

Required Report: Required - Public Distribution

Date: June 09, 2021

Report Number: TW2021-0035

Report Name: Retail Foods

Country: Taiwan

Post: Taipei ATO

Report Category: Retail Foods

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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, and Carrefour continue to dominate Taiwan's food retail market. The United States is the leading supplier of many consumer-oriented food and agricultural products including red meats, fresh fruit and vegetables, poultry, packaged foods, and beverages to these and other retail operators in Taiwan. Taiwan is the United States' eighth-largest export market for food and agricultural products, according to U.S. Department of Agriculture data. Due to the COVID-19 global pandemic, including Taiwan's recent, first significant outbreak, 2021 could be a challenging year for Taiwan's retail sector.

Taiwan Fact Sheet

Executive Summary

Though it only has a population of 23.6 million, Taiwan is the United States' eighth largest trading partner in agricultural goods and ninth largest overall U.S. trading partner. In 2020, U.S. exported US\$3.32 billion in agricultural and related products, which accounts for 23 percent of the import market share, making the United States the leading foreign supplier.

Imports of Consumer-Oriented Products

In 2020, Taiwan imported consumer-oriented agricultural products worth nearly US\$6.4 billion. The United States leads with 29 percent market share.

Food Processing Industry

The food processing industry is composed of more than 7,000 manufacturers that produced US\$22.1 billion of processed food and beverages in 2020. This production accounts for approximately 4.77 percent of the gross domestic product (GDP). Consumers' preference for convenience and a growing interest in healthy foods and food safety have influenced the industry to develop easy-to-prepare meals, healthier options, clean labels, and other similar initiatives.

Food Retail Industry

Taiwan's food and beverage sales topped US\$41.48 billion in 2020, a decline of 6.9 percent as compared with 2019, because of COVID 19 global pandemic. Based on the industry sentiment, food retail industry is likely to return to pre-pandemic levels. The anticipated growth is supported by continuous expansion by 7-11, Family Mart, Costco, PX Mart, and Carrefour. The density of Taiwan's more than 10,000 convenience stores is the second highest in the world with one store for every 2,300 people.

Food Service Industry

The weaker consumer sentiment toward dining out due to the impact of COVID-19 caused a 4.2 percent decline in foodservice revenue. Restaurant transactions during year 2020 were negative three percent year-on-year, while catering business was hit the hardest with a decrease of 30 percent.

Quick Facts

2020 Imports of Consumer-Oriented Products (USD)

\$6.4 billion

Products with Potential Growth in Host Market

Beef	Poultry
Milk & Cheese	Fresh Fruit
Tree Nuts	Fresh Vegetables
Seafood	Pet Food
Plant Protein	Coffee, Roasted

2020 Food Industry by Channel (USD billion)

Food and Agricultural Imports	\$15.3
Food and Agricultural Exports	\$5.4
Food Industry Output	\$22.1
Retail	\$41.5
Food Service	\$27.3

Population (millions): 23.6

GDP (Billions USD): 727.4

GDP Per Capita (USD): 30,981

<i>Strength</i>	<i>Weakness</i>
America is the market leader in consumer-oriented products, which continue to show robust growth.	Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products.
<i>Opportunity</i>	<i>Threat</i>
There is expected to be increasing growth of fast-food chains and casual dining restaurants, boosting consumption of food ingredients.	The low-tariff advantage from those competitors signing potential FTAs with Taiwan could dampen importers' interest in purchasing U.S. products in the future.

SECTION I. MARKET SUMMARY

Taiwan Retail Sector Overview and Sales Trends

Sales generated by Taiwan's retail outlets including supermarkets, convenience stores, hypermarkets and others totaled US\$31.2 billion in 2020, an increase of 2.3 percent from 2019's sales of US\$30.5 billion. In 2020, the revenue generated by supermarkets had the strongest growth, 11.6 percent, followed by 9.0 percent growth in convenience stores, and 8.56 percent in the hypermarkets. Other retail outlets, including wholesaler and distributors serving the food service industry, decreased by a significant 30 percent to US\$3.9 billion because consumers opted to cook at home more frequently during the pandemic.

Annual Sales of Convenience Stores/Hypermarket/ Supermarkets/Others

	2018 (US\$ billion)	2019 (US\$ billion)	2020 (US\$ billion)	2020 (Growth Rate)
Supermarkets	6.6	6.9	7.7	11.6%
Convenience Stores	10.7	11.0	12.0	9%
Hypermarkets	6.6	7.0	7.6	8.5%
Others	5.4	5.6	3.9	-30%
Total	29.3	30.5	31.2	2.3%

Source: Ministry of Economic Affairs, Department of Statistics

The official sales of food and beverage from all retail outlets in 2020 are not currently available. However, sales generated by Taiwan's food and beverage and tobacco industry totaled US\$39.4 billion in 2019, a slight decrease of 1.5 percent from 2019's sales of US\$40 billion, according to the Statistics Department of Ministry of Economics.

International retailers dominate in Taiwan, with few domestic players in direct competition. International retail stores have grown by taking advantage of Taiwan's 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.

COVID-19 Impacts on Taiwan Economy and retail sector

Throughout 2020, Taiwan remained essentially unimpacted by the COVID-19 pandemic thanks to the 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. The Directorate-General for Budget, Accounting and

Statistics reported that in March 2021, Taiwan’s unemployment reached a 13-month low. Additionally, in 2021, Taiwan consumers reported some of the highest purchasing power in Asia at US\$59,398 Gross Domestic Product (GDP) per capita (PPP, 2021 est.). However, starting in May 2021 Taiwan experienced its most significant COVID-19 outbreak to date. At the time of this report’s publication, bars and restaurants were closed except for take-away and delivery. Moreover, wet markets and retail outlets are implementing limited shopping schedules. Authorities are encouraging everyone to limit non-essential travel outside the home, including to grocery stores and wet markets. In Taiwan, COVID-19 is impacting high-touch, large scale service industries the hardest, especially restaurants, bars, and entertainment venues/events such as sports and concerts. On the other hand, e-retail, fresh food, packaged food, and healthy products may avoid a negative COVID-related impact due to the changing delivery methods and consumer demands.

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.	Consumers are highly price-sensitive in general and offering competitive pricing and differential products remains a challenge for all retailers.
Consumers are increasingly health conscious and tend to be less concerned about cost, especially when shopping for natural and organic foods.	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

Taiwan consumers are incredibly social media savvy and seek out new opportunities, experiences, and food/drinks to share on their own social media accounts on platforms such as 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.

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, Taipei International Food Show (TIFS) is the largest international trade show in Taiwan. More information about TIFS can be found at <https://www.foodtaipei.com.tw>).

SECTION III. COMPETITION

Convenience Stores

Convenience stores generated US\$12 billion in sales in 2020 with nine percent growth rate compared to one year ago, taking a market-leading position. Convenience store chains have broadened their product and service portfolio and now serve fresh coffee, sell concert and sports tickets, provide train tickets, and offer delivery pick-up services. Currently, convenience stores operators are increasingly less aggressive about outlet expansion and focus on same-store sales and gross margin improvements. The top four convenience store chains are 7-Eleven, Family Mart, Hi-Life, and OK Mart.

Profile of Major Convenience Stores in Taiwan

Name	2020 Sales (US\$ billion)	Year Established	No. of Outlets (2020)	Locations	Purchasing Agent Type
7-Eleven 7-11.com (English)	5.2	1978	5,655	Nationwide	Direct, importer, wholesaler, agent
Family Mart Family.com (English)	2.5	1988	3,606	Nationwide	Direct, importer, wholesaler, agent

Hi-Life Hilife.com (English)	0.7	1989	1,412	Nationwide	Direct, importer, wholesaler, agent
OK Mart OKmart.com (Chinese)	0.3	1988	820	Nationwide	Direct, importer, wholesaler, agent

Hypermarkets

In 2020, Taiwan hypermarkets generated a total of US\$7.6 billion in sales, a nearly 8.5 percent growth from the previous year. 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. With the newly announced acquisition by Carrefour of Wellcome (202 stores) and Jason's Market Place (26 stores), Carrefour is expected to play a more active role in competing with local chain operator and competitor, PX Mart.

Most of Taiwan's hypermarkets and warehouse stores are in suburban areas, though smaller scale hypermarkets have opened in urban areas. Many hypermarkets have increased their volumes of imported and private label items to lower operating costs and differentiate themselves from their competitors. Top hypermarket chain stores are Costco, Carrefour, and RT Mart.

Major Hypermarket Company Profile

Retailer	2020 Sales (US\$ billion)	Year Established	No. of Outlets (2020)	Locations	Purchasing Agent Type
Costco Costco.com (English)	2.8	1997	14	Island-wide	Direct, importer, wholesaler, agent
Carrefour Carrefour.com (Chinese)	2.4	1989	138	Island-wide	Direct, importer, wholesaler, agent
RT-Mart RT-mart.com (Chinese)	0.9	1996	21	Island-wide	Direct, importer, wholesaler, agent

Supermarkets

Supermarkets generated more than US\$ 7.7 billion in sales in 2020, a 11.6 percent increase compared with the previous year. Continued fierce competition from hypermarkets and convenience stores have made it difficult for small supermarkets to survive. For example, this is believed to be part of the reason

why the Wellcome and Jason’s Market Place chains merged with Carrefour. 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. Top supermarket store chains are PX Mart, Simple Mart, and Taiwan Fresh Supermarket.

Major Supermarket Store Profiles

Retailer Name	2020 Sales (US\$ billion)	Year Established	No. of Outlets (2020)	Locations	Purchasing Agent Type
PX Mart PXmart.com (Chinese)	4.3	1997	994	Nationwide	Direct, importer, wholesaler, agent
Simple Mart Simplemart.com (Chinese)	0.4	1997	722	Nationwide	Direct, importer, wholesaler
Taiwan Fresh Supermarket Supermarket.com (Chinese)	0.13	1975	47	Central Taiwan	Direct, importer, wholesaler, agent

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 in line with Taiwan consumer’s increasing purchasing power and commitment to high-quality food products. Regarding consumer-oriented products, locally manufactured products present significant competition to many American imported products. Taiwan’s strong food and beverage industry manufactures a wide diversity of popular products, including drink, seafood, fruits and vegetables, sauces, beverages, snack foods, confectioneries, and dairy products. Nevertheless, consumers are open to purchasing imported and are highly interested global food trends.

E-retail

Taiwan is a large consumer market with a fast-growing e-retail sector. Online shopping platforms in Taiwan now blend digital payments, group deals, social media, gaming, instant messaging, short-form videos, and live streaming by celebrities. The e-retail market size was US\$6.3 billion in 2018, US\$6.9 billion in 2019, and US\$8.3 billion in 2020, with a compound three-year growth rate of thirty-two

percent, according to Ministry of Economic Affairs, Statistics Department. More consumers prefer the “no-contact” approach of shopping as a counter measure to prevent the further spread of COVID-19.

Consumers in Taiwan expect to see a stronger connection between online and offline shopping to bring even more added convenience to their lives. Major retail players are investing heavily to build partnerships and e-retail infrastructure. The e-retail transactions in Taiwan show no sign of slowing down in the short- to mid-run.

Top Taiwan Imports of Consumer-Oriented Products and Competition – 2020

(Amount in US\$ million, Market share in %)

Product category	Gross Imports	1st Supplier	2nd Supplier	U.S.
Consumer oriented total	6,380	U.S. 1,869 (30%)	New Zealand 750 (12%)	1,869 (30%)
Fresh fruits	623	U.S. 202 (32%)	New Zealand 161 (26%)	202 (32%)
Processed fruits	148	China 32 (21%)	U.S. 30 (20%)	30 (20%)
Fresh vegetables	181	U.S. 57 (31%)	Vietnam 21 (11%)	57 (31%)
Processed vegetables	427	Thailand 129 (30%)	U.S. 83 (19%)	83 (19%)
Fruit and Vegetable juices	63	Thailand 12 (19%)	China 7.2 (11%)	7.1 (11%)
Chocolate and cocoa products	124	U.S. 27 (22%)	Italy 17 (14%)	27 (22%)
Snack foods	117	Japan 31 (27%)	Malaysia 12 (10%)	8 (7%)
Condiments & sauces	148	Japan 72 (48%)	U.S. 21 (14%)	21 (14%)
Coffee roasted and extracts	129	U.S. 38 (29%)	Malaysia 25 (19%)	38 (29%)

Seafood products	1,750	China 229 (13%)	Japan 156 (9%)	42 (2.4%)
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Source: Trade Data Monitor

SECTION IV: BEST PRODUCT PROSPECTS

The future growth of U.S. food and agricultural exports to Taiwan is expected to be mostly among high-value consumer-oriented products. U.S. bulk commodity products exports to Taiwan will continue to face stiff competition based on price. Nonetheless, 2020 looks to be a negative outlier to the larger trend of growth in U.S. exports of consumer-oriented products as exported decreased slightly from US\$1.92 billion in 2019 to US\$1.87 billion in 2020. However, early trade numbers in 2021 suggest that growth in consumer-oriented product exports should resume after a disappointing 2020.

Fastest Growing Taiwan imports of Consumer-Oriented Products – 2020 (Amount in US\$ million, Growth rate percent)

Product category	2020 Gross imports (Growth rate from 2019)	2020 Imports from U.S. (Growth rate from 2019)
Fresh vegetable	181 (-3%)	57 (2%)
Fruit and vegetable juices	63 (7%)	7 (11%)
Processed vegetables	427 (1%)	83 (1%)
Bottled drinks (soda, juice)	87 (7%)	11 (10%)
Condiments & sauces	148 (9%)	21 (5%)
Roasted coffee	129 (5%)	38 (18%)

Source: Trade Data Monitor

SECTION V. POST CONTACT AND FURTHER INFORMATION

Contact Information for FAS Offices in Taiwan

For Trade Policy/Market Access and General Agricultural Issues:

Taiwan
American Institute in Taiwan, AIT, Taipei

Telephone: (011-866-2) 2162-2316

Fax: (011-886-2) 2162-2238

Email-FAS: agtaipei@fas.usda.gov

For Market Development Assistance:

Taiwan
Agricultural Trade Office - Taipei, ATO, Taipei

Tel-Direct Line: (011-886-2) 2162-2520

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Attachments:

No Attachments