

# **Coaching Day-Hong Kong**

Food from Finland  
4.5.2020



# PROGRAM FOR THE DAY

<b>9:00-9:10 AM</b>	<b>Food from Finland 2020 plan for Hong Kong market</b>
<b>9:10-9:30 AM</b>	<b>Hong Kong market overview</b>
<b>9:30-10:00 AM</b>	<b>Profiling Future consumer in Hong Kong</b>
<b>10:00-10:15 AM</b>	<b>Q&amp;A</b>
<b>10:15-10:35 AM</b>	<b>Finnish food and beverage export update</b>
<b>10:35-10:45 AM</b>	<b>Coffee Break</b>
<b>10:45-11:45 AM</b>	<b>Hong Kong import Food and beverage market analysis-PART 1</b>
<b>11:45-12:15 AM</b>	<b>Lunch break</b>
<b>12:15-12:45 AM</b>	<b>Hong Kong import Food and Beverage market analysis-PART 2</b>
<b>12:45-13:00 PM</b>	<b>Q&amp;A</b>
<b>13:00-13:20 PM</b>	<b>Local support for Finnish food and beverage companies</b>
<b>13:20-14:00 PM</b>	<b>Panel discussion with importers and speakers/ Q&amp;A to all speakers</b>

# Food from Finland Program



- **Food from Finland** is team Finland's Export Program for the Finland's Food Sector since 2014. It's funded by the Ministry of Economy and Employment and Ministry of Agriculture and Forestry. We have a close collaboration with the Foreign Ministry of Affairs
- The program is managed by **Business Finland** in cooperation with Team Finland operators, Finnish Food Authority and The Finnish Food and Drink Industries' Federation (ETL)
- The program's goal is to increase the Finnish F&B export, open new markets, and to create new jobs
- Focus market for export activities: **Germany, China and Hong Kong SAR, Japan, South Korea, Sweden, Denmark, France, and Russia**



# Program Activity in Hong Kong 2020



Training Day	
4.5.2020 (Webinar)	Coaching day-Hong Kong
Other events in planning for Hong Kong market	
Date until further notice	Vegetarian food Asia Expo
10.6.2020 (Webinar)	Export via E-commerce to Asia seminar and workshops (Including China, HK, Japan and South Korea)
14-18.9.2020 (Online and onsite events)	China Roadshow in Beijing, Shanghai, Shenzhen, Hong Kong
Date until further notice	Finnish food promotion in K11 MUSEA





# Contact us



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# HONG KONG MARKET OVERVIEW

5/4/2020

Consul-General of Finland in Hong Kong and Macao  
Johanna Karanko

© HKSARG<sup>6</sup>

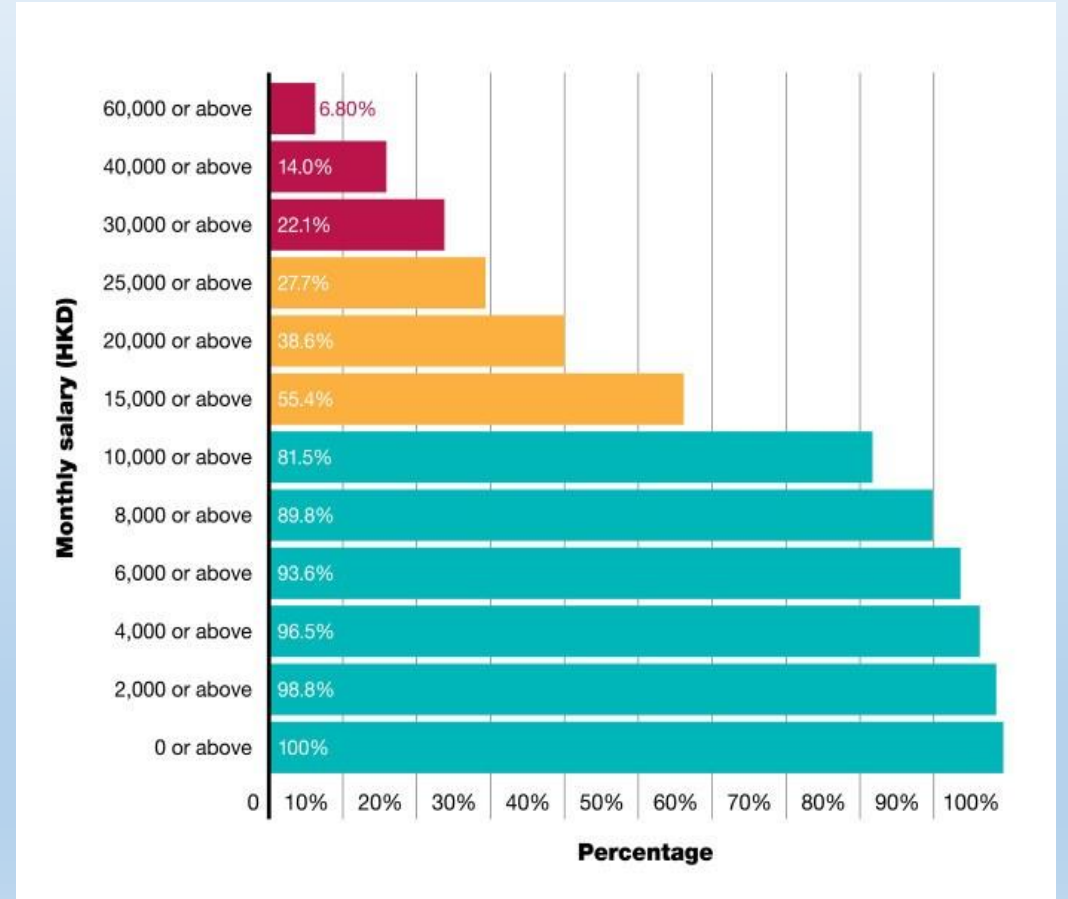
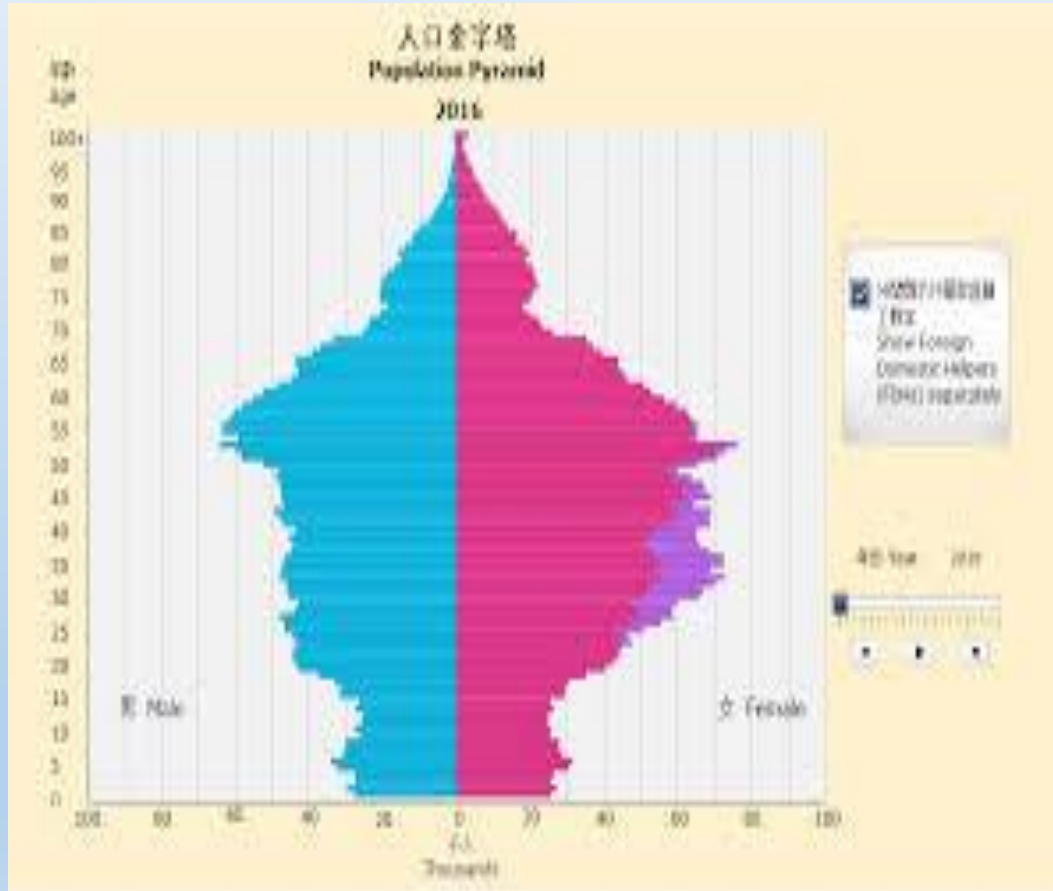
# Demographics

- ✿ 7,5 million of residents (+ 56 million tourists in 2019, -14,6%),
- ✿ 7140 inhabitants /km<sup>2</sup>

- Who are the Hongkongers?
  - 96,3% ethnic Chinese (cantonese!)
  - Highest longevity in the world vs low fertility 1,11% (see graph)
  - Average household size 2,7 pax
  - Income disparity high, +51% live in owned housing, median salary 18.800 HKD (see graph)
- Who are the tourists?
  - 78% mainland-Chinese (2018)



# Age and income distribution



# General situation

## Political situation

### ✳ S.A.R. of China: "One Country, Two Systems"

- Executive, legislative and independent judicial powers (Basic Law)
- RoL, Freedoms
- Volatility

## • Economic situation

- US-China, social unrest + COVID19
- Recession: 2019, 2020 - 4-7%, 2021
- Financial sector: FDI, capital
- Real economy
  - : trade, retail (excl food retail +10%) and investment
  - : tourism -99%
    - > Food & beverage sector (2019) –
    - 5,9% (total revenue 112,5 mrd USD)
  - : Unemployment: 4,2% (Q1), retail, hospitality and F&B 6,8%
- Relief (2020): 290 billion HKD (10% of GDP),
- EIU estimates: U-shaped recovery



# Food, beverage and consumer goods market

- B-to-B
  - Hotels (83 000 rooms): occupancy
  - Restaurants (14000 establishments):
    - Real estate prices
    - Hongkongers eat out (18% of expenditure)
  - Direct purchase / agent
- B-to-C
  - Two large groups own most retail outlets Dairy Farm International Holdings & CK Hutchingson Holdings, mainly offline 56% of food sales in supermarkets, convenience stores popular
  - Small apartments, small kitchens, lack of storage
- Highly competitive
- Dynamic food culture: after COVID19 Hkrs want to eat out and travel
- HK Consumers: high-quality & safety and competitive price, preference for foreign products, influence of Western trends (endorsements) – premium
- Changing-> value + functionality, health (organic) & convenience (online COVID19 IPSOS Study 6.4.2020, multiple platforms – largest HKTV Mall)
- world-class logistical infrastructure: 1. cargo airport, 7. port, gateway to the region



# Opportunities

- Macao SAR: 1. gaming center, 5. tourism destination (mainland Chinese), very high GDP
- stepping stone into the GreatBay (GBA) and beyond
  - 68 million inhabitants, 11. largest economic area in the world, 1,5 billion USD GDP, economic growth
- Transshipment & buying center for regional markets



# Support

- Food from Finland
- Team Finland China in HK: Consulate General, BF, FinnCham
  - Opportunities, prestige services, presenting Finnish offering & connections, networking, MarketOps
  - Import licenses to Hong Kong for Finnish pork, beef, poultry and eggs (Ruokavirasto), own application for milk products, fish and fish products as well as frozen confections
  - Finland – Hong Kong: Investment Protection Agreement (2014), Comprehensive Avoidance of Double Taxation Agreement (2019)
- Nordic Innovation House (NIH) – soft-landing platform
- Local Partners: InvestHK, HKTDC, HKGCC, EU, European Chamber of Commerce, etc.



# Thank you!

- More information

- [Consulate General of Finland in Hong Kong and Macao](#)

- <http://www.Finland.org.hk>
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    - Facebook: @Consulate General of Finland in Hong Kong and Macao

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# PROFILING FUTURE CONSUMER IN HONG KONG

Dr. Sari Arho Havrén, Business  
Finland Foresight, Asia Pacific

# Profiling Future Consumer in Hong Kong

Millennials 20-29  
age group  
11.8.%  
Silver consumers  
aged 60+  
25.3%

One out of three  
Hong Kong  
consumers shop  
online weekly.  
Around 40% of  
consumers tend to  
shop on cross-  
border websites.

Hong Kong  
consumers prefer  
global brands

## Digital Marketing in Hong Kong



Source: <https://www.slideshare.net/DataReportal/digital-2019-hong-kong-january-2019-v01>

Hong Kong  
consumers spend  
24 h/week on  
Internet. Brands  
can potentially  
reach 50% of the  
Hong Kong  
consumer market  
through product  
placement in video  
streaming  
platforms.

Number of credit  
cards reaches over  
250% of the total  
population of Hong  
Kong.



# 1 Health Conscious Diner

Hongkongers eat outside more than anywhere else in the world, and 2.6. times more than anywhere else in Asia. Overall, 26 % of Hongkongers eat outside at least once a day.

Hongkongers are also health-conscious when it comes to their food choices. In the age group between 50 and 64 year olds, 8/10 cite health and fitness as key priorities in their choices. These consumers purchase more e.g. organic breakfast cereal products, sugar-free juices, and nutritional supplements. This suggests that in the food and beverage, healthy food products, those promoting healthy diets, have future potential as this trend will be strengthening.

**Food in general is a major sales drive in health and wellness.** People are proactively trying to prevent for instance chronic disease by their diet choices. They are concerned of chemical food additives and ingredients. Organic food and reliability on the source of the food have become increasingly important.



Source: China Skinny, Nielsen Hong Kong, Euromonitor



## 2 Personalization Needer – Tailored Convenience

Hongkongers desire tailored and personalised services and products, but are generally concerned with privacy laws and government and companies holding their personal data to achieve this.



Technology has changed how products are being sold but also how products are researched, manufactured and marketed - impacting how consumers in Hong Kong shop and choose what they are buying. Hong Kong is no exception, online shopping represents a notable facet of the overall consumer experience, particularly among millennials. Empowered by rising disposable incomes, they are increasingly savvy, expect high quality and customer service.



### Hong Kong Start-up Trends: Mass Customisation and Personalisation

*Casetify*, an e-commerce start-up, has taken self-expression one step further – it enables consumers to express themselves by turning their personal *Instagram* pictures into cases for mobile phones, tablets and *Apple Watch* bands. Personalised bespoke products are now becoming another form of self-expression.

Wes Ng, CEO and Co-Founder of *Casetify*, said that at the beginning he was not thinking of starting a business, he just has a passion for empowering self-expression and wants to give people the freedom and flexibility to express themselves through unique and customisable products. Ng was himself an *Instagram* addict. He noticed that after posting some interesting pictures, he would receive a lot of responses from other *Instagram* viewers. He thought: "Wouldn't it be great if we could turn these photos into real products?" That was how *Casetify* was born.

#### Personalised Octopus

A Personalised Octopus  
that belongs to YOU only

\*Offers Lost Octopus Reporting Service



VARIOUS

4 Out of 5 of Customers Don't Think Banks  
Know What They Need

by Fintech News Hong Kong / March 4, 2019

Source: China Skinny

### 3 Astute Premiumizer

Consumers in Hong Kong can be labelled as mature consumers. Due to this characterisation, Hongkongers have a strong drive to upscale purchases. Quality is a primary motivation but generally, Hongkongers also emphasise safety and experience.

#### **Good news for global and foreign brands!**

Consumers in Hong Kong prefer global brands due to the availability of more choices and quality. Only 7% of Hongkongers will choose homegrown brands over global ones. They are conscious over the brand reputation and the real origin of the product.

Source: McCann Hong Kong, China Skinny



#### **Hong Kong households:**

18.5% of households made up of one person

27.9% of two people

24.3% of three people

17.9% of four people

7.9% of 5 people

and houses with over 6 people account for 3.4%

## 4 Virtual Hedonist



Source: China Skinny;  
<http://discovery.cathaypacific.com/tribes-of-hong-kong-the-e-sport-gamers/>

Motivation for gamers in Hong Kong lie in hedonistic reasons, whereas elsewhere gaming is often seen as a form relaxation. Hongkongers are also less interested in integrating the virtual world with the outside consumer world.

Apart from amateur gamers who play for pleasure, Hong Kong has a large community of e-Sport gamers. For instance *League of Legends* alone has had about 300,000 players. The top 200 e-Sport gamers are called the Elite group. They know each other online but usually not outside in real world. E-sports players are young, and retire around 25 years old. They may be an interesting channels for marketers as many of them go on to become strategists or create their own online channels. Recently, Hong Kong has witness growth in e-Sport events that are co-organized with other, such music festivals, events.

## 5 Ethical Advocate

Hong Kong consumers score well in awareness of sustainable consuming but their knowledge and actions are still relatively out of synch. Hongkongers score in average rather low in willingness and readiness to purchase sustainable products. Clear gap exists between their beliefs and purchasing actions.

However, the youngest consumer groups (ages 15-24) being most concerned about the impact of their consumption on the environment indicate that the importance of ethical choices will increase together when this group ages. This group also has impact on their parents' choices. The older age group (55-64) is least concerned of their consumption habits.

Overall, Hongkongers pay mostly attention to sustainable products in categories such as home appliances, mobile technology, fashion and entertainment. Sharing economy hasn't really penetrated in Hong Kong but some sophisticated consumer preferences include clothing, brand bags, and home furnishing.



Source: Hong Kong Consumer Council,  
China Skinny

## 6 Holistic Health Improver

Health is a key area and concern for people in Hong Kong. People in Hong Kong work long hours, travel in packed public transport and live in small apartments. In general, Hongkongers are under pressure and stress in their daily lives. This combined with lack of exercise and unhealthy eating habits have led into awakening into a healthier lifestyles. This trend is likely to continue and is also backed by the government of Hong Kong educating the citizens of the benefits of healthier lifestyle choices. Products that have health benefits are expected to trend in the future.

Hongkongers don't only look for healthier diets and food and beverage sources, but are increasingly interested in exercising, in maintaining stable mental health, and look for inspiration in art and spirituality.



**According to Euromonitor:  
Supermarkets dominate the  
distribution of health and  
wellness products in Hong Kong**

“Supermarkets are the leading distribution channel for health and wellness packaged food and beverages, generating more than two thirds of value sales in 2019. In addition to being virtually ubiquitous in Hong Kong, with outlets spread throughout all of the territory’s commercial and residential areas, supermarkets are favoured for their comprehensive ranges of packaged food and beverages. With consumer demand for convenience on the rise, the trend towards one-stop shopping is also benefiting supermarkets, with outlets in the channel increasingly willing to stock health and wellness food and beverages in response to rising demand.”



# Thank you!



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**RUOKAVIRASTO**  
Livsmedelsverket • Finnish Food Authority

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# Export of food products from Finland to Hong Kong

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**Mia Berlin**

Export Section

Hong Kong coaching day

4.5.2020

# Finnish Food Authority as an enabler of exports



- We provide **information, guidance and training** about exports and export requirements for companies and control authorities.
- We promote the **exports of food chain products** from Finland to countries outside the EU by **opening new markets** and **securing existing exports**.
  - ✓ Cooperation with authorities in destination countries regarding animal diseases and food safety, and hosting visits and audits
  - ✓ Resolving acute export problems
  - ✓ Actions to enter markets, e.g. market access questionnaires
  - ✓ Export control systems (China, Eurasia, the USA)
  - ✓ Draft and management of veterinary health certificates
- We **work in cooperation** with other export authorities and bodies to support the internationalisation of Finnish companies.
- [www.ruokavirasto.fi/vienti](http://www.ruokavirasto.fi/vienti)

# Finnish Food Authority / Export Section



## Market Access & Country Desks

### Head of Section

Tuula Lundén



### Asia & Oceania (excl. China)

Mia Berlin



Sanna Kiuru



### Americas

Tanja Nurmi



Alisa Toivonen



### Africa & Middle East

Ulla Ollila



### Europe (excl.EU)

Teija Valjakka



### Pets, eCert, TRACES

Kirsi Hartikainen



### SME

Katja Pethman



### Eurasia

Asta Komulainen



## Export Control Systems

### China

Riitta Rahkila



Joni Haapanen



### USA

Annika Suokorpi



### eCert:

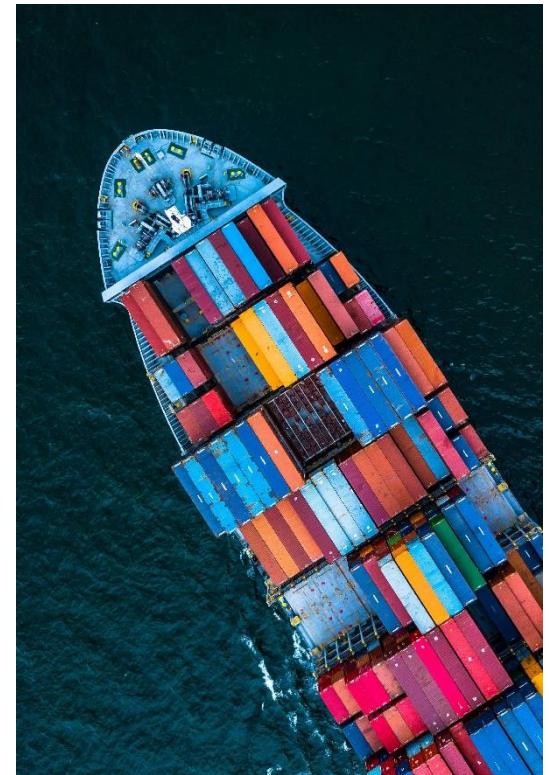
Markku Heinonen





# Export to Hong Kong – general information

- Products exported from Finland to Hong Kong include e.g. pork and poultry meat, grain and flour, fish products, alcohol products
- Food safety authorities in Hong Kong:
  - [Centre for Food Safety](#)
  - [Agriculture, Fisheries and Conservation Department](#)
- The local importer must register to Hong Kong competent authority before commencing import of food products to Hong Kong
- There are specific requirements for the import of selected food items due to their perishable or high-risk nature such as game, meat, poultry and eggs; milk and milk beverages; frozen confections; and marine products





# Hong Kong – export requirements

- Export of meat and eggs to Hong Kong:
  - Country approval required
  - Approval of individual meat manufacturing and meat storage establishments by Hong Kong competent authority required
  - Finland has approval for beef, pork and poultry meat, eggs and egg products export to Hong Kong
    - Veterinary health certificate models to be used and additional information:  
[www.ruokavirasto.fi/vienti/hongkong](http://www.ruokavirasto.fi/vienti/hongkong)
- Centre for Food Safety has published guidelines on importing food to Hong Kong:
  - [Guide to Import of Food into HK \(CFS\)](#)
  - [Imported Food Control \(CFS\)](#)
  - [Food legislation/guidelines \(CFS\)](#)
  - [Guide to Import of Milk and Milk Beverages into Hong Kong \(CFS\)](#)
  - [Guide to Import of Marine Products into Hong Kong \(CFS\)](#)







# Hong Kong – labelling guidelines

- [Food and Drugs \(Composition and Labelling\) Regulations](#): specific requirements for different food categories
- [Guidelines on Voluntary Labelling of Genetically Modified \(GM\) Food](#)
- [Labelling Guidelines On Food Allergens, Food Additives And Date Format](#)



[Know More About the Label of Prepackaged Food](#),  
Centre for Food Safety





# National registers for exporters

- Official register of exporters
  - Exporters who commercially export animal products or live animals outside EU have to register into an official register of exporters on [FFA's webpage](#)
  - Registration is not a permit for export
  - Registration is a prerequisite for getting a veterinary health certificate for export
- Plant health register
  - Exporters who regularly export products requiring a phytosanitary certificate have to register into a plant health register on [FFA's webpage](#)





# Export certificates (1/2)

- Importing country sets requirements for export certificates. It is important to find out the requirements in advance
- Certificates of free sale
  - Required often for products of plant origin
  - Issued by the local food control authority
  - FFA has made [a general model](#) that can be modified
- Phytosanitary certificates
  - Typically required when exporting plants, grain, fruits, berries, vegetables etc.
  - Usually not required for processed plant products
  - [Issued by FFA](#), must be ordered at least two weeks before the product is exported





# Export certificates (2/2)

- Veterinary health certificates:
  - Typically required when exporting animals or products of animal origin from Finland to countries outside EU
  - Issued by an official veterinarian controlling the place of loading
  - Issued before the consignment leaves
  - Options:
    - Agreed certificate models (EU/Finland and the importing country)
    - [General veterinary health certificate](#) models made by FFA for certain products
    - Other certificates
- Valvira issues export certificates for alcoholic products





# Thank you!

Safety and competitiveness  
together with the food chain

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FINNISH FOOD  
AUTHORITY

Ruokavirasto • Livsmedelsverket





# CURRENT IMPORT F&B MARKET PERFORMANCE

Hong Kong Coaching Day

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May 4<sup>th</sup>, 2020



IS

BUSINESS  
**FINLAND**

## ▶ Today's Lecturer

### Contact



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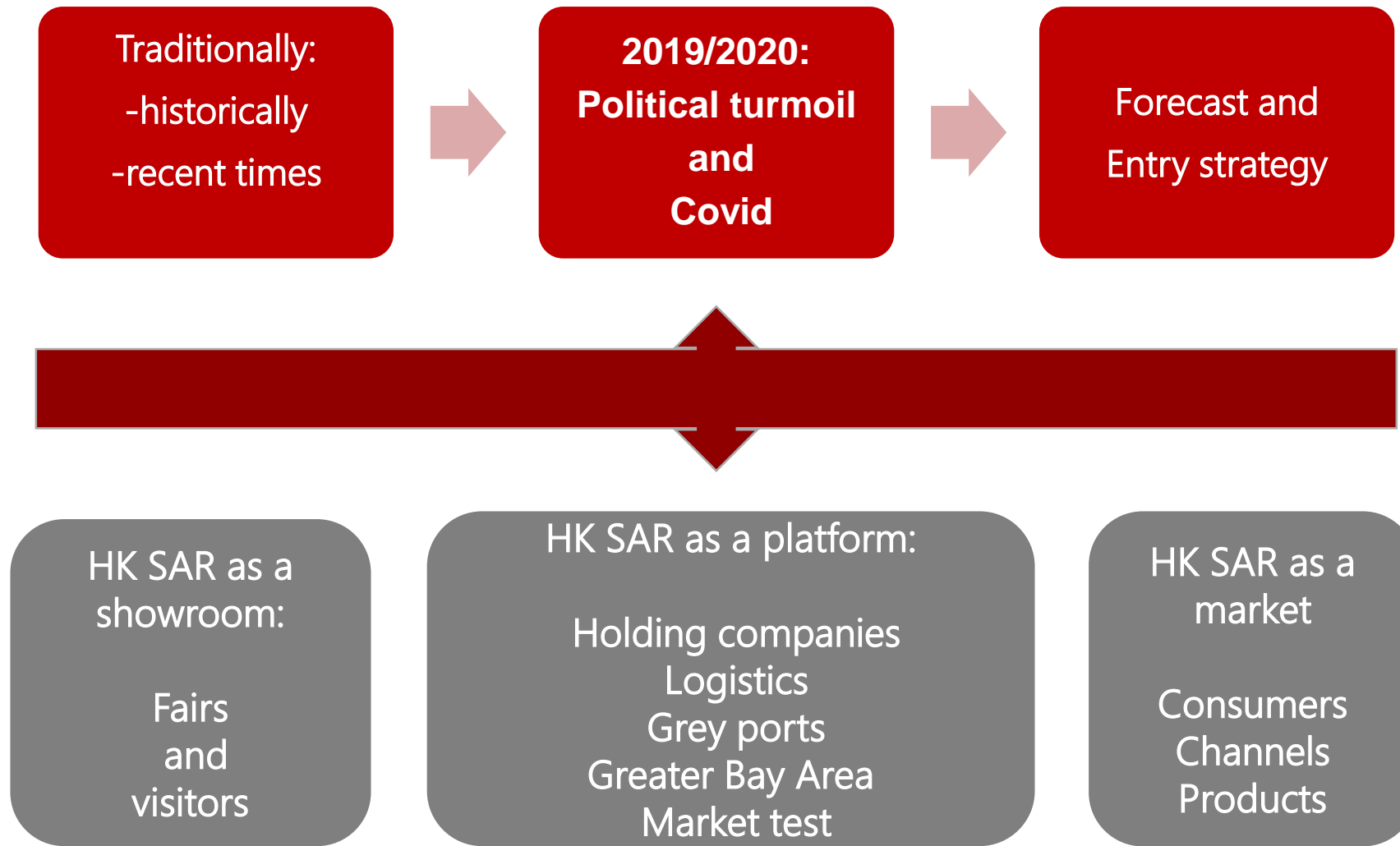
Pablo Recio Gracia



www.eibens.com

### Bio

- ▶ Managing Director at 
- ▶ Living and working in China since 2005
- ▶ Focus on food and beverage import and distribution processes and trade barriers
- ▶ Previously worked for public agencies including **ICEX** (Spanish Institute for Foreign Trade) and **Extenda** (Trade Promotion Agency of Andalusia) as well as private companies
- ▶ Bachelor in Business from the University of Granada and Masters in Quality Management and Business Internationalisation



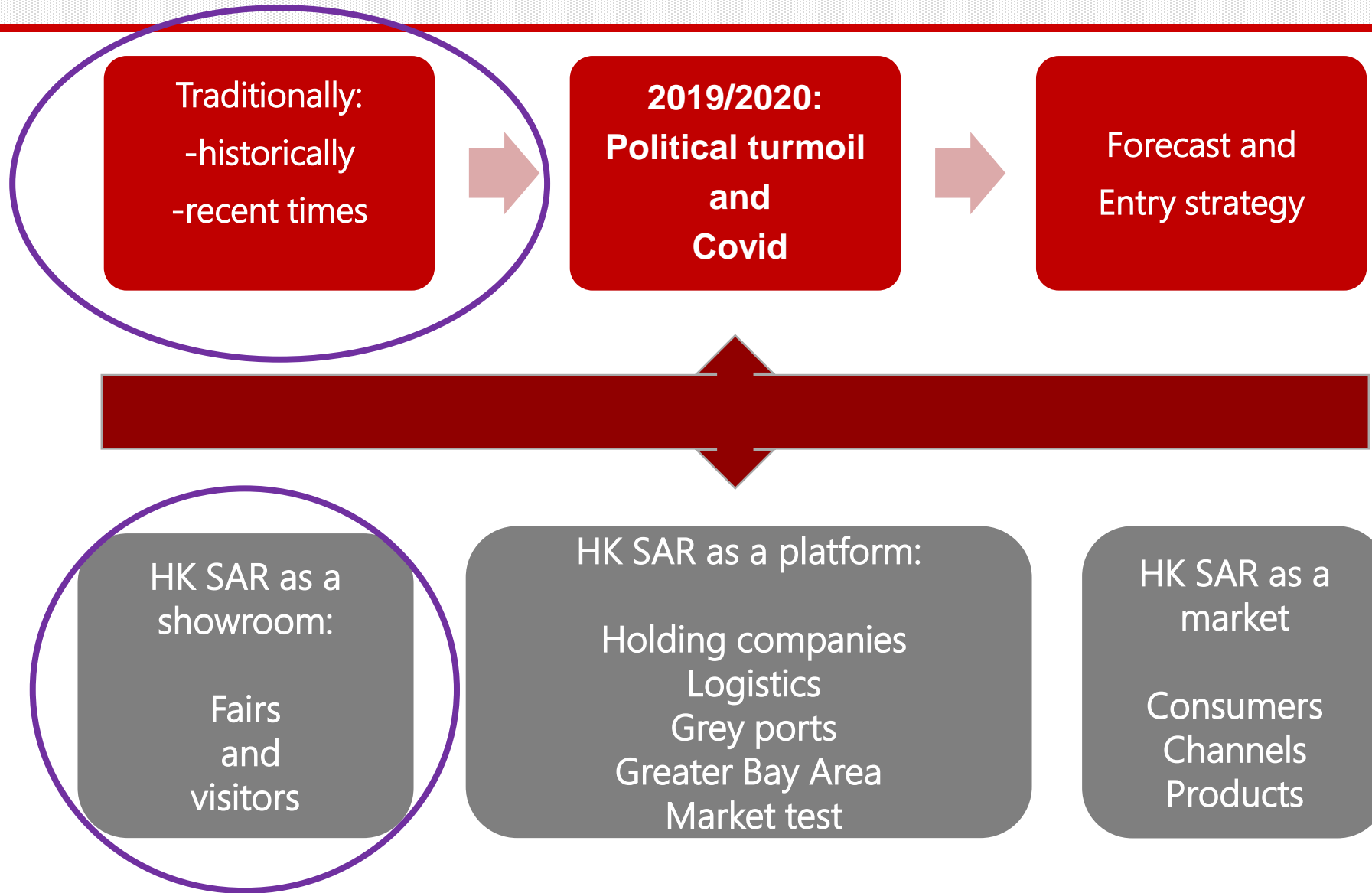
# ► Hong Kong SAR historically

## Different market from the Mainland

- Hong Kong SAR (1997-2047) following the principle “**one country, two systems**” implying different legal system and market from Mainland China.
  - Different customs and tariffs
  - Different systems for product approval
  - Different internal market dynamics for imported F&B
  - Different legal system: HK SAR influenced by anglosaxon rules
  - Different tax system
  - Different visa system



## Hong Kong SAR





## ▶ Hong Kong SAR in recent times. Showroom

### As a showroom

- ▶ The importance of HK SAR as a showroom in F&B is not as relevant as in other sectors such as fashion or cosmetics but still has some fairs of regional relevance in F&B
- ▶ The main potential focuses on visitors and trade fairs.

#### Visitors

- ▶ From the Mainland, SEA and India
- ▶ Influenced mainly by food service
- ▶ Acquire products that are limited in the Mainland such as infant formula

#### Trade fairs

- ▶ Positioned as the reference for SEA
- ▶ Asia Fruit Logistica
- ▶ The Seafood Expo Asia
- ▶ HOFEX Hong Kong
- ▶ HKTDC Food Expo
- ▶ RBHK / NOA / Gourmet Asia

## ► Hong Kong SAR as a market

### Trade fairs

#### Asia Fruit Logistica

Sectors: Fruit and vegetables,  
machinery and related services

Date: Sep 16-18, 2020

[www.asiafruitlogistica.com](http://www.asiafruitlogistica.com)

#### HOFEX Hong Kong

Sectors: F&B, hospitality supplies

Date: May 18-21, 2021

<https://hofex.com/>

#### HKTDC Food Expo

Sectors: Food and Beverage

Date: Aug 13-17, 2020

[www.hktdc.com](http://www.hktdc.com)



## ► Hong Kong SAR as a market

### Trade fairs

#### Seafood Expo Asia

Sectors: Seafood

Date: Sep 1-3, 2020

<https://www.seafoodexpo.com/asia/>

#### RBHK/Gourmet Asia

Sectors: Gourmet Food,

Hospitality Equipment & Technology,

Wine, Spirits and Beer

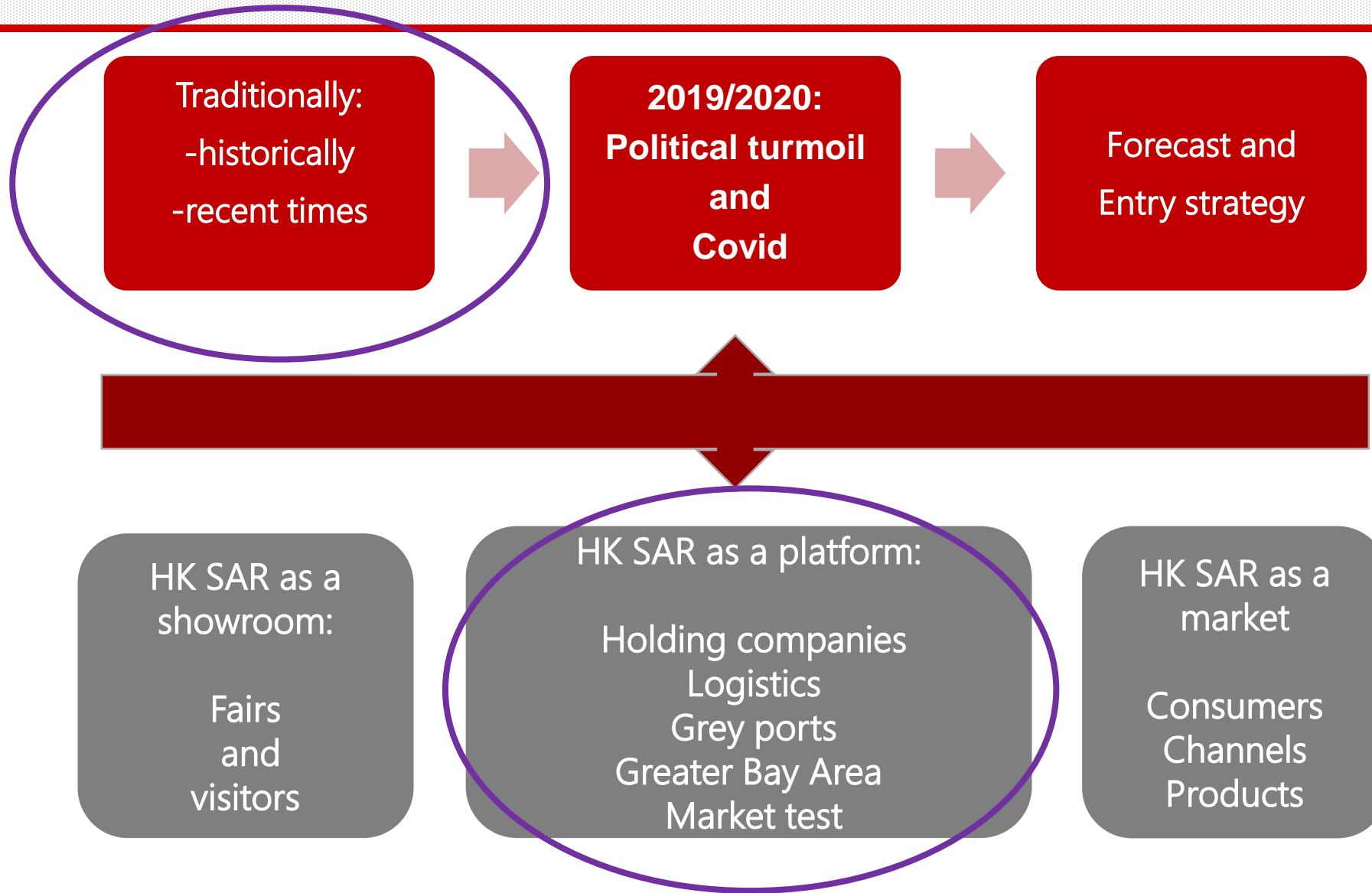
Date: Sep 1-3, 2020

<https://www.rbhk-ga.com/>





## Hong Kong SAR



## ► Hong Kong SAR in recent times. Platform

### As a platform: Holding companies

- Holding Companies were used for trade with the Mainland or used to later establish WFOES in the Mainland.
- This was the traditional entry/exit gate for trade and investment with the Mainland until 3 years ago.
- Holding companies were easy and quick to establish in HK SAR, but they **no longer offer a clear advantage** to trade with the Mainland as direct trade increases and is further facilitated.



## ► Hong Kong SAR in recent times. Platform

### As a platform: logistics (and “grey ports”)

- HK SAR as a logistics hub has been used as a middle step to enter the Mainland or other destinations.
- HK SAR port is highly developed and has good connections in the region.
- HK SAR has been used as an entry point for CBEC when free trade zones in the mainland weren't common
- Importers had a network of distributors mainly in Southern China
- **Tendency is declining** due to the Mainland further opening and more availability of cheaper FTZ in Southern China. Still relevant in specific cases such as CNY when Chinese ports are too busy or closed.

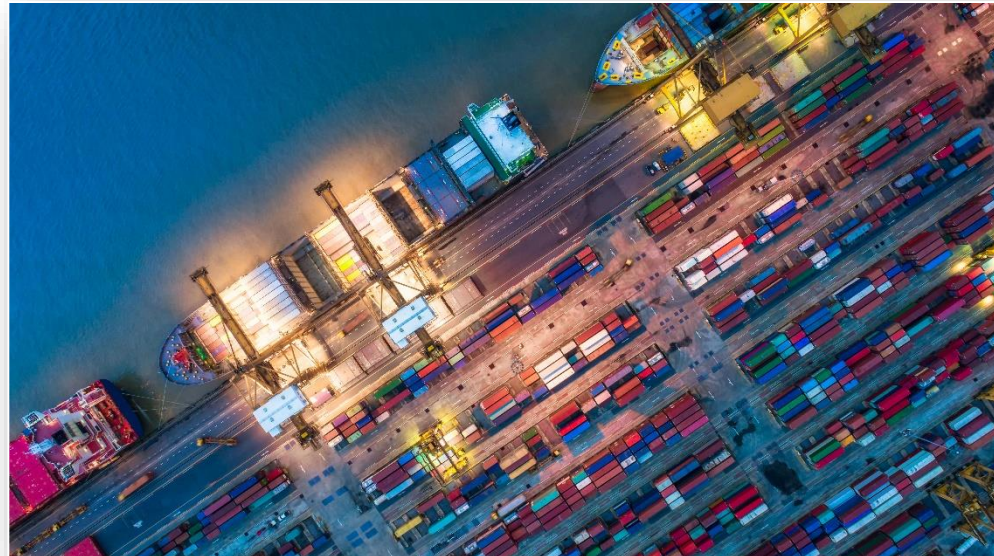




## ► Hong Kong SAR in recent times. Platform

### As a platform: "grey ports"

- HK SAR has been used, by a few, as a "grey port" to introduce products into the Mainland in a not fully compliant manner.
- Goods that can't enter the Mainland directly can't do it through HK SAR either, therefore **should not be done**. Neither of the governments involved promote this activity, on the contrary it is subject to punishment.
- CEPA agreement between HK SAR and the Mainland has strict rules of origin, so **tariff advantages don't apply to re-exports**.
- Products generally affected were those requiring a protocol in the Mainland, bulk products and for food service (harder to trace). These include **fruit, meat or fishery**.
- Bone in and bone less ham cases
- Products were normally introduced into **Southern China** due to better connections between these HK SAR traders and distributors in that area.



## As a platform: "grey ports"

- ▶ The importance of HK SAR as a "grey port" for products to enter the Mainland illegally is **diminishing** in recent times due to the following reasons:
  - Market access into the Mainland is increasing, quickly approving protocols for different products and countries.
  - Direct (proper) access has become easier (protocols, CBEC...)
  - Government controls have increasingly tightened including penalties for participants in trading with improperly imported products and compensations for denouncing these activities.
  - More enforcement, including the food safety law in the Mainland
  - New sales channels that involve higher controls and traceability (e-commerce).

## ► Hong Kong SAR in recent times. Platform

### As a platform: Greater Bay Area

- **Greater Bay Area** includes Hong Kong SAR, the Macao SAR, and Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing.
- It's a national strategy to promote comprehensive opening up in the new era.
- The GDP of the Greater Bay Area is 1.5 trillion US dollars, similar to South Korea, with a population of about 67 million. It is one of the wealthiest regions in China on a per capita basis.



Source: Ministry of Commerce of the PRC

## ► Hong Kong SAR in recent times. Platform

### As a platform: Greater Bay Area

- **Location Advantage:** Relying on the pan-pearl-river delta region, plays an important role in "The Belt and Road" initiative.
- **Convenient transportation conditions:** International shipping, important ports, aviation hubs.
- **Economic strength:** An industrial structure with strategic emerging industries as the leader, advanced manufacturing and modern service industries as the main body.
- **High level International:** As an international financial, shipping, trade center and international aviation hub, Hong Kong has a highly internationalized and rule-of-law business environment and a global business network. It is one of the most liberal economies in the world.



Source: Central Government of the PRC



## ▶ Hong Kong SAR in recent times. Platform

### As a platform: Greater Bay Area

- ▶ What is the **impact on the F&B sector**?
- ▶ Facilitate information registration for foreign-invested enterprises.
- ▶ Optimize the review of foreign exchange receipts and payments of trade.
- ▶ Simplify import declaration verification Impact for Foreign companies on F&B sector .
- ▶ Trade fairs: China Innovation Food Conference and Guangdong.HK. Macao Greater Bay Area Food Expo (took place in 2019), Anufood, FMA, etc.
- ▶ For the foreign companies and their products, entering through Greater Bay Area, will be easier to connect to China Mainland, especially Guangdong province.
- ▶ More open business environment.
- ▶ Preferential business policy.
- ▶ Stronger acceptance of new products.
- ▶ Logistics environment advantage.

Source: State Administration of Foreign Exchange of Guangdong

## ► Hong Kong SAR in recent times. Platform

### As a platform: Greater Bay Area



**Zonamerica:** manage and operates the leading Free Trade Zone in Uruguay. A platform where offers real state, human resources, infrastructures, IT and other business services.

Has branch in Guangzhou, as a new step towards the globalization of the company.



**SF Best:** SF Best is the O2O platform under SF Express where sales fresh products. It has APP and offline store as well. With the headquarter based in SZ.



**SF Express:** a well-known integrated express logistics service provider, based in Guangdong. Has been cooperating with many F&B companies, e.g. Zhou heiya, 5J, to ensure the fast delivery.

## ► Hong Kong SAR in recent times. Platform

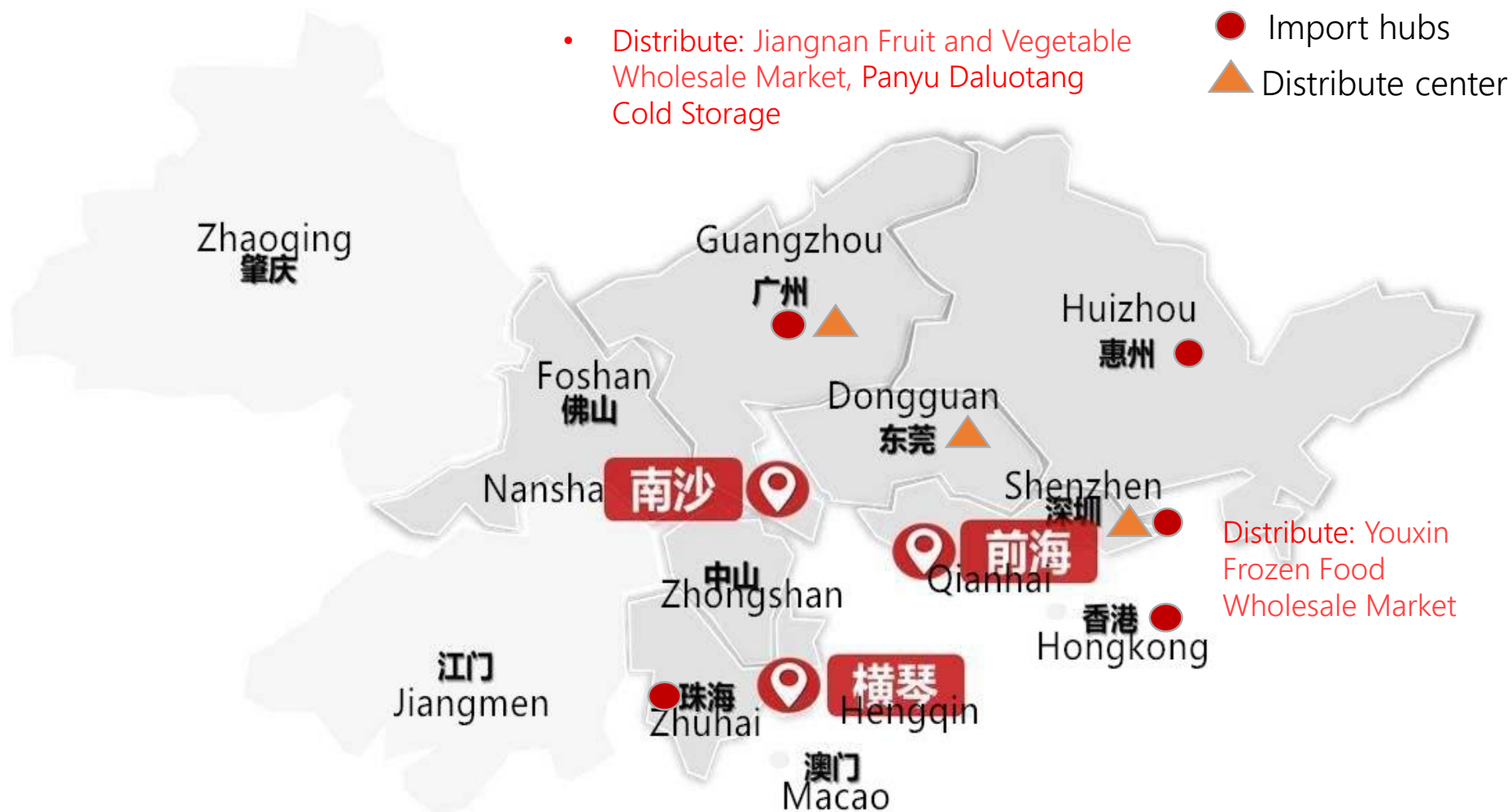
### As a platform: Greater Bay Area

- **Guangdong Free Trade Zone** covers three areas: Nansha New Area, Shenzhen Qianhai Shekou Area, Zhuhai Hengqin New Area, in total 116.2 square kilometers.
- **Division of Functions**
  - Nansha New Area: shipping logistics, finance, international trade, high-end manufacturing.
  - Qinghai Shekou Area: finance, modern logistics, information services, science and technology.
  - Zhuhai Hengqin New Area: tourism, leisure and health, business financial services, culture, science, education, high tech.
- **External investment:** the Louis Dreyfus Group and Dongling Group have jointly invested in Nansha. Relying on modern agricultural technology, the two parties have jointly built a high-tech green agricultural product processing industrial park.

Source: GDFTZ web site

## ► Hong Kong SAR in recent times. Platform

As a platform: Greater Bay Area. Import hubs for fishery, meat and fruits.





## ► Hong Kong SAR in recent times. Market test

### As a platform: **market test**

- HK SAR is used as a platform to perform market tests for the Mainland and other SEA countries/regions.
- The companies' abilities to use similarities between HK SAR and the Mainland is **limited** because the size and characteristics of both markets have a limited match.
- Some experience in HK SAR might be useful when entering the Mainland:
  - Flavour preferences are similar to Southern China.
  - Interconnection between HK SAR and Mainland F&B distributors.
  - Interconnections in logistics (e.g. greater bay area)
  - HK SAR chains and distributors accessing the Mainland could maintain same suppliers.
- Even if this experience might be useful, the **markets can't be directly compared** as there are many differences in consumer behaviour, channels and market regulations.
- Success in Hong Kong does not mean clear access to Mainland China and viceversa

## ► Hong Kong SAR in recent times. Market test

As a platform: **market test**



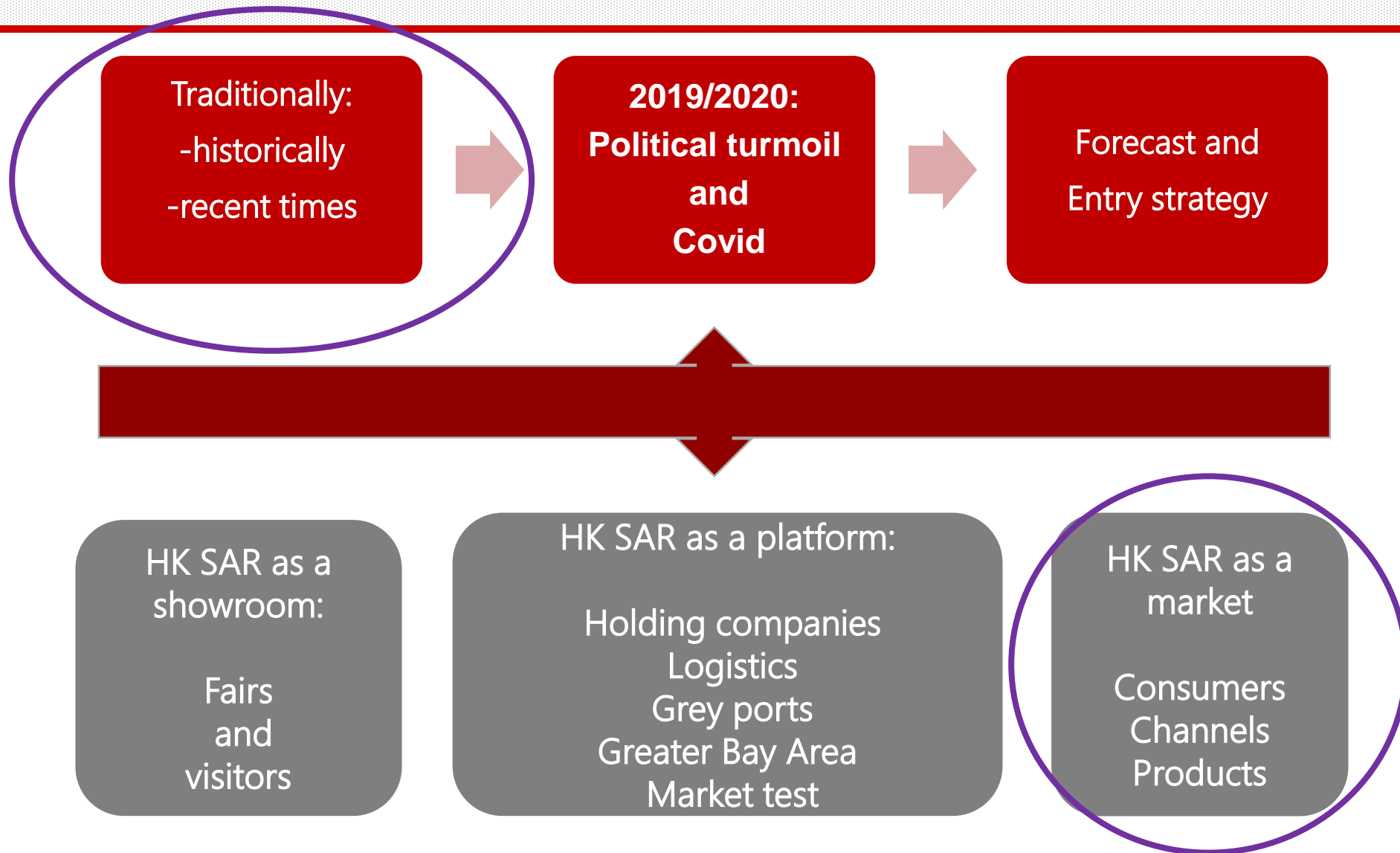
**The butchers Club:** food service chain created in HK SAR that has expanded to the Mainland and Bali and maintains Australian meat suppliers

**Watsons:** Asia's leading health and beauty retailer from HK SAR which has expanded to the Mainland and the rest of SEA. Includes items such as health foods, baby formula and sport nutrition.



**DKSH:** Swiss distributor with Asian headquarters in HK SAR that also operates in the Mainland.

## Hong Kong SAR



## ► Hong Kong SAR as a market

A

Market size

B

Consumer analysis

C

Channel analysis

D

Product analysis



# ▶ Hong Kong SAR as a market. Size

## A. Market size

- ▶ Hong Kong SAR has a **population of 7.45 million** people.
- ▶ **GDP (PPP)** reached 481 billion USD in 2018, almost doubling Finland's for the same year (267 billion USD).
- ▶ **GDP per capita (PPP)** has been rising since 2009, reaching 64,596 USD in 2018. Finland's (48,416 USD in 2018).
- ▶ 3<sup>rd</sup> in the world ranking of easiness for doing business <https://www.doingbusiness.org/en/rankings>
- ▶ Hong Kong is a substantial and **high-value market** for all kinds of food products.
- ▶ Due to land limitations, it is an **import-dependent market**: 95% of food is imported.
- ▶ HK SAR **main food suppliers** are China (26%), USA (13%), the EU (10%) and Brazil (8%).
- ▶ The EU exported around 2.8 billion USD F&B products to HK in 2019, with Finland market share under 0.1% with around 3 million USD F&B exports.
- ▶ It is a **sizeable wealthy and sophisticated market**
- ▶ However, the market is already consolidated and growth is very limited

Source: World Bank. UN Comtrade

## ► Hong Kong SAR as a market

A

Market size

B

Consumer analysis

C

Channel analysis

D

Product analysis

## ► Hong Kong SAR as a market. Consumer

### B. Consumer analysis

- Households tend to be **small**, with around 20% made up of one person, and around 30% of two people. Also, because of space limitations houses are also small, with little space for big fridges or ovens. Due to this, **purchases tend to be small and recurrent and eating out is part of Hong Kong's "personality"**
- Cosmopolitan city with **high-income, sophisticated consumers**, with an interest for new products.
- Consumers tend to be price sensitive but **brand conscious**, so demand for F&B products is **quality and brand-driven**, while price is not always so determinant.
- **Expenditure** on food and beverages is high, both for retail and food service. While F&B e-commerce sector is still in its first steps.



## ► Hong Kong SAR as a market. Consumer

### B. Consumer analysis

- Consumers in HK SAR have a considerably understanding of imported F&B
- Consumer awareness about what they eat is **increasing** and there is a growing interest in nutritional facts and food origin.
- As a result, increasing trend towards **healthy**, functional, sustainable and **organic** foods, mostly among **young** consumers, both in retail and food service.
- The consumer is **aware of imported** products and actively seeks them, specially in retail and high-end food service.
- **Finland is not a well-known** exporter in F&B products. However, "Nordic" products have a good reputation, as well as those of "European" origin, specially relating to healthy products.





## ► Hong Kong SAR as a market

A

Market size

B

Consumer analysis

C

Channel analysis

D

Product analysis

## ► Hong Kong SAR as a market. Channels

### C. Channel analysis



Food retail

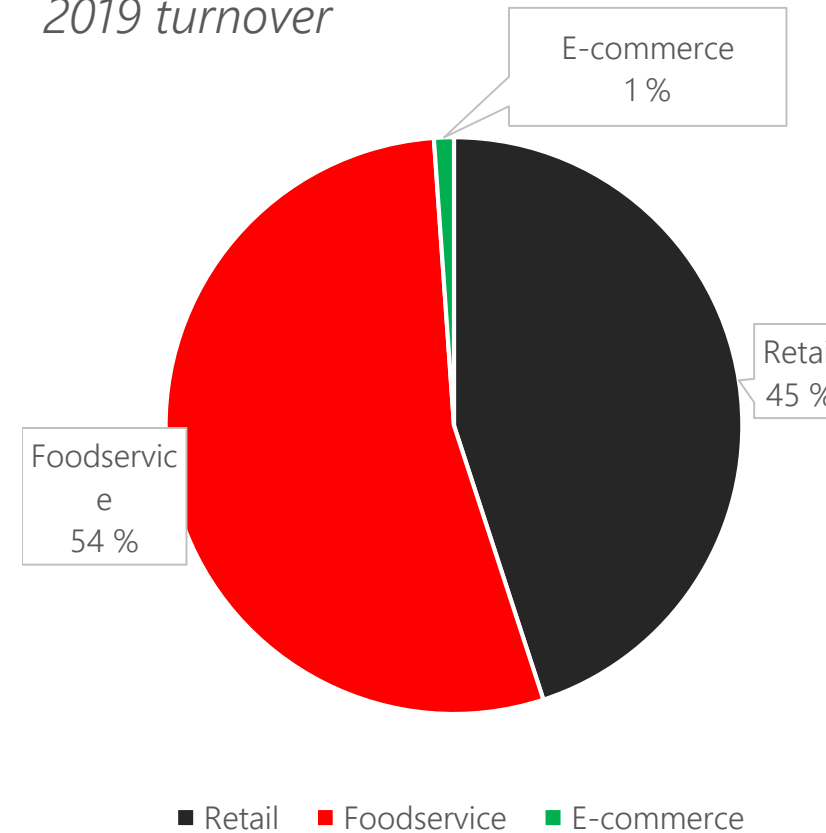


Food service



E-commerce

*2019 turnover*



Source: HK Census and Statistics Department.

## ► Hong Kong SAR as a market. Channels. Retail

### C. Channel Analysis: Food retail

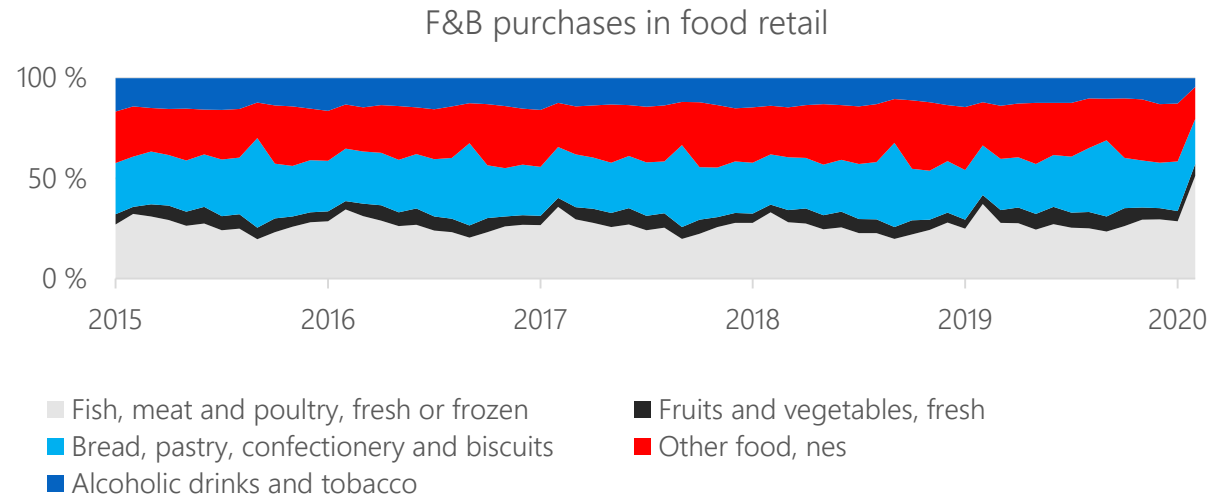
- In 2019, Hong Kong's retail F&B sector sales were valued at 12,1 billion USD.
- The sector is formed by supermarkets, department stores, convenience stores, and traditional markets.
- There are more than 800 supermarkets, 1,300 convenience stores and over 200 traditional markets and stores in Hong Kong, making food shopping very **convenient**.
- **Shopping trends** vary between consumers, traditional markets and shops are preferred by older consumers and residential neighborhoods. While supermarket or convenience stores are preferred by younger ones.
- **Imported products** are found in all types of food retail. Branded, high-price products concentrate on supermarket chains. Bulk, undifferentiated products are more present in traditional markets.



Source: HK Census and Statistics Department. Euromonitor international

## ► Hong Kong SAR as a market. Channels. Retail

### C. Channel Analysis: Food retail



- F&B purchases by category have been relatively stable through the years
- Alcohol and tobacco show a slight decrease in consumption as the consumer is more worried about health
- There is clear **seasonality** for certain products:
  - Meat, fish and fruits show higher consumption rates around CNY
  - Bakery products show higher consumption around **mid-Autumn** festival and CNY

\*2020: Jan-Feb data

Source: HK Census and Statistics Department



## ► Hong Kong SAR as a market. Channels. Retail

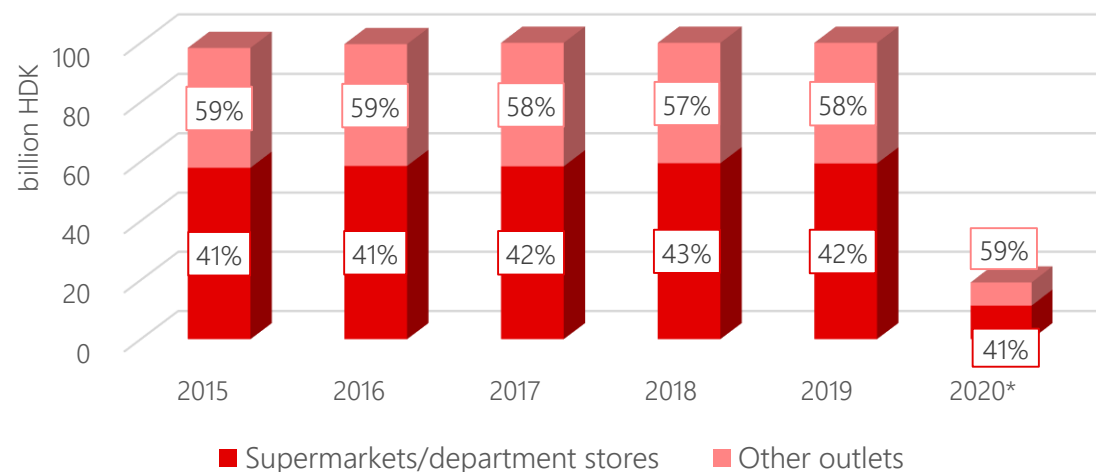
### Retail. Traditional wet markets - outlets sales

- Traditional outlets include **wet markets, bakeries, fruit stalls, etc.**
- They offer less branded products and lower prices. Origin is not generally advertised.
- Imports are sourced through importers or wholesalers due to their size and need for small product batches.
- Outlets tend to be located in residential areas.
- Consumers are generally older.
- Purchases tend to be small and recurrent.
- Cold-chain is not maintained.
- This channel is **not the most appropriate** for **imported branded goods** as purchases tend to be price-driven.



## ► Hong Kong SAR as a market. Channels. Retail

### C. Channel Analysis: Food retail



- **Supermarkets** are positioned as the **main retail category** with over 40% of the retail market share. Hong Kong SAR supermarkets sold 5,8 billion USD F&B in 2019.
- In recent years, due to consumer lifestyle, **convenience stores** have been gaining importance.
- Both supermarkets and convenience stores are appropriate for high-value **branded imported goods**.

\*2020: Jan-Feb data

Source: HK Census and Statistics Department

## ► Hong Kong SAR as a market. Channels. Retail

- **Modern retail stores** include supermarket, department stores and convenience stores.
- The modern retail segment is quite concentrated, both in supermarket and convenience stores.
- Leading **supermarket chains** are Wellcome and ParknShop, with over 75% marketshare combined.
- Leading **convenience store** chains are 7-eleven and Circle K.
- There is an **in-between category** lead by 759 store and Best Mart 360°.
- Leading supermarket chains have expanded their premium and upscale outlets as consumers continue to seek high-quality, **imported gourmet products**.



759 阿信屋



## ► Hong Kong SAR as a market. Channels. Retail

Main players: Wellcome



- Presence of **high-end imported** products or **organic/healthy** products is concentrated on its **upscale branches**.
- Product origin advertisement is inconsistent in Wellcome/superstore.
- Exporters must focus on upscale branches, where origin and quality traits are more relevant.

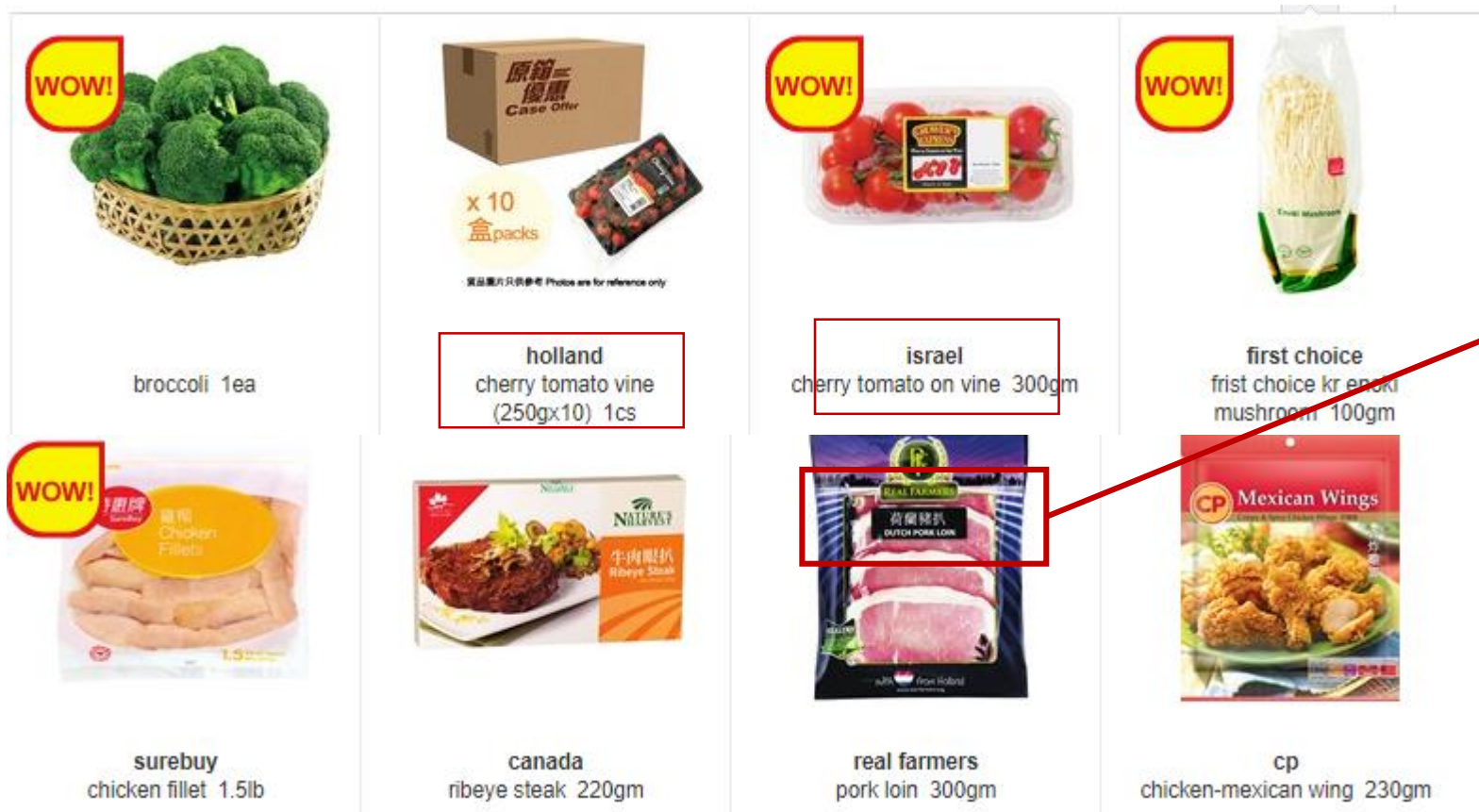
Dairy Farm Group owned	No. of stores in HK	Information
Wellcome/Superstore	280	16 million customers per month
ThreeSixty	2	Organic, natural and wholesome food. An extensive range of take-home and ready-to-eat food options + earth-friendly, wellness related products
Olivers the Delicatessen	1	HK's leading fine food and wine store since 1981. A superior product range, high-quality goods from Europe, USA, Australia, etc.
MarketPlace byJasons	43	Lifestyle supermarket offering quality products and services. Premium range and international focus.



# ► Hong Kong SAR as a market. Channels. Retail

Main players: Wellcome

► Only Finnish product found was "Finlandia" vodka.



Dutch  
origin only  
advertised  
in label

## ► Hong Kong SAR as a market. Channels. Retail

Main players: ParknShop















- Member of the AS Watson Group. Targeting **higher-income** consumers.
- Larger variety of upscale branches.
- Smaller sizes, no bulk option, **origin advertised consistently**.
- General Branch does not have specific healthy/organic category.

Name	No. of stores HK	Information
ParknShop/ superstore	162	Sells both Chinese and imported goods
Taste	14	More than food shopping experience, a range of fresh and ready-to-eat food, imported specialties, wine
Great Food Hall	1	46,000 finest food products to foodies and gourmands
FUSION	64	Wide selection of Asian and western delicacies
International	17	International supermarket concept
Gourmet Food Hall	2	Upper-class buyers. It provides more varieties of western-style products than ParknShop and Taste

# ► Hong Kong SAR as a market. Channels. Retail



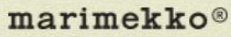




## ParknShop product categories

► Only Finnish product found was "Finlandia" vodka.

 <b>REDEMPTION OFFER</b> Danish Organic Boneless Pork Chop 300G HK\$101.00 <a href="#">Add to Cart</a>	 <b>REDEMPTION OFFER</b> Usa Organic Chicken Drumstick 1.5LB/PKT HK\$120.00 <a href="#">Add to Cart</a>	 <b>REDEMPTION OFFER</b> Usa Organic Chicken Party Wing 1.5LB/PKT HK\$120.00 <a href="#">Add to Cart</a>	 <b>REDEMPTION OFFER</b> Frozen Mackerel Fillet(Fish) 1PC HK\$7.90 <a href="#">Add to Cart</a>	 <b>REDEMPTION OFFER</b> Frozen Striped Catfish pkt HK\$15.90 <a href="#">Add to Cart</a>	 <b>REDEMPTION OFFER</b> Frozen Norwegian Atlantic Salmon Steak 2PCS HK\$49.90 HK\$45.90 <a href="#">Add to Cart</a>
 <b>REDEMPTION OFFER</b> Frozen Chicken Tenderloins (1.5lbs) 1.5LBS/PKT HK\$20.90	 <b>REDEMPTION OFFER</b> Frozen Us Chix Mid Joint Wing (2lbs) 2 LBS/PKT HK\$20.90	 <b>REDEMPTION OFFER</b> Select Ox Tail 454G HK\$20.90	 \$29.9 / 2pcs Frozen Atlantic Salmon Back Bones 550G HK\$20.90	 \$26.9 / 2pcs Frozen Chinese Noodle Fish 200g 200G HK\$20.90	 <b>REDEMPTION OFFER</b> Frozen Korea Oyster 300G HK\$20.90

## ► Hong Kong SAR as a market. Channels. Retail

### Other food retail stores

Name	No. of stores HK	Information
CitySuper	4	A high-end supermarket chain selling imported food. Also in Shanghai and in Taiwan
Collaboration with:       		
SOGO Supermarket Food Halls	1	A Japanese department A Japanese depart. Store Halls
JUSCO	3	A Japanese department store with 3 supermarkets in HK. Foods from Japan and around the world
YATA	9	Department store (Japan themed)
Vanguard and VanGo	100+ and 40+	The main retail division of China. Resources Enterprise. VanGos are a 24-hour service consumer stores
DCH Food Mart, DCH Food Mart Deluxe	48	Third supermarket by number of stores.
Circle K	363	Convenience store



## ► Hong Kong SAR as a market. Channels. Retail

### F&B retail supply chain

- Most imports of food and beverages are channelled **through import agents**.
- **Distribution costs** and **margins** in the supply and distribution chains are higher than in the Mainland. This difference makes final product price similar or higher than Mainland cities like Shanghai, even if tariffs are not applied when exporting to HK SAR.
- **Major supermarket chains** source products both by direct import and through local agents.
- For selected large-volume product lines, **large chains try to by-pass agents** wherever possible.
- **Second-tier supermarket** and **local convenience stores**, which do not have their own warehousing facilities, generally source **selected products** from overseas **via importers**.
- Some **high-end food retail stores** have appointed **consolidators** in specific countries for their own sourcing requirements to broaden the range and variety available to their customers.



## ► Hong Kong SAR as a market. Channels. Food service

- The 2019 **value** of total receipts of the food service sector is estimated at **14,5 billion USD**.
- At the end of 2019 there were **11,913** cafés, bars and restaurants in Hong Kong SAR, making it one of the highest density of restaurants in the world.
- The total number of foodservice establishments peaked at the end of 2017 with 15,000.
- **Eating out is a routine** for many people in Hong Kong SAR. Due to busy lifestyle, compacted city style and small houses, customers turn to foodservice for any meals, from breakfast to lunch and dinner.



Source: HK SAR Food and environment hygiene department

## ► Hong Kong SAR as a market. Channels. Retail

Restaurant sales by type of restaurant

- The main category for restaurants in HK SAR is Chinese.
- The product origin is not normally advertised. Some exceptions are steakhouses where the origin of the meat is advertised.



- **Franchising** is prevalent in Hong Kong SAR food service, both for international brands and for local ones.
- Leading international chains are McDonald's, Subway and Pizza Hut.
- Leading local chains include Café de Coral, Fairwood and Maxim's.

Source: HK Census and Statistics Department

## ► Hong Kong SAR as a market. Channels. Food service

### Main food service chains



- Café de Coral Group is the undisputed market leader in the fast-food sector.
- It is also the leader in institutional catering segment.
- It developed a multi-brand strategy with western-style chains, Japanese and Korean chains, and casual dining branches.
- It has developed a **healthy** and **sustainable** campaign for all of its branches called "green Mondays" due to increased consumer awareness.
- **Product origin** is only advertised for specialty fish and meat products in the western-style branches.





## ► Hong Kong SAR as a market. Channels. Food service

### Café de Coral group

Menu from  
"Spaguetti House".

Advertises origin of  
the meat and  
organic and  
natural  
characteristics.



## ► Hong Kong SAR as a market. Channels. Food service

### Main food service chains



- Fairwood Group offers a wide variety of **local Chinese dishes** and Western dishes in fast food and specialty restaurants.
- Over 140 outlets in Hong Kong SAR and the Mainland.
- Large processing plant in Hong Kong SAR.
- **Do not advertise origin** or have special "green" campaign



- Maxim's group offers three different cuisine styles and a variety of brands for each style, but all focus on **Chinese cuisine**.
- It also operates in the **institutional catering service** through its brand Dutch Kitchen.
- **Do not advertise origin** or have special "green" campaign

## ► Hong Kong SAR as a market. Channels. ECommerce

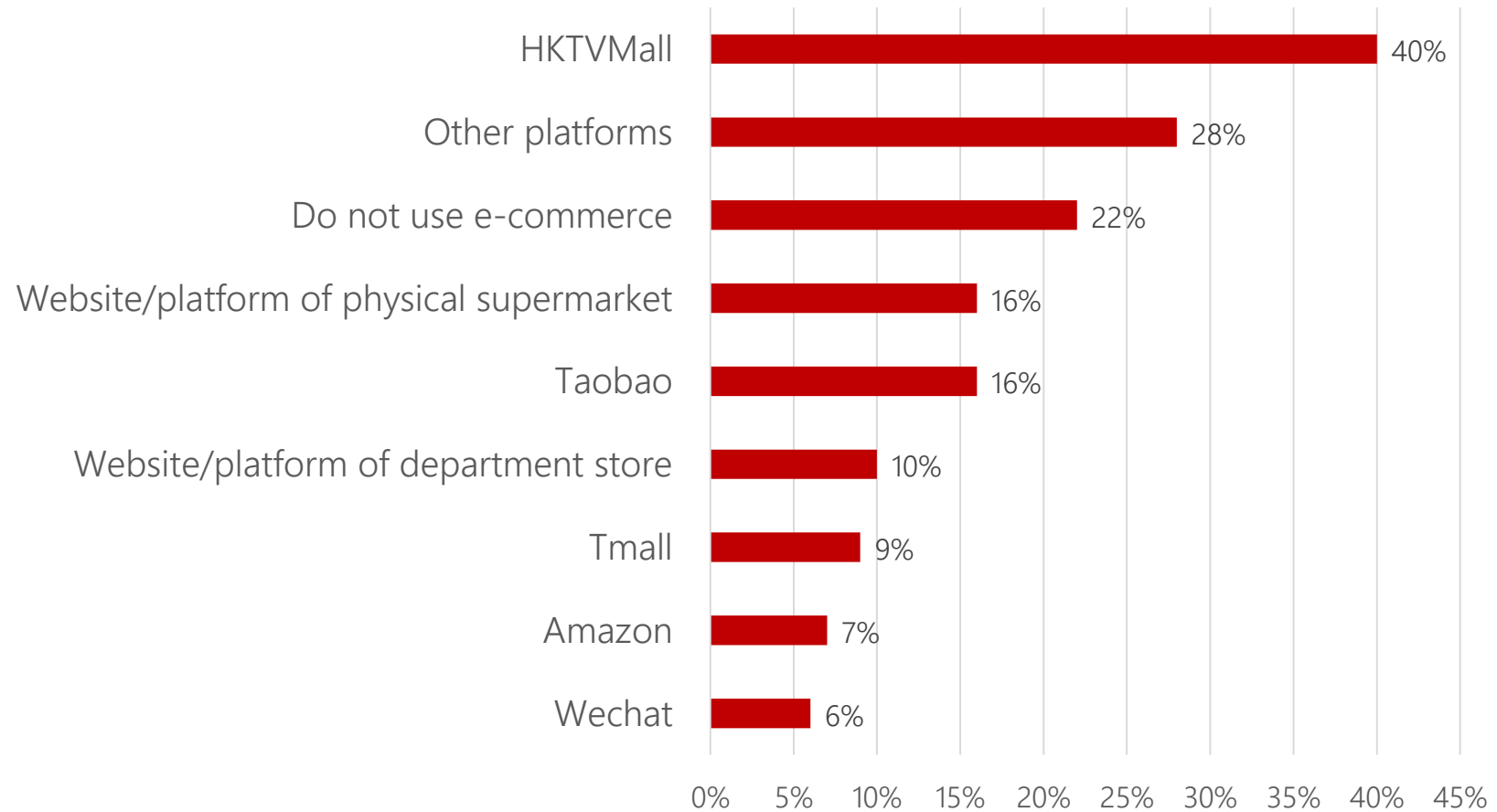
- The **use of e-commerce** is not as widespread in HK SAR as in the Mainland, but it is growing steadily. Reasons for this include:
  - The city's high-population density
  - Large number of easily accessible outlets and malls
  - Fast, reliable transport infrastructure
- General e-commerce penetration rate in Hong Kong was at 59.8% in 2018 mainly for electronics, media and fashion.
- **F&B penetration rate was at 18%** in 2018 and growing 0,5% annually.
- The **total revenue** for F&B online sector in 2018 was around **300 million USD**.
- 91% of HK SAR based companies are trying to follow an omnichannel strategy.
- Only about 1% of the F&B market revenue comes from online sales.
- Almost 50% of F&B e-commerce users are below 35 years old.
- The main online shopping platform for F&B is **HKTVMall**, followed by small specialized online stores



Source: Statista

## ► Hong Kong SAR as a market. Channels. ECommerce

### Most used F&B platforms for F&B purchases in 2018



Source: Statista, 2018



## ▶ Hong Kong SAR as a market. Channels. ECommerce

HKTVMall



- ▶ Largest Online Ecosystem in Hong Kong
- ▶ Works as a Marketplace collaborating with individual retailers. Over 300,000 items on sale.
- ▶ The platform provides logistics, payments and customer service support, but collaborating retailers have to manage their own products including stock, discounts and orders.
- ▶ The platform charges collaborators a sale commission and logistics/advertisement costs.
- ▶ 18,700 daily orders in Dec 2019. **F&B around 40% of total sales in 2019**, stable from 2018.
- ▶ 2019 turnover on F&B category was around 70 million USD.
- ▶ In recent years it has implemented an **O2O strategy** and opened 115 physical pick-up points and stores. These stores mainly serve as interactive billboards aimed at showcasing products available on HKTVMall's website.
- ▶ Product origin and brands are consistently advertised.

Source: HKTVMall Financial results

# ► Hong Kong SAR as a market. Channels. ECommerce

## HKTVMall



Finlandia - Vodka - 1 Lt.  
1000ml  
20+ Sold  
★★★★★ (1)



La Manna - Finland Instant Rye (find flakes) 500g  
500g  
100+ Sold



Biokla - Biokla Organic Super Bilberry Powder...  
20+ Sold

► Products from Finland



Home Brown - Organic Jumbo Rye Flakes



Home Brown - Oatmeal with Dried Fruits & Roast...




Home Brown - Oatmeal with Dried Fruits

► Products with Finnish ingredients but imported from somewhere else

Source: HKTVMall

## ► Hong Kong SAR as a market. Channels. ECommerce

### HKTVMall product presentation



Special Price ~~\$ 260.00~~  
**\$ 240.00**   
20+ Sold


**2-day group shipment**

Country of Origin: Finland

Description: **Organic Bilberry Powder (150g pack)**  
**Made from whole berries.** Ingredients: 100% Finnish organicwild bilberry (Vaccinium myrtillus).

Delivery / Return:


- To be Delivered by HKTV within 1 - 4 days [\(More\)](#)
- Sold by LifeKonet**
- This product is non-returnable



Source: HKTVMall


## ► Hong Kong SAR as a market. Channels. ECommerce

### HKTVMall product presentation



The image shows a 500g bag of Home Brown Oatmeal. The bag is orange and black, with the brand name 'Home Brown' and '紅布朗' in red. It features the text 'Good for you!', 'OATMEAL', and 'with Dried Fruits & Roasted Nuts'. Below this, it says '堅果什錦麥片'. The bag also mentions 'THE FINEST QUALITY OAT FLAKES AND RYE FLAKES ARE FROM FINLAND' and 'VEGAN 素食'. A bowl of oatmeal topped with various fruits and nuts is shown next to the bag.

Price **\$ 88.00** 2-day group shipment

Highlights  **Weekly 5-star Recommendation:**  
The Selected Hottest Products with 5 Stars Rating

[Proceed to Shop >](#)

Country of Origin **Taiwan, Republic of China**

Description Home Brown selects the finest organic oat and rye flakes from **Finland** and mixed them with whole organic dried cranberries, raisins and roasted nuts. Ideal match with soy milk, milk (either cool or hot) or yogurt. Instant and convenient. Nutty, fruity and rich texture. No artificial flavoring, coloring and preservative.

Source: HKTVMall

## ► Hong Kong SAR as a market.

A

Market size

B

Consumer analysis

C

Channel analysis

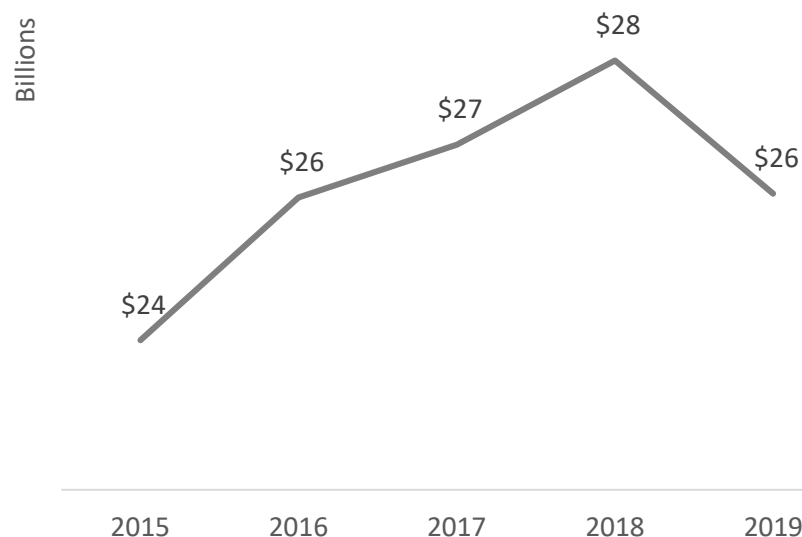
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Product analysis

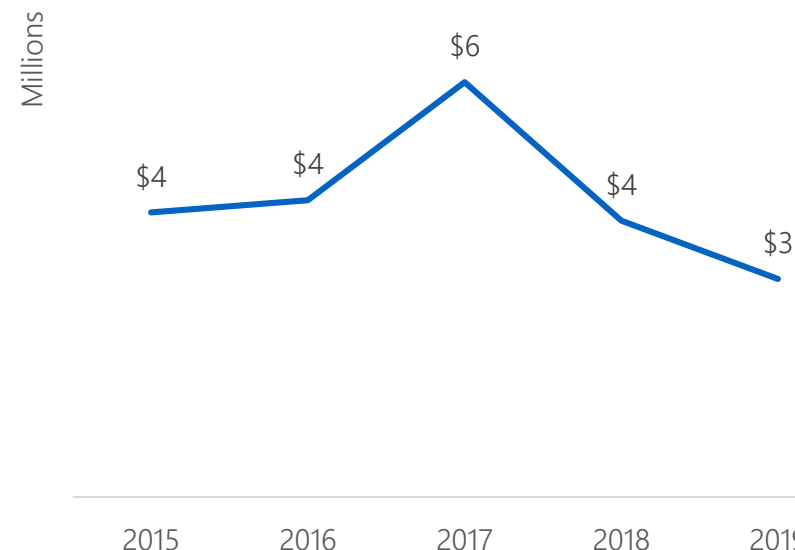


## ► Hong Kong SAR as a market. Products

HK SAR F&B imports from the WORLD



HK SAR F&B imports from FINLAND



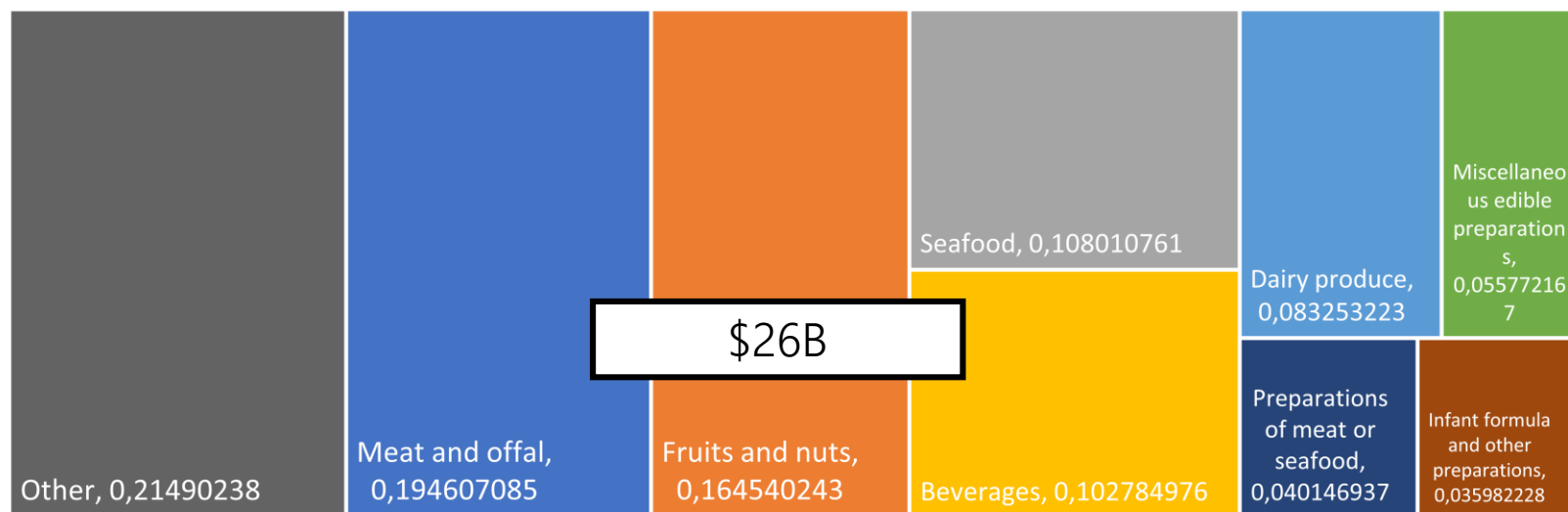
- Food imports value **decreased** by 7% in 2019.
- F&B imports from the EU were valued at **2,8 billion** in 2019, after decreasing 6% in 2018 and 17% in 2019.
- Europe's main exports are beverages, meat and offal and dairy products.
- Imports from FIN are very small and went down 21% in 2019, they represent 0,1% of EU imports.

Source: ITC Trademap, UN COMTRADE (BEC classification)

## ► Hong Kong SAR as a market. Products

### HK SAR F&B imports from the WORLD

- As 95% of the food is imported, **all products** are represented in imports from world.
- Some categories such as fruits or beverages have **over-representation** in comparison with consumption due to **re-exports**.
- Other product categories such as **infant formula** are over-represented due to re-exports and consumers from Mainland China buying this products when visiting HK SAR.



Source: ITC Trademap, UN COMTRADE

## ► Hong Kong SAR as a market. Products

### Retained food imports, selected categories, 2019

	Imports	Re-export	Domestic exports	Retained imp	% retained imp
02 - MEAT AND EDIBLE MEAT OFFAL	\$5,406	\$1,195	\$0.5	\$4,211.06	78%
0203 - MEAT OF SWINE	\$593	\$64	-	\$529.35	89%
0206 - EDIBLE OFFAL	\$1,633	\$421	\$0.01	\$1,212.19	74%
0207 - POULTRY MEAT AND OFFAL	\$1,249	\$411	\$0.01	\$838.02	67%
03 - FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES	\$3,000	\$536	\$7.9	\$2,463.54	82%
04 - DAIRY PRODUCE	\$2,313	\$1,030	\$13.1	\$1,283.44	55%
08 - FRUIT AND NUTS	\$4,571	\$3,092	-	\$1,479.13	32%
16 - PREPARATIONS OF MEAT OR SEAFOOD	\$1,115	\$170	\$10.2	\$945.32	85%
1602 - OTHER PREPARED OR PRESERVED MEAT, MEAT OFFAL OR BLOOD	\$574	\$93	\$3.4	\$480.95	84%
1604 - PREPARED OR PRESERVED FISH; CAVIAR AND CAVIAR SUBSTITUTES	\$181	\$20	\$0.6	\$161.34	89%
19 - INFANT FORMULA AND OTHER PREPARATIONS	\$1,000	\$299	\$314.8	\$701.32	70%
22 - BEVERAGES, SPIRITS	\$2,855	\$810	\$114.8	\$2,045.04	72%
2202 - OTHER NON-ALCOHOLIC BEVERAGES	\$297.0	\$72	\$92.6	\$224.57	76%
2208 - SPIRITS	\$600.0	\$507	-	\$93.21	16%

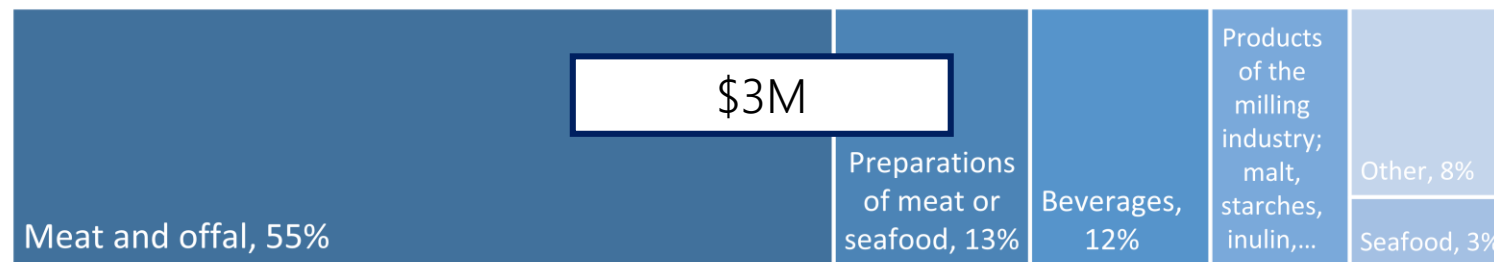
USD million (HKD/USD exchange rate: 0.1284 (31/12/2019))

Source: Trade Analysis Section, HK Census and Statistics Department

## ► Hong Kong SAR as a market. Products

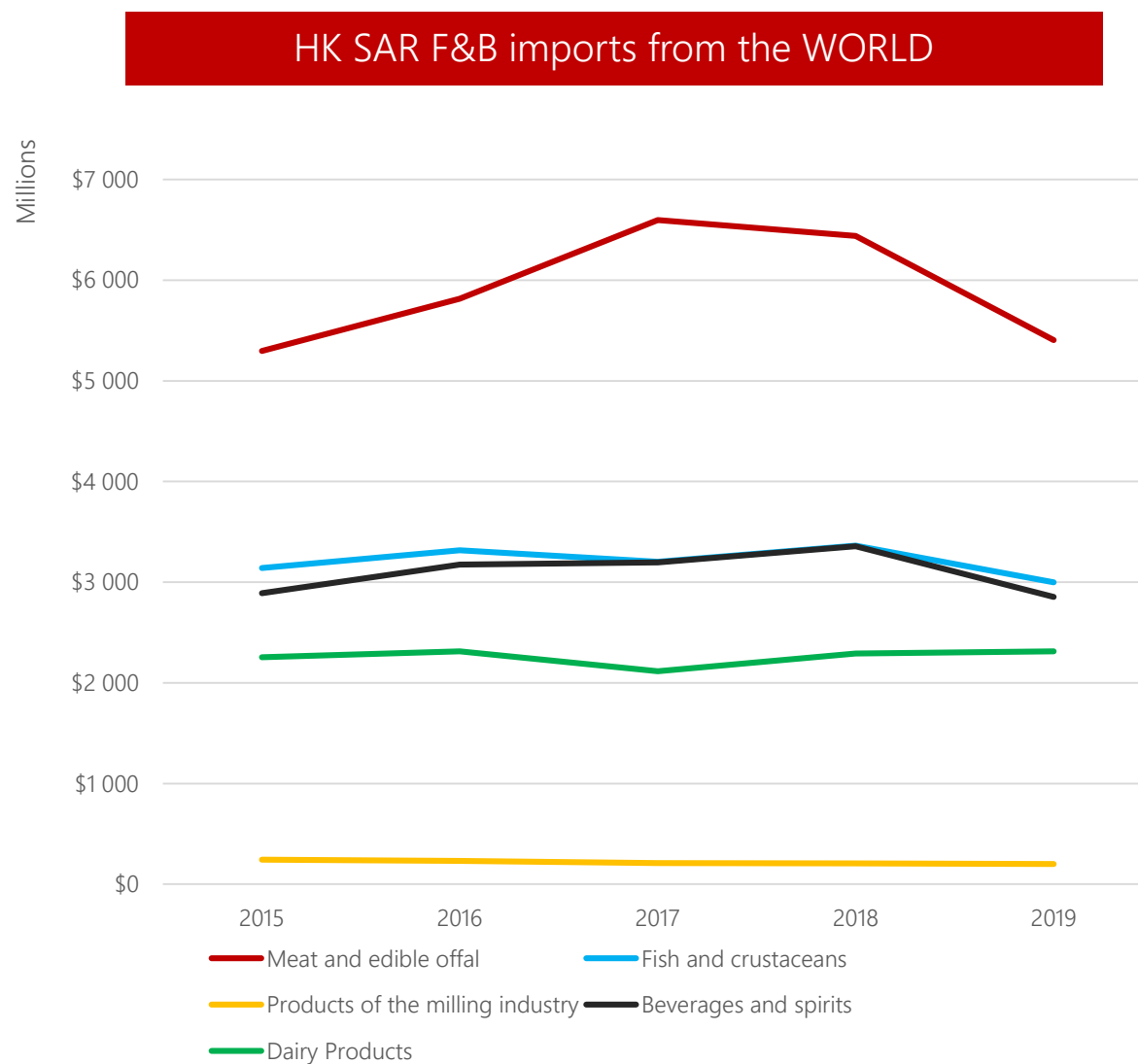
### Finland top food export categories to Hong Kong

- Most product categories are **decreasing** in export volumes and value.
- **Meat and offal** represent around 55% of FIN exports to HK. However, exports are falling fast due to gaining market access in China for swine meat and offal. Beverages are the second most important category, with **spirits and liquor** as the main products. Exports of these are decreasing by 13% annually since 2017.
- **Seafood**, including fish and fish preparations, is the only category showing some growth in 2019, but volumes are still low.
- Other categories such as **cereal products** remain stable but do not show growth.
- More innovative or healthy products such as flavoured waters or juices show moderate growth, but volumes are really low.



Source: ITC Trademap, UN COMTRADE

## ► Hong Kong SAR as a market. Products



- HK SAR, unlike the Mainland, is a **mature market** for imported F&B.
- F&B Imports from world have been **mostly flat** or have decreased in the past 5 years.
- However, there is a growing market for **innovative products**. As well as those with organic or natural characteristics that are portrayed as "healthy" products.

Source: ITC Trademap, UN COMTRADE (BEC classification)



## ► Hong Kong SAR as a market. Products

- Hong Kong is a **free port**, imposing duties on only four products- **liquor**, tobacco, hydrocarbon oils, and methyl alcohol, which are also taxed domestically
- Duties for alcohol products are:
  - Beer and liquor with less than 30 percent alcohol: 0%
  - Liquor with more than 30 percent alcohol: 100%

F&B Import requirements	HK SAR	Mainland China
Importer / exporter registration	Importer only	Both
Importer licence required	Only for alcohol	Only some products
Prior approval requirements	Only some products	Only some products
Country protocol required	No	Products of animal and plant origin
Tariffs	Only on alcohol and tobacco	MFN
Compliance Access complexity	Low	Moderate to High
Main control-approval source	Exporting country	Destination country

## ► Hong Kong SAR as a market. Products

### Import requirements

- There are **specific legal requirements**, such as prior approval of the establishment, for the import of certain food items due to their perishable or high-risk nature:
  - game, meat, poultry and eggs
  - milk and milk beverages;
  - frozen confections; and
  - marine products.
- Import of food and beverages are also subject to control of various **local food laws** and regulations pertaining to:
  - contamination by harmful substances (such as hormone residues)
  - microbiological standards
  - preservatives
  - food colors
  - metal and mineral oil content



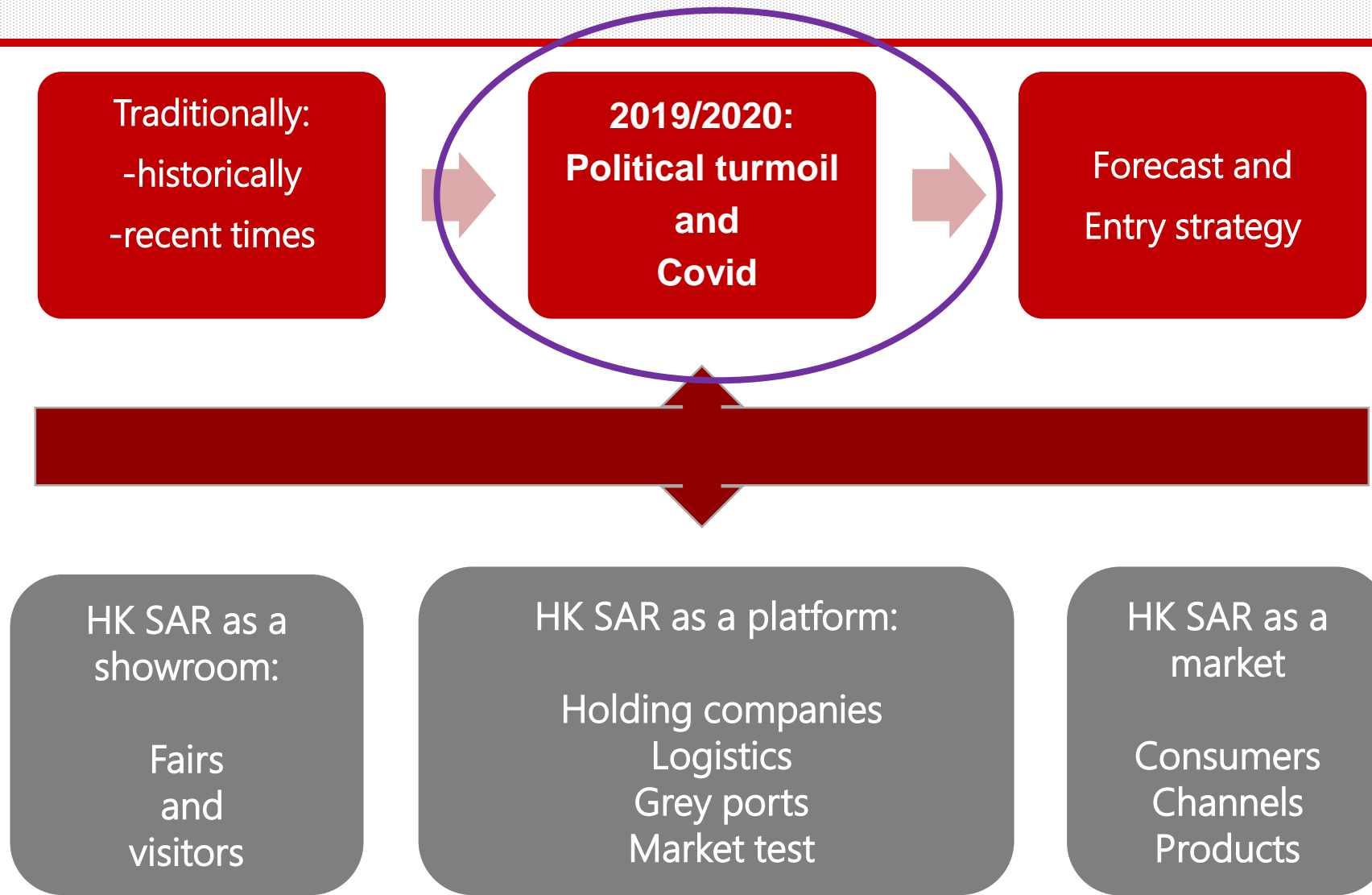
# ► Hong Kong SAR as a market. Products

## Food composition and labelling

- All packaged food products need to comply with the **Food and Drugs (Composition and Labelling) Regulation**.
- **Labels** must be in English **and/or** Chinese.
- Special products such as infant formula are further regulated.
- Additives are highly regulated.
- Nutrition facts must be included:
  - Energy content
  - Protein
  - Available carbohydrates
  - Total fat
  - Saturated fatty acids
  - Trans fatty acids
  - Sodium
  - Sugars
- **Nutrition claims** must be proved by the nutrition label.

Nutrition Facts	
Serving Size 2 tbsp. (33 g)	
Servings Per Container 7	
Amount Per Serving	
<b>Calories</b> 20	Calories from Fat 10
% Daily Value*	
<b>Total Fat</b> 1 g	2%
<b>Sodium</b> 190 mg	8%
<b>Total Carbohydrate</b> 2 g	1%
<b>Protein</b> 1 g	
Vitamin A 2%	• Vitamin C 15%
Iron 10%	• Vitamin B6 20%
Vitamin B12 4%	
Not a significant source of saturated fat, trans fat, cholesterol, dietary fiber, sugars, and calcium.	
* Percent Daily Values are based on a 2,000 calorie diet.	

Source: Hong Kong e-legislation portal



## ► Hong Kong SAR in 2019/2020. Political turmoil 2019

### Impact on channels

- **Political turmoil** during 2019 (and the Covid outbreak in early 2020) have had an important impact on Hong Kong SAR economy and its F&B sector.
- **Food service** has been the most hurt channel by the continuing protests in 2019. **Market value** shows a **decrease by 5.9%** in value and 8.0% in volume compared with 2018.
- Value of restaurant receipts fell by 6%. Chinese restaurants (-10%) and bars (-9%) felt the most severe impact.
- Food service was hit but didn't collapse and still maintained muscle.



Source: HK SAR Census and Statistics Department



## ► Hong Kong SAR in 2019/2020. Political turmoil 2019

### Food service employment

- About **1,000 restaurants have closed** since June last year.
- Another 1,000 could close in the coming two months If the pandemic persists beyond April.
- Tourist sector is effectively stopped. **High-end fine dining restaurants** among the most affected.
- Market has been “bruised” but still holds on its most part hoping for recovery

	2018	2019	variation
No. of establishments			
Food service establishments	18,138	17,683	-2.5%
Chinese restaurants	4,978	4,816	-3.3%
Non-Chinese restaurants	2,619	2,534	-3.2%
Fast food shops	1,585	1,488	-6.1%
No. of people engaged in			
Food service establishments	252,044	234,496	-7.0%
Chinese restaurants	108,129	98,080	-9.3%
Non-Chinese restaurants	34,327	32,067	-6.6%
Fast food shops	42,730	41,498	-2.9%

Year-end data (December)

Source: HK SAR Census and Statistics Department

## ▶ Hong Kong SAR in 2019/2020. Covid 2020

### Covid

- ▶ Hong Kong SAR has dealt with the situation very well but even then impact has been inevitable, **specially for food service**
- ▶ Since the start of the outbreak, there have been **1,038 cases** and **4 deaths** in Hong Kong SAR.
- ▶ Since March 25, all **non-Hong Kong residents** coming from overseas have been denied entry. Non-residents coming from the Mainland were denied entry if they had visited overseas countries in the previous 14 days.
- ▶ **Public gatherings** of more than 3 people are not allowed.
- ▶ **On-premise** consumption of food and drinks is forbidden until June 27 or facing strong restrictions in terms of occupancy, a business hours
- ▶ (Fine-dining) restaurants will probably face a wave of closures.



Source: HK SAR Government Food and Health Bureau

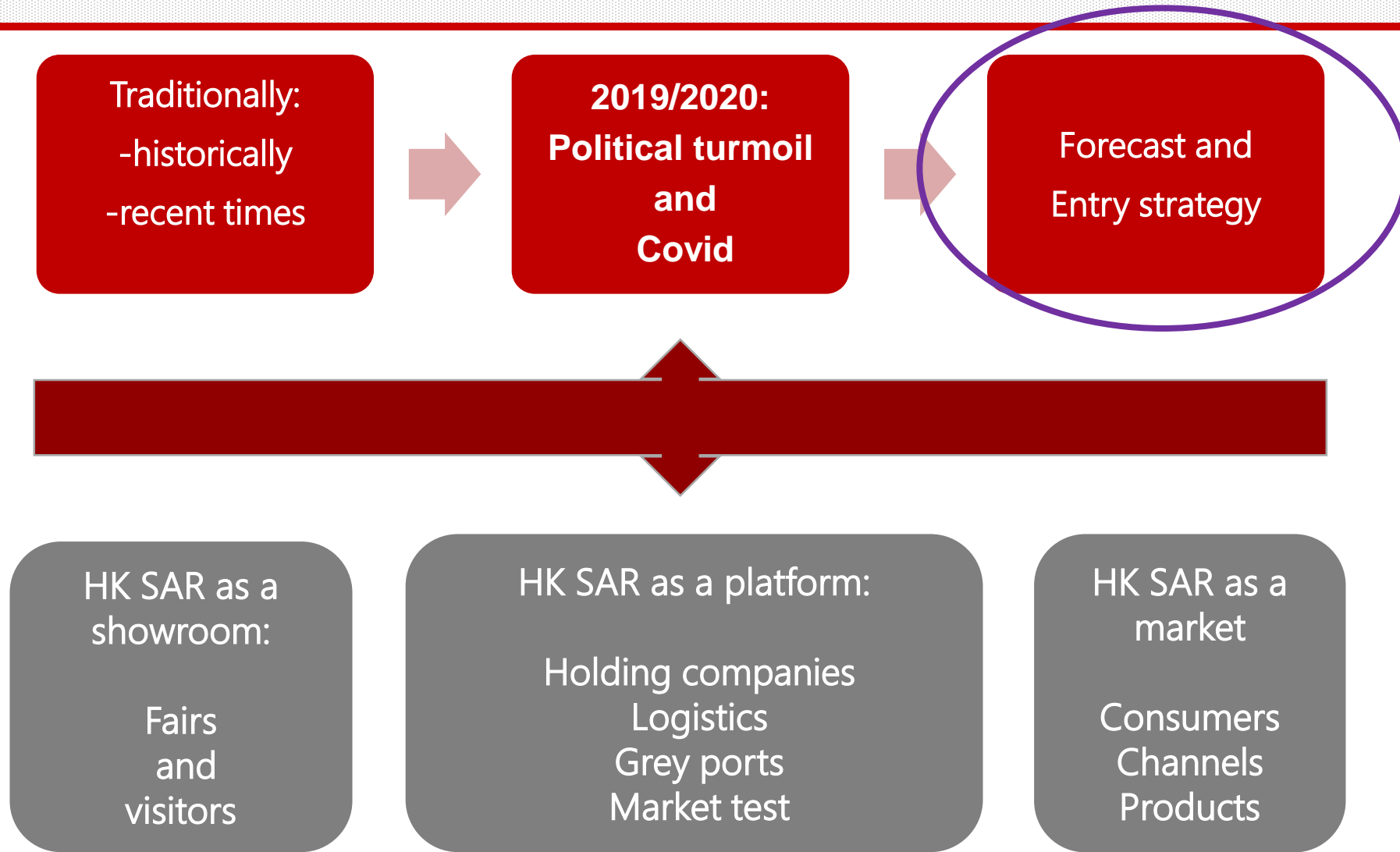
## ► Hong Kong SAR in 2019/2020

### Impact on trade fairs

- **Uncertainty** in Hong Kong SAR during 2019 led to the cancellation or rescheduling of many events.
- **For example, Asia Fruit Logistica**, the continent's leading fresh fruit and vegetable trade show, will move to Singapore in 2020 due to instability in Hong Kong SAR. The organization will review relocation again after 2020 edition.
- The **Covid-19 outbreak** will also have an impact on trade events, as many have been forced to reschedule and attendance from worst-hit countries could be damaged even if proper rescheduling is done.
- For example, **Vinexpo** Hong Kong, which was originally scheduled for May, 2020 has been moved to July 8-10, 2020.



## Hong Kong SAR



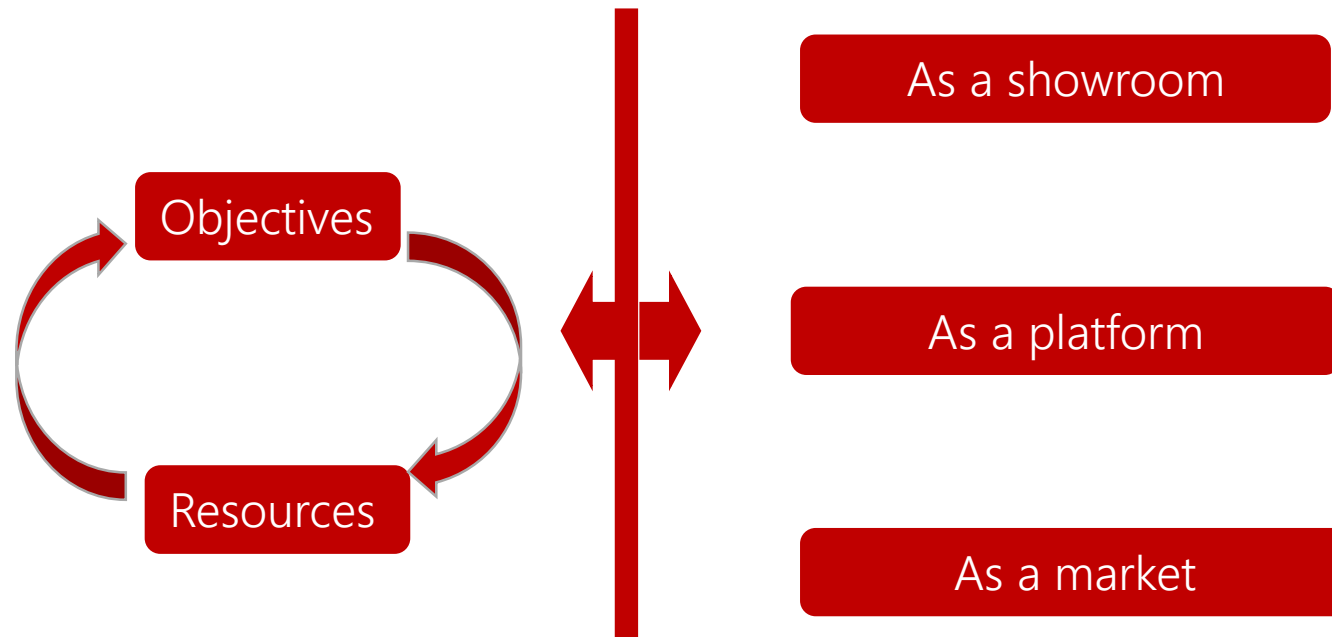
## ▶ Hong Kong SAR. Forecast

- ▶ The near and mid term future of Hong Kong SAR food distribution will depend:
  - ▶ Highly on its ability to deal with Covid (which has proven good so far)
    - New normal by July. Impact on global economy but major trends remain as in 2019
    - Limited recovery, food service could be more impacted
    - New outbreak. Long term impact in global economy, specially in food service
  - ▶ Moderately on the evolution of the political unrest
  - ▶ Moderately on how surrounding markets deal with Covid
- ▶ People still will it but:
  - ▶ Food service can be largely affected.
  - ▶ Introduction of new products could slow down
  - ▶ Trade fairs Will be limited
- ▶ Moving too soon may not bring results but now shelves have been “shaken” and that is an opportunity



## ▶ Entry strategy

- ▶ Entry strategy will depend entirely on our objectives and resources.
- ▶ Regarding resources, budget and time need to be carefully planned.
- ▶ Depending on our objective, there are three paths.
- ▶ If we do not have the resources we must avoid an excess of pivoting

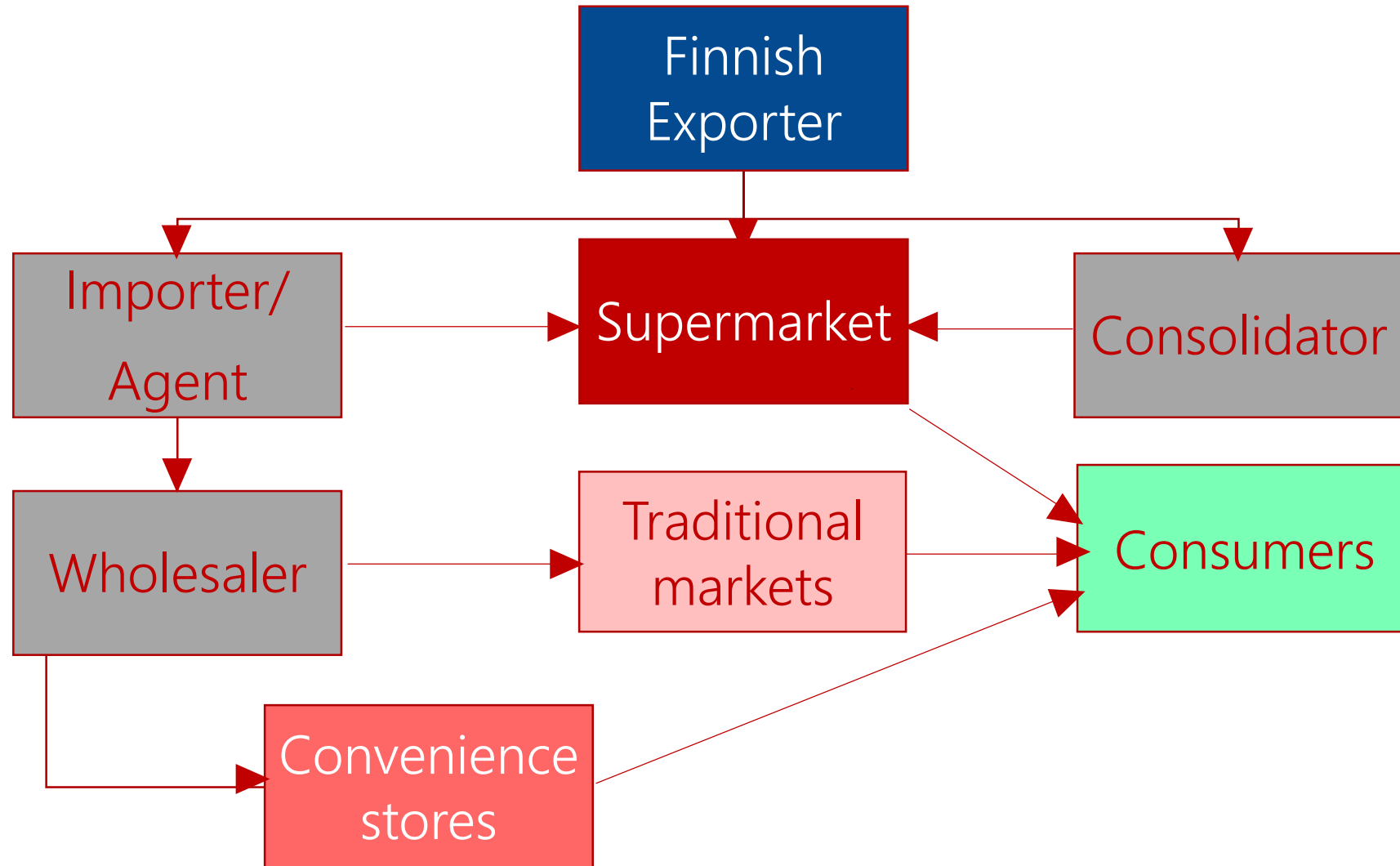


## ▶ Entry strategy

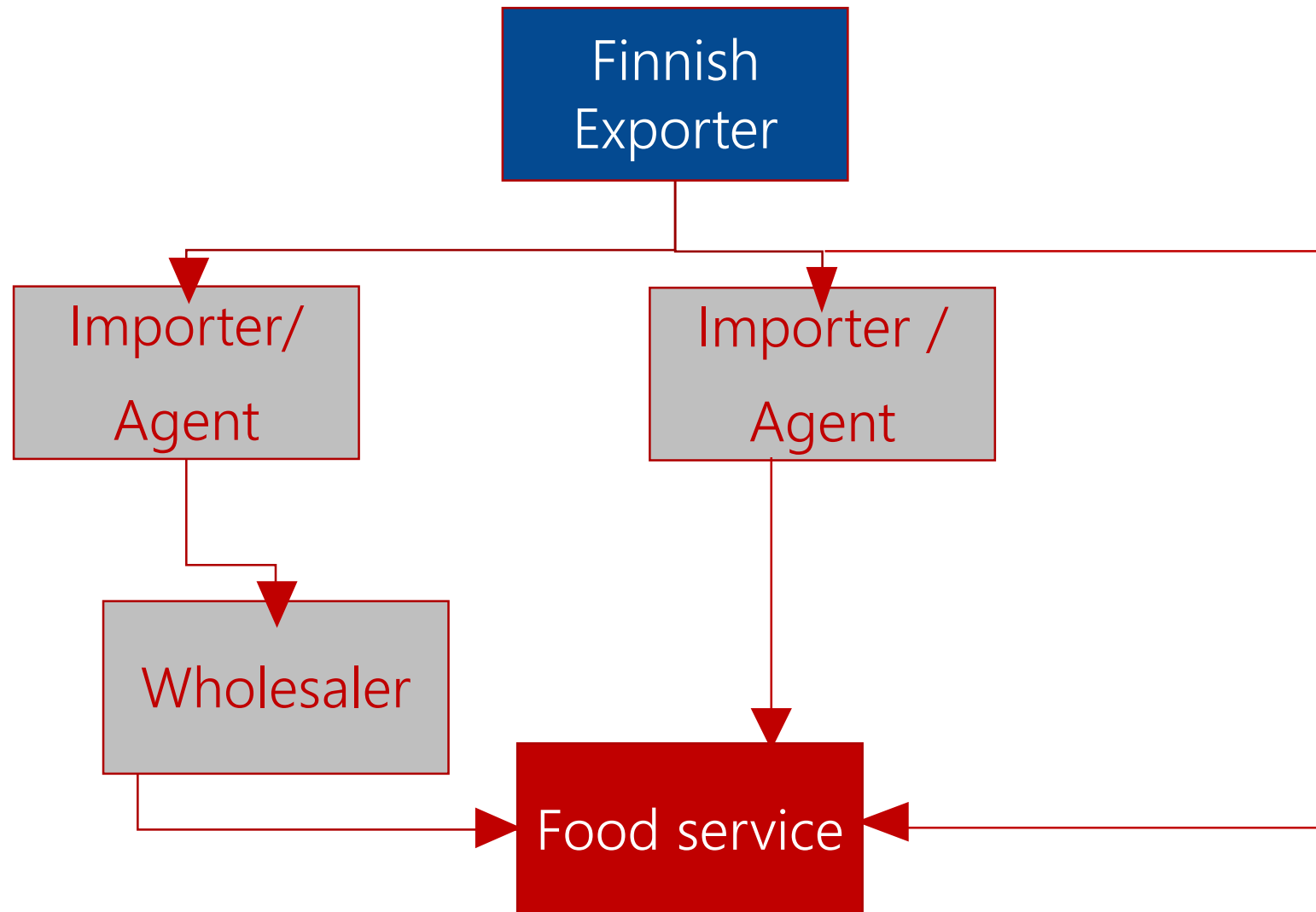
- ▶ Is it a HK SAR + Mainland strategy?
- ▶ Is my **product** suitable considering current market dynamics?
- ▶ Which of my products are more suitable?
  - ▶ Consider Finland performance, EU performance, individual product performance
- ▶ Is my product **innovative** or will I need to push a **competitor** out?
- ▶ What are my **KSPs**?
- ▶ What channel am I targetting?
- ▶ **Business plan**: estimated sales volume, budget and schedule.
- ▶ Business agenda or trade fairs?



## ► Entry strategy. Food retail



## ► Entry strategy. Food Service



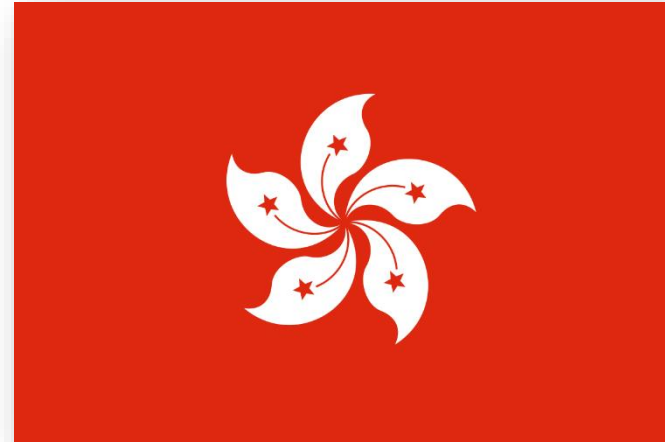
# ▶ Entry strategy

## ▶ Practicalities

- ▶ Trade mark protection
- ▶ Language, negotiation, contracts
- ▶ Exclusivity
- ▶ Promotion
- ▶ HKTDC [www.hktdc.com](http://www.hktdc.com) services advice

## ▶ Is it the right time?

- ▶ If too early for the product, there will be no interest but right after could benefit from “shaken shelves” as an opportunity







**BUSINESS  
FINLAND**

# Thank you! Kiitos!

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## Local Support for Foreign Companies

Ms Sindy Wong  
Head of Tourism and Hospitality

4 May 2020





# HONG KONG

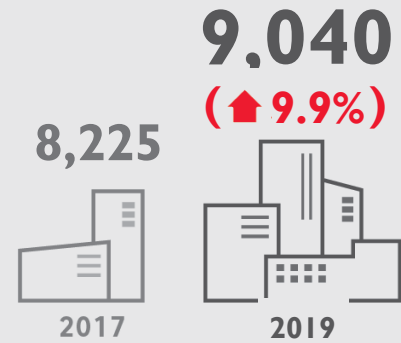
## THE BRIDGE BETWEEN MAINLAND CHINA & THE WORLD

- Unparalleled Core Strengths
- New Trends in Food Industry
- How InvestHK Can Help

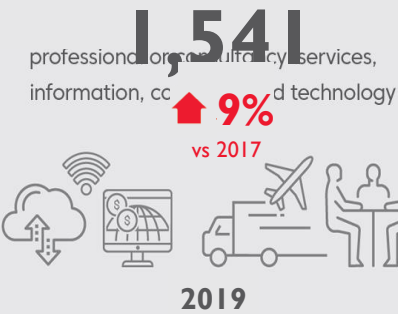


# VIBRANT INTERNATIONAL BUSINESS HUB

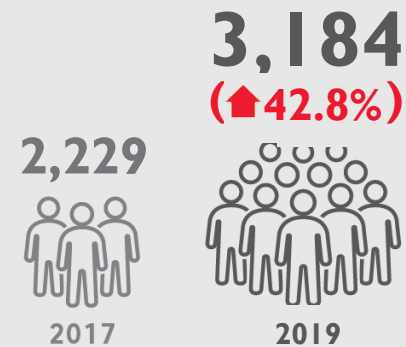
## Overseas and Mainland companies



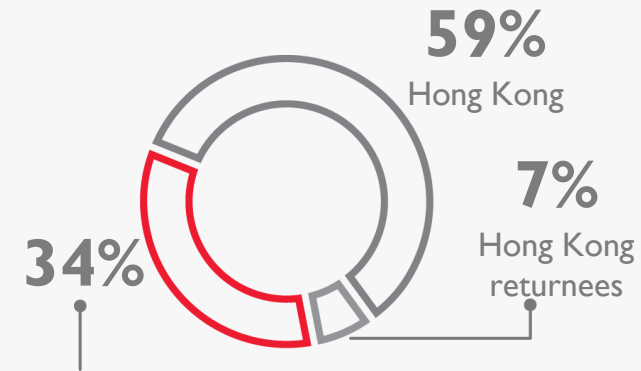
## Top business sectors



## Number of startups



## Origins of founders



Sources: 2019 Annual survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong, 2019 Startup Survey





# HEART of ASIA

Around 120 airlines operate flights to  
around 220 destinations worldwide,  
including over 50 Mainland cities

**The busiest air cargo airport in the world –  
5.1 million tonnes of cargo handled in  
2018 (Airport Authority Hong Kong)**



4hours

Most of Asia's key markets  
within four hours' flight time

5hours

From half the  
world's population





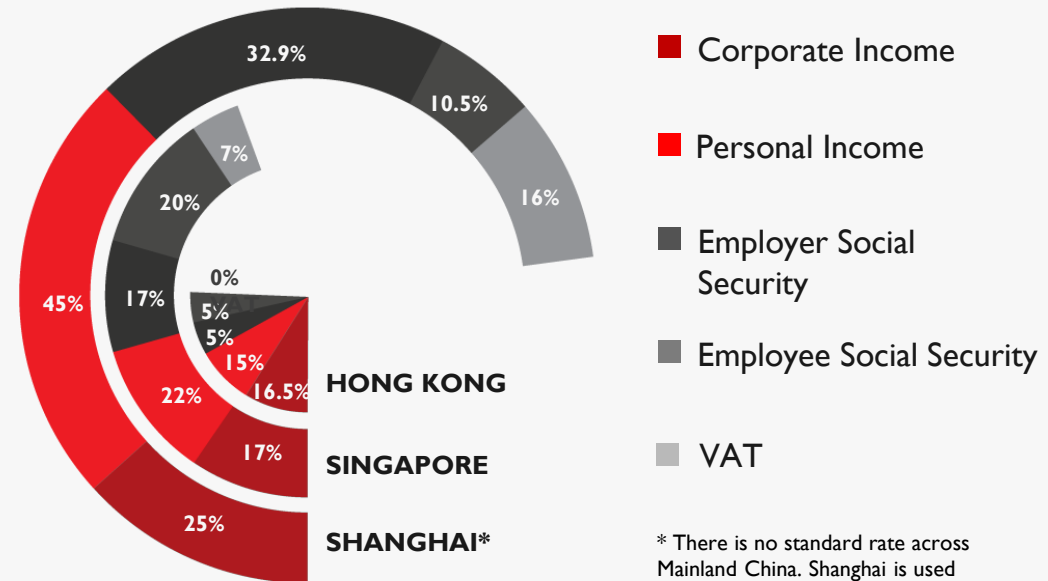
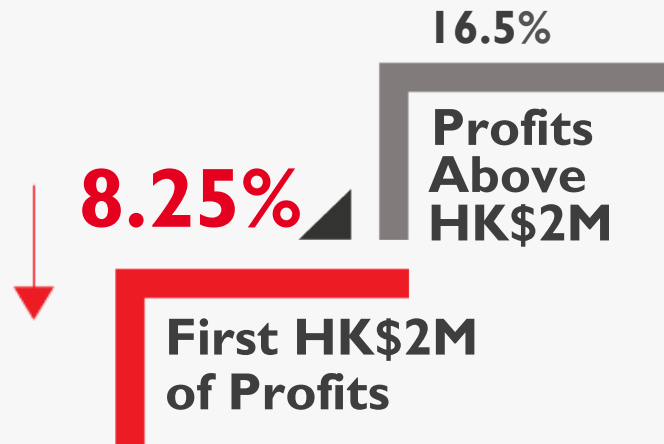


# THE RULE OF LAW.





# LOW & SIMPLE TAX SYSTEM

Two-tiered tax system



-  ~~X~~ VAT/GST/Sales tax
- ~~X~~ Capital Gains Tax
- ~~X~~ Withholding tax on investments
- ~~X~~ Estate duty
- ~~X~~ Global taxation
- ~~X~~ Wine duty

 Hong Kong has signed Comprehensive Double Taxation Agreements (CDTAs) with **43** jurisdictions.

 Negotiations with **14** jurisdictions are in progress.  
(as of Mar 2020)

# INTERNATIONAL FINANCIAL CENTRE.



## Financing

75+ of top 100 banks in the world

1<sup>st</sup> IPO centre in the world 6 times in last 10 years

4<sup>th</sup> bond market in Asia

## Asset Management

1<sup>st</sup> asset management hub in Asia

## Risk Management

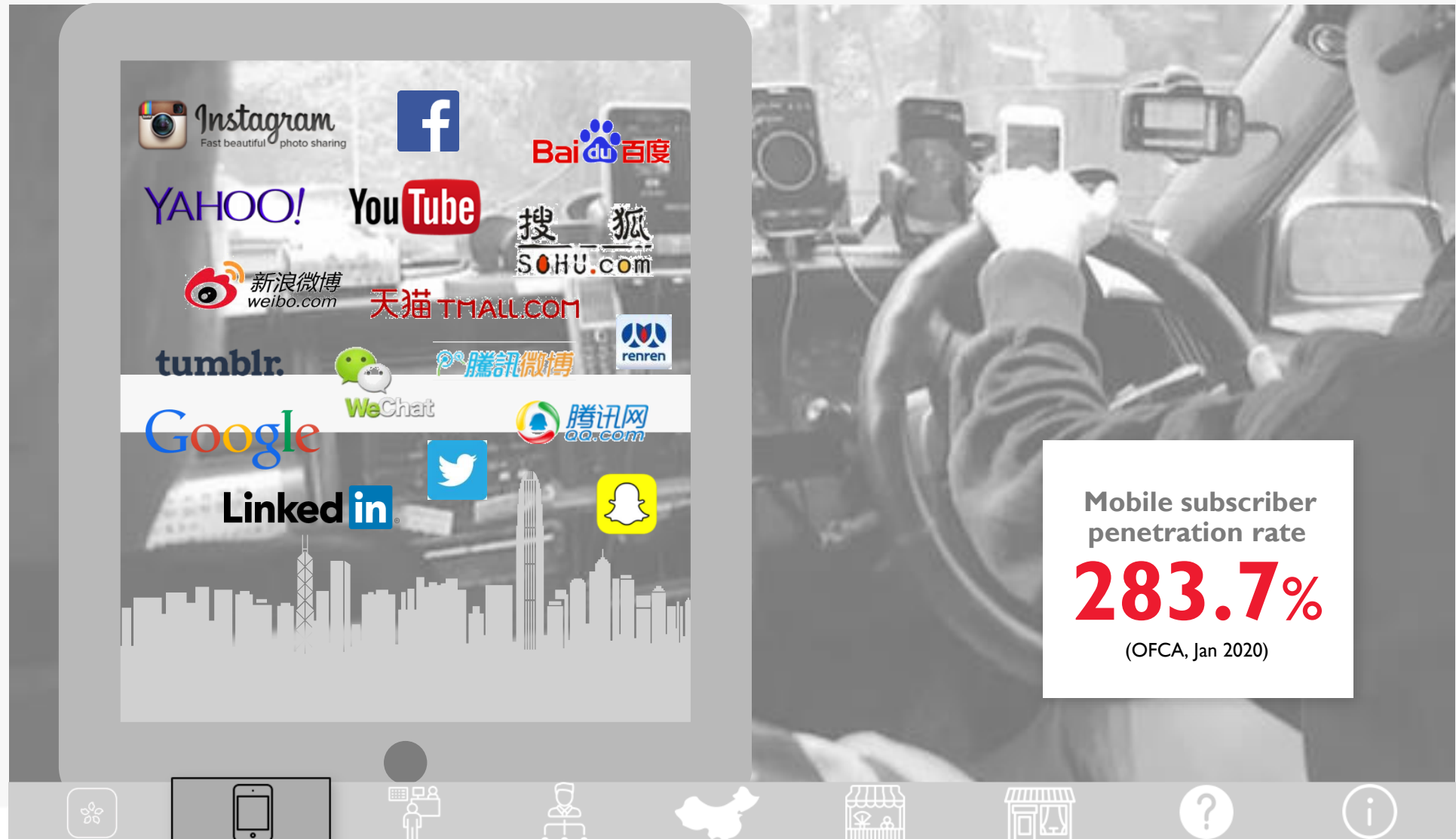
1<sup>st</sup> insurer concentration and insurance density in Asia

## Largest Offshore RMB Centre

77% of the world's offshore RMB payment transaction processed in Hong Kong



# FREE & FAST FLOW OF INFORMATION. ■



# COMPETITIVE TALENT POOL ■

**5** of world's top 100 universities

**1** of Asia's top 5 business schools



Source: QS World University Rankings 2020



Expatriate community of  
over **300,000**





# COSMOPOLITAN LIFESTYLE.





# GREATER BAY AREA

## POPULATION

~71 million

>UK, Italy, South Africa

## LAND AREA

~56,000km<sup>2</sup>

>Ireland, Latvia, Panama, West Virginia (US)

## GDP

~US\$1.6 trillion

~Australia, Spain





# OUTLINE DEVELOPMENT PLAN ■



<https://www.bayarea.gov.hk>



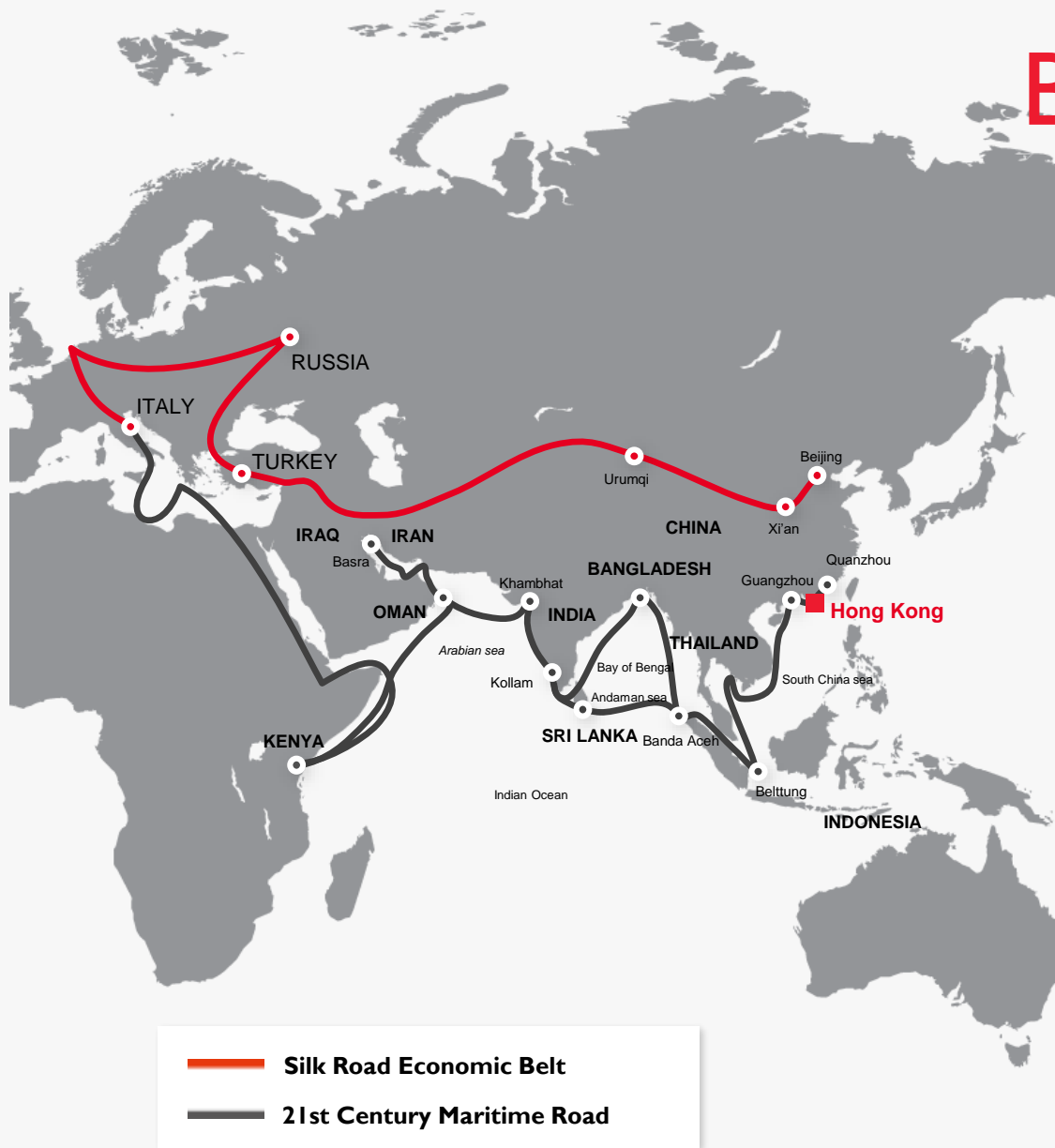
# FOCUSES OF 4 CORE CITIES ■

**Coordinated and innovation-driven regional development  
with more seamless flows of people, goods, capital and information**



# BELT & ROAD.

- 60%+ of the world's population
- 30%+ of global GDP
- 40%+ of the world's total merchandise trade



Arrangement for Advancing HK's Full Participation in and Contribution to the Belt and Road Initiative signed in Dec 2017

Sources: China-US Focus, Xinhua Finance Agency





# THE BELT & ROAD PLATFORM.



- Project financing and RMB services
- Financial and professional services (dispute resolution)
- Business matching
- Regional trade and logistics
- Regional headquarters
- International companies entering China
- Mainland companies going global

*Source: Belt and Road Office*

*Icons designed by Flaticon*

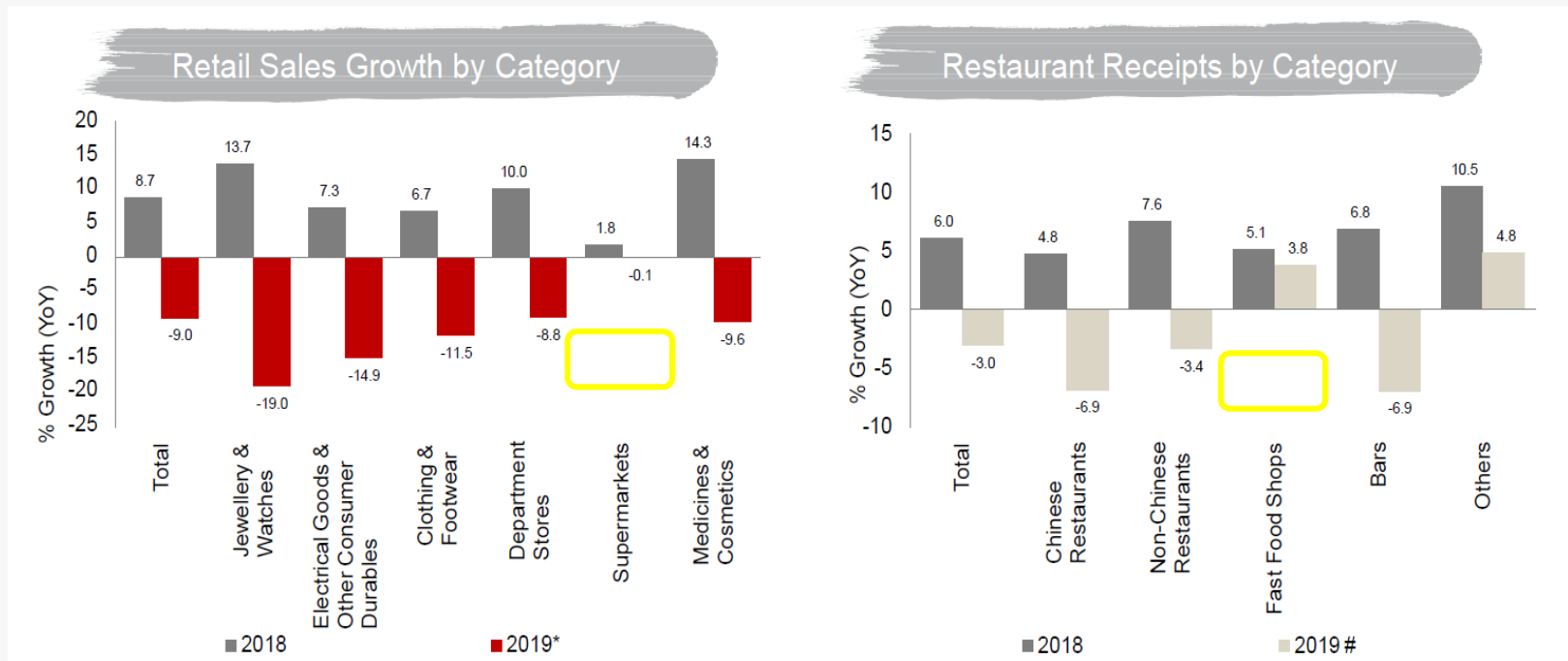


# NEW TRENDS IN FOOD INDUSTRY ■



Photo Credit:  
The Dawn, Mr WONG CHI KEUNG

# TREND I: Food grocery and fast food shops are most resilient



Note: 2019\* retail sales figure only includes Jan to Oct figures, 2019# restaurant receipts figure only for IQ 19-3Q19

Source: Jones Lang LaSalle (JLL), Census & Statistics Department



# TREND 2 : We need to eat ■

- Supermarket spending increasing
- Fresh & frozen category sales increased
- Fresh fruit & vegetable sales increased
- While restaurant and retail sales are down

## Value and value index of retail sale - Jan-Dec 2019 (compare to 2018)



**59.4** HKD bn  
-0.1%



**+3.5%**

Fish, livestock and  
poultry, fresh or  
frozen



**+8.4%**

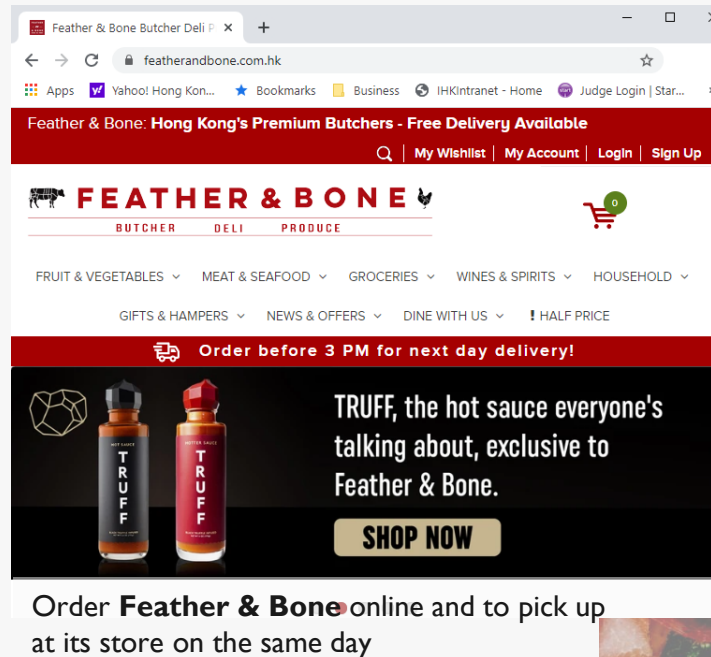
Fruit and vegetable,  
fresh

Source: Report on monthly survey of retail sales, Census & Statistics Department, Jan 2020  
Note: "Supermarket" above including retail sales in supermarket sections of department stores

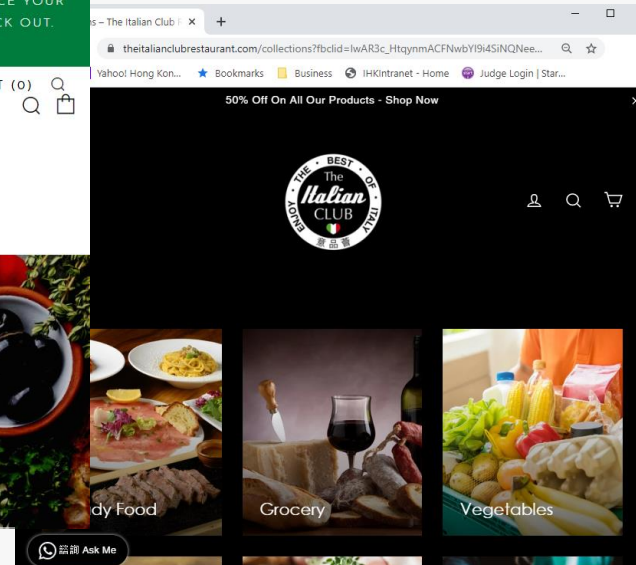
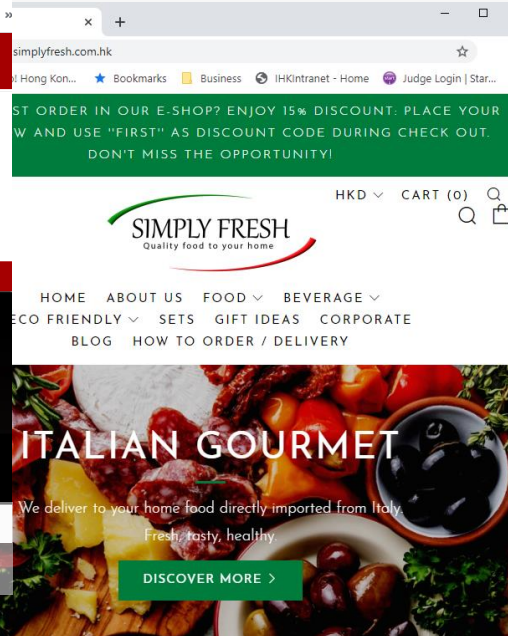




# TREND 3 : Food distributors & restaurant groups expanding into online B2C grocery market ■



Simply Fresh launched its online retail platform in July 2019



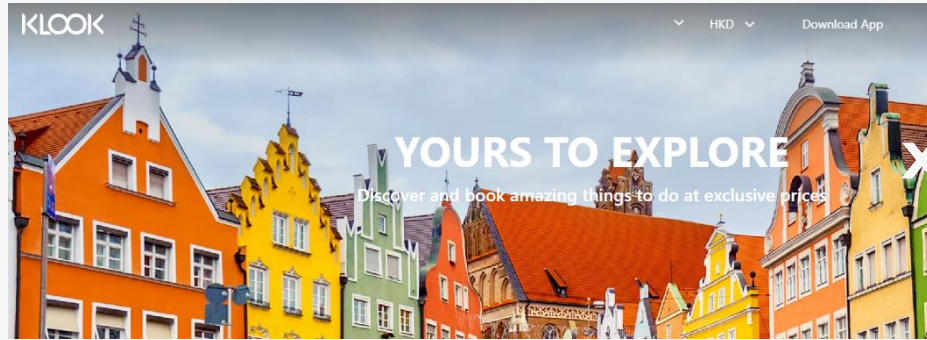
First online Italian supermarket by The Italian Club in Feb 2020





# TREND 4:

## New Online Consumer Ecosystem■



- Online delivery becomes an important income stream for restaurants
- More companies focusing on collaboration of meal delivery

Photo credit : Marketing Interactive, Hong Kong Economic Times, Klook, Lalamove

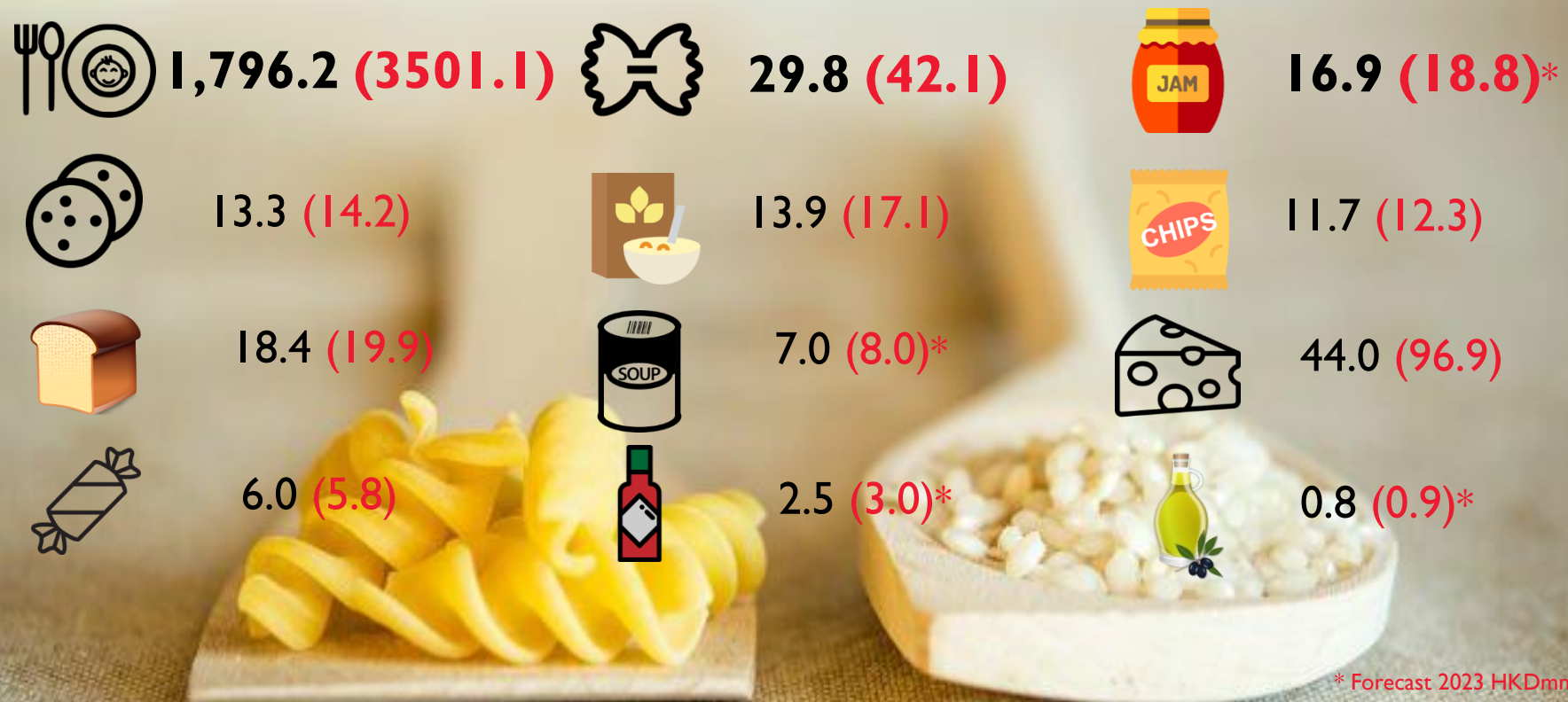


# TREND 5: Organic Food Sales Increased■

Sales increase from 2014-2019: **127.6%**

Sales forecast for 2024: **USD475.6mn**

2018 HKDmn (2024 HKDmn)



\* Forecast 2023 HKDmn

Source: Euromonitor



## TREND 6

More  
Natural and  
Plant-based  
Ingredients ■

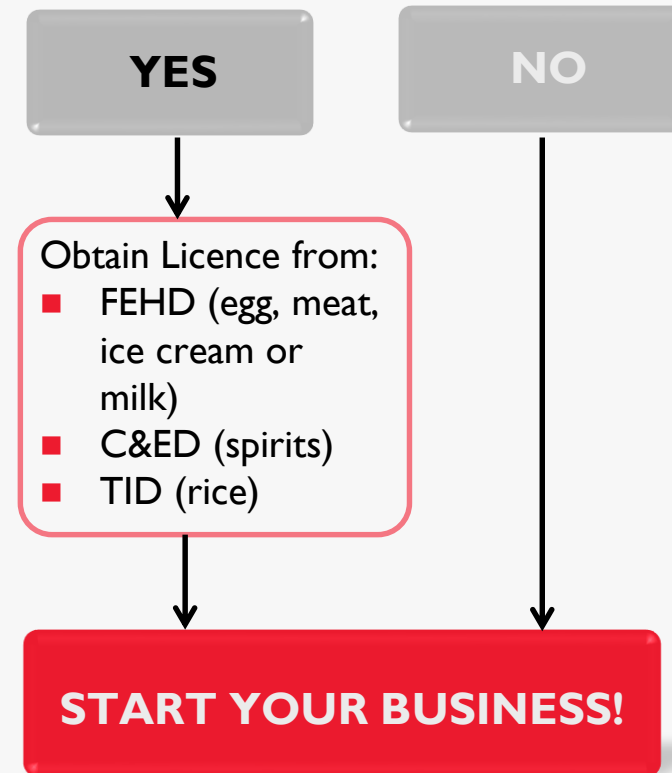


# SIMPLE REGISTRATIONS FOR F&B TRADING ■

## Registration as food importer or food distributor

- Only basic information needed
  - business **address**
  - **contact** means, and
  - **types of food** to be imported or distributed
- **Photocopy** of Hong Kong ID Card or Business Registration Certificate
- Approval in **7** working days with registration fee of **HK\$195 for 3 years**

Are you importing  
rice, egg, meat, ice cream, milk or spirits?



\*Marine products importers to obtain health certificates issued by health authorities of countries of origin





# GROW YOUR BUSINESS IN & VIA HONG KONG. ■

## 1) Attend trade fairs

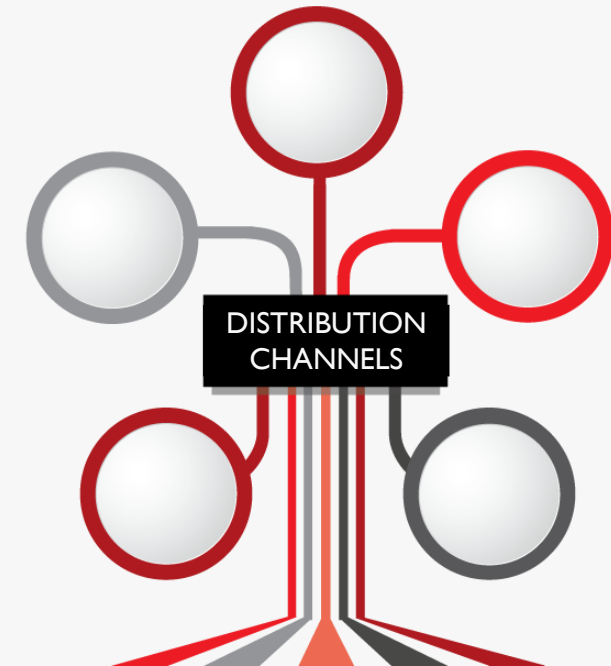
- To know the market and players

## 2) Sell via distributors or importers

- To enter supermarket and other retail chains

## 3) Set up own sales and marketing office

- To grow business volume and better serve customers in Asia





# ALL YEAR AROUND

## Dining Events and Exhibitions ■

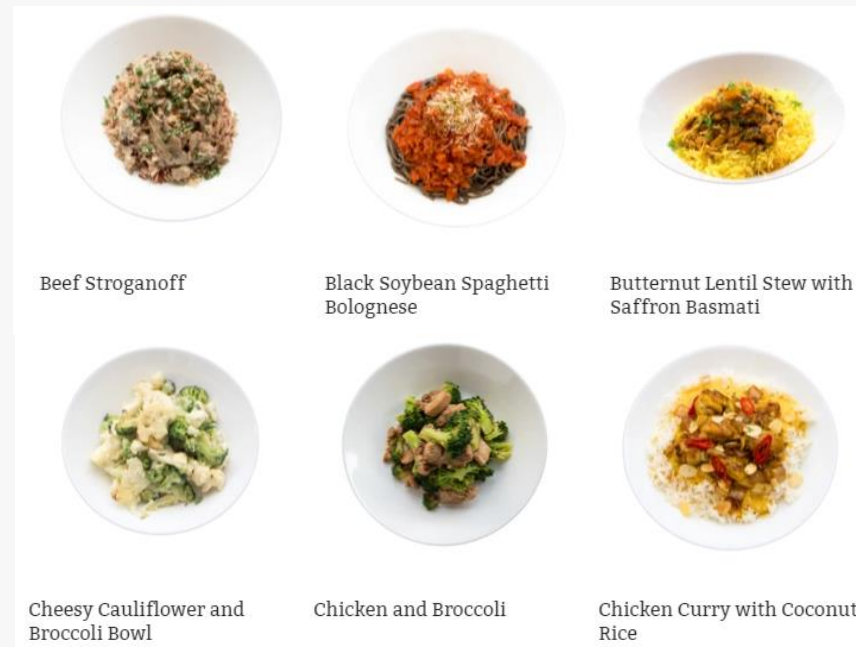


# NORDICS F&B INVESTORS

## In Hong Kong ■



- Swedish entrepreneur with manufacturing base in Hong Kong
- Chef made home cooked style classic ready meals, plant-based meals for retailers, restaurants and individuals shopping online
- Organic, gluten free, additives-free, vegan suitable food contents
- For informed eaters who are cautious of what they eat and how they can eat healthier



Serving size (g)	Plant Based Meal	Protein grams per serving (high to low)
280	Bean Stew with Peppers & Kale	18.2
300	Veggie Lasagne with Cashew Bechamel	17.5
265	Mushroom Quinoa with Edamame	12.6
280	Four Mushroom Risotto	10.9
280	Butternut Lentil Stew with Saffron Basmati	9

[www.gafell.com](http://www.gafell.com)



# SECTOR OPPORTUNITIES & PRIORITIES ■



■  
Business &  
Professional  
Services



■  
Financial  
Services



■  
Transport &  
Industrial



■  
Creative  
Industries



■  
Consumer  
Products



■  
Tourism &  
Hospitality



■  
Innovation &  
Technology

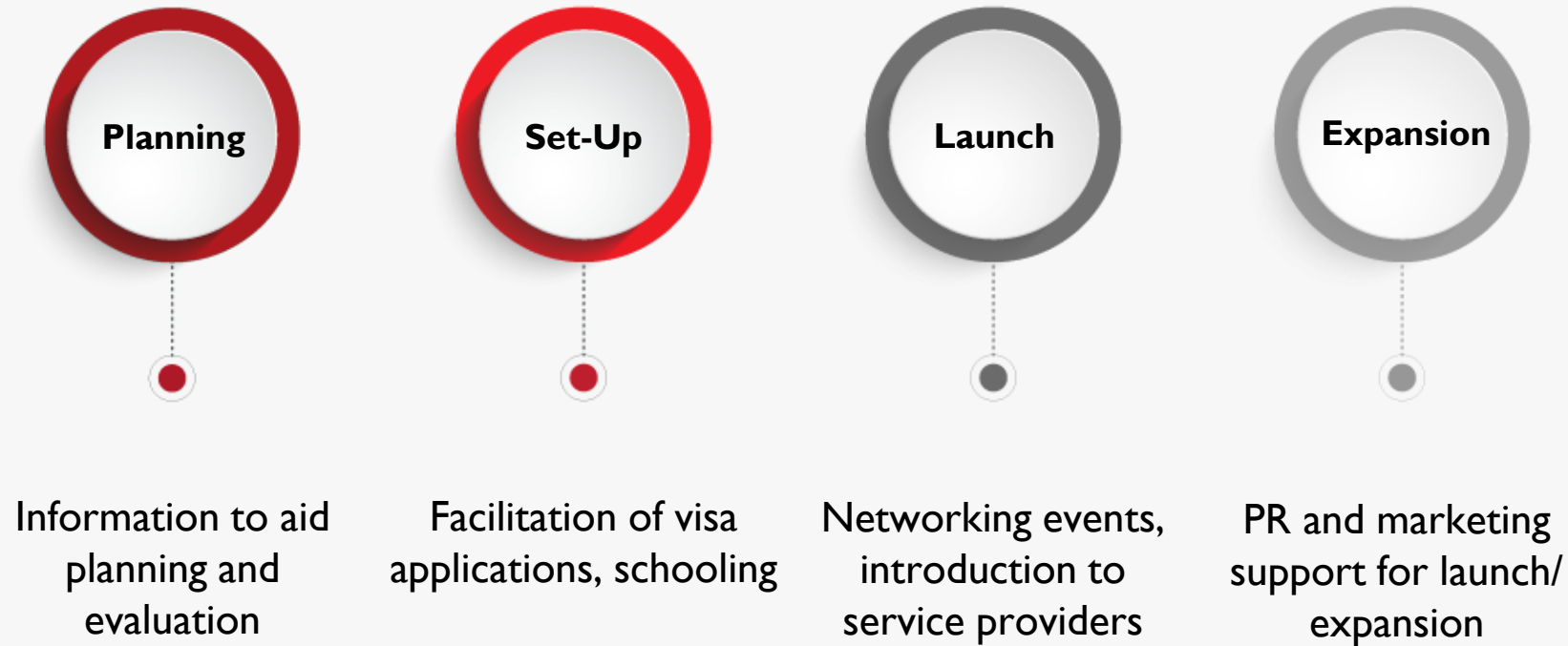


■  
FinTech



# HOW WE CAN HELP YOU GROW.■

*Whether you are new to Hong Kong or a long-standing investor*






# GET in TOUCH

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**Head, Tourism and Hospitality**


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