An analysis is made on the structural changes in the market for alcoholic beverages in Japan, particularly that of sake.

Sake had been the most popular beverage throughout the centuries. However, shochu, a hard liquor, superseded its popularity in the 1990s.

This was a drastic change in the history of the Japanese culture because, until then, shochu catered mainly to the lower-income-class workers. Diversification of values and life style changed the consumer behavior as did the evolution of the nation-wide network of computerized distribution systems.

There are about 1,585 sakagura* all over Japan in 2010 that have been in business for several generations. 16 major kura with modern production outfits dominate 52.8% of the sake market. The remaining kura are local, small and independent, and serves the market for connoisseurs of the sake finesse.

The sales of sake produced by major kura are reliant on large wholesalers or retailers that deal with wide range of assortments, including wine, beer, ready-made liqueur. Thus, when customer preference for sake began to falter, it was pushed out of the shelves by anticipation as computerized marketing came into fashion. These types of mass-produced sake were under heavy price competition and could not create a differentiated market of its own. Despite the producers’ efforts, the brand names that once sparkled lost their appeal.

Small, independent kura sell directly to customers or through a very short chain of sales outlet that seldom go beyond their regional boundaries. The producer-consumer ties are intense. They symbolize the efforts to preserve the Japanese sake culture and its heritage. Attempts are being made to differentiate their products by regionalization. Fermenting the rice with water both available in the locale, employing the seasonal local hands and using the methods and know-how inherited from the long lineage of ancestry make the distinctions. AOC (Appellation Origin Control) is necessary to support this initiative.

*sakagura: a sake producing kura, equivalent in meaning to “winery” and “brewery”