

Voluntary Report – Voluntary - Public Distribution

Date: July 01, 2024

Report Number: HK2024-0041

Report Name: Consumer Spending on Premium Pet Foods Expected to Grow

Country: Hong Kong

Post: Hong Kong

Report Category: Agriculture in the News, Market Development Reports, Product Brief

Prepared By: ATO Hong Kong Staff

Approved By: Jennifer Clever

Report Highlights:

In 2023, Hong Kong was the tenth export market for U.S. pet food. Pet owners in Hong Kong value U.S. pet food for its high safety and quality and have confidence in U.S. origin and branding. From 2021-2023, U.S pet food exports to the city held steady between \$32-\$35 million. Hong Kong re-exported \$47 million to other markets and retained \$112 million for domestic consumption. Last year, Hong Kong's global pet food imports continue to recover for a second consecutive year, growing 2 percent from 2022 to \$159 million. The increasing value of retained pet food imports signals promising market potential for U.S. exporters. Pet owners' interest in pet food with less common meat ingredients (rabbit), smaller and easy to carry packaging, and pet supplements is also on the rise. Hong Kong consumer spending on premium pet food is expected to continue growing steadily, and domestic sales are expected to reach \$1 billion by 2028.

SECTION I. OVERVIEW

In Hong Kong, pet food is mainly referred to as dog and cat food, which accounted for more than 99 percent of all pet food domestic sales. For this report, unless otherwise stated, pet food refers to dog and cat food for retail sale (H.S. Code: 2309.10).

Table 1 – Domestic Sales of Pet Food

Domestic Retail Sales (Million USD)	2019	2020	2021	2022	2023	Share (2023)
Dog and Cat Food	537	609	643	718	755	99.7%
Other Pet Food	2	2	2	2	2	0.3%
Total	539	611	645	720	757	100%

(Source: Euromonitor International)

SECTION II. PET FOOD TRADE

(A) U.S. Exports

Hong Kong is the tenth largest export destination for U.S. pet food. Prior to the implementation of the U.S.-China Phase One trade agreement, which facilitated more U.S. direct exports to mainland China, Hong Kong was the fifth largest market for U.S. pet food. In the last three years, despite the pandemic and the aftermath effects on consumer spending, U.S pet food exports remained stable between \$32-\$35 million.¹

Table 2 – U.S. Pet Food Exports

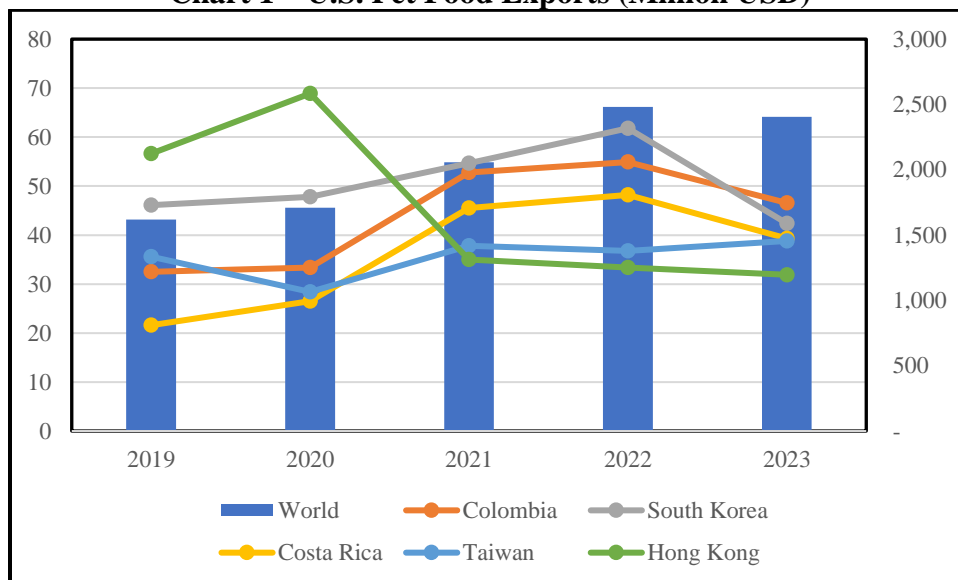
Rank	Export Market	U.S. Exports (Million USD)					% Change 2023 v 2022
		2019	2020	2021	2022	2023	
	World	1,620	1,711	2,056	2,482	2,405	-3%
1	Canada	751	837	977	1,123	1,200	7%
2	China	11	33	72	264	258	-3%
3	Mexico	103	102	165	178	206	16%
4	Japan	130	119	119	135	122	-10%
5	Australia	88	84	93	128	90	-30%
6	Colombia	33	33	53	55	47	-15%
7	South Korea	46	48	55	62	42	-31%
8	Costa Rica	22	27	46	48	39	-19%
9	Taiwan	36	28	38	37	39	6%
10	Hong Kong	57	69	35	33	32	-5%

(Source: GATS)

¹ Trade Data Monitor

The chart below compares U.S. pet food exports to Hong Kong with exports to similar size markets. While overall U.S. pet food exports to the world slowed in 2023, Hong Kong remains an important export destination.

Chart 1 – U.S. Pet Food Exports (Million USD)



(Source: GATS)

(B) Hong Kong Imports

In 2023, Hong Kong’s global imports of pet food recovered 14 percent from the previous year to \$159 million but still below peak imports recorded in 2020. Last year, the U.S. share of the Hong Kong pet food market dropped significantly. A surge in imports from much smaller pet food suppliers (rather than the top suppliers) took up the loss in U.S. market share. The drop in U.S. share is also supported by the logistic challenges western traders faced during the pandemic years as imports from other top suppliers like Canada also slowed during the last three years. While Hong Kong’s global imports slowed during the first four months of 2024, imports of U.S. pet food recovered 11 percent year-on-year.

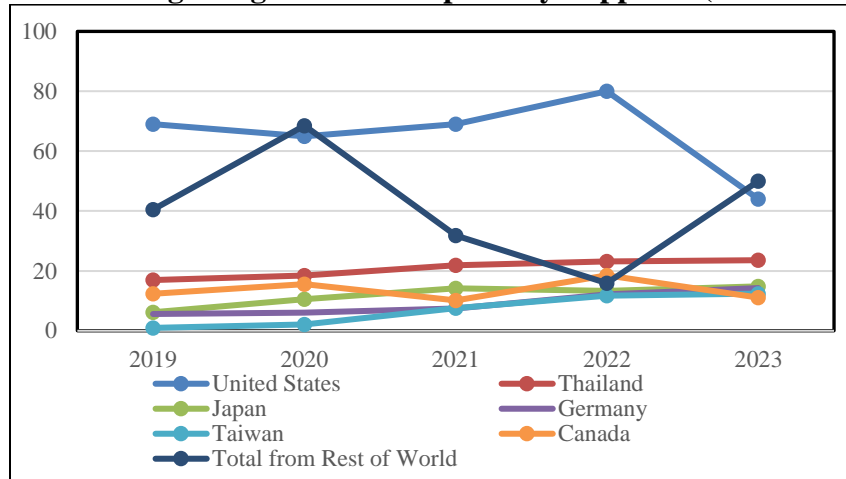
Table 3 – Hong Kong Pet Food Imports

Supplying Countries	Total Imports (Million USD)					% Change 2023 v 2022	% Change 2023 v 2019
	2019	2020	2021	2022	2023		
(1) United States	69	65	69	80	44	-45%	-36%
<i>U.S. Share of World Total</i>	<i>50%</i>	<i>38%</i>	<i>45%</i>	<i>51%</i>	<i>28%</i>		
(2) Thailand	17	18	22	23	24	2%	39%
(3) Japan	6	11	14	13	15	11%	140%
(4) Germany	6	6	7	12	14	18%	154%
(5) Taiwan	1	2	8	12	12	6%	1180%
(6) Canada	12	16	10	19	11	-40%	-10%

Total from Top 5 Suppliers	99	102	120	140	109	-22%	10%
<i>Share of Top 5 Suppliers</i>	71%	60%	79%	90%	69%		
Total from Rest of World	41	69	32	16	50	214%	23%
<i>Share of Rest of World</i>	29%	40%	21%	10%	31%		
World Total	139	171	152	156	159	2%	14%

(Source: Trade Data Monitor)

Chart 2 - Hong Kong Pet Food Imports by Suppliers (Million USD)



(Source: Trade Data Monitor)

(C) Hong Kong Re-exports and Retained Imports²

Hong Kong does not have any local pet food production. It is net importer of pet food but also serves as a trade hub for mainland China and Macau. In 2023, Hong Kong re-exported \$47 million (30 percent of gross imports) to other markets and retained \$112 million (70 percent of gross imports) for domestic consumption. Last year, the value of retained imports grew for a third consecutive year. This could be attributed to the overall stagnation in Hong Kong's import/export trade activities as a result of the slow economic recovery in neighboring economies but also reflective of improvements in domestic purchases.³

Table 4 – Hong Kong Pet Food Trade

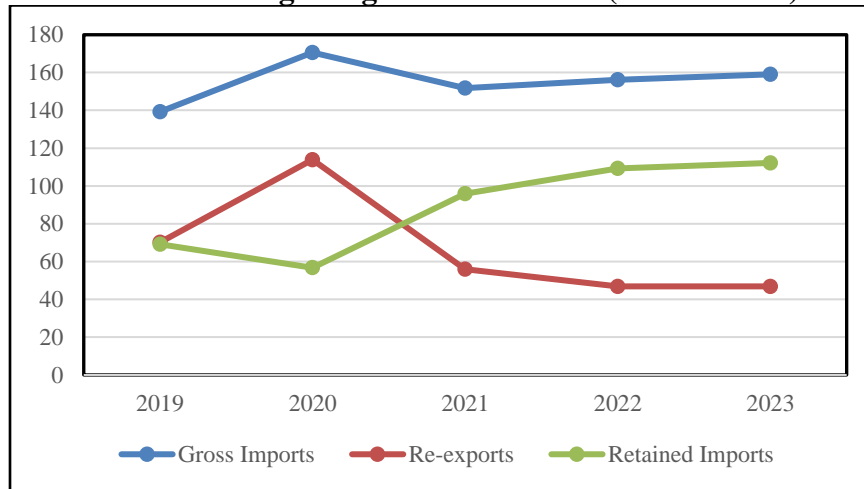
	(Million USD)				
	2019	2020	2021	2022	2023
Gross Imports	139	171	152	156	159
Re-exports	70	114	56	47	47
Retained Imports	69	57	96	109	112
Percentage Retained	50%	33%	63%	70%	71%

(Source: Trade Data Monitor)

² Retained imports=Gross Imports- Re-exports

³ Trade Data Monitor

Chart 3 - Hong Kong Pet Food Trade (Million USD)



(Source: Trade Data Monitor)

SECTION III. PET OWNERSHIP

Located on a 427 square mile area, Hong Kong is a bustling city with a population of approximately 7.5 million residents. The growing popularity of pet ownership can be attributed to the low birth rate in Hong Kong, while many local households are more willing to raise pets as substitutes for children for companionship.⁴ The dog and cat population has been growing during 2020 when the COVID-19 pandemic began to affect Hong Kong. However, there was a decrease in pet ownership in 2022 and 2023 due to a rise in pet abandonment caused by the Hong Kong emigration wave. Since 2023, with the normalization of business activities and the reopening of international borders, residents are spending more time outdoors, tempering the decline in the city’s pet population in the last three years.

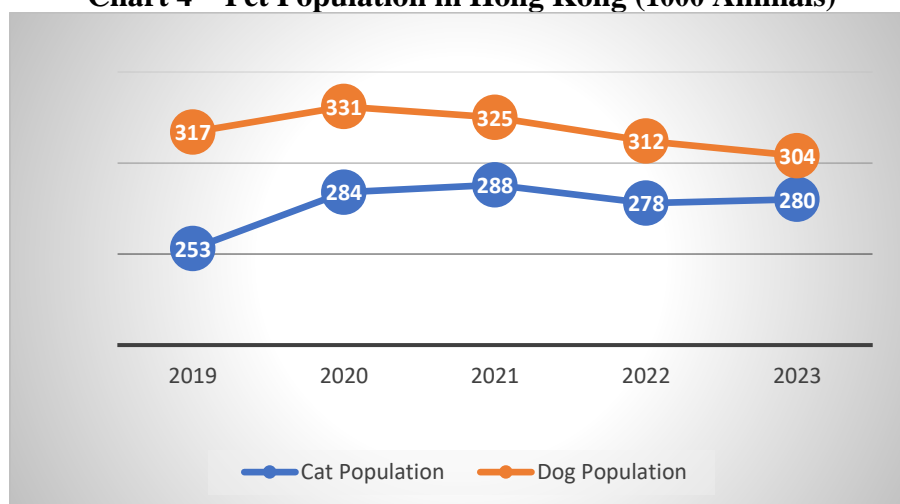
Table 5 – Pet Population (1000 Animals)

Thousands of Animals	2019	2020	2021	2022	2023	Growth (2022 v 2023)	Growth (2019 v 2023)
Dog Population	317	331	325	312	304	-3%	-4%
Cat Population	253	284	288	278	280	1%	11%

(Source: Euromonitor International)

⁴ Euromonitor International ‘Pet care in Hong Kong’

Chart 4 – Pet Population in Hong Kong (1000 Animals)



(Source: Euromonitor International)

SECTION IV. PET FOOD DOMESTIC SALES

Sales of pet food in Hong Kong have been growing gradually with total pet food sales reaching \$755 million in 2023. Dog food sales contributed \$355 million (47 percent), and cat food sales accounted for \$400 (53 percent). Pet owners are increasingly seeking quality, innovative and premium products for their furry companions. Interest in pet supplements and healthcare products is on the rise and pet insurance is also becoming popular given the high cost of pet medical care.

(A) Summary – Percentage of Dog Food Sales by Category (2019-2023)

- Dry dog food (57-53 percent of total dog food sales)
- Dog treats and mixers (32-33 percent of total dog food sales)
- Wet dog food (12-14 percent of total dog food sales)

Table 6 below shows a decline in dog population starting from 2021. This decrease can be attributed to the relocation of hundreds of thousands of residents overseas during the pandemic years which caused dogs to be left behind. Average dog food sales have grown from \$847 in 2019 to \$1,168 in 2023. Sales of premium wet dog food contributed 32 percent, indicating Hong Kong dog owners’ strong propensity to spend for their beloved dogs but also reflective of higher prices.

Table 6 – Dog Food Domestic Sales Table (USD Million)

	2019	2020	2021	2022	2023	Growth (22v 23)	Growth (2019v2023)
Dog Treats and Mixers	85	96	106	113	116	2%	36%
<i>Percentage of Total</i>	<i>32%</i>	<i>32%</i>	<i>34%</i>	<i>33%</i>	<i>33%</i>		
Dry Dog Food	153	168	174	178	188	5%	23%
<i>Percentage of Total</i>	<i>57%</i>	<i>58%</i>	<i>57%</i>	<i>52%</i>	<i>53%</i>		
- Economy Dry Dog Food	0	0	0	0	0	0	0

-Mid-Priced Dry Dog Food	15	14	14	14	13	-5%	-11%
- Premium Dry Dog Food	137	160	160	164	175	6%	27%
Wet Dog Food	31	35	36	49	51	5%	66%
<i>Percentage of Total</i>	<i>12%</i>	<i>12%</i>	<i>12%</i>	<i>14%</i>	<i>14%</i>		
- Economy Wet Dog Food	0	0	0	0	0	0	0
- Mid-Priced Wet Dog Food	3	3	3	3	3	-8%	-9%
-Premium Wet Dog Food	28	32	34	46	49	6%	32%
Total Dog Food Domestic Sales (Million USD)	269	299	316	340	355	4%	32%
Dog Population ('000)	317	331	325	312	304	-3%	-4%
Average Sales per Dog (USD)	847	881	942	1090	1168	7%	38%

(Source: Euromonitor International)

(B) Summary – Percentage of Cat Food Sales by Category (2019-2023)

- Wet cat food (45-48 percent of total cat food sales)
- Dry cat food (47-39 percent of total cat food sales)
- Cat Treats and Mixers (9-13 percent of total cat food sales)

Table 7 indicates the cat population has dropped 2-3 percent in 2022 and 2023 compared to the peak number in 2021. However, sales of premium cat food (both dry and wet) food have grown consistently in the last years. Average cat food sales per animal have grown 37 percent in the past five years, premium wet cat food jumped 65 percent. Signaling that cat owners are willing to spend more on quality food for their cats. Between the two pets, cats are generally considered more suitable pets for in Hong Kong as they are more independent and are better suited for the relatively small living spaces.

Table 7 – Cat Food Domestic Sales Table (USD Million)

	2019	2020	2021	2022	2023	Growth (22v 23)	Growth (2019v2023)
Cat Treats and Mixers	24	27	29	47	50	7%	113%
<i>Percentage of Total</i>	<i>9%</i>	<i>9%</i>	<i>9%</i>	<i>12%</i>	<i>13%</i>		
Dry Cat Food	123	139	144	154	157	2%	27%
<i>Percentage of Total</i>	<i>46%</i>	<i>45%</i>	<i>44%</i>	<i>41%</i>	<i>39%</i>		
- Economy Cat Food	0	0	0	0	0	0	0
-Mid-Priced Cat Food	3	3	3	3	2	-14%	-27%
- Premium Cat Food	120	137	141	152	155	2%	29%
Wet Cat Food	121	143	153	176	193	9%	59%
<i>Percentage of Total</i>	<i>45%</i>	<i>46%</i>	<i>47%</i>	<i>48%</i>	<i>48%</i>		
- Economy Wet Cat Food	0	0	0	0	0	0%	0%
- Mid-Priced Wet Cat Food	8	7	6	5	5	5%	-31%
-Premium Wet Cat Food	114	137	147	171	188	10%	65%
Total Cat Food Domestic Sales (Million USD)	268	310	327	378	400	6%	49%
Cat Population ('000)	253	284	288	278	280	1%	11%

Average Sales per Cat(USD)	1,041	1,059	1,1330	1,360	1,429	5%	37%
-----------------------------------	--------------	--------------	---------------	--------------	--------------	-----------	------------

(Source: Euromonitor International)

(C) Pet Care Sales

Pet owners are increasingly focused on meeting the nutritional and wellbeing needs of their pets. Pet food products are becoming more specialized, targeting specific health conditions, life stages, and breeds of pets. Rather than solely relying on brand reputation, pet owners in the local community are now more interested in understanding the ingredients used in various pet food products (clean labels). In addition to specialized pet food, supplements have also gained popularity due to the high cost of pet medical care in Hong Kong. Local pet owners spend between \$385 and \$641 each year on pet healthcare. In 2023, Hong Kong pet healthcare sales grew 6 percent and reached \$171million. ⁵

SECTION V. DISTRIBUTION CHANNELS

The average household living size in Hong Kong is comparatively small at around 400 square feet. Therefore, pet owners tend not to stock large quantities of pet food or buy products in bulk pack (2kg or larger). There are over 705 supermarkets across Hong Kong and about 200 pet shops registered with the Agriculture, Fisheries and Conservation Department. In addition, the e-commerce has enhanced the convenience of shopping for pet food. From 2019 to 2023, e-commerce retail channel value increased by 118 percent for dog food and 117 percent for cat food⁶. Pet lovers normally visit pet shops at their community or supermarkets once or twice a week to replenish food for their pets. They generally buy pet food at pet shops which also offer other pet-care products or services. Some pet owners seek special formula pet foods that can be found at veterinary clinics, following a veterinary consultation. Consumers also turn to online e-commerce platforms to buy or compare prices for pet food, taking advantage of the convenience, promotions, and unique product offerings available. ⁷

Table 8- Distribution Channels for Pet Food 2023 (Based on Sales Value)

Channel	Cat Food	Dog Food
Supermarkets	8.3%	9.6%
Pet Shops	65.6%	63.7%
E-commerce	20.0%	20.0%
Veterinary clinics	5.6%	6.2%
Others	0.5%	0.5%
Total	100%	100%

(Source: Euromonitor International)

⁵ Euromonitor International ‘Pet care in Hong Kong’

⁶ Euromonitor International ‘Dog food in Hong Kong’ ‘Cat food in Hong Kong’

⁷ Euromonitor International, discussions with pet food staff, websites of pet food retailer/platforms

SECTION VI. COMPETITION

(A) Import Costs

Hong Kong is an open market with keen competition. In 2023, the top five pet food suppliers (United States, Thailand, Japan, Germany, and Taiwan) accounted for 62 percent of Hong Kong’s total pet food imports. U.S. pet food products were price competitive compared to major competitors.

Table 9- Pet Food Import Unit Cost⁸

Supplier	(Unit Cost: USD/Kg)				
	2019	2020	2021	2022	2023
World Total	3.39	3.60	4.21	4.31	4.90
United States	3.71	3.73	4.17	3.99	5.56
Thailand	2.62	2.66	3.17	3.72	3.83
Japan	5.27	7.14	8.50	7.25	8.05
Germany	1.61	3.55	4.42	4.47	4.82
Taiwan	4.47	9.86	12.88	14.87	12.46

(Source: Calculation based on Trade Data Monitor data)

(B) Major Dog Food Brands

Pet owners are generally more quality and brand conscious in Hong Kong, below is a summary of the major dog food brands with market shares.

Table 10- Major Dog Food Brands

Major Brands	Supplier/Manufacturer	Share in 2023 value
Royal Canin	Mars Hong Kong Ltd	4.9%
Hill's Science Diet	Hill's Pet Nutrition Inc	3.9%
Pedigree	Mars Hong Kong Ltd	3.6%
Hill's Prescriptions Diet	Hill's Pet Nutrition Inc	1.7%
Sunrise	Sunrise Co Ltd	1.3%
Cesar	Mars Hong Kong Ltd	1.1%
Others		83.5%

(Source: Euromonitor International)

While some major brands are popular in the market, many smaller individual brands form the “Others” group accounted for more than 83 percent of overall domestic dog food sales. This presents a good opportunity for U.S. exporters to introduce new and more specialized dog food brands.

⁸ Import value (USD)/Import volume (KG)

(C) Major Cat Food Brands

Below is a summary of the major cat food brands with market shares.

Table 11- Major Cat Food Brands

Major Brands	Supplier/Manufacturer	Share in 2023 value
Royal Canin	Mars Hong Kong Ltd	5.6%
Kakato	MaxiPro (Asia) Ltd	3.6%
Mon Petit	Nestlé Hong Kong Ltd	3.5%
Hill's Science Diet	Hill's Pet Nutrition Inc	3.0%
Ciao	Inaba Pet Food Co Ltd	2.5%
<i>Others</i>		81.8%

(Source: Euromonitor International)

Similar to dog food, some major cat food brands are popular in the market whereas many smaller brands from the “Others” group accounted for 82 percent of overall domestic cat food sales. This presents a good opportunity for U.S. exporters to introduce new and more specialized U.S. cat food brands.

(D) Other Brands and Prices

To see other brands available, readers can visit the following pet food retailer websites. Their websites show the more common pet food commonly available in Hong Kong and their retail prices (retail prices in Hong Kong Dollars (HKD). USD1=HKD7.8):

- [ParknShop](#) (one of the two largest supermarket chains in Hong Kong with over 250 stores)
- [HKTV Mall](#) (the largest e-commerce platform in Hong Kong)
- Pet food shops / platforms (selected):
 - [Vetopia](#)
 - [Epet.hk](#)
 - [Petproject](#)
 - [Petsco](#)
 - [Animal Hospital](#)
 - [Petmarket](#)

SECTION VII. OUTLOOK AND OPPORTUNITIES

In 2023, Hong Kong global pet food imports recovered for a second consecutive year, growing 2 percent to \$159 million year-on-year, and expanding 14 percent compared to 2019. Pet food retained import increased 2.8 percent to \$112 year-on-year.⁹ Given the slow recovery of neighboring economies, Hong Kong is set to keep more of its pet food imports for local sales and consumption.

⁹ Trade Data Monitor

U.S. pet food is favorably recognized in the Hong Kong market. Thanks to its exceptional quality, innovative ingredients, advanced processing technology, and well-recognized and accepted certifications such as the “USDA Organic” label. This has given confidence among sophisticated consumers who seek premium products for the wellbeing of their pets. In addition to traditional suppliers from European and United States, more pet food suppliers coming from Taiwan, Japan, and Australia, and a rising interest in pet supplements and less common meat ingredients (such as rabbit and smaller packaged pet food). At a local pet food show, it was evident that pet owners are willing to pay for newer and specialized products. Visitors also looked for packages that highlighted “made in the United States, or U.S. ingredients. Show exhibitors also made use of these labels to market their products, signaling that customers appreciate U.S.-sourced pet food and pet food manufactured with U.S. ingredients. Last year, U.S. pet food exports to Hong Kong slowed for a third consecutive year, dropping 5 percent to \$32 million. The resident emigration flow of the last years contributed to the drop in overall pet population. Traders also observe that the slowdown in exports is also an effect from the recent dispirited economic situation in Hong Kong and neighboring markets. Nevertheless, according to official statistics released in early 2024, the Hong Kong resident population recovered to 7.5 million residents at the end of 2023. It is worth noting that the composition of new residents is not as internationally diverse as pre-pandemic years and presumably less inclined to own a pet. However, in general, residents who are pet owners continue to search for premium, organic, and more specialized pet food products. The good reputation U.S. pet food products and ingredients enjoy among Hong Kong pet owners, uniquely positions U.S. exporters of niche and specialized products to compete in this market. Government statistics show that in the first quarter of 2024, the Hong Kong economy grew 2.7 percent year-on-year, and its annual growth is forecast between 2.5 -3.5 percent. In addition, Hong Kong consumer spending on premium pet food is expected to continue growing steadily, domestic sales of dog and cat food are expected to reach \$1,002 million by 2028.¹⁰

Hong Kong does not have a specialized trade show dedicated to pet food. However, this year, the city hosted a B2C (business to consumer) show on products and services for pet lovers. The show expanded its exhibition compared to last year. Three U.S. companies and their distributors participated at the event. More information about this platform available below.

January 25-28, 2024, [Hong Kong Pet Show](#)

SECTION VIII. IMPORT REGULATIONS

Hong Kong’s Agriculture, Fisheries and Conservation Department (AFCD) is the entity responsible for pet food. Pet food in Hong Kong is not subject to any specific regulations on production, imports, sales, labeling or labeling claims, or any tariffs or taxes. No import permit is required. However, the AFCD encourages importers to provide a veterinary certificate endorsed by the relevant official veterinary authority in the country of origin to accompany shipments to Hong Kong, especially for products that contain material derived from ruminant, porcine or poultry origin or milk. The suggested language on the veterinary certificate is provided in the following [Circular](#).

¹⁰ Euromonitor International

The AFCD completed a research study on the safety of pet food available in the Hong Kong market in February 2020. The results of this microbiological and chemical testing for eight commonly known microbes (such as salmonella) and harmful substances (such as melamine) on all 360 collected samples were found to be satisfactory. As a result, the AFCD concluded that at this time, there is no need for any new rulemaking and that it would continue to monitor the situation.

SECTION IX. KEY CONTACT 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.atohongkong.com.hk>

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

Attachments:

No Attachments.