

Missouri Industry Brief
Industry Concentrations in 2014

Industry Concentrations

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

Industries that had LQ and employment growth from 2013 were *Transportation Equipment Manufacturing* and *Telecommunications*.

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: 2014

NAICS Title	Location Quotient	Employment
ISP's, Search Portals and Data Processing	1.91	10,306
Management of Companies and Enterprises	1.56	65,875
Electronic Markets and Agents and Brokers	1.53	26,627
Electrical Equipment and Appliance Manufacturing	1.44	10,665
Printing and Related Support Activities	1.44	12,727
Truck Transportation	1.37	37,587
Transportation Equipment Manufacturing	1.36	41,407
Food Manufacturing	1.32	38,008
Hospitals	1.30	120,455
Telecommunications	1.27	21,158

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 10,306 people in 2014. This sector has become a major industry in the state and continues to expand, especially in the St. Louis and Kansas City regions. One 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, with a vast majority of firms located in the St. Louis Area. The industry employed 65,875 people in 2014. With a number of Fortune 1000 Companies, as well as private companies like Hallmark and World Wide Tech, Inc., with headquarters in Missouri there are ample reasons why the industry is highly concentrated.

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 2014 the industry employed 120,455 people. BJC HealthCare, Mercy Health Systems, and SSM Health 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. 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. 26,627 people were employed in the industry in 2014.

The *Telecommunications* industry is a major industry in the state. 21,158 people were employed in the industry in 2014. Major employers of the industry include AT&T, CenturyLink, Verizon, and Time Warner Cable.

Production and Transportation Industries

Production and related 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*.

Transportation Equipment Manufacturing is an important industry in Missouri, employing 41,407 people in 2014. The industry's employment grew by nearly 4,000 from 2013. Ford and General Motors have manufacturing facilities in Missouri and are also home to auto supply plants such as Yanfeng USA and TG Missouri Corp. *Aerospace Manufacturing* has a presence in Missouri with Boeing and Sabreliner, among others, which are located in the state.

Major Transportation Equipment Manufacturers

- Ford
- General Motors
- Johnson Controls
- TG Missouri Corp.
- Harley - Davidson
- Kawasaki

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 37,587 people in 2014. Major trucking companies that have headquarters in Missouri are Hogan, Costal Carriers, Fry-Wagner, and Prime Inc. among others.

Electrical Equipment and *Appliance Manufacturing* have a large concentration in Missouri. The industry employed 10,665 people in 2014. Emerson Electric, a major manufacturer of electrical equipment, is headquartered in St. Louis. True Manufacturing, maker of refrigeration products, is also located in the St. Louis area. ABB, manufacturers of transformers, is located in Jefferson City and St. Louis

The *Food Manufacturing* industry is comprised of businesses that transform livestock and agricultural products into products for intermediate or final consumption. The industry employed 38,008 people in 2014. Missouri is home to the headquarters of Farmland, Bunge North America, Post, and Triumph Foods. In Missouri there are processing plants operated by Archer Daniel Midland (ADM), Tyson Foods, Sara Lee, and Cargill among others.

The *Printing and Related Support Activity* industry is a concentrated industry in the state which employed 12,727 people in 2014. Major printing businesses include Walsworth Publishing, Watkins Lithographic, Henry Wurst Inc., and AC Label.

INDUSTRY CONCENTRATIONS AND TRENDS

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:

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

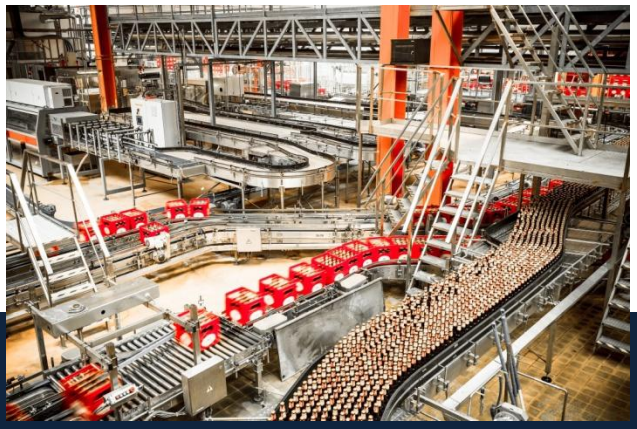
Where:

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 2014 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



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