

Shopping losing its sheen in HK

EXPENSIVE PRICE TAGS ON MOST GOODS PROMPT BUYERS TO SCOUT FOR DEALS CLOSER TO HOME

By LITAO in HONG KONG

Newly married Shi Xiaoxiao from Beijing planned to ask a former classmate, now working in Hong Kong, to buy and send her a mobile phone. Shi thought it would make a great Chinese New Year gift for her husband, but dropped the idea when she learned that the price is too high.

The Nokia C7, one of the most popular mobile phone models around these days, is selling for HK\$3288 (\$422) at large electronic appliances shops, such as Broadway and Fortress, in Hong Kong. In Beijing, where Xiao lives, the same phone sells for only around 2650 yuan (\$403) at many stores and comes with an invoice and a one-year warranty.

Shi is not the only one who had pinned their hopes on the shopping paradise of Hong Kong, just to turn away in disappointment.

Duan Jian, an SLR camera enthusiast from Shenzhen, saved up money to buy the Canon EOS-60D kit.

But when he saw the price tag of HK\$10,980 at a Hong Kong appliances store, he thought it was a mistake.

"As far as I recall, this camera is priced at around 9,000 yuan in Shenzhen. I came to Hong Kong hoping to get a good bargain, but the outcome was rather disappointing, and also surprising," Duan told China Daily.

On Dangdang.com, one of the largest e-commerce retailers on the mainland, the Nokia C7 mobile phone is priced at 2680 yuan, while on 360buy.com's Jingdong Mall, another online retailer, the Canon EOS-60D camera, is sold for about 8,800 yuan.

On Taobao.com, China's largest Internet consumer-to-consumer (C2C) retail portal, there are even more competitive prices on products.

But consumers who make C2C purchases also face some risk that the goods they purchase may not be authentic. Shi said she was surprised that electronic goods sold in Hong Kong have lost their competitive edge in pricing.

"I used to study in Hong Kong and always believed that everything sold there is cheaper, since it is a duty-free city," Shi said.

Some Internet users also have complained about their experiences. They too had faith that Hong Kong's prices were lower. They learned, however, that mobile phones, cameras and even laptops purchased in Hong Kong were more expensive than what the items would have cost had they been purchased in local shops.

Irina Fan, a senior economist with Hang Seng Bank, said it was surprising that mainland consumers are complaining about the city's prices.

"All I've heard is that more and more mainlanders these days are rushing to the city to purchase all kinds of daily necessities, such as milk powder," said Fan.

"I believe many new products are launched earlier in Hong Kong and the prices are also competitive due to the tax incentives in the city and a weaker Hong Kong dollar," Fan said.



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Shoppers scan cameras on display at an electronics store in Hong Kong. While many consumers from the Chinese mainland perceive Hong Kong as a shopping paradise, the disparity in prices has steadily gotten smaller, with many product categories priced competitively on the mainland.



Tour groups routinely come from the mainland on shopping excursions.

Although Hong Kong is still a shopping destination for tourists, particularly those from the mainland, it is also true that the city is not selling everything at the best prices, especially for electronic products.

A mainland blogger on his webpage advises consumers considering buying goods in Hong Kong to check to see if there are better prices available on the mainland before making the trek to Hong Kong.

"Since rental and labor costs in Hong Kong are much higher, it is understandable that not everything sold there will be cheap," the blogger wrote.

He added that clothes, cosmetics and luxury items may still be cheaper in Hong Kong

but gold products, jewelry and electronic goods, are not necessarily good bargains — though Hong Kong may have newer models and better designs.

Mo Pak-hung, an associate professor of economics at Hong Kong Baptist University, said there is also a possibility that electronic products, even though carrying the same brand name and model number, have different manufacturing origins and hence have pricing disparities.

"Hong Kong is a mature shopping center for tourists, where people can get almost everything they want at one time, which saves on cost. Coupled with the high rental and labor costs however, it is possible that

not everything sold in the city is at the most desirable prices," Mo said.

Since consumers generally place more confidence on products sold in Hong Kong, many of them may not really mind higher prices as long as they have a pleasant shopping experience here, Mo added.

However, a pleasant shopping in Hong Kong may mean additional costs to mainland residents on the way back home.

According to the General Administration of Customs, goods worth 5,000 yuan or less, plus reasonable quantities of products brought in for personal use, are exempt from border taxes.

But 20 categories — including phones and computers — are still subject to taxes, even if intended for personal use.

Chen Shuchun, an English teacher from Hangzhou, said Apple Inc's products in Hong Kong are still much cheaper than those on the mainland with most computers in Hong Kong priced lower by 500 to 600 yuan.

"But I won't risk it now since customs has started taxing goods bought from outside the border," said Chen.

Kenny He, a high school student from Hangzhou, said on each of his four previous journeys to Hong Kong, he would bring back electronic products for himself or friends, including digital cameras, Apple products and other electronic devices.

"Prices of electronic products in Hong Kong are still attractive, though not as much as before," He said.

"I have never had any trouble going through customs and have never been told to pay extra taxes for electronic devices."