VINOSHIPPER®

DIRECT TO CONSUMER CIDER REPORT

2023

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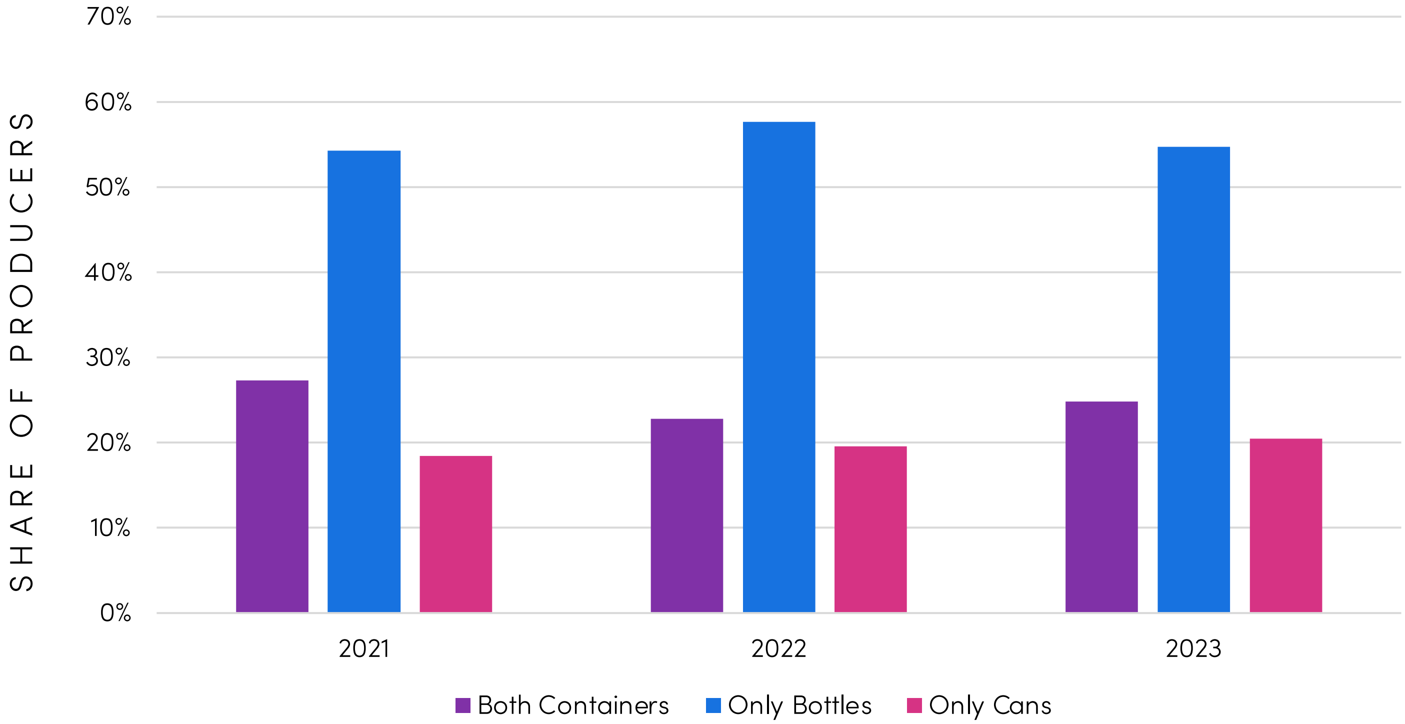
SUMMARY

In 2023, the cider industry experienced a year marked by consistent growth and stronger connections with customers. The rise in the use of tools like clubs signifies a shift towards more direct and personalized consumer engagement. This report provides an in-depth analysis of the key trends and statistics that shaped the direct-to-consumer cider market in 2023.

PACKAGING USAGE

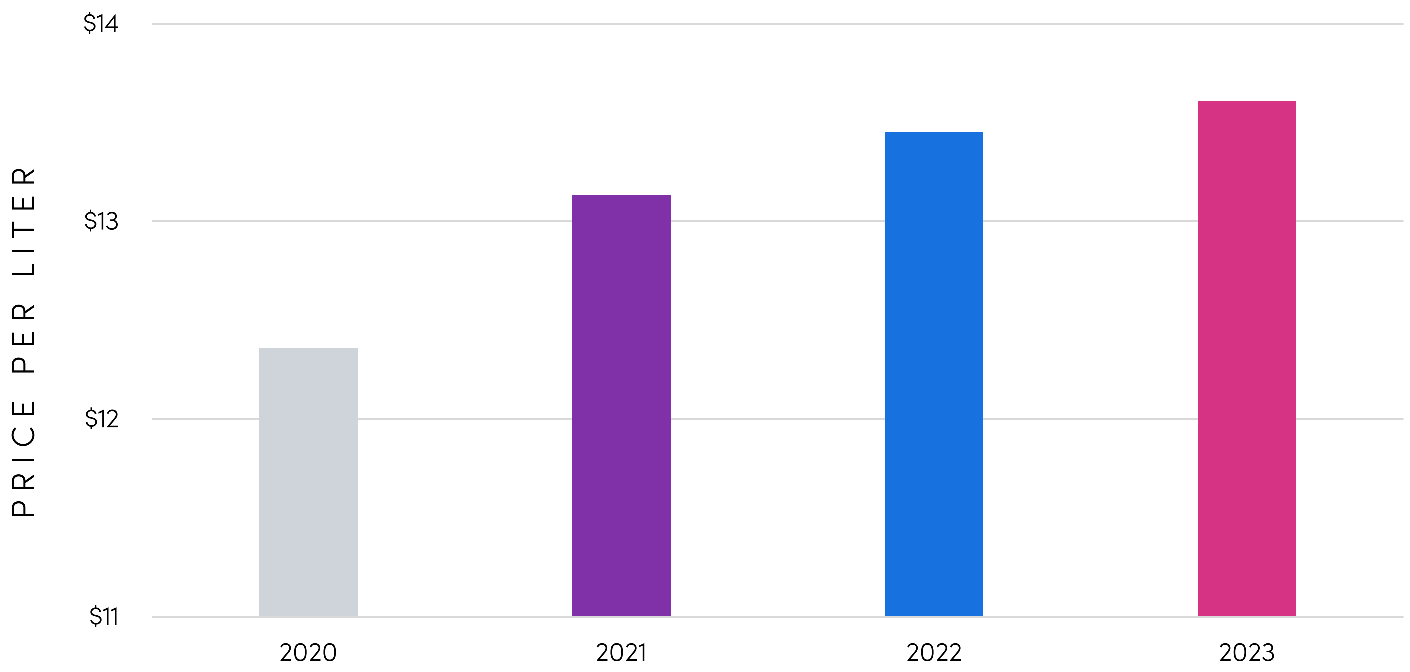
Bottles & Cans



There was a growing preference for cans among cider producers, with small but notable increases in the ‘Only Cans’ and 'Both Containers' segments. This shift highlights an adaptation to consumer demand for convenience and environmental considerations. The trend towards canning may also suggest lingering supply chain challenges in obtaining glass bottles.

AVERAGE PRICE PER LITER

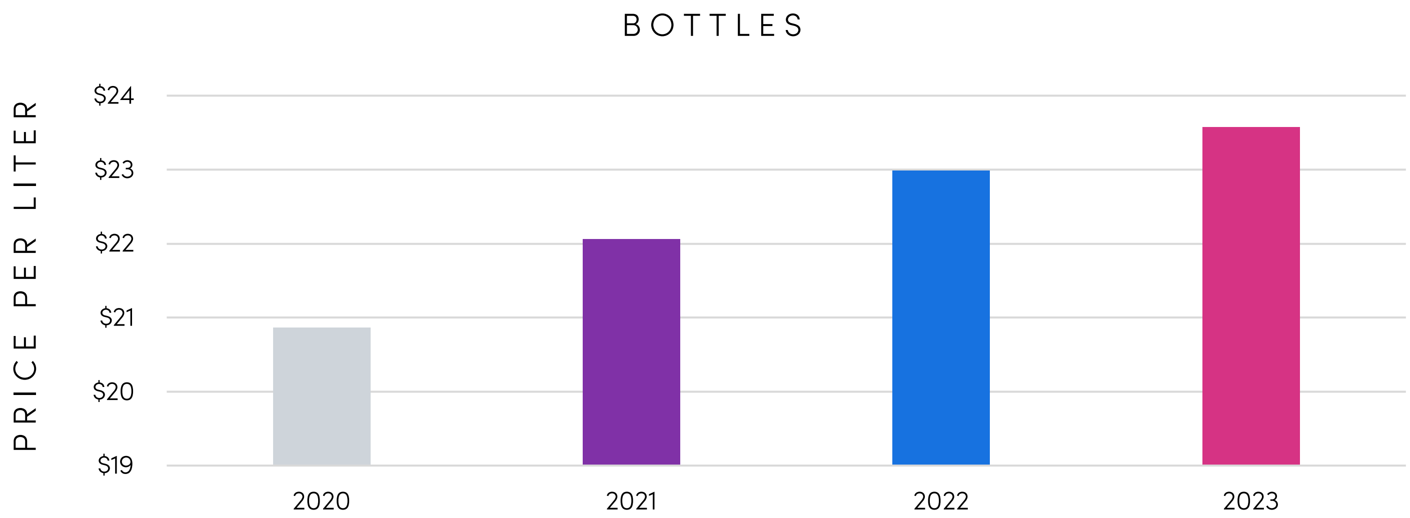
All Products



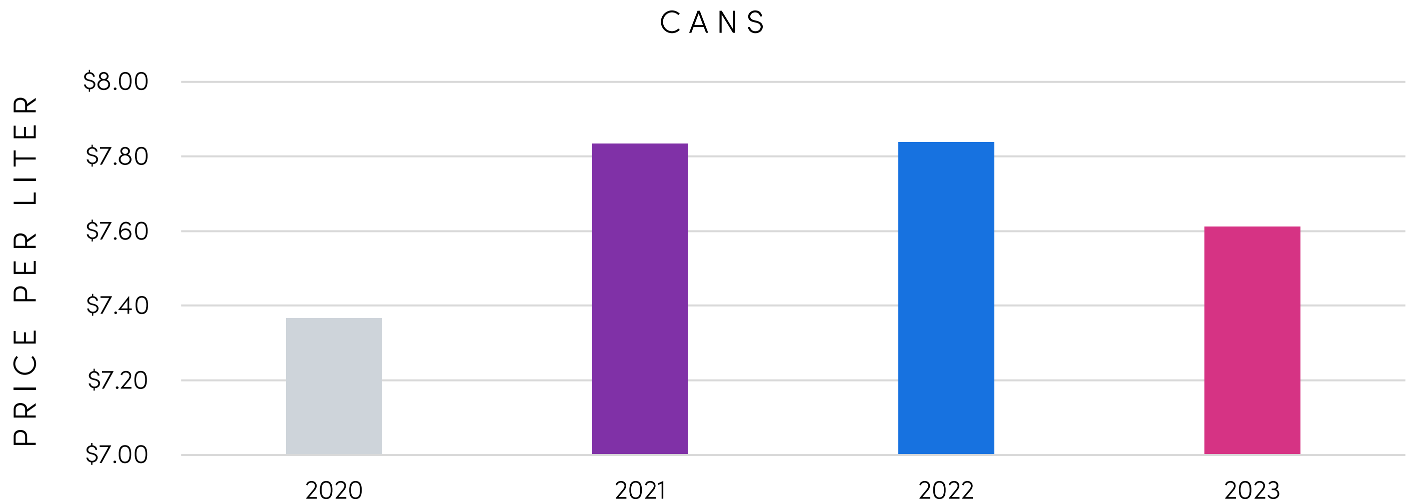
The price per liter of cider showed minimal increase, underperforming compared to the inflation rates, moving up just 1.14% year-over-year. Wine for comparison was up 7%.

AVERAGE PRICE PER LITER

Bottles vs Cans



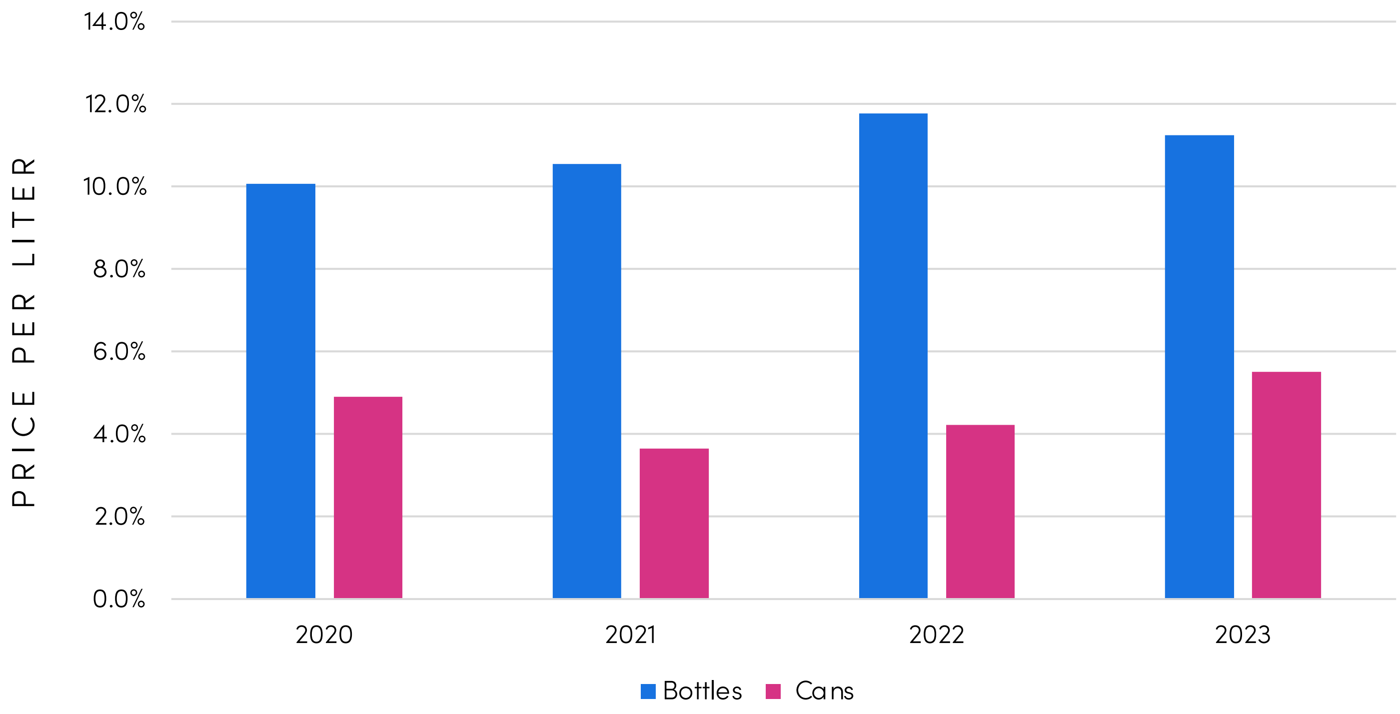
The price per liter for bottled cider saw an increase of $0.59, equating to a 2.5% rise, in line with escalating costs. The data, as illustrated in the following chart, shows that bottles were solely responsible for this price increase, while cans did not experience a similar trend.



The price per liter for canned cider decreased to $7.61, suggesting a competitive pricing strategy to maintain market share. This contrast between cans and bottles reflects a nuanced approach to pricing in the cider market, balancing profitability, consumer preference, and affordability.

AVERAGE PRODUCT DISCOUNT

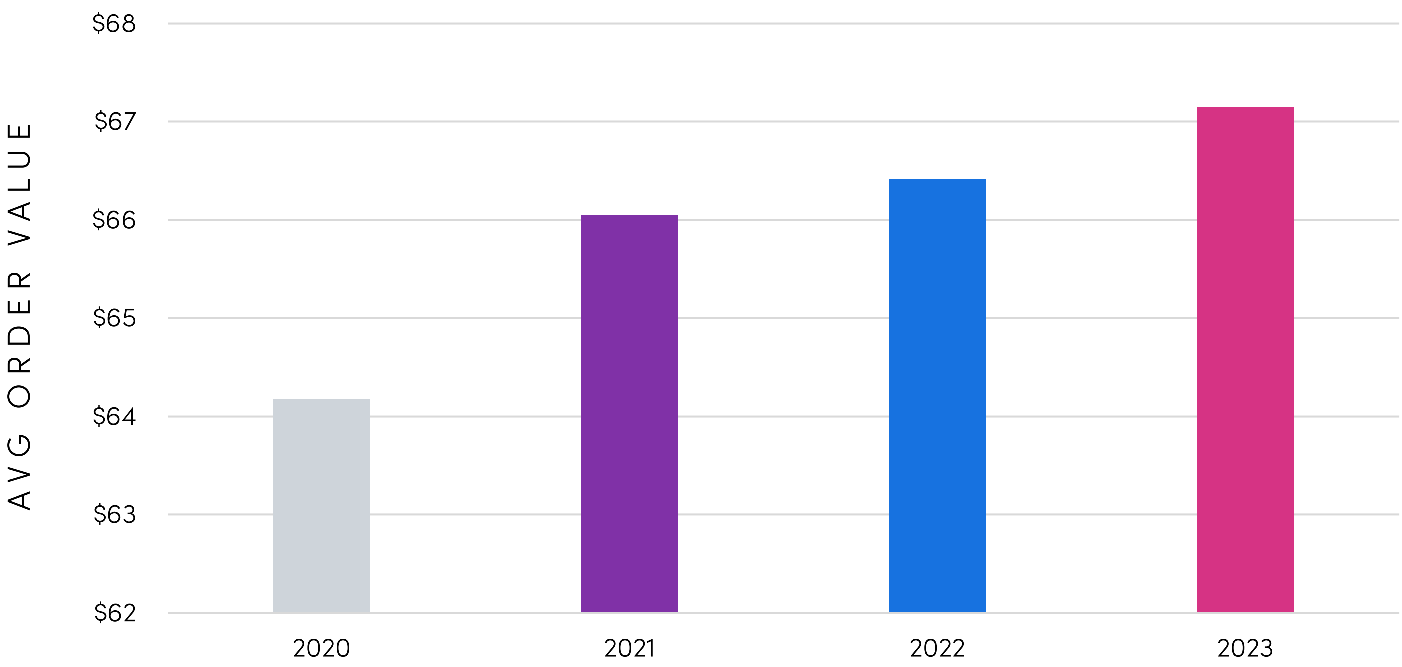
All Products



Cans are running on a much tighter margin as they are being sold for nearly 1/3rd the price per liter of bottles. In 2023, the decrease in bottle discounts suggests confidence in their market value and reduced reliance on price cuts to drive sales. However, the notable increase in can discounts in 2023 perhaps indicates a tactical move to stimulate demand for this lower-margin product, which may also serve to attract a more price-sensitive customer segment, aligning with broader consumption trends towards affordable convenience. This disparity underscores the varied market positioning between these two packaging formats.

AVERAGE ORDER VALUE

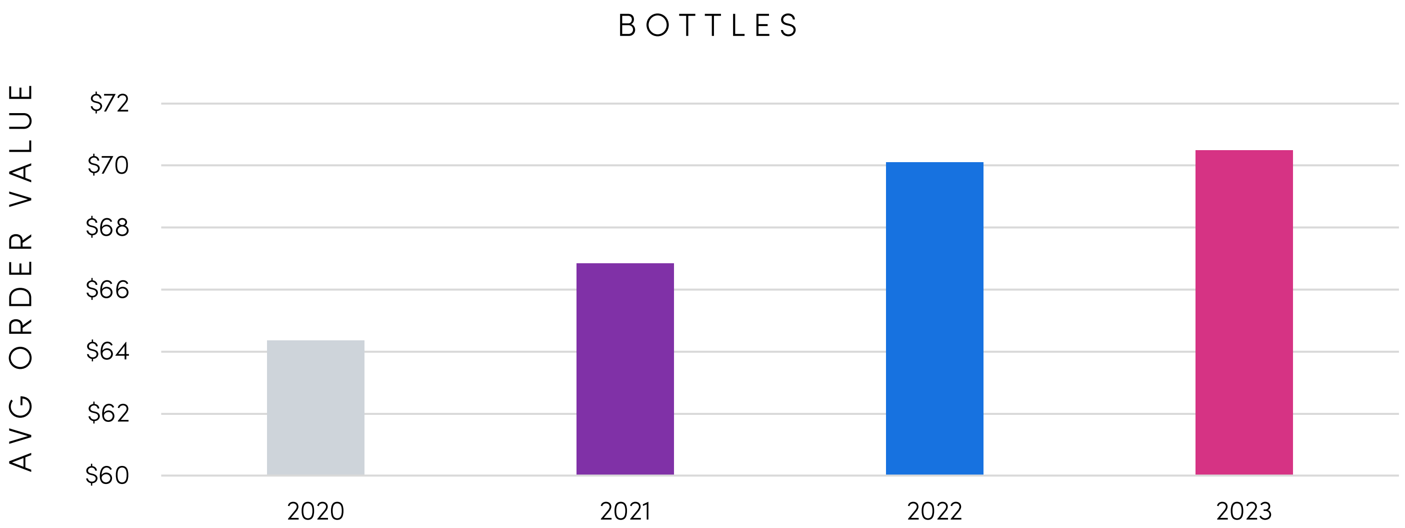
All Products



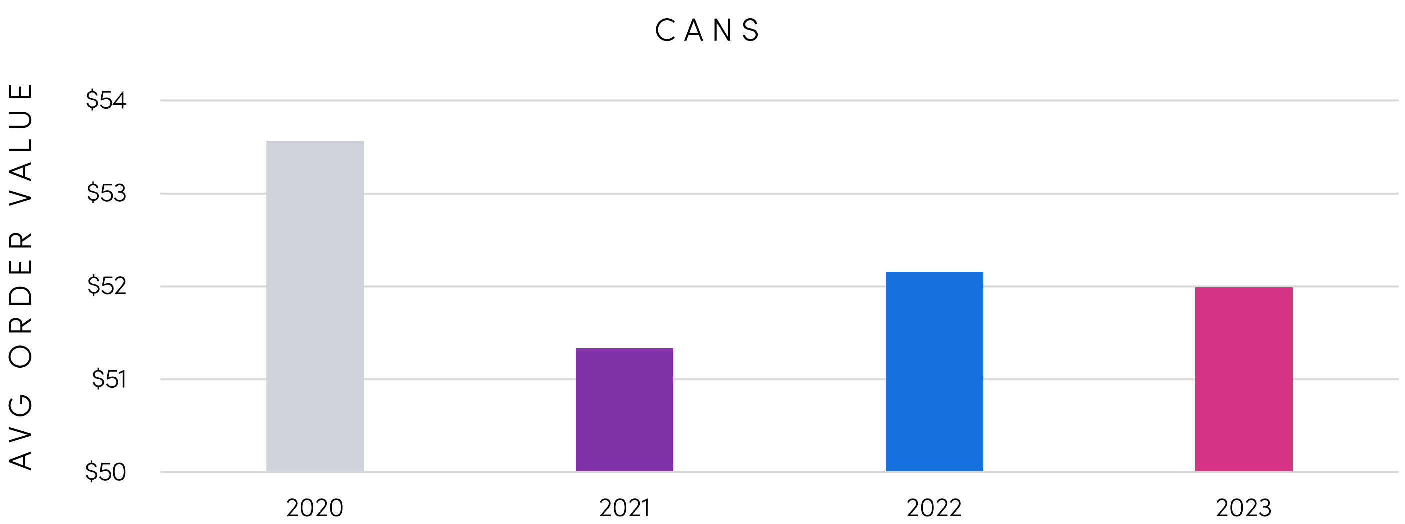
The Average Order Value (AOV) for cider products saw an increase, mirroring the rise in price per liter. This indicates that consumer purchasing patterns remained steady, even with the price changes. Additionally, this trend highlights an increasing preference for bottled cider orders, which have an AOV nearly $20 higher than that of can orders.

AVERAGE ORDER VALUE

Bottles vs Cans



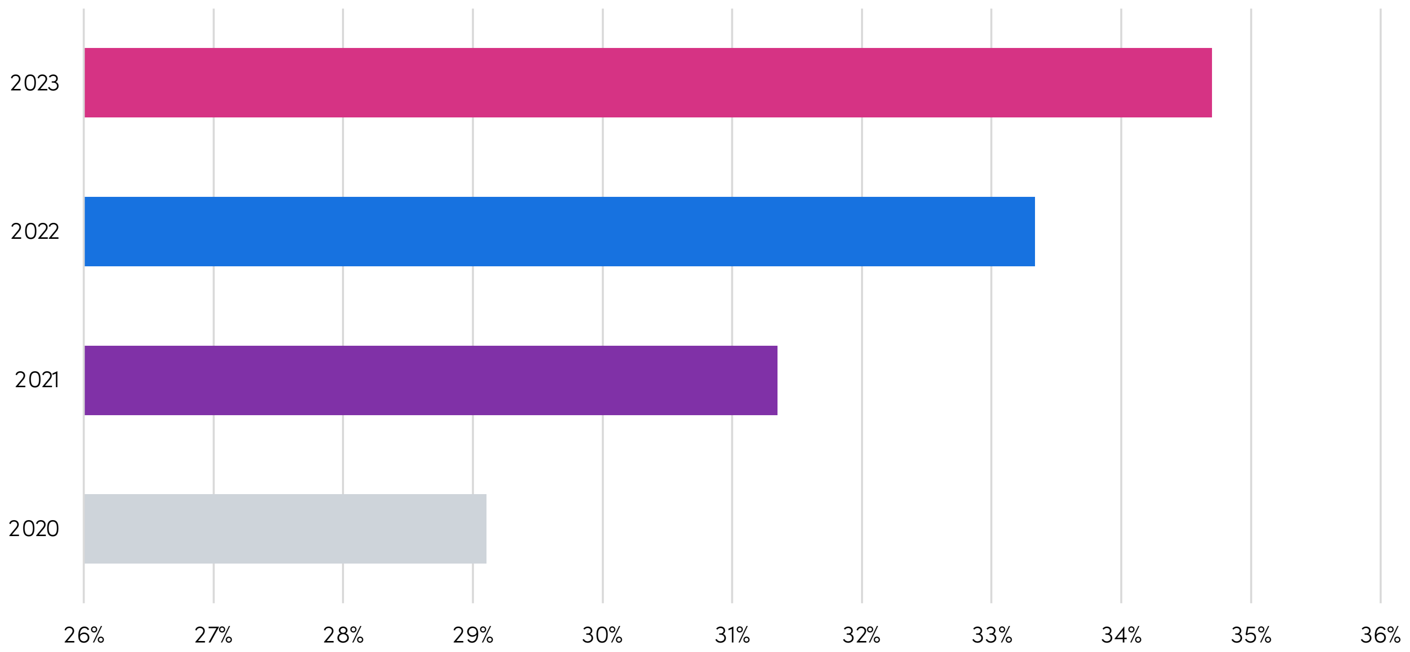
The Average Order Value (AOV) for bottles saw only a marginal increase, as the average number of bottles per order dropped to just under four, a decrease from 2022. This reduction in quantity effectively offset the rise in price per liter.



Contrary to the trend in bottles, the Average Order Value (AOV) for canned cider, which hovered around $52, saw a slight decline from 2022. Despite an increase in the average number of cans per order, about three, the lower average price per liter resulted in a net decrease in AOV.

CLUBS

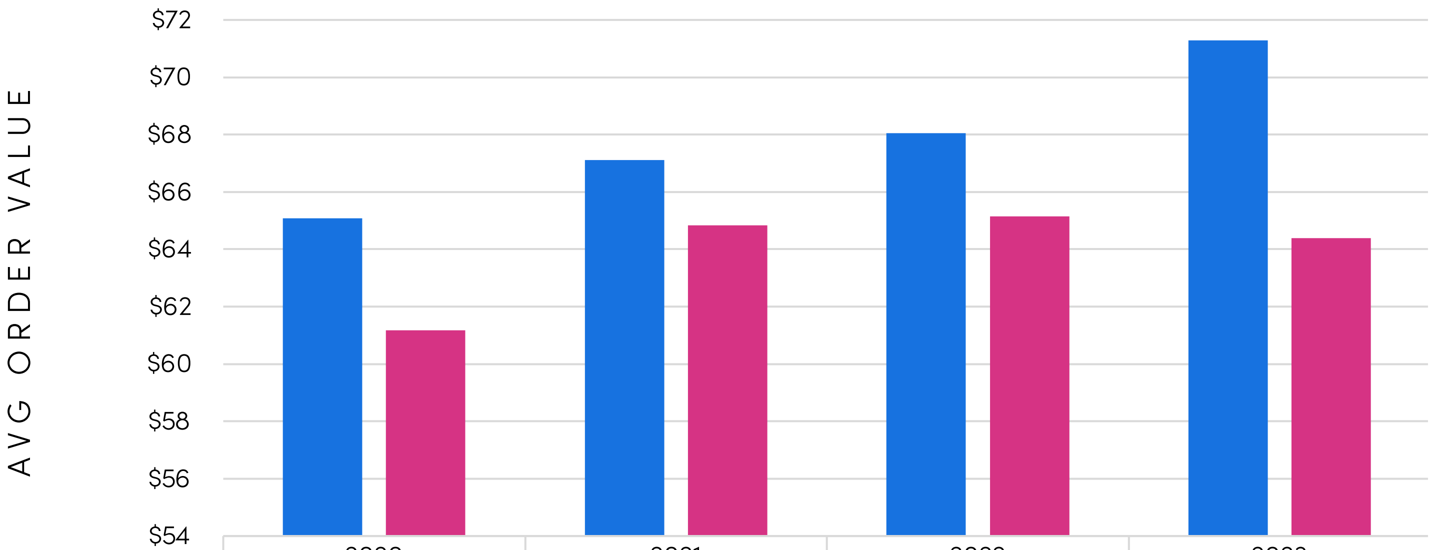
Cider Producers with Clubs



The analysis of cider clubs shows a rising trend in direct-to-consumer engagement. An increasing number of producers are utilizing club models, and a significant portion of their sales revenue is now derived from club memberships. This underscores the growing importance of providing a personal experience to the customer. Moreover, the revenue generated from these clubs is becoming increasingly crucial for cider producers, indicating a strategic shift towards more intimate, long-term customer relationships.

CLUBS

Average Order Value: Club Shipments vs Non-Club Orders



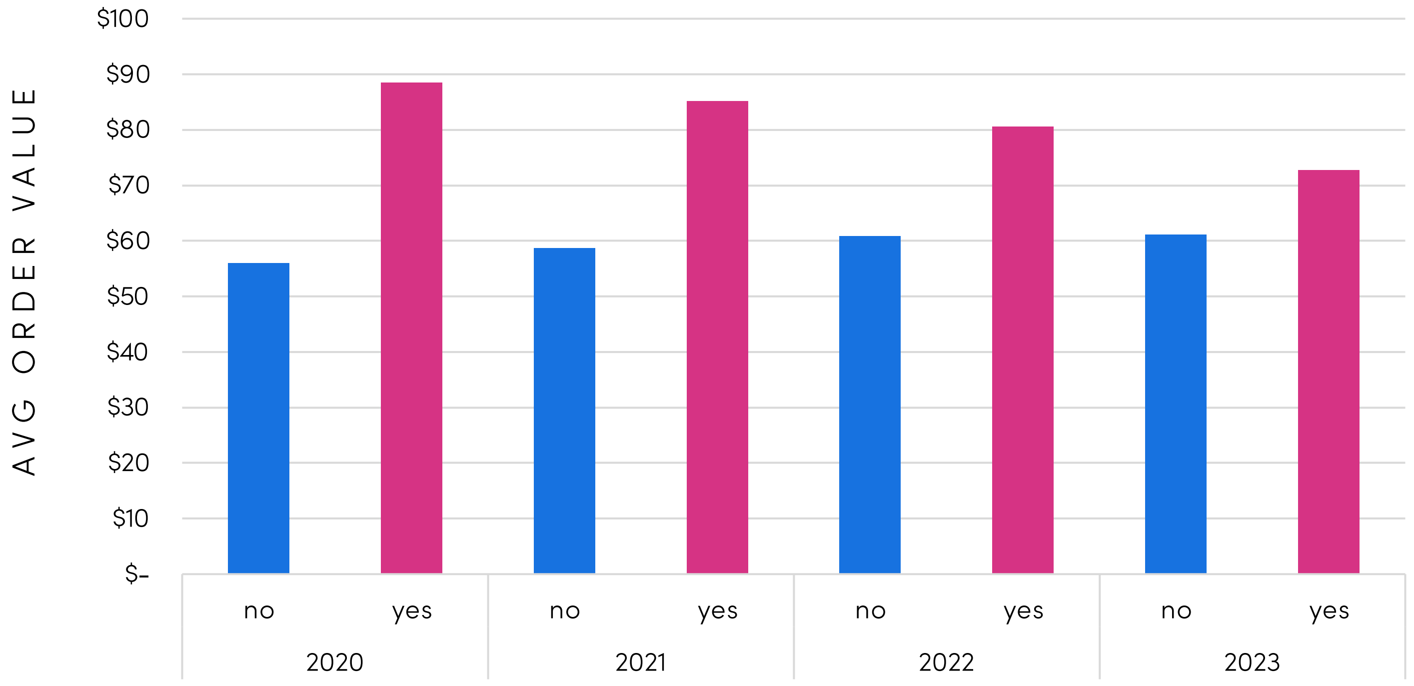
	2020	2021	2022	2023
Non-club sales	$65	$67	$68	$71
Club Sales	$61	$65	$65	$64

In 2023, the widening gap in Average Order Values (AOV) between club and regular orders points towards value-driven strategies in cider clubs. This trend, emerging in a more competitive cider market, suggests that clubs are potentially using discounts and exclusive deals to attract and maintain members, with a focus on increasing volume rather than maximizing AOV. This approach might be a reaction to consumers' expectations for clear benefits from their memberships, indicating a broader industry shift towards customer-focused, value-oriented marketing and loyalty tactics in the direct-to-consumer (DTC) craft alcohol sector.

Additionally, cider clubs typically include an average of 4 items per order, as opposed to the average of around 5 items in non-club sales. This disparity reveals an opportunity for clubs to expand their range to include additional products, aligning more closely with the spending patterns observed in online and in-person purchases.

CLUBS

Average Order Value: Customized vs Non-Customized Club Shipments

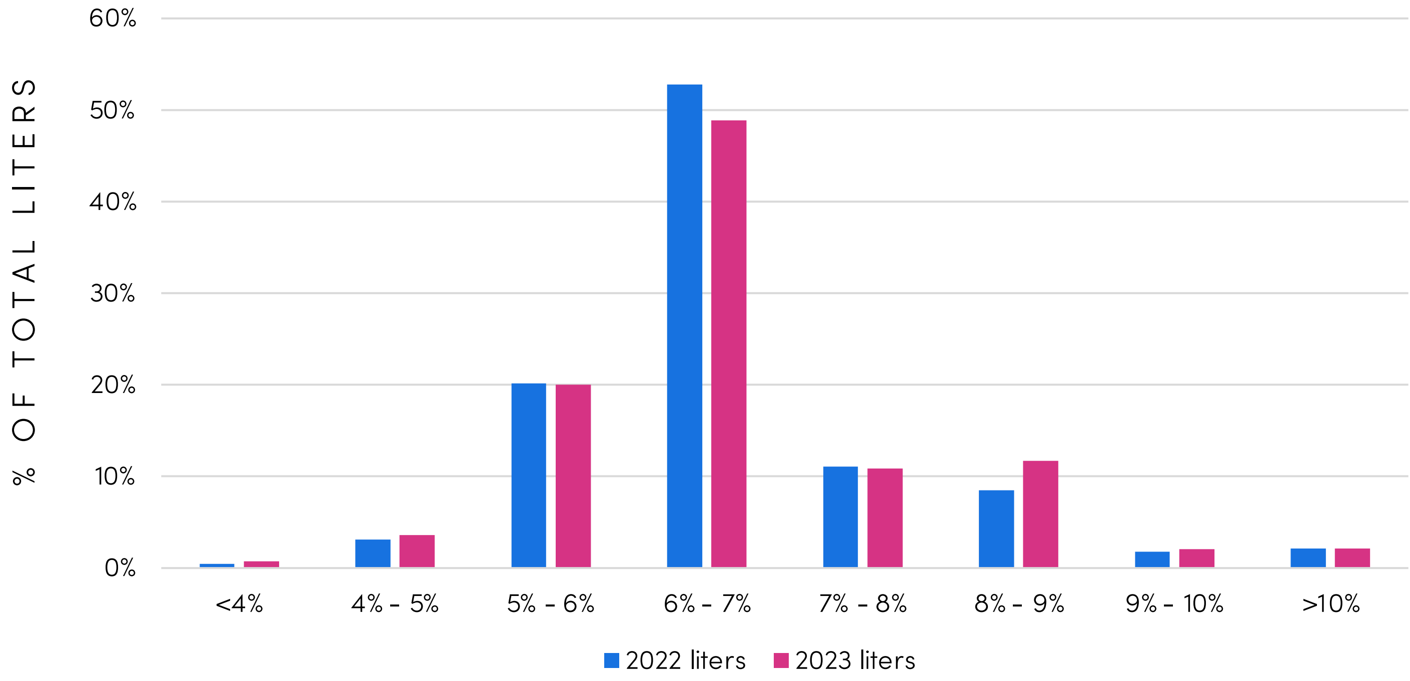


The year-over-year data reveals a steady pattern of higher Average Order Values (AOV) for custom clubs compared to non-custom clubs. This indicates that consumers place a high value on personalized selections and are willing to pay more for customization. However, the gap between custom and non-custom clubs narrowed in 2023. This could suggest a maturing in the club market, where customers are seeking a balance between personalization and cost, or it might reflect an improvement in the quality of non-custom club offerings.

Custom orders typically include one extra product compared to non-custom orders. As highlighted in the previous graph, this shows that there is potential to increase both the number of products and the overall value in club shipments.

TOTAL LITERS SOLD

Cider ABV



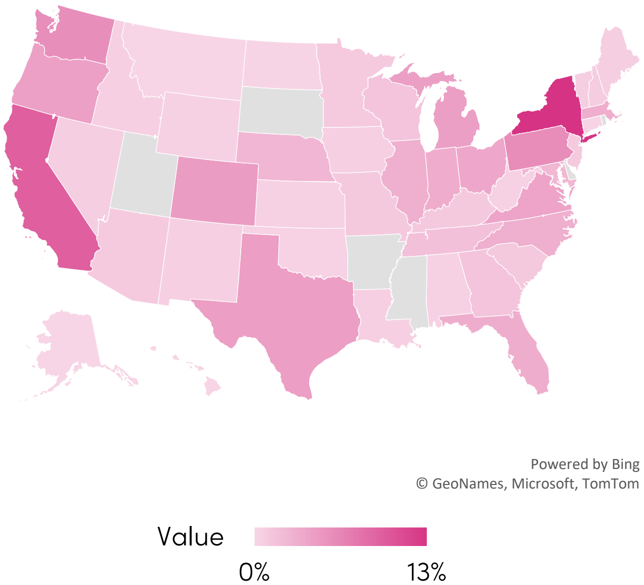
In 2023, the cider market saw a small increase in sales of mid to high ABV (Alcohol By Volume) ciders, while those in the lower ABV range experienced stability. This trend might be attributed to a consumer preference for more robust flavors or a perceived higher value in stronger ABV products.

For those new to the cider industry, it's important to note that if a cider contains more than 7% ABV, then a Certificate of Label Approval (COLA) from the TTB is required prior to bottling/producing, thus resulting in many ciders being produced with an ABV below this threshold.

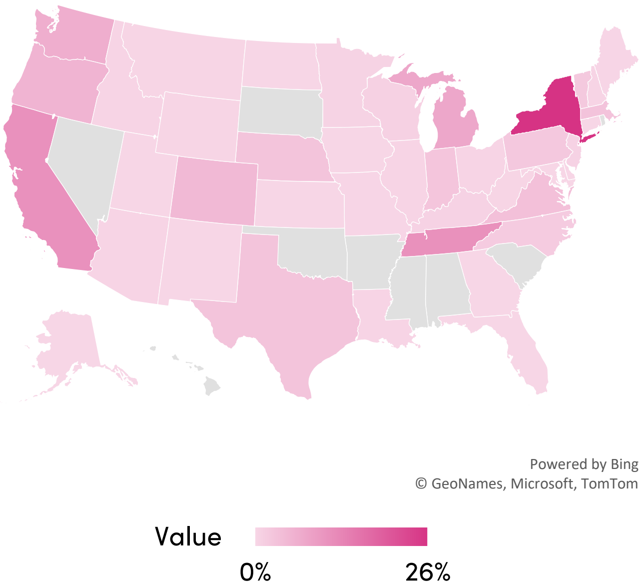
TOP STATES

The distribution of cider sales across states highlights regional preferences and market strengths. This information is valuable for targeting marketing and distribution efforts, indicating where cider is most popular and where there may be untapped market potential.

TOP DESTINATION STATES



TOP SELLING STATES



TOP SELLING CONTAINER TYPES

Container Type	Unit	2023 price per liter	2022 price per liter	% Change
Bottle	750mL bottle	$26.94	$26.62	1.2%
Can	6 x 12oz can	$5.59	$5.50	1.6%
Can	4 x 12oz can	$9.10	$8.92	2.0%
Bottle	500mL bottle	$22.46	$21.28	5.5%
Can	12 x 16oz can	$9.05	$9.14	-1.0%
Can	12 x 12oz can	$9.94	$11.07	-10.3%
Can	4 x 16oz can	$8.25	$7.79	6.0%
Bottle	375mL bottle	$49.82	$52.49	-5.1%
Can	16oz can	$12.60	$11.84	6.4%
Bottle	22oz bottle	$18.08	$18.67	-3.2%

Different container types in the cider market have seen varying pricing trends, with some experiencing price increases and others seeing decreases. This reflects shifts in consumer preferences and market dynamics. Notably, there was an increase in the price per liter for the 16oz category, excluding large quantity formats.

CONCLUSION

In 2023, the cider industry continued its upward growth in direct sales, demonstrating resilience with successful club models and personalized consumer engagement. There is an opportunity for improvement in aligning club offerings more closely with consumer demands. Nonetheless, this dedication to building strong connections and providing high-quality products has been central to the sector's success. Despite a challenging global environment, the cider market's consistent growth underscores its stability and prospects for further growth. Looking ahead, the industry's emphasis on deepening customer relationships and maintaining product quality suggests a bright future for the market.

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