

# BREWING SUCCESS IN NEW MARKETS

Zeffer Cider, New Zealand's biggest independent cidery, has experienced rapid growth by focussing its sales on three key markets rather than spreading itself too thin.



**Z**EFFER, WHICH SELLS ITS UNIQUE cider in more than 300 retail outlets throughout New Zealand, is concentrating on China and Thailand as the first destinations to increase its export earnings.

"We decided to target those two countries because there are clear opportunities," says Josh Townsend, Zeffer's CEO. "Cider is a new category there, but it is received well. People are seeking premium offerings and an alternative to beer and wine, and we are aiming to be the craft cider of choice in these markets. Also, the free trade agreements are a huge help and gives us an advantage over European suppliers."

Zeffer has import and distribution partners across Thailand and China, and its cider is poured from more than 80 taps in bars in China, more than in New Zealand. Zeffer's sales are presently 25 per cent export and 75 per cent domestic, but this mix is quickly changing with increasing exports.

"Our mission is to be the leading cider brand in East Asia, and we have learnt that focused sales and marketing efforts are key to achieving this goal," says Townsend.

#### FROM A WINERY TO A CIDERY

Winemaker Sam Whitmore and his partner Hannah Bower founded Zeffer after travelling around Europe and noticing the increasing popularity of cider, with its different styles and flavour. They returned home to Matakana and converted their winery into a cidery.

Zeffer, which produces nine varieties of cider, supplies the two main supermarket chains Foodstuffs and Progressive Enterprises in New Zealand. The cider is stocked by speciality stores such as Farro Fresh Food and Moore Wilson's and is supplied to many leading bars and restaurants.

As the orders grew, so did the demand for more production space. Zeffer moved to a bigger cidery in Silverdale, north of Auckland, in 2013 and then in mid-2017 relocated its production to Hawke's Bay to be closer to its supply of fresh apples. It is maintaining a sales and marketing office in Auckland.

When Zeffer moved to the Hawke's Bay, they started working with Philip Pinckney from Staples Rodway Hawke's Bay, who is one of a small number of Wine Verifiers. There are many similarities between wine and cider, including food safety and traceability processes. "Staples Rodway has been a font of local knowledge, they have been great for helping us to improve our export business' systems and processes," says Townsend.

Zeffer is leasing the Fernhill Crossroads Winery (now cidery), which was bought by an investment group from Yealands. The cidery, with a new bottling room, has a production capacity of more than 2 million litres a year, and the Zeffer team has replaced the grapevines on the property with 1500 cider apple trees.

Zeffer already has a ready supply from nearby apple growers, and it saves on the cost of transporting the crushed apples to Auckland.



*Josh Townsend: "Our mission is to be the leading cider brand in East Asia."*

"We make a unique range of ciders – from the classic style to innovative new age – and we use the juice from freshly-crushed apples," says Townsend. Zeffer's varieties are: Red Apple, Crisp Apple, Hopped Infused, Alcoholic Real Ginger Beer, Two Point Five Low Alcohol, Apple Crumble Infused, Slack Ma Girdle, Cidre Demi-Sec and Methode.

#### WINNING AWARDS AND GROWING STAFF

Since it started in 2009, Zeffer has won more than 50 awards, including a Brewers Guild of New Zealand and New Zealand Cider Awards trophy wins in 2016 and 2017. Its Cidre Demi-Sec variety was the only cider to take out one of the 10 trophy titles at the 2017 International Brewing & Cider Awards announced in London. These are considered the Oscars of the global brewing and cider industry, and the tasting panel of 45 sampled more than 1,100 beer and ciders from 21 countries.

Zeffer has grown its staff to eight including two part-time and it hires up to six casual workers during the busy production season.

"This is a really exciting time for the business, the most exciting since I joined the team (in 2010)," says Townsend. "We have done a lot of hard yards, and we have persevered through some tough years. We now have a real opportunity in exporting."

Zeffer is talking with one of the major supermarket and liquor store chains in Australia and hopes to supply its cider to more than 300 stores there during 2018. A contract this size will go a long way to meeting Zeffer's goal of increasing export revenue to more than 50 per cent of total sales by 2020. *(cntd over)*

## HOW ATEED HELPED

Zeffer has support from New Zealand Trade and Enterprise's International Growth Fund to accelerate its exports overseas, which is focused on growing China more quickly.

Auckland Tourism, Events and Economic Development (ATEED) has facilitated three NZTE Capability Development vouchers for Zeffer under the Regional Business Partner Network programme:

- In 2012 a voucher worth \$3,200 to develop a capital raising plan
- In 2013 a voucher worth \$4,500 for a business strategy programme
- More recently, a voucher worth \$5,000 towards developing a domestic brand strategy

"I'm a firm believer that you've got to put yourself out there and network with the support organisations," says Townsend. "Until you do, you have no idea of the extent of support they can offer. They can provide a huge amount of resource.

"In the case of ATEED and NZTE, you build strong relationships with your case managers, and they are upfront about the areas you can improve in. That's important," he says.

Zeffer has taken onboard all the advice and support, and increased production to 500,000 litres of cider (in 2017) – a far cry from the initial production of 3,000 litres for the Matakana Farmers Market in 2009.



*Zeffer Cider is being poured from more than 80 taps in bars in China.*

## GOING PUBLIC

Zeffer have just opened a public share offer via Snowball Effect to raise NZ\$1.8 million in funding, based on a pre-investment valuation of NZ\$8.26 million. Funds will be dedicated to helping the company further grow its footprint in the domestic market, as well as deliver on three clear strategic opportunities in order to sustainably grow to become an NZ\$10 million+ revenue company by 2021. The raise is open until June 30.

*If you would like to talk to Staples Rodway about wine verification, you can contact Philip Pinckney in our Hawke's Bay office on 06 878 7004 or [ppinckney@stapleshb.co.nz](mailto:ppinckney@stapleshb.co.nz).*

