

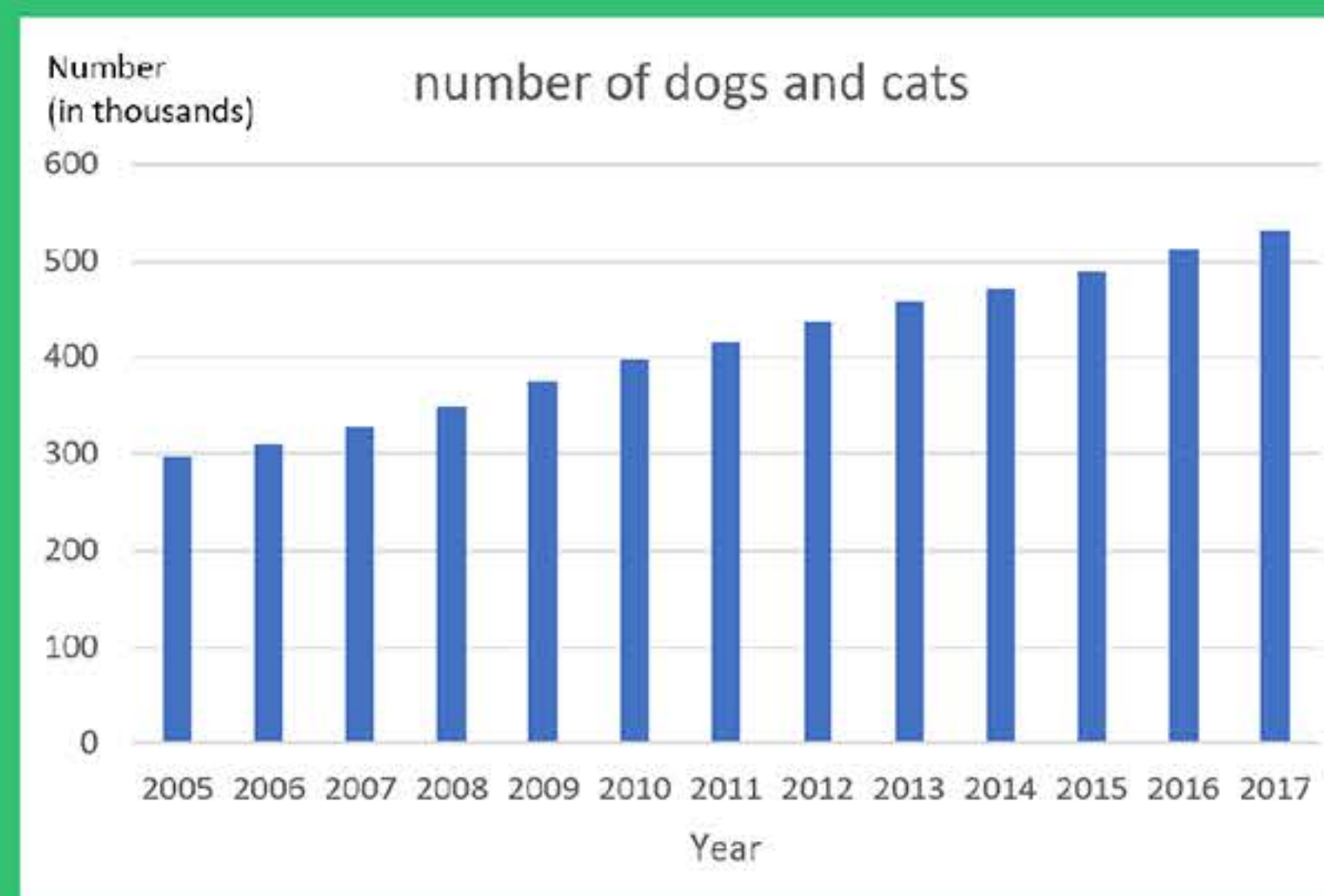
Can Hong Kong Become a Pet Paradise?

Introduction

We hope to evaluate whether Hong Kong pet product industry is profitable. From **demand** side, some people prefer owning pets but not having children. From **supply** side, more pet products have appeared in the market.

If the growth rate of pet product industry can be larger than the growth rate of retail industry(4% in average from 2010 to 2017), it would be profitable.

i.e. $g_{pet} > g_{retail} > 0$



Methodology

Data:

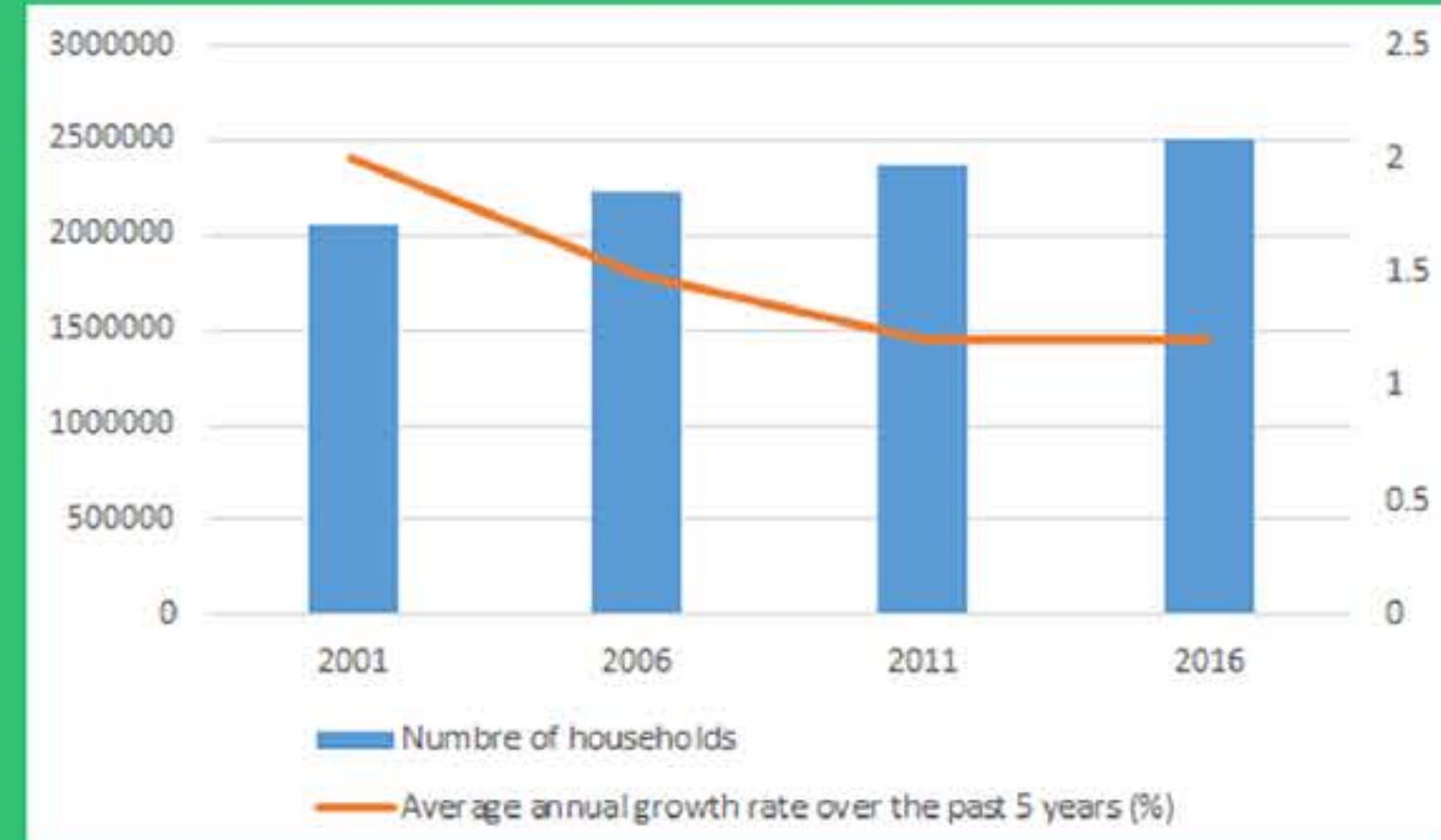
From Hong Kong Census and Statistics Department, Statista Market Forecast and Mand Mercado Solutions Associates Ltd.

Method:

Multi-regression model

Explanatory factors

No. of household



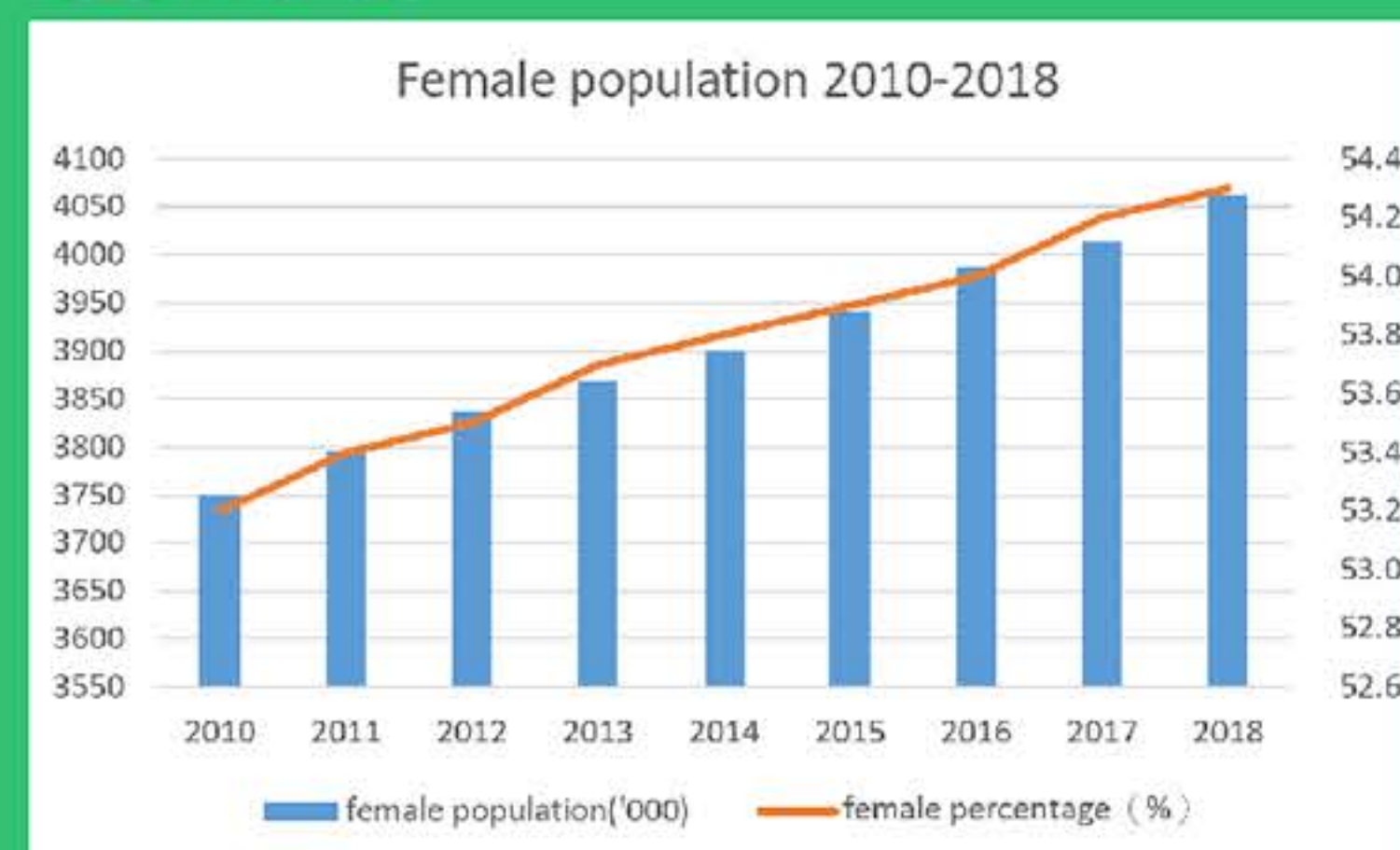
Income(GDP percapita)



Age

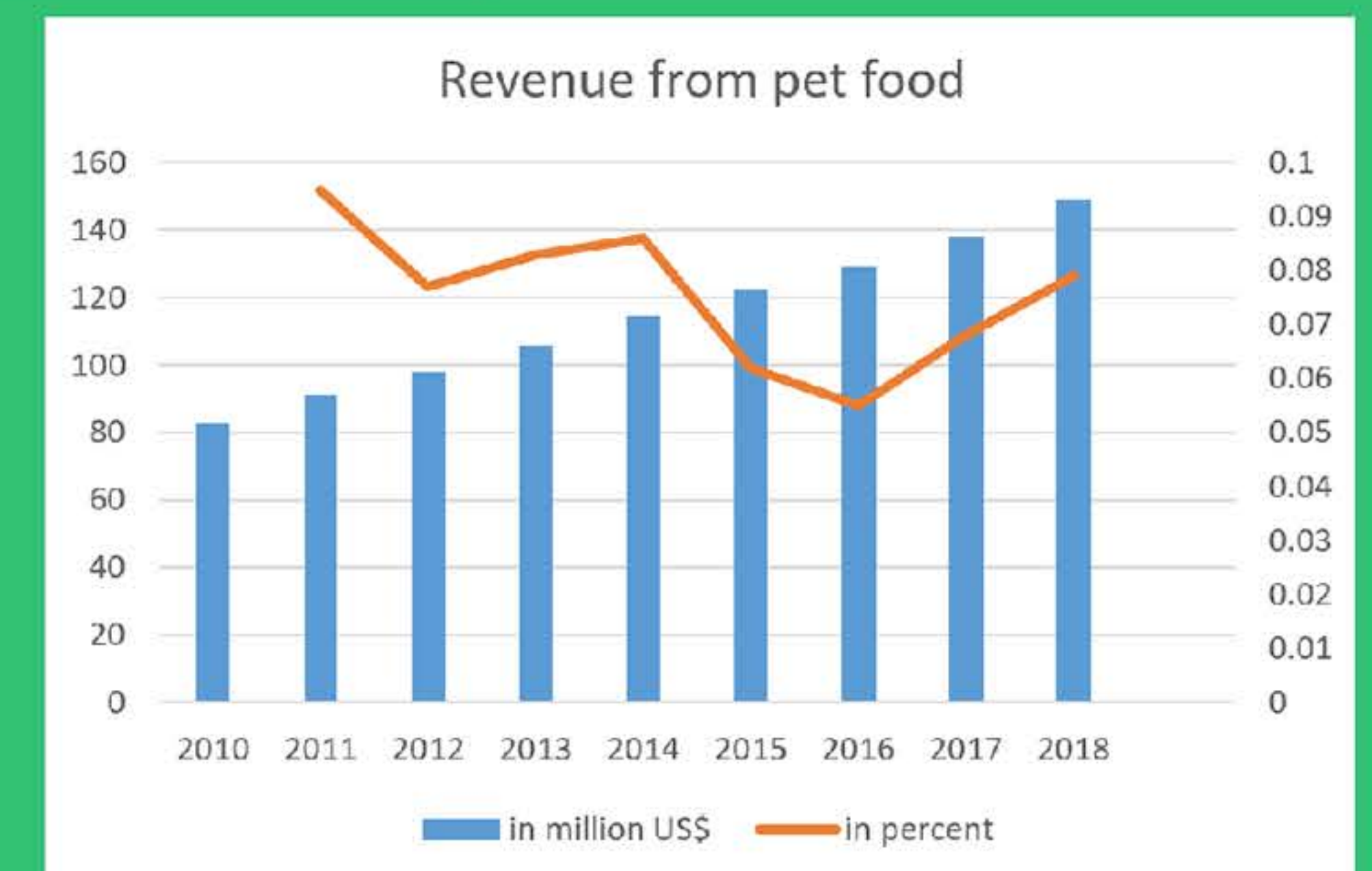


Gender

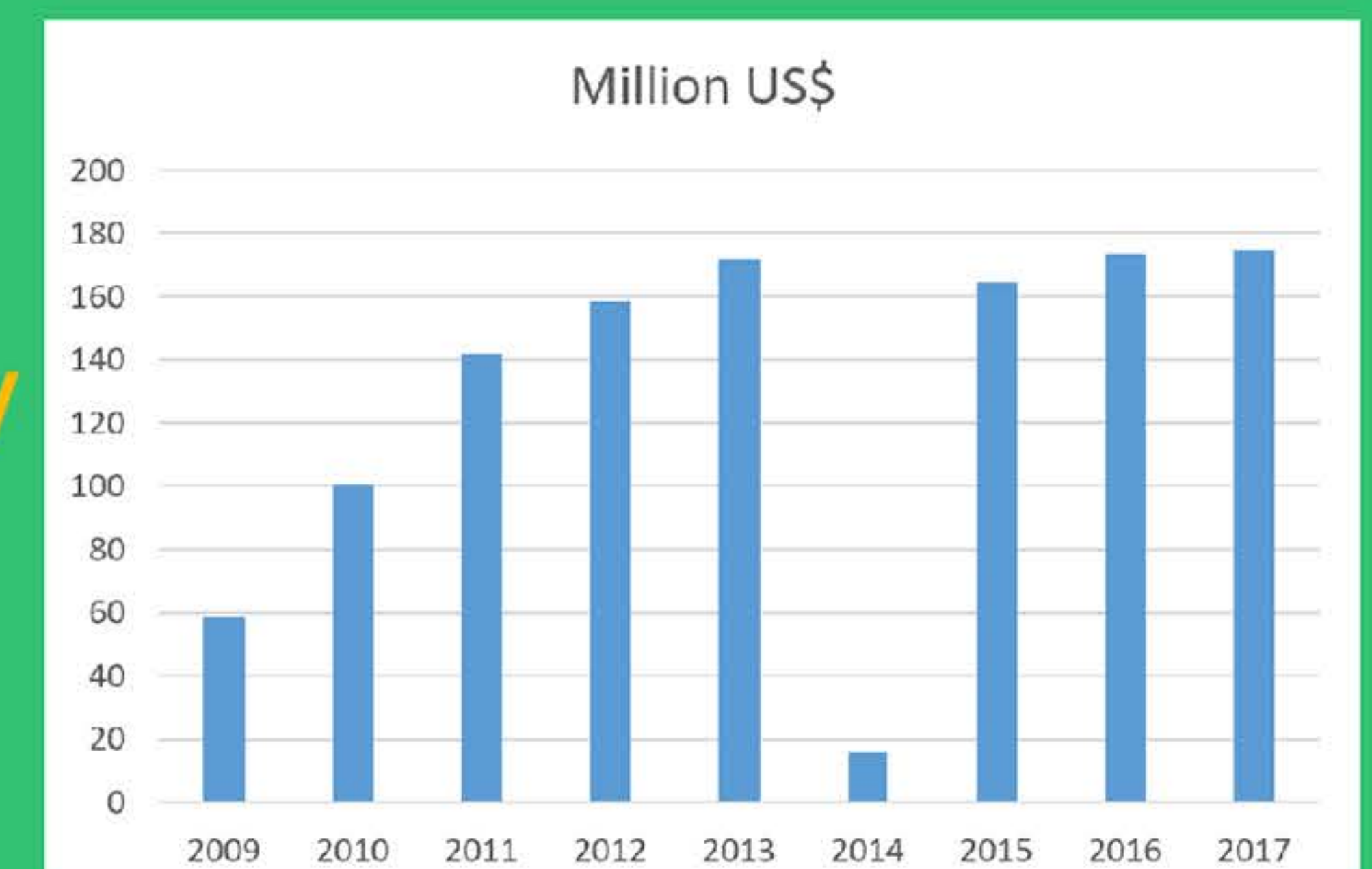


Test Statistics

Pet foods



Veterinary services



Model and Result

$$\log(\hat{mktv}) = a + \log(\text{petnum})$$

2.18 1.68

When number of pets **increases** by **1%**, estimated market value of pet product industry would **increase** by **1.68%**.

$$\log(\hat{\text{petnum}}) = a + b(\text{gdpc}) + c(\text{housenum}) + d(\text{retire}) + e(\text{fem})$$

12.65 0.0051 -0.002 0.0014 -0.00097

When **GDP** per capita **increase** by **\$1000** per year, pet number would **increase** by **0.5%**

When **household number increases** by **1000** units, pet number would **decrease** by **0.2%**.

When **retire population increases** by **1000** people, pet number would **increase** by **0.1%**

When **female population increases** by **1000** people, pet number would **decrease** by **0.09%**

Next, we sub the average growth of each factor into the equation, we found out that the predicted increment of the pet number is about **5%**. It means that the market value of pet product industry would have about **8.5%** growth, which is higher than **4%**

Opportunities and challenges

Opportunities:

- > Hong Kong's low birth rate: many couples cannot afford to raise up a child, so they turn to pets.
- > The entry threshold for a pet groomer is low.
- > Dogs that need hairdressing like mini poodle are very popular, so the demand for pet groomer is extremely large.
- > Huge domestic market.

Challenges:

- > Puppies from domestic illegal entry
- > The competition of courier service
- > Rising rents
- > Brain drains
- > Domestic import approval is hard to obtain.