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7-Eleven Set to Replace McDonald's as Taiwan's Largest Foodservice Chain

Report Categories:

Market Development Reports

Food Service - Hotel Restaurant Institutional

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Report Highlights:

With expanded offerings of fresh ready-to-eat food and increased in-store seating, 7-Eleven is expected to replace McDonald's as the largest foodservice chain in Taiwan in 2013. According to 7-Eleven officials, sales of fresh ready-to-eat food (prepared meals, fresh fruit, etc.) accounted for more than 17% of 7-Eleven's total revenue in 2012 and will increase by 10-20% in 2013.

Market Overview

According to Taiwan Ministry of Economic Affairs' statistics, annual revenue reported by Taiwan's convenience stores reached US\$9.04 billion in 2012, a nearly 9% increase compared with the previous year. The convenience store sector continued to lead Taiwan's retail food industry in terms of total revenue generated and total number of outlets. This was followed by hypermarkets/wholesale stores (US\$5.80 billion) and supermarkets (US\$5.12 billion).

As of February 2013, there were 10,012 convenience stores in Taiwan. 7-Eleven, with 4,830 outlets island-wide, accounted for 48% of the market, followed by Family Mart (2,851 stores - 28%), Hi-Life (1,294 stores - 13%), OK (898 stores - 9%), and others (2%).

With the increasing number of working women and the growing number of single-person households, convenient packaged food products and fresh ready-to-eat foods (e.g. lunch boxes, Japanese style rice rolls, fresh fruits and vegetables, hamburgers, hot dogs, sandwiches, fried rice/noodles, etc.) are becoming more popular in Taiwan's convenience stores. To meet this growing market demand, Taiwan's convenience stores continue to work on developing and marketing fresh ready-to-eat food items and, at the same time, expand floor space allocated to "eat-in" service.

According to a March 2013 report in the local *Economic Daily News*:

"Currently, the top two Taiwan convenience store chains, 7-Eleven and Family Mart, are aggressively scrambling for the ready-to-eat food market in Taiwan. Both chains continue to expand their production facilities, improve production processes, and increase the number of new items. The total revenue of fresh ready-to-eat foods of these two chains is expected to increase by 10%-20% in 2013 to reach approximately US\$1.25 billion.

Currently, fresh ready-to-eat foods sold in Taiwan's convenience stores account for an average of 15% of the total revenue for these chains. Compared to the 30% revenue share for Japan's convenience stores, the fresh ready-to-eat food sector still has room for expansion in Taiwan's convenience stores. In 2012, the two chains generated a total of over US\$1 billion revenue from fresh ready-to-eat food sales."

7-Eleven (4,830 stores)

In a move designed to entice Taiwan consumers to buy more fresh ready-to-eat foods as home meal replacements, 7-Eleven stores increased the percentage of shelf space dedicated to such items in 2012. As a result, sales of fresh ready-to-eat foods increased to 17% of total revenue. Industry experts expect that 7-Eleven will generate approximately US\$880-\$950 million in revenue from fresh ready-to-eat foods and surpass McDonald's to become Taiwan's largest foodservice chain in 2013.

According to company officials, 7-Eleven will continue to restructure its stores by increasing the number of large stores (+1,080 sq ft), which currently account for 50% of its total outlets. 7-Eleven Taiwan also indicated that the trend is for more and more people to dine in convenience stores.

Currently, there are 4,830 7-Eleven stores in Taiwan, which is expected to expand to 5,000 stores by 2013.

Family Mart (2,851 stores)

Family Mart also continues to develop and expand its offerings of fresh ready-to-eat food items. Family Mart's newly-established distribution center in Southern Taiwan will begin to supply fresh ready-to-eat food items to over 40% of Family Mart stores located in the southern part of the island by the third quarter of 2013. A new fresh ready-to-eat food-processing center, which is currently under construction, will begin operation by the third quarter of 2014. In addition, two Family Mart stores are currently testing in-store cooked foods.

Family Mart reported that revenue from fresh ready-to-eat foods accounted for 15% of its total revenue in 2012, a 1-2% increase from the previous year. Family Mart officials project that revenue generated by fresh ready-to-eat foods will increase by 20% in 2013, reaching US\$310 million.



A 7-Eleven store on a main street in Taipei



Fresh ready-to-eat foods on prominent display

Entry Strategy

Taiwan convenience store chains import directly and purchase from local importers and manufacturers. U.S. suppliers can explore opportunities to sell directly to these convenience stores by contacting the purchasing manager. U.S. suppliers should select a reliable and efficient agent/importer/distributor to ensure that products are consistently available in the market. ATO Taipei maintains contact information for the major convenience store chains and potential importers/distributors. U.S. companies interested in entering the Taiwan market or expanding their business with these retail stores should contact ATO Taipei for further details and assistance.

Key Contacts

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Other Relevant Reports

Reports on Taiwan's food and agricultural market are available on the FAS website:

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

A short list of related reports follows:

United Tastes of America – Asian Chef Challenge Kick-Off|Agricultural Trade Office Activities Export Promotion Programs Food Service - Hotel Restaurant Institutional Market Development Reports|Taipei ATO|Taiwan|2/7/2013

Pre-competition seminars for the planned first-ever United Tastes of America – Asian Chef Challenge generated strong interest in Taiwan, drawing more than 100 professional chefs. The seminars also helped build excitement about the upcoming Taiwan preliminary competition scheduled for March 26, 2013 and the regional grand finale set for June 27, 2013 at the Taipei International Food Show, where the winners from competitions in China, Japan and Hong Kong will go head-to-head.

[United Tastes of America – Asian Chef Challenge Kick-Off Taipei ATO Taiwan 2-5-2013](#)

Taiwan: Top Ten Market & Springboard to Asia|Exporter Guide|Taipei ATO|Taiwan|12/25/2012

In 2011, Taiwan was the sixth largest market for U.S. food and agricultural products with imports of US\$3.7 billion. While economic growth slowed in 2012, the economy is forecast to recover in 2013, so Taiwan will continue to offer good opportunities for a wide range of U.S. products. In addition, U.S. exporters have successfully used Taiwan as a springboard into China and other Asian markets, taking advantage of close cultural, language and business ties.

[Exporter Guide Taipei ATO Taiwan 12-20-2012](#)

FAIRS Country Report|Food and Agricultural Import Regulations and Standards - Narrative|Taipei|Taiwan|12/24/2012

In 2011, Taiwan was the sixth largest export market for U.S. food and agricultural products (US\$3.7 billion.) All food and agricultural products, whether domestic or imported, must comply with a range of laws designed to protect human health and prevent the introduction of animal and plant pests or diseases. This report gives an overview of Taiwan's import requirements for food and agricultural products. NOTE: All sections of this report have been reviewed and updated to reflect new or updated information.

[Food and Agricultural Import Regulations and Standards - Narrative Taipei Taiwan 12-18-2012](#)

Apples, Fresh Fresh Apples|Fresh Deciduous Fruit|Taipei|Taiwan|11/5/2012

The apple continued to be the most popular imported fruit in Taiwan with total imports of 118,662 metric tons (US\$131 million) in MY 2011/12, and the Fuji remained the favorite variety, accounting for 90% of total retail sales. The United States regained its position as the leading supplier of apples to Taiwan, posting a 42% market share. Local production continued a long-term decline and currently meets only about one percent of domestic demand.

[Fresh Deciduous Fruit Annual Taipei Taiwan 10-31-2012](#)

Dairy, Milk, Fluid, Dairy, Cheese, Dairy, Dry Whole Milk Powder, Dairy, Butter |Dairy and Products Annual|Taipei|Taiwan|10/17/2012

Taiwan's calendar year (CY) 2012 milk production is expected to decline to 315,800 metric tons due to a hotter summer and longer rainy season. Milk production is forecast to recover to 328,000 metric tons in CY 2013. One local dairy farm imported 1,200 heifers in 2011, which is expected to boost production over the medium term. On the import side, the

United States overtook New Zealand as the largest supplier of cheese to Taiwan during the first seven months of 2012.
[Dairy and Products Annual Taipei Taiwan 10-12-2012](#)

Fresh Peaches & Nectarines Fresh Peaches/Nectarines, Cherries|Stone Fruit|Taipei|Taiwan|9/3/2012

Taiwan remains an important market for U.S. stone fruit – the third largest importer of U.S. peaches/nectarines and fourth largest export market for U.S. cherries. Local peach/nectarine production had been expected to expand this year, but a typhoon in early August left 2012 output virtually unchanged at 29,939 metric tons. Taiwan does not produce cherries, so 100% of local demand must be met by imports.

[Stone Fruit Annual Taipei Taiwan 8-29-2012](#)

Taiwan's Food Service Enjoy Strong Growth|Food Service - Hotel Restaurant Institutional|Taipei ATO|Taiwan|6/29/2012

Despite the recent economic slowdown, Taiwan's food service sector has enjoyed strong growth, expanding by nearly 13 percent to US\$12.3 billion in 2011. The rise of Taiwan's tourism market has also played a critical role in creating new opportunities. As further confirmation of the sector's success, several food service companies filed for successful initial public offerings during the past year.

[Food Service - Hotel Restaurant Institutional Taipei ATO Taiwan 6-25-2012](#)