

**RETAIL & SOURCING**  
HONG KONG AND CHINA

# ***SALARY SURVEY*** 07/08

**Michael Page**  
INTERNATIONAL

## WELCOME

Welcome to the Michael Page Retail & Sourcing Salary Survey for 2007/2008.

The survey provides employers and candidates with useful insights into employment conditions, business confidence levels and recruitment trends in Hong Kong and China.

Our commentary is based on both quantitative and qualitative research across the retail profession.

We wish to thank everyone who contributed to this year's survey and trust you find it helpful and informative. We welcome your feedback and encourage you to contact us for further information or specific market advice.

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## INTRODUCTION

The retail sector is performing strongly due to Asia's solid economic growth and rising consumer and business confidence. Consumer spending has risen amidst increasing personal income levels and this is driving employment growth for retail professionals in Hong Kong and China.

In response to the increasing number of tourists and business travellers visiting Hong Kong, many companies are strengthening their brand presence and opening additional retail outlets. The retail sector in China is also flourishing despite a lower volume of business and limited consumer purchasing power. As a result, domestic and multinational companies are enjoying strong revenue growth and are actively recruiting talent across all industries.

There is a shortage of candidates in Hong Kong and China and we expect this to intensify over the next 12 months as retail companies continue to expand. Retail store managers with regional exposure and experience managing multiple retail outlets are highly sought after. Candidates

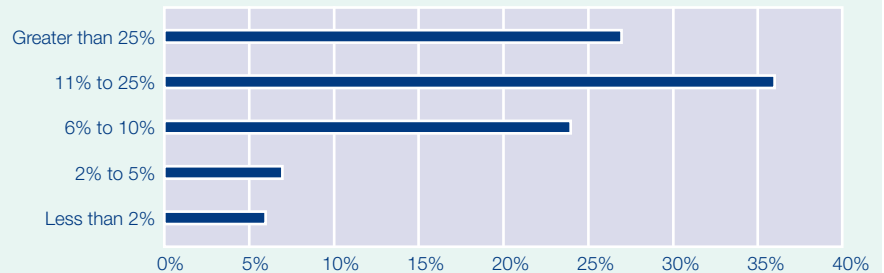
with experience in high-end fashion and luxury goods are also in high demand due to the rapid growth of retail outlets and consumer spending on these items.

Despite the candidate shortage, employers remain selective and are placing strong emphasis on relevant industry experience and cultural fit. However, recruiting candidates with a specific industry background severely limits the potential talent pool. We advise employers to be more flexible and look at candidates from different industries with transferable core skills.

Employment growth in sourcing and merchandising has also been strong over the past 12 months. Hong Kong remains a dominant player in the global sourcing market and is home to the corporate headquarters of many international buying offices. Manufacturers have also been expanding their sourcing and merchandising workforce in China, which is driving demand for candidates with strong product knowledge, industry experience and multilingual skills.

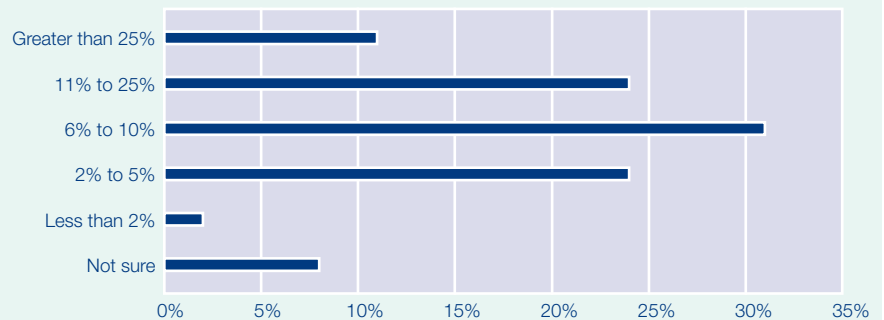
### PERCENTAGE OF SALARY GIVEN FOR MOST RECENT BONUS

Three-quarters of respondents had a bonus component as part of their salary package. When asked about their last bonus payment, 27% reported a payment greater than 25% of their base salary.



### WHAT PERCENTAGE INCREASE WOULD YOU EXPECT WITH YOUR NEXT SALARY REVIEW?

The majority of respondents were optimistic in terms of salary expectations, with almost one-quarter expecting a rise of between 11% and 25%.



Disclaimer: While every care is taken in the collection and analysis of data, the survey is interpretive and should only be used as a guide. We encourage you to contact us directly for further information or personalised advice.

# NATIONAL EMPLOYMENT SURVEY

The National Employment Survey is conducted on an annual basis and measures employment conditions, business confidence levels and recruitment trends. The survey for 2007 was completed by 1454 employees and 503 employers from a variety of professional sectors in Hong Kong and China.

A selection of key findings is listed throughout this publication. The survey results, which form the quantitative component of the broader research project, are supplemented with qualitative insight derived from our extensive involvement with white collar employers and job seekers across Hong Kong and China.

## KEY FINDINGS FROM THIS STUDY:

### Employer Trends

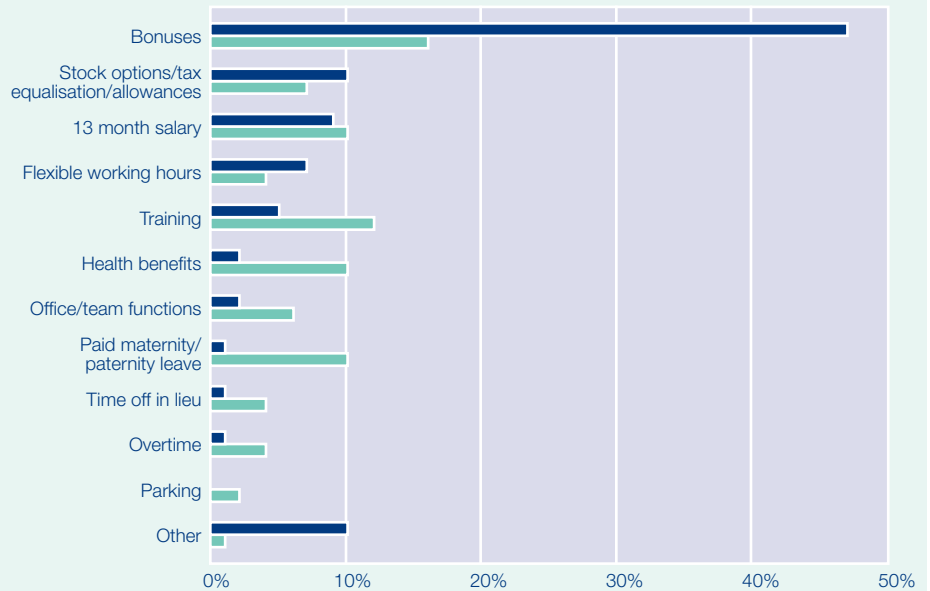
- 98% of employers surveyed predicted their staff numbers would remain constant or increase in the next 12 months, an increase of 40% from our last survey.
- At 32% and 25% respectively, organic growth and new projects were listed as the main areas of focus for employers in the year ahead.
- Over the past 12 months, 65% of companies experienced difficulty in retaining staff.
- 84% of companies see staff retention as another important focus for the next 12 months.
- When asked which retention strategies employers would consider over the next year, career promotion, training and development and bonus schemes were the three most common responses.

### Employee Trends

- 47% of respondents cited career advancement as the primary motivator for their last job change. Only 7% nominated more money as the main reason.
- 76% of respondents rated their company's training and career development opportunities as average or below average.
- Half of the respondents surveyed have worked overseas and of those 76% would consider doing it again.
- When asked what their salary expectations were for the year ahead, one third of the respondents expected a salary increase greater than 11%.
- Close to half of the respondents surveyed expect a bonus of 11% to 25% of their salary, with one third of respondents seeking a minimum of 25%.

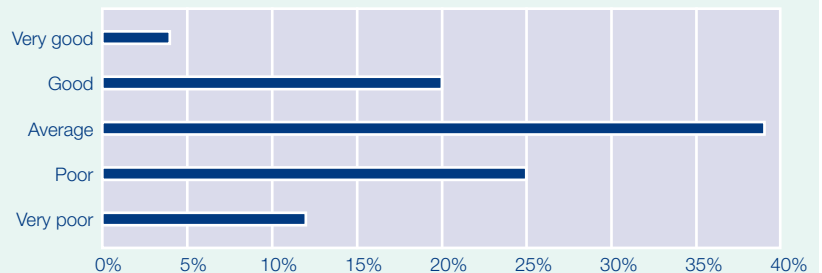
## ACTUAL INCENTIVES VS PREFERRED INCENTIVES

The survey showed there was disparity between the incentives employees wanted and those their employers were providing. Bonuses and stock options/tax allowances were the most preferred incentives by employees.



## HOW WOULD YOU RATE YOUR COMPANY'S TRAINING AND CAREER DEVELOPMENT OPPORTUNITIES?

76% of respondents rated their company's training and career development opportunities as average or below average.



## RETAIL

### HONG KONG MARKET REVIEW

The retail market in Hong Kong continues to flourish as a result of China's powerful economic position and increased retail sales driven by local and international tourism. The retail industry is the largest service sector in Hong Kong, accounting for a quarter of GDP, and is a major contributor to the growth and prosperity of the region.

This translates into a strong market for retail professionals across all industries in Hong Kong.

The vibrant retail scene continues to make Hong Kong an attractive shopping destination for local and international tourists. Hong Kong's reputation as a fashion centre and the absence of import duties and VAT are increasing expenditure from mainland tourists, particularly on luxury goods which are 20% to 30% cheaper than in China. Increased affluence among the local population is also supporting sales of high value items. Furthermore, the number of international retailers in Hong Kong makes it an attractive stop-over or holiday destination for international tourists wanting to purchase designer brands at cheaper prices.

Hong Kong's pro-business environment has encouraged international retailers to open new stores and increase their brand presence to tap into booming consumer expenditure. US and European brands continue to penetrate the market and are opening buying offices in Hong Kong with the aim of expanding operations to the PRC. As a result, competition for candidates is intense and retailers need to consider providing performance bonuses and other incentives to attract candidates ahead of their competitors. Career development opportunities and work/life balance are important factors in retaining talent.

There is a shortage of retail professionals in Hong Kong and this is expected to intensify over the next 12 months. There is strong demand for retail operations managers and candidates with visual merchandising, buying, category planning and inventory management are also highly sought after. With high levels of recruitment activity depleting the candidate pool and more opportunities on offer, candidates have strong bargaining power and are being more selective.

### TOP FIVE ROLES IN DEMAND

- Regional Retail Operations Manager
- Visual Merchandising Manager
- Buying Manager
- Distribution Manager
- Product Director

### EMPLOYMENT FORECAST

We expect the employment market for retail professionals to remain strong over the coming year. Given the tight labour market and intense competition for candidates, our prediction is for a 10% to 20% salary increase across the board, with an increase of 20% to 30% for candidates with hard to find skill sets.

### RETAIL SALARY TABLE

Role	Experience	Salary HK\$'000
<b>RETAIL OPERATIONS</b>		
Regional General Manager	10+ years	1.5–2.0 million
Regional Retail Operations Manager	8+ years	1.2–1.5 million
Country General Manager	8+ years	1–1.1 million
Retail Operations Manager	7+ years	600–800
<b>STORE MANAGEMENT</b>		
Store Manager	5–7 years	400–600
Store Supervisor	3–5 years	300–400
Visual Merchandising Manager	5–7 years	500–700
Visual Merchandiser	3–5 years	350–450
<b>BUYING AND MERCHANDISING</b>		
Buying Manager	5–7 years	400–600
Buyer	3–5 years	250–400
Merchandising Manager	5–7 years	400–600
Merchandising Planner	3–5 years	250–400
<b>PRODUCT MANAGEMENT</b>		
Product Director	10+ years	800–1.2 million
Category Controller	6–8 years	550–800
Product Manager	3–6 years	400–550
<b>DISTRIBUTION AND INVENTORY MANAGEMENT</b>		
Regional Distribution Manager	8–10 years	600–800
Distribution Manager	5–7 years	450–600
Inventory Controller	4–6 years	350–450

1. The above table is 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.

## RETAIL

### CHINA MARKET REVIEW

Retail performance in China is strong as luxury brands continue to penetrate the China market by opening flagship stores in major cities. International companies are increasing their global market share by launching new retail outlets to build their brand presence and capitalise on the strong economic conditions. This rapid business growth is driving demand for retail professionals.

Although consumer expenditure and purchasing power in China are not as high as Hong Kong, the increasing number of educated professionals moving to the region is expected to drive consumer spending upwards and boost demand for retail goods. As a result, retail professionals are highly sought after and employers are looking to Hong Kong to broaden their talent pool and meet ambitious growth plans.

Those willing to relocate to China are in a strong bargaining position as many retail professionals with families prefer to be stationed in Hong Kong. To attract Hong Kong candidates, we encourage employers to consider offering competitive salary packages with tax equalisation, housing allowances, paid airfares to visit family and education subsidies.

Retail performance in the casual apparel, fashion accessories, mobile phones, food and beverage and supermarket sectors is particularly strong, presenting vast opportunities for retail professionals. Candidates with store management, category planning and visual merchandising experience are most highly sought after in China. Hong Kong retail professionals looking to relocate or take up positions in China will need English and Mandarin speaking skills.

### TOP ROLES IN DEMAND

- Retail Operations Manager
- Category Controller
- Visual Merchandiser

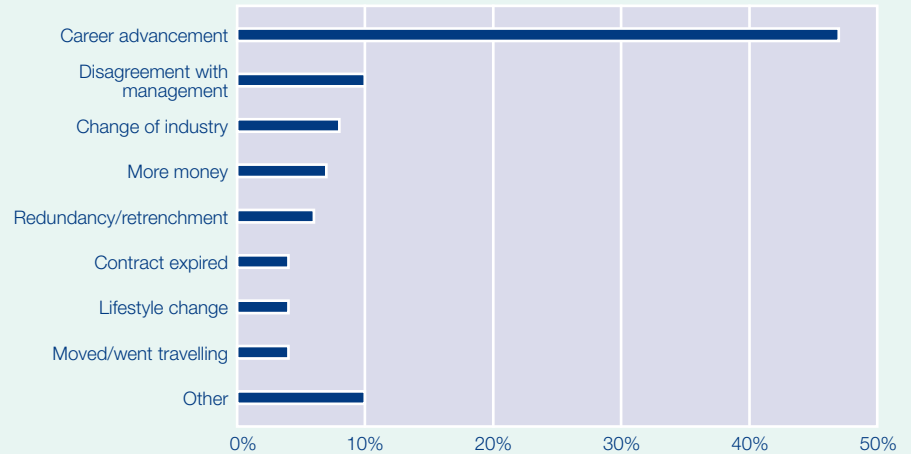
### EMPLOYMENT FORECAST

The retail market in China has strong potential for further growth and this will continue to drive demand for retail professionals. A major challenge for employers in China will be addressing the talent shortage and this will be even more significant as international retail brands build their presence in China.

Employers will need to increase financial and other incentives in order to attract talent ahead of their competitors. In terms of remuneration, employers should explore variable pay schemes with performance-based bonuses to attract high calibre candidates. Providing career development opportunities and work/life balance can also give employers a competitive edge.

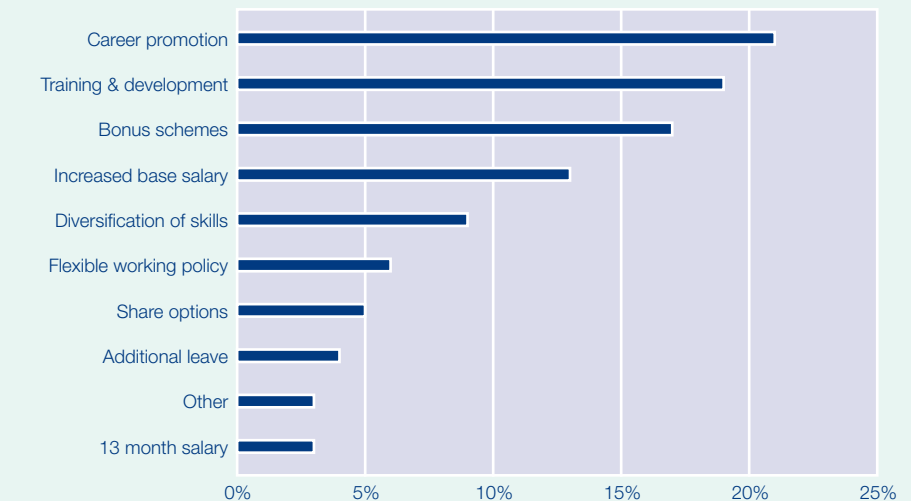
### WHAT WAS THE MAIN REASON FOR YOUR LAST JOB CHANGE?

Almost half of respondents cited career advancement as the primary motivation for their last job change.



### WHICH RETENTION STRATEGIES DO YOU THINK YOUR COMPANY WILL CONSIDER OVER THE NEXT 12 MONTHS?

84% of companies see staff retention as an important focus for the year ahead. When asked which retention strategies they would consider over the next 12 months, career promotion and training & development were the most common responses.



# SOURCING & MERCHANDISING

## HONG KONG MARKET REVIEW

Sourcing and merchandising companies with office headquarters or significant operations in Hong Kong have shown a marked increase in recruitment activity over the past 12 months. Hong Kong is one of the world's largest trading economies and is handling an increasing amount of offshore trade. Sustained growth in many industries has resulted in a shortage of local candidates and this is putting pressure on employers to look to other parts of Asia and overseas to secure talent.

Hong Kong has become the leading sourcing centre in the Asia Pacific region and is a dominant player in the global sourcing market due to its efficiency, reliability and quality of product. It is one of the largest purchasing platforms for fabrics and materials and is a global sourcing hub for the world's fashion industry. While some sourcing and buying offices are expanding their presence in China, international buying offices are keen to maintain their headquarters in Hong Kong.

Candidates with sound product and vendor knowledge, technical expertise and management skills are highly sought after. Some candidates are receiving multiple job offers and are in a position to negotiate competitive salaries and benefits. Whilst employment opportunities in China are increasing, most candidates are only willing to relocate for a substantial pay increase and additional benefits.

## EMPLOYMENT FORECAST

We expect the employment market for sourcing and merchandising professionals in Hong Kong to remain strong over the next 12 months. Candidates will be in a favourable position to advance their careers with plenty of choices. Given the tight labour market, we predict average salary increases of 15% and as much as 20% to 30% for candidates with hard to find skill sets.

### TOP FIVE ROLES IN DEMAND

- Sourcing Director
- Product Development Manager
- Senior Merchandiser
- Supply Chain Manager
- Plant Manager

## CHINA MARKET REVIEW

The buoyant economy is driving recruitment activity in China as more sourcing and buying offices establish operations to capitalise on positive market conditions. Demand for candidates far outweighs supply and employers face a significant challenge in attracting candidates as they are competing with Hong Kong.

Many medium and large scale manufacturers are expanding their sourcing and merchandising workforce and require candidates with strong product knowledge, industry experience and multilingual skills. There is also ongoing demand for candidates with management experience in the apparel and consumer durables industries. Employers will need to aggressively target candidates from other Asian locations to sustain growth in this already competitive market.

Most Hong Kong candidates prefer to remain in Hong Kong but they are generally willing to move to China for increases in salary, benefits or job status. In terms of attracting candidates, employers need to offer competitive salaries and incentives, with flexibility for candidates to commute from Hong Kong.

## EMPLOYMENT FORECAST

We predict recruitment activity in the sector to increase over the next 12 months in China as the economy continues to grow and demand for sourcing and merchandising professionals increases.

We anticipate average salary increases of 15% with up to 30% for senior roles and hard to find skill sets. Employers will need to offer more incentives to attract and retain candidates, such as travel assistance for Hong Kong residents working in China.

### SOURCING & MERCHANDISING SALARY TABLE

Role	Experience	Salary HK\$'000
<b>SOURCING/MERCHANDISING</b>		
Managing Director/Vice President	12+ years	1.5–2.3 million
Director	10+ years	900–1.4 million
General/Divisional Manager	8–10 years	600–900
Manager	6–8 years	450–600
Assistant Manager	4–6 years	350–450
Senior Merchandiser	3–5 years	250–350
<b>DESIGN/PRODUCT DEVELOPMENT</b>		
Director	12+ years	900–1.4 million
Senior Manager	10+ years	700–900
Manager	7–10 years	500–700
Chief Designer	8+ years	600–900
Senior Designer	5–7 years	450–600
Designer	2–5 years	300–450
<b>QUALITY/COMPLIANCE/TECHNICAL SERVICES</b>		
Director	12+	1.2–1.5 million
Senior Manager	8–10 years	700–900
Manager	6–8 years	500–700
Product Technologist	3–6 years	300–500
<b>SUPPLY CHAIN/LOGISTICS</b>		
Director/Vice President	12+ years	1.2–1.5 million
Senior Manager	8–10 years	700–900
Manager	5–8 years	500–700
Analyst/Executive	2–5 years	250–400
<b>WAREHOUSING &amp; INVENTORY MANAGEMENT</b>		
Senior Manager	8–10 years	400–600
Manager	6–8 years	250–400
<b>MANUFACTURING &amp; PRODUCTION</b>		
General Manager	12+ years	800–1.2 million
Factory/Plant Manager	8–10 years	600–900
Production Manager	6–8 years	400–600
Material Planning & Control Manager	5+ years	400–600

1. The above table is 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.

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