Oregon Food and Beverage Industry Roadmap Project

Sponsored by the Oregon Food and Beverage Leadership Council, the Oregon Business Council, the Oregon Business Association, the Northwest Food Processors Association and Business Oregon

The Oregon Food and Beverage Industry Roadmap will help industry leaders, policymakers and economic development professionals across Oregon share an understanding about what specific actions it will take for the food and beverage manufacturing industry to achieve high-impact opportunities.

Like a business plan, the roadmap will lay out the efforts necessary to expand existing industry opportunities and recruit new ventures by identifying strategic investments and actions by private and public stakeholders in key areas such as:

- New product and innovation opportunities
- Talent retention, recruitment and skill development programs that consolidate state-wide efforts without duplicating existing programs.
- Market expansion (both domestic and foreign trade)
- Critical supply chain needs and opportunities
- Branding and marketing (including certifications, niche markets, customer-driven insights, etc.)
- Access to capital, and other business environment and competitiveness issues

Industry and state agency executives are engaged during critical stages of the project, which is being conducted by Applied Development Economics (ADE), an independent consulting firm with proven expertise in the industry's global and domestic markets.

Core Objectives

- ✓ Strategic initiatives with actionable outcomes that target growth opportunities based on analysis of competitive and comparative advantages of Oregon's traded-sector food and beverage industry with emphasis on 5-6 key manufacturing subsectors
- ✓ Short to long-term tactics that may implemented up to 10 years, based on actionable research and business intelligence
- ✓ Metrics tied to the growth of the industry and key subsectors identified

Phase I - Survey and Data Analysis

The main purpose of the Phase I analysis is to provide a setting for more detailed discussion and analysis of specific industry growth strategies to be developed in the next phase of the project. A Steering Committee review of the analysis and consultant recommendations identified industry sub-sectors to focus on in the development of the final Road Map as well as cross-cutting issue areas to be addressed in developing the strategic plan.

Phase I - Survey and Data Analysis (cont.)

Industry Survey. During February and March 2016, ADE and Moore Information conducted a survey of food and beverage manufacturing firms in Oregon. The online portion of the survey alone represented a 17.5 percent response rate. Of the responding firms: 53% identified as food processors and 20% as beverage manufacturers. Supplier companies comprised 16%, while ingredients manufacturers are 12%. Growers and fresh food packers were a combined 13% and 8 percent identified as distributors.

Data Analysis. ADE and Business Oregon, compiled data showing ten year trends in employment growth, output and productivity for detailed industry sectors within the Oregon Food and Beverage Industry. Based on the analysis and survey results, the following industry sub-sectors are recommended for in-depth exploration in the next phase of the project:

- Fruit and Vegetables
- Grains and Baking
- Dairy Products
- Beverages
- "Other" food manufacturing

In addition, the following cross-cutting issues will be addressed in-depth in the strategic plan:

- Brand promotion, distribution and export opportunities
- Workforce development
- Governmental regulatory and program development and coordination
- Research and development

Survey Responses by Product Type Compared to Oregon Industry Totals

Industry Sub-Sector [a]	Oregon Establishments	Percent	Survey Respondents [b]	Percent
Animal food mfg.	20	1.7%	1	0.8%
Grains and Baking	252	21.3%	15	11.3%
Fruit and vegetable preserving	133	11.2%	27	20.3%
Dairy products	64	5.4%	8	6.0%
Meat products	97	8.2%	3	2.3%
Seafood products	48	4.1%	3	2.3%
Beverages	379	32.0%	24	18.0%
Other/Sugar and Confectionary	191	16.1%	40	30.1%
Other	NA	NA	12	9.0%
Total	1,184	100.0%	133	100.0%

[a] Merchant wholesalers have been included along with food processors in the relevant industry subsector groups. Statewide figures do not include food machinery products or glass manufacturing. [b] The total survey sample is 102 firms. Some firms produce multiple kinds of products.

Figure 1
Statewide and Rural Location Quotients by Industry Subsector

Next Steps, Phase II. ADE's project consultants recently completed visits with regional leaders and economic developers, primarily from the public sector, to learn more about food and beverage producers and activities from a geographical and community perspective. ADE's next approach to this phase of the project includes convening focus groups with processors/manufacturers to discuss issues and plans that sustain the growth of their industry. This critical input will be used in assessment of key opportunities, a strategic action plan for private and public stakeholders and recommended metrics for the industry's growth. The project is scheduled to conclude in July 2016.