Alcoholic Beverages

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Domestic Outlook for Each Type of Alcoholic Beverage in 2012

Japan's alcoholic beverage industry in 2011 cannot be described without reference to the Great Earthquake of March 11th. The main factories of the Big Three domestic beer manufacturers were forced to shut down, and many sake breweries in the Tohoku region were damaged by the disaster. This report describes the domestic market outlook for each type of alcoholic beverage this year.

Beers

The hit products of recent years, such as highballs, alcohol-free beers, and makgoli have been trending towards lower alcohol content and softer tastes, shifting the market environment. The big beer brewers have set out to develop richly varied product lineups.

In 2011, the beer shipments of the top five breweries fell by 2~3% on the preceding year, and are estimated at around 447 million cases. New beer genres are expected to reach 150 million cases, up 2~3% on the preceding year, so their growth is slowing down, compared to 21% in 2009, and 9% in 2010. Even so, the brewers still see the new genres as the "main battleground" in 2012. Foreign new genre beers, which are mainly imported from South Korea, are expected to reach 16 million cases, up 60% on the preceding year. Combined with domestic new genre beers, their total share is above 9%.

* One case is 24 bottles of 250ml

Low-alcohol beverages

The shipment volume of low-alcohol beverages (RTD) for the domestic market, which center on chuhai, cocktails and highballs, in 2011 is expected to be up 4% on the preceding year, to 120 million cases. Among those, the high-alcohol (7~9%) dry/strong-flavored types grew nearly 30% on the preceding year, driving overall growth. All the companies are keen to develop new products with novelty. As the market continues to shift towards softer drinks with less alcohol content, canned chuhai, cocktails and the like, which used to be definitely based on shochu or liqueurs, will shift to bases such as wine and brandy, as new and varied product groups are put forward.

Wine

As the drinking population declines and young drinkers continue to move away from sake, the alcoholic beverage market as a whole is contracting, but the wine market keeps on growing, year after year. 2011 was a harsh year for the business market, but the home consumption market recovered, boosted by a trend towards eating at home in the aftermath of the earthquake. Total sales ended up 5% on 2011. By country of origin, France, the biggest source of imported wine, was up 6%, while second-placed Italy was up 9%. Chile, which has been expanding the market with double-digit growth, only reached 9% growth. Spain, source of many low-priced wines, expanded its share with 13% growth. Germany, which was trending down, achieved 14% growth in 2011. Growth in sparkling wines, at 4%, slowed from 2010 level. Different ways of drinking wine are being promoted, such as wine on the rocks in summer, and hot wine for winter, but signs of saturation are starting to appear.

Whisky

The whisky market turned around into growth in 2009, and continued to expand steadily last year. With highballs becoming a market fixture, the low-priced domestic whiskies that supported their growth have been joined by a stream of new product launches, as the "highball can" market grew by a large margin. The ripple effects of that growth are spreading to affect imported and premium whiskies.

According to customs clearance records, unblended whisky expanded 3.3-fold, continuing from the previous year. English whisky was up 10%, US whisky was up 29%, and bourbon stayed on the previous year's level. The latest figures announced by the UK Scotch Whisky Association show a major 74% increase in total exports of Scotch to Japan. That centers on bulk blended malt, but single malts, which dropped by 20% two years ago, increased 25%. Bottled blended malts also performed well, with 96% growth. Industry sources expect this momentum to continue in 2012.