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Hong Kong

Market Development Reports

Hong Kong Cakes, Cookies and Crackers

Product Brief

1999

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Report Highlights:

Despite the overall drop in retail sales, which has been caused by the economic crisis impacting on most of Asia, Hong Kong customers are willing to pay a premium price for high-quality cakes. The market is dynamic, with opportunities to identify niche markets. Large retailers continue to show a strong desire for new and interesting products, including cakes and other bakery items. Product availability, convenience via retail outlets shelf space, and packaging are the keys to success in marketing new products.

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Hong Kong [HK1], HK

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INTRODUCTION

Methodology

The goal of this report is to provide a brief on the cakes, cookies and crackers markets in Hong Kong as well as on future developments. Eastern Strategic Consulting Ltd has utilized a combination of primary and secondary sources of information, intelligence, and insight to document this study.

For Hong Kong dollar currency figures, the exchange rate used is US\$1 = HK\$7.78.

Main Findings

The cake market in Hong Kong is still growing, although at a much lower rate than in the past.

Western-style cakes are the most popular. At the same time, strong preference is given to fresh products that are delivered daily. This has mostly benefited local manufacturers, particularly large bakery chains.

Despite the overall drop in retail sales, which has been caused by the economic crisis impacting on most of Asia, Hong Kong customers are willing to pay a premium price for high-quality cakes. In general, consumers are open to new products, however, their tastes may shift quickly. Thus, the market is dynamic, with opportunities to identify niche markets. However, promoting new products in Hong Kong is costly, and amidst declining consumer spending in general, expected returns on market penetration should be moderated.

The market for cookies and crackers is flat and very competitive with European suppliers. Although foreign manufacturers hold a substantial share, most of the major players are well established. Distribution is dominated by two large supermarket chains, which possess substantial bargaining power in terms of dictating the listing fees, shelf space availability, price specials etc.

Recently, Hong Kong has experienced intensifying price and product competition from manufacturers in other Asian countries. Currency devaluations and declining local demand have made their export products relatively inexpensive.

Market Access Statement

LABELING REQUIREMENTS

The Food and Drugs (Composition and Labeling) Regulations require food manufacturers and packers to label their products in a prescribed, uniform and legible manner. The following information is required to be marked on the label of all prepackaged food except for 'exempted items' as provided in the Regulations. Prepackaged food means any food packaged in such a way that the contents cannot be altered without opening or changing packaging, and the food is ready for presentation to the ultimate consumer or a catering establishment as a single food item.

INTRODUCTION

1) Name of the Food

- a) Prepackaged food shall be legibly marked or labeled with its name or designation.
- b) The food name should not be false, misleading or deceptive but should serve to make the nature and type of food known to the purchasers.

2) List of Ingredients

- a) Preceded by an appropriate heading consisting of the words “ingredients”, “composition”, “contents” or words of similar meaning, the ingredients should be listed in descending order of weight or volume determined when the food was packaged.
- b) If an additive constitutes one of the ingredients of a food, it should be listed by its specific name or by the appropriate category (e.g. Preservative, artificial sweetener, etc.) Or by both name and category.

3) Indication of “best before” or “use by” date.

Prepackaged food shall be legibly marked or labeled with the appropriate durability indication as follows:

- a) a “best before” (in Chinese characters as well) date; and
- b) in the case of a prepackaged food which, from a microbiological point of view, is highly perishable and is likely, after a short period, to constitute an immediate danger to human health, a “use by” (in Chinese characters as well) date.

The words “use by” and “best before” in English lettering and Chinese characters followed by the date up to which specific properties of the food can be retained, to indicate the shelf life of the food. The “use by” or “best before” date should be shown either in Arabic numerals in the order of day, month and year (or month and year in certain circumstances) or in both the English and Chinese languages. For specific details refer to the Regulation.

Home Page: <http://www.info.gov/justice>

4) Statement of Special Conditions for Storage or Instruction for Use

If special conditions are required for storage to retain the quality, or special instructions are needed for prepackaged food use, a statement should be legibly marked on the label.

5) Name and Address of Manufacturer or Packer

Prepackaged food shall be legibly marked or labeled with the full name and address of the manufacturer or packer, except under the following situations:

INTRODUCTION

- a) The package is marked with an indication of the country of origin and the name and address of the distributor or brand owner in Hong Kong, and the address of the manufacturer or packer of the food in its country of origin has been submitted in writing to the Director of Health.
- b) The package is marked or labeled with an indication of its country of origin and with a code marking identifying the manufacturer or packer in that country and particulars of the code marking and of the manufacturer have been submitted in writing to the Director of Health.

6) Count, Weight or Volume

The food label should include the numerical count or net weight or net volume of the food.

7) Appropriate Language

The marking or labeling of prepackaged food can be in either the English or the Chinese language or in both languages. If both the English and Chinese languages are used in the labeling or marking of prepackaged food, the name of the food and the list of ingredients shall appear in both languages.

Exempt from labeling regulations: Individually wrapped confectionery products and preserved fruits intended for sale as a single item; Prepackaged foods for sale to catering establishment for immediate consumption and those containing more than 1.2 percent alcohol by volume.

Under the amended Food and Drugs (Composition and Labeling) Regulations, it is illegal to sell any food after its “use by” date. Furthermore, any person who, other than the food manufacturer or packer or without their written authorization, removes or obliterates any information on the label required under these regulations also commits an illegal act.

IMPORT DUTIES

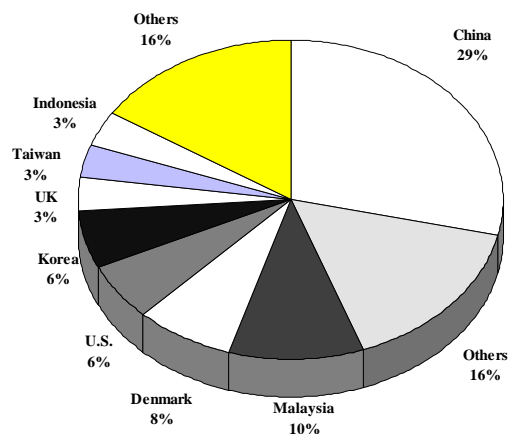
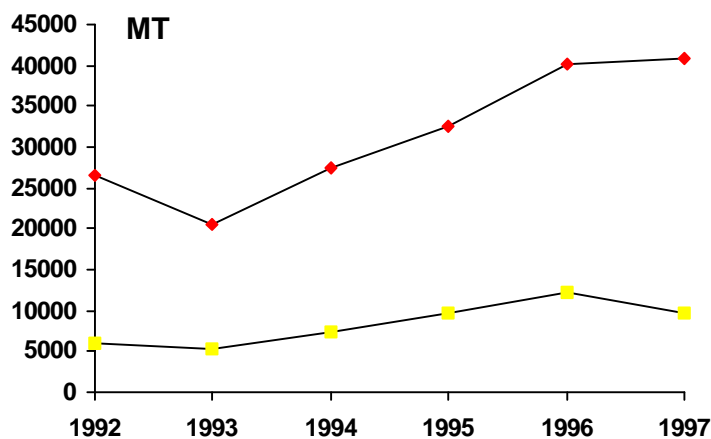
Hong Kong is a free port which does not impose any import tariffs on products with the exception of four dutiable products: liquor, tobacco products, hydrocarbon oils and methyl alcohol. Local importers have to apply for a licence from the Hong Kong Customs and Excise Department for the importation of dutiable commodities. In addition, a licenced importer has to apply for a permit for each and every consignment. The current duties are as follows:

Cigarettes per 1000 sticks	US\$98.45
Cigars per kg	US\$126.74
Beer & liquor with less than 30% alcohol	: 30%
Liquor with more than 30% alcohol	: 100%
All wines	: 60%

PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

PRODUCT TRADE - CAKES

- # Cake imports have increased substantially over the 5 year period 1993 - 1997.
 - C Significant increases in local consumption and re-exports to China have increased imports by over 50% between 1993 and 1997.
 - C Since 1996 imports have leveled off but are expected to remain constant. The main exporting countries are China (34%), Malaysia (12%), Denmark (9%), U.S. (7.5%) and Korea (7%). The share of cake imports held by the U.S. companies declined from 10% in 1995 and 7.5% in 1996. Imports from some other countries, particularly Denmark, Australia and Japan, have increased quite rapidly.
- # Re-exports typically represent 25-30% of total imports.
 - C Both re-exports and domestic exports have declined. A key driver is the growing number of foreign manufacturers setting up operations in China, which (combined with Macau) has been consistently absorbing over 75% of re-exports and 35% of domestic exports.
- # Domestic exports in 1997 amounted to 12% of imports.
 - C 36% of domestic exports were directed to China and Macau.
 - C In 1997, the U.S. imported 971 tons of cakes from Hong Kong, i.e. about 20% of the cakes' domestic exports.



Cake Imports 1997
40,799 MT

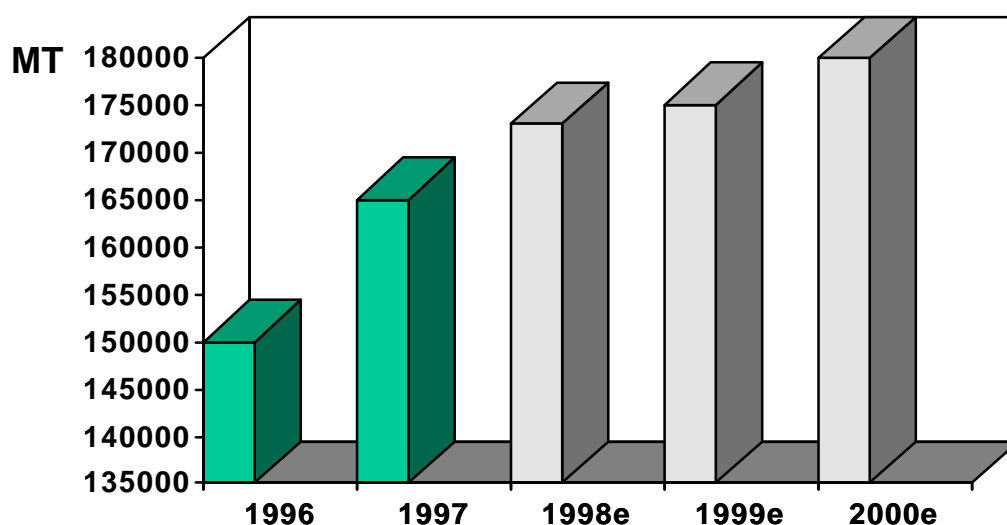
Source: Hong Kong Census and
Statistics Department (HKCSD)

PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

CAKE CONSUMPTION

- # Both Western and Chinese cakes are consumed in great quantities in Hong Kong.
 - C Domestic production of cakes in Hong Kong is very strong. Baking represents one of the largest manufacturing sectors.
- # Up until 1997, the demand for cakes grew by approximately 10% per year.
 - C Consumption of cakes has not been limited to special occasions.
 - C With product availability and shopping convenience steadily increasing, take-home purchases of cakes have resulted in healthy growth rates in recent years.
- # Despite declining 1998 retail sales, in Hong Kong and throughout Asia, the demand for cakes is still expected to grow by nearly 5%.
 - C Consumer trends include a positive attitude for trying new products and seeking out more product variety.
 - C When buying cakes, the Hong Kong consumer is willing to pay premium price for good quality.

Cake Consumption in Hong Kong 1996 - 2000e

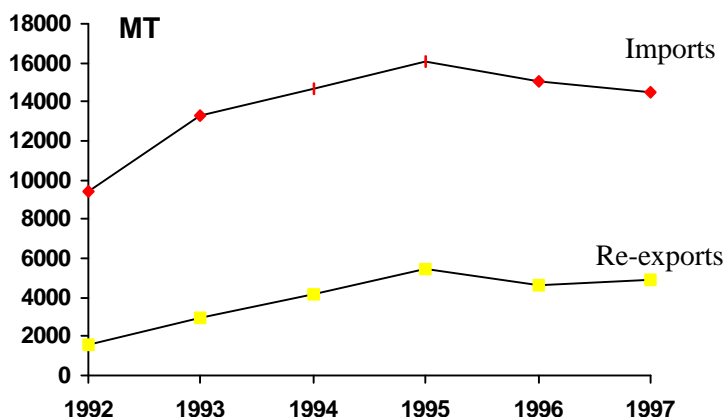


Source: Eastern Strategic Consulting Limited (ESCL)

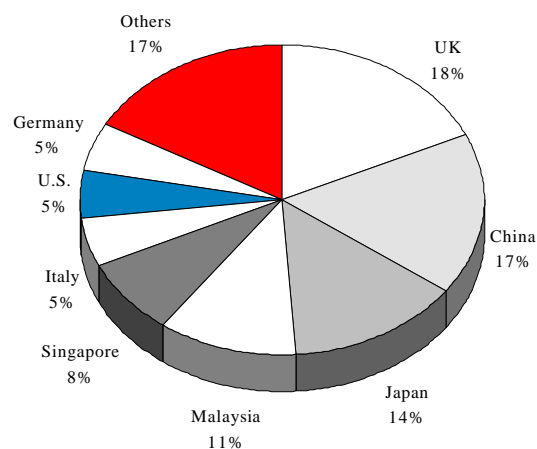
PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

PRODUCT TRADE - COOKIES

- # Cookie imports increased consistently from 1992 to 1995, but declined in 1996 and 1997.
 - C The decline is partly related to competition from other snack foods.
 - C Also, the departure of many foreigners from Hong Kong during 1997 and 1998, influenced the falling consumption levels for imported cookies.
- # The share of cookie imports to Hong Kong held by U.S. manufacturers has been on the increase rising from 3.4% in 1996 to 4.6% in 1997.
 - C Companies in other Asian countries are also trying to establish a stronger presence in Hong Kong.
- # Cookie re-exports grew significantly over the five-year period between 1992 and 1997.
 - C Re-export growth is driven by demand from mainland China. This growth represents about 90% of re-exports.
 - C Besides China, the U.S. and the UK are significant re-export destinations. Re-export products to U.S. and UK include primarily Chinese or "Oriental" cookies and low-cost cookie products.
- # Hong Kong-made cookies are losing some of their appeal to mainland Chinese consumers.
 - C China, Macau and Taiwan have been consuming almost the entire volume of Hong Kong domestic exports.
 - C As the product variety in China increased, local consumers developed a tendency to choose Western products. As a result, Hong Kong domestic exports of cookies declined by 50% over the 1992 - 1997 period.



Source: HKCSD

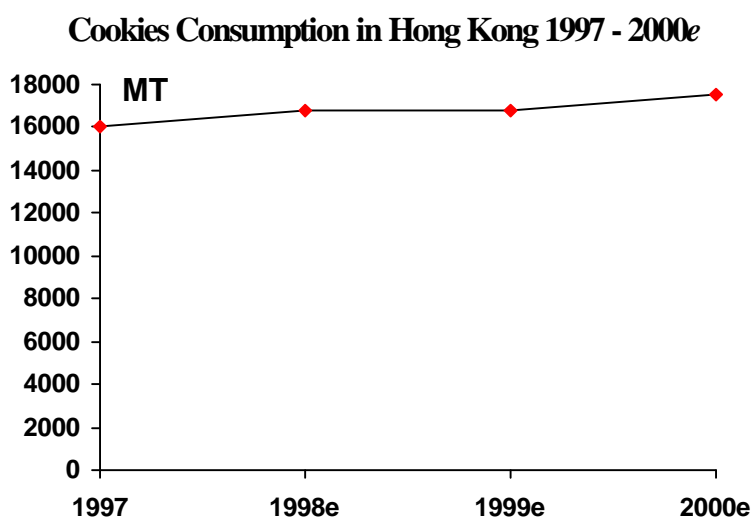


Other Frozen Fruit Imports 1997
500 MT

PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

COOKIE CONSUMPTION

- # Consumption of cookies was increasing until the mid-1990s.
 - C In the past, the Chinese consumer living in Hong Kong treated cookies similarly to essential foodstuffs, i.e. as a source of calories.
 - C The expatriate community fuelled demand for a variety of American, Danish, British, and German made cookies.
- # Over a 2 years period (1996-97), demand slowed.
 - C Presence of Western consumers living in Hong Kong is no longer a strong demand driver.
 - C Consumers, especially young people, tend to see cookies as snacks. Consequently, cookies have to compete for the market position with other snack foods, such as chocolate bars, peanuts, fast food, etc.
- # In the near-term, cookie consumption is expected to remain stagnant.
 - C With its longer shelf-life (cookies versus cakes) and a wide variety of imported product, the overall cookie market is saturated.
 - C Japan, Thailand, and Korea have gained and solidified market position because their weak domestic currencies have made exports cheap. Additionally, there is excess capacity of automated production facilities, which is causing price competition.

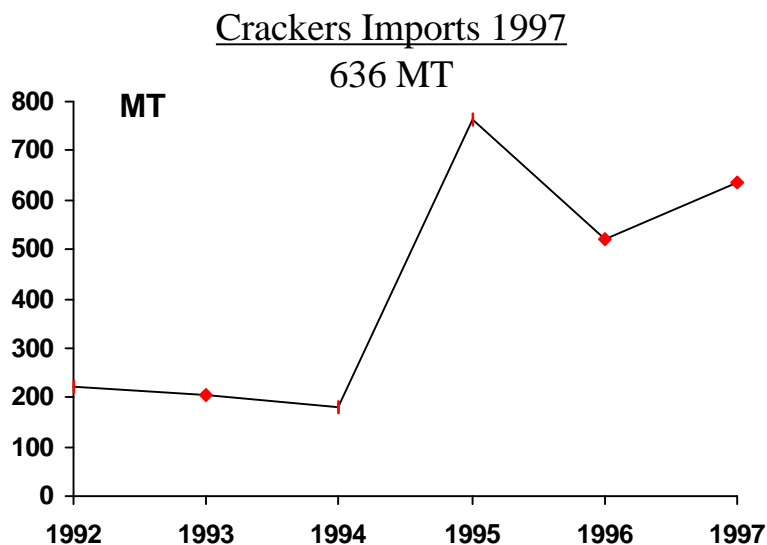


Source: ESCL

PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

PRODUCT TRADE - CRACKERS

- # In comparison with cakes and cookies, the volume of crackers is substantially lower.
 - C Cracker import volume (636 tonnes in 1997) has been about 4% of cookie volume and only about 1.6% of cakes.
 - C Korea has been the largest cracker supplier to Hong Kong with almost a 75% share of imports.
- # Hong Kong has been the transshipment port for cracker re-exports to China and to Taiwan.
 - C China and Taiwan account for over 97% of total cracker re-exports.
 - C Nonetheless, overall volumes are very low.
- # Domestic exports of crackers have been insignificant.
 - C No domestic exports were recorded in 1997.
- # Local 1998 consumption was stagnant.
 - C Domestic production is largely dominated by a single local manufacturer - Garden.
 - C Demand for imported crackers has suffered from a shrinking expatriate population.
 - C The eating of crackers with cheese, dips or vegetables is not very common among Chinese people.



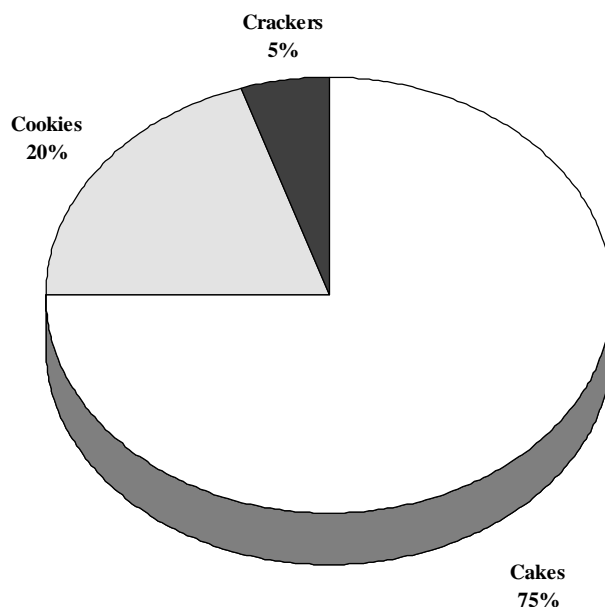
Source: HKCSD

PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

OVERALL CONSUMPTION

- # Overall consumption of cakes, cookies and crackers is dominated by cakes, which account for about 75% of total consumption.
 - C Local production accounts for about 80% of market share.
- # Consumption of cookies is significant, representing 20% of total consumption.
 - C For cookies, the share of imported products is much higher, i.e. about 50-60%.
- # Consumption of crackers represents less than 5% of total consumption of cakes, cookies and crackers..
- # In the near term, demand for cakes will outgrow demand for cookies and crackers.
 - C Cakes consumption continues growing at several per cent points a year.
 - C The cookies and crackers markets are flat and they are more difficult to penetrate.

Cakes, Cookies and Crackers - Total Consumption



Source: ESCL

PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

SEGMENTATION BY SUPPLY

#	Local production of cakes, cookies and crackers accounts for at least 2/3 of market share.
C	Local production is mainly driven by cakes. Garden is the most important local manufacturer, controlling 40-50% of key market segments. Garden's share is followed by large bakery chains, such as Maxim's and Tai Pan.
C	Demand for Western-style pound cakes is met by Danish suppliers, such as Dan Cake.
C	Sara Lee (Australia) is an important supplier of frozen cakes.
#	The cookies and crackers market is dominated by local producers.
C	Important foreign suppliers of cookies include McVities (UK), Arnott's (Australia; Asian marketing rights held by Campbell's Soup), LU (France) and Dynasty (Taiwan).
C	For imported crackers, the widely recognized suppliers include Jacob's (Australia), Nabisco (U.S.), Kjeldsen (Denmark) and Keebler (US).

Cakes

Product Origin	Company	Market Share (%)
Local	Garden	35
	Maxim's	17
	Tai pan	13
	Other Chains, Family Stores	20
Imports	Dan Cake	20
	Dynasty	3
	Others	2
		10
TOTAL	---	100%

Cookies & Crackers

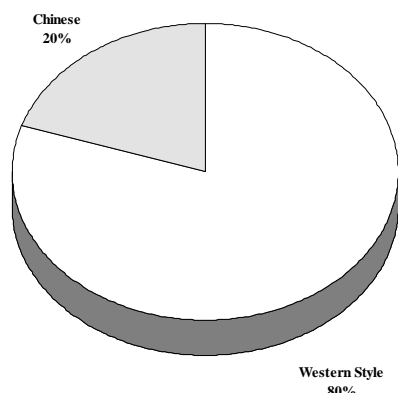
Product Origin	Company	Market Share (%)
Local	Garden	33
	Other	7
Imports	Arnott's	10
	McVities	10
	Dynasty	6
	Kjeldsen	5
	Keebler Pacific	5
	Nabisco	3
	Jacob's	3
	Other	18
TOTAL	---	100%

PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

SEGMENTATION BY PRODUCT TYPE

- # Overall, Western-style cakes dominate the market for both fresh and pre-packed cakes.
 - C It is estimated that Western-style cakes and cookies account for over 80% of the total market share.
 - C Even local manufacturers that target the mass market are focused on producing Western-type products, such as sponge cakes, chiffon cakes, steam cakes, Swiss rolls, etc.
 - C Pre-packed Danish pound cakes satisfy the demand for European cakes.
 - C There has been a growth in popularity of American-style cakes (cheesecakes, cupcakes, and chocolate toffee cakes) and Portuguese egg tarts.
 - C Demand for frozen cakes will gradually increase.
- # Locally produced and Taiwan-made products are a minor factor. (Chinese-style cakes include egg tarts, seaweed cakes, water chestnut cakes, sesame cakes).
 - C Traditional Chinese mooncakes, which are consumed during Chinese festivals, do not constitute a significant market.
 - C Because of economic recession and shrinking family size, the consumption of traditional Chinese cakes is becoming more culturally symbolic rather than a normal everyday market segment.
 - C At the same time, falling property prices have created some opportunities for family bakery stores to set up business.
- # In the near-term, there will be little shift in product tastes. Consumption patterns are not expected to change.

Cake Segmentation by Type



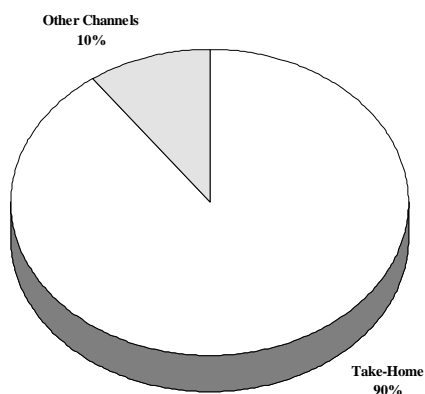
Source: ESCL

PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

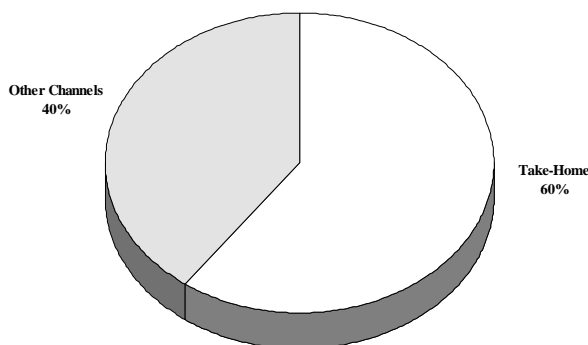
PURCHASE PRACTICES

- # The great majority of cakes in Hong Kong (about 90%) are sold for take-home consumption.
- C The traditional Chinese preference for fresh food applies to cakes. Consumers generally prefer purchasing cakes at stores where products are made on the premises or delivered daily.
- C Pre-packed cakes are largely a Western concept and are sold through take-home distribution channels, for example, supermarkets. Over a two years period 1997-1998, manufacturers have attempted to launch new products with longer shelf-life but the consumer interests has subsided, partly because of the relatively high products prices.
- C Until very recently, it was a wedding-time tradition for couples to distribute pre-paid cake vouchers to family and friends prior to the wedding date, however, with Maria's Bakery (one of the oldest and most important enterprises in the baking sector) going out of business in April 1998, consumers are now very cautious about purchasing gift coupons from bakery stores.
- # For cookies and crackers, the take-home consumption is in the 50-60% range. In both categories, there are large product variety and low prices. The buying patterns are more random and are often made in convenience stores and at kiosks.

Take-Home Consumption - Cakes



Take-Home Consumption - Cookies & Crackers



Source: ESCL

PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

PACKAGING

- # As Hong Kong consumers become more sophisticated and selective, packaging for cakes, cookies and crackers has improved significantly over the past 2-3 years, especially for locally manufactured products.
- C For products with longer shelf-life, plastic packaging is preferred.
 - C At bakery chain outlets, fresh cakes are often wrapped in colorful, meticulously designed paper boxes.
 - C Chinese-style products are packaged rather conservatively. This packaging style is not a reflection of consumer preferences.
 - C Overseas manufacturers tend to underestimate the importance of Chinese-language product names and information printed on the packages and label. Despite the colonial legacy, most people in Hong Kong do not feel very comfortable with English. Also, many Western products that have imaginative English names that often do not convey the full message in Chinese.
- # For cookies and crackers, package size has been changing recently.
- C The “economic crisis” led many Hong Kong families to shop for large-sized value packs.
 - C At the same time, young consumers are targeted with smaller, fancier and more “street-wise” type of packaging.
 - C Tinned cookies are popular presents but they are viewed as expensive.

Type of Packaging	Products Commonly Packaged	Comments
Cellophane Wrap	Locally produced cakes and sweet cookies Locally produced crackers in small-size packages	Hong Kong consumers appreciate see-through packaging, especially if it underscores a sense of freshness.
Plastic Wrap	Imported cookies	Colorful packaging. Not allowing the consumer to see the product inside may be disadvantageous, however.
Paper Box	Local and imported crackers	Convenient in terms of shelf display and graphics on package.
Aluminium Foil	Imported cakes	Not very effective for targeting Chinese consumers.
Aluminium Pan; See-Through Plastic Cover	Imported pound cakes	Reminiscent of home-baked products. Aimed mostly at Western consumers.
Tin Box	Imported/local cookies	Popular as a present. Somewhat luxurious.

PRODUCT TRADE, CONSUMPTION AND SEGMENTATION

EVALUATION AND OUTLOOK

Product Segment	Historical Development	Near-Term Outlook
Cakes	Baking has traditionally been a major manufacturing sector. Demand increased rapidly in 1990s with growing income levels and popularity of Western food products. A 10% growth rate was recorded in 1997.	Continuing growth in demand, although at a lower rate than in the past. Potential for new products still exists, especially for fresh cakes or cakes with short shelf-life. With the economy in recession, loyalty to new products may be hard to establish.
Cookies	In the past, consumed as regular food by the Chinese. Western expatriates cultivated demand for a variety of American and European cookies. Now seen as snack food and targeted more at young people.	Largely saturated market. Demand will remain flat, with competition from other Asian manufacturers possibly intensifying.
Crackers	Demand increased dramatically in mid-1990s but the demand has become stagnate. Consumption was driven mostly by Western tastes. American ways of serving crackers in conjunction with other foods is not very popular with Chinese consumers.	Stagnant or slightly declining. Increasing competition from other Asian producers.
Chinese Cakes and Cookies	An important part of demand associated with traditional festivals and family customs.	Stagnant with no significant developments expected.

DISTRIBUTION

- # Cakes, cookies and crackers are distributed in Hong Kong through three channels:
 - C Bakeries and cake shops.
 - C Supermarkets and convenience stores.
 - C Hotels and other food-service outlets.

- # Bakeries, particularly bakery chain outlets, are the most important distribution channel for fresh and, to some extent, pre-packed cakes..
 - C Large bakery chains often have many outlets (can operate up to several dozen outlets). Besides usual locations, there are bakery stores inside every MTR (subway) and KCR (commuter train) station in Hong Kong. These locations provide companies excellent sales exposure and coverage.
 - C Bakeries focus on take-home purchases and often provide sophisticated packaging.
 - C Some bakery stores recently went out of business amidst Hong Kong economic recession. Others, however, have taken advantage of plummeting rents and opened up new retail outlets.
 - C Part of the bakery chain stores' popularity was, until very recently, derived from the local habit of purchasing gift vouchers for cakes. Following the demise of Maria's Cake consumers have become more cautious about redeeming their coupons.

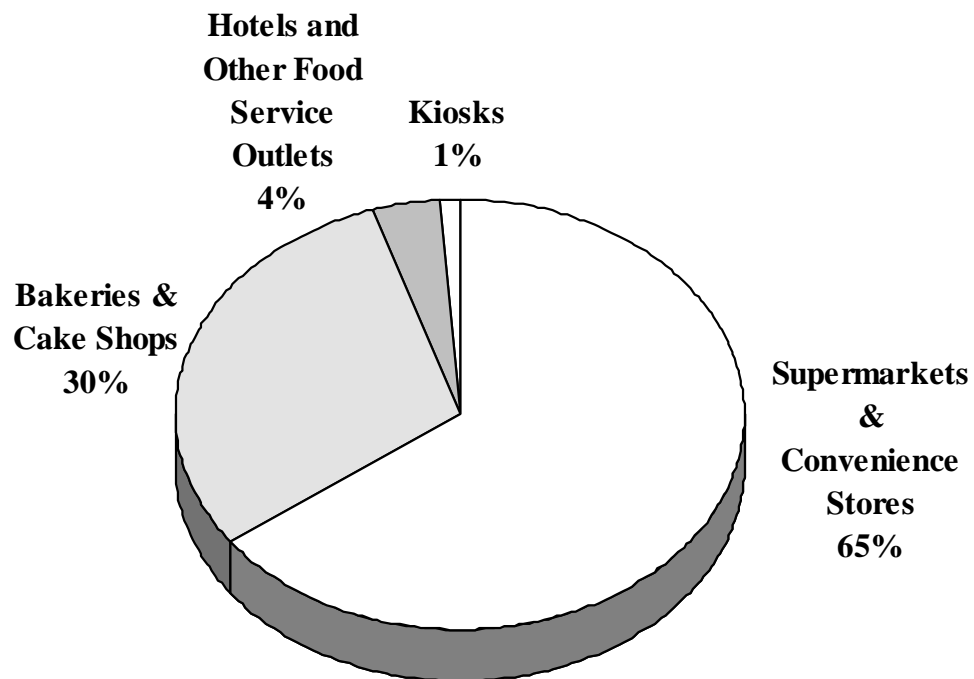
- # Cake sales in supermarkets are geared toward take-home purchases.
 - C Supermarkets carry products with several days' shelf-life. These products are not in keeping with the standard Chinese preference for fresh food, but Hong Kong's busy lifestyle nevertheless maintains their market share at significant levels.

- # Convenience stores and kiosks mostly target impulse buyers.
 - C Convenience stores are an important channel both in terms of cookies and crackers sales. The target is young consumers.

- # The hotel, restaurant and bar channels small and are seen as a stable market.
 - C International hotels' food-service facilities usually produce cakes on the premises, Executive Chefs report that the demand for their on premises baked cakes is satisfactory. The actual output has been impacted by the low occupancy rates at hotels.
 - C Some of the large sandwich bar chains such as Oliver's Super Sandwiches sell fresh cakes.

DISTRIBUTION

Distribution Channel	Market Share (%)
Supermarkets & Convenience Stores	30%
Bakeries & Cake Shops	65%
Hotels and Other Food Service Outlets	4%
Kiosks	1%
Total	100%



DISTRIBUTION

DISTRIBUTION CHANNEL

Segment	Key Players	Market Positioning & Comments
Supermarkets & Department Stores	<ul style="list-style-type: none"> C Park'N Shop C Wellcome C Jusco C Sogo C HK Seibu 	<ul style="list-style-type: none"> C Very important channel, especially for cookies and crackers. C Largely take-home purchases. C Consistent market positions expected. C Park'N Shop & Wellcome are serious competitors. Both firms operating several hundred stores in Hong Kong.
Convenience Stores	<ul style="list-style-type: none"> C Seven-Eleven C Circle K 	<ul style="list-style-type: none"> C Predominantly impulse purchases. C Geared toward low and medium-end products. C Consistently improving market share over the past 5 years. C Stagnant position expected for 1998 and 1999.
Bakeries and Cake Shops	<ul style="list-style-type: none"> C Maxim's C Tai Pan C St Honore's 	<ul style="list-style-type: none"> C Demand for fresh cakes expected to grow by to 5% in 1998. Key players' position will not decrease despite the economic slowdown. C One of the most important chains closed down recently, making consumers skeptical of cake voucher purchases. C However, with Hong Kong property prices plummeting, chains and family stores are finding a long-awaited opportunity to rent space for new outlets.
Hotels and Food Service Establishments	<ul style="list-style-type: none"> C There are more than 1,500 hotels in Hong Kong, including over 120 hotels of 3-, 4- and 5-star level 	<ul style="list-style-type: none"> C Business volumes seriously declined in early 1998 due to poor economic conditions. C Outlook 1999 remains pessimistic. C Nonetheless, executive chefs at some of the international hotels believe demand for cakes at their establishments has been stable. Customers are willing to pay a premium price for good quality products.

DISTRIBUTION

COMPETITION

- # In the cakes market, Garden competes with major bakery chains for market share.
- C Garden has been very keen on developing new products. It does not operate company owned stores but uses the supermarket distribution channel. It also provides cake recipes to restaurants and some important sandwich bar chains, e.g. Oliver's.
 - C Bakery store chains have a competitive advantage by offering fresh products. Some companies have opened new outlets but others went out of business. Once popular cake vouchers are attracting fewer consumers.
- # Competition has been more intense for cookies and crackers. Inexpensive imports from other Asian countries have caused prices to decline.

Product Type	Major Suppliers	Market Positioning
Cakes	<ul style="list-style-type: none"> C Garden C Maxim's C St Honore's C Tai Pan 	Expected to continue dominating the Hong Kong market through quality, long-term establishment and highly efficient distribution. Garden will further target the mass market and disseminate its know-how to major food service providers.
Cookies	<ul style="list-style-type: none"> C Garden C McVities C Arnott's 	Current market trends are expected to continue.
Crackers	<ul style="list-style-type: none"> C Garden C Nabisco C Jacob's 	No significant changes are expected.

DISTRIBUTION**PRICING**

Brand	Product	Price (HK\$)	Brand	Product	Price
Garden	Coconut Chiffon Cake 60g	3.4	Garden	Table Finger 115g	5.3
	White Steam Cake 80g	4.8		Coconut Ring Cookies 350g	12.9
	Mini Cake Madeira 100g	5.5	McVities	Digestive Biscuits 250g	8.1
Dan Cake	Chocolate Pound Cake 350g	16.9		Rich Tea 200g	9.3
	Marble Cake 250g	11.9	Arnott's	Raspberry Tartlets 150g	10.9
Gaillardise	Strawberry Cake 150g	14.9		Tiny Teddy Chocolate 250g	13.2
Dandini	Milk Mini Roll 140g	14.9	LU	Le Patisier 125g	17.5
Dynasty	Chinese Cake-Egg 300g	11.9	Nabisco	Mini Chips Ahoy 160g	11.9
Four Sea	Peach Flavor Cake 95g	8.9	Beau Denmark	Butter Cookies 908g	54.9

Brand	Product	Price
Garden	Wheat Crackers 100g	4.8
	Saltine Crackers 350g	10.4
Jacob's	Cream Crackers 200g	7.5
Keebler	Spring Onion Crackers 125g	4.9
	Sesame Soda 225g	7.5
Nabisco	Ritz Crackers 227g	12.3

SUMMARY AND CONCLUSION

MARKETING AND PROMOTIONS

- # For cookie products, television is the most effective advertising media.
 - C Commercials for Garden are frequently seen on local Chinese-language television.
 - C Recently, a new way of promoting cookies has been the use of picture inserts of popular cartoon characters in packaging. These are mostly Japanese, as Japanese pop culture enjoys a wide following in Hong Kong. The pictures can be collected as memorabilia, or used to participate in lucky draws.
- # Cakes and crackers are rarely featured in TV commercials.
 - C For crackers, Nabisco occasionally advertises on TV.
 - C For cakes, Sara Lee's frozen pound cake has been the only product advertised on television over the past year.
- # Cakes are mostly advertised through newspaper and magazine articles promoting specific cake shops and sandwich bars. Most of these ads appear in local Chinese press. Some English-language magazines, which are circulated free of charge, provide exposure to food products and food-service outlets. Trendy items are often the promotion theme.
- # The US Agricultural Trade Office in Hong Kong has helped US food producers and their local distributors to more effectively promote their products by facilitating and organizing seminars, conferences, and also introducing business alliances.

Agricultural Trade Office
American Consulate General
18th Floor, St. John's Building
33 Garden Road
Hong Kong
Tel: (852) 2841-2350
Fax: (852) 2845-0943
E-Mail: ATOHongKong@fas.usda.gov
Internet Homepage: <http://WWW.usconsulate.org.hk/ato>

SUMMARY AND CONCLUSION

RULES AND REGULATIONS

- # As Hong Kong is a free port, there are no import duties on bakery products.

- # For imports into Hong Kong, a health certificate is required to certify that the product is made and shipped under hygienic conditions, and samples inspected using a test method approved by the country of origin.

- # The local health department will conduct sampling and analysis upon shipment arrival; therefore, appropriate correspondence between the importer and health ministry is necessary.

- # Packaging requirements must comply with the Hong Kong Food and Drug Regulations. This includes proper labeling of items, ingredients, shelf-life storage and care instructions, as well as other product specifications including volume and weight and manufacturer's name and address.

- # Details of import regulations can be obtained from the Hong Kong government, Department of Health at Wu Chung House, 18th Floor, 213 Queen's Road east, Wanchai, Hong Kong. Also, the Health Department provides a telephone hotline service for import regulations at (852) 2380-2580 and direct facsimile at (852) 2845-0943. On the Internet, you can find more information at www.info.gov/hk/gsd/index.htm.

SUMMARY AND CONCLUSION

RECOMMENDATIONS

- # The Hong Kong cake market is easier to penetrate than the market for cookies and crackers.

- # Product availability, convenience via retail outlets shelf space, and packaging are the keys to success in marketing new products.
 - C Local producers and established foreign manufacturers have made their products highly available by distributing through the two dominant Hong Kong supermarkets: Wellcome and Park’N Shop.
 - C Bakery chain stores are also visible. Here, daily delivery of fresh products is essential.
 - C Package size has been moving both toward providing families with “good value for money” and toward small size targeted at young consumers.
 - C Clear plastic wrap, which allows the buyer to see the product, is the preferred type of packaging.
 - C More attention needs to be given to Chinese language information printed on package. English proficiency is declining, but using Chinese language only might be premature.

- # The success of Danish producers has illustrated that niche markets can still be identified.
 - C Young consumers are a very good target when promoting new products. At the same time, advertising campaigns in Hong Kong tend to be costly.
 - C These consumers often emulate the Japanese, and to some extent Taiwanese, youth culture. Currently, producers are following packaging trends that prevail in Japan and Taiwan.

SUMMARY AND CONCLUSION

CONTACTS

Health Department

Hygiene Division
Wu Chung House
Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2961 8812
Fax: (852) 2961 3547

Hong Kong Food Council

1/F CMA Building
64-66 Connaught Road
Central, Hong Kong
Tel: (852) 25428600
Fax: (852) 25414541

Dah Chong Hong Ltd

8/F Kai Cheung Road
Kowloon Bay, Hong Kong
Tel: (852) 27683388
Fax: (852) 27968838

**Customs and Excise
Department**

8/F, Canton Road
Government Offices
393 Canton Road, Kowloon
Hong Kong
Tel: (852) 27332265

Winner Food Products Ltd.

Room 1103 Hong Kong &
Shanghai
Bank Building
673 Nathan Road
Kowloon, Hong Kong
Tel: (852) 23960137
Fax: (852) 23970826

Park'n Shop Ltd

Box 250 Shatin Post Office
New Territories
Hong Kong
Tel: (852) 26068833
Fax: (852) 26953664

**Hong Kong Trade
Development Council**

38th Floor Office Tower
Convention Plaza
1 Harbour Road, Wanchai
Hong Kong
Tel: (852) 25844333
Fax: (852) 28240249

Garden Co Ltd**The Bakers & Confectioners**

58 Castle Peak Road
Sham Shui Po
Tel: (852) 2386 4231

Wellcome Company Ltd

ATL Centre
Berth 3, Container Terminal
Kwai Chung, Hong Kong
Tel: (852) 24895888
Fax: (852) 24899627

**Hong Kong Consumer
Council**

Kah Wah Centre
191 Java Road
North Point
Tel: (852) 28563113

Maxim's Caterers Ltd

Swire House
Central, Hong Kong
Tel: (852) 2523 4107

SUMMARY AND CONCLUSION

CONTACTS

List of Important Government Web Sites and E-Mail Addresses

Department	Web Site	E-Mail Address
Census and Statistics Department	http://www.info.gov.hk/censtatd/	genenq@censtatd.gcn.gov.hk
Company Registry	http://www.info.gov.hk/cr/	crenq@cr.gcn.gov.hk
Consumer Council	http://www.consumer.org.hk	cc@consumer.org.hk
Financial Secretary's Office Business and Services Promotion Unit	http://www.info.gov.hk/bspu/	bspuenq@bspu.gcn.gov.hk
Economic Services Bureau	http://www.info.gov.hk/esb	esbuser@esb.gov.hk
Trade and Industry Bureau	http://www.info.gov.hk/tib/	--
Department of Health Headquarters Clinical Genetic Service Government Virus Unit Special Preventive Program	http://www.info.gov.hk/dh/index.htm -- -- http://www.info.gov.hk/health/aids	dhenq@dh.gcn.gov.hk cgs@hk.super.net wllim@hk.super.net aids@health.gcn.gov.hk
Industry Department	http://www.info.gov.hk/id	industry@id.gcn.gov.hk
Trade Department	http://www/info.gov.hk/trade	dcsn@trade.gcn.gov.hk
Hong Kong Trade Development Council	http://www.tdc.org.hk	hktdc@tdc.org.hk
Foreign Agricultural Service, USDA	http://www.fas.usda.gov	--
Census and Statistics Department	http://www.info.gov.hk/censtatd/	genenq@censtatd.gcn.gov.hk
Custom and Excise Department	http://www.info.gov.hk/customs/	customeq@customs.gcn.gov.hk