

Future of Sourcing: 2021 and beyond






Hong Kong's vital role in the global supply chain

Report Key Findings



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Key findings:

- 1 • **Significant economic impact of COVID-19 has impacted the entire supply chain for some time to come.** Companies have suddenly realized that there is a need to digitize across those supply chains.
- 2 • **So where is the next Hong Kong?** Well simply stated we are never going to see another Hong Kong emerge in this new era of digitisation and we do need to prepare ourselves for this new digital era where we operate across a seamless global marketplace.
- 3 • **Organisations need to leverage new digital technologies** to ensure they can track those changing consumer behaviours, consumer journeys and consumer spending patterns with the need for more precise consumption patterns through data analytics.
- 4 • **The globalisation of supply chains will actually see Hong Kong survive and thrive** but we must be more agile as we serve those future digital supply chains with next generation data analytics, AI and automation.
- 5 • **Talent Development and upskilling our people is critical** for the future survival with both the international business mindset and more innovative thinking required to stay ahead of the curve.

Each of the trends identified in this sourcing study have accelerated with the beginning of COVID-19. This new study covers a number of established industry players along with the startup and digital ecosystem across not only supply chains but the wider consumer and retail sectors as we see the impact of those changing consumer behaviours.



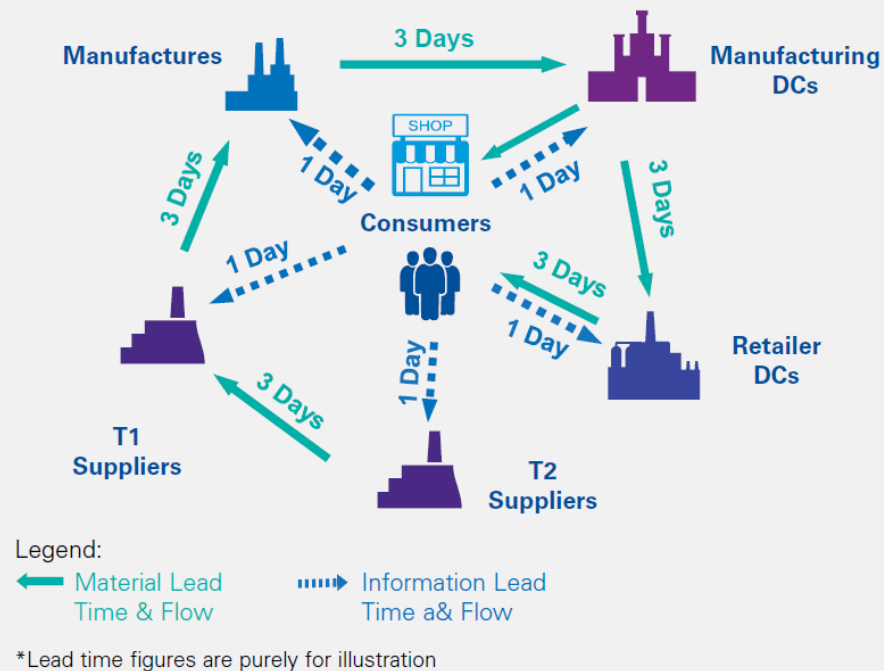
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Hong Kong is transforming into the next steps as a **global digital supply chain services hub**. The city has taken on major roles in every link of the manufacturing chain, from product design and development to the delivery of goods to consumers. Our analysis focuses on several key points:

- A high concentration of **sourcing talent** can be found in Hong Kong
- Hong Kong's role as a **regional hub** in the rest of Asia and its long-established ties around the globe show it is an ideal place to manage supply chains
- **Strengths** in **financial, legal and commercial** structures make the city a preferred place to carry out business between Mainland China and the world, especially through the **Greater Bay Area**
- Impact of the **Clustering effect** of cities if you combine Hong Kong together with Shenzhen and Guangzhou
- Hong Kong is well placed with its **internationally minded sourcing and design workforce** to support diversification of manufacturing across ASEAN
- The **rise and rise of ESG Reporting** and sustainability
- **Changing consumer expectations** about the origin and manner of production
- The Hong Kong **government's continuing support** and drive of **innovation**
- **New technologies** are allowing businesses to operate more flexibly and seamlessly across the globe and regionally

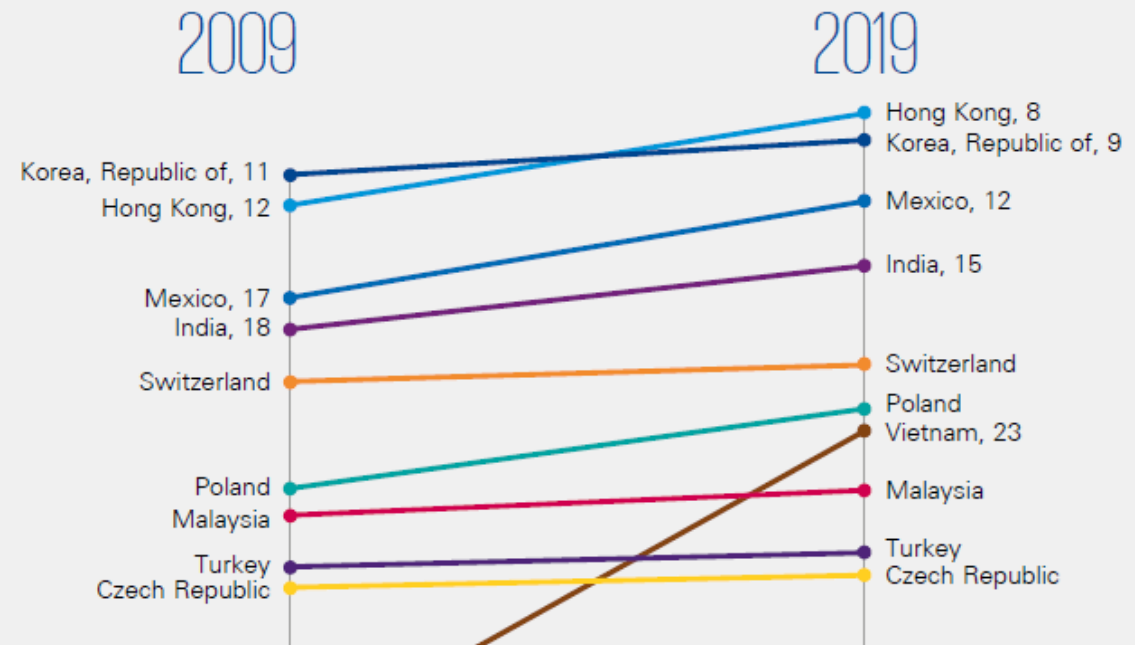


Hong Kong is at the heart of end-to-end supply chains



Source: KPMG Analysis

Merchandise traders improving their rankings among the world's top 50, 2009-2019



Source: World Trade Statistical Review 2020, World Trade Organisation

Interviewee viewpoints



Anne-Laure
Descours
Chief Sourcing
Officer, PUMA



When it comes to overseeing those supply chains, Hong Kong is the best option with the flexibility and adaptability of HK people being the key to the city's efficiency with entrepreneurial talent, overall ease of doing business and its central location make it an ideal hub.



Roger Lee
CEO, TAL Group



The industry's brains are still in Hong Kong. For Hong Kong to burnish its competitive appeal, it needs a new mindset, including being able to react faster to the impact of new technologies



Christophe Roussel
EVP, Global
Sourcing, Gap Inc.



Hong Kong is a safe place to be. It is tax efficient, it has got great talent and – COVID-19 aside – it is easy to travel from here to everywhere else in the region. That makes it a strong location for managing functions that can be spread across several countries.



Gareth Brooks
Managing Director,
VF Asia



Hong Kong's status as an important financial hub reassures companies like VF. Equally significant is the city's unique blend of a strong supply of leadership staff and a history of transformation. More data scientists needed +HK educational institutions need to deepen partnerships with industry.

Interviewee viewpoints



Mark Slade
Managing Director,
DHL Global
Forwarding



At the core of an integrated supply chain stands finance. There's a very strong compliance culture in Hong Kong. I'm absolutely optimistic that companies will continue to source and ship goods through Hong Kong. As a global air gateway, Hong Kong will continue to be the leader for the foreseeable future.



Walden Lam
Co-founder, Unspun



Hong Kong has a surprisingly deep network of 3D design technicians, supply chain intermediaries and 3D savvy manufacturers. Hong Kong's manufacturing know-how represents a major advantage when it comes to automating production and changes that inevitably arise in light of changing economic circumstances +innovation.



Christy Chan
Director, SGS Hong
Kong



Hong Kong's sourcing ecosystem is rich in inherited experience. Even before COVID-19, being agile and resilient was part of our DNA. We see Hong Kong as leading the way in integrity. It is still very much a trusted hub, a place where companies and consumers can do business with complete confidence.



Thierry Le Breton
Managing Director,
Dixons Sourcing



Mainland China made itself the dominant force in the consumer electronics and components space and will remain that way for the foreseeable future but Hong Kong is the control centre!



Anderson Lee
Business Director
Hong Kong Non-Woven



Hong Kong has close groups of people who can help provide all the knowledge needed for developing products here then producing them in Mainland China. You would be amazed by the number of polymer, chemical and molecular scientists in Hong Kong working on exploring biodegradable materials, germ-repelling solutions, membrane treatments, battery films, and the like.