

Print Business Outlook Series



WIDE-FORMAT PRINTING EXECUTIVE SUMMARY



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

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

FALL 2023

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.

Visit: <https://www.printing.org/library/business-excellence/economics-forecasting/industry-reports>

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

Executive Summary

The PRINTING United Alliance *Wide-Format Printing Report, Fall 2023*, part of the Print Business Outlook Series, summarizes insights from 114 wide-format printing providers surveyed by the Alliance.

Our research panel captures the realities of printing industry convergence, with 60.0% of wide-format-focused businesses diversifying into other specialties, and 49.7% of commercial printers entering the wide-format sector, emphasizing adaptability and growth.

The report covers a broad spectrum of topics, including current trends in sales, prices, and profitability through mid-2023, expectations for the full year, what concerns wide-format providers most, and an outlook for wide-format products through 2025. The report also explores how providers of wide-format printing are using artificial intelligence.

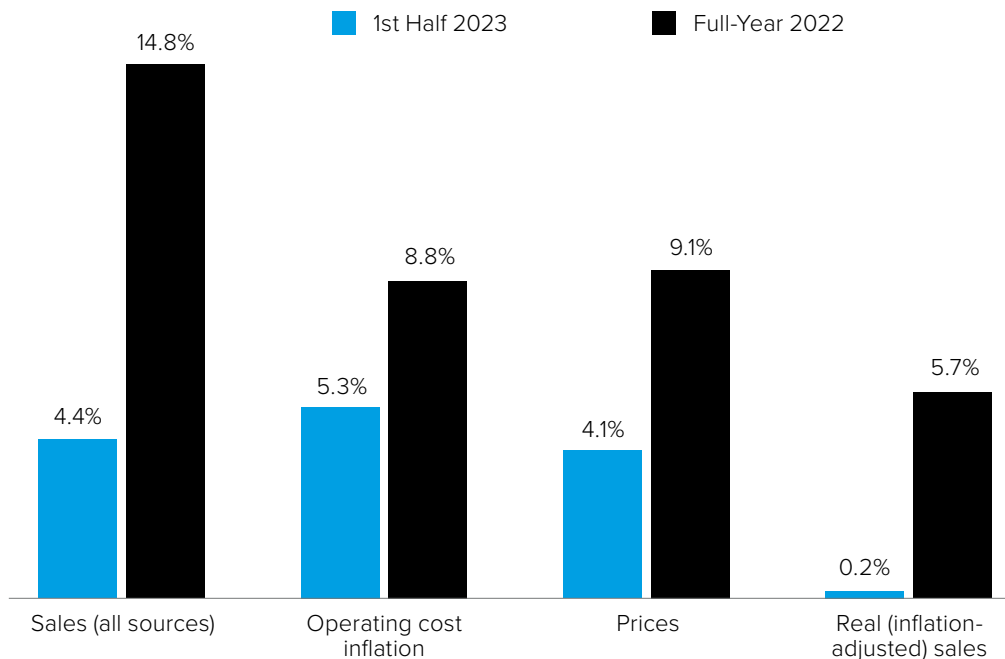
PRINTING United Alliance members can download the *Wide-Format Printing Report, Fall 2023* [here](#).

SAMPLE FINDINGS

Business slowed through mid-2023. On average, sales increased 4.4%, a drop from 14.8% in 2022; operating cost inflation (5.3%) exceeded price increases (4.1%), whereas last year price increases outpaced cost inflation; and real (inflation-adjusted) sales only rose by 0.2%, compared to 5.7% growth in 2022, for providers of wide-format printing surveyed (Figure 1).

Figure 1: Key Business Indicators, First Half 2023 and Full-Year 2022

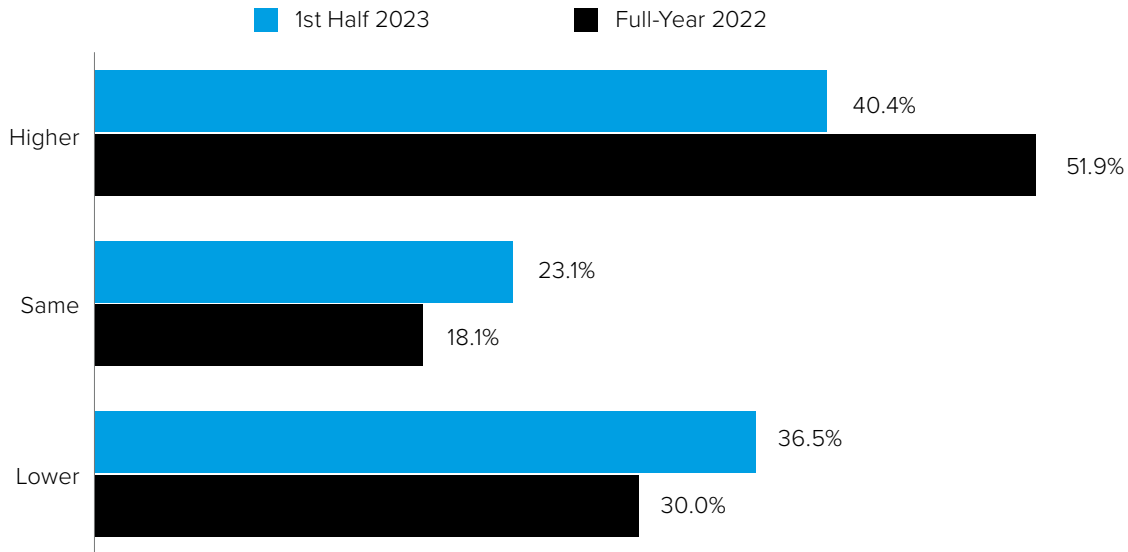
How sales (all sources), operating cost inflation, prices, and real (inflation-adjusted) sales compared with year-earlier levels for SOI participants who offer wide-format printing.



Slower revenue growth and rising costs are squeezing wide-format margins. Fewer participants in our research report pre-tax profitability is increasing – 40.4% through midyear 2023, down from 51.9% during full-year 2022 – and more report it is decreasing – 36.5%, up from 30.0% (Figure 2). Companies are countering this by investing in equipment, automation, and workforce development, exploring higher-growth markets, and expanding services to enhance pricing power.

Figure 2: Pre-Tax Profitability Trends, First Half 2023 and Full-Year 2022

Q: How does your pre-tax profitability compare with year-earlier profitability? Responses are for the periods indicated.



Rising labor costs are still the biggest concern. Wide-format printing providers remain most concerned about rising labor costs, sales growth, and maintaining profitability, which are consistent with their ongoing concerns throughout the year (Figure 3).

Figure 3: Biggest Concerns

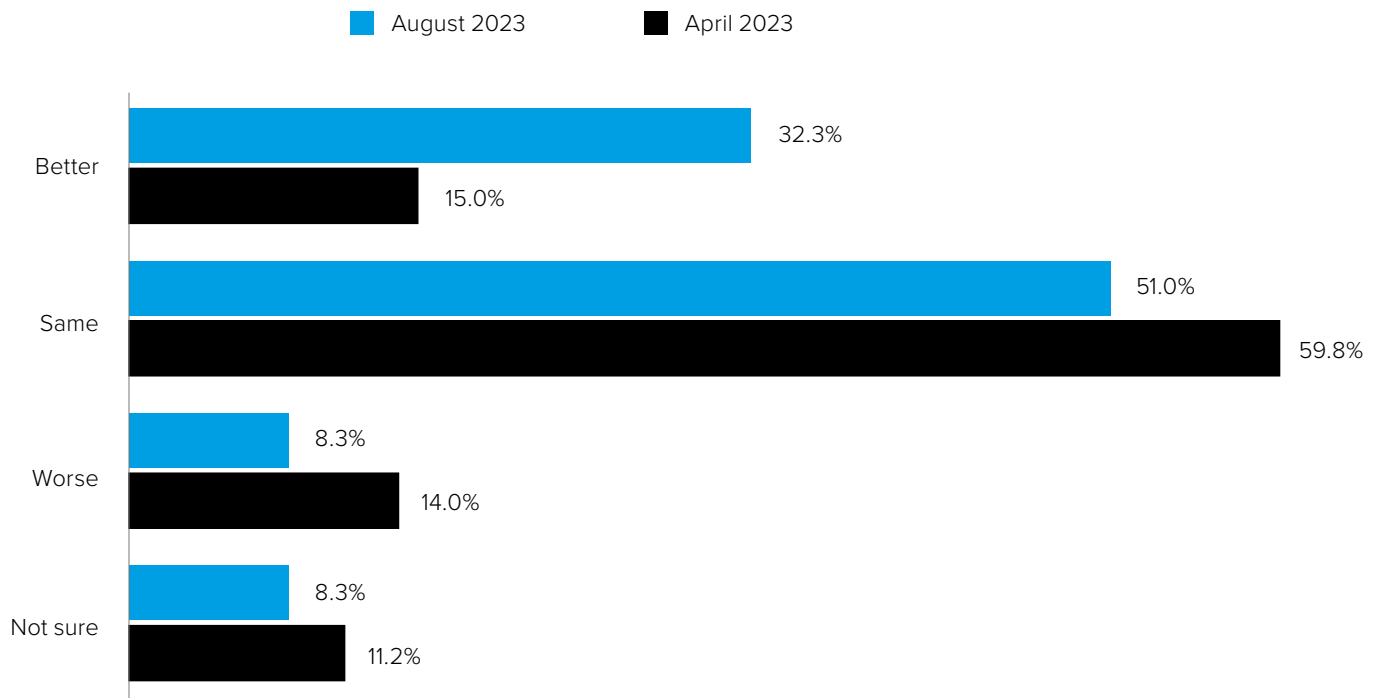
Q: What concerns you most as we move deep into the second half of 2023? Five most frequent responses.

Concern	Citing
Rising labor costs	67.6%
Increasing sales	61.8%
Maintaining profitability	61.8%
Labor shortages	50.0%
Rising substrate costs	41.2%

Confidence has increased. There has been a notable boost in confidence regarding future business conditions. Specifically, 32.3% of wide-format providers surveyed now expect business conditions to improve during the three months ahead, up from just 15.0% last winter. More than half foresee stability, 8.3% anticipate deterioration, and another 8.3% express uncertainty about where business conditions are headed (Figure 4). The improved mood is anchored in a sense that the economy will skirt recession, with this comment representative: “I’m positive that things will pick up as the possibility of recession diminishes.”

Figure 4: Expectations for Future Business Conditions

Q: Apart from seasonal variation, how do you expect business conditions over the next three months to compare with current conditions? Responses are for the periods indicated.



Wall graphics are expected to grow fastest through 2025. Wall/architectural/building graphics are expected to grow by 3.9%-5.7% annually, with 64.0% of companies surveyed anticipating growth, 32.5% expecting sales to remain flat, and 3.5% predicting a decline. Banners/soft signage/flags and window graphics follow (Figure 5).

Figure 5: Wide-Format Products Expected to Grow Fastest, 2023-2025

Expected 3-year growth is compounded annually.

Printed Product (number forecasting)	Projected Percent Change 2023-2025		Grow			Flat (0%)	Decline
	Average Annual	3-Year (compounded annually)	More than 6%	6% to 4%	3% to 1%		
Wall/Architectural/Building Graphics (114)	3.9% - 5.7%	12.2% - 18.2%	29.8%	21.0%	13.2%	32.5%	3.5%
Banners/Soft Signage/Flags (141)	3.7% - 5.7%	11.6% - 18.2%	29.8%	19.9%	22.0%	24.8%	3.5%
Window Graphics (132)	3.7% - 5.6%	11.4% - 17.8%	31.1%	22.0%	18.2%	24.2%	4.5%

Broad interest in artificial intelligence. Approximately one-quarter of wide-format providers surveyed are using AI and 28.9% plan to within the next year (Figure 6). Early adopters harness AI for content creation and summarization, prospecting, and customer and market analysis. They spoke frankly about the challenges of artificial intelligence, emphasizing that while AI can be “what it is most often thought to be – a ‘self-learning’ process pulling from a database or an adaptive sequence of responses for, say, customer service inquiries” – it takes a lot to get there.

Figure 6: Artificial Intelligence Adoption

Q: Which of the responses below is true for your company?



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.