

HK wired for internet shopping

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There are two things Hongkongers love, and both are fuelling the internet's growth as an inseparable part of the city's financial DNA: shopping and smartphones.

In a report commissioned by Google, Hong Kong's internet-based economy was valued at 5.9 per cent of the city's gross domestic product or HK\$96 billion in 2009.

Online shopping was found to be a key driver and will continue to do so, according to the report.

By 2015, the internet economy is expected to be worth HK\$146 billion or 7.2 per cent of GDP, but this was a conservative estimate using data that found online shopping grew 15 per cent in 2009 from 2008.

A more optimistic forecast would see the internet economy accounting for 8.2 per cent of GDP or HK\$167 billion, with HK\$15 billion from online shopping.

These figures bode well for online shopping sites Taobao and eBay.

Taobao, a unit of Alibaba Group, launched in Hong Kong in 2005 and the city is its only office outside the mainland. It has more than 370 million users and last year, US\$60 billion worth of goods were sold worldwide.

While Taobao no longer releases user numbers by country, it did confirm the site had 150,000 Hong Kong users in 2009.

Justine Chao, a manager of international corporate affairs at Alibaba, said the number of Hong Kong users doubled last year from 2009. This meant Hong Kong is home to about 300,000 Taobao users.

Chao said it had taken a few years for Taobao to find its footing in the city. "When Taobao first came on the market in 2005, its focus was more on helping Hong Kong businesses establish a presence and sell into China," she said. "A few years later, Hong Kong consumers were found more interested in buying from Taobao, and the focus then shifted.

"The most popular products are clothing and shoes, and people like looking for bargains and things that they can't find in Hong Kong."

Maternity and baby items were also popular, Chao said.

Taobao's Hong Kong office now employs 10 people and there are plans to raise the brand's profile in the city this year.

"Hong Kong is a fast-growing buyer market but it's still relatively in its infancy stage when compared with mainland consumers," Chao said.

One strategy has been to sell vouchers in Circle K stores that are then used as cash online to buy goods on Taobao. Previously, buyers had to use a mainland credit card.

eBay entered the Hong Kong market in 2003 and does not have a direct presence on the mainland. It has 95 million users worldwide. The company declined to disclose the number of Hong Kong users.

Collectibles such as stamps and coins were the most popular items traded by Hong Kong users.

eBay operates on the mainland through a joint venture with Tom Online called eachNet, which allows mainland sellers to list their goods on eBay's 40 sites around the world.

It refers to this as cross-border trade where China is a market with "huge potential as the world's factory", said an eBay spokeswoman.

She said eBay did not view Taobao as a competitor because they both focused on different markets.

With more than 50,000 registered sellers on the mainland, she said eBay's operations in the region, which included Taiwan and Southeast Asia, was the fastest growing. "The mainland alone has been developing with a double-digit growth."

Both Taobao and eBay also have applications allowing smartphone users to buy without access to a computer.

In Google's report, Hong Kong is described as an "always on" city where a combination of high-speed broadband, more than 13,000 wi-fi hotspots and 83 per cent of households with web access creates a highly engaged population of netizens.