



## Consumer & Retail

## Taiwan

### Market Report

Prepared for British Office Taipei  
by Intralink Limited



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### Foreword

*I am delighted to introduce this report on opportunities in Taiwan for the UK Consumer & Retail market. If you are a British consumer goods or retail company, I hope this report will support your journey into the region and the unique environment and features of the Taiwanese market.*

*Taiwan offers significant opportunities for British consumer and retail companies, with its high median income level, robust economy, a dense concentration of retail outlets and high population density making it an attractive market for UK products. The overall consumer & retail sector in Taiwan continued to show strong consumption patterns, with the market quickly rebounding since the pandemic, with total retail sales increasing by 3.3% in 2021.*

*The consumer & retail market in Taiwan is mature, with many foreign brands having a long-standing presence in the market across most major product categories. British consumer & retail companies looking to enter the market should find a warm reception in this market.*

*This report identifies key opportunity areas for British businesses in Taiwan, including perfume and cosmetics, jewellery, fashion & accessories, home care, books & comics and home appliances, amongst others. It also aims to help you understand the Taiwanese market environment, import regulations, and how to work with the right partners to have the best chance of success.*

*If you are planning to grow your consumer & retail business, exporting to Taiwan presents great promise. My team and I look forward to supporting you.*

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All references to factual data and properties should be recognised as respondents' perceptions of reality unless otherwise stated. This report is not intended for, and should not be used as, an investment recommendation.

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**Exchange rates used in the report: 1 GBP=37.75 NTD, 1 GBP=1.35 USD**

# 1. Executive Summary

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**Taiwan offers significant opportunities for British consumer and retail companies, with its high median income level, robust economy, dense concentration of retail outlets and high population density making it an attractive market for UK products.**

Taiwan's economy proved to be relatively resilient to the Covid-19 pandemic. Taiwan avoided lockdowns and the suspension of major pandemic-induced economic activity until May 2021, and the government was widely praised for its initial handling of the outbreak. While certain product categories were impacted, the overall consumer & retail sector in Taiwan continued to show strong consumption patterns, with the market quickly rebounding and total retail sales increasing 3.3% YoY in 2021. However, with sporadic outbreaks still occasionally preventing people from venturing out for in-store visits, consumers slowly started turning to non-contact shopping. As a result, digital retail has grown steadily over the past several years. While online retail in Taiwan still accounts for a relatively low share of total sales compared to neighbouring countries, it shows a promising growth trajectory. Most of Taiwan's top retailers have embraced digital transformation to optimise shopping experiences, and many have also rolled out digital payment systems.

The consumer & retail market in Taiwan is mature, with many foreign brands having a long-standing presence in the market across most major product categories. In the perfume space and cosmetics space, the market is dominated by foreign brands – mostly Japanese, French, US and South Korean. In the jewellery category, Asian brands account for the bulk of sales, with Japan and Hong Kong alone holding a combined 50% share of imports. In the fashion category, Taiwan has not managed to build strong local fashion and luxury brands, despite having strong textile manufacturing capabilities as an OEM for other brands (exports currently account for more than 75% of total textile and apparel production value).

British consumer & retailer companies looking to enter the market should find a warm reception as the UK is well recognised within Taiwan as a consumer and retail brand powerhouse. British perfume company Jo Malone, which initially entered the Taiwanese market in 2009 through a distribution partnership, currently has 12 locations across the island. The Body Shop, a British cosmetics and skincare company, has been active in Taiwan for over 30 years through a franchise partnership with a local firm, which has established a presence in over 60 locations across the island. Morgan's, a British manufacturer of men's grooming products, works with an exclusive distributor in Taiwan. Other British consumer & retail brands active in the market include Burberry, Dunhill, Alexander McQueen, Rimmel, De Beers, Graff, Dyson, Unilever, Finish and Dettol, among others.

The key opportunity areas for British businesses in Taiwan include perfume and cosmetics, jewellery, fashion & accessories, home care, books & comics and home appliances, among others. While these opportunities are attractive, British companies looking to enter the market need to understand the Taiwanese market environment, assess import regulations, and ensure they work with the right partners to have the best chance of success.



In addition, Taiwan can also be leveraged as a springboard into Mainland China. Common language and strong historical links between these two markets, alongside Taiwan's developed legal system and a business environment that functions closer to western practices, make Taiwan a strong candidate for a British company's first venture into Asia.

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**Sam Leng**  
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**Yifan Xiao**  
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Intralink Taipei  
April 2022

## 2. Taiwan: An Overview

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Taiwan is an island with a total land area of 36,193 square kilometres, which is roughly half the size of Ireland. It is located southeast of Mainland China and is separated by the 180-kilometre Formosa Strait. With a population of 23.3 million people, its population density is 2.5 times that of the UK. Its economy is driven by industrial manufacturing, especially exports of electronics, machinery, and petrochemicals.

With a GDP of USD 689bn (GBP 510bn) and GDP per capita of USD 32,123 (GBP 23,795) in 2021, Taiwan is the 7<sup>th</sup> largest economy in Asia and the 20<sup>th</sup> largest in the world as measured by purchasing power parity. Taiwan is classified as a high-income economy by the World Bank. The island is the UK's 8<sup>th</sup> trading partner in the Asia-Pacific region, with UK-Taiwan bilateral trade exceeding GBP 6bn in 2021. UK exports to Taiwan rose 86% in the three years from 2016 to 2019.

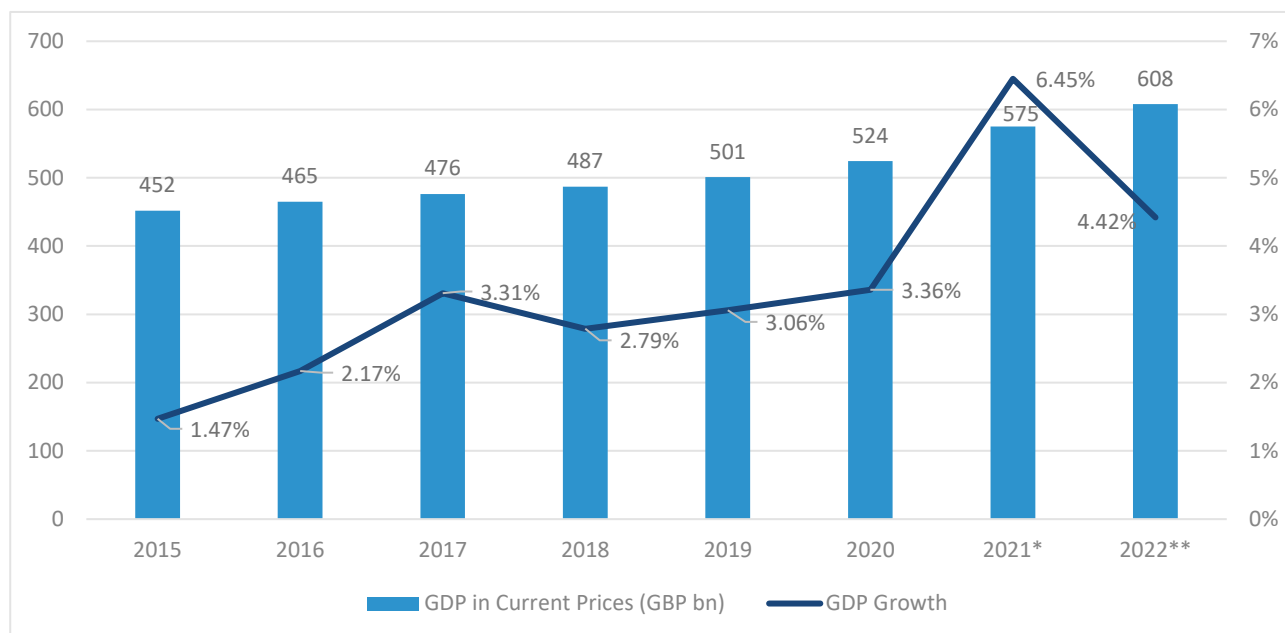
Taiwan is a global powerhouse in technology and has a significant lead as the world's most sophisticated producer of semiconductors. Taiwan Semiconductor Manufacturing Company (TSMC) is the world's most valuable semiconductor company, producing some of the most advanced chips on the market. Taiwan is also active in renewable industries, producing solar panel batteries and LED panels. The island is also a front runner in Asia for offshore wind power in terms of installed capacity, which is expected to reach 15 GW by 2035. Global brands originating from Taiwan include; Acer (personal computers), Asus (personal computers), Giant (bicycles), Evergreen (shipping), Foxconn (electronics and EV), Gogoro (electric scooters), Merida (bicycles), Yangming Marine (shipping), Trend Micro (security software) and Uni-President (food).

Taiwan's population reached its peak in 2020, marginally declining from the previous year. The island's population density is roughly 2.5 times that of the UK, with 78.9% of the population living in urban areas. The median age is 42.5 years, and the average life expectancy at birth is 81 years. The most widely spoken language is Mandarin Chinese, written in traditional characters. Taiwanese (also known as Hokkien), Hakka dialects and approximately 16 indigenous languages are also spoken and recognised as national languages, although proficiency varies across the country.

Taiwan is a member of the World Trade Organization (WTO) and Asia-Pacific Economic Cooperation (APEC), and it also plans to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Taiwan's economy proved to be relatively resilient to the Covid-19 pandemic – it avoided lockdowns and the suspension of major pandemic-induced economic activity until May 2021, and the government was widely praised for its initial handling of the outbreak. During 2020 – the first year of the pandemic – Taiwan's GDP grew 2.98%, primarily due to an increase in exports. In particular, demand for semiconductors, personal computers and laptops reached new highs as people around the world switched to working from home.

**Figure 1: Taiwan GDP and Growth Rate**



Source: Statista \*preliminary figure \*\*forecast

In recent years, Taiwan has seen the repatriation of businesses from Mainland China following the US-China trade war, culminating in an increase of USD 42bn (GBP 31.1bn) in investment by Taiwanese companies returning from Mainland China between 2019 and February 2021. The local economy also benefited from greenfield investments by foreign companies (particularly in offshore wind), and from foreign companies reconfiguring their global supply chains to avoid US sanctions on doing business in Mainland China and/or with Chinese companies.

## 3. Taiwan's Consumer & Retail Market

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### Key Points

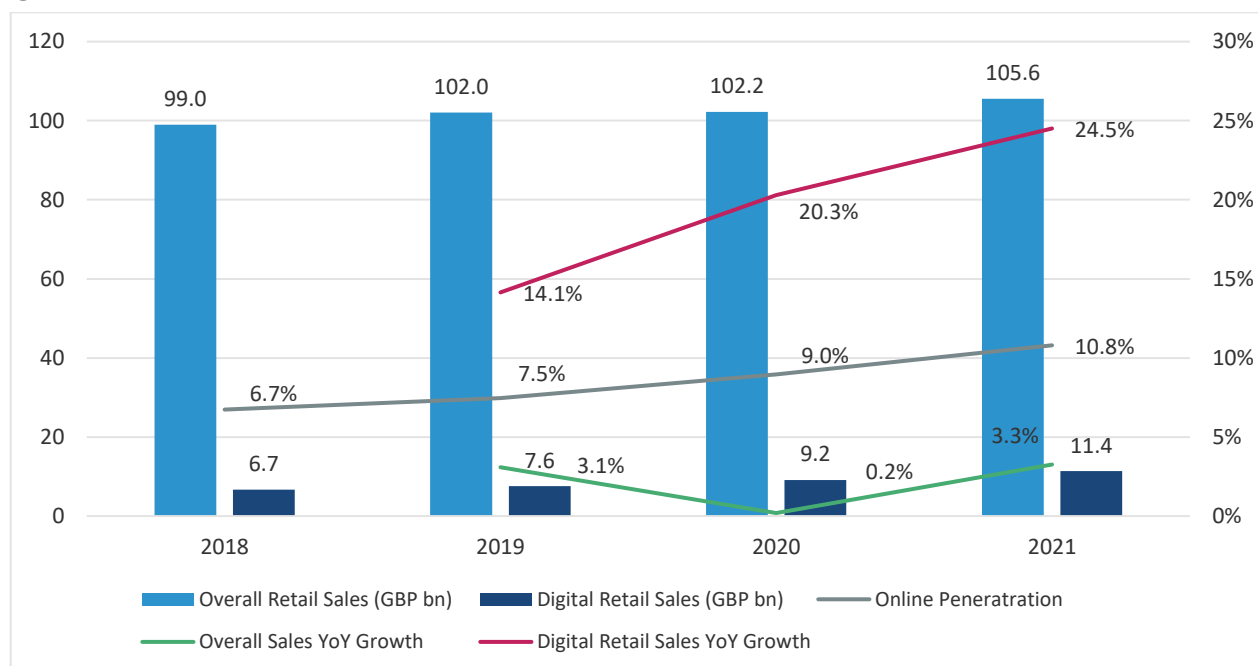
- Strong consumption power and dense concentration of outlets have facilitated the development of the retail market in Taiwan
- Blurring of the retail entity type boundary has stirred cross-boundary expansions & acquisitions, which has accelerated market consolidation
- Digital retailing presents a promising growth trajectory in response to the pandemic impact though the overall retail sector experienced sluggish growth

### 3.1. Market Overview

Taiwan shows strong consumption patterns in the consumer and retailer sector. Backed by a median income of GBP 10,077 – roughly on par with the UK (GBP 10,958), Japan (GBP 10,559), and South Korea (GBP 9,264), – Taiwan is one of the richest economies in Asia. The cornerstone of the Taiwanese retail market is its dense distribution of retail outlets, especially its high number of convenience stores. There are 11,429 convenience stores serving 23.3m Taiwanese, equating to one store per 2,065 consumers, the second-highest density in the world only after South Korea's 1,205, ahead of Japan's 2,233.

According to Taiwan's Ministry of Economic Affairs, overall retail sales saw a sluggish growth from GBP 99bn in 2018 to GBP 105.6bn in 2021. This was partly due to decreased store visits in 2020 during the Covid19 outbreak, during which Taiwan's overall retail market only registered a marginal year-on-year (YoY) growth of 0.2%. However, the local market quickly rebounded in 2021, with total retail sales increasing by 3.3% over 2020, a figure even higher than the 3.1% YoY growth rate in pre-Covid 2019, thanks partly to the government's relatively successful handling of the pandemic. Moreover, digital retailing presented an even more promising growth trajectory, with a double-digit YoY growth rate shooting from 14.1% in pre-Covid 2019 to 24.5% in 2021, and the proportion of digital sales in overall retail sales climbing from 6.7% in 2018 to 10.8% in 2021.

**Figure 2: Taiwan's Retail Sales**



Source: Department of Statistics of the Ministry of Economic Affairs, Intralink research

Our interviewees share a common view that Taiwan's retail consumption base is polarized. Consumer demographics take an hourglass-shaped form, with a large chunk of consumers at the bottom end seeking value for money and another considerable group of very wealthy consumers at the upper end looking for boutique options. The upper class offers potential opportunities for British brands that play on images of elegance and premium quality across various sub-sectors, including but not limited to cosmetics, perfume, fashion, and jewellery.

## 3.2. Market Trends

The most substantial trends in the Taiwanese consumer and retail market are outlined below.

### Digital transformation in response to Covid impact

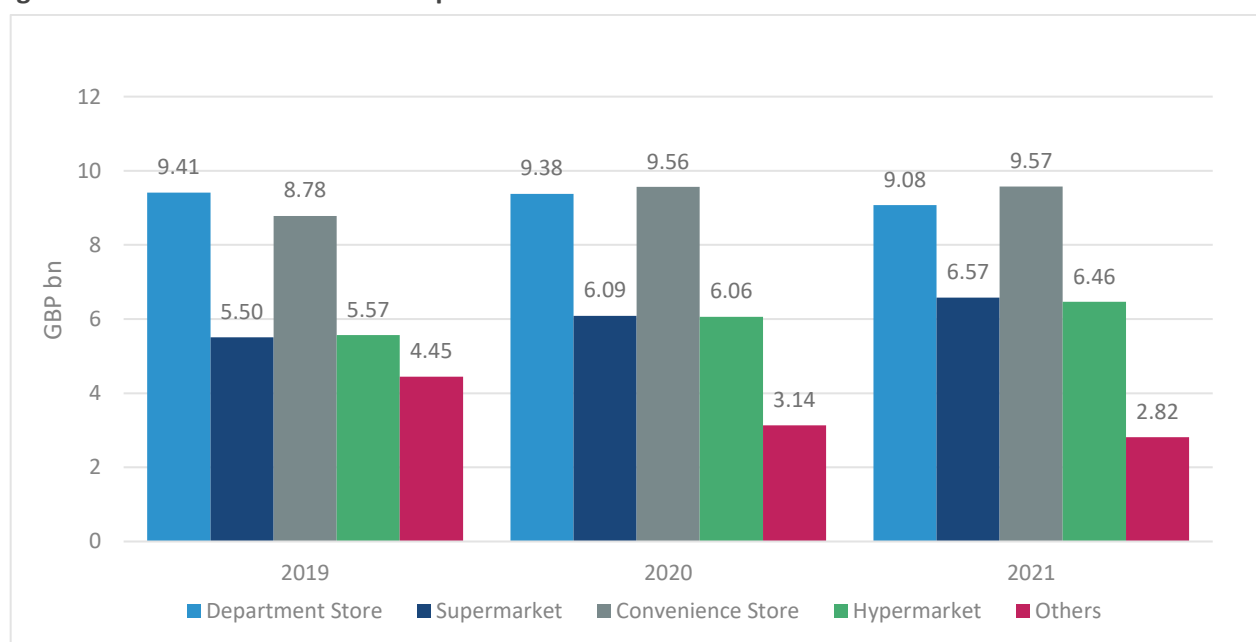
Though the Taiwanese government has been widely praised for its handling of the Covid-19 pandemic, sporadic outbreaks have still prevented people from venturing out for in-store visits, with consumers turning to non-contact shopping. That trend is evidenced by strong growth in online retail sales, which shot from NTD 252bn (GBP 6.7bn) in pre-Covid 2018 to NTD 430bn (GBP 11.4bn) in 2021. Online sales have seen an increasingly stronger double-digit YoY growth over the past several years (14.1%, 20.3%, and 24.5% respectively in 2019, 2020, and 2021), far outperforming the slim increase in overall retail sales (3.1%, 0.2%, and 3.3% respectively).

The top 10 retailers in Taiwan have all embraced digital transformation to optimise shopping experiences. For example, FamilyMart, a Japanese convenience store chain with roughly 3600 stores in Taiwan, used social media platform Line to promote group purchases of fresh vegetables, frozen food, and personal care products during the more severe periods of the pandemic, resulting in a 30 percent YoY increase in sales. Major retailers have also launched mobile payment systems to facilitate online-to-offline integration, including HappyGo Pay by Far Eastern Group, Costco Pay by Costco, and Skm Pay by Shin Kong Mitsukoshi. These efforts contributed to 132% growth in the contactless payment market in 2020, driving up the total mobile transaction value to NTD 423bn (GBP 11.2bn) and cashless payments contributing to a record-high 51.7% in total transactions.

### Shift in consumption behaviour

As a result of the pandemic, Taiwanese consumers have increasingly shifted towards bulk purchases, stocking daily consumables to reduce unnecessary outings and prepare for sudden movement restrictions or lockdowns. This trend is reflected in the sales growth of supermarkets & hypermarkets over the past couple of years, and the lacklustre performance in total sales value from department stores, as per Figure 3 below.

**Figure 3: Retail Sales in Non-specialised Stores**



Source: Department of Statistics of the Ministry of Economic Affairs, Intralink research

### Blurring of retail entity type boundary

There used to be a clear boundary between different types of retail entities in Taiwan including hypermarkets, supermarkets, convenience stores, and department stores. However, in the past few years, players have stepped into each other's territories, which has stirred cross-boundary expansions and acquisitions. Several large players have tapped into different customer bases and expanded into complementary logistics services

and product categories through mergers and acquisitions. In October 2021, PX Mart, a local supermarket giant, announced the acquisition of RT Mart, the third largest hypermarket player. Carrefour, a French hypermarket brand, acquired Wellcome and Jasons Market. As a result, the market has become increasingly consolidated. A handful of conglomerates with well-integrated resources (such as omnichannel outlets, digital transformation capacity, and rich data reservoir) compete on economies of scale.

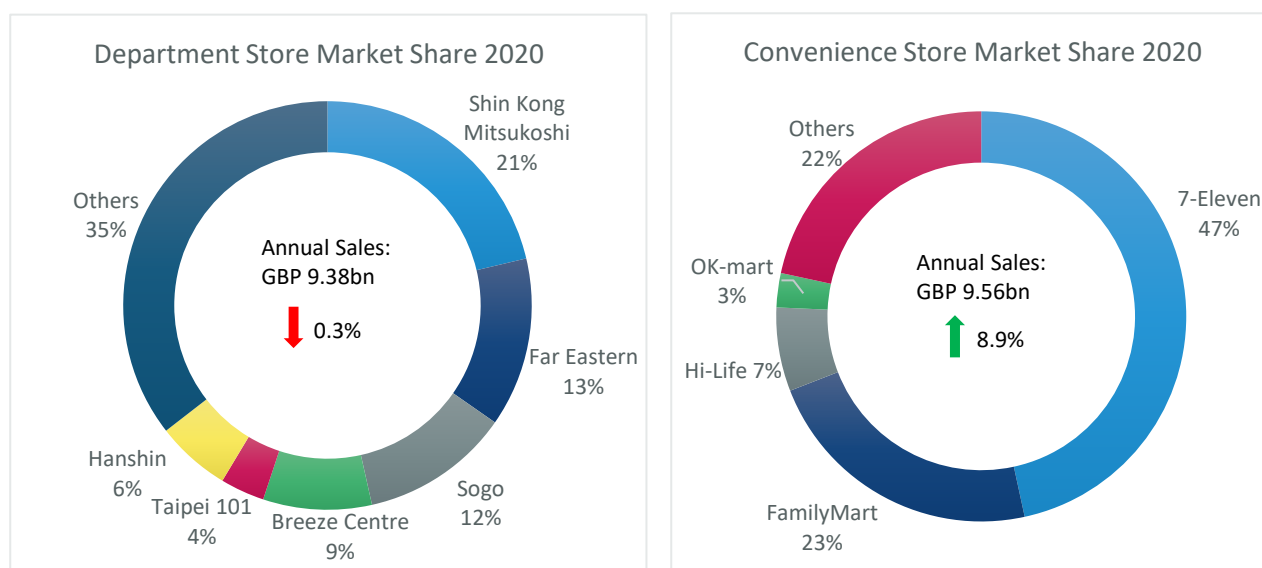
## 3.3. Ecosystem

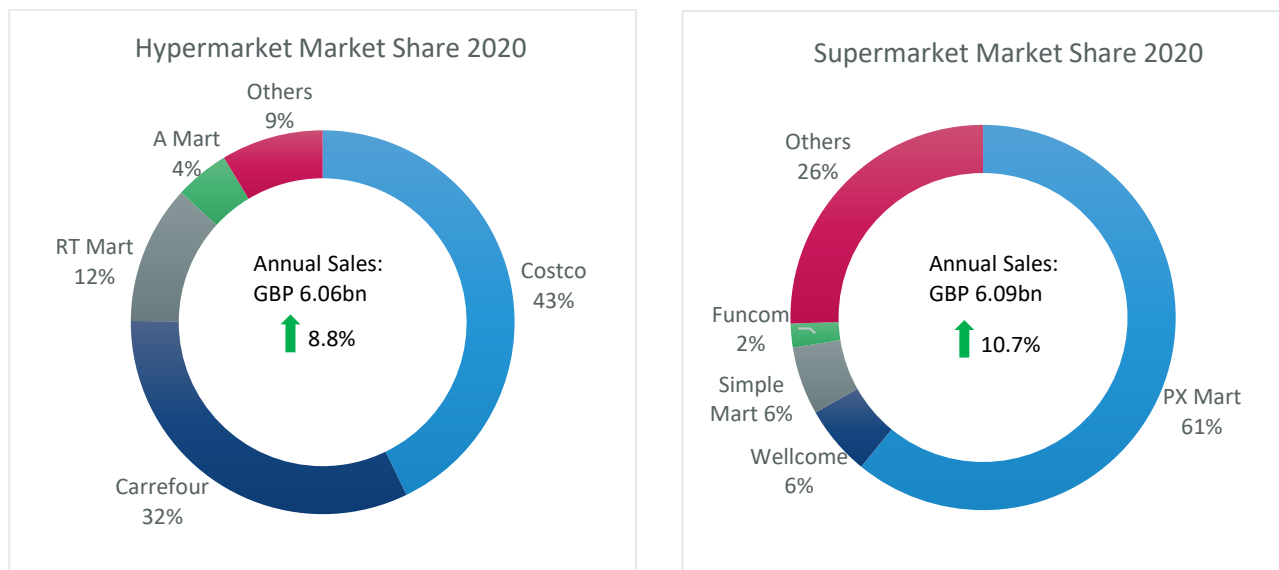
### 3.3.1. Offline Retail Outlets

The major players in the offline retailer space in Taiwan are local firms. The number of foreign players in the hypermarket space has diminished over the past several years, following the market retraction of Makro (Netherlands), Casino Group (France), and Tesco (UK). Remaining foreign players in the market include Costco (US), Carrefour (France), Family Mart (Japan) and some department stores such as Shin Kong Mitsukoshi (Japan-Taiwan). As mentioned in the previous section, cross-boundary M&A in the field has reshaped the landscape and created several highly consolidated and integrated alliances, mainly between Uni-President (which owes operating rights of 7-Eleven and has stakes in Carrefour) and PX Mart, which acquired RT Mart and partnered with Family Mart in digital payments.

Figure 4 provides an overview of the market share structure in the convenience store, department store, hypermarket, and supermarket space.

**Figure 4: Market Share of Offline Outlets in Taiwan**





Source: Mirai Business, Intralink Research

### 3.3.2. Online Retailers

Major local e-commerce platforms include Momo and PChome. Both handle warehousing and logistics operations in-house. ETmall is another sizable player, evolving from a television shopping channel. Smaller local players include book.com and KuoBrothers. In terms of foreign e-commerce players in Taiwan, Shopee and Yahoo Kimo have entered the market by selling a wide range of products through a localised Mandarin interface, of which the Singapore-based Shopee is the most popular among local consumers. Other foreign players include those focusing on specialised product categories, such as Zalora (fashion and cosmetics) and Ifchic (fashion and jewellery).

**Figure 5: E-Commerce Players in Taiwan**



Source: Intralink Research



### 3.3.3. Regulatory Bodies

The major regulatory bodies overseeing business operations, foreign imports and consumer protection in the consumer & retail space are as outlined in Table 1 below.

**Table 1: Regulatory Bodies**

Regulatory Bodies	Description
Consumer Protection Committee	<ul style="list-style-type: none"> <li>Responsible for consultation, discussion, and review of consumer protection policies and laws, enforcement outcomes, and as cross-agency coordination.</li> </ul>
Taiwan Food and Drug Administration	<ul style="list-style-type: none"> <li>Process online notifications by manufacturers, importers, and wholesalers on general cosmetics before these stakeholders can engage in supply, sale, giveaway, public display, or consumer trial offer of cosmetics products</li> </ul>
Customs Administration	<ul style="list-style-type: none"> <li>Responsible for import and export management, tariff consultation</li> </ul>

Source: Intralink Research

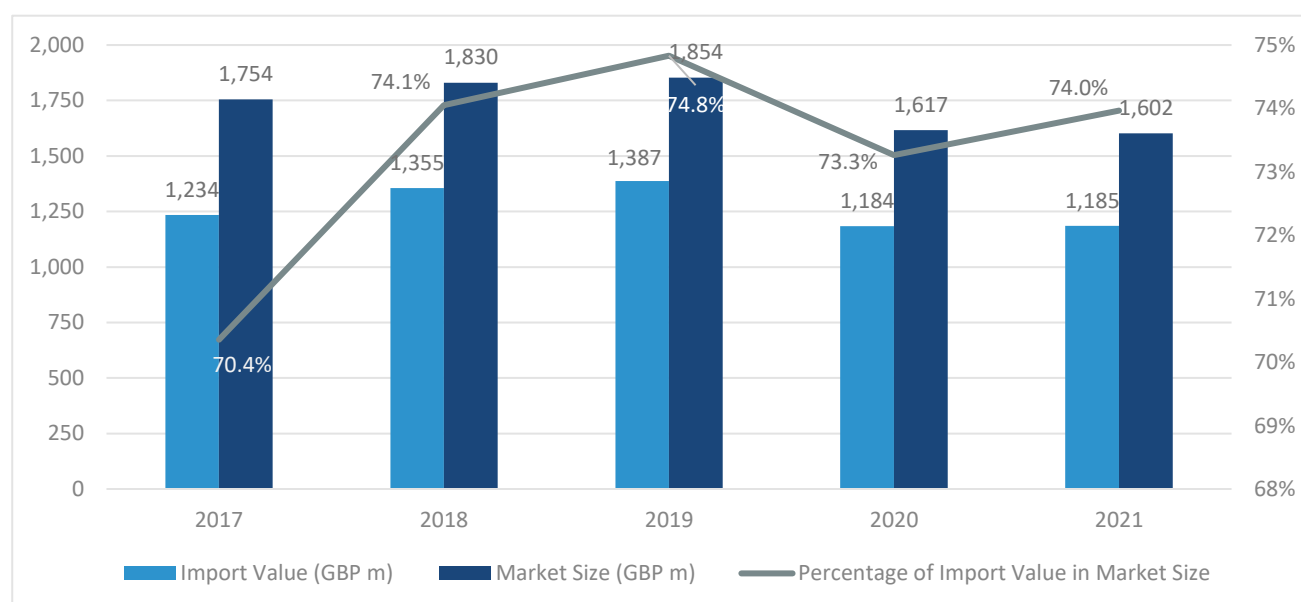
## 4. Key Subsectors

### 4.1. Cosmetics and Perfume

#### 4.1.1. Market Overview

The market size of cosmetics and perfume products in Taiwan experienced a single-digit YoY growth from 2017 to 2019 before the pandemic hit the island and drove down the figure consecutively for 2 years to NTD 60.5bn (GBP 1.6bn) in 2021.

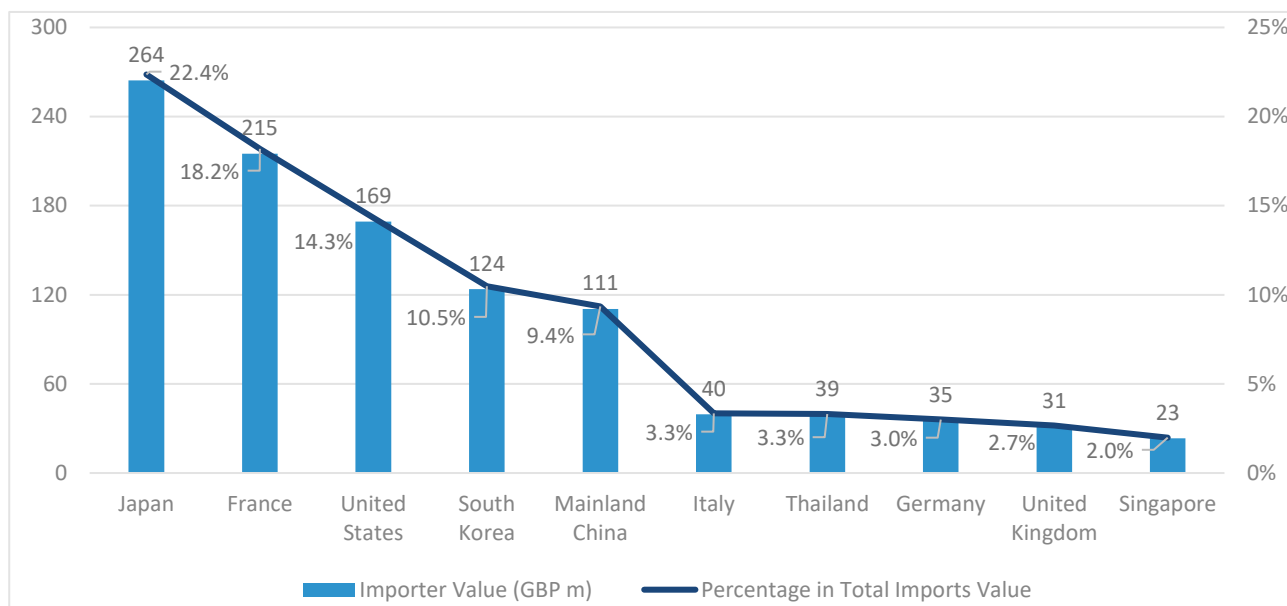
**Figure 6: Cosmetics and Perfume Market Size and Import Value in Taiwan**



Source: Bureau of Foreign Trade, Department of Statistics Ministry of Economic Affairs, Intralink Research

In 2021, Taiwan imported cosmetics and perfumes (including raw materials) with a combined value of approximately NTF 44.7bn (GBP 1.2b), according to Taiwan's Bureau of Foreign Trade statistics. Japan was Taiwan's largest importing partner in the space, accounting for GBP 264m worth of goods – 22.4% of total import value in this subsector. The other top five source countries were France, the US, South Korea, and Mainland China. The UK holds 9<sup>th</sup> position, with an export value of GBP 31m (2.7%).

**Figure 7: Top 10 Cosmetics and Perfume Exporters to Taiwan**



Source: Bureau of Foreign Trade, Intralink Research

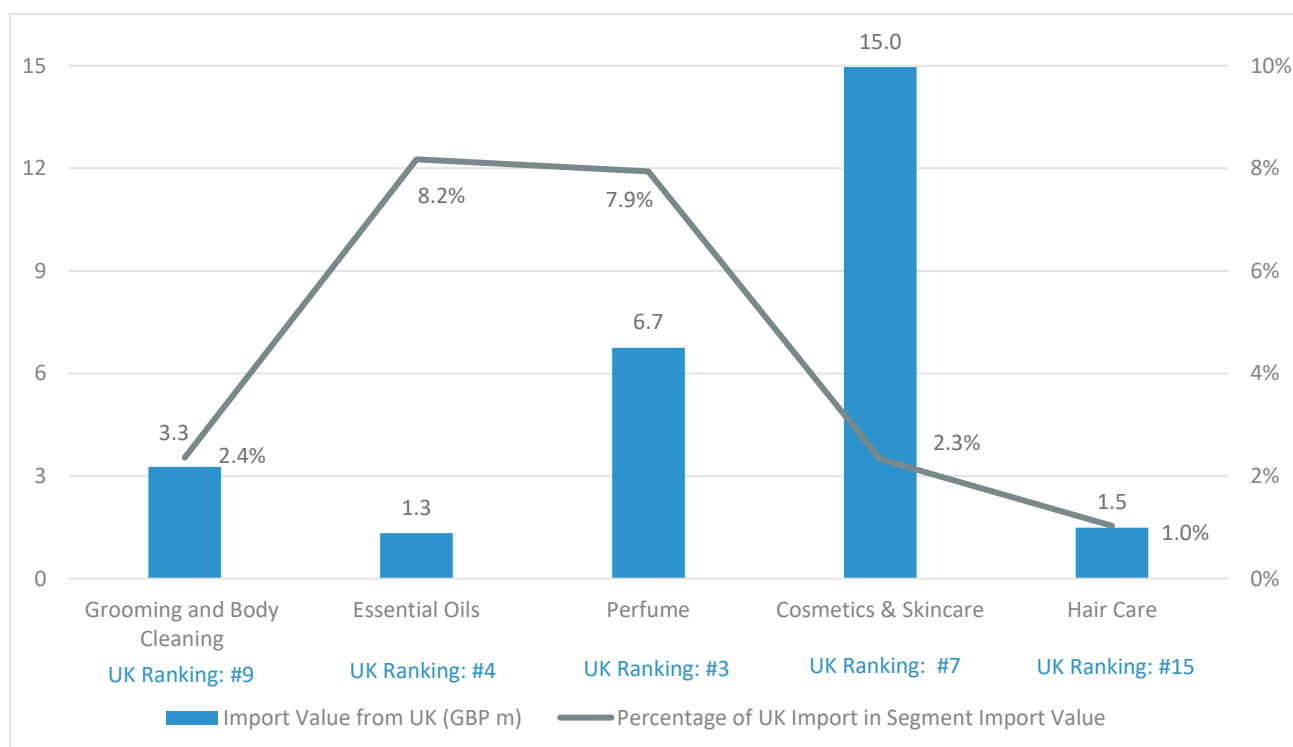
When drilling down to specific product categories, the UK performs well in several areas. In 2021, the UK was the 3<sup>rd</sup> largest perfume exporter to Taiwan by value, exceeding NTD 254.7m (GBP 6.7m), only after France's NTD 1,773m (GBP 46m) and Italy's NTD 372m (GBP 9.9m). This echoes our interview feedback on the popularity of established British perfume brands such as Jo Malone, Dunhill, Jimmy Choo, Burberry, and emerging brands such as Penhaligon's and London-founded Creed.

In the essential oils category, Taiwan's import value from the UK totalled NTD 50m (GBP 1.3m), ranking 4<sup>th</sup> among all Taiwan's import partners and only behind Mainland China's NTD 126m (GBP 3.3m), France's NTD 92m (GBP 2.4m), and Australia's NTD 76m (GBP 2m). This reflects the presence in Taiwan of British brands such as Aromatherapy Associates, Neal's Yard Remedies, and Absolute Aromas. Our interview with a former employee at ImagineX Taiwan, a subsidiary of Lane Crawford (Hong Kong) also confirmed that the UK and several other European countries have a time-honoured strength in extracting herbal essence and adding these to perfume and personal care products (i.e., lavender oil essence into sleeping-inducing fragrances).

In cosmetics and skincare, the UK's export value reached NTD 564m (GBP 15m), establishing itself as Taiwan's 7<sup>th</sup> largest importer, behind leaders including Japan (NTD 6,969m/GBP 185m), France (NTD 5,511m/GBP 146m), United States (NTD 3,455m/GBP 92m), South Korea (NTD 3,372m/GBP 89m), mainland China (NTD 897m/GBP 24m), and Italy (NTD 617m/GBP 16m). This is backed by the British presence of the Body Shop, Unilever, Rimmel, Charlotte Tilbury, and Molton Brown.

Figure 8 provides an overview of Taiwan's import value from the UK in different categories and the UK's relevant position among Taiwan's import source countries in 2021.

**Figure 8: The UK's Performance in Cosmetic and Perfume Segments in Taiwan (2021)**



Note: UK ranking = position among all Taiwan's import partners in this segment by import value

Source: Bureau of Foreign Trade, Intralink Research

In the general cosmetics market, according to our interview with Min-Jet, a local male grooming and hair care products distributor, though the market size for women's cosmetics is larger than men's, competition in the former is much fiercer, with consumers being able to easily switch to a different brand due to wide variety of choice.

In the perfume market, the majority of consumers range from 20 to 55 years old, and female consumers account for roughly 70% of sales, according to Maison de Beauté, a local perfume distributor. More senior and wealthy consumers opt for conventional big-name brands as a token of social status, while younger consumers are more open to emerging brands, particularly those offering customised scents and higher presences on social media platforms. Our interviews indicate that scent plays a vital role in affecting consumers' choice of a perfume while other factors might also play a role in buyers' decision making. For example, our interviews with perfume distributors in Taiwan revealed that packaging is a very important product attribute in Taiwan, acting as a key initial selling point to attract customers. For example, Dunhill is packaged in a grey bottle to target mature men, while Jimmy Choo accentuates romantic pink and flower patterns in perfume bottles to appeal to young women. Other factors perfume brands need to take into consideration is that local consumers have a preference for smaller volume bottles, particularly 50ml.

*“In the perfume space, Taiwanese consumers generally opt for 50ml bottles to reduce evaporation losses and to try new scents more frequently. As a result, only hot-selling series roll out options of 75ml or 100ml.” – Yen Lin TSAI, Sales Manager, Maison de Beauté*

Our interviews also indicate a shift in consumer behaviours in the past two years following the impact of the pandemic, in particular a reduction in impulse buying. According to industry stakeholders, Taiwanese perfume consumers today tend to be more rational, with the level of impulse purchases being comparatively low compared to pre-Covid times, as people now often only buy items they have used before.

In addition, people's lives in different parts of Taiwan have been impacted differently by Covid. In northern and central Taiwan, thanks to a well-connected public transportation system, people can still venture out and shop in department stores. However, in southern Taiwan, where more conservative attitudes are common, instore visits have reduced significantly compared to pre-Covid levels. To make up for the loss, companies are putting more effort into sales through online platforms and enabling transaction technologies to facilitate payments.

#### 4.1.2. Market Trends

The most substantial trends in the Taiwanese perfume, cosmetics and personal care market are outlined below.

##### **Increased demand for skincare products spurred on by increasingly aging society**

Moisturising and anti-ageing products that cater to different skin types and age groups are extremely popular in Taiwan. According to Taiwan's Ministry of Economic Affairs, partly due to the demographic shift, retail sales of health-and-beauty products have increased steadily at an average annual rate of 3.2% in the past 5 years, far exceeding the 1.2% growth rate in the overall retail sector. By 2026, Taiwan is projected to become a 'super-aged society', where at least 20% of the population are 65 years old or older.

##### **Transformation of cosmetics retailers' channel and operations model following the pandemic**

To reduce in-store shopping, retailers have been adopting an online-offline integration strategy to optimise the cosmetics purchasing experience. In March 2021, Cosmed, a pharmacy chain, turned to third-party Foodpanda to utilise the company's home delivery services. Poya, a local health-and-beauty chain, launched its own e-commerce platform, app, and mobile payment system to complement its 266 physical sales channels. In the first half of 2020, drug and cosmetic stores' online sales amounted NTD 4.7bn (GBP 125m), witnessing a 27.2% increase over the same period in 2019.

##### **Changing purchase priorities following the Covid-19 impact**

With much of the face obscured due to the extensive use of masks, consumers are spending more on skin care, hair care and makeup products for exposed facial areas. This has led to an increased demand for face

serum, long-lasting cosmetics, eyeliners and mascaras that offer high levels of colour saturation and a wider range of shades, while enthusiasm for lipstick and foundation has waned.

### 4.1.3. Key Players

Most major western brands are present in the Taiwanese market either through a direct presence or cooperation with a local partner, among which Japanese, French, American, South Korean, Italian, German, and British brands are highly sought-after.

British players in the space generally tap into the middle and upper end market. The Body Shop, a British cosmetics brand, entered the Taiwanese market roughly 34 years ago. The company initially targeted mid to high tier consumers but shifted towards mid-tier and mass market as consumption power in Taiwan increased. A more recent success story of a successful British consumer & retail brand is Jo Malone. According to various stakeholders interviewed during this initiative, the company has thrived in Taiwan due to its elegant packing, affordability, effective social media marketing, and the brand values it conveys to young middle-class consumers. Jo Malone's customisable scent is also seen as an alternative to conventional brand choices in Taiwan.

**Figure 9: Cosmetics and Perfume Players in Taiwan**



Source: Intralink Research

In terms of market entry models, big-name specialist foreign cosmetics and perfume brands generally opt for direct entry. However, foreign brands with various business lines (in addition to cosmetics and perfume), often decide on their market entry model based on the share of the cosmetics/perfume business line of overall company revenue. If the business line's contribution is small, the company usually partners with a

local distributor. For example, Jimmy Choo cooperates with Maison de Beauté for its perfume distribution in Taiwan. Due to Taiwan's relatively small market size, brands often tend to cooperate with a master distributor with a strong distribution network and a deep understanding of retail outlets and market opportunities in different parts of the island. For example, more traditional outlets such as department stores are dominated by global high-end brands in Taiwan. Supermarkets and drug & cosmetic stores serve consumers looking for mass market cosmetic products. Salons usually offer boutique or self-owned brands.

According to our interviews with various industry stakeholders, responsibilities and costs between Taiwanese distributors and foreign brand owners are split as follows:

- Distributor contractually commits to certain revenue targets, store opening targets and sales channels development
- Brand owner contractually commits to bonus on meeting revenue targets and supports marketing activities
- The costs for most marketing and promotional activities are generally covered by the distributor. As these costs have an impact on the distributor's profit margin, they are taken into account when agreeing the transfer price of the products between the two firms
- The costs for substantial promotion activities, such as product commercials, are usually covered by the brand owners directly, or sometimes shared between the brand and distributor

In addition to offline channels, newly emerged digital channels have levelled the playing field, with some brands setting up e-shops on e-commerce platforms such as Momo and PCHome. Some foreign brands without a local presence (neither through their own entity nor through a local partner or presence on a local e-commerce platform) opt to serve Taiwanese consumers through the brand's own online channel. For example, Look Fantastic developed a Taiwan domain name website with a Traditional Chinese option to serve local consumers. Selfridge serves Taiwan via its official UK website. Other brands opt to use international third-party e-commerce platforms including Ifchic and Zalora, which have a localised language choice and enable customers to place orders and get goods shipped directly to Taiwan – a channel that is especially popular among young Taiwanese with previous experience in studying or living abroad.

#### 4.1.4. Distributors

**Table 2: Cosmetics and Perfume Distributors and Retailers in Taiwan**

Name	Category	Description
Maison de Beauté	• Distributor	• One of the largest perfume distributors reselling foreign perfume brands, including Dunhill, Jimmy Choo (UK)
Beauty Gallery	• Distributor	• One of the largest perfume and skincare distributors for foreign brands, including Burberry, Michael Kors
Cherif Perfume	• Distributor	• One of the largest perfume distributors for foreign brands, especially continental European brands

Name	Category	Description
<a href="#">Fleisfrance</a>	• Distributor	• One of largest perfume distributors, reselling for Issey Miyake, Dolce&Gabbana, and Narciso Rodriguez
<a href="#">Min-Jet</a>	• Distributor	• Distributor for Morgan's (male personal care brand from UK) in Taiwan
<a href="#">Mayfair House</a>	• Distributor	• Distributor and e-shop manager for Body Shop in Taiwan
<a href="#">Asia Vision</a>	• Distributor & marketing partner	• Sells foreign perfume brands, i.e., Versace, Le Couvent, and Atkinsons (UK)
<a href="#">Tfmmall</a>	• Distributor	• Aromatherapy Associates (UK)' distributor and e-shop runner in Taiwan
<a href="#">Meala</a>	• Distributor	• Sells many western cosmetic brands, including 111skin (UK)
<a href="#">Carden Beauty</a>	• Distributor	• Resells many western cosmetic brands, mainly German and Swiss brands (currently no UK brands)
<a href="#">Cosmed</a>	• Retailer	• A homegrown cosmetic and drug retailer selling local and foreign products via online & offline channels
<a href="#">Watsons TW</a>	• Retailer	• A Hong-Kong based cosmetic and drug retailer selling local and foreign products via online & offline channels, including Rimmel
<a href="#">Breeze Centre</a>	• Department Store	• High-end channel for local and foreign brands
<a href="#">Shin Kong Mitsukoshi</a>	• Department Store	• High-end Japan and Taiwan joint venture selling foreign and local brands
<a href="#">s3beautystore</a>	• Local specialised e-commerce platform	• Sells foreign cosmetic brands including Simple, Dove, Jimmy Choo, Dunhill, Body Shop, and Rimmel (UK)
<a href="#">Everrich</a>	• Local specialised e-commerce platform	• Duty-free digital channels offer foreign cosmetic and perfume brands
<a href="#">Mbeaute</a>	• Local specialised e-commerce platform	• Sells foreign cosmetic brands including Dr Sebagh (France)



Name	Category	Description
<a href="#">Look Fantastic TW</a>	<ul style="list-style-type: none"> <li>UK-based specialised e-commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>Sells foreign cosmetic and perfume brands including Elemis, Molton Brown (UK)</li> </ul>
<a href="#">Momo</a>	<ul style="list-style-type: none"> <li>Local comprehensive e-commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>Local e-commerce platform selling foreign and local brands both for mass and premium market, including Jo Malone (UK)</li> </ul>
<a href="#">Shopee</a>	<ul style="list-style-type: none"> <li>Comprehensive e-commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>Singaporean e-commerce platform active in Taiwan and Southeast Asia. Unilever has an online flagship store for Simple, Dove, and Lux series</li> </ul>
<a href="#">Ifchic</a>	<ul style="list-style-type: none"> <li>International specialised e-commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>American cosmetics &amp; luxury e-commerce platform that sells high-end international brands, with localised Chinese option to serve the Greater China market</li> </ul>
<a href="#">Zalora</a>	<ul style="list-style-type: none"> <li>International specialised e-commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>High-end vertical digital retailer centred around Southeast Asia for international luxury and fashion brands, with localised option in Chinese</li> </ul>

Source: Intralink research

#### 4.1.5. Barriers and Risks

Taiwan's regulations on cosmetics tests have relaxed as the newly enacted *Cosmetic Hygiene and Safety Act* in 2019 banned the requirement for manufacturers, importers and wholesalers to conduct cosmetics testing on animals in Taiwan. There are two exceptions to this, both of which require prior approval from Taiwanese authorities: 1) the ingredient is widely used, and its function cannot be replaced by other ingredients, and the testing is necessary; 2) evaluation data indicates potential harm to human health.

The Safety Act also stipulates that all manufacturers and importers need to register general cosmetics with the Taiwan Food and Drug Administration (TFDA) online before engaging in the supply, sale, giveaway, public display, or consumer trial offer of cosmetics products. In addition, the Act clarifies rules for labelling, including standardised requirements on the display order of ingredients and font sizes of items in the label.<sup>1</sup> Failure to comply with either of these two requirements results in a fine ranging from NTD 10k (GBP 264) to NTD 1m (GBP 26,490). Serious or repeating violators face possible closure of business or the wholly/partially revocation of permits.

<sup>1</sup> Cosmetic Hygiene and Safety Act, [link](#)

On the tariff front, Taiwan imposes no tariffs on general cosmetics and perfume products. However, for some specific categories such as cosmetic preparation and brushes/buffs, a tariff of 5% applies. For detailed information, UK brands can check the Ministry of Finance's Customs & Ports and Trade (CPT) official website <https://portal.sw.nat.gov.tw/APGQO/GC411> and enter 33 (the code for cosmetic and perfume products) under the code number column<sup>2</sup>.

**Table 3: Tariffs on Imported Cosmetics and Perfume in Taiwan**

Categories	Tariff Rate	Description
Cosmetics	• 0%	• Import tariff from WTO membership nation (including UK) is 0%, including lotion, cream, soap, more details: <a href="#">link</a>
Perfume	• 0%	• Import tariff from WTO membership nation (including UK) is 0%, more details: <a href="#">link</a>
Cosmetic preparations	• 5%	• Import tariff from WTO membership nation (including UK) is 5%, more details: <a href="#">link</a>
Cosmetic brushes, buffs	• 5%	• Import tariff from WTO membership nation (including UK) is 5%, more details: <a href="#">link</a>

Source: Ministry of Finance's Customs & Ports and Trade (CPT), Intralink research

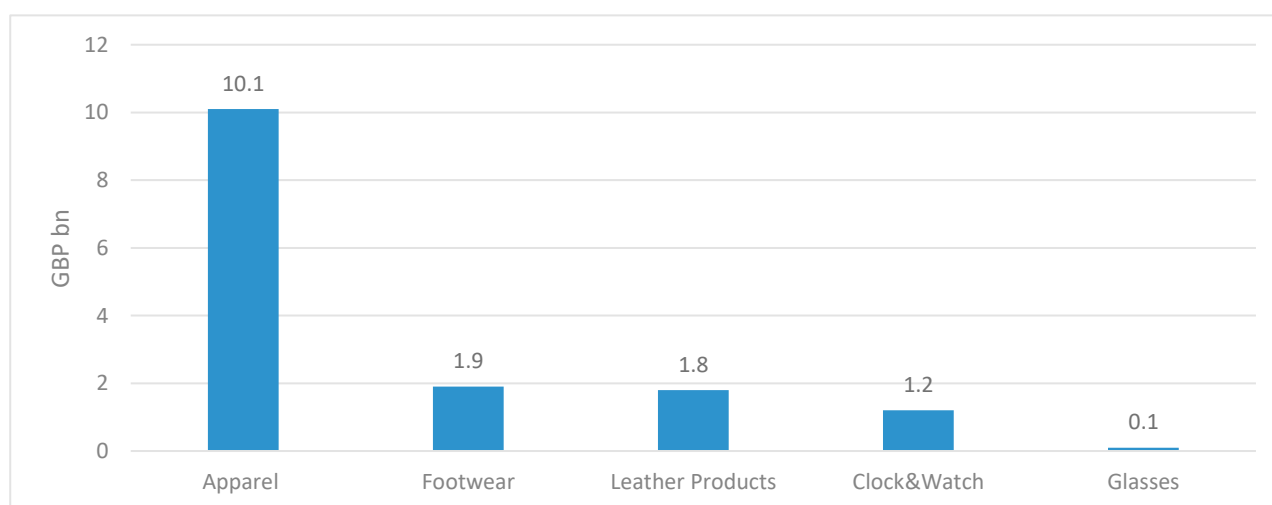
<sup>2</sup> Column is indicated as follows: 稅則號別

## 4.2. Fashion

### 4.2.1. Market Overview

According to Euromonitor, the market size of the Taiwanese fashion industry (excluding cosmetics and jewellery) amounted to approximately NTD 568bn (GBP 15.1bn) in 2021. Apparel accounted for the largest share of the market, totalling roughly GBP 10.1bn – 67% of the Taiwanese fashion market. Other strong subcategories include footwear, leather products, watches & clocks.

**Figure 10: Market Size of Taiwan's Fashion Industry (2021)**



Source: Euromonitor

Taiwan's strong consumption power in fashion was reflected in the growth of the personal luxury market, which expanded from GBP 5.3bn in 2019 to GBP 5.6bn in 2020 – surpassing for the first time its long-time regional competitor Hong Kong, which saw its market shrink from GBP 8.7bn to GBP 5bn due to the impact of the Covid-19 pandemic and resulting decline in tourism.

At the other end of the spectrum, namely fast fashion, there has been a drop in market demand, partly due to a demographic decline in the 20–29-year-old population from roughly 3.8m in 2000 to 3.1m in 2020. This posed challenges to brands that rely on the younger generation, and some foreign players have been hit hard. For example, Forever21 and Topshop withdrew their physical presence from Taiwan. Furthermore, Taiwanese consumers are looking for something more than just being fashionable. According to Social Lab, a local market research platform, design and 'ease of matching' is the most important factor for local fast fashion consumers, followed by affordability, texture, size, and functionality. In addition, casual clothing suitable for working from home is gaining popularity in Taiwan. These factors, compounded with cultural similarities within East Asia, have contributed to the substantial success of Uniqlo, a Japanese player, making it one of the most popular fast fashion choices among Taiwanese consumers.

## 4.2.2. Market Trends

The most substantial trends in the Taiwanese fashion market are outlined below.

### **Shift towards deeper localisation of brand values**

According to a 2021 Euromonitor survey, 43% of Taiwanese prefer to buy brands that align with their values (up from 34% in 2020). Western brands therefore need to localise beyond simply using an Asian face as a brand representative – they need to synergise the brand with cultural and social values rooted in the local market. One example is to enhance consumer engagement and build brand awareness through local KOLs (key opinion leaders) to help fashion brands convert attention to sales.

### **Increased popularity of cross collaboration between luxury brands and pop culture**

Cross collaboration between luxury brands and pop culture brands is widely seen as an effective way to engage with the younger generation, which will soon become the dominant consumption power in the fashion market. For example, both Loewe and Gucci launched crossover products featuring Japanese manga characters in 2020 to appeal to young East Asian consumers, including Taiwanese.

### **Brands digitalisation to enhance consumer engagement**

Luxury and fashion brands have long feared that digitalisation could undermine the exclusivity the businesses so heavily depend on. However, the advent of Covid-19 accelerated omnichannel strategies to increase online accessibility while still maintaining exclusivity. The main goal of omnichannel marketing is to integrate all touchpoints of online and offline channels to build a seamless personalised consumer experience process based on captured consumption data and profiles. In the constantly changing fashion market in Taiwan, digital transformation has been key to keeping brands afloat. British brand Burberry is a global fashion frontrunner in driving digital transformation, having launched a data-driven programme called Customer 360 that invites customers to digitally share their buying history, shopping preferences and fashion phobias in a digital profile, which can be accessed by sales staff using iPad. It also actively engages consumers by encouraging sharing of try-on photos on social media and thus gains insights into market demands.

## 4.2.3. Key Players

Though Taiwan is a big textile manufacturer and supplier, the industry is highly export-oriented, with exports value accounting for more than 75% of total textile and apparel production value. Despite these manufacturing capabilities, it has not established strong local fashion and luxury brands. Western and Japanese brands are overwhelming dominant, especially in Taipei where big-name foreign brands are highly visible.

British players in the space are largely concentrated in the higher end of the market, with companies such as Burberry, Dunhill, Alexander McQueen and Vivienne Westwood being active in Taiwan. According to industry stakeholders, Burberry is considered one of the earliest and most prominent British fashion players in Taiwan.

Figure 11: Fashion Players in Taiwan



Source: Intralink Research

#### 4.2.4. Distributors

Foreign fashion brands' market entry strategies in Taiwan are largely dependent on the level of brand awareness among local consumers. World renowned brands such as Burberry, Louis Vuitton, and Gucci have had a long-standing presence in the market, initially entering by opening stores in Taipei's main commercial centres. Smaller brands generally rely on local agents to test the waters and support market entry.

Some foreign brands without a local presence (neither through their own entity nor through a local partner or presence on a local e-commerce platform) instead opt to serve Taiwanese consumers through the brand's own online channel. One such example is Selfridge's, which serves Taiwan via its official UK website. Others opt to use international third-party e-commerce platforms such as Ifchic and Zalora, which have developed a language choice in Chinese so that Taiwanese consumers can place orders and get goods shipped to Taiwan directly.

Table 4: Fashion Distributors and Retailers in Taiwan

Name	Nature	Description
Trinity Group	<ul style="list-style-type: none"> <li>Franchise Partner</li> </ul>	<ul style="list-style-type: none"> <li>Has stakes in Gieves &amp; Hawkes (UK), Kent &amp; Curwen (UK), Cerruti 1881 (France), and is the franchise partner of D'urban (Japan) in Greater China</li> </ul>

Name	Nature	Description
New Taipei Group	<ul style="list-style-type: none"> <li>Distributor</li> </ul>	<ul style="list-style-type: none"> <li>Distributor of UK's Kinloch Anderson (men's) and Regatta Club in Taiwan</li> </ul>
Chain Way	<ul style="list-style-type: none"> <li>Distributor &amp; Brand Operator</li> </ul>	<ul style="list-style-type: none"> <li>Distributor and e-shop manager of Kinloch Anderson's women series</li> </ul>
Bluebell	<ul style="list-style-type: none"> <li>Distributor &amp; Branding Operator</li> </ul>	<ul style="list-style-type: none"> <li>Reseller and brand operator for many western luxury &amp; fashion brands</li> </ul>
Yagi Tsusho Taiwan	<ul style="list-style-type: none"> <li>Distributor &amp; Brand Operator</li> </ul>	<ul style="list-style-type: none"> <li>Japan-based company. Distributor and e-shop manager of Barbour</li> </ul>
Yun San	<ul style="list-style-type: none"> <li>Distributor</li> </ul>	<ul style="list-style-type: none"> <li>Distributor of western brands including UK's Cath Kidston, Ted Baker, and Vivienne Westwood</li> </ul>
Taipei 101	<ul style="list-style-type: none"> <li>Department Store</li> </ul>	<ul style="list-style-type: none"> <li>High-end channel for big-name fashion brands</li> </ul>
Shin Kong Mitsukoshi	<ul style="list-style-type: none"> <li>Department Store</li> </ul>	<ul style="list-style-type: none"> <li>High-end Japan and Taiwan joint venture selling foreign and local brands, including UK's Alexander McQueen</li> </ul>
Breeze Centre	<ul style="list-style-type: none"> <li>Department Store</li> </ul>	<ul style="list-style-type: none"> <li>High-end channel for local and foreign fashion brands</li> </ul>
Momo	<ul style="list-style-type: none"> <li>Local comprehensive e-commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>Sells foreign and local brands both for mass and premium market</li> </ul>
PChome	<ul style="list-style-type: none"> <li>Local comprehensive e-commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>Sells foreign and local brands both for mass and premium market</li> </ul>
Zalora	<ul style="list-style-type: none"> <li>International vertical e-commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>High-end vertical digital retailers for international luxury and fashion brands, with existing localised option in Chinese</li> </ul>
Ifchic	<ul style="list-style-type: none"> <li>International vertical e-commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>A California-based cosmetics &amp; luxury e-commerce platform that sells high-end international brands, with localised Chinese option to serve Greater China market</li> </ul>
Next TW	<ul style="list-style-type: none"> <li>UK fashion e-commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>Vertical digital fashion retailer, with localised Chinese option</li> </ul>

Source: Intralink research

## 4.2.5. Barriers and Risks

In the fashion sector, UK SMEs would benefit from thoroughly establishing their value proposition and target consumer segment before selecting a distribution partner in Taiwan. Brands should take local consumer demographics into account (body figure, height, and cultural background), as they may find that some designs and fits for western consumers are not necessarily suitable for the Asian consumers.

*“British brands would be well-advised to take local consumer preferences and market conditions into account. For example, during the initial days after its market entry in Taiwan, Burberry’s flagship trench coats were very popular, instilling an image of elegance and sophistication among consumers. However, climate differences inevitably influence consumption patterns, with Taiwan’s tropical climate reducing people’s needs and purchasing frequency for trench coats.”* **Former employee, ImagineX TW**

On the tariff front, Taiwan imposes differentiated rates on fashion products, depending on product types, textures and usage purposes. For detailed information, UK brands can check the Ministry of Finance’s Customs & Ports and Trade (CPT) official website <https://portal.sw.nat.gov.tw/APGQO/GC411>. To access, enter 61/62 (Garments), 42 (Leather Products & Handbags), 64 (Shoes), 91 (Watches), 70/90 (Sunglasses) under the code number column<sup>3</sup>.

**Table 5: Tariffs on Imported Fashion Products in Taiwan**

Categories	Tariff Rate	Description
Handbags	• 6.6% or 10%	• Import tariff from WTO membership nation (including UK) depends on handbag texture, more details: <a href="#">link</a>
Shoes	• 5% or 7.5%	• Import tariff from WTO membership nation (including UK) depends on shoes texture, more details: <a href="#">link</a>
Garments	• 10.5% or 12%	• Import tariff from WTO membership nation (including UK) depends on garment texture, more details: <a href="#">link</a>
Leather Products	• 6.6%, 7.5%, or 10%	• Import tariff from WTO membership nation (including UK) depends on product usage purpose, more details: <a href="#">link</a>
Watches	• 2.5%, 4%, or 5%	• Import tariff from WTO membership nation (including UK) depends on functioning principle, more details: <a href="#">link</a>
Sunglasses	• 5% or 10%	• Import tariff from WTO membership nation (including UK) depends on product usage purpose, more details: <a href="#">link</a>

Source: Intralink research

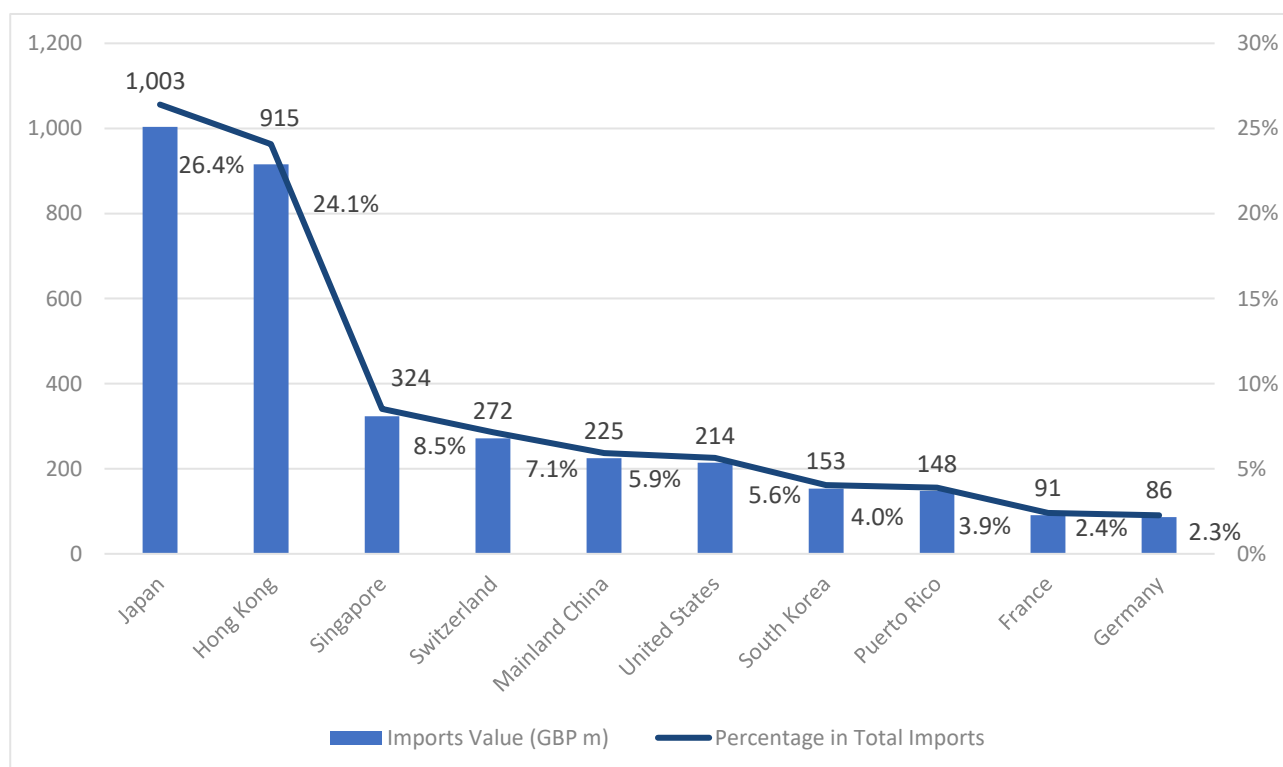
<sup>3</sup> Column is indicated as follows: 稅則號別

## 4.3. Jewellery & Accessories

### 4.3.1. Market Overview

Taiwan imported a total GBP 3.8bn worth of jewellery and accessories (including raw materials) in 2021. Four of its top five importing partners in this category are Asian, with Japan taking the lead (26.4%), closely followed by Hong Kong (24.1%). The UK ranked 14<sup>th</sup>, exporting goods worth GBP 32m to Taiwan.

**Figure 12: Taiwan’s Top 10 Jewellery & Accessory Importers**



Source: Bureau of Foreign Trade, Intralink Research

Our interviews indicate Taiwanese consumers of different age brackets show diverse interests in jewellery and accessories – they are also less likely to care about diamond karat/size and complex patterns, which explains to some extent the popularity of Japanese fashion jewellery brands such as Agete, which is known for its simple designs.

*“Diamonds are more popular among younger generations, while more well-off senior consumers tend to buy gold jewellery. College students generally prefer silver accessories, and professional female consumers are keen on “demi fine jewellery”; affordable jewellery with simple but unique designs. This market segment in Taiwan generally shies away from blindly following trends.”* – Alex LIN, Sales Manager, Bogin



### 4.3.2. Market Trends

The most substantial trends in the Taiwanese jewellery and accessory market are outlined below.

#### **Variations in level of market resilience from different jewellery types during the Covid-19 impact**

While the Taiwanese jewellery market in general experienced a slowing growth, luxury jewellery performed relatively better than costume/fashion jewellery during the pandemic. High-income Taiwanese continued to invest in high-end jewellery while the middle class – which accounts for bulk of costume jewellery consumption – tightened their belts and reduced spending.

#### **Buying jewellery to complement investment portfolio**

According to ETtoday, a local media source, the transaction volume of general diamonds in Taiwan increased by 2.5 times YoY in 2020, with demand for rare red diamonds rising by 60 to 80%. Pandemic-induced travel restrictions stopped wealthy consumers from travelling and shopping overseas, resulting in increased spending in the local market. These deep-pocketed top consumers, both sophisticated as investors and jewellery connoisseurs, stocked up on diamonds as appreciable assets that can be passed on to their offspring. According to Bogin, a local jewellery distributor, the turbulent international geopolitical environment has also pushed up the sales of gold coins and bars, in an attempt to hedge against fluctuations in the stock market and currency rate.

#### **Shift to online channels and brand digitalisation**

Before Covid, jewellery retailers were slow in adopting digital platforms as direct sales channels due to delivery safety, high product value, and the importance of the 'try-on experience' in physical stores. However, big-name brands are increasingly providing online shopping options in Taiwan. For example, Taiwanese consumers can now place online orders up to USD 250k (GBP 185k) with De Beers, making itself the first international player to roll out such an online sale plan.

### 4.3.3. Key Players

Most major global jewellery and accessory brands have entered Taiwan, including players exclusively engaged in jewellery and diversified luxury brands with a jewellery business. Local brands are generally quite young – most were initiated by celebrities or designers like Yun Yun Sun and Cindy Chao. Some local players also operate in niche markets. For example, Lin Shiao Tung is focused on jade jewellery with design aesthetics catering to local culture. Despite this, European and American brands remain the largest players in the market – examples include Bvlgari, Cartier, Pandora, Tiffany, and Swarovski.

British players such as De Beers and Graff have built up a local presence through offline and online channels. According to Bogin, a local distributor, the UK's Royal Mint also has a strong brand recognition in the gold coin market, outperforming its Canadian and Australian equivalents partly because of its association with the royal family.

Apart from western players, Japanese brands such as Agent and Kuno have developed customised fashion jewellery that caters to local tastes and aesthetics. Hong Kong players such as Chow Tai Fook, Chow Sang Sang, and Just Gold are established names for jewellery and gold products connected with Chinese themes and culture.

**Figure 13: Jewellery and Accessory Players in Taiwan**



Source: Intralink research

#### 4.3.4. Distributors

For foreign jewellery and accessory brands, market entry strategies are largely dependent on their level of brand awareness and exposure among local consumers. Well-known brands such as De Beers generally establish their own physical or digital outlets. Smaller brands generally partner with local distributors, utilising their distribution network, tapping into their understanding of local consumer characteristics and preferences, and benefiting from their after-sales service in the local market.

**Table 6: Jewellery and Accessory Distributors and Retailers in Taiwan**

Name	Nature	Description
Artewhite	<ul style="list-style-type: none"> <li>Distributor</li> </ul>	<ul style="list-style-type: none"> <li>Resells jewellery from independent designers (mainly US, Australia, Canada, Spain, Portugal)</li> </ul>
Jingying Jewellery	<ul style="list-style-type: none"> <li>Distributor</li> </ul>	<ul style="list-style-type: none"> <li>Resells foreign jewellery (mainly Japanese brands)</li> </ul>

Name	Nature	Description
Jewelryworld	• Distributor	• Resells jewellery and accessories (mainly local brands)
Dickson Trading	• Distributor	• Resells jewellery and luxury products for Chopard, Rolex, Tudor
Tun Group	• Distributor	• Resells jewellery and luxury products for Agete (Japan) and Les Néréides (France)
Beyond Cool	• Distributor	• Resells fashion jewellery (mainly Japanese, US brands)
Bogin	• Distributor	• Resells foreign jewellery, i.e. Royal Mint gold coins (UK)
Shin Kong Mitsukoshi	• Department Store	• High-end Japan and Taiwan joint venture selling foreign and local brands
Breeze Centre	• Department Store	• High-end channel for local and foreign jewellery brands
Selfridges	• UK Department Store	• UK department store with digital channel selling high-end international brands, with localised Chinese language option to serve the Greater China market
IFCHIC	• International vertical e-commerce platform	• California-based cosmetics & luxury e-commerce platform that sells high-end international brands, with localised Chinese language option to serve the Greater China market
Zalora	• International vertical e-commerce platform	• Hosts high-end digital retailers centred around Southeast Asia, specialised in international luxury and fashion brands. Has localised option in Chinese

Source: Intralink research

#### 4.3.5. Barriers and risks

In the jewellery sector, British players face strong competition from other foreign brands especially those from the US, France, Japan, and Switzerland. Local consumers are inclined to trust established names and SMEs need to differentiate themselves from conventional offerings and play deeper into local needs and preferences.

On the tariff front, Taiwan imposes differentiated rates on jewellery products, depending on product materials and using purposes. For detailed information, UK brands can consult the Ministry of Finance's Customs & Ports and Trade (CPT) official website <https://portal.sw.nat.gov.tw/APGQO/GC411> and enter 71 (the code for jewellery products) under the code number column<sup>4</sup>.

<sup>4</sup> Column is indicated as follows: 稅則號別

**Table 7: Tariffs on Imported Jewellery and Accessory in Taiwan**

Categories	Tariff Rate	Description
Jewellery	<ul style="list-style-type: none"> <li>0%, 2.5%, or 3%</li> </ul>	<ul style="list-style-type: none"> <li>Import tariff from WTO membership nation (including UK) depends on jewellery materials and using purposes, more details: <a href="#">link</a></li> </ul>
Coin	<ul style="list-style-type: none"> <li>0%</li> </ul>	<ul style="list-style-type: none"> <li>Import tariff from WTO membership nation (including UK) is 0%, more details: <a href="#">link</a></li> </ul>

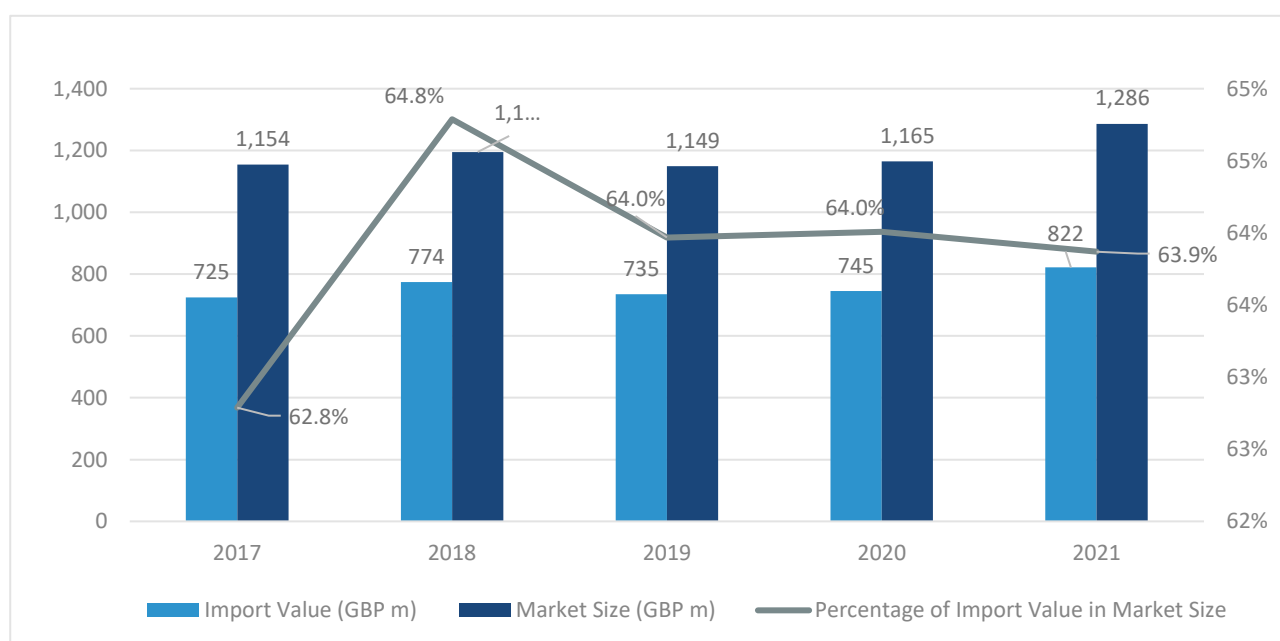
Source: Intralink research

## 4.4. Home Care

### 4.4.1. Market Overview

The market size for home care products in Taiwan reached NTD 48.6bn (GBP 1.3bn) in 2021, witnessing a 10.4% increase over 2020, far exceeding the previous YoY growth of 1.4% in 2020 and the 3.8% contraction in 2019. Total import value in 2021 amounted to NTD 31bn (GBP 822m), with the market share of imported products accounting for 63.9%, maintaining roughly the same level as in 2018 and 2019

**Figure 14: Home Care Market Size and Import Value in Taiwan (2017-2021)**

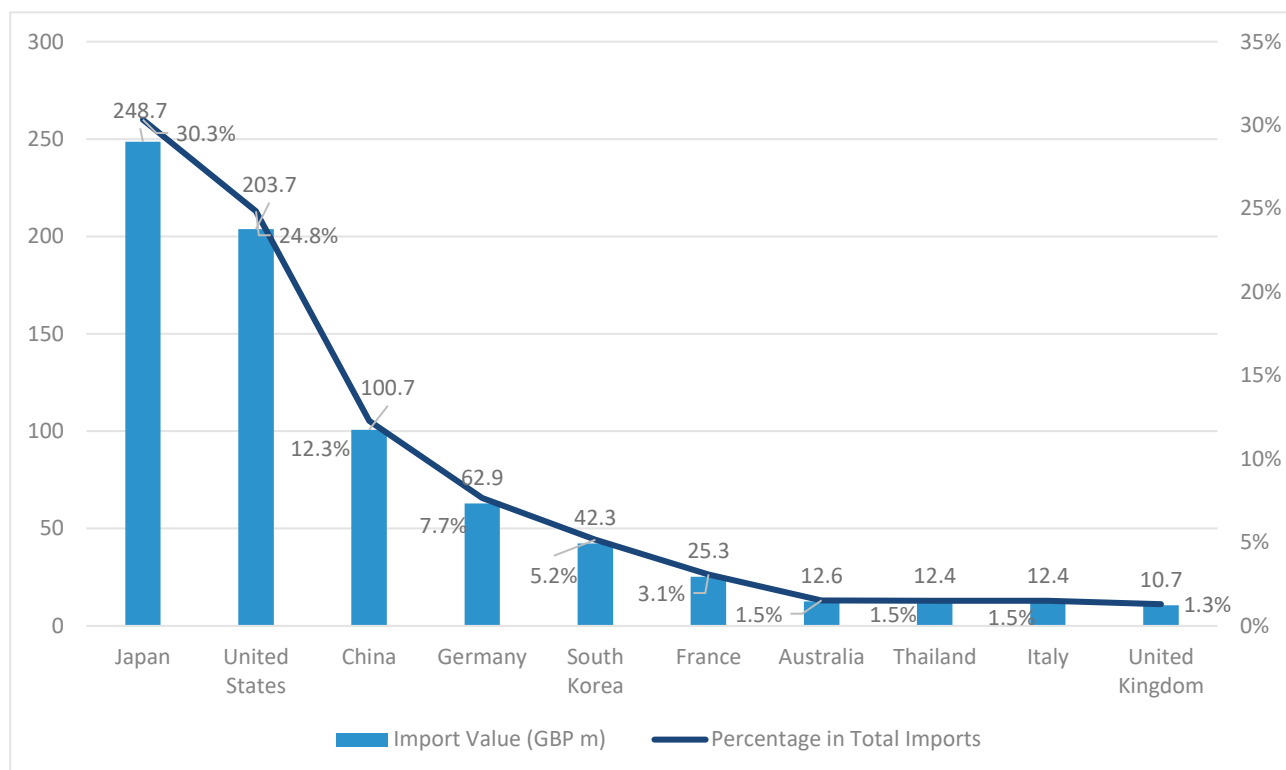


Source: Bureau of Foreign Trade, Department of Statistics Ministry of Economic Affairs, Intralink Research

When looking into categories within the home care market, the laundry care category accounts for the largest proportion – with estimated sales value totalling USD 869m (GBP 644m) in 2022, roughly 53% of the total market. This is followed by household cleaners (consumables for cleaning surfaces, windows, and toilets) at 21%, dishwashing detergent (14%), and polishes, room scent & insecticide (polishes for shoes, floor, furniture, couch, deodorants and insecticides) at 12%.

In 2021, the total import value (including raw materials) in this sector reached GBP 819m, accounting for roughly 68.2% in overall homecare market size. Japan topped the list of import sources, with an export value of GBP 248.7m, approximately 30.3% of total imports. The UK came in 10<sup>th</sup> position, capturing a value of GBP 10.7m, roughly 1.3% of Taiwan's total import value.

**Figure 15: Top 10 Homecare Exporters to Taiwan in 2021**



Source: Bureau of Foreign trade, Intralink Research

As home care products are generally mass-market products, retailers tend to compete against each other on price. Everbridge, the local distributor for British brand Astonish, informed us that, in order to avoid intense price competition, it chooses to work with department stores such as Sogo and Shin Kong Mitsukoshi to build up a decent brand images, but cooperates with only one key account in each of the other sales channels. For example, concentrating only on Costco in the hypermarkets space to avoid the low price ‘rat race’.

#### 4.4.2. Market Trends

The most substantial trends in the Taiwanese homecare market are outlined below.

##### **Increasing importance of household cleaning for preventative health and hygiene measures following the pandemic**

According to a survey by Kantar, 94% of Taiwanese are currently frequent users of antibacterial cleaning or air cleaning products at home. Disinfectant alcohol is the most widely used with a popularity rate rising from 26% in pre-Covid 19 years to 71% today, followed by bleach (42%), antibacterial wipes/antibacterial hand soap/hand sanitising gel (33.3%), and antibacterial liquid and hypochlorous acid liquid (23%). Our interview with Everbridge, Astonish’s distributor in Taiwan, indicated that in Covid times, its business generally remained stable but online sales grew much stronger than before the pandemic.

## Shift to preference for naturally extracted and plant-based ingredients

Taiwanese consumers prefer to use home care products with natural ingredients over chemical-based products. For example, detergent with tea tree essential oil to kill bacterial is quite popular locally. This preference fits in well with UK's longstanding strength in extracting herbal essence.

## Prevalence of using social media for promotion

Our interviews show that Taiwanese consumers in the homecare category are heavily influenced by social media marketing, such as influencer and KOL promotion. Though the UK has big players such as Unilever, the popularity of big brands is not enough to draw consumers towards choosing products from a certain country of origin. SME brands still need to invest in promotional events to enhance brand awareness.

*“Building the brand and earning consumer trust is a key factor behind success in Taiwan, but many distributors don't put enough effort into this. It can often take up to 10 years for a company to build up substantial brand image. However, once this has been established, customer loyalty is high.” – Lucy Chung, General Manager, Everbridge*

**Figure 16: Homecare Players in Taiwan**



Source: Intralink Research

### 4.4.3. Distributors

Foreign homecare brands, especially FMCG giants such as Unilever, P&G, and SC Johnson, tend to build local presence through direct entry into the Taiwanese market. However, smaller brands opt to enter the market through appointing a local distributor or using e-commerce platforms.

**Table 8: Homecare Distributors and Retailers in Taiwan**

Name	Nature	Description
Everbridge	• Distributor	• Astonish's distributor in Taiwan
Zenith	• Distributor	• Dettol's distributor in Taiwan
Mano Business	• Distributor	• Finish's distributor in Taiwan
C'est Si Bon	• Distributor	• Distributor of foreign homecare brands (mainly Australian and American brands)
Hakko	• Distributor	• Distributor of UK's Electrolube
Autoholic	• Distributor	• Distributor of many foreign homecare brands, including Angelwax Vision (UK)
Sharktank	• Digital Retailer	• Sells many foreign homecare brands (including UK's Nimble Baby Buster), but also in fashion and food
MOMO	• Local comprehensive e-commerce platform	• Sells foreign and local brands both for mass and premium market
PChome	• Local comprehensive e-commerce platform	• Sells foreign and local brands both for mass and premium market
Shopee	• Comprehensive e-commerce platform	• A Singapore-based e-commerce platform that covers business in Taiwan and Southeast Asia, serving the mass market. Unilever has an online flagship store for Simple, Dove, and Lux series
Pcone	• Local comprehensive e-commerce platform	• Sells foreign and local brands both for mass and premium market

Source: Intralink Research

#### 4.4.4. Barriers and Risks

In the homecare category, UK players need to be aware that market competition is fierce in Taiwan. Brand awareness is hard to build, and there are many local and foreign brands available to compete with. For British SMEs, it may take a long time to establish brand credibility. However, once this has been established, customer loyalty is high.

On the tariff front, Taiwan imposes differentiated rates on homecare products, depending on product types, textures, and usage purposes. For detailed information, UK brands can check Ministry of Finance's Customs



& Ports and Trade (CPT) official website <https://portal.sw.nat.gov.tw/APGQO/GC411>. To access, enter 34 (the code for homecare products) under the code number column<sup>5</sup>.

**Table 9: Tariffs on Imported Homecare Products in Taiwan**

Categories	Tariff Rate	Description
Homecare Products	<ul style="list-style-type: none"> <li>0%, 3.5%, or 4%</li> </ul>	<ul style="list-style-type: none"> <li>Import tariff from WTO membership nation (including UK) depends on types, raw materials, and using purposes, more details: <a href="#">link</a></li> </ul>

Source: Intralink Research

## 4.5. Additional Subsectors

### 4.5.1. Books & Comics

In 2021, Taiwan's total book & comic import value from the UK amounted to GBP 13.9m, accounting for 11.2% of overall imports in this sector, making the UK the 4<sup>th</sup> largest import source. The huge enthusiasm for English books is partly due to Taiwanese government's official policy – launched in 2019 – to build a bilingual society (Mandarin and English) by 2030 to enhance global competitiveness. Apart from classic literature and business books, children's books are favoured by Taiwanese parents to help children learn English at a young age. UK players active in the market include Usborne Publishing, First Little Readers, and Bizzy Bear from Nosy Crow Publishing.

### 4.5.2. Home Appliances & Audio/ Video Players

In 2021, the import value of UK home appliance and audio/video players into Taiwan reached GBP 6.8m and GBP 5.1m respectively. According to the Taiwan Audio Association, British acoustic and stereo brands started entering Taiwan about 40 years ago and had substantial success in the early days of market entry. However, in recent years, due to a consumption behaviour shift to streaming and the popularity of alternative listening devices such as smart phones, the demand for audio players has declined. That said, Taiwan remains an interesting market for UK players, given the strong consumption power. British brands active in the Taiwanese market include KEF, Bowers & Wilkins (B&W), Tannoy, Linn, Naim, NAD, Cambridge Audio, Wharfedale and Crystal Audio. Apart from audio, household appliance brands such as Dyson and Gtech are also growing in Taiwan, though few local consumers realise Dyson originates from the UK – possibly because the company doesn't feature its origin as one of the focal points in its marketing campaigns.

<sup>5</sup> Column is indicated as follows: 稅則號別

## 5. Case Studies

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### 5.1. Perfume – Jo Malone

Jo Malone, a London-based perfume company, entered the Taiwanese market in 2009 through a distribution partnership with ImagineX Taiwan, a brand management and distribution company focused on the fashion and beauty sector in Greater China. ImagineX Group is a subsidiary of Lane Crawford, a Hong-Kong luxury fashion, beauty and lifestyle department store chain. The company has around 300 employees (including sales staff) in Taiwan.

After working with ImagineX for its initial market entry, Jo Malone's parent company – Estée Lauder – took control of its Taiwan operations in 2020. Since then, the company has handled most operations inhouse. Estée Lauder, one of the largest global cosmetic companies and owner of 25 brands, has offices in Taipei and approximately 1,000 employees in Taiwan.

Like most companies in the space, Jo Malone initially targeted Taipei, opening locations in the capital to test the market, before eventually expanding to the middle and southern parts of the island. Jo Malone currently has 16 locations across Taiwan, 9 of which are in Taipei. The majority of these are in northern Taiwan – with only 4 in the middle and southern parts (2 in Taichung, 1 in Tainan, and 1 in Kaohsiung). Based on our interviews with stakeholders, northern Taiwan (Taipei, New Taipei, Taoyuan, Hsinchu) account for roughly 80% of sales. However, while the north dominates overall sales, individual performances of other locations shouldn't be discounted. For example, Jo Malone's outlet in the Shin Kong mall in Taichung was at some point the best individual performing mall for the entire company globally.

Jo Malone's main sales channels in Taiwan are its stand-alone shops and department store counters. The company targets relatively high-end malls in central retail districts with a high footfall. In Taipei, the company has a presence at Taipei 101, Shin Kong Mitsukoshi, Sogo and Breeze. In the middle and south of the island, Jo Malone has established itself in Tainan Shin Kong Mitsukoshi, Taichung Chungyo Department Store, Taichung Hitsubishi and Kaohsiung Hanshin Arena Shopping Plaza. According to interviewees, Jo Malone was the first specialized perfume brand to have its own stores in Taiwan (as opposed to brands from large, diversified cosmetics and fashion companies that also have a perfume line).

According to industry stakeholders, Jo Malone owes its success in Taiwan to a combination of product differentiation/customization, effective marketing & social media campaigns, relevant packaging and its mid-high range price point. The company differentiates itself by emphasizing 'personalised scents' – its fragrances are all designed to be used either alone, or combined in mixed layers. This appeals to younger consumers, who increasingly seek unique and personalised products that appeal to their values. Jo Malone's customers can also engrave customer names on bottles, allowing further personalisation. On the promotions side, the company has effectively used social media KOLs in Taiwan to tap into different consumer segments. Some

KOLs also teach consumers how to make personalized fragrances and use the brand's various scents on different occasions. On the pricing side, the company prices itself in the mid-high range, undercutting top-end brands while still appealing to mid-range consumers. On the packaging side, Jo Malone's designs are kept simple, relying instead on the brand name and other product attributes to attract consumers. However, the design still aims to instil 'understated elegance' in consumers, making it a suitable gift – this is an important factor in Taiwan, which has a strong culture of gift-giving.

**Image 1: Jo Malone's Engraving**



Source: Marie Claire Taiwan

*“While senior consumers in Taiwan tend to prefer conventional big-name perfumes, Jo Malone offers young Taiwanese consumers and early adopters an alternative that appeals to their values. The brand has grown sales in Taiwan from a niche customer base into an increasingly mainstream business with mass appeal.”—Anonymous, Taiwanese Cosmetics Distributor*

## 5.2. Cosmetics – The Body Shop

The Body Shop is a cosmetics, skincare and perfume company founded in 1976 in Brighton. The company has a presence in over 65 countries, both through its own stores and franchises. The Body Shop is owned by Brazilian cosmetics company Natura, which acquired it from L’Oreal in 2017. The company entered Taiwan market about in 1988 through a franchise with Mayfair House, a local company.

Mayfair House is the exclusive franchisee of Body Shop in Taiwan, having spearheaded the company’s market development since its entry in 1988. Mayfair House currently has roughly 200-300 employees. Like most other foreign cosmetics companies entering Taiwan, The Body Shop initially established stores in Taipei and locations in north Taiwan, before moving onto other parts of the island. The company currently operates 60 locations in Taiwan (including 45 counters in department stores and 15 stand-alone stores), of which 25 (43%) are in Taipei and New Taipei City. During the early days following its market entry, The Body Shop initially targeted mid to high end consumers in Taiwan – portraying itself as a high-end British brand. The company initially established a presence at high-end department stores in Xinyi – a wealthy part of Taipei – followed by other high-end malls across the city including Shin Kong Mitsukoshi, Breeze, and Sogo. However, as consumption power in Taiwan increased, the Body Shop has shifted towards the mid-tier and mass market.

The Body Shop’s main sales channels in Taiwan are its counters in department stores and its stand-alone shops. These offer consumers a place to not only test the products first-hand, but also enable The Body Shop to provide after-sales services when required.

According to industry stakeholders, The Body Shop owes its success in Taiwan to a combination of correct brand positioning, use of appropriate sales channels, and strong communication of brand values. On the brand positioning side, the company markets itself as an advocate for women’s rights; and as a proponent of

cruelty-free, natural and ethical products. This has attracted consumers who resonate with these values, which has spurred a relatively high level of brand loyalty in Taiwan. On the sales channel side, the company correctly positioned itself in the department stores most frequented by its target market, before shifting its strategy and expanding further to the wider market. On the brand communication side, it effectively uses brand ambassadors such as the popular Taiwanese blogger Molly, who educates consumers during live broadcasts on how to remove and apply make-up. This has enabled The Body Shop to connect with a younger generation of consumers in Taiwan, which was highly needed to ensure the brand's longevity in the market. This need was prompted by the increased levels of competition in the Taiwanese skincare and cosmetics market, and the fact that The Body Shop's early adopters in Taiwan are aging and becoming more affluent, often prompting a move to other brands.

**Image 2: The Body Shop's Taiwan Ambassador**



Source: ET Fashion Taiwan

*“More senior Taiwanese consumers in the cosmetics space generally have a preference for well-known brands, often purchasing these as a representation of their social status. Young Taiwanese consumers are more open to emerging brands, specifically brands with good local content marketing representatives in Taiwan.” — Anonymous, Taiwanese Cosmetics Distributor*

## 5.3. Personal Care – Morgan's

Morgan's is a British manufacturer of men's grooming products, including pomades, oils, gels, waxes, shaving products and skin care products. The company was established in 1873 in London, and exports to over 50 countries. Morgan's products have been available in Taiwan since 1988 through unofficial importers and agents. The company officially entered the market in 2017 through partnering with local distributor Min-Jet, which is still Morgan's exclusive distributor in Taiwan today.

Morgan's main channels in Taiwan are high-end hair salons and barbershops, rather than direct sales to individual consumers. Morgan's uses this sales channel to protect its premium brand image – it has consciously avoided online sales in Taiwan to refrain from competing on price directly with lower-priced brands. Selling via salons and barbershops allows the brand to maintain a premium image. Furthermore, as salons and barbershops use the products directly, consumers are also given a trial experience. Barbers also often educate and raise awareness among consumers about the products, which increases word-of-mouth promotion.

Based on feedback obtained during this initiative, factors behind the increased popularity of male grooming products in Taiwan include higher levels of disposable income, increased skincare awareness, and the influence of Korean pop culture. Fragrance is one of the main factors driving purchasing decisions among consumers in the male personal care industry in Taiwan – despite it not being the primary function of most products. For example, many consumers who like scent of Morgan's hair oil will also buy other Morgan's products. In addition, while men are the product end users, women account for a substantial share of Morgan's buyers – purchasing men's products for partners, friends or family.

According to industry stakeholders, Morgan's owes its success in Taiwan to its early mover advantage, the company's extensive brand history, and the joint commitment to the Taiwanese market from the distributor and company headquarters. Firstly, Morgan's early entry into Taiwan allowed it to take advantage of the growth in popularity of male grooming products. Secondly, both Morgan's Taiwan distributor and the company headquarters are both committed to protecting the brand's long-term interest ahead of short-term gains. Thirdly, the brand's 150-year history and UK origins instil trust in Taiwanese consumers, who generally place high value on long-standing brands.

Image 3: Morgan's



Source: Min-Jet

*"In the male personal care industry in Taiwan, fragrance is one of the main factors driving purchasing decisions among consumers – despite it not being the primary function of most products. Taiwanese male consumers of grooming products often show loyalty to certain scents, similar to the perfume industry."* — **Peter LIN, Sales Manager, Min-Jet**

## 6. Market Opportunities

Taiwan offers significant opportunities for British consumer and retail companies, with its high median income level, robust economy, dense concentration of retail outlets and high population density making it an attractive market for UK products.

The key areas where we see opportunities for UK businesses are below, ranked loosely with most attractive opportunities on top:

**Table 10: Market Opportunities – Taiwan**

Category	Taiwan's Import Value from the UK in 2021
<ul style="list-style-type: none"> <li>Jewellery &amp; Accessories <ul style="list-style-type: none"> <li>High end jewellery, diamonds &amp; gemstones</li> <li>Costume jewellery</li> <li>Demi-fine jewellery</li> <li>Gold</li> <li>Minted coins</li> </ul> </li> </ul>	GBP 32m
<ul style="list-style-type: none"> <li>Cosmetics &amp; Perfume <ul style="list-style-type: none"> <li>Skin &amp; body care products</li> <li>Make-up</li> <li>Hair-care</li> <li>Perfume</li> <li>Facial masks</li> <li>Male grooming products</li> <li>Essential oils</li> <li>Cosmetic brushes</li> </ul> </li> </ul>	GBP 31m
<ul style="list-style-type: none"> <li>Fashion <ul style="list-style-type: none"> <li>Apparel</li> <li>Footwear</li> <li>Handbags</li> <li>Leather products</li> <li>Watches</li> <li>Glasses &amp; sunglasses</li> </ul> </li> </ul>	GBP 18m
<ul style="list-style-type: none"> <li>Home Care</li> </ul>	GBP 11m

Category	Taiwan's Import Value from the UK in 2021
<ul style="list-style-type: none"> <li>– Household cleaning products</li> <li>– Disinfectants, sanitising gels &amp; wipes</li> <li>– Detergents</li> <li>– Polishes</li> <li>– Room scents</li> <li>– Insecticides</li> </ul>	
Books & Newspaper, Comics	GBP 13.8m
Home Appliances	GBP 6.8m
Audio & Video Players	GBP 5m
Contactless Lenses	GBP 2m
Paintings & Drawings	GBP 964k
Furniture	GBP 761k
Sculptures & Statuary	GBP 709k
Physical Exercise Equipment	GBP 599k
Video Game Consoles & Entertainment Equipment	GBP 514k
Lamps and Lighting	GBP 494k
Tricycles & Scooters	GBP 472k
Mattress & Furnishing	GBP 350k
Tableware & Kitchenware	GBP 300k
Musical Instruments	GBP 272k

Source: Intralink Research

## 7. Market Entry Strategies

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### Key Points

- Partnering with distributors, resellers and e-shop managers is generally advised for UK SMEs
- Using a sales team based outside of Taiwan is difficult due to language and cultural barriers, along with high expectations of after-sales support

Taiwan presents opportunities for UK consumer & retail companies. British businesses can approach the Taiwanese market through direct sales from the UK, or by appointing a local partner, or by setting up an office in Taiwan.

### Direct Sales from the UK

The simplest option is direct sales of a particular product from the UK into Taiwan, either direct to consumers or through an e-commerce platform. The main downside of this model is the lack of local time-zone representation, which often results in less efficient operations. This can be mitigated by using a local distributor or reseller, capable of bridging time-zone, language and cultural gaps without the long-term commitment of local incorporation and hiring.

Market-specific factors to consider when selling directly include:

- Do we have a strong differentiator – something that sets us apart from our competitors in the market?
- Do we have a strong track record in other major markets?
- Are we willing to localise the product for the market and/or for local regulations, if necessary?
- Are we ready to invest in promotion and marketing campaign to build our brand in the market, and are we able to manage these remotely?
- How do we provide after-sales support, if required?
- Do we understand the local regulations, particularly in relation to importing? Do we need to adjust our business model to adapt?

E-commerce platforms provide an option for British brands to test the water in Taiwan without committing to a direct presence in the market. However, British businesses might find it hard to navigate this channel, as it requires both know-how of the local platforms, and an understanding of local consumer behaviour. As a result, foreign companies often work with local service providers that help set up and manage the brand's 'e-shop' on the platform.

Market-specific factors to consider when using an e-commerce platform in Taiwan include:

- Does the platform provide a localised website with a Mandarin option to better serve local consumers?
- Does the platform have any previous experience in serving any foreign brands?



- Does the platform provide good infrastructure and toolset including an international payment system, readily available interface design tools, data-driven analysis programmes for marketing and promotion activities, and inhouse logistics and warehouse capacity?
- Is the platform suitable for our product category? Does its user base include our target consumer segment?
- Do we have the in-house knowledge and experience to set up and manage e-shops on these platforms directly?

### **Appointing a Reseller or Distributor**

A more common way to approach the market is to seek a partnership with an established local company that complements your product, has experience in the target sector and can help navigate the legal environment. A local channel partner can provide services such as certification, registration, sales and distribution, marketing and after-sales support in the Taiwanese market. Even some large multinationals take this route in the early stages of market entry.

Market specific factors to consider when seeking a partner include:

- Does the partner already serve the type of customer that we do?
- Does the partner have a good understanding of the market in general and our target segment?
- Does the partner already offer solutions similar or complementary to our offering?
- Is the partner focused on short-term wins or will they be able to drive our business in the long run?
- Does the partner have specific experience with UK brands?
- Are we comfortable communicating with the local partner and are they transparent with us?
- Can the partner produce strong endorsements from other foreign brands?

### **Establishing a Local Presence**

There are broadly three ways of establishing a local presence: (1) a liaison office, (2) a branch office or (3) a local corporation through foreign direct investment (FDI). Setting up a liaison office is a simple process; but a liaison office can only perform non-profit generating activities in Taiwan such as market surveys, research and development and quality assurance. Setting up a branch office can be a complicated process that requires documentation to be translated, but it allows for sales activities and the exchange of revenues with the head office. The most common process for an overseas company to open a branch office in Taiwan is through FDI, where an initial investment is made by the head office, which in return owns stock in the branch. The local corporation leads independent activities and is authorised to perform direct transactions.

Market-specific factors to consider when establishing a local presence in Taiwan include:

- Is our business generating enough revenue in Taiwan to consider a local presence? Businesses usually consider establishing a local presence after several years of sales (either direct or through a partner)
- Is Taiwan a strategic market for us, either in terms of securing market share or securing further funding?

- Do we need to engage in profit generating activities in Taiwan?
- Will we continue working with current partners in Taiwan after establishing a local presence? If so, how will we divide roles & responsibilities?
- Will we transfer staff from our head office or hire local staff?
- What location shall we pick for our local presence? Scouting, negotiating, and conclusion of contracts are time-intensive processes that often are hard to conclude without local support.

## 7.1. Regional Strategy

In addition, Taiwan can also be leveraged as a springboard into Mainland China. With common language and culture, Taiwanese businesses were among the first to invest and expand into China when it opened its doors. These strong historical links, alongside Taiwan's developed legal system and business environment that functions closer to western practices, makes Taiwan a strong candidate for a UK company's first venture into the Asia.

## 8. Exhibitions

**Table 11: Consumer & Retail Related Trade Shows and Expos in Taiwan (2022)**

Event Name	Data	Location	Category	Description
Taipei International Digital Audio-visual Appliances Exhibition 2022	April 08-11, 2022	Taipei World Trade Center	Acoustics & high-end audio	Exhibitor categories: television & audio, home appliances
Giftionery & Culture Creative, Taipei 2022	April 21-24, 2022	Taipei World Trade Center	General C&R	Exhibitor categories: gift & stationery, houseware & home decor, jewellery, handbags
Taipei International Book Exhibition (TIBE) 2022	June 02-07, 2022	Taipei World Trade Center	Books & comics	Exhibitor categories: comics, graphic fiction, literature, philosophy, architecture, science, children's book, documentary, etc.
Asia Healthcare & Medical Cosmetology Expo 2022	July 28-31, 2022	Taipei Nangang Exhibition Center	Perfume & cosmetics	Cosmetic products on show: masks, products for skin and hair, cosmetics, face cleaning products, natural cosmetics, aromatherapy
Super Leisure Life Show 2022	August 19-21, 2022	Kaohsiung Exhibition Center	General C&R	Combines Art Fair (Contemporary Art, Antique, Crafts), Home Living Fair (Furniture, Home Decor), Fashion Fair (Jewellery, Clothing, Cosmetics)
2022 Taipei Int'l Beauty Show & K Beauty Expo	August 19-22, 2022	Taipei World Trade Center	Perfume & cosmetics	Combines well-known western and local brands and manufacturers from health, beauty care-related industry. An element of the expo specifically focuses on Korean beauty products ('K-Beauty')
NOWISM - Taipei Fashion Week 2022	October 03-17, 2022	Songshan Culture and Creative Park	Fashion/apparel	Aims to promote innovation in the fashion industry and improve international visibility and image of Taiwanese brands

Event Name	Data	Location	Category	Description
Taipei Photography & Video Device Exhibition 2022	October 13-16, 2022	Taipei Nangang Exhibition Center	Acoustics & high-end audio	Products on show: cameras, camcorders, microphones, audio equipment, lenses, tripods, batteries, camera accessories, long- range optics

Source: Intralink Research



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