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Taiwan

Retail Foods

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Report Highlights:

Taiwan's retail food sector is becoming increasingly competitive, and foreign operators (Costco, 7-11, Carrefour and Wellcome) continue to dominate Taiwan's food retail market. In 2014, aggressive expansion plans by international retailers increased the number of convenience stores in Taiwan to 10,000 making it the highest convenience store density in the world. Convenience stores generated US\$9.2 billion in sales, followed by hypermarkets (US\$5.7 billion), supermarkets (US\$5.2 billion) and wet markets/mom-and-pop shops (US\$5.2 billion). Only e-commerce had a better growth rate than the retail food sector, and this trend is expected to continue throughout 2015. Nevertheless, U.S. products continue to be well-accepted by Taiwan consumers due to competitive prices and consumer confidence in the quality and safety of U.S. retail food products. Taiwan is currently the United States' seventh largest agricultural export market.

SECTION I. MARKET SUMMARY

Taiwan Retail Foods Sector Overview and Sales Trends

In 2013, the retail sector in Taiwan became an increasingly important opportunity for U.S retail food exporters and investors. The food sector is currently Taiwan's second fastest-growing sector, enjoying 5.2% sales growth compared to 2012. The food sector sales increase is only second to internet sales and e-commerce sales, which enjoyed 7.2% growth in 2013. Given Taiwan's current size and population, the country is forced to look overseas for food products, and agriculture accounts for less than 2% of GDP and only 5% of employment in Taiwan.

According to the Ministry of Economic Affairs, Department of Statistics, the retail food industry sales in 2013 was \$15.26 billion, a 5.2% sales increase over 2012. Table 1, below, outlines the trend that convenience stores, both in number of stores and annual sales, have been growing significantly and are taking the market-leading position. In 2013, convenience stores generated US\$9.2 billion sales, followed by hypermarkets (US\$5.7 billion), supermarkets (US\$5.2 billion) and wet markets/mom-and-pop stores (US\$5.2 billion).

Table 1 - Annual Sales of Retailers by Sectors in Taiwan
Convenience Stores/Hypermarket/ Supermarkets/Others
(Unit: US\$ billion)

	2013	2012	2011	2010	2009
Convenient Stores	9.2	8.9	8.2	7.6	7.1
Hypermarkets	5.7	5.6	5.5	5.2	4.9
Supermarkets	5.2	5.1	4.7	4.4	4.2
Others	5.2	5.1	4.9	4.7	4.4

Source: Ministry of Economic Affairs, Department of Statistics

Taiwan's continued modernization and increased adoption of western food tastes makes the country an extremely attractive market for U.S. exporters. It is also a safer, test market for companies interested in exporting goods to China.

Number of Retailers and Outlets in Taiwan
Convenience Stores/Hypermarkets/Supermarkets
2009 - 2013

	Convenience Stores		Hypermarkets		Supermarkets	
	# of Retailers	# of Outlets	# of Retailers	# of Outlets	# of Retailers	# of Outlets
2013	7	10,087	7	128	29	1,771
2012	6	9,997	7	126	29	1,709
2011	6	9,870	7	124	31	1,618
2010	6	9,538	8	122	30	1,572
2009	5	9,269	8	122	30	1,464

Source: Taiwan Chain Store Almanac 2014
Distribution News Magazine 2014

In the late 1980's, Taiwan authorities liberalized foreign investment, which brought many foreign operators into the market, and led to the retail food sector being one of the most developed and modernized in Asia. International retailers dominate in Taiwan, with few domestic players in direct competition. International retail stores have taken advantage of Taiwan's geographical location, high population density and high disposable incomes. Prior to liberalization, mom-and-pop shops were the dominant retailers. In recent years, the traditional mom-and-pop shops and wet markets have suffered and declined in numbers to high-end supermarkets and convenience stores.

Overall, the retail foods sector is fragmented. Carrefour, COSTCO, RT Mart are key players in the hypermarket area while Wellcome, PX Mart, Sung Ching/Matsusei, CitySuper, Jason's Market Place and Taiwan Fresh Supermarket are active in the supermarket sectors. Meanwhile, 7-11, Family Mart, Hi-Life and OK are the four major convenience store chains in Taiwan. . With an already saturated retail market and more services being offered (online services, more stores, etc.) mergers and acquisitions among key players is expected to take place in Taiwan's retail food sector in the near future.

Macro-economic Situation

With a population of 23 million, Taiwan is a thriving democracy, vibrant market economy, and a highly attractive export market, especially for U.S. firms. Taiwan has one of the highest population densities in Asia, over 645 persons per square kilometer. Taiwan is the world's sixth-largest holder of foreign exchange reserves (last reported in August 2014) with over US\$428 billion, a 2.89% increase from 2013 (year-end US\$416 billion). The New Taiwan Dollar (NTD) exchange rate closed at NTD\$29.77 per USD at 2013 year-end, depreciating from NTD\$29.61.

In 2013, Taiwan had an estimated per capita GDP of US\$20,958, registered 2.11% GDP growth. Unemployment has decreased to just above 4.2%, down 0.06% compared with the 2012 average. Local private consumption has remained flat due to declining wages. Real estate sales in several areas,

especially the southern city of Kaohsiung, are showing significant growth. Inflationary pressures remain moderate, and the official forecast for consumer prices increased by 1.07% in 2014.

Taiwan ranked 18 out of 152 countries/ regions with a score of 7.71 in the latest Economic Freedom of the World survey released in October 2014 by U.S.-based Cato Institute and Fraser Institute of Canada. The country chalked up significant progress in the categories of freedom to trade internationally and regulation, but decreased slightly in legal system and property rights, size of government and sound money. Hong Kong and Singapore topped the survey with scores of 8.98 and 8.54, respectively, on a 10-point scale. Japan, South Korea and China are the 23rd, 33rd and 115th, respectively.

Total Taiwan exports increased by 1.46% to US\$305.5 billion in 2013 and imports declined 0.2% to US\$269.9 billion. Taiwan is heavily reliant on exports and is therefore very exposed to any international economic crisis. Any drop in its orders from its exporting partners, such as the United States and European countries, will significantly impact Taiwan's overall economic performances. Forecasts for the economic growth in 2014 have been revised to 2.82%. More recently, the economy in Taiwan has been boosted by domestic demand, with services becoming an increasingly important component of the economy.

Key Economic Indicators in Taiwan 2010 – 2013

Indicators	2010	2011	2012	2013
Economic Growth Rate	10.8	4.2	1.5	2.1
GDP (US\$ billion)	428.1	465.2	475.3	489.3
GDP Per Capita (US\$)	18,588	20,122	20,386	20,958
Household Expenditure on Food, Beverage and Tobacco Expenditure (% , per Household)	16.64	16.22	16.54	NA
Average Exchange Rate (1US\$ to NT\$)	30.37	30.29	29.61	29.77
Consumer Price Index	1.0	1.4	1.9	0.8
Unemployment Rate (%)	5.2	4.4	4.2	4.2
Foreign Exchange Reserves (US\$ million)	382,005	385,547	403,169	416,811
Taiwan's Total Imports (US\$ million)	251,236	281,438	270,473	269,897
Taiwan's Total Export (US\$ million)	274,601	308,257	301,181	305,441
Total Agri-Food Imports (billion US\$)	12.8	14.8	14.7	14.8
Total Agri-Food Exports (billion US\$)	4.0	4.7	5.1	5.1

Source: 2014 Taiwan Statistical Data Book, National Development Council, Taiwan

Taiwan's Foreign Trade and GDP up in First 3 Quarters in 2014

For the first nine months of the year, exports increased 3.5 % to US\$234.65 billion, mirrored by imports, up 3.2% to US\$208.3 billion. The accumulated trade surplus increased 6% to US\$26.35 billion. China, including Hong Kong, remained the top destination for Taiwan's exports, accounting for 38.9% of outgoing shipments at US\$10.29 billion. Taiwan's 2014 gross domestic product (GDP) growth is expected to hit a new high in three years due to strong exports, industrial production and retail sales, according to the Directorate General of Budget, Accounting and Statistics (DGBAS).

U.S. – Taiwan Trade Facts

In 2013, Taiwan ranked as the United States' 12th largest trading partner in goods. It was also the 16th largest U.S. export market overall and the seventh largest export market for agricultural products. The United States is Taiwan's third largest trading partner (9.3% of total imports), after China and Japan. Taiwan had a trade surplus with the United States, US\$12.46 billion, which is down from US\$14.52 billion in 2012, according to the United States Census Bureau.

Agricultural Trade

Given Taiwan's relatively small agricultural sector, Taiwan's dependence on imports is expected to continue to grow. In 2013, Taiwan imported US\$3.2 billion of food and agricultural products (including edible fishery products) from the United States. Of the U.S. total, over US\$1 billion was comprised of bulk commodities, including corn, soybeans and coarse grains (US\$614 million) and wheat (US\$390 million). The United States also exports many consumer-oriented agricultural products, the majority of those being red meats, fresh fruit, poultry, and processed fruits and vegetables.

Since 2007, countries that depend on imports of basic agricultural commodities for food and feed purposes have had to deal with significant increases in commodity prices as well as transportation costs. While Taiwan has seen some food price inflation, the well-developed economy has been able to absorb the added costs more easily than other import-dependent parts of the world. The result, however, has been an increase in the number of sources from which Taiwan is willing to import commodities. The United States is still seen as a provider of high-quality, safe products and is the largest supplier of many food products to Taiwan.

Taiwan became a member of the World Trade Organization (WTO) on January 1, 2002, as a customs territory, and is referred to as *Chinese Taipei*. The lowering of tariff and non-tariff trade barriers for imports has provided improved market access for a wide range of U.S. agricultural products including: fresh produce, dairy products, meat, seafood, and processed food products.

Taiwan Food and Agricultural Products Imports and Exports Top 5 Importing and Exporting Countries 2013

Ranking	Importing Countries			Exporting Countries		
	Amount	Share	Country	Amount	Share	Country

		(US\$ million)	(%)		(US\$ million)	(%)
1	U.S.	3,358	22.7	China	916	18.1
2	Brazil	1,394	9.4	Japan	829	16.3
3	Japan	915	6.2	Hong Kong	522	10.3
4	China	899	6.1	U.S.	472	9.3
5	Australia	812	5.5	Vietnam	388	7.6

Sources: Taiwan Director-General of Budget, Accounting, Statistics (DGBAS)
Council of Agriculture (COA)

The United States has long been the major supplier of Taiwan's food and agricultural product imports, followed by Brazil, Japan, China and Australia. In 2013, Taiwan imported US\$3.4 billion of agri-food products from the United States, representing approximately 22.7% of the total food and agricultural imports, followed by Brazil (US\$1.3 billion, Japan (US\$915 million, China (US\$899 million) and Australia (US\$812 million).

Recent Free Trade Agreements Signed with Key Partners

On June 29, 2010, Taiwan and China concluded the Economic Cooperation Framework Agreement (ECFA). ECFA is an agreement aimed to reduce tariffs and commercial barriers between both sides. More than 800 tariff items will enjoy tariff reductions over the next several years. The import tariff on these goods will be reduced to zero in phases within a number of years after the implementation of ECFA. Under the ECFA early harvest list, more than a dozen of Taiwan agricultural products saw their tariffs reduced or even tariff-free.

On July 10, 2013, Taiwan and New Zealand signed a new free trade agreement (FTA), the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation (ANZTEC). Under this agreement, Taiwan will eliminate rates on 99.88% of its tariff lines over a 12-year implementation period, including tariffs on key agricultural imports from New Zealand. Agricultural imports from New Zealand (and the United States) into Taiwan currently face tariffs between 5-20%, on average. The majority of tariff lines will be reduced to zero upon entry into force of the ANZTEC with other high-value or sensitive products facing longer tariff reduction timelines.

On November 8, 2013, Taiwan signed a free-trade agreement (FTA) with Singapore that Taiwan authorities indicated would boost the nation's efforts to pursue further economic engagements with trading partners bilaterally and multilaterally. Taiwan will remove 99.48% of its tariff lines in three stages within 15 years at the latest, with the exception of 40 agricultural products (including rice, mangoes, garlic, shiitake mushrooms, red beans, shelled ground-nuts and liquid milk). The tariff cuts will have a limited impact on Taiwan's agricultural sector because Singapore is not an agricultural-based economy.

Key Trends in the Retail Market

Convenience stores are more convenient than ever

With one store per every 2,300 person, Taiwan has the highest convenience store density in the world. Convenience store chains are now providing oven-prepared, microwavable meals, bakery products and other processed food products via these retail channels. Convenience stores in Taiwan have become even more convenient than before. With the 24-hour operation, when grocery and other retail stores are closed, consumers have the privilege of getting various kinds of services during off business hours.

Increase of health-conscious consumers

The needs of local consumers are evolving as they become more health conscious. In response, small grocery operators, hypermarkets and supermarkets are bringing in more health and wellness products. Health-conscious consumers tend to be less concerned about prices when shopping for products believed to be healthier and more nutritious.

Food safety is the top concern in Taiwan's food industry

Consumers also receive a great deal of sensational news about food safety, which is causing increased concerns and skepticism. This may provide opportunities for U.S. exporters to promote brand value through emphasis on natural products and food safety issues.

E-Commerce makes shopping easier

Convenience stores offer value-added services by taking advantage of the latest digital technology and offering their services and customer promotions via mobile phones, laptops and home computers. Internet sales and e-commerce retail food sales have grown at fast pace, and its growth rate of 7.5% outpaced the overall retail food sector's 5.2% in 2013.

Ready-to-eat products are in strong demand

In response to the recent demand by time-constrained consumers for quick meal solutions, big name retailers such as 7-Eleven, have added fresh-cooked food menus to their convenience stores. Strong sales found in the convenience store sector are a result of the consumers' need for fast transactions and one-stop shopping. More and more supermarkets are adding new products of ready-to-eat/ready-to-cook prepared foods. Restaurants' take-out orders (home meal replacements) have grown steadily as more and more full-time housewives and time-constrained consumers' demand quick meals. .

Customization gains popularity

The retailers in Taiwan are shifting their marketing strategies toward customization, and moving away from market segmentation as more consumers respond favorably to new product and service designs around the needs of individual end users. In Nielsen's recent e-shopper survey, the firm identified four elements of customization reorientation for the Taiwan market: price, health and wellness, convenience and fun to shop.

Active aging

Due to its low fertility rate, Taiwan is expected to become an aged society, defined as a society in which over 14% of the population is 65 or above, by 2017, and a super-aged society, in which senior citizens account for at least one-fifth of the total population, by 2025, according to Taiwan 2014 Year Book. To raise the quality of life of the nation's senior citizens and slow the progression of chronic diseases, the Taiwan's Ministry of Health and Welfare supported age-

friendly cities, age-friendly health care, health promotion for the elderly, and prevention measures against chronic diseases and cancer, among other initiatives. As a result, U.S. retail foods suppliers will find potential opportunities in the health and wellness products, small-sized packaged foods and fresh-cooked food.

Taiwan recorded strong travel numbers

Taiwan’s tourism revenue in 2013 reached a new high of US\$12.32 billion, according to Tourism Bureau’s statistics, boosted by growing numbers of Chinese tourists. According to the Ministry of Transportation and Communications, 7.25 million tourists visited Taiwan, with 6.57 million from Asia. The top three sources of arrivals were China, Japan, Hong Kong and Macau. According to the U.N. World Tourism Organization statistics, Taiwan boasted the highest growth of 26.7 % in foreign tourist arrivals worldwide in the first half of 2014. Other than neighboring countries such as South Korea, Japan and China, North America and European countries are also Taiwan’s goal to open its tourism market.

Improved economic growth strengthened consumer confidence

Taiwan is expected to deliver the best economic growth in 2014 compared with the previous two years. Its GDP growth in 2012 and 2013 stood at 1.48% and 2.09%, respectively. Such positive sentiment is also reflected in domestic demand and continuous promotions led to an increase of 16.33% in new automobile licenses and 4.81% in retail sales. Taiwan authorities have stated that unemployment could fall below 4% for the entire year of 2014. Consumer confidence could be strengthened as the economic growth momentum continues and the local job market improves.

Cross-strait trade up

China (including Hong Kong) is Taiwan’s largest trading partner, accounting for 28.7% of total trade and 16.4% of Taiwan’s imports in 2013. Improved economic ties with China are expected to ease current cross-strait and investment restrictions and encourage more foreign investments in Taiwan. Currently, Taiwan is the largest investor in China, where Taiwan companies have invested heavily in high-tech sectors and other food related sectors, especially in the food processing and food and beverage franchise sectors.

Advantages and Challenges for U.S. Exporters

Advantages	Challenges
U.S. food products enjoy an excellent reputation among Taiwan consumers.	U.S. food products are not always price competitive in Taiwan market.
The growing modern retail industry is looking for new imported food products.	Lack of importer and retailer knowledge and training in purchasing, handling, and merchandising U.S. products.

Taiwan is an attractive market for U.S. food exporters. It's also a safer market penetrate for companies interested in exporting food and agricultural products to China.	Taiwan is the United States 7th largest market for agricultural exports, but is often overlooked by U.S. suppliers eager to export directly to China.
The majority of Taiwan consumers become more health conscious and they tend to be less concerned about costs when shopping.	Lack of brand awareness by consumers
Taiwan concerns over food safety have made U.S. food products as a top choice for quality and reliable products.	U.S. exporters are sometimes reluctant to change product specifications to comply with Taiwan requirements/consumer preferences.
Taiwan consumers are brand-conscious and America is a leader in food brands that set trends.	Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products to importers/end users in Taiwan.
There is a wide variety of U.S. food products available to Taiwan consumers.	Taiwan consumers maintain a preference for "fresh" food products over "frozen."
In general, implementation and application of food related regulations are transparent and open.	Taiwan's labeling and residue standards differ in some cases from internationally accepted requirement, which complicate international trades.
Taiwan's WTO accession in early 2002 resulting in further market liberalization and import tariff reduction has provided U.S. exporters with more market opportunities	Competition among major world agricultural and food exporters for a share of Taiwan's growing food import market is further intensifying due to Taiwan's WTO accession.
Technical barriers to imports of U.S. products are general not high.	Numerous Taiwan food regulations are not in line with U.S. standards, which can impede imports.

SETTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

ATO Taipei strongly recommends U.S. exporters exhibit in the USA Pavilion of 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.

Taiwanese buyers in retail stores tend to buy and import directly those products that are already well known in the market. The reason according to purchasing managers is that they do not want to risk trying out a new product. Instead, stores prefer to buy new-to-market imported products from local suppliers. A trend for supermarkets/hypermarkets is to begin importing directly from a consolidator who can arrange one consolidated shipment for a variety of new and/or already in-the-market products.

Furthermore, purchasing managers of these Taiwan retail stores welcome offers with market potential from reputable and any reliable U.S. suppliers.

The best method to reach Taiwan's retail buyers and prospective importers initially is to contact them directly via e-mail or fax. Product catalogues and price lists are essential, and samples are very helpful. U.S. suppliers can obtain lists of Taiwan retail stores and importers from the ATO Taipei.

A visit to Taiwan is imperative in establishing meaningful relationships with Taiwan buyers. Personal relationships and face-to-face meetings are very important in Asian cultures. It is advisable to bring along samples to meetings with potential buyers while visiting Taiwan, as many importers and retailers rely heavily upon subjective factors when deciding on new products to represent.

Product design and packaging is important. Taiwan is very densely populated with a high cost of urban housing. Taiwan consumers keep a low inventory of food and in general prefer smaller units than would be typically sold in the United States. It is necessary for producers of packaged goods to understand the market and its constraints to tailor their products to the consumers in Taiwan.

The typical Taiwan businessperson usually has several interests rather than a single product line. In order to meet the Taiwan consumers' increasing demand to try new products, importers constantly keep seeking for new products, including new-to-market products and new brands of certain products. For new products, it is important that they are supported by advertising and promotional material to generate brand awareness. On the other hand, many importers follow the customary Taiwanese pattern of collecting basic information (samples, catalogues, prices, supply schedules, etc.) and a trial order may be used to test the market response.

On-line procurement has gradually gained popularity in Taiwan's retailing industry. Some retail chains, especially those with foreign joint venture partners, such as Jason's Market Place and CitySuper, currently purchase on line a very limited number of product items.

Support from U.S. State Regional Trade Groups (SRTG)

Small-to-medium sized exporters should 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 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 jointly funded by USDA's Foreign Agricultural Service (FAS), the 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 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](#))



Market Structure Convenience Stores



Major Taiwan convenience store chains import directly. They also rely on importers, agents, and distributors for products. 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.

Hypermarkets/Supermarkets/Warehouse Stores

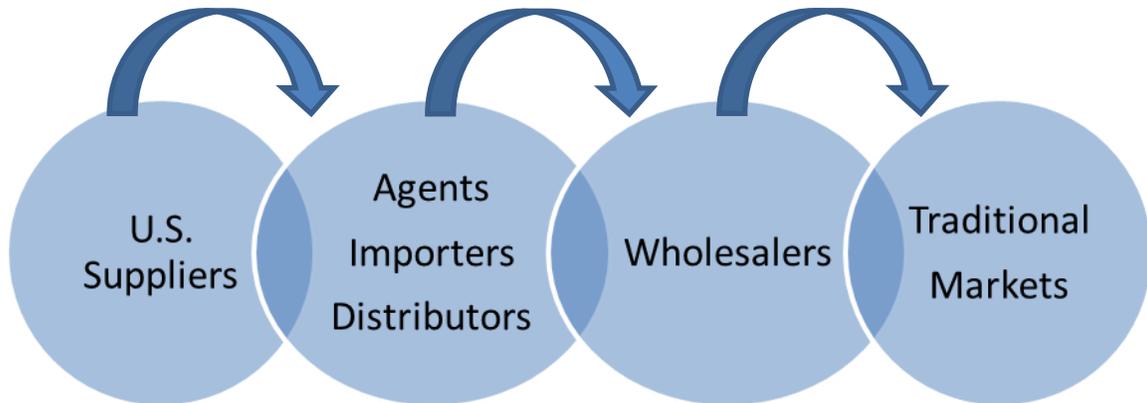


Fresh Fruit: Industry sources estimate that approximately **15%** of imported fresh fruit is now imported directly by supermarkets, hypermarkets, and warehouse stores. The remaining **85%** is imported by importers/distributors. Direct import of fresh fruit by retail stores is expected to continue to increase over the next few years.

Fresh and Frozen Meat: On average, the ratio of direct and indirect beef imports by Taiwan's hypermarkets is **40:60**. **Supermarkets currently import a limited amount of beef directly.** About **90%** of pork is purchased by supermarkets and hypermarkets from local pork processors/wholesalers, and the remaining 10% is imported by importers/distributors.

Fresh and Frozen Seafood: It is estimated that approximately 3% of seafood is imported directly by retail stores. The remaining is sold to retail stores through importers, wholesalers, and distributors.

Traditional Markets



The same importers, distributors, and wholesalers that provide for the supermarkets, hypermarkets, and convenience stores provide for traditional markets, including wet markets and mom & pop grocery stores. Unlike supermarkets, hypermarkets, and convenience stores, the wholesalers and regional wholesale markets play the most important role in distribution of products for traditional markets. Modern warehouse stores, such as Costco, also provide products to traditional markets.

Grocery products are usually supplied by local wholesalers, although agricultural products are often purchased at regional wholesale markets.

Sales of imported goods in traditional markets should not be overlooked. Industry sources estimate that around 55% of imported fruit from the United States is sold in wet markets island wide.

Retailers in Taiwan post continued sales increases

Data showed that department stores led Taiwan's retail sales last year, followed by convenience stores, hypermarkets and supermarkets, which were reported by the Taipei Times in early 2014. Taiwan retailers continued posting sales increases in 2013, with total sales exceeding NT\$1 trillion (US\$35.08 billion) for a second straight year, according to the Ministry of Economic Affairs' Department of Statistics, which was released in the first quarter of 2014.

Retail sales of general merchandise, including those sold at department stores, supermarkets, hypermarkets and convenience stores, is a closely watched gauge of household consumer confidence. Retail sales increased slightly across all businesses in 2013. However, the businesses' combined sales grew only by 2.9% over the entire year to NT\$1.06 trillion (US\$35.08 million), which is slower than the

5.1% growth registered in 2012, when total sales reached NT\$1.028 trillion (US\$34.09 billion). The Ministry of Economic Affairs indicated this statement on its web site.

The MOEA's tallies showed that department stores led the nation's retail sales last year at NT\$288.6 billion (US\$9.6 billion), accounting for 27.3% of the total, followed by convenience stores' 26.1%, hypermarkets' 16.3% and 15% for supermarkets.

In 2013, operators of supermarket chains, including PX Mart, Wellcome Taiwan, Sung Ching/Matsusei Taiwan, Taiwan Fresh Supermarket, Jason's Market Place and CitySuper saw their combined sales increase 4.5% to NT\$158.4 billion (US\$5.2 billion) from 2012, which is due to more stores developing new store formats and adopting community-focused approaches.

However, hypermarket chains including Carrefour Taiwan, COSTCO, RT-Mart International Ltd and Far Eastern A-Mart increased their sales by 0.5% to NT\$171.6 billion (US\$5.7 billion) in 2013. The MOEA stated that competition from supermarkets as well as Taiwan's demographic changes in terms of an increase in fewer people per household affected overall sales.

As for major convenience store chains such as 7-Eleven, Family Mart, Hi-Life and OK Mart, total sales grew by an annual rate of 3.1% in 2013 to NT\$276.1 billion (US\$9.2 billion), helped by the adoption of large store formats and the offering of more value-added services like online shopping and transportation ticket sales, the ministry indicated. However, the 3.1% rise lagged behind the 8.8% increase in 2012 and the 6.7% expansion in 2011 given the saturation of the convenience store market. According to the ministry's data, operators have become less aggressive about outlet expansion, and paid more attention to same-store sales and gross margin improvements.

**Taiwan's Retailer Sales Amount and Growth Rate
2009 - 2013**

Retail Total Sales (US\$ billion)						
Year	Total	Department Store	Supermarket	Convenience Store	Hypermarket	Others
2013	35.1	9.6	5.2	9.2	5.7	5.2
2012	34.1	9.3	5.1	8.9	5.6	5.1
2011	32.4	9.1	4.7	8.2	5.5	4.9
2010	30.4	8.3	4.4	7.6	5.2	4.7
2009	28.4	7.7	4.2	7.1	4.9	4.4
Growth Rate (%)						
2013	2.9	3.1	4.5	3.1	0.5	3.3
2012	5.1	3.6	5.9	8.8	2.5	3.4
2011	6.6	7.6	7.4	6.7	6.5	4.1
2010	7.0	8.3	5.3	8.7	5.8	5.1
2009	2.2	3.2	4.6	-	1.8	2.2
Compound Growth Rate for from 2009 -2013 (%)						
+/-	23.3	24.5	25.2	30.2	16.1	16.9

Source: Ministry of Economic Affairs, Department of Statistics

A. Convenience Stores

According to the Taiwan Chain Store Almanac 2014, Taiwan has the highest store density of any other market, with over 10,000 stores throughout the country, or one store per 2,300 people.

According to recent retailer analysis by *Distribution News Magazine*, the growth of Taiwan's convenience stores, in terms of store expansion, has slowed from 9,269 stores in 2009 to 10,087 stores in 2013, and is not expected to grow significantly during the next few years. In terms of annual sales, convenience stores have been growing significantly and are taking the market-leading position and generated US\$9.2 billion of sales in 2013, representing a 3.14% growth rate compared to one year ago.

As of July 2014, there were over 10,000 convenience stores in Taiwan. In terms number of stores, 7-Eleven, with close to 5,000 outlets island-wide, accounts for 47% of the market followed by Family Mart (28%, 2,914 stores), Hi-Life (13%, 1,295 stores), OK Mart (8%, 880 stores). Altogether, the leading four chains account for 95% of the total market. The tendency of the market is that the large chains become larger while smaller chains are struggling to survive against such fierce competition.

Economic Daily News reported in April 2014 that convenience stores are now major players in Taiwan's growing market for ready-to-eat foods such as fruit and lunch boxes. Family Mart and 7-Eleven are stepping up their competition for Taiwan's quick-service dining market, worth US\$13.22 billion) annually. In 2013, Family Mart and 7-Eleven convenience stores sold more than US\$1.1 billion in fresh foods, accounting for roughly 8% of the dining out market. Fresh foods now make up about 18% of 7-Eleven's sales and 14% for Family Mart. More than 90% of outlets provide seating areas for meal consumption.

Profile of Major Convenience Stores in Taiwan 2013

Name	Ownership	Sales US\$ million (Growth Rate)	Number of Outlets	Locations	Purchasing Agent Type
7-Eleven	Taiwan	4,233 (1.79%)	4,992	Nationwide	Direct, importer, wholesaler, agent
Family Mart	Taiwan	1,733 (5.13%)	2,914	Nationwide	Direct, importer, wholesaler, agent
Hi-Life	Taiwan	676 (0.62%)	1,295	Nationwide	Direct, importer, wholesaler, agent
OK Mart	Taiwan	389 (-0.47%)	880	Nationwide	Direct, importer, wholesaler, agent

Source: Taiwan Chain Store Almanac 2014

China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan

Currently, the most popular products sold in Taiwan's convenience stores are home meal replacement (HMR) and fresh ready-to-eat food items, such as lunch boxes, Japanese style rice rolls (sushi), hot dogs, sandwiches, buns, pizzas, fried rice/noodles, and hamburgers.

Due to several food safety-related happenings that affected the sales of HMR items, convenience stores are expected to continue developing and marketing new convenience foods, especially lunch boxes, breakfasts, and dinners. At the same time, they will continue to extend service items, such as on-line shopping/home delivery packages, public utility fee collection, and international express mail.

Company Profiles – 7-Eleven

	Sales ranking in Taiwan's top 5,000 corporations in 2013	34
	Sales in 2013 (US\$ billion)	4.2
	Change in sales (% as compared to 2012)	1.79%
	No. of stores (as of December 2013)	4,992
	Number of employees	7,822

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan
Distribution News Magazine 2014

In Taiwan, 7-Eleven is owned by President Chain Store Corporation under Uni-President Enterprises Corporation. 7-Eleven is the most popular convenience store in Taiwan, with 4,992 stores as at the end of 2013. Uni-President Enterprises Corporation is an international food conglomerate based in Taiwan. It is the largest food production company in Taiwan, as well as Asia. Uni-President has a significant market share in dairy products, foods and snacks, and the beverages market. It is also responsible for running Starbucks, Mister Donut and Carrefour in Taiwan. In addition, Uni-President has operations in Canada, China, Thailand, Vietnam, and the United States.

7-Eleven's annual sales reached US\$4.2 billion in 2013, representing an increase of 1.79% compared to one year ago. 7-Eleven shop was first opened in 1979. Nowadays, 7-11 is a major player in Taiwan's growing market for ready-to-eat food as lunch boxes and fresh fruit (mainly, bananas, apples and yams). According to *Distribution News Magazine*, 7-Eleven started selling fresh fruit in 2010 and the banana sales volume reached more than 1,000 metric tons (MT), equivalent to approximately 10% of banana's total export amount in 2013. The fresh fruit and vegetable segment has grown by 80% compared to one year ago. 7-Eleven sells approximately 3,000 MT of fresh fruit and vegetables every year. 7-Eleven expects the sales of fresh fruit and vegetables to increase 10% in 2014.

Uni-President Enterprise Corp, which operates 7-Eleven, is working on its links with local producers. According to 7-Eleven officials, 7-Eleven recently purchased approximately US\$2 million of U.S. apples and the sales volume is expected to increase steadily over the next several years. The total sales of U.S. products accounted for less than 1% of 7-Eleven's annual sales in 2013.

In 2013, 7-Eleven convenience store chains sold more than 200 million cups of coffee valued at approximately US\$333 million, in its in-store coffee shop City Café. The *Distribution News Magazine* also reported that 7-Eleven sold US\$1 billion in fresh foods, accounting for less than 10% of the dining out market, and fresh foods now make up about 23% of 7-Eleven's sales.

Company Profiles – Family Mart

	Sales ranking in Taiwan's top 5000 corporations in 2013	78
	Sales in 2013	1.7

	(US\$ billion)	
	Change in sales (% as compared to 2012)	5.13
	No. of stores (as of December 2013)	2,914
	Number of employees	2,301

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan
Distribution News Magazine 2014

Family Mart Company Limited opened its first store in Taiwan in 1988. It has 2,914 stores in Taiwan as of the end of 2013. Their annual sales reached US\$1.7 billion in 2013, representing an increase of 5.13% compared to the previous year.

Family Mart is the second largest convenience store chain stores in Taiwan. Family Mart has an outlet on the 35th floor of the Taipei 101 building, earning it the distinction of the highest convenience store in the world.

Company Profiles – Hi Life

	Sales ranking in Taiwan's top 5000 corporations in 2013	219
	Sales in 2013 (US\$ million)	\$676
	Change in sales (% as compared to 2012)	0.62%
	No. of stores (as of December 2013)	1,295
	Number of employees	2,347

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan
Distribution News Magazine 2014

Hi-Life is a Taiwanese convenience store chain, owned by Hi-Life International Co., Ltd. It has more than 1,295 stores as of the end of 2013. In a similar trend with Family & OK, Hi Life commenced operations in 1988. Their annual sales reached US\$676 million in 2013, representing an increase of 0.62% compared to one year ago.

Hi Life is the only big chain in Taiwan that was 'born' in Taiwan making it the patriotic choice for local customers. Over the years, Hi Life has pioneered some admirable but slightly odd initiatives, especially their well-intentioned, but possibly unhygienic in-store blood donation drive.

Company Profiles – OK Mart

	Sales ranking in Taiwan's top 5000 corporations in 2013	367
	Sales in 2013 (US\$ million)	389
	Change in sales (% as compared to 2012)	-0.47%
	No. of stores (as of December 2013)	880
	Number of employees	764

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan
Distribution News Magazine 2014

OK MART first opened in 1988 in cooperation with the American Circle K Stores. However, the cooperation ceased in 2007, and OK MART is entirely Taiwanese-owned. It has 880 stores in Taiwan as of the end of 2013. Their annual sales reached US\$389 million in 2013, representing a decline of 0.47% compared to the previous year.

B. Hypermarkets

In 2013, Taiwan hypermarkets generated a total of US\$5.72 billion in sales, a nearly 0.5% growth from the previous year. Growth in the hypermarket sector will remain flat with an additional four new stores being opened in 2013. There are now 123 hypermarket outlets in Taiwan as of July 2014, which includes a mix of foreign owned and locally owned stores. Foreign operators, including Carrefour and Costco, continue to dominate the Taiwan market, holding more than 50% market share, in terms of sales generated.

Most of Taiwan's hypermarkets and warehouse stores are located in suburban areas. Recently opened hypermarkets have tended to be smaller in area. To lower operating costs, as well as to differentiate themselves from their competitors, many hypermarkets have increased their volumes of imported and private label items. Based on this, Taiwan's Food Industry Research & Development Institute (FIRDI) predicted that there is still much room for growth in hypermarkets in Taiwan. However, adding that operating a hypermarket is harder in Taiwan. Tough competition comes not only from modern food retail stores but also from the numerous street stalls and traditional wet markets, which provide convenience and also cater to local tastes.

Major Hypermarket Company Profile

Retailer	Ownership	2013 Sales US\$ billion	No. of Outlets In 2013	Locations	Purchasing Agent Type

Carrefour	French/Taiwan	2.0	62	Island-wide	Direct, importer, wholesaler, agent
Costco	U.S./Taiwan	1.7	10	Island-wide	Direct, importer, wholesaler, agent
RT Mart	French/Taiwan	7.6	26	Island-wide	Direct, importer, wholesaler, agent
A Mart	Taiwan	.658	19	Island-wide	Direct, importer, wholesaler, agent

Source: Taiwan Chain Stores and Franchise Association Yearbook 2004
China Credit Information Service

Company Profiles – Carrefour

	Sales ranking in Taiwan's top 5000 corporations in 2013	67
	Sales in 2013 (US\$ billion)	2
	Change in sales (% as compared to 2012)	-3.23
	No. of stores (as of December 2013)	69
	Number of employees	5,500

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan
Distribution News Magazine 2014

Carrefour is a French international supermarket/hypermarket chain with multiple branches throughout Taipei. The France-based Carrefour SA and the Uni-President Group, Taiwan's largest food company, jointly established Carrefour Taiwan in 1987. It has 69 stores in Taiwan as of the end of 2013. Their annual sales reached US\$2 billion in 2013, representing a decline of 3.23% compared to one year ago.

Carrefour indicated that localization, product differentiation, private labels, and flexible new store openings are the main factors of its success in Taiwan. In partnership with President Group, the first Carrefour store in Taiwan opened in Kaohsiung in 1989. Presicarre Corp., which is based in Taipei, Taiwan, operates a subsidiary of Carrefour SA.

Company Profiles – COSTCO

	Sales ranking in Taiwan's top 5000 corporations in 2013	79
	Sales in 2013 (US\$ billion)	1.7

	Change in sales (% as compared to 2012)	14.44
	No. of stores (as of December 2013)	10
	Number of employees	4,500

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan
Distribution News Magazine 2014

Costco Wholesale is currently the second largest hypermarket chain in Taiwan in terms of annual sales. It has 10 stores in Taiwan as of the end of 2013. Their annual sales reached US\$1.7 billion in 2013, representing an increase of 14.44% compared to one year ago. It is the only wholesale store that issues membership cards with an annual fee of NT\$1,200 (approx. US\$35) per member in Taiwan. Its characteristics that differentiate them from other chains are: American style management, high percentage age of imported goods, and large packaging.

Company Profiles – RT Mart

	Sales ranking in Taiwan's top 5000 corporations in 2013	83
	Sales in 2013 (US\$ billion)	1.7
	Change in sales (% as compared to 2012)	11.11
	No. of stores (as of December 2013)	26
	Number of employees	5,000

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan
Distribution News Magazine 2014

RT Mart offers, with food courts, a wide selection of general merchandise including electrical, sports, apparel, fresh market, and groceries. RT-Mart is a branch company of Auchan Group France. It was established in 1997. RT Mart provides food and non-food retail services through 26 hypermarket stores in Taiwan. The stores are located throughout Taiwan, especially in the north. Their annual sales reached US\$1.7 billion in 2013, representing an increase of 11.11% compared to one year ago.

The *Chinese-language Entrepreneur Magazine* recently reported that RT Mart China, which is run by Sun Art Retail Group (a venture between Taiwan's RT Mart and France's Groupe Auchan SA) has performed very well in China. Established in 1996 by founder Samuel Yin, RT Mart China opened its first store in Shanghai in 1997. In its analysis, the magazine said the secret to RT-Mart's "always low price" strategy, which has been accredited to Auchan, helps make RT Mart one of the world's largest hypermarket chains.

Company Profiles – Far Eastern A Mart

	Sales ranking in Taiwan's top 5000 corporations in 2013	224
	Sales in 2013 (US\$ million)	658
	Change in sales (% as compared to 2012)	-4.69
	No. of stores (as of December 2013)	19
	Number of employees	3,015

Source: China Credit Information Service – 2014 Top 5000 Corporations in Taiwan
Distribution News Magazine 2014

Far Eastern A Mart is a hypermarket chain store for foods, drinks, wines, vegetables, fruit, groceries and daily necessities. It has 19 stores in Taiwan as of the end of 2013. Their annual sales reached US\$658 million in 2013, representing a decline of 4.69% compared to one year ago.

The Far Eastern Group's retail system includes the Far Eastern Department Stores, Pacific SOGO, Far Eastern A-Mart, CitySuper, The Mall and e-commerce platform GOHAPPY. Their retail businesses integrate department stores, hypermarkets, shopping centers, supermarkets and e-commerce, which accounts for 56 stores. The total sales surpassed NT\$130 billion (US\$4.34 billion) in 2013.

C. Supermarkets

Supermarkets have generated more than \$5.29 billion in sales in 2013, a 4.5% increase compared with the previous year. The supermarket industry has reached a plateau after approximately 20 years of rapid expansion. Continued fierce competition from hypermarkets and convenience stores, have made it difficult for small supermarkets to survive. Mergers among supermarkets are expected to continue over the next few years, forming an aspect of concentration of one or two large chains.

Major Supermarket Store Profiles

2013

Retailer Name	Ownership	Sales US\$ million	Number of Outlets	Locations	Purchasing Agent Type
PX Mart	Taiwan	2,333	678	Nationwide	Direct, importer, wholesaler, agent
Wellcome	Hong Kong	NA	267	Nationwide	Direct, importer, wholesaler, agent
Taiwan Fresh Supermarket	Taiwan	825	40	Central Taiwan	Direct, importer, wholesaler, agent

Sung Chin / Matsusei Market	Taiwan	131	71	Nationwide	Direct, importer, wholesaler, agent
CitySuper	Taiwan	73	6	Taipei	Direct Importer, agent, wholesaler

Source: Taiwan Chain Store Almanac 2014

China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan

Considering stronger competition, supermarkets have been aggressively developing other effective strategies in order to cater to the needs of city dwellers. This includes launching the “Jasons Market Place” at the Taipei 101 Tower by the Wellcome Supermarket Chain in 2003. Jasons Market Place mainly carries higher-end and imported foods, which accounts for 50% of the products carried. In addition, there are high-end supermarkets, such as Matsusei and CitySuper stores in Taipei, that are also under this new supermarket format category. This high-end supermarket format is expected to become even more fashionable over the next several years.

The idea of “freshness” for supermarkets serves as a tool to attract customers and to generate profits. Fresh items carried in supermarkets have seen an increase in recent years, reaching about 50% of the total items carried. Fresh fruit and vegetables, meat, and seafood are also used by supermarkets to differentiate themselves from hypermarkets and conveniences stores as well as to guarantee the profitability of a store.

Company Profiles – PX Mart

	Sales ranking in Taiwan’s top 5,000 corporations in 2013	59
	Sales in 2013 (US\$ billion)	2.3
	Change in sales (% as compared to 2012)	2.94
	No. of stores (as of December 2013)	62
	Number of employees	11,000

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan

Distribution News Magazine 2014

PX Mart offers a variety of food, vegetables, fruit, wine, drinks, and daily necessities. It has 62 stores in Taiwan as of the end of 2013. Their annual sales reached US\$2.3 billion in 2013, representing an increase of 2.94% compared to one year ago.

Mr. Hsu Chung-jen, PX Mart’s newly appointed President, stated during a recent media interview that he intends to turn PX Mart into a world-class supermarket with 1,000 stores by 2017 and annual sales of approximately US\$6.6 billion by 2020. Hsu’s past accomplishments as head of President Chain Store Corp, which operates the 7-Eleven chain as well as other retail brands such as Starbucks and Cold Stone Creamery, have earned him the title of Taiwan’s “Godfather of Retailing.”

Company Profiles – Wellcome/Jason’s Market Place

	Sales ranking in Taiwan’s top 5,000 corporations in 2013	NA
	Sales in 2013 (US\$ million)	**
	Change in sales (% as compared to 2012)	**
	No. of stores (as of December 2013)	267 (Wellcome) 7 (Jason’s)
	Number of employees	4,500

Source: Dairy Farm Annual Report 2013
Distribution News Magazine 2014

** Dairy Farm Annual Report 2013 indicated that, in Taiwan, Wellcome remains a relatively small operator in a highly competitive market. It recorded declines in both sales and profit, partly due to store rationalization. However, the report did not list any sales data.

Wellcome Supermarket is a grocery chain store for a wide variety of products, including: fresh fruit, fresh vegetables, frozen and packaged foods, and specialty foods. Wellcome in Taiwan is owned and managed by Dairy Farm, which is a leading pan-Asian retailer. As of January 2014, the group (including associates and joint ventures) operated over 5,800 outlets, employed nearly 100,000 and had total annual sales exceeding US\$12 billion.

Wellcome Supermarket launched its first “Jasons Market Place,” a new store format that mainly carries higher-end and imported foods in November 2003. Jasons Market Place offers foreign foods including worldwide famous brands, dishes, imported seasonal fruits and vegetables, meat and other fresh ingredients.

Company Profiles – Taiwan Fresh Supermarket

	Sales ranking in Taiwan’s top 5000 corporations in 2013	825
	Sales in 2013 (US\$ billion)	1.4
	Change in sales (% as compared to 2012)	1.74
	No. of stores (as of December 2013)	40
	Number of employees	1,500

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan
Distribution News Magazine 2014

Taiwan Fresh Supermarket offers organic foods, specialty foods, fresh and whole foods, fruits, vegetables, dairy, meat, seafood, and miscellaneous household items. It has 40 stores in Taiwan as of the end of 2013. Their annual sales reached US\$1.3 billion in 2013, representing an increase of 1.74% compared to one year ago.

Taiwan Fresh Supermarket Company, a subsidiary of Sinon Corporation listed in Taiwan's stock exchange, provides fresh food to consumers through 40 stores in the Central Taiwan region. "Fresh" is part of the company name for a reason. Sinon Corporation has more than 3,300 employees globally, in the agriculture, supermarket and food distribution industries. Through their extensive network of Sinon Agricultural Supply Centers, Taiwan Fresh Supermarket is the only supermarket chain to collaborate directly with agronomists and farmers to improve food quality and agrochemical-free on their supermarket shelves.

Company Profiles – Sung Ching/Matsusei

	Sales ranking in Taiwan’s top 5000 corporations in 2013	863
	Sales in 2013 (US\$ million)	131
	Change in sales (% as compared to 2012)	-0.86
	No. of stores (as of December 2013)	71
	Number of employees	1,100

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan
Distribution News Magazine 2014

MATSUSEI Supermarket is a supermarket chain for seafood, Japanese fresh foods, some organic foods, and specialty foods. It has 71 stores in Taiwan as of the end of 2013. Their annual sales reached US\$131 million in 2013, representing a decline of 0.86% compared to one year ago.

Company Profiles – CitySuper

	Sales ranking in Taiwan’s top 5000 corporations in 2013	1,336
	Sales in 2013 (US\$ million)	73
	Change in sales (% as compared to 2012)	11.67
	No. of stores (as of December 2013)	6
	Number of employees	385

Source: China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan
Distribution News Magazine 2014

CitySuper is a high-end supermarket and retail chain based in Hong Kong, importing fresh fruits, vegetables, seafood, meat, poultry, wines, health foods, snacks, beauty care, aromatherapy and international food courts. The chain currently has three brands and nine stores in Hong Kong, six stores in Taiwan, one store in Tokyo, Japan, as well as one store in Shanghai, China.

Taiwan’s Far Eastern Group launched its first “CitySuper” supermarket at the Far Eastern Plaza Shopping Mall in Taipei at the end of 2004. CitySuper supermarket is a newer and popular supermarket store format in Taiwan, mainly carrying higher-end and imported foods to cater to the needs of city dwellers. In the food sector, more than 50% of their food and beverage items are imported. Approximately, 5 - 20% of their products are exclusively available in their stores and the pricing is generally 10 -15% higher than products sold in other supermarket chain stores.

E-Commerce Sales Up

In June 2014, the *Taipei Times* reported that e-commerce in Taiwan will dominate retail stores in the near future. Yahoo Taiwan also stated that the growing popularity of handheld devices and rapid changes in consumer behavior means that e-commerce will soon outperform traditional retail stores.

According to research by the Market Intelligence and Consulting Institute (MIC), the value of Taiwan's e-commerce market is forecast to increase 15% from NT\$451 billion (US\$15.04 billion) in 2013 to NT\$517 billion (US\$17.24) in 2014, and be bolstered by another 14% to NT\$590 billion (US\$19.67 billion) in 2015 — faster than the past 10-year compound annual growth rate of 3.7% for overall retail sales.

“The changes in e-commerce over the past two years have been more significant than those that happened seven to eight years ago,” according to Yahoo Taiwan.

In addition to integrating its five e-commerce platforms — Auction, Store Marketplace, Shopping Mall, Service Plus and Discount — Yahoo Taiwan has developed a targeted, yet comprehensive app for online shoppers. With the popularity of handheld devices, the company has seen some increases in online transactions during commuting hours and lunch breaks, periods of time when e-commerce tended to drop off in the past.

In September 2014, the Institute for Information Industry, which is under the Ministry of Economic Affairs, organized the “2014 On-line Shopping Festival”. Over 50,000 retailers trading through 23 mobile and online shopping platforms participated in the event. During the festival's 27-day run, retailers set up dedicated areas on their websites offering a variety of promotions. According to various officials, online shopping is increasingly more popular among younger generations worldwide, and MOEA plans to establish a task force in order to develop the on-line shopping sector. The MOEA will also propose an e-commerce development guideline by the end of 2014.

Top 10 on-line Shopping Sites

1. PC home online shopping
2. Books.com.tw
3. Yahoo shopping center
4. Momo shop
5. GoHappy
6. UDN
7. PayEasy
8. 7Net
9. Save & Safe
10. U-Mall

Mom-and-Pop Grocery Stores

Mom-and-pop grocery stores are still common in smaller towns on the island. Grocery products are usually supplied by local wholesalers. Although these mom-and-pop grocery stores tend to be well

located in the heart of residential areas, they are limited by the lack of shelf space and offer fewer varieties of products. Local consumers are increasingly turning to the greater product variety offered by supermarkets, hypermarkets, and convenience stores.

With the introduction of convenience stores to Taiwan more than two decades ago, many mom-and-pop shops have been forced to close down as chain convenience stores typically have more capital, marketing savvy and low procurement costs. Currently, there are convenience stores nearly everywhere, and the only places with room left for mom-and-pop stores are in remote areas.

Wet Markets

According to statistics released by Taiwan's Ministry of Economic Affairs, there are 640 public/private wet markets and more than 50,000 vendors, employing more than 100,000 workers in Taiwan. The entire wet market (also called traditional markets) generated approximately US\$3 billion in annual sales, about 70% of 7-Eleven's annual sales of US\$4.3 billion in 2013. The major items sold in these traditional markets- meat, seafood, and fresh produce -account for over 50% of total wet market sales.

With the convenience stores' aggressive expansion and supermarket/hypermarket's low-price strategies, one result of these changes has been increased pressure on Taiwan's wet markets. Even though more than 60% of fresh food in Taiwan is still purchased at wet markets, it is still down from 85% just five years ago. Industry analysis predicts that that figure could drop to as low as 50% in the coming years.

On the other hand, it is unlikely that wet markets will be reduced to insignificance. People in Taiwan like wet markets because the view that food is fresher in wet markets than convenience stores. Even if wet markets don't offer the same sort of easy one-stop shopping as a hypermarket, traditional markets, they are often much closer to residential areas which allow them to serve fresh produce and warm customer service.

SECTION III. COMPETITION

Taiwan Agricultural Product Import Statistics

Product Category (HS code)	Import Value US\$ million 2012 (2013)	Major Supply Sources and Market Share in 2013	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Meat & Poultry				
Beef and beef offal	504.1 (627.9)	1. USA – 42.48% 2. Australia - 34.87% 3. N. Zealand – 22.81%	Australia dominates market for cheaper beef cuts while the USA is traditionally the largest chilled beef supplier.	Taiwan's beef production only accounts for 5% of total beef consumed on the island.
Pork and pork offal	96.2 (92.3)	1. Canada – 47.16% 2. USA - 32.99% 3. Netherlands – 12.31% 4. Hungary – 2.8% 5. Denmark- 2.38%	Imports have occurred only in response to occasional short supplies and high local pork prices. U.S. exports slumped due to the feed additive - ractopamine disputes.	Local pork dominates the market.
Poultry	192.4 (162.8)	1. USA – 81.14% 2. Canada – 18.35%	Taiwan consumer's preference for dark meat provides opportunities for western countries. USA products are generally price competitive.	Local chicken dominates the market.
Fish & Seafood				

Fish Fillet and Meat, Chilled or Frozen (0304)	82.7 (74.8)	1. India – 31.71% 2. Vietnam – 21.99% 3. China – 12.12% 4. USA – 10.88%	Taiwan imports frozen fish fillets (esp. cod and pollack) and surimi for further processing.	Taiwan produces more seafood products than it needs and only imports those not available in the region.
Rock Lobster and Other Sea Crawlfish, Live/Fresh (030621)	10.8 (8.5)	1. Indonesia – 57.95% 2. Philippines – 12.43% 3. South Africa – 11.62% 4. USA – 8.7%	Indonesia is the key suppliers of live/fresh lobsters.	Lobsters are not often seen along Taiwan's coastlines.
Rock Lobster, Frozen (030611)	9.6 (10.3)	1. Cuba – 55.33% 2. USA – 15.75% 3. Australia – 7.17%	Cuba is the key suppliers of frozen lobsters.	Lobsters are not often seen along Taiwan's coastlines.
Dairy Products				
Cheese (0406)	108.7 (121.5)	1. USA – 30.25% 2. New Zealand – 26.72% 3. Australia – 13.1% 4. Argentina - 10.88% 5. Italy – 3.57%	New Zealand is foreseen to take up more market share due to its pricing competitiveness.	Local production is limited.
Whey (040410)	15 (16.1)	1. USA – 44.99% 2. France - 25.65% 3. Canada – 6.96%	USA is the leading supplier of whey products.	Local production is limited.

Butter (040510)	51.3 (56.5)	1. New Zealand – 58.29% 2. France – 12.58% 3. Australia – 12.4% 4. Argentina – 5.5% 5. USA – 2.85%	New Zealand leads with butter and several other dairy products. France supplies high-end products.	Local production is limited.
Fresh Fruits				
Apples, Fresh (080810)	164.5 (203.9)	1. USA – 39.32% 2. Chile – 28.7% 3. Japan – 22.12% 4. New Zealand – 5.24%	USA leads with several fresh fruits that have limited local production, including apples. Chilean and New Zealand apples gain seasonal advantage.	Taiwan is a significant producer of fresh tropical fruits, and local fruit production is very high quality. Taiwan only imports fruits typically not produced locally.
Cherries, Fresh (080920)	88 (66.5)	1. USA – 50.1% 2. Chile – 17.56% 3. Australia – 11.44% 4. Canada – 11.09% 3. New Zealand – 9.05%	USA provides high quality products. Southern hemisphere countries gain seasonal advantages.	There is no local production.
Peaches & Nectarines, Fresh (080930)	40.9 (48.4)	1. USA- 76.18% 2. Chile - 17.58% 3. Japan – 4.83%	USA products are in good quality and price competitive.	Local products meet about half of local demand.

Grape, Fresh (080610)	38.0 (49.6)	1. USA – 61.95% 2. Chile – 16.52% 3. Japan – 6.98% 4. Peru – 6.24% 5. South Africa – 5.41%	USA supply good quality fresh table grape. Chile and South Africa supply price competitive products.	Local farmers produce different grape varieties - typically sweeter.
Plum, Fresh (080940)	10.6 (8.4)	1. USA – 78.36% 2. Chile – 21.64%	USA is the leading supplier of plums.	Local products are different varieties.
Oranges, Fresh (080510)	10.2 (9.4)	1. USA – 81.47% 2. South Africa – 12.97% 3. Australia – 5.34%	USA is the dominant supplier of imported fresh oranges while South African became more competitive in 2012.	Local products are different varieties.
Berries (081040)	6.4 (6.8)	1. USA – 49.86% 2. Chile – 43.14% 3. Canada - 6.13%	USA is the leading supplying country of cranberries, blueberries and strawberries.	Limited local production of berries.
Fresh Vegetable				
Broccoli and cauliflower, fresh (070410)	12.5 (10.1)	1. USA – 96.72% 2. Vietnam – 2.79%	USA is the major supplier of imported broccoli and cauliflowers.	Local products dominate the market.
Onions and shallots, fresh (070310)	21 (21.1)	1. USA – 87.37% 2. New Zealand – 7.95% 3. Australia – 2.14%	USA is the major supplier of imported onions.	Local production fulfills around 60% of local demand.
Lettuce, fresh (070519)	5 (6.2)	1. USA – 99.64%	USA supplies good quality products with competitive prices.	Local products are different varieties and generally of lower quality.

Potatoes, fresh (0701)	7.83 (8.4)	1. USA – 95.88% 2. Australia - 4.12%	USA is the major supplier of imported potato products, providing good quality products with competitive pricing.	Local products dominate the market and are different varieties.
Alcohol and Other Beverages				
Wine (2204)	130.4 (146.6)	1. France – 59.25% 2. USA – 7.53% 3. Italy – 7.05% 4. Australia - 7.05% 5. Chile – 6.58%	France dominates the market, but new world countries are gaining traction due to growing consumer demand for diversity.	Local companies are not able to produce good quality wine.
Beer (2203)	158 (165.7)	1. Netherlands - 64.26% 2. China - 14.22% 3. USA - 5.34% 4. Japan – 4.78% 5. Thailand – 2.55%	The Netherlands and China are aggressive suppliers with many promotions in restaurants and bars.	Local beer brands are most popular, holding 73% market share.
Coffee				
Coffee, roasted, not decaf (090121)	31.29 (33.3)	1. USA – 55.85% 2. Italy – 12.78% 3. Malaysia – 10.51% 4. Japan – 7.17%	USA supplies over half of roasted coffee while Indonesia, Brazil and other tropical countries supply most of the non-roasted coffee beans.	There is limited local coffee production supplying special local brand.
Processed Foods				

Mixes and Dough (190120)	18.44 (17.52)	1. USA – 55.16% 2. South Korea – 9.41% 3. Japan – 9.32%	USA dominates the mixes and dough market.	Taiwan imports most of its bakery ingredients.
Sauces and Preps (210390)	75 (71.8)	1. Japan - 59.84% 2. USA – 14.24% 3. China – 10.12% 4. Hong Kong - 6.44% 5. Thailand – 4.99%	Taiwan consumers tend to prefer the flavors of Japanese sauces and condiments.	Local products dominate the market.
Sunflower and Cottonseed oil (1512)	23.9 (21.2)	1. Argentina – 53.81% 2. Australia – 20% 3.. Netherland – 9.3% 4. USA – 8.34% 5. Italy – 3.96%	Argentina supplies more than half of the market.	Imported edible oil is expected to be in strong demand due to recent food safety events in Taiwan’s edible oil market.
Soups & Broths (210410)	13.4 (13.55)	1. USA – 34.99% 2. Japan – 34.47% 3. China – 10.94% 4. South Korea – 7.78%	USA and Japan are the key suppliers of soups and broths	Local products dominate the market and customers prefer freshly prepared soups.
Snack Foods, exclude nuts (Group 31)	183 (186.9)	1. Japan – 18.32% 2. USA – 15.05% 3. Italy – 12% 4. Malaysia – 7.5%	Japanese and American snack foods are popular in Taiwan. Recent Japanese Yen’s depreciation resulted in 10% to 20% price reduction of Japanese snack foods in most of the retail outlets.	Local products provide different varieties.

Foods Preparations	970.1 (1,031)	1. USA – 26.17% 2. Thailand – 16.6% 3. Japan – 6.55% 4. Netherland – 5.62% 5. New Zealand – 5.1%	USA continues to dominate this sector with an impressive import sales volume.	Local products provide different varieties.
Tree Nuts				
Almonds, shelled (080212)	33.58 (43)	1. USA - 94.92% 2. China - 5.05%	USA is the dominant supplier of tree nuts.	There is no local production available.

Walnuts, shelled (080232)	25.21 (26.59)	1. USA – 92.46% 2. India – 5.5% 2. China – 1.08%	USA is the dominant supplier of tree nuts.	There is no local production available.
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Source: ATO survey; Council of Agriculture; Global Trade Atlas

SECTION IV. BEST PRODUCT PROSPECTS

Category A: Products Present in the Market That Have Good Sales Potential

Product Category	2013 Import Market size (MT)	2013 Import US\$ million	5-Yr. Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
Beef and beef offal	98,453	\$627.9	16.4%	Beef: NT\$10 per kilogram Beef variety meat: 15%	The U.S. regained as the largest beef supplier with 42% import market share in 2013 after the Taiwan authority developed the import regulations for beef contains ractopamine. Australia and New Zealand, are perceived by Taiwan consumers who supply acceptable quality beef at lower prices.	The U.S. beef industry is able to supply large volume of “Asian cuts” at compatible prices to other two key suppliers – Australia and New Zealand. Taiwan consumers still have high regards for U.S. chilled beef in terms of quality and safety.
Poultry Meat	115,145	\$162.8	15.8%	20%	Import quotas on poultry meat were eliminated in 2005, but special safe guard (SSG) raises the tariff to about 26%.	U.S. enjoys 81% import market share and is one of only six countries certified to export poultry meat to Taiwan.
Fresh Fruits	289,131	\$515.9	8.67%	Apples - 20%	Taiwan consumers	U.S. offers different varies

				<p>Cherries – 7.5%</p> <p>Peaches – 20%</p> <p>Grape – 20%</p> <p>Plum – 20%</p> <p>Oranges – 20%</p>	<p>prefer fresh fruit to frozen fruit. Taiwan is an important producer of fresh tropical fruits with high quality.</p>	<p>of fresh fruits and enjoy leading positions in several fruit categories, including apples, cherries, peaches & nectarines, grape, plum and oranges. It is anticipated that these seafood will continue to be popular in Taiwan.</p>
Fresh Vegetable	221,541	\$97	4.25%	<p>Broccoli – 20%</p> <p>Onions – 25%</p> <p>Lettuce – 20%</p> <p>Potatoes – 15%</p>	<p>Local production meets majority of the vegetable's demand.</p>	<p>U.S. continues to be in the leading position of broccoli, onions, lettuce and potatoes product categories with import market share between 87% - 99%.</p>
Berries	630	\$6.8	36.67%	7.5%	<p>Local production meets the demand of different varieties.</p>	<p>Consumers in Taiwan are becoming more health conscious. Berries continue to enjoy a steadily increasing share in retail channel. There are strong growth prospects for strawberry, cranberry and blueberry</p>

						categories.
Snack Foods, exclude nuts	186.9	\$183	8.17%	Varies by type	Japan and USA are the top two supplies countries in Taiwan's competitive snack market.	The booming E-commerce and increased number of convenience stores in Taiwan provide business potential for U.S. snack suppliers.
Food Preparations	NA	\$1,031	6.07%	Varies by type	The food processing industry in Taiwan is worth US\$21.4 billion and local producers have secured a niche position in the competitive global market.	Taiwan imports US\$268 million worth of food additives, favoring, specialized food ingredients, preservatives, thickeners, sweeteners, prepared meals, dried goods and condiments.
Fish and Seafood Products	259,533 MT	\$806	8.24%	NT\$5.36 to NT\$225 per kg; or 9% to 50%	Taiwan consumers have preferences for "fresh" fish and seafood products over "frozen".	U.S. fish and seafood products are perceived as high quality and safe. Many high-end hotels and restaurants carry Alaska seafood.

Source: ATO Survey, Customs Administration – Ministry of Finance,

Taiwan Council of Agriculture, Global Trade Atlas

SECTION V. POST CONTACT AND FURTHER INFORMATION

Contact Information for FAS Offices in Taiwan and in the United States

For Trade Policy/Market Access and General Agricultural Issues:

Taiwan	
American Institute In Taiwan, AIT, Taipei	
Office Hours: 8:00 AM – 5:00 PM	
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For Market Development Assistance:

Taiwan	
Agricultural Trade Office - Taipei, ATO, Taipei	
Office Hours: 8:00 AM – 5:00 PM	
Tel-Direct Line:	(011-886-2) 2705-6536
Fax:	(011-886-2) 2706-4885
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Major Taiwan Authority Contacts

Food and Drug Administration (FDA)
Department of Health (DOH), Executive Yuan
161-2 Kun-Yang Road, Taipei, Taiwan
Tel: (886) 2-2653-1318
Website: <http://www.fda.gov.tw/eng/index.aspx>

Council of Agriculture (COA), Executive Yuan
37 Nan-Hai Road, Taipei, Taiwan
Tel: (886) 2-2381-2991 Fax: (886) 2-2331-0341
E-mail: COA@mail.coa.gov.tw
Website: <http://eng.coa.gov.tw>

Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ), COA
9F, 51 Chung-Ching South Road, Section 2, Taipei, Taiwan
Tel: (886) 2-2343-1401 Fax: (886) 2-2343-1400
E-mail: BAPHIQ@mail.baphiq.gov.tw
Website: <http://www.baphiq.gov.tw>

Bureau of Standards, Metrology and Inspection (BSMI)/Ministry of Economic Affairs (MOEA)
4 Ji-Nan Road, Section 1, Taipei, Taiwan
Tel: (886) 2-2343-1700 Fax: (886) 2-2356-0998
Website: <http://www.bsmi.gov.tw>

Bureau of Foreign Trade (BOFT) / MOEA
1 Hu-Kou Street, Taipei, Taiwan
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E-mail: BOFT@trade.gov.tw
Website: <http://eweb.trade.gov.tw>

Directorate General of Customs (DCG) / Ministry of Finance (MOF)
13 Ta-Cheng Street, Taipei, Taiwan
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E-mail : MGR@webmail.customs.gov.tw
Website : <http://eweb.customs.gov.tw>

Food Industry Research and Development Institute (FIRDI)
331 Shih-Pin Road, Hsinchu, Taiwan
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Website: <http://www.firdi.org.tw>

Major Taiwan Trade Association Contacts

Taiwan External Trade Development Council (TAITRA)
5-7F, 333 Kee-Lung Road, Section 1, Taipei, Taiwan
Tel: (886) 2-2725-5200 Fax: (886) 2-2757-6245
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Taiwan Chain Stores and Franchise Association (TCFA)
4F, 180 Nan-King East Road, Section 4, Taipei, Taiwan
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Website: <http://www.tcfa.org.tw>

Importers and Exporters Association of Taipei (IEAT)
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5F, 50 Cheng Kong Road, Tainan, Taiwan
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U.S. Government Contact

Foreign Agricultural Service (FAS)
 United States Department of Agriculture (USDA)
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 Website: http://www.fas.usda.gov

SDA Stakeholders

The Agricultural Trade Office (ATO) works with a large number of U.S. industry organizations, several of which are resident or have local representatives in Taiwan. These cooperators share the view that Taiwan is a promising market for agri-food products.

USDA Producer Associations - Taiwan Representatives (and PR Firms)

COOPERATOR	LOCAL AGENT	CONTACT	PHONE	FAX	ADDRESS	E-mail
California Cherry Advisory Board	Steven Chu & Associates	Steven Chu	(8862) 27261939	(8862) 27261815	10F-3, 508 Chung Hsiao E. Rd., Sec. 5, Taipei	scafms@ms11.hinet.net
California Tree Fruit Agreement						
Pear Bureau North-West						
Raisin Administrative Committee						
Washington Apples						
Food Export Northeast/Midwest						
Wisconsin Ginseng Board						
California Table Grape Committee	PR Consultants Ltd.	Rosaline Chen	(8862) 87898939	(8862) 27252155	7D07, 5 HsinYi Rd., Sec. 5, Taipei	rosalinec@prcon.com
U.S. Dairy Export Council						
USA Rice Federation						

Wine Institute of California						
US Potato Board						
Northwest Cherry Growers Association	n/a	Herman Kuo	(88609) 32123482	(8862) 23627676	3F, 14, lane 26, Tai-shun St. Taipei Taiwan	Yikuo1976@gmail.com ;
U. S. Meat Export Federation	n/a	Davis Wu	(8862) 27361200	(8862) 27361500	12F-1, 23, Keelung Rd., Sec. 2, Taipei	taiwan@usmef.org ; dwu@usmef.org.tw
California Agricultural Export Council	n/a	Irene Tsai	(8862) 87898855	(8862) 87898833	Suite7C-06, Taipei World Trade Center, 5, Hsin-Yi Rd., Sec5, Taipei	CAEC-Asia@umail.hinet.net
Oceanspray (beverage)	n/a	Daisy Hong	(8862) 25184005	(8862) 25184609	9F, 88 Chien Kuo N. Rd., Sec.2, Taipei	d.m.hong@oceanspray.com
Oceanspray (ingredient)	n/a	Kenneth Wang	(8862) 25023331	(8862) 25041094	9F, 88 Chien Kuo N. Rd., Sec.2, Taipei	kenjohn@ms27.hinet.net
U.S. Highbush Blueberry Council, California Fig Producers Association	n/a	Millie Hsia	(8862) 23093130		PO 31-90 PO 31-90	millie@blueberry.org
US Pet Food	Wise	Echo Lin	(8862)	(8862)	8F.,	jean@wisecont.com ;

Institute	Consulting		25140984	27184850	No.201, Fu-Shin N. Rd, Taipei	joyce@wisecont.com
APA - The Engineered Wood Association	n/a	Charlie Barnes	(8862) 27201624	(8862) 27201646	Taipei World Trade Center, Suite 7C-08, #5 Hsin-yi Road Section 5, Taipei 110	charlie.barnes@apawood.org
ASA - IM	n/a	Anthony Thang	(8862) 25602927	(8862) 25683869	6F, 27 Chang E. Rd. Sec.1, Taipei	asatwn@ms75.hinet.net
U.S. Grains Council	n/a	Clover Chang	(8862) 25075401	(8862) 25024851	7F, 157, Nanking E. Rd., Sec.2, Taipei, Taiwan	usfgctai@ms6.hinet.net ; usgcclvr@ms41.hinet.net
U.S. Wheat Associates	n/a	Ronald Lu	(8862) 25211144	(8862) 25211568	3/3, lane 27, Chung Shan N. Rd., Sec.2, Taipei, Taiwan	rlu@uswheat.org

Other Relevant Reports

Reports on the Taiwan food and agricultural market are available on the FAS website. The search engine can be found at:

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

Videos:

"Doing Business in Taiwan" - A Day in Taipei

Part I: <http://www.youtube.com/watch?v=wyIlsMjIEWg>

Part II: <http://www.youtube.com/watch?v=4SH3c5EiJm4&feature=related>

ATO Taipei marketing program video clippings:

http://www.youtube.com/user/USFoodTaiwan?ob=0&feature=results_main