

# How COVID-19 has reshaped Japan's drinking culture

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One of the first things I did when Prime Minister Shinzo Abe declared a state of emergency over the novel coronavirus on April 7 was to order two cases of canned *chūhai* cocktails from my neighborhood discount liquor store, Kakuyasu.

With stay-at-home requests being rolled out in heavily affected areas such as Tokyo and Osaka, it was time to seriously hunker down and stock up on daily necessities. And for some, including myself, that included booze.

Tokyo Gov. Yuriko Koike told residents to limit the frequency of grocery shopping to once every three days. Bars and restaurants were asked to shorten operating hours. As an alternative to going out drinking after work, online parties became a thing as corporate Japan rapidly adopted teleworking to reduce contagion risks.

As the weeks went by, the novelty of working — and drinking — at home, gradually wore off. Cocktail hour would typically start at 5 or 6 o'clock in the evening with little fanfare. Weekend Zoom gatherings with friends and their families would go on for hours, while my trash bin steadily accumulated empty cans. I found myself longing for an ice-cold mug of draft beer served in a smoky *izakaya* (Japanese-style pub).

The state of emergency, which eventually covered the entire nation, was lifted in mid-May and businesses began inching back to life. But with daily counts of new COVID-19 patients now showing a resurgence, dining out still requires precautions. So I asked myself: Is drinking at home the new normal? More broadly, is the pandemic affecting drinking habits and household alcohol consumption in Japan?

The simple answer seems to be yes, but in exchange for a plunge in on-premise consumption and increased health risks. And with no immediate end in sight for the global crisis, some aspects of Japan's drinking culture may be permanently altered.

The nation is known for its strict moral code on drug use, but is surprisingly tolerant when it comes to imbibing alcohol. Unlike in the United States, open-container laws don't exist. Alcohol can be bought in convenience stores, supermarkets and even from vending machines across the country. Indeed, it wasn't uncommon to see people opening cans on the street or while taking public transportation before the pandemic.

But as the nation's aging population shrinks, so, too, has alcohol consumption. Revenue from alcoholic beverages peaked in fiscal 1994 at ¥2.1 trillion and has steadily declined, logging just ¥1.3 trillion in fiscal 2018, according to the National Tax Agency.

Tastes have changed, too, as health-conscious younger consumers typically opt for drinks with fewer calories. Shipments of beer fell for the 14th straight year in 2018 to 393 million cases, down 2.5 percent from the previous year. Meanwhile, major brewers

have been doubling down on canned chūhai to counter the fall in beer sales, with growth most pronounced in the segment for drinks with higher alcohol content of around 8 and 9 percent.

According to a survey released by Suntory Holdings Ltd. in March, the market for such ready-to-drink cocktails grew 12 percent in 2019 compared with the year before, with shipments reaching 229 million cases. They were also the top drink of choice for home consumption.

Chūhai, for those unfamiliar with the term, is short for “*shōchū* highball,” and traces its roots to the postwar years when alcohol was in short supply. With whiskey being a luxury, people resorted to drinking shōchū, an inexpensive spirit that can be distilled from a variety of materials, including wheat, rice and potatoes. Back then, the drink was of poor quality and foul tasting, and to make it palatable, people began mixing shōchū with soda water.

Most canned chūhai drinks now range in alcohol content from 3 to 9 percent. A personal favorite is Kyoto-based Takara Shuzo Co.’s “Shōchū Highball” series of fizzy canned drinks, many of which claim zero sugar and can be bought for a little over ¥100.

Takara, Japan’s largest shōchū maker, became one of the pioneers in packaging shōchū cocktails with its signature Can Chu-Hi debuting in 1984. While most beverage companies have since opted to use vodka in their chūhai products, Takara has stuck to the drink’s roots, using shōchū for its canned concoctions.

Junichi Akataki, a spokesperson for Takara Holdings, said household demand for its sake and shōchū products, as well as canned chūhai, have remained robust during the pandemic. But sales to businesses in May, during the state of emergency, plummeted nearly 90 percent compared with the same period last year.

“Thankfully the impact was relatively limited since that segment accounts for only 10 to 15 percent of our revenue.”

That’s not the case for others, such as Kakuyasu, my go-to liquor store chain, which operates more than 200 stores mainly in Tokyo, Yokohama and Osaka.

Kakuyasu is Japan’s largest alcohol delivery provider and relies on orders from bars, izakaya and restaurants for around 70 percent of its revenue. That segment took a nose-dive in April and May, falling 84.6 percent and 75.9 percent year on year, respectively. Instead, household sales soared 34.6 percent and 45.9 percent during the same period.

Sales from businesses began improving in June and July as shops reopened, but still remained at around 60 percent of the levels compared to the previous year. The surge in household demand also showed signs of tapering off during those months.

“The growth in home consumption wasn’t enough to offset an overall fall in revenue, but the trend is clear, and we plan on shifting our weight toward households,” says Satoko Ikagawa, a spokesperson for the Tokyo-based company.

The drop in on-premise consumption is similarly hurting beverage giants to various degrees.

Kirin Holdings Co., known for Kirin Lager, one of the oldest beer brands in the country, saw sales of kegs and bottles of beer to restaurants fall 80 percent and 50 percent year on year in May.

Overall, however, sales of *happōshu* (low-malt beer that falls under a lower tax bracket) and so-called third-segment quasi-beers, made from malt alternatives that are even cheaper, remained strong as people drank at home while cutting down on spending.

Sales of Honkirin, a best-selling third-segment product Kirin introduced in 2018, grew 40 percent in January to June compared with the same period last year, says Kuniaki Tamai, a spokesperson for the company.

And while inexpensive quasi-beers and canned chūhai are popular, sales of Kirin’s craft beer brands saw a surprising uptick, Tamai says.

“I think it’s a reflection of how, while being frugal, people also want to occasionally treat themselves to quality drinks at home,” he says.

Kirin has been aggressively expanding into craft beer over the past several years. It bought a 25 percent stake in Brooklyn Brewery in 2016 and acquired London-based Fourpure Brewing in 2018. And, last year, it purchased Colorado-based New Belgium Brewing. It also has its own craft beer line called Grand Kirin.

“Sales of cans of craft beer grew 40 percent in March, 50 percent in April and 80 percent in May,” Tamai says. “It seems participants in online parties want to try out new beverages and show off what they’re drinking.”

Japan is known for its after-work drinking culture, in which suit-clad office workers flock to Japanese-style pubs to unwind after a long day at the office. Those occasions are becoming increasingly infrequent or being replaced by online gatherings.

“A wide portfolio of products may help beverage makers mitigate some of the damage wrought by COVID-19,” says Kiyotaka Kobari, a senior consultant at the Nomura Research Institute. With brewers no longer able to count on businesses, he says variety is key in luring consumers. Drinking at home, however, can quickly grow stale without some creativity, leading pundits to offer advice on spicing up the household drinking experience. Stocking up on a range of drinks, unsurprisingly, is one way to stave off the boredom, they say.

Case in point: Out of the four major beverage companies, Asahi Group Holdings., which relies heavily on on-premise consumption and regular beer sales, is suffering the most amid the pandemic.

Revenue from beer and beer-like beverages by the big four brewers — Asahi, Kirin, Suntory and Sapporo Breweries Ltd. — all fell in the first half of 2020 from a year earlier. Looking closer, however, sales of third-category quasi-beers grew in the same period, indicating that a drop in regular beer demand was dragging down overall sales.

By volume, Kirin lost 4 percent in the January-June period from a year earlier, Sapporo dropped 7 percent and Suntory tumbled 11 percent. Asahi, which has stopped releasing figures by volume, posted a 17 percent plunge in sales by value.

“However, beer sales could see a comeback when the government begins to lower tax on regular beer later this year and increase tax on low-malt happōshu and third-sector malt-free quasi-beers,” Kobari says.

Extended periods of drinking at home, however, have their risks.

Akiyoshi Saito, a mental health and social worker at the Ofuna Enomoto Clinic in Tokyo’s neighboring Kanagawa Prefecture, noticed a number of patients who were being treated for alcoholism at his clinic relapsed during the pandemic.

Unable to keep up with their treatment routine while adhering to municipalities’ stay-at-home requests, some patients have reverted to drinking in order to escape their families’ watchful eyes or to cope with the solitude of living alone, he says.

“I’ve also heard of teleworkers drinking on the job now that they don’t need to go to the office,” Saito says. “That’s obviously a dangerous sign.”

Statistics show that Japan has something of a drinking problem. According to the health ministry, an estimated 1 million people are thought to be battling alcohol abuse, while 10 million potentially have dependency issues.

Exacerbating the situation is the popularity of canned cocktails with a higher alcohol content, Saito says.

“I’ve visited homes of single-member elderly households — mostly men — to find their apartments scattered with ‘strong’ chūhai,” he says. “It takes some time for symptoms of alcoholism to surface. I think we should be expecting an uptick in patients in the coming months.”

While it’s clear that alcohol buying patterns are shifting from on-premise to off-premise consumption, it remains unclear whether Japanese are actually drinking more.

In a survey conducted by Loyalty Marketing Inc. in late May, 44 percent of those who identify themselves as regular home drinkers — nearly a third among a sample of

10,000 — said they were spending more on alcohol for household consumption during the pandemic. The same survey, however, also showed that only 3.6 percent of those who don't drink at home were spending more on booze.

I asked several instant messaging chat groups about recent drinking habits, only to receive mixed answers. Those who would have frequented bars under normal circumstances said they found themselves drinking more regularly at home, while others said they are now drinking less.

Looking at other countries, there seems to be no unifying trend. A report from The Australian National University found that Australians are drinking more frequently during the COVID-19 pandemic than before. Meanwhile, Forbes quoted Danny Brager, senior vice president of beverage alcohol at Nielsen, as saying American consumers “are spending significantly less on alcohol because of the closures and restrictions to the on-premise space. People are just transferring their purchases, not buying more alcohol in total.”

Me? I haven't kept track, but I am looking forward to cracking open a can or two — or three — later tonight.

**In line with COVID-19 guidelines, the government is strongly requesting that residents and visitors exercise caution if they choose to visit bars, restaurants, music venues and other public spaces.**