

**Development of access to Asian
market of wines produced by
Japan's small and medium size
wineries**

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Index

Chapter 1 Introduction.....	3
1.1 Wine market.....	3
1.1.1 Market Trends of wine in world wide.....	3
1.1.2 Wine industry in Japan.....	8
1.1.3 Regulations related to the wine trade.....	11
1.2 History of Japanese Wine.....	14
1.2.1 Introduction of Wine in Japan.....	14
1.2.2 Wine and Yamanashi prefecture.....	16
Chapter 2 Hypothesis formulation.....	18
2.1 Asia for an attractive market.....	18
2.2 Images of wine in Japan.....	19
2.3 Japan as develop countries of Asia for wine.....	20
Chapter 3 Method of investigating.....	23
3.1 Mrs. Ogasawara.....	23
3.2 Koshu Wineries.....	23
Chapter 4 Result of interviews.....	25
4.1 Mrs. Ogasawara from KOJ.....	25
4.2 Wineries in Katsuyama.....	27
4.2.1 Soryu winery(蒼龍).....	27
4.2.2 Haramo winery (原茂).....	29
4.2.3 Chuo winery(中央酒造).....	30
4.3 Suntory Holding limited.....	31
Chapter 5 Consideration.....	35
5.1 Mapping out a course of the new plan.....	35
5.1.1 Problems of our plan.....	35
5.1.2 New export plan.....	36
5.2 Facing Challenges.....	38
Chapter 6 Conclusion.....	42

Chapter 1 Introduction

1.1 Wine market

1.1 .1Market Trends of wine in world wide

Wine, originated from Europe, expands its production, distribution and consumption all over the world now. At the same time, the wine market in the world wide has shown great changes.

According to the statistics provide by OIV (Grape Wine International) in the year of 2012, the total grape growing area of the world decreased 79,000 ha which almost posses1% of the previous year. The grape growing area in 2011 was 7,585,000 ha (Fig 1). On the other hand, despite a slight decrease compared to the previous year, was nearly flat at 265 million wine of the world's total production volume (Fig 2).In addition, France, Italy, Portugal and Spain which own the long history of wine industry occupy the top of the wine production volume. (Table1 and 2, Fig3 and 4).

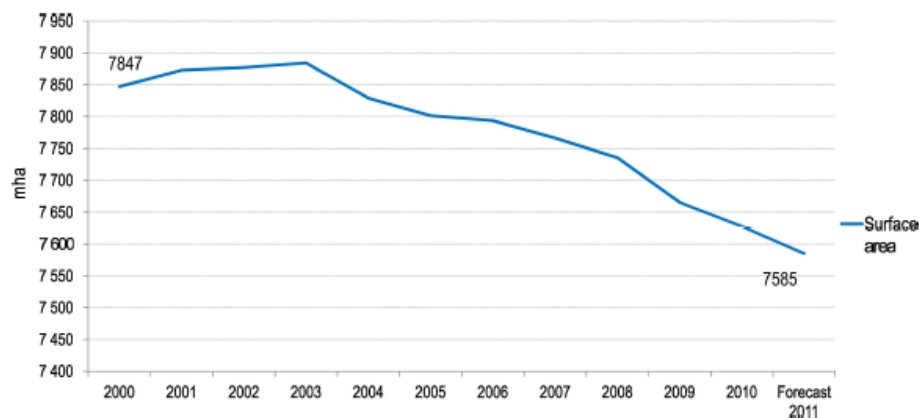


Fig 1. Trend of the world's grape growing area (2000-2011) (from OIV hp)

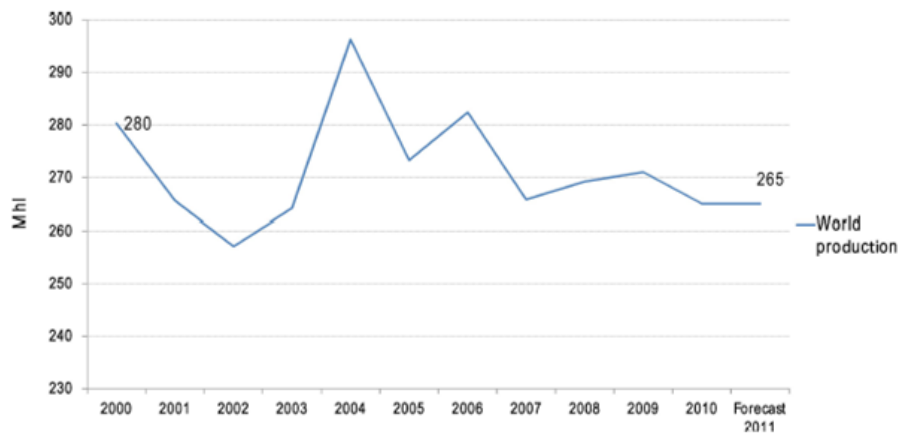


Fig 2. Trend of the world's wine production volume (2000-2011) (from OIV hp)

mha	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*
France	907	900	898	888	889	895	888	867	858	837	819	807
Italy	908	892	872	862	849	842	843	838	825	812	795	776
Portugal	246	248	249	249	247	248	249	248	246	244	243	240
Spain	1229	1211	1202	1207	1200	1180	1174	1169	1165	1113	1082	1032
TOTAL	3290	3251	3221	3206	3185	3165	3154	3122	3094	3006	2939	2855

* Forecast

Table 1. Grape acreage trends in Europe (2000-2011) (from OIV hp)

mhl	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*
Argentina	12 537	15 835	12 695	13 225	15 464	15 222	15 396	15 046	14 676	12 135	16 250	15 473
Australia	8 064	10 731	12 168	10 835	14 679	14 301	14 263	9 620	12 448	11 710	11 339	11 090
Chile	6 674	5 452	5 623	6 682	6 301	7 885	8 448	8 227	8 683	10 092	8 844	10 463
China	10 500	10 800	11 200	11 600	11 700	11 800	11 900	12 500	12 600	12 800	13 000	13 000
France	57 541	53 389	50 353	46 360	57 386	52 105	52 127	45 672	42 654	46 269	45 704	49 633
Germany	9 852	8 891	9 885	8 191	10 007	9 153	8 916	10 261	9 991	9 228	6 906	9 611
Italy	51 620	49 865	42 507	41 807	49 935	50 566	52 036	45 981	46 970	47 314	48 525	41 580
South Africa	6 949	6 471	7 189	8 853	9 279	8 406	9 398	9 783	10 165	9 986	9 336	9 665
Spain	41 692	30 500	33 478	41 843	42 988	37 808	38 137	34 755	36 240	35 166	35 235	33 397
USA	21 500	19 200	20 300	19 500	20 109	22 888	19 440	19 870	19 340	21 965	20 887	18 740

* Forecast

Table 2. Trends in the top 10 countries wine production volume (2000-2011) (from OIV hp)

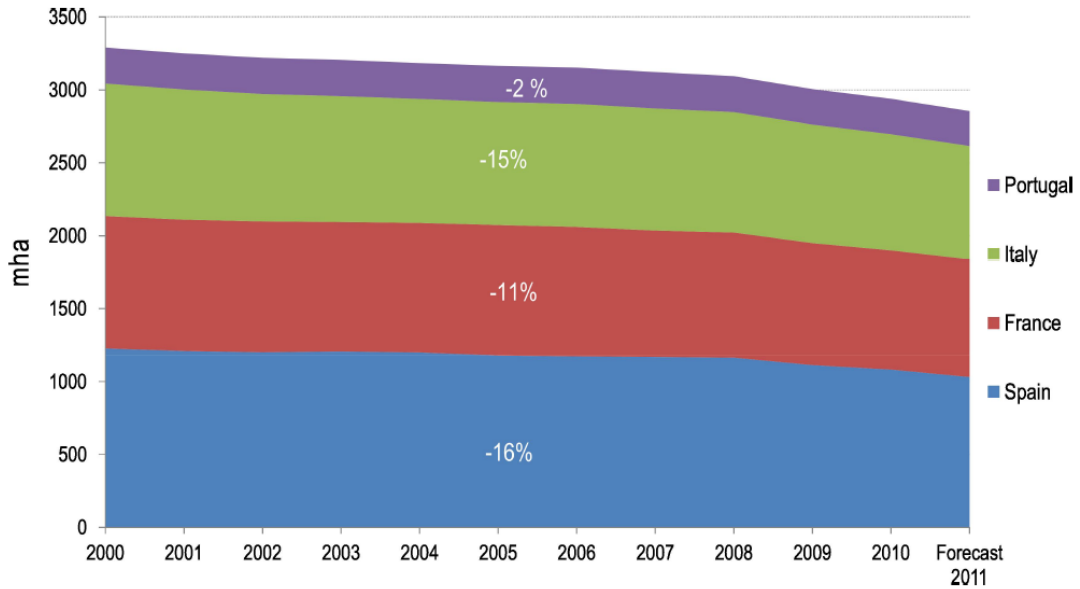


Fig 3. European grape acreage trends (2000-2011) (from OIV hp)

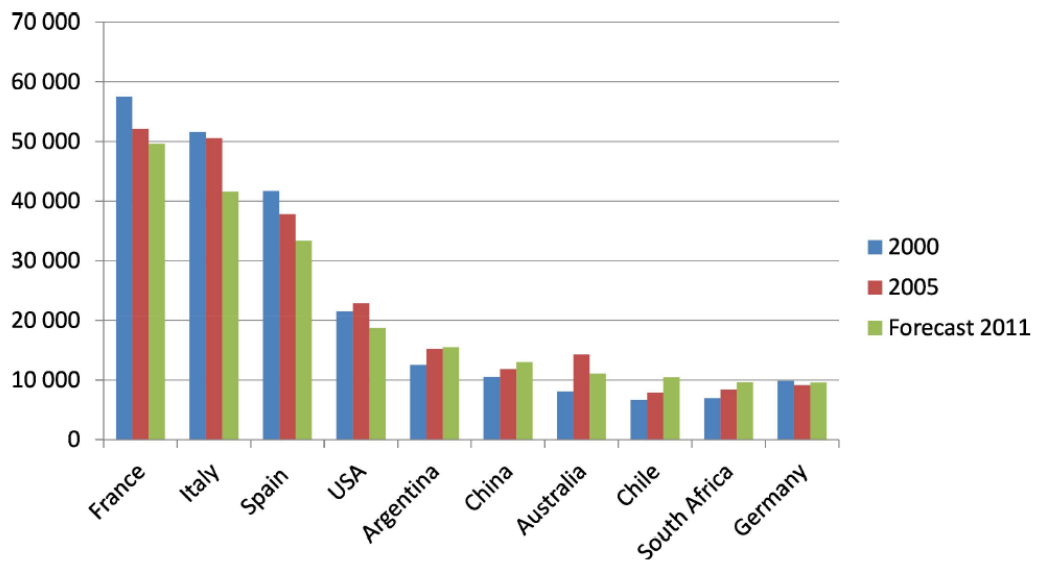


Fig 4. Trends in the top 10 countries wine production volume (from the OIV hp)

However, for the past 12 years since 2000, wine production volume and grape planting area of the world have continued to decline. The major reason is that Europe have been continued to be plagued by overproduction of wine for many years and has been conducting a major set-aside plane of wine production.

On the other hand, some new wine-producing countries, the so-called “New World”,

such as the United States of America, Australia, and Chile, have emerged in recent years. The past 12 years, the grapes planted area increased significantly, resulting in regions such as Asia and Oceania; in 2011 EU acreage was reduced to 56.9% of the total. Asian grape acreage has reached more than 20% of the world, and now, it has accounted for the remaining 20% in each area of the United States and the Southern hemisphere. New World wine-producing countries have been greatly expanded in this way.

In 2011 world wine consumption is 20,443 million hl, this increased by 0.7% compared to the previous year (Fig 5). Consumption of wine in the world declined sharply since 2007, and reached the lowest level between 2009 and 2010, this is due to the fact that wine consumption in Europe has been greatly reduced. In 2011, wine consumption in Europe has decreased about 100hl. In Italy, one of the largest wine-producing countries, wine consumption in 2011 has fallen 6.3% as well. On the other hand, consumption in the United States and China is growing. Especially in the U.S. wine consumption is close to 3,000 million l, and so the United States is the world's largest wine consuming country. In China wine consumption in 2011 is 1,700 million hl, which also has increased 115 hl compared to the previous year and a million. Oceania, South America, and in South Africa, domestic consumption has been stable.

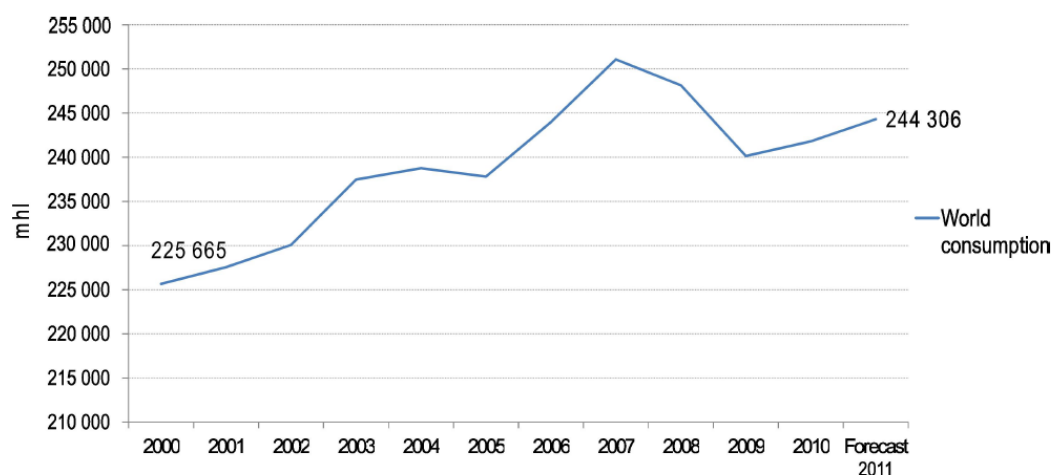


Fig 5. Trends in wine consumption in the world (2000-2011) (from OIV hp)

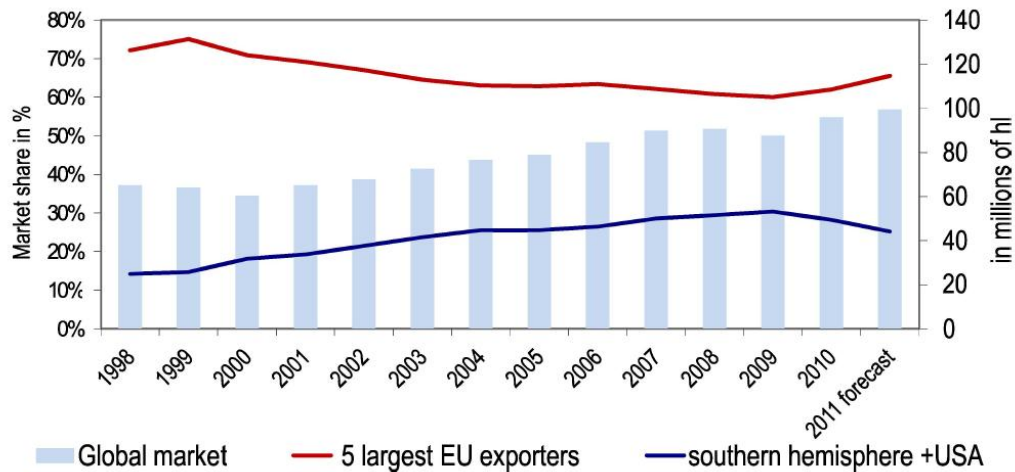


Fig 6. Trends in the volume of exports of wine (1998-2011) (from OIV hp)

In recent years, the changes can be seen also in the style of wine, red wine for rich high alcohol content has been increasing. This can be seen in the current situation. There is a high degree of condensation Museum of New World wine more alcohol compared with traditional European wine, that many consumers have chosen here. On the other hand, white wine is so fresh and fruity wine prefer. The trend of the past few years, rosé and sparkling wine shows a particularly high growth.

In this way, in the field of wine consumption in the world, not only in Europe wine legacy, wine produced in various areas is provided to the consumer, consumers are able to select a wide range of wines by their own preferences. Therefore, in the process of going to select the wine of their favor, choose a wine producing area that is different from the traditional consumer and the results have led to the proliferation of wine regions preferred by consumers.

As the wine industry spread all over the world, the distribution of wine have seen a change. Export volume of wine in the world by the year 2010, has been increasing since 1998 as a whole, which is published by the OIV. However, it is considered that the amount of wine exported from the EU is every year, on the decline, due to the amount of set-aside acreage and production of EU, which is the ratio of the amount of EU wine exports to the whole and is decreasing. On the other hand, the export volume

of New World wines, such as the United States and the Southern Hemisphere is in the growth phenomenon, which shows the expansion of the wine industry in the New World. (Fig 6)

1.1.2 Wine industry in Japan

The world wine market has shown a great change and so as Japanese wine market. The wine market in Japan, the first time of the early days of the Osaka World Exposition 1970 Tokyo Olympic Games in 1964, has improved with lifestyle changes progress of the Japanese economy, especially with the diversification of the diet, this for over 40 years.

In Japan, wine boom has happened for six times. Especially in 1994, it is 4th wine boom. The sale of full bottle wine "Bon Marche" is 500 yen, which the first time in domestic developed with original technology and know-how by Mercian, was the forerunner of market development for home use (Fig 7). In addition, wines from southern South America and Australia, which was launched hailed in 1996 as "New World Wine" series, was to penetrate the market, household commercial in taste and friendly reasonable price of around \$ 10.

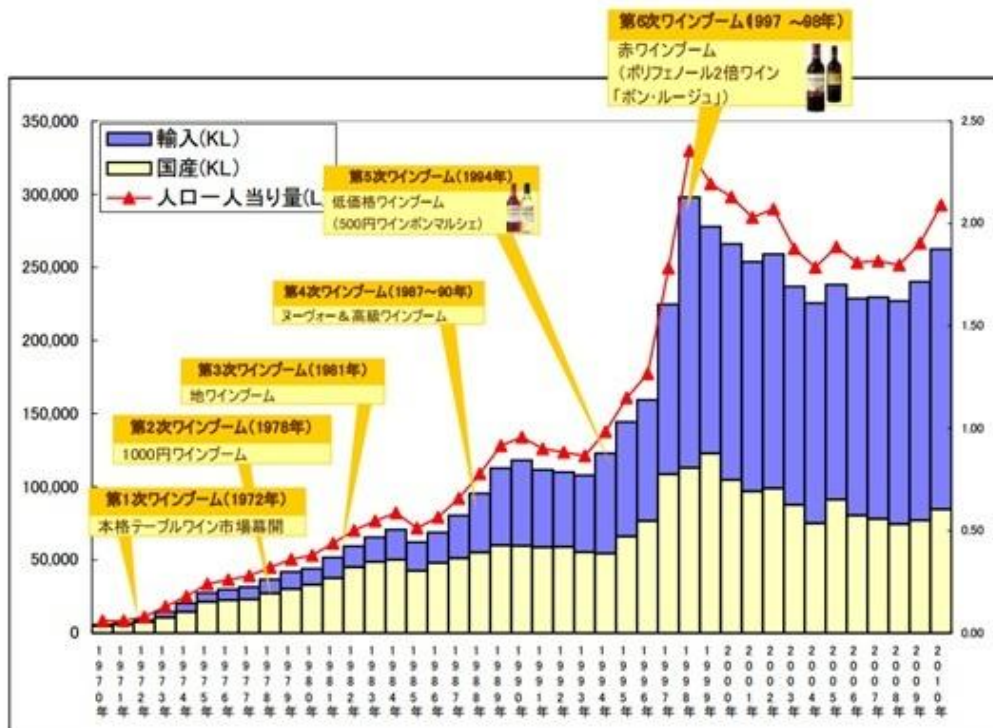


Fig 7. Trends in wine distribution in Japan (1970-2010) (from Mercian hp)

Furthermore, in Japan, France, and the United States, since polyphenols which contained in red wine primarily helps to maintain health was noted, red wine boom occurs from late 1997. The wine market in Japan is explosive expansion in 1998. Since 2000, you should be able to easily purchase wine at convenience stores and supermarkets and it is being established as everyday drink.

However, compared with the world's wine consumption, wine consumption per capita per year is only Japanese (750ml) in about two Wanbotoru. From the fact that even in the large country wine, such as France and Italy tend to decrease consumption, are consuming the wine of times 20-25 Japanese in recent years, wine consumption in Japan we found to be a level still low (Table 3, Fig 8).

country		wine cons. (L)	last year
1.	France	52.1	▲1.7
2.	Italy	45.0	▲1.3
3.	Portugal	42.5	▲2.7
4.	Switzerland	38.9	1.4
5.	Slovenia	34.2	7.4
6.	Croatia	33.7	4.5
7.	Denmark	32.7	1
8.	Spain	29.7	▲1.3
8.	Greece	29.7	0.8
10.	Austria	29.5	▲0.1
	:		
	Germany	25.2	0.7
	:		
	Australia	22.9	0.7
	:		
	U.K.	22.4	1.6
	:		
	Chile	17.9	3.4
	:		
	U.S.	9.2	0.3
	:		
	Japan	2.0	0

Table 3. Quantity wine consumption per capita (from Mercian hp)

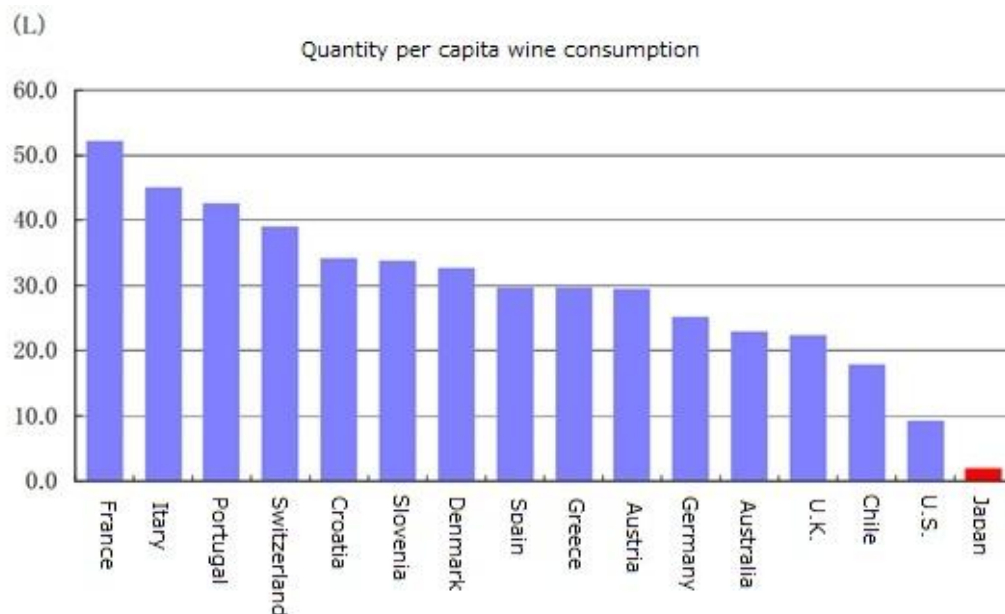


Fig 8. Quantity per capita wine consumption (from Mercian HP)

1.1.3 Regulations related to the wine trade

As noted above, the wine industry is now deployed around the world, import and export of wine has increased in recent years. Now you can enjoy a glass of wine from various countries around the world. Tariffs on wine has been eliminated in February 2008. In Hong Kong, it will not be subject to any goods and services tax and value-added tax. In the world's major economies, it is became a free port on the wine for the first time. However, there is still some regulations must adapt to. For example, in order to protect the reputation of the famous wine and enhance the quality of the wines from more than 100 years ago, in Europe, it has established standards for systems and a variety of wine which was fermented fresh grapes, is defined as not containing added water, alcohol or artificial coloring. EU wine regulations are almost as we have adopted this definition. Therefore, the wine does not fit this definition cannot be exported to the EU. In this way, basically if you have not meet labeling standards of the importing country, the technical standards of manufacturing, exporting country is on the regulation of trade resulting from the inability to export wine. For these regulations, harmonization efforts have been done in a multilateral or bilateral basis, such as OIV and WTO (World Trade Organization), many problems remain.

Regulations wine trade of the EU various strict indications are determined such as (1) regulations relating to GI (view geography), (2) the provision of quality classifications, (3) label origin and so on, (4) label production method.

First, if it is not recognized as a GI, not be received only evaluation as table wine, not receive the protection of appellation of origin as a GI, display origin, expression traditional, such as the representation of brewing special is not observed. I have not observed further display as fine wines.

In Agreement TRIPS (the Agreement on Trade-Related Aspects of Intellectual

Property Rights), we must be carried out in domestic law the protection of GI, but how GI protect in other countries has not been made a clear consensus. Therefore, whether protected by the laws of the country the GI of other countries is left to the legal determination of the country by the principle of territoriality of the law by the GI as intellectual property rights. Because of this situation, when register or apply for the GI of other countries, the countries have to obey bilateral agreements or multilateral, in order to ensure international protection, protection how to have been taken.

About the condition whether GI in New World is protected as GI in EU, it is certified as GI continued even to the laws in the countries of the New World said, the New World it may not be the same as the standard of EU, EU must be to request the countries of the New World said the inspection agency management with respect to GI and not in violation of international agreements, or standards of GI countries have the 2005 necessarily has been interpreted by the WTO panel report of the year. Therefore, GI Although the Japanese do not have to be strict about the contents of EU, or be observed on a par with the EU GI what if the content has not been made clear.

In the classification quality, EU law is strictly defined. The wine OCM, which was adopted in 2008, "IPG / PGI" (Indication Geographique Protegee / Protected Geographical Indication),"Wine", and "AOP / PDO" (Appellation d'Origine Protegee / Protected Designation of Origin). AOP and IGP are fine wines. Policy, which was enacted in each country with respect to quality, as it is protected. "Wine" can be labeled the harvest year and cultivar, which cannot label to table wine. AOP, its quality and features due to the special geographical environment, using only grapes grown in the designated area, production is carried out in a designated area. The raw material is only grape *Vitis-Vu~inifera*. Some quality due to the country of origin, fame, features, IGP is used for more than 85% of grapes that have been grown in the designated area. Production will be performed in a designated area, the raw materials are limited to hybrids of other species *Vitis Vitis species-Vu~enifera*, and *Vitis species*, and *Vu~enifera*.

It should be noted, New World wine is not limited to the strict standards, and need a display varieties according to the criteria that have been created in association typical or national laws of the countries of the New World, and must be a breed that has been on the list of OIV (Organization international wine grape), IBPGR (International Plant Genetic Resources Board) or UPOV (International Union protecting new varieties of plants). Such as in Japan and the United States, there is a wine that is used as a raw material, such as hybrid varieties that do not fit mating system and European and American varieties of American grapes, the provisions of the EU, coordination efforts have been made.

In addition, the display origin is of decisive importance in wine. In France in order to protect senior AOC wine as wine, table wine for non-AOC wine is forbidden to display origin, it has been handed down to wine OCM. According to this, even if it is not recognized as a GI for wines to be imported in the EU, you cannot display the locality. However, the method of approval of international GI unclear because, for display Origin signed a bilateral agreement between the EU and each of the leading exporter of wine, it is a certain degree of resolution is achieved.

Furthermore, according to the rules of the EU, display, such as "Shururi" "aging barrel", "storage barrel," fermentation "keg" The GI also wine of the countries of the New World, and the practical and recognized only to the GI wine. It is defined as should be. Thus, contrary to this standard wine I cannot export to EU.

In this way, the EU method strict regulations is provided in order to produce wines that meet these various efforts which have been made in countries outside the EU. On the other hand, in U.S., the proportion of the breed that is at least 75% if for imported wines, show breed, that proportion of the grape of the region is at least 85%, if you want to show origin is harvest year If you want to display, use grapes of that year the proportion is 95 percent has become a principle. In addition, the display shows the year and harvest varieties are supposed to be there should be a wine producing area is

displayed. These provisions are substantially the same as the reference standard has been applied in the U.S., has become a rule, imported wines are not strictly applied. For display prohibition has been established, American standards are applied as they are also in the size of the bottle. The characteristic especially in the United States, the label has become a system of authorization; authorization certificate is required label also imported wines.

There are few restrictions on imported wines, for Australia, labeling regulations origin, crop year display. Displaying of varieties is applied only to the wine country. In addition, the wine contains wine grape production by foreign, shall be indicated by the proportion of grapes grape produced by domestic and foreign.

1.2 History of Japanese Wine

In this section we will focus on Japanese wine in a chronological order.

1.2.1 Introduction of Wine in Japan

Cultivation for grapes is thought to have started five thousand years ago in the ancient civilization, the Mesopotamia. Grapes originate in semi-dry areas with small amounts of rain. Koshu grapes in the Katsunuma region are said to have crossed the Silk Road from Caucasia along similar time period with Buddhism.

There are documents from “Gohoukouinki (後法興院記)” in 1483 and “Inryoukennichiroku (蔭涼軒日録)” in 1466 stating how some government officials then have tasted “western alcohol” which is thought to be red wine. In other references it is known that Francis Xavier, a missionary, brought wine to the Daimyos of the region as a present. Hideyoshi Toyotomi is known to have drunk wine on a Portuguese ship near Hakata. Through these facts, it can be seen that throughout the Sengoku era, imported wine from Portugal slowly spread in the higher class.

Serious trials of wine brewing in Japan flourished during the Meiji era. This was triggered by Toshimichi Okubo recommending the production of wine in 1873. When

Okubo visited France on an inspection journey, he experienced “the advanced nation’s rich culture”; drinking wine with dinner. As soon as he was back in Japan, as part of a national policy to encourage new industry, he suggested grape production and wine making. In 1877, Masana Maeda brought back grape saplings from a world famous agricultural scientist. These were grown in Naito Shinjuku Laboratory and Mita Breeding Station and later distributed to all areas of Japan. With this event, grape growing spread rapidly. People in Yamanashi prefecture were especially keen about it.

Although many people started to become engaged in wine production, most failed. This was due to the fact that Japanese people did not have enough skill and knowledge for brewing. It is also that western variety of grapes did not fit the Japanese climate. Furthermore, wine with bitterness of tannin did not especially match with Japanese style meals. These factors lead to the development of sweet wine which adds sugar, spices and spirits. In 1881 Hachijirushi-Kouzanbudoushu (蜂印香竄葡萄酒) was a big hit which mixed imported wine with honey and Chinese herbs. This created a boom along with more popular products such as the “Akadama Port Wine”.

In the Showa era, more citizens enjoyed wine. However these were sweet wine. Citizens were brainwashed to think that wine is supposed to be sweet. When merchants tried to sell original imported wine after the World War 2, it became difficult to convince the people to try non-sweet western wine. Nevertheless with increased number of trips overseas and introduction of western food, a wider variety of authentic wine was imported and gathered attention over time. Wine was repeatedly in the spotlight during international events such as the Tokyo Olympics and the Osaka Expo. Consumption of wine kept rising and in 1973, the year on year rise was 160%; marking the first year of the wine era. In 1991 with the collapse of bubble economy, prices of imported wine tumbled downwards. This allowed consumers to have easier access to high quality wine and changed the impression that

wine was an expensive luxury. By this time wine had completely merged in the Japanese lifestyle and people.

While imported wine fought to share a pie in the Japanese markets, wine brewing technology had also advanced in Japan to the level where wine production was possible with original grapes that met the climate.

1.2.2 Wine and Yamanashi prefecture

Yamanashi had always been a grape production area from the Edo period. In 1874, the first Japanese wine was created in Kofu and wine production flourished. Katsunuma in Yamanashi prefecture was a resting zone along the Koshu Kaido that was always filled with people. The Koshu variety grown from this time is the regionally original variety. Yamanashi is a basin shaped valley with slopes that creates bigger difference in day time and night temperature. Within these circumstances, Katsunuma has slopes facing south west that invite fewer amount of rain meeting criteria for fruit production. And this is the reason to have had grape production since the Edo times. Koshu grapes are the same *Vitis Vinifera* as the western famous wines. It was established in Katsunuma due to suiting climate.

In 1877, the first wine production company was built with volunteers. Two young men, Seishi Takano and Sukejirou Tsuchiya went to France to learn wine brewing knowledge and techniques. They studied under the supervision of Pierre Dupont, who was the professor at the agriculture vocational school and also an expert of grape production and wine studies. After 19 months of tough overseas education, the two returned and committed to wine production in Japan using Koshu grapes. 100 years later in 1979, Katsunuma was certified as the place of origin for Koshu grapes and in the Heisei era, Japanese wine makers are exporting Koshu wine to the world.

At present, the main industry in Katsunuma region is grape farm-tourism. Recently people in the area grow grape varieties from overseas such as the Delaware and refined Kyohou, Pione for consumption as a fruit. In terms of wine, Merlot, Cabernet Franc,

Chardonnay and other French varieties are also grown. However, the locals are still fans of Koshu which had been loved for several hundred years in the area hence only in Yamanashi will you be able to find Koshu grapes as a fruit. Koshu white wine is famous to have neither strong acidic flavor nor a strong smell. Other than it being a culture of Katsunuma, it is favored by the world for its taste that goes well with sushi, tempura and other Japanese food.

Chapter 2 Hypothesis formulation

2.1 Asia for an attractive market

The East Asian countries such as China, South Korea, are growing rapidly. Following Table 4 is a comparison of the value of nominal GDP in 2000 and 2010 of East Asian countries. GDP is the total added value gained by deducting intermediate inputs such as raw materials from the amount of output of goods and services activities of domestic production. Nominal GDP shows the sum of all the amounts of market price calculated by multiplying the market price by the quantities of all the products and services (including the impact of changing prices). According to this, its value compared to 10 years ago, China have increased by about three times, and South Korea also have increased by about two times. Other countries as well, clearly show that the increase of the value by 1.5 to 2 times. This is evident that the East Asian countries has grown rapidly in the past few years.

	2000	2010
Japan	4731.2	5488.55
China	3014.89	10128.4
South Korea	533.39	1014.89
Hong Kong	169.12	224.16
Taiwan	326.16	430.18
Singapore	94.31	227.38

Table 4. Nominal GDP of the East Asia fast-growing countries.

(Units: US \$ 10 billion)

As what has stated in 1.1.2, due to the period of high economic growth, wine has permeated into Japanese people's lives and largely developed and improved people's civic life levels. As we said above, East Asian countries are growing rapidly, there are

large potential demands as a new wine market.

In addition, there are several reasons to export wine for those countries actively. For example, Hong Kong and Singapore is easy to be transmitted information from Britain, because those areas used to be part of Britain. As stated in 4.1, to get the certain position for good wine, it must be recognized in London as a gateway to success. Therefore Hong Kong, and Singapore, is suitable for exporting Japanese wine, in particular Koshu wine that is getting popular in London. Moreover, as we mentioned in 1.1.3, Hong Kong has bold policy to abolish tariffs for wine. This could be a tailwind for exporting Japanese wine.

2.2 Images of wine in Japan

Now, what strategy do we require to export Japanese wine, especially Koshu wine for East Asian countries? As a first step to think about this, we describe "images of wine in Japan". Throughout the discussion, the students of our wine group found that we have certain images for wine. The ideas we thought was listed below. Expect the idea "wine is fashionable drink", there are negative ideas. However, as long as everyone is saying "It's fashionable", it is hard to say that is hated. Rather than "hate", it is closer to "do not know". It is recognized as it is hard to call on.

<Image for wine we thought>

- Fashionable
- High price
- High alcohol content (we cannot drink a lot at a time. We have only one choice for drink it as STRAIGHT but not for cocktails or any other mixture)
- Hard to choose (there are too much variety of types)
- Hesitate to open the bottle (we feel that we must finish wine at a time)

As we mentioned in 1.1.2, it cannot be said that wine consumption in Japan is still too much in the current situation. We think that was caused by that many Japanese people have similar images like us. In order to achieve success for exporting Japanese wine

–it is developing in Japan as well – to other East Asian countries that would be hard challenge.

2.3 Japan as develop countries of Asia for wine

For Japanese, wine is the alcoholic beverage from foreign countries, so its image tends to have wings. As well, for other Asian countries, wine is the alcoholic beverage from foreign countries. So, it could be said that they share close images that of we Japanese have. If we take advantage of the fact, we can say that Japan have developed wine culture that is suitable for Asian people. And our Japanese wine history cannot beat that of the European countries, but when it comes to Asian countries, it is not so hard to found certain position, because no one have it yet. Focusing on this point, we have examined the export strategy of Japanese wine.

To take root new things in a new land, it needs a person who has a new thing already provide it of course, but also existing a person accepts is also essentials. When it comes to this theme, even if Japanese would be able to export large quantities of high-quality wine with cheap price, it cannot be making good business sense without consumers understanding of its value. That is to say, to success to export Japanese wine to Asian countries, it is important to produce high-quality products, and make people understand its value at the same time. When it comes to price, it is quite severe that Japanese products were beatn by foreign ones because of higher labor cost. At present, it is assumed that the main consumer of Japanese wine is limited only for high income people. In Asian countries, people are not familiar with wine yet, and we should be targets on middle-income people that has increased rapidly. If you are capture those people now, when those are richer than now in the future, you can get significant increase of exporting. For that matter, it will be the decisive factor whether you can capture people who are relatively in lower part to as a potential consumer of Japanese wine. With that we should do is, to provide cheaper wine to those people in order to dispel their image “wine equals high price”. It is assumed that this role is for

major beverage manufacturer rather than small and medium-sized wineries. Maybe small and medium-sized wineries are hard to provide cheaper products. Moreover, if it is major beverage manufacturer, it is better to use local materials (not Japanese ones) such as juice from some areas with a climate suitable for the growth of the grape in Asian countries. And exporting of Japanese superior wine making technology and produce at the site (some Asian countries), in order to reduce the price of wine. At this point, rather than stick to produce “all from Japanese products”, stick cheaper price. The mission here, is increasing the absolute consumption of wine. It is a strategic move to get new consumers. We should prepare for the time when they who can only get reasonable wine now will be richer and want higher price wine in the future, to make choices there are Japanese wine on the same plane as European high-classed ones. Moreover, by being familiar with Japanese cheaper and better-quality wine, to imprint an image "Japanese wine is suitable for us—Japanese wine is our wine" is the second aim at present. If it can bring up Asian consumers in this way, further, it can continue to grow with the Asian consumer of wine, it will be expand the amount of exporting of Japanese wine especially from Koshu absolutely. So, at this time, small and medium-sized should increase the rating of high-classed wines in Europe or somewhere. When the wine ensured as “truly-valuable” wine in Europe, the rich want to get it even is it is very expensive. It can be a certain way to expand channels for sales of Japanese wine, because to be high price is inevitable for Japanese wine products. And if Japanese products will show some status in Europe, it will be unavoidable of increasing demands from Asian countries as well. In other words, small and medium-sized wineries and major beverage manufacturer and should play proper role each other at this stage, the strategy of the two gears mesh in the future, it will lead to the expansion of exports of Japanese wine.

Moreover, speaking only in Asian people, they have low tolerance to alcohol compared with Western Europe. Therefore, mainly wine is drunk as STRAIGHT, it tends to be high alcohol content of a glass, they don't drink too much at the time. Therefore, how about suggest the new way to drink wine that is divided by Soda or

fresh juice or something, like a cocktail. As a fact, Suntory Liquors Limited promoted highball style(whisky with soda) to new way to drink whisky, they increased the amount of its consumption dramatically (from interviews with Mr. Itoga 4.3). Therefore, by reducing the amount of alcohol in a glass, how about suggest the new wine culture for Asian such as that they can feel free to have for alcohol content. To suggest the “Asian-standard for wine” is possible for Japan as a part of Asian countries, and it is the very meaning that Japan export own products. It is wasteful that wine is only for Western culture. In this way, with lower price and alcohols content, "easy to call on" wine is the key to expand the consumption and mature market.

[References]

[1] IMF - World Economic Outlook Databases

<http://www.imf.org/external/ns/cs.aspx?id=28> (Oct. 2012 Edition)

Chapter 3 Method of investigating

Our study was carried out by interviewing. Earlier interview, the representative Mr. Bonin is the producer of (Koshu Of Japan) KOJ doing the promotion of wine in Koshu, winery, which is also a member of the KOJ in wineries in Yamanashi (wine Soryu, wine Shigeru Hara, brewing center), is Mr. Takahiro Itoga director of global brand strategy overseas division Ltd. Suntory Liquors has been successful in the export and whiskey.

3.1 Mrs. Ogasawara

We carried out the interview more than 3 hours at Yayoi campus on December 22. We talk about mainly activities of KOJ, also wine in the world, Japan, and the following questions. We received comments on our hypothesis as well.

[Questions]

- When you export Japanese wine, how do you sell it? How do (or will) you get the channels for selling?
- Why did you choose the way to export Japanese products daringly? What kind of reasons cause you didn't choose to exploit new consumers as a first choice?
- How do you recognize Asian countries as a market for wine?
- When you consider exporting wine to Asia, who is your main target? (such as age and income).
- Is it getting better of evaluation and awareness of Koshu wine in Europe? Do you think it is going up more in the future?

3.2 Koshu Wineries

We went to the site on November 30, and interviewed about 2hours. As a starting point, we asked following questions for all wineries.

[Questions]

- How do you purchase raw materials?
 - What contracts is bound with farmers?

- What do farmers think about making grapes for wine?
- Do you produce wine only by grapes for wine? Do you use leftover edible grapes?
- How is it changed the production quantities?
- When you try to increase the amount of future production, what will be a barrier?
- How does the wine have taken the form of distribution? Also, what kind of people are their consumers?
- How (in what sense) do the local people drink wine?
- Do you try to fit your wine to trend?
- Do you have idea to promote the new way to drink wine(such as not STRAIGHT) for new consumers?

Chapter 4 Result of interviews

4.1 Mrs. Ogasawara from KOJ

Koshu of Japan (KOJ) is an organization established in July 2009 by fifteen producers of Japanese wine in Yamanashi Prefecture. Yamanashi Prefecture is Japan's premier wine-going region. The organization was founded to improve the quality of Japanese Koshu grapes and wines to increase the awareness of these wines on global markets. KOJ has three principal aims; overseas promotion, new product development and publicity. KOJ produces EU standardized Koshu wine, and in 2010 they have launched a PR campaign in the UK as the first step in what is intended to be an EU-wide promotion.

Yuka Ogasawara works as a producer in KOJ. When Yuka Ogasawara went to London with Koshu, Lynne Sherriff Master of Wine, a world-class authority on wine, set a high valuation on Koshu and supported her to promote Koshu in the world. This was the start of the whole story.

KOJ gives priority to promotion rather than exportation. What set to be particularly important is the promotion in London. This is because UK is the biggest consumer of wine in the world, and is the place where the journalists are reliable which makes UK the source of information about wine. Promotion in UK is indispensable for the wine to succeed in the market. In order to get the wine to be sold well even in domestic market, it is all the better having high evaluation and known well in the world at first. The promotion in UK has been successful so far; Koshu has been popular among them and have been improving its quality every year.

To be popular in the world market leads to make Koshu valuable both as grape and wine. And so, KOJ concerns exportation positively. Which they pay attention to is the places which don't produce wine, is economically stable, and Japanese food has been

the big fad, such as London, Scandinavia, Switzerland. Today, Japanese food is very popular among the people all over the world, and they have more and more genuine-Japanese-food-oriented people especially in European countries these days. However, it is not suitable for Japan to export because the yen is strengthened right now, so KOJ set it as a time for promotion, and get exportation started when the foreign exchanges gets better.

KOJ tries to make “classy” wine, whose taste and fragrance is slender. People’s preference on wine tend to switchover from non-aromatic wine such as Chardonnay to semi-aromatic wine which Koshu belongs to. German Pinot Gris may be Koshu’s competitor, which also be promoted as a wine that matches with Japanese food. KOJ came up with various ideas on labels as well. They design the labels to be not only Japanese-style, but something that fits any countries’ table. KOJ is certainly global minded already.

There are numbers of countries succeeding in wine, such as Germany, France and Australia. It might be interesting looking some countries peculiar among them. In Greece, people prefer local wine. Though Italy has perfect condition for making wine, the law is not well prepared. Spain has been successful in wine industry. This is a result of the producers’ united promotion. In recent years, everybody in the world prefers healthy things and light wine and likes Japanese food. There will never be such a perfect chance for Koshu to succeed.

You can come up with some countries in Asia proposed for exporting Japanese wine; China, Hong Kong, Singapore and Korea, where there has been wine boom, but there are many difficulties. When the wine boom occurred in those countries, people mostly drank thick red wine with Coke. In Hong Kong, as a result of wine boom, there came to be hundreds of importers to exist. It is not easy to tell which is reliable. As mentioned above, Koshu aims for “classy” wine. In addition, we do not have enough producers to produce such amount of Koshu wine for full-scale exportation. Exporting

to Asian countries seems to be quite difficult. For these reasons, KOJ is not exporting Koshu to Asian Countries for the time being.

Promotion is essential for wine to succeed. However, promotion costs a great deal. Koshu's promotion will never be possible without subsidies. To receive subsidy from the government, they need to apply for it every year. There is no proof that they will be able to receive it continuously.

There is an issue over Japanese journalists as well. They are not functioning as journalists, because they tend to pick up very expensive wines with limited production. Journalists must deal with wines with fine qualities and sufficient production.

As you see, Japanese wine industry has a lot of difficulties to overcome. Connections, interchanges and cooperation between producers and processors are the key to succeed. Imabari Towel is a good example which succeeded in their business in that way. What is important is to grasp the whole stream of wine industry; from production to consumption.

4.2 Wineries in Katsunuma

We visited Katsunuma city in Yamanashi prefecture, which is the producing center of Koshu wine (the wine made from Koshu grape species), on November 30th, 2012. Our student group met three presidents of winery which is different size of firm, and conducted non-structured interview.

4.2.1 Soryu winery(蒼龍)

Soryu winery is comparative large-scale winery in Katsunuma area, and they produce over 50 kinds of wine. According to our interview, Soryu winery combines three channels to buy materials; (1) to purchase foreign juice through import agents; (2) to purchase grape berries through JA (Japan Agriculture Cooperatives); (3) to purchase them from formers by contract. The third way contains two patterns, that is, to buy by

kilogram or by sugar content. The winery president said, large-scale wineries in this area tend to use imported grape juice for brewing. Actually, it is not so cost-beneficial to use indigenous grape. Of course, Soryu winery purchases indigenous products through JA, while the amount bought from farmers by contract is limited (they do not own their farmland). Nevertheless, partnership with JA and farmers is very important for wineries. These relationships not only decide quality and amounts of product, but also to sway wineries' strategy. Grape prices in a year are determined through discussion among wineries, JA, farmers and city office.

In the view of marketing, Soryu winery has two channels for selling; intermediate agents or retail stores specializing wine. Though the former channel has advantage to trade round sum, but also has a risk to be suspended dealing. The latter channel can maintain stable partnership in business, while cannot deal with large amount.

Today, prices of wine made from Koshu grape species (Koshu wine 甲州ワイン) are higher than 1000 yen, which are above standard price of national wine sold in supermarket. On the other hand, the wholesale price of Koshu grape is lower than those for eat. In addition, the average cultivating area in Katsunuma is only 0.5 – 0.6 ha per farmer. As a result, farmers select high-valued species, while Koshu grape growing became decreased. Koshu grape was shipped by 12000 tons a year, but today only by 3500 tons a year (this is mainly because Koshu grape lost in a competition of new brew market with Beaujolais wine). Koshu grape originally is species for eating, which have large berries and lower sugar contents, this characteristics generate additional costs for wineries. In order to achieve EU standards for wine quality, it is necessary to add sugar in Koshu grape when brewing to raise alcohol. Then, two other lines are needed to product export wine and domestic one. Besides, export wine met EU standards does not always suit the taste of national consumers. That is, producing export wine at the same time picks up values of one for domestic selling. Koshu wine acquires not a bad reputation abroad, but some local wineries criticize export-oriented policy promoted by KOJ (Koshu of Japan, the promoting organization in Yamanashi

prefecture).

4.2.2 Haramo winery (原茂)

Haramo winery is a small winery, which is family-run. The winery opens garden café, closed in winter, and earns 40 percent of its total income. They do not intend to put their wine in the large market, but to serve wine to visitors locally. In fact Haramo winery once welcomed tourist companies into their farmland like as other sightseeing grape farms. But today they just invite individual tourists in the view to making homey atmosphere. This perspective also influences their marketing strategy. They do not sell wines to large customers, but to local restaurants or shop because of limited production (90 percent of products are sold to liquor shops and 10 percent are sold in their winery café).

Materials used in Haramo winery are all harvested in Yamanashi prefecture. Some wineries actually made their products from grape outside the prefecture, and say it “Koshu wine”. Haramo does not. The winery originally is founded in a settlement called “Hara (原)”, and inhabitants organize grape-farming cooperatives. The winery regards partnership with local farmers at such background. For example, they discuss how much produce grape during off-season, and purchase all products at the harvest. The master points out large local wineries need more to use indigenous grape and not to use one produced outside. Of course it is not easy to maintain good partnership between wineries and farmers so long as doing business. But the relationship, at the same time, can generate new human networks committing wine production. Especially because many wineries are crowded in Katsuyama area, there are not only competitions, but also some knowledge sharing about brewing among them (excluding large producers such as Santory. On the other hand, the relationship with Mercian is comparatively good). He realizes the necessity for distribution of roles among large producer, family-run winery and sightseeing-oriented shop.

Haramo winery basically agrees with promoting abroad for national wine export. An English importer once visited them through KOJ's introduction. Singaporean sommelier came also. Nevertheless, brewing export wine itself is not beneficial at all. Promoting abroad just shows "black ship" effect (meaning Japanese high reputation to products come abroad) alone up to the present, he says.

4.2.3 Chuo winery(中央酒造)

There are over 200 wineries in Katsunuma area. Chuo winery is one of the most active companies which encourage national wine export. The president himself is a core member of KOJ. He talks about national development of wine to us. As he says, there are some partnership between wineries and farmers, but their view for grape quality is quite different. Farmers see wine just as by-products of growing grape for eat, and do not show much interest about growing ones for wine. Actually 90 percent of domestic wine is made from imported juice. Unexpectedly, the president is anxious about decline of alcohol consumption, especially of younger generation. The number of domestic wine lovers is quite limited. Their consuming behaviors do not contribute to mass consumption. Inhabitants in Katsunuma once drank wine other than sake (清酒). Today are not. The younger generation likes lower-alcohol drinks. Of course Chuo winery thinks little of such trend. Light and low-alcohol also are global trend of wine. The president stresses that they need to seek values in the wine they have produced, and not to accommodate themselves to trend.

During interview he explains world market trend. These years EU market is not in good condition. On the other hand, Australian market become quite good. Chuo winery promotes their wine in Australia and New Zealand every year. "Grace wine", they made, gets high reputation there. You know, Australia is one of the wine-exporting countries. However the president says there have rooms for Japanese wine. Australian wine generally has heavy taste because of high sugar contents of their grape. Conversely Japanese wine has light taste. Thus the light-bodied wine can

attach wealthy people who are accustomed to full-bodied ones.

Asian market shows different situation. For example, Singapore has active market. Hong Kong market is rather chaos than active. In the view of Chuo winery, it is more important to promote combination of food with wine in Asian market, whose people are used to soup stock flavor. Though Singapore, Malay or other southeastern countries are located near to Australia and New Zealand, but wealthy people also can be targeted there.

At last, the president refers to the necessity of role-distribution among wine producers; that is, one produces high quality wine and one makes affordable one.

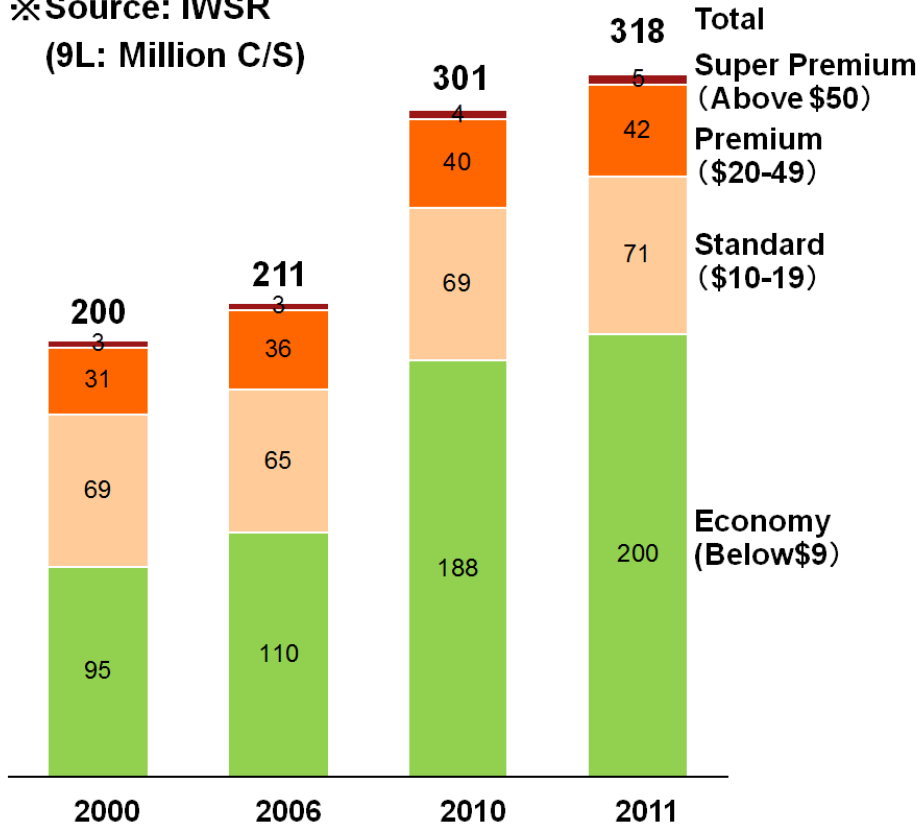
4.3 Suntory Holding limited

When thinking about ways to export Japanese wine, it is important to learn from how the major beverage manufacturers export their alcoholic beverages other than wine. We were given the opportunity to interview Mr. Takahiro Itoga who is the director of overseas brand strategy at Suntory, one of the leading beverage manufacturers. Below is the summary of the interview.

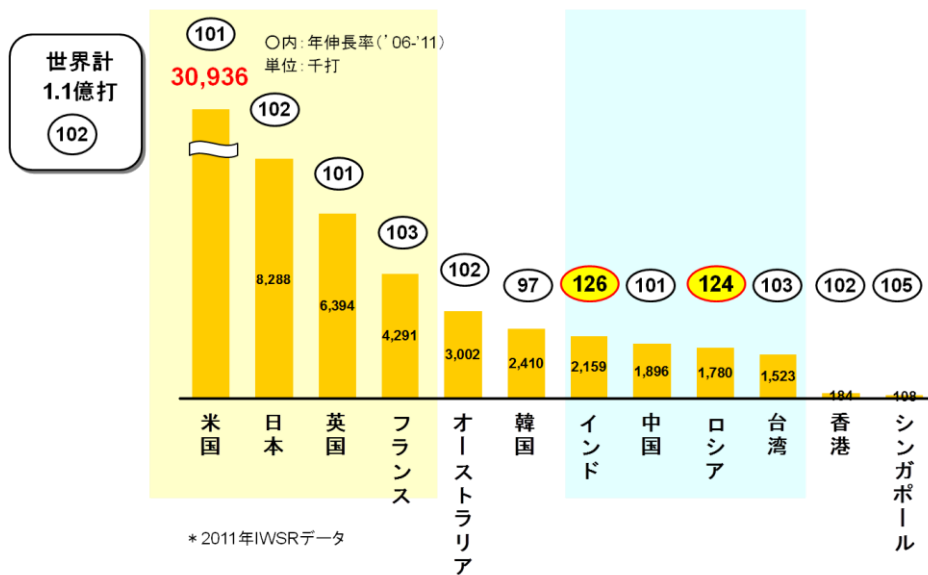
Suntory started their business in manufacturing whisky in 1923, when they began to construct 'Yamazaki Distillery' which is Japan's first malt whisky distillery. In 1929, they initiated the sales of 'Shirofuda (white label)', Japan's first genuine whisky. Since then, they have continued to launch various brands as 'Kakubin', 'Toris', 'Yamazaki', 'Hakushu' and 'Hibiki'. At present, they are not only domestically distributed but also exported overseas. The following will show Suntory's strategies of overseas export.

The below graph shows the price range and the consumption amount of whisky in the world.

※Source: IWSR
(9L: Million C/S)



The total whisky consumption worldwide was 318M c/s of which 200M c/s were in the economy and 118M c/s were in the standard to premium price range. The graph below shows whisky consumption per country. the higher consuming countries were USA, Japan, UK and France.



Suntory's strategy has been to export premium price whisky to the three countries excluding Japan for the following reasons.

- The market for economy price range whisky is primarily dominated by whisky from India.
- The overall whisky market size, including the standard to premium price range, in the three countries is large and growing steadily.
- The characteristics of three countries and their major cities has some advantages as follow
 - (1)New York---the economics centre of the world
 - (2)San Francisco---many great chefs
 - (3)Paris----up-scale, many food connoisseurs, deep understanding towards Japanese cultures
 - (4)UK---the birth place of whisky.

Since Suntory started to export premium whisky under the above strategy, the sales volume has grown with some ups and downs. The belowing graph shows the progress of the sales volume of ‘Yamazaki’.

The sudden jump in sales since 2004 is due to the rise in the product’s reputation after winning awards in overseas competitions. Below is the list of awards won.

These awards triggered buyers and bartenders in three countries to place orders and receive favorable reputation. Below are the examples.

- Receiving the request form France wine shops to host tasting events for VIPs.
- Featured in lifestyle and food magazines as well as industry magazines.
- Recommended for people(who seek the world’s best whisky) at UK’s major department stores.

The reason for Suntory’s success in whisky exporting business is because the marketing strategy was on the target from the start. The following three are the major themes.

- Creating image of Japanese whisky.

- Influencer marketing.
- Whisky that goes with food.

First of all, Suntory extracted the fact that people abroad had hardly any images of Japanese whisky therefore they couldn't really talk about it. And then they tried to do something, in other words, they tried to visualize the image of Japanese whisky (for instance, the history behind it, how and where and by whom it is made) and attract the overseas consumers. What they did was they published a booklet called 'SUNTORY THE ART OF JAPANESE WHISKY' in which they introduced the history of Suntory whisky, the location of distilleries, the pictures and articles of blenders and scenery and nature around where the whisky is made. This was distributed at various promotional events such as tasting parties. For most of these events, influential people in various fields such as celebrities, artists, journalists, top bartenders and chefs, so called 'influencers', are chosen as main target group. Their aim is to make the Suntory whisky the favorite of them so that its reputation would spread widely by word of mouth. Events include not only tasting but also food pairing where they drink whisky with food.

Japanese whisky is encouraged to drink with food while in other countries whisky is often drunk by itself. Through their strategy to associate whisky with food, the uniqueness of Japanese whisky is highlighted.

[References]

[1] KOJ:KOSHU OF JAPAN (<http://www.koshuofjapan.com/index.html>)

Chapter 5 Consideration

In this chapter, we reexamine our export plan (in the 2nd chapter), based on contents of interviews above (in the 3rd chapter), and suggest a new plan to export Japanese wine. At first, we show a course of our new plan. Secondly we examine problems that will face us in the process of the new plan.

5.1 Mapping out a course of the new plan

5.1.1 Problems of our plan

In 2nd chapter, we suggested one export plan whose content is as follows: *Targeting at the middle and lower class in Asia, we are going to export inexpensive Japanese wine and raise popularity of Japanese wine in order to make the situation that people in Asia can always think of Japanese wine when they want to drink wine.* But it is clarified that this plan has two problems below;

1) Difficulty of producing Japanese wine at a low price

In Japan, grapes for wine are not made so much because farmers tend to produce grapes for eating. And labor costs in Japan are relatively higher than other countries. So it is difficult to produce wine at a low price in Japan.

Moreover, producing wine does not need much money generally. Given this fact, it is not realistic to think that Japanese wine can fight with other countries' wine in the aspect of price, because once wine is exported, some tariffs are imposed and Japanese wine will be more expensive than sold in Japan.

In former plan, we also suggested that we export Japanese technique of making wine to Asian countries and use grapes in the place, not Japanese grapes, and utilize less expensive labor costs to make inexpensive Japan-labeled wine. This solution, however, is also not realistic because it was found from interviews that there is no recognition that Japanese technique of making wine is superior in the world.

(2) Inappropriateness of “bottom-up tactics” in exporting wine

We suggested that at first we raise popularity of Japanese wine in middle and lower class in Asian countries. But this “bottom-up tactics” is not so suited to exporting wine because KOJ and SUNTORY had a “top-down tactics”. When they wanted to promote exporting wine or whisky, they first promoted their products to the upper class in big cities such as London, Paris, New York, and San Francisco. These cities are centers of information and fashion, and have strong influence. “Especially about wine, it is indispensable for wine to be recognized by people in London”, Ms. Ogasawara said.

When we export Japanese wine to Asian countries, it seems that we had better aim at getting some authoritative prizes of wine, establish a luxurious image of Japanese wine, and utilize *the grapevine* as “top-down” to promote Japanese wine.

5.1.2 New export plan

We have already examined problems in our former plan. Now here we propose our new plan. New plan is as follows: *we will export mainly “Koshu” wine, one of Japanese wine produced in Yamanashi prefecture, obtain the special position as a luxurious wine in big cities of Asia, and invite people who drank “Koshu” wine into wineries in Yamanashi prefecture.* Look at the detail of this plan below.

(1) We will export mainly “Koshu” wine.

It has been explained that if producers want their wine to be recognized in Europe, it has to be made from some specific species of grape (refer to 1.1.3). If in Japan, “Koshu” is the only recognized species of grape. Because wherever we want get a luxurious status of Japanese wine, we have to do get a prize in Europe at first, so we need to choose “Koshu” wine.

(2) We will obtain the special position as a luxurious wine in big cities of Asia.

In our former plan, we suggested to export inexpensive wine and get popularity in the middle and lower class with bottom-up approach. However, as we remarked above, this plan is not realistic. Moreover, if we deal “Koshu”, the resource of money for promotion is limited. So we cannot do both “bottom-up tactics” and “top-down tactics” at one time. Given this condition, it is more efficient for “Koshu” wine to be famous as a luxurious wine in Hongkong, Singapore and other Asian big cities and get popularity from top-down thorough promotion to V.I.P.

(3) We will invite people who drank “Koshu” wine into wineries Yamanashi prefecture.

This plan intends to empower the region around wineries which make “Koshu” wine. Katsunuma, the name of town where “Koshu” grape and wine is made much, has a unique history as a post station (Shukuba-machi). “Koshu” itself also has a history of cultivation and manufacturing since long time ago. Mr. Itoga said it was its unique story that they need when they sold their whisky. The story of Katsunuma and “Koshu” will be attractive enough to be sold well and invite people of the relatively upper class in Asia to Katsunuma.

We do not want only the name of “Koshu” to be famous in Asia, because “Koshu” wine can only exist with Katsunuma and other town where “Koshu” is made in Yamanashi prefecture. We have to promote both the region where “Koshu” is made, and “Koshu” itself. We want to realize a “high value – low volume” policy of tourism (Nishimizu, 2012). If we do this plan, we can refer to the example of Haramo wine.

[reference]

西水美恵子、2012、「西水美恵子氏に聞く」『週刊東洋経済』2012

5.2 Facing Challenges

The former indication has some considerable problems. In this session, we'll address the challenges on Japanese wine export.

Firstly, there're not plenty of funds. We already have highly evaluated wine in Koshu recognized by the world authority of wine. The problem is how we can let it to be known, this means it is needed to show the way how to achieve and consolidate the luxury position, and how to realize 'ON TRADE' circulation. Succeed export whisky in Santry.inc. is the result of its funds as Japanese major beverage manufacture which allow them to promote in four cities in the world only by themselves. On the other hand, KOJ which has charge on Koshu wine promotion relies on subsidies by Yamanashi prefecture and MAFF(Ministry of Agriculture, Forestry and Fisheries of Japan) and to put it briefly, they don't have enough budget. Subsidies need to apply for and to be accepted every year, so they are compelled to plan a budget year after year. This makes it difficult to take a long-term strategy for exporting wine. Now they are promoting intensively in London, and desire to extend the promoting areas in coming future. However, to look at the reality that they cannot afford to promote even only in London every single year, it's not valid to expect much promoting actions with no improved budget source. It's necessary for Yamanashi prefecture and for nation government to show clearly how seriously they are thinking of Koshu wine export as important issue, and for KOJ to make it sure about their budget source. Are they going to conclude in medium and small-size wineries or join with major manufactures, or going to exploit new sponsors other than government?

Another point is when Japanese wine exports successfully go on business, how much their supply capacities are. This issue comes to several following problems; problems of collecting lands, of relationship between farmers and wineries, of successor, and with including all these, problem of making attractive origins of wine.

As previous step of collecting farm lands, there is a lying issue about farmer's aging. As we mentioned in session 4.2, it is one of the concerns about grape supply that there is a tendency for farmers to plant expensive grapes for eating, not for wine. Now most of farmers are single family household, and youth has got out of the communities. They don't live with their parents as before. This result in today's situation; for making their living by themselves, elder farmers need to do farming for earning not for hobby after retiring. So the unit price of grape is very important to make the most of their money for those Yamanashi farmers running so small cultivate area around 0.5~0.6ha. Although grapes for eating requires much more care and time than for wine one, they don't feel like growing wine grape instead of eating one, even they have difficulty in physical power. Then we can find way in collecting lands, so as they can gain yield and get enough income. This is because land area can be larger so it doesn't matter even the unit price gets lower. Moreover wine grapes cultivation requires less care. Expansion of cultivation area per farmer actually has possibility in maintain in aging Yamanashi farmers. In addition, growing deserted land area can be rent to those who gathering lands for wine grapes.

With farmers' aging, successor problem will be much severer Now there are farmers, even if they are elder, they can actually produce grapes and that can be remain as a form of wine. However, if there are no farmers, who will produce grapes which are necessary for wines -wine might extinct. Moreover, it is hard even for pension receiving elder people, it's needless to say that young people willing to produce wine grapes.

About farmers and winery, we cannot help feeling the necessity of improvement about the relationship between them. Growing deserted land is the common situation all over Japan and being concerned from many aspects. Especially for wine industry, it's quite serious problem, for at the start point of Koshu wine export, it is inextricable matter with making a story of wine. As mentioned in the former session, we have to bring out not as merely liquid wine but as the origin are of wine, and for that, we have

to sustain the whole community including vintage yard, winery and people gathering there.

Through visiting wineries, we found that there are some sorts of relation between farmers and wineries. First, wineries make contracts with farmers directly, and buy all products they harvest in that year. This composition requires strong connection between them, and from certain direction, this can be said a fellowship sharing mutual interests. Though a farmer has good ability in growing grapes, they don't necessarily have the knowledge about making better wine. So the knowledge of grape growing doesn't be reflected in wine quality. At the present moment, vintage manager who is the employer of winery cannot break into the growth of grapes and hesitate to give directions. The appreciation of this composition differs by the relation of farmer and winery, more or less there are burdening problems in today's style. Second, wineries buy grape as they need through JA(Japan Agricultural Cooperatives). This composition has demerit in difficulty in convey wineries intention to farmers. Also, they don't buy all products just the amount the need, so when it is rich harvest, grape's unit price gets lower, and this make it difficult to control adequate wine price. Third, wineries run their own vintage yield. This is the most effective way to reflect their intension but winery itself needs to have the high skill of growing grapes, and they need to expand their land until fill up their demand of their juice for wine. Then, it's too risky for them to have their own vintage, which required high management skill of grape growth and amount of supply. So, buying from farmers or from JA is the main stream for wineries, despite they have their own vintage yard in part. Each composition has advantages and disadvantages for each and we cannot say which the best way is in one word. However it is clear that it's time to reconsider about their relationship. Without any improvement, this situation goes straight to declination. As one of the wineries Haramo, strong connection of farmers and winery like sharing same fate, might be one of the answer. However Haramo is very small size winery and owner must be able manager. So this composition cannot be the way be most of Japanese wineries.

Then, what shall we do? At the end, convergent point cannot be found if winery one-side worries. How many people can think of wine industry in Koshu as the whole problem of 'community'? Local government's efforts, farmer's effort, and wineries' effort, every single effort won't work enough and cannot be the resistance to the change of the time. These three stakeholders share the same goal, then find the conclusion about how to manage today's situation. The goal -'making attractive origins of wine with whole community'- by three stakeholders supporting each other will be the most beneficial direction that we can take over to the future Koshu wine lovers in the world want to taste it in the place where it's produced. If we go to Koshu, we can see the land grape is growing, the wineries where grape juice changes to wine, and people making these grapes and wines. What act has there been pass through and how are they going to pass over it? We should make one sequence story including all these things and by promoting Koshu wine with the community lies behind it, more people would like to visit Koshu. At that moment, if there are prepared condition to absorb foreign visitor -there are views and people as they imagine, and could drink wine brought out from them, we can enhance the value of the community as well as of wine itself. If visitors spend a lot of money there, local economy will profit not only by wine industry but by sightseeing. If there is a vibrant community, youth will come back gradually. Once this form is constructed, the wheel probably starts to turn. Then how to realize this? This might not be without all concerned parties themselves taking lead. Those who has each lore needs to consider the future of community, not only themselves. When they can make each separate sectors acting individually into a big dynamic motion, the conclusion lead will determine automatically. Between wineries, between farmers, between wineries and farmers, local government and farmers, and local government and wineries, all these have more close connection, the mind that we are in the same community will grow and various synergetic effects could be expected.

Chapter 6 Conclusion

In the context of booming the amount of wine consumption in Asia, we did interview researches and consider about the export of Japanese wine made in small and medium-size wineries

Export wine in lower price is quite difficult in Japan where labor and material are high. This is certainly for small and medium –size wineries, their goal should be set the export target to high quality wine so called ‘ON TRADE’ wine, which load on a circulation of open price. For this, it is necessary to be recognized as Japanese brand quickly by top-down style from city with strong dissemination like Hong Kong or Singapore near future, as well as London where KOJ is now promoting intensively with limited budget. And story making for attract Europe, furthermore world wine lovers, is one important decisive –how nice story they can add to the wine.

Fortunately, we have endemic Koshu grape in Japan, the history of wine go back to Edo era. Koshu wine could not make without climate of Koshu and its nature, environment and people living there. All these allow Koshu wine to be Koshu wine. However, though Japanese wine is now getting boost in exporting, not all has been smooth sailing. Rather the bottom of wine industry is losing; the number of producer of Koshu grape, material grape of Koshu wine, is decreasing and aging is accelerating. It is not too much to say that the coming biggest challenging will be how to preserve Koshu grape. Koshu grape is absolutely necessary for story making needed to sell abroad. How to build the mutual trusted relationship between farmers and wineries, in so doing, how can they seek the solution to survive in the framework of community, beyond their individual interests.