



# Washington State: Your Partner in Specialty Beverages



*An overview of the specialty beverages industry in Washington state and Greater Seattle for prospective partners in business, investment and research.*

[Coffee](#)

[Wine](#)

[Beer](#)

[Juice, Soft Drinks, Bottled Water and Milk](#)

[Getting Specialty Beverages to Market](#)

[Contacts](#)

*Thirsty? How about a hot cup of coffee? Or perhaps a glass of wine to complement your dinner? Or maybe a craft beer as you catch up with friends? How about a tall glass of pure Washington apple juice? What about a refreshing bottle of Blue Bubble Gum soda? Or how about some natural spring water to rehydrate your body after a day of exercise? Whatever your thirst, Washington is the place to quench it.*

Lattés and Washington State, particularly Seattle, are synonymous. Many people think of Seattle as “Lattéland,” and for good reason. With three of the world’s largest coffeehouse brands in [Starbucks](#), [Seattle’s Best Coffee](#) and [Tully’s](#), Washington State is considered the epicenter of the “caffeine craze.” Walk outside a building in downtown Seattle and the first thing you will see is someone holding a cup of coffee. As the home of [Microsoft](#), coffee drinkers bring a dual meaning to the word “wired.”

But Seattle and Washington State are home to much more than just purveyors of fine coffee. Warm summer temperatures and cool nights combined with top quality soils make Washington State ideal for growing wine grapes. In fact, Washington State is the second largest producer and exporter of wines in the United States, an industry that generates more than \$2.4 billion annually.

In addition to coffee and wine, Washington State is also a leading grower of hops, the basic ingredient used in brewing beer. Washington State is the largest producer of hops in the United States, accounting for 20 percent of world output - an almost \$100 billion industry! Chances are that the microbrew in your hand is made with Washington hops.

Washington State is also home to some of the largest juice processors, soft drink makers and water bottlers in the United States. Already famous for its apples, Washington is home to recognized name brand juices such as Tree Top and Hi-Country Foods. And if you’re a fan of bubbly soft drinks, Washington companies produce everything from root beer to Sparkling Berry Lemonade.

## Coffee

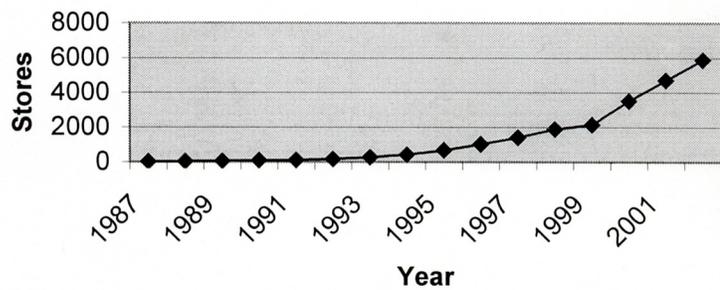
Coffee may have first become a drink of choice in Arabia nearly 1,000 years ago, but Seattle helped make it cool. In 1971, a small coffee roasting company opened a store in the heart of downtown Seattle’s Pike Place Market. The original store was actually just a whole bean roaster and retailer, not the kind of place where you could easily order a grande-double-one-percent-caramel mocha-no whip. In fact, it wasn’t until 1985 that the company experimented with the coffee bar concept that is familiar to coffee drinkers today. From a single store in 1971 to 272 stores in 1993, [Starbucks](#) has expanded to almost 6,000 stores in 30 countries worldwide, opening multiple new stores daily. It is estimated that each week, over 19 million people stop to enjoy a Starbucks coffee drink.

The success of Starbucks internationally has been a key driver in the company’s growth. The first international coffeehouse opened in Tokyo, Japan, in 1996 and has since spread to markets all over the world from China to Kuwait and New Zealand to the United Kingdom. In 2003, Starbucks opened international coffeehouse number 1,312 and it opened its first overseas roasting plant in Amsterdam, the Netherlands. The company is the number one specialty coffee chain in the world, accounting for nearly half of the world’s 15,000 specialty coffee stores and brought in \$209 million in net revenue from international sales in 2002.

In 2003, Starbucks added two other well-known coffee names to its list of retailers after it bought [Seattle’s Best Coffee \(SBC\)](#) and [Torrefazione Italia](#). SBC was started in 1969 when Jim Stewart bought a twelve-pound coffee roaster and that summer learned the art of roasting. In 1970 he and his brother opened a coffee shop on Seattle’s waterfront

at Pier 70, naming it Stewart Brothers Coffee. Strong demand caused the Stewarts to move their roasting facilities to Vashon Island in 1983. In 1988, Jim Stewart shortened the name to just “SBC,” and in 1991 at a taste contest, SBC was dubbed “Seattle’s Best Coffee.” The name has stuck and the quality coffee is known as Seattle’s Best to this day.

**Starbucks Expansion**



Relatively new to the Seattle coffee scene, [Tully’s Coffee Company](#) has risen to become the third largest coffee retailer in the United States since it’s first shop opened in 1992 and has since expanded to Japan and South Korea where it now operates almost 100 stores. In addition to the coffee drinks that can be found in any Tully’s coffeehouse, Tully’s coffee may be purchased at supermarkets across the country.

Small and independent coffeehouses also dot the landscape of Greater Seattle. [Caffé Ladro](#) started out with one store in 1994 and has increased to seven stores today. Although a small player when compared to Starbucks and Tully’s, Caffé Ladro is the only coffeehouse chain in the United States to sell Fair Trade coffee exclusively, meaning that the farmers who grow the coffee beans are paid a premium price above market prices, helping insure a better quality of life for coffee farmers and their families.

[Caffé Vita](#) is another small coffee roasting company based in Seattle with two retail stores. The company focuses on small batch roasting and supplies wholesale beans to numerous restaurants around Seattle. To ensure that the coffee that makes it into the cup is of the highest quality, Caffé Vita trains baristas in the restaurants that buy its beans.

Long before Starbucks, Tully’s, Caffé Ladros or Caffé Vitas were even a twinkle in coffee lovers’ eyes, [Bargreen Coffee Company](#) of Everett, Washington, began importing and roasting high quality beans from around the world. Bargreen, established in 1898, is the oldest coffee roasting company in Washington and has outlasted all other competitors. In fact, in the first fifty years of the 20th century, there were well over 100 small coffee roasting companies in Washington. Today, Bargreen is the only one to survive. The majority of Bargreen’s business is focused on selling its roasted beans to supermarkets, restaurants and mass merchandisers, where customers can choose from among ten different coffee blends and over fifty flavors.

There are numerous other coffeehouses in Seattle, too many to print on this page. But if you walk down just about any street in the city, you won’t walk too far without tripping over a coffeehouse in the vicinity. And if you’re really lucky, you’ll probably trip over more than one.

## Wine

During peak growing season, Washington gets 17.4 hours of sunlight—two more hours than California’s prime growing regions. Lots of sunlight, combined with warm temperatures during the day, cool nights and high-quality soils, have contributed to Washington State’s rise as a leading producer of fine wines in the United States.

In 2002, there were over 200 wineries in Washington, producing 13.25 million gallons of wine, or 5.3 million cases. Vineyard plantings are approaching 30,000 acres, slightly more than all of New Zealand’s vineyards and closing in on Napa Valley totals in California. Grapes for wine-making are now the state’s fourth largest fruit crop.

The industry accounts for \$2.4 billion annually in the state’s economy. Estimated retail value of Washington wines in 2001 was \$628.4 million.

Full-time wine-related jobs number 11,250, accounting for \$350.2 million in wages.

Washington wines are increasing in popularity overseas and are now exported to over 40 countries world-wide. Exports represent approximately 9% of wine sales, with Canada, the United

Kingdom, Japan, Switzerland and Hong Kong topping the list of export markets. In 2002, over 68,000 cases were shipped to Canada, almost 27,000 to the United Kingdom and a little more than 23,500 to Japan.

The economic impact may be a boon to the state’s economy, but the quality of wines being produced is an even bigger boon. Wine Enthusiast magazine named Washington State “wine region of the year” in 2001, an honor that takes into consideration all wine growing regions in the world. Furthermore, Washington wines have scored more 90 or better marks than any other region in Wine Spectator magazine’s annual judgments, based on a scale of 100. In fact, Washington wines consistently score better than those of California vintages.

Recognizing the rapid expansion of the industry and its value to the state’s economy, growers and vinters approached Washington State University in 1999 about the possibility of starting a program that would provide educational opportunities in the areas of viticulture (the cultivation of grapes for wine-making) and enology (turning grapes into wine). As a result of the talks, the Viticulture and Enology Education Consortium was formed. The consortium is a partnership of three Washington State University campuses, regional community colleges and the Washington Wine Commission. Students in the Washington State University Department of Horticulture and Landscape Architecture may now pursue a specialized option in Viticulture and Enology within the Bachelor of Science in Horticulture program.

Some of Washington’s most well known wine labels include [Columbia Crest](#), [Chateau Ste. Michelle](#), Hogue Cellars, Covey Run, [Hedges Cellars](#) and L’Ecole No. 41.

### Top 5 Wine Export Markets

1. Canada
2. United Kingdom
3. Japan
4. Switzerland
5. Hong Kong

## Beer

Not to be outdone by the coffee and wine industries in the state, Washington is the largest producer of hops in the United States, accounting for approximately seventy-seven percent of U.S. output and twenty percent of world output. Approximately two-thirds of Washington hop production is shipped abroad, with Mexico, Canada, Belgium-Luxembourg, Germany and Brazil the top five export markets. The economic impact of hops on the state's economy? In 2002, hop export revenue was nearly \$100 million.

As with coffee, the Greater Seattle region could be considered the epicenter of the craft beer craze that spread across the United States in the 1990s. According to the Institute for Brewing Studies, Seattle produces more craft beer (microbrews) than anywhere in the country. Of all beer consumed in the U.S., approximately 3% is craft beer. But in Washington State, 8-10% of beer consumed is craft beer.

While there are numerous microbreweries and craft beer brewers in Greater Seattle and Washington State, two breweries founded in the region have become household names in the United States. [Redhook Brewery](#) got its start in 1981 when founders Paul Shipman and Gordon Bowker decided that fresh brewed beer in accordance with European traditions would be a welcome domestic addition to the increasing American taste for imports. The first beer to catch on with Seattle beer fans was the Ballard Bitter, introduced in 1984. The popularity of that brew impelled the company to relocate to a bigger space, so Redhook moved into Seattle's Fremont Car Barn. Now, the company has two breweries in Woodinville, Washington and Portsmouth, New Hampshire, allowing fast and fresh distribution all over the United States.

Founded a few hours south of Seattle in a small general store in Kalama, Washington, in 1984, [Pyramid Brewing Company](#) (originally called Hart Brewing) has also expanded into a well-known brand of quality craft beer. By 1994, consumer demand catapulted the company to fourth-largest craft brewer in the U.S., which was followed by the opening of a new brewery in Seattle in 1995, allowing the company to satisfy thirsty patrons in 28 states. The company now boasts a line-up of eight year-round brews and four seasonals with three alehouses in Washington and California and a fourth opening in 2003.

In an effort to bring craft brewers in Washington state together to advance common interests and to promote the quality and value of their beers, the Washington Brewers Guild was formed in 1998. Aside from ensuring top quality and values for beer, the guild aims to further promote Washington made beers and enhance their public recognition throughout the state, educate the public on issues of responsible consumption and serve as a proactive association for the preservation and creation of reasonable laws for the brewing industry. Over 47 breweries are active members in the guild, evidence of the importance of small brewers to the state.

## Juice, Soft Drinks, Bottled Water and Milk

As home to over half of all apples grown in the United States, Washington State is also home to well-known juice processing companies that help satisfy your thirst year round. One company that is well-known in pre-schools and family refrigerators around the United States is [Tree Top](#). Tree Top is a grower-owned cooperative based out of Selah, Washington. It is famous for its apple and pear juices and ciders, as well as other juice blends. In fact, Tree Top is the world's largest producer of shelf stable (apple juice found on supermarket shelves) and frozen concentrate apple juice.

Hi-Country Foods Corporation, also located in Selah, Washington, is the Pacific Northwest's largest privately owned apple processor. The company's main focus is on apple juice production, but Hi-Country Foods also produces a long line of other tasty drinks such as natural and flavored spring waters, teas and a wide assortment of fruit blends.

Soft drink companies in Washington State are yet another example of the region's importance and innovation in specialty beverages. [Thomas Kemper Soda](#) sprang out of the brewing company's Oktoberfest celebrations in 1990. Recognizing that many children and non-beer drinkers attended the annual weekend event, the company began brewing batches of root beer to quench people's thirst. The root beer became so popular that the Thomas Kemper Soda Company was formed in 1991. Today, Thomas Kemper is part of the Pyramid Brewing Company and brews six flavors of hand-crafted sodas, which can be enjoyed throughout the United States and Canada.

The Washington State Department of Agriculture (WSDA) fosters the state's food and agricultural industry and helps export-ready companies sell their products overseas. Headquartered in the state's capital of Olympia, WSDA has offices in Seattle, Yakima, Japan and Taiwan.

Another successful soft drink company founded in Seattle is [Jones Soda Company](#). Originally a distributor in western Canada of alternative beverages, the company produced its first drink in 1995 with WAZU Natural Spring Water, followed by six flavors of Jones Soda in 1996. The company is known for and has received many awards for its innovative packaging. In fact, labels for each soda are constantly changing with new designs that are created by the company's faithful customers. Jones has expanded its product line to include flavors that range from root beer and vanilla cola to innovative flavors such as Blue Bubble Gum, Green Apple, Purple Carrot and Fu Cran Fu. Jones also sells energy drinks and energy shots.

And who can live without water? Home to plentiful water resources from natural springs, mountain runoff and underground aquifers, Washington state is home to [TalkingRain Beverage Company](#) located in Preston, WA. TalkingRain produces spring waters, sparkling waters and other specialty flavored beverages such as VitaRain, a well-ness drink with each flavor focused on enhancing various body functions with different vitamins and minerals. The company draws its water from a natural spring located 170 feet below the surface in an aquifer located in the foothills of the Cascade Mountain range. The water drawn from the spring is filtered through multiple layers of glacial mineral deposits, giving Talking Rain waters a refreshingly clean taste.

Washington State is also home to numerous dairies, many of which produce milk and milk beverages that satisfy the inner-child in anyone. Two of the top producers of milk and milk drinks are [Wilcox Farms](#) and the [Darigold](#) division of WestFarm Foods, located in Roy, WA and Seattle, respectively. Among other products, each produces milk drinks. Wilcox flavors include Creamy Orange, Vanilla, Strawberry, Chocolate and Mocha Latte, while Darigold produces egg nog, strawberry, smooth chocolate, extra chocolate, strawberry and vanilla flavors. WestFarm Foods has annual sales of over \$1 billion.

## **Getting Specialty Beverages to Market**

Many of the Puget Sound region's top quality beverages are enjoyed by consumers around the globe. [Athena Marketing International](#), based in Seattle, provides international marketing, business development and strategic planning for U.S. food and beverage manufacturers. Targeting markets in more than twenty countries, Athena helps local companies access global drinkers. No matter where you live and what you like to drink, there's a Washington company that can bring your beverage to you.

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