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Retail Foods

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SP1 - Expand International Marketing Opportunities

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Report Highlights:

Taiwan's retail food sector is becoming increasingly competitive and chain operators, such as Costco, 7-Eleven, PX Mart, Carrefour and Wellcome, continue to dominate Taiwan's food retail market. Most of the retailers have set aggressive expansion plans to either increase the number of stores or to broaden their production selection. The United States is the leading supplier of many consumer-oriented food and agricultural products including red meats, fresh fruit and vegetables, poultry, processed foods and beverages to these and other retail operators in Taiwan.

SECTION I. MARKET SUMMARY

Taiwan Profile

With a population of 23 million, Taiwan is a thriving democracy, vibrant market economy, and a highly attractive export market. In 2016, Taiwan was ranked as the United States' 10th largest trading partner in overall goods, placing it ahead of markets such as Italy and Brazil, and seventh-largest export market for agricultural and livestock products.

Taiwan is a significant net importer of food and feed, importing about 70 percent of total demand. The United States is viewed as a provider of high-quality, safe products and is currently the largest supplier of many consumer food products to Taiwan, such as beef and beef offal, poultry, dairy products, various fresh fruits and vegetables, roasted coffee, and tree nuts.

Taiwan is among the world leaders in terms of E-commerce penetration (the percentage of residents that have purchased products online). The e-commerce market in Taiwan has grown at a rapid pace over the past few years, with a market size of US\$ 37.6 billion in 2016, and a 5-year average growth rate of 10-20 percent. Taiwan consumers purchase a wide variety of products when shopping on local e-commerce platforms, with clothing and accessories (20.5 percent), food products (20 percent), and beauty and skin care (17.8 percent) the categories that top the list.

Taiwan is also a rapidly aging society. By 2025 over 20 percent of the population is expected to be over 65. In the future, this will have important implications for food trade, with growth in health food and convenience food continuing to grow.

Taiwan Retail Foods Sector Overview and Sales Trends

International retailers dominate in Taiwan, with few domestic players in direct competition. International retail stores have grown by taking advantage of Taiwan's geographical location, high population density and high disposable incomes. In recent years, the traditional mom-and-pop shops and wet markets have suffered and declined in comparison to high-end supermarkets and convenience stores.

Overall, the retail foods sector is fragmented. Carrefour, COSTCO, RT Mart are key players in the hypermarket area, while Wellcome, Simple Mart, PX Mart, CitySuper, Jason's Market Place and Taiwan Fresh Supermarket are active in the supermarket sectors. Meanwhile, 7-11, Family Mart, Hi-Life and OK are the four major convenience store chains in Taiwan.

Annual Food Sales of Retailers in Taiwan (By Sector)

Convenience Stores/Hypermarket/ Supermarkets/Others

	2014 (US\$ billion)	2015 (US\$ billion)	2016 (US\$ billion)	Share of Food Items in Total Sales (%)
Total Retail Sales	36.9	38.3	40.2	23.5
Convenience Stores	9.6	9.8	10.3	25.4
Supermarkets	5.6	6.0	6.5	52.4
Hypermarkets	5.9	6.1	6.4	35.6
Others	5.6	5.8	5.9	7.5

Source: Ministry of Economic Affairs, Department of Statistics

Demands by time-constrained consumers for quick meal solutions, big name retailers such as 7-Eleven, have added fresh-cooked food to their convenience stores. Additionally, strong sales found in the convenience store sector are a result of the consumers' need for fast transactions and one-stop shopping. To address this, more and more supermarkets are adding new products of ready-to-eat/ready-to-cook prepared foods.

Taiwan's continued modernization and increased adoption of western food tastes makes it country an extremely attractive market for U.S. exporters. Taiwan has also served as a test market before products are exported to China.

Number and Type of Retailers and Outlets in Taiwan 2011 – 2017

	Convenience Stores		Hypermarkets		Supermarkets	
	# of Retailers	# of Outlets	# of Retailers	# of Outlets	# of Retailers	# of Outlets
2016	8	10,454	7	166	30	2,089
2015	8	10,321	6	154	29	1,994
2014	7	10,632	6	123	26	1,820
2013	7	10,087	7	128	29	1,771
2012	6	9,997	7	126	29	1,709
2011	6	9,870	7	124	31	1,618

Source: Taiwan Chain Store Almanac 2017

Advantages and Challenges for U.S. Exporters

Advantages	Challenges
U.S. food products enjoy an excellent reputation among consumers.	U.S. food products are not always price competitive in the Taiwan market.
The growing modern retail industry is looking for new imported food products.	Taiwan is the United States 7th largest market for agricultural exports but often overlooked by U.S. suppliers eager to export directly to China.
The majority of consumers become more health conscious and tend to be less concerned about costs when shopping.	U.S. exporters are sometimes reluctant to change product specifications to comply with Taiwan requirements/consumer preferences.
The popularity of American holidays and culture/lifestyle lead to promotional events organized around these themes by restaurants and hotels throughout the year.	Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products to importers/end users.
There is a wide variety of U.S. food products available to consumers.	Consumers maintain a preference for “fresh” food products over “frozen.”
Consumers are brand-conscious, and America is a leader in food brands that set trends.	Competition from agricultural and food exporters from countries with an FTA with Taiwan.
Increasing growth of fast food chains and casual dining restaurants is a key to industry growth.	Numerous food regulations and standards are not in line with U.S. or international standards.

SECTION II ROAD MAP FOR MARKET ENTRY

Except for large exporting companies that maintain representative offices in Taiwan, the appointment of an import agent is a critical decision for most exporters. Importers prefer to see product samples whenever possible and will often place small initial shipments to test the market response.

Imported goods must conform to local standards and labeling regulations required for importing products into this market. A local agent or distributor should be able to assist with obtaining the necessary certifications and permits needed for importation. For more information on import requirements please review our [Food and Agricultural Import Regulations and Standards](#) report.

Small to medium size exporters should work with the appropriate U.S. State Regional Trade Groups (SRTG) to take advantage of the SRTG’s resources for marketing and promotion support in major export markets. The four SRTGs are non-profit trade development organizations that help U.S. food producers, processors and exporters sell their products overseas. They are funded by USDA’s Foreign Agricultural Service (FAS), individual state departments of agriculture, and private industry. The SRTGs provide export assistance to companies located in geographic region through a variety of export programs and integrated marketing services. To more about services available from the SRTGs, the SRTG for your geographic region in the list and visit the website.



their
learn
find
below

- Western U.S. Agricultural Trade Association ([WUSATA](#))
- Southern U.S. Trade Association ([SUSTA](#))
- Food Export-Midwest (previously named MIATCO) ([Food Export](#))
- Food Export-Northeast (Previously named Food Export USA) ([Food Export](#))

ATO Taipei strongly recommends U.S. food exporters exhibit in the USA Pavilion at the Taipei International Food Show, which is the most influential trade show in the food industry in Taiwan, taking place in June every year. The USA Pavilion exhibitors will receive on-site consultation services from the ATO Taipei. ATO Taipei also organizes the USA Pavilion at the Taipei Building Show to promote forest products. U.S. companies interested in these shows may contact ATO Taipei for more details.

2018 Taiwan Trade Show Schedule

Show Name	Show Date	Products Featured
Taiwan Fruit & Vegetable Show	Nov. 8-10, 2018	Fruit and Vegetables
Taiwan Int'l Fisheries & Seafood Show	Nov. 8-10, 2018	Seafood
Taipei Int'l Food Show	June 27-30, 2018	Food and beverages
Taipei Building Show	Dec. 13-16, 2018 (Tentative)	Forest products

Useful Resources

- [Exporter Guide Taiwan](#)
- [Taiwan's Tariff Rate Quota \(TRQ\) Implementation](#)
- [Taiwan Customs On-line Tariff Database](#)
- [Taiwan's Bureau of Trade - Statistics](#)

SECTION III. COMPETITION

Convenience Stores

The density of convenience stores in Taiwan continues to grow, though sales in the convenience store sector are expected to continue to grow. Data released by Taiwan Chain Store and Franchise Association show that the major convenience store chains owned a total of 10,454 outlets and that this translates into one convenience store for every 2,200 people.

In terms of annual sales, convenience stores have been growing significantly and are taking a market-leading position that generated US\$ 10.3 billion in sales in 2016, representing a 4.7 percent growth rate compared to one year ago. Convenience store chains have broadened their product and service portfolio, and now are serving fresh coffee, selling concert tickets and train tickets and offering delivery pick-up services. Currently, convenience stores operators have become less aggressive about outlet expansion and focus on same-store sales and gross margin improvements.

Profile of Major Convenience Stores in Taiwan

Name	2016 Sales US\$ millions	No. of Outlets	Locations	Purchasing Agent Type
7-Eleven	4671	5,107	Nationwide	Direct, importer, wholesaler, agent
Family Mart	1961	3,057	Nationwide	Direct, importer, wholesaler, agent
Hi-Life	720	1,290	Nationwide	Direct, importer, wholesaler, agent
OK Mart	265	867	Nationwide	Direct, importer, wholesaler, agent

Source: Taiwan Chain Store Almanac 2017

China Credit Information Service -2017 Top 5,000 Corporations in Taiwan

Hypermarkets

In 2016, Taiwan hypermarkets generated a total of US\$ 6.4 billion in sales, a nearly 4.6 percent growth from the previous year. There are now 166 hypermarket outlets in Taiwan, which includes a mix of foreign owned and locally owned stores. In terms of sales generated, foreign operators, including Carrefour and Costco, continue to dominate the Taiwan market and hold more than 50 percent market share.

Most of Taiwan's hypermarkets and warehouse stores are located in suburban areas, though recently opened hypermarkets have tended to be smaller in area in denser urban areas. To lower operating costs, as well as to differentiate themselves from their competitors, many hypermarkets have increased their volumes of imported and private label items. Based on this, Taiwan's Food Industry Research & Development Institute (FIRDI) predicted that there is still much room for growth in hypermarkets in Taiwan. Tough competition comes not only from modern food retail stores but also from the numerous street stalls and traditional wet markets, which provide convenience and also cater to local tastes.

Major Hypermarket Company Profile

Retailer	2016 Sales US\$ billion	No. of Outlets	Locations	Purchasing Agent Type
Costco	2.3	13	Island-wide	Direct, importer, wholesaler, agent
Carrefour	1.5	95	Island-wide	Direct, importer, wholesaler, agent
RT Mart	0.96	23	Island-wide	Direct, importer, wholesaler, agent

Source: Taiwan Chain Stores and Franchise Association Yearbook 2017
Credit Information Service – 2017 Top 5,000 Corporations in Taiwan

Supermarkets

Supermarkets generated more than US\$ 6.5 billion in sales in 2016, a 9.3 percent increase compared with the previous year. Continued fierce competitions from hypermarkets and convenience stores have made it difficult for small supermarkets to survive. Sales posted by supermarkets in 2016 outperformed the retail sector as a whole, but mainly because of the expansion of PX Mart. Efforts to promote fresh food in their stores also boosted supermarket sales. Sales have also been driven by the increase in the number of stores and developing new store formats, such as more neighborhood focused stores.

Major Supermarket Store Profiles

Retailer Name	2016 Sales US\$ million	No. of Outlets	Locations	Purchasing Agent Type
PX Mart	3,386	890	Nationwide	Direct, importer, wholesaler, agent
Simple Mart	300	459	Nationwide	Direct, importer, wholesaler
Wellcome/Jasons Market Place	NA	226	Nationwide	Direct, importer, wholesaler, agent
Taiwan Fresh Supermarket	150	49	Central Taiwan	Direct, importer, wholesaler, agent
CitySuper	52	8	Taipei	Direct Importer, agent, wholesaler

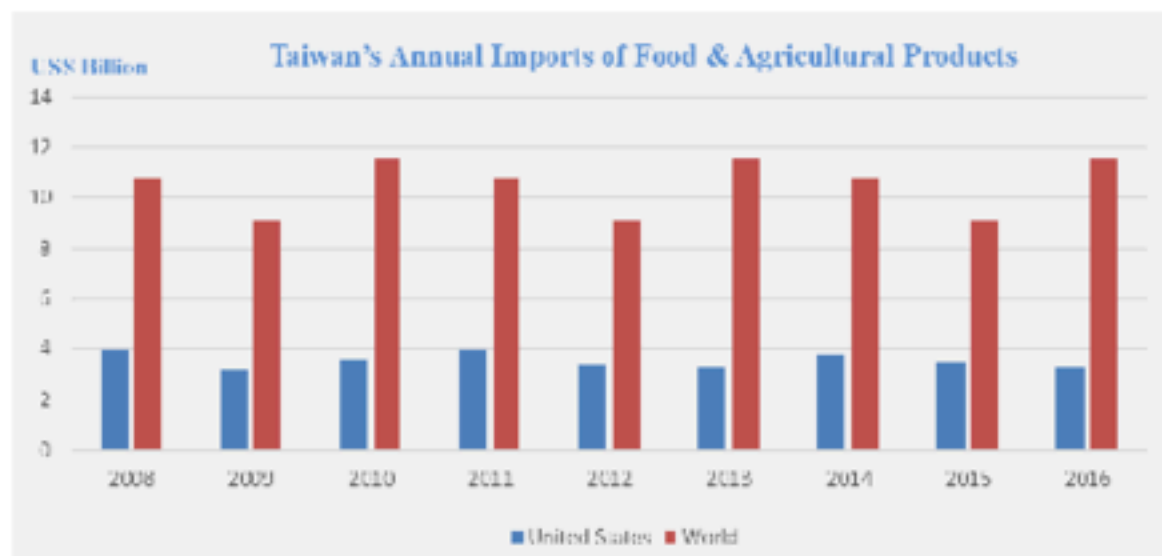
Source: Taiwan Chain Store Almanac 2017
China Credit Information Service – 2017 Top 5,000 Corporations in Taiwan

Considering stronger competition, supermarkets have been aggressively developing other effective strategies in order to cater to the needs of city dwellers. Jasons Market Place mainly carries higher-end and imported foods, which accounts for 50 percent of products. In addition, there are high-end supermarkets, such as CitySuper stores, under this new supermarket format category. This high-end supermarket format is expected to grow even more over the next several years.

The idea of “freshness” for supermarkets serves as a tool to attract customers and to generate profits. Fresh items carried in supermarkets have seen an increase in recent years, reaching about 50 percent of the total items carried. Fresh fruit and vegetables, meat, and seafood are also used by supermarkets to differentiate themselves from hypermarkets and conveniences stores as well as to support the profitability of a store.

SECTION III. COMPETITION

Given Taiwan’s relatively small agricultural sector, its dependence on food and feed imports is expected to continue to grow. According to Taiwan’s Council of Agriculture, Taiwan imported US\$3.33 billion of food and agricultural products (including edible fishery and forestry products) from the United States in 2016, representing 26.5 percent of the total import market share. The United States also exports many high-valued consumer-oriented agricultural products, including beef, poultry, fresh fruit and vegetables, dairy, tree nuts and processed products and beverages.



Regarding processed products, locally manufactured products present significant competition to many American processed products. Taiwan’s strong food processing industry manufactures a wide diversity of processed products, including processed meat, seafood, vegetables, fruits, noodles, sauces, oils, grain flour, beverages, snacks, confectioneries, dairies, and liquors. Nevertheless, consumers are open to purchasing imported and are highly interested global food trends.

2016 Taiwan Consumer Oriented Imports from Major Suppliers

Ranking	Countries Exporting to Taiwan			
		Amount (US\$ million)	Total Import Market Share (%)	Top 5 Imported Consumer Oriented Products
1	U.S.	1,566	29.82	Beef, chicken, apples, frozen potato products, pet food
2	New Zealand*	660	12.18	Beef, kiwi, milk & cream, apples, cheese
3	Japan	441	8.15	Apples, pastry products, cookies/biscuits, beer, non-alcohol beverages
4	Australia	397	7.32	Beef, milk and cream, lamb and goat meat, wine; pet food
5	China	241	4.45	Beer, ginseng roots, vegetables, dried fruits, condiments, and seasonings

*On July 10, 2013, Taiwan and New Zealand signed a free trade agreement, Taiwan's first free trade agreement a developed country.

SECTION IV: BEST PRODUCT PROSPECTS

The growth of U.S. food and agricultural exports to Taiwan are mostly high-value consumer-oriented products. While U.S. bulk commodity products exports to Taiwan are facing more competition from developing countries with cheaper costs, U.S. exports of consumer-oriented products, such as meat, poultry, and fresh fruits, enjoyed 42 percent growth from 2010 to 2016.

Product Category	Imports From	U.S. Market	Key Constraints over Market	Market Attractiveness for the USA
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	U.S. In 2016 (US\$ million)	Share (% of total import market)	Development	
Beef	364	46.92	U.S. does not have full market access for its beef products to Taiwan due to lingering BSE and ractopamine concerns.	Taiwan consumers have high regards for U.S. beef regarding quality and safety.
Chicken	130	91.94	Special safeguards (SSG) raise the tariff from 20 percent to about 26.6 percent.	U.S. is one of a few countries certified to export poultry meat to Taiwan.
Fresh Fruits	229.9	31.74	Taiwan is an important producer of fresh tropical fruits with high quality. U.S. exports face some SPS trade barriers.	Taiwan consumers enjoy a great variety of fresh fruits. U.S. offers different varieties of fresh fruits which Taiwan does not produce locally. Top U.S. fresh fruit exports to Taiwan are apples, cherries, peaches, and grapes.
Fresh Vegetables	76	37.53	Local production meets most of the vegetable demand.	U.S. continues to be the leading supplier of broccoli, onions, lettuce, and potatoes.
Tree Nuts	63	52.63	The growth of this sector may slow down due to limited supplies and strong demand competition from the mainland market.	Tree nuts are used for snack foods and as food ingredients and are promoted as healthy food.
Pet Food	45	31.60	The most significant barrier to entry for U.S. pet food is the ban on pet food containing beef byproducts.	Taiwan pet food imports are expected to grow moderately over the next few years as pet ownership increases.
Cheese	32	24.28	New Zealand enjoys duty-free access as a result of a free trade agreement signed with Taiwan in 2013.	Consumption of cheese products continues to grow.

Source: Global Trade Atlas

SECTION V: POST CONTACT AND FURTHER INFORMATION

Contact Information for FAS Offices in Taiwan

For Trade Policy/Market Access and General Agricultural Issues:

<p>Taiwan American Institute In Taiwan, AIT, Taipei</p> <p>Telephone: (011-866-2) 2162-2316 Fax: (011-886-2) 2162-2238 Email-FAS: agtaipei@fas.usda.gov</p>
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For Market Development Assistance:

<p>Taiwan Agricultural Trade Office - Taipei, ATO, Taipei</p> <p>Tel-Direct Line: (011-886-2) 2705-6536 Fax: (011-886-2) 2706-4031 Email-FAS: atotaipei@fas.usda.gov</p>
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