

Proposed Minimum Unit Price compared to price of traditional cider sold from the barrel by the maker at the farm gate.

Research to address the question:

How does the proposed Minimum Unit Price for alcohol compare to the current price of traditional cider sold direct from the barrel at the cider maker's farm gate?

Background

The "Save Our Scrumpy" campaign seeks an exemption from the Minimum Unit Price [MUP] for retail sales of traditional cider from the barrel at the farm gate. The current suggested minimum price is 45p per unit [PPU] of alcohol.

It is believed within the traditional cider making community that an MUP at this level will have a significant negative impact on traditional cider makers. It is predicted an enforced minimum price of double the current retail price will more than halve the volume of cider sold. As a result, many of these cider makers, many of whom have been producing cider at their farm for generations, will be have very little option but to close. A further consequence would be that many traditional orchards will be grubbed up.

It is feared part of the country's heritage will be lost forever.

Our survey

There is a view that an MUP of 45p should have only a limited impact on the retail price of real cider at the farm gate. The contrary view, held by those who are directly involved in traditional cider making in Somerset or those who have first-hand experience and cider makers themselves, is that an MUP of 45p is a significant increase on the current retail price at the farm gate.

We carried out a simple survey of prices of cider sold retail from the barrel, at the farm gate by traditional Somerset cider makers. The aim was to collate basic pricing data to confirm or refute either view. As this is a very simple survey, any result would need to be significant in order to support one view or the other.

Results

We telephoned or visited 19 traditional cider makers in Somerset. With just one exception, all of the cider makers we spoke to quoted us a price for 4 or 5 litres (1 gallon) of farmhouse cider which equated to a PPU of less than 45p.

The average PPU was 27p, with a range from 21p to 39p. If the customer provided their own container, quite a usual occurrence in Somerset, the PPU reduced to an average of 24p; the highest PPU now being 30p, and four makers selling at a PPU of 20p or less.

Considering all retail sales (in a container provided by the maker or as refills into customer's container) over three quarters of makers had a price which gave a PPU below 30p, with half the makers selling at a PPU below 25p.

Conclusions

- 1) A majority of traditional cider makers in Somerset appear to sell cider from the barrel at the farm gate at a price below the suggested Minimum Unit Price of 45p.
- 2) The average PPU price is nearly 40% less than the suggested Minimum Unit Price of 45p. Over three quarters of cider makers are selling at a retail price that is below a PPU of 30p and nearly half are selling at below 25p.
- 3) These results strongly bring into question any view that a Minimum Unit Price of 45p would only have a limited impact on the retail price of real cider at the farm gate, at least with respect to traditional cider making in Somerset.
- 4) The smaller and less familiar makers tended to charge a lower farm gate price. This suggests any MUP may affect them more than the larger makers.
- 5) It should be remembered that cheaper ciders can be found in Cash and Carries and discount supermarkets – a 2litre bottle of Tesco "Everyday Value Cider" has a PPU of 21p.

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Personal Information

Methodology

Between 23rd and 26th April 2012, we tried to phone or personally visit, every cider maker on a published list of Somerset cider farms. We excluded "factories" such as Matthew Clark plc, Brothers Drinks Ltd and Broadoak Cider Co. See http://www.somersetcider.co.uk/somerset_farmhouse_cider_farms.html

If contacting by phone, we said we were visiting relatives in the area and wanted to visit their premises and buy some farmhouse cider direct from them. We asked for the price of a 4 or 5 litre container of cider, served from the barrel. We also asked if there was a different price if we brought our own container. No mention was made during the phone call of the Minimum Unit Pricing issue

By multiplying the volume sold by the appropriate percentage alcohol, we obtained the number of units of alcohol. The price quoted was divided by this number of units to obtain an equivalent Price per Unit [PPU]. If not stated, the percentage ABV was assumed to be 6%, which seems typical. However all PPUs calculated as part of this research would be *nearly 15% lower* (or around 4p on average) if the percentage ABV was higher at 7%. i.e. if the results are significant assuming 6%, they will be *even more so* if the actual ABV turned out to be higher.

We excluded from the analysis any cider maker who told us they only sold wholesale, or only sold bottles.

About Nook's Yard Ltd

We are a small cider maker based in Cheshire. We do not currently sell retail from the farm gate. As such, we believe any Minimum Unit Pricing will not directly affect us. Therefore this research has not been carried out with any intention to promote our own financial interests. However, if MUP were to be introduced, the option of expanding our business in this way would be limited.

Our cider maker, Matthew, lived in Somerset for over 20 years and his closest family still live near Cheddar and Taunton. He gained his interest in cider making from the traditional farms around Cheddar and Wells. From his background in business, he recognises the detrimental impact MUP could have on that area's heritage. It is for this reason he has focussed this initial research on Somerset.

This is not to say that other small cider makers who sell from the farm gate in other areas of the country may not also be impacted by the MUP proposals. Clearly further work is required.

However, given the apparent wider misunderstanding surrounding the application of MUP to traditional cider makers, it was felt more appropriate to concentrate on the areas where familiarity exists, rather than speculate without knowledge of the specifics.

For more information contact:

