

Cider rebounds in the UK

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Euromonitor International's new report shows that both volume and value sales of cider showed impressive performance between 2004-2005, growing by 12% and 19%, respectively. This is a remarkable increase from the previous year when volume sales grew by only 3% and value sales by 5%.

The Magners effect

Without a doubt the most dramatic influence on the UK's cider market was the launch of Magners Original Vintage Cider, which turned out to be the must-have drink of summer 2005. The concept of a premium, bottled cider served over ice was remarkably successful and heavy advertising in print and TV helped the brand gain a 24% share of sales in Scotland in 2004. Further marketing efforts, including sponsorship of the London Wasps rugby team, also helped the brand establish itself strongly in London and the South East of England in 2005.

While cider has gained a reputation for being somewhat of a students' drink, Magners has helped dispel that perception and has managed to attract a wider audience. By focussing on taste and offering a premium quality cider, Magners appeals to more sophisticated drinkers, but despite its higher price point, has not alienated younger consumers.

New image for Strongbow

The acquisition of Bulmer by Scottish & Newcastle in April 2003 was also a key reason for the dramatic growth of cider in the UK. The company's significant investment in marketing gave their newly acquired Strongbow brand a much needed boost, and resulted in Scottish Courage becoming the UK's leading cider/perry company, with a 59% volume share of the market in 2004, according to Euromonitor International.

Scottish & Newcastle also took a new approach to pricing and communication for its brands, helping to reverse the perception of cider as a cheap tipple for heavy drinkers. Following the popularity of Magners, the company also introduced a premium bottled cider "Strongbow Sirus" to capitalise on the success of this new-found trendy drink. Similar to Magners, Strongbow Sirus is a red cider, served in 500ml bottles and served over ice. Industry sources suggest that in 2005, bottled premium cider grew by as much as 40% in value terms through the on-trade.

Outlook

Euromonitor International predicts that cider's current rate of growth is set to continue in the next five years, growing by an average annual rate of 7% in volume terms and 10% in value terms between 2005-2010. Euromonitor expects that the interest in cider, stimulated by Magners and Scottish Courage, will persist as consumers look for something a little different.

Competition between Magners, Strongbow and its bottled premium version, Sirrus, is likely to be a key driver for growth in the forecast period. Due to the level of promotion being undertaken by the UK's leading cider brands, specialist brands, such as Thatchers Somerset cider, also saw growth over the last couple of years and it is expected that these brands will continue to prosper.

According to Euromonitor International there are also signs that cider consumption will continue to pick up in the 18-24 age group. This group appears to be attracted to the proposition offered by Magners, which looks set to be exploited by other brands. This potential could be greater with the decline of FABs, as young consumers look for the next "cool" drink.

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