

# Food Processing and Beverage Production in Ohio: Output



## The Contribution to Ohio's Economy

- \$9.94 billion of food and beverage products (NAICS 311-312)<sup>1</sup> came from factories in Ohio according to the latest available data; this was 1.81 percent of Ohio's Gross Domestic Product (GDP) total – an average portion for recent years.
- The \$9.49 billion also was 4.26 percent of the industry's national output. By comparison, total GDP from Ohio was 3.40 percent of the U.S. The larger portion of industry production from Ohio indicates its concentration here.

## Variations within the Industry in Ohio

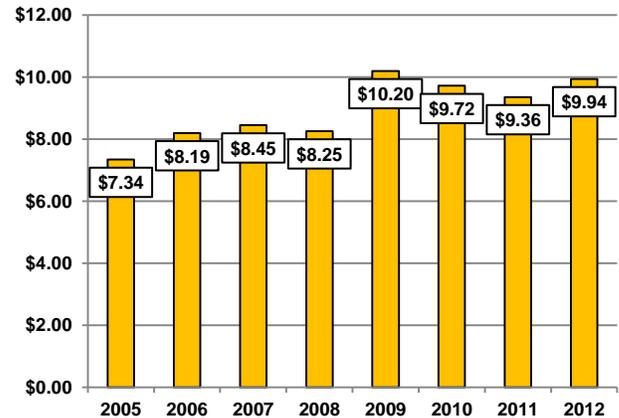
- The overall concentration of food processing in Ohio reflects the higher concentration of six groups:
  - 3111: animal foods (mostly for dogs and cats);
  - 3112: grain and oilseed milling (corn and soybean processing, flour and cereal production);
  - 3114: fruit and vegetable processing (freezing, canning, juicing, condensing) and dehydrated foods;
  - 3115: dairy products (including dry and condensed milk, butter, cheese and ice cream);
  - 3118: bakeries (including pastas, dough, flour mixes);
  - 3119: other food products (teas, coffees, spices, seasonings, sauces, dressings, syrups, snacks, roasted nuts, peanut butter, etc.).
- Ohio ranks 4<sup>th</sup> in beverage production (3121: soft drinks, ice, purified water, beer, wine and distilled spirits) with 4.3 percent of U.S. output.

## Value-Added and the Variety of Production

- No one group dominates industry production in Ohio, but three groups accounted for one-half of the \$15 billion value-added<sup>2</sup> in 2012: preserves and specialties (3114), other foods (3119) and beverages (3121).
- Bakeries (3118), dairy products (3115) and grain and oilseed milling (3112) accounted for an additional one-third of total value-added.
- Slaughtering and processing animals (3116), animal food production (3111) and sugar and confections (3113) accounted for the remaining sixth. Seafood preparation and packaging (3117) is negligible.

Notes: 1 – Tobacco products, also classified in 312, are not the principal product of any manufacturing establishment in Ohio according to the Census Bureau; hence the exclusion from the industry title in favor of accuracy. 2 – Total value-added in 2012 is greater than the 2012 GDP because GDP, which starts with valued-added, subtracts additional costs.

## Food Processing and Beverage Production GDP from Ohio (in billions of current dollars)



Source: U.S. Bureau of Economic Analysis, 2014

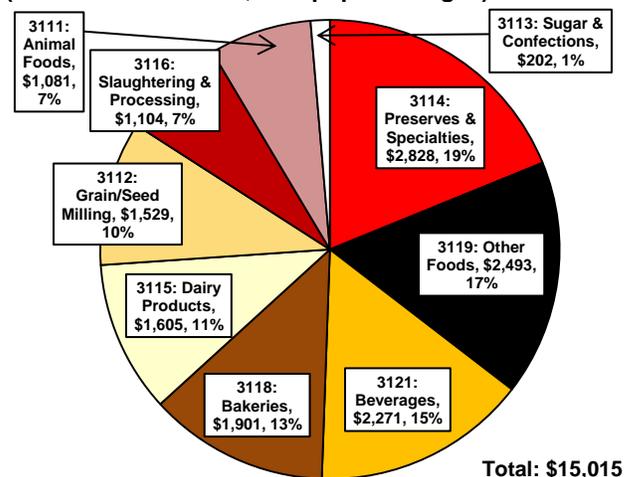
## Ohio's Role in U.S. Food and Beverage Mfg.

NAICS	Industry Titles	Percent of U.S.	Rank in U.S.
311	Food Processing	4.9%	6th
3111	Animal Foods	6.7%	3rd
3112	Grain/Oilseed Milling	5.6%	7th
3113	Sugar/Confectionary	1.4%	n.a.
3114	Fruits/Vegetables/Specialty	9.1%	2nd
3115	Dairy Products	5.1%	5th
3116	Slaughtering/Processing	2.1%	19th
3117	Seafood Preparation	0.0%	n.a.
3118	Bakeries & Tortillas	5.4%	6th
3119	Other Food Products	5.4%	6th
3121	Beverage Production	4.3%	4th

n.a.: not available or not applicable.

Source: U.S. Census Bureau, 2015

## Food Processing and Beverage Production in Ohio (in millions of dollars, except percentages)



Source: U.S. Census Bureau, 2015

# Food Processing and Beverage Production in Ohio: Jobs



## Distribution and Concentration in Ohio

- 56,600-plus people were employed by 1,072 food processing and beverage production establishments in Ohio during 2012. 70.6 percent of the jobs were in one of four groups: bakeries (NAICS 3118), preserves and specialties (3114), slaughtering and processing (3116) and other foods (3119). Each accounts for 15 to 20 percent of total industry employment. Employment in seafood preparation and packaging (3117) is negligible.
- The national employment of some industry groups is more concentrated in Ohio than others regardless of size, notably: preserves and specialties – 6.7 percent of the U.S. total; other foods – 5.2 percent; grain and oil-seed milling – 4.6 percent; animal foods – 4.5 percent; bakeries – 4.1 percent; dairy products – 3.8 percent. (These are roughly comparable with the distribution and concentration of value-added on page 1.)

## Changing Employment Levels in Ohio

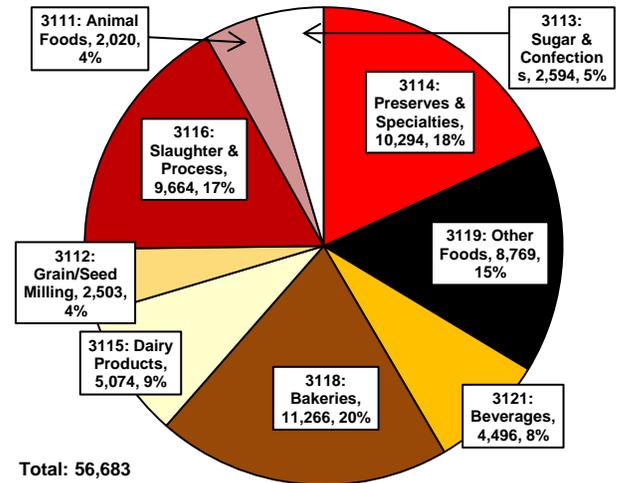
- Employment in food processing and beverage production has recovered from the depths of the recession – less than 53,900 in 2010 – to nearly 56,700 in 2012; this exceeds the pre-recession figure of 55,300-plus in 2007.
- Corresponding employment for the U.S. has declined 2.7 percent from 1,593,000 in 2006 to 1,550,000 in 2012 – consequently industry employment has become slightly more concentrated here.
- Most of the changes seen in Ohio were in the much larger food processing industry (311), which declined from 51,000 to 50,000 before rising to 52,200.
- More recent data from the U.S. Bureau of Labor Statistics (BLS) indicate 1,150 jobs were added in 2013, two-thirds of which were in the food processing industry.

## Projections for Ohio Employment

- Despite the recovery of jobs from the depths of the recession, the Ohio Dept. of Job and Family Services' Labor Market Information division (ODJFS-LMI) projects summary industry employment (311 plus 3121) will decline 3.7 percent from 62,700 to 60,300.\*
- The chart at right illustrates the varying changes that may occur for industry groups, with ODJFS-LMI's figures for 2012 on the left (the saturated colors) paired with its 2022 forecast on the right (same colors, but pale) for the seven sets of columns. Employment in beverage production (3121) is expected to remain virtually unchanged while job growth in preserves and specialties (3114) and slaughtering and processing (3116) may be more than offset by declines in the remaining groups.

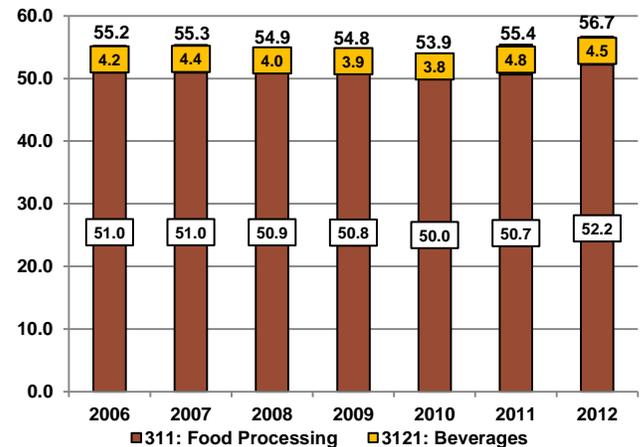
Note: \* - ODJFS-LMI and the Census Bureau may classify some establishments differently; consequently 2012 totals differ.

## Ohio's Employment by Group



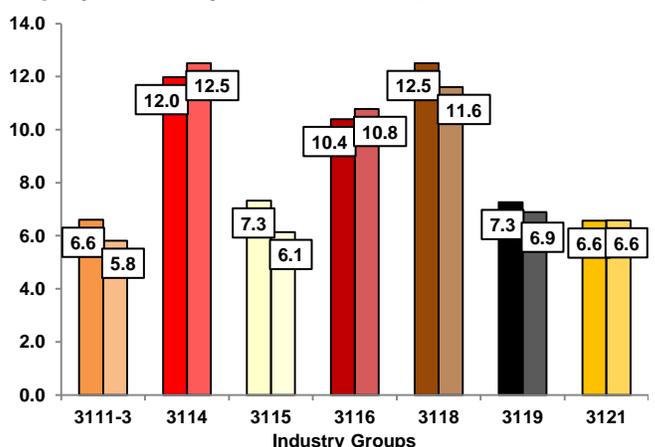
Source: U.S. Census Bureau, 2014

## Employment Trends (in thousands)



Source: U.S. Census Bureau

## Employment Projections to 2022 (in thousands)



Source: ODJFS-LMI, 2015

# Food Processing and Beverage Production in Ohio: Companies



## Companies Operating in Ohio

- 11 companies may each employ at least 1,000 people in their manufacturing establishments here: Bellisio Foods, Campbell Soup\*, ConAgra\*, Fresh Mark, General Mills\*, HJ Heinz\*, Hearthside, JM Smucker\*, Nestle\* and Pepsi-Co\* and G & J Pepsi-Cola (an affiliated bottler).
- Other notable companies include Alfred Nickles Bakery, Anheuser-Busch InBev\*, Cargill, Coca-Cola\* and its affiliated bottlers, Cooper Farms, Danone\*, Dean Foods\*, du Pont's\* Solae, Kellogg\*, Kraft\*, Lancaster Colony, Land O'Lakes\*, Mars' Iams, MillerCoors, Mondelez\*, Oaktree's\* Advance Pierre Foods, Schwebel Baking, Smithfield Foods\*, Sugar Creek Packing and Wornick.

## Capital Expenditures in Ohio

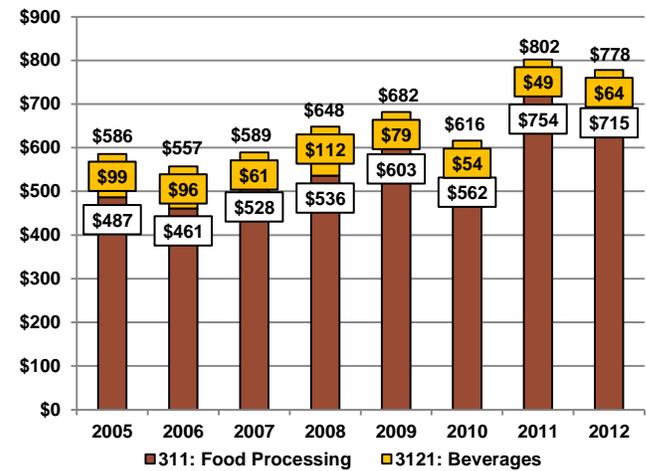
- Annual investment in Ohio's food processing and beverage industry (NAICS 311 and 3121 combined) ranged from \$557 to \$802 million during the 2005-2012 period, or 3.5 to 4.3 percent of the corresponding national total.
- Ohio's portion of industry capital expenditures averaged 3.8 percent during this time, a figure that is less than the corresponding 4.6 percent of value-added here.
- On average, 88.3 percent of the capital expenditures in Ohio were for industrial food processing equipment and establishments (311).

## Major Projects Announced

- 76 companies announced 85 major investments^ for food processing and beverage production in Ohio during the last four years. The companies intended to invest a total of \$1.3 billion and create 4,500 new jobs.
- 71 of the 85 projects were planned for the food processing industry and totaled \$1.17 billion in value; more than 4,200 new jobs were anticipated. These figures are 89.8 percent of the dollars and 94.0 percent of the new jobs.
- Meijer Stores and Daisy Brand planned the largest investments – each at least \$100 million. Other companies planning to spend \$50 to \$99 million included Danone\*, HJ Heinz\*, Iams, JM Smucker\* and Pepperidge Farm.
- The SK Food Group anticipated hiring 600 people when it announced its new plant in 2014. Other companies anticipating at least 100 new jobs when their projects were completed included Danone\*, Empire Packing, Green Gourmet, Hillandale Farms, HJ Heinz\*, Kraft\*, Lakeview Farms, Meijer Stores, PurFoods (sic), Sandridge Food, Sunfest Organic Herbs, Tri-State Beef and White Castle.

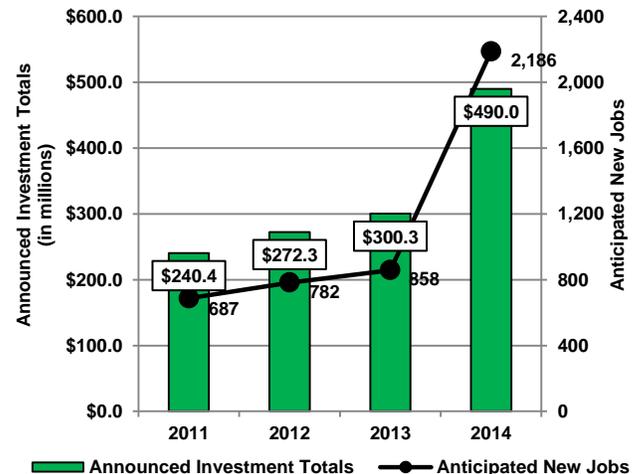
Notes: \* - a Fortune U.S.-1,000 or Global-500 company; Cargill and Mars, though very large, are excluded from the lists because they are privately held.

## Capital Expenditures in Ohio (in millions)



Source: U.S. Census Bureau

## Project Announcements



Source: Ohio Development Services Agency

## The Top Seven Projects Announced in 2014 (by dollars or jobs)

Company	Dollars (millions)	Anticipated New Jobs
JM Smucker	\$66.0	40
Kraft Foods	\$43.0	300
Lakeview Farms	\$9.7	200
Meijer Stores	\$100.0	103
SK Food Group	\$13.0	600
Star of the West Milling	\$46.0	21
Tri-State Beef	\$30.0	224

Source: Ohio Development Services Agency

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

# Food Processing and Beverage Industry

## Estimated Employment by County

Statewide: 56,683

# Ohio

