



State of the Industry Update **Midyear 2026**

EXECUTIVE SUMMARY



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

EXECUTIVE SUMMARY

The *State of the Industry Update, Midyear 2026* reflects the insights of nearly 200 participating companies across commercial printing, graphic and sign (wide-format) printing, and package and label printing. These firms range from less than \$500,000 to more than \$400 million in annual sales, and 77.8% have diversified beyond their primary printing business, underscoring the industry's ongoing transformation.

The update analyzes trends in sales, prices, real (inflation-adjusted) sales, profitability, business conditions, capital investment, employment, and key business indicators. It also examines operating cost inflation, the effects of war and tariffs, printers' biggest concerns, sales expectations for the full year, and the improvements companies most want to make as the Fourth Industrial Revolution continues to reshape the industry.

In addition, the update includes a special section on artificial intelligence and outlines practical must-dos for printing companies. Topics include how AI use is expanding across the printing industry, current AI use cases, benefits and challenges of AI adoption, why some companies are not yet using AI, the growing importance of AI skills, AI training practices, expectations for AI's effect on employment, building a network of AI champions, and deploying AI agents to streamline office work.

We sincerely thank all participating printing company owners and executives for sharing their results, expectations, and insights. Their contributions offer a clear picture of current industry conditions and the factors influencing the path ahead. We also appreciate the generous support of Canon U.S.A., Inc. for sponsoring the PRINTING United Alliance State of the Industry Series and Print Business Outlook Series.

PRINTING United Alliance members may download the full *State of the Industry Update, Midyear 2026* [here](#).



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 \$28.5 billion in global revenue, its parent company, Canon Inc., as of 2024 has ranked in the top-10 for U.S. patents granted for 41 consecutive years[†]. Canon U.S.A. is dedicated to its Kyosei philosophy of social and environmental responsibility.

KEY FINDINGS

Disruptions created by war and tariffs are hammering profit margins across our industry. Clients are delaying, scaling back, or cancelling print projects as uncertainty engulfs their markets, and costs – substrates, consumables, transportation, energy, overhead, and labor – are rising too fast to fully offset with price increases.

Even if a peace treaty and stable trade agreements are reached soon, easing inflation, boosting business confidence, and creating much-needed clarity, it will take time for those benefits to work through the economy. And if they aren't, the problems will deepen. Either way, the next six months – and quite possibly longer – will be as challenging as the last six.

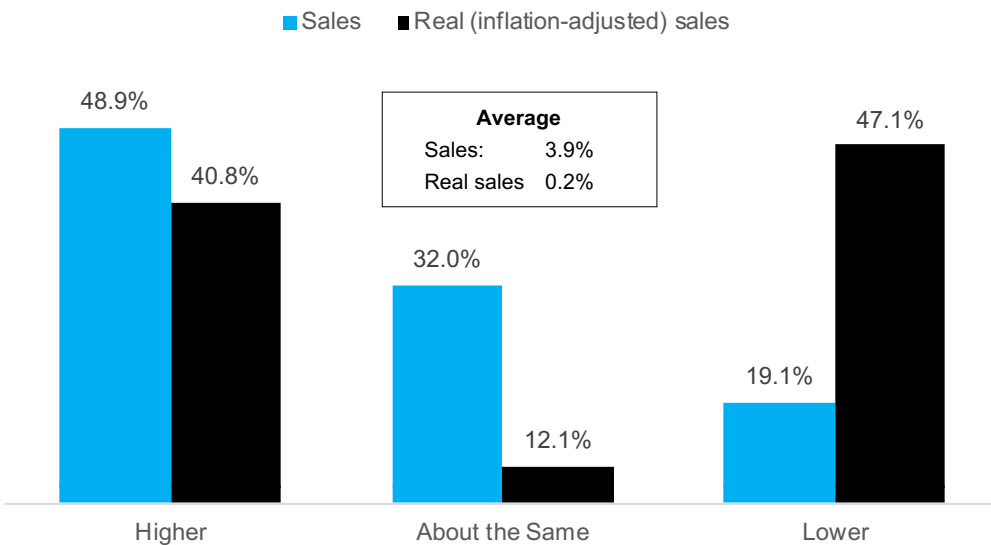
Costs and Uncertainty Up; Profitability Down

Our recent State of the Industry Survey (SOI) captures the key trends. Through the first calendar half of 2026 and for all companies surveyed:

- **Sales grew but real sales were flat.** Sales (all sources) increased 3.9% on average, with companies growing outnumbering companies contracting 48.9% to 19.1%. But strip out price increases and real (inflation-adjusted) sales, a measure of production/volume, increased a feeble 0.2%, with companies contracting outnumbering companies growing 47.1% to 40.8% (Figure 1).

Figure 1: Sales and Real Sales

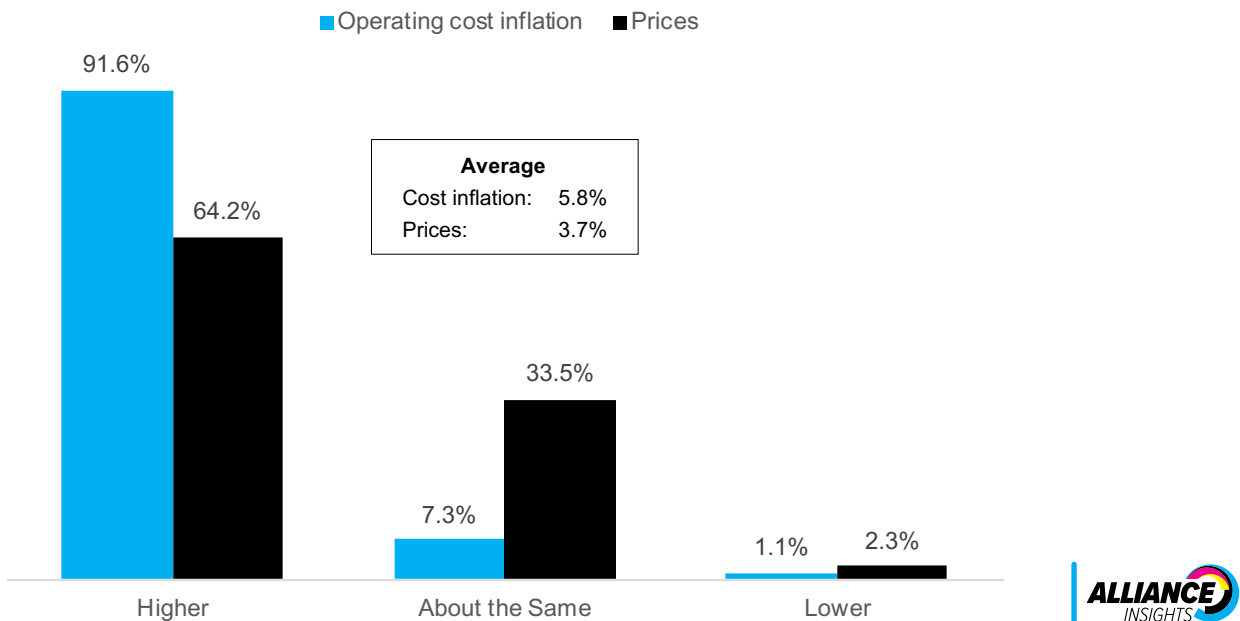
How SOI participants' first-half 2026 sales (all sources) and real (inflation-adjusted) sales compared to year-earlier levels.



- **Operating cost inflation outpaced prices.** Operating cost inflation averaged 5.8% and price increases 3.7%. While 91.6% of our research panel report costs rose strictly because of inflation, 64.2% raised prices – just 22.4% by a percentage greater than their rate of cost inflation, 19.3% by an equal percentage, and 58.4% by a lower percentage – as hesitant clients and concern about losing market share limited pricing power (Figure 2).

Figure 2: Operating Cost Inflation and Prices

How SOI participants' operating costs changed during the first half of 2026 strictly because of inflation and how their prices compared to year-earlier prices.



- **Pre-tax profitability was flat or down for the majority.** Trapped between stagnant real sales and broad-based cost inflation, pre-tax profitability increased for just 28.7% of SOI participants, significantly less than the 71.3% for whom profitability was flat (42.1%) or down (29.2%) and the 48.9% for whom sales increased, capturing the difficulty of sustaining growth from the top line to the bottom line (Figure 3).

Figure 3: Pre-Tax Profitability

How SOI participants' first-half 2026 pre-tax profitability (pre-tax profits as a percentage of sales) compared with year-earlier levels.



- **War had an effect.** Nearly 56.0% of companies surveyed have been affected by war in the Middle East (Figure 4). Some (12.2%) have benefited from an increase in domestic sourcing of print. Many more, however, have been hurt by increased transportation costs (92.9%), increased substrate and material costs (73.5%), clients delaying or cancelling projects (49.0%), and supply chain disruptions (40.8%).

Figure 4: Effects of War

How SOI participants responded to the question below.

Has war in the Middle East affected your company?



Profitability and Cost Inflation Are Top Concerns

Maintaining profitability (58.6%), cost inflation – substrates (58.0%), transportation (53.4%), energy (46.6%), overhead (39.7%), labor (34.5%), and ink/toner (32.2%) – and increasing sales (58.0%) are the most widely held concerns as we move deeper into the second half of 2026 (Figure 5).

Figure 5: Biggest Concerns

Q: What concerns you most as we move deeper into the second half of 2026? The six most frequently cited concerns were:

Concern	Citing
Maintaining profitability	58.6%
Rising substrate costs	58.0%
Increasing our sales	58.0%
Rising transportation costs	53.4%
The economy/overall business conditions	47.1%
Rising energy costs	46.6%



We asked SOI participants where they most want their companies to get better, and collectively they named nearly 40 improvement targets, ranging from customer service to cybersecurity. Figure 6 shows the most frequently cited responses. What stands out is how heavily the list tilts toward efficiency and throughput: 65.5% of participants are targeting productivity, 54.2% automation, 50.7% production speed, 50.0% cost control, and 49.3% quality control. Taken together, an extraordinary 91.1% cited at least one of these five, making operational efficiency the closest thing to a universal priority in the survey. Notably, the push to work faster and leaner sits alongside a strong desire to sell smarter, with 53.5% aiming to capture higher value-added, more profitable sales.

Figure 6: Most Desired Improvements

Q: What would you most like your company to do better? Figure shows the most frequently cited responses.

Most Desired Improvement	Citing
Productivity/efficiency. Do more with less. Reduce touches and steps, streamline processes companywide.	65.5%
Automation	54.2%
Capture higher value-added, more profitable sales.	53.5%
Production speed/throughput	50.7%
Cost control. Finding and plugging leaks.	50.0%
Quality control. Reduce errors, spoilage, waste.	49.3%



The complete findings of this research are presented in the *State of the Industry Update Midyear 2026*, available for download by PRINTING United Alliance members at www.printing.org. The State of the Industry Series and Print Business Outlook Series are made possible through the generous support of Canon U.S.A., Inc.

