

PolyU SPEED 15th Anniversary Public Forum

Exploring the latest development of online shopping

Logistics system – key to record high online retail spending

Online shopping is gradually becoming a global trend. In the Internet world, we can browse and purchase products anywhere, anytime, including products that could not be found in physical stores. The ubiquity of Internet access enables the merchants to promote and sell their products to a wider spectrum of customers, thereby reducing the operation costs significantly. A sophisticated logistics system is indeed conducive to a great online shopping experience.

In view of the close relationship among online shopping, marketing and logistics, PolyU SPEED held the 15th Anniversary Public Forum Series (4): “Trade Logistics and the Latest Marketing Strategies of Online Shopping” on 22 April 2015. Mr Alan Wong, Group Vice President of SF Express, Ms Michelle Leung, General Manager of Hong Kong Cross Border Trade, eBay, and Mr Sunny Ho, J.P., Executive Director of The Hong Kong Shippers’ Council and President of The Chartered Institute of Logistics and Transport in Hong Kong were invited as guest speakers. Dr Simon Yuen, Lecturer and Award Leader of Bachelor of Arts (Honours) in Business (Operations and Supply Chain Management), PolyU SPEED, acted as the moderator of the forum. The event attracted a full house of audience.

In his welcome speech, Dr Jack Lo, Director of PolyU SPEED, said that it was possible to see the immense potential of e-commerce through the success of Amazon, eBay and Alibaba. Dr Lo quoted from Jeff Bezos, the Founder of Amazon, “There are two kinds of companies, those that work to try to charge more and those that work to charge less. Amazon will be the second kind.” This showed that online shopping companies holding different philosophies towards operation compete with one another.

From tradition to professionalism

Mr Alan Wong said jokingly that in the past, workers in the courier industry were generally perceived as those who had not studied hard at school when they were young. However, the industry is now collectively called logistics, providing professional services. Riding on the prevalence of e-commerce, SF Express has expanded its business into other areas. For example, SF Express stores offer retail service by exhibiting and selling products on consignment, beyond the original business scope of a courier.

For the youngsters who wish to start out their career in e-commerce and logistics, Mr Wong advised them to set up their base in Hong Kong while striding into the Chinese mainland and the world. He suggested, “In traditional industries, senior employees with more experience are usually more advantageous. On the contrary, for industries like e-commerce, those who are young and fresh can think outside the box and put their creativity and potential into play. The establishment of SF Express originated from the dissatisfaction of its founder about the cross-border courier service between the Chinese mainland and Hong Kong. Therefore, he seized the business opportunity from the ‘pain points’”. Mr Wong believed that young people could find ways to improve customer experiences from different pain points in their daily lives.

Business opportunities in tandem with online shopping spree

Ms Michelle Leung said that online shopping had achieved an annual growth of 15% during Christmas peak season in 2014, according to the USA retail statistics. On 1 December 2014 the “Cyber Monday”, the online retail amount even hit the highest of the month with over 2 billion US dollars in a single day. She pointed out that when selecting online shopping service, the customers would first consider “free delivery”, followed by “speed of delivery”. Ms Leung anticipated that cross-border trading will have huge growth prospects driven by online shopping. She also highlighted the four major factors affecting cross-border trade development: network, support services, logistics and policy. The emergence of e-commerce platform such as eBay could lower the cross-border trade threshold and enable local small and medium enterprises to enter the international market.

Setting up cross-border e-trade import and export pilot scheme in six mainland cities

Mr Sunny Ho, J.P., pointed out that “Haitao” has become a trend on the Chinese mainland as customers are inclined to shop overseas through the Internet. As the Chinese government has designated six cities - Shanghai, Chongqing, Hangzhou, Ningbo, Zhengzhou and Guangzhou as the pilot zones for cross-border e-commerce, the status of Hong Kong as a primary transshipment port may be affected. But the above policy can also serve as a convenient entry point and provide business opportunity for those Hong Kong merchants who want to enter the mainland market but do not own any retail network.