

# American Cider Abroad

## Export Strategies and Resources

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U.S. Small Business  
Administration



# Topics Covered



- Why Go Global?
- Export-Readiness
- Top Markets
- Key Issues
- Market Selection
- Market Analysis
- Trade Support
- Q&A

The Virginia SBDC  
Network is  
a *partnership* between  
U.S. Small Business  
Administration,  
George Mason University,  
and premier institutions  
throughout Virginia.



# International Business Development Program

## International BD Team

- 40+ years of experience in international trade
- Expertise spans trade finance, export and import compliance, market identification, supply-chain, marketing and management
- Aaron Miller, Chris Van Orden, Dulce Zahniser

## Student Research Team

- Diverse, interdisciplinary student research teams with burgeoning specialized expertise, access to the array of resources found at a T1 Research University
- Past members come from 11 schools, 15 countries, have gone on to work at VC firms, EX-IM, World Bank, UN, small biz, and top 25 grad/law programs

## Partners



**VEDP**



**EXIM**  
EXPORT-IMPORT BANK  
OF THE UNITED STATES



# International Business Development Program

## Trainings

- Cohort and subject-specific trainings
- Trade finance and working capital solutions, USMCA, export-import compliance, international ecommerce, and other pertinent topics
- Certified Global Business Professional

## Counseling

- Free, custom market research and analysis reports
- No cost consultations on any trade or global business-related topic
- Wholly confidential and personalized
- Geared to experienced and new exporters

## Resources

- Standard research and export guides
- Business planning checklists on relevant business topics
- Referrals to other specialized agencies and coalitions
- NASBITE Trade Passport

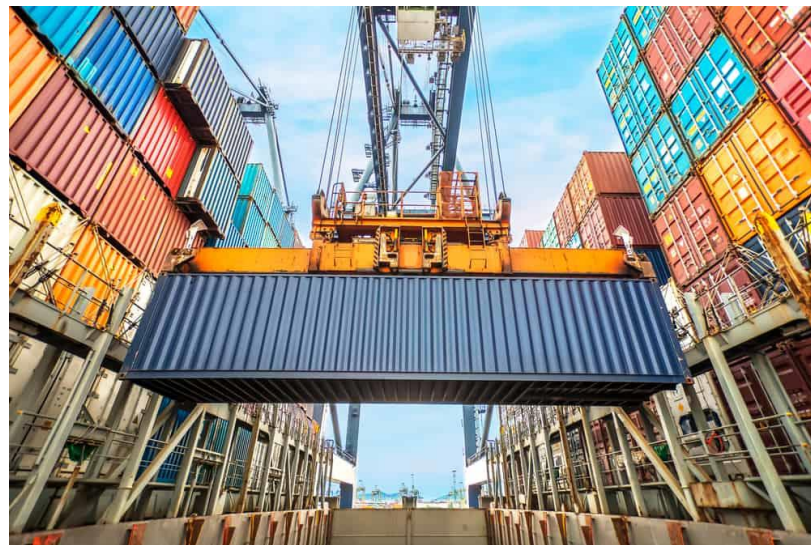
# Craft Beverage Assistance Program



- Craft Beverage Assistance program launched in Spring 2019
- Statewide service housed within International Business Development program
- Created to address particular needs of craft beverage industry
- Initially focused on growth promotion, added resiliency capacity
- Trainings and workshops, counseling, research, resources

# Why Go Global?

- Reach More Consumers
  - Over 90% of the world's cider is consumed outside of the US
- Diversify Risk
  - Be better situated to weather market-specific interruptions
- Develop Global Brand Awareness
  - International reach leads to new opportunities, including domestically
- Economies of Scale
  - More production can help reduce per unit costs



# Export Readiness Self-Assessment



General guidelines to assess export-readiness

1. Working with more than one distributor
2. Selling into multiple states
3. Demonstrated capacity to scale
4. Projected export profit model mapped to existing markets
5. Existing international demand or strong sense of target markets



# Top Cider Markets



Which markets hold the most promise for American cider?

There's no single "right answer"

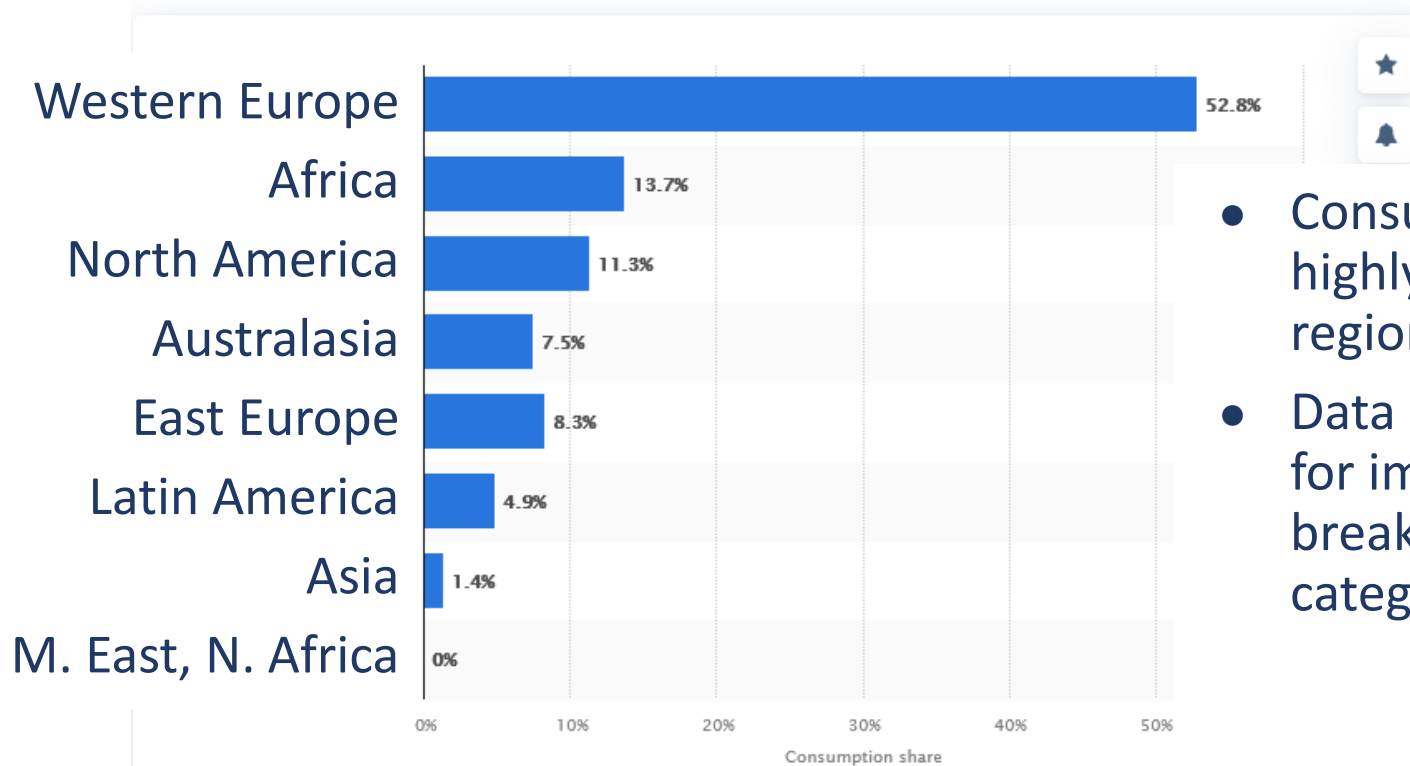


## Top Export Markets for US Made "Other Fermented Beverages nes" (Cider, Perry, Mead, Rice Wine, etc) HS Code 220600



- HS Codes classify every good exported from the US
- Level of specificity varies – for cider, it's hard to disaggregate data from mead and rice wine

## Share of cider consumption worldwide in 2018, by region

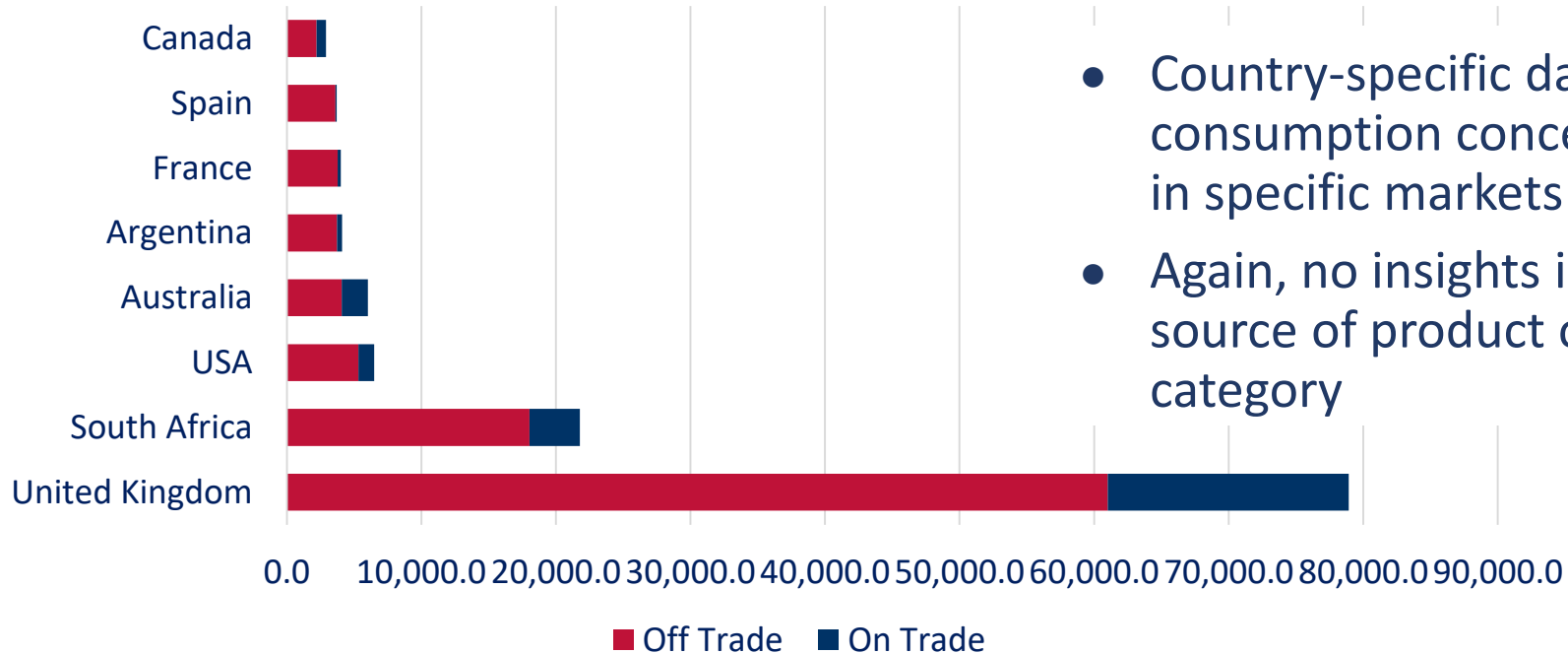


- Consumption is highly concentrated regionally
- Data don't account for import/domestic breakdown or cider categories

Details: Worldwide; Various sources (European Cider and Fruit Association ); 2018

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## Cider Market Size (millions of liters)

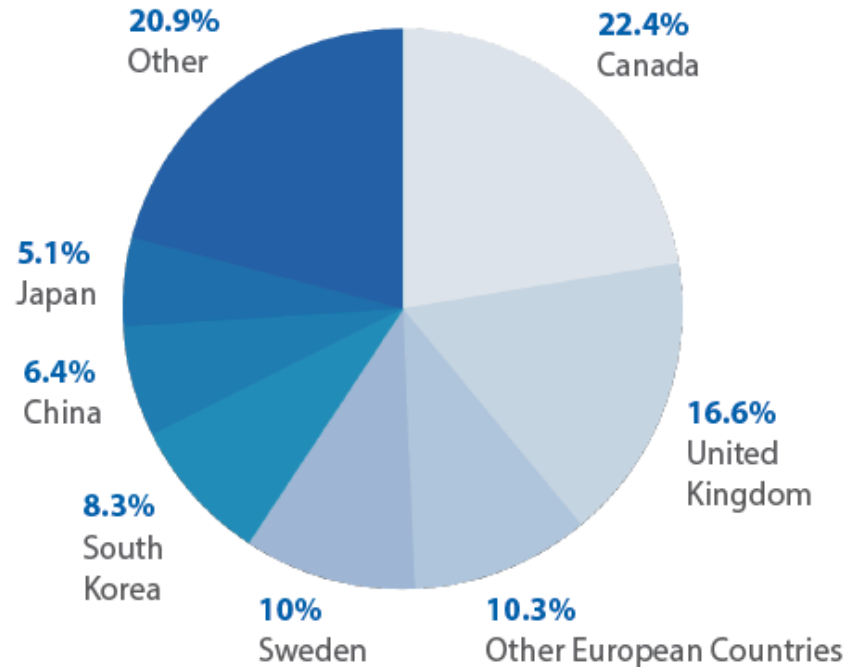


- Country-specific data show consumption concentrated in specific markets
- Again, no insights into source of product or cider category

# Top Export Markets: US Craft Beer



- **Canada:** government buys and regulates at province level
- **United Kingdom:** nascent domestic craft culture, pubs vs. craft bars
- **Europe:** opportunities of and limits to unified market
- **Sweden:** Systembolaget – tenders and no marketing, heavy on imports
- **S. Korea:** US imports up, price elasticity
- **China:** premiumization, scale vs risk
- **Japan:** US beer highest price, trading up



2018 data courtesy of Brewers Association

# Key Issue: Tariffs



- Tariffs can have a major impact on the price and competitiveness of your product – ask your distillery friends
- No/low tariffs for countries with which the US has an FTA
- For non-FTA markets, it's important to know rate and application
- Non-tariff taxes: excise & VAT
- Trade support groups can help you determine tariff rates

# Key Issue: Regulatory Requirements



- Regulatory burden varies by market
- Labeling requirements:
  - Metric system
  - Government warning
  - Language(s)
- Testing:
  - Phytosanitary
  - Materials
- Distribution requirements
- Product registrations

# Key Issue: Alcohol Retail Model



- As in the US, how alcohol is sold varies from market to market
- From free market to government monopoly
- Distribution & retail structure differs from 3-tier
- Role of online sales vary
- Potential agent requirement

# Key Issue: Intellectual Property



- Trademarks, copyrights, and patents
- Domestic IP protections do not extend into foreign markets
- First step is register in US
- FTAs include IP provisions, but you still need to file in country
- Be aware of “first to file” status
- Visit [stopfakes.gov](http://stopfakes.gov) for resources

# Market Selection: Reactive



Relying on outside information to choose markets, including:

- Past leads
- Past sales
- Competitor behavior
- US trade shows
- Customer input
- Industry experts

# Market Selection: Proactive



- More intentional process using secondary data to get at what's meaningful to company
- Develop tailored set of weighted indicators and rank potential markets
- Market selection should match company capabilities and goals
- Trade support organizations can help with this process
- Case study: UK market

# UK Market Analysis: Country Commercial Guide

Issued by US Commercial Service, ITA

- Strong, longstanding trade relationship, but no FTA
- Still trade tensions – ask distillers
- Wine & beer is a top prospect for US exporters
  - 2<sup>nd</sup> highest agricultural export market for US producers



# UK Market Analysis: GAIN Reports



Issued by Foreign Agricultural Service, USDA

- Food and Agricultural Import Regulations and Standards
  - UK departure from EU will result in new GMO standards and new excise tax regime to come online in 2023
- United Kingdom Exporter Guide
  - UK residents spend 2.9 percent of income on alcohol
  - Growing trends toward sustainability, upcoming plastic packaging tax

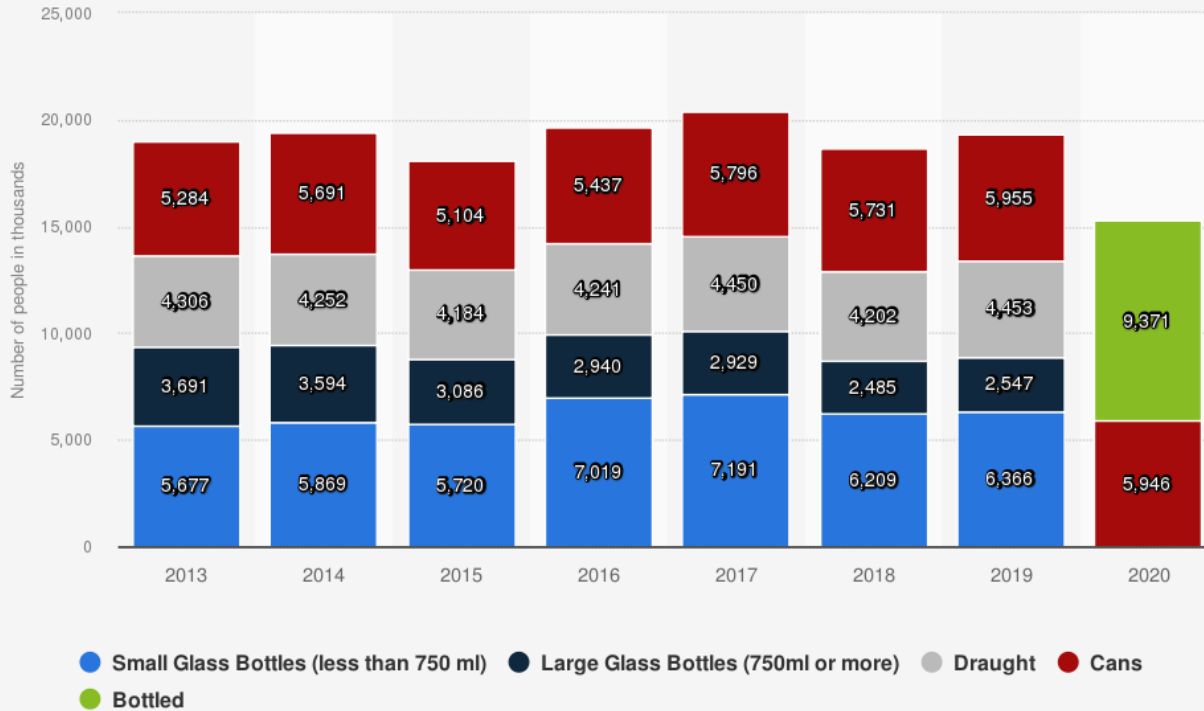
# UK Market Analysis: Taxes & Regulations



- Specific duty of 16 GBP per hectoliter of imported cider, plus 20% VAT and graduated excise tax based on sub-category
- TTB details labeling requirements (allergens, sustainability claims, GM inputs), fill standards, import procedures



Number of people using cider in Great Britain from 2013 to 2020, by sort (in 1,000s)



Source  
Kantar Media  
© Statista 2021

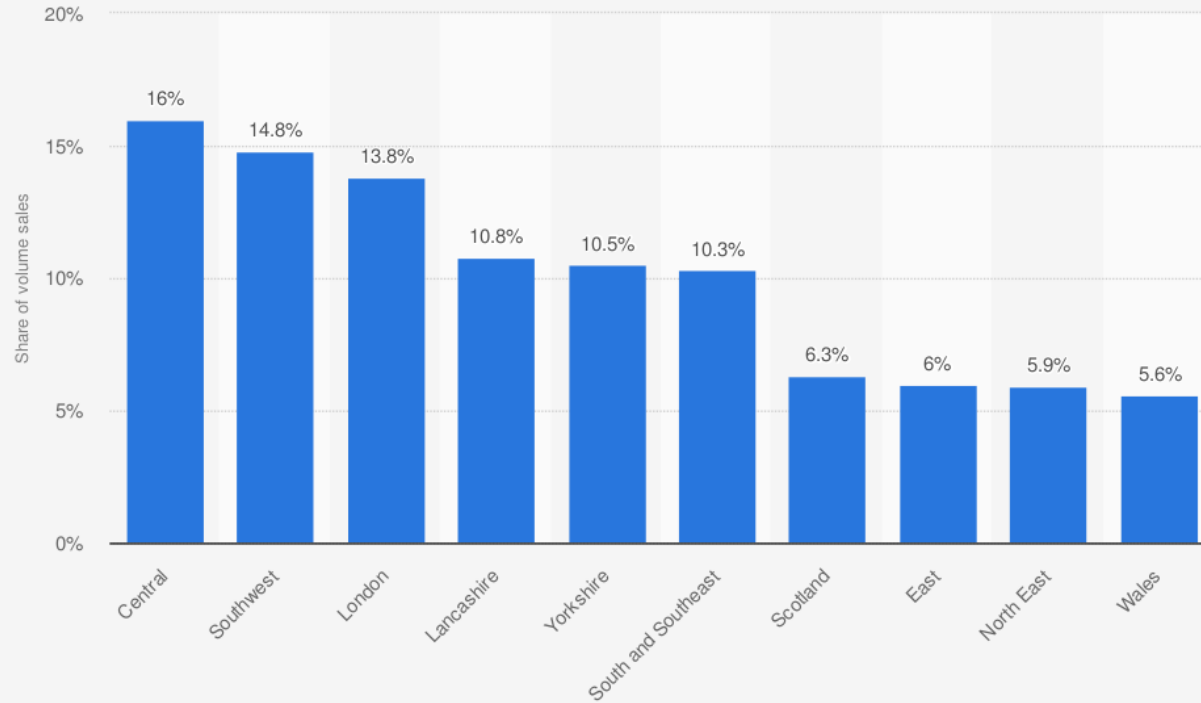
Additional Information:  
United Kingdom (Great Britain); Kantar Media; 2013 to 2020; 24,024 respondents; 15 years and older; Computer-assisted v



# UK Market Analysis: Packaging Preferences

# UK Market Analysis: Sales by Region

Distribution of the on-trade cider sales volume in Great Britain in 2020, by region

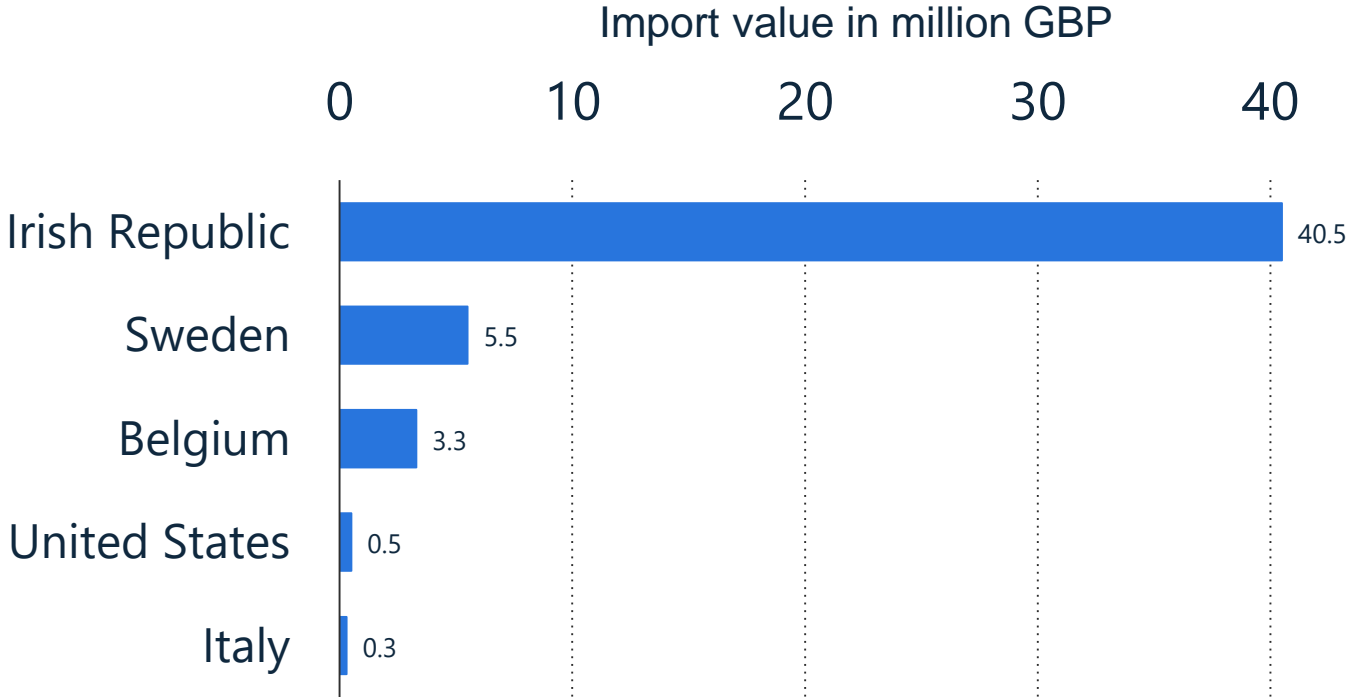


Source  
Weston's Cider  
© Statista 2021

Additional Information:  
United Kingdom (Great Britain); 2020

United Kingdom cider imports:

Leading 5 countries of origin ranked by value 2020



UK Market  
Analysis:  
Import  
Source

# Next Steps to Export

- Partner identification
- International pricing analysis
- Order fulfillment and logistics
- Shipping documentation



# Export Resources: Federal



- Small Business Development Centers
- International Trade Administration
  - USEACs
  - Foreign Commercial Service
- USDA Foreign Ag Service
  - GAIN reports
  - Foreign Ag Officers
- Export Import Bank & SBA
  - Trade finance options
- TTB
  - Import/Export Guides



# Export Resources: State, Local, Trade



- State Trade Agency (VEDP)
  - STEP grants, missions
- State Ag Agency (VDACS)
  - Trade shows/missions
- State Regional Trade Groups (SUSTA)
  - Cost Share program
  - Trade missions
- Trade Associations:
  - ACA
  - State Guilds



# Conclusions



- Foreign markets present significant opportunities for American cider makers
- There are many resources available to support international growth
- You don't need to be a trade expert to be successful overseas



# Cheers!

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