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## *NW Cider Industry Report*

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*Photo courtesy of the NWCA.*



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 8) commercial cidermakers 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](http://www.nwcider.com), or follow the organization on Facebook and Twitter (@nwcider).



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# Contents

<b>Methodology .....</b>	<b>3</b>
<b>Overview .....</b>	<b>5</b>
<b>Respondents .....</b>	<b>7</b>
<b>Production .....</b>	<b>12</b>
Pressed Fruit vs. Purchasing Juice.....	12
Styles of Cider .....	13
Fruit Costs .....	15
Purchased Juice .....	16
Flavor Profile & Ingredients .....	17
<b>Revenue .....</b>	<b>20</b>
Tasting Room Sales .....	21
<b>Packaging .....</b>	<b>23</b>
<b>Distribution .....</b>	<b>25</b>
<b>Employment.....</b>	<b>26</b>
<b>Philanthropy &amp; Inclusion .....</b>	<b>27</b>
<b>Conclusion.....</b>	<b>28</b>
<b>Endnotes .....</b>	<b>29</b>

*Photo courtesy of the NWCA.*

## Methodology

This year's survey was conducted through an online poll of 85 producer-members in the Northwest Cider Association ("NWCA"). In an effort to continue to improve and clarify our survey questions, we reworded and simplified our questions and possible responses with the help of Emily Ritchie, Eric Jorgensen, and Dave Takush. As stated in the overview, out of the 85 members surveyed, 56 responses were received. Of the responses received, 49 completed over 50% of the form and were determined utilizable, while 31 respondents completed the entire form. This represents a population coverage and completeness of 88% and 55%, respectively. We note that this number is down from the 54 respondents who completed over 50% of the form and 42 who completed the entire form in the 2018 cider survey ("Prior Survey"). The completion rate in the Prior Survey represented population coverage of 64% and 49%, respectively.

In order to arrive at the sample size of producers relied on upon this survey, we "cleaned" the raw dataset output. First, we eliminated any duplicates by reconciling any similar responses. Next, we filtered for any orchardists who may have been inadvertently included in the survey respondents. In doing so, we removed any respondents who did not respond to Question 2 of the survey, "When did you start selling cider?" We also reached out to survey respondents to confirm certain amounts that appeared erroneous. Finally, among the remaining respondents, we removed any responses that indicated they hadn't begun selling cider until 2019. Our survey was based on 2018 sales and production data, producers who started selling in 2019 would have created unnecessary skew.

After cleaning the data, we removed non-responses by deleting any responses that did not complete any (0%) or a majority of the survey. The final sample size of 49 respondents was used as the guiding population in the survey.

While these 49 responses represent the baseline sample size for the survey, we refined the population to fit the varying datasets referenced in the survey. The Endnotes below identify the specific adjustments made to the total population to develop a representative sample size of the respective measurements.

All dollar figures are represented in U.S. Dollars assuming an exchange rate of 1.297 Canadian Dollars to 1.00 US Dollar. This rate is consistent with the average exchange rate over the 2018 calendar year, as provided by the Internal Revenue Service published yearly average currency exchange rates for 2018.



## Overview

In early 2015, the Northwest Cider Association (“NWCA”), Irvine & Company, LLC and Portland State University introduced the **2015 State of the NW Cider Industry** report. The goal of the initial report was to work towards compiling data from the prior year’s production to generate an annual report for the industry. From this starting point, the longer-term goal for the NWCA and its research partners has been an annual update with greater member participation and identification of possible trends. It was widely agreed that such a report would be useful to Cider Association members in communicating information about the industry to the media and other interested stakeholders.



The 2017 Survey was distributed during the summer of 2018. Of the 90 NWCA members polled, 54 responded with partial or full data based on their 2017 operations, with 42 of those respondents fully completing the survey.

This year, we are proud to present the **2019 State of the NW Cider Industry** report with a more robust dataset based on cider and perry producers’ 2018 operations. Of the 85 NWCA members that were polled, we received 56 responses, 49 producers responded to at least 50% of the questions and 31 completed the survey in full. The continued engagement by respondents is a testament to the commitment to this survey by our members. Thank you for making this survey possible!

*Photo courtesy of the NWCA.*

In preparing this year's report, we have incorporated the lessons learned from prior surveys and member feedback. This iterative process supports continual improvement in both the presentation and the data collection involved with this publication. We hope this report continues to be a source of useful information and developing trends for Northwest Cider Association members, the media, and other interested stakeholders.

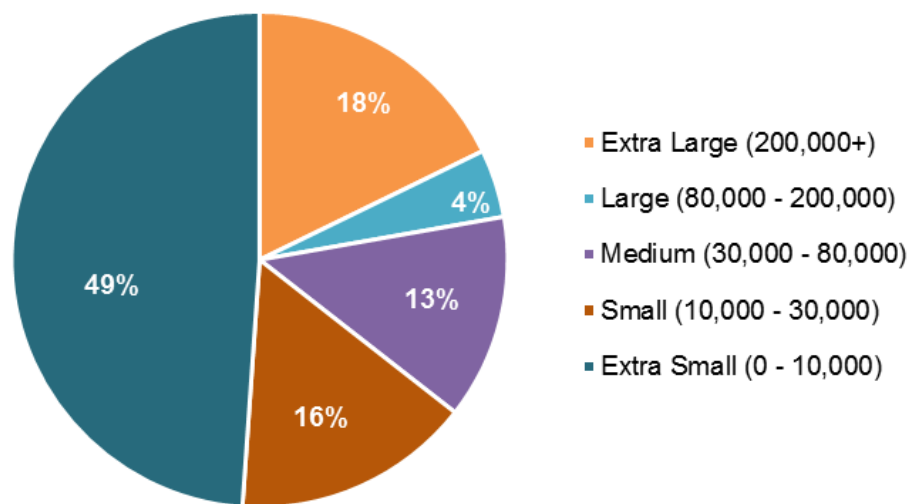
**We appreciate the participation of the Northwest Cider Association producers who were involved in this survey.** In particular, we want to thank Eric Jorgensen and Dave Takush for their continued help in refining the questions for this year's survey as well as the numerous individual members who responded to our questions and helped us refine our dataset. Member involvement in this survey is representative of the culture of collaboration and cooperation that supports the NW Cider Association and continues to be a hallmark of the amazing cider culture in the Northwest.

We hope you find the contents of this report both interesting and useful, and look forward to presenting the 2019 operations information in the coming year!

## Respondents

Similar to the process used in the Prior Survey, cider companies were segmented into five categories: extra small, small, medium, large and extra-large producers based on their total reported gallons produced during 2018. Extra small producers were those who sold up to 10,000 gallons of cider, small producers between 10,000 and 30,000 gallons, medium producers between 30,000 and 80,000 gallons, large producers between 80,000 and 200,000, and extra-large producers over 200,000 gallons.<sup>i</sup>

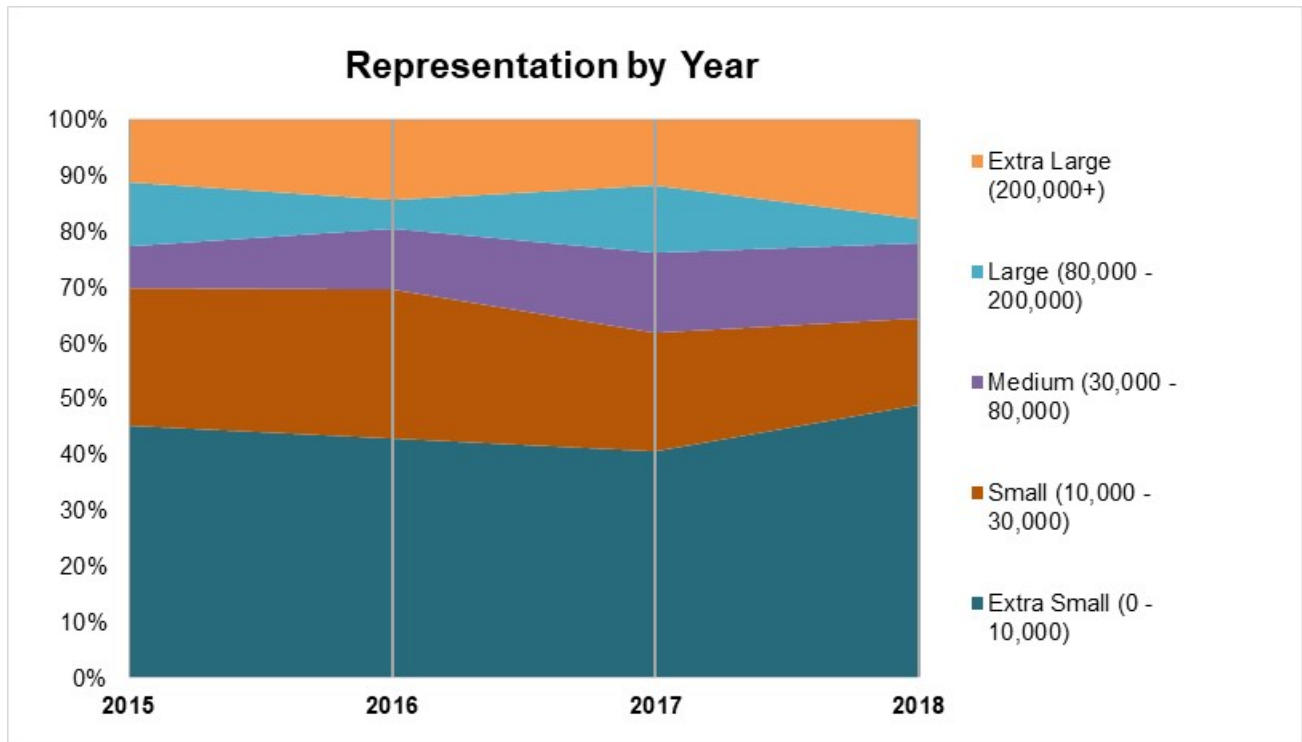
**Respondent Size (by Gallons Sold)**



**Extra small producers made up 49% of all respondents**, with small sized producers comprising 16%, medium producers 13%, large producers 4%, and extra-large producers 18%.



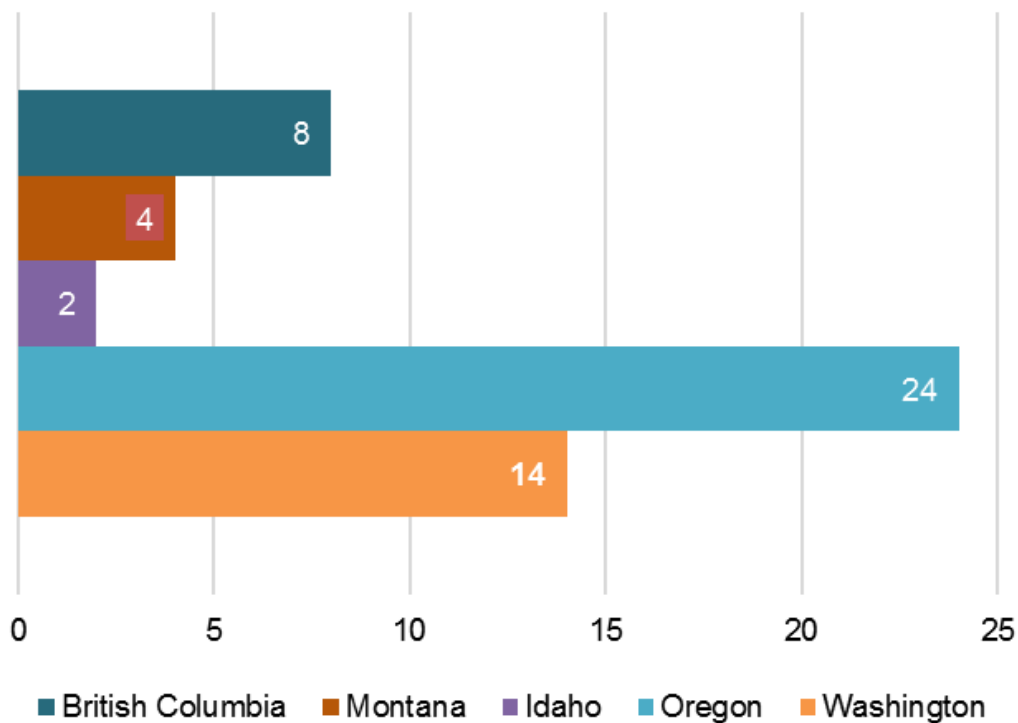
The following chart displays the representation of each producer size category over the past four years. This chart depicts that a significant portion of the industry has been comprised of extra small producers.



**Producers reported the number of production facilities they had in the following States/Province: Oregon, Washington, Idaho, and Montana, and British Columbia.** The majority of respondents had production facilities located in either Oregon or Washington.<sup>ii</sup> Of the total number of production facilities reported, 49% of the production facilities were located in Oregon and 29% were located in Washington.

Multiple respondents reported having more than one production facility, however, no respondents cited having more than two production facilities or having production facilities in multiple states.

### Number of Facilities per Region\*



\*Please note, this data reflects the number of production facilities reported by survey respondents **only**. NWCA estimates that there are approximately 150 independent cideries and/or production facilities in the Pacific Northwest region.



As a continuation of a trend observed in the Prior Survey, many of these producers are new to the market. 10% of producers surveyed were founded in 2018, and **57% of all producers surveyed were founded in the last five years** (this includes those founded in 2018). 27% of producers surveyed were founded between 2008 and 2013, and 16% of producers were founded before 2008. Four producers were founded before 2000.

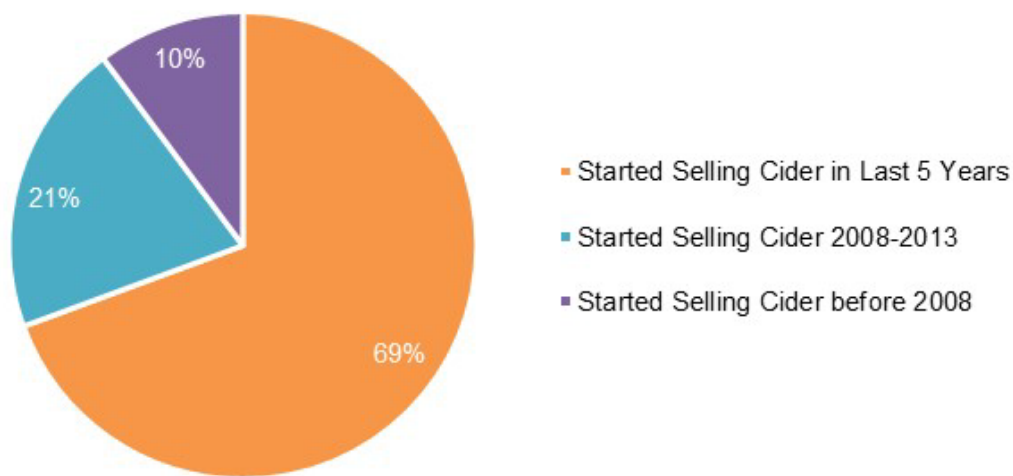
By comparison, 65% of respondents to the Prior Survey were founded in the five years prior (between 2013 and 2017), indicating that new producers are still joining the market and existing producers are generally still relatively new to the market.



This year we asked respondents what year they started selling cider. **69% of producers reported that they started selling cider in the last five years<sup>iii</sup>**. 20% of producers started selling cider between 2008 and 2013 and 10% of producers started selling cider prior to 2008. While there were four producers we surveyed that were founded before 2000, only two of these producers reported that they started selling cider prior to 2000.

When we compared the year founded with the year the producer started selling cider, we found that some of the oldest producers surveyed had only begun selling cider within the past five years. This demonstrates the dichotomy of mature producers in the market, in that while there are some mature, long-standing producers, these producers are still new entrants to the cider industry. **Overall, our data suggests that a majority of the industry is comprised of newer producers**, and it is mostly these producers driving the development and growth of the cider industry in the region.

### Majority of Respondents New to the Industry



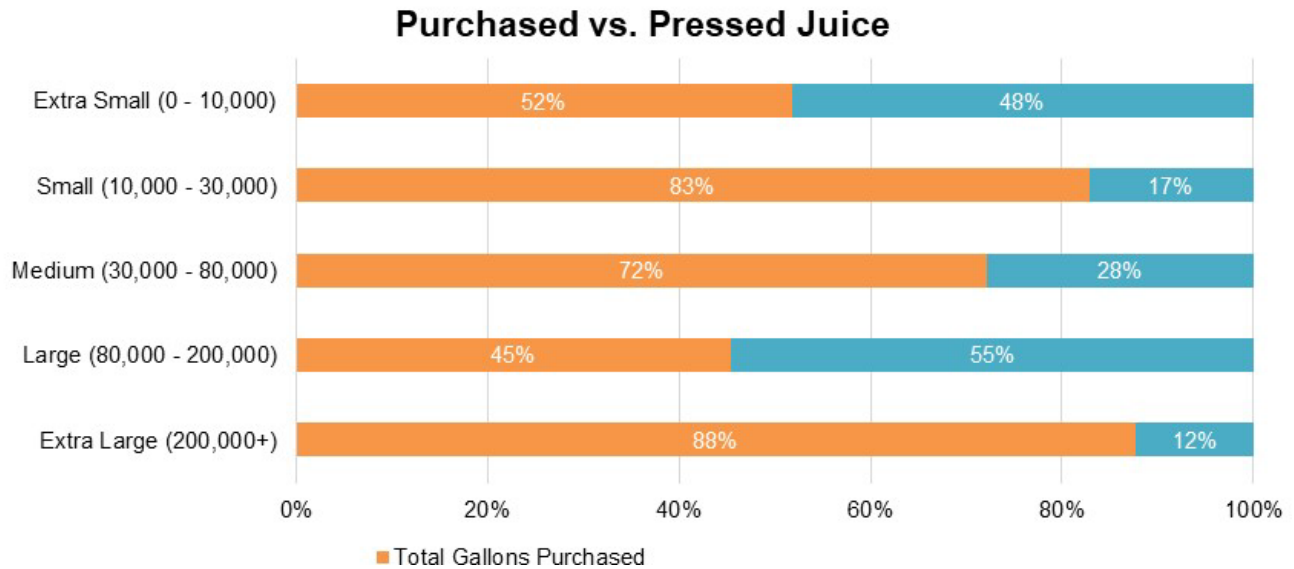
## Production<sup>iv</sup>

**In 2018, 82% of producers reported that all apples used in their 2018 cider production were sourced from the Pacific Northwest. 43% of producers reported that they grew their own apples. Of these 21 respondents, the average acreage designated for growing apples for cider production was approximately 19.3 acres.**

### **Pressed Fruit vs. Purchasing Juice**

53% of cider produced in 2018 by survey respondents was produced using purchased juice.<sup>v</sup> The remaining 47% of cider produced was made from juice pressed by producers in-house. Of all juice pressed in-house by producers, 72% was comprised of juice from fruit grown by the producer, with the remaining 28% of juice coming from purchased fruit.

We observed a strong correlation between producer size and incidences of pressing fruit, with the largest producers purchasing a majority of their juice. However, amongst all producers surveyed, regardless of size, we found that on average producers pressed at least 10% of the juice used in their total production.



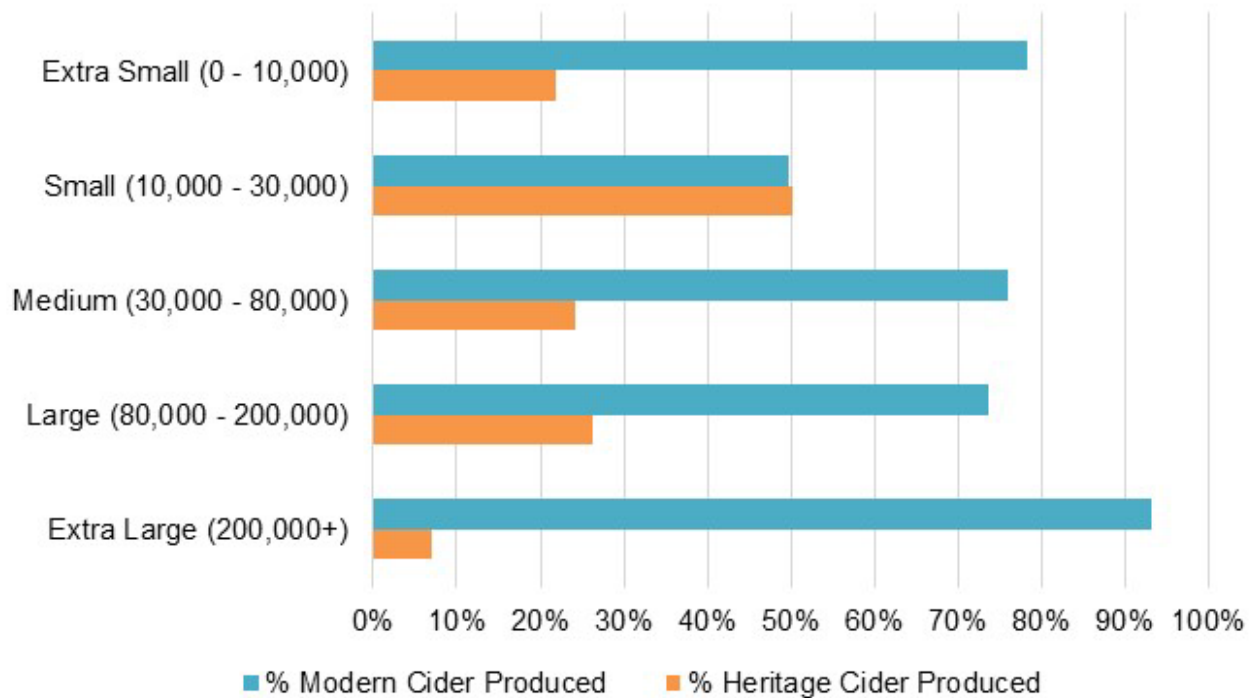
## Styles of Cider

This year we asked producers what percentage of their total production came from juice made from heritage/heirloom cider apples as well as organic apples. We used this information to estimate producers' production of "heritage" and "modern" ciders.

**Modern cider appeared to be the more prevalent style of cider produced across all sizes of producers in the region.** We found that an estimated 78% of cider produced by survey respondents was made from modern cider fruit or "modern cider" and 22% of the cider produced was made with heirloom/cider fruit or "heritage cider". Extra-large producers showed the greatest discrepancy between the production of heritage cider and modern cider, with only 8% of the total reported gallons of juice used in production sourced from cider/heirloom fruit.

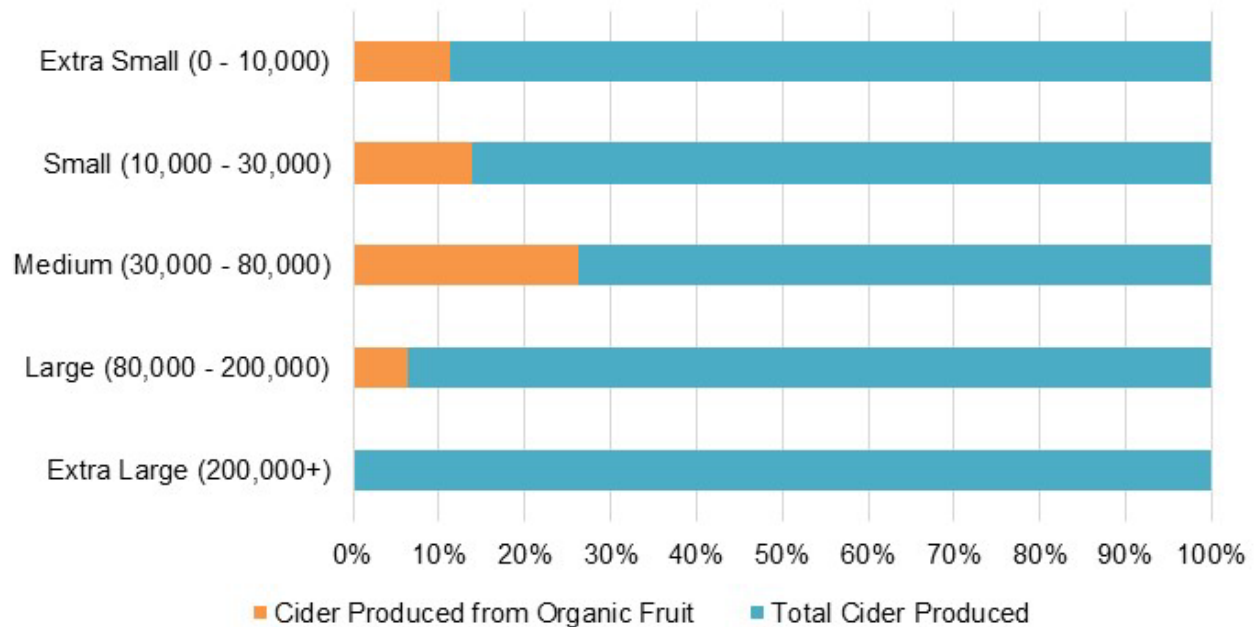


### Style of Cider Produced by Size of Producer



Similarly, the data suggests that most producers are not utilizing organic fruit. Of the 44 producer responses received related to production, 16 producers indicated that they had utilized some organic juice in their 2018 cider production. Two producers indicated that 100% of their cider produced was from organic juice. **Of those utilizing organic juice, only an average of 16% of their total production gallons was made with organic juice.** Further, there was only one producer out of both the large and extra large respondent size categories that indicated that they were using organic juice in their 2018 production. Only 4% of the total production gallons reported were made from organic fruit juice.

### % of Organic Juice Used in Total Production by Size of Producer



## Fruit Costs

In 2018, producers reported an average price of cider/heirloom fruit of **\$0.41 per pound**, compared to the average price of cider/heirloom fruit reported in the Prior Survey of \$0.47 per pound, which represents a 13% decrease in price. Our average price of cider/heirloom fruit is based on data gathered from 21 respondents. We omitted three reported prices from our average price, as they were over \$3.00 per pound, which we deemed erroneous. Reported fruit prices ranged from \$0.14 per pound to \$1.00 per pound, with a majority of prices being between \$0.35 and \$0.50 per pound.



## **Purchased Juice**

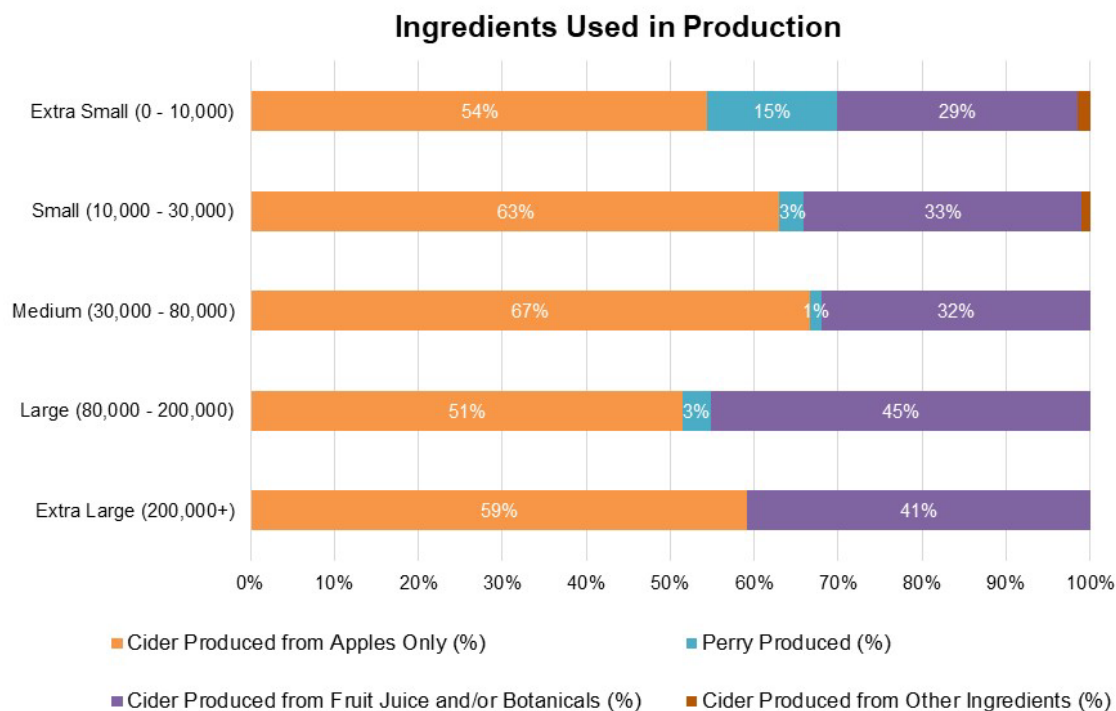
Extra-large producers purchased an average of 393,237 gallons of juice, large producers purchased an average of 62,354 gallons, medium sized producers purchased an average of 35,667 gallons, small sized producers purchased an average of 14,500 gallons, and extra small sized producers purchased an average of 2,282 gallons of juice.

This production implies the industry consumed approximately 68.0 million pounds of fruit or \$27.9 million dollars worth of cider fruit (assuming the average price per pound of \$0.41), based on an average yield of 13.9 pounds for heirloom/cider/dessert fruit.

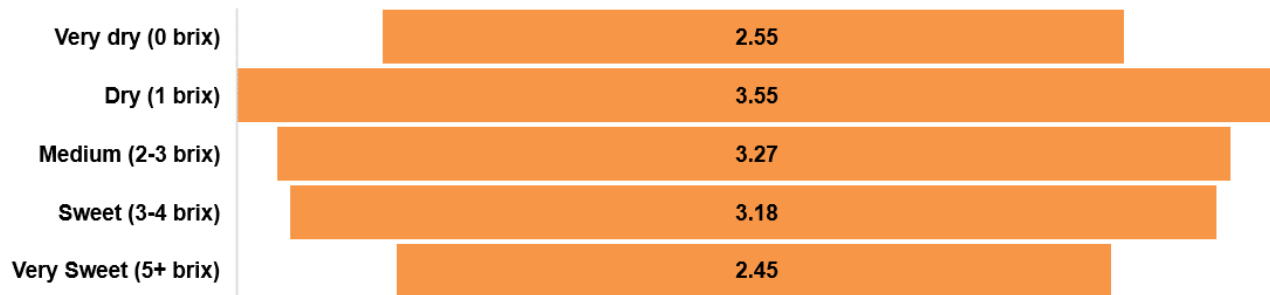


## Flavor Profile & Ingredients

In 2018, 40% of cider produced (in gallons) used “fruit blends” (e.g. fruit juice and/or botanicals). Cider made with only apples accounted for 59% of gallons produced, while Perry (fermented pear juice) comprised of only 1% of total gallons produced. 15% of the total production gallons of extra small producers was comprised of perry. **On average, 81% of cider sold had an alcohol content of less than 8.5%, which is relatively consistent with the 73% observed in the Prior Survey.**<sup>vi</sup>



We asked respondents to rank the popularity of their ciders by flavor profile, based on total sales. We defined the flavor profiles using the Brix sweetness scale, with five being the most popular, one being the least popular.



**Dry cider (1 brix) was reported to be the most popular cider flavor profile based on total sales, with an average 3.55 ranking out of 5.** This differs from the most popular flavor profile reported in the Prior Survey, medium cider (two to three brix). However, medium cider (two to three brix) was the next most popular flavor profile reported in this year's survey, with an average ranking of 3.27 out of 5. Very sweet cider (five plus brix) was reported to be the least popular at an average score of 2.45, similar to the results in the Prior Survey. Very dry cider (zero brix) and sweet cider (four to five brix) received scores of 2.55 and 3.18, respectively. Over subsequent surveys we will continue to track this measurement as an indication of shifting consumer tastes.

*Photo courtesy of the NWCA.*

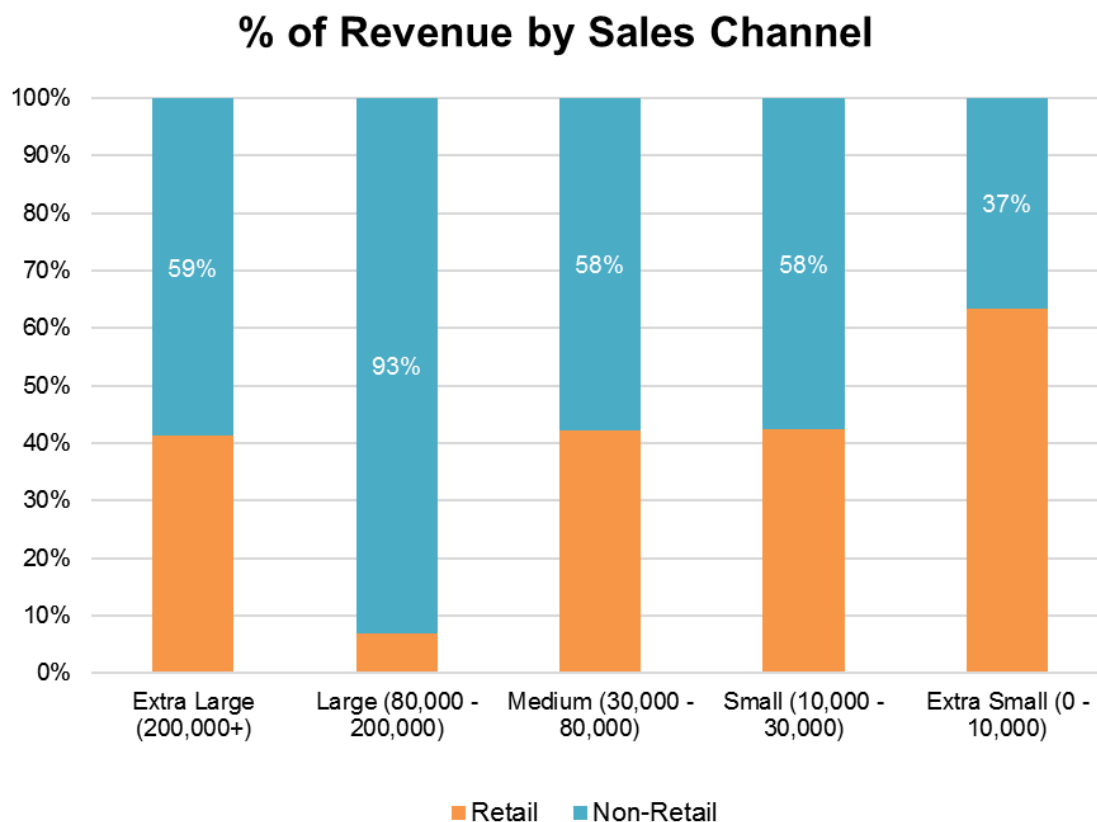


While these data points provide some indication of the popularity of various cider flavor profiles, in May 2018 the NWCA completed a more expansive study focusing on the consumer cider market in the Pacific Northwest. This consumer market report more clearly delineates the flavor profiles associated with the categories above and provides a nuanced indication of consumer preferences. While the findings in this survey broadly reconcile to the conclusions outlined in the consumer market research report, we encourage interested parties to visit the report as a resource to guide sales, marketing, and production. Members can access the report [here](#).



## Revenue

The data from the survey shows that the size of producer was not directly correlated to the amount of direct to consumer retail sales as a percentage of overall revenue. **Extra small producers generated 63% of their revenue from retail sales through avenues such as tasting rooms or farmers markets.** This resembles the greatest reliance on retail sales of any group. Conversely, the large producers group drive 93% of their revenue from wholesale and distributors. This group of producers varies greatly from all others.



\*Retail - Directly sold to consumers via tasting rooms or farmers market

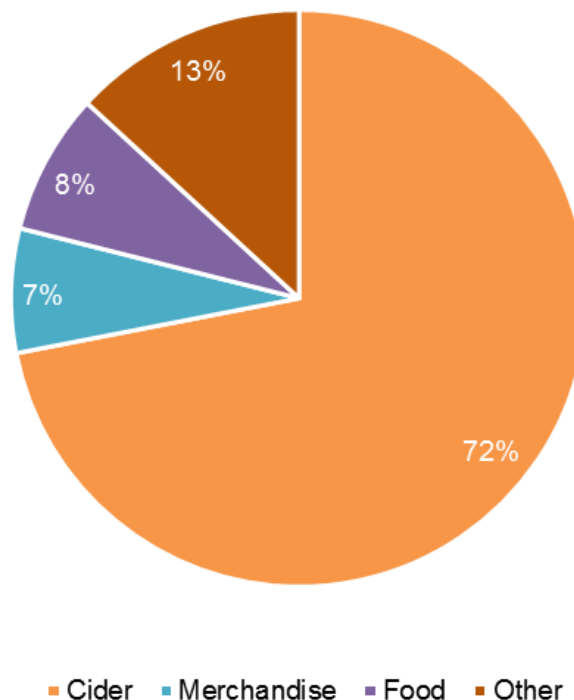
\*Non-Retail - Sales via distributors and/or wholesale direct to accounts (e.g. grocery stores, bars, restaurants)

Average annual sales for producers were \$76,111 among extra small producers, \$418,571 among small producers, \$865,314 among medium producers, \$1,057,500 among large producers, and \$3,606,617 among extra-large producers.

## Tasting Room Sales

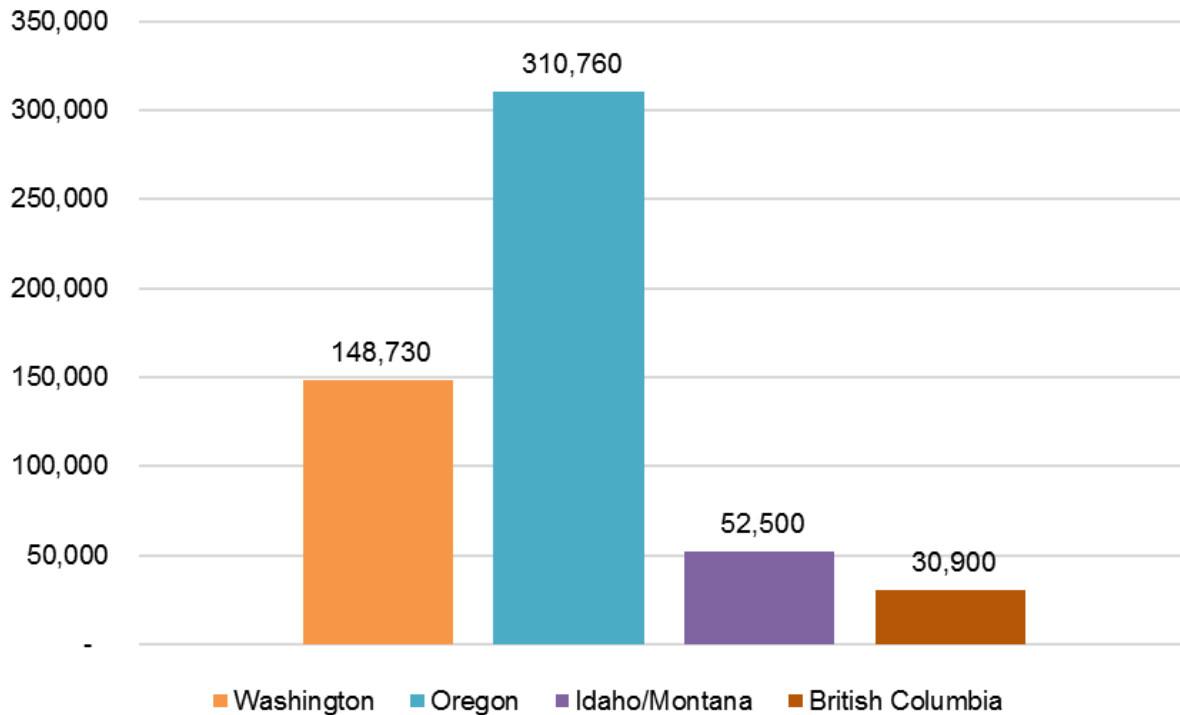
Approximately 84% of respondents indicated that they have a tasting room or tap house. **Amongst these cideries with tasting rooms or tap houses, 72% of their revenue was attributable to cider sales.** An additional 7% was related to merchandise, 8% to food and 13% was considered other.

**Tasting Room/Tap House Revenue  
Streams Percentage**



In addition, visits to tap houses have increased since the Prior Survey. Specifically, tap house visitors on average have increased by approximately 2% industry-wide from an average of 19,732 visitors in 2017 to 20,107 visitors in 2018.

### Tasting Room Total Visitors in 2018 per State



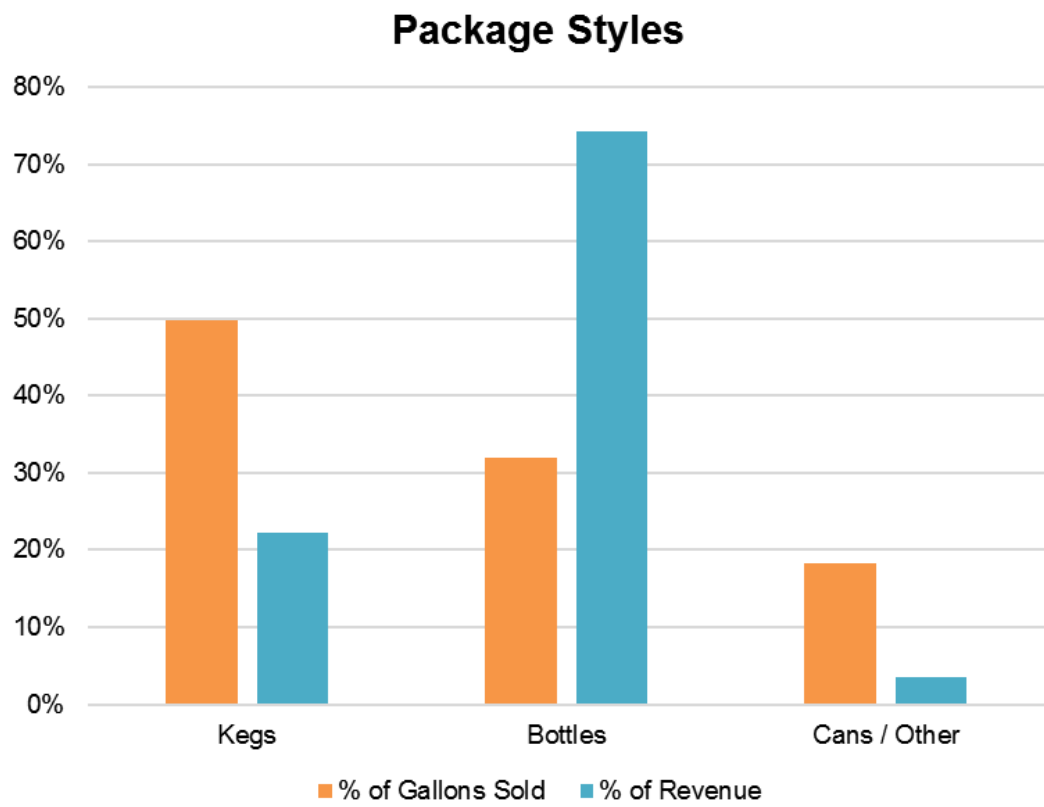
\*Combined Idaho and Montana together to protect survey respondents' identity.

## Packaging

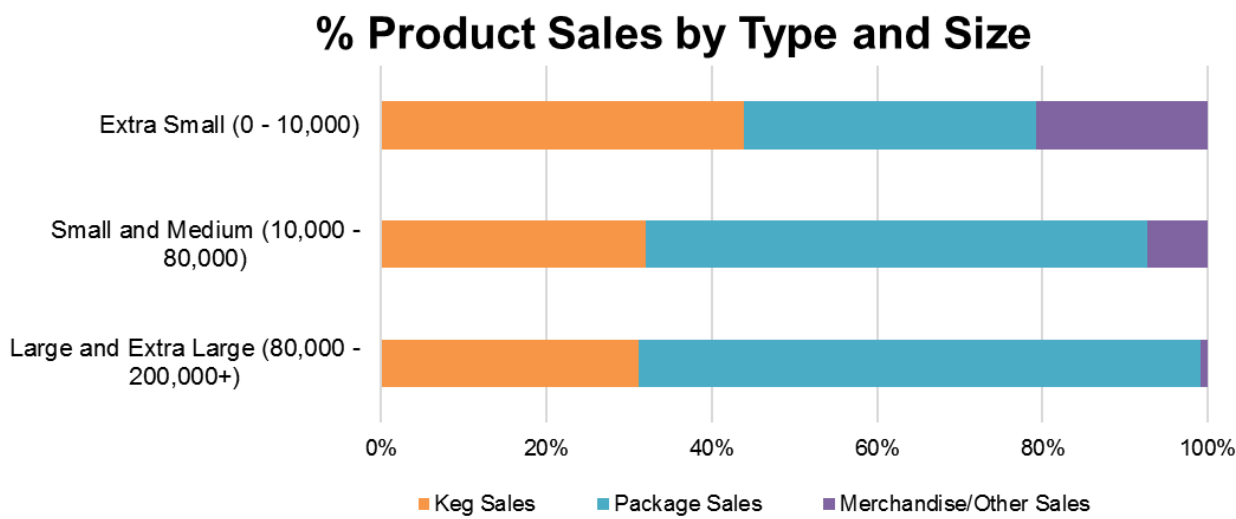
Consistent with the Prior Survey, kegs accounted for the highest percentage of gallons sold at 50% but did not account for the highest percentage of dollar sales. On a dollar basis, sales were largely driven by package revenue. While package sales only comprised 32% of total gallons sold, revenue from package sales comprised 74% of overall revenue.







Packaged sales were largely driven by larger producers. Sales based on packaging can be further broken down based on the size of the producer.

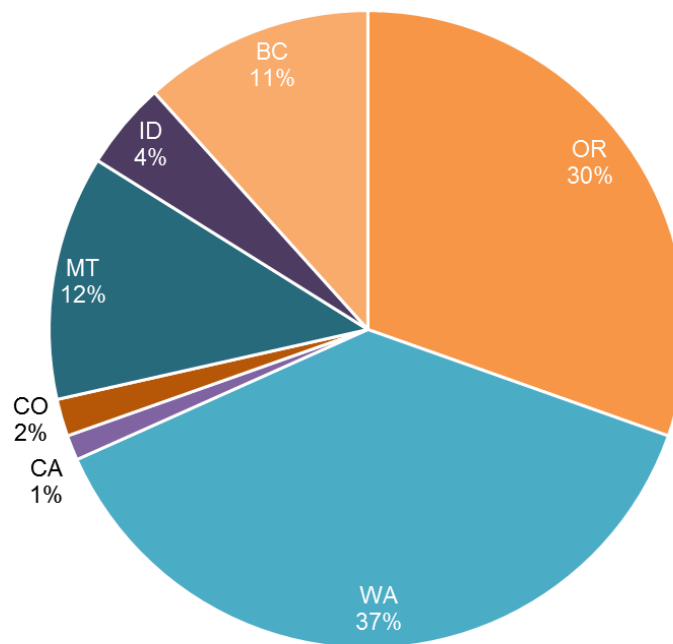


Overall, smaller producers generate a higher percentage of revenue from merchandise and other revenues streams.

## Distribution

For the first time in the history of the NWCA's Cider Survey, Washington was the leading distribution area based on gross revenue. However, their higher gross revenues can be attributed to their larger population, as they have the largest population in the Pacific Northwest region. Followed by Oregon, Montana, and British Columbia. The sales mix by state was more variable in 2019 than in years passed. Most significantly, the average percentage of sales based on gross revenue increased in Montana and Washington, by 12% and 10%, respectively. Conversely, the percentage of gross revenue resulting from sales to Oregon decreased by 16% from the Prior Survey.

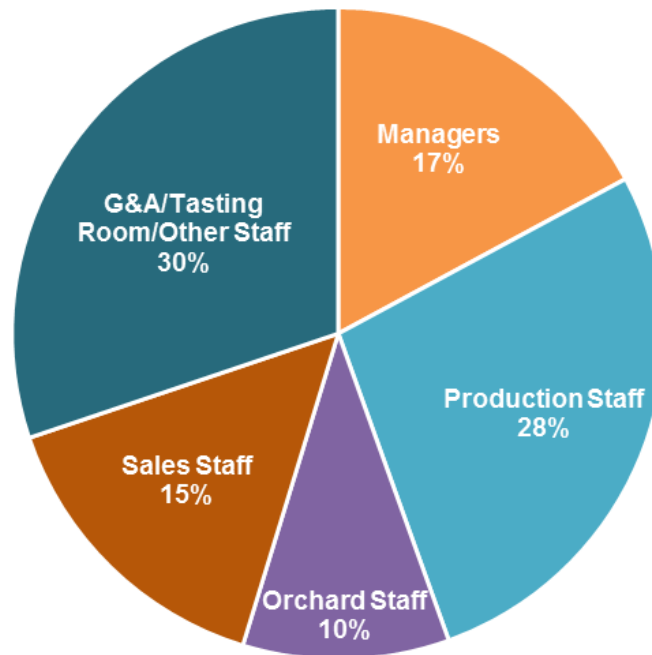
**Estimated % of Gross Cider Revenue per State**



## Employment

The employment breakdown showed that the average staff consisted of 10% orchard staff and 17% managers, 28% production staff, with the remaining and 45% made up of G&A and Sales staff.<sup>1</sup> A full breakdown of employees by role is below.

**Employees by Role**



Similar to the Prior Survey, respondents were asked to answer employment questions by means of wage, rather than salary. Future surveys will continue to follow this trend. The table below summarizes the average hourly wage by position for the various regions.

<b><u>Average Hourly Wage by Position Per State/Territory</u></b>					
	<b>Managers</b>	<b>Production Staff</b>	<b>Orchard Staff</b>	<b>Sales Staff</b>	<b>G&amp;A / Tasting Room Staff / Other</b>
<b>Washington</b>	\$34	\$20	\$16	\$25	\$18
<b>Oregon</b>	\$26	\$17	\$17	\$21	\$19
<b>Idaho/Montana</b>	\$16	\$15	NA	\$15	\$15
<b>British Columbia</b>	\$26	\$18	\$18	\$22	\$19

## Philanthropy & Inclusion

In 2018, the industry reported donating approximately \$205,000 in cash, cider, and in-kind donations and performing approximately 882 hours for philanthropic causes. We also asked respondents to estimate the gender composition of their workforce. 48% of the producers we surveyed reported that their company was owned by a woman. Additionally, producers reported that their workforce consisted of an average of 48% women.



## Conclusion

We are extremely thankful to the NW Cider Producers for their commitment in response to this fifth annual survey and grateful to Frank, Rimerman + Co. LLP for their guidance in collecting and analyzing this data. Member input helps increase both awareness and understanding of the cider industry as a whole and supports a cooperative and collaborative environment. We hope that you will help us refine our vision of how this survey and report can best serve the cider industry. With continued survey participation in the future, we can provide better, more tailored reporting on the trends of the Northwest cider industry. Thank you again to all for making this year's survey a success.

If you have any ideas about how this project – either the survey or the resulting report – can be improved, please send comments and questions to:

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NWCA Executive Director

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## Endnotes

<sup>i</sup> Based on 45 responses. 22 identified as “extra small producers”, 7 identified as “small producers”, 6 as “medium producers”, 2 as “large producers”, and 8 as “extra-large producers”.

<sup>ii</sup> Based on 49 responses. 14 identified production facilities in Washington, 24 in Oregon, 2 in Idaho, 4 in Montana, and 8 in British Colombia.

<sup>iii</sup> Based on 49 responses. 34 producers reported that they started selling cider in the last five years. 10 reported that they started selling cider between 2008 and 2013, and 5 producers reported that they started selling cider prior to 2008.

<sup>iv</sup> Based on 45 responses. 10 producers indicated that they press all their own juice, which may include purchased and producer-grown fruit. 19 producers indicated that they purchase and press their own juice used in production. 4 producers stated that they grow 100% of the juice used in their production. 16 producers indicated that they purchased 100% of the juice used in their production.

### Definitions:

*Heirloom/Cider Fruit:* Fruit unique to cider production, typically bittersweet, used specifically to enhance flavors in cider, usually not considered fit for eating fresh (i.e. – Kingston Black, Yarlington Mill, Somerset Redstreak)

*Modern Cider Fruit:* May includes culinary or dessert apples varieties, typically not bittersweet. (i.e. – Macintosh, Newtown Pippin, Fuji, Gala)

<sup>v</sup> Statistics utilizing population data as a whole may not include the two largest producers’ production gallons data in order to protect their privacy and to reduce the likelihood of the largest producers significantly skewing our data results. Data or statistics that are summarized by size of producer include all respondent data, unless otherwise noted.

<sup>vi</sup> Based on 30 responses. Eliminated any responses that did not aggregate to 100% of sales. Prior Survey asked what percentage of gallons sold was <7.0% ABV and ≥7.0% ABV.