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Family fashion: Revenue will continue to grow, despite threats from competing industries

IBISWorld Industry Report 44814
Family Clothing Stores in the US

August 2019

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About this Industry

Industry Definition

Family clothing retailers stock a general line of new clothing for men, women and children without specializing in apparel for a particular gender or age group.

Additional services include basic alterations such as hemming, taking in or letting out seams and lengthening or shortening sleeves.

Main Activities

The primary activities of this industry are

- Retailing women's casual apparel
- Retailing men's casual apparel
- Retailing women's formal apparel
- Retailing men's formal apparel
- Retailing infants' and children's apparel

The major products and services in this industry are

- Children's wear
- Men's casual wear
- Men's formal wear
- Women's casual wear
- Women's formal wear
- Other men's wear
- Other women's wear

Similar Industries

44811 Men's Clothing Stores in the US
This industry retails new men's and boys' clothing.

44812 Women's Clothing Stores in the US
This industry retails new women's, misses' and juniors' clothing.

44813 Children's & Infants' Clothing Stores in the US
This industry retails new children's and infants' clothing.

45211 Department Stores in the US
This industry retails new men's and boys', women's and girls' and children's and infants' clothing.

45331 Used Goods Stores in the US
This industry retails secondhand clothing.

45411a E-Commerce & Online Auctions in the US
This industry provides websites for facilitating consumer-to-consumer or business-to-business trade in clothing on an auction and sales basis.

45411b Mail Order in the US
This industry retails clothing via mail catalogs or TV from catalog showrooms or mail-order houses.

81149b Other Personal and Household Goods (except Boat, Motorcycle and Bicycle) Repair and Maintenance in the US
This industry provides clothing alterations and repairs.

About this Industry

Additional Resources

For additional information on this industry

www.wewear.org
American Apparel & Footwear Association

www.bls.gov
US Bureau of Labor

www.census.gov
US Census Bureau

www.hhs.gov
US Department of Health and Human Services

Industry at a Glance

Family Clothing Stores in 2019

Key Statistics Snapshot

Revenue **$112.4bn**	Annual Growth 14–19 **0.9%**	Annual Growth 19–24 **0.6%**
Profit **$4.6bn**	Wages **$12.7bn**	Businesses **25,045**

Market Share

The TJX Companies Inc. 15.0%

Ross Stores Inc. 14.1%

Gap Inc. 7.3%

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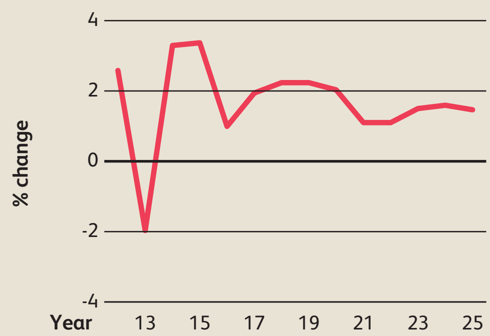
Revenue vs. employment growth

Per capita disposable income



SOURCE: WWW.IBISWORLD.COM

Key External Drivers

Per capita disposable income

External competition for the Family Clothing Stores industry

Number of adults aged 20 to 64

Import penetration into the manufacturing sector

World price of cotton

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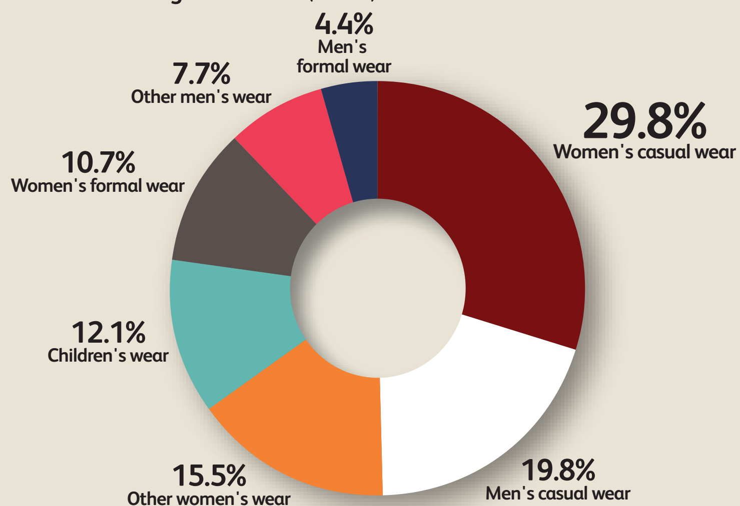
Products and services segmentation (2019)



SOURCE: WWW.IBISWORLD.COM

Industry Structure

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

FOR ADDITIONAL STATISTICS AND TIME SERIES SEE THE APPENDIX ON PAGE 31

Industry Performance

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

Executive Summary

The Family Clothing Stores industry consists of retail establishments that sell apparel for men, women and children without clear specialization in gender or age. Over the five years to 2019, the industry has experienced moderate growth in revenue. Despite faring well in some years, its growth has been volatile at times. An emergent trend has been the growth of luxury malls and specialty clothing stores at the expense of traditional malls with stores such as Sears and J. C. Penny. The poor performance of companies that were once powerhouses in the industry has dragged revenue. Consequently, revenue is estimated to increase at an annualized rate of 0.9% to $112.4 billion over the five years to 2019, including 0.8% growth in 2019 alone. Despite increased demand for premium-priced industry products, intense price-based competition and increases in key input prices have caused profit margins to shrink slightly.

Intense price-based competition and increases in key input prices have cause profit margins to shrink slightly

Demand for industry products is mainly determined by demographic shifts and macroeconomic conditions, such as per capita disposable income. Demand is also affected by changes in the prices of inputs, which have fluctuated over the past five years, causing some volatility in profit margins. Lastly, industry operators contend with intense and growing competition from external sources, such as department stores and online retailers, which further influences profit. Increased competition has also contributed to consolidation in the industry.

IBISWorld forecasts continued and steady growth for the Family Clothing Stores industry. Revenue is anticipated to grow at an annualized rate of 0.6% to $115.9 billion over the five years to 2024. As the economy continues to grow and consumer spending rises, shoppers will increasingly purchase clothes for discretionary purposes rather than function. New stores will likely open to meet growing demand, pushing up the total number of family clothing retail locations. However, threats loom from competing industries, especially the E-Commerce and Online Auctions industry (IBISWorld report 45411a). E-tailers offer consumers convenient options that are not found in traditional brick-and-mortar stores, such as the ability to compare selections and prices.

Key External Drivers

Per capita disposable income

Demand for clothing is largely related to fluctuations in household disposable income. When per capital disposable income increases, consumers are more likely to increase their discretionary spending, including spending on high-end clothing. Conversely, when household disposable income falls, consumers scale back their clothing purchases to reflect their budgetary constraints. Per capita disposable income is expected to increase in 2019, representing a potential opportunity for the industry.

External competition for the Family Clothing Stores industry

Industry retailers are adversely affected by competition from substitutes, such as specialty clothing stores (e.g. women's clothing stores). As consumers buy more clothing from competing providers, demand for industry establishments decreases. Industry retailers also experience competition from department stores, which generate over 50.0% of their revenue from clothing, making them major players in the clothing retail sector. External competition is expected

Industry Performance

Key External Drivers continued

to increase in 2019, representing a potential threat to the industry.

Number of adults aged 20 to 64

The number of adults in the United States affects demand for family clothing, as a larger population necessitates more clothing. Stores in this industry retail clothing for all genders and age groups, but adults are the primary purchasers of industry products. Therefore, as the number of adults aged 20 to 64 rises, demand increases. The number of adults aged 20 to 64 is expected to increase slowly in 2019.

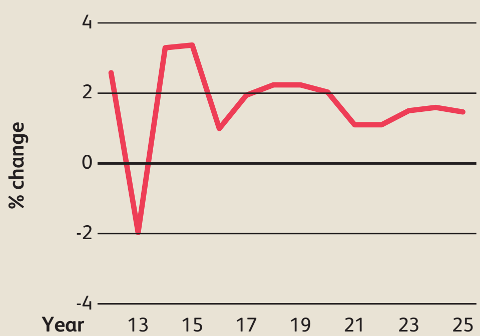
Import penetration into the manufacturing sector

Imported clothes are typically more affordable than their domestic counterparts, mainly due to the input cost advantages of highly industrialized countries with low-cost labor, such as India and China. Imported goods offer lower purchasing costs to industry operators, thus facilitating higher profit margins. However, there may not be much room for import growth in the near future, given that imports already satisfy a large portion of demand for family clothing in the United States. Nonetheless, import penetration into the manufacturing sector is expected to decrease in 2019.

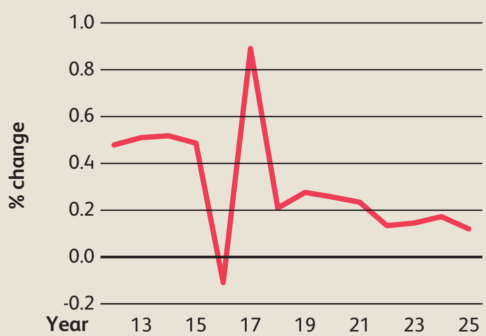
World price of cotton

The world price of cotton represents a significant industry cost. As the price of cotton rises, so does the price of clothing. Higher clothing prices mean higher purchasing costs and hampered demand for family clothing stores, as they boost revenue in the short run but lead to adverse long-term operating conditions. The world price of cotton is expected to decrease in 2019.

Per capita disposable income



Number of adults aged 20 to 64

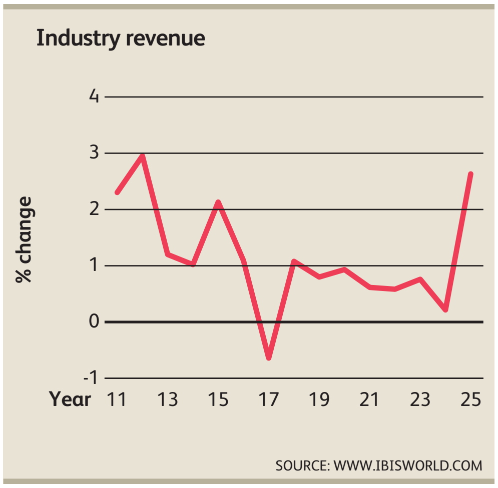


SOURCE: WWW.IBISWORLD.COM

Industry Performance

Current Performance

Demand for the Family Clothing Stores industry is dependent on macroeconomic trends, such as per capita disposable income and demographic changes in the US population. The overall economy has expanded, creating an improved business environment for industry operators. As per capita disposable income and consumer confidence have climbed, industry sales have grown accordingly, notwithstanding some volatility that is customary in the industry. Furthermore, improved personal finances have driven stronger demand for high-quality branded clothing. As a result, over the five years to 2019, IBISWorld anticipates that revenue for the Family Clothing Stores industry will grow at an annualized rate of 0.9% to $112.4 billion, including an increase of 0.8% in 2019 alone.



Industry structure and profit

Revenue growth has been subdued by mounting competition from large department stores and online retailers. Many consumers gravitate toward specific retail platforms due to the price savings and convenience they offer. For example, price-competitive retailers like the TJX Companies Inc. (TJX) and Ross Stores Inc. (Ross) traditionally fare extremely well during economic downturns. Despite growth in the economy and the branded clothing market, such retailers have retained some customers since the last downturn, prompting most of the revenue growth demonstrated during the five-year period. Nonetheless, these stores can expect lower revenue growth as online competitors and private label retailers continue to expand their market shares.

In an attempt to mitigate competition, attract customers and stimulate demand, family clothing stores have offered their products at significant discounts. The added effects of a weakened US dollar relative to previous years have exacerbated pressure on profit margins. However, as demand picked up during the latter half of the period, industry operators experienced an improvement in revenue. Nonetheless, the prices of key inputs have increased during the five-year period, with the world price of cotton increasing at an annualized rate of 1.9%. As a result, industry profit, measured as earnings before interest and taxes, is expected to account for 4.1% of revenue in 2019, down from 4.9% in 2014.

Due to the temporary nature of employment within the industry, operators have the ability to adjust their employment levels quickly and drastically. Even as less profitable enterprises have continued exiting the industry, larger operators have bolstered their staff levels, increasing the overall labor pool. IBISWorld expects employment to rise at an annualized rate of 1.4% to 778,210 employees over the five years to 2019. Additionally, industry operators are subject to seasonality and typically see an influx of purchases during the holiday season. NRF reports the number of shoppers between Thanksgiving and Christmas increased by nearly 40.0% from 2017 to 2018 (latest available data).

Industry Performance

Industry structure and profit continued

Over the five years to 2019, the labor market has continued to improve, disposable personal income has increased and average hourly earnings have accelerated. These trends should bode well for industry operators. However, the election cycle has created some level of uncertainty about the economy, which adversely affects consumer spending. Some of the policies proposed by the Trump administration, such as tax cuts and increased spending on infrastructure, could support new jobs and higher consumer spending; others may limit a large swath of consumer shopping. For example, new trade deals could raise prices for imported goods, directly reducing consumer spending power while potentially leading to job cuts in export sectors.

Competition fuels the fire

The industry's greatest threat has been the rapidly expanding E-Commerce and Online Auctions industry (IBISWorld report 45411a). Online-only stores offer consumers the ease of shopping at home, searching for specific items and comparing prices with the click of a button. These advantages have given e-tailers a competitive edge over traditional brick-and-mortar family clothing stores. One advantage that brick-and-mortar stores have retained is the opportunity for customers to physically feel and try on products prior to purchasing. This distinction between the two retail mediums has proven to be notable. E-commerce websites have increasingly purchased physical space to create an appointment-based system, enabling their users to try on products at a given time before finally purchasing them.

Amid increasing demand, more nonemploying companies have entered the industry

Amid increasing demand, particularly for luxury clothing and boutique brands, more nonemploying companies have entered the industry. Still, some struggling enterprises have been unable to recover from the effects of e-commerce competition and exited the industry during the period. Over the five years to 2019, the number of companies in the industry is expected to increase an annualized 2.5% to 25,045 enterprises.

Industry Performance

Industry Outlook

Over the five years to 2024, the Family Clothing Stores industry is expected to perform strongly. Disposable income is expected to increase steadily during the period, boosting demand for industry products. One limiting factor will be the slowdown of growth in target demographic groups. Specifically, growth in the number of adults aged 20 to 64 is expected to be marginal at a forecast annualized rate of 0.2% over the five years to 2024. Stagnation in this key demographic will be partially offset by the growing number of children aged nine and under. This demographic provides industry operators with a target group that continuously requires new wardrobe pieces, as children quickly outgrow their old clothing. Overall, IBISWorld expects that industry revenue will grow at an annualized rate of 0.6% to $115.9 billion over the five years to 2024.

Sale trends

IBISWorld also anticipates that consumers will make more lavish clothing purchases over the next five years. With disposable income anticipated to grow, consumers will be less price-sensitive and more responsive to advertising and branding. The preference for high-quality and prominent brands will slowly overshadow the need to save money, especially as younger, brand-conscious consumers begin to account for a more significant portion of the industry's primary market. A focus on fashion over function will also play a role in consumer decisions concerning purchases from family clothing stores. Well-established, branded stores will likely experience a surge in sales, while revenue for competitively priced retailers like Ross Stores Inc. (Ross) may stagnate.

Furthermore, more women in the United States are delaying pregnancy to focus on their careers. This trend is creating a generation of women who will be more established and thus more financially stable when they decide to have children. As a result, demand for premium and brand-name products will continue to rise over the next five years. This is likely to benefit the retailers of high-end products, which will gain increasing market share as consolidation continues. Over the next five years, the number of enterprises is forecast to grow an annualized 1.8% to 27,391. The number of establishments is forecast to grow at a similar rate during the same period.

Consumers will make more lavish clothing purchases over the next five years

Cost and profit trends

The world price of cotton is expected to grow slightly at an annualized rate of 0.1% over the next five years; consequently, apparel manufacturers are expected to slightly increase their prices. However, growing imports may offer increasing relief, as apparel retailers will be able to save on purchase costs for inexpensive, imported products. IBISWorld forecasts that imports will satisfy an increasing share of domestic demand for clothing, with import penetration at the manufacturing and retail levels expanding through 2024. Since most imported apparel is more affordable than domestically made clothing, inventory costs for family clothing stores will be lower, regardless of prices from domestic manufacturers. Due to the simultaneous increase in

Industry Performance

Cost and profit trends continued

prices of key inputs and increase in penetration of less expensive imported goods, profit is only anticipated to slightly decline.

One potential cost increase for industry operators involves wages. Currently, wages comprise a small portion of industry revenue, as industry employees are typically paid minimum wage. There are still debates at the federal level regarding minimum wage increases. A wage increase could take several forms, but there is no doubt that it would change the cost structure of industry operators. With higher wage costs, family clothing retailers would likely pass on higher costs to consumers but ultimately experience a decline in profit margins. Regardless of changes at the federal level, several western state governments have already raised their minimum wages. These changes will affect operators in the industry and may change the structure of industry establishments. Without information on how the federal government will address minimum wage, IBISWorld estimates industry wages to increase an annualized 1.0% to $13.4 billion over the five years to 2024.

Threats

External competition, specifically from specialty men's, women's and children's clothing stores, will likely intensify over the next five years. By anticipating customer-preferred trends, industry retailers will be able to stock their inventories accordingly. However, this strategy can be unprofitable if competing retailers anticipate trends more accurately or stock a larger selection of products for target consumers.

The industry also experiences increasing competition from the rapidly expanding E-Commerce and Online Auctions industry (IBISWorld report 45411a). Consumers are embracing online shopping as a viable alternative to physically walking around a store in search of a clothing item. The ease and convenience of finding a desired item and comparing prices provides a strong incentive for customers to switch from brick-and-mortar retailers to e-tailers. Competition from these sites will only expand if the concept of appointment shopping gains traction. Currently, there are several online retailers that lease a physical location to let customers try on products before completing their purchase. Consumers can select a time slot and subsequently visit a showroom in which to decide whether or not to complete, cancel or adjust their purchase.

External competition from specialty stores and e-tailers will likely intensify

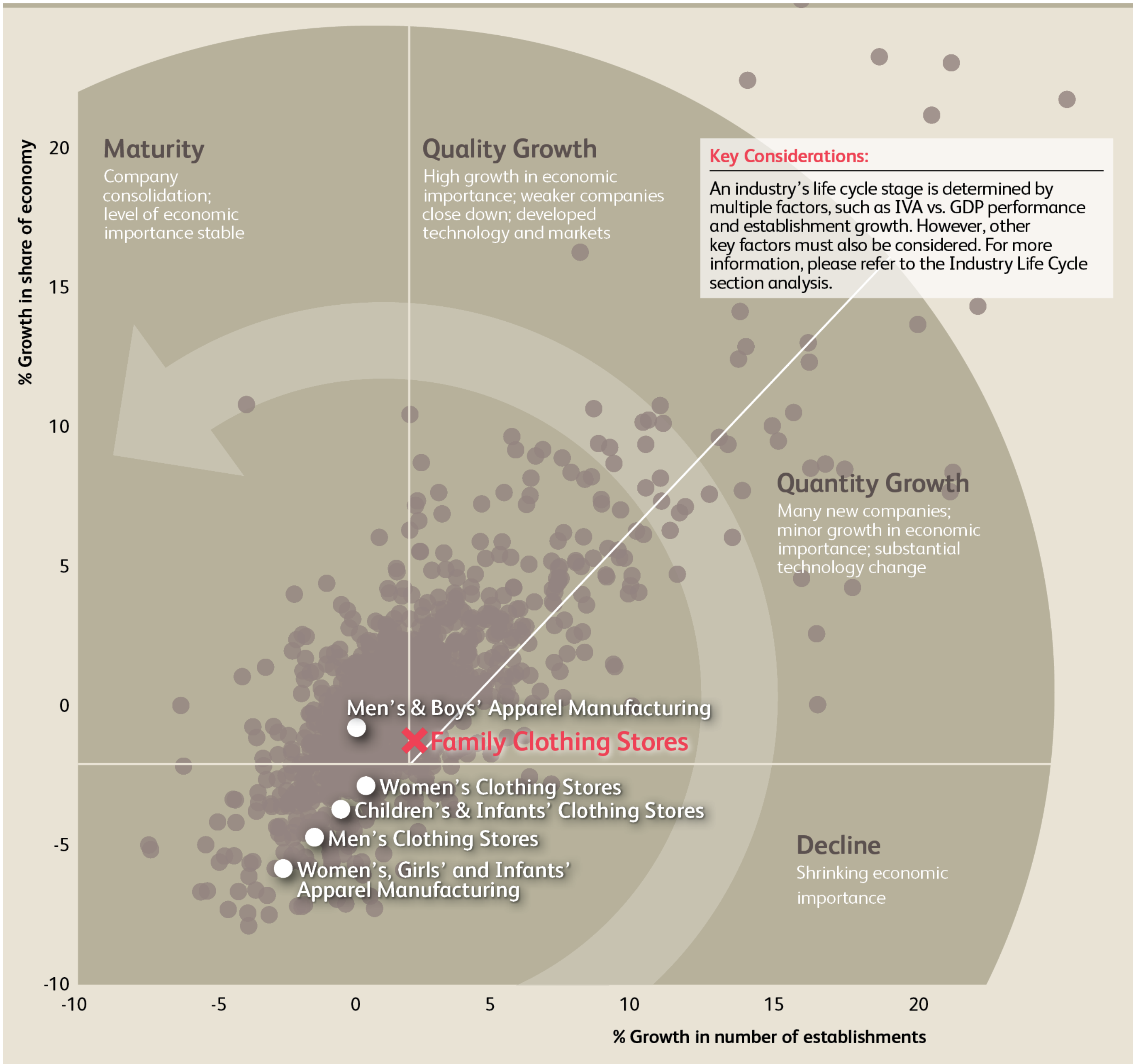
Industry Performance

Life Cycle Stage

The growth of family apparel stores has saturated the market

IVA is expected to underperform overall economic growth, primarily due to a decrease profit over the next five years

There is a low likelihood of radical product innovation



Key Considerations:

An industry's life cycle stage is determined by multiple factors, such as IVA vs. GDP performance and establishment growth. However, other key factors must also be considered. For more information, please refer to the Industry Life Cycle section analysis.

SOURCE: WWW.IBISWORLD.COM

Industry Performance

Industry Life Cycle

This industry is **Mature**

As part of a fairly established sector and with few opportunities to expand, the Family Clothing Stores industry continues to operate in the mature stage of its life cycle. Its industry value added (IVA), which measures the industry's contribution to the US economy, is expected to grow an annualized 0.7% over the 10 years to 2024, similar to the annualized GDP growth of 2.0% during the same period. Typically, industries with IVA growth that is growing at a slower rate than the overall economy is considered a declining industry. However, this industry is considered mature since the goods produced by this industry are firmly accepted by consumers and unlikely to go out of demand soon.

Product segments are well-defined, with fashion trends having little effect on family clothing stores. Children's clothes are primarily purchased out of necessity. Clothes for men and women who have families are also purchased mainly on an as-needed basis rather than to follow fashion trends. As a result, demand for and innovation of new styles and products is limited within this industry. The consumers frequenting these stores are generally uniform across the industry, with parents dominating the buyer market.

Products & Markets

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

Supply Chain

KEY BUYING INDUSTRIES

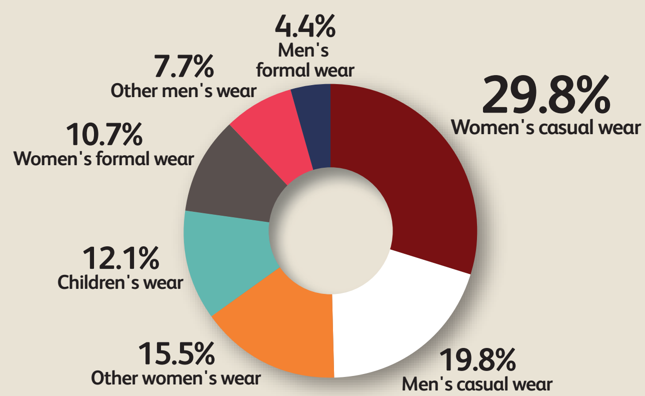
9901	**Consumers in the US** Consumers are the key buyers of family clothing.

KEY SELLING INDUSTRIES

31522	**Men's & Boys' Apparel Manufacturing in the US** This industry manufactures and supplies men's and boys' clothing.
31524	**Women's, Girls' and Infants' Apparel Manufacturing in the US** This industry manufactures and supplies women's and girls' clothing.
42432	**Men's & Boys' Apparel Wholesaling in the US** This industry wholesales men's and boys' clothing.
42433	**Women's & Children's Apparel Wholesaling in the US** This industry wholesales women's and children's clothing.

Products and Services

Products and services segmentation (2019)



Total $112.4bn

SOURCE: WWW.IBISWORLD.COM

Participants in this industry carry apparel products for the entire family, regardless of age, gender or size. These items can be primarily segmented into men's, women's and children's clothing.

Women's attire

Women's clothing, accounting for 55.9% of industry revenue, nearly doubles the revenue generated from men's apparel. Women purchase a wider variety of items to suit different occasions and are more frequent purchasers of accessories like jewelry. Both women's and men's clothing can be further segmented by formal and casual wear. Formal wear typically includes pieces such as suits, blazers, tailored pants and coats, or any attire meant for formal social events. Conversely, casual clothes, including jeans, knit and woven shirts, shorts and other attire, are more commonly worn and accepted in social settings. This segment has experienced growth over the past five years with the proliferation of athletic gear like yoga and running pants. Furthermore, this segment has gained market share over formal wear, particularly in the office space, as policies concerning acceptable formal wear have

Products & Markets

Products and Services continued

become less strict over the past decade. Over the past five years, the women's casual wear product segment has benefited the most from the popularity of athletic wear, growing to account for 29.8% of industry revenue. Formal wear's share of revenue (10.7%) has remained fairly flat over the past five years as higher price points have helped it retain its share. Other women's items range from hosiery and undergarments to custom-made clothes and account for 15.5% of revenue.

Men's attire

IBISWorld estimates that men's clothing accounts for 31.8% of industry revenue, collectively. As in the women's segment, casual clothing has grown as a share or revenue, being more commonly bought than formal wear. Jeans and t-shirts are much more affordable and practical than tailored slacks and sports coats, especially during the warmer months. For men, the formal wear segment has shrunk to account for 4.4% of industry revenue while its casual counterpart has grown to account for 19.8% with increasingly relaxed work environments. Other men's apparel includes sleepwear, outerwear and custom-made garments and accounts for 7.7% of industry revenue.

Children's attire

Children's apparel collectively accounts for a smaller 12.1% of industry revenue. This is primarily because the average price of kids' clothes is lower than the price of a designer dress or a formal suit jacket. Many retailers focus their business strategy on high volumes rather than high price for this product category. Over the five years to 2019, the children's clothing segment has seen marginal increases, similar to other segments. As the economy continued to strengthen and disposable income levels continue to rise, adults increasingly purchased apparel for themselves and their children.

Demand Determinants

Demand for industry products is a function of both short-term and long-term factors that affect US demographics and the economy. Long-term demographic trends, such as population growth and aging statistics, determine the long-term growth of the industry. The target demographic for the industry comprises adults between the ages 20 and 64 years old, as they purchase clothes for themselves and children in their lives. This group is set to grow over the next five years, providing industry operators with a growing market that can be used to increase revenue inflows. Unlike other clothing stores, family clothing stores are somewhat hedged against demographic shifts as it caters to all genders and ages. Nevertheless, women's clothing accounts for the bulk of industry revenue, making women over the age of 20 and less than 65-years-old the key market for industry operators. Any shifts in this group are likely to adversely demand for industry products.

More short-term factors affecting demand for industry products are consumer and household sentiment and per capita disposable income. As disposable income increases, consumers are more likely to purchase premium products, which increase operators' revenue and profit earnings. Conversely, when disposable income falls or consumers lose faith in the general economy, demand for premium clothing falls and industry operators are forced to compete more heavily on price. Regardless of personal finances, clothing is considered necessary at some level, especially for growing children, who require new clothing more frequently.

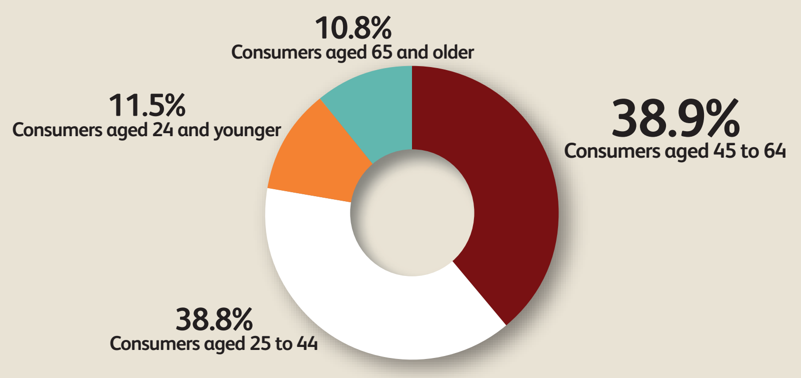
Products & Markets

Demand Determinants continued

Consumers' purchasing patterns are also guided by the strength and power of recognizable brand names. Brand perception may help retailers generate higher sales over their competitors. The largest operators within this industry are also the most recognizable: Gap Inc., TJX and Ross Stores. Fashion trends also influence sales to an extent, especially for retailers such as Abercrombie & Fitch. These stores focus on delivering a specific style of clothing to consumers, which cannot easily be found in competing retailers.

Major Markets

Major market segmentation (2019)



Total $112.4bn

SOURCE: WWW.IBISWORLD.COM

Households account for the majority of the market, while the rest includes retailers, wholesalers and other commercial buyers that seek to resell industry products.

Consumers aged 24 and younger
Consumers aged 24 and younger account for only 11.5% of industry revenue. These consumers are more brand-conscious and prefer to shop at specialty retailers that carry more visible brands. Additionally, consumers on the older end of this segment consumers mainly buy clothing for themselves and therefore typically shop at retailers that carry exclusively young adult clothing. Whereas, consumers aged 15 and younger typically do not have purchasing power and therefore rely on their parents to purchase clothing for them.

Consumers aged 25 to 44
Consumers in this age group account for the second-largest share of revenue for the Family Clothing Stores industry at 38.8%. This segment includes individuals who purchase clothing from these stores for themselves and for their children as well as significant others. This amount has remained relatively stable over the five years to 2019, despite more of these consumers have had children. They are more price-conscious than younger and older generations because the responsibility of having a family is most often experienced during this stage of life.

Consumers aged 45 to 64
Consumers aged 45 to 64 account for the largest share of industry revenue at 38.9% of industry revenue. These individuals are typically earning the most income and are able to spend a high

Products & Markets

Major Markets continued

portion of their income on discretionary clothing. Individuals in this age group purchase clothing for their children, themselves, significant others and grandchildren. As the age of the first-time mother continues to rise, this segment's share of revenue will continue to increase as parents of young children become older and older.

Consumers aged 65 and older

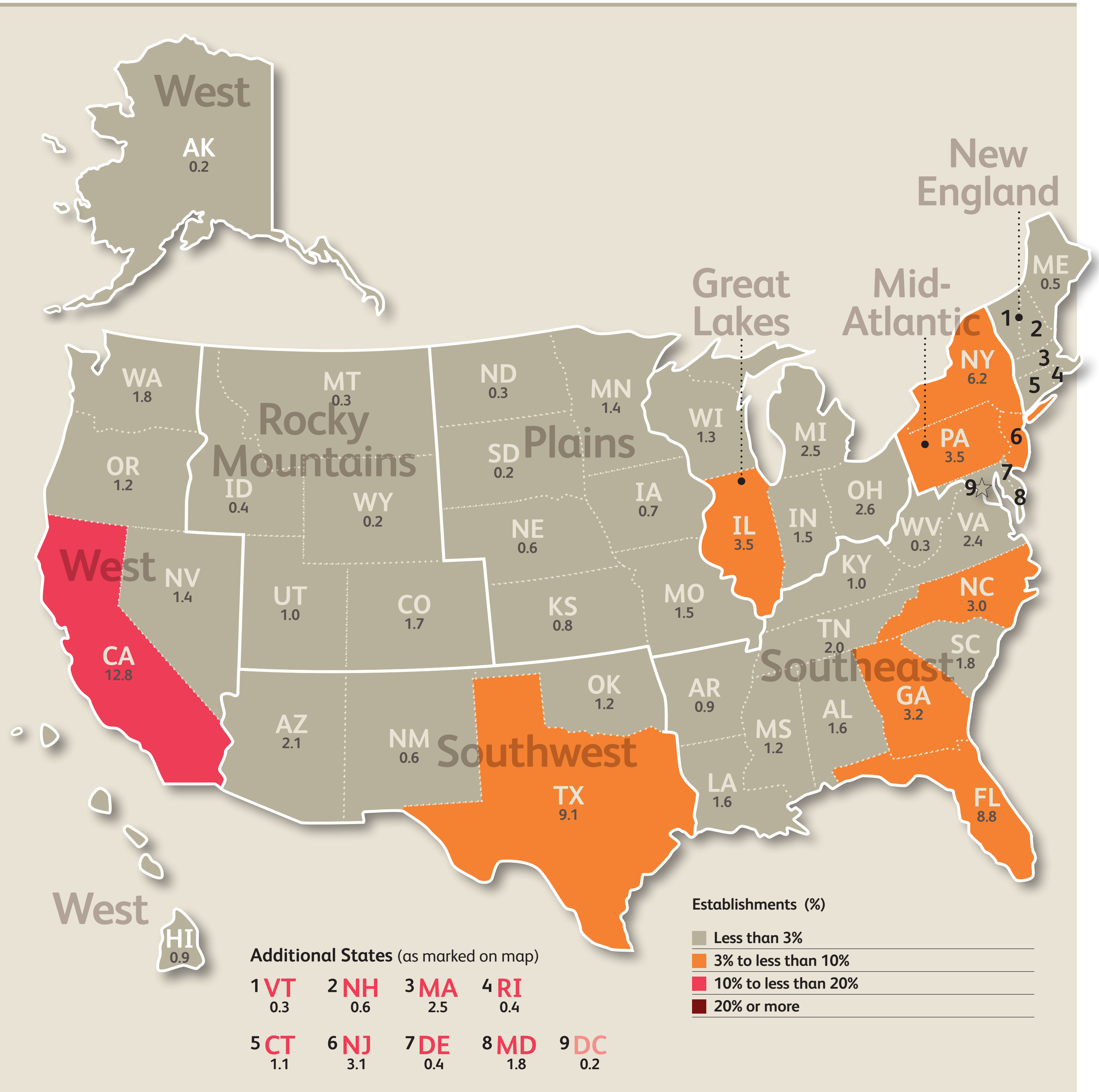
Seniors aged 65 and older account for the smallest share of revenue at 10.9%. Seniors tend to spend their disposable income in other areas of the economy, such as travel, limiting their clothing purchases. Additionally, consumers in this segment are often of retirement age and have lower disposable incomes than their working counterparts. These consumers generally purchase clothes based on need, rather than trend. Furthermore, consumers in this age group typically shop at stores that cater to older demographics, and if they are purchasing apparel for their grandchildren, they will typically shop at stores that exclusively sell children's clothing.

International Trade

Family clothing retailers do not engage in international trade; rather, they supply the domestic market. Exports and imports of clothing are accounted for at the manufacturing level. A detailed discussion on the trade flows can be found in the following manufacturing industries: Men's and Boys' Apparel Manufacturing (IBISWorld report 31522), Women's and Girls' Apparel Manufacturing (31523) and Costume & Team Uniform Manufacturing (31529).

Products & Markets

Business Locations 2019



SOURCE: WWW.IBISWORLD.COM

Products & Markets

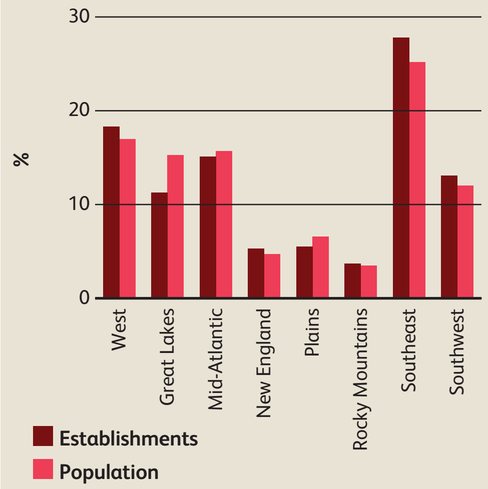
Business Locations

Similar to many retailing industries, the Family Clothing Stores industry's geographic spread follows that of the US population. The Southeast region accounts for 25.7% of the population and 27.8% of total family clothing stores. Within the region, Florida has the highest concentration of industry locations, accounting for 8.8% of the industry total, while housing 6.4% of the country's population. That the state houses a larger portion of industry establishments than the overall population is indicative of shopping patterns within the state. Cities, like Miami, are known for shopping and thus have a higher than average concentration of clothing stores.

The West is estimated to account for 17.3% of the nation's population and 18.3% of total industry establishments. In this region, California houses the highest portion of the US population and the number of family clothing stores, with 12.1% and 12.8%, respectively. The fairly equal portions of establishment numbers and population suggest that Californians typically spend an average amount on family clothing.

In the Mid-Atlantic region, consumers spend less on the industry's product than the average American. The portion of the population (15.2%) is nearly the same as the portion of store locations (15.1%). In this region, New York is the most densely populated state, housing 6.1% of the national population and 6.2% of family clothing stores. Although this may seem like a low figure, given that New York City is a shopping center, most of these establishments are concentrated in the city alone. Furthermore, operators in New York City experience more intense competition from specialized stores, like boutique men's, women's and children's stores. These stores are more likely to attract consumers seeking premium-brand clothing.

Distribution of establishments vs. population



SOURCE: WWW.IBISWORLD.COM

Family clothing stores are generally clustered near or in metropolitan areas. For this reason, California, Florida and Texas have the highest concentration of industry establishments. Each state has multiple big cities that are target markets for the industry's participants. But as retail increasingly moves online, the relation between the distribution of locations and population becomes less important. For example, internet retailer Amazon.com has fulfillment facilities in less populous states, including Kentucky, Nevada and Indiana. In light of this trend, IBISWorld expects a shift in establishments to follow low operational costs.

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**

In 2019, the top four industry participants are expected to collectively account for 37.1% of total industry revenue, which is indicative of a low-to-moderately concentrated industry. Two of the top four operators, TJX and Ross Stores, target price-conscious consumers with their low in-store prices, which enabled them to grow strongly during the recession and through. Gap carries products in all price ranges and backs its product with its trusted Gap brand.

The relatively steady market share concentration can be attributed to these retailers' positions within the industry. Their recognizable brands and shifting consumer preferences have buoyed them, despite increases in disposable income. Typically, discount stores suffer in times of economic growth as consumers are more willing to shop for full-price, brand-name items, but the increasingly popularity of bargain hunting has boosted revenue for these affordable companies. IBISWorld forecasts that concentration will increase slightly over the five years to 2024 as larger companies continue to expand through acquisitions. This strategy will be partially mitigated by consumers strengthening their purchasing power and switching from off-price retailers like TJX and Ross to higher-priced, higher-quality brands.

Key Success Factors

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

Having a clear market position
A clear market position helps an operator project a clear and consistent company image.

Production of goods currently favored by the market
Products stocked are in line with current fashion trends and targeted to consumers' tastes.

Ability to control stock on hand
Adequate stock control is in place to reduce inventory costs and increase stock turns.

Establishment of brand names
Recognized brand names are stocked.

Experienced work force
The quality of staff needs to be high to ensure excellent customer service.

Cost Structure Benchmarks

Costs and profit margins vary among industry players and depend on factors such as size, brand and location. For example, a company that has stores in various metropolitan locations around the country is likely to achieve higher profit margins than a single-location operation due to the brand establishment and wide market reach.

Wages

Wages are another significant cost that the typical family clothing store incurs. On average, IBISWorld estimates that wages' share of revenue will be 11.3% in 2019, higher than its level of 11.0% in 2014. Although many operators would achieve higher margins by further automating their operations, the nature of industry services necessitates human interactions, limiting their ability to reduce wage costs. Additionally, wages as a share of revenue has increased as wage growth outpaced revenue growth during the five-year period.

Purchases

Similar to other retailing industries, purchasing costs constitute the largest expenses for family clothing stores, accounting for an estimated 62.4% of industry revenue. Over the past five years,

Competitive Landscape

Cost Structure Benchmarks continued

the portion of clothes sourced from low-cost overseas producers has increased significantly. Imports in upstream manufacturing industries account for at least 80.0% of domestic demand and are expected to continue growing over the next five years. However, the price of cotton has increased at an annualized rate of 1.9% over the five years to 2019. As a result, manufacturers have passed the cost increase on to retailers, causing purchases to increase from 60.6% of industry revenue in 2014.

Profit

IBISWorld estimates that average industry profit, which represents earnings before taxes and interest, will represent 4.1% of revenue in 2019, down from 4.9% in 2014. Despite growing demand during the five-year period, intense price based competition among operators has forced many companies to slash prices and offer deep discounts during sales. As a result, profit margins have been constrained. Additionally, the world price of cotton, a key input, has increased at an annualized rate of 1.9%. Often, manufacturers pass down cost increases to retailers. This has caused purchase costs to increase over the five years to 2019, mitigating profit margins for industry operators.

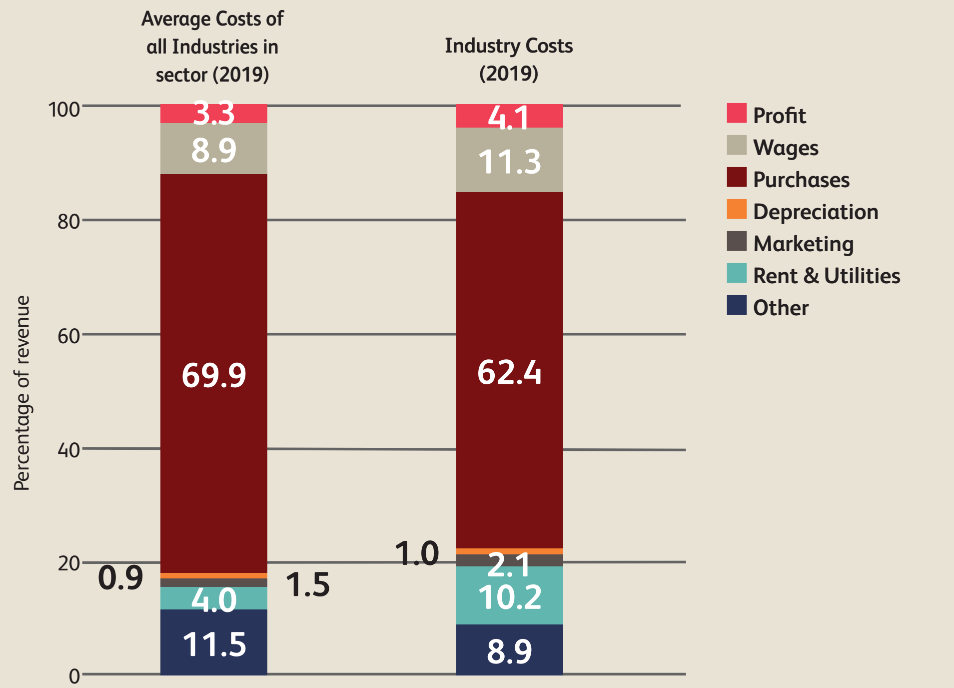
Depreciation

Depreciation has remained fairly steady over the past five years as a share of revenue, accounting for 1.0% in 2019. These costs relate to spending on capital and technological investments, such as computerized inventory tracking systems.

Marketing

Advertising and marketing campaigns have been an increasingly important aspect of the retail sector. Retailers attempt to entice shoppers into stores by

Sector vs. Industry Costs



SOURCE: WWW.IBISWORLD.COM

Competitive Landscape

Cost Structure Benchmarks continued

offering discounts and presenting attractive advertisements and displays. As a result, these costs have gone up during the past five years, increasing from 2.0% in 2014 to 2.1% in 2019.

Rent

Industry operators pay an estimated 9.0% of revenue for rent as stores require showcase and inventory space to succeed. This cost has also grown slightly as a portion of revenue, as real estate costs in high-traffic areas have increased.

Utilities

Utilities are estimated to account for 1.2% of industry revenue in 2019 and include costs associated with keep stores, offices and warehouse spaces up and running.

Other

Other costs include insurance, administration costs and other expenses. These costs are anticipated to account for the remaining 8.9% of industry revenue in 2019.

Basis of Competition

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

Internal competition

Additionally, companies typically compete on the basis of brand recognition, price, marketing, quality, customer service and geographic store location. Price remains a one of the major points of competition for operators, particularly those that target low-to-middle-income earners. Retailers like TJX and Ross stores target value-conscious consumers and offer discounts off department store prices. However, price is only a basis of competition among retailers that have the same target market, which typically vary by income levels.

Consumers in this market are often sensitive to price changes, but style, product range and comfort are also important factors. Other retailers, like The Gap, target more fashion-conscious consumers who are less price-sensitive. Generally, higher prices are associated with brands that carry positive consumer perceptions. Some retailers target particular product segments, such as casual wear or plus-sizes, to differentiate themselves from their intra-industry competitors. Family clothing stores typically compete with similar stores that are located within their prime market area. Consumers will favor stores that are located closer to home and only shop further away when seeking a specific item or brand.

External competition

Family clothing retailers' major external competitors are men's clothing stores, women's clothing stores, children's and Infants' clothing stores and department stores. Stores specializing in particular market segments offer these consumers a wider variety to choose from and well-known brands that cater to current trends. Department stores compete with family clothing retailers on selection and price. They can give consumers discounts or stock a larger variety of brand names to reel them in. Additionally, most department stores are able to offer consumers one-stop shopping experiences for all of their needs, including apparel, home goods, accessories and other products. Internet-based retailers also compete with family clothing stores. Their shop-from-home format provides consumers with the convenience and ease not found in traditional brick-and-mortar shops.

Competitive Landscape

Barriers to Entry

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

The capital costs associated with establishing a clothing store are relatively low and consist of a physical store location and equipment, such as computers, registers and scanners. However, the main barriers to entry are developing and maintaining brand reputation, as well as competition among existing companies. As existing players have already established brand names in respective product offerings, new entrants will have to invest money and time before consumers shift away from strong brand names and purchase relatively new brands.

With a large number of smaller players in the industry, internal competition is strong. Additionally, there is also a high level of external competition, particularly from the Department Stores industry. However, there are opportunities for retailers to compete in niche markets, such as casual wear, plus-sizes and discount consumers. Furthermore, existing stores, such as TJX and Ross Stores, are able to offer merchandise at discounted prices by purchasing products earlier in the season at low prices through established sourcing networks. New entrants do not have access to these established networks, so selling merchandise at discounted prices may decrease profit margins.

Additionally, finding a prime retail location with high foot traffic in a desirable area can be a barrier to entry because it is typically costly and not readily available. However, there are no licensing requirements or regulations to open a family clothing store establishment, which is another factor contributing to the industry's low barriers to entry.

Barriers to Entry checklist

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

SOURCE: WWW.IBISWORLD.COM

Industry Globalization

Level & Trend
Globalization in this industry is **Low** and the trend is **Steady**

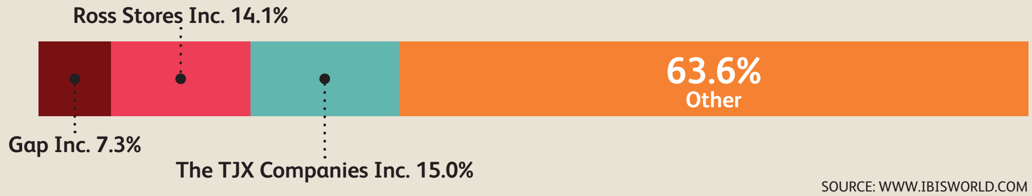
The Family Clothing Stores industry consists of a large number of small companies; over 55.0% of establishments have fewer than 20 employees. Additionally, the major companies in this industry are all domestically owned. However, the Gap and the TJX Corporation both generate over 15.0% of their sales from international markets. These numbers are still relatively small compared with overall revenue, giving the industry a low level of globalization.

The typical industry participant experiences the effects of globalization through upstream supply industries. Since more than 80.0% of industry inputs are sourced from international suppliers, prices for inputs and industry purchasing costs depend on exchange rates, international political relations and tariff rates. As the US dollar weakens, as it did through much of the current five-year period, internationally sourced inputs become more expensive to the domestic apparel supply chain.

Major Companies

The TJX Companies Inc. | Ross Stores Inc.
Gap Inc. | Other Companies

Major Players
(Market Share)



SOURCE: WWW.IBISWORLD.COM

Player Performance

The TJX Companies Inc.
Market Share: 15.0 %
Industry Brand Names
TJ Maxx
Marshalls
AJ Wright
Bob's Stores

The TJX Companies Inc. (TJX) originated in 1956 with the opening of the Wright stores. Currently, TJX sells a range of products in over 4,300 T.J. Maxx, Marshalls, HomeGoods, Homesense and Sierra Nevada stores located across nine countries. TJX operates internationally through T.K. Maxx in the United Kingdom, Ireland, Germany, Poland, Austria and the Netherlands, as well as in Australia, where it launched in 2017 after acquiring and converting Trade Secret locations. The company also operates Winners, Homesense and Marshalls locations across Canada. TJX targets middle-income families and fashion-conscious women between the ages of 25 and 54. It typically offers 20.0% to 60.0% discounts on products comparable to merchandise offered at department stores and specialized outlets. This strategy is made possible by opportunistic buying and specialized inventory and logistical controls. TJX tries to retain as little inventory as possible, which enables it to remain up to date on fashion trends while maintaining low inventory costs.

TJX operates in four major business divisions: Marmaxx, HomeGoods, TJX Canada and TJX International. The company operates in the United States through its Marmaxx and HomeGoods divisions and operates in the clothing market through Marmaxx alone. This division consists of both the TJ Maxx and Marshalls retail chains, collectively forming the largest discount retailer in the United States with over 2,340 stores. The two chains retail family apparel in addition to other goods, such as accessories, giftware and home goods. They also service a portion of their customers through e-commerce

The TJX Companies Inc. (US industry-specific segment) - financial performance*

Year**	Revenue ($ million)	(% change)	Operating Income ($ million)	(% change)
2014-15	13,268.4	N/A	1,943.1	N/A
2015-16	13,963.7	5.2	2,001.2	3.0
2016-17	14,659.7	5.0	2,066.6	3.3
2017-18	14,906.8	1.7	1,976.1	-4.4
2018-19	16,118.9	8.1	2,180.1	10.3
2019-20	16,906.0	4.9	2,239.8	2.7

*Estimates, **Year-end January

SOURCE: ANNUAL REPORT AND IBISWORLD

Major Companies

Player Performance continued

channels, which were launched just prior to the five-year period.

Financial performance

Over the five years to fiscal 2020 (year-end January), TJX's domestic revenue is expected to grow slower than its overall operations at an annualized rate of 5.0% to $16.9 billion. The company's discounted model continues to attract customers despite strong economic growth, due to the increasingly popular trend of bargain-hunting. Marmaxx is the largest segment, accounting for an estimated 61.7% of total company sales in fiscal 2020.

TJX cites its lean inventory and increased customer traffic for the large boost in industry-related sales during the early economic recovery. The company's operating income for its US segment has grown in each of the past five years and is currently estimated at $2.2 billion, up from $1.9 billion in fiscal 2015. TJX's position as an off-price retailer has drawn in a variety of consumers, driving the company's expansion. Even as the economy grows, TJX continues to expand its product line to adapt to the changing preferences of its customer base. Additionally, TJX has reported an estimated store growth of 3,000 locations for the Marmaxx segment.

Player Performance

Ross Stores Inc.
Market Share: 14.1 %
Industry Brand Names
Ross Stores
DD's Discounts

Ross Stores Inc. (Ross) began in 1982 with six stores in the San Francisco Bay area. After the company went public in 1985, it continuously expanded throughout the United States. In 1987, Ross underwent an overhaul including changes in its management, expansion strategy and merchandise line. It has focused expansion efforts on three markets: Florida, the West Coast and the Washington, DC area. On the merchandise side, it has added cosmetics, fragrances and high-end clothing. At the beginning of 2019 (latest available data), the company employed 88,100 full-time employees and operated 1,717 locations across 38 states and the District of Columbia.

Ross currently operates a chain of discount apparel retail stores for men, women and children, and specifically targets value-conscious consumers between the ages of 25 and 54. The company offers brand-name and designer merchandise at low prices, generally 20.0% to 70.0% lower than department store prices, depending on the type of store. Two of its stores, Ross Stores and dd's DISCOUNTS stores, offer higher discounts

Ross Stores Inc. (US industry-specific segment) - financial performance*

Year**	Revenue ($ million)	(% change)	Operating Income ($ million)	(% change)
2014-15	10,041.7	N/A	1,485.4	N/A
2015-16	11,940.0	18.9	1,611.8	8.5
2016-17	12,866.8	7.8	1,786.2	10.8
2017-18	14,134.7	9.9	2,040.7	14.3
2018-19	14,983.5	6.0	2,050.9	0.5
2019-20	15,897.0	6.1	2,134.3	4.1

*Estimate, **Year-end February

SOURCE: ANNUAL REPORT AND IBISWORLD

Major Companies

Player Performance continued

on in-season, name brand apparel. The company reduces production costs through minimal levels of customer service and a no-frills shopping environment.

Financial performance

Over the five years to fiscal 2020 (year-end February), consolidated revenue is expected to grow at an annualized rate of 9.6%, reaching $15.9 billion. Throughout fiscal 2019, Ross opened 75 new stores and closed just four existing stores. The company's aggressive store growth strategy is ongoing, with store openings increasing every year of the five-year period. The company focuses on heavily populated urban and suburban areas, and typically looks to established shopping centers for new store locations. As a result, revenue is anticipated to increase 6.1% in fiscal 2020 alone.

Additionally, operating income is anticipated to increase an annualized 7.5% to $2.1 billion over the five years to fiscal 2020. Ross owns and operates six distribution facilities across the country, enabling it to cut down on operating costs. All of the merchandise found in stores is distributed from one of these locations three to six times per week, depending on the store location. The distribution centers have enabled Ross to expand quickly in many different geographic areas.

Player Performance

Gap Inc.
Market Share: 7.3 %

Industry Brand Names
GapKids
BabyGap
GapBody
Gap Outlet
Banana Republic
Old Navy
Athleta

Gap Inc. (Gap) is one of the country's most recognized brands and has been famous for its casual wear since its founding in San Francisco in 1969. The company retails a range of jeans, t-shirts and khakis in 3,194 company-operated stores and 472 franchised locations in the United States, the United Kingdom, Canada, France, Japan and Ireland. Built on its brand of basics, the company has expanded to include hip urban brands like the Banana Republic, Old Navy, Athleta, Intermix and Hill City. Gap Inc. brands include Gap, GapKids, BabyGap, GapBody, GapMaternity, GapFit and Gap Outlet. Although Gap is an international company, a majority of sales are generated domestically.

The company reports revenue through four segments: Gap Global, Old Navy Global, Banana Republic Global, Athleta and Intermix. These segments are further divided based on their geographic locations and brand. Only the Gap Global and Old Navy Global US sales are relevant to this industry, as these are the

The Gap Inc. (US industry-specific segment) - financial performance*

Year**	Revenue ($ million)	(% change)	Operating Income ($ million)	(% change)
2014-15	8,090.5	N/A	1,027.5	N/A
2015-16	7,819.8	-3.3	750.7	-26.9
2016-17	7,657.4	-2.1	587.8	-21.7
2017-18	7,991.8	4.4	745.5	26.8
2018-19	8,335.2	4.3	684.7	-8.2
2019-20	8,249.6	-1.0	579.3	-15.4

*Estimates, **Year-end January

SOURCE: ANNUAL REPORT AND IBISWORLD

Major Companies

Player Performance continued

only two brands that offer men's, women's and children's clothes.

Financial performance

Over the five years to fiscal 2020 (year-end February), Gap's global performance has grown in some years and fallen in others. Over fiscal 2016 and fiscal 2017, the company experienced a contraction in net sales. This mainly resulted from poor sales at Gap stores, which were only partially offset by improved sales at Old Navy. In recent years, the company has performed well at lower price points as its more premium brands suffer. Its industry-specific revenue is expected to increase at an annualized rate of 0.4% between fiscal 2015 and fiscal 2020, totaling an estimated $8.2 billion. To mitigate losses, the company announced plans to revitalize the Gap brand, which includes closing down an estimated 230 Gap specialty stores during fiscal 2019 and fiscal 2020.

Other Company Performance

Abercrombie & Fitch Co.
Market Share: 0.6 %

Accounting for an estimated 0.6% of total industry revenue in fiscal 2020 (year-end February), Abercrombie & Fitch Co. (A&F) is a specialty retailer of upscale casual apparel for men, women and children. Founded in 1892 and headquartered in New Albany, OH, the company also sells personal care products and other accessories under the Abercrombie & Fitch, Abercrombie and Hollister brands. The A&F brand targets college students, while the Hollister brand targets teens and the Abercrombie brand targets children. Only the Abercrombie brand, which encompasses A&F, is industry-relevant, as the Hollister brand does not sell children's clothes.

Over the past five years, the company has increased its marketing expenses while aggressively reducing the merchandise average unit cost to better compete with similar brands. However, the result has been less favorable than expected. Citing continued issues with its young consumer segment, the company has experienced weakened demand across all brands. Additionally, an estimated 35.3% of sales come from outside the United States and over 25.0% of sales are conducted online, both of which are not industry-relevant. In fiscal 2020, the company is expected to generate $675.2 billion from its US stores.

Operating Conditions

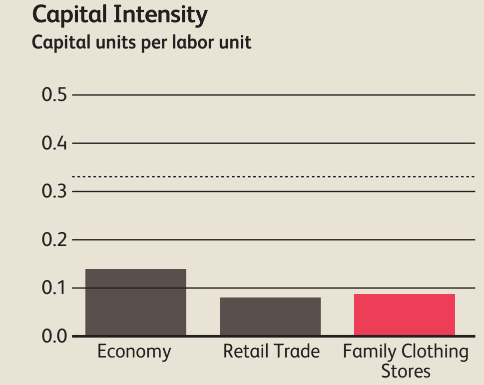
Capital Intensity | Technology & Systems | Revenue Volatility
Regulation & Policy | Industry Assistance

Capital Intensity

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

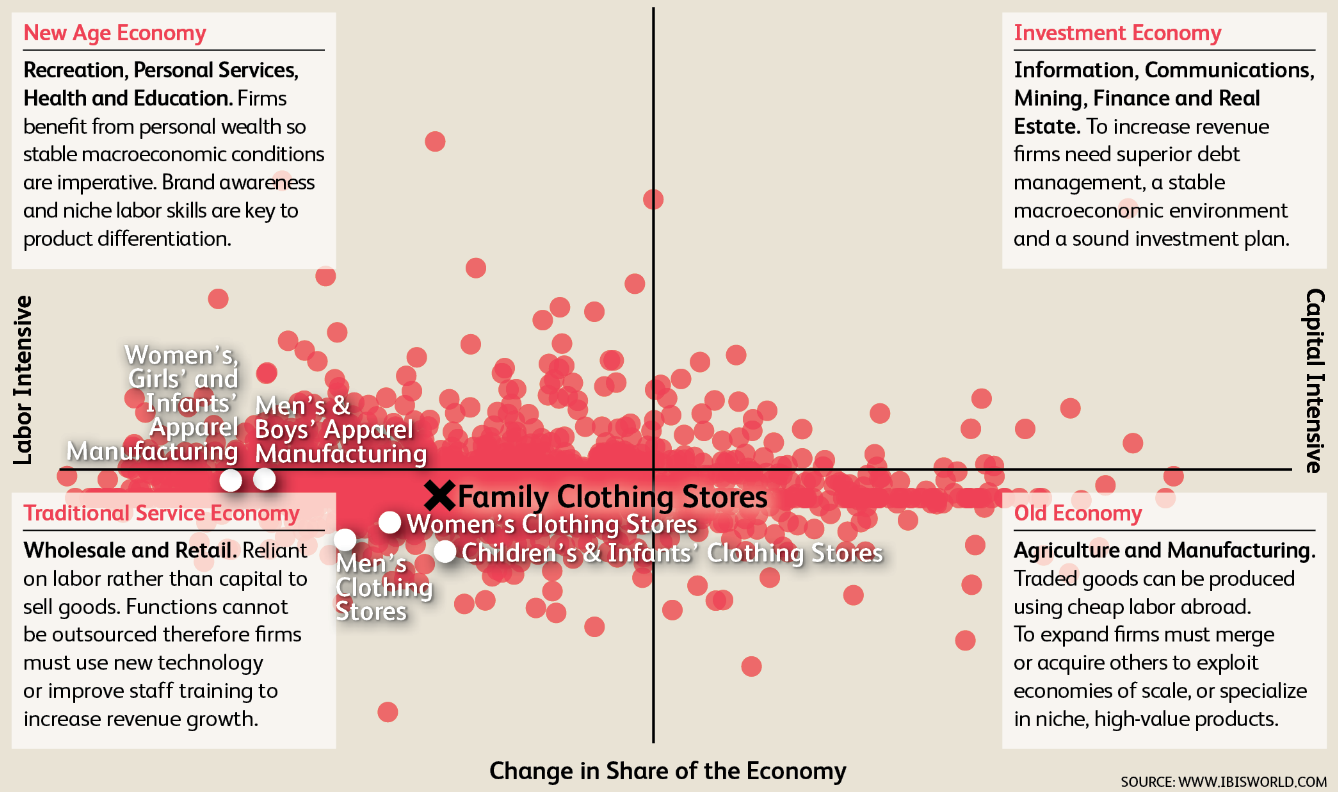
The Family Clothing Stores industry exhibits a low level of capital intensity. Like other retail industries, this industry largely focuses on customer service. Retailers have large customer service departments to aid customers in their purchasing decisions and to increase customer retention. These services are completed by laborers, as customers tend to become frustrated by automated services. Additionally, industry operators use manual labor to restock shelves, manage inventory and perform maintenance.

Capital expenditures for industry operators mainly consist of cash registers, computers and software and apparatuses such as shelves and displays. An increase in the use of point-of-sale systems, which monitor inventory levels, sales and taxes collected, is slowly increasing the capital



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

Capital Intensity continued

expenditure of some companies within this industry. Depreciation costs, which are used as a proxy for capital expenditures, are estimated to account for 1.0% of total revenue in 2019.

Comparing depreciation and wages, IBISWorld estimates that for every $1.00 spent on labor, industry operators spend $0.09 on capital, which marks an increase from $0.07 in 2014.

Technology and Systems

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

Technological advances include the use of electronic barcode scanners, automated warehouse equipment and electronic surveillance. Electronic barcode scanning systems enable efficient customer check-out and returns, store-based inventory management and rapid order replenishment. The TJX Companies Inc. uses specialized computer inventory planning, purchasing and monitoring systems to price and determine inventory levels. This is all done centrally using satellite-transmitted information.

With losses incurred as a result of theft, retailers need to use security and loss-prevention systems such as closed-circuit TV cameras, source tagging, signature-capture technology (used at the point-of-sale, or POS, terminal for credit card transactions) and fingerprint scanning systems that verify customer identity (to combat check fraud). Abercrombie & Fitch has upgraded its systems to help allocate, plan and source merchandise. Such efficiencies typically result in larger profit margins.

Radio frequency identification (RFID) technology is being introduced to make existing supply chain processes more efficient. Products are “tagged” with chips that “announce” their identity when hit with a non-line-of-sight electromagnetic field. This assists with forecasting demand and managing inventory levels. RFID technology also provides a variety of possible benefits to consumers. These include faster recovery of stolen items, consumer savings stemming from reduced operating costs and faster, more reliable product recalls. Some major players are using labor management systems to make better use of their employees. For instance, Ross Stores has a labor management system that tracks in-store labor against budget and forecasts to determine if resources are being allocated correctly and if adjustments need to be made. All of the top four major players have explicitly stated that investing in technology and improving their inventory and security systems is a top priority.

Revenue Volatility

Level
The level of volatility is **Low**

The Family Clothing Stores industry exhibits low levels of revenue volatility, primarily because many family clothing stores items are of an essential nature. Factors that affect the amount of money spent on apparel within this industry include consumers’ ability and willingness to spend, measured by per capita disposable income and consumer sentiment, respectively. Small shifts in these drivers affect demand for more discretionary products like brand-name items, whereas sharp drop-offs have the ability to affect demand for all products. Over the past five years, improving macroeconomic factors like falling unemployment and improving disposable income have resulted in calmer and favorable operating conditions, resulting in low levels of volatility. As a result, industry revenue grew as much as 2.1% in 2015 and declined as much as 0.6% in 2017.

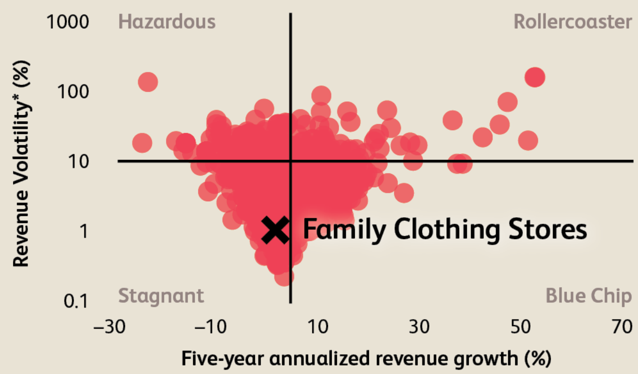
Operating Conditions

Revenue Volatility continued

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

Regulation and Policy

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

Congress and states enact trade regulations to maintain a free and competitive economy. Congress has passed the Sherman Act, the Wilson Act, the Clayton Act and the Robinson-Patman Act regarding unfair competition. Together these make up US federal antitrust law.

The Sherman Act (1890) prohibits the formation of monopolies that hinder competition. The Wilson Act (1895) prohibits conspiracies that restrain import trade. The Clayton Act (1914) bans certain forms of price discrimination. Finally, the Robinson-Patman Act (1936) provides some protection to small independent retailers and their suppliers from unfair competition from vertically integrated, multi-location chain stores. States have enacted their own antitrust laws to ensure that the public is provided with the best prices, quality and competition among businesses, including women's clothing stores.

The laws that affect credit programs offered by retailers include the Federal Consumer Credit Protection Act (Truth in Lending) which specifies written disclosure of information relating to financing. For example, the annual percentage rate is required to be revealed. The Federal Fair Credit Reporting Act specifies that certain disclosures to potential customers concerning credit information can be used to deny credit.

The Federal Equal Credit Opportunity Act prohibits discriminating against any credit applicants based on certain grounds. The Fair Debt Collection Practices Act regulates how payments are collected on credit accounts. Finally, the Gramm-Leach-Bliley Act requires retailers to disclose their privacy policy as it relates to customers' non-public personal information.

Operating Conditions

Industry Assistance

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

Family clothing stores are indirectly affected by tariffs acquired by the manufacturers and wholesalers on the garments they purchase. Trade in apparel is not accounted for at the retail level, so there are no direct tariffs that apply to family clothing stores. However, tariffs incurred by manufacturers and wholesalers ultimately affect the prices paid by retailers.

This industry does not receive any major government subsidies or grants. However, various retail-encompassing associations and councils exist to protect clothing businesses. The National Retail Federation (NRF) is the world's largest retail trade association; it conducts programs and services in research, education, training, information technology and government affairs to protect and advance the interests of the retail sector.

The American Apparel and Footwear Association (AAFA) is the national trade association representing over 1,000 apparel, footwear and other sewn products companies. The organization's mission consists of enhancing its members' competitiveness, productivity and profitability in the international market by minimizing regulatory, legal, commercial, political and trade restraints.

Key Statistics

Industry Data

	Revenue ($m)	Industry Value Added ($m)	Establish-ments	Enterprises	Employment	Exports	Imports	Wages ($m)	Domestic Demand	Per capita dis-posable income ($)
2010	99,846.2	16,186.2	41,536	21,464	626,611	--	--	11,493.4	N/A	44,837.4
2011	102,144.6	17,768.2	41,951	21,165	680,661	--	--	12,456.7	N/A	44,628.7
2012	105,160.9	15,733.2	39,668	21,579	620,555	--	--	10,685.6	N/A	44,919.2
2013	106,422.4	17,749.3	41,455	21,208	709,397	--	--	11,576.8	N/A	43,275.3
2014	107,508.2	17,924.7	43,221	22,175	724,484	--	--	11,796.7	N/A	43,870.5
2015	109,800.7	19,662.6	44,656	22,697	735,560	--	--	12,305.9	N/A	44,868.7
2016	111,001.9	20,854.0	48,226	24,346	756,549	--	--	12,417.9	N/A	44,823.9
2017	110,290.3	18,253.7	47,825	24,211	757,036	--	--	12,408.3	N/A	44,842.1
2018	111,480.1	18,174.6	48,638	24,625	768,983	--	--	12,591.8	N/A	44,814.8
2019	112,371.7	18,441.7	49,440	25,045	778,210	--	--	12,732.7	N/A	44,804.7
2020	113,419.8	18,740.4	50,582	25,621	791,423	--	--	12,929.4	N/A	45,715.0
2021	114,117.8	18,951.7	51,591	26,151	800,001	--	--	13,057.4	N/A	46,217.8
2022	114,783.2	19,126.6	52,514	26,635	807,948	--	--	13,176.4	N/A	46,726.2
2023	115,655.4	19,284.4	53,421	27,111	816,608	--	--	13,309.4	N/A	47,427.1
2024	115,903.7	19,312.3	53,940	27,391	821,042	--	--	13,373.0	N/A	48,182.8
Sector Rank	**11/63**	**10/63**	**22/63**	**29/63**	**7/63**	**N/A**	**N/A**	**10/63**	**N/A**	**N/A**
Economy Rank	**99/694**	**161/694**	**146/694**	**190/694**	**49/694**	**N/A**	**N/A**	**142/694**	**N/A**	**N/A**

Annual Change

	Revenue (%)	Industry Value Added (%)	Establish-ments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	Per capita dis-posable income (%)
2011	2.3	9.8	1.0	-1.4	8.6	N/A	N/A	8.4	N/A	-0.5
2012	3.0	-11.5	-5.4	2.0	-8.8	N/A	N/A	-14.2	N/A	0.7
2013	1.2	12.8	4.5	-1.7	14.3	N/A	N/A	8.3	N/A	-3.7
2014	1.0	1.0	4.3	4.6	2.1	N/A	N/A	1.9	N/A	1.4
2015	2.1	9.7	3.3	2.4	1.5	N/A	N/A	4.3	N/A	2.3
2016	1.1	6.1	8.0	7.3	2.9	N/A	N/A	0.9	N/A	-0.1
2017	-0.6	-12.5	-0.8	-0.6	0.1	N/A	N/A	-0.1	N/A	0.0
2018	1.1	-0.4	1.7	1.7	1.6	N/A	N/A	1.5	N/A	-0.1
2019	0.8	1.5	1.6	1.7	1.2	N/A	N/A	1.1	N/A	0.0
2020	0.9	1.6	2.3	2.3	1.7	N/A	N/A	1.5	N/A	2.0
2021	0.6	1.1	2.0	2.1	1.1	N/A	N/A	1.0	N/A	1.1
2022	0.6	0.9	1.8	1.9	1.0	N/A	N/A	0.9	N/A	1.1
2023	0.8	0.8	1.7	1.8	1.1	N/A	N/A	1.0	N/A	1.5
2024	0.2	0.1	1.0	1.0	0.5	N/A	N/A	0.5	N/A	1.6
Sector Rank	**33/63**	**26/63**	**16/63**	**15/63**	**27/63**	**N/A**	**N/A**	**28/63**	**N/A**	**N/A**
Economy Rank	**448/694**	**376/694**	**226/694**	**218/694**	**383/694**	**N/A**	**N/A**	**410/694**	**N/A**	**N/A**

Key Ratios

	IVA/Revenue (%)	Imports/ Demand (%)	Exports/ Revenue (%)	Revenue per Employee ($'000)	Wages/Revenue (%)	Employees per Est.	Average Wage ($)	Share of the Economy (%)
2010	16.21	N/A	N/A	159.34	11.51	15.09	18,342.16	0.10
2011	17.40	N/A	N/A	150.07	12.20	16.23	18,300.89	0.11
2012	14.96	N/A	N/A	169.46	10.16	15.64	17,219.42	0.10
2013	16.68	N/A	N/A	150.02	10.88	17.11	16,319.21	0.11
2014	16.67	N/A	N/A	148.39	10.97	16.76	16,282.90	0.11
2015	17.91	N/A	N/A	149.27	11.21	16.47	16,729.97	0.11
2016	18.79	N/A	N/A	146.72	11.19	15.69	16,413.87	0.12
2017	16.55	N/A	N/A	145.69	11.25	15.83	16,390.63	0.10
2018	16.30	N/A	N/A	144.97	11.30	15.81	16,374.61	0.10
2019	16.41	N/A	N/A	144.40	11.33	15.74	16,361.52	0.10
2020	16.52	N/A	N/A	143.31	11.40	15.65	16,336.90	0.10
2021	16.61	N/A	N/A	142.65	11.44	15.51	16,321.73	0.10
2022	16.66	N/A	N/A	142.07	11.48	15.39	16,308.48	0.10
2023	16.67	N/A	N/A	141.63	11.51	15.29	16,298.40	0.09
2024	16.66	N/A	N/A	141.17	11.54	15.22	16,287.84	0.09
Sector Rank	**34/63**	**N/A**	**N/A**	**45/63**	**37/63**	**7/63**	**54/63**	**10/63**
Economy Rank	**571/694**	**N/A**	**N/A**	**512/694**	**488/694**	**284/694**	**655/694**	**161/694**

Figures are in inflation-adjusted 2019 dollars. Rank refers to 2019 data.

SOURCE: WWW.IBISWORLD.COM

Industry Financial Ratios

	Apr 2014 - Mar 2015	Apr 2015 - Mar 2016	Apr 2016 - Mar 2017	Apr 2017 - Mar 2018	Apr 2017 - Mar 2018 by company revenue: Small (<$10m)	Medium ($10-50m)	Large (>$50m)
Liquidity Ratios							
Current Ratio	2.4	2.2	2.7	1.8	2.4	1.7	1.4
Quick Ratio	0.5	0.5	0.5	0.4	0.4	0.4	0.3
Sales / Receivables (Trade Receivables Turnover)	729.9	742.0	999.8	n/c	n/c	604.3	67.0
Days' Receivables	0.5	0.5	0.4	0.4	0.4	0.6	5.4
Cost of Sales / Inventory (Inventory Turnover)	2.6	2.8	2.9	3.1	3.0	3.2	3.0
Days' Inventory	140.4	130.4	125.9	117.7	121.7	114.1	121.7
Cost of Sales / Payables (Payables Turnover)	8.9	8.5	15.8	10.8	26.0	7.0	5.4
Days' Payables	41.0	42.9	23.1	33.8	14.0	52.1	67.6
Sales / Working Capital	7.4	7.4	6.6	9.0	8.6	6.1	17.2
Coverage Ratios							
Earnings Before Interest & Taxes (EBIT) / Interest	6.0	5.2	5.2	5.1	3.3	n/a	6.6
Net Profit + Dep., Depletion, Amort. / Current Maturities LT Debt	n/a	2.3	n/a	n/a	n/a	n/a	n/a
Leverage Ratios							
Fixed Assets / Net Worth	0.3	0.3	0.4	0.3	0.2	0.3	0.8
Debt / Net Worth	1.2	1.1	1.1	1.2	1.0	2.4	1.6
Tangible Net Worth	40.3	42.2	36.0	38.3	40.8	37.2	33.7
Operating Ratios							
Profit before Taxes / Net Worth, %	17.2	15.8	19.9	14.1	6.4	n/a	41.8
Profit before Taxes / Total Assets, %	6.9	6.9	6.6	5.2	4.7	6.1	11.8
Sales / Net Fixed Assets	24.7	18.9	19.4	18.1	23.3	18.1	13.2
Sales / Total Assets (Asset Turnover)	2.6	2.7	2.3	2.5	2.9	2.5	2.3
Cash Flow & Debt Service Ratios (% of sales)							
Cash from Trading	45.3	45.0	46.2	51.6	48.6	n/a	51.7
Cash after Operations	4.5	3.4	6.5	4.8	5.0	n/a	8.0
Net Cash after Operations	5.2	2.7	7.3	5.4	5.0	n/a	8.1
Cash after Debt Amortization	1.4	0.3	0.8	2.5	2.6	n/a	3.1
Debt Service P&I Coverage	2.8	1.5	3.3	3.1	2.1	n/a	n/a
Interest Coverage (Operating Cash)	5.4	2.1	6.4	5.1	2.6	n/a	n/a
Assets, %							
Cash & Equivalents	15.4	14.0	14.5	15.4	17.2	15.3	11.8
Trade Receivables (net)	4.4	4.9	2.9	2.9	2.4	1.9	4.7
Inventory	52.8	49.7	46.7	44.1	43.8	43.8	45.1
All Other Current Assets	2.1	2.5	2.1	3.3	2.5	6.3	3.2
Total Current Assets	74.7	71.1	66.2	65.8	66.0	67.2	64.8
Fixed Assets (net)	15.3	18.9	22.4	21.7	20.8	18.8	25.2
Intangibles (net)	5.0	2.7	4.8	6.3	5.7	11.0	4.8
All Other Non-Current Assets	5.0	7.3	6.6	6.2	7.5	3.1	5.2
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Assets ($m)	2,343.8	2,649.0	2,314.8	2,088.1	61.8	167.1	1,859.2
Liabilities, %							
Notes Payable-Short Term	5.1	6.0	6.3	9.9	12.7	4.4	7.4
Current Maturities L/T/D	2.2	2.1	2.5	1.7	2.2	2.2	0.4
Trade Payables	17.3	18.1	11.5	13.4	9.3	16.7	19.9
Income Taxes Payable	0.1	0.4	0.1	0.1	0.2	n/a	n/a
All Other Current Liabilities	9.5	7.7	9.8	13.8	14.5	11.4	13.6
Total Current Liabilities	34.3	34.2	30.3	38.9	39.0	34.7	41.3
Long Term Debt	9.8	10.8	21.2	12.2	10.0	14.7	15.4
Deferred Taxes	0.1	0.2	0.2	0.2	n/a	0.4	0.4
All Other Non-Current Liabilities	10.5	9.8	7.5	4.1	4.6	2.0	4.5
Net Worth	45.3	44.9	40.8	44.6	46.5	48.2	38.5
Total Liabilities & Net Worth ($m)	2,343.8	2,649.0	2,314.8	2,088.1	61.8	167.1	1,859.2
Maximum Number of Statements Used	80	98	75	62	35	10	17

Source: RMA Annual Statement Studies, rmahq.org. RMA data for all industries is derived directly from more than 260,000 statements of member financial institutions' borrowers and prospects.

Note: For a full description of the ratios refer to the Key Statistics chapter online.

Jargon & Glossary

Industry Jargon

BRICK AND MORTAR Stores that have a physical presence and location, unlike e-tailers.

E-TAILER A retailer that primarily sells goods and services via the internet. Many of these companies do not have brick-and-mortar locations.

EN VOGUE French for “in fashion” or “in style.”

RADIO FREQUENCY IDENTIFICATION (RFID) A technology that tracks products from the time they leave the assembly line to the time they leave the store by releasing continuous signals from a chip.

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.

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.

Disclaimer