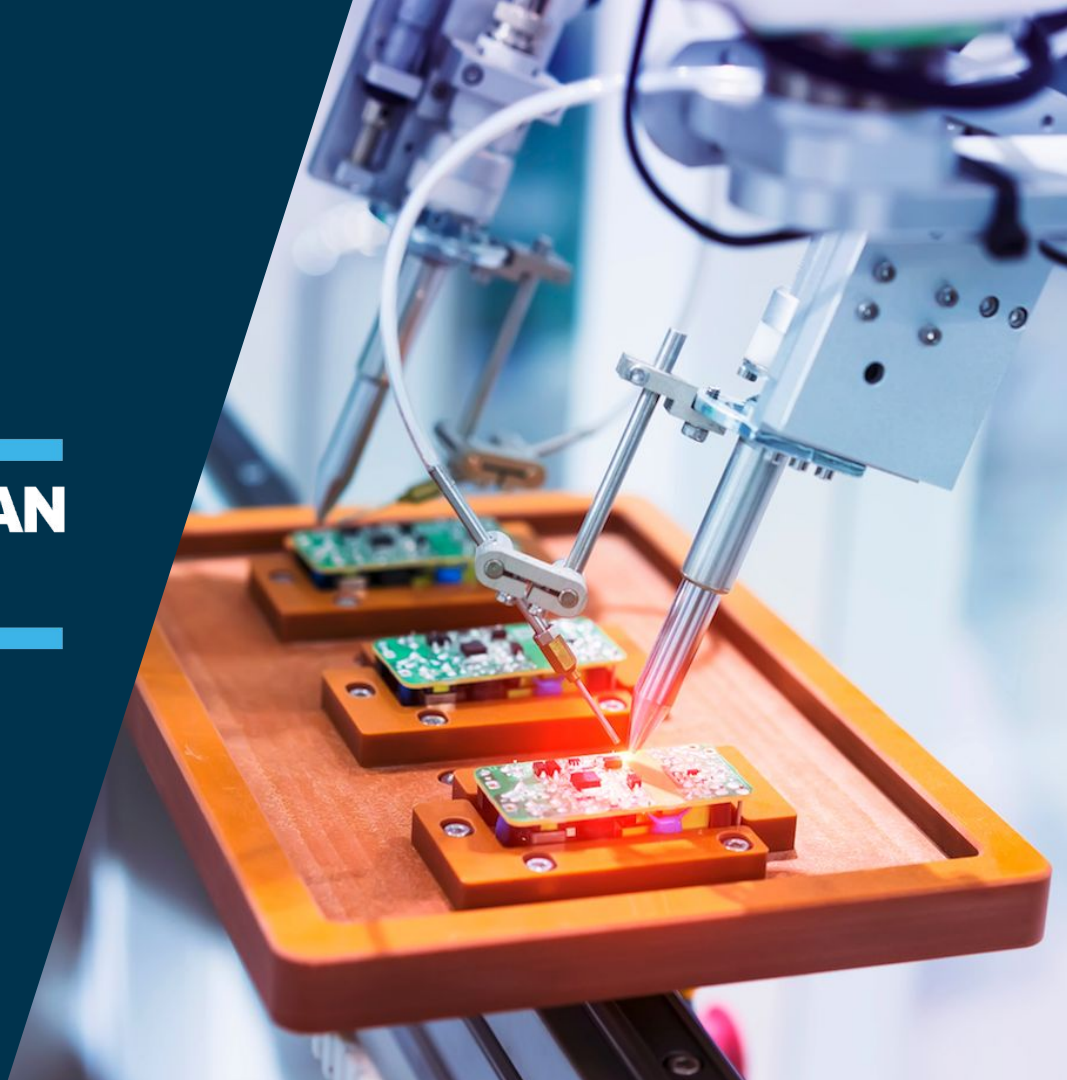




Thomasnet.com®


STATE OF NORTH AMERICAN MANUFACTURING

2021 Annual Report





Key Insights



Thomas' State of North American Manufacturing 2021 Annual Report unveils groundbreaking qualitative and quantitative production and sourcing trends from two key sources: the Thomas Industrial Survey Panel and anonymized and aggregated data from Thomasnet.com[®]'s 1.6 million monthly industrial buyers.

Our research shows:

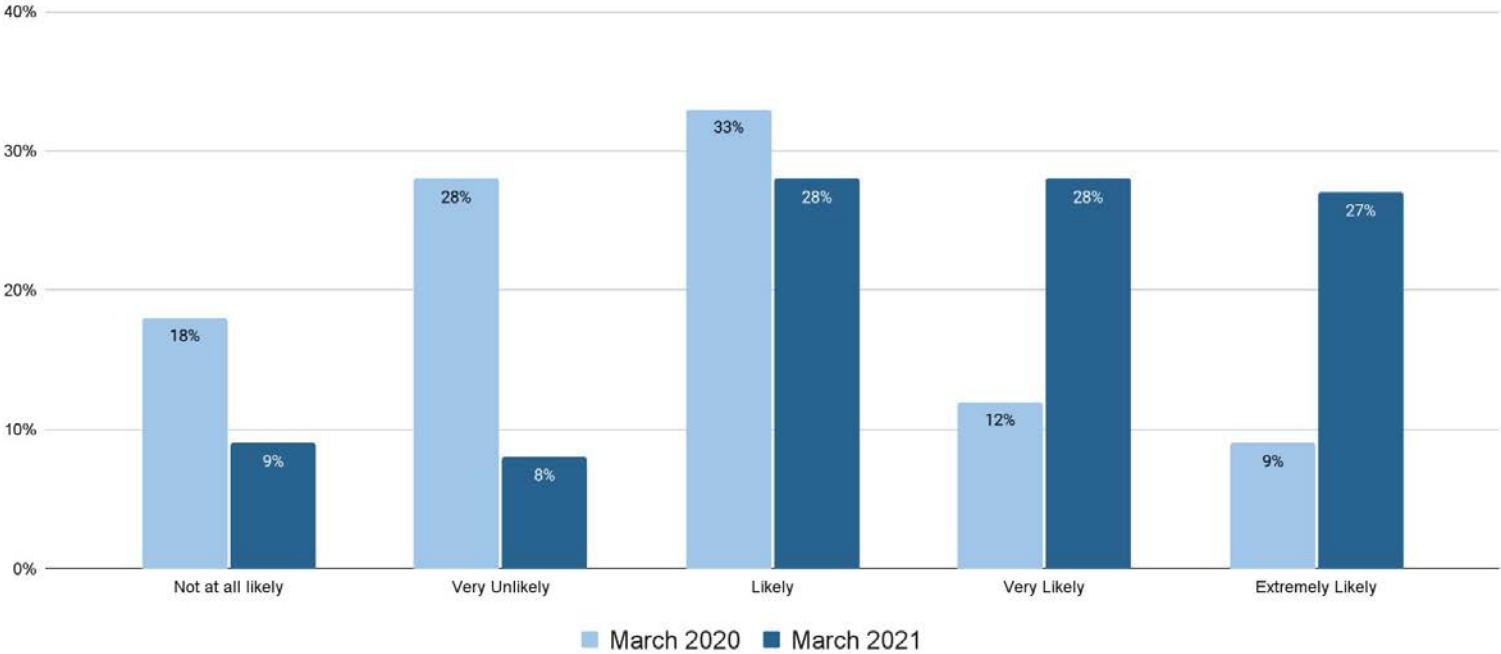
1. **Significant Increase in Reshoring Interest:** 83% of manufacturers indicate they are 'likely' to 'extremely likely' to reshore (up from 54% in March 2020).
2. **Economic Impact of Reshoring:** If four in five U.S. manufacturers bring on one new domestic single-contract supplier, it will inject \$443 billion into the U.S. economy.
3. **Industrial Buyers' Priorities and Preferences:** 40% of respondents reported price as the most significant barrier to reshoring. Total Cost of Ownership is the most significant motivator for reshoring.
4. **Sharp Rise in North American Supply Chain Demand for Selected Sectors:** Sourcing data shows an increase in demand for steel, chemicals, paper, and other raw materials. There is a parallel increase in traditional manufacturing activities, such as casting and stamping services, and modern manufacturing activities, as seen in the automotive sector with additive manufacturing up 4,255%.

I. State of North American Manufacturing



Significantly Increased Interest in Reshoring: 83% of Manufacturers Are ‘Likely’ to ‘Extremely Likely’ to Add North American Suppliers (Up from 54% in March 2020)

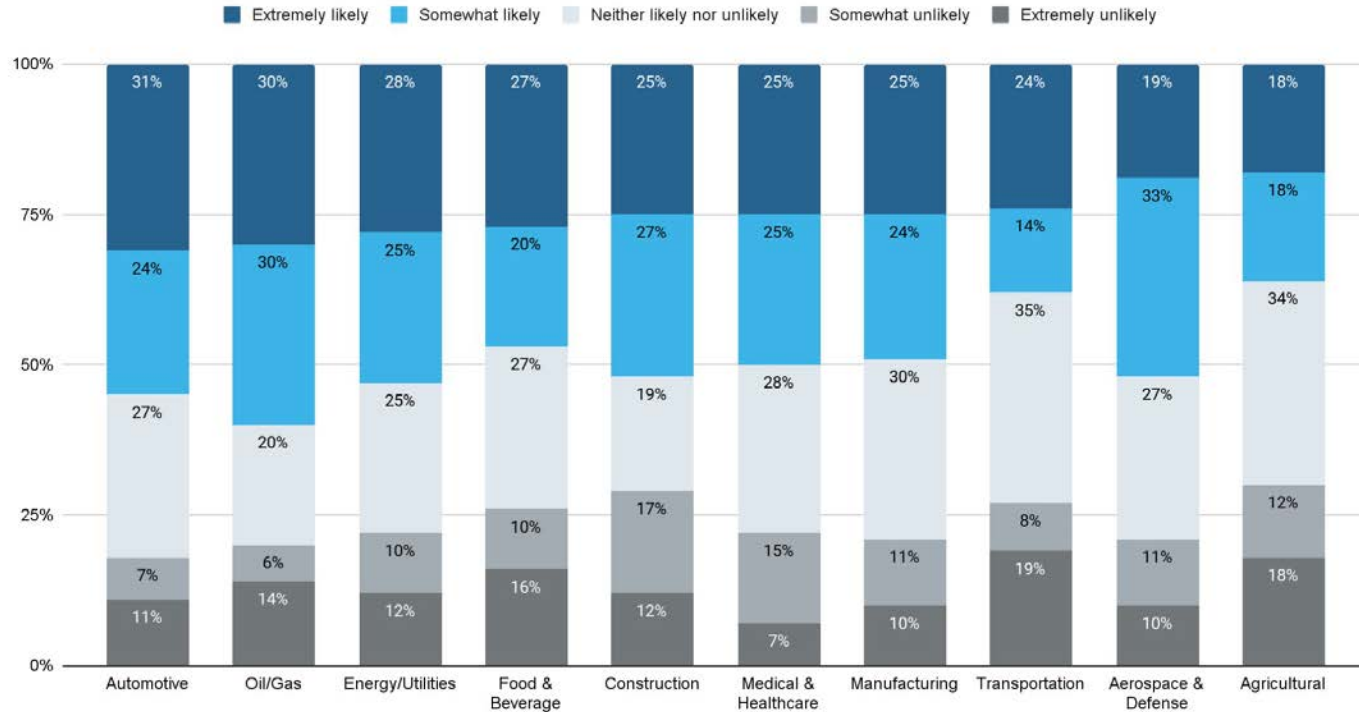
How likely are you to add North American suppliers to your supply chain to replace an overseas supplier in the next 12 months?



2021 n= 347, 2020 n= 393
Percentage= Count of Responses/Total Respondents

Automotive and Oil & Gas Companies Are Most Motivated to Add North American Suppliers to Their Supply Chains

How likely are you to add North American suppliers to your supply chain to replace an overseas supplier in the next 12 months?

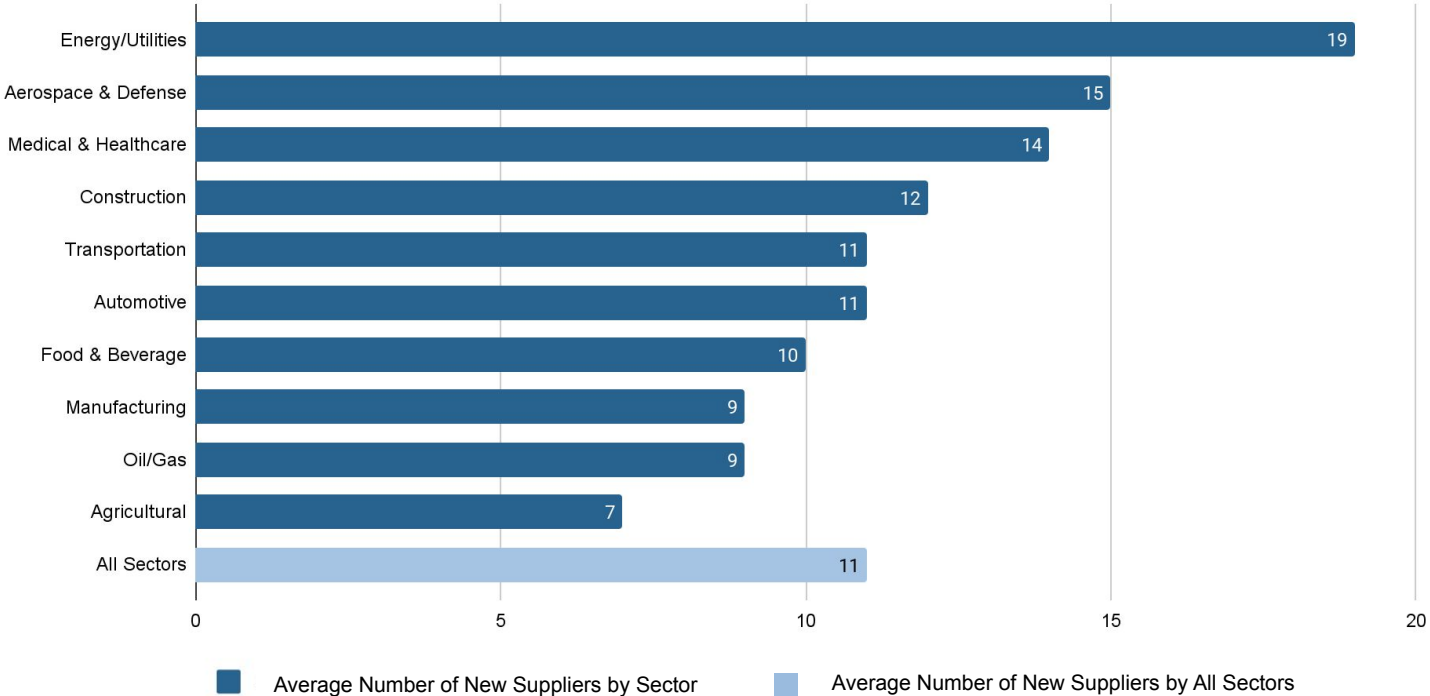


n= 347

Percentage= Count of Responses/Total Respondents

Industrial Companies Added an Average of 11 New Suppliers to Their Supply Chains in 2020

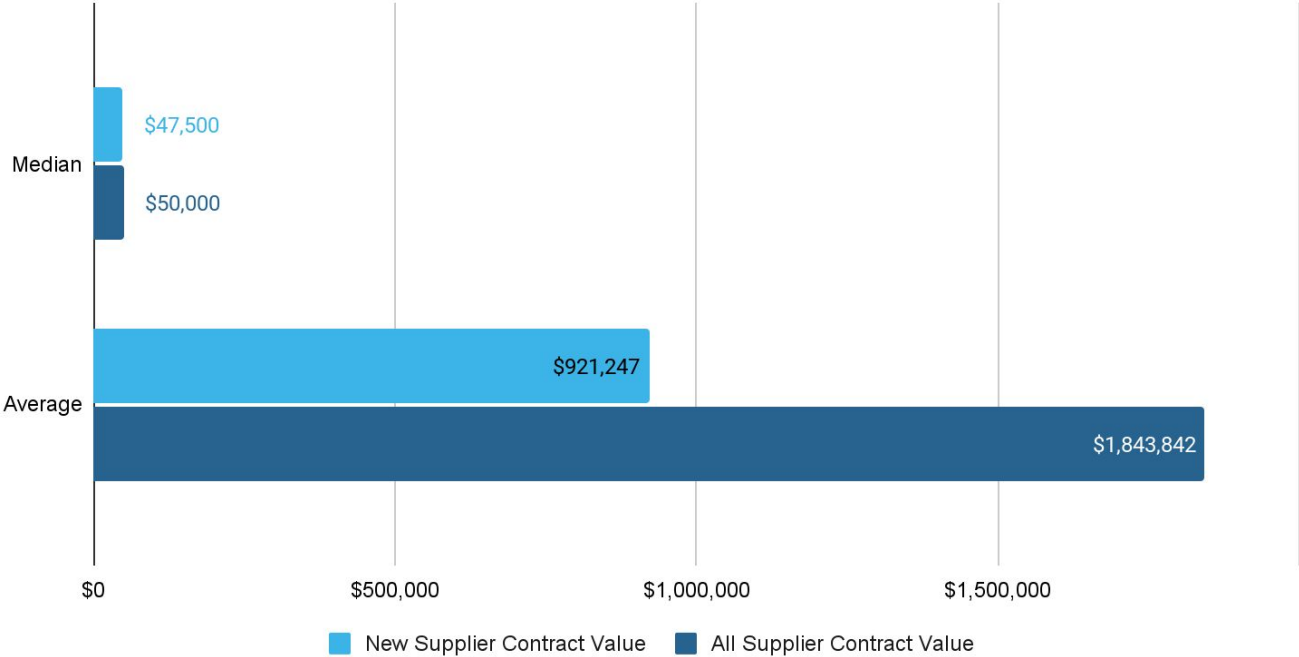
How many new suppliers did you add to your supply chain in 2020?



Aerospace & Defense n=47, Agricultural n=28, Automotive n=39, Construction n=52, Energy/Utilities n=44, Food & Beverage n=37, Oil/Gas n=38, Manufacturing n=133, Medical & Healthcare n=38, Transportation n=34, All Sectors n=538
 All Sectors= All respondents. All Sector n count may vary due respondents not revealing what sector they work in.

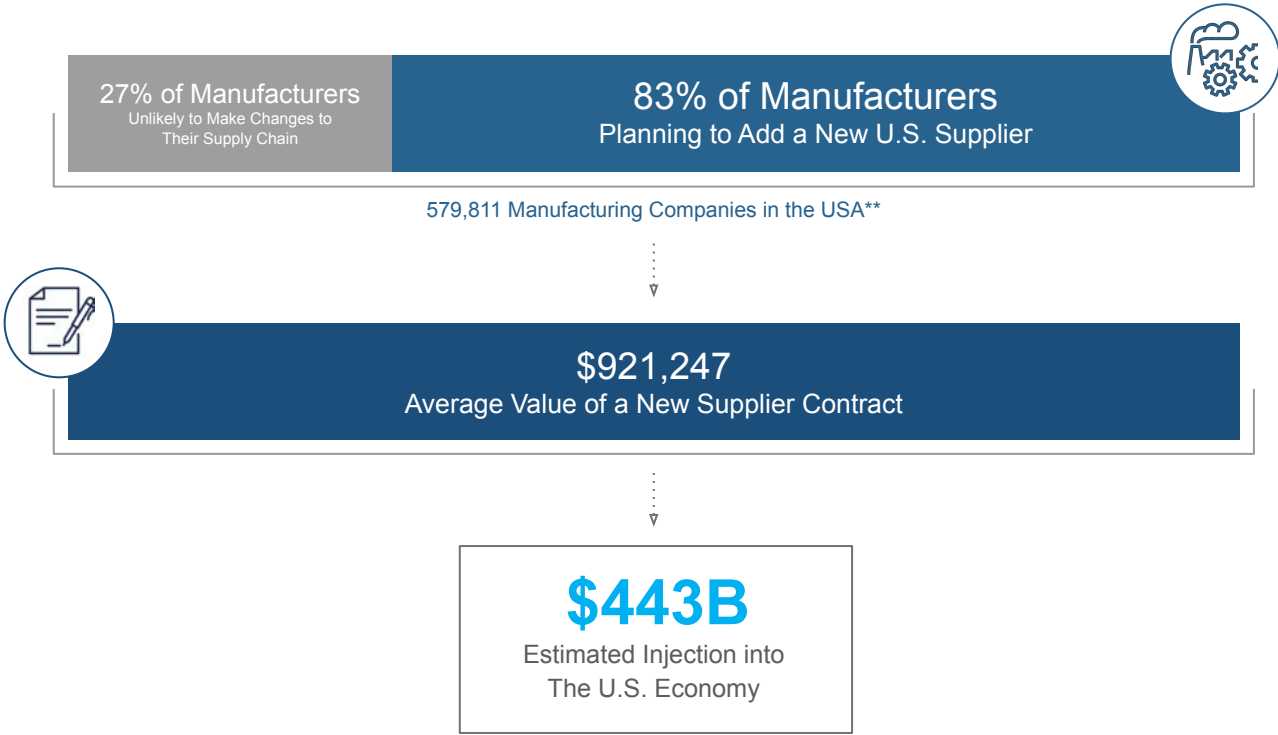
Average Industrial Contract Size Was \$1.8 Million in 2020, Average New Supplier Contract Size Over \$900,000

What was the average contract value for suppliers onboarded in 2020? (US dollars)



Average Contract Value For New Suppliers in 2020: n= 250
Average Contract Value of All Suppliers in 2020: n= 288

\$443 Billion* in Economic Value Possible If 83% of U.S. Manufacturers Contract 1 Domestic Supplier in Next Year



*2021 # of U.S. Manufacturer x 83% x Average Value of a New Supplier Contact
**<https://www.ibisworld.com/industry-statistics/number-of-businesses/manufacturing-united-states/>

2020 Industrial Contract Size by Sector

The average value of Requests for Information (RFIs) submitted in 2020 (U.S. Dollars):

 Sector	 Average	 Median	 Standard Deviation
Agricultural	\$7,464,116	\$50,000	\$31,347,759
Oil/Gas	\$6,686,391	\$50,000	\$27,748,969
Transportation	\$5,954,852	\$50,000	\$26,989,198
Construction	\$5,876,576	\$50,000	\$25,376,065
Food & Beverage	\$4,152,904	\$17,500	\$23,705,706
Automotive	\$3,271,074	\$50,000	\$15,442,891
Manufacturing	\$1,868,837	\$50,000	\$13,931,957
Energy/Utilities	\$447,988	\$50,000	\$1,651,181
Aerospace & Defense	\$341,335	\$20,500	\$962,002
Medical & Healthcare	\$208,304	\$20,000	\$891,482

Aerospace & Defense n=46, Agricultural n=23, Automotive n=43, Construction n=38, Energy/Utilities n=43, Food & Beverage n=40, Oil/Gas n=41, Manufacturing n=118, Medical & Healthcare n=31, Transportation n=31

2020 Industrial Contract Size by Company Size (Annual Revenue)

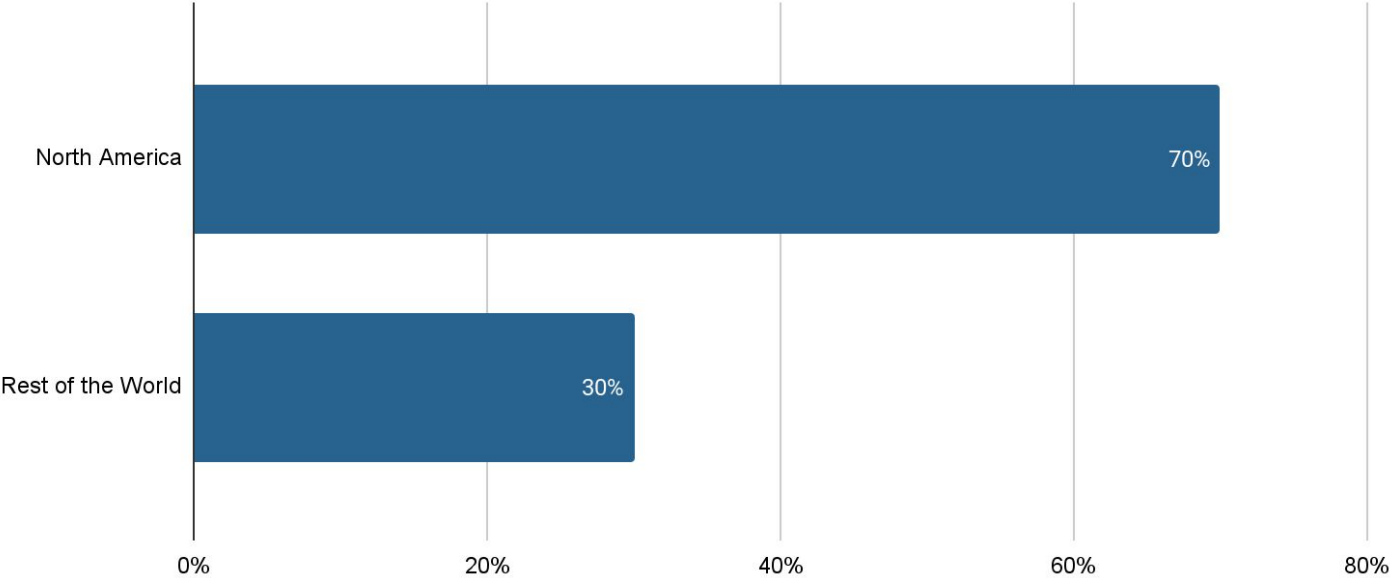
The average value of the RFIs submitted in 2020 (U.S. dollars):

 Company Size by Annual Revenue	 Average	 Median	 Standard Deviation
Less than \$4.9 million	\$136,349	\$10,000	\$362,095
\$5 million - \$49.9 million	\$933,520	\$65,000	\$2,705,856
\$50 million - \$99.9 million	\$3,617,924	\$100,000	\$11,017,117
\$100 million - \$500 million	\$13,582,175	\$50,000	\$31,632,413
Greater than \$500 million	\$558,231	\$100,000	\$1,350,927

Company respondent count: 'Less than \$4.9 million' n=89, '\$5 million - \$49.9 million' n=69, '\$50 million - \$99.9 million' n=13, '\$100 million - \$500 million' n=20, 'Greater than \$500 million' n=13

70% of Thomasnet.com[®] Buyers' 2020 Business Spend Was in North America

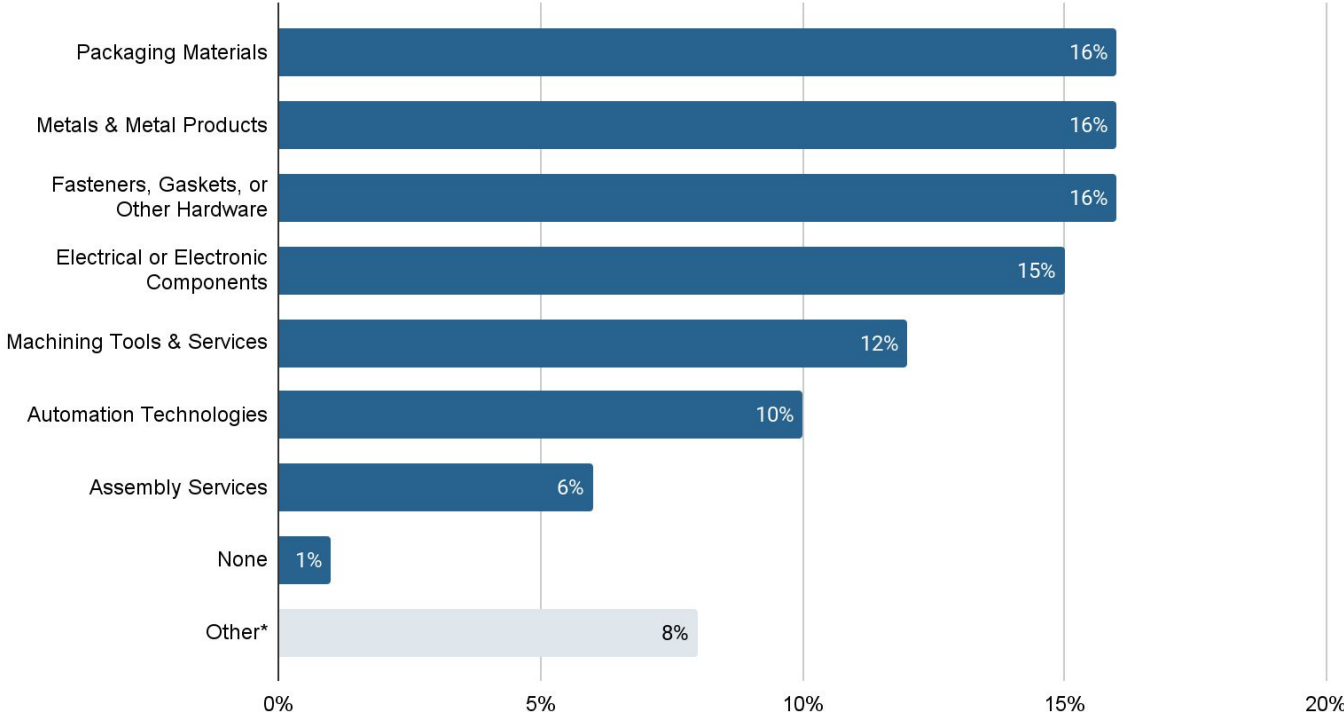
Please estimate the percentage of your spend in 2020 by region:



n= 420
North America= United States, Canada, and Mexico
Percentage= Count of Responses/Total Respondents

Packaging Materials, Metal, and Hardware Are Most Needed Products in the United States and Canada

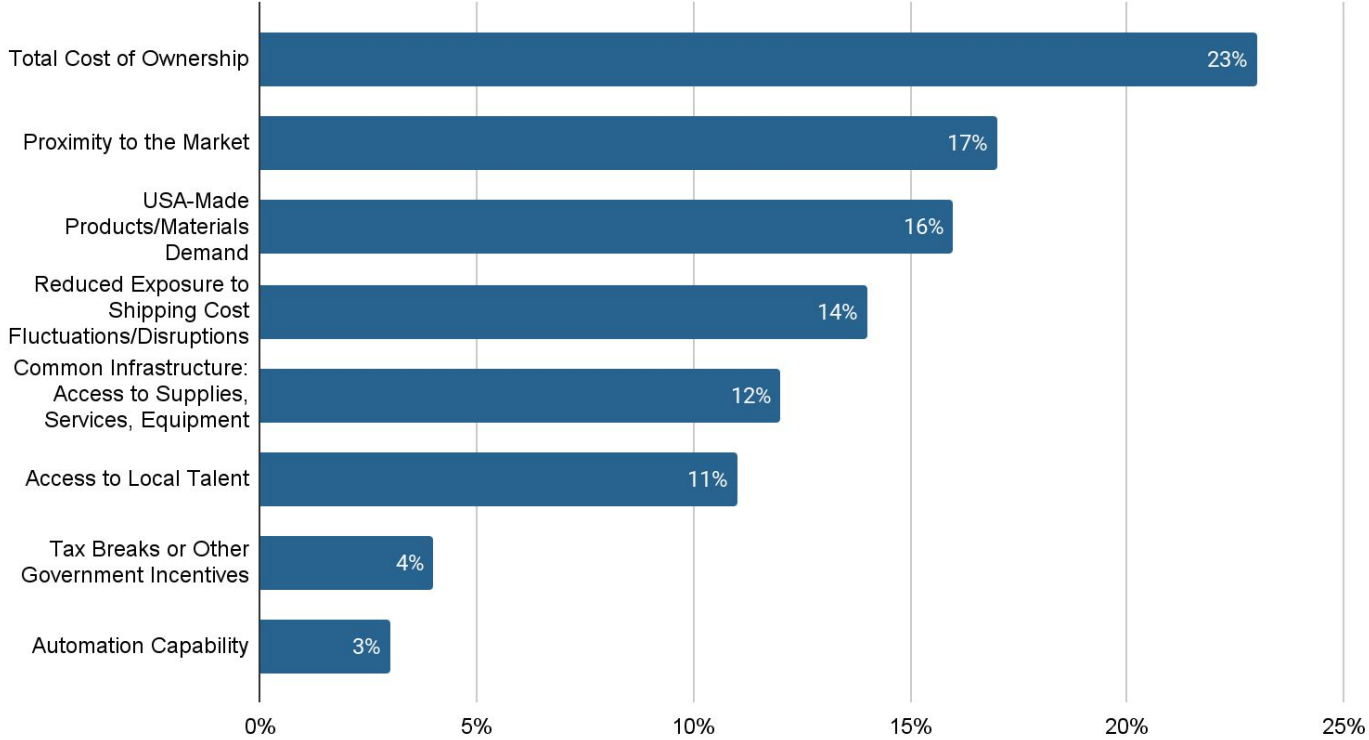
Which products or services are you looking to source domestically?*



*US and Canada respondents only, n=177
 "Other" includes: Chemicals, Glass, Lumber, Medical Supplies, and Plastic Injection Molding.
 Percentage = Count of Responses/Total Respondents

Total Cost of Ownership Is the Top Factor When Considering Reshoring Supply Chains

Please rank the top factor when considering reshoring your supply chain:



n=337
 Percentage= Count of Responses/Total Respondents

Why Is Reshoring Important?

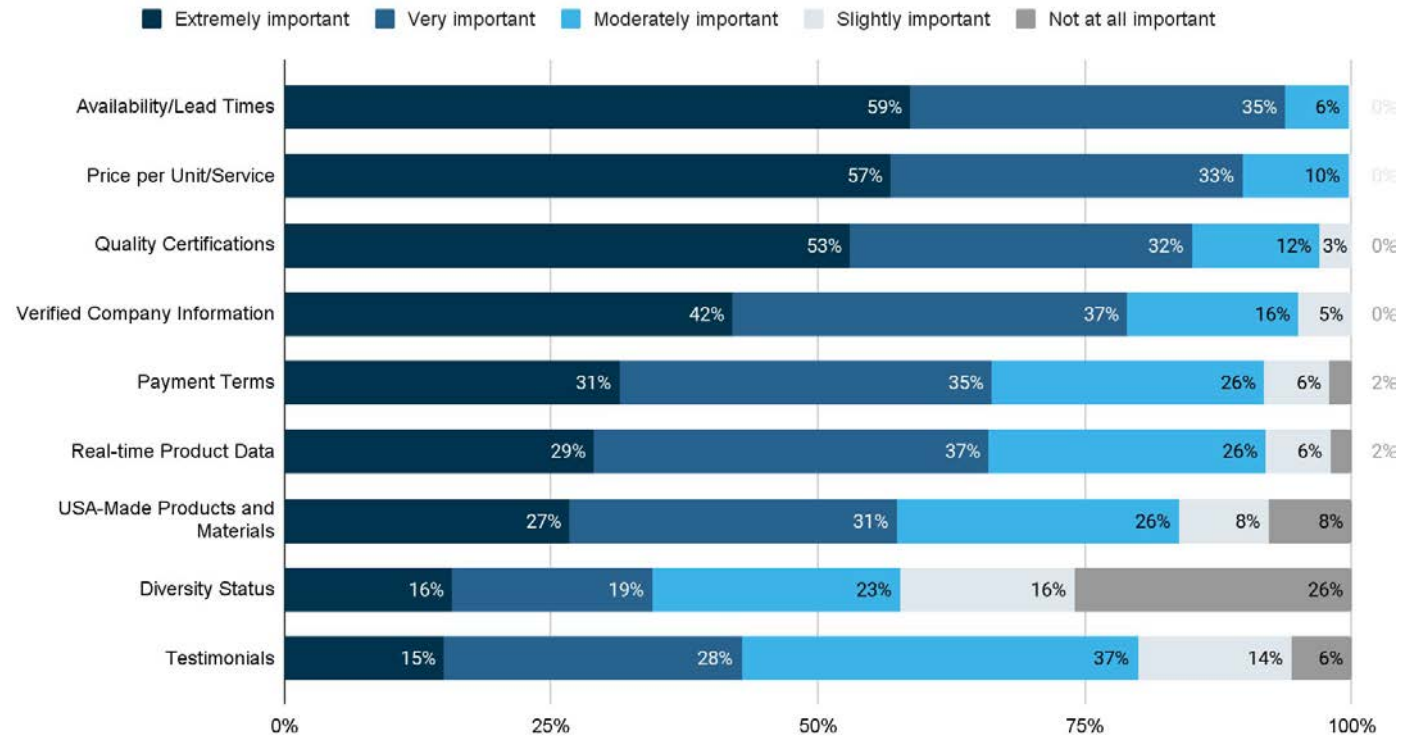


- “Customers that no longer wish to have product produced offshore are agreeable to the U.S. pricing.” — Rubber Products Manufacturer, United States
- “We need more U.S. manufacturers and the supply chain needs to be strengthened. Just in time does not work in a boom.” — Manufacturer, United States
- “Availability of technical support, time zone barriers, and language/translation difficulties.” — Mineral Powders Manufacturer, United States
- “Limited suppliers in the USA.” — Custom Manufacturer, United States
- “Some smaller electrical parts are no longer made in North America. No choice but to go to Asia-based suppliers to source.” — Electrical Products Manufacturer, United States
- “Being in [the] automotive [sector], I consider sourcing suppliers in the USMCA corridor. If it's a commodity that I cannot source in this corridor, then the Asian region, preferably Malaysia and Taiwan, but not China.” — Automotive Manufacturer, United States



Availability and Lead Times Are the Most Important Factors in Vetting New Suppliers

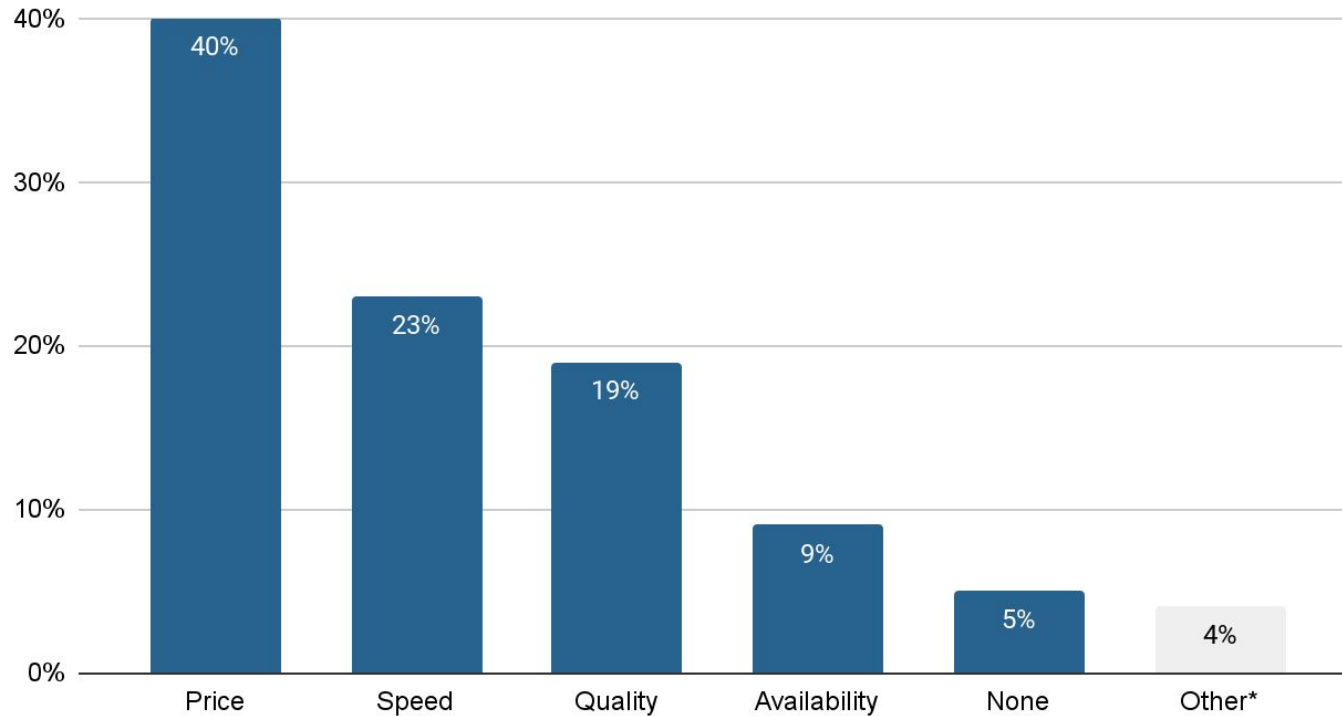
Rate the importance of each of the following factors when vetting new suppliers:



n=343
 Percentage= Count of Responses/Total Respondents

Price Is the Biggest Barrier to Sourcing in the United States and Canada

What are the barriers to sourcing products or materials locally?*



*US and Canada respondents only, n= 337, Percentage= Count of Responses/Total Respondents
"Other" includes: Minimums, Efficiency, and Delivery

Other Challenges to Consider When Reshoring:



- “Lead times. We can bring products to market quicker with overseas supply due to the lengthy lead times with U.S. manufacturers.” — Packaging and Supply Chain Management, United States
- “Unfortunately, it is extremely difficult to reverse the 30+ year trend of outsourcing and offshoring manufacturing to emerging market countries to meet bottom line cost reduction demands of Wall Street and the U.S. brand of capitalism. We no longer have the talent and expertise nor capital equipment to effectively manufacture key critical components of major products and assemblies. Over the past decades we have almost entirely decimated our machine tool and electronic fabrication capabilities. The U.S. is a great service industry with marketing and sales expertise. It will take decades to restore manufacturing expertise.” — Chemical Manufacturer, United States
- “Oil prices are significant both as a customer and a consumer.” — Powder Coating Manufacturer, United States
- “USA manufacturers need more real incentives and grants. China rolls out the red carpet.” — Medical & Healthcare Manufacturer, China & Africa



Join the Discussion

Thomas provides the industry with relevant and timely information, like this report, through surveys and the immense real-time data we collect on Thomasnet.com® from over a million industry sourcing professionals who rely on our platform daily.

If you're interested in future opportunities to contribute, please visit business.thomasnet.com/join-survey-panel or click the button below to sign up for the Thomas Industrial Survey Panel. You'll be invited to join future surveys, webinars, and discussions with other thought leaders in your community regarding industry-specific subject matter and industrial talking points.

[Join Our Expert Survey Panel](#)

II. Supply Chain Intelligence Powered by Thomasnet.com®

Supply Chain Intelligence

Thomasnet.com® connects millions of sourcing professionals with top North American industrial suppliers. Our unique product and service taxonomy systematically organizes 75,000 specialized industrial categories, from alloy to zinc. This enables us to report on and analyze real-time sourcing demand and the wider manufacturing economy.

The second section of this report leverages our anonymized sourcing data from qualifying active industrial buyers to reveal the fastest-growing sourcing categories between Q1 2020 and Q1 2021 in the following sectors:

1. Aerospace & Defense
2. Agriculture
3. Automotive
4. Construction
5. Energy & Utilities
6. Food & Beverage
7. Healthcare & Medical
8. Manufacturing



Thomasnet.com® Audience Reach and Engagement

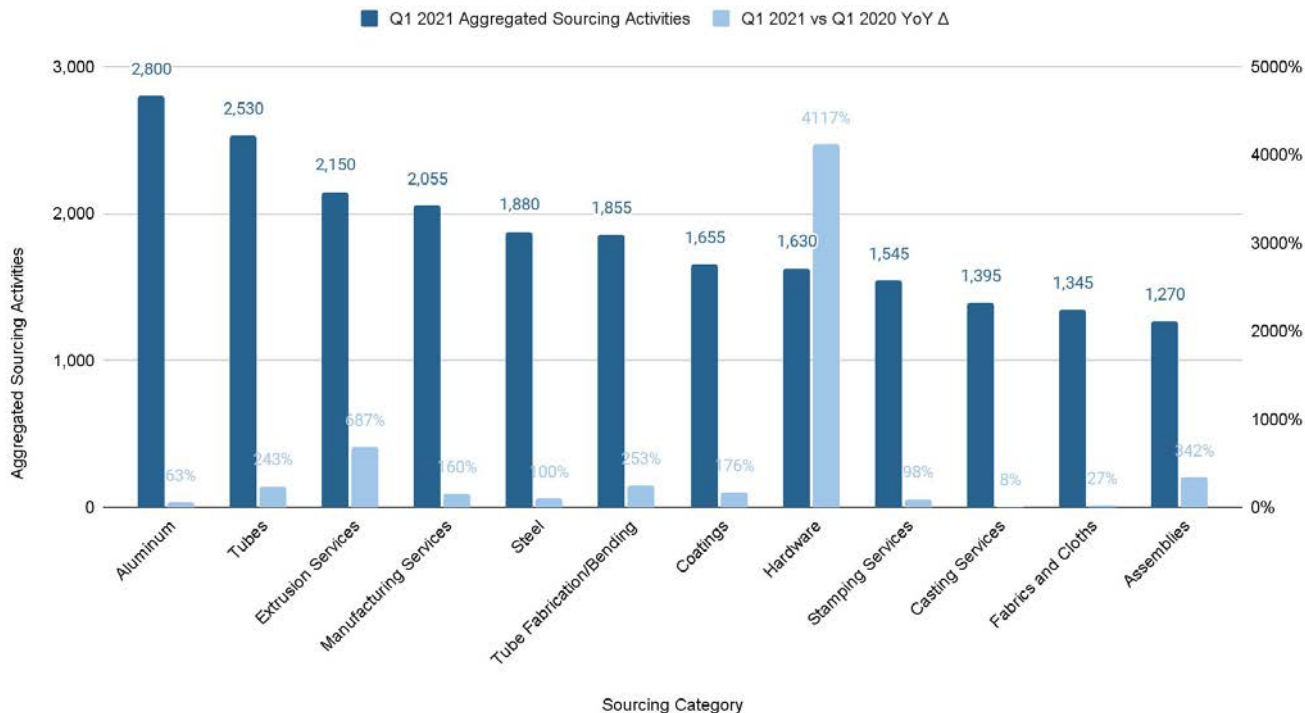
1.6M
Monthly
Visitors

1.3M
Registered
Buyers

\$204B
Estimated Annual
Economic Contribution

Aerospace & Defense: Aluminum and Steel Remain in High Demand, Hardware Is the Fastest Growing Sourcing Category Year-over-Year

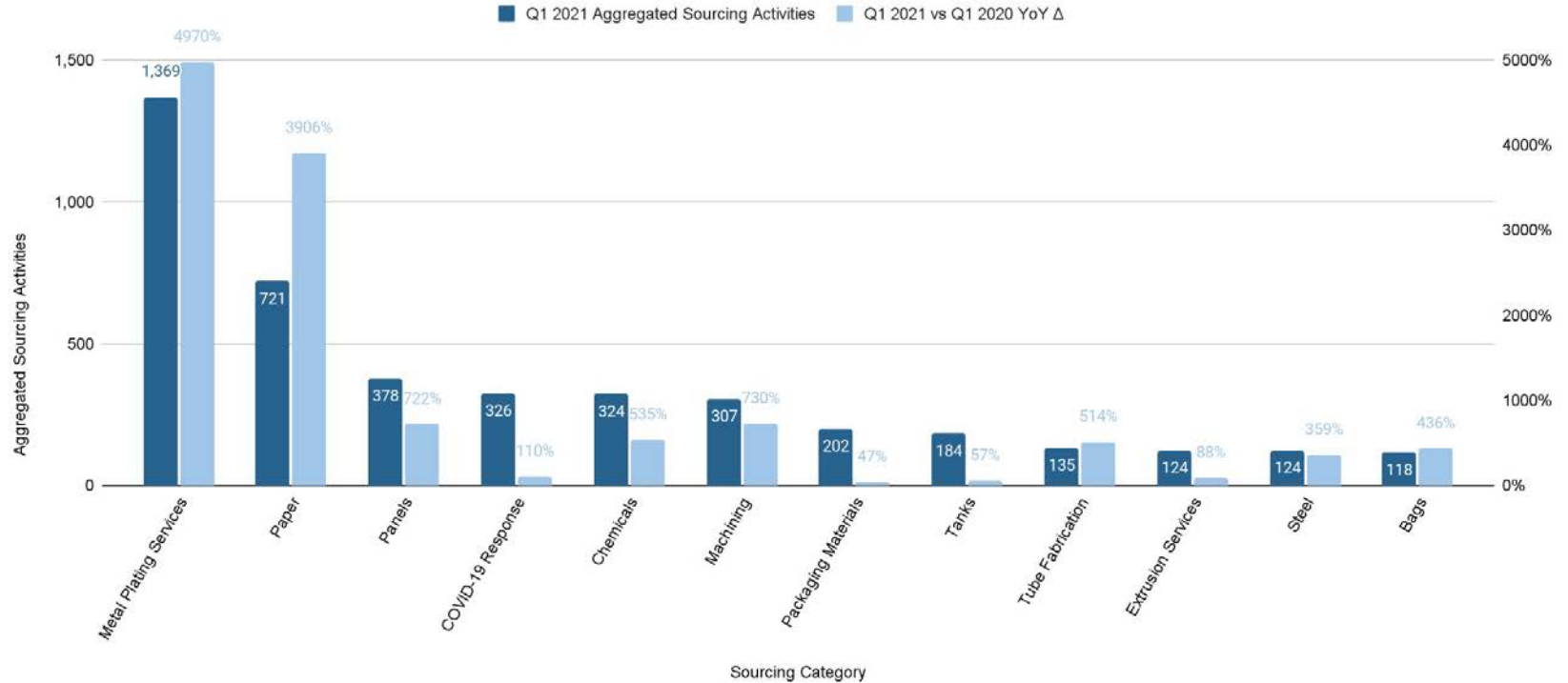
Aerospace & Defense: Aggregated Sourcing Activities and Year-over-Year Change



Company n= 1,379 (Q1 2021), n= 2,333 (Q1 2020); Percentage= YoY growth in sourcing activities from sector buyers
 Aggregated Sourcing Activities= Anonymized aggregated sourcing events (e.g. profile views, sent RFIs) on Thomasnet.com

Agriculture: Metal Plating Services Up 4,970% Year-over-Year

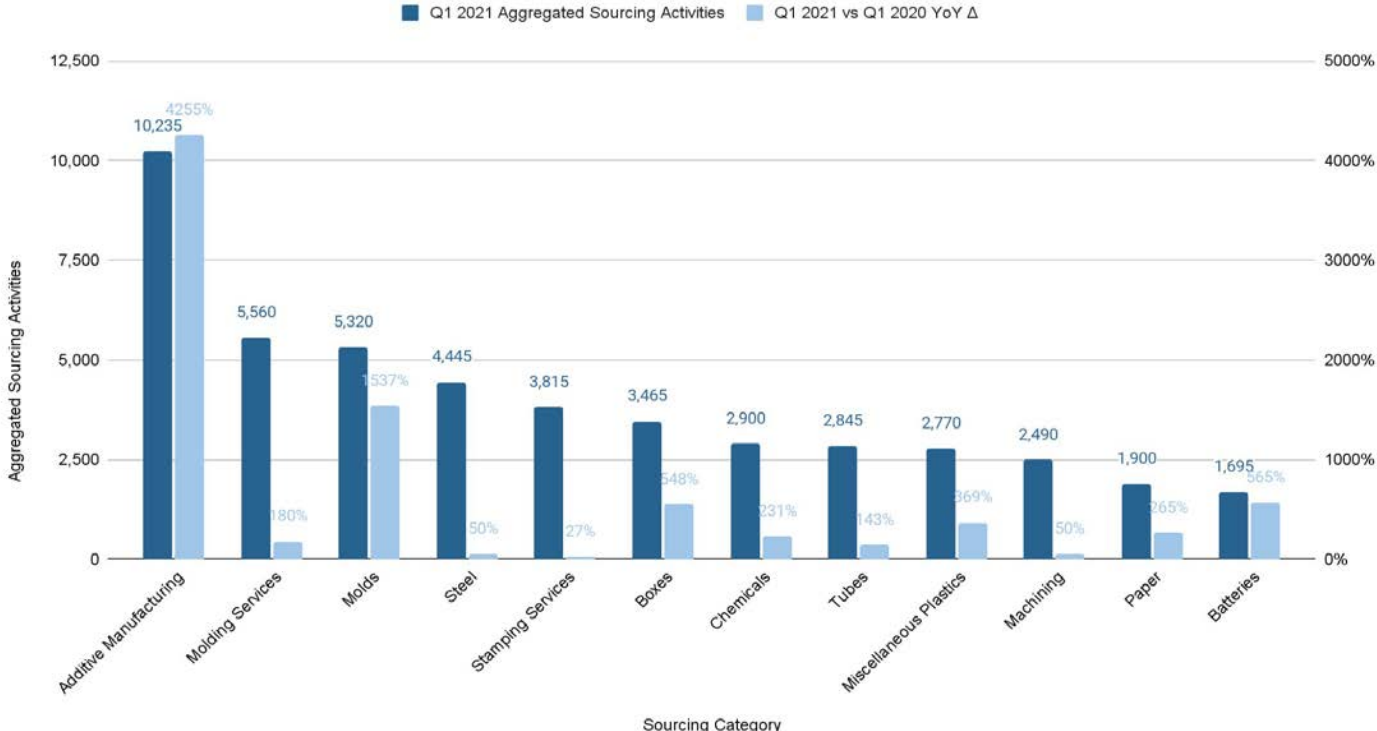
Agriculture: Aggregated Sourcing Activities and Year-over-Year Change



Company n= 1,572 (Q1 2021), company n= 2,152 (Q1 2020); Percentage= YoY growth in sourcing activities from sector buyers
 Aggregated Sourcing Activities= Anonymized aggregated sourcing events (e.g. profile views, sent RFIs) on Thomasnet.com

Automotive: Additive Manufacturing Is the Year-over-Year Leading and Fastest-Growing Sourcing Category

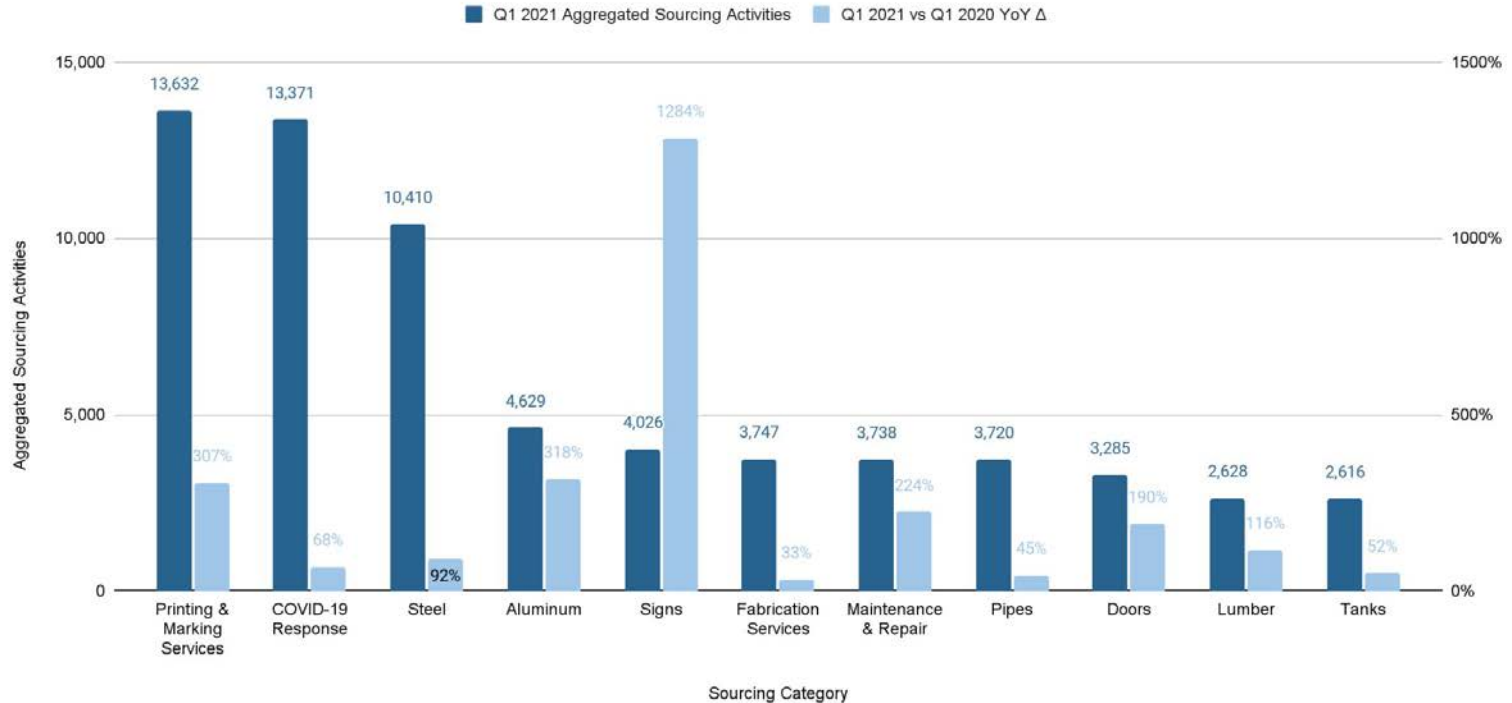
Automotive Sector: Aggregated Sourcing Activities and Year-over-Year Change



Company n= 4,596 (Q1 2021), company n= 4,762 (Q1 2020); Percentage= YoY growth in sourcing activities from sector buyers
 Aggregated Sourcing Activities= Anonymized aggregated sourcing events (e.g. profile views, sent RFIs) on Thomasnet.com

Construction: Significant Sourcing Increase in Sign-Posting Due to COVID-19 Related Health & Safety Protocols, Along With Doors and Lumber

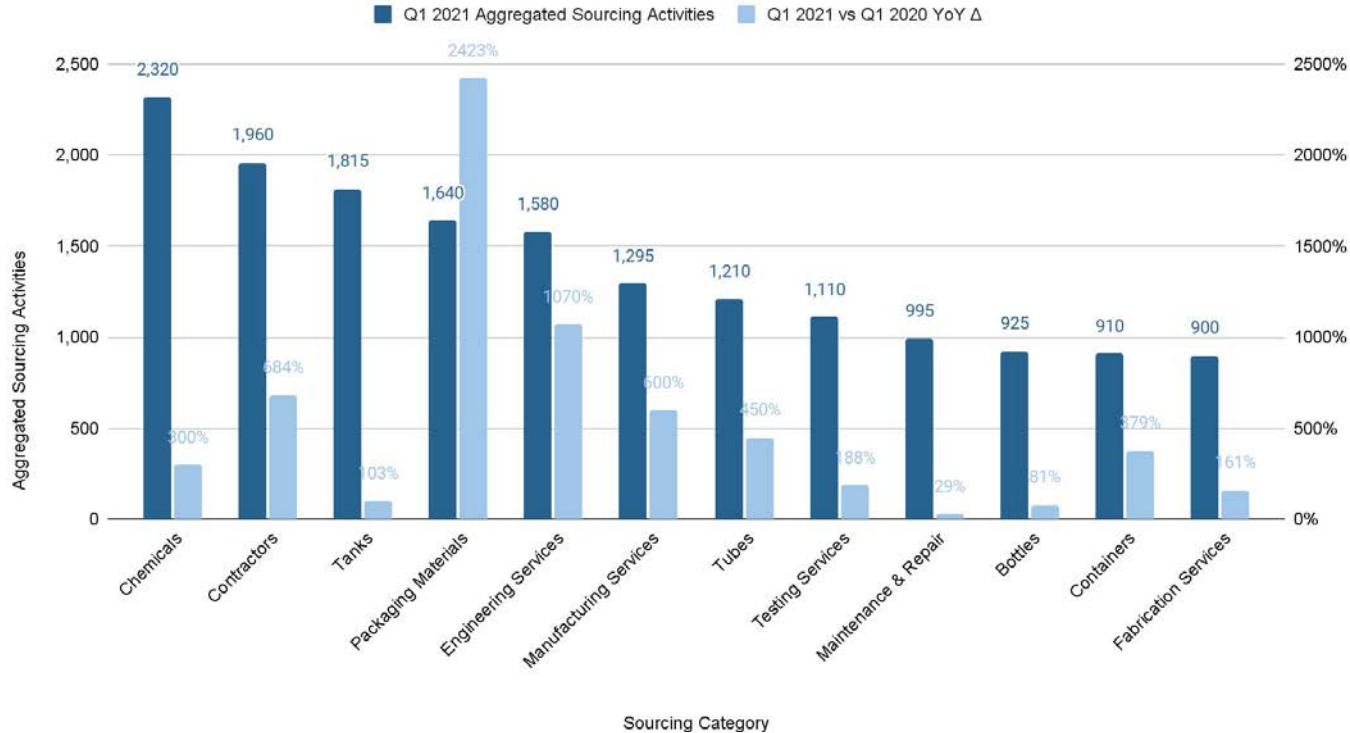
Construction: Aggregated Sourcing Activities and Year-over-Year Change



Company n= 14,847 (Q1 2021), company n= 13,493 (Q1 2020); Percentage= YoY growth in sourcing activities from sector buyers
 Aggregated Sourcing Activities= Anonymized aggregated sourcing events (e.g. profile views, sent RFIs) on Thomasnet.com

Energy & Utilities: Chemicals Sourcing Activity Remains Strong, Packaging Materials Up 2,423% Year-over-Year

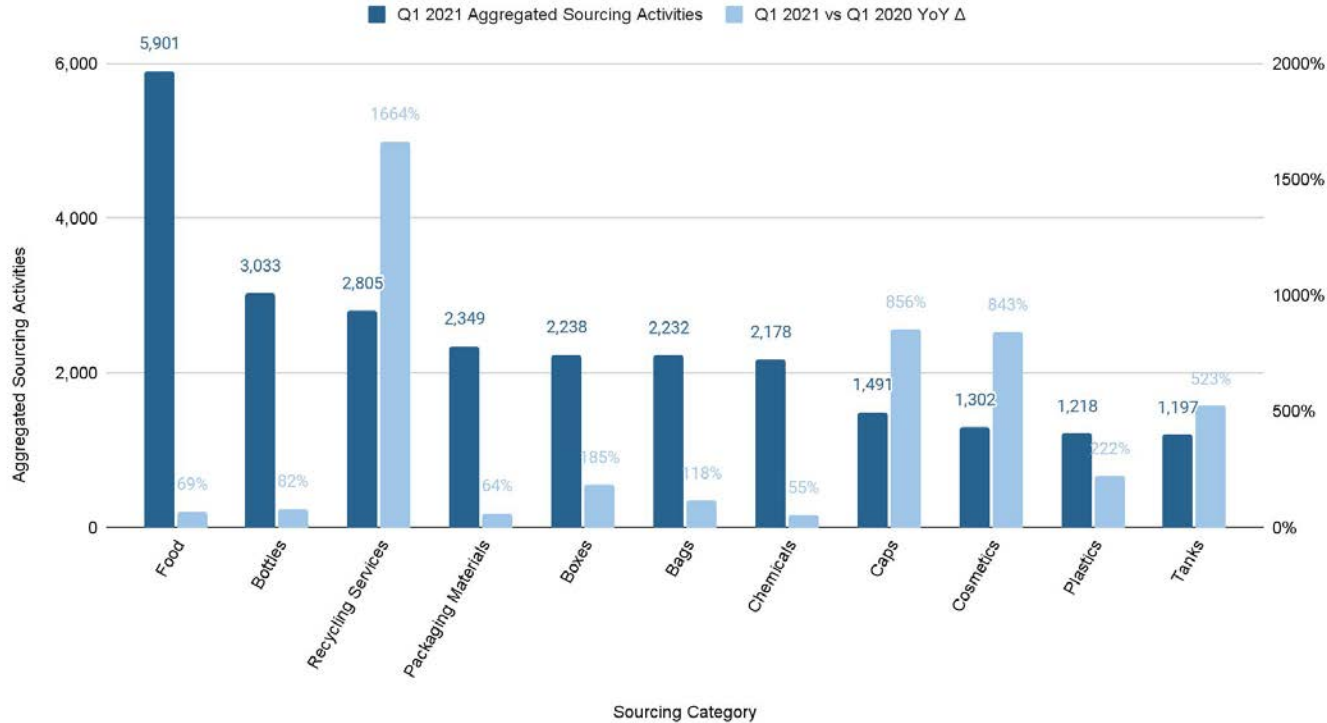
Energy & Utilities Sector: Aggregated Sourcing Activities and Year-over-Year Change



Company n= 2,958 (Q1 2021), company n= 2,736 (Q1 2020); Percentage= YoY growth in sourcing activities from sector buyers
 Aggregated Sourcing Activities= Anonymized aggregated sourcing events (e.g. profile views, sent RFIs) on Thomasnet.com

Food & Beverage: Packaging and White Label Sourcing Activities Are on the Rise, Recycling Services Up 1,664% Year-over-Year

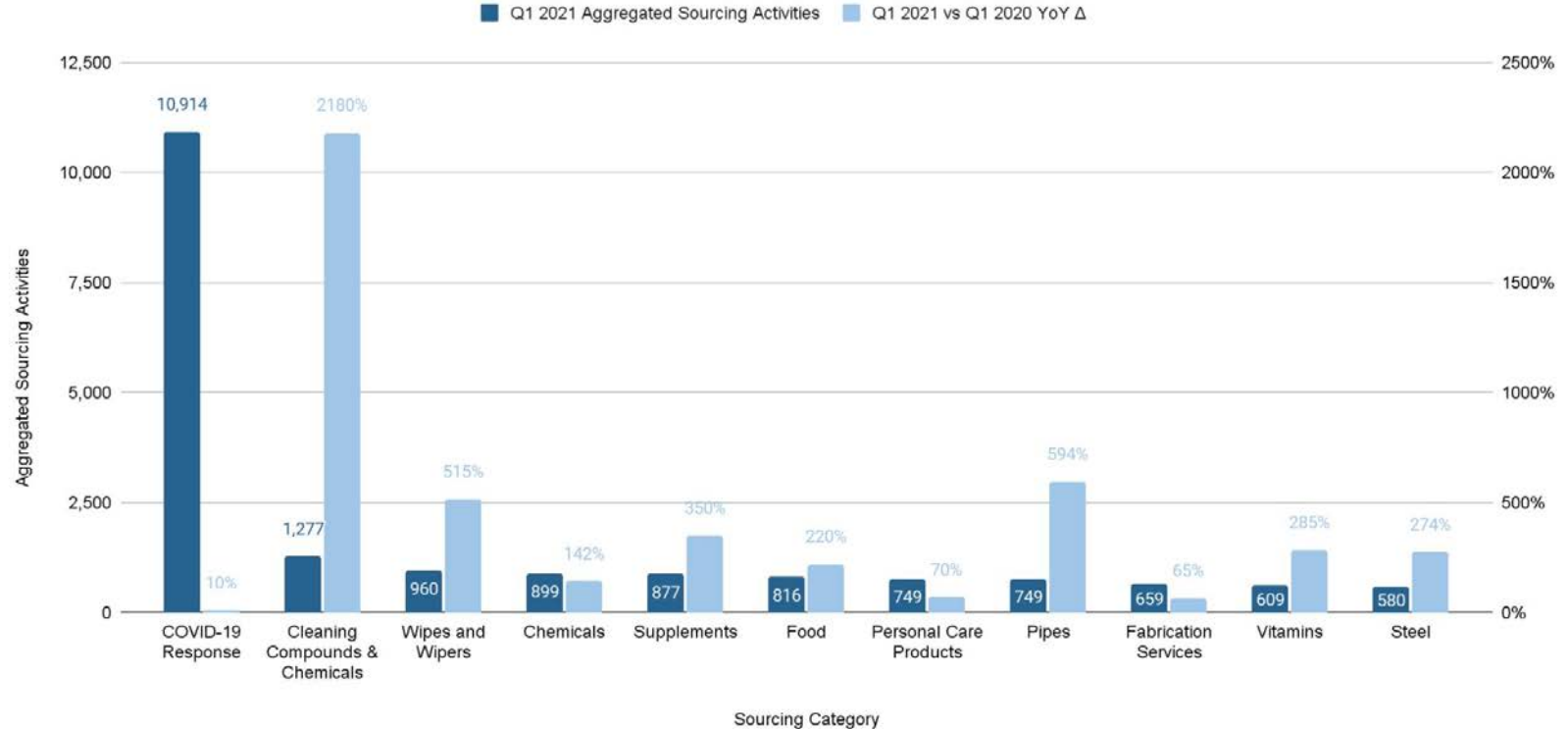
Food & Beverage: Aggregated Sourcing Activities and Year-over-Year Change



Company n= 6,228 (Q1 2021), company n= 5,223 (Q1 2020); Percentage= YoY growth in sourcing activities from sector buyers
 Aggregated Sourcing Activities= Anonymized aggregated sourcing events (e.g. profile views, sent RFIs) on Thomasnet.com

Healthcare & Medical: Cleaning Compounds & Chemicals Up 2,180% Year-over-Year

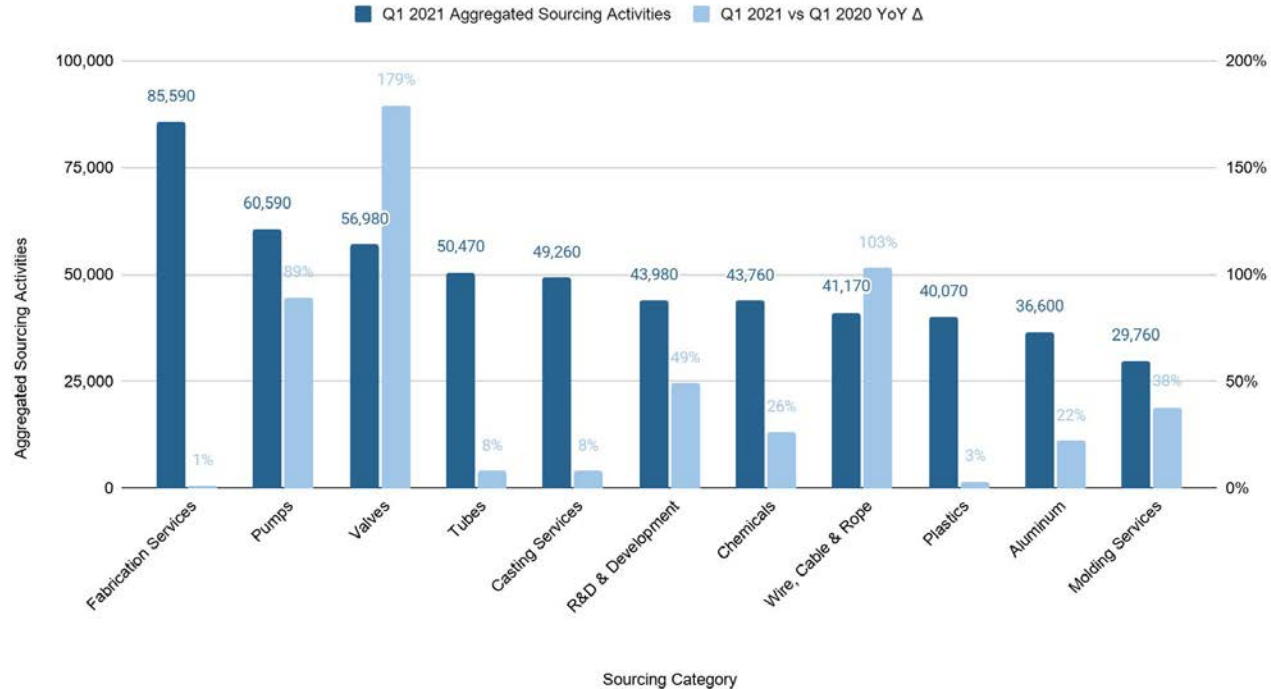
Healthcare & Medical: Aggregated Sourcing Activities and Year-over-Year Change



Company n= 7,854 (Q1 2021), company n= 7,254 (Q1 2020); Percentage= YoY growth in sourcing activities from sector buyers
 Aggregated Sourcing Activities= Anonymized aggregated sourcing events (e.g. profile views, sent RFIs) on Thomasnet.com

Manufacturing: Fabrication Services Remain in High Demand While Valves Are the Fastest-Growing Sourcing Category Year-over-Year

Manufacturing Sector: Aggregated Sourcing Activities and Year-over-Year Change



2021 Outlook for Manufacturing

- 1. From Just-in-Time to Availability Optimization:** COVID-19-induced supply chain disruptions provide businesses the opportunity to look beyond cost-saving and just-in-time inventory management. This seachange event calls for more introspection, investment, and support for the wider manufacturing ecosystem, and more sustainable solutions to future-proof our supply chains.
- 2. A Different Take on Supplier Relationship Management:** North American manufacturers can stand out by focusing on improving product availability and turnaround time across product and service categories that are experiencing a significant year-over-year increase in demand.
- 3. Increased Desire for Vertical Integration:** For capital-intensive production, such as chemical and electronic manufacturing, reshoring effort is not going to be fast nor easy. We predict that there will be an uptick in vertical integration activities where larger companies may acquire downstream and upstream suppliers to protect their supply chains.
- 4. Increased Desire to Cultivate the North American Manufacturing Growth Machine:** It is estimated that the U.S. will need to invest \$400-600 billion* in manufacturing technologies to improve the trade deficit with the largest importers, such as China. It's high time the industry increased investment in skilled labor and manufacturing technologies from both operational and technological perspectives.

Thomas Industrial Data

This research was powered by [Thomas Industrial Data](#), the latest product from Thomas that offers anonymized sourcing trends to help businesses identify growth opportunities.

To inform and educate, we've launched a companion resource [Thomas Manufacturing Index \(TMX\)](#), a publicly available index that measures industrial activity in the United States and Canada.

[Contact us](#) if you'd like to find out more.

Thomas Manufacturing Index (TMX)



[More About Thomas Industrial Data](#)

Methodology & Firmographics

Methodology

Two sources of data were used to construct this report: the 2021 State of North American Manufacturing Survey and Thomasnet.com[®] anonymized sourcing data.

SURVEY METHODOLOGY:

This Thomas Industrial Survey was conducted over a 19-day period from March 17 - April 5, 2021. A total of 709 respondents participated and 542 responses qualified for the survey.

Participant Qualifiers:

- Complete, non-duplicate entry
- Required to be part of purchasing/buying or production/manufacturing decisions at an organization.

Survey Information:

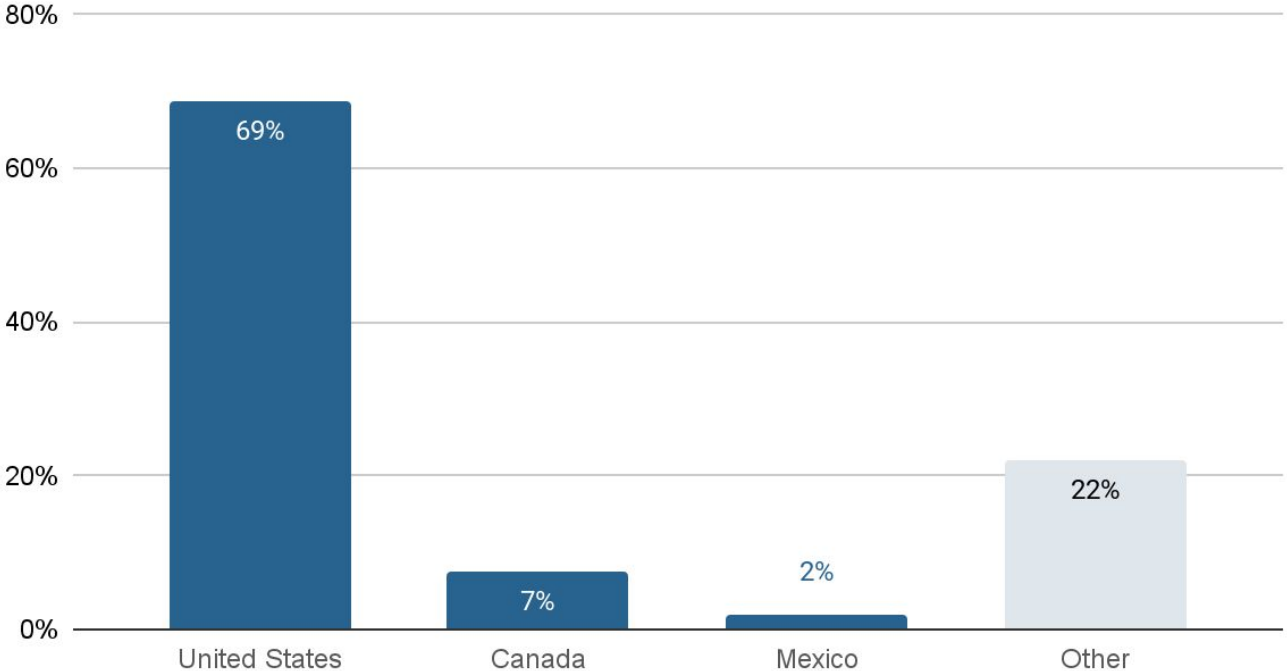
- **Survey Administration:** Qualtrics, online survey
- **Questions:** 27 questions were included, 24 were optional
- **Dynamic Respondent Count by Question:** Due to the optional nature of the questions and crosstab analysis criteria, response counts vary by question.

THOMASNET.COM[®] SOURCING DATA

- Sampled and anonymized sourcing data from active industrial buyers by sector on Thomasnet.com between Q1 2020 and Q1 2021.
- Aggregated sourcing activities include all behavioral events that indicate the propensity to source, including company profile views, contact initiation activities such as a phone call, click, or Request for Information (RFI) submission.

Respondents Are Primarily From the United States

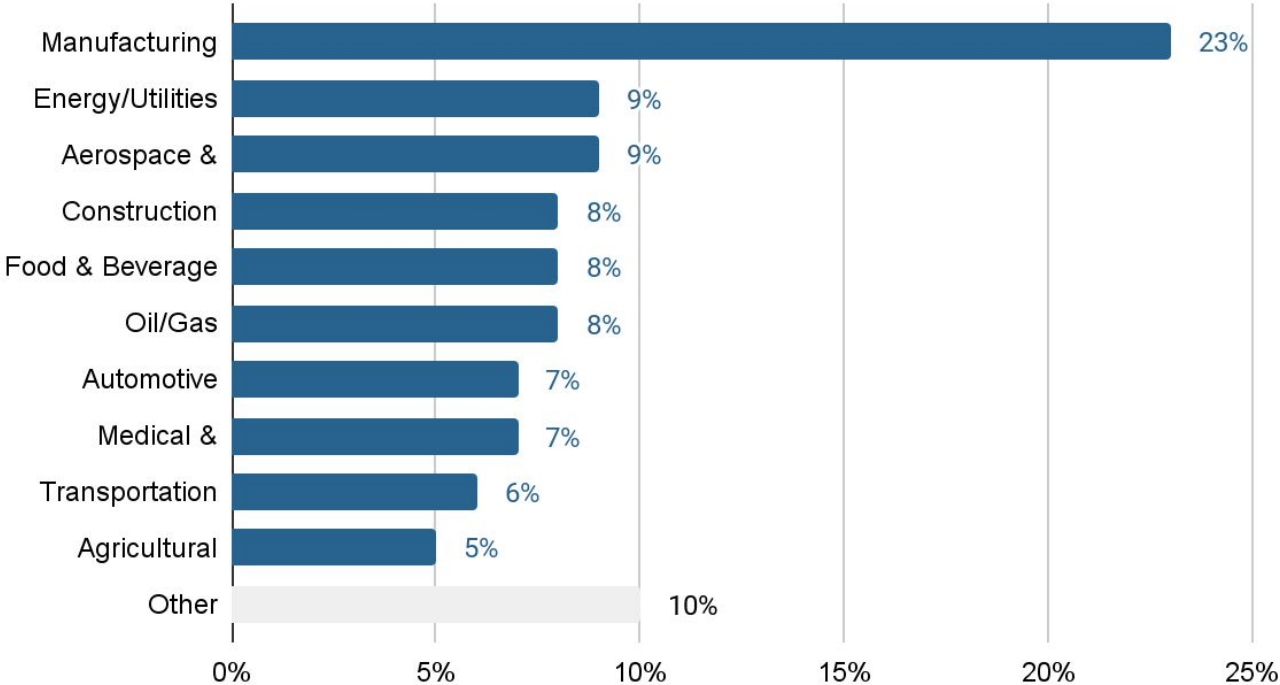
Where is your organization based?



“Other” includes: South Africa, Australia, India, and Taiwan.
n= 527. Percentage= Count of Responses/Total Respondents

Respondents Are From a Variety of Industries

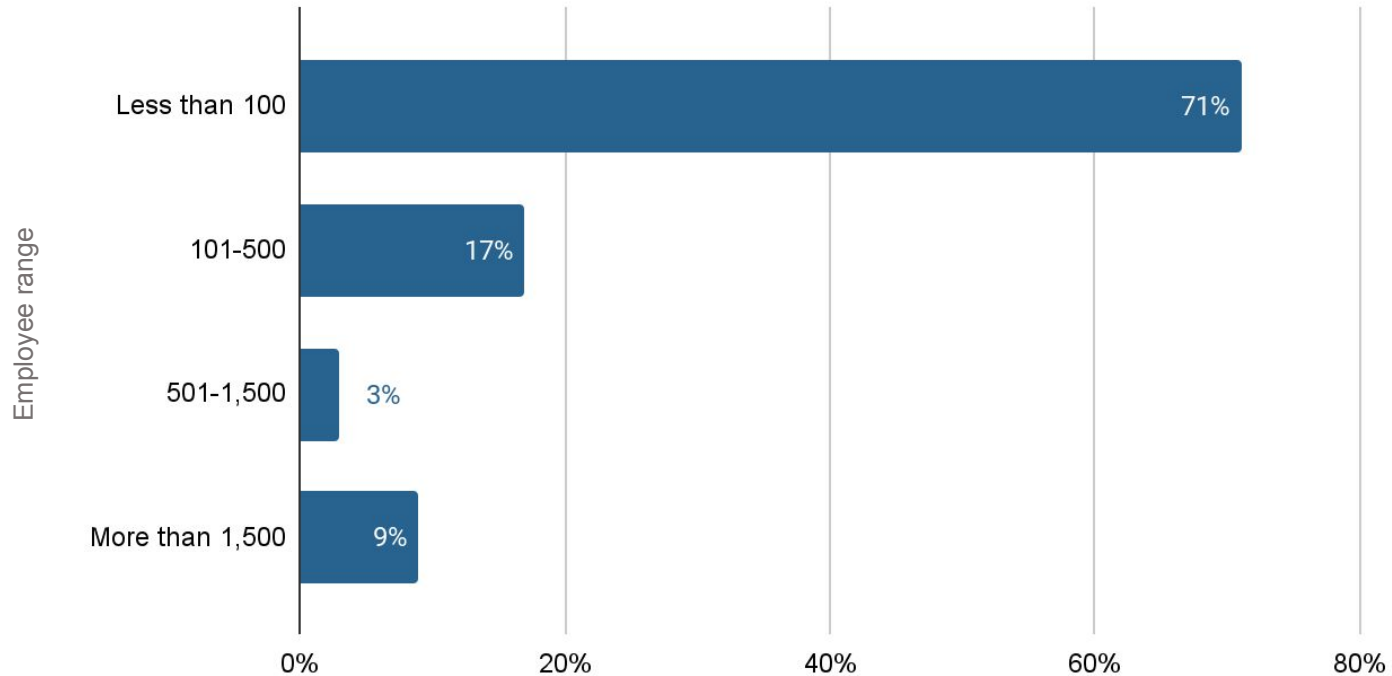
What sector do you work in?



“Other” includes: Consumer goods, Chemicals, Telecommunications, and Government.
n= 353. Percentage= Count of Responses/Total Respondents

Company Size by Number of Employees

How many employees does your business have?

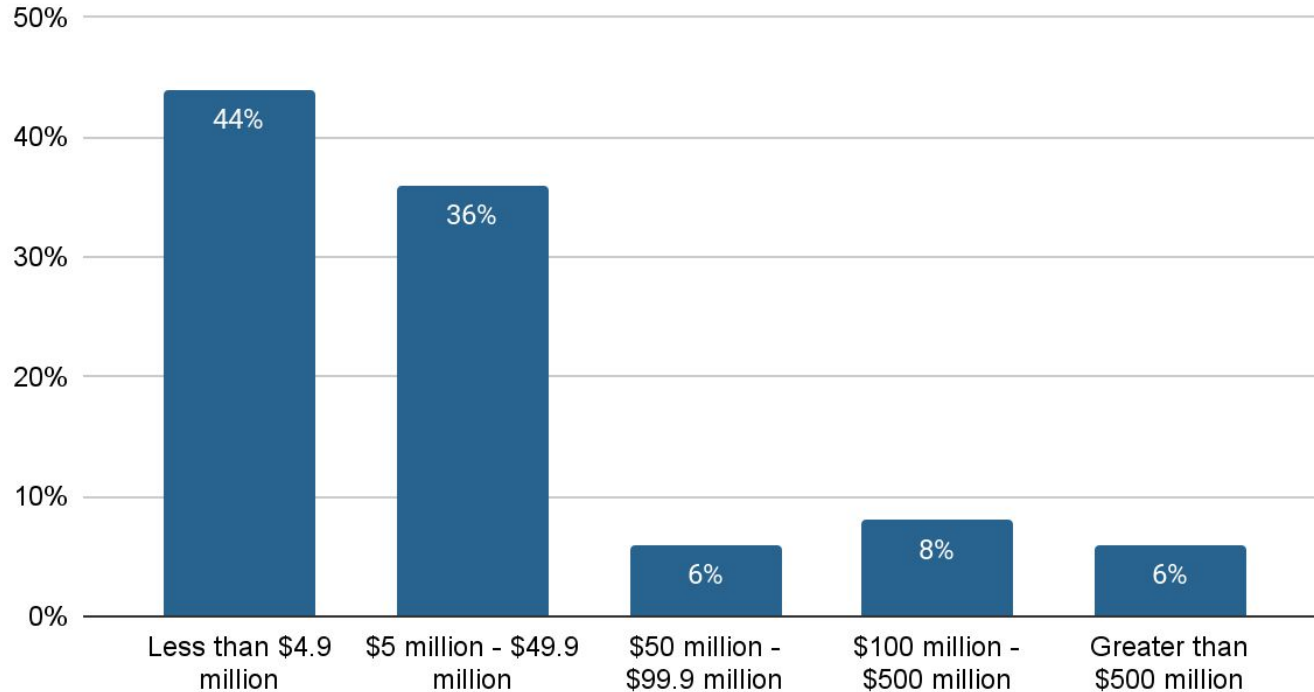


n= 348

Percentage= Count of Responses/Total Respondents

Company Size by Annual Gross Revenue

What is the annual gross revenue of your business?



n= 337

Percentage= Count of Responses/Total Respondents



Contact Information

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About Thomas

Since 1898, Thomas has served as North America's leading industrial sourcing platform and marketing powerhouse. We serve professionals on both sides of the industrial buying process to create solutions that inform, support, and empower industry.

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