

Voluntary Report – Voluntary - Public Distribution

Date: May 09, 2021

Report Number: TW2021-0030

Report Name: Opportunities for US Coffee Percolate in Taiwan Brewing Market

Country: Taiwan

Post: Taipei ATO

Report Category: Coffee, Beverages

Prepared By: Cindy Chang

Approved By: Emily Scott

Report Highlights:

Taiwan is the United States' eighth-largest export market for food and agricultural products, according to U.S. Department of Agriculture data. While Taiwan's tea is very much rooted in Chinese tradition, its coffee culture is expanding at a fast pace. Like the United States, coffee is readily available at outlets ranging from local convenience stores to global and regional chains (e.g., Starbucks), as well as higher end neighborhood cafes. The United States is the leader in the imported roasted coffee bean sector and is likely continuing to hold approximately 30 percent market share. This report presents an overview of the coffee industry and opportunities for U.S. exporters to Taiwan.

Taiwan Coffee Market Overview

Taiwan is a large consumer market with a fast-growing coffee sector. According to a recent survey by the International Coffee Organization (ICO), Taiwan's 23 million residents drink about 2.85 billion cups of coffee annually. In 2020, the size of Taiwan's coffee market was approximately US\$2.76 billion, with an annual growth rate of 20 percent. Taiwan's coffee drinking culture continues to grow at a rapid pace. Consumers in Taiwan are increasingly interested in drinking coffee and this trend is evident in the proliferation of coffee shops and rising sales of fresh coffee.

“In 2020, the size of Taiwan’s coffee market was approximately US\$2.76 billion, with an annual growth rate of 20 percent.”

Competition in the coffee market is increasingly fierce as more players seek to join. Coffee is widely available via multiple retail and food service channels, including international coffee chain stores, convenience stores/supermarkets, local coffee and bakery shops, and street stalls/kiosks. Moreover, Taiwan has the second highest concentration of convenience stores, per capita, globally. Key convenience store operators, including 7-11, Family Mart, Hi-Life and OK, have more than 11,000 stores combined on an island approximately the size of Connecticut. Stores not only compete among themselves, but they also face competition from larger supermarkets. For example, PX Mart, a renowned local supermarket chain, recently began offering coffee via its more than 900 stores throughout the island. To maintain their market position, international and local coffee franchise stores [Starbucks (475 stores), Louisa (499 stores), 85C (470 stores), and Cama (125 stores)] continue to expand their focus by providing a comfortable atmosphere that appeals to students and working adults and introducing new coffee products and baked goods.

In line with the development of the local coffee drinking culture, consumers are increasingly opting for product types that allow them to enjoy high quality, freshly brewed coffee either at home and/or pick-up from neighboring stores. Fresh coffee beans and fresh ground coffee are the categories that have benefitted most from growing consumer sophistication in recent years. Consumers increasingly favor fresh coffee over instant and sales of fresh black coffee are on the rise. Drip bag coffee products are gaining the popularity with strong demand. Gourmet, espresso-based coffee beverages are also growing in popularity. On the other hand, Euromonitor reports that “Demand for ready-to-drink (RTD) coffee is confined almost exclusively to young adults. The volume sales of RTD coffee will continue to decline, which will make it more challenging for manufacturers to reach new consumer groups.”

**** “...consumers in similar, regional markets (Japan and South Korea) drink more coffee than Taiwan on a per capita basis; these markets tend to be models for future Taiwan market activity.” ****

Overall, the scale of Taiwan’s coffee market continues to expand. Consumers’ choices are also more diverse as Taiwan customers are always keen to try new products. While competition will remain fierce, there is still room for growth. For instance, consumers in South Korea drink more coffee than Taiwan. In South Korea, an average person consumed 353 cups of coffee while consumers in Taiwan consumed 200 cups per capita on a yearly basis.

COVID-19 Impacts on Taiwan Economy and Coffee Industry

Throughout 2020, Taiwan remained essentially unimpacted by the COVID-19 pandemic thanks to Taiwan administration’s swift, effective response in managing this global crisis including economic stimulus and revitalization measures. Rather, the island enjoyed its status as Asia’s top performing economy in 2020 with 3.11 percent growth. Additionally, Taiwan consumers have some of the highest purchasing power in Asia at US\$59,398 Gross Domestic Product (GDP) per capita (PPP, 2021 est.).

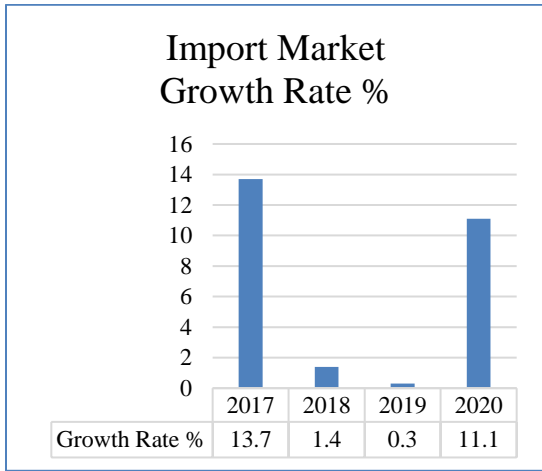
However, COVID-19 impacted high-touch service industries the hardest, especially in-store shopping, eating out, attending sports or events with big crowds. The local coffee industry experienced a boost during the pandemic period as an increasing number of coffee drinkers grab and carry out their daily coffee from retail outlets.

Taiwan Coffee Imports

In 2020, Taiwan imported US\$263 million worth of coffee beans (49 percent roasted coffee beans; 51 percent green beans), representing more than an 11 percent growth rate from US\$236 million in 2019. The United States is expected to maintain its leading position for roasted coffee beans, supplying approximately 30 percent of the market in Taiwan, followed by Malaysia, Japan, Vietnam and Italy. Colombia and Ethiopia supply most of the green (non-roasted) coffee beans to Taiwan.

The upward trend of total import value in Taiwan is expected to continue for the next several years. Taiwan relies on imports to meet almost all of domestic demand as local coffee production is very limited.

Taiwan's Coffee Import Market - Growth Rate and Import Value



US\$ million	2017	2018	2019	2020
Roasted Coffee	117.1	127.1	124.7	129.2
Green Beans	115.5	108.8	112.1	133.7
Total Imports	232.6	235.9	236.8	262.9

Source: Euromonitor international; trade associations and trade sources

Top 5 Importing Countries - Roasted Coffee

(Unit: US\$ million)

	Country Name	2016	2017	2018	2019	2020	2020 Import Market Share
1	United States	17.7	28.1	33.4	32.9	38.8	30%
2	Malaysia	26.9	23.8	26.2	26.7	25.1	19%
3	Japan	15.3	15.8	21.4	16.7	15.9	12%
4	Vietnam	6.9	6.9	5.6	6.1	6.3	5%
5	Italy	5.9	6.1	6.3	6.1	5.8	4%

Source: Trade Data Monitor

Top 5 Importing Countries – Green Coffee Beans

(Unit: US\$ million)

	Country Name	2016	2017	2018	2019	2020	2020 Import Market Share
1	Ethiopia	10.1	17.3	14.1	17.2	23.7	18%
2	Colombia	10.2	13.2	13.5	14.1	21.3	16%
3	Brazil	18.1	19.7	18.6	20.5	20.4	15%
4	Indonesia	17.7	19.9	19.4	16.2	16.3	12%
5	Guatemala	10.5	12.7	12.5	10.9	15.1	11%

Source: Trade Data Monitor

Hawaii - U.S. Coffee Production

Hawaii is the only state in the United States that grows coffee and is known worldwide for its gourmet Kona coffee. Hawaii producers are able to maintain close control over the product throughout the entire production chain — from bean to cup. Hawaii's geographic location and high cost of production means that farmers do not compete in the high volume, rock-bottom price market. Rather, Hawaii coffee producers focus on superb quality and creating the best tasting coffee for consumers.

Taiwan importers and coffee shop owners have expressed a high level of interest in purchasing quality U.S. coffee beans, especially Kona coffee beans from Hawaii. In addition, American roasted coffees have gradually gained popularity recently and Taiwan importers always eager to introduce more varieties of coffees from Hawaii.

Consumers' tastes in Taiwan are increasingly favoring fresh brewed coffee over ready-to-drink or instant coffee variety. Opportunities exist to expand U.S. roasted coffee beans for Taiwan's robust coffee drinking culture and lifestyle. Given Taiwan's limited local production capacity, Taiwan will continue the trend of looking overseas for coffee beans and the United States is in a prime position to continue to fill the niche market of roasted coffees.

Taiwan Local Production

Taiwan local production of coffee is very limited, representing only 10-15 percent of total demand. The local coffee industry functions mostly as a tourist attraction because the cost of production, expensive labor, and limited arable land. The local special brand, famous for its Arabica coffee, comes from Taiwan's main growing area is in Gukeng, Yunlin County. With the fast expansion of the coffee market, Taiwan's coffee growers and coffee farmers have benefitted by combining their traditional endeavors with leisure industries and agri-tourism. Most of the locally produced coffee is consumed or purchased by the visitors visiting the production areas.

Three 2021 World Coffee Competitions Bring Attention to Taiwan

The Specialty Coffee Association (SCA) announced that the 2021 World Coffee Roasting Championship, World Coffee in Good Spirits Championship, and World Latte Art Championship are scheduled to take place during the Taiwan International Coffee show in Taipei on November 19-22, 2021.

According to the announcement from the SCA, there are an estimated 4,000 coffee roasters in Taiwan, and coffee competitors from the island country have fared especially well on the global competition stage. Past world coffee champions from Taiwan include Berg Wu (Barista, 2016), Chad Wang (Brewers Cup, 2017), Pang-Yu Liu (World Cup Tasters, 2014) and Jacky Lai (Roasting, 2014). As these individual brewers find international fame, their local brick-and-mortar stores are increasingly popular destinations for local coffee connoisseurs and enthusiasts.

Brewing Opportunity - ATO Taipei Provides Market Prospects

With the continuous expansion of chain and independent cafes in Taiwan, consumers' tastes have become more sophisticated. Due to increasingly busy lifestyles and the abundance of inexpensive consumer foodservice options, there is a growing demand for additive-free coffee and freshly brewed coffee. Manufacturers are seeking quality ingredients to satisfy the thirst of local coffee drinkers for something special.

Taiwan consumers are incredibly social media savvy and seek out new opportunities, experiences, and food/drinks to share on their own social media accounts including LINE, Instagram, and Facebook. Social media promotions can be an incredibly effective means to target, inform, and expand a customer base in Taiwan. ATO Taipei provides direct consumer information and content via our United Tastes in Taiwan [Facebook](#) and [Instagram](#) accounts.

ATO Taipei promotes U.S. food and beverage products and looks for opportunities to raise local awareness regarding the quality and health attributes of U.S. exports. For instance, in November 2019, ATO Taipei organized and implemented a seminar focused on highlighting the qualities of and best importing practices for U.S. coffee, primarily from Hawaii and in 2020 participated in a virtual seminar with Taiwan importers and Hawaii coffee producers. The combined marketing promotions resulted in a continuous import growth from the United States for the past years. Anyone interested in learning more about the Taiwan market or ATO Taipei efforts should email ATOTaipei@USDA.gov.

Small-to-medium sized potential exporters can work with the appropriate U.S. State Regional Trade Group (SRTG) to take advantage of the SRTG's resources for marketing and promotion support in Taiwan. To learn more services available from the SRTGs, find the SRTG for your geographic region in the list below and visit the website.

- 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)

Additionally, trade shows are excellent venues for U.S. exporters to make contacts with potential business partners, to conduct product introductions and to gauge buyers' interest. (example,

The Taiwan International Coffee Show (<https://www.chanchao.com.tw/coffee/en/>) will take place at the Nangang Exhibition Center in Taipei. According to the show organizer, Chan Chao Company, the event drew more than 20,000 visitors over three days in 2019, with close to 800 exhibitors also attending.

For more information, please feel free to contact:

The Agricultural Trade Office
Taipei, Taiwan
ATOTaipei@USDA.gov
Tel: (+886-2) 2162-2682



Attachments:

No Attachments.