

Executive Summary

The first quarter 2019 SGIA Industry Survey — Markets and Products investigated what printing companies produce and for whom; what's growing and what isn't; convergence, or the melding of segments as printers of all types expand beyond their traditional roles; and printing company performance, expectations and confidence. The 411 participants included graphic and sign producers, apparel decorators, functional printers, commercial printers, package printers/converters and in-plant printers, as well as manufacturers, distributors and suppliers to the specialty graphics segment.

This report presents results for the 82 participants whose primary business is commercial printing. The group's annual sales range from less than \$250,000 to more than \$50 million. Collectively, they provide more than 20 products and services to a variety of markets.

Two-thirds use both digital and analog production technologies. But digital is dominant, with 55.6% mostly or entirely digital, and just 18.5% mostly or entirely analog. And while 74.1% use, on average, more than 50% of their production capacity, just 7.4% use more than 80%.

Direct mail (73.7%), marketing collateral (70.2%) and point-of-purchase/display advertising (64.9%) are the most widely offered products. Nonprofits (69.4%), corporate branding (61.2%) and food services (57.1%) are the most widely served markets.

Two-thirds work in at least one segment in addition to commercial printing. The advance has been deepest into graphics and signs (65.4%). In comparison, 21.0% have entered functional printing, 19.8% package printing/ converting and 14.8% apparel decoration. Average contribution to revenue ranges from 22.3% for graphic and sign to 14.2% for package printing/ converting.

More than 96.0% offer finishing/post-production services and 75.9% offer services in addition to printing. Bindery (75.9%), lamination (61.1%) and mounting (53.7%) are the most prevalent finishing services. Services in addition to printing include mailing (64.8%), fulfillment (57.4%) and customized marketing programs (25.9%).

Last year, sales increased for 68.5%, production for 53.7% and prices for 51.9%. But profitability increased for just 37.0%, as factors such as rising paper prices, rising labor costs, shortages of skilled personnel and tariffs squeezed margins across commercial printing even as activity picked up.

This year, 77.4% expect to increase sales, 81.1% production, 58.5% prices and 58.5% profitability. Plans for creating the gains include more effective sales and marketing that both captures a greater share of current clients and attracts new clients, maximizing productivity, stricter cost control and more effective employee recruitment and retention.

Finally, 47.8% have a positive view of commercial printing's prospects, 45.7% are neutral and 6.5% are negative. Confidence in the economy is not as high: 40.5% are positive, 42.9% neutral and 16.7% negative.