



Foreign Agricultural Service

**GAIN Report**

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## Taiwan

# Promotion Opportunities

## Annual

Approved by:

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### Report Highlights:

**ATO Taipei will once again organize a USA pavilion at the Taipei International Food Show, conduct technical and marketing seminars, and co-sponsor restaurant menu and in-store supermarket promotions.**

**When Taiwan joined the World Trade Organization (WTO) in January 2002, average agricultural tariffs dropped from 20 percent to the current 14 percent. They will gradually be reduced to around 12 percent by the end of 2005.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Annual Report  
Taipei ATO [TW2], TW

## Executive Summary

### I. Upcoming Promotional Activities/Events

The promotional activities listed are provided for informational purposes only. No endorsement is implied unless specifically stated. Terms and conditions of participation are the responsibility of the activity organizer. Please contact the organizer directly for further information.

#### A. Trade Shows

Event: 2003 Taipei International Food Show  
Date: June 11-14, 2003  
Venue: Taipei World Trade Center Exhibition Hall  
Contact: Agricultural Trade Office  
American Institute in Taiwan  
54 Nan Hai Road, Taipei, Taiwan  
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073  
E-Mail: ato@mail.ait.org.tw  
<http://ait.org.tw/ait/AGRI/ato.htm>

The Taipei International Food Show is the largest and most popular trade and consumer (open to consumers for one day) food show in Taiwan, providing excellent access to local food importers, wholesalers, distributors, and retailers. The 2002 event had a total of 607 participants from 28 countries and attracted nearly 53,000 visitors. The organizer of the 2003 show is CETRA Taipei. ATO Taipei will organize the American Pavilion at the 2003 Show. Pre-show activities planned by the ATO Taipei include a media briefing, exhibitor lunch seminar, retail tour, and reception aimed at promoting the American Pavilion, as well as providing U.S. exhibitors with additional opportunities to learn about the market and gain access to potential local business partners.

Event: Bio Taipei 2003  
Date: July 24-27, 2003  
Venue: Taipei World Trade Center Exhibition Hall  
Contact: Agricultural Trade Office  
American Institute in Taiwan  
54 Nan Hai Road, Taipei, Taiwan  
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073  
E-Mail: ato@mail.ait.org.tw  
<http://ait.org.tw/ait/AGRI/ato.htm>

The "Bio Taipei 2003" mainly features biotech products, concepts, and technology. ATO Taipei will organize an information booth at the Show. U.S. companies are encouraged to present their biotech products, technology and/or catalogues at the ATO information booth. For further information on participation in this show, please contact the ATO Taipei.

**B. Retail In-Store Promotions**

Event: "America Week" In-store Promotion  
Date: Week of Christmas 2002  
Venue: Makro Hypermarket  
Contact: Louis Lin, Commercial Director (Fresh/frozen foods)  
Makro Taiwan Ltd.  
8F, 97 Nankang Road, Section 2, Nankang  
Taipei, Taiwan  
Tel: (886-2) 2786-5778 x 206  
Fax: (886-2) 2514-9333  
E-mail: [Llin@makro.com.tw](mailto:Llin@makro.com.tw)

Makro Hypermarket Chain and the Western United States Agricultural Trade Association (WUSATA) will jointly conduct an in-store promotion in all eight Makro outlets island-wide during the week of Christmas 2002. The promotion will feature American food products, both dried goods and fresh/chilled/frozen food products. The Taiwan/Dutch joint venture, Makro Taiwan, recently restructured operations in Taiwan by shifting from a hypermarket format to the cash-and-carry niche.

Event: "America Week" In-store Promotion  
Date: March 2003  
Venue: Sung Ching Supermarket Chain  
Contact: Christina Chou, Planning Manager  
Sung Ching Supermarket Chain  
23F, 100 Hsin-tai 5<sup>th</sup> Road, Section 1, Shih-tze  
Taipei, Taiwan  
Tel: (886-2) 2696-8388 x 6254  
Fax: (886-2) 2696-7912

Wei Chuan Foods Group's affiliate Sung Ching and Marukyu joined in a strategic alliance with each other in late 2000. The Sung Ching and Marukyu chain has become the second largest and one of the most aggressive supermarket chains in Taiwan. The two chains formed a joint purchasing team to develop joint purchasing plans. Currently, Sung Ching/Marukyu has 66 supermarket outlets mainly in Northern and Central Taiwan. In addition to supermarket outlets, Sung Ching/Marukyu operates a food wholesaling and distribution business that supplies Sung Ching/Marukyu supermarkets as well as other food retail outlets.

**C. Sample Tasting/Educational Seminars**

Event: U.S. Seafood Sample Tasting  
Date: April 2003  
Venue: Taipei and Kaohsiung/Taiwan  
Contact: Agricultural Trade Office

American Institute in Taiwan  
54 Nan Hai Road, Taipei, Taiwan  
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073  
E-Mail: [ato@mail.ait.org.tw](mailto:ato@mail.ait.org.tw)

The ATO Taipei will co-sponsor a U.S. seafood sample tasting with U.S. seafood trade associations and the State Departments of Agriculture to introduce new-to-market and already-established seafood species from the United States. U.S. seafood suppliers are encouraged to present their seafood products at the event and/or pay a visit to Taiwan to meet with potential Taiwan seafood buyers. The event will be held at an international 5-star hotel in both Taipei and Kaohsiung. ATO will invite executive chefs from the hotel to prepare seafood dishes, using sample products shipped from the United States, for tasting.

Event: Global/USA Consumer Market Retail Trends  
Date: September 2003  
Venue: National Normal University Conference Room  
Contact: Shirley Huang, Secretary General  
Taiwan Chain Stores and Franchise Association (TCFA)  
7F, 197 Nanking East Road, Section 4  
Taipei, Taiwan  
Tel: (886-2) 2712-1250 ext. 102  
Fax: (886-2) 2717-7997  
E-mail: [shirley.huang@tcfa.org.tw](mailto:shirley.huang@tcfa.org.tw)

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<http://ait.org.tw/ait/AGRI/ato.htm>

The Taiwan Chain Stores and Franchise Association (TCFA) is currently the most prominent and influential trade organization in Taiwan. The TCFA comprises 200 retail store chains representing approximately 21,000 stores island-wide. The TCFA includes several noted food-related chain stores in Taiwan, such as 7-Eleven, Wellcome Supermarket, Carrefour Hypermarket, McDonald's, Pizza Hut, and several other food and non-food retail chains in Taiwan.

The seminar is designed by the TCFA to educate its members about global and U.S. trends in the retail business. A keynote speaker, specializing in retail technology, will be invited from the United States. In conjunction with the seminar, ATO Taipei and the TCFA will cosponsor a catalogue show. U.S. suppliers who are interested in promoting their food and agricultural products through the seminar should send their product catalogues to ATO Taipei. For further information on the event, please contact ATO Taipei.

#### D. HRI Promotions

The most popular pastime in Taiwan is eating. Socializing in hotel restaurants is a popular custom in Taiwan. As a result, in-house restaurants in hotels have become an important dollar-earning business for Taiwan's international hotels. Competition among the various hotel restaurants in Taiwan has become intense. Consequently, innovative promotions, such as country theme promotions, Taiwan, western holidays and festival promotions, and seasonal promotions are popular year-round. These promotions offer market opportunities for U.S. foods, such as high quality meats, fruit, vegetables, nuts, seafood, beverages, wines, and juice concentrates. U.S. companies interested in restaurant menu promotions in Taiwan are welcome to contact the ATO Taipei for information on upcoming events or hotels interested in hosting activities.

Event: TGI Friday's Summer Menu Promotion

Date: July 1 - September 30, 2003

Venue: TGI Friday's

Contact: Sophia Chang, Marketing Director

TGI Friday's Taiwan

3F, 77 Tunhua South Road, Section 2

Taipei, Taiwan

Tel: (886-2) 2700-3579 ext. 851

Fax: (886-2) 2702-0088

E-mail: [sophia\\_chang@tgifridays.com.tw](mailto:sophia_chang@tgifridays.com.tw)

Davis Wu, Director

U.S. Meat Export Federation (USMEF) Taiwan

7C-25/26, 5 Hsin-yi Road, Section 5

Taipei, Taiwan

Tel: (886-2) 2723-2250

Fax: (886-2) 2723-2251

E-mail: [Taiwan@usmef.org](mailto:Taiwan@usmef.org)

Rosaline Chen

U.S. Potato Board/Wine Institute of California

7D-07, 5 Hsin-yi Road, Section 5

Taipei, Taiwan

Tel: (886-2) 8789-8939

Fax: (886-2) 2725-2155

E-mail: [tpe@prcon.com](mailto:tpe@prcon.com)

TGI Friday's Taiwan will co-sponsor with the U.S. Meat Export Federation, the U.S. Potato Board, and the Wine Institute of California a summer menu promotion from 7/1-9/30, 2003 at its 11 outlets island-wide. U.S. suppliers are encouraged to contact the organizers above or ATO Taipei for detailed information on this promotional event.

## Market Information

### General Economy in Brief

-- Taiwan became a full member of the World Trade Organization (WTO) in January 2002. The average agricultural tariffs ropped immediately from the previous 20 percent to the current 14 percent. They will gradually be reduced to around 12 percent by the end of 2005. Twenty two agricultural products are still subject to import quota restrictions. The 22 farm products under quota restrictions include banana, betel nuts, coconuts, garlic, azuki bean, mangoes, pineapple, oriental pear, longan pulp, persimmons, peanuts, pomelos, sugar, dried mushrooms, dried dandelion, chicken, pork belly, mackerels, sardines, horse mackerel, liquid milk, and offal.

-- Taiwan's General Directorate of Budget, Accounting and Statistics recently adjusted its official forecast for 2002 annual GDP growth from the previously estimated 2.55% to 3.14%. The GDBAS also predicted that the annual growth of the consumer price index (CPI) may be higher at 0.31% compared to - 0.01% last year. Per capita GNP may reach US\$12,982.

-- The following table illustrates current per capita consumption of agricultural products that are widely consumed in Taiwan:

Unit: Kilogram							
Rice	50.10	Pork	40.50	Seafood	35.45	Alcohol	33.54
Wheat	33.18	Poultry	31.38	Soybean	18.44	Sugar	25.48
Corn	5.58	Beef	3.09	Fruits	134.38	Honey	0.20
Animal oil	3.77	Lamb	1.25	Vegetable	109.88	DairyPro	22.62
Vegetable oil	19.51	Potatoes	10.38	Egg	19.19	Peanut	1.11

Source: Council of Agriculture

### Food Market In Brief

#### Beer and the Liberalized Alcohol Market

The Taiwan Tobacco and Wine Board (TTWB), which monopolized alcohol production and marketing for decades, became history in January 2002, when Taiwan acceded to the World Trade Organization (WTO). Private companies are now allowed to produce and sell alcohol products. The TTWB'S alcohol market share previously stood at 75 percent, but foreign made alcoholic drinks have been making inroads into the domestic market following Taiwan's WTO accession.

Taiwan's total beer consumption has been declining in recent years, due to an overall economic slowdown. Since Taiwan entered the WTO early this year, imported beer has been winning some market share away from domestic made beer. Taiwan beer market share has dropped from the previous 80% to the current 75%. In the face of growing competition, many imported brands have adjusted their marketing strategies by expanding their selling channels, developing new packaging, and

creative advertising. To prevent becoming involved in a price battle, and to expand their market share, some noted brands have also been aggressively promoting their lower-priced brands, such as Budweiser's "Busch," Miller's "Milwaukee," Kirin's "Bar," and Shengli's "Blue Ice." As Taiwan consumers tend to accept new products or new flavors very well, it is predicted that beer imports will continue to grow over the next few years.

Currently, the major imported beer brands in Taiwan include: Miller, Budweiser, Michelob, Heineken, Corona, Tiger, Becks, Kirin, Asahi, Sapporo, Qingdao, and Taiwan beer.

### **Edible Oil**

Currently, there are over 15 types of edible oil sold in Taiwan. Of the 15 types, sunflower oil (32%), soybean oil (22%), vegetable oil (10%), safflower oil (9%), peanut oil (9%), and olive oil (7%) are the most popular. Edible oils are mainly sold through hypermarkets, supermarkets, and commissary stores.

Soybean oil has dominated the Taiwan edible oil market for several years. However, it is gradually losing market share to other oils, particularly sunflower oil, olive oil, and safflower oil. In 2002, sunflower oil, for the first time ever, was ahead of soybean oil and became the best selling edible oil in Taiwan. With the rise in health consciousness, and reduction of import tariffs, industry executives indicated that olive oil, currently accounting for 7% of the market, has good prospects for growth.

Generally, the top season for the retail market for oil is September through March. Olive oil gift packs can be seen during Taiwan's gift-giving season.

### **Moon Cakes/Fresh Fruits & Gift Packs**

The lunar Mid-Autumn Moon Festival, usually in September/October, is a gift-giving season. All retail stores, bakeries, and hotel restaurants aggressively promote moon cake gift packs during this season. Aside from traditional moon cakes, other gift boxes including imported fresh fruits, imported wines/spirits, and coffee/tea are the most popular gift pack items. Moon cake sales reportedly jumped by an estimated 20 percent this year. Average annual moon cake sales are estimated at US\$90 million.

Major ingredients for making moon cakes include azuki bean, egg yolks, nuts, pork, dried fruits, chocolates, and wine.

This year, all supermarkets, hypermarkets, and convenience stores focused on promoting various imported fresh fruit gift packs which contain peaches, pears, kiwi fruits, grapes, and many other imported fruits. These retail chains printed gift boxes and brochures, as well as adopted low price promotion strategies. Taiwan's WTO accession early this year has prompted the entry of various fresh fruits from all over the world.

### **Breads and Convenience Stores**

The Taipei Bakery Association recently estimated that the market size for baked bread at US\$705 million. The leading five convenience store chains, including 7-Eleven, Family Mart, Circle K, High-Life, and Niko Mart, account for over 10% of the market. They continue to earn market share at an annual sales volume growth of 15-20%. On average, each chain carries 47 bread items. Average

price for bread sold in these convenience stores is around US\$0.60. The following table represents basic information on baked bread sold in leading convenience stores:

CVS	Bread Suppliers	# of Bread Items Carried	Percent of Total Sales
7-Eleven	Uni-President Bakery	70	11%
Family Mart	Hua Fu Bakery	40	-
High-Life	Fuhsing Air Catering/Kaohsiung Air Catering	40	2%-3%
Niko Mart	Uni-President Bakery	37	3%

*Source: Retailing Mart*

### **Convenience Stores**

Taiwan's leading convenience stores currently continue to eliminate poorly performing products carried and at the same, focus on promoting only popular items and aggressively sourcing new products with market potential from all over the world. Reportedly, the Family Mart has recently reduced their products carried from 1,600 SKUs to the current 1,350 SKUs. 7-Eleven maintains 2,700 SKUs while High-Life carries 2,500-3,000 SKUs depending on the location of the stores.

### **Supermarkets**

Continued economic slowdown plus fierce competition from hypermarkets and convenience stores have made it difficult for small supermarkets to survive. Mergers among supermarkets continue to take place. The Wellcome Supermarket, Taiwan's largest supermarket chain, recently merged with Chung-Hsing Textile's five supermarket outlets, maintaining their leadership position in this channel. Wellcome is expected to further expand to 120 outlets island-wide by the end of this year.

### **Non-Alcoholic Beverages**

According to a market research report by Taiwan's leading beverage manufacturer, Hey song Beverage Co., the total retail sales of non-alcoholic beverages reached US\$1.3 billion in 2001, a 0.6 percent increase compared with 2000. Tea drinks became the best selling beverage with US\$386 million in sales, up 4.8 percent from the level a year earlier. Coffee reported US\$160 million in sales--a 3.8 percent increase from the previous year. Water sales were US\$154 million --a 4 percent increase. Imported beverages, mainly fruit and vegetable juices and bottled water, attained growth last year with US\$15 million and US\$5 million in sales respectively.

Taiwan consumers' brand loyalty to beverage brands and categories is weak. Consumers tend to like trying new products. Therefore, all beverage manufacturers make efforts every year to develop and present new-to-market products. According to research, the local beverage industry introduced 502 new items in 2001. Of these new items, 143 were tea drinks; second in importance was fruit and vegetable juices with 139 items, and the third was water with 87 items.



### III. Newly Released Reports

The following updated market briefs are currently available from the ATO Taipei on the FAS homepage (<http://www.fas.usda.gov>):

-- Taiwan Recent Trends and Developments in Food Retailing 2002  
Retail development in food retailing, trends in food retailing

-- Taiwan Alcoholic Beverage Manufacturing Sector Liberalized 2002

-- Taiwan Solid Wood Products 2002  
Executive summary, solid wood products situation and outlook, competition, market segment analyses

-- Food and Agricultural Import Regulations and Standards (FAIRS 2002)  
Taiwan food laws, labeling requirements, packaging and container requirements, food additive regulations, pesticide and other contaminants, other regulations and requirements, other specific standards, copyright/trademark laws, and import procedures.

-- Taiwan Sweet Corn 2001  
Market Overview, trade and consumption, product usage and distribution channels, industry preferences and trends, consumer preferences and trends, costs and prices, and market access.

-- Taiwan Seafood Market 2001  
Market overview, trade and competition, domestic production, consumer preferences, market trends, distribution channels, market access, cost and prices

-- Taiwan Juice Product Brief - June 2001  
Market overview, market sector opportunities and threats, distribution channels, consumer preferences and trends, costs & prices

-- Taiwan HRI Food Service Sector Report 2001  
Market (restaurants, retail food outlets, coffee/tea shops, hotels, other eating & drinking places) summary, market entry, competition, best product prospects

-- Taiwan Wine 2001  
Market overview, trade and competition, distribution channels, industry/consumer preferences and trends, costs and prices, market access

-- Taiwan Dried Fruits 2001  
Market overview, trade and competition, distribution channels, industry/consumer preferences and trends, costs and prices, market access

-- Almonds, Sweet 2001  
Market overview, trade and competition, distribution channels, industry/consumer preferences and

trends, costs and prices, market access

-- Essential Oils and Odiferous Substances 2001

Market sector opportunities and threats, product uses and distribution channels, industry preferences and trends

-- Taiwan Dairy and Products 2001

Executive summary, production, consumption, trade, competition, marketing & prices, statistics

-- Frozen and Fresh Potatoes 2001

Market overview, market sector opportunities and threats, product usage and distribution channels, industry/consumer preferences and trends, costs and prices, market access

-- Taiwan Retail Food Sector 2001

Market overview, market entry strategy, competition, best product prospects

-- Taiwan Export Guide 2000

Market overview, exporter business tips, market sector structure and trends, best high value product prospects, key contacts and further information

-- Taiwan Lobster Market 2000

Market overview, market sector opportunities and threats, costs and prices, market access, and Taiwan importers

-- Taiwan Pet Food Market 2000

Market overview, market sector opportunities, costs and prices, market access, and Taiwan importers.

-- Broccoli and Cauliflower Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

-- Tomato Product Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

-- Lettuce Product Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

-- Ice Cream and Frozen Desserts Market Report

Executive summary, market access, trends in consumption, trade and competition, distribution channels, retail sales, and tips for exporters.

-- Stone Fruits

Summary, market access, trends in consumption, trade and competition, and distribution channels.

-- Market Brief - Candy

Executive summary, market access, trends in consumption, trade and competition, distribution channels, and Taiwan importers.

-- Food Processing/Food Ingredients

Food industry overview, trends, market structure, best prospects, competition, selling to Taiwan food processing companies, import policies/requirements, list of importers, food processors, and industry associations

-- Organic Food

General market overview, imported organic foods, organic farming in Taiwan, certification, marketing channels, consumers' perspective of organic foods, and import policy.

### End Report

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The ATO Taipei is currently planning a variety of upcoming promotional events in both the retail and HRI sectors. U.S. companies interested in participating in ATO Taipei promotional activities, should contact the ATO/Taipei directly at:

Agricultural Trade Office  
54 Nanhai Road  
Taipei, Taiwan  
Tel: (886-2) 2305-4883  
Fax: (886-2) 2305-7073  
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<http://ait.org.tw/ait/AGRI/ATO.htm>