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THE BEER MARKET

IN TAIWAN

FLANDERS INVESTMENT & TRADE MARKET SURVEY

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THE TAIWAN BEER MARKET

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1. TAIWAN BEER MARKET AND TRENDS

1.1 OVERVIEW

Taiwan is one of Asia's most cosmopolitan and wealthy markets with a population of 24 million. As the hub linking developed western economies and emerging Asian markets, Taiwan's market is open, accessible and well-regulated with strong local breweries and imports. Foreign beer products are well represented in the market. It is believed more than 2,000 brands of beers have been imported from all over the world. Prices of imported beers are reasonable. Competition is stiff though, posing a challenge for many companies, especially Belgian SME new entries. The increased alcohol consumption in Taiwan is mainly due to the mature on-trade catering business, off-trade sales channels and online sales. Off-trade distribution network is characterized by a strong presence of modern retail channels and ubiquitous convenience stores. Beer accounts for the lion's share of all alcohol sales in Taiwan as regard to total volume and value. Yet, if we compared with Taiwan's position as the world's 4th largest whisky market, the beer market in Taiwan still has room to grow.

1.2 MARKET SIZE BY VOLUME

Taiwan's volume of the market size was estimated between 550~570 million liters yearly in the past 6 years, of which around 60~70% were local produced and 30~40% were imported, according to the statistics by National Treasury Bureau (www.nta.gov.tw) of the Ministry of Finance, the authorities that manage liquor and tobacco production, imports and sales. In 2019 for example, the Taiwan beer market comprised local production of 348 million liters (3 million barrels) and imports of 211 million liters of beer (1.8 million barrels).

Chart 1: Beer Output, Imports, Exports and Consumption Volume in Taiwan, 2015 - 2020

	2015	2016	2017	2018	2019	2020
Local Production (Liter)	380,043,200	374,442,000	378,816,400	366,546,600	348,073,500	341,227,664
Imported Beer (Liter)	171,588,468	187,642,581	200,703,187	193,526,800	211,425,556	213,998,174
Beer Exports (Liter)	99,459	5,770,528	7,665,238	6,176,884	6,005,423	5,217,844
Total Domestic Consumption	551,532,209	556,314,053	571,854,349	553,896,516	553,493,633	550,007,994

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

According to the available Euromonitor's statistics, Taiwan's beer consumption per capita in 2017 was 23.1 liter, compared with the figure of global average 25.9, China 31.9, Japan 45.9 and S. Korea 40.4 liter the same year.

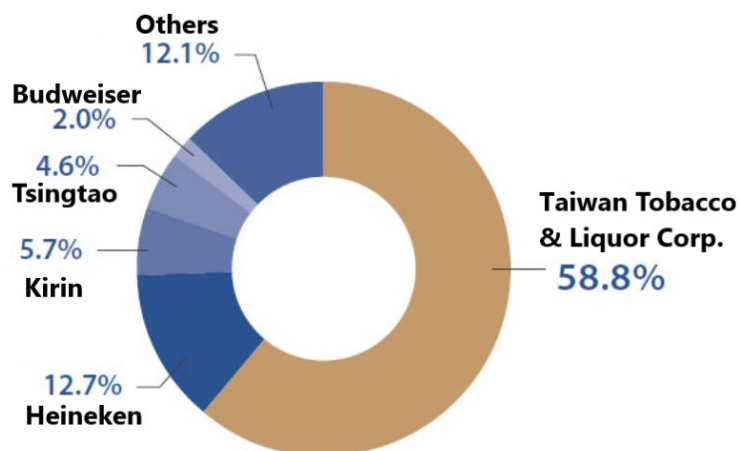
1.3 HISTORICAL MONOPOLY GIVES LION SHARE TO TAIWAN BEER

Taiwan Beer, a typical amber lager, is the island’s most recognizable and best-selling beer. It still enjoyed 60% of total market share in 2019. Taiwan Beer is brewed by the state-own Taiwan Tobacco and Liquor Corporation (TTL), which enjoyed 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 70% by volume in 2015 and in 2019 to 60%, according to Taiwan’s Ministry of Finance. Taiwan Beer has been gradually losing the share to the imported beers and local craft brewers. The company counters the challenges with launching a series of new flavors and packages such as 18-day draft beers, fruit beers and non-alcohol beers.



Besides the lion share taken by Taiwan Beer, the remaining 40% of the market is shared by large and well-known brewery imports, with Heineken alone commanding some 13-15%. Large brands such as Kirin, Beck’s, Miller, Budweiser, Corona and Suntory also hold strong presence due to their strong marketing and promotion campaigns.

2019 Leading Brands in Taiwan by Sales
 Source: IWSR and Drinker Magazine (2020 Oct. issue)



Netherlands	2,288	2,454,808	0	0	0	0
Germany	22	20,083	19	16,683	5	5,769
Japan	20	8,447	6	1,782	4	1,800
USA	17	4,294	0	0	0	0
UK	16	10,691	0	123	0	56
Belgium	15	2,970	1	333	3	784
Indonesia	9	6,336	0	0	0	0
Denmark	7	6,106	17	18,430	4	3,511
Spain	7	5,916	3	1,497	0	0
Switzerland	6	1,887	4	1,619	4	1,518
Portugal	4	3,088	5	3,960	3	2,457
Sweden	4	2,880	0	0	0	0
TOTAL	2,415	2,527,506	55	44,427	23	15,895

Sources: Directorate General of Customs, Ministry of Finance Taiwan - <https://portal.sw.nat.gov.tw>

In addition to conventional and craft beers, there is new-to-market introduction of low sugar, low and non-alcohol beer beverage. The trend towards health and wellness was already evident in Taiwan prior to the Covid-19 pandemic. The global health crisis has further strengthened consumers' consciousness to live healthier lives. Consumers are alert to reduce their sugar or alcohol intake. Heineken 0.0 and Bavaria 0.0 IPA from the Netherlands are the most successful examples targeting wellness-conscious consumers. In 2020, The import volume of non-alcoholic beer reached 2.5 million liters amounting to a total import value of US\$2.4 million, a significant growth of 430% from that of 2019. Besides imports, the local giant TTL also launched non-alcohol beer named FREE.

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The boom of Non-alcohol Beers in the Market



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

2.1 LAGER BEER TAKES THE LEAD

Until 2002, Taiwan Tobacco and Liquor Corporation (TTL) enjoyed a state-owned monopoly on Taiwan's beer and liquor market. TTL was the only one beer manufacturer and there was only one brand and one type "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 quite suit with the local food paring, warm temperature and high humidity. Even the market has been open for 2 decades, Taiwan Beer still has the lion share of 55~60% market share nowadays.

To stay competitive and forerunning, TTL in recent years has invested significantly in R&D and new facilities. Besides producing the century-old lager beer, 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

It is also since 2002 when Taiwan opened the market for beer imports as well as brewery activities, the number of local microbreweries has grown from only six to approximately seventy in recent years. Early in 2009, Sunmai, one of the pioneering local microbreweries, won a Gold Medal at the Tokyo International Beer Competition, promoting awareness of Taiwanese craft beers at home and abroad.

In 2013, there were mostly restaurant-style breweries in Taiwan that offered international-style craft brews from Germany and Belgium. For instance, Le Blé d'Or, Gordon Biersch and Paulaner Brauhaus who sell homebrew German-style craft beers that go well with any type of cuisines. Other local breweries, such as Sunmai and Alechemist, have a wide selection of craft beers inspired by local fruits and flowers. Taiwan Head Brewers has brews that feature the distinctly Taiwanese ingredient winter melon sugar, local premium Oolong tea and Changhua-grown jasmine flowers.

In 2017, Starbucks Taiwan partnered with Taiwan-based Taihu Brewery to launch Kenya Grapefruit IPA and sold to selected Starbucks branches outside Taiwan. In addition to international recognition, these Taiwanese craft beers are quickly gaining a strong local foothold in traditional taprooms, retail channels,



high-end supermarkets, and the ubiquitous convenience stores in Taiwan. These major local brewers kept raising their production capacities for market expansion at home and abroad. Besides, larger players outside of the traditional beer industry are breaking into the beer market, too. For example, the local beverage conglomerate King Car Group, which owns award-winning whisky producer Kavalan, opened craft beer brewery Buckskin in 2018 and soon since 2019, Buckskin has been awarded several gold and silver medals from World Beer Award (WBA) every year. The Buckskin brewery has subsequently opened a chain of concept restaurants in Taipei. Numerous microbreweries, such as Redpoint, Zhang Men, Taihu, 23 Public, Jim & Dad's and the Danish microbrewer Mikkeler also operate their own taprooms throughout Taipei and other major cities.

Overall, Taiwan has the world's 44th highest production output and ranks 10th in Asia ahead of countries like Myanmar, Malaysia and Singapore. Exports are limited but growing. Taiwan exported 6 million liters of beer in 2019. While craft beer is only a small portion of this, well-regarded Taiwanese breweries like Sunmai and Taihu regularly export to Japan, Singapore and other markets. The growing diversity of Taiwan's craft brewing scene goes hand-in-glove with local drinkers' growing appetite for better beer and varieties.

2.3 RAW MATERIALS MAINLY DEPENDS ON IMPORTS

Taiwan relies almost entirely on imported raw materials and ingredients to produce beer. Australia is the main supplier of malted barley due to its competitive cost advantage. The United States supplies a wide selection of hops to the Taiwanese craft beer brewers and holds 22% market share, behind Germany who holds a lion share of 77%. German hops are however 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

- 1) TAIWAN TOBACCO AND LIQUOR CORPORATION (TTL).

<https://www.twbeer.com.tw/>
<https://www.ttl.com.tw>

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. **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.

- 2) TAIWAN TSING BEER CORPORATION 臺灣青啤股份有限公司

<http://factory.ttbc.com.tw/>
<http://www.hokia.com.tw/>

Under SANYO WHISBIH GROUP, **Taiwan Tsing Beer Co., Ltd (TTBC)** was established in 2000. TTBC first introduced the well-known "Tsingtao Beer" from China into Taiwan in 2002. The company then set up the first private brewery in Taiwan in 2005, with the support of brewery technologies and equipment from Germany. TTBC produces Tsingtao Beer and Taiwan Longchuan draft beer locally with approximate one million tons per year.

- 3) KING CAR GROUP - BUCKSKIN BEER 金車集團柏克金啤酒

<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 Munich Helles style larger and a hefeweizen style wheat beer. 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 by 330 ml bottles and 500 ml cans at off-trade retail shops at NT\$48 (US\$1.62) and NT\$68 respectively. The company also runs self-owned flagship Buckskin restaurants and beer taprooms.

2.5 LEADING LOCAL BREWERS AND MICROBREWRIES – CRAFT BEERS

- 1) SUNMAI- LONG SUN BREWING CO., LTD. 金色三麥-龍昇釀造股份有限公司

<http://www.sunmai.com/>

<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 14 chain-restaurants **Le Ble d’Or** serving craft beers with typical Bavarian German foods. The beers are available in Taiwan and other Asian countries.

- 2) DB Brewery <http://www.dbbrewery.com>

DB Brewery was found in 2005 by brewers that have worked many years in 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. More than 40% of local craft beer brands available in the market, such as IKEA Beer and K Beer, are made by DB Brewery on private label basis.

- 3) NORTH TAIWAN BREWING 北台灣麥酒廠

<https://northtaiwanbeer.shoplevelapp.com/>

Starting from 2002, **Northern Taiwan Brewing** is the craftsmanship pioneer in Taiwan private brewing industry. It is also the first bottled craft brewery in Taiwan. The brewer aimed to create the beers with “Taiwan characteristics”. The lychee beer is its signature product launched in 2006. It became a super-popular product due to the perfect balance of fruity and wine aromas.

In addition to making beers with 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 project basis such as cooperating with independent musicians, GQ magazine, W Hotel to create tailor-made branding beers.

- 4) TAIWAN HEAD BREWERS BREWING COMPANY 啤酒頭

<http://headbrewers.com.tw/>

Taiwan Head Brewers Brewing Company was found 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.

- 5) **TAIHU BREWING** 臺虎精釀 – LANDMARK TAPROOM 啜飲室
<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 specialty 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 ON BEER IMPORTS IN TAIWAN

Imported beers account for around 35-40% of the market while the long-standing local Taiwan beer still holds 55~60% market share.

According to the customs statistics, Taiwan imported, by volume and value terms, a total of 194 million liters (US\$187 million), 211 million liters (US\$197 million) and 212 million liters (US\$204 million) in year 2018, 2019 and 2020 respectively. During the 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. Belgium exported premium and craft beers with higher prices. Statistics showed that beers imported from Belgium had higher value than volume compared with those from other countries.

Among the total 213,998,174 liters of imported beers, China ranked as the largest supplier with a share of 42.34%, the Netherlands ranked the 2nd at 32.11%, Japan ranked the 3rd at 8.5%. The United States ranked as the 4th largest supplier of imported beer with about 3% of total import quantity at 6.25 million liters and 90% of which being tradition beers and the brand Budweiser took the lead.

China accounted for the highest import quantity while the Netherlands for the highest import value. Heineken has been traditionally one of the largest foreign beer brands in Taiwan. It is difficult to tell the countries of beer production from the customs statistics on imports from China. Many international beer producers set up their breweries or warehouses in China in recent years as a regional distribution hub, that probably explains why Taiwan imported a great number of beers from China, but there was rarely Chinese branded beer seen in market.

Chart 3: Top Four Supplying Countries of Imported Beers in Taiwan, 2020

	Beers, Made of Malt	
	Import Volume by Liter	Share of Total Imports
China	90,086,385	42.34
The Netherlands	67,947,330	32.11
Japan	18,074,419	8.49
USA	6,246,378	2.92

Sources: Directorate General of Customs, Ministry of Finance Taiwan <https://portal.sw.nat.gov.tw>

20	Malaysia	279	503,123
Others			
2019	TOTAL Round-up	US\$197 Million	211 Million Liters

Chart 6: Import Volume, Value and Sources of Beers in Taiwan, Year 2018

	Country of Origin	Import Value (US\$1,000)	Import Volume (Liter)
1	the Netherlands	92,365	75,936,607
2	China	45,775	68,429,317
3	Japan	13,010	13,272,849
4	the U.S.	12,658	13,033,890
5	Thailand	3,313	4,173,115
6	S. Korea	1,914	2,526,759
7	the U.K.	3,466	2,336,265
8	Germany	2,008	2,213,130
9	Hong Kong	1,596	2,099,106
10	Mexico	1,867	1,381,512
11	France	1,181	1,322,233
12	Ireland	739	1,057,545
13	Belgium	2,493	1,013,820
14	Poland	462	780,744
15	Philippines	433	702,548
16	Spain	956	666,884
17	Denmark	344	479,325
18	Czech Republic	357	277,583
19	Italy	510	221,782
20	Indonesia	68	175,428
Others			
2018	TOTAL Round-up	US\$187 Million	193 Million Liters

4. IMPORT REGULATIONS, CUSTOMS, LABELING, TAX & TARIFF FOR BEERS

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 alcohol beverage products. The liquor import license can be applied online from the website of National Treasury Bureau under the Ministry of Finance. The fee is TWD2,000 (about €60) for the one-time license fee and TWD6,000 (€180) for annual fee.

Parallel Imports are allowed in Taiwan as long as the duly-registered parallel importer has obtained the liquor import license, and comply with the requirements mentioned below.

4.2 HYGIENE STANDARDS

Taiwan's "Hygiene Standards for Alcohol Products" governs the allowance of methyl alcohol, lead, preservatives, coloring materials and other additives contained in alcoholic beverage.

For beer products:

- 1) The content of methyl alcohol in each liter of beer shall not exceed 1,000 mg.
- 2) The content of lead in each liter of an alcohol product shall not exceed 0.3 mg.
- 3) The sulphur dioxide residue in every liter of beer and beverages brewed from grains shall not exceed 0.03g.

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.

4.4 LABELLING REQUIREMENTS

According to "Regulations Governing the Labeling of Alcohol Products", 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):

- 1) Brand name: The brand name should be printed in a large, broad or bold typeface.

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- 2) Product type (i.e., beer, grape wine, brandy, whisky, rice spirits, etc.)
- 3) Alcohol content: The alcohol content shall be labeled by degrees, %, % vol., or % by volume, and shall be stated by a number.
- 4) Names and addresses of both foreign manufacturer and local importer.
- 5) Volume: The net contents of alcoholic beverage shall be stated in liter, centiliter, milliliter, l (L), cl, or ml.
- 6) Warning Statement such as "Excessive drinking endangers health" is mandatory.
- 7) Expiration date: For alcohol products having an alcohol content of 7% or less, an expiration date or bottling date shall be indicated.
- 8) 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
2202 910000 2	Non-alcoholic beer (beverage)	10% on CIF prices	0
2203 000000 1	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>

5. MARKETING, SALES AND DISTRIBUTION CHANNELS IN TAIWAN

5.1 CONSUMER GROUPS, MARKETING AND BRAND NAME PROMOTION

Beer companies have learned to pattern their marketing approaches to the preference and consumption behaviors of two major consumer groups.

1) The Conventionalists

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

2) The Aspirers

These are the Taiwanese drinkers who have developed a preference for imported brews, something that they can afford due to their higher spending power or social lifestyles. The aspirers group help trading up local beers to foreign and premium brews. Their sophisticated taste 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:

- 1) Conduct promotion campaigns and tasting events to raise brand awareness. For example, joining professional trade fairs, consumption-oriented retail fairs and event festivals.
- 2) Access extensively to distribution channels to expand visibility and sustain market share. Numerous craft beer breweries, they choose to operate their own pubs.
- 3) In-store promotions by offering the catering business with practical give-aways 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 at off-premise retail shops to promote brand names and tasting shows.

Taiwan's distribution channels for beer products are divided into two segments: On-trade sales and Off-trade retailing.

5.2 ON-TRADE DISTRIBUTION CHANNELS

Major on-trade distribution channels include restaurants, taprooms, bars, cafes, bistros, hotels and especially Taiwanese-style beer houses. Consumption habits generally vary by geographical areas and types of on-trade sales venues. Before the introduction of taprooms, the place that best sell beers would be at such a Taiwanese beer house. It is a type of rough-and-ready eatery that serves Taiwanese quickly and freshly stir-fry dishes and where meal must be completed with generous offerings of affordable beers. Taiwanese consumers combine drinking and eating and won't just go out for a drink like most Belgium

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would do. Therefore, the trick to promote beer products is by pairing with foods. Food pairing and beer recommendations by horeca hosts are important factors for on-trade sales. Beer suppliers commonly sponsor for example banners, LED display, bottle refrigerator and provide aprons, food trays, glasses and other free promo give-away to horeca operators.

Specifically for imported craft beers, distribution is 80 percent through on-trade channels and 20 percent through off-trade channels. Off-premise outlets are limited at specialty craft beer bottle shops and high-end supermarkets. Consumers usually buy craft beers through on-trade channels at specialty craft bars and taprooms, as well as Western restaurants and diners. Demand is particularly strong at independent cafés, bistros and bars. Besides, craft beer on-tap is getting very popular with growing casual-and-stylish dining restaurants. However, given Taiwanese restaurants are smaller in floor size, industry insiders said craft beer in a 10-liter keg is easier to fit in before the best-before date.

On-trade outlets were inevitably and severely hit during the COVID-19 pandemic in 2020 and 2021, some consumers were reluctant to socialize in these venues in order to keep their human contact to a minimum. This led to steeper declines in on-trade volume sales than in the off-trade.

During the pandemic time, online sales and promotion events have become indispensable to rescue the lost on-trade outlet sales. For example, many beer operators organize on-line tasting, story-telling and virtual brewery visit events, hosted by beer experts and Key Opinion Leaders. Consumers are invited to purchase and receive delivery of carft beers beforehand, and join the scheduled online events for networking, sharing and photo-taking in front of a screen.

5.3 OFF-TRADE DISTRIBUTION CHANNELS

Regular beers in cans or in bottles are mostly sold through off-trade channels. In fact, the boom of imported beers may attribute to Taiwan's thriving mass grocery and supermarket retail industry led by international hypermarket majors, such as Carrefour and Costco, and ubiquitous convenience store retail majors, such as 7-Eleven and FamilyMart. In 2020, there were more than 12,300 convenience stores, 2,050 supermarkets, and 115 hypermarkets in Taiwan. Taiwan ranks the 2nd highest hypermarket's density across Asia with one store per 212,264 people, as well as the 2nd highest convenience store density in the world, roughly one store for every 2,600 people. Besides, Department stores, American-style grand shopping malls and Outlets Villages are ideal venues for imported F&B products to reach high-spending consumers.

For convenience-obsessed Taiwanese consumers, the availability and convenience of buying beer is a very important factor for making purchase, Taiwan's ubiquitous convenience stores naturally become the best outlet. Convenience stores are ideal outlets for volume sales but subject to strict conditions and price competition. For example, every summer, major convenience store chains would launch international beer festivals and pre-order campaigns to attract consumers. The one-time order volume for such campaign may easily reach 72,000 cans from the nationwide 5,915 7-Eleven convenience chain stores. Most of the promotional beers are priced under NT\$100 (€3 per 500-ml can). Beer importers need to meet with the stringent shelf-life requirement and quality required 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 time period.

Quantity-produced beer with brand name and advantageous retail prices have been enjoying good sales via off-trade channels. Take Heineken's sales performance in Taiwan for example: More than 50% were from convenient stores, 26% from hypermarket and 4% from supermarkets.



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 than 25% of total craft beers are sold via this channel. Craft beers are mostly sold via on-trade channels or off-trade channels via specialty liquor and beer shops or high-end supermarkets.

Online sales are not officially legal but remain a gray zone if the online channel has a mandatory declaration of age-over-18 for visitors.

6. OPPORTUNITIES FOR BELGIAN BEER EXPORTERS

6.1 OVERVIEW OF BELGIAN BEERS AND DISTRIBUTION IN TAIWAN

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 EU.

In early '90, Belgian beers were introduced into Taiwan by some Belgians living in Taiwan and local beer enthusiasts. Then, drinking Belgian beers in bars and parties gradually become trendy. Belgian fruity beers were also getting very popular among local female beer drinkers. All phenomena benefit the image and sales of Belgian beers on the Taiwanese market. Once the fame of Belgian beers has obtained wide market popularity, many followers flushed in since Taiwan market has very low barriers to entry. Typically, Belgian beer companies start by securing a local partner as a representative or a distributor for their business. Local partners also provide assistance in making local-language labels, clarifying local regulations and documents required for importation, distribution, and sales.

The imports of Belgian Beer into Taiwan showed significant growth in 2018 both in volume and in value. 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. In 2019 and 2020, the import volume decreased slightly due to the COVID pandemic influence.

Chart 7: Import volume and CIF value of beer from Belgium, 2018 ~ 2020

	2017	2018	2019	2020
Import Value (1,000 USD\$)	2,338	2,493	2,117	2,140
Import Volume (LTR)	944,716	1,013,820	943,617	856,503

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

Other factors causing the decrease of Belgian beers in the market include the boom of local microbreweries and widely available cheap craft beers in cans. Besides, market players continue to introduce unique and specialty beers from any countries you ever think of. Therefore, tough it is easy to enter the market, the challenge for Belgian breweries and their importers is to sustain in the market if lacking brand awareness. The costs in penetrating into retail channels and in marketing are high for SMEs. Smaller foreign breweries may only get some trial orders or one-time sales. The counter measures for Belgian new-entry breweries are to offer novelty tastes for the niche markets and reduce the requirement of minimum orders.

Paradoxically, once the brand names have become well-known and popular, there comes the issue of parallel imports. Parallel imports are allowed and legal in Taiwan for the benefits of consumers. Large supermarkets or traders would source from international wholesalers to import such beer brands, bypassing the official dealers and saving brand promotion expenses in order to offer the most competitive prices for volume sales. This practice inevitably creates price competitions and cause disputes with the official dealers. Official dealers may be forced to deal with such fact-of-life but discouraged to invest in local marketing events or long-term business plan. Belgian principles are encouraged to support their local partners in controlling parallel import sources and providing promotion helps. This will help to enhance dealership relationship and sustain in the market for long term.

Except large supermarkets that import directly by their import department or via cooperative traders, most retail channels such as supermarket and convenient store mainly engage in retail business. They usually do not involve in direct import business. Even for seasonal sales events and projects, they tend to cooperate with importers and local suppliers for sourcing products.

Flanders Investment & Trade – Taipei Office every year co-organizes several events including the following main trade fairs, and cooperate with Belgian agents in Taiwan to conduct product launch campaigns. These events offer cost-effective and sales-efficient opportunities for Flemish beer exporters and their local partners. Flemish companies that wish to enter and sustain the market are welcome to contact Flanders Investment & Trade – Taipei Office for support.

6.2 TRADE FAIRS PROMOTION

Main trade fairs focus on beers are consumer-oriented to promote brand names and retail sales. Exception is the “Taipei International Food Fair” positioned as a regional and professional B2B food and beverage exhibitions. Besides, there are specialty fairs with a focus on wine, spirit and liquor products but not excluding relatively lower-priced beers.

1) Taipei International Food Show - Food Taipei

<https://www.foodtaipei.com.tw>

Organizer: Taiwan External Trade Development Council (TAITRA)

Date: Annual 4-days fair in June

Venue: Taipei World Trade Center + Taipei Nangang Exhibition Hall

Remarks: The first 3-days is open for professionals only and the last day open for the public with 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.

2 Rounds Annually: 4-days fair 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 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-days fair in August

Venue: Taipei World Trade Center

Remarks: 4 days are open for pre-registered professionals and for the public with 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 3-days fair in May

Venue: Taipei World Trade Center

Remarks: 3-day trade show open for pre-registered professionals and the public with 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 BEERS 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 includes HEINEKEN, HEINEKEN Light, Tiger Beer, Strongbow cider and recently non-alcohol beers.

2) **TAIWAN KIRIN CO., LTD.**

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

The mother company Kirin Holdings is Japan's second largest brewer. Ichiban Shabouri, Kirin's flagship premium lager beer were available in more than 400 restaurants and most off-trade stores in Taiwan. Kirin since 2020 started exporting craft beer using its small dispenser units, Tap Marche, which can serve up to four kinds of craft beer at one time. Choosing Taiwan as the first destination for the export of Tap Marche confirms the company's believe that imported beer and craft beer are good business in Taiwan.

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) **CASCADIA INTERNATIONAL DISTRIBUTION LLC- AMERICAN CRAFT BEER**

<http://www.cascadia.com.tw>

A leading importer and distributor of craft beer in Taiwan, with additional distribution in China. Cascadia claims to be the largest importer of American draft beer in Taiwan. Casadia is also the operator of Denmark-brand beer in Taiwan (<https://mikkeller.com>).

5) **CARLSBERG TAIWAN TRADING COMPANY LTD.**

<https://www.carlsberg-tw.com>

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

6) **DRINKS WINES & SPIRITS CO.,LTD.**

<https://www.drinks.com.tw>

With more than 28-ysrs 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 those from Belgium and SPA mineral water.

7) **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) to name a few.

8) **SAN MIGUEL COMPANY LIMITED, 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 Mig Light, San Miguel Strong Ice, San Miguel Super Dry and San Miguel Premium All-Malt as well as other brands such as Red Horse Beer, CervezaNegra, Gold Eagle Beer, Dragon, Blue Star and Anker Bir in Taiwan.

9) **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 officially agent of Brewery Huyghe (Delirium) and Cantillon Brewery in Taiwan. The company mainly distributes to the horeca business and premium supermarkets.

10) **Brandwerk Taiwan**

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

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

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