



Australian Government
Australian Trade and Investment Commission

Wine in Japan 2023

Murray Spence

10 April 2024



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Content

- General market overview
- Japan's wine market
- Opportunities
- Austrade wine projects

Japan Political & Economic Overview



Economy

- 4th largest economy
- 2023 GDP forecast: US\$4.41 trillion



Political

- Constitutional monarchy
- Democratic bicameral parliament



Population

- 122.6 million (2024)
- Over 65 yrs – 29.1%;
10% of population over 80 for the first time



Self-sufficiency

- ~38%
- Imports 60+%
of food



Trade Relationship

- 2nd largest trading partner
- 4th largest source of FDI



Digital Data

- 3rd largest e-commerce market (US\$241 B)
- Predicted annual growth: 7.74% (2024-28)



Ease of Doing Business

- #29 globally in EODB index 2023

Economic Challenges

GLOBAL

- Global inflation
- Regional conflict
- Supply chain disruption & higher costs
- Energy shortages
- Food, fertiliser & fuel increases
- Climate change

DOMESTIC

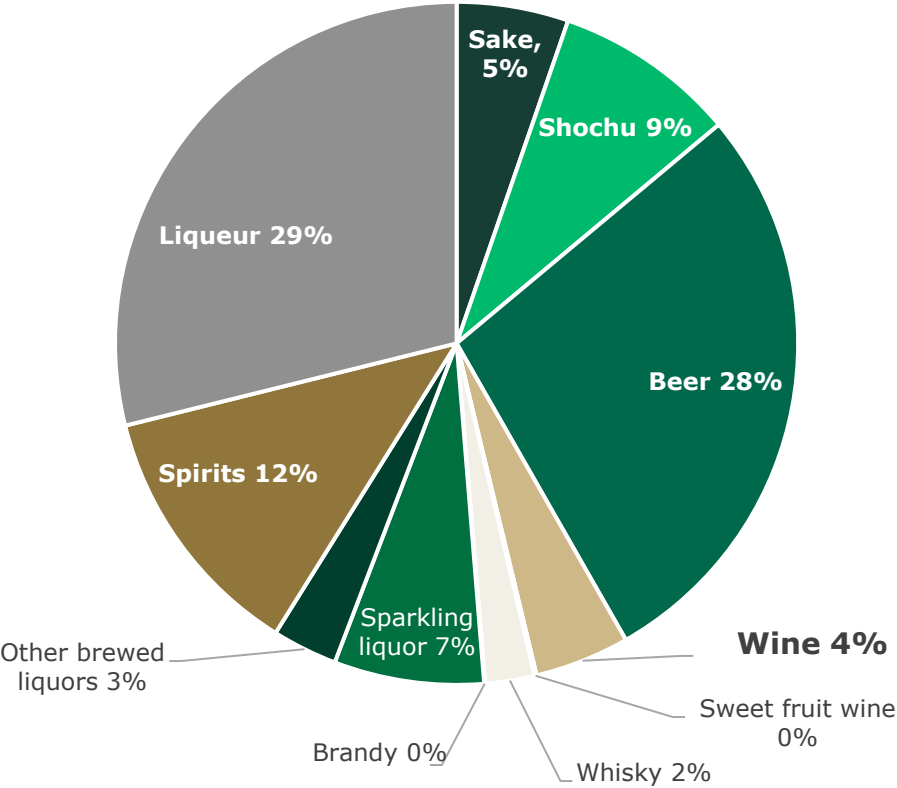
- Global inflation + supply issues = domestic inflation
- Companies struggle to absorb higher input costs
- Weakened yen
- Lagging wage growth
- Increasing labour shortages
- Corporate contribution to national SDG goals

Security is the overriding concern: Defence – Economy – Energy – Food

Alcohol Sales 2022

Sales of Alcohol (liquor tax)

8,295 million L (+2% from 2021)



	Million L	2021/2022
Sake	439	2%
Shochu	717	1%
Beer	2,307	14%
Wine	373	6%
Sweet fruit wine	8	6%
Whisky	193	19%
Brandy	5	2%
Sparkling liquors	589	-2%
Other liquors	256	-13%
Spirits	1,015	-1%
Liqueur	2,395	-5%
Grand Total	8,295	2%

Wine Market Overview 2022

- Still wine sales: 373 million L (+6% from 2021, 4% of total alcohol sales)*
- Imported wine (<2L bottle): 165 million L** (+6% from 2021, 64% of total wine sales*)
- Imported sparkling wine: 44 million L** (+15% from 2021)
- Top producers:

1. France (27%: -3%)	2. Chile (26%: +6%)	3. Italy (20%: +19%)
4. Spain (11%: -5%)	5. US (5%; +40%)**	

Australia

- Still wine: #6, 6.9 million L (4% share in imported wine), +18 % from 2021**
- Sparking wine: #5, 1.5 million L (3% share in imported sparkling), +14 % from 2021**

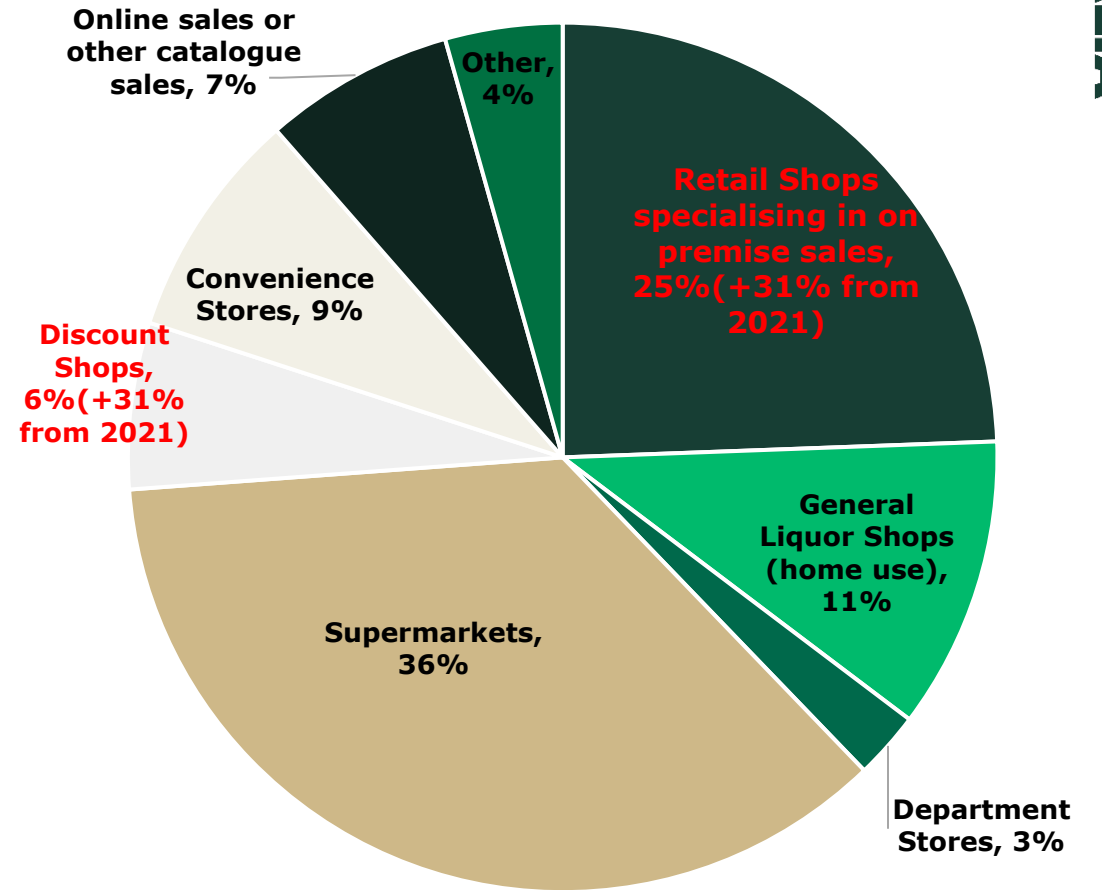
Other:

- Post-pandemic (2022) on premises sales +37.2% from 2021***
- Discount stores (+31%), convenience stores (+8.7%), and department stores (+7.5%) increased***
- Shortage of the Champagne replaced by shortage of Burgundy
- Challenging time for new brand entry (weak yen + inflation)

Imported Still Wine in Japan 2022

Sales Volume (11 countries, million c/s,9L) x Channel*

RRP (AUD)	On-premise		Off- Premise		Total		
	Volume*	Share	Volume*	share	Volume*	Total market share	20/21
\$111 and above	97	0%	126	1%	225	1%	145%
\$55.5 – 110.99	213	1%	256	1%	467	2%	136%
\$33.3 – 55.49	410	2%	581	3%	990	5%	146%
\$22.2 – 33.29	646	3%	983	5%	1,630	8%	113%
\$16.6 – 22.19	944	5%	1,761	9%	2,705	13%	124%
\$11.1 – 16.59	1,220	6%	3,355	17%	4,575	23%	108%
\$ 5.5 – 11.09	1,368	7%	6,321	31%	7,688	38%	97%
below \$5.49	260	1%	1,590	8%	1,849	9%	109%
Total:	5,159	26%	14,972	74%	20,130	100%	108%
Year on Year	137%		101%		108%		



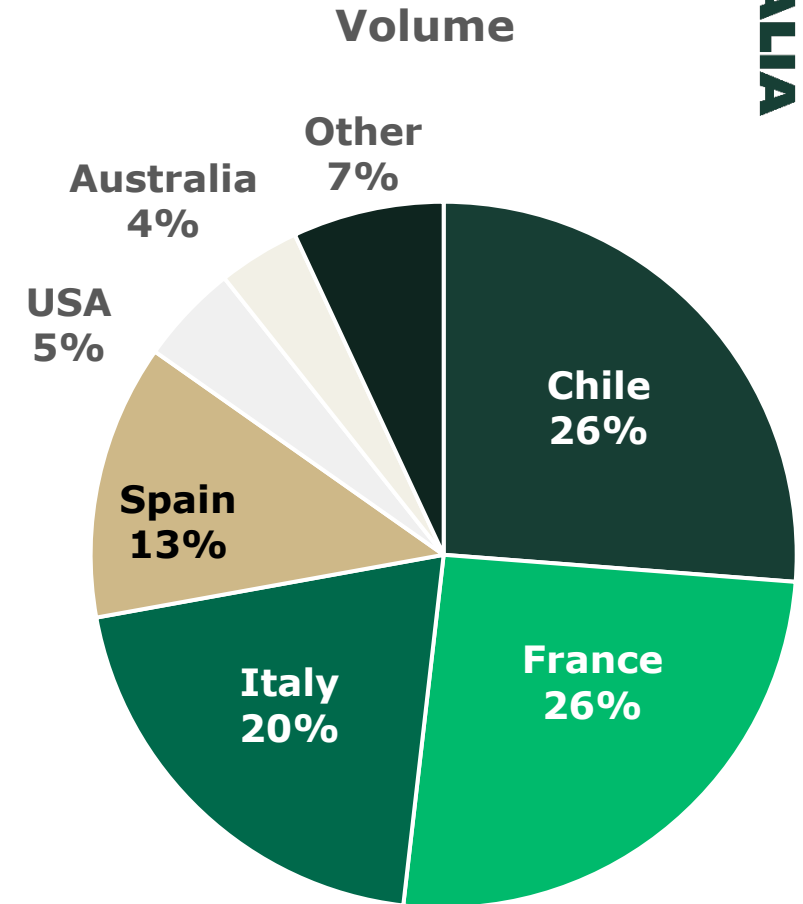
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Imported Still Wine 2023

Sales Volume (5 countries, million L, million AUD) & share

HS 220421020: <2L bottle

	million L	1 million AUD (1AUD=95 JPY)	Y on Y growth (Volume)	Y on Y growth (Value)
Chile	38.4	165.7	-10%	-3%
France	37.5	635.4	-14%	-1%
Italy	29.7	241.6	-11%	1%
Spain	18.5	78.5	0%	5%
USA	6.7	185.1	-25%	-7%
Australia	5.5	35.8	-20%	-12%
Other	10.1	98.1	-7%	7%
Total	146.3	1,440.3	-11%	-1%

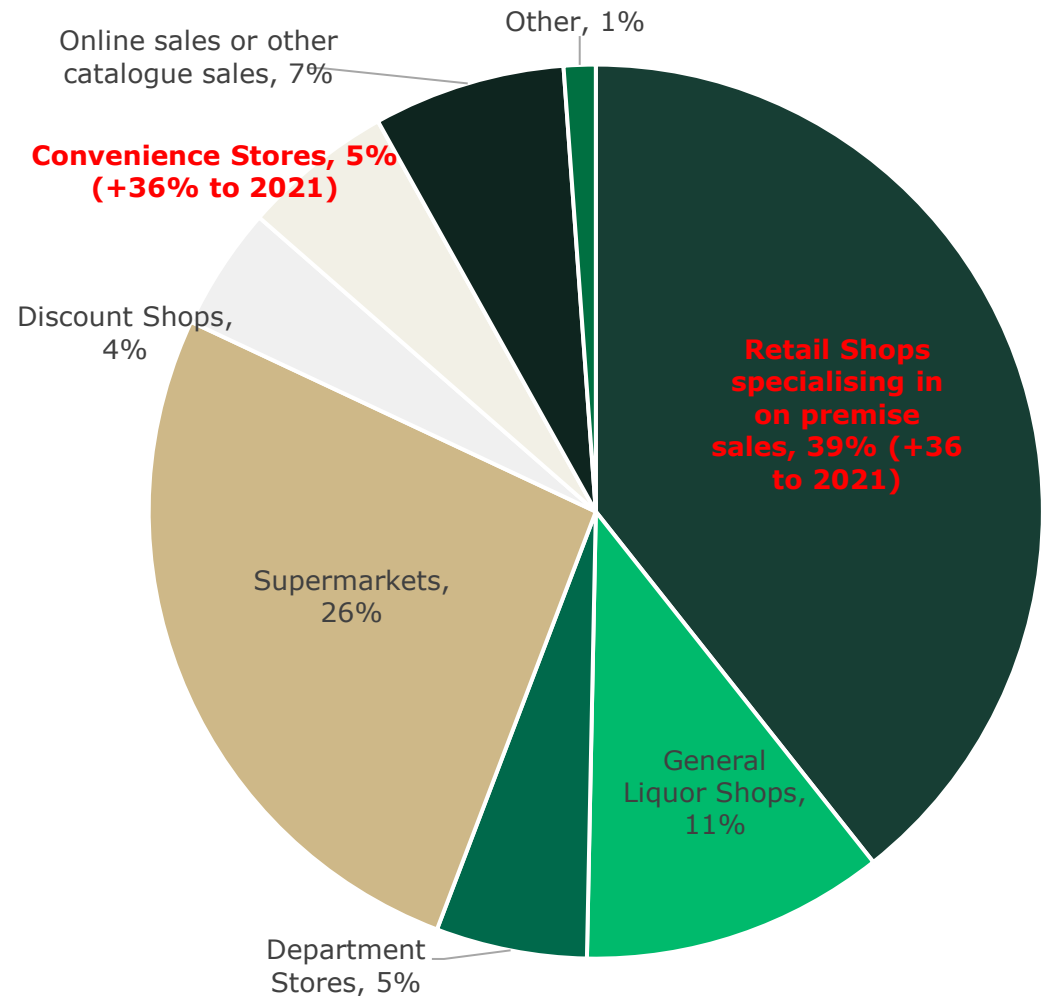


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Imported Sparkling Wine in Japan 2022

Sales Volume (million c/s,9L) x Channel*

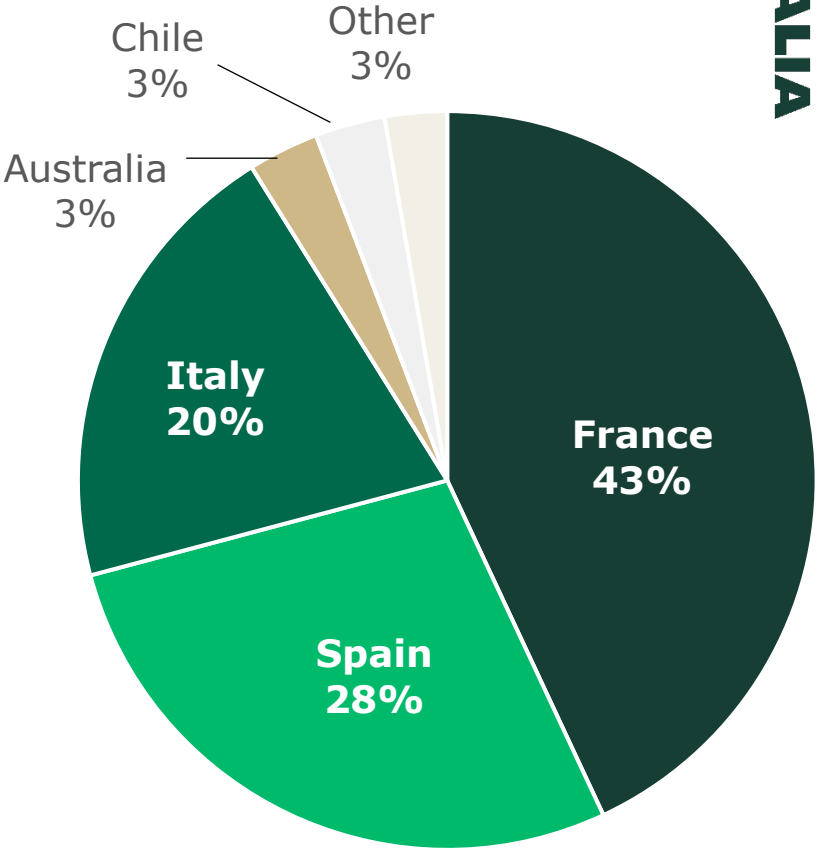
RRP (AUD)	On-premise		Off- Premise		Total		
	Volume*	Share	Volume*	share	Volume*	Total market share	20/21
\$111 and above	142	3%	112	3%	254	6%	120%
\$55.5 – 110.99	518	12%	457	11%	976	23%	115%
\$33.3 – 55.49	47	1%	61	1%	108	3%	144%
\$22.2 – 33.29	130	3%	224	5%	354	8%	153%
\$16.6 – 22.19	436	10%	574	14%	1010	24%	111%
\$11.1 – 16.59	285	7%	609	14%	894	21%	109%
\$ 5.5 – 11.09	109	3%	451	11%	560	13%	93%
below \$5.49	3	0%	88	2%	91	2%	569%
Total:	1,670	39%	2,576	61%	4245	100%	114%
Year on Year	132%		105%		114%		



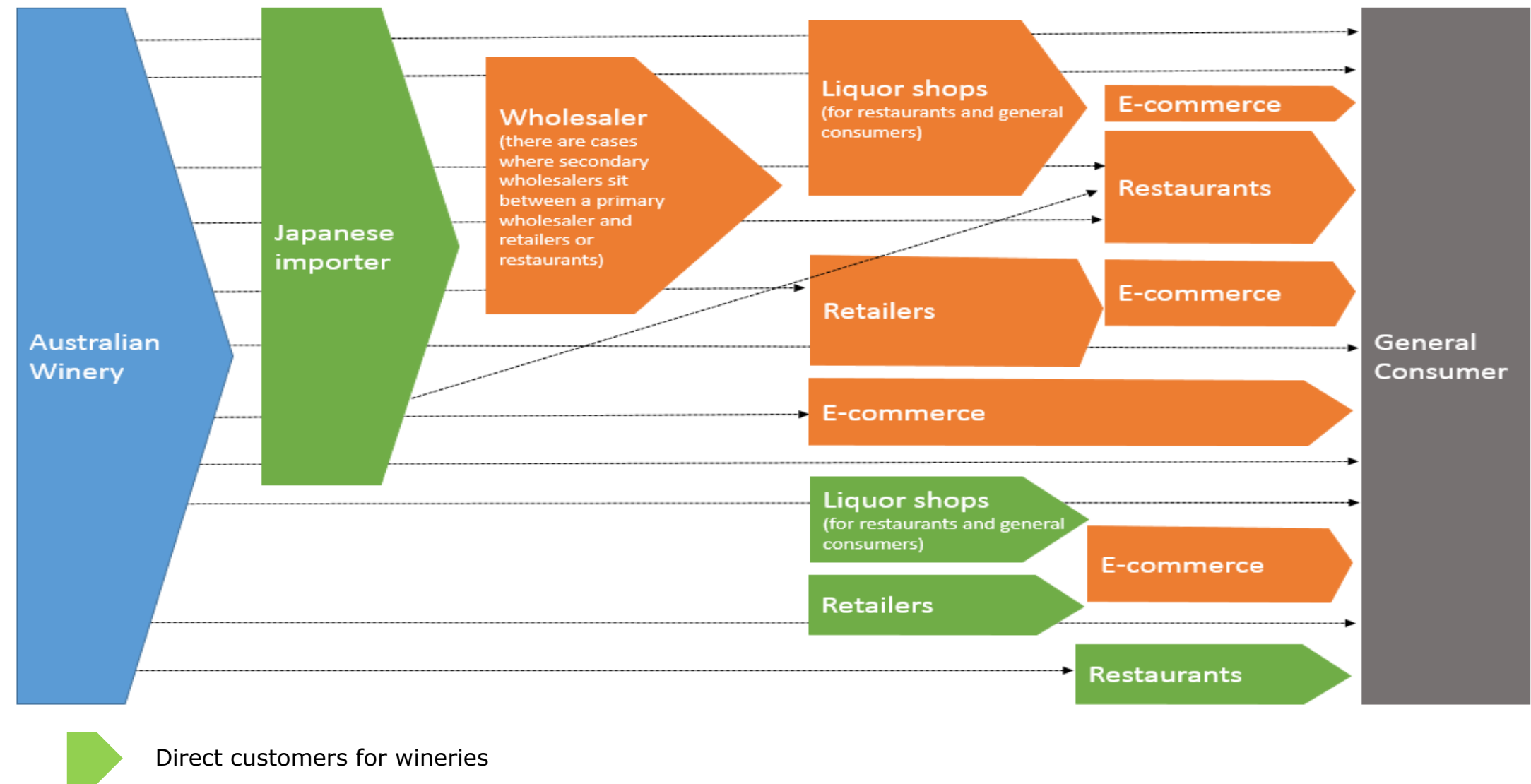
Imported Sparkling Wine in Japan 2023

Sales Volume (5 countries, million L, C&F million AUD) & share
HS 220410000: Sparkling Wines

	million L	1 million AUD (1AUD=95 JPY)	Y on Y growth (Volume)	Y on Y growth (Value)
France	17.1	931.5	-5%	9%
Spain	11.1	64.8	-18%	-7%
Italy	8.1	67.2	-8%	5%
Australia	1.2	10.3	-16%	4%
Chile	1.2	7.8	-21%	-17%
Other	1.1	16.6	1%	32%
Total	39.8	1,098.2	-10%	8%



Route To Market



Australian Wine Sales - Volume, Venue, Price

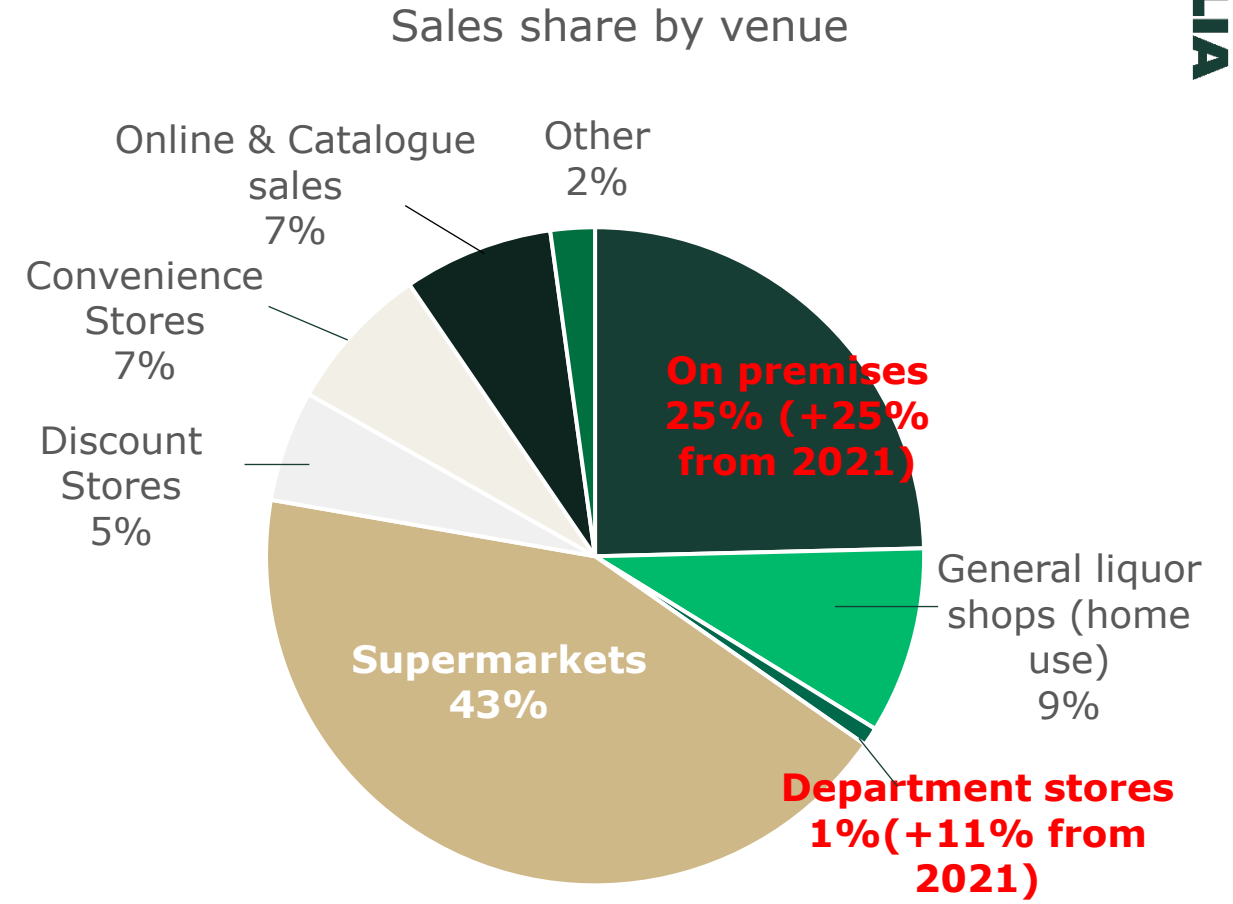
Sales Volume (Case/9L) 2022

RRP (AUD)	On-premise		Off- Premise		Total		
	Volume*	share	Volume*	share	Volume*	Total market share	20/21
\$111 and above	1000	0%	1000	0%	2000	0%	100%
\$55.5 – 110.99	3,000	0%	2,000	0%	5,000	0%	250%
\$33.3 – 55.49	8,000	1%	5,000	0%	13,000	1%	186%
\$22.2 – 33.29	12,000	1%	16,000	1%	28,000	3%	133%
\$16.6 – 22.19	69,000	6%	90,000	8%	160,000	15%	150%
\$11.1 – 16.59	50,000	5%	341,000	31%	391,000	36%	102%
\$ 5.5 – 11.09	130,000	12%	358,000	33%	488,000	44%	97%
below \$5.49	9,000	1%	5,000	0%	14,000	1%	61%
Total:	282,000	26%	818,000	74%	1,100,000	100%	105%
Year on Year	130.6%		98.9%		105.3%		

Australian Wine Sales 2022 - Volume, Venue

BY VOLUME*

Sales Channel	Volume (1,000 cases/9L)	2021/22
Retail shops for on premises business	271	25%
General liquor shops (home use)	101	-15%
Department stores	10	11%
Supermarkets	474	4%
Discount Stores	60	-2%
Convenience Stores	80	1%
Online sales/ Catalogue sales	81	1%
Other	24	-11%
Total	1045	-12%



Market Opportunities

- Entry price point wine
- Gold medal award winning wines
- 'Natural wine', 'Hands off', skin contact white wine
- Organic wines
- Non-alcohol, low alcohol wine
- Canned wine, small sized wine

Regulatory Changes

European GI now strictly protected in Japan due to JAEUEPA

→ From 1 February 2024, prosecco, port etc. cannot be sold in Japan unless they are from Italy (for Prosecco) and Portugal (for Port)

Organic certified wines

→ From 1 October 2025, without JAS Certificate in Japan, organic wines cannot be sold as "organic" wine



Market Observations & Expectations

WORKING IN JAPAN

- Hierarchy & age
- Trust & long-term relationships
- Collective action & cross investment
- Face
- Harmony
- Polite & professional
- Visits – winemaker, owner vs export manager
- Still love a business card

BACK AT THE WINERY

- Inspections
- Certifications
- Scuff testing – caps, labels & cartons
- Packaging – good & delivered in perfect condition
- Forms, forms, forms
- Label & package upgrade change
- Responsive
- POS for translation by market partner

Wine Projects (Austrade Japan) 2023-24

New to Market Wine Project 2023-24:

Masked tasting by top sommeliers for 100 wine entries from 35 wineries

Schedule:

- Masked tasting by top sommeliers (8-9 January 2024)
- Industry article (5 March)
- Tasting for targeted importers in Tokyo (17 April 2024)

Objectives:

- Generate professional feedback for all submitted wines
- Potential brand exposure
- Showcase new wines to importers

Cost: \$950 (possible State gov't subsidization), up to 6 bottles (3 SKU x 2 bottles) + shipment to Tokyo

Australian Wine Tasting - Osaka 2024:

Industry professional tasting of 100 wines from up to 35 wineries

Participants: Wineries exporting wine to Japan (2023: 76 wineries presented by 27 importers)

Visitors: 150-200 professional buyers from HORECA and industry press

Cost: \$600



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Wine Australia

Japan Market Update

10 April 2024



Ambition: **Increase the demand and premium paid for Australian wines in Japan**

- 1. Elevate the image of Australian wine**
Digital / PR & Media Tie-up / KOL Sommeliers
- 2. Drive consideration through activation & trial**
Masterclasses / Tastings
- 3. Increase sales of Australian wine**
Promotions / Collaborations

Enablers:

Education integrated into all activities / Collaboration and partnership with local partners (e.g. Austrade) / Less is more for greater impact / High quality and innovative execution



TARGET:
35–54-YEAR-OLD MEN & WOMEN

The Opportunity

Australian wine in the Japan market

Consumers of Australian wine have increased 4% to

4.7 million

Despite a shrink in the regular* wine drinking population (-12% vs 2016), Australian wine consumers have increased (+4% vs 2019)

*Drink wine at least once per month

Australian wine imagery perception amongst drinkers

Japanese consumers have a very positive image of Australian wine. Australian wine is associated with authenticity, sustainably made, value for money, and appreciated as food-friendly wines. In a survey of drinkers who had consumed Australian wine in the past 6 months, Australian wine stood out on the below statements.

Food friendly wines	90%
Wines which offer good value for money	88%
I trust the authenticity of these wines	83%
I would be happy to recommend wines from this country	81%
Natural wines	80%
I like the grape varieties produced in this country	73%

*% of those who agree or strongly agree with the statements

Source: Wine Intelligence 'Country health tracking: 9 key markets' June 2023

Top three export varieties

Global	Japan
Shiraz \$361m 20%	Chardonnay \$8m 18%
Chardonnay \$293m 16%	Shiraz \$7m 14%
Cabernet Sauvignon \$293m 16%	Cabernet Sauvignon \$6m 14%

Source: Wine Australia Export Dashboard, year ending September 2023

Price points in growth

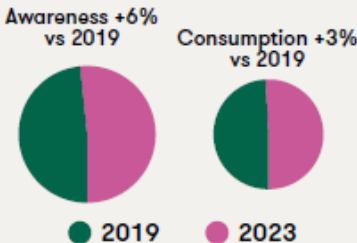
	Growth in FY23		Value share of exports
\$7.50-\$9.99	5%	▲	12%
\$10.00-\$19.99	1%	▲	14%
\$20.00-\$49.99	34%	▲	10%
\$50.00-\$199.99	27%	▲	3%

FOB (Free on board) price

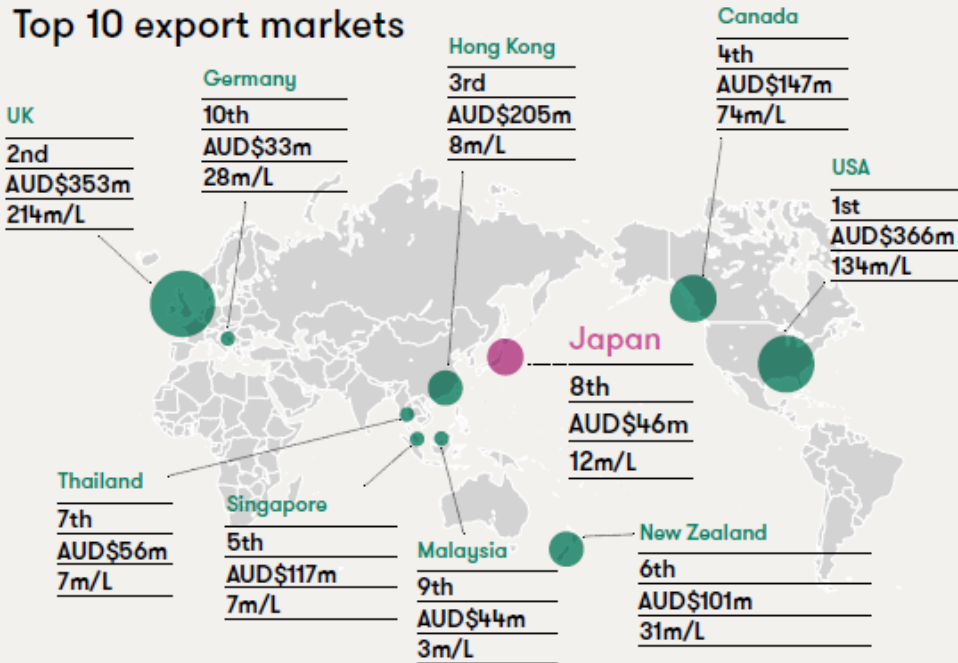
Source: Wine Australia Export Dashboard, year ending September 2023

Australia is one of the few countries to increase in awareness and consumption

Australian wine is known by more than half of wine drinkers and nearly a fifth could recall drinking wines from Australia over the past 6 months.



Top 10 export markets



Source: Wine Australia Export Dashboard, year ending September 2023

Australian wine ranks third in quality perception

Australia has remarkably improved its ranking over the years, and remains 3rd in terms of quality for the second year in a row.

Country	Rank
France	#1
Italy	#2
Australia	#3
California	#4
Argentina	#5

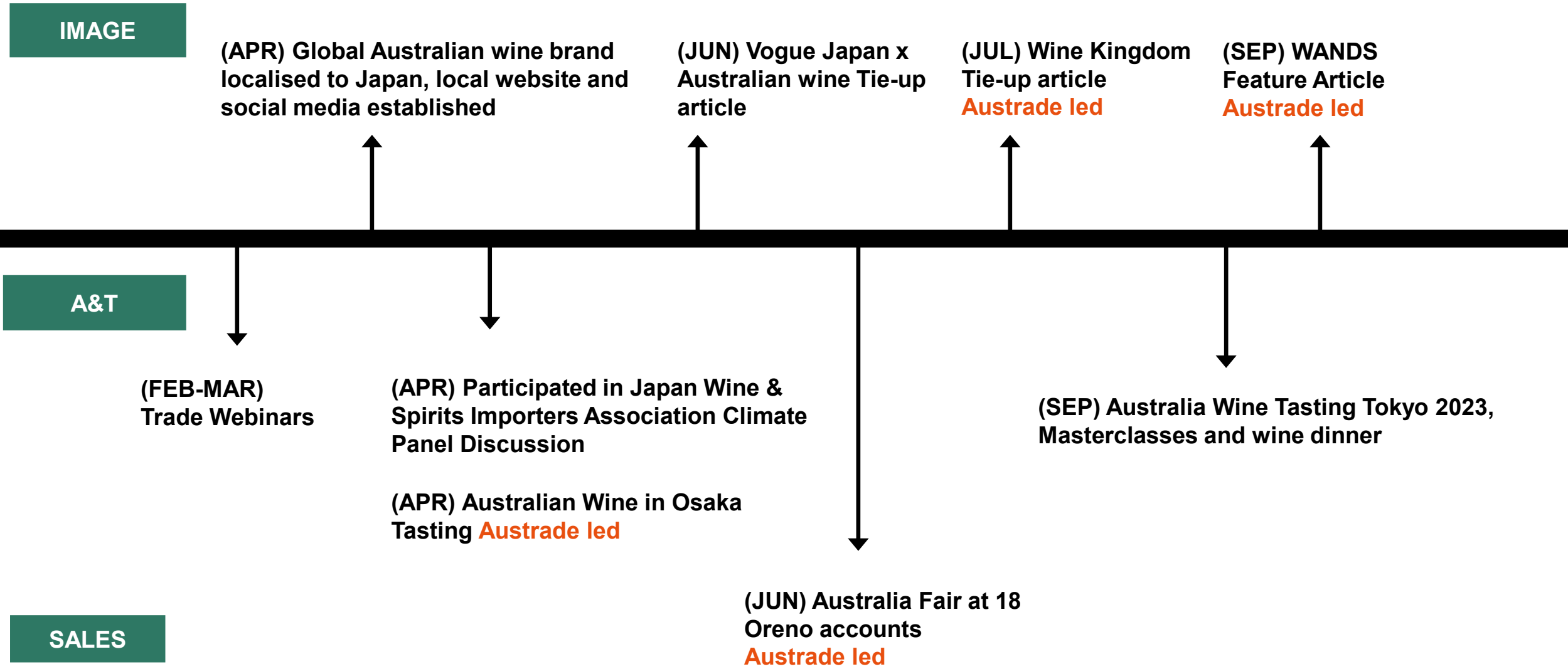
Decanter World Wine Awards 2023 Best In Show Medals

For the first time ever, Australia topped the charts with a record 10 Best in Show medals, representing a fifth of all wines awarded this top accolade internationally.

Total	50
Australia	10
Rank	#1

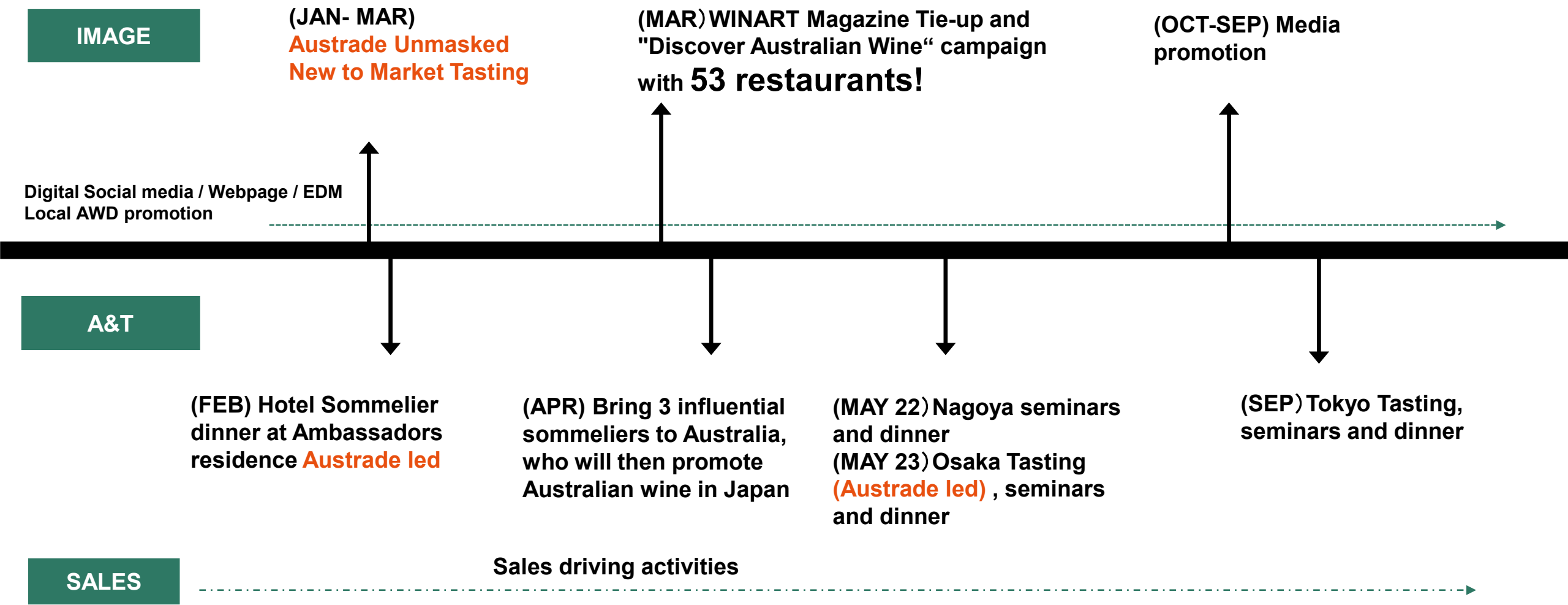
2023 Results

750 trade activated / 5M consumer digital reach / 5,424 bottles sold / 88% satisfaction rating



*Detailed results in appendix

2024 Planned Activities



*All content and timings are subject to change

Recent Highlight: WINART tie-up and ‘Discover Australian Wine’ Campaign



Collaborated with four influential sommeliers a tie-up with Winart wine magazine. Each sommelier selected two Australian wines (from the Australian Wine Tasting Tokyo 2023 list) and introduced with a recommended food pairing.

The article went live on the same day our ‘Discover Australian Wine’ restaurant campaign started in 53 restaurants across Japan. Two restaurants with the best performance will win a trip to Australia, and consumers who enjoy Australian wine at participating restaurants during the campaign can win Australian prizes.

Objective:

1. Drive awareness and consideration of Australian wine, collaborating with influential sommeliers and media.
2. Increase reach of Australian wine to consumers with premium messaging, promoting consideration and trial
3. Increasing sales of Australian Wine



Taila mussel and bamboo shoot fritters with shiso and sea urchin nouilles.



Noir de Bigorre pork with mugwort, spring cabbage and piperade.



Tasmanian salmon, oven baked sea asparagus, tomato and clam sauce.



Australian veal loin piccata with fresh onion fondue, chrysanthemum potato chips and lemon butter sauce.



Shiitake mushroom with sauce made from rice malt, cream and other ingredients.



Straw-roasted Ezo deer, red wine sauce, carrots, harumi, Himalayan pepper.



Tasmanian ocean trout low temperature confit.



Grilled King Island beef with pepper sauce and tempura lotus root.

The background of the image is a lush vineyard with rows of grapevines stretching into the distance. In the foreground, several large, curved wooden wine barrels are stacked, showing their staves and metal hoops. The scene is set in a sunny, outdoor environment with green hills in the background.

AUSTRALIAN WINE TASTING

TOKYO SEPTEMBER 2024

EOI'S OPEN!!



Building success in Japan

- **Trust and long-term relationships**
 - **Visit the market when possible**
 - **Responsiveness and keeping in touch**
 - **Detail, detail, detail**
 - **For all activities you participate in Japan, please ensure you communicate with your importer and confirm their support BEFORE participating**
 - **Share what you are succeeding at in Australia and other key markets – best practice examples**
 - **One key obstacle is how to pair Australian wine with food ... please share examples of how you pair your wine with food in Australia or in other markets.**
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