Formal Wear and Costume Rental in the US Industry Market Research Report from IBISWorld has Been Updated

Inexpensive imports are diverting consumers away from rental services by allowing them to purchase the same goods at little more than the cost of renting. For these reasons, industry research firm IBISWorld has updated a report on the Formal Wear and Costume Rental industry in its growing industry report collection.

Los Angeles, CA (PRWEB) June 07, 2013 -- A perfect storm has been brewing for the Formal Wear and Costume Rental industry during the five years to 2013. Inexpensive imports are diverting consumers away from rental services by allowing them to purchase the same goods at little more than the cost of renting. Furthermore, the economic recession's effects on disposable incomes have pushed the industry's revenue and its contribution to the economy down during much of the past five years. According to IBISWorld Industry analyst Sally Lerman, “revenue is expected to decline at an annualized rate of 0.8% to $982.8 million in the five years to 2013, with a small 1.1% gain expected through 2013”. The costume segment of the industry has been most affected by the influx of Chinese imports. Many consumers opt to purchase their costumes for Halloween and other themed occasions because an increased level of low-cost Chinese imports makes it more cost effective to buy than rent. Similarly, the low price of imported suits has driven more Americans to pay a marginally higher price to purchase their formal wear instead of renting it. As such, import penetration has satisfied a growing portion of domestic demand for formal wear and costumes.

Consolidation has also been a staple in the industry during most of the past five years. “The penetration of cheap imports into the market has forced operators to adjust their practices”, say Lerman. Companies have learned to operate with reduced operating expenses while increasing efficiency and creating synergies with hopes of luring consumers into renting items instead of buying them. The increasing number of Men's Wearhouse store closures is indicative of trends affecting the industry's operating establishments. Industry establishments are expected to decline over the five years to 2013. During the five years to 2018, revenue is forecast to continue declining. Consolidation will continue to define the industry. Even as the economy rebounds and disposable income recovers, the industry is not expected to reap the benefits; instead, cheap imports will continue to infiltrate the market and pull consumers away from renting costumes and formal wear.

Market share concentration within the Formal Wear and Costume Rental industry is low. The tuxedo rental division of Men's Wearhouse is the market leader. Its market share has increased slightly over the five years to 2013 due to a preferred provider partnership with David's Bridal and an arrangement to have the exclusive rights to Vera Wang's "Black by Vera Wang" line; all despite a consolidation of stores. Low barriers to entry enable this industry to be populated by many mom and pop style operations. Within other segments of the industry, concentration is considerably lower, with no single company dominating revenue. In contrast, there are many localized rental locations throughout the country, which cater to their own geographic region. Theatrical costume stores do not depend on advertising and branding like the tuxedo rental segment operators do.

For more information, visit IBISWorld’s Formal Wear and Costume Rental in the US industry report page.

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Companies in this industry primarily rent clothing such as formal wear, costumes and other clothing to end consumers. This industry does not include companies that primarily sell these items. This industry also does not include companies that primarily launder and supply uniforms and work apparel, these operators are included in the Industrial Laundry and Linen Supply industry (IBISWorld report 81233).

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