



RETAIL & SOURCING 08/09

Salary

SALARY & EMPLOYMENT FORECAST

Michael Page
RETAIL & SOURCING

WELCOME

Welcome to the 2008/2009 Michael Page Retail & Sourcing Salary & Employment Forecast for Greater China.

Michael Page International is a world-leading specialist recruitment consultancy. Growing entirely organically, rather than by mergers or acquisitions, we now have over 5,500 people in 166 offices in 28 countries worldwide. Coming from all industry sectors, our clients range from market-leading multinationals to small and medium sized firms.

Our consistent organic growth strategy and continued investment through business cycles is driving our growth in the specialist recruitment market in Greater China. Since opening our first office in Hong Kong in 1994, we have expanded significantly with offices currently in all of the main business centres including Hong Kong, Sha Tin, Shanghai, Shenzhen and Beijing.

This year, the format of our Salary Survey has changed to reflect our business growth and make it easier for employers and employees to stay abreast of current employment market and salary trends across key industries.

While most industry surveys provide qualitative insight on hiring intentions and salary levels, the Michael Page Retail & Sourcing Salary & Employment Forecast combines both quantitative and qualitative research, derived from our survey of employers and job seekers and our extensive involvement in the professional labour market in Hong Kong and Mainland China.

The survey, completed by approximately 450 employers and 1600 employees, covers a range of issues and trends relevant to today's corporate sector and establishes the Salary & Employment Forecast as a highly reputable report, based on in-depth industry research.

The Retail & Sourcing Salary & Employment Forecast provides employers and employees with useful insights into the hiring expectations, recruitment challenges and salary forecasts of key hiring managers over the coming year and covers eight key industries as detailed below:

- Finance
- Financial Services
- Legal
- Human Resources
- Engineering & Supply Chain
- Property & Construction
- Sales & Marketing

I wish to thank everyone who contributed to this year's Salary & Employment Forecast and trust you find the new report helpful and informative. We welcome your feedback and encourage you to contact us for further information or market specific advice.



Dan Chavasse
Managing Director, Greater China
& Southeast Asia

MARKET OVERVIEW

The retail industry is a major contributor to the economic growth and prosperity of Hong Kong. The city's vibrant retail market and reputation for designer brands continues to attract both local and international tourists, which is boosting retail sales and creating strong employment prospects for retail professionals.

The growing affluence of consumers in China is increasing expenditure from mainland tourists, particularly for high end fashion and luxury goods, which are cheaper in Hong Kong due to the lack of import duties or VAT. At the same time, international designer brands are penetrating the market and setting up retail outlets to capitalise on Hong Kong's pro-business environment and positive consumer sentiment.

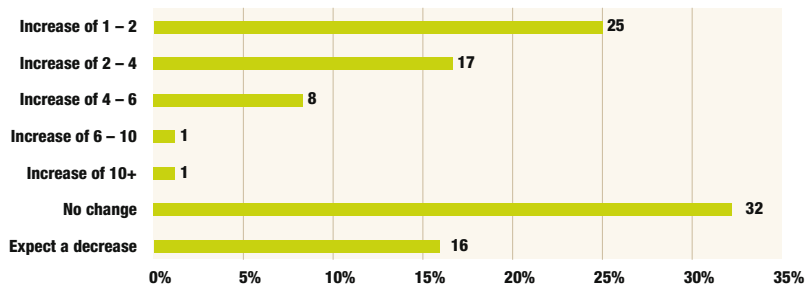
There is an ongoing shortage of retail professionals in Hong Kong and candidates can be more selective when changing jobs because of numerous opportunities.

Regional experience and fluency in English and Mandarin are the most highly sought after skills in the current market. Candidates with experience in high end fashion and luxury goods are also in high demand due to increased consumer spending on these items.

To address the skills shortage, companies will need to be creative in attracting and

retaining talent and look beyond salary to longer-term talent management strategies. We also encourage employers to be flexible and look at candidates from different industries with transferable skill sets to help address the skills shortage and ensure sustained business growth.

Employers' hiring expectations over the next 12 months



SKILLS IN DEMAND

Demand continues to exceed supply resulting in strong competition for talent and this is expected to intensify over the next 12 months as international retailers continue to open new stores. One in two employers surveyed expect to increase staff numbers over the next 12 months.

The luxury goods sector is witnessing the greatest skills shortage due to the rapid growth of United States and European brands in the Hong Kong market over the past few years. Retail operations managers and buyers with experience working with high end fashion and luxury brands are very highly sought after. Technical managers are also in demand in the apparel industry as companies strive to improve the quality of their products to remain competitive in the market.

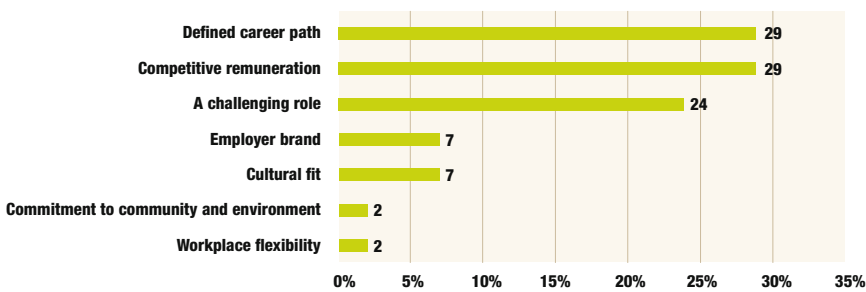
Proficiency in English and Mandarin is preferred due to continued business expansion into China and the influx of international brands. We are seeing a growing

trend in which retail professionals based in Hong Kong have a direct reporting line into China and are required to liaise with factory staff based there. As a result, candidates with regional experience and Chinese language skills have a competitive advantage.

Hong Kong remains a dominant player in the global sourcing market despite an increasing number of companies establishing sourcing

and buying operations in China due to cost efficiencies. Whilst employment opportunities in China are increasing, most candidates prefer to remain in Hong Kong and we expect the employment market for sourcing and merchandising professionals in Hong Kong to remain strong over the next 12 months.

The most important factor for candidates when choosing an employer



RECRUITMENT CHALLENGES

It is a very competitive employment market and high quality candidates have multiple job opportunities. Companies that respond to the tight labour market by thinking outside the square and investing in long-term talent attraction and retention strategies will achieve a competitive advantage.

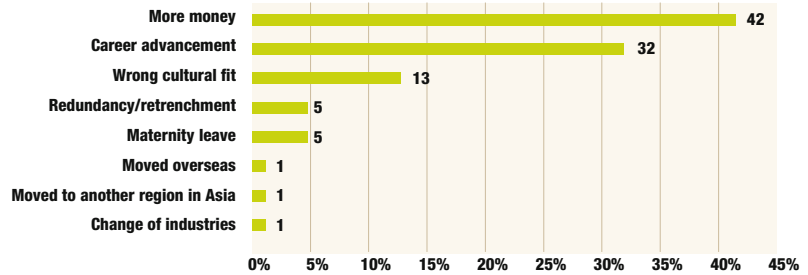
Retail professionals typically want to work for brands they are passionate about and in today's tight labour market successful candidates can afford to be choosy. To attract high quality talent, it is important for companies to be seen as an employer of choice. Reward and recognition, training and development and workplace flexibility all make a difference in positioning a company as a preferred employer.

With career development an important priority for many retail professionals, organisations that demonstrate a commitment to training and career progression will have an advantage. 57% of employees surveyed cite career advancement as the main reason for their last job change. We encourage employers to invest in training and development and discuss career goals and aspirations with new and existing staff to ensure they

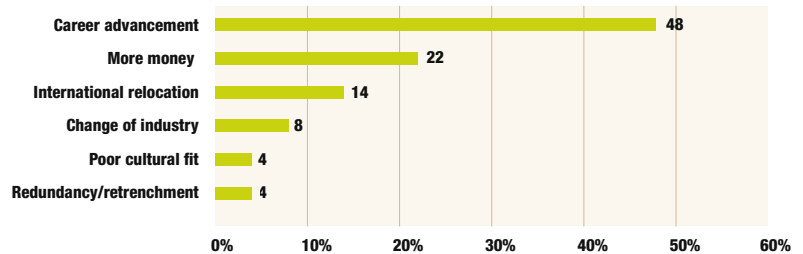
have opportunities for progression. In an industry as competitive as retail, providing growth opportunities for staff to work

with different products across various regions is vital in retaining top talent.

Employers' perceptions of the major contributing factors in people leaving



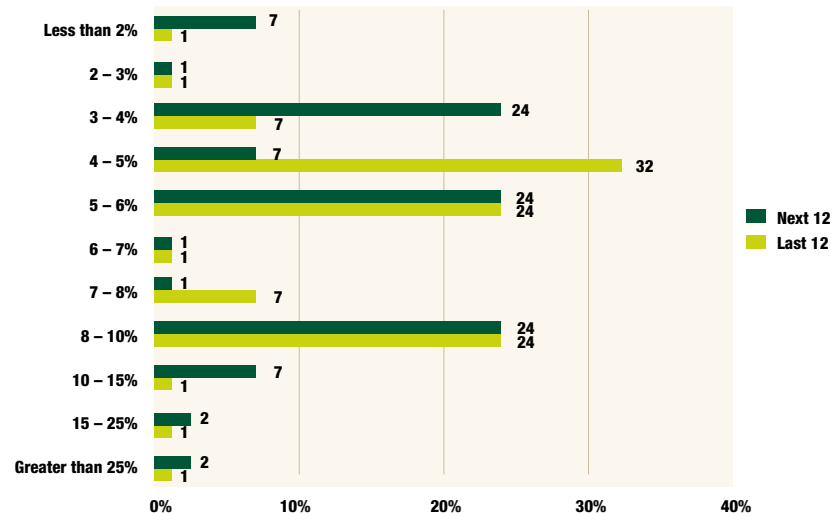
Employees' main reason for changing jobs



SALARY INFLATION

We expect recruitment activity to remain strong over the next 12 months as the number of retail outlets continues to grow and local and international tourists increase expenditure. We expect average salary increases of 5–8% for people remaining in the same job, with increases of up to 15% likely for those moving jobs.

Employers' salary predictions next 12 months vs. last 12 months



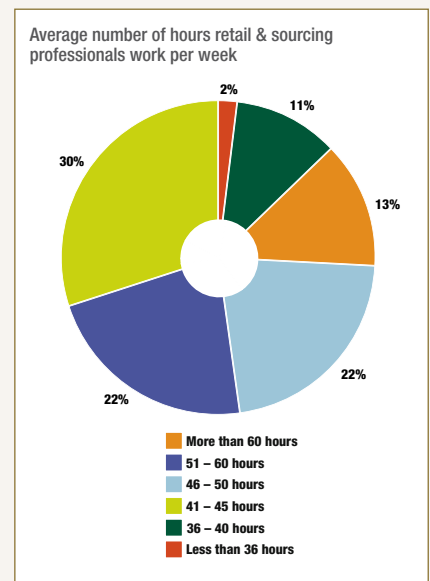
MARKET OVERVIEW

China's unprecedented economic growth has increased the discretionary spend of consumers who are demanding higher quality, variety and innovation from retailers. As a result, the retail sector in China is flourishing and domestic and multinational companies are expanding headcount to meet ambitious growth plans.

Retail activity is no longer limited to the major urban centres, with an increasing amount of investment in the second and third tier markets such as Hangzhou, Chengdu, Xiamen and Suzhou. Despite lower consumer purchasing power in these regions, the growing number of professionals moving there is boosting demand for retail goods. In response to this rapid business development, many companies are actively recruiting talent to support the opening of additional retail outlets.

Foreign retailers continue to grow their presence in China, both organically and through mergers and acquisitions, which is creating additional demand for talent. This is particularly evident in the luxury fashion and apparel sectors where European brands are penetrating the market to capitalise on positive consumer sentiment.

Strong consumer and business confidence will continue to drive employment growth in the retail sector and we expect the employment prospects for retail professionals to remain strong over the next 12 months. According to the China Retail Industry Report 2007, the annual growth rate of the retail industry in China will reach 14% from 2008 to 2010. Furthermore the 2008 Beijing Olympics and 2010 Shanghai World Expo will add momentum to the already burgeoning retail industry.



SKILLS IN DEMAND

Retailers in China are optimistic due to strong economic growth and the rapidly growing middle class consumer market. There is a shortage of candidates in China and we expect this to intensify over the next 12 months as retail companies increase recruitment activity to support ambitious growth plans.

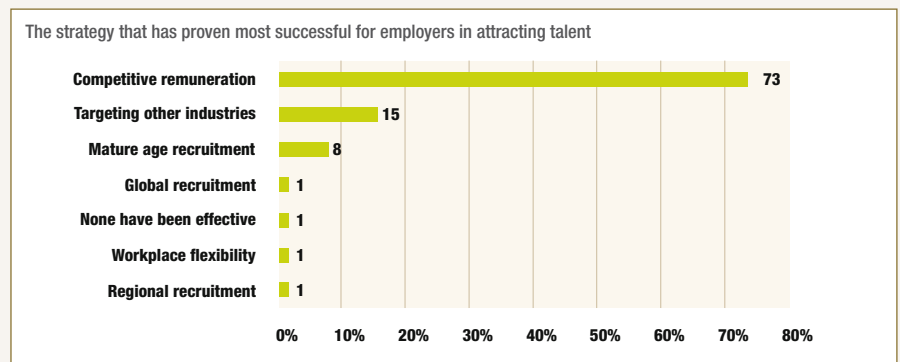
Multinational retailers continue to build their market share in China, which is driving demand for professionals with international retail experience and a strong understanding of the local market. According to the 'Investing in China's Retail Industry Report', by PricewaterhouseCoopers (PwC), at least 35 of the global top 50 retailers are now in China. As a result, competition for retail professionals with experience working for designer brands is particularly high.

Within the growing sportswear and casual apparel industry, there is strong demand for retail operations managers to oversee

the establishment of new retail outlets and liaise with business stakeholders to ensure retail operations are aligned with corporate strategy. Merchandising managers with a solid understanding of the local market are also highly sought after to introduce new products into the China market.

In China's highly competitive and lucrative retail environment, companies are under

pressure to improve their business processes and increase market share. As a result, there is a growing trend in retailers utilising the support of external consulting firms and this is increasing demand for senior candidates with a solid commercial acumen. Strong retail performance in the food and beverage and supermarket sectors also continues to drive demand for candidates in the FMCG industry.



RECRUITMENT CHALLENGES

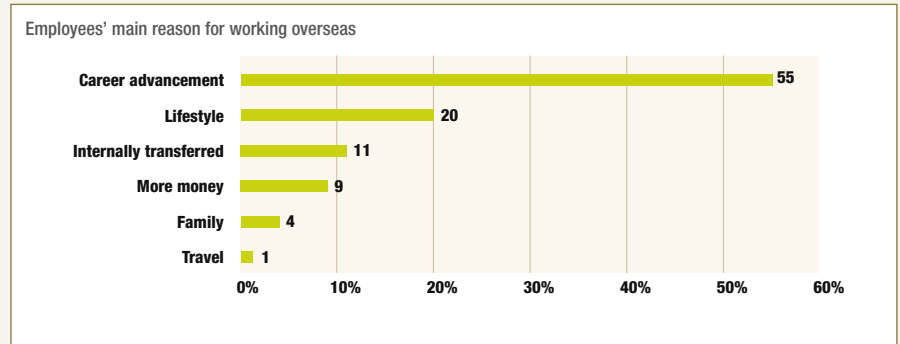
With the China market opening up gradually to global competition, domestic retailers will need to invest more heavily in talent attraction and retention if they are to successfully compete in the evolving retail market. In this tight labour market, it is critical for employers to be flexible and ensure a positive recruitment experience for potential employees.

The main challenge for employers in China is addressing the talent shortage. Despite China's strong retail performance and attractive career opportunities, employers continue to have difficulty finding candidates with the right level of experience and exposure to international brands, because it is still an evolving market. As a result, some companies are looking to more mature retail markets such as Hong Kong and Singapore to source talent.

Company culture is becoming increasingly important in attracting and retaining top talent. In the highly pressured and

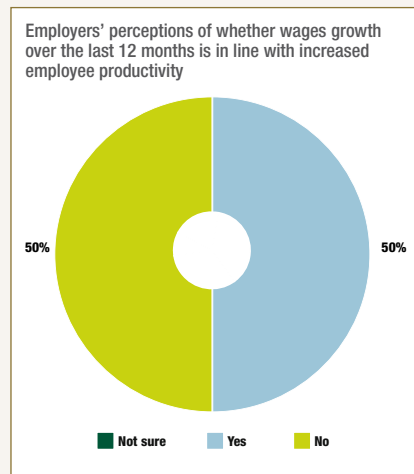
fast paced retail sector, job seekers are looking for a better work-life balance and a supportive work environment. More than half the employees surveyed see work-life balance as a very important factor in their career. Employee well-being programs, such as free massages during work hours and the option to call a telephone hotline for support and advice are just some of the benefits being offered by employers seeking to gain a competitive edge.

To help broaden the talent pool, employers need to consider candidates from other industries with transferable core skill sets. Restricting recruitment to candidates with a specific industry background severely limits the potential talent pool. We encourage employers to be flexible and broaden the scope of their talent search.



SALARY INFLATION

We expect the employment market for retail professionals to remain strong over the next 12 months as the retail sector in China continues to flourish. Given the tight labour market, we anticipate average salary increases of 10 – 15% across the board, with increases of up to 20% for professionals changing jobs.



SALARY TABLES

LOCATION		HONG KONG	MAINLAND CHINA
ROLE	EXPERIENCE	HK\$'000	RMB'000
RETAIL OPERATIONS			
Retail Operations Manager	7+ years	650–850	900–1.2 million
Country General Manager	8+ years	900–1.2 million	1.1–1.6 million
Regional Retail Operations Manager	8+ years	1.1–1.6 million	1.6–2 million
Regional General Manager	10+ years	1.5–2.2 million	2–2.5 million
STORE MANAGEMENT			
Visual Merchandiser	3–5 years	350–500	150–260
Store Supervisor	3–5 years	300–400	300–400
Visual Merchandising Manager	5–7 years	500–700	280–500
Store Manager	5–7 years	400–550	400–550
BUYING, MERCHANDISING & SOURCING			
Merchandiser	3–5 years	250–350	250–350
Assistant Manager	4–6 years	350–450	350–450
Manager	6–8 years	500–800	500–800
General/Divisional Manager	8–10 years	800–1.2 million	800–1.2 million
Director/Vice President	10+ years	1–1.8 million	1–1.8 million
PRODUCT MANAGEMENT			
Product Manager	3–6 years	400–550	400–550
Category Controller	6–8 years	550–800	550–800
Product Director	10+ years	800–1.2 million	800–1.2 million
SUPPLY CHAIN/LOGISTICS			
Assistant Manager	2–5 years	250–500	250–500
Manager	5–8 years	500–800	500–800
Country Manager	8–10 years	800–1.2 million	800–1.2 million
Regional Director/Vice President	12+ years	1.2–1.8 million	1.2–1.8 million
WAREHOUSING, DISTRIBUTION & INVENTORY			
Inventory Controller	4–6 years	350–450	350–450
Distribution Manager	5–7 years	450–600	450–600
Regional Distribution Manager	8–10 years	600–900	600–900
MANUFACTURING & PRODUCTION			
Material Planning & Control Manager	5+ years	300–550	300–550
Production Manager	6–8 years	500–700	400–700
Factory/Plant Manager	8–10 years	700–1 million	700–1 million
General Manager	12+ years	1–1.8 million	1–1.8 million
QUALITY/COMPLIANCE/TECHNICAL SERVICES			
Product Technologist	3–6 years	300–500	200–450
Manager	6–8 years	500–700	450–600
Senior Manager	8–10 years	700–1 million	650–850
Director	12+ years	1.2–1.8 million	900–1.3 million
DESIGN/PRODUCT DEVELOPMENT			
Designer	2–5 years	300–450	150–250
Senior Designer	5–7 years	450–600	300–550
Chief Designer	8+ years	600–900	600–900
Manager	7–10 years	450–650	450–650
Senior Manager	10+ years	600–900	600–900
Director	12+ years	900–1.5 million	900–1.5 million

1. Salaries indicated are based on basic salary, excluding bonus/incentive schemes.

2. Market rates are becoming much less uniform. While we have taken great care, these salary ranges can only be approximate guides, as there are often specific circumstances relating to individual companies. Please call us for additional information.