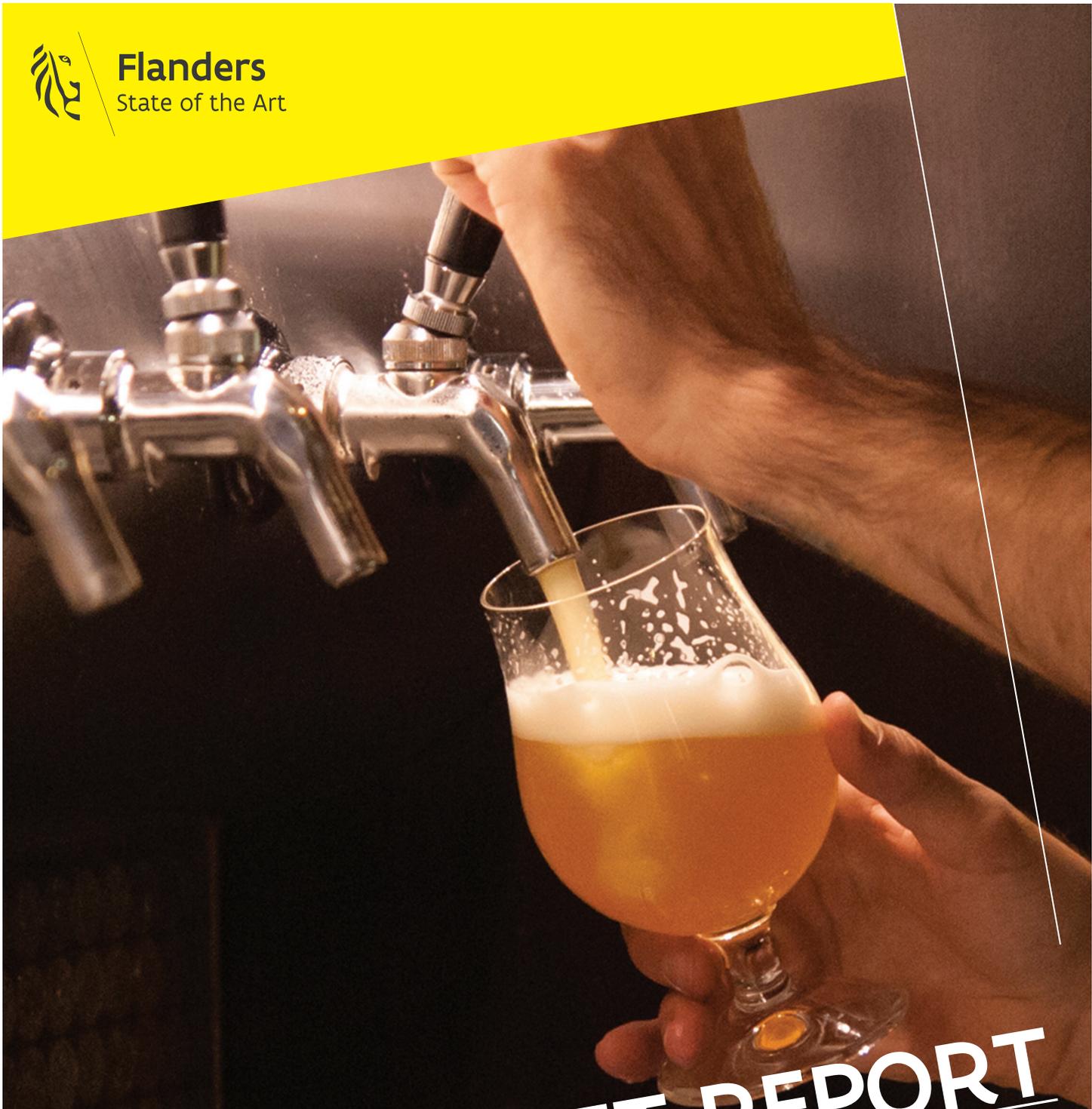




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# BEER MARKET REPORT

## IN TAIWAN

FLANDERS INVESTMENT & TRADE MARKET SURVEY





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# Taiwan Beer Market

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## 1 OVERVIEW OF TAIWAN BEER MARKET SIZE

The Taiwan beer market size was estimated at 53.8 billion liters in 2014, of which 37.5 billion liters (69.6%) were local produced and 16.3 billion liters (30.4%) were imported, according to the statistics by National Treasury Bureau of Ministry of Finance.

Beer sales in Taiwan in 2015 were estimated at US\$2.5~2.7 billion, compared to US\$12.9 billion in South Korea and US\$35.1 billion in Japan, according to market analytics firm Euromonitor. These differences are partially explained by Taiwan's smaller population (23 million). Taiwanese drinking-age adults drank around 25 liters per capita in 2015, compared to over 50 liters for Koreans and nearly 60 liters for Japanese. Even Chinese outdrink the Taiwanese, exceeding 40 liters per capita in 2015.

Beer prices in Taiwan are average in the region, around NT\$150-250 (about US\$6) per bottle of 500ml, roughly equivalent to prices in South Korea and Japan, but lower than Hong Kong's average of US\$7 or Singapore's US\$14. Modest prices and moderate beer drinking result in annual per capita expenditures of around US\$100 in Taiwan, compared to over US\$300 in South Korea and US\$400 in Japan. Hong Kong and Singapore are reportedly have annual expenditures per capita at US\$250 and US\$400, respectively.

The local brand "Taiwan Beer" brewed by the Taiwan tobacco & Liquor Corporation still dominate the local market. However, Taiwan Beer's market share has dropped dramatically in just the past few years, falling from nearly 85% in 2009 to just 70% by volume in 2015, according to Taiwan's Ministry of Finance. The remaining 30% of the market is composed by big-brewery imports, with Heineken alone commanding some 13-15%. But high-end imports, including imported craft beers, as well as locally made craft beers, are rapidly gaining popularity and sales.

Around 20~30% market went to imported beers. Taiwan imported a total of 188 million liters (US\$185 million), 172 million liters (US\$173 million) and 163 million liters (US\$184 million) in year 2016, 2015 and 2014 respectively. Beers imported from Belgium had higher value than volume compared with those from other countries.

## 2 IMPORTED BEERS IN TAIWAN (ABOUT 30% OF TOTAL MARKET)

Leading countries of origin, import volume and value in 2016, 2015, 2014

Sources: Directorate General of Customs, Ministry of Finance Taiwan

<https://portal.sw.nat.gov.tw/APGA/GA03E>

Country	Quantity (LTR)	Value (US\$1,000)
<b>Total Imports 2016</b>	<b>187 642 581</b>	<b>185 452</b>
From NETHERLANDS	91 067 554	103 615
From CHINA	49 338 827	35 308
From JAPAN	12 625 540	12 599
From UNITED STATES	9 874 288	9 789
From THAILAND	4 874 973	3 864
GERMANY	3 147 329	2 435
S. KOREA	2 838 538	2 230
MEXICO	2 642 245	3 578
SPAIN	2 109 520	2 707
HONG KONG	1 569 856	1 187
FRANCE	1 330 561	1 042
PHILIPPINES	976 849	608
<b>BELGIUM</b>	<b>838 399</b>	<b>2 052</b>
IRELAND	768 448	621
POLAND	699 991	387

Country	Quantity (LTR)	Value (US\$1,000)
<b>Total imports 2015</b>	<b>171 588 468</b>	<b>172 995</b>
NETHERLANDS	89 177 712	103 023
CHINA	40 630 220	30 591
JAPAN	10 187 514	9 510
UNITED STATES	9 209 304	8 787
THAILAND	4 961 750	3 954
S. KOREA	3 045 513	2 413
GERMANY	2 728 319	2 248
HONG KONG	1 515 649	1 109
FRANCE	1 491 796	1 105
SPAIN	1 489 046	1 992
MEXICO	1 338 420	1 601
<b>BELGIUM</b>	<b>870 189</b>	<b>2 156</b>
PHILIPPINES	815 192	464
POLAND	714 274	418
IRELAND	710 597	611

Country	Quantity (LTR)	Value (US\$1,000)
<b>Total Imports 2014</b>	<b>162 913 827</b>	<b>184 128</b>
NETHERLANDS	89 252 999	121 745
CHINA	36 048 978	25 858
JAPAN	8 523 768	8 656
UNITED STATES	8 279 781	7 504
THAILAND	4 947 506	3 912
S.KOREA	3 311 487	2 614
GERMANY	2 904 039	2 708
HONG KONG	1 274 764	975
FRANCE	1 264 158	1 095
IRELAND	984 875	887
PHILIPPINES	969 826	558
<b>BELGIUM</b>	<b>779 642</b>	<b>2 402</b>
POLAND	705 248	496
SINGAPORE	578 918	608
UNITED KINGDOM	480 286	990
MEXICO	474 495	528

### 3 CRAFT BEER IN TAIWAN

Craft beer used to account for less than 1% of the total market.

Despite the small market size, craft brewers are optimistic in view of the declining dominance of Taiwan Beer, combined with forecasts for slight increases in consumption and a growing acceptance of higher prices. Besides, Taiwanese consumers tend to follow international trends and embrace global brands, whether from Europe, the United States or southern American. A 2014 report by the U.S. Foreign Agricultural Service estimates that Taiwan's craft-beer segment has been growing by about 20% annually in recent years.

In fact, the craft beer scene in Taiwan is evolving rapidly and booming, with new breweries, brewpubs, and bars with more taps continuing to open. Currently, there were more than 25 independent breweries operating in Taiwan. Besides, there are new lines and large amounts of imported craft beers from all over the world present in the market. Furthermore, a small but growing legion of homebrewers, microbreweries, and passionate beer connoisseurs is reshaping public perceptions of beer culture, and is gradually driving crafted beer over the mass-produced variety.

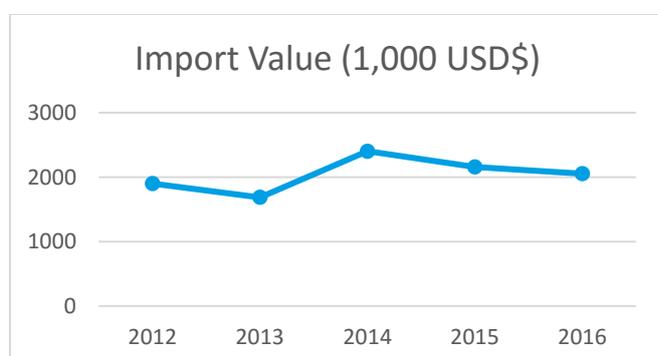
### 4 BELGIAN BEERS IN TAIWAN

Belgian Beers came to Taiwan in the early '90 and successfully excel in the niche market. The diversity of taste and unique beer culture attract increasing Belgian craft beer lovers. In 2014 and 2015, the import volume of Belgian beer into Taiwan grew in a positive trend compared with previous years. In 2016 the market saw a bit drawback due to strong competition from other countries and local breweries.

#### 【Import volume and import value of beer from Belgium from 2012-2016】

	2012	2013	2014	2015	2016
Import Value (1,000 USD\$)	1,900	1,685	2,402	2,156	2,052
Import Volume (L)	702,384	632,045	779,642	870,189	838,399

Source: Directorate General of Customs, Ministry of Finance, Taiwan ROC



## 5 DISTRIBUTION CHANNELS

Generally, Taiwanese consumers make purchasing decisions based on three factors: brand name, taste and price. It is important to do promotion campaign and tasting events to raise brand awareness. Access to distribution channels are another crucial factor to expand and sustain market share.

For a number of craft beer breweries, they choose to open their own pubs to ensure retail channels and brand name promotion.

Taiwan's retail channels for alcohol products are divided into two segments:

On-trade retail sales: Off-trade retail sales: Convenient stores, supermarkets, hypermarket and grocery stores.

### 5.1 ON-TRADE OR ON-PREMISE

This include hotel, restaurants, local bistros and especially Taiwanese-style restaurants serving quickly and freshly deep-fry dishes, bars, beer houses.

Consumption habits vary by areas and types of sales outlets. Food pairing and recommendations by horeca hosts are important factors for on-trade channels. Market characteristics are roughly categorized based on locational regions of Taiwan:

#### i) Northern Taiwan

Consumers in northern Taiwan tend to embrace new entries and give them a try. Western-style bars are the main retail outlets of imported variety beers. Marketing and promotion activities are critical to gain market share. Therefore, it is important for beer importers/distributors to allocate budget for marketing activities (such as beer tasting, social media promo) to raise sales.

#### ii) Central Taiwan

Central Taiwan market is regarded a mix of northern and southern Taiwan. The two major types of premises are live-band restaurants and seafood beer houses, typically Taiwanese-styled with cozy atmosphere for happy hours among colleagues and friends. The market share of local beers and imported beers is fifty-fifty. Therefore, central Taiwan is an excellent test market for a new-entry brand.

#### iii) Southern Taiwan

Locally produced beers such as Taiwan Beer and Tsindao Beer have been occupying more than 75% of market in Taiwan. "All-you-can-drink" bars are common in southern Taiwan cities. With one price around NT\$500 (14-15 euro), customers are offered unlimited beers. The beers offered are however low-priced brands.

### 5.2 OFF-TRADE OR OFF-PREMISE SALE

The boom of imported beers may give thanks to Taiwan's thriving mass grocery and supermarket retail industry. International hypermarket majors, such as Carrefour and Dairy Farm, stand alongside innovative convenience store retail majors, such as 7-Eleven and FamilyMart. Currently, there are around 9,000 convenience stores, 250 supermarkets, and 117 hypermarkets in Taiwan. Taiwan ranks the second highest hypermarket's density across Asia with one store per 212,264 people, and the highest convenience store density in the world, roughly one store for every 2,600 people (compare with 3,500 per store in Japan). Besides, Department stores, American-style grand shopping malls and recently booming Outlets are the best outlets for imported F&B products to reach the consumers.

Quantity-produced beer with brand name and advantageous retail prices have been enjoying good sales via off-trade channels. Take Heineken's 2010 sales volume in Taiwan for example: 60% were from convenient stores, 26% from Hyper-Mart and only 4% from Super-Mart.

Craft brewers however have not been able to meet the stringent requirements of the off-trade market. While charging substantial sums, convenience stores demand low prices and high turnover to justify the shelf space, and brands will quickly be replaced if they don't perform. As a result, less 25% of total craft beers are sold via this channel. Craft beers are most sold via on-trade channels or off-trade channels via specialty liquor and beer shops or high-end supermarkets.

Belgian beers, after years of market introduction and promotion, have won wide popularity in both off-trade and on-trade retail channels with good brand image and reputation in good tastes. Yet due to price competition, they are more successful in certain premium supermarkets such as Jason's Mart ([www.jasons.com.tw](http://www.jasons.com.tw)), Breeze Center ([www.breezecenter.com](http://www.breezecenter.com)) and City'Super ([www.citysuper.com.tw](http://www.citysuper.com.tw)) where buyers are more cater to quality, variety rather than prices.

### 5.3 REGULATIONS

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Imported beer is tax TWD26 (0.76 euro) per liter.

Importers must have obtained import license for alcohol products.

Imported beers are required to comply with the following hygiene standards for alcohol products set by Taiwanese competent authorities, The National Treasury Bureau of the Ministry of Finance (<https://www.nta.gov.tw>).

1. Methyl alcohol < 1000 mg/L
2. Lead < 0.3 mg/L
3. Sulfur Dioxide < 0.03g/L

Certificate of origin is required per shipment. Nowadays, CoO can be transmitted easily electronically on-line.

Imported beers with documentation of lab test, 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. Imports without documentation will be randomly checked, and requested for further lab tests assigned by the Taiwanese customs. This will take about 5~7 extra working days and extra lab testing fees to clear the customs.

Labeling of the following information in traditional Chinese are required before going through customs clearance.

1. Brand name, producer's name and factory address (can be indicated in English);
2. Product type (i.e. beer)
3. Alcohol content
4. Country of origin
5. Name and addresses of importer
6. Capacity per bottle
7. Warning statement about alcohol drinking
8. Expiration date (shelf life)
9. Recycling symbol
- 10.

## 6 CONCLUSION

Even though Taiwan is a saturated market with local breweries and more than 2,000 imported brands of beers, it remains a dynamic and growing market for Belgian beer exporters to explore. Market players continue to introduce unique and specialty beers from all over the world including from Belgium to enlarge the sales pie. On-trade and off-trade sales channels are mature for new-entries to penetrate into the market. A series of marketing campaigns such as international beer festivals, beer concerts, beer forums, are frequently organized to promote beer culture and consumption. Imported specialty beer such as dark beer, white beer, stout and craft beers are gaining popularity and setting consumption trends in Taiwan, and Belgian fruity beers are very popular among local female beer drinkers. Drinking Belgian beer in bars or parties has become trendy. All phenomena benefit the image and sales of Belgian beer on the Taiwanese market.

Opportunities for further market development are advised to link with culture connection such as music and film festival, and team up with trend-setters such as opinion leaders in the bar/horeca industry and blockers in social media.

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