THE BEER MARKET IN TAIWAN

FLANDERS INVESTMENT & TRADE MARKET SURVEY

FLANDERS INVESTMENT & TRADE

Market Study

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Flanders State of the Art

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1. TAIWAN BEER MARKET AND TRENDS

1.1 OVERVIEW

With a population of 24 million, Taiwan is one of Asia's most cosmopolitan and wealthy markets. As the hub linking developed Western economies and emerging Asian markets, Taiwan's market is open, accessible, and well-regulated. Sales channels consist of mature on-trade catering businesses, off-trade sales channels, and online sales. The off-trade distribution network is characterised by a strong presence of modern retail channels and ubiquitous convenience stores.

According to Taiwan's statistics bureau, Taiwan's total market of alcoholic products (local outputs + total imports – total exports) have been remaining at between 706 and 755 million litres per year. Beer accounts for the lion's share of all alcohol sales in Taiwan regarding total volume and value. Yet, if we compare it with Taiwan's position as the world's 4th largest scotch whisky market by value in 2022[1], the beer market in Taiwan still has room to grow. Taiwan's annual beer consumption per capita is 23 liters, which is significantly lower than the averages in mainland China (29 liters), Japan (38 liters), and South Korea (39 liters).[2]

Foreign beer products are well-represented in the market and the share of imports in Taiwan's beer consumption has been growing steadily over the past few years. Taiwan's beer market is becoming saturated in terms of volume, but import figures reflect the growing demand for variety. Strong local breweries and foreign breweries in Taiwan are also well-represented in the market, resulting in stiff competition with reasonable consumer prices. This poses a challenge for many companies, especially Belgian small and medium-sized enterprises' new entries.

The term *beer* in this report refers to alcoholic beer unless otherwise specified.

1.2 MARKET SIZE BY VOLUME

The size of the beer market in Taiwan is estimated between 540~560 million liters yearly in the past five years, of which around 50~60% were locally produced and 40~50% were imported[3]. In 2022, the Taiwan beer market consisted of local production of 296 million liters (2,5 million US beer barrels) and imports of 246 million liters (2 million US beer barrels).

1.3 MARKET SIZE BY VALUE

In terms of market value, market analysts by "Business Today" estimated the total annual beer sales revenues remains at US$15~16.7 billion . Although nearly half of all beers sold in Taiwan are lagers, other varieties, such as IPAs, wheat, and stronger-bodied beers, are growing in popularity. Many consumers, particularly young and well-educated ones in urban areas, seek out higher-quality beers they would enjoy socially rather than light-flavoured lagers commonly consumed by previous generations.

[1] Scotich Wisky Association
[2] https://ynews.page.link/NefHn
[3] National Treasury Bureau of the Ministry of Finance (www.nta.gov.tw)

Retail prices vary depending on the venue of sales, packages, and types of beers. Market values are calculated much higher than import and local output values as a large portion of costs are associated with marketing, advertisement, promotion, and property expenses. The average retail price for traditional beer per 500ml bottle is around TWD65 (€ 2) and for craft beer TWD120 (€ 3.5). In the past five years, the size of Taiwan's beer market has reached TWD50 billion, and the market remains stead growing every year. It is projected Taiwan's beer market is worth US$15~16.7 billion with an annual compound growth rate of 6% alongside increasing incomes and consumer preferences in favour of premium beers.

1.4 HISTORICAL MONOPOLY OF TAIWAN BEER

Taiwan Beer, a typical amber lager, is the island's most well-known and best-selling beer. Taiwan Beer is brewed by the state-owned Taiwan Tobacco and Liquor Corporation (TTL), which enjoyed a historic long-term monopoly advantage until 2002 when Taiwan joined the World Trade Organization. The market share of Taiwan Beer has dropped dramatically in the past few years, falling from nearly 85% in 2009 to just 54% of the total market share in 2022, according to Taiwan's Ministry of Finance. Taiwan Beer has been gradually losing market share to imported beers and local craft brewers. The company counters the challenges by launching a series of new flavours and packages such as 18-day draft beers, fruit beers and non-alcohol beers.

Besides the lion's share taken by Taiwan Beer, the remaining 46% of the market is shared by large and well-known brewery imports, with Heineken alone commanding some 20%, closely followed by Kirin and Budweiser. Other large brands include Beck's, Miller, Corona, and Suntory due to their strong marketing and promotion campaigns.

The market pie is volatile and evolving fastly with new trends. For example, we found every year, there are more than hundreds of new lines of beer put on shelves at local supermarkets, it is evident that Taiwanese people are open to try new entries. Consumers are increasingly shifting away from large-brand industrial beers to higher-priced premium and craft beers. Imported craft beers, as well as locally made craft beers and microbreweries are rapidly gaining popularity and sales.

1.5 NEW TRENDS

1.5.1 Craft beers

Differences in cross-generational preferences and a growing acceptance of higher prices are driving the evolution of Taiwan's beer market from Taiwan lager beer to a great diversity of tastes and flavours. The targeted consumers for craft beers are the young generation who are more open-minded to try diversified styles and consider "craft" beer a trendy symbol to share on social media. Besides, Taiwanese consumers tend to follow international trends and embrace global brands. Most of the imported craft beers in Taiwan are from Europe including Belgium, France, Germany, and the United Kingdom. Importers have been aggressive to meet market demands by expanding from just a handful of initial brands to a current wide variety of selections and recognizable names from around the world. And every year, there are new lines of imported craft beers of different price ranges to enter the flourishing market.

Home-brewed craft beers also play an important role. Numerous homebrewers, microbreweries, and passionate beer connoisseurs are reshaping public perceptions of beer culture and are gradually driving crafted beer over the mass-produced variety. Local craft beer breweries feature hoppy tastes infused with local produce or exotic flavours, such as local genuine rice, tropical fruits mango and lychee, Oolong tea or tart cherries. Fruit-flavoured beers are popular among female drinkers while bitter IPAs are gaining popularity among male drinkers.

1.5.2 Low-sugar and Low/Non-Alcoholic Beers

In addition to conventional and craft beers, there is a new introduction of low-sugar, low- and non-alcoholic beer beverages. The trend towards health and wellness was already evident in Taiwan prior to the Covid-19 pandemic, but the global health crisis has further strengthened consumers' consciousness to live healthier lives. Consumers are alert to reduce their sugar and alcohol intake. Heineken 0.0 and Bavaria 0.0 IPA from the Netherlands are the most successful examples targeting wellness-conscious consumers. The year 2020 was the peak for the imported non-alcoholic beer. Imports reached an all-time high of 2,5 million liters amounting to a total import value of US$2,4 million. This is a significant increase of 4,200% from the total of US$ 55,000 in 2019. The import volume and value were however reduced to 1.46 million liters and US$1.28 million last year 2022.

Besides imports, the local giant TTL also launched a non-alcoholic beer named FREE.

2. OVERVIEW OF LOCAL PRODUCTION, RAW MATERIALS AND KEY PLAYERS

2.1 TAIWAN BEER'S LAGER TAKES THE LEAD

Until 2002, the Taiwan Tobacco and Liquor Corporation (TTL) enjoyed a state-owned monopoly on Taiwan's beer and liquor market. The TTL was the only beer manufacturer and there was only one brand and one type of Taiwan Beer in the market. Taiwan Beer successfully cultivated local beer consumers' palate for "easy drinking" lager beer with 5% alcohol content. The light taste and low alcohol content suit the local food paring, warm temperature, and high humidity. Even though the market has been open for two decades, Taiwan Beer Golden Glory, a product of Taiwan Beer, still dominates the market with a market share of 54%[4].

To stay competitive and forerunning, the TTL has invested significantly in R&D and new facilities in recent years. Besides producing the century-old lager beer, the TTL launched the best-selling 18-day draft beer and a variety of fruit beers with ingredients from indigenous fruits.

2.2 PRIVATE BREWERIES FLOURISH

Since Taiwan opened its market for beer imports and brewery activities in 2002, the number of local microbreweries has grown significantly from just six to around seventy in recent years. In 2013, Taiwan mainly had restaurant breweries offering international-style craft brews from Germany and Belgium, such as Le Blé d'Or, Gordon Biersch, and Paulaner Brauhaus. Other local breweries like Sunmai and Alechemist boast a wide selection of craft beers inspired by local fruits and flowers. Taiwan Head Brewers creates brews featuring distinctly Taiwanese ingredients like winter melon sugar, local premium Oolong tea, and Changhua-grown jasmine flowers. In 2009, Sunmai, a pioneering local microbrewery, even won a Gold Medal at the Tokyo International Beer Competition, elevating awareness of Taiwanese craft beers both at home and abroad.

In 2017, Starbucks Taiwan collaborated with Taiwan-based Taihu Brewery to launch the Kenya Grapefruit IPA, offering it in select Starbucks branches outside Taiwan. Taiwanese craft beers are now gaining a strong local foothold, available in traditional taprooms, retail channels, high-end supermarkets, and convenience stores across the country. Major local brewers are increasing production capacities for domestic and international market expansion. Additionally, non-traditional beer industry players like the King Car Group, owner of Kavalan whisky, entered the craft beer market with Buckskin brewery, earning several gold and silver medals at the World Beer Awards. Microbreweries like Redpoint, Zhang Men, Taihu, 23 Public, Jim & Dad's, and Danish microbrewer Mikkeler operate taprooms in Taipei and other major cities.

Overall, Taiwan has the world's 44th-highest production output and ranks 10th in Asia ahead of countries like Malaysia, and Singapore. Taiwan exported 4,8 million liters of beer in 2022. While craft beer is only a small portion of this, well-regarded Taiwanese breweries like Sunmai and

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[4] https://www.ttl.com.tw/files/Introduction/CompanyProfile_2022.pdf

Taihu regularly export to Japan, Singapore and other markets. This expansion aligns with the increasing demand for better beer and diverse varieties among local drinkers.

2.3 RAW MATERIALS MAINLY DEPEND ON IMPORTS

Taiwan relies almost entirely on imported raw materials and ingredients to produce beer. Australia is the main supplier of malted barley thanks to its competitive cost advantage. The United States supply a wide selection of hops to Taiwanese craft beer brewers and hold a market share over 20%, behind Germany which holds a lion's share of more than 70%. German hops, however, are mainly bound for Taiwan Beer production. Other than basic ingredients, local craft brewers also aspire to experiment with exotic supplementary ingredients and local agriculture products to come up with creative seasonal beers.

2.4 LEADING LOCAL BREWERS – INDUSTRIAL BEERS

2.4.1 Taiwan Tobacco and Liquor Corporation (TTL)

https://www.twbeer.com.tw/
https://www.ttl.com.tw
https://en.ttl.com.tw/ (English website)

Taiwan Tobacco and Liquor Corporation (TTL) remains a state-owned manufacturer and distributor of cigarettes and alcohol products. TTL currently runs 9 liquor factories and 4 beer breweries[5]. **Taiwan Beer** is an icon of Taiwanese culture, began as a monopoly product and has remained the best-selling beer in Taiwan. Other TTL products include wine, Japanese-style liqueurs, Chinese herb liqueurs, and various distilled spirits.

Taiwan Beer is an amber lager beer with a distinct taste produced by the addition of locally produced ponlai rice ("Formosa rice") during the fermentation process. Taiwan Beer leads its namesake market. Its main large-market competitor is Longchuan Beer, owned by the Taiwan Tsing Beer Corporation.

In its 2022 company profile[6], Taiwan Beer states that it will focus on promoting existing products and developing several products using local fruit ingredients. Its expansion strategy is focused on the ASEAN, South Asia, and Australian & New Zealand markets ("new southbound" policy).

[5] https://www.ttl.com.tw/files/Introduction/CompanyProfile_2022.pdf
[6] https://www.ttl.com.tw/files/Introduction/CompanyProfile_2022.pdf

2.4.2 King Car Group – Buckskin beer

https://www.buckskin.com.tw/zh-tw
https://www.kingcar.com.tw/en/

Taiwanese conglomerate, King Car Group, the producer of various awards winning Kavalan Whisky, launched its first beer brand Buckskin in 2018. The Buckskin series include a lager (Munich Helles), a wheat beer (Hefeweizen), a Cologne beer (Kölsch), a March beer (Märzen), and a German dark beer (Schwarzbier). The brewing equipment, hops, yeast, and malt have all been imported from Germany. King Car also recruited Mr. Georg Rittmayer a brewery expert, as the company's Head Consultant of brewing.

Buckskin beers are sold in 330 ml and 500 ml bottles and cans at off-trade retail shops. The company also runs self-owned flagship Buckskin restaurants and beer taprooms.

2.4.3 Heineken

https://www.heineken.com/tw/zh/home

According to executives at Heineken Taiwan, Taiwan is Heineken's strategic market in the Asia-Pacific region, as well as the company's top export market. Heineken has been standing as Taiwan's No. 1 imported beer brand. The revenue from Taiwan market exceeds TWD6 billion or US$200 million (Central News Agency 2022/06/28). As a result, in 2022, Heineken officially purchased the Long Chuan Zuan Brewery (Pingtung) from the local Sanyo Whisbih Group and became the first international beer brewer to produce in Taiwan.

2.5 LEADING LOCAL (MICRO) BREWRIES – CRAFT BEERS

2.5.1 Sunmai - Long Sun Brewing co., Ltd.

https://www.sunmai.com/sunmai-home/?lang=en
https://www.lebledor.com/

Long Sun Brewing was the first registered microbrewery in Taiwan. The Sunmai-Long Sun is currently one of Taiwan's largest craft beer breweries with distribution channels on-trade and off-trade in major convenient stores. The company also runs 15 chain restaurants with **Le Blé d'Or** serving craft beers with food. The beers are available in Taiwan and other Asian countries.

2.5.2 DB Brewery

http://www.dbbrewery.com

DB Brewery was founded in 2005 by brewers that have worked many years in the world's largest breweries. DB Brewery is currently Taiwan's largest craft beer producer for private labels. Since 2016, DB Brewery has introduced a series of Taiwanese craft beers to reinforce the promotion of "Made-in-Taiwan" agricultural goods, featuring beers made of iconic agricultural products from Taiwan. The lion share of local craft beer brands available in the market, such as IKEA Beer and K Beer, are made by DB Brewery on a private label basis.

2.5.3 North Taiwan Brewing

https://northtaiwanbeer.shoplineapp.com/

Since 2002, Northern Taiwan Brewing is the craftsmanship pioneer in the Taiwan private brewing industry. It is also the first bottled craft brewery in Taiwan. The brewer aimed to create beers with "Taiwan characteristics". The lychee beer is its signature product launched in 2006. It became a very popular product thanks to the perfect balance of fruity and wine aromas.

In addition to making beers with its own brand name, North Taiwan Ale Brewery also provides OEM/ODM services for other local brewing companies. The brewery is specialized in producing exclusive beer on a project basis such as cooperating with independent musicians, GQ magazine, and W Hotel to create tailor-made branding beers.

2.5.4 Taiwan Head Brewers Brewing Company

http://headbrewers.com.tw/

Taiwan Head Brewers Brewing Company was founded in 2015 by three beer enthusiasts as well as experts. The three founders include Jay Duan, the head brewer of North Taiwan Brewing Company, Ray Sung, the founder of Taiwan's largest homebrew club- Taiwan Homebrew Maniacs, and Leo Yeh, the founder of Taiwan's first liquid yeast company- Yeh's Yeast Company. The company's most popular beer series is Solar Term Series.

2.5.5 Taihu Brewing Co. – Landmark taproom

https://www.taihubrewing.com/

Taiwan's Taihu Brewing Co. brews annually more than 100 different craft beers since 2013. The brewery also developed co-brand business and speciality beers for corporate clients such as EVA Air, Starbucks and the Regent Hotels Group. Besides, Taihu Brewing runs its own Taihu Craft Beer Tasting Rooms for beer tasting and exploration. A single row of 24 draft beer taps awaits customers, offering a range of selections that vary every day and as the seasons change.

3. OVERVIEW OF BEER IMPORTS IN TAIWAN

Imported beers account for around 40-50% of the market while the long-standing local Taiwan beer still holds 50~60% market share[7]. During 2019-2020 when most countries suffered lockdown due to the COVID-19 pandemic, the import volume of beer in the two years still showed growth thanks to the well-contained pandemic situation in Taiwan.

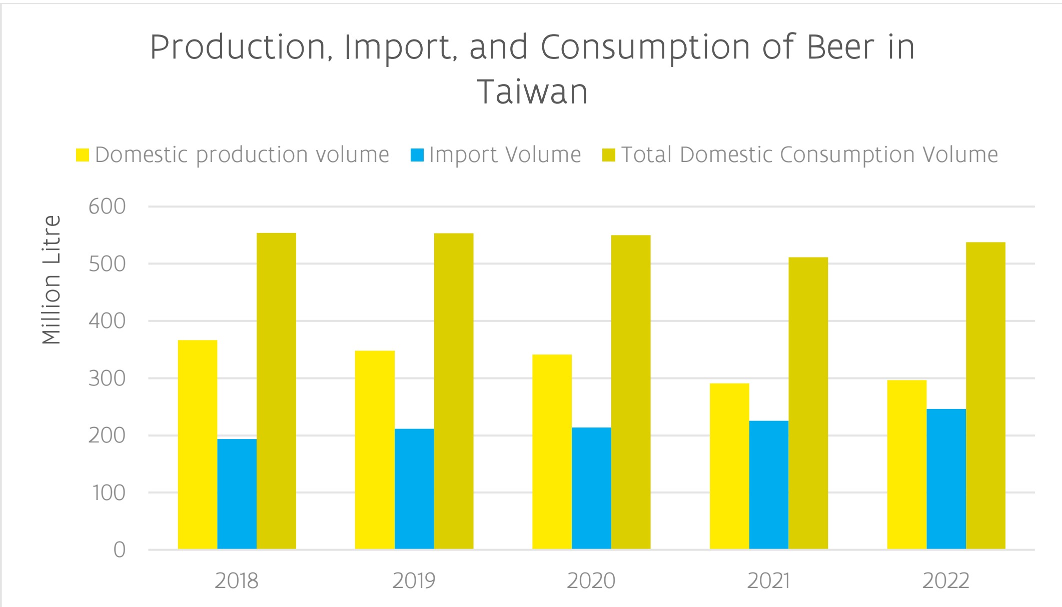
3.1 PRODUCTION, IMPORTS, EXPORTS AND CONSUMPTION VOLUME OF BEER IN TAIWAN, 2018-2022

	2018	2019	2020	2021	2022
Local Production (Million Liter)	367	348	341	291	296
Imports (Million Liter)	194	211	214	226	246
Exports (Million Liter)	6	6	5	6	5
Domestic Consumption (Million Liter)	554	553	550	511	538

Source: National Treasury Administration, Ministry of Finance: www.nta.gov.tw (HS code: 203000000)

In the last five years, domestic consumption has fluctuated slightly. Imports have continued to rise since 2018, while local production has seen an overall decrease since 2018.

3.2 PRODUCTION, IMPORT AND CONSUMPTION OF BEER IN TAIWAN, 2018-2022



Source: National Treasury Administration, Ministry of Finance: www.nta.gov.tw (HS code: 203000000)

[7] National Treasury Bureau of the Ministry of Finance (www.nta.gov.tw)

3.3 TOP ORIGIN COUNTRIES FOR IMPORT BEERS IN TAIWAN, 2022

Country of origin	Import Volume (Liter)	Share of Total Imports
China	125 994 123	51%
The Netherlands	62 566 154	25%
Japan	26 674 628	11%
United Kingdom	5 544 292	2%

Source: Ministry of Finance Taiwan: https://portal.sw.nat.gov.tw/APGA/GA30E (HS code: 203000000)

3.4 BELGIAN SHARE IN IMPORT VALUE AND VOLUME

		2018	2019	2020	2021	2022
Import from Belgiium	Value (USD 1000)	2 493	2 117	2 140	2 371	4 815
	Volume (Liter)	1 013 820	943 617	856 503	1 079 433	2 844 415
Total Import	Value (USD 1000)	187 125	197 243	204 107	225 496	229 796
	Volume (Liter)	193 526 815	211 424 891	212 758 945	225 937 495	246 841 037
Belgian share in Import	Value	1,33%	1,07%	1,05%	1,05%	2,10%
	Volume	0,52%	0,45%	0,40%	0,48%	1,15%

Source: Ministry of Finance Taiwan: https://portal.sw.nat.gov.tw/APGA/GA30E (HS code: 203000000)

Belgium exported premium and craft beers at higher prices. Statistics show that beers imported from Belgium had a relatively higher value than volume compared to those from other countries.

3.5 TOP ORIGIN COUNTRIES FOR IMPORT BEERS IN TAIWAN, VOLUME AND VALUE, 2022-2020

	2022		2021		2020	
Country of origin	Value (USD 1 000)	Quantity (Liter)	Value (USD 1 000)	Quantity (Liter)	Value (USD 1 000)	Quantity (Liter)
China	95 774	125 994 123	77 370	103 949 605	61 262	90 086 385
Netherlands	71 517	62 566 154	84 939	66 608 371	82 311	67 947 330
Japan	24 691	26 674 628	23 622	23 166 637	17 547	18 074 419
United Kingdom	8 221	5 544 292	6 071	3 727 864	8 130	5 737 911
Poland	2 957	3 774 146	1 669	2 373 298	1 213	1 694 990
Germany	2 965	3 153 129	2 603	2 658 924	1 753	1 681 883
Belgium	4 815	2 844 415	2 371	1 079 433	2 140	856 503
Spain	3 438	2 134 839	2 648	1 722 937	1 300	955 926
Thailand	1 962	1 941 546	2 238	2 518 495	2 272	2 745 506
Hong Kong	1 469	1 912 195	1 283	1 687 976	1 596	2 135 470
…	…	…	…	…	…	…
TOTAL	**229 796**	**246 841 037**	**225 496**	**225 937 495**	**204 107**	**212 758 945**

Source: Ministry of Finance Taiwan: https://portal.sw.nat.gov.tw/APGA/GA30E (HS code: 203000000)

Among the total of 246 841 037 liters of imported beers, China stands as the largest supplier with a volume share of 51%. China's imports mainly consist of international beer brands, as many global producers establish breweries or warehouses in China for regional distribution. However, this information may not be evident from customs statistics. This explains the great quantity of imported beer from China, but the lack of Chinese brands present in the market. The Netherlands ranks 2nd at 25%, with Heineken being a prominent foreign beer brand in Taiwan. Japan holds the 3rd position at 11%. In terms of value, Belgium ranks 5th, while it ranks 7th in terms of volume.

3.6 TOP ORIGIN COUNTRIES FOR IMPORTED NON-ALCOHOL BEERS IN TAIWAN, VOLUME AND VALUE, 2022-2020

Year	2022		2021		2020	
Country of origin	Value (USD 1000)	Quantity (KG)	Value (USD 1000)	Quantity (KG)	Value (USD 1000)	Quantity (KG)
Netherlands	1 188	1 368 892	1 166	1 246 996	2 288	2 454 808
Germany	59	67 523	24	356	22	20 083
Spain	16	13 614	22	20 591	7	5 916
Denmark	5	5 233	5	6 980	7	6 106
United Kingdom	8	1 925	0	323	16	10 691
Sweden	2	856	1	713	4	2 880
Switzerland	2	556	4	1 157	6	1 887
Belgium	2	428	28	15 753	15	2 970
Italy	1	271	1	429	0	0
Estonia	0	27	0	0	0	0
...	...	...	...	...	...	...
TOTAL	1 283	1 459 358	1 260	1 320 017	2 415	2 527 506

Source: Ministry of Finance Taiwan: https://portal.sw.nat.gov.tw/APGA/GA35E (HS Code: 2202910000)

4. IMPORT, REGULATIONS, CUSTOMS, LABELLING, TAX AND TARIFF

4.1 LIQUOR IMPORT; LICENSE AND PARALLEL IMPORTS

According to Taiwan's "Tobacco and Alcohol Administration Act", only companies with the required liquor import license are allowed to import alcoholic beverage products. The liquor import license can be applied for online from the website of the National Treasury Bureau under the Ministry of Finance[8]. The fee is TWD2,000 (about € 60) for the one-time license fee and TWD6,000 (€ 180) for an annual fee.

Parallel Imports are allowed in Taiwan if the duly registered parallel importer has obtained the liquor import license and complies with the requirements mentioned below.

4.2 HYGIENE STANDARDS

Taiwan's "Hygiene Standards for Alcohol Products" governs the allowance of methyl alcohol, lead, preservatives, colouring materials, and other additives contained in alcoholic beverages[9].

4.3 IMPORT DOCUMENTS AND THE CUSTOMS CLEARANCE

The importation of alcohol products must be accompanied with Certificate of Origin (CoO) per shipment. Nowadays, CoO can be transmitted electronically on-line. Before making custom declarations, importers shall submit the certificate of origin issued by the government or the competent issuer (such as the Chamber of Commerce at the place of production) authorized by the competent authorities of the exporting country.

Imported beers with documentation of lab test reports, sanitary inspections and safety assurances issued by the competent authorities or accredited labs from the exporting country are examined from being further inspected by the Taiwanese customs. Imported beers without documentation will be randomly checked and sent for further tests at labs assigned by the Taiwanese customs. This will take about 5~7 extra working days and laboratory fees for the concerned consignee to clear the customs.

8 https://www.nta.gov.tw/Eng/multiplehtml/2778
9 https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0330020

4.4 LABELLING REQUIREMENTS

According to "Regulations Governing the Labeling of Alcohol Products"[10,11], the following information must be provided in Traditional Chinese (except for brand names of imported alcohol products, names and addresses of the foreign manufacturers, and any geographical indications):

- Brand name: The brand name should be printed in a large, broad or bold typeface.
- Product type (i.e., beer, grape wine, brandy, whisky, rice spirits, etc.)
- Alcohol content: The alcohol content shall be labeled by degrees, %, % vol., or % by volume, and shall be stated by a number.
- The country of origin of the imported product.
- Names and addresses of both foreign manufacturer and local importer.
- The batch number.
- Volume: The net contents of alcoholic beverage shall be stated in liter, centiliter, milliliter, l (L), cl, or ml.
- Warning Statement such as "Excessive drinking endangers health" is mandatory.
- Expiration date: For alcohol products having an alcohol content of 7% or less, an expiration date or bottling date shall be indicated.
- Other labeling required to be included by the central competent authority

4.5 ALCOHOL TAX AND IMPORT TARIFF

Import tariffs on beer, hops and non-alcoholic beer in Taiwan:

HS Code	Description of Goods	Import Tariff	Alcohol Tax
2202910000	Non-alcoholic beer (beverage)	10% on CIF prices	0
203000000	Beer made from malt	0	TWD26 (€ 0.7) per liter
1210 10	Hops	15% on CIF prices	0
1210 20	Hops, ground or powdered	7.5% on CIF prices	0

4.6 ADDITIONAL REGULATIONS AND DETAILS

- Tobacco and Alcohol Administration Acts, Taiwan: https://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0330011
- Labelling rules for alcohol products in Taiwan https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0330014
- Hygiene standards for alcohol products in Taiwan https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0330020
- Customs issue: Customs Administration, Ministry of Finance https://eweb.customs.gov.tw/
- Authorities of Taiwan Tobacco and Alcohol Management: National Treasury Administration: https://www.nta.gov.tw/Eng/htmlList/172

[10] https://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0330011
[11] https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0330014

5. MARKETING AND DISTRIBUTION CHANNELS

5.1 MARKETING

Beer companies have learned to tailor their marketing approaches to the preference and consumption behaviors of two major consumer groups: the conventionalists and the aspirers.

The Conventionalists are regarded as Taiwan's main beer consumer group, mostly men aged 25~50. This group seldom strays from the tried-and-tested, locally produced brews. They tend to be cautious of bolder, more flavorful beers that are sprouting in the market, preferring the taste of lagers. Convenience is an integral factor in their purchases, without sacrificing quality and taste. They are relatively loyal to the popular brands that have been around the market for years. The Conventionalists are also price-conscious and tend to consume low- and mid-priced beers.

The Aspirers have developed a preference for imported brews, which they can afford due to their higher spending power. The Aspirers group is trading up local beers for foreign and premium brews, driven by their sophisticated taste. This preference is mainly attributed to increased exposure to globalization and modern trends.

These consumers generally make beer purchasing decisions based on key factors including brand name, taste, convenience of purchase, promotion, and price. It is therefore necessary for beer companies/distributors to conduct frequent and regular campaigns:

- Conduct promotion campaigns and tasting events to raise brand awareness. For example, joining professional trade fairs, consumption-oriented retail fairs and event festivals.
- Access extensively to distribution channels to expand visibility and sustain market share. Numerous craft beer breweries choose to operate their own pubs.
- In-store promotions by offering the catering business practical giveaways such as aprons, food trays, beer glasses and display banners, printed with company logos and beer brands. Volume-sale industrial beer brands irregularly equip in-store sales teams to promote brand names and tasting shows.

5.2 DISTRIBUTION CHANNELS

5.2.1 On-trade distribution channels

Major on-trade distribution channels for beer in Taiwan include restaurants, taprooms, bars, cafes, bistros, hotels, and especially Taiwanese-style beer houses. Consumption habits often vary by geographical areas and types of on-trade sales venues. Before the introduction of taprooms, Taiwanese beer houses were the primary venues for selling beers. These rough-and-ready eateries serve quick and fresh Taiwanese stir-fry dishes and always offer generous servings of affordable beers. Unlike many Belgians who go out for a drink, Taiwanese consumers combine drinking with eating, making food pairing crucial for promoting beer products. On-trade sales are influenced by horeca hosts who provide beer recommendations and food pairing suggestions. Beer suppliers commonly sponsor banners, LED displays, bottle refrigerators, and offer free promotional items like aprons, food trays, and glasses to horeca operators.

For imported craft beers, distribution is predominantly through on-trade channels, accounting for 80 percent of sales, while off-trade channels make up the remaining 20 percent. Off-premise outlets are mainly limited to specialty craft beer bottle shops and high-end supermarkets. Consumers typically purchase craft beers through on-trade channels, including specialty craft bars, taprooms, Western restaurants, and diners. Demand is particularly strong at independent cafés, bistros, and bars. Additionally, the popularity of craft beer on-tap is growing in casual-and-stylish dining restaurants. Due to the smaller floor size of Taiwanese restaurants, industry insiders suggest that craft beer in a 10-liter keg is more convenient to fit in before reaching its best-before date.

During the COVID-19 pandemic from 2020 to 2022, on-trade outlets were significantly impacted, as some consumers were hesitant to socialize in these venues to reduce human contact. As a result, on-trade volume sales experienced steeper declines compared to the off-trade.

During the pandemic, online sales and promotional events have become essential in compensating for the decline in on-trade outlet sales. Beer operators have organized virtual events, such as online tastings, story-telling, and virtual brewery visits, led by beer experts and Key Opinion Leaders. Consumers are encouraged to purchase craft beers in advance and have them delivered, then participate in scheduled online events for networking, sharing, and taking photos together virtually.

5.2.2 Off-trade distribution channels

Regular beers in cans or bottles are predominantly sold through off-trade channels, and the surge in popularity of imported beers can be attributed to Taiwan's flourishing mass grocery and supermarket retail industry, led by international hypermarket giants like Carrefour and Costco, as well as the ubiquitous convenience store chains such as 7-Eleven and FamilyMart. In 2020, Taiwan boasted over 12,300 convenience stores, 2,050 supermarkets, and 115 hypermarkets. Notably, Taiwan ranks 2nd highest in hypermarket density across Asia, with one store per 212,264 people, and also holds the 2nd highest convenience store density in the world, with roughly one store for every 2,600 people. Moreover, department stores, American-style grand shopping malls, and Outlet Villages offer ideal venues for imported F&B products to reach high-spending consumers.

Convenience is of utmost importance to Taiwanese consumers, and the easy availability of beer is a crucial factor influencing their purchasing decisions. This makes Taiwan's ubiquitous convenience stores the go-to outlet for beer sales. However, these outlets are subject to strict conditions and intense price competition. To attract consumers, major convenience store chains hold international beer festivals and pre-order campaigns during the summer, with each campaign often resulting in large one-time order volumes. For instance, the nationwide 5,915 7-Eleven convenience chain stores may collectively order up to 72,000 cans of promotional beers priced under NT$100 (€ 3 per 500-ml can). For beer importers to succeed in this market, they must meet the stringent shelf-life requirements and quality standards set by convenience stores, who prefer beers with at least a nine-month shelf-life. Besides, convenience stores are unable to guarantee refrigerated storage over that full period.

Popular beer brands offering competitive retail prices have been thriving in off-trade channels. A prime example is Heineken's sales performance in Taiwan, where over 50% of its sales come from convenience stores, followed by 26% from hypermarkets and 4% from supermarkets.

Craft brewers have faced challenges meeting the stringent requirements of the off-trade market. Convenience stores demand low prices and high turnover to justify shelf space, leading to quick replacements of underperforming brands. Consequently, less than 25% of total craft beers are sold via this channel. Instead, craft beers are predominantly sold through on-trade channels or off-trade channels, including specialty liquor and beer shops or high-end supermarkets.

Online sales of alcohol in Taiwan exist in a legal gray area. While not officially allowed, some online channels implement mandatory age verification (over 18) for visitors, which creates a certain level of ambiguity in the practice.

6. OPPORTUNITIES FOR BELGIAN BEER EXPORTERS

6.1 OVERVIEW

Taiwan's economy has been among the best performing through the pandemic, growing in both 2020 and 2021. With strong fundamentals, sophisticated consumers, and growing demand for imported beer, it remains an ideal market for Flemish beer companies to grow exports outside the European Union.

In the early '90s, Belgian beers made their way to Taiwan through Belgians residing in the country and local beer enthusiasts. Gradually, enjoying Belgian beers at bars and parties became a trendy activity. Particularly, Belgian fruity beers gained popularity among local female beer drinkers, enhancing the image and sales of Belgian beers in the Taiwanese market. As Belgian beers gained wide market popularity, many other players entered the market due to its low entry barriers.

The imports of Belgian Beer into Taiwan showed significant growth in 2022, both in volume and in value, as can be seen from table 3. Beers imported from Belgium had a relatively higher value than volume compared to those from other countries. It was estimated there were more than 600 Belgian beer brands, mostly craft beers, already available in the market, small volume but in great varieties. Typically, Belgian beer companies establish partnerships with local representatives or distributors, who provide support in various aspects, including local-language labelling, understanding regulations, and handling importation, distribution, and sales processes.

The Taiwanese market is experiencing a boom of local microbreweries and easily accessible, affordable craft beers in cans from various countries. This accessibility has led to a wide array of unique and specialty beers being introduced. While entering the market is relatively easy, sustaining a presence can be challenging for Belgian breweries and their importers if brand awareness is lacking. The costs associated with penetrating retail channels and marketing can be significant for small and medium-sized enterprises (SMEs). As a result, smaller foreign breweries may struggle to secure large orders and may only receive trial orders or one-time sales. To address this, new-entry Belgian breweries can focus on offering novelty tastes for niche markets and be flexible in reducing the minimum order requirements.

Interestingly, once beer brands become well-known and popular in Taiwan, the issue of parallel imports arises. Parallel imports are allowed and legal in Taiwan for the benefit of consumers. Large hypermarkets and traders source beer brands from international wholesalers, bypassing official dealers and saving on brand promotion expenses to offer the most competitive prices for volume sales. This creates price competition and disputes with official dealers. As official dealers may have to deal with this reality, they may become hesitant to invest in local marketing events or long-term business plans. To address this, Belgian breweries are encouraged to support their local partners in controlling parallel import sources and providing promotional assistance. This will enhance the dealership relationship and ensure sustained success in the market for the long term.

Except for large hypermarkets that directly import through their import department or cooperative traders, most retail channels, including supermarkets and convenience stores, primarily focus on retail business and do not engage in direct imports. When it comes to seasonal sales events and projects, these retail channels prefer to collaborate with importers and local suppliers to source products.

The Flanders Investment & Trade – Taipei Office collaborates with Belgian agents in Taiwan to organize several events each year, including the following main trade fairs and product launch campaigns. These initiatives provide cost-effective and sales-efficient opportunities for Flemish beer exporters and their local partners. If Flemish companies are interested in entering or sustaining their presence in the market, they are encouraged to reach out to the Flanders Investment & Trade – Taipei Office for support.

6.2 TRADE FAIR PROMOTION

Main trade fairs in the beer industry are primarily consumer-oriented, aimed at promoting brand names and boosting retail sales. However, the "Taipei International Food Fair" stands out as a regional and professional B2B exhibition for food and beverage, including specialty fairs with a focus on wine, spirits, and liquor products, where lower-priced beers are also showcased.

1) **Taipei International Food Show - Food Taipei**

   https://www.foodtaipei.com.tw

   Organizer: Taiwan External Trade Development Council (TAITRA)

   Date: Annual 4-day fair in June

   Venue: Taipei World Trade Center + Taipei Nangang Exhibition Hall

   Remarks: For the first 3-days, the fair is open to professionals only. On the last day, the fair is open to the public with an entry fee.

   Food Taipei is a 6-in-1 super Expo in Asia, a combination of FOOD TAIPEI, FOODTECH TAIPEI, BIO/PHARMATECH TAIWAN, TAIPEI PACK, HALAL TAIWAN and TAIWAN HORECA, which provides a comprehensive one-stop supply chain platform for buyers from the world. The area of national pavilions showcases the new-to-Taiwan products.

2) **Taipei International Wine and Spirits Festival**

   https://www.chanchao.com.tw/twsf/taipei/en/

   Organizer: Chan Chao International Co., Ltd.

Date: 2 Rounds Annually: 4-day fairs in Spring (April) and in Winter (November)

Venue: Taipei World Trade Center / Taipei Nangang Exhibition Hall

Remarks: Open for pre-registered professionals and for the public with an entry fee

Taipei International Wine and Spirits Festival is the most successful B2C wine and spirits fair in Taiwan in terms of sales revenue. The fair in November takes place concurrently with Taiwan Coffee Fair to claim the largest fair focus on beverage products in Taiwan.

3) Taipei International Fine Wine Expo

https://wine-fair.top-link.com.tw/

Organizer: Top-Link International Exhibition Co., Ltd.

Date: Annually 4-day fair in August

Venue: Taipei World Trade Center

Remarks: Open for pre-registered professionals and for the public with an entry fee

Taipei International Fine Wine Expo is a B2C fair featuring a big variety of wine and alcoholic beverages from all over the world. The summer show takes place in the peak season of beer sales. Exhibitors of beer products generally enjoy good sales and give high appraisal to the fair.

4) Wine & Gourmet Taipei (WGT)

http://www.winegourmettaipei.com/

Organizer: Kaigo Co., Ltd.

Date: Annual 4-day fair in June

Venue: Taipei World Trade Center

Remarks: Open for pre-registered professionals and the public with an entry fee.

Founded in 1978, KAIGO represents Messe Duesseldorf and BVV (Trade Fairs Brno) in Taiwan,

Wine & Gourmet Taipei is the only professional exhibition in Taiwan that integrates the entire supply chain of the alcohol industry, covering both local and international distributors of wine, wineries, professional wine cellars and high-end equipment & accessories. The show claims to be Taiwan's major physical sourcing platform to bridge wine importers, professional buyers, industry-related stakeholders and consumers. The focus of WGT is on wine products and therefore beer has a minor presence in the fair.

7. ATTACHMENT: SELECTED LEADING IMPORTERS OF BEER IN TAIWAN

1) **Heineken brouwerijen B.V. Taiwan Branch (The Netherlands)**

   https://www.heineken.com/tw

   The largest foreign beer brand in Taiwan in terms of sales revenue. Beers available in Taiwan include HEINEKEN, HEINEKEN Light, Tiger Beer, Strongbow cider, Edelweiss Beer, and recently non-alcoholic beers.

2) **Taiwan Kirin Co., Ltd.**

   https://www.kirin.com.tw/

   Kirin Holdings, Japan's second-largest brewer, is known for its flagship premium lager beer, Ichiban Shabouri, which can be found in over 400 restaurants and most off-trade stores in Taiwan. In 2020, Kirin began exporting craft beer using its small dispenser units, Tap Marche, which can serve up to four kinds of craft beer simultaneously. This move reflects the company's confidence in Taiwan's market for imported and craft beer.

3) **Nanlien International Corporation**

   https://www.ab-inbev.com.tw/Budweiser https://www.nic.com.tw/

   Nanlien was founded in 1979 by the parent company Uni-President Enterprises Corporation, the largest food conglomerate in Taiwan. Nanlien is the trading arm of Uni-President Group in charge of fast-moving consumer goods (FMCG). The beers Nanlien distributes include Budweiser, BUSCH, Corona, Michelob and Beck's.

4) **Carlsberg Taiwan Trading Company Ltd**

   https://www.carlsberg-tw.com

   The world-known Carlsberg in Taiwan provides the richest draft beer portfolio for on-premise clients in Taiwan.

5) **Drinks Wines & Spirits Co., Ltd.**

   https://www.drinks.com.tw

   With more than 28 years of experience, Drinks Wines & Spirits Co., Ltd is a leading distributor and retailer of alcoholic beverages in Taiwan. Liquor and wine are their main imported products. They also import more than 34 specialty beers, including beers from Belgium and SPA mineral water.

6) Millenia Commercial Co., Ltd.

http://www.millenia.com.tw/

Professional whisky and beer importer, representing Orion (Okynawa, Japan), Erdinger Weissbräu (Erdinger, Erdinger Alkoholfrei), Kiuchi Brewery Inc. (Japa), Brewdog Brewery, Kona Brewing Company, and Kopparberg Brewery (Kopparberg Cider).

7) San Miguel Company Ltd., Taiwan branch (H.K.)

http://www.sanmiguel.com.tw
https://sanmiguelbrewery.com/

One of Taiwan's leading foreign beer brands. San Miguel carries a strong brand portfolio including San Miguel variants San Miguel Light, Cerveza Negra, and San Miguel Wheat Beer, as well as other brands such as Red Horse Stout, Samuel Adams Boston Lager, Angry Orchard Cider, and Magners Cider.

8) MyBeer International Co.,Ltd

http://mybeer.com.tw/

Established in 2005, MyBeer International Co., Ltd. is the frontier importer of Belgian craft beer and it provides more than 300 different brands. MyBeer Int'l is the official agent of Brewery Huyghe (Delirium) and Cantillon Brewery in Taiwan. The company mainly distributes to the horeca business and premium supermarkets.

9) Brandwerk Taiwan

https://https://www.brandwerkmarketing.com/taiwan

Brandwerk Taiwan is a subsidiary of Brandwerk Group, a professional distributor and brand marketer of craft beer & premium spirits in the Greater China region. The head office is in SAR Hong Kong, with branch offices in Taipei, Taiwan and Guangzhou, China.

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