IMPLAN

white paper

Contribution Analysis for Associations and Economic Developers

Introduction

How much does an existing industry contribute to the local economy? What would happen if that industry closed down?

What is a Contribution Analysis?

Contribution analysis is a way to estimate the overall economic role that an existing industry (or group of industries) plays in a region based on its current level of production. It helps show how large and important the industry is within the local economy. Although it still looks at how the industry is connected to other businesses, similar to an economic impact analysis, the purpose is different.

In a traditional economic impact analysis, we look at how a change (such as an expansion, contraction, or new project) affects business-to-business activity and household spending. The focus is on how other industries respond to that change. In contrast, a contribution analysis examines what industries, and how much activity in those industries, are currently supported by the ongoing operations of the industry being studied. In other words, it shows how a business or industry fits into and supports the existing economy, rather than measuring the effect of a new change.

It's important to understand the difference between an Economic Impact Analysis and a Contribution Analysis, as they use different methods and terms. An economic impact analysis looks at how a change affects the local economy. This change could increase or decrease production, employment, taxes, or other economic measures. In this type of study, the "impact" refers specifically to the effects of something new or different happening like a business opening, closing, expanding, or reducing operations. A contribution analysis, on the other hand, focuses on the current situation. Instead of measuring the effects of a change, it looks at how an existing industry supports other businesses in the local economy right now.

Contribution analysis uses a special method that limits how the model treats the industry being studied. It does this by removing "feedback" effects. This means it prevents the model from counting purchases that the industry makes from itself. This approach is usually applied to full industries using regional data, rather than to individual firms. While it can be used for single companies, the results tend to be conservative because the method is designed for industry-level analysis.

The Contribution Analysis method can be applied in two ways. Single-industry contribution analysis examines how one specific industry contributes to the regional economy. Multi-industry contribution analysis looks at the combined contribution of several related industries. For example, a study of the local brewing industry might include breweries as well as hops farms, barley farms, and other connected activities to show the full contribution of brewing to the local economy. Using a contribution analysis is always the more conservative approach and is recommended when examining the status of a firm or industry as it currently operates. However, if the company is small compared to the industry in the region, an economic impact analysis may be more appropriate.

How to Conduct a Contribution Analysis

Define the Study Area

Choosing the study area is an essential first step because the size of the region directly affects the results. Larger regions tend to show higher total GDP and output for an industry simply because more economic activity is captured within the boundaries.

The size of the study area also affects the size of the multipliers used in the analysis. Larger regions usually have larger multipliers because they rely less on imports as more of the spending stays within the region instead of “leaking” out to other areas. This is why it is most accurate to compare areas of similar size, such as states to states or counties to counties.

Several kinds of multipliers are used in this process. Output multipliers show how much total economic activity is generated for every dollar of production in the industry being studied. For example, an output multiplier of 2.25 means that each dollar of production in the industry creates an additional $1.25 in economic activity across the region.

Employment multipliers measure how many total jobs are supported by one job in the industry. If the multiplier is 2.33, then one direct job supports 1.33 additional jobs elsewhere in the economy.

Labor income multipliers show how much total income is created when the industry pays one dollar of labor income. A multiplier of 2.2 means that each dollar of wages or proprietor income generates another $1.20 in income in the region.

Value added multipliers measure the total value added, also known as contribution to GDP, that is supported by each dollar of value added in the industry. A multiplier of 2.3 means that every dollar of value added leads to another $1.30 of value added elsewhere in the local economy.

Determine the Spending for the Industry

Once the study area is set, the next step is calculating the total output of the industry you are analyzing. Total output is the total value of all goods and services. It includes labor income (wages and proprietor income), other property income (mostly corporate profits), taxes, and spending on the goods and services the industry needs to operate (all the purchases the company or industry makes. One way to think of it is: take the industry's "GDP" and add the amount it spends on its first-tier suppliers.

You can use the output values found in IMPLAN's data unless you have reliable numbers from another source. It's important, however, to make sure the number you use represents the value of production, not just revenue. Industries with inventory can produce more than they sell or sell more than they produce, depending on how much stock they add or remove from inventory.

For example, the total output of the brewing industry includes worker wages, income for brewery owners, rent for facilities, taxes, and everything breweries purchase to brew and package beer. The Brewers Association uses IMPLAN data and software to calculate this output when studying the economic contribution of craft brewing at both national and state levels. This method has helped highlight how the industry has grown and which states have become top producers.

Explore the Linkages

Because total output includes what an industry spends on its suppliers, it allows us to examine how that industry connects to others in the regional economy. These connections are known as backward linkages. They show which industries provide the goods and services needed for production. IMPLAN calculates these linkages automatically and makes them easy to access. Studying these linkages can reveal surprising relationships between industries that may not seem connected at first glance. It also helps identify how a specific business's spending patterns compare to the typical patterns for its industry as a whole.

Using Contribution Analysis to Drive Change

With a completed contribution analysis, you gain a clearer understanding of how an industry fits into and supports the broader economy. These studies are often used in the public sector, where industry groups such as associations, trade organizations, or utilities share their findings with lobbyists or directly with federal, state, and local governments. The goal is to show the economic importance of their industry and to support more informed, data-driven decision-making in legislative and regulatory discussions.

Interpreting the results in a way that highlights the larger story is key. Smaller states often excel at this by framing the data in per-capita terms. While it's not surprising that large states like California, Texas, Florida, and New York show huge overall impacts, states like Vermont may show a much larger contribution when viewed on a per-person basis. In some cases, an industry may play a much more significant role relative to the size of the state economy.

This is also where highlighting industry linkages becomes especially powerful. Showing how your industry supports, relies on, or boosts other major industries in the region can demonstrate its essential role in the local economic landscape. These relationships help policymakers see your industry not as an isolated activity but as a crucial part of a larger economic system.

Governments and economic development offices also use contribution analysis to evaluate the effectiveness of tax incentives and other support programs. Because the method relies on historical economic data, it can reveal whether an incentive produced the intended results; whether in the first year or over a longer period. This helps governments make better decisions about which incentives to continue, adjust, or develop in the future.

Creating Effective Congressional One-Pagers

Find a Headline That Turns Heads

To turn contribution analysis results into an effective congressional one-pager, begin with a strong and direct headline. The goal is to immediately communicate the significance of the industry, the region, and the key takeaway in a single sentence. This helps congressional staff quickly understand why the material matters before they even start reading.

- The Tourism Industry is Powering Local Commerce and Family-Supporting Jobs
- Local Businesses Drive $330 Million in GDP from Mardi Gras
- Mardi Gras Supports More Than 12,000 Jobs in the MSA
- Historic Growth in Visitors Generates New Revenue and Expands Workforce Opportunities
- A Stronger Tourism Industry Means a Stronger State Economy

Make it big. Make it bold. Make them want to keep reading.

Show Them the Numbers

Next, lead with a few high-impact numbers. Choose the most compelling figures from the analysis which are typically total jobs supported, and total labor income, GDP, or output. Present these figures boldly so a reader can grasp the scale of the industry's importance within seconds. Clear design and simple visual cues can go a long way.

- Mardi Gras celebrations across New Orleans provide a major boost to the regional economy, supporting more than 12,000 jobs across hospitality, retail, transportation, and local services.
- Visitor spending tied to the event generates meaningful income and business activity creating $96 million in labor income, $178 million in GDP, and a total of $331 million in output.
- The regional economy also sees significant public revenue benefits, with an estimated $44 million in taxes generated to support local and state services.

Highlight a few key things like employment, GDP, and taxes to grab their attention.

Tell the Story

Follow these numbers with a short narrative that explains what the industry does and why it matters to the district or state. Keep the language brief and accessible. This section is not about methodology but about meaning—why the results should resonate with policymakers, communities, and constituents.

> *Tourism is one of the lifelines of the New Orleans economy, touching the daily lives of families across the region. When visitors come to celebrate here, they support thousands of local jobs from hotel workers and musicians to rideshare drivers, restaurant staff, artists, and small business owners. The spending they bring in creates real income for local households and keeps money circulating through neighborhood businesses. It also strengthens the city's ability to provide public services, with millions in tax revenue helping fund schools, safety, infrastructure, and essential community programs. For New Orleans voters, tourism isn't just an industry, it is part of the fabric of the city's culture, identity, and economic stability. When the tourism sector is thriving, the entire region benefits.*

Give them some background as to why this should matter to them. You can use IMPLAN's built in AI Summary to give you example text to include.

Make the Story Matter With a Real Example

Including district-level or local examples helps ground the data in real experiences. A brief story about a local business, a community benefit, or even a quote from a respected figure can make the information much more memorable. Congressional offices respond strongly to tangible stories that show how constituents are affected.

> *Whitney's Sweet Street, a tiny bakery on Magazine Street, had struggled through slow winters until Mardi Gras transformed its fortunes. Once a parade route shifted nearby, crowds suddenly flooded the shop for king-cake slices, praline bread pudding, and the extra "road cookie" Whitney was known to slip to kids. The surge in visitors allowed her to hire six new employees, pay off an equipment loan, and invest in a second oven. Tourists posted her colorful pastries online, a travel writer featured her in a "Hidden Gems of New Orleans" article, and a local coffee shop began carrying her baked goods year-round. By summer, her ten-year-old business was thriving for the first time, all because Mardi Gras brought the visibility and customer flow she needed to become a beloved part of the community.*

The story of an actual business or constituent can really drive home the importance of your message.

Connect Your Story to the Bigger Picture

Use the contribution analysis to highlight key linkages to other industries. Showing how your industry supports or strengthens sectors that lawmakers already view as important builds a sense of interconnected value.

> *The story of Whitney's Sweet Street bakery shows how tourism fuels far more than visitor-facing businesses as it strengthens the entire regional economy through a network of linked industries. When Mardi Gras crowds flooded her bakery, Whitney bought more flour, dairy, sugar, packaging, and ingredients from local wholesalers, boosting demand in food manufacturing and distribution. She increased orders from a nearby coffee roaster, hired additional workers who then spent their paychecks in neighborhood shops, and contracted a local electrician and equipment supplier when she invested in a second oven. This single small business illustrates how tourism spending ripples across supply chains, supports good jobs, and reinforces other key sectors that policymakers already prioritize which makes tourism not just a celebration, but a critical economic engine for the New Orleans region.*

Showing these connections demonstrates that the industry plays a meaningful role in the region's economic ecosystem.

Drive Home the Policy Implications

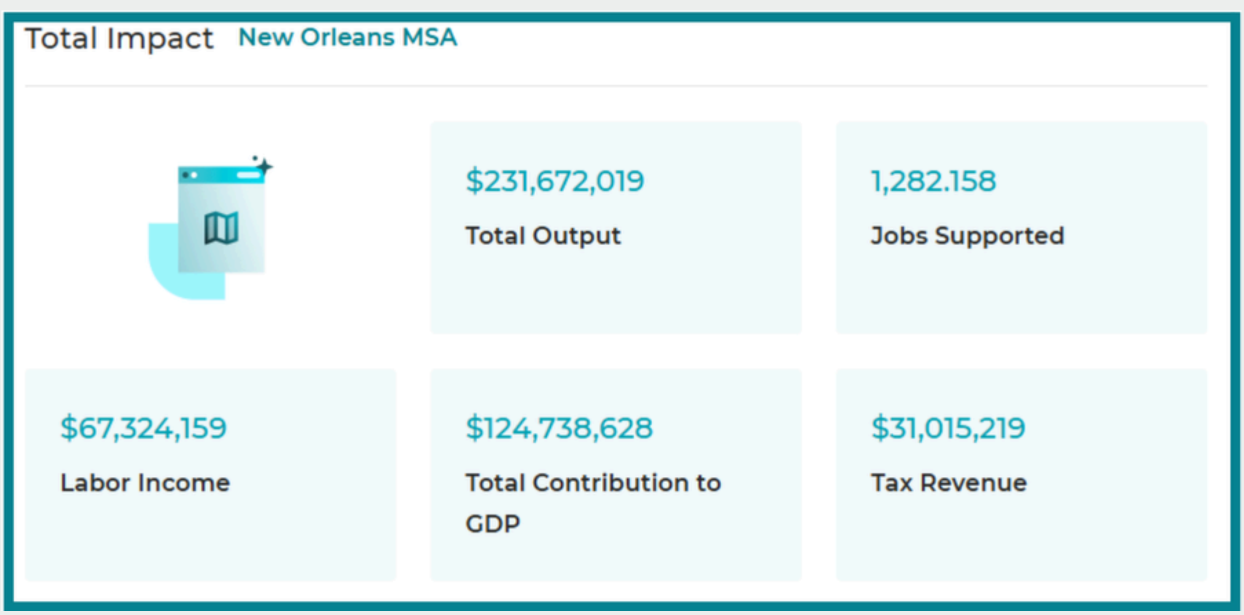
Once the story is established, connect the findings to policy relevance without making overt asks. Simply frame the data within broader topics such as workforce development, infrastructure, regulatory stability, or entrepreneurship. This helps staff understand how the industry relates to current policy discussions in a neutral, data-driven way.

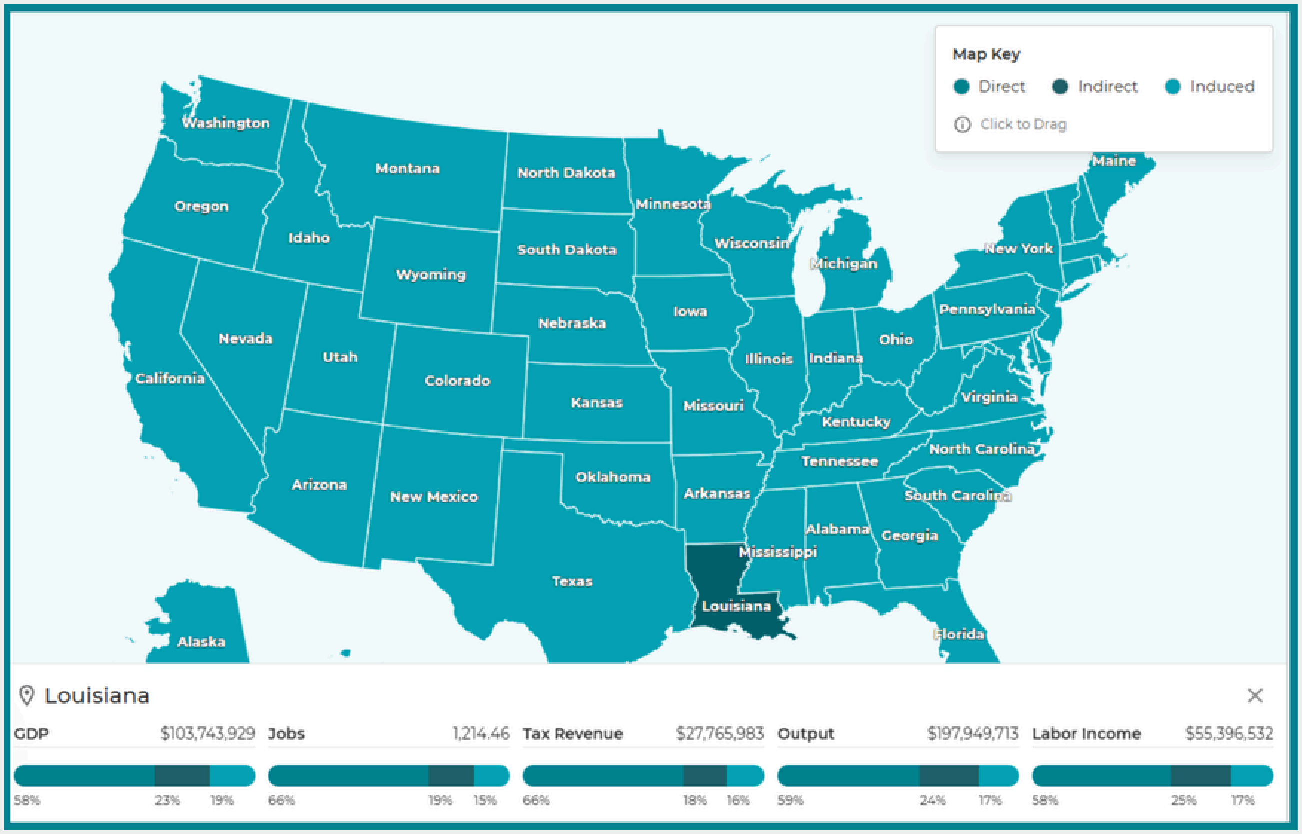
> *Keeping taxes low in Louisiana helps small businesses like Whitney's Sweet Street stay competitive during major tourism events, when high visitor volume can make or break their annual revenue. Lower taxes allow Whitney to reinvest more of her Mardi Gras earnings into hiring local workers, purchasing ingredients from Louisiana suppliers, and maintaining affordable prices for both residents and visitors. By supporting a tax environment that sustains small businesses, lawmakers help strengthen the broader tourism economy that fuels jobs and community stability across the region.*

Bring the story home with how this relates to policy that they vote on at the national level: taxes, tariffs, regulations, or something else.

Make It Pop With Visuals

Adding one simple visual, such as a chart or graphic, can reinforce the message. Make sure the visual is clean, uncluttered, and easy to interpret at a glance. Too much complexity defeats the purpose of a one-pager.





Use some of the visuals provided in IMPLAN results including the summary results cards or a map. Interactive maps can even be edited to use your color scheme and embedded on your own website.

Prove You Know Your Stuff

A short note about methodology reassures congressional staff that the results come from a credible source. One sentence stating that the estimates are based on IMPLAN data and standard contribution analysis methods is enough to convey reliability without overwhelming the reader.

These estimates are based on IMPLAN data and standard economic contribution analysis methods, ensuring the results are consistent, credible, and grounded in widely accepted modeling practices. Analysts used IMPLAN 2026 Model Year to analyze the contribution of tourists to the New Orleans MSA.

Let them know that you used the gold standard of impact analysis, IMPLAN. This will explain your work which is backed by time-tested methodology.

Let Them Contact You

Finally, close with a clear contact block so staff can easily follow up. Include the organization's name, a key contact, and straightforward ways to get in touch. Since one-pagers are often passed around offices, this ensures no one needs to search for more information.

For more information, please contact us at 800-867-5309, email info@NOLASmallBizAlliance.org, or visit www.NOLASmallBizAlliance.org.

Good design and skimmability are essential throughout. Use white space, clear headings, and short bullet points where helpful. The goal is to create a document that a busy staffer can understand in under a minute, and remember later.

The Takeaway

No matter your industry, getting a clear look at your broader role in the economy can affect your relationship to governments, workforces, and supply chains for the better. In the case of the Brewers Association, over the course of four years, it saw state brewing guilds and individual breweries employ contribution analysis results to change growth-restricting regulations, which in turn unlocked tremendous growth and ultimately benefited their economies.

"You know, changing anything in the political process is challenging," said Bart Watson, chief economist for the Brewers Association. "This is not the thing that alone moves the needle, but it is part of telling that story of value creation and job creation that small brewers have. Doing this consistently has helped, too. It's helpful not just being reminded of that impact, but seeing it grow over time as the industry has grown."