The Food Marketing Industry

The Food Marketing System. . .At a Glance

The Food System, While Large, Continues to Decline in Relative Importance to the Whole Economy

The food marketing system adds value to raw food through processing, storage, transportation, and services. The food system added $491 billion to the value of raw food in 1989 and an estimated $505 billion in 1990.

Though the food system continues to grow, its expansion is slower than the rest of the economy. Thus, for the 11th consecutive year, the industry's relative contribution to the whole economy declined in both income generated and workers hired.

The Food Marketing Industry Provided $491 Billion in Value Added to Raw Food Products in 1989

- Eating and drinking places: $72 billion (15%)
- Retailing and wholesaling: $119 billion (24%)
- Processing: $94 billion (19%)
- Transporting: $23 billion (5%)
- Other supporting sectors: $183 billion (37%)

The Food Marketing System's Relative Contribution to the Nation's Economy Continues To Decline

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of Gross National Product</th>
<th>Share of Employment Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>15%</td>
<td>1970</td>
</tr>
<tr>
<td>1980</td>
<td>15%</td>
<td>1980</td>
</tr>
<tr>
<td>1990</td>
<td>15%</td>
<td>1990</td>
</tr>
</tbody>
</table>

Mergers and Leveraged Buyouts Drive-up Food Industry Debt

After a robust decade of mergers and leveraged buyouts, the food marketing system appears to be reducing its appetite for acquiring industry firms. In the wake of the 1980's buying binge, the food marketing system's debt more than doubled, causing debt/asset ratios to climb.

Debt in the Food Industry Rose Sharply Over the Past Decade, Largely From Financing Buyouts of Competing Firms

Food Marketing System Debt/asset Ratios Have Increased

Contact: Anthony Gallo (202) 219-0866.