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Taiwan

Promotion Opportunities Report

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Report Highlights:

- The market size for milk powder is estimated at \$455 million. Adult milk powder accounts for 23% of the total milk powder market.
 - Taiwan authorities recently raised its 2000 GDP growth forecast to 6.7 percent because of strong global economic growth, strong exports, and a rebound in domestic private consumption.
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Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
Taipei ATO [TW2], TW

Executive Summary**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.

Event: 2000 American Food Festival
Date: August 21-22 - Taipei
August 24-25 - Kaohsiung
August 28-29 - Taichung
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
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The American Food Festival is an annual food show held in the summer, and sponsored by the ATO/Taipei, U.S. State trade offices in Taiwan, U.S. market development cooperators, and local importer & exporter associations. This event features only U.S. food and agricultural products and is a "trade only" event. It attracts approximately 1,000 Taiwan traders and media reporters. Representatives from the state offices and cooperators are responsible for designing and servicing their respective exhibits and for recruiting U.S. food companies to participate. U.S. companies who wish to participate, but do not have a State sponsor or cooperator association, may participate through the ATO/Taipei.

B. Retail In-Store Promotions

Event: "Let's Taste the Sunshine of California" In-Store Promotion
Date: June 15-18, 2000
Venue: Sinon Supermarkets/Hypermarkets
Contact: Mr. Yang Chung-hsing, General Manager
Sinon Supermarket/Hypermarket
35 Chung Shan Road, Da-du Hsiang
Taichung, Taiwan
Tel: (886-4) 693-6000
Fax: (886-4) 693-3636

Irene Tsai, Deputy Director
State of California Taipei Office
7C-04, 5 Hsin-yi Road, Section 5
Taipei, Taiwan
Tel: (886-2) 2758-6223
Fax: (886-2) 2723-9973

Sinon Supermarket/Hypermarket will be conducting an in-store promotion in its 22 outlets mainly in Central Taiwan. The promotion will mainly feature California fresh produce and novel new food products. Sinon Supermarket/Hypermarket is the largest retail chain supermarket in central Taiwan. U.S. companies interested in expanding their business with the Sinon Supermarket/Hypermarket are encouraged to contact the Sinon Group directly.

Event: American Product Festival
Date: July 1 - July 5, 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.

Event: American Food Festival
Date: Week of Thanksgiving 2000
Venue: RT-Mart International
Contact: Rita Wang, Grocery Division Director
Jack Yu, Fresh Division Director
RT-Mart International Ltd.
16F, 76 Tunhua South Road, Section 2
Taipei, Taiwan
Tel: (886-2) 2701-6506
Fax: (886-2) 2706-5208

RT-Mart is planning an American Food Festival in-store promotion in its 14 hypermarkets nation-wide during the week of Thanksgiving. In 1998, RT Mart merged with the Trans Asia Hypermarket group 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. U.S. companies interested in expanding their business with the RT Mart are encouraged to contact them directly.

C. HRI Promotions

Currently, all international hotel restaurants, including Westin, Hyatt, Sheraton, Ritz, Regent, Sherwood, and Hilton, are aggressively promoting "An Honorary Banquet in Praise of Teachers." April through June is a season for graduates to express their appreciation to their teachers. Traditionally, all graduates in the same class hold graduate/teacher get-together banquets in hotel restaurants. Foods are either served buffet style or Chinese banquet style. However, Western buffets are getting more popular among these graduates. Promotion packages vary with different hotel restaurants. Usually, these hotel restaurants provide free soft drinks, audio systems, stage, invitation cards, and free karaoke. U.S. companies with products used principally by the HRI sector should consider how to take advantage of this peak season by developing recipes, special menus, or merchandise to help draw in the student groups.

Event: American Food Festival
Date: June 8-20, 2000
Venue: Hotel Kodak Taichung
Contact: Tony Chang, Food Director
Hotel Kodak Taichung
525 Da Tun Road
Taichung, Taiwan
Tel: (886-4) 329-0055
Fax: (886-4) 328-0066

The Hotel Koda Taichung is a two-year-old western style hotel in central Taiwan. The promotion will mainly feature U.S. beef, California wine and cherries, Washington apples, and Northwest pears in three restaurants in the hotel.

Event: American Food Festival
Date: July 1-16, 2000
Venue: Agora Garden Hotel
Contact: Vivian Cheng, Planning Department
Agora Garden Hotel
68 Sung Kao Road
Taipei, Taiwan
Tel: (886-2) 8780-1999 x 8306
Fax: (886-2) 8788-1539

The Agora Garden Hotel, a new international hotel close to the Taipei World Trade Center, will conduct an America promotion in its four restaurants - La Lavande, Shanghai Shanghai, the Cascade, and Agora Club - in the hotel. The menu promotion will mainly feature U.S. beef, California wine, and Miller beer.

Event: American 4th of July Celebration - The Great Northwest
Date: June 29-July 9, 2000
Venue: Grand Formosa Regent Taipei
Contact: Charles Saunders
Food Director
Grand Formosa Regent Taipei
3, Lane 39, Chung Shan North Road, Section 2
Taipei, Taiwan
Tel: (886-2) 2523-8000
Fax: (886-2) 2523-2828

The Grand Formosa Regent Hotel is a 5-star international hotel located in downtown Taipei. The American 4th of July celebration will feature various American foods prepared by a chef from the United States, as well as a showcase of American food products during the promotion. U.S. companies interested in this promotion should contact the Grand Formosa

Regent Hotel or ATO Taipei directly.

Market Information

General Economy in Brief

– Taiwan's economy this year will expand faster than previously forecast and inflation will be lower than previously expected. The Directorate General of Budget, Accounting, and Statistics (DGBAS) recently raised its 2000 GDP growth forecast to 6.7 percent from the 6.5 percent predicted in February because of strong global economic growth, strong exports and a rebound in domestic private consumption.

-- According to the Council of Agriculture statistics, Taiwan exported US\$720 million and imported US\$1.88 billion in agricultural products during the first quarter of the year, a US\$1.16 billion trade deficit in this sector. Major imports included corn, wheat, sorghum, cotton, lumber, fish meal, tea, coffee, and Chinese herbs. The imports were mainly from the United States, Australia, Japan, Malaysia, and Thailand. Japan, the United States, and Hong Kong were the three largest buyers of Taiwan's agricultural exports. Important exports included fresh vegetables, fresh fruits, fresh flowers, and eel.

Food Market In Brief

New Hypermarket

Tesco, the largest retail chain in the U.K. plans to set up its first outlet in Taiwan by June, 2001 and is aimed at setting up approximately 20 outlets around the island within five years. Mr. David Orchard-Smith, President of Tesco Taiwan, stressed that the product items and service facilities that TESCO sells will be different from other hypermarkets in Taiwan, adding that its private label items will account for 20% of all products sold in Taiwan.

Milk Powder

According to the local *Distribution News*, the market size for milk powder is estimated at \$455 million or 50,000-60,000 tons. Adult milk powder accounts for 23% of the total milk powder market. The majority of milk powder consumed in Taiwan is imported. The peak consumption season is winter.

The total annual consumption of milk powder, in terms of quantity, has remained stable for the past few years. However, the total value has been increasing, as higher quality has resulted in higher prices per-unit. Currently, adult milk powder is mainly sold in hypermarkets/supermarkets (30%), commissary stores (30%), family-run stores (30%), and pharmacies (5%-10%).

Fast Food Restaurants

The overall economic slowdown and the September earthquake impacted negatively upon Taiwan's fast food restaurant industry in 1999. The fast food hamburger chain Wendy's pulled out from the Taiwan market in 1999. However, as demand for eat-out meals continues

to grow, many more fast food restaurants, such as "Ranch 1" and many Japanese noodle restaurants have recently entered into this market. To draw customers, the most important marketing strategies for these fast food restaurants typically include creative promotional activities, and new flavors which differ from other competitors. Below is a list of major Taiwan fast food restaurant chains with their respective total sales revenues generated in 1999 and expansion plans for 2000:

	1999 No. of Outlets	1999 Total Sales (US\$million)	2000 Expected No. of New Outlets
McDonald's (US)	320	418	30-40
Kentucky Fried Chicken (US)	120	124	40
Burger King (US)	27	22	3-6
Ding Gua Gua (Local)	50	20	10
21 st Century (Local)	20	15	25
Mos Burger (Japan)	37	-	20
Church's Fried Chicken (US) (Texas Fried Chicken)	43	-	

Wet Market

According to recent statistics released by Taiwan's Ministry of Economic Affairs, there are 631 public/private wet markets and 639 street stall gathering places in Taiwan. These businesses generated nearly US\$7 billion in annual sales revenues. The major items sold in these traditional wet markets--meat, seafood, and fresh produce--account for over 50% of total wet market sales. Beginning from July 1999, Taiwan authorities have implemented a program to upgrade and remodel traditional wet markets.

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>