

State of the Decorated Apparel Industry Report | Spring 2024

EXECUTIVE SUMMARY

PRINTING UNITED ALLIANCE



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SPRING 2024

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Executive Summary

PRINTING United Alliance's State of Decorated Apparel (SODA) Survey Spring 2024 presents an overview of the findings from 72 companies in the decorated apparel industry.

The survey explores various critical business aspects, including trends in sales, operating cost inflation, prices, and pre-tax profitability through the first quarter of 2024, as well as expectations for the entire year. It also explores products with the most growth potential, strategies apparel decorators plan to improve upon this year compared to last year, and the next big disruptor in apparel decoration. Additionally, the report delves into the analog-to-digital transition and print-on-demand services, including details on who is offering these services and their projected sales for 2024.

PRINTING United Alliance members can download the State of Decorated Apparel Report, Fall 2023/Winter 2024 from here.

Kornit Digital

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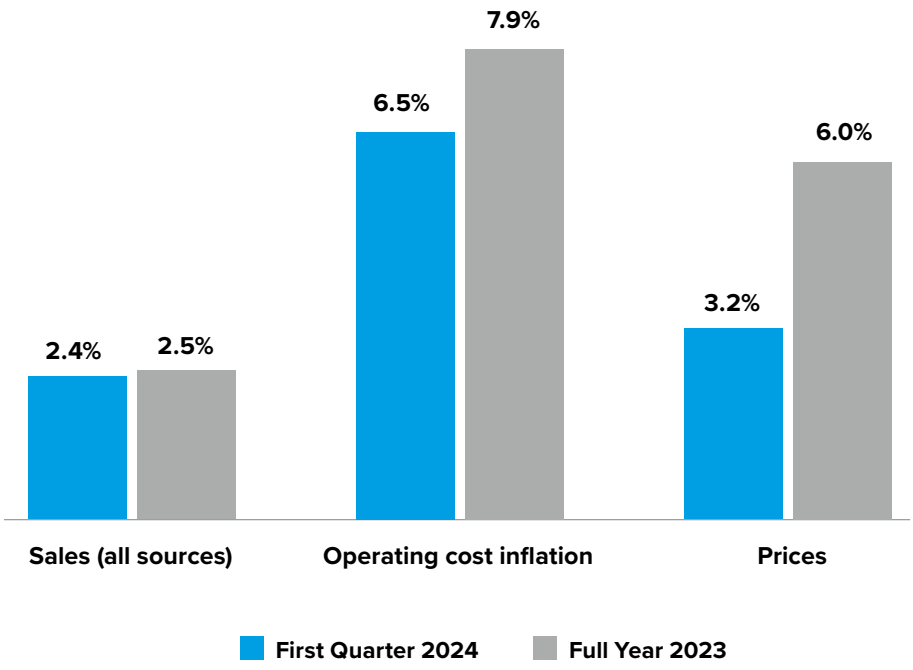
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SAMPLE FINDINGS

Participants in the State of the Decorated Apparel Industry (SODA) report that as sales grow modestly and operating cost inflation, although moderating, continues to outpace price increases. Sales increased by 2.4%, nearly matching the 2.5% gain seen in the full year of 2023. Operating cost inflation eased to 6.5%, down from 7.9%. Prices increased by 3.2%, which is about half of last year's 6.0% increase, with significantly fewer SODA participants raising prices. Participants in the SODA initiative expressed significant concerns about the likelihood of these challenges persisting. The full report provides an extensive analysis of changes in key business indicators compared to 2023, highlighting the ongoing pressures and adjustments within the industry.

Figure 1: Key Business Indicators

How sales (all sources), operating cost inflation, and prices compared with year-earlier levels for SODA participants.



Profit margins are under pressure. When markets are generally soft and resistant to price increases, even moderate cost inflation is enough to squeeze profit margins. As Figure 2 shows, pre-tax profitability increased for just 26.1% of apparel decorators surveyed through March. The full report also investigates the biggest concerns facing the industry and provides a comprehensive analysis of these critical issues.

Figure 2: Pre-Tax Profitability Trends

Q: How did your pre-tax profitability (pre-tax profits as a percent of sales) for the first quarter of 2024 compare to year-earlier profitability?



2024 Expectations: Growth opportunities abound. In 2024, 69.4% of apparel decorators expect their full-year sales to surpass those of 2023. They broadly agree that there is ample opportunity for growth. Figure 3 highlights that T-shirts and performance wear are the most frequently cited products, followed by hats, patches/appliqués, and sweatshirts. The full report also delves into the products that SODA participants believe have the most growth potential over the next two to three years, providing a detailed outlook on future market trends.

Figure 3: Product Growth Potential

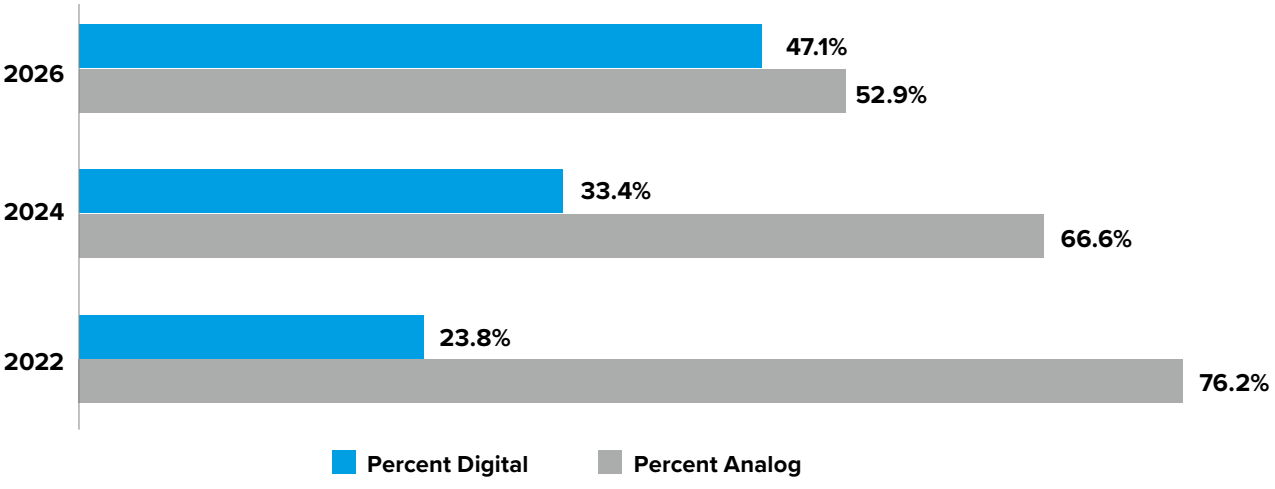
Q: Which apparel decoration products do you believe have the most growth potential over the next two to three years? (Four most frequent responses)



The analog-to-digital shift is accelerating. As Figure 4 shows, companies surveyed expect digital technologies to account for 47.1% of their apparel decoration by 2026, up from 33.4% today and 23.8% two years ago. In contrast, analog technologies are expected to average 52.9% of total production by 2026, down from 66.6% today and 76.2% two years ago. The full report also provides a detailed analysis of digital production trends and expectations, as well as insights into the growing print-on-demand sector.

Figure 4: Analog-Digital Transition

Q: Approximately what percent of your print production is produced by analog technologies and what percent is produced by digital technologies? What were the percentages two years ago? What do you expect them to be two years from now?



Finally, the report shares insights on the next big disruptions in the apparel decoration industry and actions SODA participants are taking in response. These strategies aim to help apparel decorators build a sustainable competitive advantage.

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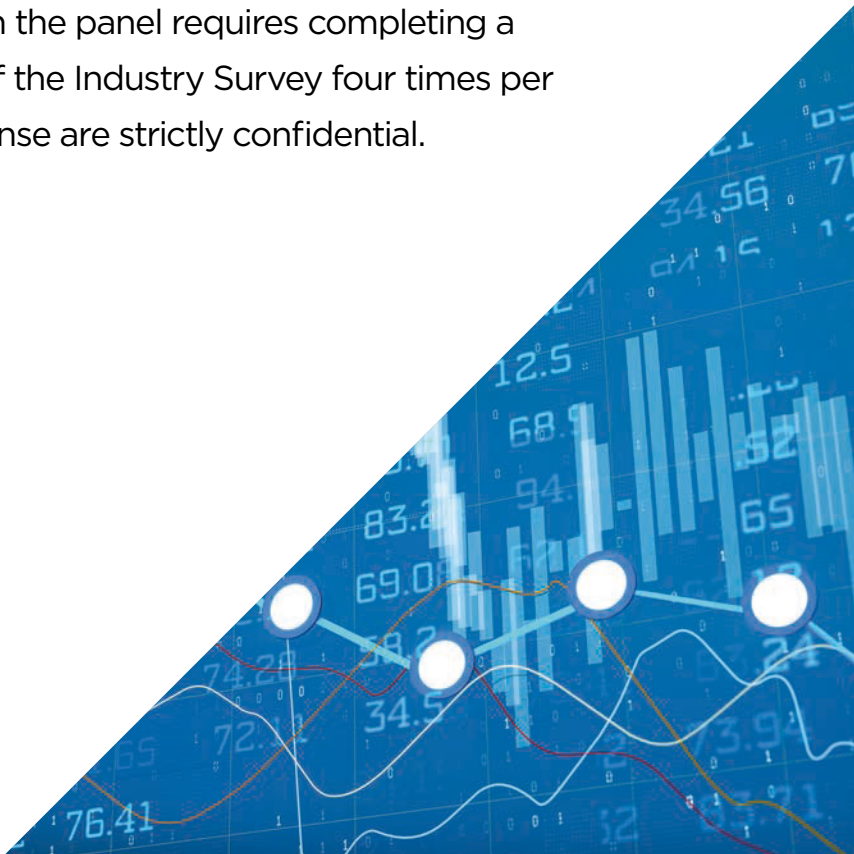
Members of the State of the Industry Panel have access to proprietary reports on the printing industry's performance, prospects, critical issues and defining trends and on how to make those issues and trends an opportunity rather than a threat.

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

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