BOURGOGNE
Bourgogne Wine Board

Japan: A loyal market for Bourgogne wines

Key figures in 2020 for Bourgogne wines in Japan

3rd biggest market in terms of revenue

5th biggest market by volume

<u>Exports</u>: 7.27 million bottles (down 3.5% on 2019), for €111 million (down 1.6% on 2019)

by volume	→ White wines:	58%
	→ Red/rosé wines:	38%
	→ Crémant de Bourgogne:	4%

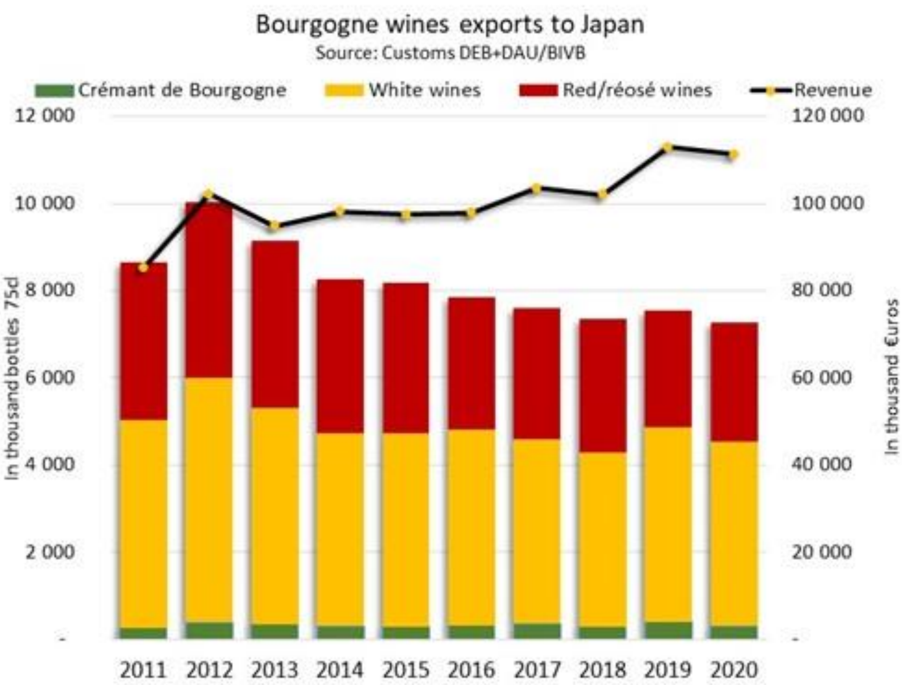
In 2020, Bourgogne wines accounted for 16% of the volume of French *AOC* wines exported to Japan, for 27% of the revenue.

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 early 2021, following a series of restrictions due to the COVID-19 pandemic, Japanese consumer spending fell by 1.4%. In 2020, according to the Japanese Ministry of Internal Affairs and Communications, the average monthly expenditure had already fallen by 4.7%, a slump close to the 5.1% decline in 2019 when sales tax shot up from 8% to 10% in 2019 (source: DG Trésor – 2021).

Bourgogne wines still present despite a dip in consumption

Despite Bourgogne wine exports being impacted by this fall in consumption, they were less affected than all French *AOCs* taken as a whole, compared to 2019:



- By volume: A fall of 3.5% for Bourgogne wines, compared to 7.3% for all French *AOCs*
- By revenue: A fall of 1.6% for Bourgogne wines, compared to 13.4% for all French *AOCs*

This fall in 2020 came after good results in 2019, up 2.4% compared to 2018.

In the current context of uncertainty, export volumes by category of Bourgogne wines were very different:

- Up 2.7% for red wines
- Down 5.5% for white wines
- Down 22.5% for Crémant de Bourgogne wines after a record in 2019.

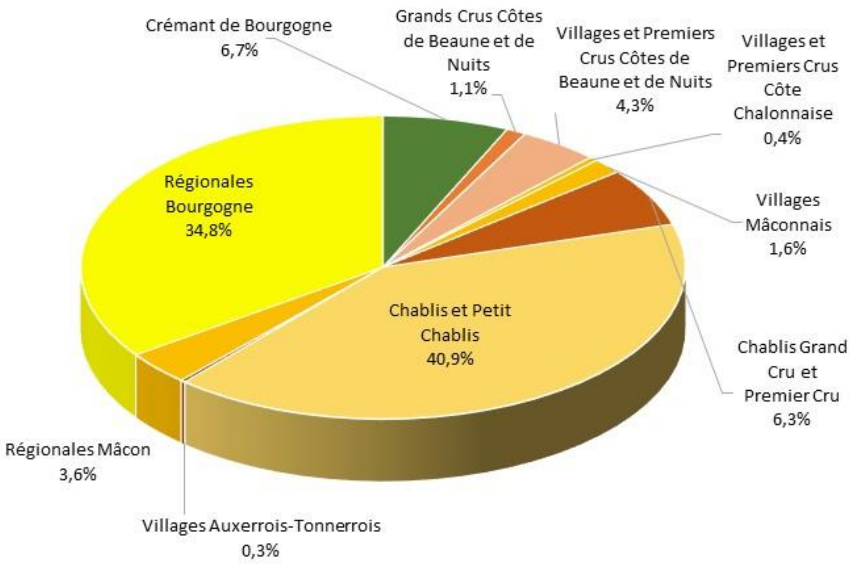
In early 2021, consumption has continued to fall as new restrictions were implemented to counter the pandemic. Within this context, Bourgogne wines also saw exports fall, down 4.2% over the first four months of 2021 compared to the same period in 2020. One should note that in terms of a five-year average for this period, Bourgogne continues to show growth for this market, up 9% by volume and 11% by revenue.

Red Bourgogne wine exports continued to show growth both by volume and in terms of revenue: Up 8.1% and 12.9% respectively, compared to the first four months of 2020. White wines showed the biggest slump, down 11.3% by volume, while Crémant de Bourgogne wines stabilized, down just 1% by volume over the period.

Red Bourgogne wines driving growth

Japan is an historic and mature market, importing all appellation categories of Bourgogne wine, with white wines accounting or the majority of sales (see page 1).

Exports of white and Crémant de Bourgogne wines in 2020 by volume



White Bourgogne wines have historically accounted for the lion's share on this market, oscillating between 54% and 60% of volumes exported over the last decade, with 58% in 2020.

Chablis wines made a strong contribution to white Bourgogne wine exports, accounting for 51% of volumes. In 2020, these appellations continued their growth, thanks to a good harvest and were up 4.1% by volume and 12.7% by revenue compared to 2019.

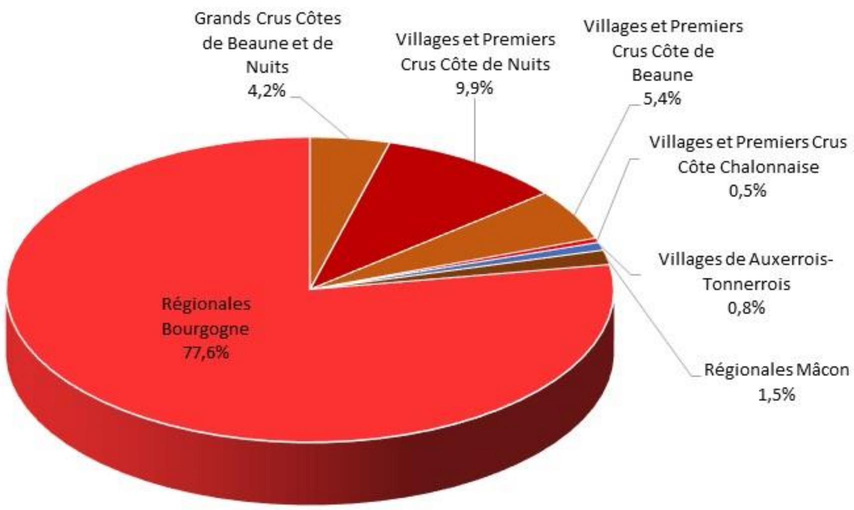
Régionale Bourgogne *AOCs* also accounted for significant market share. This stabilized in 2020, despite a tricky context: Up 0.6% by volume and 4% by revenue compared to 2019.

Over the first four months of 2021, white wine exports fell by 11.1% by volume compared to the first four months of 2020. *Grand Cru* appellations with the highest added value and lesser-known *Village* appellations nonetheless did well, even if volumes were lower:

- *Village AOCs* from the Mâconnais were up 18.2% by volume and 12.5% in terms of revenue for 50,000 bottles
- *Village AOCs* from the Côte Chalonnaise were up 131.8% by volume and 71.5% in terms of revenue for 12,000 bottles
- *Grand Cru AOCs* from the Côte de Beaune and Côte de Nuits were up 22.4% by volume and 50.2% in terms of revenue for 11,000 bottles
- Vézelay and Saint-Bris, with fewer than 10,000 bottles were up 26% by volume and 69% in terms of revenue

In terms of a five-year average for the first four months of the year, white wines continued to grow: Up 3% by volume and 1% in terms of revenue. This medium-term growth was driven by the Chablis and Petit Chablis *AOCs* (up 31% by volume and 30% by revenue), but also by *Village AOCs* from the Mâconnais (up 19% by volume).

Exports of red wines in 2020 by volume



In 2020, red Bourgogne wines were the only Bourgogne wines to show growth after a few years of holding back. They were up 2.7% by volume and 0.4% by revenue in 2020 compared to 2019.

This situation is essentially due to red *Régionale* Bourgogne *AOCs,* exports of which were up 14.7% by volume and 18.8% in terms of revenue in 2020, compared to 2019. Indeed, they have been enjoying growth for a while, with good average numbers over the last five years (up 2% by volume and 24% in terms of revenue in 2020, compared to the five-year average).

Grand Cru AOCs from the Côte de Beaune and Côte de Nuits also contributed to this growth, thanks to a leap of 30% by volume in 2020 compared to 2019, resulting in a five-year average up 2% by volume and 2% in terms of revenue.

Over the first four months of 2021, red wines continued to show good growth, up 9.1% by volume and 12.9% in terms of revenue compared to the first four months of 2020. Unlike in 2020, all appellation groups showed progress, except for the *Régionale* Bourgognes and *Grand Crus* from the Côte d'Or. However, these two *AOCs* compensated for any decrease in volumes by growth in terms of revenue, which was up 7.6% for *Régionale* Bourgognes and 13.8% for *Grand Crus* from the Côte d'Or.

AOC Village wines from the Côte de Beaune and Côte de Nuits were back to very good volumes, up 105% and 25.3% respectively, with a slightly more moderate growth in revenue of 2.7% and 5.4%.

Village AOCs from the Côte de Beaune and Côte de Nuits enjoyed a strong export performance, up 105% and 25.3%, respectively, with more modest growth in terms of revenue of 2.7% and 5.4%.

With much lower volumes of under 10,000 bottles, *AOCs* from the Côte Chalonnaise also performed well: Up 42.1% by volume and 88.3% in terms of revenue.

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).

Economic report produced by the Markets and Development department of the BIVB – May 2021
(Sources: Customs – DEBupDAU – MIBD Market – BIVB)

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