

# THE JAPANESE CRAFT BEER MARKET

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Legislation and cultural differences make the terms for the Japanese craft beer market somewhat different from ours and, yet, there are some similarities reminiscent of the early Scandinavian craft markets.

My knowledge of the Japanese beer market may not be very deep, but, as compensation, it is very fresh! In late August this year, I judged the 'International Beer Competition', organized by the Japan Craft Beer Association in Tokyo. In connection with the competition, the organizers had arranged a conference for the local brewers with the international judges acting both as presenters and participants in a panel discussion. This obviously gave me the opportunity not only to hear the latest about the Japanese craft beer market and scene, but it also gave me the opportunity to meet and talk to – with the language barrier limitation, unfortunately – quite a few of the Japanese craft brewers.

The number of craft breweries in Japan is currently at about 240, servicing a population of over 127 million people. Japan has experienced a remarkable development in the market share for craft beers reflecting, as in so many other countries, the political 'framework' for the brewing industry. In 1994, the total beer consumption – 99 per cent locally-brewed standard lager type beers – was at 70 million HL, corresponding to a per capita consumption of 55 L per year. In 1994, the beer market was 'deregulated' allowing both the introduction of the 'beer like' drinks called 'Happoushu' (brewed with less than 25 per cent malt) and the lowest-priced 'The Third Beer' category (a non-malt, carbonated drink with beer-like flavour and alcohol strength of 5-6% ABV) both being taxed significantly lower than 'real' beer. Also, the deregulation allowed the establishment of smaller craft breweries. Initially, this caused a big boom in the number of craft breweries and the sales of craft beers, giving these a market share within the first year of about one per cent. But the market was not really ready for the intensity of the taste and flavour of these new beers, and the extreme popularity of Happoushu and 'third category', given

the significantly lower price of these to the consumer, resulted in these categories capturing about half of the original beer market in a very short time. This made the sales of craft beers drop almost as quickly again as it had increased at first. So, from a very low level in the late '90s, the Japanese craft brewers have since then steadily been growing as they have swung the more adventurous beer consumers over to the character of craft beer. Thus, from 2003 and until 2009, craft beer grew from 0.5 per cent of the total beer market (0.25 per cent if we include Happoushu and 'Third Category') to the double, namely 1.0/0.5 per cent of the market. In relative terms, this is maybe not so impressive, but in absolute terms very much so.

This achievement, as the success of the 'low price alternatives' would indicate, has to be seen in light of the very high price sensitivity of the Japanese beer market. Beer is very expensive in Japan – without knowing the details of the taxation structure and other factors influencing the price of beer in Japan, I can only relate to the prices experienced at the beer bars I visited in Tokyo only a few weeks ago. Here, a pint of local craft beer costs 1,000-1,200 yen, corresponding to 12-14 US/CAN dollars.

Another cultural difference reflecting on the beer market in Japan is the popularity of internet websites or mail-ordering systems in Japan. Approximately 41 per cent of all craft beer production is sold online. Craft beer bars/pubs account for the consumption of around 27 per cent of production with restaurants belonging to the microbreweries accounting for 18 per cent of the market.

Home-brewing is still illegal in Japan, consequently severely restricting the free exchange of brewing inspiration and know-

how and, thus, the 'feed' of experienced and knowledgeable brewers into the commercial segment. And there is no professional brewing education available within Japan, nor a single brewing text book in the Japanese language!! So, in theory, it should be practically impossible for Japan to foster its own talented craft brewers. Thus, the actual effort of the Japanese craft brewers in achieving their extremely high level of competence, in spite of these obstacles, is even more impressive.

In terms of beer styles available and brewing philosophies of the craft breweries, it was very interesting and thought provoking to note that this seems to very closely resemble the Scandinavian craft markets in their earlier days. A big inspiration from the traditional European beer cultures – IPAs, other ales, porters, stouts, pilsners, schwarz biers, kölschs, alts, wheat beers, etc. are very common, and a significant influence from the US craft scene with quite a few hoppy ales and other styles being present is also seen. But under the surface, a more locally inspired development is starting. More indigenous and experimenting beer styles are popping up – sake yeast fermented beers, beers using special varieties of Japanese rice in the brewing, use of the Sorachi Ace Japanese hop variety, etc.

Also, like the Scandinavian craft beers, the more hoppy Japanese craft beers are clearly more subtle and balanced than their US 'templates', whereas the 'traditional' European beer styles are brewed not just extremely loyally towards style guidelines, but also amazingly skilfully – very often resulting in beers that are on par with or even better than the original 'benchmark' beers. That this is not just my personal opinion is clearly proved by the success of Japanese craft beers in the big, international beer competitions like the 'World Beer Cup'. 🍷

