

REPORT ON MANPOWER SITUATION OF THE HONG KONG RETAIL INDUSTRY – SALARY TRENDS

EXECUTIVE SUMMARY

A. About the 2017 Salary Survey of Retail Staff

1. The Hong Kong Retail Management Association conducts the Salary Survey of Retail Staff (“The Survey”) on a yearly basis. The Survey aims to provide a comprehensive overview on the latest salary trends of frontline and managerial staff of the Hong Kong’s retail industry.
2. The Survey was conducted in July to September 2017; while data covered the period from 1 July 2016 to 30 June 2017.
3. A total of 99 companies participated in the Survey, involving 4,898 retail outlets with employment of 126,455 staff, representing 47% of local retail workforce (267,796) in Hong Kong.
4. The Survey covered 3 frontline positions, namely Sales Person, Store Supervisor, and Store Manager, and 2 managerial positions including Area/District Manager and Retail/Operations Manager.
5. The participating companies were grouped into 10 retail categories and each comprised of at least 5 participating companies.

Details of the retail categories in the Survey were as followed:

| Type of Retail Business | No. of Outlets | Total Employment Size |
|---|----------------|-----------------------|
| Beauty / Cosmetics | 159 | 2,162 |
| Catering / Food | 649 | 33,236 |
| Department Stores | 121 | 7,084 |
| Electronic & Electrical Appliances / Telecommunications | 340 | 20,898 |
| Fashion & Accessories | 831 | 9,766 |
| Furniture & Home Accessories | 91 | 2,704 |
| Personal Health Care / Drugs Stores | 676 | 7,839 |
| Specialty Stores | 157 | 4,493 |
| Supermarket / Convenience Stores | 1,562 | 31,792 |
| Watch & Jewellery | 312 | 6,481 |
| OVERALL INDUSTRY | 4,898 | 126,455 |

‘Specialty Stores’ sector includes retailers in the business of baby food and wear, flower shop, leisure products retailing, souvenir shop, wine cellar and other specialty stores.

6. Among the 99 participating companies, 15.2% were SMEs employing staff of 50 or fewer; and 38.4% were companies with employment size exceeding 500 persons.

| Employment Size (Persons) | No. of Participating Companies | Total % of Participating Companies |
|---------------------------|--------------------------------|------------------------------------|
| 50 and below | 15 | 15.2% |
| 51-100 | 12 | 12.0% |
| 101-200 | 17 | 17.2% |
| 201-500 | 17 | 17.2% |
| Above 500 | 38 | 38.4% |
| Total: | 99 | 100% |

B. Survey Highlights

1. Around 87% of the participating companies gave salary increase to their staff in 2017. The rate was lower than that of 90% recorded in 2016.
2. In 2017, the average salary increase for frontline and managerial staff was 3.7% and 3.6% respectively. The increase level of frontline staff was the same in these two years, but the increment of managerial staff was lower than 4.2% recorded in 2016.
3. Among the 5 positions, Sales Persons registered the highest rate of increase in average salary at 4% in 2017, then followed by Store Supervisors at 3.9%.
4. As compared to 2016, higher Basic Salaries were offered to the new entry staff under the positions of Sales Persons (6%), Store Supervisors (6%), Store Managers (16%); while Area/District Managers (-2%) and Retail/Operations Managers (-9%) were dropped.
5. When compared to 2016, the Average Commissions recorded by Sales Persons (14%), Store Supervisors (3%), Store Managers (17%), and Area/District Managers (20%) were increased, while Retail/Operations Managers (-14%) registered a negative growth.
6. The Average Guaranteed Bonus for all positions in 2017 registered substantial increase: Sales Persons (10%), Store Supervisors (14%), Store Managers (5%), Area/District Managers (5%), Retail/Operations Managers (11%).
7. The average working hours excluding meal time per day for frontline staff was about the same as previous year: Sales Persons (9 hours), Store Supervisors (9 hours) and Store Managers (8.4 hours).
8. About 69% and 93% of the participating companies provided paid meal time and rest day respectively to their frontline staff, which were similar to 2016.
9. The Average Age of Frontline Staff was 35.3 in 2017 (2016: 34.6; 2015: 34.5).
10. The number of frontline vacancies recorded a slight increase of 1.4% from 6,405 to 6,496 in 2017. Among all, Supermarket/Convenience Stores registered the highest job vacancies; while Catering/Food registered the lowest.
11. The overall staff turnover rate in 2017 (43.6%) was higher than previous two years (2016: 39.7%; 2015: 43.3%). The industry continued facing difficulties in hiring frontline staff, in particular the Sales Persons remained the most difficult position to recruit since year 2000.
12. For the overall industry, the ratio of full-time staff to part-time staff was 79% vs 21%, which is about the same as 2016. The Catering/Food (57%) and Supermarkets/Convenience Stores (52%) sectors registered the highest percentage of part-time staff; while Watch & Jewellery recorded the lowest at 3%.
13. About 80% of participating companies hired part-time staff. The average hourly rate for new part-time staff was HK\$46, and for existing staff was in a range from \$44 - \$54. (2016: \$42.4 - \$53; 2015: \$41- \$54).
14. Regarding the education background of the new junior sales staff, 18% attained Post-Secondary or University qualifications, which was higher than 2016 (15%). The sector of Beauty/Cosmetic (54%) employed the highest proportion of sales staff with Post-Secondary or University qualifications, and the Supermarket/Convenience Stores (5%) and Personal Health Care/Drugs Stores (3%) sectors registered the lowest proportion.