

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Post-COVID Market Demands Convenience and Foods with Added Health Benefits

**Country:** Taiwan

**Post:** Taipei ATO

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**Report Highlights:**

Since 2019, Taiwan took a cautious attitude regarding the COVID-19 pandemic but is now finally loosening its border controls and mask mandates. Unlike during the pandemic when people were more inclined to cook at home, now consumers are again looking for quick and convenient food and beverage options. Aside from convenience, products with additional health benefits are also becoming more and more attractive. Moreover, inflation is another factor causing people to look for innovation. This report will go into details on these phenomena and discuss a case study on nut milk to show current market trend.

## **Taiwan Market Background**

When the COVID-19 pandemic hit the world, Taiwan immediately implemented border controls and mask mandates. Although a total lockdown was never issued by the local authorities, the citizens voluntarily stayed home, avoided crowds and restaurants, and increased their health awareness. As a result, e-commerce sales surged more than 20 percent in 2021 to reach US\$ 13.9 billion. Popular items included canned foods, oil, rice, noodle, and snack foods, or those products which could be easily shipped and stored. Dairy, desserts, and ultra-high temperature milk sales also increased and is forecasted to continue growing.

<b>Year</b>	<b>Taiwan E-commerce Sales (US\$ Billion)</b>	<b>Growth (percent)</b>
2021	13.9	24.1
2020	11.2	20.4
2019	9.3	14.8
2018	8.1	-

*Source: Taiwan Ministry of Economic Affairs*

According to Kantar Group, a data analytics company based in London, Taiwan consumers went to supermarkets less but spent more per trip during the pandemic. Sales of fast-moving consumer goods grew eight percent, which was mostly supported by food and beverages. People were cooking more; frozen meats, seafood, and vegetables were popular items, because they could be stored longer.

## **Taiwan Market Now**

In October 2022, Taiwan finally loosened its border controls to allow foreigners entry without quarantine. In December, it took another step to lift the mask mandate in outdoor areas. The market should be on its way back to pre-pandemic normalcy. But due to the Russian invasion of Ukraine, worldwide logistic issues, and labor shortages, Taiwan – like other markets – has been hit by inflation, though less than three percent. The number is significantly lower than the world average of eight percent, but consumers are still on alert and are consciously budgeting by spending a fixed amount during every supermarket trip.

As life returns to normal, it is anticipated that demand for frozen meat and seafood will retract while ready-to-eat meal kits continue their upward trajectory. It is also observed that demand for supplements and foods with added health benefits continues to grow. Some examples include kombucha, collagen gummies, and whey protein milk tea. Health, as well as convenience and happiness, have become what Taiwan consumers look for in food and beverage products.

Year	Taiwan Supplement Sales (US \$ Million)	Growth (percent)
2021	656.4	13.1
2020	580.3	6.5
2019	544.9	10.7
2018	492.4	-

Source: Taiwan Ministry of Economic Affairs



### Case Study: Plant-based Milk

According to Euromonitor, over three million people in Taiwan are vegan, accounting for 13 percent of the total population. In other words, Taiwan has the third largest vegan community in the world, after only India and Israel. This is not only in part due to the local religious belief of Buddhism, but also Taiwan's Gen Z shows strong interest in the vegan lifestyle. Plant-based milk sales in Taiwan reached US\$ 274 million in 2021, growing 66 percent from 2014. After Oatly entered the market in 2019, plant-based milk sales grew 5.11 percent while animal milk grew 4.16 percent. In 2021, plant-based milk sales grew 10.57 percent while animal milk grew 2.18 percent. Among the growth, oat milk sales grew the most at 13.92 percent. The statistics show plant-based milk is not yet compressing animal milk's market share, but it's definitely hindering its growth.

Year	Animal Milk Sales (US\$ Million)	Animal Milk Sales Growth (Percent)	Plant-based Milk Sales (US\$ Million)	Plant-based Milk Sales Growth (Percent)
2021	723.4	2.18	228.1	10.57
2020	708	3.55	206.3	6.73
2019	683.7	4.16	193.3	5.11
2018	656.4	-	183.9	-

Source: Kantar group



Oatly used in Cama coffee shops and 7-11.

Besides taking up shelf spaces in convenience stores and supermarkets, oat milk can also be found as a substitute for animal milk in coffee shops such as Starbucks (464 stores), Cama (455 stores), HWC (70 stores), and even convenience store such as 7-11 (6,363 stores).

With the highest per capita concentration of both conveniences stores and coffee outlets in the world, that results in significant retail space.

In the time of inflation, products will need innovative qualities to encourage consumers to make purchase decisions. Nut milk products in the market are found to have below attributes labeled on the packaging to attract consumers:

- lactose intolerance friendly
- gluten and sugar free
- no artificial sweetener
- full of dietary fiber and vitamins
- low fat, low calories, low carb
- vegan friendly
- high in calcium
- help lower cholesterol
- wellness inducing
- collagen, lecithin, folic acid added



Quinoa, soy, and oat milk in the market

## **Summary**

COVID's ripple effects have caused Taiwan consumers to gravitate towards food and beverage products that have added health and wellness values. As the society stops being cooped up indoors and life starts returning to normal, convenience is once again a major factor during purchase decision making. Consumers are purchasing shelf-stable products from e-retail, and these channels' popularity is forecasted to continue its growth.

The market is expected to achieve the highest GDP per capita in Eastern Asia in 2022. Although it is currently experiencing inflation, as long as products hit the health, convenience, and happiness marks, Taiwan consumers are acceptable to high-end food and beverages.

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**Attachments:**

No Attachments.