



FY2020-21 MARKET STRATEGY & PROMOTION PLAN

JAPAN (ver. COVID-19)

Hiro Tejima & Madoka Ogiya

Export Committee Meeting - May 6, 2020

MARKET OVERVIEW



JAPAN

- At the premium end of the spectrum, Japan is quite advanced in terms of its knowledge (and a pursuit of it), willingness to pay the premium, and the variety of international wine available there as a result. This can be at least in part attributed to the Japan Sommelier Association, which since the 1970s has played a key role in introducing Japan to classic fine wine culture. The 15,000-member JSA still plays an important role in equipping both wine professionals and highly-engaged consumers with more knowledge, skills and expertise through its thorough and active certification and seminar programs.
- In Japan, the perception and awareness of California wine – especially Napa Valley* – are strong, reflecting its solid bilateral relationship with the U.S.
- Out of the 105 million adult population, 30 million people in Japan are believed to drink wine at least once a month**. Over the years, wine has become common; however, the national consumption of wine per capita remains low (3.5 liters), though significantly higher (8.6 liters) in Tokyo.***
- We may now benefit from the US-Japan Trade Agreement, giving us the opportunity to both advance the California premium wine offer and to make wine a more popular option of alcoholic beverages.

*Data Source: *According to Wine Intelligence 'Japan Landscapes', Napa Valley is the top New World wine region for region of origin awareness;*

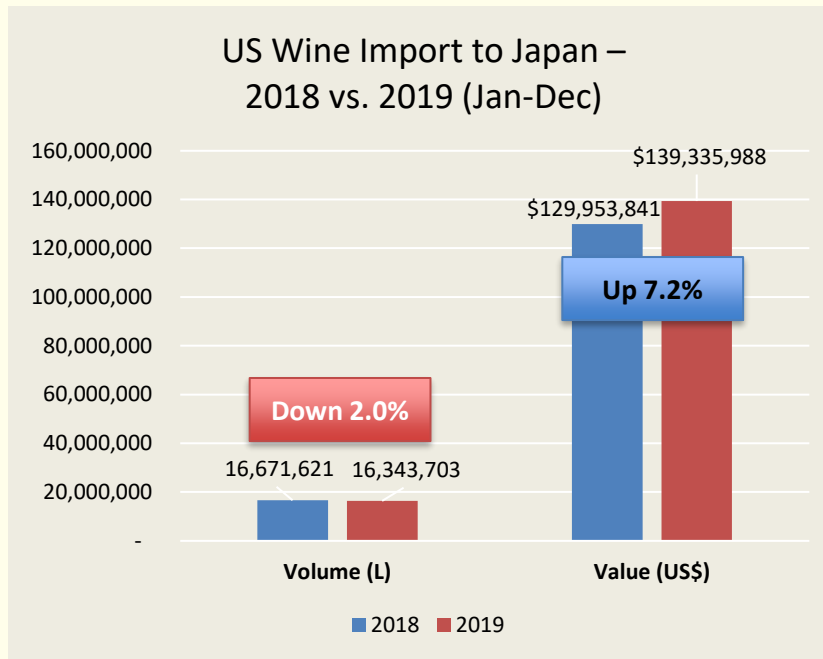
*** ibid.; ***2019 figures from the National Tax Agency as of March 2020*

SWOT ANALYSIS



JAPAN			
STRENGTH	<p><i>Super-premium image already established with California’s cult wine</i></p> <p><i>A number of local importers committed to California</i></p> <p><i>California’s capability to supply a wide range of price points – from cask to fine wine</i></p> <p><i>The strong and traditional US-Japan bilateral relationship forms a firm foundation for a positive image for California and its wine</i></p>	<p><i>Overall image of California wine neither clear nor strong, not providing compelling enough reasons for purchase</i></p> <p><i>California wine unable to complete on a level playing field with other FTA/EPA countries</i></p> <p><i>Conservative nature of the Japanese wine trade</i></p> <p><i>Relationship and trust between the former CWI Japan office and key importers was questionable, hence the need to ‘recover’</i></p>	WEAKNESS
	<p><i>Tokyo - Asia’s most advanced city for wine consumption by native inhabitants (c.f., expat-driven cities, e.g., Hong Kong)</i></p> <p><i>Leading liquor companies are clearly pushing consumers to trade up (e.g., Asahi’s trading up strategy for wine business, major breweries focus on craft beer) - this may change</i></p> <p><i>Rise of next-generation sommeliers: much more contemporary, cosmopolitan and English-speaking than ever</i></p> <p><i>2020 Tokyo Olympics and 2021 Osaka Expo plus the already strong inbound tourism trigger Japan’s further internationalization - this may falter</i></p>	<p><i>Shrinking population over time due to declining birth-rates and the government’s aversion to taking an aggressive immigration policy</i></p> <p><i>Limited success of the ‘Abenomics’ structural reforms in shaping Japanese economy and consumer confidence</i></p> <p><i>Success of Chilean wine due to its price advantage, quality profitability and the TPP-11 & EU-Japan EPA making Japan a tougher place for larger US producers to compete in</i></p> <p><i>Gradually shrinking wine market over time: IWSR study commissioned by Vinexpo estimates a 3% decline in Japan’s wine consumption in 2021</i></p>	
OPPORTUNITY			THREAT

MARKET PERFORMANCE



Country of Origin	Jan - Dec 2019			
	Value (USD)	Value Share	Volume (L)	Volume Share
1 France	\$ 1,029,615,834	53.6%	68,636,007	17.8%
2 Italy	\$ 216,965,557	11.3%	48,224,744	12.5%
3 Chile	\$ 195,488,904	10.2%	79,744,425	20.7%
4 United States	\$ 139,335,988	7.3%	16,343,703	4.2%
5 Spain	\$ 129,253,990	6.7%	45,920,188	11.9%
6 Australia	\$ 46,978,793	2.5%	17,120,976	4.4%
7 South Korea	\$ 45,238,267	2.4%	62,236,080	16.2%
8 Germany	\$ 20,177,751	1.1%	4,834,926	1.3%
9 Argentina	\$ 14,665,490	0.8%	3,698,331	1.0%
10 China	\$ 13,907,252	0.7%	5,836,586	1.5%

Overall Market Trends:

- CY2019 was a strong year particularly for EU countries thanks to the EU-Japan EPA which came in effect in February. However, the ‘EPA magic’ didn’t last because of the natural disasters in the fall.
- The above are pre-COVID-19, pre-USJTA figures; the US wine import is still showing a strong value performance with a 7.2% overall growth despite the slight decline in volume.

Data Source: Trade Data Monitor, HS2204; 2205; 2206, for the year ending December 2019

KEY INSIGHTS

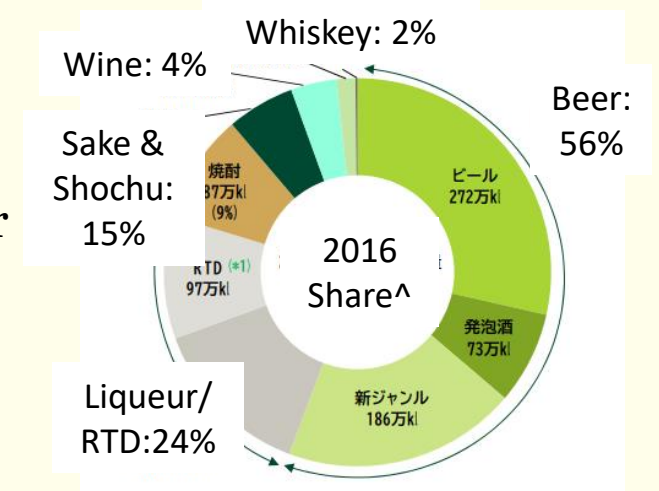


JAPAN in relation to COVID-19

- The Self-Restraint Request made by the Tokyo Metropolitan Government on March 27, followed by the State of Emergency declared by the Japanese Government on April 7 (now extended to May 31), has eliminated much of the on-premise business, with little relief payments available to support them.
- Importers with mostly mid to high-end wine portfolios have reported 50-80% reductions in April sales.*
- Some importers do report double-digit growths in both brick-and-mortar retail, online and wine club.**
- During the week following the State of Emergency declaration, spirits/liqueur (e.g., chu-hi RTDs) sales increased in value by 43.1%, while wine increased by 7.7%; whiskey 13.4%; beer -0.7%.***

Analyses/Hypotheses:

- Japan's on-premise sector is bound to see a further decline. Particularly for importers with strong focus on-premise, a shift to retail is imperative.
- Increases in wine sales off-premise are unlikely to be enough to make up for the significant sales reduction on-premise.
- The limited increase in wine sales while other types of alcoholic beverages grew rapidly may suggest that wine is still not a 'natural' choice for the Japanese people.



Data Source: *Wine Report April 24, 2020; **ibid.; ***Intage Research April 23, 2020; ^Sumitomo Mitsui Banking Corporation, June 2018

Survey on the Impact of COVID-19 upon Importing and Selling California wine in Japan

25

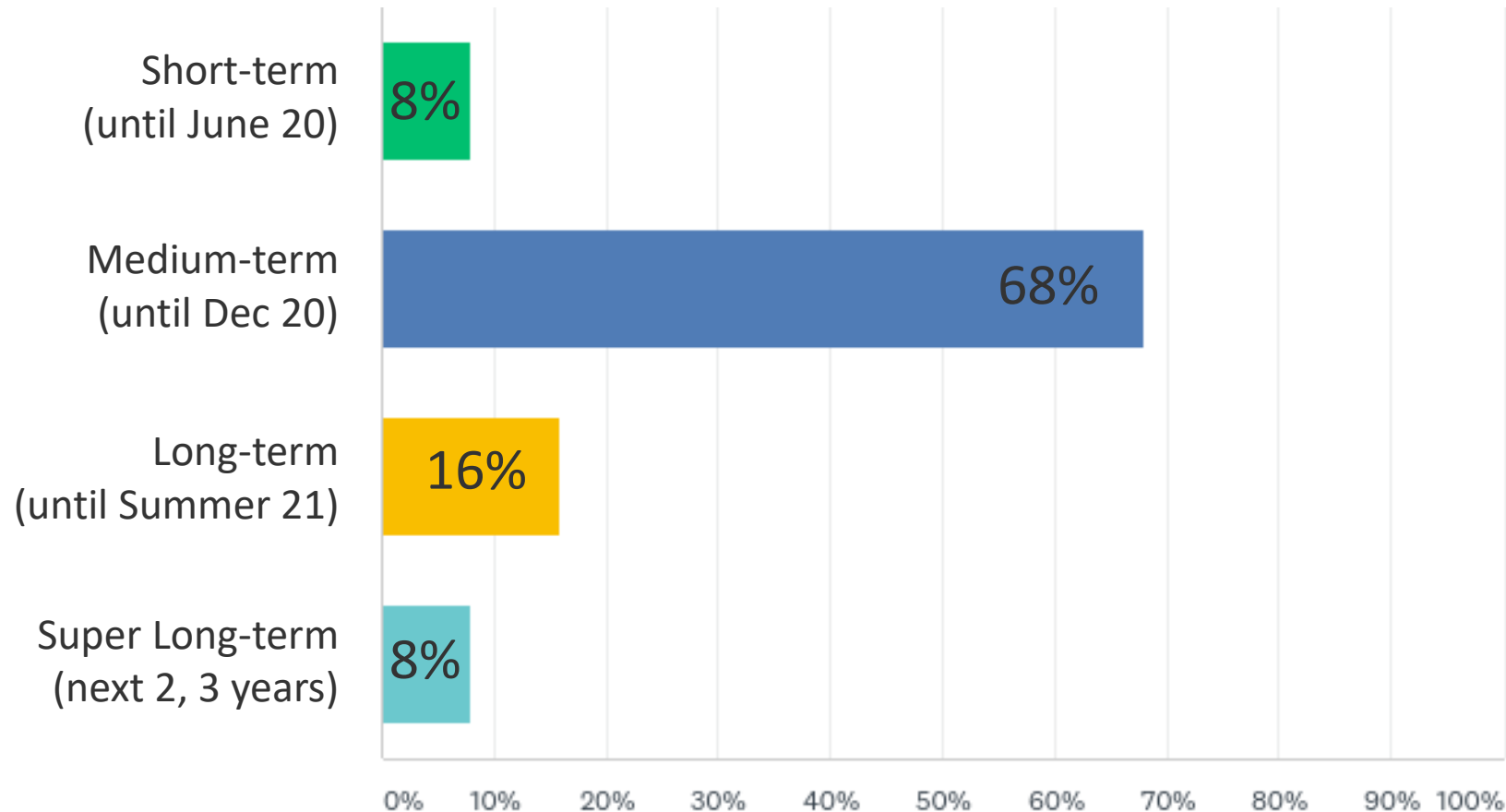
Total Responses

Date Surveyed: April 27, 2020



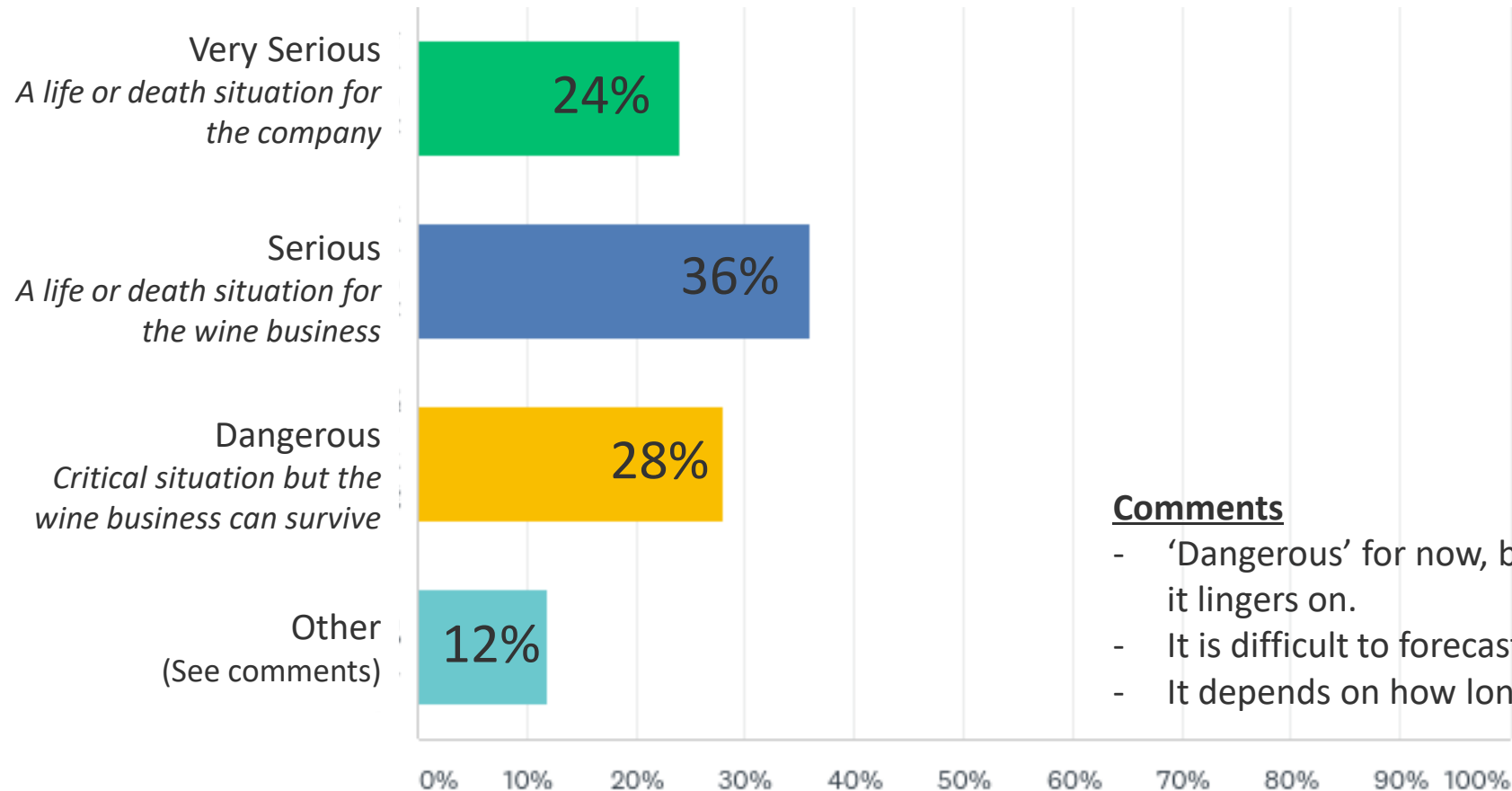
Q7: How long do you think COVID-19 will affect you and your customers?

Answered: 25 Skipped: 0



Q8: How serious do you think the effect of COVID-19 is you and your customers?

Answered: 25 Skipped: 0



Comments

- 'Dangerous' for now, but it will become more serious as it lingers on.
- It is difficult to forecast at this point.
- It depends on how long the effect of COVID-19 will last.

Q9: Please tell us about what California wineries can do to encourage and support the Japanese wine trade community.

Direct information from wineries - <u>Online wine seminars</u> (with Japanese subtitles)	5
Stable supply of high-quality, value wine; reduced EXW pricing	5
Direct information from wineries - <u>Messages to Japanese customers</u>	3
More PR activities (to convey how CA wine producers are coping with COVID-19; how they are assisting the local community, etc.)	3
Direct information from wineries - <u>Successful case studies and ideas from U.S. restaurant businesses, etc.</u>	2
Provision of Point-of-Sales tools and sharable IPs (e.g., photos, texts, etc.) for CA wine	2
<u>Wine (samples) in smaller bottles, e.g., 100 ml</u>	2
Provision of easy-to-cook recipes to pair with CA wine (to encourage at-home consumption of wine)	1
Joint E-Commerce website for CA wine importers	1
Nothing - It is difficult to expect support from CA wineries as both Japan and the U.S. struggle	1
Nothing - For the time being, Japan cannot accommodate more wine shipment from CA	1

KEY RESPONSES TO COVID-19



【お知らせ】
4月7日の緊急事態宣言を受け
「カリフォルニアワイン・バイザグラス・プロモーション」及び
消費者向けInstagramキャンペーンは
中止いたしました
バイザグラス・プロモーション 2020

開催期間：2020年4月1日（金）～5月31日（日）

Instagram Campaign
Instagramキャンペーンは
こちら

バイザグラスで楽しもう、カリフォルニアワイン

世界的に高い評価を得ているカリフォルニアワイン。リッチな味わいのものからエレガントなものまで、そのスタイルは実に多様です。

プロモーション2020実施期間中、参加店では後発のカリフォルニアワインをボトルだけでなく、グラスで (by the glass) も販売しています。あなたもこの機会に、いろいろなカリフォルニアワインを楽しんでみませんか。

「バイザグラス・プロモーション2020」参加店舗リスト

今年プロモーションは中止でしたが、参加店の中でデリバリー、テイクアウト、ワイン販売を行っている店舗をご紹介します。
(4/21日現在の情報で、今後も定期的に更新いたします)

最新の実施状況やご注文方法などについては、直接店舗へお問い合わせください。

北海道・東北

LA BRIOU ユー・ブリュー 札幌
住所: 札幌市東区南一条4丁目1番1号
電話: 011-206-8129 営業時間: 4/1 (木) ~ 5/31 (日)

北海道: sochi wine station

Promoting food & wine take out & delivery on the cancelled BTG microsite
(from April 20)



STAY HOME AND ENJOY CALIFORNIA WINE
カリフォルニアワインを
楽しもう

おうちで楽しむカリフォルニアワイン

オンラインワインショップリスト

世界的に高く評価されているカリフォルニアワイン。リッチからエレガントまで、その味わいやスタイルは実に多様です。自宅でお過ごしいただくから、自慢の手料理にぴったりなあなた好みの1本を食卓でゆっくり楽しんでみませんか。

カリフォルニアワインを選ぶなら、下記オンラインショップへ。お気に入りのうちワイン。あなたもぜひ見つけてください。

カリフォルニアワインが買えるオンラインショップ

アーベンワインショップ	金瓶西方	エンジェルワインネット
アサヒセラーズワインディック	アサヒワインセラー	BEL'S WINE オンラインショップ
金瓶酒コソ	リカープラザもごや	カリフォルニアワインあとりえ 楽天市場店
カリフォルニアワインショップディック	長崎ワインショップ CAVE DE BRIOU	CAVE de L. NAOTAKA 楽天市場店

'Stay Home and Enjoy California Wine'
Online Wine Shop List
(from April 9)



SAKANA & JAPAN PROJECT

ご挨拶 レンビ コラム トピックス JFFS (まかな暮らし) 食ジャーナルフェス 福島の食を 食べよう バイオな大衆

パパさかな大使×カリフォルニアワイン協会
プレゼント
『母の日カリフォルニアワイン作戦2020』

5月10日は「母の日」。新型コロナウイルスの影響から、パパが自宅でいる時間が増えています。この機会に、パパとママが一緒に楽しむ「母の日」に、用は贈り物に代わり、ママが好きなカリフォルニアワインをプレゼントしましょう。ママが好きなワインをママが好きなように楽しむ。ママが好きなワインをママが好きなように楽しむ。ママが好きなワインをママが好きなように楽しむ。

Seafood x California Wine Recipe Contest & Demonstration on Mother's Day (May 10)

1) 概要
5月10日は「母の日」。新型コロナウイルスの影響から、パパが自宅でいる時間が増えています。この機会に、パパとママが一緒に楽しむ「母の日」に、用は贈り物に代わり、ママが好きなカリフォルニアワインをプレゼントしましょう。ママが好きなワインをママが好きなように楽しむ。ママが好きなワインをママが好きなように楽しむ。ママが好きなワインをママが好きなように楽しむ。




California Wines Japan
Published by Toshihide Hirayama [?] · April 28 at 1:00 PM · 春

カリフォルニアワイン協会主催 日本向け特別ウェビナー【ビハインド・ザ・ワインズ 〜ワインの裏側〜】を開催します。

‘Behind The Wines’ Special Webinar for Japan
with nearly 600 viewers
(April 29)

カリフォルニアワイン協会 (CWI) では、ワインライターであり教育者でもあるイレーン・チェカン・ブラウン (通訳: 山本香奈) として、4月29日 (祝) 正午よりカリフォルニアでワイナリーと畑を所有する唯一の日本人、ホスト・イレーン・チェカン・ブラウン (通訳: 山本香奈) をゲストに迎え、現地から生の声をお届けいたします。

日時: 2020年4月29日 (祝) 12:00~13:00... See More

カリフォルニアワイン協会ウェビナーシリーズ 日本向け特別編
ビハインド・ザ・ワインズ 〜ワインの裏側〜
ホスト: イレーン・チェカン・ブラウン (通訳: 山本香奈)
ゲスト: アキコ・フリーマン

STRATEGY-ON-A-PAGE



Key Priorities:

- **Defend** and **enhance** the strong positioning of the premium California wine category through creative wine education as well as thought-leadership
- **Create** new market for California wine, firstly by understanding the target segment, then with lifestyle/culinary messaging through communication via digital/social media and promotional activation
- **Maximize** the US-Japan Trade Agreement and Tokyo Olympics opportunities through collaboration with suitable US agricultural co-operators and other partners

Strategic Pillars & Objectives:

Education & Edification

Ensure California is front of mind through wine education as well as culinary & lifestyle messaging

Promotion & Communication

Give wider consumers opportunities and compelling reasons to purchase California wine – now with the USJTA in place

Importer & Allies Relationships

Foster trust and relationship through active engagement, collaboration and leadership in order to 'lift the game'

PROPOSED ACTIVITY CALENDAR



2020/2021	Event/Activity	Target	Location
July	CWI Japan Stakeholders Meetings	Sector & #	Tokyo
October	Asia Vintners' Tour: Biennial CA Wines Grand Tasting & Seminars – in celebration of CA Wine Month 2020	800 Trade, Media & Consumers	Tokyo
November	Educators Visit to CA TBD	10-12 Educators	CA
January	Joint Media Visit to CA	3 Media	CA
February	CA Wines Annual Trade Tastings & Seminars	600 Trade & Media	Osaka & Tokyo
February	Retailers Visit to CA TBD	3 Trade	CA
April - May	CA Wines BTG On-premise Promotion + National Consumer & Media Campaign	Trade & Media	Nationwide
Late July	CA Wine Week during Tokyo Olympics	Trade, Media & Consumers	Tokyo

Plus:

- **Webinars**
- **CA Wine School**
- **Importers Trip**
- **Locally-produced Blog and Social Media contents**
- **etc.**

Note: Large-format events are subject to change due to applicable social gathering ordinances and appropriate social distancing practices.

**THANK YOU ...
HOPE TO SEE YOU HERE!**

