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GAIN Report #TW0005

Taiwan

Promotion Opportunities Report

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Market Information:

- Imported soft drinks, mainly fruit and vegetable juices and bottled water, accounted for 2.4% of the US\$1.3 billion soft drink market in 1999.
- The market size for bakery products in Taiwan is estimated at US\$620 million.
- Competition among Taiwan's hypermarkets has become fierce. Merger and strategic alliances are likely to continue to take place over the next few years.
- Due to the rise in greater health consciousness, sunflower oil and olive oil have seen significant growth over the past few years and are expected to continue to grow over the next few years.

Includes PSD changes:No No
Includes Trade Matrix:No No
ATO Taipei

PROMOTION OPPORTUNITIES REPORT - TAIWAN

I. Upcoming Promotional Activities/Events

The promotional activities listed below are provided for informational purposes only. No endorsement is implied unless specifically stated. Terms and conditions of participation are the responsibility of the activity organizer. Please contact the organizer directly for further information.

A. Trade Shows

Event: 2000 Taipei International Food Show
Date: June 15-18, 2000
Venue: Taipei World Trade Center Exhibition Hall
Contact: Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
E-Mail: ato@mail.ait.org.tw
<http://ait.org.tw/ait/AGRI/ato.htm>

The Taipei International Food Show is the largest and most popular trade and consumer (open to consumers for only one day) food show in Taiwan, providing excellent access to local food importers, wholesalers, distributors and retailers. The 1999 event had a total of 510 participants from 30 countries and attracted more than 45,000 visitors. The organizer of the 2000 show is, as in previous years, CETRA Taipei. ATO Taipei will organize the American Pavilion at the 2000 Show. Pre-show activities planned by the ATO/Taipei include a media briefing, exhibitor breakfast seminar and reception aimed at promoting the American Pavilion, as well as providing U.S. exhibitors with additional opportunities to learn about the market and gain access to potential local business partners. U.S. companies and Taiwan importers/agents of U.S. food and beverage products wishing to participate in the show should contact ATO/Taipei for further details.

B. Retail In-Store Promotions

Event: American Product Festival
Date: June 24 - July 23, 2000
Venue: TaiMall Nankang Family Entertainment Shopping Center

Contact: Richard Hu, Marketing Specialist (event coordinator)
TaiMall Nankang Family Entertainment Shopping Center
112 Nankang Road, Section 1, Lu-Chu Hsiang
Taoyuan, Taiwan

Tel: (886-3) 311-1234 x 6302

Fax: (886-3) 352-3877

The TaiMall Nankang Family Entertainment Shopping Center, Taiwan's first shopping mall, opened on July 4th, 1999 in Taoyuan, 40 kilometers south of Taipei. The mall has a total retail space of 95,000 square meters and parking for 3,100 cars and 1,500 motorcycles. In addition to the Dutch/Taiwan joint venture hypermarket "Makro," other key food and beverage tenants include Dave and Buster's, Kentucky Fried Chicken, Starbucks Coffee, Dave's Deli, IS Coffee, Fountain Coffee, and Java Coast Coffee. The Makro Hypermarket opened its eighth and largest store inside the shopping mall. U.S. companies interested in expanding their business with the TaiMall are encouraged to contact them directly.

C. HRI Promotions

The Chinese New Year, usually in February, is the most important lunar calendar festival in Taiwan. Traditionally, Taiwanese people celebrate Chinese New Year's Eve with a family get-together dinner at home. However, the current trend is to eat out at a restaurant or order take-out Chinese New Year dishes from these restaurants. To conform to modern trends, Taiwan's hotel restaurants now include special menu promotions for the lunar New Year celebrations. They also offer take-away dishes for Lunar New Year. These hotel restaurants feature not only traditional Taiwanese cuisine but also Western food for this special occasion.

Event: San Francisco Food Festival
Date: January 20 - February 2, 2000
Venue: Lai Lai Sheraton Hotel Taipei
Contact: Debbie Lee, FandB Division
Lai Lai Sheraton Hotel Taipei
12 Chung Hsiao East Road, Section 1
Taipei, Taiwan
Tel: (886-2) 2397-8900 x 8403
Fax: (886-2) 2393-4693

The Lai Lai Sheraton will sponsor the "San Francisco Food Festival" at its Four Seasons Café from January 20-February 2, 2000. The promotion will feature California style cuisine by guest chef Dante Boccuzzi, invited by the hotel from San Francisco for this event.

II. Key Market Information

General Economy in Brief

– According to Ministry of Finance statistics, Taiwan's annual export and import

values in 1999 both hit record highs of US\$138.2 billion and US\$119.3 billion, respectively, up by 12.4 percent and 5.4 percent from 1998. The annual trade surplus in 1999 is at a 12-year high of US\$18.89 billion, which is nearly twice the US\$9.75 billion of the previous year.

– According to the Directorate General of Budget, Accounting and Statistics (DGBAS), Taiwan's consumer price index rose 0.18 in 1999, the lowest increase since 1996. The authorities attributed this modest inflation rate to cheaper fruit and vegetables, and lower prices for locally made goods and telecommunication products. In December alone, the CPI was up 0.14 percent from a year earlier but was down 0.61 percent from the previous month due to declining food prices.

Food Market In Brief

Soft Drinks

According to a market research report by Taiwan's leading beverage manufacturer, Hey Song Beverage Co., the total sales of soft drinks reached US\$1.3 billion in 1999, a 4.4% decline compared with 1998. Imported soft drinks, mainly fruit and vegetable juices and bottled water, accounted for approximately 2.4% of the soft drink market. Due to a rise in greater health consciousness, consumption patterns for soft drinks have changed dramatically in recent years with natural fruit juices and water gaining consumer acceptance. According to the research, the local soft drink industry introduced 435 new items in 1999. Of these new items, 117 were fruit and vegetable juices; second in importance was flavored water. The following table represents seven major categories of soft drinks and the change in percentage growth for each category:

	1999	
	Total sales value (US\$ million)	Growth rate (%)
Tea drinks	341	-13.9%
Carbonated drinks	285	-10.5%
Fruit and vegetable juices	223	+4.3%
Coffee	158	+3.6%
Bottle water	118	+22.5%
Sport drinks	108	-5.6%
Functional drinks	59	-13.6%
Other drinks	40	+17.1%
Total	1,330	-4.4%

Frozen Dough Has Good Prospects

The Taiwan bakery product market has been growing steadily at an average rate of 5-10 percent annually. To increase market share in the bakery market which is estimated at US\$620 million annually, many of Taiwan's leading food manufacturers, such as Uni-President Enterprises Corporation, I-Mei Foods, and

the Nanchow Group, are expanding their product lines to produce frozen dough. Currently, these companies only supply dough products to their own retail stores, such as I-Mei bakeries, 7-Eleven stores (Uni-President), and President bakeries (Uni-President). However, as frozen dough has become a trend in Taiwan, these companies plan to expand their services to other traditional bakeries in the near future. Currently, Taiwan's major food processors import and purchase food ingredients as raw materials for producing frozen dough. U.S. suppliers may wish to contact them directly. A list of major Taiwan food manufacturers are available in ATO/Taipei, upon request.

Taiwan Hypermarket Sector

According to Taiwan's *Economic Daily News*, the Carrefour Hypermarket Chain, a joint venture of the French group Carrefour and the Uni-President Enterprises Corporation Group, continued to be the largest hypermarket chain, in terms of total revenues generated in 1999. Twenty three (23) Carrefour outlets generated a total of US\$1,240 million in sales in 1999. The following table represents four of Taiwan's largest hypermarket chains and their total revenues for 1999 as well as the expected number of stores to be opened in 2000.

Name of Chain	1999 Total Revenues (No. of Stores) US \$Million	2000 Expected No. of New Stores
Carrefour	1,240 (23)	3 (Minimum)
RT Mart	744 (13)	4 (Minimum)
Makro	589 (7)	Tentatively None
Far Eastern	310 (5)	2

The hypermarket industry will continue to expand over the next few years. At the same time, competition among Taiwan's retail stores is becoming fierce. In 1998, RT Mart merged with the Trans Asia Hypermarket and joined in a strategic alliance with the Safe and Save Hypermarket Chain. The RT Mart has become the second largest and one of the most aggressive hypermarket chains in Taiwan. Industry sources predict that merger and strategic alliances will continue to occur over the next few years.

Edible Oil

According to local *Distribution News*, there are over 10 types of edible oil sold in Taiwan. Of the 10 types, soybean oil, lard, peanut oil, and sesame oil are mainly produced in Taiwan, while palm oil, coconut oil, butter, sunflower oil, safflower oil, canola oil, corn oil, and olive oil are mainly imported. The market size for edible oil is estimated at 532,500 metric tons. The following table presents the

Taiwan edible oil supply situation in 1998.

Unit: Metric Ton

	Import	Domestic Production	Export	Domestic Supply	Percentage of Supply
Soybean oil	26,475	385,270	927	410,818	77.15
Palm oil	62,091	-	-	62,076	11.66
Sunflower oil	21,665	-	524	21,141	3.97
Canola oil	10,551	-	-	10,551	1.98
Coconut oil	7,450	-	-	7,450	1.40
Sesame Oil	260	9,400	2,352	7,308	1.37
Peanut oil	-	6,400	19	6,381	1.20
Olive Oil	5,392	-	4	5,388	1.01
Corn oil	573	250	-	823	0.15
Safflower oil	588	-	-	588	0.11
Subtotal	135,045	401,320	3,841	532,524	100.00

Source: Taiwan *Distribution News*

Sunflower oil has been sold in the Taiwan market for over 10 years. With the rise in health consciousness, and reduction of import tariff, sunflower oil has become the second largest oil after soybean oil in the consumer ready retail packaged market in Taiwan with a 35-40 percent market share or over US\$77.5 million in sales. Industry sources indicate that olive oil, currently accounting for 5% of the market, has good prospects for growth.

Generally, the top season for the retail market for oil is September - March. Olive oil gift packs can be seen during Taiwan's gift-giving season (Chinese New Year usually in February; Moon Festival, usually in September; and Dragon Boat Festival, usually in June).

III. Newly Released Reports

The following updated market briefs are currently available from the ATO/Taipei

(<http://ait.org.tw/ait/AGRI/ato.htm>) or from the FAS homepage
(<http://www.fas.usda.gov>):

– Taiwan Export Guide

Market overview, exporter business tips, market sector structure and trends, best high value product prospects, key contacts and further information

– Broccoli and Cauliflower Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

– Potato Product Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

– Tomato Product Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

– Lettuce Product Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

– Ice Cream and Frozen Desserts Market Report

Executive summary, market access, trends in consumption, trade and competition, distribution channels, retail sales, and tips for exporters.

-- Stone Fruits

Summary, market access, trends in consumption, trade and competition, and distribution channels.

-- Candy

Executive summary, market access, trends in consumption, trade and competition, distribution channels, and Taiwan importers.

-- Food Processing/Food Ingredients

Food industry overview, trends, market structure, best prospects, competition, selling to Taiwan food processing companies, import policies/requirements, list of importers/food processors/industry associations

-- Frozen Vegetables/Potatoes

Executive summary, market barriers, market share/competition, frozen corn, frozen potatoes, distribution, labeling, market access/tariffs, list of importers.

-- Indirect Imports Into Taiwan

Direct imports of PRC products are currently banned for political reasons.
Indirect imports from the PRC via third territories are mainly raw materials and

semi-finished products, such as some vegetable seeds and potato starch.

-- Taiwan Food Service

Executive summary, food service structure, consumer information, how to develop products suited to the market, market segmentation, use of imported food products in the food service industry, opportunities for U.S. exporters, trends, competition amongst fast food chains, other considerations.

-- Taiwan Food Retail

Demographics, distribution channels, factors influencing buying decisions, pricing, what retailers look for judging new products, competition, trends, opportunities for U.S. exporters, best market prospects.

-- Organic Food

General market overview, imported organic foods, organic farming in Taiwan, certification, marketing channels, consumers' perspective of organic foods, and import policy.

-- Seafood

General market overview, U.S. market position, trade restrictions, sanitary/phytosanitary measures, consumer preferences and consumption trends, third-country competition, domestic competition, distribution system, and market promotion.

-- Wine

Market overview, U.S. market position, competition, trade restrictions, distribution, pricing, consumer preference and consumption trends, market promotion activities.

-- Pure juice/juice drinks

General market overview, U.S. market position and competition, pricing, trade restrictions, distribution, consumer preference and consumption trends, market promotion activities, and concentrated juice.

-- Fresh Fruits and Vegetables

General market overview, U.S. market position and competition, pricing, trade restrictions, distribution, consumer preference and consumption trends, market promotion activities, and market promotion activities.

-- Food and Agricultural Import Regulations and Standards (FAIRS report), Taiwan food laws, labeling requirements, food additive regulations, pesticide and other contaminants, other regulations and requirements, other specific standard, copyright/trademark law, and import procedures.

VI. Other Information

2000 Best Prospects for Consumer Ready Foods

- Organic/natural foods
- Frozen/micro-waveable foods/other convenience foods
- Chilled products
- Fresh fruits and vegetables
- Baked products
- Health-oriented (low-fat, high-fiber, and low-cholesterol) snack foods
- Beverages

End Report

The ATO Taipei is currently planning a variety of upcoming promotional events in both the retail and HRI sectors. U.S. companies interested in participating in ATO Taipei promotional activities, should contact the ATO/Taipei directly at:

Agricultural Trade Office
54 Nanhai Road
Taipei, Taiwan
Tel: (886-2) 2305-4883 ext. 286
Fax: (886-2) 2305-7073
E-Mail: ato@mail.ait.org.tw
<http://ait.org.tw/ait/AGRI/ATO.htm>