

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

Progress Report of Approved Project

Project ref. no. : BUD 15 1 006
Project title : Expanding the Domestic Market for Hong Kong Cosmetics
Industry
Period covered : From 1/4/2017 to 31/3/2018
(dd/mm/yy) (dd/mm/yy)

1. Project Details

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

Project Summary (in about 150 words)

The purpose of this project is to (i) enhance the knowledge of Hong Kong cosmetics industry for domestic market development, (ii) develop effective sales channels for various kinds of cosmetic products with different types of market segmentation, and (iii) promote the image of integrity and good business ethics to capture the business opportunities from the recent announcement by Chinese Government to reduce tariffs on cosmetics to boost spending and stimulate the economy.

Hong Kong cosmetics industry is being recognized as one of the major import and re-export cosmetics centers and have distribution right for many high quality and international brands in the Greater China. According to a research by The Cosmetic and Perfumery Association of Hong Kong in December 2013, Hong Kong imported HK\$23.4 billion, re-exported HK\$10.2 billion cosmetics products in 2013.

There are a lot of high quality and new brands emerging from overseas countries such as Korea and Japan, etc. are looking for merchants to distribute their products to the domestic market.

Project Objective(s) (in about 80 words)

To support cosmetics merchants to enhance knowledge and identify effective sales channels for expanding domestic market via (1) organizing two thematic knowledge enhancement seminars on cosmetic products import and trade regulations as well as sales channels development, (2) carrying out a market survey to understand the criteria and tactics of developing sales channels for the major category of "medium-end" cosmetics including skincare products, hair care products, perfumes, make-up products and nail care products in two major cities such as Guangzhou and Shanghai, and (3) developing two editorial articles to disseminate the knowledge, tactics and business strategy of domestic market development for publishing in Hong Kong cosmetics magazines or industry journals (e.g., 粧訊 and/or香港化妝品同業協會年刊).

To support cosmetics merchants to promote their good business ethics image by not mixing fraud products and establish effective sales channels via (1) producing a promotional video to sharpen the image of Hong Kong cosmetics merchants in terms of their strengths on business creativity, high level of service quality and after sales support, etc. The video would be used as a marketing tool for playing in the seminars and Hong Kong Pavilion and distributed through the websites of CPAHK and related organizations, (2) setting up Hong Kong Pavilion in two major exhibitions at South and/or East China (e.g., 廣東國際美容博覽會 and 中國上海美容博覽會) to promote the good business ethics image, and (3) organizing two business networking sessions at South and/or East China to support Hong Kong participating merchants to establish sales channels in the Mainland.

Grantee/Collaborating Organisation/Implementation Agent

Grantee : The Cosmetic & Perfumery Association of Hong Kong Limited
CIDESCO SECTION CHINA - International CICA Association of Esthetics Limited
Hong Kong Association of Professional Aestheticians International (APAI)
Hong Kong International Professional Trainers Association
Asian Professional Image Association
Hong Kong Image Designer Association (Non Profit Making) Limited
Asia Hair Master Association
Federation of Beauty Industry (H.K.) Limited
Hong Kong Hair & Beauty Merchants Association Limited

Collaborating Organisation(s) : Hong Kong Trade Development Council

Implementation Agent(s) : Hong Kong Productivity Council

Key Personnel

	<u>Name</u>	<u>Company/Organisation</u>	<u>Tel No.& Fax No.</u>
Project Co-ordinator	: Mr. Joseph Ho	The Hong Kong Cosmetics & Perfumery Association Limited	2366 8801 & 2312 0348
Deputy Project Co-ordinator	: Ms. Maggie Leung	The Hong Kong Cosmetics & Perfumery Association Limited	2366 8801 & 2312 0348

Project Period

	<u>Commencement Date (day/month/year)</u>	<u>Completion Date (day/month/year)</u>	<u>Project Duration (No. of months)</u>
As stated in project agreement	1/4/2017	31/3/2018	24 months
Revised (if applicable)	N/A	N/A	N/A

2. Project Progress

Project Deliverables

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

	Project deliverable (e.g. First seminar)	Quantifiable target (e.g. 100 participants)	Actual result achieved (e.g. 90 participants)	Reasons for not achieving the target, if applicable (e.g. The total number of registered participants was over 120. However, some of them did not show up eventually. Will strengthen promotion and try to make up for the shortfall in the following two seminars.)
a)	1 st thematic seminar	160 participants	121 participants (30 evaluation forms were received)	
b)	2 nd thematic seminar		Around 100 participants	
c)	Advertisement for 1 st seminar	2 times	1 time on ESTETICA CHINA	
d)	Advertisement for 2 nd seminar		1 time on ESTETICA CHINA	
e)	Purchasing market reference analysis	1 time	Survey was conducted in the China International Beauty Expo (Guangzhou) 中國(廣州)國際美博會 on 9 March 2017 - 11 March 2017..	
f)	Advertisement for 1 st editorial article	2 times	1 time on 香港美容雜誌 1 time on 姊妹專業美容雜誌	
g)	Advertisement for 2 nd editorial article	2 times	1 time on 香港美容雜誌 1 time on 姊妹專業美容雜誌	
h)	Organization of 1 st Hong Kong Pavilion in GZ	1 time	1st Hong Kong Pavilions was organized at 中國(廣州)國際美博會 on 9 March 2017 - 11 March 2017.	
i)	Advertisement for 1 st Hong Kong Pavilion in GZ	2 times	2 times on 粧訊	
j)	Organization of 2 nd Hong Kong Pavilion in SH	1 time	The 2nd Hong Kong Pavilions was organized at 上海新國際博覽中心 on 23 May 2017 - 25 May 2017.	
k)	Advertisement for 2 nd Hong Kong Pavilion in SH	2 times	2 times on 粧訊	
l)	Organization of 1 st business networking session in GZ	1 time	1st business networking was organized at 中國(廣州)國際美博會 on 9 March 2017 - 11 March 2017.	
m)	Advertisement for 1 st business networking session in GZ	1 time	1 time on 香港化粧品同業協會會刊	
n)	Organization of 2 nd	1 time	The of 2 nd business	

	business networking session in SH		networking was organized at 上海新國際博覽中心 on 23 May 2017 - 25 May 2017	
o)	Advertisement for 2 nd business networking session in SH	1 time	1 time on 香港化粧品同業協會會刊	
p)	Album directory	1,000 copies	1,000 Album were disseminated in the SH exhibition in May.	
q)	Promotional posters for business networking sessions	40 copies	40 copies were disseminated in business networking sessions.	
r)	Delegation booklets for business networking sessions	100 copies	100 copies were disseminated in business networking sessions.	
s)	Leaflets for business networking sessions	1,000 copies	1,000 copies were disseminated in business networking sessions.	
t)	Promotional video	1 video (15 minutes)	1 video (15 minutes)	

Details of the deliverables (e.g. date, duration, venue, speaker, topic discussed, etc.)

(Please list out in table format if necessary.)

- The 1st thematic seminar was organized at Eaton Hotel on 14 Oct 2016 with 121 participants. Topics included O2O for cosmetic industry and online payment method. Two speakers were invited. 30 evaluation forms were received from this seminar. (Target: 2 seminars with total 160 participants)
 - The 2nd thematic seminar was organized at Regal Hotel on 28 Mar 2017. Topics was ‘國內化妝品零售批發大格局及渠道新形勢’. Two speakers were invited. (Target: 2 seminars with total 160 participants)
 - One advertisement was published in Sep 2016 in the industry journal (ESTETICA CHINA 艾絲, 41期) promoting the 1st seminar. (Target: 2 times of advertisement for seminars)
 - One advertisement was published in Mar 2017 in the industry journal (ESTETICA CHINA 艾絲, 43期) promoting the 2nd seminar. (Target: 2 times of advertisement for seminars)
 - 1st editorial article was published in 香港美容雜誌 in Feb 2017 and 姊妹專業美容雜誌 in Mar 2017 respectively. (Target: 4 times of advertisement for editorial articles)
 - 2nd editorial article was published in 香港美容雜誌 in Aug 2017 and 姊妹專業美容雜誌 in Sept 2017 respectively. (Target: 4 times of advertisement for editorial articles)
 - The 1st Hong Kong Pavilions and 1st business networking session in GZ were organized at 中國(廣州)國際美博會 on 9 March 2017 – 11 March 2017. (Target: 2 times for business networking session)
 - The 2nd Hong Kong Pavilions and 2nd business networking session in SH were organized at 上海新國際博覽中心 on 23 May 2017 – 25 May 2017. (Target: 2 times for business networking session)
 - Two advertisement was published in Dec 2016 in the industry journal (粧訊, Snapshot 2016 Bumper Issue) promoting the 1st Hong Kong Pavilion in Guangzhou. (Target: 4 times of advertisement for Hong Kong Pavilion in exhibitions)
 - Two advertisements were published in Dec 2017 in the industry journal (粧訊, Snapshot 2017 Bumper Issue) promoting the 2nd Hong Kong Pavilion in Shanghai. (Target: 4 times of advertisement for Hong Kong Pavilion in exhibitions)
 - One advertisement was published in Dec 2016 in the CPAHK journal (香港化粧品同業協會會刊, Snapshot 2016 Bumper Issue) promoting the 1st business networking session in Guangzhou. (Target: 2 times of advertisement for business networking sessions)
 - One advertisement was published in Dec 2017 in the CPAHK journal (香港化粧品同業協會會刊, Snapshot 2017 Bumper Issue) promoting the 2nd business networking session in Shanghai. (Target: 2 times of advertisement for business networking sessions)
 - One promotional video with the duration of some 15 minutes was produced in Aug 2016 to promote the business integrity of Hong Kong cosmetics merchants underpinned by their track records, regulatory compliance and goodwill, etc. and strength of Hong Kong cosmetics merchants such as creativity on promotion and after sales service was completed shooting. (Target: 1 promotional video with the duration of some 15 minutes)
 - Market analysis is completed. Survey was conducted in the China International Beauty Expo (Guangzhou) Spring 2017(中國國際美博會 廣州琶洲 3月9-11日).Data analysis and report were completed.
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Milestones (in chronological order)

(# Please indicate if the milestone is completed (C), still in progress as scheduled (P) or deferred (D). If it is deferred, please also indicate the revised completion date and the reason for lagging behind.)

	<u>Milestone</u> (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> (if applicable)	<u>Status</u> (C/P/D) #	<u>Reason for deviation from its original target completion date</u>
	- Form steering committee and working committee	31/5/2016		C	e.g. See note (a)
(a)	- Formulate detailed implementation plan				
(b)	- Produce 1 promotional video	31/8/2016		C	e.g. See note (b)
(c)	- Organize 2 thematic knowledge enhancement seminars	31/3/2017		C	
(d)	- Produce 1 market survey and 2 editorial articles	31/3/2018		C	
(e)	- Organize 2 Hong Kong pavilions and organize 2 business networking sessions	31/12/2017		C	
(f)	- Complete project report	31/3/2018		C	
(g)					

Note:

- (a)
- (b)

Remedial Actions and Way Forward (Nil if not applicable)

N/A
