STATE OF NORTH AMERICAN MANUFACTURING

2021 Annual Report

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%.

*The median industrial contract size is $50,000.*
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?

<table>
<thead>
<tr>
<th>Likely</th>
<th>Not at all likely</th>
<th>Very Unlikely</th>
<th>Very Likely</th>
<th>Extremely Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>March 2020</strong></td>
<td>18%</td>
<td>9%</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>March 2021</strong></td>
<td>28%</td>
<td>28%</td>
<td>33%</td>
<td>28%</td>
</tr>
</tbody>
</table>
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?

- Extremely likely
- Somewhat likely
- Neither likely nor unlikely
- Somewhat unlikely
- Extremely unlikely

2021 State of North American Manufacturing Report

![Chart showing the likelihood of adding North American suppliers to supply chains by industry.](chart.png)
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?

- **Energy/Utilities**: 19
- **Aerospace & Defense**: 15
- **Medical & Healthcare**: 14
- **Construction**: 12
- **Transportation**: 11
- **Automotive**: 11
- **Food & Beverage**: 10
- **Manufacturing**: 9
- **Oil/Gas**: 9
- **Agricultural**: 7
- **All Sectors**: 11

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.

2021 State of North American Manufacturing Report
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)

- **Median**
  - New Supplier: $47,500
  - All Supplier: $50,000

- **Average**
  - New Supplier: $921,247
  - All Supplier: $1,843,842
$443 Billion* in Economic Value Possible If 83% of U.S. Manufacturers Contract 1 Domestic Supplier in Next Year

27% of Manufacturers
Unlikely to Make Changes to Their Supply Chain

83% of Manufacturers
Planning to Add a New U.S. Supplier

579,811 Manufacturing Companies in the USA**

$921,247
Average Value of a New Supplier Contract

$443B
Estimated Injection into The U.S. Economy

*2021 # of U.S. Manufacturer x 83% x Average Value of a New Supplier Contact
### 2020 Industrial Contract Size by Sector

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

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

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):

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

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

2021 State of North American Manufacturing Report
70% of Thomasnet.com® Buyers’ 2020 Business Spend Was in North America

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

- **North America**: 70%
- **Rest of the World**: 30%

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

2021 State of North American Manufacturing Report
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?*

- Packaging Materials: 16%
- Metals & Metal Products: 16%
- Fasteners, Gaskets, or Other Hardware: 16%
- Electrical or Electronic Components: 15%
- Machining Tools & Services: 12%
- Automation Technologies: 10%
- Assembly Services: 6%
- None: 1%
- Other*: 8%

*US and Canada respondents only, n=177
*Other* includes: Chemicals, Glass, Lumber, Medical Supplies, and Plastic Injection Molding.
Percentage = Count of Responses/Total Respondents
2021 State of North American Manufacturing Report
Total Cost of Ownership Is the Top Factor When Considering Reshoring Supply Chains

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

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cost of Ownership</td>
<td>23%</td>
</tr>
<tr>
<td>Proximity to the Market</td>
<td>17%</td>
</tr>
<tr>
<td>USA-Made Products/Materials Demand</td>
<td>16%</td>
</tr>
<tr>
<td>Reduced Exposure to Shipping Cost</td>
<td>14%</td>
</tr>
<tr>
<td>Fluctuations/Disruptions</td>
<td>14%</td>
</tr>
<tr>
<td>Common Infrastructure: Access to Supplies, Services, Equipment</td>
<td>12%</td>
</tr>
<tr>
<td>Access to Local Talent</td>
<td>11%</td>
</tr>
<tr>
<td>Tax Breaks or Other Government Incentives</td>
<td>4%</td>
</tr>
<tr>
<td>Automation Capability</td>
<td>3%</td>
</tr>
</tbody>
</table>

n=337
Percentage= Count of Responses/Total Respondents

2021 State of North American Manufacturing Report
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:

- Availability/Lead Times: 59% Extremely important, 35% Very important, 6% Moderately important, 3% Slightly important, 0% Not at all important
- Price per Unit/Service: 57% Extremely important, 33% Very important, 10% Moderately important, 3% Slightly important, 0% Not at all important
- Quality Certifications: 53% Extremely important, 32% Very important, 12% Moderately important, 3% Slightly important, 0% Not at all important
- Verified Company Information: 42% Extremely important, 37% Very important, 16% Moderately important, 5% Slightly important, 0% Not at all important
- Payment Terms: 31% Extremely important, 35% Very important, 25% Moderately important, 6% Slightly important, 2% Not at all important
- Real-time Product Data: 29% Extremely important, 37% Very important, 26% Moderately important, 6% Slightly important, 2% Not at all important
- USA-Made Products and Materials: 27% Extremely important, 31% Very important, 26% Moderately important, 8% Slightly important, 8% Not at all important
- Diversity Status: 16% Extremely important, 19% Very important, 23% Moderately important, 16% Slightly important, 26% Not at all important
- Testimonials: 15% Extremely important, 28% Very important, 37% Moderately important, 14% Slightly important, 6% Not at all important

n=343
Percentage = Count of Responses/Total Respondents

2021 State of North American Manufacturing Report
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
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.
II. Supply Chain Intelligence
Powered by Thomasnet.com®
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

2021 State of North American Manufacturing Report
Aerospace & Defense: Aluminum and Steel Remain in High Demand, Hardware Is the Fastest Growing Sourcing Category Year-over-Year

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

2021 State of North American Manufacturing Report
Agriculture: Metal Plating Services Up 4,970% Year-over-Year

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

2021 State of North American Manufacturing Report
Automotive: Additive Manufacturing Is the Year-over-Year Leading and Fastest-Growing Sourcing Category

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

2021 State of North American Manufacturing Report
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

2021 State of North American Manufacturing Report
Food & Beverage: Packaging and White Label Sourcing Activities Are on the Rise, Recycling Services Up 1,664% Year-over-Year

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

2021 State of North American Manufacturing Report
Healthcare & Medical: Cleaning Compounds & Chemicals Up 2,180% Year-over-Year

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

- COVID-19 Response: 10,914 (10% YoY growth)
- Cleaning Compounds & Chemicals: 2,180% (2021 vs 2020)
- Wipes and Wipers: 1,277 (515%)
- Chemicals: 960 (142%)
- Supplements: 899 (350%)
- Food: 877 (220%)
- Personal Care Products: 816 (70%)
- Pipes: 749 (594%)
- Fabrication Services: 659 (65%)
- Vitamins: 609 (285%)
- Steel: 580 (274%)

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.

2021 State of North American Manufacturing Report
Manufacturing: Fabrication Services Remain in High Demand While Valves Are the Fastest-Growing Sourcing Category Year-over-Year

Company n= 33,450 (Q1 2021), company n= 36,260 (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

2021 State of North American Manufacturing Report
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.

*Data from The Association for Manufacturing Technology
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.
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?

- United States: 69%
- Canada: 7%
- Mexico: 2%
- Other: 22%

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

2021 State of North American Manufacturing Report
Respondents Are From a Variety of Industries

What sector do you work in?

- Manufacturing: 23%
- Energy/Utilities: 9%
- Aerospace & Construction: 8%
- Food & Beverage: 8%
- Oil/Gas: 8%
- Automotive: 7%
- Medical & Transportation: 7%
- Agricultural: 5%
- Other: 10%

"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?

- Less than 100: 71%
- 101-500: 17%
- 501-1,500: 3%
- More than 1,500: 9%

n= 348
Percentage= Count of Responses/Total Respondents

2021 State of North American Manufacturing Report
Company Size by Annual Gross Revenue

What is the annual gross revenue of your business?

- **Less than $4.9 million**: 44%
- **$5 million - $49.9 million**: 36%
- **$50 million - $99.9 million**: 6%
- **$100 million - $500 million**: 8%
- **Greater than $500 million**: 6%

n= 337
Percentage= Count of Responses/Total Respondents
Contact Information

Rita Lieberman
Director, Marketing & Communications
Thomas
5 Penn Plaza
New York, New York 10001

Email: rlieberman@thomasnet.com

Report Produced By:

Cathy Ma, VP of Platform Growth & Engagement
Mariah Hauck, Content Marketing Specialist
David Matava, Associate Creative Director
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.

Visit Thomas: Thomasnet.com®

Grow Your Business  Sign Up to Source For Free  Subscribe to Our Daily Newsletter