

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

Final Report of Approved Project

This report is for (please put "√" in either one box only):

SDF Final Report

BUD Fund (Organisation Support Programme) Final Report

Project ref. no. : BUD 13 1 007
Project title : Exploring Mainland Toy Market for Hong Kong Toy
Industry through Design, Upgrade and Branding
Period covered : From 01/09/13 to 31/05/15
(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

Exploring Mainland Toy Market for Hong Kong Toy Industry through Design, Upgrade and Branding

Project Summary (in not more than 150 words)

Hong Kong, the renowned "Toy Town" for the past 6 decades, is the world's second- largest toys exporting region. However, in face of the economic downturn of the U.S. and the E.U., Hong Kong toy industry players must review their present business model, and developing new markets seem to be the means to remain competitive.

On the other hand, the mainland consumer market continues to grow at an impressive rate. As the country becomes more affluent and its population better educated, more parents are concerned about safety issues of toys and children's products.

It gives an opportunity for Hong Kong toy manufacturers to tap into the domestic market, marketing their safe, high-quality "Made by Hong Kong" toys to the parents in the Mainland. However, due to their export-oriented background, Hong Kong toy manufacturers have no sufficient knowledge about the domestic market nor its needs. They have little experience in developing/marketing their own toy brands, and they also have few means to reach/ develop the distribution channels in the Mainland.

This project aims to upgrade Hong Kong toy manufacturers from their traditional OEM/ODM to the OBM business model. It will facilitate an effective platform through which Hong Kong's toy industry can prepare for entering the domestic sales market.

A series of activities including seminars, workshops, trainings, mission and campaign will be organized. A publicity and promotional campaign designed to heighten interests on the strengths of Hong Kong's toy products will be organized. A tailor-made guidebook will be compiled capturing essential market information, analysis, strategies, and case studies/ sharing on tackling the Mainland domestic sales market. These project deliverables would pave the way for the sustainable development of Hong Kong's toy industry in terms of exploring and developing the domestic market.

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

- ◆ To provide a tailor-made programme for Hong Kong toy manufacturers to gain in-depth and specific knowledge of the Mainland toy market through seminars, workshops, training, marketing/publicity platform and the publication of a comprehensive guidebook for Hong Kong toys manufacturers tackling domestic sales business.
 - ◆ To explore and develop the domestic toy market. Study mission with visits and roundtable meetings will be organized for Hong Kong toy manufacturers in selected Mainland cities.
 - ◆ To assist Hong Kong toy manufacturers in upgrading from OEM/ ODM type export-oriented business to OBM capabilities specifically for the domestic market.
 - ◆ To encourage and facilitate cooperation between Hong Kong's toy manufacturers and creative industry, in creating more cross-industry synergy and business opportunities.
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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 Sep 2013. Below deliverables were conducted during the report period:

1. 5 seminars on domestic sales success case sharing

	Date	Topic	No. of Attendance
1.	24 Oct 2013	Introducing Toy Market in the Mainland	62
2.	16 Dec 2013	The Key to Enter Domestic Sales Market for Hong Kong Toy Industry	40
3.	10 Jul 2014	Brand Development & Customer Analysis of Toy Domestic Market	46
4.	11 Aug 2014	Licensing Opportunities in Toy Domestic Market	45
5.	29 Sep 2014	Design & Creativity	43

2. 4 workshops on distribution and retail network and related issues

	Date	Topic	No. of Attendance
1.	7 Jan 2014	Toy Distribution Channels for Domestic Sales in the Mainland (I) – Retail Chains	70
2.	19 May 2014	Toy Distribution Channels for Domestic Sales in the Mainland (II) – Shopping Malls, Retail Stores & Wholesale Markets	49
3.	4 Sep 2014	Toy Distribution Channels for Domestic Sales in the Mainland (III) – Distributors/Agents	46
4.	29 Sep 2014	Toy Distribution Channels for Domestic Sales in the Mainland (IV) – E-commerce	47

3. 3 training sessions on rules and regulations governing the domestic toy market

	Date	Topic	No. of Attendance
1.	24 Mar 2014	Toy Domestic Sales in the Mainland (I) – Intellectual Property	40
2.	31 Mar 2014	Toy Domestic Sales in the Mainland (II) – Taxation	45
3.	23 Jun 2014	Toy Domestic Sales in the Mainland (III) – Toy Safety Certification	68

4. A study mission to Wuhan and Changsha was organized on 29 Oct – 1 Nov 2013. Open recruitment was carried out by FHKI, HKTC, TMHK and HKTDC. 24 Hong Kong toy manufacturers and enterprises joined the mission (as one of them was sick and withdrew, finally 23 participants took the mission). Visits were made to department stores, retail toy outlets and wholesale markets to update the delegates on latest trends of the toy market, consumer behavior, distribution and retail network of South-Central China.

Apart from visits, a round table meeting was held in Wuhan, 19 local toy manufacturers, wholesalers and distributors attended. Another round table meeting was arranged in Changsha. 23 representatives of department stores, wholesale markets and toy manufacturers were invited to explore business opportunities and networks.

5. “Hong Kong Toy Industry – Practical Platform for Domestic Sales in China” Campaign was launched in Dec 2013 to provide an effective pilot platform for Hong Kong toy manufacturers to develop products specifically for the domestic market. The enrollment started from 16 Dec 2013 to 14 Mar 2014. The recruitment of the Campaign was promoted in 3 ways: 1. Briefing sessions were held for FHKI, HKTC and TMHK members. 2. The circular and brochures were produced and distributed to the members of FHKI, HKTC, TMHK, HKTDC as well as other design, license and trade associations in Hong Kong. 3. Publicity via Ming Pao Daily News, East Touch and the forum of DesignerHK.com.

For the selection of showcased toys, below 6 people from different sectors related to the toy industry were invited to join the selection committee:

- Mr Stanley Lau, Chairman of Federation of Hong Kong Industries
- Mr Wong Tit Shing, Chairman of Jetta Company Ltd.
- Mr Mark Murphy, Managing Director China Retail Senior Vice President of Toys“R”Us Retailing (China) Limited
- Mr Ravindra Goonetilleke, Ph.D., Professor and Associate Head of Industrial Engineering and Logistic Management, The Hong Kong University of Science and Technology
- Mr Eric Yim, Chairman of Design Council of Hong Kong
- Mr Allen Ma, CEO of Hong Kong Science and Technology Parks Corporation

15 applications were received by the deadline in March. On 8 May, 6 selection committee members were invited to attend the meeting to select the final entries. We aimed to select 8-10 entries originally. Finally the selection committee only considered 5 entries qualified in order to ensure that top/ good quality works were showcased.

Those 5 qualified entries were showcased and promoted at below shopping malls and exhibitions in 6 cities- Chengdu, Shanghai, Changsha, Nanjing, Wuhan and Hong Kong.

Date	City	Venue	No. of Visitors
26 Sep – 2 Oct 2014	Chengdu	LG2, Chengdu International Finance Squares	1,870
14 – 16 Oct 2014	Shanghai	The 13 th International Trade Fair for Toys & Preschool Educational Resources Shanghai New International Expo Center	1,590
16 – 19 Oct 2014	Shanghai	2/F, Grand Gateway 66, Shanghai	1,415
6 – 9 Nov 2014	Changsha	B1, ID Mall, Changsha	4,510
14 – 18 Nov 2014	Wuhan	Style Hong Kong- Wuhan Wuhan International Conference & Exhibition Center	360,000*
28 Nov – 2 Dec 2014	Nanjing	Style Hong Kong- Nanjing Nanjing International Expo Centre	300,000*
12 – 15 Dec 2015	Hong Kong	Hong Kong Toys & Games Fair HK Convention & Exhibition Centre	1,780

*Note: This was the visitor figure of the show “Style Hong Kong”, not limited to the no. of visitors who visited the toy showcases set in the show.

4,000 copies of brochure were produced and distributed to visitors including buyers and consumers. Launching ceremonies were held at Chengdu & Shanghai shopping malls on 27 Sep & 18 Oct 2014. Mr Danny Lau, Director of CDETO and Ms Victoria Tang, Director of SHETO were invited to officiate the ceremonies respectively. Media were attracted to the events. Toys demonstration sessions were arranged in shopping malls on Saturdays, Sundays and public holidays. Kids and their parents could play and experience the quality of HK toys.

6. Guidebook

3,000 copies of the “Domestic Sales Guidebook for Hong Kong Toy Industry” were published in Jan 2015. A launching ceremony was held on 12 Jan 2015 (first day of HK Toys & Games Fair) to release the Guidebook to toy industry players. Mr Kenneth Mak, Director-General of Trade and Industry Department was invited to be the guest-of-honour of the ceremony. With the support from HKTDC and toy leadership, the Guidebook included industry- specific practical tips and information on domestic sales. More than 2,000 Guidebooks were disseminated to industry players during the 4-day Fair. For the rest of Guidebooks, the FHKI promoted to HK toy industry players via website, eDM, advertising... Toy companies were welcomed to get the Guidebooks at the FHKI or by post.

7. Publicity campaign featuring advertising and interview has been carried out. PR agencies were appointed to centralize all media activities in Hong Kong and Mainland. Press release and press interviews were conducted. Over 180 media coverages in Hong Kong and Mainland were collected, below please find the summary:

Media	Hong Kong	Chengdu	Shanghai	Changsha	Total
Electronic Media	9	5	4	5	23
Printed Media	24	8	10	9	51
Online	50	21	25	19	115
Total	83	34	39	33	189

Advertising and advertorials campaign was conducted at trade magazines (Hong Kong & Mainland) to promote the project and boost the participation of Hong Kong industry players.

8. Production of website and collaterals
The dedicated website for the project (www.bud.toyshk.org) was launched in Jan 2014 to promote the project, provide the upcoming activities and latest information to Hong Kong toy industry players.

4,000 copies of promotional flyers (2 versions) and eDM were produced to promote the project and its deliverables. The flyers and eDM were disseminated to HK toy industry players via FHKI, HKTC, TMHK and HKTDC database.

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.)

Around 600 attendances from toy industry attended the seminars, workshops and training sessions. 3,000 copies of Guidebooks were distributed to Hong Kong toy SMEs to assist them in identifying the mainland toy market and formulating effective strategies to develop domestic sales market. 15 toy manufacturers together with designers participated the domestic sales platform campaign to gain experience in entering the mainland market. Over 10,000 visitors including buyers and consumers were reached from 5 roadshows in the mainland. Participated companies reflected that business connections and deals were established after the roadshows.

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.)

Milestone (as set out in the approved project proposal appended to the project agreement)	Original target completion date	Revised target completion date (if applicable)	Status (C/D/N) #
Formulate detail implementation and logistic arrangement of the seminars, workshops, trainings and mission	31 Oct 2013		C
(a) Organise 5 half-day seminars to educate industry players on understanding of the mainland toy market and its potential	31 May 2014	30 Sep 2014	C
(b) Organise 4 half-day workshops by market specialist, branding consultant to educate industry players to learn about all different sales channels of the mainland market	31 Aug 2014	30 Sep 2014	C
(c)			

(d)	Organise 3 half-day trainings to introduce the rules and regulations in China toy market, including (VAT), safety regulations and IP projection	31 Aug 2014	C
(e)	Plan and formulate the campaign-providing a pilot domestic sales platform for Hong Kong toy industry	31 Jan 2014	C
(f)	Organise mission to Changsha & Wuhan (cooperate with TDC)	1 Nov 2013	C
(g)	Execution of the campaign- providing a pilot domestic sales platform for Hong Kong toy industry	30 Nov 2014	C
(h)	Conduct information and data, edit and publish 3,000 copies of guidebook	30 Jan 2015	C
(i)	Roll out publicity campaign with advertising placement/ media coverage by arranging press interviews/ issuing press release in Hong Kong and Mainland	30 Apr 2015	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/ Period</u>	<u>Description</u>	<u>No. of beneficiaries (SMEs/Enterprises*)</u> *please delete as appropriate
1. Seminars		
24 Oct 2013	Introducing Toy Market in the Mainland	62
16 Dec 2013	The Key to Enter Domestic Sales Market for Hong Kong Toy Industry	40
10 Jul 2014	Brand Development & Customer Analysis of Toy Domestic Market	46
11 Aug 2014	Licensing Opportunities in Toy Domestic Market	45
29 Sep 2014	Design & Creativity	43
2. Workshops		
7 Jan 2014	Toy Distribution Channels for Domestic Sales in the Mainland (I) – Retail Chains	70
19 May 2014	Toy Distribution Channels for Domestic Sales in the Mainland (II) – Shopping Malls, Retail Stores & Wholesale Markets	49
4 Sep 2014	Toy Distribution Channels for Domestic Sales in the Mainland (III) – Distributors/Agents	46
29 Sep 2014	Toy Distribution Channels for Domestic Sales in the Mainland (IV) – E-commerce	47
3. Training Sessions		
24 Mar 2014	Toy Domestic Sales in the Mainland (I) – Intellectual Property	40
31 Mar 2014	Toy Domestic Sales in the Mainland (II) – Taxation	45
23 Jun 2014	Toy Domestic Sales in the Mainland (III) – Toy Safety Certification	68
4. Study mission		
29 Oct – 1 Nov 2013	Study mission to Wuhan & Changsha	23
5. Domestic Sales Campaign		
Nov 2013- Nov 2014	Domestic sales platform – toys selection and showcases	15
6. Guidebooks		
Oct 2013- Jan 2015	Distribution of Guidebooks	3,000
7. Publicity Campaign		
Dec 2013 – mar 2015	Advertisements (Full page) and advertorials at Hong Kong Industrialist	3,000
Dec 2013 & Dec 2014	Advertisements at HKTC and TMHK Annual Dinner Booklet 2013 & 2014 (Full page)	1,500
May & Nov 2014	Advertisements at the newsletter of TMHK (Full page)	1,000

Nov 2014	Advertisement at HKMDC annual magazine	1,000
Dec 2013- Apr 2015	A series of PR activities was conducted to promote the project deliverables and the HK toy industry	17
8. Promotion materials and activities		
Oct 2013 – Feb 2015	Distribute 4,000 promotional flyers to potential customers	3,000
Dec 2013 – Mar 2014	Distribute 300 brochures of the Campaign to potential customers	15
Dec 2013– Mar 2014	Distribute 30 brochures and eDM to designers/licensors/artists	15
10 Dec 2013 & 11 Dec 2014	Project display area in HKTC and TMHK Annual Dinner 2013 & 2014	1,000
6-9 Jan 2014	Promotion booth in Hong Kong Toy Fair 2014	3,000
12-15 Jan 2015	Promotion booth in Hong Kong Toy Fair 2015	3,000
9. Website		
Jan 2014- Apr 2015	Banner advertisement at FHKI's website (www.industryhk.org)	2,500
Jan 2014- Apr 2015	Banner advertisement at HKTC website (www.toyshk.org)	2,000
Jan 2014- Apr 2015	Dedicated project website (www.bud.toyshk.org)	1,100
Total no. of beneficiaries :		Around 3,000 Hong Kong Toy industry including manufacturers, traders, retailers and distributors
		Around 15 HK designers/licensors/artists

Future Plan for Promoting the Project Deliverables

FHKI, HKTC and TMHK keep monitoring the dedicated project website for disseminating useful domestic sales info to industry players. Besides, the associations are considering applying the fund again to keep the momentum of the project result.