

HONG KONG CONSUMPTION VOUCHER SCHEME – Consumer Preferences

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GAME CHANGERS





The Hong Kong government has recently shared more details about its \$5,000 voucher scheme, with four electronics payment service providers – AlipayHK, Octopus, Tap & Go and WeChat Pay HK – chosen as Stored Value Facility (SVF) operators through which the vouchers can be redeemed.

Using our Ipsos SpeakEasy community panel in Hong Kong we asked Gen Z & Millennial consumers to share their thoughts on the four platforms and their expected usage of the funds.

Alipay HK



**Tap
& Go**



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1 OPERATOR PREFERENCES



A majority of participants interviewed declared planning to register with Octopus. Users see it as a long-established SVF operator, widely adopted by both merchants and consumers in the city. Being the only SVF that can operate without an app, some participants also considered it the safest option for the elderly living in their household.



Female, single, early 20s

"I do not have AlipayHK and WeChat Pay HK, and I rarely use Tap & Go although I own an account. Octopus is being used more commonly and is a payment method accepted by a good variety of shops."

AlipayHK is the next preferred SVF operator amongst participants: those who favour it often mention its accessibility and convenience – usage via smartphone and availability among many merchants. On-going promotions may also boost loyalty with participants likely to seek bonuses or to collect e-stamps while spending their digital voucher.



*Male,
married without kids, late 30s*

"AlipayHK can be accessed easily at the fingertip via a smartphone."



*Female,
married with kids, early 30s*

"You can get up to 6 e-stamps per month while making payments with it."

Despite their current preferences, Gen Z and Millennial users seem open to switching to a new SVF operator with the promise of additional benefits. For example, many of our interviewees declared they would be interested in a 10% cash rebate. However, most would not accept this offer at the expense of comprehensive merchant coverage.



Female, single, early 30s

"10% rebate would mean an additional \$500 to spend!"



Female, married with kids, late 30s

"I will shift to another SVF without hassle if it offers attractive discount or rebate. I don't mind taking additional steps to apply for it but I might stick with the planned operator if the benefits are indifferent across operators."

Not only are Gen Z & Millennial members excited about the voucher scheme, so are their extended family members, even those aged 50+. Most Gen Z & Millennials declare having discussed and exchanged information about various operators' benefits with family members, yet they usually encourage their older family members to stick to their current operators, due to concerns over their ability to adapt to a new platform.



Male, married with kids, late 30s

"It's likely that they will use Octopus. I am not expecting my dad to learn using a new platform which they are very likely to come back and ask me when there is an issue."



2 SPENDING PREFERENCES

Most participants remain cautious and hesitant to spend beyond the voucher value, emphasising a preference for day-to-day, small value purchases through it, rather than triggering big ticket item purchases.

Should the scheme be rolled out according to the initial proposal - a total of HK\$5,000 offered in five monthly instalments - the consensus among respondents, particularly those planning to register with Octopus, is that the voucher would most likely be spent via two or three small purchases each month, mostly on groceries, dining or beauty items.

Only a few respondents currently consider using additional funds on top of their voucher to buy electronics equipment (e.g. 5G smartphone) or small home appliances (e.g. dish washing machine or dehumidifier).

Until further details are announced, merchants seeking to benefit from the scheme should also consider more flexible payment and purchase terms to attract Gen Z and Millennials consumers:

Shared payments - Following all the isolation and social restrictions caused by COVID-19, many are eager to share more moments with their friends and family, and suggest that payment by multiple voucher accounts might help them do just that:



Female, married without kid, early 30s

"I would like to take this opportunity to spend time with my family/ friends after going through a long period of lock-down/ quarantine. I would like to go for a big meal with them, if the restaurants allow to pay with multiple accounts."

Larger instalments option - Not all respondents were keen on waiting for five instalments to access their funds, pointing out that this would reduce the likelihood of making larger purchases:



Female, married without kid, early 30s

"I am hoping it can be distributed by 1-2 instalments instead. Occasion to spend would be limiting if the value of the voucher is small."

Extended expiry dates - Others suggested extending the vouchers' expiry date would allow them to accumulate funds and also make larger purchases:



Male, single, late 20s

"Considering buying same value gift card/ physical coupons every month. I can extend the expiry date and use them to buy a new laptop after accumulating the total of \$5,000."

Overall, there is real interest by Gen Z and Millennials groups in Hong Kong, in using the \$5,000 voucher scheme. Initial feedback seems to favour traditional platforms such as Octopus, used to supplement small, daily consumption needs, but with the right offer and some flexibility in the distribution and terms associated with the voucher, many could be tempted to consider new platforms and bigger purchases.

About SpeakEasy

Ipsos' Syndicated Community Panel – SpeakEasy is live since July 2020. This syndicated panel allows brands to uncover how their consumers experience their products & services very quickly and cost efficiently.

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