Market report

BOURGOGNES
Bureau Interprofessionnel des Vins de Bourgogne

Japan

A market loyal to Bourgogne wines

Key figures in 2017 for Bourgogne wines in Japan

3rd biggest market by volume and revenue for Bourgogne wines

Exports: 7.6 million bottles (down 3.3% on 2016), for 103.5 million euros (up 5.8% on 2016)

by volume	▶ White wines:	55%
	▶ Red/rosé wines:	40%
	▶ Crémant de Bourgogne:	5%

In 2017, Bourgogne wines accounted for 16% of the volume of French *AOC* wines exported to Japan, for 24.6% of the revenue.

Bourgogne wines enjoy a genuine aura in Japan, a land whose culture, tastes and values chime with those of the Bourgogne region. In 2017, Japan retained its place as the third-biggest export market for Bourgogne wines, against a backdrop of stability of imports of French *AOC* wines (up 1.4% on 2016).

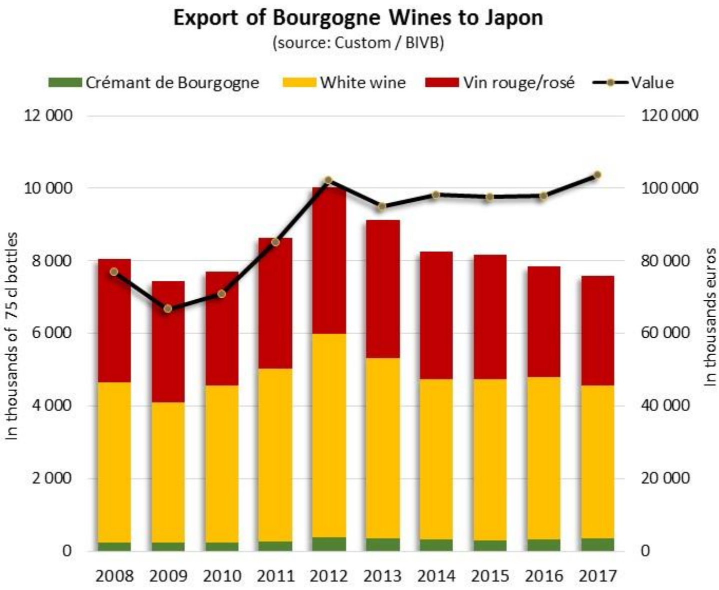
Growth in Japan has remained sluggish in recent years (up 0.9% in 2016, and 1.4% in 2017). It is not expected to be more dynamic in 2018 (0.7% growth forecast), despite healthy exports and domestic consumption. Nonetheless, the government's objective of attracting 40 million tourists in 2020 could be reached this year, notably thanks to Chinese visitors. This could have a positive impact on the country's economic growth.

In December 2017, the Japanese government approved a free-exchange agreement with the European Union, which came into force in 2018. This decision is of key importance for the Bourgogne wine region, since it is the second-biggest exporter of French *AOC* wines, and the leader for white *AOC*s (2017). This agreement means Bourgogne wines may return to export levels similar to 2012, when more than 10 million bottles were shipped.

A new revenue record

The deliberate devaluation of the yen in 2013 (down 25% compared to other currencies, including the euro) had an immediate impact on prices of Bourgogne wines, and explains the dip in sales in Japan that year. Since then, revenue from Bourgogne wines has grown (up 5.8% in 2017), to reach 103.5 million euros. In this context, red wines and Crémant de Bourgogne showed strong performance (up 12% and 20% respectively on 2016 in terms of revenue).

In 2017, overall volumes exported were slightly down at 7.6 million bottles (down 3.3% on 2016).



The drop in volume of white *Régionale* Bourgogne appellations impacted sales of Bourgogne whites (down 6% on 2016 for 55% of volumes).

Crémant de Bourgogne sales continued to grow, up 14.7%, or 359,750 bottles.

Red wines remained stable in 2017, but were also affected by a fall in volume of *Régionale* Bourgogne appellations (down 0.9% for 40% of volumes).

2018 has started slowly. In the first quarter, Bourgogne wine sales recorded a drop of 2.3% by volume and 6% in terms of revenue on the same period in 2017, notably due to the lack of availability of certain *Village Premier Cru* and *Grand Cru* appellations of the 2016 vintage.

However, if one looks at the main appellations (accounting for 77% of Bourgogne wines shipped to Japan), one notes a healthy increase: Up 10.8% by volume on Q1 in 2017. For white wines, this was driven by the Chablis and Petit Chablis appellations (up 9.9% by volume and 13.2% in terms of revenue) and *Régionale* Bourgogne appellations (up 23.4% and 36%). For reds, Bourgogne appellations were up 6.8% by volume and 14.5% in terms of revenue compared to the first quarter of 2017. Crémant de Bourgogne wines performed well, up 10.9% by volume and 16.5% in terms of revenue on Q1 2017.

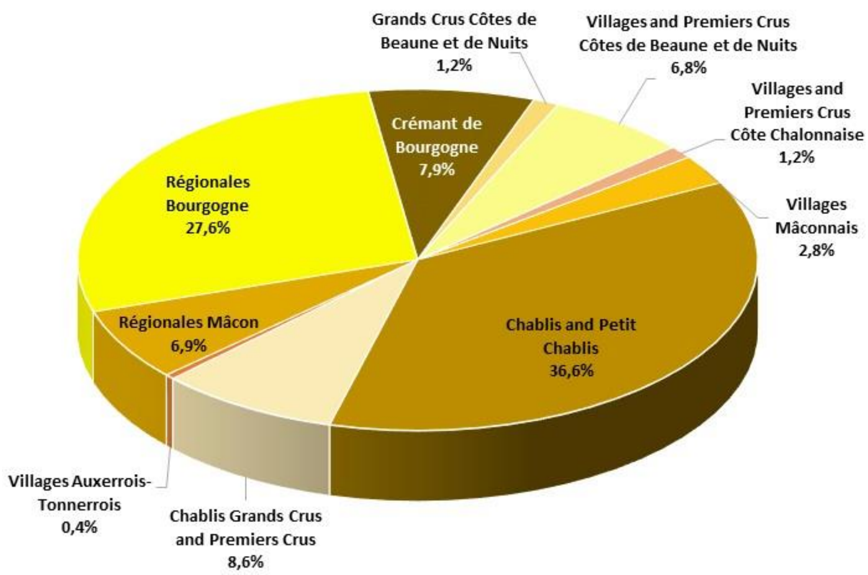
Bourgogne white wines driving growth

A mature market, Japan imports all categories of Bourgogne appellations.

Exports in 2017 of white wines and Crémant de Bourgogne

Bourgogne white wines have historically had an important place in this market, accounting for between 54% and 60% of export volumes over the past 10 years.

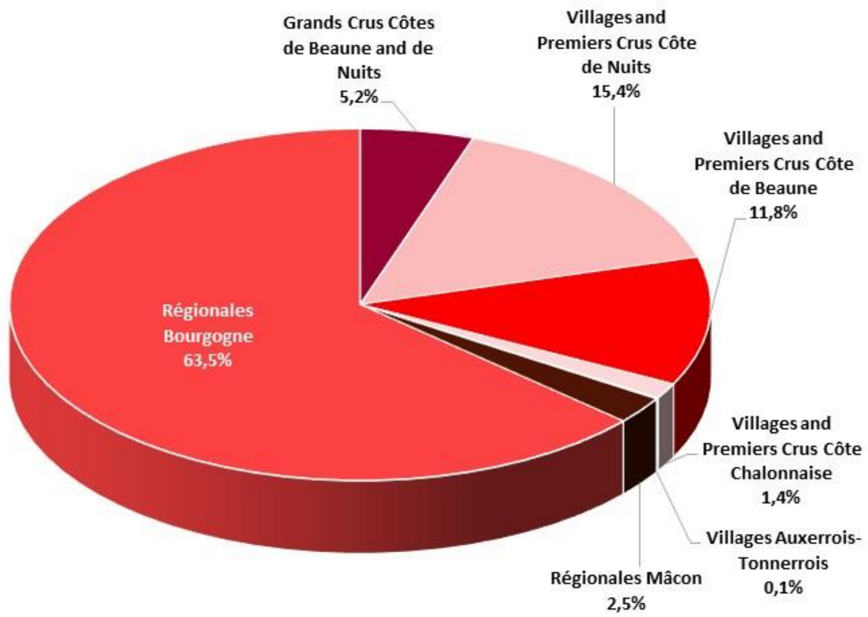
The wines of the Chablis region contribute largely to the growth of Bourgogne white sales (49% of volumes of white wines), but in 2017, they dropped back slightly due to lack of available wine: Down 4% by volume and 3% in terms of revenue compared to 2016.



White wines of the Mâconnais, *Régionale* Mâcon and *Village AOCs* (Saint-Véran, Pouilly-Fuissé, Viré-Clessé, Pouilly-Vinzelles and Pouilly-Loché) all enjoyed healthy growth: Up 11% by volume on 2016, and up 22% in terms of revenue.

A new arrival on this market dominated by Champagnes, Crémant de Bourgogne (sparkling wine) is gradually making inroads, up 14.7% by volume on 2016, and up 20% in terms of revenue.

Exports in 2017 of red wines



Red wines, for which export volumes were stable, (down 0.9% in 2017), sell on average for higher prices. They account for 56% of revenue, but just 40% of total volume.
This is notably due to a better price point across all Bourgogne red appellations, while the proportion by volume of *Régionale* Bourgogne appellations among all Bourgogne reds fell to 63% in 2017, compared to 67% in 2016 (25% of total exports, 6.8% lower than in 2016). The *Grand Cru* wines of the Côtes de Nuits and Côtes de Beaune, along with *Village* and *Village Premier Cru* appellations of the Côte de Beaune and Côte Chalonnaise showed the most significant growth by volume (up 17%) and revenue (up 34%).

Bourgogne wine sales growing strongest through traditional outlets

Hotels, restaurants, and wine bars

In the hotel/restaurant/wine bar sector (*2016 survey of 150 points of sale in Tokyo*), French wines (65.5% of the offer) enjoyed a stable share of the overall offer (down 1%).
Bourgogne wines continued to be available in 75% of those establishments surveyed in 2016 (stable compared to 2015).
The *Village, Village Premier Cru* and *Grand Cru* appellations of the Côte de Beaune were present in 61% of establishments (up 3% on 2015). The Chablis appellations were close behind, with at least one reference in 60% of establishments, just ahead of the *AOC*s of the Côte de Nuits (57%, up 1% on 2015).

The full offer of Bourgogne wines remains largely undiscovered on this circuit. Indeed, the five most widely available Bourgogne white appellations are among the most prestigious ones (Puligny-Montrachet Premier Cru, Meursault Premier Cru, Meursault, Chassagne-Montrachet Premier Cru, and Corton-Charlemagne), and the same goes for reds (Gevrey-Chambertin, Nuits-Saint-Georges Premier Cru, Vosne-Romanée, Vosne-Romanée Premier Cru, and Echezeaux Grand Cru). Lesser-known appellations, offering the possibility of a wider range to meet certain market expectations, remain under-represented. This is notably the case for *Régionale* appellations, including identified Bourgogne wines (ie. Bourgogne Côte Chalonnaise, Bourgogne Tonnerre, Bourgogne Hautes Côtes de

Nuits…) or Mâcon wines + name of village (ie. Mâcon Lugny, Mâcon Pierreclos, Mâcon Azé…), and the lesser-known *Village* and *Village Premier Cru* appellations (Irancy, Fixin, Rully, Chorey-lès-Beaune among reds; Saint-Véran, Viré-Clessé, Auxey-Duresses, and Saint-Bris for whites).

▶ Specialist stores: Bourgogne wine sales stable

Bourgogne wines were in the leading position among specialist wine stores, with almost 20% of the offer of wines from around the world (stable), and an average of 170 references per establishment surveyed, up 9% on 2015 (*source: 2016 survey of 30 points of sale in Tokyo)*.

Again, it is mainly the more celebrated wines and those which sell for the highest prices which are among the top five best-sellers, 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 rubs shoulders with Gevrey-Chambertin, Nuits-Saint-Georges Premier Cru, Chambolle-Musigny Premier Cru, and Vosne-Romanée Premier Cru.

Here again, there is a great variety of fine appellations yet to be discovered in both colors.

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

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