



Country factsheet - October 2014

Hong Kong

A former British colony, Hong Kong today is a special administrative region of China. This particular form of quasi-independence from the Chinese state gives it a separate status and its own particularly attractive statistics, which earn it a place among the four Asian tigers:

- **An unemployment rate of scarcely 3.3%**
- **Growth in retail sales of 11%**
- **The busiest airport in the world for international cargo**
- **The second largest stock market in Asia, the sixth largest in the world**
- **In June 2013, Hong Kong was home to the regional headquarters of 3,835 companies**
- **Some forecasts predict that annual e-commerce income will reach €2.7 billion in 2015**

1. The consumer

Shopping is a national past time in Hong Kong and consumers are used to convenience. The city is extremely well developed and has some of the best retail commerce in the world.

The fact that consumers have such high expectations perhaps explains the difficulty in providing e-shoppers with total satisfaction. In fact, only 38% of Hong Kong shoppers are satisfied by their e-commerce experience, in contrast to 83% of Americans and 78% of Europeans.

However, e-commerce is not losing out because of this. You simply need to know how to be attractive to e-shoppers and meet their expectations. The typical consumer is relatively young, with **e-commerce being most successful among 25-34 year olds.**

What does the Hong Kong e-shopper want?

The most successful sites are those with good deals and vouchers. Therefore, it is often good deals that Hong Kong e-shoppers are looking for. Owing to housing configuration (little storage space) and local customs, the food sector is also highly regarded by consumers—the category comes third in the ranking of most visited sites.

Top 3 most visited e-commerce sites (according to Mastercard):



In relation to the purchasing process itself, it is important to pay particular attention to the check out. The Hong Kong e-shopper wants to receive clear, secured purchase confirmations and reliable prices.

90%
of e-shoppers check
the returns policy used
by e-tailers

Specific requirements for delivery

When it comes to delivery, the Hong Kong e-shopper wants choice, mainly in terms of delivery dates and times. But this choice also extends to ecological considerations, as **34% of e-shoppers bemoan the lack of “green” delivery options.**

Monitoring is an essential component of the e-commerce experience for 55% of them. Through the seller site, or via personalised notifications, the Hong Kong e-shopper wants to be made aware of the progress of his/her order delivery.

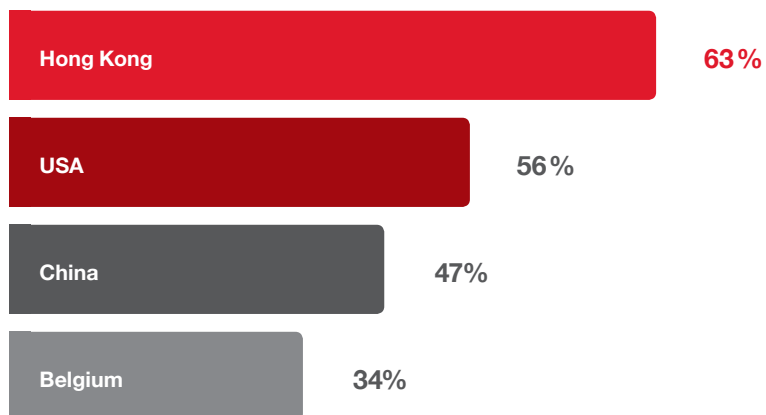
Returns management is a must, with 9 out of 10 e-shoppers admitting that they check the relevant policies applied by e-tailers. These will determine whether they recommend the site to their friends or not, and whether they buy more from it.

A hyper-connected consumer

The typical Hong Kong e-shopper can be classed as hyper connected. Hong Kong has the highest rate of smartphone penetration in the world; 96% of smartphone owners surf the Internet daily on their mobile.

To give one light-hearted example: in Hong Kong, public loudspeakers broadcast “Please do not keep your eyes fixed on your mobile phone”.

Smartphone penetration rate:



2. The market

Whilst the Hong Kong consumer is hyper connected, the market does all it can to entertain this addiction with very little Internet censoring and incredible Internet surfing speeds.

Add to this the very pronounced taste for shopping and convenience, and it's easy to see how Hong Kong offers one of the most favourable contexts for e-commerce start-ups.

10.000
free public wifi
hotspots

The kingdom of wifi and mobile Internet

The wifi penetration rate in Hong Kong is the highest on the planet. In April 2014, there were no fewer than 20,820 private and public access points. And, in June 2014, there were almost 10,000 hotspots spread over 5,400 sites providing free wifi access. 3G/4G connections have tripled in 5 years and numbered 10.6 million in 2013.

A tailor-made context for e-commerce

With distribution and storage spaces being relatively costly in Hong Kong, retailers generally have to juggle clever management of their restocking, luxury brands and wwa comfortable margin. Such an infrastructure thus presents e-commerce as a tailor-made solution.

Moreover, Hong Kong is a true commercial hub, active day and night, and the logistics sector is of the highest calibre, both for air freight and sea containers. Cross-border e-commerce here has another advantage: there is no customs duty or tax charged for bringing general goods into Hong Kong. Only some goods are subject to the payment of certain duties, such as tobacco (a tax calculated based on volume) or wines and spirits, for which payment is calculated using a percentage based on the CIF method (Cost, Insurance, Freight).

**3G/4G connections have tripled in 5 years and
already numbered**

10,6 million in 2013

3. Trends

Hong Kong benefits from the same optimistic growth forecasts that experts attribute to Asia and China in particular. But with significant advantages over its neighbours, Hong Kong is very likely to become more coveted. By 2015, e-commerce is expected to account for 7% of GDP.

The incubator for start-ups

Hong Kong wants to be a true economic incubator for start-ups. This is the reason networking initiatives and programmes, combined with development assistance, are constantly growing. There are thousands of clubs there that aim to stimulate business by providing access to essential information for launching a successful business. One of the most important, HKTDC, organises 510 networking events each year.

Thanks, among other things, to this precious guidance, the number of start-ups launched on the Hong Kong economic scene has increased by 300% since 2009.

A perfect gateway to China

From everything discussed in this factsheet, you can appreciate how Hong Kong is a perfect gateway for anyone who wishes to compete in the Chinese market.

Hong Kong means both being in China but also escaping the famous Great Firewall of China, which is designed to “protect” the Chinese from bad foreign influences. Moreover, the costs for hosting sites are relatively low there and the procedures for constituting/dissolving companies are a lot faster. In China this may take up to 6 months - in Hong Kong it can be done in a single day.

No wonder then that more e-tailers start their Asian expansion through this micro-market every day.

An increase of
300% in start-ups in 5 years

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