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Taiwan

Retail Foods

2018

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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, Carrefour, and Wellcome, 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, processed foods and beverages to these and other retail operators in Taiwan.

Post:
Taipei ATO

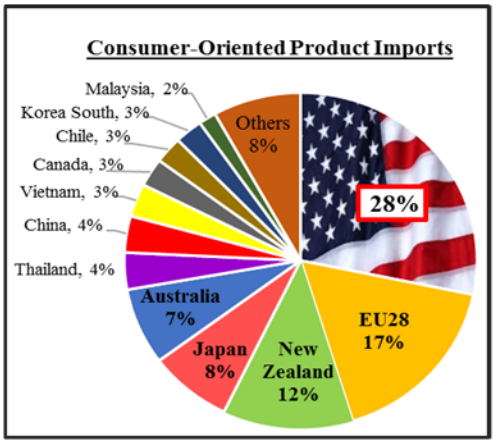
Market Fact Sheet: Taiwan

Executive Summary

With only a population of 23.5 million, Taiwan is the United States' 8th largest trading partner in overall goods. It is also the 11th largest U.S. export market overall and the 7th largest export market for agricultural products. In 2017, Taiwan imported US$3.57 billion of food and agricultural commodities from the UnitedStates, which is 31percent of the total import market share and makes the United States the leading foreign supplier.

Imports of Consumer-Oriented Products

In 2017, Taiwan imported consumer-oriented agricultural products worth nearly US$6 billion. The United States leads with 28 percent market share.



Food Processing Industry

The 6,215 food processing companies employee 160,000 people, together producing an estimated US$18.4 billion of processed food and drinks and account for 3.2 percent of total gross domestic product (GDP) in 2017. The top five largest subsectors by value were: animal feed, non-alcohol beverages, rice/grain milling, flour milling, and frozen & chilled meat, representing 14, 14, seven, and six percent of food processing industry's total production value, respectively.

Food Retail Industry

Taiwan's retail sector topped US$41 billion in 2017, a new record high, up 1.2 percent from 2016. The retail food sector is dominated by chain operators like Costco, 7-Eleven, PX Mart, Carrefour, and Wellcome. The density of Taiwan's 10,619 convenience stores is the highest level in the world, around one convenience store for every 2,304 residents. For more information, check the GAIN Retail Foods Report.

Quick Facts CY 2017

Imports of Consumer-Oriented Products (USD)
$5.97 billion

Lists of top 10 Growth Products in Host Market (> USD 1 million)

1) Areca Nuts
2) Coffee (Roasted)
3) Chicken Eggs
4) Offal of Sheep, Goats, Horses
5) Food Prep Ingredients
6) Bovine Tongues
7) Coconuts
8) Almonds
9) Coffee Extracts
10) Juice of Citrus Fruit

Food Industry by Channel (USD billion) 2017

Food Industry Output	$18.4
Food Exports	$2.6
Food Imports	$11
Retail	$41
Food Service	$16

GDP/Population

Population (millions): 23.5
GDP (billions USD): $601
GDP per capita (USD): $24,337
2018 Economic Growth Rate (estimate): 2.42%

Sources: GTA; Directorate-General of Budget, Accounting, and Statistics, Executive Yuan of R.O.C.; Department of Statistics, MOEA

SWOT Analysis

Strength	***Weakness***
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 to importers/end users.
Opportunity	***Threat***
There is 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.

Exchange rate:
1 USD = 29.0 New Taiwan Dollar

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SECTION I. MARKET SUMMARY

Taiwan Retail Foods Sector Overview and Sales Trends

Sales generated by Taiwan's retail foods sector totaled US$41 billion in 2017, a new record high, up 1.2 percent from 2016. In 2017, the revenue generated by supermarkets rose 6.2 percent to US$6.97 billion. Convenience store and hypermarket sales also grew 2.75 percent and 3.05 percent, respectively, to US$10.27 billion and US$6.57 billion. Other retail outlets, including eCommerce, Mom-and-Pop shops and wet markets, declined by 2.3 percent to US$5.67 billion.

Annual Sales of Retailers in Taiwan (By Sector)
Convenience Stores/Hypermarket/ Supermarkets/Others

	2014 (US$ billion)	2015 (US$ billion)	2016 (US$ billion)	2017 (US$ billion)
Total Retail Sales	36.9	38.3	40.2	41
Convenience Stores	9.6	9.8	10.3	10.3
Supermarkets	5.6	6.0	6.5	7
Hypermarkets	5.9	6.1	6.4	6.5
eCommerce, Mom-and-Pop shops and wet markets	5.6	5.8	5.9	5.6
Department Stores	10.2	10.6	11.1	11.6

Source: Ministry of Economic Affairs, Department of Statistics

International retailers dominate the market, with few domestic players in direct competition. With the moderaziation of retail food sector years, the traditional mom-and-pop shops and wet markets have suffered and declined in comparison to high-end supermarkets and convenience stores.

Overall, the retail food sector is fragmented. Carrefour, COSTCO, RT-Mart are the main players in the hypermarket area, while Wellcome, Simple Mart, PX Mart, CitySuper, Jason's Market Place, and Taiwan Fresh Supermarket are active in the supermarket sectors. Major convenience store chains are 7-11, Family Mart, Hi-Life and OK.

Number and Type of Retailers and Outlets in Taiwan

2013 – 2017

	Convenience Stores		Hypermarkets		Supermarkets	
	# of Retailers	# of Outlets	# of Retailers	# of Outlets	# of Retailers	# of Outlets
2017	8	10,619	7	183	31	2,299
2016	8	10,454	7	166	30	2,089
2015	8	10,321	6	154	29	1,994
2014	7	10,632	6	123	26	1,820
2013	7	10,087	7	128	29	1,771

Source: Taiwan Chain Store Almanac 2018

Responding to demands by time-constrained consumers for quick meal solutions, big name retailers, such as 7-Eleven, have added fresh-cooked food to their convenience stores. Additionally, strong sales found in the convenience store sector are a result of the consumers' need for fast transactions and one-stop shopping.

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.	Taiwan is the United States 7th largest market for agricultural exports but often overlooked by U.S. suppliers eager to export directly to China.
The majority of consumers become more health conscious and tend to be less concerned about costs when shopping.	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 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.
The increasing growth of fast food chains and casual dining restaurants provide more opportunities for western style food.	Numerous food regulations and standards are not in line with international standards.

SECTION II. ROAD MAP FOR MARKET ENTRY

Except for large exporting companies that maintain representative offices in Taiwan, the appointment of an import agent is a critical decision for most exporters. Importers prefer to see product samples whenever possible and will often place small initial shipments to test the market response.

Imported goods must conform to local standards and labeling regulations required for importing products into this market. A local agent or distributor should be able to assist with obtaining the necessary certifications and permits needed for importation. For more information on import requirements, please review our Food and Agricultural Import Regulations and Standards report.

Small to medium size exporters should work with the appropriate U.S. State Regional Trade Groups (SRTG) to take advantage of the SRTG's resources for marketing and promotion support in major export markets. The four SRTGs are non-profit trade development organizations that help U.S. food producers, processors and exporters sell their products overseas. They are funded by USDA's Foreign Agricultural Service (FAS), individual state departments of agriculture, and private industry. The SRTGs provide export assistance to companies located in their geographic region through a variety of export programs and integrated marketing services. To learn more about 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 (Food Export)
- Food Export-Northeast (Food Export)

ATO Taipei strongly recommends U.S. food exporters exhibit in the USA Pavilion at the Taipei International Food Show, which is the most influential trade show in the food industry in Taiwan, taking place in June every year. The USA Pavilion exhibitors will receive on-site consultation services from the ATO Taipei. ATO Taipei also organizes the USA Pavilion at the Taipei Building Show to promote forest products. U.S. companies interested in these shows may contact ATO Taipei for more details.

2018 Taiwan Trade Show Schedule

Show Name	Show Date	Products Featured
Taiwan Fruit & Vegetable Show	Nov. 8-10, 2018	Fruit and Vegetables
Taiwan International Fisheries & Seafood Show	Nov. 8-10, 2018	Seafood
Taipei Building Show	Dec. 13~16, 2018	Forest products
Taipei International Food Show	June 19-22, 2019	Food and beverages

Useful Resources

- Exporter Guide Taiwan
- Taiwan's Tariff Rate Quota (TRQ) Implementation
- Taiwan Customs On-line Tariff Database
- Taiwan's Bureau of Trade - Statistics

SECTION III. COMPETITION

Convenience Stores

Convenience stores have been growing significantly and are taking a market-leading position that generated US$ 10.27 billion in sales in 2017, representing a 2.75 percent growth rate compared to one year ago. Convenience store chains have broadened their product and service portfolio, and now are serving fresh coffee, selling concert tickets and train tickets and offering delivery/pick-up services. Currently, convenience stores operators have become less aggressive about outlet expansion and focus on same-store sales and gross margin improvements.

Profile of Major Convenience Stores in Taiwan

Name	2017 Sales US$ millions	No. of Outlets (2017)	Locations	Purchasing Agent Type
7-Eleven	4,816	5,222	Nationwide	Direct, importer, wholesaler, agent
Family Mart	2,072	3,154	Nationwide	Direct, importer, wholesaler, agent
Hi-Life	712	1,270	Nationwide	Direct, importer, wholesaler, agent
OK Mart	265	841	Nationwide	Direct, importer, wholesaler, agent

Source: Taiwan Chain Store Almanac 2018
China Credit Information Service –2018 Top 5,000 Corporations in Taiwan

Hypermarkets

In 2017, Taiwan hypermarkets generated a total of US$ 6.57 billion in sales, a nearly 3.05 percent growth from the previous year.   There are now 183 hypermarket outlets in Taiwan, which includes a mix of foreign-owned and locally owned stores. Carrefour and Costco continue to dominate the Taiwan market and hold more than 50 percent market share.

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.

Major Hypermarket Company Profile

Retailer	2017 Sales US$ million	No. of Outlets (2017)	Locations	Purchasing Agent Type
Costco	2,666	13	Island-wide	Direct, importer, wholesaler, agent

Carrefour	2,216	115	Island-wide	Direct, importer, wholesaler, agent
RT Mart	920	22	Island-wide	Direct, importer, wholesaler, agent

Source: Taiwan Chain Stores and Franchise Association Yearbook 2018
Credit Information Service – 2017 Top 5,000 Corporations in Taiwan

Supermarkets

Supermarkets generated more than US$ 6.97 billion in sales in 2017, a 6.2 percent increase compared with the previous year. Continued fierce competition from hypermarkets and convenience stores have made it difficult for small supermarkets to survive. Sales posted by supermarkets in 2017 outperformed the retail sector as a whole, but mainly because of the expansion of PX Mart. 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.

Major Supermarket Store Profiles

Retailer Name	2017 Sales US$ million	No. of Outlets (2017)	Locations	Purchasing Agent Type
PX Mart	3,626	915	Nationwide	Direct, importer, wholesaler, agent
Simple Mart (Mercuries & Associates)	394	623	Nationwide	Direct, importer, wholesaler
Wellcome/Jasons Market Place	NA	227	Nationwide	Direct, importer, wholesaler, agent
Taiwan Fresh Supermarket	151	48	Central Taiwan	Direct, importer, wholesaler, agent
CitySuper	52	8	Taipei	Direct Importer, agent, wholesaler

Source: Taiwan Chain Store Almanac 2017
China Credit Information Service – 2017 Top 5,000 Corporations in Taiwan

Jason's Market Place mainly carries higher-end and imported foods, which accounts for 50 percent of products. Also, 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.

2017 Taiwan Consumer Oriented Imports from Major Suppliers

Ranking	Countries Exporting to Taiwan			
		Amount (US$ million)	Total Import Market Share (%)	Top 5 Imported Consumer Oriented Products
1	U.S.	1,687	28.26	Beef, chicken, apples, frozen potato products, pet food
2	New Zealand*	712	11.94	Beef, kiwi, milk & cream, apples, cheese
3	Japan	458	7.68	Apples, pastry products, cookies/biscuits, beer, non-alcohol beverages
4	Australia	440	7.38	Beef, milk and cream, lamb and goat meat, wine; pet food
5	France	249	4.18	Beer, ginseng roots, vegetables, dried fruits, condiments, and seasonings

*On July 10, 2013, Taiwan's first free trade agreement with a developed country, New Zealand.
Source: Global Trade Atlas

- Regarding processed products, locally manufactured products present significant competition to many American processed products. Taiwan's strong food processing industry produces a wide diversity of processed products, including processed meat, seafood, vegetables, fruits, noodles, sauces, oils, grain flour, beverages, snacks, confectioneries, dairies, and liquors. Nevertheless, consumers are open to purchasing imported and are highly interested in global food trends.

SECTION IV: BEST PRODUCT PROSPECTS

The growth of U.S. food and agricultural exports to Taiwan are mostly high-value consumer-oriented products. While U.S. bulk commodity products exports to Taiwan are facing more competition from developing countries with cheaper costs, U.S. exports of consumer-oriented products, such as meat, poultry, and fresh fruits, enjoyed 46 percent growth from 2011 to 2017.

Product Category	Imports From United States In 2017 (US$ million)	U.S. Import Market Share	Key Constraints over Market Development	Market Attractiveness for the United States
Beef	429	48.24	United States does not have full market	Taiwan consumers have high regard for U.S. beef quality

			access for its beef products to Taiwan due to lingering BSE and ractopamine concerns.	and safety.
Chicken	147	89.85	Special safeguards (SSG) raise the tariff from 20 percent to about 26.6 percent.	United States is one of a few countries certified to export poultry meat to Taiwan.
Fresh Fruits	260	35.17	Taiwan is a significant producer of fresh tropical fruits. U.S. exports face some SPS trade barriers.	Taiwan consumers enjoy a great variety of fresh fruits, and the United States offers different types of fresh fruits that Taiwan does not produce locally. Top fresh fruit exports to Taiwan are apples, cherries, peaches, and grapes.
Fresh Vegetables	65	33.84	Local production meets most of the vegetable demand.	The United States continues to be the leading supplier of broccoli, onions, lettuce, and potatoes.
Tree Nuts	97	58.55	The growth of this sector may slow down due to limited supplies and strong demand competition from the mainland market.	Tree nuts are used for snack foods and as food ingredients and are promoted as healthy food.
Pet Food	48	29.73	The most significant barrier to entry for U.S. pet food is the ban on pet food containing beef byproducts.	Taiwan pet food imports are expected to grow moderately over the next few years as pet ownership increases.
Cheese	38	25.22	New Zealand enjoys duty-free access as a result of a free trade agreement signed with Taiwan in 2013.	Consumption of cheese products continues to grow.

Source: Global Trade Atlas

SECTION V: POST CONTACT AND FURTHER INFORMATION

Contact Information for FAS Offices in Taiwan

For Trade Policy/Market Access and General Agricultural Issues:

Taiwan

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Fax: (011-886-2) 2162-2238
Email-FAS: agtaipei@fas.usda.gov

For Market Development Assistance:

Taiwan
Agricultural Trade Office - Taipei, ATO, Taipei

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