

Cider Fruit / Cider Business

Julian Ciderworks

Brian Kenner

Presentation Topics

- The state of the local apple industry (no industry really)
- The End of Small Farm Agriculture could be Near
- Apple Business economics
- The Julian Ciderworks' Model
- Available fruit & what works for cider
- What cider approach/fruit do customers like?
- Cider / Perry Fruit
- Our climate (is it possible that we have the best fruit??)
- What's thriving & What's not
- Support for California Growers

The state of the local apple industry

- Julian
 - Once 600-700 Acres; Now, mostly orchards in decline
- Mt. Palomar
 - Once like Julian (but smaller); Now, orchards are routinely removed
- Anza
 - Newer than Julian and Mt. Palomar; But the fruit hits the ground
- Surrounding Areas
 - Interesting orchards survive; But no obvious model thrives

Small Farm Agriculture is at Risk

- Surviving Local Orchards *Could* Produce 100K gallons of juice (maybe much more)
 - But production infrastructure is gone
- Gowans Orchard (Mendocino County)
 - 200+ Acres
 - Packing since 1876
- Gowans' Fruit Packing Days Possibly Numbered
 - Cause: Labor, water, rules
 - One year making cider

Apple Business Economics

Boutique Cidery /
Co-op Cidery

U-pick + Cidery

Retail

150 Large Trees

Fruit / Cider (Apple Wine) Business Worksheet

*** Using Julian Ciderworks (co-op based) shared production / distribution business approach

Possible Income (estimated)		Probable Costs (estimated)	
# Producing Trees	150		
Boxes / Tree	10		
	<u>1,500</u>		
2.75 Gallons / Box	4,125		
Retail Price	\$16 \$ / Liter		
	\$61 \$ / Gallon		
		Harvest Cost	\$3 / Box <u>Est.</u> \$4,500
		Production Cost	\$15 / Gal \$49,500
		Total Possible Product	825 Kegs 1719 Cases (750 ml)
		Kegs/Labeling	\$23 / Keg \$18,975 or ...
		Bottle/Cork/Label	\$1.75 / Bottle \$36,094
		Retailer	25% \$62,459
Total Value	\$249,837	Total Costs	\$135,434 or ... \$152,553
		Gross Profit	\$114,403 or ... \$97,284

In the alternative ...

*** go it alone as a boutique winery / cidery

		Modified Production Cost	\$25 / Gal \$103,125
		Added Distribution Cost	\$9 / Gal \$37,125
Total Value	\$249,837	Total Costs	\$226,184 or ... \$243,303
		Gross Profit	\$23,653 or ... \$6,534

Apple Business Economics

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U-Pick Worksheet

Possible Income (estimated)		Probable Costs (estimated)	
	60% U-pick fruit waste	Weeks Open	4
Boxes / Tree	4	U-pick Labor	\$15 / hr
	600 boxes		x 2 People
			+ Taxes
			+ Insurance
40 lbs / box	\$24,000 / lbs		
\$10 / 5lb bag	\$48,000 Retail value		
		Total Costs	\$9,600
	Total Value	Gross Profit	\$38,400
	\$48,000		

Adding a collateral Cider business with rejected U-pick fruit...

** Using Julian Ciderworks (co-op based) shared production / distribution business approach

Possible Income (estimated)		Probable Costs (estimated)	
Remaining fruit	900 boxes	Harvest Cost	\$0
2.75 Gallons / Box	2,475	Production Cost	\$15 / Gal
Retail Price	\$16 \$ / Liter	Total Possible Product	495 Kegs
	\$61 \$ / Gallon		1031 Cases (750 ml)
		Kegs/Labeling	\$23 / Keg
		Bottle/Cork/Label	\$3.5 / Bottle
		Retailer	25%
		Total Costs	\$78,561 or ...
	Total Value		\$110,488
	\$149,902	Gross Profit	\$71,342 or ...
			\$39,414

Combined U-Pick/Cidery Worksheet Summary

Gross Profit	\$109,742 or ...
	\$77,814

Apple Business Economics

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Retail

** The model makes most sense when one retails their own fruit like Wynola Flats

Possible Income (estimated)		Probable Costs (estimated)	
	30% culled		Est.
Boxes / Tree	7	Harvest Cost	\$3 / Box
	1050 boxes	Sorting / Prep	\$.5 / Box
40 lbs / box	\$42,000 lbs	Retail Markup	30%
			\$18,900.0
			From "Retail Owner" web-site
\$1-2 / lb	\$63,000 Retail value @ \$1.5/lb		
	Total Value	\$63,000	
		Total Costs	\$22,575
		Gross Profit	\$40,425

The Julian Ciderworks' Model

- Local Fruit in Co-op Cidery Model
- Small Farm Owner's Labor Pool
- Small farm support using technology
- Variety/Orchard/Vintage (Wine) Model and Small Production (See next slide)
- Boutique Style / Local Distribution (See next slide)

Available Fruit Now & What Works for Cider

- Granny Smith, Golden Delicious, Red Delicious, Gravenstein, Jonagold, Jonathon, and all the traditional (common) dessert varieties
- Some cider varieties: Golden Russet, Newtown Pippin, Winesap, crabapples, and some others
- *Almost everything works given the right chemistry and / or blending*

What cider approach/fruit do
customers like?

If it is craft, nearly everything.

Cider / Perry Fruit

- Cider Varieties
- Perry Varieties
- The local fruit – Super Sweet



Our climate

Chill hours by month using the “Dynamic Model” with temperature taken every 20 minutes.

Chill Hours by Month & Year

YR	01	02	03	04	05	06	07	08	09	10	11	12
05						-9.3	-480.1	-498.0	-447.5	-112.7	78.3	326.9
06	374.8	160.5	371.6	306.0	-254.6	-575.1	-689.1	-52.5				
08	78.2	110.0	39.7									
11						-47.3	-152.7	-357.2	-364.5	-32.7	272.8	383.2
12	321.7	113.2	141.3	110.3	-30.4	-337.4	-550.3	-637.6	-288.5	-82.0	90.0	372.0
13	127.6	90.2	149.5	153.9	-51.1	-395.8	-589.9	-501.0	-194.1	96.1	323.6	260.2
14	181.2	222.9	231.2	89.4	-130.3	-411.9	-555.0	-442.9	-395.5	-149.6	209.4	327.6
15	285.1	163.5	58.4	123.0	222.5	-444.3	-439.9	-572.4	-395.8	-141.0	284.9	336.9
16	452.1	109.5	215.3	177.7	146.4	-130.9						
9	260.1	138.5	172.4	160.0	-16.2	-294.0	-493.9	-437.4	-347.6	-70.3	209.8	334.5

Winter Months (Nov-Feb)

Chill Hours	
Growing YR	Total Chill Hrs Nov-Feb
12	1,091.0
13	679.9
14	987.9
15	985.6
16	1,183.4
	<hr/> 985.5

Ave. Min Tmp.	
Year	Avg. Of Min Winter Temperature
6	40.4
8	32.3
12	34.2
13	32.9
14	37.2
15	37.3
16	34.1
	<hr/> 35.5

Summer Months (Jun-Sept)

Ave. Peak Tmp	
Year	Avg. Of Max Summer Temperature
05	87.7
06	89.0
11	84.3
12	83.3
13	85.4
14	84.6
15	86.0
16	90.4
	<hr/> 86.4

What's Appears to be thriving:

The Kingston Black



Butt (a Perry Pear)



& Most Other Cider and Perry Varieties

What's Not Thriving (maybe)



← Dabinette
↓



Support for California (local) Growers

- Julian is making a hard turn towards the farm to table models and the customer loves it
- Emerging local-only produce associations
- The media loves to promote locally produced products while seeking out the local product fraud exposé
- New state laws
- “Locally Grown” logos