

HONG KONG

A. THE MARKET

With a population of nearly six million, the demand for towels is large.

Interestingly, Hong Kong manufacturers no longer make towels for the local market. Domestic towel manufacturers are instead aiming at export markets in North America and Europe.

Consequently, most of the towels in Hong Kong are imported, and the competition is intense. The towel market is divided into low, middle and high end sub-markets.

The low end products are mainly from China, Taiwan and Thailand. They are usually sold at Chinese emporium shops, supermarkets, small retail shops, and by hawkers in the street.

Retail prices at the low end range from HK\$9 to HK\$20 for face and hand towels. For bath towels, retail prices range from HK\$15 to HK\$50.

Middle and high end products are usually sold in drug stores (Watson's and Mannings) and large department stores. Middle end towels come mainly from Japan, whereas high end towels are imported from Europe, the USA, Brazil and Australia.

Retail prices for middle end towels range from HK\$25 to HK\$50 (face and hand towels). Retail prices for bath towels range from HK\$30 to HK\$90.

At the high end of the market, face and hand towels cost from HK\$50 to HK\$100. For bath towels in this range, prices are from HK\$120 to HK\$300.

Department stores, supermarkets and drug stores can import directly and place the products in their outlets. Department stores like Lane Crawford and Seibu tend to sell more high end towels.

Japanese department stores such as Sogo, Isetan, Mitsukoshi tend to sell more Japanese towels. Hong Kong department stores such as Sincere, Shui Hing and Wing On sell a combination of middle to high end towels.

Towel imports are not subject to any tariff or quota. To portray a high end image, English and French may appear on the package and label. (Chinese translation is unnecessary.)

B. BUSINESS ENVIRONMENT

The market for towels in Hong Kong is large, but many customers are reluctant to spend money on high quality towels. Relatively speaking, Hong Kong customers are not very brand or quality conscious when it comes to towels.