



HKTDC Spring Fairs Survey Findings



Prepared for: Hong Kong Trade Development Council
6 May 2013

Data Collection Method

- Face-to-face interviews at the Exhibition Venue

Date of Fieldwork

- April 6 -29, 2013

Sample Size

- 2,557 respondents were interviewed, including 1,506 buyers and 1,051 exhibitors

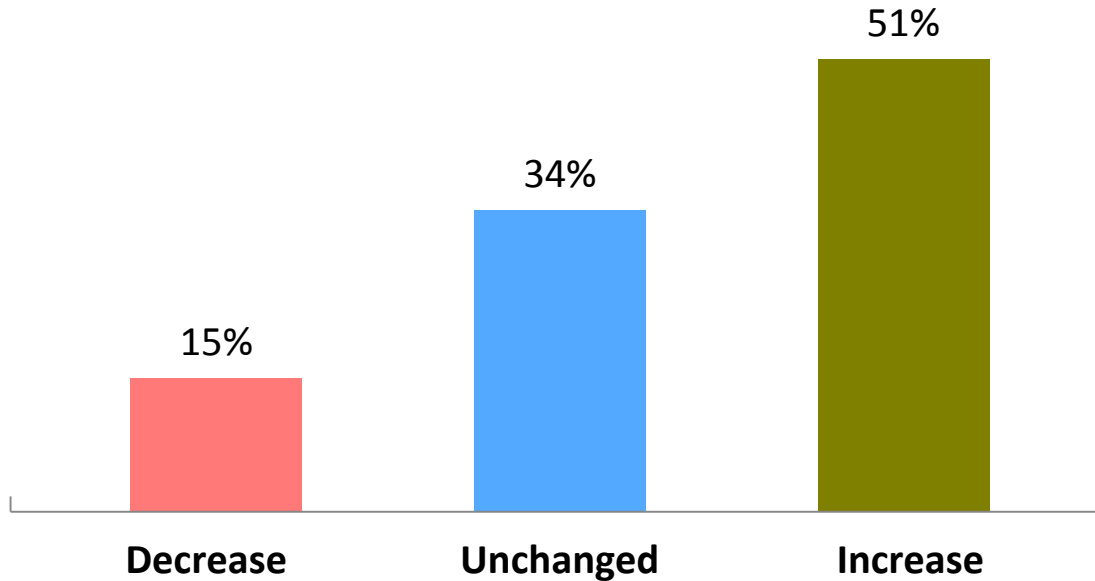
	Total sample in each fair	Buyers	Exhibitors
Lighting Fair (Spring Edition) 2013	411	255	156
Electronics Fair (Spring Edition) 2013	829	558	271
Houseware Fair 2013	470	261	209
Gift & Premium Fair 2013	847	432	415



MARKET OUTLOOK

Market Outlook for 2013 is optimistic

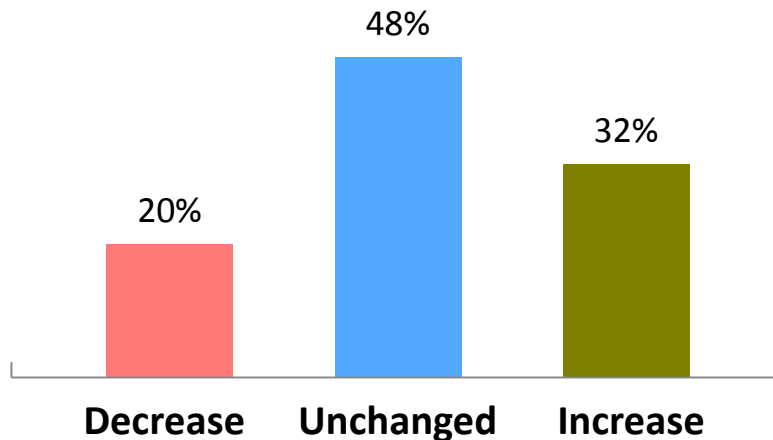
Change in overall sales in 2013 as compared to 2012



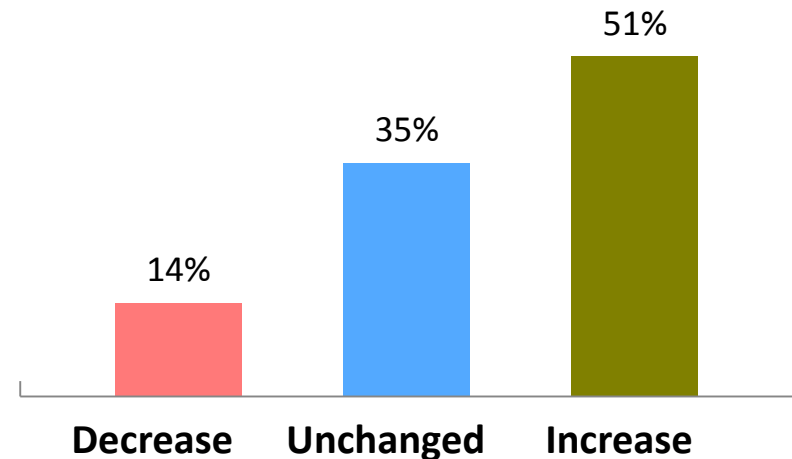
Around 50% of buyers anticipate no change in the retail price whereas an equal proportion of buyers expect an increase in the sourcing price

- Key reasons contributing to higher sourcing prices are:
 - Currency price fluctuation (e.g. RMB appreciation, JPY devaluation)
 - Sourcing better quality products that comply with trade/safety/environmental regulations and standards.

Buyers' view on retail price in 2013



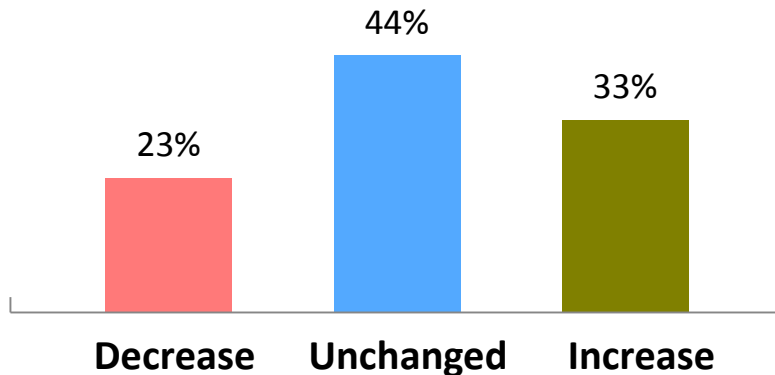
Buyers' view on sourcing price in 2013



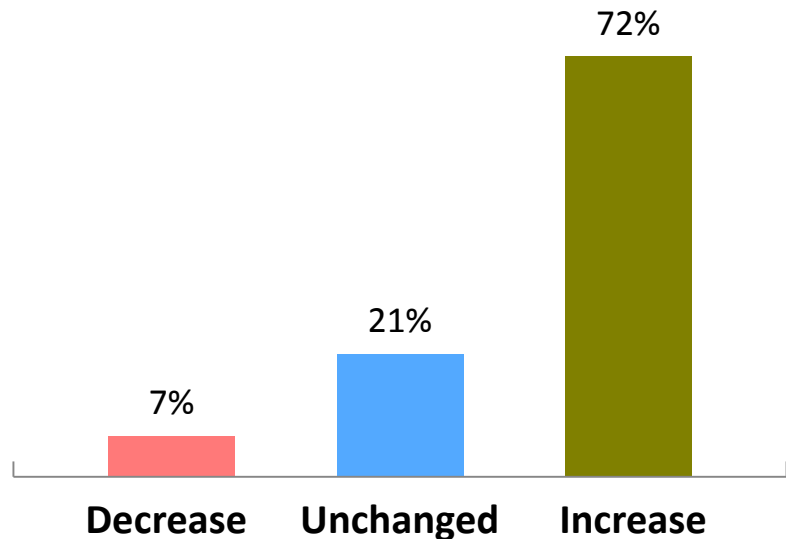
44% of exhibitors anticipate no change in the FOB selling price whereas majority of them expect an increase in the production cost

- Reasons contributing to higher production costs are:
 - Higher labour costs
 - Higher raw material costs

**Exhibitors' view on
FOB selling price in 2013**

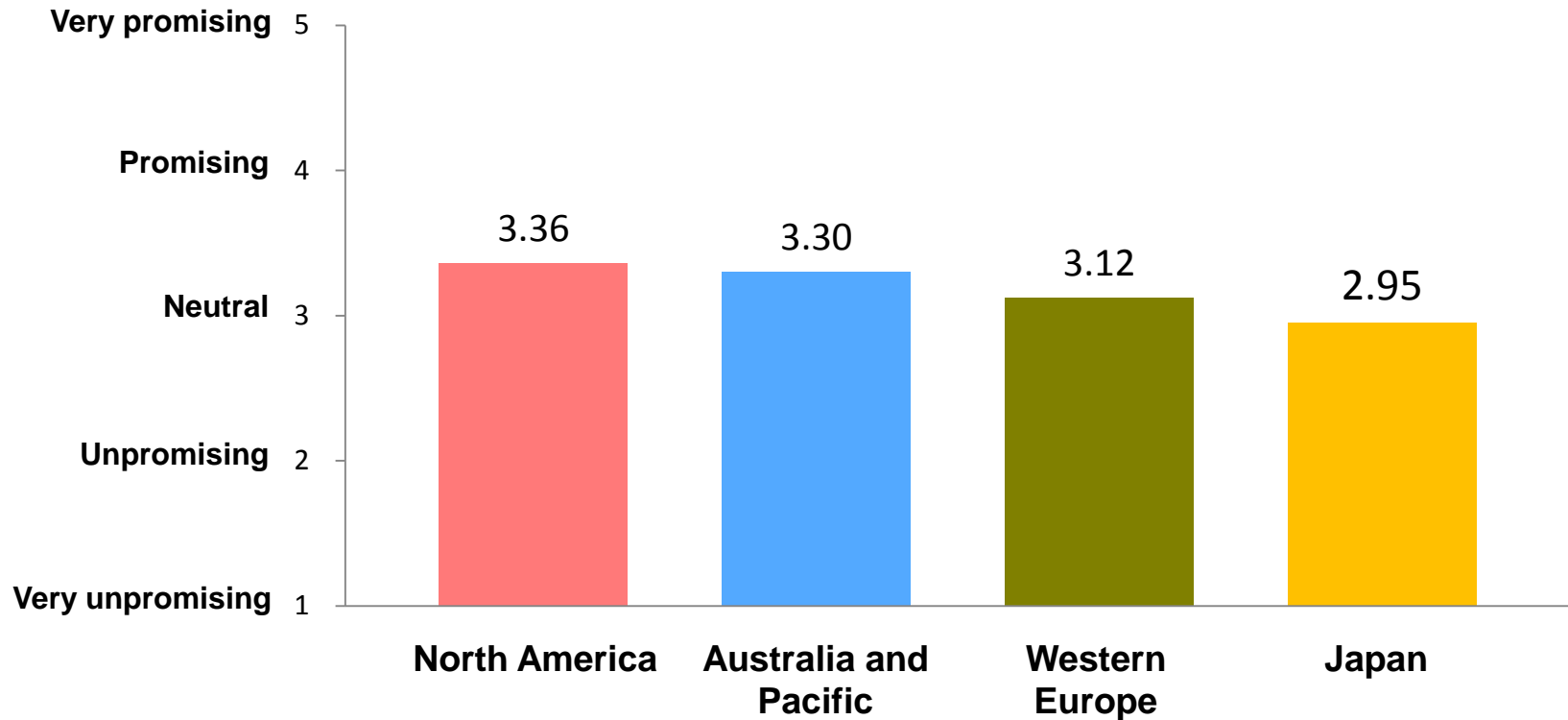


**Exhibitors' view on
production costs in 2013**



Good Outlook for Traditional Markets

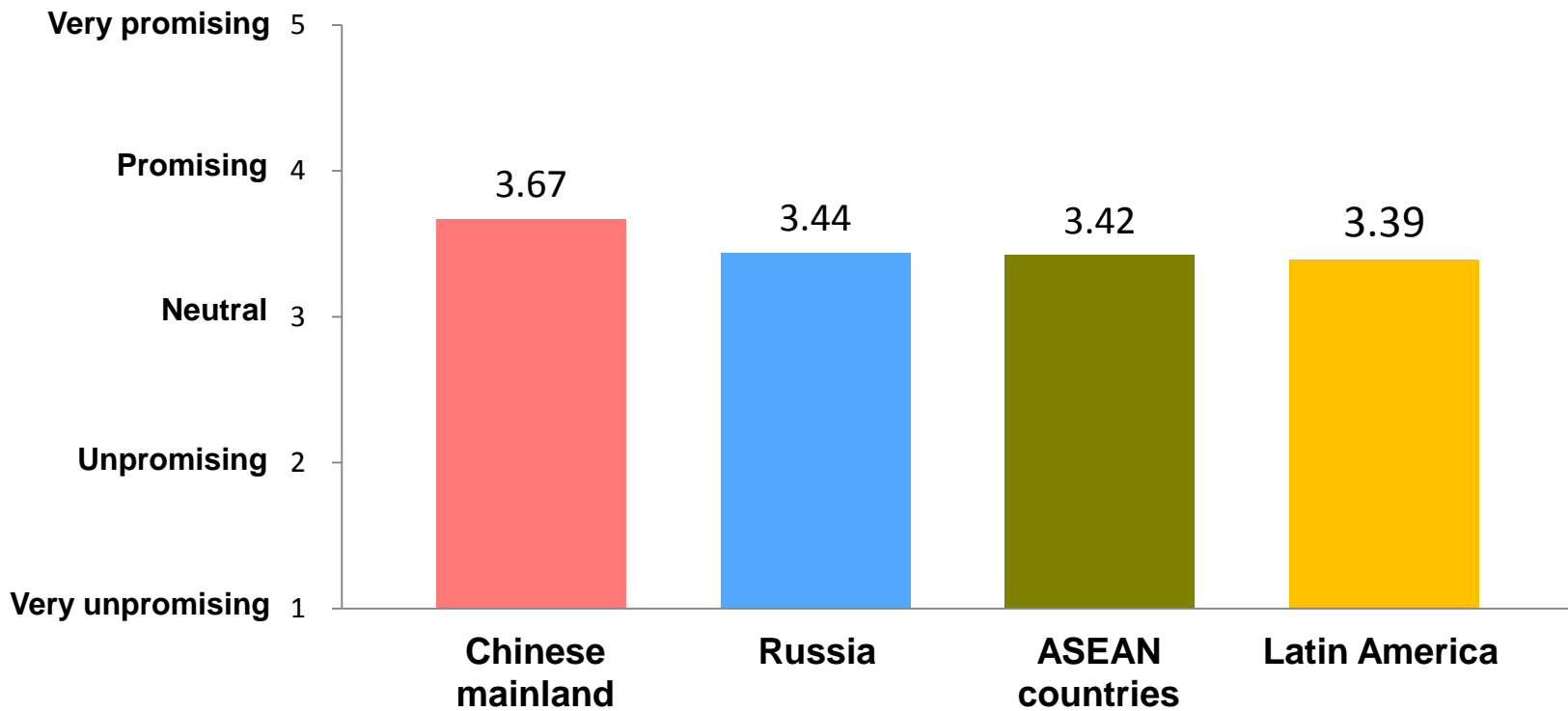
Growth prospects for traditional markets in the next two years



Base: All respondents (n=2,557)

Optimistic Outlook for Emerging Markets

Growth prospects for the key emerging markets in the next two years



Base: All respondents (n=2,557)

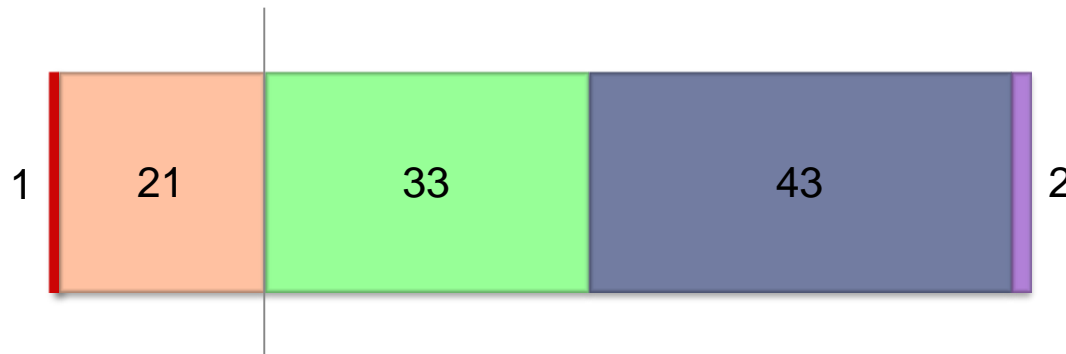
The expected volume of products sourced/sold via Hong Kong is increasing

The top 5 competitive advantages of Hong Kong are:

1. Compliance with safety regulations/standards
2. Product quality
3. Services (including delivery lead time, sourcing quantity requirement etc.)
4. Product function / features
5. Compliance with environmental regulations/standards

Expected volume growth of products sourced/sold via Hong Kong

■ Decrease significantly
 ■ Decrease
 ■ Unchanged
 ■ Increase
 ■ Increase significantly

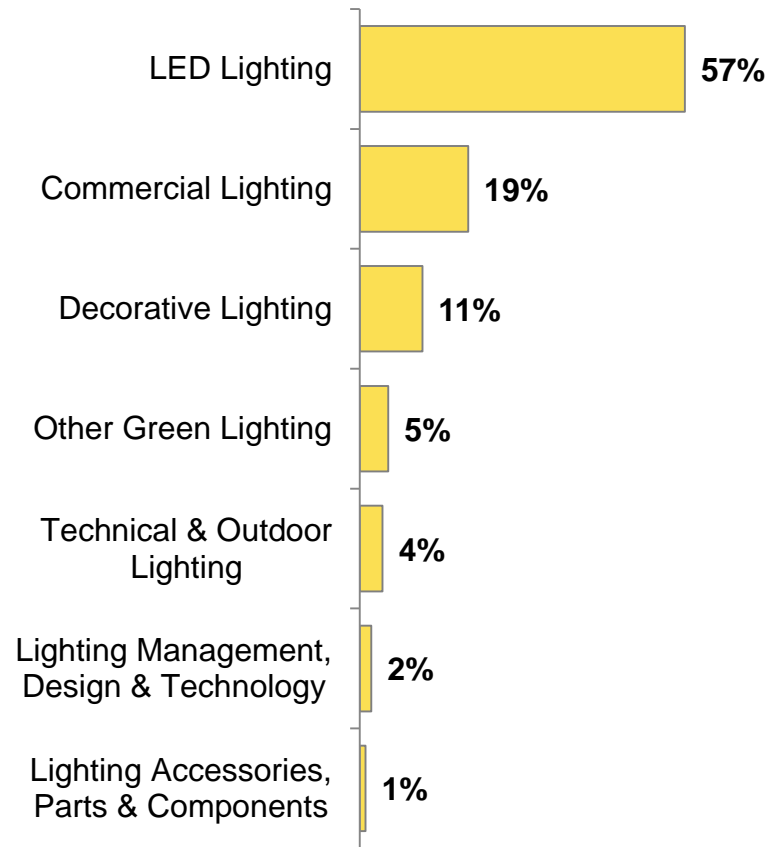




PRODUCT AND MARKET TREND

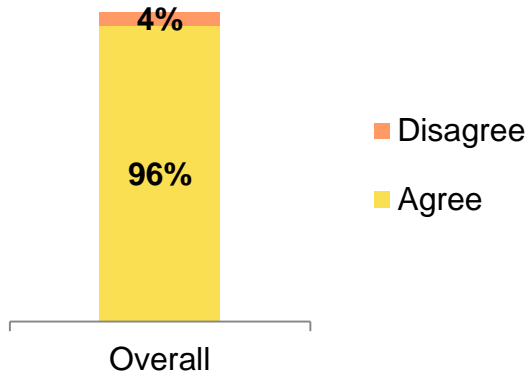
LED lighting has the highest growth potential in 2013

Types of lighting products with the highest growth in 2013

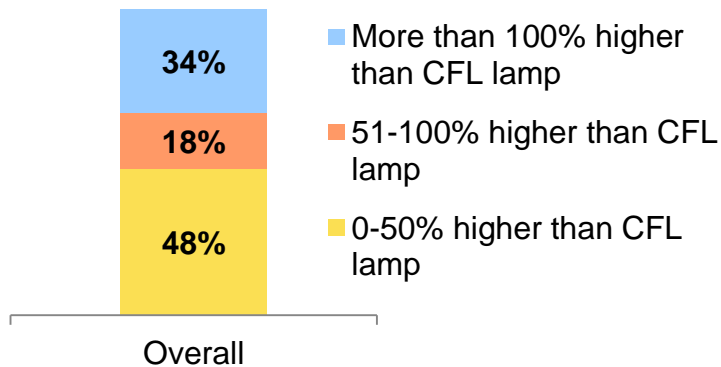


Most respondents consider that the sales of Lighting market will be greatly stimulated if LED price falls to a reasonable price level

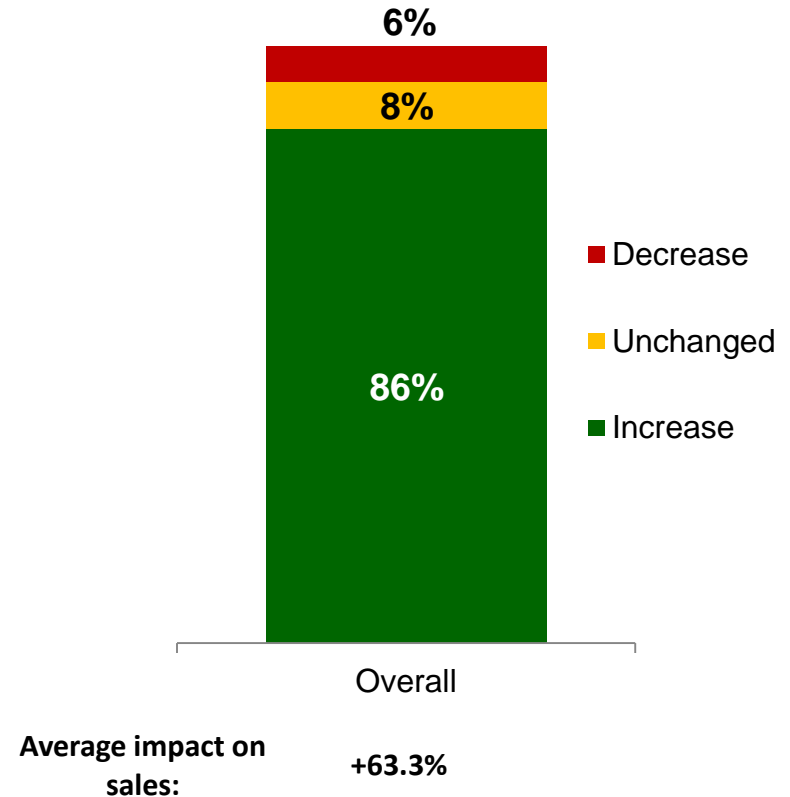
LED is the major development area in next 1 – 3 years



Expected price level of LED for stimulating sales of LED products

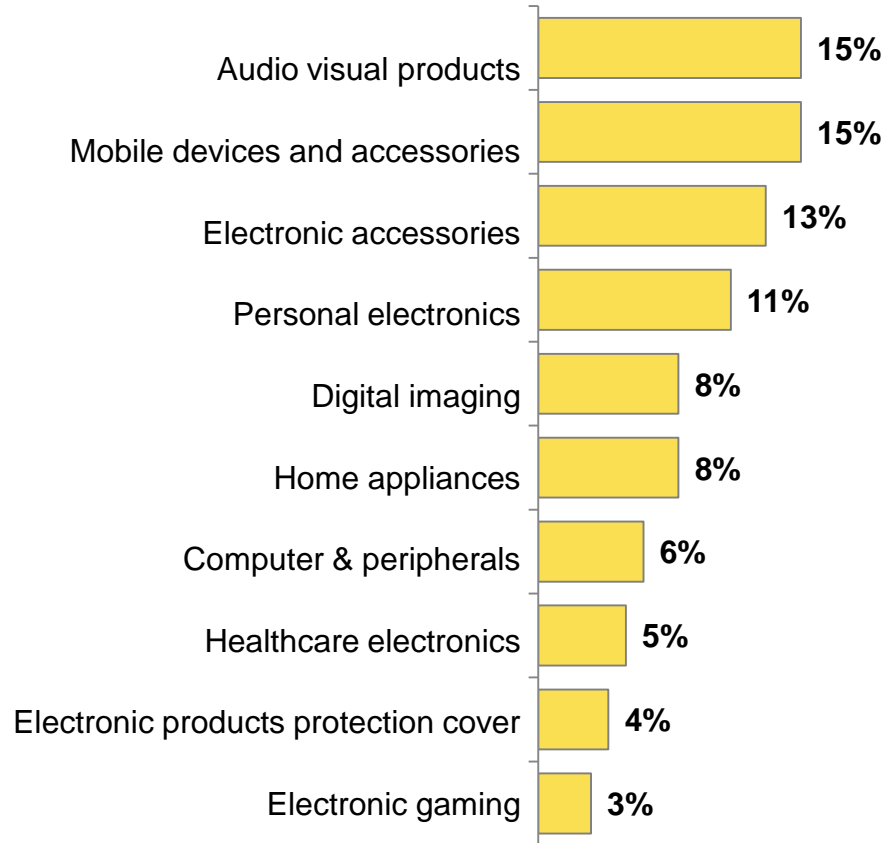


Impact on sales of overall lighting market



Within the electronic industry, audio visual products, mobile devices and accessories are the star products

Types of electronic products with the highest growth in 2013



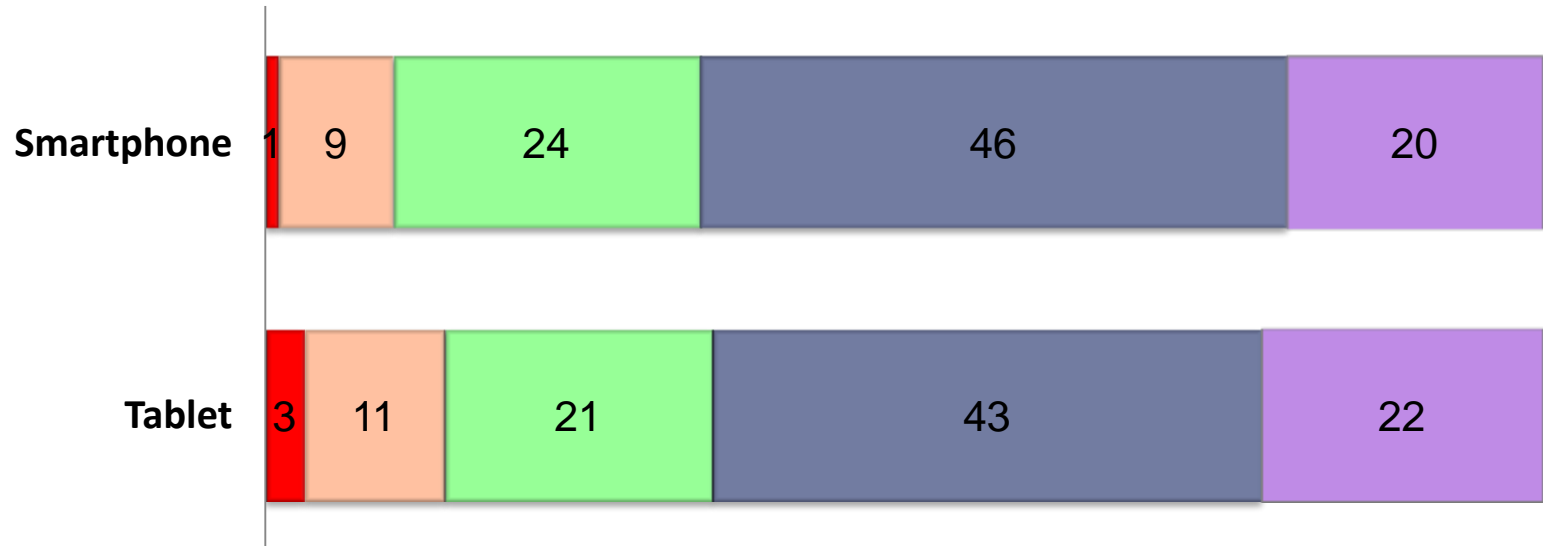
Note: Only the top 10 product categories are shown

Base: All respondents in Electronics Fair (n=829)

The market for smartphones and tablets will continue to grow over the next 1 to 2 years

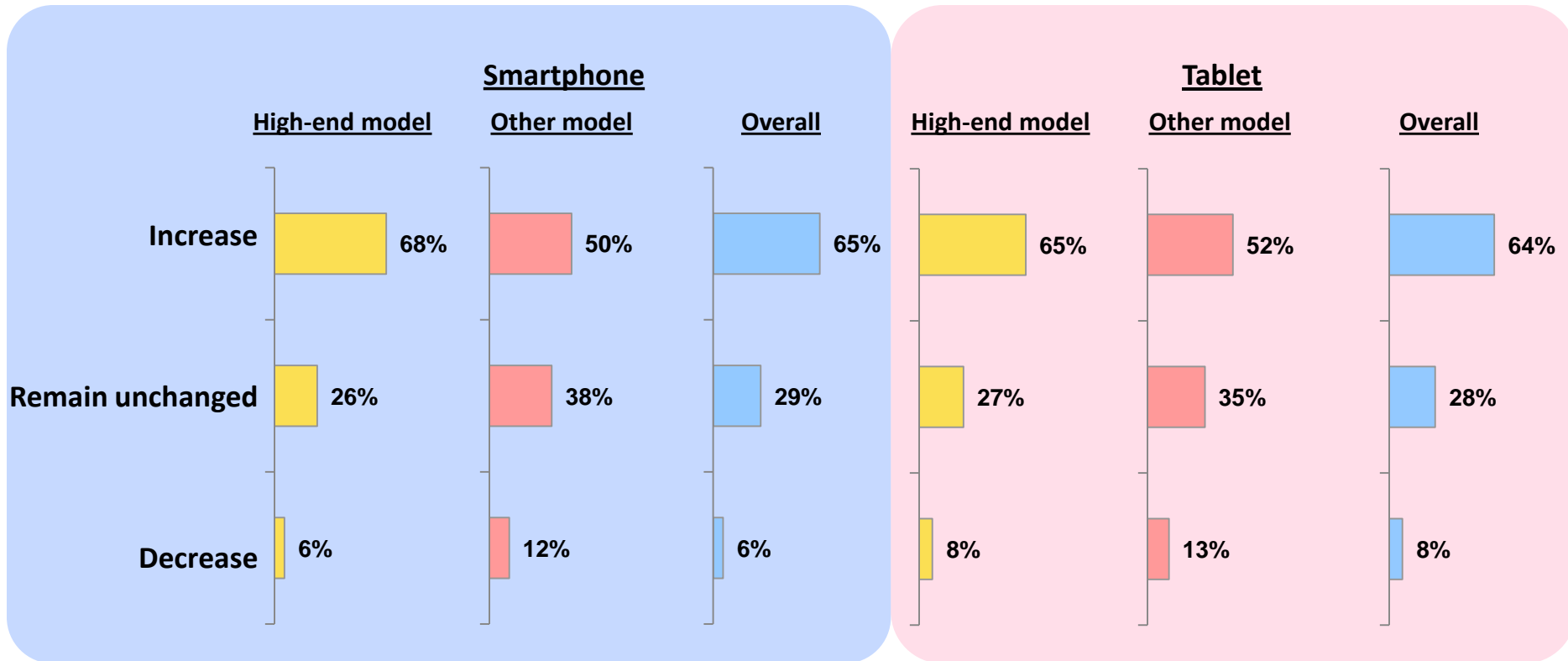
- will start to decline
- maintain with insignificant/ no growth
- increase at a slower growth rate than present
- Increase at the present growth rate
- increase at a faster growth rate than present

Expected volume growth of products sourced/sold via Hong Kong



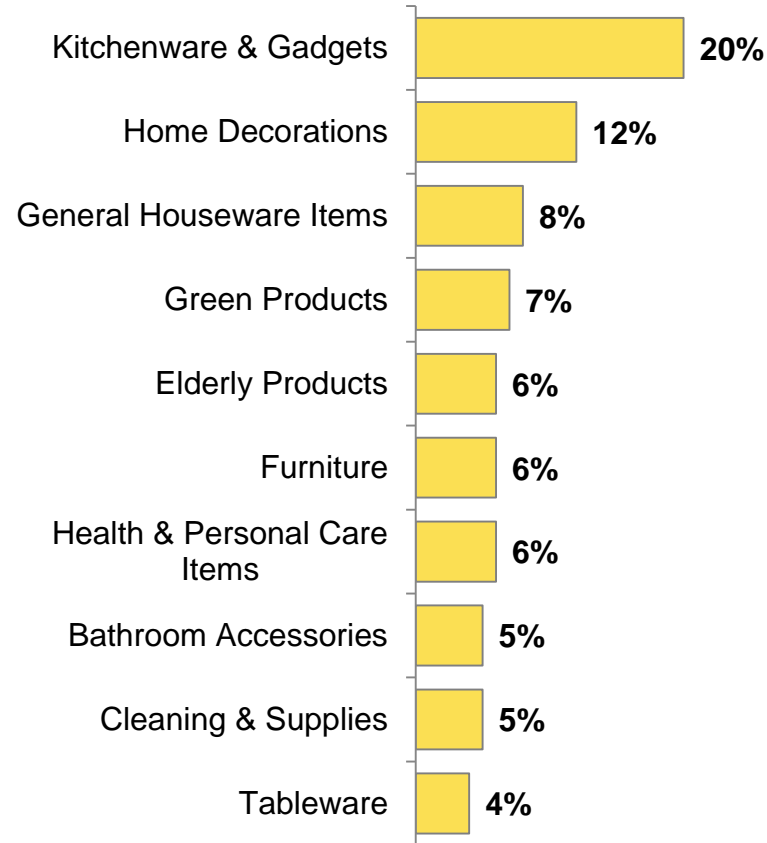
High-end models of both smartphones and tablets have higher growth potential

Expected sales in quantity of smartphones and tablets over next 1-2 years



Kitchenware & gadgets are commonly perceived as the highest growth potential products in the houseware market

Types of houseware products with the highest growth in 2013

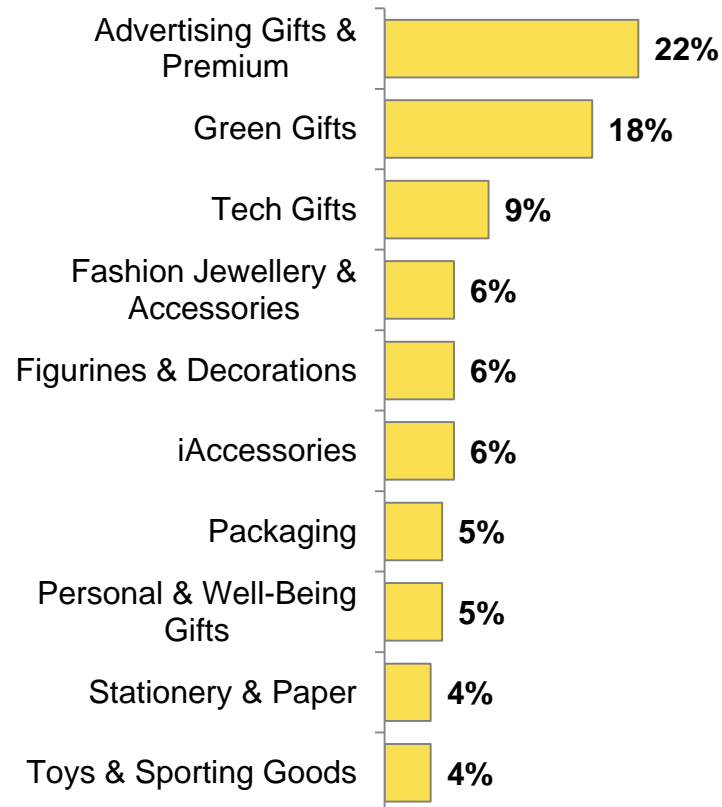


Note: Only the top 10 product categories are shown.

Base: All respondents in Houseware Fair (n=470)

Advertising gifts & premium and green gifts have the highest growth potential in the gift market

Types of gifts & premium products with the highest growth in 2013

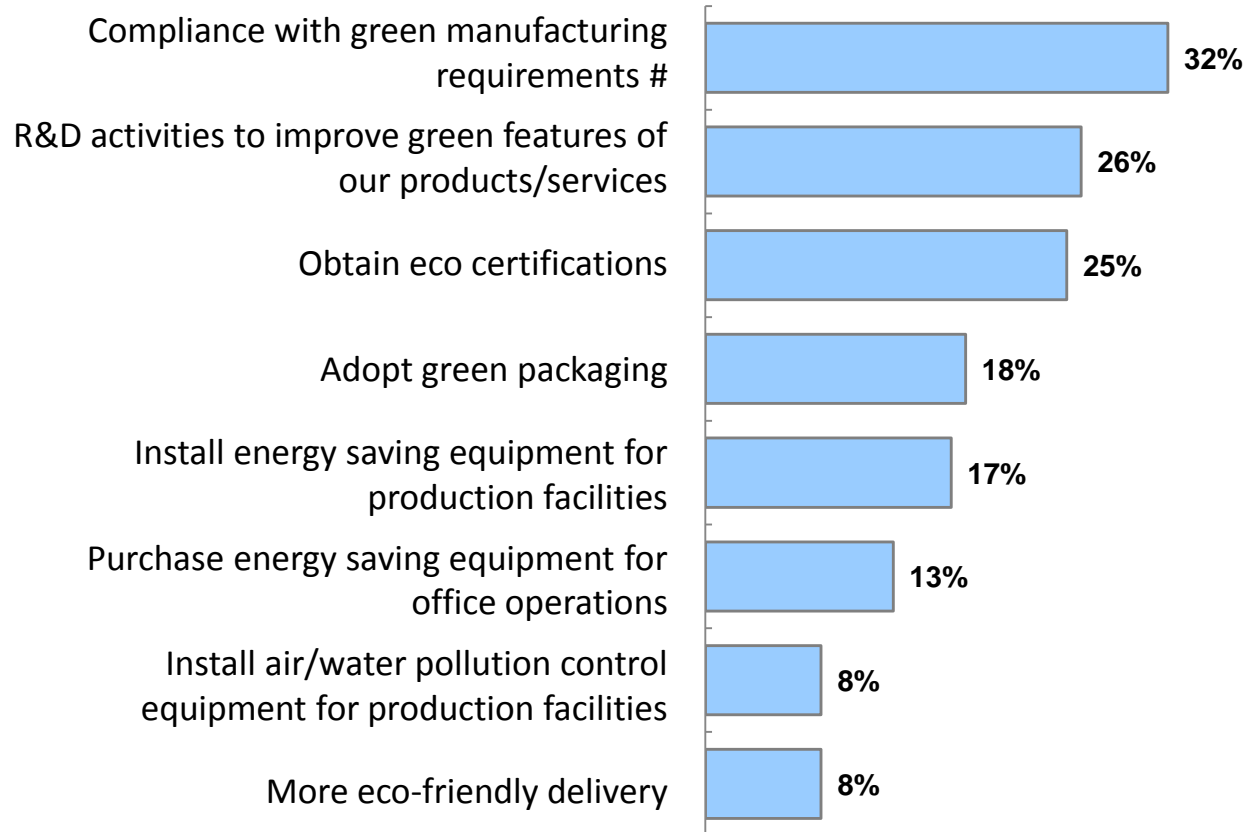


Note: Only the top 10 product categories are shown.

Base: All respondents in Gift Fair (n=847)

Both buyers and exhibitors are keen to invest in order to comply with the green manufacturing requirement

The areas that exhibitors will invest for environmental protection

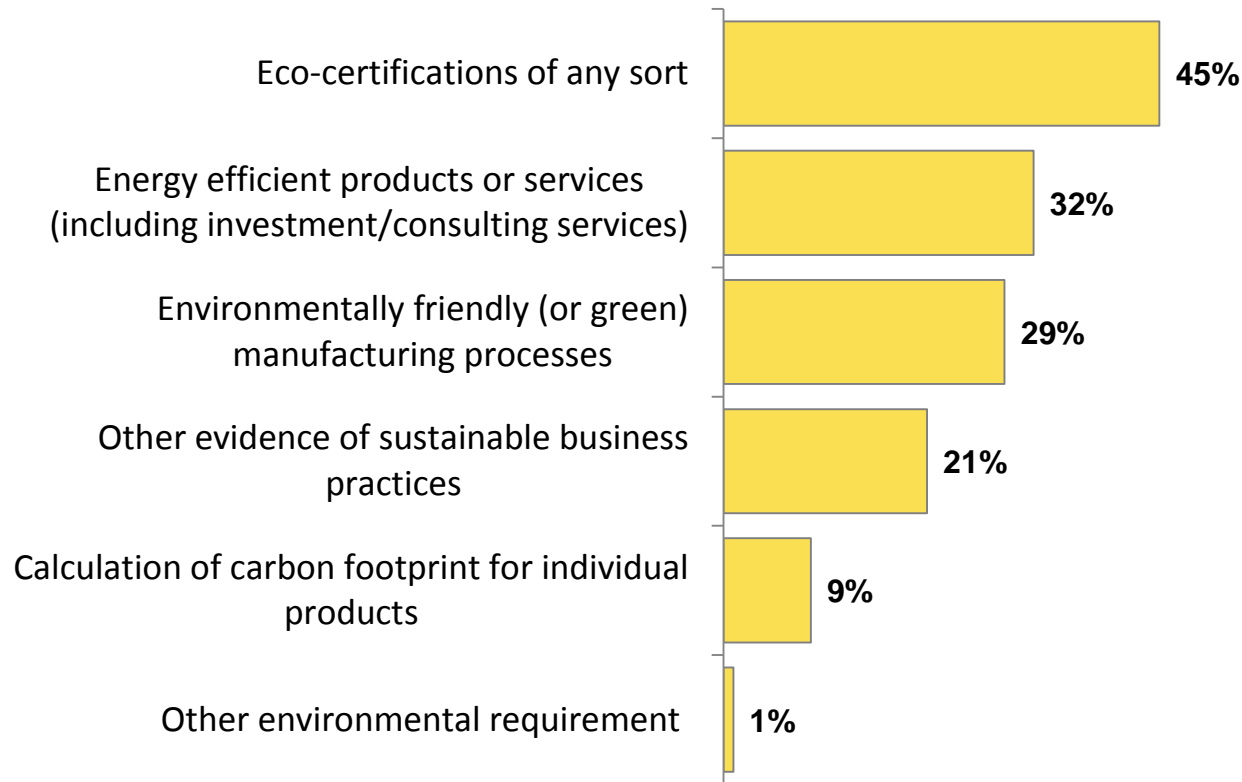


Compliance such as EU's RoHS/REACH and similar requirements in the Chinese mainland

Base: All exhibitors (n=1,051)

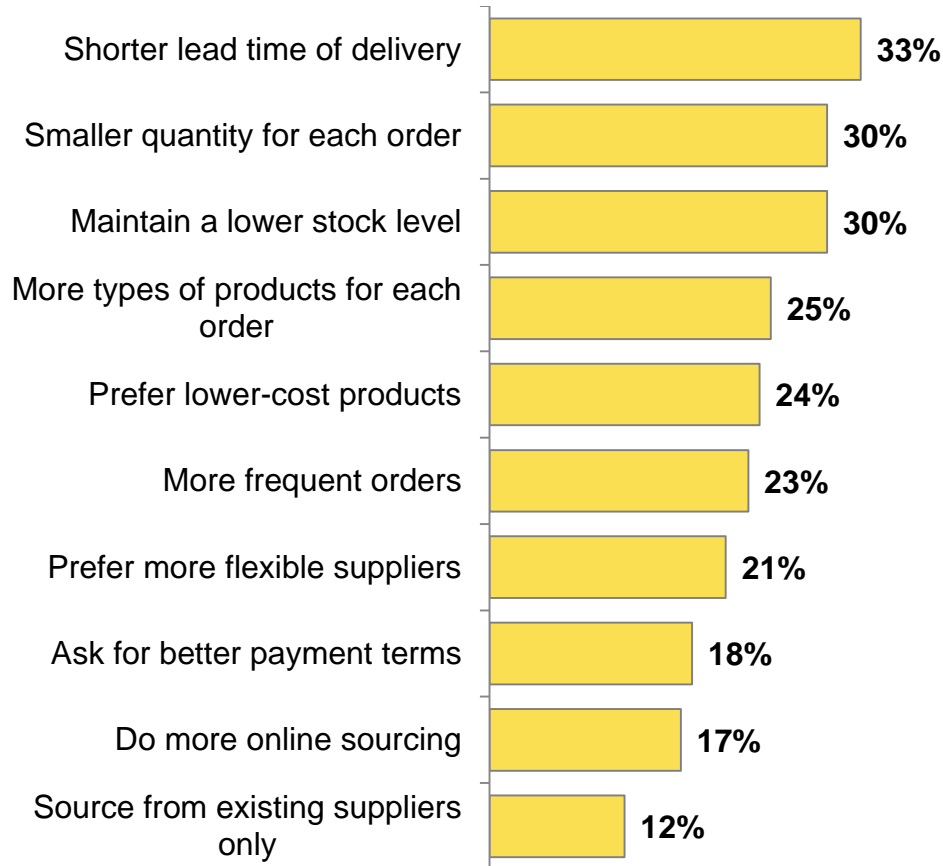
Both buyers and exhibitors are keen to invest in order to comply with the green manufacturing requirement

Green requirements from buyers



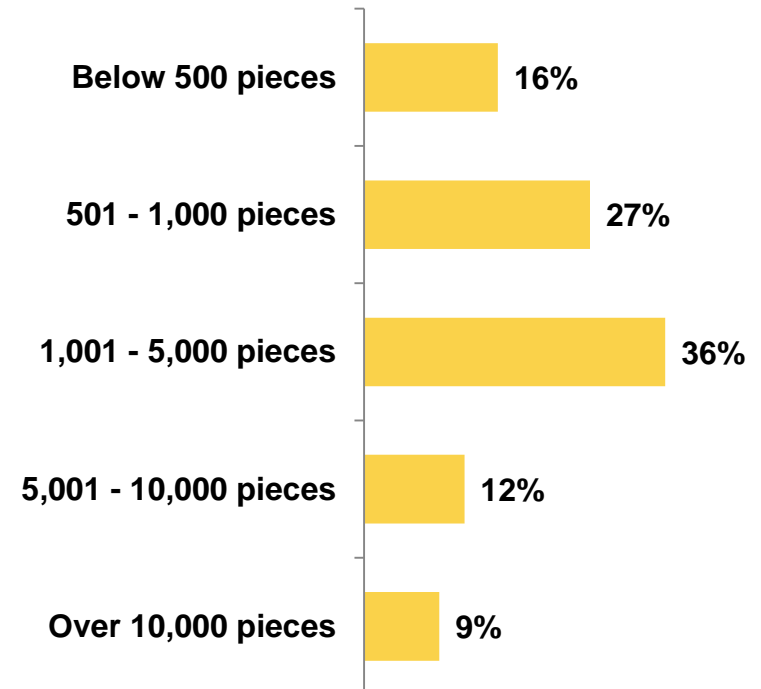
Shorter lead time of delivery, smaller quantity for each order and maintaining lower stock levels are the key sourcing patterns for buyers

Sourcing pattern of buyers



Base: All respondents (n=2,557)

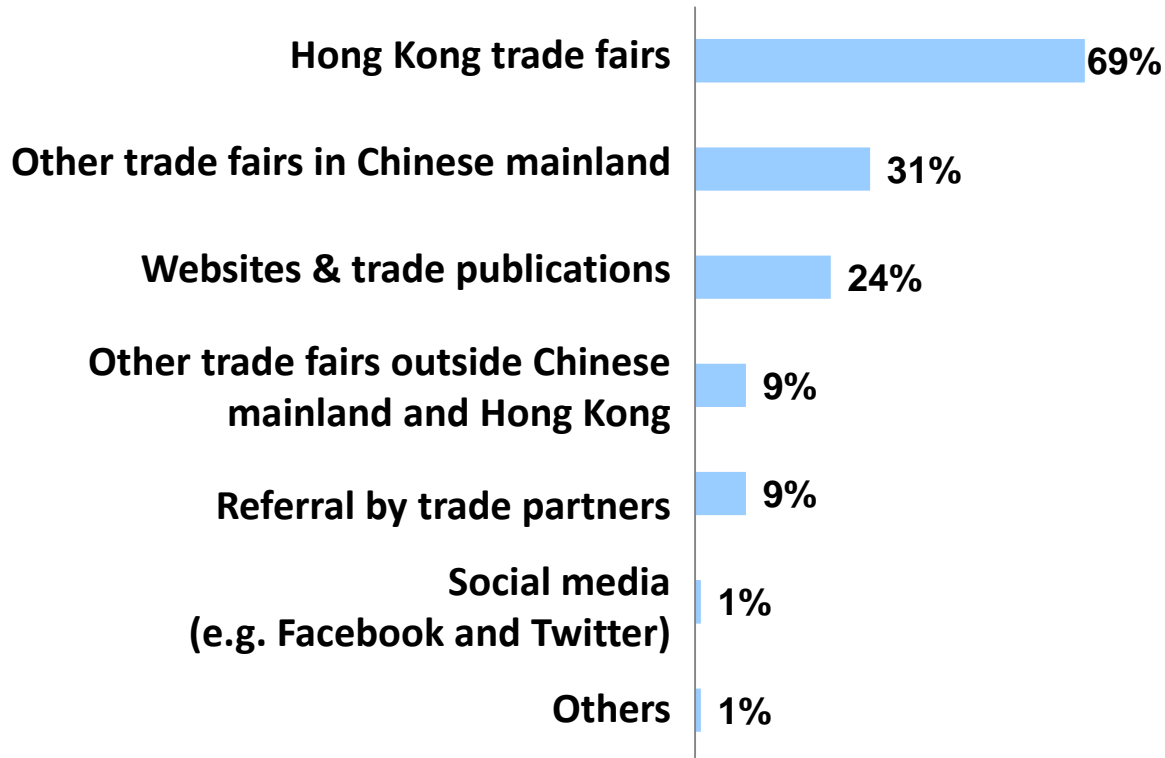
Sourcing Quantity



Base: All buyers (n=1,506)

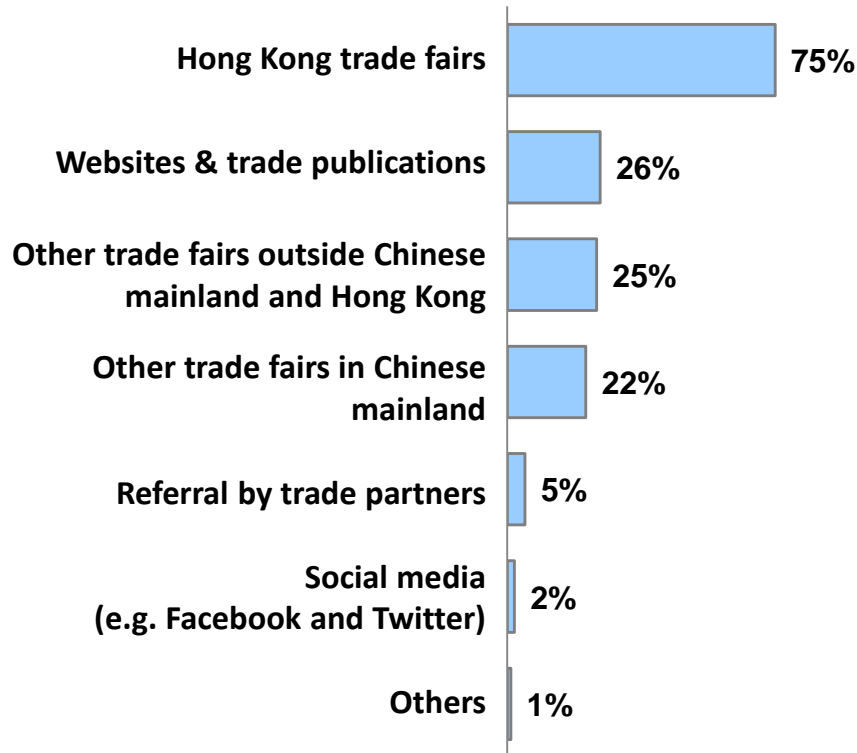
Hong Kong trade fairs are the key channels for buyers to contact new suppliers

Channel(s) to contact new suppliers



Similarly, Hong Kong trade fairs are the major channel for exhibitors to find new buyers and to launch new products

Channel(s) to find new buyers



Channel(s) to launch new products





CONCLUSIONS

- Majority of buyers and exhibitors are optimistic about the sales outlook in 2013.
- For the buyers, half anticipate no change in retail price, whereas a similar proportion of buyers anticipate an increase in sourcing prices.
 - “Currency price fluctuation” and “sourcing higher quality products” are the primary factors contributing to the increased sourcing prices.
- For the exhibitors, close to half expect no change in FOB selling price. However, about three quarters of exhibitors anticipate an increase in production costs.
 - Higher labour costs and higher raw material costs are the key factors leading to the increased production costs.

- The view on traditional markets is optimistic in general, especially for North America as well as Australia & Pacific.
- Amongst the emerging markets, Chinese mainland registers the highest growth expectation, followed by Russia, ASEAN countries and Central & South America.
- Hong Kong maintain to be a popular sourcing hub. Around 80% of buyers and exhibitors expect products sourced via Hong Kong increase or remain unchanged.

- LED lighting, smartphones and tablets have shown very good growth potential. For Houseware and Gift markets, both exhibitors and buyers consider that there is good prospect for Green Houseware Products and Green Gifts.
- To meet with the fast changing market trend, buyers tend to require short lead time of delivery, smaller quantities for each order (such as less than 1,000 pieces per order) and maintenance of lower stock levels.
- With the increasing concern over environment protection, both exhibitors and buyers pay more attention on complying with the green manufacturing requirement and to improve the green features of the products/services.

THANK YOU