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Rice, Pasta, and Noodles in HongKong, China

PROSPECTS

Novel Combinations of Instant Noodles and Seasoning Powder Boost Consumption

Novelty is a powerful boost for instant noodle consumption in Hong Kong. In 2019, leading instant noodle brands continued product innovation by introducing unprecedented combinations of instant noodles and seasoning powder. For example, Indomie's salted egg (i.e., a traditional Chinese food) flavor fried noodle pouches went viral and gained extensive digital media and forum coverage in February 2019. Nissin, the biggest instant noodle company in Hong Kong, swiftly followed by launching two new Cup Noodles products in Western soup flavors (Clam Chowder and Lobster Bisque) in May 2019. The promotional slogan of "tasting the highest-class Western culinary magic" successfully earned Cup Noodles brand novelty and affiliation. This trend is set to prevail, especially among those long-established local players that seek to revamp their brands and sustain their long-term competitiveness.

Stirred Noodles Revive and Capture more Shelf Space

From 2007 to 2017, the shelf share of stirred noodles was gradually declining since consumers were shifting their preference from budget stirred

noodles to other more premium instant noodle brands. However, some emerging premium stirred noodles seized consumer attention during 2017-2019. In 2019, Tsang Noodles and Mom's Dry Noodle from Taiwan became two new star stirred noodles brands with soaring shelf space. Kiki Noodles, which was founded by the well-known Taiwanese-Hong Kong actress Shu Qi, even opened its own foodservice outlet "Kiki Noodle Bar" in Central, Hong Kong's central business district. These premium stirred noodles brands possess huge potential for a sustainable future growth.

Japanese Rice Grasps Its Competitive Niche

As Hong Kong consumers are increasingly sophisticated in terms of differentiating tastes and textures of various rice types, Japanese rice grabbed a loyal customer segment with its niche positioning. Its distinctive sweetness and fragrance as well as its stickier and chewier texture differ from Thai and Chinese rice which Hong Kong consumers are more familiar with. Most Japanese rice is labelled "specially cultivated agricultural products", having absorbed fewer pesticides during cultivation. Also, Hong Kong consumers believe in the "Made in Japan" quality premium. Hence, in 2019, more than 40 Japanese rice types were sold in supermarkets and department stores such as Yata, AEON, UNY and APITA. New product

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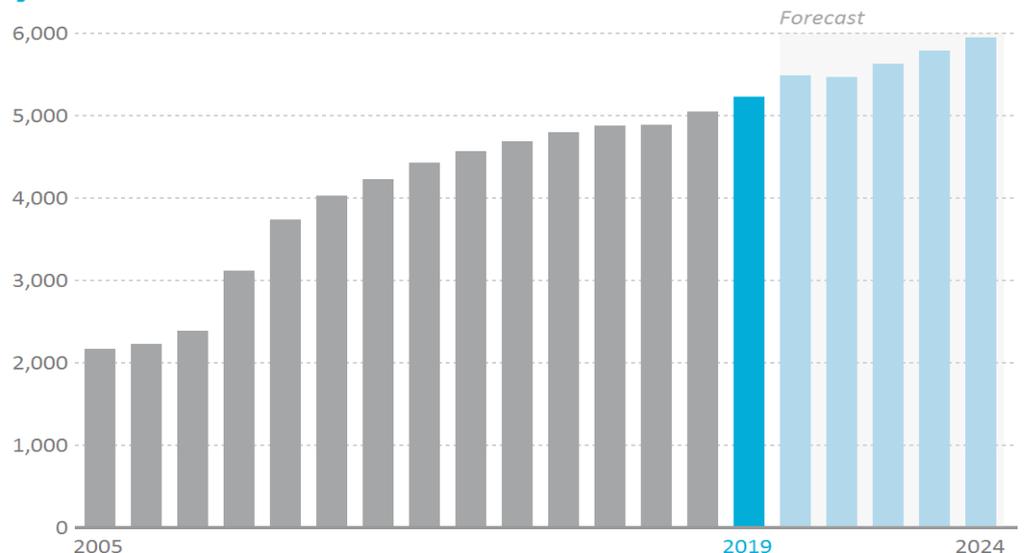
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Sales of Rice, Pasta and Noodles in Hong Kong, China

Retail Value RSP - HKD million - Current - 2005-2024

5,214



development can be continuously observed as well. For example, a new Japanese rice type, “Shinnosuke”, developed in Niigata, was officially launched in AEON in July 2019. In the future, steady sales growth of Japanese rice can be expected in Hong Kong.

COMPETITIVE LANDSCAPE

South Korean Instant Noodle Brands Gain Share

Before 2015, Nong Shim was the only significant South Korean instant noodle brand in Hong Kong. After 2015, in line with the rapid development of instant noodles in South Korea and geographical proximity of South Korea to Hong Kong, other South Korean instant noodle brands including Ottogi, Sam Yang, and Paldo started surging into Hong Kong. Various spicy flavors such as Budae Jjigae (i.e., spicy sausage stew) and hot chicken cheese represented unprecedented novelty to Hong Kong consumers and even shaped their stronger favor towards spicy instant noodles. South Korean instant noodle brands are expected to continue leveraging such influence on consumers in order to drive their sales and shares.

Revival of Sau Tao Plain Noodle Gift Boxes

Sau Tao was the dominant player in Hong Kong plain noodles which sold low-priced yet quality and healthy non-fried plain noodles. In 2019, Sau Tao’s more premium plain noodle gift boxes revived. Consumers loved the high-class extras in the gift boxes, such as an entire jar of olive oil XO sauce and an extra pack of shrimp egg powder. These gift boxes enjoyed hot sales during Chinese festivals, especially Lunar New Year, when customers bought them for visiting and gifting relatives and friends.

Green Dot Dot’s Healthy Rice Integrated Into Consumers’ Lifestyles

Green Dot Dot is a local healthy and organic food company whose products can be found in large supermarkets and its own 22 retail shops. In 2019, its share significantly escalated. Consumers favour the wide variety of Green Dot Dot’s healthy rice whose functionality can match various lifestyles. For example, the brand’s millet alleviates commonplace stomach ache problems, which arise from irregular meal times and hurried consumption among Hong Kong consumers. ■

Company Shares of Rice, Pasta and Noodles in Hong Kong, China

% Share (NBO) - Retail Value RSP - 2019

Nissin Foods Co Ltd	17.8%	▼
Golden Resources Develop...	12.8%	▼
AS Watson Group	6.1%	▲
Dairy Farm Internationa...	5.4%	▲
Sun Shun Fuk Foods Co Lt...	4.8%	▼
Kui Fat Yuen Ltd	4.4%	▼
Bangkok Mercantile (HK) ...	2.2%	▲
Sam Yang Foods Co Ltd	1.8%	▲
Ottogi Foods Co Ltd	1.5%	▲
Chewy International Food...	1.5%	▲
Lui Hing Hop Co Ltd	1.3%	▼
CEC International Holdin...	1.2%	▼
Barilla GeR Flli SpA	1.0%	▲
Nong Shim Co Ltd	1.0%	▲
Shanghai Nongshim Food C...	0.7%	▲
Paldo Co Ltd	0.7%	▲
Indofood Sukses Makmur T...	0.6%	▲
Four Seas Mercantile Hol...	0.6%	▼
President Foods (HK) Ltd	0.5%	▼
Others	34.1%	▼

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