

Survey for Assessment on Impact of the Nutrition Labelling Scheme on New-to-market Prepackaged Food Products in the Food Expo 2010

– Executive Summary –

Prepared for

**Centre for Food Safety
Food and Environmental Hygiene Department**



By

CONSUMER SEARCH



Consumer Search receives ISO9001:2000 certification on its quality management system of marketing research consultancy services in Hong Kong. All research projects are conducted in accordance with the provisions of the ICC/ESOMAR International Code of Marketing and Social Research Practice.



Introduction

1. Background

- 1.1 In August 2010, shortly after the commencement of the new Nutrition Labelling Scheme under the Food and Drug (Composition and Labelling) Regulation (the Regulation) on 1 July 2010, the Hong Kong Trade Development Council held the Hong Kong Food Expo 2010. The Hong Kong Food Expo has been considered a testing ground for introducing new-to-market prepackaged food¹ products into Hong Kong. To facilitate the promotion of new-to-market products in trade shows and food fairs, the Government has established the Small Volume Exemption Scheme (SVE)², as enshrined in the Regulation, the application of which has started since September 2009.
- 1.2 The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department commissioned the Consumer Search Hong Kong Limited (Consumer Search) to conduct the “Survey for Assessment on Impact of the Nutrition Labelling Scheme on New-to-market³ Prepackaged Food Products in the Food Expo 2010” in August 2010.

2. Objective

- 2.1 The objective of this survey is to assess the impact brought by the Nutrition Labelling Scheme on the introduction of new-to-market prepackaged food products via the Food Expo 2010. The data collected this year will be used as the baseline for comparison in 2011.

3. Survey Methodology

- 3.1 The Survey covered all the exhibitors who participated in the Food Expo 2010, which was held in the Hong Kong Convention and Exhibition Centre. The function held in the public hall was run on 12-16 August 2010 while that held in the trade hall was run on 12-14 August 2010.
- 3.2 During the said period, enumerators of the Consumer Search visited each booth in the two halls, delivered questionnaires to each eligible exhibitor (i.e. those exhibitors who sold or promoted prepackaged food products during the Food Expo 2010) by hand, and invited the exhibitors to complete and return the questionnaires to the enumerators by hand, fax or email on or before 30 August 2010.

4. Response Rate

- 4.1 Among the 675 questionnaires distributed to eligible exhibitors, 368 returned questionnaires were classified as valid questionnaires for further analysis. The response rate of the survey was 54.5%.

Key Findings

5. Profile of Enumerated Exhibitors

- 5.1 In terms of country of origin, more than half (196 enumerated exhibitors, or 53.3%) of the enumerated exhibitors were Hong Kong-based companies. The remaining non-Hong Kong based exhibitors were split evenly between those from overseas (88 enumerated exhibitors, or 23.9%) and those from Mainland China (84 enumerated exhibitors, or 22.8%).

¹ **Prepackaged food** refers to food packaged, whether completely or partially, in such a way that the contents cannot be altered without opening or changing the packaging; and the food is ready for presentation to the ultimate consumer or a catering establishment as a single food item.

² Under the SVE scheme, a trader selling prepackaged food products with annual sales volume of 30 000 units or below may apply to CFS for exemption from nutrition labelling requirement, provided that there is no nutrition claim on the product concerned.

³ **New-to-market** is defined as the product is being sold or promoted first time in Hong Kong market, according to the knowledge of the exhibitor who returned the questionnaire.

5.2 In terms of business nature, non-Hong Kong based exporters made up 42.9% of the enumerated exhibitors, while Hong Kong based distributors, Hong Kong based retailers, Hong Kong based importers and Hong Kong based manufacturers comprised 17.4%, 12.0%, 11.4% and 1.6% of the enumerated exhibitors respectively. There were 14.4% of enumerated exhibitors who had mixed roles of being manufacturer, distributor, retailer, and importer.

5.3 Of all the 368 exhibitors who took part in the Survey, 54.1% of them (199 enumerated exhibitors) participated in the Food Expo in both 2009 and 2010, while the remaining 45.9% (169 enumerated exhibitors) joined the Food Expo 2010 but not the Food Expo 2009.

6. New-to-market Prepackaged Food Products Sold or Promoted in the Food Expo 2010

6.1 The 368 enumerated exhibitors sold or promoted a total of 11 255 SKUs⁴ of prepackaged food products in the Hong Kong Food Expo 2010, with an average of 30.6 SKUs for each exhibitor. Nearly half of the exhibitors (170 enumerated exhibitors, or 46.2%) sold or promoted within 10 SKUs of prepackaged food products.

6.2 Over 75% of enumerated exhibitors (76.9%, 283 out of 368 enumerated exhibitors) reported having brought in new-to-market products amounting a total of 4 549 SKUs. Among these exhibitors, 121 (32.9% of all enumerated exhibitors) had brought in 1-5 SKUs of new-to-market prepackaged food products. This was followed by those who brought in 11 and above SKUs (85 enumerated exhibitors, or 23.1%) and 6-10 SKUs (77 enumerated exhibitors, or 20.9%). For exhibitors who brought in new-to-market products, each of them sold or promoted an average of 16.1 SKUs of such products. The remaining exhibitors (85 enumerated exhibitors, or 23.1%) did not have any new-to-market prepackaged food products.

7. Additional processing required for the New-to-market Prepackaged Food Products

7.1 To comply with the new Nutrition Labelling Scheme, some traders may need to modify the nutrition labels in order for the new-to-market food products to be sold in Hong Kong. Of all the new-to-market prepackaged food products sold or promoted in the Food Expo 2010 amounting a total of 4 549 SKUs (paragraph 6.2 above refers), 51.2% of the products (2 327 SKUs) had carried out some modification of the labels because of the new Nutrition Labelling Scheme or had been granted exemption under the Small Volume Exemption (SVE).

7.2 Among the 2 327 SKUs, 706 SKUs (or about 15.5% of the 4 549 new-to-market prepackaged food products) had obtained exemption from the nutrition labelling requirements under the SVE. These 706 SKUs were sold or promoted by a total of 41 enumerated exhibitors. About 80% of new-to-market prepackaged food products had some modification of the labels.

7.3 31 out of these 41 enumerated exhibitors (75.6%) reported that the SVE-related expenses accounted for 10% or less of their total expenditure⁵ for joining the Hong Kong Food Expo 2010. The SVE-related expenses⁶ were shared among different parties in descending order with exporters (non-Hong Kong based traders) at 34.6%, Hong Kong based importers at 22.5%, Hong Kong based distributors at 20.4%, Hong Kong based retailers at 18.4%, and other parties at 4.1%.

⁴ SKU stands for “Stock Keeping Unit” which is the number or string of alpha and numeric characters that uniquely identify a particular type of product. Unless otherwise specified, the number of prepackaged food products mentioned in this report refers to the SKU.

⁵ **The total expenditure for participating in this Food Expo** includes but is not limited to booth rental, decoration, furniture and fixtures, manpower expenses to man the booth, cost of goods including material cost and cost of delivery to the exhibition hall, as well as expenditures on the transportation and accommodation of staffers working outside of Hong Kong, etc.

⁶ **SVE related expenses** include application fees, cost for producing SVE (Small Volume Exemption) labels and

Conclusion

8. The results of this survey indicate that the Food Expo is a well accepted venue for traders from the Mainland, overseas and Hong Kong to sell or promote new-to-market prepackaged food products. Over 40% (4 549SKUs out of a total of 11 255SKUs from the enumerated exhibitors. See paragraph 6.2) of prepackaged food products sold or promoted in the Food Expo 2010 were new-to-market ones. More than 75% (76.9% or 283 of enumerated exhibitors) of the enumerated exhibitors had brought in some new-to-market prepackaged food products, with an average of 16.1 SKUs each.
9. Of all the new-to-market prepackaged food products sold or promoted in the Food Expo 2010 amounting a total of 4 549 SKUs (paragraph 6.2 above refers) , 51.2% of the products (2 327 SKUs) had carried out some modification of the labels because of the new Nutrition Labelling Scheme or had been granted exemption under the Small Volume Exemption (SVE). Of all the new-to-market products, about 80% of new-to-market prepackaged food products had some modification of the labels. Modification of labels seemed to be a common practice for new-to-market products to comply with the Regulation.
10. Around 700, or about 15.5%, of new-to-market SKUs had obtained exemption under SVE. The SVE-related expenses were shared among different parties of the trade with the exporters (non-Hong Kong based traders) taking up a relatively larger proportion. 75.6% of the enumerated exhibitors reported that the SVE-related expenses accounted for 10% or less of their total expenditure for joining the Food Expo.

additional manpower for the application and processing of SVE products.