

# 2018 SGIA Industry Benchmarking Report

## Industrial Printing Community



SGIA conducted its Industry Survey in January and February 2018. The goal of the survey was to evaluate the industry's current situation, identify trends and provide industrial printers with information for their business decisions today and strategic planning for the future. This report is based on the responses of 42 industrial printers from the United States.

More than three-quarters (78.3%) of the respondents serve other businesses, 13.2% identify themselves as business-to-consumer companies and 7.9% are in-plant printers. The majority (67.6%) of the respondents are print-for-pay companies serving industrial and other market areas and about a quarter (24.3%) are print-for-pay companies solely serving industrial markets. International (65.8%) and national (60.5%) markets continue to be served by the majority of the printers. Nearly half of the companies (43.8%) have revenue between \$10,000,000 and \$20,000,000. Around three-quarters (72.7%) have between 20 and 100 employees.

Of the respondents, 73.1% use digital equipment in their production, with the majority having it as a part of a multi-technology approach. The most frequently used technologies in production are screen printing (78.3%), wide-format inkjet (47.8%) and custom solutions inkjet (43.5%). About nine out of 10 respondents (87.5%) offer finishing/post-production services to customers. There is also a strong exchange of services among the printers: 68% provide and 68% purchase production services, whereas 52% provide finishing/post-print services and 56% purchase them. Die cutting/laser cutting and lamination continue to be the most frequently offered finishing services, followed by doming and fulfillment. When asked about their production capacities, 69.2% of respondents indicated using at least 50%.

More than half of our respondents (57.1%) plan to either keep their capital spending on the current level or increase it. Bank loans are used the most (80.0%) for equipment purchases and cash is used by almost every second printer (47.1%). Durability of equipment (56.0%) and customer support (52.0%) are the top factors influencing equipment purchases, as well as brand reputation (44.0%), range of capabilities (44.0%) and the price to operate/maintain the equipment (40.0%).

Checks, bank wire and credit cards are the most widely accepted forms of payment. Four out of five printers (80%) use 30 days as the standard credit terms for their customers. The median accounts receivable balance is 6.5%, with 66.7% of respondents being in the 1–10% bracket.

Industrial decals/labels (74.3%), instrumentation/dials/overlays (60.0%) and medical devices/items (60.0%) are the most served product areas. These are followed by printed electronics (51.4%) and membrane switches (51.4%), with the former considered as the area with the highest growth potential.

Downward pressure on prices (56.0%), finding new customers (48.0%) and recruiting/retaining production personnel (48.0%) are the top three barriers to growth for the respondents. To attract new customers, companies tend to rely on referrals (77.8%), their websites (72.2%), inside sales (66.7%) and networking events (66.7%). LinkedIn and Facebook are the most frequently used social media channels. On the sales and management side, printers focus on maximizing the value of their current customers (70.6%) and on the development of new vertical markets (58.8%) by improving their customer service and hiring additional sales staff.

Comparing the current year with the previous, about two-thirds of respondents have identified growth in their sales and production. When asked about the future, almost everyone expects to have an increase in sales (92.9%) and production/amount of work (85.7%), while about two-thirds (64.3%) expect an increase in employment. The most frequently indicated future employment positions are press operator (digital and analog), sales, customer service representative and IT positions. Almost all of the companies are either neutral or positive about their industry (92.9%) and the overall national economy (92.9%).

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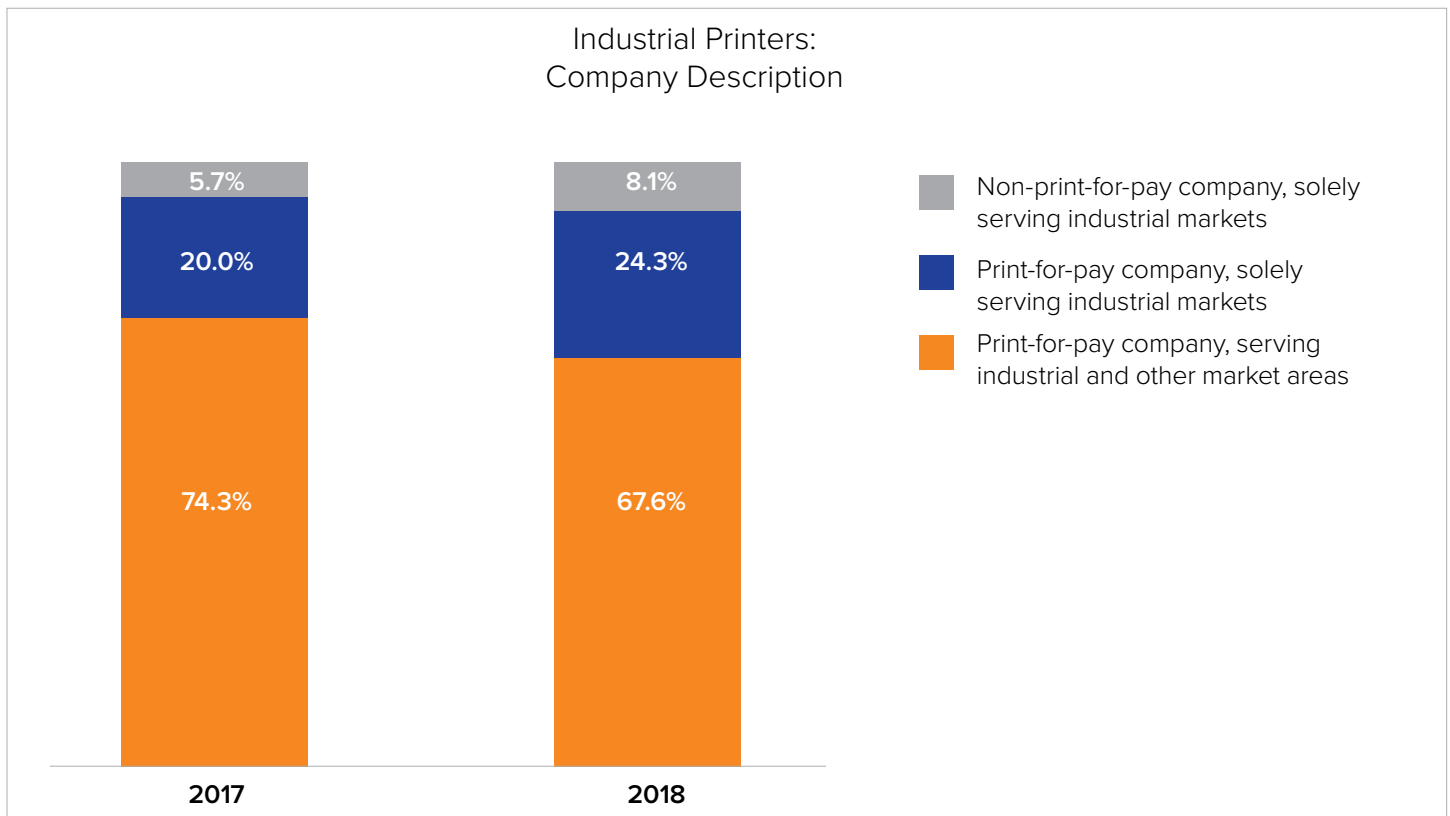
### Companies in General

Though the number of respondents serving other businesses (78.3%) slightly decreased since the last year, the number of respondents in the business-to-consumer segment (13.2%) increased while the in-plant segment had little change (7.9%) (Table 1). Two-thirds of the respondents (67.6%) are print-for-pay companies serving industrial and other market areas, about a quarter (24.3%) are print-for-pay companies and 8.1% are non-print-for-pay companies solely serving industrial markets (Graph 1). International (65.8%) and national (60.5%) markets continue to be served by the majority of the printers (Table 2). More than one-third of the companies (36.8%) serve all four areas: local, regional, national and international. Nearly half of the respondents (43.8%) have revenue between \$10,000,000 and \$20,000,000 (Table 3). The majority of respondents (72.7%) are from companies with at least 20 but less than 100 employees.

**Table 1: Type of Business**

Industrial Printer: Type of Business	2018	2017
Business-to-business	78.9%	85.7%
Business-to-consumer	13.2%	8.6%
In-plant printer	7.9%	5.7%

**Graph 1: Company Description**



**Table 2: Areas Served**

Industrial Printers: Areas Served	2018	2017
Local	47.4%	57.1%
Regional	52.6%	57.1%
National	60.5%	77.1%
International	65.8%	68.6%

**Table 3: Total Annual Sales**

Industrial Printers: Total Annual Sales	2018	2017
\$0 - \$249,999	0.0%	8.6%
\$250,000–\$1,499,999	6.3%	8.6%
\$1,500,000–\$4,999,999	25.0%	25.7%
\$5,000,000–\$9,999,999	12.5%	14.3%
\$10,000,000–\$19,999,999	43.8%	25.7%
\$20,000,000–\$34,999,999	6.3%	2.9%
\$35,000,000 and over	6.3%	14.3%

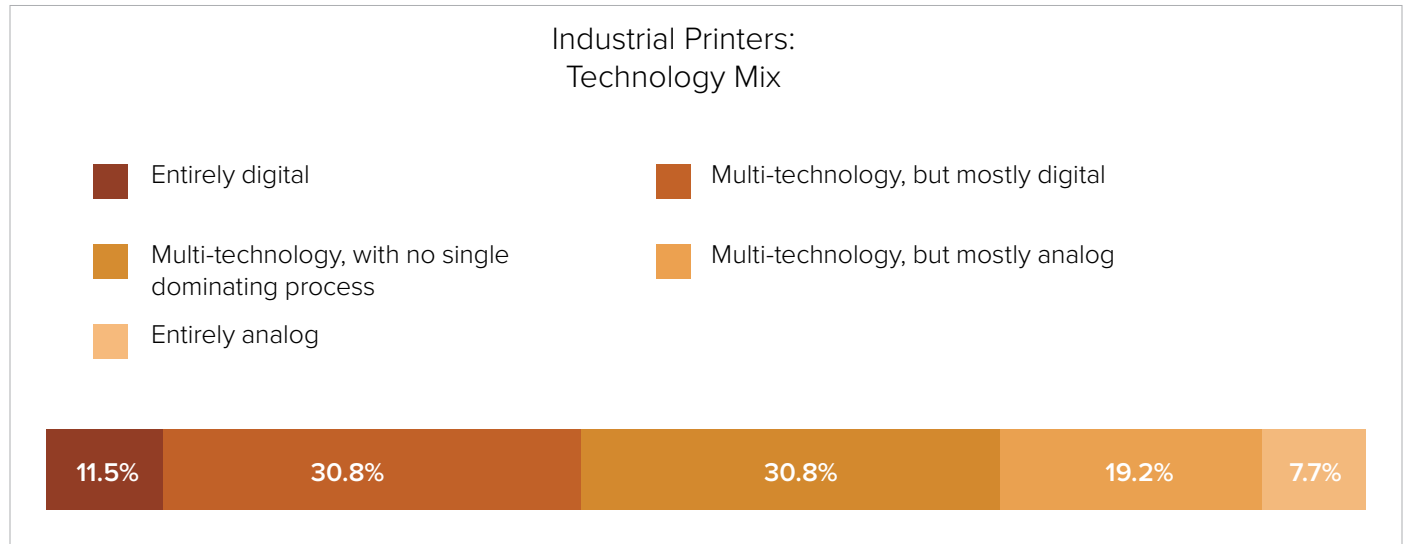
## Technology Trends and Investments

About three-quarters of respondents (73.1%) use digital equipment in their production, with the majority having it as part of a multi-technology approach (Graph 2). Screen printing (78.3%), wide-format inkjet (47.8%) and custom solutions inkjet (43.5%) are the most frequently used technologies in production among survey respondents (Table 4). The majority of printers (87.5%) have stated that they offer finishing/post-production services to customers. There is also a strong exchange of services among the printers: more than two-thirds of printers (68.0%) either provide or purchase production services from each other, whereas 52.0% provide finishing/post-print services and 56.0% purchase them. Die cutting/laser cutting and lamination continue to be the most frequently offered finishing services, followed by doming and fulfillment. When asked about their production capacities, 69.2% of respondents indicated using at least 50% (Table 5).

Regarding current and expected capital spending, more than half of our respondents (57.1%) plan to either keep their capital spending on the current level or increase it. The major factors contributing to capital spending decisions — as mentioned by at least half of the respondents — were new products or innovations in their processes (60.0%) or the need to increase overall capacity utilization (53.3%).

Bank loans are used the most (80.0%) for equipment purchases and cash is used by about every second printer (47.1%). Durability of equipment (56.0%) and customer support (52.0%) are the top factors influencing equipment purchases, as well as brand reputation (44.0%), range of capabilities (44.0%) and the price to operate/maintain the equipment (40.0%) (Table 6).

**Graph 2: Technology Mix**



**Table 4: Types of Technology Used in Production**

Industrial Printers: Types of Technology Used in Production	
Screen - Printing	78.3%
Wide-Format Inkjet	47.8%
Custom Solutions Inkjet	43.5%
Flexographic Printing	39.1%
Narrow-Format Inkjet	34.8%
Laser Etch/Engrave	34.8%
Commercial Inkjet	26.1%
Dry Toner	21.7%
Pad Printing	21.7%
Sheetfed Offset	17.4%
Cylinder Screen	17.4%
Dye Sublimation	13.0%
Rotary Screen	13.0%
Wet Toner	13.0%
Subtractive Conversion	8.7%
3D Printing	4.3%
Dynamic Signage	4.3%
Embroidery	4.3%
Gravure	4.3%
Direct-to-Garment Inkjet	4.3%
Web Offset	4.3%

**Table 5: Production in Use**

<b>Industrial Printers: Production in use</b>	
0%–10%	3.8%
21%–30%	3.8%
31%–40%	19.2%
41%–50%	3.8%
51%–60%	15.4%
61%–70%	11.5%
71%–80%	23.1%
81%–90%	15.4%
91%–100%	3.8%

**Table 6: Factors Influencing Equipment Purchases**

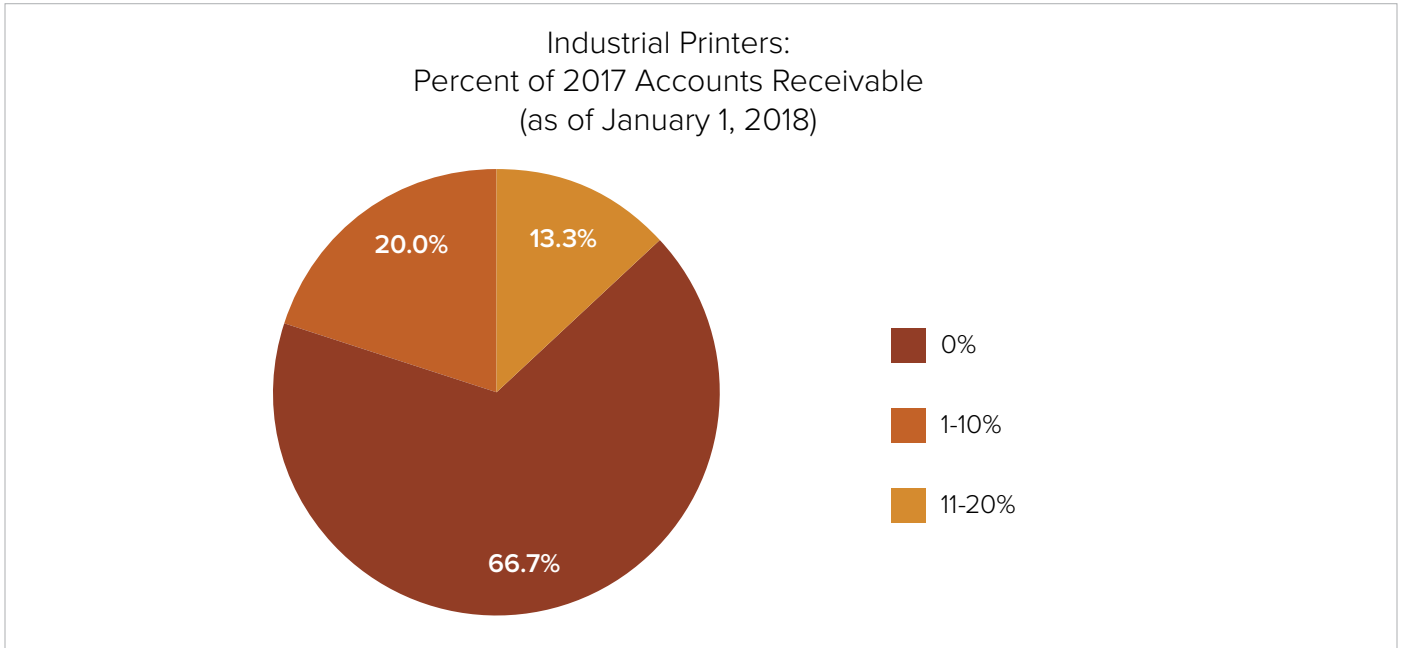
<b>Industrial Printers: Factors Influencing Equipment Purchases</b>	
Durability of equipment	56.0%
Customer support	52.0%
Brand name/reputation	44.0%
Range of capabilities	44.0%
Price to operate/maintain	40.0%
Purchase price of equipment	28.0%
Financing	8.0%
Upgrade capabilities	8.0%
User references	4.0%
Warranty	4.0%

### Credit Terms

Checks (93.8%), bank wire (87.5%) and credit cards (75.0%) are the most widely accepted forms of payments (Table 7). Four out of five printers (80%) use 30 days as the standard credit terms for their customers. The median accounts receivable balance is 6.5%, with 66.7% of respondents being in the 1–10% bracket (Graph 3).

<b>Industrial Printers: Accepted Types of Payment</b>	
Checks	93.8%
Bank Wire Transfer	87.5%
Credit Cards	75.0%
Debit Cards	31.3%
Cash	25.0%
Money Orders	25.0%
Phone and Mobile Payments	6.3%

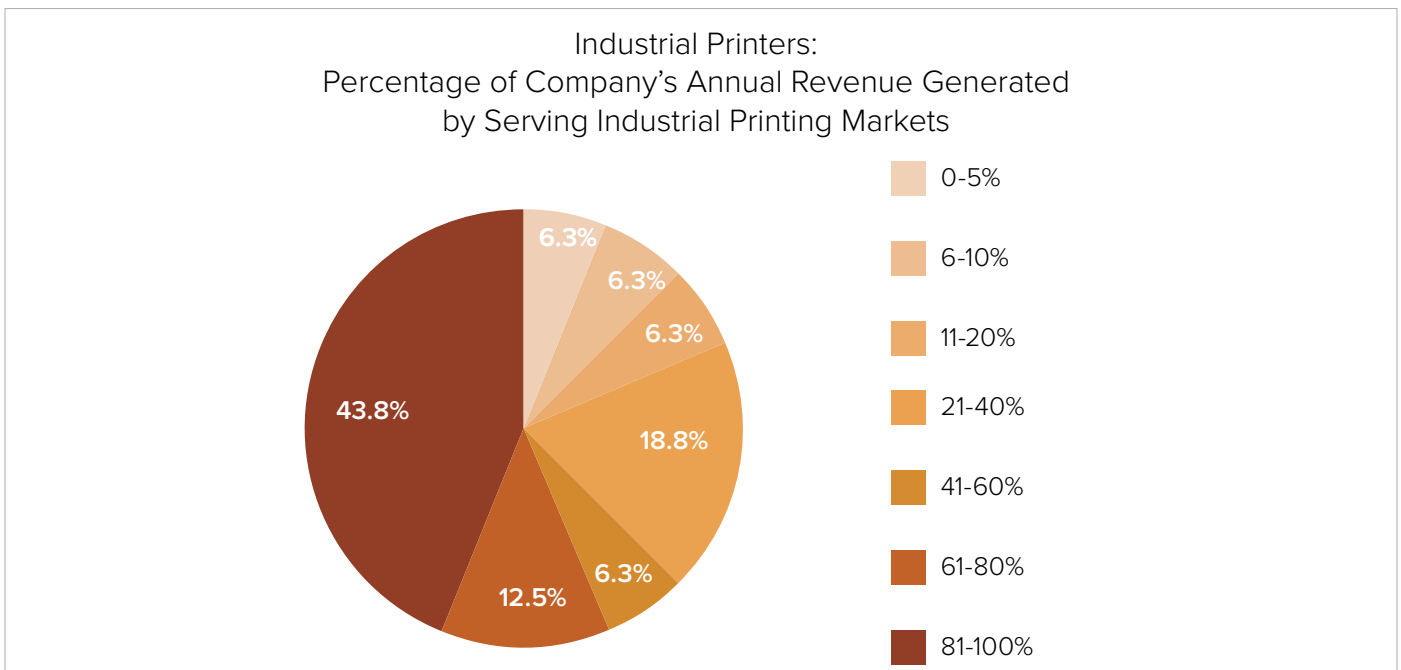
**Graph 3: Percent of 2017 Accounts Receivable (as of January 1, 2018)**



### Markets and Products

Serving industrial printing markets brings at least 80% of revenue to about every second respondent (Graph 4). Industrial decals/labels (74.3%), instrumentation/dials/overlays (60.0%) and medical devices/items (60.0%) are the most served product areas. These are followed by printed electronics (51.4%) and membrane switches (51.4%), with the former considered as the area with the highest growth potential (Table 8).

**Graph 4: Percentage of Company's Annual Revenue Generated by Serving Industrial Printing Markets**



**Table 8: Product Areas Served**

Industrial Printers: Product Areas Served	2018	Growing	Staying the Same	Declining
Industrial decals/Labels	74.3%	42.9%	17.1%	0.0%
Instrumentation/Dials/Overlays	60.0%	20.0%	25.7%	2.9%
Medical devices/Items	60.0%	25.7%	17.1%	0.0%
Printed electronics	51.4%	22.9%	17.1%	0.0%
Membrane switches	51.4%	14.3%	20.0%	5.7%
Industrial part marking	48.6%	14.3%	28.6%	2.9%
Promotional products	45.7%	20.0%	20.0%	2.9%
Appliances	42.9%	5.7%	25.7%	5.7%
Functional coatings	17.1%	2.9%	5.7%	0.0%
Decorative Wallpaper/Laminates	11.4%	8.6%	0.0%	2.9%
Industrial textiles	11.4%	5.7%	5.7%	0.0%
Direct-to-shape printing/Containers	8.6%	0.0%	8.6%	0.0%
Photovoltaics/Solar Panels	8.6%	2.9%	0.0%	0.0%
Ceramic tile printing	5.7%	2.9%	2.9%	0.0%
3D Printing	2.9%	0.0%	2.9%	0.0%

## Business Strategy

Downward pressure on prices (56.0%), finding new customers (48.0%) and recruiting/retaining production personnel (48.0%) are the top three barriers to growth mentioned by our respondents (Table 9). On the production side, companies continue to focus on lean manufacturing/continuous improvement (73.9%) and cost reduction (60.9%). Adding imaging capacity (52.2%) and new product lines (52.2%), as well as employee training (52.2%) and employee appreciation/incentives (52.2%), are also among the current priorities for at least half of the respondents (Table 10).

On the sales and management side, printers focus on maximizing the value of their current customers (70.6%) and developing new vertical markets (58.8%) by improving their customer service and hiring additional sales staff. In the future, the respondents would like to increase their marketing budget, expand geographically and strengthen their Internet presence (Table 11).

To attract new customers, companies tend to rely on referrals (77.8%), their websites (72.2%), inside sales (66.7%) and networking events (66.7%). LinkedIn and Facebook are the most frequently used social media channels (Table 12).

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**Table 9: Barriers to Growth**

Industrial Printers: Barriers to Growth	
Downward pressure on prices	56.0%
Finding new customers	48.0%
Recruiting/retaining production personnel	48.0%
Cost of new technology adoption	24.0%
Recruiting/retaining sales personnel	24.0%
Training employees	20.0%
Understanding new technology	20.0%
Rising costs	16.0%
Globalization (offshoring, outsourcing)	12.0%
Ability to secure credit/lines of credit	8.0%
Recruiting/retaining management personnel	8.0%
Obtaining financing for investment	4.0%

**Table 10: Strategies in Production: Current vs. Future**

Industrial Printers			
CURRENT Strategies in Production		FUTURE Strategies in Production	
Lean manufacturing/continuous improvement	73.9%	Reduce operating costs	34.8%
Reduce operating costs	60.9%	Add finishing capacity	26.1%
Add imaging capacity	52.2%	Workforce reorganization	26.1%
Add new product lines	52.2%	Becoming a one-stop shop	26.1%
Employee appreciation/incentives	52.2%	Add imaging capacity	21.7%
Train staff	52.2%	Add new product lines	21.7%
Becoming a one-stop shop	30.4%	Employee appreciation/incentives	21.7%
Add finishing capacity	26.1%	Train staff	13.0%

**Table 11: Management and Sales Strategies: Current vs. Future**

Industrial Printers			
CURRENT Strategies in Management and Sales		FUTURE Strategies in Management and Sales	
Maximize value of current customers	70.6%	Increase marketing budget	35.3%
Develop new vertical markets	58.8%	Increase Internet presence	29.4%
Hire additional sales staff	58.8%	Expand geographically	29.4%
Improve customer service	52.9%	Hire additional sales staff	23.5%
Acquire another company	41.2%	Improve customer service	23.5%
Increase Internet presence	41.2%	Market sustainability efforts	23.5%
Reduce prices	29.4%	Maximize value of current customers	23.5%

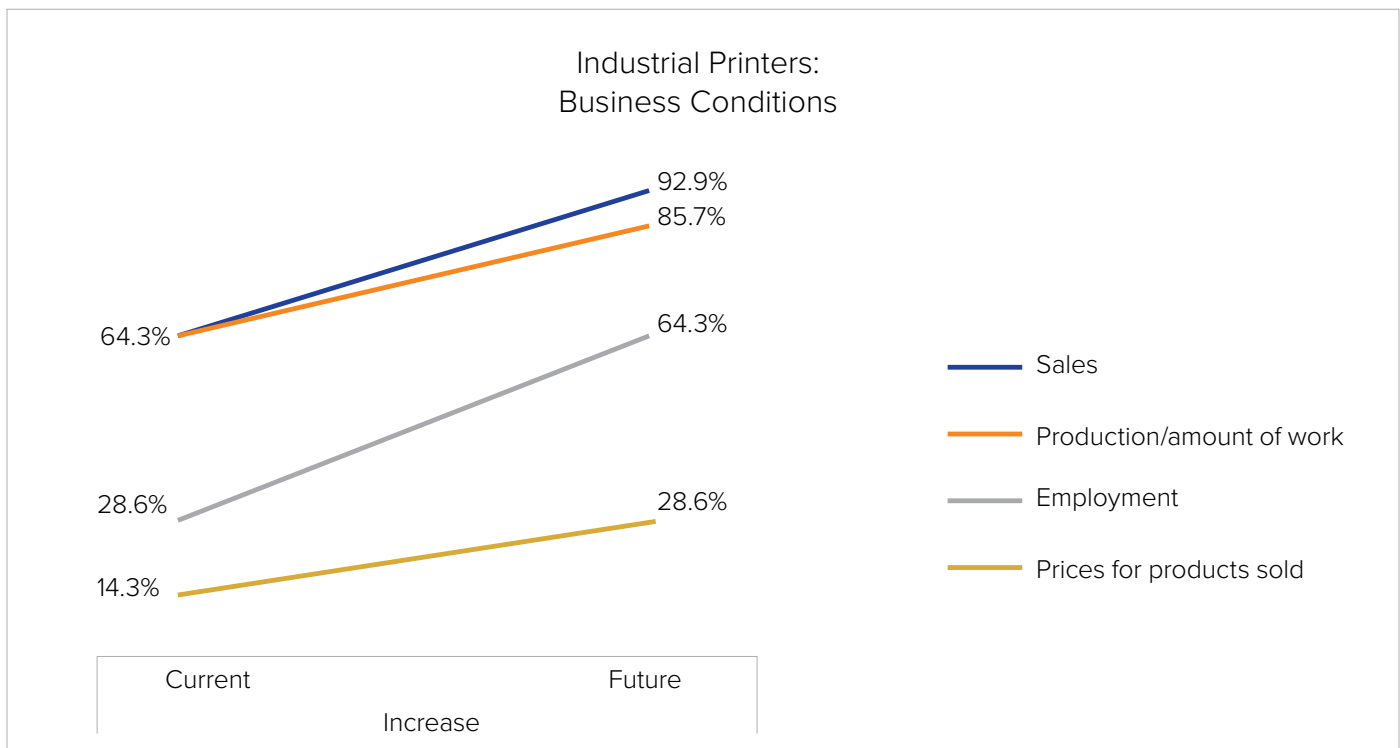


**Table 12: Methods for Attracting New Customers: Current vs. Future**

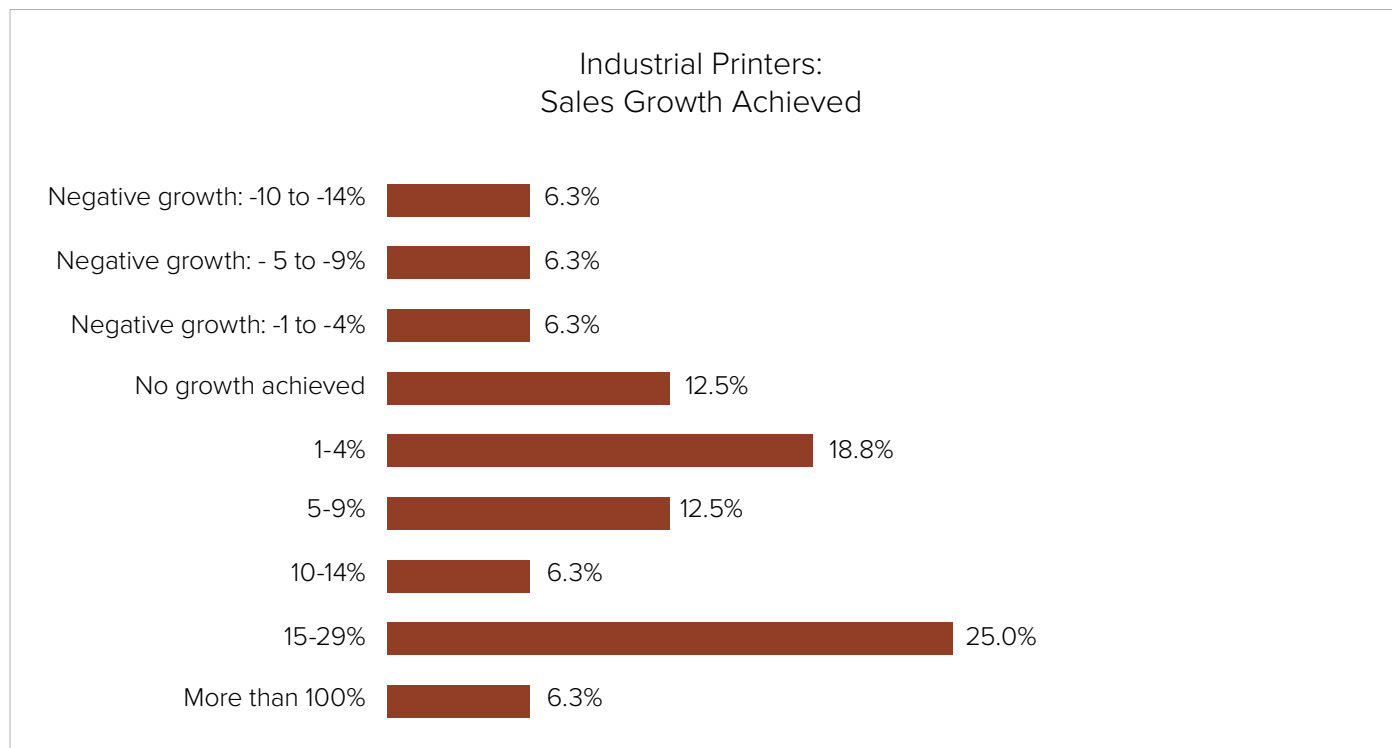
Industrial Printers			
CURRENT Methods for Attracting New Customers		FUTURE Methods for Attracting New Customers	
Referrals	77.8%	On-site advertising	22.2%
Company website	72.2%	Inside sales	22.2%
Inside sales	66.7%	Purchased sales leads	22.2%
Networking events	66.7%	Outside sales	16.7%
Electronic communications	55.6%	Pay-for-click advertising	16.7%
Outside sales	55.6%	Purchased banner ads	16.7%
Social media	50.0%	Boards and civic organizations	5.6%
Trade shows	38.9%		

### Business Outlook

Comparing the current year with the previous, about two-thirds of respondents have identified growth in their sales (64.3%) and production (64.3%). When asked about the future, almost everybody expects to have an increase in sales (92.9%) and production/amount of work (85.7%), and about two-thirds (64.3%) expect an increase in employment (Graph 5). The most frequently indicated future employment positions are press operator (digital and analog), sales, customer service representative and IT positions. Every fourth company has achieved sales growth between 15% and 30%, and 6.3% indicated growth of more than 100% (Graph 6). Almost all of the respondents are either neutral or positive about their industry (92.9%) and overall national economy (92.9%) (Table 13).



**Graph 5: Business Conditions**



**Graph 6: Sales Growth Achieved**

**Table 13: Level of Confidence**

	Positive	Neutral	Negative
Industry confidence	64.3%	28.6%	7.1%
Economy confidence	50.0%	42.9%	7.1%