CEO Business Review

Publishing & Printing

CEO Business Review 54

PUBLISHING & PRINTING

Publishing 55
Print 56
Retail and Distribution 56
The impact from COVID-19 pandemic and the associated lockdowns have placed an unprecedented burden on the global economy. Much like many other businesses globally, our Publishing and Printing (“P&P”) business has also not been spared from this wave of disruption. This year, while some of our businesses have held up well and compensated for challenges in other businesses that have been harder hit, P&P revenue dropped 17.1%, to $230.0m from $277.4m. Despite cash flow management and rapid cost reduction, P&P recorded a loss of $10.5m, down from a loss of $1.4m last year which has been normalised for a one-off gain of $10.7m from the sale of non-core asset.
COVID-19
At the onset of COVID-19, P&P took broad and decisive actions in adopting numerous protocols to prioritise the health and safety of our stakeholders, and preserve cash including containing discretionary spending, disciplined allocation of capital expenditure and vigilant oversight of receivables. As restrictions and lockdowns were enforced across our markets, we promptly activated business continuity plans. We temporarily shut down our offices and retail stores, arranged for non-essential staff to work from home to ensure the business could carry on its activities during lockdowns. Staff in essential departments implemented the strictest measures so as to continue to work in the office, in rotations, applying the authorities’ recommendations. We turned to video-conferencing technologies for meetings to minimise the risk of infection across teams and premises. We continue to maintain heightened hygiene and security measures across the Group.

This year, P&P faced challenging market conditions, ranging from COVID-19 related instituted lockdowns and movement restrictions to school and border closures. The financial impact on each of our businesses as a consequence of these unprecedented measures in our markets has been significant, albeit at varying degrees. While our Education Publishing and Printing businesses have held up well, our Distribution and Retail businesses have been hard hit. As we entered the final quarter of FY2020, regional economies started to ease COVID-19 restrictions, and we began to see signs of recovery in some parts of our businesses.

Despite disruptions caused by the pandemic, the fundamental strengths of P&P remain unchanged. We have clear strategies in place, diverse geographical footprint and incredibly deep talent pool. We have also laid the groundwork to accelerate e-commerce and digital growth. In the next 12 months, we will continue to focus on expanding our education solutions by leveraging our digital solutions and expanding into growth countries.

Publishing
Our Publishing business is represented by Marshall Cavendish ("MC"), a global media group with interests that range from education, general interest and business information.

Publishing: Education
Mass closures of schools and universities, social and geopolitical instability have impacted our domestic and international educational publishing sales. As the educational community made concerted efforts to move to online learning, Marshall Cavendish Education ("MCE") responded quickly with the launch of its digital platform – MC EduHub. MC EduHub is a multi-functional content repository that hosts teaching and learning content developed by MCE and many other educational content providers. Along with our sound pedagogical content aligned to the official syllabuses of multiple countries, MC EduHub has become the perfect platform for teachers and students to access content that span subject strands such as English, Maths and Science. We are encouraged by the strong enrolment rate of over 100,000 subscribers during the three-month free trial.

Content creation remains a key driver of our education business. Over the next three years, we will continue our focus on building digital resources that combine in-house expertise with third-party content. We will continue to intensify our efforts to broaden our strategic partnerships with EduTech firms and accelerate the digitisation of content to meet increasing market demand.
In Hong Kong, with the cancellation of many book fairs and events such as Hong Kong Book Fair 2020, STEM competition and teacher workshops, our team moved them online using various social media platforms. To promote the rollout of the Junior Secondary Mathematics textbook series, for instance, the team held a series of MATHFIX workshops on YouTube. In February 2020, we also launched the first MCEHK flagship online store in HKTV Mall, providing parents and students an alternative channel to purchase our products.

Print Lab, an integrated marketing and print solutions provider which we acquired in 2019, has continued to demonstrate resilience through the pandemic. In addition to providing the normal suite of products and services for its long-term clients in the fast-moving-consumer-group industry, transportation and telecommunications industries, Print Lab also quickly designed and sourced for masks, face shields and acrylic divider shields to support its clients in the hotel, F&B and luxury retail industries. Despite lower sales, Print Lab remained profitable and compensated for challenges in other parts of the Print business.

Going forward, we will strengthen our strategy to diversify revenue sources from printing of traditional books and magazines to sustainable packaging printing and distribution for food and beverage industry and high-end luxury brands, as well as offering of digital solution, print management, logistics and fulfilment solutions. We will also actively grow the SMART PARTNERSHIP initiative, which has proven to be highly effective in optimising our printing capacity. While driving topline growth, we will also continue with cost management initiatives and productivity improvements.

Retail and Distribution

Retail and Distribution were among the business units most impacted by the COVID-19 pandemic. Like most of the other retail businesses, sales from our physical stores declined when the Movement Control Order (“MCO”) in Malaysia and Circuit Breaker (“CB”) measures in Singapore kicked in. The temporary closures of our stores in Singapore and Malaysia hurt sales. While the lifting of MCO and CB saw gradual normalisation of retail operations, shopper traffic has remained volatile.

This health crisis has accelerated our strategy of developing a more customer-focused omni-channel retail offering. As consumer shopping behaviour changes, we have been able to adapt and focus on creating multiple digital and physical consumer touchpoints so that customers can access our products easily. Although we have seen a drop-off in the brick-and-mortar shopping, online sales from our e-commerce store, GoGuru was up more than three-fold. Apart from growing GoGuru, we have also increased our digital presence by participating in third-party marketplaces such as Lazada, Qoo10 and Shopee.

Our efforts to diversify earnings have also yielded positive outcomes. We believe that the combination of a differentiated product offering, presented in a well fitted store, are major drivers of footfall to our stores. As the leading retailer of English language books and complementary products, P&P was able to seek out complementary third-party brands and give consumers additional options in ranging and price. P&P is now the distributors of Hallmark cards and gifts, as well as Crayola and Smiggle’s products in Singapore, Malaysia and Hong Kong.

At the same time, we are excited to integrate the newly launched Office and Schools Solution, a procurement solution that offers a comprehensive range of office supplies and services, into our Distribution unit. We aim to maximise the potential of our well-established distribution network and infrastructure with minimal investment through diversification of product offerings.
Accelerated adoption of online learning
**MC EduHub, MCE HK**

Adopted omni-channel retail offering by making available a range of digital consumer touchpoints **GOGURU, LAZADA, QOO10, SHOPEE**

P&P is the distributor of Hallmark cards and gifts, Crayola and Smiggle's products in Singapore, Malaysia and Hong Kong

Launched digital initiatives on social media platforms in support of our customers and event brands **MATHFIX Workshops**

An initiative that rides on partnerships with overseas printers to export spare printing capacity **SMART PARTNERSHIP**