
Market study Frozen Berries in Hong Kong

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PRODUCT:

1. SACH CHILEAN HARMONIZED SYSTEM CODE:

0811.2010 Blackberries, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter.

0811.2020 Raspberries, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter.

0811.2090 Other loganberries, black currants and gooseberries, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter.

2. PRODUCT DESCRIPTION:

Freeze the fresh and clean berries for later use

3. LOCAL HARMONIZED SYSTEM CODE:

08112000---RASPBERRIES, BLACKBERRIES, MULBERRIES, LOGANBERRIES, CURRANTS AND GOOSEBERRIES, UNCOOKED OR COOKED BY STEAMING OR BOILING WATER, WHETHER OR NOT SWEETENED, FROZEN (KG)



SITUATION CUSTOMS-TO - CUSTOMS

1. GENERAL TARIFF:

None

2. TARIFF PREFERENTIAL PRODUCT CHILEAN (*):

n/a

3. OTHER COUNTRIES WITH TARIFF ADVANTAGES:

n/a

4. OTHER TAXES:

n/a

5. BARRIERS TO - TARIFF

n/a



REQUIREMENTS AND ACCESS BARRIERS

1. IMPORT REGULATIONS AND RULES OF ENTRY

HKSAR is a free port and does not levy any Customs tariff on imports and exports. Food and Environmental Hygiene Department of the Government of the Hong Kong Special Administrative Region through its Centre for Food Safety is responsible for implementing territory-wide policies of food safety control and enforcing the food legislation.

The following guide will provide general guidance to whom wishes to import frozen confections into Hong Kong.

This guide is designed for the importer since the food importers as stated below and through close liaison with exporting countries, are responsible for ensuring that food items they procure comply with the local legislation.

Guide to Import of Frozen Confections into Hong Kong

Statutory Requirements

In Hong Kong, the legal framework of food safety control is laid down in Part V of the Public Health and Municipal Services Ordinance, Cap. 132 and its subsidiary legislation. The basic requirement, as stipulated in Section 54 of the Ordinance, is that no food intended for sale should be unfit for human consumption. Specifically, Frozen Confections Regulation of the Ordinance stipulates requirements and standards for frozen confections.

Importers can purchase the main Ordinance and its subsidiary legislation from the Publications Sales Unit at Room 402, Murray Building, Garden Road, Central.

Food and Environmental Hygiene Department

Food and Environmental Hygiene Department of the Government of the Hong Kong Special Administrative Region is responsible for implementing territory-wide policies of food safety control and enforcing the food legislation. To this end, part of its duties is to exercise the power provided under Section 62(1) of the Public

Health and Municipal Services Ordinance to collect food samples at points of entry to the territory for analyses, including bacteriological and chemical examinations.

Food and Environmental Hygiene Department will pay the market price of any samples taken from importers. Due to difficulties in ascertaining the price at entry points, the Department will issue a sampling notice to importers when samples are collected. The notice will specify items and quantities of food samples which have been taken. Importers could send an invoice and a copy of the notice afterwards to the Department for payment.

Importers

Food importers, through close liaison with exporting countries, are responsible for ensuring that frozen confections they procure comply with the local legislation. Importers should pay attention to the specific import procedures for these food products as set out below.

Application for Approval of Source of Manufacture

The Frozen Confections Regulation requires, inter alia, any frozen confection to be imported into Hong Kong from a source of manufacture that has been approved by the Director of Food and Environmental Hygiene. Assistant Director (Food Surveillance and Control) of Food and Environmental Hygiene Department exercises the authority on behalf of the Director to make the approval. Before importing these food products into Hong Kong, importers need to apply to the Assistant Director (Food Surveillance and Control) in writing and provide the following information:

- (a) the full name and address of the frozen confection processing plant;
- (b) the law of the country of origin governing the production of frozen confections;
- (c) empty containers or wrappers of the frozen confection with labels;
- (d) information on the heat treatment method of the frozen confection and facilities, including production equipment and water supply, in the processing plant;
- (e) a certificate from an appropriate authority in the country of origin for the purpose of -

- certifying the effectiveness and efficiency of the heat treatment method in sterilizing the frozen confection and that the products have been handled, processed and packed under hygienic conditions
- showing the chemical and bacteriological quality of the products; and

(f) details of ingredients, including colouring matters, stabilisers and sweetening agents, etc., and their amount in the frozen confection.

Arrival of Consignment

After obtaining the approval and satisfying other conditions which may be imposed by the Assistant Director (Food Surveillance and Control) of Food and Environmental Hygiene Department, importers may import the frozen confections into Hong Kong. Section 59(1)(c) of the Public Health and Municipal Services Ordinance provides the Department with the power to make special procedures for examining imported food. At present, when a frozen confection consignment arrives and before its release, the products will be inspected and if necessary, sampled by the Department. Upon the satisfaction of the Department, a "release letter" will be issued to the importer.

Source: www.cfs.gov.hk/english/import/import_icfsg_03.html

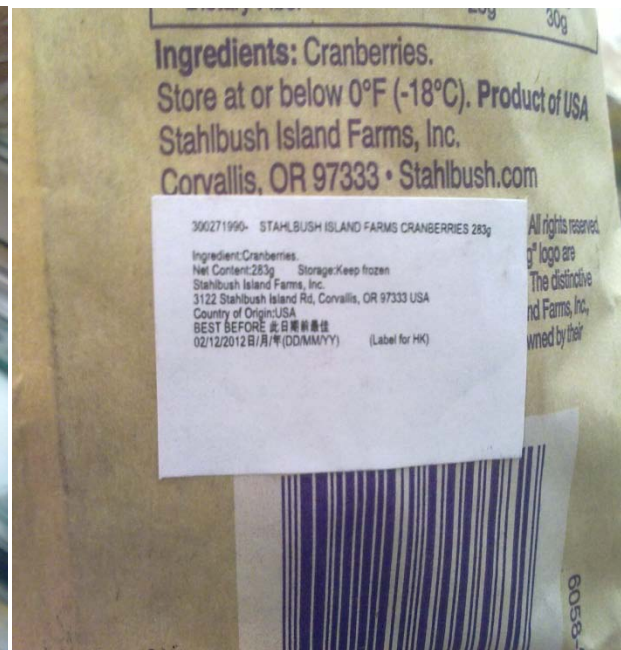
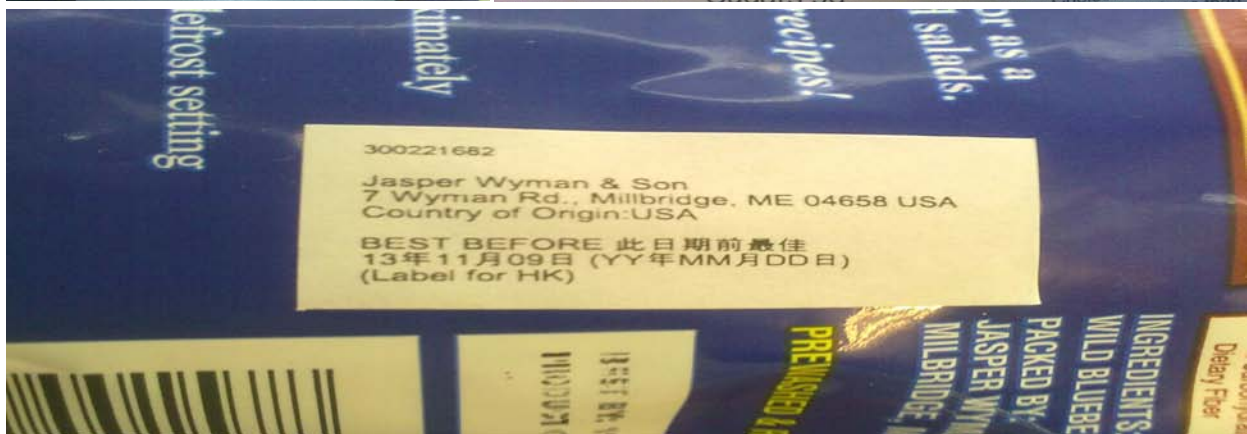
2. IDENTIFICATION OF THE AGENCIES WHICH PERMITS ENTRANCE, REGISTRATION OF PRODUCTS AND LABELS

Under the Public Health and Municipal Services Ordinance (Cap. 132) it is defined the requirements for nutrition labelling and nutrition claim. Please revise the following link in which you will find the details.

www.cfs.gov.hk/english/programme/programme_nifl/programme_nifl.html

It is important to note the institution in charge of approving the labelling of Frozen Confections into Hong Kong is the Centre for Food Safety - Food and Environmental Hygiene Department of Hong Kong.

3. EXAMPLES OF LABELING OF PRODUCTS (IMAGES)



IV. STATISTICS - IMPORTS

As shown below on the statistics of Hong Kong's Imports of raspberries, blackberries, mulberries, loganberries, currants and gooseberries, uncooked or cooked by steaming or boiling water, whether or not sweetened, frozen (HS 081120) is clear the volume imported by Hong Kong is low. In the last three years Hong Kong has not imported more than USD 500 thousands.

It's important to note the market is dominated by USA with a steady 70% of the market share while the Chilean imports do not represent a significant fraction of the market. Please see below detailed import data and market share by country of origin.

1. STATISTICS 2011

Main countries of origin	Amount kg (thousand)	Amount (US \$thousands)	% Share of the market
USA	23	307	70.1
Netherlands	19	54	12.3
Belgium	7	24	5.6
Chile (6 th)	3	11	2.5
Subtotal	52	396	90.5
Total	61	437	100

2. STATISTICS 2010

Main countries of origin	Amount kg (thousand)	Amount (US \$thousands)	% Share of the market
USA	26	342	69.1
Netherland	13	49	10
Belgium	38	60	12.1
Chile (6th)	3	11	2.3
Subtotal	80	462	93.5
Total	88	495	100

3. STATISTICS 2009

Main countries of origin	Amount kg (thousand)	Amount (US \$thousands)	% Share of the market
USA	18	243	71.5
Netherlands	2	17	4.9
Belgium	8	13	3.7
Chile (5th)	3	15	4.3
Subtotal	31	288	84.4
Total	42	340	100

Source: Hong Kong Trade Development Council

V ■ PRESENTATION CHARACTERISTICS OF THE PRODUCT

1. POTENTIAL OF THE PRODUCT.

In 2011, imported frozen berries were worth US\$ 437,000 while imported fresh berries were worth over US\$ 4,131,000, which means the market share of frozen berries only occupied 10% of the berries' market.

Frozen Berries are mainly used in the catering industry for making deserts so they cannot be easily found in local retail market and are rarely found in supermarket where people usually purchase fruits. The perception of frozen fruit is that it contains less nutrition value than fresh fruit because the first step of freezing fruit—blanching them in hot water or steam to kill bacteria and arrest the action of food-degrading enzymes—causes some water-soluble nutrients like vitamin C and the B vitamins to break down or leach out. This reason, apart than the consumer prefers the fresh fruits, is believed to be the hindrance of expanding the market of frozen berries in terms of final consumers.

Nonetheless, once it is taken into consideration the size of the HORECA industry in Hong Kong, the potential for Chilean frozen berries can be arises.

One alternative channel of distribution to be consider, are the restaurants of the many hotel and Casinos operating in the city Macao. This is an interesting channel since frozen berries allows the restaurants to permanently have in their menus juice made out of this types of fruits –Chilean exporters should take into account the possibility of developing a format specially design to facilitate the preparation (ready to mixed with water) of “fresh” juice once is ordered by the consumer.

Finally, there is another channel that it is worth exploring, this are the Hong Kong bakeries. These stores not only specialize in preparing different kinds of bread, but also they make cakes and deserts, and considering the fact that they are well spread thought the city, an increase in demand for frozen berries from this channel, could result in a beneficial increase in Chilean exports.

1.1. FORMS OF CONSUMPTION OF THE PRODUCT.

- sprinkled over cereal.
- added to a smoothie.
- topping for ice cream or stirred into yogurt
- added to fruit salads.
- topping for toast or stuffing for a pita bread
- added to cake

1.2. NEW TECHNOLOGIES APPLIED TO PRESENTATION/MARKETING OF THE PRODUCT

Establish a homepage introducing frozen berries, for example, recipe of deserts, nutrition value and the process of production. By doing so, consumers would have more confidence in the product.

1.3. COMMENTS OF THE IMPORTERS (INTERVIEWS ABOUT WHAT MOTIVATES SELECTION OF A PRODUCT OR COUNTRY OF ORIGIN).

One of the importer remarked, that the demand of frozen berries is very weak in Hong Kong since consumption is only for the catering sector. Fresh fruits are always available all around the year, so the customers do not have to consume the frozen ones.

1.4. SEASONS OF HIGHER DEMAND/CONSUMPTION OF THE PRODUCT.

All year round

1.5. MAIN AREAS OR CENTERS OF CONSUMPTION OF THE PRODUCT.

HORECA

VI. MARKETING AND DISTRIBUTION CHANNELS

The distribution channel includes Importer-Distributor, supermarkets and convenience stores and finally consumers.

The two main chained of supermarkets in Hong Kong are Park'N Shop and Wellcome, which according to industry sources linked to the state, they represent approximately 75% of sales of such establishments.

Frozen berries exporters are advised to supply their products directly to catering sector (hotels restaurant), since those businesses should be the target for Chilean exporters.

VII. REFERENCE PRICING - RETAIL AND WHOLESALLES

As a reference, please see below a list of prices registered in City'super when this report was elaborated (March 2012).

Origin	Brand	Weight	Price (HK\$)	Venue
Chile	Cascadian (USA)	283.5g	60	City'super
USA	Stahlbush Farms (Strawberries)	283.5g	49	City'super
USA	Stahlbush Farms (Cranberries)	283g	44 (discounted)	City'super
USA	Ocean Spray (Cranberries)	340g	47	City'super
Australia	Creative Gourmet (Blackberries, cranberries)	300g	68	City'super
Chile	Birds Eye (Blueberries)	340g	49 (discounted)	City'super
USA	Wyman's (Blueberries, mixed berries, raspberries)	425g	50	City'super

Also for your reference, please revise below the packaging offered by the brands found in City'super when this report was elaborated.







VIII. STRATEGIES AND CAMPAIGNS OF PROMOTION

USED BY COMPETITION

Frozen berries are an uncommon product in Hong Kong because fresh fruit is available all year. Consumers can purchase any fresh fruit from all over the world anytime. As such the import figure of frozen berries mainly goes to the catering/food service industry where it is more convenient for chefs to prepare dessert or food with frozen berries.

Although frozen berries main distribution channel is not the retail, the product can be found in some supermarkets, such as City'super. Please see price list stated in Section VII and also note that two brands participated in a discount promotion.

ProChile - Hong Kong is not aware of any advertising promotion aimed to attract the final consumer developed by our competitors.

A very cost-efficient way to promote this product in the Hong Kong market is to participate in Food Exhibitions like HOFEX (mentioned in section XI) which is the region's leading food and hospitality tradeshow, in which our competitors normally participate with big pavilions.

IX. PRESENTATION CHARACTERISTICS OF THE PRODUCT



The usual packages are plastic bag and paper box with English name and description

X. SUGGESTIONS AND RECOMMENDATIONS

Hong Kong is a dynamic and efficient market and constantly looking for new products and / or suppliers to achieve more and new businesses. Providing food and drink 100% dependent on imports, which come from a wide range of origins. Hong Kong is the freest in the world market and is also where it faces strong competition among suppliers.

Hong Kong market is very sensitive to prices where buying decisions depend heavily on this factor. To access it, exporters should be able to compete on price and quality with the best in the world.

For all these reasons we recommend one or both of the following strategies to enter the market. On the one hand, be prepared to enter competitive prices in the beginning and / or spend a large sum of money on promoting through a local importer.

Developing and maintaining good relationships is always a key factor in this market. We know that business will flow smoothly if we can build trust between the parties. For the above visit the market is vital when thinking about exporting to Hong Kong, a visit that may materialize in the context of one of the many trade fairs taking place throughout the year in Hong Kong.

XI. FAIRS AND EVENTS TO BE HELD IN THE MARKET IN

RELATION TO THE PRODUCT

23th HKTDC Food Expo 2012 (16-20 Aug 2012)

Show Dates: 16-20 August 2012

Place: Hong Kong Convention and Exhibition Centre

Show Floor Hours:

Date	Public Hall*		Trade Hall		Gourmet Zone*
16 August (Thu)	Open to public visitors	10am-10pm	Open to trade visitors only#	10am-6pm	---
17 August (Fri)					Open to trade# & public* visitors
18 August (Sat)			---		
19 August (Sun)		10am-6pm			---
20 August (Mon)					---
<p># Free admission for trade visitors only. Visitors under 18 will not be admitted. Trade visitor registration hours: 16-17 August: 9:30am to 4:30pm, 18 August: 9:30am to 3:30pm.</p>					
<p>*Open to public by ticket admission. Children of age under 3 and seniors of age above 65 will be admitted free of charge. There will be no admission to the venue 45 minutes before the announced daily closing time of the Exhibition.</p>					

The 15th International Exhibition of Food & Drink, Hotel, Restaurant & Foodservice Equipment, Supplies & Services (HOFEX)

Show Date: 7-10 May 2013

Venue: Hong Kong Convention and Exhibition Centre (Wan Chai)

Source: Hong Kong Trade Development Council

XII. RELEVANT SOURCES OF INFORMATION IN RELATION

TO THE PRODUCT

1. Hong Kong Trade Development Council
www.hktdc.com
2. Centre for Food Safety
www.cfs.gov.hk
3. Census and Statistics Department
www.censtatd.gov.hk
4. Hong Kong Customs and Excise Department
www.customs.gov.hk
5. Hong Kong General Chamber of Commerce
www.chamber.org.hk
6. Chinese General Chamber of Commerce
www.cgcc.org.hk
7. Food and Health Bureau
www.fhb.gov.hk

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