



ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



ARKANSAS

SUMMER 2024

2 [Introduction](#)

4 [Nationwide Economic Contributions](#)

6 [State Specific Economic Contributions](#)

9 [Sampling of Industry Definitions \(aka "Glossary"\)](#)

The restaurant and foodservice industry has a significant impact on the U.S. economy, stimulating growth nationally and providing sizable contributions to output and employment. It's important to document these impacts, with data on the economic contributions of the sector highlighted at the national, state, metropolitan statistical area and Congressional district levels. Such information can be a powerful tool when advocating for the restaurant and foodservice industry, as well as in describing its overall size and scope. This data will be updated regularly moving forward.

The Association's research is considered the authoritative source for restaurant industry economic impact, and the data provided in these reports add to the considerable knowledge of its overall contributions. It's hoped this knowledge can be useful to a wide variety of constituents, including restaurant operators, policymakers, and the media.

Visit Restaurant.org/Research each month for the most updated industry trends and analysis.

Contact:

Chad Moutray, Ph.D., CBE

Vice President

Research & Knowledge Group

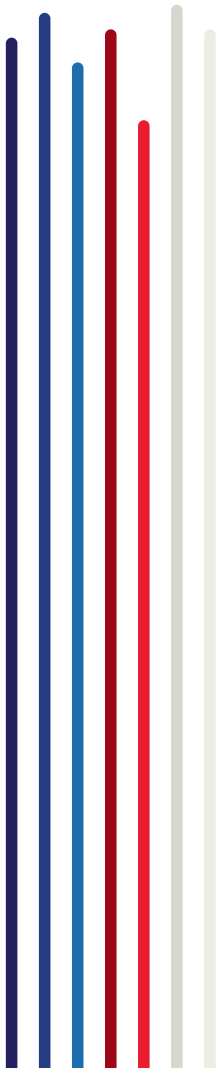
cmoutray@restaurant.org



ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



ARKANSAS



INTRODUCTION

The restaurant and foodservice industry is a vital component of the U.S. economy. One in every 10 Americans work in the sector, making it the second-largest private employer. More importantly, restaurants provide opportunities for professional growth, with 8 in 10 owners starting in entry-level positions early in their careers, and they continue to be the place that people go to celebrate life's important key events and hang out with friends and family. Indeed, 9 in 10 consumers say they enjoy going to restaurants, noting that it's where they experience foods and beverages they haven't tried before.

Beyond those facts, the purpose of this analysis is to derive the total economic contributions of the industry, with data for the entire United States as well as for each state, metropolitan statistical area (MSA) and congressional district. There are also breakouts for fullservice restaurants, limited-service restaurants, and other food and beverage businesses. These impacts go well beyond the direct contributions of restaurants themselves, as the sector produces large spillover effects on the economy, ranging from national impacts to economic benefits in individual communities. In economics, this is known as the multiplier effect.

Eating and drinking places will directly contribute \$1.4T in output (or sales) to the U.S. economy in 2024 dollars, based on estimates of publicly available 2022 data. That's roughly equivalent to 5% of nominal GDP. In addition, in 2022, the industry reported it had 14.2M employees and \$472.4B in total labor income. That included all sources of income—wages, salaries, and proprietors' income—as well as benefits.

These contributions will spur additional spending in the U.S. economy, including from employees, suppliers, and others in the surrounding area. Adding in these additional impacts, the industry will make a total contribution of \$3.5T in output to the U.S. economy in 2024, or 12.3% of nominal GDP, with 22.9M employees and \$1.1T in total labor income.

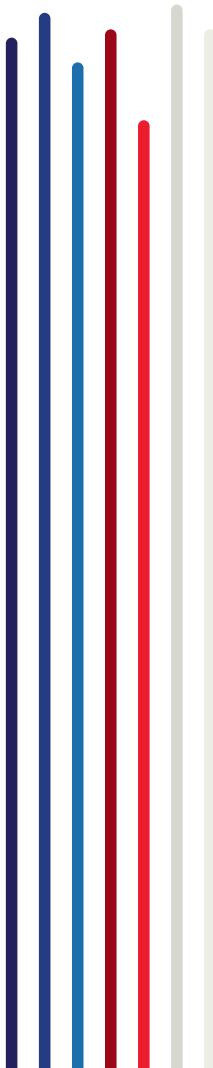
The industry's eating and drinking places in the United States will pay \$216.7B in taxes to all levels of government. Including additional spillover impacts, that figure will rise to \$490.4B in total taxes being attributable to the sector.



ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



ARKANSAS



Modeling economic contributions

This study uses the IMPLAN economic input-output mode, which is the most widely used, privately developed model for such analysis. Economic input-output models provide estimates of direct, indirect, and induced effects stimulated by spending in a specified geography. In this study, that includes national, state, metropolitan statistical area (MSA), and congressional district estimates.

Direct effects represent those economic impacts from spending by restaurants and foodservice businesses, including on wages and salaries, equipment, operational costs (including food and cooking items) and other goods and services.

Indirect effects represent the supply-chain impacts resulting from direct expenditures. Restaurant and foodservice companies have a wide variety of vendors servicing them, and this analysis captures the impacts of spending by those suppliers, including the incomes from workers and the purchases necessary to run their operations. These activities generate additional output and employment beyond the direct spending of restaurants and foodservice businesses themselves.

Induced effects refer to the household spending impacts resulting from the labor income of restaurants and foodservice companies and their suppliers. Employees use their take-home pay to purchase a variety of goods and services, ranging from groceries to health care to real estate to recreational activities. Those activities also generate additional output and employment beyond the direct spending of restaurants and foodservice businesses themselves.

The total economic contribution of the sector would add together the direct, indirect, and induced impacts from spending among restaurants and foodservice establishments. The IMPLAN model provides estimates of the impacts of restaurants and foodservice spending on total output, labor income, and jobs. The multiplier could be derived by calculating the total economic impacts divided by the direct impacts.

It's important to note that the total economic contribution tends to be larger with increased geographic size. This is simply because more of the indirect and induced activity takes place within that region, whether it be a state, MSA, or congressional district.

ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



UNITED STATES

UNITED STATES

The industry's eating and drinking places are expected to directly contribute **\$1.37T in output** to the U.S. economy in 2024 dollars, based on IMPLAN estimates of 2022 data. That is roughly equivalent to 5% of nominal GDP. In addition, the industry had **14,168,238 employees** and **\$472.40B in total labor income** in 2022. This includes all sources of income—wages, salaries, and proprietors' income—as well as benefits.

These contributions spur additional spending in the U.S. economy, including from employees, suppliers, and others in the surrounding area. Adding in indirect and induced impacts, eating and drinking places are expected to make a total contribution of **\$3.53T** in output to the U.S. economy in 2024, or 12.3% of nominal GDP, with **22,889,928 employees** and **\$1.13T in total labor income** in 2022.

In the United States, the industry will directly pay **\$216.67B in taxes** to all levels of government, including \$56.28B in state taxes and \$114.48B in federal taxes. With additional induced and indirect effects included, the sector will contribute **\$490.41B in taxes**, with \$120.04B in state taxes and \$279.68B in federal taxes.

U.S. – ECONOMIC CONTRIBUTIONS

BY TYPE OF FOODSERVICES AND DRINKING PLACES, 2024

	OUTPUT		EMPLOYMENT		LABOR INCOME		TAXES	
FULL-SERVICE RESTAURANTS	Direct	\$545.12B	Direct	5.65M	Direct	\$198.78B	Direct	\$86.92B
	Total	\$1.45T	Total	9.40M	Total	\$468.70B	Total	\$198.54B
LIMITED-SERVICE RESTAURANTS	Direct	\$568.27B	Direct	5.56M	Direct	\$160.79B	Direct	\$84.43B
	Total	\$1.60T	Total	9.76M	Total	\$458.92B	Total	\$208.48B
ALL OTHER FOOD AND DRINKING PLACES	Direct	\$254.86B	Direct	2.96M	Direct	\$112.83B	Direct	\$45.32B
	Total	\$657.29B	Total	4.76M	Total	\$244.00B	Total	\$97.56B

Source: National Restaurant Association calculations using 2022 IMPLAN data

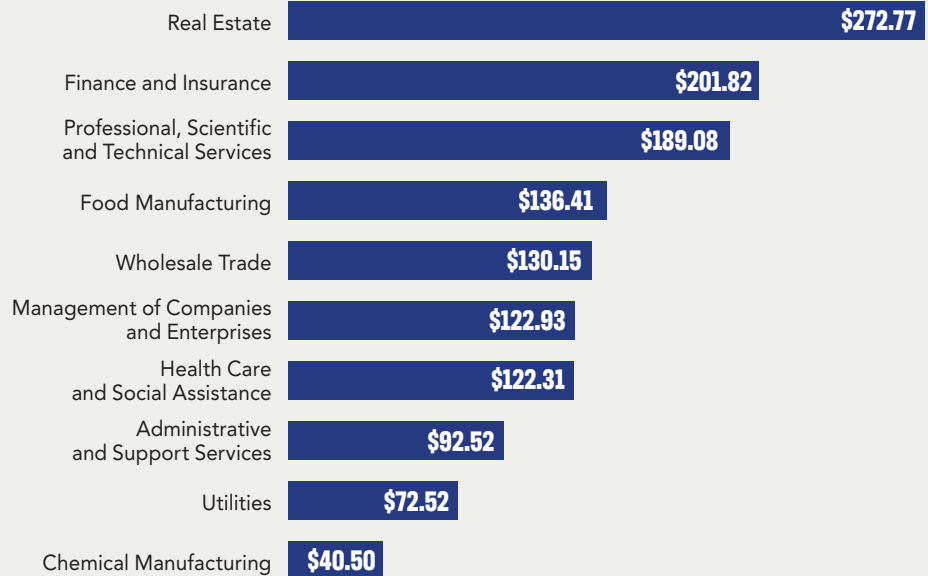
ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



UNITED STATES

U.S. LARGEST INDIRECT AND INDUCED OUTPUT IMPACTS

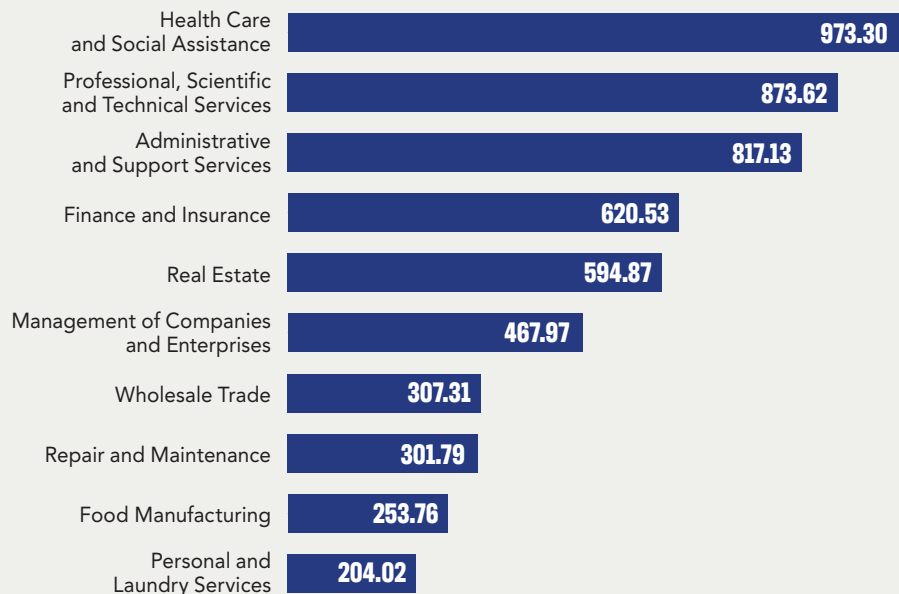
FROM EATING AND DRINKING PLACES, 2024 (IN BILLIONS OF DOLLARS)



Source: National Restaurant Association calculations using 2022 IMPLAN data

U.S. LARGEST INDIRECT AND INDUCED EMPLOYMENT IMPACTS

FROM EATING AND DRINKING PLACES, 2024 (IN THOUSANDS OF WORKERS)



Source: National Restaurant Association calculations using 2022 IMPLAN data

ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



ARKANSAS

Eating and drinking places are expected to directly contribute **\$10.61B in output** to the Arkansas economy in 2024, with **118,627 employees** and **\$3.01B in total labor income**. This includes all sources of income—wages, salaries, and proprietors’ income—as well as benefits.

These contributions spur additional spending in the U.S. economy, including from employees, suppliers, and others in the surrounding area. Adding in indirect and induced impacts, the industry will contribute **\$18.28B in output** to the Arkansas economy, with **154,926 employees** and **\$5.17B in total labor income**.

Eating and drinking places industry in Arkansas will directly pay **\$1.53B in taxes** to all levels of government, including \$67.27M in county taxes, \$618.63M in state taxes and \$709.45M in federal taxes. With additional induced and indirect effects included, the sector will contribute **\$2.48B in taxes**, with \$99.47M in county taxes, \$947.66M in state taxes and \$1.24B in federal taxes.

ARKANSAS – ECONOMIC CONTRIBUTIONS BY TYPE OF EATING AND DRINKING PLACES, 2024

	OUTPUT		EMPLOYMENT		LABOR INCOME		TAXES	
FULL SERVICE RESTAURANTS	Direct	\$3.57B	Direct	41,231	Direct	\$1.08B	Direct	\$517.16M
	Total	\$6.23B	Total	54,740	Total	\$1.86B	Total	\$839.43M
LIMITED-SERVICE RESTAURANTS	Direct	\$5.57B	Direct	58,305	Direct	\$1.33B	Direct	\$774.85M
	Total	\$9.87B	Total	79,877	Total	\$2.51B	Total	\$1.28B
ALL OTHER EATING AND DRINKING PLACES	Direct	\$1.46B	Direct	19,091	Direct	\$592.97M	Direct	\$235.70M
	Total	\$2.59B	Total	25,291	Total	\$945.94M	Total	\$373.99M

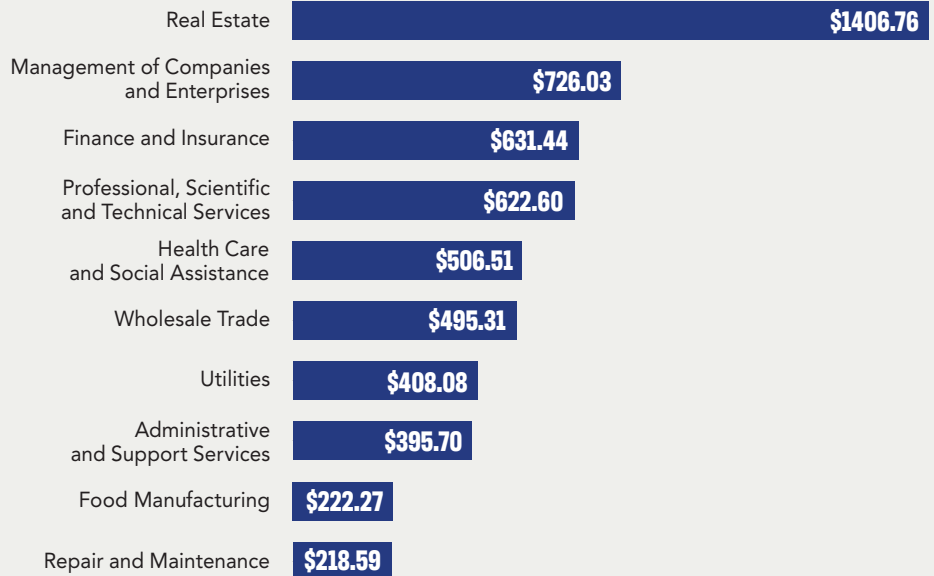
Source: National Restaurant Association calculations using 2022 IMPLAN data

ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



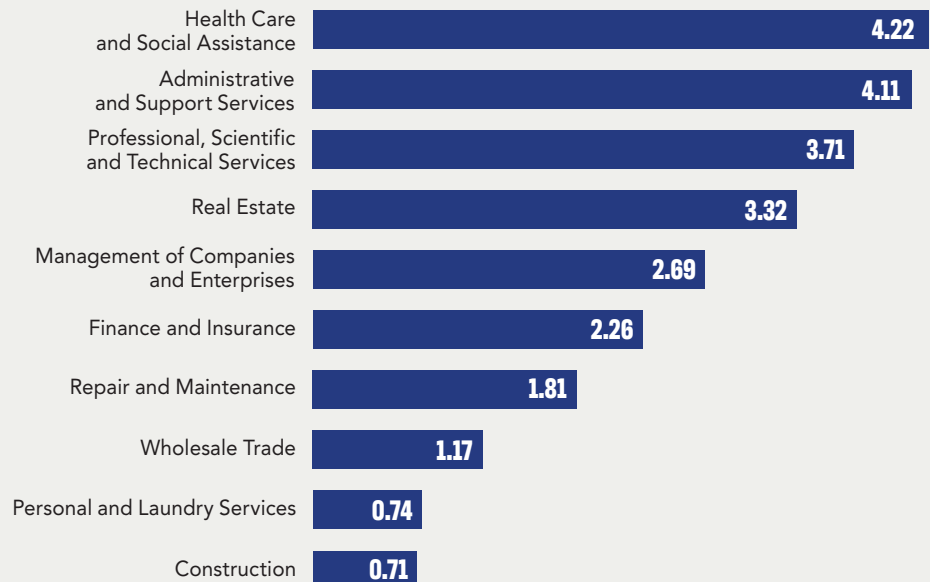
ARKANSAS

ARKANSAS LARGEST INDIRECT AND INDUCED OUTPUT IMPACTS FROM EATING AND DRINKING PLACES, 2024 (IN MILLIONS OF DOLLARS)



Source: National Restaurant Association calculations using 2022 IMPLAN data

ARKANSAS LARGEST INDIRECT AND INDUCED EMPLOYMENT IMPACTS FROM EATING AND DRINKING PLACES, 2024 (IN THOUSANDS OF WORKERS)



Source: National Restaurant Association calculations using 2022 IMPLAN data

ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



ARKANSAS

ARKANSAS CONGRESSIONAL DISTRICTS

ECONOMIC CONTRIBUTIONS FROM EATING AND DRINKING PLACES, 2024

CONGRESSIONAL DISTRICT	OUTPUT		EMPLOYMENT		LABOR INCOME		TAXES
AR-01	Direct	\$2.14B	Direct	24,175	Direct	\$575.88M	Direct \$303.28M
	Total	\$2.91B	Total	28,146	Total	\$757.21M	Total \$402.74M
AR-02	Direct	\$3.09B	Direct	34,265	Direct	\$882.64M	Direct \$434.26M
	Total	\$4.86B	Total	42,896	Total	\$1.40B	Total \$643.28M
AR-03	Direct	\$3.28B	Direct	36,222	Direct	\$988.55M	Direct \$445.77M
	Total	\$5.57B	Total	46,826	Total	\$1.70B	Total \$702.19M
AR-04	Direct	\$2.11B	Direct	23,965	Direct	\$563.78M	Direct \$294.66M
	Total	\$2.85B	Total	27,555	Total	\$734.52M	Total \$385.32M

Source: National Restaurant Association calculations using 2022 IMPLAN data

ARKANSAS METROPOLITAN STATISTICAL AREAS

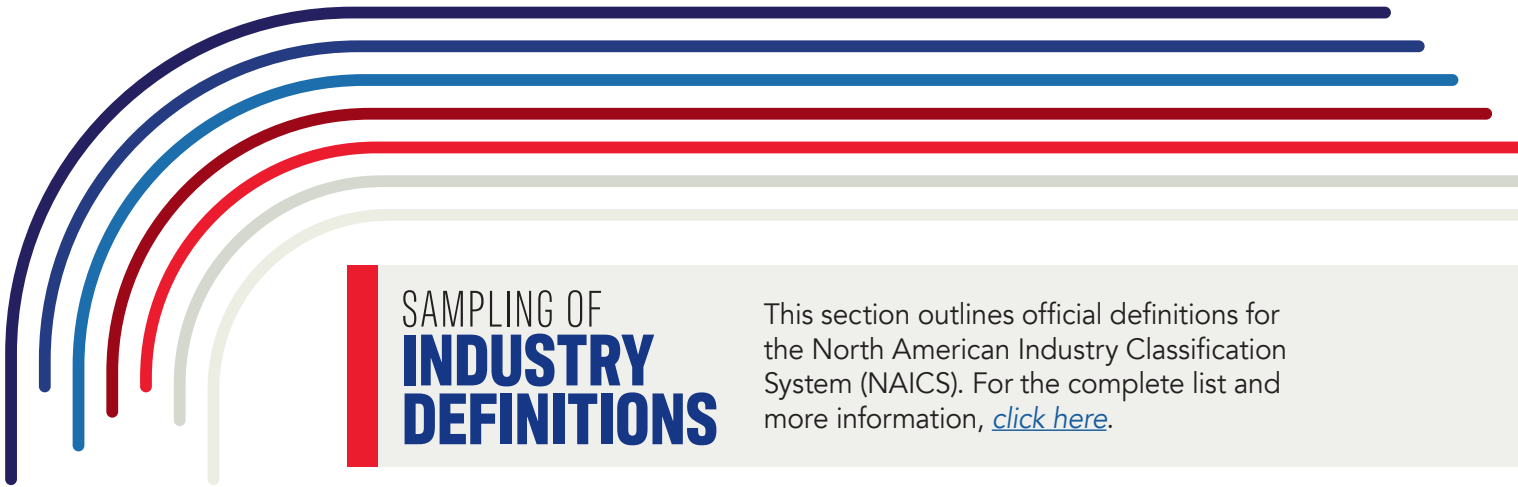
ECONOMIC CONTRIBUTIONS FROM EATING AND DRINKING PLACES, 2024

MSAs	OUTPUT		EMPLOYMENT		LABOR INCOME		TAXES
FAYETTEVILLE- SPRINGDALE- ROGERS	Direct	\$2.53B	Direct	27,847	Direct	\$782.59M	Direct \$343.22M
	Total	\$4.34B	Total	36,217	Total	\$1.35B	Total \$542.77M
FORT SMITH	Direct	\$798.31M	Direct	9,048	Direct	\$217.59M	Direct \$111.59M
	Total	\$1.32B	Total	11,592	Total	\$365.96M	Total \$174.80M
HOT SPRINGS	Direct	\$519.74M	Direct	5,736	Direct	\$150.51M	Direct \$76.29M
	Total	\$805.72M	Total	7,314	Total	\$222.20M	Total \$111.36M
JONESBORO	Direct	\$583.30M	Direct	6,540	Direct	\$170.43M	Direct \$82.88M
	Total	\$892.91M	Total	8,144	Total	\$252.10M	Total \$121.23M
LITTLE ROCK- NORTH LITTLE ROCK-CONWAY	Direct	\$3.00B	Direct	33,064	Direct	\$862.02M	Direct \$428.10M
	Total	\$5.25B	Total	43,968	Total	\$1.53B	Total \$698.06M
MEMPHIS, TN-MS-AR	Direct	\$5.65B	Direct	56,923	Direct	\$1.93B	Direct \$818.10M
	Total	\$10.05B	Total	78,193	Total	\$3.33B	Total \$1.35B
TEXARKANA, TX-AR	Direct	\$601.76M	Direct	6,934	Direct	\$166.13M	Direct \$76.93M
	Total	\$919.16M	Total	8,510	Total	\$245.65M	Total \$116.42M

Source: National Restaurant Association calculations using 2022 IMPLAN data



For more information: Restaurant.org | ARHospitality.org



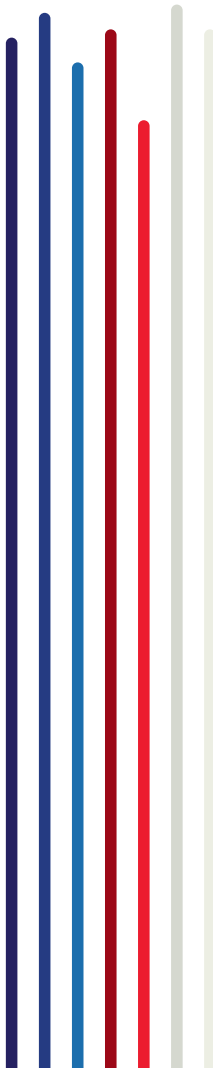
SAMPLING OF INDUSTRY DEFINITIONS

This section outlines official definitions for the North American Industry Classification System (NAICS). For the complete list and more information, [click here](#).

ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



ARKANSAS



Administrative and Support Services (NAICS 561):

Industries in the Administrative and Support Services subsector group establishments are engaged in activities that support the day-to-day operations of other organizations. The processes employed in this sector (e.g., general management, personnel administration, clerical activities, cleaning activities) are often integral parts of the activities of establishments found in all sectors of the economy. The establishments classified in this subsector have specialization in one or more of these activities and can, therefore, provide services to clients in a variety of industries and, in some cases, to households. The individual industries of this subsector are defined based on the particular process they're engaged in and the particular services they provide.

Chemical Manufacturing (NAICS 325):

The Chemical Manufacturing subsector is based on the transformation of organic and inorganic raw materials by a chemical process and the formulation of products. This subsector distinguishes the production of basic chemicals that comprise the first industry group from the production of intermediate and end products produced by further processing of basic chemicals that make up the remaining industry groups.

Construction (NAICS 23): The construction sector comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction and establishments primarily engaged in subdividing land for sale as building sites

also are included in this sector. Construction work done may include new work, additions, alterations, or maintenance and repairs. Activities of these establishments generally are managed at a fixed place of business, but they usually perform construction activities at multiple project sites. Production responsibilities for establishments in this sector are usually specified in (1) contracts with the owners of construction projects (prime contracts) or (2) contracts with other construction establishments (subcontracts).

Educational Services (NAICS 61):

The Educational Services sector comprises establishments that provide instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities, and training centers. These establishments may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated. They may also offer food and/or accommodation services to their students.

Educational services are usually delivered by teachers or instructors that explain, tell, demonstrate, supervise, and direct learning. Instruction is imparted in diverse settings, such as educational institutions, the workplace, or the home, and through diverse means, such as correspondence, television, the Internet, or other electronic and distance-learning methods. The training provided by these establishments may include the use of simulators and simulation methods. It can be adapted to the particular needs of the students. For example, sign language can replace verbal language for teaching

students with hearing impairments. All industries in the sector share this commonality of process, namely, labor inputs of instructors with the requisite subject matter expertise, and teaching ability.

Finance and Insurance (NAICS 52):

The Finance and Insurance sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions.

Food and Beverage Stores (NAICS 445):

Industries in the Food and Beverage Stores subsector usually retail food and beverages merchandise from fixed point-of-sale locations. Establishments in this subsector have special equipment (e.g., freezers, refrigerated display cases, refrigerators) for displaying food and beverage goods. They have staff trained in the processing of food products to guarantee the proper storage and sanitary conditions required by regulatory authority.

Food Manufacturing (NAICS 311):

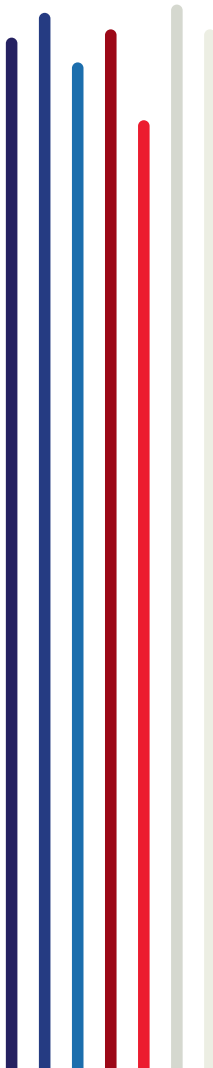
Industries in the Food Manufacturing subsector transform livestock and agricultural products into products for intermediate or final consumption. The industry groups are distinguished by the raw materials (generally of animal or vegetable origin) processed into food products. The food products manufactured in these establishments are typically sold to wholesalers or retailers for distribution to consumers, but establishments primarily engaged in retailing bakery and candy products made on the premises not for immediate consumption are included.



ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



ARKANSAS



General Merchandise Stores

(NAICS 452): Industries in the General Merchandise Stores subsector retail new general merchandise from fixed point-of-sale locations. Establishments in this subsector are unique in that they have the equipment and staff capable of retailing a large variety of goods from a single location. This includes a variety of display equipment and staff trained to provide information on many lines of products.

Health Care and Social Assistance

(NAICS 62): The Health Care and Social Assistance sector comprises establishments providing health care and social assistance for individuals. The sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities. The industries in this sector are arranged on a continuum starting with those establishments providing medical care exclusively, continuing with those providing health care and social assistance, and finally finishing with those providing only social assistance. The services provided by establishments in this sector are delivered by trained professionals. All industries in the sector share this commonality of process, namely, labor inputs of health practitioners or social workers with the requisite expertise. Many of the industries in this sector are defined based on the educational degree held by the practitioners included in the industry.

Management of Companies and Enterprises (NAICS 55):

The Management of Companies and Enterprises sector comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise

and that normally undertake the strategic or organizational planning and decision-making role of the company or enterprise. Establishments that administer, oversee, and manage may hold the securities of the company or enterprise. Establishments in this sector perform essential activities that are often undertaken in-house by establishments in many sectors of the economy. By consolidating the performance of these activities of the enterprise at one establishment, economies of scale are achieved.

Non-store Retailers (NAICS 454):

Industries in the Non-store Retailers subsector retail merchandise using methods, such as the broadcasting of infomercials, the broadcasting and publishing of direct-response advertising, the publishing of paper and electronic catalogs, door-to-door solicitation, in-home demonstration, and selling from portable stalls and distribution through vending machines. Establishments in this subsector include mail-order houses, vending machine operators, home delivery sales, door-to-door sales, party plan sales, electronic shopping, and sales through portable stalls (e.g., street vendors, except food). Establishments engaged in the direct sale (i.e., non-store) of products, such as home heating oil dealers and newspaper delivery service providers, are included in this subsector.

Other Information Services

(NAICS 519): Industries in the Other Information Services subsector group include establishments supplying information, storing and providing access to information, searching and retrieving information, operating websites that use search engines to allow for searching information on the Internet, or publishing and/or broadcasting content exclusively on the Internet. The main components of the subsector are news syndicates, libraries, archives, exclusive Internet publishing and/or broadcasting, and Web Search Portals.

Performing Arts, Spectator Sports, and Related Industries (NAICS 711):

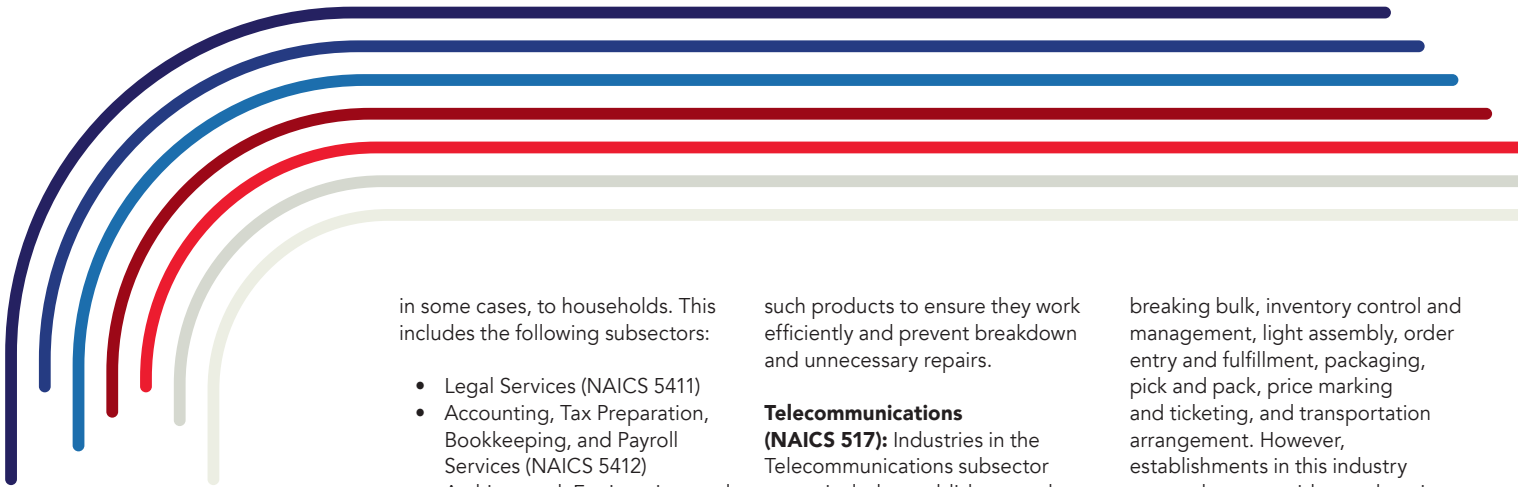
Industries in the Performing Arts, Spectator Sports, and Related Industries subsector group are establishments that produce or organize and promote live presentations involving performances of actors and actresses, singers, dancers, musical groups and artists, athletes, and other entertainers, including independent (i.e., freelance) entertainers and the establishments that manage their careers. The classification recognizes four basic processes: (1) producing (i.e., presenting) events; (2) organizing, managing, and/or promoting events; (3) managing and representing entertainers; and (4) providing the artistic, creative, and technical skills necessary to the production of these live events. Also, this subsector contains four industries for performing arts companies. Each is defined based on the particular skills of the entertainers involved in the presentations.

Personal and Laundry Services (NAICS 812):

Industries in the Personal and Laundry Services subsector group include establishments that provide personal and laundry services to individuals, households, and businesses. Services performed include personal care services; death care services; laundry and drycleaning services; and a wide range of other personal services, such as pet care (except veterinary) services, photofinishing services, temporary parking services, and dating services.

Professional, Scientific, and Technical Services (NAICS 54):

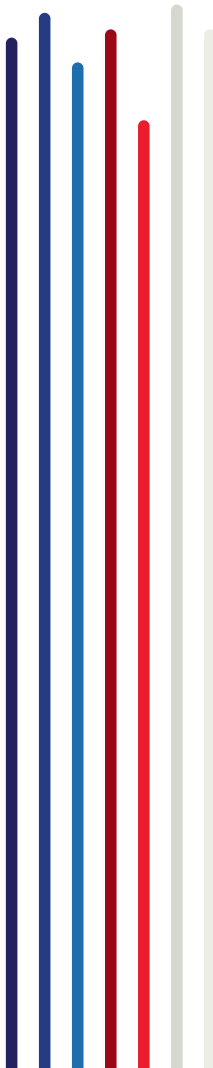
The Professional, Scientific, and Technical Services sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and,



ECONOMIC CONTRIBUTIONS OF THE RESTAURANT & FOODSERVICE INDUSTRY



ARKANSAS



in some cases, to households. This includes the following subsectors:

- Legal Services (NAICS 5411)
- Accounting, Tax Preparation, Bookkeeping, and Payroll Services (NAICS 5412)
- Architectural, Engineering, and Related Services (NAICS 5413)
- Specialized Design Services (NAICS 5414)
- Computer Systems Design and Related Services (NAICS 5415)
- Management, Scientific, and Technical Consulting Services (NAICS 5416)
- Scientific Research and Development Services (NAICS 5417)
- Advertising and Related Services (NAICS 5418)
- Other Professional, Scientific, and Technical Services (5419)

Real Estate (NAICS 531):

Industries in the Real Estate subsector group are establishments primarily engaged in renting or leasing real estate to others; managing real estate for others; selling, buying, or renting real estate for others; and providing other real estate related services, such as appraisal services. This subsector includes equity Real Estate Investment Trusts (REITs) primarily engaged in leasing buildings, dwellings, or other real-estate property to others.

Religious, Grantmaking, Civic, Professional, and Similar Organizations (NAICS 813):

Industries in the Religious, Grantmaking, Civic, Professional, and Similar Organizations subsector group include establishments that organize and promote religious activities, support various causes through grantmaking, advocate various social and political causes, and promote and defend the interests of their members.

Repair and Maintenance

(NAICS 811): Industries in the Repair and Maintenance subsector restore machinery, equipment, and other products to working order. These establishments also typically provide general or routine maintenance (i.e., servicing) on

such products to ensure they work efficiently and prevent breakdown and unnecessary repairs.

Telecommunications

(NAICS 517): Industries in the Telecommunications subsector group include establishments that provide telecommunications and services related to that activity (e.g., telephony, including Voice over Internet Protocol (VoIP); cable and satellite television distribution services; Internet access; telecommunications reselling services). The Telecommunications subsector is primarily engaged in operating and/or providing access to facilities for the transmission of voice, data, text, sound, and video. Transmission facilities may be based on a single technology or a combination of technologies.

Utilities (NAICS 22): The Utilities sector comprises establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal. Within this sector, the specific activities associated with the utility services provided vary by utility. Electric power includes generation, transmission and distribution. Natural gas includes distribution; steam supply includes provision and/or distribution; water supply includes treatment and distribution; and sewage removal includes collection, treatment, and disposal of waste through sewer systems and sewage-treatment facilities.

Warehousing and Storage

(NAICS 493): Industries in the Warehousing and Storage subsector are primarily engaged in operating warehousing and storage facilities for general merchandise, refrigerated goods, and other warehouse products. These establishments provide facilities to store goods. They do not sell the goods they handle. These establishments take responsibility for storing the goods and keeping them secure. They may also provide a range of services, often referred to as logistics services, related to the distribution of goods. Logistics services can include labeling,

breaking bulk, inventory control and management, light assembly, order entry and fulfillment, packaging, pick and pack, price marking and ticketing, and transportation arrangement. However, establishments in this industry group always provide warehousing or storage services in addition to any logistic services. Furthermore, the warehousing or storage of goods must be more than incidental to the performance of services, such as price marking.

Wholesale Trade (NAICS 42):

The Wholesale Trade sector comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The merchandise described in this sector includes the outputs of agriculture, mining, manufacturing, and certain information industries, such as publishing. The wholesaling process is an intermediate step in the distribution of merchandise. Wholesalers are organized to sell or arrange the purchase or sale of (a) goods for resale (i.e., goods sold to other wholesalers or retailers), (b) capital or durable non-consumer goods, and (c) raw and intermediate materials and supplies used in production.

Wholesalers sell merchandise to other businesses and normally operate from a warehouse or office. Those warehouses and offices are characterized by having little or no display of merchandise. In addition, neither the design nor the location of the premises is intended to solicit walk-in traffic. Wholesalers do not normally use advertising directed toward the public. Generally, customers are initially reached via telephone, in-person marketing, or by specialized advertising that might include Internet and other electronic means. Follow-up orders are either vendor-initiated or client-initiated based on previous sales, and typically exhibit strong ties between sellers and buyers. In fact, transactions are often conducted between wholesalers and clients that have long-standing business relationships.