



State of the Decorated Apparel Industry Report 2025

EXECUTIVE SUMMARY



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Executive Summary

The PRINTING United Alliance's *State of the Decorated Apparel Industry Report, Summer 2025 (SODA)* provides a comprehensive analysis of the current business environment for apparel decorators. Drawing on insights from 73 participating companies, the report highlights both challenges and opportunities shaping the industry.

Key areas of focus include the impact of recent U.S. tariff policies and how decorators are adapting, sales expectations for 2025, what apparel decorators see as their most significant business risks, and the evolving role of print-on-demand in driving revenue and profitability.

The report also shares “must-do’s,” or actions apparel decoration companies of any type or size can take to remain competitive. These include rigorous opportunity assessment, strengthening employer branding, implementing effective progress scorecards, and leveraging the transformative potential of artificial intelligence.

PRINTING United Alliance members can download the *State of the Decorated Apparel Industry Report, Summer 2025* from [here](#).

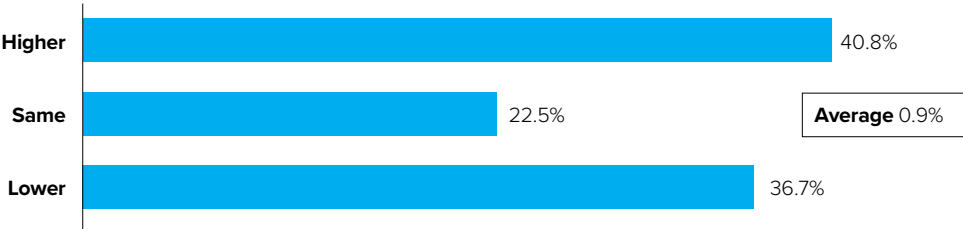
Sample Findings

State of the Decorated Apparel Industry Survey (SODA) participants expect the second half of 2025 to look much like the first half, with uncertainty caused by tariff policies dampening sales, inflating costs, and squeezing profit margins.

Sales (all sources) increased just 0.9% on average, growing for 40.8% but flat or decreasing for 59.2% (Figure 1). While 21.9% report sales have exceeded expectations so far this year, 35.6% report they have fallen short. One SODA participant speaks for many when he describes business conditions as “bad right now.”

Figure 1: Sales, First Quarter 2025

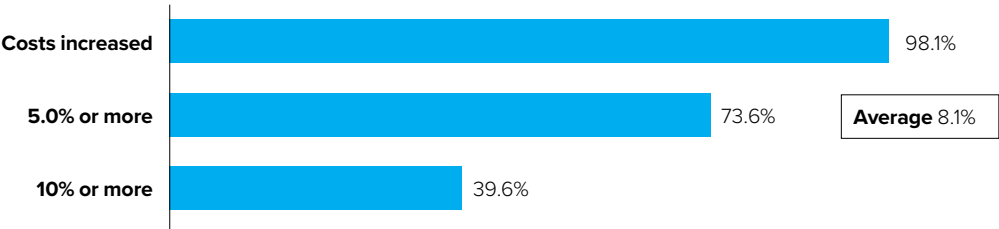
Q: How did your sales (all sources) for the first calendar quarter of 2025 compare with year-earlier sales?



Operating cost inflation is generally outpacing price increases. On average, operating costs increased 8.1% strictly because of inflation (not because of changes in the volume or composition of production, productivity, etc.), while prices increased 3.6%. Nearly all (98.1%) apparel decorators surveyed report costs rose because of inflation, but just 60.9% raised prices as stiff competition limited pricing power (Figure 2).

Figure 2: Operating Cost Inflation, First Quarter 2025

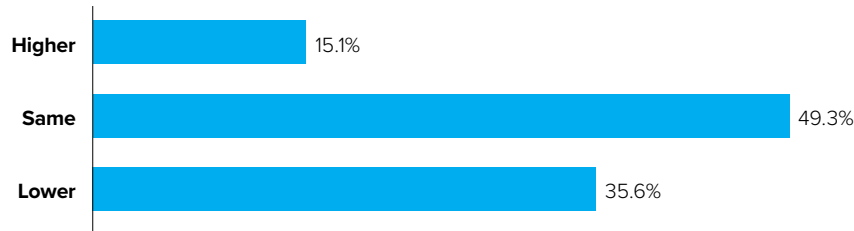
Q: Did your operating costs change during the first calendar quarter of 2025 strictly because of inflation/ deflation, not because of changes in the level or composition of production, productivity, etc.? If they did, by approximately what percentage?



Pre-tax profitability, trapped between soft sales and rising costs, has increased for 15.1% of our research panel and decreased for 35.6%, while exceeding expectations for 13.9% and falling short for 34.7% (Figure 3).

Figure 3: Pre-Tax Profitability, First Quarter 2025

Q: How did your pre-tax profitability (pre-tax profits as a percentage of sales) during the first calendar quarter of 2025 compare with year earlier profitability?



Many risks ahead. A downturn in the economy, cited by 73.9%, tops the list of biggest risks for the remainder of 2025. Uncertainty created by Washington (60.9%), persistent cost inflation (55.1%), tariffs inflating costs and disrupting supply chains (55.1%), and clients pulling back amid economic uncertainty (46.4%) follow (Figure 4).

Figure 4: Biggest Risks

Q: What are the biggest risks facing your company this year? (Five most frequent responses)

Risk	Citing
Downturn in economy/recession	73.9%
Uncertainty created by Washington	60.9%
Persistent cost inflation	55.1%
Tariffs raising costs, disrupting supply chains, etc.	55.1%
Key clients pulling back	46.4%

Capital investment and hiring have also taken a hit. Specifically, 34.3% have scaled back or delayed capital investment and another 27.1% may. And while reluctant to reduce employment with labor in such short supply, 54.3% have decreased or delayed hiring and another 8.6% may (Figure 5).

Figure 5: Capital Investment and Hiring

How SODA participants responded to the questions below.

Q: Based on what’s happened so far in 2025, have you decreased or delayed capital investment plans?



Q: Based on what’s happened so far in 2025, have you decreased or delayed hiring plans?



The report further highlights key factors shaping the industry—print-on-demand trends, how apparel decorators plan to turn the current uncertainty and disruption into opportunity, and sustainability—and concludes with a clear set of strategic priorities, or “must-do’s,” that apparel decoration businesses should embrace to strengthen resilience, capture growth, and maintain long-term competitiveness.