

Voluntary Report – Voluntary - Public Distribution

Date: April 01, 2021

Report Number: TW2021-0026

Report Name: COVID and Convenience - Confirming Opportunities in E-Retail Market

Country: Taiwan

Post: Taipei ATO

Report Category: Agricultural Situation, Promotion Opportunities, SP1 - Expand International Marketing Opportunities

Prepared By: Cindy Chang

Approved By: Emily Scott

Report Highlights:

Taiwan is the United States' eighth-largest export market for food and agricultural products, according to U.S. Department of Agriculture data. While comparatively unscathed by the global pandemic, health, and safety concerns as well as a demand for convenience has seen the rapid advancement of the e-retail sector, especially in the food and beverage areas. As an increasing number of younger shoppers have grown accustomed to shopping online, the upward trend of the e-retail market expansion is anticipated to continue even after the pandemic. This report presents an overview of the e-retail food and beverage market and opportunities for U.S. exporters to Taiwan.

Taiwan E-retail Market, Overview

Taiwan is a large consumer market with a fast-growing e-retail sector. Online shopping platforms in Taiwan now blend digital payments, group deals, social media, gaming, instant messaging, short-form videos, and live streaming celebrities. The e-retail market size was US\$6.3 billion in 2018, US\$6.9 billion in 2019 and US\$8.3 billion in 2020, with a compound three-year growth rate of thirty-two percent, according to Ministry of Economic Affairs, Statistics Department. The pandemic has led to a surge in online shopping, despite Taiwan's (essentially) COVID-free status. More consumers prefer the "no-contact" approach of shopping behaviors as counter measures to prevent the further spread of COVID-19. Growth in the e-retail sector is expected to continue its upward momentum due to in part to lingering health and safety concerns as well as newly established consumer habits and strong demand for quick, convenient services, especially in the urban cities.

Taiwan's E-Retail Market Size

(Unit: US\$ billion)

Year	2018	2019	2020	3-year compound growth rate 2018-2020
Market Size	6.3	6.9	8.3	32%

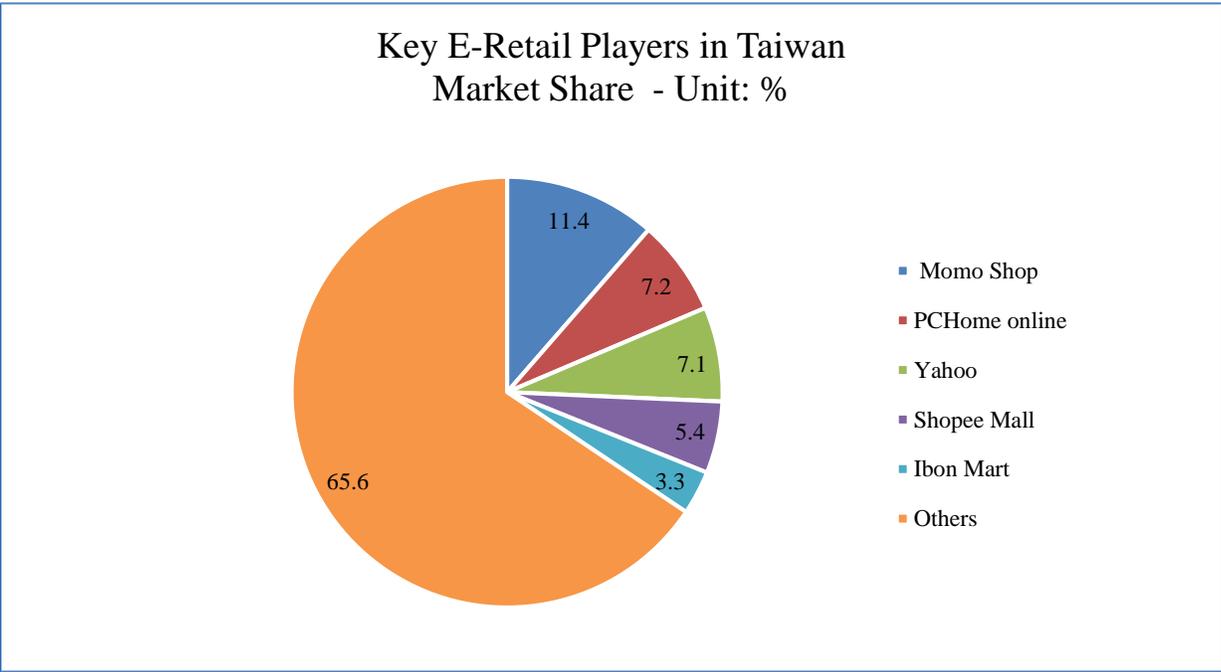
Source: Ministry of Economic Affairs, Statistics Department

A recent consumer report indicated that apparel and footwear, consumer electronics, beauty and personal care products remain the top three most purchased products from online retailers. Euromonitor, on the other hand, reports that food and drink categories were amongst the fastest growing e-commerce areas during the pandemic. According to Euromonitor, "almost half of Taiwanese consumers purchased food and drink through the internet monthly. Snacks, confectionary, and ready-to-drink (RTD) beverages are the most purchased categories..."

Firms in Taiwan that engage in e-retail are generally small-to-medium enterprises and merchants conducting business using preexisting e-commerce shopping platforms. However, these merchants are moving toward maintaining their own websites to bring the service cost down. One of the key factors influencing online purchasing is the quality of delivery services. The main challenge behind a delivery system is for merchants to build the supply chain network. Many big players are investing heavily to build their own supply chain with a distribution hub and their own delivery staff to standardize delivery quality.

Competition and Major Market Players

The top online platforms include Momo.com Inc., PCHome Online Inc., Yahoo, and Shopee. In 2020, Momo.com was the largest e-commerce retailer in Taiwan, with sales of US\$1.7 billion, followed by PCHome Online Inc. with sales of US\$1.2 billion. The top five e-retail players enjoy approximately 35% of the market share. However, more players are entering the market, building their own online websites instead of relying on third party merchants. E-retail sector is very fragmented. With an increasing number of players entering e-retail, product differentiation and delivery services becomes top priorities to remain competitive.



Source: Euromonitor International/trade associations

Brand	Parent Company
Momo Shop	Fubon Group
PChome	PCHome online Inc.
Yahoo!	Yahoo! Inc
Shopee Mall	Sea Ltd
Ibon Mart	President Chain Store

COVID-19 Impacts on Taiwan Economy and E-retail

Throughout 2020, Taiwan remained essentially unimpacted by the COVID-19 pandemic thanks to Taiwan administration’s swift, effective response in managing this global crisis including economic stimulus and revitalization measures. Rather, the island enjoyed its status as Asia’s top performing economy in 2020 with 3.11 percent growth. Additionally, Taiwan consumers have some of the highest purchasing power in Asia at \$55,078 per capita Gross Domestic Product (GDP) in 2019.

However, COVID-19 impacted high-touch service industries the hardest, especially in-store shopping, eating out, attending sports or events with big crowds. While not all consumer behaviors will revert to pre-pandemic habits, e-retail is likely to experience a permanent boost from the period. To capitalize on the shopping behavior changes, e-retail players are aggressively establishing their digital capacity and infrastructure.

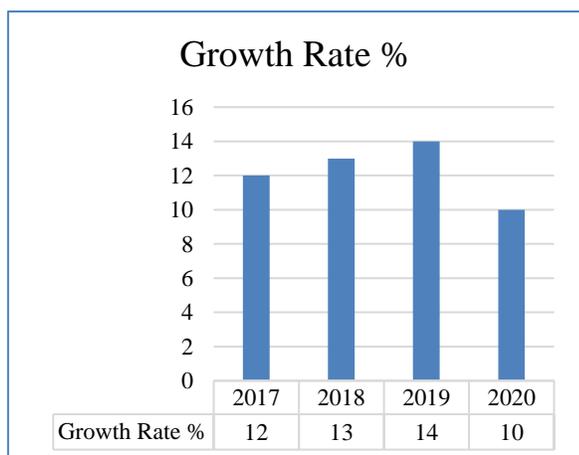
Food and Beverage E-retail Presents Business Potential

The demand for quick delivery has led to an increase in sales of basic household necessities and food and beverage products on online platforms. The popularity of food and beverage e-retail in Taiwan brought about 10 percent growth in 2020 with sales reaching US\$806 million, according to Euromonitor. With improvements in supply chain systems and a change in consumers' preference, shoppers are gaining more confidence in purchasing food and beverage products online, though challenges persist for perishable products. E-retail in food and beverage sector offers business potential and a growing number of store operators and e-commerce platforms are capitalizing this newly developed consumer behaviors, especially in the fresh product category.

Kuobrothers Company was listed five years ago with annual sales of US\$1.6 million. The company has aggressive plans to develop their own network in food and beverage e-retail to capitalize their vision that consumers' preferences had move towards fresh food delivery. In 2019, Kuobrothers Company launched a new portal mainly targeting fresh food, called Supermarket 365, the biggest fresh food e-retail platform in Taiwan.

Furthermore, more brick-and-mortar retail players are investing heavily to integrate their online and offline resources to provide consumers with a more user-friendly shopping environment. PX Mart, 7-Eleven, Families, Simple Mart, RT Mart, Ai Mai, Costco, Carrefour, and Taiwan Fresh Supermarkets, have all rapidly expanded their e-retail platforms to serve their clients both offline and online. In addition, Momo Shop and PChome Online Inc., both companies have implemented logistics to provide fresh food delivery. The competition between the e-retail players to provide fresh food delivery is getting fierce and the companies that have the capacities to build efficient and cost-effective logistics centers to deliver fresh foods have a significant advantage.

Taiwan's Food and Beverage E-retail - Growth Rate and Market Value



Year	2017	2018	2019	2020
E-Retail Market Value (US\$ million)	570	644	733	807

Source: Euromonitor international; trade associations and trade sources

International E-retail

The Market Intelligence and Consulting Institute reported that Taiwan's international e-retail saw tremendous growth from US\$530 million in 2010 to US\$1,530 million in 2020, representing over 180% growth over ten years. The upward trend is expected to continue given the fact that overseas travel is not possible for many more months to come and some consumers are now accustomed to purchasing online.

Consumers in Taiwan purchased goods through international e-retail platforms mainly bought apparel, daily necessities, consumer electronic products, designer bags and shoes, and home appliances. Food and beverage sector is gradually gaining popularity and U.S. exporters will find selling to Taiwan consumers is worth investing since Taiwan is a large and active consumer market. To drive Taiwan traffic to your website, local marketing will be essential. To do this effectively, you will need to localize your store for the Taiwan shoppers. Having a localized version of your store, in New Taiwan Dollars and in traditional Chinese characters will enable you to have your store indexed in Taiwan search engines and will ultimately generate more sales and profits.

Waves of Opportunity - ATO Taipei Provides Market Prospects

ATO Taipei promotes U.S. food and beverage products and looks for opportunities to raise local awareness regarding the quality and health attributes of U.S. exports. For instance, in 2019 and 2020, ATO Taipei implemented an online food and beverage promotion on Taiwan's leading eCommerce shopping network, PChome. Overall, the promotion enhanced Taiwan consumers awareness of U.S. quality food and beverage products. The program consisted of a series of holiday focused promotional programs. The combined marketing promotions resulted in a continuous import growth from the United States for the past years. Anyone interested in learning more about the Taiwan market or ATO Taipei efforts should email ATOTaipei@USDA.gov.

Small-to-medium sized potential exporters can 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 Taiwan. 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)

Additionally, trade shows are excellent venues for U.S. exporters to make contacts with potential business partners, to conduct product introductions and to gauge buyers' interest. (example, Taipei International Food Show (TIFS) is the largest international trade show in Taiwan. More information about TIFS can be found at <https://www.foodtaipei.com.tw>).

For more information, please feel free to contact:

The Agricultural Trade Office
Taipei, Taiwan
ATOTaipei@USDA.gov
Tel: (+886-2) 2162-2682



美國美食報你知
UNITED TASTES IN TAIWAN



Attachments:

No Attachments.