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Retail Bakery Business Overview & Trends, 2017

SIC Code: 5461, NAICS Code: 311812

This [Bakery Business industry summary is from First Research](#) which also sells a full version of this report.

Companies in this industry make fresh and frozen bread as well as cakes, pies, and doughnuts. Major companies include Dawn Foods, Flowers Foods, McKee Foods, and United States Bakery (all based in the US), along with Allied Bakeries (UK), ARYZTA (Switzerland), Grupo Bimbo (Mexico), Weston Foods (Canada), and Yamazaki Baking (Japan).

The US bakery products industry includes more than 2,800 commercial bakeries with combined annual revenue of about \$30 billion, along with about 6,700 retail bakeries with annual revenue of about \$3 billion.

COMPETITIVE LANDSCAPE

Demand is driven by consumer preferences and by the extent to which grocery stores choose to operate their own bakeries rather than buy from commercial bakeries. Profitability for individual companies is determined by efficiency of operations. Large companies have scale advantages in procurement, production, and distribution. Small companies can compete by offering specialty goods or superior local distribution services.

In the US, the commercial side of the industry is concentrated: the 50 largest companies generate about 75% of revenue. The retail side of the industry is

highly fragmented: the 50 largest companies generate about 20% of revenue, and the typical company operates just one facility.

This [Bakery Business market research report summary is from IBISWorld](#) which also sells a full version of this report.

- According to IBISWorld, firms within this industry manufacture fresh and frozen bread and baked goods, including cakes, muffins and croissants but excluding cookies and crackers. Retail and commercial establishments sell these products to downstream supermarkets, convenience stores and food-service providers. Many bakeries also sell their products directly to the public.
- As the economy recovers and disposable income increases, revenue is expected to grow at an average annual rate of 0.6% within the next five years to \$39.9 billion. Consumers are expected to continue to trend toward health eating and increase demand for items like fortified breads, gluten-free loaves and sprouted and organic sweets.
- Industry profitability will slightly improve over the next five years as the cost of primary ingredients stabilizes. During the next five years, bakers will more easily anticipate price fluctuations and adjust product prices as the cost of ingredients continues to rise. One boon to profitability will be an annualized 1% decrease in wheat prices over the next five years. Merger and acquisition activity is expected to further enhance earnings and productivity.
- External competition has increased over the past five years and imports will continue to grow at an annualized rate of 7.1%. However, growing demand for this product outside of the country will increase exports by 9.8% per year over the next five years.

Retail Bakery Startup Costs

[Bakery Business Startup Costs from Entrepreneur Magazine:](#)

- Total Startup costs: \$10,000 - \$50,000
- Franchises available? Yes

[Bakery Business Startup Costs from *The Start Your Own Business Bible* \(F+W Media and Adams Media\):](#)

- Total Startup costs: \$2,000 - \$5,000

- Potential Earnings: \$2,000 - \$5,000 per month

Retail Bakery Business Plans

- [Bakery Cafe Business Plan](#)
- [Dessert Bakery Business Plan](#)
- [Specialty Baker Business Plan](#)
- [Delicatessen & Bakery Business Plan](#)
- [Pie Bakery Business Plan](#)
- [Business plans from SBDCNet](#)

Bakery Business Media Outlets

- [Baking Business](#)
- [Snack Food & Wholesale Bakery](#)
- [American Cake Decorating Magazine](#)
- [Bakers Journal](#)
- [Bake Magazine](#)
- [American Society of Baking eNewsletter](#)

Bakery Business Associations

Trade associations often are excellent sources of information on an industry. Here are some relevant industry associations:

- [American Bakers Association](#)
- [Retail Bakers of America](#)
- [Progressive Baker](#)
- [American Society of Baking](#)
- [American Culinary Federation](#)

Bakery Business Employment Trends

Here is a [Bakery Business labor market summary from the Bureau of Labor Statistics](#).

Pay

The median annual wage for bakers was \$24,170 in May 2015. The median wage is the wage at which half the workers in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$18,140, and the highest 10 percent earned more than \$38,400.

In May 2015, the median annual wages for bakers in the top industries in which they worked were as follows:

| | |
|-------------------------------------|----------|
| Bakeries and tortilla manufacturing | \$24,270 |
| Grocery stores | 24,030 |
| Restaurants and other eating places | 23,250 |

About 3 in 10 bakers worked part time in 2014.

Grocery stores and restaurants, which employed about 40 percent of all bakers in 2014, sell freshly baked goods throughout the day. As a result, bakers are often scheduled to work shifts during early mornings, late evenings, weekends, and holidays.

Bakers who work in commercial bakeries that bake continuously may have to work late evenings and weekends.

Bakers who run their own businesses often spend additional hours managing all aspects of the business to ensure bills and salaries are paid, supplies are ordered, and the business is profitable.

Work Environment

Bakers held about 185,300 jobs in 2014. The industries that employed the most bakers were as follows:

| | |
|-------------------------------------|-----|
| Bakeries and tortilla manufacturing | 28% |
| Grocery stores | 26 |
| Restaurants and other eating places | 16 |

About 1 in 20 bakers were self-employed in 2014.

The work can be stressful because bakers follow time-sensitive baking procedures and often work under strict deadlines. For example, bakers must follow daily production schedules to bake products in sufficient quantities while maintaining consistent quality. In manufacturing facilities, they often work with other production workers, such as helpers and maintenance staff, so that equipment is cleaned and ready.

Bakers are exposed to high temperatures when working around hot ovens. They stand for hours at a time while observing the baking process, making the dough, or cleaning the baking equipment.

Bakeries, especially large manufacturing facilities, are filled with potential dangers such as hot ovens, mixing machines, and dough cutters. As a result, bakers have a higher rate of injuries and illnesses than the national average.

Although their work is generally safe, bakers may endure back strains caused by lifting or moving heavy bags of flour or other products. Other common risks include cuts, scrapes, and burns. To reduce these risks, bakers often wear back supports, aprons, and gloves.

Job Outlook

Employment of bakers is projected to grow 7 percent from 2014 to 2024, about as fast as the average for all occupations.

Population and income growth are expected to result in greater demand for specialty baked goods, such as cupcakes, pies, and cakes, from grocery stores, retail bakeries, and restaurants.

However, employment of bakers is projected to decline in food manufacturing as these facilities increasingly use automated machines and equipment to mass-produce baked goods.

Sources

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[delivery service](#) for a nominal fee.

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