



State of the Industry Update  
First Quarter 2023  
**EXECUTIVE SUMMARY**



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

**JUNE 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: [printing.org/library/business-excellence/economics-forecasting](https://printing.org/library/business-excellence/economics-forecasting)

If you have any questions, please contact [researchteam@printing.org](mailto:researchteam@printing.org).

## Executive Summary

---

The PRINTING United Alliance *State of the Industry Update, First Quarter 2023* is based on a survey of 331 companies from across the printing industry. Participants include commercial printers, graphic and sign producers, apparel decorators, package printers/converters, and functional printers. Annual sales range from less than \$250,000 to more than \$400 million.

Topics include how sales, cost inflation, prices, and pre-tax profitability are trending, what concerns printers most, lessons learned from the upheaval of the last two years and actions taken in response, expectations for major printing end markets, and sales per employee. Four must-do's – investigate AI applications for small businesses, step up risk management, create KRIs (key risk indicators), and calculate customer health scores – supplement analysis of the printing industry's performance and prospects.

PRINTING United Alliance members can download the *State of the Industry Update, First Quarter 2023* [here](#).

---

# Canon

*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.*

## SAMPLE FINDINGS

**The slowdown has started.** Sales grew 2.9% during the first quarter of 2023 for State of the Industry (SOI) participants, far short of last year's 12.8% gain. Fewer companies report growth – 52.0%, down from 79.2% – and more report decline – 31.2%, up from 8.9%. Strip price increases out of dollar sales and real (inflation-adjusted) sales, a measure of production, fell 2.0%, with reports of decline exceeding reports of increase 51.8% to 39.9%. Last year real sales grew 1.9%, increasing for 55.7% of our research panel and decreasing for 34.1%.

**Figure 1: Sales, First Quarter 2023 and Full-Year 2022**

How sales (all sources) and real (inflation-adjusted) sales compared with year-earlier levels for SOI participants.

Indicator	Period	Average Change	Compared to Year Earlier		
			Higher	Same	Lower
Sales (all sources)	Q1 2023	2.9%	52.0%	16.8%	31.2%
	FY 2022	12.8%	79.2%	11.8%	8.9%
Real (inflation-adjusted) sales	Q1 2023	-2.0%	39.9%	8.3%	51.8%
	FY 2022	1.9%	55.7%	10.2%	34.1%

n=331

**Cost inflation has moderated but resistance to price increases has stiffened.** Operating cost inflation averaged 6.4% and price increases averaged 5.5% through March, down from 11.1% and 11.4%, respectively, in 2022. Inflation has moderated largely because supply chains have stabilized: Just 15.3% of participants in our research are very concerned about material shortages, down from 85.6% at the start of 2022. Price increases have moderated because there's less cost inflation to pass through and because clients, while generally accepting price increases last year, are pushing back to protect their margins from still troublesome cost inflation and a weakened national economy.

**Figure 2: Operating Cost Inflation and Prices, First Quarter 2023 and Full-Year 2022**

How operating cost inflation and prices compared with year-earlier levels for SOI participants.

Indicator	Period	Average Change	Compared to Year Earlier		
			Higher	Same	Lower
Operating cost inflation	Q1 2023	6.4%	78.7%	21.3%	0.0%
	FY 2022	11.1%	88.4%	11.6%	0.0%
Prices	Q1 2023	5.5%	70.1%	25.9%	4.0%
	FY 2022	11.4%	89.5%	9.8%	0.7%

**Challenging conditions expected to continue.** Majorities of SOI participants list rising labor costs (58.9%), maintaining profitability (55.7%), and increasing sales (53.9%) as their biggest concerns heading into the second half of 2023. Additionally, 73.2% report credit conditions are tightening (40.4%) or that they expect them to later this year (32.8%), and 89.4% are seeing signs of an economic slowdown/recession (58.2%) or expect to later this year (31.2%).

**Figure 3: Credit Conditions and Economic Condition**

How SOI participants responded to the questions below.

**Are credit conditions tightening?**



**Are you seeing any signs of an economic slowdown/recession?**



n=308

**Conferences/in-person events expected to be strongest and real estate weakest.** SOI participants forecasted how they expect their 2023 sales to each of their major end markets to compare with 2022 sales. Of 31 markets covered, conferences/in person events is expected to be strongest due to continued release of pent-up demand created during COVID-19 lockdowns, and real estate is expected to be weakest due to sharply higher interest rates.

#### Figure 4: End Market Outlook 2023

How SOI participants responded to this question: For each market you serve, how do you expect your total sales to that market in 2023 to compare with your total sales in 2022? Figures are for the three markets expected to be strongest and the three expected to be weakest.

Market	Number Forecasting	Average Growth Expected
Conferences/meetings/in-person events	142	2.8%-4.7%
Warehousing/storage/fulfillment centers	79	2.7%-4.5%
Corporate branding	182	2.6%-4.6%
Ad agencies	167	0.9%-2.3%
Wholesale trade	102	0.8%-2.6%
Real estate	126	0.2%-1.7%

**Lessons learned and actions taken.** Every market disruption is an opportunity to learn, improve, and be better prepared for the next one. Among the lessons SOI participants have learned from the disruptions of the last two years:

- **Strengthen risk management.** Assess vulnerabilities and how to minimize them, stress-test by working through worst-case scenarios, be prepared to “move before the market forces your hand” by beefing up strategic planning, market analysis, and leading economic indicators, “never sit back and assume all is well,” and never assume because something isn’t affecting you today, it isn’t going to affect you tomorrow.
- **Automate.** Even with the economy weakening, “labor shortages are not going away anytime soon,” so “automate, automate, automate everything that can be automated.” Automation should extend companywide, include “process unification and streamlining,” and boost job satisfaction and productivity by freeing employees to do what they were hired to do: “It’s harder than ever to find employees so treat the ones you want to keep really well. Invest in good equipment that improves people’s lives and raises productivity.”
- **Prioritize company culture.** It can be a game changer: “Talent is valuable and turnover kills. So the #1 item is building company culture/values, which directly impact everything else.”

Become a member of the Printing United Alliance to access all reports in the State of the Industry Series and other great member-only content.

[PRINTING.org](https://www.PRINTING.org)



# WHO WE ARE



*PRINTING United Alliance is the new entity born of the merger between Specialty Graphic Imaging Association (SGIA) and Printing Industries of America (PIA). Marking a milestone in the printing industry, SGIA and PIA officially combined in 2020 to create the largest, most comprehensive member-based printing and graphic arts association in the United States.*

*Members have unparalleled access to 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. For PRINTING United Alliance membership inquiries, visit [printing.org](http://printing.org).*

## **NAPCO RESEARCH**

*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](mailto:research@napco.com) to talk with our analysts to find out how we can help you with your research needs.*



## WHAT CAN NAPCO RESEARCH DO FOR YOU?

- **NAPCO Research CRAFTS** actionable data-centric solutions that leverage our highly engaged media audiences, industry subject matter experts and in-house research expertise.
- 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 NAPCO Media's & PRINTING United Alliance's engaged audiences of industry executives across key industries.

## NAPCO RESEARCH DELIVERS...

### MARKET INTELLIGENCE

- Landscape Analysis
- Competitive Assessment
- Analyst Presentations at Events
- Benchmarking
- Industry & Economic Trends
- User Research & Analysis

### BUSINESS DEVELOPMENT

- White Papers & Thought Leadership
- Lead Generation
- Sales Training
- Research-Based Webinars
- Brand Awareness and Market Positioning
- Printer Growth Strategies & Capital Investment Research

ACCESS NAPCO & PRINTING UNITED ALLIANCE'S AUDIENCES & PANELS OF MORE THAN

**550K+** FOR:

- Surveys, focus groups
- Distribution of thought leadership for lead-generation

## THE NAPCO RESEARCH DIFFERENCE



**AUDIENCE**



**INDUSTRY EXPERTISE**



**RESEARCH EXPERTISE**



**MARKET REACH & EXPOSURE**

## NAPCO RESEARCH CLIENTS



## MEET THE RESEARCH TEAM



**Nathan Safran**  
Vice President, Research  
NAPCO Research  
nsafran@napco.com



**Lisa Cross**  
Principal Analyst  
NAPCO Research  
lcross@napco.com



**Andy Paparozzi**  
Chief Economist  
PRINTING United Alliance  
apaparozzi@printing.org



**Cory Francer**  
Analyst  
NAPCO Research  
cfrancer@napco.com



**Evan West**  
Associate Analyst  
NAPCO Research  
ewest@napco.com

Get in touch with our research team to arrange your free research consultation. [Contact nsafran@napco.com](mailto:nsafran@napco.com)