

**THE CENTER FOR  
ECONOMIC RESEARCH  
IN TENNESSEE (CERT)**



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# FOOD & BEVERAGE



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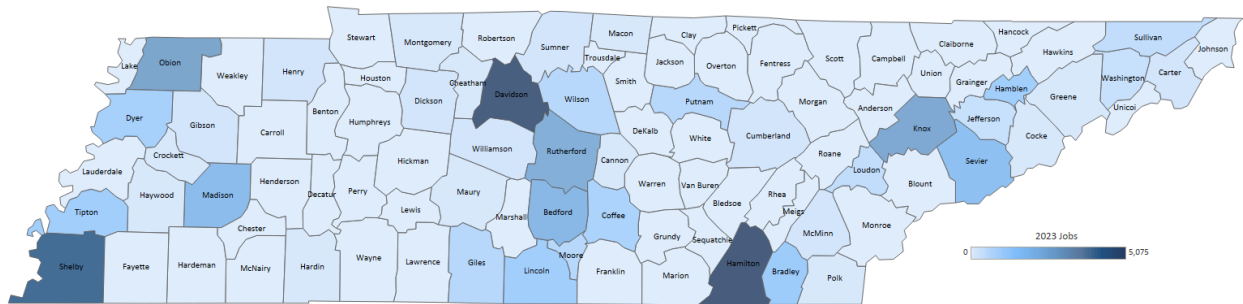


# INTRODUCTION

The Food and Beverage cluster is a network of industries responsible for producing, processing, and distributing food and drinks. The cluster is essential for supporting population needs and economic stability. Tennessee’s agricultural landscape provides a diverse supply of raw materials essential for production. The state’s central location enhances logistical advantages, facilitating efficient distribution and access to markets.

Tennessee offers a blend of rich culinary history and innovative food trends. Companies in this cluster include brands like Jack Daniel’s Whiskey, Bush’s Baked Beans, Goo Goo Clusters, Little Debbie Snacks, and Moon Pies. The state also has large scale production facilities such as Tyson Foods Inc., Frito-Lay Inc., McKee Foods Corporation, Pilgrim’s Pride Corporation, and Koch Foods. The largest concentration of employment in this cluster is in Hamilton County, which is home to McKee Foods. Other counties leading the cluster in employment include Davidson, Shelby, Obion, Knox, and Rutherford counties.

Exhibit 1: 2023 Food & Beverage Cluster Employment by County



Source: Lightcast (April 2024)



# INDUSTRY OVERVIEW

Tennessee has a robust and diverse Food and Beverage cluster. Clustering optimizes logistics and supply chain management by reducing costs, fostering innovation, and supporting economies of scale. Overall, clustering improves operational efficiency and cost-effectiveness. Industries in this cluster include food industries (e.g., Animal Food Manufacturing, Grain and Oilseed Milling, and Other Food Manufacturing) and beverage industries (e.g., Dairy Product Manufacturing and Beverage Manufacturing). Core activities in this cluster include milling, refining, processing, and manufacturing. These industries produce an array of products such as baked goods, dairy items, packaged fruits, and vegetables, various beverages including fluid milk, soft drinks, malt beverages, wine, and spirits, as well as confectioneries like candy and chocolate. Additionally, it includes animal food production, and the refining of cereals, oil seeds, sugar, coffee, and tea. Tennessee’s Food and Beverage cluster is comprised of 48 distinct industries.<sup>A</sup>

## INDUSTRY CLUSTER

*An industry cluster is a geographic concentration of interconnected businesses, suppliers, and service providers.*

The top occupations in Tennessee’s Food and Beverage cluster highlight a diversified workforce with a range of skills and responsibilities. Key roles include managerial positions, food preparation workers, janitorial staff, retail salespersons, and sales representatives. These positions reflect the cluster’s operational, sales, and support needs. In 2023, Tennessee’s Food and Beverage cluster employed over 44,700 individuals, across more than 790 establishments. The average earnings in the cluster were \$76,076. This marked a 14 percent increase in employment in five years. The state ranks fourth in the Southeast and 15th nationally for employment.<sup>1</sup> The two industries with the highest growth over this period were Animal Food Manufacturing, and Bakeries and Tortilla Manufacturing.<sup>B</sup>

In 2023, the cluster generated over \$29.5 billion in total sales, ranking second highest in the Southeast. Additionally, Tennessee-based companies in the cluster exported goods to over 100 countries. The cluster has a projected growth rate of 14 percent over the next five years, which exceeds the national average projection of nine percent.<sup>2</sup>

<sup>A</sup> See Appendix 1 for industry employment and earning totals.

<sup>B</sup> See Appendix 2 for 2023 top occupations in the cluster.

The Tennessee Department of Economic and Community Development (TNECD) partners with other state agencies and higher education institutions to ensure that the state can provide a skilled workforce to meet future demands of the companies operating in Tennessee. Tennessee higher education institutions offer numerous educational programs to prepare individuals with the requisite skills required for these industries. In 2022, over 4,000 individuals completed programs related to this cluster.

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### **SPOTLIGHT: TENNESSEE'S AGRICULTURE SECTOR**

*Tennessee's agriculture sector is not included in the Food and Beverage cluster, but the sector provides essential raw materials and specialized knowledge to the cluster industries. This sector's strength is reflected in the state's portfolio of over 69,000 farming operations and fourteen million acres of forest.<sup>1</sup> In Fiscal Year 2023, the leading agricultural exports from Tennessee were distilled spirits, cotton, bakery goods, cereals and pasta, forest products, and poultry products. Agricultural educational programs are central to enhancing support for Food and Beverage cluster.<sup>2</sup>*

*Sources: 1) Tennessee Department of Agriculture (2023) 2) Boyd Center for Business & Economic Research, "Economic Report to the Governor" (2024)*

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# RECENT GROWTH

In recent years, the Food and Beverage cluster has seen considerable growth. TNECD has facilitated 38 projects since 2019. These projects are projected to create over 4,500 new jobs and attract more than \$1.8 billion in capital investment.

## Exhibit 2: Recent Major Food & Beverage Projects

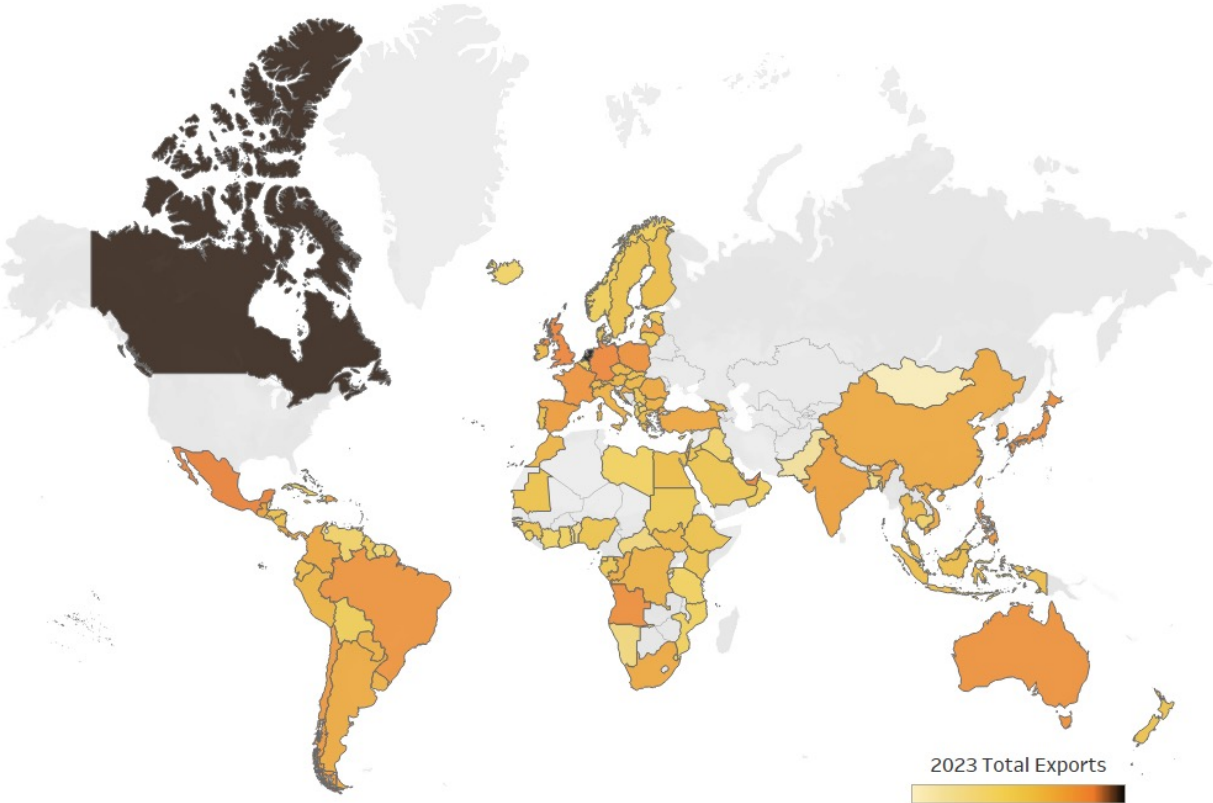
Company	New Job Commitments	Capital Investment	County	Landed Date
SK Food Group, Inc.	840	\$205,160,000	Bradley	1/19/2023
In-N-Out Burgers Inc.	277	\$125,500,000	Williamson	1/10/2023
Custom Foods of America Inc.	249	\$51,039,000	Knox	12/13/2023
Vonore Fiber Products LLC	231	\$346,000,000	Monroe	12/6/2023
Bridgetown Natural Foods, LLC	219	\$78,267,008	Wilson	3/20/2024
Gold Creek Foods, LLC	218	\$15,000,000	Campbell	10/26/2022
HealthVerve Food Manufacturing USA, Inc.	212	\$2,200,000	Overton	12/15/2022
Kroger Fulfillment Network LLC	181	\$3,602,000	Davidson	7/14/2022
Dot Foods, Inc.	171	\$50,472,500	Coffee	4/5/2022
HBF Development, LLC	140	\$30,850,000	Hamblen	10/7/2022
KaTom Restaurant Supply, Inc.	120	\$7,450,000	Sevier	3/25/2022

Source: Tennessee Department of Economic and Community Development (April 2024)

# EXPORTS

In 2023, Tennessee’s exports in the Food and Beverage cluster reached \$1.6 billion, with the Netherlands (\$356 million), Canada (\$283 million), and Mexico (\$74 million) being the top markets. The state is ranked 22nd nationally and is the fifth largest exporter in the Southeast. The Beverage cluster is Tennessee’s strongest export category, ranking first in the Southeast and third nationally.<sup>3</sup>

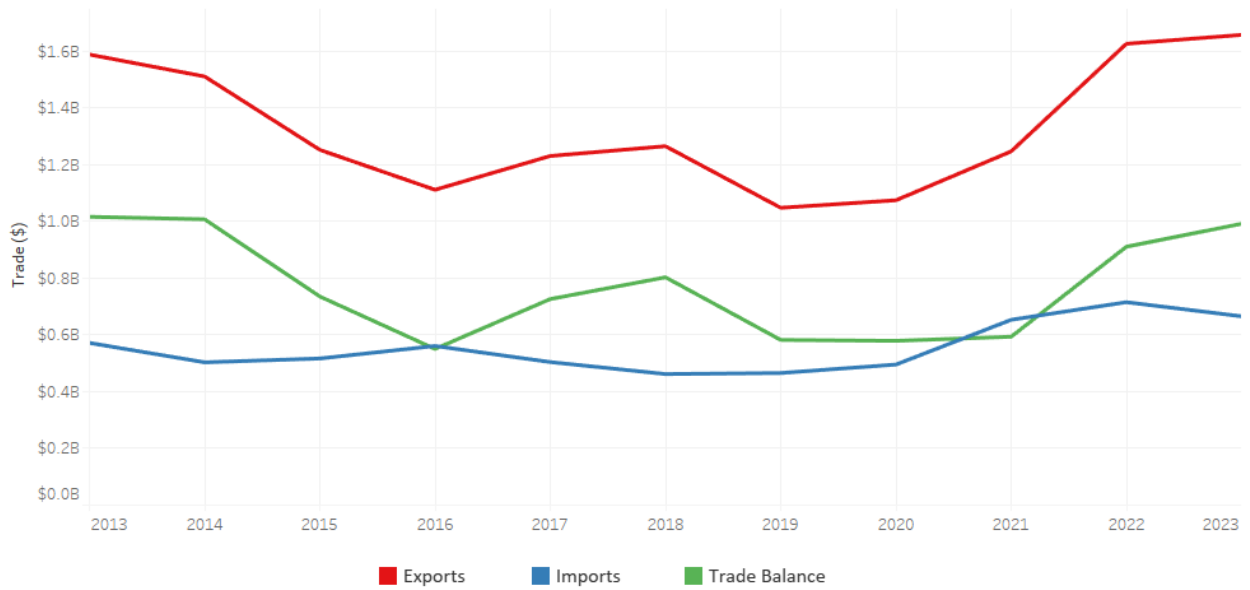
Exhibit 4: 2023 Total Exports



Source: US Census Bureau, “USA Trade Online,” (April 2024)  
Note: A logarithmic transformation was applied to the employment data to enhance the visualization. The mathematical adjustment ensures a more uniform distribution of data, making variations across other countries more discernible.

For the last ten years, Tennessee has experienced a significant trade surplus for Food and Beverage products with the surplus reaching nearly \$1.0 billion in 2023. The trade balance for Tennessee’s Food and Beverage cluster shows a notable increase after 2020. Since the COVID-19 pandemic, increases in Tennessee exports have outpaced growth in foreign produced imports by over 45 percent.<sup>4</sup>

### Exhibit 5: 2013-2023 Food & Beverage Trade Balance in Tennessee



Source: US Census Bureau, "USA Trade Online," (April 2024).





# FUTURE OUTLOOK

Although some industries have seen an increase in automation, the food industries have had a slower adoption rate of automation, which can be attributed to the fragmented nature of food processing.<sup>5</sup> Tyson Foods Inc., which produces 20 percent of U.S. produced chicken, beef, and pork, has invested more than \$500 million in automation and technology in the last few years.<sup>6</sup> The integration of these technologies are promising for maintaining and expanding food supply chains.

Since 2019, TNECD has helped locate 38 Food and Beverage industry projects resulting in over 4,500 new job commitments and \$1.8 billion in capital investment. In addition to the department's located projects, the employment of Tennessee workers in this industry cluster is projected to increase by 14 percent over the next five years.<sup>7</sup> Tennessee has recently landed several recruitment and expansion projects for major food and beverage companies such as Bridgetown Natural Foods, Custom Foods of America, and SK Food Group, underscoring the state's commitment to supporting this industry.



# APPENDICES

## Appendix 1: 2023 Food & Beverage Industry Totals

Industry Category	NAICS	2023 Jobs	2023 Business Locations	Employment Growth Rate (2018-2023)	2023 GRP Earnings	Southeast Ranking	National Ranking
Animal Food Manufacturing	3111	1,251	50	154.8%	\$124,931,351	6	22
Grain and Oilseed Milling	3112	2,415	35	18.0%	\$270,757,515	2	10
Sugar and Confectionery Product Manufacturing	3113	2,935	49	3.3%	\$244,306,684	1	6
Fruit and Vegetable Preserving and Specialty Food Manufacturing	3114	3,110	48	7.8%	\$320,570,257	5	20
Dairy Product Manufacturing	3115	2,550	42	12.9%	\$211,244,705	2	18
Animal Slaughtering and Processing	3116	13,157	91	13.3%	\$887,550,704	6	16
Bakeries and Tortilla Manufacturing	3118	9,004	200	27.6%	\$640,493,979	4	14
Other Food Manufacturing	3119	6,237	108	16.1%	\$497,367,588	4	13
Beverage Manufacturing	3121	7,478	283	18.9%	\$455,782,561	5	16
Farm Product Raw Material Merchant Wholesalers	4245	938	99	4.2%	\$89,241,374	6	22

Source: Lightcast (April 2024)

## Appendix 2: 2023 Food & Beverage Industry Top Occupations

SOC	Occupation	2023 Employment	Median Hourly Wage	Typical Entry Level Required
<b>MANAGEMENT OCCUPATIONS</b>				
11-1021	General and Operations Managers	60,606	\$50.48	Bachelor's degree
<b>BUILDING AND GROUNDS CLEANING AND MAINTENANCE OCCUPATIONS</b>				
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	40,046	\$11.64	No formal educational credential
<b>SALES AND RELATED OCCUPATIONS</b>				
41-2031	Retail Salespersons	83,293	\$13.52	No formal educational credential
41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	15,803	\$27.45	High school diploma or equivalent
<b>OFFICE AND ADMINISTRATIVE SUPPORT OCCUPATIONS</b>				
43-5071	Shipping, Receiving, and Inventory Clerks	20,256	\$17.92	High school diploma or equivalent
<b>PRODUCTION OCCUPATIONS</b>				
49-9041	Industrial Machinery Mechanics	9,327	\$28.75	High school diploma or equivalent
49-9071	Maintenance and Repair Workers, General	35,656	\$19.16	High school diploma or equivalent
51-1011	First-Line Supervisors of Production and Operating Workers	18,074	\$29.66	High school diploma or equivalent
51-3011	Bakers	3,890	\$14.71	No formal educational credential
51-3022	Meat, Poultry, and Fish Cutters and Trimmers	2,947	\$15.82	No formal educational credential
51-3023	Slaughterers and Meat Packers	1,871	\$14.11	No formal educational credential
51-3092	Food Batchmakers	4,209	\$20.01	High school diploma or equivalent
51-3093	Food Processing Workers, All Other	1,578	\$16.32	No formal educational credential
51-9111	Packaging and Filling Machine Operators and Tenders	6,714	\$17.23	High school diploma or equivalent
51-9198	Helpers--Production Workers	4,392	\$15.50	High school diploma or equivalent
51-9199	Production Workers, All Other	17,941	\$16.40	High school diploma or equivalent

Source: Lightcast (April 2024)

## Appendix 2: 2023 Food & Beverage Industry Top Occupations (Continued)

SOC	Occupation	2023 Employment	Median Hourly Wage	Typical Entry Level Required
<b>TRANSPORTATION AND MATERIAL MOVING OCCUPATIONS</b>				
53-3032	Heavy and Tractor-Trailer Truck Drivers	62,228	\$23.59	Postsecondary nondegree award
53-7051	Industrial Truck and Tractor Operators	20,807	\$17.43	No formal educational credential
53-7061	Cleaners of Vehicles and Equipment	8,281	\$13.95	No formal educational credential
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	91,498	\$17.29	No formal educational credential
53-7064	Packers and Packagers, Hand	15,217	\$14.67	No formal educational credential
53-7065	Stockers and Order Fillers	75,265	\$14.87	High school diploma or equivalent

Source: Lightcast (April 2024)

## REFERENCES

- <sup>1</sup> Lightcast (April 2024)
- <sup>2</sup> Ibid.
- <sup>3</sup> US Census Bureau, "USA Trade Online," (April 2024)
- <sup>4</sup> Ibid.
- <sup>5</sup> Food Quality & Safety, "How Automation Technology Is Changing the Food and Beverage Industry," (2021)
- <sup>6</sup> Brookings, "Automation from Farm to Table: Technology's Impact on the Food Industry," (2020)
- <sup>7</sup> Lightcast (April 2024)