

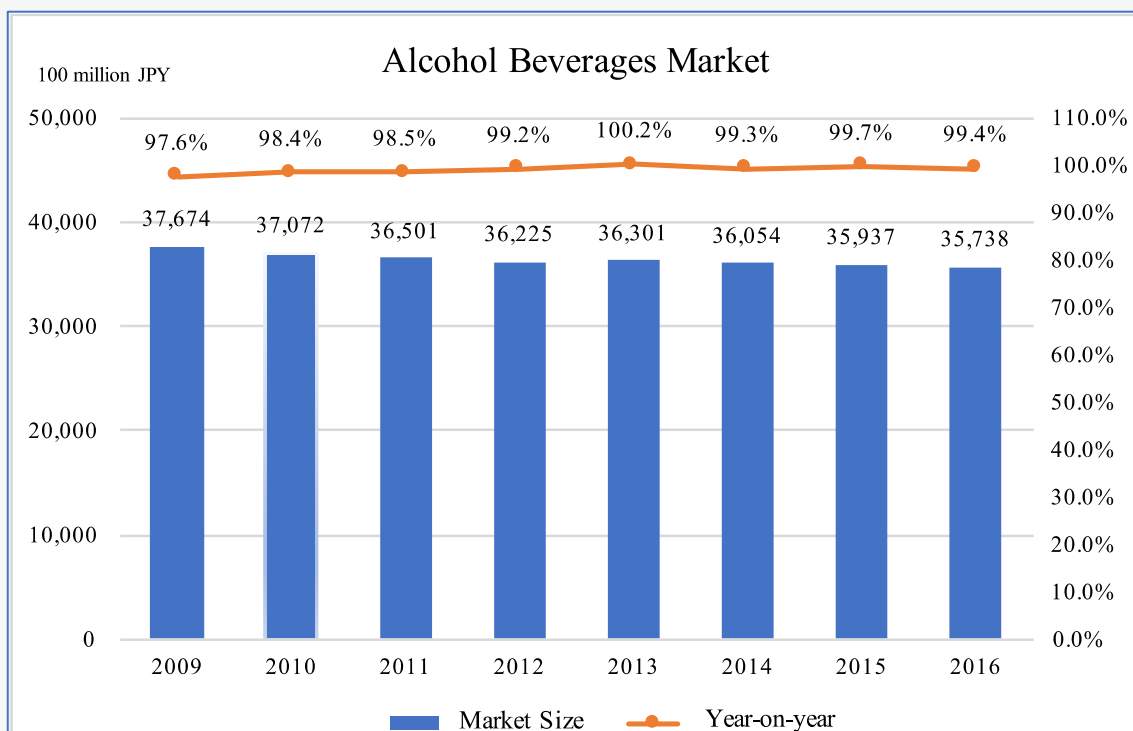
Alcoholic Beverages

October 6, 2017

~The total scale of Japan's alcoholic beverages market is JPY3.574 trillion~

The total scale of Japan's alcoholic beverages market in FY2016 was JPY3.574 trillion. While that is slightly down on the preceding year, whisky, low-alcohol beverages and some other categories continue to sell well. All the domestic beer manufacturers are concentrating their investments on their core brands. Within that effort, they are working to raise brand strength across all their core brands by launching spinoff products. Whisky and low-alcohol beverages are gaining the support of a wide range of ages, and picking up consumer demand as drinks to enjoy during meals. These segments are expected to become even more energetic in future.

Moves to unify alcohol taxes are being watched closely. The Liquor Tax Act has been amended and tax rates will be unified in three steps, starting from 2020. As a result, retail prices of beer in stores will fall, while those of low-malt beers and beer-like beverages, which are mainly consumed at home, will rise.



Sources: YANO Research

In the whisky market, all the companies are strengthening their offerings, focusing on their main brands and building around highball products. Hit highball products are gaining the

support of younger drinkers, who avoid hard liquor. Products in premium price ranges, such as domestic single malts, are being forced into planned shipments by the shortage of unblended whiskies, and there are moves to reinforce imported premium whisky offerings to substitute. Imported brands are actively expanding into standard products, rather than being restricted to premium products.

One more thing to mention here is that “Craft gin” products are catching attention as a new boom. One common factor across the growing brands is that they offer new drinking suggestions. Beefeater gin offers a Gin Tonic product specially for drinking with meat dishes (the name is a pun on “Gin To Niku”, which means “gin and meat”). Smirnoff vodka offers “Smirnoff Lemonade”, Cuervo tequila offers “Tequonic” mixed with tonic, and Bacardi rum offers “Rum Hai”. These are examples of spirits that were seen as bar drinks now spreading from MOT (Modern On Trade) business to *izakaya* bars.



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