



Market Update

January 2023



Distributors that sell disposable gloves have every reason to believe 2023 will be a successful year. As always, the \$15 billion-plus disposable glove market is continuing to evolve post-pandemic.

With ample supply and prices continuing to stabilize, we expect distributors across most segments to focus on developing strong partnerships and quality brands to meet the demand for hand protection. With more gloves in the market and continued robust demand, price competition among distributors will intensify.

At the same time, economic pressures from rising inflation—and possible global recession—will drive many financial decisions. However, regardless of economic challenges, disposable gloves have historically proven to be one commodity that maintains strong demand, even in times of economic uncertainty.

We expect several market improvements that are advantageous to disposable glove distributors. Improving inventory and pricing will continue to reward operators willing to commit resources to marketing products while prioritizing quality brands, high service levels, redundancy, and reliability over short-term profits. As always, aligning your organization with the right distribution partner who can help you grow your business will be essential.

INVENTORY AND PRICE CONDITIONS ENABLE EFFECTIVE STRATEGIC PLANNING

Glove prices continue to stabilize to the point where, accounting for inflation and some underlying operational costs, they are approaching 2019 levels. They may not drop further because of the effects of inflation on operating expenses. We view this as a positive development for distributors that build recurring customer relationships.

Competition based solely on price is typical, especially at the lower end of the market, with users that do not prioritize quality, reliability, and compliance. Plus, many distributors obtained their inventory at different times, with some paying more for their products than others.

There may also be other financial variables involved, like temporary discounts by competitors to reduce inventory and unforeseen shipping challenges. Additional increases in costs are possible, such as China tariffs, continuing labor shortages, and issues with organized labor. Natural gas prices have risen by as much as 25% compared with last year, adding to manufacturing costs.

Meanwhile, ocean shipping rates continue to drop—but they are still higher than pre-pandemic costs. Price stabilization for ocean shipping will likely help glove prices stay stable.

An unpredictable factor is the continuous stringent anti-COVID measures in China. After unprecedented protests nationwide, some local authorities have begun easing restrictions in what appears to be a shift toward gradual reopening as the country nears the start of the pandemic's fourth year. Some rules remain in place but continuing the rollback could significantly boost China's and the global economies, which may impact the supply and demand for gloves.

THE GLOVE MARKET IS STRONG DESPITE VOLATILE ECONOMIC CONDITIONS

With the Federal Reserve raising interest rates to battle inflation and stock markets declining, there has been a lot of coverage about financial pressures, including the potential for a recession. That sentiment is expected to remain in 2023.

The economic impacts are likely to vary around the world. For example, some pundits have forecast a mild recession in the U.S., an extended one in Britain, and a painful one in Europe, especially as fallout from the war in Ukraine continues to affect energy prices, interest rates, economic growth, and food shortages. Because of inflation, the buying power of \$1 in 2019 is equivalent to \$1.18 in November 2022. Many goods and services are more expensive, factoring in the cost of glove distribution.

The good news is—based on the history of previous recessions—the disposable glove market is not likely to be affected in the same way as the rest of the economy. Gloves are a need-based product. Health, hygiene, and safety are not likely to take a back seat to cost-based decisions, especially when glove prices are the most accessible they have been in more than three years. While other factors may drive many financial choices—and we can expect some contraction of the overall economy as businesses cut corners to maintain profit—workers in a broad cross-section of industries will still require hand protection.

Glove distributors need to be prepared to handle questions and objections driven by economic conditions. Therefore, this is an excellent opportunity to improve service levels and build deeper relationships with clients.

BE PREPARED TO ACT ON OPPORTUNITIES

Past recessions have proven to present great opportunities to grow disposable glove revenue. Buyers will continue to need gloves, but they will likely re-evaluate their spending and push vendors to highlight value. Distributors will need to proactively connect with customers and prospects to sell gloves to the extent we have not seen since 2019.

Heading into 2023, planning for your accounts, strategizing about opportunities to capture and maintain business, and developing tactical steps that support your customer-facing teams are essential. Your success will be largely account-specific, and all accounts will need extra attention if they are to continue a business relationship with you.

We are dedicated to supporting our customers, helping them to maintain existing relationships and capture new opportunities. Our support programs, including no-cost samples, sales kits, and marketing collateral, are back to levels not seen in the last three years, and we encourage customers to use them in all client-facing conversations. Our customer-facing teams are also ready to assist our clients and evaluate all account-specific support programs.

GLOVE DISTRIBUTION IS EASIER WITH THE RIGHT PARTNER

The current environment is leading companies to turn to “creative” solutions. Some manufacturers counter lower prices at the factory level by cutting corners and adding filler like calcium carbonite to gloves. Unfortunately, too much filler makes gloves rip. Some factories are also optimizing their capacity utilization rates by stopping production lines to reduce the number of gloves being produced and, in the process, control supply and costs.

With post-pandemic demand changing, some distributors need help to procure a consistent supply of gloves. Others need help with compliance issues and more staff to provide high service levels.

At AMMEX, with an organization entirely focused on the disposable glove market, we are committed to removing all types of challenges and risks for our clients. Our on-the-ground team inspects 100% of our factory shipments to guarantee product quality. Our global sourcing and supply chain teams have developed redundancies that enable us to predict demand and quickly respond to market conditions. Most important, we have dedicated customer-facing teams supporting our partners and customers.

Our priority is to create the tools and services for our partners that help them succeed and help improve workplace safety and operations through disposable hand protection. We provide programs and tools to help clients buy the right disposable gloves for any job, use case, or occupation. Reach out to your AMMEX sales rep today—we look forward to helping you grow your disposable glove business.

ABOUT AMMEX

From a one-person operation in a basement office in Bellevue, Washington, to 275-plus team members in 10 cities worldwide, AMMEX has become a global leader in products that enhance health, hygiene, and safety across a broad spectrum of industries.

Thousands of organizations in various sectors, from small distributors and retailers to Fortune 500 businesses, deploy our tools and programs to help customers buy disposable gloves.

Learn more at ammex.com.

