



# INDUSTRY ADVANTAGES TOOL

## User Guide



**Fast growing  
industries**



**Largest  
industries**



**Specialist  
industries**



**Underrepresented  
industries**



**Top  
clusters**



**Opportunity  
clusters**

## Helping Economic Developers Succeed

Localintel's Industry Advantages tool helps economic developers understand and promote what makes their location special. By embedding directly into your existing website, the tool makes it easier for businesses to uncover the industries that are driving your economy and generating new opportunities.

## Data Driven Marketing

**Economic developers know that their website is one of the most powerful marketing tools they have to promote their community's advantages. So why do so many include data and demographics on their website that highlight disadvantages in their community instead of strengths?**

Localintel's Industry Advantages tool has been deliberately designed to only highlight data that puts your economy in a positive light. This is next-generation online marketing for economic developers that uses advanced data to promote your economy.

The following pages describe how each of these elements is presented in the tool and why this information is useful to economic developers and businesses.

Localintel's Industry Advantages tool can currently be created for a metropolitan area, county or region. While this user guide is equally applicable to all 4 of these areas, we limit the description to metropolitan areas and counties for simplicity.



# FAST GROWING INDUSTRIES

This module promotes the industries that have been growing and driving job creation in your community over the last 5 years.



## Why this information is useful for economic developers

Understanding which industries are growing, and driving job creation, is essential for local economic development professionals. With a better understanding of their local economy, economic developers can work with business, government and community partners to support and promote their high growth industries.



## Why this information is useful for businesses

Identifying the industries that are experiencing growth is a valuable component of successful market research for businesses and/or investors looking for new opportunities.

**Example 1** – A business located outside your community is looking to expand or relocate to an area experiencing growth in a specific industry.

**Example 2** – An existing business located within your community is looking for new growth industries that fuel demand for their goods or services.

**Example 3** – An entrepreneur who wants to start their own businesses is researching growth industries in your community.



# FAST GROWING INDUSTRIES



## Chart

The interactive chart enables users to identify the fastest growing industries in your community between 2014 and 2019. Users can also analyze the current size of each industry and its location quotient.

**FAST GROWING INDUSTRIES**

Identify the fast growing industries creating new opportunities in our county.

**All Industries**  
These are the county's fastest growing industries in the county. It shows traded and local industries.

**Traded Industries**  
These are the county's fastest growing traded industries that sell products or services across regions or countries.

**Local Industries**  
These are the fastest growing local industries that primarily sell products or services within the county.

Rank	Industry	NAICS	Employment growth (2014 - 2019)	Total employment (2019)	Location quotient (2019)
1	Services for the Elderly and Persons with Disabilities	624120	951	2,879	2.54
2	Religious Organizations	813110	705	2,168	1.42
3	Fitness and Recreational Sports Centers	713940	546	1,510	1.89
4	Landscaping Services	561730	526	1,020	1.3
5	Limited-Service Restaurants	722513	527	4,139	1.53
6	Golf Courses and Country Clubs	713910	474	646	1.41
7	Food Service Contractors	722310	399	1,325	0.54
8	Residential Intellectual and Developmental Disability Facilities	622210	311	1,719	1.26
9	Full-Service Restaurants	722511	294	4,553	0.89
10	Security Guards and Patrol Services	561612	270	306	1.36
11	Offices of Physicians (except Mental Health Specialists)	621111	263	3,229	2.96
12	Child Day Care Services	624410	243	948	1.13
13	Residential Mental Health and Substance Abuse Facilities	622220	238	743	0.8

## List

The list ranks the fastest growing industries in your community by employment growth over the period 2014 - 2019.



# FAST GROWING INDUSTRIES

## How to use the chart

The chart shows the fastest growing industries in your community between 2014 and 2019. Each circle represents one industry and by clicking on a circle, or hovering the mouse pointer over it, you can see details about the industry.

The chart allows you to analyze the fast growing industries using three attributes:

- 1. employment growth between 2014 and 2019 (horizontal x-axis of the chart)**
- 2. total employment in 2019 (vertical y-axis of the chart)**
- 3. location quotient (size of the circle)**

When a circle is further to the right on the chart, it means the industry has experienced greater employment growth between 2014 and 2019. When a circle is higher on the chart, it means the industry has larger levels of employment in 2019.

For example, an industry located in the top right of the chart, would be a comparatively large industry that has experienced strong employment growth in recent years. An industry located in the bottom left of the chart is a smaller industry that has experienced modest levels of employment growth over the same period.

The tabs on the left allow users to perform specific analysis on their choice of traded, local or all industries. Finally, the scale of the chart can be adjusted by using the sliders on the horizontal and vertical axis.

## How to use the list

The list ranks the fastest growing industries in your community by employment growth over the period 2014 - 2019. The list also provides industry's NAICS code, total employment in 2014 and 2019 as well as its location quotient. The tool enables analysis to be done for traded, local or all industries. The tabs on the left allow users to perform specific analysis on their choice of traded, local or all industries.



# LARGEST INDUSTRIES

This module promotes the largest industries in your community by employment.

## Why this information is useful for economic developers

Your largest industries represent strengths that can be built upon and leveraged. Economic developers should consider what opportunities exist to enhance or support these industries while simultaneously assessing any threats that could detrimentally impact them.

## Why this information is useful for businesses

Understanding the largest industries in your community is a valuable component of market intelligence for businesses, site selectors and entrepreneurs.

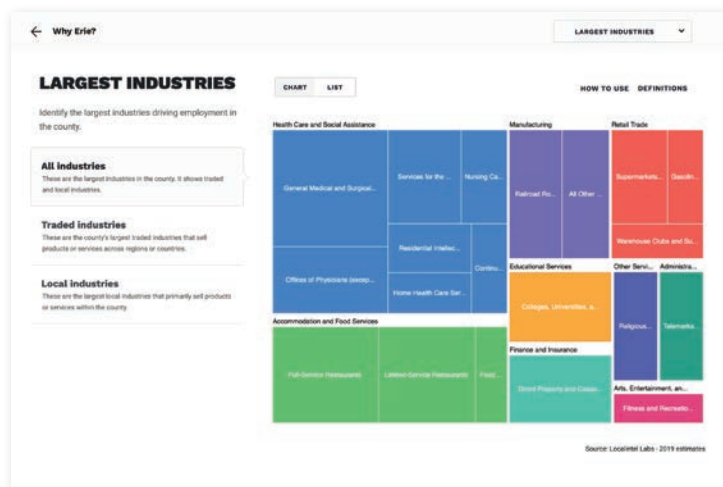
**Example 1** – A site selector is comparing multiple locations and wants to understand the industries that account for most of the employment in your economy.

**Example 2** – A business located outside your community wants to expand to a new location where their industry is already concentrated with a workforce and established supply chains.

**Example 3** – An existing small business in in your community is seeking to identify larger industries that it can market goods and services to.



# LARGEST INDUSTRIES



## Chart

The chart highlights the industries that support the largest number of total jobs in your community.

**LARGEST INDUSTRIES**

Identify the largest industries driving employment in the county.

**All Industries**  
These are the largest industries in the county. It shows traded and local industries.

**Traded Industries**  
These are the county's largest traded industries that sell products or services across regions or countries.

**Local Industries**  
These are the largest local industries that primarily sell products or services within the county.

**HOW TO USE DEFINITIONS**

Rank	Industry	NAICS	Total employment (2019)	Location quotient (2019)
1	General Medical and Surgical Hospitals	822110	5,835	1.18
2	Full-Service Restaurants	722511	4,353	0.88
3	Limited-Service Restaurants	722513	4,139	1.03
4	Colleges, Universities, and Professional Schools	611010	3,364	2.24
5	Direct Property and Casualty Insurance Carriers	634120	3,278	6.95
6	Offices of Physicians (except Mental Health Specialists)	822111	3,229	1.39
7	Railroad Rolling Stock Manufacturing	336910	2,955	134.83
8	Services for the Elderly and Persons with Disabilities	824120	2,870	2.54
9	All Other Plastics Product Manufacturing	329199	2,881	8.12
10	Supermarkets and Other Grocery (except Convenience) Stores	445110	2,301	0.97
11	Religious Organizations	813110	2,168	1.42
12	Telemarketing Bureaus and Other Contact Centers	561422	2,153	6.54
13	Nursing Care Facilities (Skilled Nursing Facilities)	822112	1,800	1.27
14	Residential Intellectual and Developmental Disability Facilities	822210	1,710	3.43
15	Fitness and Recreational Sports Centers	713940	1,810	1.98

## List

The list ranks the largest industries in your community by employment in 2019.



# LARGEST INDUSTRIES

## How to use the chart

The chart highlights the industries that support the largest number of total jobs in your community. Each box represents the industry that is identified in the label and by clicking on a box, or hovering the mouse pointer over it, you can see the following details:

- **Sector**
- **Industry**
- **NAICS code**
- **Employment in 2019**
- **Location quotient in 2019**

The size of each box correlates to the number of people employed by that industry in your community. Bigger boxes indicate that a greater number of total jobs are being supported by that industry. The tool enables analysis to be done for traded, local or all industries.

## How to use the list

The list ranks the largest industries in your community by employment in 2019. The list also provides information on the industry's NAICS code, employment levels in 2019 as well as its location quotient. The tool enables analysis to be done for traded, local or all industries.



# SPECIALIST INDUSTRIES

This module promotes the industries that your community specialize in. These industries are considered to be more prevalent in your location, relative to the rest of the country, and are categorized by concentration.



## Why this information is useful for economic developers

The star and mature industries in your community represent unique strengths that are helping to drive the economy and generate local jobs. These specialist industries provide a competitive advantage over other locations and present an opportunity for economic developers to build upon and leverage. Your community's emerging industries have the potential to become star industries in the future and are worth keeping an eye on in coming years.

Focusing on local advantages is critical to economic development. A report prepared by the Brookings Institute states that:

“One of the most basic functions of an economic development officer (EDO) is to selectively invest in capacities that make a region “sticky” for specific types of firms and talent, spurring a cycle of self-reinforcing growth in certain industries. Nearly everything that an EDO does – from business attraction incentives, to workforce training to startup accelerators – should align to ensure that firms in some set of industries have to be in the region, whatever the cost. The point is that, when an EDO defines an industry as a “target,” it is making a claim about an industry specialization: either that one exists and should be protected, or that an emerging one could be deepened through targeted investments.”

Making economic development strategies more strategic, Brookings Institute (2017)



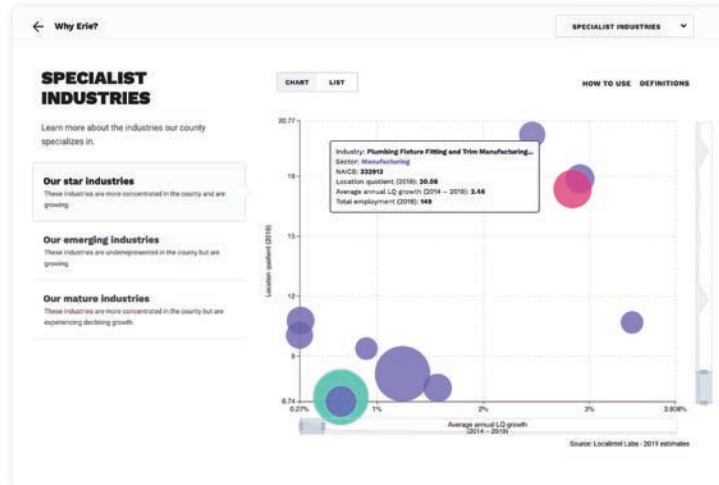
## Why this information is useful for businesses

Many types of businesses want to know where their industry has a strong presence. Some businesses may wish to monitor their competitors. Other businesses may wish to expand or relocate to places that specialize in their industry to benefit from existing value chains. As the concentration of industries in a particular location grows, so does the availability of skilled labor, suppliers and the volume of knowledge spillovers.





# SPECIALIST INDUSTRIES



## Chart

The chart promotes the industries that make your community unique by dividing them into star, emerging and mature industries.

Rank	Industry	NAICS	Location quotient (2016)	Average annual LG growth (2014 - 2016)	Total employment (2016)
1	Railroad Rolling Stock Manufacturing	33610	134.83	3.09%	2353
2	All Other Precision and Tool Products Manufacturing	324199	50.45	4.20%	141
3	Industrial Mold Manufacturing	332511	22.31	5.22%	701
4	Plumbing Fixture Fitting and Trim Manufacturing	332913	20.08	2.46%	149
5	Plastics Pipe and Pipe Fitting Manufacturing	326122	17.87	3.91%	386
6	Railroad	711212	17.36	2.84%	102
7	Nonferrous Metal Die-Casting Foundries	331523	10.78	0.28%	328
8	Other Metal Valve and Pipe Fitting Manufacturing	332919	10.71	36.05%	130
9	Mechanical Power Transmission Equipment Manufacturing	332613	10.69	3.4%	129
10	Plate Work Manufacturing	332313	10.05	0.27%	294
11	Spring Manufacturing	332513	9.38	0.9%	140
12	Iron and Steel Forging	332711	8.7	7.02%	165
13	All Other Plastics Product Manufacturing	326199	8.12	1.24%	2451
14	Soft Drink Manufacturing	202111	7.41	1.57%	261

## List

The list also ranks your economy's specialist industries by dividing them into star, emerging and mature industries.



# SPECIALIST INDUSTRIES

## How to use the chart

The chart promotes the industries that make community unique by dividing them into star, emerging and mature industries. Each circle represents one industry and by clicking on a circle, or hovering the mouse pointer over it, you can see details about the industry.

The chart allows you to analyze your economy's specialist industries using three attributes:

**1. location quotient in 2019 (vertical y-axis of the chart)**

**2. average annual location quotient (LQ) growth between 2014 and 2019 (horizontal x-axis of the chart)**

**3. employment in 2019 (size of the circle)**

Higher on the chart means the industry has a larger location quotient. Further to the right on the chart means the industry's location quotient has increased between 2014 and 2019. This means the industry has become more prominent in your community.

**Star industries** are those industries that your community specializes in and have become more concentrated (i.e. unique) in recent years. An industry located in the top right of the chart, is more concentrated and its specialization has increased. An industry located in the bottom left of the chart is less concentrated and has experienced a more modest increase in specialization over the same period.

**Emerging industries** are currently underrepresented in your community, but they are becoming increasingly concentrated.

**Mature industries** are industries your economy specializes in but have not increased in their concentration over recent years.

Finally, the scale of the chart can be adjusted by using the sliders on the horizontal and vertical axis.

## How to use the list

The list also ranks your economy's specialist industries by dividing them into star, emerging and mature industries. It provides information on each industry's NAICS code, location quotient in 2019, average annual LQ growth as well as total employment in 2019.



# UNDERREPRESENTED INDUSTRIES

This module promotes the underrepresented local industries in your economy.

## Why this information is useful for economic developers

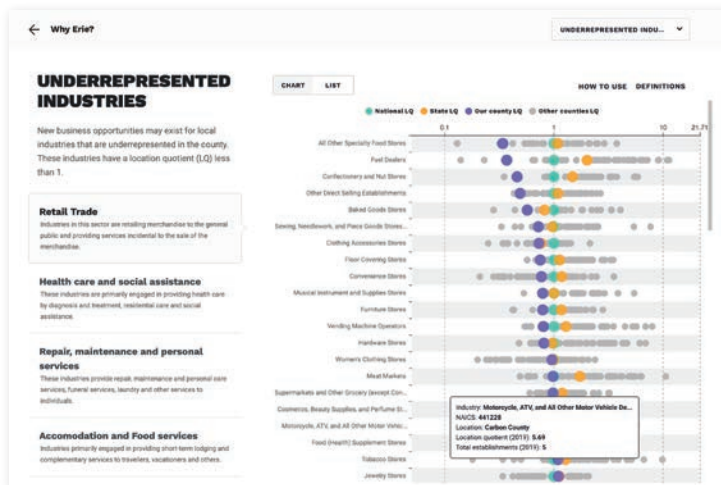
Economic developers should be constantly monitoring to identify new business and investment opportunities in their community. Local industries that are underrepresented in your location can be an indication that unmet consumer demand exists. If a viable commercial opportunity is confirmed economic developers can then begin the process of recruiting new businesses to their community, or helping existing businesses expand.

## Why this information is useful for businesses

Identifying underrepresented industries gives businesses the opportunity to capitalize on unmet demand throughout their value chain.



# UNDERREPRESENTED INDUSTRIES



## Chart

The chart shows how concentrated a range of local industries are in your community.

Rank	Industry	NAICS	Location quotient (2015)	Total establishments (2015)
1	All Other Specialty Food Stores	445299	0.24	2
2	Fuel Dealers	454310	0.37	2
3	Confectionery and Nut Stores	445292	0.46	1
4	Other Direct Selling Establishments	454399	0.49	4
5	Baked Goods Stores	445291	0.57	1
6	Sewing, Needlework, and Piece Goods Stores	451130	0.72	2
7	Clothing Accessories Stores	448150	0.73	4
8	Floor Covering Stores	442210	0.75	5
9	Convenience Stores	448120	0.77	16
10	Furniture Stores	442110	0.79	12
11	Medical Instrument and Supplies Stores	451140	0.79	2
12	Vending Machine Operators	454210	0.8	2
13	Hardware Stores	444120	0.81	6
14	Women's Clothing Stores	448120	0.96	18
15	Supermarkets and Other Grocery (except Convenience) Stores	445110	0.98	39

## List

The list ranks how concentrated a range of local industries are in your community, the state and other counties.



## UNDERREPRESENTED INDUSTRIES

### How to use the chart

The chart shows how concentrated a range of local industries are in your community. The industries are divided into four overarching sectors – retail trade; health care and social assistance; repair, maintenance and personal services; and accommodation and food services.

Here the location quotients are used to measure the relative concentration of establishments in each industry. The location quotients for your location are contrasted relative to the nation, state and other counties within the state. Comparing the industry location quotient in your location with the state and other counties can provide context, and valuable insights, that can help businesses identify new opportunities. Please note, the “Underrepresented Industries” module uses establishment location quotients, rather than employment location quotients.

By clicking on a circle, or hovering the mouse pointer over it, you can uncover details about that industry specific to each location. Industries with a location quotient less than 1 are those that are less concentrated than the national average and may be underrepresented.

### How to use the list

The list ranks how concentrated a range of local industries are in your community. The list also provides information on the industry’s NAICS code, location quotient and the total number of establishments in your community. The industries are divided into four sectors – retail trade; health care and social assistance; repair, maintenance and personal services; and, accommodation and food services.



# TOP CLUSTERS

This module promotes the largest traded clusters in your community.

## Further reading

Clusters 101, *The U.S. Cluster Mapping Project*, Harvard Business School  
Industry Clusters and Economic Development, *Indiana Business Review*  
Reshaping Regional Economic Development: Clusters and Regional Strategy, Michael Porter  
Rethinking Cluster Initiatives, *Metropolitan Policy Program at Brookings*



## Why this information is useful for economic developers

Encouraging and supporting traded clusters have been shown to strengthen competitiveness and promote job creation through increased collaboration and productivity.

A cluster-based approach to economic development starts with analyzing clusters to get a better understanding of your economy's strengths. Localintel's Top Clusters module will help to identify the largest traded clusters in your community by employment size. Cluster analysis should also include ongoing dialogue with the firms and other economic actors in all associated industries to better understand their needs and challenges.

It is important to develop strategies that build on the strengths of the overarching cluster, rather than focusing on individual companies or industries. Different clusters will need different strategies and economic developers should aim to build on the competitive advantages of their existing clusters instead of trying to replicate other locations from scratch.

Economic developers can also diversify their economy by supporting the growth of new clusters that are complementary to existing cluster strengths in the region. Start by assessing the clusters and assets that are already present in the region. Then identify related clusters that could be a fit for your economy.

Cluster-based economic development strategies are not easy or quick to implement. They require economic developers to analyze factors that cut across industries. Thinking outside of a more typical industry focused approach requires working with a variety of players in each cluster to identify shared problems and develop strategies that address larger issues that include workforce availability, infrastructure and regulatory constraints.

Finally, please remember this tool is a starting point and further detailed research should be undertaken to confirm which clusters are well suited to your community. This could include considerations involving location and legacy as well as existing and potential strengths.

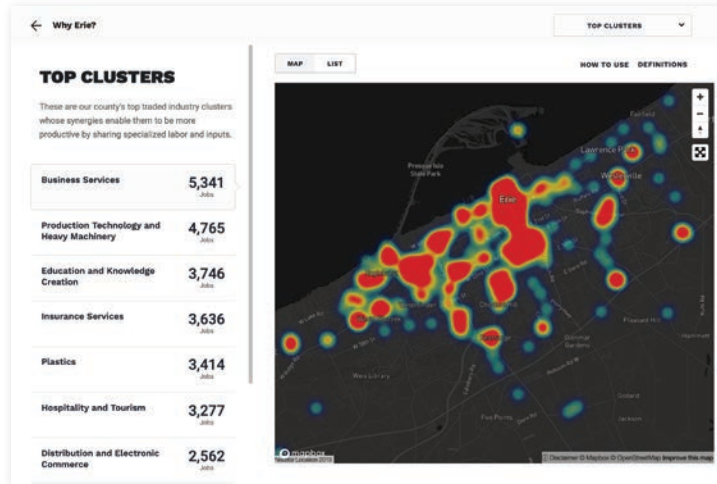


## Why this information is useful for businesses

For many types of businesses, being a part of a large industry cluster is essential to their value chain and strategy. Having a dense network of suppliers and buyers nearby can generate significant competitive advantages. Moreover, strong traded clusters increase innovation and job growth as well as greater new business formation, growth and survival.

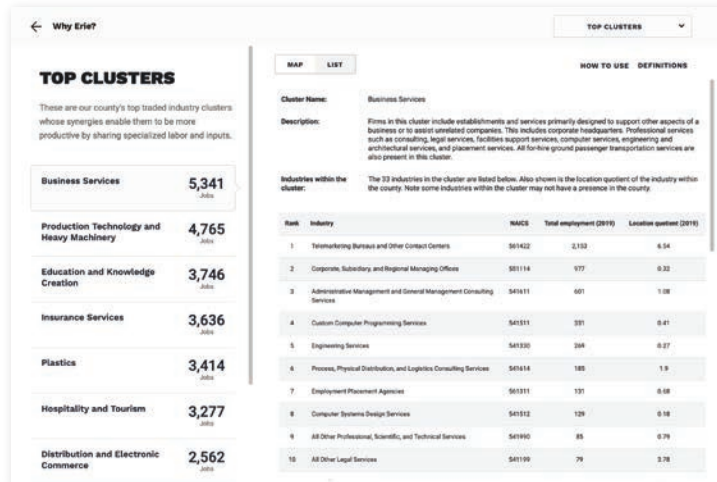


# TOP CLUSTERS



## Map

The map shows the location and concentration of your economy's top traded clusters.



## List

The list identifies the top traded clusters in your community and ranks them based on the total number of jobs.



# TOP CLUSTERS

## How to use the map

The map shows the location and concentration of your economy's top traded clusters. The largest traded clusters in your community are then ranked by employment and the geographic location of the industries within each cluster is visualized by the heat map. Users can zoom in and out or maximize to view on a full screen.

## How to use the list

The list identifies the top traded clusters in your community and ranks them based on the total number of jobs. The list also itemizes the industries within each of the cluster and ranks them by the number of employees. Information on the industry's NAICS code, and location quotient are also available.

By using the list, economic developers can identify the industries that make up the cluster and how many people each employs in your community. Note, some industries within the cluster may not have a presence in your area, which gives economic developers an opportunity to potentially “fill the gaps”. Research has shown that clusters with a range of industries are stronger than clusters dominated by one or two large firms.





# OPPORTUNITY CLUSTERS

This module identifies the largest traded clusters in the broader region to help uncover new opportunities for businesses and economic developers.

## Further reading

Clusters 101, *The U.S. Cluster Mapping Project*, Harvard Business School  
Industry Clusters and Economic Development, *Indiana Business Review*  
Reshaping Regional Economic Development: Clusters and Regional Strategy, Michael Porter  
Rethinking Cluster Initiatives, *Metropolitan Policy Program at Brookings*



## Why this information is useful for economic developers

Economic developers can potentially diversify and strengthen their local economy by supporting the growth of industry clusters. This is known as cluster-based economic development and in the right circumstances, it can increase productivity, innovation and economic growth.

This module makes it easier to identify the largest clusters (by employment) across the broader region surrounding your location. This is valuable information because strong clusters in neighboring areas can help support and grow your economy.

Even if a particular cluster isn't prevalent in your community you can potentially leverage the strength of regional clusters to identify new opportunities. This type of interaction and cooperation can help to strengthen and diversify your economy while increasing regional interconnectivity.

Furthermore, the list in this module can be used to analyze the type, size and concentration of industries in each cluster. For example, the list may show that some industries within your neighbor's cluster may not exist, which may present an opportunity for your community to "fill the gap".

Please remember this tool is a starting point and further detailed research should be undertaken to confirm which clusters are well suited to your community. This could include considerations involving location and legacy as well as existing and potential strengths.



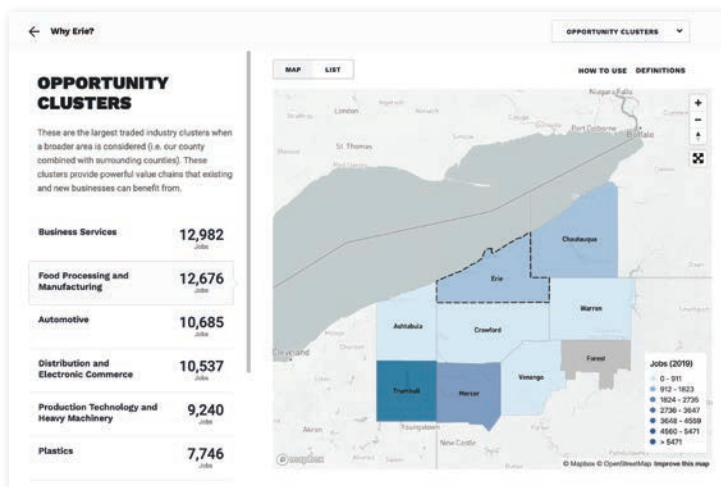
## Why this information is useful for businesses

According to the Brookings Institute there are three ways that clustering helps the performance of businesses:

- 1. By sharing tailored facilities, infrastructure, and suppliers**
- 2. By matching workers productively through deep labor markets**
- 3. By learning through dense, knowledge-rich environments that facilitate knowledge exchange and innovation between interdependent firms**

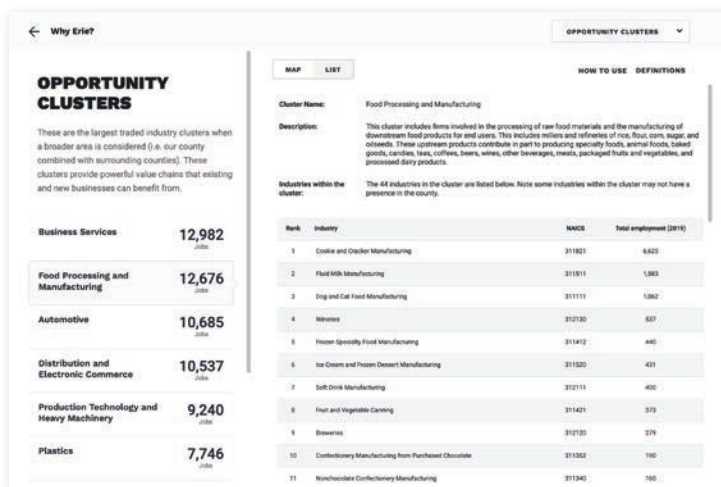


# OPPORTUNITY CLUSTERS



## Map

The map shows the top traded clusters when a broader area is considered. The clusters are listed on the left and ranked by the total number of jobs in that cluster.



## List

The list identifies the top traded clusters in your broader region and ranks them based on the total number of jobs.



# OPPORTUNITY CLUSTERS

## How to use the map

The map shows the top traded clusters when a broader area is considered. The clusters are listed on the left and ranked by the total number of jobs in that cluster. The map shows where the cluster's jobs are located by county. Click on a county to find out how many jobs it has in the cluster. Users can zoom in and out or maximize to view on a full screen. The map will update when you select a different cluster from the list on the left.

## How to use the list

The list identifies the top traded clusters in your broader region and ranks them based on the total number of jobs. The list also itemizes the industries within each of the clusters and ranks them by the number of employees. Information on the industry's NAICS code, and location quotient are also available.



# ESSENTIAL DEFINITIONS

**Cluster** - An industry cluster is a group of firms, and related economic actors and institutions, that are located near one another and that draw productive advantage from their mutual proximity and connections.

**Location quotients (LQ)** - Location quotients is a way of quantifying how concentrated a particular industry is in a county or metropolitan area compared to the national average. Importantly, it can help uncover what makes a location unique. Places with high employment specialization in an industry have a location quotient of industry employment greater than 1. The higher the LQ, the greater the specialization. Places with low employment specialization in an industry have a location quotient of industry employment less than 1.

**NAICS codes** - The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the US business economy. To look up a NAICS code go [here](#).

**Traded and local industries** - The economy can be characterized by two kinds of industries: traded and local. Traded industries are those that concentrate in particular locations but sell products or services across regions and countries. Local industries are industries present in most (if not all) geographic areas, and primarily sell locally. The presence of local industries in a particular location tends to be proportional to the size of the location. For example, a population of 10,000 people will generate similar demand for dentists in any location.

Traded and local industries are linked in two ways. First, traded industries directly purchase goods and services from local industries. Second, workers employed by traded industries purchase goods and services such as food, housing and health care from local industries. Growth in an area's traded industries generates additional income, which can potentially flow through to greater spending on local industries and improve a community's economic well-being.

Industries are categorized as either traded or local industries using the nationally consistent benchmark definitions produced by the U.S. Cluster Mapping Project at the Harvard Business School's Institute for Strategy and Competitiveness.

**Traded clusters** - are the engines of regional economies. They serve markets in other regions or nations and are concentrated in regions that afford specific competitive advantages. Examples include aerospace and biopharmaceuticals. Local clusters are the foundations of the local economy. They sell products and services primarily for the local market and are located in every region. Examples include hospitality or local financial services. Localintel has grouped industries into clusters based on the nationally consistent benchmark cluster definitions produced by the U.S. Cluster Mapping Project. This methodology groups 778 six-digit NAICS industries into 51 traded cluster categories, and 310 NAICS industries into 16 local cluster categories (all mutually exclusive).



# DATA SOURCES

Data for this tool is sourced from *Industry Locale*, a proprietary dataset of industry business counts and employment estimates produced by data scientists at Localintel Labs.

The dataset is created using an advanced machine learning techniques and the most reliable data sources, including the Quarterly Census of Employment and Wages from the US Bureau of Labor Statistics and the US Census Bureau's County Business Patterns. At this point, the dataset does not include agricultural industries.

Importantly, the *Industry Locale* dataset is updated annually and provides the most up to date industry business counts and employment estimates available for US counties, MSAs and regions.



# MORE ABOUT LOCALINTEL

Localintel is your online economic development assistant. Adding Localintel's flexible suite of tools to your website is the easiest, most affordable way to promote local advantages, support businesses and drive economic development.

We're proud to be working with tiny rural villages with less than 1,000 people, through to global cities like Washington DC, Ottawa, New Orleans, Cleveland, Indianapolis and Seattle.

Learn more at [www.localintel.co](http://www.localintel.co)



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