

Hong Kong's e-economy booming: Google

May 5 2011



A wireless-connected bar is seen in Hong Kong. The Internet is expected to contribute around \$18.8 billion -- 7.2 percent of the total -- to the city's economy by 2015, driven by a surge in mobile use and online shopping, a report for Google has said.

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The digital market in the city of seven million stood at HK\$96 billion (\$12.4 billion) in 2009, or 5.9 percent of its [gross domestic product](#) for the year.

It is projected to grow by an average 7 percent every year to reach an estimated HK\$146 billion (\$18.8 billion) by 2015, said the report, entitled "The Connected Harbour: How the Internet is transforming Hong Kong's economy".

"The anticipated growth rate of the Internet economy is considerably faster than Hong Kong's forecasted GDP growth rate of 4 percent," said the report.

It said the growth will be led by increased consumer spending on online [shopping](#) and deeper mobile penetration, which will drive online consumption. Hong Kong's broadband penetration ranks sixth in the world.

The report, written by Boston Consulting Group and commissioned by [Google](#) Hong Kong, evaluated the city's Internet economy through an index based on broadband subscriptions, smartphone adoption and online consumption.

The index ranked [Hong Kong](#) ahead of Singapore and on par with the United States and Luxembourg but behind Korea, Japan, Britain and Germany.

The report said about a third of the city's Internet economy comes from consumption, another third from net exports of Internet-related hardware and e-commerce, and the rest from government and private investment in Internet-related goods and services.

The [report](#) also found most small and medium-sized enterprises that actively use the Internet achieved higher sales.

The government has welcomed the findings, saying it showed "strong indicators" of the vibrancy of Hong Kong's digital economy.

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Citation: Hong Kong's e-economy booming: Google (2011, May 5) retrieved 2 May 2024 from <https://phys.org/news/2011-05-hong-kong-e-economy-booming-google.html>

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