

Efforts to promote Japanese alcoholic drinks to global consumers

In May 2012, Motohisa Furukawa, then Minister of State for National Policy, launched the “ENJOY JAPANESE KOKUSHU” project. This government-backed initiative aims to increase the global visibility of sake and *shochu*, Japan’s distinctive “national alcoholic drinks” or *kokushu*, and to promote these exports.

Under this project, the National Policy Unit of the Cabinet Secretariat has compiled related policy measures of “KOKUSHU Export Promotion Program” by the effort of the relevant ministries, government agencies and industry groups altogether. This article explains the major proposals and a number of challenges that will need to be overcome.

Government initiative aims to raise the profile of Japan’s national drinks

The word “KOKUSHU” (國酒) in fact was first coined more than thirty years ago. On January 5, 1980, speaking at his first cabinet meeting, then Prime Minister Masayoshi Ohira told: “Sake is our national alcoholic beverage (KOKUSHU); we should serve them to foreign visitors when we extend hospitality.” The Japan Sake and Shochu Makers Association employs the term to refer to sake and *shochu* (including “*awamori*,” the alcoholic beverage that is indigenous and unique to Okinawa).

In 2011, exports of Japanese alcoholic beverages, including sake and *shochu*, totaled 19 billion yen. This equates to a 60% increase over 2005. Statistics for the first eight months of 2012 show exports of refined sake to be growing at a rate of around 10 percent year-on-year. Sake is one of the products that are expected to be a strong performer among the agriculture, forestry, fishery and other food products that the government is working to promote exports of.

Not only is sake produced using rice, water and other indigenous produce, but it is also symbolic of Japan’s climate and of patience, graciousness and delicacy of the Japanese. So much so that one could phrase that it is “the crystallization of all things Japanese.” The growing global popularity of Japanese food means that Japanese alcoholic beverages have an enormous potential for developing overseas markets, and this trend is expected to contribute to the revitalization of regional areas throughout Japan.

In establishing Japan's alcoholic drinks as a global brand, the Japanese government needs to demonstrate its active support for this venture. To kick off, the Ministry of Foreign Affairs of Japan has decided to serve sake for toasts made at diplomatic missions overseas and at receptions in Tokyo. The government in September 2012 also actively promoted Japanese alcoholic beverages at the World Economic Forum Summer Davos meeting in Tianjin, China and at the annual meetings of the IMF and the World Bank held in Tokyo a month later. It has also begun exploring

easy-to-follow international labeling methods and a standard logo mark to indicate Japanese provenance.

If Japan's alcoholic beverages are to permeate the global food culture, it is critical that Japan come up with a labeling method that communicates the ingredients, brewing processes, and the differences in quality, flavor and aroma in a way that appeals intelligibly to the senses of potential consumers overseas. Many have pointed out that, compared to wine labeling, the labels on Japanese alcoholic beverages are more difficult to understand. Sake brewers, for example, point to the challenge posed by explaining the differences between *ginjo* and *daiginjo*—the premium sake grades. The more sake brands are exported, the more the importance of labeling of various distinguishing attributes that is appealing to consumers overseas will increase. It will also be essential to find ways of accurately expressing their characteristics to overseas distributors and consumers in local languages.



A reception hosted by the Japanese government at the World Economic Forum Summer Davos in Tianjin, China. Sake and *shochu* were served to guests.

Facilitating trade flows lead to exports

In the efforts of promoting exports of Japanese alcoholic beverages, it is important to ensure the right conditions are in place to facilitate uninterrupted trade flows and to formulate marketing strategies that are tailored to the markets of respective countries and regions throughout the world. Government-level talks are needed to resolve issues relating to import restrictions and high import duties in the recipient nations. The import classification of *shochu* in some countries are not equal compared with similar type of other alcoholic drinks, sometimes putting *shochu* in inferior playing fields in terms of tax, license or standards. This is an example in which negotiations are needed to facilitate exports. Efforts are also being made to protect the intellectual property rights of Japanese brewers, achieve tariff reductions around the world, and either remove or ease the import restrictions imposed following the Great East Japan Earthquake.

There are differences in the market penetration of KOKUSHU between countries and regions and even at the city level, which means that relevant market analysis and marketing strategies are important. Markets like the United States, South Korea, Hong Kong, Taiwan in which Japan's alcohol drinks already has a certain recognition and Japanese brewers have some export experiences, expanding the existing efforts is likely to prove effective. Meanwhile, for China, India, Brazil and other emerging markets where its market penetration is low but have a major growth potential, efforts to identify latent consumer needs, cultivate new sales channels, and make a direct appeal to consumers are likely to produce results. A number of sake brewers are looking for the government support in developing overseas markets, particularly in exports to Europe and China.

Expanding opportunities to talk business

Establishing overseas distribution networks leads to a continuous supply of products to foreign markets, and it is here that business matching has a critical role to play. In the United States, Europe and China, exhibitions offer opportunities at which retailers, restaurant operators, distributors, brokers, and dealers can meet and conduct business negotiations.

Japan's Ministry of Agriculture, Forestry and Fisheries and JETRO actively participate at specialty food and alcoholic beverage trade shows around the world and provide opportunities for Japanese businesses to conduct business negotiations. Many Japanese sake brewers showcased their wares at the International Wine & Spirits Fair in Hong Kong in November 2012.

In addition, inviting foreign buyers to attend major exhibitions in Japan is seen as an effective means of providing opportunities to undertake business negotiations. Exhibiting at trade fairs held overseas can be effective in developing new markets since these events enable Japanese vendors to meet foreign buyers en masse, but it is sometimes costly and can be a considerable burden on smaller breweries. To this end, JETRO, via its local offices throughout Japan, which work in liaison with regional breweries and local governments, provides opportunities to meet and negotiate with foreign buyers domestically. For example, JETRO is developing an initiative that involves steering foreign buyers who have been invited to attend FOOD EX JAPAN, the international food and beverage exhibition that is held annually at Makuhari Messe (in Chiba), to local regions and is promoting regional business negotiations throughout the country. The government project aims to work with the Japan Sake and Shochu Makers Association and other industry groups, and with regional breweries and local governments to guide foreign buyers to local breweries and promote on-site negotiations.



A sake tasting seminar was also held at the International Wine & Spirits Fair in Hong Kong.

Revitalizing Japan's regions through brewery tourism

As KOKUSHU enhances its foreign popularity, we expect more tourists will come to Japan to visit its breweries and see manufacturing facilities and process. Many sake breweries are housed in traditional regional buildings and, together with the local townscapes, they form part of a traditional Japanese landscape that has the potential to become a new tourist resource. A tour of sake breweries would take visitors to several breweries in a single community and would thus afford participants the chance to tour the whole town. To date, the Niigata *Sake-no-jin* (Niigata Sake Fair), the Saijo *Sake Matsuri* (Sake Festival) in Higashi-Hiroshima, the memorial hall of the

sake breweries located in Kyoto's Fushimi area, and Aizuwakamatsu have attracted numerous visitors.

The city of Kashima in Saga Prefecture, Kyushu, offers a pioneering example to sake tourism. The Kashima Sakagura (Sake Brewery) Tourism Association is a local organization that has been established with a view to revitalizing the entire region as well as promoting local sake breweries, and it has developed a tourist promotion campaign that centers the local sake breweries. In March 2012, ten sake breweries in Kashima opened their doors to the general public, and this two-day event attracted some 30,000 visitors to the city. In conjunction with this event, the city has developed a map that encompasses all the local sake breweries on a route, thereby creating a system that enables tourists to enjoy its food, culture and history as they stroll through the place where the sake was brewed.

Any effort to promote sake tourism must, above all, be implemented with the "whole region" effort. Based on stories that link the breweries to other local tourist resources, the region is expected to transmit information that communicates its attractiveness.

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Notes:

1. This article is based on information as of December 2012.
2. The original article was written in Japanese and contributed to JETRO Sensor January 2013 edition. It is translated under the supervision of JETRO.