

# HONG KONG 香港

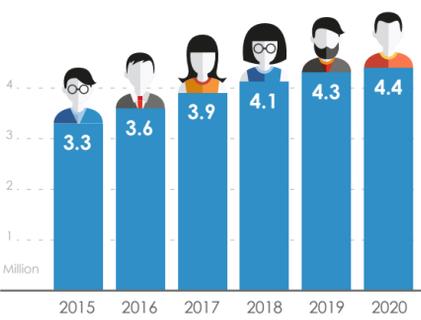
## 9 eCommerce Facts

Reflective of their city that's always on the go, Hong Kong consumers are raring to go on shopping journeys in the virtual world. Ranked as the sixth biggest Internet retailing market in Asia Pacific (APAC), online retail sales in Hong Kong are expected to grow in the coming years due to the citizenry's aptitude for sophisticated technology, their smartphone-toting habits and a preference for convenience in a place where time is a rare commodity.

### 1 ECOMMERCE MARKET VALUE & GROWTH POTENTIAL

Revenue in Hong Kong's eCommerce market reached USD 3.842 billion in 2015 and is expected to be on an upward climb in subsequent years till 2020 with a compound annual growth rate (CAGR) of 11.04%. Its market volume is projected to reach USD 6.678 billion in 2020.

eCommerce Users (in millions)



### 2 SMART SHOPPERS

Hong Kongers are increasingly becoming digital natives, adept at the use and navigation of cyberspace. Internet penetration ranked at 52.2% of the population in 2015 and is expected to grow to 56.5% in 2016. The total mobile subscription in January 2016 amounted to 13.0 million; 178% of the total population of the country. 8 out of 10 Hong Kong consumers shop online, 43% from both local and overseas sites – the highest in Asia (Visa).



### 3 A RISE IN SHOPPING ON THE GO

Hong Kong has one of the highest smartphone penetration rates in the world and within Asia (eMarketer). Smartphone adoption rates are booming, with an increase from 80.7% of the population in 2015 to 84.0% in 2016. This translates to 5.0 million smartphones on the street in 2016.

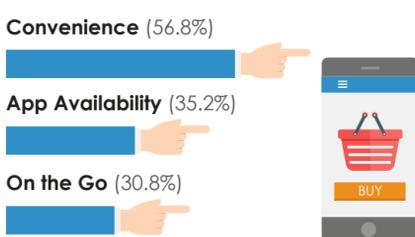


eMarketer forecasts a total of 1.48 billion smartphone users in the Asia-Pacific (APAC) region in 2019. Contributing to this is Hong Kong, which is estimated to have 5.4 million smartphone users by then.



33% of people who owns a mobile have made a purchase online via mobile devices in the past 30 days in January 2016.

Factors that encourage mobile shopping include:



### 4 THE EXPLORATORY HONG KONG ONLINE SHOPPER

Government efforts are pushing the city towards an information society, where information and communication technology (ICT) gets more widespread adoption in businesses, homes and the community.

Hong Kong's consumer behaviour is also reflective of this shift. 58% of respondents in a 2014 Nielsen survey read online reviews prior to purchasing the product, and 49% spend a considerable amount of time researching products online prior to buying.

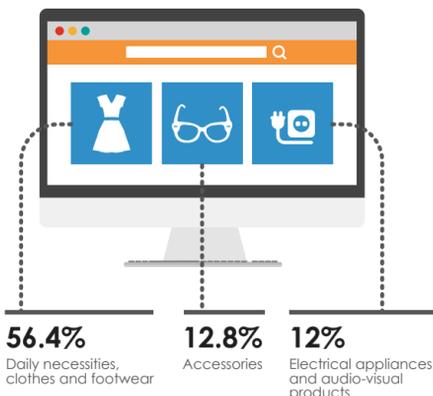
**58%** Read Reviews **49%** Research Online



### 6 A PEEK INTO THE HONG KONG SHOPPER'S ONLINE CART

A government-commissioned survey conducted in mid-2014 found 1.34 million shoppers, aged 15 and above, having used at least one online purchasing service for personal matters in the six months before enumeration.

Median amount spent: **HKD \$1,500**  
(= USD \$200.00)



### 8 THE POPULARITY RACE FOR PRODUCT CATEGORIES

The most popular category of products purchased online in Hong Kong in the past 12 months is clothing, at 52% (Nielsen).



### 9 STRATEGIC POSITION FOR CROSS-BORDER ECOMMERCE

With mainland China as its closest neighbor and a strong Hong Kong logistics infrastructure, Hong Kong is well-positioned in cross-border eCommerce with access to APAC's biggest business-to-consumer (B2C) eCommerce market. Quality concerns of Chinese consumers over products such as infant formula, diapers and healthcare products also form a pull factor for shopping with Hong Kong e-retailers.

The upcoming bridge that links Hong Kong to Zhuhai in Guangdong province in China and Macau (HZMB) will also provide greater ease of transportation and shorter delivery times for online retailers. This will cut down the current travelling time between Zhuhai and Hong Kong International Airport from 4 hours to 45 minutes. The project will be expected to finish in late 2017.



### 5 BRICK AND MORTAR EXPERIENCES MATTER

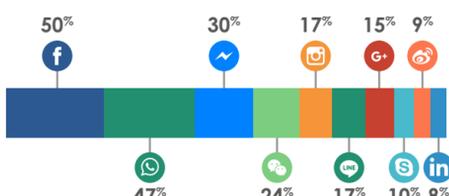
Hong Kong has high in-store conversion rates: 17% of 1,021 local consumers do their due diligence online but make purchases in-store, in contrast to populations surveyed in Singapore and South Korea at 14%, China at 11%, Japan at 12% and overall rate of consumers in Asia at 13% (UPS).



An average of HKD \$1,634 (SGD \$298) was spent per month for shopping in physical retail stores, over HKD \$946 (SGD \$172) per month (CBRE).

Nevertheless, Hong Kongers are still well-versed citizens of the digital landscape, using the web and social media to gather information on promotions, store openings and events.

As of January 2016, 66% of the population in Hong Kong had some sort of social media account:



High social media usage paves the way for e-Commerce and omnichannel players in the space-constrained city to decrease rental costs, but still capture consumer spending via strategies such as online promotions and establishing pick-up points for online purchases at physical stores.

### 7 PREFERENCE FOR PHYSICAL PICK-UP POINTS

Over 4 in 10 APAC consumers prefer their online orders delivered to non-residential locations.

Among 1,021 Hong Kongers surveyed, the preference for pick-up locations is allocated as follows:



#### SOURCES:

Census and Statistics Department Hong Kong Special Administrative Region, Computerworld Hong Kong, EJ Insight, eMarketer, Euromonitor, HongKong-Zhuhai-Macao Bridge (HZMB), MasterCard, Nielsen, PR Newswire, Radio Television Hong Kong, Statista, UPS, Visa, We are Social

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