

Methodology Summary: A Quick Look

Data

The data gathered for this model came from Dun & Bradstreet, Inc (D&B, Inc), the American Bakers Association (ABA), from industry sources, and government publications. D&B, Inc. is a provider of business and consumer data, which includes addresses, business titles and job totals. Since the D&B, Inc. data are adjusted on a continual basis, staff from John Dunham & Associates scanned the data for discrepancies, verifying individual facilities using Google Maps, web searches, and any available online government documents. Each bakery or wholesale site has its own employee count; therefore, a company with a manufacturing bakery and a wholesaling location would have two facilities, each with separate employment counts. This is how we arrive at our direct employment totals.

Model

These employment totals are entered into the IMPLAN Model. The IMPLAN model is based on the input-output accounts published by the US Department of Commerce, Bureau of Economic Analysis and is one of the standard models used to calculate economic impact figures. Input-Output tables representing the economy in 2014 (the last year available) were used in this analysis. The IMPLAN model is designed to run based on the input of specific direct economic factors, like direct jobs, and generates estimates of direct wages and outputs.

Explanation of Economic Impact Terms

Direct Impact Categories

Baked goods production includes not only companies that directly manufacture products for sale at on-site locations, but commercial bakeries that provide products to grocery stores, convenience stores and other retail bake shops. Small retail bakers that produce bread, cakes, pastries, etc. on premise are included in the production portion of this study. Domestic wholesalers distribute baked goods across the US that are produced here and import specialty baked products produced abroad. The wholesaling segment of the industry includes bakery wholesalers, and those employees whose jobs can be attributed to the sale of baked goods at other wholesalers that sell baked goods (e.g. grocery wholesalers). Finally, the baking industry includes thousands of retailers that directly sell products to the consumer. These include a wide range of retailers including grocery and food stores and bakery outlets. Retailers do not include restaurants (even if they bake products on premises); however, centralized commissary bakeries used by chain retailers are included as part of the manufacturing sector.¹ Only the percentage of employees involved in baked goods sales are included.

What is Meant By the Term Direct Impact?

Direct Impacts are those jobs, wages or economic output solely attributable to the industry defined for the study; in the case of the baking industry this includes manufacturers of baked food products, wholesalers, and retailers. These are the jobs that one can count. If one were to go to a manufacturing facility and count the number of people working there, that would be the direct employment (although there may be many more people working than there are jobs since many people work only part time). JDA uses direct employment at manufacturing facilities, wholesale locations, and small retail bakeries that are defined to be part of the industry to calculate all of

¹ There will be some ambiguity as to whether retail bakers (for example a Main Street bakery in a small town that produces breads and cakes) should be considered a retailer or a manufacturer. Companies are allowed to report multiple industries in the raw data used in this analysis. In the case of bakeries, the primary industry code is used to determine whether the company is considered a manufacturer or a retailer. Many other retail firms including variety stores, gas stations, newsstands and bookstores that sell some baked products; however, the percentage of sales from baked goods is too low to be reported by the Bureau of Labor Statistics.

the other effects presented in the study. For example, if a large baking facility employs 500 people, JDA then uses the IMPLAN model to calculate how much in wages and output those 500 employees create.

What is Meant By the Term Indirect?

Indirect is the term used in economic impact studies to define those effects that result from firms in the defined (or Direct) industry purchasing goods and services from other industries. JDA defines these as Supplier Impacts in its models. For example, when a baked goods wholesaler pays rent on their warehouse, or when they hire a trucking company to deliver products, they are creating indirect effects in the real estate sector or trucking sector of the economy.

In the case of manufacturers, wholesalers, and retailers the value of the goods moving through a warehouse or a store are not counted as indirect impacts; only those goods and services used to provide the manufacturer, wholesale, and retail service are included. When a manufacturer pays an electric bill for its facility, or a retailer buys paper for its store, indirect impact is created. Whereas, when a wholesaler buys baked goods from a baked goods manufacturer, this transaction is not considered in the supplier impact, as it is happening between two companies categorized within the direct impact.

What is Meant By the Term Induced?

Induced effects are the response by the economy that occur through re-spending of income received by payments made to employees and business owners measured in the direct and supplier parts of the economy. When people work for a retail location selling bakery products or for firms that supply goods and services to the industry, they receive wages and other payments. This money is recirculated through their household spending inducing further local economic activity. Economists call these induced impacts the multiplier effect of an activity or industry.

Examples of induced effects are the jobs created in a diner located outside of a baking facility or across from a wholesaling location where people purchase sandwiches for lunch, or at the gas station where they purchase fuel for their commute, or even in neighborhoods, where workers purchase houses, go to restaurants or visit the movie theater.

What Specifically Do You Mean When You Say a Job?

Jobs are a measure of the annual average of monthly jobs in each industry as defined by the Quarterly Census of Employment and Wages put out by the Bureau of Labor Statistics. Jobs in our models are derived independently and do not match jobs reported by government entities in that the model defines the industry differently, and because it includes data from more firms and facilities than are surveyed by the government. Jobs are measured in full-time equivalent units, which is 8 hours a day, 5 days a week.

What is Meant by The Term Economic Output or Economic Impact?

JDA uses output in its models as a general measurement of economic impact because it is the broadest and most comparative measure. Output can basically be considered similar to sales; however, it differs due to the fact that it also includes adjustments in inventories and does not include certain taxes. In general, output represents the value of industry production for the model year calculated in terms of producer prices. Output differs depending on the industry being measured. In the case of the baking industry, Output is similar to gross sales for bakery manufacturers. For retailers, Output does not represent sales, but rather is similar to the accounting measure of gross margin. Simply put, Output in the case of retailing can be seen as total sales revenue minus the cost of goods sold. This is similar to the wholesale or retail markup on a product.