

Research Assessment Exercise 2020
Impact Case Study

University: City University of Hong Kong |
Unit of Assessment (UoA): 22-Business |

Title of case study: The CityU-Hong Kong Consumer Confidence Index (HKCCI) |

(1) Summary of the impact

The CityU-Hong Kong Consumer Confidence Index (HKCCI) is part of the Chinese Consumer Confidence Index (CCCI) project, which was launched jointly by five universities PRC, Taiwan, Hong Kong and Macao in 2009. It measures quarterly the consumers' confidence towards various economic and investment environments in the four places through large-scale surveys. The project is on-going and the results are widely covered by a wide range of mass media in the four places. The Hong Kong Consumer Satisfaction Index (HKCCI) is an indicator measuring consumers' confidence which reflects and infers consumers' consumption in Hong Kong. The indicator has been published quarterly since 2008. It also belongs to a component of the Chinese Consumer Confidence Index (CCCI) project, which includes the Consumer Confidence Index in Mainland China, Hong Kong, Taiwan and Macao. |

(2) Underpinning research

The Chinese Consumer Confidence Indexes (CCCI) covering four regions, Mainland China, Hong Kong, Macao and Taiwan, are based on the mechanism of US Conference Board CCI. In the United States, the US consumer confidence index (CCI) is an economic indicator published monthly by The Conference Board since 1967 to measure consumers' level of optimism on the state of the US economy that consumers. A similar consumer confidence index has existed for a long time in Mainland China and Taiwan; however, their indexes have their own survey measurements, making lateral comparisons difficult. The Global Financial Crisis in 2008 attacked the economy in most Asian countries including Hong Kong and Macao. Since then, five universities in the four economies began working together to build the CCCI, to be published quarterly, at the beginning of each January, April, July and October. The five universities are the Capital University of Economics and Business and the Central University of Finance and Economics in mainland China, City University of Hong Kong in Hong Kong, the Macao University of Science and Technology in Macao, and the Fu Jen Catholic University in Taiwan. The Taipei Medical University has later replaced the Fu Jen Catholic University to measure the Taiwan CCI data.

In every quarter, the universities in the four regions conduct a telephone survey using the same questionnaire. A computer-assisted telephone interviewing (CATI) system is used to help local interviewers collect sample data in March, June, September, and December every year. The sample sizes for Mainland China, Hong Kong, Macau and Taiwan are around 3,000, 1,000, 1,000 and 2,300, respectively. Besides demographic information, the questionnaire gauges consumer confidence on six categories: Economy, Employment, Price Level, Living Standard, Real Estate Market and Timing of Stock Investment. The measurement is on a scale from 1 to 5, with 1 being very positive (PP); 2 positive (P); 3 neutral (E); 4 negative (M); and 5 very negative (MM).

In particular, two questions were asked for each category that reflect consumer views on the current and the future (next 3 months') conditions. For example, "What do you think about the current overall economy of Hong Kong?", and "What is your expectation towards the overall economy in Hong Kong over the next 3 months?" Besides an overall CCI index, a present CCI and a future CCI index are also computed to reflect consumer confidence on the present situation and future expectation respectively. When calculating the overall CCI index, a weight of 0.4 is given to an answer related to the present situation, and a weight of 0.6 is allocated to an answer related to a situation of the coming three months. Sub-indexes for the six categories are also calculated. The index uses a scale of 0 (representing no confidence) to 200 (complete confidence) to represent ascending levels of consumer confidence. Scores below 100 suggest people are lacking adequate confidence while scores above 100 reflect good confidence. Score equal to 100 represents the respondents' confidence index is neutral. |

(3) References to the research

|The data generated from consumer confidence measurement have provided an opportunity to undertake academic research in various areas in different countries and regions. Since CCI is often consider a leading indicator for the local economy, many studies involved how CCI can predict the future performance of an economy, such as well-known macroeconomic indicators like GDP, unemployment rate, etc. To date, this project has spawned one publication by CityU faculty member and student in an international peer reviewed journal.

Tso G K F and Li Jin#*, "Comparing and Forecasting Economic Developments in the Greater China through Building Chinese Consumer Confidence Indexes", *Advances in Economics and Business*, Vol 2, 2(7), pp.268-280, Sept., 2014, doi: 10.13189/aeb.2014.020703.

* = CityU Faculty member

= CityU former PhD student |

(4) Details of the impact

Comparison on consumer confidence among four places across straits

The HKCCI is an important barometer for the Hong Kong economy that can track changes in Hong Kong consumers' confidence. It serves as a yardstick for performance in different markets, and show patterns of strong or weak confidence across consumers with different demographic backgrounds such as gender, age, education and income levels. Our research has benefitted stakeholders including the government, business investors, economists and those who formulate economic policies. It can also influenced the decisions made by investors on whether to open their business in a market.

Whenever we release the HKCCI and CCCI in each quarter, the results are widely covered by all kinds of mass media in Hong Kong and the other three regions. This includes some Ministry of Commerce of the People's Republic of China, PRC government website, (www.gov.cn), newspapers, radio and TV, in the four regions. It also include some well-known financial websites (e.g. aastocks, Trading Economics, aimHigher, etc). Different stakeholders often express their opinions and suggestions on their local economic situation in the media by referring to the newly release CCIs. In all of the four regions, radio and TV programs have invited CCI researchers to appear on their programs to talk about the outlook for consumer confidence and its likely impact on the economy.

Currently, three companies are interested in including the HKCCI results in their financial databases, and have therefore negotiated terms and conditions with the CityU. CityU has set up a committee to look into its policy on research data re-distribution.

HKCCI also works as a component of the Chinese Consumer Confidence Index (CCCI). This provides a platform to compare the trends of consumer confidence for people living in Mainland China, Hong Kong, Taiwan and Macao. Due to the special political, cultural and economic relationships existing amongst these four economies, CCCI can facilitate vertical and lateral comparisons.

Laid foundation for the development of other indices and research study on index method

This project facilitates the cooperation among universities in the four regions who are interested in developing CCI and other economic indices. Four academic conferences were hosted by our partner universities on the theme of index development and methods so far. These conferences were held in November 2008 and January 2015 in Beijing, April 2019 in Macao, and July 2019 in Xiemen. Representatives from other universities who are interested in developing indexes with different academic background have attended these special conferences. Additionally, local symposiums and forums were held in the four regions that involved stakeholders of CCI with different backgrounds.

Our partner universities have also developed further indexes such as “Taiwan Wellbeing Index”, “Taiwan Consumer Consumption Power Index”, “Haixi Region Finance, Tourism and Health Consumer Confidence Index”, “Xiamen City Housing Leasing Resource Endowment Index”. Some of these indexes are constructed using online big data. In short, our partner researchers in the CCCI project are actively exploring different approaches to collecting data for index development, and to explore different indexes that may create impact in the business society. |

(5) Sources to corroborate the impact

- 1) <https://newscentre.cityu.edu.hk/media/pr/2019/01/09/consumer-confidence-index-cross-strait-region-hong-kong-and-macao-mainland-remains-unchanged-hong-kong-and-taiwan-fall-slightly> (CityU NewsCenter)
- 2) http://www.hmo.gov.cn/xwzx/xwfb/xwfb_child/201907/t20190729_21060.html (News report by the Hong Kong and Macao Affairs Office of the State Council mentioned about CityU-HKCCI)
- 3) <http://www.mofcom.gov.cn/article/resume/n/201907/20190702880123.shtml> (report by the Ministry of Commerce of The People’s Republic of China)
- 4) http://www.gov.cn/xinwen/2018-01/08/content_5254405.htm (report by www.gov.cn)
- 5) <https://www.scmp.com/news/hong-kong/economy/article/2127334/hong-kong-consumer-confidence-lags-behind-mainland-taiwan-and> (local media report by SCMP)
- 6) <http://www.thestandard.com.hk/section-news.php?id=209416> (local media report by HK Standard)
- 7) <http://www.aastocks.com/en/forex/news/comment.aspx?source=AAFN&id=NOW.951031&cur=> (Financial website www.aastocks.com report)
- 8) https://orientaldaily.on.cc/cnt/news/20190409/00176_022.html (local media report by Oriental Daily)
- 9) <https://money.udn.com/money/story/5603/3918298> (local media report by Economic daily)

10) <http://paper.wenweipo.com/2019/01/10/YO1901100008.htm> (local media report by wenweipo) |