



Mixing Hong Kong business solutions with overseas expertise

Theodore Ma

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With steep rents, rising staffing costs and pressure to maintain high inventory levels, the traditional retail business model is under threat in Hong Kong.

As the city's retail environment evolves, only companies that innovate and embrace digital solutions can expect to survive, says Theodore Ma, managing director of MaBelle Jewellery and co-founder of start-up incubator CoCoon.

"The retail landscape has changed dramatically from the days when there was a resource-restricted environment where people went to shopping malls to discover new products and services," explains Ma. "Now you have three highs that are very bad: high inventory levels, high staff costs and high rent. You're basically doomed."

Only by addressing all three problems can a business have a hope of getting ahead, he says. This is why he is now looking to the grass-roots innovations presented by start-ups to help the firm implement better solutions. Having founded CoCoon expressly for this purpose, Ma set up a wholly-owned subsidiary, MaBelle International (MBI), to work with overseas technology innovation-related companies.

Rethinking points of sale

Ma was responsible for bringing his family's jewellery business into the digital age when he made the firm's first online sale at the age of 19. He is now focused on transforming the company with fresh ideas sourced from start-up businesses located all over the globe.

A few years ago CoCoon came across Boutir – a company working on solutions to expand mobile store networks for SMEs and individuals. While Ma points out that from a retail perspective, a point of sale is normally a shop, he says firms need to give up this concept in order to address all three of their issues.

"What if a point of sale is just a phone?" he asks. "At the end of the day, a point of sale is a place where customers feel comfortable to chat with experts, request to view the product in-store, place an order, and you have the ability to process the order."

Boutir became a strategic partner of MBI, where together they developed solutions to address the "three highs": With rents reduced to only the minimum needed for the upkeep of a mobile platform and the human costs limited to commissions based on each transaction, the solution leverages an electronic inventory based on whatever the firm actually has in stock.

Ma describes the problem as mathematical. "It's a lot easier to manage your retail network when you don't need to take care of your day-to-day rents and salaries. It's paramount that your customers engage your brand at the comfort of their preferred social media. No customers would want to download another app just to learn about a brand and talk to customer service."

The attention economy

MBI's key concept now is to embrace the shift from a product/service-oriented retail economy to an attention-seeking space economy, where purchasers are guided by phones, search engines and e-marketers.

MBI's customer engagement platform is optimised to lure the kind of shopper who might not have been attracted to the limited range of products found browsing in store: frontline staff can offer a link to the brand's mobile shop via social-media clients such as WhatsApp or WeChat, setting up the grounds for personal engagement that can result in multiple sales.

"For a piece of retail technology to become truly useful, we must integrate it into the actual business of selling," Ma says. "That's often missing in a lot of retail technology companies." By collecting data from many different clients the company works with, MBI has been able to find new ways to use the technology and integrate it into the sales cycle.

In testing this approach, the company has found it to be one of the best in terms of customer engagement from about 16 uses of the app. He adds that "a good and effective platform should keep you updated and find different ways to teach you how to be more efficient and effective in engaging customers"