

2014 MRO Market Analysis

*Total estimated end-market consumption of MRO products
for U.S., Canada & Mexico*

Produced by Modern Distribution Management in partnership with:



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This analysis of the U.S., Canadian and Mexican markets for MRO product consumption is being made available exclusively to MDM Premium subscribers as a bonus in partnership with MDM's sister company, Industrial Market Information. Read more about IMI and its capabilities below.



IMI is the leading market analytics firm for industrial and construction products in North America. Since 1987, IMI has helped clients reach their full market potential with data services, dashboards and sales force management tools to target high-potential customers and markets.

IMI is an essential resource for clients seeking to:

- identify market penetration & untapped potential;
- target the highest potential geographic regions, customer segments & product categories;
- assess individual customer & prospect potential;
- more effectively deploy resources; and
- improve sales growth, margins and return on capital.

IMI's capabilities are built on a team of seasoned professionals and a unique database delivering reliable market size and segmentation services for more than 200 MRO/OEM products.



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2014 MRO MARKET ANALYSIS



ABOUT THIS REPORT

According to the MDM-Industrial Market Information annual analysis of MRO markets, the U.S. market size for 122 MRO product groups in 2014 is estimated at \$469 billion. In Canada, the market size for MRO products is estimated to be \$55 billion, and in Mexico, the MRO market is estimated at \$58 billion. This is a broad calculation that includes product categories that fall outside the typical spectrum of what most industrial distributors sell. The total list of products included in this analysis appears on page 13 of this report.

On page 5, this report breaks down the total U.S. market figure into four macro categories to provide more perspective:

- Industrial MRO
- Electrical MRO
- Construction/Facility MRO
- Other

Editor's Note: Due to slight variations in product groups included, as well as updates to the U.S. government database, data previously published by MDM on the size of the MRO market are not directly comparable to the data in this report.

The data in this MRO Market Analysis uses Industrial Market Information's proprietary predictive modeling, which starts with a public aggregate market size estimate by product category for a given geography. IMI then uses a combination of public and private databases to allocate estimated demand to deeper geographic levels and to specific customer segments, as defined at the six-digit North American Industry Classification System (NAICS). This approach provides a total market size estimate without regard to market channels.

All estimates in this report are in U.S. dollars and represent the end-user market demand that includes an estimated average distributor margin by product category in the calculations.

Industrial Market Information is the sister company of Modern Distribution Management. Both are owned by Gale Media Inc.

U.S. MARKET

ESTIMATED CONSUMPTION OF MRO PRODUCTS BY PRODUCT CATEGORY

The following data provide an overview of MRO product categories and their share in dollars of the total MRO market in the U.S.

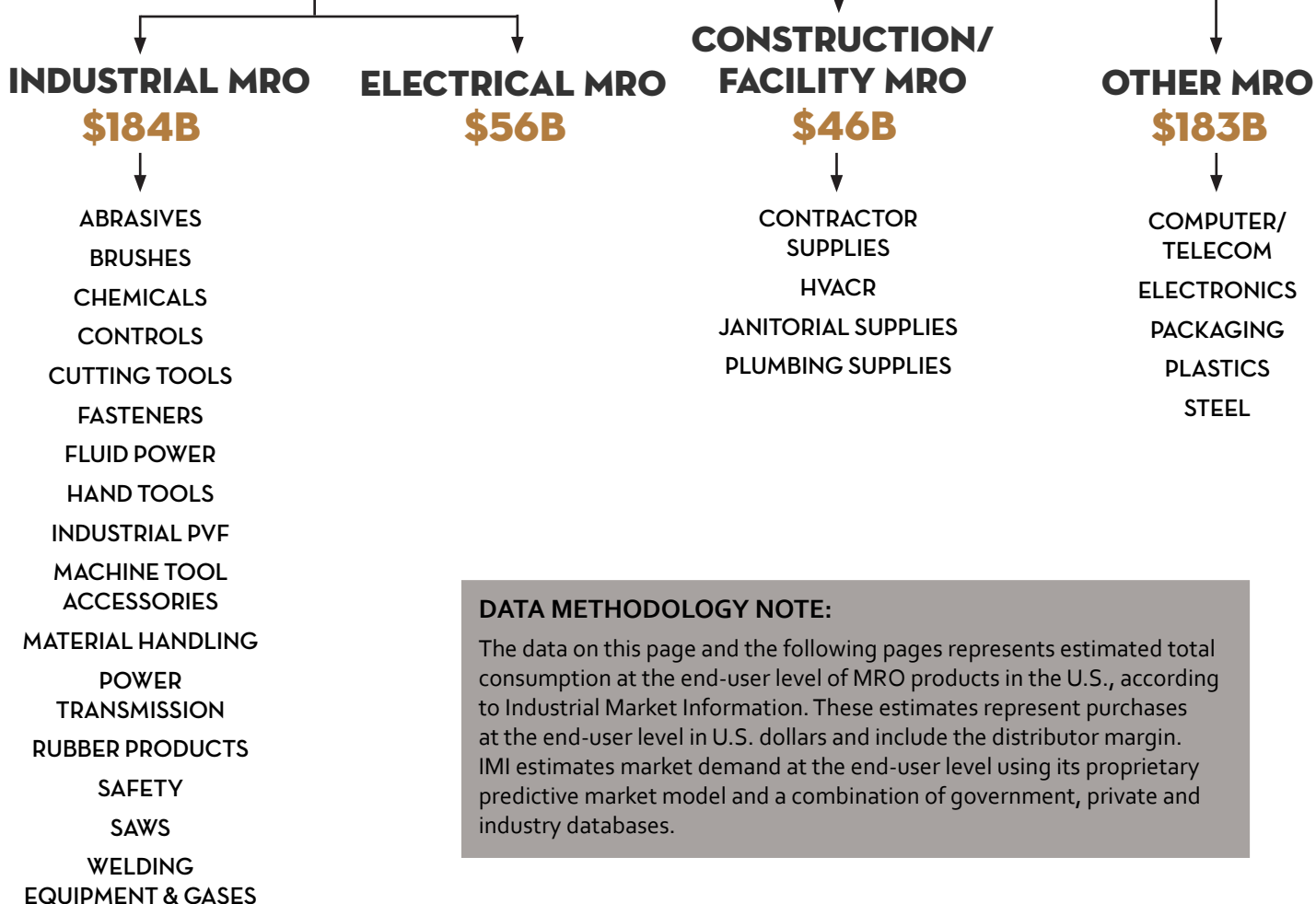
TOTAL ESTIMATED MRO PRODUCT CONSUMPTION IN U.S.:

\$469 BILLION

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**CORE INDUSTRIAL
DISTRIBUTION PRODUCTS*:
\$240 BILLION**

**OTHER:
\$229 BILLION**



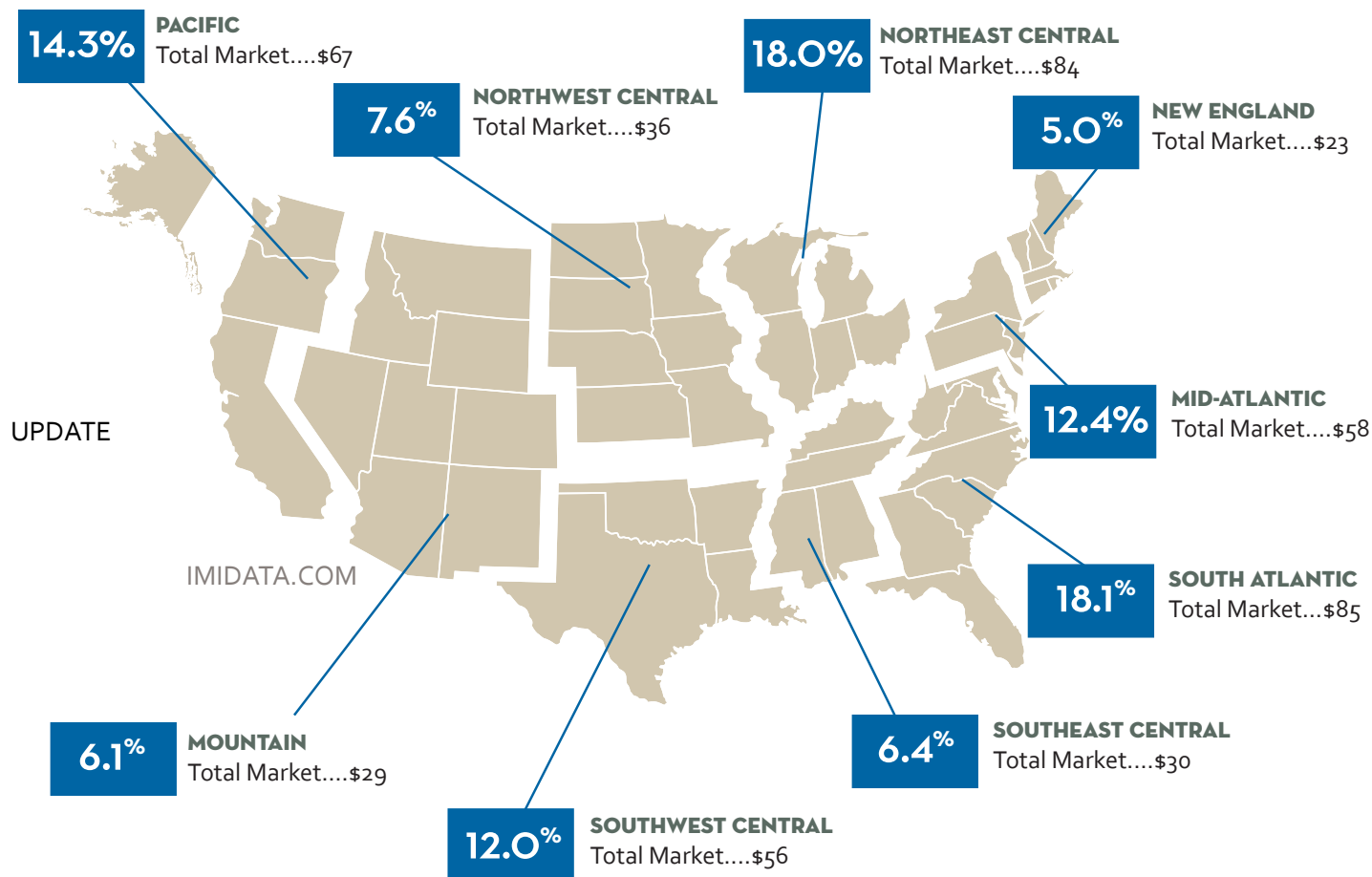
DATA METHODOLOGY NOTE:

The data on this page and the following pages represents estimated total consumption at the end-user level of MRO products in the U.S., according to Industrial Market Information. These estimates represent purchases at the end-user level in U.S. dollars and include the distributor margin. IMI estimates market demand at the end-user level using its proprietary predictive market model and a combination of government, private and industry databases.

ESTIMATED CONSUMPTION OF MRO PRODUCTS BY REGION

The following data represent estimated consumption at the end-user level of MRO products in the U.S. based on the total market size of \$469 billion, according to Industrial Market Information. These estimates are represent purchases at the end-user level in U.S. dollars and include the distributor margin. IMI estimates market demand at the end-user level using its proprietary predictive market model and a combination of government, private and industry databases.

(\$billions)



STATES INCLUDED IN EACH OF THE NINE U.S. REGIONS, ACCORDING TO THE U.S. CENSUS BUREAU:

NORTHEAST CENTRAL: Illinois, Indiana, Michigan, Ohio, Wisconsin

SOUTH ATLANTIC: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia

SOUTHWEST CENTRAL: Arkansas, Louisiana, Oklahoma, Texas

PACIFIC: Alaska, California, Hawaii, Oregon, Washington

MID-ATLANTIC: New Jersey, New York, Pennsylvania

NORTHWEST CENTRAL: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

SOUTHEAST CENTRAL: Alabama, Kentucky, Mississippi, Tennessee

MOUNTAIN: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming

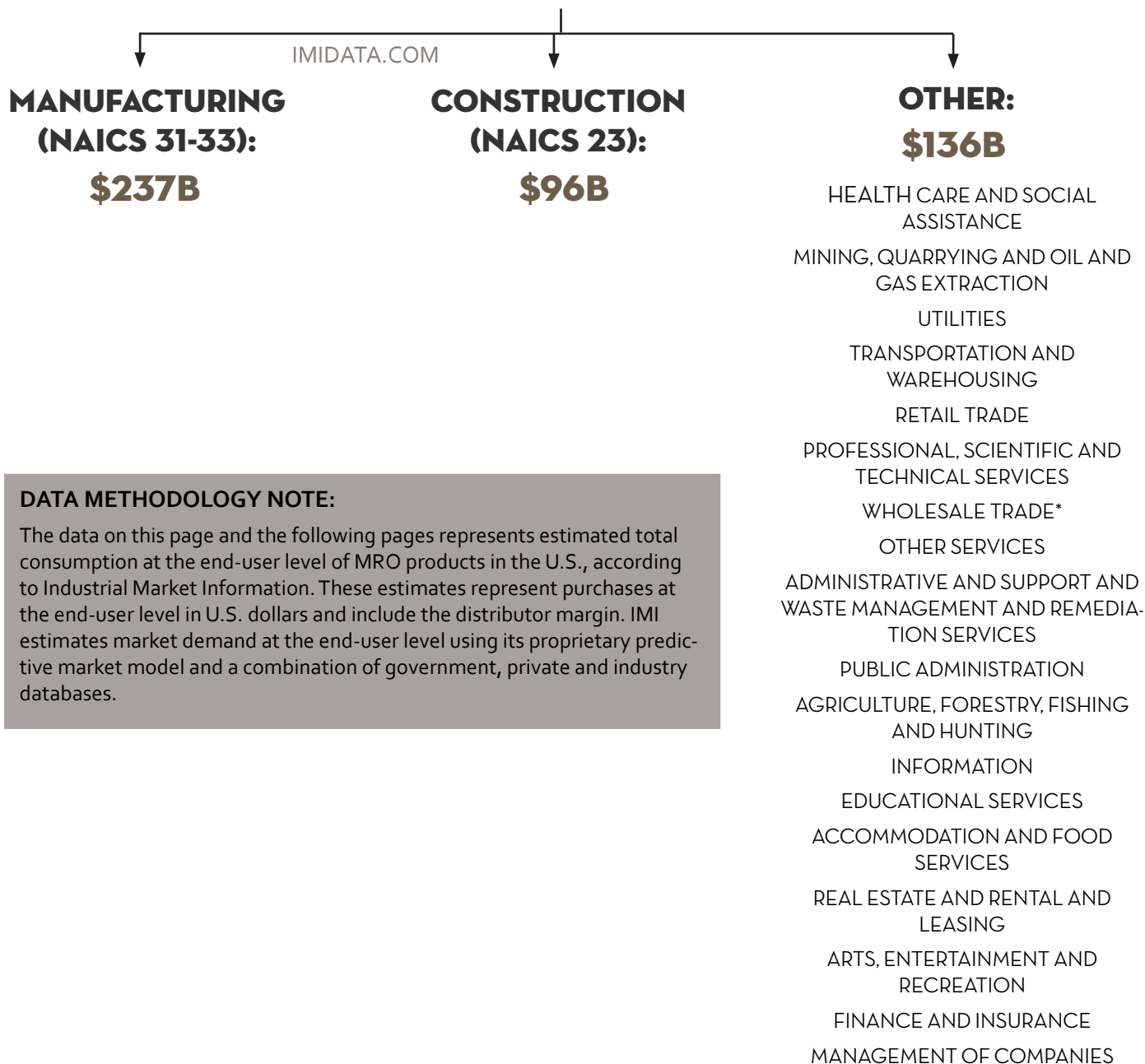
NEW ENGLAND: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

ESTIMATED CONSUMPTION OF MRO PRODUCTS BY END-MARKET

The following data provide a closer look at MRO consumption by end-market based on 2-digit NAICS.

TOTAL ESTIMATED INDUSTRIAL MRO PRODUCT END-MARKET CONSUMPTION

\$469 BILLION



DATA METHODOLOGY NOTE:

The data on this page and the following pages represents estimated total consumption at the end-user level of MRO products in the U.S., according to Industrial Market Information. These estimates represent purchases at the end-user level in U.S. dollars and include the distributor margin. IMI estimates market demand at the end-user level using its proprietary predictive market model and a combination of government, private and industry databases.

* Wholesale Trade in this instance illustrates the end-market consuming these products and not reselling them.

TOP 10 MANUFACTURING END-MARKETS CONSUMING MRO PRODUCTS

The following data represent consumption at the 6-digit NAICS end-user level for the top 10 manufacturing (NAICS 31-33) industries consuming MRO products in the U.S., according to Industrial Market Information estimates. These estimates represent purchases at the end-user level and include the distributor margin. IMI estimates market demand at the end-user level using its proprietary predictive market model and a combination of government, private and industry databases.

NAICS	End-Market	Est. Demand (US\$billions)
322121	Paper (except Newsprint) Mills	\$10
325412	Pharmaceutical Preparation Manufacturing	\$8
312111	Soft Drink Manufacturing	\$8
311421	Fruit and Vegetable Canning	\$6
322130	Paperboard Mills	\$6
326199	All Other Plastics Product Manufacturing	\$4
312120	Breweries	\$4
311511	Fluid Milk Manufacturing	\$4
324110	Petroleum Refineries	\$4
325180	Other Basic Inorganic Chemical Manufacturing	\$4

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TOP 10 CONSTRUCTION END-MARKETS CONSUMING MRO PRODUCTS

The following data represent consumption at the 6-digit NAICS end-user level for the top 10 construction (NAICS 23) industries consuming MRO products in the U.S., according to Industrial Market Information estimates. These estimates represent purchases at the end-user level and include the distributor margin. IMI estimates market demand at the end-user level using its proprietary predictive market model and a combination of government, private and industry databases.

NAICS	End-Market	Est. Demand (US\$billions)
238210	Electrical Contractors and Other Wiring Installation Contractors	\$29
238220	Plumbing, Heating and Air-Conditioning Contractors	\$17
236220	Commercial and Institutional Building Construction	\$12
236115	New Single-Family Housing Construction (except For-Sale Builders)	\$5
237310	Highway, Street and Bridge Construction	\$5
237110	Water and Sewer Line and Related Structures Construction	\$3
238110	Poured Concrete Foundation and Structure Contractors	\$3
236210	Industrial Building Construction	\$2
237990	Other Heavy and Civil Engineering Construction	\$2
236116	New Multifamily Housing Construction (except For-Sale Builders)	\$2

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TOP 5 OTHER END-MARKETS CONSUMING MRO PRODUCTS

The following data represent consumption at the 6-digit NAICS end-user level for the top 5 other (as outlined on page 5 of this report) industries consuming MRO products in the U.S., according to Industrial Market Information estimates. These estimates represent purchases at the end-user level and include the distributor margin. IMI estimates market demand at the end-user level using its proprietary predictive market model and a combination of government, private and industry databases.

NAICS	End-Market	Est. Demand (US\$billions)
622110	General Medical and Surgical Hospitals	\$12
445110	Supermarkets and Other Grocery (except Convenience) Stores	\$5
611110	Elementary and Secondary Schools	\$4
221118	Other Electric Power Generation	\$4
928110	National Security	\$3

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View the end-markets that fall under "Other" on page 5.

CANADIAN & MEXICAN MARKETS

CANADA: ESTIMATED CONSUMPTION OF MRO PRODUCTS BY PROVINCE

The estimates on this page represent the market size for the 13 Canadian provinces and territories. Dollars shown are in U.S. dollars, not Canadian dollars.



**TOTAL ESTIMATED
DEMAND IN CANADA:
\$55 BILLION**

Province	Est. Demand (US\$millions)
Ontario	\$21,770
Quebec	\$13,064
Alberta	\$6,661
British Columbia	\$6,608
Manitoba	\$1,767
Saskatchewan	\$1,586
New Brunswick	\$1,237
Nova Scotia	\$1,158
Newfoundland and Labrador	\$690
Prince Edward Island	\$245
Northwest Territory	\$42
Yukon	\$38
Nunavut Territory	\$12

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CANADA: TOP 10 END-MARKETS CONSUMING MRO PRODUCTS

The following data represent consumption at the 6-digit NAICS end-user level for the top 10 industries consuming MRO products in Canada, according to Industrial Market Information estimates. These estimates represent purchases at the end-user level and include the distributor margin. IMI estimates market demand at the end-user level using its proprietary predictive market model and a combination of government, private and industry databases. The IMI model uses U.S. Census Bureau NAICS categories applied to the Canadian market.

NAICS	End-Market	Est. Demand (US\$millions)
238210	Electrical Contractors and Other Wiring Installation Contractors	\$2,950
238220	Plumbing, Heating and Air-Conditioning Contractors	\$1,556
325412	Pharmaceutical Preparation Manufacturing	\$1,382
322110	Pulp Mills	\$1,253
312120	Breweries	\$1,199
322121	Paper (except Newsprint) Mills	\$1,043
236220	Commercial and Institutional Building Construction	\$1,032
622110	General Medical and Surgical Hospitals	\$1,013
311611	Animal (except Poultry) Slaughtering	\$826
322122	Newsprint Mills	\$815

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MEXICO: TOP 10 END-MARKETS CONSUMING MRO PRODUCTS

The following data represent consumption at the 6-digit NAICS end-user level for the top 10 industries consuming MRO products in Mexico, according to Industrial Market Information estimates. These estimates represent purchases at the end-user level and include the distributor margin. IMI estimates market demand at the end-user level using its proprietary predictive market model and a combination of government, private and industry databases. The IMI model uses U.S. Census Bureau NAICS categories applied to the Mexican market.

TOTAL ESTIMATED DEMAND IN MEXICO: \$58 BILLION

NAICS	End-Market	Est. Demand (US\$millions)
312111	Soft Drink Manufacturing	\$3,962
236220	Commercial and Institutional Building Construction	\$2,445
311421	Fruit and Vegetable Canning	\$1,848
336390	Other Motor Vehicle Parts Manufacturing	\$1,578
325180	Other Basic Inorganic Chemical Manufacturing	\$1,439
312120	Breweries	\$1,376
311314	Cane Sugar Manufacturing	\$1,331
325412	Pharmaceutical Preparation Manufacturing	\$1,316
322121	Paper (except Newsprint) Mills	\$1,266
326199	All Other Plastics Product Manufacturing	\$1,256

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MRO PRODUCT PROFILE

PRODUCTS INCLUDED IN THIS ANALYSIS

How big is the market for MRO products? The answer depends on what you include in the market basket. Industrial Market Information, MDM's sister company, provided data for this report based on 123 MRO products.

Construction/Facility

Contractor Supplies

HVACR

- HVACR Maintenance/MRO
- Refrigeration Comm/Ind Maint

Janitorial Supplies

Plumbing Products

- Plumbing Maintenance/MRO

Core Industrial Markets

Abrasives

- Abrasives Grain-Grit-Shot
- Abrasives Coated
- Abrasives Super
- Abrasives Bonded

Brushes

- Brushes General Maintenance
- Brushes Industrial
- Brushes Painting/Prep

Chemicals

- Adhesives MRO
- Packaging-Adhesives
- Paint Maintenance MRO
- Paint Spray Equipment MRO
- Petro Refined Lubricants
- Petro Hydraulic Oils
- Petro Industrial Oil & Grease
- Petro Metal Cutting
- Petro Metal Forming
- Petro Surface Coatings
- Sealants MRO

Controls

- Controls Process Instruments MRO

Cutting Tools

- Tools Cutting-Carbide
- Tools Cutting-High Speed Steel

Electrical

- Circuit Protection Devices MRO
- Generator Set-Power Supply MRO

Light Bulbs MRO

Light Bulbs Transprt MRO

Light-Fxtr Transprt MRO

Light Fixtures MRO

Switchgear Equipment MRO

Test Instruments Prtbl/Bench

Transformers Power MRO

Wire DataComm MRO

Wire & Cable MRO

Wire Small Diameter MRO

Wiring Devices Current MRO

Wiring Devices Non-Current MRO

Fasteners

Fasteners Non-Threaded MRO

Fasteners Threaded MRO

Fluid Power

Hydraulic Pumps-Motors MRO

Hydraulic Cylinders MRO

Hydraulic Valves-Filters-Misc MRO

Pneumatic Cylinders MRO

Pneumatic Valves-FRLs MRO

Pumps Industrial MRO

Hand Tools

Tools Files

Tools General Hand

Tools Hand-Precision Measurement

Industrial Pipes, Valves, Fittings

PVF Metal MRO

Machine Tool Accessories

Material Handling

Conveyors-Conveying Equipment

Casters Industrial MRO

Shelving Racks-Lockers-Benches

Wire Rope and Slings

Power Tools

Compressors Industrial All

Tools Power-Air

Tools Power-Electric

Power Transmission

- Bearings Ball MRO
- Bearings Mounted MRO
- Bearings Roller MRO
- Chain Link MRO
- Chain Roller MRO
- Clutches & Brakes MRO
- Controls Gen-Indst Eqpt MRO
- Controls Gen-Indst PLCs MRO
- Controls Specialty Indst MRO
- Controls Motor & Drive MRO
- Controls Variable Speed Drives MRO
- Couplings Flexible MRO
- Gauges Industrial Instrument MRO
- Gear Drives & Speed Reducers MRO
- Linear Accessories MRO
- Linear Actuators & Positioners MRO
- Motors Fractional HP MRO
- Motors Integral HP MRO
- Sprockets MRO

Rubber Products

- Belting Conveyor Flat MRO
- Gaskets & Packings MRO
- Hose Hydraulic MRO
- Hose Industrial MRO
- O-Rings MRO
- Pneumatic Tube & Ftgs
- Seals Mechanical-Automotive MRO
- Seals Mechanical-Industrial MRO
- Sheaves MRO
- Belts Transmission MRO

Safety

- Safety PPE
- Safety Test-Eqpt and Respirators

Saws

- Saw Blades

Welding Equipment & Gases

- Gases Industrial Non-Welding
- Gases Industrial Welding
- Welding Eqp Cstn&Maint MRO

Other MRO

Computer/Telecom

- Computers Business MRO
- Computers Processing MRO
- DataComm Equipment MRO

Electronics

- Components Modules MRO
- Tools Assembly-Electrical/Electronic

Packaging

- Packaging-Bags Industrial
- Packaging-Bottles Cans&Drums All
- Packaging-Containers Plastic
- Packaging-Containers Paper
- Packaging-Containers Paper Specialty
- Tape

Plastics

- Plastic Flex-Film&Sht MRO
- Packaging-Plastic Film&Sht
- Plastic Flex-Tube MRO
- PVF Plastic Maintenance/MRO
- Plastic Rigid-Sht&Plate MRO
- Plastic Rigid-Sht&Plate Pkg
- Plastic Shapes-Tube_Rod_Bar MRO
- Plastic Shapes-Tube_Rod_Bar Pkg

Steel

- Steel Alloy MRO
- Steel Carbon Bars MRO
- Steel Carbon Pipe MRO
- Steel Carbon Plate MRO
- Steel Carbon Sheet MRO
- Steel Carbon Tube MRO
- Steel Carbon-Strctl MRO
- Steel Stainless MRO

IMI offers data on more than 200 MRO/OEM product profiles. For a full list, visit imidata.com.

