

Digital business accelerated

SUMMARY

Before the arrival of COVID-19, Chubb collaborated with Accenture to survey executives from around the world, and uncovered the key trends affecting small and mid-sized businesses. The research surveyed 1,350 executives from businesses across 14 sectors in nine markets (Australia, Brazil, Canada, Colombia, France, Japan, Mexico, the United Kingdom, and the United States). And the results provided comprehensive insight into which areas businesses have been focusing on over recent years, and why.

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HONG KONG SAR SPECIFIC INSIGHTS

A global pandemic has forced many businesses to accelerate their dependence on digital and pivot their operations. Digital has changed from being a driver to achieve growth or efficiency to being a lifeline to all types of businesses, from manufacturing to telecommunications, need to survive.

With the onset of the COVID-19 pandemic, the risks and challenges for small and medium businesses (SMEs) in Hong Kong are significant. More and more firms will go digital-first in their communications with customers and managing their data, given the social distancing, travelling and other restrictions. Additionally, businesses are dealing internally with managing their remote workforce and coordinating with overseas business partners to ensure business continuity during this pandemic. The new landscape brings about uncharted risks to local SMEs striving to thrive during this pandemic.

We will investigate how the four global themes identified from the survey might impact Hong Kong SMEs, particularly to help businesses better understand and build awareness of these risks effectively. As local companies look towards the future, these insights can help pave the way to take advantage of these challenges for resilience and growth and to ensure that businesses in Hong Kong have tailored protection that fits with the city that we live in.

FOUR KEY THEMES FROM THE GLOBAL SURVEY

01

Navigating digital-first communications

Building digital experiences to reach customers at the right time and place, and enabling seamless delivery of products and services, tailored to customers' wants and needs.

02

Harnessing the power of data

Adopting cloud and other advanced technology, such as AI, to refine customer products and services and optimise business operations.

03

Supporting a transformed workforce

Addressing the accelerated shift to an increasingly digital workplace with flexible work solutions, career and skill development opportunities, and innovative benefits.

04

Playing in the global market

Building opportunities across both literal and figurative borders by forming partnerships with other companies to build new products or services and commercial and social platforms to expand reach and capability.

Theme 1: Digital-first communications

Navigating digital-first communications

COVID-19 has accelerated the speed at which local businesses adapt to digital infrastructure in this new normal. An increasing number of enterprises look towards new technology as a way to recruit and retain their customers. More than half of the respondents (55%) in AmCham Hong Kong's 2021 Business Outlook Survey plan to increase their digital transformation expenditure in 2021, while around 42% look to spend the same as previous years.¹ Investment in artificial intelligence (AI) has also been on the rise, with 62% of the local businesses surveyed expecting to include AI in their digital transformation plans.² Hong Kong SMEs see digital transformation as critical to business success (82%) and a fundamental part of the business (70%), a year-on-year increase of 20%.³

Traditional institutions must proactively seek out areas of opportunities to better align with customers' digital behaviours while evolving their legacy infrastructure to accommodate. Increasingly, customers in Hong Kong expect on-demand, digital-first experiences, with many considering

digital security (67%), seamless interactions (41%) and personalised experiences (32%) as essential drivers of a positive digital experience.⁴

Building trust and a sound digital relationship with clients is essential, with the increased use of sophisticated tools like online cookies, audio listening, real-time chat and other forms of data collection to improve the customer journey and experience. Alternatively, a poor customer experience – or any breach of customer trust – can hurt the connection, especially when businesses are at risk when customer information is compromised.

Savvy customers are aware of the potential risks associated with revealing their information. Businesses must, therefore, communicate their responsibilities, have risk management protection and response plans, and adhere to local applicable laws to reinforce their commitment to privacy.



82%

of SMEs in Hong Kong see digital transformation as critical to business success³

55%

of Hong Kong businesses look to increase their digital transformation expenditure in 2021¹

¹ The American Chamber of Commerce in Hong Kong, 2021 Hong Kong Business Outlook Survey

² Google & KPMG, Smarter Digital City: AI for Everyone whitepaper

³ Google & Ipsos, Smarter Digital City 3.0

⁴ KPMG & gini, Impact of COVID-19 on Consumers' Behaviors

CASE STUDY

Meet Tracy from New Way Exchange

HER BUSINESS

Tracy founded a personal financing company that strives to simplify investing and make it more affordable to local investors by offering tailored investment plans at a fraction of the cost of traditional investment firms. She relies on her website to collect and store customers' risk profiles and investment preferences.

WHAT HAPPENED

A system software issue mixed up multiple customers' profiles and her firm ended up recommending higher risk investments to clients with low risk tolerance. While she managed to rectify some of these errors upon discovery, a number of customers ended up investing in accordance with the recommendations erroneously put forth by Tracy. As a result, they faced significant loss when COVID-19 caused the market to plummet.

Chubb's Coverage

Chubb's professional liability policy helped Tracy respond to lawsuits. These claimed that her investment advice misrepresented the client's appetite.



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