

NO THANKS, BOSS



Most employers in Hong Kong who extend counteroffers to employees wanting to leave their jobs find themselves rejected. Whilst it is considered a common practice, survey results from recruitment consultancy firm Robert Half show that counteroffers prove to be ineffective in averting top talent from resigning. Robert Half revealed that 69% of Hong Kong CFOs who have extended counteroffers said their employees still ended up leaving the company.

Extending counteroffers seems to be common practice in Hong Kong businesses as more than a third of the surveyed respondents (31%) apply this practice “often,” more than half (51%) “sometimes,” and 6% “always.” Around 7% say they “rarely” make a counteroffer and merely 5% stated they have “never” extended one.

Robert Half managing director Adam Johnston noted that extending counteroffers is just delaying the inevitable. He added that even for those who can be convinced to stay in the short-term, the employee will often choose not to remain with the company in the long-term, making counteroffers ineffective and redundant. “Employers would be better placed to withhold a counteroffer and immediately start the hiring process to replace them,” Johnston added.

A negative precedent

The desire to keep company information confidential is the main driver for 60% of CFOs who have made a counteroffer, and more than half (59%) point to the additional costs related to the hiring, onboarding, and professional development. Half (51%) refer to cultural fit as the employee fits in well with the company. Johnston said that counteroffers can set a negative precedent for employers as it creates the impression staff members need to threaten to resign in order to receive a pay rise. He also noted that employers need to be proactive when it comes to staff retention.



Abercrombie's concept store in Hong Kong will be similar to their prototype store in Polaris Fashion Place in Ohio

Is the worst finally over for the retail sector?

American apparel brand Abercrombie & Fitch was one of many brands that pulled out of Hong Kong due to frigid retail sales. Late last year, the brand announced the closure of its four-storey flagship store in Hong Kong, following Forever21 and Coach's move to shutdown some of their branches in central. But this June, Abercrombie & Fitch reversed its earlier decision of exiting Hong Kong. Instead, it plans to build a 6,800 sq. ft. concept store in the city's largest mall, the Harbour City.

Analysts reckon retailers are flocking back to Hong Kong after seeing fresh seeds of profitability: deflating retail rents, more accommodating landlords, and the throngs of high-spending mainland tourists. Real estate services firm CBRE's head of research for Asia Pacific Henry Chin noted that Hong Kong hasn't lost its retail lustre after all, saying the city remains the most popular destination, with more retailers keen to expand now that rents have fallen to more affordable levels. In a CBRE survey, Hong

Kong was chosen by roughly 23% of respondents as their location of choice for retailer expansion in 2017 — the highest in the Asia Pacific region, beating China (22%), Japan (17%), and Singapore (15%). Meanwhile, a recent survey conducted by real estate services firm JLL found that 62% of international and local retailers have plans to open new stores in Hong Kong next year. “Hong Kong's retail market is still challenging but the mood amongst retailers has changed from pessimistic last year to believing the worst is over,” said JLL's director of Asia Pacific retail James Assersohn. JLL surveyed 50 international and local retailers in June and found that half of the respondents think Hong Kong's retail market will recover next year. Enthusiasm is largely driven by plummeting retail rents in core shopping districts, currently 41.2% below the market peak in 2014. JLL further noted that the rental correction created opportunities for more retailers to enter the market.

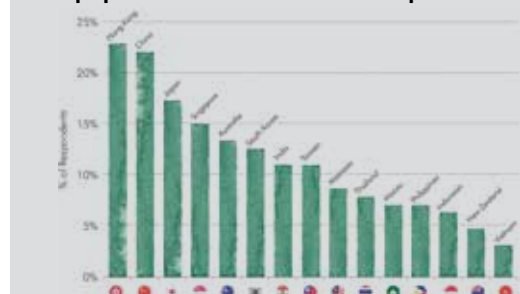
Elevating the shopping experience

For Abercrombie & Fitch, improving the shopping experience to the point of pampering is critical. To engage more customers and maximise the retail space in the new 6,800 sq.ft. concept store, each fitting room will be designed with mood-enhancing features, patterned after the Abercrombie & Fitch prototype store which opened in February in Ohio. There will be separate controls for light and music, a phone charging dock and even a family-and-friends-friendly room where two individual capsules are contained within a large, private suite. The new concept store in Hong Kong will be opened in December 2017.

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Most popular locations for retailer expansion in 2017



Source: CBRE Research, June 2017