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Report Highlights:

Despite a small population of 7.3 million people, Hong Kong is the tenth-largest export market for U.S. consumer-ready agricultural products. Hong Kong has always been an attractive market for innovative U.S. food and beverage products as well as a gateway to the region. In 2022, Hong Kong's food retail sales remained relatively stable at \$12 billion. For the first four months of 2023, food retail sales declined 4 percent to \$4.01 billion compared to the same period in 2022. Nonetheless, as consumption is set to pick up stimulated by both the local community and inbound tourism, Hong Kong's economy is expected to continue improving in the latter half of 2023. Current government estimates forecast the city's economy will grow between 3.5 – 5.5 percent in 2023.

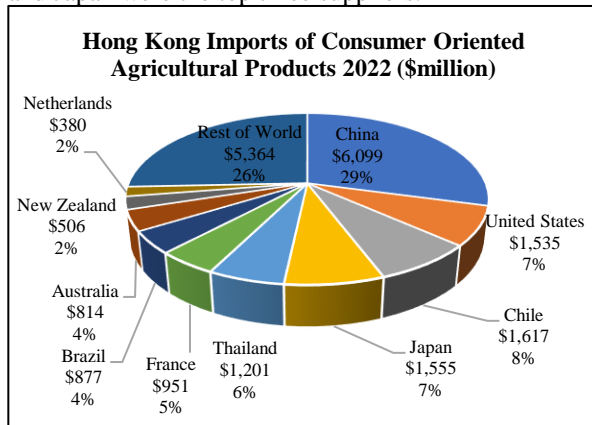
Market Fact Sheet: Hong Kong

Executive Summary

Hong Kong has a population of 7.33 million. In 2022, its per capita GDP was \$49,464, one of the highest in Asia. Hong Kong is a vibrant city and a major gateway to Asia. Consumers are sophisticated and enjoy cosmopolitan food and beverage. Due to limited arable land, around 95 percent of food in Hong Kong is imported. In 2022, Hong Kong's total imports of agricultural and related products dropped 12 percent compared to 2021 and reached \$24.2 billion.

Imports of Consumer-Oriented Agricultural

Hong Kong imports of consumer-oriented agricultural products dropped 14 percent to \$21 billion in 2022, accounting for 86 percent of all agricultural imports. The top ten imports were fresh fruit, seafood, beef, wine, pork, prepared food, dairy products, poultry meat, non-alcoholic beverages, and bakery products. China, the United States, and Japan were the top three suppliers.



Food Processing Industry

Land is limited and extremely expensive in Hong Kong. Therefore, the local food processing sector is small. In 2022, global imports of bulk products grew 0.3 percent to \$372 million and represented 1.5 percent of all agricultural imports. Imports of intermediate agricultural commodities dropped 1.4 percent to \$2.3 billion, representing 9.7 percent of overall agricultural imports.

Food Retail Industry

In 2022, Hong Kong's retail food sales remained stable at \$12 billion. The Hong Kong food retail market is made up of supermarkets, convenience stores, and traditional markets. Supermarkets account for over 61 percent of retail food sales. There are over 700 supermarkets, 1,300 convenience stores, and nearly 100 traditional markets in Hong Kong, making food shopping very convenient. In 2021, online food sales grew 14 percent to \$447 million and projected to reach \$733 million by 2026.

Food Service Industry

The Hong Kong HRI food service market is made up of hotels, restaurants, and institutions, with most food and beverage sales at restaurants. In 2022, Hong Kong's restaurant receipts dropped 6.4 percent to \$11.1 billion. There are over 12,000 restaurants in Hong Kong.

Quick Facts CY 2022

Global Imports of Consumer-Oriented Ag. Products

\$21 billion (down 14 percent from CY 2021)

Top Growth of Consumer-Oriented Ag. Imports

Tea, fresh vegetables, fresh fruit, prepared food, eggs, condiments and sauces, processed vegetables, pet food, bakery products, and non-alcoholic beverages.

Food Industry by Channels

Consumer-Oriented Ag. Products:

- Gross imports \$21 billion
- Re-exports \$7.4 billion
- Retained imports \$13.6 billion
- Retail food sales \$12 billion
- Restaurant receipts \$11.1 billion

GDP/Population

Population: 7.3 million
GDP per capita: \$49,464

Strengths/Weaknesses/Opportunities/Challenges

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> - Large and free market with affluent customers. - U.S. products are perceived as high-quality. 	<ul style="list-style-type: none"> - Cost of shipment from the U.S. is high. - Hong Kong importers' order size tends to be smaller than other export destinations.
<i>Opportunities</i>	<i>Challenges</i>
<ul style="list-style-type: none"> - Hong Kong customers are open to new products. - Hong Kong is a major trading hub for Asia. 	<ul style="list-style-type: none"> - Keen competition from other food supplying countries. - A stronger U.S. dollar makes U.S. products less price competitive.

Data and Information Sources: U.S. Census Bureau Trade Data, Trade Data Monitor, Euromonitor International, Hong Kong Census and Statistics Department, and Hong Kong Trade Development Council. Currency in U.S. dollars unless otherwise stated.

SECTION I. MARKET SUMMARY

Hong Kong is a dynamic export market for U.S. agricultural products. In 2022, total U.S. agricultural exports slowed for the fifth consecutive year to \$1.6 billion.¹ However, Hong Kong is the 24th largest market for U.S. food and agricultural exports. The city is the tenth largest destination for U.S. consumer-oriented exports, accounting for \$1.4 billion.² Top categories for U.S. agricultural exports to Hong Kong included beef, tree nuts, seafood, prepared food, fresh fruit, wine, poultry meat, eggs, processed vegetables, and pork.³

In addition to being a dynamic market, Hong Kong is also a trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia. Most of Macau's food imports are purchased, consolidated, and shipped via Hong Kong.

Due to land constraints, local agricultural production in Hong Kong is minimal. As a market that imports 95 percent of its local food needs, Hong Kong welcomes foods from around the world. The city's import regime is autonomous, transparent, and predictable. Food and beverage products are imported to Hong Kong without tax or duty except for four commodities, namely liquors, tobacco, hydrocarbon oil, and methyl alcohol. For more information on Hong Kong food import regulations, please refer to [GAIN Report HK2022-0044](#).

In 2022, despite slowing 0.3 percent, Hong Kong's GDP per capita was \$49,464,⁴ still one of the highest GDP per capita in Asia. Despite the fifth-year decline in U.S. food exports to Hong Kong, U.S. remained the second largest supplier country for Hong Kong. With the lifting of all COVID-19 restrictions, Hong Kong is already on track for economic recovery. During the first two months of 2023, the government provisionally estimated that the value of total retail sales increased by 17.3 percent⁵ compared to the same period in 2022, a sign supporting economic rebound from the recession triggered by the global pandemic.

U.S. food sales to Hong Kong will remain dependent on improvements to shipping logistics and prices. Major export items continue to be grocery products, meats, tree nuts, seafood, fresh fruit, wines, pet food, and eggs. In addition, demand for natural, plant-based, and organic food and beverages continues to grow. In 2022, Hong Kong's economy decreased by 3.5 percent⁶ compared to the previous year. However, the city's economy rebounded in the first quarter growing 2.7 percent⁷ supported by the return of inbound tourists and improved local consumption. Considering the latest internal and external conditions as well as the stimulus effect of domestic fiscal measures, the real GDP surged by 5.3 percent⁸ in the first quarter of 2023.

¹ USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

² USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

³ USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

⁴ "Economic and Trade Information on Hong Kong", Hong Kong Trade Development Council

⁵ "Economic and Trade Information on Hong Kong", Hong Kong Trade Development Council

⁶ "Economic and Trade Information on Hong Kong", Hong Kong Trade Development Council

⁷ "Hong Kong Economy", Hong Kong Government

⁸ "Hong Kong Economy", Hong Kong Government

Food and Beverage Retail Sales in Hong Kong

In 2022, Hong Kong’s retail food sales remained stable at \$12.06 billion. The Hong Kong food retail market is made up of supermarkets, convenience stores, and traditional markets.

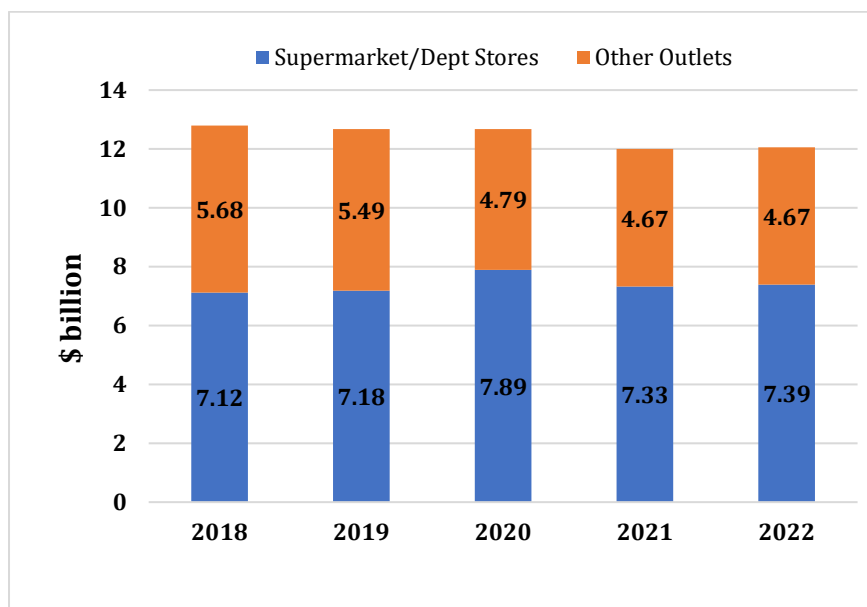
Table 1 – Food and Beverage Retail Sales in Hong Kong (\$ billion)⁹

Channel	2018	2019	2020	2021	2022	Share (2022)	Growth (2022 vs 2021)
Supermarket/Dept Stores	7.12	7.18	7.89	7.33	7.39	61%	1%
Other Outlets	5.68	5.49	4.79	4.67	4.67	39%	0%
Total	12.8	12.67	12.68	12	12.06	100%	0%

“Supermarket/Department Stores” include sales of supermarkets, convenience stores, and food and beverage sections at department stores. These are the modern grocery outlets that provide consumers with convenient and high-quality options. In addition to groceries, these stores offer a more comprehensive shopping experience with increased items of fresh food, bread and pastry, organic options, and hot takeout meals.

“Other outlets” refers to the traditional markets, also called wet markets, mom-and-pop stores, bakeries, fresh fruits stalls, etc. These outlets are usually smaller in scale and U.S. food exporters probably need to work with local importers/agents to place products in this sector of the market. Some Hong Kong consumers prefer these stores due to proximity, established relationships, and perception that meat, fish, and produce in traditional shops are fresher.

Chart 1 – Food and Beverage Retail Sales in Hong Kong (\$ billion)¹⁰



⁹ Hong Kong Census and Statistics Department

¹⁰ Hong Kong Census and Statistics Department

There are over 700 supermarkets,¹¹ 1,300 convenience stores,¹² and close to 100 traditional markets¹³ in Hong Kong, making food shopping very convenient. Traditionally, Hong Kong consumers shop daily because of they prefer fresh food. Much of the shopping is still done in traditional markets including street markets and locally owned shops. Overall, street market sales trend toward fresh foods while supermarkets dominate in processed, chilled and frozen, high value-added, and canned food products. In recent years, the competition between street markets and supermarkets has intensified.

The market share for supermarkets and traditional markets remained essentially unchanged, future supermarket sales are expected to grow following an expansion or new development of supermarkets. In 2022, the number of supermarket outlets increased by 2 percent and reached over 700. With the well-established e-commerce and delivery infrastructure in Hong Kong during the pandemic, food and drink e-commerce reached \$447 million in 2021, an increase of 14 percent compared to 2020. It is expected that local consumers will continue developing the routine of online shopping, estimated online food sales in 2023 are to grow 26 percent to \$563 million and currently projected to reach \$733 million by 2026.¹⁴

Prepackaged and shelf stable products sold well online. In addition, sales of fresh and frozen food grew as online shops improved their cold chain and storages for more perishable items.

Outlook for 2023

Battered by the pandemic, in 2022, Hong Kong's economy dropped 3.5 percent compared to the previous year. Since Hong Kong reopened the borders to the world in late 2022 and to mainland China early this year, the city's economy rebounded 2.7 percent and real GDP surged 5.3 percent¹⁵ in the first quarter of 2023. During the same period, restaurant receipts grew 82 percent to \$3.53 billion compared to the same period in 2022.¹⁶ Nevertheless, the adverse economic effects of 2022 lingered on the city's imports during the first four months of 2023. Hong Kong imports of consumer-ready agricultural products dropped 5 percent to \$6.9 billion compared to the same period in 2022.¹⁷

In 2022, Hong Kong's food retail sales remained relatively stable at \$12 billion. For the first four months of 2023, food retail sales declined 4 percent to \$4.01 billion. As Hong Kongers began to travel and dine out more often, supermarket sales weakened¹⁸. However, industry observers expect that food retail sales will pick up in the latter half of 2023 as consumption is stimulated by locals and inbound tourism. In general, Hong Kong's economy is expected to continue improving in the latter half of 2023 and is projected to grow between 3.5 -5.5 percent for the whole year.

¹¹ "Supermarkets in Hong Kong, China", Euromonitor International

¹² "Convenience Stores in Hong Kong, China", Euromonitor International

¹³ Hong Kong Food and Environmental Hygiene Department

¹⁴ "Food and Drink E-Commerce in Hong Kong, China", Euromonitor International

¹⁵ "Hong Kong Economy", Hong Kong Government

¹⁶ Hong Kong Census and Statistics Department

¹⁷ Trade Data Monitor

¹⁸ Hong Kong Census and Statistics Department

Table 2 – Major Advantages and Challenges in the Hong Kong Market

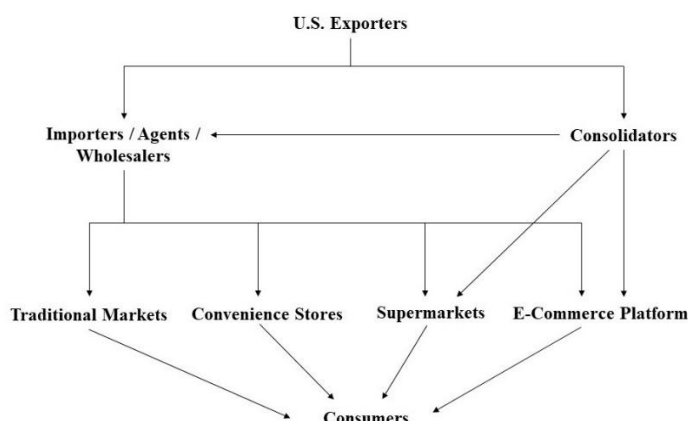
Advantages	Challenges
Hong Kong is one of the top markets in the world for food and beverages, processed, fresh, and frozen gourmet products. U.S. exports of consumer-oriented agricultural products to Hong Kong were \$1.4 billion, making it the tenth-largest market for the United States in 2022.	Transportation time and costs, combined with seasonality determining product availability (e.g. fresh produce) associated with importing U.S. food and beverage products to Hong Kong can make them less competitive than products available from regional suppliers such as China, Australia, and New Zealand.
Hong Kong is a major trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia.	The importance of Hong Kong as a transshipment point and buying center for regional markets is not widely known to U.S. exporters.
U.S. food products enjoy an excellent reputation among Hong Kong consumers, as they are renowned as high-quality and safe.	Hong Kong labeling requirements and residue standards can impact trade.
Hong Kong is a quality and trend-driven market, so price is not always the most important factor for food and beverage purchases.	Competition in the Hong Kong market is keen, a stronger U.S. dollar will continue to lessen the competitiveness of U.S. foods.
	Shipping logistics conditions have improved significantly but still remain a concern.

SECTION II. ROAD MAP FOR MARKET ENTRY

New-to-market exporters may consider several approaches to enter the Hong Kong retail market:

- Establishing a representative office in Hong Kong: A good method to build trade relationships and implement marketing programs, but operating expenses can be high.
- Working with a U.S. trading company: Some companies serve U.S. exporters and Hong Kong importers so both sides can benefit from expanded options and cost-effective shipping.
- Developing a relationship with a Hong Kong agent: Well-established companies have extensive distribution networks to supermarkets, other retail outlets, and many also cover non-retail sectors. Hong Kong agents very often request exclusive sales rights. This is common in Hong Kong due to the small geographical size.
- Exporting direct to supermarkets: Branded products that sell direct to supermarkets may be required to provide exclusive rights for the products in Hong Kong. In this case, expensive slotting fees may be waived. For non-branded and large turnover products, supermarkets tend to buy direct from overseas exporters for cost savings.

Market Structure



- U.S. exporters intending to sell to retail outlets can utilize one of the above channels. Some supermarkets source through U.S. consolidators as well as local agents and importers.

A. Supermarket

Two major retail groups [A.S. Watson Group](#) and [DFI Retail Group](#), dominate the supermarket category with nearly 90 percent market share combined.¹⁹

Table 3 – Leading Supermarket Chains²⁰

Name of Retailer	No. of Outlets
Wellcome (DFI Retail Group)	Over 320 (with different names and store formats)
ParknShop (A.S. Watson Group)	Over 250 (with different names and store formats)
U-Select	88 shops
DCH Food Mart	47 DCH Food Marts
YATA	3 department stores with supermarkets and 9 separate supermarkets
AEON Stores (HK) Ltd.	10 department stores with supermarkets and 2 separate supermarkets
City'Super	4 stores
APITA (Uny)	4 stores

Expansion of health food, confectioners, and chain stores such as “[759](#)”, “[Kai Bo](#)²¹”, “[Best Mart 360](#)”, “[PrizeMart](#)” and [Donki](#) are increasing competition for supermarkets and convenience stores.

¹⁹ “Supermarkets in Hong Kong, China”, Euromonitor International

²⁰ Websites of the retailers

²¹ Website in Chinese only

Many Hong Kong supermarkets charge slotting fees for new products' placement, as well as other terms, such as promotion discounts, back-end income (flat rebate per year that a supplier pays to the retail chain based on the annual turnover), D.A. (Distribution Allowance - the fee that the supermarkets charge for distributing the products from its warehouse to its many branch stores), and incentive rebates (a percentage of turnover rebated to the supermarkets when sales exceed an agreed amount).

To source new products from the United States, supermarkets may import directly from a U.S. supplier or may use consolidators, depending on the product and minimum order quantity. Most major supermarkets like ParknShop and Wellcome offer online grocery shopping platforms that are increasingly appealing to busy Hong Kong shoppers with discounts and delivery services.

B. Convenience Stores

There are more than 1,300 convenience stores in Hong Kong offering drinks, snacks, and some hot food options.

Table 4 – Profiles of Leading Convenience Stores in Hong Kong²²

Retailer Name	No. of Outlets
7-Eleven	1,013
Circle K	349
VanGo	26

C. Traditional Markets – Wet Markets and Independent Grocery Stores

Traditional markets include wet markets and mom-and-pop shops. They are widespread throughout Hong Kong. They are favored for daily, neighborhood shopping especially amongst an older consumer base. Due to size restrictions, many of these stores work with importers to buy smaller batches.

D. Online Shopping of Foods and Food Delivery

Hong Kong consumers are information savvy, with nearly 100 percent smartphone users. Online shopping has seen a surge in demand especially during the pandemic. In 2022, foods e-commerce reached \$356.2 million, an increase of 15 percent over 2021. Food delivery e-commerce amounted to \$2,822 million, a growth of 56.5 percent compared to 2021, seven times greater than pre-pandemic in 2019.²³ Many food retailers and e-commerce platforms such as [HKTV Mall](#) provide modern and alternative shopping experience to Hong Kong consumers. This method of shopping is expected to expand as more product varieties be available on e-commerce platforms, and consumers grow more confident in the quality and authenticity of products available online.

²² “Convenience Stores in Hong Kong, China”, Euromonitor International

²³ Euromonitor International

SECTION III. COMPETITION

Due to land constraints, Hong Kong produces a minimal amount of food, and depends on global sources to meet about 95 percent of its needs. Hong Kong imports of consumer-oriented agricultural products²⁴ from all origins dropped 14 percent to \$21 billion in 2022.

Table 5 – Hong Kong Imports of Consumer-Oriented Ag. Products (2018-2022)²⁵

Partner	Calendar Year (Value: \$ million)					Share 2022	Growth 2022 vs 2021	Growth 2022 vs 2018
	2018	2019	2020	2021	2022			
China	5,179	4,985	5,054	5,772	6,099	29%	6%	18%
United States	4,303	3,382	2,162	1,913	1,534	7%	-20%	-64%
Chile	1,205	1,436	1,286	1,898	1,617	8%	-15%	34%
Japan	1,382	1,349	1,461	1,687	1,555	7%	-8%	13%
Brazil	2,474	1,998	1,976	1,633	877	4%	-46%	-65%
Thailand	1,116	1,222	1,534	1,572	1,201	6%	-24%	8%
France	1,539	1,178	990	1,202	951	5%	-21%	-38%
Australia	1,228	1,145	1,012	1,190	813	4%	-32%	-34%
New Zealand	540	672	540	616	506	2%	-18%	-6%
Netherlands	998	853	620	562	379	2%	-32%	-62%
Total of Top 10 Partners	19,969	18,226	16,640	18,049	15,537	74%	-14%	-22%
Total of Rest of the World	6,917	6,527	5,842	6,163	5,363	26%	-13%	-22%
World	26,887	24,754	22,483	24,212	20,901	100%	-14%	-22%

Table 6 – Top 10 Hong Kong Imports of Consumer-Oriented Agricultural Products and Competition²⁶

Product Category			Major Supply Sources ²⁷
Fresh Fruit			1. Chile – 43%
Gross Imports	\$3.69 billion	1,378,288 T	2. Thailand – 16%
Retained Imports	\$1.1 billion	576,013 T	5. United States – 5%
Seafood			1. China – 34%
Gross Imports	\$3.48 billion	341,863 T	2. Japan – 14%
Retained Imports	\$2.95 billion	302,539 T	7. United States – 2%
Beef and Beef Products			1. Brazil – 31%
Gross Imports	\$1.62 billion	334,971 T	2. United States – 23%
Retained Imports	\$1.25 billion	180,086 T	3. Australia – 7%
Wine and Related Products			1. France – 58%
Gross Imports	\$1.01 billion	47 million liters	2. Australia – 14%
Retained Imports	\$782 million	38 million liters	5. United States – 4%
Pork and Pork Products			1. China – 32%
Gross Imports	\$900 million	277,419 T	2. Brazil – 25%
Retained Imports	\$796 million	226,965 T	8. United States – 4%
Soup and Other Prepared Food			1. China – 21%
Gross Imports	\$1.30 billion	144,654 T	2. United States – 20%
Retained Imports	\$414 million	114,599 T	3. Japan – 9%
Dairy Products			1. New Zealand – 28%
Gross Imports	\$1.03 billion	237,018 T	2. Netherlands – 16%
Retained Imports	\$560 million	198,743 T	9. United States – 3%

²⁴ Consumer Oriented Agricultural Products (excl. tobacco, incl. rice and seafood)

²⁵ Calculations based on Trade Data Monitor data

²⁶ Calculations based on Trade Data Monitor data

²⁷ Ranking and market share by gross import value in 2022

Poultry Meat and Products			1. China – 68%
Gross Imports	\$935 million	302,536 T	2. Brazil – 11%
Retained Imports	\$875 million	262,689 T	4. United States – 4%
Non-Alcoholic Beverages			1. China – 78%
Gross Imports	\$963 million	343 million liters	2. Japan – 5%
Retained Imports	\$829 million	238 million liters	7. United States – 1%
Bakery Products			1. China – 38%
Gross Imports	\$904 million	279,653 T	2. Japan – 21%
Retained Imports	\$345 million	215,812 T	10. United States – 2%

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 7 – Hong Kong’s Top Growing Imports of Consumer-Oriented Agricultural Products²⁸

Category	(Value: \$ million)		Average Annual Growth
	2018	2022	
Condiments & Sauces	294	535	16.13%
Fresh Vegetables	448	792	15.29%
Tea	185	241	6.73%
Eggs	239	302	6.02%
Fresh Fruit	3,161	3,687	3.93%
Pet Food	134	156	3.89%
Prepared Food	1,215	1,296	1.63%
Processed Vegetables	539	571	1.47%
Non-Alcoholic Beverages	944	963	0.50%
Coffee, Roasted and Extracts	142	143	0.10%

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Post Contact

Agricultural Trade Office, Consulate General of the United States, Hong Kong and Macau

18th Floor, St. John’s Building

33 Garden Road, Central, Hong Kong

Tel: (852)-2841-2350

Fax: (852)-2845-0943

Email: Atohongkong@usda.gov

Website: <http://www.usconsulate.org.hk>

<http://www.atohongkong.com.hk>

Other Hong Kong Government / Semi-Government Contacts

Please refer to [GAIN Report HK2022-0044](#).

Attachments:

No Attachments

²⁸ Calculations based on Trade Data Monitor data