

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Taiwan

Retail Foods

Annual 2016

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Report Highlights:

Taiwan's retail food sector is dynamic with major retailers such as Costco, 7-Eleven, PX Mart, Carrefour, and Wellcome, compete for market share. Most food retailers have set aggressive expansion plans to either increase the number of stores or to broaden their production selection. The United States is currently in the leading supplier of many consumer-oriented products including red meats, fresh fruit, and vegetables, poultry, processed foods, and beverages.

Post:

Taipei ATO

SECTION I. MARKET SUMMARY

Taiwan Profile

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. In 2015, Taiwan was ranked as the United States' 9th-largest trading partner in goods, placing it ahead of markets such as India and Brazil. It was also the 14th-largest U.S. export market overall and the seventh-largest export market for agricultural and livestock products.

Taiwan relies on imports to meet domestic food demand. The United States is the largest supplier of many consumer food products, such as beef and beef offal, poultry, dairy products, various fresh fruits and vegetables, roasted coffee, and tree nuts, and is viewed as a provider of high-quality, safe products.

Taiwan Retail Foods Sector Overview and Sales Trends

According to the Ministry of Economic Affairs, Department of Statistics, the retail sales in 2015 was \$38.3 billion, a 3.8% sales increase over 2014. Convenience stores, hypermarkets, and supermarkets all showed positive sales growth from 2012 to 2015. In 2015, convenience stores generated US\$9.8 billion sales, followed by hypermarkets' US\$6.1 billion, supermarkets' US\$6 billion and others outlets including wet markets, mom-and-pop stores and e-commerce sales amounting to US\$5.8 billion.

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

	2012	2013	2014	2015	2016 Estimates **
Total Retail Sales	34.1	35.1	36.9	38.3	39.4
Convenience Stores	8.9	9.2	9.6	9.8	10.4
Hypermarkets	5.6	5.7	5.9	6.1	6.6
Supermarkets	5.1	5.2	5.6	6.0	6.5
Others	5.1	5.2	5.6	5.8	5.8

Source: Ministry of Economic Affairs, Department of Statistics

** Estimates are annualized sales based on actual sales generated from January to August 2016

Taiwan's continued modernization and increased adoption of western food habits make the country an attractive market for U.S. exporters. Taiwan has also served as a test market for exporters before products are exported to China.

**Number of Retailers and Outlets in Taiwan
Convenience Stores/Hypermarkets/Supermarkets
2011 – 2016**

	Convenience Stores		Hypermarkets		Supermarkets	
	# of Retailers	# of Outlets	# of Retailers	# of Outlets	# of Retailers	# of Outlets
2016 May	8	10,321	7	154	29	1,994
2015	7	10,739	6	125	26	1,902
2014	7	10,632	6	123	26	1,820
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

Source: Taiwan Chain Store Almanac 2016

International retailers dominate the market, 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. 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.

Carrefour, COSTCO, RT-Mart are key players in the hypermarket sector while Wellcome, Simple Mart, PX Mart, 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.

Key Trends in the Retail Market

Convenience stores are more convenient than ever

With one store per every 2,300 people, 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 can access many types of services during off business hours. Convenience store chains are offering more and more services, such as providing online services, seating areas, and delivery pick-ups, etc., to remain competitive.

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. Today more than ever consumers are looking for ways to live a healthy lifestyle, and retailers are tapping into the trend. Nielsen's 2015 Global Health and Wellness Survey suggested consumer mindset about healthy foods has shifted. Younger consumers embrace healthier eating options, and they are ready to pay more for products that claim to boost health and weight loss.

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

After several food safety incidents, Taiwan authorities plan to establish an independent food safety evaluation committee as part of new measures to protect public health and to strengthen consumers' confidence in the food industry. President Tsai has publicly announced that food safety is a priority for the administration. In 2017, Taiwan will increase its food safety budget by approximately 50%, with a focus on building production management systems and enhancing food safety inspection capabilities. Consumers hear many stories about food safety scares, which is causing increased concerns and skepticism about the government ability to provide safe and wholesome food. This doubt about the safety of domestic products may provide opportunities for U.S. exporters to promote brand value through an emphasis on natural products and food safety.

E-Commerce makes shopping easier

Taiwan might be a small island, but it is big on e-commerce. Taiwan is among the world leaders in e-commerce penetration - the percentage of residents that have purchased products online. Roughly 62% of residents in Taiwan have purchased online, according to published reports compared with 77% for the U.K., and 66% in the United States. Most e-commerce sites support credit cards, credit card installment payments, cash on delivery, bank transfer, and ibon, which is an exclusive payment service in local 7-Eleven stores. Convenience store payments are popular in Taiwan, and e-commerce now holds approximately an 11% share in the Taiwan's total retail sales.

Ready-to-eat products are in high demand

In response to consumers demand 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 and home meal replacements have grown steadily as more and more full-time housewives and time-constrained consumers' demand for quick meals.

Active ageing

Taiwan is a rapidly aging society. By 2025 over 20% of the population is expected to be over 65. To raise the quality of life of the nation's senior citizens, the 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 food suppliers will find potential opportunities in the health and wellness products, small-sized packaged foods and prepared food.

Stricter rules increase costs

New regulations help alert consumers to food and beverage ingredients information. Taiwan's Food and Drug Administration recently updated the new regulation for the Act Governing Food Safety and Sanitation several times. Also, starting from January 2016, the government placed more restrictions on marketing and promotional events on foods and beverages.

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 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.
Taiwan has historically served as a test market for companies interested in exporting food and agricultural products to China.	U.S. exporters are sometimes reluctant to change product specifications to comply with Taiwan requirements/consumer preferences.
The majority of Taiwan consumers become more health conscious, and they tend to be less concerned about costs when shopping.	Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products to importers/end users in Taiwan.
Consumers are brand-conscious, and America is a leader in food brands that set trends.	Taiwan consumers maintain a preference for "fresh" food products over "frozen."
There is a wide variety of U.S. food products available to Taiwan consumers.	Competition from agricultural and food exporters from countries with an FTA with Taiwan.
In general, implementation and application of food-related regulations are transparent and open.	Numerous Taiwan food regulations and standards are not in line with U.S. or international standards.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Taiwan is a sophisticated consumer market in which consumers are plugged into global consumer trends. U.S. products are well represented in the market, as are products from across the region, especially China and other lower-cost producers. It is a good target market for high-quality, differentiated products and commodity items.

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

Product design and packaging is important. Homes are smaller than the average U.S. house and consumers keep a small inventory of food and in general prefer smaller packages 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.

The typical businessperson usually has several interests rather than a single product line. To meet the consumers' increasing demand to try new products, importers regularly seek 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 pattern of collecting basic information (samples, catalogs, prices, supply schedules) and trial orders may be used to test the market response.

U.S. Agricultural Trade Office's Assistance

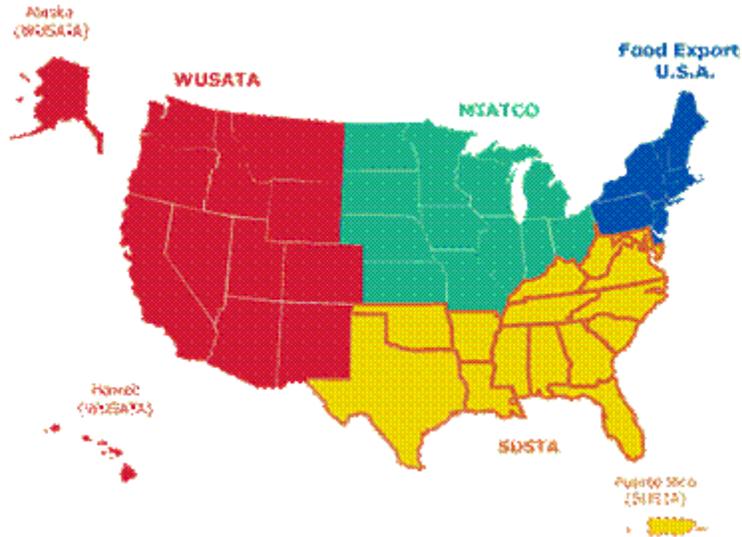
The U.S. Agricultural Trade Office (ATO) in Taipei, the local offices of U.S. commodity groups or other trade associations (such as the American Chamber of Commerce or the Import and Export Association of Taipei) can provide invaluable background information.

ATO Taipei strongly recommends U.S. 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.

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 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 regions through a variety of programs and integrated marketing services. To learn more services available from the SRTGs, find the SRTG in your area 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 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



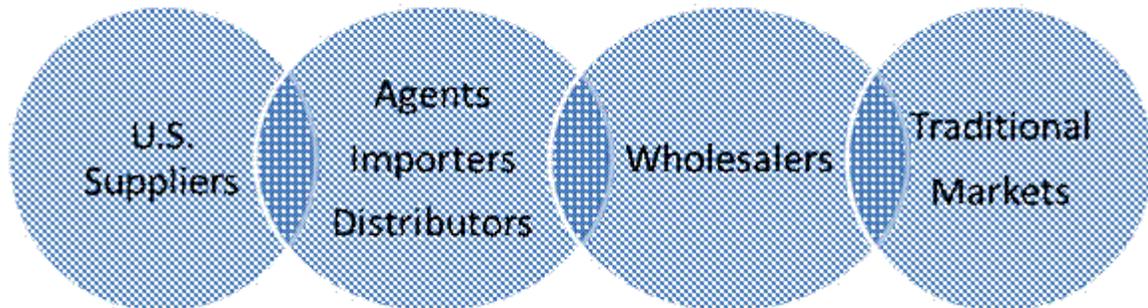
Fresh Fruit: Industry sources estimate that approximately **15%** of imported fresh fruit is now imported directly by supermarkets, hypermarkets, and warehouse stores. Importers/distributors import the remaining 85%. Direct import of fresh fruit by retail stores is expected to continue to increase over 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. Supermarkets and hypermarkets purchase about 90% of pork from local pork processors/wholesalers, and importers/distributors import the remaining 10%.

Fresh and Frozen Seafood: Approximately 3% of seafood is imported directly by retail stores while the rest is sold to retail stores through importers, wholesalers, and distributors.

Traditional Markets





Generally, the same importers, distributors, and wholesalers that supply the supermarkets, hypermarkets, and convenience stores, supply 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 the 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.

Taiwan's Retailer Sales Amount and Growth Rate 2010 – 2015

Retail Total Sales (US\$ billion)					
Year	Total	Supermarket	Convenience Store	Hypermarket	Others
2015	38.3	6.0	9.8	6.1	5.8
2014	36.9	5.6	9.6	5.9	5.6
2013	35.1	5.2	9.2	5.7	5.2
2012	34.1	5.1	8.9	5.6	5.1
2011	32.4	4.7	8.2	5.5	4.9
2010	30.4	4.4	7.6	5.2	4.7
Growth Rate (%)					
2015	3.8	7.1	2.1	3.4	3.6
2014	5.12	7.7	4.34	3.5	7.7
2013	2.9	4.5	3.1	0.5	3.3
2012	5.1	5.9	8.8	2.5	3.4
2011	6.6	7.4	6.7	6.5	4.1

2010	7.0	5.3	8.7	5.8	5.1
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Source: Ministry of Economic Affairs, Department of Statistics

Convenience Stores

Taiwan has the highest density of convenience stores in the world, while sales in the local convenience store sector are expected to continue to grow to top US\$10 billion in 2016, according to MOEA. The data released by MOEA indicated that as of the end of May 2016, the major convenience store chains owned a total of 10,321 outlets, which translated into a density of one convenience store for every 2,300 people.

Profile of Major Convenience Stores in Taiwan

Name	Sales US\$ million As of 2015 (Growth Rate)	No. of Outlets As of May 2016	Locations	Purchasing Agent Type
7-Eleven	4447 (1.58%)	5,040	Island- wide	Direct, importer, wholesaler, agent
Family Mart	1880 (2.73%)	2,998	Island- wide	Same as above
Hi-Life	691 (2.9%)	1,281	Island- wide	Same as above
OK Mart	265 (2.69%)	887	Island- wide	Same as above

Source: Taiwan Chain Store Almanac 2016

China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

The four major convenience store chains are 7-eleven, Family Mart, OK Mart, and Hi-Life. In terms number of stores, 7-Eleven, with more than 5,040 outlets island-wide, accounts for 47% of the market followed by Family Mart (28%, 2,998 stores), Hi-Life (12%, 1,281 stores), OK Mart (8%, 887 stores).

Company Profiles – 7-Eleven

	Sales ranking in Taiwan's top 5,000 corporations in 2015	34
	Sales in 2015 (US\$ billion)	4.4
	Change in sales (% as compared to 2014)	1.58
	No. of stores (as of December 2015)	5,040
	Number of employees	8,300

Source: China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

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 5,040 stores as at the end of 2015. Uni-President Enterprises Corporation is an international food conglomerate based in Taiwan.

It is the largest food production company in 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. Also, Uni-President has operations in Canada, China, Thailand, Vietnam, and the United States.

7-Eleven's annual sales reached US\$4.4 billion in 2015. 7-Eleven first appeared in 1979. Nowadays, 7-11 is a major player in the growing market for ready-to-eat food as lunch boxes and fresh fruit (mainly, bananas, apples and yams).

Company Profiles – Family Mart

	Sales ranking in Taiwan's top 5000 corporations in 2015	73
	Sales in 2015 (US\$ billion)	1.9
	Change in sales (% as compared to 2014)	2.73
	No. of stores (as of December 2015)	2,998
	Number of employees	2,875

Source: China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

Family Mart Company Limited opened its first store in Taiwan in 1988. It has 2,998 stores, and annual sales reached US\$1.9 billion in 2015.

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 2015	212
	Sales in 2015 (US\$ million)	690
	Change in sales (% as compared to 2014)	2.9
	No. of stores (as of December 2015)	1,281
	Number of employees	2,373

Source: China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

Hi-Life is a local convenience store chain, owned by Hi-Life International Co., Ltd. It has more than 1,281 stores as of the end of 2015. In a similar trend with Family & OK, Hi Life commenced operations in 1988. Their annual sales reached US\$690 million in 2015.

Company Profiles – OK Mart

	Sales ranking in Taiwan's top 5000 corporations in 2015	526
	Sales in 2015 (US\$ million)	265
	Change in sales (% as compared to 2014)	2.69
	No. of stores (as of December 2015)	887
	Number of employees	2,974

Source: China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

OK MART first opened in 1988 in cooperation with the American Circle K Stores. However, the partnership ceased in 2007, and OK MART is entirely locally-owned. It has 887 stores, and annual sales reached US\$265 million in 2015.

Hypermarkets

In 2015, hypermarkets generated a total of US\$6.1 billion in sales, an increase of 3.4% from 2014. There are now 154 hypermarket outlets in Taiwan as of July 2016, which includes a mix of foreign owned and locally owned stores. Foreign operators, including Carrefour and Costco, continue to dominate the market, holding more than 50% market share.

Overall, consumer behavior has changed. In the past, the price was a major factor, but consumers are now seeking quality and design. Weak purchasing power has deterred consumers from going straight to a department store for their needs. Better value alternatives now exist in the marketplace, and this shopping behavior change has favored hypermarkets and supermarkets and warehouse clubs.

Most hypermarkets and warehouse stores are located in suburban areas and to differentiate themselves from their competitors, 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 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	2015 Sales US\$ billion	No. of Outlets As of July 2016	Locations	Purchasing Agent Type
Costco	2.2	12	Island-wide	Direct, importer, wholesaler, agent
Carrefour	1.3	63	Island-wide	Direct, importer, wholesaler, agent
RT Mart	0.9	26	Island-wide	Direct, importer, wholesaler, agent

Source: Taiwan Chain Stores and Franchise Association Yearbook 2016
China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

Company Profiles – COSTCO

	Sales ranking in Taiwan's top 5000 corporations in 2015	66
	Sales in 2015 (US\$ billion)	2.2
	Change in sales (% as compared to 2014)	8.3
	No. of stores (as of December 2015)	12
	Number of employees	5,300

Source: China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

Costco Wholesale is currently the leading largest hypermarket chain in Taiwan in terms of annual sales. It has 12 stores, and annual sales reached US\$2.2 billion in 2015. It is the only wholesale store that issues membership cards in Taiwan. Costco is a popular place for people to spend time, particularly at weekends.

The stores offer consumers inexpensive, bulk products which are mostly imported items, while also enticing them with food tastings. The company plans to open at least three more stores over the next five years.

Company Profiles – Carrefour

	Sales ranking in Taiwan's top 5000 corporations in 2015	107
	Sales in 2015 (US\$ billion)	1.3
	Change in sales (% as compared to 2014)	1.8
	No. of stores (as of December 2015)	84

	Number of employees	6,200
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Source: China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

Carrefour is a French international supermarket/hypermarket chain with multiple branches throughout Taipei. It has 84 stores, and their annual sales reached US\$1.3 billion in 2015.

Carrefour indicated that localization; product differentiation, private labels, and strategically located new stores as the main factors of its success in Taiwan.

Company Profiles – RT Mart

	Sales ranking in Taiwan's top 5000 corporations in 2015	151
	Sales in 2015 (US\$ billion)	0.9
	Change in sales (% as compared to 2014)	7.18
	No. of stores (as of December 2015)	23
	Number of employees	4,738

Source: China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

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 23 hypermarket stores in Taiwan. The stores are located throughout Taiwan, especially in the north. Their annual sales reached US\$0.9 billion in 2015.

Supermarkets

Supermarkets have generated more than \$6 billion in sales in 2015, a 7.1% increase from 2014. Continued fierce competition from hypermarkets and convenience stores has made it difficult for small supermarkets to survive. Sales posted by supermarkets rose more than 7% in 2015, outperforming the retail sector as a whole, because of the expansion of their retail network. Efforts to promote fresh food in their stores also boosted supermarket sales.

Major Supermarket Store Profiles

Retailer Name	Sales US\$ million as of 2015	No. of Outlets As of July 2016	Locations	Purchasing Agent Type
PX Mart	2,833	790	Island-wide	Direct, importer, wholesaler, agent

Simple Mart	240	459	Island-wide	Direct, importer, wholesaler
Wellcome/Jasons Market Place	NA	247	Island-wide	Direct, importer, wholesaler, agent
Taiwan Fresh Supermarket	142.1	45	Central Taiwan	Direct, importer, wholesaler, agent
CitySuper	87	6	Taipei	Direct Importer, agent, wholesaler

Source: Taiwan Chain Store Almanac 2016

China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

Facing stronger competition, supermarkets have been aggressively developing effective strategies to cater to the needs of city dwellers. Jasons Market Place mainly carries higher-end and imported foods, which accounts for 50% of the products carried. Also, there are high-end supermarkets, such as CitySuper stores, 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.

Company Profiles – PX Mart

	Sales ranking in Taiwan’s top 5,000 corporations in 2015	51
	Sales in 2015 (US\$ billion)	2.8
	Change in sales (% as compared to 2014)	11.84
	No. of stores (as of December 2015)	790
	Number of employees	14,000

Source: China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

PX Mart offers a variety of food, vegetables, fruit, wine, drinks, and daily necessities. It has 790 stores in Taiwan as of the end of 2015. Their annual sales reached US\$2.8 billion in 2015, an increase of 11.84% from 2014. According to media reports, PX Mart intends to reach 1,000 stores by the end of 2017.

Company Profiles – Simple Mart

	Sales ranking in Taiwan’s top 5,000 corporations in 2015	NA
	Sales in 2015	0.24

	(US\$ billion)	
	Change in sales (% as compared to 2014)	10%
	No. of stores (as of December 2014)	459
	Number of employees	NA

Source: Mercuries & Associate 2015 annual report

The first Simple Mart outlet opened in August 2006. Simple Mart's private label products include packaged foods, beverages, household cleaning and personal care products. These are all positioned in the budget segment to target price-conscious consumers. Most stores are small in size but offer quite a wide range of products, albeit in smaller quantities than in other supermarket chains.

Company Profiles – Wellcome/Jason's Market Place

	Sales ranking in Taiwan's top 5,000 corporations in 2015	NA
	Sales in 2015 (US\$ million)	**
	Change in sales (% as compared to 2014)	**
	No. of stores (as of December 2014)	228 - Wellcome 19 - Jason's
	Number of employees	4,500

Source: Dairy Farm Annual Report 2015

Wellcome Supermarket is a grocery chain store with a 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.

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 imported foods including famous worldwide 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 2015	813
	Sales in 2015 (US\$ billion)	0.14
	Change in sales (% as compared to 2014)	2.11
	No. of stores (as of December 2015)	45
	Number of employees	1,500

Source: China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

Taiwan Fresh Supermarket offers organic foods, specialty foods, fresh and whole foods, fruits, vegetables, dairy, meat, seafood, and miscellaneous household items. It has 45 stores, and annual sales reached US\$0.14 billion in sales.

Taiwan Fresh Supermarket Company, a subsidiary of Sinon Corporation listed on Taiwan's stock exchange, provides fresh food to consumers in the Central Taiwan region. "Fresh" is part of the company name for a reason. 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 the quality of food.

Company Profiles – CitySuper

	Sales ranking in Taiwan's top 5000 corporations in 2015	1171
	Sales in 2015 (US\$ billion)	0.09
	Change in sales (% as compared to 2014)	5.99
	No. of stores (as of December 2015)	6
	Number of employees	384

Source: China Credit Information Service – 2016 Top 5,000 Corporations in Taiwan

CitySuper is a high-end supermarket and retail chain, importing fresh fruits, vegetables, seafood, meat, poultry, wines, health foods, snacks, beauty care, aromatherapy and international food courts. Their annual sales reached US\$0.09 billion in 2015.

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 through their stores, and the pricing is 10-15% higher than similar products sold in other supermarket chain stores.

E-Commerce and on-line shopping

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 offer on-line product items. While local convenience store chains have scaled down their plans to add new outlets, they have shifted their attention to emerging business, such as mobile shopping and E-commerce, to post more sales. The Ministry of Economic Affairs said that local convenience stores, hypermarkets, supermarkets have been keen to cooperate with other industries to provide a comprehensive product mix in a bid to win a higher profitability in the market.

Mom-and-Pop Grocery Stores

Mom-and-pop grocery stores are still common in smaller towns on the island. Local wholesalers usually supply grocery products. 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.

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. 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 is the increased pressure on wet markets. However, wet markets remain popular, especially with older shoppers. People like wet markets because they believe the food is fresher in wet markets than convenience stores. Even if wet markets do not offer the same sort of easy one-stop shopping as a hypermarket, they are often much closer to residential areas which allow them to serve fresh produce and warm customer service.

SECTION III. COMPETITION

Product Category (HS code)	Import Value US\$ million 2014 (2015)	Major Supply Sources and Market Share in 2015	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Meat & Poultry				
Beef and beef offal	709.0 (715.1)	1. USA – 46.02% 2. Australia - 27.62% 3. New Zealand – 20.29%	Australia dominates the 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	177.8 (212.8)	1. Canada – 31.47% 2. Denmark – 19.49% 3. USA – 14.61% 4. Spain – 12.38% 5. Netherlands – 9.56%	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 Meat	185.8 (162.8)	1. USA – 90.02% 2. Canada – 9.18%	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 fresh and Meat, Chilled or Frozen (0304)	87.2 (92.5)	1. India – 32.03% 2. Vietnam – 23.20% 3. China – 11.53% 4. USA – 10.47% 5. Indonesia – 10.29%	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 Crawfish, Live/Fresh (030621)	8.9 (9.7)	1. Indonesia – 70.50% 2. South Africa – 13.86% 3. Philippines – 8.68% 4. USA – 2.12%	Indonesia is the key suppliers of live/fresh lobsters.	Lobsters are not often seen along Taiwan's coastlines.

Rock Lobster, Frozen (030611)	22.3 (25.6)	1. Cuba – 23.47% 2. USA – 22.48% 3. Nicaragua – 22.29% 4. India – 8.76%	Cuba is the key suppliers of frozen lobsters.	Lobsters are not often seen along Taiwan's coastlines.
Dairy Products				
Cheese curd (0406)	135.8 (131.7)	1. USA – 27.72% 2. New Zealand – 26.37% 3. Australia – 11.67% 4. Argentina – 7.89% 5. Italy – 3.70%	New Zealand is foreseen to take up more market share due to its pricing competitiveness.	Local production is limited.
Whey (040410)	16.7 (11.7)	1. USA – 46.30% 2. France – 18.21% 3. Norway – 9.05%	The USA is the leading supplier of whey products.	Local production is limited.
Butter (040510)	70.4 (67.3)	1. New Zealand – 53.88% 2. France – 15.46% 3. Australia – 11.80% 4. Netherlands – 3.83% 5. Belgium – 3.83% 4. USA – 3.38%	New Zealand leads with butter and several other dairy products. France supplies high-end products.	Local production is limited.
Fresh Fruits				

Apples, Fresh (080810)	244.6 (238.8)	1. USA – 30.97% 2. Japan – 30.28% 3. Chile – 19.46% 4. New Zealand – 14.80%	The USA leads with several fresh fruits that have limited local production, including apples. Chilean and New Zealand apples gain a 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 (080929)	92.3 (75.4)	1. USA – 40.76% 2 New Zealand – 24.06% 3. Chile – 22.48%	The USA provides high-quality products. Southern hemisphere countries gain seasonal advantages.	There is no local production.
Peaches & Nectarines, Fresh (080930)	36.9 (42.6)	1. USA- 76.24% 2. Chile – 16.04% 3. Japan – 6.37%	USA products are off of high quality and price competitive.	Local products meet about half of demand.
Grape, Fresh (080610)	57.9 (55.0)	1. USA – 57.44% 2. Chile – 14.02% 3. Peru – 10.57% 4. Japan – 10.17% 5. Australia – 3.36%	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)	7.0 (7.8)	1. USA – 77.10% 2. Chile – 22.90%	The USA is the leading supplier of plums.	Local products are different varieties.
Oranges, Fresh (080510)	9.8 (9.6)	1. USA – 67.32% 2. South Africa – 26.69% 3. Australia – 5.75%	The USA is the dominant supplier of imported fresh oranges while South African became more competitive in 2012.	Local products are different varieties.

Berries (081040)	10.4 (9.7)	1. USA – 49.06% 2. Chile – 44.73% 3. Canada – 5.03%	The USA is the leading supplying country of cranberries, blueberries, and strawberries.	Limited local production of berries.
Fresh Vegetable				
Broccoli and cauliflower, fresh (070410)	10.0 (11.2)	1. USA – 72.82% 2. Vietnam – 24.71% 3. Australia – 2.24%	The USA is the main supplier of imported broccoli and cauliflowers.	Local products dominate the market.
Onions and shallots, fresh (070310)	17.0 (22.1)	1. USA – 65.74% 2. New Zealand – 11.29% 3. Japan – 10.50%	The USA is the major supplier of imported onions.	Local production fulfills around 60% of demand.
Lettuce, fresh (070519)	6.5 (7.1)	1. USA – 98.39% 2. Thailand – 0.46%	The USA supplies good quality products with competitive prices.	Local products are different varieties and generally of lower quality.
Potatoes, fresh (0701)	5.9 (7.0)	1. USA – 90.87% 2. Australia – 9.13%	The 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)	146.7 (155.0)	1. France – 52.86% 2. USA – 9.20% 3. Italy – 8.09% 4. Chile – 7.77% 5. Australia – 6.87%	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)	183.9 (172.6)	1. Netherlands – 59.54% 2. China – 17.69% 3. Japan – 5.50% 4. USA – 5.08% 5. Thailand – 2.29%	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)	33.2 (48.5)	1. USA – 42.98% 2. Malaysia – 19.78% 3. Japan – 17.32% 4. Italy – 9.54% 5. Switzerland – 4.44%	The 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.
Processed Foods				
Mixes and Dough (190120)	18.8 (19.8)	1. USA – 48.42% 2. Japan – 10.89% 3. South Korea – 10.69% 4. Thailand – 9.53% 5. New Zealand – 5.06%	The USA dominates the mixes and dough market.	Taiwan imports most of its bakery ingredients.

Sauces and Preps (210390)	72.8 (79.0)	1. Japan – 49.59% 2. USA – 13.69% 3. China – 9.55% 4. Thailand – 5.74% 5. South Korea – 4.17%	Taiwan consumers tend to prefer the flavors of Japanese sauces and condiments.	Local products dominate the market.
Sunflower and Cottonseed oil (1512)	26.3 (23.3)	1. Ukraine– 49.95% 2. UK – 19.72% 3. Italy – 9.99% 4. USA – 7.57% 5. Argentina – 3.13% 6. France – 2.84% 7. Spain – 1.75%	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)	11.9 (15.2)	1. Japan – 42.05% 2. USA – 31.72% 3. China – 8.72% 4. South Korea – 4.91% 5. Thailand – 3.52%	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)	223.9 (214.2)	1. Japan – 18.58% 2. USA – 16.61% 3. Italy – 12.98% 4. Malaysia – 6.56% 5. Germany – 5.66%	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	1,075 (1,077)	1. USA – 28.28% 2. Thailand – 14.94% 3. Japan – 7.04% 4. Netherland – 6.61% 5. Singapore – 4.33% 6. South Korea – 4.18% 7. New Zealand – 3.65%	The USA continues to dominate this sector with an impressive import sales volume.	Local products provide different varieties.
Tree Nuts				
Almonds shelled (080212)	44.8 (48.1)	1. USA - 95.91% 2. China – 3.99%	The USA is the dominant supplier of tree nuts.	There is no local production available.
Walnuts shelled (080232)	27.9 (34.6)	1. USA – 94.50% 2. Turkey – 3.90% 2. China – 0.84%	The USA is the dominant supplier of tree nuts.	There is no local production available.

Source: ATO survey; Council of Agriculture; Global Trade Atlas

SECTION IV. BEST PRODUCT PROSPECTS

Product	2015	2014	5-Yr.	Import	Key	Market
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Category	Import US\$ million	Import US\$ million	Avg. Annual Import Growth	Tariff Rate	Constraints Over Market Development	Attractiveness for the USA
Fresh Fruits	\$623.6	\$612.9	10.42%	Apples - 20% Cherries – 7.5% Peaches – 20% Grape – 20% Plum – 20% Oranges – 20%	Taiwan consumers prefer fresh fruit to frozen fruit. Taiwan is an important producer of fresh tropical fruits with high quality.	U.S. offers different varieties of fresh fruits and enjoy leading positions in several fruit categories, including apples, cherries, peaches & nectarines, grape, plum, and oranges.
Fresh Vegetable	\$114.0	\$95.4	9.43%	Broccoli – 20% Onions – 25% Lettuce – 20% Potatoes – 15%	Local production meets the majority of demand.	U.S. continues to be in the leading position of broccoli, onions, lettuce and potatoes product categories with import market share between 87% - 99%.
Berries	\$9.7	\$10.4	32.57%	7.5% 20% for strawberries	Local production meets the demand of different varieties.	Consumers in Taiwan are becoming more health conscious. Berries continue to enjoy a steadily increasing share in the retail channel. There are strong growth prospects for strawberry, cranberry and blueberry categories.
Snack Foods, exclude nuts	\$214.2	\$223.9	5.95%	Varies by type	Japan and the USA are the top two	The booming E-commerce and increased number

					suppliers countries in Taiwan's competitive snack market.	of convenience stores provide the business potential for U.S. snack suppliers.
Food Preparations	\$1,077	\$1,075	2.51%	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, flavoring, specialized food ingredients, preservatives, thickeners, sweeteners, prepared meals, dried goods and condiments.
Fish and Seafood Products	\$994.2	\$932	8.33%	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

For Trade Policy/Market Access and General Agricultural Issues:

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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>

