

Food Processing and Beverage Production in Ohio

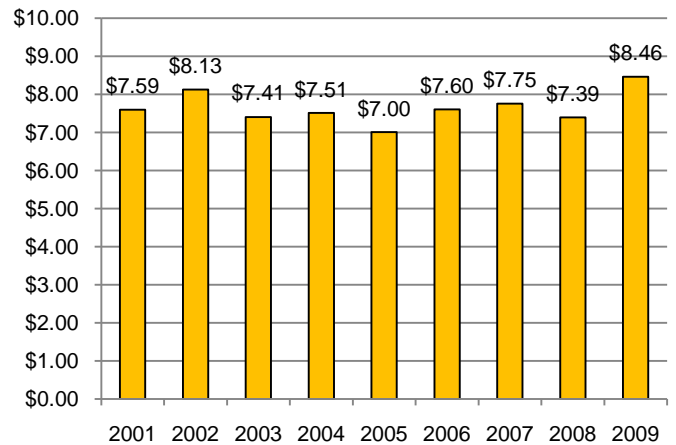
Ohio's Standing

- \$7.0 to \$8.5 billion of food processing and beverage products has come from Ohio's factories each year during recent years.
- Food processing and beverage production range from 1.5 to 2.0 percent of the state's total economic output in most years.
- Food processing and beverage production are concentrated in Ohio as evidenced by two facts: 4.1 percent industry output in 2009 came from plants in Ohio, while 3.3 percent of the nation's gross domestic product originated here.
- The general concentration of food processing in Ohio – 4.5 percent of the nation – reflects the specific concentration of several groups: fruit and vegetable processing and specialty foods – 7.9 percent; animal foods – 6.8 percent; bakeries – 6.1 percent; other food products – 5.9 percent; and dairy products – 5.2 percent.
- Ohio ranks 2nd in the nation in fruit and vegetable processing (including freezing, canning, juicing, condensing, etc.) and the production of specialty foods. It ranks 3rd in bakery output, 4th in production of animal foods as well as dairy products (milk – including dry and condensed, butter, cheese and ice cream), and 5th in manufacturing other food products – teas, coffees, spices, seasonings, sauces, dressings, syrups, snacks, roasted nuts, peanut butter, etc.
- Ohio ranks 3rd in beverage production – soft drinks, ice, purified water, beer, wine and distilled spirits – with 4.1 percent of total output.
- One of Ohio's location advantages is that the state's borders are within 600 miles (965 kilometers) – about one day's drive – of nearly 60 percent of the U.S. population and its retail establishments; a substantial portion of Canada's population also is within the same range.

The Variety of Production

- One-half of industry production in Ohio is concentrated in three groups: processing fruits and vegetables as well as specialty foods; making and baking dough; and manufacturing other food products.
- Another quarter of industry production in Ohio is devoted to beverage and dairy products.
- The remaining quarter consists of making sugar and confectionary products, milling grains and oil seeds, producing foods for animals, and processing animals for consumption.

Food Processing and Beverage Production Gross Domestic Product (in billions of dollars)



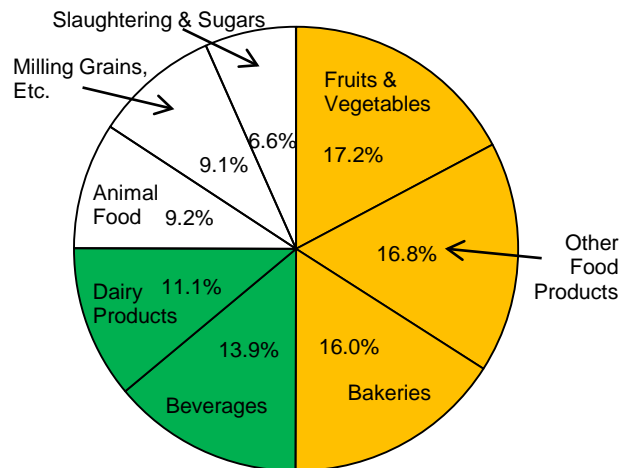
Source: U.S. Bureau of Economic Analysis, 2011

Ohio's Share of National Food Processing and Beverage Production

NAICS Code	Industry/Groups	Percent	Rank
311	Food Processing	4.5%	7th
3111	Animal Foods	6.8%	4th
3112	Grain/Oilseed Milling	3.9%	10th
3113	Sugar/Confectionary	1.0%	16th
3114	Fruits/Vegetables/Specialty	7.9%	2nd
3115	Dairy Products	5.2%	4th
3116	Slaughtering/Processing	1.4%	21st
3117	Seafood Preparation	n.a.	n.a.
3118	Bakeries	6.1%	3rd
3119	Other Food Products	5.9%	5th
3121	Beverage Production	4.1%	3rd

Source: U.S. Census Bureau, 2010

Food Processing and Beverage Production by Group in Ohio



Source: U.S. Census Bureau, 2010

Employment

Employment by Group

- About 59,900 people were employed in food processing and beverage production in Ohio during 2009, according to the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages (U.S. BLS-QCEW).
- Just over one-half worked in three groups: bakeries – 20.4 percent, fruit-vegetables-specialty food processing – 19.2 percent, and other food products – 11.1 percent. These are the same groups that produced one-half of the industry output that year (compare with page 1).
- Nearly one-quarter made dairy products and beverages – again, nearly proportional with industry output that year (see page 1 as well).

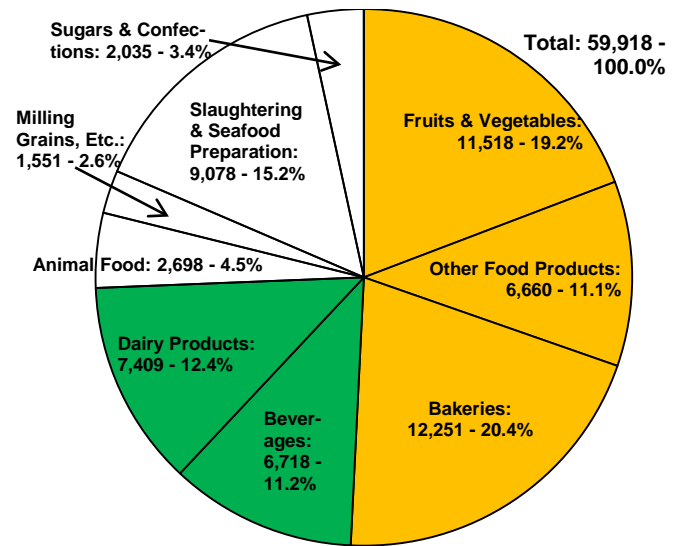
Employment Trends

- Employment in food processing and beverage production (NAICS 311 and 3121 combined) drifted lower in the past decade, from an annual average of 64,500 in 2001 to 59,900 during the first nine months of 2010. The loss of 4,700 jobs is a decline of 7.2 percent, less than the 35.4 percent decline for manufacturing overall.
- Almost the entire decline occurred in the much larger food processing subsector: from 57,700 in 2001 to 53,300 in 2010. The net loss of 4,400 represents a 7.7 percent drop.
- Employment in beverage production actually rose from 6,800 in 2001 to 7,300 in 2005 and 2005 before falling to 6,600 in 2010. The net loss of 200 jobs is 3.2 percent.

Projections

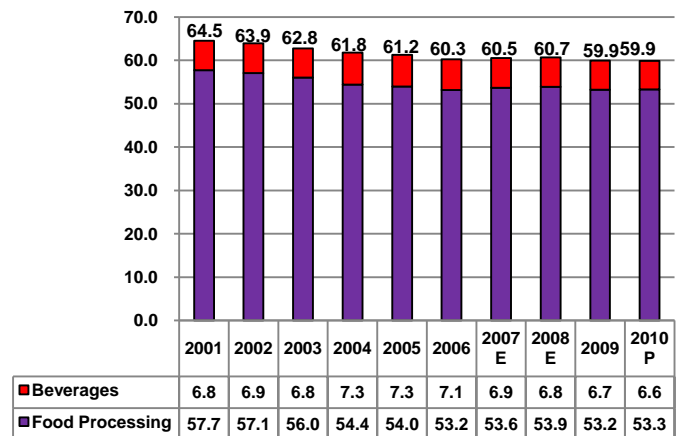
- The Ohio Dept. of Job and Family Services' Labor Market Information Division (ODJFS-LMID) projects employment in the food processing industry (NAICS 311) will decline by 700 jobs from 53,900 in 2008 to 53,200 in 2018. This decrease of 1.7 percent is much less severe than the 14.9 percent expected for the manufacturing sector overall.
- There are exceptions to this overall trend: employment in fruits, vegetables and specialty food processing (NAICS 3114) is forecast to grow by 2.6 percent from 11,500 to 11,800, while employment in slaughtering and processing animals (NAICS 3316) might grow 7.9 percent from 8,900 to 9,600.
- Employment in the remaining groups is expected to decrease by amounts varying from negligible in bakeries (NAICS 3118, -0.8 percent) to pronounced in dairy products (NAICS 3315, -13.3 percent).

Employment by Group



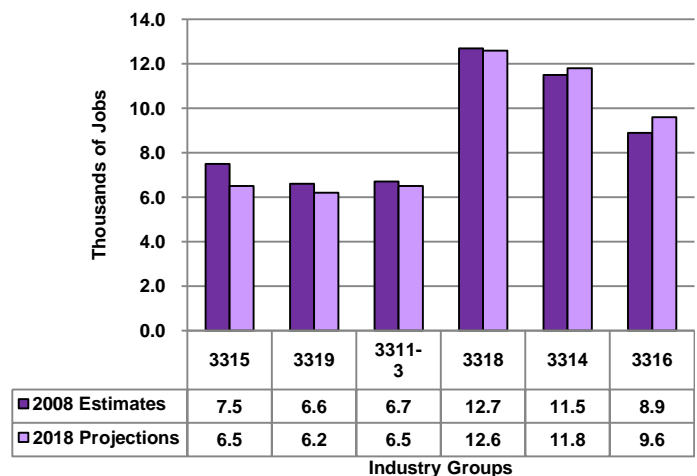
Source: U.S. BLS-QCEW, 2011

Employment Trends (in thousands)



Source: U.S. BLS-QCEW; E – Beverages employment estimated; P – Preliminary, and through September only.

Employment Projections to 2018



Source: ODJFS-LMID, 2010

Companies and Investments

Companies

- Some of the more notable food processing and beverage companies present in Ohio include Alfred Nickles Bakery, American Bottling, Anheuser-Busch-InBev, Archer-Daniels-Midland, Bellisio Foods, Bob Evans Farms, Bunge, Campbell Soup, Cargill, Coca Cola and affiliates, ConAgra, Dannon, Dean Foods, Fresh Mark, General Mills, HJ Heinz, Hearthside, Hostess, JM Smucker, Kellogg, Kraft, Kroger, Lancaster Colony, Land O'Lakes, Miller-Coors, Nestle, PepsiCo and affiliates, Pierre Foods, Procter & Gamble, Schwebel Baking, Smithfield Foods, Sugar Creek Packing and Wornick.

Capital Expenditures

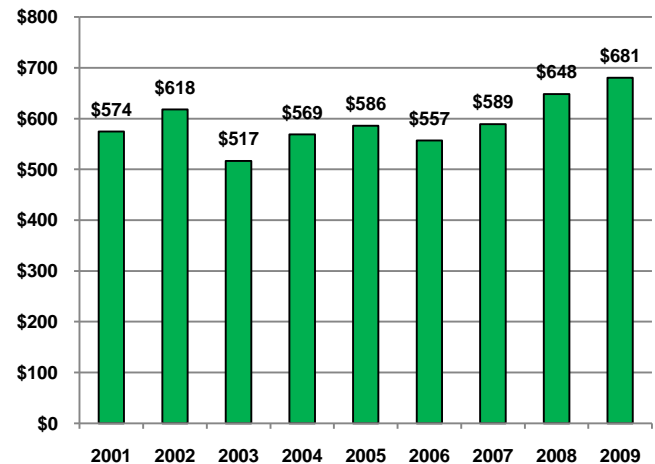
- Annual investment in Ohio's food processing and beverage industry (NAICS 311 and 3121 combined) ranged from \$517 million to \$681 million during the 2001-2009 period; this was about 3.4 to 4.4 percent of the national total.
- On average, about six out of every seven dollars invested went into food processing equipment and buildings (NAICS 311).
- Ohio's portion of total national capital expenditures, which averaged 3.9 percent from 2001 through 2009, is less than the corresponding portion of value added in the state – 4.7 percent – during the same time.

Major Projects

- 145 companies made 244 announcements of major investments* for food processing and beverage production in Ohio during the last decade. The companies intended to invest a total of \$2.2 billion and create more than 7,700 new jobs.
- 219 projects valued at \$1.934 billion were targeted at food processing (NAICS 311) with over 7,200 jobs anticipated. Those figures amount to about 90 percent of the projects, 88 percent of the investments, and 93 percent of the jobs. The remaining 25 projects, valued at \$272 million, anticipated 550 new jobs in beverage production.
- General Mills announced the largest investments in the decade with a total of \$198.2 million, followed by Campbell Soup – \$160.4 million, Dannon – \$145.2 million, JM Smucker – \$141.3 million, the Coca Cola companies – \$121.0 million, and ConAgra – \$105.4 million.
- Pierre Foods planned to hire the largest numbers – 610, followed by Wornick – 550, Luigino's – 405, ConAgra – 345, Lance 245, Cooper Farms – 270, General Mills – 246, Keystone Foods – 239, Shearer's Foods – 212, and the Coca Cola companies – 200. 10 more companies planned to add between 100 and 200 jobs each.

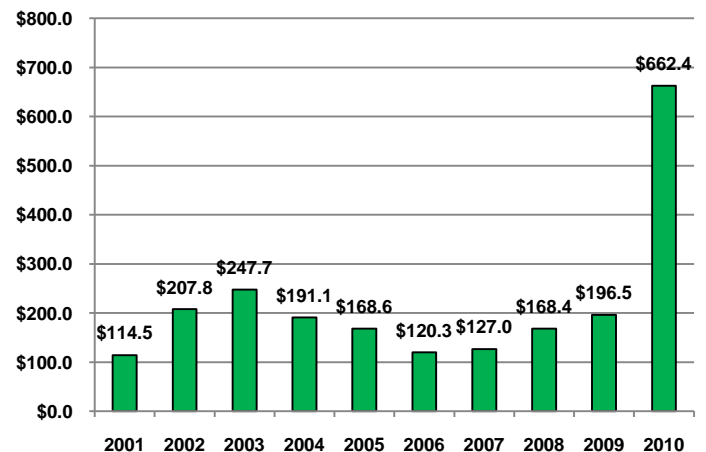
- 2010 saw the largest number of project announcements – 34, greatest amount of intended investment – \$662 million, and the highest number of new jobs – almost 1,900.

Capital Expenditures (in millions)



Source: U.S. Census Bureau

Project Announcements



Source: Ohio Dept. of Development

Top Five Announced Investments, 2010

Company	Dollars (millions)	Anticipated Jobs
Coca Cola	\$120.0	35
Dannon	\$110.0	100
JM Smucker	\$100.0	n.a.
ConAgra	\$59.0	190
General Mills	\$45.0	18

n.a. – not available

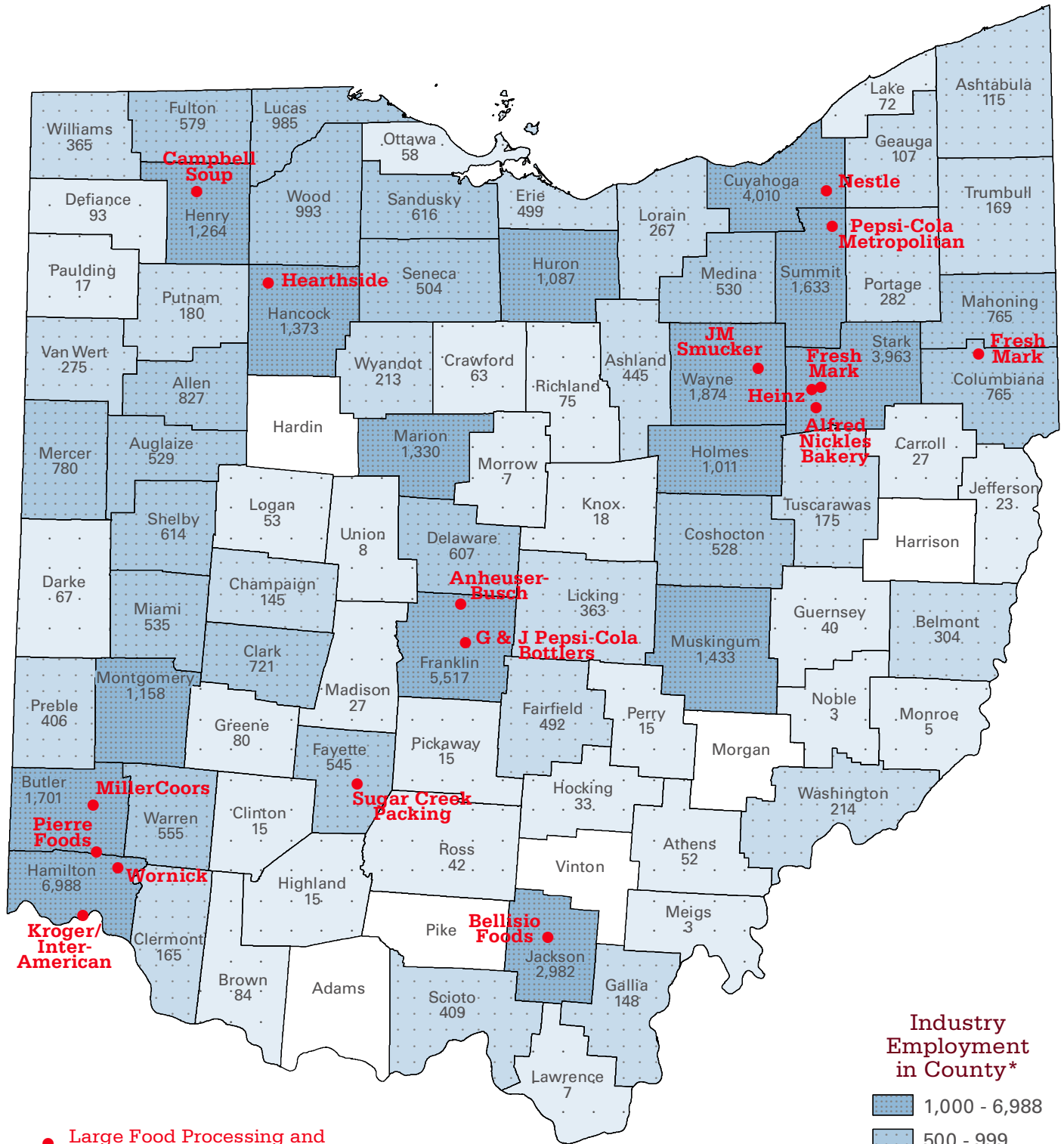
Source: Ohio Dept. of Development

* - A major investment involves at least \$1 million, 50 new jobs, or an addition of 20,000 square feet. Such projects often are phased-in over several years, and are not comparable with annual capital expenditures.

Ohio's Food Processing and Beverage Industry



Department of
Development



Sources: 2008 County Business Patterns, U.S. Census Bureau and Selectory® Business Database, Harris InfoSource

Prepared by: Ohio Department of Development, Policy Research and Strategic Planning (June 2011)

*Many of the county employment figures are estimated from the County Business Pattern data