

**SME Development Fund/  
Dedicated Fund on Branding, Upgrading and Domestic Sales  
(Organisation Support Programme)**

**Final Report of Approved Project**

Project ref. no. : BUD 12 4 016  
Project title : Study of the Supply Chain of Fast Moving Consumer  
Goods in Guangdong  
Period covered : From 15/07/13 to 14/12/14  
(dd/mm/yy) (dd/mm/yy)

## 1. Project Details

(Please mark with "\*" if any of the following project details is different from that in the project proposal appended to the project agreement.)

### Project Reference and Title

Study of the Supply Chain of Fast Moving Consumer Goods in Guangdong

### Project Summary (in not more than 150 words)

In view of the downturn of the traditional overseas market, many Hong Kong enterprises start developing domestic sales in the mainland market. However, one of the difficulties faced by Hong Kong enterprises is the lack of effective distribution channels. To SMEs, developing brands is such a huge investment that they cannot afford. However, without owning brands, it is difficult for them to get into "modern distribution channels" which are shopping malls, supermarket chains and retail shops. Even if they can, the shelving costs are expensive.

If there is an effective supply chain platform for SMEs to sell their goods to traditional retail channels (grocery stores and individually operated shops) as long as their products are good quality and at reasonable price, they can reach the mass consumers of the mainland market. This research will focus on "fast moving consumer goods (FMCG)", also known as "packaged mass consumer goods", which are non-durable goods that have short usage life and are sold quickly and repeatedly. This research studying the supply chain of FMCG will take place in three cities of different level (Shenzhen, Guangzhou and Qingyuan) to investigate the modern distribution and traditional retail channels (grocery stores and individually operated shops) as well as the operation of related supply chains (including the payment methods) to help Hong Kong SMEs understand the supply chain of FMCG in Guangdong and formulate effective plan to develop domestic sales market.

### Project Objective(s) (in not more than 80 words)

To investigate the modern and traditional distribution channels to understand the operation of related supply chains (including the payment methods) in three cities of different level in Guangdong Province (Shenzhen, Guangzhou and Qingyuan).

To help Hong Kong SMEs understand the supply chain of FMCG and investigate the sales channels for their products in the Mainland.

Hong Kong SMEs can take reference on the research results and make use of the traditional retail channels to sell their products to the Mainland market according to their own advantages, conditions and limitations.

### Grantee /Collaborating/Implementation Organisation Agent

Grantee : Federation of Hong Kong Industries (the "FHKI")

Collaborating Organisation(s) : Nil

Implementation Agent(s) : Jinan University

### Key Personnel

|                                | <u>Name</u>           | <u>Company/Organisation</u> | <u>Tel No. &amp;<br/>Fax No.</u> |
|--------------------------------|-----------------------|-----------------------------|----------------------------------|
| Project Co-ordinator           | <u>Alexandra Poon</u> | <u>FHKI</u>                 | <u>2732 3173/<br/>2721 3494</u>  |
| Deputy Project<br>Co-ordinator | <u>Summer Cheung</u>  | <u>FHKI</u>                 | <u>2732 3150/<br/>2721 3494</u>  |

### Project Period

|                                | <u>Commencement Date</u><br>(day/month/year) | <u>Completion Date</u><br>(day/month/year) | <u>Project Duration</u><br>(No. of months) |
|--------------------------------|--|--|--|
| As stated in project agreement | 15 July 2013                                 | 14 October 2014                            | 15 months                                  |

Revised (if applicable)

15 July 2013

14 December 2014

17 months

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**Methodology Employed**

1. Questionnaires to traditional retail channels in Shenzhen, Guangzhou and Qingyuan

2. In-depth interviews with FMCG manufacturers/ agents and wholesale market/ wholesalers in Shenzhen, Guangzhou and Qingyuan

3. Reference to research literature

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## 2. Summary of Project Results

### Project Deliverables

(Please list out the targeted project deliverables as stated in the project proposal appended to the project agreement and provide details of actual result achieved, including beneficiaries, for each of them.)

The project was commenced in July 2013. Jinan University was the implementation agent of this study. Its work included carrying out the questionnaires and in-depth interviews in Shenzhen, Guangzhou and Qingyuan, analyzing the data collected and compiling a report and guidelines for the study.

No. of questionnaires and in-depth interviews:

|  | Shenzhen | Guangzhou | Qingyuan | Total<br>(Actual/ Target) |
|--|----------|-----------|----------|---------------------------|
| Questionnaires                                     | 526/ 500 | 508/500   | 220/200  | 1,254/ 1,200              |
| in-depth interview- FMCG manufacturers/ agents     | 142/ 200 | 210/200   | 60/50    | 412/ 450                  |
| in-depth interview- wholesale markets/ wholesalers | 16/ 50   | 165/ 50   | 16/15    | 197/ 115                  |

A total of 1,254 questionnaires were collected from traditional retail channels and 609 in-depth interviews were conducted with 412 FMCG manufacturers/ agents and 197 wholesale markets/ wholesalers in Shenzhen, Guangzhou and Qingyuan.

The interim report focused on Shenzhen was released and publicized via the FHKI website in December 2013. The following promotions were taken to inform industry players about the interim report:

1. One full-page, 4-colour advertisement on FHKI monthly magazine – Hong Kong Industrialist (1 ROP, January 2014 issue);
2. Banner advertisement on FHKI website (6 months, January – June 2014);
3. Circulars to FHKI members and relevant industry associations;
4. A supplement on research results on FHKI monthly magazine – Hong Kong Industrialist (February 2014 issue).

A press briefing hosted by FHKI Chairman Stanley Lau was held to announce the Final Report on 20 Nov 2014, followed by a sharing session on Guangzhou. Two sharing sessions on Shenzhen & Qingyuan were held on 21 Nov 2014. About 100 industry players joined these three sharing sessions.

Final Report:

1,000 copies of final report, guidelines and CDs (e-report) were distributed. The e-report was posted on the FHKI website.

We promote the final report and the sharing sessions via:

1. 2 full-page, 4-colour advertisement on FHKI monthly magazine – Hong Kong Industrialist (1 ROP, Oct & Nov 2014 issue);
2. Banner advertisement on FHKI website (2 months, Nov & Dec 2014);
3. Advertisements on newspaper- am730 (quarter page, 3 issues- 27 Oct, 3 & 10 Nov 2014);
4. Advertisements on trade magazine- Shippers Today (1 ROP, 1 issue- Nov 2014 issue);
5. Circulars to FHKI members and relevant industry associations;
6. Press release to media (6 printed & online coverage & 1 radio interview were achieved);
7. A supplement on research results on FHKI monthly magazine – Hong Kong Industrialist (Dec 2014 issue).

### Actual Benefits to SMEs/Enterprises

(Please indicate *in clear, specific, tangible and quantifiable terms* the benefits of the project and its contribution to enhancing the competitiveness of Hong Kong's SMEs / enterprises in general or SMEs / enterprises in specific sectors / assist Hong Kong enterprises in general or in specific sectors in developing brands, upgrading and restructuring business operations, and promoting domestic sales in the Mainland, in not more than 400 words.)

1,000 copies of reports were distributed to FMCG industry players to help them understand the supply chain of FMCG in Guangdong and formulate effective plans to develop domestic sales market. In view of the research results, the SMEs can modify their business strategy in using traditional or modern channels to enter the mainland FMCG market.

### Milestones (in chronological order)

(# Please indicate if the milestone is completed (C), deferred (D) or not achieved (N). If it is deferred, please indicate the revised completion date. For those milestones which are deferred or not achieved, please also provide the reasons under item 2.4.)

| <u>Milestone</u><br>(as set out in the approved project proposal appended to the project agreement)   | <u>Original target completion date</u> | <u>Revised target completion date</u><br>(if applicable) | <u>Status</u><br>(C/D/N) # |
|---|--|--|----------------------------|
| (a) Conduct 500-questionnaire survey with traditional retail channels and 250 in-depth interviews with FMCG manufacturers/ agents (200) and wholesale market/ wholesalers (50) in Shenzhen  | 14 Oct 2013                            |  | C                          |
| (b) Prepare the interim research report covering the findings on Shenzhen   | 14 Dec 2013                            |  | C                          |
| (c) Publicize the interim report (Shenzhen part) to industry players via FHKI website, circulars and advertisements   | 31 Dec 2013                            |  | C                          |
| (d) Conduct 500-questionnaire survey with traditional retail channels and 250 in-depth interviews with FMCG manufacturers/ agents (200) and wholesale market/ wholesalers (50) in Guangzhou | 14 April 2014                          |  | C                          |
| (e) Conduct 200-questionnaire survey with traditional retail channels and 50 in-depth interviews with FMCG manufacturers/ agents and wholesale market/ wholesalers (10-15) in Qingyuan      | 14 May 2014                            |  | C                          |
| (f) Draft the final report and guidelines   | 14 August 2014                         |  | C                          |
| (g) Production of final report, guidelines and CD   | 14 December 2014                       |  | C                          |
| (h) Organise press briefing and 3 sharing sessions  | 14 December 2014                       |  | C                          |

**Marketing/Dissemination Activities (in chronological order)**

(Please provide details of all completed and on-going promotional and/or dissemination activities for each of the project deliverables. Such activities may include advertisements, seminars, workshops, etc.)

| <u>Date/<br/>Period</u>      | <u>Description</u>  | <u>No. of beneficiaries<br/>(SMEs/Enterprises*)</u><br>*please delete as appropriate |
|------------------------------|---|--|
| Dec 2013                     | Circulars on the release of the interim report were sent to all FHKI members                        | 2,000  |
| Jan 2014                     | One full-page, 4-colour advertisement on FHKI monthly magazine – Hong Kong Industrialist (1 issue)  | 3,000  |
| Feb 2014                     | Supplement on FHKI monthly magazine – Hong Kong Industrialist (3-page)                              | 3,000  |
| Jan- June<br>2014            | Banner advertisement on FHKI website (6-month, January – June 2014)                                 | 2,500  |
| Oct- Nov<br>2014             | One full-page, 4-colour advertisement on FHKI monthly magazine – Hong Kong Industrialist (2 issues) | 3,000  |
| 27 Oct, 3 &<br>10 Nov 2014   | Quarter page advertisement on am730 (3 issues)  | 100  |
| Nov 2014                     | 1 ROP advertisement on Shippers Today (1 issue)   | 100  |
| Nov 2014                     | Press release to announce the final report  | 7  |
| Nov-Dec<br>2014              | Banner advertisement on FHKI website (2-month, Nov-Dec 2014)  | 2,500  |
| Dec 2014                     | Supplement on FHKI monthly magazine – Hong Kong Industrialist (5-page)                              | 3,000  |
| Total no. of beneficiaries : |   | <u>          Around 5,000          </u>  |

**Future Plan for Promoting the Project Deliverables**

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