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## Apple Market Expansion through Value-Added Hard Cider Production: Supply Chain Coordination in Vermont

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### Abstract

Hard cider production in the United States increased annually by 27.3% between 2011 and 2016, totaling \$300.4 million in revenues in 2016. Yet the production of cider-specific apples—apples with the unique flavor, acid, and tannin characteristics suited only to hard cider production—remains limited. This research project is a follow-up of Becot, Bradshaw, Conner's (2016) study, which highlighted the mismatch between cider-makers' preferred cultivars and current apple production in Vermont and suggested potential opportunities for the Vermont economy if cider-makers increased their production using state-grown cider-specific apples. Their study highlighted that the planting of new apple cultivars is a long-term investment and a commitment that apple growers most likely will not undertake unless they have assurances that cider-makers will buy the apples at an attractive price when the trees start producing. They concluded that one of the main challenges facing orchard diversification for hard cider is to create successful collaboration between supply chain actors.

This research update presents the results of 15 semi-structured interviews conducted with apple growers and cider-makers between February and September 2016 to assess the optimal strategic partnership mechanisms to jump-start the cider industry in Vermont. Two strategic partnership mechanisms were presented to interviewees: production contracts (used in the well-established English cider industry) and cooperatives (used in the well-established French cider industry). Interviewees rejected both mechanisms to put new cider-specific apple trees in the ground in Vermont on a short-term timescale. Apple growers expressed a need for more support on how to grow cider-specific cultivars.

The most pressing issue is not the cider-specific fruit supply but a lack of consumer demand for ciders made from cider-specific fruits. A clearer distinction between cider styles (stereotyped by the “beer-like” and “wine-like” ciders) may be needed to develop consumers’ cider-literacy and increase demand. In November 2016, a survey was sent to the 17 Vermont cider-makers asking whether they would like to craft and market some of their ciders under a label that would differentiate and define the different cider styles. Three types of labels were proposed: one that is place-based, one that is process-based, and one that is taste-based.

**Keywords:** hard cider, place-based label, process-based label, strategic partnership, taste-based label

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## References

Becot, F. A., T. L. Bradshaw, and D. S. Conner. 2016. “Apple Market Expansion through Value-Added Hard Cider Production: Current Production and Prospects in Vermont.” *HortTechnology* 26(2):220–299.