

# Northwest hard cider-makers see good times ahead

By ERIC MORTENSON  
Capital Press



Eric Mortenson/Capital Press

**Bottles of hard cider roll toward labeling at Wandering Aengus Cider in Salem. Industry experts believe hard cider is winning consumer acceptance the same way craft beer and fine wine did.**

Merwin estimated people in Oregon, Washington and California drink 80 percent of the cider consumed in the U.S.

Other convention speakers said cider accounts for 1.7 percent of alcohol sales nationally, but about 4 percent in Portland and Seattle.

"We are where wine was 30 years ago and the craft beer industry was 20 years ago," said Nick Gunn, co-founder with his wife, Mimi Casteel, of Wandering Aengus Ciderworks in Salem. "We've had a lot of great growth, but we have a long ways to go."

Gunn and others say hard cider takes some getting used to. Many try it expecting a version of fermented apple juice, and are surprised by the subtle and aromatic flavors of true cider. "People are unfamiliar with what they're tasting," Gunn said.

The industry's biggest hindrance is a lack of proper cider apples. The best apples for cider are sharp, bittersweet, obscure and traced from old English and French varieties, Gunn and others said.

E.Z. Orchards, in northeast Salem, was among the industry pioneers in making traditional cider from old French varieties.

The U.S. is awash in sweet, fresh-eating apples, with Washington the leading producer, but Fuji, Honeycrisp, Red Delicious and other familiar varieties don't make the best cider. Many cider-producers make do with them, however, because there is such a shortage of proper cider apples. Some use apple juice concentrate

from China, Argentina or elsewhere.

Educating consumers is key to the industry's continued growth, said Merwin, the retired Cornell professor.

"All us in the cider realm hope they will evolve in their tastes same way wine drinkers have," he said.

"I started working on cider in the 1990s, when nobody was very interested," he said. "It's been fabulous to see it take off."

Meanwhile, the push is on to grow more traditional cider apples. Gunn, of Wandering Aengus, said he considers himself an "apple evangelist" these days as he hunts scion wood for grafting and encourages farmers to plant cider varieties.

"If I can get them to grow for our company, great," he



Eric Mortenson/Capital Press

**Nick Gunn of Wandering Aengus Cider in Salem, believes brand differentiation will become key as consumers refine their taste for hard cider.**

said. "But at the very least grow them for the industry."

Gunn said he's met with a mix of enthusiasm and hesitation as farmers consider losing a couple years production from a field or old orchard as new cider varieties take hold and begin to produce.

"My selling point is, you're at the beginning of a trend," Gunn said.

A key advantage is that cider varieties can be mechanically harvested and used even

if they're bruised, beaten up or fall to the ground, Gunn said.

"They don't have to be coddled," he said.

Gunn and others in the industry say it's blessed with a cooperative spirit, as growers and cider-makers seek each other out, ask questions and offer help.

"It's a very social drink," Gunn said. "It lends itself to being collaborative. We've had that sharing atmosphere from the beginning."

## Generational shift stunts wine appetites, experts say

U.S. wine drinking growth expected to halt temporarily

By MATEUSZ PERKOWSKI  
Capital Press

PORTLAND — Generational changes are expected to stymie per-capita U.S. consumption of wine in 2016, at least temporarily stunting the longtime upward trend, experts say.

The baby boomer generation, which consumes the most wine, is now preparing for retirement and feeling pressure to spend less and save more, said Mark Freund, managing director for Silicon Valley Bank, which tracks the wine industry.

Meanwhile, the millennial generation faces its own financial concerns — such as paying off student debt — and isn't as dedicated to wine, he said last week during the 2016 Oregon Wine Symposium in Portland.

Over the long term, though, there's reason to believe that history will repeat itself and young people will come to prefer wine as they grow older, Freund said.

Other economic factors cut both ways.

Fuel prices are lower, allowing consumers to spend more on wine, but the volatile stock market has raised concerns about recession and inflation-adjusted incomes remain flat, he said.

"It's difficult for the middle class to get ahead when there hasn't been real wage growth," Freund said.

U.S. wineries can also expect to face more foreign competition: While the output of wine-producing countries such as France, Italy and Spain has trended upward, their domestic consumption is down, he said.

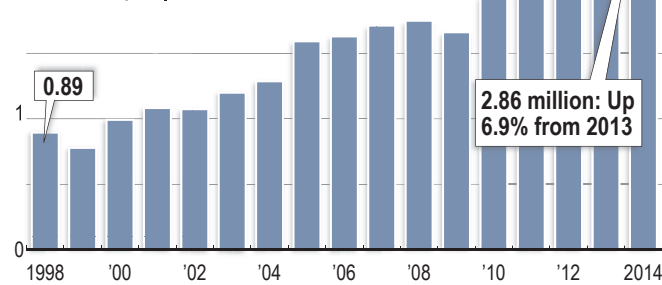
That means those countries will be eager to export to the U.S., which has emerged as the top wine consumer in the world, he said.

Young drinkers' appetite for craft beer doesn't necessarily have to come at the expense of the wine industry, said Chris-

### Oregon wine sales

(Millions of cases)

Sources: USDA NASS; Southern Oregon University Research Center  
Alan Kenaga/Capital Press



tian Miller, proprietor of Full Glass Research, a market analysis firm.

The popularity of craft beer is associated with consumers seeking higher quality and more intense flavors, which is a "cultural trend" that may also help wine, he said.

"What they're shedding is the Budweisers and Coors of the world," Miller said.

The millennial generation represents about 30 percent of the "high frequency" class of U.S. wine drinkers, who

buy roughly 80 percent of the wine in the U.S., he said.

Baby boomers comprise 38 percent of high-frequency wine drinkers, while the older generation represents 13 percent and Generation X represents 19 percent.

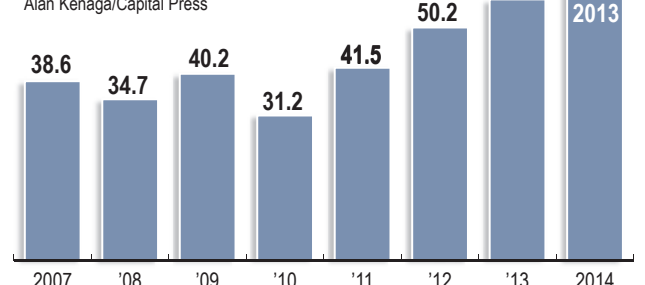
Sparkling wines are experiencing consistent growth since 2010, which may bring new consumers to the overall wine industry, Miller said.

Consumers associate Oregon wines with small producers, food friendliness and

### Oregon winegrape production

(Thousands of tons)

Sources: USDA NASS; Southern Oregon University Research Center  
Alan Kenaga/Capital Press



good value, though the region still isn't as well-known as the Napa and Sonoma regions of California, he said.

The main reasons cited by high-frequency drinkers for not buying Oregon wine is that they prefer wine from other regions, that Oregon wines aren't available where they shop and that Oregon doesn't produce the varieties they commonly drink, Miller said.

In 2016, Oregon wine producers surveyed by Silicon Valley Bank said they expect

sales to increase 13 percent in value and 9 percent in volume, which reflects the trend of consumers "trading up" to higher-quality wines, said Freund.

However, about 28 percent of Oregon wineries said they were experiencing poor financial performance, compared to 16 percent for all wineries surveyed, he said. Oregon wineries also reported being more willing to sell their companies than the industry as a whole.

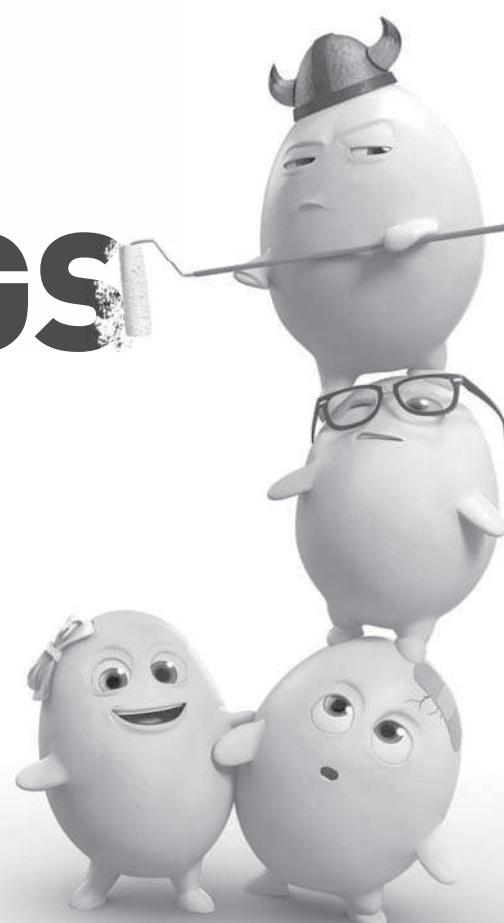
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