

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Taiwan

Post: Taipei ATO

Taiwan Convenience Stores 2010

Report Categories:

Retail Food Sector

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Report Highlights:

In 2009, Taiwan's four major convenience store chains operated a total of 9,184 stores around the country, a density of one store per 2,500 people, making Taiwan the densest market in the world in terms of convenience stores.

General Information:

I. Market Overview

The characteristics of Taiwan's convenience store sector:

- World's highest convenience store density
- Continuation of market growth
- Taiwan as a gateway to China

World's Highest Convenience Store Density

The number of convenience stores in Taiwan has continued to increase in recent years. As of 2009, the total number of convenience stores in Taiwan has surpassed 9,000, maintaining Taiwan's position as the world's most competitive market for convenience stores. In 2009, Taiwan's four major convenience store chains operated a total of 9,184 stores around the country and a density of one store per 2,500 people, making Taiwan the densest market in the world in terms of convenience stores. In this highly competitive market, these chains offer multiple conveniences, allowing consumers to pay their bills, deliver overnight/express packages, internet/television, marketing, etc. They also offer high quality, freshly ground coffee sales that are providing great competition for big coffee house chains like Starbucks Coffee, 85C, Mr. Brown Coffee, and Dante Coffee.

Continuation of the Market Growth

Due to global economic recessions, most convenience store chains have experienced declines in their expansion efforts. However, the overall number of convenience stores in Taiwan has steadily increased since 2005. This is due to the high competitiveness of the market and the constant demand for a more convenient lifestyle from Taiwanese consumers. The chart below shows the market development of Taiwan's four major convenience store chains.

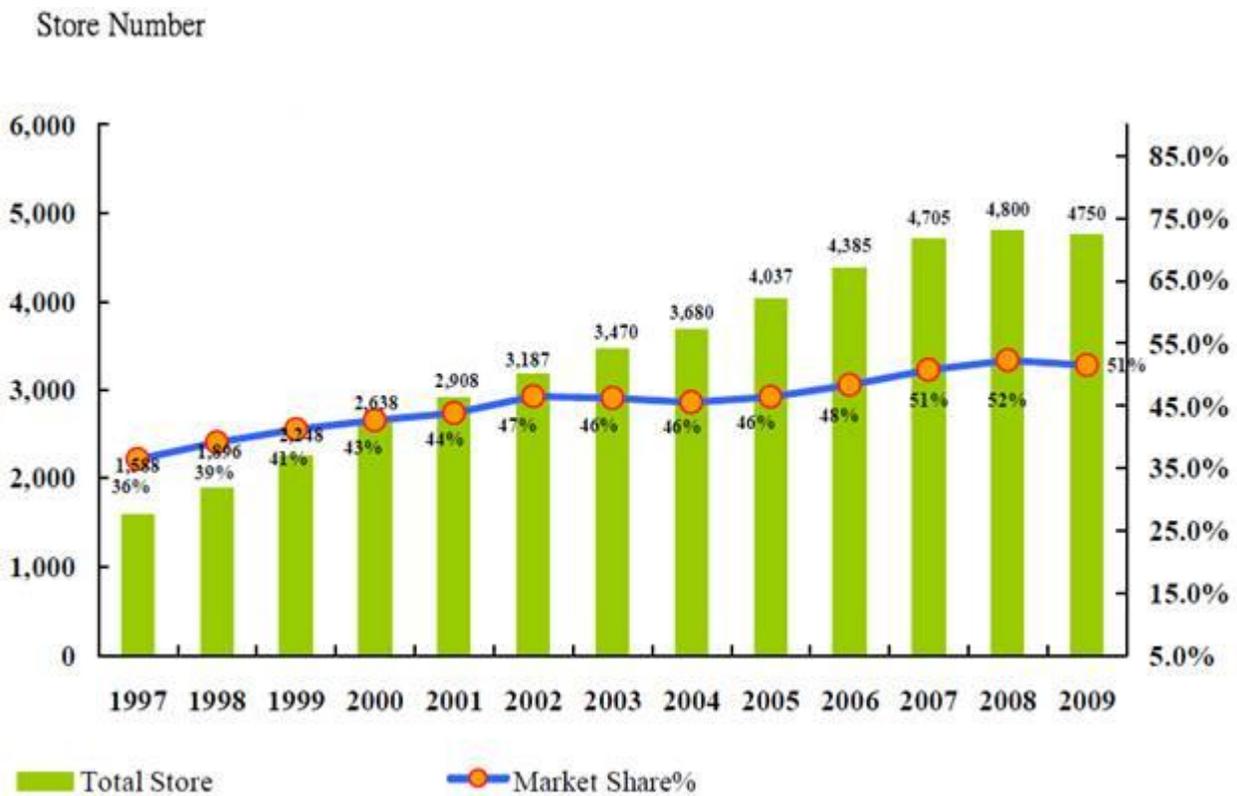
Number of Stores

Store / Year	2005	2006	2007	2008	2009
7-Eleven	4,037	4,385 (+348)	4,705 (+320)	4,800 (+95)	4,750 (-50)
Family Mart	1,851	2,012 (+161)	2,228 (+216)	2,324 (+96)	2,394 (+70)

Hi-Life	1,160	1,258 (+98)	1,300 (+39)	1,265 (-35)	1,236 (-29)
OK	873	890 (+17)	862 (-28)	831 (-31)	824 (-7)
Total	7,921	8,545	9,095	9,220	9,204

Source: Company Websites

The charts below show the annual store expansion and annual sales of Taiwan’s leading convenience store chains, 7-Eleven and Family Mart.



7-

Eleven Store Expansion

Historical Annual Sales

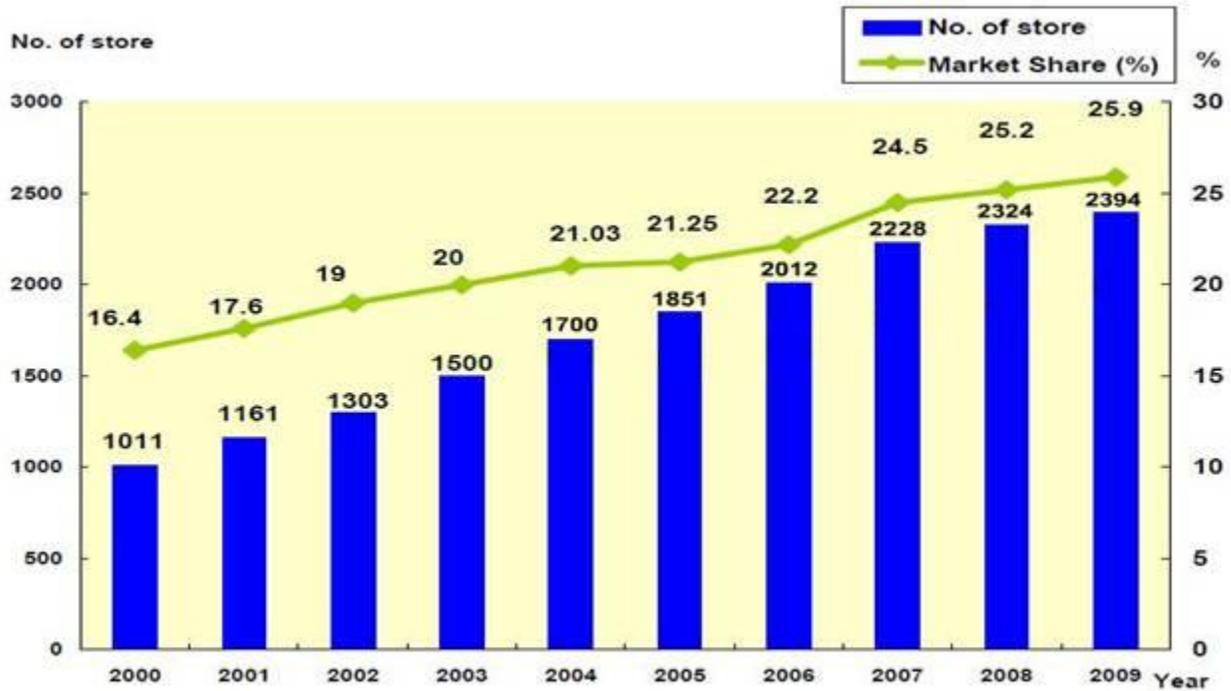


7-Eleven Annual Sales

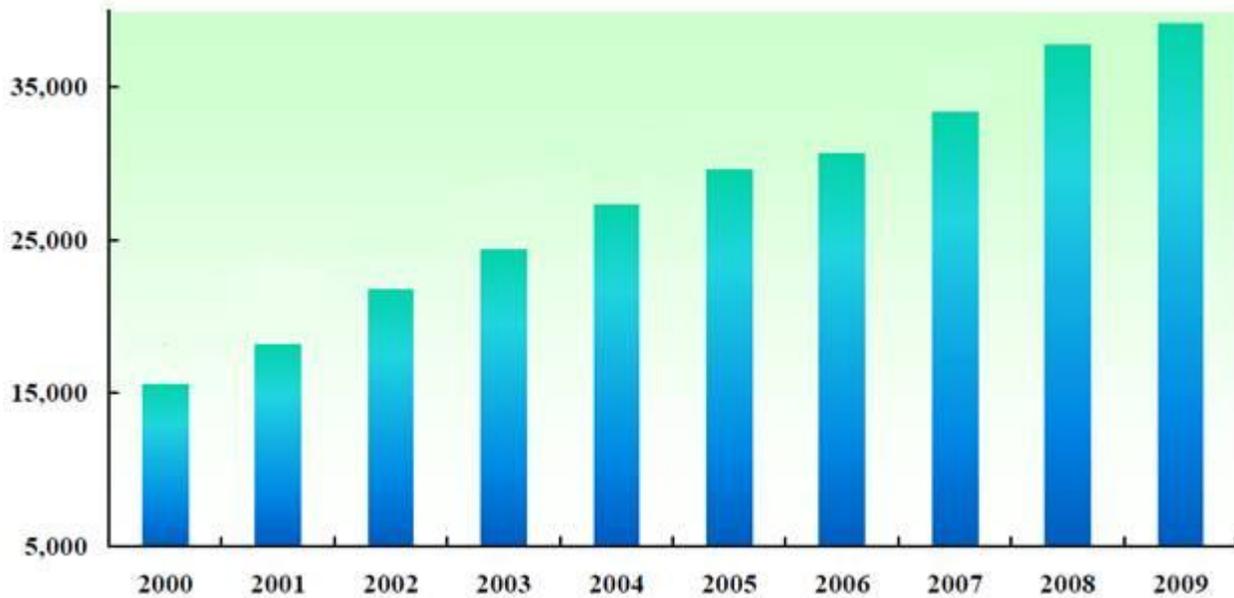
(Unit: US\$ billion)

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sales	1.04	1.30	1.58	1.73	1.86	2.08	2.30	2.55	2.86	3.07	3.16	3.12	3.18

Source: 7-Eleven Website



Family Mart Store Expansion



Family Mart Annual Sales

(Unit: US\$ million)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sales	472	522	629	719	862	905	945	1,030	1,154	1,225

Source: Family Mart Website

Taiwan as a Gateway to China

Faced with the giant market that China and its immense population offer, many Taiwan convenience store chains are also exploring the market on the other side of the strait. Through various endeavors, Taiwan investors have found great success in China. Following the success of Family Mart by establishing itself in Taiwan before crossing over to the China market, Uni-President Enterprises Corp. has also begun to expand its 7-Eleven stores into China as well. This has yielded a considerable degree of success, as 2009 research reports a total of 591 Uni-President retail stores including the 7-Eleven, Starbucks Coffee, and Cosmed Drug Store chains in China, a growth of over 500 stores since the cross-over in 2008.

I. Company Profiles

7-Eleven Taiwan

7-Eleven Taiwan, or the President Chain Store Corporation, is an affiliate of the Uni-President Enterprises Corporation and is currently the leading convenience store chain in Taiwan. Established in

1978, the first 7-Eleven store in Taiwan opened in 1980. Originally, the company experienced seven continuous years of deficits, due to little consumer interest, but with the support of Uni-President Enterprises Corp., the company began generating profits by 1987. Since then, the company has expanded exponentially, with 4,720 stores throughout Taiwan as of June 2010, dominating over fifty percent of the convenience store market. Since 2006, it has also generated over three billion USD annually in sales. In addition to its bill paying services and most successful City Cafe fresh coffee sales, 7-Eleven also offers its “Black Cat” express delivery services from its stores island-wide.

In 2008, Uni-President expanded into China, following Family Mart Taiwan’s example. As of 2009, there have over 20 Uni-President 7-Eleven stores in China and expect to expand to over 50 by end of 2010.

Family Mart Taiwan

Family Mart Taiwan is currently the second largest convenience store chain in Taiwan, with 2,473 stores as of June 2010. Established in 1988, it weathered six years of deficits before beginning to generate profits in 1994. In 2007, it bought and converted 157 Niko Mart stores, the first merger case in Taiwan’s convenience store market. Since 2007, it has generated over one billion USD annually in sales.

In 2004, Family Mart became the first Taiwan-based convenience store chain to expand into China. There are currently Family Mart stores in Shanghai, Suzhou, and Guangzhou, with a total of 400 stores in China as of June 2010.

Hi-Life Convenience Store

Hi-Life, or Life International Co. Ltd, was established in 1989 by Kuang Chuan Dairy Co. Ltd. As of 2009, Hi-Life has 1,236 stores, about thirteen percent of the convenience store market. Since 2004, Uni-President Enterprises Corp. has held a 31 percent stake in Hi-Life International Co.

OK Convenience Store

Established in 1988, OK Convenience Store is currently the smallest of the four major convenience store chains in Taiwan. Originally, it was a franchise of Circle K of the United States, but the agreement was terminated in 2005 and the company became the Lai Lai Convenience Store Corp., although it continued to operate under the name “OK Convenience Store.” As of 2009, there are 824 OK stores in Taiwan.

CVS.COM Co., Ltd.

Formed in 2000, CVS.COM Co., Ltd. was a joint venture by four of Taiwan’s major convenience store

chains, Family Mart, Hi-Life, OK, and Niko Mart, to assist the four chains by providing e-commerce services. The company emphasizes an open platform, hoping to create fair competition in the market for the companies, especially against the 7-Eleven President Chain Store Corp.

I. **Market Access**

Taiwan convenience store chains import directly, although they also rely on importers, agents, and distributors for products. Managers of these chains plan to increase the number and variety of imported goods stocked, so U.S. exporters can sell directly to these stores by contacting their purchasing departments. Major Taiwan convenience store chains have their own distribution centers to distribute products, both dry and chilled/frozen goods, to each outlet. The other convenience stores have ties with other distribution centers.

7-Eleven (President Chain Store Corp.) stores “use a wide variety of goods and services and are always looking for new products that will help to better serve customers.” Suppliers of the following items are welcome to fill in a cooperation form and / or contact the company.

- Food: Beverages, snacks, candy, canned foods, cooked foods, condiments, etc.
- Non-Food: Toiletries, hair products, cosmetics, stationary, toys, electronics, etc.

Cooperation Form:

<http://www.7-11.com.tw/supplier.asp>

Contact Information:

7-Eleven International Procurement Team

President Chain Store Corporation

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Fax: 886-2-2747-8009

E-mail: charlene@mail.7-11.com.tw (Miss Charlene Huang)

CVS.COM Co., Ltd. serves as a joint purchasing company for Family Mart, Hi-Life, and OK convenience stores. Suppliers wishing to market items in the three convenience store chains are welcome to contact the company.

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