



Japan

A loyal market for Bourgogne wines



Key 2018 figures for Bourgogne wines in Japan

3rd biggest market by volume and revenue for Bourgogne wines

Exports: 7.356 million bottles (down 3.2% on 2017), for 102 million euros (down 1.5%)

by volume

- ▶ White wines: 54%
- ▶ Red/rosé wines: 42%
- ▶ Crémant de Bourgogne: 4%

In 2018, Bourgogne wines accounted for 16.4% of the volume of French AOC wines exported to Japan, for 23.6% of the revenue.

Bourgogne wines enjoy a genuine aura in Japan, whose culture, tastes, and values are in tune with those of Bourgogne. In 2018, Japan remained the third biggest export market for Bourgogne wines, against a backdrop falling sales of French AOC wines (down 5.4% on 2017) and imports in general (down 6% overall on 2017).

The free-trade agreement between Japan and the European Union which came into force on 1 February 2019 should lead to an improvement. Bourgogne professionals are hoping for a return to the export levels of 2012, when more than 10 million bottles were shipped. The initial signs in 2019 are fairly positive, notably for Chablis wines, with growth by volume of 7% over the first two months of 2019 compared to the same period in 2018.

Sale prices rising

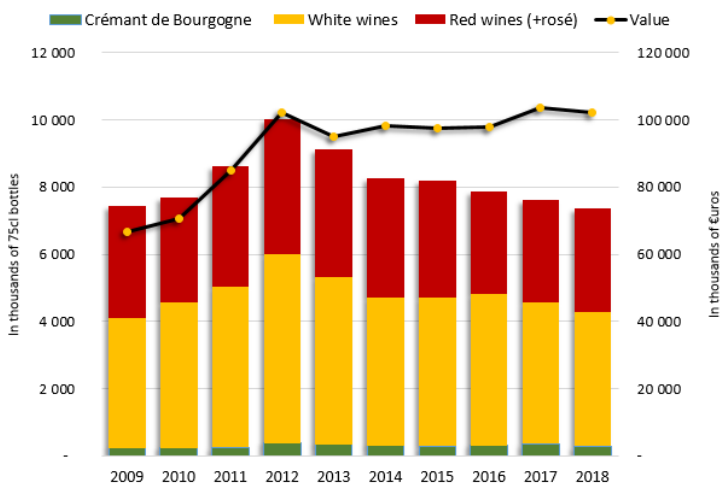
The devaluation of the yen in 2013 (down 25% on other currencies including the euro) had an immediate impact on the price of Bourgogne wines on this market, which explains the fall in sales that year in Japan. Since then, revenue from Bourgogne wines has grown (up 7.5% in 2018 compared to 2013) to reach 102 million euros. Both red and white wines showed good performance up 7.8% and 7.7% respectively on 2013 by revenue.

In 2018, export volumes were, however, down to 7.356 million bottles (down 3.2% on 2017).

The drop in volume for Chablis and Petit Chablis appellations (due to the two recent low-yield vintages) and appellations from the Côte de Beaune and Côte de Nuits impacted the figures for Bourgogne white wines, which were down 5% for 54% of volumes compared to 2017.

Crémant de Bourgogne was stable in 2018, after several years of growth, down 21.8% on 2017 to 281,410 bottles.

Export of Bourgogne wines to Japan
(Source: Custom / BIVB)



Red wines recorded growth thanks to the strong performance of *Régionale* Bourgogne wines (up 12.9%) and Mâcon (up 211.6%). The figures were nonetheless impacted by a fall in volumes of *Village* and *Village Premier Cru* appellations from the Côte de Beaune (down 37.4%) and Côte de Nuits (down 29.6%). Overall, red wines were up 1.4% in 2018, with 42% of total volumes.

This year has gotten off to a slow start. In the first two months of 2019, Bourgogne wines posted a further drop in volume (down 6% on the first two months of 2018), but stability in terms of revenue (up 0.1% on the first two months of 2018). This slowdown did

not only involve Bourgogne wines: Overall wine imports by Japan fell 11% by volume and 7% in terms of revenue over the same period.

Against this backdrop, *Régionale* Bourgogne white wines (almost one-third of Bourgogne wine exports and 40% of white wines shipped to Japan) performed well: Up 33.4% by volume and 45% in terms of revenue over the first two months of 2018. *Village* and *Village Premier Cru* white appellations from the Côte de Beaune were also up by volume (44.7%) and revenue (52.9%).

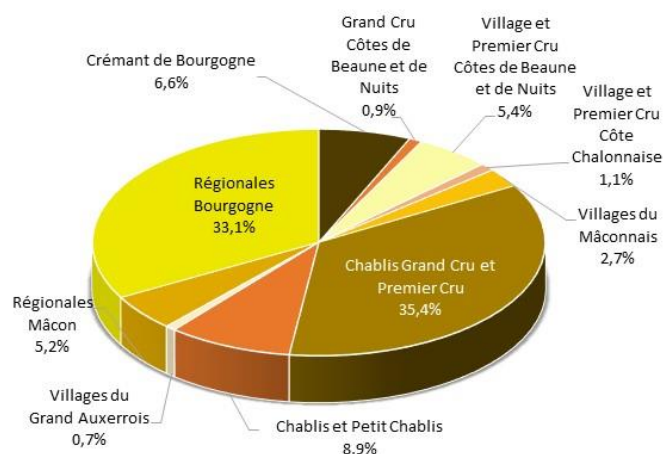
Bourgogne white wines driving revenue growth

Japan is a mature market and imports all categories of Bourgogne wine appellations.

Exports of white wines dominated by *Régionale* and Chablis appellations

Bourgogne white wines have traditionally held an important place in this market, fluctuating between 54% and 60% of export volumes over the past 10 years. Chablis wines have played a major role in the growth of Bourgogne white wine sales (47% of white volumes shipped), but have suffered from lack of available stock since 2017. As such, in 2018, Chablis wines were down 7.9% by volume on the prior year.

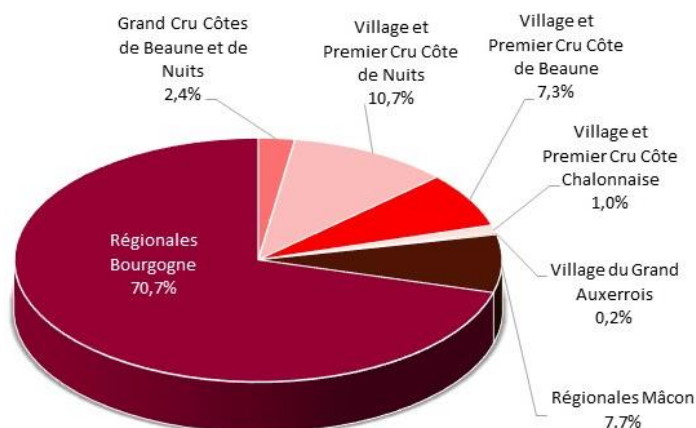
Although Bourgogne white wines were down by volume in 2018, revenue was up 5.3% on 2017. *Village* appellations of the Mâconnais (up 17.6%), Chablis appellations (up 4.6%), and *Régionale* Bourgogne appellations (up 23.5%) all helped drive growth.



Until now not widely available in Japan, the Saint-Bris appellation enjoyed an upsurge in popularity on this market in 2018, up 58.9% by volume and 55.9% in terms of revenue.

Crémant de Bourgogne saw exports fall 21.8% by volume in 2018, after an 11% rise the previous year.

Red wines driven by *Régionale* appellations



Red wines, which saw a slight rise in export volumes (up 1.4% over 2017), sold on average for higher prices than white wines or Crémant de Bourgogne: They accounted for 54% of revenue for just 42% of volumes. The growth both by volume and revenue of *Régionale* Bourgogne appellations (respectively up 12.9% and 24%) and Mâcon (respectively up 211.6% and 197%), combined with a dip in more expensive appellations, automatically brought down the overall revenue for Bourgogne red wines by 5.8% on 2017.

The demand for Irancy, an appellation hitherto little known on this market, significantly increased in 2018, up 99.3% by volume and 159.9% in terms of revenue.

Bourgogne wines concentrated growth on traditional circuits

► Hotel-restaurant and wine bars

In the hotel-restaurant and wine bar sector (*2018 survey of 176 points of sale in Tokyo*), French wines were in top spot in terms of their share of the offer (61%), and were available in 91% of those establishments surveyed.

Bourgogne wines led the worldwide offer in these establishments (20% of the offer) and were present in 78% of those establishments surveyed.

Among the overall offer in the establishments surveyed, *Village* and *Village Premier Cru* appellations from the Côte de Beaune were available in 64% of establishments (stable on 2017). The four Chablis appellations were close behind, with at least one reference in 62% of the establishments surveyed, just ahead of wines from the Côte de Nuits (59%, stable on 2017).

The wider offer of Bourgogne wines does, however, remain largely undiscovered on this circuit. The five most-widely-available white Bourgogne wines were the most prestigious and best-known (Meursault Premier Cru, Puligny-Montrachet Premier Cru, Chassagne-Montrachet Premier Cru, Meursault, and Chablis). The same goes for red wines (Gevrey-Chambertin, Nuits-Saint-Georges Premier Cru, Vosne-Romanée, Vosne-Romanée Premier Cru, and Echezeaux Grand Cru).

The lesser-known appellations, which offer a wider range that could correspond to market expectations, are still under-represented. This is particularly the case for *Régionale* appellations, especially Bourgogne and Mâcon with an additional geographical denomination like Mâcon-Azé, Bourgogne Côte Chalonaise, and Bourgogne Côtes d'Auxerre, and the lesser-known *Village* and *Village Premier Cru* wines, such as Irancy, Fixin, Rully, and Chorey-lès-Beaune among reds, and Saint-Véran, Viré-Clessé, Auxey-Duresses, and Saint-Bris among whites.

► Specialist wine stores: Bourgogne wines still growing

Bourgogne wines were in pole position among wine stores, with almost 19% of the worldwide wine offer (stable), with an average of 148 references per establishment surveyed, up 6% on 2017 (*2018 survey of 34 points of sale in Tokyo*). Bourgogne wines were present in 94% of establishments surveyed in Tokyo.

As with the restaurant/wine bar sector, the most widely available were the more renowned wines, and some of the most expensive featured among the top five wines:

- For white wines, Puligny-Montrachet Premier Cru alongside the *Régionale* Bourgogne appellation, then Chablis, Chassagne-Montrachet Premier Cru, and Meursault.
- For red wines, Gevrey-Chambertin alongside the *Régionale* Bourgogne appellation, then Nuits-Saint-Georges Premier Cru, Vosne-Romanée, and Chambolle-Musigny Premier Cru.

This sector could also benefit from developing sales of lesser-known appellations, which could reach a fresh clientele.

About the Bourgogne Wine Board (BIVB)

The Bourgogne Wine Board is a professional organization that brings together all winegrowers and wine merchants from Bourgogne. Its role is to represent and protect the interests of Bourgogne wines and professional winemakers & merchants, to define Bourgogne wines policy in technical, economic and marketing terms, and to conduct related promotional activities.

Bourgogne today approaches a 29,400-hectare puzzle, representing only 0.6% of the world wine production, but which still adds up to nearly 187 million bottles. No other French region so neatly sums up one word – “terroir” – and great quality wines. For what makes Bourgogne wines stand out is the intimate relationship between the soil, the influence of the microclimate, the grape variety, and the work of the man.

Bourgogne vs. Burgundy: to re-affirm their identity, the region and the producers are reverting to the original French iteration of the name, Bourgogne.

Economic report produced by the Markets and Development department of the BIVB - May 2019

(Sources: Customs – BIVB – GTI – MIBD Market)

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