



State of the Industry

**VOLUME 1, NUMBER 1
EXECUTIVE SUMMARY**

NOVEMBER 2021



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EXECUTIVE SUMMARY

More than 250 printing companies from across the United States and Canada participated in the first annual PRINTING United Alliance/NAPCO Research State of the Industry Survey. Topics included how first-half 2021 sales compared with year-earlier levels; expectations for full-year 2021 and full-year 2022 sales; how confidence, quote activity, and work on hand are trending; and which capital investments printers would most like to make next year and why.

Key Findings

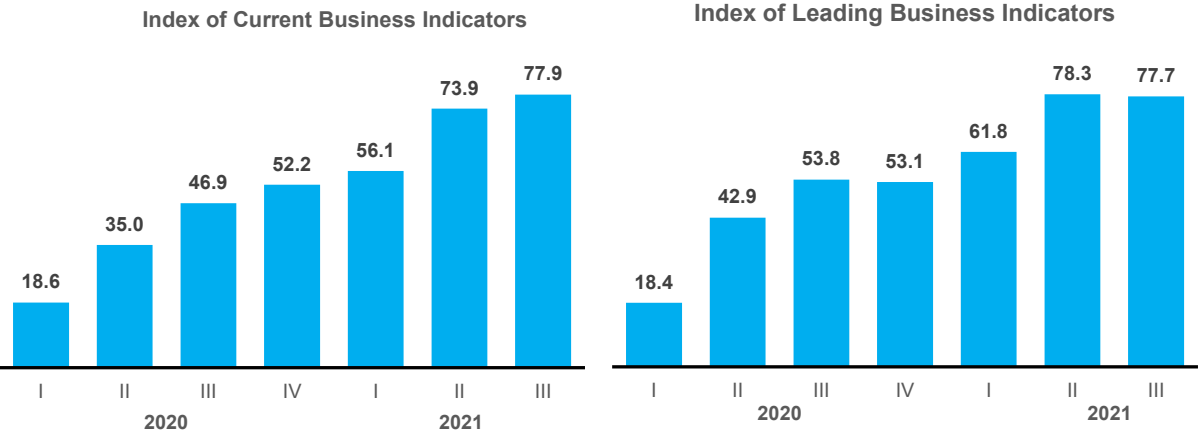
Index of Current Indicators Reaches Its High Point While the Index of Leading Indicators Slips Slightly

Our current index tracks how sales, production, prices, employment, and pre-tax profitability are trending quarter over previous quarter, while our leading index tracks how quote activity, work on hand, production payroll hours, and confidence are. For both indexes, a reading above 50.0 means more of the companies we survey report that the indicators are trending higher, while a reading below 50.0 means the opposite.

The current index rose again last quarter, to 77.9 from 73.9 three months earlier. Compared to a year ago, the index has risen significantly (from 46.9). Sales, production, and prices contributed most to the rise in the index as the 78.9%, 77.3%, and 68.6% of printers said that each index was trending upwards, respectively.

The index of leading indicators slipped slightly in the third quarter, dropping to 77.7 from 78.3 in the second quarter. The drop was mainly driven by the fact that printer were less confident this quarter, with 54.7% saying that they expect business conditions to improve while 30.3% said that they expect these conditions to remain the same.

Figure 1: Index of Current and Leading Business Indicators



Q. How is business trending? Please indicate whether each current or leading indicator is increasing, not changing, or decreasing.
n=216



Plans for Capital Investment Have Also Risen

In a time when companies are facing cost inflation, it is more important than ever for companies to be able to offset these costs in various ways. One of these solutions is to be able to offset some of the costs by managing to increase efficiency by making prudent capital investments

How are SOI participants thinking about capital investment in the aftermath of a recession unlike any other? To find out, we asked which capital investments they'd most like to make over the next 12 months and their investment objectives. (We asked about desired investments rather than planned investments because there is still so much uncertainty.)

Figure 2: Desired Capital Investments

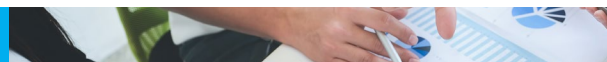
| All Companies Surveyed (n=243) | |
|--------------------------------|--------|
| Investment | Citing |
| Bindery/Finishing | 31.3% |
| Workflow Software | 28.4% |
| E-commerce | 27.2% |
| Inkjet, Commercial | 23.5% |
| Digital Infrastructure | 22.6% |

Q. If you could make any capital investment you wanted, what would they be?
n=243

Figure 3: Capital Investment Objectives

| All Companies Surveyed (n=243) | |
|--|--------|
| Investment | Citing |
| Increase productivity/efficiency | 78.2% |
| Increase production speed/decrease turn times | 50.4% |
| Replace/upgrade aging equipment/software systems | 45.7% |
| Expansion into a new market | 41.9% |
| Automate operations | 41.5% |
| Serve an existing market more effectively/efficiently | 40.6% |
| Our business is growing and we need to expand capacity | 28.2% |
| To compete more effectively on price | 17.9% |
| Other | 3.4% |

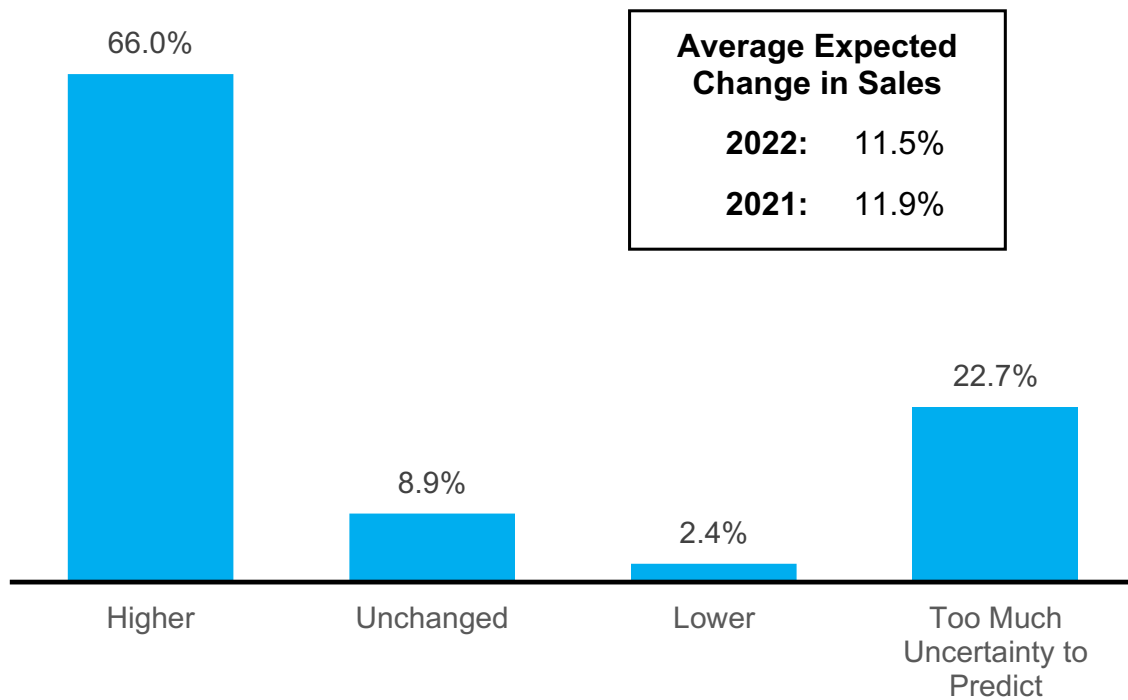
Q. What are the objectives of your planned capital investments?
n=243



Printers Expect Sales to Continue to Rise in 2022

To gauge printers' sentiment about what's ahead, we asked SOI participants a few questions about what they anticipate in 2022. We first asked how they expect their 2022 sales to compare with 2021 sales. Almost two-thirds (66.0%) told us that they expect their sales to rise next year, while only 2.4% said that they expect a decline. Nearly one-quarter (22.7%) say there is too much uncertainty in the current environment to predict what their sales will look like. On average, our research group expects their sales to be up 11.5% next year, after increasing 11.9% this year. (See Figure 4.)

Figure 4: How 2022 Sales Are Expected to Compare With Year-Earlier Levels



Q. How do you expect your full-year 2022 sales to compare with your full-year 2021 sales?
n=250



Download the Full Version of the Report Today!

The full version of the report digs deeper into the data mentioned above plus much more!

The report includes sections on:

- Trends for sales, production, employment, prices, profitability, quote activity, work-on-hand, payroll production hours, and confidence.
- How 2021 third-quarter sales compared to the same period in 2020.
- Employment and hours worked in the printing industry
- How companies are responding to labor shortages
- Cost inflation – How much prices have changed and what are companies doing to offset these additional costs.
- Three critical questions to answer as we head into 2022
- The outlook for print
- An introduction to the *Print Market Atlas* – a snapshot of the establishment, industry, and employment trends by region
- “What we should know” – quotes from printers that give a more in-depth pulse of the industry
- Economic indicators to watch

Become a member of the PRINTING United Alliance to access the full COVID-19 Business Indicators Research Report and other great member-only content.

<https://www.sgja.org/resources/research/industry-reports>



JOIN OUR PANEL!

Members of the COVID-19 Research Panel have access to an enhanced version of the report that covers leadership during a crisis, lessons learned from countries that recovered from the pandemic earlier, how to deal with employees during layoffs, client outreach, and additional information that can better help your business navigate this challenging environment.

Participate in this ongoing research by joining our business panel. Companies that join the panel will receive exclusive in-depth analysis reports (not made available publicly) of our COVID-19 research findings. Participation requires completing a 3-5 minute web-based survey every few weeks.

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JOIN NOW

research.net/r/CV19PREX1



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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.

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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 (Oct.19-21,2022, 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 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.