The Market for Alcoholic Beverages in Japan

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Outline

1 Traditional Japanese Alcoholic Beverages: Sake (酒) (pronounced sah-keh) and Shochu (焼酎) (pronounced show-chew)

2 The Japanese Market for Sake and Shochu

3 Sake in Danger!
Kura Of Sake
→ Sakagura
Sakagura as a Cultural Heritage

- Long standing history of sake as a symbol for gratification.
- Historical values attached to sakagura as cultural heritage in historical districts.

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Sake and Shochu, What Are They?

Sake (pronounced sah-keh)
- Fermented alcohol beverage
- Made from rice
- Less than 22% alcohol (on average 15%) content
- Taste: Mild

Shochu (pronounced show-chew)
- Distilled alcoholic beverage
- Made from various ingredients (rice, wheat, potato, chestnut, etc.)
- 25-40% alcohol content
- Taste: Sharp, sometimes with strong odour of the ingredient
Diagram 1: Annual Volume of Consumption (sales) of Sake and Shochu (1951–2009)

Sales of Sake reached its peak in 1972

Source: National Tax Agency Japan HP

Diagram 2: The Number of Producers of Sake and Shochu (1948–2009)

1,585 sake producer in 2010

Source: National Tax Agency Japan HP
Market Share of Sake Large-Scale Manufacturers 1st to 10th

- 1975: 35.5%
- 2007: 48.8%

The sales of sake fell by almost 60% during 30 years.

The Ranking of Sake

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Company</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hakutsuru</td>
<td>9.10%</td>
</tr>
<tr>
<td>2</td>
<td>Gekkeikan</td>
<td>7.70%</td>
</tr>
<tr>
<td>3</td>
<td>Shochikubai</td>
<td>6.40%</td>
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<tr>
<td>4</td>
<td>Ozeki</td>
<td>5.90%</td>
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<tr>
<td>5</td>
<td>Nihonsakari</td>
<td>4.30%</td>
</tr>
<tr>
<td>6</td>
<td>Sekaidaka-Group</td>
<td>3.60%</td>
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<tr>
<td>7</td>
<td>Kizakura</td>
<td>3.20%</td>
</tr>
<tr>
<td>8</td>
<td>Kikumasamune</td>
<td>2.90%</td>
</tr>
<tr>
<td>9</td>
<td>Oenon-Group</td>
<td>3.10%</td>
</tr>
<tr>
<td>10</td>
<td>Shirayuki</td>
<td>2.20%</td>
</tr>
</tbody>
</table>

Source: Nikkan Keizai Tsushin

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1. Traditional Japanese Alcohol Beverages: *Sake* (酒) (pronounced sah-keh) and
   *Shochu* (焼酎) (pronounced show-chew)

2. The Japanese Market for *Sake* and *Shochu*

3. *Sake* in Danger!

Heavy Price Competition

- 180ml 100 Yen
- Brick Paper Pack
- No.5 producer (Nihonsakari)

- 3L 1,430Yen (14 Euro)
- Paper Pack
- No.1 producer (Hakutsuru)
Market Composition in 2009

- Beer: 33%
- Shochu: 11%
- Sake: 7%
- Others: 48%

Source: National Tax Agency

On the Shelves of the Retailer

How to Differentiate the Product?

- Prestige
- Small Kura
- Mass Market
- Top 16th Kura

The Key to the Future of Sake

- Small Independent Local Sake Manufacturers
- Differentiation by Regionalization
- Appellation Origin Control