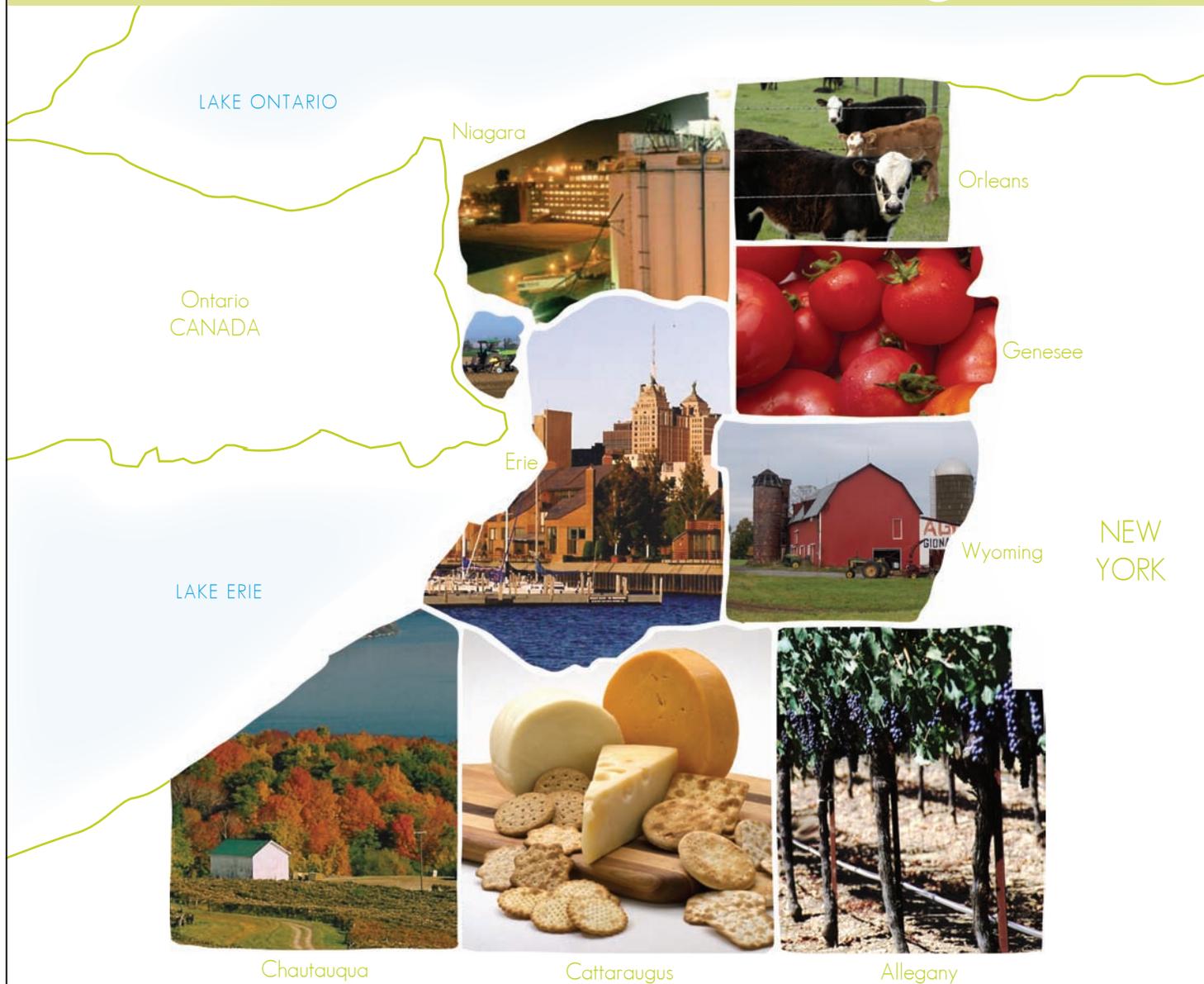


BUFFALO NIAGARA REGION INDUSTRY CLUSTER PROFILE

Food and Food Processing



Business Development. Regional Marketing. Contact Us.

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Food and Food Processing Buffalo Niagara Region Industry Cluster Profile

The Food and Food Processing industry cluster includes those companies involved in the **production and processing** of food items. The cluster includes food producing businesses that produce potatoes and vegetables, fruit and nut crops and businesses engaged in dairy farming. The cluster also includes all types of food processing businesses encompassing everything from meat packing plants to companies that produce ice cream, breakfast foods, pet food, cookies and chocolate.

The **Buffalo Niagara region offers many benefits** for existing and new businesses, including a highly acclaimed and productive workforce, a bi-national location, a superior existing infrastructure, progressive business climate, competitive construction costs and an exceptional quality of life.

There are numerous measures of the Buffalo Niagara region's business advantages. Consider, for example, the following rankings:

- *Expansion Management* magazine recently ranked the Buffalo-Niagara Falls area in **"America's 50 Hottest Cities" in which to do business**. Based on a survey of the industry's most prominent site location consultants, Buffalo-Niagara Falls ranks as the 44th hottest city for manufacturing companies looking for an expansion or relocation site.
- The Buffalo metropolitan area ranks 4th out of the 50 largest metropolitan areas in **degrees granted in science and engineering** as a share of the workforce according to the Progressive Policy Institute's 2001 *Metropolitan New Economy Index*.

The Buffalo metropolitan area ranks 14th in **academic research and development**, an indicator that accounts for the combined measure of industry investment in research and development at academic institutions and total academic research and development.

The Buffalo metropolitan area also ranks 18th in **workforce education** as a share of the workforce. The workforce education indicator is a weighted measure of the educational attainment (advanced degrees, bachelor's degrees or some college course work) of the workforce.

The Buffalo Niagara region is the top area in the country for the Food and Food Processing industry cluster with the **highest employment concentration** out of the 50 largest metropolitan areas in the nation. Major Food and Food Processing businesses located in the Buffalo Niagara region include:

- ◆ Carriage House Companies
- ◆ Cliffstar Corp.
- ◆ Fieldbrook Foods Corp.
- ◆ Freezer Queen Foods
- ◆ Friendship Dairies
- ◆ General Mills
- ◆ Henry & Henry
- ◆ Nestle Purina Factory
- ◆ Perry's Ice Cream
- ◆ Rich Products Corp.
- ◆ Sorrento Lactalis
- ◆ Tyson Foods, Inc.

Locational Advantages

Dairy - According to the United States Department of Agriculture, New York State produces the third highest volume of milk in the country. With the high concentration of dairy farmers in the Buffalo Niagara region, dairy-related food processing has a distinct advantage in locating near the source of this primary ingredient.

Grain - Food processing businesses located in the Buffalo Niagara region utilizing grain can receive that grain by barge from the Midwestern United States and Canada since the Buffalo Niagara region borders both Lake Erie and Lake Ontario.

Population Centers - Many food processing businesses locate near large population centers to minimize distribution costs and the time to market for perishable items. The Buffalo Niagara region is located within 500 miles of 55% of the United States population (including large east coast population centers) and 62% of the Canadian population (including nearby Toronto).

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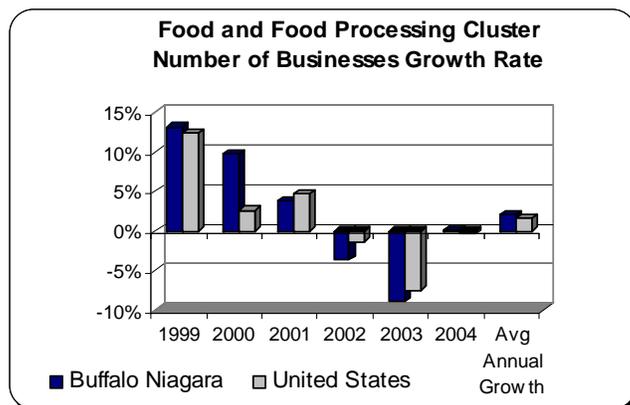
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Economic Profile

The Food and Food Processing industry cluster is defined by nine 6-digit and two 3-digit North American Industry Classification System (NAICS) codes or eight 4-digit and one 2-digit Standard Industrial Classification (SIC) codes.

Businesses

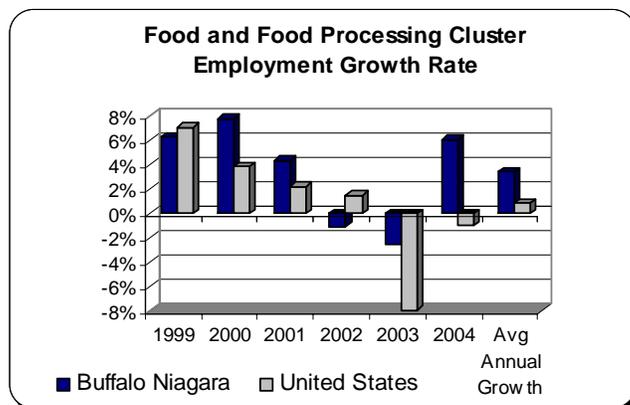
- About **1,200** Food and Food Processing businesses were located in the eight-county Buffalo Niagara region in 2004.
- The number of businesses grew **2.1% per year** from 1,062 businesses in 1998 to 1,203 in 2004 compared to a 1.6% average annual increase nationally in this industry cluster.
- This industry cluster **has strong concentrations of companies at both ends of the size spectrum** with a high percentage of companies with less than 10 employees and a higher than average percentage of businesses employing over 100 people.
- Based on the number of businesses in the NAICS-defined industry cluster, the **dairy cattle and milk production sector** has the largest number of businesses.
- **Chautauqua and Erie counties** have the largest number of Food and Food Processing businesses with 23% and 22% of all Food and Food Processing businesses in the Buffalo Niagara region, respectively.



Source: Dun & Bradstreet, Inc., MarketPlace database, July-Sept. 1998 - 2004.

Employment

- The Food and Food Processing industry cluster employed about **16,400** people in the eight-county area in 2004.
- Employment has increased an average of **3.5%** per year from 1998 to 2004, compared to the national growth rate of 0.8% per year.
- Food and Food Processing industry cluster businesses comprise about **2.6%** of the Buffalo Niagara region's employment base, compared to a 1.4% concentration nationally.
- The **dairy farms, dry, condensed & evaporated dairy products and canned fruits & specialties industry sectors** added the most employees from 1998 to 2004.
- Nearly 45% of Buffalo Niagara region Food and Food Processing industry cluster employment is located in **Erie County** while another 23% is located in **Chautauqua County**.



Source: Dun & Bradstreet, Inc., MarketPlace database, July-Sept. 1998 - 2004.

Wages

Total industry cluster payroll in the Buffalo Niagara region was **\$602.4 million in 2003**. The average annual wage for employees in the Food and Food Processing industry cluster was \$36,600 in 2003 compared to \$33,300 nationally.

Buffalo-Niagara Falls Occupational Salaries, 2003

Occupation	Average Annual Salary
Food Batchmakers	\$20,520
Farming, Fishing and Forestry Occupations	\$22,830
Food Cooking Machine Operators	\$24,980
Butchers and Meat Cutters	\$31,840

Source: Bureau of Labor Statistics, <http://stats.bls.gov>.

Industry Resources

The infrastructure to support the Food and Food Processing industry cluster comes from a variety of sources including private companies, professional associations, higher education and government. This list includes some of the industry resources found in the eight-county Buffalo Niagara region.

Professional Associations

Erie County Farmland Trust	www.farmland.org
National Food Processors Association (NFPA)	www.nfpa-food.org
New York State Department of Agriculture & Markets, Division of Milk Control and Dairy Services	www.agmkt.state.ny.us
New York State Farmers' Direct Marketing Association	www.nysfdma.com
New York State Food Processors Association (NYSTA)	www.nyfoodprocessors.org
New York State Food Venture Center	www.nysaes.cornell.edu/fst/fvc/
New York Sustainable Agriculture Working Group (NYSAWG)	(716) 232-1520
NY Farms!	www.nyfarms.info/index.html
The Small-Scale Food Processors Association of New York (SSFPA)	(315) 245-3327
United States Department of Agriculture	www.usda.gov

Education

The higher education system in the Buffalo Niagara region provides an excellent support system for businesses in the region. There are approximately 30 two-year and four-year institutions in the Buffalo Niagara region. Of these, there are 15 regional higher education institutions with a total enrollment of more than 1,000 students each, including eight institutions that are part of the State Universities of New York (SUNY) system and seven independent or private institutions. All 30 institutions have a combined enrollment of over 100,000 students and more than 20,000 graduates annually. A directory of all higher education institutions with corresponding web sites may be accessed via www.highered.nysed.gov. The following information provides highlights of some regional higher education institutions and programs:

- ◆ Alfred State College in Alfred, New York (www.alfredstate.edu) offers nearly 60 associate degree programs, 12 baccalaureate degree programs and several certificate programs. Associate degree programs in agriculture include **agricultural business, agricultural science, animal science and general agriculture**. The culinary arts program offers an associate degree in **baking production and management**.
- ◆ The University of Buffalo School of Management (www.mgt.buffalo.edu) has been ranked one of the **top 50 global centers** of research on Management of Technology (MOT), according to the International Association for Management of Technology (IAMOT). A **Master of Science in Supply Chains & Operations Management** provides students with the knowledge to work in the manufacturing and service industries. The program evolved out of the realization that ever-increasing customer demands on product price, quality, variety, lead-time and the need to pursue mass customization have forced companies to focus attention not only on internal operations, but also on ensuring coordinated responses on the part of the entire supply chain, including suppliers and distributors.
- ◆ Erie Community College (www.ecc.edu) has an **industrial technology** program that gives industrial workers the opportunity to upgrade their skills and earn an associate's degree while employed. Employers can work with Erie Community College to identify specific courses to develop their skills. The **mechanical engineering technology** program allows individuals to assume responsible positions in machine and tool design, heat power and refrigeration, instrumentation, computer numerical control (CNC) programming, fluid power and drafting. Mechanical engineering technology professionals serve as the link between engineers and craftsmen.

The Buffalo Niagara Region Business Advantage

The Buffalo Niagara region offers many benefits for existing and new businesses, including a highly acclaimed and productive workforce, a bi-national location, a superior existing infrastructure, progressive business climate, competitive construction costs and an exceptional quality of life.

Workforce

With a labor force of nearly 795,000 people, the Buffalo Niagara region's workforce represents one of New York's greatest assets. The region enjoys a large, well-educated population and an abundant supply of entry-level and experienced labor. Indeed, 86.4% of the adult population has graduated from high school, ranking the region #24 out of the 45 largest metropolitan areas. The region boasts a diverse employment base that is highly productive and brings with it a very strong work ethic.

Location

The Buffalo Niagara region is a strategically located and affordable region in which to do business. It is located in geographic proximity to the major trading centers of the Northeast and is a bi-national gateway for commerce. Uniquely positioned to facilitate the movement of goods between the United States and Canada, no other region provides such easy and convenient international air, ground, shipping and water access infrastructure. The Buffalo Niagara region's extensive infrastructure and strategic border location keeps it at the forefront of the nation's international trade with Canada.

Commercial/Industrial Space

Construction costs compare favorably with those of competing markets. The commercial and industrial real estate markets within the Buffalo Niagara region offer some of the most attractive prices in the nation, and the attention towards growing the economy makes it an especially lucrative region for investment.

Cost of Living

The Buffalo Niagara region ranks slightly below the national average for the cost of living and well below many other major cities. According to the ACCRA Cost of Living Index, Buffalo-Niagara Falls has a composite index of 96.5 for the first quarter of 2005 (100 = U.S. average). The region boasts some of the lowest housing costs compared to similar metropolitan areas, with an ACCRA housing cost index of 84.5.

Housing

The Buffalo Niagara region offers a wide range of housing options, ranging from executive housing to entry-level homes and apartments. Further, the region offers the second lowest median home price out of the 133 metropolitan areas included in the National Association of Realtors' quarterly report. The median home price in the Buffalo Niagara region rose to \$93,000 in 2004 compared to the national median price of \$184,100. Prices rose 5.0% in Buffalo Niagara in 2004 compared to the 8.3% rise nationally.

Quality of Life

One of the least known facts about the Buffalo Niagara region is its great quality of life. Those not personally familiar with the Buffalo Niagara region often perceive it as a community covered in snow, without much going on. The reality is much different. While the region does receive an average of 94 inches of snow each year, temperatures tend to be more moderate due to the lake effect. With an annual average temperature of 48° F, the region has a four-season climate with temperatures ranging from an average of 25° F in January to 71° F degrees in July.

The Buffalo Niagara region offers numerous entertainment venues ranging from major league sporting events to theatre and other cultural attractions to a wide variety of winter and summer outdoor recreational activities. Independent rankings put Buffalo Niagara on par with much larger cities in cultural and entertainment rankings. For example, *AmericanStyle*, a nationally distributed lifestyle magazine aimed at art enthusiasts and collectors, named Buffalo one of the nation's Top 10 Arts Destinations for the third consecutive year in its annual readers' poll in 2004.