European Cider and Fruit Wine Association

Business session 2024

Preceding AICV General Assembly

The business session is an **annual event** created for all national associations and company members of the AICV, and it is open to the entire industry. This gathering provides a platform for stakeholders to discuss key issues, share insights, and collaborate on strategies to advance the cider market globally.
This year, the event took place on May 22 in Amsterdam, the day before AICV General Assembly. **Thirty people attended** from different countries and the focus was on the global cider market, illuminating both the **challenges and opportunities** that shape this dynamic sector. The discussions underscored the remarkable **resilience and adaptability** of the cider market, which, despite navigating a tumultuous period marked by geopolitical upheavals, climate challenges, and the ongoing impacts of the pandemic, has demonstrated a **robust recovery**.

The session highlighted several key trends and strategic insights that paint a **promising picture for the future**. After experiencing a sharp decline in 2020 due to Covid-19, the global cider market saw a "V-shaped" recovery in 2021, fueled by pent-up demand. Although 2022 brought new disruptions, the market once again bounced back, showcasing its underlying strength and potential for sustained growth.
One of the most exciting developments is the rapid expansion in Asia, now the fastest-growing region for cider. This growth is complemented by new markets in Africa, Eastern Europe, and Latin America, which are driving demand and helping to offset declines in traditional Western European markets.

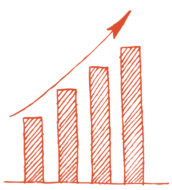
Consumer preferences are also shifting. The insights into Generation Z reveal a demographic that is particularly influential in shaping the future of the cider market. With an estimated buying power of €143 billion in the EU and a strong presence on social media platforms like Instagram and TikTok, Gen Z values unique, customizable, and visually appealing products. This generation prioritizes convenience, mental health benefits, and indulgence, making it crucial for cider brands to innovate and cater to these preferences.

Moreover, the strategic focus areas discussed during the session underscore the importance of positioning cider as a natural and refreshing beverage, perceived as healthier compared to ready-to-drink alternatives. Innovations in **flavors, packaging, and marketing strategies** are essential to attract younger generations and differentiate cider from competing categories. The **commitment to sustainability** resonates strongly with today's environmentally conscious consumers.

The success stories shared demonstrate the potential for cider brands to **rejuvenate** their image and maintain market leadership. By embracing new consumer trends and focusing on premium and sustainable products, the **cider industry is well-positioned to thrive in the coming years.**

Moreover, discussions during the session highlighted the importance of **collaborative efforts** to quantify and optimize environmental footprints within the cider sector. Initiatives focused on **sustainability and driving positive change** underscore the industry's commitment to responsible practices and long-term growth.

This session provided a comprehensive overview of the global cider market, revealing exciting opportunities for **growth and innovation**.



Latest Trends in the Global Cider Market, Kevin Baker, Head of Beer and Cider Research at Global Data

Global cider market overview
Cider holds 1% of the global alcoholic beverage market. After a sharp decline in 2020, the market saw a "V-shaped" recovery in 2021 due to pent-up demand. In 2022, the global cider market faced disruptions from geopolitical events, climate change and pandemic impact, followed by a strong recovery.

Regional performance
Asia is the fastest-growing region for cider and has accounted for the greatest incremental volume. Western Europe has seen some decline, while new markets in Asia, Africa, Eastern Europe, and Latin America are driving growth.

Product types
Apple cider remains dominant, accounting for over 3/4 of consumption. Flavored ciders are the only category seeing growth. Non-alcoholic and low-alcohol ciders are growing but still represent a small market share.

Market segments
Premium cider is the only price segment showing growth. Discount brands are struggling as the market moves upmarket.

Packaging focus
Cans and returnable bottles are growing, while PET and draught are declining. Refillable bottles remain core. Draught volumes have fallen due to reduced on-premise consumption, worsened by the pandemic.

European cider market overview (excluding the UK)
European cider volumes fell in 2020 and have not fully recovered. Growth before 2020 had plateaued, with increases in Eastern Europe offset by declines in traditional markets.

Leading markets
The largest European markets have seen static or declining growth. Eastern European markets like Hungary and Czechia, and some Scandinavian countries, have shown growth.

Consumer preferences
There is a growing demand for sweeter, "easy to drink" alcoholic beverages among younger consumers. Despite this trend, a significant segment prefers less sweet, more bitter flavors, as seen in the growth of craft beer, espresso coffee, and bitter chocolate.

Blurring definitions
The definition of cider is becoming increasingly blurred with products like apple beers and hopped ciders.

This creates opportunities for traditional ciders to differentiate themselves, similar to the craft beer movement.

Ciders for Generation Z, Annemarie Wisse, Regional Innovation Consumer Insights Team, Givaudan

Generation Z overview

Age range: 15-25 years old

Buying power: Estimated at €143 billion in the EU

Population share: Expected to represent 26% of the EU population by 2030

Digital natives: Primarily use Instagram and TikTok, heavily influenced by social media and word of mouth

Key insights on Gen Z

Social media influence: 40% of Gen Z decisions are influenced by social media, with a preference for influencers and viral content.

How to win with Gen Z in the Food & Beverage industry

1. **Unique & novelty experience**: Gen Z prefer innovative flavors, colors, and textures in food and beverages.
2. **Personalization & co-creation**: High demand for personalized products with an emphasis on aesthetics.
3. **Mental health benefits**: Focus on products that offer tangible, short-term mental health benefits, prioritizing happiness and immediate effects over long-term health.
4. **Indulgence & enjoyment**: Gen Z value brands that provide escapism and indulgence over diet restrictions.
5. **Convenience & speed**: Important factors in the meals they buy and prepare.

Emerging trends

Fruits: Citrus, berries, exotic fruits like lychee and coconut

Sweets & Desserts: Toffee, marshmallow, and pavlova flavors

Herbs/Spices/Flowers/Tea: Incorporation of spices, floral notes, and tea flavors

Alcoholic beverages: Cocktail and wine-inspired flavors

To succeed with Gen Z, **cider brands must focus on creating unique, customizable, and visually appealing products that offer convenience and address mental health needs.** Incorporating emerging flavor trends and providing engaging experiences will be crucial in capturing the attention and loyalty of this demographic.

HEINEKEN's Mission to Revitalize Cider in Legacy Markets, Eric Halgand, Global Head of Future Brands, HEINEKEN International

With a rich heritage spanning decades, HEINEKEN stands as a global leader in the cider market. Legacy markets, which account for over 80% of global cider volume, are crucial to HEINEKEN's continued success.

Global cider market context

The global cider market stands at **26 million hectoliters**, with a 5-year compound annual growth rate (CAGR) of 0.8%.

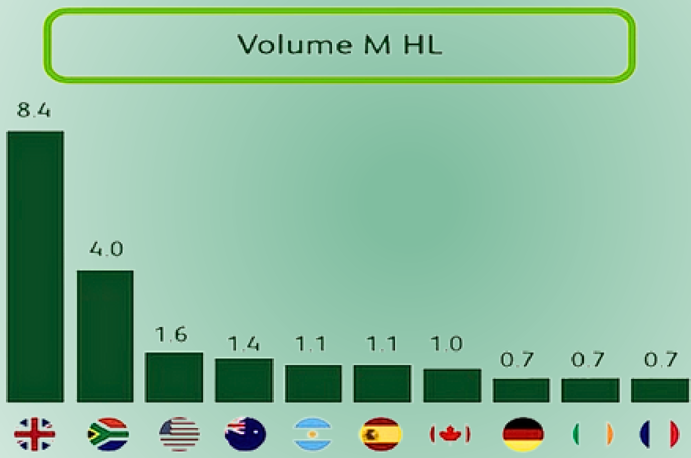
The UK and South Africa are the leading markets, contributing significantly to global volumes. Despite facing stiff competition from emerging categories like seltzers and ready-to-drink (RTD) beverages, **cider has demonstrated resilience and the potential to adapt to changing consumer preferences**.

Strategic focus areas

Health & Wellness: Positioning cider as a natural and refreshing beverage, perceived as healthier compared to RTDs.

Consumer needs: Adapting to consumer trends such as the demand for authenticity, local provenance, craft, and premium products.

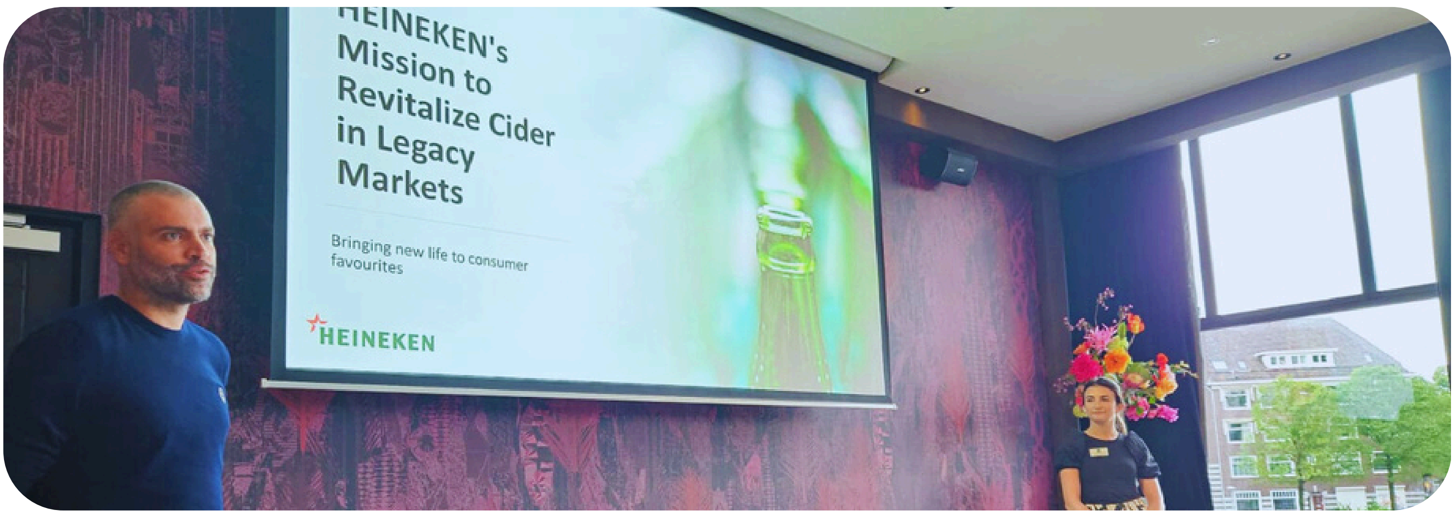
Innovation: Introducing new flavors, formats, and marketing strategies to attract younger generations.



Brand rejuvenation strategies

Some examples include: Strongbow UK which underwent a brand refresh, including new packaging, innovative flavors, and marketing campaigns aimed at younger audiences. Maintained its position as the **#1 cider brand in terms of volume and value.**

HEINEKEN sees significant growth opportunities in revitalizing cider in legacy markets. By differentiating cider's strengths from the wider flavor category, tapping into new consumer trends, and innovating with consumer-centric products and marketing strategies, the future of cider looks **promising**.



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Apple Juice Concentrate, Kris Smith, Head of Sales - Juice Commodities, Austria Juice Group

Kris Smith from Austria Juice provides an in-depth look at the company's operations, market positioning, and forward-looking strategies centered on sustainability and adapting to market and environmental challenges.

Key facts about Austria Juice
Major player in the global juice industry, offering apple and pear juice concentrates, berry juice concentrates, NFC (Not From Concentrate) juices, and organic juice concentrates.
Extensive global footprint with facilities in Austria, Poland, Germany, Hungary, Romania, Ukraine, and China, serving over 750 customers across 65 countries.

Production highlights
One of the largest producers of apple juice concentrate (AJC) worldwide, processing up to 8,000 tons of apples daily and up to 900 tons of strawberries.

Global AJC production insights
Shifts in global AJC production from 2013 to 2023, with a significant reduction in China's output and stable levels in Europe, particularly in Poland.

European AJC export and apple crop update
Fluctuations in European apple crop production from 2019 to 2023, with overall increasing AJC export volume, particularly to markets like the USA, Canada, Mexico, and the Far East.

Sustainability initiatives
Commitment to sustainability, including direct purchasing relationships with over 5,600 sustainable farmers and a focus on regenerative agriculture to reduce environmental impact.

Apple juice concentrate is more than a commodity; it embodies a range of qualities including color, acidity, and stability. Austria Juice's global production capabilities and sustainability initiatives position it to meet future demands and support the **ongoing development of the market**.

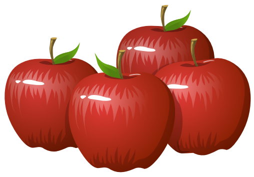
A French project to quantify and optimize the cider sector's carbon footprint, Jean-Louis Benassi, Unicid

The French project on quantifying and optimizing the carbon footprint of the cider sector, launched by the Union Nationale Interprofessionnelle Cidricole (UNICID) and two partner organisations, aims to assess and enhance the **environmental sustainability of the cider industry**.

Characteristics of the French cider sector

Dedicated orchards and specific varieties, with approximately one-third operating under organic agriculture.

Strong linkage between agriculture and processing, with processing facilities typically located close to orchard areas.



Production and market data

Over 400 farm producers, around 50 craft producers, two cooperatives, and two private groups, processing approximately 250,000 tonnes of apples annually for various products including cider and apple juice.

Regional distribution and orchard types

Majority of cider apple production concentrated in Normandie, followed by Bretagne, Pays de la Loire, Hauts de France, and other regions.

Market overview (2022)

Total cider market of 850,000 hectoliters, with 81% consumed domestically and 19% exported.

Project objectives

Obtain reliable data on the environmental footprint of the cider sector, define sustainable practices, support enterprises, anticipate future regulations, and communicate positive environmental aspects.

Project activities

Conducting life cycle analysis (LCA), establishing emission and storage reference values, calculating emissions and storage, providing tools for LCA implementation, identifying reduction methods, creating key messages, and informing stakeholders.

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