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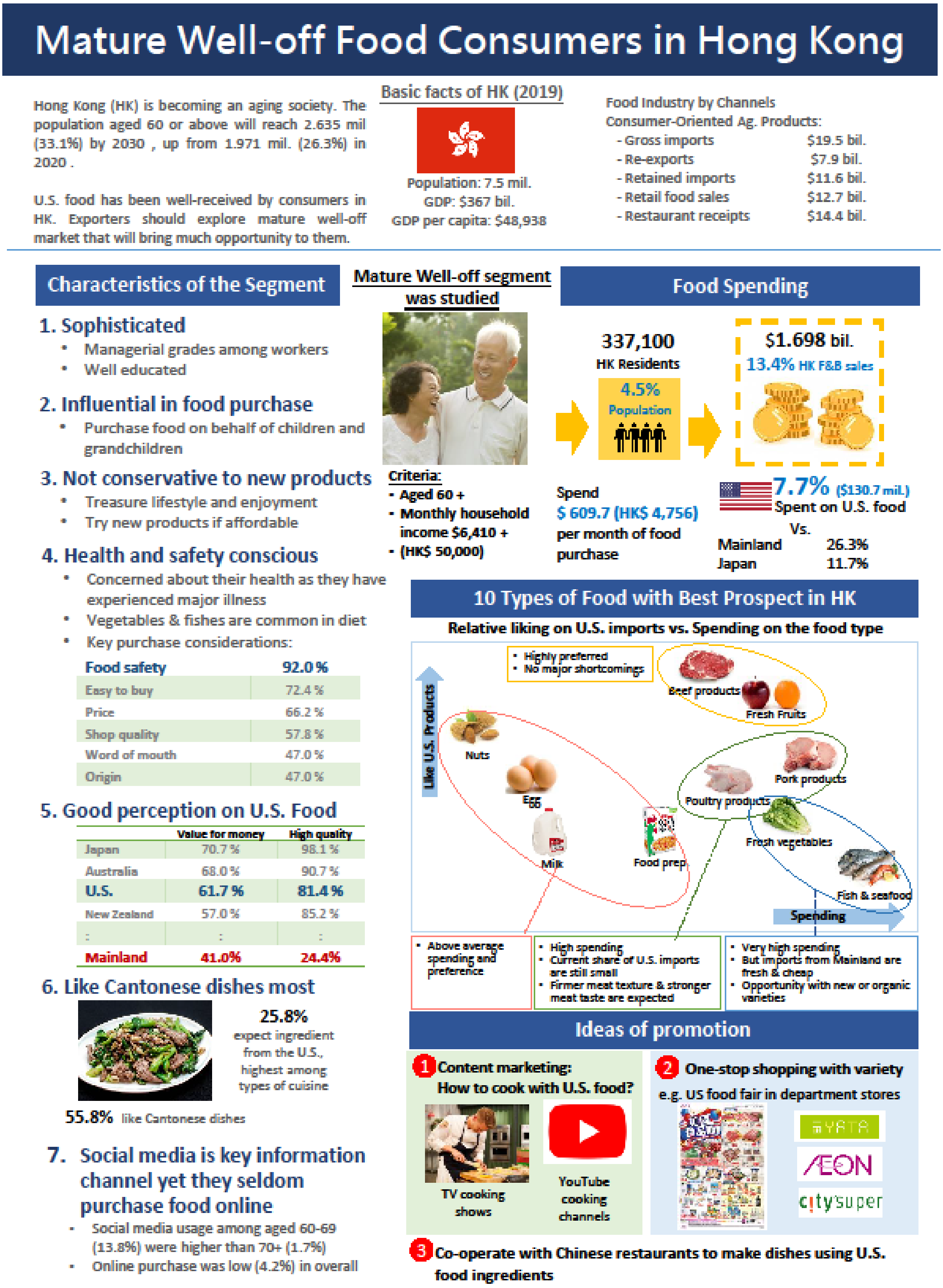
Report Highlights:

In view of the growing aging population in Hong Kong and its potent purchasing power, ATO Hong Kong commissioned market research on the food preferences of mature consumers through a public tendering process in 2020. The study was completed in late 2020. This GAIN report provides U.S. exporters with the findings, which include: the population of the mature/well-off consumers, market size of the target group's food consumption, the top ten most wanted products, the perceived merits/shortcomings of U.S. products, competition, effective marketing channels, dining preferences, etc. The first page of this report is a one-page summary of the key findings.

[A VIRTUAL PRESENTATION ON THE RESEARCH STUDY IS AVAILABLE AT THIS LINK]



Research Study on Food Choice for Mature Consumers

- Report -

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Date : 22nd October, 2020

Prepared for

THE U.S. AGRICULTURAL TRADE OFFICE, HONG KONG

By

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1. Background

The U.S. Agricultural Trade Office (ATO) is one of the many overseas offices of the Foreign Agricultural Service (FAS), an agency of the U.S. Department of Agriculture (USDA). The ATO in Hong Kong works closely with importers, wholesalers, retailers, and other trade promotion organizations to increase the sale of U.S. food and agricultural products in Hong Kong and Macau.

In line with the global trend, Hong Kong is becoming an aging society. The population of elderly people aged 60 or above will reach 2,635,000 (33.1% of 7,964,000) by 2030[1], up from 1,971,500 (26.3% of 7,509,200) in 2020[2]. A third of the Hong Kong population will be elderly in Hong Kong. This structural shift of the population will change the form of the labor market, impact the economy, and burden social welfare. On the other hand, this emerging market also brings new opportunities to businesses.

In the area of Consumer-Oriented Agricultural Products, the United States is the most important supplier to Hong Kong, representing 16% (US$ 3.2 billion) of total value (US$ 19.5 billion) in 2019[3].

In past studies, U.S. food products were perceived as high-quality, and they were popular among affluent Hong Kong consumers. If U.S. exporters are interested in the mature consumer market, they should first explore the opportunity in the affluent segment as well.

In previous studies, the ATO identified certain U.S. products with the best prospects in the Hong Kong market[4]. Meanwhile, the preference of mature, well-off consumers may not be the same as general consumers. More information should be collected for U.S. suppliers to understand this segment.

Therefore, a research study was initiated by the ATO with the aim to study Hong Kong residents who are 60 years of age or above and have mid-to-high levels of monthly household income, HK$50,000 (US$ 6,410) or above. Consumers over 60 years of age are referred to as mature for the purposes of this report.

The ATO commissioned Consumer Search Group (CSG), a market research agency in Hong Kong, to design and execute the research study to identify the top U.S. food product types with the best prospects in the Hong Kong domestic market for mature, well-off consumers. The result will provide market intelligence to U.S. exporters.

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[1] Hong Kong Population Projections 2017-2066, Census and Statistics Department, September 2017
[2] Population by Age Group and Sex, Population Estimates, Census and Statistics Department
[3] "Highly Competitive Retail Sector Remains Stable" ATO Hong Kong, Market updates, July 2019.
[4] "Best Prospects Analysis for U.S. Agricultural Exports to Hong Kong, "ATO Hong Kong, Market updates, June 2019

This report presents the findings and serves as a reference for U.S. exporters who are interested in exploring the food market among mature, well-off consumers in Hong Kong.

2. Research Methodology

This study was conducted in two stages. The quantitative study (Survey) collected data about purchasing behavior, food preferences, and spending among the mature well-off consumers. Qualitative study (Focus Group Discussion) helped understand the selection process, consumers' perception, beliefs and values regarding food products from the U.S. and other origins.

2.1 Target Respondents

Target respondents for this research study included those who:

- Are 60 years of age or older;
- Have a monthly household income of HK$50,000 (US$ 6,410) or above;
- Purchase food for themselves or family at least once a week;
- Purchased food on the survey day

2.2 Data Collection Method

2.2.1 Quantitative Stage - Face-to-face Interview

The questionnaire was designed by CSG and approved by the ATO. The questionnaire was programmed and installed on tablet computers for data collection in the locations listed in Appendix II of this report. Each interview lasted for around 15 minutes.

Five hundred successful interviews were conducted from August 24 to September 3, 2020. To ensure the sample is representative of the target group, sample quotas were set according to age, gender, and geographical distribution (i.e. Hong Kong Island, Kowloon, New Territories) in the government population data:

Table 1: Sample Size and Sample Quota

Resident area	Sample	Age group 60+	Sample	Gender (Age 60+)	Sample
Hong Kong Island	28.0% (140)	60-69	53.6% (268)	Male	47.4% (237)
Kowloon	26.0% (130)	70+	46.4% (232)	Female	52.6% (263)
New Territories	46.0% (230)				

Source: Hong Kong Census and Statistics Department

2.2.2 Qualitative Stage - Focus Group

The purpose of the focus group was to identify and understand the selection process, consumers' perception, beliefs and values regarding food products. In addition, the result could support and help explain the results of the quantitative survey with respondents' real examples and verbatim.

Two sessions of a mini-focus group, each lasting for 90 minutes, were conducted on September 18, 2020. The flow of discussion followed the pre-set discussion guide. Each group consisted of four respondents. The two focus groups were hosted by the project manager of this research study.

3. Research Findings

3.1 The Market Size of Mature Well-off Food Consumers

According to the Census and Statistics Department, there were 1,778,600 Hong Kong residents aged 60 or above at the end of year 2019, and 337,100 (19.0%) of them lived in households with monthly income of HK$ 50,000 or above.

Table 2: Population aged 60 and above in domestic household by monthly household income

Monthly household income (HK$)	Population aged 60+ in 2019	Percentage
<10,000	483 400	27.2%
10,000-19,999	343 200	19.3%
20,000-29,999	270 600	15.2%
30,000-39,999	202 100	11.4%
40,000-49,999	142 100	8.0%
50,000-59,999	100 900	5.7%
≥60,000	236 200	13.3%
Overall	1 778 600	100.0%

Source: Hong Kong Census and Statistics Department

To make the market size estimation for this segment, food purchase data was collected from these mature, well-off consumers in the survey. These included data about the food items purchased on the survey day, as well as the spending amount and the country of origin of the food items based on information available and the consumer's knowledge.

The spending records estimate that mature, well-off consumers spend US$ 1.7 billion (HK$ 13.2 billion) on consumer food purchases in a year. The technical details for this estimation are shown as in Appendix I.

At the end of 2019, there were 7,520,800[5] residents in Hong Kong. Therefore, the population size of mature, well-off consumers (337,100) is 4.5% of population, while their spending comprises of 13.4% of food and beverage retail sales in Hong Kong (US$ 12.7 billion in 2019)[6].

[5] Population by Age Group and Sex, Population Estimates, Census and Statistics Department

[6] Retail Foods, Foreign Agricultural Services, U.S. Department of Agriculture, 26 June, 2020.

3.2 Characteristics of Mature, Well-off Consumers

I. Mature, well-off consumers are sophisticated

The mature, well-off consumers were well-educated compared to other members of their generation. One-eighth (12.6 %) of the mature, well-off consumers were tertiary or university students. This was far more than the proportion of university students in their generation (4.6% for male and 1.9 % for female in 1976[7]). The share of tertiary graduates was higher among the highest income group (HK$70,000 or above) (28.4%), and younger group (Aged 60-69) (17.9%).

Table 3: The Education Levels of the Respondents

		Monthly Household Income (HK Dollars)			Age		Gender	
	Total	50-59k	60-69k	70K +	60-69	70+	M	F
Base:	500	206	185	109	268	232	237	263
Primary	14.0	20.4	12.4	4.6	2.2	27.6	11.4	16.3
Secondary	64.0	64.1	69.2	55.0	64.9	62.9	57.8	69.6
Vocational school	9.4	6.8	10.8	11.9	14.9	3.0	11.8	7.2
Tertiary/University	12.6	8.7	7.6	28.4	17.9	6.5	19.0	6.8

Source: CSG Survey Question: What is your highest education level?

The majority of the mature, well-off consumers were retired. Less than a fifth (17.8%) of them were still working. Among them, nearly half of them (47.2%) were in a manager or above position. Only 16.9% were either clerical staff or unskilled workers.

Table 4: Work status

Base: All respondents	500		Base: working population	89
Work Full-time	**10.0**	→	*Owner/Director or above*	*20.2*
Work Part-time	**7.8**	→	*Senior Management*	*7.9*
Unemployed	0.4		*Manager*	*19.1*
Non-working (Housewives / retired)	81.8		*Professional staff*	*16.9*
			Clerical staff	*6.7*
			Technical staff	*18.0*
			Unskilled worker	*11.2*

Source: CSG Survey Question: Do you have a job now? Are you …? What is your occupation?

[7] A Graphic Guide on Hong Kong's Development (1967-2007), Census and Statistics Department, 2008.

II. Mature, well-off consumers are influential on food purchases

Mature, well-off consumers purchased food for themselves as well as their family. The majority of respondents were living with their children who were of working age, and some even lived with their grandchildren and in-laws. They were responsible for dining matters and concerned about their food preference and health matters. Therefore, the mature, well-off consumers had significant influence on the food expenses for their family.

Table 5: The Family Member(s) the Respondents Live With

Member	Total	No. of co-living member	Total	Other aged 60 + members	Total
Base:	500		500		500
Spouse	89.8	1 member	4.0	None aged 60+	19.0
Children	85.4	2 members	19.6	1 member	80.2
Grandchildren	41.0	3 members	26.8	2 members	0.8
In-laws	45.2	4 members	24.2		
Parents	0.4	5 members	20.4		
		6 members	4.4		
		7 members	0.6		
		Mean	***3.5***	**Mean**	**0.8**

Source: CSG Survey Question: What family members are you living with? How many members in your household? Is the household member aged over 60?

<u>Some verbatim responses from Questionnaire:</u>

-*"I share all foodstuffs with my family members. I am the key person of food purchase. I will buy a variety of food, such as fish, chicken, pork, beef, lamb, etc. I take turns to eat them. For each meal, eating vegetables is a must, at least one kind of meat, usually 2 kinds of different meat." (Group Male, Aged 64)*

-*"We have 2 babies at home, so I will be careful in food selection. Foods sometimes contain chemicals which are harmful to health. Therefore, I will check the origin. There are also additives. Children will become hyperactive if they intake too much." (Group 2, Female, Aged 64)*

III. Mature, Well-off Consumers are Not Conservative

Mature, well-off consumers are not conservative in their food selections. As most of them were retired and living in well-off families, they wanted to experience new and high-quality food for enjoyment.

<u>Some verbatim responses from Questionnaire:</u>

- *"We are old now, why not just eat as we can eat, why not try new things that we can afford?" (Group 2, Female, Aged 64)*
- *"I always want to try new things, if there are choices. For example, I tried Japanese last time and I haven't tried Australian before. I want to try Australian no matter it is good or not." (Group 2, Male, Aged 64)*

- *"Some food seems delicious, then I will try. If we see that the packages of the imported fruits are nice, I will buy some for trial. The most important thing is clean and tidy." (Group 2, Female, Aged 60)*

- *(Respondent) "As it is a new product then I buy it to try." (Moderator) "Fig is a new fruit?" (Respondent) "Yes it's new. It is a new way for eating it freshly. I used to eat dried fig when I made soup." (Group 1, Male, Aged 71)*

IV. Mature, Well-off Consumers are Health-conscious

Mature, well-off consumers are health-conscious and some of them suffer from certain kinds of illnesses. Vegetables and fish are common in their diets.

<u>Some verbatim responses from Questionnaire:</u>

- *"We concern about health. My wife became a vegetarian and the foods are mainly cooked from her. Therefore, I eat less meat." (Group 1, Male, Aged 63)*

- *"For each meal, eating vegetables is a must, at least one kind of meat, usually 2 kinds of different meat. For example, fish and chicken etc. I eat fish the most frequent." (Group 2, Males, Aged 64)*

- *"I also have the problem that many elderly are facing – hyperlipidemia for more than ten years. I pay attention on the diet. I read the nutrition table at the back of the pack of food, such as the cholesterol and sugar. I buy olive oil as it is healthier." (Group 1, Male, Aged 63)*

3.3 Understanding the Food Purchasing Patterns of Mature Consumers

Although they were retired, more than 60% of mature consumers did not purchase food every day. Therefore, they accepted certain food items that can be stored for long time, such as frozen food.

Table 6: Frequency of Food Purchase by Income Age and Gender

		Monthly Household Income (HK Dollars)			Age		Gender	
	Total	50-59k	60-69k	70K +	60-69	70+	M	F
Base:	500	206	185	109	268	232	237	263
More than once in a day	2.8	1.9	2.7	4.6	3.7	1.7	0.4	4.9
Once a day	35.8	37.9	36.8	30.3	39.9	31.0	10.1	58.9
Once in two days	31.0	35.4	28.6	26.6	30.6	31.5	34.2	28.1
More than once a week	30.4	24.8	31.9	38.5	25.7	35.8	55.3	8.0

Source: CSG Survey Question: How frequent do you purchase food for you and your family?

<u>Some verbatim responses from Questionnaire:</u>

- *"I love storing the foods at home. When they are out of stock, I buy it if I pass by. There is not a regular frequency for shopping." (Group 1, Male, Aged 65)*

- *"I usually buy 1-2 times a week. Foods can be bought conveniently in supermarket and can be put in the fridge for long time." (Group 2, Female, Aged 60)*

- *"To me, chilled food is totally not a problem. Therefore, the food in selling in supermarkets is the most suitable for me. The foods are packed in a package and I will put it in the refrigerator." (Group 2, Male, Aged 64)*

From the food purchase data collected in the survey, the respondents spent an average of HK$260 on the day they purchased food. More was spent among the higher income group. Those having a monthly household income of HK$ 70,000 or above spent on average HK$ 409.4 on the day they purchased food.

Table 7: The spending of the respondent's food purchase in the survey day

		Monthly Household Income (HK Dollars)			Age		Gender	
	Total	50-59k	60-69k	70K +	60-69	70+	M	F
Base:	500	206	185	109	268	232	237	263
HK$100 - HK$199	44.6	59.2	43.2	19.3	41.4	48.3	51.5	38.4
HK$200 - HK$299	30.6	28.6	35.1	26.6	32.1	28.9	25.3	35.4
HK$300 - HK$499	18.6	11.2	18.9	32.1	18.7	18.5	18.1	19.0
HK$500 - HK$999	5.2	1.0	2.7	17.4	6.7	3.4	3.8	6.5
HK$1,000 or above	1.0	-	-	4.6	1.1	0.9	1.3	0.8
Mean HK$	**260.6**	**202.7**	**238.0**	**409.4**	**272.1**	**247.8**	**271.5**	**247.1**

Source: CSG Survey Question: We are interested in your most recent food purchase (excl. dining-out and take-out food). Could you please show me what you have bought today? Apart from these, have you bought any other food today? Will you buy any other food?

The popular types of food that the mature food consumers spent the highest amount on are listed in Table 8.

Regarding their spending on items, the highest was observed on fish and seafood (HK$ 69.5 spent per consumer), followed by pork (HK$ 33.7), and fresh fruit (HK$ 28.0).

On average, each consumer purchased more than one item of vegetables (1.07 items), more than two-thirds (0.69 item) of consumers purchased fish and seafood, and more than half purchased fresh fruit (0.59 item).

Despite the relatively high spending on beef (HK$ 21.9) and poultry (HK$ 20.4), the number of items purchased (0.19 and 0.25 item respectively) were significantly less than pork (0.44 item).

Table 8: Averaged spending per consumer vs. item purchased per consumer

	Total	
Base:	500	
Food types	Spending per consumer (HK$) #	No. of Item purchased per consumer ^
Fish & seafood	69.5	0.69
Pork & pork products	33.7	0.44
Fresh fruits	28.0	0.57
Fresh vegetables	24.4	1.07
Beef & beef products	21.9	0.19
Poultry & poultry products	20.4	0.25
Food prep (Pasta, cereal, soup)	11.9	0.27
Wine and beer	10.9	0.10
Dried seafood	7.0	0.02

Cereal	4.9	0.06
Oil and fat	4.1	0.05
Dairy products	4.0	0.07
Non-alcoholic beverage	3.7	0.10
Egg	2.8	0.09
Condiment and sauce	2.5	0.06

Source: CSG Survey Question: We are interested in your most recent food purchase (excl. dining-out and take-out food). Could you please show me what you have bought today? Apart from these, have you bought any other food today? Will you buy any other food?
Spending per consumer = Spending of all respondents / 500
^ No. of Item purchased per consumer = No. of items purchased by all respondents / 500

Among these popular food items, the data shows the spending on fish and seafood (HK$ 52.0 → HK$ 105.5), fresh fruits (HK$ 22.7 → HK$ 49.8), and beef & beef products (HK$17.5 → HK$37.9), increase with the higher income of the consumers. While the spending on pork, fresh vegetables, and poultry were less sensitive to increasing income groups.

Table 9: Average Spending Per Consumer by Each Product Type (HK$) (Top 15) (Hong Kong Dollar)

		Monthly Household Income (HK Dollars)			Age		Gender	
	Total	50-59k	60-69k	70K +	60-69	70+	M	F
Base:	500	206	185	109	268	232	237	263
Food types	Spending per consumer (HK$) #							
Fish & seafood	69.5	52.0	67.6	105.5	72.8	67.5	71.2	65.6
Pork & pork products	33.7	31.0	33.3	39.4	34.8	25.6	41.0	32.5
Fresh fruits	28.0	22.7	21.0	49.8	30.2	25.8	29.9	25.4
Fresh vegetables	24.4	21.4	25.6	28.2	25.3	20.2	28.2	23.4
Beef & beef products	21.9	17.5	17.3	37.9	25.6	24.1	19.9	17.5
Poultry & poultry products	20.4	11.8	29.6	21.2	17.2	18.9	21.7	24.2
Food prep (Pasta, cereal, soup)	11.9	12.1	9.5	15.4	11.2	12.9	10.9	12.7
Wine and beer	10.9	6.2	7.9	24.9	13.6	16.6	5.8	7.8
Dried seafood	7.0	0.6	0.2	30.9	5.5	6.5	7.6	8.8
Cereal	4.9	6.5	2.1	6.6	5.6	5.0	4.9	4.1
Oil and fat	4.1	4.4	3.0	5.4	4.8	4.7	3.5	3.3
Dairy products	4.0	2.9	3.6	6.5	4.3	3.3	4.5	3.6

Source: CSG Survey Question: We are interested in your most recent food purchase (excl. dining-out and take-out food). Could you please show me what you have bought today? What was the price of the food items, and what are their origin?
Spending per consumer = Spending of all respondents / 500

3.4 Market Size of Target Group's Consumption of U.S. Foods

CSG's research suggested that 7.7% of the food purchased by the mature, well-off consumers originated from the United States, which was ranked as the fourth most important source of food for mature, well-off food purchasers. As the estimated market size of mature well-off, consumers was US$ 1.698 billion (HK$ 13.2 billion) per year, they spent US$ 130.8 million (HK$ 1.019 billion) for U.S. food in a year.

Table 10: Estimation of the food purchase share by their country of origin (Top 10)

Country of origin	Share of spending on food purchase (%)	Share of spending on imported food purchase (%)
Mainland China	26.3	35.1
Hong Kong	19.8	-
Japan	11.7	15.6
United States	7.7	10.3
Australia	7.2	9.5
France	3.0	3.9
Thailand	2.9	3.9
New Zealand	2.3	3.0
Canada	1.4	1.9
Netherlands	1.2	1.5
Taiwan	1.0	1.4

Source: CSG Survey Question: We are interested in your most recent food purchase (excl. dining-out and take-out food). Could you please show me what you have bought today? What was the price of the food items, and what are their origin.

The share of food from Mainland China was high among mature, well-off consumers because they required fresh items in their diet, especially vegetables and fish and seafood. Therefore, they needed to buy local food or food imported from mainland China, although they sometimes hesitated about the safety of foods from mainland China.

Some verbatim responses from Questionnaire:

- *"You cannot avoid buying fresh vegetables because it is a must-have item in a meal." (Group 2, Female, Aged 64)*

- *"If you want fresh meat, you only can choose from Hong Kong or China. We cannot only eat the frozen meat from other countries." (Group 1, Male, Aged 71)*

- *"If I make soup at home, I must use fresh meat e.g. pork and shank from China." (Group 1, Male, Aged 71)*

3.5 Share of Spending by Food Types and Opportunity

Regarding the share of U.S. imports among various types of food, U.S. nuts occupied more than a third (36.1 %) of nuts purchased by mature, well-off consumers, yet the overall spending on nuts among them was not high.

Instead, U.S. beef occupied around 30% of the consumer's beef purchase and each consumer spent a relatively high amount (HK$ 21.9), showing that U.S. beef and its products was an important food type among mature, well-off consumers.

Wine and beer (11.2%), fresh fruit (9.3%), and poultry (8.9%) from the United States showed a good share of the mature, well-off market segment, and it would be worthwhile to explore this as the target consumes' spending on these food types were high.

Table 11: Top 10 Food Types with a Large Share of U.S. origin vs. Average Spending Per Consumer

	Total	
Base:	500	
Food types	U.S. share in food type (%) ^	Spending per consumer (HKD) #
Nuts	36.1	1.6
Beef & beef products	29.5	21.9
Non-alcoholic beverages	17.4	3.7
Egg	16.5	2.8
Condiment and sauces	12.2	2.5
Wine and beer	11.2	10.9
Juice	10.2	1.1
Fresh fruits	9.3	28.0
Poultry & poultry products	8.9	20.4
Chocolate and Cocoa	8.3	0.9

Source: Question: We are interested in your most recent food purchase (excl. dining-out and take-out food). Could you please show me what you have bought today? Apart from these, have you bought any other food today? Will you buy any other food?

^ U.S. share in food type (%) = $ spent on U.S. origin / $ spent on food from all origins

Spending per consumer = Spending of all respondents / 500

A good amount was spent on pork (HK$ 33.7) (Table 9) per consumer, the share of U.S. pork in consumers' pork purchase was low (2.5 %), and it was not in the top ten. As reflected by consumer's comments, U.S. pork is not easily available, and its taste is different from the pork they are used to consuming.

<u>Some verbatim responses from Questionnaire:</u>

- *"I sometimes find U.S. pork in supermarkets but there were only a few options" (Group 2, Female, Aged 64)*

- *"There are differences between the Chinese pork and U.S. pork. The fresh taste of Chinese pork is much stronger than U.S. pork, so it is not preferable for making soup." (Group 1, Female, Aged 64)*

3.6 The Importance of Country of Origin Versus Other Factors in Food Selection

Respondents were asked for their perceived importance of various aspects of food purchasing. Among all respondents, food safety (92.0%) was the top concern, followed by "Easy to buy" (72.4%). Price was considered by less than two thirds (66.2%) as important.

Slightly less than half (47.0%) believed the country of origin of the food is an important factor. Analyzed by income groups, the rating rose from 37.9% among respondents having 50,000 – 59,999 monthly household income, to 62.4% among those more than HK$ 70,000 monthly household income. This increasing pattern along income levels was also found in the importance of the portion (30.1% → 48.6%), brand (27.7% → 54.1%), and nutrition facts (27.2% → 45.9%). To some respondents, the country of origin of food can reflect the safety of the food items.

Table 12: Important Factors for Food Purchase

	Total	Income		
		50-59k	60-69k	70K +
	% of respondents rated important (i.e. 4 or 5 in a 5 point scale)			
Food safety	92.0	90.8	92.4	93.6
Easy to buy	72.4	69.4	76.2	71.6
Price	66.2	62.1	75.7	57.8
Shop quality	57.8	45.1	63.2	72.5
Word of mouth	47.0	47.6	49.7	41.3
Origin	**47.0**	**37.9**	**48.1**	**62.4**
Portion	39.4	30.1	44.3	48.6
Brand	39.0	27.7	42.7	54.1
Nutrition fact	33.8	27.2	34.1	45.9
Package	14.4	10.2	16.8	18.3

Source: CSG Survey Question: How do you rate the importance of below factors in food purchases? Please use a 10 point scale, where 10 represents "Very important" and 1 represents "Not important at all".

<u>Some verbatim responses from Questionnaire:</u>

- *"If I cannot try the tester in the shop, I can only estimate its quality by its country of origin" (Group 1, Female Aged 66)*

- *"Country of origin is important because it is related to food safety. Food nowadays always contain chemical, plasticizers, etc. Children will become active after eating too much additives. I have two grandchildren so I will be careful in food selection" (Group 2, Female Aged 64)*

3.7 Respondent's Perception to Various Country of Origin of Food

Customers generally perceived U.S. products as good in quality (81.4% good/very good) and 61.7% believed the food is "Value for money." The rating was higher than that of New Zealand (57.0%) and Europe (43.0%) but was slightly lower than Australia (68.0%) and Japan (70.7%). Higher income groups perceived better value for money of products from the United States and most of other origins, except for Thailand and mainland China.

Table 13: Perceived to food origin to be "Value for Money"

	Total		Income		
Country of Origin of Food	"Good Quality" perception	"Value for Money" perception	50-59k	60-69k	70K +
Mainland	24.4	41.3	47.3	41.7	28.6
U.S.	81.4	61.7	50.4	64.9	77.4
Australia	90.7	68.0	59.5	67.7	83.3
New Zealand	85.2	57.0	48.8	61.9	65.2
Brazil	35.1	43.2	36.0	49.0	48.4
Chile	32.7	24.6	19.5	26.9	30.2
Thailand	43.4	45.9	44.4	51.5	39.0
Europe	76.5	43.0	30.2	42.3	69.1
Japan	98.1	70.7	56.2	72.5	94.6

Source: CSG Survey Question: Talking about the country of origin of food, how do you rate their food quality? / Do you agree their food is "Value for money?" Please use a 5-point scale, where 5 represents "Very good quality" and 1 represents "Very poor quality."

3.8 Top Ten Most Wanted U.S. Food Products

Beef and beef products (88.9%) and fresh fruits (88.5%) were the top two types of foods that the target consumers respondents would be most likely to buy from the United States. Looking at each food type, the higher the income group, the more likely the target customers were to buy U.S. fresh fruits (85.2% → 93.1). Similar rises in purchasing intentions with household income were also observed in nuts (72.7% → 92.9%) and fresh vegetables (52.5% → 86.2%) categories.

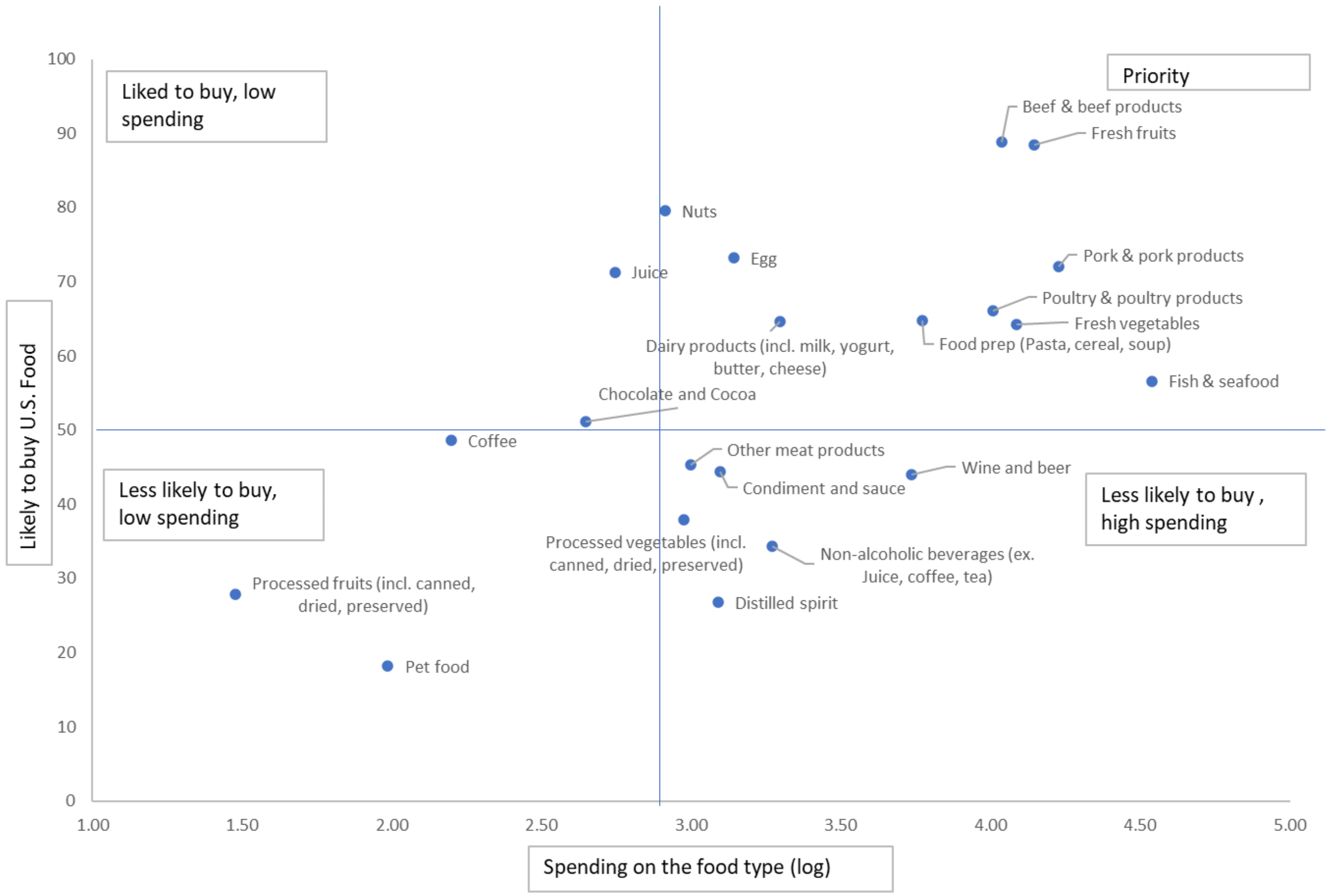
Table 14: The top 10 kinds of food from the U.S. that the target customers are likely to buy

Food types (top 10)	Total	Income		
		50-59k	60-69k	70K +
	% of respondents rated likely to buy (i.e. 4 or 5 in a 5 point scale)			
Beef & beef products	88.9	87.5	90.2	88.9
Fresh fruits	88.5	85.2	89.7	93.1
Nuts	79.6	72.7	81.3	92.9
Egg	73.2	70.6	76.2	73.3
Pork & pork products	72.0	66.1	80.0	68.8
Juice	71.3	71.0	71.2	72.7
Poultry & poultry products	66.1	63.3	74.4	60.6
Food prep (Pasta, cereal, soup)	64.8	55.1	75.6	64.7
Dairy products (incl. milk, yogurt, butter, cheese)	64.6	51.9	77.3	67.7
Fresh vegetables	64.2	52.5	65.3	86.2

Source: CSG Survey Question: How likely would you purchase [Insert food type] from the U.S. in the future? Please use a 5-point scale, where 5 represents “Very likely” and 1 represents “Very unlikely.”

3.9 Food Types with the Best Prospects

If the buying intention and existing spending on the food types are considered concurrently, the prospect of the food type in Hong Kong market can be analyzed by the following two-dimensional scatter plot. The food types with the best prospects are the types which the target consumers are spending a high amount, and likely to buy imports from the United States. These food types are shown in the top-right hand quadrant of the scatter plot as below.



Source: Based on responses from CSG Questionnaire

Table 15: Correlation Between the Intention to Buy U.S. Food and Total Spending Regardless of Country of Origin

Label	Beef & beef products	Pork & pork products	Poultry & poultry products	Fish & seafood	Other meat products
Likely to buy (%)	88.9	72.0	66.1	56.6	45.3
Spending (HK$)	10,932.6	16,847.9	10,202.8	34,732.9	994.9
Spending (log)	4.0	4.2	4.0	4.5	3.0

Label	Nuts	Fresh vegetables	Processed vegetables	Fresh fruits	Processed fruits
Likely to buy (%)	79.6	64.2	37.9	88.5	27.9
Spending (HK$)	818.8	12,202.2	947.6	13,988.7	30.0
Spending (log)	2.9	4.1	3.0	4.1	1.5

Label	Wine and beer	Distilled spirit	Non-alcoholic beverages	Juice	Coffee
Likely to buy (%)	44.0	26.8	34.3	71.3	48.6
Spending (HK$)	5,445.8	1,236.0	1,870.7	557.0	157.9
Spending (log)	3.7	3.1	3.3	2.7	2.2

Label	Egg	Dairy products	Condiment and sauce	Chocolate and Cocoa	Food prep	Pet food
Likely to buy (%)	73.2	64.6	44.4	51.2	64.8	18.2
Spending (HK$)	1,385.8	1,986.5	1,248.7	445.9	5,927.4	97.1
Spending (log)	3.1	3.3	3.1	2.6	3.8	2.0

Source: Based on responses from CSG Questionnaire

3.10 Perceived Merits and Shortcoming of U.S. Products

Generally, U.S. food products were perceived as healthy and safe to consume, with limited use of pesticides/hormones/additives in growing crops and breeding livestock. Foods were produced in regulated processes and the quality of products are accredited.

<u>Some verbatim responses from Questionnaire:</u>

- *"(Respondent) The standard of American foods is high, and I feel safe to eat. (Moderator) Compare to European, which standard is higher? (Respondent) Similar with the standard of European Union. (Group 1, Male, Aged 63)*

Among all types of foods, U.S. beef and beef products were better known for their regulated production and accredited quality.

<u>Some verbatim responses from Questionnaire:</u>

- *"I will buy steak imported from USA. The price is fair compared to other countries. Quality is acceptable." (Group 2, Male, Aged 64)*

- *"U.S. Beef are delicious. It has a heavy taste of beef. Good quality" (Group 2, Female, Aged 64)*

Regarding shortcomings, apart from its relatively higher price, U.S. food was perceived as having a lack of freshness due to its long transportation, especially for U.S. vegetables and fish and seafood products.

Verbatim:

- *"Freshness and the price are the problems of American*-imported vegetables. *That is why we neglect them unless it is stated it is healthier than others." (Group 1, Male, Aged 71)*

- *"Fish fillet From USA is not fresh enough. Need more seasoning during cooking" (Group 2, Male, Aged 64)*

The perceived merits and shortcomings of the major food types among the 500 survey respondents are listed in Table 16 below. The merits that are specific to the food types were highlighted in blue, and specific shortcomings for the food types were highlighted in red. The content of marketing communication can be made with reference to these agreed merits. On the other hand, importers should deal with the shortcomings by improving their product features and marketing strategy.

Table 16: Merits and Shortcomings of the U.S. Food with the Best Prospects

	Merits		Shortcomings	
Beef & beef products	**Regulated production process**	**32.7**	Expensive	31.4
	Good meat texture	**28.1**	Not fresh	3.5
	Nutritious and healthy	26.8	Lack nutritional value	1.2
	Safe to eat	16.3	Worried about cow diseases	1.2
	Heavy beef flavor	**16.3**		
	No hormone used	13.7		
Fresh fruits	Nutritious and healthy	53.4	Expensive	20.3
	Natural/organic	**23.6**	Long shipping time	4.7
	No pesticide used	20.3	Not fresh	4.7
	High quality	16.9	Not easy to buy	2.0
	Sweet taste	**15.5**		
	Variety of choice	12.2		
Pork & pork products	Nutritious and healthy	29.4	Expensive	11.9
	Regulated production process	22.4	Not fresh	7.0
	Safe to eat	20.3	Bad meat quality	4.2
	No hormone used	20.3	Lack nutritional value	2.1
	Good meat texture	**11.2**	Less meaty flavor	2.1
	Variety to choose	**5.6**	Long shipping time	1.4
Egg	Nutritious and healthy	55.3	Expensive	13.0
	Eggs are large in size	**33.3**	Light egg flavor	8.1
	Food safety	22.8	Not fresh	6.5
	Egg flavor strong	**17.1**	Long shipping time	2.4
	No hormone used	9.8	Hard to buy	1.6
	Regulated production process	8.1	Packaging is easy to be broken	1.6
Nuts	Nutritious and healthy	48.6	Expensive	11.3
	Nuts are large in size	**16.9**	Nuts too hard / hurt the teeth	1.4
	Good taste	14.8	Not healthy	0.7
	Chewy texture	**13.4**	Nuts are too salty	0.7
	Regulated production process	12.7		
	Variety to choose	**11.3**		
Food prep (Pasta, cereal, soup)	Nutritious and healthy	35.2	Expensive	6.3
	Regulated production process	21.1	Doesn't suit the Chinese taste	1.6
	Safe to eat	13.3	Too much Preservatives	0.8
	No pesticide in growing crops	**11.7**	The portion is too large	0.8
	Variety to choose	**9.4**	The noodles are too hard	0.8
	No preservatives added	**3.9**		
Dairy products (incl. milk, yogurt, butter, cheese)	Nutritious and healthy	40.2	Expensive	8.7
	Quality Assurance	29.1	Lack nutritional value	3.9
	Safe to eat	22.0	Not fresh	1.6
	Rich taste	**9.4**	Short storage period	1.6
	Natural/organic	**7.1**	Taste is too salty	0.8
	Variety to choose	**3.9**		

Poultry & poultry products	Nutritious and healthy No hormone used Safe to eat Quality Assurance **Large in size** **Value for money**	33.1 30.6 14.9 14.9 **13.2** **9.1**	Expensive Not fresh Long shipping time Too much hormones Bad meat quality	10.8 7.5 2.5 2.5 3.3
Fish and Seafood	Nutritious and healthy Regulated production process **No pollution / toxin for breeding** Safe and reliable **Good meat quality** Variety to choose	22.5 19.4 **15.5** 12.4 **12.4** 12.4	**Not fresh** Expensive Bad meat quality Long shipping time Lack nutritional value	**24.8** 19.4 4.7 3.9 3.9
Fresh vegetables	Nutritious and healthy Food safety No pesticide used **Natural/organic** Fresh produced / delivered Safe to eat	49.6 46.0 35.8 **21.9** 13.1 13.9	Expensive Not fresh Long shipping time Lack of choices	17.5 5.8 2.9 1.5

Source: The question: Please tell me the merits and shortcomings of the following categories of food from the U.S.
Remarks: Multiple responses. Sum of figures could be more than 100%.
Blue: Specific merits for the food type Red: specific shortcoming for the food type Grey: Common features

3.11 Channels of Food Purchase

Among major distribution channels of food, wet markets (79.2%), ParkNshop / Taste (72.0%), and Wellcome/Market Place by Jasons (69.4%) are the top 3 channels where the target customers purchased their foods from.

<u>Some verbatim responses from Questionnaire:</u>

- *"I always think that it would be better if I can examine the food in shop so that I know what I am buying. If I order it online, I don't know what will be delivered to me finally." (Group 2, Female, Aged 64)*

- *"I have tried to do online shopping on HKTV mall. It is cheaper than shops. However, it is not immediately delivered to the door." (Group 1, Male, Aged 71)*

Analyzed by income groups, there were significantly more customers having HK$70,000 monthly household income who purchased food from YATA (29.4%), AEON (24.8%), and CitySuper (18.3%) than other income groups.

These places provide consumers with a **one-stop shopping experience,** such that they do not need to walk around to different shops.

<u>Some verbatim responses from Questionnaire:</u>

- *"For shopping, I hope I can buy all the things nearby. Therefore, I do not need to buy somethings here and buy somethings there." (Group 1, Male, Aged 71)*

- *"If I go YATA, I can buy other things at the same time after buying food." (Group 2, Female, Aged 60)*

- *"There is large supermarket called "Threesixty" near my home. There are many foods and restaurants inside, including Chinese or Western dishes. I like shopping there. Yes, as I do not need to go outside. All can be done in one-stop. It is also comfortable as it is not crowded." (Group 2, Male, Aged 64)*

In addition, these stores also provide a variety of food and beverage products that are different from supermarkets and they are well-accepted by these mature, well-off consumers.

Some verbatim responses from Questionnaire:

- *"There are many things and more imported goods in AEON. Therefore, I mainly go there. Everything can be purchased in one-stop. There are many electrical appliance … many things. Therefore, it is more convenient." (Group 1, Male, Aged 65)*

- *"As the pork selling in wet market is very expensive recently, why not I just buy from City'super? The pork there is marked clearly that it is organic, I think City'super will not cheat. There are many types of meat, such as chicken from France, steak from Japan, etc. I just buy what I like." (Group 2, Female, Aged 64)*

Just over four percent (4.2%) of customers purchased food from online channels. "Ztore" (URL: www.ztore.com) was the most popular one (2.6%), followed by online stores of Fusion (0.8%) and HKTVmall (0.6%).

Table 17: Channels for Food Purchase

		Monthly Household Income (HK Dollars)			Age	
	Total	50-59k	60-69k	70K +	60-69	70+
Base:	500	206	185	109	268	232
Wet market	79.2	84.5	82.2	64.2	78.4	80.2
ParkNshop / Taste	72.0	74.3	74.6	63.3	72.4	71.6
Wellcome / Market Place by Jasons	69.4	70.9	67.6	69.7	71.3	67.2
Frozen meat stores	27.6	26.2	33.0	21.1	28.7	26.3
YATA	21.6	19.9	18.9	29.4	27.2	15.1
AEON	20.0	15.5	22.2	24.8	19.4	20.7
CitySuper	7.0	3.4	4.3	18.3	8.2	5.6
Grocery stores	6.6	6.8	7.6	4.6	6.3	6.9
759 Store	6.0	7.3	7.0	1.8	6.3	5.6
DCH Food Mart	2.2	3.9	1.1	0.9	1.1	3.4
HKTV mall branches	2.0	0.5	3.8	1.8	2.6	1.3
Others (each less than 2%)	6.0	6.3	7.0	3.7	7.1	4.7
Online	4.2	4.9	3.2	4.6	3.4	5.2
Ztore	2.6	4.9	1.6	-	1.1	4.3
Fusion	0.8	-	0.5	2.8	1.1	0.4
HKTV mall	0.6	-	1.1	0.9	0.7	0.4
Market place	0.4	-	-	1.8	0.7	-
Marks and Spencer	0.2	-	-	0.9	0.4	-

Source: CSG Survey Question: Could you please tell me where do you buy the food most frequently, include physical shops / online shops? Where else? Remarks: Multiple responses. Sum of figures could be more than 100%.

3.12 Channels to Obtain Food Product Information

Physical shops were important sources of food product information for mature food consumers. Meanwhile, although a large proportion of consumers visited wet markets, it was relatively less important as a source of product information than the two major chain supermarkets. Analyzed by household income, YATA (29.4%), AEON (21.1%), and CitySuper (12.8%) were important sources of information among high income groups (HK$70,000 or above).

Table 18: Channels Obtaining Food Product Information (Physical Shops)

		Monthly Household Income (HK Dollars)			Age	
	Total	50-59k	60-69k	70K +	60-69	70+
	500	206	185	109	268	232
Shops	94.2	94.2	94.6	93.6	94.8	93.5
Wellcome / Marketplace by Jasons	*66.2*	*64.6*	*69.7*	*63.3*	*68.7*	*63.4*
ParkNshop / Taste	*64.8*	*63.6*	*73.5*	*52.3*	*66.0*	*63.4*
Wet markets	*57.0*	*61.2*	*61.1*	*42.2*	*56.7*	*57.3*
YATA	*18.4*	*16.5*	*14.1*	*29.4*	*24.3*	*11.6*
Frozen meat stores	*18.2*	*16.0*	*24.3*	*11.9*	*18.3*	*18.1*
AEON	*17.4*	*12.1*	*21.1*	*21.1*	*16.4*	*18.5*
CitySuper	*4.4*	*1.9*	*2.2*	*12.8*	*5.6*	*3.0*
Grocery stores	*4.0*	*4.4*	*3.8*	*3.7*	*4.1*	*3.9*
759 Store	*3.6*	*3.4*	*4.9*	*1.8*	*4.5*	*2.6*
Other (each less than 2%)	*4.8*	*1.2*	*3.2*	*0.4*	*3.0*	*1.8*

Source: CSG Survey Question: From which channels did you receive information (For example, price, types, brand, and country of origin) about food?

<u>Some verbatim responses from Questionnaire:</u>

- *(Moderator)" In the shop, are you attracted by staffs' promotion? "(Respondent) "People always easy to be convinced. I will listen to others easily if they recommend that the food is delicious." (Group 2, Female, Aged 64)*

- *"Sometimes my purchase in the shop is quite impulsive. You just walk around the shop and come across the product. I don't know why I want to pick it up and check the label, price, etc." (Group 2, Male, Aged 64)*

According to the sources outside of shops (Table 19), friends and relatives were an important source of food information, and it was even more important among lower income groups (HK$50,000 – 59,999). While traditional advertisements (8.6%) were still important for mature consumers, especially for the older group (Aged 70+) (12.9%), social media (8.0%) was equally important, especially for the younger group (Age 60-69) (13.8%).

Table 19: Channels obtaining food product information (Outside shops)

		Monthly Household Income (HK Dollars)			Age	
	Total	50-59k	60-69k	70K +	60-69	70+
	500	206	185	109	268	232
Friends/Relatives	12.0	17.5	9.2	6.4	13.1	10.8
Traditional Channels	**8.6**	**8.3**	**8.1**	**10.1**	**4.9**	**12.9**
TV Advertisement	4.6	3.4	3.2	9.2	3.0	6.5
Printed Advertisement	2.4	3.9	1.6	0.9	1.5	3.4
MTR/Bus stops/Transport	*1.8*	*1.0*	*3.8*	-	-	*3.9*
Newspaper or magazine	*1.4*	*0.5*	*1.6*	*2.8*	*1.1*	*1.7*
Others	*1.2*	*1.9*	*0.5*	*0.9*	*1.5*	*0.9*
Social Media	**8.0**	**4.4**	**10.3**	**11.0**	**13.8**	**1.3**
Facebook	*7.0*	*3.9*	*9.2*	*9.2*	*12.7*	*0.4*
Youtube	*1.6*	*1.0*	*1.6*	*2.8*	*2.2*	*0.9*
Websites	**2.4**	**1.9**	**3.8**	**0.9**	**2.6**	**2.2**
HKTV mall	*1.2*	*1.0*	*2.2*	-	*2.2*	-
Ztores	*0.8*	*1.0*	*1.1*	-	*0.4*	*1.3*
Others	*0.4*	*0.0*	*0.5*	*0.9*	-	*0.8*
Discussion Forum	0.4	1.0	-	-	0.4	0.4

Source: CSG Focus Group Remarks: Multiple responses. Sum of selections may not equal total. Sum of figures could be more than 100%.
CSG Question: From which channels did you receive information (For example, price, types, brand, and country of origin) about food? Any other channels?

Some verbatim responses from Questionnaire:

About Traditional channels:

- *"I usually read 'Headliner' newspaper when I go to yum cha. I receive the latest information from it" (Group 1, Male, Aged 65).*

- *(Respondent) "Advertisement from HK JEBN (樓上燕窩莊) is good." (Moderator) "That is showing many products and price in one page?" (Respondent) "Yes. So that I can see which product is the most value for money." (Group 2, Female, Aged 64)*

About social media:

- *"I know about the food from YouTube. I do not remember which YouTuber made it, I just search it by keyword, e.g. food and drink, and the video pops up." (Group 1, Male, Aged 63)*

- *"I just watched TV, YouTube. I forget the channels, I watched many of them. I just clicked the video if I think it is interesting. I watch YouTube almost every day." (Group 2, Female, Aged 64)*

- *"I watched YouTube all the times. I firstly have an impression of that food and want to buy it if I see it in the supermarket. The desire of shopping is strongest when I go shopping in supermarket. "(Group 1, Male, Aged 63)*

In addition, it appears that this approach of "content marketing" can be applied for television programs as well, as some respondents are interested in certain kinds of food ingredients from television programs.

<u>Some verbatim responses from Questionnaire:</u>

- *"I knew that "Queen Crab" from TV. It is promoted by travelling programs. I like watching travelling programs. It seems delicious so want to try when I come across it in shops." (Group 2, Female, Aged 64)*

- *"I know it from Cookery program. The advertisement of new products will be shown after the cookery program. I was attracted by the dishes but not the ingredients." (Group 1, Male, Aged 65)*

- *"I do not choose those foods that is difficult to cook. If the cooking procedures are complicated, I do not enjoy even the food is very delicious. (Group 2, Male, Aged 64)*

3.13 The Importance of Country of Origin Versus Other Factors in Foodservice Selection

This research also studied the prospect of U.S. food in foodservice. The research found dining and buying take out foods, location (55.4%), word-of-mouth (53.8%), and price (53.4%), are the top concerns among customers. On the contrary, country of origin was of relatively low importance (27.2%). Analyzed by income groups, the perceived importance of food country of origin increased with higher household income of the respondents. This increasing pattern was also found in cuisine (36.4% → 52.3%) and nutrition facts (14.1% → 37.6%).

Table 20: Important Factors for Food Selection when Dining Out

Food types (top 10)	Total	Income		
		50-59k	60-69k	70K +
	% of respondents rated important (i.e. 4 or 5 in a 5 point scale)			
Location	**55.4**	52.9	58.4	55.0
Word of mouth	**53.8**	51.9	54.1	56.9
Price	**53.4**	52.4	60.0	44.0
Cuisine	**44.6**	36.4	49.2	52.3
Origin	**27.2**	**20.9**	**25.9**	**41.3**
Nutrition fact	**21.4**	14.1	20.0	37.6

Source: CSG Survey Question: How do you rate the importance of below factors for your food selection when dining out？Please use a 10-point scale, where 10 represents "Very important" and 1 represents "Not important at all."

Some verbatim responses from Questionnaire:

- *"For dining out, I consider the place and price first. Is it convenient for friends to meet or nearby the home? Then, I search the interested foods on the menu. I will not consider where the food is from, be it Australian abalone or American steak it is nothing to do with my choice." (Group 1, Male, Aged 71)*

- *"For example, I want to eat beef today. However, there is only U.S. beef available in the restaurant. Therefore, I have no choice but accept U.S. beef." (Group 1, Male, Aged 65)*

- *"Comfortable environment is important for me. I cannot chat with my friends in some restaurants. And the taste of dishes must be good. I will ask the waiters for their suggestion sometimes" (Group 1, Male, Aged 65)*

However, it is possible that the experience with the dishes will create perception to the food from particular country of origin.

Some verbatim responses from Questionnaire:

- *"I will simply order steak without paying attention to food origin. Usually, I am curious about the food origin after eating the steak, when it tastes good or bad." (Group 2, Female, Aged 60)*

- *"I will care about the origin only after the meal that was bad, so that I will not order it next time." (Group 2, Male, Aged 64)*

3.14 Favorite Cuisine and the Origin of Ingredients

According to the research results, Cantonese cuisine was the favorite cuisine among the mature, well-off consumers. It was followed by Japanese cuisine as their second favorite. Among higher income groups, the preference for Chinese cuisine became lower (79.1% → 61.5%). At the same time, their preferences became more diversified. In the highest income group, their interest in Japanese (6.3% → 17.4%), French (0.5% → 5.5%), and Vietnamese cuisine (0.5% → 4.6%) was higher.

Table 21: Favorite Cuisine

		Monthly Household Income (HK Dollars)			Age		Gender	
	Total	50-59k	60-69k	70K +	60-69	70+	M	F
Base:	500	206	185	109	268	232	237	263
Chinese	73.0	79.1	73.0	61.5	69.0	77.6	72.6	73.4
Cantonese	*55.8*	*58.3*	*59.5*	*45.0*	*51.5*	*60.8*	*54.4*	*57.0*

Huai Yang / Shanghai	*8.0*	*9.2*	*7.6*	*6.4*	*8.2*	*7.8*	*7.2*	*8.7*
Chiuchow / Fujian	*5.8*	*6.8*	*4.3*	*6.4*	*4.9*	*6.9*	*5.9*	*5.7*
Sichuan	*2.4*	*2.9*	*1.6*	*2.8*	*3.7*	*0.9*	*3.8*	*1.1*
Other (each 1% or less)	*1.0*	*2.0*	*0.0*	*0.9*	*0.7*	*1.3*	*1.2*	*0.8*
Japanese	11.4	6.3	13.5	17.4	15.3	6.9	11.8	11.0
Hong Kongese	4.8	5.3	5.4	2.8	5.6	3.9	4.2	5.3
Thai	2.8	2.9	3.2	1.8	3.0	2.6	3.0	2.7
Taiwanese	2.2	2.4	2.2	1.8	0.4	4.3	2.5	1.9
French	1.4	0.5	-	5.5	1.9	0.9	1.3	1.5
Vietnamese	1.2	0.5	-	4.6	1.1	1.3	2.1	0.4
Italian	1.2	1.0	1.1	1.8	1.1	1.3	1.3	1.1
Other (each 1% or less)	2.0	2.0	1.6	2.7	2.6	1.3	1.2	2.7

Source: CSG Survey Question: Could you please name three of your most favorite cuisines [1st mention]?

The majority (70.0%) of respondents would like to have the ingredients be from local sources. Nearly a fifth (18.4%) of respondents preferred that their favorite cuisine use food ingredients from the United States, and this level was around the same among sub-groups.

Table 22: Favorite Cuisine and Preferred Origin of the Ingredients

		Monthly Household Income (HK Dollars)			Age		Gender	
	Total	50-59k	60-69k	70K +	60-69	70+	M	F
Base:	500	206	185	109	268	232	237	263
Hong Kong local	70.0	67.0	77.8	62.4	69.4	70.7	72.6	67.7
Japan	47.6	39.8	55.7	48.6	50.0	44.8	47.7	47.5
Mainland China	43.2	55.8	39.5	25.7	41.0	45.7	46.8	39.9
Australia	21.0	18.4	22.7	22.9	21.3	20.7	19.4	22.4
U.S.	18.4	15.0	21.6	19.3	17.2	19.8	17.7	19.0
Taiwan	14.6	15.0	17.3	9.2	12.7	16.8	16.9	12.5
Thailand	8.8	9.7	10.8	3.7	8.6	9.1	9.3	8.4
Brazil	4.2	3.9	5.4	2.8	4.5	3.9	3.8	4.6
New Zealand	3.4	3.4	2.7	4.6	3.4	3.4	3.8	3.0
France	2.4	1.0	1.6	6.4	3.0	1.7	2.5	2.3
Korea	2.0	2.4	1.6	1.8	2.6	1.3	1.3	2.7
Italy	2.0	1.5	2.2	2.8	2.6	1.3	1.7	2.3

Source: CSG Survey Question: Referring to your most favorite cuisine [Insert Q8 cuisine], what are the origin countries of the main ingredients do you expect?

According to the preferred origin of ingredients in each of their favorite cuisines, a good proportion of consumers agreed to the use of U.S. ingredients in Chinese cuisines, especially Cantonese cuisine (25.8%), which was preferred by more than half of the respondents. Among the Asian cuisines, the agreed usage of U.S. ingredients was relatively lower (12.5% or lower).

Table 23: Favorite Cuisine and Preferred Origin of the Ingredients

	Total	Preferred Origin of the Ingredient Used in Cuisine
Base:	500	
Chinese	73.0	
Cantonese	*55.8*	*Local 86.0%; Japan 52.7%; Mainland 46.6%; Australia 28.3%;* ***U.S. 25.8%***
Huai Yang / Shanghai	*8.0*	*Local 60.0%; Japan 15.0%;* ***U.S. 15.0%****; Australia 15.0%; Taiwan 10%*
Chiuchow / Fujian	*5.8*	*Local 82.8%; Mainland 75.9%; Taiwan 24.1%; Australia 17.2%; Japan 13.8%*
Sichuan	*2.4*	*Mainland 100%; Local 83.3%;* ***U.S. 16.7%****; Taiwan 8.3%; Japan 8.3%*
Other (each 1% or less)	*1.0*	*Small base (n<10).*
Japanese	11.4	*Japan 100%; local 24.6%; Australia 14.0%;* ***U.S. 3.5%****; Taiwan 3.5%*
Hong Kongese	4.8	*Local 95.8%; Mainland 33.3%; Japan 29.2%;* ***U.S. 12.5%*** *Australia 12.5%*
Thai	2.8	*Thailand 100%; Local 35.7%; Japan 21.4%; Taiwan 7.1%*
Taiwanese	2.2	*Taiwan 100%; Local 36.4%; Japan 27.3%;* ***U.S. 9.1 %***
French	1.4	*Small base (n<10).*
Vietnamese	1.2	*Small base (n<10).*
Italian	1.2	*Small base (n<10).*
Other (each 1% or less)	2.0	*Small base (n<10).*

Source: CSG Survey Question: Could you please name three of your most favorite cuisines [1st mention]? Referring to your most favorite cuisine [Insert Q8 cuisine], what are the origin countries of the main ingredients do you expect?

3.15 Top Ten Most-Wanted U.S. Food Ingredients for Food Service

When asking about the preferred food ingredients imported from the United States, beef and beef products (85.0%) and fresh fruits (81.8%) were the top two priorities. Such preferences were even higher among consumers in higher income groups (Beef: 82.1% → 91.7%; Fresh fruit: 81.8% → 93.1%). Similar patterns were also observed in nuts (53.1% → 78.6%) and fresh vegetables (42.2% → 75.9%) categories, although their priorities were lower among overall respondents.

Table 24: The Top 10 Kinds of Food from the U.S. that the Target Consumers are likely to Buy

Food types (top 10)	Total	Income		
		50-59k	60-69k	70K +
	% of respondents rated likely to order (i.e. 4 or 5 in a 5 point scale)			
Beef & beef products	85.0	82.1	83.6	91.7
Fresh fruits	81.8	73.8	84.5	93.1
Pork & pork products	69.2	62.5	76.4	68.8
Egg	65.0	60.8	69.0	66.7
Nuts	62.0	53.0	64.6	78.6
Food prep (Pasta, cereal, soup)	60.2	46.9	73.3	61.8
Dairy products (incl. milk, yogurt, butter, cheese)	59.8	50.0	68.2	64.5
Poultry & poultry products	59.5	53.1	66.7	60.6
Juice	58.1	58.1	55.8	63.6
Fresh vegetables	56.9	42.4	63.3	75.9

Source: CSG Survey Question: When you dine-out or order take-out food, how likely would you order the dishes contains [Insert food type] from the U.S.? Please use a 5-point scale, where 5 represents “Very likely” and 1 represents “Very unlikely.”

4. Conclusions and Recommendations

Market Size and Share of U.S. Food

The mature, well-off consumers spend US$ 1.7 billion (HK$ 13.2 billion) in consumer food purchases annually. This is 13.4% of food and beverage retail sales in Hong Kong (US$ 12.7 billion in 2019), while the mature, well-off consumers (337,100) are 4.5% of the population.

In this survey, 7.7% of the food purchased by mature, well-off consumers originated from the United States. This means that the mature, well-off consumers spend US$ 130.8 million (HK$ 1.019 billion) for U.S. food annually.

Key Features of Mature, Well-off Consumers

Mature, well-off consumers should be the market segment that food exporters target. Apart from the fact that this group of consumers is expanding in Hong Kong, they are also:

- Influential: They purchase food for themselves as well as their family. Therefore, they can control a large amount of food spending on behalf of their family members.
- Not conservative: They want to experience new and high-quality food for enjoyment, as most of them are retired and living in well-off families.
- Health-conscious and concerned about food safety: They generally regard U.S. food as healthy and safe to consume. This is an advantage because health and food safety are the top concern in the food selection of consumers. Consumers believe that the country of origin of food can somewhat reflect the safety levels. They generally regarded mainland China, a major food supplier to Hong Kong, as not reliable in terms of food safety. However, it seems that they lack a substitute in certain kinds of food from mainland China, such as fresh fish and fresh vegetables. But if they have a choice in another area such as frozen meats and canned foods, they accept products from countries worldwide, if they trust the food products are safe to consume.

This survey identified good potential of U.S. food among mature, well-off consumers as they have a good perception of U.S. food and have a good intention to purchase it.

Food Types with Good Prospects

The following 10 food types listed in Table 25 were analyzed by buying intentions and their current spending on the food type; they are the best in prospects in the mature, well-off consumer market.

In marketing communication for consumers, the strengths of the U.S. products listed in Table 25 can be highlighted. In addition, importers should match their product features and marketing strategy with the consumer's preferences.

For all types of food, our research suggests that the quality assurance standard and accreditations should be mentioned in marketing campaign as much as possible. Also, consumers were found to react positively to statements about natural and organic cultivation, and measures to maintain the freshness and timely delivery of foods to consumers.

Table 25: Strength of U.S. Food and Message that May Ease Consumers' Concern

Food Type	Strength of U.S. Food, According to Consumers	Products Features that Could Address Consumers' Needs
Beef & beef products	- Good meat texture - Heavy beef flavor	- Free of disease related to cow, quarantine procedure
Fresh fruits	- Natural/organic	
Nuts	- Chewy texture - Variety to choose	- Variety of texture and teste, good for health
Egg	- Large in size and good bargain	- Strong egg flavor
Pork & pork products	- Good meat texture	- Meaty flavor
Fish and seafood products	- No pollution / toxin for breeding	- Freshness - Good taste and texture
Poultry & poultry products	- Big and good bargain	- No hormone used - Good taste and texture
Food prep (Pasta, cereal, soup)	- Less pesticide in growing crops - Variety to choose	- Products suit for variety of cuisines
Dairy products (incl. milk, yogurt, butter, cheese)	- Milky taste - Natural/organic	- Plenty of nutrients
Fresh vegetables	- Natural/organic	- Variety of choice

Source: CSG Survey Question: Please tell me the merits and shortcomings of the following categories of food from the U.S.

Opportunities of Major Food Items

This research shows U.S. beef has established a prime position in the market, as it has occupied around 30% of the beef purchases in the mature, well-off market where consumers were spending a high amount. The data shows the spending on beef is much higher among the high income group (HK$70,000 +), so it is possible for U.S. exporters to introduce and promote some luxury beef products in Hong Kong.

Wine and beer (11.2%), fresh fruit (9.3%), and poultry (8.9%) from the United States all had good shares in the mature, well-off market, and it will be worth the effort to explore acquiring a larger share in view of consumers' high spending in these food types.

Similar to beef, as a higher spending on wine and beer and fresh fruits were observed among high income groups; U.S. exporters should try to introduce high-value items to Hong Kong.

On the other hand, U.S. pork only had a 2.5% share of all pork purchased by mature, well-off consumers. As the consumer's spending on pork was even higher than beef (HK$ 33.7 vs. HK$ 21.9), and consumers had a good intention to buy U.S. pork, it is worth it for exporters to expand U.S. pork's share in the market.

Given the fact that consumers spend a high amount on fish and seafood and fresh vegetables, it also worth more effort to promote U.S. products in these areas. However, it will be more challenging to compete with other origins, especially local products and products from the mainland, in these food categories. The long transportation from the United States makes it difficult to provide consumers with vegetables and seafood at reasonable prices and with a high degree of freshness. Instead, U.S. exporters should attract consumers with variety of new products, and with the appeal of healthy and natural or organic ways of cultivation.

Promotion Channels

This research found that physical shops were important channels for food information. ParknShop, Wellcome, and their sub-brands were influential due to their large market share in Hong Kong. Meanwhile, the research also identified some consumers preferred purchasing in large department stores, such as YATA, AEON, and CitySuper, that could provide them with one-stop shopping experiences. This was attractive for the consumers because they did not need to walk around to different shops. In addition, these stores also provided variety of food and beverage that were different from supermarkets and they are well accepted by these mature, well-off consumers.

Regarding information sources outside shops, this research found that social media was important for the less mature group (Age 60-69), while traditional ads were still important for the more mature group (age 70+). Some respondents mentioned that they use social media, such as Youtube Channels, regularly and from which they acquired much information about food and cooking. Therefore, social media could be effective in enhancing the adoption of new products among consumers. Also, the approach of "content marketing" could be applied, as some respondents are interested in certain kinds of food ingredient from the program or video clips.

Regarding traditional ads, the newspaper was still a popular channel among the mature consumers. Newspapers could catch the focus of consumers on certain kinds of foods, such that the food might receive more attention from the consumers when they visit the shops.

Among the foodservice sector, country of origin was not a major concern of consumers. Instead, they were much more concerned about the location, reputation, and price factors, because they did not have much control on the selection of food ingredients. Meanwhile, some respondents commented that they may remember the country of origin when they have bad experiences with the food. Therefore, the importers need to co-operate with quality food operators when promoting their products in Hong Kong.

Although more than half of respondents liked Cantonese cuisine, many consumers believed that U.S. food products could be applied to it. Beef and beef products, fresh fruits, pork & pork products, eggs and nuts were the top preferences. Therefore, there were plenty of opportunities to co-operate with traditional Chinese restaurants to promote U.S. food products in Hong Kong. For other types of cuisines, although customers agreed with using U.S. food, the cuisines were less popular among the mature, well-off consumers.

Appendix I: Technical Details of Market Size Estimation

Interviewers collected all food items purchased in the survey days, including items that was purchased before and would be purchased after the interviews.

With this information, the total spending on food purchases in a day was calculated for each respondent. Subsequently, this amount was multiplied by the food purchase frequency as recorded in the survey. From these data we deduced the monthly and yearly spending of the respondents.

Some might worry the recorded food spending of a respondent may be higher or lower from their average spending. However, the effect could be levelled out by collecting a large number of samples in this survey (i.e. n=500).

Figure A. Average monthly spending of a respondent:

$$\frac{\sum \text{((Spending on food) x frequency in a week) x 30/7}}{500}$$

In this projection, it should be cautioned that the projection also assumed that not every member in the segment (i.e. 337,100 mature well-off residents) was paying this amount.

To work out this discounted number of consumers, the data of respondents' household members were collected in the survey. The research found that for each target consumer there are another 0.814 members aged 60 or above.

Therefore, the discounted population that pay the amount of Figure A is:

337,100 x 1/ (1+0.814) = 185,832

For other members aged 60 or above, they can share a part of their food spending for the family. Therefore, the survey also collected respondents' spending on food purchasing for the whole family. By subtracting Figure A from this figure, the food spending amount by other family members was obtained.

Figure B. The food spending of remaining family members:

$\sum$ *(Family food spending in a week – ((Total sending on food in survey day) x frequency in a week))*

For each respondent, there are another 3.5 household members, and 0.8 member aged 60 or above.

Figure C. Average spending other age 60 or above members:

$$\frac{\sum (Figure\ B) \times 0.81/\ 3.5}{500}$$

This amount was multiplied by reaming member of target segment, i.e.

337,100 – 185,832 = 151,268

Total spending of target group monthly:

Figure A x 185,832 + Figure C x 151,268

= HK$ 4,756.1 x 185,832 + HK$ 1,453.9 x 151,268

= HK$ 883.8 million + HK$ 219.9 million

= HK$ 1.104 billion

= US$ 141.5 million

Total spending of target group annually:

= HK$ 1.1037 billion x 12 months

= HK$ 13.245 billion

= US$ 1.698 billion

Appendix II: Respondents Data for Face-to-Face Interview

Date	Data Collection Venue	Data Collection Venue (District)	No. of Respondents
24th August, 2020	Smithfield Road near Kennedy Town MTR Station	Central & Western	12
24th August, 2020	Aberdeen Square	Southern	11
24th August, 2020	Kornhill Road, Tai Koo	Eastern	7
25th August, 2020	Amoy Garden	Kwun Tong	31
25th August, 2020	Bridge between Olympian City and Mong Kok market	Yau Tsim Mong	15
26th August, 2020	Tai Wai Road	Sha Tin	15
26th August, 2020	Sha Tin Main Street	Sha Tin	21
26th August, 2020	Tai Po Mega Mall	Tai Po	30
27th August, 2020	Metro City, Po Lam Station	Sai Kung	26
27th August, 2020	Tsuen Wan Plaza	Tsuen Wan	13
27th August, 2020	Tsuen Wan Citi Store	Tsuen Wan	37
28th August, 2020	Metropole, North Point	Eastern	24
28th August, 2020	Timesquare	Wan Chai	20
28th August, 2020	Wan Chai Road and Johnston Road	Wan Chai	9
29th August, 2020	Whampoa Garden	Kowloon City	36
29th August, 2020	Prince Edward West & Hau Wong Road	Kowloon City	30
29th August, 2020	Mei Foo Sun Chuen	Sham Shui Po	21
30th August, 2020	Caine Road and Castle Road	Central & Western	10
30th August, 2020	Near Shau Kei Wan MTR Station	Eastern	15
30th August, 2020	Tai Wai Road	Sha Tin	13
30th August, 2020	Sha Tin Main Street	Sha Tin	22
30th August, 2020	Tai Po Mega Mall	Tai Po	10
31st August, 2020	Possession Street, Sheung Wan	Central & Western	17
1st September, 2020	Yuen Long Hon Lok Road	Yuen Long	11
2nd September, 2020	Sunshine City Plaza, Ma On Shan	Sha Tin	29
3rd September, 2020	Caine Road and Castle Road	Central & Western	15

Appendix III: Interviewing Location

Fieldwork locations	No. of sample collected
Hong Kong	**140**
Smithfield Road near Kennedy Town MTR Station	12
Caine Road and Castle Road	25
Possession Street, Sheung Wan	17
Aberdeen Square	11
Kornhill Road, Tai Koo	7
Near Shau Kei Wan MTR Station	15
Metropole, North Point	24
Timesquare	20
Wan Chai Road and Johnston Road	9
Kowloon	**133**
Amoy Garden	31
Bridge between Olympian City and Mong Kok market	15
Whampoa Garden	36
Prince Edward Road West & Hau Wong Road	30
Mei Foo Sun Chuen	21
New Territories	**227**
Tai Wai Road	28
Sha Tin Main Street	43
Sunshine City Plaza, Ma On Shan	29
Tai Po Mega Mall	40
Metro City, Po Lam Station	26
Tsuen Wan Plaza	13
Tsuen Wan Citi Store	37
Yuen Long Hon Lok Road	11
Total	**500**

Appendix IV: Profile of Focus Group Participants

Group 1: 18 September 2020 14:30 – 16:00

Name	Gender	Age	Food purchase frequency	Dine out frequency	Live with spouse?	No. of other co-living members	Monthly household income	Living District
Participant 1	M	63	Once every two days	Once every two days	Yes	Wife Grandchildren	HK$75,000	Sha Tin
Participant 2	M	65	More than once a day	Once a day	Yes	Wife	HK$60,000	Mei Foo
Participant 3	M	71	Once every two days	More than once a day	No	Son-in-law One Grandchildren Domestic Helper	HK$100,000	Hung Hom
Participant 4	F	66	Once every two days	More than once a week	No	Nephew Niece-in-law Nephew Niece-in-law	HK$100,000	Tai Koo

Group 2: 18 September 2020 16:30 – 18:00

Name	Gender	Age	Food purchase frequency	Dine out frequency	Live with spouse?	No. of other co-living members	Monthly household income	Living District
Participant 1	M	64	Once a day	More than once a week	Yes	Wife	HK$55,000	Yau Ma Tei
Participant 2	F	64	More than once a day	Once a day	Yes	Husband	HK$50,000	Tai Koo
Participant 3	F	60	Once every two days	More than once a day	Yes	Husband	HK$70,000	Sha Tin
Participant 4	F	64	Once every two days	Once every two days	No	Son-in-law Two Grandchildren	HK$70,000	Sha Tin

Attachments:

No Attachments.