

Print Business Outlook Series

COMMERCIAL PRINTING REPORT | SPRING 2024 EXECUTIVE SUMMARY



Sponsored by Canon U.S.A., Inc. **Canon**

Produced by the PRINTING United Alliance and NAPCO Research for its members.

SPRING 2024

Staying on top of industry trends is essential to your success.

Throughout the year, PRINTING United Alliance's research team creates top-notch reports for the industry and works with consultancies to conduct commissioned research.

PRINTING United Alliance members get unlimited access to the resulting reports that reflect the scope of the printing industry.

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If you have any questions, please contact researchteam@printing.org.

Executive Summary

The PRINTING United Alliance *Commercial Printing Report, Spring 2024* summarizes the survey results of 85 commercial printing companies that participated in our midyear State of the Industry Survey. These companies, with annual sales ranging from less than \$500,000 to more than \$200 million, exhibit diverse product portfolios, and a noteworthy 70.2% have diversified beyond commercial printing into sectors such as wide-format graphics, packaging printing/converting, and apparel decoration.

The report provides information about how cost inflation, prices, real (inflation-adjusted) sales, and pre-tax profitability trended through first quarter 2024, current and leading business index, expectations for the full year, what concerns commercial printing companies, what commercial printing companies do better. What are the next disruptors. Analog-digital transition, and sustainability plans. It also highlights the pivotal role of artificial intelligence and big data revolution.

PRINTING United Alliance members can download the *Commercial Printing Report, Spring 2024* [here](#).

The Canon logo is displayed in a bold, red, sans-serif font. The letters are thick and closely spaced, with a slight shadow effect behind them, giving it a three-dimensional appearance. The logo is centered horizontally within a white rectangular area.

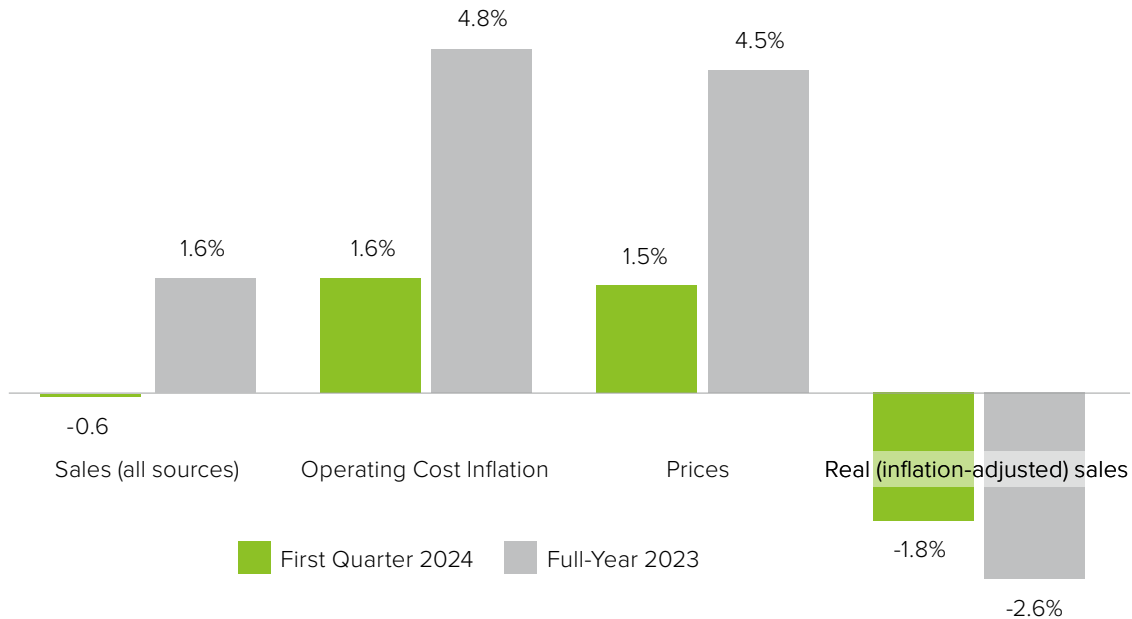
Canon U.S.A., Inc. is a leader in digital imaging and printing solutions with one of the broadest portfolios in the industry, offering solutions such as digital presses, production ink-jet presses, wide-format printers, workflow solutions, and professional services. With approximately \$30.6 billion in global revenue, its parent company, Canon Inc. (NYSE:CAJ), as of 2021 has ranked in the top five overall in U.S. patents granted for 36 consecutive years and was one of Fortune magazine's World's Most Admired Companies in 2022. Canon U.S.A. is dedicated to its Kyosei philosophy of social and environmental responsibility.

Sample Findings

Sales growth slowed, and operating cost inflation continued to moderate during the first quarter of 2024. Among all commercial printing companies surveyed, sales decreased by 0.6%, down from 1.6% in full-year 2023, and operating cost inflation averaged 1.6%, down from 4.8%. Real (inflation-adjusted) sales, which measure production trends after stripping out price increases, declined 1.8% through March, extending last year’s 2.6% contraction. The full report provides an extensive analysis of changes in key business indicators compared to the full year 2023, highlighting the ongoing pressures and adjustments within the industry.

Figure 1: Key Business Indicators, First Half 2024 and Full-Year 2024

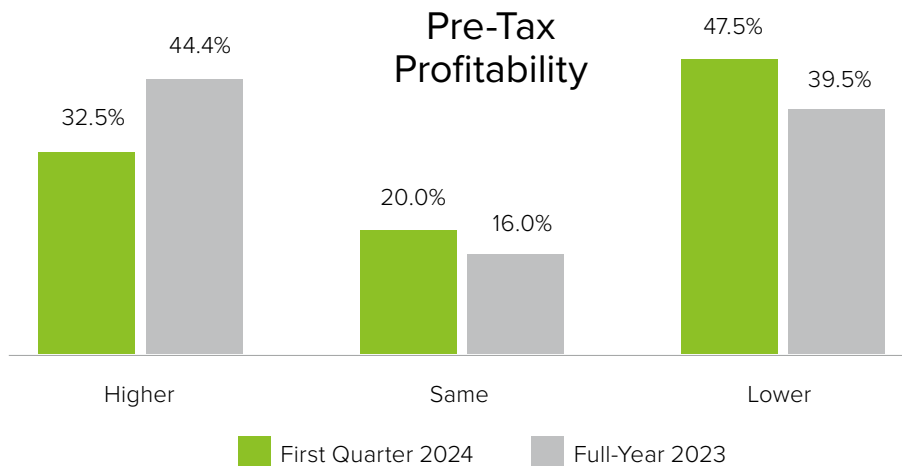
How sales (all sources), operating cost inflation, prices, and real (inflation-adjusted) sales compared with year-earlier levels for SOI participants whose primary business is commercial printing.



Profit margins are under pressure. As Figure 2 shows, fewer participants in our research – 32.5%, down from 44.4% observed increasing profitability during the first quarter of 2024, while more – 47.5%, up from 39.5% – reported a decrease in profitability. The full report also investigates the biggest concerns facing the industry and provides a comprehensive analysis of these critical issues.

Figure 2: Pre-Tax Profitability Trends

Q: How did your pre-tax profitability (pre-tax profits as a percent of sales) for the first quarter of 2024 compared to year earlier profitability?



Despite the challenges in 2024, commercial printers expect their full year sales to surpass those of 2023. Increasing sales, maintaining profitability, economic conditions, and rising labor costs are topmost concerns for commercial printers. The full report also presents the current and leading business indicators and what commercial printing companies intend to do better this year compared to 2023.

Figure 3: Biggest Concerns

Q: How much of a concern do you expect the factors below to be for your company in 2024?

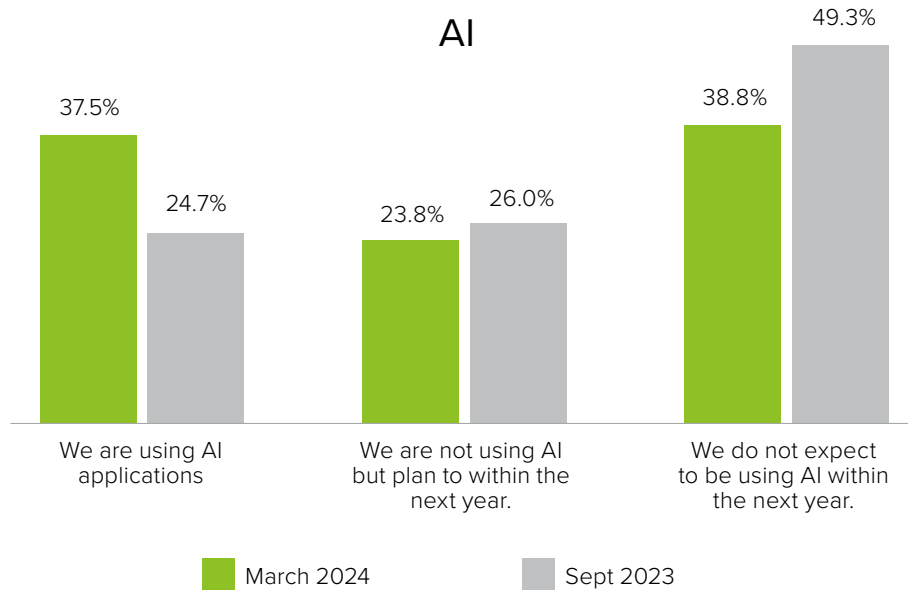
Factors	Major Concern	Moderate Concern	Minor Concern/ Not a Concern
Increasing sales	57.5%	32.5%	10.0%
Maintaining profitability	53.8%	30.0%	16.3%
Economy/business conditions	48.8%	40.0%	11.3%
Rising labor costs	47.5%	37.5%	15.0%
Maintaining healthy cash/working capital balances	37.5%	15.0%	47.5%

Confidence increases. Nearly 36% of surveyed commercial printers anticipate better business conditions in the next three months compared to 35% in August 2023. Conversely, 44.6% foresee the same conditions, while 13.9% expect deterioration, and 5.9% grapple with uncertainty due to erratic business patterns. The full report also presents sales expectations for full year 2024.

Interest in and expected uses of artificial intelligence are growing. 37.5% of our research panel, up from 24.7% in August 2023, are now using AI applications. However, will increase significantly if the 23.8% of commercial printer participants not currently using AI follow through on their plans to implement it. The full report also offers an in-depth analysis of AI uses, benefits, and challenges for industry professionals and more.

Figure 4: AI Status

Q: Which response below is true of your company?



Finally, the report shares insights on the next big disruptions, sustainability plans, and actions to improve business results for the commercial printing industry. These strategies aim to help commercial printers build a sustainable competitive advantage.

WHAT CAN PRINTING UNITED ALLIANCE RESEARCH DO FOR YOU?

PRINTING United Alliance research provides first-hand accounts, analysis, and ongoing monitoring of critical industry trends influencing the printing industry, future trends, and the underlying factors influencing change. PRINTING United Alliance Research is now part of an expanded research team that includes NAPCO Research experts, survey and analysis capabilities, and additional audience reach.

■ **PRINTING United Alliance Research LEVERAGES** its extensive member community and staff of industry economic, legislative, marketing, and technical experts to support customers in identifying market opportunities and improving business profitability and operations.

■ We partner with our clients to **IDENTIFY** their unique business challenges and create solutions that **ENABLE** deeply informed decision-making and **DELIVER** results.

■ Gain access to PRINTING United Alliance's & NAPCO Media's engaged audiences of industry executives across key industries.

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PRINTING UNITED ALLIANCE/NAPCO RESEARCH CLIENTS



MEET THE RESEARCH TEAM



Nathan Safran
Vice President, Research
NAPCO Research
nsafran@napco.com



Lisa Cross
Principal Analyst
NAPCO Research
lcross@napco.com



Andy Paparozzi
Chief Economist
PRINTING United Alliance
apaparozzi@printing.org



Onamica Dhar
Economist
PRINTING United Alliance
odhar@printing.org



Cory Francer
Analyst
NAPCO Research
cfrancer@napco.com



Evan West
Data Analyst
NAPCO Research
ewest@napco.com

Get in touch with our research team to arrange your free research consultation. [Contact nsafran@napco.com](mailto:nsafran@napco.com)



WHO WE ARE

PRINTING United Alliance is the most comprehensive member-based printing and graphic arts association in the United States, comprised of the vast communities which it represents. The Alliance serves industry professionals across market segments with preeminent education, training, workshops, events, research, government and legislative representation, safety, and environmental sustainability guidance, as well as resources from the leading media company in the industry – NAPCO Media. Now a division of PRINTING United Alliance, Idealliance is the global leader in standards training and certification for printing and graphic arts operations across the entire industry supply chain.

PRINTING United Alliance also produces the PRINTING United Expo (Sept. 10-12, 2024, Las Vegas, the most influential days in printing. The expansive display of technology and supplies, education, programming, and services are showcased to the industry at large, and represents all market segments in one easily accessed place.

NAPCO RESEARCH

NAPCO Research crafts custom data-centric solutions that leverage our highly engaged audiences across the markets in which we operate, our industry subject matter experts and in-house research expertise. We partner with our clients to identify their unique business problem and create solutions that enable deeply informed decision-making.

Contact research@napco.com to talk with our analysts to find out how we can help you with your research needs.