



WHERE KNOWLEDGE IS POWER

INDUSTRY REPORT 56172

Janitorial Services in the US

Clean sweep: Economic growth moving forward will likely support revenue growth

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Contents

COVID-19 (Coronavirus) Impact Update.....	3	COMPETITIVE LANDSCAPE.....	23
ABOUT THIS INDUSTRY.....	5	Market Share Concentration.....	23
Industry Definition.....	5	Key Success Factors.....	23
Major Players.....	5	Cost Structure Benchmarks.....	24
Main Activities.....	5	Basis of Competition.....	26
Supply Chain.....	6	Barriers to Entry.....	27
		Industry Globalization.....	28
INDUSTRY AT A GLANCE.....	7	MAJOR COMPANIES.....	29
Executive Summary.....	9	Market Share Overview.....	29
		Related Companies.....	29
INDUSTRY PERFORMANCE.....	10	Abm Industries Inc.....	30
Key External Drivers.....	10	Red Coats Inc.....	32
Current Performance.....	11	ISS A.....	34
		Anago Cleaning Systems.....	36
INDUSTRY OUTLOOK.....	14	Marsden Holding LLC.....	38
Outlook.....	14	OPERATING CONDITIONS.....	40
Industry Life Cycle.....	16	Capital Intensity.....	40
		Technology & Systems.....	41
PRODUCTS & MARKETS.....	17	Revenue Volatility.....	42
Supply Chain.....	17	Regulation & Policy.....	42
Products & Services.....	17	Industry Assistance.....	42
Demand Determinants.....	18	KEY STATISTICS.....	44
Major Markets.....	19	Industry Data.....	44
Business Locations.....	21	Annual Change.....	44
		Key Ratios.....	44
		Industry Financial Statement.....	45
		ADDITIONAL RESOURCES.....	47
		Additional Resources.....	47
		Industry Jargon.....	47
		Glossary.....	47

**COVID-19
(Coronavirus)
Impact Update**

IBISWorld's analysts constantly monitor the industry impacts of current events in real-time – here is an update of how this industry is likely to be impacted as a result of the global COVID-19 pandemic:

- Services related to COVID-19 (coronavirus) cleaning continue to represent a potential opportunity for the industry as businesses and offices reopen. This trend might be affected as more variants are discovered. For more detail, refer to the Current Performance chapter.
- The industry is expected to become more technologically intensive over the five years to 2026, with robotics among the technologies anticipated to be adopted by operators. For more detail, refer to the Industry Outlook chapter.
- Favorable conditions as the economy reopens and strict health and safety protocols spurring demand have enabled new operators to enter the industry. Coupled with strong innovation in a digital presence, these metrics signal that the industry has entered the growth phase of its life cycle.

About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions that benefit you, your company and your clients. We offer research on industries in the US, Canada, Australia, New Zealand, Germany, the UK, Ireland, China and Mexico, as well as industries that are truly global in nature.

About This Industry

Industry Definition Operators in the Janitorial Services industry clean building interiors, the inner parts of transportation equipment, including aircraft, railcars and ships, and windows. Industry activities include contract cleaning services for factories, retail outlets, shopping centers and malls, business and government offices, trains and airlines and house-cleaning services.

Major Players

- Abm Industries Inc.
- Red Coats Inc.
- ISS A
- Anago Cleaning Systems
- Marsden Holding LLC
- Jani-King International, Inc.
- Kellermeyer Bergensons Services, Llc
- Vixxo Inc.
- IH Services Inc.
- MaidPro Franchise Corporation
- United Building Maintenance Inc.

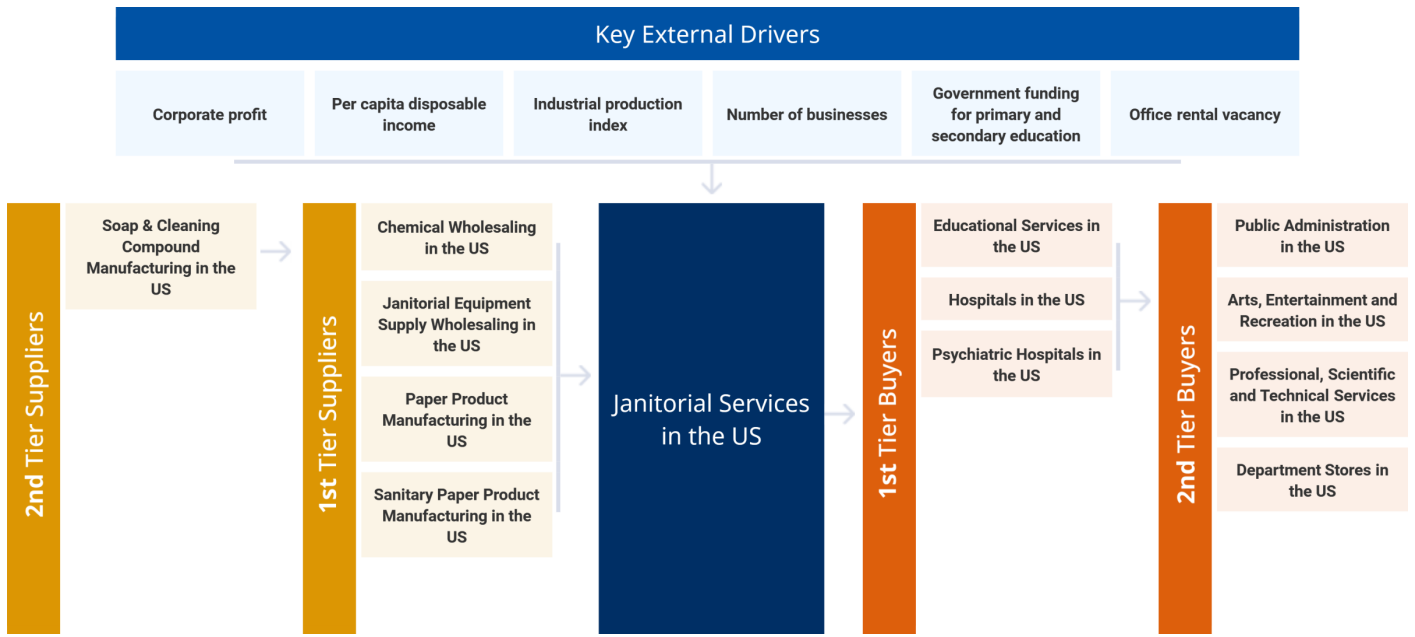
Main Activities **The primary activities of this industry are:**

- Providing interior building cleaning services
- Cleaning homes
- Providing window cleaning services
- Providing maid services
- Providing aircraft janitorial services
- Washroom sanitization and cleaning

The major products and services in this industry are:

- Residential cleaning
- General commercial cleaning
- Other cleaning services
- Exterior cleaning
- Industrial cleaning
- Damage restoration
- Educational institution cleaning

Supply Chain



SIMILAR INDUSTRIES

Painters in the US



Fence & Swimming Pool Construction in the US



Landscaping Services in the US



Carpet Cleaning in the US



RELATED INTERNATIONAL INDUSTRIES

Commercial Cleaning Services in Australia

General Building Cleaning in the UK

Janitorial Services in Canada

Commercial Cleaning Services in New Zealand

Industry at a Glance

Key Statistics

\$97.6bn
Revenue



\$6.6bn
Profit



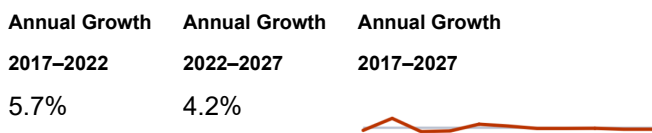
6.8%
Profit Margin



1m
Businesses



2m
Employment



\$40.8bn
Wages



Key External Drivers

% = 2017–22 Annual Growth

1.7% Per capita disposable income	1.1% Industrial production index
0.3% Number of businesses	4.3% Corporate profit
1.9% Government funding for primary and secondary education	4.7pp Office rental vacancy

Industry Structure

POSITIVE IMPACT

Life Cycle Growth	Capital Intensity Low
Concentration Low	Regulation & Policy Light / Steady
Technology Change Low	Industry Globalization Low / Increasing

MIXED IMPACT

Revenue Volatility Medium

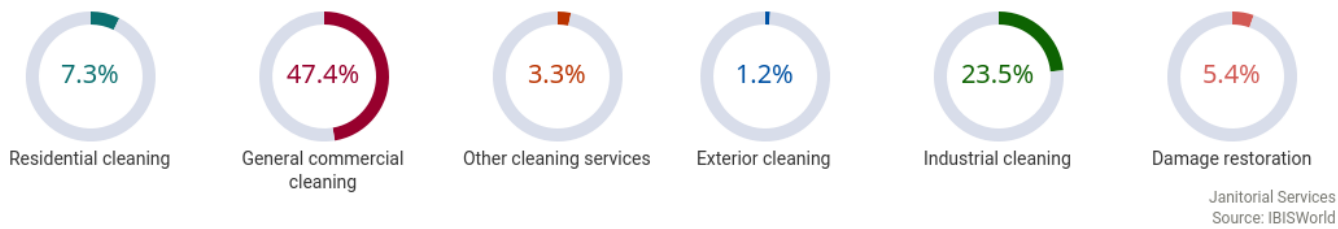
NEGATIVE IMPACT

Industry Assistance None / Steady	Barriers to Entry Low / Steady
Competition High / Steady	

Key Trends

- An increase in industrial output is expected to increase industry employment
- Industrial clients have become an increasingly important source of revenue
- The industry is highly fragmented due to a large number of nonemployer businesses
- Education, healthcare and medical-related industries will likely provide sustained demand
- More businesses in the United States will likely boost commercial demand
- Green cleaning technologies and materials are expected to maintain their importance
- Industry operators have benefited from a higher profit

Products & Services Segmentation



Major Players



- 3.8% Abm Industries Inc.
- 0.2% Red Coats Inc.
- 0.1% ISS A
- 0.1% Anago Cleaning Systems
- 0.1% Marsden Holding LLC
- 95.9% Other

Janitorial Services
Source: IBISWorld

SWOT

S

STRENGTHS

- Growth Life Cycle Stage
- Low Imports
- Low Customer Class Concentration
- Low Capital Requirements

W

WEAKNESSES

- Low & Steady Barriers to Entry
- None & Steady Level of Assistance
- High Competition
- Low Profit vs. Sector Average
- High Product/Service Concentration
- Low Revenue per Employee

O

OPPORTUNITIES

- High Revenue Growth (2017-2022)
- High Revenue Growth (2022-2027)
- High Performance Drivers
- Corporate profit

T

THREATS

- Low Revenue Growth (2005-2022)
- Low Outlier Growth
- Per capita disposable income

Executive Summary **Clean sweep: Economic growth moving forward will likely support revenue growth**

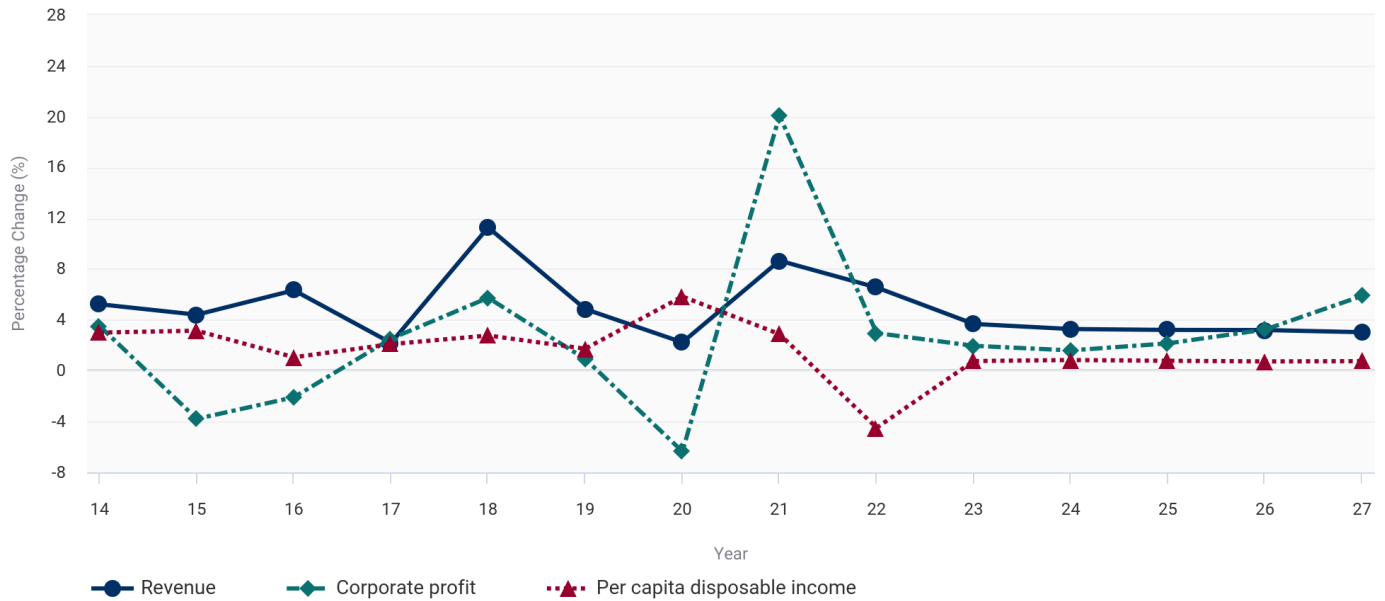
Operators in the Janitorial Services industry clean building interiors and exteriors, the inner parts of transportation equipment and other spaces, such as event stadiums. Overall, demand for industry services has grown over the five years to 2022. While the outbreak of the COVID-19 (coronavirus) pandemic led many businesses to pause their operations, shrinking the total addressable market, strong demand for sanitation services led to higher revenue per customer in 2020. As a result, industry revenue increased 2.2% in 2020. As businesses began to reopen in 2021, demand for industry services grew strongly, resulting in an 8.7% increase in revenue. In 2022, demand for janitorial services is expected to remain strong as more workers choose to work from the office. Thus, industry revenue is projected to grow 6.6% in 2022.

Prior to 2020, the industry experienced growth in line with the overall economy. In particular, the growing economy led to a surge of nonemployers entering the industry, which contributed to strong growth in the number of industry enterprises. In 2020, however, the pattern shifted somewhat, with organizations paying more attention to sanitizing and cleaning their office space. As a result, the industry has experienced a higher-than-expected growth in revenue during the second half of the current period. Overall, industry revenue is expected to grow at an annualized rate of 6.7% to \$97.6 billion over the five years to 2022. Industry operators have also benefited from a higher profit during the current period.

Over the five years to 2027, industry revenue is expected to grow at an annualized rate of 3.3% to \$114.7 billion. The main drive of industry growth in the next five years will be growth in the economy overall. IBISWorld anticipates the US economy to grow at an annualized rate of 1.6% during the outlook period. However, as companies perceive sanitation and cleaning more seriously following the outbreak of the pandemic, growth in industry revenue will likely be slightly higher than the economic growth in the next five years. Moreover, as more companies move their operations back to the office space, the total addressable market will likely expand, leading to more opportunities. Consequently, the number of industry operators is expected to grow an annualized 6.3% to 1.6 million companies over the five years to 2027.

Industry Performance

Key External Drivers 2014-2027



Janitorial Services
Source: IBISWorld

Key External Drivers

Corporate profit

Businesses often expand when corporate profit grows, leading to greater demand for janitorial services. In contrast, shrinking corporate profit reduces demand for janitorial services as businesses close facilities and decrease the frequency of outsourced cleaning to reduce costs. Corporate profit is expected to increase in 2022, representing a potential opportunity for the industry.

Per capita disposable income

Per capita disposable income is highly correlated with the success of many industries. As household incomes increase, consumer spending tends to increase, generating the revenue businesses use to pay for operating expenses, such as cleaning services. Per capita disposable income is expected to decrease in 2022, posing a potential threat to the industry.

Industrial production index

The industrial production index measures economic activity within the manufacturing, electric and gas industries. Manufacturing and other industrial activity represent significant downstream markets for the industry, as industrial companies require high value-added specialty cleaning services. The industrial production index is expected to increase in 2022.

Number of businesses

The total number of businesses in the United States is positively correlated with demand for janitorial services. Growth in the number of business operators creates a larger client base for industry operators. Therefore, when the number of US businesses increases, demand for cleaning services generally rises. The number of businesses is expected to increase in 2022.

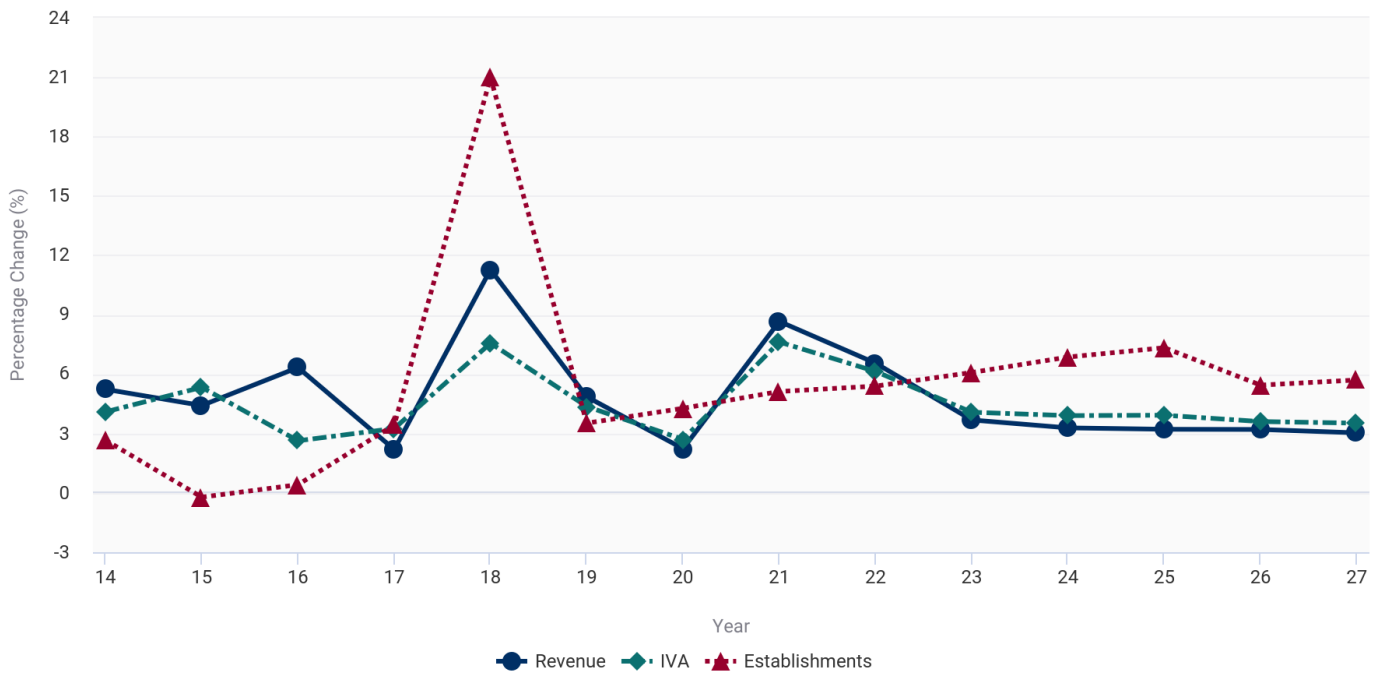
Government funding for primary and secondary education

Educational institutions and government contracts represent a significant share of industry revenue, and government spending on education is a proxy for the level of demand from these important segments. Government funding for primary and secondary schools is expected to increase in 2022.

Office rental vacancy

Office rental vacancy rates are inversely correlated with demand for janitorial services. When the office vacancy rate is low, there is greater demand for janitorial cleaning services. Conversely, rising office rental vacancy rates represent reduced downstream demand from corporate clients. Office rental vacancy is expected to increase in 2022.

Industry Performance 2014–2027



Janitorial Services
Source: IBISWorld

Current Performance

The Janitorial Services industry has experienced growth over the five years to 2022.

The industry derives the majority of its revenue from the commercial market because outsourced cleaning services are primarily contracted by corporate offices, industrial and retail clients. Prior to 2020, a growing overall economy, steady rates of business formation and rising per capita disposable income drove revenue growth for the industry. In 2020, the COVID-19 (coronavirus) pandemic thrust the economy into recession and decelerated growth in industry revenue due to a declining addressable market as many businesses and educational institutions closed. This was somewhat offset by an increase in demand for special disinfection cleaning services meant to slow the spread of the novel coronavirus. As a result, industry revenue increased only 2.2% in 2020. However, demand for industry services grew strongly in 2021 as many organizations invested heavily in sanitation and disinfection activities. In 2022, revenue is expected to grow an additional 6.6% due to the ongoing efforts to reduce the spread of the disease. Overall, industry revenue has grown during the current period, rising at an annualized rate of 6.7% to \$97.6 billion in 2022.

DOWNSTREAM DYNAMICS

Both private and public economic activities have bolstered demand for industry services over the five years to 2022.

Steady business formation helped boost demand for industry services during the past five years. Government spending also supported revenue growth via downstream markets. For example, government spending on primary and secondary education, which employs industry services, increased an annualized 2.1% over the five years to 2022; government funding for universities increased an annualized 1.8% during the same period; and direct government contracts for industry services have also increased over the past five years. In 2020, growth in industry revenue decelerated due to a decline in the number of businesses, increased office vacancy rates, lack of tax revenue that funds municipal budgets, and many educational institutions transitioning to online learning. However, among businesses that stayed afloat and schools that have remained open, increased demand for cleaning services to combat the spread of the novel coronavirus kept revenue from these segments from declining in absolute values.

Due to the economic recovery, demand for industry services grew strongly in 2021. While the office rental vacancy remains below the pre-pandemic level in 2022, average revenue per commercial client increased substantially,

leading to higher revenue following the initial shock caused by the pandemic. As workers continue to return to offices, these shifts will likely engender increased downstream demand in the longer term. An increase in industrial output is also expected to bring employment to a greater number of workers in the manufacturing and other industrial sectors, which would likely increase demand from businesses in those sectors.

ENHANCED CLEANING PROTOCOLS

In recent years, industrial clients, such as manufacturers, have become an increasingly important source of revenue for the industry, as maintaining clean plant and equipment is important for employee productivity and product quality.

In 2020, this trend accelerated as manufacturing and high-tech plants required enhanced cleaning protocols to continue operations amid the coronavirus pandemic. Specialized deep cleanings and generalized disinfections have become routine operations at manufacturing plants, and are now standard protocol when an employee tests positive for coronavirus. Other industries and sectors of the economy will likely employ enhanced cleaning protocols as employees return to offices and retail traffic picks up. For example, disinfectant-spraying drones have been developed for use in concert venues and other large spaces, which will likely experience increased use throughout 2022.

STRUCTURAL SHIFTS

The industry is highly fragmented due to a large number of nonemployer businesses.

The share of nonemployers in the industry has grown during the past two decades, reaching an estimated 94.2% in 2022. Overall, the number of industry establishments has increased at an annualized rate of 7.7% to 1.2 million operators. Most of this growth has been driven by growth in nonemployer establishments. Employer businesses have also grown during the past five years, although at a more moderate rate. The influx of new operators has resulted in strong competition over the past five years. In addition to price-based competition, companies attempt to differentiate operations or compete on the basis of reputation for quality service. For example, major player ABM Industries Inc. (ABM) has developed into an integrated provider of facility solutions, offering landscaping, security, electrical, engineering and other services, in addition to janitorial services. This diversification enables large industry operators to establish strategic alliances with commercial property owners and managers.

Other operators service industries with more stringent cleaning requirements, such as those related to healthcare, pharmaceuticals, electronic equipment and food product manufacturing, in an effort to gain entrance into a space with higher barriers to entry, and thus, higher profit. Over the five years to 2022, profit, measured as earnings before interest and taxes, has increased to 6.8% of revenue, up from 5.9% in 2017. While total wage costs have risen at an annualized rate of 5.0% to \$40.8 billion over the five years to 2022, due to growth in industry employment, the wage share of revenue has declined, contributing to higher profit during the current period.

GREEN SERVICES

Over the past five years, companies in the industry have attempted to differentiate themselves from their competitors by focusing on eco-friendly cleaning solutions.

Some industry operators offer green cleaning services, which include the use of high-filtration vacuums, microfiber cloths for more efficient dirt and particle capture, course sprayer nozzles to help reduce atomized chemical releases and other certified environmentally friendly cleaning products. For example, major player ABM has an enhanced Green Care program, which currently uses eco-friendly products and methods. Green cleaning services, especially for franchised and larger operators, have increasingly become a necessity for survival in the industry.

Historical Performance Data

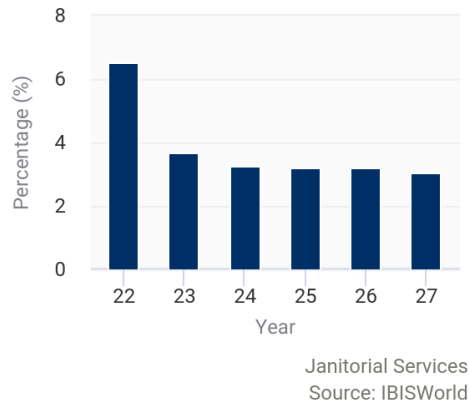
Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)	Number of Businesses (Million)
2013	59,167	31,566	786,688	783,686	1,697,639	N/A	N/A	28,253	N/A	7.49
2014	62,263	32,860	807,631	804,724	1,747,301	N/A	N/A	28,813	N/A	7.56
2015	65,012	34,613	805,865	802,957	1,761,456	N/A	N/A	29,607	N/A	7.66
2016	69,128	35,525	809,203	805,807	1,782,190	N/A	N/A	30,687	N/A	7.76
2017	70,648	36,683	836,962	832,297	1,840,320	N/A	N/A	31,879	N/A	7.86
2018	78,624	39,458	1,012,566	1,007,990	2,031,428	N/A	N/A	33,483	N/A	7.91
2019	82,438	41,182	1,048,268	1,043,687	2,081,820	N/A	N/A	34,851	N/A	8.01
2020	84,279	42,295	1,093,115	1,092,542	2,142,047	N/A	N/A	35,856	N/A	7.82
2021	91,584	45,521	1,149,085	1,146,748	2,290,034	N/A	N/A	38,459	N/A	7.93
2022	97,586	48,316	1,211,105	1,207,299	2,423,066	N/A	N/A	40,750	N/A	8.02

Industry Outlook

Outlook

Over the five years to 2027, revenue for the Janitorial Services industry is forecast to grow at an annualized rate of 3.3% to \$114.7 billion.

Industry Outlook
2022–2027



Industry revenue growth is expected to follow the trajectory of the overall economy. Moreover, it will likely be driven by increased demand for disinfection and specialized cleaning services due to the COVID-19 (coronavirus) pandemic. Other industries are expected to continue outsourcing cleaning activities to janitorial and cleaning service specialists. In particular, education, healthcare and medical-related industries, which outsource the majority of their cleaning requirements, will likely provide sustained demand for industry services. Recovery from other downstream markets, such as the aviation industries and corporate offices, are also expected to contribute to revenue growth. Moreover, an aging population and greater demand for healthcare services will likely bolster demand for cleaning services at medical and surgical hospitals, urgent care clinics and retirement facilities.

Significantly, the effect of the coronavirus pandemic on the industry is not expected to be temporary. Heightened awareness of the potential for new coronavirus variants to spread globally will likely transform cleaning standards and their importance across all sectors. New types of cleaning regimens and products have already become widespread in response to the pandemic. Industrial companies will likely maintain heightened cleaning standards to continue operations in the absence of the ability to work remotely. Airlines have already shifted their cleaning routines and technologies to stimulate demand for flights and make flights safer for passengers. For example, electrostatic disinfectant sprayers have been adopted by multiple airlines to rigorously disinfect planes in between flights. Janitorial services companies now routinely use the same type of devices to disinfect offices in between shifts. New standards of air ventilation and filtration have even been discussed. Personal protective equipment standards are expected to increase for industry employees, potentially raising costs. Disinfectant-spraying drones will likely be used to disinfect large arenas, concert halls, parks and other large areas that are difficult to cover manually. As a result, these changes will likely be lasting and ongoing, evolving any demand for industry services.

Over the next five years, demand for cleaning services is expected to rise as key demand determinants recover. For example, per capita disposable income is anticipated to increase an annualized 0.8% over the five years to 2027. As more consumers attain high incomes, more will likely demand residential cleaning services and support cleaning services demand from businesses through consumer spending. The number of businesses in the United States is expected to rise at an annualized rate of 1.0% during the outlook period, boosting the commercial demand for industry services. Corporate profit is also expected to rise, increasing an annualized 3.0% over the next five years. As corporate profit increases and office rental vacancy rates decline due to a lower prevalence of remote work arrangements, demand for cleaning services from corporate offices will likely grow.

INDUSTRY LANDSCAPE

Due to the expanding market for industry services, the number of industry operators is expected to increase at an annualized rate of 6.3% to 1.6 million enterprises over the five years to 2027.

Increasing demand for industry services will likely draw entrants into the market. As a result, industry employment is expected to expand as the market grows. Industry employment is expected to grow at an annualized rate of 4.2% to 3.0 million workers during the same period. This influx of industry entrants will likely lead to increasing price pressures over the next five years. Consequently, industry operators are expected to increasingly focus on providing eco-friendly cleaning services and services that combat the spread of diseases to differentiate themselves from competitors. Procuring the right equipment for these tasks, such as electrostatic disinfectant sprayers and microfiber

materials, will likely lead to a slight rise in purchase costs. Moreover, operators will likely offer greater digital integration over the next five years. A greater digital presence will likely be offered through websites and apps, with online reputation management becoming increasingly important as a consequence. Increased use of smart cleaning equipment is also anticipated to drive up purchase costs; examples include robot vacuums, smart air systems, garment-sanitizing appliances and artificial intelligence-powered window cleaners. Additionally, green cleaning technologies and materials are expected to maintain their importance within the industry. As a result of rising costs and heightened competition, profit growth is anticipated to be somewhat constrained over the five years to 2027. Overall, industry profit, measured as earnings before interest and taxes, is forecast to account for 6.6% of revenue in 2027.

To expand services regionally and nationally, major operators will likely continue to merge with other industry operators, building services and maintenance companies. Consolidation is expected to enable industry operators to provide bundled services to clients, which include security, parking, building maintenance and landscaping services. The bundling of property management services has the potential to boost profit, as larger industry operators benefit from lower per-unit purchasing and insurance costs due to economies of scale. The continued trend of outsourcing janitorial cleaning services is expected to also contribute to this trend. Additionally, domestic operators and franchisers will likely continue to expand internationally, increasing the global footprint of the domestic industry.

Performance Outlook Data

Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)	Number of Businesses (Million)
2022	97,586	48,316	1,211,105	1,207,299	2,423,066	N/A	N/A	40,750	N/A	8.02
2023	101,186	50,284	1,284,858	1,280,343	2,529,002	N/A	N/A	42,476	N/A	8.11
2024	104,515	52,248	1,373,052	1,368,015	2,639,732	N/A	N/A	44,244	N/A	8.19
2025	107,877	54,299	1,473,804	1,468,509	2,757,491	N/A	N/A	46,107	N/A	8.27
2026	111,332	56,258	1,554,079	1,548,089	2,865,183	N/A	N/A	47,843	N/A	8.35
2027	114,711	58,241	1,642,785	1,636,051	2,976,869	N/A	N/A	49,626	N/A	8.43
2028	117,560	60,069	1,739,536	1,731,304	3,084,969	N/A	N/A	51,314	N/A	8.51

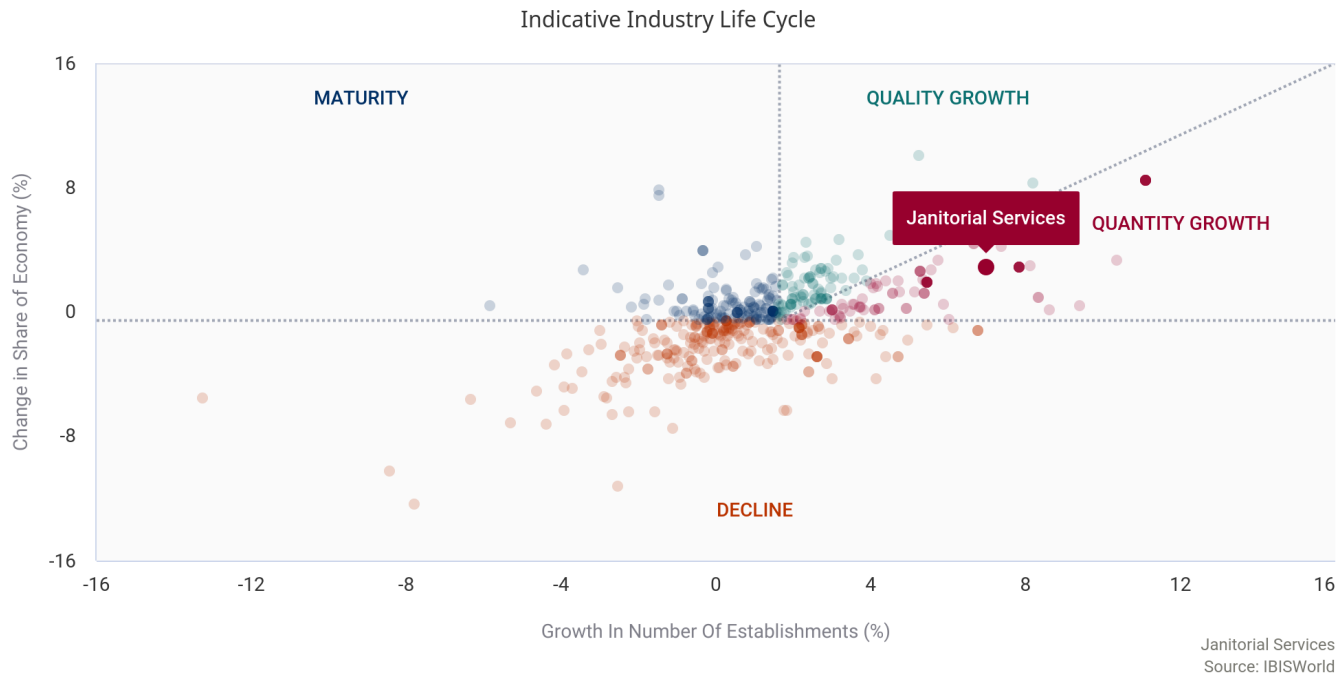
Industry Life Cycle The life cycle stage of this industry is ✔ Growth

LIFE CYCLE REASONS

IVA is expected to grow faster than US GDP

Improvements in the general economy will drive future growth

Companies are increasingly bundling cleaning services, but it will not dramatically increase revenue



The Janitorial Services industry is in the mature phase of its industry life cycle. Industry value added (IVA), a measure of an industry's contribution to the overall economy, is forecast to increase at an annualized rate of 4.7% over the 10 years to 2027. This is higher than the US GDP, which is expected to increase at an annualized rate of 1.8% during the same period. Typically, an industry is considered to be in the growth phase of its life cycle when an industry is growing above or at a similar rate to the overall economy, indicating new operators entering and innovation for the industry's products or services. While merger and acquisition activity has increased over the five years to 2022, new health and safety guidelines have altered the industry's landscape, contributing to strong growth in industry value added. Industry operators are expanding to offer bundled services as well as introducing technological changes such as drones to remain competitive.

This industry's overall performance fluctuates in line with general economic activity. During periods of strong economic growth, new businesses emerge, companies expand operations and construction activity increases, all of which increases demand for cleaning services. By contrast, demand for cleaning services falters during economic downturns. As the number of businesses declines, remaining companies cut back on operational costs by consolidating operations and decreasing office or retail space. Moreover, households often tighten their belts and spend less on discretionary goods and services, such as cleaning services. Amid the COVID-19 (coronavirus) pandemic, many businesses closed, resulting in a lower addressable market. However, demand for disinfection services has grown, resulting in higher revenue per client. As a result, industry revenue increased in 2020. As coronavirus infection rates remain high, demand for industry services is expected to persist in 2022.

IBISWorld anticipates that the industry will benefit from further growth in the economy over the five years to 2027. This growth is expected to be bolstered by a variety of factors. Municipalities, including schools and healthcare buildings, are expected to increase the outsourcing of cleaning services and increase their tax revenue. Major operators have increasingly bundled their cleaning services into comprehensive facilities management contracts that include security, parking and maintenance. Industry franchising continues to increase consumers' confidence in operators and their cleaning standards, and many franchised and large operators continue to expand internationally at a faster rate than within the United States market. Perhaps most significantly, permanently heightened standards of cleaning services in the wake of the coronavirus pandemic will likely support industry growth over the five years to 2027, as offices, manufacturing plants, educational facilities and other downstream clients adapt to the elevated risk and awareness of disease transmission and the health benefits of clean work and recreational environments.

Products & Markets

Supply Chain

Key Buying Industries

1st Tier

Educational Services in the US

Hospitals in the US

Psychiatric Hospitals in the US

2nd Tier

Public Administration in the US

Arts, Entertainment and Recreation in the US

Professional, Scientific and Technical Services in the US

Department Stores in the US

Key Selling Industries

1st Tier

Chemical Wholesaling in the US

Janitorial Equipment Supply Wholesaling in the US

Paper Product Manufacturing in the US

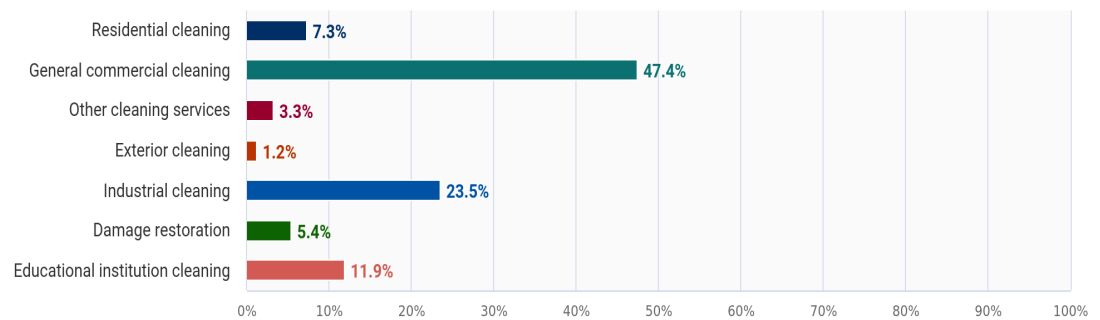
Sanitary Paper Product Manufacturing in the US

2nd Tier

Soap & Cleaning Compound Manufacturing in the US

Products & Services

Products and Services Segmentation



2022 INDUSTRY REVENUE

\$97.6bn

Janitorial Services
Source: IBISWorld

The Janitorial Services industry provides a wide variety of cleaning and janitorial services, ranging from simple carpet-cleaning activities to full-scale industrial cleaning services.

COMMERCIAL AND INDUSTRIAL CLEANING

By revenue, commercial cleaning is the largest service segment provided by the industry.

Commercial cleaning services can be further separated into standard janitorial services, which are done nightly or weekly; and major janitorial activities, which are conducted monthly, quarterly or even yearly. Standard services include cleaning bathrooms, floors, kitchens, desks, tables and floors. Standard services may also include dusting, watering plants and other miscellaneous activities. In contrast, other commercial cleaning services include stripping and waxing floors, carpet cleanings and exterior building cleaning.

General commercial cleaning services are expected to account for 47.4% of industry revenue in 2022. Such services are provided to a range of client types, including hospitals, corporate office buildings, entertainment venues and retailers. General commercial cleaning services have declined slightly as a share of industry revenue over the five years to 2022 as retailers, entertainment venues and corporate offices have temporarily reduced demand for industry services amid the COVID-19 (coronavirus) pandemic. While this trend reversed in 2021 as many of these businesses experienced higher foot traffic and employees began to work in office, the latest variant may temper improvement over the coming months.

Specialized industrial cleaning services are estimated to account for 23.5% of industry revenue. Industrial cleaning services involve special cleaning protocols for high-tech facilities, manufacturing plants and other kinds of industrial businesses. Revenue from this segment has increased slightly over the past five years, as enhanced cleaning protocols were demanded by these downstream businesses; in contrast to businesses that only require general

commercial cleaning services, these businesses have had to keep workers on-site amid the coronavirus pandemic to continue operations, making enhanced cleaning protocols more of a necessity.

Most commercial cleaners operate under one-year contracts with clients, with relatively short contract termination periods. This practice encourages price-based competition, which can place downward pressure on industry revenue and profit. However, higher-profit disinfection cleaning services related to the coronavirus pandemic have helped to maintain industry profit in 2020, and is anticipated to continue as health protocols remain in place.

EDUCATIONAL INSTITUTION CLEANING

Cleaning services provided specifically to educational facilities are estimated to account for 11.9% of industry revenue in 2022.

Educational facilities are a major source of industry revenue because there are many of them, they are used by a large number of students and faculty on a daily basis, and many are funded by tax revenue. As a result, this cleaning service segment includes both private and public sources of funding. This segment is expected to have declined as a share of total revenue over the past five years since many schools closed in 2020 and early 2021 due to the coronavirus pandemic. However, revenue from this segment will likely experience growth in 2022.

RESIDENTIAL CLEANING

Standard residential cleaning services account for an estimated 7.3% of industry revenue in 2022.

This segment's share of revenue has remained fairly stable over the past five years. While demand for this service segment was temporarily disrupted in 2020 due to social distancing protocols and hesitation by households to have cleaners come into their homes, the overall effect on demand for this segment was relatively small. Moreover, as economic conditions improved throughout 2021, this segment is expected to experience increased demand as consumer spending recovers from a dip in 2020.

DAMAGE RESTORATION

The industry also generates a portion of revenue from specialty services, such as damage restoration cleaning.

Damage restoration services have increased slightly as a share of revenue over the past five years. These services generally encompass water extraction dehumidification, mold and mildew remediation, debris removal and site reconstruction. These services are generally provided following a fire, flood or other natural or man-made disaster. In 2022, damage restoration is expected to account for 5.4% of industry revenue.

EXTERIOR CLEANING

IBISWorld estimates that exterior cleaning, including exterior window cleaning, accounts for 1.2% of industry revenue in 2022.

These services often take days to complete and require special equipment or machinery, although they are performed infrequently and therefore do not constitute a major source of industry revenue. As a result, exterior cleaning services have remained steady as a share of industry revenue over the five years to 2022.

OTHER CLEANING SERVICES

Industry operators provide other specialty cleaning services, such as ventilation system cleaning, carpet and upholstery cleaning, gutter and drain cleaning, floor cleaning, in addition to other niche cleaning services.

Furthermore, major operators have increasingly offered clients total bundled service contracts, which include maintenance, security and other cleaning services. These other cleaning services can be provided by one company or through strategic alliances between a company and its partners. In 2022, other cleaning services are expected to account for 3.3% of industry revenue. This segment's share of industry revenue has remained stable over the past five years.

Janitorial Services industry demand is largely derived from the

commercial market.

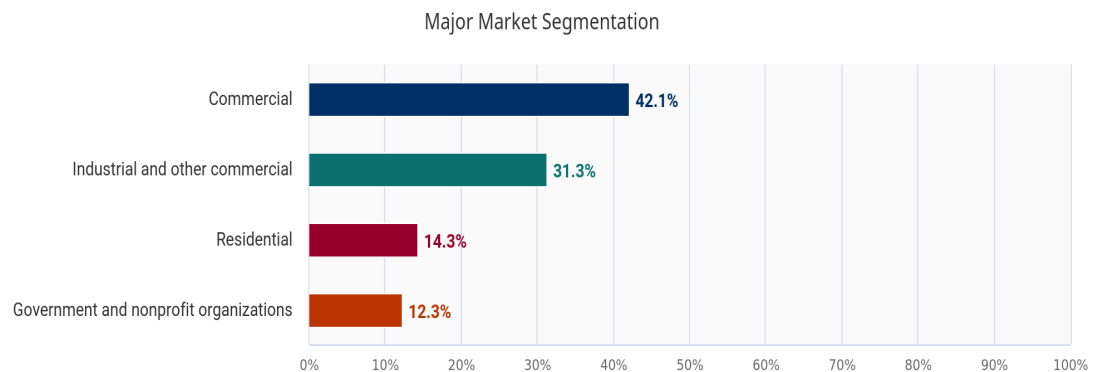
Cleaning services are required for offices, commercial and industrial buildings, airports and high-tech facilities. Consequently, industry revenue is sensitive to changes in vacancy rates for offices and other commercial and industrial properties, which are in turn influenced by macroeconomic trends. In 2020, the COVID-19 (coronavirus) pandemic led to increased uncertainty in the macroeconomic environment, an increase in unemployment and declines in corporate profit and consumer spending, which decelerated growth in demand for industry services. Conversely, the fact that the coronavirus pandemic is not a cyclical downturn or financial crisis has important ramifications for the industry. Since the coronavirus pandemic became widespread in the United States, industry demand has been bolstered by the expanded need for the cleaning of educational institutions, manufacturing plants, airplanes and other important downstream markets due to health concerns. For example, airlines now routinely require their airplanes to be disinfected in between flights to reduce the potential for spreading the novel coronavirus among passengers. Furthermore, some innovations in cleaning services appear to be permanent, in that certain augmented cleaning standards will likely become the norm in the future, altering the landscape of the industry in important ways.

Residential properties account for a smaller portion of industry revenue than the commercial market. Demand for residential cleaning services has increased over the five years to 2022 due to growing employment and disposable income, as well as an aging population. In general, demand for residential cleaning services tends to be stable, although during recessions households may severely restrict spending on cleaning services as part of a general reduction of discretionary spending.

The industry also generates revenue from damage restoration services. Therefore, severe storms, floods or other natural or man-made disasters lead to a boost in demand for janitorial services such as mold remediation and water damage repair. This segment is expected to become more significant as a source of industry revenue in the future as severe weather becomes increasingly common.

Industry operators also compete heavily on the basis of price, so any strategic reductions in operating expenses can net operators significant market share through reduced-price contracts. Higher-profit coronavirus-related specialty cleaning and disinfecting services helped some operators to achieve a higher profit in 2020. However, due to heavy competition, low concentration and low capital intensity in the industry, there is generally not much space for obtaining significant cost advantages over competitors, as most companies are structured similarly. In the future, this may change as robotics and other technologies evolve and become more feasible to implement.

Major Markets



2022 INDUSTRY REVENUE

\$97.6bn

Janitorial Services
Source: IBISWorld

The downstream markets for the Janitorial Services industry largely consist of commercial, residential and government cleaning clients.

Relevant data is sourced from the United States Census Bureau, industry operator financial statements and internal IBISWorld estimates and forecasts. The commercial segment, which is the largest source of industry revenue, mainly includes corporate clients. The residential segment consists predominately of households, while educational and municipal and federal government clients are also significant sources of revenue.

COMMERCIAL

The largest share of industry revenue is derived from commercial clients, including corporate offices, retailers, hospitals, restaurants and entertainment centers.

Office cleaning is the largest component of this segment, and winning these contracts is extremely competitive. Revenue generated from the office cleaning market has decreased over the five years to 2022. Amid the COVID-19 (coronavirus) pandemic, work-from-home orders reduced the need for office cleaning services in particular. This has been partially offset by an increased demand for special disinfecting and cleaning services by many businesses to combat the spread of the novel coronavirus. This segment experienced growth in 2021 as the economy reopened and is anticipated to continue growing as commercial clients continue to be in need of cleaning protocols introduced because of the coronavirus and new variants that are discovered. This segment is expected to account for 42.1% of industry revenue in 2022.

INDUSTRIAL AND OTHER COMMERCIAL

The industrial cleaning services segment is composed of cleaning for businesses that are either noncommercial or nonbuilding.

This encompasses cleaning for high-tech facilities, manufacturing plants and aviation clients. As the coronavirus pandemic induced the need for more rigorous and extensive cleaning protocols for these businesses to stay open, safe and viable, this segment's share of industry revenue has increased during the period, accounting for an estimated 31.3% of industry revenue in 2022. Demand from airlines increased following the outbreak of the pandemic in 2020 as travel restrictions loosened, requiring electrostatic disinfectant spraying in between flights to enhance safety protocols.

RESIDENTIAL

In contrast to other segments, the residential segment is primarily serviced by nonemployers and other small operators.

The main client groups in this segment are households with higher disposable incomes and elderly individuals that are physically indisposed. In addition to interior cleaning services, janitorial services companies frequently offer pest extermination services, exterior building cleaning, window cleaning and chimney and drain maintenance services. The residential market has remained stable as a share of revenue during the current period, accounting for 14.3% of industry revenue in 2022.

GOVERNMENT AND NONPROFIT ORGANIZATIONS

The government and nonprofit organizations are also significant sources of industry revenue.

Federal, state and municipal government clients outsource cleaning for public buildings, facilities and other institutions, such as prisons and public schools. Over the past five years, stable demand from government markets has slightly contributed to the industry's overall growth. In 2020, demand from this segment declined slightly due to remote education arrangements amid the coronavirus pandemic, with children largely staying home from school and taking classes over video conferencing software. Moreover, declining tax revenue for state and municipal governments reduced their ability to pay for cleaning services. Municipal and state governments continue to contend with budgetary restrictions in 2022, decreasing demand for industry operators in this segment. In 2022, the government and nonprofit organization markets are expected to account for 12.3% of industry revenue.

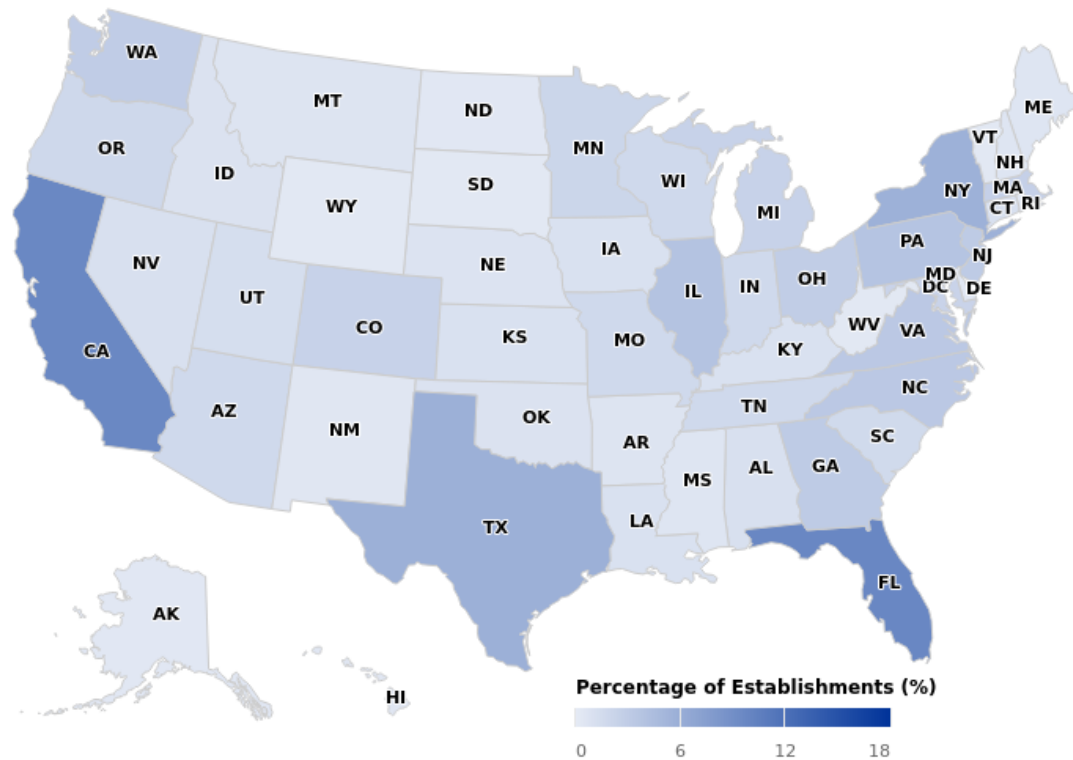
Exports in this industry are 🟢 **Low and Steady**

Imports in this industry are 🟢 **Low and Steady**

The Janitorial Services industry primarily operates in the domestic market, given that it is service-based. As a result, there is no international trade recorded within this industry. For more information on the international operations of businesses within the industry, please refer to the Industry Globalization chapter.

Business Locations

Business Concentration in the United States



Janitorial Services in the US
Source: IBISWorld

The regions with the greatest concentrations of companies operating in the Janitorial Services industry include the Southeast, West, Mid-Atlantic and Great Lakes. The distribution of industry establishments largely reflects business and population density levels across the country.

Southeast

The Southeast has the greatest share of industry establishments, accounting for an estimated 27.7% of business locations in 2022. Within the region, Florida has the highest share of establishments, at 9.8% in 2022. Migration flows to urban areas in the Southeast region over the five years to 2022, especially Florida, have resulted in a greater concentration of industry establishments there. In addition, Florida's higher share of retirees makes it a particularly lucrative market for industry operators, as the elderly require a greater share of cleaning tasks to be performed by others.

West

In 2022, the West region is expected to account for 16.5% of industry establishments. The region's high population and business concentration contribute to its high share of establishments and revenue. California dominates the region, holding an estimated at 9.7% of industry establishments in 2022, the highest percentage of any individual state. However, unlike other regions and states with high concentrations of industry establishment, the West region and California both have population densities that exceed their industry establishment densities. Moreover, the high regional concentration of industry establishments is expected to change over the coming years as less people have migrated to California than have moved away the state in recent years.

Mid-Atlantic and Great Lakes

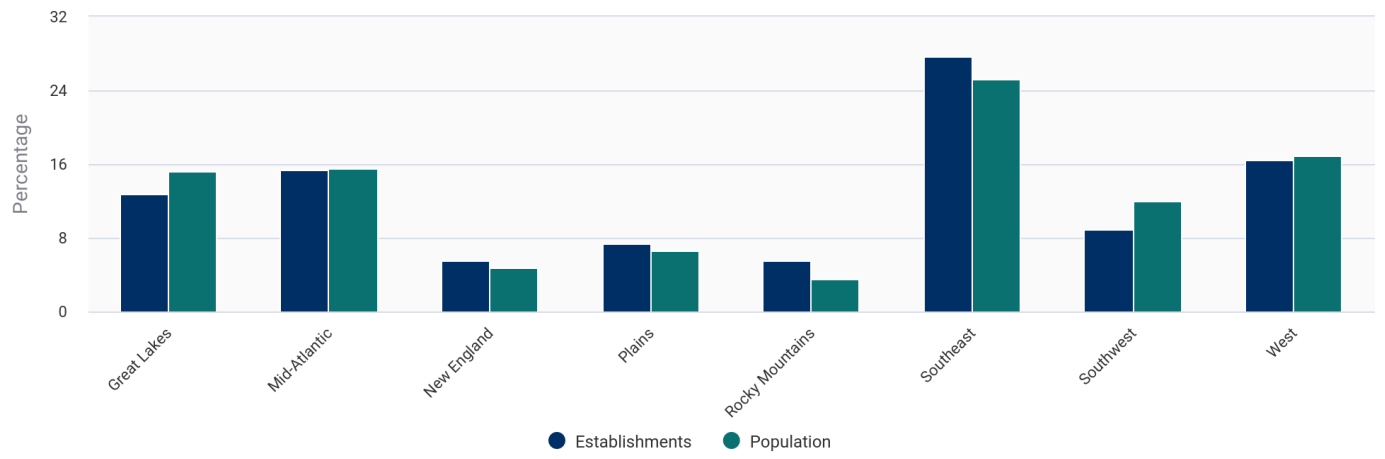
The Mid-Atlantic, the third-most populous region in the United States, has the third-highest share of industry establishments, accounting for 15.4% of business locations in 2022. Additionally, 5.7% of industry establishments are located in New York alone due to its high business and population densities. The Great Lakes region contains 12.8% of industry establishments in 2022, the fourth-highest regional share. Illinois has the highest share of establishments in the region, accounting for 3.9% of locations in 2022.

Other

Among the remaining regions in the United States, namely the Southwest, Plains (7.3%), New England (5.5%) and Rocky Mountains regions (5.6%), the Southwest has the highest percentage of industry establishments, at 9.0% in 2022. Within the Southwest, Texas accounts for a majority of the region's industry establishments due to its sizable economy and population, home

to 5.8% of industry establishments in 2022.

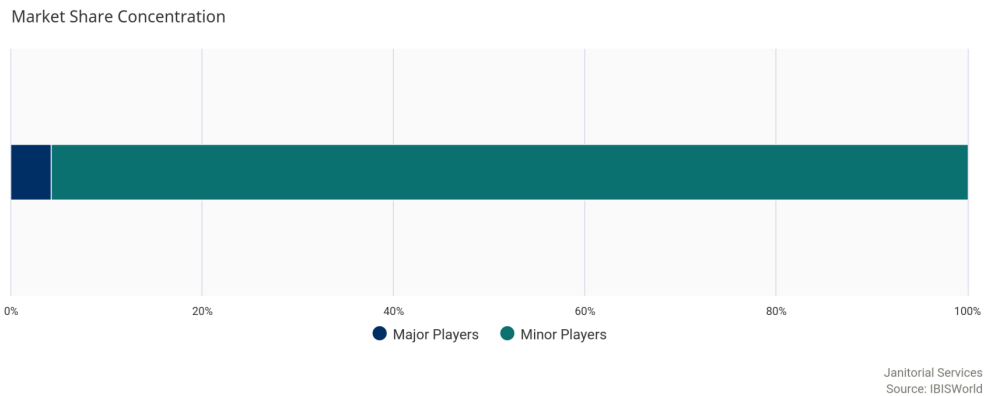
Distribution of Establishments vs Population



Janitorial Services
Source: IBISWorld

Competitive Landscape

Market Share Concentration



Concentration in this industry is 👍 **Low**

The Janitorial Services industry is characterized by a low level of market share concentration, with the top three operators expected to account for less than 10.0% of industry revenue in 2022. Despite this low level of concentration, the top industry operator, ABM Industries Inc., has been gradually increasing its market share over the five years to 2022 through strategic acquisitions and intensifying competition with regional players. Overall, the industry is relatively fragmented due to low barriers to entry and start-up costs. Larger industry operators tend to franchise and offer a diverse array of high caliber cleaning services, while smaller operators tend to specialize in more specific, niche markets. However, franchising fees are not technically industry-relevant, contributing to the fragmentation of the industry. According to IBISWorld estimates, 29.3% of industry revenue was derived from sole proprietorships or nonemploying businesses in 2022. Over the five years to 2027, the industry is expected to continue to have a low level of concentration as barriers to entry remain low, and demand for janitorial services remains high.

Key Success Factors

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

Being part of a franchised chain:

Being part of a franchise chain may assist with obtaining access to larger national and regional contracts.

Ability to alter mix of inputs in line with cost:

Due to price competition within the industry, the ability to alter labor, material and cleaning inputs in line with the contract price and agreed quality standards is important for success.

Use of a high volume/low margin strategy:

Providers of janitorial services must be able to operate in an environment with high volume and low net profit as fierce competition among players keeps service prices low.

Ability to carry out credit checks on clients:

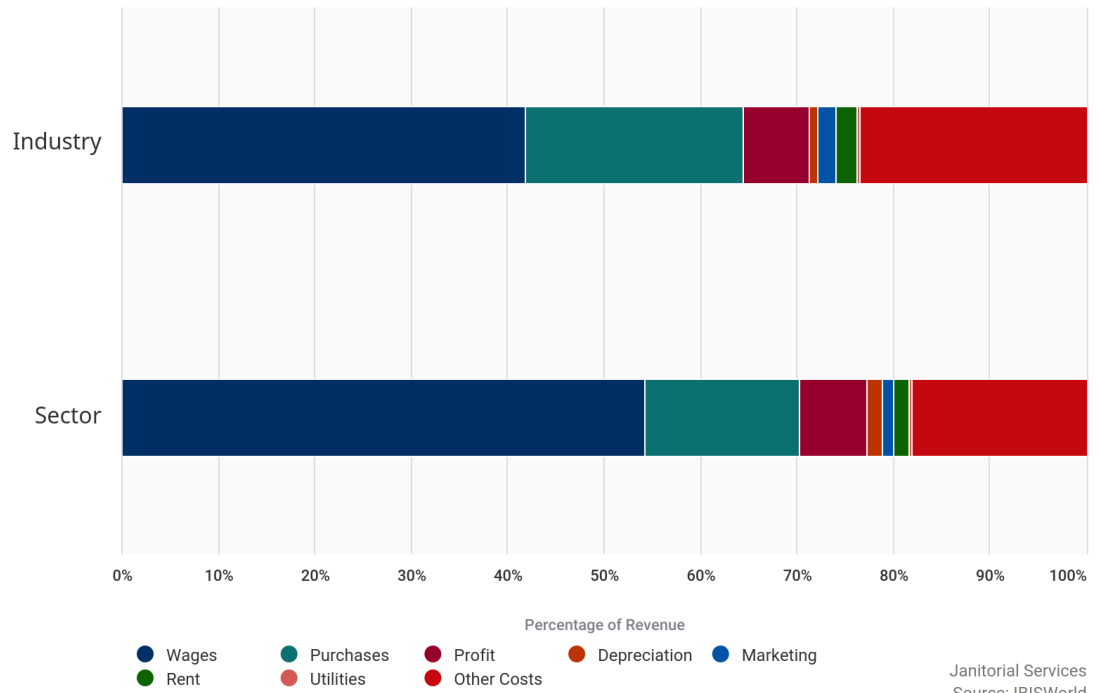
To contain debt levels, operators must be able to perform credit checks on clients.

Access to niche markets:

Over time, operators must try to move away from a client base consisting only of price-sensitive clients and contracts.

Cost Structure Benchmarks

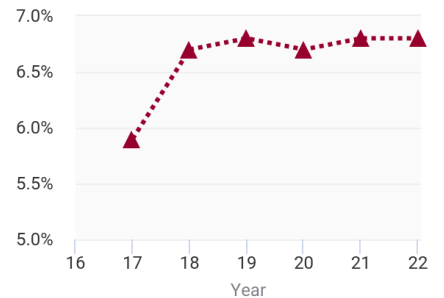
Cost Structure 2022



Profit

Profit, measured as earnings before interest and taxes, is expected to account for 6.8% of industry revenue in 2022, up from 5.9% in 2017. While industry profit has grown consistent over the majority of five years to 2022, it decelerated in 2020 amid the COVID-19 (coronavirus) pandemic. In 2021, the profit margin reached the pre-pandemic level and is expected to stay unchanged in 2022.

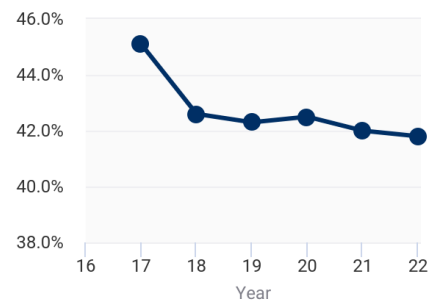
Profit as a Share of Revenue 2017-2022



Wages

Wages and associated employee benefit costs are the industry's largest expense, accounting for an estimated 41.8% of total revenue in 2022. Managing wage costs is important since industry operators primarily compete based on the price of contracts. The average industry wage has slightly decreased over the past five years. As more nonemployers entered the industry due to an economic expansion before the coronavirus pandemic in 2020, the lower wages they command brought down the average industry wage. Accordingly, labor costs as a share of industry revenue have decreased during the current period.

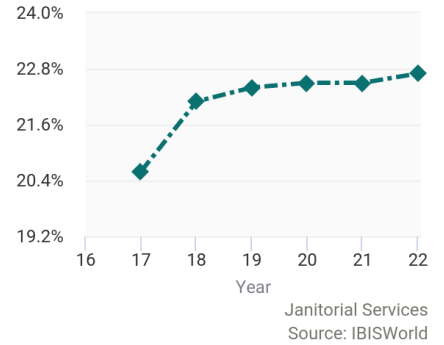
Wages as a Share of Revenue 2017-2022



Purchases

Purchase costs account for an estimated 22.7% of industry revenue in 2022. These costs are largely related to cleaning supplies used in standard cleaning jobs. Due to the volume of cleaning supplies needed for janitorial services, purchases constitute a significant expense for industry operators. Additionally, gasoline and other transportation expenses are key purchase costs for industry operators.

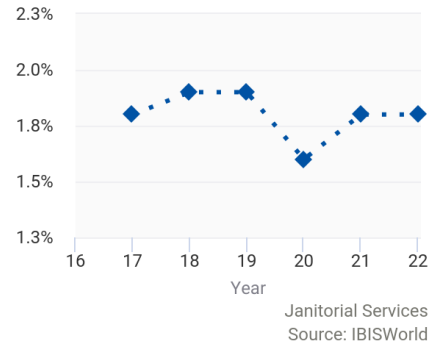
Purchases as a Share of Revenue 2017-2022



Marketing

Due to high levels of competition, industry operators INVEST in marketing to help differentiate themselves from their competitors. Marketing expenses are expected to account for 1.8% of industry revenue in 2022.

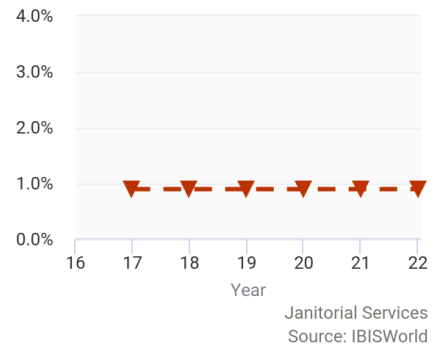
Marketing as a Share of Revenue 2017-2022



Depreciation

Depreciation costs are generated from the wear and tear on transportation vehicles and cleaning equipment, and are estimated to account for 0.9% of industry revenue in 2022.

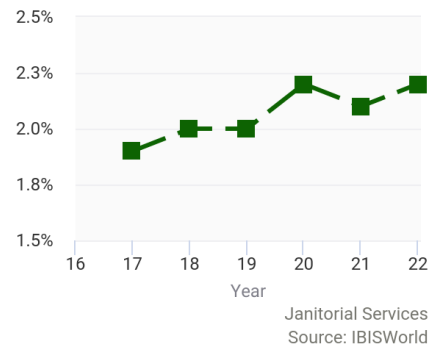
Depreciation as a Share of Revenue 2017-2022



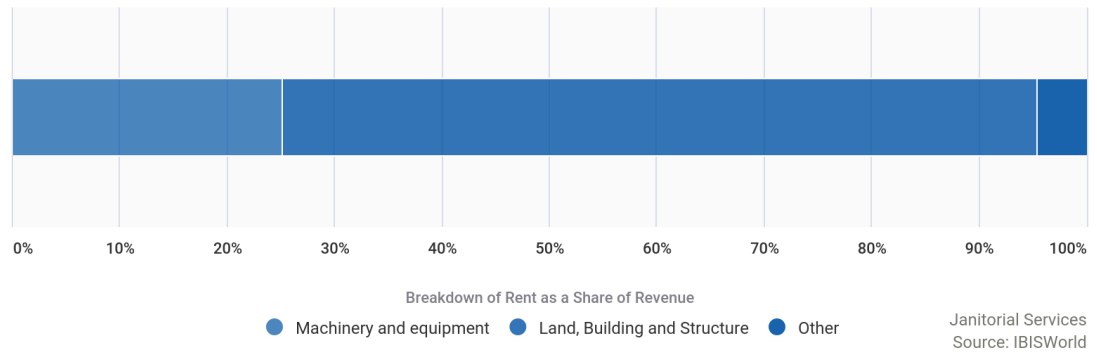
Rent

Rental costs comprise an estimated 2.2% of industry revenue in 2022. Rent costs are associated with operating leases on transportation equipment and the rental of warehouse and office space.

Rent as a Share of Revenue 2017-2022



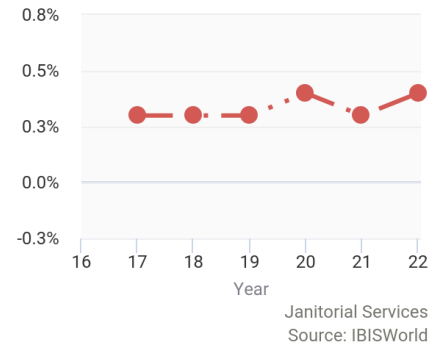
Rent Breakdown (% of Total Rent in 2022)



Utilities

Utility costs are estimated to account for 0.4% of industry revenue in 2022.

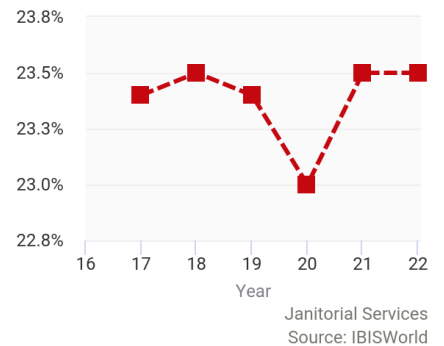
Utilities as a Share of Revenue 2017-2022



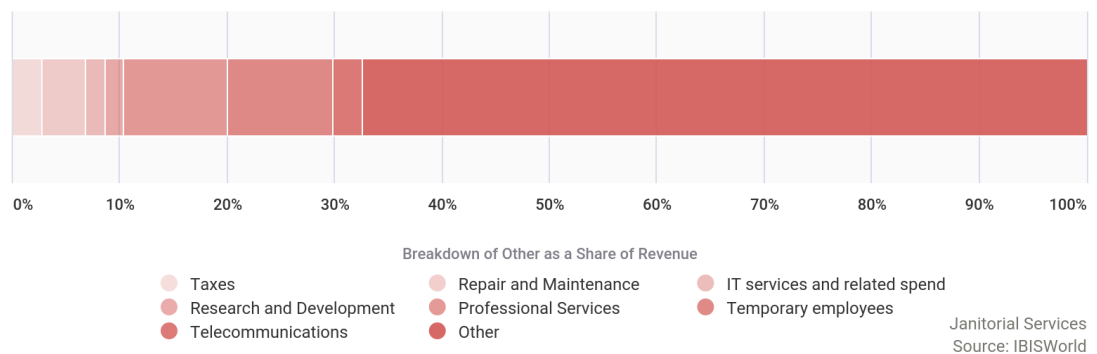
Other Costs

Other operating expenses account for 23.5% of industry revenue in 2022, with most of these costs being associated with communication charges, licensing fees, interest and bank charges, outsourced legal and accounting fees and administration expenses.

Other Costs as a Share of Revenue 2017-2022



Other Breakdown (% of Total Other in 2022)



Basis of Competition

Competition in this industry is ▲ **High** and the trend is **Steady**

INTERNAL COMPETITION

Competition within the Janitorial Services industry is high, but steady, considering most industry companies command a small share of the market.

As a result, price-based competition is particularly intense within the industry since there are an estimated 1.2 million enterprises operating within it in 2022. Industry operators also compete based on the quality of the service provided, in addition to efficiency enhancements and adaptivity to various workplace conditions. Moreover, even large operators compete with smaller, local businesses.

Commercial cleaning contracts are typically for one year and can be terminated by the operator or client between 30 and 90 days' notice. Companies typically bid on contracts, which is a factor that makes price-based competition important for this industry. This is especially true for larger commercial contracts, which are subject to a more extensive bidding process. However, there are some contracts in the healthcare, food processing, pharmaceutical manufacturing and electronics industries that require higher guaranteed cleaning standards, including the cleaning of areas in which dust-free environments are necessary. In these cases, higher cleaning fees can usually be negotiated.

Contracts are typically structured as fixed price agreements, cost-plus agreements or tag work. Under fixed price agreements, clients are charged standard monthly fees depending on the square footage of the structure. Under cost-plus arrangements, clients reimburse industry operators for wages, benefits, payroll taxes, insurance charges and other expenses as well as an agreed upon profit margin. As a result, it is important for operators to be able to accurately forecast their costs; otherwise, they may be forced to charge clients more than anticipated, which can cost operators the client's business in the future. However, janitorial service companies may also charge additional fees for "tag" work or extra service work for supplemental services outside of the standard contract terms. These extra services typically generate higher profit for companies and often include services such as cleaning following tenant moves, snow removal, extermination services and other specialty services.

Industry operators are also increasingly competing on the basis of environmentally friendly cleaning products. These include cleaning products that have a Green Seal label, which confirms that they adhere to requirements set forth by the Environmental Protection Agency.

EXTERNAL COMPETITION

External competition is related to persons and companies that perform their own cleaning or hire their own employees to perform these tasks, including on a cash-only basis.

During economic downturns, external competition from in-house cleaning services tends to increase, as companies seek to decrease operating expenses. Amid the COVID-19 (coronavirus) pandemic, the cyclical downturn has been attenuated due to a greater need from businesses to disinfect their establishments to reduce the spread of the novel coronavirus.

Barriers to Entry

Barriers to Entry in this industry are △ Low and the trend is Steady

The Janitorial Services industry has few barriers to entry, due to a low level of market share concentration and low capital investment requirements. The top three players in the industry account for less than 10.0% of the available market in 2022, and therefore exert little market power individually. Start-up costs vary depending on the scale of operations. New businesses may need to secure a warehouse or operational facility and vehicles.

Additionally, new entrants will likely need to purchase supplies such as vacuums, mops, cleaning agents and other specialized cleaning equipment. Commercial cleaning operators encounter higher start-up costs than nonemployers or residential cleaning businesses, as a greater supply of more powerful and expensive cleaning equipment is required. Moreover, operators that service commercial businesses may require more sophisticated internal information technology infrastructure, in addition to more stringent security protocols for interfacing with clients.

There is also a low level of training required for industry employees, which keeps labor from being a significant barrier to entry. The average wage for workers in this industry is \$16,818 in 2022. There are no licenses or regulations exclusive to this industry, apart from meeting various municipal guidelines and occupational health and safety regulations, including those relating to the use and safe storage of cleaning chemicals and compounds. Nonetheless, wage costs are significant for industry operators since many workers are often required for a given cleaning operation, and other expenses remain comparatively low.

Once a business has entered the industry, barriers to success are much higher. Employee turnover is particularly high in the industry, which can make it difficult to maintain a highly trained and effective staff. Furthermore, considering the high level of competition, new operators will likely have to devote substantial time and resources to new customers. A key success factor for new businesses is the ability to take advantage of location benefits. If there are few operators in particular regions, entrants can take advantage of decreased levels of competition. Furthermore, companies can also enter the industry as franchisees to take advantage of the established branding and operational support from existing companies.

Barriers to Entry Checklist

Competition	High △
Concentration	Low ☑
Life Cycle Stage	Growth ☑
Technology Change	Low ☑
Regulation & Policy	Light ☑
Industry Assistance	None △

Industry Globalization

Globalization in this industry is ☑ Low and the trend is Increasing

The Janitorial Services industry has a low level of globalization, given its service-oriented nature. However, in recent years, companies have become increasingly globalized. The ratio of United States locations to international locations of ABM Industries Inc. and various large janitorial services franchise companies has decreased over the five years to 2022, and most have operations in upward of 10 countries. Globalized industry companies have operations in countries including England, Saudi Arabia, Iraq, Canada, Holland, Scotland and more. The expansion in franchising systems is the main avenue for international expansion by operators. Additional strategic partnership agreements with existing major cleaning companies across densely populated countries, such as China and India, are expected to emerge over the five years to 2027, as United States operators seek to gain a foothold in these rapidly expanding economies.

Major Companies

Market Share Overview

Related Companies

Competitors	Company Type	Employee Segment	Revenue (\$m)	Market Share (%)	Profit (\$m)
Abm Industries Inc.	Incumbent	500+ Employees	3,306.0 ▼	3.75 ▼	83.2 ▼
Red Coats Inc.	All Star	500+ Employees	182.9 ▲	0.19 ▲	12.3 ▲
ISS A	All Star	500+ Employees	68.5 ▲	0.07 ▲	4.6 ▲
Anago Cleaning Systems	All Star	100–499 Employees	62.0 ▲	0.06 ▲	4.2 ▲
Marsden Holding LLC	Disruptor	500+ Employees	60.9 ▲	0.06 ▲	4.1 ▲
Jani-King International, Inc.	Disruptor	100–499 Employees	51.5 ▲	0.05 ▲	3.4 ▲
Kellermeyer Bergensons Services, Llc	Golden Goose	500+ Employees	39.7 ▲	0.04 ▼	2.7 ▲
Vixxo Inc.	Laggard	500+ Employees	29.0 ▲	0.03 ▼	1.9 ▲
IH Services Inc.	Laggard	100–499 Employees	10.5 ▲	0.01 ▼	0.7 ▲
MaidPro Franchise Corporation	Laggard	20–99 Employees	2.6 ▲	0 ▼	0.2 ▲
United Building Maintenance Inc.	Laggard	10–19 Employees	1.0 ▲	0 ▼	0.1 ▲

Companies with 5.0% industry market share are displayed in the PDF version of this report. You can view insights for all companies associated with this industry on my.ibisworld.com

Abm Industries Inc.

Company Overview

Brands & Trading Names ABM Aviation, Inc. ABM Facility Services Co ABM Industry Groups, LLC ABM Janitorial Services Inc. Ampco System Airport Parking Ampco System Parking Healthcare Parking Systems of America

Description Abm Industries Inc. is a public company headquartered in New York with an estimated 114,000 employees. In the US, the company has a notable market share in at least one industry: Building Exterior Cleaners, where they account for an estimated 6.5% of total industry revenue and are considered a Laggard because they display lower market share alongside slower profit and revenue growth than their peers.

COMPANY TYPE	Public Company
TOTAL COMPANY REVENUE	\$3.3bn
EMPLOYEES	114,000

Other Industries Parking Lots & Garages in the US
Building Exterior Cleaners

Analyst Insights **ABM rolled out new facilities cleaning services in response to COVID-19**
In April of 2020, ABM Industries (ABM) announced their “EnhancedClean” program in response to the COVID-19 (coronavirus) pandemic. The program mainly consists of disinfecting high-touch surfaces, using PPE, and using signage to communicate surfaces have been cleaned. Floor signage also aids social distancing.

COVID M&A New Activity

ABM has expanded its business through the acquisition of Able
ABM Industries (ABM) acquired Crown Building Maintenance Co. and Crown Energy Services, Inc (collectively know as “Able”) in 2021. Able was a facilities management company headquartered in San Francisco, CA. The acquisition has grown ABM’s janitorial and facilities service lines and is consistent with the company’s strategy of expanding through acquisition.

M&A New Activity

ABM has announced a new strategy for growth
ABM Industries (ABM) announced a new strategy for growth in December of 2021. The plan, referred to as “ELEVATE”, includes \$150 to \$175 million in investments aimed at elevating client experience, employee experience, and the company’s use of technology and data.

New Activity

Abm Industries Inc.

Company Overview

Industry Market Share, Revenue and Profit

Market Share

3.75% Strong **-2.2%** ▼
 Current Year (2021) Annual Growth (2017-21)

Change in Market Share



Janitorial Services
Source: IBISWorld

Industry Revenue

\$3.3bn Strong **-2.6%** ▼
 Current Year (2021) Annual Growth (2017-21)

Change in Industry Revenue



Janitorial Services
Source: IBISWorld

Profit Margin

2.52% Weak **0.4%** ▲
 Current Year (2021) Annual Growth (2017-21)

Change in Profit Margin



Janitorial Services
Source: IBISWorld

Red Coats Inc.

Company Overview

Description

Red Coats Inc. is a private company with an estimated 7,550 employees. In the US, the company has a notable market share in at least one industry: Janitorial Services, where they account for an estimated 0.2% of total industry revenue and are considered an All Star because they display stronger market share, profit and revenue growth compared to their peers.

COMPANY TYPE	Private Company
TOTAL COMPANY REVENUE	\$182.9m
EMPLOYEES	7,550

Financial Performance

Red Coats Inc. - financial performance *

Year	Revenue \$m	Growth % change	Operating Income \$m	Growth % change
2017	89.2	18.8	6	20
2018	107.3	20.3	7.2	20
2019	150.4	40.2	10.1	40.3
2020	157.2	4.5	10.5	4
2021	151.3	-3.8	10.1	-3.8
2022	182.9	20.9	12.3	21.8

Source: IBISWorld

Note: * Estimates

Red Coats Inc.

Company Overview

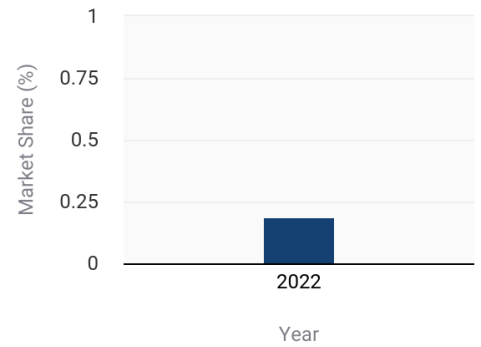
Industry Market Share, Revenue and Profit

Estimated Industry Market Share

0.19% Strong

Current Year
(2022)

Estimated Market Share



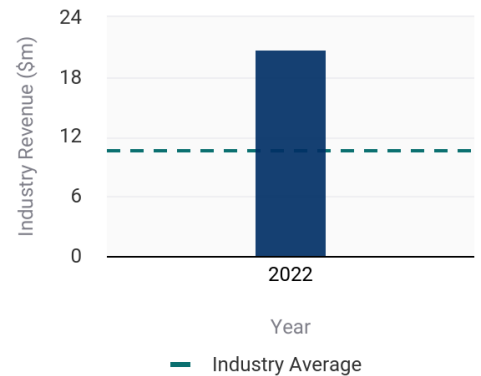
Janitorial Services
Source: IBISWorld

Estimated Industry Revenue

\$182.9m Strong

Current Year
(2022)

Estimated Industry Revenue



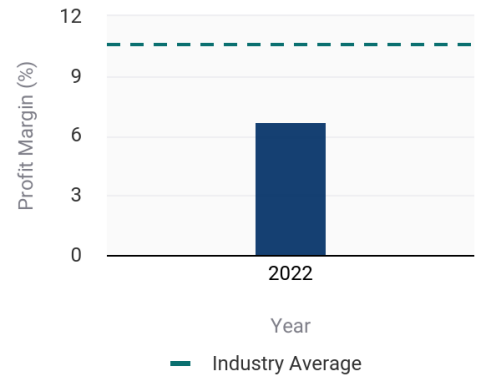
Janitorial Services
Source: IBISWorld

Estimated Profit Margin

6.7% Weak

Current Year
(2022)

Estimated Profit Margin



Janitorial Services
Source: IBISWorld

ISS A

Company Overview

Description

ISS A is a public company headquartered in Denmark with an estimated 494,233 employees. In the US, the company has a notable market share in at least three industries: Caterers, Food Service Contractors and Janitorial Services. Their largest market share is in the Caterers industry, where they account for an estimated 1.0% of total industry revenue and are considered a Golden Goose because they display medium to strong market share and strong profit, but slower revenue growth than some of their peers.

COMPANY TYPE	Public Company
TOTAL COMPANY REVENUE	\$68.5m
EMPLOYEES	46,840

Other Industries

Caterers in the US
Food Service Contractors in the US

Financial Performance

ISS A - financial performance *

Year	Revenue \$m	Growth % change	Operating Income \$m	Growth % change
2017	16	119.2	1.1	120
2018	21.1	31.9	1.4	27.3
2019	55.6	163.5	3.7	164.3
2020	63.4	14	4.2	13.5
2021	45.4	-28.4	3	-28.6
2022	68.5	50.9	4.6	53.3

Source: IBISWorld
Note: * Estimates

ISS A

Company Overview

Industry Market Share, Revenue and Profit

Market Share

0.07% Strong **0.0%** ▲
 Current Year (2022) Annual Growth (2018–22)

Change in Market Share

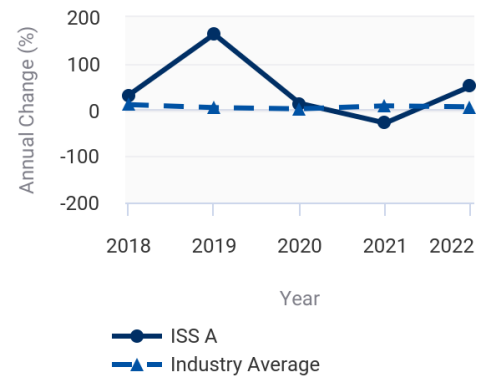


Janitorial Services
 Source: IBISWorld

Industry Revenue

\$68.5m Strong **34.2%** ▲
 Current Year (2022) Annual Growth (2018–22)

Change in Industry Revenue

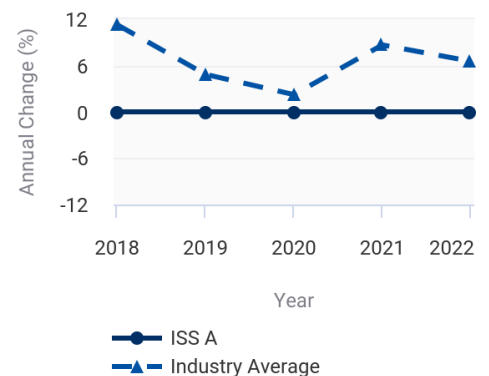


Janitorial Services
 Source: IBISWorld

Profit Margin

6.7% Weak **0.0%** ▼
 Current Year (2022) Annual Growth

Change in Profit Margin



Janitorial Services
 Source: IBISWorld

Anago Cleaning Systems

Company Overview

Description

Anago Cleaning Systems is a private company with an estimated 214 employees. In the US, the company has a notable market share in at least one industry: Janitorial Services, where they account for an estimated 0.1% of total industry revenue and are considered an All Star because they display stronger market share, profit and revenue growth compared to their peers.

COMPANY TYPE	Private Company
TOTAL COMPANY REVENUE	\$62.0m
EMPLOYEES	214

Analyst Insights

Anago Cleaning Systems opened a new headquarters to support corporate growth

In 2019, Anago Cleaning Systems (Anago) announced that it officially opened its new headquarters in Pompano Beach, FL. This new facility was reflective of the company's need to accommodate corporate growth and increasingly efficient operations. While accommodating recent growth, the new facility will also enable the company to continue to grow without relocating. This space will also provide training sessions for franchisees.

Structural

Anago earned the highest rating for biorisk protocols

Anago earned the highest rating issued by the Global Biorisk Advisory Council (GBAC) for ensuring facilities implement strict biorisk protocols in 2021. The GBAC Star award is the cleaning industry's only accreditation for outbreak prevention, response and recovery to minimize risks associated with infectious agents. This has become particularly prevalent amid the COVID-19 (coronavirus) pandemic, particularly as the company need to launch a new specialized cleaning service to address the risks associated with the novel virus. Anago was the first commercial cleaning franchise company in the United States to earn this rating.

COVID Product Innovation Structural

Anago Cleaning Systems

Company Overview

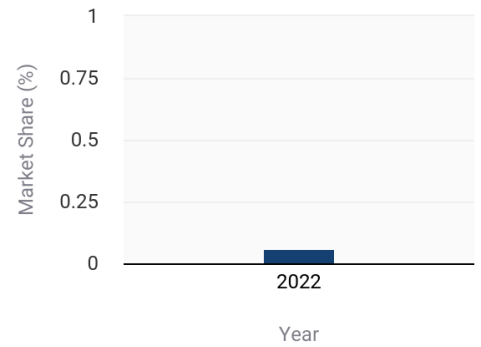
Industry Market Share, Revenue and Profit

Estimated Industry Market Share

0.06% *Moderate*

Current Year
(2022)

Estimated Market Share



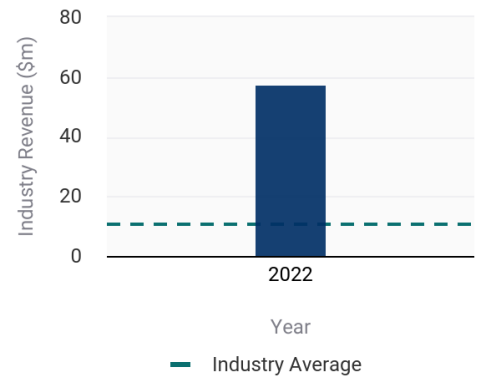
Janitorial Services
Source: IBISWorld

Estimated Industry Revenue

\$62.0m *Moderate*

Current Year
(2022)

Estimated Industry Revenue



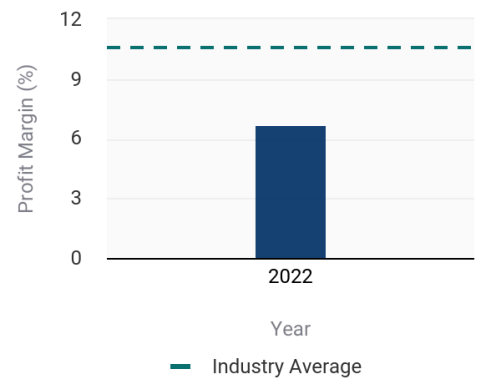
Janitorial Services
Source: IBISWorld

Estimated Profit Margin

6.7% *Moderate*

Current Year
(2022)

Estimated Profit Margin



Janitorial Services
Source: IBISWorld

Marsden Holding LLC

Company Overview

Description

Marsden Holding LLC is a private company with an estimated 10,000 employees. In the US, the company has a notable market share in at least one industry: Janitorial Services, where they account for an estimated 0.1% of total industry revenue and are considered a Disruptor because they display lower to medium market share that's rising rapidly, but weaker profits compared to some of their peers.

COMPANY TYPE	Private Company
TOTAL COMPANY REVENUE	\$60.9m
EMPLOYEES	10,000

Financial Performance

Marsden Holding LLC - financial performance *

Year	Revenue \$m	Growth % change	Operating Income \$m	Growth % change
2017	11.2	300	0.7	250
2018	15.4	37.5	1	42.9
2019	49.3	220.1	3.3	230
2020	57.2	16	3.8	15.2
2021	38.3	-33	2.6	-31.6
2022	60.9	59	4.1	57.7

Source: IBISWorld

Note: * Estimates

Marsden Holding LLC

Company Overview

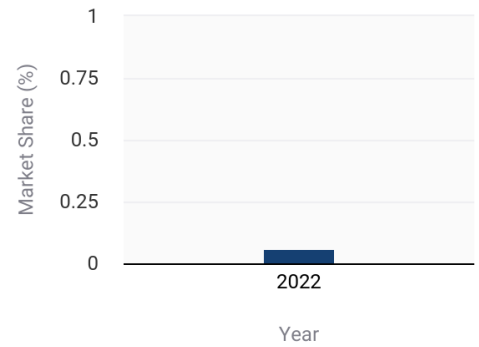
Industry Market Share, Revenue and Profit

Estimated Industry Market Share

0.06% *Moderate*

Current Year (2022)

Estimated Market Share



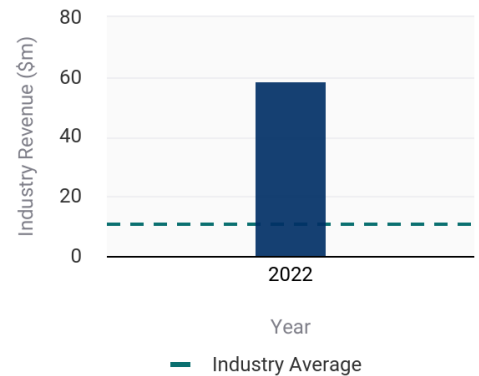
Janitorial Services
Source: IBISWorld

Estimated Industry Revenue

\$60.9m *Moderate*

Current Year (2022)

Estimated Industry Revenue



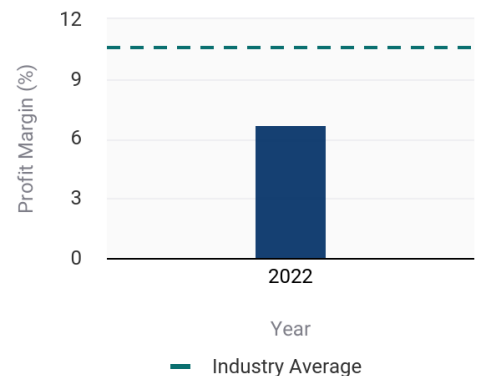
Janitorial Services
Source: IBISWorld

Estimated Profit Margin

6.7% *Strong*

Current Year (2022)

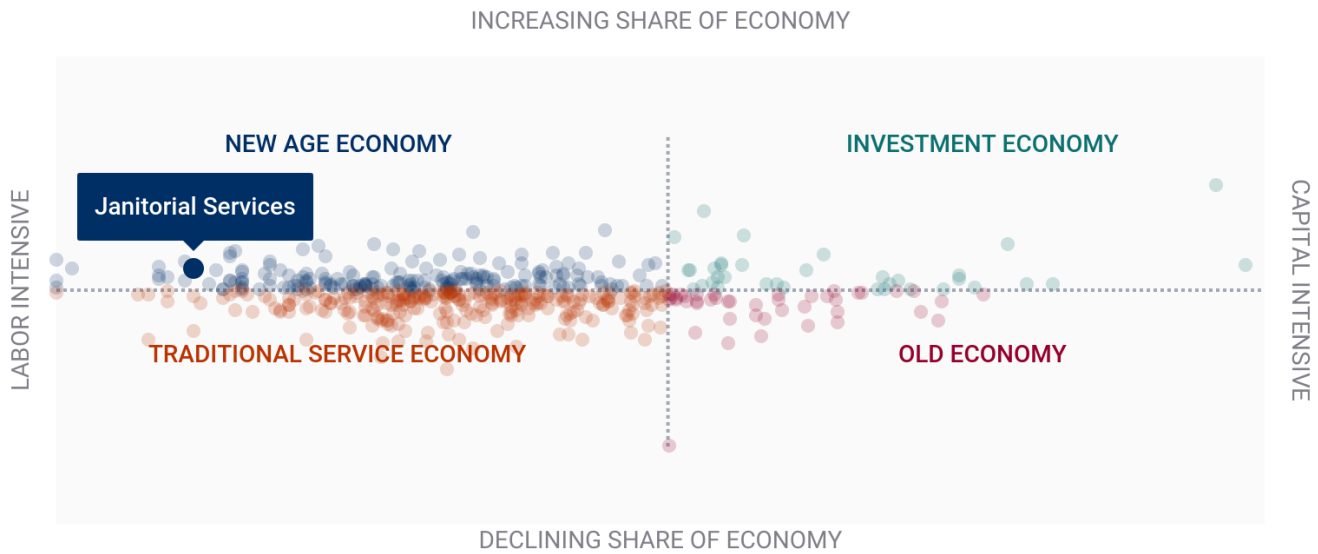
Estimated Profit Margin



Janitorial Services
Source: IBISWorld

Operating Conditions

Costs of Growth: Targeting Capital vs. Labor



Janitorial Services in the US
Source: IBISWorld

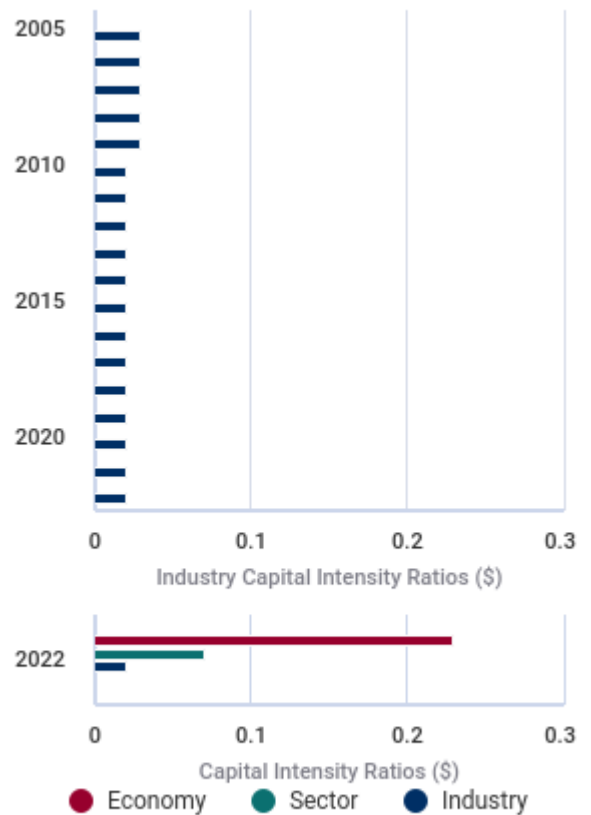
Capital Intensity

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

The Janitorial Services industry has a low level of capital intensity, which makes it similar to other service-based industries in this respect. In 2022, for every \$1.00 spent on wages, industry operators will spend an estimated \$0.02 on capital. Capital intensity has remained stable over the five years to 2022. However, over the past decade, industry operators have invested in green cleaning products and equipment, such as floor scrubbers that use fewer chemical products and machines that ionize water to help lift dirt particles. These investments can help attract environmentally conscious clients and save industry operators chemical cleaning costs over time.

Nevertheless, cleaning activities involve a high degree of direct labor input. Typically, capital investment in this industry is low. While operators need to secure a warehouse, operational facility and company vehicles, these items can be leased, sparing operators the burden of high start-up costs. As a result, the industry features many nonemployers that operate small, localized residential or commercial cleaning businesses. However, due to recent advancements in robotics, more cleaning tasks are likely to become automated, especially dangerous and relatively repetitive ones, such as exterior window cleaning. In addition, companies purchase cleaning agents, vacuums, mops and towels, as well as specialized equipment for landscape maintenance and ventilation, air duct and carpet cleaning. These products are generally industrial-strength versions of standard household cleaning tools, especially for operators that offer commercial cleaning services.

Capital Intensity Ratios



Janitorial Services
Source: IBISWorld

Technology & Systems Potential Disruptive Innovation: Factors Driving Threat of Change

Level	Factor	Disruptive Effect	Description
✔ Low	Rate of Innovation	Unlikely	A ranked measure for the number of patents assigned to an industry. A faster rate of new patent additions to the industry increases the likelihood of a disruptive innovation occurring.
⚠ Very High	Innovation Concentration	Very Likely	A measure for the mix of patent classes assigned to the industry. A greater concentration of patents in one area increases the likelihood of technological disruption of incumbent operators.
⚠ High	Ease of Entry	Likely	A qualitative measure of barriers to entry. Fewer barriers to entry increases the likelihood that new entrants can disrupt incumbents by putting new technologies to use.
⚠ Very High	Rate of Entry	Very Likely	Annualized growth in the number of enterprises in the industry, ranked against all other industries. A greater intensity of companies entering an industry increases the pool of potential disruptors.
⊖ Medium	Market Concentration	Potential	A ranked measure of the largest core market for the industry. Concentrated core markets present a low-end market or new market entry point for disruptive technologies to capture market share.

The rate of new patent technologies entering the industry is low, which limits the potential for innovations. A low rate does not mean that innovations cannot occur, just that the likelihood of some innovation materializing as a threat is lower. However, the concentration of technologies is high in this industry. This suggests that industry operators have exposure to potentially unforeseen areas of innovation.

This technology trend is underscored by structural factors that support new entrants. An accommodative structure can create a situation where small entrants can focus on less profitable albeit innovative industry entry points. Or, large operators in other industries can leverage expertise in other areas to enter the industry from a new angle.

The Janitorial Services industry is not subject to significant technological disruption.

The industry's services depend directly on human labor. Some companies outside the industry are developing cleaning robots, however, which may displace part of the industry's workforce and raise capital intensity in the future. Mobile applications, such as Task Rabbit and Handy, have created some external competition for the industry, although these companies primarily service a niche market of consumers that require infrequent cleaning jobs. In particular, these applications do not compete with commercial cleaning services, which comprise the bulk of industry revenue. As a result, they do not directly compete with industry services, limiting the amount of technological disruption.

The level of technology change is ✔ Low

The technology used in the Janitorial Services industry relates mainly to the use of cleaning equipment and chemicals, online tools and services for clients and the use of data-driven operational enhancement.

For example, major player ABM Industries Inc. (ABM) introduced several innovations and systems to assist in its operations. ABM's Surveys Made Available Real Time (SMART) program enables clients to access online inspection reports that provide information such as specifications for cleaning schedules and the status of work orders. In addition, ABM developed the OnePass method, which improves the quality and efficiency of cleaning through data-driven analysis of

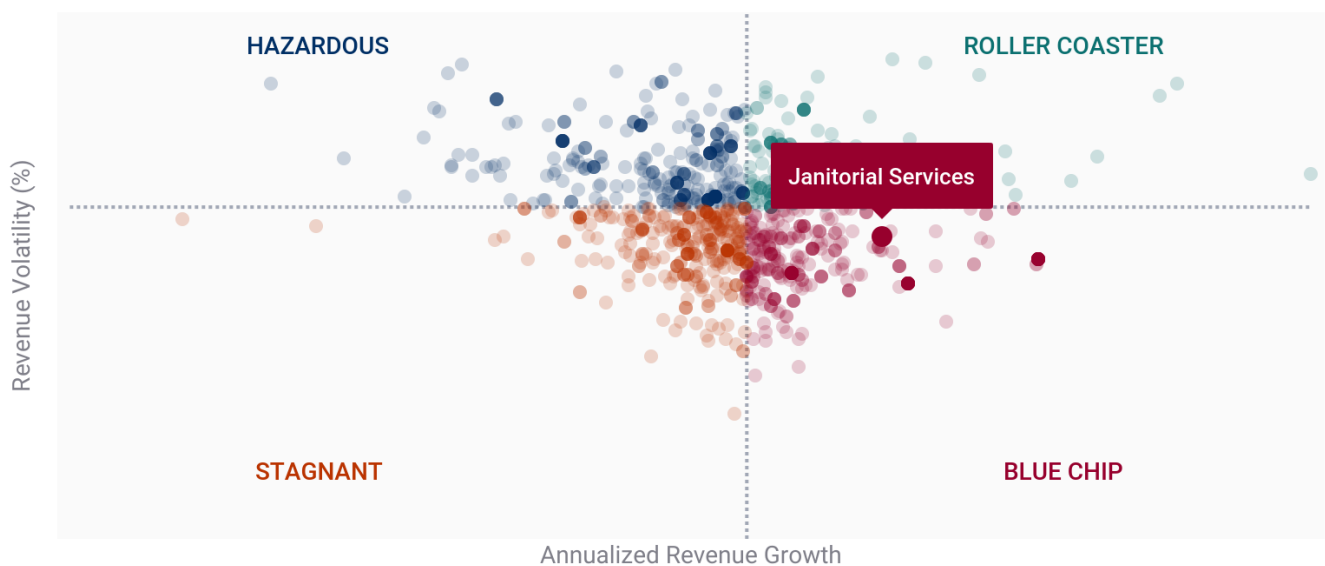
operational processes and process-oriented optimization. Similarly, other companies in the industry have exploited developments in internet of things technologies to enhance their cleaning processes and staff productivity. For example, internet-connected trash bins can communicate fill levels, which saves time, prevents unnecessary pick-ups and reduces costs.

Franchised commercial and domestic cleaning services have been a growing segment of this industry. Cleaning services for major clients are now increasingly being provided on a total facilities management basis; such comprehensive service offerings may include pest control, security services and some building maintenance activities. Furthermore, advancements in green cleaning methods are a source of growth for industry operators. There have been significant advancements in cleaning equipment technologies that have made products more effective, safe and environmentally friendly. These include special filters on vacuum cleaners, microfiber cloths on mop heads and low maintenance lavatory amenities.

Revenue Volatility

The level of volatility is ☹ **Medium**

Volatility vs. Growth



Janitorial Services
Source: IBISWorld

Over the five years to 2022, the Janitorial Services industry has exhibited a low to moderate level of revenue volatility.

Industry revenue has steadily improved due to increased demand from consumers. Industry revenue increased as much as 11.3% in 2018 and as little as 2.2% in 2020. Since demand for industry services stems primarily from commercial, industrial and office buildings, rental vacancies are inversely correlated with industry revenue. Relevantly, office rental vacancy remained unchanged in 2018 and increased 2.2% in 2020. In addition, the industry remains sensitive to fluctuations in the business cycle, as falling corporate profit can lead to reductions in orders for commercial cleaning services. Corporate profit declined 6.4% in 2020 amid the coronavirus pandemic and reduced consumer spending. Over the five years to 2027, the industry is anticipated to experience stable growth, resulting in reduced revenue volatility.

Regulation & Policy

The level of regulation is 😊 **Light** and the trend is **Steady**

The Janitorial Services industry does not experience any industry-specific regulations.

Similar to all other industries, however, operators must abide by all relevant occupational health and safety provisions. This especially applies to the use and storage of cleaning compounds. Industry operators are subject to various federal state and local laws regulating the discharge of harmful chemicals and materials into the environment. These regulations relate to the use, storage, transportation and disposal of waste and hazardous substances. Moreover, such regulations vary by state and may be more or less stringent accordingly. In 2020, amid the coronavirus pandemic, social distancing protocols enforced by state and local governments reduced consumer spending on key downstream markets, such as entertainment venues and aviation. Moreover, social distancing protocols resulted in remote work arrangements and increased the office rental vacancy rate.

Industry

The level of industry assistance is ⚠ **None** and the trend is **Steady**

Assistance **There is no special assistance provided to operators in the Janitorial Services industry.**

However, the International Sanitary Supply Association (ISSA), also known as the Worldwide Cleaning Industry Association, has a membership of more than 9,200 members, including nearly 600 residential cleaning service providers. ISSA facilitates networking, communications and commercial opportunities for members; provides members with relevant research and information regarding professional standards in the industry; and advocates for regulatory agendas that are beneficial to the industry. The association offers a Cleaning Industry Management Standard (CIMS) certification and CIMS-Green building certification designation; CIMS standards apply to an entire cleaning organization. Aside from a series of application, certification and assessment fees, a cleaning service company must demonstrate a commitment to quality to qualify for these certifications.

COVID-19 (coronavirus)

In April 2020, in response to the coronavirus pandemic, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which included a number of measures intended to provide economic relief amid the recession. One measure included in the CARES Act was the Paycheck Protection Program (PPP), which distributed forgivable loans to industry operators that helped to cover operating expenses and keep businesses afloat. The industry has received an estimated \$1.0 billion in forgivable loans to small businesses and large corporations such as ABM Industries Inc. Additional funding for PPP was appropriated by Congress in December 2020. The American Rescue Plan (ARP) was signed into law in March 2021, providing additional relief to small businesses as the economy begins to recover. The ARP provided another round of PPP as well as extended the employee retention tax credit through December 31, 2021. The employee retention tax credit enabled small businesses to offset their current payroll tax liabilities by up to \$28,000 per employee for 2021.

Key Statistics

Industry Data

Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)	Number of Businesses (Million)
2013	59,167	31,566	786,688	783,686	1,697,639	N/A	N/A	28,253	N/A	7.49
2014	62,263	32,860	807,631	804,724	1,747,301	N/A	N/A	28,813	N/A	7.56
2015	65,012	34,613	805,865	802,957	1,761,456	N/A	N/A	29,607	N/A	7.66
2016	69,128	35,525	809,203	805,807	1,782,190	N/A	N/A	30,687	N/A	7.76
2017	70,648	36,683	836,962	832,297	1,840,320	N/A	N/A	31,879	N/A	7.86
2018	78,624	39,458	1,012,566	1,007,990	2,031,428	N/A	N/A	33,483	N/A	7.91
2019	82,438	41,182	1,048,268	1,043,687	2,081,820	N/A	N/A	34,851	N/A	8.01
2020	84,279	42,295	1,093,115	1,092,542	2,142,047	N/A	N/A	35,856	N/A	7.82
2021	91,584	45,521	1,149,085	1,146,748	2,290,034	N/A	N/A	38,459	N/A	7.93
2022	97,586	48,316	1,211,105	1,207,299	2,423,066	N/A	N/A	40,750	N/A	8.02
2023	101,186	50,284	1,284,858	1,280,343	2,529,002	N/A	N/A	42,476	N/A	8.11
2024	104,515	52,248	1,373,052	1,368,015	2,639,732	N/A	N/A	44,244	N/A	8.19
2025	107,877	54,299	1,473,804	1,468,509	2,757,491	N/A	N/A	46,107	N/A	8.27
2026	111,332	56,258	1,554,079	1,548,089	2,865,183	N/A	N/A	47,843	N/A	8.35
2027	114,711	58,241	1,642,785	1,636,051	2,976,869	N/A	N/A	49,626	N/A	8.43

Annual Change

Year	Revenue (%)	IVA (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	Number of Businesses (%)
2013	2.99	-2.00	2.55	2.67	1.31	N/A	N/A	-2.36	N/A	0.76
2014	5.23	4.09	2.66	2.68	2.92	N/A	N/A	1.98	N/A	0.99
2015	4.41	5.33	-0.22	-0.22	0.81	N/A	N/A	2.75	N/A	1.33
2016	6.33	2.63	0.41	0.35	1.17	N/A	N/A	3.64	N/A	1.22
2017	2.19	3.25	3.43	3.28	3.26	N/A	N/A	3.88	N/A	1.32
2018	11.3	7.56	21.0	21.1	10.4	N/A	N/A	5.02	N/A	0.65
2019	4.85	4.36	3.52	3.54	2.48	N/A	N/A	4.08	N/A	1.22
2020	2.23	2.70	4.27	4.68	2.89	N/A	N/A	2.88	N/A	-2.38
2021	8.66	7.62	5.12	4.96	6.90	N/A	N/A	7.26	N/A	1.45
2022	6.55	6.13	5.39	5.28	5.80	N/A	N/A	5.95	N/A	1.06
2023	3.68	4.07	6.08	6.05	4.37	N/A	N/A	4.23	N/A	1.10
2024	3.28	3.90	6.86	6.84	4.37	N/A	N/A	4.16	N/A	1.05
2025	3.21	3.92	7.33	7.34	4.46	N/A	N/A	4.21	N/A	1.01
2026	3.20	3.60	5.44	5.41	3.90	N/A	N/A	3.76	N/A	0.97
2027	3.03	3.52	5.70	5.68	3.89	N/A	N/A	3.72	N/A	0.92

Key Ratios

Year	IVA/Revenue (%)	Imports/Demand (%)	Exports/Revenue (%)	Revenue per Employee (\$'000)	Wages/Revenue (%)	Employees per estab. (Units)	Average Wage (\$)
2013	53.4	N/A	N/A	34.9	47.8	2.16	16,642
2014	52.8	N/A	N/A	35.6	46.3	2.16	16,490
2015	53.2	N/A	N/A	36.9	45.5	2.19	16,808
2016	51.4	N/A	N/A	38.8	44.4	2.20	17,218
2017	51.9	N/A	N/A	38.4	45.1	2.20	17,323
2018	50.2	N/A	N/A	38.7	42.6	2.01	16,482
2019	50.0	N/A	N/A	39.6	42.3	1.99	16,740
2020	50.2	N/A	N/A	39.3	42.5	1.96	16,739
2021	49.7	N/A	N/A	40.0	42.0	1.99	16,794
2022	49.5	N/A	N/A	40.3	41.8	2.00	16,818
2023	49.7	N/A	N/A	40.0	42.0	1.97	16,796
2024	50.0	N/A	N/A	39.6	42.3	1.92	16,761
2025	50.3	N/A	N/A	39.1	42.7	1.87	16,721
2026	50.5	N/A	N/A	38.9	43.0	1.84	16,698
2027	50.8	N/A	N/A	38.5	43.3	1.81	16,670

Figures are inflation adjusted to 2022

Industry Financial Statement

Industry Multiples	2017	2018	2019	2020	Historical Average		
					3-Year	5-Year	10-Year
EBIT/Revenue	18.0	16.2	17.1	17.6	17.0	17.6	17.9
EBITDA/Revenue	21.7	20.8	21.9	22.6	21.7	21.9	21.7
Leverage Ratio	4.5	4.7	4.5	4.3	4.5	4.5	4.5
Industry Tax Structure	2017	2018	2019	2020	3-Year	5-Year	10-Year
Taxes Paid/Revenue	4.9	3.9	4.3	4.7	4.3	4.6	4.6
Income Statement	2017	2018	2019	2020	3-Year	5-Year	10-Year
Total Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Business receipts	87.6	86.8	86.7	86.9	86.8	87.8	86.7
Cost of goods	28.8	25.0	24.2	23.1	24.1	26.4	27.3
Gross Profit	71.2	75.0	75.8	76.9	75.9	73.6	72.7
Expenses							
Salaries and wages	18.5	20.5	20.1	20.1	20.2	19.5	18.7
Advertising	4.4	4.4	4.5	4.5	4.5	4.5	4.4
Depreciation	0.8	1.3	1.4	1.6	1.4	1.1	0.8
Depletion	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	2.9	3.3	3.4	3.4	3.3	3.2	3.0
Rent paid	3.9	4.4	4.1	4.0	4.2	4.1	3.9
Repairs	0.9	0.5	0.4	0.4	0.4	0.6	0.7
Bad debts	2.9	3.2	3.1	3.1	3.1	3.1	3.0
Employee benefit programs	2.1	2.1	2.1	2.1	2.1	2.1	2.0
Compensation of officers	1.6	1.7	1.8	1.9	1.8	1.7	1.5
Taxes paid	4.9	3.9	4.3	4.7	4.3	4.6	4.6
Interest Income	1.1	1.1	1.2	1.2	1.2	1.2	1.1
Other Income							
Royalties	0.1	0.5	0.5	0.6	0.5	0.4	0.3
Rent Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	9.3	9.0	9.1	9.2	9.1	9.4	9.7
Balance Sheet	2017	2018	2019	2020	3-Year	5-Year	10-Year
Assets							
Cash and Equivalents	8.7	8.8	8.9	9.1	8.9	8.9	9.4
Notes and accounts receivable	18.0	18.3	18.2	18.2	18.2	17.7	17.1
Allowance for bad debts	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Inventories	1.4	1.1	0.9	0.8	0.9	1.1	1.4
Other current assets	6.9	5.5	5.6	5.6	5.6	6.0	6.4
Other investments	20.0	19.9	19.9	19.9	19.9	19.5	17.7
Property, Plant and Equipment	33.6	32.9	32.2	31.5	32.2	33.4	36.7
Accumulated depreciation	22.6	22.6	22.4	22.4	22.4	22.9	24.9
Intangible assets (Amortizable)	31.7	32.6	33.3	33.9	33.3	32.9	34.3
Accumulated amortization	6.5	5.8	5.9	6.0	5.9	6.1	7.2
Other assets	7.3	7.0	7.1	7.2	7.1	7.3	6.9
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accounts payable	8.5	8.1	8.2	8.2	8.2	7.9	7.3
Liabilities and Net Worth							
Mort, notes, and bonds under 1 yr	4.7	6.0	5.9	5.8	5.9	5.4	5.1
Other current liabilities	11.0	11.0	11.2	11.5	11.2	11.3	11.2
Loans from shareholders	3.5	4.5	4.5	4.4	4.5	4.1	4.4
Mort, notes, bonds, 1 yr or more	32.3	30.8	30.3	29.8	30.3	31.5	32.7
Other liabilities	9.8	10.0	10.3	10.6	10.3	9.9	9.1
Total liabilities	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Capital stock	3.7	5.2	5.3	5.3	5.3	4.6	4.5
Additional paid-in capital	28.2	28.3	28.1	28.0	28.1	27.9	27.8
Retained earnings, appropriated	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Retained earnings-unappropriated	2.1	0.7	0.8	0.9	0.8	1.3	2.0
Cost of treasury stock	6.2	5.9	6.1	6.2	6.1	6.2	6.2
Net worth	30.1	29.6	29.7	29.8	29.7	29.9	30.2

Liquidity Ratios	2017	2018	2019	2020	3-Year	5-Year	10-Year
Current Ratio	1.5	1.4	1.4	1.3	1.4	1.4	1.5
Quick Ratio	1.4	1.3	1.3	1.3	1.3	1.4	1.4
Sales/Receivables	5.7	5.6	5.6	5.6	5.6	5.8	6.0
Days' Receivables	64.2	65.2	65.0	65.0	65.0	63.1	61.1
Days' Inventory	17.8	15.1	13.3	12.0	13.5	15.2	17.9
Inventory Turnover	20.5	24.2	27.5	30.3	27.3	24.6	21.3
Payables Turnover	3.5	3.1	3.0	2.9	3.0	3.5	3.9
Days' Payables	105.5	116.1	120.6	127.1	121.2	108.6	97.0
Sales/Working Capital	7.9	7.6	7.8	7.9	7.8	7.8	7.6
Coverage Ratios	2017	2018	2019	2020	3-Year	5-Year	10-Year
Interest Coverage	480.0	478.6	473.9	469.4	474.0	481.3	496.1
Debt Service Coverage Ratio	0.8	0.8	1.8	0.8	1.1	1.0	0.8
Leverage Ratios	2017	2018	2019	2020	3-Year	5-Year	10-Year
Fixed Assets/Net Worth	3.2	3.2	3.2	3.2	3.2	3.2	3.4
Debt/Net Worth	3.3	3.4	3.4	3.4	3.4	3.3	3.3
Tangible Net Worth	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Operating Ratios	2017	2018	2019	2020	3-Year	5-Year	10-Year
Return on Net Worth, %	61.1	56.1	58.9	60.6	58.5	60.4	60.7
Return on Assets, %	18.4	16.6	17.5	18.0	17.4	18.1	18.3
Sales/Total Assets	1.0	1.0	1.0	1.0	1.0	1.0	1.0
EBITDA/Revenue	21.7	20.8	21.9	22.6	21.7	21.9	21.7
EBIT/Revenue	18.0	16.2	17.1	17.6	17.0	17.6	17.9
Cash Flow & Debt Service Ratios (% of sales)	2017	2018	2019	2020	3-Year	5-Year	10-Year
Cash from Trading	28.2	28.2	-43.7	28.2	4.2	13.8	30.8
Cash after Operations	-20.6	-20.6	-62.3	-20.6	-34.5	-29.0	-21.1
Net Cash after Operations	-1.4	-1.4	-61.9	-1.4	-21.5	-13.5	-2.2
Debt Service P&I Coverage	1.4	1.4	-26.7	1.4	-8.0	-4.2	-0.2
Interest Coverage (Operating Cash)	0.1	0.1	-0.5	0.1	-0.1	0.0	0.1

Source: IRS SOI Tax Stats; US Census Bureau; IBISWorld

Additional Resources

Additional Resources

CleanLink
<http://www.cleanlink.com>

US Bureau of Labor Statistics
<http://www.bls.gov>

US Census Bureau
<http://www.census.gov>

International Sanitary Supply Association
<http://www.issa.com>

Industry Jargon

FRANCHISING

Franchising is a form of business by which the owner (franchisor) of a product, service or method obtains distribution through affiliated dealers (franchisees).

MAID SERVICES

Cleaning services designed for domestic buildings, such as households.

STRATEGIC ALLIANCE

Agreement for cooperation among two or more independent operators to work together toward common objectives.

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.

REGIONS

West | CA, NV, OR, WA, HI, AK

Great Lakes | OH, IN, IL, WI, MI

Mid-Atlantic | NY, NJ, PA, DE, MD

New England | ME, NH, VT, MA, CT, RI

Plains | MN, IA, MO, KS, NE, SD, ND

Rocky Mountains | CO, UT, WY, ID, MT

Southeast | VA, WV, KY, TN, AR, LA, MS, AL, GA, FL, SC, NC

Southwest | OK, TX, NM, AZ

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 $\pm 20\%$; high volatility is $\pm 10\%$ to $\pm 20\%$; moderate volatility is $\pm 3\%$ to $\pm 10\%$; and low volatility is less than $\pm 3\%$.

WAGES

The gross total wages and salaries of all employees in the industry.

The logo for IBISWorld, featuring the company name in a white, serif font inside a black rounded rectangle.

WHERE KNOWLEDGE IS POWER

IBISWorld helps you find the industry information you need – fast.

With our trusted research covering thousands of global industries, you'll get a quick and intelligent overview of any industry so you can get up to speed in minutes. In every report, you'll find actionable insights, comprehensive data and in-depth analysis to help you make smarter, faster business decisions. If you're not yet a member of IBISWorld, contact us at 1-800-330-3772 or info@ibisworld.com to learn more.

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