

Missouri Industry Brief
Industry Concentrations in 2013

Industry Concentrations

According to Location Quotient (LQ) indicator analysis of Missouri's largest industries, the state's most concentrated industry is Internet Search Providers (ISP's), Search Portals, and Data Processing followed by Company Management, and Printing and Related Support Activities.

The addition to the top ten list for 2013 is Telecommunications, which replaced Machinery Manufacturing as a highly concentrated industry.

Overall, Missouri has concentrated industries in both service and manufacturing sectors, highlighting Missouri's economic diversity.

What is a Location Quotient (LQ)?

Location Quotient (LQ) measures an area's distribution of industry employment relative to the total employment, and compared to a base area's distribution for this analysis.

A LQ less than 1.0 indicates that an industry in the state is less specialized than the nation.

A LQ equal to 1.0 indicates that an industry in the state is as specialized as the nation.

A LQ greater than 1.0 indicates that an industry is more specialized in the state compared to the nation.

Top Ten Industries by LQ Measurements: 2013

NAICS Title	Location Quotient	Employment
ISP's, Search Portals and Data Processing	2.04	10,685
Management of Companies and Enterprises	1.55	63,955
Printing and Related Support Activities	1.51	13,566
Electronic Markets and Agents and Brokers	1.51	26,374
Electrical Equipment and Appliance Manufacturing	1.50	11,085
Truck Transportation	1.39	37,658
Food Manufacturing	1.35	38,599
Hospitals	1.32	123,636
Transportation Equipment Manufacturing	1.26	37,593
Telecommunications	1.21	20,281

Service Industries

Service industries that are on the list were ISP's, Search Portals and Data Processing, Management of Companies and Enterprises, Electronic Markets and Agents and Brokers, Telecommunications, and Hospitals.

The vast majority of jobs in the ISP's, Search Portals, and Data Processing industry in Missouri are in Data Processing. The industry employed 10,685 people in 2013. This sector has grown to be a major industry in the state and continues to expand, especially in the St. Louis and Kansas City regions. A reason for growth in the Data Processing industry is affordable electricity, which is necessary to operate data centers.

Company Management is the second most concentrated industry in Missouri. The industry employed 63,955 people in 2013. A number of Fortune 1000 Companies, as well as private companies like Hallmark, have headquarters in Missouri which is why the industry is highly concentrated in the state.

Fortune 1000 Companies Headquartered in Missouri

- Express Scripts
- Emerson Electric
- Monsanto
- Reinsurance Group of America
- Peabody Energy
- Ameren
- Edward Jones
- O'Reilly Automotive
- Graybar Electric
- Centene
- Ralcorp
- H&R Block
- Panera Bread

Major Hospitals in Missouri

- BJC Health System
- SSM Health System
- Mercy Hospital System
- Cox Health
- St. Luke's Hospital

The Hospital industry is also highly concentrated in Missouri. In 2013 the industry employed 123,636 people. BJC HealthCare, Mercy Health Systems, and SSM Health care are some of the industry's largest employers in the state.

Electronic Markets and Agents and Brokers arrange for the sale of goods owned by others, generally on a fee or commission basis. In 2013, 26,374 people were employed in the industry. They act on behalf of the buyers and sellers of goods. In Missouri the majority of establishments and employment in this category are under the Agents and Brokers heading.

The Telecommunications industry is a major industry in the state. 20,281 people were employed in the industry in 2013. Major employers of the industry in the state are AT&T, CenturyLink, Verizon, and Time Warner Cable.

Production and Logistics

Production and Logistics industries that were on the list include Truck Transportation, Printing and Related Support Activities, Electrical Equipment and Appliance Manufacturing, Transportation Equipment Manufacturing, and Food Manufacturing.

Truck Transportation is a major industry due to Missouri's central location in the United States allowing easy access to a large national market. The industry employed 37,658 people in 2013. Major trucking companies with headquarters in Missouri are Hogan, Costal Carriers, Fry-Wagner, and Prime Inc. among others.

Electrical Equipment and Appliance Manufacturing has a large concentration in Missouri. The industry employed 11,085 people in 2013. Emerson Electric, a major manufacturer of electrical equipment, is headquartered in St. Louis. True Manufacturing, maker of refrigeration products, is located in the St. Louis area. There are also household appliance manufactures like Tacony Corp. and Rug Doctor located in Missouri.

The Food Manufacturing industry is comprised of businesses that transform livestock crops into products for intermediate or final consumption. The industry employed 38,599 people in 2013. Missouri is home to the headquarters of Farmland, Bunge North America, Triumph Foods, and Solae, Inc. In Missouri there are processing plants operated by Archer Daniel Midland (ADM), Tyson Foods, Sara Lee, and Cargill among others.

Major Food Manufacturers

- Archer Daniel Midland
- Farmland
- Bunge
- Tyson
- Cargill
- Triumph Foods

The Transportation Equipment Manufacturing is an important industry in Missouri, employing 37,593 people in 2013. Ford and General Motors have manufacturing facilities in Missouri. Missouri is also home to auto supply plants such as Toyoda-Gosei and Hayes Lemmerz. Aerospace Manufacturing has a presence in Missouri with Boeing and Sabreliner, among others that are located in the state.

The Printing and Related Support Activity industry is a visible industry in the state. The industry employed 13,566 people in 2013. Major printing businesses in the state include Walsworth Publishing, Watkins Lithographic, Henry Wurst Inc., and AC Label.

Notes

Industries with less than 10,000 employees and retailed-based industries were not included in the list. The Private Households industry had high LQ and employment numbers, but businesses represent in-home activities that are hard to clarify.

Location Quotient Formula

A location quotient is calculated by comparing the regional economy (county or state) to the national economy. This can also be used to compare a county's economy to the state's economy. The formula to determine location quotient is:

$$LQ = \frac{e_i/e}{E_i/E}$$

Where:

e_i = Local employment in industry i
e = Total local employment
E_i = Reference area employment in industry i
E = Total reference area employment

Sources

1. Second Quarter 2013 employment figures from the Quarterly Census of Employment and Wages (QCEW), a cooperative program between the Bureau of Labor Statistics and state Labor Market Information offices.

2. InfoUSA Employer Database

