



# Foodservice in Asia

2nd edition, 1999 – 2001

## Hong Kong

“This market has tremendous growth potential.”



FOOD & BEVERAGES

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## **INTRODUCTION**

Over the last fifteen years, BIS Shrapnel has produced biennial studies of the Australian foodservice market. Similar studies for the New Zealand market were started five years ago.

This volume on the foodservice market in Hong Kong is part of a new series of studies which eventually will cover all major markets in the Asia Pacific region.

All these studies will be conducted on a biennial basis, so that significant market and product trends can be identified and monitored. These studies will also enable subscribers to benchmark the market performance of the more significant foodservice operators in the region.

So far, the following Asian markets have been covered:

- Singapore
- Malaysia
- Taiwan
- Hong Kong, and
- Philippines

Early next year we will cover:

- Thailand, and
- China (selected centres).

Other markets will be added to our list as we receive expressions of interest from our subscribers.

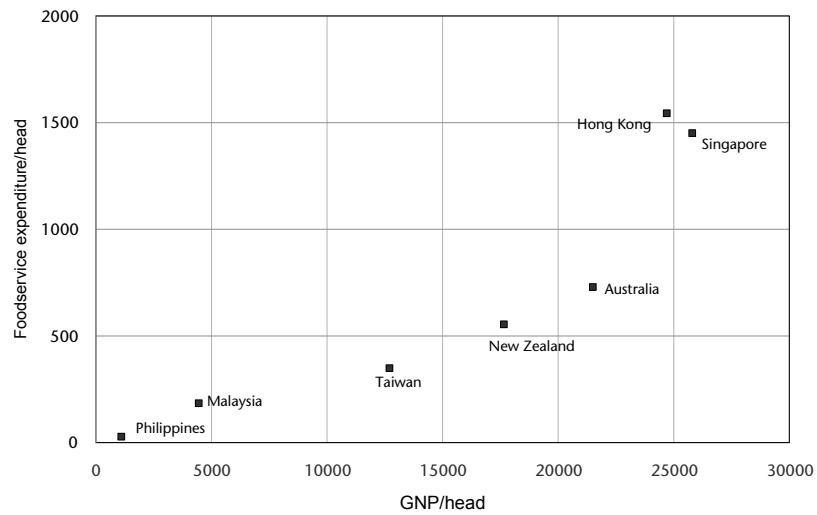
The markets so far covered by our foodservice research programs have a total population of around 150 million and a foodservice market – valued at retail prices – in excess of US\$45 billion.

Some markets – such as the Philippines – are in the early stage of economic (and foodservice) development. Some others – such as Australia – are approaching the point of maturity in some foodservice segments, reflected in an overall reduction in market growth rate.

**Selected Asia Pacific foodservice markets, 1999 (values in US\$)**

| Country     | Population<br>(million) | GNP/head | Foodservice retail market |          |
|-------------|-------------------------|----------|---------------------------|----------|
|             |                         |          | Total<br>(billion)        | Per head |
| Taiwan      | 21.5                    | 12,700   | 7.5                       | 349      |
| Singapore   | 3.1                     | 25,800   | 4.5                       | 1,451    |
| Malaysia    | 21.6                    | 4,450    | 4.0                       | 185      |
| Australia   | 18.5                    | 21,500   | 13.5                      | 730      |
| New Zealand | 3.6                     | 17,650   | 2.0                       | 555      |
| Hong Kong   | 6.8                     | 24,700   | 10.5                      | 1,544    |
| Philippines | 74.5                    | 890      | 3.4                       | 46       |
| Total       | 149.6                   | 7,700    | 45.4                      | 33.0     |

**Per capita GNP and foodservice expenditure  
in selected Asia Pacific markets (US\$)**



Our study reflects typical business plan modules, so that this information can be easily combined with internal company data to prepare individual marketing plans.

After a **summary of key findings**, we provide an **overview of the foodservice market**, in the context of the total food and beverage consumption.

Under the heading of **Target markets – outlets**, we review the main types of foodservice outlets both institutional (i.e. hospitals, schools, etc.) and commercial (i.e. restaurants, fast food chains, etc.).

The section on **Target markets – products**, provides an analysis of more than 100 food and beverage products, including the ranking of major brands/suppliers. The full product list is provided in the table overleaf.

Under the heading of **Distribution**, we identify the relative importance of wholesalers, distributors, manufacturers and retailers as suppliers to the foodservice industry. In this section we also provide a market profile of the major companies operating in the foodservice industry.

Under the heading of **Competitive insight**, we report how key suppliers are rated by foodservice operators on the issues of price, quality and product availability. Company and brand awareness are also covered in this section.

Some of the **marketing issues** investigated include the effectiveness of promotional activities, factors affecting the choice of suppliers and the attitude towards local and imported products.

In the section, **Outlook to 2001** we identify the likely future developments of the foodservice industry in Hong Kong, in the light of our assessment of changes in economic and social conditions.

The interviews for this study were conducted in Hong Kong in the months of August and September 1999, in the local language, by a reputable research agency. The questionnaire was prepared by BIS Shrapnel in consultation with our subscribers. BIS Shrapnel also provided the agency with sample details and arranged for the appropriate briefing of interviewers. All data analysis was conducted in Australia.

A copy of the questionnaire used is attached, together with the list of respondents in Appendix 1 and 2.

Sample details are provided in the following pages.

*Note: All values are in HK\$ unless otherwise indicated.*

### Survey sample profile

| <i>By outlet type</i>                               | <i>Number</i> | <i>% of total</i> |
|---|---------------|-------------------|
| <i>Institutional sector</i>                         |               |                   |
| Private company work canteens                       | 8             | 4.9               |
| Schools/education facilities                        | 5             | 3.0               |
| Hospitals/welfare/nursing/retirement homes          | 8             | 4.9               |
| Correctional institutions                           | 1             | 1.8               |
| Government/military messes                          | 1             | 0.6               |
| Tertiary institutions                               | 2             | 0.6               |
| Subtotal institutional                              | 25            | 15.8              |
| <i>Commercial sector</i>                            |               |                   |
| Chinese/cheap food restaurants                      | 18            | 11.1              |
| Chinese/local 4/5 star restaurants                  | 10            | 6.2               |
| Western style 4/5 star restaurants                  | 10            | 6.2               |
| Lunch bar/tearooms/cafés                            | 6             | 3.7               |
| Clubs/discos/KTV                                    | 7             | 4.3               |
| Bakeries  | 2             | 1.2               |
| All caterers  | 5             | 3.1               |
| Subtotal  | 58            | 35.8              |
| <i>Fast food</i>                                    |               |                   |
| Casual dining & theme (e.g. Hard Rock Café)         | 14            | 8.6               |
| Quick service & café (e.g. Burger King, McDonald's) | 9             | 5.5               |
| Noodle bars   | 15            | 9.2               |
| Cooked food stalls                                  | 13            | 8.0               |
| Subtotal fast food                                  | 51            | 31.3              |
| <i>Hotels/motels</i>                                |               |                   |
| Boarding house/hostels                              | 10            | 6.2               |
| Major 5 star hotels                                 | 10            | 6.2               |
| Motels/inns/hotels for locals                       | 8             | 4.9               |
| Subtotal hotels                                     | 28            | 17.3              |
| <i>By position of respondent</i>                    |               |                   |
| Owner/ manager                                      | 66            | 40.7              |
| Cook/chef   | 15            | 9.2               |
| Purchasing manager                                  | 24            | 14.8              |
| Purchasing supervisor                               | 16            | 9.9               |
| Clerk   | 7             | 4.3               |
| Catering manager                                    | 4             | 2.5               |
| Accountant  | 6             | 3.7               |
| Administration manager                              | 3             | 1.8               |
| Other   | 21            | 13.1              |
| <i>By yearly expenditure</i>                        |               |                   |
| Small (to \$1 million)                              | 73            | 45.1              |
| Medium (\$1 million - \$2.5 million)                | 52            | 32.1              |
| Large (> 2.5 million)                               | 37            | 22.8              |
| Total   | 162           | 100.0             |

In addition, consultant interviews were conducted with major suppliers, distributors and outlets operating in the foodservice industry. The list of companies interviewed is reported in Appendix 3.

Senior BIS Shrapnel staff conducted all these interviews.

The following tables provide details of the food and beverage products purchased by respondents covered by our survey.

### Food products covered in Chapter 3: Target markets – products

| <b>Meat, poultry and fish</b>          |  |
|--|--|
| Frozen beef                            | Goat meat                                      |
| Fresh beef/veal                        | Frozen seafood, fish                           |
| Frozen lamb                            | Fresh fish                                     |
| Fresh lamb                             | Value-added seafood products                   |
| Frozen pork                            | Fully prepared beef products (e.g. hamburgers) |
| Fresh pork                             | Fully prepared chicken products (e.g. nuggets) |
| Frozen poultry                         |  |
| Fresh poultry                          |  |
| <b>Fruit and vegetables</b>            |  |
| Fresh fruit                            | Canned beans – 2/3 mix                         |
| Canned fruit                           | Other canned vegetables                        |
| Fresh vegetables                       | Potatoes – frozen                              |
| Canned tomatoes – whole peeled         | Potatoes – mashed (powder mix)                 |
| Canned tomatoes – crushed              | Other frozen vegetables                        |
| Canned tomatoes – puree                | Dried fruit                                    |
| Canned beans – red kidney              |  |
| <b>Rice, bread, pasta and cereals</b>  |  |
| Bread                                  | Noodles  |
| Biscuits                               | Rice   |
| Pizza dough                            | Pasta  |
| Frozen dough                           | Pastries                                       |
| Breakfast cereals                      | Pre-mixes for cakes, etc.                      |
| <b>Prepared meals, soup and snacks</b> |  |
| Soup – canned                          | Baked beans                                    |
| Soup – powder                          | Frozen complete meals                          |
| Soup – frozen                          | Canned meals - other                           |
| Canned spaghetti                       |  |
| <b>Dairy products</b>                  |  |
| Milk – fresh, regular                  | Cheese   |
| Milk – fresh, low fat                  | Ice cream                                      |
| Milk – UHT, regular                    | Yoghurt  |
| Milk – UHT, low fat                    | Mousse   |
| Milk – UHT, flavoured                  | Custard  |
| Milk – powdered                        | Crème Anglaise                                 |
| Butter milk                            | Chocolate sauce                                |
| Cream                                  |  |

## Food products covered in Chapter 3: Target markets – products, continued

### Beverages

|   |                                   |
|---|-----------------------------------|
| Carbonated drinks (excl mineral water)      | Chinese Tea Bags – other flavours |
| Coffee – ground                             | Tea – leaves                      |
| Coffee – instant                            | Tea – powder                      |
| Coffee – beans                              | Tea – concentrate                 |
| Coffee – ready to drink                     | Iced tea – ready to drink         |
| Fresh fruit juice (packaged) – bulk         | Iced coffee - powdered            |
| Fresh fruit juice (packaged) – single serve | Iced coffee – ready to drink      |
| Juice from concentrates – bulk              | Hot chocolate – powdered (Tablea) |
| Fruit juice – powdered                      | Iced chocolate – powdered         |
| Mineral water                               | Hot cocoa – powdered              |
| Tea bags – black                            | Milo type drink                   |
| Chinese tea bags – Pu Reh                   |                                   |

### Fats and oils

|                  |           |
|------------------|-----------|
| Frying oils/fats | Margarine |
| Salad oils       | Ghee      |

### Sauces and condiments

|                        |   |
|------------------------|---|
| Clear salad dressing   | Sweet & sour sauces                           |
| Vinegar                | BBQ sauce                                     |
| Cooking chocolate      | Other sauces                                  |
| Chilli – sauce         | Other condiments (relishes, chutney, pickles) |
| Chilli – paste         | Spaghetti/pasta sauces                        |
| Fish sauce             | Cheese sauce                                  |
| Mayonnaise             | Hollandaise sauce                             |
| Worcestershire sauce   | Other prepared sauces                         |
| Mustard                | Stock powder – chicken                        |
| Oyster sauce           | Stock powder- beef                            |
| Sugar                  | Stock powder- anchovy                         |
| Soy sauce              | Liquid stock – chicken                        |
| Tomato - sauce/ketchup | Liquid stock – beef                           |
| Tomato – paste         | Liquid stock – anchovy                        |
| Liver sauce            | Demi glaze                                    |

### Spreads and jams

|                  |                              |
|------------------|------------------------------|
| Jam - apricot    | Peanut butter                |
| Jam - strawberry | Savoury spread (eg Vegemite) |
| Jam - other      | Fruit preserve/legumes       |
| Marmalade        | Coconut preserve             |
| Honey            |                              |