

h e gHaute école de gestion
Genève

International promotion of Japanese new no-age- statement Whiskies: Exploring Swiss consumers' perception

**Bachelor Project submitted for the degree of
Bachelor of Science HES in International Business Management**

by

Davide SILVA FELICIANO

Bachelor Project Advisor:
Philippe Regnier, Professor

Geneva, 1st of June 2019
Haute école de gestion de Genève (HEG-GE)
International Business Management

Declaration

This Bachelor Project is submitted as part of the final examination requirements of the Haute école de gestion de Genève, for the Bachelor of Science HES-SO in International Business Management.

The student accepts the terms of the confidentiality agreement if one has been signed. The use of any conclusions or recommendations made in the Bachelor Project, with no prejudice to their value, engages neither the responsibility of the author, nor the adviser to the Bachelor Project, nor the jury members nor the HEG.

“I attest that I have personally authored this work without using any sources other than those cited in the bibliography. Furthermore, I have sent the final version of this document for analysis by the plagiarism detection software stipulated by the school and by my adviser”.

Geneva, Chêne-Bougeries, 1st of June

SILVA FELICIANO Davide

Acknowledgements

If you have acknowledgements to formulate, for the company or any other person who helped you in your project...

Executive Summary

Japanese Whisky has seen a tremendous jump in popularity in the recent years. Collecting numerous rewards in the first years of the new century, made the spirit coming from the country of the rising sun extremely sought after. So much so that the distilleries in Japan could not keep up with the fast-growing demand coming from outside of the land. Being between a rock and a hard place, they had to make a decision quickly, so they decided to get to the root of the problem, aged Whiskies. Indeed, until now, Japan was known for its excellent aged spirits. However, companies decided to do the unthinkable, since they were not able to produce enough aged bottles they decided to discontinue some and launch the new no-age-statement Whiskies, NAS for short. The objective of this thesis is to demonstrate that “age is just a number” and that good quality Whisky can be found in these new NAS bottles and, that they actually can surpass the competition coming from the aged ones. We will focus on the Swiss market since we have access more easily to primary data coming from both the demand and the supply side.

The discontinuation of the popular aged Whiskies, such as the Hibiki brand, was and still is considered a bold move, especially in a market where “age equals quality”, it was seen crucial to have aged bottles coming from these distilleries, but the results of this paper show the opposite. We can see that the imports of Japanese Whiskies have been increasing tremendously compared to the competition. Furthermore, NAS bottles did better than the aged ones in the different tests we made. According to the surveys conducted with suppliers and distributors of Whisky in Switzerland and the International Trade Centre tools. The demand for Japanese spirit keeps rising even after the decision of stopping the productions of its flagship’s bottles.

The future of the Japanese spirit in Switzerland is bright. Thanks to the very unique or luxurious bottle design, people tend to forget the age and simply choose the most appealing bottle of the lot. Therefore, NAS bottles were able to obtain such good results in the tests and, of course, thanks the quality of the spirit itself. People were not able to tell the difference between the aged bottles and the no-age-statement ones.

Contents

International promotion of Japanese new no-age-statement Whiskies: Exploring Swiss consumers' perception	1
Declaration.....	i
Acknowledgements.....	ii
Executive Summary	iii
Contents.....	iv
List of Tables	v
List of Figures	v
1. Introduction	1
2. A short economic history of Japanese Whisky.....	6
3. Conceptual Chapter: ITC Findings	16
3.1 ITC Trade Map.....	17
3.2 ITC Potential Map.....	19
3.3 ITC Market Access Map.....	22
4. Empirical Chapter	25
4.1 Consumer Survey Results	25
4.2 Results from the 1 st Blind Test	29
4.3 Results from the 2 nd Test.....	33
4.4 Supplier Survey results.....	36
5. Conclusion.....	39
6. Research limits	43
Bibliography	45
Appendix 1: Whisky Blind Testing Questions 1st Session	47
Appendix 2: Whisky Blind Testing Questions 2nd Session	51
Appendix 3: Online consumer survey	54
Appendix 4: Online Supplier/distributor survey.....	56

List of Tables

Table 1 Spirits imported in 2018 in Switzerland (in hectoliters).....	4
Table 2: Dai Nippon Kaju, Sales 1934-1945.....	9
Table 3: Whisky Taxation, Grading system 1943.....	11

List of Figures

Figure 1 Whisky index price evolution	6
Figure 2 Whisky index price evolution in 2018.....	7
Figure 3 Japanese Whisky Market Share Per Grade 1964/1972/1979	12
Figure 4 List of importing markets for Japanese Whiskies.....	19
Figure 5 Export Potential for Japanese Whiskies in Switzerland.....	20
Figure 6 Japanese Whiskies export potential worldwide.....	21
Figure 7 United Kingdom's Whiskies export potential to Switzerland	22
Figure 8 Tariffs imposed on Japanese Whiskies by Switzerland.....	23
Figure 9 Alcohol consumption in Switzerland based on linguistic region.....	43

1. Introduction

“Age is just a number” nothing can describe better some of the famous no-age-statement (NAS) Whisky that Japan has started to produce. In a market where, until recently, age was synonym of quality, the country of the rising sun showed us that it is possible to produce excellent Whisky without having the traditional age associated. For many, one of the criteria in their buying decision is the age of the spirit. Often linked to the price and the quality of the beverage, age has been seen as a required element on any decent bottle.

So, what is exactly a NAS Whisky? And what makes it so special? Just like the name states, the bottle does not have any age statement giving the distiller more flexibility in what they want to pour inside. When a bottle states that the spirit has an age of 12, every drop of alcohol inside the flacon must be at least 12 years old. However, depending on the type of Whisky, even with the NAS, the distilleries still must follow certain rules for the specific kind of liquor, for example, to be allowed to have the “scotch” label, the Whisky needs to mature for at least 3 years in a cask before bottling it. Japanese companies having to face a shortage, especially these recent years due to their sudden success, decided to launch the NAS series of their most famous and successful brands, most notoriously Hibiki Harmony from the very popular series of the Hibiki 12 and Hibiki 17.

Since 2001, Japanese Whiskies have collected many different awards thus increasing its prestige and price. People started to collect the bottles waiting for the prices to rise before selling them in the secondary market hence making tremendous profits. This story might seem like the perfect situation for the distilleries in Japan, having the opportunity to sell its bottles at high prices to their fans, but it is quite the opposite. The idiom, “being victim of its own success” is the perfect way to describe the situation in Japan. In its homeland, Whisky is mostly consumed in cocktails, very different from the demand rising from abroad, where it is seen as prestigious beverage and usually consumed pure or with a drop of water. The spirit sold in its domestic market is mainly Kakubin style and other “low end NAS” Whiskies. Coming from years of decline, since 1983, the distilleries were not ready for this sudden increase in demand, letting them without any stock to fulfil the thirst of its consumers. Indeed, Japanese did not consume as much Whisky as they did during the 80s, after this decade, the consumption decreased yearly making the demand for Whisky rather low compared to its competitor “shochu”, the Japanese rice liqueur. In the past, many strategies were attempted to boost the popularity of the spirit

in the country, but without success. The only ones that worked somehow, were the “mizuwari” (one-part Whisky for two parts of water) and the highball campaigns. As master Blender Shinji Fukuyo states in his interview with Felipe Schrieberg for the Forbes magazine:

“In Japan, we drink Whisky with mixers. It’s our custom. It’s why typically Japanese Whisky was drunk as ‘Mizuwari’, which means that you add water in a highball style. During the tough days, we tried a campaign pushing a drink called ‘Twice Up’, which means that you should try equal parts Whisky and water with a big piece of ice, but it didn’t work for the market!

Then, when we introduced the highball campaign, it came at the right time for a younger generation. They had started avoiding beer because it’s too bitter. That younger generation had a desire for a simpler, sweeter taste. Though the highball is not so sweet, it does get sweetness from the Whisky itself and is very simple and easy to drink. Our marketing strategy was to present a mug similar to beer, but the price of a highball mug was a bit cheaper than beer. Taste-wise, this perhaps factored into things within the context of a difficult economic situation. In any case, our highball campaign did very well.

So our Whisky is designed for dilution, whether with water or soda. Japanese being was the introduction of NAS bottles aimed to be drunk in cocktails or in “highballs” (Japanese Whisky: Interview With Suntory's Master Blender, 2019)

Japanese being big drinkers of this kind of beverage the sales of Whisky started to increase again. However, this implied that many companies were using their production for the said NAS bottles while the aged ones being put at a secondary priority due to its lack of success. Another issue faced by some smaller producers was the lack of revenue, having less flexibility in their production, many distilleries were closed due to the low sales and money entering in the companies. Indeed, they were not able to start the production of the NAS bottles because they were targeting what was considered, at that time, a niche market. Therefore, before it was too late, the bigger distilleries in Japan decided to erase the problem at its source: the aged Whiskies.

Every distillery in Japan started to produce NAS bottles instead of their traditional aged ones. Their thought was that by having more flexibility they would be able to respond to the demand and still benefit from this boost in popularity that their Whiskies were having. Nonetheless, we are allowed to question this decision, especially knowing that the international customers were looking for these “prestigious, luxurious and collectable” bottles, something that NAS Whiskies were and still are not perceived as. Will this shift

in strategy affect negatively their sales? Will it stop this sudden jump in popularity? Or will it in the contrary increase their sales and actually strengthen their presence in the Whisky market beside Scotland and the US?

Here the problem is to understand how these series will impact how people perceive the Whisky. Especially, due to the fact that all of the awarded Japanese spirits were aged, such as Hibiki 12 and Yamazaki 12. Will this strategy tarnish the premium image of the said spirits?

This thesis will be focused on the Swiss market side of the issue hence the question we will try to answer is how will the Swiss consumer perception of Japanese Whisky change with the launch of the new non-age-statement Whiskies instead of the more traditional and world-famous aged ones?

As we can see on the table from the “Statistiques de la Régie Fédérale des alcools” below, the alcoholic beverage that is the most imported per year by Switzerland is the Whisky. In 2018, the country imported a total of 1'500 liters of pure alcohol coming from Whisky while the second place belonged to Vodka with a little less than 1'500 liters of pure alcohol coming from the spirit. We can see that the peak of Whisky sales during the year occurs during the third quarter, this can be explained by the Christmas festivities and the number of gifts bought during this period. Having this information, we can easily see why it is crucial to understand the consumption behaviour of the Swiss citizens, even more if we are a player in the Whisky market. As we will see later, the biggest exporter of Whisky to Switzerland is the United Kingdom, but what is the actual state of the relationship and the market. Is Japan able to compete with such a huge player?

Table 1 Spirits imported in 2018 in Switzerland (in hectoliters)

Numéro du tarif	Produit	1er trimestre	2e trimestre	3e trimestre	4e trimestre	Total
2208	Alcool éthylique non dénaturé d'un titre alcoométrique volumique de moins de 80 % vol; eaux-de-vie, liqueurs et autres boissons spiritueuses:					
2208.20	- eaux-de-vie de vin ou marc de raisin:					
2208.2011/21	-- eaux-de-vie de vin	673	1'166	756	1'043	3'638
2208.2019/29	-- autres	860	563	681	865	2'969
2208.3010/20	- whiskies	3'270	3'410	3'625	5'478	15'782
2208.4010/20	- rhum et autres eaux-de-vie provenant de la distillation, après fermentation, de produits de cannes à sucre	1'506	1'630	1'610	1'278	6'023
2208.50	- gin et genevièvre:					
2208.5011/21	-- gin	1'525	1'655	1'977	2'337	7'495
2208.5019/29	-- autre	15	4	1	2	22
2208.6010/20	- vodka	3'634	3'554	3'929	4'129	15'246
2208.7000	- liqueurs	1'981	1'944	2'173	2'210	8'308
2208.90	- autres:					
2208.9010	-- alcool éthylique non dénaturé d'un titre alcoométrique volumique de moins de 80 % vol	11	3	1	3	19
2208.9021/22	-- eau-de-vie	1'524	1'821	1'627	2'203	7'176
2208.909	-- autres:					
2208.9091	--- jus de raisins, concentré, additionné d'alcool	-	0	0	-	0
2208.9099	--- autres	2'295	3'232	2'570	2'978	11'075
2204	Vins de raisins frais, y compris les vins enrichis en alcool; moûts de raisins autres que ceux du n° 2009	639	690	418	739	2'486
2205	Vermouths et autres vins de raisins frais préparés à l'aide de plantes ou de substances aromatiques	680	853	472	807	2'812
Autres numéros du tarif pour des produits contenant de l'alcool:	1302, 1704, 1806, 1901, 1905, 2007, 2008, 2101, 2103, 2104, 2105, 2106, 2206, 2207, 2936, 3003, 3302, 3304	403	296	361	362	1'422
Total		19'014	20'820	20'203	24'435	84'472

Source : Statistiques de la Régie Fédérale des alcools

Our first assumption is that human beings trust their senses whenever they do not have any bias. Therefore, they will tend to choose their favourite ones regardless of age or price, but this might change if they know them. The main hypothesis for this thesis will be that before tasting, people will tend to choose Whiskies based on their bottle design being more appealing while after trying it, their choice might change. However, before reaching the blind tasting point we have to better understand how does the market work. As previously mentioned, the focus of this thesis will be on Switzerland. Consequently, we will have to understand how does the market work for the country. Where does Switzerland get most of its Whisky and what are the trends of the market these recent years especially after the boom in reputation of Japanese Whisky. To understand these different aspects, we will use ITC tools to have a better view about these topics.

Once we completed this conceptual approach we will tackle the empirical one which will consist mainly of 2 different interviews with consumers and also a survey aimed at the different suppliers for Switzerland. By targeting not only the demand side, we will have access to data regarding the trend and the changes that the distributors noticed recently due to the increase in fame of the Japanese “eau de vie”. Regarding the surveys conducted with the consumers. We will conduct 2 types of questionnaires, quantitative and qualitative. Each one of them has a clear objective, the first one will be to understand how people consume the liquid gold in Switzerland and the latter will allow us to test the hypothesis we previously mentioned. Indeed, understanding the consumption habits of

the interviewees will help us understand how companies can respond to their very specific demand and needs. Furthermore, depending on their consumption, they will be more or less knowledgeable about the topic and also the Whisky consumed will differ if someone usually drinks it pure or simply in cocktails.

The first survey will help us gather data about the consumption of Whisky in Switzerland and collect also different contacts of people interested in participating in the blind tests.

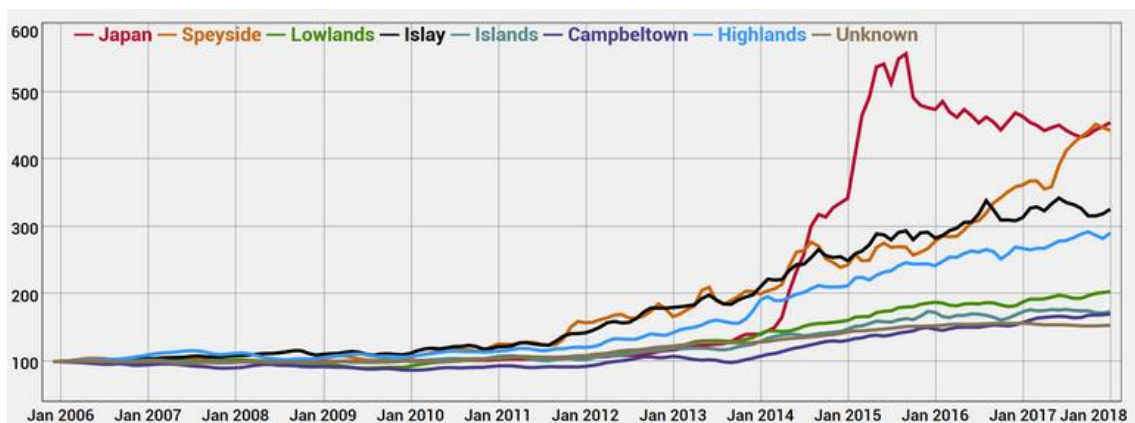
The blind test will help us have clear answers without any biases. We want to prove that people will be less influenced by age and price if they do not have any information about the Whisky they are drinking. In conclusion, by conducting 2 tests, one where no information is given and the second one where price and age will be communicated, we will be able to see if any change occurred and analyse the said shifts depending on the consumer habit and comments.

2. A short economic history of Japanese Whisky

Until recently, whenever people started to talk about Whisky the first country mentioned was Scotland. Scotch Whisky and bourbon were the “go-to” options whenever we need a last-minute important gift for Christmas or a birthday. However, since the early 2000s the scene started to shift and changed drastically. In a market that was dominated by Scotland and the United States for many years, saw a new dark horse rise. As early as 2001, when the first Japanese Whiskies started to get internationally recognized by winning the “Whisky Magazine Best of the Best” and “International Wine & Spirit Competition Gold medal”, the reputation of liquid gold coming from the land of the rising sun did not cease to increase yearly reaching its peak in 2014 where the price per bottle was, in some cases, six times its original prices. In order to have a better view of how successful Japanese Whiskies are nowadays, the website Whiskystats.net publishes an annual report stating the yearly activity and the changes happening in the secondary market, secondary because most of the bottles sold via this market are not available otherwise and are not present in the retail shops. As mentioned earlier, it was common practice to see people buying bottles of Japanese Whiskies they thought would reach high prices, just like playing with the stock market. Nonetheless, amongst the top 5 distilleries worldwide, 3 of them are Japanese: Karuizawa 1st, Hanyu 3rd and Yamazaki 5th.

As the proverb says, “a picture is worth a thousand words”, here under you can find a figure showing the boom of the Japanese Whiskies.

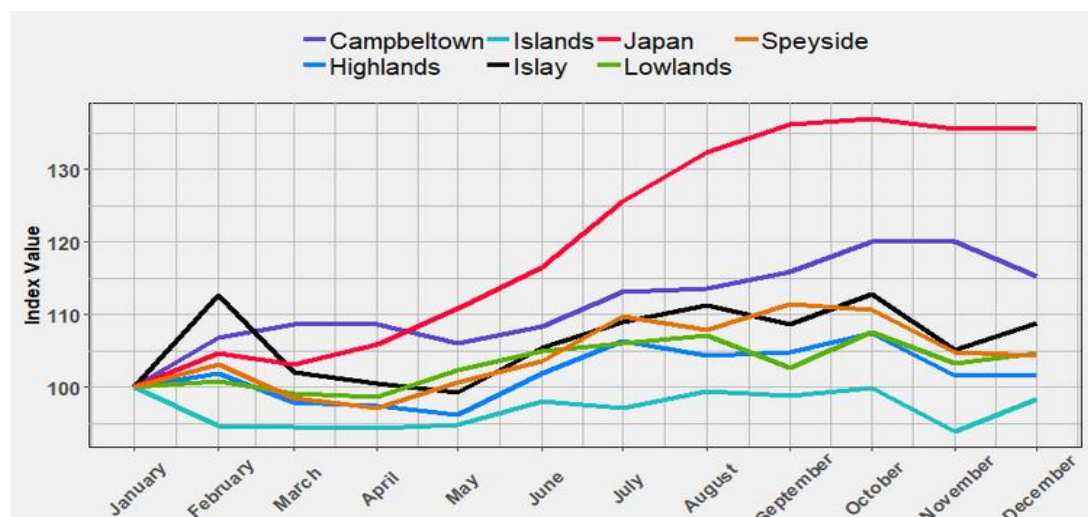
Figure 1 Whisky index price evolution



Source: Whiskystats Annual report 2017

As the graphic shows clearly, the boom of Japanese occurred in the beginning of 2014. On the left side of the figure we can see the index value of the 100 most traded Japanese Whiskies and the overall result is that the spirit coming from the country of the rising sun has a higher value compared to its competitors. According to the Whiskystats website “The index includes 1507 prices of the 100 most traded Japanese Whiskies. By November 2015, it closes at about 525 points. That means, the value of these bottles quintupled over the last decade. Actually, it did that in the last three years! But there’s more. Over the course of the first six months of the year 2015 the index climbed from 355 to 570 points. This equals a 60% increase in value over a half-year period.”. As we can see, the difference was shrinking at the end of 2017 and at the beginning of 2018. However, as the graph below shows, the difference between Japan and its competitors is still real and huge.

Figure 2 Whisky index price evolution in 2018



Source: Whiskystats Annual report 2018

This success is not only present on the secondary market, according to the book “Whisky Rising” many new distilleries were opening their doors in Japan while the said book was getting published in late 2016. According to this source, “It’s a period of unbridled optimism and initiative” (Stefan VAN EYCKEN, Whisky Rising 2017). However, success comes always with a price, until recently Japanese Whisky was never really appreciated, unless at its peak during the 70-80s. Therefore, when its success started Japanese producers were not able to supply enough bottles for the huge demand that came during these glory days. Whisky making takes time, producing certain kind of spirit can take several years since they must keep the alcohol in a cask for the time period.

Unfortunately, due to the lack of supply many distilleries were closed as they were not able to cope with the costs and the slow production of their bottles, the most notorious case is the Karuizawa distillery which closed its door in the early 2010 and their building was demolished in 2016. The last casks of the distillery were bought by “Number one Drinks”, a company created by Whisky amateurs that exports very rare Japanese Whiskies. The bottles from the said casks were sold for about 118’500 USD (Whisky Rising, p.253). With such astonishing prices and fame, one can imagine that the story of Japanese Whisky has always been one of success and happiness, but it is not true. Nowadays the Japanese domestic Whisky market is rather different from the picture we have so far in this report. Japanese still see this beverage as an old man’s drink and are not willing to pay the high price for certain quality Whisky. As previously mentioned, the most famous Whisky or way to consume Whisky in Japan is the famous “highball”, a mix of Whisky, usually poor quality one, and soda. *Suntory*, worried with the poor popularity of the alcoholic beverage in their domestic country, decided, in April 2014, to launch a marketing campaign aimed at *izakaya*, a kind of Japanese bar where people can drink and eat some small dishes, but the success of highball was so big that people started to mix it their own cocktails at home. Knowing this *Suntory* launched the can version of their famous beverage.

But where, when and how did the history of Japanese Whisky start?

Just like many other innovations throughout history, Japanese Whisky started with an accident. Shinjiro Torii, one of the fathers of Japanese Whisky and founder of the Suntory company, accidentally forgot alcohol in a wine in a cask for several years, once he found out about the liquor, he was surprised and delighted with the result, he directly saw the business opportunity and bottled it to sell it under the name of “Torys Whisky” in 1919. This new beverage met a tremendous success, which made Shinjiro feel that the “Whisky era” was close by. Therefore, his main objective was to create an authentic Whisky that would please the Japanese taste. At that time people were skeptical, nobody had never been able to reproduce an authentic scotch outside of Scotland. However, it did not discourage our hero, who started to look for a Scottish who could help him in his quest, but he found a young Japanese who had studied Whisky making in Scotland a few years before. Destiny made these 2 men meet, Shinjiro Torii and Masataka Taketsuru, the 2 founding fathers of Japanese Whisky as we know today.

Before the 1920s’ Japanese Whisky was still at its “*ersatz*” form, a substitute product but of inferior quality, they used the similar process used in shochu making and simply added sugar when needed, which means that “Whisky” was made with rice. Masataka was

heartbroken with the actual situation of the beverage in his home land and did not want to return to the “old faking tricks of making Whisky” (Whisky Rising, p.31). Hopefully for him, in 1923 serious preparations were undertaken to open the very first malt distillery in Japan. *Kotobukiya*, Shinjiro's company, was looking for a suitable place in Japan to open it, they decided to build it close to the company's headquarters in Yamazaki, a small village in the Kansai region. The first attempts were not successful and Shinjiro could not understand how it was not as good as a Scotch. In order to keep its Whisky business alive, the company was creating other products such as soy sauce, curry powder. For the next years, several releases were made, Suntory Whisky Shirofuda, Suntory Akafuda and Tokkaku. However, sales were still low and not convincing until 1937 and the launch of Kakubin which met an immediate success in Ginza, a bar district located in Tokyo. Yet, with such effort, the relationship between Shinkiro and Masataka got worse and in 1934 the latter launched a new company, “Dai Nippon Kaju”. Its main goal at first was to make apple juice as to not appear to compete directly with his former employer. Now Japan has 2 companies interested in Whisky: *Kotobukiya* (latter known as *Suntory*) and *Dai Nippon Kaju* (latter known as *Nikka*).

With the start of World War II, people could think that the business would get worse during this period, but the opposite happened. The Japanese military forces became huge consumers of Whisky from their homeland. As Suntory, the Whisky company, puts it: “Liquor is inherent in war. In fact, many young men got their first taste of Suntory Whisky when in uniform. The production volume of Akadame Port Wine and Suntory Whisky continued to rise to new heights each year.” (Whisky Rising, p. 37). The following table shows the impact of war on the consumption of alcoholic beverages coming from the Dai Nippon Kaju:

Table 2: Dai Nippon Kaju, Sales 1934-1945

Year	Sales in thousands of yen
1934	0
1935	55
1936	66
1937	139

1938	193
1939	300
1940	1136
1941	1250
1942	2489
1943	3422
1944	5830
1945	9024

Source: Whisky Rising (2017, p. 37-38)

As the graph shows, the war times brought prosperity to alcohol business in Japan. It is easy to imagine that the imports of foreign bottles were low and almost non-existent during that time. The reason behind such growth also lies with the fact that only the army was the consumer. Bottles of Whisky could not be found in shops and only the army had the potential to buy it. Moreover, this period was also very beneficial for the companies because they had access to very scarce important raw materials thanks to the help of the army and the navy.

With the end of the war, the customers changed but they were still related to the military, the American soldiers who were stationed in Japan. It implied that new business opportunity was available to the 2 companies running at that time.

With the end of World War II, the new tax system was at the origin of the “3rd grade” Whisky boom. At the end of the conflict, people did not have money to buy Whisky since they were more preoccupied with hunger and survival. Therefore, the distilleries played with the taxing system to make their Whisky as affordable as possible. The following table shows how Whiskies were taxed depending on two criteria, the amount of alcohol by volume (abv) and the amount of “authentic Whisky” mixed in (mix ratio). A Whisky became labelled as authentic as soon as it has been over three years in a cask. In Japan, the tax is levied in two different steps of the creation of the beverage. *Zoukokuzei* is levied at the time of production and *Kuradashizei* is levied when the alcohol leaves the

warehouse (Whisky Rising, p.42). These different taxes were per “*koku*”, 1 *koku* is equal to around 180 liters.

Table 3: Whisky Taxation, Grading system 1943

	3rd Grade	2nd Grade	1st Grade
abv	37-39%	40-42%	43%
Mix ratio	0- [5]	5- [30]	30+
zoukokuzei	50	470	50
kuradashizei	350	470	570

Source: Whisky Rising (2017, p. 42)

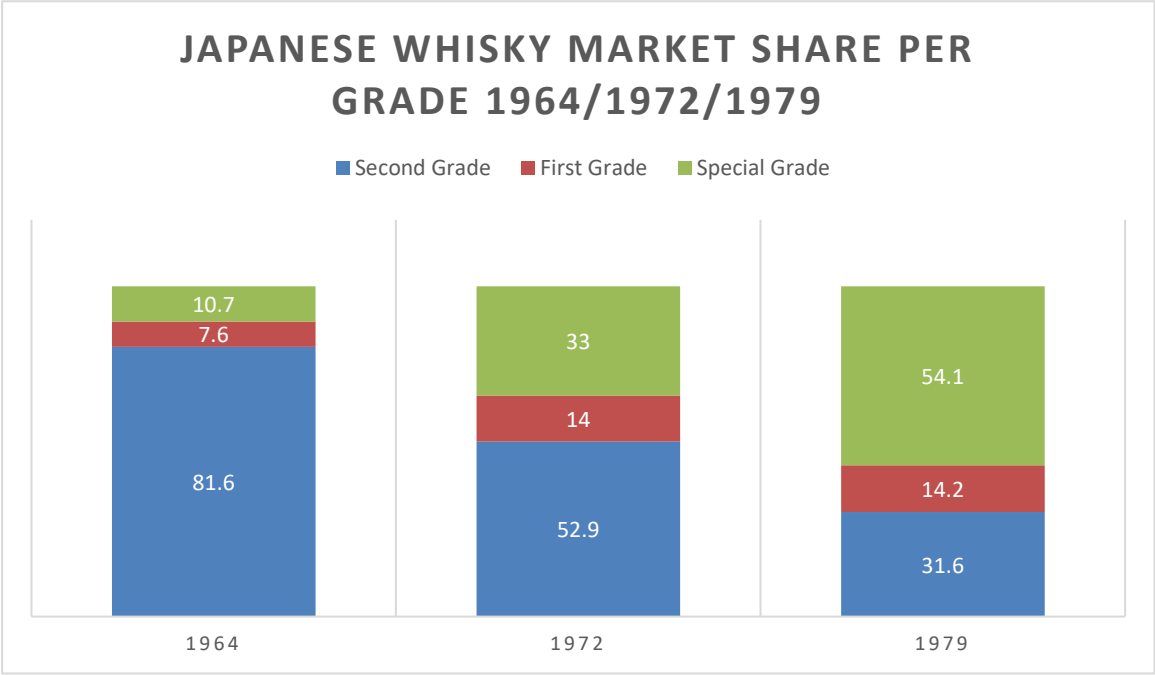
By using this grading system, Whisky in Japan at that time was not considered authentic since the amount of actual Whisky inside a bottle was less than 5% and sometimes 0. The following years were prospered for the spirit market and also for Japan especially after 1951 when Japan signed the Peace Treaty. Until 1958, Whisky was the most consumed liquor in Japan. Jump forward to 1953, time that the taxing regulations of Whisky changed, throughout history the same taxing matters changed several times. The definition of authentic Whisky was reviewed and no longer required the liquid to be three years old minimum. By doing so, distilleries were in total control over their fermenting time, but the quality must have suffered a hit during this period and left a bad image internationally. During these years the most consumed eau de vie was 2nd grade one, former known as 3rd grade Whisky, it represented 80% of all Whisky consumed (Whisky Rising, p.47).

However, hopefully for the amateur of good Whiskies a new rule came into place in 1968 that obliged distilleries to put some elements of malt in the components which improved the quality consumed in Japan.

Moreover, there was a shift in the consumption pattern of Whisky. In 1971, Japan announced the adoption of comprehensive external economic measures which involved liberalization of imports, lowering tariffs, efforts in removing non-tariff barriers and promotion of capital liberalization. By doing so, Japanese distilleries were aware that there will be more foreign Whisky, namely Scottish, coming into their national market and to face it, they started to produce a better one. According to “Whisky rising”, a bottle of

Johnnie Walker Red saw its price reduced by 30% in 1972 thanks to the new trade agreements. As the figure shows, between 1964 and 1979 the consumption shifted from a low-quality Whisky to a high quality one due to not only the arrival of foreign Whisky to the market but also due to the amazing economic recovery of Japan after the war.

Figure 3 Japanese Whisky Market Share Per Grade 1964/1972/1979



Source: Whisky Rising (2017, p. 57-59)

However, the golden period for Japanese Whisky started to disappear in the mids 1980s, the consumption of the liquid gold began to slow down. This decrease was due to a *shochu* boom, known in the west as “sake”, the famous Japanese alcohol beverage. Just like in Europe and in the US a white liquor revolution started and the shochu makers in Japan used this opportunity as a way to relaunch the fame of the drink that had been in decline for the past several years and was seen as a low-tier beverage. In addition to the success of the simple sake, companies started to sell their beverage in canned with a mix called “Chu-Hi”, sake mixed with flavoured carbonated water, that met instant success amongst the younger population thanks to the investment made in ads with John Travolta, the super icon at the time.

Another element that contributed to the rise of shochu was the lower tax that the government was levying on this specific spirit. Unfortunately for the Whisky market, this tremendous success led, for the first time in many decades, to a decline in consumption. This trend continued and is still visible nowadays.

The next chapter in Japanese Whisky history was dedicated to attracting young customers, who were at that time, as seen above, completely pro-Chu-Hi and sake. Whisky was perceived as an old man's drink and Japanese distilleries knew that they had to change their strategy to reel this young segment to their cause. This strategy was called "economization" according to Stefan Van Eycken, writer of *Whisky Rising*, the aim of this plan was to create a cheap Whisky that was perceived as "slick, hip and modern", "completely the opposite of what Whisky was during that period". (*Whisky Rising*, p.66)

As seen previously, the tax system in Japan regarding liquor is rather complicated and expensive, especially for Whisky makers, hopefully for them in the early 1980s an unexpected help will come from outside. The Liquor tax system was not on the good side of the European Commission (EC) that at every meeting with Japan, tried to tackle the issue but with no results, at first. The aim of this tax was to bring a vertical fairness to the alcohol market in Japan, Whisky being a product that is not consumed every day, was perceived as a high-quality product thus having higher taxes. However, the same taxes were also applied to imported goods and during these years, countries tried to reduce, as much as possible, their non-tariffs barriers, but this particular situation was seen as one due to the fact that in Scotland, main Whisky producer in Europe, there was no grades and the criteria for a bottle to be called a Whisky were way stricter than in Japan. Therefore, all bottles imported from Scotland were already in a high-quality end and were taxed accordingly. Moreover, shochu was taxed a lower percentage compared to Whisky. All these factors did not please the European Commission that blamed Japan for imposing non-tariff barriers to its products. The EC even brought the case to the GATT (General Agreement on Tariffs and Trade) by doing so, Europe was able to reach a reformed tax system that was implemented in Japan in 1988. With this new regulation, grades were completely abolished, and the tax was reduced for Whisky but increased for sake but even with this decrease in tax the difference was still way too big. It was only in 1996, this time with the WTO, successor of the GATT, according to them this high difference violated the rule of the WTO that states that there should not be a difference between substitutable products, sake being considered a substitute to Whisky.

With the end of the century so does come the end of a chapter in Japanese Whisky history and the beginning of a new one. For the past decade, Japanese Whisky market saw its consumption decrease year by year and without solution ahead, they started to lose hope. However, destiny had other plans. The year 2001 marked the start of the incredible rise in popularity of Japanese spirit internationally. As stated previously, on the website whiskystats.net, 3 of the top 5 distilleries are Japanese. The value of the Whisky coming from Japan is very high just like the price of the liquid shows us in the

secondary market. However, the demand from the domestic market is very different compared to the international one. As said previously, Japanese were and still are amateur of pre-mixed drinks and Suntory saw this as an opportunity. They launched their own pre-mixed can called *Highball*. The receipt is quite simple, soda and Whisky mix, easy but tremendously effective. In Japan low quality Whisky is the main source of revenue for Whisky producers but internationally speaking is their high-end Whisky that is selling beautifully well. Despite their success, they became the victim of it. As said previously, producing Whisky used for the mix does not need to mature in casks but premium beverage does. At that time, beginning of 2010, high end Whiskies had all age stated on their bottles but unfortunately, the supply could not keep up with the demand from domestic and even less from abroad. These different factors lead to a new “era” in the Japanese Whisky market, the “no age statement” (NAS for short). Suntory started the shift with an introduction of the NAS expression with Yamazaki and Hakushu (Whisky Rising, p.87). One year later, the aged version of these bottles was discontinued. It is easy to understand the strategy behind this move, by launching a NAS version of a bottle the company can discontinue the aged ones, generally the 10 years old bottle, and answer to the demand always higher for their Whisky. It was not the only solution found for the problem, Nikka for example, decided to tackle the neglected single-grain market by launching Nikka Coffey Grain or even worse to stop the production of many different aged Whiskies, this solution being the most radical solution.

This thesis will show how is the situation in the Swiss market more specifically the French speaking part of Switzerland.

- Therefore, we started to gather data from the different ITC tools to have a better view of the general Whisky imports/exports of Switzerland and who are the biggest partners.
- Then, we decided to conduct 2 kind of surveys, first one aimed at the consumers and the second one aimed at the distributors and shops. Regarding the ones aimed at the clients we decided to conduct 2 types of questionnaires, quantitative first, it helped us to gather not only information about the consumption habits of the people living here but also to find people interested in doing the 2nd survey which is a blind Whisky tasting. The questionnaire directed to the suppliers, its objective was to see how impactful the increase in popularity of the liquor was and its new NAS bottles in the market.
- With these 2 surveys, we will have enough sources and data to analyse the current situation and impact of the new NAS bottles in the French speaking part of Switzerland.

- The final objective of this thesis is to show that even with NAS people will still like the Whisky and will consume it anyways, we want to show that people before tasting are influenced by age and price while after trying it the results may vary.

Conceptually, there are many sources in international economics and management dealing with the global market of wines and spirits. Also, more specifically with a focus on Whiskies through market surveys and case studies.

There are also a lot of non-academic sources about the recent “boom” of Japanese Whisky going from a very well thought marketing campaign by appearing in the movie “Lost in Translation” to actually create a new drink in the domestic market called “High Ball”. These different points gave the old spirit a new image in Japan which at first was seen as an “old man” drink while nowadays it is seen as a cool drink which can be consumed anywhere for any kind of occasion. However, this abrupt increase in popularity domestically as well as abroad did not only come with benefits for the Japanese companies. Indeed, the different distilleries have now to face a very serious shortage. Suntory prefers to see it is an “excessive demand” rather than a lack of supply coming from their side, anyway leading to the impossibility for the different distilleries to let their spirit age in the cask in order to acquire their very famous and known aromas, this means that these companies cannot supply the market with the same range of products as they had some years prior. This sudden boost in popularity is the reason behind the increase in price, or even worse the cessation of the production of some products, for example the Hibiki 17 years, Hakushu 12 years. This suppression of products from the shelf is a strategy that some of the distilleries in Japan decided to take in order to maintain their presence in the market. They decided to have a different approach which is to stop showing the age of their Whisky on the bottle and stop aging their spirit in the cask. Knowing this change in the Japanese Whisky industry, we have to understand how the consumers will react and how will it change their perception of the “Made in Japan” labelling in the Whisky market.

Moreover, the lack of any data about Switzerland is the issue that this thesis will address.

As we can see from this chapter, Japanese Whisky has a very interesting history with ups and downs. Now, we can notice that the Japanese Whisky market is recovering and adapting to the different needs and demands arising from not only their domestic market ,with the introduction of the highball, but also with their international aficionados and new amateur of the Japanese water of life. However, one might ask, how well this strategy of NAS will affect their current situation now that they are “surfing” this wave of popularity, will this move stop their advance or will it help them reach new heights?

3. Conceptual Chapter: ITC Findings

The first step in the conceptual analysis will be to look at the different tools used by the International Trade Center (ITC), a joint technical cooperation agency based in Geneva under UNCTAD and the WTO. By using these means we will have a better view and understanding of the actual Swiss alcoholic beverages market and more specifically the spirit and Whisky one. We will also learn what are the different barriers that Japan must face when exporting to Switzerland and the competitors it has to deal with.

Knowing that Switzerland is located in the middle of the European continent we can easily guess that their main commercial partners are located in the same region. As we all know Scotland, the motherland of Whisky, is also in Europe and closer, both physically and culturally, to Switzerland than Japan. For this approach we decided to first look at the general alcohol and spirit market and then focus more specifically in the Whisky market with the correct digit identification. We will also use 3 different tools that will help us gather different information.

The first one will be the ITC Trade Map, it will give us information about the amount traded depending on the country and depending on the product selected. It will also give us an overview of the different trading partners and the amount traded per country. Another key point is the fact that it also indicates us the yearly growth since 2014, this will give us a better idea of the impact of the popularity boost that Japanese Whiskies have had. Who are the biggest trade partners of Switzerland when it comes to Whiskies? How much do they trade?

The second one will be the ITC Potential Map, as the name states, the potential map focuses mainly on the untapped potential of a certain product in a selected country. This will also help us understand how much demand there is for Japanese Whiskies and see if maybe they are outperforming or not. Moreover, it will give us the value of this untapped potential. How are Japanese Whiskies performing in Switzerland compared to the others?

The last tool used is the ITC Market Access Map, as mentioned before being closer culturally and physically to a country will naturally increase the probability of trade between the two. Nonetheless, the other barrier are the different tariffs that country had put in place. Switzerland and Scotland benefiting both from the free trade agreement of the European Union do not have any trouble at all to exchange but how is it with Japan?

For your information, when using the ITC tools, we can focus in the general market of the alcohol or go down to a very specific kind of product depending on the identification number. For this research we used the following digits, **2208** which is for **Undenatured ethyl alcohol of an alcoholic strength of < 80%; spirits, liqueurs and other spirituous beverages (excluding compound alcoholic preparations of a kind used for the manufacture of beverages)** and more precisely the **220830** which stands for **Whiskies**.

For the sake of this thesis, we are going to look at very specific columns:

- **Value imported in 2018** given in thousands of USD
- **Share in Switzerland's imports** given in % calculated with the value imported
- **Quantity imported in 2018** given in tons
- **Unit value**, which is obtain by dividing the value imported by the quantity imported and finally
- **Growth in imported value and quantity between 2014-2018** given in % per year.

3.1 ITC Trade Map

As mentioned previously, the first research was to see how the market of spirits below 80% is. According to the Trade Map, the imports of Switzerland represent 0.6% of the world imports which ranks them at 31st place. Their biggest trading partner is the United Kingdom with a value imported of 50'272, which represents 26% of the Swiss imports for the year 2018 and a quantity of 3'532 tons. They decided to use tons in order to make the graphic as simple as possible and make it easy to compare with other data. Japan is ranked 15th, far behind the UK with only 1'658 for the value imported, which represents 0.9% of the imports for the year 2018. The quantity amounted to 33 tons in 2018. However, the unit value for the Japanese imports is equal to 50'242 while the UK's is only equal to 14'223. This difference means that the product imported from Japan has a higher price even if the imported quantity is lower than the amount imported from the UK, Japan compensates by having a higher price per unit. Furthermore, when we look at the growth of the value and the quantity since 2014, we see that the amount of Japanese imports of spirits and liqueurs increased by 32% per year and its value by 30% per year.

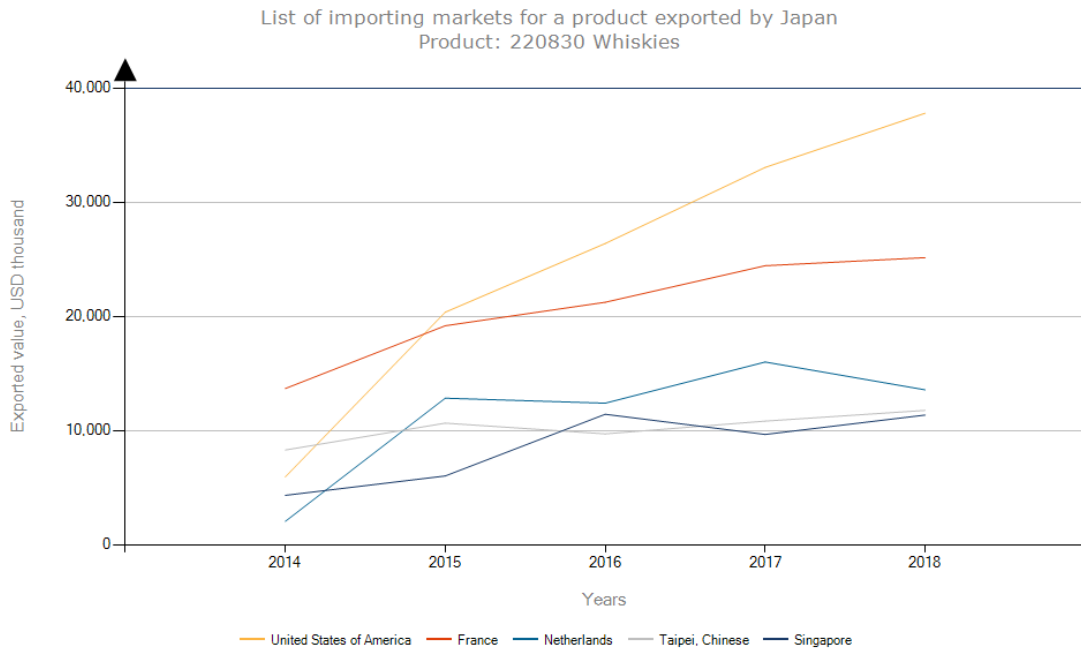
Now that we know how the spirit market looks like in Switzerland. We need to focus in the Whisky market and compare it to the general liqueurs one. By looking at the same columns here are the results:

Switzerland's total import of Whisky represent only 0.4% of world's imports for the product and it is ranked at 43rd position. Without any surprise, around 66% of the Swiss imports of Whisky comes from the UK. This percentage is equal to 34'680 thousand of USD which represents a total quantity of 2'194 tons. UK's value per unit is 15'807 compared to the tremendous 72'588 of Japanese imports. Japan exports a total value of 1'234 which represents 17 tons of Whisky imported. This time, Japan is ranked 5th amongst the exporters, behind UK, US, Ireland and Germany. This ranking is made according to the value imported but Japan has the highest unit value amongst the previously mentioned country. This huge difference in the value per unit is due to many factors. One of them, is the total amount of bottles imported, by increasing this quantity, the unit value tends to decrease because Switzerland does not only import high quality spirits but also less expensive ones. The other factor is the distance, this criterion will directly impact the price of the goods and the willingness of the countries to trade between each other. In this case, the UK is in a more favourable position since it is closer to Switzerland in terms of geographical distance. What we should keep in mind is that even if the total quantity of Japanese Whiskies imported by Switzerland is lower than the ones imported from the United Kingdom, its value per unit is higher and the growth of the past 4 years has been in favour of Japanese bottles. This is, undoubtedly, due to the increase in popularity that the beverage has seen lately. It is especially true if we go even deeper with the 8-digit identification number, the more digit there is the more specific the product is, the one we are looking at is "22083020 Whiskey, in containers holding =< 2 litres" where all countries total imported value decreased between 2014 and 2018 unless Japan that increase from 430 to 1'226.

Now that we have looked at how is the Whisky market in Switzerland it will also be interesting to see where does Japan export to and what is the growth of its exports ever since the spirit got famous. Here are the results we can check by using the same tool:

Japanese Whisky exports, since 2014, has more than doubled. The overall export in 2014 was 55'239 while it reached 135'829 in 2018. As an example, we can see that in 2014 Japan exported to the United States a total value of 5'938 thousand US Dollars compared to 37'801 thousand US Dollars in 2018. Something interesting is that the quantity exported to Switzerland decreased in 2018 compared to 2016 but it's the value increased which means that the price per bottle imported increased. Without surprise we can see how successful Japanese "aqua vitae" has been these recent years. Here under, a graphic to show what is the trend among the top 5 importers of Japanese Whisky.

Figure 4 List of importing markets for Japanese Whiskies

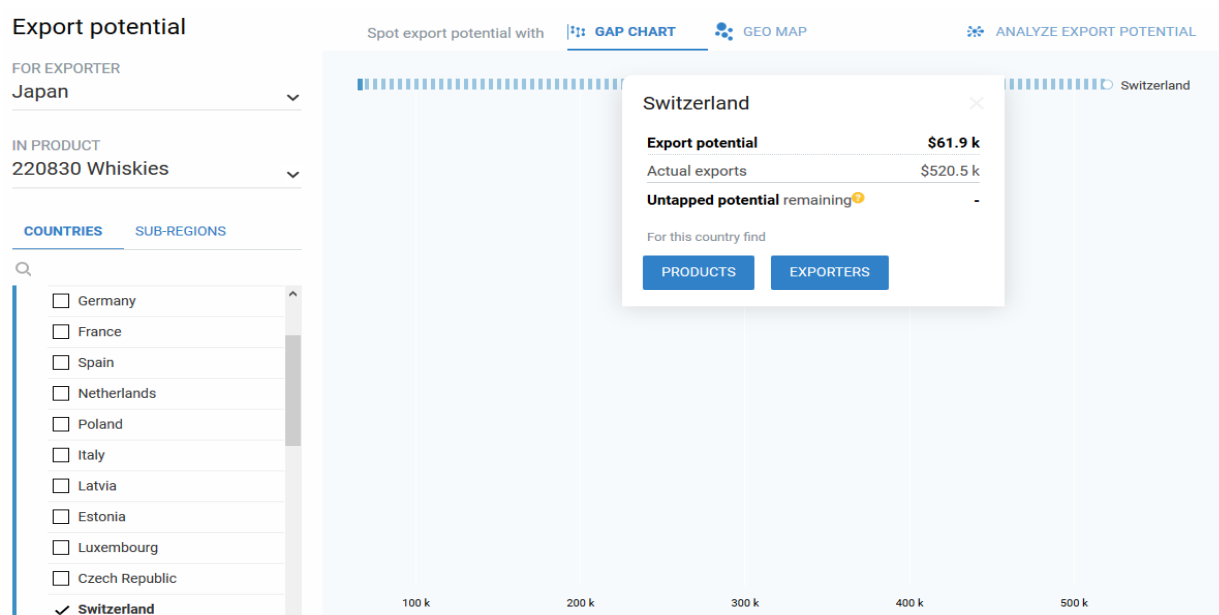


Source: ITC Trade Map

3.2 ITC Potential Map

Now that we have set the numbers of the Japanese Whisky trade, we must see if there is something that the Japanese companies are missing and if the Swiss Market still has some potential unseen by them. For this, we will use the ITC tool Export Potential Map which will show us the amount of potential that was not tackled by Japan.

Figure 5 Export Potential for Japanese Whiskies in Switzerland



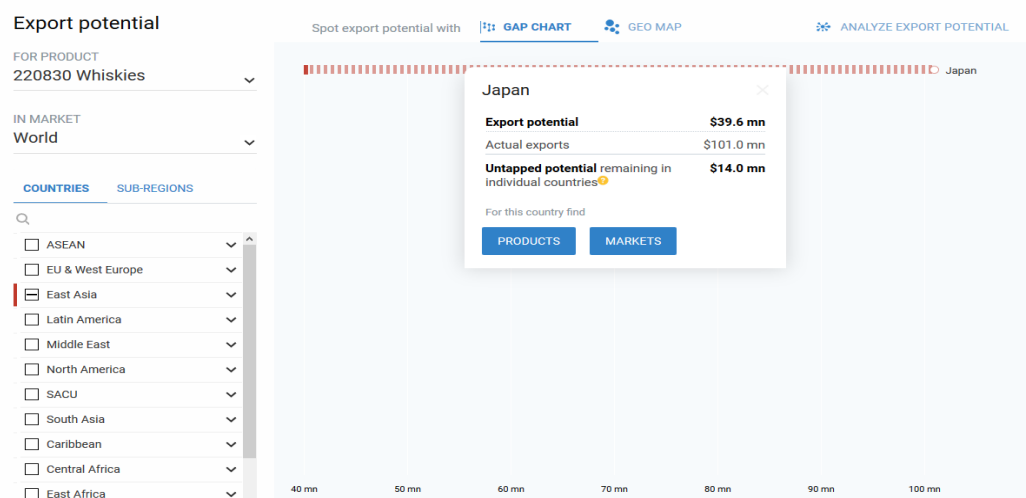
Source: ITC Export Potential Map

According to the tool, we can see that Japan is already above the 61.9 thousand US Dollars Export Potential by having a 520.5 thousand Dollars of Actual Export. This export potential is calculated by using different criteria such as the demand, the supply and the bilateral ease of trade. One aspect that explains this difference between expected and actual value is the fact that in the demand criteria ITC considers the tariff advantage in the target market and the bilateral distance as compared to the average distance over which the target market usually imports the product, since the main exporter of Whisky to Switzerland is the UK which is a country closer to Switzerland in many aspects such as cultural and geographical distance but also the tariffs and trade agreements are way more flexible thus reducing the result and demand criteria for Japanese Whisky. Nonetheless, the fact of being above the untapped potential shown by the tool is a sign of how successful the Japanese Whiskies are in the market. Consumers do not take into consideration the distance or tariffs when they are consuming hence wanting to try the famous Japanese “eau de vie”.

For the sake of comparison, we can see that it is not only in Switzerland where the untapped potential is lower than the actual exports. As explained earlier, the different criteria will reduce the potential depending on the distance and also on the tariff barriers,

knowing that in Europe, the UK benefits from the free trade agreements between the EU countries we can easily understand why Japanese Whiskies have such a low amount of potential. Moreover, if we focus on Japan only and see compared to the total exports how much untapped potential there still is, we can see that Japan is outperforming and a mere 14 million is still missing in individual countries. This is explained by the fact that Japan is outperforming in certain countries while in others there still is an untapped potential. However, the overall result is very positive for the country of the rising sun.

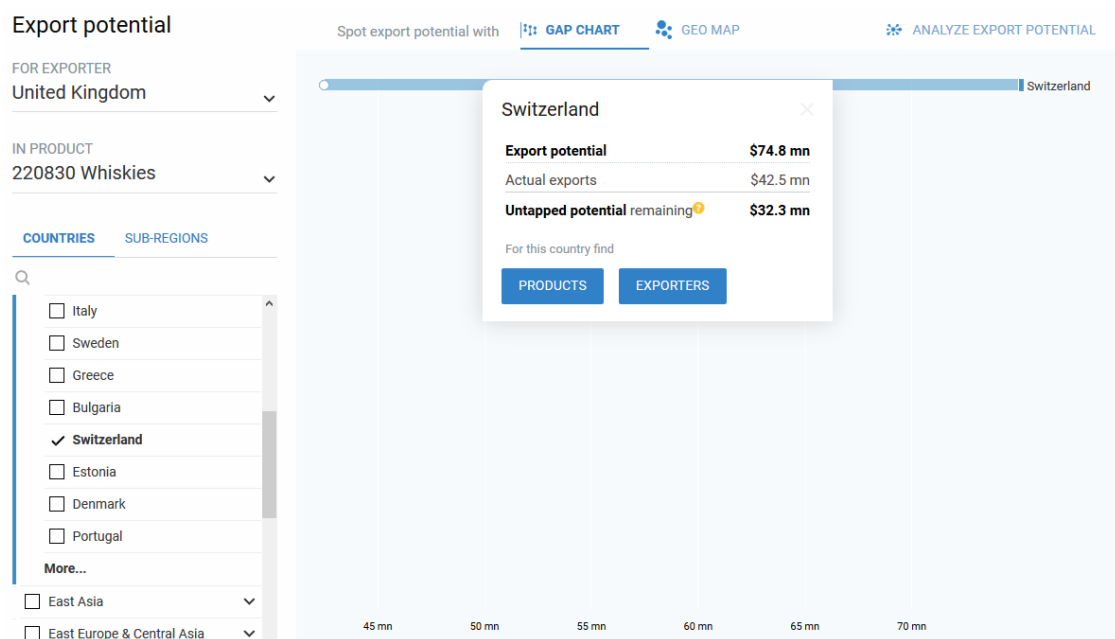
Figure 6 Japanese Whiskies export potential worldwide



Source: ITC Export Potential Map

As a comparison basis, here under you can find the same Export Potential Map figure for the UK's export to Switzerland.

Figure 7 United Kingdom's Whiskies export potential to Switzerland



Source: ITC Export Potential Map

It is interesting to note that compared to Japan, the United Kingdom is underperforming, there is an untapped potential of 32.23 million of USD. As previously stated, this potential is calculated on a different basis and according to them, the UK should be able to export a total value of 74.8 million of USD, but they are only exporting a total value of 42.5 million of USD. This shows how well the Japanese Whiskies are performing on the Swiss Market.

3.3 ITC Market Access Map

The last ITC tool used for this thesis is the ITC Market Access Map. As the name states, this tool will enable us to see what are the tariff and non-tariff barriers that Japanese Whiskies have to face before and after entering in Switzerland. We have to remember that the tariff is specific to a product therefore, just like we did before, we will use the 6-digit identification number 220830 which stands for Whiskies. Nonetheless, for this tool we can also go even further so instead of the 6-digit number we will use the 8 digit one which is 22083020 Whiskey, in containers holding =< 2 litres. As we can see from the figure, there are 2 different tariff regimes for this product:

Figure 8 Tariffs imposed on Japanese Whiskies by Switzerland

Find tariffs
Step 2/2

Tariffs applied by Switzerland

Product: 22083020 - Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages: whiskies: in containers holding not more than 2 litres
Partner: Japan
Data source: ITC (MAclmap)
Year: 2018
Nomenclature: HS Rev.2017
AVE Methodology: AVE based on the World Tariff Profile (WTP)

<< New search << Modify search

Tariff regime	Applied tariff (as reported)	Applied tariff (converted)	Total ad valorem equivalent tariff
MFN duties (Applied)	38 Fr. per 100 kg gross	392.77 \$/Ton	1.49%
Preferential tariff for Japan	0%	0%	0%

Page size: 50 2 items in 1 pages

Source: ITC Market Access Map

MFN stands for Most Favored Nations; this tariff is what countries promise to impose to other members of WTO unless they have preferential agreements. As the figure above shows, Switzerland and Japan, since 2009, have a preferential trade agreement hence making the tariff levied equal to 0. Indeed, if Switzerland and Japan did not have a preferential agreement the tax levied on the product would be on the MFN duties line.

In conclusion, we can see that Japan and Switzerland have a preferential agreement making easier for the country of the rising sun to explore and export to the Swiss market. Until now, it has even outclassed the untapped potential the ITC had for them. This boost in popularity has been extremely beneficial for Japan which has seen its exports of Whisky to Switzerland rising over 24% per year since 2014. Another interesting point for the analysis is that compared to the value per unit imported from the UK, Japanese Whiskies have a way higher value, this reflects the prestige and luxurious feeling that this spirit has in the mentality of its consumers. As the problematic states, Japanese distilleries decision to produce less aged Whisky and more NAS ones will directly impact the price and at the same time their image. But will it also affect the consumer preference and taste?

To conclude this ITC part, we can see that Japanese Whiskies are expanding at a tremendous percentage per year compared to their competitors. This fact is even more surprising knowing that UK is geographically closer to Switzerland than Japan is, which implies that distance is not a factor that stops the evolution of trade between these two countries, at least not in the Whisky market. The price per unit of these bottles are way higher than the competition but this may be due to the shortage that the Japanese Whiskies are having. We can also note that the actual state of imports of Whisky coming from Japan has beaten the potential calculated by the ITC tool, which shows how trendy

and successful this spirit is in Switzerland, even more so when we know that the UK ones have not beaten the predictions and still have untapped potential in Switzerland.

4. Empirical Chapter

4.1 Consumer Survey Results

For this thesis, we decided to prepare an online survey to filter a certain number of people with whom we will conduct the step 2 of the questioning process. The approach used for the 1st step was a quantitative survey in order to have a better view of the current situation of the market and target more easily the people who actually will bring us interesting data for the qualitative test which was the blind test. Since the scope of this thesis is the market in the French speaking part of Switzerland, the first question asked in the survey, shared through social media and word of mouth, was if the people answering lived in the region mentioned and if they did not, they could not answer the survey. The final pool of answers amounts to 100 of responses. Some of the answers were not taken into account because they were expressed by people not living in Switzerland and according to the title of this thesis, its main focus is the Swiss Market.

For the thesis we decided to target various groups to have a better understand of the objective behind each one of them.

-How often do they drink Whisky and how?

These 2 questions are quite straightforward, they let us know how many of the people answering do drink Whisky and how they proceed. Knowing that Japanese Whiskies tend to be expensive, the probability of consumers of cocktails buying them is low. However, Jack Daniels or other non-expensive brands are chosen for their mixed drinks. In Japan, the non-expensive brands or bottles are used to do the High Ball. The famous drink that boosted the sales of Whisky throughout the country.

Moreover, during the blind tests we will provide the testers with pure Whisky with a drop of water to release the flavour and the different notes of the Whisky. For beginners or people used to drink it in cocktails it will not be easy to grasp the different flavours and specificities of the Whiskies tried. Aged Whiskies tend to be consumed pure because the flavour has more depth and mixing it in cocktails may result in the Whisky losing its notes.

- In their opinion where does the best Whisky come from?

Asking them this question shows us the actual perception of the Whisky market. It will also demonstrate how popular is the Japanese Whisky compared to the Scottish one, for example. Since the boom of the popularity of the Japanese Whisky started recently, it will be interesting to see how much it increased and if it can handle the competition.

-Have they heard about Japanese Whisky? Have they ever tried it and if they have, do they notice any difference in the Japanese Whisky market recently?

This next group of questions will inform us on how the interviewees got to know Japanese Whisky. According to many different sources, the increase in popularity of the Whisky came directly after the movie “Lost in Translation” where we can see the actor Bill Murray drinking the famous Hibiki 17 years old. By learning how people gather new information, will enable us to give advices to the different distilleries trying to penetrate the market. Indeed, it is not an easy task to make people try new bottles especially in a market as complicated as the Whisky market. Moreover, for the people who actually tried and got to know the Japanese water of life, did they see any difference in the market recently. As this thesis states, due to problems in the supply, Japanese Whisky bottles price skyrocketed due to the tremendous demand and lack of supply. Therefore, the distilleries in the country of the rising sun had to change their strategy and supply the market with the new non-age statement bottles, otherwise they would let the whole popularity boost go to waste.

-Concerning the Whisky they consume the most where is it from and when buying Whisky, which of the following factors influence their purchase?

This last group of questions is focused on the decision behaviour of the consumers and see what influences them the most when it comes to the purchasing decision. This will also allow us to see why they actually buy the spirit if it is a more mixing alcohol in this case the price will have a higher importance in the decision process or a Whisky to consume it pure in this case the origin/production process will be the key elements. Moreover, it will also let us know about their preferences when it comes to the origin of the Whisky. As we have seen, the Swiss market itself imports more Whisky coming from Scotland which implies that there are more consumers of Scotch than Japanese.

With these different questions, we were able to have a better grasp of the Whisky market and consumption in French speaking region. As we saw before, the price of Japanese Whisky is rather expensive which makes people reluctant to mix it in cocktails. Therefore,

do young people still drink Japanese Whisky? Or is this beverage still seen as an old man's drink as it was perceived in Japan?

According to the results, the age ranges that participated the most in the survey were between 21-25 and 26-30, having this in mind we can now look into the different answers and try to understand the behaviour behind it. When it comes to the consumption itself, from the results showed in the survey:

- 11% of answers say that they drink Whisky often
- more than 70% of the people say that they drink sometimes
- only 15% say that they never drink it.

The next step will be to understand the "how", how these people usually drink their Whisky. From the results:

- more than 47% of the answers say they consume it in cocktails,
- other 42% drink it pure while 33% drink it on the rocks.

The results are rather motivating for importers of Japanese Whisky, there is still a large number of consumers in the younger age range and they usually, also consume it pure meaning they will be willing to buy a more expensive bottle to have the opportunity to savour the best quality. The reason behind this high percentages is the fact that they were allowed to choose many answers for this question because people during parties usually tend to mix it in cocktails while when at home relaxing they have the opposite behaviour which is to consume it pure or on the rocks.

The next questions were directly targeted at the perception of Japanese Whisky and if they have ever tried it.

Now that the quantitative survey was conducted and gathered some people who would be interested in participating in the blind test, it was time to prepare the 2nd and 3rd round of the survey process. As mentioned in the title, the main objective of this thesis is to understand how likely the consumer's buying behaviour is being affected by the age or not. Therefore, this blind test will be the perfect way to try our hypothesis. In our opinion, age will impact the buying decision, but it does not mean that they will always prefer the drinking experience given by aged bottles. As stated before, in the Whisky market age is still linked to quality and prestige hence making consumer buying behaviour change accordingly. To prove it, we decided to conduct the blind test in 2 different ways:

The first time we will invite the interviewees to the test, they will be presented with 4 glasses containing 4 different Japanese Whiskies, they will have no other information concerning the said beverage. The first part of the interview will be questions aimed at dressing up a profile for each one of them to understand better their consumption pattern and also how much do they know about the “eau de vie”. These are the questions asked:

- How often do you drink Whisky?
- How do you drink it?
- What kind of Whisky?
- Where does it come from?
- Have you ever tried Japanese Whisky?
- What are the key elements you consider when buying Whisky?

Now that the profiling questions were answered the blind test can start. Just like any good Whisky tasting the grades are given on 3 criteria bases: **Nose, Taste and Finish**. Nose being for the smell of the spirit, Taste is related to the flavours and the pleasure of having it in the mouth and then the Finish is related to the after taste after swallowing it. The interviewee must give a grade to 5, 5 being the best grade possible in this interview, by doing so it gives us the occasion to ask them what their thoughts about the Whisky are. Most of their answers were around the bitterness of some Whiskies, being too strong, the colours of the Whisky, and so on. The important questions of these interviews come in the form of 3 questions:

- “How expensive do you think this Whisky is?”,
- “What price would you give to this Whisky?”
- “Do you think this Whisky is aged?”.

By asking them these questions it helps me grasp how they evaluate if a Whisky is aged and the price of the bottle when they do not have any other information about it. Often, the color was mentioned as a criterion that helps them define how old a Whisky is. Another crucial point for this test is that the mode the Whisky was drunk, according to different articles about how to correctly test the beverage, the drink should be mix with a bit of water to release the hidden flavors and deepen the taste of the liquor tested and also to reduce the aggressiveness of the Whisky in the mouth. At the end of the test, when they tried all the different glasses we ask them which one their favorite was and write it down because it will be important for the next step.

The second interview starts differently, at the start of the questioning we present the 4 different bottles and give them the age, if any, and the price of each. At this moment, they are asked which they would most likely buy and why. Of course, at this moment they are not told which one was in which glass from the previous trial. This will allow us to understand their buying decision and what are the most important elements to them during the selection process when they do not have any other information.

Then the test continues the same way as the first one but without the profiling questions since we already know their respective profiles. Again, we present them 4 glasses containing the same 4 Whiskies that they have already tried, but this time we present them in a different order and show them also the respective bottle. By doing so, the interviewees can see the ages and the price tag. As previously mentioned, the objective of this thesis and survey is to see whether the age influences their decision. The interview is conducted the same as the first time, asking them to grade each one of them on the same 3 criteria bases: **Nose, Taste and Finish**. Once they finished trying all of them, we ask them again which one their favourite was and why.

4.2 Results from the 1st Blind Test

Before talking about the results itself, it is important to mention the bottles chosen for the blind test, which are the following : **Hibiki Harmony** (blended, no-age stated, 99.- CHF), **Nikka From The Barrel** (blended, no-age stated, 51.- CHF), **Kurayoshi Pure Malt 8 years** (single malt, 8 years of age, 139.- CHF) and **Kakubin Suntory** (blended, no-age stated, 44.- CHF). As you can see for this test there was only one aged Whisky. Another difference from the bottles mentioned is their sub-group, it is rather difficult to find a blended Whisky which is aged so for the sake of this test we decided to take a single malt aged because it is a rather correct representation of the reality of the “aged market”.

As explained before, when dressing up the different profiles of the consumers and the interviewees 2 distinctive groups appeared:

- People who drink it quite often and are at least a little bit knowledgeable about Whisky
- People who drink from time to time in cocktails or whenever they are at parties.

These 2 groups will lead us through the different questions. When it comes to the consumption of Whisky 100% of the interviewees said they drink it in cocktails or at least have tried it in cocktails. 30% said that they drink it pure or with a drop of water. The people who answered the latter are more knowledgeable than the others, without surprise they know different terms and are aware of the difference between a scotch and

a bourbon for example. These people try with joy new bottles in order to expand their collection and try new flavours from different distilleries.

The first group, generally, consumes cheaper Whiskies such as Jack Daniels and mostly mixed with soda or in cocktails. People from this category usually drink it from time to time or whenever they have a party where they can mix different drinks, they do drink it directly at home for pleasure and are less knowledgeable than the previous group.

Without surprise the country that was the most mentioned throughout the interviews was Scotland. Commonly known as the birthplace of Whisky, Swiss consume mainly scotch and in second place American whiskey with the world famous and previously mentioned Jack Daniels. Whisky coming from the United States is written “whiskey” since the production process is different from the original Scottish Whisky, Japan imitating the same process calls its spirit the same way as the Scottish does. Japan was mentioned several times also, reason being its sudden increase in popularity made the spirit very attractive to connoisseur or simply as a gift to someone who enjoys Whisky.

Some of the interviewees never tried before a Japanese Whisky and therefore were looking forward to testing and see how it compares to the already present Scottish and American spirits.

The last question asked for the profiling, was “what were the elements considered when they buy their Whiskies?”. Here is a list of different aspects mentioned:

- Price
 - When buying a Whisky for simple mixing purposes, it is totally normal to check if the price is rather low compared to the others. However, the opposite also takes place, for example when buying gifts. People tend to spend more when they are buying gifts. Therefore, both sides of the spectrum exist.
- Brand
 - People are rather sensitive to brand. For example, they mentioned Jack Daniels many times, which is seen as a “mixing Whisky” while other brands are seen differently and are targeting a different kind of drinking habit. When it comes to drinking Whisky pure, people are more sensitive to the brand.

- Origin
 - Scottish Whisky has an excellent reputation in Switzerland. Therefore, people tend to buy Whisky coming from Scotland. Nowadays, people start to try Japanese Whisky thanks to incredible success it has had recently.
- Age
 - According to one of the interviewees whenever the person does not know which Whisky to buy, they decide to take the aged one. This shows how deeply rooted this perception of “age=good quality” and “no age=bad quality” is.

Now that we have their profiles ready and set, let's see what the results were and see if the NAS Whiskies did as poorly as we could expect according to the popular belief.

For all of the different interviews conducted, the order of Whisky was always the same, the people testing them only knew they were Japanese and nothing else. Here under are the results per Whisky tasted:

Number 1: Kurayoshi Pure Malt 8 years, single malt, 129 CHF

Nose:3.125

Taste:2.9

Finish:2.9

What came from the different interviews for this bottle was that its smell is way better than its taste. According to 80% of the people interviewed, the Whisky is too aggressive and was not a pleasant experience to drink it. Regarding the price and the question “if yes or no” the Whisky is aged the answers vary a lot, the range of prices given is between 25 CHF to 120 CHF and the same goes for the age. The age range goes from 8 years old to 12. Some people did not say an age but thought it was aged and others thought it was not aged. 20% of the people interviewed thought that this Whisky was a NAS.

Number 2: Hibiki Harmony, NAS blended, 99 CHF

Nose:3.42

Taste:3

Finish:2.7

Concerning Hibiki, people were saying that it had a very sweet and smooth flavour compared to the others. Some people said that it tastes better than it smells and others the opposite, so this information cannot be used since it depends on the tastes of the interviewees. Compared to the aged Whisky, this bottle did better in all of the different criteria unless finish, the reason for this is that the fruity and smooth tastes fades away in mouth to let a more aggressive end note to the consumer. The price and age range also vary a lot, the price range given to the bottles goes from 30 CHF to 80 CHF, which is cheaper compared to the Kurayoshi Bottle. When it comes to age, people did not give

such a wide range compared to the previous spirit, but it goes from 10 to 15 and also 40% of the answers say that it is not aged at all. Interestingly enough, one reason given for the age criteria was the colour of the liquid.

Number 3: Nikka From the Barrel, blended NAS, 51 CHF

Nose:3.46

Taste:3.54

Finish:3.4

The results of this NAS bottle is way better than the aged bottle in every category. Many people said that smell was rather aggressive and strong compared to the taste which was good and smooth but the after taste revealed to also be quite tough. Again, regarding the price and age, people were rather indecisive and quite different from each other. Only 8% said that the bottle was not aged and the other only said that yes it was without giving any guess on it. Another point that was mentioned concerning this spirit was its smell, which was seen as a criterion for being aged. Concerning the price, the range is from 40 to 120 CHF.

Number 4: Kakubin Suntory, blended NAS, 44 CHF

Nose:3.41

Taste:3.42

Finish:3.3

As we can see the results were higher than what we could expect from the “low end” Japanese Whisky. As previously mentioned this Whisky is mainly used for mixes in Japan and is among the cheapest ones we can find there. However, the results were better than the aged Whisky we had at our disposal for the blind test. According to majority of the participants, this spirit is fruity, smooth and light. While we also had some who said that the spirit did not taste like anything and there was no smell at all. When talking about the price range, again the results vary extremely. For the price, we have answers between 30 and 120 CHF. For the age, this time more people answered that it was not aged, around 42% said so. Just like before, someone mentioned the colour as criteria to know if the spirit is aged or not.

Now that we have the results of the first survey what are the lessons we can learn?

First, people do not have the same criteria to know if a Whisky is aged or not. Some said they follow the smell, others said the colour was their key element to judge. Then, we have to remember that most of them do not have the habit to drink pure Whisky, but they also buy Whiskies as gifts.

The second survey results, here below, show what are the elements they choose when they only have information about the bottle, price and age. This first survey shows

already that our hypothesis is correct, age is not synonym of better quality or better taste. According to the results, the Nikka from the Barrel is the best, which is a NAS Whisky and also blended one. Even worse, the only aged bottle is ranked last among the ones we had at our disposal. The cheapest bottles are ranked 1st and 2nd, this might show that less expensive bottles adapt their taste to please as many people as possible. This can also be a reason for its success. Moreover, knowing that Kakubin is mainly used for mix in cocktails its flavour is less “atypical” and smoother compared to the others. This can be seen as no surprise, most of the interviewees do not drink often Whisky which means that the flavour of this strong spirit is not something they like. Kakubin being a smoother and more “please to everybody” taste is the perfect option for these people. Here cheap can be seen as a bottle trying to please as many people as possible and as we have said before, this Whisky is mainly used for cocktails and other mixtures. Therefore, having a smoother taste is crucial to not hide the different flavours in the mix.

4.3 Results from the 2nd Test

The aim from the previous test was to explore which Whisky was their favourite when people have no information and no biases about the beverage.

The second tasting was separated in 2 parts:

- The first part shows to the participants the bottles they drank last time. They also receive indications about price, age and type of Whisky (single malt, blend, etc...). They will have to tell me which one they would have bought and why.
- The second part will be similar to the first blind test but this time they will know which bottle is being drunk. The objective here is to understand how people decide which bottle to buy whenever they are in a shop, and then on a second time, to establish whether the results from the tasting are the same as the ones from the 1st blind test. Naturally, the bottles selected were the same as the ones we tested during the first survey.

For the first step, it will be easy to understand how people decide on which Whisky to buy. The information made available about the bottle are: the design of the bottle, the price, the name of the Whisky, the country of origin, the age and the type of Whisky. According to the results, the main feature that people take into consideration when buying a spirit that they have never tried before is the design of the bottle. Most of the time, people mentioned the original design as reason for the purchasing decision. In a market where bottles tend to be similar to each other, bringing a touch of originality is the perfect way to stand out of the crowd. When we asked to the interviewees how the

decision making process went, they answered that since they could not try the spirit before buying it, they would choose the most interesting looking bottle because of its originality aspect.

Therefore, the bottles that got the most votes were the **Nikka From the Barrel** and **Hibiki Harmony**. The latter due to its classy looks as well as for its beautiful bottle and cork. The other due to the simplistic aspect and originality when it comes to the bottle design that pleased many. The votes went 50-50, what implies that sometimes a simplistic approach may be welcomed by consumers. Another point that was mentioned, is the colour of the beverage: 40% of the interviewees said that they wanted to buy the Nikka bottle due to its darker spirit colour.

The second step of the 2nd test was the Whisky tasting. As previously mentioned, this time we will show the bottles and asked the same questions but without the profiling information. In front of every glass, there was the bottle with the price tag and the age on it, the objective of this part was to see if there would be any difference between the blind test where no information was given, and this one where every detail was given. The interviewees and bottles were, of course, the same as the previous test. The results were as follow:

Number 1: Kurayoshi Pure Malt 8 years, single malt, 129 CHF

Nose:3.2

Taste:3.27

Finish:2.8

Interestingly, the “Taste” result changed a lot compared to the previous test, which was 2.9. The reason for this change might have been the fact that we communicated the price and age. For this paper, this Whisky is the most expensive one of the list. Again, the different comments mentioned its aggressive notes and the fact that for some, it was not a pleasant smell. Most of the people mentioned that the aftertaste was non-existent due to the strong alcohol notes that this spirit leaves behind.

Number 2: Hibiki Harmony, NAS blended, 99 CHF

Nose:3.9

Taste:3.68

Finish:3.5

For Hibiki, the results are even better than the ones the bottle got last time. The reason behind this might be due to the popularity of the brand or even due to the very luxurious looking bottle. People mentioned that it was more pleasant to drink since the alcohol flavour was not present until the aftertaste which was, compared to the taste in mouth, poorer.

Number 3: Nikka From the Barrel, blended NAS, 51 CHF

Nose:3.78

Taste:3.15

Finish:3.2

This time, Nikka had worse results compared to the previous test. Interesting fact about the interviewees, people that gave the best grades to this bottle, are casual Whisky drinkers. It is important to note that this spirit has 51.4% of alcohol, a very high percentage, even for a Whisky. Therefore, it can be perceived as a very aggressive liquor but for people that are used to drink stronger alcoholic beverages this was their favourite bottle of the list.

Number 4: Kakubin Suntory, blended NAS, 44 CHF

Nose:2.5

Taste:3.1

Finish:2.5

Just like for Nikka, Kakubin's bottle results were worse this time. People mentioned the fact that it had no "personality" and it was just like drinking a medicine. Another element mentioned, was the fact that, since it was trying to please everyone due to its price, the spirit itself had no particularity or nothing that made it enjoyable and that the notes left in mouth were plain.

After the second test, the new leader of the ranking is the **Hibiki Harmony**. The most interesting fact is that the cheapest and plain looking bottle, the Kakubin, is last, while after the first blind test, it was ranked second. The most expensive and only aged bottle is ranked 3rd with way better results than the previous interview and Nikka lost its first place for a solid second position. Here we can question the biases. People, this time, had all the details about the bottles, this could have impacted their decision, they would not like to choose the cheapest, the "no personality" Whisky as their favourite. Indeed, Kakubin, had a solid second position during the first blind test, then how come it fell so sharply in the rankings? Especially since now people know what they are drinking. Another key element to keep in mind is that, we changed the order of the glasses compared to last time. We wanted to make sure that they did not have any previous bias.

The drinking habits of the interviewees had, naturally, impact on the choices. As mentioned earlier, people who are casual drinkers of strong alcoholic beverages tend to prefer bottles that have a more aggressive notes with more personality. While non-casual drinkers tend to like lighter and sweeter notes. Therefore, Hibiki or Kakubin being smoother than the other two were the go-to glasses during these tests. However, once the interviewees got to know the design of the bottle and its price, their decision changed

from the Kakubin to the Hibiki which is on the same “smooth” side of the spectrum. Hibiki having a more refined bottle design, having a more renowned brand name and being more expensive was the perfect choice for people who chose the Kakubin as their favourite in the first test.

To conclude these test results, we should keep in mind, how important the bottle design is. In this 2nd test the two best looking bottles got the best grades. Age being not a decision factor shows that slowly the concept of “age is equal to quality” is slowly fading away and being replaced by a more realistic approach: design and taste are the first parameters of considerations by drinkers.

4.4 Supplier Survey results

As seen previously, we have already tackled the demand side of the spectrum. It is also interesting to collect the suppliers’ views. We decided to check the different suppliers and distributors of Japanese Whisky in Switzerland. The written information on the bottles usually indicates the names of suppliers and most of the time also the name of the importing distributor. Nonetheless, we also used Google to find companies that supply the Swiss Market with Japanese Whiskies. We wanted to see how did the new NAS affected the market and if it was seen or not by suppliers and distributors. Moreover, we asked questions regarding the difficulties and challenges they have to face when importing Whiskies. Here under are the questions asked:

-Have you felt an increase in the demand for Japanese Whiskies these past 5 years?

As expected, 100% of the suppliers answered that they felt an increase in the demand these past 5 years. It comes without any surprise as we know that Japanese Whiskies have experienced a tremendous boost in popularity recently and when we look at the graphic shown earlier in the text.

- If yes how much? (percentage)

Here the answers vary between 25% to 35% of increase. These results are perfectly in line with the ITC data that states a yearly increase of 24% since 2014 in the overall imports of Japanese Whiskies. This proves how much the demand for Japanese Whiskies is increasing compared to its competitors.

- Have you seen any "aged Whisky" disappearing from the market?

This question helps to analyse whether suppliers started to be interested in Japanese Whiskies after the “hype” or if it was already distributing them substantially prior that phenomenon. As explained earlier, distilleries in Japan started to discontinue most of its aged bottles range. Therefore, this answer confirms this fact and shows how real the actual situation for Japanese companies is.

-If yes what could be the reasons why some Japanese Whiskies stopped to be commercialized?

This question is linked with the disappearance of some Japanese Whiskies and its reason according to the distributors. The answer given was always the same, a lack of aged Whisky and inability to have enough stock to fulfil the rising demand. Furthermore, this question allowed to check if there was any reason that was not considered so far, but no surprise was seen here.

-Have you seen the arrival of new Japanese Whiskies on which age is not mentioned?

With this question we reach the heart of our research goals. As explained before, we want to focus on the new NAS Whiskies that Japanese distilleries started to produce and have an impact on the world market. For this question, the suppliers all answered yes, they have seen the arrival of new Japanese “eau de vie”.

- How did these Whiskies impact the demand for Japanese Whiskies?

According to most the suppliers, this arrival of new Japanese Whiskies did not affect in any way the current situation of the said spirit. 90% of the answers said they did not notice any change. But the 10% left said they noticed an increase in the demand for Japanese Whisky. Which is a very positive sign which implies that NAS Japanese Whiskies have still a good reputation and are still having a good amount of sales. It can be seen as counterintuitive since aged bottles are slowly disappearing from the primary market.

-By how much did the increase/decrease impact the demand? (percentage)

No percentage was given, but answers suggest that the demand increases because of the attractive price of the NAS bottles. The clientele is bigger compared to a much smaller

one interested in aged bottles whose prices can reach tremendously high numbers. Furthermore, people that heard about the Japanese spirits is increasing and want to try.

-What are the biggest challenges you have to face when importing Japanese Whisky?

This question was aimed at the different trade barriers that Swiss distributors must face when dealing with Japanese companies. 10% of them work with European suppliers, and do not have any direct contact with Japanese distilleries. The rest said that it was difficult to work with them due to the lack of supply directly from Japan. Some of the distributors need a certain number of bottles that the Japanese companies are not able to provide due to domestic shortages. Another point refers to difficulties to find single malts due to the lack of supply. Luxurious Whiskies are also tremendously difficult to find making supply fulfilment almost impossible. Supply can only cover 20% of the actual demand for high end bottles.

To conclude this part, the disappearance of aged bottles can be observed as a reality in the Swiss market. Nonetheless, the arrival of NAS on the shelves has been welcome. Indeed, due to the shortage in the aged spectrum a substitute with good quality is a perfect answer to the demand coming from Western countries. The impact on demand was rather positive due to the high quality of NAS Whiskies. Production and sales of high-quality bottles at a lower price can only help Japanese Whisky exports to Switzerland to continue their expansion.

5. Conclusion

In conclusion, what is the actual Swiss consumers' perception?

According to the results obtained through the surveys and tests, we can easily say that people have a very prestigious and good image of the spirit coming from the land of the rising sun. As mentioned, people tend to talk about the aged bottles that Japan produced, but with the blind tests conducted we can also see that people liked the NAS ones. Which leaves us very optimistic regarding the future of Japanese Whisky in Switzerland.

The history of Japanese Whisky is intense in changes and chapters. Coming from the different taxing matters to the evolution of Japanese tastes overtime, distilleries were always able to come up with ideas to save their business and attract as many customers as possible. Nowadays, we live in the chapter called "NAS", due to the lack of aged Whisky supply, Japanese producers had to find a viable option to keep pleasing their consumers. As the domestic market is a heavy mixer oriented one, Japanese consumers did not feel the change that intensively, but outside of Japan, it is another story.

The image of Japanese Whisky used to be one of luxurious and expensive products thus increasing the probability of a negative impact on sales. As shown by Whisky stats, many aged Japanese bottles are being traded on the secondary market. Many discontinued bottles are still being exchange in this exclusive market. However, surprisingly, according to Swiss suppliers, the impact of the NAS bottles' creation is rather positive, sales are increasing, and the popularity of the spirit is still expanding.

Moreover, according to the results of the survey, the feedbacks are rather positive for Japanese NAS blended Whiskies. NAS bottles got the best positions from both tests while the only aged bottle got at best the third position. Swiss consumers can get biased because of the bottle design and price, but age was not part of the reasons for their preference. Having a more refined bottle design seems to have more impact than an aged bottle.

The influence of "age is equal to quality" is still very present in the minds of many consumers of Whisky. However, a shift is happening slowly but surely, thanks to the diffusion of Japanese NAS Whiskies. People are more willing to try them in order to make their own opinion on these bottles.

The key elements to keep from the surveys and blind tests are the fact that NAS bottles had better scores than aged bottles. The design and price are features that people take into account when buying Whisky, the better the design, the more likely people will buy it even if it is a NAS.

Another crucial element is that if people can somehow try the Whisky before buying, their selection is more likely to change. The Kakubin bottle had very good grades during the first blind test but had terrible ones in the last one. This is probably due to the fact that people saw that it was a cheap Whisky because of a plain bottle design. Interviewees got biased by such elements and therefore more reluctant to buy a NAS as their favourite bottle. It is quite obvious that letting customers taste Whiskies will influence their final choice. Perhaps, by communicating the price at a later stage would also help to reduce the bias that prices have on customers.

As shown from the charts coming from the ITC tools, Japanese exports of Whisky to Switzerland are increasing at a very high rate compared to other competitors. Even if the price per unit is higher. These elements show how popular Japanese “eau de vie” has become against non-Japanese competition. Even with the disappearance of certain Japanese bottles and the arrival of the NAS ones, sales did not stop and, actually, increased. Indeed, having cheaper options will only increase the awareness towards this spirit in Switzerland. Still living in a very Scotland oriented market, the growth of the Japanese Whisky in the Swiss market is a very positive sign for the future of the alcoholic beverages coming from the land of the rising sun.

What are the implications coming from these results?

Knowing that people are not only thinking about the age of a bottle means that the way marketing has been done these past years will change. As mentioned many times before, until now consumers of Whisky only thought about “age is equal to quality”, but since the arrival of the NAS bottle from Japan, this habit will most probably be revisited. Then we should ask ourselves:

- How will the marketing and promotion be made in the future?
- What are the elements that the companies will emphasize?
- How will companies handle their branding and pricing?

In the advertisement aspect, for example, we will tend to stress out the aspect of the bottle. Indeed, according to the results of the surveys, we saw that the design is a crucial parameter that has to be taken into account. Moreover, trying to show and make the

consumer “feel a taste” is difficult throughout advertisements. But that’s something that we have seen in another market, the perfumery market.

Undeniably, the perfume makers have been able to promote efficiently their products through TV ads or even through billboards. How do people know how does a perfume smell like before even having tested it?

This will be the same for the Whisky industry. Especially for new comers, we see that in the perfume market they always try to differentiate themselves by having a unique bottle design, advertisement style, or even by having a unique story told through their ads and products. This could be a possible solution, instead of emphasizing the “age” aspect, companies will use the unique designs of their products as a spearhead.

However, with all of these NAS bottles, how will brands such as Hibiki or Karuizawa, known for their aged ones, be able to maintain its luxurious image?

Consequently, branding becomes crucial for companies. Maintaining its “expensive” and excellent quality image will dictate how successful their NAS will be. One answer is the design, Hibiki already launched its no-age-statement bottle, Hibiki Harmony, which was used for the taste tests, and very successfully got very good results. According to the comments, the design of the bottle made it look like an expensive brand and prestigious, something that the company wants to keep. Indeed, having NAS Whiskies does not mean that you should show it differently than if it was aged. Keeping its brand identity, will be the other key for the transition to the new bottles. Maybe play with the affordable luxury aspect of whisky will shape the future of these spirits.

As we know in marketing, another aspect of the spectrum is the price. How will companies price their NAS bottles when compared to the aged ones. Furthermore, if some brands want to keep their prestigious identity, the price should follow. Nonetheless, it is easy to explain the high price for an old beverage but how will companies be able to defend a high price for a young Whisky?

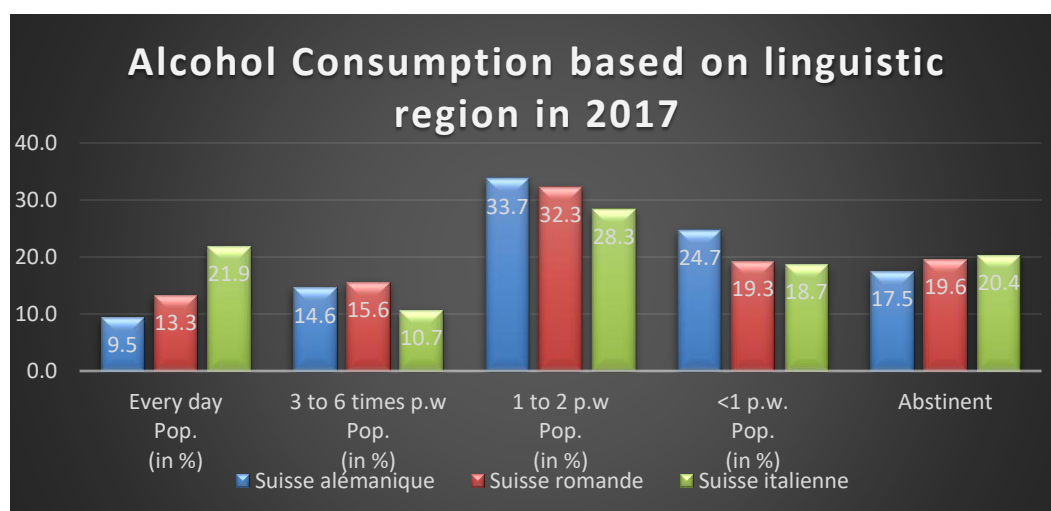
It all comes to a matter of branding and prestige. The transition from aged to NAS will be the moment where we will see if companies will be able to promote their NAS as easily as the aged or if, the market itself, will help with that. Another point that could dictate the future, is the scarcity or rarity. Indeed, Suntory, launched this year a new NAS bottle called “Ao”, it is a blend Whisky which is made from spirits coming from different countries. This bottle is only available in Japan. Just like the theory says, low supply means higher prices. This could be an alternative that distilleries can use.

Another consequence, directly link to the popularity of Japanese Whiskies nowadays, is the appearance of more unique distilleries. Indeed, trying to catch the niche demand coming from abroad, a wave of small distillers appeared in Japan, which started to create new aged Whiskies for international demand only. They want to bring back the glory days of the aged Whiskies, therefore they produce a small quantity of bottles but at a very high price, Sasanokawa Shuzo, 200 years old distillery, being one of them. This new trend could become common practice since the popularity of the Japanese eau de vie is still rising, at the time of writing.

6. Research limits

This thesis, as mentioned in the introduction, is focused on the Swiss market and even more precisely, the French speaking part of the country. This, itself, puts limits to what extent this survey will represent the overall Swiss market. If we had more time and means it would be interesting to compare the differences in consumption between each part of Switzerland. Indeed, we should take into account how much each region of Switzerland consumes and if consumption habits differ from one region to the next. An illustration is presented below in Figure 9.

Figure 9 Alcohol consumption in Switzerland based on linguistic region



Source: Office fédéral de la statistique

Each region has a different drinking “pattern”- This might be due to the difference in the culture and also depending on the closest neighbour foreign country. Unfortunately, the timeframe given for this research was way too short to conduct such a detailed analysis. It can be done by having access to primary data from the different “Cantons”. Maybe by doing a collaboration between different universities, this type of research could be carried.

Another point that could narrow down the reach of this thesis is the selection of the people interviewed. We selected the people close to the author to conduct the different tests, for example people we know in real life or who can be reached through social media. Naturally, not everyone has the habit of drinking strong alcoholic beverage and thus the results could have changed tremendously if the interviewee is someone

knowledgeable or not. However, we wanted to keep the selection as representative of reality as possible. The time at disposal was too restrictive and did not let enough time to have a thorough selection of interviewees. Moreover, having a bigger pool of people to do the survey would also help to better segment the targeted public and the answers. Since we were limited by the number of people we could reach via social media or even via word of mouth, we did not have a high number of answers. A wider survey could bring more precise answers per segmentation and even clearer indications to distributors, suppliers or even Japanese exporting distilleries.

Finally, the last point we should mention is the Whisky selection. Having access to only low to middle range prices and by being restricted to the bottles available in Swiss shops, the selection can still be improved. Hopefully, the selected bottles available were still a good representation of the primary Japanese Whisky market. This point can still be improved by adding expensive and more unique brands, especially when it comes to single malt Japanese Whiskies, which tend to be more expensive than blended counterparts.

Moreover, if possible, having access to unique and expensive bottles from the second market could give another perspective of the Japanese spirit, such as Karuizawa or even aged Hibiki but these bottles are very difficult to find and too expensive to buy for a simple university research test led by students.

By adding the different elements mentioned here, this paper could have had an even bigger reach and clearly show the representation of what the Swiss market does look like and the different results depending on the type of bottles regardless of price. That is why, having sponsors or having access to more expensive and unique brands could be the key to have a complete view of the Japanese Whisky market in Switzerland.

Bibliography

VAN EYCKEN, Stefan, 2017. *Whisking Rising: The definitive guide to the finest Whiskies and distillers of Japan*. Cider Mill Press. ISBN 9781604336979

SCHRIEBERG, Felipe, 2018. 4 Facts you should know about the Japanese Whisky Crisis. *Forbes* [online]. 17th of May 2018. [Consulted on the 6th of April 2019]. <https://www.forbes.com/sites/felipeschriberg/2018/05/17/4-facts-you-should-know-about-the-japanese-Whisky-crisis/#3542ec144d8f>

Whiskystats, 2019. *The Whiskystats Annual Report of 2018* [online]. 5th and 25th of March 2019. [Consulted on the 6th of April 2019].

<https://www.Whiskystats.net/market-analysis/the-Whiskystats-annual-report-of-2018-ii-ii/>

<https://www.Whiskystats.net/market-analysis/the-Whiskystats-annual-report-of-2018-i-ii/>

Whiskystats, 2018. *The Whiskystats Annual Report of 2017* [online]. 2nd and 30th of March 2018. [Consulted on the 6th of April 2019]

<https://www.Whiskystats.net/market-analysis/Whiskystats-annual-report-2017-i/>

<https://www.Whiskystats.net/market-analysis/Whiskystats-annual-report-2017-i/>

CENGIZ, Yar, 2018. Why Japanese Whisky is so good and so hard to find. *Roads & Kingdoms* [online]. 10th of July 2018. [Consulted on the 30th of March 2019]. <https://roadsandkingdoms.com/2018/japanese-Whisky-good-hard-find/>

DALEY, Jason, 2018. Why there's a Japanese Whisky Shortage. *Smithsonianmag* [online]. 16th of May 2018. [Consulted on the 31st of March 2019]. <https://www.smithsonianmag.com/smart-news/how-tv-show-and-high-quality-has-led-japanese-Whisky-shortage-180969102/>

BRUCE-GARDYNE, Tom, 2018. Japanese Whisky producers tackle « unconstrained demand ». *The Spirits Business* [online]. 16th of March 2018. [Consulted on 23rd of March 2019]

<https://www.thespiritsbusiness.com/2018/03/japanese-Whisky-producers-tackle-unconstrained-demand/>

SUZUKI, Wataru, 2018. The Yamazaki crisis -- Japanese Whisky is going dry. *Nikkei Asian Review* [online]. 5th of May 2018. [Consulted on 13th of April 2019]

<https://asia.nikkei.com/Business/Business-trends/The-Yamazaki-crisis-Japanese-Whisky-is-going-dry>

Importations de boissons spiritueuses et de produits alcooliques en 2018 [PDF]. 2019. Statistiques de la Régie Fédérale des alcools

<https://www.ezv.admin.ch/ezv/fr/home/themes/alcohol.html>

SCHRIEBERG, Felipe, 2019. Japanese Whisky: Interview With Suntory's Master Blender. *Forbes* [online]. 29th of April 2019. [Consulted on the 4th of May 2019]

<https://www.forbes.com/sites/felipeschriberg/2019/04/29/japanese-Whisky-interview-with-suntorys-master-blender/#4f7343946e0e>

RITSUKO, Ando, 2019. Ageless in Japan: Suntory sells 'world Whisky' blend as premium tippie. *Reuters* [online]. 16th of April 2019. [Consulted on the 31st of May 2019]

<https://www.reuters.com/article/us-japan-Whisky-suntory-holdings/ageless-in-japan-suntory-sells-world-Whisky-blend-as-premium-tippie-idUSKCN1RR2FH>

Appendix 1: Whisky Blind Testing Questions 1st Session

Profiling Questions:

1. How often do you drink Whisky?

.....
.....

2. How do you drink it?

.....
.....

3. What kind of Whisky?

.....
.....

4. Where does it come from?

.....
.....

5. Have you ever tried Japanese Whisky?

.....
.....

6. What are the key elements you consider when buying Whisky?

.....
.....

Testing Questions

Number 1

Nose

_/5

Taste

_/5

Finish

_/5

- What are your thoughts on this Whisky? Do you like it?

.....

- How expensive do you think this Whisky is? What price would you give this Whisky?

.....

- Do you think this Whisky is aged?

.....

Number 2

Nose

_/5

Taste

_/5

Finish

_/5

- What are your thoughts on this Whisky? Do you like it?

.....

- How expensive do you think this Whisky is? What price would you give this Whisky?

.....

- Do you think this Whisky is aged?

.....

Number 3

Nose

Taste

Finish

_/5

_/5

_/5

- What are your thoughts on this Whisky? Do you like it?

.....

- How expensive do you think this Whisky is? What price would you give this Whisky?

.....

- Do you think this Whisky is aged?

.....

Number 4

Nose

Taste

Finish

_/5

_/5

_/5

- What are your thoughts on this Whisky? Do you like it?

.....

- How expensive do you think this Whisky is? What price would you give this Whisky?

.....

- Do you think this Whisky is aged?

.....

Which one do you prefer and why?

.....

.....

Appendix 2: Whisky Blind Testing Questions 2nd Session

Visual Choice

Which of the following bottles would you have bought in a shop (without having tried the liquor beforehand)?

Number 1

Number 2

Number 3

Number 4

- Why did you choose this one?

.....

Testing Questions

Number 1

Nose

_/5

Taste

_/5

Finish

_/5

- What are your thoughts on this Whisky? Do you like it?

.....

- How expensive do you think this Whisky is? What price would you give this Whisky?

.....

Number 2

Nose

Taste

Finish

_/5

_/5

_/5

- What are your thoughts on this Whisky? Do you like it?

.....

- How expensive do you think this Whisky is? What price would you give this Whisky?

.....

Number 3

Nose

Taste

Finish

_/5

_/5

_/5

- What are your thoughts on this Whisky? Do you like it?

.....

- How expensive do you think this Whisky is? What price would you give this Whisky?

.....

Number 4

Nose

Taste

Finish

_/5

_/5

_/5

- What are your thoughts on this Whisky? Do you like it?

.....

- How expensive do you think this Whisky is? What price would you give this Whisky?

.....

Which one do you prefer and why?

.....

Appendix 3: Online consumer survey

- Do you live in Switzerland/ Vivez-vous en Suisse?

Yes

No

- Preferred language? / Langue de préférence?

English

French

- How old are you?

18-20

21-25

26-30

31-35

36-40

40-45

46-50

51-55

55+

- Gender

Male

Female

- How often do you drink Whisky?

Very Often

Often

Sometimes

Never

- How do you usually drink your Whisky?

Pure

On the rocks

Adding Water

Cocktails

Others

- In your opinion, where is the best Whisky/Whiskey produced?

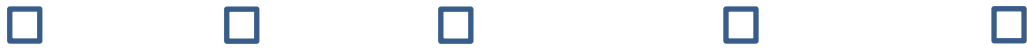
Scotland

US

Japan

Ireland

Others



- Have you ever drunk Japanese Whisky? If yes, how did you like it?
.....

- Why did you try Japanese Whisky? Where have you heard about it?
.....

- What kind of changes did you notice in the Japanese Whisky market?

New Bottles Non age statement bottles increase in price
bottles being discontinued decrease in price others

- Concerning the Whisky you consume the most, where is it from?
.....

- When buying Whisky, which of the following factors influence your purchase?

Age Price Brand
Country Production Process (blend, single malt.) others

- Email (if you want to participate in the blind test)
.....

Appendix 4: Online Supplier/distributor survey

- Importez-vous du Whisky Japonais ?/ Do you import Japanese Whisky?

Oui/Yes

Non/No

- Avez-vous ressenti une augmentation de la demande pour les Whiskys Japonais ces 5 dernières années ?/ Have you felt an increase in the demand for Japanese Whiskies these past 5 years?

Oui/Yes

Non/No

- Si oui, de combien ? (pourcentage)/ If yes how much ? (percentage)

.....

- Avez-vous vu une disparition de certains « aged Whisky » ?/ Have you seen any "aged Whisky" disappearing from the market?

Oui/Yes

Non/No

- Si oui, selon vous, quelle est la raison/quels sont les raisons derrière cette disparition ?/ If yes what could be the reason, according to you, behind their disappearance?

.....

- Avez- vous vu l'apparition de nouveaux Whisky japonais sur lesquels aucun âge n'est mentionné ?/ Have you seen the arrival of new Japanese Whiskies on which age is not mentioned?

Oui/Yes

Non/No

- Comment ces nouveaux Whisky ont impacté la demande pour les Whiskys Japonais ?/ How did these Whiskies impact the demand for the Japanese Whiskies?
 - Augmentation de la demande/Increase in the demand
 - Diminution de la demande/ Decrease in the demand
 - Aucun changement/No change

- A quel pourcentage s'élève cette diminution/augmentation?/ By how much did the increase/decrease impact the demand? (percentage)
.....

- Quels sont les plus grandes difficultés auxquelles vous devez faire face lorsque vous importez le Whisky du Japon?/ What are the biggest challenges you have to face when importing Japanese Whisky?
.....