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**CASE STUDIES**

# Crabbie's Alcoholic Ginger Beer Case Study

Finding an untapped niche in the post-recessionary beer market

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**DATAMONITOR VIEW*****Catalyst***

Amid a post-recessionary landscape, UK consumers are opting to drink premium beers and real ales instead of mainstream lagers. This shift in drinking habits is being driven by the emergence of a new generation of beer drinkers, who are demanding more authentic and flavorful beers. This case study will examine how Crabbie's Alcoholic Ginger Beer has bucked the recession to become one of the UK's top-selling beers. It will explore how the brand has successfully responded to shifting consumer demands and has used high-profile marketing campaigns to effectively engage with UK beer drinkers.

***Summary***

- The economic downturn has had very obvious implications for the UK beer market. While the overall market declined 4.2% in 2009, sales of premium beers and real ales have been on the rise. The increasing number of consumers that are trading up to more interesting, flavorful, and authentic brands has driven this trend.
- The recent market success of Crabbie's Alcoholic Ginger Beer stems, in large part, from the brand's ability to identify a niche in the UK beer market with significant growth potential. By building on its heritage and using stem ginger to provide a unique signature taste, Crabbie's has successfully responded to the evolving demands of the new generation of beer drinkers that have emerged from the economic recession.
- By investing heavily in media and sponsorship coverage since its launch, Crabbie's Alcoholic Ginger Beer has managed to raise its profile among the mass consumer market and maintain brand awareness all year round.

- In late 2010, Crabbie's extended the brand, so as to maintain momentum moving into 2011. Through new product offerings, brand owner Halewood International has broadened the consumer appeal of Crabbie's and raised its market status to retain its competitive edge.

## ANALYSIS

The decline in consumer consumption that followed the onset of the economic recession has had lasting implications for the UK beer market. With beer sales showing the biggest quarterly fall on record (according to the British Beer and Pub Association) during the third quarter of 2010, beer consumption is currently at its lowest level for 60 years.

Despite an overall 4% drop in the UK beer market during 2009, evidence suggests that beer drinkers are in fact trading up and purchasing higher-end beers and real ales that offer premium ingredients and unique flavors. This is in contrast to more mainstream lagers, which have fallen foul of a more demanding consumer base.

Crabbie's Alcoholic Ginger Beer, launched in March 2009, became the UK's top-selling ready-to-drink (RTD) beverage in less than two years, helping to return the RTD category to growth. According to ACNielsen data, published in The Grocer magazine in the UK, Crabbie's Alcoholic Ginger Beer alone was responsible for over 70% of the RTD category's overall growth in 2010. With a strong Scottish heritage and boasting premium taste credentials, the brand has successfully engaged with the post-recessionary beer drinker and has defined a very lucrative market niche. With the use of high-profile media and sponsorship campaigns, Crabbie's Alcoholic Ginger Beer has effectively conveyed its brand values to the mass consumer.

To maintain momentum and raise brand awareness in 2011, Crabbie's has launched a number of brand extensions. Through the introduction of Crabbie's Mulled Ginger Wine, a non-alcoholic ginger beer, and Crabbie's Ginger Nuts, the brand has engaged with a wider consumer audience and established a stronger market presence. Crabbie's looks set to retain a competitive edge in the "ginger category" and the UK beer market at large.

### ***The UK beer market has undergone significant changes following the recession***

The UK beer market has been dramatically impacted by the recession. With consumers spending less, overall beer sales have fallen at the fastest rate since the 1940s. Indicative of this is the fact that Britain has lost 5% of its pubs over the last 12 months, with an average of seven closing down every day. Breweries have felt the effects too, with beer volumes sold through pubs, clubs, bars, and restaurants falling by 6.7%. Although more consumers are opting to buy their beer from the supermarket, even volumes in the off-trade have fallen by 5.7% overall. To add to this, UK drinkers have become less loyal to a particular brand. Consumers are no longer satisfied with mainstream beers and instead are trading up to premium brands that offer more authentic and traditional flavors. This is causing beer manufacturers to turn to even more innovative ways of attracting the more shrewd beer drinker.

### **UK drinkers are opting for premium beers and craft ales in an otherwise flat beer market**

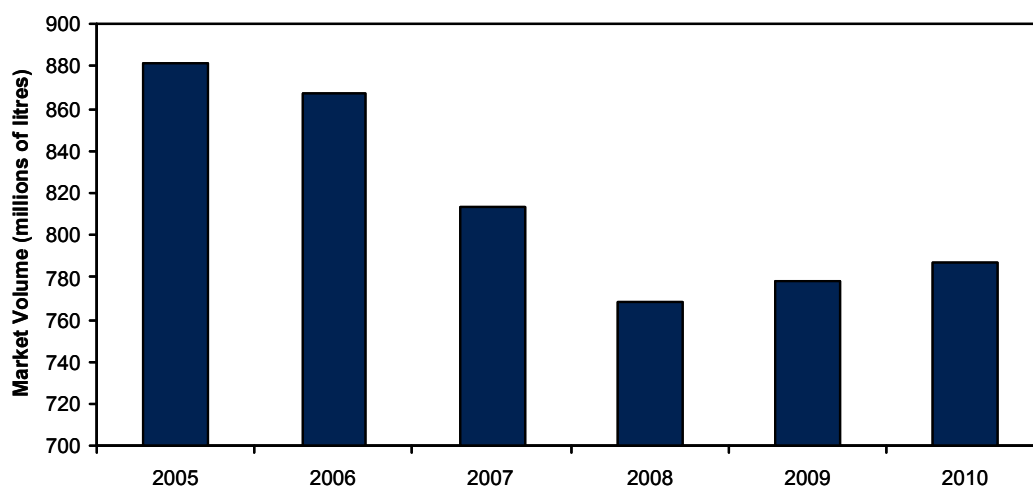
The worst performing category of the whole beer market has been mass-market lagers, which lost 0.2% of their market share in 2008, following 50 years of continuous growth. With most of the top lager brands becoming indistinguishable in taste and many being challenged by negative stereotypes in recent years, consumers are now looking for more sophisticated products within the "super-premium" beer segment as an affordable treat. Datamonitor's data confirm that the UK market volume of premium beers has increased from 1,715 million liters in 2008 to 1,755.1 million liters in 2010.

Within today's premium beer category, world beer brands are doing particularly well among 25–34 year olds. In contrast to the flat sales of everyday lagers, such as Foster's and Carling, world beer sales have increased in both the off-trade and on-trade by 20% and 3%, respectively. Highlighting this, Miller Brands, the UK subsidiary of SAB Miller, recorded a 25% volume growth in lager in the six months to the end of September 2010. This was predominantly driven by sales of its premium Italian brand Peroni Nastro Azzurro, which recorded a 22% increase in sales. While consumers continue to opt for stronger and more flavorsome beers, the premium beer market looks set to thrive.

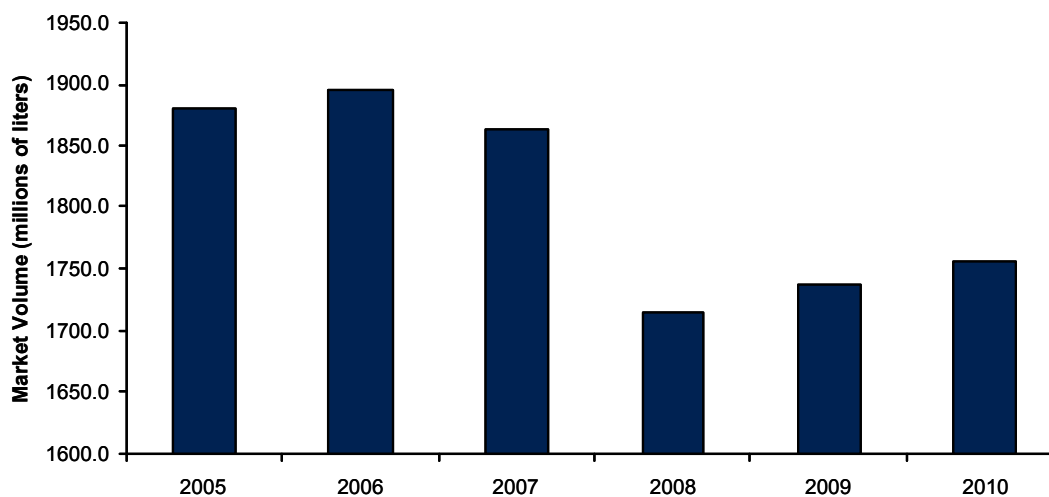
Real ales are also increasing in popularity among the UK's younger generation. According to *The Cask Report*, published by Pete Brown in September 2010, real ale is making a significant comeback. Ale now accounts for 15.2% of total beer volumes, with the number of 17–24 year olds drinking ale increasing by 17% in 2010. While mainstream lagers are in decline, Datamonitor's data reveal that the combined market volume of ales, stouts, and bitters has increased by 18.7 million liters since 2008. Driving this change has been the emergence of a new wave of microbreweries (there are now 600 microbreweries across the UK, with around 70 new ones opening in 2009), which are experimenting with interesting flavors and quality ingredients to make ale brands more identifiable with younger consumers. This new "breed" of brewers has helped to modernize the image of ale as an "old man's drink," enabling a shift in Britain's real ale demographic. Women and young drinkers alike are becoming more experimental in their beer drinking habits and are now gravitating towards beers with fresh and modern styles.

**Figure 1:** The demand for premium beers and real ales has increased following the recession as consumers opt for products that offer new and exciting flavors

**UK Market Volume of Ales, Stouts and Beers for 2005-2010**



**UK Market Volume of Premium Beer for 2005-2010**



Source: Datamonitor's Market Data Analytics database

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**Post-recessionary beer drinkers are becoming increasingly interested in heritage, local provenance, and authenticity**

The increase in demand for premium beers and real ales has been driven by the evolving tastes of a “new” generation of beer drinkers, who have emerged following the recession. These consumers are less influenced by mainstream lagers and more interested in beers that offer new and exciting product flavors. They are also taking more notice of what they are drinking. Indeed, Datamonitor's 2008 consumer survey showed that 67% of UK consumers were influenced by the claims of “no artificial additives including colors, flavorings, and preservatives” when making food and beverage choices, highlighting that consumer awareness of product ingredients is establishing itself as a long-term trend. This heightened awareness of food and drink quality continues to prevail, with 58% of consumers in 2010 claiming to pay attention to the ingredients used in the food and drink that they buy. This consumer segment forms part of Britain's “gastro-revolution,” which has seen consumers become more interested in food. Consumers that are now finding the time to go to farmers' markets to buy homemade breads and artisan cheeses are also likely to be turning to handcrafted and premium beers. The recession has given these consumers a taste for a more authentic experience, seeking out ingredients that provide local appeal.

*“We might be emerging from the recession, but we're not jumping back to conspicuous consumption. Instead, we've become more thoughtful about our purchases and, in our food and drink choices, we're looking for tradition, provenance, and wholesomeness – all values that cask ale can provide in spades.”*

**Pete Brown, author of *The Cask Report*, quoted in *The Scotsman*, 2010**

Following the recent economic downturn, heritage associations with products are also now resonating more strongly with consumers. These consumers are now looking back to yesteryear for comfort and nostalgia, buying products with traditional flavors that remind them of their childhood. In a post-recessionary climate, consumers are seeking classic flavors to help remind them of how drinks “used to be” before additives were so widely used. With many consumers convinced that traditional products are better made and healthier, beers with more authentic ingredient lists are likely to appeal to the increasing number of health-conscious consumers.

Ginger is a flavor that grew significantly in appeal among UK consumers in 2010. Highlighting this, Datamonitor's product launch data show that the number of food and beverage product launches containing ginger as a flavoring increased by 27% between 2006 and 2009. Its long heritage in drinks coupled with consumers' desire for healthier and more traditional products have meant that ginger is surging again in popularity with the growing number of consumers that are “going nostalgic.” The use of ginger in drinks goes back to the mid-17th century in England, when the ginger beer plant was used to produce alcoholic ginger beer. But the use of ginger as an alcoholic drink flavoring has not guaranteed market success in the past, with Diageo's Smirnoff Moscow Mule and Gordon's Distiller's Cut gin being withdrawn from the market in the early 2000s. However, with this flavor currently in vogue among consumers, it appears to be a more appropriate time for manufacturers to be using ginger as a point of difference to appeal to consumers.

With many of the major changes in the UK beer market being driven by the changing palettes of post-recessionary beer drinkers, it is now apparent that products likely to succeed will be those that establish a premium positioning, are brewed to traditional recipes, and use only the finest and most authentic ingredients. A product boasting these features is likely to acquire repeat consumer purchases and a loyal brand following.

## ***Crabbie's Alcoholic Ginger Beer has very successfully engaged with the new generation of beer drinkers***

A major success story of 2010 within the UK beer category has been Crabbie's Alcoholic Ginger Beer. Halewood International, a leading independent drinks manufacturer and distributor in the UK, launched Crabbie's Alcoholic Ginger Beer in March 2009, and in doing so began what has been termed "the ginger revolution." Since its launch, the alcoholic ginger beer has become the UK's top-selling RTD beverage and has even overtaken well-known ales such as Spitfire and Old Speckled Hen. This unpredicted success has been achieved in just two years and it is down to the brand's ability to tap into the shifting demands of UK beer drinkers and raise brand awareness among UK mass consumers.

### **Crabbie's has identified a niche in the beer market with significant growth potential**

Halewood International's launch of Crabbie's Alcoholic Ginger Beer was the first major product development for the Crabbie's brand since the company acquired Crabbie's Green Ginger Wine in 2004. Being developed to appeal to consumers who drink cider, premium packaged lagers (PPLs), and RTDs, Crabbie's immediate market success stems from its ability to find a unique niche within the UK beer market. The immediate market appeal of Crabbie's Alcoholic Ginger Beer among UK consumers is due to the brand's ability to:

- **Provide an exciting alternative for cider drinkers** – With the product being developed to serve over ice with a slice of lemon, Crabbie's has successfully capitalized on the on-going consumer interest for alcoholic drinks in the over-ice category. Indeed, Datamonitor's consumer survey shows that refreshment influences 71% of UK consumers' alcoholic beverage choices, which is a trend that has been evident since 2008, and has proved to be more influential than seven other factors including price and brand image. By entering the market at a time when the cider category was in a mature stage of development, and when product innovation within the segment had slowed down after a period of explosive growth, Crabbie's was able to bring excitement back to cider drinkers. In doing so, the Crabbie's brand has been able to engage with a younger audience of 20–35-year-old men and women.

*"I often find over-ice cider drinks on the market taste similar, so I was excited about this drink. It did not disappoint."*

***Moira McAleer, a guidance counselor, from Hampshire, quoted on [www.thegrocer.co.uk](http://www.thegrocer.co.uk)***

- **Use ginger to fuse novelty with nostalgia** – The use of stem ginger as a signature ingredient has enabled Crabbie's to tap into consumers' newfound "retro" tastes. Crabbie's Alcoholic Ginger Beer is appealing to both the older drinkers who associate ginger beer with the joys of the 1950s and 1960s, as well as younger women who bought into the cider-over-ice experience. The Crabbie's marketing slogan of "not all ginger beers are tickety boo" serves to emphasize to consumers that unlike other ginger beer brands, which use flavorings to get their ginger taste, Crabbie's uses "real steeped ginger all the way from the Far East," according to its official website. The website also states: "we take eight long weeks to brew our top secret ingredients and steeped ginger blend to achieve deliciously quaffable deep spicy flavor," therefore successfully tapping into rising consumer demand for more authentic and quality ingredients. Crabbie's focus on premium ingredients and the development of a unique product taste have enabled the

brand to engage with UK consumers, of whom 64% claim that the taste/flavor of a product has a "high" or "very high" amount of influence on their alcoholic product choice.

Figure 2: The marketing slogan of Crabbie's distinguished the brand from its competitors, emphasizing its commitment to the use of premium ingredients and authentic brewing methods

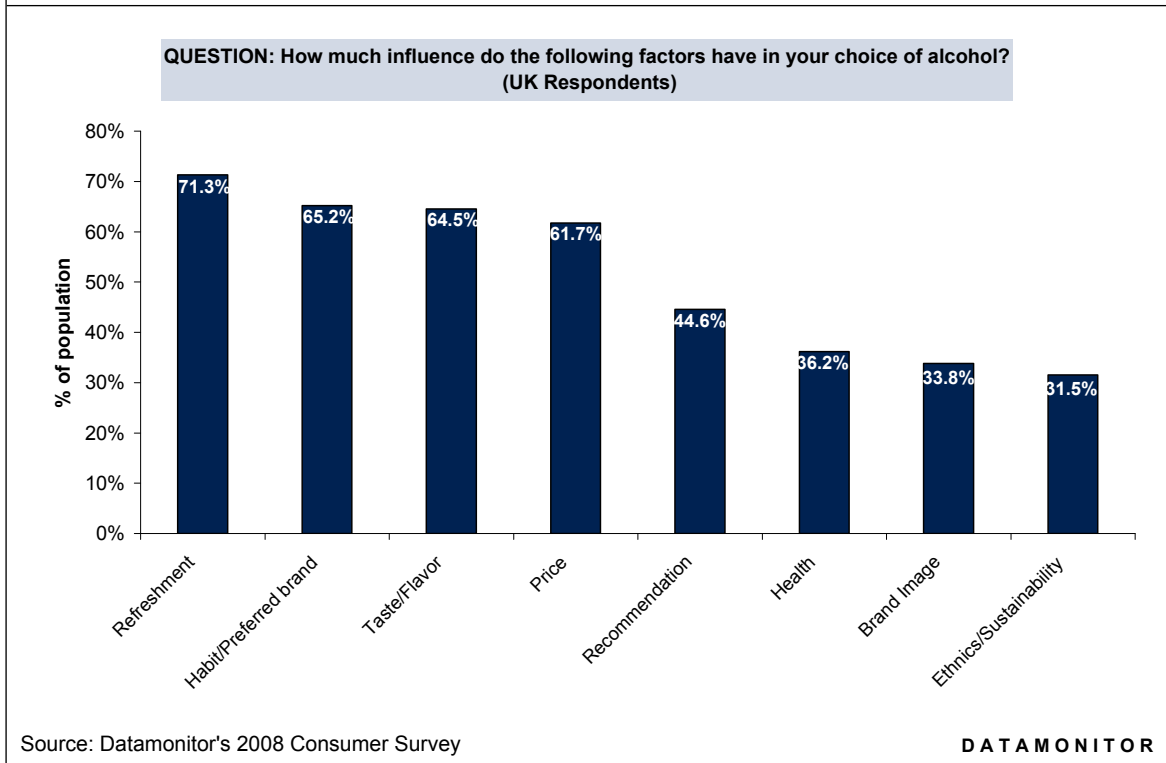


Source: Datamonitor, [www.crabbiesgingerbeer.co.uk](http://www.crabbiesgingerbeer.co.uk)

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- **Establish a product with heritage** – Crabbie's has built on its heritage by using marketing to emphasize the Scottish roots of the brand. In sourcing its ginger from East Asia, Crabbie's claims to be following in the footsteps of the "first Scots merchant adventurers," who originally made ginger beer many years ago. In fact, Crabbie's senior brand manager Caroline Reynolds believes that by building on Crabbie's Scottish heritage, it will help to attract a whole new generation of Scots. In an attempt to leverage Crabbie's Scottish roots, Halewood International has launched a series of campaigns, including sponsorship of golf's Scottish Open as well as a tailored campaign to coincide with the Edinburgh Fringe festival. Not only has this enabled the Scottish market to embrace Crabbie's, but also with events like the Edinburgh Fringe festival attracting overseas visitors, Crabbie's has successfully highlighted its Scottish heritage to an international audience.



**Figure 3: Refreshment is one of the most influential factors determining UK consumers' choice of alcohol**


### Extensive media and sponsorship coverage has enabled Crabbie's to target the mass consumer

As well as its unique market niche, Crabbie's Alcoholic Ginger Beer has also achieved a very versatile market positioning, appealing to an extremely wide consumer base made up of various ages and both genders. The status of this 4% alcoholic brew as an ale means that it appeals to males and older consumers, while its refreshing cider-over-ice experience targets females and younger consumers. Not only is this product as suitable as a lunchtime drink as it is as an evening beverage, it also touts itself as an ideal accompaniment to food. Through its extensive media and sponsorship coverage, Crabbie's has been able to target consumers across a wide range of demographic groups and social occasions. The brand's ability to affiliate itself with such a vast array of high-profile events has helped to secure sales momentum over the last two years. Its incredibly noteworthy marketing efforts in 2010 alone include:

**Figure 4:** Since the launch of Crabbie's Alcoholic Ginger Beer, Halewood International has heavily invested in high-profile media and sponsorship campaigns that have enabled the brand to engage with the mass consumer



- National TV sponsorship** – Following on from the success of the 2009 pre-Christmas marketing push (including sponsorship of the National Comedy Awards in December), which saw brand sales soar 300%, Crabbie's Alcoholic Ginger Beer committed itself to an additional six-figure investment in the broadcast sponsorship of the National Television Awards in January 2010. This high-profile event, which reached out to 9 million British adults, provided the brand with an ideal opportunity to engage with the British public and gain national support. Following the sponsorship, Crabbie's Alcoholic Ginger Beer displayed a dramatic increase in sales, with two retailers reporting 104% and 82% uplifts in sales. This sponsorship investment was therefore valuable in driving demand for Crabbie's Alcoholic Ginger Beer, which British retailers were then able to capitalize on.
- An Easter marketing campaign** – In a bid to drive sales across Easter and create demand for the brand through the summer months, Crabbie's Alcoholic Ginger Beer launched an Easter campaign in March 2010, which targeted over 10 million British consumers. This national TV advertising campaign, that ran over three weeks in the run-up to, and including, Easter, used the same TV commercial that was launched in late 2009. This introduced the retro couple of "George" and "Camilla" as the stars of a Crabbie's cookery style lesson, with undertones of a playful twist on the traditional 1950s marriage. The campaign was run across ITV, Channel 4, and satellite TV and was supported by trade press advertising, video on demand, and a digital campaign. The video on demand campaign, along with the TV adverts, have made a conscious effort to strengthen the links between Crabbie's and food, which began in 2009 when Michelin-starred celebrity chef Atul Kochhar was appointed brand ambassador for Crabbie's. With ginger being an Asian as well as a West Indian spice, Atul Kochhar has created four exclusive Indian recipes that use ginger to add a British

twist to authentic Indian cuisine. Atul Kochhar's efforts to promote Crabbie's Alcoholic Ginger Beer as the perfect accompaniment to food have taken the product to the BBC Good Food Show in Birmingham and London in November 2010. Halewood International's efforts to position Crabbie's Alcoholic Ginger Beer as the perfect alcoholic pairing for food will resonate with the increasing number of consumers opting to stay at home and cook rather than splashing out on a restaurant meal.

**Figure 5: Crabbie's Alcoholic Ginger Beer has made conscious efforts to establish strong links with food, appointing celebrity chef Atul Kochhar as brand ambassador**



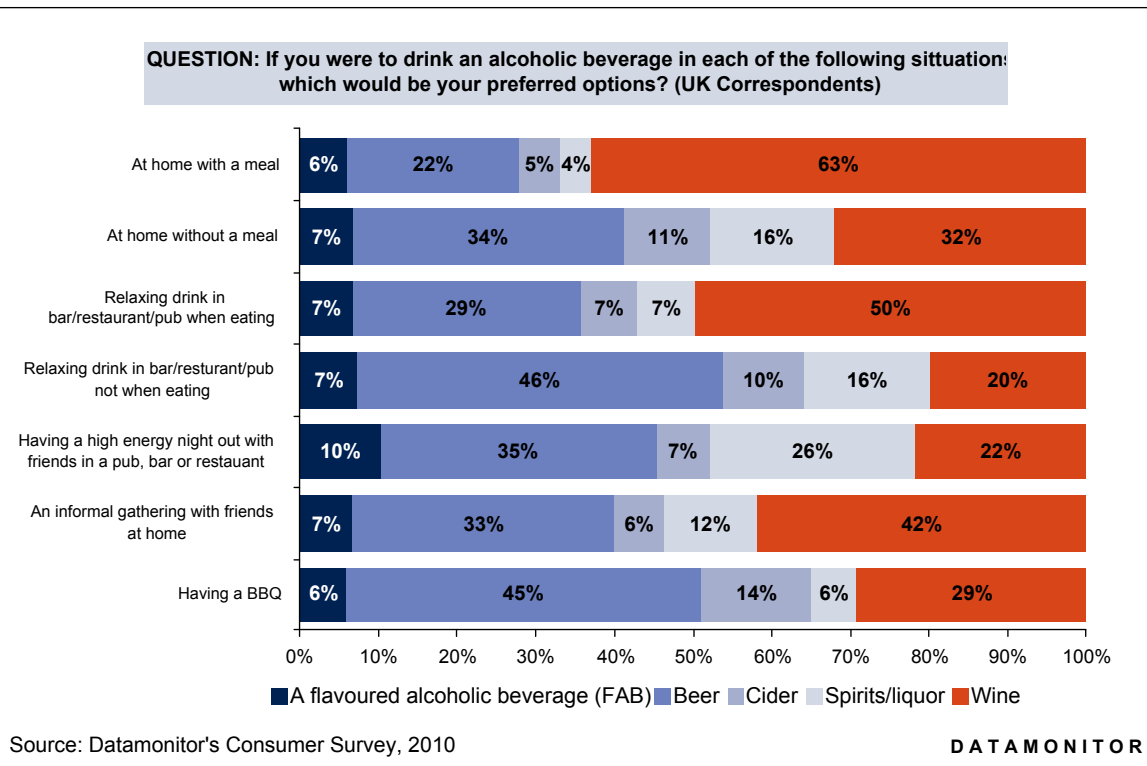
Source: Datamonitor, [www.bbcgoodfoodshow.com](http://www.bbcgoodfoodshow.com), [www.realwire.com](http://www.realwire.com)

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- Promotion of the summer campaign feature** – Since its launch, the Crabbie's brand has continued to emphasize the status of its ginger beer as a truly summer drink, which is best served “chilled, poured over a glass of ice, topped with a slice of lemon.” These very specific product serving directions have served as a powerful point of difference in an overcrowded beer market. To reinforce the brand's refreshing qualities and target mass consumers over the summer season, Halewood International launched a seasonal sampling campaign associated with the 2010 Gastro Alfresco and National BBQ Week campaign. Through this sponsorship, Crabbie's was sampled by up to 150,000 consumers over a 15-week national roadshow, during May to September. The brand's targeted leaflet distribution also managed to reach 1.25 million consumers, while its accompanying media support served to reach a further 20 million.

The importance of summer barbeque (BBQ) occasions for the UK beer and cider market is evident from Datamonitor's 2010 consumer survey, which revealed that 45% and 15% of UK consumers hold beer and cider, respectively, as their preferred alcoholic beverage at a BBQ event. This is a significantly higher proportion compared to at home and at restaurant/pub events. In light of this, Crabbie's involvement in the summer BBQ tour has helped add value to the brand. By plugging directly into a much larger summer campaign, Crabbie's Alcoholic Ginger Beer has capitalized on consumer preferences for cider and beer as a BBQ accompaniment in the off-trade.

**Figure 6: For UK consumers, beer and cider are the preferred alcoholic drinks for summer BBQ occasions, proving to be more popular than at home or at restaurant meal times.**



If this was not enough, Crabbie's went on to launch a World Cup advertising campaign with radio station Talksport, using a "spiffing summer" ad campaign to directly engage with 3.3 million of the adults interested during the football World Cup. The adverts, which continued the "carry on" 1950s-style humor, focused on two stories around a "gastropub adventure" and a "Crabbie's BBQ," and were heard around 10 times over the five-week World Cup period during the day and evening, and during live coverage of eight games.

*"The decision to link Crabbie's into the World Cup campaign came off the back of its well-earned status as a truly British summer drink. The World Cup will provide a platform for the British public to come together and enjoy the summer with friends, and as the official sponsor of the 14th Gastro Alfresco and National BBQ Week campaign, Crabbie's is sure to be the main fixture at many BBQs this summer."*

**Al Cross, brand manager for Crabbie's, quoted in June 2010**

- **Regional marketing support** – To kick off its summer campaign, Halewood International launched a summer sampling tour for Crabbie's Alcoholic Ginger Beer. This saw a branded campervan visit 21 British

towns and cities throughout the summer period, including Glasgow, St Ives, Edinburgh, Newcastle, Leeds, Manchester, Liverpool, Newquay, Southampton, and Brighton. In total, the summer sampling campaign managed to reach out to over 750,000 consumers.

As part of the tour agenda, the campervan stopped off at the Glastonbury festival, where Crabbie's was able to sample over 2,500 people and sold over 10,000 bottles of ginger beer. At this one event, many consumers commented on "how refreshing" and "what a perfect summer drink it was," with many saying that they preferred it to their usual summer drink.

The Crabbie's campervans were an equally large success at the Edinburgh Fringe festival, where buses were used to tour the sites, including visits to what was the John Crabbies distillery in Leith. The regional sales team was also able to develop branded street maps for locals and visitors, directing them to the key venues across the city stocking Crabbie's Alcoholic Ginger Beer. This was a very successful pub trade partnership initiative, which served to drive sales in many on-trade venues.

- **A pre-Christmas marketing push** – Crabbie's latest marketing push has been a national pre-Christmas TV advertising campaign, which has been backed by radio advertising and a PR initiative in the on and off-trade. The 20–30-second ads have been aired on national TV and video on demand across ITV1, Channel 4, and Five, as well as all of the major satellite channels. Crabbie's has recognized the Christmas period as a crucial trading time and has therefore used TV and radio advertising as a means of raising the brand's profile, in order to steal significant market share in the over-ice category in both the on and off-trade channels. This marked the brand's biggest ever pre-Christmas marketing surge, using the brand's George and Camilla characters in a festive setting to reach out to an estimated 38 million adults across the UK. With a high percentage of 21–35-year-old consumers heavily using the Internet, the Crabbie's brand has also used social media activity to drive further brand awareness. During the course of the campaign, consumers have been able to engage with the Crabbie's brand via its official Facebook page.

An additional national 48-sheet poster campaign, which ran for two weeks at the start of October, only strengthened brand awareness leading up to the 2010 festive period. The posters, displaying Crabbie's renowned TV characters George and Camilla, were posted in around 2,000 prime sites across the country, making the campaign hard to miss.

**Figure 7: Crabbie's pre-Christmas marketing surge helped to raise the brand's profile to an estimated 38**

**million adults across the UK**

Source: Datamonitor, Crabbie's

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### The flexibility of this brand has ensured market success

Crabbie's ability to target a very broad consumer base has benefited from the flexibility installed in its production line. In testing the market for Crabbie's Alcoholic Ginger Beer, Halewood International chose to partner up with the glass packaging provider, Beatson Clark. Through this collaboration, the Crabbie's brand has been able to ensure flexibility in production. In doing so, the brand has successfully provided a constant supply of Crabbie's Alcoholic Ginger Beer to consumers, reacting "quickly and efficiently when demand increased" (<http://grocerytrader.co.uk/>).

By working with Beatson Clark, the Crabbie's brand has also managed to effectively respond to shifting consumer demand through product format innovation. After experiencing significant sales of Crabbie's Alcoholic Ginger Beer in the off-trade, Halewood International has recognized the future growth potential for the brand in the take-home category (particularly in the lead up to 2010's festive period) and responded with the launch of a new 70cl bottle and 330ml multipack, which target the off-trade. This new larger bottle format carries many of the features of the original 500ml bottle; however, being more of a "sharing size" bottle that is packaged in a convenient "fridge friendly" screw top format, it aims to promote the occasionality value of the brand and position it as an everyday drink, not just a one-off purchase. The new packaging will enable the Crabbie's brand to reach out to a much wider and more diversified audience, who are more inclined to spend time in the home hosting social occasions than drinking at a pub. It will also serve to enhance the brand's shelf presence in some of Britain's leading off-trade operators, including Morrisons, Sainsbury's, and Waitrose.

**Figure 8: With the launch of a new 70cl bottle and 330ml multipack, Halewood International hopes to tap**



into consumer demand in the take-home category



Source: Datamonitor's Product Launch Analytics database

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### ***Crabbie's 2010 program of innovation will help sustain brand momentum***

In an overcrowded consumer landscape, an increasing number of companies have used brand extensions as a means of gaining a competitive edge and increasing sales. In 2010, Unilever's iconic brand, Marmite, explored the opportunities of brand extension with the launch of Marmite-flavored breadsticks, flatbreads, crisps, cereal bars, and milk chocolate. Crabbie's has also chosen to go down this route, with Halewood International launching a range of line extensions as part of its 2010 innovation program. Its thinking was that through the introduction of new brand offerings Crabbie's will be able to engage with a wider audience and create a more powerful presence both in-store and in the on-trade, while also creating multiple new revenue streams. This has also been an economically wise move, with Halewood International already having the established brand equity available to invest into expanding its market presence.

### **Brand extensions will enable Crabbie's to broaden its consumer appeal**

In September 2010, Halewood International announced that it was going to extend the Crabbie's brand in time for Christmas, with the launch of Crabbie's Mulled Ginger Wine in both the on-trade and take-home markets. The launch aimed to tap into consumer demand for products with quality ginger and spice flavors. With Halewood International now boasting extensive experience in the "ginger category" and consumer awareness of the Crabbie's brand particularly high, it was a positive time for the company to have launched a winter product variant. This will see Crabbie's market its ginger flavoring as a winter warming flavor, rather than as a refreshing summer ingredient. Halewood International believes that Crabbie's Mulled Ginger Wine is very much a "credible branded product" that will provide the ideal festive option for consumers who are looking to trade up to an indulgent premium product in the on-trade, and a festive impulse purchase in the take-home market.

To add to the Crabbie's mulled wine offering, the brand has also launched a new non-alcoholic drink called John Crabbie's Cloudy Ginger Beer, once again targeting both the on and off-trade. The UK soft drinks market grew by 1.7% in 2009 (according to the British Soft Drinks Association), with adult soft drink sales in supermarkets rising by 5% (ACNielsen), taking the total value of the adult soft drinks sector to £109m. Launched to capitalize on this soft drinks trend and to reinforce the brand's expertise in the "ginger category," John Crabbie's Cloudy Ginger Beer will serve to broaden consumer appeal and create new market opportunities. This product also aims to respond to rising consumer demand for more artisan soft drinks, which has seen an increasing number of companies (including Luscombe, Fentimans, Belvoir, and Chegworth Valley) using authentic ingredients to produce creditable drinks with "real flavors." Currently in the UK, 30% of women and 19% of men purchase premium soft drinks, hence John Crabbie's Cloudy Ginger Beer aims to provide this significant consumer segment with an interesting and alternative premium drinks brand. With demand for soft drinks that are designed to look and feel like an alcoholic product also on the rise, John Crabbie's Cloudy Ginger Beer appears to have its marketing right. Still packaged in a chunky 500ml brown beer bottle and resembling an amber colored beer, this product will appeal to the more insecure male that feels a soft drink is too effeminate.

**Figure 9:** As part of a 2010 innovation program, Crabbie's has used brand extensions to engage with a wider consumer audience and create a greater brand presence



Source: Datamonitor's Product Launch Analytics database, [www.drinksdirect.co.uk](http://www.drinksdirect.co.uk)

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### The Crabbie's brand has also explored the benefits of category-hopping

Crabbie's has not only benefited from line extensions, but it has also successfully explored the opportunities of category-hopping, with the launch of a range of ginger flavored nuts. This marks the first diversification from beverages for the brand and by entering the snack category, Crabbie's looks set to capitalize on the £57m branded nut market that has seen significant growth in premium branded nuts. The product range will offer three premium flavors, namely Crabbie's Luxury Ginger Spiced Dry Roasted Peanuts and Cashews, Crabbie's Luxury Nut Mix with Lime Pickle Flavor and Crystallized Ginger Pieces, and Crabbie's Luxury "Raj Mix" which is described as "a rich blend of nuts, Indian noodles, ginger spiced peanuts, and dried fruits" ([www.foodserviceupdate.co.uk](http://www.foodserviceupdate.co.uk)). Crabbie's use of ginger at the essence is what has enabled the brand to form a point of difference within the nut category. In doing so, Crabbie's has put up strong competition for other premium brand leaders in the snacking sector.

By partnering up with Sun Valley in the launch of its ginger nuts, Halewood International has been able to dilute the risk associated with entering a new category, benefiting from the manufacturer's expert knowledge in the nut industry. The Crabbie's brand will also benefit from the clear synergies that exist between Crabbie's Alcoholic Ginger Beer and their new nut range, with beer and nuts offering the perfect combination, particularly in the off-trade.

Through Crabbie's brand extensions, Halewood International has successfully taken the core brand values and put a new twist on them. In doing so, the company has not only provided something fresh to consumers, but it has also maintained the status of the parent brand. Consequently, Crabbie's looks set to remain at the forefront of innovation in the "ginger category."

**Figure 10: Crabbie's new range of ginger flavored nuts will enable the brand to capitalize on the multi-million pound UK nut market and to tap into consumer demand for premium nuts**



Source: Datamonitor, [www.google.co.uk](http://www.google.co.uk)

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### Conclusions and recommendations

The issues explored in this case study bear some important points for consideration:

- **Brand extensions can be effective in maintaining a competitive edge** – With the growing number of brands making today's marketplace increasingly complex and confusing for consumers, brand extensions have become an increasingly popular means of leveraging a brand's core values to gain a competitive edge and appeal to consumers. Although beneficial, a brand extension program needs to be effectively planned. Manufacturers should ensure that they fully understand consumer demands and are aware of the limitations of their brand, so as to avoid jeopardizing brand equity. As long as all brand values are effectively transferred to the brand extension, a manufacturer can expect to benefit from enhanced consumer brand awareness and more effective advertising campaigns. Moreover, for newly formed brands, like Crabbie's, brand extensions can help to define the brand.
- **Manufacturers of successful brands must guard against the "bandwagon effect"** – Following Crabbie's success in the "ginger category", the brand has not enjoyed the benefits of exclusivity for long. Only a year after its launch, the Swedish cider maker Kopparberg announced that it was going to take on Crabbie's with a venture into alcoholic ginger beer. Its product, called Frank's, is also a 4%-abv blend, which Kopparberg hopes will capitalize on the trend for alcoholic ginger beer. In addition, Tesco supermarket has also announced that it will be rolling out its own alcoholic ginger beer variety. Manufacturers that are faced with the new challenge of copycat products must ensure that they continue to innovate in order to maintain a point of difference and a competitive advantage within the category. Crabbie's 2010 brand extension program has been important in keeping the brand at the forefront of innovation and maintaining brand appeal among the mass consumer. This proves that in the face of competition, it pays to engage with the latest consumer trends and respond by providing consumers with what they want. For Crabbie's the impact of copycat brands has in fact been minimal, primarily due to its unique market positioning. By offering consumers an authentic product (stemming from the quality of its ingredients), Crabbie's has been able to maintain its heritage as the "original" and remain distinguished from other brands. Investments by manufacturers to establish a leading brand status can even mean that the launch of other brands serves to drive sales to the category leader.

**Figure 11: In the wake of Crabbie's success, numerous other brands have launched ventures into alcoholic ginger beer**



Source: Datamonitor

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- **Ongoing media and sponsorship campaigns can help drive leading brand status** – Crabbie's unpredicted success during 2009 and 2010 has been shaped, in large part, by their non-stop national media and sponsorship campaigns. These have proved critical in raising brand awareness among Britain's mass consumers and driving consumer demand through the seasons. The sponsorship of national TV programs (such as the National Comedy Awards and National Television Awards), which can gain as many as 9 million viewers, has been important in gaining adult consumer loyalty and driving significant brand sales (Crabbie's saw a 300% sales increase following the National Comedy Awards). The use of media campaigns by Crabbie's to help establish links between the brand and food has shown how media and sponsorship efforts can be key in establishing a point of difference for a brand and tapping into consumer trends. Such large-scale national advertising investments are therefore critical for manufacturers in establishing a competitive edge and driving leading brand status.

## APPENDIX

### ***Case study series***

This report forms part of Datamonitor's case studies series, which explores business practices across a variety of disciplines and business sectors. The series covers a range of markets including food and drink, retail, banking and insurance, pharmaceuticals, and software.

Each case study provides a concise evaluation of a company that stands out in some area of its strategic operations, highlighting the ways in which the company has become one of the best in its field or how it deals with different problems encountered within that sector.

### ***Methodology***

This case study draws upon a mix of primary and secondary research, including Datamonitor's Market Data Analytics (MDA) database and Product Launch Analytics (PLA) database, alongside an extensive review of secondary literature and other in-house sources of information. Data have also been selectively extracted from the findings of the consumer fieldwork conducted for the purpose of Datamonitor's New Consumer Insight (NCI) research.

### ***Secondary sources***

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### ***Further reading***

- Datamonitor (2010) *The Future of Sustainable Food and Beverage Packaging*, October 2010, DMCM4767
- Datamonitor (2010) *Recovery from Recession; Five Key Consumer Issues for UK Retailers Post-Recession*, May 2010

- Datamonitor (2009) *Authenticity & Provenance Trends: Consumer Insights and Marketing Opportunities*, December 2009, DMCM4618
- Datamonitor (2009) *Global Consumer Trends 2009: Individualism*, June 2009, DMCM4692

### ***Ask the analyst***

The Datamonitor Knowledge Center Writing team can be contacted at [askfs@datamonitor.com](mailto:askfs@datamonitor.com).

### ***Datamonitor consulting***

We hope that the data and analysis in this brief will help you make informed and imaginative business decisions. If you have further requirements, Datamonitor's consulting team may be able to help you. For more information about Datamonitor's consulting capabilities, please contact us directly at [consulting@datamonitor.com](mailto:consulting@datamonitor.com).

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