

2018 SGIA Industry Benchmarking Report

Suppliers' Community



SGIA conducted its Industry Benchmarking Survey in January and February 2018. The goal of the survey was to evaluate the industry's current situation, identify trends and provide industry suppliers with information to inform their business decisions today and strategic planning for the future. This report is based on the responses of 88 suppliers.

The majority of the companies (61.4%) are from the United States, 11.4% are Canadian and 27.3% are international. In terms of geographical coverage, suppliers serve local, regional, national and international markets. The latter two are served by at least half of the respondents: 65.6% and 52.5%, respectively. Many suppliers serve more than one market; 36.1% serve at least three.

Graphics and sign producers (73.9%), industrial printers (68.2%) and garment decorators (45.5%) are the most popular markets served by suppliers, followed by packagers (38.6%), commercial printers (36.4%) and graphic installers (33.0%). More than half of the companies (53.5%) have fewer than 10 employees, and the median is 8.3.

For about half of the companies (48.8%), the primary business owners are men. The other half are owned by mixed groups of men and women (41.9%) and women only (9.3%). The same gender pattern is true for management (73.6% men vs. 26.4% women), sales (69.4% vs. 30.6%) and production (77.8% vs. 22.2%). Administrative support, however, has the reverse picture with less men (38.4%) and more women (61.4%).

To attract new customers, companies rely heavily on their websites (93.4%), trade shows (73.8%) and social media (72.1%), as well as referrals (68.9%), electronic communications (65.6%) and sales. For the future, the focus is involvement in boards and civic organizations, networking events, electronic communications, purchased sales leads and banner ads. Currently, the most popular social media channels are Facebook, LinkedIn, YouTube, Twitter and Instagram. On the sales and management side, the primary strategies are to increase Internet presence, maximize the value of existing customers, improve customer service and develop new vertical markets. Looking ahead, the companies would like to increase their marketing budgets and continue to develop new vertical markets, along with maximizing the value of existing customers, hiring additional sales staff and marketing their sustainability efforts.

About one-third of the companies (30.4%) spend between \$5,000 and \$50,000 on equipment. Every fifth company (19.5%) spends \$50 thousand or more. The level of capital spending is strong, as 81.3% plan to either keep their capital spending at the same level or increase it. The major contributing factors for increased capital spending decisions are new products or innovations in the production process (59.3%), the need to replace other capital goods (51.9%) and increased demand for products (44.4%). Half of respondents (50.0%) use company credit cards for their equipment or other significant production-related purchases and about half (47.7%) use cash. Checks, credit cards and bank wire transfers are accepted forms of payment for at least half of our respondents. Payments are required to be made within a month of the delivery by 92.0% of the companies. The median for outstanding accounts receivable is 7%.

In comparison to the previous year, about two-thirds of the companies had confirmed rising sales (65.8%) and more than half (57.9%) had an increase in production/amount of work for the current year. Expectations for the future are higher as 81.6% expect an increase in sales, 68.4% in production, 60.5% in prices for products sold and more than half (52.6%) in employment. Sales is the primary interest for future hiring: 85.0% of companies plan to hire more sales representatives and 40.0% plan to hire more customer service representatives. Suppliers are confident in their industry (59.5%, a 9.8% increase from last year) and the national economy (51.4%, an increase of 20.4%).

2018 SGIA Industry Benchmarking Report

Suppliers' Community



Companies in General

About two-thirds of the respondents (61.4%) are US companies, more than a quarter (27.3%) are internationally based and 11.4% are Canadian (Graph 1). In terms of geographical coverage, suppliers serve local, regional, national and international markets. The majority continue to serve national markets (65.6%) and at least half of the respondents have international representation (52.5%) (Table 1). Companies tend to cover more than one market and 36.1% serve at least three.

The top industry segments served by suppliers continue to be graphics and sign producers (73.9%), industrial printers (68.2%) and garment decorators (45.5%), followed by packagers (38.6%), commercial printers (36.4%) and graphic installers (33.0%) (Graph 2). At least half of the companies (53.5%) have fewer than 10 employees (Table 2), and the median number of employees is 8.3. Companies also vary in their annual sales revenue (Table 3).

Graph 1: Company Location

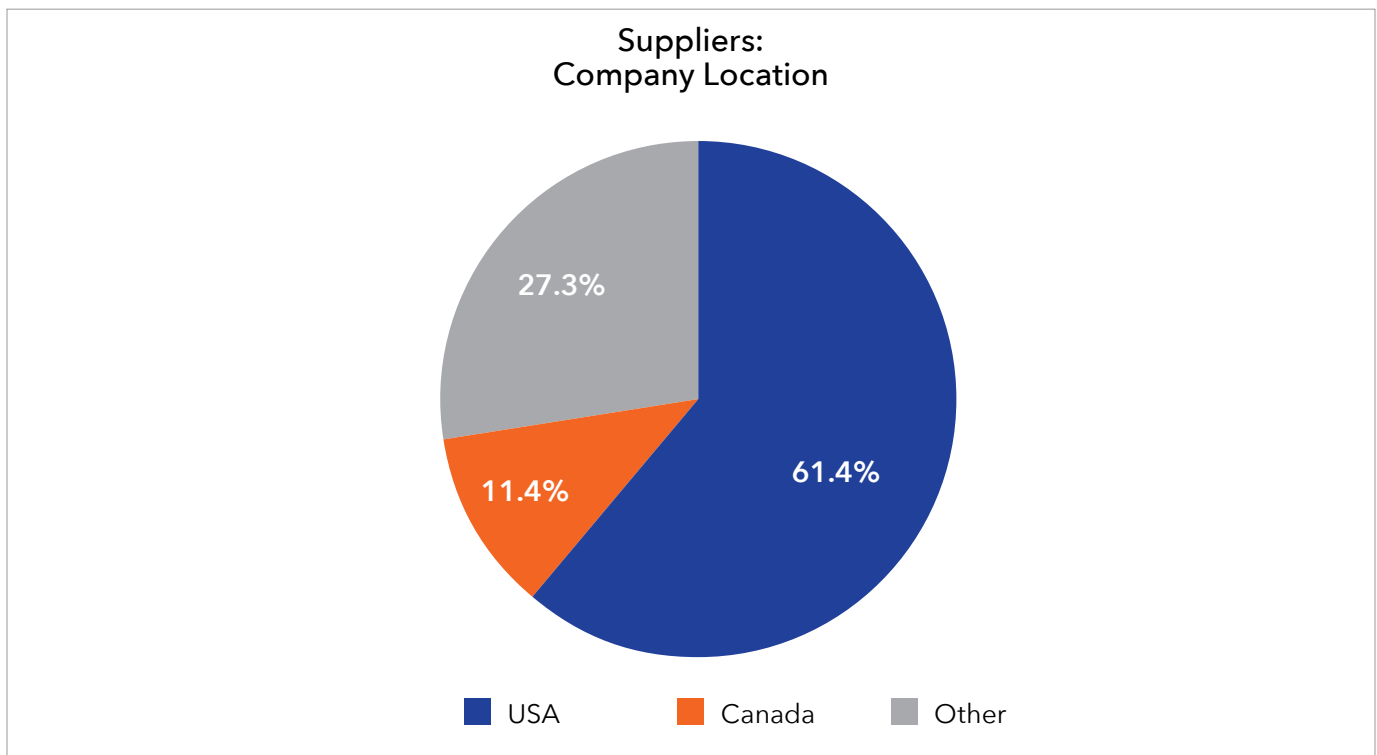


Table 1: Areas Served

Suppliers: Areas Served	2018	2017
Local	47.5%	42.9%
Regional	42.6%	49.2%
National	65.6%	71.4%
International	52.5%	52.4%

2018 SGIA Industry Benchmarking Report

Suppliers' Community



Graph 2: Industry Sectors Served

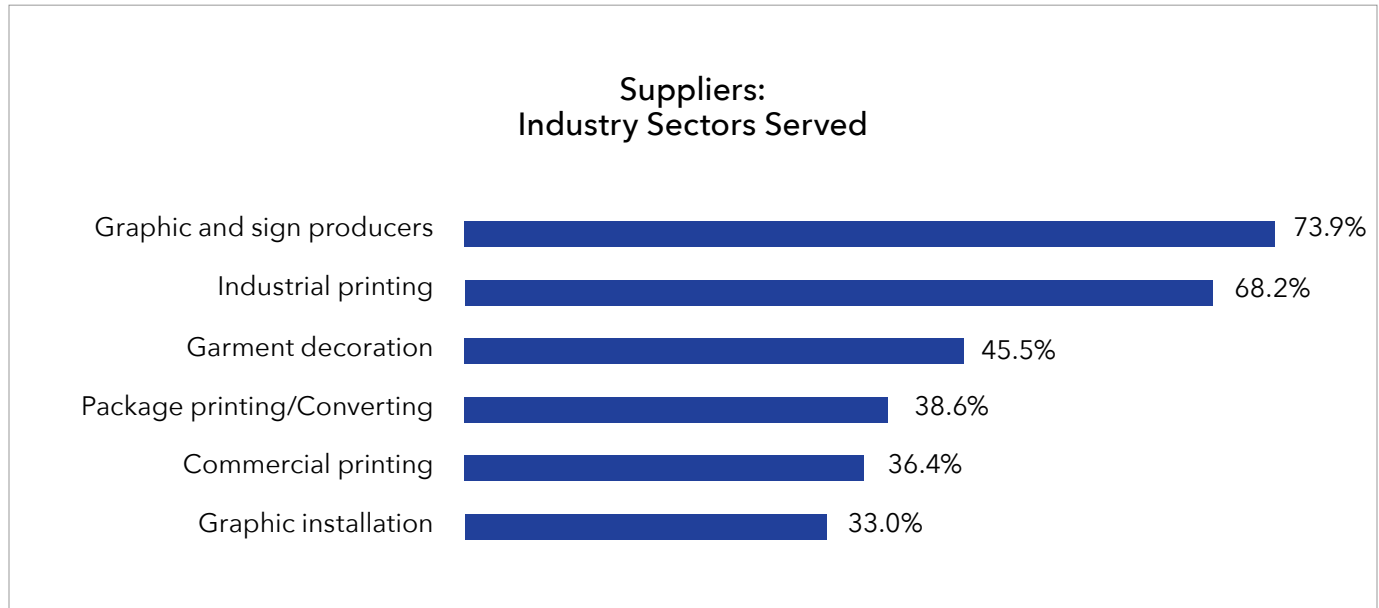


Table 2: Number of Employees

Suppliers: Number of Employees	
1-4	32.6%
5-9	20.9%
10-19	14.0%
20-99	18.6%
100-499	7.0%
500-749	2.3%
1,000-1,499	0%
1,500-1,999	2.3%
2,500-4,999	0%
5,000 or more	2.3%

2018 SGIA Industry Benchmarking Report

Suppliers' Community



Table 3: Total Annual Sales Revenue

Suppliers: Total Annual Sales Revenue	
\$0-\$249,999	8.0%
\$250,000-\$1,499,999	18.0%
\$1,500,000-\$4,999,999	8.0%
\$5,000,000-\$9,999,999	4.0%
\$10,000,000-\$19,999,999	16.0%
\$20,000,000-\$34,999,999	6.0%
\$35,000,000-\$49,999,999	6.0%
\$50,000,000 and over	34.0%

Ownership and Competitiveness

About every second company (48.8%) is owned by men. Women are primary owners for 9.3%, and the other 41.9% are owned by mixed groups of men and women (41.9%) (Table 4). While this gender split is also true for management (73.6% men vs. 26.4% women), sales (69.4% vs. 30.6%) and production (77.8% vs. 22.2%), it is the reverse for administrative support (38.4% men vs. 61.6% women) (Table 5).

Respondents primarily use websites (93.4%), trade shows (73.8%), social media (72.1%), referrals (68.9%), electronic communications (65.6%), inside (73.8%) and outside (68.9%) sales to attract new customers. Board and civic organization involvement, networking events, electronic communications, purchased sales leads and banner ads are areas of focus for the future (Table 6). The most popular social media channels are currently Facebook, LinkedIn, YouTube, Twitter and Instagram (Table 7).

Sales and management strategies are primarily focused on increasing Internet presence (63.3%), maximizing the value of existing customers (62.0%), improving customer service (58.2%) and developing new vertical markets (50.6%). Looking ahead, the companies would like to increase their marketing budgets and continue to develop new vertical markets, along with maximizing the value of existing customers, hiring additional sales staff and marketing their sustainability efforts (Table 8).

Table 4: Primary Owners by Gender

Suppliers: Primary Owners by Gender	
Men	48.8%
Mixed	41.9%
Women	9.3%

2018 SGIA Industry Benchmarking Report

Suppliers' Community



Table 5: Gender Split by Department

Suppliers: Gender Split by Department	Management	Sales	Administrative Support	Production
Men	73.6%	69.4%	38.4%	77.8%
Women	26.4%	30.6%	61.6%	22.2%

Table 6: Methods to Attract New Customers: Current vs. Future

Suppliers			
CURRENT Methods for Attracting New Customers		FUTURE Methods for Attracting New Customers	
Company website	93.4%	Boards and civic organizations	24.6%
Inside sales	73.8%	Networking events	19.7%
Trade shows	73.8%	Electronic communications	19.7%
Social media	72.1%	Purchased sales leads	18.0%
Outside sales	68.9%	Purchased banner ads	18.0%
Referrals	68.9%	Pay-for-click advertising	16.4%
Electronic communications	65.6%	Referrals	13.1%
Networking events	55.7%	Online directory listings	13.1%
Direct mail	41.0%	Social media	13.1%
Online directory listings	31.1%	Direct mail	13.1%
On-site advertising	24.6%	On-site advertising	13.1%
Pay-for-click advertising	21.3%	Trade shows	9.8%
Purchased banner ads	16.4%	Outside sales	8.2%
Boards and civic organizations	9.8%	Classified ads	8.2%
Purchased sales leads	8.2%	Inside sales	4.9%

2018 SGIA Industry Benchmarking Report

Suppliers' Community



Table 7: Social Media Platforms (Currently Used)

Suppliers: Social Media Platforms (Currently Used)	
Facebook	79.5%
LinkedIn	77.3%
Twitter	63.6%
YouTube	59.1%
Instagram	56.8%
Google+	34.1%
Pinterest	11.4%
Snapchat	9.1%
Tumblr	2.3%

Table 8: Strategies in Management and Sales (Current vs. Future)

Suppliers			
CURRENT Strategies in Management and Sales		FUTURE Strategies in Management and Sales	
Increase Internet presence	63.3%	Develop new vertical markets	22.8%
Maximize value of current customers	62.0%	Increase marketing budget	21.5%
Improve customer service	58.2%	Hire additional sales staff	20.3%
Develop new vertical markets	50.6%	Maximize value of current customers	20.3%
Hire additional sales staff	39.2%	Marketing of sustainability efforts	19.0%
Expand geographically	35.4%	Expand geographically	17.7%
Increase marketing budget	29.1%	Acquire another company	15.2%
Marketing of sustainability efforts	21.5%	Increase Internet presence	15.2%
Acquire another company	19.0%	Create subsidiary	11.4%
Create subsidiary	15.2%	Merge with another company	11.4%
Reduce prices	12.7%	Reduce prices	10.1%
Merge with another company	8.9%	Improve customer service	8.9%

Financial Outline

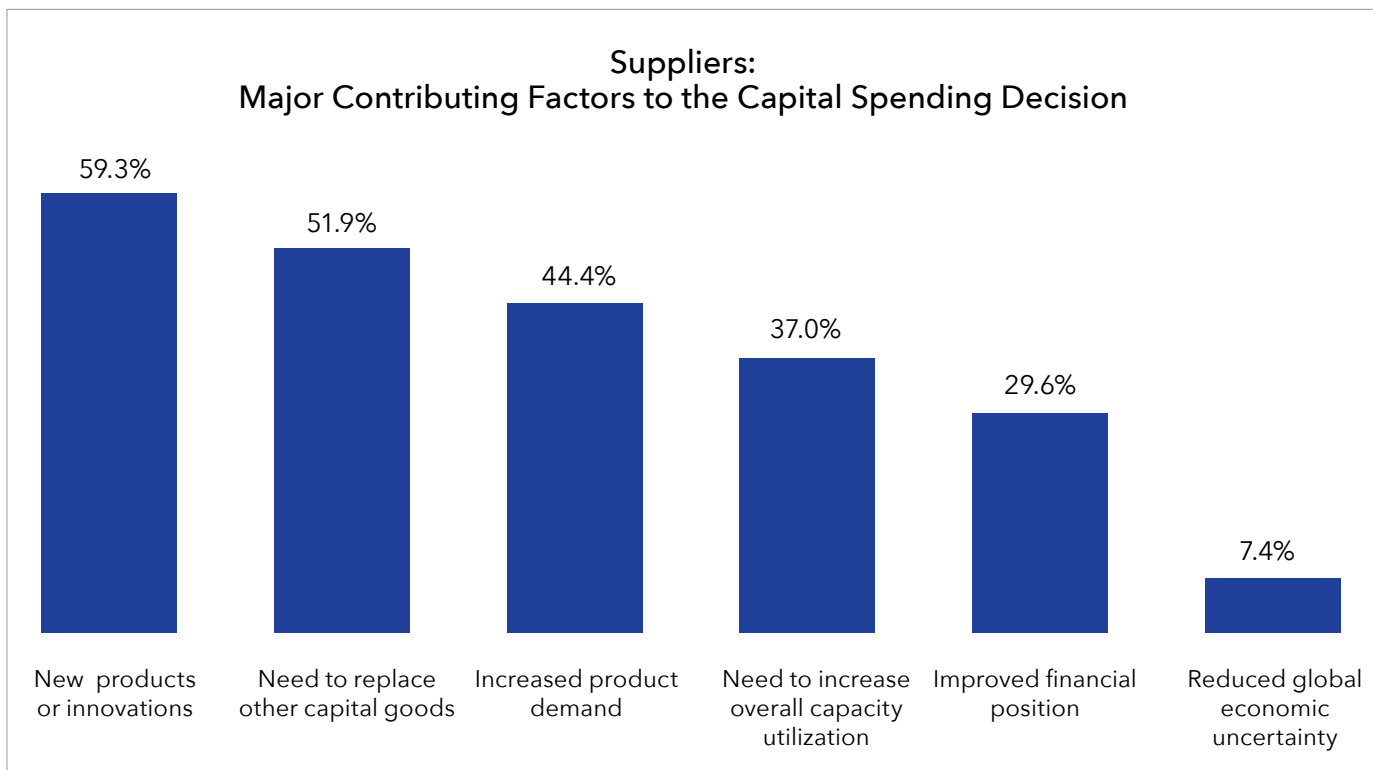
About every third respondent (30.4%) spends between \$5,000 and \$50,000 on equipment, and every fifth (19.5%) spends at least \$50,000. The level of capital spending is strong, and 81.3% plan to either keep their capital spending at the same level or increase it (Table 9). The major contributing factors for increased capital spending decisions are new products or innovations in the production process (59.3%), the need to replace other capital goods (51.9%) and increased demand for products (44.4%) (Graph 3). Credit cards are used by 50.0% of the companies for their equipment or other significant production-related purchases while cash is another popular payment method (47.7%) (Table 10).

Checks, credit cards and bank wire transfers are accepted forms of payment for at least half of our respondents (Table 11). Payments are required to be made within a month of the delivery by 92.0% of the companies. The median outstanding accounts receivable is 7% (Table 12).

Table 9: Capital Investment

Suppliers: Capital Investment for Production-Related Equipment	Current	Future (Desired)
None	34.8%	39.1%
Less than \$5,000	15.2%	4.3%
\$5,000-\$49,999	30.4%	32.6%
\$50,000-\$499,999	13.0%	19.6%
\$500,000 or more	6.5%	4.3%

Graph 3: Major Contributing Factors to the Capital Spending Decision



2018 SGIA Industry Benchmarking Report

Suppliers' Community



Table 10: Payment Methods Used for Equipment or Other Significant Production-Related Purchases

Suppliers: Payment Methods Used for Equipment or Other Significant Production-Related Purchases	
Company credit card	50.0%
Cash	47.7%
Supplier financing	22.7%
Bank loan	18.2%
Lease	18.2%
Personal credit card	6.8%

Table 11: Accepted Types of Payment

Suppliers: Accepted Types of Payment	
Checks	55.7%
Credit Cards	54.4%
Bank Wire Transfer	50.6%
Cash	25.3%
Debit Cards	24.1%
Money Orders	19.0%
Phone and Mobile Payments	10.1%

Table 12: Percent of 2017 Accounts Receivable (as of January 1, 2018)

Suppliers: Percent of 2017 Accounts Receivable (as of January 1, 2018)	
0%	16.3%
1-10%	51.0%
11-20%	18.4%
21-30%	10.2%
31-40%	4.1%

2018 SGIA Industry Benchmarking Report

Suppliers' Community



Business Conditions

The majority of the companies (65.8%) confirmed that their sales had increased and more than half (57.9%) saw an increase in production/amount of work for the current year. There are high expectations for the future, with 81.6% expecting an increase in sales, 68.4% in production, 60.5% in prices for products sold and more than half (52.6%) in employment (Table 13). Future hiring is focused on the sales side: 85.0% plan to hire more sales representatives and 40.0% plan to hire more customer service representatives. Suppliers are confident in their industry (59.5%, a 9.8% increase from last year) and the national economy (51.4%, an increase of 20.4%) (Table 14).

Table 13: Business Conditions

Suppliers: Business Conditions	Current			Future		
	Increased	Stayed the same	Decreased	Increased	Stayed the same	Decreased
Sales	65.8%	23.7%	10.5%	81.6%	13.2%	2.6%
Production/amount of work	57.9%	31.6%	10.5%	68.4%	28.9%	0.0%
Employment	34.2%	50.0%	13.2%	52.6%	44.7%	0.0%
Prices for products sold	39.5%	50.0%	10.5%	60.5%	23.7%	13.2%

Table 14: Industry Confidence

	Industry confidence	National Economy confidence
Positive	59.5%	51.4%
Neutral	35.1%	32.4%
Negative	5.4%	16.2%