



# The Culture of Toys – Kidsland

Where Sales Meets Customer Experience

– An Interview with **Dr William Lo**

Vice Chairman of the Kidsland Group

## 玩具文化 — 凱知樂

完美結合銷售與顧客體驗

— 專訪凱知樂集團副主席**盧永仁**博士

To William Lo, one of the most important attributes for a potential employee at Kidsland is the ability to kneel down. Dr Lo, Vice Chairman of The Kidsland Group, China's largest toy retailer, reminds us that many of his company's customers are on a different level.

"All our customer service staff, say, in our Lego Certified Store downstairs [in Times Square in Causeway Bay] are not called sales staff. They are all 'brick specialists', and they all build with the bricks."

Dr Lo says the hires do not even need sales experience. "We need them to be able to talk to the children," he says. "They need to be able to kneel down because that is at the eye level of children." He says such a requirement makes part of the Kidsland customer experience. "The customer experience is always very important, not just for Kidsland, but especially for the toys category."

While parents decide many of the purchases made at Kidsland stores – such as strollers and car seats – the children themselves can also wield much of the buying power. "When you want to buy your child a toy you take him or her to the toy shop, it's part of the family experience," he says. "For China, Hong Kong or other parts of Asia, taking children to the toy shop is an activity."

Kidsland's Lego stores are not like any other regular retail outlets. Painted in bright colours, the stores have areas for toddlers and small children with low tables and seating for weary parents. "What we have done with the Lego Certified Store or the Kidsland store is making sure that there are areas for the children to play around with the toys," said Dr Lo.

The company says it is important to gather data on how their customers relate to their products. "How is a child going to play around with the toys?" Kidsland staff, as well as the parents, in China look into this every Saturday, when the stores host activities such as Lego building competitions.

To help both children and staff, Lego stores are equipped with augmented-reality television units to tell the story of what's in the box. "So what Lego has done is when you take the box of toy in front of the T.V. set, the TV will show you the story in augmented reality," said Dr Lo. "This is customer experience."

Lee Ching-yiu, a Hong Kong businessman who has been a toy manufacturer in Dongguan, Guangdong province for decades, founded the Kidsland Group in 2001 by acquiring the China distribution rights for Lego from the East Asiatic Co., a Danish company distributing Danish products.

"That was a good chance to go into the distribution and retailing side, rather than just doing manufacturing, and that's how we started," said Dr Lo. "Gradually over the past 17 years we picked up more brands."

Dr Lo joined Kidsland in 2012, after working at I.T, the fashion retailer, where he oversaw its Hong Kong listing in 2005. "When I joined the company I decided that we should embark on a quicker pace of growth in terms of our retail network as well as getting more brands."

中國最大玩具零售商凱知樂集團副主席盧永仁博士認為，凱知樂在聘請員工時著眼的其中一個最重要特質是能夠蹲下來。盧博士提醒我們這是因為公司的顧客都是「與別不同」。

「譬如在（銅鑼灣時代廣場）樓下的樂高認證專門店，我們不會稱呼客戶服務人員為銷售員，因為他們全都是「積木專家」，善於拼砌積木。」

盧博士直言，員工甚至毋需具備銷售經驗。他表示：「我們需要能夠與孩子交談的員工，他們需要蹲下來，因為這樣才能與孩子們相對而視。」他說這個要求已成為凱知樂顧客體驗的一部分。「顧客體驗非常重要，這不僅是對凱知樂而言，對玩具行業尤其如此。」

在凱知樂商店，雖然很多時候都是父母下購買決定（如嬰兒車和汽車座椅），但孩子本身也可以影響到一定的購買力。他表示：「當你想給孩子買一件玩具時，你會帶孩子到玩具店，這是家庭體驗的一部分。在中國、香港或亞洲其他地區，帶孩子逛玩具店是個重要活動。」

凱知樂的樂高認證專門店並非一般的零售店。店內色彩鮮豔，在幼兒和小童專區擺放了矮桌，並為疲倦的父母設置座椅。盧博士表示：「我們在樂高認證專門店或凱知樂商店的佈置，就是要讓孩子有玩玩具的地方。」





He pursued that goal by replicating the I.T business model. "I.T is multi-brand fashion retailing and basically what we are now doing is multi-brand toy retailing. It is a good way to enter the market and get market share," he says.

One of his major projects was the Hong Kong listing of Kidsland in 2017. "I've gone through three or four IPOs, but for the rest of the organization it was not a simple task," he says. "We have the great majority of our business in China where the whole business culture is very different."

As experienced Hong Kong management professionals, Mr. Lee and Dr Lo guided the rest of the management team in understanding the initial public offering requirements. "We advised them in terms of accounting standards, listing rules, and the fiduciary duties of directors."

Dr Lo says the exercise was an eye-opener for many of the Mainland staff. "I discussed the listing with our China general manager and she thought it was a great learning experience," he says. "She said the mere fact that we were listed in Hong Kong, which had one of the tightest compliance and corporate governance requirements in the world, was helping her create a healthier development of the company in the future."

Today, the group has 242 Kidsland and Babyland retail stores and presence through store-in-store in 535 department stores as well as 962 distributors operating more than 2,900 retail shops in 129 cities across 31 provinces, autonomous regions and municipalities in China.

The group is now focusing on growing online sales, which accounted for 7.9 per cent of its sales in 2017. To access this rapidly growing market, the group sells its products on various online platforms such as JD.com, Amazon, VIP.com, Dang Dang and Suning.

In March, Kidsland signed a strategic alliance partnership with Tmall, the business-to-consumer e-commerce platform operated by the Alibaba group. "Alibaba Group is the most proactive in terms of pushing what they call 'the new retail'," said Dr Lo.

該公司指出，就顧客與產品的關係收集數據非常重要。「孩子會怎麼玩這些玩具？」在中國，凱知樂的專門店每逢週六都會舉辦例如樂高積木拼砌比賽等活動，員工及家長們都會對此問題甚為關注。

為方便小朋友選購積木和員工介紹產品，樂高專門店配備了擴增實境電視，用來介紹盒中的產品。盧博士說：「樂高做的就是當你拿一盒積木玩具來到電視機前，電視便會透過擴增實境技術，展示盒中產品的相關故事。這就是顧客體驗了。」

過去數十年，香港商人李澄曜一直在廣東省東莞市從事玩具生產，他於2001年從一家分銷丹麥產品的丹麥公司 East Asiatic Co. 手上收購樂高的中國分銷權，並成立了凱知樂集團。

盧博士說：「可以從只做生產製造進軍至分銷和零售領域是個大好機會，這就是我們的開始。在過去的17年，我們陸續吸納了更多品牌。」

盧博士於2012年加入凱知樂，此前在時裝零售商I.T工作，負責該公司2005年在香港上市的工作。他說：「當我加入凱知樂時，我認為公司應加快擴展零售網絡，同時吸納更多品牌。」

他透過複製I.T的經營模式來實現這一目標。他坦言：「I.T是一家集多個品牌於一身的時裝零售商，而我們現在做的正正是集多個品牌於一身的玩具零售商。這是進軍市場並爭取市場佔有率的好方法。」

他負責的其中一個主要項目是凱知樂於2017年在香港上市。他說：「我已做過三、四次IPO，但對公司其他同事來說，這項工作殊不簡單。我們大部分業務都在國內，而當地的整個營商文化與香港截然不同。」

作為經驗豐富的香港管理專業人士，李先生與盧博士指導管理團隊的其他成員了解首次公開招股的要求，並表示「我們在會計準則、上市規則和董事誠信責任方面給予他們建議。」

盧博士表示，這過程讓許多內地員工大開眼界。「我與公司的中國區總經理討論上市問題，她認為這是一次很好的學習經歷。她表示，香港是全球對合規和企業管治要求最嚴格的市場之一，公司在香港上市，將有助她日後帶領公司邁向更健康的發展。」他說。

時至今日，集團開設了242家凱知樂和Babyland零售店，並在535家百貨公司設有分店，另有962家分銷商遍佈中國31個省份、自治區及直轄市的129個城市，合共經營逾2,900家零售店。

集團現時重點發展網購業務，有關業務佔2017年集團銷售額的7.9%。為了進軍這個快速增長的市場，集團在京東、亞馬遜、唯品會、當當和蘇寧等多個網上平台銷售產品。

For Kidsland, the new retail means figuring out how to integrate online-to-offline (O2O) and how to leverage the huge database. "That is," said Dr Lo, "in terms of looking at customer buying habits, asking the questions about what should be sold online, what should be sold offline, what could be done with more customer experience, what doesn't need customer experience, how you can sell more."

Kidsland draws on its 1.5 million members to create a detailed database. "We use WeChat to communicate with our members, the Kidsland customers," he says. "We have their profile and their buying habits and we push different messages to them every day – it's a content-led selling strategy."

But Dr Lo says physical network expansion remains an important part of the groups' growth strategy. "Our strategy is to operate our own shops, mainly in Tier 1 and Tier 2 cities. But in the Tier 3 and Tier 4 cities – China is so big we can't be everywhere – we leverage our 962 distributors," he says.

The group has 115 outlets in Beijing alone, as well as 122 outlets in Shanghai. "Beijing has physically doubled in size over the past 10 years, that is why we think there are always growth potentials," he says.

Dr Lo says he has learnt the lessons of the collapse of Toys R Us, the iconic American retailer, which in March announced plans to liquidate its U.S. operations. "Toys R Us teaches us a lesson," he says. "I think over the past 10 to 15 years when we talk about the digital economy, obviously it is a big disruption to physical brick-and-mortar stores." However, he adds, Toys R Us has its unique mistakes. "They are competing fiercely with supermarkets such as Wal-Mart or Target, and online stores like Amazon so they are squeezed from the top and the side."

Toys R Us was also crushed by its massive financial problems. "I think the key factor is the huge burden of debt because of the leveraged buyout some years ago," he says. "They have over US\$5 billion in debt, and that they have to serve over US\$400 million of interests every year."

More relevantly to Kidsland, Asia was in fact Toys R Us's best-performing geographical region. "Retailing in Asia is fairly different from retailing in the US," he says. "In the U.S., with the upsurge in online retailing over the past 10 to 15 years, you can see shopping malls closing, or actually being demolished."

Dr Lo contrasts that trend with Singapore, Thailand or Malaysia, "where you see more shopping malls going up. The buying habits are very different. Asians like to go to shopping malls. In Hong Kong we know why because the flats or the houses we are staying in are too small!" That philosophy, he says, augurs well for Kidsland's brick-and-mortar strategy.

The Asian appreciation of physical retail outlets also explains Dr Lo's enthusiasm for Kidsland's involvement in the revival of the most iconic brick-and-mortar toy store: FAO Schwarz.

3月，凱知樂與阿里巴巴集團旗下的企業對消費者電子商貿平台天貓簽署策略聯盟合作夥伴協議。盧博士表示：「阿里巴巴集團十分積極推動它們稱之為『新零售』的業務。」。

對凱知樂來說，新零售業務意味要確定如何整合線上至線下（O2O）以及如何善用龐大的數據庫。盧博士表示：「也就是說，在了解顧客購買習慣方面，要思考有關線上應該賣什麼、線下應該賣什麼、哪些方面的顧客體驗需要加強、哪些不需要、如何提升銷量等問題。」

凱知樂利用其 150 萬名會員的資料建立一個詳細的數據庫。他表示：「我們利用微信與會員，即凱知樂的顧客群溝通。我們有他們的個人資料及購買習慣，我們每天都向他們推送不同的訊息，這是一種以內容為導向的銷售策略。」

不過盧博士表示，拓展實體網絡仍然是集團發展策略的重要部分。他直言：「我們的策略是在一、二線城市以自營門店為主，但中國幅員遼闊，我們無法在每個地方都開設分店，所以在三、四線城市便得依靠我們的 962 家分銷商。」

集團單在北京就開設了 115 家分店，在上海有 122 家。他說：「過去 10 年，北京人口增加了一倍，因此我們認為這裡一直具有增長潛力。」。

盧博士表示他從玩具反斗城的倒閉中汲取了不少教訓。玩具反斗城是美國的著名零售商，今年 3 月宣佈計劃將其美國業務清盤。他說：「玩具反斗城給我們上了寶貴的一課。我認為，在過去 10 到 15 年，數碼經濟對實體店顯然造成了巨大衝擊。」然而，他也指出玩具反斗城亦有本身的失誤之處。「他們與沃爾瑪、Target 等超市及亞馬遜等網上商店展開激烈競爭，變得腹背受敵。」

玩具反斗城也受挫於其龐大的財務問題。他說：「我認為關鍵問題在於其數年前的槓桿式收購導致債台高築。他們負債超過 50 億美元，每年要償還的利息超過 4 億美元。」

與凱知樂業務更為貼切的是，亞洲其實是玩具反斗城業績表現最好的地區。他指出：「亞洲的零售業與美國的零售業大相逕庭。在美國，隨著網購在過去 10 到 15 年發展蓬勃，商場倒閉、甚至被清拆的情況比比皆是。」

盧博士就上述趨勢與新加坡、泰國和馬來西亞作比較，他說：「這些國家不斷有新商場落成，購物習慣亦不盡相同。亞洲人喜歡逛商場。以香港為例，我們相信這是因為大家的居住環境太小所致！」這個理念對凱知樂的實體店策略來說是個好兆頭。

亞洲人對實體零售店的青睞，亦解釋了盧博士為何熱衷於促成凱知樂參與重振最具代表性的實體玩具店：FAO Schwarz。

The U.S. toy retailer had been a New York institution since 1862, but was best known for its flagship stores on Manhattan's Fifth Avenue between 1931 and 2015, when it was the last store in the chain to shutter.

The company had begun to sputter in the 1970s, but disintegrated rapidly under Toys R Us's ownership from 2009. ThreeSixty Group, a sourcing company with interests in Hong Kong and China, purchased the FAO Schwarz brand in 2016.

In November 2018, ThreeSixty Group and its private equity partners will open a new 20,000-square-foot FAO Schwarz flagship store in the Rockefeller Center. "But this time," said Dr Lo, "they decided to expand internationally."

The first city outside the U.S. to have an FAO Schwarz will be Beijing. "We have signed a five-year exclusive operating licensing agreement with FAO Schwarz to open a flagship store, and some smaller shops and popups."

FAO Schwarz is not the only U.S. link with Kidsland. "We have signed a three-year sole distribution deal with MGA Entertainment. MGA, a 40-year-old toymaker famous for the Bratz line of dolls, has emerged over the last 10 to 15 years as one of the top toys groups in the world," said Dr Lo. "They have brands like Little Tikes as well as L.O.L. Surprise!, which were the top-selling products in Toys R Us around the world over the past two years."

Dr Lo and his colleagues keep a close eye in global toy trends. "Obviously there is a great trend for toys towards gaming and electronics and it has been that way for a while," he acknowledges. But physical toys still hold their won, he insists.

"Construction toys, such as Lego, are still a key part, because it's activity-based and parents like activity-based toys," he says. "The other major trend is toys with an educational aspect, especially if it is related to STEM – science, technology, engineering and mathematics – education."



這家美國玩具零售商自 1862 年以來便扎根紐約，1931 年至 2015 年間其位於曼哈頓第五大道的旗艦店最為人熟識，2015 年它成為該連鎖品牌最後關閉的一家門店。

該公司於 1970 年代聲名鵲起，但自 2009 年加入玩具反斗城旗下後便急轉直下。在香港和中國均有業務的採購公司 ThreeSixty Group 於 2016 年收購 FAO Schwarz 品牌。

2018 年 11 月，ThreeSixty Group 及其私募股權合作夥伴將在洛克菲勒中心開設一間面積達 20,000 平方呎的 FAO Schwarz 旗艦店。「但這一次，」盧博士說：「他們決定邁向國際。」

FAO Schwarz 走出美國、落戶國外的第一個城市將是北京。「我們已經與 FAO Schwarz 簽署了一項為期五年的獨家經營特許協議，擬開設一家旗艦店以及若干較小型的門店和期間限定店。」

FAO Schwarz 並非凱知樂合作的唯一美國品牌。盧博士說：「我們已經與 MGA Entertainment 簽署了一項為期三年的獨家分銷協議。MGA 是一家有 40 年歷史的玩具製造商，以生產 Bratz 系列玩偶而聞名，在過去 10 至 15 年間已成為全球首屈一指的玩具集團之一。他們旗下有 Little Tikes、L.O.L. Surprise! 等品牌，這些都是玩具反斗城過去兩年在全球最暢銷的產品。」

盧博士和同事密切關注全球的玩具趨勢。他坦言：「現時玩具的大趨勢確實是側重電子遊戲和電子產品，這情況亦已維持了一段時間。」但他深信實體玩具仍有一席之地。

他指出：「樂高等拼砌玩具仍然是主力，因為它需要動手，家長們喜歡動手的玩具。另一主流是益智玩具，特別是與 STEM 教育相關的玩具 — 即科學、技術、工程和數學。」

盧博士指出，樂高機械人是 8 至 12 歲兒童組別最暢銷的產品。「基本上，買一套樂高玩具組合，你便可以拼砌一個機械人，也可以拼砌出一支吉他，還可以利用 iPad 上的應用程式進行編碼，讓吉他可自己彈奏起來。」

編碼也能讓機械人展現不同的操作模式。他說：「這就將 STEM 教學元素融入機械和構建之中。我認為這種遊戲玩法，甚至是人工智能將會越來越普及。我們指的是將人工智能融入益智玩具當中，甚至是利用雲端計算。」

盧博士指出，拼砌玩具的最大賣點在於能夠吸引不同年齡的兒童，而且玩具的價值對父母來說亦具有吸引力。他表示：「拼砌玩具有助改善年幼小孩的運動技能。而隨著孩子逐漸長大，拼砌玩具有助訓練孩子的其他能力，例如分析力和創意，因此我認為益智和拼砌玩具的前景一片光明。」

Dr Lo says the top-selling product for children aged from 8 to 12 is a Lego robot. "Basically, if you buy that Lego set, you can build a robot, but you can also build a guitar instead of a robot, and by using apps on the iPad you can do coding with it. So you can make the guitar play by itself."

The coding also makes the robot work differently. "So that is putting STEM education elements into robotics and construction," he says. "I think you will see more and more of this, and even artificial intelligence. We talk about leveraging AI for educational toys, even leveraging cloud computing."

The great asset of construction toys, said Dr Lo, is their appeal to all ages, and the appeal of their value to parents. "When children are young, construction toys help improve their locomotive skills," he says. "As they're older, it's actually training them in other areas, such as analytics and creativity, so I believe educational and construction toys have a great future."

For Kidsland, said Dr Lo, the Mainland consumers will ensure the company's continued success. "We are optimistic that with the relaxation of the one-child policy, the expansion of middle-class segment, the continuous growth in disposable income per capita, the demand for high quality branded products will basically keep growing."

He added that as Chinese customers are becoming more discerning, they are also becoming a global consumer. "It is not just in toys but in retail as a whole that they are looking for quality."

As education and income levels grow, Dr Lo believes that Kidsland products hit a special chord with Chinese consumers. "With toys and infant products, quality and safety are of utmost importance. In other categories, even if you buy fake products it might not hurt you but you won't risk that with the toys that your children are putting in their mouths." **M**



盧博士指出，對於凱知樂而言，內地消費者將有助公司續締佳績。「我們樂觀地認為，隨著放寬一孩政策，中產階級不斷擴大，以及人均可支配收入持續增長，對優質品牌產品的需求基本上將保持增長。」

他補充說，隨著中國消費者的要求越來越高，他們也正成為全球消費者。「這不單是指在玩具方面，在整個零售業他們亦不斷搜羅優質產品。」

隨著教育和收入水平的提高，盧博士認為凱知樂產品看準了中國消費者的需要。「玩具和嬰幼兒產品的質素和安全至關重要。在其他方面，即使不幸買了假貨，亦可能不會對你造成傷害，但對於孩子會放入口中的玩具，你卻絕不會掉以輕心。」 **M**

## Calling All Members

讓我們對你有更深認識

Since 2009, Hong Kong-listed companies from a wide range of industries have taken the opportunity to gain exposure by being profiled in Momentum's "Member in the Spotlight" column. As a member of the Chamber of Hong Kong Listed Companies, you have the privilege of being featured in this column, too.

If you are interested in having your company profiled in Momentum, please contact the CHKLC Secretariat: Amy Leung, Tel: (852) 2970 0886; Email: amyleung@chkclc.org

自2009年以來，在各個不同領域經營的香港上市公司，有不少已透過 Momentum 的《會員聚焦》專欄，向大家展示其企業的面貌。作為香港上市公司商會的一員，你也可享有接受本欄專訪的機會。

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