctor's call	1,200	1,200
Hospital expenses in HK (only)	22,500	22,000
Surgeon's fee - complex	62,500	60,000
Anesthetist's fee (AF) - complex	19,500	19,500
Operating theatre (OT) - complex	19,950	19,500
In-hospital specialist call	5,000	5,500
Intensive care per day	6,000	8,000
Home nursing per day	550	600
Home health care	34,000	33,000
Coordination of Benefits per day	550	550
Supplementary major medical	Market Prevalence: 67%	Market Prevalence: 59%
Deductible	500	500
Maximum per disability	150,000	150,000

Source: Mercer Marsh Benefits (MMB) Hong Kong Employee Health & Benefits Survey 2018 / 2019 & 2020



Typical daily room and board charges vary from **HK\$700 to HK\$3,000 from ward level to private level respectively.**

Supplementary major medical is a common added hospitalization benefit, typically offered with a minimal deductible. Across class of schemes, SMM is offered on **a lump sum payment anywhere from HK\$100,000 to 300,000.**

How competitive are you compared to the market?

MMB Annual health and benefits survey 2020

Median Maximum Reimbursement Amounts Benefits	2020 Class of scheme (All industries) Average over ward, semi-private and private	2020 Class of scheme (Retail & Wholesale) Average over ward, semi-private and private
Outpatient	Market Prevalence: 80%	Market Prevalence: 80%
General doctor consultation per visit	350	300
Specialist per visit	700	600
Physiotherapy per visit	400	400
Chiropractor per visit	400	400
Chinese herbalist per visit	270	250
X-ray and diagnostic laboratory test per year	2,500	2,000
Drugs per year	2,500	2,500
Maternity	Market Prevalence: 14%	Market Prevalence: 9%
Miscarriage	12,000	10,000
Normal delivery	22,000	20,000
Caesarian section	31,500	30,000
Dental	Market Prevalence: 46%	Market Prevalence: 44%
Fillings - amalgam	2,500	3,000
Extractions - uncomplicated/simple	2,500	3,000
Oral x-ray	2,500	3,000
Scaling/oral examination	800	600
Annual maximum (Denture Included)	2,500	3,000
Medical checkup	Market Prevalence: 45%	Market Prevalence: 43%
Annual maximum	750	720



Source: Mercer Marsh Benefits (MMB) Hong Kong Employee Health & Benefits Survey 2018 / 2019 & 2020

Got more questions? Contact our speakers.



Jordi Balsells

Chief Strategy & Channels
Officer & Board Member

Desigual

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Shirman Li

Principal Consultant -
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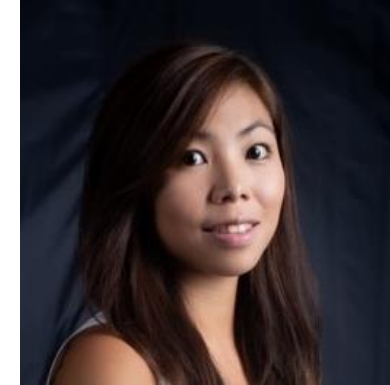


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