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# Sake Soars

*Bolstered by overall consumer interest in premium products, sake sales are growing year over year*

**BY SALLY KRAL**

**A**s U.S. consumers have steadily become more selective in their food and beverage choices, premium products have grown exponentially. Sake has been somewhat slow to catch on to this trend, but the past few years have proven that the tide has shifted significantly in the Japanese wine's favor. Domestic and imported sake consumption in the U.S. market reached an all-time high in 2016, according to Impact Databank, growing 3 percent in 2016 to 2.3 million nine-liter cases.

"Sake is growing incredibly," says Bruce Hunter, managing director at Shaw-Ross International Importers. The company became the exclusive U.S. importer for No.-2 brand Gekkeikan in January 2016. "It's becoming more mainstream, whereas before it was relegated to just Japanese restaurants," Hunter notes. "The discerning drinker is turning to sake like they do wine." Gekkeikan was down 5 percent in 2016 to 463,000 cases, according to Impact Databank, but still commands an impressive 20 percent of the overall category. Hunter expects case sales to increase 10 to 12 percent in 2017.

Consumers have indeed becoming increasingly educated about sake, notes Ed Lehrman, cofounder and owner of the Sausalito, California-based wine and sake importer Vine Connections. "For a long time, so many people thought sake was just one thing: a hot beverage that didn't have much expression," he says. "That perception is thankfully changing as more premium sakes enter the market, but it has definitely taken a while to educate people that premium sake should be served more like a white Burgundy rather than hot or dropped into a beer."

Monica Samuels, national sake sales manager for Vine Connections, adds that consumer tastes have matured in every area of food and beverage and that sake is benefiting from this

shift. "Thirty to 40 years ago, if you asked the average American consumer their wine preference, they'd probably tell you white or red," she says. "Now people know about different varietals and terroirs and can give you a far more detailed and specific response to that question. This change is slowly happening for sake as well."

Vine Connections' sake portfolio includes more than a dozen brands, ranging from the Tozai Typhoon Futsu (\$14 a 720-ml.) to the Tentaka Silent Stream Junmai Daiginjo (\$120). In June, the company introduced three new



*At Chao Chao in New York City, the Nah Toi (pictured) blends Joto Junmai, Cappelletti aperitif, anaro and Byrrh Grand Quinquina.*



At Austin, Texas-based chain Twin Liquors (store's sake selection pictured), premium sakes like Ty Ku and Joto are getting more shelf space.

brands—Taka, Kawatsuru and Yamada Shoten—to the market. Lehrman says Vine Connections' sake shipments grew 17 percent in 2016, with only one of its brands down for the year due to significant price increases. And this growth has continued in 2017: Lehrman says shipments increased another 22 percent in the first quarter.

But Lehrman adds that they're still in the early days of marketing sake to U.S. consumers. "The main issue is education. People are interested and curious, but the challenge is getting them to incorporate sake into their daily lives."

### Boots On The Ground

Sake is still a small enough category that marketing efforts are almost entirely focused on tastings and education. "Things like promotional discounting aren't even in the mix yet," Lehrman says. "Right now, it's just about continuing to prove that the quality is there."

To achieve this goal, Vine Connections has eight regional sake sales managers covering all 50 states who are tasked with

educating retailers and restaurateurs about the potential of the sake category. "When we started 15 years ago, there were no specialty premium sake sections in most wine and spirits stores. That segment developed very quickly as retailers started specializing in all categories—going from carrying maybe 10 brands of Tequila to now 50 or even 100 brands. We introduced the same concept for our sake," Lehrman says.

At Orlando, Florida-based retailer ABC Fine Wine & Spirits, wine consultant Dave Malone notes that although sake sales account for less than 1 percent of total store sales, the category is trending in a positive direction. "Since I've been with ABC, I've seen the selection grow from just a few brands to over 20, with many additions falling in the premium segment. Most of our growth is in the premium 300-ml. to 375-ml. bottle sizes priced between \$10 and \$12."

Malone adds that for many consumers, education about sake is still necessary. "While some consumers certainly know exactly what brand they want, we still get a lot of inquiries as to whether sake should be served warm or cold, as well as the differences



*The Saketini (pictured) at Tao Uptown in New York City mixes Ty Ku Cucumber, Ketel One vodka and Cointreau orange liqueur.*

between filtered and unfiltered. For many, sake is still a bit of a mystery, and our staff is more than happy to assist.”

Lehrman says that retailers like Malone are vital. “When you have trade partners who are more educated in sake and care more about the fine details, they’re excited to show the consumer the diversity that exists in the category,” he notes.

At Austin, Texas-based chain Twin Liquors, consumers looking for premium sakes are willing to spend more for it, according to wine manager Colin Groom, who says the sweet spot is \$32.99. “The vast majority of people come to buy specific brands they’ve tried in bars and restaurants, with an understanding that there are different quality levels, as well as styles meant to be consumed in a specific way,” Groom adds.

In addition to retailers, more and more importers and marketers are seeing the potential in sake. In December, Kobrand Corp. entered the sake category with its acquisition of the Joto sake portfolio, which includes a dozen different brands.

“We saw in Joto a turnkey solution to dive into the category,” says Bob DeRoose, Kobrand president and CEO. “We’ve monitored the growth of Japanese cuisine and restaurants. The sake category is strong and continues to develop. It was the right time for us to build a sake portfolio.”

Joto’s lineup ranges from \$19.99 a 720-ml. bottle to \$199.99, and Kobrand general manager Henry Sidel notes that sales grew by 20 percent in both 2014 and 2015. “Now that Joto is part of Kobrand, the distribution opportunities are significantly higher for us, and we’re forecasting notable growth over the

next two years,” Sidel says. At Twin Liquors, Joto’s Yuki No Boshu Junmai Ginjo (\$19.99 a 300 ml.) is among the store’s best-selling premium sake labels. “Suppliers like Kobrand are introducing the broader market to high-quality sake,” Groom says.

Shaw-Ross’ Hunter notes that spreading the gospel of sake through sales teams is key. “We are diligently pursuing a greater footprint in national accounts to increase our distribution and consumer exposure in the market,” he says. “We have more than 30 salespeople who are all certified level one in sake by the Wine & Spirits Education Trust to achieve this goal. People are afraid of something they don’t know. The more we engage people, the more they are willing to try sake.”

## Accessibility Is Key

As sake’s presence grows in wine and spirits shops nationwide, producers are focusing on offering a range of innovations to appeal to the growing number of sake consumers.

“Our best performing sakes are the ones that have a full family of offerings at a variety of price points,” ABC’s Malone says. “Gekkeikan has always done very well for us, from its classic tier (\$10 a 1.5-liter) to its premium Horan (\$44 a 750-ml.),” he says.

He also notes that Ty Ku sake (ranging from \$11.99 for 330-ml. flavored expressions to \$20.99 for a 720-ml. of its Junmai Ginjo) does particularly well thanks to its modern packaging and flavors. “Ty Ku’s Coconut Nigori and Cucumber sakes have both been really well received at our tasting events.”

According to Joen Choe, vice president of marketing for Ty Ku’s parent company Davos Brands, the sake label’s two flavor infusions represent 50 percent of the brand’s total

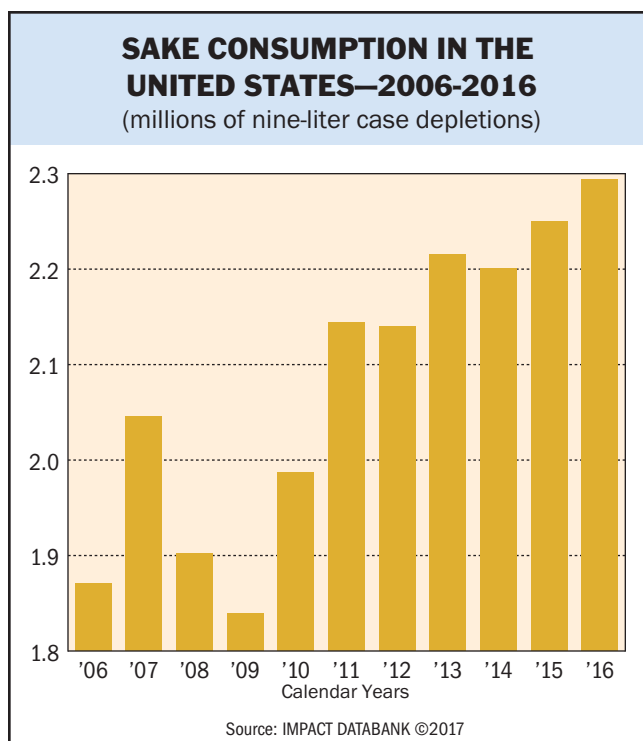
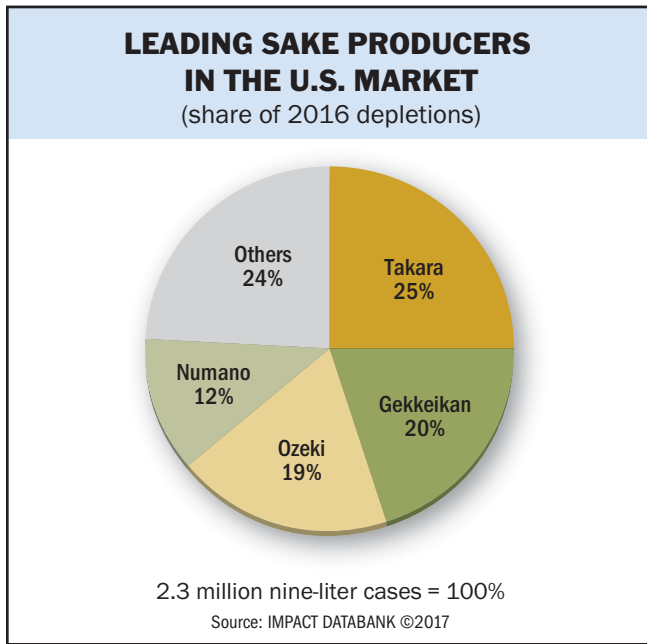


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on-premise sales, and the company is on the lookout for new infusions to introduce. In the meantime, Ty Ku unveiled new packaging in May across the brand, including slimmer bottles with contemporary lettering and images of stacked stones.

Shaw-Ross's Hunter notes that packaging for sake in particular is extremely important. "We're really focusing on making sure the packaging on the premium end of our sake is consumer-friendly and readable so people feel comfortable with it," he explains. "Many of the traditional sake bottles are all in Japanese and I think it confuses some consumers, so we try to make sure people can understand what's on the label—it has to be accessible."

Innovations like flavored sake, sparkling sake and canned sake have been on the rise among producers hoping to appeal to a wider range of consumers. "We're trying to make sake as functional for consumers as possible with our new single-serve offering," Shaw-Ross's Hunter says, referring to Gekkeikan's partnership with celebrity chef Masaharu Morimoto for the Easy Cup sake brand, which at press time was slated to be introduced at all Morimoto restaurants and in retailers nationwide in late summer for \$3.99 a 210-ml. cup container. Gekkeikan was also set at press time to release a mango-flavored extension of its Zipang sparkling sake (\$6.99 a 250-ml.) to markets nationally this summer. Vine Connections, meanwhile, released its premium Bushido Way of the Warrior sake in 180-ml. cans (\$6 each) in March.

"We've seen growing interest in specialty styles like flavored nigori and sparkling sake and we will continue to explore our creativity in that area because these products are great for introducing people to sake who may not have considered it before," says Sam Geniella, sales manager for category leader Takara Sake USA. The company saw shipments grow 7.5 percent in 2016 to 570,000 cases, according to Impact Databank, and its top-performing Sho Chiku Bai

label ranges from Classic Junmai (\$6.99 a 750-ml.) to Antique Junmai Daiginjo (\$50 a 720-ml.).

## Food Focus


Samuels of Vine Connections notes that food pairing is the next marketing frontier for sake. "In upscale grocers that feature sushi counters like Whole Foods, Wegmans and Gelson's, there's a great opportunity to cross-merchandise sake next to food categories," she says. "When you market sake as an ideal pairing with certain foods, it offers a more accessible way to approach drinking sake."

Choe of Davos Brands notes that merchandising can be a challenge in U.S. stores and taking sake out of the crowded wine aisle and placing it adjacent to sushi counters is a great way to combat this. Takara takes the same approach of promoting sake's natural pairing with sushi in stores as a way to compete with larger spirits and wine categories. "There's been a noticeable uptick in interest in sake on the shelves of supermarkets and grocery stores," Geniella says. "Sho Chiku Bai has seen great growth in these more mainstream markets."

Though sake is still synonymous with sushi, many other styles of Asian cuisine, from ramen to barbecue, have grown tremendously in popularity in recent years and present an opportunity to expand sake consumption. "One of our primary focuses is on authentic Asian restaurants that are destination points for sake and great food. These venues continue to grow and attract a largely younger, adventurous consumer base," Joto's Sidel says.

In May, Joto hosted an exclusive tasting and pairing dinner at Chao Chao, a Vietnamese restaurant in New York City. For \$65 each, guests received a 4-course dinner with each course paired with a different sake from Joto's portfolio. Chao Chao also offers several sake cocktails on its menu, taking classic recipes made popular again thanks to the rise of mixology and giving them a sake-focused twist: The Nah Toi (\$12) is a take on the Negroni, featuring Joto Junmai sake, Cappelletti aperitif, Cardamaro amaro and Byrrh Grand Quinquina aperitif, while the Big in Japan (\$12) is a riff on the French 75, comprising Joto Junmai, Wycliff sparkling rosé and lemon juice.

"Mixology continues to drive creativity and more bartenders use sake in cocktails now than ever before," Choe of Davos says. At Tao Uptown in New York City, the Saketini (\$18) blends Ty Ku Cucumber, Ketel One vodka and Cointreau orange liqueur. "Everyone is drinking sake, from the bachelorette party in Las Vegas to the couple out at dinner," says Tim Keller, director of beverage for the Tao Group.

Samuels of Vine Connections sees sake reaching even more consumer demographics in the future. "Our distribution has broadened to ultra-fine dining restaurants in California like Single Thread Farm in Sonoma and Saison in San Francisco," she says. "We hope to see sake become as ubiquitous as wine." 

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