MARKET MEASUREMENT

AN ANALYSIS OF ATTITUDES, BEHAVIORS AND PERCEPTIONS AMONG PURCHASE DECISION-MAKERS FOR UNIFORM RENTAL PROGRAMS

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I. Executive Summary

A. Objective

To translate a highly accurate assessment of sentiment among decision-makers for uniform rental programs into specific recommendations to enable local/independent industrial launderers to more effectively compete with those serving the national market.

B. Methodology

This research is based upon a telephone survey conducted within a pure random sample of domestic U.S. companies in the following industries:

- Auto dealerships
- Auto repair
- Automotive dealers
- HVAC
- Manufacturing: Chemicals and allied products
- Manufacturing: Fabricated metal products
- Manufacturing: Food and kindred products
- Manufacturing: Industrial machinery and equipment
- Miscellaneous repair services
- Printing and publishing
- Special trade contractors
- Trucking and warehousing
- Wholesale trade - durable goods.

Name lists were purchased from Dun & Bradstreet to ensure that the study results are accurately projectable to the total U.S. market. The name lists purchased were based upon 25+ employees, headquarters locations only and excluded government entities. Using scientifically-developed pure random samples across the industries outlined above, Market Measurement executive interviewers completed a total of 170 interviews at locations that currently use a uniform rental service.

C. Summary of Key Study Findings

1. **Motivations for using uniform rental:** These continue to be dominated by the combination of company benefits and benefits to the wearers (55%), though many rent uniforms strictly as a wearer benefit (37%).

2. **Rental uniform "benefits to the company":** In describing benefits to the company, decision-makers devote particular emphasis to professional image (48%), cleanliness of clothes (39%), uniformity of appearance (26%) and company identification (24%).

3. **Competitive market profile:** Although CINTAS continues to be the market share leader (35%) its level of penetration declined measurably between 2006 – 2010 (45% to 36%), after which it has stabilized. UniFirst should be viewed as the most aggressive competitor in recent years, increasing its market share from 10% in 2006 to 18% in 2015. In addition, among those with less than five years tenure with their current uniform rental supplier, UniFirst has a market share of 27%.

4. **Purchased garments and other services:** This investigation reveals that industrial launderers benefit from numerous direct sale items, with particular emphasis upon mats (73%, up from 54% in 2010), restroom supplies (37%) and, to a lesser degree, promotional apparel (26%), uniforms other than those rented (16%) and first aid supplies (13%).

5. **Importance to the customer of direct sale products and other services:** Purchase decision-makers, who purchase direct sale products and/or other services from their industrial launderer, often consider these offerings to be "very important" (31%) or at least "somewhat important" (25%).

6. **Overall satisfaction with the uniform rental service:** After recording a "significant" increase in "very favorable" ratings between 1998 (58%) and 2006 (70%) sentiment has stabilized near this higher level (69% in 2015). It is important to note that industrial launderers are performing at the upper end of the typical range of 55% - 70% "very favorable" for business-to-business services (i.e., based upon thousands of similar evaluations completed by Market Measurement during the past 38 years).

7. **Net Promoter Score:** While overall satisfaction ratings are virtually undifferentiated for those using a local/independent vs. a national chain, local/independents recorded a "significantly" higher Net Promoter Score (i.e., 55% vs. the national chains at 43%).

8. **Key drivers of satisfaction:** Among those most likely to recommend their current supplier to others, the dominant motivations include effective communication (27%) followed somewhat distantly by on-time/complete deliveries (11%) and uniform appearance (9% - including both cleaning and repairs).

9. **Opportunities to better serve customer needs [unaided]:** Without question, opportunities for improvement are heavily focused upon what we often refer to as "overall uniform appearance," including faster replacement of uniforms (23%), better quality control" (17%), better repairs (14%) and cleaning of uniforms (10%). Mentions of these topics are also measurably more common among those less than "very favorable" toward their current supplier.

10. **Ratings of specific evaluation criteria:** When considering seven aided evaluation criteria, consistently associated with overall satisfaction based upon Market Measurement's extensive experience in this industry, the two key study conclusions are:

    - Between 1998 and 2015, customer satisfaction ratings have steadily, and often substantially, increased for these topics. In essence, the level of competition in the market, in terms of product and service performance, has intensified

    - Local/Independents consistently, and often substantially, outperform the national chains on these evaluation criteria.

11. **Perceptions about local/independents vs. the national chains [Unaided]:** Local/independents are characterized by numerous "perceptual advantages" over the national chains when purchase decision-makers are asked about the advantages of using a locally-owned rental launderer vs. a larger, regional or national, rental uniform supplier. This includes frequent mentions of:

    - Better/more personalized service (41%)
    - Supporting the local economy (41% up from 7% in 1998)
    - Greater accessibility (21%).

    The image attributes outlined above contrast with those associated with the national chains including "lower costs" (66%) and "more selection/variety" (31%).

12. **Perceived performance of local/independents vs. the national chains on specific criteria [Aided]:** In addition to purchase decision-makers who provided solid support for local/independents on an unaided basis, the proportions who perceive that "a local firm would best serve their needs" was often quite impressive when considering these topics:

    - Timeliness of response to problems (82%)
    - Quality of service personnel (78%)
    - Service quality (71%)
    - Having fair billing policies (57%).

13. **Likelihood of contract renewal:** Arguably, one of the most compelling study findings, in terms of the actual performance of local/independents vs. the national chains, are the proportions of decision-makers who "absolutely will" renew their contract with their current supplier. This represents almost three-quarters (74%) of those using a local/ independent vs. only slightly more than one-half (52%) for those using a national chain.

14. **Receptivity to three-year contracts:** Even under the challenging scenario of having to switch suppliers, more than one-in-four purchase decision-makers are either “very likely” (12%) or “somewhat likely” (17%) to consider making this switch to obtain a three-year contract.

    The national chains are comparatively more vulnerable to this marketing strategy:

    1. 82% of those using a local/independent are “not at all likely to consider” switching for a three-year contract compared to only 50% of those using a national chain

    2. 32% of those using a national chain are at least “somewhat likely” to consider this type of switch, compared to less than one-half this proportion for those using a local/independent (15%)

15. **Important untapped opportunity for local/independents:** While local/independents are characterized by numerous, and often significant, advantages over the national chains, in terms of image and actual performance, this often represents little more than a missed opportunity. For example, among those currently being served by a local/independent, 13% perceive that their supplier is a national chain, 3% assume they serve multiple states and, most importantly, 25% responded “don’t know” when asked about the geographic service area of their current uniform rental supplier (i.e., total = 41% not aware they are using a local/independent).

D. Key Study Statistics

	TOPICS	STUDY FINDINGS 2015	2010	2006
1.	Motivations for renting uniforms			
	Benefits to the wearers	37%	30%	39%
	Benefits to the company	8%	8%	12%
	Both	55%	62%	50%
2.	Primary benefits to the company			
	Professional image	48%	52%	50%
	Cleanliness of clothes	39%	28%	31%
	Uniformity of appearance	26%	45%	31%
	Company identification	24%	15%	-
	Convenience	14%	NA**	NA
	Cost savings to company	11%	NA	NA
	Customer service (unspecified)	5%	NA	NA
	Quality of the garments	2%	NA	NA
	Repairs/replacement of garments	2%	NA	NA
	Regulations/government mandates/Laws	3%	NA	NA
	Safety	5%	NA	NA
	Other	4%	NA	NA
3.	Report that "do purchase" each of the following from current uniform rental supplier			
	Mats	73%	54%	NA
	Restroom supplies	37%	31%	NA
	Promotional apparel	26%	18%	NA
	Uniforms, other than those rented	16%	17%	NA
	First aid supplies	13%	13%	NA
4.	["Do purchase" at least one of the items outlined above] Importance of rental uniform supplier offering these purchased products			
	Very	31%	31%	NA
	Somewhat	25%	28%	NA
	Only slightly	16%	21%	NA
	Not at all important	29%	20%	NA

Yellow/Light grey = significant differences vs. orange/dark grey
****NA = Not relevant in previous years***

	TOPICS	STUDY FINDINGS 2015	2010	2006
5.	Uniform rental suppliers			
	CINTAS	35%	36%	45%
	Local/Independents (total)	19%	19%	19%
	UniFirst	18%	14%	10%
	G&K	12%	9%	12%
	Aramark	11%	14%	10%
	AmeriPride	3%	6%	4%
	Alsco	1%	2%	-
6.	Overall sentiment toward uniform rental program			
	Very favorable [NOTE: only 58% in 1998]	69%	66%	70%
	Somewhat favorable	25%	31%	26%
	Somewhat unfavorable	4%	1%	4%
	Very unfavorable	2%	2%	-
7.	Likelihood of recommending uniform rental supplier to others (i.e., 10 = extremely likely and 1 = extremely unlikely)			
	Rating of 9 or 10	64%	55%	62%
	Rating of 7 or 8	16%	30%	18%
	Rating of 1 - 6	20%	15%	19%
	Net Promoter [Promoters minus detractors]	44%	40%	43%
8.	Primary opportunities to better serve customers			
	Production (cleaning, repairs, etc.)	50%	NA***	NA
	Price/Cost	37%	NA	NA
	Billing policies	8%	NA	NA
	Communication	4%	NA	NA
	Product	3%	NA	NA
	Customer service	3%	NA	NA
	Other	2%	NA	NA

Yellow/Light grey = significant differences vs. orange/dark grey
****NA = Not relevant in previous years***
*****Beginning in 2015, even those initially indicating "satisfied/no problems" were heavily probed to identify at least one opportunity for improvement. Consequently, 2010 and 2006 data are no longer relevant for comparative purposes.***

	TOPICS	STUDY FINDINGS 2015	2010	2006
9.	Rate uniform rental service "excellent"			
	Quality of delivery personnel	64%	59%	51%
	Timely deliveries	62%	53%	48%
	Telephone access	56%	52%	44%
	Timely response to problems	51%	43%	40%
	Fair billing policies	49%	39%	39%
	Overall uniform appearance	44%	32%	NA**
	Completeness of delivery	42%	34%	33%
10.	Rate uniform rental service "excellent" or "very good"			
	Timely deliveries	83%	75%	76%
	Quality of delivery personnel	82%	81%	78%
	Telephone access	74%	75%	73%
	Timely response to problems	72%	70%	67%
	Fair billing policies	70%	61%	69%
	Overall uniform appearance	70%	60%	NA
	Completeness of delivery	67%	60%	63%
11.	Rate uniform rental service "excellent" or "very good" or "good"			
	Quality of delivery personnel	98%	97%	97%
	Timely deliveries	95%	96%	97%
	Telephone access	91%	96%	94%
	Overall uniform appearance	91%	93%	NA
	Fair billing policies	89%	92%	89%
	Timely response to problems	87%	90%	88%
	Completeness of delivery	85%	88%	88%
12.	Likelihood of contract renewal			
	Absolutely would	56%	37%	44%
	Probably would	33%	56%	46%
	Probably would not	7%	5%	7%
	Absolutely would not	4%	2%	3%
13.	Receptivity to switching uniform rental suppliers if offered a three-year contract			
	Very	12%	12%	NA
	Somewhat	17%	21%	NA
	Only slightly	14%	13%	NA
	Not at all likely	57%	54%	NA

Yellow/Light grey = significant differences vs. orange/dark grey
****NA = Not relevant in previous years***

	TOPICS	STUDY FINDINGS		
		2015	2010	2006
14.	Perceived geographic service area for uniform rental supplier			
	Currently use local/independent:			
	National	13%	54%	13%
	Local market	59%	30%	50%
	Multiple states	3%	5%	16%
	Don't know	25%	11%	21%
	Currently use national supplier:			
	National	86%	77%	53%
	Local market	2%	10%	7%
	Multiple states	0%	4%	15%
	Don't know	12%	10%	26%
15.	Perceived advantages of using a locally-owned rental launderer (Unaided)			
	Better/More personalized service	41%	41%	45%
	Supporting the local economy	41%	39%	24%
	Easier access	21%	20%	30%
	More responsive	13%	13%	17%
16.	Perceived advantages of using a larger, regional or national rental launderer (Unaided)			
	Lower cost	66%	67%	67%
	More selection/Variety	31%	29%	21%
	Better service	16%	19%	10%
	Better reliability	14%	14%	5%
17.	Perceive "local firm would best serve needs vs. national rental uniform supplier"			
	Timeliness of response to problems	82%	82%	82%
	Quality of service personnel	78%	67%	80%
	Service quality	71%	69%	77%
	Having billing policies you consider to be fair	57%	51%	67%
	Product quality	50%	45%	55%
18.	If switching uniform rental supplier, prefer			
	Local/Independent	48%	53%	60%
	National	52%	47%	40%

Yellow/Light grey = significant differences vs. orange/dark grey

	TOPICS	STUDY FINDINGS		
		2015	2010	2006
19.	Tenure of rental uniform use			
	Under 5 years	34%	35%	32%
	5-9 years	36%	29%	37%
	10 or more years	30%	36%	31%
20.	Study participant knows the name of regular delivery person			
	Yes	76%	77%	63%
	No	24%	23%	37%

Yellow/Light grey = significant differences vs. orange/dark grey

E. Recommendations

1. Customer Retention and Acquisition

a. **Consistently high overall satisfaction scores for the industry reflect the challenges associated with "acquiring" customers from competitors, while also reinforcing the crucial importance of maintaining high levels of customer satisfaction within existing accounts:** Barely one-half (58%) of all uniform rental customers in 1998 were "very favorable" in describing their overall relationship with their supplier. In 2006, this increased "significantly" to 70% and has remained at a relatively high level (e.g., 66% in 2010 and 69% in 2015), despite the fact that challenging economic conditions often translate into lower customer satisfaction scores. Although likely to be a key point of emphasis within virtually any member firm, these study findings reinforce the crucial importance of meeting, or exceeding, customer service expectations among existing purchase decision-makers since competitors are performing at a high level. In addition, marketing strategies should reflect the fact that, compared to historical trends, it may be increasingly difficult to attract customers away from existing suppliers, though the alternative of attracting no-programmers has always been highly challenging.

Reinforcing the substantial improvements in customer satisfaction ratings are the aided evaluation of criteria known to have a substantial impact upon overall customer satisfaction levels. Specifically, since 1998, there have been statistically-significant increases in the proportions of "excellent" ratings for:

- Quality of delivery personnel (43% - 1998 and 64% - 2015)
- Timeliness of delivery (41%/62%)
- Accessibility by telephone (38%/56%)
- Timeliness of problem response (36%/51%)
- Fair billing policies (30%/49%)
- Completeness of delivery (25%/42%).

Table 3-1; Table 3-8

b. **To reinforce both customer satisfaction and retention, industrial launderers should aggressively promote key attributes of the "value delivered":** Candidly, this is a popular recommendation integrated into most business-to-business customer satisfaction studies managed by our firm. Specifically, the study findings reveal untapped opportunities to continually "re-sell" existing customers. For example, when those providing the highest ratings for the Net Promoter Score question (i.e., those most likely to recommend their current supplier to others) were asked about their rationale, our executive interviewers noted that many had difficulty providing any specific feedback. In fact, one-in-four (25%), even with heavy probing, could be no more specific than "we are satisfied" or "there are no problems." The only other popular response category was "good communication" (27%). In responding to these findings, Market Measurement typically recommends that the launderer identify three-four topics/themes that they believe have the greatest impact upon the perceived return-on-investment associated with the service. These are the messages that should be communicated to customers whenever possible. Ultimately, if customers do not consider a supplier to be uniquely qualified to meet their needs they will be vulnerable to competitors.

Table 3-5

c. **When considering the "realities" associated with customer service, member firms should assume that the performance of local/independents is measurably, and consistently, better than the national chains and this should translate into a key promotion theme for both current and potential customers:** Particularly when considering ratings of "excellent" vs. "fair" or "poor," local/independents outperform their national chain counterparts on all of the seven aided evaluation criteria included in this investigation.

This variance is most notable when considering "accessibility by telephone" and "timeliness of problem response." For example, at least two-thirds of those served by a local/independent provide a rating of "excellent" for these two criteria, compared to barely one-half of those serviced by a national chain. We believe these study findings should be promoted to current customers to support retention, while also being integrated into the sales presentations for future customers. These communication activities could employ the two statistical tables referenced below.

Table 3-10; Table 3-11

d. **To address the primary sources of dissatisfaction among current customers, industrial launderers should focus heavily, if not exclusively, upon production topics that impact the overall appearance of the uniforms. Action planning should include both the realities associated with effective production, as well as customer perceptions and misperceptions:** When considering crucial unaided commentary regarding opportunities for customer needs to be better served (i.e., arguably the most important information collected in this study since these are top-of-mind concerns among current customers), other than criticisms of cost, customers are most likely to focus upon production topics, such as replacement policies, overall quality control, repairs and garment cleanliness.

More importantly, those who are only "somewhat favorable" in their overall assessment of the service are substantially more likely to submit unaided criticisms of production topics (67%) vs. those who are "very favorable" (39%). Market Measurement submits that this sentiment is also highly consistent with the steadily increasing importance of image and identity as a purchase motivation.

Market Measurement also notes that, when considering the seven aided evaluation criteria (i.e., topics that, traditionally, have been the most closely associated with customer dissatisfaction), one of the lowest-rated topics for the proportion of "excellent" ratings is "overall appearance of uniforms." In terms of applying this information, Market Measurement submits that there may be a tendency to evaluate rental uniforms from a somewhat fragmented vs. "holistic" perspective. In essence, a critical evaluation of a particular uniform may indicate that:

- The garment is clean
- There are few, if any, unremovable stains
- All repairs have been made to the garment in terms of no missing buttons, tears having been repaired, etc.
- The garment is relatively free of wrinkles.

Despite meeting all of these "incremental objectives" in terms of servicing the garment might there also be an untapped opportunity for someone to stand back and consider the overall appearance of the garment and determine that, while there are no significant individual deficiencies, it would be easy to understand why a purchase decision-maker would not view the garment as an acceptable representation of their company?

Stated another way, though the garment may "technically" meet all promised evaluation criteria to the customer, are we delivering a uniform that will have a positive, or at worst neutral, impact upon those viewing it? Obviously, addressing this issue shifts the conversation into the [almost always] challenging topic of garment replacement policies, costs, etc.

Regardless, Market Measurement submits that, from our extensive experience in the industry, the importance of the overall appearance of the rental uniform should be viewed as a crucial evaluation criterion among purchase decision-makers and may very well be of increasing importance.

It is also essential to realize that criticisms of production topics are frequently a function of an unmet need to better educate customers to "manage their expectations" regarding repairs (e.g., making repairs inside pockets requires identification by the wearer), garment replacements (understanding the characteristics of the "garment grade" relevant to each customer account), etc. In support of the recommendation to also focus upon customer expectations, only 37% of those with 11+ years of tenure with their current supplier were critical of production topics, "significantly" above the proportions associated with new customers (i.e., 57% mention for those with under five years tenure and 56% for those with five-ten years tenure).

Finally, an observation about criticisms of "cost/price." Again referencing our extensive experience in business-to-business customer satisfaction assessments, our firm consistently finds that as the overall level of customer satisfaction increases so does unaided mentions of price or cost as an untapped opportunity for improvement. So, what is the rationale? If a customer is highly satisfied and/or unable to suggest any specific unmet need, what is the most logical response when commenting upon how their needs could be better served? We would argue that the logical response is "cut the cost." Even an extremely satisfied customer would be interested in a lower price.

Table 3-6; Table 3-7; Table 3-8 Table 3-10

e. **When considering the dominant impact of production topics on customer satisfaction, Market Measurement strongly recommends consideration of "garment insurance programs":** Market Measurement has seen compelling evidence that customer satisfaction and retention can be significantly enhanced by offering, and aggressively promoting, some type of garment insurance, typically based upon a modest increase to the cost-per-change, with periodic reviews of this additional fee vs. the actual costs incurred by the launderer.

Table 3-6

f. **While it might be assumed that customer satisfaction and likelihood of retention will increase measurably when a customer signs their second five-year contract, this research suggests that even customers on their second contract should be carefully monitored as it is only after the third five-year contract is signed that overall satisfaction levels increase measurably:** Although it may not be surprising to find that only 61% of new customers (i.e., those within their first five-year contract) are "very favorable" toward the uniform rental service, Market Measurement did not anticipate, however, that this statistic would remain virtually unchanged for those on their five-year contract (i.e., 62% - "very favorable"). This compares with a "significant" increase to 81% "very favorable" for those who have maintained their supplier relationship for at least 10 years. In essence, member firms should be cautious about assuming that once a new customer renews their contract they will be measurably less vulnerable to competitive threats. This is only a relevant hypothesis once they have signed their third contract.

Table 3-2

g. **Among the 35+ industrial launderers and linen rental suppliers served by Market Measurement, we find that many use some type of customer satisfaction question to monitor customer sentiment. This research suggests that the Net Promoter Score question may be a viable/useful substitute for a more direct assessment of customer satisfaction:** The challenge, from our perspective, with directly asking customers for a satisfaction rating is that some may be less than candid during a face-to-face meeting. In essence, even those less than "very satisfied" with the relationship may find it easier to simply indicate "all is good," fostering a lost opportunity to identify those at risk of dissatisfaction or attrition.

By comparison, purchase decision-makers may be comparatively more candid if asked about the likelihood of recommending the supplier to friends, colleagues, etc. using a 1 – 10 scale. The ability of the Net Promoter Score question to serve as an accurate substitute for a direct evaluation of satisfaction can be found in the dramatic difference in the Net Promoter Scores for those who, at the beginning of the interview, indicated that they are "very favorable" toward their industrial launderer (i.e., Net Promoter Score = 68%) vs. those only "somewhat favorable" (Net Promoter Score = 17%). In essence, there is an 85 percentage point difference in the Net Promoter Scores between these two customer constituencies.

We believe that this is compelling evidence of the value of substituting the Net Promoter Score question for a direct evaluation of customer satisfaction, particularly during in-person meetings with customers.

Table 3-4

2. Sales & Marketing

a. **When developing marketing and promotion strategy themes, emphasis should be upon both benefits to the company and benefits to wearers:** The proportion of decision-makers who indicate that they rent uniforms because of both company benefits and wearer benefits had increased steadily and substantially between 1998 (43%) and 2010 (62%), before possibly declining slightly in 2015 (55%). Nevertheless, those who rent uniforms strictly as a wearer benefit represent a relatively large constituency (37%). Market Measurement submits that communication of the benefits of uniform rental to both the company and wearers should also be directed at both current and potential customers. For example, among those "very favorable" toward their current supplier, 59% perceive that both the company and their wearers benefit from this service, significantly, above the proportion associated with those only "somewhat favorable" (45%). Finally, Market Measurement also found that customers who are the least vulnerable to switching suppliers to gain access to a three-year contract were also "significantly" more likely to indicate that they rent uniforms because the service benefits both the company and its wearers.

Table 2-1

b. **When promoting "benefits to the company" of the uniform rental service, particular attention should be focused upon "professional image," "cleanliness of clothes," "uniformity of appearance," and "company identification/promotion":** In 1998, only 21% of all decision-makers identified "professional image" as a motivation for using rental uniforms. By 2006 this increased to at least one-half of all decision-makers (50%) and has remained at this high level through 2015 (48%). Market Measurement notes that this is an unusually high proportion of unaided mentions for a single purchase motivation and reinforces the likelihood that this will be an especially powerful promotion theme.

Other popular benefits to the company for which there is likely to be substantial "conceptual support" among purchase decision-makers are "cleanliness of worker clothes" (39%), "uniformity of appearance" (26%) and "company identification/promotion" (24%). In summary, this research reveals that industrial launderers have a solid/ positive "story to tell" when communicating the benefits of the service to the company.

Table 2-2

c. **Offering three-year contracts should be considered a viable marketing strategy to encourage supplier switching, particularly when targeting customers of the national chains, especially those served by Aramark:** When asked to describe their level of receptivity to a three-year contract, instead of the more common five-year contract, more than one-in-ten (12%) purchase decision-makers indicated that they would be "very likely" to consider switching suppliers with this as an incentive. In addition, this proportion increases to more than one-quarter (29%) of all study participants when including those at least "somewhat likely" to consider switching.

Of particular interest to member firms may be the comparatively higher level of receptivity to three-year contracts among those currently served by a national chain. Specifically, the proportion "very" or "somewhat likely" to consider switching suppliers for a shorter contract is more than twice as high among those served by a national chain (32%) vs. customers of local/ independents (15%).

As would be anticipated, those who are only "somewhat favorable" toward their current supplier are substantially more receptive to the three-year contract option (i.e., 52% "very or somewhat likely to switch") compared to those who are "very favorable" (i.e., only 18%). In essence, under a scenario in which a dissatisfied customer is evaluating alternative suppliers, a three-year contract could directly influence this decision.

Across the competitive landscape, this research suggests that current customers of Aramark will, by far, be the most receptive to this marketing strategy with those served by G&K typically being apathetic about the concept.

Table 3-15; Table 3-16; Table 3-17

d. **As will be further reviewed in this section of the recommendations, local/independent industrial launders are characterized by a significant "missed opportunity" associated with the combination of about one-half of current customers accurately identifying their supplier as a local/independent and the highly favorable image attributes associated with being a "local business":** In 2015, only slightly more than one-half (59%) of those who use a local/ independent for their uniform rental service accurately identified their supplier as "local." Unfortunately, 13% perceive that their supplier is a national chain, 3% report that they serve multiple states and one-in-four (25%) responded "don't know."

When asked to describe the potential benefits of using a supplier that only serves the local market, purchase decision-makers were highly vocal, frequently mentioning better/more personalized service (41%), supporting the local economy (41%) and greater accessibility (21%). Also mentioned as an attractive attribute of a locally-owned rental launderer is "being more responsive" (13%). The proportion of mentions of "supporting the local economy" is significantly higher than in 1998 (i.e., only 7% mention vs. 41% in 2015).

In contrast, when asked to describe the benefits of using a larger, regional or national rental uniform supplier, emphasis was overwhelmingly focused upon "lower costs" (66% mention), though these suppliers were also noted as offering more selection/variety (31%), better service (16%) and better reliability (14%).

The increasing level of importance of low prices as an image attribute associated with the national chains can be found in the dramatic increase in mentions of this topic between 1998 (38%) and studies conducted in 2006, 2010 and 2015 (i.e., at least 66% mention in all three studies).

These findings suggest the following:

- Local/independent launderers should devote more personnel and financial resources to educating both current, and potential, customers regarding the local/independent status of their business, when considering the highly attractive image attributes associated with this designation

- While there appears to be comparatively less need to identify the national chains, this should still be viewed as a secondary priority (i.e., a measurable proportion of purchase decision-makers remain unclear about "who are the nationals?")

- Local/independent launderers should capitalize upon the highly favorable image attributes commonly associated with a local/independent business, including better/more personalized service, supporting the local economy and greater accessibility. In essence, since there is substantial "perceptual support" for these promotion themes, they should be integrated into sales presentations and when communicating with current customers

- In battling the nationals, there can be little doubt that these competitors aggressively use low price as a key promotion theme. This research certainly suggests that a viable promotion strategy for local/independent launderers is to suggest "If you are paying a lower price, you might get exactly what you are paying for!".

In essence, there is compelling evidence that local/independents should be able to successfully position themselves as offering a "value advantage," even if at a slightly higher cost

- Local/independent launderers should always be cautious whenever pursuing any promotion themes associated with being "big" as this could undermine the image advantages they enjoy vs. the national chains.

Ultimately, Market Measurement recommends that local/independents assume a highly aggressive stance in terms of communicating to current, and potential, customers that they are a local/ independent provider (i.e., and, in many cases, the only local/independent serving a particular geographic area).

Table 4-1; Table 4-2; Table 4-3; Table 4-5; Table 4-7

e. **It may be useful for local/independent launderers to critically evaluate the degree to which lower costs available through national chains is perception or reality:** Market Measurement submits that national chains often benefit from the perception that larger size = lower prices, primarily through economies-of-scale and the purchasing power of a large/national organization. Conversely, we believe that local/ independent launderers can make a compelling argument that, since their buying power through CSCNetwork is comparable to being the second largest industrial launderer in the country, they can be as competitive as any of the national chains when considering price.

Ultimately, it may be useful for the personnel of local/independents to gather feedback from current and potential customers to determine whether "low price" is a reality with the national chains or more of a perception. Regardless of the outcome, it will be important for member firms to promote their affiliation with CSCNetwork and the cost/benefits to the customer associated with this affiliation.

Table 4-7

f. **Although likely to represent a strategy already being pursued, member firms should promote their ability to "match" national competitors when considering selection/variety of garments:** More selection/variety is among the "perceived" advantages characterizing the national chains. However, realty suggests that, especially when considering the affiliation with CSCNetwork, local/independent launderers can provide a comparable level of garment variety/selection.

Table 4-7

g. **In addition to capitalizing upon the unaided (i.e., top-of-mind) image advantages local/independents have over their national chain competitors, Market Measurement recommends that promotion activities include comparative assessments suggesting that a local/independent will also offer significant advantages in terms of quality of service personnel, service quality and, in particular, timeliness of response to problems:** When considering five aided evaluation criteria, in terms of which type of supplier would best serve customer needs, local/independent firms enjoy a significant "perceptual advantage" over the national chains for quality of service personnel (i.e., 78% perceive a local/independent would best serve their needs vs. 22% for nationals), service quality (71%/29%) and an overwhelming image preference when considering timeliness of response to problems (82%/18%).

Table 4-10

h. **Local/independents should carefully review billing policies and product quality when considering the significant declines in what had been substantial "image advantages" over the national chains on these two evaluation criteria:** In 1998, 83% of all purchase decision-makers perceived that a local/independent would best serve their needs when considering "having fair billing policies." Since that time, this proportion has declined significantly, and substantially, to only 57%. Similarly, the image advantage associated with "product quality" has fallen from 75% to 50%. When considering billing policies, Market Measurement has found that customer dissatisfaction is typically a function of numerous, and often confusing, "extra charges," unanticipated charges for uniform replacement and invoices that have become increasingly lengthy and complex.

As mentioned in an earlier recommendation, garment insurance can reduce customer concerns about billing/costs, while also representing a source of new revenue.

Table 4-8

i. **Planning activities should reflect the likelihood that the comparatively higher level of preference for local/independents vs. the national chains characterizing the 2006 study has slowly, though steadily, deteriorated, perhaps as a function of cost competitiveness, billing policies and product quality:** In 2006, when asked "If you ever decided to switch uniform rental suppliers, would you be most likely to switch to a local/independent or a firm that serves the national market?," local/independents enjoyed a 60%/40% level of preference . In 2010, this declined to 53%/47% and in 2015 preferences are undifferentiated (48%-local/independents and 52%-national chains, which is not a "statistically-significant" difference).

The likely explanation for this gradual net change includes:

- Price competitiveness: Although this dominant perceived competitive advantage for the national chains has been in evidence since 2006, the overall importance of price may be increasing

- Billing policies: Market Measurement perceives that there has been a steady increase in the number, variety and complexity of "extra charges" within the uniform rental market. Although originally pursued more aggressively by the national chains, this study has recorded a steady and substantial decline in the proportion of purchase decision-makers who perceive that a "local firm would best serve my needs" when considering "having fair billing policies." Specifically, this proportion was 83% in 1998 compared to only 57% in 2015.

  In essence, much of the competitive advantage associated with this topic has dissipated. Deterioration in the image of local/independents offering "fair billing policies" could also foster higher purchase decision-maker receptivity to the reality/perception of lower prices available from national chains

- Product quality: Regardless of what Market Measurement perceives to be the reality of fairly minimal variations in the quality/variety of products/garments available from a local/ independents vs. a national chain, local/ independents enjoyed a 75%/25% perceptual advantage on this evaluation criterion in 1998. In 2015, preferences are now equally divided (i.e., 50%/50%).

Based upon the crucial unaided assessment of the attractive attributes of using a local/independent, member firms should focus upon better/more personalized service, supporting the local economy and easier accessibility to regain the market preference for local/independents evident in 2006, while also ensuring that they are providing solid value for the cost (i.e., to address the significant image advantage national chains have when considering competitive prices).

Table 4-7; Table 4-8; Table 4-10; Table 4-11

3. Competitive Market Environment

   a. **Despite some deterioration in market share, member firms should assume that Cintas continues to be the dominant competitive threat for uniform rental:** Although the market share for Cintas has declined from 45% in 2006 to 35% in 2015, this is still approximately double the market share of the next largest competitor (i.e., UniFirst – 18%). Consequently, it remains important to carefully monitor the marketing and promotion strategies pursued by Cintas, as well as to identify and capitalize upon any identified areas of vulnerability. As with most industrial launderers, areas of vulnerability are likely to emphasize production topics (i.e., replacement policies/charges, repairs, overall image of the garments, etc.) and, of course, competitive pricing. As noted in an earlier recommendation, at least one-quarter of all Cintas customers are either “very” or “somewhat likely” to consider switching suppliers for a three-year contract.

   Tabel 2-3; Table 3-17

   b. **UniFirst should be viewed as the most aggressive competitor in the market when considering net changes in market share:** In 2006, UniFirst had a market share of only 10%. This increased to 14% in 2010 and has almost doubled in 2015 (18%). As with Cintas, this is a competitor whose marketing and promotion strategies should be closely monitored as they appear to be comparatively more successful than any other national chain.

c. **Aramark should be considered a national chain with customers that are particularly vulnerable to an offer of a three-year contract:** While the overall market share for Aramark is only 11%, this more than doubles when considering those "very likely" to consider switching to obtain a three-year contract (i.e., 27%).

Table 2-3; Table 3-17

4. Direct Sale Products and Additional Services

a. **Member firms should compare their levels of customer account "penetration" for the additional products and services evaluated in this research to national averages:** We now have highly accurate statistics, for both 2010 and 2015, regarding the average levels of current customer account penetration for additional products and services. Using this information, each member firm should determine the degree to which they have been able to achieve, or even exceed, these market penetration levels. For example, this research suggests that three-quarters (73%) of all accounts should be purchasing/renting mats and at least one-third (37%) should be purchasing restroom supplies, etc. Admittedly, the unique characteristics of the customers served by any individual member firm may foster variances from these industry averages, though this type of comparison should still be a useful starting point for critically evaluating/identifying untapped opportunities to increase revenue through direct sale products and services.

Table 2-4

b. **Although the variances are somewhat limited, member firms should be aware that the national chains may be somewhat more effective in promoting mats and first aid supplies vs. local/ independents that have a slight competitive advantage when considering direct sale garments:** These are study findings that could easily vary across geographic regions, though it may still be useful to attempt to identify strategies pursued by the national chains to gain a slight competitive advantage in terms of promoting mats and first aid supplies.

Table 2-4

c. **There is evidence that the direct sale of restroom supplies and promotional apparel may further enhance the level of customer satisfaction:** Among those "very favorable" in their overall assessment of their uniform rental supplier relationship, well over one-third (41%) purchase restroom supplies, compared to only 29% for those only "somewhat favorable." Similar study findings characterize promotional apparel (i.e., 31%/17%). While one could hypothesize that these findings are simply a function of more satisfied customers being more receptive to direct sale purchases, these net differences are not evident when considering mats, direct sale uniforms and first aid supplies.

Table 2-4

d. **Identify the rationale for the potential decline in current customer penetration for direct sale promotional apparel, such as polo shirts, t-shirts and caps with company logos:** While the proportions of current customers who look to their rental uniform supplier for mats, restroom supplies, direct sale uniforms and first aid supplies are relatively undifferentiated across the three tenure groups (i.e., tenure with current supplier of under 5 years vs. 5 – 10 years vs. 11+), longer term customers are substantially more likely to be purchasers of promotional apparel (i.e., 39% of those with 11+ years of tenure vs. only 18% for customers in their first five-year contract). Unless there has been a declining trend in the use of promotional apparel, these study findings may reflect an untapped opportunity to more aggressively promote this type of apparel to more recently acquired customers.

Table 2-5

II. Background

A. Chapter Summary

1. Consistent with the long term trends in this research, the primary motivations for using rental uniforms continue to evolve from a comparatively high level of emphasis upon wearers (i.e., 1998 = 46% used rental uniforms strictly as a worker benefit), to a scenario in which decision-makers are increasingly focused upon benefits to the company and wearers (55% vs. 43% in 1998). Based upon Market Measurement's extensive experience in this industry, we believe that this is a function of the steadily increasing importance of the impact of rental uniforms on company image/identity vs. the declining size/importance of traditional, heavy-soil industries. Nevertheless, those who rent uniforms strictly as a benefit to the wearers still represent more than one-third of the market (37%).

   This study also reveals that customer satisfaction is "significantly" higher among firms that rent uniforms for which there are both benefits to the company and to the uniform wearers. Might this reflect perceptions about a higher return-on-investment for a service that provides both types of benefits? Finally, when considering customer retention, those who perceive that their uniform rental service provides benefits to both the company and the wearers are also the least likely to consider switching suppliers if offered the option of a three-year contract [Table 3-16].

Table 2-1

2. In describing the "benefits to the company" associated with rental uniforms, barely one-in-five (21%) decision-makers in the 1998 market evaluation mentioned "professional image." Since that time, the level of emphasis upon "professional image" has more than doubled (i.e., approximately 50% of all decision-makers identify "professional image," on an unaided basis, as a motivation for using rental uniforms).

In 2010, there was measurably more emphasis upon "uniformity of appearance" (45%) vs. "company identification/ promotion" (15%), compared to a similar proportion of mentions for these two topics in 2015 (i.e., 26% - uniformity of appearance and 24% - company identification/promotion). Market Measurement submits that these could be viewed as somewhat similar response categories, thus mitigating the likelihood that there has, in fact, been a dramatic change in market sentiment during the past five years.

Table 2-2

3. As was probably anticipated, CINTAS continues to be the market share leader (35%) with nearly double the level of market penetration of all local/independents (19%) and nearly comparable to the level of market share for the next three national industrial launderers. Nevertheless, CINTAS recorded a significantly lower level of market penetration in 2010 (36%), when compared to 2006 (45%), and has remained at this lower level in 2015 (35%). The level of market penetration for local/independents has remained unchanged during the past nine years (19%).

   In further evaluating market share, based upon the various tenure groups, Market Measurement found that, while the level of market penetration is relatively consistent for local/ independents (i.e., across all three tenure group categories), there were substantial variances among the national chains:

   - Reinforcing the likelihood of at least a slight decline in market position for CINTAS, this competitor controls 40% of those with 11+ of tenure with their current supplier, compared to only 34% for those with under five year's tenure (i.e., possibly, first time users of a uniform rental service, though this would also include "switchers")

   - UniFirst appears to be particularly aggressive in capturing new business (i.e., 27% penetration for those with under five year's tenure, which is measurably higher than their overall market share of 18%)

UniFirst has also almost doubled its overall level of market penetration from 10% in 2006 to 18% in 2015. It may be useful to determine whether UniFirst has identified some unique/compelling marketing and promotion themes/strategies or, for example, if they are simply being highly aggressive in their pricing policies

- The market share levels for G&K Services, Amerimark and AmeriPride have remained virtually unchanged since 2006.

The primary challenge in accurately interpreting these study findings can be found in these observations:

- Having a disproportionately high level of market penetration among those with under five year's tenure could be a function of numerous issues, including aggressive/successful marketing to new accounts, or an inability to establish long-term customer relationships (i.e., constantly "churning" new customers, while being unable to translate these into long-term relationships).

- A high level of market share among longer-tenured customers, such as with CINTAS, could be related to solid capabilities in terms of maintaining long-term customer relationships, or reflect less emphasis/ success in capturing new customers.

Ultimately, it will be useful to receive feedback from CSCNetwork member firms regarding the most accurate interpretation of these study findings.

Table 2-3

4. This research suggests that industrial launderers have been substantially more aggressive/successful in promoting mats to current customers. For example, while barely one-half (54%) of all uniform rental customers also obtained mats from their supplier in 2010, this proportion has increased to almost three-quarters (73%) in 2015. Though the variance is not dramatic, the national chains may be slightly more effective in promoting mats to their uniform rental customers (e.g., 74% vs. 66% for local/independents).

CSCNetwork member firms may find it useful to compare the levels of market penetration highlighted in Table 2-4 vs. their own performance in cross-selling current customers. This could be particularly important when considering restroom supplies and promotional apparel, for which market penetration levels are 37% and 26%, respectively.

By narrow, though "significant" margins, local/independents may be somewhat more effective than their national counterparts in promoting the direct sale of garments, while the nationals enjoy double the level of market penetration for first aid suppliers (e.g., 14% vs. 7% for local/independents). Finally, establishing restroom supplies and promotional apparel relationships with current customers may be associated with higher overall customer satisfaction. Conceptually, this could be based upon one, or both, of the following:

- Customers that are comparatively more satisfied with the uniform rental service are also more receptive to purchasing restroom supplies and/or promotional apparel

-OR-

- Establishing multiple-product/service relationships with uniform rental customers, with some emphasis upon restroom supplies and promotional apparel, also serves to enhance overall satisfaction at these locations.

Table 2-4

5. It is thought provoking to observe that market penetration levels for other products and services are, with the exception of promotional apparel, highly consistent, regardless of tenure with current supplier. Market Measurement would have anticipated that longer term relationships would have also translated into expanded opportunities to promote these other products and services.

In reality, this seems to be the case only when considering promotional apparel. Specific observations include:

- Market share levels for these products and services may be highly consistent because industrial launderers promote these items/services to new uniform rental accounts, as soon as they are acquired. Using the statistics in Table 2-5 as an example, mats may be relevant to approximately three-quarters of all customers and this demand is "captured" relatively quickly and remains unchanged because the 25% or so who do not obtain mats from their supplier simply have no need for this product

- Promotional apparel may be somewhat unique in that it appears that receptivity to these products *may* increase over time, perhaps as purchase decision-makers develop increased sensitivity to the benefits of uniforms, in general. Ultimately, this suggests that, among the products/services evaluated, CSCNetwork members should continually promote promotional apparel to current customers.

Table 2-5

6. Among those who currently purchase at least one of the products evaluated in this research from their current uniform rental supplier there is a fairly even division of sentiment regarding whether the availability of these other products and services is "very important" (31%) vs. "somewhat important" (25%) vs. "not that important" (45%). Conceptually, this is not surprising as there are likely to be multiple sources for these services and purchased products. There is also some indication that offering these additional products and services may be valued somewhat more highly among those who, if they ever switched suppliers, would opt for a national chain, as well as those who have had a relationship with their current supplier for 11+ years

Table 2-6; Table 2-7

B. Statistical Tables

TABLE 2-1

MOTIVATIONS FOR USE OF RENTAL UNIFORMS

2. In general, do you use rental uniforms because of...

	TOTAL				Q.1 ATTITUDE TOWARD SUPPLIER		Q. 13 LIKELY TO CONSIDER SWITCHING FOR 3 YEAR CONTRACT		
	2015	2010	2006	1998	Very Favorable	Somewhat Favorable	Very	Very/ Somewhat	Only Slightly/ Not at All
Both	55%	62%	50%	43%	59%	45%	38%	41%	59%
Benefits to the uniform wearers	37%	30%	39%	46%	34%	43%	40%	43%	37%
Benefits to the company	8%	8%	12%	11%	7%	12%	22%	16%	4%
Weighted Interviews	**170**	**206**	**201**	**409**	**116**	**42**	**18**	**44**	**106**

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

TABLE 2-2

RENTAL UNIFORM BENEFITS TO COMPANY**

3. In terms of BENEFITS TO YOUR COMPANY, why do you rent uniforms?

	TOTAL			Q. B CURRENT SERVICE PROVIDER		Q.1 ATTITUDE TOWARD SUPPLIER	
	2015	2010	2006	Local/ Independent	National	Very Favorable	Somewhat Favorable
Professional image*	48%	52%	50%	52%	47%	48%	46%
Cleanliness of clothes	39%	28%	31%	48%	36%	40%	39%
Uniformity of appearance	26%	45%	31%	28%	26%	23%	32%
Company identification/ Promotion	24%	15%	-	24%	24%	27%	15%
Convenience (Unspecified)	14%	12%	12%	21%	12%	11%	19%
Cost savings to company	11%	8%	4%	21%	9%	14%	2%
Safety	5%	3%	-	7%	5%	5%	7%
Customer service (unspecified)	5%	1%	2%	3%	5%	5%	5%
Regulations/Government mandates/Laws	3%	3%	-	7%	2%	3%	5%
Quality of the garments	2%	-	3%	7%	1%	4%	-
Repairs/Replacement of garments	2%	3%	3%	7%	1%	4%	-
Employees want them	-	-	1%	-	-	-	-
So employees feel good about their work/working environment	-	-	1%	-	-	-	-
Other	4%	7%	1%	10%	2%	5%	-
Weighted Interviews	**170**	**201**	**201**	**29**	**141**	**116**	**42**

vs. 21% in 1998
****Multiple mentions allowed***
*****Yellow/light grey = statistically-significant difference vs. orange/dark grey.***

TABLE 2-3

UNIFORM RENTAL SERVICE SUPPLIER

B. Could you please tell me the name of the company that provides your uniform rental service?

	TOTAL			Q. 18 TENURE WITH CURRENT SUPPLIER		
	2015	2010	2006	Under 5 years	5-10 Years	11+ Years
Nationals	**81%**	**81%**	**81%**	**84%**	**77%**	**84%**
Cintas	35%	36%	45%	34%	34%	40%
UniFirst	18%	14%	10%	27%	15%	10%
G&K Services	12%	9%	12%	12%	10%	14%
Aramark	11%	14%	10%	9%	9%	16%
AmeriPride	3%	6%	4%	2%	5%	4%
Alsco	1%	2%	-	-	3%	-
Local/independents	19%	19%	19%	16%	23%	16%
Weighted interviews	**170**	**206**	**201**	**55**	**57**	**49**

Yellow/light grey = statistically-significant difference vs. orange/dark grey

TABLE 2-4

PURCHASE GARMENTS AND/OR SERVICES OTHER THAN RENTAL UNIFORMS FROM CURRENT SUPPLIER

6. Other than RENTAL UNIFORMS, please tell me whether you DO or DO NOT PURCHASE each of the following from your uniform rental supplier.

	TOTAL		Q. B CURRENT SERVICE PROVIDER		Q.1 ATTITUDE TOWARD SUPPLIER	
	2015	2010	Local/ Independent	National	Very Favorable	Somewhat Favorable
Mats	73%	54%	66%	74%	73%	71%
Restroom supplies	37%	31%	38%	37%	41%	29%
Promotional apparel, such as polo shirts, t-shirts and caps with company logos	26%	18%	24%	27%	31%	17%
Uniforms, other than those you rent	16%	17%	21%	14%	15%	17%
First aid supplies	13%	13%	7%	14%	13%	16%
Weighted Interviews	**170**	**206**	**32**	**138**	**116**	**42**

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

TABLE 2-5

PURCHASE GARMENTS AND/OR SERVICES OTHER THAN RENTAL UNIFORMS FROM CURRENT SUPPLIER

6. Other than RENTAL UNIFORMS, please tell me whether you DO or DO NOT PURCHASE each of the following from your uniform rental supplier.

	2015 TOTAL	Q. 18 TENURE WITH CURRENT SUPPLIER		
		Under 5 years	5-10 Years	11+ Years
Mats	73%	76%	77%	67%
Restroom supplies	37%	41%	37%	35%
Promotional apparel, such as polo shirts, t-shirts and caps with company logos	26%	18%	23%	39%
Uniforms, other than those you rent	16%	15%	12%	21%
First aid supplies	13%	9%	17%	14%
Weighted Interviews	**170**	**55**	**57**	**49**

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

Q. 7

TABLE 2-6

IMPORTANCE OF CURRENT SUPPLIER OFFERING OTHER PRODUCTS AND SERVICES

(Among Those Who Currently Purchase Other Products/Services)

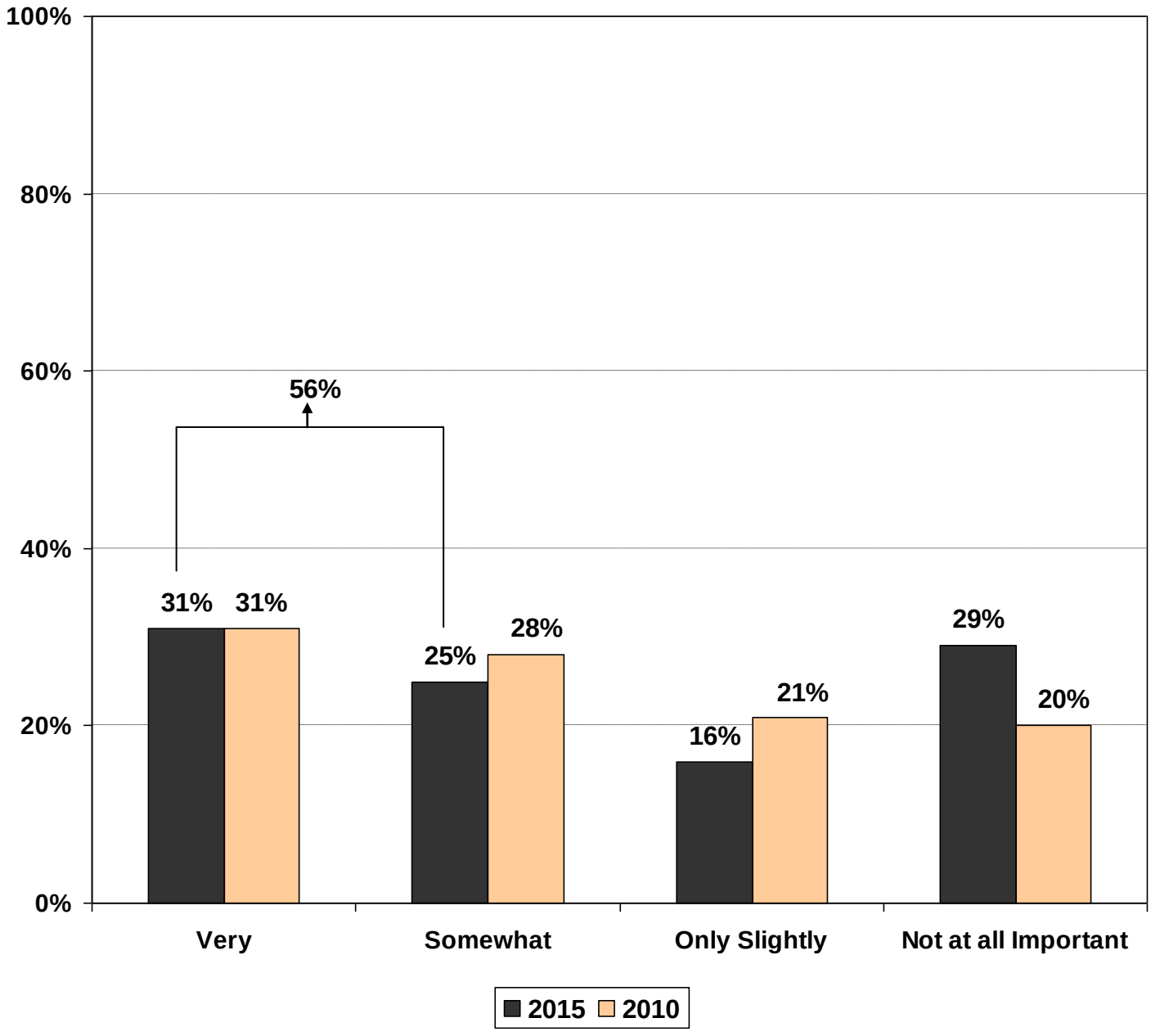


TABLE 2-7

IMPORTANCE OF CURRENT SUPPLIER OFFERING OTHER PRODUCTS AND SERVICES

7. How important is it to you that your rental uniform supplier also offers the products you purchase? Is it…

	2015 TOTAL	Q. 14 LIKELY SUPPLIER IF SWITCHED		Q. 18 TENURE WITH CURRENT SUPPLIER		
		Local/ Independent	National	Under 5 years	5-10 Years	11+ Years
Net: Very/Somewhat	**56%**	**42%**	**56%**	**54%**	**56%**	**58%**
Very	31%	21%	37%	22%	37%	37%
Somewhat	25%	20%	19%	32%	20%	22%
Net: Only Slightly/Not at all important	**44%**	**58%**	**44%**	**46%**	**44%**	**42%**
Only slightly	16%	11%	21%	9%	23%	17%
No at all important	29%	47%	23%	37%	21%	25%
Weighted interviews	**148**	**46**	**57**	**47**	**53**	**41**

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

III. Satisfaction with Uniform Rental Supplier

A. Chapter Summary

1. After recording a statistically-significant, and substantial, improvement in overall satisfaction with uniform rental suppliers, decision-maker ratings appear to have leveled off. On an overall basis, the implications of a higher level of customer satisfaction, compared to 1998, are the likelihood of greater current customer retention, offset by challenges associated with “acquiring” customers from competitors.

   Finally, based upon thousands of similar business-to-business customer satisfaction assessments, Market Measurement would describe current sentiment toward uniform rental suppliers to be “clearly above average” (i.e., typical range for “very favorable” ratings is 55% - 70%, combined with a virtual absence of “unfavorable” ratings).

Table 3-1

2. Overall satisfaction is undifferentiated between local/ independent suppliers and their national chain counterparts. As with virtually any product or service, long-term customers tend to be characterized by higher overall levels of satisfaction. Market Measurement considers this to be particularly evident within the uniform rental market where new customer relationships are often characterized by a relatively long “breaking-in period” (i.e., the timeframe required for decision-makers and wearers to understand how the system works and the key role they can play in reducing customer service concerns). This study also suggests that, as a marketing strategy, decision-makers at accounts served by competitors should be asked about their receptivity to considering an alternative supplier if offered a three-year contract. Specifically, less than one-half of those “very likely” (39%) or combined “very/somewhat likely” (41%) to consider this option are “very favorable” in describing overall sentiment toward their current supplier. Obviously, there would also need to be a willingness to offer these “switchers” a three-year contract option.

Table 3-2

3. Market Measurement has consistently monitored the Net Promoter Scores for industrial launderers and linen suppliers for well over ten years. This concept is based upon the hypothesis that satisfied customers will be comparatively more likely to recommend a supplier to friends and colleagues. As with overall customer satisfaction, there has been a high level of consistency in the Net Promoter Scores between 2006 (43%) and 2015 (44%).

Table 3-3

4. In contrast to the 2010 study where Net Promoter Score ratings were quite similar for local/independents (44%) and the national chains (39%), local/independents now maintain a "significant" advantage on this evaluation criterion (i.e., 55% vs. the national chains at 43%). Evidence of the potential value of monitoring Net Promoter Scores can be found in the high NPS characterizing those "very favorable" toward their current supplier (68%) vs. those only "somewhat favorable" (i.e., 17% Net Promoter Score, or a total net difference of 85%).

   In terms of applying this information, Market Measurement submits that many industrial launderers and linen suppliers periodically ask customers to provide a satisfaction score, often during in-person meetings between the uniform rental supplier and the purchase decision-maker. Market Measurement contends that this scenario can foster a relatively high level of "positive bias" (i.e., produce ratings that are artificially high because customers may resist providing a low satisfaction score during a face-to-face meeting with the supplier). Conceptually, a less direct assessment of satisfaction may provide a more accurate evaluation and asking the Net Promoter question may provide such an opportunity. Again, the key is that the Net Promoter Score appears to be a very strong "predictor" of overall customer satisfaction, while minimizing "personal bias."

Table 3-4

5. Further reinforcing the consistency in overall satisfaction among those using a local/independent vs. a national chain, motivations for decision-makers to recommend their current rental uniform supplier to friends and colleagues are virtually identical when considering these two constituencies. More importantly, Market Measurement submits that the study findings outlined in Table 3-5 indicate that industrial launderers, candidly, have not been effective in aggressively/ accurately promoting the "value delivered" for the uniform rental service. For example, 25% responded "satisfied/no problems," being unable to identify specific benefits and only very small proportions mentioned "garment cleaning" (7%), "product quality" (3%) or "uniform repairs" (2%). Even though Market Measurement executive interviewers were probing for the "single most important reason" they would consider recommending their uniform rental supplier, we would have expected, or hoped for, more compelling motivations for providing referrals. From Market Measurement's perspective, this rather myopic view of the service highlights the vulnerability of customers to either quitting the service or switching to another supplier. Specifically, reinforcement of the significant value associated with a uniform rental program, as well as the unique capabilities of the current supplier, should foster substantially more emphasis upon overall uniform appearance, impact upon company image/identify, wearer satisfaction, cleaning/ finishing of the garments, etc.

Table 3-5

6. When asked, on an unaided basis, to identify how their uniform rental supplier could better serve their needs, more than one-third (37%) responded by focusing upon "price/cost." Based upon Market Measurement's extensive experience in managing business-to-business customer satisfaction assessments, we contend that this response category is typically a reflection of customer satisfaction. Specifically, those who mention price/cost are unable to identify any other unmet opportunities and "by default" mention the only other way in which their needs could be better served…by lowering the price.

This hypothesis is further reinforced by the fact that almost one-half (49%) of those "very favorable" in their overall assessment of their uniform rental supplier mentioned "price/ cost" as an opportunity for their needs to be better served. This is well over double the proportion of those who are only "somewhat favorable" (20%).

Beyond "price/cost," rental uniform suppliers should assume that the dominant untapped opportunities to better serve customer needs will be related to what we refer to as "overall uniform appearance." This includes response categories such as "being more proactive in replacing uniforms" (23%), "better quality control" (17%), "better uniform repairs" (14%) and "keep uniforms cleaner" (10%). In essence, unaided mentions of evaluation criteria associated with the appearance of the garments, including the individual criteria outlined above, are far more likely to be criticized than "billing policies" (8%), "communication" (4%), "variety of uniforms" (3%) or "customer service" (3%).

There is some indication that local/independents, when compared to their national counterparts, may be somewhat more vulnerable to dissatisfaction/attrition when considering uniform repairs vs. having a modest competitive advantage when considering uniform replacement policies.

Finally, the importance of always being particularly focused upon production topics can be seen in a comparatively high level of criticism of these issues among those most receptive to switching suppliers if offered a three-year contract and those with under ten year's tenure.

Table 3-6; Table 3-7

7. Table 3-8 highlights the proportions of "excellent" ratings for an aided list of evaluation criteria known to have a direct, and often significant, impact upon customer satisfaction. As with overall satisfaction with the service, there have been substantial and across-the-board improvements in these aided evaluations since 1998.

   In 2010, Market Measurement suggested the addition of an evaluation of "overall appearance of uniforms." Further reinforcing the importance of this evaluation criterion is the fact that, by a narrow margin, this topic was characterized by the lowest overall level of decision-maker satisfaction in 2010 and it is one of the lowest rated in 2015. In essence, what our firm perceives to be one of the most important evaluation criteria for a uniform rental supplier is also among the lowest rated from a total industry perspective.

Table 3-8

8. It was encouraging to find that the proportions of "fair" or "poor" ratings are quite limited especially when considering timely deliveries and quality of delivery personnel. In fact, Market Measurement generally recommends that only criteria with more than 12% "fair" or "poor" ratings be considered for significant corrective actions. Using this guideline, only completeness of delivery and timely response to problems would qualify as potential target for corrective action plans.

Table 3-9

9. In contrast to the 2010 study, for which "excellent" ratings were relatively undifferentiated for local/independents and national chains, there is clear evidence that local/independents have developed meaningful competitive advantages on virtually all of these topics. This is particularly evident when considering "accessibility by telephone" (68% "excellent" vs. only 53% for the national chains) and "timeliness of problem response" (66%/47%). These study findings are also consistent with the measurably higher Net Promoter Scores characterizing local/ independents.

Table 3-10

10. For the seven aided evaluation criteria, Market Measurement found that, by somewhat narrow margins, completeness of delivery, timeliness of response to problems and having fair billing policies may be the most closely associated with overall customer satisfaction. By comparison, it may be useful for industrial launderers to devote a somewhat higher level of attention to quality of delivery personnel, having fair billing policies, overall appearance of the rental uniforms and, in particular, completeness of delivery when considering new customers (i.e., under five years tenure) as ratings for these topics are measurably lower when compared to those provided by customers with 11+ years tenure.

Table 3-12; Table 3-13

11. Between 2006 and 2010 there was virtually no change in sentiment regarding likelihood of contract renewal. In contrast, 2015 is characterized by an all-time high proportion of customers who "absolutely would" renew their uniform rental contract with their current supplier if that contract expired within the next several months (i.e., we asked this question in this manner since experience has revealed that those who have multiple years left on their current contract often respond "don't know" or "need to wait and see"). Most importantly, this research highlights the dramatically higher likelihood of customer renewal for local/independents (i.e., 74% "absolutely would") when compared to the national chains (e.g., barely one-half – 52% "absolutely would").

Table 3-14

12. A new question addressed in this CSCNetwork research was added to this investigation in 2010 and assessed the level of receptivity to a three-year contract, as an incentive for switching suppliers. As demonstrated in Table 3-15, more than one-in-ten (12%) purchase decision-makers in 2015 indicate that they would be "very likely" to switch to a new rental uniform supplier if they were offered a three-year contract. This proportion increases to more than one-fourth of all study participants (29%) when including those at least "somewhat likely" to consider switching if offered a comparatively short contractual timeframe.

Particularly exciting about this research topic is the significantly higher level of receptivity to switching suppliers, to obtain a three-year contract, among those who are currently served by a national chain. Specifically, 32% of those currently served by a national chain are “very” or “somewhat likely” to consider switching suppliers to obtain a three-year contract. This is more than double the proportion associated with local/independents (15%). In essence, a “three-year contract strategy” appears to be both viable and particularly effective when attacking accounts of the national chains.

Table 3-16

13. Aramark customers should be viewed as especially vulnerable to switching uniform rental suppliers to obtain access to a three-year contract. For example, among those “very likely” to consider taking this action, 27% are current customers of Aramark, well over double the 11% market share for this national chain. Cintas and UniFirst customers also demonstrate some level of receptivity to a three-year contract. By comparison, those served by G&K appear to have minimal interest in a shorter service contract.

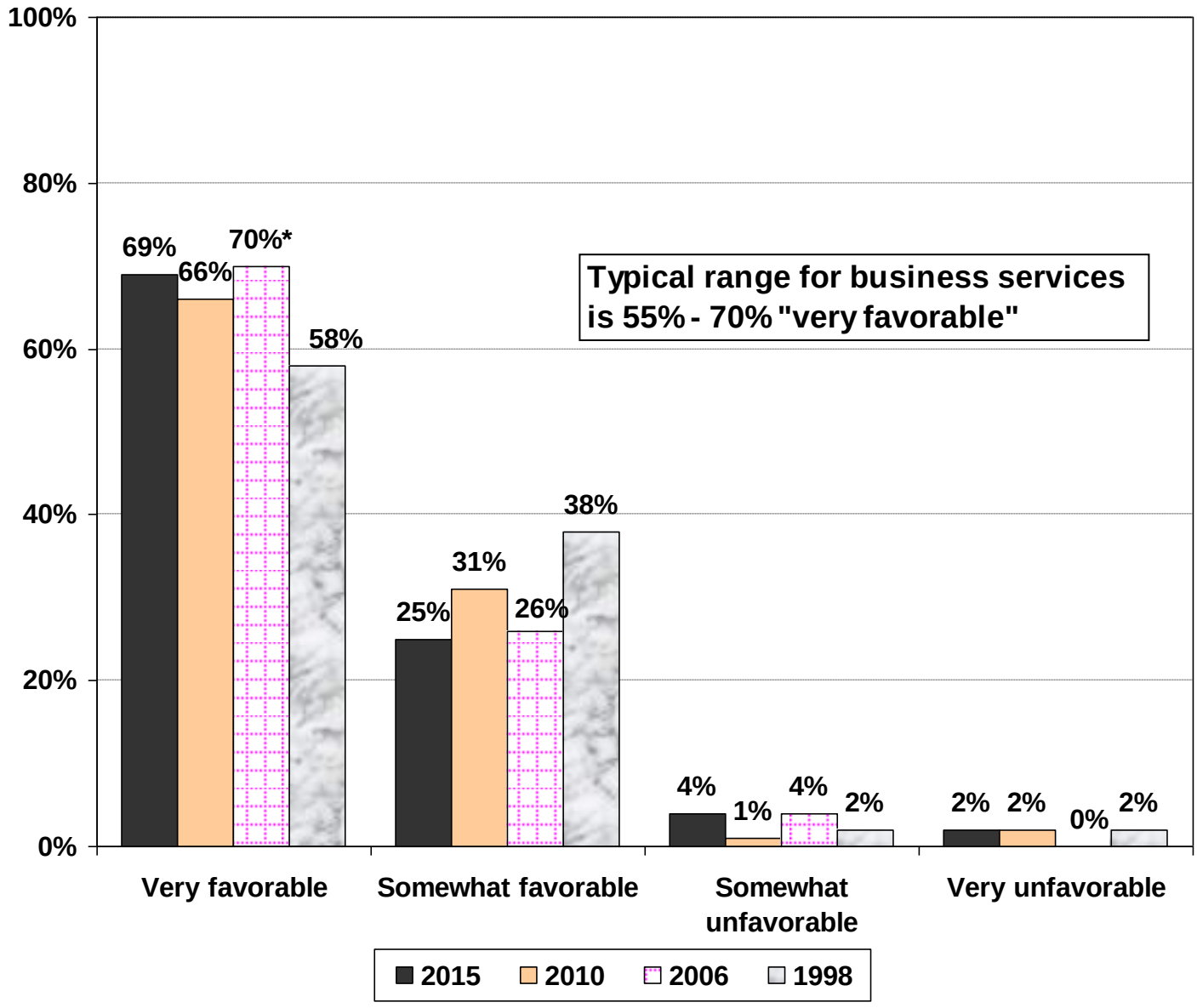
Table 3-17

B. Statistical Tables

Q. 1

TABLE 3-1

ATTITUDE TOWARD RENTAL UNIFORM PROGRAM IN TERMS OF MEETING COMPANY'S NEEDS



**** Significant increase, vs. 1998***

TABLE 3-2

OVERALL ATTITUDE TOWARD RENTAL UNIFORM PROGRAM

Q1. In terms of meeting your COMPANY'S NEEDS, is your attitude toward the rental uniform program ...

	2015 Total	Q. B CURRENT SERVICE PROVIDER		Q. 13 LIKELY TO CONSIDER SWITCHING FOR 3 YEAR CONTRACT			Q. 18 TENURE WITH CURRENT SUPPLIER		
		Local/ Independents	National	Very	Very/ Somewhat	Only Slightly/ Not at All	Under 5 years	5-10 Years	11+ Years
Net: Favorable	**93%**	**90%**	**94%**	**84%**	**86%**	**96%**	**92%**	**91%**	**96%**
Very favorable	69%	69%	69%	39%	41%	79%	61%	62%	81%
Somewhat favorable	25%	21%	26%	45%	46%	17%	31%	29%	14%
Net: Unfavorable	**7%**	**10%**	**6%**	**16%**	**14%**	**4%**	**8%**	**9%**	**4%**
Somewhat unfavorable	4%	7%	4%	11%	12%	2%	4%	7%	2%
Very unfavorable	2%	3%	2%	5%	2%	2%	4%	2%	2%
Weighted interviews	**170**	**32**	**138**	**18**	**44**	**107**	**55**	**57**	**49**

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

TABLE 3-3

NET PROMOTER SCORE: LIKELIHOOD OF RECOMMENDING CURRENT UNIFORM RENTAL SUPPLIER TO FRIENDS OR COLLEAGUES

(Based on a scale where "1" = Extremely Unlikely and "10" = Extremely Likely)

Q. 15 Using the scale of "1" to "10", where "1" means EXTREMELY UNLIKELY and a "10" means EXTREMELY LIKELY, how likely would you be to recommend your current uniform rental supplier to friends or colleagues?

	2015 TOTAL	2010 TOTAL	2006 TOTAL
MEAN	**8.3**	**8.3**	**8.3**
MEDIAN	**10.0**	**9.0**	**10.0**
NET PROMOTER SCORE*	**44%**	**40%**	**43%**
NET: 9-10	**64%**	**55%**	**62%**
10	55%	46%	53%
9	9%	9%	9%
NET: 7-8	**16%**	**30%**	**18%**
8	12%	20%	12%
7	4%	11%	7%
NET: 1-6	**20%**	**15%**	**19%**
6	6%	5%	4%
5	3%	5%	8%
4	2%	-	1%
3	1%	1%	1%
2	2%	1%	1%
1	5%	3%	5%
Weighted Interviews	**170**	**205**	**201**

Net Promoter Score calculation = total ratings of 9 - 10 minus total ratings of 1 - 6.

TABLE 3-4

NET PROMOTER SCORE: LIKELIHOOD OF RECOMMENDING CURRENT UNIFORM RENTAL SUPPLIER TO FRIENDS OR COLLEAGUES

15. Would you say a "1" - EXTREMELY UNLIKELY, or "10" - EXTREMELY LIKELY, or would you choose some number in between?

		2015 TOTAL	Q. B CURRENT SERVICE PROVIDER		Q.1 ATTITUDE TOWARD SUPPLIER		Q. 13 LIKELY TO CONSIDER SWITCHING FOR 3 YEAR CONTRACT		
			Local/ Independents	National	Very Favorable	Very/Somewhat Favorable	Very	Very/ Somewhat	Only Slightly/ Not at all
NET PROMOTER SCORE		**44%**	**55%**	**43%**	**68%**	**17%**	**-21%**	**11%**	**66%**
Net: Detractors	**1-6**	**20%**	**17%**	**20%**	**10%**	**26%**	**44%**	**34%**	**11%**
Extremely Unlikely	1	5%	10%	4%	3%	-	11%	9%	2%
	2	2%	-	2%	-	-	11%	4%	1%
	3	1%	-	1%	-	2%	5%	4%	-
	4	2%	3%	1%	-	7%	12%	5%	1%
	5	3%	-	4%	3%	2%	5%	2%	4%
	6	6%	3%	7%	4%	14%	-	9%	4%
	7-8	**16%**	**10%**	**17%**	**12%**	**31%**	**33%**	**21%**	**12%**
	7	4%	3%	4%	2%	12%	17%	9%	2%
	8	12%	7%	13%	10%	19%	16%	11%	10%
Net: Promoters	**9-10**	**64%**	**72%**	**63%**	**78%**	**43%**	**22%**	**45%**	**77%**
	9	9%	7%	10%	7%	19%	-	11%	10%
Extremely Likely	10	55%	66%	53%	71%	23%	22%	34%	66%
Weighted interviews		**170**	**32**	**138**	**116**	**42**	**18**	**44**	**107**

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

TABLE 3-5

MOST IMPORTANT REASON TO RECOMMEND YOUR CURRENT SUPPLIER
(Net Promoters: Rating "9" or "10")

16. What is the single most important reason you WOULD CONSIDER recommending this uniform rental supplier?

	2015 TOTAL	Q. B CURRENT SERVICE PROVIDER	
		Local/ Independent	National
Net: Communication	**27%**	**33%**	**25%**
Good communication with driver	10%	-	13%
Good communication with management personnel	7%	14%	5%
Easy to reach correct/desired personnel	5%	9%	5%
Good communication between rental uniform supplier and uniform wearers	4%	9%	2%
Telephone calls returned promptly	1%	-	1%
Net: Satisfied/No problems	**25%**	**24%**	**25%**
Net: Delivery Issues	**11%**	**10%**	**11%**
On-time delivery	6%	9%	6%
Completeness of delivery (no missing uniforms)	3%	-	5%
Pick-up on time	1%	-	1%
Net: Production	**9%**	**5%**	**10%**
Garment cleaning	7%	5%	8%
Uniform repairs	2%	-	2%
Net: Driver Issues	**5%**	**-**	**6%**
Driver is efficient	3%	-	4%
Driver is courteous/friendly	1%	-	1%
Driver responds to problems/concerns	1%	-	1%
Net: Product Issues	**4%**	**10%**	**2%**
Product quality	3%	10%	1%
Product variety	1%	-	1%
Net: Price/Cost	**3%**	**-**	**3%**
Good value for price	2%	-	2%
Fair prices	1%	-	1%
Net: Responsiveness	**1%**	**5%**	**-**
Responds to problems quickly	1%	5%	-
Net: Billing	**1%**	**-**	**1%**
Billing is correct	1%	-	1%
Net: Other	**15%**	**15%**	**15%**
Reliability	10%	5%	12%
Prompt service	4%	10%	2%
Good reputation	1%	-	1%
Weighted interviews	**108**	**23**	**85**

TABLE 3-6

WAYS UNIFORM RENTAL SUPPLIER COULD BETTER SERVE YOUR NEEDS

4. In what ways could your uniform rental supplier better serve your needs?

	2015 TOTAL	Q. B CURRENT SERVICE PROVIDER		Q.1 ATTITUDE TOWARD SUPPLIER	
		Local/ Independent	National	Very Favorable	Somewhat Favorable
Net: Production	**50%**	**50%**	**51%**	**39%**	**67%**
Replace worn uniforms faster	23%	14%	25%	22%	30%
Better quality control	17%	14%	18%	8%	31%
Better uniform repairs	14%	28%	12%	10%	20%
Keep uniforms cleaner	10%	14%	9%	5%	13%
Uniform should be inspected before delivery.	3%	7%	2%	2%	-
Shirts and pants not matching up	2%	-	2%	-	7%
They should fold uniforms and put them in plastic bags so they stay clean	1%	7%	-	2%	-
Uniform is worse than when it went in	1%	-	1%	-	-
Net: Price/Cost	**37%**	**43%**	**36%**	**49%**	**20%**
Be more price competitive	30%	43%	27%	44%	10%
Cut costs	5%	-	6%	5%	7%
Charge too much for damages	1%	-	1%	-	3%
Stop charging for damaged garments	1%	-	1%	-	-
Stop charging for lost garments	1%	-	1%	-	-

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

TABLE 3-6
(continued)

WAYS UNIFORM RENTAL SUPPLIER COULD BETTER SERVE YOUR NEEDS

4. In what ways could your uniform rental supplier better serve your needs?

	2015 TOTAL	Q. B CURRENT SERVICE PROVIDER		Q.1 ATTITUDE TOWARD SUPPLIER	
		Local/ Independent	National	Very Favorable	Somewhat Favorable
Net: Billing Policies	**8%**	**-**	**9%**	**7%**	**10%**
Better billing	6%	-	7%	7%	3%
Behind in billing	2%	-	2%	3%	-
Charged for damages that we didn't even cause	1%	-	1%	-	3%
Charged for things we don't use	1%	-	1%	-	3%
Net: Communication	**4%**	**7%**	**4%**	**2%**	**3%**
Better communication within the company	2%	-	2%	-	3%
More visits by the representative	1%	7%	-	2%	-
Deal w/ customers instead of just drivers	1%	-	1%	-	-
Net: Product	**3%**	**-**	**4%**	**3%**	**3%**
More variety in uniforms	3%	-	4%	3%	3%
Net: Customer Service	**3%**	**-**	**4%**	**2%**	**-**
Better customer service	1%	-	1%	-	-
Have problem exchanging for correct size	1%	-	1%	2%	-
Servicing new accounts better	1%	-	1%	-	-
Net: Other	**2%**	**-**	**2%**	**3%**	**-**
We were quoted the wrong price	2%	-	2%	3%	-
Weighted interviews	**170**	**32**	**138**	**116**	**42**

TABLE 3-7

WAYS UNIFORM RENTAL SUPPLIER COULD BETTER SERVE YOUR NEEDS

4. In what ways could your uniform rental supplier better serve your needs?

	2015 Total	Q. 13 LIKELY TO CONSIDER SWITCHING FOR 3 YEAR CONTRACT			Q. 18 TENURE WITH CURRENT SUPPLIER		
		Very	Very/ Somewhat	Only Slightly/ Not at All	Under 5 years	5-10 Years	11+ Years
Net: Production	**50%**	**67%**	**61%**	**45%**	**57%**	**56%**	**37%**
Replace uniforms faster	23%	26%	22%	27%	23%	21%	28%
Better quality control	17%	33%	25%	11%	17%	30%	3%
Better uniform repairs	14%	-	15%	13%	9%	24%	10%
Keep uniforms cleaner	10%	8%	18%	5%	14%	9%	7%
Uniform should be inspected before delivery.	3%	8%	7%	2%	3%	6%	-
Shirts and pants not matching up	2%	-	-	-	3%	3%	-
They should fold uniforms and put them in plastic bags so they stay clean	1%	-	-	2%	3%	-	-
Uniform is worse than when it went in	1%	-	4%	-	-	3%	-
Net: Price/Cost	**37%**	**33%**	**35%**	**39%**	**31%**	**38%**	**46%**
Be more price competitive	30%	8%	18%	34%	26%	29%	36%
Cut costs	5%	8%	7%	5%	3%	3%	10%
Charge too much for damages	1%	8%	4%	-	-	3%	-
Stop charging for damaged garments	1%	-	4%	-	-	3%	-
Stop charging for lost garments	1%	8%	4%	-	3%	-	-
Net: Billing Policies	**8%**	**16%**	**11%**	**8%**	**11%**	**6%**	**7%**
Better billing	6%	16%	7%	6%	11%	3%	3%
Behind in billing	2%	8%	4%	2%	6%	-	-
Charged for damages that we didn't even cause	1%	-	-	2%	-	-	3%
Charged for things we don't use	1%	-	4%	-	-	3%	-

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

TABLE 3-7
(continued)

WAYS UNIFORM RENTAL SUPPLIER COULD BETTER SERVE YOUR NEEDS

4. In what ways could your uniform rental supplier better serve your needs?

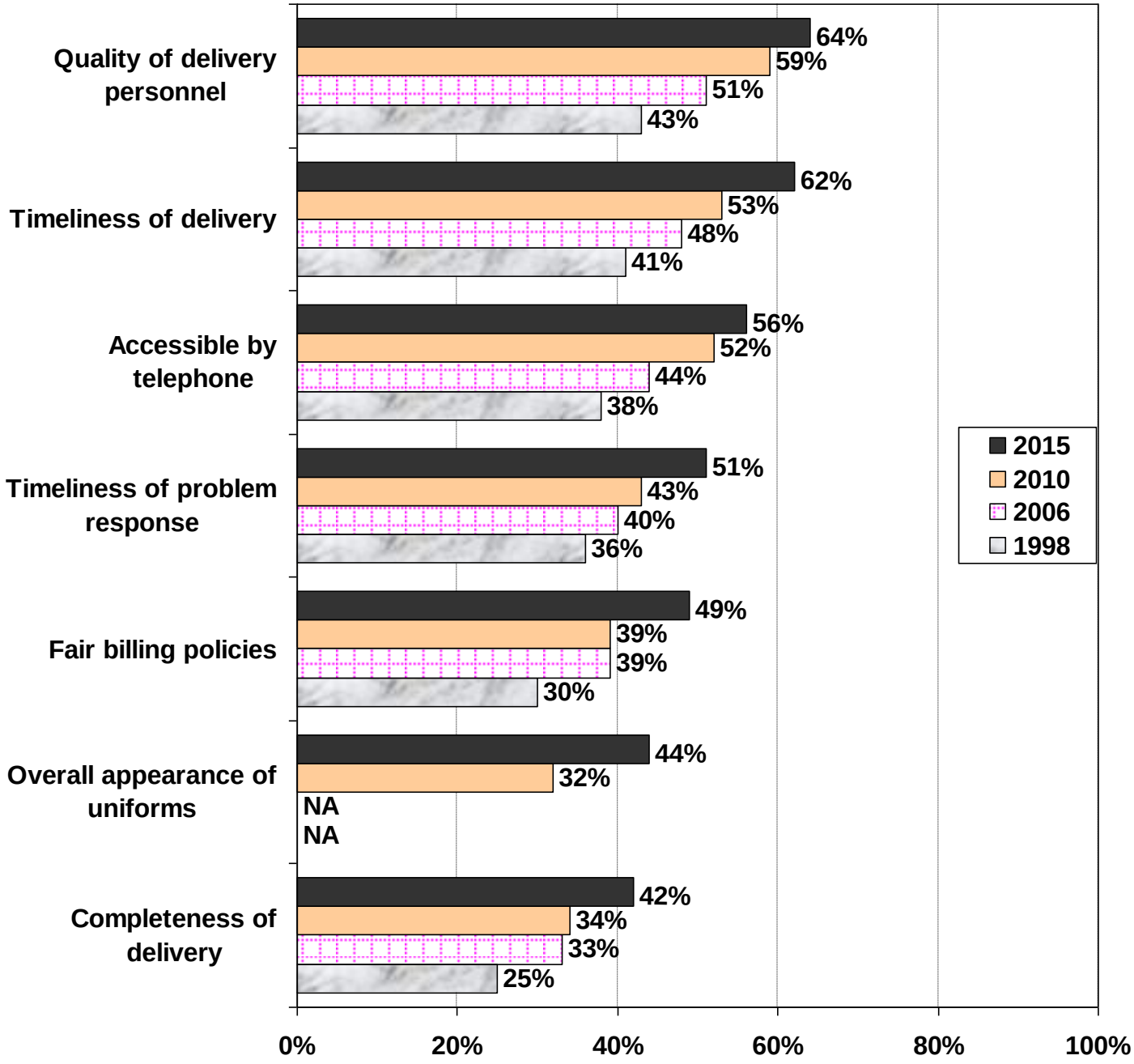
	2015 Total	Q. 13 LIKELY TO CONSIDER SWITCHING FOR 3 YEAR CONTRACT			Q. 18 TENURE WITH CURRENT SUPPLIER		
		Very	Very/ Somewhat	Only Slightly/ Not at All	Under 5 years	5-10 Years	11+ Years
Net: Communication	**4%**	**8%**	**7%**	**3%**	**9%**	**3%**	**-**
Better communication within the company	2%	-	4%	2%	6%	-	-
More visits by the representative	1%	-	-	2%	3%	-	-
Deal w/ customers instead of just drivers	1%	8%	4%	-	-	3%	-
Net: Product	**3%**	**-**	**4%**	**3%**	**-**	**3%**	**3%**
More variety in uniforms	3%	-	4%	3%	-	3%	3%
Net: Customer Service	**3%**	**8%**	**4%**	**2%**	**3%**	**-**	**7%**
Better customer service	1%	-	-	-	-	-	3%
Have problem exchanging for correct size	1%	-	-	2%	-	-	3%
Servicing new accounts better	1%	8%	4%	-	3%	-	-
Net: Other	**2%**	**-**	**-**	**3%**	**3%**	**3%**	**-**
We were quoted the wrong price	2%	-	-	3%	3%	3%	-
Weighted interviews	**170**	**18**	**44**	**107**	**55**	**57**	**49**

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

Q. 5

TABLE 3-8

AIDED EVALUATION OF SPECIFIC CRITERIA
(Percent "Excellent')

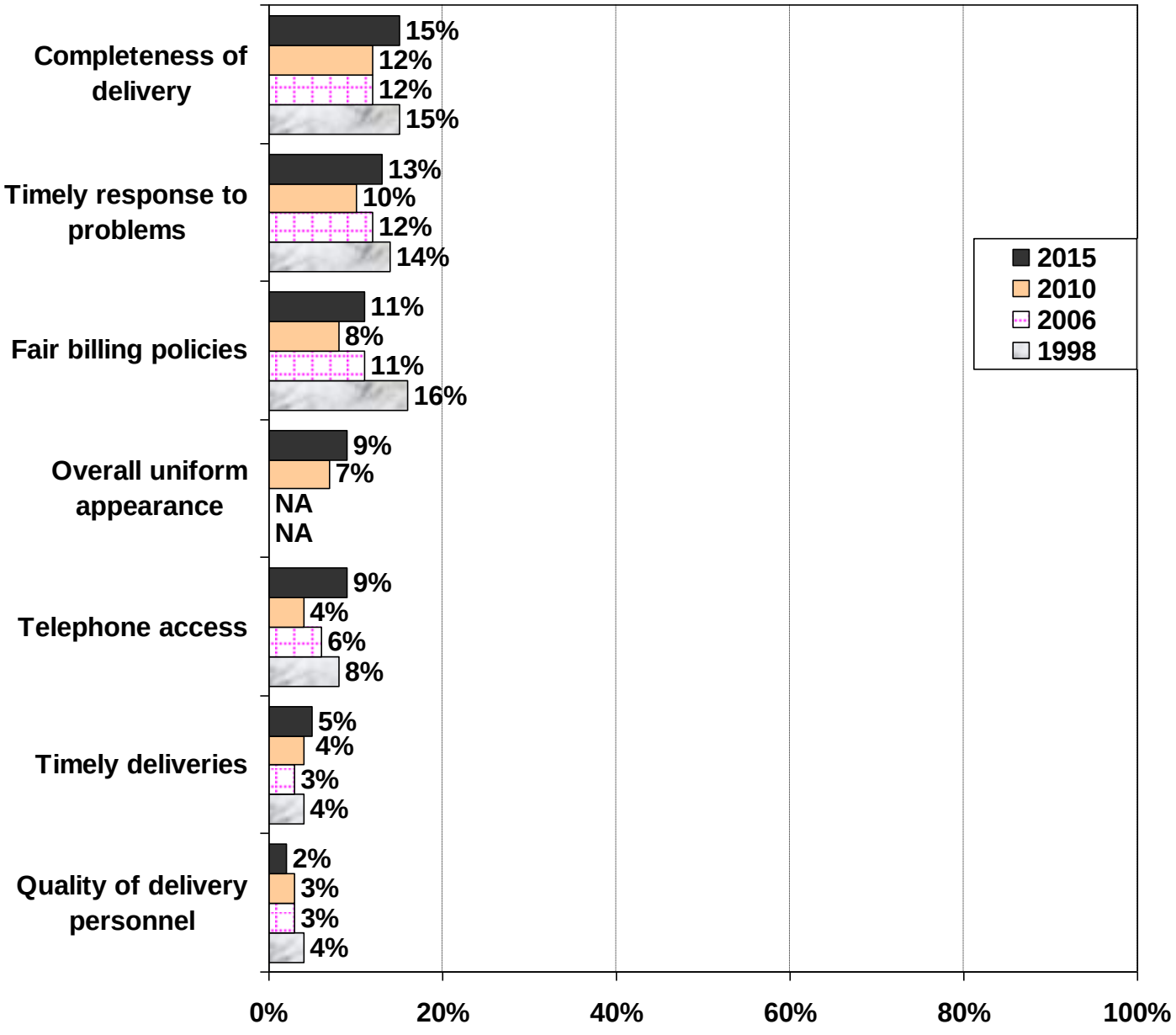


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Q. 5

TABLE 3-9

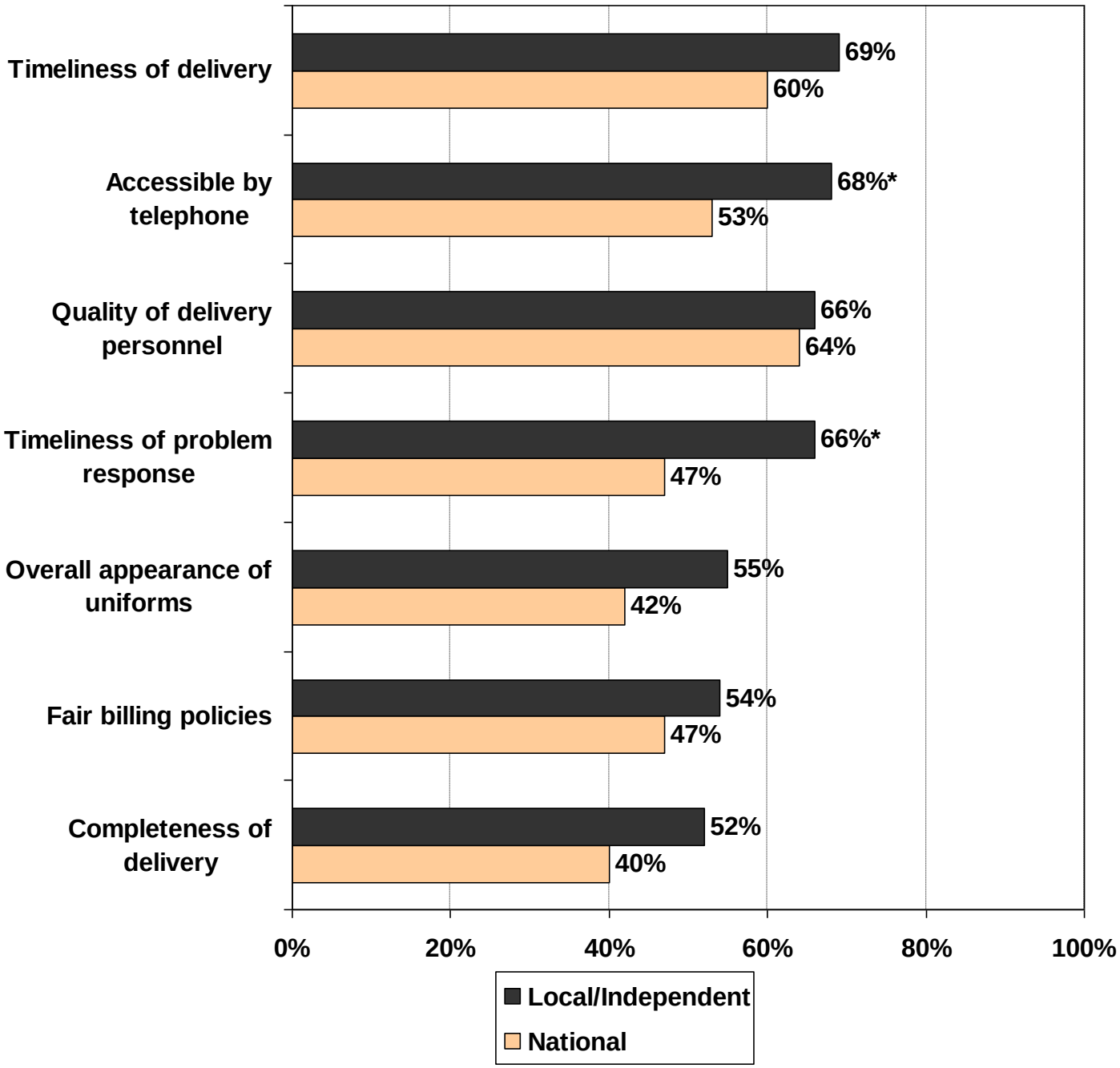
SUMMARY TABLE - RATING OF SERVICE ISSUES
(Percent "Fair" or "Poor")



Q. 5

TABLE 3-10

2015 AIDED EVALUATION OF SPECIFIC CRITERIA
(Percent "Excellent')



* ***Significantly higher ratings for local/independents***

Q. 5

TABLE 3-11

2015 AIDED EVALUATION OF SPECIFIC CRITERIA
(Percent "Fair or Poor")

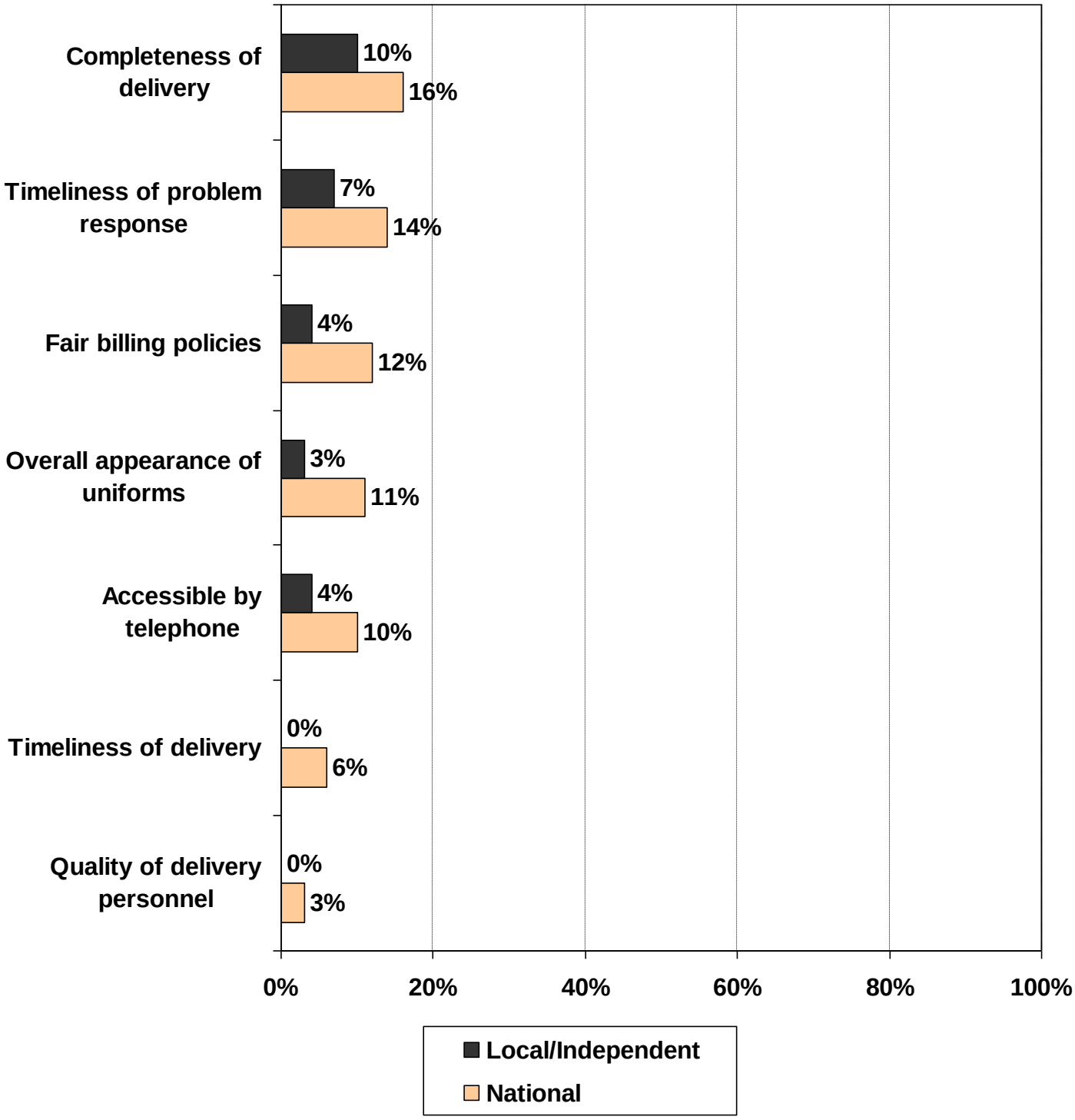


TABLE 3-12

RATE SERVICE ISSUES OF RENTAL UNIFORM PROGRAM "FAIR" OR "POOR"

5. How would you rate your rental uniform program on each of the following service issues?

	2015 Total	Q.1 ATTITUDE TOWARD SUPPLIER		NET
		Very Favorable	Somewhat Favorable	
Completeness of delivery	15%	7%	22%	**-15%**
Timeliness of response to problems	13%	3%	19%	**-16%**
Having billing policies you consider to be fair	11%	3%	19%	**-16%**
Overall appearance of the rental uniforms	9%	3%	14%	**-11%**
Accessibility by telephone	9%	2%	14%	**-12%**
Timeliness of delivery	5%	1%	9%	**-8%**
Quality of delivery personnel	2%	2%	-	**+2%**

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

TABLE 3-13

RATE SERVICE ISSUES OF RENTAL UNIFORM PROGRAM "EXCELLENT"

5. How would you rate your rental uniform program on each of the following service issues?

	2015 Total	Q. 18 TENURE WITH CURRENT SUPPLIER		
		Under 5 years	5-10 Years	11+ Years
Quality of delivery personnel	64%	56%	65%	72%
Timeliness of delivery	62%	60%	60%	66%
Accessibility by telephone	56%	52%	53%	62%
Timeliness of response to problems	51%	45%	50%	55%
Having billing policies you consider to be fair	49%	39%	49%	55%
Overall appearance of the rental uniforms	44%	34%	43%	56%
Completeness of delivery	42%	25%	43%	55%

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

TABLE 3-14

LIKELIHOOD OF CONTRACT RENEWAL WITH CURRENT RENTAL SUPPLIER

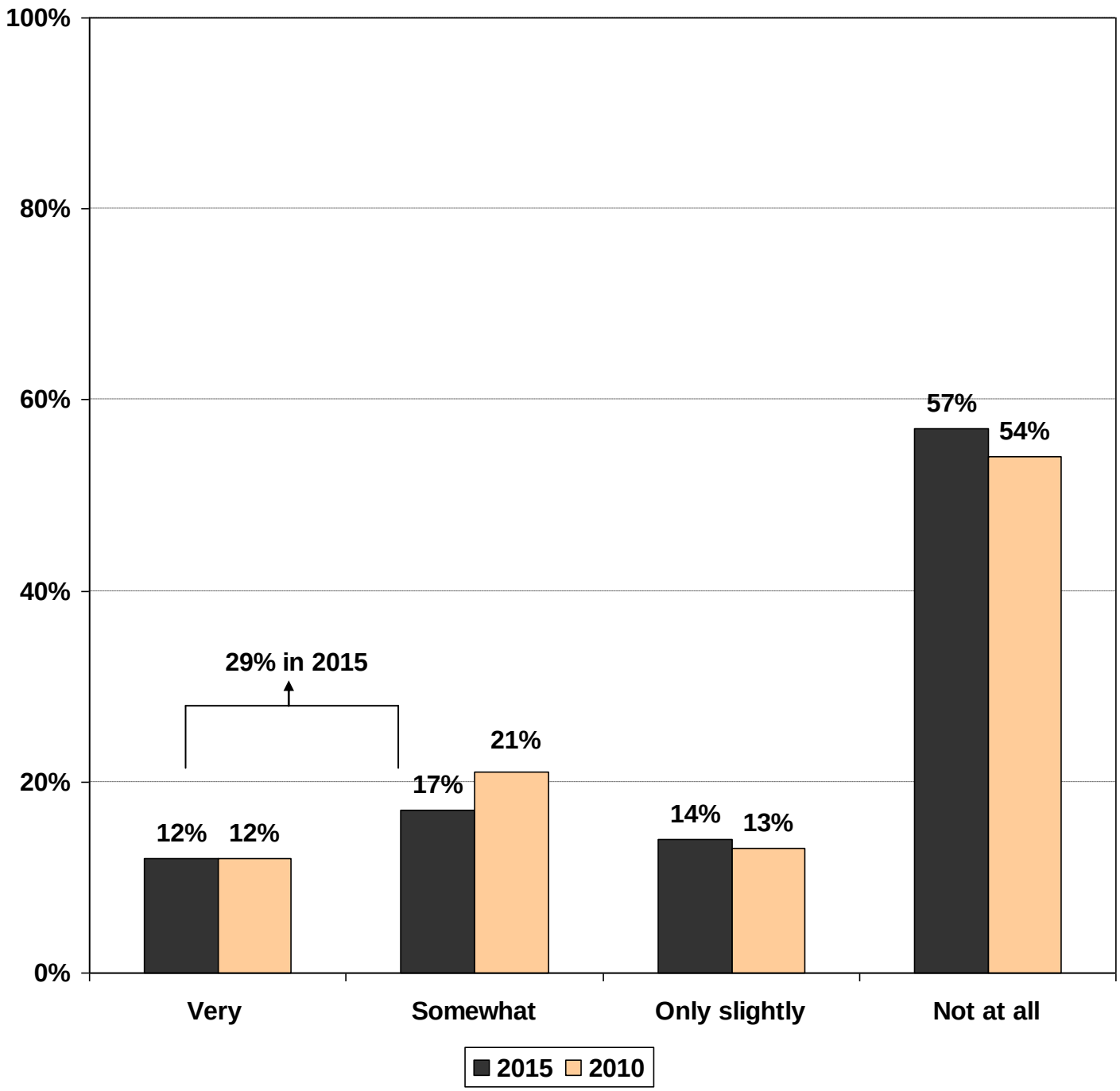
12. If your contract expired in the next several months, how likely would you be to renew your uniform rental contract with your current supplier? Would you say you... (READ CHOICES)

	TOTAL			Q. B CURRENT SERVICE PROVIDER	
	2015	2010	2006	Local/ Independent	National
Net: Absolutely/Probably would	**89%**	**93%**	**90%**	**96%**	**88%**
Absolutely would	56%	37%	44%	74%	52%
Probably would	33%	56%	46%	22%	36%
Net: Probably would not/Absolutely would not	**11%**	**7%**	**10%**	**4%**	**12%**
Probably would not	7%	5%	7%	-	8%
Absolutely would not	4%	2%	3%	4%	4%
Weighted interviews	**170**	**204**	**201**	**32**	**138**

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

TABLE 3-15

LIKELIHOOD OF SWITCHING UNIFORM SUPPLIERS IF OFFERED A THREE-YEAR CONTRACT



TABL

LIKELIHOOD OF SWITCHING RENTAL UNIFORM S

13. Again realizing this is strictly a research study and you will not be re-contacted, how likely would you be to consider switching

NET: Very or Somewhat Likely
Very
Somewhat
Only slightly
Not at all likely to consider another uniform rental supplier?

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

TABLE 3-17

UNIFORM RENTAL SERVICE SUPPLIER

B. Could you please tell me the name of the company that provides your uniform rental service?

	2015 TOTAL	Q. 13 LIKELY TO CONSIDER SWITCHING FOR 3 YEAR CONTRACT		
		Very	Very/ Somewhat	Only Slightly/ Not at All
Nationals	**81%**	81%	90%	75%
Cintas	35%	33%	38%	33%
UniFirst	18%	22%	20%	16%
G&KServices	12%	-	4%	13%
Aramark	11%	27%	18%	9%
AmeriPride	3%	-	4%	4%
Alsco	1%	-	4%	-
Local/independents	19%	19%	10%	25%
Weighted interviews	**170**	**18**	**44**	**107**

IV. Comparative Assessment of Local Independent Launderers vs. National Chains

A. Chapter Summary

1. The level of accurate awareness of the geographic market served by current suppliers has been highly dynamic between 1998 and 2015. For example, consider the following:

   - In 1998 (49%) and 2006 (53%) only about one-half of all purchase decision-makers who currently obtain uniform rental services through a national chain accurately identified their supplier as being "national." In 2010, this proportion increased to more than three-quarters (77%) and is now at an all-time high of 86%

   - A somewhat different scenario characterizes local/ independents. Specifically, the highest level of accurate awareness that the customer was being served by a local/independent was in 1998 (60%) with this proportion declining to 50% in 2006 and only 30% in 2010, before rebounding to 59% in 2015.

   For local/independents, the 2015 study findings suggest that, on average, 13% of current customers may perceive that their supplier is a national chain, 3% will assume their supplier serves at least multiple states and one-quarter (25%) will respond "don't know." In total, this research suggests that well over one-third (41%) of customers served by CSCNetwork firms will not be aware that their supplier is a local/independent.

   Ultimately, this research will demonstrate that this lack of awareness represents one of the more significant untapped opportunities for member firms.

Table 4-1; Table 4-2

2. When purchase decision-makers were asked, on an unaided basis, to identify the potential advantages of using a locally-owned rental launderer they were quite vocal when mentioning “better/more personalized service” (i.e., at least 41% mention between 1998 and 2015). There also has been a substantial/steady increase in the proportion of mentions of “supporting the local economy” between 1998 (7%) and 2015 (41%).

   After recording more than double the proportion of mentions of “easier accessibility” between 1998 (14%) and 2006 (30%), the proportion of unaided mentions of this topic declined “significantly” to 20% in 2010 and remained at that level in 2015 (21%).

Table 4-3

3. Those who, in fact, currently use a local/independent are particularly strong proponents of “better/more personalized service” (i.e., 65% unaided mention vs. 41%, overall) and “easier accessibility” (e.g., 35% vs. 21%, overall). Even among those using a national chain there is fairly strong support for “better/more personalized service” (33%) and “supporting the local economy” (43%). Market Measurement also notes that those most receptive to a local/independent if they ever did switch suppliers appear to be heavily focused upon “better/more personalized service” (57% unaided mention).

Table 4-4

4. In contrast to sentiment regarding the potential advantages of using a local/independent uniform rental supplier, decision-makers were dramatically more likely to focus upon “lower costs” when describing the advantages of a national chain, particularly between 2006 – 2015 (i.e., approximately 66% unaided mention in all three years vs. 38% in 1998). In essence, there is support for the hypothesis that the national chains have become substantially more aggressive when considering pricing and/or more heavily dependent upon this evaluation criterion. National chains have, historically, also benefited from a perception that they will offer more selection/variety.

In response to perceptions characterizing the national chains, Market Measurement suggests the following questions:

- In general, are local/independents "able to" compete with the national chains on price, if they so choose?

- To what extent is the popularity of mentions of "lower costs" a perception vs. reality, associated with the popular contention that a large organization can "get better prices" (i.e., such as through economies-of-scale and purchasing power) vs. smaller firms?

- Do these study findings reflect an untapped opportunity for local/independents, who belong to CSCNetwork, to better demonstrate that they have comparable purchasing power (i.e., ability to offer lower prices) and product selection/variety because of their participation in this organization?

Table 4-5

5. While sentiment regarding the likelihood that the national chains will offer lower costs and more selection/variety did not vary based upon the type of industrial launderer currently being used, there is evidence that those who use a national chain or who would be most likely to switch to a national chain, will also be comparatively more likely to anticipate receiving "better service" and/or "more reliability." Nevertheless, a solid majority of decision-makers, when answering this question, did not focus upon service at all.

Table 4-6

6. Table 4-7 is devoted to a comparative assessment of sentiment regarding the potential advantages of using a local/independent vs. a national chain. As is evident, local/ independents should consider the following strategies:

   - Aggressively promote the fact that they can offer "better/ more personalized service" than the national chains

- Reinforce the importance of supporting the local economy by using a local/independent industrial launderer

- Address the topic of "lower costs" being more readily available through the national chains by demonstrating that, as a group, CSCNetwork firms are the second largest industrial launderer organization in the country and, as a result, can be very cost competitive

- Promote the affiliation with CSCNetwork to demonstrate the ability of any member firm to provide selection/variety of rental uniforms that is comparable to any of the nationals.

Table 4-7

7. Purchase decision-makers were also probed regarding whether they perceive their needs would be best served a local firm or a national chain when considering specific criteria. As demonstrated in Table 4-8, there has been solid support for local/independents providing timely response to problems, quality service personnel and service quality, however, the remaining two topics (i.e., having fair billing policies and product quality) have been characterized by deterioration during the past four years.

   In elaborating, while local/independents had a huge perceptual advantage over national chains when considering "having fair billing policies" in 1998 (83%), this important competitive advantage deteriorated substantially in 2006 (67%) and 2010 (51%), before rebounding slightly in 2015 (57%). At least one hypothesis is that local/independents are now as aggressive as the national chains in pursuing "extra charges" and complicated/lengthy invoices that can foster negative sentiment among customers, as well as confusion.

   A similar scenario characterizes attitudes toward product quality for which the proportion of decision-makers who perceive local/independents would best serve their needs has declined from three-quarters (75%) in 1998 to barely one-half in 2006 (55%), 2010 (45%) and 2015 (50%).

Initial thoughts on action plans that could be pursued by CSCNetwork firms when considering all study findings outlined in Table 4-8 include:

- Aggressively promote the ability of a local/independent to provide more "timeliness of response to problems" vs. the national chains. Obviously, this needs to be pursued with some level of caution because this, by its very nature, requires promoting the topic of "problems." Instead, perhaps focus upon "accessibility to address questions or unmet needs"

- Consider aggressive promotion of the "fact" that a family-owned, local/independent business has higher quality service personnel

- Conceptually, local/independents could merge the overwhelming competitive advantages associated with "timeliness of response to problems," "quality of service personnel" and "service quality" into a single promotional theme that combines the concepts of accessibility and responsiveness

- It is particularly disappointing to note the dramatic decline in the competitive advantage characterizing local/independents when considering "having fair billing policies." Market Measurement has always perceived that an industrial launderer could develop an important competitive advantage by fostering some solution to the expansion in the use of "extra charges" and the lengthy/complicated invoices that accompany this strategy by national chains. Nevertheless, the reality in the market is that professional sales personnel are, we believe, increasingly focused upon offering lower basic charges (e.g., cost-per-change) while assuming that the revenue difference can be made up through extra charges after the contract is signed. This popular technique, initially introduced to the market by the national chains, appears to have been widely replicated by many local/independents.

Nevertheless, this should not preclude a local/independent from promoting their "fair billing policies," as at least one-half of all purchase decision-makers perceive that a local/independent launderer will, in fact, be more likely to have fair billing policies

- The decline in product quality as a competitive advantage is somewhat perplexing. Nevertheless, Market Measurement has a sense that at least one contributing factor is launderers being more aggressive with damage and loss charges (i.e., again, as a means for making up revenue after the contract is signed) and the steadily increasing level of decision-maker emphasis upon uniform appearance. Regardless, this is another example of a solid competitive advantage over the national chains that has clearly deteriorated

- Local independents should avoid the temptation of trying to promote themselves as being "big", since this may be a contributing factor to the declining perceptual variances between national chains and local industrial launderers.

Table 4-8; Table 4-9; Table 4-10

8. Based upon the earlier-noted deterioration in several of the key competitive advantages that had characterized local/independents, it should come as little surprise that the level of preference for a local/independent vs. a national competitor, under the hypothetical scenario of switching suppliers, has deteriorated measurably since 2006. For example, the net level of preference for a local/independent in 2006 was 20% (i.e., 60% - 40% = 20%). This compares with being relatively undifferentiated from the national chains in 2015.

Table 4-11

B. Statistical Tables

Q. 8

TABLE 4-1

PERCEIVED GEOGRAPHIC SERVICE AREA OF CURRENT SUPPLIER

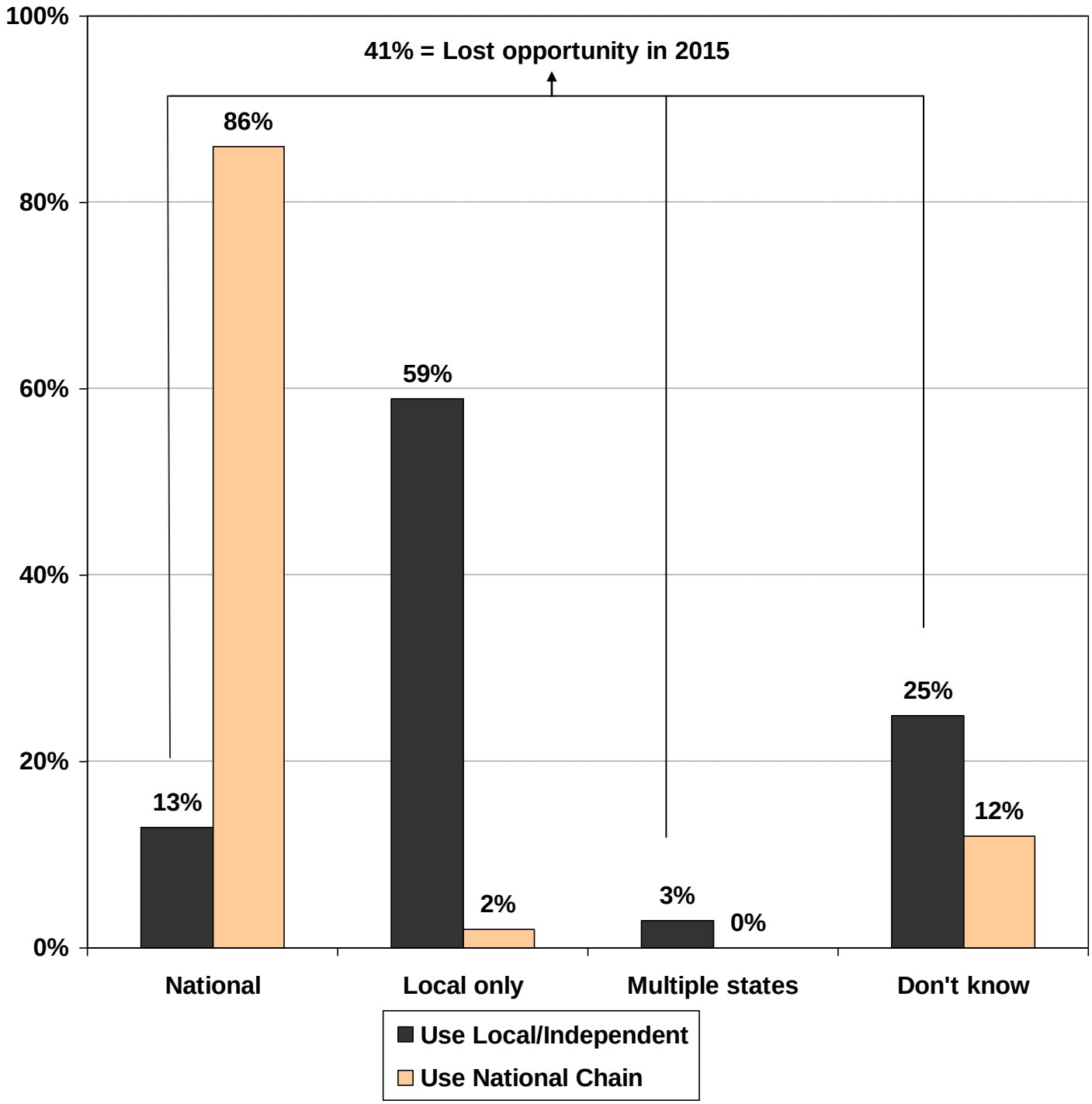


TABLE 4-2

Q. 8

PROPORTION ACCURATELY IDENTIFYING CURRENT RENTAL UNIFORM SUPPLIER AS EITHER LOCAL/INDEPENDENT OR NATIONAL

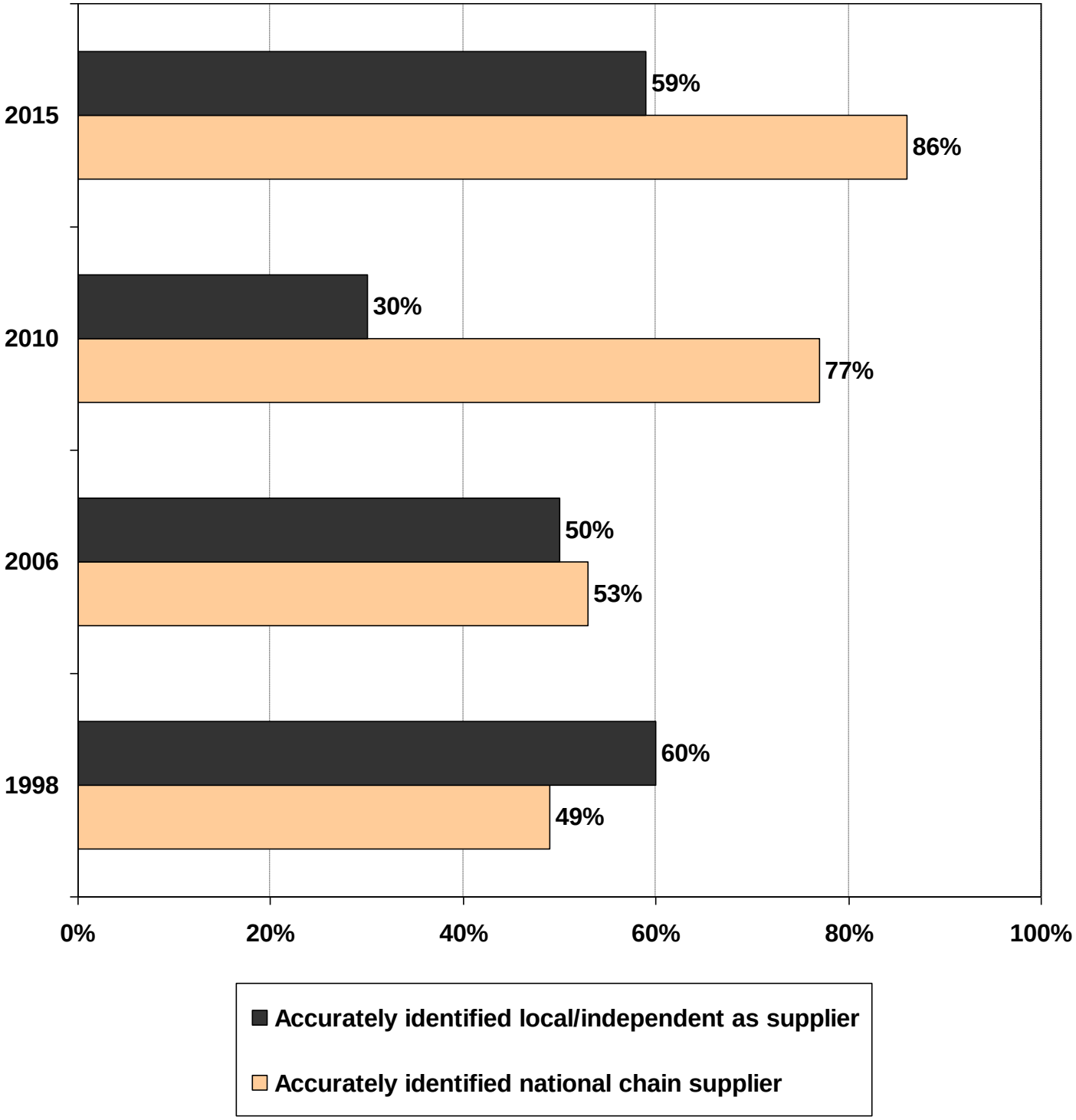


TABLE 4-3

ADVANTAGES OF USING A LOCAL LAUNDERER

Q. 9 Even if you had to guess, what might be the advantages of using a locally-owned rental launderer who ONLY SERVES THE LOCAL MARKET?

	TOTAL			
	2015	2010	2006	1998
Better/more personalized service	41%	41%	45%	41%
Supporting the local economy	41%	39%	24%	7%
Easier accessibility	21%	20%	30%	14%
More responsive/prompt	13%	13%	17%	7%
More competitive prices	-	-	3%	-
Other	7%	7%	-	2%
Weighted interviews	**170**	**150**	**201**	**387**

***Yellow/light grey = statistically significant differences vs. orange/dark grey**
****Totals more than 100% due to multiple mentions**

TABLE 4-4

ADVANTAGES OF USING LOCALLY-OWNED RENTAL LAUNDERER THAT SERVES ONLY LOCAL MARKET

9. Even if you had to guess, what might be the advantages of using a locally-owned rental launderer who ONLY SERVES THE LOCAL MARKET?

	TOTAL	Q. B CURRENT SERVICE PROVIDER		Q. 14 LIKELY SUPPLIER IF SWITCHED	
		Local/ Independent	National	Local/ Independent	National
Better/more personalized service	41%	65%	33%	57%	30%
Supporting the local economy	41%	35%	43%	35%	41%
Easier accessibility	21%	35%	17%	28%	23%
More responsive/prompt	13%	15%	12%	15%	14%
Other	7%	4%	8%	2%	11%
Weighted interviews	**170**	**32**	**138**	**58**	**63**

Yellow/light grey = statistically significant differences vs. orange/dark grey
****Totals more than 100% due to multiple mentions***

TABLE 4-5

BENEFITS OF USING NATIONAL LAUNDERER

Q. 10 Compared to a locally-owned supplier, what might be the benefits of using a larger, regional or national, rental uniform supplier?

	TOTAL			
	2015	2010	2006	1998
Lower costs	66%	67%	67%	38%
More selection/variety	31%	29%	21%	19%
Better service	16%	19%	10%	10%
Better reliability	14%	14%	5%	2%
Other	4%	8%	-	2%
WEIGHTED INTERVIEWS	**170**	**163**	**201**	**387**

Yellow/light grey = statistically-significant difference vs. orange/dark grey
****Totals more than 100% due to multiple mentions***

TABLE 4-6

BENEFITS OF USING A LARGER, REGIONAL OR NATIONAL RENTAL UNIFORM SUPPLIER

10. Compared to a locally-owned supplier, what might be the benefits of using a larger, regional or national, rental uniform supplier?

	TOTAL	Q. B CURRENT SERVICE PROVIDER		Q. 14 LIKELY SUPPLIER IF SWITCHED	
		Local/ Independent	National	Local/ Independent	National
Lower costs	66%	69%	65%	73%	56%
More selection/variety	31%	37%	30%	30%	31%
Better service	16%	6%	18%	8%	22%
Better reliability	14%	6%	15%	5%	20%
Other	4%	12%	3%	6%	4%
Weighted interviews	**170**	**32**	**138**	**58**	**63**

Yellow/light grey = statistically-significant difference vs. orange/dark grey

TABLE 4-7

MOST POPULAR "PERCEIVED" ADVANTAGES OF USING EITHER A LOCAL/INDEPENDENT OR NATIONAL INDUSTRIAL LAUNDERER

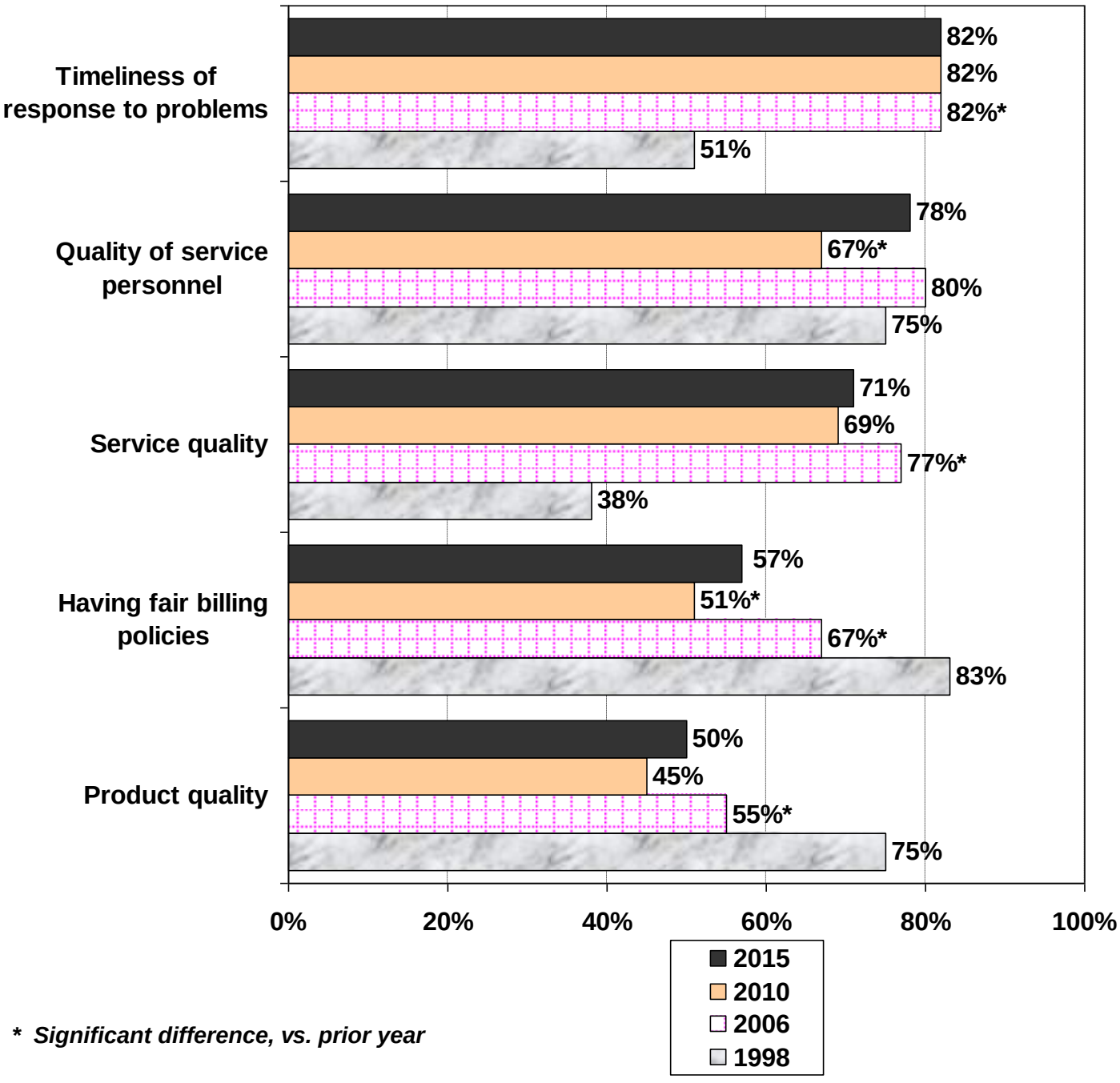
	PRIMARY BENEFITS OF USING LOCAL/INDEPENDENT			
	TOTAL			
	2015	2010	2006	1998
Better/more personalized service	41%	41%	45%	41%
Supporting the local economy	41%	39%	24%	7%
Easier accessibility	21%	20%	30%	14%
More responsive/prompt	13%	13%	17%	7%
More competitive prices	-	-	3%	-
Other	7%	7%	-	2%
	PRIMARY BENEFITS OF USING A NATIONAL LAUNDERER			
	TOTAL			
	2015	2010	2006	1998
Lower costs	66%	67%	67%	38%
More selection/variety	31%	29%	21%	19%
Better service	16%	19%	10%	10%
Better reliability	14%	14%	5%	2%
Other	4%	8%	-	2%

Yellow/light grey = statistically significant differences vs. orange/dark grey

****Totals more than 100% due to multiple mentions***

TABLE 4-8 Q. 11

PROPORTION OF DECISION-MAKERS WHO PERCEIVE THAT A "LOCAL FIRM WOULD BEST SERVE MY NEEDS" VS. A NATIONAL CHAIN

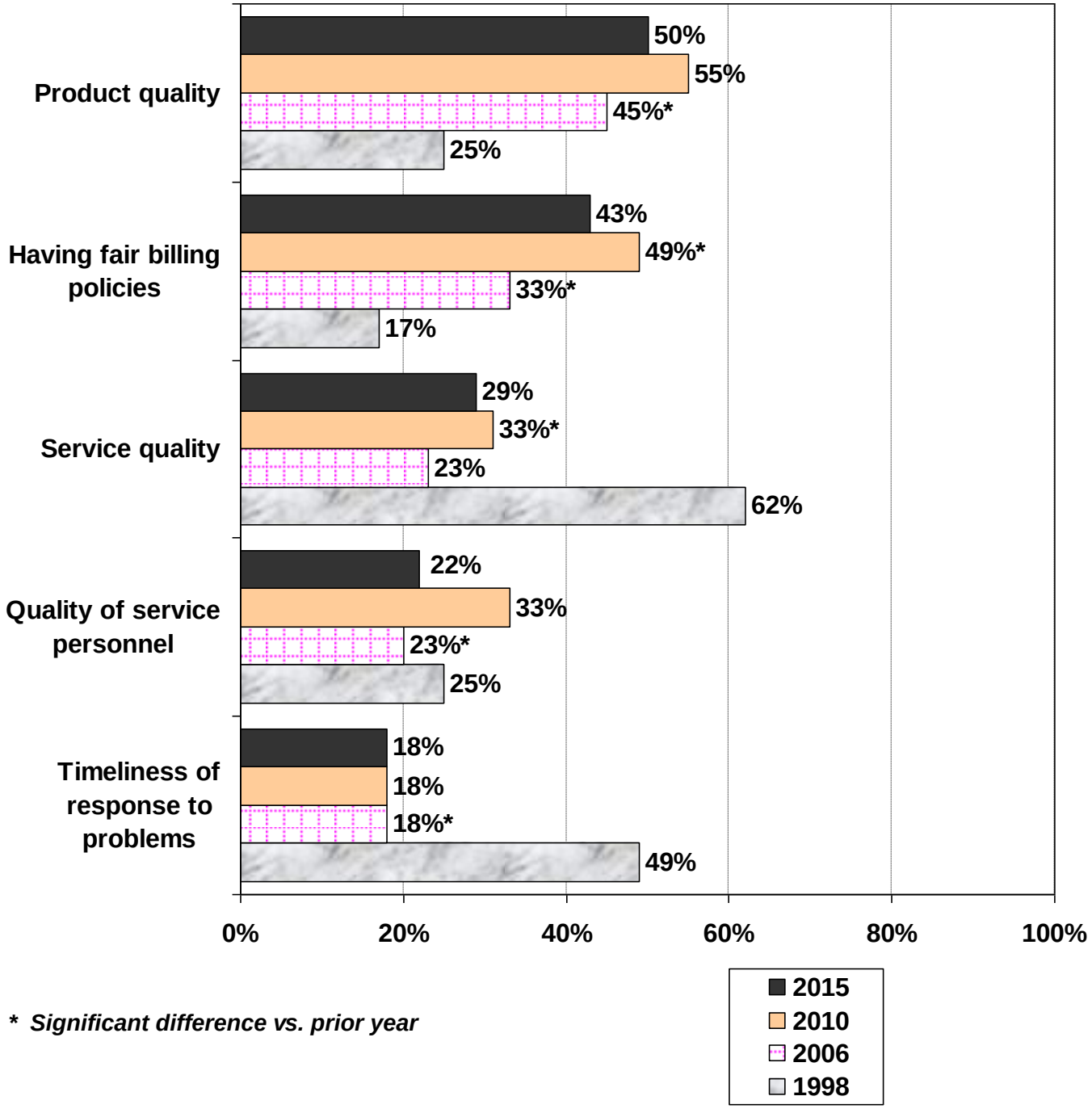


** Significant difference, vs. prior year*

Q. 11

TABLE 4-9

PROPORTION OF DECISION-MAKERS WHO PERCEIVE THAT A "NATIONAL CHAIN WOULD BEST SERVE MY NEEDS" VS. A LOCAL/INDEPENDENT



* *Significant difference vs. prior year*

Q. 11

TABLE 4-10

2015 COMPARISON OF DECISION-MAKERS WHO PERCEIVE THAT A "LOCAL FIRM WOULD BEST SERVE MY NEEDS" VS. A NATIONAL CHAIN

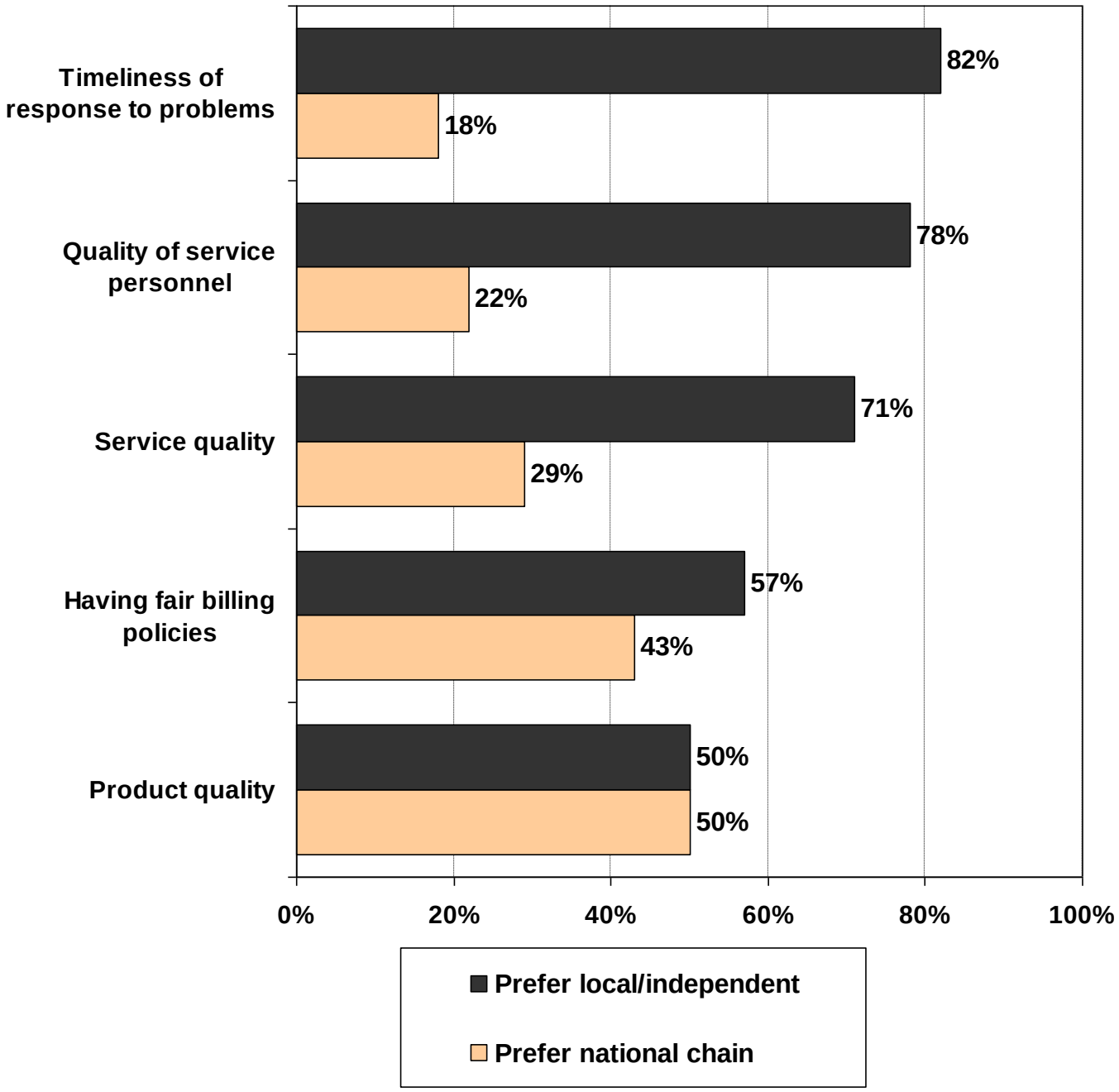


TABLE 4-11

LIKELIHOOD OF SWITCHING TO LOC
OR NATIONAL SUPPL

14. If you ever decided to switch uniform rental suppliers, would you be most likely to switch to

NET PREFERENCE FOR LOCAL/ INDEPENDENTS
Local/Independents
National

Yellow/light grey = statistically-significant difference vs. orange/dark grey.

V. Demographics

Outlined below are the job titles of the study participants. As always, "service manager" is among the most popular across these purchase decision-makers.

TABLE 5-1

JOB TITLE

Q. 22 What is your job title?

	2015 TOTAL
Service Manager	45%
Office Manager	11%
Parts & Service Director	5%
Accountant/Bookkeeper	4%
Manager (Unspecified)	4%
Operations Manager	4%
Human Resources	4%
Parts & Service Manager	3%
Controller/CFO	2%
Owner	2%
General Manager	1%
Plant Manager	1%
President/CEO	1%
Purchasing	1%
Sales Manager	1%
Vice President	1%
Other	10%
Weighted interviews	**170**

Reports/csc-4195-analysis report-11-03-15