



# Wine Australia

Craft Cider Export – UK Pilot

29 Aug 2019

**Wine  
Australia**

Confidential information. Property of The IWSR. 2019





# UK Craft Cider

Executive Summary &  
Recommendations

**Wine  
Australia**

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## UK – Executive Summary

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- **Prospects for the UK cider market overall remain relatively upbeat in the long term**, despite an anticipated drop in consumption in 2019. The market has corrected itself after a weather-driven rise in 2018.
- Fruit ciders, which had been a major driver, were subjected to a tax increase which is believed to **temporarily denting demand in 2019** before recovering going forward. Fruit ciders have been instrumental in bringing cider to a new audience and have gained considerable share over conventional apple ciders.
- The Magners boom of 2006 helped cider to break out of its regional stronghold of the Southwest and a pocket of the North East to become a **truly national market**. It has also helped solidifying acceptance of non-British ciders, emphasised by the success of Swedish fruit ciders. National expansion continues to help the long-term prospects for cider.
- As a result, cider is also **becoming less seasonal**. The drink traditionally had been associated with the summer but is now included in all of the supermarket Christmas promotions. The selling time for cider has increased throughout the year.
- The volume of the market will continue to come under pressure from the decline of lower-end products and the demise of white ciders. These have historically been taxed more heavily. Value in the cider market has been significantly outperforming volume for some time, and will provide **opportunities in future for premium products**. Craft products would fall into that premium bracket.



# UK – Executive Summary

- Although now firmly a national market, there have been **regional variances in tastes for ciders**, especially apple ciders. Consumers in the North may continue to show a preference for sweeter ciders while more traditional cider consumers prefer dry ciders from the high-tannin apples grown in the South West. Those on-premise accounts serious about their cider offerings may point out taste notes to the more discerning consumers.

OUR CIDERS			GUEST CIDERS	
	ABV	PRICE		ABV
URBAN ORCHARD MEDIUM DRY, CRISP, FRESH	4.5 %	£ 4.5	PERRY'S VINTAGE	7.2%
DEAD & BERRIED MIXED BERRY, SLIGHTLY DRY	4 %	£ 5	MYN'ERS TRADITIONAL FARMHOUSE	6.5%
DOOM & BLOOM ROSE, WINE-LIKE, FRUITY	4 %	£ 5	TINYREBEL PROTANOPIA	5 %
SOUL TRADER S.VARIETY, DRY, TROPICAL	5.4 %	£ 5	HOGANS HIP HOP	4 %
CENTENNIAL HOPPED, DRY, FLORAL	5 %	£ 5	ONCE UPON A TREE CROOKED BRANCH	5 %
SLAM FUNK W. COUNTRY, FUNKY, DRY	6.7 %	£ 6 <sup>(2)</sup> / <sub>(3)</sub>	DUDAS TUN BONE DRY	5.5%
BIG WOW W. COUNTRY, TANNIC, BOLD	6.6 %	£ 6 <sup>(2)</sup> / <sub>(3)</sub>		
	%	£		

**BUILD YOUR CIDER FLIGHT (FROM**



## UK – Executive Summary

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- The decline of the lower-end cider market is amplifying the losses in apple products. Premium apple products are, however, performing reasonably well. This is reflected in the results for strong mid-tier players like Westons and Thatchers. Nevertheless, owing to historical market structures especially for established brands, the price of both mainstream and premium cider (in both on and off) is relatively aligned with beer, and the two sectors compete against each other for both consumers and occasion.
- While these conditions (large market, overall market growth, premiumisation) generally bode well for newcomer brands, the **rising number of domestic 'artisan' producers** will make exploiting the potential of the market challenging for non-domestic suppliers. There is already intense competition for shelf space, squeezing margins and limiting distribution capabilities.



## UK – Recommendations

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- For any Australian craft cider to establish itself a **point of difference will need to be established**. Trading accounts – and consumers - will need to know why they should stock – and buy - yet another brand of cider. They are both already overwhelmed by the sheer wealth of ciders on offer, with a recent wave of additional domestic brands.
- **Pitches** to both off- and on-premise accounts are becoming more and more important for stocking new brands. A difference to be made to the consumer needs to be at the forefront to garner initial interest, before margin discussions are even held.
- Australia is not particularly known for its apples (or, indeed, ciders) in the UK. In food and beverage, there are, however, **four obvious associations that UK consumers may make when thinking of Australia**:
  - Australian wines (not least due to the activities of Wine Australia and the more active Australian wine brands)
  - Australian beer (even if manufactured in the UK) – notably XXXX and, more recently, Fosters
  - Associations with barbecues
  - Sporting events where both UK and Australia participate – notably rugby and cricket, but also more 'Australian' sports of interest such as Australian-rules football



## UK – Recommendations

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- The **general direction of the market towards fruit ciders** must be borne in mind. This is not to say that Australian producers must necessarily develop fruit variants in order to be successful in the market. But they need to be conscious that the general market direction currently invites other (domestic) craft producers to add new expressions as brand extensions to their pure apple variants.
- The tariff, the shipping costs and any labelling requirements mean that any Australian product **will need to compete at the premium end of the market**. A third-party importer will provide market expertise but they will expect a margin of around 15-20%.
- The use of 33cl formats may help to increase margins and reinforce the premium nature of the drinks. **Draught** approaches are not currently recommended – it really requires a domestic base (returnability, activation work etc.) and the fight for draught pumps is one that is mostly fought with multi-national companies at present ie requires significant stamina (and, therefore, again a domestic presence).
- If there are opportunities to exploit existing relationships with retailers **through the Australian wine business** then this may help to create dialogue and hopefully listings
- Linking up with an **individual pub company** or a **regional brewery** could be one way of establishing a brand. It will give a brand access to their pub estate or pub chain. Kopparberg made its name through listings with national chain Wetherspoons. An obvious suggestion would be the Walkabout pub chain with its Australian theme.



## UK – Learnings from Savanna

- Savanna Dry Cider is a South African cider that has been in the UK market for a number of years. There was **limited knowledge or consumer association with South Africa and cider** when the brand was launched.
- The product is run through a micro-filtration process where it is triple-filtered and double-chilled which provides some 'point of difference'. The main **marketing differential** is, however, in the advertised serve; it is suggested that Savanna Dry should be served with a wedge of lemon, and the brand owner has **spent considerable effort in activation in on-premise** to emphasise the serve. This proved to be **temporary** – the serve activation was used to **persuade off-promise accounts of the points of difference**, and today the brand is more geared towards off-premise sales.
- The bottle design is very distinctive and has a feminine appeal. The presentation is far from conventional ciders and has attracted a wider audience as a result.
- Owner Distell's existing contacts in the retail channel (through its mainstream wine and spirits business) opened the door to listings in the main UK supermarket chains



It is believed that Savanna's experience has direct relevance for aspiring Australian exporters.





## UK – Recommendations

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- In general terms it seems advisable for any aspiring Australian craft brand entering the UK to **start small and stay focussed** on a particular point of market entry. All successful market entrance strategies in recent years have selected a particular niche from which to develop their dealings, and the example of Savanna shows that the approach may well morph from the initial one (Savanna – focus on on-premise and the 'serve') to a later one (dialling-down of on-premise activation once off-premise accounts are convinced of the brand's work on the 'serve').

In that vein, the following slides offer some explanation on what these niches – and their channels – could look like. Two things must, however, always be borne in mind:

- **Not all approaches are suitable for all suppliers.** The smallest suppliers without budget for running export departments should of course choose approaches that allow them a more hands-off approach – or a deeper partnership with UK-based companies - than the larger ones who may get involved in significant activation work themselves.
- **Cider Australia – and potentially Wine Australia** (with its functioning UK office) – could of course play a role in terms of generic marketing assistance. Assisted trade fair participation, sponsorship of Australia produce weeks in supermarket chains or sponsorship of Australia-heavy sports events could be ways of gaining consumer (and channel) interest. And naturally, lobbying work surrounding post-Brexit trade deal discussions would be opportune.



## UK – Place & Route to Market

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Distribution will determine the fate of any new cider brand in the UK. Feedback suggests that **entering and winning industry competitions is the best way for a craft brand to gain introductions to accounts and win listings.**

The UK is a very crowded market place for cider products. Competition for shelf space is intense. This makes it challenging for cider players to win shelf space in **off-premise.**

In many ways the situation in **on-premise** is even tougher. There are regional variances but the average on-premise outlet (read, pub) will have one, maybe two cider draught pumps, and will stock two, maybe three packaged items in the back bar. Given that the market for cider is stacked in favour of larger suppliers (some of which are significant brewers) the battle for on-premise space is waged not only among craft suppliers but among the entire cider supply base, and listing depends on the politics and preference of each on-premise account – be that individual or multiple accounts.

There follow notes on important links in the UK distribution chain.



# UK – Place & Route to Market

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## a) Industry Distributors

Growing international sales of cider outside of the UK means that many of the major industry distributors have increased their stake in the category with an eye on international market development beyond the UK. The tax differential with beer has also encouraged the big brewers to enter the cider market in the last decade or so. This means that big industry distributors like Carlsberg, Molson Coors, Heineken, C&C Group and AB-InBev would rather sell their own cider brands. They may be interested in a clearly-defined proposition like an Australian cider, but it is unlikely.

A **regional brewer** (particular those with their own on-premise divisions) may take on an imported cider brand because they need to offer their pub estates a diverse range of products. Kent brewer Shepherd & Neame for instance have taken on the bottling for American Angry Orchard to complement the more traditional Orchard View cider in their portfolio. A regional brewer will be more likely to nurture a new brand, but they will expect their share of the margin. A brand will have access to their pub estate – in addition to all third-party activities.



# UK – Place & Route to Market

## b) Independent Drinks Wholesalers

Getting listed by an independent drinks wholesaler is an option, but again they will want their margin. Examples are below:

- The *Fine Cider Company* is a specialist cider merchant that distributes selected high-end ciders to restaurants and bars
- *LWC Drinks* is the largest independent drinks wholesaler, serving 7000 on-premise outlets. The company runs a category-specific brochure in which brand owners can advertise their cider brands, for pick-up and listing by LWC's customers:

**GO WITH THE LOW**

At just 0.5% ABV, South West Orchards Low Alcohol Craft Cider remains true to South West Orchards' traditional Somerset brewing methods, but offers a low-alcohol alternative for consumers looking to enjoy a traditional craft cider, whilst moderating their alcohol intake.

Blended to taste just as delicious and refreshing as the brand's original variety, South West Orchards Low Alcohol achieves the same perfect balance between a dry body and a sweet finish, but at a lower ABV.

**PERFECT SERVE**  
Serve chilled from the bottle, or over ice with a slice of dessert apple.

Are you meeting your customers' needs?

- The low- and no-alcohol market is now worth £50M in the UK.\*
- Low-ABV cider sales grew by nearly 30% last year and the sector is set to be worth £300 million within 10 years – accounting for 5% of the beer and cider market.\*\*

\*CGA MAT 27 January 2018  
\*\* Weston's Cider Report, 2018

**BUY ONE CASE OF ORIGINAL & RASPBERRY AND RECEIVE ONE CASE OF LOW FREE**  
2 DEALS PER CUSTOMER, PER WEEK  
\*WHILE STOCKS LAST\*

**PACK SIZE**  
what's available

**ORIGINAL AND RASPBERRY**  
Available on draught in 50L kegs and (12)500ml bottles in both flavours

**LOW ALCOHOL**  
Available in (12)500ml bottles only

**HOT CIDER**



## UK – Place & Route to Market

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### c) Direct Dealings with Supermarket Multiples

Competition is fierce in the mainstream supermarket chains and the recent success of the discount chains (notably Aldi and Lidl) has meant they have reduced their product offerings, including in beer and cider. As an example in beer, the iconic Carlsberg brand was even delisted several years ago by several chains as supermarkets play the big brewers off against each other. Stella Cidre sales – another example, this time affecting AB-InBev collapsed after they were delisted in a number of chains – there simply was not room for them.

**Discounters** like Aldi and Lidl may take products on but they will buy at a low price and sell at a low price. These are not the retail chains to utilise to build brands, or to position craft.

One route to the supermarket chains could be through **existing relationships**. Savanna is believed to have gained listings through the distribution muscle of its South African wines and spirits supplier owner, Distell. There is, therefore, a question mark whether **Wine Australia** could play a pivotal role in inviting listings for Australian craft ciders, alongside the commercial work that is done by important Australian wine companies such as Treasury for example.



# UK – Place & Route to Market

## d) Direct Dealings with On-Premise Chains

The roots of the very successful Kopparberg brand in the UK market were in the Wetherspoons pub chain. This national chain is good for gaining national exposure - but margins offered will be wafer-thin. However, Kopparberg were able to demonstrate good sales in Wetherspoons to the supermarket chains - who then listed them. Rival Swedish fruit cider Rekorderlig (prior to their tie-up with Molson Coors) opted for a similar route, and initially listed in the All Bar One pub chain exclusively, before an off-premise roll-out.

Linking up with a smaller pub chains is a more realistic option for smaller craft players. The Brewery Manual lists many of the pub chains that could be targeted. Although the Australian-themed Walkabout chain outlet numbers have dropped to around 30 sites, they would be an ideal target to stock Australian craft ciders.

**Restaurant chains** can also help establish a brand. Leading premium beer brand Peroni originally established itself in the upmarket pizza restaurant chain Pizza Express before being listed in off-premise accounts.





## UK – Place & Route to Market

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### d) Direct Dealings with On-Premise Chains (cont'd)

With most retail chains out of their reach, the reality for most small-scale cider producers is to build up sales in **local freehouse pubs**. Certain parts of the country are stronger in freehold pubs than others areas - Hampshire, Wiltshire and the East of the UK have more freehouses than other areas.

Having a draught/bag-in-box option is advantageous for craft cider producers targeting the on-premise. A draught presence gives brands consumer visibility in contrast to bottles which can be hidden away in fridges (often below eye level in UK pubs).



# UK – Place & Route to Market

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## **e) Festivals and Sports Events**

Festivals are where the UK's young, fashionable 'opinion former' drinkers can be found, and a very good vehicle for raising brand profiles. Brothers Cider is one brand that gained traction through its link-up with the iconic Glastonbury Festival. Thatcher's cider gained the cider pouring rights there as of 2019 – indicating the fierce competition for listings in festivals. One of the main attractions of course is the possibility to run an entirely captive market, if only for a few days.

It must be noted, however, that both Brothers Cider and Thatcher's are fortunate in being bigger operations and they have resources to buy the 'pouring rights' for such a high-profile festival. Smaller players complained in interviews that the high price of 'pouring rights' means that even in modestly-sized festivals they are now priced out, unless they can make political claims on being more suitable partners to particular festival organisers in terms of ethics or world outlook offered.

While localised, these deals can make national waves, especially in the Instagram age – local North East London craft brewer Beavertown for example gained national attention through their exclusive pouring rights at key London football team Tottenham Hotspurs' new home ground, allowing them to start growing their audience (and leading to listings in both on- and off-premise outside its narrow local captive area).

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## UK – Place & Route to Market

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### **f) Third Party Importer**

A number of specialist beer and cider importers exist. Operators like Branded Drinks, James Clay, Halewood, Morgenrot, Pierhead and Vertical Drinks to name a few are very experienced at bringing imported brands into the market. They will eat into the margin of course – but provide crucial back-up especially in approaching large and sophisticated accounts.

Importer and brand builder Chilli Marketing, with a presence in Australia, were for example instrumental in establishing Swedish cider brand Rekorderlig into the UK market. Molson Coors subsequently bought the UK rights to the brand.

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## UK – Place & Route to Market

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### g) E-commerce

In a digital age marketing online is critical and a valuable tool in generating sales. Home delivery of groceries is already a strongly-established phenomenon in the UK, even outside of the main urban areas. In the UK there are now a plethora of websites and apps that sell beer and ciders online, both generalists and specialists, and e-commerce channels are becoming a key outlet for beverage alcohol in general in the UK.

**Crafty Nectars** is an example of an online subscription service, **specialised in craft ciders**. The company also produce their own brands

**EeBria** was one site that was put forward as generating good sales for domestic craft cider producers

**Fetch the Drinks** was also cited as a good medium for small-scale ciders to gain some national coverage. A Hampshire producer suggested that they have had feedback from all over the country as a result.

**Untappd** is an app that allows drinkers to rate the ciders.

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# UK Cider

Overall Market and Craft in  
Context

**Wine  
Australia**

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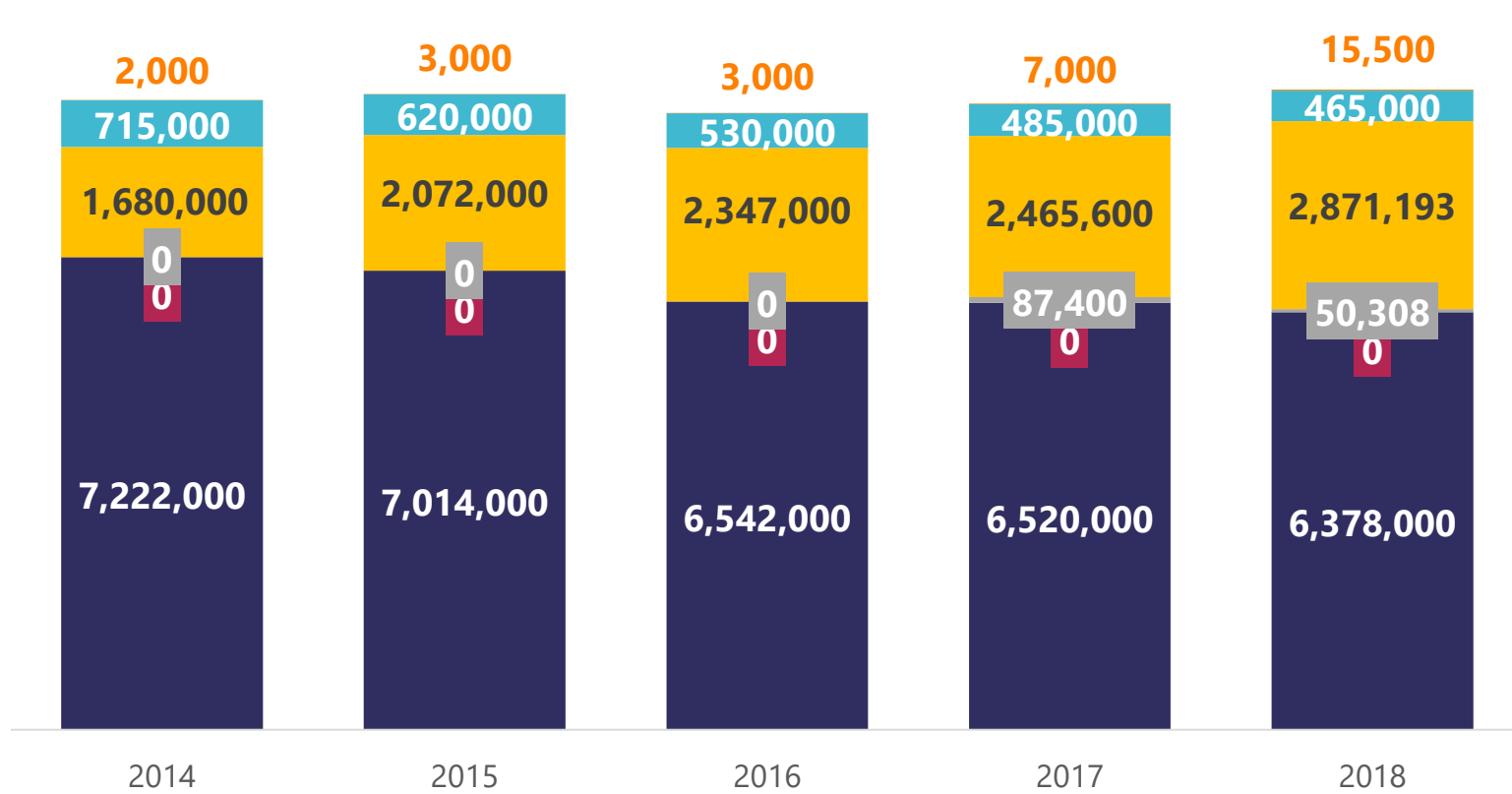
Cider in the **UK** has **suffered from uneven development over the last few years**, remaining roughly stable over the period. This, however, disguises strong underlying trends – a **gradual reduction in apple flavour**, strong **decline among perry**, sustained **growth in fruit ciders** and a **small, emerging rosé sector**. Hybrids have been launched with some hype, but are seemingly a short-lived phenomenon.



**UK – Cider Consumption 2014-2018 (HL)**

9,619,000	9,709,000	9,422,000	9,565,000	9,780,000
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<b>CAGR</b> <b>14-18</b>
<b>+0.4%</b>

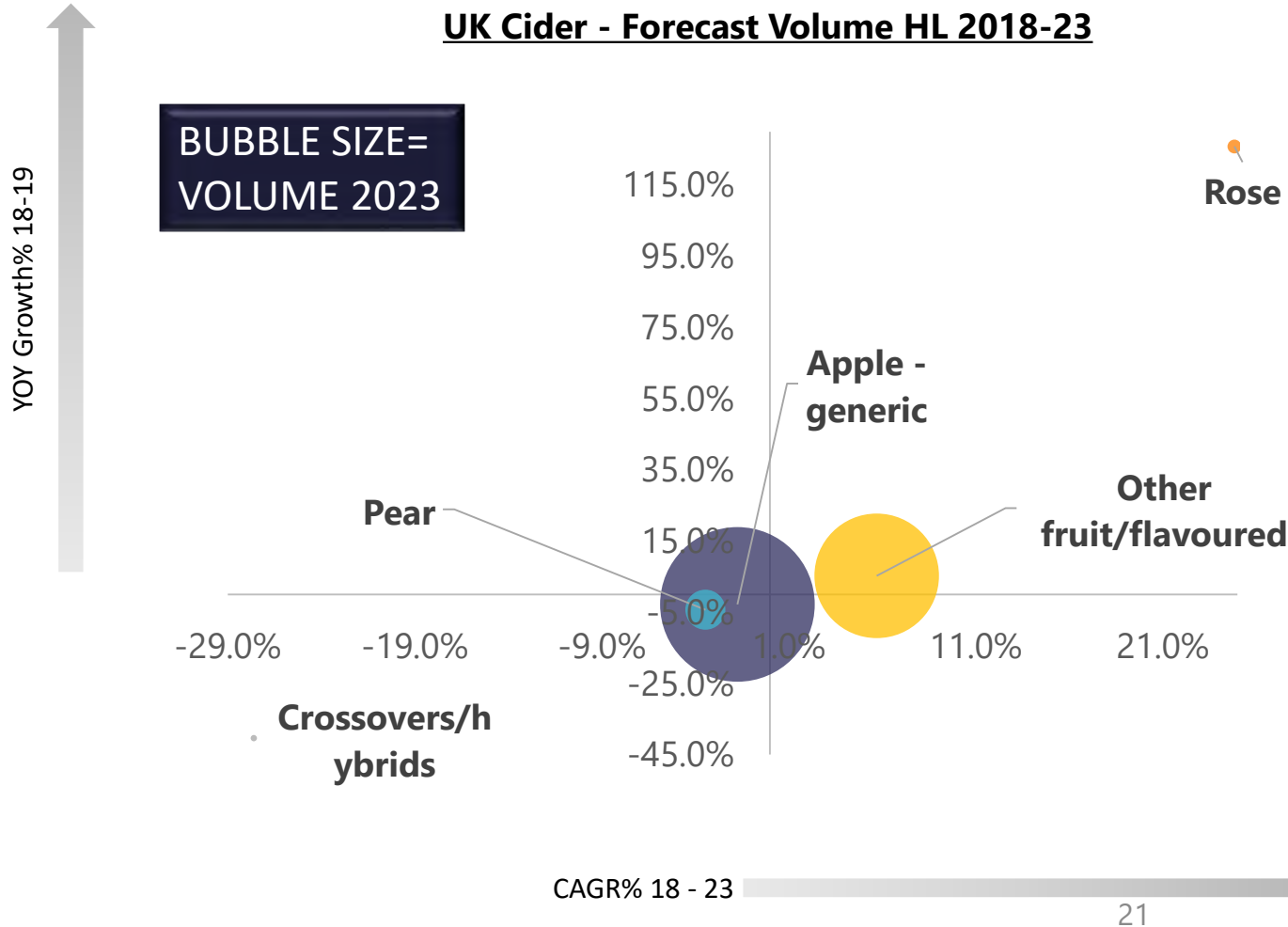


<b>+66.8%</b>	Rosé
<b>-10.2%</b>	Pear
<b>+14.3%</b>	Other Fruit/Flavoured
n/a	Crossovers/Hybrids
n/a	Apple – Varietal
<b>-3.1%</b>	Apple – Generic

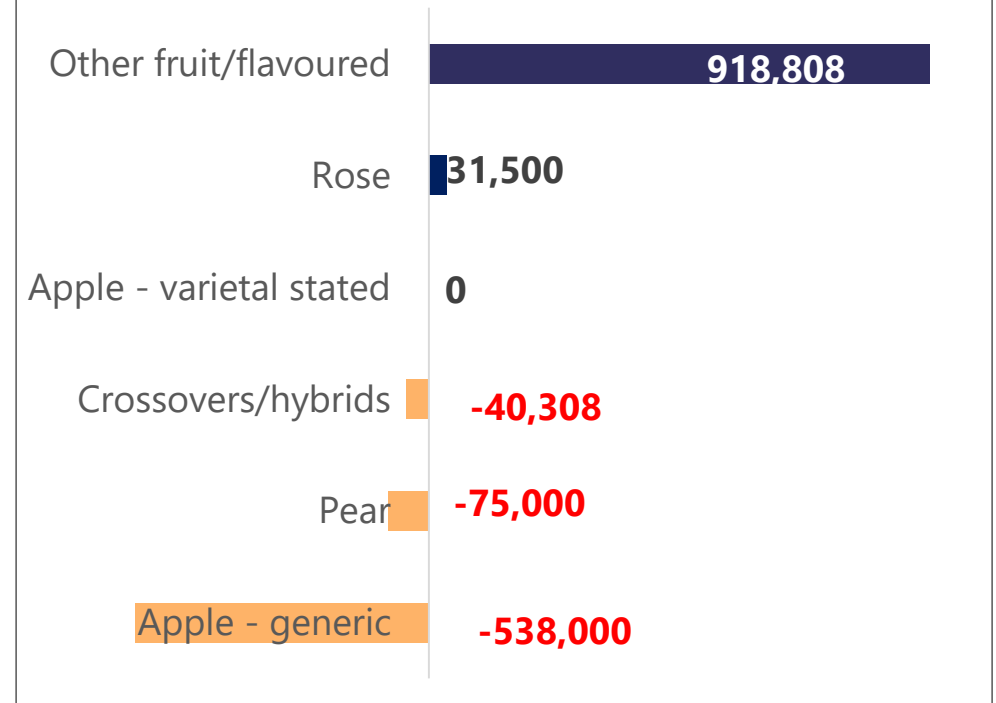
In the UK, the **traditional apple flavour is expected to shed further share to flavoured cider**, with **rosé cider also on the ascendency**. Perry is expected to continue its decline, while **hybrids are expected to suffer** from discontinuation of various products (including notably whisky brand extensions).



### UK Cider - Forecast Volume HL 2018-23



### Volume Increment (HL) 2018-23

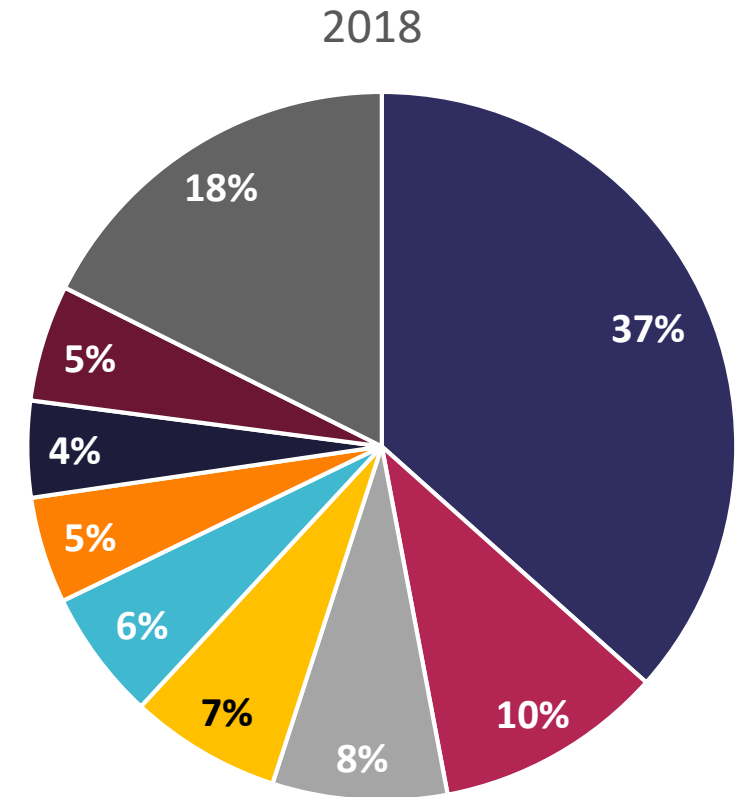
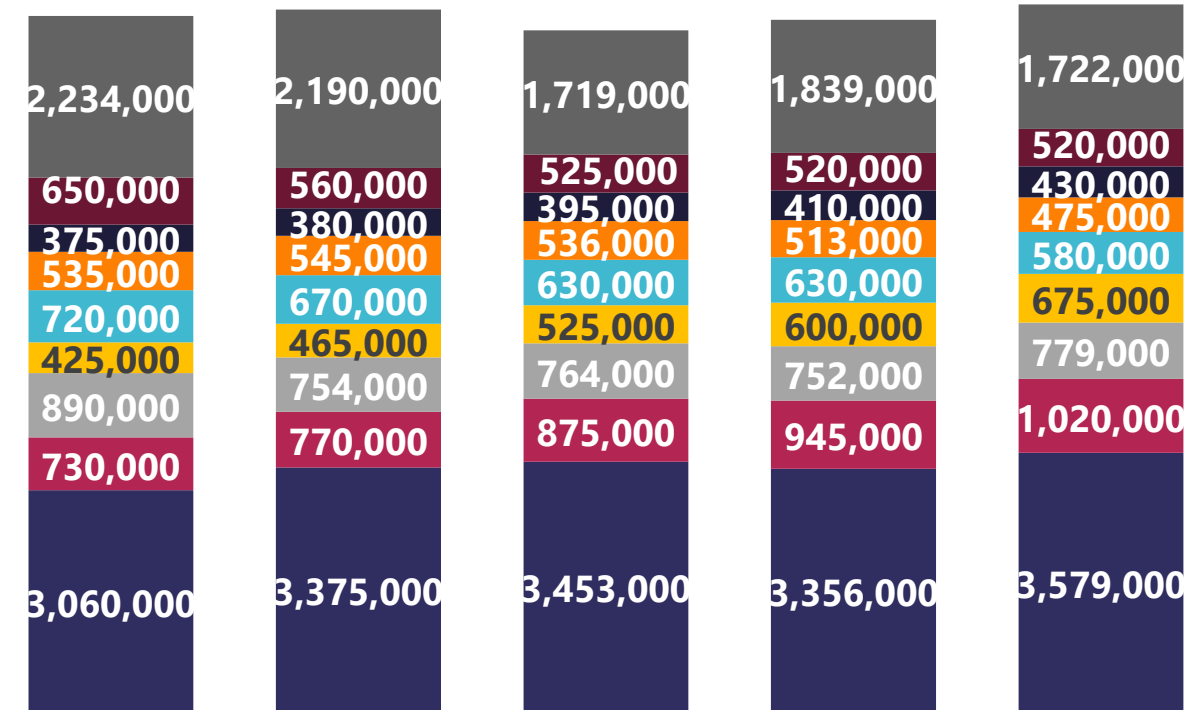


**Heineken** managed to build further on its leadership position, with a **strong challenge by Kopparberg** but also **Thatchers and Weston**. C&C, Agrial (Aston Manor), MolsonCoors (suffering from Carling demise) are all in decline, as is Private Label. There is also some change among 'Other Brands'. **The Top 5 suppliers (excl PL) jointly hold two-thirds of the market.**



UK – Cider Consumption 2014-2018 (HL)

9,619,000    9,709,000    9,422,000    9,565,000    9,780,000

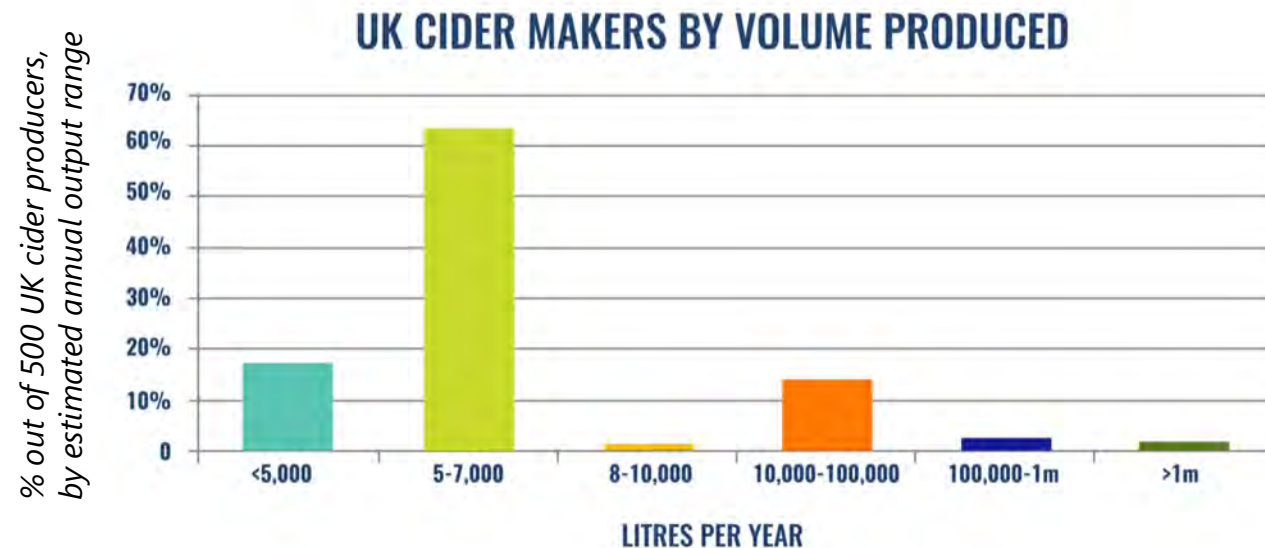


Heineken    Kopparberg    C&C    Thatchers    Agrial    Molson Coors    Weston    PL    Other



# UK – The Cider Industry and Craft

- Despite the domination of the leading suppliers – with the exception of Kopparberg and C&C sourcing volume locally – there is significant **fragmentation** in the domestic supplier base. The *National Association of Cider Makers* currently estimates the number of **active** domestic producers in the UK to be in the region of 500, with by far the largest number in the 50-70 HL magnitude of individual production/sales per annum and an increasing proportion of producers of less than 50 HL per annum.



Source: *National Association of Cider Makers, 2018*



## UK – The Cider Industry and Craft

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- The graph from the National Association of Cider makers shows how fragmented the UK cider industry is, the sheer number of smaller domestic producers that are present and just how few mid-tier and major suppliers are active in the UK market in comparison to the fragmented end. Most of the smaller producers might, indeed, be deemed to be 'craft' players but have, in reality, been operational considerably longer than when the term 'craft' was first coined (with the term 'artisanal' perhaps more apt in this traditional market sector).
- In addition to long-established artisanal suppliers, the impact of craft gins and beers on the UK drinks market has inevitably attracted newcomers to the cider category, with many approaching the cider market from a less traditional angle. One craft player interviewed, founded in 2015, simply attended a **cider making course** and then began trading. These courses are run every six months and, such is their popularity, are sold out months in advance. The number of domestic cider players is currently believed to be increasing rapidly, despite a stuttering development in overall consumption.





# UK – The Cider Industry and Craft

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Defining a craft cider is relatively complex because the market is broken up into a number of different brands that could all be viewed as craft. The **consumer perception** of craft is of a small scale, backyard-style artisan producer but the reality is that larger producers also market brands as 'craft' ciders. One constant is that craft ciders should be made from 100% apples and not from concentrate.

We offer a segmentation of the UK 'craft' cider market into distinct segments, most of which are by far dominated by domestic ciders:

- 'Big' and mid-tier craft
- 'Accidental' craft ciders
- 'Modern' craft ciders
- Imported craft ciders
- New-to-market craft ciders
- Traditional farmhouse producers



# UK – The Cider Industry and Craft

## a) 'Big' and mid-tier 'craft'

Recognising the potential for craft products and – crucially - endowed with the ability to get them onto the shelves, into backbars and into pump dispensers in pubs, the bigger cider players have increasingly launched offerings to tap into the craft market. As examples, Heineken's Orchard Thieves is marketed in a craft style and is an international craft offering. Weston's Old Rosie has been re-invented to be craft-themed. The brewers Adnams have created their own craft cider product. The distribution muscle of the big players mean that these products have relatively good volumes overall, but they **remain a small part of their owners' overall business** to date.

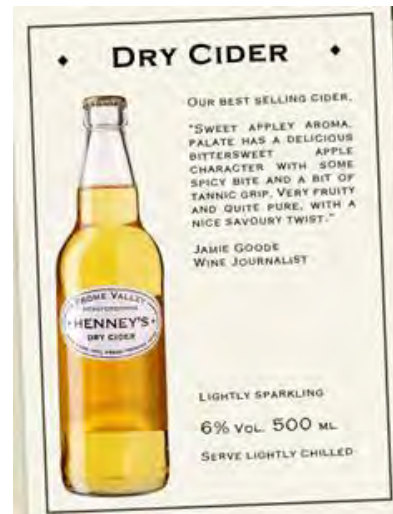




# UK – The Cider Industry and Craft

## b) 'Accidental' craft ciders

Some producers who have been trading for a long time have become 'accidental' craft suppliers. They meet the consumer perception of 'artisan', small-scale and premium at least with part of their product portfolio, depending on branding, packaging and activation. These producers have progressed from being 'Traditional Farmhouse Producers'. Some definitions would incorporate products from mid-tier producers like Thatchers and Westons. They are normally sold in a 50cl glass bottle and sit with the premium bottled ales both in supermarket aisles and in backbars. Draft offerings are rare (other than bag-in-box in traditional channels and specific geographical areas where BiB is seen as a sign of tradition and 'being local').





# UK – The Cider Industry and Craft

## c) Modern craft ciders

These take their cues from the **international craft beer movement**, are more 'edgy' in messaging and are aimed primarily at a young, urban consumer base. They often feature in a 33cl can to mimic craft beer brands and are mostly new to the market. They are **not bound by traditional cider conventions**. These products are also more likely to experiment with new flavours. Many of these startups have probably made more noise than sales, and may derive a significant part of their existing turnover from sales from their own on-premise outlets before developing solutions for the third-party distribution market. A strong sign for burgeoning modern craft cider brands is the emergence of paper- or foil-labelled generic aluminium cans, to be used as a substitute before magnitudes are reached to allow sourcing professionally-printed aluminium cans from mainstream canmakers.

Hawkes – a prime example - will be helped by the investment of the popular craft beer Brewdog and already has a good visibility in retail despite very recent market entry.





# UK – The Cider Industry and Craft

## d) Imported craft ciders

These brands have spawned from the developing craft cider market in other markets, mainly Hard Ciders from the North America with some South African and French products. C&C Group were active in buying some of these brands internationally, while others have been bought or partnered by brewers. Introduction of brands owned abroad by existing heavyweights in the UK cider industry and that may, theoretically, have a chance of competing against domestic craft cider brands has, so far, been inconsistent. Volumes are yet to make a significant impact.





# UK – The Cider Industry and Craft

## e) New-to-market craft ciders

A category dominated by producers that have entered the market recently, adopting old-style practices that play on the heritage of their techniques. Many are drawn to the category by the opportunities for craft products, many are not from the West Country (Somerset, Devon, also Herefordshire) cider-producing heartlands but apply the same principles to their marketing and production. The more successful brands like Cornish Orchards and Orchard Pig have since been bought by bigger players. Many of these products will sink or swim. Starved of mainstream distribution channels they have to prove themselves and hope that one of the regional brewers will pick up on them as Fullers (now Asahi-owned) did with Cornish Orchards and C&C did with Orchard Pig, to take them to the next level. These brands now have good listings.



Curious Apple 24btl Case



# UK – The Cider Industry and Craft

## f) Traditional farmhouse producers

Longstanding producers who have serviced their local communities for many years and occasionally break out to the wider world through cider festivals or enterprising retail and/or pub chains running themed weeks. These ciders are often sold in plastic containers or bag-in-box in small batches 'from the farm' and are often very cheap. Recently some have recognised the potential of craft ciders and have glamourized their packaging to include more glass (and have raised their prices in order to showcase their credentials to a new, urban audience). The high number of these producers and the fact that they have well-established consumer bases mean that volumes are reasonably high but difficult to measure.





# UK – The Cider Industry and Craft

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## g) UK Craft Market Size

Due to the varying definitions of 'craft' and the fact that many smaller producers are distributed off the radar the market for craft ciders is difficult to measure. If one includes the mid-tier and accidental craft players' glass bottle sales, then one may calculate 'craft' as representing up to 6% of the volume of the off-trade and 9% of the on-trade, in strong growth last year compared to lacklustre overall cider market performance.

**Craft cider** in the UK as per the definitions above has reached a market volume of **695,000 HL** by 2018, within a total cider market of 9.8 Mn HL.

Overall, the market for **craft cider** remains dominated by off-premise sales but their relative importance is diminishing – by **2018 around 45% of volumes** (and significantly more in terms of consumer value) **was accounted for by on-premise**, up from 43% in 2015. This trend is set to continue.

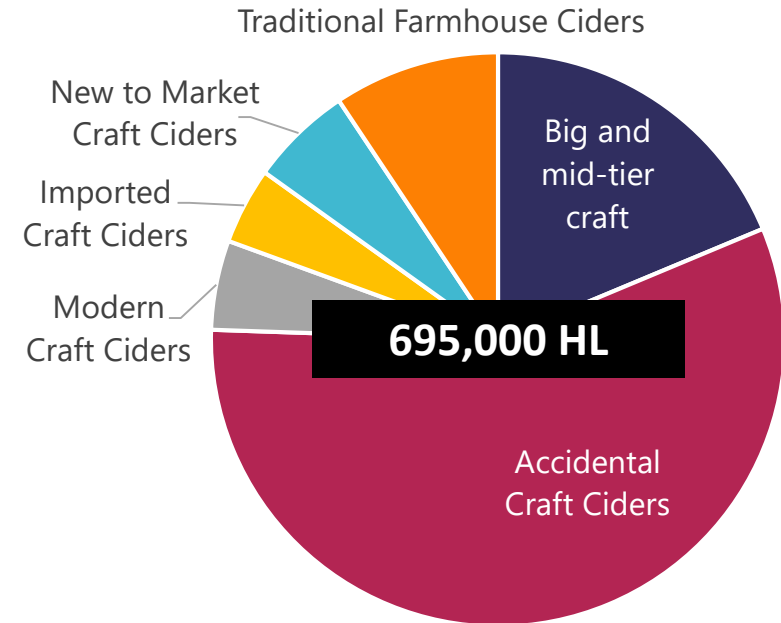




# UK – The Cider Industry and Craft

## g) UK Craft Market Size (cont'd)

Craft Cider: '000 HL	2018	2019 (F)	YOY 18/19%
Big and mid-tier craft	130	143	10.0%
Accidental Craft Ciders	395	395	0.0%
Modern Craft Ciders	35	42	20.0%
Imported Craft Ciders	30	31.5	5.0%
New to Market Craft Ciders	40	50	25.0%
Traditional Farmhouse Ciders	65	58.5	-10.0%
<b>Craft Cider Market</b>	<b>695</b>	<b>720</b>	<b>3.6%</b>



### Notes:

- **Big and mid-tier:** Growth mainly driven by the roll-out of Orchard Thieves
- **Accidental:** Market prospects are on the up but from a bigger base. 2019 handicapped
- **Modern:** New entrants and Hawkes will be driving the market upwards
- **Imported:** Half-year figures from US, Canada, France and South Africa show relatively good growth so far, if remaining modest
- **New-to-market:** Assumed to be growing quite quickly - due to new entrants and Orchard Pigs' access to C&C's distribution
- **Traditional:** A mature market believed to be in decline as consumers buy their ciders from other sources



# UK – Applicable Duties and Tariffs

## a) Import tariff into EU from Third Country

The third-country duty liable on cider into the EU is €19.20 per HL. At an exchange rate of £1 = €1.10 that equates to £17.45 per HL. For a 50cl bottle of cider that would equate to an additional £0.087p. Duty rates will be added and then the product is 'released for consumption' – subject to excise duties and VAT.

It is noted that there is considerable confusion on duty levels and their applicability surrounding the current negotiations on withdrawal of the UK from the EU.

- - Sparkling :  
2206 00 31 ▼ - - - Cider and perry  
ERGA OMNES (ERGA OMNES 1011)  
→ Import control of organic products (01-01-2017 - ) (CD808)  
Excluding: Switzerland (CH) , Iceland (IS) , Liechtenstein (LI) , Norway (NO)  
[Show conditions]  
→ Third country duty (01-07-2000 - ) : **19.20 EUR / hl**



# UK – Applicable Duties and Tariffs

## b) Cider and Perry (no additions) – Excise Duty (whether domestic or imported)

To discourage the drinking of strong ciders (particularly white ciders) the government created a higher-strength excise duty band. Most producers have simply lowered the ABV of their product to avoid the additional duty.

Based on the latest tax levels from February 2019, the level of duty on a 50cl bottle of 5% ABV will be £0.4038 per litre or £0.219 per 50cl bottle. Standard VAT of 20% applies on top.

### Cider and perry

Alcohol type	Rate per hectolitre of product
Still cider and perry: Exceeding 1.2% - less than 6.9% abv	£40.38
Still cider and perry: At least 6.9% - not exceeding 7.5% abv	£50.71
Still cider and perry: Exceeding 7.5% - less than 8.5% abv	£61.04
Sparkling cider and perry: Exceeding 1.2% - not exceeding 5.5% abv	£40.38
Sparkling cider and perry: Exceeding 5.5% - less than 8.5% abv	£288.10



# UK – Applicable Duties and Tariffs

## c) Fruit Ciders (“Made Wines”) - Excise Duty (whether domestic or imported)

The fruit cider market has grown very rapidly since Kopparberg burst onto the market more than fifteen years ago. Strongbow Dark Fruits has proved exceptionally popular since it was launched in 2013. New Zealand import Old Mout has also fared very well, helped by Heineken’s distribution muscle. The addition of other fruit or fruit mixes to cider **reclassifies them as ‘Made Wines’** under applicable rules and they are **taxed at a different level of excise duty**. In February 2019 this tax increased. Standard VAT of 20% applies on top.

### Wine and made-wine

Alcohol type	Rate per hectolitre of product
Wine and made-wine: Exceeding 1.2% - not exceeding 4% abv	£91.68
Wine and made-wine: Exceeding 4% - not exceeding 5.5% abv	£126.08
Still wine and made-wine: Exceeding 5.5% - not exceeding 15% abv	£297.57
Wine and made-wine: Exceeding 15% - not exceeding 22% abv	£396.72
Sparkling wine and made-wine: Exceeding 5.5% - less than 8.5% abv	£288.10
Sparkling wine and made-wine: 8.5% and above - not exceeding 15% abv	£381.15



## UK – Price Comparisons

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In 2018 the **average price of cider** was £2.25 per litre in the off-premise and £6.60 in the on-trade, but it is better to look at comparable brands to a proposed Australian craft cider entry:

- In the **off-premise** it might be expected that any craft-style product would be price-positioned similarly to Angry Orchard Hard Cider from the US (imported in bulk and bottled by Kent-based brewer Shepherd Neame) or Savanna Dry (**note** that South Africa is not liable to import tax with the EU). In the leading supermarket chain Tesco, they both retail for £2.00 for a 50cl Bottle or **£4.00 per litre**. Multi-packs of Hawkes (modern craft) currently retail at about £5.00 per 4x33cl can, a per-litre price of around £3.79, ie a similar magnitude.
- Savanna has limited **on-premise** presence but with the benefit of Shepherd & Neame's pub estate Angry Orchard has an on-premise presence. On draught, a 56.8cl pint was £4.80 (**£8.45 per litre**) and a 50cl Bottle £4.75 (**£9.50 per litre**) in a Shepherd & Neame pub in its Kent homeland. For comparison, Heineken's Orchard Thieves costs about £5.60 per pint, or £9.86 per litre – again a similar magnitude. 'Value' on-trade chain Wetherspoons also stock Angry Orchard and sell it for £3.19 per bottle but this leaves limited margin. Angry Orchard will be trying to gain traction for the brand in the off-premise and to raise its visibility.

These values give guidance of what could be achieved although there will be considerable regional variance.



# UK – Price Comparisons

A margin build-up may look as follows generally – **Off-premise per 50 cl bottle:**

OFF-PREMISE PRICE BUILD-UP PER LITRE 50cl Bottle		
Price to consumer	LC/l	4.00
VAT Rate	%	20%
VAT Amount	LC/l	0.67
Price before VAT	LC/l	3.33
Trade margin %	%	30%
Trade Margin Amount	LC/l	0.77
Price ex Margin	LC/l	2.56
Tariff	LC/l	0.17
Excise	LC/l	0.40
Net selling price	LC/l	1.99
Average price to consumer	% RSP	100%
VAT	% RSP	17%
Trade margin	% RSP	19%
Tarif	% RSP	4%
Excise	% RSP	10%
Net selling price	% RSP	50%



# UK – Price Comparisons

A margin build-up may look as follows generally – **On-premise per pint draught (56.8cl):**

ON-PREMISE PRICE BUILD-UP PER LITRE Draught		
Price to consumer	LC/l	8.50
VAT Rate	%	20%
VAT Amount	LC/l	1.39
Price before VAT	LC/l	6.94
Trade margin %	%	70%
Trade Margin Amount	LC/l	2.86
Price ex Margin	LC/l	4.08
Tariff	LC/l	0.175
Excise	LC/l	0.40
Net selling price	LC/l	3.68
Average price to consumer	% RSP	100%
VAT	% RSP	16%
Trade margin	% RSP	34%
Tariff		2%
Excise	% RSP	5%
Net selling price	% RSP	43%



## UK – Price Comparisons

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Given these margin build-ups, one can conclude that the tariff rate is not in itself prohibitive, but it does mean that, considering shipping costs and an assumed small cost for complying with labelling requirements, **any imported craft brand will need to compete in the premium end of the market. If a third-party distributor is used, they will also have their margin to include** – estimated at around 15-20% on top of the above.

Margins could be improved significantly by opting for a standard 33cl bottle or can. **The 33cl can is now the standard for craft beers and ciders.**

What may be useful is to consider a case study of a **domestic craft cider brand** in the next slides:





# UK – Case Study Margin Build-Up Domestic Cider Brand

The company sells its cider to a typical UK multiple retailer (Southern Coop). In an affluent area, retail prices are high inflating the margin levels. Coop will not sell a 50cl bottle of cider for more than £3.00. This results in the following margin build-up per 50 cl bottle in **off-premise**:

OFF-PREMISE PRICE BUILD-UP PER LITRE 50cl Bottle		
Price to consumer	LC/l	6.00
VAT Rate	%	20%
VAT Amount	LC/l	1.00
Price before VAT	LC/l	5.00
Trade margin %	%	32%
Trade Margin Amount	LC/l	1.20
Price ex Margin	LC/l	3.80
Tariff	LC/l	0.00
Excise	LC/l	0.40
Net selling price	LC/l	3.40
Average price to consumer	% RSP	100%
VAT	% RSP	17%
Trade margin	% RSP	20%
Tarif	% RSP	0%
Excise	% RSP	7%
Net selling price	% RSP	57%

**Note:** Off premise margins will inevitably fluctuate. Coop will want to be seen to be **supporting local businesses** for PR purposes and there is an element of goodwill factored into their margin that **will not be present for an imported product**. Bigger suppliers might be expected to see ‘tougher’ negotiations with the retailers. Competition for shelf space is intense and some suppliers may sacrifice price just to get volume throughput.



# UK – Case Study Margin Build-Up Domestic Cider Brand

In **on-premise** (local freehouse pubs) this brand's margin build-up would be as follows per 50 cl bottle:

<b>ON-PREMISE PRICE BUILD-UP PER 50cl Bottle</b>		
Price to consumer	LC/l	10.00
VAT Rate	%	20%
VAT Amount	LC/l	1.67
Price before VAT	LC/l	8.33
Trade margin %	%	89%
Trade Margin Amount	LC/l	3.93
Price ex Margin	LC/l	4.40
Tariff	LC/l	0.00
Excise	LC/l	0.40
Net selling price	LC/l	4.00
Average price to consumer	% RSP	100%
VAT	% RSP	17%
Trade margin	% RSP	39%
Tariff		0%
Excise	% RSP	4%
Net selling price	% RSP	40%

**Note:** Caveats on following slide:



# UK – Case Study Margin Build-Up Domestic Cider Brand

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## Domestic craft cider brand – case study – on-premise margin build-up (cont'd)

**Note:** On-premise margins will vary. In the Craft Case Study, the margin is very high and the producer believes that the price charged is too high despite the pubs being in an affluent area. Packaged cider margins are generally higher than draught.

- *Tenanted pubs*, where there is a 'tie', will sell at a margin of around 50% because they have to buy their cider through their brewer/Pubco owner.
- *Freehold pubs* might expect to sell at a margin of 65%-80%.
- *Chained and managed outlets* will sell at higher margins still, particularly in high street sites, restaurants and higher-end chains

A national pub chain like Wetherspoons will sell at a low price but also buy at a very low price. Cider producers use Wetherspoons to give their brand 'exposure'. As an example (and a warning) Westons withdrew their Stowford Press brand several years ago because the margins were simply too tight. This hit their volumes overall.



## UK – Competition from Micro- and/or Craft Beer Brewers

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Feedback from one small craft cider supplier suggested that although ciders have a favourable excise duty rate to beer generally, the sliding duty rates **give smaller 'craft' beer producers an advantage over small-scale cider producers**. The first 7,000 litres of cider are exempt from duty but after that, cider producers are liable to the same duty rates as larger cidermakers. The **progressive beer duty**, by contrast, gives **tax relief of 50%** for brewers who sell less than 500,000 litres.

As a result, the duty on a litre of cider produced by somebody selling 100 litres into the market is £40.38 but for micro/craft brewers with a discount of up to 50% that equates to £38.16, **giving craft beer players an advantage** over craft cider players. The costs of producing cider are higher, giving them an advantage.

This advantage is exaggerated further if craft players innovate into the fruit ciders market. If fruits are added, the duty increases to a **'made wine' level**. This has suppressed some craft players' innovation.

It is noted that, conversely, **in the draught segment cider producers do have advantages** in terms of shelf-life over craft beer producers.



# UK – Cider Market Features

- **Formerly a traditional market**, highlighting heavily the provenance from famous apple-growing regions (Herefordshire, Suffolk, Somerset) and branding largely kept along traditional lines, the UK cider market has since developed into a market with various and distinct-from-each-other aspects:
  - Brands focussing on tradition
  - Mass-market brands (having undergone various ownership changes e.g. Strongbow)
  - Influx of imported, particularly flavoured brands (Kopparberg, Rekorderlig)
  - Cheap brands with negative connotations
  - Innovative brands
- Formerly bad image of **cheap ciders in large containers** (up to 3 litre PET bottles, large cans) addressed and counteracted by discontinuation of 'infamous' brands such as White Lightning – connotations with underage drinking, poverty alcoholism, homelessness, anti-social behaviour.





## UK – Cider Market Trends

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- The Magners boom of 2006 helped cider to **break out of its traditional regional strongholds** of the Southwest and a pocket of the Northeast where sweet ciders are enjoyed. National expansion beyond the traditional growing areas is helping the long-term prospects for cider **but also dictates route to market.**
- **Fruit ciders**, underpinned by Strongbow Dark Fruits, Swedish imports and other domestic innovation are behind the recent rise in cider demand
- **Value** in the cider market has been significantly **outperforming volume** for some time – **premiumisation.**
- **Minimum pricing in Scotland**, introduced in 2018, hit volumes in the North but contributed to higher average prices
- The **long-term decline of white ciders and low-end products** has concealed the stunning rise of **middle- tier producers** of cider Thatchers and Westons.
- The **hot summer** of 2018 contributed to the growth last year **but cider is becoming less seasonal.** Cider is now very much part of the big retailers' Christmas promotions. As cider becomes less seasonal, growth potential improves.



## UK – Cider Market Trends (cont'd)

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- Although beer brands invested heavily in the **FIFA World Cup**, ciders actually fared well during the competition – in on-premise, at least one cider pump is now ubiquitous.
- **Packaging recyclability** and **carbon footprint** are starting to make an impact in consumer and supplier purchasing decisions especially in large conurbations.



# UK Cider Segmentation – Product Type

**Apple ciders** still dominate but a key feature of the market has been the **rise of fruit ciders** which now account for 3 in every 10 litres.

Launched in 2013, **Strongbow Dark Fruits** has been a major contributor to the recent rise of the fruit segment. 'Cider and black' was historically popular in pubs, where blackcurrant cordial was added to cider – the brand extension plays on that. There has been some cannibalisation between regular Strongbow and Strongbow Dark Fruits. This has helped push apple cider into decline

The apple segment has also been hit by the **ongoing losses of the white cider segment.**

Younger consumers are unlikely to understand the term 'perry' and perries are either marketed as **pear ciders**, or are (by virtue of format) seen to be 'wines' (e.g. Lambrini, Babycham). Pear losses were less pronounced last year due to a recovery from Lambrini. The catalyst for an earlier jump in the pear segment was Kopparberg sixteen years ago. Other brands followed suit but drinkers have since switched to fruit alternatives, putting pear into a sharp downturn.







## UK Cider Segmentation – Product Type (cont'd)

'**Hybrid**' ciders have had some impact but the faddish nature of their consumers make it difficult for them to establish themselves. New products arrive but have limited staying power. Smirnoff, Pimm's and Jack Daniel's brand extensions all had significant launch year volumes but have since petered off. One significant issue in the UK seems to be that these hybrids are **not made available by cider specialists**.

The **rosé segment** is emerging but is making more noise than sales. Many operators are looking to exploit the popularity of pink drinks in general, but **may be hampered by packaging choices** (cans; green/brown bottles instead of flint).





# UK Cider Segmentation – Cloudy

**Cloudy ciders** are well-established and tap into the ‘farmyard’ perception of ciders. Cloudy products have an on-premise bias but that is changing. The segment has less than 5% of the market but is growing strongly.

Until recently, C&C-owned **Addlestons** was probably the most well known ‘cloudy’ cider. With limited support the cider had a good on-premise distribution. Addlestons was put in a bottle and sold in the retailers but lost listings when the big supermarket chains reduced their ranges in response to the rise of Aldi and Lidl.

Heineken launched **Strongbow Cloudy Apple** in 2015 and this helped win new ‘pump’ space at the bar. The variant did not enjoy the same success as Dark Fruits.

**Thatchers Haze** has performed very strongly since its rebranding from Somerset Haze in 2016.

Westons are present with **Old Rosie**. The company have recently rebranded the Rosie pig range as the ‘Cloudy’ concept gains momentum

**Sheppy’s** has recently joined the fray with a new Cloudy variant





# UK Cider Segmentation – Vintage

A 'vintage' cider is sourced from apples **harvested in a set year**. The term is used to give a premium to the cider. Consumer understanding is limited. A notable feature tends to be a higher ABV of upwards of 6%.

**Henry Weston Vintage** is the most prominent product and has been well supported.

Thatchers, Merrydown and Aspalls are represented in the segment.





## UK Cider Segmentation – ABV Tiers

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Cider in the UK has always had **associations with high-strength products.**

The damage that high-strength white cider had done to the image of cider is widely acknowledged. At the turn of the century, Bulmers, then owners of Strongbow, refused to call the drink a 'cider' but referred to it as a 'long alcoholic drink' because of the stigma associated with ciders. On acquisition, Heineken stopped supporting their White Lighting brand and let the brand fizzle out, a turning point in the white cider segment. **The low-priced white segment has now been falling for many years.**

The **government continues to target higher-strength ciders.** From 1 February 2019, ascending duty rates are applied through three new bands:

- Above 1.2% but less than 6.9%
- From 6.9% to 7.5%
- Above 7.5% but below 8.5%

The new duty rates will impact on strong products. Aspalls have already lowered the ABV of Aspull Premier C and Aspull Organic to avoid price increases.

Mid-strength ciders are driving the market but premium products like Henry Westons and Thatchers Vintage are also thriving.





# UK Cider Segmentation – ‘Craft’

Many expected the **craft segment** to have a similar impact on the cider market as in beer and the segment has thrown up a number of craft producers. The segment is growing, but craft ciders have yet to generate the same interest, with supermarket listings an obstacle.

- There were many existing small scale ‘artisan’ producers that fitted the craft brief already – mainly traditional, regional players especially in Herefordshire and the Southwest
- Festivals remain a good channel to cultivate craft products
- Many of the craft products have been put into the marketplace before they have had long enough to develop their craft identity. C&C Group invested early in the craft cider segment bringing their American ‘Hard cider’ products Hornsby and Woodchuck into market but they failed to capture an audience. **Orchard Pig**, acquired in 2017, appears to have more traction.
- Mid-tier producers put out their own craft style products like **Weston’s Caple Rd** or **Thatcher’s Stans**. These producers would rather not give up shelf space of existing products to their new craft products
- **Brewdog** invested in **Hawkes**, which looks like it could go on and win an audience. The ‘urban’ cider feels like an authentic ‘craft’ product.





# UK Cider Segmentation – Low-alcohol

As in other alcohol categories there has been **innovation in no- and low-alcohol products**. This has prompted rapid growth but from a small base.

- No/Low alcohol ciders have the advantage of **tasting very similar to regular ciders**. This is not the case with other beverage alcohol.
- Leading player Kopparberg's no-alcohol variant has been present since 2007, for a long time the only product on the market.
- **Stowford Press Low Alcohol** (Weston) has won significant listings in 2018 and sales have reportedly increased. Tesco rolled out the brand across the country in 2018.
- **Sheppy's** introduced a low-alcohol variant in summer 2018.
- There are now also Private Label ciders in this space (e.g. Waitrosé).





# UK Cider Segmentation – Packaging

**Glass** is still the leading pack format making up around a third of sales. The format is popular in both the on- and off-premise. In the off-premise, **sales have been hit by a shift from glass to cans** from the Swedish fruit cider brands and from new canning lines that have been installed by domestic cider operators. In the **on-premise, draught took sales from glass** mainly due to Heineken's aggressive policy to roll out keg-and-pumps.

Demand for **cans** has grown recently, helped by fruit cider products switching to 33cl cans in the off-premise. Thatchers' investment in cans has helped to underpin their success in the off-premise. Sheppy's has recently begun canning. Cans make up a little over 30% of the market.

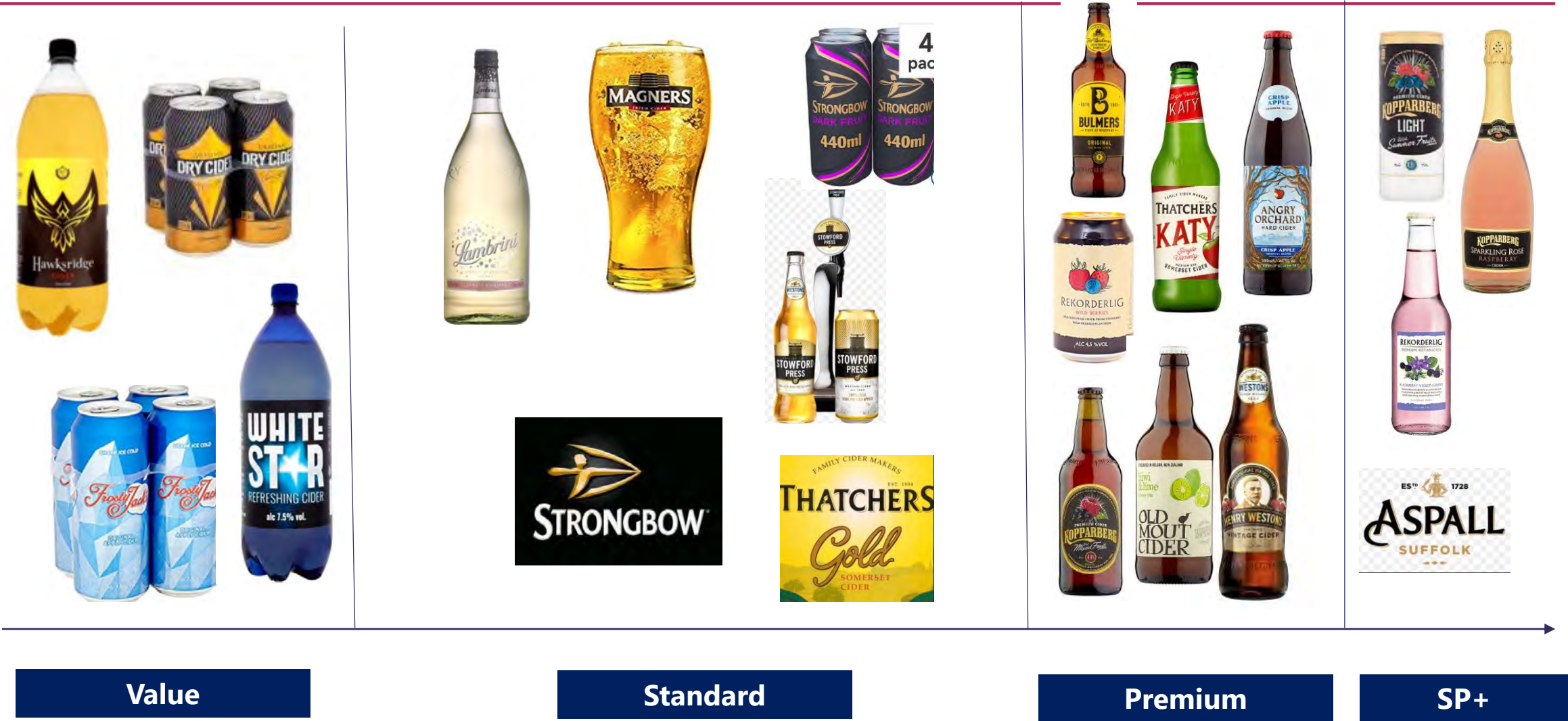
Especially the brewers' investment in pubs and bars has lifted the **draught segment** to nearly 28% of the market and more than three-quarters of the on-premise. Included in draught are **bag-in-box and kegs** which have gained visibility. Kopparberg helped to drive 5-litre kegs in 2018. Many smaller players will sell cider in bag-in-box in the on-premise.

**PET** share continues to shrink as low-end products and white ciders struggle. PET has a negative perception on quality for many UK consumers.





# UK Cider Segmentation – Brand Positioning







## UK – Relevant/Recent Cider Innovation

### Jack Daniel's Tennessee Cider

Launched in 2017, a crossover whiskey blend product with 5.5% ABV was introduced in on- and off-trade in 330 ml bottles as a brand extension of Jack Daniel's whiskey. The brand had some impact but momentum was difficult to maintain. The extension is understood to be phased out.



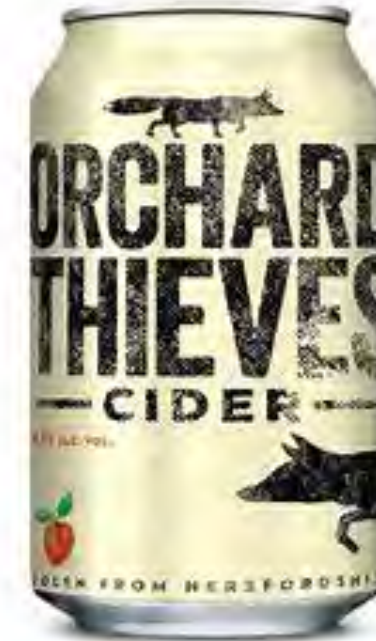


# UK – Relevant/Recent Cider Innovation

## Heineken – Orchard Thieves

Following the 2015 launch of Heineken's Orchard Thieves in Ireland, the brand started to be **rolled out** in other countries, among others UK, Netherlands, New Zealand and Spain. Innovative pump decorations are used at pub countertops for draught product.

For the UK variant the provenance from famous orchard region Herefordshire is highlighted prominently in branding – 'Stolen from Herefordshire'.





## UK – Relevant/Recent Cider Innovation

### **Molson Coors – Rekorderlig Botanicals**

In value terms, this extension of the Rekorderlig brand was the most successful new cider launch of 2018. The botanically-infused ciders came in three flavours; Rhubarb-Lemon-Mint, Peach-Basil and Grapefruit-rosemary. The drink is packaged in a 33cl bottle.

Molson Coors worked with creative agency Havas London to create a new advertising campaign for the launch, which includes a series of online films, a partnership with Time Out magazine, and a branded pop-up bar at London's Underbelly Festival Southbank this summer – the Rekorderlig Botanicals Bar.

The range has on- and off-premise appeal and is aimed at a feminine audience. The use of botanicals helps the drink to tap into the interest in gin.

One 33cl bottle sells for £2.00 in the supermarkets





# UK – Relevant/Recent Cider Innovation

## Sheppy's Low Alcohol

Sheppy's Low Alcohol Classic Cider launched in August 2018 and looked to capitalise on the strong growth of the low-alcohol segment. Growth in low-alcohol ciders is from a very small base but retailers are happy to list them now that no- and low-alcohol products have their own display sections.



## Kopparberg Black

Kopparberg's response to the success of Strongbow Dark Fruits was launched in the on-premise last year, and now features in the off-premise.

The 5-litre keg gives considerable shelf differentiation and sells for £17. The blackcurrant and blackberry flavoured cider has an ABV of 4%





# UK – Relevant/Recent Cider Innovation

## Adnams - Wild Wave cider

Wild Wave cider demonstrates how the regional brewers are not wanting to miss out on the consumer interest in cider.

The design and the 33cl can gives the cider a craft feel. The drink is positioned as a “high quality, English, premium cider”. One 33cl can of the 5% ABV cider sells for £1.79. An innovative at-home dispensing keg is also available.



## Heineken - Bulmers Orchard Pioneers

The new Bulmers variant failed to have the hoped-for impact in 2017 but has been relaunched in 2019. Now in a smaller 33cl glass bottle the two flavours are have been renamed as Green Apple and Red Apple rather than Kier’s Cloudy Apple and Sarah’s Red Apple.

The problem before for the artisan-positioned range was gaining enough shelf space in the retailers.





## UK – Relevant/Recent Cider Innovation

### Heineken - Old Mout pineapple and raspberry

Hoping to build on a strong year for the Old Mout brand in 2018, Heineken have added a pineapple and raspberry variant to the range. In taste tests, the new offering is said to have received the second highest score in the history of Heineken UK, with the company crediting its “exceptional, exotic flavour” for its initial success.

At 4% ABV, Old Mout Pineapple & Raspberry Cider is available now in the UK in 500ml bottles, priced at GBP £2.39. It can also be purchased in packs of 10 x 330ml bottles priced at GBP £11.00.





## UK – Relevant/Recent Cider Innovation

### Westons - Rosie's Pig Cloudy cider

The interest in cloudy ciders and fruit products has prompted Westons to give an overhaul to its Rosie's Pig Cloudy cider. The flavoured drinks are rebranded from Flat Tyre Rhubarb and Raspberry to just rhubarb and raspberry. The drinks are now available in 33cl can multipacks.

One 33cl can sells for £1.50. The use of a 33cl can is a nod to the craft segment





## UK – Relevant/Recent Cider Innovation

### Brewdog - Hawkes Urban cider

In November 2018 this craft cider gained its first major listing in the supermarkets going into 500 Sainsbury stores.

It is interesting that the high profile listing took place at Christmas. This highlights how seasonality is increasingly irrelevant in the cider category.

The biggest challenge for craft ciders is getting listings. Brewdog investment in the company may give it the power to do this.

A 500cl bottle sells for £2







## UK – Relevant/Recent Cider Innovation

### Thatchers - Thatchers Rosé

The company claimed to have launched the first cider rosé a decade ago, but in 2018 put support behind the product. The company clearly has big ambitions for the drink by putting it in a can multipack as well as a single can and a 50cl glass bottle.

At £5.50 for 4 cans, the price point will give the product every chance of winning an audience.

Initially launched in Sainsbury, the 4% drink has quickly been listed by other retailers.





## UK – Relevant/Recent Cider Innovation

### Westons – Stowford Press Mixed Berries

The product was reported to have been the company's "most successful ever launch in the on-trade" when it launched in March 2018. Westons put the drink into cans for the off-premise in October. A 44cl can four pack retails at £5.

The product shadows the success of Strongbow Dark Fruits and illustrates the strength of the fruit cider segment growth





## UK – Relevant/Recent Cider Innovation

### **Crafty Nectars – No7 and No8 ‘craft-sourced’ ciders**

Crafty Nectars are a modern and pioneering cider company. The company is set up as an Online craft cider subscription service that have used their client base to produce the optimum cider for their audience.

Crafty Nectar No7, is a vegan-friendly and gluten-free sparkling craft apple cider, while Crafty Nectar No8 Rhubarb Craft Cider is “a sweet and sour” cider.

The company have used crowd funding to invest in building their operations having raised £150k in 2017 to increase its sales capabilities





## UK – Relevant/Recent Cider Innovation

### Kopparberg – Cranberry Light

Cranberry light was added to the light range in the summer of 2018. The 4% ABV drink has just 85 calories. The drink highlights how cider's success has been underpinned by appealing to more women. This is something that beer has struggled to achieve.

Other light variants include Summer Fruits Light and Raspberry Light. The drink is priced at a premium, at £1.80 for a 25cl can





## UK – Relevant/Recent Cider Innovation

### Sheppy's – VAT 14 VAT 07

Sheppy's has positioned its VAT cider at the craft market using cans for the for the first time. The 5% premium classic cider and the 4.5% premium cloudy cider was listed in Tesco in March 2018. A 33cl six pack sells for £5.50

More than a year on the cloudy VAT 07 is still present in Tesco but the VAT 14 appears to have been delisted.





# Relevant Industry News

January 2018 – Acquisition of:



By



April 2018 – Investment in:



By



September 2018 – Acquisition of:



By





## Relevant Industry News (cont'd)

### 2017 - Orchard Pig bought by C&C Group



The purchase gives an opportunity for C&C to refresh its UK product range. The product has gained visibility

### 2019 – Asahi buys Fullers including Cornish Orchards/Dark Star ciders



### Thatchers to build a new mill

Having invested in state-of-the-art canning lines, Thatchers announced that they are to invest £14m in a new cider mill.

The Mill will increase Thatchers' production capacity from 450 to 1,000 tonnes per day.

