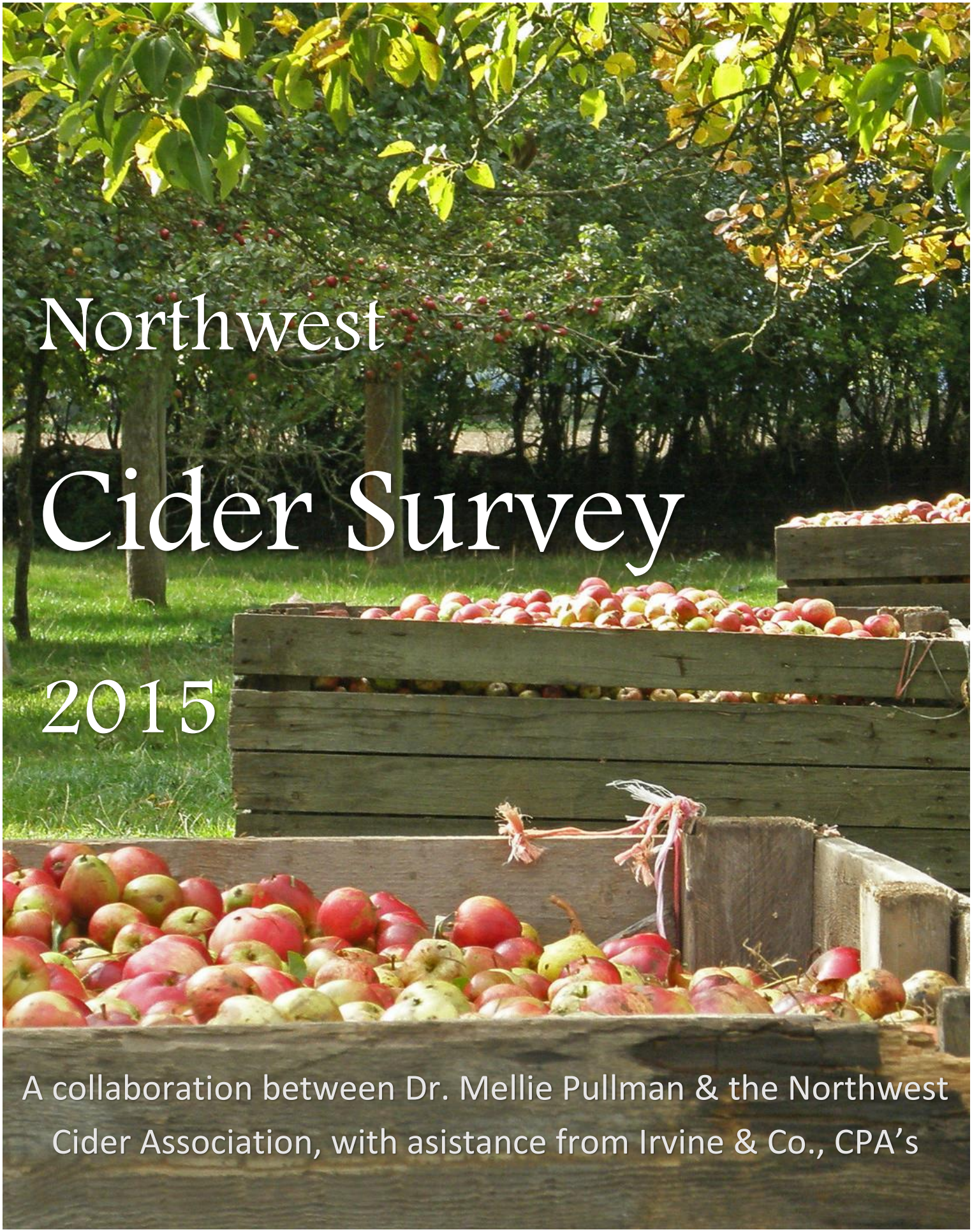

Northwest Cider Survey 2015

A collaboration between Dr. Mellie Pullman & the Northwest Cider Association, with asistance from Irvine & Co., CPA's

Photo credit: Richard Duval Images

Previous Page Photo credit: amandabhslater via Foter.com / CC BY-SA

Founded in 2010, the Northwest Cider Association (NWCA) brings cideries and cider lovers together to learn, experience and enjoy the Northwest cider culture. Representing more than 70 commercial cidermakers from throughout Washington, Oregon, Idaho, Montana and British Columbia, the group' is dedicated to supporting, promoting and growing this thriving industry. NWCA hosts cider-themed events throughout the year, as well as Cider Weeks in Oregon, Washington and British Columbia.

For more information about the Northwest Cider Association, visit www.nwcider.com, or follow the growing organization on Facebook and Twitter (@nwcider).

Portland State University's fully online Business of Craft Brewing program focuses on the business side of brewing and is ideal for home brewers looking to reach larger audiences, as well as industry professionals who want to advance their careers. While brewing is emphasized, distillery and cidery business models are also included.

www.pdx.edu/cepe/online-business-of-craft-brewing-certificate

For more than two decades, Irvine & Company, LLC has been pleased to provide professional tax, audit, and other financial accounting solutions for a variety of businesses throughout Oregon and Washington. Involved primarily in the alcoholic beverage, agriculture, and manufacturing industries, our comprehensive services include everything from financial reporting and tax management to business consulting.

www.irvinecpas.com

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Overview

In early 2015, Irvine & Co., CPAs and leadership from the Northwest Cider Association (NWCA) convened a meeting of cidermakers and cider industry advocates to discuss the possibility of creating an annual "State of the NW Cider Industry" report. The goal of such a project was to work towards compiling general information and specific data to be used in generating an annual report for the industry. It was widely agreed that such a report would be of use to Cider Association members themselves, as well as useful in communicating information about the industry to the media and other interested stakeholders.

Dr. Mellie Pullman of Portland State University's online Business of Craft Brewing program was in attendance and volunteered her services to help get this effort underway. The group worked on prioritizing possible metrics to analyze, and over the course of the next several months Dr. Pullman, the staff at Irvine, and the Cider Association worked to put together an initial survey. The first annual survey was distributed during the summer of 2015. Of the 72 NWCA members polled, 45 responded with data based on their 2014 operations.

From the outset, those of us leading this effort have seen 2015 as a starting point for this project. The report presented here is the culmination of many hours of

work and we feel that it provides a unique window of insight into the cider industry in the Northwest. We also fully expect to move forward with improvements to the survey and reporting process, including a more streamlined survey and an accelerated timeline that will facilitate faster release of future reports.

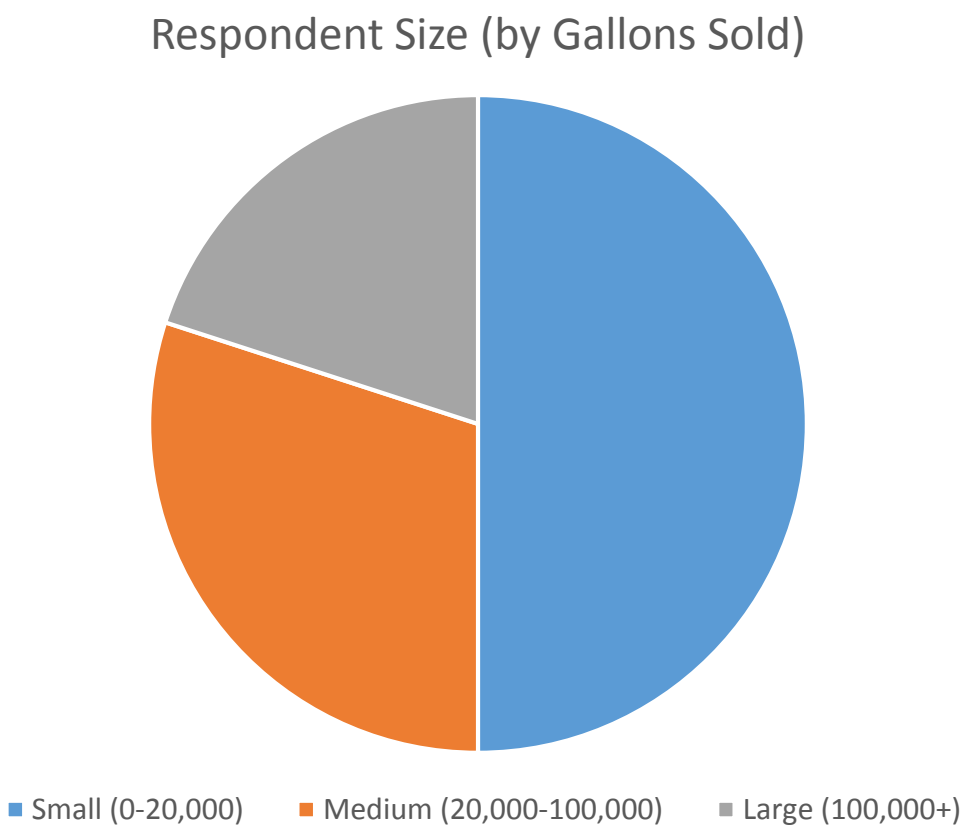
We would like to extend a heartfelt thanks to the Northwest producers who participated by sharing information about their 2014 operations for this report. Their participation in this survey is representative of the culture of collaboration and cooperation that spawned the NW Cider Association and continues to be a hallmark of the amazing cider culture in the Northwest.

The NWCA would also like to expressly thank Irvine & Company and Dr. Pullman, for graciously offering their invaluable professional experience, time, and resources to this project. Without them there is simply no way this project would have come to fruition.

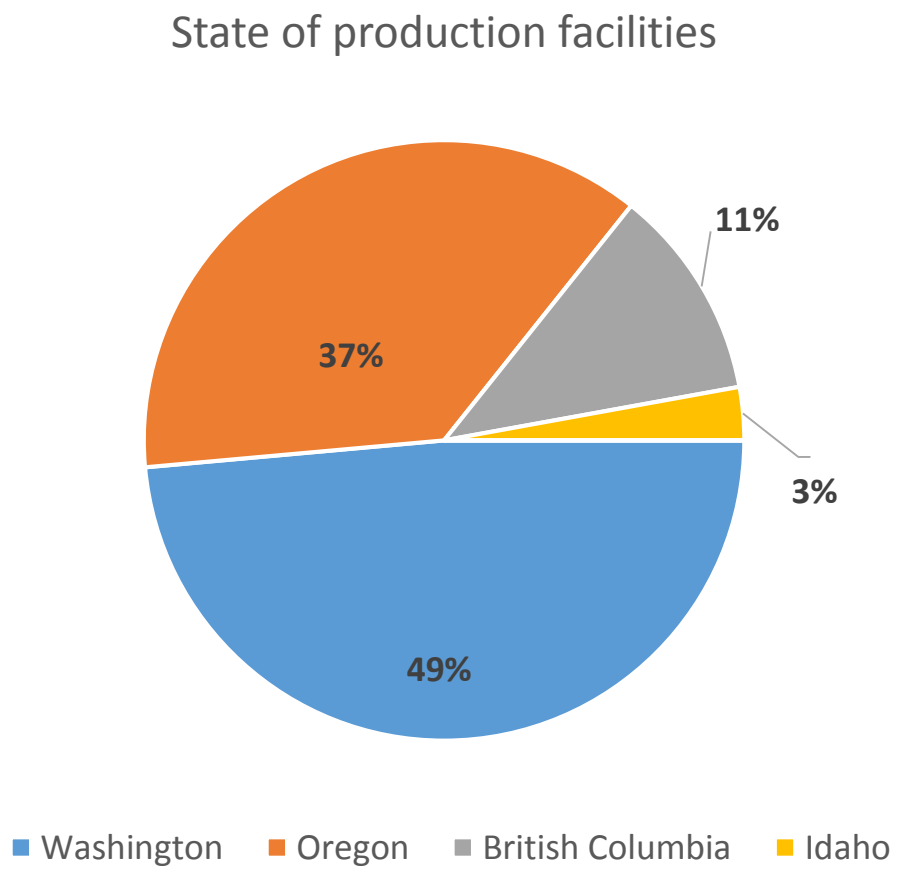
We hope you find the contents of this report both interesting and useful, and look forward to presenting 2015 operations information later this year.

Respondents

In order to make this report more user-friendly, cider companies were separated into small, medium, and large producers based on sales levels. Small producers were those who sold up to 20,000 gallons of cider in 2014; medium between 20,000 and 100,000 gallons; and large producers over 100,000.



Respondents were from Oregon, Washington, Idaho, and British Columbia based businesses, with the great majority of responses from Oregon and Washington.



Almost 64% of these cider producers are relatively new to the market, having been founded in the last 5 years. None of the responding businesses started operations during the 1990's, and only 10% started in the 1980's or prior.

Production

Purchase Juice or Press Fruit?

Smaller producers had the highest incidence of pressing, with almost 64% of producers pressing their own juice. Only 33% and 45% of medium and large producers, respectively, pressed their own fruit. The average amount of juice pressed for small and medium producers was close, at 14,171 and 20,000 gallons. Large producers pressed an average of 77,752 gallons. Average yields, regardless of operation size, ranged from **12lbs. to 14lbs**. of apples required to produce 1 gallon of juice.

Fruit Costs

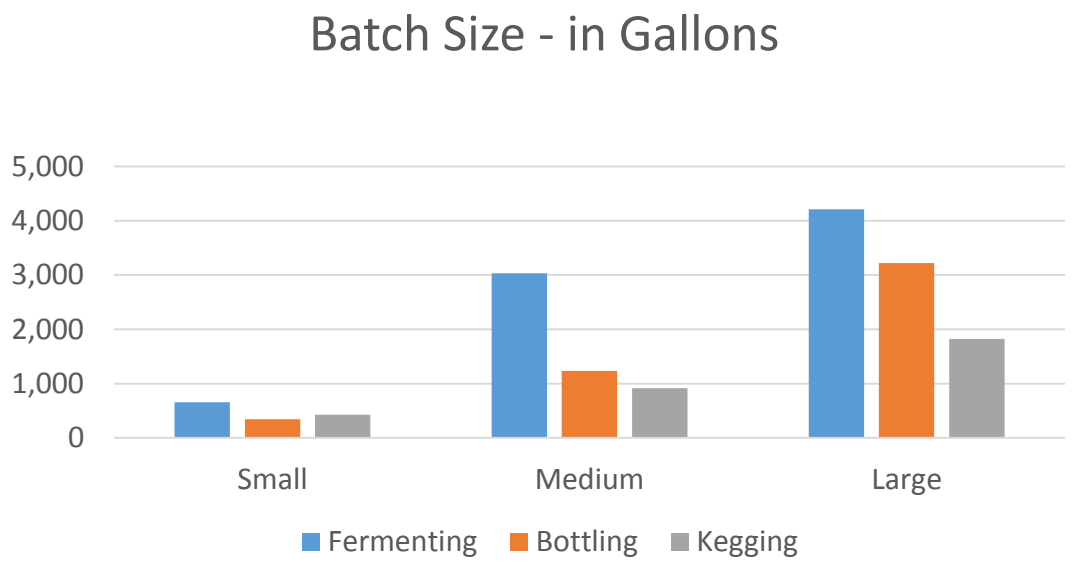
Over 58% of those who pressed their own fruit purchased **dessert apples**, paying on average **$0.17 per pound**. Approximately 80% of fruit pressers purchased **cider or heirloom apples** for an average of **$0.36 per pound** of fruit.

Purchased Juice

In terms of dessert apple juice, the largest producers purchased an average of 154,000 gallons for $1.44/gallon, while small and medium producers averaged 4,477 gallons and 51,615 gallons, respectively, for $1.69/gallon. Only a few respondents indicated that they had purchased juice from cider or heirloom apples. Those that did paid anywhere from **$2.50 to $10.00 a gallon**.

Batch Size

The average fermenting batch size for medium and large producers were similar, at 3,033 and 4,212 gallons, respectively. Smaller producers were fermenting in batches of around 656 gallons. Average batch size for bottling for small operations was 344 gallons, while medium operations were bottling in 1,233 gallon batches and larger operations used batch sizes of 3,222 gallons on average. Kegging batch sizes were 427 gallons (small producers), 917 gallons (medium), and 1,825 gallons (large producers).

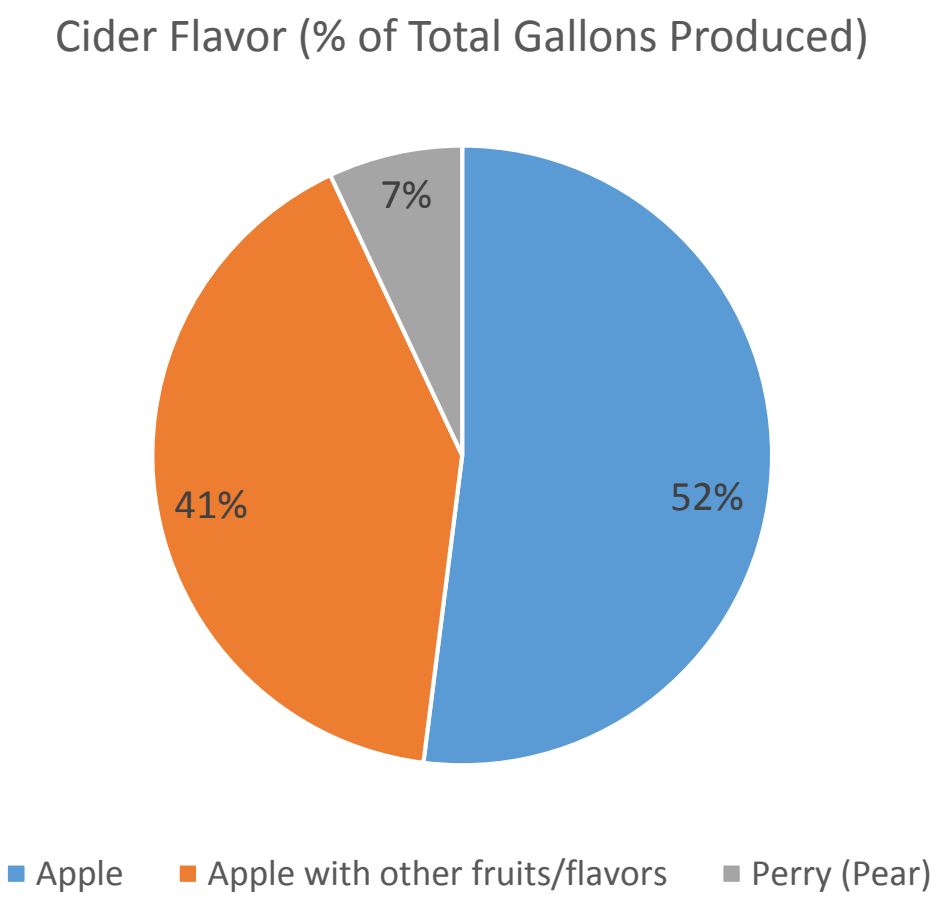


Growers

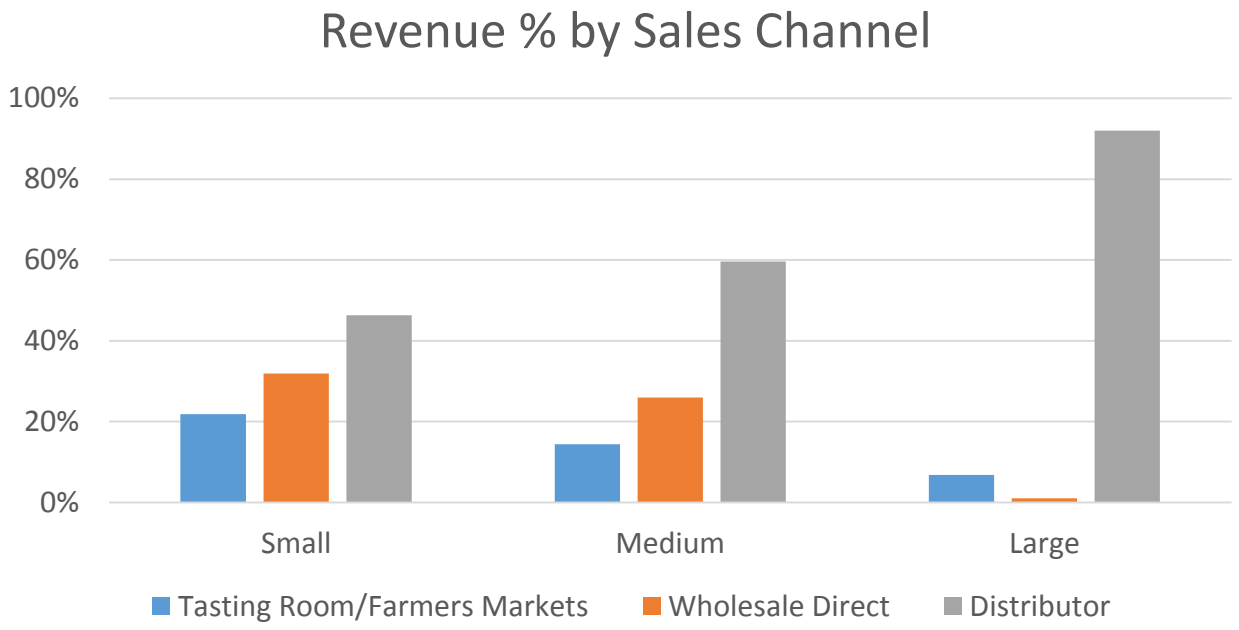
Seventy percent of the small producers who responded grew at least some of their own fruit, cultivating on average 8 acres per producer, with a yield of 12,104 lbs. of fruit per acre. Only 33% of medium producers grew their own apples, cultivating an average of 6 acres and producing 4,200 lbs. of fruit per acre; while 44% of large operations grew fruit and cultivated 32 acres of orchards and harvested 11,350 lbs. of apples per acre.

Flavor Profile & Ingredients

The majority of cider was produced using only apples as the major ingredient for flavor, while 41% of cider was mixed with other fruits or flavorings. Perry (fermented pear juice) accounted for 7% of production. On average, 92% of gallons sold had an alcohol content of 7% or less.



Revenue

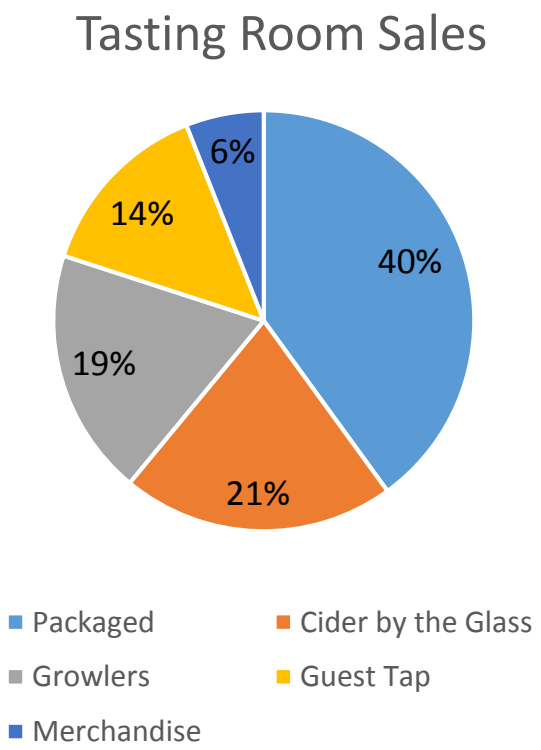


As the chart above shows, the larger a producer becomes, the more heavily they rely on sales through distributors. The largest producers still maintain sales flow through their tasting room and farmers markets in order to attract potential new customers, but do almost no wholesale direct business. Smaller producers have the most even mix of sales across their sales channels, though sales through distributors still account for the largest portion of their revenue.

Average annual sales were $96,250 for small producers, $1,044,000 for medium producers and over $1,860,000 for the largest operations.

Tasting Room Sales

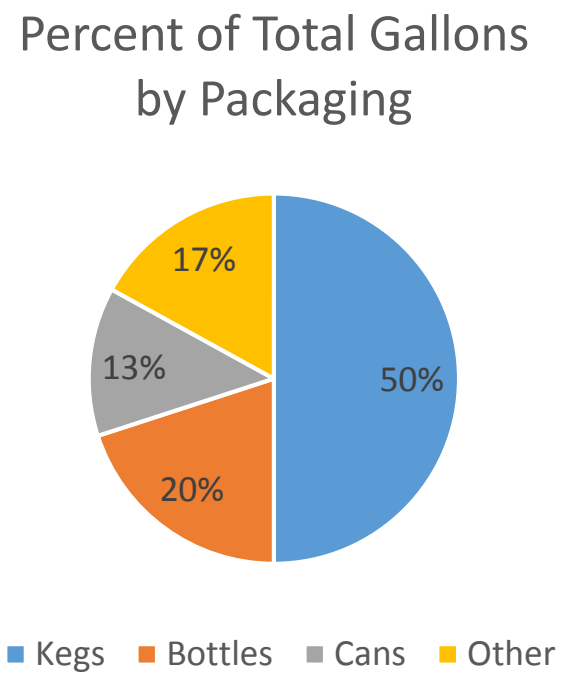
Approximately **81% of respondents indicated that they have a tasting room** or taphouse. Smaller tap rooms saw an average of 1,688 visitors throughout the year while medium and large operations averaged 8,350 and 33,375 visitors respectively.

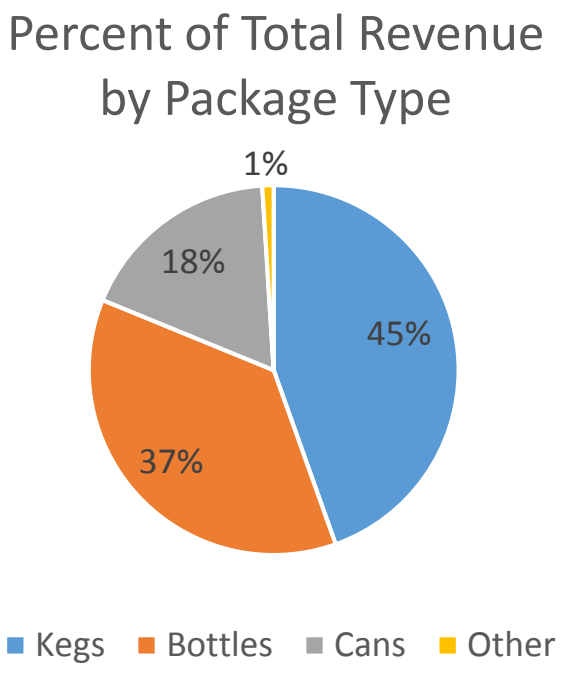


Sales of cider by the glass, package (can, bottle, 6-pack or case), or in growlers accounted for 80% of total annual taproom sales on average, with guest tap sales and merchandise accounting for the remaining 20%.

Packaging

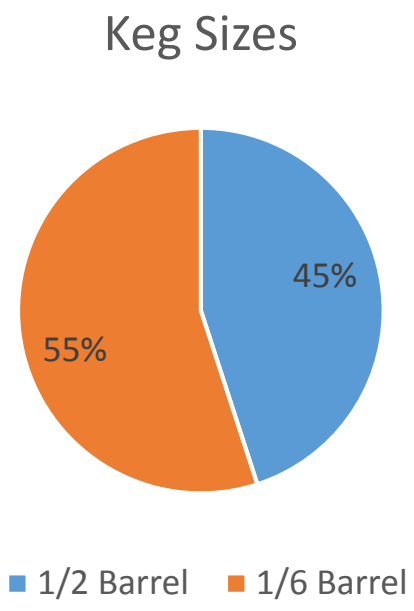
Kegs accounted for the highest percentage (50%) of all gallons produced and 45% of revenue. Bottles made up 20% of packaging and contributed 37% of total sales, cans consisted of 13% of packaging and generated 18% of sales, with growlers and other types of packaging making up 17% of total gallons and only contributing 1% of sales.

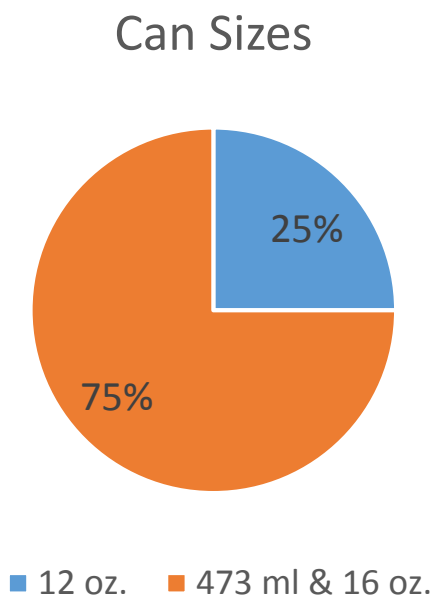


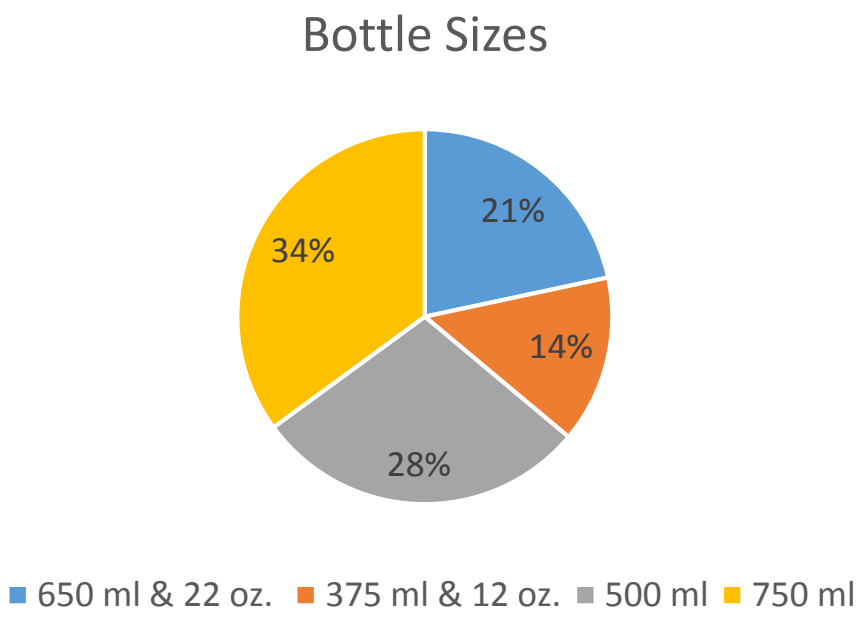


Package Size

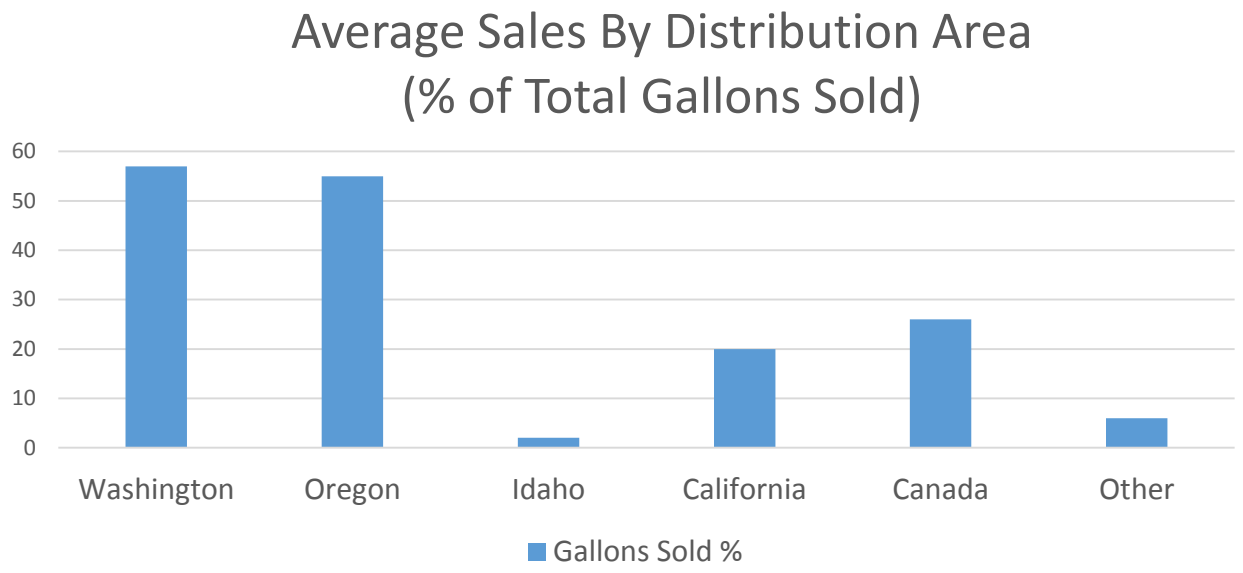
Respondents listed their keg sizes in barrels, liters, and gallons. Upon conversion and comparison we found that producers were using two basic sizes: **1/2 barrel**, and **1/6 barrel** kegs. Cans were either 12oz. or 16oz. Bottles were between 12oz and 750 ml, with producers favoring **16 oz. cans** and **750 ml bottles**.







Distribution

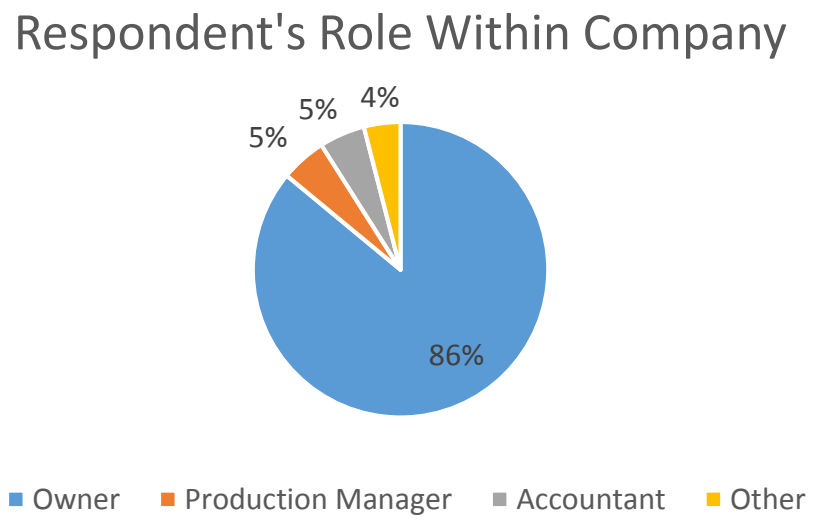


Oregon and Washington were the leading distribution areas in 2014, Canada followed with 26% of gallons sold, then California with 20% of gallons sold. Distribution to Idaho made up 2% of gallons sold, and other states such as Alaska, Connecticut, Minnesota, Illinois, Colorado and Texas made up less than 7% combined of gallons sold.

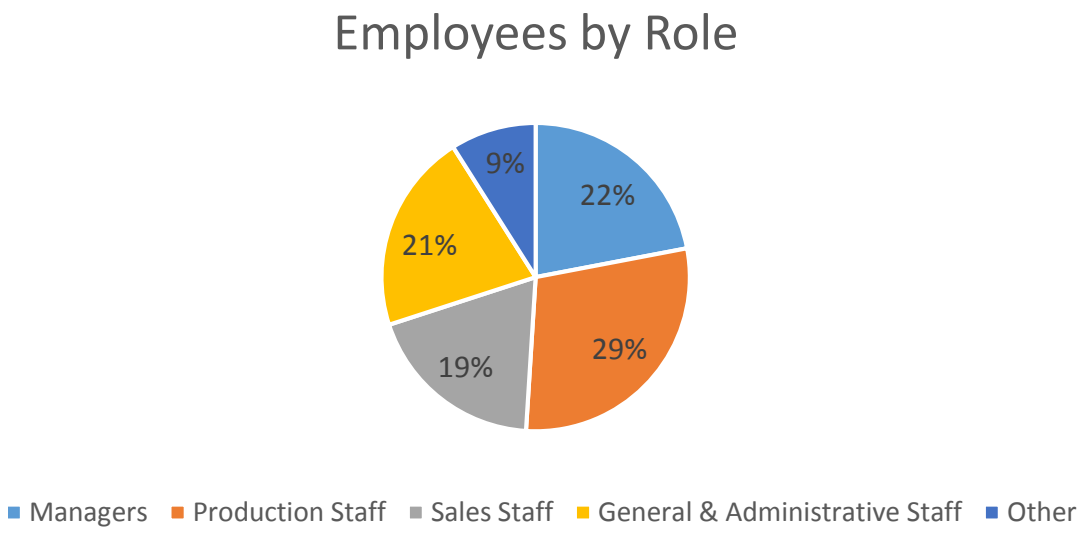
Photo credit: Carters Collection via Foter.com / CC BY

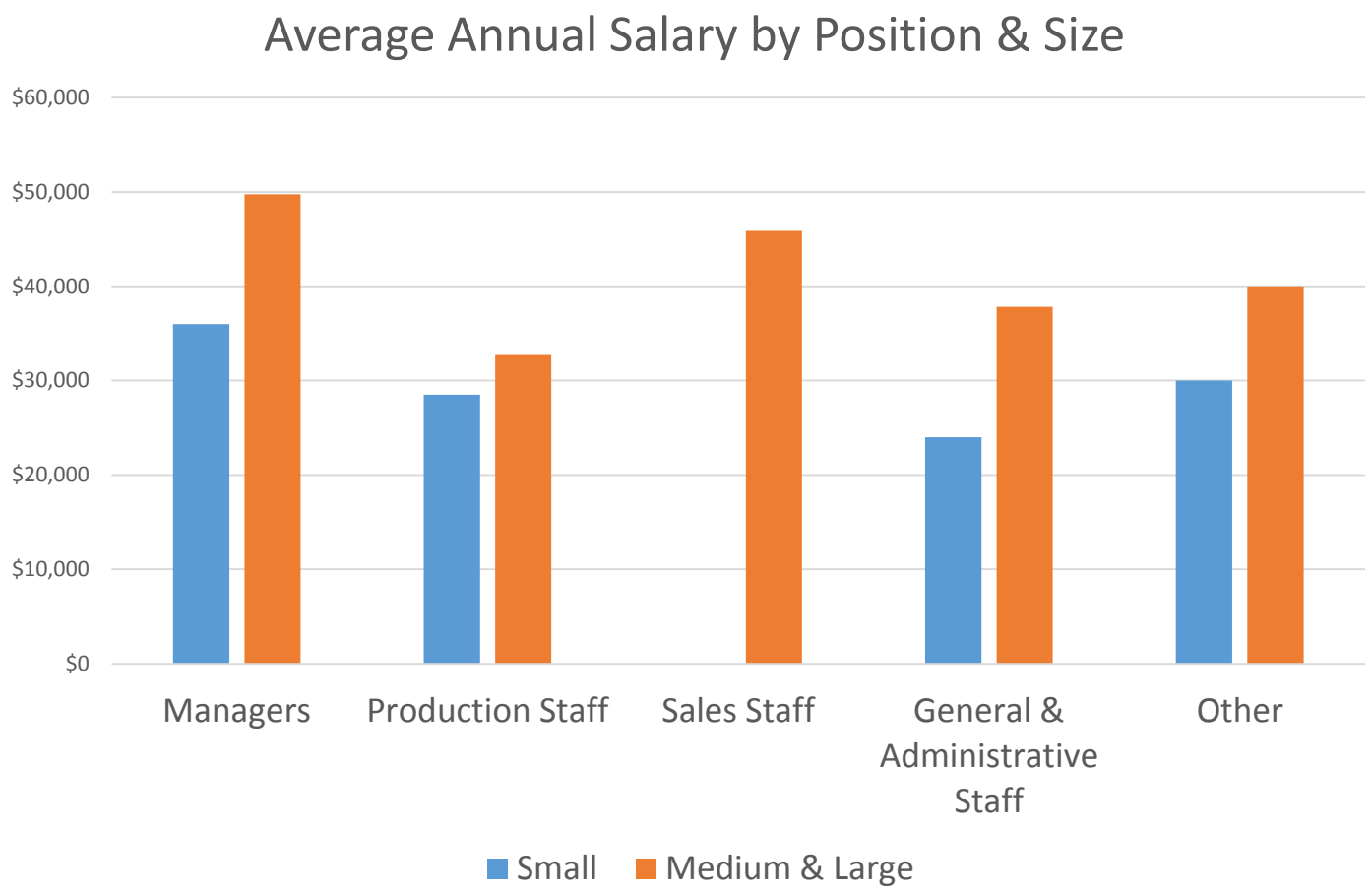
Employment

Approximately 86% of respondents were company owners.



Employment breakdown showed an **emphasis on managers and production staff**, with general & administrative, sales, and other staff members making up the other 49% of employees.





Large and medium sized operations reported similar salaries, however, smaller producers generally paid lower wages. No small companies reported having any sales staff. Managers and sales staff had the highest average salaries. Staff in the other category included brand managers, bartenders and event staff, and tasting room employees.

Conclusion

As noted in the overview we are extremely thankful to the cidery participants in this pilot survey. Your input is helping to increase awareness and understanding of the cider industry as a whole. We hope that you will help us to continue to refine our vision of how this survey and report can best serve the cider industry. With increased survey participation in the future we can provide better, more tailored reporting on the trends of the Northwest cider industry.

We are working now to make the 2nd annual survey more in-depth, efficient, and user-friendly. If you have ideas about how this project—either the survey or the resulting report—can be improved, please send comments and questions to:

Eric Jorgensen, NWCA Vice President, Finnriver Cidery, eric@finnriverfarm.com