

Ithaca 2018 Abstract Submission

Title

Examining the Asian wine preference and its tie to cultural differences between Japan and China and how it will effect in region production and export?

I want to submit an abstract for:

Conference Presentation

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Affiliation

Les Climats Imports

Keywords

Japan, China, Burgundy, Bordeaux

Research Question

Examining the Asian wine preference and its tie to cultural differences between Japan and China and how it will effect in region production and export markets in the future?

Methods

I will analyze the cultural differences between China and Japan and how that affects their preference for Bordeaux and Burgundy wine. Second, I will analyze how both Chinese and Japanese

Results

Through initial research I feel that China has a larger affect on Bordeaux than Japan does on Burgundy.

Abstract

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AAWE 2018 Abstract

Examining the Asian wine preference and its tie to cultural differences between Japan and China and how it will effect in region production and export markets in the future?

Intro and Proposed Research

In my presentation I would like to look at the deep tie between China and Bordeaux and Japan and Burgundy, and why these relatively new cultures to wine drinking have such strong ties to one specific wine region. First, I would like to examine the cultural differences between the two countries and how that would affect their wine drinking preferences. The second area of research will be in the actual affect it is having within the wine region themselves such as Chinese and Japanese vineyard and chateau acquisitions and French exports to Asia. Lastly, I will examine the fluxuation in the dollar, Yen, Euro and Yuan over the last five years to see if the fluxuation in the currency could change the export markets away from the west towards Asia in the future for both Bordeaux and Burgundy.

Research Methods

I will analyze the cultural differences between China and Japan and how that affects their preference for Bordeaux and Burgundy wine. Second, I will analyze how both Chinese and Japanese vineyard and chateau acquisitions are

affecting any changes in production in Bordeaux and Burgundy. Finally, I will analyze the currency markets in conjunction with export statistics to forecast if there will be any shifts in exports of Burgundy and Bordeaux wines.

Japan and Burgundy

Currently Japan is third behind the United States and United Kingdom for Burgundy exports. Japan equates to 10% of burgundy exports. For the size of Japan and the relative newness to the wine world this is very unique. Wine was first introduced to Japan in the 17th Century through the Portuguese missionaries who brought it as gifts for feudal lords though it did not gain wide spread popularity until the Meiji Restoration in the late 19th century due to popularity of western culture, the first large scale import of French wine came in the post World War II era.

You can see the integration of Burgundy in both pop and ancient culture. The most striking is across from the Sake offerings at the Meiji Shrine in Tokyo. The Sake offering has a significant meaning in Japanese culture "In Japan, sake has always been a way of bringing our gods and people together," Tetsuo Hasuo of the Japan Sake Brewers Association explained. The Meiji shrine gets donations from all 1,800 sake breweries in Japan one of only two shrines to receive this amount of donations. Directly across from the Sake offering are barrels of Burgundy wine in offering to Emperor Meiji who promoted western culture and loved wine. Every December about 180 bottles of wine from 60 Burgundy producers are gifted to the shrine to include esteemed burgundy producers Domain Romanee Conti.

Burgundy plays a large role in pop culture as well; an example of this is the anime cartoon call "Drops of God" where the lead characters are hunting for the 12 apostles, which are 12 very exclusive wines. Some of these wines include exclusive Burgundy producers such as Roumier, Michel Colin and more. This shows the importance in burgundy infiltrating even in pop culture such as anime. This could also mean younger adult wine drinkers in the future expanding Burgundy popularity.

China and Bordeaux

Unlike with Japan, wine is relatively new to China in 1982 only \$10,000 worth of Bordeaux was sold. In the 1980's the Topsy trading company started importing Bordeaux starting with the 1982 Petrus and 1982 Lafite after Robert Parker (then relatively new to the wine world) rated these wines with high scores and the Chinese public started paying attention. These wines instantly became a status symbol and giving it as a gift meant giving the best wines in the world. In China name recognition and status is very important even down to your business cards. With these wines name being known across the world the Chinese gravitated towards Bordeaux. Also with the 1855 Bordeaux classification instantly all wines were ranked by growth so within China you always knew where the wine stood in stature. This popularity in China was noticed by the bordelaise and they started traveling to China to promote their wines. The 1982 vintage also coincided with an emerging wealthy class who wanted to buy the best things in the world. The Montrose Import company started buying up futures of Bordeaux and feeding the ever growing interest in Bordeaux. Finally in 2008 Henry Tang a famous Chinese wine collector was able to drop all taxes on import wine cementing China as a Bordeaux power.

In Region Affects

Vineyard Acquisition

One effect that is taking place with these new markets in Asia is vineyard acquisition and I would like to look into how this is effecting winemaking and changing both Bordeaux and Burgundy for future generations. In the last five years Chinese investors have bought three of the five highest price Bordeaux vineyards. One of the largest owners is Jack Ma the owner of Alibaba who owns three Bordeaux vineyards. The main focus of these Chinese vineyard owners for now is to cut out the French middleman for their business (Hotel and Restaurants).

While the Chinese are buying Bordeaux vineyards for business ventures and status symbol from limited research it seems Japan while small has a ever growing presence in Burgundy, but it is different. It seems that the Japanese are trying to become intellectuals and learn all they can about Burgundy instead of looking at wine as an acquisition for solely economic and status gain. An example of this is Domaine Simon Bize which is currently being run by Chisa Bize the Japanese widow of Patrick Bize. The Japanese are immersing themselves moving to Burgundy and learning the culture to make wine. These acquisitions are slower than the Chinese in Bordeaux but a

drastically different approach.

In my research I would like to look at these two different strategies and their ties to Chinese and Japanese heritages and how they are effecting the region and production of wine.

Export Focus

As stated above in the most recent export statistics Japan is third behind the United States and United Kingdom for Burgundy exports. Currently Japan equates to 10% of burgundy exports. As of 2016 Bordeaux exports to China increased by 24% for a total of two hundred and seventy eight million Euros, which makes them second in the world for total value exports of Bordeaux at 16%. Within my research I would like to look at if these exports are growing or shrinking and if Bordeaux and Burgundy are changing their export strategies to be more focused on these countries and what that means for the future of these regions.

Currency Tie to Burgundy and Bordeaux Exports in Asia (Japan and China Focused)

In my final area of research I will look at comparison between the Dollar, Yuan and Yen to see how it has affected exports of Bordeaux and Burgundy to the United States vs Japan and United States vs China. Currently the Yuan is trading around 6.50 Yuan to a dollar which is not as strong as it was in 2013 when the Bordeaux boom was just starting in China. I will see if this has slowed exports and forecast if China will become the leader in Bordeaux exports. Currently the Yen is trading at 1.00 Yen to .89 dollars though over the five-year analysis the Yen is weakening. Similar to the Yuan to dollar conversation I would like to look at this currency comparison to see if it will shift Burgundy exports and move Japan ahead of the United Kingdom and United States to be the leader in Burgundy exports.

Conclusion and Results

As stated above I would like to take a deep dive into both Chinese and Japanese cultures and answer the question why they are so attached to these wine regions. Then I would like to see how these connections are changing the region and finally take an economical approach and see how international currency will predict the future of Burgundy and Bordeaux exports to the region. At this time my initial research has a preliminary result that we will see a more dramatic shift in production and exports of Bordeaux to China than Burgundy to Japan. My initial assumption is that this is due to in part the difference in culture, where the Chinese want status symbols through acquisition and to change Bordeaux to align with Chinese culture the Japanese want to learn and be more complementary to Burgundy traditions.

I want to thank you for your consideration and I enjoyed presenting at the 2017 AAWE Conference in Padua and will look forward to presenting in 2018.

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Cultural Connection

Japan and Burgundy

Currently Japan is third behind the United States and United Kingdom for Burgundy exports. Japan equates to 10% of burgundy exports.¹ For the size of Japan and the relative newness to the wine world this is very unique. Wine was first introduced to Japan in the 17th Century through the Portuguese missionaries who brought it as gifts for feudal lords though it did not gain wide spread popularity until the Meiji Restoration in the late 19th century due to popularity of western culture, the first large scale import of French wine came in the post World War II era.²

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¹ http://www.bourgogne-wines.com/press/gallery_files/site/289/1910/41824.pdf

² <https://www.eu-japan.eu/sites/default/files/publications/docs/japanwinemarketreport-2014.pdf>

³ <https://www.japantimes.co.jp/news/2007/10/16/reference/sake-barrels-at-shrines/#.WkZ2CMuWypo>

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⁴ <http://www.greenshinto.com/wp/2015/06/14/meiji-shrine-wine/>

⁵ <https://www.thedrinksbusiness.com/2016/06/12-wines-that-featured-in-the-drops-of-god/>

⁶ <https://www.thewinecellarinsider.com/wine-topics/china-bordeaux-wine-complete-story-current-situation-today/>

⁷ <http://www.telegraph.co.uk/business/2017/06/11/chinese-investors-snapping-bordeaux-vineyards/>

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⁸ <https://www.saveur.com/japanese-food-burgundy-france#page-2>

⁹ http://www.bourgogne-wines.com/press/gallery_files/site/289/1910/41824.pdf

¹⁰ <https://www.thedrinksbusiness.com/2016/11/bordeaux-exports-to-china-at-highest-level/>

¹¹ https://ycharts.com/indicators/chinese_yuan_exchange_rate

¹² https://ycharts.com/indicators/japanese_yen_exchange_rate

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