



TRADE FAIR INTELLIGENCE REPORT



HONG KONG HOUSEWARE FAIR 2013 **HONG KONG , 2013**

Prepared by
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1. SUMMARY

Houseware products manufactured in Sri Lanka covers a wide range of products such as tableware, household & decorative items, gardening and outdoor accessories, art and craft made out of ceramic, wood, textile, terracotta, metal, rush, reed and several other natural materials.

As traditional markets for houseware products, USA and EU, have been affected by the financial crisis prevailing in the region, it is important to diversify our markets into the Asian region.

Being 11th largest trading economy in the world, Hong Kong is one of the world's leading trading, commercial and financial centres and is known as one of the four Asian tigers for its high growth rate and rapid development. It is the largest venture capital centre in Asia. Per Capita GDP is about US\$ 30,000. Hong Kong is best known for its capitalist economy and ranked as the world's freest economy in the Index of Economic Freedom. Further, Hong Kong is the gateway to mainland China and its location at the heart of Asia has opened up unlimited opportunities to customers.

Hong Kong Houseware Fair held annually in Hong Kong, organized by the Hong Kong Trade development Council (HKTDC), is considered the Asia's largest houseware fair which is attended not only by Asian buyers but buyers from all over the world.

HONG KONG TRADE DEVELOPMENT COUNCIL (HKTDC)

HKTDC, the organizers of Hong Kong Houseware Fair, is the international marketing arm for Hong Kong based traders, manufacturers and service providers. With more than 40 offices worldwide, including 11 on the Chinese mainland, and with city's natural business advantages, they provide a range of services to help global trade and promote Hong Kong as a platform for doing business with China and throughout Asia. HKTDC organizes 35 world class trade fairs annually of which 3 are world's largest and 9 are Asia's largest.

2. TRADE FAIR SPECIFICATIONS

a. Relative Importance

Hong Kong Houseware Fair, organized by the Hong Kong Trade development Council (HKTDC), is the largest event of its kind in Asia. It is a unique meeting place for the entire trade worldwide which creates new business contacts and develops existing business relationships. It is also considered as a centre of primary information of market innovations and trends of the houseware sector. Therefore, Hong Kong Houseware fair is the ideal platform to showcase our capabilities of houseware products especially to the Asian market and to the world as a whole.

b. Main Exhibit Categories

Main exhibit categories of the fair are tableware, kitchenware, home decorations, furniture, gardening & outdoor accessories, artificial flowers, health & personnel care items, bar accessories etc.

c. Number of Exhibitors

The 28th Edition of the Hong Kong houseware fair which was held from 20th to 23rd April 2013 has attracted a total of 2,044 exhibitors from 34 countries and regions including 17 group pavilions.

d. Group Pavilions

Bangladesh, Brazil, the Chinese Mainland , Germany, India, Indonesia, Italy, Japan, Korea, Macau, Malaysia, Sri Lanka, Taiwan, Thailand, The Philippines, Turkey, Vietnam. The Chinese Mainland (Shangyu) and Sri Lanka are first-time pavilions at the fair.

e. Number of Buyers

27,438 buyers from 127 countries and regions were recorded to visit the fair. The Hong Kong Trade Development Council, the show organizers too have organized 88 buying missions representing 2,897 companies from all over the world.

f. Parallel Events

Two main events, “World of Pet Supplies” and “Hong Kong International Home Textiles and Furnishing Fair” are held parallel to the Hong Kong Houseware Fair at Hong Kong Convention and Exhibition Centre. The parallel scheduling of these three strong events provides buyers an opportunity to replenish their specialist ranges as well as their basic collections.

g. Characteristics of the Fair

One of the keys to success of the fair is its featuring of special theme zones offering convenience to buyers who lack the time to explore the exhibition halls but who target specific products. At the same time this theme zones maximize interaction between buyers and sellers.

1. World of Fine Décor – This is a new highlight introduced this year and there were for 59 exhibitors specializing in premium home decoration items including furniture, artificial flowers, artworks and figurines. It also offered a platform for brand building and innovations.
2. Hall of Elegance – Top-notch designs were featured and selected exhibits of Hall of Elegance were presented to buyers at the Central Product Display at the entrance of the Hall. More than 40 brands and designer collections were featured this year.
3. World of Fine Dining – The premium zone with 374 exhibitors showcased latest trends in tableware, kitchenware and bar accessories.
4. ASEAN Select – Traditional and contemporary items were displayed from member countries ie; Indonesia, Malaysia, Thailand, the Philippines and Vietnam.
5. Green Living Zone and Green Product Display – Presented environmentally friendly and recycled products to cater to growing demand in this sector.
6. Small Order zone – Showcased quality products available for sourcing in small order quantities. Debuting at last year’s show, the small order zone has attracted more than 300 exhibitors this year. Samples were displayed with unit prices and minimum order quantity. A mechanism has been developed (small-order zone at www.hktdc.com) for direct communication with the suppliers.

3. MARKET/PRODUCT TRENDS

The new trend is towards sophistication and premium quality. Consumers tend to choose modern and aesthetically pleasing designs which are also practical and user friendly. Therefore more complicated designs are being replaced by simple & elegant designs.

Multi-functionality is another strong trend observed. Due to increasing awareness of environmental protection, consumers tend to buy eco-friendly products while manufacturers also use more environment-friendly materials to meet consumers 'needs. Consumers look at country of origin, the uses of materials and the recyclability of the materials used in the product prior to make purchasing decisions.

Colour combinations play an important role in trend setting. White in combination with green, brown, beige or gold creates a natural and warm feeling. White combined with grey and silver gives a more refined touch to interiors. Further, bright colours provide cheerful environment mostly with blackberry, purple, apple green and ocean blue, especially in spring time accents.

Another macro-trend is the move to more casual products for the home which tend to value convenience and change the look more frequently. This has led to a much broader use of colour in home products, to more unique shapes and sizes of kitchen appliances and eventually to greater replacement frequency of home goods especially by younger generations.

Customers relate all their purchases to their sophisticated personalized living. In this environment, branding plays a vital role. Consumers give priority to branding, design, creativity and "green" features. They appreciate the value that design adds to any product and thoughtful designs are rewarded through increased purchases.

The Hall of Elegance at the fair featured leading brands and designer collections with a focus on quality, creativity and craftsmanship. Among the brands on display were BWT from Australia, Happycall from Korea, Talk from Hong Kong and Umbra from Canada.

The world of Fine Dining highlighted the latest trends in tableware, kitchenware and bar accessories. This year's participating brands included Dartington Crystal from UK, Glasslock from Korea, Homeasy from Hong Kong, Lock & Lock from Korea.

4. COMPETITOR INTELLIGENCE

Competition is fierce as increasing number of house ware manufacturers are coming up especially indigenous Chinese manufacturers, who are being aggressive by offering competitive prices and improving quality. However, rising production cost in China is becoming a big challenge for them. Further, products offered by countries such as India, Philippines, Bangladesh, Taiwan and Indonesia are somewhat similar to the craft products offered by Sri Lanka and therefore exposed to some kind of a competition.

With regard to the tableware products, although Sri Lanka is not a low cost production centre, competition from Chinese manufacturers does not affect much to Sri Lankan manufacturers because of our strength in product quality, product exclusivity, skilled work force, excellent management at

factory level, communication skills, sustainability, design capability and confidentiality of design integrity in contrast to other Asian competitors. Therefore, Sri Lanka caters mainly to the high-end of the international market where design, quality, sustainability and the Brand plays a vital role. Further, the volumes required by the niche market segments are within the supply capability of most of Sri Lankan suppliers.

Our competitor countries in the Asian region such as India, China, Thailand, Taiwan, Philippines, and Bangladesh regularly participate at this fair and most of them were having much larger pavilions. They have also undertaken aggressive promotional campaigns.

5. RECOMMENDATIONS / OPPORTUNITIES

Participants of the Sri Lanka Pavilion were able to obtain considerable amount of inquiries and have met their existing clients and new clients. New clients were mainly from Japan, Taiwan, Italy, Hong Kong, USA, Russia, India, Panama, Turkey, UK, Poland, Sweden and Germany.

Participation at this programme has also given an ideal opportunity to the companies to acquire first hand information on the global market such as the types of products they prefer, design trends, pricing etc. As Hong Kong Houseware Fair is the industry's largest trade fair in Asia, all the participants were able to view the latest living & dining trends in the international market, high quality designer products, trendy ideas and visual merchandizing. They understood the importance of branding in catering to the prestigious lifestyle market and how to blend sophisticated living with fashion awareness in creating new collections.

Considering the recent developments in the international market, there is a need for a creative & innovative market approach. Sri Lanka would benefit immensely if our products are promoted under different marketing concepts such as "Fair Trade", "Eco-Friendly and Green Products", "Sustainable products" etc. which has an enormous potential in the international market at present and a premium price could be obtained for the product.

Prepared by:

Ms.K.A.T. de Alwis - Deputy Director, EDB, Sri Lanka

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