

Alcimed

Press Release

Sake at the conquest of the world, between export and production outside Japan

Lyon, November 28th, 2018 - Alcimed, a consulting company specializing in innovation and new businesses, provides an update on the global sake market and outlines new trends in today's importing countries.

Japanese sake, or "Seishu" in the local language, is an alcoholic beverage made by the fermentation of rice. The Japanese use the term "Nihonshu" to refer to sake produced in Japan.

Sake has an alcohol content of 14 to 17° and is therefore different from other rice alcohols served in Chinese and Vietnamese restaurants, often wrongly called sake.

The production of Japanese sake, a well-kept know-how

The production of Japanese sake is the result of a complex know-how which, in addition to a rigorous manufacturing process, requires a real selection of raw materials.

The rice used for sake is characterized by the size of its grains, the presence of a white and opaque core called « shinpaku » and its low protein.

As a matter of fact, nothing is left to chance, especially when it comes to the choice of rice variety and water quality. Rice accounts for 20% of the final composition of sake and is carefully selected from about fifty sake varieties. Only ten varieties are used in the premium sake production: the choice of variety will impact the quality and flavours of sake. If the choice of rice is important, that of water is crucial since

it represents 80% of the final sake's composition. Water generally comes from wells or deep natural sources and must meet a number of requirements in terms of physico-chemical properties. As a result, in Japan, the establishment of sake breweries is often linked to the water quality of a given region. If the notion of terroir is not commonly associated with sake, a "terroir of water" could be mentioned, as its quality has such an impact on that of sake.

Once the raw materials have been selected, the sake producer must then go through a manufacturing process with multiple and often complex steps. Among these steps, the polishing of the rice and therefore the residual rice rate obtained, called "Semai-buai", is essential in the production of premium sake. Indeed, the lower the residual rate, the more the rice grain will be purified and the more the sake will be considered as high quality. The addition or not of alcohol at the end of the process and the quantity added are also decisive in the production of premium sake. Sake to which alcohol was not added, or "Junmai", is often considered slightly superior in terms of quality.

While the different steps of the sake production process and the raw materials are well known, the key elements necessary for the production of high quality sake are often kept secret by the Japanese master producers: the "Tojis". Learning these trade secrets and mastering the process requires several years of training with Japanese tojis.

"Toji" is the name given to the producers of Japanese sake. 90% of the sake production houses in Japan have a master toji who manages and organizes the production. The great experts and spokespersons of sake are specifically referred to as "Samurai sake".

An international enthusiasm for premium sake

In 2016, the sake production in Japan represented about 606,000 kilolitres, with only 3% of this production being exported. However, sake exports abroad have been growing since the early 2000s. Indeed, between 2000 and 2016, exports more than doubled in terms of volume and increased almost fivefold in terms of value. The biggest growth took place between 2015 and 2016 with an increase in the export market of 10% in value. This trend is due to the enthusiasm of some Asian and Western countries for premium sake.

Sake is now exported to more than 60 countries, 5 of which represent 70% of the export volume. These countries are the United States, which represents $\frac{1}{4}$ of total exports, China, Taiwan, South Korea and Hong Kong. European countries do not appear in this top five because Japanese sake consumption and imports are still in their infancy. Nevertheless, the growth of these markets is now exponential with exports to Europe increasing by 44% in value between 2012 and 2014. This trend applies in particular to France, which registered the strongest growth in Europe over the same period with a 66% increase in imports.

In 2016, the Japanese sake export market reached a value of **\$137 million** for a volume of **18,180 kiloliters**.

Local production initiatives that are still not well recognized

In view of the growing success of this alcohol abroad, several sake breweries have established themselves in importing countries, particularly in the United States, Western Europe and Asia. While these initiatives are quite isolated today, the trend seems to be following the same path as that of imports.

Sake breweries outside Japan have set up by following one of three models:

- **The installation of Japanese houses:** taking advantage of the interest in sake in some foreign countries, they sought out to develop local branches. This has been the case for example in the United States. In the early 1980s, four major sake producers set up a local division in order to meet the growing local demand.
- **The diversification of artisanal producers of alcoholic beverages** deciding to complete and expand their offer by producing sake. This trend was particularly apparent in Europe during the 2000s among beer producers.
- **The creation of artisanal sake breweries** by enthusiasts of Japan and sake: This model was developed at the end of the 2000s with some initiatives in the United States. In France, a few projects for artisanal sake breweries have been launched in recent years.

The establishment of sake breweries outside Japan is not an easy task and raises real questions about equipment, expertise and raw materials. Indeed, while many countries have water sources that meet the characteristics necessary for sake production, the rice, expertise and specific equipment required are still often imported from Japan. And if some breweries have already started producing 100% local sake by producing their rice on site, several years of experimentation will still be necessary to succeed in equaling the quality of Japanese premium sake.

ABOUT ALCIMED - www.alcimed.com

Created in 1993, ALCIMED is a consulting company specialised in innovation and the development of new markets, specialized in life sciences (health, biotech, agri-food), chemistry, materials and energy as well as in aeronautics, space, defence and public policies. It works with major industrial groups, ETIs and SMEs, investment funds and institutional players. Thanks to its 180 high-level employees,

ALCIMED supports its clients in the exploration and development of their unknown lands: new technologies, market innovations, high-growth countries and prospective analysis. The company, which has its headquarters in Paris, is present in Lyon and Toulouse, as well as in Germany, Belgium, Switzerland, the United States and Singapore.

Alcimed is a member of CroissancePlus and the ACI (Association des Conseils en Innovation).

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