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Hong Kong

Market Development Reports

Hong Kong Sauces, Relishes and Condiments

Market Brief

1999

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Report Highlights:

The overall Hong Kong market for sauces, relishes, and condiments is mature. Decline in consumption of condiments may occur due to the recession. Pasta and spaghetti sauces have the potential to become more significant if appropriate marketing and promotion programs are carried out.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Hong Kong [HK1], HK

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SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF INTRODUCTION

Methodology

The goal of this report is to provide a brief on sauces, relishes and condiments markets in Hong Kong
as well as future developments.

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

Main Findings

The overall Hong Kong market for sauces, relishes and condiments is mature and flat, with many condiments actually expecting decline in consumption due to the present poor state of economy.

The most popular condiments used in Hong Kong are soya sauce, oyster sauce and chilli sauce for Chinese/Asian condiments, and tomato ketchup, mayonnaise and salad dressings for Western condiments. Demand and market shares of most popular condiments are expected to remain stagnant
in the near term.

Pasta and spaghetti sauces have lately become more popular in Hong Kong through supermarket promotion efforts. Although future growth is heavily hindered by the current poor economy, pasta and spaghetti sauces have the potential of becoming more significant if appropriate marketing and
promotion programs are carried out.

The Hong Kong condiments market is very competitive. Increasing market share will have to be at
the expense of competitive brands' market shares. Therefore, appropriate marketing and promotion
programs must be carried out.

However, be aware that conducting promotions in Hong Kong is costly, and due to the current poor economy, expected returns on market penetration should be moderated.

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.

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF 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 the 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. Website: http://www.info.gov.hk/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:

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 identifying the manufacturer or packer in that country, and particulars of the code 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%

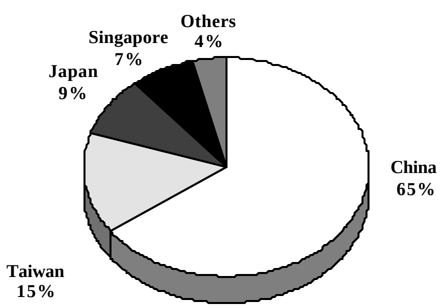
SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
SOYA SAUCE TRADE

Soya sauce imports have been consistent over the past 5 years.
- C Imports fluctuated between 18,000 MT and 19,400 MT (about 7% difference).
- C As soy sauce is the key ingredient in Chinese cooking, demand is expected to remain relatively consistent.
- C Imports are mostly from China (65%) and Taiwan (15%). Others of significance include Japan (9%) and Singapore (7%).

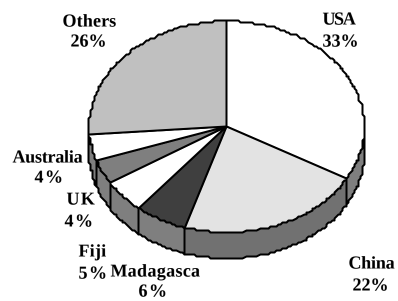
Soya sauce re-exports have declined in 1996 and 1997, indicating an increase in import consumption over the past two years.
- C Imports are mostly "Pearl River Bridge" brand, which is a product of South China.
- C As variety and product offerings increased, imported soya sauces became more popular in Hong Kong.
- C Hong Kong has been the transhipment point for Asian soya sauce exports. Re-exports from Hong Kong have been to over 50 countries, with the USA and China being the major destinations.

Hong Kong has been a major producer of soya sauce. Domestic exports are therefore significant.
- C Domestic exports have mainly been to the Western countries like the USA, UK and Australia.

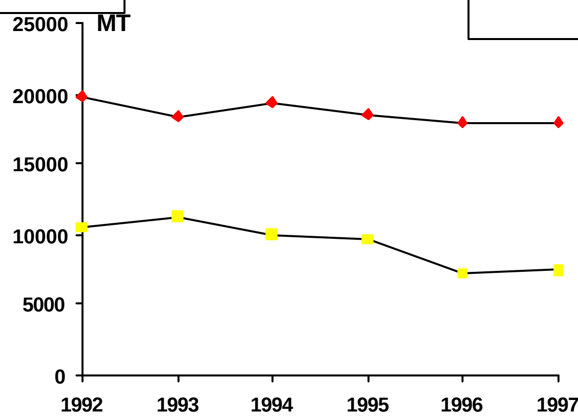
Source: Hong Kong Census and Statistics Department (HKCSD)



Soya Sauce Imports 1997
17,945 MT



Soya Sauce Re-exports 1997
7,450 MT



SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
SOYA SAUCE CONSUMPTION

Soya sauce is the single largest condiment used in Hong Kong. Soya sauce alone constitutes about 60% of all Chinese condiments used in Hong Kong, and about 50% of total condiments used.

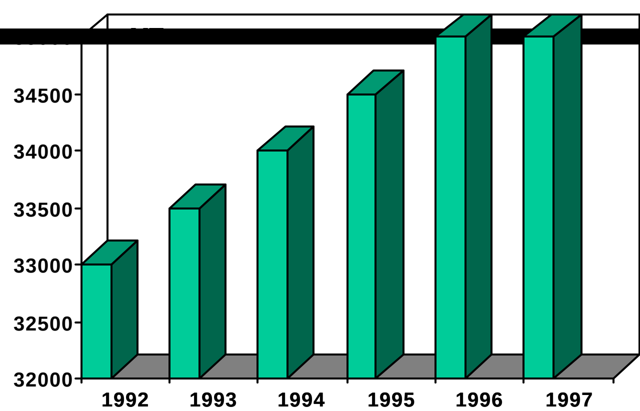
Over the past five years, soya sauce consumption has remained flat in Hong Kong.

- C Hong Kong consumes about 35,000 MT of soya sauce each year with annual growth rate of about 1-2%.
- C Soya sauce is a necessity in local cooking. Its applications have been widespread but consistent. The growth of soya sauce consumption is directly proportional to population growth, which is minimal in Hong Kong.

Soya sauce consumption in the near term is expected to remain stagnant.

- C Increased immigrantion from Mainland China may help increase consumption growth, but the extent of this is not expected to be significant.

Soya Sauce Consumption in Hong Kong 1992-1997



Source: Eastern Strategic Consulting Limited

SAUCES MARKET BRIEF — SOYA SAUCE SEGMENTATION BY TYPE

There are three categories of soya sauce available in the Hong Kong market:

C Dark Soya Sauce: Concentrated, with thick flavor for specific applications like fried noodles
and in the making of sweet soya sauce.

C Light Soya Sauce: Normal soya sauce used in most food preparation.

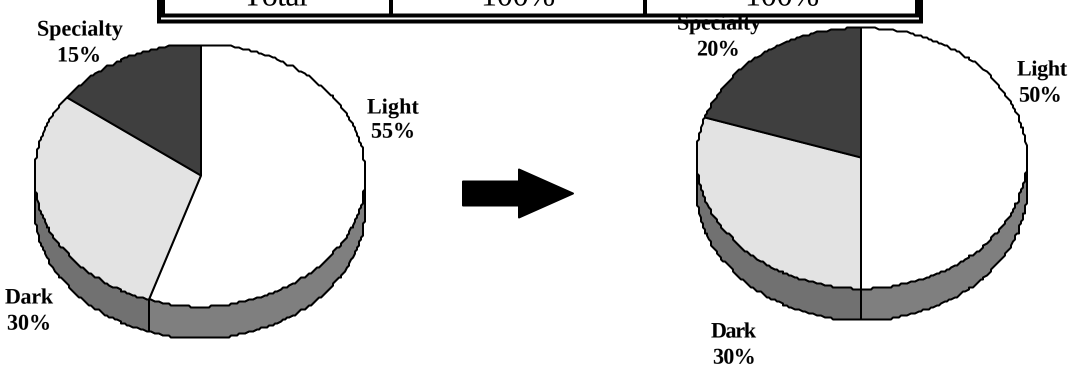
C Specialty Soya Sauce: For special applications like preparing poultry, fish , and other specific seasoning requirements.

Light soya sauce is the most popular in Hong Kong (over 50% market share)

C Specialty soya sauces have rapidly gained market share over the past 2-3 years as they provide special flavors at reasonable cost (the cost of specialty soya sauce is about the same
as normal soya sauce).

C Dark soya sauce demand is expected to remain consistent in the near term.

Soya Sauce Type	Market Share 1997 (%)	Expected Market Share 2000 (%)
Light	55	50
Dark	30	30
Specialty	15	20
Total	100%	100%



Source: Eastern Strategic Consulting Limited

SAUCES MARKET BRIEF SOYA SAUCE SEGMENTATION BY TYPE

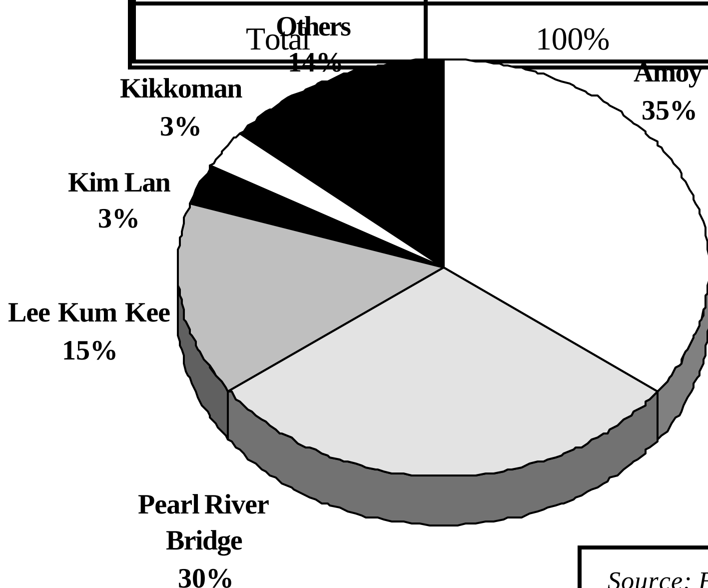
Locally produced soya sauces account for over 70% of consumption in 1997.

C The two largest local producers are Amoy Foods and Lee Kum Kee.
C There are numerous small-scale soya sauce producers in Hong Kong (some restaurants make their own soya sauce) but none is significant in market supply.

Chinese imports account for over 30% of consumption.

C Chinese imports are dominated by “Pearl River Bridge” brand, which is produced in Guangzhou.
C “Pearl River Bridge” soya sauce dominates the food service sector by low price penetration,
while Lee Kum Kee and Amoy dominate the retail sector.

Supplier/Brand	Market Share 1997 (%)
Amoy Foods	35
Pearl River Bridge	30
Lee Kum Kee	15
Kim Lan	3
Kikkoman	3
Others	14
Total	100%



Source: Eastern Strategic Consulting Limited

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
TOMATO KETCHUP TRADE

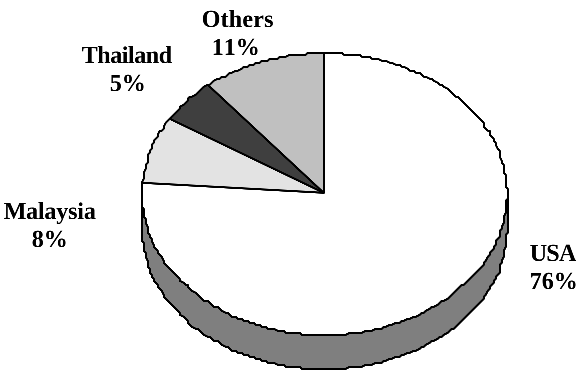
Like soya sauce imports, ketchup imports have been consistent over the past five years.

C Import volume fluctuated between 8,500 mt and 10,300 MT, but stayed mostly at 9,000 to 9,300 MT.

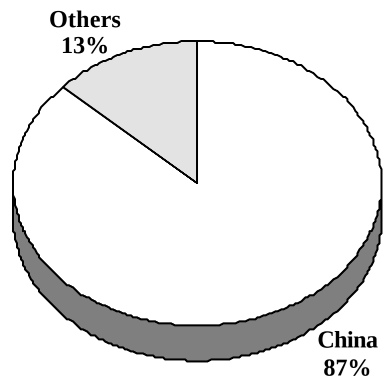
C The USA supplies 76% of total imports. Others include Malaysia (8%), Thailand (5%), etc.

However, an increase in re-exports from 1995 to 1997 led to a decrease in import consumption.

C Re-exports are mostly to China (87%).

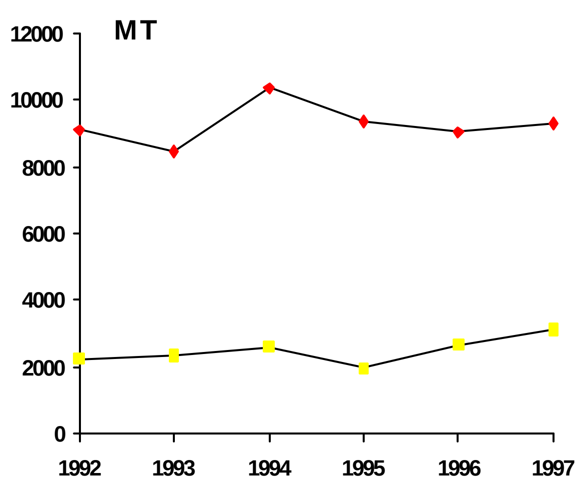


Tomato Ketchup Imports 1997
9,288 MT



Tomato Ketchup Re-exports 1997
3,126 MT

Tomato Ketchup Imports and Re-exports



Source: HKTSD

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
TOMATO KETCHUP CONSUMPTION

Domestic production of tomato ketchup is insignificant in Hong Kong. Therefore, imports minus re-exports equals local ketchup demand.

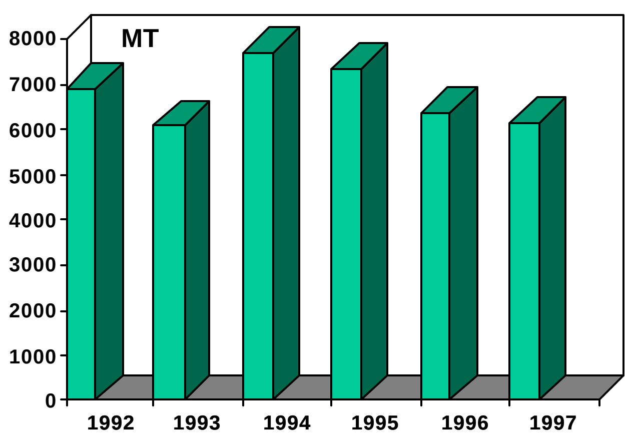
Ketchup consumption in Hong Kong peaked in 1994 and 1995. 1996 and 1997 experienced a decline of 16%.

C The decline is mainly due to a slight reduction in Western fast food consumption, as well as the decrease of the Western population who are relatively large ketchup consumers.

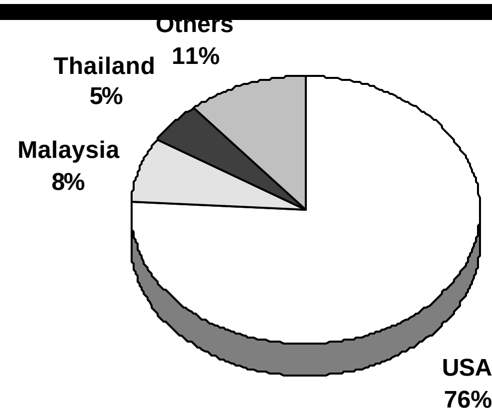
The near term demand expectation for ketchup is that it will remain flat from 1997.

The major ketchup suppliers in Hong Kong are Del Monte and Heinz, with Del Monte dominating at over 60% market share.

Tomato Ketchup Consumption 1992-1997



Source: Eastern Strategic Consulting Ltd



Tomato Ketchup Supply 1997
6,162 MT

Source: HKCSD

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
MUSTARD SEGMENTATION BY TYPE

Mustard imports consistently increased from 1992 to 1996, but significantly declined in 1997.

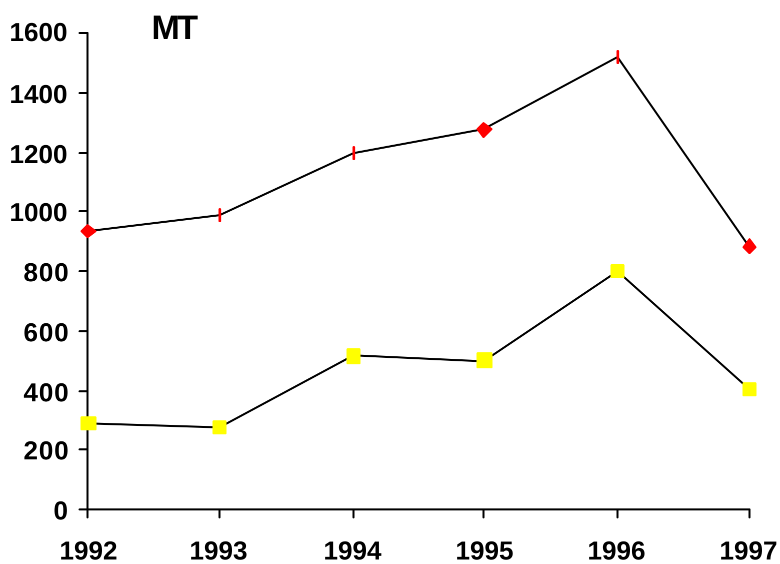
- The decline is partly due to the decrease in re-exports.
- More importantly, a severe reduction in local demand is the direct cause of decreased imports.

Mustard supply has been largely from Japan (75%). The USA supplies only 9% of imports.

- Japan supplies green mustard or “Wasabi” whereas France and USA supply yellow mustard.

Significant amounts of mustard are re-exported (about 45%).

- Over 90% of which is transhipped to Mainland China.



Source: HKCSD

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
MUSTARD CONSUMPTION

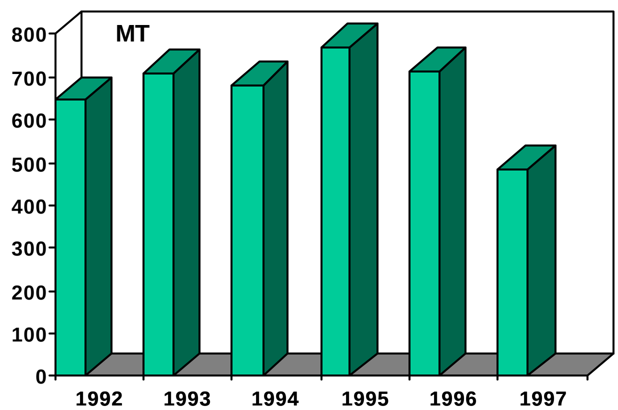
Mustard demand dropped significantly in 1997, despite consistent growth from 1992 to 1996.

C The decline was mainly due to the effect of a poor economy in 1997.

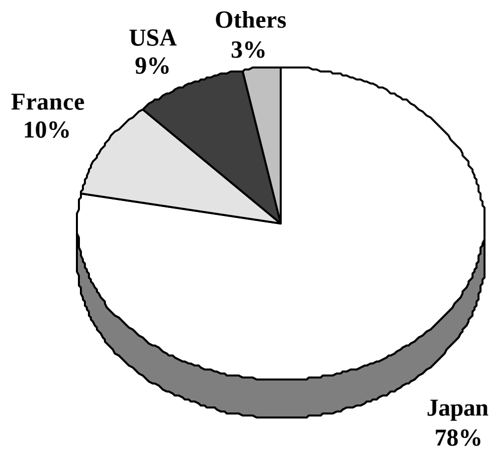
The major brands of yellow mustard available in Hong Kong are Colman's, Grey Poupon, and Kraft.

The near-term projection for mustard demand is that it will remain stagnant or slightly decline.

Mustard Consumption 1992-1997



Source: Eastern Strategic Consulting Ltd



Mustard Supply 1997
484 MT

Source: HKCSD

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
VINEGAR TRADE

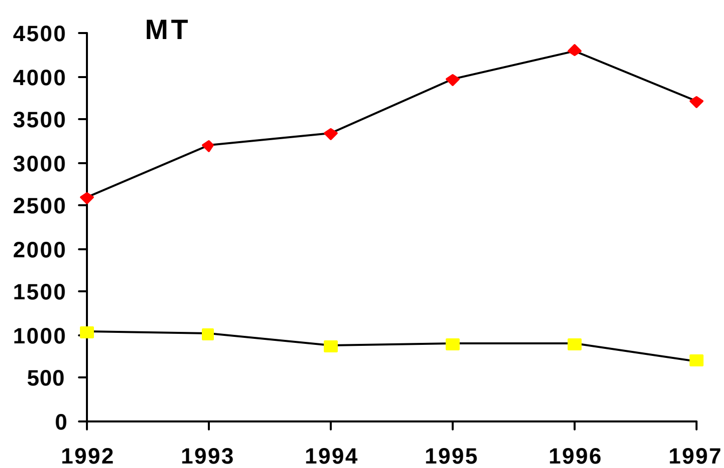
Like mustard, vinegar imports grew consistently from 1992 to 1996, and declined in 1997.
C The rate of decline was 13% which is considerably less than that of mustard.

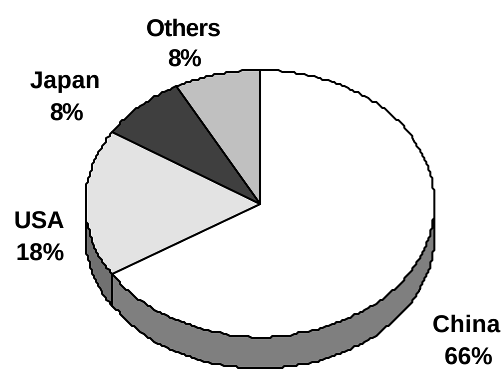
Vinegar imports are mainly from China (66%).
C Others of significant volume are USA (18%) and Japan (8%).

There has been decline in vinegar re-exports in 1997.
C Re-export decline is mainly due to a reduction of Western countries' imports, as vinegar is
re-exported primarily to the USA, Canada, and Europe.

Hong Kong produces vinegar locally, and there have been considerable amounts domestically exported.
C Domestic exports are about 22% of imports.

Vinegar Imports and Re-exports





Vinegar Imports 1997
3,700 MT

Source: HKCSD

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
VINEGAR CONSUMPTION

Vinegar consumption in Hong Kong is about 5,000 MT in 1997.

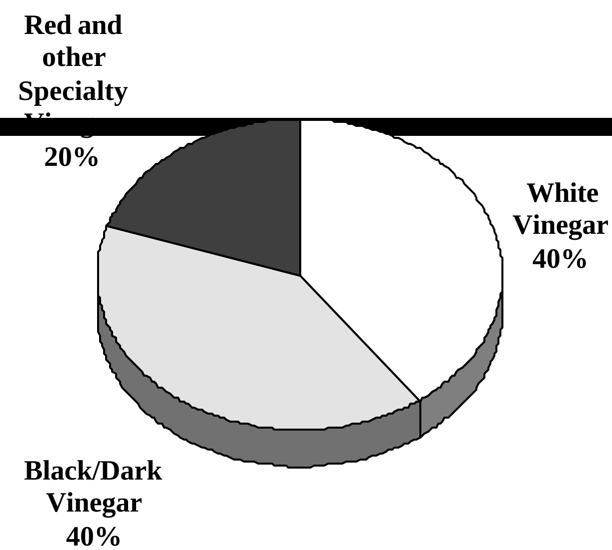
- C Vinegar consumption has been consistently increasing at 5-10% per annum from 1992 to 1996.
- C Demand in 1997 was flat from 1996 due to a poor economy.

The near-term expectation for vinegar is that demand will remain flat in 1998, and slightly increase in 1999.

- C The above projection is based purely upon economic condition and consumer spending patterns in Hong Kong.

The ratio of imported and local product consumption is about 50%:50%.

Hong Kong consumes both white (Western) and dark (Chinese) vinegars (about 80% of total vinegar consumption), as well as other specialty vinegars.



Vinegar Consumption 1997
5,000 MT

Source: Eastern Strategic Consulting Limited

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
OTHER PRODUCTS TRADE

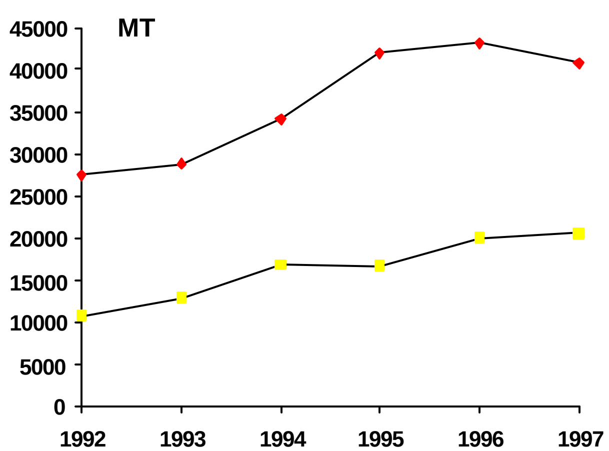
Hong Kong imports a large quantity of other sauces, totalled over 40,000 MT in 1997.
- C Of these, the majority are oyster and chilli sauces.

The largest exporters of other sauces to Hong Kong are the USA, Thailand, and China.
- C Others of significance are Japan and Malaysia.

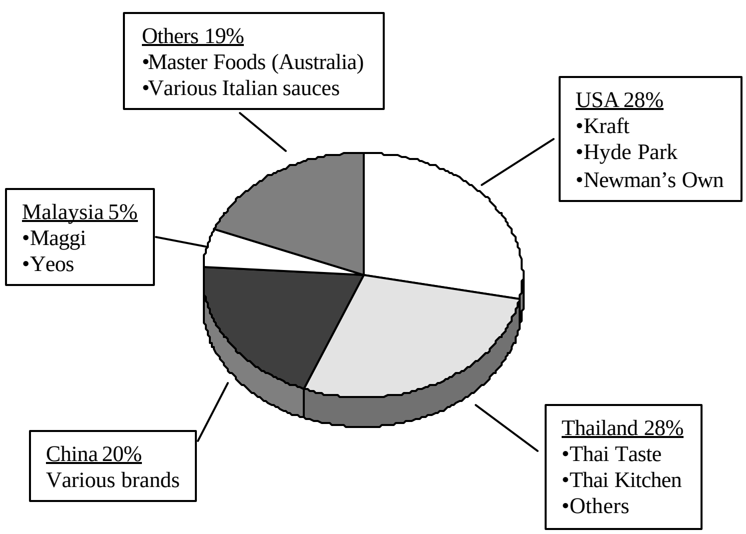
There have been large quantities of other sauces re-exported as well as domestically exported

from Hong Kong.
- C Hong Kong serves as the transhipment point for western products to Asia and Asian products to the West.
- C Hong Kong is a major producer of oyster, chilli and other sauces, therefore domestic exports are significant.

Other Condiments Imports & Re-exports



Source: HKCSD



Source: Eastern Strategic Consulting Ltd

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
OTHER PRODUCTS SEGMENTATION

Oyster and chilli sauces are the most significant “other sauces” consumed in Hong Kong and they are supplied mostly from local production.

- C The two largest local manufacturers, Lee Kum Kee and Amoy Foods, supply a majority of chilli and oyster sauces in Hong Kong.

- C Consumption of oyster and chilli sauces is estimated to be 20% to 25% of all Chinese/Asian condiments, at about 10,000 MT per year.

Besides oyster and chilli sauces, the “other sauces” category is dominated by Western and South East Asian condiments.

- C Western condiments include mayonnaise, salad dressing, pasta sauce, etc.

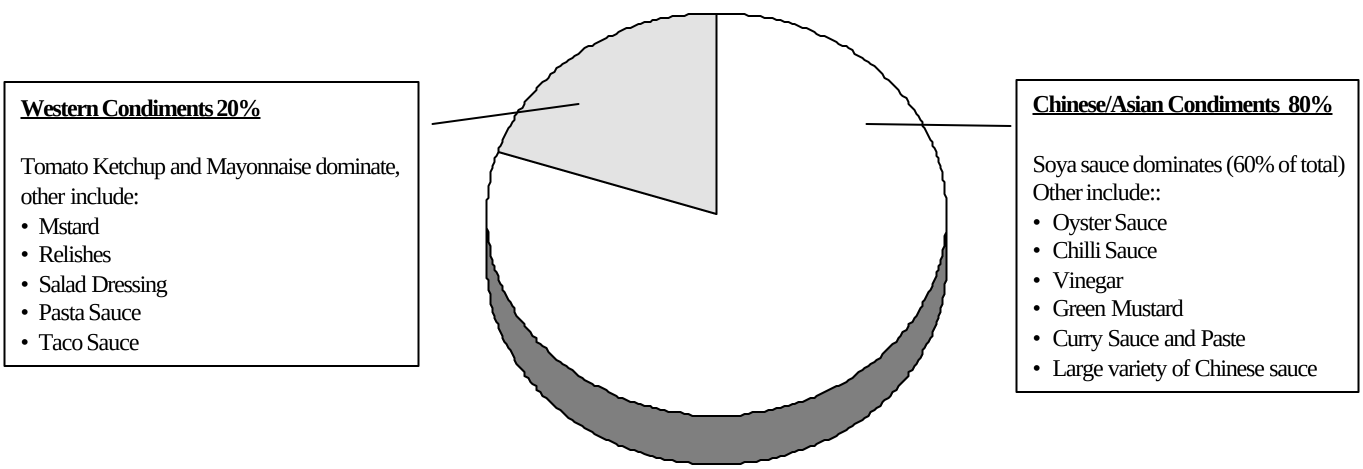
- C The South East Asian condiments include curry sauce/paste, Thai flavorings, etc.

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
TOTAL SAUCES, RELISHES AND CONDIMENTS CONSUMPTION

Soya sauce is by far the largest single type of condiment consumed in Hong Kong, which accounted for about 50% of all condiments in 1997.

C The next most popular condiments are oyster and chilli sauces.

Overall estimated ratio between Chinese/Asian condiments and Western condiments is about 80%:20%.



Source: Eastern Strategic Consulting Limited

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
PRODUCT EVALUATION

Condiment	Application	Historical Development	Near-Term Outlook
Soya Sauce	C Almost all Chinese cooking (except sour preparation) use soya sauce for basic flavorings. C Light soya sauce is used in most conventional steaming, pan-frying, etc. Dark soya sauce is used in frying noodles and in the making of sweet soya sauce.	Stagnant in past 4-5 years	Flat with neither significant growth nor decline
Oyster Sauce	C Served mostly as mix or dip for certain vegetables and seafood. C Often mixed with other condiments in frying.	Consistent growth of 3-4% per annum over the past 4-5 years	Flat or decline expected without new application, and affected by the poor economy
Green Mustard	C Mostly served with Sushi. C Sushi is one of the most popular types of food in Hong Kong.	Rapidly increased popularity of Sushi drove demand of green mustard	Stagnant with no specific driving force in the market
Chilli Sauce	C Hot food like certain Sichuan dishes and South East Asian food are well liked in Hong Kong. C The most popular chilli sauces are plain and with garlic. Others include Sichuan, Hunan, and other chilli sauces.	Increasing popularity of South East Asian food (e.g. Thai, Malay, etc.) drove the demand for chilli sauce	Stagnant or decline, driven down by the food service sector.
Chinese Vinegar	C Used mostly in Northern Chinese cooking (e.g. gyoza, dumplings, etc). C Occasionally applied to Southern Chinese cooking. C Note that the Chinese vinegar is a dark vinegar	Increased consistently with increased applications	Low growth expected. Driven by increased popularity of Northern Chinese cooking.
Other Sauces	C Various Chinese food preparation	Mostly increased	Mostly expected to decline or remain flat

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
PRODUCT EVALUATION

Condiment	Application	Historical Development	Near-Term Outlook
Tomato Ketchup	C Mostly used in fast food outlets like McDonald's for burgers and French fries.	Increased as Western and fast foods became popular	Flat with no new application and distribution channel
Mustard	C Not very often used in Hong Kong.	Flat, decreased in 1996 and 1997	Further decline with the reduction of foreign community
Relishes	C Relishes are not popular in Hong Kong. C Catered for specific Western restaurants and selected department stores only.	Flat, decreased in 1996 and 1997	Further decline with the reduction of foreign community
Mayonnaise and Salad Dressing	C Typically used in Western food, particularly in food service outlets. C Also promoted in supermarkets and other selected retail outlets.	Increased as Hong Kong consumers became more familiar with using mayonnaise and dressing in food and salad preparation	Stagnant or slightly increase depending upon the marketing tactics of Kraft
Pasta Sauce	C Widely used in Italian restaurants and some other western restaurants. C Also heavily promoted in supermarkets in recent years.	Significantly increased Promoted by supermarket chains over the past 1-2 years	Stagnant as consumers' knowledge of pasta sauce application is limited. However market potential exists if appropriate promotion programs are in place.
Other sauces	C Various application	Not significant in the Hong Kong market	No significant developments expected

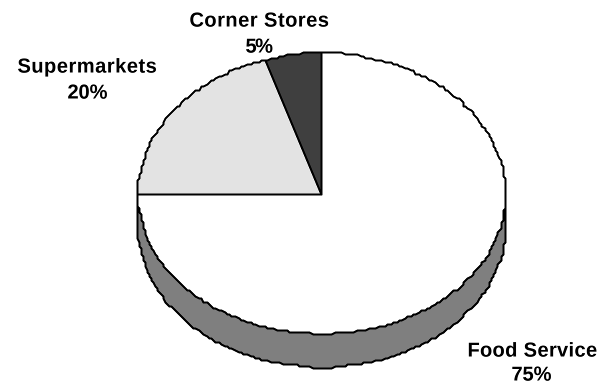
SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF DISTRIBUTION

Condiments are distributed in Hong Kong through three channels:
- C Food service sector (including restaurants, diners, hotels, etc.)
- C Retail sector (chain supermarkets and major department stores)
- C Corner stores (conveniently located in every residential district in Hong Kong)

The food service sector is the largest distribution channel for Chinese/Asian condiments, and especially so for Western condiments.
- C It is estimated that the food service sector distributes over half of Chinese/Asian condiments, and well over 75% of western condiments.
- C However, the food service sector is experiencing a decline from the effect of the poor Hong Kong economy and market share in 1998 and 1999 is therefore expected to decline.

Supermarkets are growing in terms of distribution share, displacing the corner stores.
- C Corner stores in Hong Kong distribute mostly Chinese and Asian condiments. Very rarely are Western condiments distributed through this channel (except for tomato ketchup).
- C Despite the declining market share, corner stores will remain as a significant channel for Chinese condiments in Hong Kong.

Chinese/Asian Condiments Distribution



Western Condiments Distribution

Source: Eastern Strategic Consulting Limited

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
DISTRIBUTION CHANNEL - RETAIL

The retail sector includes large scale department stores, chain supermarkets, and corner stores.

Segment	Key Players	Market Positioning and Comments
Department Stores	C Hong Kong Seibu C Jusco C Sogo	C Important segment in this channel C Market share remains consistent
Chain Supermarkets	C Wellcome C Park N Shop C Guangnan C Dai Cheong Hong C Seven Eleven	C Most important segment in this channel C Largely take-home purchases C Wellcome and Park N Shop are serious competitors, and have similar market shares. Together they constitute about 75% of this sector C General strategy is to expand market reach by increased number of outlets
Corner Stores	--	C Flat or slightly declining market share.

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
DISTRIBUTION CHANNEL - FOOD SERVICE

Segment	Players	Market Positioning	Outlook
Restaurants	C Big restaurants like Dun Wong, Palace, Hanbo, etc. C Presently Hong Kong has over 10,000 restaurants	C Declining overall business in 1997 of 30 to 40% affecting condiments demand C Many restaurants have closed by the end of 1997	C Undesirable market sentiments likely to continue in 1998, expecting recovery in 1999 C Reducing role in beer distribution
Hotels	C Presently total more than 1,500 in Hong Kong, including over 120 hotels of 3, 4, and 5-star levels	C Declining overall business in 1997	C Undesirable market sentiments in 1998
Diners	C Diners are abundant in every district in Hong Kong	C Stable and increasing businesses in 1997 and 1998 C As cheap alternatives to restaurants	C Favorable market sentiments in the near-term

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF COMPETITION

Condiment	Major Suppliers	Market Positioning
Soya Sauce	C Lee Kum Kee C Amoy Foods C “Pearl River Bridge”	C The three brands supply over 80% of total soya sauce consumption in Hong Kong. C Lee Kum Kee is losing some market share to Amoy and “Pearl River Bridge”, especially in the food service sector. C “Pearl River Bridge” will continue dominate supply to the more price sensitive food service sector by lower price entry.
Tomato Ketchup	C Del Monte C Hinez	C They are expected to continue dominating the Hong Kong market through quality and long term establishments.
Mustard	C Colman’s C Grey Poupon C Kraft	C Current market trends are expected to remain.
Vinegar	C Amoy Foods (dark vinegar) C Lee Kum Kee (dark vinegar) C Heinz (Western vinegar) C Hyde Park (Western vinegar)	C Western products have limited market share and are not expected to significantly improve their current market positions.
Other Chinese Condiments	C Lee Kum Kee C Amoy Foods	C Current market trends are expected to continue.
Other Western Condiments	C Kraft Foods (Mayonnaise and salad dressing)	C Current market trends are expected to continue.
South East Asian Condiments	C Thai Taste C Maggi C Yeo Hiap Seng	C No Significant changes expected

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
PRICING AND PACKAGING

Brand	Product	Price
Pearl River Bridge	Soy Sauce 5 lbs	17.4
	Light Soy Sauce 550 ml	6.9
Amoy	Soy Sauce 500 ml	6.7
Lee Kum Kee	Soy Sauce 750 ml	6.8
Kim Lan	Soy Sauce 590 ml	7.2
Kikkoman	Soy Sauce 500 ml	19.7
Hyde Park	Distilled Vinegar 473 ml	5.6
	Distilled Vinegar 946 ml	10.9
	Cider Vinegar 16 oz	7.9
Narcissus	White Vinegar 600 ml	5.6

Brand	Product	Price
Del Monte	Tomato Ketchup 32 oz	14.5
	Squeeze Ketchup 28 oz	11.5
Heinz	Tomato Ketchup 300 gm	5.9
Hyde Park	Tomato Sauce 425 gm	5.2
No Frills	Tomato Ketchup 340 gm	4.1
Lee Kum Kee	Oyster Sauce 510 gm	34.9
	Oyster Sauce 255 gm	19.1
Amoy	Oyster Sauce 420 ml	24.9
Lee Kum Kee	Chilli Garlic Sauce 8 oz	13.6
Maggi	Chilli Garlic Sauce 305 gm	8.4

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF MARKETING AND PROMOTION

Condiments are frequently seen advertised on television, which is the most effective form of promotion in Hong Kong.

C Lee Kum Kee, Amoy Foods, Kraft Foods, Nestle, Del Monte, etc. have actively participated in television advertisements in recent years.

C The smaller scale suppliers and Chinese imports have not been active in television promotions mainly due to cost considerations.

Supermarkets and department stores, in conjunction with the suppliers, offer discounts and specific packages as a form of promotion.

C Packages include “Buy a 500 ml bottle soya sauce, get a smaller 150 ml bottle for free”, etc.

In the food service sector, there has not been specific promotion for condiments.

C Severe competition has resulted in price wars where most suppliers reduce prices to increase sales.

The US Agricultural Trade Office in Hong Kong is available to offer help to American companies and their local distributors to more effectively promote their products by facilitating and organizing seminars, conferences, and introducing 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

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF
RULES AND REGULATIONS

As Hong Kong is a free port, there is no import duty on condimentss.

However, other regulations apply, as follows:

C A health certificate from the country of origin must be obtained to certify that

-- The products were manufactured and packed under proper hygienic condition as approved by the origin country, and samples inspected by a method approved by that country.

The local health department will conduct sampling and analysis upon shipment arrival. Therefore, appropriate correspondence between the importer and the health department is necessary.

Packaging requirements must comply with the HK Food and Drug Regulations, which includes proper labelling of item, ingredients, shelf-life, storage and care instructions, and other product specifications including volume and weight, and manufacturer's/packer's name and address.

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF RECOMMENDATIONS

Overall the sauces, relishes and condiments market in Hong Kong is mature and flat.

- Historical growth has not been significant. Growth is driven by disposable income levels and population growth.

Soya sauce is by far the largest single condiment used, and the one that is least prone to attacks by poor economy.

- However, local soya sauce demand has been and is expected to remain flat.

Western condiments, with the exception of tomato ketchup, mayonnaise and salad dressings, have very little market share in Hong Kong.

- Pasta and spaghetti sauces have lately become more popular in Hong Kong through supermarket promotion efforts.

- Although future growth is heavily hindered by the current poor economy, pasta and spaghetti sauces have the potential to become more significant if appropriate marketing and promotion programs are carried out.

The Hong Kong condiments market is very competitive. Increasing market share will have to be at the expense of competitive brands' market shares.

- Therefore, appropriate marketing and promotion programs must be carried out.

- However, be aware that the Hong Kong market is costly, and due to the current poor economy, expected returns on market penetration should be moderated.

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF CONTACTS

Health Department
Hygiene Division
Wu Chung House
Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2961-8807
Fax:(852) 2861-3547

Customs and Excise Department
8/F, Canton Road Government Offices
393 Canton Road, Kowloon
Hong Kong
Tel: (852) 2733-2265

Hong Kong Trade Development Council
38th Floor Office Tower
Convention Plaza
1 Harbour Road, Wanchai
Hong Kong
Tel: (852) 2584-4333
Fax: (852) 2824-0249

Hong Kong Consumer Council
Kah Wah Centre
191 Java Road
North Point
Tel: (852) 2856-3113

Hong Kong Food Council
1/F CMA Building
64-66 Connaught Road
Central, Hong Kong
Tel: (852) 2542-8600
Fax:(852) 2541-4541

Winner Food Products Ltd.
Room 1103 Hong Kong & Shanghai
Bank Building
673 Nathan Road
Kowloon, Hong Kong
Tel: (852) 2396-0137
Fax:(852) 2397-0826

Amoy Food Limited
11-15 Dai Fu Street, Tai Po Estate
Tai Po, N.T
Hong Kong
Tel: (852) 2660-3585
Fax: (852) 2667-4462

Lee Kum Kee Limited
2-4 Tai Fat Street
Tai Po, N.T.
Hong Kong
Tel: (852) 2660-3600

Dah Chong Hong Ltd
8/F Kai Cheung Road
Kowloon Bay, Hong Kong
Tel: (852) 2768-3388
Fax:(852) 2796-8838

Park'n Shop Ltd
Box 250 Shatin Post Office
New Territories
Hong Kong
Tel: (852) 2606-8833
Fax:(852) 2695-3664

Wellcome Company Ltd
ATL Centre
Berth 3, Container Terminal
Kwai Chung, Hong Kong
Tel: (852) 2489-5888
Fax:(852) 2489-9627

SAUCES, RELISHES AND CONDIMENTS MARKET BRIEF 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	http://www.info.gov.hk/dh/index.htm	dhenq@dh.gcn.gov.hk
Clinical Genetic Service	--	cgs@hk.super.net
Government Virus Unit	--	wllim@hk.super.net
Special Preventive Program	http://www.info.gov.hk/health/aids	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	dcsm@trade.gcn.gov.hk
Hong Kong Trade Development Council	http://www.tdc.org.hk	hktdc@tdc.org.hk