

REPORT ON SANITARY SUPPLY DISTRIBUTOR SALES

Results of a joint research study conducted by *Sanitary Maintenance* magazine and ISSA, The Worldwide Cleaning Industry Association

INTRODUCTION

The “Report on 2016 Sanitary Supply Distributor Sales” was designed, prepared and conducted by the Research Department of Trade Press Media Group, publisher of *Sanitary Maintenance*, in conjunction with ISSA. Its primary purpose was to gather information on distributor sales of chemicals, janitorial supplies, paper/plastic products and power equipment in the United States and Canada.

Data was derived from nonduplicated questionnaires returned from a random sample of *Sanitary Maintenance* readers, which includes ISSA members. The included dollar figures represent sales by distributors after markup.

Market totals were computed using weighted means and projected against a universe of 5,500 distributors. The majority of this universe is distributors who consider jan/san supplies to be their primary product category; the remainder is distributors who consider jan/san to be their secondary product category. Survey results mimic this makeup with 76 percent of respondents indicating they are a janitorial supply distributor.

INDUSTRY MARKET TRENDS

Comparing this report to the most recent data from 2014, distributor sales continue to grow modestly. The \$25.6 billion figure represents a 4.3 percent growth over 2014 sales figures.

It's not surprising to see an increase in overall sales since facility executives and building owners are putting the Great Recession behind them and spending on cleaning again. Building service contractors are being asked to increase cleaning frequencies, according to *Contracting Profits' 2017 Report on the “Building Service Contractor Market”*. In addition, about a third of in-house custodial departments have seen their budgets rebound from past cuts, according to the “2018 Annual *Facility Cleaning Decisions Reader Survey*”.

PRODUCT CATEGORY TRENDS

Unsurprisingly, paper and chemical products once again make up the bulk of distributor sales. This falls in line with other studies of end user customers, which show these types of products to be the most commonly ordered. As for other sales, power equipment showed gains while sales of general supplies decreased, showing that more end users are relying on automated machines over hand tools.

MARKET SEGMENT TRENDS

When looking at market segment changes, the percentage of sales to building service contractors rose over 2014 figures, as predicted in *Sanitary Maintenance's* analysis of the previous report. This percentage will likely rise again as more facilities consider outsourcing cleaning services to reduce costs.

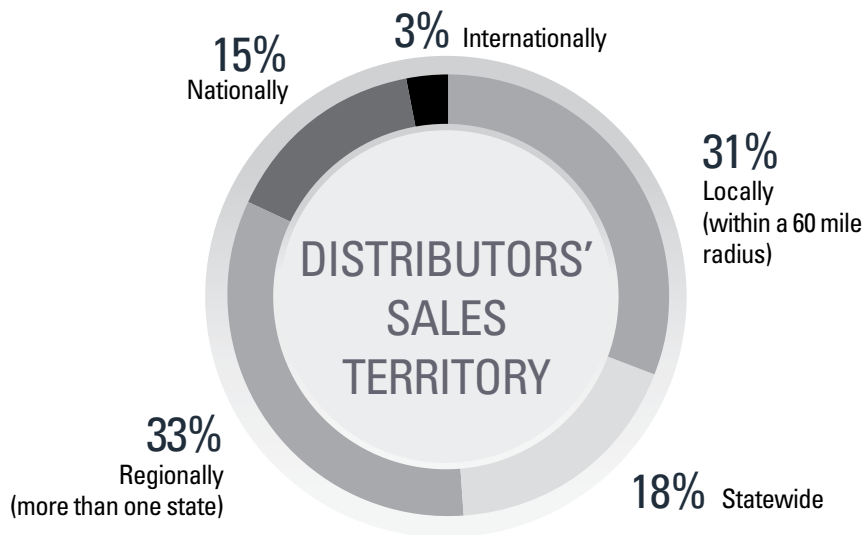
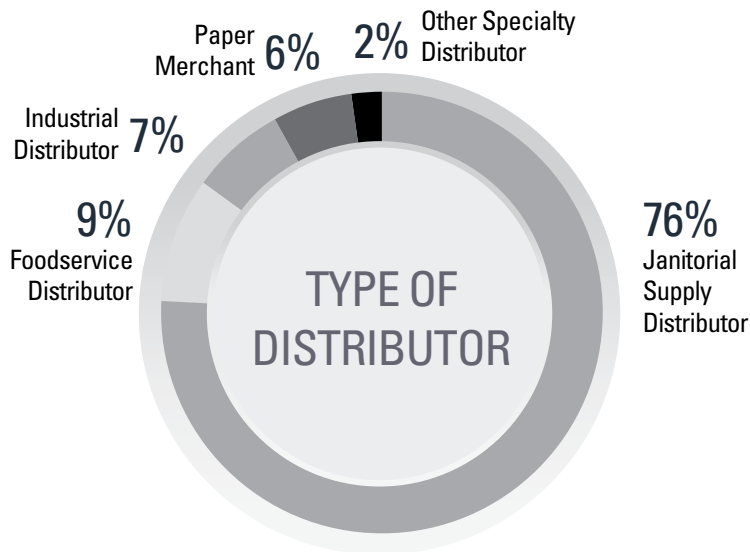
Additionally, results illustrate that distributors have increased sales to schools since 2014. Today's parents are more conscious to the importance of cleanliness and, as a result, parent/teacher groups are demanding more attention be given to cleaning programs. Many educational facilities have increased budgets to address these concerns.

ONLINE SALES TRENDS

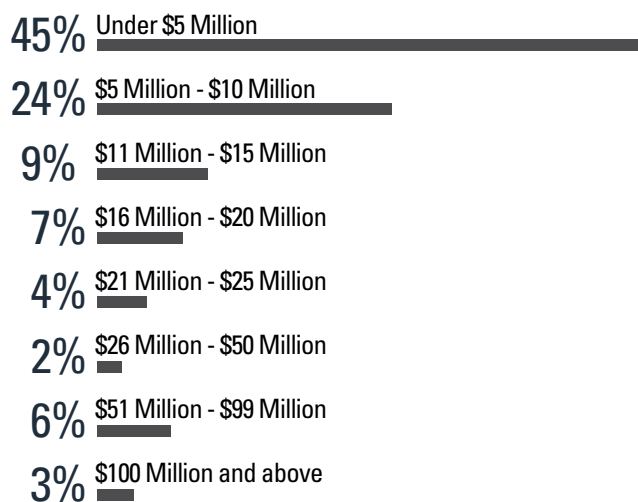
The ease of ordering products through Amazon Business and other e-tailers has pushed distributors to improve their e-commerce abilities, which explains an increase in the percentage of online orders over 2014 numbers. However, the jan/san industry is still people- and service-oriented. Which indicates online ordering makes up only a quarter of overall sales orders.

SURVEY RESULTS

RESPONDENTS' PROFILE



ANNUAL SALES VOLUME



DISTRIBUTOR SALES

2016 DISTRIBUTOR SALES VOLUME

PRODUCT CATEGORY	SALES	%
Paper/Plastic Sales	\$13,274,618,940	51.7%
Chemical Sales	\$8,200,596,185	32%
Supplies, Accessories Sales	\$2,163,801,915	8.4%
Power Equipment Sales	\$1,958,554,235	7.6%
Other Janitorial Products	\$71,382,960	0.3%
Total	\$25,668,954,235	100%

2016 DISTRIBUTOR SALES BY MARKET SEGMENT

MARKET SEGMENTS	SALES	%
Educational (schools, colleges, universities)	\$4,723,087,579	18.4%
Building Service Contractors	\$4,030,025,815	15.7%
Health Care (hospitals, nursing homes, clinics, medical, dental offices)	\$3,439,639,867	13.4%
Commercial (office buildings, property management firms)	\$3,259,957,188	12.7%
Government (municipal, county, state, federal)	\$3,259,957,188	12.7%
Industrial (manufacturing plants, food processing, utilities, warehouses)	\$3,131,612,417	12.2%
Hotels, Motels	\$1,488,799,346	5.8%
Other (including airports, religious facilities, residential, restaurants, retail, stadiums, etc.)	\$2,335,874,835	9.1%
Total	\$25,668,954,235	100%

BREAKDOWN OF 2016 PRODUCT SALES

2016 CHEMICAL SALES

PRODUCTS	SALES	%
Carpet Care (encapsulation, spotters, shampoos, etc.)	\$248,552,150	3%
Chemical Proportioners and Warewashing Equipment	\$142,362,550	1.7%
Cleaners and Degreasers (all-purpose cleaners, glass cleaners, restroom cleaners, etc.)	\$1,596,034,440	19.5%
Disinfectants	\$1,101,137,895	13.4%
Engineered Water Devices (On Site Generation)	\$55,121,880	0.7%
Floor Care Chemicals (finishes, strippers, sealers, cleaners, stone care, wood care, etc.)	\$1,796,176,350	21.9%
Foodservice Chemicals (dishwashing, warewashing, etc.)	\$472,957,980	5.8%
Hand Soaps and Hand Sanitizers	\$1,832,160,550	22.3%
Hand Soap Dispensers	\$32,378,060	0.4%
Ice Melts	\$302,530,250	3.7%
Laundry Products	\$138,395,455	1.7%
Odor Control (air fresheners, deodorizers, etc.)	\$384,098,000	4.7%
Other Chemicals	\$98,690,625	1.2%
Total	\$8,200,596,185	100%

2016 POWER EQUIPMENT SALES

PRODUCTS	SALES	%
Autoscrubbers	\$373,587,390	19.1%
Carpet Extractors	\$254,265,165	13%
Floor Machines	\$324,993,240	16.5%
Parts (replacement, including batteries)	\$280,646,630	14.3%
Parts (vacuum bags and filters)	\$71,731,440	3.7%
Power Sweepers	\$120,031,560	6.1%
Vacuums (backpack)	\$150,747,850	7.7%
Vacuums (upright)	\$169,723,235	8.7%
Vacuums (canister, wet/dry)	\$126,485,865	6.5%
Other Power Equipment	\$86,341,860	4.4%
Total	\$1,958,554,235	100%

2016 PAPER/PLASTICS SALES

PRODUCTS	SALES	%
Can Liners	\$2,874,808,200	21.6%
Foodservice Disposables (napkins, plates, bowls, cups, cutlery, wraps)	\$685,879,920	5.2%
Packaging Products	\$1,177,022,055	8.9%
Towels and Tissue	\$8,352,586,440	62.9%
Towels and Tissue Dispensers	\$106,477,800	0.8%
Other Paper/Plastics	\$77,844,525	0.6%
Total	\$13,274,618,940	100%

2016 SUPPLIES/ACCESSORIES SALES

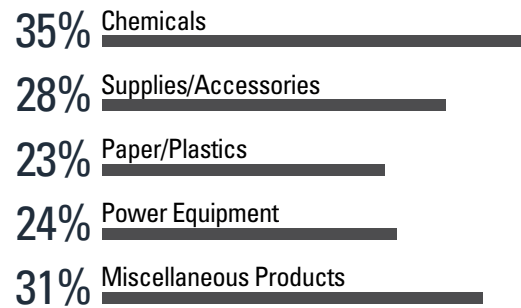
PRODUCTS	SALES	%
Brooms and Brushes	\$210,264,725	9.7%
Floor Machine Brushes	\$27,165,600	1.2%
Floor Pads	\$261,352,960	12.1%
Gloves and Other Personal Protective Equipment	\$509,147,925	23.5%
Hand Dryers	\$17,486,700	1%
Housekeeping Carts	\$100,053,525	4.6%
Mats and Matting	\$210,916,420	9.7%
Microfiber Cloths	\$141,134,785	6.5%
Mopping Equipment (buckets, wringers, etc. NOT mops)	\$140,901,145	6.5%
Mops (dust)	\$35,316,270	1.6%
Mops (wet)	\$168,415,500	7.8%
Safety Kits	\$45,544,235	2.1%
Waste Receptacles	\$194,357,625	9%
Window Washing Equipment	\$38,947,480	1.8%
Other Supplies	\$62,797,020	2.9%
Total	\$2,163,801,915	100%

2016 OTHER JANITORIAL PRODUCTS NOT LISTED IN ANY PREVIOUS CATEGORY

PRODUCT CATEGORY	SALES	%
Total	\$71,382,960	100%

ADDITIONAL SALES INFORMATION

2016 AVERAGE GROSS MARGIN



*The overall Gross Margin is 28%

AVERAGE NUMBER OF SALESPEOPLE EMPLOYED

