

Study on the Impact of Smoking Ban in HK Catering Business

EXECUTIVE SUMMARY

1. The 2005 Smoking (Public Health) (Amendment) Ordinance had been proposed and was enacted with effect from 1 January 2007, which might have business impact to the catering industry.

The Hong Kong Catering Industry Association (HKCIA) commissioned the PolyU Technology and Consultancy Company Limited to conduct a study on the “Impact of Pre/Post Smoking Ban in Hong Kong Catering Business”. The *Study* aims to explore the changes in sales, customer flow, practices and concerns of catering business after the enactment of the 2005 Smoking (Public Health) (Amendment) Ordinance effective 1 January 2007.

2. In this first phase of study, 560 samples were randomly selected. Of the 560 interviewed food premises, the three main types of business that had constituted 72% were: Tea Restaurant/Congee & Noodle (38%), Asian & Western Restaurant (21%), and Chinese Restaurant with seating over 200 (13%)
3. When compared the sales revenue in the first half of 2007 with the same period in 2006, 41% of responded food premises experienced a decrease in sales revenue, 40% reported no change, and 19% experienced an increase. 38% of Chinese Fast Food reported an increase in sales revenue, which was the highest in the catering industry. 75% of Karaoke reported a decrease, which was the highest in the industry.
4. In comparing the number of customers in the first half of 2007 with the same period in 2006, 41% of interviewed food premises replied that there was a decrease, 39% said that there was no change, and 20% reported an increase. Among the 9 types of business, Karaoke was the only one that 100% reported a decrease in the number of customers. On the other hand, 39% of Western Fast Food experienced an increase, which was the highest percentage in the industry.
5. After the enactment of the Smoking Ban, 71% of respondents reported that there was no notable change in the customer profile. Karaoke experienced the most notable changes in the customers’ profile among the nine types of business.
6. When compared the tables’ turnover rate in the first half of 2007 with the same period in 2006, 53% reported that there was no change, 29% reported a decrease and 18% experienced an increase. 50% of Café experienced an increase, which was the highest among the 9 types of business. 93% of Western Fast Food reported a decrease, and was the highest percentage in the catering industry.

7. In analyzing the impact of smoking ban on the change of sales revenue of the food premises according to their locations, it was observed that the mostly affected type are food premises situated in “shopping mall”(43%). Next to it are food premises on “street level” (42%). The least was “upstairs/basement” (37%).
8. Prior to the enactment of Smoking Ban on 1 January 2007, 53% of responded food premises had no smoking ban, 27% had partial smoking ban, and 21% had already implemented smoking ban.
9. After the enactment of Smoking Ban, 28% of responded food premises provided ash tray at outdoor area, 10% extended seating to outdoor area (particularly the Chinese Fast Food).
10. 70% of the interviewed food premises said that they had staff who were smokers. Karaoke (100%) was the highest among the 9 types of business. The least was Canteen (54%).
11. After the enactment of Smoking Ban, 92% of staff who were smokers smoked outside during rest time. 13% quitted smoking and 1% remained smoking in the restaurant as usual.
12. 46% of responded food premises “completely agreed/agreed” that smoking patrons in general accepted smoking ban after 1 January 2007. 90% “completely agreed/agreed” that the non-smoking patrons in general accepted smoking ban.
13. 36% “completely agreed/agreed” that smoking ban was the major reason affecting their business gain or loss, whilst 37% “completely disagreed/disagreed” that it was the major reason.
14. 52% “completely disagreed/disagreed” that smoking ban did not bring the business decline, but improvement; 31% were neutral, and 17% “completely agreed/agreed”.
15. 69% “completely agreed/agreed” with smoking ban, 13% were neutral, and 18% “completely disagreed/disagreed”.
16. Nearly 25% of food premises had the view that the publicity launched by the government was not adequate.
17. More than 25% had either encountered problem sometimes or always had a problem.
18. 91% gave verbal warning to offended customers, 1% made strict compliance and 1% had to report to the enforcement departments.
19. The majority of offended customers were regular local customers (58%), others included new local customer (40%), tourists from the Chinese

Mainland (26%), tourists from overseas (9%) and others (15%).

20. When offending customers were asked to stop smoking after the enactment of the smoking ban, 16% of food premises had encountered quarrelling, fighting, damages and employees being threatened.
21. Only 3% had sought assistance from relevant government departments after the enactment of the smoking ban. When they were asked whether these departments were helpful or not, all of them responded that they were helpful.