

## Highlights on HR Trends

### on Travel Retail Professionals managing the APAC region from Asia

**BeThe1** is a high quality recruitment consulting firm for middle & senior management in fashion, beauty & retail. For the last 15 years, BeThe1 the international boutique firm, have managed 3800 missions in 31 countries for 350 premium clients.

BeThe1 have always been recruiting for the Travel Retail Sector (in 2016, 16% of recruitment mission worldwide were for Travel Retail related roles) as well being the exclusive recruitment partner of the TFWA.

With this amazing access, in-depth understanding of the pool of TR professionals and refined business intelligence by market, product category, functions, company cultures, we have decided to conduct for the 2<sup>nd</sup> time a survey on HR trends, 3 years after our 1<sup>st</sup> one.

The study reviewed around 200 profiles of TR professionals currently located in either Hong Kong, Singapore or Shanghai whose profiles were updated over the last 30 months from our in-house data base system as well from recruitment missions conducted over the same period of time.

The study mixes data from TR professionals looking specialized in various functions (commercial, marketing, Trade marketing, merchandising, category management, except for the analysis on salary compensation that only use data from TR professionals whose main functions is commercial focus (more sizeable sample).

## EXECUTIVE SUMMARY

- 92% of TR professionals looking after Asian markets are based out of Hong Kong and Singapore while a remaining 8% is based out of Shanghai (a slight increase of 3 % compared to 5% in our survey 3 years ago). Hong Kong seems to remain the biggest TR hub with 59% of TR professionals
- 77% of TR professionals are working for the beauty and fashion accessories sector (exactly the same proportion than 3 years ago). Then come Wines and Spirits (12%) and Confectionery (8%).
- 79% of the TR professionals looking after Greater China (GC) are located in Hong Kong and 20% out of PRC, while 89% looking after South East Asia (SEA) are based out of Singapore. TR professionals looking after APAC are located in a more balance manner between HK (50%) and SG (47%).
- The level of cultural diversity when compared to our figures 3 years ago are still showing a significant proportion of international talents but when compared to 3 years ago, it seems to follow a down side trend with 25% of non- Asian profiles today (38% 3 years ago) against 75% of Asian profiles.
- 51% of professionals have been working more than half of their entire career in the TR industry including 23% who spent more than 90% of their career in TR. It seems that the TR sector is a sector where life career can be built.

## DETAILED ANALYSIS

**Figure 1: Geographical distributions of TR professionals between the 3 main TR hubs in Asia**

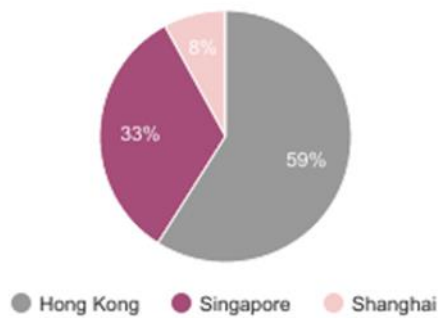
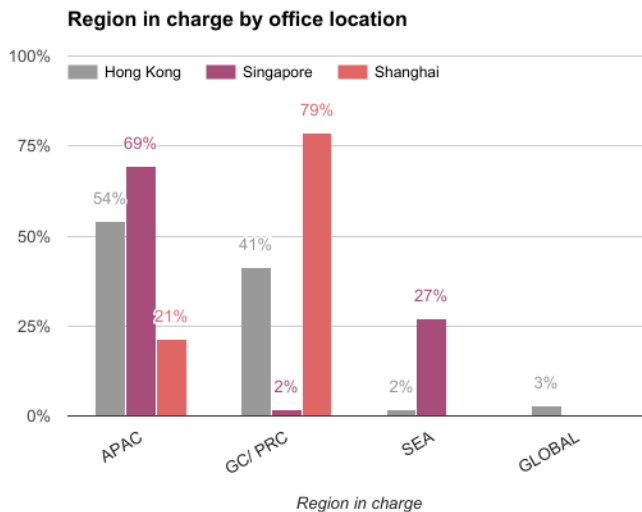


Figure 1: If we compare to our data 3 years ago, Singapore and Hong Kong combined together still represent 92% of the pool of professional compare to 95%. While 3 years ago the pool was evenly split, today Hong Kong seems to be the biggest hub.

The 3% increase for Shanghai would be a logical trend as companies whose TR network in China is becoming significant are grooming locally based TR team to support their China expansion.

**Figure 2: Region in charge of by office location**



The figure 2 seems also to show that depending on where the TR professional is based, the allocation of the region he / she will be in charge is directly linked. It is possible that the closeness to the markets and flying hub coverage could be two important criteria in allocating region or markets as show the 79% of professionals based out Shanghai and 41% based out of Hong Kong who are managing PRC or GC markets against 2% when based out of Singapore.

**Figure 3: Distribution of the TR professional across key category segments**

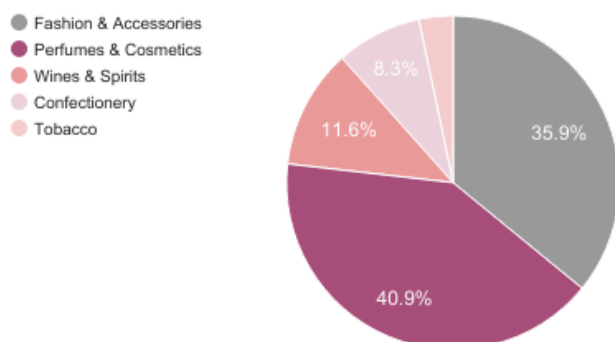


Figure 3: We retrieve exactly the same 77% of TR professionals working in Beauty and Fashion Accessories than in our survey 3 years ago. A coincidence?

From a talent pool perspective, this chart may be a relatively accurate picture of who are the big product categories in terms of employers. A possible factor that could biased these data are the proportion of missions that BeThe1 carry out by product sector as the more we recruit in one sector the bigger the pool of talents interested to work for such category or already working are registering in our system. Also we tend to work more often with some product categories than other simply because of the larger number of companies and brands itself, operating a given product category.

**Figure 4: Cultural diversity of the pool of TR professionals in Asia**

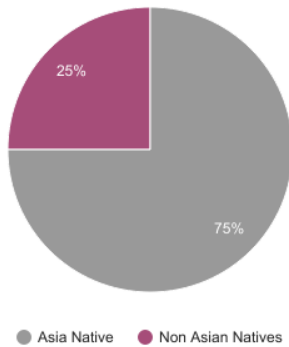


Figure 4: reflects a key characteristic of the TR professionals’ community based in Asia: a real diversity of talents coming both within Asia and outside Asia. This is possibly linked to the very international nature of the core mission of travel retail. At the same time when looking back 3 years ago, the proportion of non-Asian talents seems to have drop by one third (38% in 2014).

2 possible reasons may have influence such trends. Firstly, Asia with time, is building and grooming its own groom pool of talents. Secondly the proficiency in Mandarin for role requiring frequent in-depth business interactions with China based TR operators and at China based retail location may become a preferred requirement for companies. (please refer figure 5 below)

**Figure 5: Comparison between Asian Native and non-Asian Native in terms of assigned region**

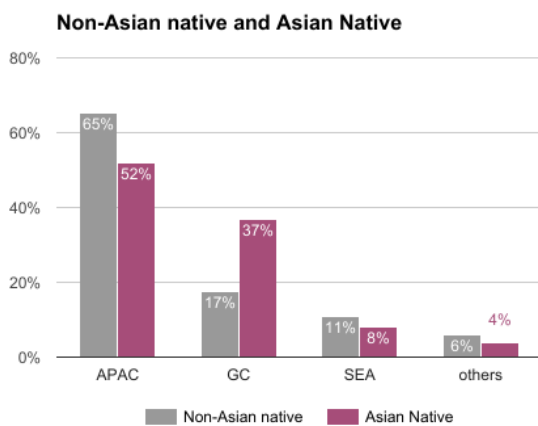


Figure 6: distribution of TR professionals between key business functions

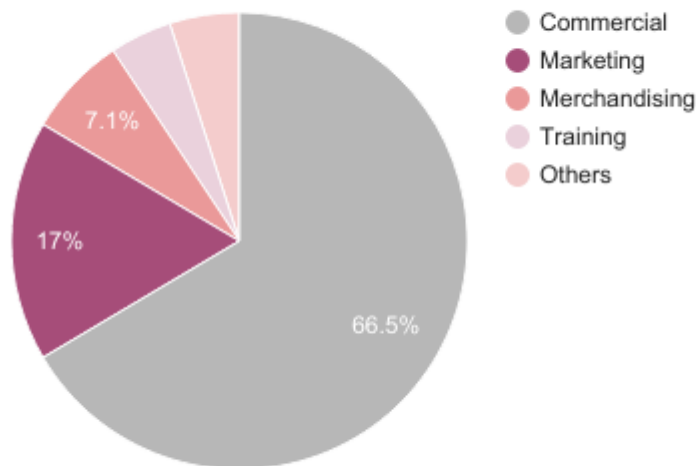
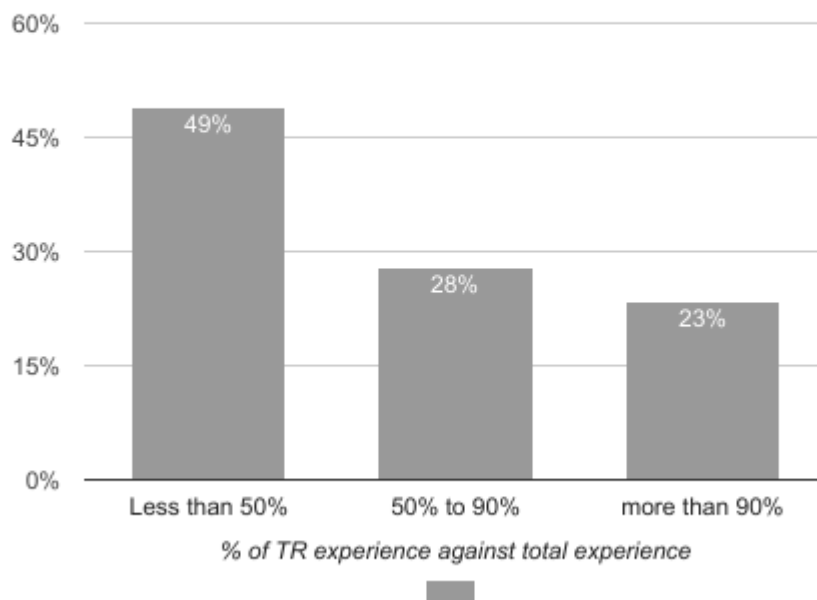


Figure 6: it shows that the commercial function (area manager, Sales Managers, Sales Director, Sales General Manager....) is from far, the most common one in a Travel Retail business entity. Maybe simply because of the business nature of Travel retail that is to sign a listing contract with an operator as a first step. Although the training function represent only 4.5% of professional in our study, we noticed that large organizations are giving a special attention to this function by making training a critical function in their organization and building internal regional or global structure to value career development around training or encouraging other functions to take on training role mission as part of their internal career path. Under “other functions” we included retail design and architecture, digital, finance...

Figure 7: Comparison between % of experience in TR against total professional experience

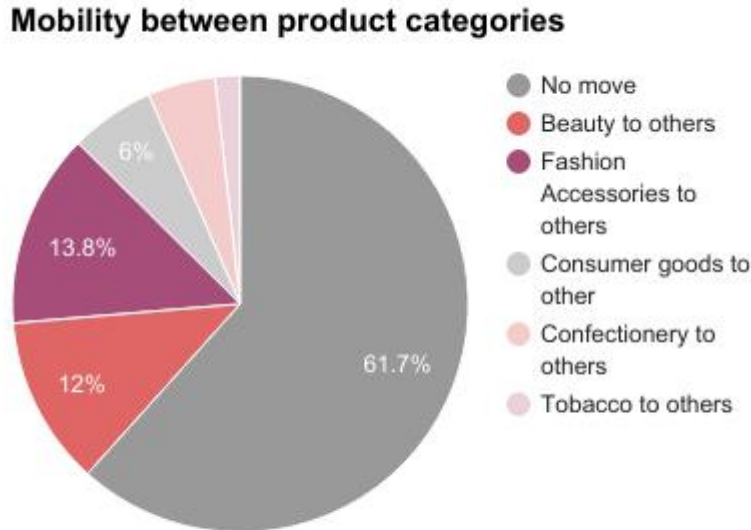


This figure 7 seems to show that the TR sector builds careers, as 51% of the professional have spent more than half of their professional life in TR including a 23% who spent nearly their entire life.

This may be reflecting the strong TR business community DNA and the possible correlation between the more you know the TR sector, the more you are connected, the more you can leverage your network and knowledge to jump start or grow a business faster.

It seems that the TR industry is also able to create career path for talented professionals to rise from a junior role to becoming a director or GM of a TR business unit. Also when looking in more details at CVs, TR seems to also be a launching pad for some professionals who left the TR after few years when moving to other business endeavors because of the very fast pace, international exposure and analytical and negotiation driven business approach.

Figure 8: the mobility between product category



As shared on the previous paragraph, a significant percentage of TR professionals tends to build long terms career in TR. In Figure 8, we notice the exactly same trends than 3 years, where 61% of professionals remain in the same category for their entire career. This possibly confirms the remark made earlier, that the more professionals know their sector, category, the more they can leverage their impact on the business. We could say that there is some noticeable mobility from beauty to other products and fashion & accessories to other products too.

Figure 9: Distribution by years of experience of SALES TR professionals for a given compensation package brackets. (this table does not include other functions beside sales related ones because of the sample size)

Annual compensation in KUSD	Below 60	60-70	70-90	90-110	110-130	130-150	150-200	200-250	above 250
<b>Nber of yrs of experience</b>									
<b>Below 5 yrs</b>	59%	30%							
<b>5-8 yrs</b>	33%	42%	29%	15%					
<b>8-12 yrs</b>	8%	23%	49%	50%	43%	12%			
<b>12-15 yrs</b>		5%	22%	20%	20%	69%	57%		
<b>15- 20 yrs</b>				15%	25%	12%	29%	85%	28%
<b>above 20 yrs</b>					12%	7%	14%	15%	72%

This figures 9, helps us when looking at a given bracket of annual compensation, to understand where is the largest population in terms of years of experience whose compensation packet fall within that given bracket. (highlighted in yellow). Now, we also observe a variance within a given compensation bracket. The factors that may drive this variance are the overall company size, company product sector, number of years of in TR itself against total years of

experience, relocation, dynamic with regard to the personal career development between professionals, number of geographical markets covered, balance between general management responsibilities and operational sales responsibilities...

## Some additional comments on these data:

### Titles:

For compensation:

- below 60K USD, a great majority of titles are TR coordinator, TR account executive, junior sales executive and quite often look after only after 1 or a few markets only.
- between 60 and 90K USD, a majority of title are TR sales manager, area manager, account manager...
- between 90K – 130K USD, beside titles such as key account manager, business development manager, senior TR sales manager and for some small business entity we came across sales director title punctually toward the upper side of the bracket (often a one-man band role where the title to give more negotiation weight and ownership of the regional business).
- between 130K -150K USD, title of Senior Sales Manager are common. .
- between 150K – 200K USD, division manager, head of sales, senior regional sales manager titles are common.
- Between 200K-250K USD, sales director and general manager of sales is becoming the norm.
- Above 250K USD, vice president, managing director, general managers, senior TR director are titles we often come across.

### Package structure:

For compensation:

- below 60k USD to 150K USD, the compensation package includes a basic and a performance bonus. This bonus seems to varies between 10 to 20% for compensation up to 110K USD and then can vary between 15% to 30% for higher compensation up to 150K.
- above 150K USD, it seems that bonus vary between 20 to 35%.
- Local package structure (basic + bonus) seems represents most of cases for compensation below 150K USD. There may be some exception for internal transfer where housing allowance may be added.
- For 200K to 250kUSD and above 250KUSD, we notice several cases where either the basic part is increased to help the professionals to cover housing or education allowance, or education and housing allowance are provided on top of the basic salary. Such cases often seem to apply for professionals who have relocated to place that is not their home country. This may include non-Asian Native and Asian Native. Consequently, such benefits must well be taken into account when the company is budgeting for a recruitment as it can significantly increase the overall budget.
- We also noticed for some listed companies that equity was also an element of the variable bonus. Long Term Incentive could also be offered.

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