

Alcoholic Beverages

September 14, 2018

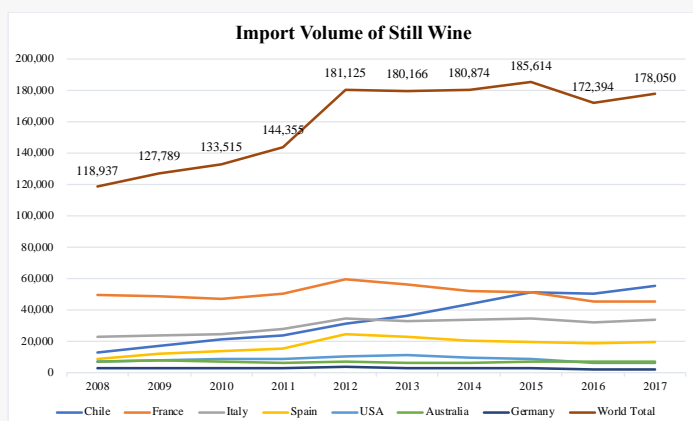
STILL WINE AND SPARKLING WINE

Japanese Wine Consumption: 150 Percent Increase Over 10 Years

The custom of enjoying wine with meals is becoming rooted in Japan. The health benefits of polyphenol found in red wine set off a red wine boom in Japan beginning in the second half of 1997. With the help of numerous “wine booms” since then, market figures from 2009 to the present indicate continued stable growth. According to the National Tax Agency, Japan consumed 370,033 kiloliters of wine in 2015 (5.6 percent increase from the previous year), marking seven years in a row of increased consumption. Japan ranks 15th in the world in annual wine consumption, at 4.5 bottles per person of drinking age. With the high popularity of fine wine (known as “premium wine” in Japan), consumer spending is projected to set the foundation for further growth.

Spike in Imports from Chile

In 2017, Chile set a new record in wine import volume, becoming the top by country for three years in a row. Making up 31 percent of wine imports of Japan, Chilean wine will continue to have a commanding presence in the Japanese market. This is due to several factors. Firstly, the EPA (Economic Partnership Agreement) between the two nations enacted in September 2007. Both countries have been lowering their respective tariffs with the goal of reaching zero in 2019. Secondly, unlike Bordeaux or Burgundy, Chilean wine can be drunk immediately after opening the bottle, making it simpler and easier to drink. Furthermore, Chilean wine uses largely the same variety of grapes, giving it a straight and easily recognizable flavor. Lastly, the biggest reason for the success of Chilean wine is its quality and cost performance.

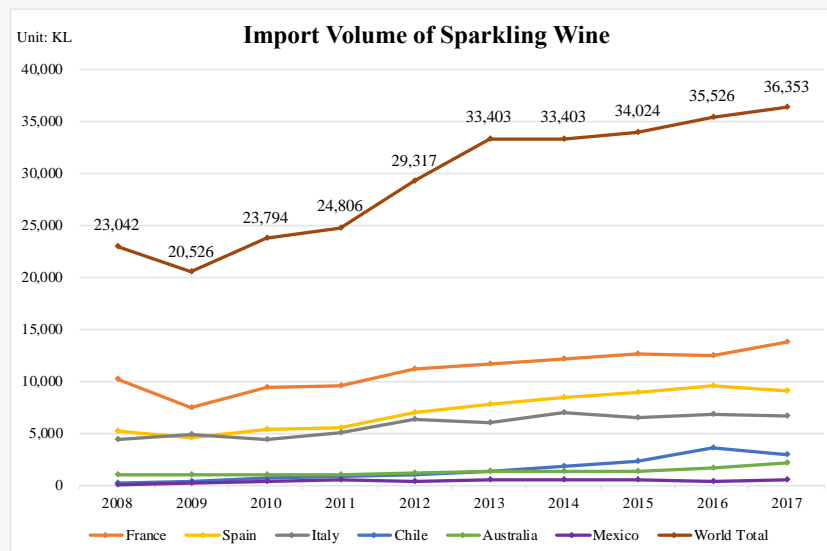


Source: Shifts in “Wine with Two Liters and Under” by Ministry of Finance, Customs Bureau

Sparkling Wine Imports Growing Eight Years and Counting

Sparkling wine import volume has been growing for eight years in a row, with 36,000 kiloliters in 2017. France, where champagne is produced, is the largest sparkling wine importer by country, accounting for 37.8 percent of imports of Japan.

Sparkling wine is one of the primary products that drive the current Japanese wine market. Affordable sparkling wines (2000 yen and under) targeting everyday households have performed particularly well since 2010. Recently, imports in higher price ranges have also been on the rise, increasing 180 percent in the last 10 years. Imports from Spain, the producer of cava, have increased for seven years running. Chile also made a 150 percent increase in sparkling wine of Japan from 2016 to 2017.



Source: Shifts in “Wine with Two Liters and Under” by Ministry of Finance, Customs Bureau

One restaurant owner noted that more customers are beginning to order sparkling wine as opposed to beer as the drink used for toasts. This trend could also be one of the primary reasons for sparkling wine’s success.

Enjoyed “On the Rocks”

In recent years, the practice of drinking wine and sparkling wine with ice has gained popularity. Though purists may disapprove, “wine on the rocks” has emerged as a fresh

new way to enjoy the beverage. “Moët & Chandon” (also known as “Moët”), the world’s biggest champagne distillery with 270 years of history, is credited as one of the pioneers of the practice. In 2015, Moët released the summer limited edition champagne, “Ice Imperial”. Since the addition of “Ice Imperial Rose” in 2017, “wine on the rocks” from Moët can be enjoyed all year round. With “Ice Imperial”, ice is not just an extra ingredient, it is what completes the beverage. Ice imperial is a new kind of drink, stemming from a desire to create more freedom in champagne drinking, while also preserving traditional styles.

As alcohol consumption among the younger population decreases, the method of introducing wine as a “ready to drink” (RTD) beverage is gaining attention in the industry. With a comparatively lower alcohol percentage and refreshing taste, sales of RTD beverages can be expected to grow by gaining new consumers centered around younger women.

