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## **HONG KONG BUSINESSES EYE NEW MARKETS TO COMBAT HEADWINDS: HSBC RESEARCH**

*\*\*\*44% of Hong Kong businesses anticipating growth see entry to new markets as a key driver\*\*\**

Hong Kong businesses are adopting an international mindset to mitigate against an uncertain trade outlook and economic headwinds by expanding into new markets, according to a new HSBC survey.

HSBC's 2019 '*Navigator: Now, next and how for business*' surveyed business leaders from over 9,100 companies across 35 markets globally – including 350 businesses in Hong Kong – to gauge business sentiment and growth prospects.

*Navigator* reveals that more than one-third of Hong Kong businesses plan to overcome business challenges by expanding into new markets. Of the Hong Kong businesses anticipating sales growth next year, 44% cite entry to new markets as a key driver.

Other common growth strategies include: improving the quality of products or services (30%), investing in innovation (24%), investing in customer experience (24%) and tightening cashflow management (22%).

Businesses in Hong Kong also see international trade as a force for good that will drive innovation (79%), provide new opportunities (77%) and improve efficiency (76%) over the next five years.

"As an international business hub, Hong Kong has been championing trade liberalization," said Terence Chiu, Head of Commercial Banking, Hong Kong, HSBC, citing the Hong Kong and Australia Free Trade Agreement and Investment Agreement signed in March 2019 as the latest example.

Chiu continued: "Our research reveals that Hong Kong businesses see international trade as an opportunity to navigate challenging economic dynamics. We believe Hong Kong businesses will continue to benefit from the city's strategic location when looking for new market expansion opportunities, be it in goods or services trade."

Reflecting on expansion, Asia Pacific remains the top region for businesses expanding or trading in the next three to five years (67%). Compared to their peers in Asia Pacific, Hong Kong businesses are more focused on this region for future expansion than the Asia Pacific average (55%). Interest in expanding into Europe has also increased from 18% last year to 23% this year.

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## **How Hong Kong businesses plan to overcome business challenges**

<b>Strategies to overcome business challenges</b>	<b>Respondents</b>
Expanding into new markets	34%
Improving the quality of product or service	30%
Investing in innovation	24%
Investing in customer experience	24%
Tightening cashflow management	22%

## **Future trading expansion markets in the next three to five years**

<b>Trading region</b>	<b>Respondents (vs 2018)</b>
Asia-Pacific	67% (68%)
Europe	23% (18%)
North America	18% (15%)

### **Note to editors:**

#### **HSBC Navigator: Now, next and how for business**

HSBC's Navigator report comprises a global survey gauging business sentiment and expectations on trade activity and business growth from 9,131 decision-makers in 35 markets. 3,252 businesses in 12 Asian economies participated in the survey. Research was conducted by Kantar for HSBC between August and September 2019. HSBC's Navigator helps businesses capitalise on new opportunities and make informed decisions for the future by understanding the outlook for international trade.

Interviews for the Navigator: Now, next and how survey were conducted in Argentina, Australia, Bangladesh, Belgium, Brazil, Canada, Egypt, France, Germany, Greece, Hong Kong, India, Indonesia, Ireland, Italy, Japan, mainland China, Malaysia, Mexico, the Netherlands, Poland, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, Turkey, the UAE, the UK, the USA and Vietnam. Over 5,000 of the companies interviewed were SMEs making annual sales of between US\$5m and US\$50m, with the remainder being larger enterprises.

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