

Case 3: Community Engagement

CSV Commitment

More sustainable production of raw materials



“Create more opportunities for customers to spend time with their families and friends, and develop the communities within our supply chain” is one of the items in the Kirin Group’s CSV Purpose. Accordingly, the Group is making efforts to improve the sustainability of agriculture in the areas that grow raw materials for its products, such as hops and grapes in Japan, rice in Myanmar, and tea leaves in Sri Lanka. Among those efforts are activities intended to help solve issues confronting suppliers in various communities. The Group also aims to create even more economic value and new social value. As an example of such activities, the following initiative is being carried out by Mercian Corporation, which is collaborating with vineyards to strengthen its brand of Japanese wine.

Our Achievement

Volume of grapes produced at our own vineyards

2027 target

200t



CASE

3

Community Engagement

Aiming to boost sales of *Château Mercian* in collaboration with grape-growing communities



Aya Jindo

Chief brand manager of Château Mercian, Marketing Department, Mercian

PROFILE

Aya Jindo joined Mercian in 1996. Having studied wine business and marketing in England, she was responsible for the brand management of imported wines for 10 years. In 2014, she was transferred to Kirin Brewery, where she gained experience in developing craft beer and cider products. She returned to Mercian in 2017, and is currently creating plans for three wineries.

Enhancing the *Château Mercian* brand in terms of both quality and quantity

In recent years, wine consumption has been on the rise in Japan, but the market share of Japanese wine* is only about 5%. Against that backdrop, we set the goal of increasing our sales volume of Japanese wine, led by our *Château Mercian* brand, by 1.5 times the current volume to 67,000 cases by 2027. To achieve this goal, it will be important to cultivate a customer base that regularly drinks Japanese wine with pride. That is our *raison d'être*.

Château Mercian has been highly praised for its quality at international wine competitions in the past. Nevertheless, for it to be widely selected as a wine of high value, which includes its price in the marketplace, it will be necessary to raise its quality and expand its quantity. Therefore, we are currently working to double our grape supply by expanding the size of company-managed vineyards from 50 hectares to 76 hectares by 2027, while also training the personnel needed for growing grapes.



Contributing to the growth of suppliers and their communities through the development of three wineries

Our wine business is agricultural, and I believe in developing the areas that produce our brands. With that in mind, I am leading a plan involving three wineries in grape-growing areas that neighbor each other. We have been operating the Katsunuma Winery, which is like the gateway to our brands, in the city of Koshu, Yamanashi Prefecture, and the Kikyogahara Winery, a premiere facility open to public 10 days each year, in the city of Shiojiri, Nagano Prefecture.

In the autumn of 2019, we will open the Mariko Winery in the city of Ueda, Nagano Prefecture, as our third winery. Covering 29 hectares, it is the largest area managed by the company. The buildings are located on the highest elevation of the plot and surrounded by vineyards on all sides, allowing us to establish it as a boutique winery capable of overseeing every process from grape growing to wine production (more details are provided on the top right side of this page).

The theme of the Mariko Winery will be “joining hands with the local community,” as it will be difficult for the company to operate the winery on its own. With assistance from a local senior citizen center, we will hire older people to help work in the vineyards. We also plan to give children

The Group’s boutique winery joins hands with the local community

A boutique winery is a comparatively small-scale winery that produces high-quality wine using hand-picked grapes. When it opens in the autumn of 2019, the Mariko Winery will be a boutique winery that “joins hands with the local community,” based on the concepts of integrating with the regional economy and industries, harmonizing with the local ecosystem, and being an integral part of the community’s future. Staff at the Mariko Winery plan to offer valuable experiences to visitors with tours of every wine production process spanning from grape harvesting to cultivation, as well as wonderfully scenic views from the terrace seating set up on the second floor.



An exterior view of the Mariko Winery (artist’s rendition)



Inside the Mariko Winery (artist’s rendition)

opportunities to experience agriculture, and to hold festivals on the winery grounds in the future.

By operating the three wineries, we can offer valuable experiences and plenty of satisfaction to people who are new to wine as well as wine connoisseurs. I also believe the development of the wineries will help revitalize the surrounding region.

Envisioning the future of Japanese wine

At our wineries, we are offering satisfying experiences to visitors, promoting sales of wines, and creating opportunities for customers to enjoy wine with family and friends. By creating such memorable experiences, we can encourage customers to visit again and again. We are also promoting sales via Mercian’s informative and interesting website, and steadily increasing the number of wine lovers. Incorporating success stories at wineries outside Japan, we are working to boost profit ratios and increase our direct sales ratio of wine to 20%.

The company has begun exporting *Château Mercian* to markets overseas. The wine is being offered by three-star restaurants in Hong Kong, and we will aim to have it recognized as a high-value wine in cities like London and New York in the future. We will continue these efforts and strive to have *Château Mercian* recognized around the world as Japan’s leading brand of wine.

* Japanese wine is defined as wine produced domestically with 100% of the grapes grown in Japan. It is distinct from domestically produced wine made with imported concentrated fruit juice or imported wine as ingredients.