



State of the Industry Update, First Quarter 2022

MARCH 2022



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EXECUTIVE SUMMARY

More than 260 printing companies from across the United States and Canada participated in the first-quarter 2022 PRINTING United Alliance/NAPCO Research State of the Industry Survey. Participants included commercial printers, graphic and sign producers, apparel decorators, functional printers, and package printers/converters. Annual sales range from less than \$250,000 to more than \$250 million. More than 70.0% have diversified beyond their primary printing segment.

Survey topics included expectations for first-half 2022 sales, operating cost inflation, and pre-tax profitability, what printing companies plan to do better this year than they did last year, and how they are protecting themselves from the supply chain crisis.

Key Findings

- While 64.3% of companies surveyed expect to increase sales during the first half of 2022, just 37.5% expect to increase pre-tax profitability as cost inflation, production disruptions, and other consequences of fractured supply chains and labor shortages work through the printing industry.
- On average, our research panel expects sales growth of 10.1% and operating cost inflation of 8.4% through midyear. Nearly 48.0% now expect cost inflation to outpace sales growth over that period.
- One State of the Industry participant speaks for many when he states “business conditions are as difficult as I can remember. It’s just ugly.”
- Greatest concerns for all of 2022 include continued shortages of substrates, cited by 92.3%, and labor, cited by 68.6%, as well as further increases in the prices of each. Maintaining profitability is of great concern for 54.8% and increasing sales for 51.4%. Losing clients to print alternatives due to production delays and sharp increases in production costs is a major concern for 39.1% of all companies surveyed and 46.7% of the commercial printers.



Figure 1: What Concerns SOI Participants Most About 2022

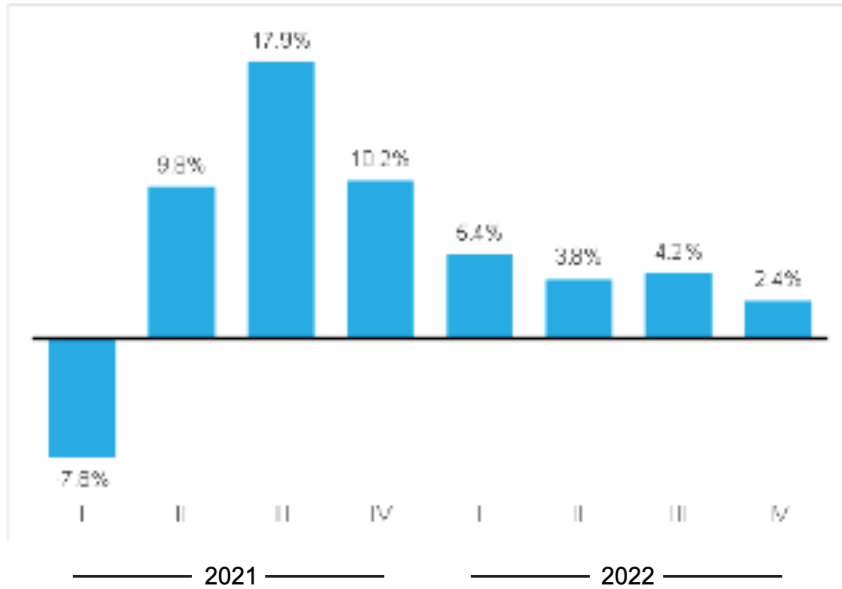
Concern	Citing
Material shortages/inability to acquire materials needed	92.3%
Rising substrate costs	85.8%
Rising labor costs	71.4%
Rising transportation costs	70.3%
Labor shortages	68.6%
Rising ink/toner costs	59.9%
Maintaining profitability	54.8%
Increasing sales	51.4%
Rising energy costs	50.2%
Maintaining productivity	39.3%
Losing clients to print alternatives	39.1%
Maintaining healthy cash/working capital balances	34.3%

Q. What are your biggest concerns for 2022?
n=248

- Actions to protect against supply chain disruptions include building inventory, working closely with clients to anticipate printing needs and explore substrate alternatives, capitalizing on strong supplier relationships, forecasting future material requirements through rigorous statistical analysis of past requirements, and elevating inventory management to mission-critical status.
- State of the Industry participants emphasize that the actions taken have lessened the effects of the crisis but not eliminated them and that each carries costs and tradeoffs. A particularly challenging tradeoff: Balancing inventory accumulation and cash flow.
- The outlook for the printing industry is obstructed by factors such as how quickly supply chains will heal and whether the Fed can cool inflation without significantly slowing the economy. Currently, PRINTING United Alliance expects total printing industry sales (all sources) to grow 3.9%-4.5% this year, down from 7.2% last year, with growth slowing from 5.0%-5.5% to 2.0%-2.5% by yearend. Our forecast is more likely to be revised down than up as 2022 progresses.



Figure 2: Preliminary Outlook – Printing Industry Sales



Source: PRINTING United Alliance estimates and forecasts. Change is over previous year in sales from all sources.

Become a member of the PRINTING United Alliance to access all reports in the State of the Industry Series.

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



JOIN OUR PANEL!

Members of the State of the Industry Panel have access to proprietary reports on the printing industry's performance, prospects, critical issues and defining trends and on how to make those issues and trends an opportunity rather than a threat.

Participation in the panel requires completing a 10-minute State of the Industry Survey four times per year. All survey response are strictly confidential.

Follow the link below to
join our business panel:

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research.net/r/CV19PREX1

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



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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.