IBISWorld

WHERE KNOWLEDGE IS POWER

On guard: After years of falling revenue, renewed spending will likely help boost revenue

IBISWorld Industry Report OD4601
Tactical & Service Clothing Manufacturing in the US

October 2019

Dan Spitzer

About this Industry

Industry Definition

This industry primarily manufactures tactical apparel for the personal, military and service (e.g. police and fire service) markets. Service apparel also includes garments made for patients, waiters and other service workers. Tactical apparel describes clothing with specialized functions such as fire protection, puncture resistance, high visibility and water repellence. The industry does not include manufacturers of safety equipment such as body armor and bulletproof vests.

Main Activities

The primary activities of this industry are

- Manufacturing liquid-proof apparel and accessories
- Manufacturing fire-resistant apparel and accessories
- Manufacturing puncture-protective apparel and accessories
- Developing advanced fabric technologies

The major products and services in this industry are

- Contract manufacturing
- Men’s tactical and service clothing
- Women’s tactical and service clothing

Similar Industries

31621 Shoe & Footwear Manufacturing in the US
Operators in this industry make shoes, including tactical and medical footwear.

54138 Laboratory Testing Services in the US
Companies in this industry provide laboratory testing services.

62211 Hospitals in the US
Hospitals provide medical and emergency services to patients.

Additional Resources

For additional information on this industry

www.bls.gov
Bureau of Labor Statistics

www.cbo.gov
Congressional Budget Office

www.defense.gov
Department of Defense

IBISWorld writes over 1000 US industry reports, which are updated up to four times a year. To see all reports, go to www.ibisworld.com

Industry at a Glance

Tactical & Service Clothing Manufacturing in 2019

Key Statistics Snapshot

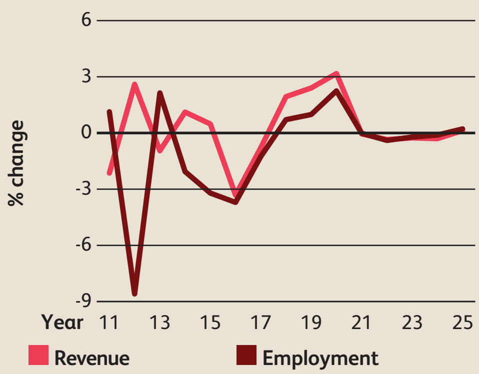
Revenue	Annual Growth 14–19	Annual Growth 19–24
$775.4m	0.1%	0.4%
Profit	**Exports**	**Businesses**
$59.7m	$112.9m	290

Market Share

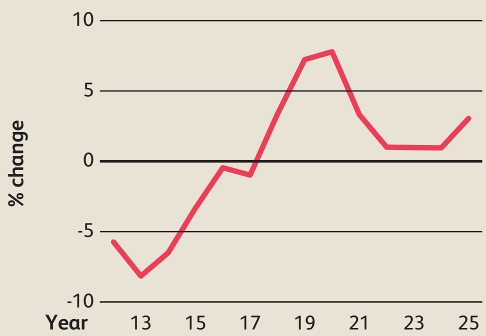
There are no major players in this industry

p. 25

Revenue vs. employment growth



Federal funding for defense



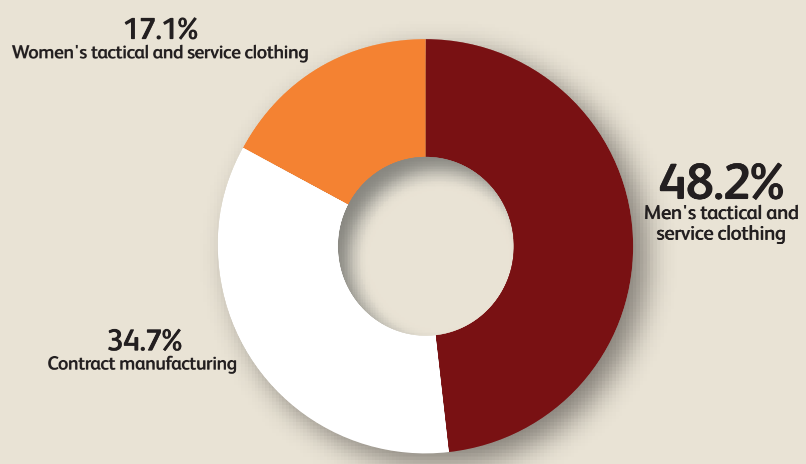
SOURCE: WWW.IBISWORLD.COM

Key External Drivers

- Federal funding for defense
- Local and state government investment
- Import penetration into the manufacturing sector
- National unemployment rate
- Trade-weighted index
- Price of synthetic fiber
- World price of cotton

p. 4

Products and services segmentation (2019)



SOURCE: WWW.IBISWORLD.COM

Industry Structure

Life Cycle Stage	Decline	Regulation Level	Medium
Revenue Volatility	Low	Technology Change	Low
Capital Intensity	Low	Barriers to Entry	Medium
Industry Assistance	Medium	Industry Globalization	Medium
Concentration Level	Low	Competition Level	High

FOR ADDITIONAL STATISTICS AND TIME SERIES SEE THE APPENDIX ON PAGE 29

Industry Performance

Executive Summary | Key External Drivers | Current Performance
Industry Outlook | Life Cycle Stage

Executive Summary

The Tactical and Service Clothing Manufacturing industry expanded slowly over the five years to 2019, following many years of contraction. Industry operators produce tactical, service, uniform and workwear clothing for the government (i.e. military and first responders), consumer and commercial markets. Over the five years to 2019, industry operators struggled to compete with lower-cost imports. Nevertheless, the industry was able to benefit from recently renewed demand from the government market, where the US military and local and state governments ramped up spending on industry products following years of austerity. Conversely, the export and commercial markets declined due to ongoing economic uncertainty and rising trade tensions. Therefore, over the five years to 2019, industry revenue is expected to climb at a subdued annualized rate of 0.1% to $775.4 million, including an anticipated jump of 2.4% in 2019. Additionally, profit (measured as earnings before interest and taxes) is expected to have risen from 5.6% of revenue in 2014, to 7.7% in 2019.

> The industry was able to benefit from recently renewed demand from the government market

Nevertheless, despite some recent growth, the industry is only a fraction of its former size. Like the rest of the apparel manufacturing sector, domestic producers have had great difficulty competing with imports from countries such as China. Manufacturers in these nations have been able to use lower labor costs, looser regulations and government support to undercut US manufacturers in terms of price. Consequently, customers began to import tactical and service clothing from abroad. Even large US-based service attire providers, such as VF Corporation, began to outsource their production abroad. Therefore, nearly 70.0% of domestic demand is accounted for by imports in 2019. Moreover, strong import competition has made the industry more dependent on the government market, where there is more of a focus on quality (especially in the military), and customers tend to favor domestic producers.

Over the five years to 2024, industry revenue is forecast to grow at an annualized rate of 0.4% to $792.3 million. Initially, the industry is anticipated to continue to benefit from increasing government spending on its products and a growing overall economy bolstering commercial demand. However, the government market is projected to eventually soften after the recent boost in spending. Moreover, competition from lower-cost producers abroad will likely continue to pressure industry players in the United States and export markets.

Key External Drivers

Federal funding for defense

The US federal government funds military defense operations. As the amount of money dedicated to these protective operations increases, so does demand for tactical apparel. Federal funding for defense is expected to increase in 2019, presenting an opportunity for this industry.

Local and state government investment

State and local governments shoulder the bills for their respective police departments, law enforcement agencies, provision of emergency medical care and firefighting departments. These agencies form a large proportion of the market segment served by the industry. When state and local government investment

Industry Performance

Key External Drivers continued

increases, it translates into higher revenue for this industry. Local and state government investment is expected to increase over 2019.

Import penetration into the manufacturing sector

The industry is highly exposed to competition from low-cost imports. An increase in import penetration on the manufacturing sector level typically also indicates increased import penetration on the industry level. Import penetration into the manufacturing sector is expected to decrease slightly in 2019.

National unemployment rate

A large portion of industry revenue is derived from the sale of workwear and uniforms to the commercial market. A decrease in unemployment often indicates that more people have jobs, some of which may require industry apparel. The national unemployment rate is expected to decline in 2019.

Trade-weighted index

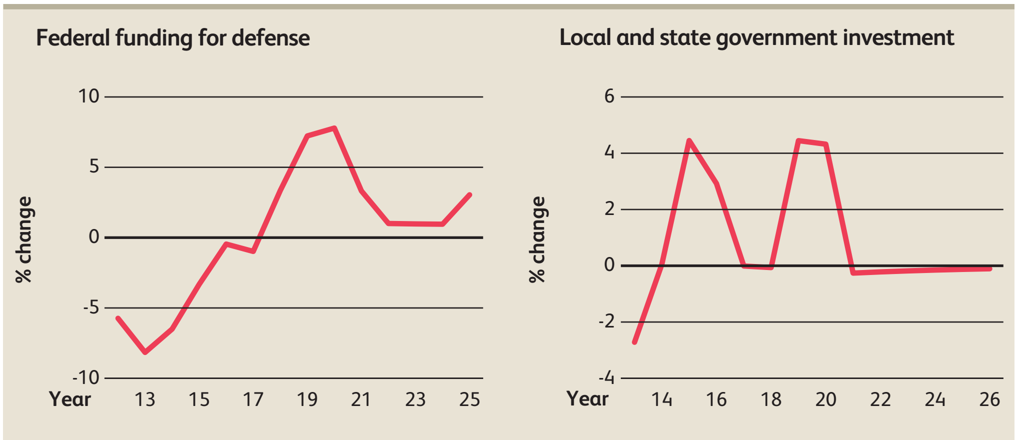
The trade-weighted index (TWI) measures the value of the dollar relative to the United States' major trading partners. When the TWI rises, it encourages the consumption of imported goods because they become more competitive when bought in the domestic currency. When the TWI falls, foreign manufactured goods become more expensive in terms of the domestic currency, thus encouraging demand for domestically produced goods. The TWI is expected to increase in 2019, representing a potential threat to the industry.

Price of synthetic fiber

Industry operators use synthetic fibers such as nylon and neoprene in the production of tactical clothing and accessories. As the price of synthetic fibers increases, operators may pass on the costs to customers, resulting in higher revenue. The price of synthetic fibers is expected to increase in 2019.

World price of cotton

Many industry products are made out of cotton. As the price of this fabric increases, input costs increase. In response, industry players may pass on these costs to customers, increasing revenue. In 2019, the world price of cotton is expected to decrease.

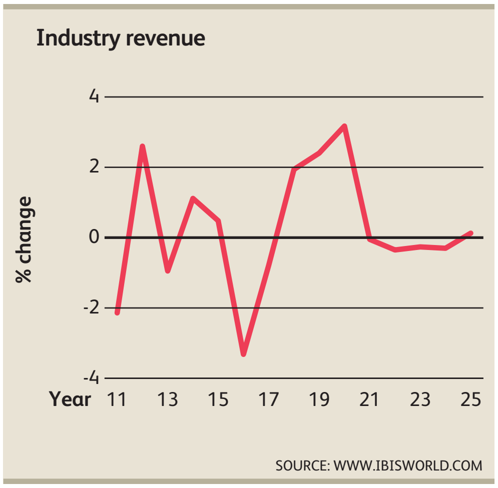


SOURCE: WWW.IBISWORLD.COM

Industry Performance

Current Performance

The Tactical and Service Clothing Manufacturing industry received some respite over the five years to 2019 after a prolonged period of decline. Industry players manufacture tactical and service apparel for the personal, military and first-responder markets, as well as workwear for various other sectors. In line with the overall trend in US apparel manufacturing, industry players have struggled to compete with lower-cost imports, which now satisfy the majority of domestic demand and create constant pricing pressure. In response, domestic producers have focused on more value-added products and markets, such as the military, which are less likely to purchase foreign-produced goods. However, due to unfavorable trade conditions and import competition, exports have declined significantly.



Therefore, over the five years to 2019, industry revenue is expected to climb at an annualized rate of 0.1%% to $775.4 million, including an anticipated 2.4% increase in 2019.

Import competition and demand

While industry revenue has increased over the past five years, its growth comes from a low base. In reality, by the end of 2019, industry revenue is expected to be half what it was nearly two decades ago. Through all of those years, industry operators have contended with constant competition from low-cost imports. In particular, manufacturers in Asian countries such as China and Vietnam leveraged access to lower wages, looser regulations and, at times, government support to undercut US producers. This trend occurred across the entire US manufacturing sector, with IBISWorld estimating that imports' overall share domestic demand will reach 29.8% in 2019. Since most products in the Tactical and Service Clothing Manufacturing industry are not very value added or specialized in nature, import penetration occurred to an even a greater degree than in the overall manufacturing sector. This occurred by either US customers directly purchasing industry goods abroad or with industry players outsourcing production abroad. For example, VF Corporation, one of the leading service apparel companies in the United States, outsourced most of its production to other countries or other third-party producers. However, due to global economic uncertainty and increased trade tensions between the United States and China, imports have slowed. As a result of these trends, the value of industry imports is expected to have fallen at an annualized rate of 2.5% to $1.5 billion over the five years to 2019, far exceeding the size of the domestic industry.

Due to constant competition for imports, remaining industry operators have had to shift focus to more value-added products, as well as target markets where price is not always the determining factor for purchases. In particular, the US military is one of the most-important industry customers. The US Department of Defense (DoD) mostly buys from domestic producers to have a reliable supply of material. Moreover,

Industry Performance

Import competition and demand continued

due to the nature of combat and military service, clothes bought by the DoD have to typically be of a higher quality and durability, reducing the emphasis on price. While not as likely to buy domestically, state and local governments are also an import market for operators, because local agencies such as police and fire departments often require higher-quality apparel, which also reduces price competition and the threat from imports. Consequently, the overall government market now accounts for an estimated 38.7% of industry revenue. Therefore, when government funding for the military, law enforcement and other services recently increased, demand for industry products climbed.

Still, the industry has also been hampered by overall export levels. Though the national unemployment rate has dropped over the five years to 2019 and demand for workwear and service attire increased, the value of industry exports is expected to fall at an annualized rate of 10.4% to $112.9 million during the five-year period. While this still represents an estimated 14.6% of industry revenue, exports' value fell in response to heightened economic uncertainty and trade tensions which led to the US dollar appreciating, making tactical and service clothing more expensive in foreign markets.

Other trends

The recent increase in demand for tactical and service apparel by the government has not overcome the larger obstacles plaguing the industry. Over the five years to 2019, industry employment is expected to decrease at an annualized 1.3% to 5,428 people. In reality, despite some respite from stronger demand, operators have continued to experience competition from imports. Consequently, companies have focused on keeping labor costs down and restructuring operations. Therefore, while there was some expansion during the five-year period, overall figures for industry enterprises have been stagnant. Additionally, the number of industry establishments is expected to have fallen at a rate of 1.1% to 293 locations. The vast majority of these locations are owned by small, local producers. Moreover, the majority of industry players acts as subcontractors to various apparel brands and customers, despite contract service making up just over a fifth of industry revenue. Industry profit (measured as earnings before interest and taxes) has also increased from 2014 levels due to rising demand and an emphasis on controlling costs, reaching 7.7% of revenue in 2019.

The number of industry establishments is expected to have fallen

Industry Performance

Industry Outlook

Over the five years to 2024, the Tactical and Service Clothing Manufacturing industry is expected to continue to grow marginally. While the recent increase in demand from the government market is anticipated to provide some initial growth, import competition is likely suppress domestic producers' market share in other markets. Moreover, export demand is expected to slightly increase, while the overall US economy may experience headwinds. Therefore, over the five years to 2024, industry revenue is projected to rise at an annualized rate of 0.4% to $792.3 million.

Softening demand

Over the next five years, demand for industry products is anticipated to soften. Initially, government demand is expected to keep supporting revenue growth. In particular, the military will likely buy more tactical clothing as defense spending ramps up. Over the five years to 2024, federal funding for defense is forecast to climb at an annualized rate of 2.8% to $704.8 billion. In addition, local and state government spending on industry products is also likely to climb during the first half of the five-year period, as police and other government agencies continue to invest in equipment after earlier austerity measures. However, local and state government investment is anticipated to start declining during the second half of the period. In particular, the increasing welfare expenses of these governments are likely to constrain funding for equipment, including new service clothing. Moreover, even the ramp-up in defense spending on industry products will likely not last too long. After reequipping its personnel with new clothing, funding will probably begin to decline once more. Additionally, funding on industry products, while insignificant in terms of the overall defense budget, is still likely to experience competition from larger acquisition programs and budget burdens (i.e. military healthcare costs).

The industry is anticipated to experience headwinds in the consumer and commercial markets

The industry is also anticipated to experience headwinds in the consumer and commercial markets. The US economy is forecast to grow moving forward, making it more likely that consumers will purchase more industry products (especially hunters and outdoor sportsmen). Companies are also projected to spend more on uniforms and service attire for employees as business grows. In particular, employment in industries where uniforms are more common, such as healthcare and food services, are expected to experience the strongest growth. Nevertheless, over the five years to 2024, the national unemployment rate is forecast to rise. Some of this rise will be due to the unemployment rate rising to more-natural levels after dropping to an abnormally low level over the past five years. In addition, after over a decade of economic growth, the business cycle is at greater risk of a downturn. Consequently, demand for industry products may decline during the latter half of the five-year period.

Industry Performance

Trade

Amid the potential for economic downturns and the softening of the government market, the greatest threat to industry operators will continue to be low-cost imports. Any downturn in the economy or demand may even amplify import competition as customers seek lower-cost alternatives. Therefore, over the five years to 2024, the value of industry imports is forecast to fall at slower annualized rate than the previous period at 0.1% to $1.5 billion; additionally, imports' share of domestic demand is projected to remain high at 69.3%. At the same time, the value of exports is anticipated to increase at an annualized rate of 0.6% to $116.3 million. Similar to the domestic market, much of this increase will be due to depreciating dollar compared with foreign currencies.

The industry may be affected by the rising trade conflicts between the United States and China

Furthermore, the industry may be affected by the rising trade conflicts between the United States and China. Currently, the United States has not imposed tariffs on industry products, but it may do so, which may reduce import competition. Conversely, however, the current administration has threated to impose tariffs on various textiles and fibers. If this was to occur, operators may suffer from higher purchase costs because a large share of inputs in apparel production is imported from China.

Other trends

With industry revenue forecast to increase slightly amid strong import competition and potentially softening demand, operators will continue to restructure and focus on reducing costs. Therefore, over the five years to 2024, the number of industry establishments is forecast to rise marginally at an annualized rate of 0.6% to 302 locations, with employment increasing an annualized 0.3% to 5,509 workers. Industry profit (measured as earnings before interest and taxes) is anticipated to remain pressured by price competition, expected to remain steady at 7.7% of revenue by 2024.

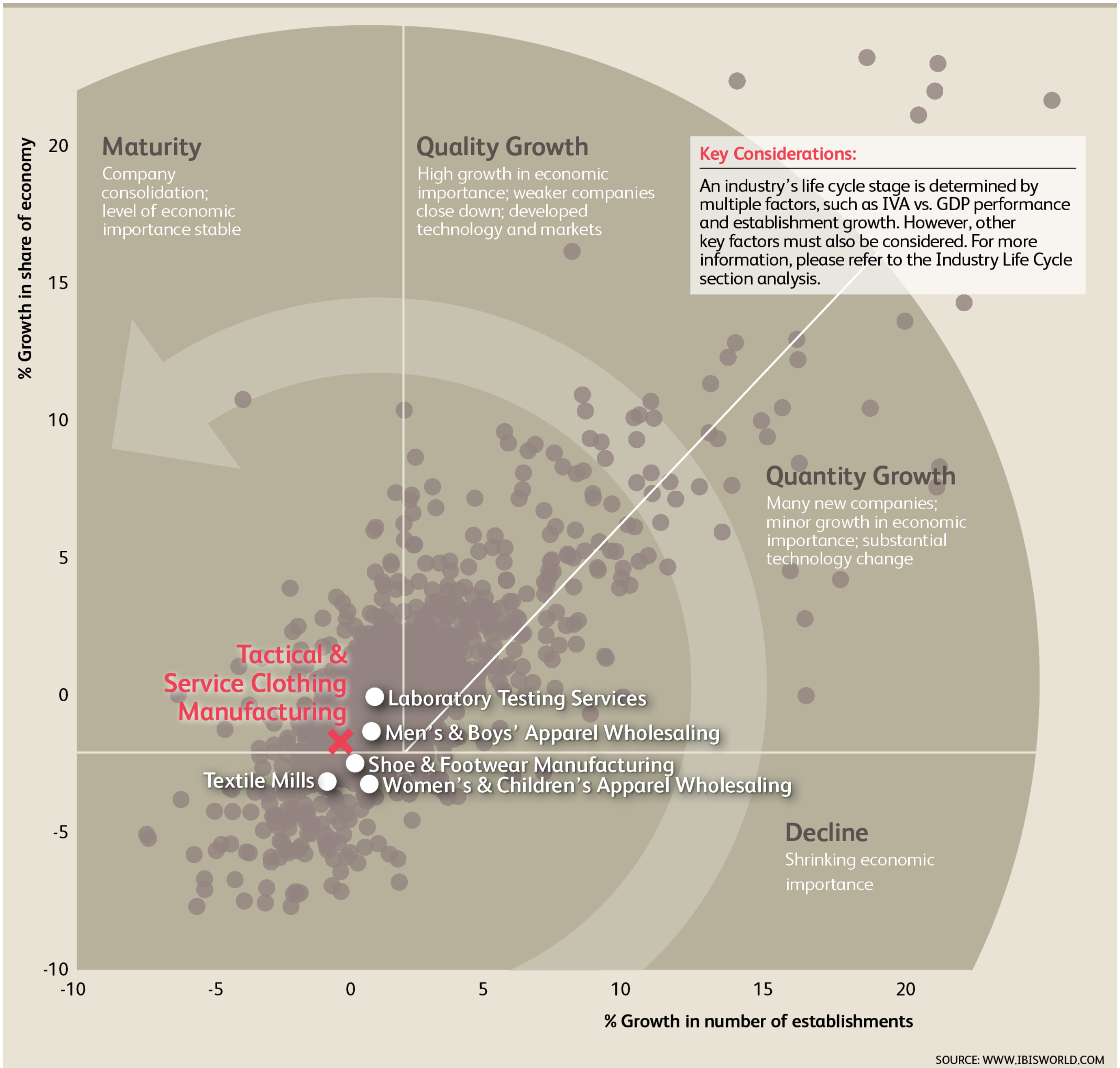
Industry Performance

Life Cycle Stage

The industry's contribution to the overall economy is growing slower than US GDP

Product development is limited to the enhancement of existing products

Industry operators are becoming more reliant on a handful of markets



SOURCE: WWW.IBISWORLD.COM

Industry Performance

Industry Life Cycle

This industry is in **Decline**

The Tactical and Service Clothing Manufacturing industry is in the decline phase of its life cycle. IBISWorld estimates that industry value added (IVA), the industry's contribution to the overall economy, has grown at a mere annualized rate of 0.3% over the 10 years to 2024, while overall GDP has grown at an annualized rate of 2.0%. In general, tactical and service clothing is a widely accepted good and has clear consumer, government and commercial markets. However, much of domestic demand for such apparel is satisfied by imports. From a domestic manufacturing perspective, operations have had to be consistently restructured or forced to close amid intense competition from low-cost imports.

Even the estimated increase in IVA growth over the 10-year period as a reflection of a temporary bump in government spending on industry products. As imports continue to account for the majority of market share, operators have become more reliant on the government, indicating a shrinking market base. In particular, the US military regularly buys industry clothing because it primarily purchases all of its equipment from domestic producers.

The rate of technological change is also low. However, there has been some research and development investment. While the products themselves are limited in scope (e.g. pants, jackets and overalls), increasingly advanced technologies in fabrics which facilitate continued upgrades and enhancements.

Products & Markets

Supply Chain | Products and Services | Demand Determinants
Major Markets | International Trade | Business Locations

Supply Chain

KEY BUYING INDUSTRIES

42432 **Men's & Boys' Apparel Wholesaling in the US**
Men's apparel wholesalers purchase men's tactical apparel from this industry for resale purposes.

42433 **Women's & Children's Apparel Wholesaling in the US**
Women's apparel wholesalers purchase women's tactical apparel from this industry for resale purposes.

44811 **Men's Clothing Stores in the US**
Men's apparel retailers purchase men's tactical apparel from this industry for resale purposes.

44812 **Women's Clothing Stores in the US**
Women's apparel retailers purchase women's tactical apparel from this industry for resale purposes.

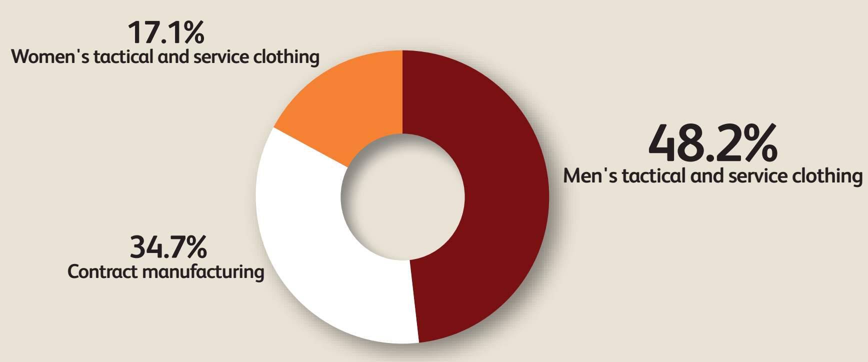
92 **Public Administration in the US**
Public administration services, including the military and protective services such as fire and police departments, purchase tactical and service clothing from this industry for end use.

KEY SELLING INDUSTRIES

31310 **Textile Mills in the US**
Textile mills sell yarns and fibers to be used in tactical and service clothing production.

Products and Services

Products and services segmentation (2019)



Total $775.4m

SOURCE: WWW.IBISWORLD.COM

Tactical apparel refers to functional clothing that has special design features that enhance the speed, safety or performance of the wearer. Fire protection, puncture resistance, high visibility and water repellence provide much-needed protection for personnel that is subject to highly dangerous and often life-threatening work environments (e.g., military, protective service and mining companies). The industry's products include a range of garments such as shirts, pants, trousers and shorts; outerwear and jackets; coveralls; base layers; and other.

Men's tactical and service clothing

The production of men's tactical and services apparel accounts for an

Products & Markets

Products and Services continued

estimated 48.2% of industry revenue. Men still account for the majority of jobs that require service attire. In particular, military, fire rescue and law enforcement occupations that require special attire are mostly staffed by men. Since such attire is less likely to be outsourced to foreign manufacturers, its accounts for a more significant share of domestic producers' revenue. In more recent years, the increase in defense spending and state and local funding for first responder agencies have increased demand for this product segment.

Women's tactical and service clothing

The production of women's tactical and services apparel under the brand of the manufacturers accounts for an estimated 17.1% of industry revenue. Women dominate labor force participation is sectors such as healthcare, where special service attire is common. For instance, according to the Bureau of Labor Statistics, women account for 75.0% of employment in the healthcare and social assistance field. However, since sectors such as this are less likely to source domestically, more of their demand for industry products is satisfied by imports.

Contract manufacturing

Contract manufacturing, which involves producing industry products for clients on a contract basis (typically the clothes produced will have the client's brand and marking), is expected to account for 34.7% of industry revenue. Many uniforms have to be produced to custom specifications and cannot be purchased off the shelf. In particular, military attire is often created by industry players that receive contracts from the Department of Defense.

Demand Determinants

Industry players manufacture workwear or uniforms for various industry sectors such as healthcare, mining, construction, as well as government markets such as law enforcement and the military. One of the largest markets for industry players is the government market. Federal, state and local agencies often require their staff to wear services clothing or uniforms. In particular, the military, law enforcement and fire services demand industry products. When government spending on these services and agencies increases, so does demand for industry products. This could come in the form of extra funding for newer apparel or the need for more apparel due to increased staff numbers. The proliferation of special attire and uniforms throughout the overall labor market also ties industry performance to macroeconomic conditions. For instance, when the economy expands and more people are hired, demand for service clothing for the larger employed population climbs.

Due to the specialized nature of industry produced apparel, design features can have a major effect on driving demand. Since the industry's main markets (e.g. the military, police services and fire protection services) are often subject to hazardous activities as part of their core duties, puncture resistance, fire protection and moisture repellence are extremely important. In this regard, technological advancements in these features can lead to a higher demand for tactical and service clothing. Similarly, durability and comfort also support demand, since major markets continually demand uniforms that are ergonomically designed, yet can hold up against tough use.

The price of tactical clothing can also determine demand for domestically produced tactical apparel. As is the case with most apparel manufacturers, the largest tactical clothing companies outsource their production to low-cost

Products & Markets

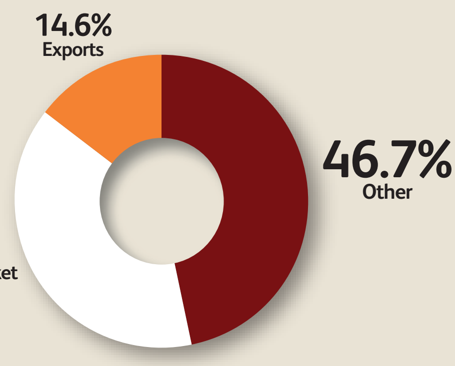
Demand Determinants continued

countries to maximize cost savings. While lower-priced apparel can drive up demand for tactical and service clothing, it drives down the price competitiveness of domestically manufactured goods and demand for industry products.

The brand strength of established products can limit the effect of new products on the market. Brand strength can be affected by the quality of products, which varies considerably between operators and within price brackets. To this end, consumers often prefer apparel made in particular countries due to their perceived differences in quality, style and technology.

Major Markets

Major market segmentation (2019)



Total $775.4m

SOURCE: WWW.IBISWORLD.COM

The industry's major markets are government entities and industries employing individuals in professions requiring uniforms of special attire. Highly specialized clothing used in manufacturing chemicals and body armor are not included in this industry.

Government market

The government segment includes federal, state and local governments and accounts for an estimated 38.7% of industry revenue. This includes federal spending on military and defense efforts, mainly on uniforms for the Army, Marine Corps, Navy, Air Force and Coast Guard. While the core functionalities of military uniforms are relatively the same (e.g. durability, extreme weather protection, ergonomically designed pockets for firearms and equipment), each branch has designated colors and designs that vary to their specification. The military also invests heavily into advanced tactical apparel (e.g. tactical uniforms that provide advanced concealment systems or performance base layers that reduce sweat and hotspots) that is often more expensive, driving up this market's share of industry revenue. Additionally, the federal government also spends on tactical clothing for the Drug Enforcement Agency (DEA) and the Federal Bureau of Investigation (FBI).

Various state and local public safety services also purchase industry products. This segment includes law enforcement (police and special operations teams), firefighting and emergency medical services, which require specialty uniform and tactical apparel for their daily operations. These individual services

Products & Markets

Major Markets continued

demand specific types of apparel depending on their intended use. For example, firefighters require more flame-resistant clothing, while EMT professionals require apparel with additional pockets and compartments to carry their medical equipment. The overall government market's share of revenue has decreased over the past five years, in line with overall reduced government budgets. However, in more recent years both federal and local and state government budgets on agencies that require industry produced clothing have started to recover. The share of revenue generated from this segment has decreased over the past five years, in line with a decrease in military spending and the federal government's consumption and investment.

Exports

The export market is expected to account for 14.6% of the industry's total sales, with nearby countries Canada and Panama as main destinations. In general, US apparel exports are diminished by intense competition from low-cost producers in countries such as China. Industry exports have decreased drastically since 2014 levels due to high import penetration. Nonetheless, exports' share of revenue has begun to fall at a slower rate as domestic demand for industry produced apparel for the military and state and local government agencies recover.

Other

Other markets for the Tactical and Service Clothing Manufacturing industry include businesses, households, miners and hunters that need protective apparel for their work and leisure activities. While highly specialized clothing used in specific situations such as those used in dealing with biohazards or highly corrosive chemicals do not form a part of this industry, industry operators have benefited from a boom in the energy sector, with oil and gas extraction driving demand in this sector. Additionally, industry operators have also ventured into making tactical and service clothing for chemical-based industries to be used in daily wear activities, which do not require body armor but do require the clothing to have certain qualities such as moisture resistance and low-reactivity. Individual consumers (non-professionals) also purchase industry goods directly from manufacturers through websites or catalogs. Over the past five years, tactical apparel has gained popularity among non-professionals, thanks to its durability and design features. IBISWorld estimates that the other market will collectively account for 46.7% of revenue.

Products & Markets

International Trade

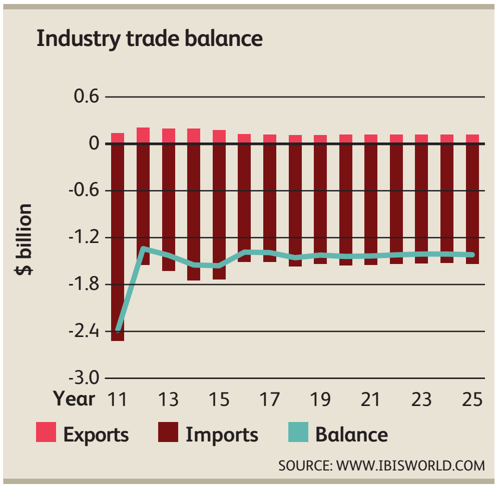
Level & Trend
Exports in the industry are **Medium** and **Decreasing**

Imports in the industry are **High** and **Decreasing**

The Tactical and Service Clothing Manufacturing industry is a net importer, with imports accounting for 69.9% of domestic demand and exports at 14.6% of revenue in 2019. Many larger operators have shifted their production activities to low-cost countries in Asia and South America, while domestic activities focus on high-value-added production, including design, marketing and distribution.

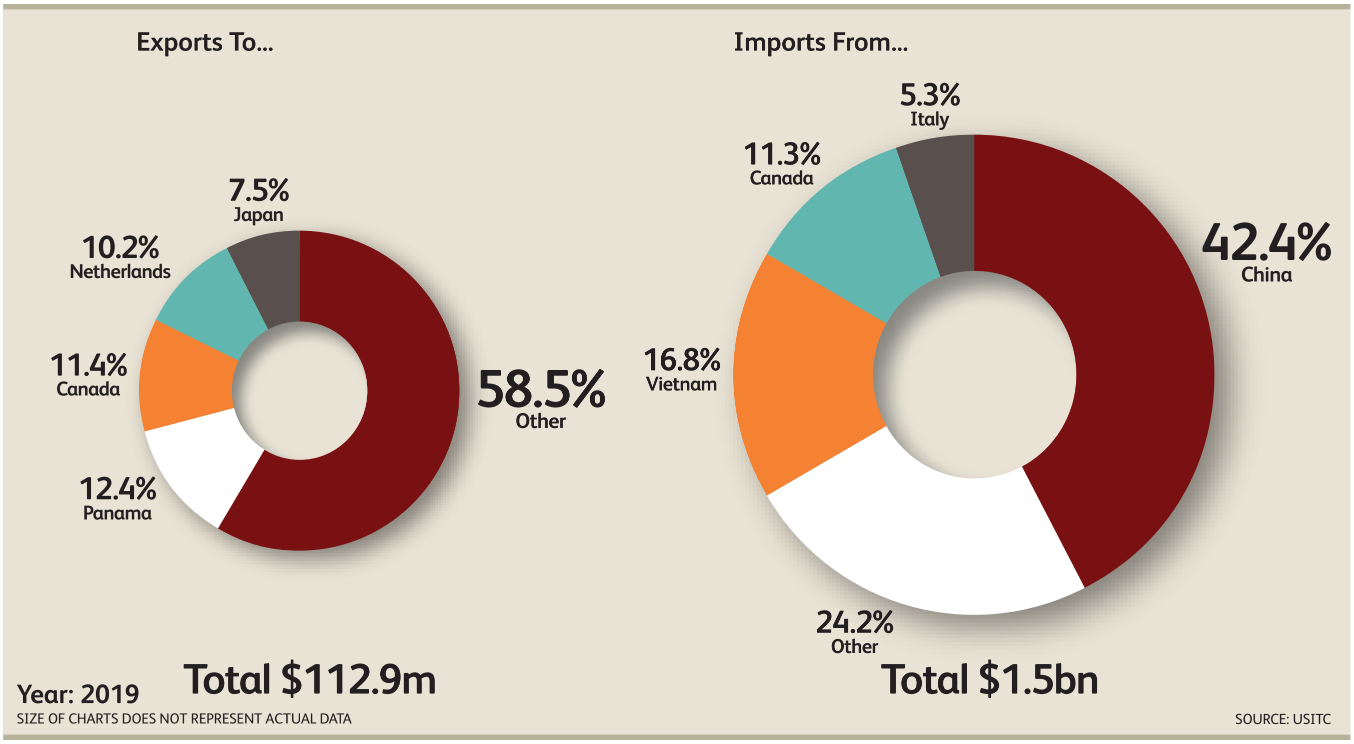
Imports

Over the five years to 2019, IBISWorld expects that import values will decrease at an annualized rate of 2.5% to $1.5 billion. With China and Vietnam both gaining a high share of import penetration to the United States due to their relatively low costs of inputs and labor. China in particular accounts for 42.4% of imports, however this figure has declined from 56.5% in 2014 as increases in wages has forced manufacturers to pass this cost onto consumers. Additionally, rising tariffs from the ongoing trade dispute with the United States and China has further lowered production levels. Other notable import countries include Vietnam (16.8% of imports), Canada (11.3%) and Italy (5.3%).



Exports

The value of industry exports is expected to fall drastically at an annualized rate of 10.4% to $113.0 million over the five



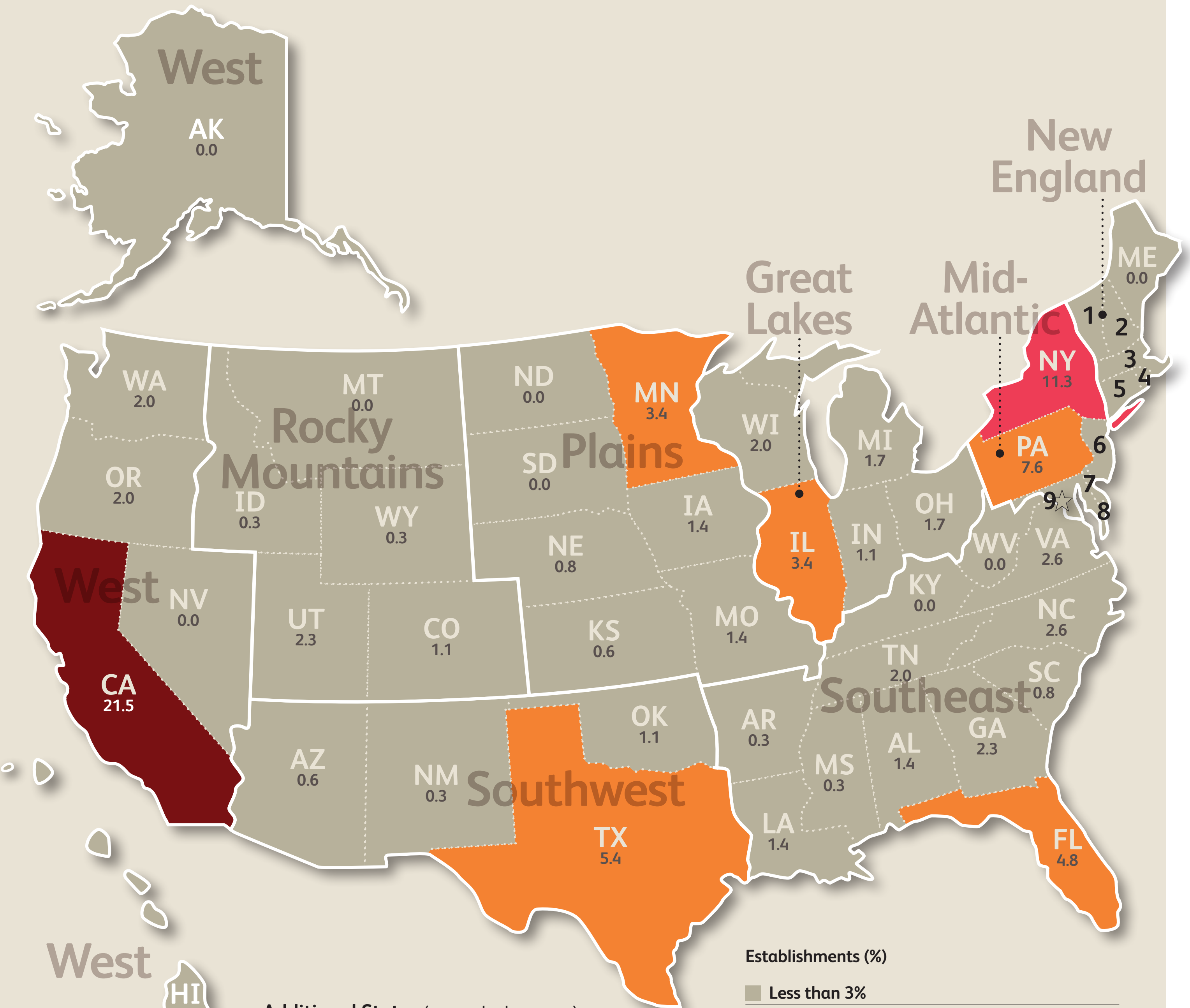
Products & Markets

International Trade continued

years to 2019. Much of this decline can be attributed to the significant rise in the trade-weighted index (TWI). Although exports contend with stiff price competition abroad, the 16.0% rise in the TWI in 2015 caused exports to become even more expensive to foreign buyers. Moreover, the TWI has remained high since the jump in 2015 as trade tensions and negotiations have strained commodity pricings. Panama and Canada are expected to account for the largest share of industry exports at 12.4% and 11.4% respectively, partly due to their proximity to the United States. Other key export markets include the Netherlands (10.2%) and Japan (7.5%).

Products & Markets

Business Locations 2019



Additional States (as marked on map)

1 VT 0.3	2 NH 0.6	3 MA 2.8	4 RI 0.8	
5 CT 0.6	6 NJ 2.8	7 DE 0.0	8 MD 0.3	9 DC 0.0

Establishments (%)

- Less than 3%
- 3% to less than 10%
- 10% to less than 20%
- 20% or more

SOURCE: WWW.IBISWORLD.COM

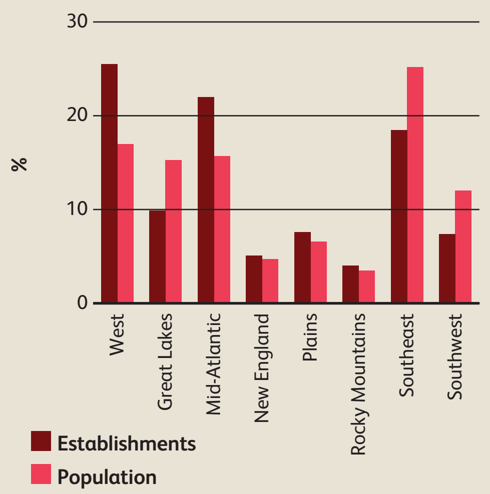
Products & Markets

Business Locations

The spread of industry establishments is affected by the general spread of the population and the location of upstream suppliers. The Southeast accounts for 18.5% of industry establishments. Within this region, Florida accounts for 4.8% of the total industry establishments. The West accounts for the largest portion of industry establishments at 25.5%. Within the region, California hosts the highest number of players, representing 21.5% of all industry facilities. The region and the state's high share can be attributed to the fact that California is home to major ports in Los Angeles and San Francisco, where most of the industry's imports enter the United States.

The Mid-Atlantic region also accounts for a substantial share of establishments, at an estimated 22.0% share. Similar to the West region, the regions access to the Atlantic seaboard makes this region attractive to tactical and service clothing manufacturers that engage in trade. The region's inclusion and proximity to District of Columbia also prompts manufacturers that want to be headquartered near where federal defense funding decisions are made. Within the region, New York and Pennsylvania account for the two highest concentrations of business locations, at 11.3% and 7.6%, respectively.

Distribution of establishments vs. population



The Southwest region account for 7.4% of establishments, with Texas holding 5.4% of the total. The historical development of apparel manufacturing in this region led to a heavy concentration of large and well-established cut-and-sew operators. This concentration occurred because of easy access to less costly labor and raw materials in the late 1800s and the 1900s. These traditional factors and proximity to large downstream markets have created a favorable trading environment for industry participants.

Competitive Landscape

Market Share Concentration | Key Success Factors | Cost Structure Benchmarks
Basis of Competition | Barriers to Entry | Industry Globalization

Market Share Concentration

Level
Concentration in this industry is **Low**

This industry has a low level of market share concentration. The top three companies in the industry are expected to account for less than 10.0% of revenue in 2019. Additionally, most industry operators are small companies. On average a company employs about 20 people and operates one facility. Better known suppliers of tactical and service clothing such as VF Corporation and Unifirst Corporation manufacture their goods in low-cost countries such as Mexico and China. Some large companies such as Cintas Corporation do manufacture in the United States, but only a small portion of their product. In the coming years, price competition from exports will pressure operators to merge, exit and restructure.

Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

Ability to alter goods and services produced in favor of market conditions
An operator that has the ability to change the quantity of manufactured products and adapt to changes in market trends can gain an advantage over its competitors.

Establishment of brand names
An operator that is able to develop strong brand names can benefit from increased sales and exposure. Brands are recognized for their reputations and performance.

Development of new products
New product introductions are scarce in this mature industry, so a company that can offer something innovative will have a leg up on the competition.

Production of goods currently favored by the market
Operators depend on fluctuating demand in a variety of markets. They must cater to those that are growing the most quickly to outpace the competition.

Economies of scale
Operators must be able to produce apparel items at the lowest marginal cost to offer the lowest possible prices to downstream wholesalers, retailers and consumers.

Establishment of export markets
In a mature industry, the expansion of markets domestically and overseas is a paramount goal for revenue growth.

Cost Structure Benchmarks

Cost structures vary among operators in the Tactical and Service Clothing Manufacturing industry depending on the company's product range and labor-technology mix. Larger manufacturers can gain advantages in economy of scale through larger production and lower capital costs, as well as offering specialized niche products.

Wages
Wages are the industry's second-largest expense, accounting for an estimated 24.8% of revenue. Like most of apparel, the production of tactical and service clothing is fairly labor intensive. Workers are often sewing each piece of clothing at a time. Some employees are also involved in research and development, sales and administrative tasks. As number of employees decreased over the past five years, wages' share of revenue has also declined. Amid strong price competition, operators have shifted focus on controlling labor costs, including investing in automation.

Purchases
Purchases account for the single largest expense item for tactical and service clothing manufacturers, at 44.8%. Items in this category include cotton and synthetic

Competitive Landscape

Cost Structure Benchmarks continued

fabrics, zippers and other closures, textiles and packaging materials. Over the past five years, purchase costs have slightly declined as the price of materials such as cotton fell. Moreover, companies have increased the purchase of material from less expensive sources such as China. Conversely, synthetic fiber costs have been volatile as the price of oil fluctuated during the five-year period.

Profit

Industry profit, defined as earnings before interest and taxes, is expected to reach 7.7% in 2019. Like most apparel producers, companies in this industry generally post lower margins than the broader manufacturing sector. The primary reason for this strong price competition is from low-cost imports. Manufacturers in nations such as China primarily use lower labor costs to produce tactical and service attire at a lower cost than domestic producer can. In response, domestic companies have to price their goods as low as possible. However, industry profit has since risen from 5.6% in 2014, as the amount of government contracts increased.

Depreciation

Depreciation only accounts for 1.0% of industry revenue in 2019 as this industry relies on more labor-intensive techniques. However, many companies are investing in automation which will likely cause depreciation costs to rise.

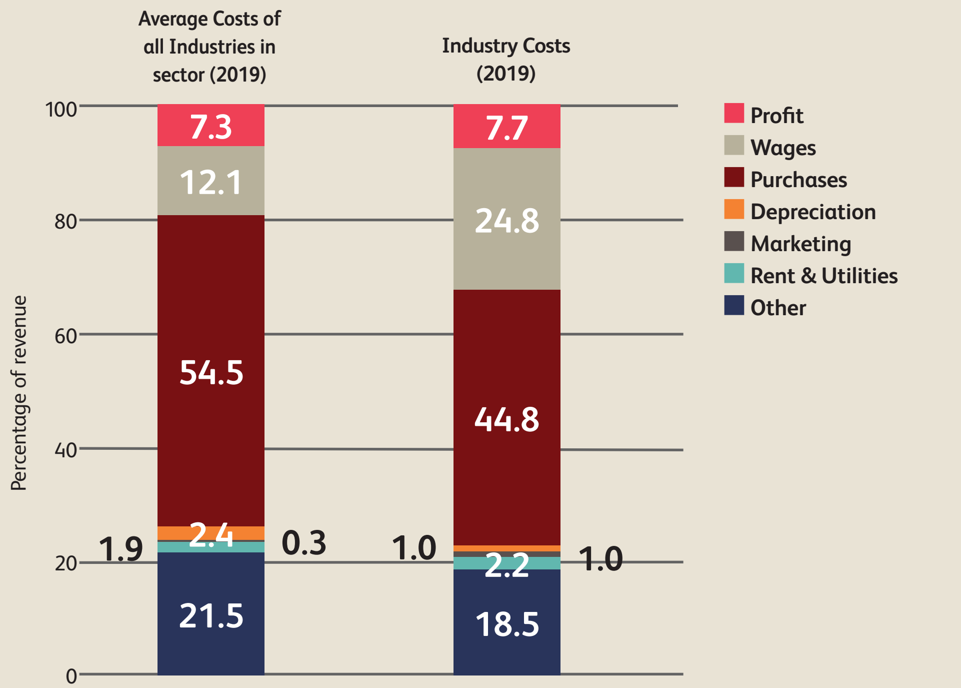
Marketing

Marketing and promotional costs have remained low at 1.0% of industry revenue, as these costs usually take place at the retail level.

Rent

Rent expenses are expected to account for 1.7% of revenue in 2019 as most operators

Sector vs. Industry Costs



SOURCE: WWW.IBISWORLD.COM

Competitive Landscape

Cost Structure Benchmarks continued

have facilities in remote parts of the country where land is less expensive.

Utilities

Utilities are expected to account for 0.5% of revenue in 2019. Utility costs have remained relatively low and stable as many facilities rely on more manual and low technology techniques for sewing and manufacturing.

Other

All other costs account for 18.5% of revenue and include research and development, insurance, administrative expenses, distribution and inventory tracking.

Basis of Competition

Level & Trend
Competition in this industry is **High** and the trend is **Increasing**

Companies in the Tactical and Service Clothing Manufacturing industry compete domestically against each other and internationally against foreign producers.

Internal competition

Since tactical and service clothing is often highly specialized, advancements in product design and manufacturing can give operators a competitive advantage over other players. New product developments often spur new and replacement demand; operators that carry this new apparel can benefit from this trend. Furthermore, specialist operators serve niche markets, which help them build brand loyalty.

Companies that can offer high-quality products at competitive prices will also have an advantage within the industry. Downstream markets (e.g. federal, state and local governments) that provide uniforms for the military and protective services typically want to pay low prices for apparel products. However, these sectors also demand products that are durable and reliable, since the wearers of tactical clothing are often subject to dangerous and often life-threatening situations as part of their daily duties. In this regard, customers may be willing to pay a higher price for products that are produced against higher standards than less expensive alternatives that may not perform under extreme conditions or need to be replaced often.

Industry operators can gain a competitive edge by providing a high standard of service to downstream markets. Operators that can produce special orders as required, provide timely deliveries of ordered goods and offer client assistance for product problems and issues can earn a good reputation and increase orders and sales.

External competition

The major competition for items produced by the US industry comes from imported clothing at the less costly end of the market, particularly from China and other Asian countries. Competition also exists at the more expensive end of the market, from Canada and European countries. Competition from less expensive imports has steadily risen, as domestic operators have increasingly offshored and outsourced production to take advantage of low production costs in Asian and South American countries.

The competitive strengths of US industry operators include product design and quality, advanced marketing strategies, technological competence, access to the large local market and access to high-quality inputs. The United States is not as competitive in the following areas of labor cost and access to large Asian markets.

Competitive Landscape

Barriers to Entry

Level & Trend
Barriers to Entry in this industry are **Medium** and **Steady**

The Tactical and Service Clothing Manufacturing is an increasingly competitive industry, as the marketplace becomes saturated with clothing companies that sell similar products to a limited number of buyers and consumers. While technological advancements provide some upgrades and enhancements in specialty apparel (e.g. fire-resistant clothing or moisture-repelling apparel), products are limited in scope (e.g. pants, jackets, overalls and bib). Also, service clothing is becoming increasingly standardized, with little differentiation among design and features. As the industry is maturing, new entrants may find it difficult to establish operations within the concentrated space. In fact, most of the existing operators have established supply contracts with upstream textile producers and downstream apparel wholesalers, serving as a barrier to potential manufacturers. Capital costs to acquire machinery and equipment can also be high. Many operators are sending their manufacturing activities offshore and are no longer investing in capital equipment domestically. To this end, capital investment in machinery may be considered wasteful. Domestically made apparel may not be able to compete on price against imports because the cost to make the clothes may require a higher price.

Additionally, this is a highly specialized industry and most manufacturers have patent protection over the technologies and fabrics they have created. While these patents last, aspiring entrants will not be able to use existing technology to manufacture industry products. Hence, they would have to invest in large-scale research and development with a potentially long payback period as they establish themselves and their brand. This factor could deter many aspiring entrants unless they already produce protective apparel and have the ability to cross apply the existing equipment and technology they already possess.

Barriers to Entry checklist

Competition	High
Concentration	Low
Life Cycle Stage	Decline
Capital Intensity	Low
Technology Change	Low
Regulation and Policy	Medium
Industry Assistance	Medium

SOURCE: WWW.IBISWORLD.COM

Industry Globalization

Level & Trend
Globalization in this industry is **Medium** and the trend is **Increasing**

Globalization in this industry is high. Imports account for nearly 70.0% domestic demand for tactical apparel, with exports accounting for 14.6% of revenue in 2019. In particular, while many suppliers of industry products are US companies, they have outsourced production to lower cost production facilities abroad. Consequently, the supply of tactical and service clothes is dependent on global supply chains. Conversely, the majority of players that still manufacture in the United States are small, local operators. In addition, the Department of Defense stipulations to purchase US-manufactured items limits the opportunities for foreign companies to tap a large share of this market.

Competitive Landscape

Industry Globalization continued

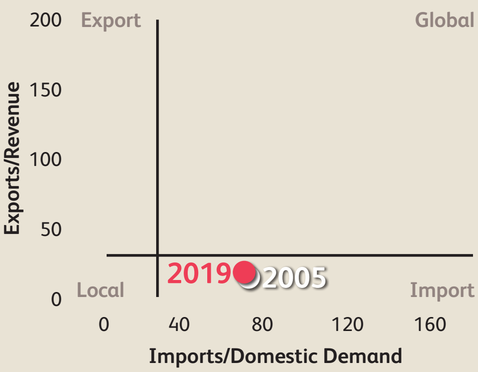
International trade is a major determinant of an industry's level of globalization.

Exports offer growth opportunities for firms. However there are legal, economic and political risks associated with dealing in foreign countries.

Import competition can bring a greater risk for companies as foreign producers satisfy domestic demand that local firms would otherwise supply.

Trade Globalization

Going Global: Tactical & Service Clothing Manufacturing 2005–2019



SOURCE: WWW.IBISWORLD.COM

Major Companies

There are no Major Players in this industry | Other Companies

Other Companies

The industry is mostly made of up small, local manufactures. There are several larger companies in this industry such as Cintas Corporation, but only a small share of their apparel is manufactured in the United States. Most suppliers of tactical and service apparel outsource production to third-party manufacturers or outsource production abroad. For instance, VF Corporation is one of the largest suppliers of workwear in the United States, but does not produce any industry-specific items domestically.

Other Company Performance

American Apparel Inc.
Market Share: 4.6 %

Selma AL-based American Apparel Inc. (American Apparel) is a leading supplier of clothing to the United States military. The company employs over 500 people in three facilities located throughout Alabama. Since 1987 the company has supplied the US military with clothing including coats, combat uniforms, utility uniforms, dress uniforms and athletic wear. The company also provides warehousing and distribution and prototyping services for the Department of Defense. American Apparel is a private company and does not report financial data. However, IBISWorld estimates the company will generate 4.6% of industry revenue in 2019.

Other Company Performance

ReadyOne Industries
Market Share: 3.3 %

El Paso, TX-based ReadyOne Industries (ReadyOne) manufactures garments, uniforms and corrugated products as well as providing document storage and call center services. However, the majority of the company's industry-specific operations comes from its production of military clothing. Military training gear, combat uniforms and related apparel are manufactured at ReadyOne's 345,000-square-foot facility. The company also produces athletic wear, sleeping bags, tents, headwear and other forms of textile and apparel products, but these are not industry-specific. ReadyOne is a private company and does not disclose any financial information, thus, IBISWorld estimates that it will account for 3.3% of industry revenue in 2019.

Other Company Performance

Cintas Corporation
Market Share: 1.0 %

Based in Cincinnati, Cintas Corporation is a leading uniform and facility services company. The company employs about 45,000 people and has operations throughout the United States, Latin America, Europe and Asia. The company's industry-specific operations take place within the uniform rental and facility services division, which generated $5.6 billion in 2018. However, the majority of the unit's revenue comes from uniform and facility services and uniform rentals. Only a small portion of that revenue comes from service apparel manufacturing, and an even smaller portion comes from production in the United States. As a result, IBISWorld estimates that the company will generate 1.0% of the industry's revenue in 2019.

Operating Conditions

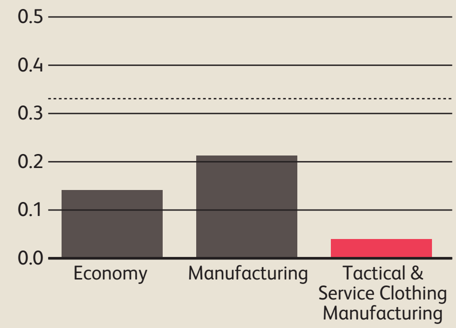
Capital Intensity | Technology & Systems | Revenue Volatility
Regulation & Policy | Industry Assistance

Capital Intensity

Level
The level of capital intensity is **Low**

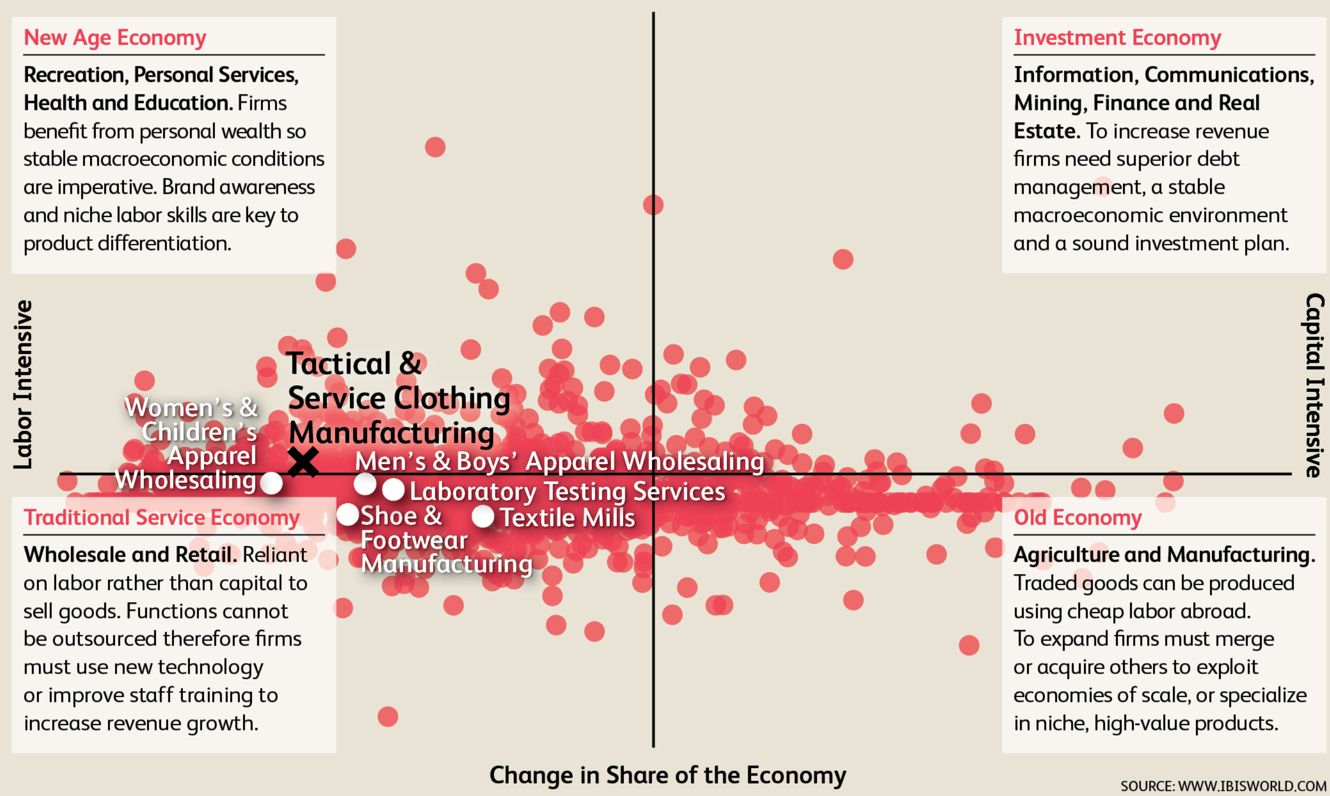
The Tactical and Service Clothing Manufacturing industry is labor intensive. On average, industry operators spend just $0.04 on capital equipment for every dollar spent on labor costs. The production of clothing requires more labor input than other manufactured goods. Workers are needed in the sewing of apparel and to run machinery (although less heavy machinery is used than in other manufacturing industries). Nevertheless, operators have researched ways to automate parts of the manufacturing process to reduce wage costs, especially due to lower labor costs for rivals based in countries such as China.

Capital Intensity
Capital units per labor unit



Dotted line shows a high level of capital intensity
SOURCE: WWW.IBISWORLD.COM

Tools of the Trade: Growth Strategies for Success



SOURCE: WWW.IBISWORLD.COM

Operating Conditions

Technology and Systems

Level
The level of technology change is **Low**

Fabric innovations drive technological developments within the Tactical and Service Clothing Manufacturing industry. Development teams create new fiber technologies that respond to the needs of customers. Industry buyer markets include law enforcement agencies and first responders that require durable, yet comfortable clothing and accessories that can resist stab wounds, liquid (e.g. blood) penetration and extreme weather. For example, DuPont's Kevlar is a fiber technology that is intended as everyday wear for protection against threats from knives and other puncture-producing weapons. The company is also developing a new fiber technology called M5, which would provide stronger fire protection over existing products. Since inventing turnout gear and fire fighters' protective clothing in 1887, Globe Holding Company has partnered with university and government researchers to develop advanced protective clothing and accessories, such as moisture barrier fabrics. Globe Holding also develops industry products for companies such as DuPont and W.L. Gore & Associates.

Revenue Volatility

Level
The level of volatility is **Low**

Over the five years to 2019, the Tactical and Service Clothing Manufacturing industry has exhibited a low to moderate level of revenue volatility. Much of the industry has been hollowed out by years to import competition from less expensive imports. As a result, the industry has shrunk to a size where relatively minor changes in demand can have a significant effect on revenue growth rates. Moreover, the industry is now highly dependent on government demand and in particular the US military. Whenever the Department of Defense increases funding for new gear and uniforms, industry revenue tends to climb at a high rate. At the same time, when funding is cut, revenue could drastically fall.

A higher level of revenue volatility implies greater industry risk. Volatility can negatively affect long-term strategic decisions, such as the time frame for capital investment.

When a firm makes poor investment decisions it may face underutilized capacity if demand suddenly falls, or capacity constraints if it rises quickly.

Volatility vs. growth

* Axis is in logarithmic scale

SOURCE: WWW.IBISWORLD.COM

Operating Conditions

Regulation and Policy

Level & Trend
The level of Regulation is **Medium** and the trend is **Steady**

The Tactical and Service Clothing Manufacturing industry is subject to several environmental laws and regulations. Similar to other sectors of the apparel and textile production industries, companies are required to comply with federal, state, local and foreign laws. These regulations pertain to discharges into the air and waterways, methods of storage and disposal of chemicals and by-products. The acts associated with regulation compliance and having up-to-date information on changes drive up industry operating costs.

Clothing manufacturers are subject to increasingly stringent waste standards. Discharges into waterways are heavily monitored, with fines and imprisonment possible for individual offenders and companies. These regulations may be imposed at the federal level through the Environmental Protection Agency (EPA) or at the state level.

Industry manufacturers are subject to US customs duties for imported fibers and yarns. Operators must also abide by US patent and trademark laws that relate to the protection of intellectual property rights. Penalties are imposed on operators that violate US labor and wage laws. Moreover, companies are subject to occupational health and safety regulatory legislation, which include mandates for employee overtime and working conditions. Also, large public operators are subject to regulation regarding unfair competition in relation to mergers and acquisitions; and public companies must increase their level of transparency when reporting financial and nonfinancial information.

Industry Assistance

Level & Trend
The level of Industry Assistance is **Medium** and the trend is **Steady**

The industry is subject to moderate tariff levels. Higher priced imports can have an adverse effect on consumers' choice to purchase them. In 2005, reductions to tariff rates, negotiated under the influence of the World Trade Organization, have made apparel imports less expensive on the domestic market. While this aspect benefits consumers, it places additional competitive pressure on US manufacturers. These tariff decreases follow the requirements of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). The requirements sought to eliminate existing quotas and tariffs over a 10-year period. However, only a limited number of tariff reductions have been imposed to date on apparel imports.

The National Tactical Officers Association is a trade organization for law enforcement professionals, including police officers and military personnel. The group tests and reviews industry goods and provides recommendations to its members.

Key Statistics

Industry Data

	Revenue ($m)	Industry Value Added ($m)	Establish-ments	Enterprises	Employment	Exports ($m)	Imports ($m)	Wages ($m)	Domestic Demand	Federal fund-ing for defense ($b)
2010	766.4	241.7	341	338	6,271	139.8	2,407.8	204.2	3,034.4	721.6
2011	750.0	258.1	340	337	6,342	136.3	2,518.6	206.4	3,132.3	719.1
2012	769.5	230.4	254	252	5,797	207.1	1,547.9	192.0	2,110.3	677.9
2013	762.2	235.2	271	269	5,921	197.4	1,623.7	190.9	2,188.5	622.5
2014	770.7	256.8	310	308	5,799	195.4	1,745.4	206.0	2,320.7	582.1
2015	774.4	257.4	303	300	5,613	173.9	1,733.5	203.2	2,334.0	562.7
2016	748.7	228.5	296	294	5,405	122.3	1,507.6	190.3	2,134.0	560.1
2017	742.8	255.7	293	290	5,337	121.0	1,512.5	188.1	2,134.3	554.7
2018	757.2	254.2	293	290	5,375	108.9	1,565.7	189.9	2,214.0	573.2
2019	775.4	259.1	293	290	5,428	112.9	1,536.3	192.3	2,198.8	614.7
2020	800.0	266.7	300	297	5,550	117.1	1,557.9	197.0	2,240.8	662.6
2021	799.6	266.9	303	300	5,549	117.1	1,551.7	196.9	2,234.2	684.5
2022	796.8	266.0	302	299	5,527	116.9	1,537.4	196.2	2,217.3	691.4
2023	794.7	265.5	302	299	5,515	116.7	1,526.7	195.7	2,204.7	698.1
2024	792.3	265.1	302	299	5,509	116.3	1,526.5	195.4	2,202.5	704.8

Annual Change

	Revenue (%)	Industry Value Added (%)	Establish-ments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	Federal fund-ing for defense (%)
2011	-2.1	6.8	-0.3	-0.3	1.1	-2.5	4.6	1.1	3.2	-0.3
2012	2.6	-10.7	-25.3	-25.2	-8.6	51.9	-38.5	-7.0	-32.6	-5.7
2013	-0.9	2.1	6.7	6.7	2.1	-4.7	4.9	-0.6	3.7	-8.2
2014	1.1	9.2	14.4	14.5	-2.1	-1.0	7.5	7.9	6.0	-6.5
2015	0.5	0.2	-2.3	-2.6	-3.2	-11.0	-0.7	-1.4	0.6	-3.3
2016	-3.3	-11.2	-2.3	-2.0	-3.7	-29.7	-13.0	-6.3	-8.6	-0.5
2017	-0.8	11.9	-1.0	-1.4	-1.3	-1.1	0.3	-1.2	0.0	-1.0
2018	1.9	-0.6	0.0	0.0	0.7	-10.0	3.5	1.0	3.7	3.3
2019	2.4	1.9	0.0	0.0	1.0	3.7	-1.9	1.3	-0.7	7.2
2020	3.2	2.9	2.4	2.4	2.2	3.7	1.4	2.4	1.9	7.8
2021	-0.1	0.1	1.0	1.0	0.0	0.0	-0.4	-0.1	-0.3	3.3
2022	-0.4	-0.3	-0.3	-0.3	-0.4	-0.2	-0.9	-0.4	-0.8	1.0
2023	-0.3	-0.2	0.0	0.0	-0.2	-0.2	-0.7	-0.3	-0.6	1.0
2024	-0.3	-0.2	0.0	0.0	-0.1	-0.3	0.0	-0.2	-0.1	1.0

Key Ratios

	IVA/Revenue (%)	Imports/ Demand (%)	Exports/ Revenue (%)	Revenue per Employee ($'000)	Wages/Revenue (%)	Employees per Est.	Average Wage ($)	Share of the Economy (%)
2010	31.54	79.35	18.24	122.21	26.64	18.39	32,562.59	0.00
2011	34.41	80.41	18.17	118.26	27.52	18.65	32,544.94	0.00
2012	29.94	73.35	26.91	132.74	24.95	22.82	33,120.58	0.00
2013	30.86	74.19	25.90	128.73	25.05	21.85	32,241.18	0.00
2014	33.32	75.21	25.35	132.90	26.73	18.71	35,523.37	0.00
2015	33.24	74.27	22.46	137.97	26.24	18.52	36,201.67	0.00
2016	30.52	70.65	16.33	138.52	25.42	18.26	35,208.14	0.00
2017	34.42	70.87	16.29	139.18	25.32	18.22	35,244.52	0.00
2018	33.57	70.72	14.38	140.87	25.08	18.34	35,330.23	0.00
2019	33.42	69.87	14.56	142.85	24.80	18.53	35,427.41	0.00
2020	33.34	69.52	14.64	144.14	24.63	18.50	35,495.50	0.00
2021	33.38	69.45	14.64	144.10	24.62	18.31	35,483.87	0.00
2022	33.38	69.34	14.67	144.17	24.62	18.30	35,498.46	0.00
2023	33.41	69.25	14.68	144.10	24.63	18.26	35,485.04	0.00
2024	33.46	69.31	14.68	143.82	24.66	18.24	35,469.23	0.00

Figures are in inflation-adjusted 2019 dollars.

SOURCE: WWW.IBISWORLD.COM

Jargon & Glossary

Industry Jargon

BIB A piece of apparel that covers the chest area, protecting the wearer's vital organs.

EMERGENCY MEDICAL TECHNICIAN (EMT) Individuals whose occupation is to transport patients in an ambulance.

OFFSHORE The relocation of a company's business process, such as manufacturing or accounting, from one country to another, whether the work is outsourced or stays within the company.

OUTSOURCE To procure goods or services under contract with an outside supplier.

TURNOUTS Fire fighters' coats and pants.

IBISWorld Glossary

BARRIERS TO ENTRY High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labor. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than $0.333 of capital to $1 of labor; medium is $0.125 to $0.333 of capital to $1 of labor; low is less than $0.125 of capital for every $1 of labor.

CONSTANT PRICES The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the "real" growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the US Bureau of Economic Analysis' implicit GDP price deflator.

DOMESTIC DEMAND Spending on industry goods and services within the United States, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

EMPLOYMENT The number of permanent, part-time, temporary and seasonal employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS Total value of industry goods and services sold by US companies to customers abroad.

IMPORTS Total value of industry goods and services brought in from foreign countries to be sold in the United States.

INDUSTRY CONCENTRATION An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70% of industry revenue. Medium is 40% to 70% of industry revenue. Low is less than 40%.

INDUSTRY REVENUE The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA) The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

INTERNATIONAL TRADE The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%, medium is 5% to 20%, and high is more than 20%. Imports/domestic demand: low is less than 5%, medium is 5% to 35%, and high is more than 35%.

LIFE CYCLE All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

Jargon & Glossary

IBISWorld Glossary continued

VOLATILITY The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than ±20 %; high volatility is ±10 % to ±20 %; moderate volatility is ±3 % to ±10 %; and low volatility is less than ±3 %.

WAGES The gross total wages and salaries of all employees in the industry. The cost of benefits is also included in this figure.

www.ibisworld.com | 1-800-330-3772 | info@ibisworld.com

At IBISWorld we know that industry intelligence is more than assembling facts

It is combining data with analysis to answer the questions that successful businesses ask

Identify high growth, emerging & shrinking markets
Arm yourself with the latest industry intelligence
Assess competitive threats from existing & new entrants
Benchmark your performance against the competition
Make speedy market-ready, profit-maximizing decisions

IBISWorld

WHERE KNOWLEDGE IS POWER

Who is IBISWorld?
We are strategists, analysts, researchers, and marketers. We provide answers to information-hungry, time-poor businesses. Our goal is to provide real world answers that matter to your business in our 700 US industry reports. When tough strategic, budget, sales and marketing decisions need to be made, our suite of Industry and Risk intelligence products give you deeply-researched answers quickly.

IBISWorld Membership
IBISWorld offers tailored membership packages to meet your needs.

Disclaimer

This product has been supplied by IBISWorld Inc. ('IBISWorld') solely for use by its authorized licenses strictly in accordance with their license agreements with IBISWorld. IBISWorld makes no representation to any other person with regard to the completeness or accuracy of the data or information contained herein, and it accepts no responsibility and disclaims all liability (save for liability which cannot be lawfully disclaimed) for loss or damage whatsoever suffered or incurred by any other person resulting from the use of, or reliance upon, the data or information contained herein. Copyright in this publication is owned by IBISWorld Inc. The publication is sold on the basis that the purchaser agrees not to copy the material contained within it for other than the purchasers own purposes. In the event that the purchaser uses or quotes from the material in this publication – in papers, reports, or opinions prepared for any other person – it is agreed that it will be sourced to: IBISWorld Inc.

Copyright 2019 IBISWorld Inc