



Manpower Update Report

Jewellery, Watch and Clock Industry

2020

Jewellery, Watch and Clock
Training Board

ACKNOWLEDGEMENT

The Jewellery, Watch and Clock Training Board (JWCTB) would like to express thanks and gratitude to industry experts who participated as members of the focus groups and contributed their time and provided invaluable insights on the manpower situation in the discussion meeting of the focus group for the jewellery, watch and clock industries. The opinions they have made formed an integral part of this update report.

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Introduction

Background

The Jewellery, Watch and Clock Training Board (JWCTB) under the Vocational Training Council (VTC) is appointed by the Government of the Hong Kong Special Administrative Region to be responsible for, among other duties, determining the manpower situation and training needs of the industry.

A new approach for conducting manpower survey is adopted in 2017 to enhance the effectiveness and better reflect the dynamics of the manpower situation. The new approach is to conduct full manpower survey for each

industry once every four years, supplemented by periodic information updates through focus group meetings and desk research.

The former “Metals Training Board” (currently named as “Manufacturing Technology Training Board”) completed a full manpower survey covering the jewellery, watch and clock industries in 2016. Two manpower update reports were scheduled to be published in 2018 and 2019. The first update was completed and the report was uploaded to the VTC website in 2019. In preparation for the second manpower

update report, the JWCTB conducted focus group meetings in jewellery, watch and clock industries on the 4th and 14th October 2019 respectively, to collect views about the latest manpower situation and training needs from industry practitioners. Desk research was also conducted to capture recruitment information, including vacancies of principal jobs, qualification requirements and salaries offered in the industries from the second quarter of 2018 to the first quarter of 2019.

This second manpower update report of the jewellery, watch and clock industries mainly covers findings obtained from the focus group meetings, supplemented by the information acquired by desk research.

Objectives

The objectives of the manpower update are as follows:

- (i) To study the latest trends and developments in the industries;
- (ii) To explore the job market and training needs;
- (iii) To analyse reasons for recruitment challenges;
- (iv) To identify emerging skills; and
- (v) To identify job requirements.

Methodology

Overview

To collect the holistic manpower information of the jewellery, watch and clock industries, an approach is adopted by the JWCTB through supplementing the periodic update through focus group meetings and desk research so as to compile the update report.

Focus Group Meeting

The focus group meeting was intended to collect the views on the latest manpower trends and the developments of the industries' manpower, training needs and recruitment challenges, etc. The focus group members are the representatives from the jewellery, watch and clock industries including:

Jewellery sector

- (i) Raw Materials
- (ii) Production/Manufacturing
- (iii) Retails
- (iv) Testing and Certification

Watch and Clock sector

- (i) Production/Manufacturing
- (ii) Retails

Focus group meetings in jewellery, watch and clock were conducted on 4th and 14th

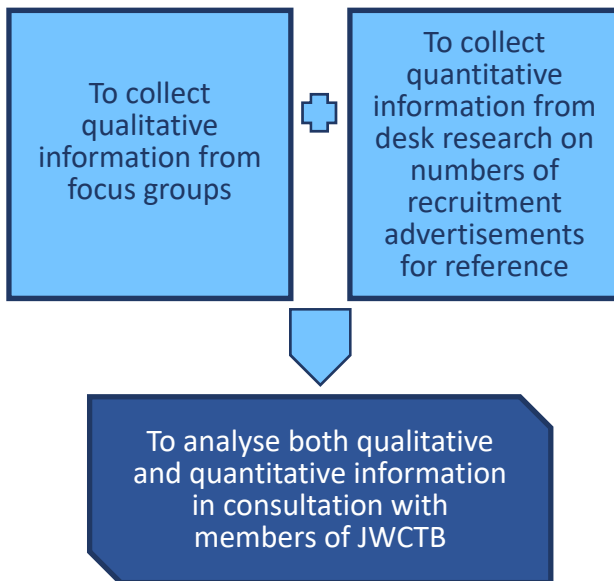
October 2019 respectively. Eight industry representatives from each industry had participated in the discussion. The meetings were moderated by the Secretariat staff of the JWCTB, who initiated the discussion with general questions and probed into more specific context to collect in-depth information on relevant topics in the discussion guide. The discussion at the meeting was transcribed to facilitate the analysis.

Desk Research

Manpower information covering the period between the second quarter of 2018 and the first quarter of 2019 was collected through desk research. The information includes the number of job advertisements, required competency, qualification and experience and market remuneration, etc. An integrated database was being developed to capture the relevant recruitment data from major online recruitment portals. 1,461 recruitment records of the jewellery, watch and clock industries were collected during the research period. Mapping was made with the list of related companies under the Hong Kong Standard Industrial Classification for removal of any duplicated records. The data were then used to analyse manpower trends.

Data Analysis

The analysis consists mainly of the following three steps:



Apart from online recruitment, companies in the industries may also recruit employees via other channels such as job referrals and recruitment events co-organised with education and training institutions. Therefore, the number of job advertisements collected from desk research might not fully reflect the entire situation of job vacancies.

Limitations

As this is not a comprehensive manpower survey, the findings and recommendations of the focus group meeting are more qualitative in nature and the report mainly focuses on the manpower trend.

In addition, the data on job advertisements were collected from major online recruitment portals, including websites of the Labour Department and HKJMA Job Market, while other channels such as head hunting for managerial positions, or referral via the social media recruitment platform, were not covered. Since the data collected is a snapshot of a particular period without making reference to any historical data, desk research can only serve as reference information supplementary to the findings of focus groups.

Findings

Factor Affecting the Development of the Industry

Focus groups were invited to discuss factors affecting the development as well as the potential future changes of the industries.

Uncertainties posed by China-U.S. trade conflicts

- ◆ Apart from the global economic slowdown, the Sino-U.S. trade conflicts continue to pose uncertainties or even cause negative impacts on the exports of jewellery and watch. For example, the U.S. had earlier imposed additional tariff measures, including jewellery products and most of the watch products. Under the current arrangements, escalated tariffs on the jewellery and/or watch products originated from the Mainland are required for the imports to the U.S. The industries also find that there are numerous grey areas during the implementation of tariff measures by the U.S, which make them difficult to understand the content of tariff provisions. For jewellery manufacturing sector, as affected by these uncertainties, some buyers are hesitated to place orders, or even required to explore the possibility of shifting production line at other regions so as to avoid paying additional tariffs.

Growing importance of omni-channel sales and marketing

- ◆ In recent years, online shopping has become increasingly popular among consumers. E-commerce, social media (such as Facebook, Instagram, Whatsapp, WeChat) and online shopping platforms (such as JD.com, Tmall, Alibaba, Amazon, Taobao and Xiaohongshu, etc.) have become one of the key sales and promotion channels. Through these platforms, it can also enhance their interaction and communication with customers. Among all these, collaborations with key opinion leaders (KOL)/YouTuber to promote products have become a new trend. Taking watch industry as an example, particularly for fashionable and trendy watches and at low and medium priced products, there is an increasing number of enterprises (including local watch brands) to customise the promotion plan for specific customer groups and identify suitable KOL for its promotions. In addition, some luxury jewellery retailers have also set up a zone at the shops and invite KOL to arrange live broadcasting or video display for product promotions. This helps drive more customers to visit the physical stores and make the purchases.

- ◆ Apart from digital marketing channels, the industries also cooperate with other sectors and units through different promotion models. For example, jewellery and watch product providers will have cross industry collaborations with fashion brands or hold brand promotion activities in large shopping malls. Celebrities (including famous artists) will also be invited to act as respective brand spokespersons to promote the products.
- ◆ In addition, regarding the high-end product categories in precious jewellery and premium watches, consumers/customers generally still incline to visit and purchase at physical stores. They enjoy receiving a detailed introduction of different features and functions of luxurious products from professional sales representatives. Therefore, the digital marketing strategies including online shops cannot fully replace the physical stores as well as manual sales arrangement.
- ◆ Generally, e-commerce and physical stores can become omni-channel for sales and promotions, which is able to complement with each other to foster business growth in the long run.

Emergence of local watch brands and hybrid watches

- ◆ With the persistent trends of smart wearable devices (i.e. smart watches), it will cause certain impact on the productions of traditional mechanical watches including its movement,

watch cases, dials and complete watches assembly. These developments may also continue to shrink. Nevertheless, the preferences of consumers have undergone a structural change in recent years. In the past, they intended to purchase unified watch styles on fashion brands. As consumers are now paying more attention to the unique trends and pursuing “personalised watches” (i.e. tailor-made or personalised theme), this has also led to the emergence of a number of local brand watches. The unique feature of this product category is to customise and personalise the watch products. These local brands usually select local watch manufacturers to produce their watch products. In addition to help build “Hong Kong brand”, it can also at the same increase new opportunities for local watch products to be exported to overseas markets.

- ◆ Besides, apart from the development trend of personalised watches mentioned above, the watch market has also undergone another structural change. In order to enhance their competitiveness, the smart watch manufacturers have linked the concept of digitalisation with the styles of traditional watches. Therefore, in recent years, “hybrid watches” has started to expand in the market. The design of this product category combines the smart digital functions with the styles of traditional watches. With the application of traditional watch cases as new design element, its creativity will bring more business opportunities to its local

watch manufacturers and help explore the possibility for its business transformations.

Challenges of reindustrialisation for manufacturers

- ◆ Despite the Government's intention to promote the strategy of re-industrialisation so as to encourage the manufacturers to remove their high-end production lines back to Hong Kong, the manufacturers are in fact facing different challenges. For example, apart from the high rental rate and land prices, they express the concern over the substantial workforce to be required to operate those production lines. Recruitment would then be extremely difficult due to the low desire for most young people in Hong Kong to join the industrial sectors. In addition, by taking watch manufacturing as an example, even though advanced technology such as artificial intelligence/automated production may bring the benefits for production, high capital investment will be required. 3D printing technology will be a typical example. Although the customised production mode (i.e. limited quantities and various styles of products) has an upward trend, it has not become popular due to high investment costs. Furthermore, in view of the uncertainties of business development, most of the manufacturers are now cautious in the investment of advanced technology and equipment/facilities for its business transformation. The above considerations remain to be the biggest obstacles to the re-

industrialisation in the jewellery or watch and clock industries.

Retail sector hits hard

- ◆ Affected by recent social events (anti-extradition bill movement and ongoing protests), the number of inbound visitors from the Mainland and overseas have plummeted sharply especially during the Golden Week, its visitor arrivals recorded a decline as high as 50%. In addition, the protests have severely depressed the consumer sentiment. Retail sales are expected to remain weak in the near term, which would further undermine the performance of retail sector. According to the Census and Statistics Department, the retail sales in October recorded a significant year-on-year decline, especially the value of sales in jewellery, watches and luxury gifts fell by 42.9%. Therefore, it is expected that the business prospects of the industries will become unstable in the coming six to nine months. More retailers would close some of their outlets and would have layoffs.
- ◆ Retailers are now facing an unprecedented difficult time. The retail sector of fine jewellery and luxury watches in the past heavily relied on inbound travellers as the key sales channel. To overcome the crisis, retailers are restructuring their human resource and scope of works with a view to reducing costs and sustain the business development. Some retailers will also review their future positioning of consumptions so as to avoid heavily rely on tourists as key sales channel.

Challenges posed by millennial employees

- ◆ Millennials (post 1990s, age close to 30s) will be the major workforce in the jewellery, watch and clock industries.

They also constitute a substantial percentage of workforce in the companies of focus groups' members. Millennials excel with their high learning ability and are digital literates. They are tech-savvy and proficient in using digital tools such as social media. In addition, they are energetic and full of curiosity. For example, they are familiar with the latest trends such as the most popular Key Opinion Leaders (KOLs), and never hesitate to bring up their new ideas. All these attributes enable them to fuel the industry with dynamics.

- ◆ With continuous improvements in the standard of living in the society, millennials are brought up in well-off families and protected environments. They are not used to the natures of labour work or long working hours in technical tasks. Therefore, most of them are not willing to spend much time to learn about the industries, products knowledge and skills in depth. For example, young employees in the watch retail sector tend to focus on learning and are responsible for selling certain overseas product brands. They may also be reluctant to acquire other related knowledge (such as various aftersales service arrangements). Furthermore, millennials also appeal to short-term benefits and immediate satisfactions such as change to another job for a slightly higher pay.

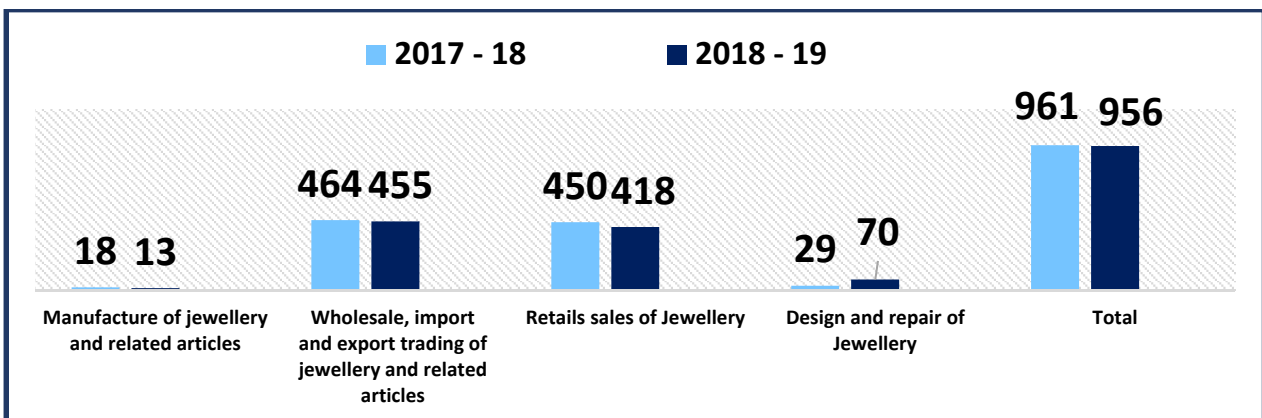
- ◆ In addition, under the influence of recent social incidents, most of the millennials choose to station in Hong Kong and are unwilling to develop their careers in other cities in the Mainland.

Future Manpower Demand

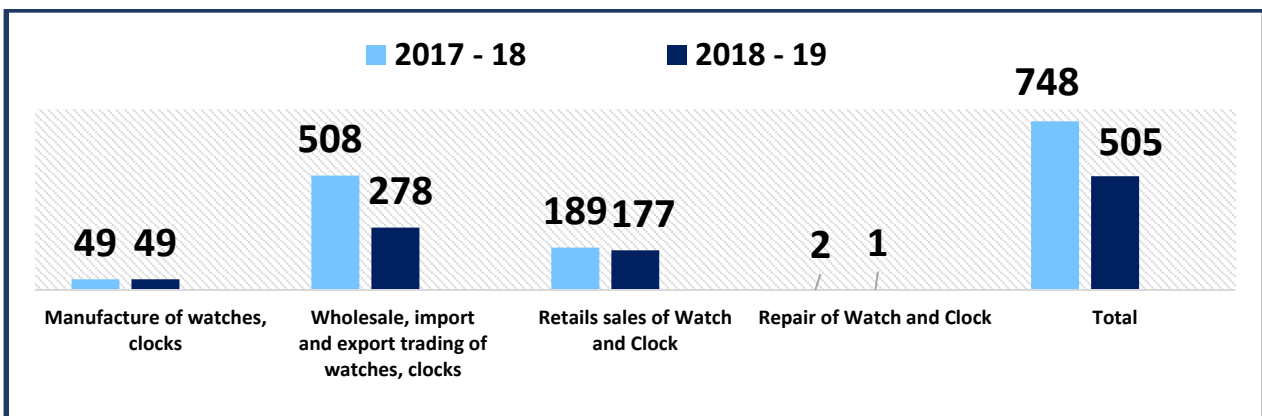
According to the manpower update report of the jewellery, watch and clock industries in 2019, 1,709 recruitment advertisements were recorded by desk research in the year 2017-18. The figures dropped slightly to 1,461 in the year 2018-19, with 248 advertisements less. Similar situation in the number of recruitment advertisements in the jewellery industry is found during the two periods. On the contrary, for the watch industry as compared with the figures of 2017-18, the figures of recruitment advertisement in the wholesale, import and export trading of watches and clocks sector have significantly dropped by 45%. Similar situation of the figures of other sectors are also found. The following charts show the comparison of job advertisements for the period between 2017-18 and 2018-19.

Comparison of job advertisements in the jewellery, watch and clock industries for the periods 2017-18 and 2018-19 (by sector)

Chat 1 (a): Jewellery Industry



Chat 1 (b): Watch and clock Industry



**Comparison of job advertisements in the jewellery, watch and clock industries
for the periods 2017-18 and 2018-19
(by job level)**

Chat 2 (a): Jewellery Industry

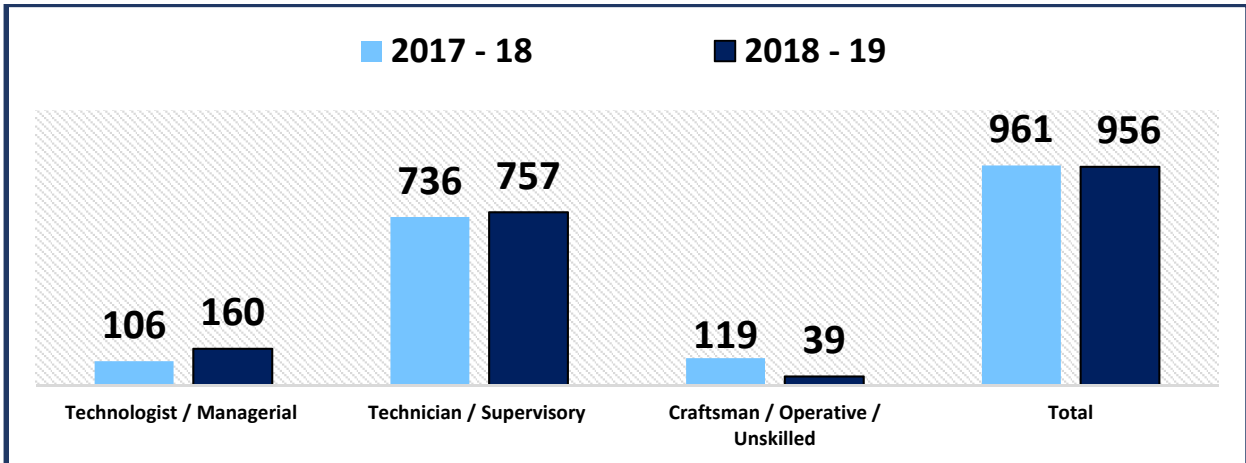
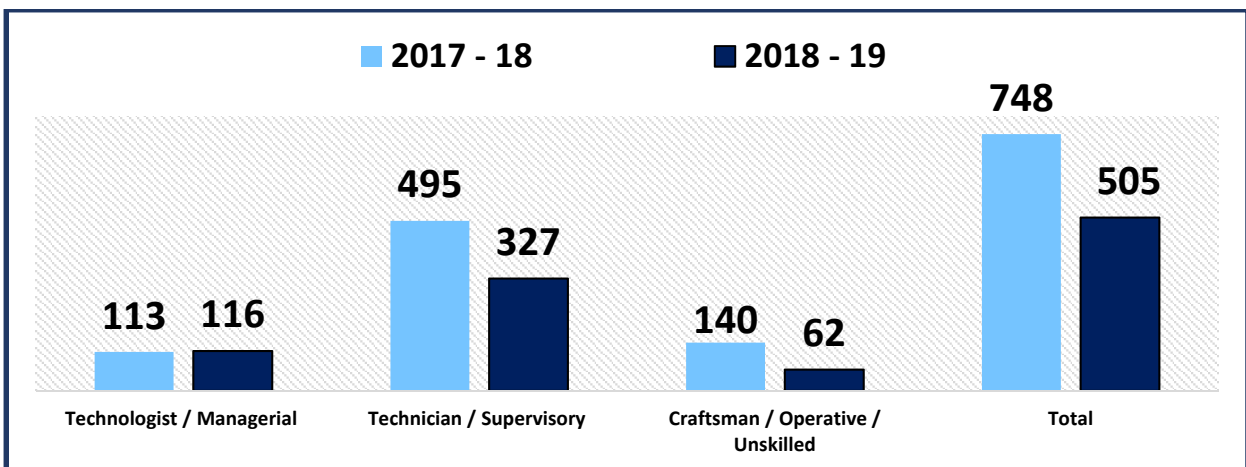


Chart 2 (b): Watch and clock Industry



Key recruiting positions in the two industries are summarised in the table below. The majority of recruiting positions relates to sales and marketing.

**Top five recruiting positions in the jewellery, watch and clock industries in 2018-19
(by sector)**

	Jewellery Industry	Watch and clock Industry
1.	Jewellery Marketing Officer	Marketing Officer
2.	Jewellery Marketing Manager	Merchandiser
3.	Jewellery Designer	Technical Marketing Manager
4.	Merchandiser	Coordinator
5.	Jewellery Designer (software)	N/A

Based on the afore-mentioned trends and development of the industries as well as the projected manpower changes, views and comments are sought from the focus groups to determine possible emerging skills required in the industries. After discussions, the focus groups identified the training needs in the ensuing paragraphs.

Training Needs

Trade Specifics Skills

Jewellery industry

- ◆ **Strengthen the knowledge and skills of the jewellery production process:** Jewellery design is one of the crucial developments of the industry. Apart from keeping abreast of the latest trends and elements in jewellery design around the world, jewellery designers should also foster close relationship and collaboration with the manufacturers (including those in the cities within the Greater Bay Area). This can help jewellery designers to design unique jewellery styles so as to meet the market and customers' needs. In light of this development, the industry suggests that jewellery designers should have better understandings of the manufacturing and production cycle of jewellery making.
- ◆ **Gemstones identification, testing and certification knowledge and skills:** As Hong Kong enjoys the advantages of a duty-free port, Hong Kong still remains an important hub for the trading of various gemstone products such as natural gemstones, jadeite and pearls jewellery as well as continuous updates of raw materials. Gemstones identification will become one of the key directions of the

development of the industry in the near future. In addition, for those industry practitioners who are well equipped with the knowledge of gemstones identification (including different products knowledge) as well as testing and certification, they can have more opportunities to further develop in other areas of work such as purchasing and training, etc. Therefore, practitioners are encouraged to strengthen the knowledge on gemstones identification as well as testing and certification.

- ◆ **Gemstones products knowledge:** In recent years, with the rapid development of advanced technology, the industry has adopted different methods such as heating treatments or advanced procedures to handle gemstones including ruby, sapphire and emerald. Customers can also search for different information of gemstones via internet though some of the information may not be accurate. This not only affects customers' confidence to purchase these jewellery items, some frontline practitioners even fail to answer enquiries from customers such as its origins and respective technologies to handle gemstone etc. To address the above issues, the industry encourages that practitioners should strengthen the respective products knowledge (especially for ruby,

sapphire and emerald). In the long run, it is also recommended that the respective sector should formulate a universal grading standard of these jewellery items so as to uplift the professional standards.

Watch and Clock industry

- ◆ **Watch repairing knowledge and skills:** As affected by the recent social incidents, the sales performance of high-ended jewellery and watch products have dropped significantly. However, there is still considerable demand for different aftersales services, in particular for acute manpower shortage in watch repair technicians. According to past experiences, technicians who engaged in the field of watch repairing have to invest a long time and accumulate sufficient experiences to repair the complicated mechanical watches. Therefore, the industry suggests that relevant training in this area should be provided to meet the industry needs.
- ◆ **Products and aftersales services knowledge and skills:** Similar to the retail sector in jewellery, in view of the increasing expectations from customers for various watch products, the industry recommends that frontline practitioners (e.g. sales representatives) should be well equipped with the knowledge of aftersales services (including proper aftersales and consultation services) in addition to respective product knowledge.

Generic Skills

- ◆ **Customer psychology and sales techniques:** In addition to trade specific knowledge and skills, frontline practitioners (e.g. sales representatives) also need to strengthen their understanding of customer psychology so that they are able to master customers' preferences of different products and help them to increase their shopping experiences and satisfactions. This can also encourage customers to repeat the purchases, and also help improve the sales techniques of frontline practitioners effectively and avoid using excessive selling tactics.
- ◆ **Communication skills:** Frontline practitioners (including sales representatives, jewellery or timepiece designers etc.) must possess good communication skills for providing good quality of services and professional advices to customers. In the long run, good communication skills can help establish good relationships with customers/clients. It can also enhance the collaborations and teamwork with colleagues and management in the workplace, also result in building a strong relationship.
- ◆ **Enhancing soft skills capability and positive working attitude:** Young employees should establish the correct working attitude in the workplace, initiate to learn and keep abreast of the latest developments of market trends and changes of the industries. All these would help them setting the targets in career

planning. Taking the wholesales of jewellery sector as an example, practitioners should also be more flexible and open-minded to accept the mobility in works for assisting enterprises in developing their businesses in different regions.

Recruitment Challenges

In recent years, the industries have encountered different challenges in the recruitment process or staff retention. For example, technologically savvy millennials emphasise great importance of 'work-life balance' and have their own work values and expectations. They are in favour of flexible work environment and arrangements, such as working holidays and freelance jobs. To address these issues, a pleasant and friendly workplace environment (including the arrangements of working holiday and other fringe benefits) might be considered by employers to retain younger generation of employees.

At present, the majority of the production works in jewellery and watch products have been relocated to the Mainland or other regions. Because of this, younger generation cannot fully master the entire operations of its production lines, and local enterprises are also unable to provide sufficient internships and training opportunities for employees to produce different jewellery and watch products. All these developments have restricted them from joining the industries. These also cause to the lagging behind of young employees at the traditional handicraft skills level without progressing to the level

of traditional masters. Therefore, it is believed that it may result in the loss or a gap in traditional craftsmanship and handicraft skills in the future. In this connection, it is suggested that the manufacturers should explore the feasibility to import skilled technicians from the Mainland to provide technical supports to younger generation so as to enhance their craftsmanship level as well as arouse their interests in jewellery and watch products.

RECOMMENDATIONS

Measures to Meet the Training Needs

To meet the future development of the Jewellery, Watch and Clock industries, it is considered essential for the Government, education institutions and employers to formulate effective strategies in training and upskilling of talents. Details are presented as below.

Government

- ◆ The Government should assist the industries in formulating appropriate policies on human resources and training of sufficient manpower to support the sustainable development of the jewellery, watch and clock industries.
 - ◆ For gemstones sector, the Government should support the sector to develop a universal grading standard across various kinds of gemstones (i.e. particular for ruby, sapphire and emerald, etc). In the long run, it is hoped that practitioners could easily master and strengthen its gemstones product knowledge and eventually uplift their professional level.
 - ◆ To attract younger generation joining the industries, educational institutions can consider organising different taster programmes and workshops and thereby help them to have better understand about the industries and to arouse their interests in jewellery and watch making.
 - ◆ With the rapid development of technology in jewellery manufacturing in recent years, technical exchange and sharing activities between local and Mainland educational institutions should be organised. It is hoped that local educational institutions can keep abreast of the latest technological development trends and design relevant training programmes that meet the market needs.
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Education Institutions

- ◆ Educational institutions should strengthen industry collaboration with a view to providing a clear articulation pathway and career prospects for the younger generation. For example, regular industry visits should be

Employers

- ◆ Good coaching skills can help build employee's competency and confidence. Employers are required to keep abreast of the latest forefront information of the industry. By providing proper guidance to young employees, it can effectively lead them for career development and have better engagements in works and thus, will become a partner in the enterprise. Besides, employers should also consider streamlining work procedures and providing a clear career prospect of industries, including information about career promotion pathway as well as personal development of employees, etc. All these help them to better understand the actual working environments for their career planning.
- ◆ To retain and nurture younger generation, the management should strengthen their communications with young employees. For example, employers should integrate into the world of the young employees by listening to their thoughts, value and needs. This can facilitate their understanding of the latest cultural trends that are popular among the youngsters. In the long run, mutual respect and effective communication are the keys to maintain a harmonious workplace. It can further motivate young employees for self-upgrading and continuous improvements.

- ◆ Employers should encourage and sponsor their employees to pursue further study relating to respective job areas for lifelong learning. Moreover, all-round training workshops could be organised for managerial employees, such as on effective communication with young people and managing their expectations while assigning jobs.

Employees

- ◆ Employees should enhance their competitiveness by taking initiatives to upgrade their knowledge and skills (including product knowledge, gems identification, testing and certification; as well as watch repairing, etc). To enhance their competitiveness, they should also improve their communication skills with employers and customers and establish a good working attitude. Besides, young employees should also take part in and try different job areas, including overseas or Mainland working opportunities, to help broaden their horizons.
- ◆ Employees are encouraged to make good use of subsidies provided by different schemes of Government, such as the Recognition of Prior Learning (RPL) Mechanism and Skills Upgrading Scheme Plus, for lifelong learning and career development.