

The Economic Impact of New Jersey's Flavors and Fragrances Manufacturing

Kevin Sullivan¹ and Thomas P. Richardson² (2013) In Progress

New Jersey is home to the world's leading flavor, fragrance, and ingredient manufacturers. The flavor and fragrance sector supports many other economic sectors, including consumer packaged-goods manufacturers, the food and food-packaging industries, and cosmetics makers. The flavor and fragrance sector comprises a robust pool of research and commercialization infrastructure marked by human and intellectual capital, manufacturing and distribution networks, and legal, finance, and other general and administrative roles.

This study quantifies the impact of New Jersey's flavor and fragrance firms on the state's economy using measures of direct gross output (sales), employment, and value added, as well as by assessing the economic linkages between the flavor and fragrance sectors and other supporting industries. Data was gathered from the most recent economic census (2007) available from the U.S. Census Bureau. Economic impact analysis was conducted with IMPLAN, a widely used inputoutput economic modeling system. The flavor and fragrance system was defined broadly to comprise four major sectors as defined by the U.S. Census Bureau:

- Flavoring Syrup and Concentrate Manufacturing
- Spice and Extract Manufacturing
- All Other Basic Organic Chemical Manufacturing
- Medicinal and Botanical Manufacturing

Preliminary Results

- NJ flavors and fragrances sector totaled 128 firms with gross sales of \$5.2 billion in 2007.
- NJ flavor and fragrance firms directly employed more than 11,500 workers and an additional 23,000 workers through multiplier effects.
- Employees in the flavors and fragrances sector earned wages of \$1.0 billion.
- High average wage per worker in flavors and fragrances sector (\$88k vs. \$50k average in NJ).
- Flavors and fragrances sector generated \$1.6 billion in direct value added and \$2.7 billion in indirect value added through multiplier effects.
- Total value added of \$4.3 billion represents approximately 1% of the entire NJ economy.
- NJ concentration of jobs and wages in flavors and fragrances is 3x the national average.



Conducting a sensory evaluation test in her Department of Food Science lab, Prof. Beverly Tepper guides graduate student Lumeng Jin.

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