

Voluntary Report – Voluntary - Public Distribution

Date: May 13, 2022

Report Number: HK2022-0034

Report Name: Pet Owners Sniff Around for Premium Foods

Country: Hong Kong

Post: Hong Kong

Report Category: Agriculture in the News, Market Development Reports, Product Brief

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Report Highlights:

In 2021, Hong Kong was the thirteenth largest market for U.S. pet food exports and a hub for pet food trade to the region. Hong Kong pet owners welcome U.S. pet food for its safety and quality. Despite lower exports in 2021, the United States is still the lead supplier, holding a 29 percent share of the Hong Kong pet food market. This share is expected to continue recovering in 2022 as the local economy is expected to recover in the second half of the year as the pandemic situation improves. While Hong Kong's global pet food imports slowed in 2021, the value of retained (not re-exported) pet food imports grew, signaling good market potential for U.S. exporters. Steady growth of the pet population will also encourage domestic pet food sales which are expected to reach \$844 million by 2026.

SECTION I. OVERVIEW

In Hong Kong, pet food is mainly referred to as dog and cat food, which accounted for more than 99 percent of all pet food domestic sales. For this report, unless otherwise stated, pet food refers to dog and cat food for retail sale (H.S. Code: 2309.10).

Table 1 – Domestic Sales of Pet Food

Domestic Retail Sales (Million USD)	2017	2018	2019	2020	2021	Share (2021)
Dog and Cat Food	463	500	537	601	633	99.6%
Other Pet Food	2	2	2	2	2	0.4%
Total	465	502	539	604	636	100%

(Source: Euromonitor International)

SECTION II. PET FOOD TRADE

(A) U.S. Exports

The United States has been a stable supplier of pet food to Hong Kong. In 2021, Hong Kong was the 13th largest market for U.S. exports of pet food, with exports valued at \$35 billion, a drop of \$34 million or 49 percent compared to 2020. The decrease was mainly due to the loss of re-export trade since 2020 with the Phase One Agreement between the United States and China boosted direct exports of American pet food products to mainland China¹. U.S. pet food exports to China grew from \$33 million in 2020 to \$72 million in 2021, an increase of 39 million or 122 percent.

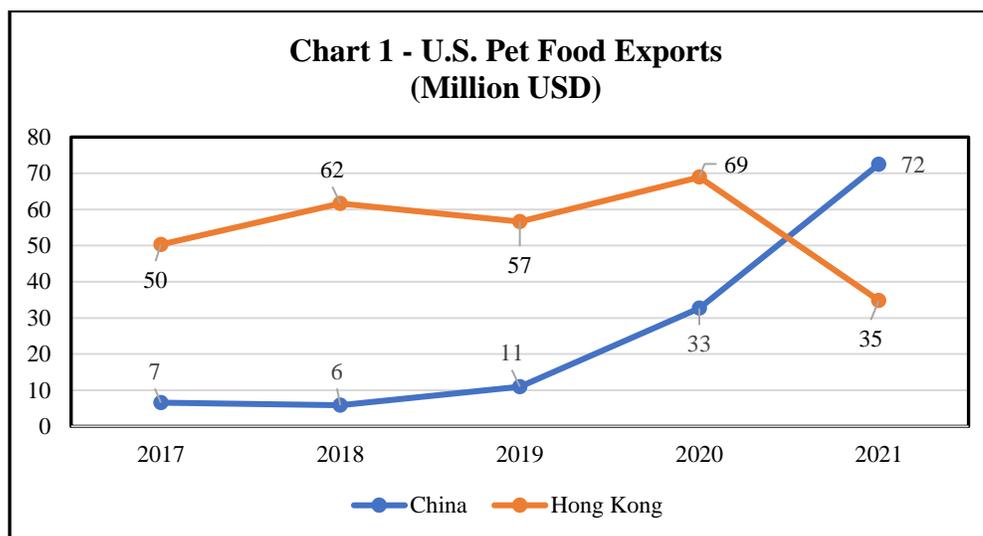
Table 2 – U.S. Pet Food Exports

Export Market	(Million USD)					Change 2021 v 2020
	2017	2018	2019	2020	2021	
World	1,373	1,454	1,620	1,711	2,049	20%
Canada	640	645	751	837	976	17%
Mexico	85	90	103	102	165	61%
Japan	96	120	130	119	119	0%
Australia	84	85	88	84	91	8%
China	7	6	11	33	72	122%
South Korea	42	45	46	48	55	14%
Colombia	20	26	33	33	53	58%
Philippines	32	36	35	37	51	38%
Costa Rica	20	22	22	27	45	72%
New Zealand	33	34	42	32	39	21%
Chile	16	16	17	21	38	84%
Taiwan	36	38	36	28	38	33%
Hong Kong	50	62	57	69	35	-49%

(Source: Trade Data Monitor)

¹ Agri Pulse April 1, 2020 “China opens its growing market to U.S. pet food”

The chart below shows compares U.S. pet food exports to China and Hong Kong during 2017-2021.



(Source: Trade Data Monitor)

(B) Hong Kong Imports

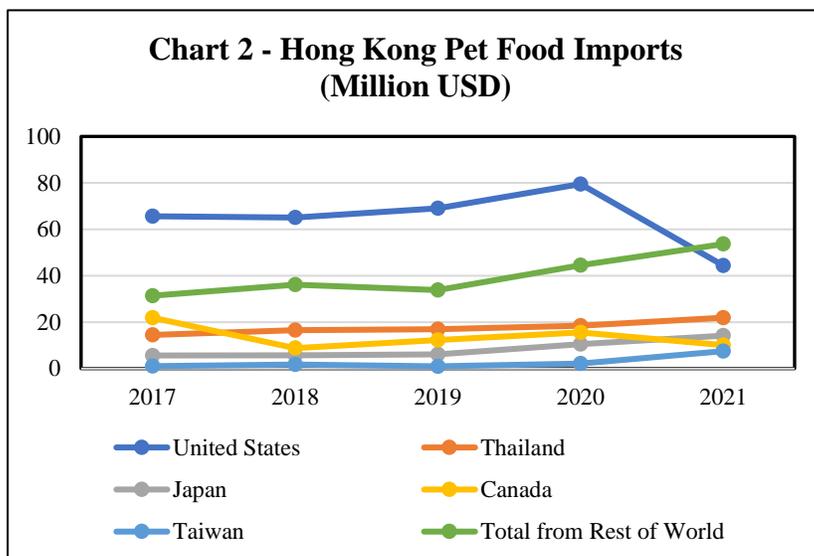
In 2021, Hong Kong’s global pet food imports slowed 11 percent to \$152 million. Major suppliers were the United States, Thailand, Japan, Canada, and Taiwan. U.S. share dropped from 47 percent in 2020 to 29 percent in 2021. As previously stated, the drop in U.S. share was mainly due to increased direct U.S. pet food exports to China². However, Hong Kong pet food imports from Asian suppliers (e.g. Thailand, Japan and Taiwan) and the rest of the world managed to grow in 2021, softening the overall drop in total pet food imports to 11 percent.

Table 3 – Hong Kong Pet Food Imports

Supplying Countries	Total Imports (Million USD)					Growth 2021 v 2020	Growth 2021 v 2017
	2017	2018	2019	2020	2021		
(1) United States	66	65	69	80	44	-44%	-33%
<i>U.S. Share of World Total</i>	<i>47%</i>	<i>49%</i>	<i>50%</i>	<i>47%</i>	<i>29%</i>		
(2) Thailand	15	17	17	18	22	19%	47%
(3) Japan	6	6	6	11	14	35%	133%
(4) Canada	22	9	12	16	10	-35%	-55%
(5) Taiwan	1	2	1	2	8	258%	700%
Total from Top 5 Suppliers	109	98	105	126	98	-22%	-10%
Total from Rest of World	31	36	34	45	54	20%	74%
World Total	140	134	139	171	152	-11%	9%

(Source: Trade Data Monitor)

² Agri Pulse April 1, 2020 “China opens its growing market to U.S. pet food”



(Source: Trade Data Monitor)

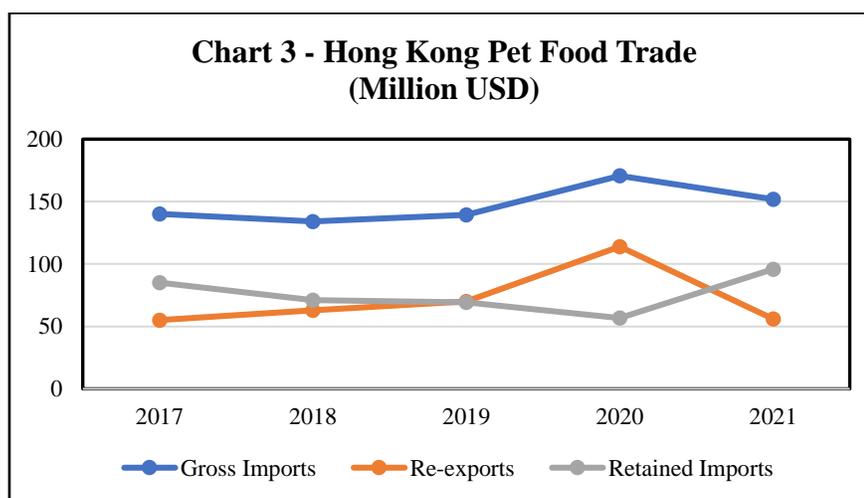
(C) Hong Kong Re-exports

Hong Kong does not have any local pet food production. It is a net pet food importer and a trade hub for markets in the region. In 2021, Hong Kong re-exported \$56 million (or 37 percent of gross imports) to other markets and retained \$96 million (or 63 percent of gross imports) for domestic consumption.

Table 4 – Hong Kong Pet Food Trade

	(Million USD)				
	2017	2018	2019	2020	2021
Gross Imports	140	134	139	171	152
Re-exports	55	63	70	114	56
Retained Imports	85	71	69	57	96

(Source: Trade Data Monitor)



(Source: Trade Data Monitor)

China has been the major destination for Hong Kong pet food re-exports, with 63-83 percent of Hong Kong pet food imports going to China between 2017-2020. However, as China managed to import more directly since 2020, especially from the United States, this reduced the proportion of those re-exports to 57 percent in 2021.

Macau is the other major destination of Hong Kong pet food re-exports. Pet food re-exports to Hong Kong’s neighboring city grew from \$14.7 million in 2020 to \$21.5 million in 2021. Hence, the share of pet food re-exports to Macau grew from 13 percent to 38 percent³.

Table 5 – Hong Kong Pet Food Trade – Major Re-export Destinations

Re-export Destination	(Million USD)				
	2017	2018	2019	2020	2021
World	55	63	70	114	56
China	35	43	52	95	32
<i>Share of Re-exports</i>	<i>63%</i>	<i>68%</i>	<i>74%</i>	<i>83%</i>	<i>57%</i>
Macau	5	8	10	15	22
<i>Share of Re-exports</i>	<i>10%</i>	<i>12%</i>	<i>15%</i>	<i>13%</i>	<i>38%</i>

(Source: Trade Data Monitor)

(D) Hong Kong Retained Imports⁴

Although Hong Kong pet food imports and re-exports dropped (please refer to Table 4 and Chart 3) in 2021, Hong Kong retained a good percentage of its pet food imports for domestic sales and consumption. The value of pet food retained imports grew from \$71 million in 2018 to \$96 million in 2021, posing good market potential for U.S. pet food exporters.

Table 6 – Hong Kong Pet Food Retained Imports

	(Million USD)				
	2017	2018	2019	2020	2021
Gross Imports	140	134	139	171	152
Retained Imports	85	71	69	57	96
Percentage Retained	61%	53%	50%	33%	63%

(Source: Trade Data Monitor)

³ Trade Data Monitor

⁴ Retained Imports = Gross Imports - Re-exports

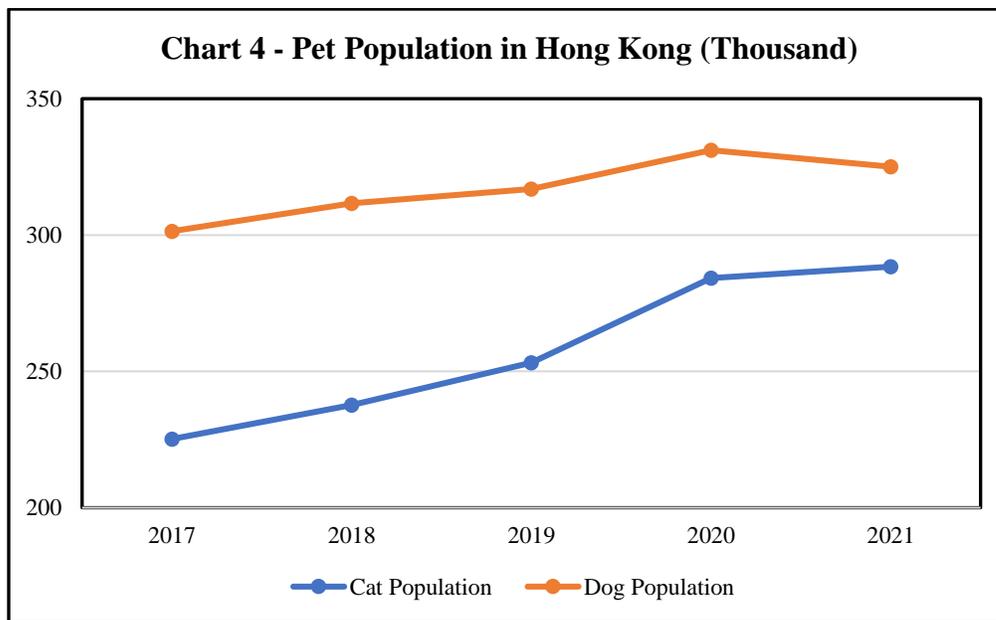
SECTION III. PET OWNERSHIP

Hong Kong is a small city with the size of 427 square miles and a population of around 7.5 million residents. Despite the high population density, many Hongkongers like to keep pets, especially dogs and cats. The dog and cat population has been growing, especially during 2020 when the COVID-19 pandemic began to affect Hong Kong. Between the two pets, cats are generally considered more suitable pets for consumers in Hong Kong as they are more independent and are better suited for the relatively small living spaces. The pandemic will continue to stimulate growth in pet ownership in Hong Kong, as the continued importance of home seclusion in the effort to tackle the global health crisis will continue to push consumers to acquire pets for companionship in Hong Kong.

Table 7 – Pet Population

'000s of animals	2017	2018	2019	2020	2021	Growth (2021 v 2020)	Growth (2021 v 2017)
Dog Population	301	312	317	331	325	-2%	8%
Cat Population	225	238	253	284	288	1%	28%

(Source: Euromonitor International)



(Source: Euromonitor International)

SECTION IV. PET FOOD DOMESTIC SALES

Sales of pet food in Hong Kong have been growing steadily. In 2021, total pet food sales were \$633 million. Within those sales, dog food sales accounted for \$306 million (48 percent), and cat food accounted for \$327 million (52 percent). Pet lovers are generally willing to buy premium and quality products for their beloved pets, despite the fluctuation in the economy and the pandemic situation.

(A) Dog Food Sales

Dog food sales were under the following categories (2017-2021):

- Dry dog food (56-57 percent of total dog food sales)
- Dog treats and mixers (30-32 percent of total dog food sales)
- Wet dog food (11-12 percent of total dog food sales)

Table 8 below shows that dog owners generally prefer premium-priced food products over mid-priced or economy-priced products. In addition, average dog food sales per animal have grown steadily, from \$774 in 2017 to \$942 in 2021, showing dog lovers' strong propensity to spend for their beloved dogs.

Table 8 – Dog Food Domestic Sales

	2017	2018	2019	2020	2021	Growth (2021 v 2020)	Growth (2021 v 2017)
Dog Treats and Mixers	75	80	85	89	96	9%	28%
<i>Percentage of Total Sales</i>	<i>32%</i>	<i>32%</i>	<i>32%</i>	<i>30%</i>	<i>31%</i>		
Dry Dog Food	132	144	153	168	174	3%	32%
<i>Percentage of Total Sales</i>	<i>56%</i>	<i>57%</i>	<i>57%</i>	<i>58%</i>	<i>57%</i>		
- Economy Dry Dog Food	0	0	0	0	0	13%	NA
- Mid-Priced Dry Dog Food	16	16	15	14	14	-4%	-14%
- Premium Dry Dog Food	116	128	137	154	160	4%	38%
Wet Dog Food	26	29	31	35	36	5%	39%
<i>Percentage of Total Sales</i>	<i>11%</i>	<i>11%</i>	<i>12%</i>	<i>12%</i>	<i>12%</i>		
- Economy Wet Dog Food	0	0	0	0	0	0%	-67%
- Mid-Priced Wet Dog Food	3	3	3	3	3	-3%	-13%
- Premium Wet Dog Food	23	26	28	32	34	6%	46%
Total Dog Food Domestic Sales (Million USD)	233	252	269	292	306	5%	31%
Dog Population ('000)	301	312	317	331	325	-2%	8%
Average Sales per Dog (USD)	774	810	847	881	942	7%	22%

(Source: Euromonitor International)

(B) Cat Food Sales

Cat food sales were under the following categories (2017-2021):

- Wet cat food (45-47 percent of total cat food sales)
- Dry cat food (44-47 percent of total cat food sales)
- Cat treats and mixers (9 percent of total cat food sales)

Table 9 below indicates that cat owners also preferred premium-priced food products over mid-priced or economy-priced products. In addition, average cat food sales per animal have grown from \$1,020 in 2017 to \$1,133 in 2021, showing cat lovers' willingness to spend on quality food for their beloved cats.

Table 9 – Cat Food Domestic Sales

	2017	2018	2019	2020	2021	Growth (2021 v 2020)	Growth (2021 v 2017)
Cat Treats and Mixers	20	22	23	27	29	8%	50%
<i>Percentage of Total Sales</i>	9%	9%	9%	9%	9%		
Dry Cat Food	108	115	123	139	144	3%	33%
<i>Percentage of Total Sales</i>	47%	47%	46%	45%	44%		
- Economy Dry Cat Food	0	0	0	0	0	NA	NA
- Mid-Priced Dry Cat Food	3	3	3	3	3	1%	-7%
- Premium Dry Cat Food	105	112	120	137	141	3%	34%
Wet Cat Food	102	111	121	143	153	7%	51%
<i>Percentage of Total Sales</i>	44%	45%	45%	46%	47%		
- Economy Wet Cat Food	0	0	0	0	0	0%	-67%
- Mid-Priced Wet Cat Food	7	8	8	7	6	-2%	-12%
- Premium Wet Cat Food	94	103	114	137	147	8%	56%
Total Cat Food Domestic Sales (Million USD)	230	247	268	310	327	6%	42%
Cat Population ('000)	225	238	253	284	288	1%	28%
Average Sales per Cat (USD)	1,020	1,041	1,059	1,090	1,133	4%	11%

(Source: Euromonitor International)

SECTION V. DISTRIBUTION CHANNELS

Hong Kong average household size is small at around 400 square feet. Therefore, pet lovers generally do not stock large quantity of pet food or buy products in big pack (2 kg or larger). There are over 790 supermarkets and 200 pet shops across Hong Kong, and the popularity of e-commerce has enhanced convenience of shopping for pet food. Pet lovers normally visit their pet shops or supermarkets at least two times a week to replenish food for their pets. They generally buy pet food at pet shops which also offer other pet-care products or services. Some consumers make their purchases via e-commerce for convenience or if they cannot buy the products from local sources⁵.

Table 10 – Distribution Channels for Pet Food (Based on Sales Value)

Distribution Channel	Dog Food	Cat Food
Pet Shops	63.6%	68.3%
E-commerce	16.2%	16.0%
Supermarkets	13.3%	9.5%
Veterinary clinics	6.6%	5.7%
Others	0.3%	0.5%
Total	100%	100%

(Source: Euromonitor International)

⁵ Euromonitor International, discussions with pet food staff, websites of pet food retailers/platforms

SECTION VI. COMPETITION

(A) Import Costs

Hong Kong is an open market with keen competition. The top five pet food suppliers (United States, Thailand, Japan, Canada, and Taiwan) accounted for 65 percent of total pet food imports into Hong Kong. U.S. pet food products were price competitive compared to major competitors.

Table 11 – Pet Food Imports Unit Cost⁶

Supplier	Unit Cost: USD/KG				
	2017	2018	2019	2020	2021
World Total	3.04	3.10	3.39	3.60	4.21
United States	2.99	3.14	3.71	3.73	4.17
Thailand	2.25	2.56	2.62	2.66	3.17
Japan	5.74	5.58	5.27	7.14	8.50
Canada	4.96	3.87	3.97	3.84	4.29
Taiwan	5.32	7.43	4.47	9.86	12.88

(Source: Calculation based on Trade Data Monitor data)

(B) Major Dog Food Brands

Pet owners are generally more quality and brand conscious than price⁷. Below is a summary of the major dog food brands and their price range.

Table 12a – Dog Food by Price/Brand

Category	Price range per kg	Price (USD)	Brand examples
Wet dog food	Premium	Above \$9.7	Cesar, Hill's Science Diet, Almo Nature, Royal Canin
	Mid-priced	\$4.1-8.5	Pedigree
	Economy	Below \$5.4	Essential Waitrose
Dry dog food	Premium	Above \$6.4	Hill's Science Diet, Royal Canin, Purina Pro Plan, Stella & Chewy's
	Mid-priced	\$2.3-3.8	Pedigree, Purina Alpo
	Economy	Below \$2.2	Surebuy

(Source: Euromonitor International, discussions with pet food staff, websites of pet food retailers/platforms)

⁶ Import value (USD) / Import volume (KG)

⁷ Euromonitor International, discussions with pet food staff, websites of pet food retailers/platforms

Table 12b – Major Dog Food Brands

Major Brands	Supplier/Manufacturer	Share Based on Latest (2020) Value
Royal Canin	Mars Hong Kong Ltd	5.3%
Hill's Science Diet	Hill's Pet Nutrition Inc	4.7%
Pedigree	Mars Hong Kong Ltd	4.4%
Pro Plan	Nestlé Hong Kong Ltd	2.0%
Sunrise	Sunrise Co Ltd	1.3%
Alpo	Nestlé Hong Kong Ltd	1.3%
Others		74.6%

(Source: Euromonitor International)

While some major brands are popular in the market, many smaller individual brands form the “Others” group that accounted for more than 74 percent of overall domestic dog food sales. This presents a good opportunity for new U.S. dog food exporters and dog food brands.

(C) Major Cat Food Brands

Below is a summary of the major cat food brands and their price range.

Table 13a – Cat Food by Price/Brand

Category	Price range per kg	Price (USD)	Brand examples
Wet cat food	Premium	Above \$10.4	Mon Petit, Kakato, Almo Nature, AIXIA, Hill's Science Diet, Royal Canin
	Mid-priced	\$4-8.3	Whiskas, Purina Friskies
	Economy	Below \$4.9	Surebuy, Select
Dry cat food	Premium	Above \$6.4	Royal Canin, Hill's Science Diet, Purina ONE
	Mid-priced	\$3.8-6.2	Whiskas, Purina Friskies
	Economy	Below \$3.3	Surebuy

(Source: Euromonitor International, discussions with pet food staff, websites of pet food retailers/platforms)

Table 13b – Major Cat Food Brands

Major Brands	Supplier/Manufacturer	Share Based on Latest (2020) Value
Hill's Science Diet	Hill's Pet Nutrition Inc	7.0%
Royal Canin	Mars Hong Kong Ltd	6.2%
Kakato	MaxiPro (Asia) Ltd	4.0%
Whiskas	Mars Hong Kong Ltd	2.4%
Mon Petit	Nestlé Hong Kong Ltd	2.1%
Others		71.3%

(Source: Euromonitor International)

Like the case of dog food, some major brands are popular in the market whereas many smaller brands form the “Others” group that accounted for more than 71 percent of overall domestic cat food sales. This presents a good opportunity for new U.S. cat food exporters and cat food brands.

(D) Other Brands and Prices

To check out other available brands, you can visit the websites of local pet food retailers. Their websites show the more common pet food commonly available in Hong Kong and their retail prices (retail prices in HKD, and USD1=HKD7.8):

- [ParknShop](#) (one of the two largest supermarket chains in Hong Kong with over 250 stores)
- [HKTV Mall](#) (the largest e-commerce platform in Hong Kong)
- Pet food shops / platforms (selected):
 - [Vetopia](#)
 - [Vpropet](#)
 - [Petproject](#)
 - [Petsco](#)
 - [Animal Hospital](#)
 - [Petmarket](#)

SECTION VII. OUTLOOK AND OPPORTUNITIES

In the first quarter 2022, Hong Kong global pet food imports decreased 9 percent to \$34 million compared to the same period in 2021. However, pet food re-exports dropped during the same period, and increased pet food retained imports by 38 percent to \$26 million⁸. Hong Kong is set to keep more of its pet food imports for local sales and consumption. Hong Kong is an open market for pet food and U.S. pet food is renowned in the market for its safety and quality. The demand for quality U.S. pet food is expected to grow when the pandemic situation improves, and the government will launch more measures to boost the economy in the second half of the year. Hong Kong consumer spending on premium pet food is expected to continue growing steadily, domestic sales of pet food are expected to reach \$667 million in 2022 and grow to \$844 million by 2026⁹.

Hong Kong does not have a trade show specifically dedicated to pet food. However, this year, the city is scheduled to host two large B2C (business to consumer) shows on products and services for pet lovers. In addition, there are potentially two pet food virtual trade missions led by [U.S. State Regional Trade Groups](#) to Hong Kong in the summer. Please check out the hyperlink(s) below or contact our office (email: atohongkong@usda.gov) if you want more information on these event(s).

June 24-26, 2022

September 22-25, 2022

[Premium Pet Supplies Expo](#)

[Hong Kong Pet Show](#)

⁸ Trade Data Monitor

⁹ Euromonitor International

SECTION VIII. IMPORT REGULATIONS

The Agriculture, Fisheries and Conservation Department (AFCD) of the Hong Kong government is the entity responsible for pet food. Pet food in Hong Kong is not subject to any specific regulations on production, imports, sales, labeling or labeling claims, or any tariffs or taxes. While no import permit is required, the AFCD encourages importers to provide a veterinary certificate endorsed by the relevant official veterinary authority in the country of origin to accompany shipments to Hong Kong. The suggested language on the veterinary certificate is provided in the following [Circular](#).

The AFCD completed a research study on the safety of pet food available in the Hong Kong market in February 2020. The results of this microbiological and chemical testing for eight commonly known microbes (such as salmonella) and harmful substances (such as melamine) on all 360 collected samples were found to be satisfactory. As a result, the AFCD concluded that at this time, there is no need for any new rulemaking and that it would continue to monitor the situation.

SECTION IX. KEY CONTACT AND FURTHER INFORMATION

Post Contact

Agricultural Trade Office, Consulate General of the United States, Hong Kong and Macau
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<http://www.atohongkong.com.hk>

Attachments:

No Attachments.