

Japan: A loyal market for Bourgogne wines



Key figures in 2019 for Bourgogne wines in Japan

3rd biggest market in terms of revenue

5th biggest market by volume

Exports: 7.5 million bottles (up 2.4% on 2018), for 113 million euros (up 10.7% on 2018)

by volume

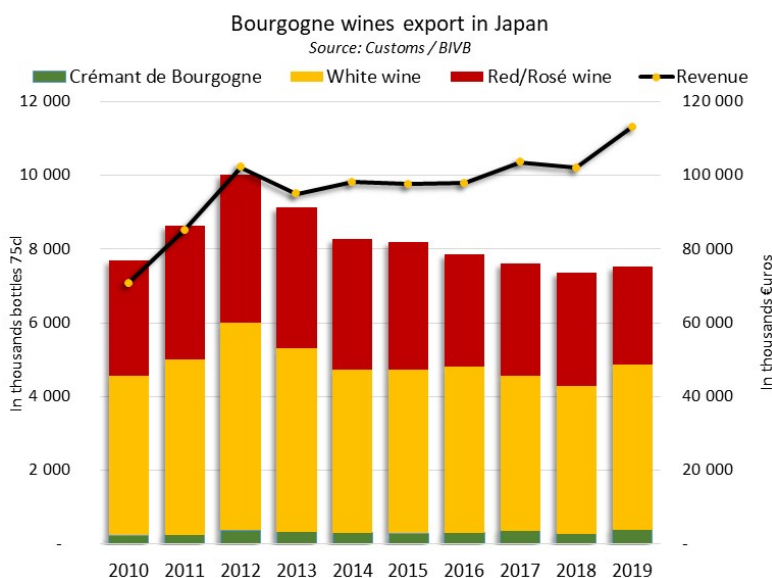
- ▶ White wines: 59%
- ▶ Red/rosé wines: 36%
- ▶ Crémant de Bourgogne: 5%

In 2019, Bourgogne wines accounted for 16% of the volume of French AOC wines exported to Japan, for 23% of the revenue.

Bourgogne has long enjoyed a genuine aura in Japan, a land whose culture, tastes, and values are very much in tune with these wines. In 2019, **Japan remained the third biggest export market for Bourgogne wines by revenue**, despite a slowdown in Japanese growth, which practically halved between 2017 and 2019 (*source: DG Trésor – 29 January 2020*).

The trade agreement between the European Union and Japan, which came into effect on 1 February 2019, allowed for the elimination of customs duties on nearly all-bilateral trade, and had an undeniable impact on the good performance of Bourgogne wines in 2019. There is, however, a need for vigilance on the evolution of the tariff-free terms of this agreement (more flexible controls relating to the origin of products; a shift in Japanese norms towards international standards; the opening of local public markets; etc.).

Record revenue



Since the devaluation of the yen in 2013, which had a major impact on the price and imports of Bourgogne wines, revenue has returned to an upward trajectory.

It increased 10.7% in 2019 year-on-year, reaching 113 million euros. All categories saw growth in revenue:

- Up 6.4% for red wines
- Up 15.5% for white wines
- Up 23% for Crémant de Bourgogne

Meanwhile, **export volumes also returned to growth (up 2.4% on 2018)** to 7.5 million bottles, after six years of decline.

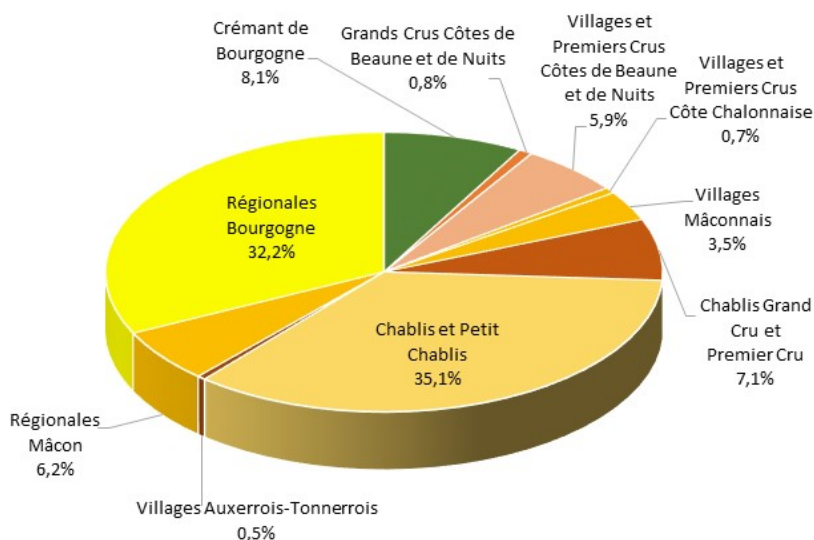
- **Sales of Bourgogne white wines (up 11.4% by volume)** were driven by *Régionale* Bourgogne appellations, which were up after three years of decline (up 10.2%, accounting for 35% white volumes).
- **Crémant de Bourgogne set a record by volume**, with almost 400,000 bottles shipped (**up 39.6% on 2018**).
- **Only red wines recorded an overall drop (down 12.8%)**, after a very good year in 2018. This was mainly due to a drop in *Régionale* appellations, whereas **red wines from the Côte de Beaune and Côte de Nuits**, which accounted for 27% of exports, **posted strong results, up 17.3% by volume and up 22% in terms of revenue**.

Bourgogne wines performed strongly in the first quarter of 2020 in Japan, up 16.3% by volume and up 20.4% in terms of revenue compared to the same period in 2019. Unfortunately, the consequences of the COVID-19 pandemic (closure of restaurants and wine bars, lockdown, suspension of air freight, etc.) is likely to undermine this dynamic. The figures for the second quarter, available in July, will provide a fresh perspective.

Bourgogne white wines driving growth

A long-standing and mature market, Japan imports all categories of Bourgogne wine appellations.

2019 exports of white wines and Crémant de Bourgogne by volume



Bourgogne white wines historically hold an important place on this market, accounting for between 54% and 60% of export volumes over the past decade (59% in 2019).

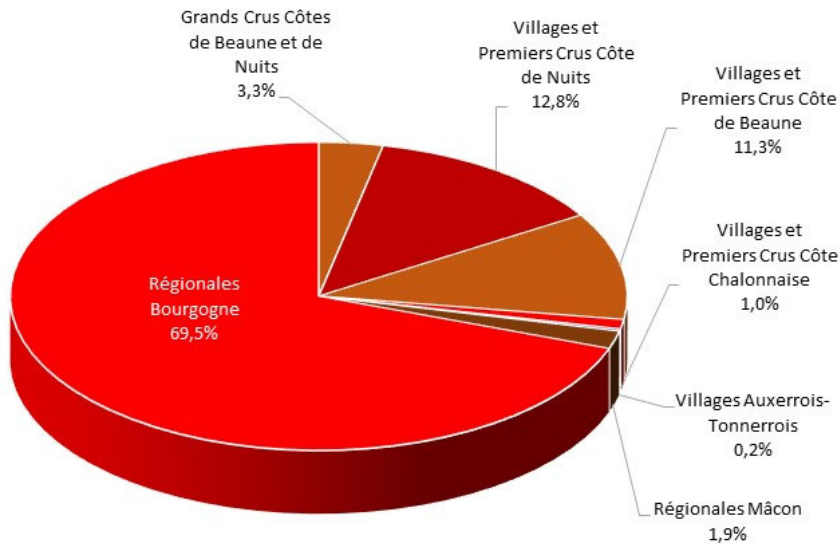
Chablis wines played a key role in the growth of Bourgogne white wine sales (46% of white export volumes). In 2019, Chablis appellations returned to growth thanks to the abundant harvests in 2017 and 2018: Up 7.9% by volume and up 4.5% in terms of revenue on the previous year.

Régionale Mâcon and *Village* appellations (Saint-Véran, Pouilly-Fuissé, Viré-Clessé, Pouilly-Vinzelles, and Pouilly-Loché) also enjoyed strong growth, up 39.2% by volume and 11% in terms of revenue.

Crémant de Bourgogne is establishing a firm foothold in this market, with volumes surging 39.6% and revenue up 23% compared to 2018.

During the first quarter of 2020, white wines continued on the same growth curve seen in 2019, up 9.2% by volume and 21.89% in terms of revenue. This dynamic was driven by a return of higher volumes of Chablis and Petit Chablis (up 34% on the same period in 2019), and also the excellent performance of the Mâcon and Mâcon plus geographical denomination AOCs (up 25.5%).

2019 red wine export volumes



In 2018, red wines were the only Bourgogne wines to show any growth, which might explain the 12.8% year-on-year drop for certain categories of appellation in 2019.

This applied to *Régionale* Bourgogne AOCs, which fell by 14.2%, despite accounting for 69% of the volume of red wines exported to Japan in 2019.

On the other hand, red wines from the Côte de Beaune and Côte de Nuits saw healthy growth, yet only account for 27% of the volume of Bourgogne red wines exported:

- ▶ *Grand Cru* wines from the Côte de Beaune and Côte de Nuits: Up 21%
- ▶ *Village* and *Village Premier Cru* wines from the Côtes de Beaune: Up 34.6%
- ▶ *Village* and *Village Premier Cru* wines from the Côtes de Nuits: Up 4.5%

Although overall volumes dipped, revenue from Bourgogne red wines was up 6.4% on 2018, accounting for 52% of total revenue from Bourgogne wines in Japan. Red wines from the Côte de Beaune and Côte de Nuits contributed to the growth in revenue, accounting for 53% of Bourgogne red wine sales, up 22% on 2018.

During the first quarter of 2020, red wine sales increased again, up 33.6% by volume and 19.3% in terms of revenue on the same period the previous year. This performance was chiefly driven by *Régionale* Bourgogne appellations, which accounted for 80% of Bourgogne red wines exports to Japan for the period (up 55.1% by volume on 2019). *Grand Cru* wines of the Côte de Beaune and Côte de Nuits also performed strongly (up 170% by volume), but they make up a less significant proportion of the market.

Growth in Bourgogne sales concentrated on traditional circuits

▶ Restaurants: Good presence for Bourgogne wines

In the restaurant sector (*2019 survey of 200 points of sale in Tokyo*), French wines made up 57% of the offer, down 1 point on 2018. Some 75% of those establishments surveyed offered Bourgogne wines (down 3 points).

In terms of white wines, the four levels of the Chablis appellation were present with at least one reference in 61% of establishments (stable on 2018), ahead of *Village* and *Village Premier Cru* whites from the Côte de Beaune (53%, down 6 points on 2018).

Among red wines, *Village* and *Village Premier Cru* appellations from the Côte de Nuits were the most popular, with 56%, up 2 points on 2018.

There is great potential for expansion in the offer of Bourgogne wines on this circuit. The five most widely available Bourgogne white appellations in terms of number of references all remain prestige appellations (Puligny-Montrachet Premier Cru, Meursault Premier Cru, Meursault, Chassagne-Montrachet Premier Cru, and Corton-Charlemagne). The same goes for red wines (Gevrey-Chambertin, Nuits-Saint-Georges Premier Cru, Gevrey-Chambertin Premier Cru, Vosne-Romanée, Vosne-Romanée Premier Cru, and Echezeaux Grand Cru).

Lesser-known appellations, offering the possibility of a wider range and corresponding to market expectations, remain under-represented. This is notably the case for *Régionale* appellations, along with Bourgogne and Mâcon plus geographical denomination wines, and some lesser-known *Village* and *Village Premier Cru* appellations, such as Irancy, Fixin, Rully, and Chorey-lès-Beaune among reds; and Saint-Véran, Viré-Clessé, Auxey-Duresses, and Saint-Bris for whites.

► Specialist wine stores: Bourgogne wines stabilize

Bourgogne wines were in top spot among specialist wine stores, with nearly 23% of the offer of worldwide wines (stable on 2018), and an average of 133 references per establishment surveyed (down 2% on 2018).

As on the other circuits, it is mainly the most celebrated and highest-priced wines which fill the top five appellations, with two exceptions:

- For whites, Chablis sits alongside Puligny-Montrachet Premier Cru, Meursault, Chassagne-Montrachet Premier Cru, and Meursault Premier Cru
- For reds, the *Régionale* Bourgogne appellation features alongside Gevrey-Chambertin, Nuits-Saint-Georges Premier Cru, Chambolle-Musigny Premier Cru, and Vosne-Romanée Premier Cru

Here again, there are many opportunities to diversify and widen out the range of Bourgogne wines (*Source: 2019 survey of 30 points of sale in Tokyo*).

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

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