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To: HKRMA Members

Survey Findings on 2017 Retail Sales Forecast and Manpower Trends

Against the challenging external environment, the Government's latest GDP forecast for 2016 has been adjusted to 1.5% from 1-2% announced earlier in August. In 2017, Hong Kong economy will continue to count on domestic demand in view of the sluggish global outlook and the looming interest rate hike in the US.

With continued weakening of inbound tourism, Hong Kong's retail sales performance recorded a drop of 8.9% in value and 7.8% in volume for the first ten months of 2016. Depending on the performance of Q4, the Association expects the annual retail sales value to drop by 7-8% for 2016. Looking ahead in 2017, the structural change of the sector will further evolve and retailers are called to adopt pragmatic measures to sail through challenges.

In November 2016, the Association conducted a member survey on 2017 retail sales forecast and manpower trends. A total of 73 member companies responded (4,308 outlets; 88,856 staff) with key findings as follows:

- Retail sales forecast: 29% of the responding companies anticipated negative sales growth; 22% forecast positive growth in sales; and 8% expected stagnant sales.
- Salary adjustment: 90% of the responding companies will give salary increase; while 81% will link salary increase to individual staff performance; and 9% will give an across-the-board increase.
- Pay rise: 77% of responding companies will give a pay rise in the range of 2-4%; 6% will freeze salary in 2017.
- Manpower planning: 38% of the responding companies will increase recruitment; 25% will recruit staff to replace vacancies; 22% will freeze hiring; and 4% will cut headcount.
- 2016 year-end bonus: 74% of the responding companies will give year-end bonus; while 30% will give double-pay.

The above findings are for members' information only. The Hong Kong Retail Management Association accepts no liability for the above survey findings and it should not be taken as constituting specific advice from the Association.