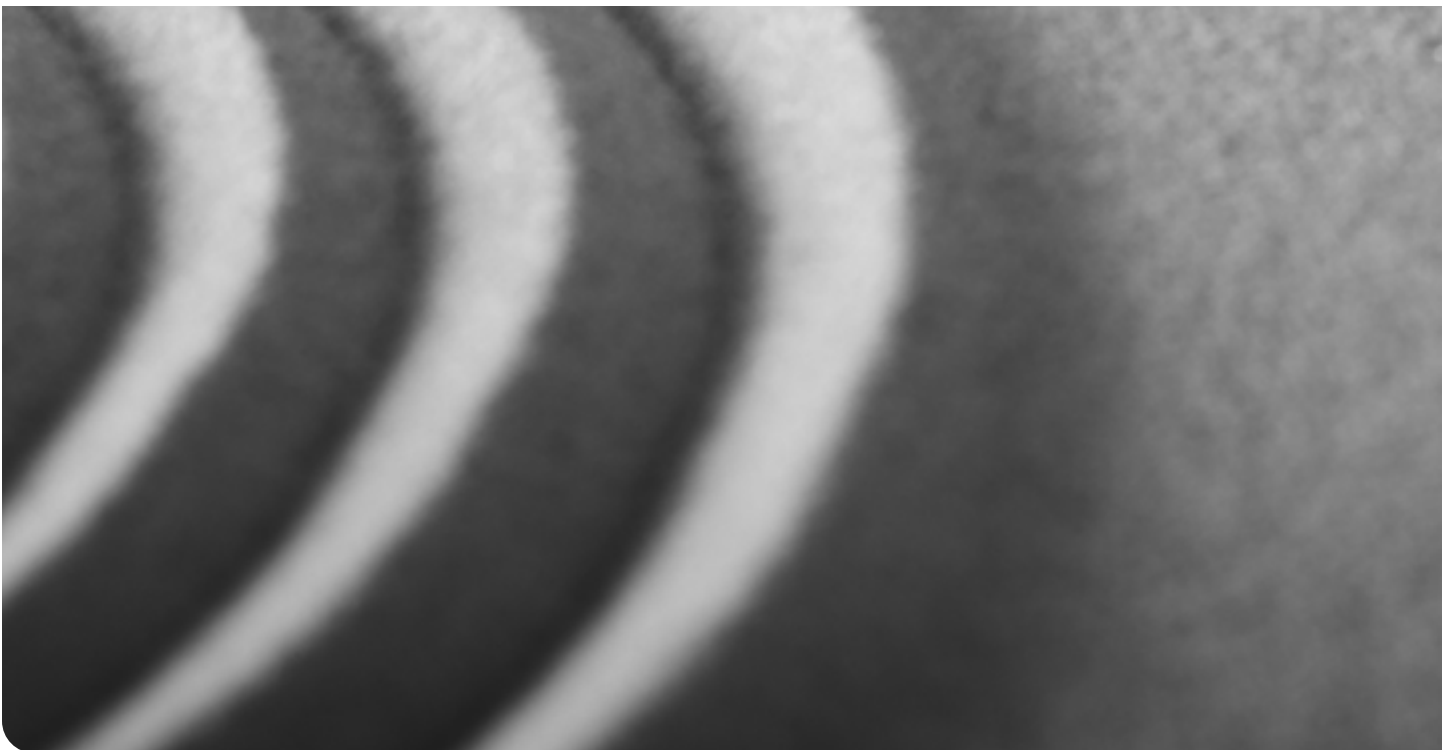




**2022-23**  
**State of the Industry Report**  
**EXECUTIVE SUMMARY**



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

**JANUARY 2023**

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

# Executive Summary

The PRINTING United Alliance *2022-23 State of the Industry Report* is based on a survey of 336 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.

The report summarizes how companies surveyed performed through the first three quarters of 2022 and their expectations for 2023, including how they plan to increase profitability, their capital investment objectives, which printed product markets they believe have the most growth potential, and when they expect supply chains to improve meaningfully. Must-do's such as marketing for the times, being data driven, and prioritizing company culture promote sustained success in an industry where the gamut of opportunity is expanding but the margin for error is shrinking.

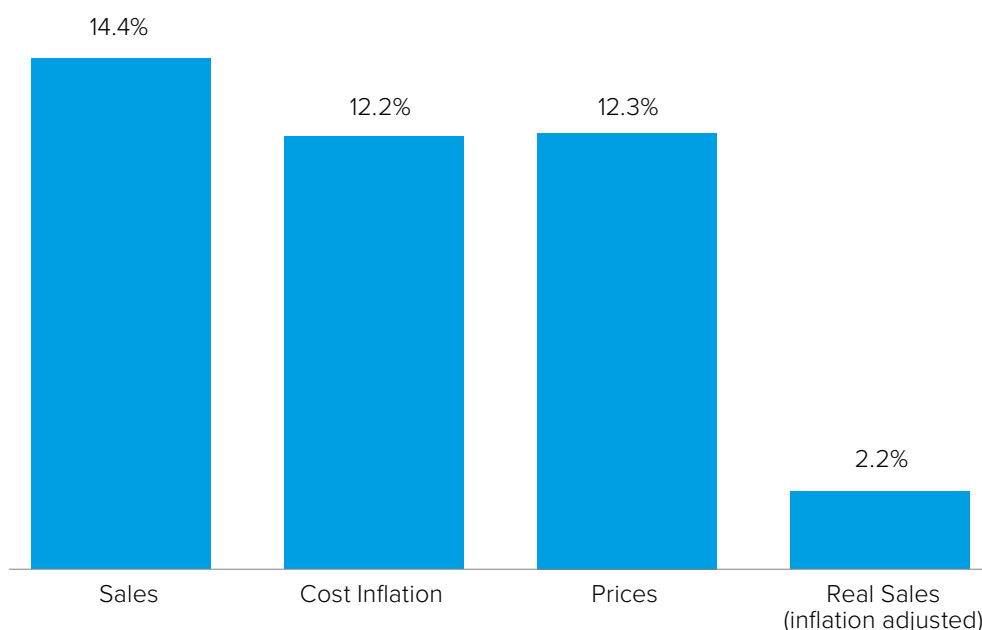
PRINTING United Alliance members can download the *2022-23 State of the Industry Report* [here](#).

## SAMPLE FINDINGS

**Real sales tell the story.** Sales increased 14.4%, on average, through the first three quarters of 2022 for State of the Industry (SOI) participants. Much of the growth, however, was due to cost pass-through rather than production gains: Over the same nine months operating cost inflation averaged 12.2% as the per-unit cost of labor, substrates, consumables, transportation, energy, and pretty much everything else rose sharply and price increases to offset the inflation averaged 12.3%. Correct dollar sales for price increases and real (inflation-adjusted) sales, a measure of production, were up a moderate 2.2%.

**Figure 1: Key Business Indicators, First Three Quarters 2022**

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



**Focus on fundamentals and execution.** For many SOI participants growth didn't make it from the top line to the bottom line. Companies that increased profitability last year were not in a particular segment, company-size category, or geographic location and did not have a secret formula. Rather, they credit their success to focusing on and executing business fundamentals despite distractions created by supply chain disruptions, labor shortages, and the worst cost inflation in decades. Among the fundamentals:

- Tighter management, including “paying closer attention to everything that affects profit” and “more careful inventory management.”
- Focusing on more profitable, higher value-added work and “firing bad clients.”
- Enhancing efficiency through capital investment, automation, lean techniques, “more standardization of work processing,” etc.
- Diversifying profitably by identifying and pursuing opportunities that best match their capabilities, circumstances, and resources.

**Supply chains gradually healing.** For every substrate our survey covered, reports that availability increased over the previous 60 days, although still in the minority, are up significantly, while reports that availability decreased are down significantly. Markets are still so tight, however, that majorities approaching 90.0% for coated and uncoated paper; 80.0% for plastics other than vinyl, corrugated, and vinyl; and 70.0% for acrylics and textiles/fabrics report prices continue to rise. Reports of declining prices are negligible.

**Pressure on margins expected to continue.** Companies surveyed broadly agree that the challenges of 2022 will continue through mid-2023. Nearly 70.0% are very concerned about rising labor costs, 63.8% about rising substrate costs, and 62.5% about labor shortages. Material shortages are a major concern for 59.6%, which is an improvement from 92.3% one year earlier and further evidence that supply chains are healing. Most telling, nearly 55.0% are very concerned about maintaining profitability.

**Figure 2: Biggest Challenges**

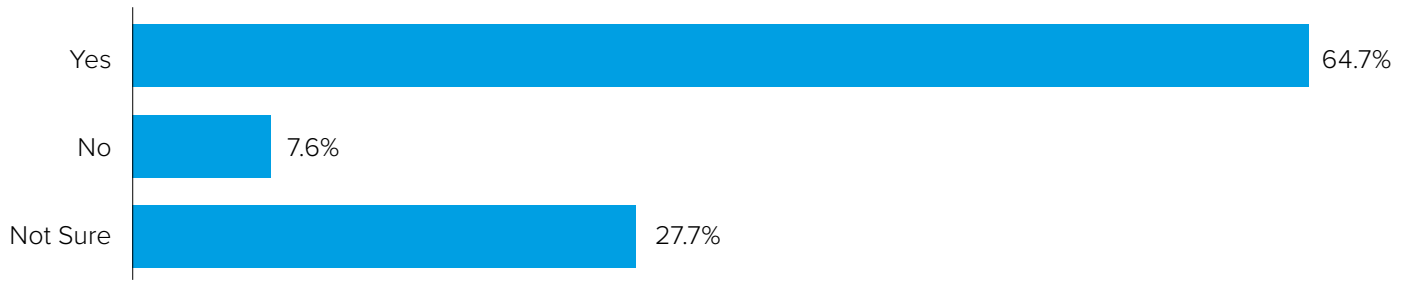
How SOI participants responded to this question: What do you expect to be your biggest challenges during the first half of 2023?

Challenge	Percent Citing
Rising labor costs	69.7%
Rising substrate costs	63.8%
Labor shortages	62.5%
Rising transportation costs	62.5%
Rising energy costs	59.8%
Material shortages	59.6%
Maintaining profitability	54.9%
Increasing sales	52.4%
Losing clients to print alternatives	42.9%
Maintaining productivity	40.5%
Rising ink/toner costs	39.3%
Maintaining healthy cash balances	37.5%

**Capital investment plans mixed.** Nearly 65.0% of SOI participants plan to invest in capital equipment, hardware, or software in 2023, 7.6% do not plan to invest, and 27.7% are not sure if they will invest. Among companies planning to invest, expected investment rates average 3.3%-4.2% of annual sales, with two-fifths planning to invest 3.0% or less and nearly three-quarters planning to invest 6.0% or less. Among companies unsure if they will invest, concern about the economy and concern about business conditions in their markets are the primary reasons.

**Figure 3: Capital Investment Plans**

How SOI participants responded to this question: Will you be investing in capital equipment, hardware, or software in 2023?



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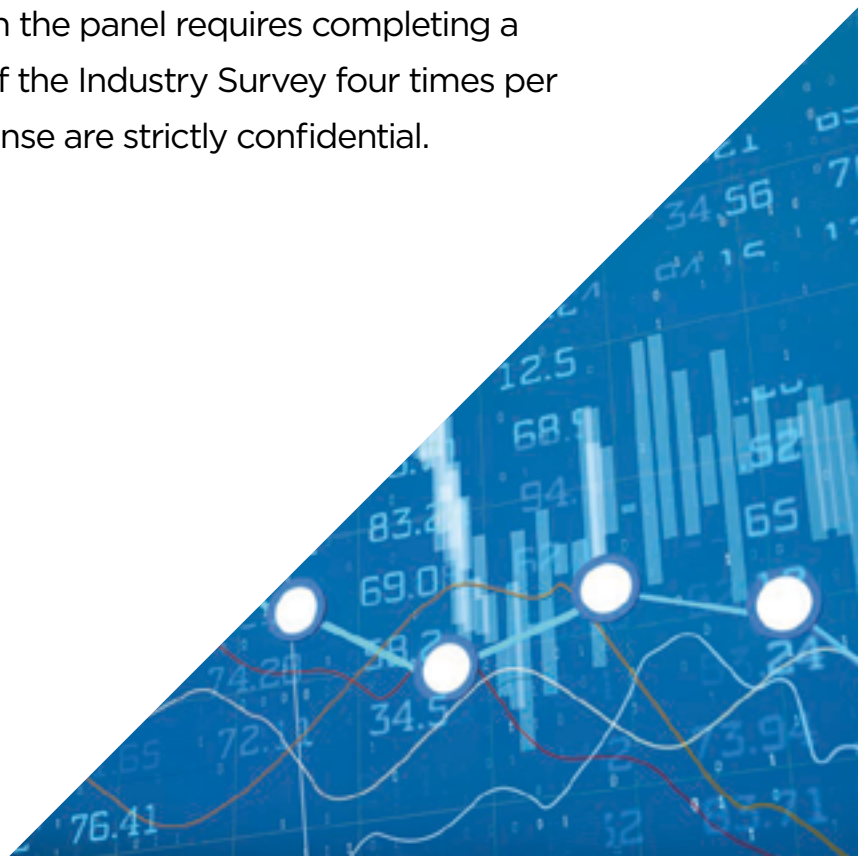
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Participation in the panel requires completing a 10-minute State of the Industry Survey four times per year. All survey response are strictly confidential.

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**INDUSTRY ECONOMIC, RESEARCH & REGULATORY EXPERTISE**



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# 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).*

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