

Industry Analysis - Secondary Research: MarVy

MGT 4350.251:Business Plan Development

Professor: Katherine Sobel

Marlee Yerkes and VyVy Tran

March 5th, 2022

Overview

Our company, Marvy, falls into the conservation and human rights nonprofit organization in the U.S. (NAICS 81331). More specifically the subsector 813312, which is environment, conservation and wildlife organizations. The organizations within this industry take part in advocating for conservation and protecting the environment and wildlife. They deal with issues such as global warming, clean air and water, preserving natural resources, and wildlife protection. This industry is comprised of animal rights organizations, humane societies, natural resource preservation organizations, environmental advocacy organizations, etc. (Instrinsicco, 2022). The demand in this industry derives from gaps in the market and government to deal with issues that need more representation. These establishments earn about 48.1% of their revenue through donations or governmental grants.

There has been a rise in average disposable income per individual in this nation. Additionally, more people are aware and concerned about pressing issues involving social and environmental topics. This sector was also expected to have an increase in philanthropic donations in 2020, therefore, there will be an overall increase in revenue. These establishments receive either tax exemption or deductions which will reduce their expenses. Another key trend is there has been more online fundraising events since the start of the pandemic. Since our business is completely online, it aligns with the trends of current establishments. Overall, these trends would benefit our company's revenue stream and reduce our taxes.

Industry Size

TAM

According to Nonprofit Source approximately three fourths of Americans donate to charitable causes, which is nearly 247 million people (Nonprofit Source, 2018). On average in 2021, individuals donated \$574 a year (Papandrea, 2021). In 2020, \$471.44 billion was donated to charitable causes by American, which would be our total addressable market (National Philanthropic Trust, 2021). This encapsulates donations to all charitable causes, not just environmental causes.

Historical and Projected Growth Percentages

Within the conservation and human right organization industry from 2016 to 2021 there was a 3.7% increase in annual revenue, however, it is expected to be only 2.7% from 2021 to 2026. On the other hand, profit dropped 1.2% from 2016 to 2021. The profit margin increased 3.7% from 2016 to 2021. Business growth was approximately 2.4% from 2016 to 2021, and is expected to grow 2.8% in 2021 to 2026. On the employment aspect there was a 2.2% increase, and it is projected to be 2.6% from 2021 to 2026. However, annual wages was increased 6% from to 2016 to 2021 and is projected to grow only 2% from 2021 to 2026 (Ristoff, 2021).

Historical Performance

The nonprofit industry's performance was at its highest in 2014 with revenue of 10.53%. In 2017, revenue was at 4.95% and disposable income per capita was at 2.16%. In 2018, revenue was at 1.90% and disposable income per capita was at 2.83%. In 2019, revenue was at 4.92% and disposable income per capita was at 1.77%. In 2020, revenue was at 1.64% and disposable income per capita was at 5.72%. In 2021, revenue was at 5.04% and disposable income per capita was at .93%. In 2022, revenue was at 2.08% and disposable income per capita was at -2.26%. As you can see, there is a clear trend between the nonprofit's industry revenue performance and disposable income per capita. Revenue for the nonprofit industry was at its lowest in 2020 at 1.64%. In 2021, revenues increased to 5.04%, but went back down in 2022 to 2.08% (Ristoff, 2021).

Projected Growth

Industry growth ratings for the nonprofit institutions industry are currently low. Economic health is a huge factor for the overall well being of this industry. Sanctions placed on Russia, conflicts regarding Syria and Iraq, and increasing amounts of natural disasters have negatively impacted overall economic health and thus the nonprofit industry as a result. This being said, the nonprofit industry is expected to experience some lower revenue percentages in the coming years. Revenues remain steady in 2023 and 2024 at around 4.8%. Although in 2025, the nonprofit industry's performance is expected to be at its lowest with revenues at -7.8%. This information tells us that the industry life cycle stage is currently stagnant, but is expected to be in a declining stage come 2024 (First Research, 2022).

Industry Segments

Description of Industry Segments

Our three industry segments are human rights organizations (NAICS 813311), social advocacy organizations (NAICS 81339), and environmental conservations and wildlife organizations (NAICS 81332). The human rights organizations industry is based around promoting causes that are focused on human rights such as civil liberties, constitutional rights, and exploitation. It has a ROI of 1% and loan failure rate of 13%. The social advocacy organizations industry focuses on social advocacy for causes relating to wildlife, human rights, and the environment. This industry has a ROI of 1% and loan failure rate of 3%. Peace/international understanding, drug abuse awareness, and firearm safety all fit into this industry. The environmental conservation industry and wildlife organizations industry focus on promoting causes related to preservation and protection of natural resources, wildlife, energy resources, the environment, and endangered species. This industry has an ROI of 3% and loan failure rate of 7%. This tells us that the environmental conservation industry and wildlife organizations industry segment has best overall performance compared to other industry segments. (Industriuscfo, 2022).

SAM

Our TAM is \$471.44 billion, which was based on the number of people who donate to nonprofits in the US. \$43.6 billion of that \$471.44 billion went to causes related to conservation and human rights. According to IBIS World, of that \$43.6 billion, 30.9% went specifically towards human rights causes, 35.4% went specifically towards environmental and wildlife conservation, and 33.7% went specifically towards social advocacy causes. To calculate our SAM for each industry segment, we multiplied each percentage times \$43.6 billion. The SAM for the human rights organizations industry segment is \$145,674,960,000. The SAM for the social advocacy organizations industry segment is \$158,875,280,000. The SAM for the environmental conservation industry and wildlife organizations industry segment is \$166,889,760,000 (Ristoff, 2021).

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