

## Lost cause: Volunteers and donations dwindle as other activities distract Americans

# IBISWorld Industry Report 81341 Civic, Social & Youth Organizations in the US

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### **2 About this Industry**

2	Industry Definition
2	Main Activities
2	Similar Industries
3	Additional Resources

### **4 Industry at a Glance**

### **5 Industry Performance**

5	Executive Summary
5	Key External Drivers
7	Current Performance
9	Industry Outlook
11	Industry Life Cycle

### **13 Products & Markets**

13	Supply Chain
13	Products & Services
15	Demand Determinants
16	Major Markets

17	International Trade
18	Business Locations

### **20 Competitive Landscape**

20	Market Share Concentration
20	Key Success Factors
20	Cost Structure Benchmarks
22	Basis of Competition
23	Barriers to Entry
24	Industry Globalization

### **25 Major Companies**

### **27 Operating Conditions**

27	Capital Intensity
28	Technology & Systems
28	Revenue Volatility
29	Regulation & Policy
29	Industry Assistance

### **30 Key Statistics**

30	Industry Data
30	Annual Change
30	Key Ratios

### **31 Jargon & Glossary**

# About this Industry

## Industry Definition

This industry consists of establishments engaged in promoting the civic and social interests of their members. Industry establishments include nonprofit social clubs, alumni organizations, societies and associations. These establishments may operate facilities for their members. This industry excludes services provided to members of religious congregations and performing arts and other cultural organizations.

## Main Activities

### The primary activities of this industry are

Coordinating alumni associations  
 Coordinating automobile clubs (except road and travel services)  
 Coordinating Boy and Girl Scouts  
 Coordinating civic associations  
 Coordinating social clubs (including fraternities and sororities)  
 Coordinating women's clubs  
 Coordinating youth clubs  
 Coordinating parent-teacher associations  
 Coordinating retirement social associations  
 Coordinating veterans' membership organizations

### The major products and services in this industry are

Community and support groups  
 Education groups  
 Special interest groups  
 Youth organizations

## Similar Industries

### 56159 Convention & Visitor Bureaus in the US

These establishments provide travel plans, including automobile travel clubs and motor travel clubs.

### 71113 Musical Groups & Artists in the US

These establishments bring like-minded individuals together and provide entertainment options for American consumers.

### 72131 Room, Board & Dorm Housing in the US

These establishments operate fraternity and sorority houses.

### 81321 Donations, Grants & Endowment in the US

These establishments raise funds for social welfare activities, such as health, educational, scientific and cultural activities.

# About this Industry

## Additional Resources

For additional information on this industry

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[www.nccs.urban.org](http://www.nccs.urban.org)

National Center for Charitable Statistics

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[www.philanthropyjournal.org](http://www.philanthropyjournal.org)

Philanthropy Journal

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[www.census.gov](http://www.census.gov)

US Census Bureau

IBISWorld writes over 700 US industry reports, which are updated up to four times a year. To see all reports, go to [www.ibisworld.com](http://www.ibisworld.com)

# Industry at a Glance

Civic, Social & Youth Organizations in 2015

## Key Statistics Snapshot

Revenue  
**\$17.9bn**

Profit  
**\$1.1bn**

Annual Growth 10-15  
**1.0%**

Wages  
**\$5.2bn**

Annual Growth 15-20  
**1.1%**

Businesses  
**42,906**

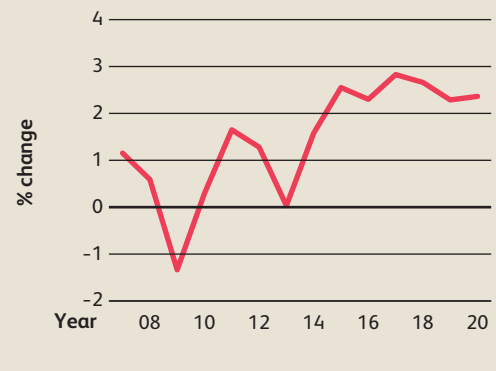
**Market Share**  
There are no Major Players in this industry

p. 25

Revenue vs. employment growth



Per capita disposable income



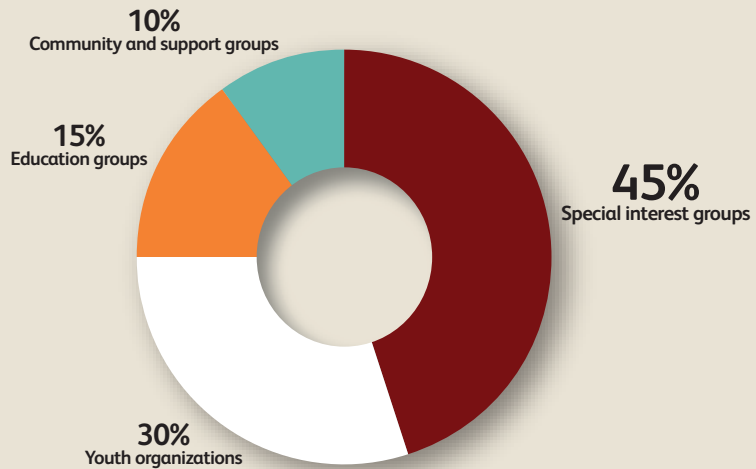
SOURCE: WWW.IBISWORLD.COM

## Key External Drivers

- Per capita disposable income
- Federal funding for social services
- Time spent on leisure and sports
- Corporate profit
- Number of college students
- Number of adults aged 65 and older

p. 5

Products and services segmentation (2015)



SOURCE: WWW.IBISWORLD.COM

## Industry Structure

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

FOR ADDITIONAL STATISTICS AND TIME SERIES SEE THE APPENDIX ON PAGE 30

# Industry Performance

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

## Executive Summary

The Civic, Social and Youth Organizations industry is composed of organizations that promote the civic and social interests of their members, such as social clubs, alumni organizations, education societies and professional associations. Industry organizations earn revenue largely through corporate partnerships, private donations, government grants and membership fees. Improving economic conditions over the past five years have increased corporate and private donation levels, which

increasingly allowed Americans to connect and communicate with like-minded communities without joining industry organizations, reducing demand. Although disposable income has grown rapidly in the past five years, stagnant private donation rates and membership dues have hampered industry revenue. These factors have stunted industry growth; the number of industry organizations has declined at an average annual rate of 0.9% in the past five years, to 42,906. As many industry players are nonprofit organizations, profit is generally low and is not an important factor in this industry.

**Technology and other entertainment outlets have been diverting participation away from the industry**

assisted the industry. However, these factors were largely offset by a decline in demand for industry services due to external competition for Americans' time and money. Consequently, the industry has exhibited tepid growth; revenue is expected to increase at an annualized rate of 1.0% during the five years to 2015, to total \$17.9 billion. IBISWorld projects revenue will grow 1.3% in 2015 alone, as a result of robust economic conditions.

Technology and other entertainment outlets have been diverting participation away from the industry. Social media has

During the five years to 2020, industry revenue is forecast to grow at an average annual rate of 1.1% to \$18.9 billion.

Alternative sources of entertainment as well as online social media outlets will continue dominating consumers' leisure time, reducing demand for industry organizations. However, healthy corporate profit will feed the industry with donations, keeping revenue from declining. Additionally, participation by certain demographics, such as college students and baby boomers, is expected to increase. Still, competition from other leisure activities is expected to continue to reduce interest in civic and social clubs, hindering industry performance during the next five years.

## Key External Drivers

### Per capita disposable income

Changes in per capita disposable income affect membership and the level of donations to an organization. Greater disposable incomes enable more individuals to afford the cost of joining and donating to organizations. Per capita disposable income is expected to increase during 2015.

### Federal funding for social services

Government funding accounts for an estimated 4.8% of industry revenue.

Therefore, fluctuations in federal funding have an effect on industry revenue growth. In recent years, federal funding for social services has been limited because of national budgetary concerns. Federal funding for social services is expected to increase during 2015.

### Time spent on leisure and sports

Leisure time allows people to participate in and volunteer for civic and social organizations. Greater levels of

# Industry Performance

## Key External Drivers continued

participation boost industry revenue through higher membership income. Additionally, costs saved by using volunteers can increase profit margins. Time spent on leisure and sports is expected to decrease slightly during 2015, posing a potential threat to the industry.

### Corporate profit

Organizations in this industry gain a significant portion of their funding through donations and partnerships with corporations. When corporate profit increases, companies are more likely to partner with and contribute to organizations that promote civic and social interests. Corporate profit is expected to increase during 2015.

### Number of college students

College students are active in many industry organizations, such as sororities, fraternities, educational groups and other college-oriented social and civic organizations.

Additionally, individuals with college degrees are more likely to engage in civic organizations. Therefore, an increase in the number of people in college will increase involvement in industry organizations. The number of college students is expected to increase during 2015.

### Number of adults aged 65 and older

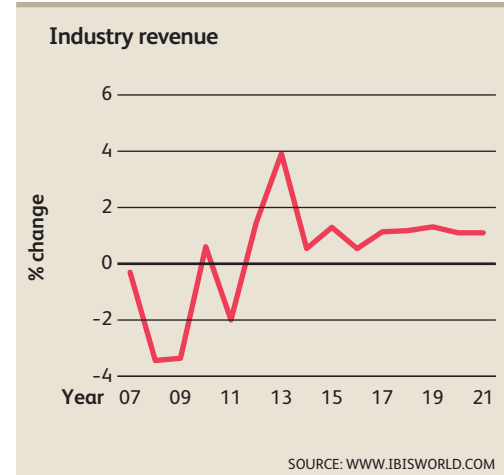
Adults aged 65 and older enjoy more leisure time than any other age group, at over seven hours a day on average; therefore, they have more time to commit to social and civic organizations. Additionally, the elderly often join social organizations to maintain connections with people who share common interests. As the number of people aged 65 and older increases, membership in civic and social organizations generally increases. The number of adults aged 65 and older is expected to increase during 2015, representing a potential opportunity for the industry.



# Industry Performance

## Current Performance

Over the five years to 2015, the Civic, Social and Youth Organizations industry has benefited from increased corporate partnerships and donations spurred by improving financial conditions. However, the industry has been hurt by decreased membership rates because of competition from other leisure activities as well as lifestyle changes among American consumers. In the five years to 2015, industry revenue is expected to experience tepid growth, rising at an average annual rate of 1.0% to \$17.9 billion. In 2015 alone, industry revenue is expected to grow 1.3% thanks to robust upstream economic conditions.



## Changes in lifestyle and demographics

Adults aged 65 and older account for a significant portion of donors to and members of industry organizations. On average, Americans aged 65 and older spend over half an hour a day on civic and social activities, far more than other age groups. Because of their ample leisure time (on average over seven hours a day), many seniors are leaders of local industry organizations. Furthermore, the older generation has the highest share of disposable income, and, therefore, is more likely to afford membership fees and make donations to civic and social organizations. Over the past five years, because of medical advancements that have allowed Americans to stay healthy and live longer, and because the baby boomer generation has started to cross the retirement threshold, the number of adults aged 65 and older has increased, assisting industry growth.

Young adults have become increasingly less engaged in civic and social organizations. According to the Bureau of Labor Statistics (BLS), the unemployment rate for recent college graduates has remained higher than prerecession levels. In 2014, it was 8.5%, compared with a prerecessionary figure of 5.5%. This has caused many young adults to experience a delay in transitioning from adolescence to adulthood, specifically in launching careers, settling down in a community and starting a family. Because involvement in civic and social clubs is partially dependent on financial stability and community presence, and because it takes young adults longer to achieve these statuses now than in past years, this age group's presence in civic and social organizations has shrunk.

## Attention deficit

In recent years, the industry has increasingly fallen victim to competition from other leisure activities. According to the BLS, watching TV accounts for more than half of all leisure time and is the

most popular leisure activity for Americans younger than 18. This has hurt membership rates in the past five years for youth organizations like the Boy Scouts of America and the Boys and Girls

# Industry Performance

## Attention deficit continued

Club of America. Generally, an increase in leisure time spent on other activities, such as watching TV, signals a decrease in time spent participating in civic, social and youth organizations. Digital forms of entertainment have increasingly dominated Americans' leisure time, hurting organization membership numbers.

Social media sites like Facebook, Twitter and Instagram have enabled people to communicate with like-minded individuals and experience a sense of a community without joining an industry organization. Civic or social involvement can be attained through keeping a blog or commenting on a news article, rather than attending industry activities. The

widespread use of social media has thus reduced membership rates for industry organizations. Additionally, the wealth of free information available online, on virtually every topic imaginable, reduces the necessity of receiving interest-specific information from industry organizations. For example, news on the latest music events, literary discussions on famous authors or directions and maps for hiking trails are all forms of information that may have been previously gathered from a social club, but can now be accessed for free online. As membership fees generally account for a large portion of revenue for industry organizations, the decrease in membership rates has hampered industry revenue.

## Industry headwinds

Though growth in disposable income in the past five years has been robust, private donation rates have only risen modestly over the past five years, hurting industry growth. According to the Giving USA 2014 Annual Report on Philanthropy, contributions to nonprofit organizations sank dramatically during the recession, and have grown slowly yet steadily in recent years, leaving many industry organizations struggling to gather proper funding. Because corporate and private donations have accounted for over 20.0% of industry revenue during the past five years, the slow increase in private donations has significantly limited industry growth.

In 2015, federal and state grants are expected to account for 4.8% of industry revenue. However, among organizations that receive government funding, these grants will account for much larger proportions of revenue, on average 28.2%. Federal funding for social services grew after the recession in response to increased demand but has been volatile in recent years. Additionally, the 2013 government sequester hurt programs

## Declines in public interest and donations drove some organizations to shutter

that fund nonprofit industry organizations. As a result, industry players that depend heavily on government grants have struggled during the past five years.

The declines in public interest and private donations forced some organizations to close and decreased the rate at which new organizations joined the industry. Some existing organizations consolidated to gain synergies for shared causes or increase support for lesser-known issues. In the five years to 2015, the number of industry organizations is expected to decline at an average annual rate of 0.9% to 42,906. Increasing use of digital communication mediums, such as interactive websites and social media, have allowed organizations to communicate with potential donors and members in a less labor-intensive way, reducing the need for workers. Due to the



# Industry Performance

## Industry headwinds continued

rising use of technology and slow overall industry growth, industry employment is expected to decrease in the five years to 2015 at an average annual rate of 0.7%, to 249,965 staff members.

The industry is highly fragmented, with the majority of industry participants operating on a small scale and no industry organization

controlling more than 2.0% of the market. Profit margins are low in this industry because it is largely composed of nonprofit organizations. Industry profit is mostly reinvested in organizations, and the remainder is paid out in interest to lenders. In 2015, industry profit is expected to account for 6.1% of revenue.

## Industry Outlook

During the five years to 2020, the Civic, Social and Youth Organizations industry is expected to grow at an average annual rate of 1.1% to \$18.9 billion, with an initial revenue increase of 0.5% in 2016. As the economy continues to grow robustly, corporate profit is expected to follow suit, which will lead to healthy industry contributions and partnerships with

corporations. However, revenue for the industry is forecast to grow only tepidly due to increased competition for Americans' time and money from alternative means of entertainment and communication. Despite strong growth in disposable income, these factors will continue to discourage membership growth and keep private donations low, hurting industry revenue.

## Contributions return

In the coming years, strong job growth will propel increases in disposable income. Per capita disposable income is projected to grow 2.5% per year over the five years to 2020, representing more rapid growth than the previous five-year period. Unemployed and underemployed individuals with limited disposable income are less likely to support organizations through membership or monetary donations.

As federal and state governments make it a priority to balance budgets and decrease deficits, support for industry organizations may shrink. For organizations that receive government grants, these funds account for large portions of revenue, typically near 30.0%. However, in the five years to 2020, federal funding for social services is forecast to increase at an average

**Despite increased contributions, shifts in attitudes toward industry organizations pose a threat**

annual rate of 1.6%. This slow growth will likely lead organizations that depend on government funds to seek out alternative sources of funding or cut back operations.

Although the economic climate is ripe for increased contributions to industry organizations, as corporate profit is continuing to increase and per capita disposable income is exhibiting robust growth, fundamental shifts in attitudes toward industry organizations continue to pose a major threat.

# Industry Performance

## Technology as an opportunity and a threat

Recognizing Americans' activity on social networks, organizations will increasingly leverage social media to facilitate recruiting and fundraising. Many organizations are already advertising member activities on social networking sites, increasing the incentive to participate in industry-related activities. Organizations are expected to increasingly use social media to keep their community members engaged and enlarge their member and donor base.

Despite these advantages, technology is expected to hurt the industry more than it will help. The increasing use of technology as a form of entertainment, such as playing video games, watching movies or chatting online, will continue to dominate Americans' leisure time, reducing participation in civic, social and youth organizations. Additionally, social media will continue to reduce demand for

industry organizations by providing ways for consumers to connect with like-minded communities and engage in informative dialogues without having to join an industry organization. These alternative forms of entertainment and communication are expected to continue hampering growth in industry membership and donation rates.

The overall decline in support for industry organizations will also lead to a decrease in industry volunteers. Since many civic, social and youth groups rely heavily on volunteer work, some establishments may be forced to close. Over the next five years, the number of operators is forecast to decline at an average annual rate of 0.3% to 42,210. As the industry shrinks industry employment is also expected to decrease over the period at an average annual rate of 0.2% to 247,730 workers.

## The old and the young

Although membership is expected to fall overall, participation by certain demographics is expected to grow. The number of college students is projected to increase at an annualized rate of 1.3% through the five years to 2020. According to the Bureau of Labor Statistics, individuals with college degrees are twice as likely to volunteer for and be involved with civic organizations. Therefore, the increase in college students will help participation in the future. The number of adults aged 65 and older is projected to grow at an annualized rate of 3.2% during the same period. As the elderly represent a sizable portion of civic and social

## Growth in the elderly population will lead to more members, contributions and volunteers

organization members and donors, the rise in the number of Americans over the age of 65 will lead to more members, contributions and volunteers for organizations. Still, growth in these two age groups is not expected to offset the overall trend of stagnant organization membership growth.

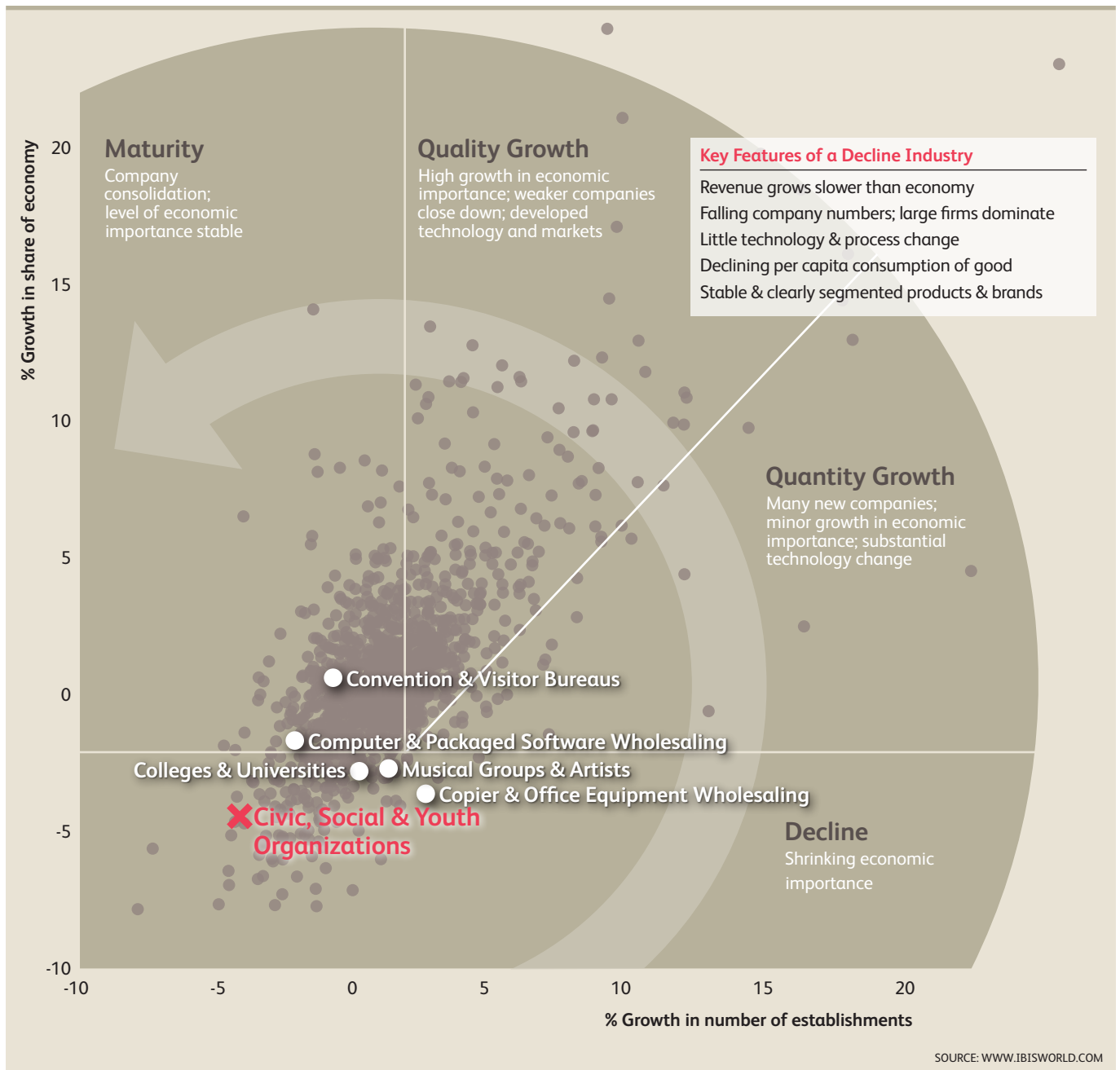
# Industry Performance

## Life Cycle Stage

The number of industry operators has decreased in the past ten years

Demand for industry services has declined in recent years

Industry organizations are consolidating in order to stay afloat



# Industry Performance

## Industry Life Cycle

This industry is **Declining**

IBISWorld estimates that the Civic, Social and Youth Organizations industry is in the decline stage of its life cycle. Membership and donations rates have stagnated as Americans have embraced technology and social media as alternative ways to form communities and seek entertainment. Over the 10 years to 2020, industry value added, which measures the industry's contribution to the economy, is forecast to increase at an average annual rate of

0.9%. By contrast, GDP is expected to rise 2.5% per year over the same period. This means that the industry's overall share of the economy is projected to shrink. As the industry struggles, larger organizations with broader agendas may absorb smaller, special-interest organizations. The number of operators is expected to decline at an annualized rate of 0.6% over the 10 years to 2020, further indicating that the industry is in the decline stage of its life cycle.

# Products & Markets

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

## Supply Chain

### KEY BUYING INDUSTRIES

61131a	<b>Colleges &amp; Universities in the US</b> Many college students join fraternities and sororities on campuses.
99	<b>Consumers in the US</b> Organization members and people who donate money provide a significant amount of revenue to the industry.

### KEY SELLING INDUSTRIES

42342	<b>Copier &amp; Office Equipment Wholesaling in the US</b> This industry supplies office equipment to industry organizations.
42343	<b>Computer &amp; Packaged Software Wholesaling in the US</b> This industry supplies computers and peripheral equipment to industry organizations.
42442	<b>Frozen Food Wholesaling in the US</b> This industry supplies packaged frozen foods to organizations with food service activities.
42444	<b>Egg &amp; Poultry Wholesaling in the US</b> This industry supplies poultry foods to organizations with food service activities.
42447	<b>Beef &amp; Pork Wholesaling in the US</b> This industry supplies meat and related products to organizations with food service activities.
42481	<b>Beer Wholesaling in the US</b> This industry supplies beer to licensed industry organizations.
42482	<b>Wine &amp; Spirits Wholesaling in the US</b> This industry supplies wine and spirits to licensed industry organizations.

## Products & Services

The primary product segments in the Civic, Social and Youth Organizations industry are special interest groups, youth organizations, education groups and community and support groups. The majority of revenue for these organizations comes from a few distinct sources: membership fees, meal and beverage sales, government grants, private donations, program service revenue and gaming services.

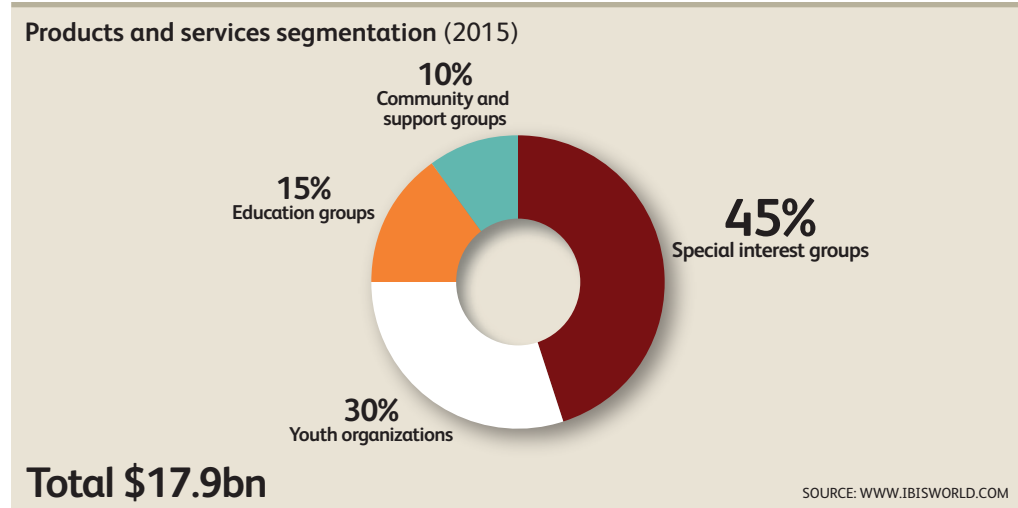
Revenue from membership fees are estimated to account for 20.3% of 2015 revenue. Membership fees are charged for a specified period of time and are expended on the provision of services and activities for members throughout the year. A greater number of members results in more robust membership-fee income. Revenue from membership fees tends to drop when consumers have a low level of disposable income. Private sector contributions, gifts and donations are

expected to account for an estimated 21.9% of 2015 industry revenue. These donations are tied to the level of corporate profit; when profit is high, industry organizations can expect to receive higher donation levels from their corporate sponsors. Corporations donate to industry groups largely to promote their public image as a charitable company. Additionally, both private donors and corporations can deduct contributions made to nonprofit industry organizations from their taxes, further increasing the benefits of donation.

Government grants are expected to account for an estimated 4.8% of 2015 revenue. Public sector monies are distributed through a variety of different programs at the federal, state and local level. Funding goes to organizations that espouse a nondiscriminatory ideology and that have a positive social impact on an area or specific demographic;

# Products & Markets

## Products & Services continued



therefore, there are many organizations in this industry, such as professional associations, that do not receive government assistance. For organizations that do receive government grants, these funds account for a large portion of their revenue, estimated at 28.2%. The sale of food and beverages accounts for 16.3% of industry revenue; sales of alcoholic beverages comprise over half of that figure. Large organizations tend to have a central meeting place at which bar facilities and kitchens are available for members. Small groups do not have such infrastructure and, therefore, do not have access to this revenue stream. Other sources of revenue for the industry include program service revenue, gaming services, organizing seminars and trainings, ticket sales and the sale of organization merchandise.

### Special interest groups

Special interest groups, which are groups geared toward promoting a particular area of knowledge or creating a meeting for a specific demographic, account for an estimated 45.0% of industry revenue. An example of a special interest group is the American Medical Association, which unites physicians and medical students from across the country to help improve

the quality of healthcare delivery. Many of these organizations are subject to changes in societal interests and needs, and membership numbers fluctuate on a short-term basis. Other types of organizations that are included in this sector are fraternity and sorority organizations, alumni groups, senior citizens' associations, technology enthusiasts clubs and ethnic associations. Many special interest groups are small, nonprofit organizations run by a local membership. Revenue for specific organizations in this sector varies widely depending on what demographic the organization caters to. For example, an organization is more likely to have higher revenue if it caters to a high-paying profession, such as a medical association. Conversely, a retirement home association is more likely to have lower revenue.

### Youth organizations

Youth organizations, which are organizations aimed specifically at people younger than 18, account for an estimated 30.0% of industry revenue. The Boy Scouts of America, Girl Scouts of America, Boys and Girls Clubs of America, and programs of the YMCA are all organizations that are in this sector. Organizations in this segment attract

# Products & Markets

## Products & Services continued

members by offering camps, after-school programs and other sorts of activities for youth. During the five years to 2015, many youth organizations experienced a decline in memberships due to increased competition from other leisure activities, such as watching movies or playing video games. Additionally, as youth organizations rely largely on donations and government grants, some youth organizations suffered as government funding for social services thinned out in recent years, mitigating donation growth rates.

### Education groups

Education groups, which account for 15.0% of industry revenue, include organizations focused on promoting specific educational goals. Examples of such organizations include book discussion groups, historical clubs, writing clubs and music education

groups. While some education groups expand on or support in-school or after-school programs, many cater to adults as well as youth. Organizations in this sector achieve funding through donations, private grants and membership fees.

### Community and support groups

This group, which accounts for 10.0% of industry revenue, includes community associations that aim to help local members of the community and support groups, which provide members who share similar problems with various types of help, usually nonmaterial and nonprofessional. Some support groups are formally controlled and have admission requirements and membership fees, while other groups allow anyone to attend and participate in their meetings.

## Demand Determinants

Demand for industry services is generally related to population size, per capita disposable income, corporate and government funding and leisure time. For certain industry organizations, demand is also related to the size of a specific age, gender or ethnic group. For example, a greater number of children and young adults aged between five and 18 will generally boost demand for youth organizations. A rising generation of baby boomers will create demand for services tailored to their interests and needs, including civic and social clubs.

Higher levels of disposable income increase the likelihood that people will expand financial resources to civic, social and youth organizations. Individuals are more likely to pay membership fees to organizations if they are employed and have sufficient disposable income. Additionally, higher disposable income generally leads to

higher and greater donations to industry organizations.

Demand for services in the industry is also impacted by external competition. People with a wide range of interests may have to choose between active membership in an industry organization and other recreational and entertainment activities, such as attending sporting events, playing video games or going to the movies. An increase in demand for alternative forms of entertainment will decrease demand and revenue for the Civic, Social and Youth Organizations industry.

Technology can drive and reduce demand for industry services. The internet can help people locate clubs and groups dedicated to their interests. Moreover, the greater ease of communication with members through e-mail, social media or other online mediums has increased organizations' outreach capabilities while reducing

# Products & Markets

## Demand Determinants continued

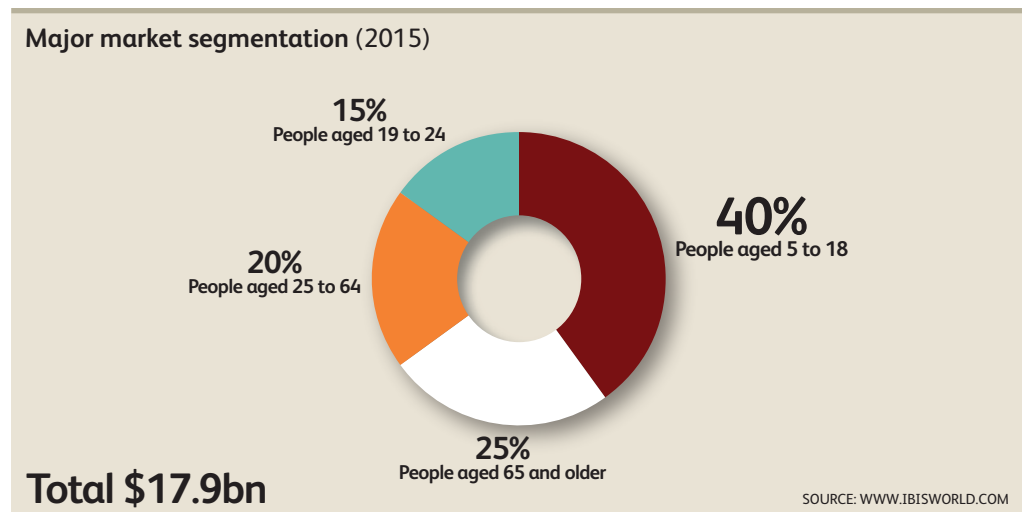
expenses for industry organizations. However, at the same time, an increase in technology and social media can increase the amount of leisure time spent watching television or playing video games, as opposed to attending industry organizations. This trend has generally eroded demand for industry organizations in recent years.

Leisure time greatly affects engagement in industry establishments. Membership in civic, social and youth organizations rises when individuals have a greater amount of time to pursue leisure activities such as attending meetings and volunteering. Age groups with the most leisure time, youth under the age of 18 and

adults over the age of 65, make up the largest share of members for industry organizations.

Alterations to government budgets influence the size of industry organizations because many organizations receive a significant portion of their funding through government grants. Additionally, many corporations give contributions or form partnerships with industry organizations to enhance the civic image of their corporation. As corporate profit increases, companies are more likely to give contributions to industry organizations. Therefore, changes in corporate profit are likely to affect industry revenue.

## Major Markets



The market for civic, social and youth organizations can be separated by age groups. Age groups that have more leisure time are more involved in industry organizations. Therefore, the two major consumers of industry services are individuals aged 18 and younger and adults over the age of 65.

### Youth

Because available leisure time is a prime factor in joining an organization, IBISWorld estimates children and young adults aged five to 18 account for 40.0% of industry participants. In addition to having ample leisure time, parents often encourage, or require, their kids to



# Products & Markets

## Major Markets continued

interact with their peers and join educational or youth groups. The Civic, Social and Youth Organizations industry comprises numerous youth organizations, educational groups and special interest groups that have school-aged children as their core members. American youth have increasingly enjoyed other forms of entertainment and communication, such as social media, as opposed to industry organizations, leading to this segment share of the market to shrink slightly in the past five years.

### Baby boomers

Adults aged 65 and older account for 25.0% of the industry. According to the American Time Use Survey from 2012 (latest available data), Americans aged 65 and over spend on average 7.1 hours a day on leisure activities. Due to the increased amount of leisure time this segment possesses, they tend to spend over half an hour a day on organizational activities, more than any other age group. Furthermore, the baby boomer generation has the highest share of disposable income, and, therefore, they are more likely to pay membership fees and make private donations to industry organizations. The number of adults aged 65 and over has

increased in the past five years, as the baby boomer generation has been approaching the age of retirement.

### Workers

Individuals between the ages of 25 and 64 account for an estimated 20.0% of the market for this industry. Individuals in this age group have the least amount of leisure time, spending most of their day in the workforce. However, workers have a high presence in professional associations, such as law or medical societies. Additionally, individuals in this demographic that have children who attend industry organizations are more likely to be involved themselves, either through direct membership, volunteer work or donations.

### Young adults and college students

Individuals between ages 19 and 24 account for 15.0% of active participants in industry establishments. Many college students join Greek organizations, extracurricular clubs, student media and other service-learning programs to meet people with similar interests and participate in the local community programs. As the number of college students has increased slightly in recent years, this sectors share of the market has increased.

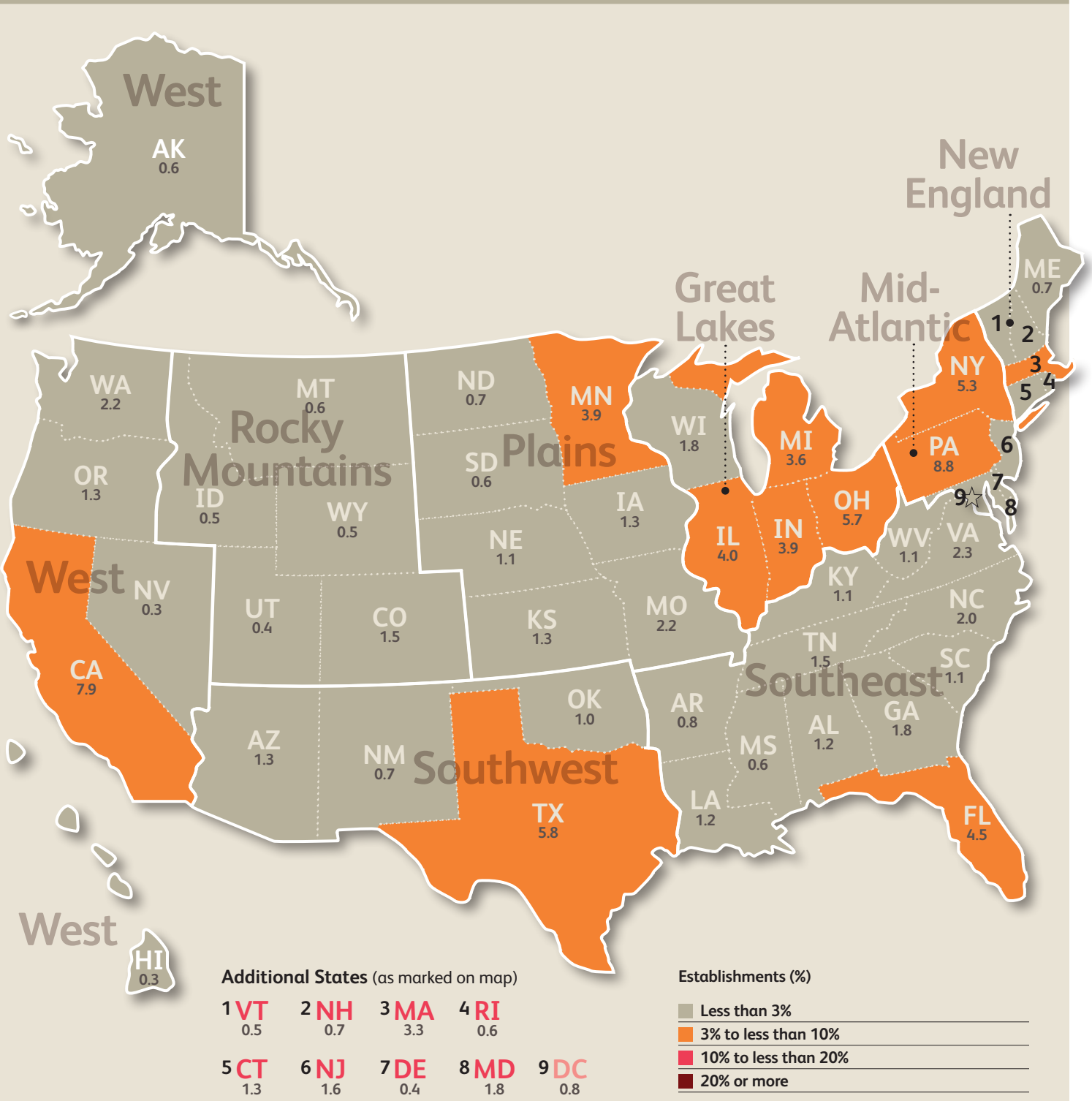
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## International Trade

Most organizations in this industry are small, nonprofit organizations that promote and serve the needs of the domestic market and do not require imports or make exports.

# Products & Markets

## Business Locations 2015



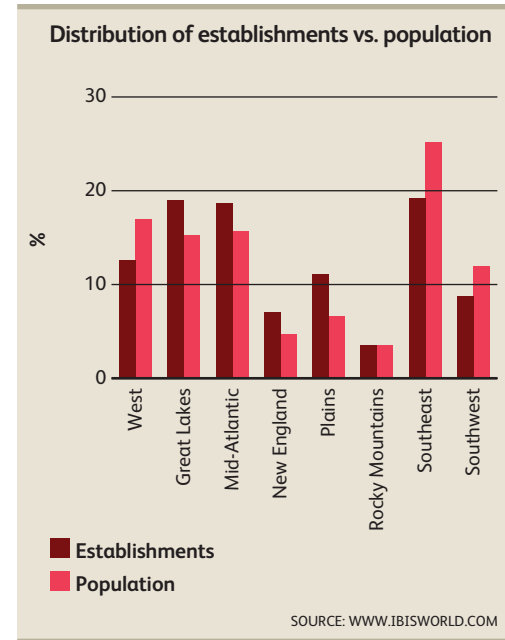
# Products & Markets

## Business Locations

The distribution of industry establishments falls partially in line with a region’s population size; however, distribution also depends on factors that influence involvement in Civic, Social and Youth Organizations. These factors include, but are not limited to, per capita disposable income, exposure to higher education and presence of distinct demographic groups that wish to form an organization.

The Southeast region has the most industry establishments, accounting for 19.1% of total industry organizations. However, as this region holds 25.4% of the population, the Southeast has a disproportionately small number of establishments on a per capita basis. The West region follows a similar trend, with 12.7% of industry establishments and 17.1% of the population. Lifestyle differences in these areas likely influence the low per capita number of establishments.

The Great Lakes region has 19.0% of industry establishments and 14.9% of the total population, causing it to have a large number of establishments on a per capita basis. The Mid-Atlantic region has a similar distribution, with 18.7% of industry establishments and 15.5% of the population. High population density and diversity in these regions may be



responsible for the high per capita rate of establishments. The region with the highest per capita distribution of establishments is the Plains region, which has 10.9% of establishments and only 6.6% of the population. This disproportion may be explained by the more culturally conservative nature of states in this region and their focus on traditional civic and social responsibilities, which leads to a greater involvement in communal activities.

# Competitive Landscape

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

## Market Share Concentration

Level  
Concentration in this industry is **Low**

Concentration within the Civic, Social and Youth Organizations industry is low, with the four largest organizations operating nationally through locally operated charters and accounting for an estimated 3.8% of the total market share. The industry is saturated with small nonemployer organizations, which tend to be highly specialized and are estimated to generate only 2.0% of industry revenue. In 2015, there are an estimated 44,752 industry establishments. According to US Census Bureau data, 74.0% of all enterprises are either nonemployers or employ fewer than four people, and 14.2% have full-time employees. The

### Enterprises by employment size (2014)

No. of employees	Share (%)
1 to 4	74.0
5 to 9	14.2
10 to 19	6.7
20 to 99	4.2
100 to 499	0.7
More than 500	0.2

SOURCE: US CENSUS BUREAU COUNTY BUSINESS PATTERNS

industry is highly fragmented due to low barriers to entry and a wide range of services provided for different demographic groups, unique social interests and needs.

## Key Success Factors

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

### Having a good reputation

An organization must have a good reputation regarding financial matters and relationships with other parties.

### Partnerships with corporations

Corporate partnerships ensure a steady revenue flow to the industry and increase public awareness of organizations and their missions.

### Economies of scale

Large organizations in this industry can benefit from economies of scale through the infrastructure at a national level, accessing larger member and donor pools.

### Ability to educate the wider community

Many organizations, especially those that deal with societal problems, must convince the wider community of their relevance in order to attract support and financial resources.

### New information technology

Successful implementation of technology can increase industry revenue by creating a more effective way to communicate with the public, grantmakers and donors.

### Access to secure revenue source

A successful organization will be able to secure reliable sources of revenue through membership fees and donations.

## Cost Structure Benchmarks

### Profit

Profit, measured as earnings before interest and taxes, is expected to grow from 5.2% of revenue in 2010 to 6.1% in 2015. This growth is attributable to continually improving financial conditions since 2010; as the financial situation stabilized, private donation

rates and corporate sponsorships grew, which increased organizations' operating budgets and industry revenue to healthier levels and lead to an increase in average profit margins for the industry. It is important to note that a large percentage of industry operators are nonprofit organizations,

# Competitive Landscape

## Cost Structure Benchmarks continued

keeping profit for the industry generally low.

### Wages

Labor costs represent the most significant operating expense and account for an estimated 28.9% of overall industry revenue in 2015. As organizations have increasingly used technology to communicate with members and donors, the need for employees has fallen, and the cost of labor has decreased slightly from 29.0% of revenue in 2010. The industry remains very labor intensive due to the personal nature of a group's operations. However, labor costs are relatively low for the amount of services that this industry provides because most organizations have a small number of permanent staff and supplement the remainder of labor needs with volunteers. If volunteer

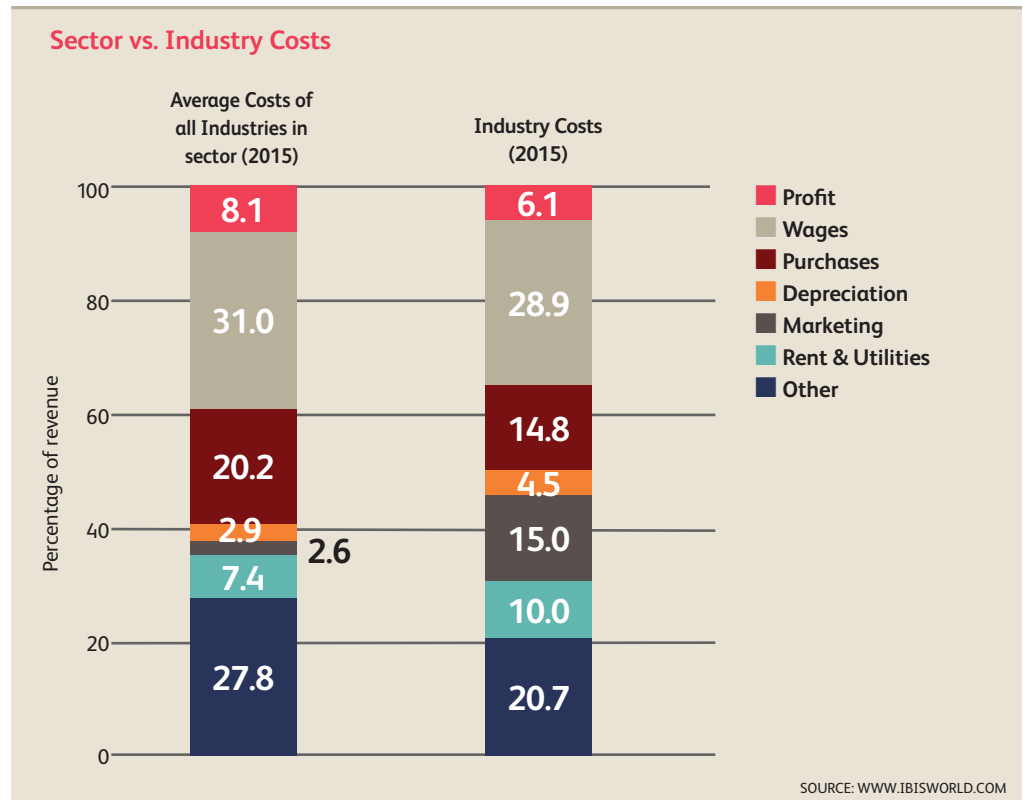
labor opportunity costs were counted in the industry, organizations would be much more labor intensive.

### Purchases

Purchases account for an estimated 14.8% of total revenue. Purchases vary significantly depending on an organization's specific activities and can include fuel, office equipment, educational booklets, food, drink and distribution materials. Purchases often include a range of organization-specific items required for carrying out operations.

### Depreciation

Depreciation accounts for 4.5% of revenue. These costs are largely office equipment, computer technology and recreational equipment used by industry groups. Larger organizations tend to display a higher level of depreciation than the industry average, as they are



# Competitive Landscape

## Cost Structure Benchmarks continued

more likely to fund capital-intensive projects such as the purchase and upkeep of vehicles and construction of social facilities and permanent camps. Depreciation has remained steady over the five years to 2015.

### Marketing

As the industry contains a large number of nonprofit firms, fundraising and marketing expenses tend to be high, accounting for an estimated 15.0% of industry revenue. Nonprofit firms spend marketing funds to generate heightened awareness of their organization and to host fundraisers to

help increase revenue. Marketing and fundraising expenses for the industry have remained steady in the five years to 2015.

### Rent and utilities and other costs

Other expenses account for 30.7% of industry revenue, and include the nonlabor and nonpurchase costs of running organization programs. Costs depend on the type of service the industry player is providing, but often include the costs of insurance (especially high for youth organizations), rent and utilities, transportation and staff and volunteer training programs.

## Basis of Competition

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

The Civic, Social and Youth Organizations industry has a medium level of competition. As there is a wide range of civic and social interest among US consumers and generally low barriers to entry into the industry, there are an estimated 42,906 industry enterprises competing with little market power. In order to retain existing and attract new members and volunteers, many organizations heavily invest in their marketing and outreach campaigns and create partnerships with public and private companies adapting to the interests and needs of the local demographics.

### Internal competition

Industry organizations primarily compete on the level of public interest, access to funding, membership services and advertising. Although most organizations operate on a nonprofit basis, there is still some competition based on price, such as membership fees, which represent about 20.3% of the industry revenue. Organizations that require high membership dues are less likely to attract a large number of members if there are similar organizations with

lower membership fees. However, in general, people join a civic or social organization for the company of others who share similar interests, so regular activities, rather than membership fees, are a more important basis of competition.

Organizations also compete based on the benefits offered for joining a group. Many organizations offer extra services in exchange for belonging to the club, such as financial discounts at third-party businesses or preferential services like lower-cost automobile insurance. In order to differentiate themselves and attract new members, organizations use technological advancements to develop interactive web sites and cost-effective advertising campaigns. Social media, as a means of advertising and recruiting new members, has become increasingly popular, particularly among young adults, who use social media on a regular basis. At the same time, social media poses a potential threat to the industry as an alternative way to spend leisure time.

Industry organizations often devote large amounts of resources toward marketing and fundraising in an attempt to compete for donations from

# Competitive Landscape

## Basis of Competition continued

business groups or the public sector. Organizations that receive government support must be seen as representative, nondiscriminatory, cost effective in service delivery and relevant to the aims and objectives of the funding body. Many organizations form partnerships with corporations and government agencies, which ensures a steady flow of additional revenue to the organizations and increase public awareness of organizations' mission and activities.

## External competition

There is a significant level of external competition in this industry. Competition comes from unorganized forms of entertainment and recreation, such as watching movies or attending sporting events. For instance, youth groups like the Boys and Girls Clubs of America and the Boy Scouts of America are finding it increasingly difficult to compete with the growing youth adoption of electronic media and entertainment.

## Barriers to Entry

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

The Civic, Social and Youth Organizations industry has low barriers to entry. Due to a low market share concentration and a large number of organizations that are engaged in promoting a wide range of civic and social interests, the industry remains highly fragmented.

The nonprofit nature of most industry organizations is a factor that keeps barriers to entering this industry particularly low. A large portion of industry organizations are local, nonemployer organizations that make minimal revenue and profit, and yet are still able to provide their members with the services they desire. The nonprofit status allows these organizations to survive as long as their annual revenue matches their expenses. The availability of volunteers and other cost-saving mechanisms make industry entry relatively easy when compared with industries that focus on making a profit. Additionally, because of the wide range of interests among American consumers, new industry organizations can enter the

Barriers to Entry checklist	Level
Competition	Medium
Concentration	Low
Life Cycle Stage	Decline
Capital Intensity	Medium
Technology Change	Medium
Regulation & Policy	Light
Industry Assistance	Medium

SOURCE: WWW.IBISWORLD.COM

market with little competition by catering to a specific untapped demographic.

One of the primary barriers to entry into the industry is the access to funding. Organizations that are not able to access public or private-sector donations or contributions must be funded through membership dues and may have difficulties growing. New organizations struggle to compete against established and recognized organizations for public and private funding. There may also be costs related to public liability insurance for groups that undertake certain activities.

# Competitive Landscape

## Industry Globalization

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

The Civic, Social and Youth Organizations industry has low levels of globalization. Some larger organizations have international links aimed at promoting understanding between countries, and these often provide

member exchange services. Other organizations fund or perform charitable work overseas. However, in general, industry organizations do not depend heavily on an international affiliate for revenue or membership.



# Major Companies

There are no Major Players in this industry | Other Companies

## Other Companies

There are an estimated 42,906 different civic, social and youth organizations throughout the United States. Most organizations are small and target specific demographics or local constituents. There are numerous larger, national organizations that have members across the country; however, no industry player controls more than 2.0% of the market.

### The Boy Scouts of America

Estimated market share: 1.6 %

The Boy Scouts of America (BSA) is one of the nation's largest youth organizations, with over 2.4 million members. Incorporated in 1910, the BSA offers educational and character-building programs that emphasize leadership, citizenship, personal development and physical fitness. The organization is nonprofit and is supported through annual registration fees paid by all members, private donations, corporate sponsorships, merchandise sales and revenue from special events. In 2015, the BSA is expected to generate \$280.6 million in revenue.

In the five years to 2015, membership fees and contributions have fallen, leading the organization's revenue to decrease by an average annual rate of 0.4%. Competition from other leisure activities has resulted in declining membership rates in recent years, hurting revenue growth; membership fell from 2.8 million in 2010 to 2.4 million in 2015, according to the latest data available. Additionally, public coverage on the BSA's controversial policy to deny membership and employment to homosexual adults may have contributed to the decline in membership numbers in recent years. Though that policy was reversed in January 2014, the surrounding controversy worked against the BSA's overall popularity. In an attempt to

combat declining revenue from loss of members, the BSA increased its membership fees in 2010, which resulted in increased revenue for that year. However, as disposable income remained low and membership fees remained high, the BSA experienced decreases in revenue in 2011 and 2012, though overall revenue has risen slightly in recent years.

### Boys and Girls Club of America

Estimated market share: 1.3 %

Boys and Girls Clubs of America (BGCA) is a national nonprofit organization of local chapters that provide after-school programs for young people. The organization was founded in 1860 in Hartford, CT, and now has over 4,100 local clubs across the country. The organization has over 50,000 professional staff and 235,000 program volunteers and reaches over 4.0 million children and teens annually. Because the BGCA is such a large, recognized youth organization, it receives significant funding from federal and state grants and attracts large private and corporate donations. In 2014, an estimated 80.0% of BGCA funding came from donations and government grants, while only 4.3% came from membership dues.

In the five years to 2015, revenue for the BGCA is expected to grow at an average annual rate of 3.8% to \$224.6 million. Because public grants account for 35.0% of the organization's revenue, total decreased in 2013 due to the government sequester, which cut federal funds across the board. However, in 2015, revenue for the BGCA is expected to increase as federal and state funding levels return to normal. The large size and positive public image of the BGCA have kept the organization's membership and funding levels high even as the overall industry struggles to retain members and funding.

# Major Companies

## Other Companies continued

### The Young Men's Christian Association

Estimated market share: 0.6 %

The Young Men's Christian Association, commonly known as the YMCA, was originally founded in the United Kingdom in 1844, and the first US chapter was opened in Boston in 1851. The organization is headquartered in Chicago and is, collectively, the largest nonprofit community service organization in the United States. The organization serves about 20.2 million people, nearly half of whom are younger than 18. YMCA facilities offer health and fitness services, substance abuse programs and youth sports leagues. The variety of services offered at a particular establishment is decided at the local level to meet the needs of community users. The YMCA has more than 500,000 volunteers working out of YMCA buildings, resident camps, rented quarters, parks and playgrounds.

In 2015, the YMCA is expected to generate \$107.8 million in revenue. Over the five years to 2015, revenue is expected to increase at an average annual rate of 5.5%, largely due to increased membership rates. Membership fees represent the largest source of revenue for the YMCA, accounting for an estimated 54.0% of total revenue, while contributed gifts and public support, including government grants and corporate sponsorships, accounted for 28.8% of revenue. YMCA revenue growth has been much stronger than overall industry performance in the past five years,

primarily because of the broad variety of services that the YMCA offers to its members. As smaller organizations struggle and close, local YMCAs gather new members seeking a broad range of services. Additionally, the geographic penetration achieved by YMCAs nationwide helps minimize revenue volatility.

### Rotary Club

Estimated market share: 0.5 %

The Rotary Club is a worldwide organization of business and professional leaders that promotes positive corporate behavior and provides humanitarian service around the world. The world's first service club, the Rotary Club of Chicago, was formed in 1905 by Paul P. Harris. The organization has over 1.2 million members belonging to more than 34,000 clubs in 200 countries and geographical areas. The organization focuses on humanitarian work, such as fighting polio in high-risk countries, providing clean drinking water to struggling communities and promoting education through the building of schools. The Rotary Club in the United States is expected to generate \$86.0 million in revenue in 2015. Most of the organization's revenue, 60.3%, comes from membership dues, while the remainder is generated through investments, fees received for services, corporate partnerships and member events. Since 2010, the Rotary Club has experienced slow growth.

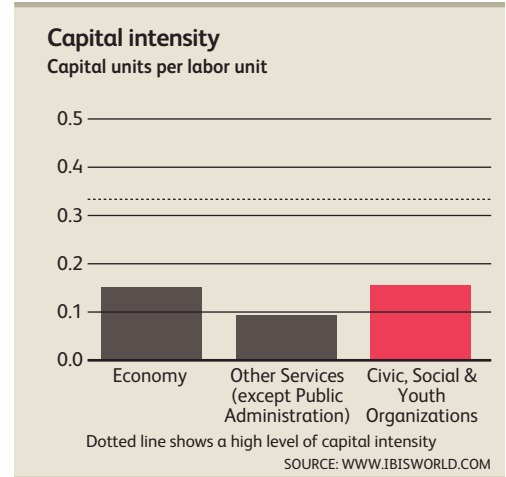
# Operating Conditions

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

## Capital Intensity

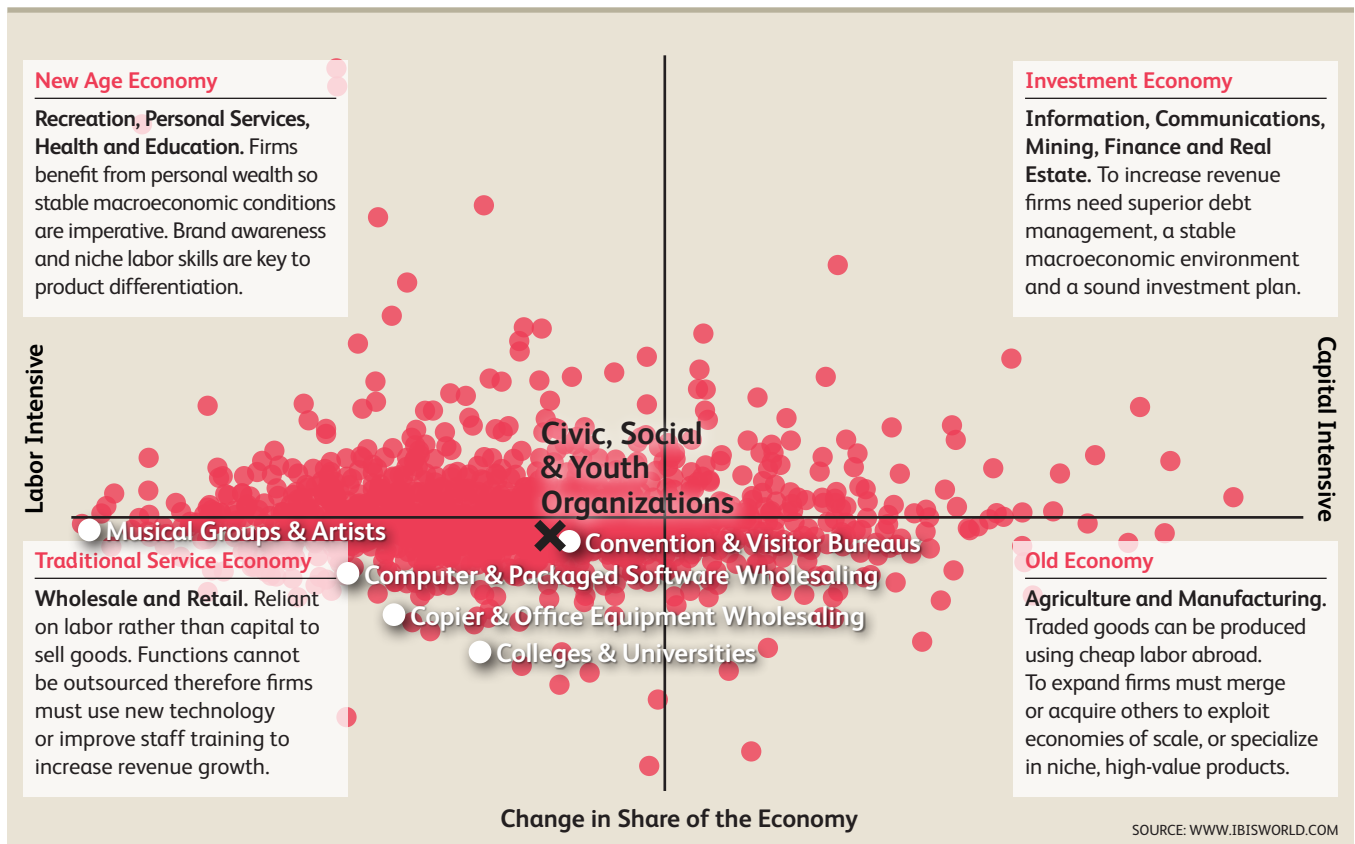
**Level**  
 The level of capital intensity is **Medium**

The Civic, Social and Youth Organizations industry has a medium level of capital intensity. In 2015, industry operators are expected to spend \$0.16 on capital improvements for every dollar spent on labor. The majority of capital expenditure is reserved for office equipment and organization-specific materials. As larger organizations often build social facilities or permanent camps, and have larger meeting facilities for their members, they generally have higher capital intensity levels than smaller organizations. Nonemployers and other small firms tend to have minimal capital expenditure because they often operate out of home offices and require only telephones and computer access to



operate. Capital intensity for the industry has remained fairly steady over the past five years.

## Tools of the Trade: Growth Strategies for Success



# Operating Conditions

## Technology & Systems

Level  
The level of Technology Change is **Medium**

The Civic, Social and Youth Organizations industry increasingly uses technology to reach potential donors and members and manage membership records, accounts and statements. Communication mediums, such as e-mail, interactive websites and social media, allow organizations to more easily communicate with potential donors and members while reducing their marketing and fundraising costs. Although some organizations, particularly small ones, struggle to keep up with the technological

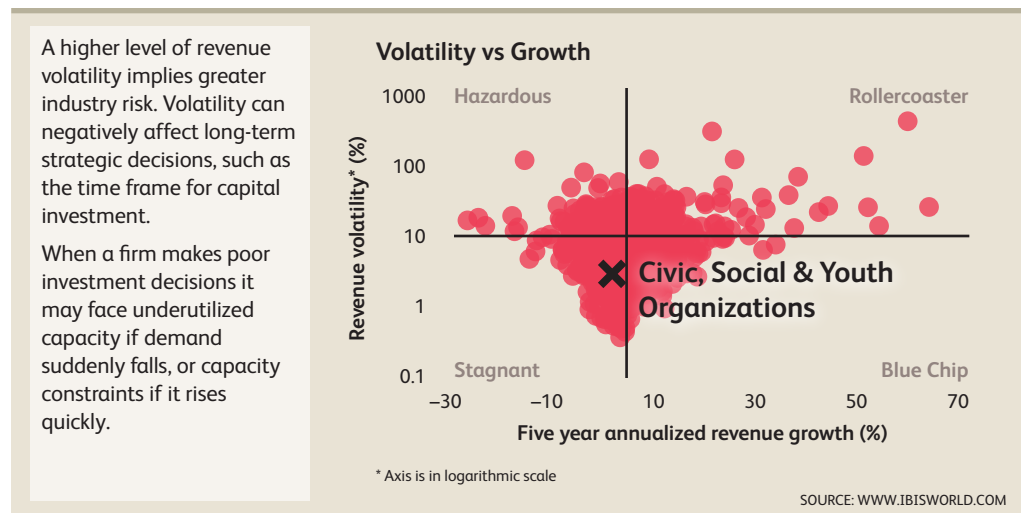
progress due to limited funds, many industry organizations have invested resources in developing their websites to make them more user friendly and easier to navigate. Many organizations have Facebook and Twitter accounts, which usually have a link to their websites, to keep their members and volunteers up to date with the organizations' news and activities. Additionally, most large civic and social organizations allow registration, bookings and payments to be made on their websites.

## Revenue Volatility

Level  
The level of Volatility is **Low**

This industry is subject to low revenue volatility. As industry organizations cover an extensive range of interests and activities, the effect of short-term changes in societal interests or concerns have only small effects on the industry. While there may be volatility on an organizational level, industry-wide revenue volatility is generally kept low; during the five years to 2015, the average yearly revenue change was 2.5%. The industry's peak decline in the

past five years was in 2011, when decreased federal funding for social services caused industry revenue to shrink 2.0%. As membership fees tend to be low and corporate and private donations are often ideologically driven, short-term fluctuations in industry organizations are kept small. On the other hand, drastic changes in corporate profit, disposable income and government funding can increase revenue volatility.



# Operating Conditions

## Regulation & Policy

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

The Civic, Social and Youth Organizations industry is subject to limited government regulation. The primary regulation for the industry relates to taxation laws for nonprofit organizations. Once organizations receive tax-exempt status from the federal government, they need to file separately for state and local exemptions. Most states and many localities require organizations to register with the Charities Registration

Bureau of the state or locality where they conduct fundraising activities. Organizations that are exempt under Section 501(c) may qualify for exemption from state sales tax and property taxes. The level of regulation for large nationwide groups that deal with minors is higher than other industry operators, as there are legal precautions put in place to protect children from potentially dangerous activities and adult employees.

## Industry Assistance

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

The industry receives significant financial assistance in the form of government grants, which account for an estimated 4.8% of the industry revenue. Through a variety of different programs, federal, state and local governments provide funding for industry organizations that work to promote positive social impact. Also, many civic and social organizations meet the specified requirements to qualify as Section 501(c) organization and are exempt from paying taxes.

Attaining tax exemption means that any donations made to these organizations are tax deductible to the donor. This helps increase the level of contributions both from corporations and private donors. Additionally, nonprofit organizations also may qualify for a nonprofit bulk-mailing permit, which allows them to prepare large quantities of mail at reduced postage. This option can dramatically reduce the cost for bulk-mailings.

# Key Statistics

## Industry Data

	Revenue (\$m)	Industry Value Added (\$m)	Establishments	Enterprises	Employment	Exports	Imports	Wages (\$m)	Domestic Demand	Leisure time (hours per day per capita)
2006	18,169.8	8,352.1	49,933	47,780	347,637	--	--	6,280.7	N/A	5.1
2007	18,115.2	8,507.2	49,932	47,566	350,334	--	--	6,351.5	N/A	5.1
2008	17,492.3	6,890.2	48,279	46,432	282,073	--	--	5,246.0	N/A	5.2
2009	16,904.6	6,418.9	47,392	45,555	266,061	--	--	5,032.7	N/A	5.3
2010	17,006.8	6,590.6	46,768	44,964	258,959	--	--	4,924.0	N/A	5.2
2011	16,667.3	6,642.4	45,740	43,913	254,559	--	--	4,909.0	N/A	5.2
2012	16,909.8	6,921.0	44,974	43,178	250,525	--	--	5,128.5	N/A	5.4
2013	17,572.2	7,052.8	45,083	43,276	251,827	--	--	5,190.2	N/A	5.3
2014	17,667.4	7,033.2	44,694	42,868	250,219	--	--	5,169.3	N/A	5.3
<b>2015</b>	<b>17,896.1</b>	<b>7,066.4</b>	<b>44,752</b>	<b>42,906</b>	<b>249,965</b>	--	--	<b>5,178.4</b>	<b>N/A</b>	<b>5.3</b>
2016	17,992.5	7,061.8	44,401	42,536	249,822	--	--	5,181.6	N/A	5.3
2017	18,197.0	7,110.9	44,267	42,425	249,322	--	--	5,185.1	N/A	5.2
2018	18,411.2	7,134.0	44,062	42,185	249,351	--	--	5,197.8	N/A	5.2
2019	18,652.7	7,176.7	44,229	42,332	249,195	--	--	5,208.8	N/A	5.3
2020	18,857.9	7,182.1	44,155	42,210	247,730	--	--	5,195.8	N/A	5.3
Sector Rank	17/70	15/70	20/70	19/70	12/70	N/A	N/A	16/70	N/A	N/A
Economy Rank	464/1342	380/1342	179/1342	157/1342	173/1342	N/A	N/A	320/1342	N/A	N/A

## Annual Change

	Revenue (%)	Industry Value Added (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	Leisure time (%)
2007	-0.3	1.9	0.0	-0.4	0.8	N/A	N/A	1.1	N/A	0.4
2008	-3.4	-19.0	-3.3	-2.4	-19.5	N/A	N/A	-17.4	N/A	1.4
2009	-3.4	-6.8	-1.8	-1.9	-5.7	N/A	N/A	-4.1	N/A	1.4
2010	0.6	2.7	-1.3	-1.3	-2.7	N/A	N/A	-2.2	N/A	-1.3
2011	-2.0	0.8	-2.2	-2.3	-1.7	N/A	N/A	-0.3	N/A	0.6
2012	1.5	4.2	-1.7	-1.7	-1.6	N/A	N/A	4.5	N/A	3.1
2013	3.9	1.9	0.2	0.2	0.5	N/A	N/A	1.2	N/A	-2.0
2014	0.5	-0.3	-0.9	-0.9	-0.6	N/A	N/A	-0.4	N/A	0.4
<b>2015</b>	<b>1.3</b>	<b>0.5</b>	<b>0.1</b>	<b>0.1</b>	<b>-0.1</b>	<b>N/A</b>	<b>N/A</b>	<b>0.2</b>	<b>N/A</b>	<b>-0.4</b>
2016	0.5	-0.1	-0.8	-0.9	-0.1	N/A	N/A	0.1	N/A	-0.2
2017	1.1	0.7	-0.3	-0.3	-0.2	N/A	N/A	0.1	N/A	-0.4
2018	1.2	0.3	-0.5	-0.6	0.0	N/A	N/A	0.2	N/A	0.2
2019	1.3	0.6	0.4	0.3	-0.1	N/A	N/A	0.2	N/A	0.4
2020	1.1	0.1	-0.2	-0.3	-0.6	N/A	N/A	-0.2	N/A	0.4
Sector Rank	46/70	50/70	55/70	54/70	55/70	N/A	N/A	50/70	N/A	N/A
Economy Rank	1012/1342	1038/1342	922/1342	856/1342	1058/1342	N/A	N/A	1059/1342	N/A	N/A

## Key Ratios

	IVA/Revenue (%)	Imports/Demand (%)	Exports/Revenue (%)	Revenue per Employee (\$'000)	Wages/Revenue (%)	Employees per Est.	Average Wage (\$)	Share of the Economy (%)
2006	45.97	N/A	N/A	52.27	34.57	6.96	18,066.83	0.06
2007	46.96	N/A	N/A	51.71	35.06	7.02	18,129.84	0.06
2008	39.39	N/A	N/A	62.01	29.99	5.84	18,598.02	0.05
2009	37.97	N/A	N/A	63.54	29.77	5.61	18,915.59	0.04
2010	38.75	N/A	N/A	65.67	28.95	5.54	19,014.59	0.04
2011	39.85	N/A	N/A	65.48	29.45	5.57	19,284.33	0.04
2012	40.93	N/A	N/A	67.50	30.33	5.57	20,471.01	0.05
2013	40.14	N/A	N/A	69.78	29.54	5.59	20,610.18	0.04
2014	39.81	N/A	N/A	70.61	29.26	5.60	20,659.10	0.04
<b>2015</b>	<b>39.49</b>	<b>N/A</b>	<b>N/A</b>	<b>71.59</b>	<b>28.94</b>	<b>5.59</b>	<b>20,716.50</b>	<b>0.04</b>
2016	39.25	N/A	N/A	72.02	28.80	5.63	20,741.17	0.04
2017	39.08	N/A	N/A	72.99	28.49	5.63	20,796.80	0.04
2018	38.75	N/A	N/A	73.84	28.23	5.66	20,845.31	0.04
2019	38.48	N/A	N/A	74.85	27.93	5.63	20,902.51	0.04
2020	38.09	N/A	N/A	76.12	27.55	5.61	20,973.64	0.04
Sector Rank	41/70	N/A	N/A	39/70	41/70	25/70	43/70	15/70
Economy Rank	485/1342	N/A	N/A	1189/1342	382/1342	955/1342	1183/1342	380/1342

Figures are inflation-adjusted 2015 dollars. Rank refers to 2015 data.

SOURCE: WWW.IBISWORLD.COM

# Jargon & Glossary

## Industry Jargon

**501(C) ORGANIZATION** A tax-exempt, nonprofit corporation or association.

**FRATERNITY AND SORORITY** Social organizations for undergraduate students in college.

**SPECIAL INTEREST GROUP** A community with an interest in advancing a specific area of knowledge, learning or technology.

## IBISWorld Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**VOLATILITY** The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than  $\pm 20\%$ ; 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 cost of benefits is also included in this figure.

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

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

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

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

#### IBISWorld Membership

IBISWorld offers tailored membership packages to meet your needs.

#### Disclaimer

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