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Master's Thesis

The Study of Japanese Food Businesses in Taiwan

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January, 2013

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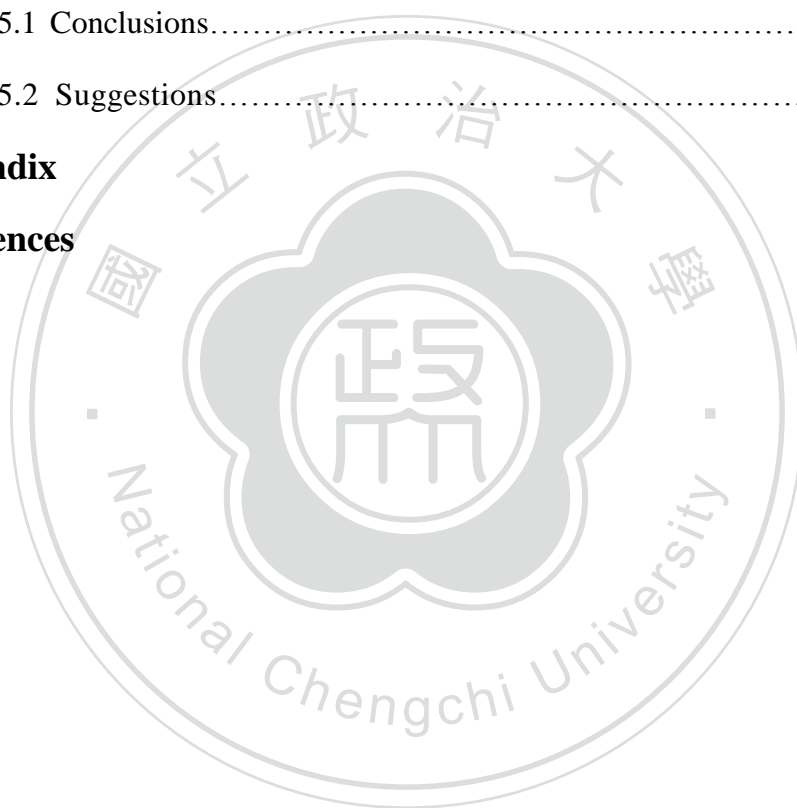


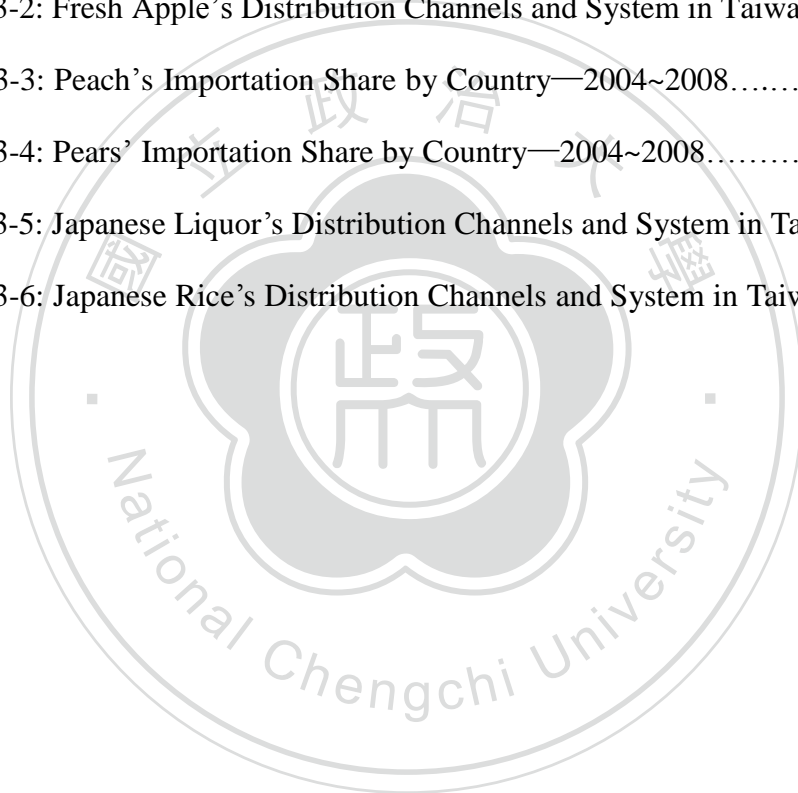
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CHAPTER 1 Introduction

1.1 Motivation

In recent years many Japanese food related companies have focused on Taiwan as their priority investment area. Many of them just regard Taiwan as a pro-Japan area which has a good business climate especially for the Japanese. However, Taiwan is not Japan, and Taiwan has its own markets, tastes, habits, business customs and personality. Japanese business people, who hope to invest into Taiwan, have to understand that Taiwan has its own characteristics and differences with Japan, and they have to fully research Taiwan from the viewpoint of their own items before they decide to invest. I hope to let many Japanese business people better understand and become more familiar with the Japanese food business in Taiwan before they invest there and this is the motivation for my thesis.

1.2 Purposes

At the moment we can find many kinds of Japanese food in Taiwan. For example, in the basement of SOGO or the Breeze Center, which is high ranking supermarket in Taipei, we can find many kinds of Japanese food, which are the same as in Tokyo. Compared with other Asian countries such as China, South Korea and ASEAN countries, Japanese food seems to be more competitive in Taiwan. In chapter 2 of this thesis I am firstly going to examine how and why Japanese food items are actually competitive in Taiwan. In chapter 3, for the purpose of understanding it more

completely, I am also going to specifically outline the importation of five leading items from Japan to Taiwan, as well as their distribution systems in Taiwan.

Secondly, I am going to reveal the present situation facing the Japanese food industry in Taiwan. Nowadays many Japanese food industry companies are discussing foreign investment because of the population decline in Japan. They expect to expand to new markets in foreign areas (Yanagi, 2012; Ministry of Economy, Trade and Industry Japan, 2012). Many of them focus on Taiwan as their key investment area because Taiwan is widely perceived as pro-Japan area and reported to be a good area for doing Japanese related business (Sakai, 2004). As a result, Japanese food companies sometimes mistakenly believe that business circumstances in Taiwan are the same as in Japan, and they unwisely decide to invest there.

On the contrary, Taiwan is actually different to Japan on many points. Most Japanese food industry companies have to first research Taiwan, and increase their general knowledge about Taiwan's markets, tastes, habits, business customs and characteristics before they decide to invest. In chapter 4, I gather and analyze general information and data on Japanese food businesses in Taiwan, and clearly define Taiwan's characteristics and differences with Japan based on the empirical knowledge of Japanese people involved in the food industry business in Taiwan. I hope Japanese food industry companies will fully make use of this vital data before they invest in Taiwan, and that the Taiwanese food industry companies themselves also recognize their own differences with Japan.

Finally in chapter 5, I make some conclusions and suggestions. In my suggestions, I particularly emphasize problems and solutions when promoting Japanese food (products) in Taiwan. Currently promotion for Japanese food (products) in Taiwan is mainly carried out by each prefecture of Japan. However, it is not so effective because

identical types of products are promoted many times in the same year by nearby prefectures. The prefectures would do better by cooperating with each other and holding bigger promotions for identical types of goods, which would result in more effective promotions. In this chapter I suggest more effective ways of promoting Japanese food (products) from the viewpoint of the whole of Japan.

1.3 Methodology

In chapter 2, I mainly make use of a survey which I carried out in 2009, to reveal general Taiwanese eating habits and tastes concerning staple food items such as rice, meat, dairy products, fishery products, vegetables, fruit and snacks. According to the results of the questionnaire, I aimed to identify the preferred country of origin, reasons to start eating and interest about the brand and nationality of each food item.

In chapter 3, I revealed the importation and distribution channels of core Japanese food items in Taiwan. In this part I mainly make use of “The Council of Agriculture Year Book” published by executive yuan, council of agriculture of Taiwan and “importation statistics” of the directorate general of customs, ministry of finance of Taiwan. I analyzed the data and discuss the characteristics and trends around the importation of each Japanese food item. The distribution channels and systems for each Japanese food are revealed by means of interviews with each importer and distributor.

In chapter 4, I utilized data released by the Japanese government and each Japanese company’s website to collate information about Japanese citizens and Japanese food companies in Taiwan. In addition for the purpose of understanding Taiwanese characteristics and differences in its food related businesses, I carried out interviews with Japanese people who are working in the food business in Taiwan.

In chapter 5 as a result of chapters 1 to 4 being taken into consideration, I offer my own opinions including conclusions and suggestions by focusing on the problems and giving advice on possible solutions for promoting Japanese food (products) in Taiwan.



CHAPTER 2 Japanese Food in the Taiwanese Market

Japanese food (products) are very popular and competitive in Taiwan. In this chapter, I compare the popularity and competitiveness of Japanese food (products) in Taiwan, and analyze the reasons for the differences. In addition, I mention Taiwanese tastes about respective Japanese food (products) based on the results of a questionnaire survey of the Taiwanese public.

We can find Japanese food (products) everywhere in Taipei, not only in the supermarkets of high ranking department stores such as SOGO and the Breeze Center, but also in individual fruit retailers in Taipei, hence Japanese food (products) are very popular. In addition, Japanese food products are more competitive in Taiwan compared to other foreign food (products). For example, in the CitySuper supermarket in SOGO, we can find more Japanese characters, Japanese styles or directly imported Japanese food (products) than those from other places such as Europe or the U.S.

On the other hand, in Hong Kong we can find many Japanese food (products) too, but Japanese food (products) are only ranked the same as European and American food (products) in high grade supermarkets there. Japanese food (products) are not regarded as particularly superior to European and American food (products) in Hong Kong. In Seoul, South Korea, Lotte super has Japanese food (products) but only in a closed, specific area.¹ We rarely see Japanese lettering on food (products) in

¹ Lotte super is one of the most expensive and biggest supermarkets in Seoul.

convenience stores in Seoul.

Hence, Japanese products are more popular and competitive in Taiwan, where the situation differs greatly from that in other Asian countries such as Hong Kong or South Korea.

2.1 Survey about Competitive Japanese Food (Products) in Taiwan

For the purpose of confirming the popularity and competitiveness of Japanese food (products) in Taiwan, I carried out the following questionnaire survey in Food Taipei 2009, which is the biggest food exhibition in Taiwan.² As a result of it, we can understand Taiwanese eating habits and tastes about various food items. The main features of the survey's results and analysis are described below.

2.1.1 Characteristics of the Respondents

241 people completed the survey including 90 men and 124 women.³ 15 percent more females than male participated. The ages of those taking part mainly ranged from 20 to 59 years old. 48% of respondents had 3 to 4 family members.

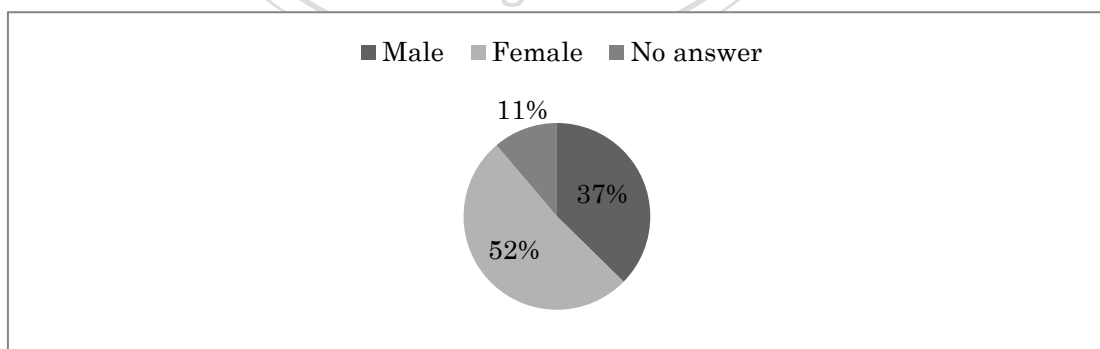


Figure 2-1: Characteristics of Respondents' Gender in the Survey

² The questionnaire was originally written in Chinese, and an English translation is attached as an appendix.

³ 27 people did not answer their gender in the survey.

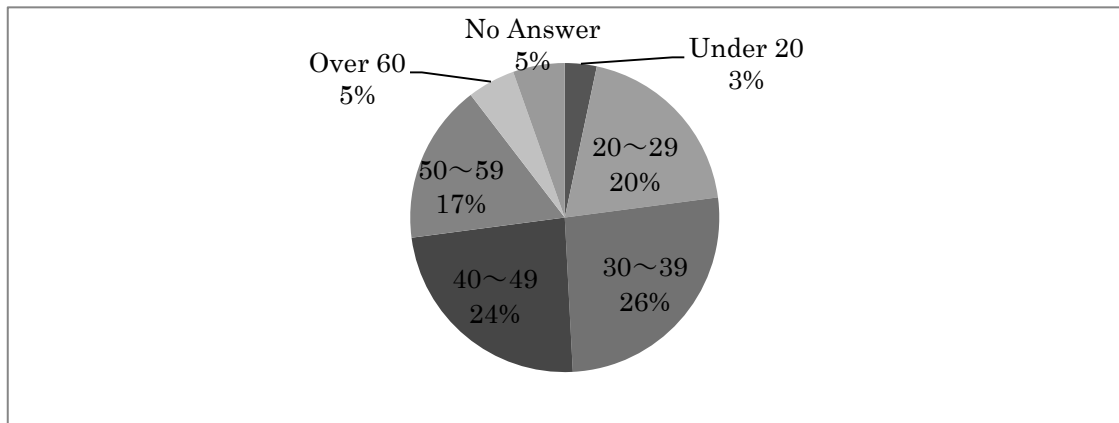


Figure 2-2: Characteristics of Respondents' Age in the Survey

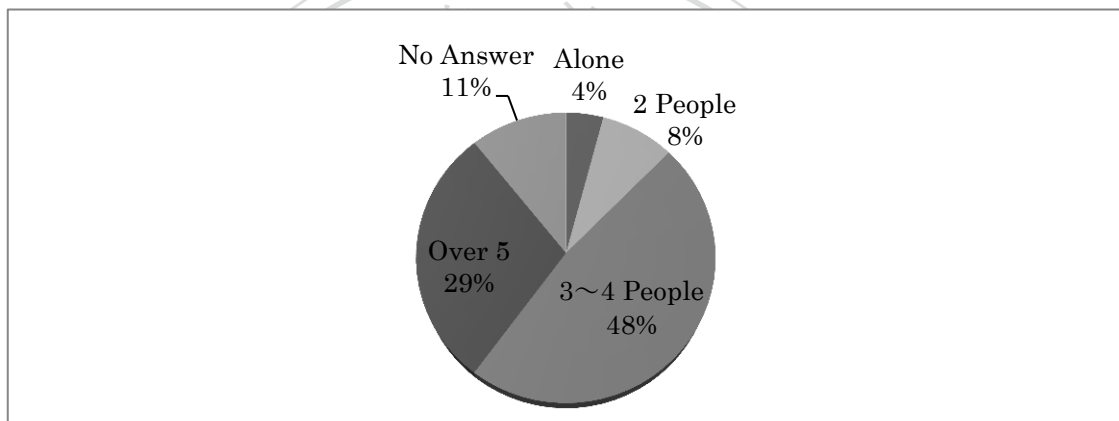


Figure 2-3: Characteristic of Respondents' Family Members in the Survey

2.1.2 Characteristics of the Survey's Results and Analysis

From the results of the questionnaire, we can understand more about Taiwanese eating habits and tastes regarding the respective food (products) items. We can comprehend which Japanese food items are competitive in Taiwan as well as the reasons why Taiwanese people prefer them.

1. Taiwanese eating place for every meal

Figure 2-4 shows that breakfast and dinner are mainly eaten at home, and lunch is mainly eaten in a restaurant or the office. "Lunch in the office" means a take out

from a stall or a convenience store as well as eating a lunch box in the office.⁴

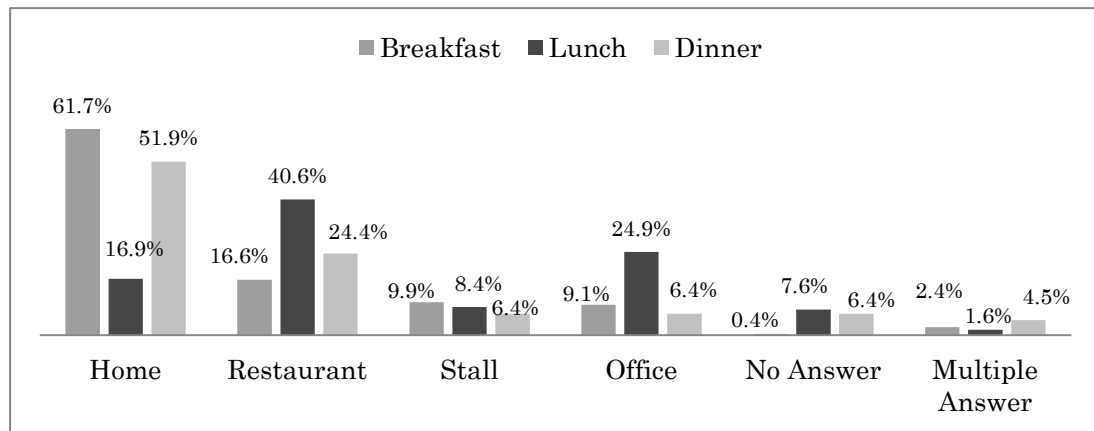


Figure 2-4: Places Where Taiwanese People Eat Dishes

2. Staple foods for Taiwanese people

Many Taiwanese people tend to eat bread for breakfast and dinner as their staple food. The majority of Taiwanese people tend to eat rice at lunch, and at dinner they tend to eat bread and noodle as their staple food. Bread is not popular as a staple food at lunch in Taiwan. Jiaozi and steamed bread are not popular as their staple food for any meal.

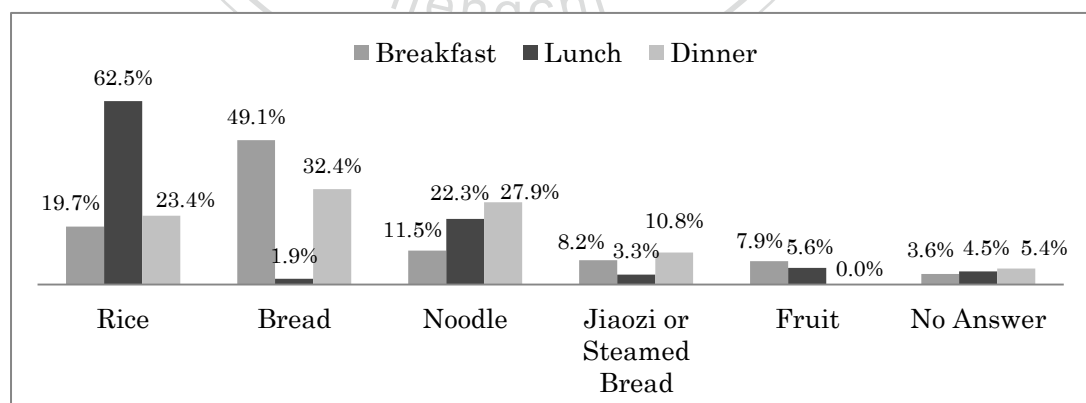


Figure 2-5: Principal Foods of the Taiwanese Public

⁴ Lunch box means dishes made by themselves and brought from home.

3. Taiwanese purchasing places for every food item

Dairy products are mainly bought at supermarkets and mass retailers. Rice is mainly bought at traditional markets, supermarkets and mass retailers. On the other hand for fresh items such as meat, fishery products, vegetables and fruit, many Taiwanese people prefer to buy them in the traditional markets. This tendency is particularly true of fruit and vegetable. Traditional markets are still important for Taiwanese people to buy fresh items.

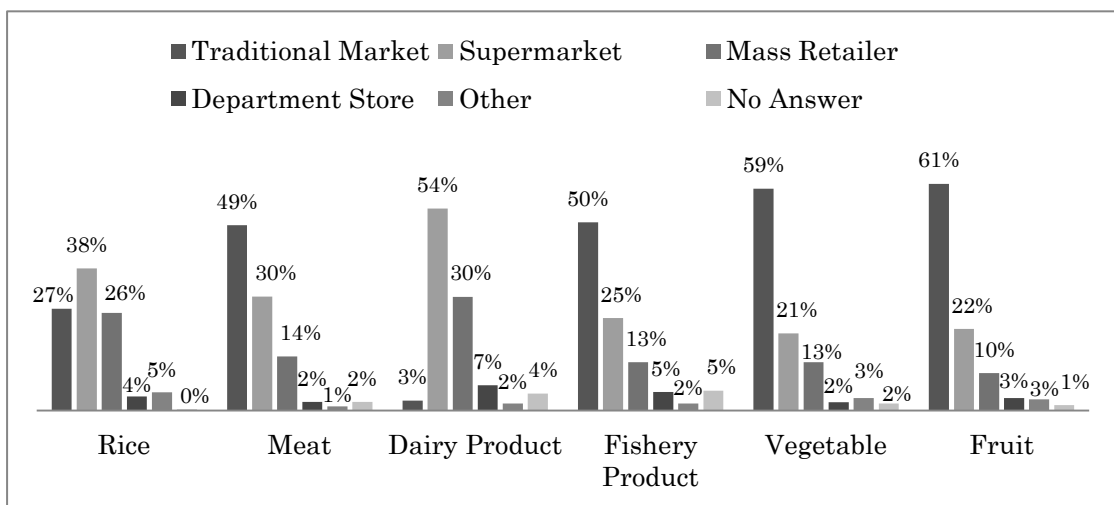


Figure 2-6: Places Where Taiwanese People Buy Each Food

4. Taiwanese buying behavior and trends about rice

Japanese rice is preferred by the vast majority. On the other hand, many Taiwanese people are not concerned with their rice's country of origin (Figure 2-7). Rice is mainly chosen on quality by Taiwanese people. Taste and safety are also considered. In the case of rice, freshness is not regarded as so important, which is different to fresh items such as meat, vegetables, fruit and fishery items. Rice's appearance is not regarded as important either (Figure 2-8). Word-of-mouth is the most important trigger for choosing rice in Taiwan (Figure 2-9).

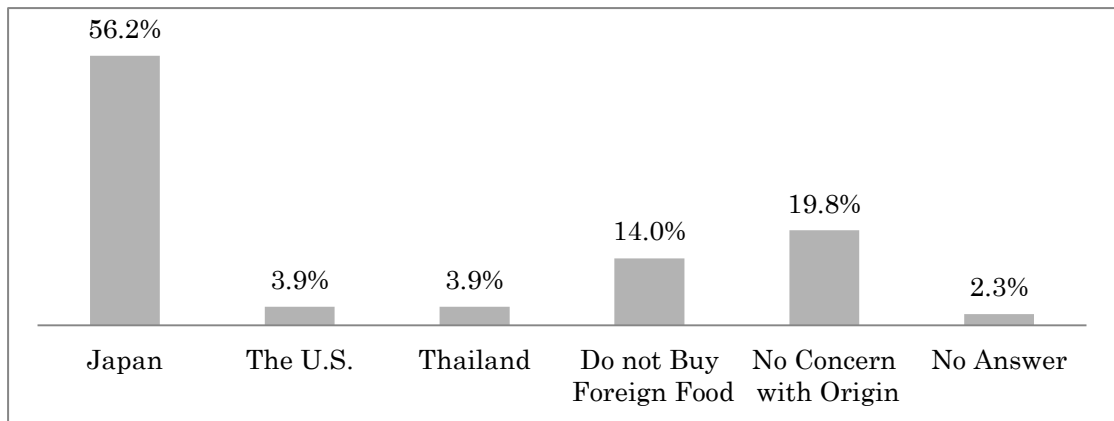


Figure 2-7: Taiwanese People's Favorite Country of Origin for Rice

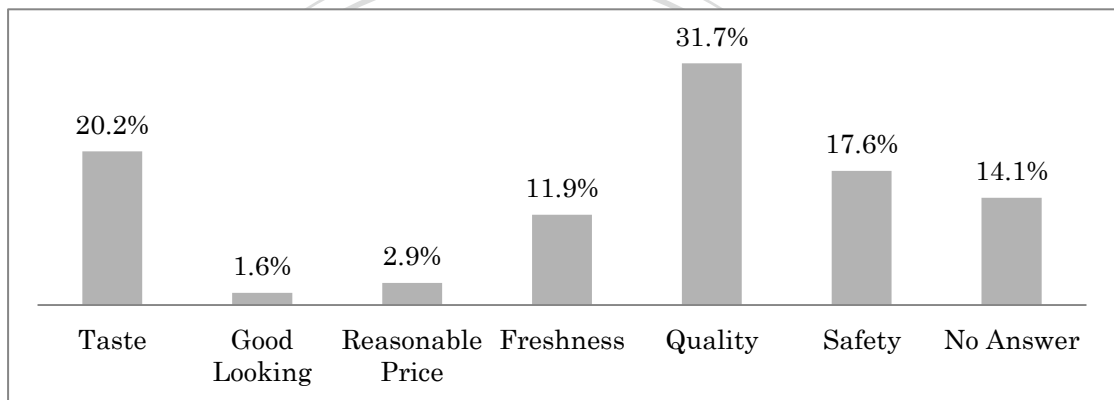


Figure 2-8: Taiwanese People's Reasons for Buying Rice

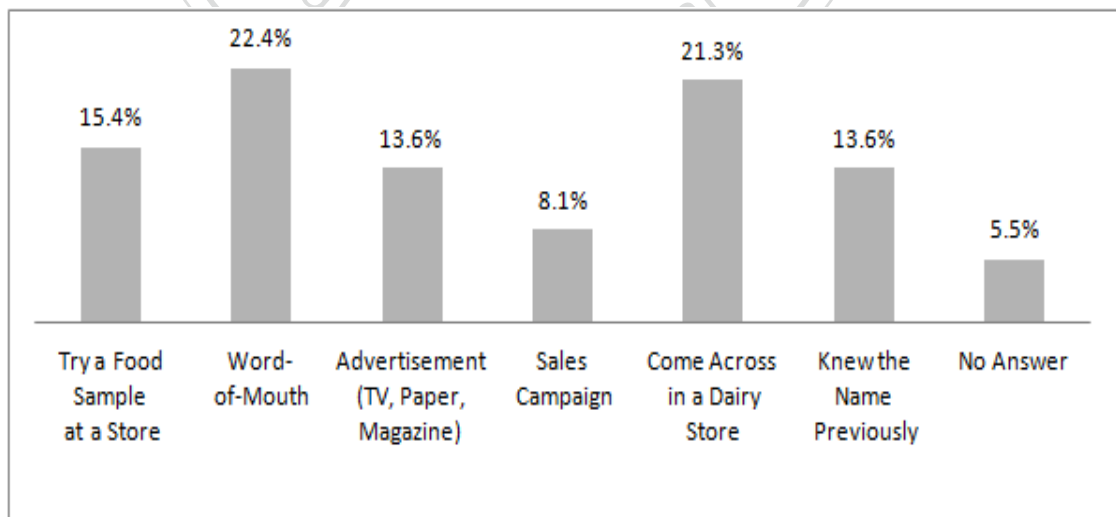


Figure 2-9: Taiwanese People's Trigger to Start Buying Rice

5. Taiwanese buying behavior and trends about meat and related products

American meat is preferred in Taiwan, but many Taiwanese people are not concerned with the country of origin for meat, either (Figure 2-10).⁵ It means that freshness is regarded as more important than the country of origin. In addition, freshness is more important than taste or quality too. Safety is regarded as being as important as taste. Appearance is not regarded as important for meat, which is the same result as rice (Figure 2-11). Taiwanese people are not concerned about word-of-mouth and advertisements for meat. They tend to buy fresh meat in their daily stores. Sales campaigns are not so effective for meat, either (Figure 2-12).



Figure 2-10: Taiwanese People's Favorite Country of Origin for Meat

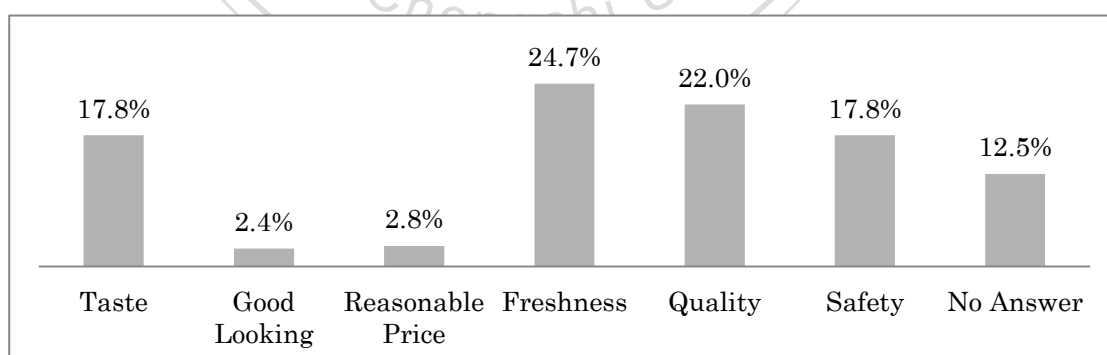


Figure 2-11: Taiwanese People's Reasons for Buying Meat

⁵ At the time of survey, Japanese beef was prohibited to be imported into Taiwan. In January of 2013, the situation is the same. American and Australian meat mainly means beef.

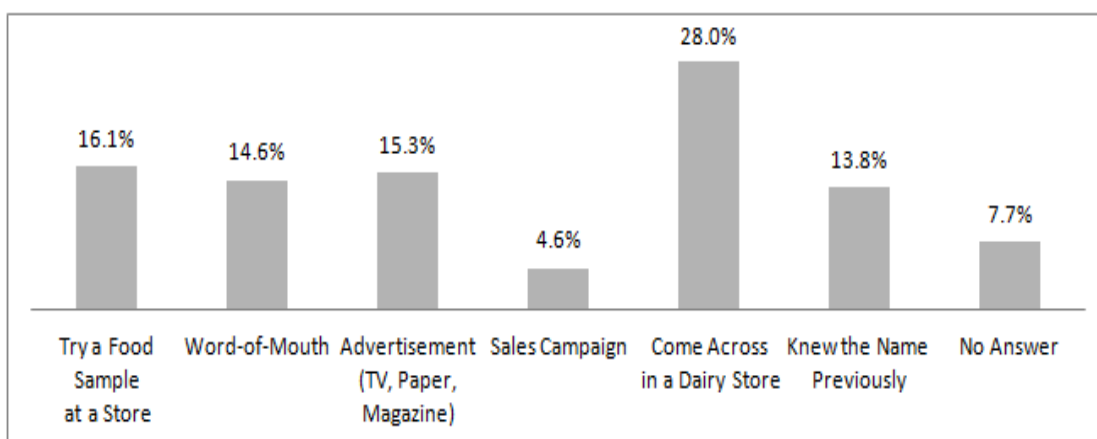


Figure 2-12: Taiwanese People's Trigger to Start Buying Meat

6. Taiwanese buying behavior and trends about dairy products

Dairy products from New Zealand are the most favored in Taiwan. Japanese ones are also famous, and Hokkaido is particularly popular in Taiwan as a place which produces quality dairy products in Japan (Figure 2-13). Regarding dairy products, freshness and quality are the most appealing factors to Taiwanese people. In addition, safety is regarded as more important than taste, which reflects the tendency that safety is regarded as more important for food in Taiwan these days (Figure 2-14). For dairy products, advertising is the most efficient method of promotion (Figure 2-15).

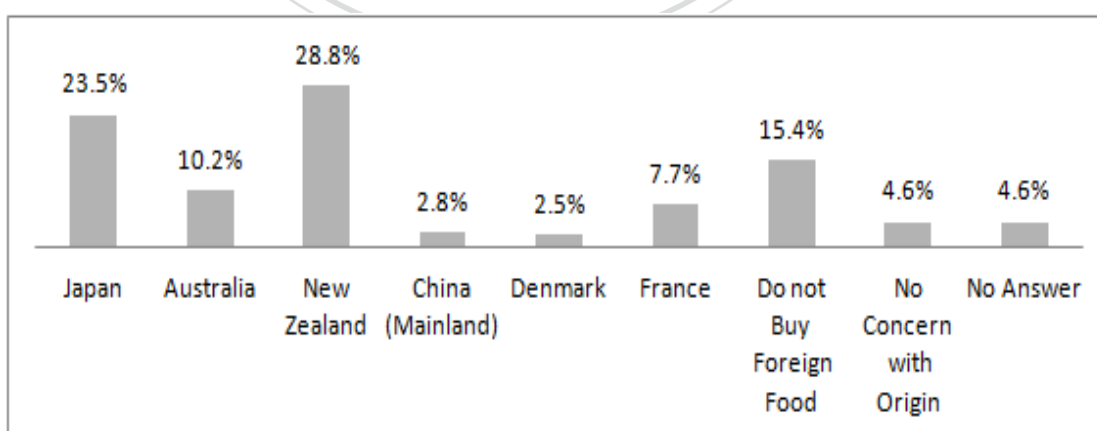


Figure 2-13: Taiwanese People's Favorite Country of Origin for Dairy Products

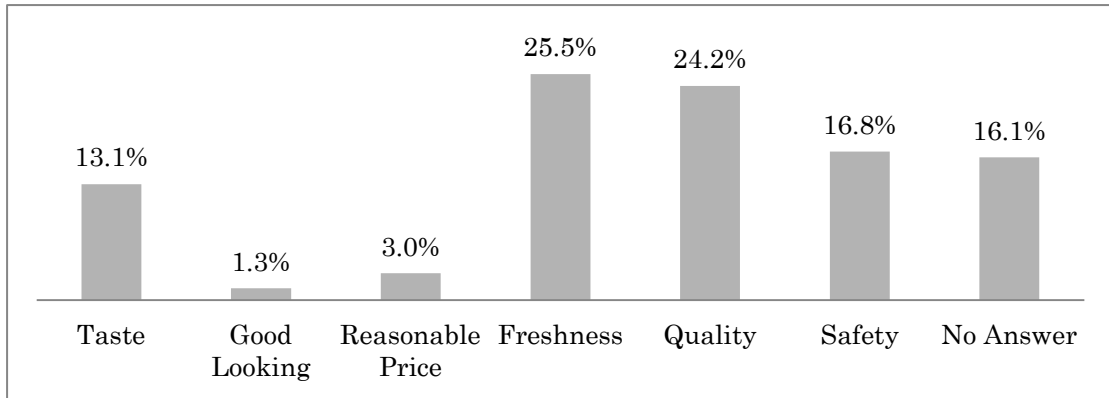


Figure 2-14: Taiwanese People’s Reasons for Buying Dairy Products

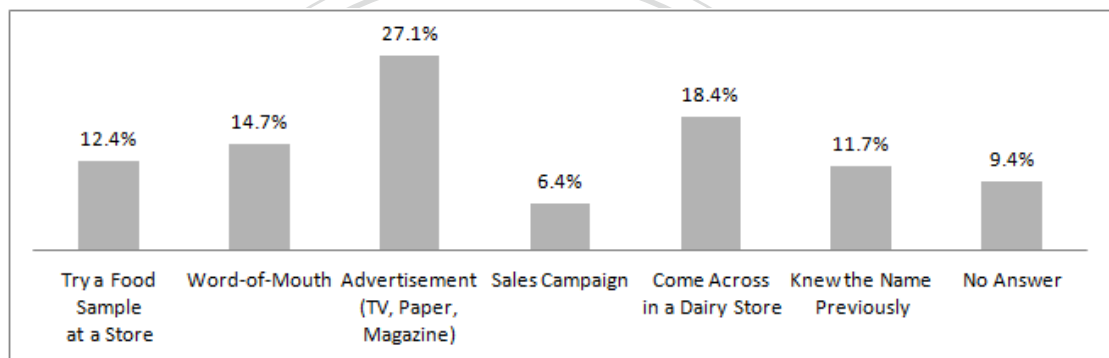


Figure 2-15: Taiwanese People’s Trigger to Start Buying Dairy Products

7. Taiwanese buying behavior and trends about fishery products

With regards to fishery products, Japanese ones are the favorites for most Taiwanese people, but it does not mean that all the Japanese fishery products are liked equally. The climate in Southern Japan is similar to Taiwan, and their fishery products are also similar, but the prices of Japanese ones are more expensive and therefore not so competitive in Taiwan. Fishery products in Northern Japan, which are not able to be caught in Taiwan, are more competitive (Figure 2-16). Freshness is the paramount issue when purchasing fishery products for Taiwanese people. Appearance is not significant for fishery products (Figure 2-17). They are mainly bought in the daily stores and Taiwanese are not concerned about where to buy them (Figure 2-18).

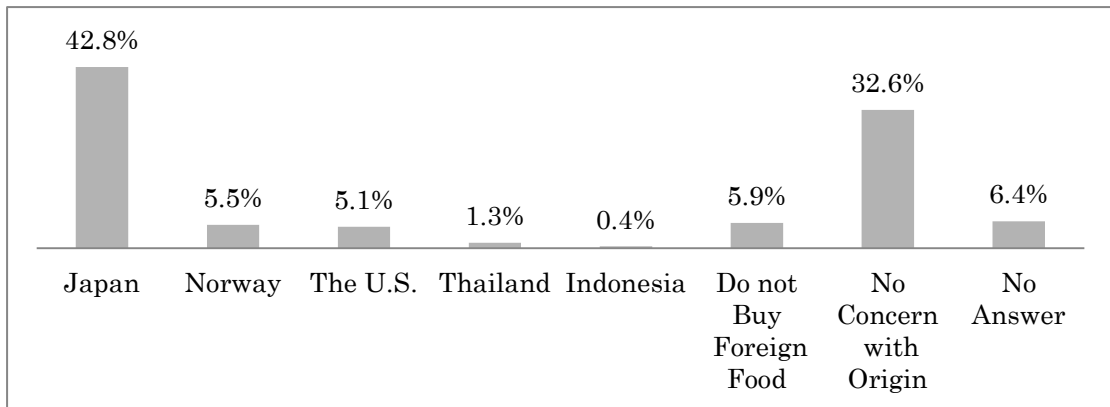


Figure 2-16: Taiwanese People's Favorite Country of Origin for Fishery Products



Figure 2-17: Taiwanese People's Reasons for Buying Fishery Products

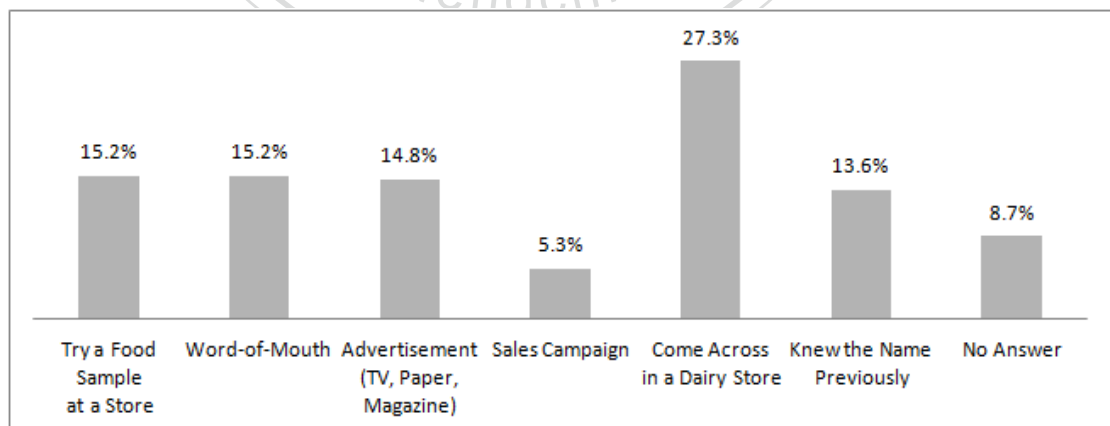


Figure 2-18: Taiwanese People's Trigger to Start Buying Fishery Products

8. Taiwanese buying behavior and trends about vegetables

Many Taiwanese people are not worried about the country of origin for vegetables. Regarding vegetables many Taiwanese people answered that they do not buy foreign ones, which means foreign vegetables are relatively expensive and many Taiwanese people do not buy them (Figure 2-19). For vegetables, freshness is the biggest priority. Safety and quality are also regarded as essential for vegetables in Taiwan. It also reflects the tendency that food safety is regarded as imperative in Taiwan (Figure 2-20). Vegetables are mainly bought in the daily stores in Taiwan. Many Taiwanese people are not concerned about where to buy vegetables, but they are concerned about their freshness (Figure 2-21).

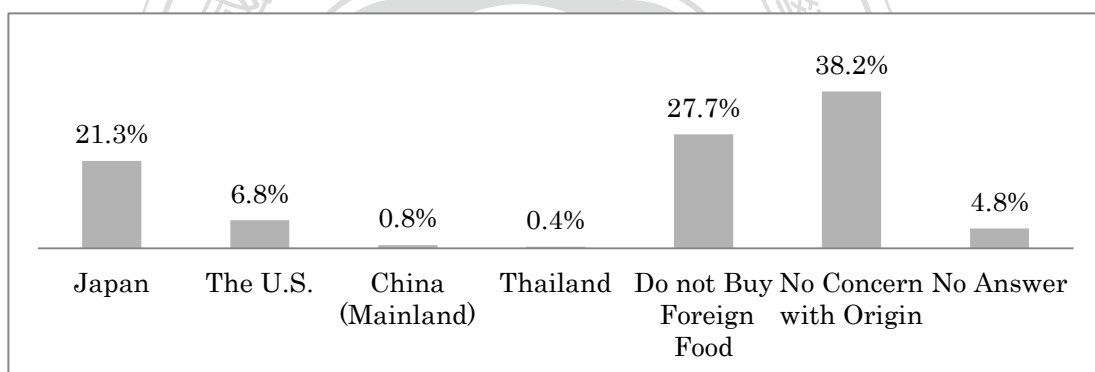


Figure 2-19: Taiwanese People's Favorite Country of Origin for Vegetables

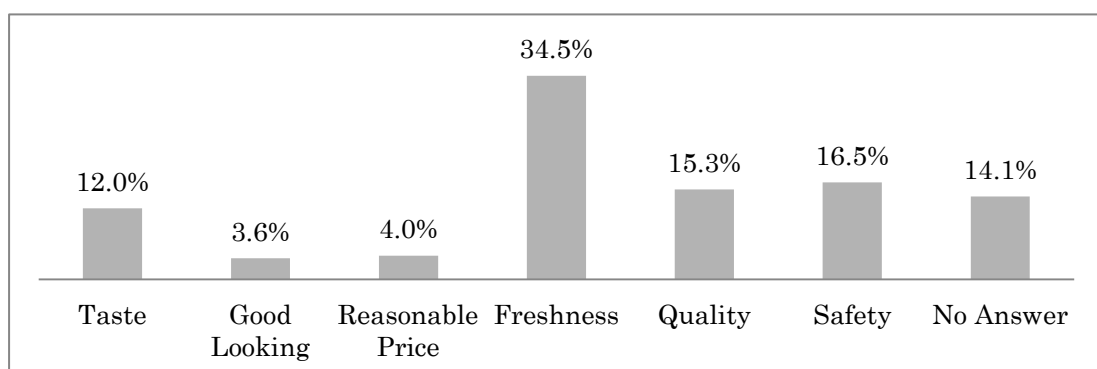


Figure 2-20: Taiwanese People's Reasons for Buying Vegetables

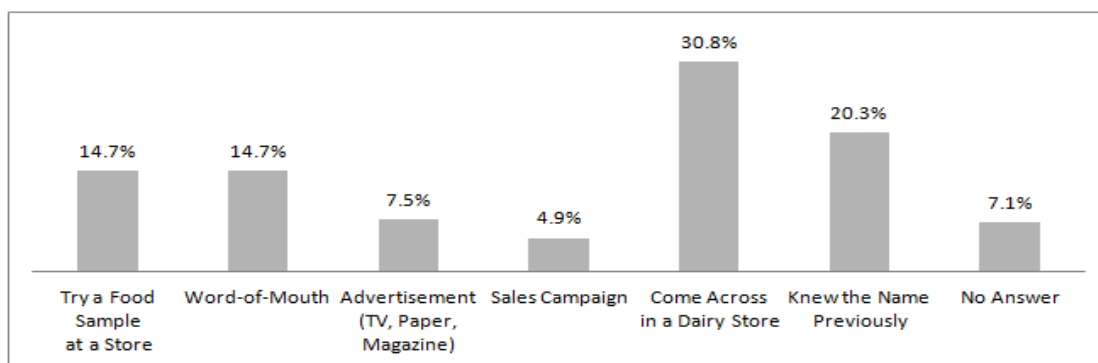


Figure 2-21: Taiwanese People's Trigger to Start Buying Vegetables

9. Taiwanese buying behavior and trends about fruit

Regarding fruit, Japanese fruits are favored among Taiwanese people, but it does not mean that all Japanese fruits are preferred equally. The climate in Southern Japan is comparable to Taiwan, and their fruits are also similar, but the price of Japanese fruit is more expensive and consequently not so competitive in Taiwan. Fruits from Northern Japan which are not able to be grown in Taiwan are competitive in Taiwan (Figure 2-22). For fruit, freshness is the priority reason for consumers. Safety and quality are also regarded as important factors in Taiwan. This again reflects the tendency that food safety is generally regarded as crucial in Taiwan (Figure 2-23). Fruit is mainly bought in the daily stores in Taiwan. Many Taiwanese are more concerned about freshness of fruit rather than where to buy fruit (Figure 2-24).

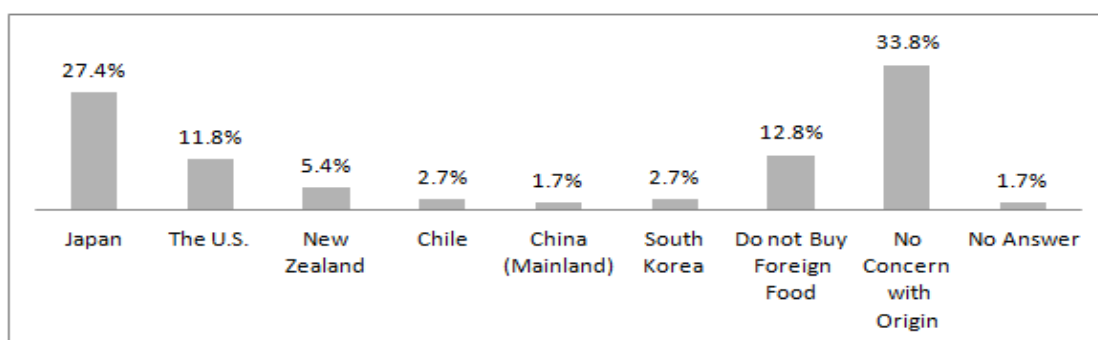


Figure 2-22: Taiwanese People's Favorite Country of Origin for Fruit

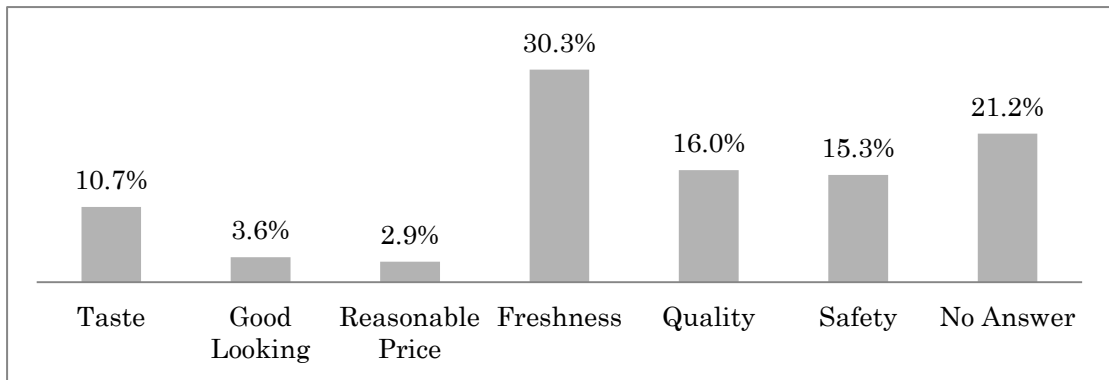


Figure 2-23: Taiwanese People's Reasons for Buying Fruit

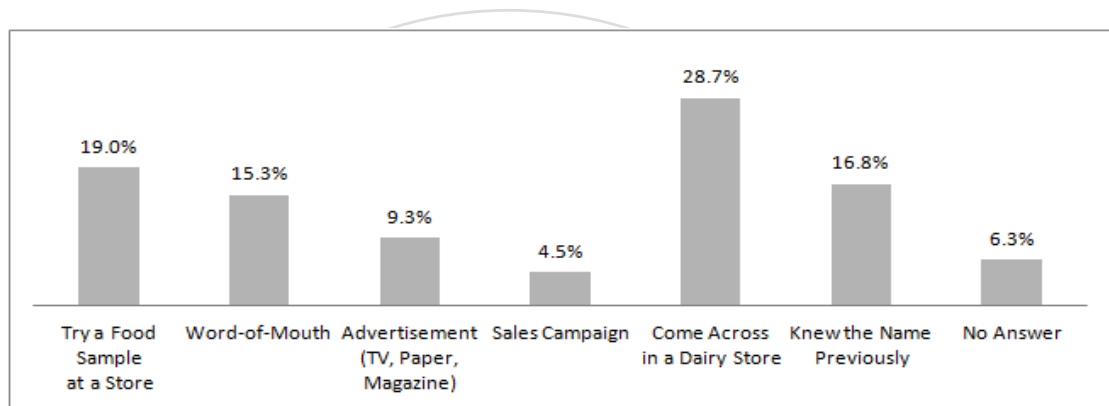


Figure 2-24: Taiwanese People's Trigger to Start Buying Fruit

10. Taiwanese buying behavior and trends about snacks

Japanese snacks are the most popular in Taiwan (Figure 2-25). Japanese snacks are chosen because of their high quality, and safety is also considered (Figure 2-26). Many Taiwanese people buy snacks in their daily stores (Figure 2-27).



Figure 2-25: Taiwanese People's Favorite Country of Origin for Snacks

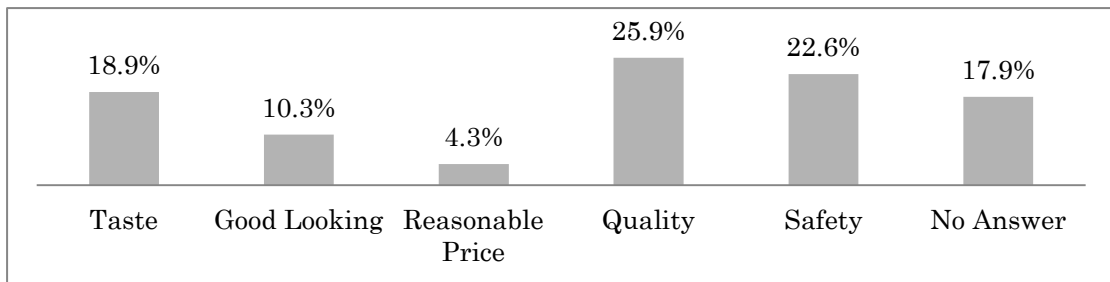


Figure 2-26: Taiwanese People's Reasons for Buying Snacks

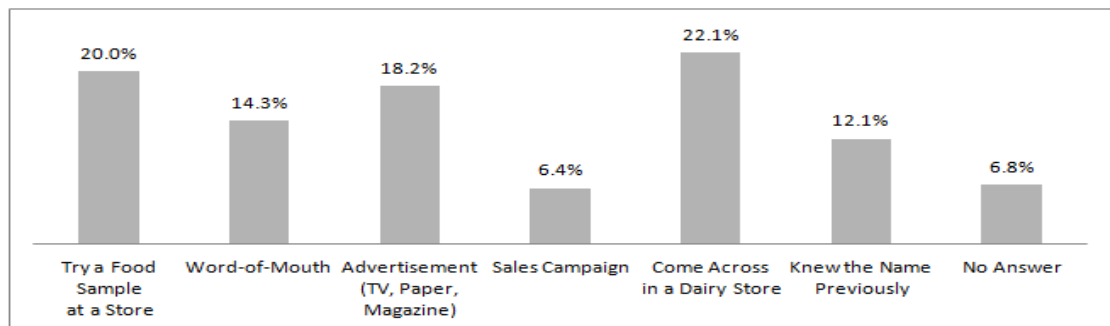


Figure 2-27: Taiwanese People's Trigger to Start Buying Snacks

11. Concern about the prefecture in which Japanese food items are produced

Many Taiwanese people are not interested in which prefecture Japanese food items are produced, especially for vegetables. With regards to rice and fruit, more people are concerned about the producing prefecture which reflects that some Japanese prefectures have well-known brands especially for rice (Figure 2-28).

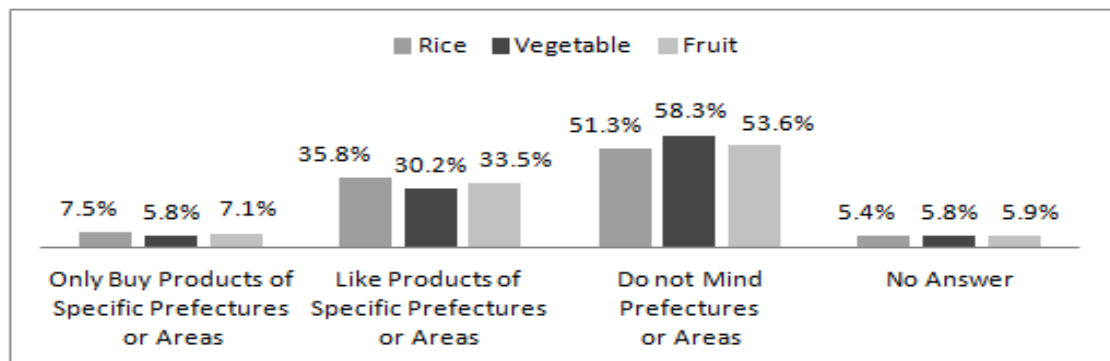


Figure 2-28: Concern about Prefecture in Which Japanese Food Items are Produced

12. Concern about brands and breeds of Japanese food items

For rice, more Taiwanese people are concerned about specific brands or breeds. On the contrary, for vegetables and fruit most Taiwanese people are not concerned about brands and breeds (Figure 2-29).

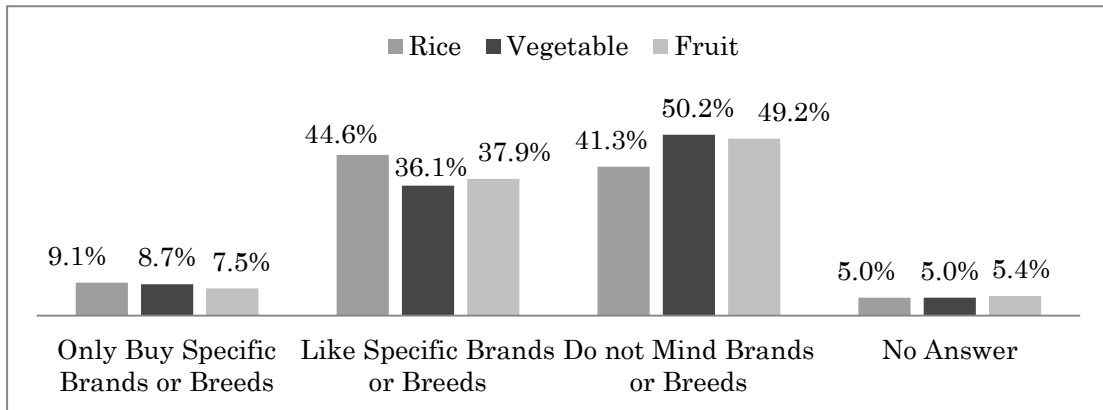


Figure 2-29: Concern about Brands and Origin of Japanese Food Items

According to the survey, Japanese-made food (products) are the most preferred in items for “Rice”, “Snacks” and “Fishery products”. “High quality” was the main reason given for preference for “Rice” and “Snacks”, but regarding “Fishery products” “Freshness” is the most important factor. On the other hand, for “Dairy products” Japanese ones are not the most preferred, and for “Vegetables” and “Fruit” many Taiwanese people are not concerned about the country of origin. When it comes to these two items, they are not chosen because of the country of origin, but are chosen because of freshness by most Taiwanese people.

In terms of sales venues, many Taiwanese people buy meat, fishery products, vegetables and fruit in traditional markets. On the other hand, they tend to buy dairy products and snacks in supermarkets and mass retailers.

In Taiwanese society, “Word-of-mouth” is an efficient tool for promoting food

(products). It is one of the important features when considering expanding in the Taiwanese market.

2.2 Popularity and Competitiveness of Japanese Food (Products) in Taiwan

Many Taiwanese people are fond of Japan, which is one of the reasons why many Taiwanese visit Japan, and this therefore improves Japanese brand value in Taiwan. It also influences the popularity and competitiveness of Japanese food (products) in Taiwan as follows. Taiwanese pro-Japan attitudes and feelings also influence the competitiveness of Japanese food items in Taiwan, too.

1. Many Taiwanese people's tourism to Japan influences the popularity and competitiveness of Japanese food items in Taiwan

From the viewpoint of tourism we can identify a reason for the popularity and competitiveness of Japanese food (products) in Taiwan. Taiwan is one of the most pro-Japan countries, and many Taiwanese love Japan and visit every year.

Table 2-1: Main Foreign Nations Visiting Japan—2009

	Taiwan	South Korea	China	U.S.
Visitors to Japan in 2009 (Number)	1,024,292	1,586,772	1,006,085	699,919
Population in 2009 (Number)	23,100,000	48,300,000	1,335,000,000	307,370,000
Ratio of the Visitors to the Population (%)	4.43	3.29	0.08	0.23

Source: Japan National Tourism Organization, http://www.jnto.go.jp/jpn/news/data_info_listing/index.html.

According to the statistics (Table 2-1), more than 1 million Taiwanese people visited Japan in 2009. This is the second largest number after South Korea, but

considering the total population of both countries, a higher percentage of people visited Japan from Taiwan than South Korea. Hence, Taiwan is the place from which highest rate of people visited Japan.⁶ The large amount of Taiwanese visitors to Japan increased and strengthened the popularity and competitiveness of Japanese goods in Taiwan.

Of course many Taiwanese people are fond of Japan, but typical Taiwanese do not know much about the whole of Japan. For example, normal Taiwanese people do not know the position of every prefecture in Japan except for big or famous cities. In contrast, if Taiwanese people have traveled to specific areas of Japan, they never forget that area. In addition, they focus on that traveling area in the future if they have good memories of their trip. Hence, traveling around Japan encourages Taiwanese people to see specific areas of Japan in the future. For example, Miyazaki prefecture in Japan is not so famous for ordinary Taiwanese people, and not so many Taiwanese people know about its characteristics or position. But if Taiwanese people travel to Miyazaki and have a good time there, they will remember and focus on Miyazaki after they return to Taiwan. Of course they will focus on Miyazaki's food products and dishes and can introduce them to their friends, too.

In addition, the large number of flights between Japan and Taiwan also stimulates many Taiwanese people to go to Japan. Originally the number of flights between Japan and Taipei was very large as shown in Table 2-2. In addition, after conclusion of the open skies agreement between Japan and Taiwan in November of 2011, the number of flights has increased between Japan and Taiwan, which helps more Taiwanese people to go to Japan, especially to local areas of Japan. The recent entry of low cost carriers such as Jetstar airways, Peach aviation and Scoot has allowed more Taiwanese people to go to Japan because they offer discounted air tickets.

⁶ In the ratio, countries with small population have been excluded.

Table 2-2: The Number of Flights between Japan and Taipei

Destination in Japan	Name of Airlines	The Number of Flights before Open Skies Agreement	The Number of Flights after Open Skies Agreement
Sapporo (Shinchitose)	China Airlines	7	7
	Eva Airways	7	7
	TransAsia Airways	0	2
Asahikawa	TransAsia Airways	0	1
Kushiro	TransAsia Airways	0	1
Hakodate	TransAsia Airways	0	2
	Eva Airways	0	2
Obihiro	TransAsia Airways	0	1
Sendai	Eva Airways	2	2
Komatsu	Eva Airways	2	7
Niigata	Eva Airways	0	2
Toyama	China Airlines	0	2
Tokyo (Narita)	China Airlines	19	20
	Eva Airways	10	14
	Japan Airlines	14	14
	All Nippon Airways	7	7
	Cathay Pacific Airways	7	7
	Delta Air Lines	7	7
	United Airlines	7	0
	Scot	0	7
Tokyo (Haneda)	China Airlines	14	14
	Eva Airways	14	14
	Japan Airlines	14	14
	All Nippon Airways	14	14
Shizuoka	China Airlines	0	3
Nagoya (Cyubu)	China Airlines	7	11
	Eva Airways	5	0
	Japan Airlines	7	7
	Cathay Pacific Airways	7	7
Takamatsu	China Airlines	0	2
Hiroshima	China Airlines	6	6

Table 2-2: The Number of Flights between Japan and Taipei (Continued)

Osaka (Kansai)	China Airlines	10	17
	Eva Airways	7	7
	Japan Airlines	14	14
	Cathay Pacific Airways	7	7
	Jetstar Airways	7	14
	TransAsia Airways	0	7
	Peach Aviation	0	14
Fukuoka	China Airlines	7	7
	Eva Airways	4	7
	Cathay Pacific Airways	7	7
Miyazaki	China Airlines	2	2
Kagoshima	China Airlines	0	4
Okinawa (Naha)	China Airlines	14	14
	TransAsia Airways	0	7
Total Number of the Flights:		256	332

Note: 1. The number of flights after the open skies agreement as of November, 2012.

2. Round trip flights are counted as 1 in the list above.

Source: Websites of each airline.

2. Japanese TV programs in Taiwan influence the popularity and competitiveness of Japanese food items in Taiwan

Japanese TV programs in Taiwan also influence Taiwanese people. Recently many Taiwanese people can watch cable TV at home, and more than 4 channels almost exclusively broadcast Japanese TV programs directly every day.⁷ For example, “Which dishes? (in which a favorite dish from two is chosen after presentations)” and “Stay in Countryside (in which many local Japanese dishes appear)” and “Golden Record (in which many trendy restaurants appear)” are famous in Taiwan. These TV programs inform Taiwanese about both current and authentic Japanese dishes.

Without traveling to Japan, many Taiwanese can absorb up-to-date Japanese

⁷ Many Japanese TV programs are broadcasted with Chinese subtitles in Taiwan.

related information by watching Japanese TV. As a result, many Taiwanese people can see existing Japanese trends. Hence, many Taiwanese people seldom misunderstand Japanese trends, social situations or lifestyles, which is often different to Americans and Europeans. For example, some Americans and Europeans believe that Ninja and Samurai still exist in Japan, but ordinary Taiwanese know that Ninja and Samurai no longer exist in Japan. Many Taiwanese people do not usually misunderstand trends in Japanese food items either because of the TV programs in Taiwan.

3. Japanese brands are more competitive than European and American brands in Taiwan

Japanese brands are more competitive than other countries' ones in Taiwan. For example, we can see so many food products with Japanese writing in Seven-Eleven in Taipei. In the supermarkets of SOGO or the Breeze Center in Taipei, the number of Japanese food items is very large and far higher than the number of European and American items, which is the almost same as supermarkets in Tokyo. This situation is different with other Asian countries.

In Hong Kong we can find many Japanese food (products) too, but Japanese food (products) are just ranked the same as European and American food (products) in high ranking supermarkets there. Japanese food (products) are not regarded as particularly superior to European and American food (products) in Hong Kong. In Seoul, South Korea, even in the highest status supermarket, we can only find Japanese food (products) in a closed, specific area. We rarely see Japanese written on food (products) in convenience stores in Seoul.

In addition, it is not only the number of Japanese food items in Taipei but also the frequent use of Japanese images or brands on Taiwanese food items that show the competitiveness of Japanese food brands in Taipei. For example, the packaging of

many food items in Seven-Eleven in Taiwan is similar to Japanese Seven-Eleven's one because they are designed in Japan. In addition, particular Taiwanese food items often make use of Japanese place names. For example, Taiwanese companies sometimes write "Hokkaido" on milk packaging although it was produced in Taiwan, and in the packaging for wheat noodles "Sanuki" is sometimes written.⁸ It means many Taiwanese people have a good image of these areas of Japan.

Based on the number of Japanese food items and Japanese influenced food items (Japanese characters, designs and place names written on food items), Japanese brands are most competitive in Taipei, which is different from the situation in other big Asian cities such as Hong Kong and Seoul.

2.3 Summary

In Taiwan we can find many Japanese food (products) and they are more popular and more competitive than European and American ones due to the influence of tourism to Japan and TV programs from Japan. This situation is different from other Asian countries such as South Korea and Hong Kong.

When it comes to specific items, Japanese food (products) such as rice, snacks and fishery products are popular in Taiwan according to the survey. On the other hand, for vegetables and fruit, many Taiwanese people don't pay attention to the country of origin, but they pay attention to freshness.

The popularity and competitiveness of Japanese food (products) in Taiwan are influenced by 3 factors. In particular, "Many Taiwanese people's travel experience in Japan", "Many Japanese TV programs broadcast in Taiwan" and the "Good image of Japanese brands" enormously influence them.

⁸ Hokkaido is the name of a prefecture in Japan, and Sanuki is the old name of a place in Japan.

CHAPTER 3 Importation and Distribution of Japanese Food in Taiwan

In this chapter, I mention characteristics about Japanese food item's importation figures, market share, retail price, distribution channels and systems and change in value in Taiwan in the way of specifically explaining them about representative five items (apples, peaches, pears, Japanese liquor and rice).

3.1 Explanation of Targeting Items

According to Table 3-1, “Chapter 8 (Edible Fruit and Nuts; Peel of Citrus Fruit or Melons)” had the largest share of the foods imported by Taiwan from Japan.⁹ In addition, “Chapter 19 (Preparations of Cereals, Flour, Starch or Milk; Pastry cooks' Products)” had the second largest share, and “Chapter 22 (Beverages, Spirits and Vinegar)” had the third largest share. In this chapter, I chose 5 representative items related with these 3 categories. Hence, from Chapter 8 I chose apples, peaches and pears based on importation amount.¹⁰ In addition, from Chapter 22 I chose Japanese liquor, and as a related item with Chapter 19 I chose Japanese rice because their distribution system in Taiwan is unique and I hope to explain it.

⁹ “Chapter 21 (Miscellaneous Edible Preparations)” is excluded in choosing targeting items because its contents are not clear.

¹⁰ Apples had the largest amount, and peaches and pears had the second and third largest amounts as fruits imported from Japan to Taiwan.

Table 3-1 Importation of Food Related Items from Japan to Taiwan

Unit: NTD thousand

Name of Items	2004	2005	2006	2007	2008	Average
Chapter 1 Live animals	10,903	4,112	4,894	1,342	2,278	4,706
Chapter 2 Meat and Edible Meat Offal	1,787	187	3,465	16,504	20,342	8,457
Chapter 3 Fish and Crustaceans, Molluscs and Other Aquatic Invertebrates	382,252	414,632	301,041	529,276	612,419	447,924
Chapter 4 Dairy Produce; Birds' Eggs; Natural honey; Edible Products of Animal Origin, not Elsewhere Specified or Included	44,135	57,005	70,921	80,320	58,828	62,242
Chapter 5 Products of Animal Origin, not Elsewhere Specified or Included	109,529	67,415	71,775	121,673	286,773	131,433
Chapter 6 Live Trees and Other Plants; Bulbs, Roots and the like; Cut Flowers and Ornamental foliage	138,530	97,520	94,959	75,499	98,015	100,905
Chapter 7 Edible Vegetables and Certain Roots and Tubers	272,455	345,940	435,517	441,974	527,289	404,635
Chapter 8 Edible Fruit and Nuts; Peel of Citrus Fruit or Melons	676,153	884,785	1,058,352	1,330,269	1,395,252	1,068,962
Chapter 9 Coffee, Tea, Mate and Spices	95,123	92,136	96,758	101,924	106,378	98,464
Chapter 10 Cereals	26,026	42,514	50,177	48,425	54,775	44,383
CHAPTER 11 Products of the Milling Industry; Malt; Starches; Inulin; Wheat Gluten	101,479	104,293	104,681	89,241	126,656	105,270

Table 3-1 Importation of Food Related Items from Japan to Taiwan (Continued 1)

Unit: NTD thousand

Chapter 12 Oil Seeds and Oleaginous Fruits; Miscellaneous Grains, Seeds and Fruit; Industrial or Medical Plants; Straw and Fodder	237,066	269,163	236,994	279,360	274,306	259,378
Chapter 13 Lacs; Gums, Resins and Other Vegetable Saps and Extracts	93,492	101,877	99,718	79,417	75,484	89,998
Chapter 14 Vegetable Plaiting Materials; Vegetable Products not Elsewhere Specified or Included	5,830	3,895	4,541	4,556	4,919	4,748
Chapter 15 Animal or Vegetable Fats and Oils and Their Products; Prepared Edible Fats; Animal or Vegetable Waxes	134,333	142,473	136,094	166,741	166,016	149,131
Chapter 16 Preparations of Meat, of Fish or of Crustaceans, Molluscs or Other Aquatic Invertebrates	251,290	330,606	338,799	448,660	476,785	369,228
Chapter 17 Sugars and Sugar Confectionery	205,579	270,146	279,414	285,885	323,191	272,843
Chapter 18 Cocoa and Its Preparations	216,581	282,031	315,318	320,298	299,967	286,839
Chapter 19 (1) Preparations of Cereals, Flour, Starch or Milk; Pastrycooks' Products	171	72	-	229	115	147
Chapter 19 (2) Preparations of Cereals, Flour, Starch or Milk; Pastrycooks' Products	659,409	907,579	953,066	1,134,798	1181578	967,286
Chapter 20 Preparations of Vegetables, Fruit, Nuts or Other Parts of Plants	172,802	189,408	185,833	191,701	202,963	188,541
Chapter 21 Miscellaneous Edible Preparations	1,844,198	1,973,058	2,153,416	2,419,519	2,574,905	2,193,019

Table 3-1 Importation of Food Related Items from Japan to Taiwan (Continued 2)

Unit: NTD thousand

Chapter 22 Beverages, Spirits and Vinegar	1,052,362	999,086	904,810	896,275	814,778	933,462
Chapter 23 Residues and Waste Form the Food Industries; Prepared Animal Fodder	337,315	311,712	331,810	464,333	424,725	373,979

Note: "Average" means average amount of 5 years (from 2004 to 2008).

Source: Ministry of Finance, Directorate General of Customs, Importation Statistics,

<http://web.customs.gov.tw/mp.asp?mp=1>.

3.2 Importation and Distribution of Japanese Apples in Taiwan

99% of apples' supplied in Taiwan are imported. Before Taiwan's participation in the WTO in 2002, Apple importation was carried out under a tariff quota system, but liberalization of trade was permitted for apples in 2002. As a result, the price of importing apples was reduced, and the amount of imported apples has increased. On the other hand, the amount of apple production in Taiwan has decreased (Table 3-2). 99% of apples in Taiwan were imported, and 95% of them were fresh apples, which amounted to around 116,000 tons.

Table 3-2 Transition of Apples' Supply in Taiwan

Unit: Ton

Item	Year	2004	2005	2006	2007	2008
Apples	Domestic Production	6,494	5,801	5,930	5,953	4,163
	Importation	124,264	145,655	126,720	132,281	138,479
	Exportation	1,325	1,792	1,434	1,779	2,106
	Total Supply of Apples in Taiwan	129,433	149,664	131,216	136,456	140,536

Source: Council of Agricultural, Executive Yuan, *Year Book of Agricultural Ministry*,

<http://agrapp.coa.gov.tw/TS2/TS2Jsp/Index.jsp>.

Japanese fresh apple imports have increased in Taiwan since 2002. They took a 20% share of total fresh apples imported in 2007. Japan is one of the major countries exporting fresh apples into Taiwan, behind the U.S. and Chile (Table 3-3; Figure 3-1). However, the strong yen rate since 2008 has reduced the quantity of imported Japanese apples.

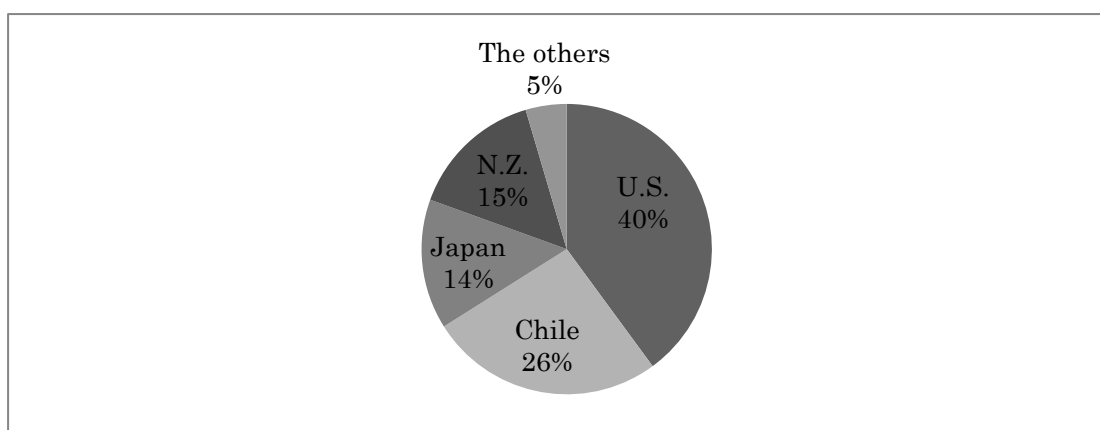
In Taiwan we can see fresh apples in all seasons because Taiwanese importers deal with many kinds of apples from all over the world. They import American apples from October to January, import Japanese ones from November to March, import New Zealand's ones from March to June, and import Chilean ones from June to September. The Apple season is different in every area, and Taiwanese importers make use of it. Japanese apples and American ones are supplied in the same season (from November to January), but their demand is different. Japanese apples are bigger and are higher quality than American ones. Hence, Japanese ones have a different demand and market to American ones. In particular, Japanese ones tend to be bought as gift during Chinese New Year. American ones, which are cheaper than Japanese ones, are bought to be eaten at home (2009, Esumi).

Table 3-3: Taiwan's Apple Imports Amount by Country

Unit: Ton

Item (CCC Code)	Year	2004	2005	2006	2007	2008
Fresh Apple (0808.10-0000)	U.S.	63,007	54,619	42,355	43,140	46,710
	Chile	20,756	33,748	40,298	33,429	35,287
	Japan	10,416	15,143	17,822	24,034	23,152
	N.Z.	17,348	24,969	13,994	17,286	19,703
	Other Countries	5,301	8,915	3,216	3,858	7,298
	Amount	116,828	137,394	117,685	121,747	132,150
	Japanese Share	9%	11%	15%	20%	18%

Source: Same as Table 3-1.



Source : Same as Table 3-2.

Figure 3-1: Apple's Importation Share by Country—2004~2008

According to Taiwanese importers, big Japanese types of fresh apples such as “Mutsu” and “Sekaiichi” used to be popular 10 years ago. However, nowadays “Fuji” and “San fuji”, which are higher quality, are more popular than them. Currently over 60% of apples imported from Japan are Fuji and San fuji.

Table 3-4: Prices and Selling Sites of Fresh Apples in Taiwan

Producing Area	Price (NTD)	Brand · Size	Place	Type of the Place
Japan (Aomori)	150-168	Fuji · big	Sogo · Tianmu	Department store
Japan (Aomori)	139-159	Mutsu · big	Jasons · Taipei101	Supermarket
Japan (Aomori)	73-94	Fuji · Medium	Mitsukoshi · Xinyi	Department store
Japan (Aomori)	89	Fuji · Medium	Matsusei · Zhongshanguozhong	Supermarket
U.S. (Washington)	39	Fuji · Medium	RT-mart · Badulu	Mass retailer
U.S. (Washington)	29	Fuji · Small	RT-mart · Badulu	Mass retailer
U.S. (Washington)	15	Fuji · Small	RT-mart · Badulu	Mass retailer
U.S.	10	Granny smith · small	Carrefour · Sindian	Mass retailer
South Korea	49	Fuji · Medium	Matsusei · Zhongshanguozhong	Supermarket
South Korea	79	Fuji · Big	Jasons · Taipei101	Supermarket
N.Z.	40	Fuji · Medium	Carrefour · Sindian	Mass retailer
N.Z.	29	Fuji · Small	RT-mart · Badulu	Mass retailer

Note: This survey was carried out in the winter of 2009.

An investigation of the supply chain or distribution of Japanese fresh apples in Taiwan (Figure3-2) shows traditional market and department stores in Taiwan mainly purchase Japanese fresh apples through intermediate wholesalers. They tend to deal with high class, expensive fresh apples such as Japanese ones. On the contrary, supermarkets and mass retailers in Taiwan tend to purchase apples directly from importers because they do not focus on high class fresh apples, and want cheaper apples to sell. As a result, Japanese fresh apples are usually sold in traditional markets and department stores, and other cheaper apples are mainly sold in supermarkets and mass retailers.¹¹ It reflects that targeted customer segments are different between those retail spots.

In the Taiwan's fruit distribution, intermediate wholesalers have immense power. Over 70% of imported fresh apples are distributed through intermediate wholesalers because they actually control the distribution of fruit and vegetables in Taiwan. They have very large distribution channels from traditional market to department stores, and they tend to sell on a commission basis.¹² Intermediate wholesalers deduct their commission from revenues, and return the remaining money to importers. Other imported fruits such as peaches, pears and grapes also have the same distribution system.

Wholesale markets in Taiwan mainly sell domestic fruit and vegetables. We can see some imported fruit and vegetables there, but they are unsold stock or irregular sized fruit from other places. Hence, wholesale markets are not the main distributing route for imported Japanese fruit in Taiwan.

¹¹ In the gift season such as Chinese New Year supermarkets and mass retailers in Taiwan also sell expensive Japanese apples.

¹² In the case of fruit importation, importers tend to have stocks in Taiwan. Hence, fruit importers have higher risk in Taiwan.

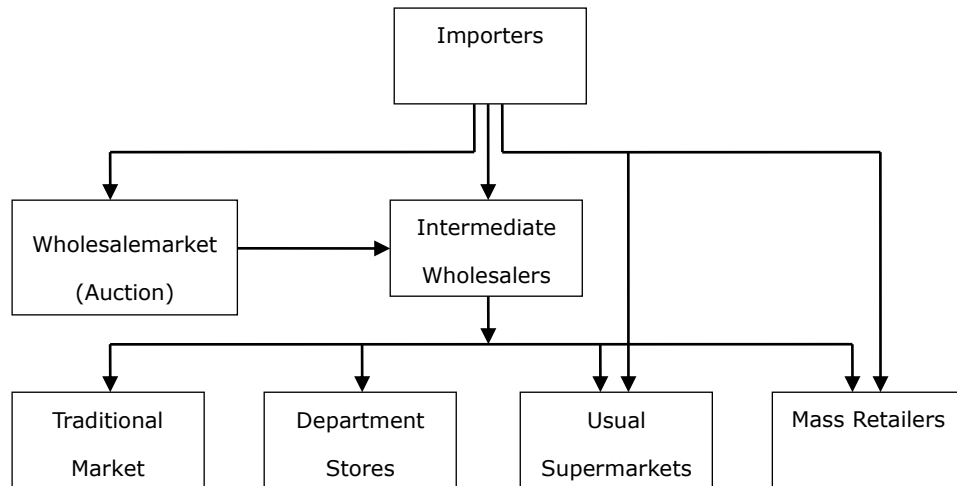


Figure 3-2: Fresh Apple's Distribution Channels and System in Taiwan

The retail price of Japanese fresh apples becomes double the imported price (Table 3-5). The profits of both importers and intermediate wholesalers are 5~15%, but importers take a higher risk because they have to keep stock. The profits of retailers are 30~40%. It seems to be very high, but they have bigger expenses for advertising and infrastructure such as stores or buildings.

Table 3-5: The Change of Japanese Apple's Value in Every Distribution Channel

Supply Chain	Added Cost	Change of Value
Port of Taiwan	(CIF Price)	100%
Importer (First Cost)	Tariff + Business Tax + Custom Operation Cost (Forwarding Agent Charge + Plant Quarantine + Pesticide Residue Examination)	130% (Tariff: 20% + Business Tax : 5% + Customs Clearance Cost)
Intermediate Wholesaler (First Cost)	Profit of Importer: 5~15%	137~150 %
Retailer (First Cost)	Profit of Intermediate Wholesaler : 5~15%	144~173 %
Retail Price	Profit of Retailer : 30~40%	187~242 %

3.3 Importation and Distribution of Japanese Peaches in Taiwan

When it comes to Japanese fruit, amount of Japanese peaches importation to Taiwan is the second largest after Japanese apples. 56% of Taiwan's peach supply depends on imports. Imported peaches include not only original peaches but also nectarines. They are sometimes regarded as different fruits on trading because nectarines do not have trichome or small hairs on peel, but they are only varieties of the same kind of fruit and have similar taste. Therefore the importation figures for peaches in Table 3-6 include both peaches and nectarines. In 2008, around 22,000 tons of nectarines and 12,000 tons of original peaches were imported.

Table 3-6: Transition of Peaches' Supply in Taiwan

		Unit: Ton				
Item	Year	2004	2005	2006	2007	2008
Peach	Domestic Production	29,482	25,468	28,508	28,435	29,329
	Importation	43,904	44,955	38,537	42,069	37,501
	Exportation	41	2	3	5	1
	Amount of Domestic Supply	73,345	70,421	67,042	70,499	66,828

Source: Same as Table 3-2.

The Japanese peaches had very small share of total fresh peach importation into Taiwan (Table 3-7; Figure 3-3).¹³ The United States had the biggest share of fresh peach imports which was about 90%. American peaches are popular in the Taiwanese society, but Japanese ones are not so popular in Taiwan now.

Peaches are seasonal fruit and the domestic peaches are supplied from April to

¹³ In this case nectarines are excluded.

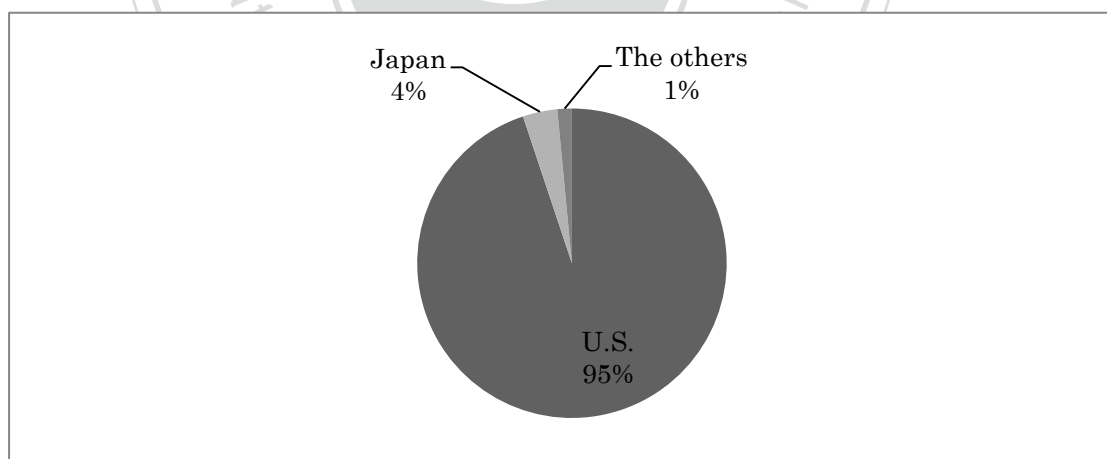
September in Taiwan, while the American ones are supplied from May to October. In addition, the Japanese peaches are supplied from July to September and the Chilean ones are supplied from January to March in Taiwan. Hence we can buy peaches in every season in Taiwan.

Table 3-7: Taiwan's Peach Imports Amount by Country

Unit: Ton

Item (CCC Code)	Production Area	2004	2005	2006	2007	2008
Fresh Peach except Nectarine (0809.30-0010)	U.S.	11,969	11,251	10,251	11,929	11,589
	Japan	362	654	360	387	406
	Chile	195	81	142	118	76
	Australia	89	102	40	12	10
	The others	16	14	9	3	1
	Amount	12,632	12,102	10,802	12,449	12,081
	Japanese Share	3%	5%	3%	3%	3%

Source: Same as Table 3-1.



Note: This share is calculated based on the amount of peaches imported from 2004 to 2008 (60,066 tons).

Source: Same as Table 3-1.

Figure 3-3: Peach's Importation Share by Country—2004~2008

The Japanese peaches are big, high quality and expensive, and the market for Japanese peaches in Taiwan is different to American one (Table 3-8). Japanese peaches tend to be bought by rich people or bought for gifts.

The distribution system for imported peaches is the same as that for apples (Figure 3-2). 70% of imported peaches are distributed from importers to traditional markets and department stores through intermediate wholesalers. 30% of imported peaches are directly distributed from importers to supermarkets and mass retailers. Japanese peaches are very expensive and are mainly sold for gifts in high class department stores as well as in individual retail shops in the traditional markets. It is not bought for everyday consumption by ordinary Taiwanese people.

Table 3-8: Prices and Selling Sites of Peaches in Taiwan

Area of Production	Retail Price (NTD)	Brand · Size	Retail Place	Type of Retailer
Japan · Yamagata	200-250	White peach · Big size	Sogo · Tianmu	Department store
Japan · Yamagata	275	White peach · Big size	Jasons · Taipei 101	Supermarket
Taiwan · Lishan	38-60	White peach · small size	Jasons · Taipei 101	Supermarket
U.S. · California	35-59	White peach · medium size	Jasons · Taipei 101	Supermarket
U.S. · California	29-35	White peach · small size	Jasons · Taipei 101	Supermarket

Note: This survey was carried out in October of 2009.

Looking at the changes in Japanese peaches value in every distribution channel (Table 3-9), the retail price is more than double the imported price. Japanese peaches are mainly imported not by ship but by air cargo because they rot easily. On the other hand, American ones can be kept for relatively long periods as a result of breed

improvements. It can be imported by ship. Currently many Taiwanese importers regard importation of Japanese peaches as a high risk business because they go bad quickly and importers cannot change customers if their orders are cancelled. As a result, relatively small importers tend to import Japanese peaches, and big importers do not tend to deal with them. If Japanese peaches could be kept longer as a result of breed improvements, more Taiwanese importers would trade them. It could contribute to growth of Japanese peach's market share in Taiwan.

Table 3-9: The Change of Japanese Peaches' Value in Every Distribution Channel

Supply Chain	Added Cost	Change of Value
Port of Taiwan	(CIF Price)	100 %
Importer (First Cost)	Tariff + Business Tax + Custom Operation Cost (Forwarding Agent Charge + Plant Quarantine + Pesticide Residue Examination)	130 % (Tariff:20% + Business Tax : 5% + Customs Clearance Cost)
Intermediate Wholesaler (First Cost)	Profit of importer: 10~15%	143~150 %
Retailer (First Cost)	Profit of Intermediate Wholesaler : 10~15%	157~173 %
Retail Price	Profit of Retailer : 30~40%	204~242 %

3.4 Importation and Distribution of Japanese Pears in Taiwan

Imported pears only occupy 8 % of the total pear market in Taiwan (Table 3-10). Annually, around 12,000 tons of pears which include 2,000 tons of Western pears and 10,000 tons of Eastern pears are imported. Domestic production occupies the largest share. Imported pears are mainly bought as gifts for mid-autumn harvest festival.

Table 3-10: Transition of Pears' Supply in Taiwan

Unit: Ton

Item	Year	2004	2005	2006	2007	2008
Pears	Domestic Production	124,873	113,183	126,628	150,429	138,381
	Importation	12,660	11,982	11,720	11,811	11,736
	Exportation	5	7	29	98	70
	Total Supply of Pear in Taiwan	137,528	125,158	138,319	162,142	150,047

Source: Same as Table 3-2.

Importation of fresh pears is carried out under a tariff-quota system. Initially, after Taiwan's accession to the WTO in 2002, customs duty on pears was 18% until 4,900 tons pears were imported in a year, and NTD 58 per kg was applied as customs duty for pear imports over 4,900 tons. Later in 2004 this system was changed, and customs duty was still 18%, but it was applied until 9,800 tons were imported in a year. NTD 49 per kg was applied as customs duty for pear imports over 9,800 tons (Sato, 2011). This system is still same today.

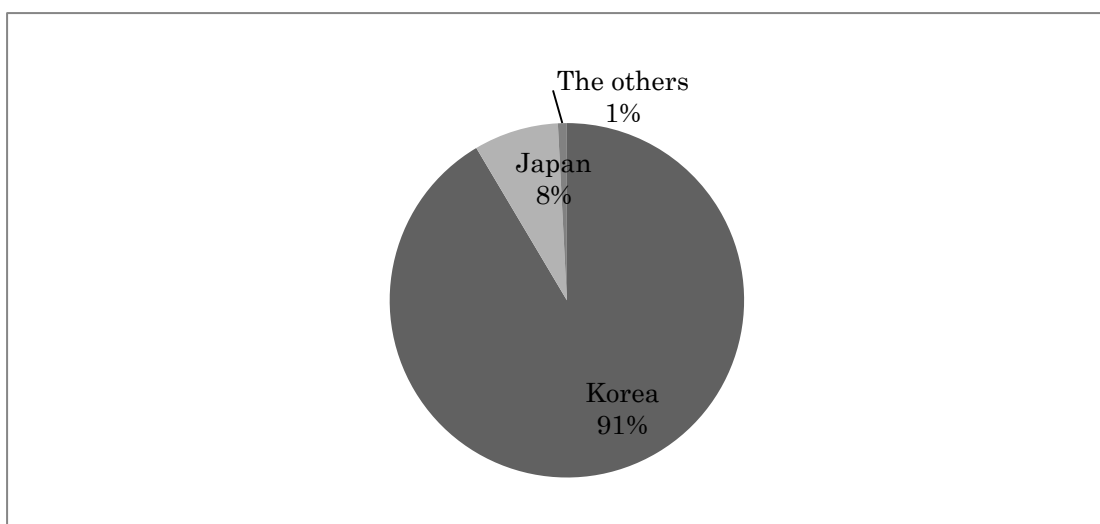
In 2008 Korean pears occupied over 90% share of the total pear's importation, while the Japanese pears share was just a few percent (Table 3-11 and Figure 3-4).

Table 3-11: Taiwan's Pear Imports Amount by Country

Unit: Ton

Item (CCC Code)	Importation Area	2004	2005	2006	2007	2008
Fresh Pears (0808.20-1900)	South Korea	8,506	8,870	9,751	9,116	9,051
	Japan	1,155	819	465	818	570
	Chile	12	73	116	55	70
	The Others	32	40	0	0	0
	Amount	9,706	9,803	10,333	9,990	9,692
	Japanese Share	12%	8%	5%	8%	6%

Source: Same as Table 3-1.



Note: This share is calculated based on the amount of pears imported from 2004 to 2008 (49,524 tons).

Source: Same as Table 3-1.

Figure 3-4: Pear's Importation Share by Country—2004~2008

The main reason why Korean pears have the biggest market share in Taiwan is the competitiveness of its price. Japanese pears cannot compete with Korean pears on price because the price of Japanese pears is twice as high as the price of Korean ones (Table 3-12), but the appearance of both is similar.¹⁴ In addition, not only quality improvement of Korean pears but also the depreciation of the Korean won supported the importation of Korean pears into Taiwan, too.

Imported Japanese pears are bought for gifts or used for offerings to ancestral spirits, while the domestic pears are bought for regular household consumption. 70% of Japanese pears are distributed by importers to traditional markets through intermediate wholesalers.¹⁵ 30% are directly distributed from importers to department stores and high class supermarkets.

¹⁴ In the case of apples or peaches, Japanese ones are obviously different because they are far bigger than foreign ones.

¹⁵ Traditional markets include individual managed specialist fruit stores.

Table 3-12: Prices and Selling Sites of Pears in Taiwan

Production Area	Retail Price (NTD)	Brand · Size	Retail Place	Type of Retailer
Japan · Saitama	440	Kousui · Big size	Sogo · Tianmu	Department
Japan · Tottori	298	Kousui · Medium size	Sogo · Tianmu	Department store
Japan · Tottori	175-220	20 Century pear · Medium size	Jasons · Taipei 101	Supermarket
Taiwan · Taichung	167-217	Singaoli · Big size	Jasons · Taipei 101	Supermarket
Taiwan · Taichung Lishan	105	Housui · Medium size	RT-mart · Badulu	Mass retailer
Taiwan · Taichung	69-99	New Century pear · Medium size	Matsusei · Zhongshanguozhong	Supermarket
Korea	200	Singaoli · Big size	Jasons · Taipei 101	Supermarket
Korea	150	Water pear · Big size	Jasons · Taipei 101	Supermarket
Korea	58	Singaoli · Medium size	RT-mart · Badulu	Mass retailer

Note: This survey was carried out from September to October of 2009.

Analysis of the change in the Japanese pear's value in every distribution channel (Table 3-13) shows the retail price is more than double the imported price. On the other hand, the Korean pear has been more competitive in recent years, and Japanese pears are required to cut their price, which would result in increase in its market share in Taiwan.

Table 3-13: The Change of Japanese Pear's Value in Every Distribution Channel

Supply Chain	Added Cost	Change of Value
Port of Taiwan	(CIF Price)	100 %
Importer (First Cost)	Tariff + Business Tax + Custom Operation Cost (Forwarding Agent Charge + Plant Quarantine + Pesticide Residue Examination)	130 % (Tariff: 18% + Business Tax : 5% + Customs Clearance Cost)
Intermediate Wholesaler (First Cost)	Profit of Importer: 20%	156 %
Retailer (First Cost)	Profit of Intermediate Wholesaler : 10~15%	172~179 %
Retail Price	Profit of Retailer : 30~40%	224~251 %

3.5 Importation and Distribution of Japanese Liquor in Taiwan

When importing Japanese liquor into Taiwan, high tariffs are the biggest problem to be resolved. Currently, a 40 percent tariff is applied when Japanese liquor is imported into Taiwan. After tariffs, profits and costs of transportation are added, the retail price of Japanese liquor in Taiwan will be more than twice as high as that in Japan. Therefore, many kinds of Japanese liquor are only sold in high ranking department stores and exclusive restaurants in Taiwan.

In addition, it is vital to differentiate between Japanese liquor and “YuQuan (玉泉)”. YuQuan, which is Japanese liquor made by the Taiwan tobacco and liquor cooperation, only costs around NTD 150 per 600ml, and is much cheaper than the original price of Japanese liquor in Japan. Hence, although cheap Japanese liquor is imported into Taiwan, they have difficulty in being competitive with YuQuan. Japanese liquor has to have some other non-price advantages. For example, local Japanese liquor obviously has a much higher quality when compared to YuQuan although it is more expensive.

Japanese liquor has a characteristic of boosting the delicious taste of food when drunk with a meal. However, many Taiwanese do not have the custom of drinking alcohol with meals. When Taiwanese people hold parties, of course they enjoy both food and alcohol. But, when they enjoy usual dinner alone or with their family, many Taiwanese people do not eat food with alcohol. For example, if we go to hot pot restaurants in Taipei, almost all the customers do not drink alcohol. Even if we find one or two people drinking beer there, they could be Japanese or Korean. Hence, the fact that Japanese liquor boosts the delicious taste of food is rarely realized by Taiwanese because of their usual eating habits.

When promoting Japanese liquor in Taiwan, it is important to let more Taiwanese people know about the Japanese liquor's characteristics as described above. For example, it could be effective to hold a campaign of eating with drinking Japanese liquor at Japanese restaurants in Taipei.

With regards to the distribution of Japanese liquor in Taipei, some Taiwanese importers have immense power (Table 3-14). They have strong cooperative relationships with each Japanese liquor association in which many Japanese liquor makers participate. These Taiwanese importers basically import just from their cooperating Japanese associations. Hence, if a Japanese liquor maker wants to trade with Long Star Food & Material Co., Ltd, it is required to join the Japan prestige sake association (Matsuzaki, 2011).

Recently new Taiwanese importers have tried to import Japanese liquor by their own route without going through Japanese liquor associations written in Table 3-14. However, they just trade only a few items, and still have difficulty in selling their Japanese liquor to Japanese restaurants in Taipei because many Japanese restaurants usually like to trade with a importer preparing many kinds of Japanese liquor.

Table 3-14: Relationship between Taiwanese Importers and Japanese Associations regarding Japanese Liquor

Taiwanese Importers	Japanese Associations	The Number of Companies Participating Association
Long Star Food & Material Co., Ltd	Japan Prestige Sake Association	Around 120
Creation food Co., Ltd	Japan Meisyu Club	Around 10
USE Electronics Co., Ltd	Japan Jizake Cooperative	Around 35

Source: Website of each association.

The Taiwanese importers listed in Table 3-14 have strong connections with exclusive department stores and high class Japanese restaurants in Taiwan, and play an important role in distributing Japanese liquor in Taiwan.

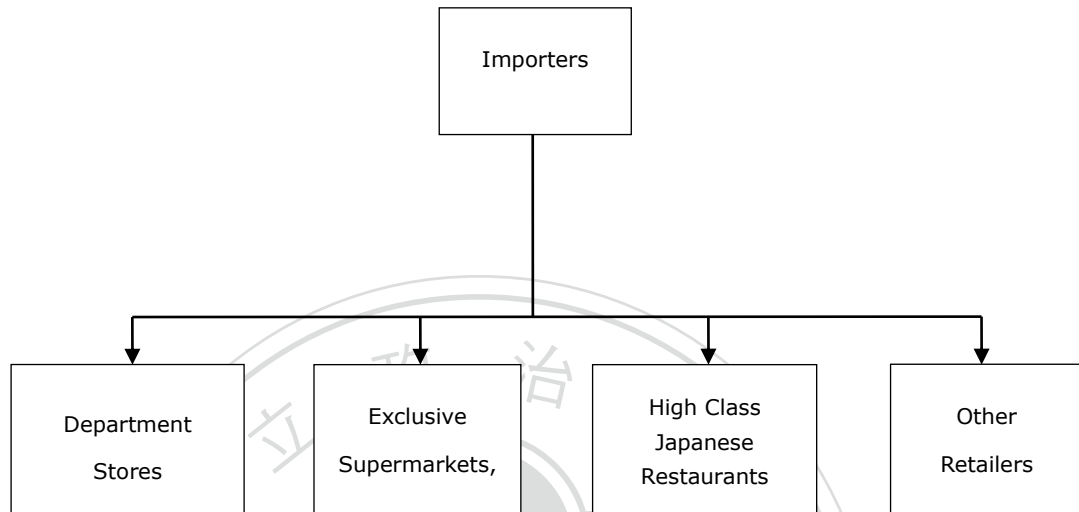


Figure 3-5: Japanese Liquor's Distribution Channels and System in Taiwan

Finally, I believe that changing the image of Japanese liquor is crucial. Nowadays some bottles of wine are as expensive as Japanese liquor in Taiwan, but they are selling better than Japanese liquor in Taiwan. This situation is due to the positive image of fine wines among Taiwanese people. In Taiwan the wine boom has heated up and young women and rich people especially tend to regard wine as a stylish and fashionable drink. First of all Japanese liquor boom is expected in Taiwan for the purpose of expanding its consumer base.

3.6 Importation and Distribution of Japanese Rice in Taiwan

Japanese rice is imported into Taiwan under a tariff-quota system, which started in 2003. 144,720 tons of rice is imported into Taiwan every year under the tariff-quota

system. Taiwan government imports 65% of total tariff-quota amount (94,068 tons), and private sector imports 35% of total tariff-quota amount (5,652 tons) per year. The rice's import ceiling for private sector is sold at auction hosted by Taiwan government, and companies which hope to bid for it are required to show key money per 1 kg of importation for rice. In descending order of the key money the rice's import ceiling is allocated to several companies. The auction is held 3 to 4 times per year. Rice's importation over the tariff-quota amount is subject to NTD 45 per 1 kg as a custom duty.

In addition, usually imported Japanese rice is stored by importers or wholesale distributors in Taiwan because many retailers in Taiwan such as exclusive supermarkets do not have enough space of storage. It is usual for rice's wholesale distributors to deliver rice by the 10 kg based on retailers' order.

Retailers for Japanese rice are categorized as 3 groups (exclusive supermarkets, common supermarkets for ordinary people and mass retailers, and exclusive Japanese restaurants). Rice's distribution channels and system in Taiwan are shown as Figure 3-6. Every retailer has own characteristics as described following.

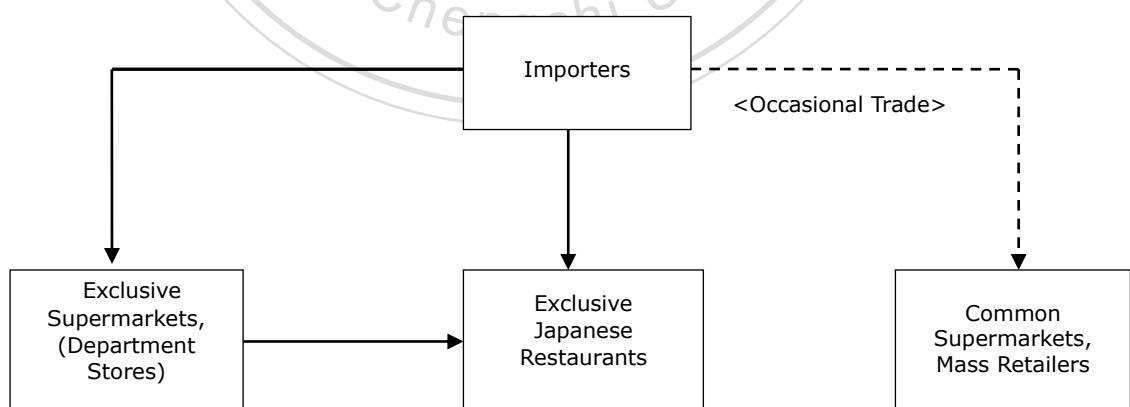


Figure 3-6: Japanese Rice's Distribution Channels and System in Taiwan

Exclusive supermarkets always deal with many kinds of Japanese rice, and most of them are superior and quality rice.¹⁶ They tend to be sold by the 2 kg bags, and one bag costs from NTD 450 to NTD 800. In exclusive supermarkets some Japanese local governments such as Hokkaido, Akita, Yamagata and Shimane prefecture tend to hold an event to promote their own brands of rice every year. Especially they focus on promotion for newly harvested rice. In addition, rice produced in Miyagi, Niigata, Toyama, Ishikawa, Fukui, Gifu, Kyoto, Hyogo, Mie and Tokushima prefecture is also sold in exclusive supermarkets. About 40 brands of Japanese rice are sold in exclusive supermarkets in Taiwan. Some brands of rice are just sold in a particular supermarket, which differentiates each exclusive supermarket in Taiwan.

In the other hand, common supermarkets for ordinary people and mass retailers just deal with Japanese rice as their occasional commercial item. They deal with Japanese rice only when they can purchase it cheaply for some reasons. In 2009 Matsusei supermarket, which is a common supermarket for ordinary people in Taipei, sold Japanese rice harvested in Yamaguchi prefecture, which only cost NTD 300 around for a 2kg bag. That price is much cheaper than the price of Japanese rice sold in exclusive supermarkets in Taipei. It means that common supermarkets for ordinary people and mass retailers are not able to deal with Japanese rice for the same price as exclusive supermarkets in Taipei. Hence, price for exclusive supermarkets does not match the price for everyday consumption of ordinary people in Taipei, and common supermarkets for ordinary people and mass retailers cannot adopt such price. As a result, they mainly deal with reasonable Taiwanese rice.¹⁷

Some exclusive Japanese restaurants in Taiwan have unique access to rice producers in Japan. For example, a Japanese sushi restaurant in Taipei imports

¹⁶ Exclusive supermarkets mean City Super, Jasons and supermarkets located in Breeze Center or SOGO.

¹⁷ It is sold by the 3 or 5 kg bags.

“Koshiibuki” from Niigata prefecture in Japan. Its brand of rice is not dealt with exclusive supermarkets, common supermarkets and mass retailers in Taiwan. Hence, the restaurant uniquely imports it or asks a rice buyer to import it as its special order. In fact a particular rice buyer imports some brands of rice not for exclusive supermarkets but for exclusive Japanese restaurants.

Every breed of Japanese rice has the characteristic, for example breed A is good for fried rice, and breed B is good for porridge. Some Japanese rice producers write better way to cook their rice in the bag to let consumers know it. However, many Taiwanese consumers do not mind it. They choose Japanese rice not by how to use it but by their image to the production area. Hence, they tend to choose Japanese rice come from their favorite prefectures or their traveling areas. As a result, exclusive supermarkets in Taiwan had better deal with many breeds of Japanese rice come from many prefectures because Taiwanese consumers tend to change their buying rice when they are interested in other sightseeing areas in Japan.

3.7 Summary

After discussing the importation and distribution of apples, peaches, pears, Japanese liquor and rice from Japan, we know that each item has its own characteristic. When it comes to apples, over 60% of the apples imported from Japan are either Fuji or San Fuji. Japanese apples are imported in winter, which is the same as American apples, but their target customers are different. Big and expensive Japanese apples are sold in high ranking department stores and exclusive supermarkets in Taiwan, and they are mainly bought for gifts in Taiwan. Conversely, American apples are mainly bought for everyday consumption.

In terms of distribution, expensive and high quality fruit is sold in individual

managed retail shops as well as high ranking department stores in Taiwan. It is typical that Taiwanese people tend to buy expensive fruit in individual managed retail shops, too. It means some individual managed retail shops are regarded as high status in Taiwanese society.

When it comes to Japanese peaches, the distribution system is the same as other fruit such as apples and pears. On the other hand, many Taiwanese importers regard importation of Japanese peaches as a high risk business because they deteriorate rapidly and importers cannot change customers if their orders are cancelled. As a result, relatively small importers tend to import Japanese peaches, while big importers do not tend to deal with them.

Importation of fresh pears is carried out under a tariff-quota system. After 2002 (Taiwan's accession to the WTO), customs duty on pears became 18%. But if their importation is over 9,800 tons a year, NTD 49 per kg is applied as customs duty. Under these circumstances, South Korean took over 90% of the market share, while Japan had just a few percent share. This situation was caused by depreciation of the Korean Won, and the significantly cheaper prices of Korean pears in Taiwan. Korean and Japanese pears tend to be used for gifts, while Taiwanese pears tend to be bought for regular household consumption.

When it comes to Japanese liquor (sake), the high tariff is the biggest problem to be resolved. Currently, a 40 percent tariff is applied when Japanese liquor is imported into Taiwan. After the tariff, profits and costs of shipping are considered, the retail price of Japanese liquor in Taiwan is more than two to three times as high as that in Japan. As a result, Japanese liquor is very expensive in Taiwan and many kinds of Japanese liquor are sold in high class department stores and exclusive restaurants. In addition, it is important to differentiate Japanese liquor from YuQuan, which is a

reasonable Japanese liquor made in Taiwan.

In the distribution of Japanese liquor in Taipei, some Taiwanese importers have great power. They have strong connections with exclusive department stores and high class Japanese restaurants, and play an important role in distributing Japanese liquor in Taiwan.

Japanese rice is imported into Taiwan under a tariff-quota system, which started in 2003. The rice's import ceiling for private sector is sold at auction hosted by Taiwanese government, and it is allocated to several companies. Rice's importation over the tariff-quota amount is subject to NTD 45 per 1 kg as a custom duty. Retailers for Japanese rice are categorized as 3 groups (exclusive supermarkets, common supermarkets for ordinary people and mass retailers, and exclusive Japanese restaurants). Although exclusive supermarkets sell Japanese rice all year round, common supermarkets for ordinary people and mass retailers just occasionally deal with Japanese rice. They just sell Japanese rice only when they can purchase it cheaply for some reasons. On the other hand, some exclusive Japanese restaurants in Taiwan have unique access to rice producers in Japan or ask a rice buyer to import their favorite breed of rice as their special request.

CHAPTER 4 Japanese Food

Companies in Taiwan

In this chapter I discuss the situation for Japanese food companies in Taiwan. Firstly, I make use of comprehensive data about Japanese people and Japanese food related companies in Taiwan. I mention tendencies in the Japanese food business when analyzing this data. Secondly, I mention the characteristics and unique factors in doing business successfully in the food service industry in Taiwan, which are based on knowledge from Japanese people in charge of management of Japanese food service companies in Taiwan. Taiwan is a pro-Japan area, and some Japanese people who plan to expand their business in Taiwan tend to regard Taiwan's business circumstances as the same as Japan. However, based on the knowledge of Japanese people actually doing business in Taiwan, there are many differences between Taiwanese habits, customs, tastes and senses and Japanese ones.

4.1 Japanese Nationals in Taiwan

According to Table 4-1, there were more than 20,000 Japanese people resident in Taiwan in 2009 which is not an insignificant amount. Taipei has the most Japanese residents with 56.4% (11,458 people). Only 9 % (1845 people) live in Kaohsiung city, and 8% (1612 people) live in Taichung city. The other cities had less. Hence, Japanese people usually start their businesses in Taipei, and many Japanese food service businesses are also started in Taipei, too.

Table 4-1: Japanese Nationals in Taiwan

Unit: Number of people

		Long Stay Visitors	Permanent Residents	Amount
Hsinchu City	Male Female Amount	604 227	2 8	606 235 841
Keelung City	Male Female Amount	36 32	9 4	45 36 81
Shinpei City	Male Female Amount	761 712	114 145	875 857 1,732
Taipei City	Male Female Amount	6,514 4,416	197 331	6,711 4,747 11,458
Taichung City	Male Female Amount	929 550	52 81	981 631 1,612
Tainan City	Male Female Amount	507 212	42 63	549 275 824
Kaohsiung City	Male Female Amount	1,037 522	125 161	1,162 683 1,845
Hualien City	Male Female Amount	38 18	7 2	45 20 65
Yilan City	Male Female Amount	40 38	2 5	42 43 85
Changhua City	Male Female Amount	65 29	12 12	77 41 118
Hsinchu City	Male Female Amount	138 57	9 10	147 67 214
Taoyuan City	Male Female Amount	598 244	40 56	638 300 938

Table 4-1: Japanese Nationals in Taiwan (Continued)

Nantou City	Male	37	4	41
	Female	9	5	14
	Amount			55
Miaoli City	Male	40	1	41
	Female	15	7	22
	Amount			63
Yunlin City	Male	86	3	89
	Female	15	3	18
	Amount			107
Chiayi City	Male	55	15	70
	Female	29	20	49
	Amount			119
Taitung City	Male	15	1	16
	Female	11	1	12
	Amount			28
Pingtung City	Male	47	13	60
	Female	31	10	41
	Amount			101
Penghu City	Male	5	1	6
	Female	8	0	8
	Amount			14
All Amount	Male	11,552	649	12,201
	Female	7,175	924	8,099
	Amount			20,300

Source: Ministry of Foreign Affairs Japan, *Annual Report of Statistics on Japanese Nations Overseas—2010*.

4.2 Outline of Japanese Food Companies in Taiwan

There are many Japanese companies which have already invested in Taiwan. There are also many Japanese food companies which have already expanded their businesses as shown in Table 4-2. Because the Japanese population is decreasing, more Japanese food related companies focus on Taiwan as their potential market. Many food service companies particularly have come to Taiwan recently.

Table 4-2: Japanese Companies Related with Food in Taiwan

Form of Company	Name of Company	Address
Joint Venture	Yakult Co., Ltd. Taiwan	3F., No.261, Songjiang Rd., Zhongshan Dist., Taipei City 104
Joint Venture	Yilin Kibun Corporation	No.13, Aly. 1, Ln. 317, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City 241
Joint Venture	Sun merry Foods Co.,Ltd.	No.13, Ln. 12, Sec. 2, Dunhua S. Rd., Da' an Dist., Taipei City 106
Joint Venture	King Car Otsuka Co.,Ltd	1F., No.97, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103
Joint Venture	Taiwan Morinaga Co.,Ltd	No.22, Sec. 2, Zhongyang S. Rd., Beitou Dist., Taipei City 112
Local Company	Mos Food Industry Corp.	No.61, Guangxing St., Shulin Dist., New Taipei City 238
Local Company	Ajinomono Taiwan Ing.	15F., No.178, Fuxing N. Rd., Songshan Dist., Taipei City
Local Company	Taisho Pharmaceutical (Taiwan) Co.,LTD.	6F., No.240, Minsheng W. Rd., Datong Dist., Taipei City 103
Branch	Fanci Taiwan Co.,Ltd	#C, 12F., No.31, Sec. 1, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 100
Branch	Taiwan Shokken Co.,Ltd	1F., No.1, Huimin St., Nangang Dist., Taipei City 115
Local Company (No Head Office in Japan)	Taiwan Central Fishery CO., LTD.	#1, 11F., No.21, Guangfu S. Rd., Songshan Dist., Taipei City 105
Joint Venture	Taiwan Koikeya Co.,Ltd	3F., No.132, Sec. 3, Minquan E. Rd., Songshan Dist., Taipei City 105,
Joint Venture	Mizuho Shuzo Co.,Ltd	#1, 5F., No.5, Ln. 271, Nong' an St., Zhongshan Dist., Taipei City 104
Branch	Henme Chemical Industrial Co.,Ltd	No.5, Lugong Rd., Lukang Township, Changhua County 505
Local Company (No Head Office in Japan)	Japanese Restaurant Shichigosan	1F., No.4, Sec. 1, Chang' an E. Rd., Zhongshan Dist., Taipei City 104
Local Company	Taiwan Calpis Co.,Ltd	3F., No.125, Songjiang Rd., Zhongshan Dist., Taipei City 104

Table 4-2: Japanese Companies Related with Food in Taiwan (Continued 1)

Local Company	Taiwan Kirin Co.,Ltd	4F., No.248, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104
Representative Office	Asahi & Mercury Co.,Ltd	4F., No.140, Sec. 4, Chongqing N. Rd., Shilin Dist., Taipei City 111
Local Company	Suntory Taiwan Limited	3F., No.363, Sec. 2, Fuxing S. Rd., Da' an Dist., Taipei City 106
Local Company	Chitaka International Foods Inc.	#2, 11F., No.52, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City
Joint Venture	An Shin Food Services Co.,Ltd.	8F., No.156-1, Songjiang Rd., Zhongshan Dist., Taipei City 104
Local Company (No Head Office in Japan)	Use Electronics Co.,Ltd	20F., No.85, Sec. 1, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 100,
Joint Venture	Taiwan Otsuka Pharmaceutical Co.,Ltd	11F., No.378, Fuxing N. Rd., Songshan Dist., Taipei City 105
Local Company	Kyowa Hakko Kirin (Taiwan) Co.,Ltd.	16F., No.44, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104
Local Company	Taiso Commerce Inc.	10F., No.68, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104
Local Company	Nippon Meat Packers (Taiwan)	#A, 10F., No.138, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan
Local Company	Lotte Taiwan Co.,Ltd.	#A2, 6F., No.16, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 105
Representative Office	Meiji Co.,Ltd.	26F., No.161, Songde Rd., Xinyi Dist., Taipei City 110
Branch	Yamazaki Baking Co.,Ltd.	#1, 5F., No.148, Songjiang Rd., Zhongshan Dist., Taipei City 104
Joint Venture	UCC Coffee Taiwan Co.,Ltd.	2F., No.6, Aly. 36, Ln. 26, Ruiguang Rd., Neihu Dist., Taipei City 114
Local Company	Watami Taiwan Co.,Ltd.	5F., No.45, Sec. 1, Hankou St., Zhongzheng Dist., Taipei City 100
Joint Venture	Taiwan Ootoya Co.,Ltd.	#707, 7F., No.152, Sec. 1, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104
Joint Venture	Taiwan Skylark Inc.	No.410, Songhe St., Nangang Dist., Taipei City 115

Table 4-2: Japanese Companies Related with Food in Taiwan (Continued 2)

Joint Venture	Muji (Taiwan) Co.,Ltd.	3F., No.65, Dongxing Rd., Xinyi Dist., Taipei City 110
Local Company	Taiwan Saizeria Co.,Ltd.	#17, 15F., No.211, Sec. 1, Civic Blvd., Datong Dist., Taipei City 103
Joint Venture	Taiwan Yoshinoya Co.,Ltd.	4F., No.61, Sec. 4, Xinyi Rd., Da' an Dist., Taipei City 106
Local Company	Tokyo Gyu-Kaku Co.,Ltd.	3F., No.32-1, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104
Local Company	Itochu Taiwan Corporation	16F., No.4, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100
Local Company	Mitsubishi Corporation LT Taiwan Co.,Ltd	14F., No.87, Songjiang Rd., Zhongshan Dist., Taipei City 104
Local Company	Mitsui&Co., (Taiwan) Ltd.	21F., No.97, Sec. 2, Dunhua S. Rd., Da' an Dist., Taipei City 106
Local Company	Sumitomo Corporation Taiwan Ltd.	8F., No.260, Dunhua N. Rd., Songshan Dist., Taipei City 105
Local Company	Shiono Koryo Kaisha (Taiwan) Ltd.	No.219, Huacheng Rd., Xinzhuang Dist., New Taipei City 242

Source: Website of each company.

A food service company, Mos Burger (Mos Food Service) has a huge amount of shops in Taiwan as listed in Table 4-3, which are all directly-managed. In Taiwan Mos Burger is managed by Japanese know-how, but it is capitalized by TECO corporation in Taiwan, which is the reason why it could expand with a huge amount of shops in Taiwan (Nakayama, 2010; Nomura Research Institute, 2009). Ootoya had 12 branches in the Table 4-3, but Taiwan Family Mart bought 100% of the capital of Taiwan Ootoya on October 1, 2012. It means that Taiwan family mart will manage Ootoya in Taiwan in the future, while making use of the brand name of Ootoya in Family Mart stores, too. They can sell “Ootoya’s lunch box” in family mart stores in the future.

Table 4-3: Foreign Branches of the Japanese Food Industry (Main Companies)

Company name	Sampling perio *1)	Japan	Foreign Area	Amount	Rate of foreign branches	U.S.	China	Hongkong (Macao)	Taiwan	Thailand	Singapore	Korea	Indonesia	other areas
Zensho H.D.	2011/10	1,710	29	1,739	1.7%	0	24	0	0	1	0	0	0	4
Yoshinoya	2011/9	1,190	483	1,673	28.9%	99	245	52	54	1	18	0	9	5
Mos food service	2011/9	1,365	265	1,630	16.3%	0	8	16	202	6	28	0	4	1
Coco ichibanya	2011/10	1,193	63	1,256	5.0%	6	19	2	10	14	1	11	0	0
Saizeriya	2011/8	882	95	977	9.7%	0	78	8	7	0	2	0	0	0
Matsuya foods	2011/10	887	7	894	0.8%	4	3	0	0	0	0	0	0	0
Ajisen la-mian (Shigemitsu industry)	2011/11	99	680	779	87.3%	12	579	33	3	6	20	2	4	21
Royal H.D.	2011/6	745	14	759	1.8%	0	1	0	13	0	0	0	0	0
Watami	2011/9	633	54	687	7.9%	2	11	24	12	0	4	0	0	1
Fujio Food system	2011/9	645	4	649	0.6%	1	3	0	0	0	0	0	0	0
Oosho food service	2011/10	606	4	610	0.7%	0	4	0	0	0	0	0	0	0
Ringer hut	2011/10	492	3	495	0.6%	1	0	0	0	2	0	0	0	0
Gourmet Kineya	2011/6	459	3	462	0.6%	2	0	0	0	1	0	0	0	0
Kappa zushi (Kappa create)	2011/8	387	4	391	1.0%	0	0	0	0	0	0	4	0	0
Ootoya H.D.	2011/6	246	47	293	16.0%	0	0	3	12	28	2	0	2	0
Kura zushi (Kura corporation)	2011/10	285	2	287	0.7%	2	0	0	0	0	0	0	0	0
8ban la-mian (Hachiban la-mian)	2011/9/22	155	95	250	38.0%	0	1	5	0	89	0	0	0	0
Genki zushi	2011/6	171	72	243	29.6%	18	5	43	5	0	0	0	0	1
Kazoku Tei	2011/9	225	14	239	5.9%	0	2	0	0	9	3	0	0	0
Pepper food service	2011/6	158	79	237	33.3%	0	8	8	3	10	26	1	13	10
Sagami chain	2011/7/20	229	6	235	2.6%	0	6	0	0	0	0	0	0	0
Capricciosa (WDI)	2011/10	158	34	192	17.7%	17	0	0	6	1	0	4	1	5
Yamagoya la-mian (YS food)	2011/11/1	136	13	149	8.7%	0	2	0	1	10	0	0	0	0
Global dinning	2011/10	59	4	63	6.3%	4	0	0	0	0	0	0	0	0

Note: 1. Sampling period means "end of the written month" if the day is not written.

2. Above number includes both directly managed stores and franchises.

Source: *Diamond Weekly*, November 26, 2011.

From the beginning of 2012, many la-mian (Japanese style noodle) restaurants have invested in Taiwan. Santouka and Ippudo, which are famous la-mian restaurants in Japan, invested in Taiwan in the spring of 2012. These two restaurants have succeeded in Taipei which has motivated many other Japanese la-mian restaurants to invest in Taiwan, too. However, too many Japanese la-mian restaurants have invested in Taiwan this year, and the number of la-mian restaurants in Taipei could decrease in a few years based on demand and supply.

Table 4-4: Recently Opened La-mian Restaurants in Taipei

Name of Restaurants	Number of Restaurants	Opened Date of Restaurants in Taiwan
Tonchin la-mian	1	10-September-2011
Menya Sanshi	3	22-October-2011
Enishi	1	22-February-2012
Ringerhut	3	28-March-2012
Santouka	2	10-April-2012
Ippudo	1	03-May-2012
Menya Teru	1	08-August-2012
Ajino tokeidai	1	10-September-2012
Nagahama No.1	1	23-September-2012
Mita Seimenjyo	1	08-October-2012
Baikouken	1	16-October-2012
La-mian Nagi	1	20-October-2012
Taiyono tomato mian	1	31-October-2012

Note: 1. New opening la mian restaurants from September, 2011 to October, 2012 are listed above.

2. Number of restaurants is counted at the end of October, 2012.

Source: Website of each company listed above.

4.3 Knowledge from Japanese Food Companies in Taiwan

Every market has its own characteristics including Taiwan's one, and therefore when expanding a food business into Taiwan, it is very important to know the characteristics of its food market. In the case of expanding Japanese food business in Taiwan, we have to know the differences between Taiwan's food market or characteristics and Japanese ones. Ignorance of them results in missing the chance to expand successfully in Taiwan.

It is beneficial for us to know the characteristics of the Taiwanese food market in advance by means of referring to Japanese food companies' opinions and knowledge.

Based on their remarkable knowledge, they have given the following opinions and many related business people have also agreed.

4.3.1 Characteristics of the Food Service Industry in Taiwan

“Japanese-style dishes” are popular in Taiwan, but they are different from Japanese dishes. They are less salty than Japanese dishes and more popular in Southern Taiwan than Northern Taiwan. They were created in Taiwan during the period of Japanese rule and modified for Taiwanese tastes. They established their position in Taiwanese society and will not disappear in the future even if “real” Japanese dishes become more popular in Taiwan.

When having a Japanese food business in Taipei, establishing a concept is very important for differentiation with competitors. There are so many general Japanese restaurants in Taipei, which intensifies competition. Currently a clear concept or another differentiation is required when having a Japanese restaurant business in Taipei. For example, “SABOTEN” is known as a Japanese tonkatsu (fried pork cutlets) restaurant in Taipei, and “COCO-ICHIBANYA” is known as a Japanese curry restaurant in Taipei. They have succeeded in building their business by means of focusing on particular Japanese dishes. It is easy for customers to understand their characteristics or concepts.

On the contrary, general Japanese restaurants, which serve numerous famous Japanese dishes such as sashimi, sushi, tempura and tonkatsu, have difficulty in building their profile because there are so many general Japanese restaurants in Taipei, and customers find it hard to understand their characteristics or concepts.

On the other hand, some Japanese restaurants succeeded in differentiation by means of using different brand names in response to customers. For example,

“Kampai”, which is famous Yakiniku chain restaurants in Taipei, have four shop names (“Kampai”, “Kampai bar”, “Honju Kampai” and “Lao Kampai”). Kampai targets young customers in their twenties who like reasonable dishes and busy places, and Lao Kampai targets elderly and richer customers who like quality dishes and a sober atmosphere (Nakayama, 2012).

Specialty Japanese restaurants will be required in Taipei. There are many general Japanese restaurants in Taipei now, but specialty Japanese restaurants focusing on particular dishes such as Tonkatsu, la-mian or curry will increase in the future. Characteristics of the restaurants will be regarded as more important, and specialty Japanese restaurants will be more competitive in Taipei, which is following the same direction as Japan.

Middle class Japanese restaurants are in short supply in Taipei. Currently there are many high class and low class Japanese restaurants in Taipei. However, middle class Japanese restaurants, which prepare quality dishes with a reasonable price, are in short supply in Taipei now. In the future, the middle class market will be significantly larger in Taipei, and middle class customers will care more about safety, quality and reasonable prices. Chain restaurants will increase in Taipei in the future because they can satisfy these conditions better than individual restaurants.

Quality will be required more than quantity and price in the food service industry of Taipei. So far, many Japanese style restaurants managed by Taiwanese people in Taipei have regarded quantity and price as more important, hence they have prepared big deals with reasonable prices, but their taste is nothing something special or lack originality. In recent times many Taiwanese people have gradually changed their tastes. More people prefer quality Japanese food even if they are not the majority now.

Japanese food restaurants are not so popular in more rural areas of Taiwan. Some

Japanese chain restaurants are used on special occasions there. For example, Watami, which is a Japanese chain restaurant, is used regularly for usual dinner in Taipei, but it is only used on some special days in the local areas of Taiwan. It means Japanese chain restaurants are still rare and special in the local areas of Taiwan.

In addition, more Taiwanese people order combination meals especially in the local areas in Taiwan, which means they do not know much about the kinds of Japanese dishes and do not know what to order them.

Convenience stores are also competitors to restaurants in Taipei. Home meals have been replaced by convenience store alternatives which have become popular in Taiwan in recent years. Ten years ago, dishes sold in convenience stores had an inferior image to normal restaurants. However, convenience stores succeeded in changing the image of their food by improvements in quality, emphasizing safety and advertising their products by using popular TV stars. Many Japanese restaurants are required to be competitive against not only restaurants but also convenience stores (Sato, 2007; Ministry of Economy, Trade and Industry Japan, 2012).

Almost all the restaurants in Taiwan tend to permit takeout. Taiwanese people are open to takeout, and originally replacement of home meals by convenience stores is not a problem to Taiwanese senses. Restaurants in Taiwan have to provide additional value which cannot be provided by convenience stores.

The breakfast market is large in Taiwan. Taiwanese people tend to buy breakfast outside and eat it in the office, hence the breakfast market is relatively large in Taiwan. There are many special food stalls in the morning in Taiwan, and Mos Burger, which is a Japanese burger shop, also prepares a special stall in front of the shop in the morning to sell a morning set, which is specially provided for Taiwan, and not seen in Japan.

Chain restaurants tend to be opened in big commercial buildings such as shopping malls or department stores in Taipei. In Japan, many chain restaurants tend to build roadside-type restaurants. On the contrary, many chain restaurants in Taipei tend to be opened in big commercial buildings such as shopping malls or department stores. Shortage of land in Taipei causes this situation. It is unrealistic for many restaurants to build roadside-type restaurants in Taipei because only expensive land and bad locations are left in Taipei for opening restaurants. Many restaurants should focus on locations outside of Taipei if they hope to build roadside-type restaurants.

Many Taiwanese people enjoy their holidays in big commercial buildings in Taipei, and especially 3 spots (theater, shopping area and food corner) are very popular and some Taiwanese spend all day long there. Nowadays big commercial buildings have the ability to pull in more customers in Taipei. In addition, the development of the MRT lines has also helped to increase the number of customers who visit the big commercial buildings in Taipei. Some MRT stations are directly connected to big department stores or very near to those places. Currently people can get to those places easily even on rainy days.

Big commercial buildings themselves will attract more chain restaurants in the future because safety, quality and reasonable prices are all required to locate there and chain restaurants can satisfy those conditions. The number of people who take a meal in big commercial buildings will increase in Taipei in the future as the climate that food safety is regarded important grows. On the other hand, independent restaurants or stalls in traditional food markets or night markets will decrease in the future.

4.3.2 Features of Utilizing Taiwanese Human Resources and Employee Training

The common sense and general knowledge of Taiwanese employees is different to Japanese employees even if they love Japan. Japanese owners who open Japanese restaurants in Taipei have to notice that Taiwanese employees do not know Japanese common sense and knowledge even if they love Japan and speak Japanese. For example, some Taiwanese people cannot distinguish shrimp tempura from fried shrimp, but they are different Japanese dishes and Japanese people can readily distinguish them.

Because Japanese and Taiwanese palates and tastes are different, some Japanese dishes are not accepted by Taiwanese people even if Japanese people are fond of them. In other words, if Taiwanese people cook Japanese dishes in their own style for being suitable for their own palate and tastes, some of them will create new Japanese dishes which are not accepted by most Japanese people. Therefore, Japanese people and Taiwanese people have to discuss dishes before they are adopted on the menu. Taiwanese people like to arrange original dishes freely although they have the original recipes. It is very important for Japanese people to check the taste of their cooking dishes from the viewpoint of maintaining originality.

In addition, it is also useful for Taiwanese people to connect with Japan directly by means of traveling to Japan and experiencing Japanese customs, which will help them to understand and learn Japanese senses and tastes themselves.

In the food service industry of Taiwan, even permanent employees tend to quit their job within three years. It is very difficult for the management of restaurants to organize 5 or 10 year educational plans in Taiwan. Management has to prepare incentives or an excellent working environment for the purpose of encouraging valuable human resources to stay in their companies for a long time. A good working environment is necessary before proper evaluation and job training are undertaken.

Women employees are important in Taiwan. In Japan husbands can claim an exemption for his spouse from his income to some extent, as a result, there are many Japanese wives who only work as part time workers to limit their incomes. On the other hand, many Taiwanese wives work as permanent workers even after marriage. Therefore, in Japan management of restaurants can regulate the amount of workers power by taking advantage of part time or temporary workers, but in Taiwan it is more difficult for management to cover worker shortages in busy times by using wives as part time workers. In Taiwan, women are not regarded as part time workers, but as full-time workers, too.

4.3.3 Characteristics on Sales Promotions and Services

“Brands” are very appealing to Taiwanese people. “Japan” itself is a very appealing brand, and many Taiwanese food (products) also have Japanese written on the packaging in Taiwan. They aim to make use of the good image of Japanese in Taiwan. An example of the popularity of Japanese brands can be seen with Mister Donut. The first time it came to Taipei, people used to wait for 1 hour to buy their doughnuts. We can say that Japan is one of the good brands in Taiwan, and we can make use of its value for food (products) in Taiwan.

On the other hand, we have to notice that “brands are just brands”. Of course making use of “brand” is a very efficient way to promote specific food (products), but they are sometimes not able to maintain popularity in Taiwan if their tastes do not fit Taiwanese tastes. After all, tastes and quality themselves are important.

Gift giving culture is popular in Taiwan, especially on special Chinese holidays such as Mid-Autumn harvest festival or Chinese New Year, many Taiwanese people send gifts to those who have helped them. Therefore, the food service industry also

tends to expand their business in selling processed foods as gifts in Taiwan.

For example, Mos Burger in Taiwan is eager to sell processed foods such as packet curry or connyaku jelly on the shelves of their stores. On the contrary, we rarely see such shelves at Mos Burger in Japan. It means Mos Burger in Taiwan focuses on product sales more aggressively, which comes from the gift giving culture in Taiwan.

“High quality” but “expensive” Japanese food (products) sells well before special Chinese holidays described above. For example, we can see both Japanese and American apples in Taiwan from November to February. Japanese apples are big, good looking and tasty, but expensive. On the contrary, American apples are small, less tasty but reasonably priced. In general American apples are bought to eat at home, while Japanese apples are bought for Chinese New Year’s gifts as presents to others. High quality but expensive Japanese apples sell well before Chinese New Year.

Flexible services are expected in Taiwan. Even chain restaurants are expected to supply flexible services. For example, chain restaurants can adjust their opening times depending on customers’ requests in Taiwan.¹⁸ In Taiwan, many Japanese chain restaurants are able to receive birthday cakes from the customers beforehand and keep them in the refrigerator if customers request them. In addition, many Japanese chain restaurants in Taiwan allow customers to bring their own alcohol.¹⁹

Taiwanese people love events and campaigns, and are eager to join them. Generally speaking, Taiwanese people easily become enthusiastic about new and famous branded goods and food products or their promotions, but they also tend to lose interest quickly. Therefore, it is necessary to do different events or campaigns

¹⁸ On the contrary, many Japanese chain restaurants are not allowed to adjust their opening times in Tokyo.

¹⁹ Some restaurants require fees when customers bring alcohol from outside.

continuously to remain attractive for Taiwanese consumers.

Customer-participatory events or campaigns are also efficient in restaurants in Taiwan because many Taiwanese people are welcome to attend them. When events take place in a restaurant in Taiwan, employees and customers sitting at different tables also tend to join them, which causes a sense of unity and excitement.²⁰

The customer number in a group tends to be larger in Taiwan. In Japan many people use restaurants in small groups consisting of one to three people, but in Taiwan people tend to go to restaurants in larger groups. In Taiwan multi-generational households are common and they live together, and they tend to go to restaurants together especially on holidays.

It also means specialty Japanese restaurants focusing on specific items such as sushi, curry rice or tonkatsu (fried pork) are also required to prepare general Japanese dishes on the menu in Taiwan, because each generation has different tastes. For example, when 10 members of a multi-generational household go to a tonkatsu restaurant, one or two members may not eat fried food. Tonkatsu restaurants must prepare not only tonkatsu (fried pork) but also some non-fried dishes. Hence, the increase in group members requires specialty restaurants to prepare a “general menu of Japanese dishes”, too.

Social networking services and blogs are popular and effective methods of sales promotion in Taiwan. More people are interested in SNS such as Facebook and blogs in Taiwan. They have the ability to pull in more customers in Taiwan. They can show not only words but also photographs, therefore beautiful serving plates or the attractive interior decoration of restaurants are also shown on SNS, and these features are highly appealing to potential customers. Especially in Taiwan, word of mouth is

²⁰ In Japan, many customers do not join the events at different tables in restaurants because Japanese people usually like to enjoy their own space, and do not like to be disturbed by strangers.

more effective in attracting customers than in many other countries. It means that individual SNS or blogs are also more efficient ways to attract customers too.

4.3.4 Dining Habits, Tastes and Trends among Taiwanese Public

Initially, we have to know that Taiwanese and Japanese tastes are different. Although some food (products) is very delicious and popular in Japan, they are not always delicious in Taiwan because “delicious” tastes are different between both countries. Some general examples are described below.

Generally speaking, Taiwanese people like less salty soup than Japanese people. Hence, Japanese people tend to feel that soup in Taiwan is lacking in salt. On the contrary, Taiwanese people who visit Japan feel that la-mian soup in Japan is too salty. As evidence, in la-mian restaurants in Taipei, we find the notice which states “Our restaurant serves the same tasting la-mian in Japan. If you feel it is too salty, please feel free to ask for hot water from employees.” We have to recognize that Japanese and Taiwanese “salty soup” is different.

Secondly, Taiwanese people sometimes expect a “salty and sweet” taste, although Japanese people expect just a “salty” taste for the same food. For example, miso soup is expected to be “salty and sweet” by Taiwanese people in Taiwan. Miso soup for la-mian, soy sauce for sashimi, and Taiwanese mayo are all “salty and sweet” in Taiwan. On the contrary, Japanese people just expect a “salty” taste for those foods. They do not feel it is tasty when they feel the “sweetness” for those foods.

In addition, there is greater preference for fresh and smoking hot dishes in Taiwan. In Japan, convenience stores occupy the top market share for supplying breakfast, which means that not so many Japanese people have a strong preference

for “smoking hot dishes”. On the contrary in Taiwan, not so many people buy breakfast in convenience stores. There are many stalls supplying breakfast in Taipei, including part-time stalls which are open only for breakfast. Many Taiwanese like to buy “smoking hot dishes” as breakfast in such kind of stalls (Yanagi, 2011)

Currently, rising health consciousness is a popular trend in Taiwan. In recent years health consciousness has increased especially in Taipei, and more and more people are fond of healthy menus in the food service industry too. According to Zen, which is a Japanese restaurant located in SOGO in Taipei, natto and Chinese yam were not welcomed 5 years ago because not so many Taiwanese people originally liked the textures of them. However, currently many Taiwanese people regard natto and Chinese yam as good for their health, and they are popular foods at Zen.

Women’s purchasing power has increased. In Taiwan women who seek careers are on the increase, and currently there are more chances for women in terms of promotions in companies or in society. As a result, relatively many women are unmarried in Taiwan (Kao, 2012). Unmarried women in the twenties and thirties have more money to spend as they wish, and currently they are increasing their presence as good customers for the food service industry. Japanese restaurants also regard them as important customers, and focus on developing new menus to satisfy women’s tastes such as low-calorie dishes, healthy food or food to aid beauty or anti-aging. The increase in women’s purchasing power is related with the health consciousness trend in Taiwan.

Set menus are preferred in Taiwan. Formal Chinese dishes are served as courses, and Taiwanese people are accustomed to it. It is natural for Taiwanese people to enjoy course meals, and they tend to order set-menus in restaurants, too. Many middle class restaurants in Taiwan prepare set-menus consisting of salad, soup, main dish, drink

and dessert. Dessert is very important factor to satisfy customers in Taipei. Restaurants preparing quality desserts tend to have a good reputation in Taipei these years. In addition, the dessert market is also growing in Taipei and the quality of desserts is being improved now. Many middle class Japanese restaurants in Taipei also tend to prepare set-menus, and some of them are active in developing quality desserts.

Not so many Taiwanese people eat a meal while drinking alcohol. Many Taiwanese people do not drink alcohol when they eat usual supper.²¹ Conversely, Japanese people tend to drink beer or Japanese liquor with supper. Especially it is popular for Japanese men to drink a glass of beer when they eat supper after work.

On the other hand, Many Taiwanese people do not have this custom. They just eat supper without drinking alcohol. For Taiwanese people alcohol is a tool for communication with their friends. Once they start to drink alcohol, they just drink without eating supper. They tend to separate the opportunities for eating and drinking.²² Therefore, restaurants in Taipei usually close at around 10:00 p.m. and after that time people enjoy drinking at bars.

It goes against the acceptance of Japanese sake (Japanese liquor) in Taiwan because Japanese sake improves palatability when it is enjoyed with food. It is very important to let more Taiwanese people know that Japanese sake should be enjoyed with food for maximizing palatability. Waging a campaign in Japanese restaurants for promoting how to drink Japanese sake, and showing how to drink Japanese sake in TV dramas or movies would be important and efficient for the purpose of attracting more Taiwanese people and encouraging appreciation of Japanese sake.

4.4 Summary

²¹ Banquets or parties are excluded.

²² Taiwanese people drink alcohol with meals when they hold a party.

There are more than 20,000 Japanese people residents in Taiwan, which is a not insignificant amount of people. Taipei had the most Japanese residents with 56.4% (11,458 people) in 2009, and only 9 % (1845 people) live in Kaohsiung city, and 8% (1612 people) live in Taichung city. Hence, Japanese style businesses carried out or managed by Japanese people tend to start in Taipei.

There are many Japanese companies which have already invested in Taiwan and there are also many Japanese food companies which have already expanded their businesses in Taiwan. Because the Japanese population is decreasing, more Japanese food related companies focus on Taiwan as their potential market. Many food service companies particularly have come to Taiwan recently.

Using opinions and expert knowledge from Japanese food service industry companies in Taiwan, we are able to know the characteristics and trends in the food service industry in Taiwan. Nowadays so many Japanese food service companies are doing business in Taipei, and original concepts and differentiation are required to beat out the competition. For example, specialty Japanese restaurants focusing on special items such as sushi, curry rice or tonkatsu (fried pork) will increase also in Taiwan in the future.

Taiwanese habits and favorite tastes are different to Japanese people. The Japanese food service industry companies have to pay attention and consider them carefully. When considering Taiwanese habits and tastes, Japanese food companies are sometimes required to use different methods when managing restaurants or doing services in Taipei.

CHAPTER 5 Conclusions and Suggestions

5.1 Conclusions

Based on chapters 1 to 4, I have the following conclusions about the Japanese food business in Taiwan.

1. Japanese food items including rice, snacks and fishery products are competitive in Taiwan because of their high quality

According to the survey in chapter 2, among the Japanese-made food (products) “Rice”, “Snacks” and “Fishery products” are preferred items for Taiwanese. “High quality” is the main reason for their preference for these items. On the other hand, for “Dairy products” Japanese ones are not the most favorite, while for “Vegetables” and “Fruit” many Taiwanese people are not concerned with the country of origin. When it comes to “Fishery products”, “Vegetables” and “Fruit”, they are chosen not because of the country of origin, but because of freshness by the majority of Taiwanese.

2. Japanese food items are expensive and mainly bought for gifts by ordinary Taiwanese people

With regards to the importation and distribution of apples, peaches, pears and Japanese liquor come from Japan to Taiwan, each item has different characteristic. When it comes to apples, over 60% of apples imported from Japan are either Fuji or San Fuji. Japanese apples are imported into Taiwan in the winter, which is same as American apples, but their targeting markets and consumers are different. Expensive

and big Japanese apples are sold in high ranking department stores and exclusive supermarkets in Taiwan, and mainly bought by rich people. But average Taiwanese people also purchase them for Chinese New Year's gifts. On the contrary, American apples are mainly bought for domestic use by ordinary Taiwanese people. In this way expensive and high quality Japanese food items have their market not only for rich people but also for average people as their gifts.

3. Some individual retail shops deal with the most expensive fruits in Taiwan

In terms of fruit's distribution, expensive and high quality fruit is sold in individual managed retail shops as well as high ranking department stores in Taiwan. It is a feature that Taiwanese people tend to buy expensive fruit in individual managed retail shops too. It means some individual managed retail shops are regarded as high class in Taiwanese society.

4. The distribution systems of many kinds of Japanese fruits are similar, but the risk is different

The distribution system for Japanese peaches is the same as other Japanese fruits such as apples and pears. On the other hand, many Taiwanese importers regard importation of Japanese peaches as a high risk business because they go bad rapidly and importers cannot change customers if their orders are cancelled. As a result, relatively small importers tend to import Japanese peaches, while some big importers do not tend to deal with them.

5. Imports of some food items are regulated by a tariff-quota system in Taiwan

Importation of fresh pears is carried out under a tariff-quota system. Since 2004 (which is after Taiwan's accession to the WTO), customs duty on pear is 18% when the total importation amount is less than 9,800 tons a year. If the importation amount is more than 9,800 tons a year, NTD 49 per kg is applied as customs duty. Under these

conditions, South Korea has occupied more than 90% share of the total pear's importation into Taiwan while the Japanese share is just a few percent. This situation was caused by the depreciation of the Korean Won, and the cheaper price of Korean pears. Korean and Japanese pears tend to be used for gifts, whereas Taiwanese pears tend to be used for household use. Rice is imported into Taiwan under the tariff quota-system, too.

6. The high tariff rate is a barrier to importation of some items

When it comes to Japanese liquor (sake), the high tariff is the biggest problem to be resolved. Currently, a 40 percent tariff is applied when Japanese liquor is imported into Taiwan. When the tariff, profits and costs of shipping are all considered, the retail price of Japanese liquor in Taiwan will be more than two to three times as high as that in Japan. Therefore, many kinds of Japanese liquor are mainly sold in high prestige department stores and exclusive restaurants. In addition, it is important to differentiate between Japanese liquor and YuQuan, which is reasonable Japanese liquor made in Taiwan.

7. A few importers have enormous power in distributing some specific items in Taiwan

In the distribution of Japanese liquor in Taipei, some Taiwanese importers have immense power. When it comes to Japanese liquor, only 3 to 4 importers have strong connections with the expensive department stores and high class Japanese restaurants, and therefore they have a dominant role in distributing Japanese liquor in Taiwan.

8. Many Japanese businesses including food related businesses in Taiwan are concentrated in Taipei

There are more than 20,000 Japanese people residents in Taiwan, which is bigger than in many other foreign areas. In 2009, many Japanese people lived in Taipei with

56.4% (11,458 people). Hence, Many Japanese style businesses carried out or managed by Japanese people tend to start in Taipei. It also means that there are many Japanese companies located in Taiwan including Japanese food related companies.

9. Currently the number of Japanese food service industry companies is sufficient in Taipei, and specific concepts or other differentiation are necessary for the success of new businesses

The Japanese population will decrease in the future, and in recent years more and more Japanese food industry companies have expanded their businesses in Taipei because they focus on Taipei as their potential market. For example, the number of la-mian restaurants in Taipei dramatically increased in 2012.

Currently so many Japanese food industry companies are doing business in Taipei, and original concepts and product differentiation are required to beat out the competition. In addition, specialty Japanese restaurants focusing on distinctive items such as sushi, curry rice or tonkatsu (fried pork) will also increase in Taiwan in the future.

10. Taiwanese habits and tastes are not always same with Japanese, and Japanese food service companies in Taiwan are sometimes required to do their businesses in different ways with Japanese ones

On the contrary, based on the knowledge from management of Japanese food service companies in Taiwan, Taiwanese habits and tastes are different to those of Japanese people. Japanese food service companies have to pay attention to these facts and consider them. After consideration of Taiwanese habits and tastes, Japanese food service companies are sometimes required to use different techniques in managing restaurants or doing different services in Taiwan.

5.2 Suggestions

After examining the present situation and problems surrounding the Japanese food businesses in Taiwan, I suggest the following solutions for the purpose of promoting more Japanese food (products) and related businesses in Taiwan in the future.

1. Japanese new food businesses which plan to come to Taiwan have to know the definition of tasty food (products) is different between Taiwan and Japan

Some Japanese food producers and exporters try to sell Japanese food items which do not match Taiwanese tastes or do not have a market in Taiwan. They tend to say “I am sure that our food (products) is very tasty and famous in Japan. They must be competitive in Taiwan too.” Generally speaking, such food producers and exporters do not have enough experience in doing business in foreign countries. They have to know that Taiwanese tastes can be different to Japanese ones, hence their market can be different too.

Before food producers and exporters decide to sell their food (products) in Taiwan, they should research Taiwanese tastes and markets concerning their exporting items in advance. They have to recognize that Taiwan is a foreign area in which people have different tastes, and its market is also different to Japan.

2. Promotions which do not match Taiwanese tastes and the market should be avoided

Food items which do not match Taiwanese tastes at all should not be attempted to be sold in Taiwan. If they want to sell products that do not have a market in Taiwan at the present time, producers and exporters must understand it would be a very difficult task and take a long time for those items to be promoted and accepted in Taiwan.

3. Now local governments in Japan compete with each other in their promotions to sell their food products in Taiwan, but they should cooperate each other

Generally speaking, Japanese promotions for export are carried out not by central

government or related public organizations, but by local governments and related local public organizations. For example, in the case of the promotion of Japanese apples in Taiwan, Aomori prefecture and Yamagata prefecture, which are both famous as apple-producing districts in Japan, rarely cooperate in promoting their apples. They regard the adjacent prefectures as competitors when promoting their products abroad.

As a result, they sometimes carry out their promotions at the same time in different places of Taiwan without any cooperation. If they cooperated together, they would be able to expand the more Japanese apple's market share in Taiwan. However, until now they are just interested in promoting and selling their own prefecture's apples in Taiwan and competing with each other. Their activities do not result in "expanding Japan's market share" in Taiwan, but result in "grabbing another Japanese area's market share" in Taiwan. Competitions between each Japanese prefecture in Taiwan will not result in growth of the total Japanese market share in Taiwan and should be avoided.

4. Japanese food promotions in Taiwan should be headed by the Japanese central government or related national organizations

The U.S., South Korea and Japan are eager to sell their food (products) and expand their market share in Taiwan. The public sectors of each country arrange promotions for their food (products). After comparing U.S. and South Korean promotions with Japanese ones, we can find the following problems with the Japanese ones.

The U.S. and South Korean government or their exporting organizations tend to carry out "national level" promotions for selling their food (products) in Taiwan. For example, in the anniversary sales in high class department stores in Taiwan, the U.S. and South Korea tend to organize "All American (or All Korean) food fair". They

promote various kinds of food (products) from all areas of their countries. In contrast, Japan rarely has an “All Japanese food fair” in Taiwan. Breeze Center and Sogo sometimes carry out “Japanese food fair”, but in the many cases limited kinds of Japanese food (products) only come from limited areas of Japan such as Hokkaido and Tohoku is sold and promoted there. The Japanese central government and related central public organizations need to carry out all Japanese level’s promotional activities to expand Japanese market share for every promising food item in Taiwan.

5. Food exporting associations which have great power and govern all areas of Japan are needed

As I mentioned above, promotions for food exports are mainly carried out by Japanese local governments and related local organizations now. In addition, there are no big organizations or associations in charge of exporting all-Japanese food (products) items in Japan. Of course Japan has the export promotion organization, and Japan External Trade Organization (JETRO) is in charge of all-Japanese export promotion. However, it does not specialize in food export promotion, but focuses on the general export promotion of Japan.

On the other hand, the United States has many food related associations which help American food export promotions for every food industry or food item. For example, there are the U.S. Potato Board, Washington Apple Commission, Raisin Administrative Committee, U.S. Wheat Associates, U.S. Meat Export Federation, USA Rice Federation and so on. They have greater power in all areas of the United States and this situation is different in Japan. Firstly, Japan has to establish a big organization in charge of Japanese food export which governing all areas of Japan. Secondly, it is more efficient for Japanese export promotion to establish central organizations for every food industry or food item, as seen in the United States.

Appendix: Questionnaire about Japanese Food Products

Q1. Where do you eat usually ?

Breakfast	1. Home	2. Restaurants or Food Court	3. Food Stalls	4. Office
Lunch	1. Home	2. Restaurants or Food Court	3. Food Stalls	4. Office
Dinner	1. Home	2. Restaurants or Food Court	3. Food Stalls	4. Office

Q2. What is your staple (principal) food ?

Breakfast	1. Rice	2. Bread	3. Noodle	4. Meat Dumpling • Pork Buns	5. Fruit
Lunch	1. Rice	2. Bread	3. Noodle	4. Meat Dumpling • Pork Buns	5. Fruit
Dinner	1. Rice	2. Bread	3. Noodle	4. Meat Dumpling • Pork Buns	5. Fruit

Q3. Where do you buy materials for cooking ?

Rice	1. Traditional Market 4. Department Stores	2. Supermarkets 5. Others	3. Mass retailers
Meat	1. Traditional Market 4. Department Stores	2. Supermarkets 5. Others	3. Mass retailers
Dairy Products	1. Traditional Market 4. Department Stores	2. Supermarkets 5. Others	3. Mass retailers
Fishery Products	1. Traditional Market 4. Department Stores	2. Supermarkets 5. Others	3. Mass retailers
Vegetable	1. Traditional Market 4. Department Stores	2. Supermarkets 5. Others	3. Mass retailers
Fruit	1. Traditional Market 4. Department Stores	2. Supermarkets 5. Others	3. Mass retailers
Snack	1. Traditional Market 4. Department Stores	2. Supermarkets 5. Convenience Stores	3. Mass retailers 6. Others

Q4. Which country's food product or material do you like ?

Rice	1. Japan 5. I do not buy foreign items	2. U.S. 6. I am not concerned about country of origin	3. Thailand	4. Vietnam
Meat	1. Japan 5. I do not buy foreign items	2. Australia 6. I am not concerned about country of origin	3. U.S.	4. N.Z.
Dairy Products	1. Japan 7. I do not buy foreign items	2. N.Z 8. I am not concerned about country of origin	3. Australia	4. China 5. Denmark 6. France

Fishery Products	1. Japan 2. Norway 3. Thailand 4. Indonesia 5. U.S. 6. I do not buy foreign items 7. I am not concerned about country of origin
Vegetable	1. Japan 2. U.S. 3. China 4. Thailand 5. I do not buy foreign items 6. I am not concerned about country of origin
Fruit	1. Japan 2. U.S. 3. Chile 4. China 5. N.Z. 6. South Korea 7. I do not buy foreign items 8. I am not concerned about country of origin
Snack	1. Japan 2. U.S. 3. I do not buy foreign items 4. I am not concerned about country of origin

Q5. What is your reason to answer to Q4 ?

Rice	1. Taste 2. Good looking 3. Reasonable 4. Fresh 5. High Quality 6. Safe
Meat	1. Taste 2. Good looking 3. Reasonable 4. Fresh 5. High Quality 6. Safe
Dairy Products	1. Taste 2. Good looking 3. Reasonable 4. Fresh 5. High Quality 6. Safe
Fishery Products	1. Taste 2. Good looking 3. Reasonable 4. Fresh 5. High Quality 6. Safe
Vegetable	1. Taste 2. Good looking 3. Reasonable 4. Fresh 5. High Quality 6. Safe
Fruit	1. Taste 2. Good looking 3. Reasonable 4. Fresh 5. High Quality 6. Safe
Snack	1. Taste 2. Good looking 3. Reasonable 4. Fresh 5. High Quality 6. Safe

Q6. What is your trigger to start to eat food products or materials chosen in Q4 ?

Rice	1. Try food sample at stores 2. Word-of-Mouth 3. Advertisement (TV, Paper) 4. Sales Campaign 5. Come across in the usual Stores 6. Know the name previously
Meat	1. Try food sample at stores 2. Word-of-Mouth 3. Advertisement (TV, Paper) 4. Sales Campaign 5. Come across in your usual Store 6. Know the name previously
Dairy Products	1. Try food sample at stores 2. Word-of-Mouth 3. Advertisement (TV, Paper) 4. Sales Campaign 5. Come across in your usual Store 6. Know the name previously
Fishery Products	1. Try food sample at stores 2. Word-of-Mouth 3. Advertisement (TV, Paper) 4. Sales Campaign 5. Come across in your usual Store 6. Know the name previously
Vegetable	1. Try food sample at stores 2. Word-of-Mouth 3. Advertisement (TV, Paper) 4. Sales Campaign 5. Come across in your usual Store 6. Know the name previously
Fruit	1. Try food sample at stores 2. Word-of-Mouth 3. Advertisement (TV, Paper) 4. Sales Campaign 5. Come across in your usual Store 6. Know the name previously
Snack	1. Try food sample at stores 2. Word-of-Mouth 3. Advertisement (TV, Paper) 4. Sales Campaign 5. Come across in Daily Store 6. Know the name previously

Q7. Do you mind from which prefecture your Japanese food product comes from ?

Rice	1.Only buy item of specific prefectures 2. Prefer item of specific prefectures 3. No Concern
Vegetable	1.Only buy item of specific prefectures 2. Prefer item of specific prefectures 3. No Concern
Fruit	1.Only buy item of specific prefectures 2. Prefer item of specific prefectures 3. No Concern

Q8. Do you mind brand or origin (variety) when you buy Japanese food products ?

Rice	1.Only buy specific brand or origin 2. Prefer specific brand or origin 3. No Concern
Vegetable	1.Only buy specific brand or origin 2. Prefer specific brand or origin 3. No Concern
Fruit	1.Only buy specific brand or origin 2. Prefer specific brand or origin 3. No Concern

Thank you for your cooperation.

< Profile of Respondent >

1	Gender: 1. Male 2. Female
2	Age: 1. Under 20 2. 20~29 3. 30~39 4. 40~49 5. 50~59 6. Over 60
3	Composition of Family: 1. Alone 2. Two people 3. Three to Four people 4. More than Five people

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