

## Alcoholic Beverages

November 8, 2012

### Imported Wine Continues to Grow

Wine is selling well. It has been continuing to be on the rise since last year. According to the newest import clearance volume (January to September) announced by the Customs and Tariff Bureau of the Ministry of Finance, bottled wine under 2L rose 30% and large container wine rose 42%. Also, sparkling wine made a 26% increase. Despite this significant growth, there are places that have a large stock after making a lump-sum purchase, indicating that these numbers do not necessarily have a direct connection with the sales volume.

Continuing low prices of the consumer market is not limited to wine. The separation of volume and value has been seen with other items as well. Despite this fact, there were no large gaps on the growth of wine during the first half of this year. We can predict that this is because the low price race has reached the very bottom, and consumers are starting to become unsatisfied with single-coin wines (500 yen) and PB wines. Although the mainstream at volume sellers is 3-digit wines and wines with a retail price from 1000-2000 yen are the top sellers, it could be said that consumers are viewing wine in a different way as wine spreads in the market. During tasting events held at department stores or food specialty stores on the weekends, and wine events held by importers or Embassies, many say, "even if a person usually only drinks cheap wine, tasting a more expensive wine will often increase the chance of future purchase and continuous orders."

Let's take a look at the trends of both domestic and imported wine. As for domestic wine, Suntory's "Yukimutenka (Organic and No Additives)" and Mercian's "Bistro" made a intense growth with carton products by taking in heavy users. Asahi's pet bottle wine "Rela," which proposes new drinking scenes also grew significantly. This fall, Asahi will start selling half-bottles. We should keep an eye on the variation of container and content since these facts will influence the sales volume.

**Customs Clearance Volume of Wine for January-September 2012**

	Volume (L)	Year on Year	Value (1000yen)	Year on Year
Still Wine (less than 2L)	131,643,367	129.7	57,470,500	119.6
Still Wine (2-150L)	12,859,521	142.2	1,941,796	138.1
Sparkling Wine	19,387,388	126.1	23,079,810	122

Source: Ministry of Finance "Import Customs Statistics"

## Country-based Customs Clearance Volume of Still Wine (less than 2L) for January-September 2012

Country	Volume (L)	Year on Year	Value (1000yen)	Year on Year
France	39,066,397	120.8	26,779,904	114.3
Italy	26,912,610	128.4	9,834,750	117.6
Chile	24,763,260	138.3	6,288,706	138.7
Spain	18,558,671	159	3,970,580	138.9
USA	7,783,442	117.9	4,346,069	124.1
Australia	5,549,590	120.1	2,352,363	115.7
Germany	2,530,721	107.4	1,081,143	101

Source: Ministry of Finance "Import Customs Statistics"

As for imported wine, the growth rate of Spain was the highest at 60% during January to September. Chile wine also had a high rate at 38% and "Cono Sur," "Casillero del Diablo," "Caliterra," "Miguel Torres," and "Santa Regina" made a double-digit growth. French wine recovered from its slump of last year and achieved a double-digit growth. Burgundy's "Louis Jadot" and "Joseph Drouhin" especially made a large leap of double-digit growth. "Chapoutier" from Rhone increased by 60%. For all cases, newly introduced low priced products were a success, but looking at French wine as a whole, the higher price range still faces challenges.

For Champagne, "Nicolas Feuillatte" catches attention with its 50% rise, but there are many brands that are sluggish. While sparkling wine from France rose 23%, Spanish sparkling wine including Cava made a large growth of 42%.

USA, Italy, and Australia have also been continuing a double-digit growth for the past 6 consecutive months. The wine market is likely to expand very soon as the wine season begins with the release of Beaujolais Nouveau and the year-end sales battle.

### Reasons behind the Success of Spanish Wine

Import of still wine from Spain was a 16% year on year increase last year marking a record high of 15.8 million liters. The number has tripled in a decade. According to the newest import custom clearance statistics (January to September) of 2012, it has accelerated even more, reaching the top by an increase of 60% year on year.

The biggest reason for its success is the low price that suits its cost performance well. In

fact, the timing in which the sales volume of Spanish wine grew drastically was during the crash of the Lehman brothers in 2009. Also, the fact that major distributors began to import Spanish wine as a PB contributed to its growth. As a matter of fact, the top selling volume of Spanish wine is PB products. The rise of Spanish bars, which could be enjoyed casually, also acted to vitalize the Spanish wine market. Spanish wines are always on the lists of so-called "wine gulping" shops.

While Spanish wine is often compared to Chile wine for its "good cost performance," the second reason for its success is for having the largest field area in the world with wide variety grapes such as "Tempranillo." In order to promote and enlighten the consumers about the unique features of Spanish wine, with wide variety and weather, Spain has been actively working on both B2B and B2C projects starting with the Embassy in Tokyo.

The third reason is due to the producer's re-form of consciousness. The number of next generation producers who hold a global perception with technique and passion increased. While respecting the Spanish grapes, they put emphasis on the revival of traditional cultivation of grapes and brewing. The wine industry is also moving from quantity to quality, and there are more wineries that improve the facilities and introduce new brewing techniques.

The fourth reason is the influence of globally known restaurants such as elBulli, which also has an effect on wine. There may be no other countries besides Spain where one can purchase wine of over 90 Parker points below 2000 yen. Recently, the Spanish cold wine (vinofrio) is the trend. If these beautiful cold wines were able to arrive on the market, this would help the expansion of the market .

