The Wine Market in Taiwan: Trends And Opportunities

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With a population of more than 23 million, Taiwan is home to a growing market for imported wine and spirits products. The purchasing power of the Taiwanese people is demonstrated by the increasing consumption of wine and spirits: since 2010, consumption of wine in Taiwan has grown by 8.6% annually, while consumption of spirits has grown at a rate of 8.8% per year.¹

Ever since signing an economic cooperation agreement with mainland China in 2010, Taiwan has become a strategic springboard for foreign producers who would like to do business in China or the wider Asia-Pacific region.

Taiwan has a particular cosmopolitan energy and today is more open to the world than ever before. This small island has an increasing number of wine afficionados, many of whom are young women.

Today, Taiwan imports wine from around the world. Currently, Chilean and Argentinian wines are the most-consumed varieties, partly due to their low retail prices; among more expensive wines, Italian, Spanish and French varieties are clear favorites, particularly Burgundy, Bordeaux, Cotes du Rhone and Champagnes. To date, sales of white wines represent about 10% of total market share, while rosé wines are among the least-popular varieties available on the market.

In terms of spirits, whiskey remains the preferred drink for Taiwanese. Accounting for 70% of the market, the total value of whiskey imported to Taiwan (particularly from Scotland) reached $405 million in 2013.² This taste for whiskey has made Taiwan one of the most important importers of premium whiskey in the world.

Cognac/Armagnac is the second-most-consumed spirit in Taiwan. Other alcoholic beverages that are popular among Taiwanese include beer, Japanese sake, vodka and other liquors that are used for preparing cocktails.

Despite all of the international brands being imported to Taiwan, the Taiwan Tobacco and Liquor Corp. remains the biggest player in the country’s wine market, accounting for 34% of registered wine sales by volume in 2014. The corporation – which sells many kinds of alcoholic beverages including rice wine, whiskey and brandy – also operates its
own wine brand: Yu Chuan. However, the TTLC’s prominence in the wine market is slowly declining as a result of increased competition from imported brands, which are more sought-after by consumers. iii

CONSUMER PROFILES

It’s important to note that it’s not just well-off businessmen who are interested in wine in Taiwan. In fact, the growth of the Taiwanese wine market can be attributed to two groups, each of whom are stimulating the market in their own way: women, and young people born between 1980 and the mid-1990’s. For these two groups, the consumption of wine is considered to be an essential part of their desired lifestyle.

In 2012, with all categories considered, Taiwanese people consumed the equivalent of 21 million bottles of wine, an increase of 38.2% over 2008. Looking ahead to 2017, wine consumption in Taiwan is projected to grow by 25.7. iv

RED WINE: THE CONSUMER’S CHOICE

Taiwanese consumers have a strong preference for red wine, although recent data points to an increasing interest in white wine. Currently, white wine only accounts for about 10% of the total amount of wine consumed every year in Taiwan. Of the white wine varieties that consumers are buying, Chardonnay, Sauvignon Blanc and Riesling are a few of the most popular. Demand for light and sparkling wines is also enjoying rapid growth among Taiwanese.

Considering that many consumers in Taiwan have a taste for beverages with strong flavours, the popularity of red wines that boast a robust body and potent flavour – such as Bordeaux, Cabernet Sauvignon and Shiraz – is unsurprising. This observation is tempered slightly by the fact that some female consumers tend to prefer lighter red wines with a fruity aftertaste.

To seduce the palate of Taiwanese consumers, it’s important to offer them products that pair well with Asian dishes; usually, this means wines that fall somewhere between robust and semi-dry. As well, the retail price, bottle shape and label design must be attractive to the customer.

Because wine is still considered to be a luxury product by the Taiwanese middle class (who earn an average of 1500 euro per month), the product label and the overall presentation of a wine are crucial to its success in the market; it’s good to remember that in Taiwan, wine is often given as a gift for special occasions such as the New Year.

89% of wine consumed in Taiwan is red. Sales of white wine in Taiwan increased by 42% between 2008 and 2012. i
The majority of wine consumed in Taiwan is imported from these countries:

SOURCES OF WINE IMPORTS TO TAIWAN, 2014

France is the top exporter of wine to the Taiwanese market. Between 2008 and 2012, wine imports from Spain to Taiwan increased by 107%, while wine imports from France and Chile grew by 25% and 36.7%, respectively.

In Taiwan, the average price for a liter of imported French wine is $14.50 (US), higher than the average price for a liter of Italian wine, which goes for around $9.50. These prices are higher than the average selling prices for Australian wine ($6.30/liter), Chile ($4.82/liter) and Spain ($3.54/liter).

Taiwan is among the 5 most important wine markets in Asia.

The average middle-class wine consumer in Taiwan is also likely to do their homework and select a wine at the best possible price, as well as make their purchase at a supermarket as opposed to a specialty wine dealer. Thanks to attractive market positioning by some Spanish, Italian and New World wines in terms of quality and price, imports of these specific products to Taiwan have steadily increased both in value and volume.

Wine imported to Taiwan is distributed to consumers via multiple channels, all of which are managed by regional importers, distributors and manufacturers.

Premium-quality wines are typically sold directly to consumers or are put up for retail sale in specialized wine boutiques or by wine merchants. Medium and lower-quality wines are
Taxes on imported alcoholic beverages are relatively high in Taiwan. Before reaching the final consumer, a single bottle of wine imported to Taiwan has 3 different taxes applied to it.

**TAXES ON ALCOHOL AND CUSTOMS DUTIES**

Taxes on imported alcoholic beverages are relatively high in Taiwan. Before reaching the final consumer, a single bottle of wine imported to Taiwan has 3 different taxes applied to it.

**THE TAXES AND CUSTOMS DUTIES APPLIED TO WINE PRODUCTS ARE AS FOLLOWS:**

1. **The alcohol tax amounts to $7 NT (New Taiwan Dollar or WTD) for each percentage point of alcohol per imported liter.**
   
   For example, a bottle of wine with 14.5% alcohol content will be subject to: ($7 NT \times 14.5 \times 0.75 = $76 NT, or approximately $2.30 US).

2. **An import tax of 10% for standard wine, or 20% for sparkling wines and port, is also applied.**

3. **Finally, a Goods and Services tax, which is calculated by multiplying cost, insurance and freight by 5 percent = (CIF [Cost-Insurance-Freight] \times 5%) is applied.**

**IMPORTING OPPORTUNITIES**

Today, there are many opportunities for wine producers to enter the Taiwanese market. These business opportunities are enhanced by favorable market conditions, which include:

- An emerging customer base made up of women and young urbanites;
- Strong demand for wine resulting from an increased number of mainland Chinese tourists to Taiwan;
- Consumption habits that have evolved with the arrival of new consumers, many of whom have already developed a taste for wine. **vii**
Interested in exporting to Taiwan? Take part in Global Wine Meetings

The Global Wine Meetings event, taking place April 19-20 2016 in Taipei, Taiwan, is designed to meet the needs of wine exporters who would like to export their products to China and elsewhere in the Asia-Pacific region.

Over two days, participants can benefit from one-on-one meetings with qualified wine buyers from throughout Asia.

The VIP Global Wine Meetings event is reserved exclusively for industry professionals.

**BENEFITS OF PARTICIPATION INCLUDE:**

- Direct access to major buyers from across Asia, all of whom are leaders in their respective markets;
- Scheduled one-on-one meetings between wine producers and VIP buyers;
- Strong visibility in the local market, thanks to local visitors to the event;
- Fully-equipped booths for participants;
- Tasting area where producers' wine and spirits are the main attractions;
- The opportunity to follow up in person with sales prospects;
- Online marketing tools and support available before, during and after the event.

**Download our sales kit >>**

Global Wine Meetings is the result of a collaboration between Global Wine & Spirits (GWS) (www.globalwinespirits.com), the premier online network for wine professionals, and Break Events (www.break-events.com), whose teams boast more than 20 years’ experience in organizing wine and spirits events, including 8 years of experience in Asian markets.

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To enjoy all of the benefits that the Taiwanese market offers wine exporters, it is a good practice to do business with professionals who are well-versed in the ways of the industry and who have access to a network of reliable contacts. Global Wine & Spirits account managers are seasoned industry professionals who can help put you in touch with serious buyers.
CONTACT US TODAY TO:

✧ Develop your export markets
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Le marché du vin et des spiritueux à Taiwan et ses perspectives à l’horizon 2017

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