

Alcoholic Beverages

September 11, 2012

KOREAN BOOM REACHING THE ALCOHOL MARKET

In our previous column from 2011/07/14, we introduced the import clearance statistics of alcohol in 2010. The overall import volume of alcohol in 2010 was a year on year increase of 15%, while the price grew 4%. This issue will first introduce the clearance statistics of 2011. Next, it will discuss the import trends on an item basis, and finally introduce the brand ranking.

First, the clearance statistics of alcohol in 2011 is as the following. Volume rose 20.8% year on year, and value rose 8.2%. This was a significant growth from the previous year. The greatest contributor for this rise was Korean alcohol. Looking at the imports from Korea, beer was 8.7 times greater than the previous year. Low-malt beer rose 42%, "apple alcohol, mead (and other fermented liquor)" that is included in makgeolli made an astonishing growth of 58%. The Korean boom in Japan has reached the alcohol market. Imported alcohol is also making good progress in 2012 .

Import Volume and Value of Alcoholic Beverages (2011)

	Quantity(L)	YY	Amount (1,000 yen)	YY
Beer	42,369,611	144.0	5,410,567	118.3
Sparkling Wine	24,805,379	104.3	29,489,397	102.6
Sherry/Port	776,930	105.7	607,767	100.1
Wine (2liters orless)	144,355,954	108.1	69,685,012	103.4
Other wine (2L-150L)	12,727,475	120.9	2,016,800	117.3
Bulk wine	25,679,620	101.6	2,342,938	100.3
Grape juice	7,049,003	95.3	1,809,350	97.5
Vermouth	2,555,918	118.7	722,174	108.3
Refined sake and Raw sake	353,274	74.6	40,711	77.8
Fermentation liquor (refined sake excluded)	3,408,828	113.1	1,316,751	115.0
Sparkling liquor	194,085,107	147.6	14,657,741	145.5
Apple wine, mead and etc. (other fermented liquor)	43,024,472	192.7	5,484,466	175.4
Unblended grape brandy	1,502,952	103.3	1,137,355	105.5
Grape brandy	1,376,381	96.9	4,705,429	88.2
Unblended bourbon	2,251,177	147.3	918,297	133.9
Bourbon whiskey	999,653	100.4	954,525	83.4
Rye whiskey	4,791	42.6	7,836	50.0
Other unblended whiskey	7,495,321	294.5	4,108,576	291.0
Other whiskey	16,496,790	113.3	18,363,463	110.8
Rum	2,166,374	109.7	1,134,457	107.5
Gin	3,045,872	114.3	1,504,810	110.7
Vodka	3,218,204	114.7	2,017,480	107.6
Liqueur	20,454,005	112.5	9,097,482	100.0
Other unblended brandy	25,177	172.8	25,483	168.3
Other brandy	160,804	103.5	250,396	108.2
Other distilled liquor	68,249,136	89.4	10,252,658	92.0
Synthetic refined sake & white sake	7,529,678	60.6	621,477	52.9
Other alcoholic drinks	11,368,262	130.5	1,317,200	130.4
Total	647,536,148	120.8	190,000,598	108.2

Sources: Compiled from Ministry of Finance "Import Customs Statistics".

The characteristic of imported alcohol has a high percentage in the business use market. Imported beer, which has a high demand for business use is especially growing. Ever since 3.11 Great East Japan Earthquake, people started to drink at home. Imported beer maintained its number during this trend, and made further growth because more people came to know about the unique characteristics of imported beer that is represented by Belgium beer. The greatest import volume of alcohol in 2011 was wine. The volume of clearance increased to 8% exceeding last year's 5%.

Wine is steadily spreading within the alcohol market. Although it is not on the graph, Chile "bulk wine" rose 7% year on year to 9.99 million liters. While large quantity products such as BIB (Bag in Box) is growing, 2~150 liter wine rose 21%, showing how it is becoming part of the consumer's daily life.

Whiskey market started to grow from 2009 and it is steadily expanding. The "highball" boom was hauled by domestic whiskey, but low price imported whiskey was influenced by this, and import increased in 2012 for products such as standard scotch. Hard liqueur was stagnant during 2010, but it began to increase from 2011. Jin, vodka, and liqueur made a double-digit growth, and rum rose nearly 10%.

Wine: Volume and value increase of still wine in 2011 from 6 countries

Import Volume and Value of Wine (2 liters or less) in 2011						
	2011	Quantity (L)	YY	Amount (1,000 yen)	YY	CIF
1	France	50,454,820	107%	36,075,436	104%	715
2	Italy	28,260,310	114%	11,215,143	110%	397
3	Chili	24,174,709	113%	6,113,201	103%	253
4	Spain	15,813,823	116%	3,776,746	110%	239
5	U.S.A.	9,260,136	106%	5,241,607	99%	566
6	Australia	6,405,343	86%	2,808,295	90%	438
7	Germany	3,493,386	120%	1,531,442	99%	438
8	Argentina	2,489,562	102%	834,311	100%	335
9	South Africa	1,619,645	60%	521,830	56%	317
10	New Zealand	782,798	105%	693,500	106%	886

Sources: Compiled from Ministry of Finance "Import Customs Statistics".

Import Volume and Value of Sparkling Wine in 2011						
	2011	Quantity (L)	YY	Amount (1,000 yen)	YY	CIF
1	France	9,533,038	101%	22,241,599	103%	2,333
2	Spain	5,603,691	104%	2,694,830	98%	481
3	Italy	5,026,833	114%	2,520,611	111%	501
4	U.S.A.	1,218,190	90%	464,747	90%	382
5	Australia	1,084,931	100%	635,194	101%	585
6	Chili	906,441	121%	316,253	112%	349
7	Mexico	544,320	137%	189,797	125%	349
8	Germany	284,622	88%	147,756	80%	519
9	South Africa	248,356	75%	101,172	70%	407
10	Argentina	189,248	99%	75,077	95%	397

Sources: Compiled from Ministry of Finance "Import Customs Statistics".

On a country basis, Chile, which made a significant growth in 2010 of 23%, also made growth of 13%. On the other hand, within the top 10 countries, the countries that exceeded the number of the previous year were Italy (14%), Spain (16%), and Germany (20%). While France dropped 3% year on year, it recovered to an increase of 7% in 2011.

Within the New World, South Africa dropped greatly by 40% as a backlash of the World Cup that took place the previous year. Also, Australia made a double digit drop, same as the previous year. But for Australia, products such as "Tatiara" where it is imported to by bulk and bottled in Japan are not counted. By adding the import volume of bulk wine imported from Australia, which was 17 times greater than the previous year, the volume dropped about 4%, and it could be said that the market itself did not make a drastic reduction in size. Also, looking at the CIF price, Australia and New Zealand are the only two countries that rose. While the market size is small, New Zealand has the highest CIF price. Although the growth rate did not exceed the one last year, it still made a 5% increase.

The US also made a growth of 18% in imported volume of bulk wine. Products bottled in Japan using imported bulk wine are expanding its sales.

Beaujolais Nouveau, which is highly competitive in pricing, finally went under 500 yen. Air cargo of French wine (under 2 liters) in November was 590,000 C/S converting by 9 liters. On a volume basis, it went above last year's 550,000 C/S, but CIF price per liter dropped 7% from the previous year to 734 yen. Also, the price-lowering trend advanced further by a 20% drop from the previous year. As for pet bottles, Beaujolais Nouveau Committee has been working against this by promoting "glass bottles that are equivalent to its quality", but this was not achieved last year. As for the low price competition, they are showing lament that "it is unfortunate that our product is being used to tout." But it is true that the low price of Beaujolais Nouveau contributed the increase in volume.

Nine countries out of Top 10 of sparkling wine made a double-digit growth from the previous year. In 2011, there were only 3 countries with a double-digit growth. Due to the elimination of tariffs and decrease of price caused double-digit growth in Chile and Mexico in volume and value. 2010 is the only year that went below the previous year, where Italy ranked higher than Spain to 2nd highest with a 14% rise, over 5 million liters. The numbers are small, but Portugal ranked 11th, Australia ranked 12th, and they both grew 14%.

Beer: Korean beer ranking highest in distribution-type PB

		2011	2010	Y/Y
1	Korea	11,820,692	1,364,226	866 %
2	Mexico	6,348,489	5,829,310	109 %
3	Ireland	4,864,739	4,738,616	103 %
4	Australia	3,673,363	4,601,815	80 %
5	Belgium	2,708,368	2,495,544	109 %
6	Germany	2,661,701	2,018,211	132 %
7	U.S.A	1,982,391	1,518,827	131 %
8	U.K.	1,468,699	1,338,870	110 %
9	Vietnam	1,164,105	389,761	299 %
10	Holland	1,022,607	1,108,599	92 %

Sources: Compiled from Ministry of Finance "Import Customs Statistics".

In the past, Mexico, Ireland, Australia, Belgium, and Germany were the top countries in import clearance statistics for a long time. But in 2011, Korea ranked 1st for the first time growing 8.6 times from 2010 exceeding 10 million liters. This is due to AEON introducing "Barreal draft beer" to the market.

The imported beer market for the past few years were divided into two types: low price products and highly added value product. Most of the low price products are Korean new genre/low malt beer made significant growth of 48% in 2011, but the growth rate is starting to settle down. On the other hand, highly added value products represented by unique beer brands such as Belgium beer, importers are getting together in Tokyo and Osaka for a "Belgium Beer Weekend". By holding these events, they are working to increase the recognition of this genre. Clearance volume from Belgium in 2011 rose 9%, but low malt beer, which includes most of Belgium beer expanded 2.1 times from the previous year.

Whiskey: Standard whiskey growing in double-digit

According to the statistics announced by the British Scotch and Whiskey Association (2011 January-October), the overall export volume of scotch to Japan increased greatly by 62%. Bulk blended malt is the main product, and single malt which was a 20% drop in 2010 increased 19% in 2011. Bottled blended malt expanded two times.

On a brand basis, for standard whiskey, Ballantine's, White Horse Fine Old, Johnnie Walker Red Label, and Dewar's made a double-digit growth. For Bourbon, Four Roses and Early Times, and top seller, Jack Daniel's and Canadian Club also made double-digit growth. Macallan, which has the highest volume of single malt also made a consecutive double-digit growth.

Whiskey demand in Japan used to be diluted with water. Currently, it is expanding with the spread of highball drunk with meals. Many people are choosing to drink highball instead of beer for their first drink. Now that whiskey has become a familiar alcohol, there are further possibilities of enjoying whiskey other than highball, letting people know about the characteristics that each type possess.