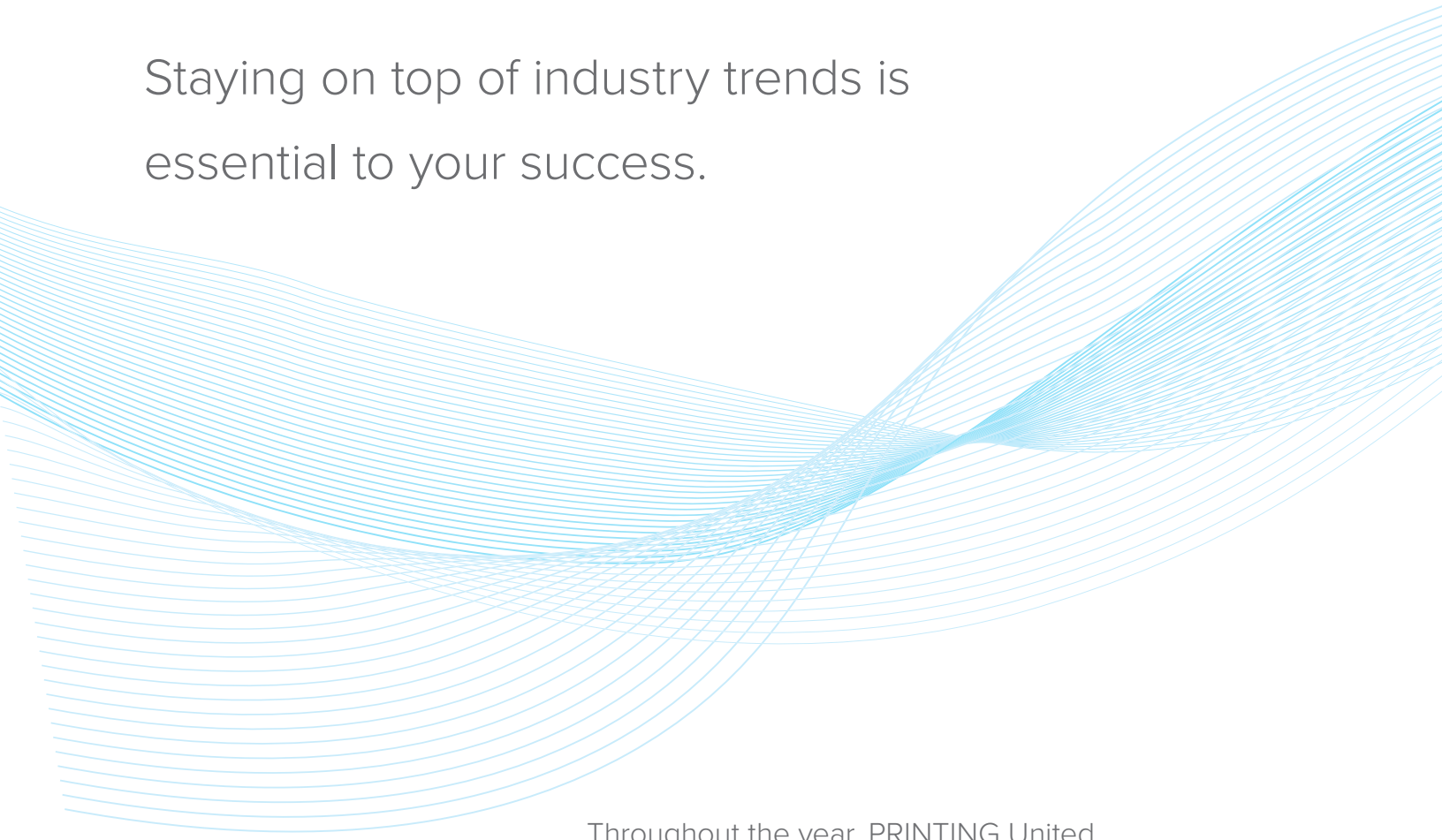




**COVID-19 Print Business
Indicators Research**
A Path Forward



Staying on top of industry trends is essential to your success.



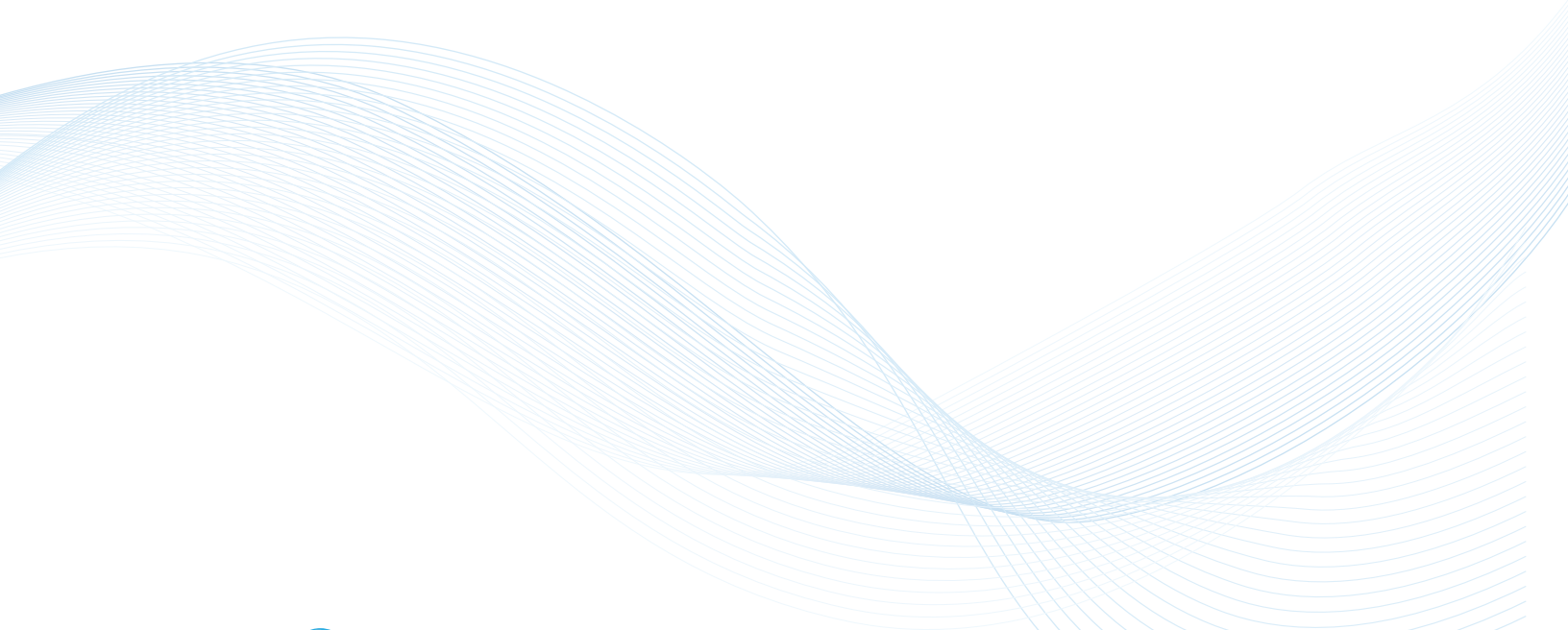
Throughout the year, PRINTING United Alliance's research team creates top-notch reports for the industry and works with consultancies to conduct commissioned research.

PRINTING United Alliance members get unlimited access to the resulting reports, featured here, that reflect the scope of the printing industry.

If you have any questions, please contact researchteam@printing.org.

Table of Contents

- Introduction 4**
- The COVID-19 Research Panel 5**
- Executive Summary 6**
 - Key Findings 6
- Section 1 – Participant Profile 7**
- Section 2 – What’s Happening and What’s Ahead 9**
- Section 3 – The Election, Policies and Small Business Aid 16**
- Section 4 – Permanent or Temporary? 20**
- Section 5 – What Else Should We Know Heading into 2021? 23**
- Section 6 – Appendix (Segment Data) 25**



Introduction

This is the fourth in a series of reports PRINTING United Alliance and NAPCO Research have created to examine the effects of the COVID-19 crisis on the printing industry, how printers are responding to the crisis, and how they can create a path forward.

The research is based on a bimonthly survey that includes commercial printers, graphic and sign producers, apparel decorators, functional printers, and package printers/converters. (A profile of the participants is in Section 1.)

The survey tracks percent change in printing industry sales in two ways. The first is over year-earlier levels to gauge the depth and breadth of the crisis. The second is over the last 30 days to track movement since the crisis started in mid-March 2020: Has a bottom been reached? Is there movement off bottom? Is the movement sustainable?

An index of current business indicators tracks which way sales, production, employment, prices, and pre-tax profitability are trending. An index of leading business indicators signals what's ahead by tracking work-on-hand, quote activity, production payroll hours, and confidence.

Participant comments on current and expected business conditions put the numbers in context. An analysis of the American economy's likely course and what it would mean for the printing industry supplements the survey results.

For information about COVID-19 Printing Business Indicators Research, please contact our research team at: researchteam@printing.org.

The COVID-19 Research Panel

Having a representative panel of regular participants in COVID-19 Print Business Indicators Research enhances our research capabilities and allows us to provide more accurate and reliable data. By having a large pool of consistent respondents, we are able to increase the comparability of the data from survey to survey and reduce the non-response bias that is often a major source of error in survey data.

Building a panel also supports our ability to cultivate relationships with participants. By opening a line of communication with panel members, we can gain additional insight that goes beyond the scope of the survey questions. These interactions allow us to create a more detailed report and provide us with information that helps develop future surveys.

By joining the panel, you will not be required to provide any additional information. You simply agree to participate in future iterations of the surveys used to create this report. By doing so, you will receive an enhanced version of the report that includes additional information that can better help your business navigate this challenging environment.

To join the COVID-19 Print Business Indicators Panel, please [click here](#).

For information about the Panel, please contact David Wilaj, Economist, PRINTING United Alliance, dwilaj@printing.org, or Andy Paporozzi, Chief Economist, PRINTING United Alliance, apaporozzi@printing.org.

Executive Summary

More than 200 printing companies from across the United States and Canada participated in the fourth PRINTING United Alliance/NAPCO Research COVID-19 Print Business Indicators Survey. Topics included percent change in sales over the last 30 days compared with the previous 30 days; current trends in sales, production, quote activity, and confidence; how sales for the first three quarters of 2020 compared with year-earlier levels; and answers to questions such as: Are any of your sales directly COVID-related? If so, about what percent of your sales do they make up and how long do you expect them to last? Are you planning capital investments in 2021? How will the elections affect your plans in the upcoming year? And what concerns you the most heading into 2021? Comparisons with the results from our first three surveys show the printing industry has taken another step toward recovery as we enter a new year.

Key Findings

- Compared to the same period in 2019, sales fell 16.0%, on average, during the first three quarters of 2020 for companies surveyed. Sales fell for 78.5% of all respondents, for 80.1% of the commercial printers, 76.9% of the graphic and sign producers, and 78.6% of the apparel decorators.
- Measured 30 days over the previous 30 day, sales were flat, on average, during the November/December period for companies surveyed. This is a vast improvement over declines of 53.7%, 30.2%, and 4.7% for the March/April, May/June, and July/August survey periods, respectively.
- The index of current indicators reached 50.0 (52.2) for the first time since this research began, as more companies report sales, production, and employment are trending higher.
- The index of leading indicators dipped slightly but remains above 50.0 at 53.1 as quote activity and printer confidence slip.
- Companies surveyed identified more than one dozen concerns heading into 2021. Where the COVID crisis is headed was cited most frequently (82.4%), followed by maintaining sales (72.7%) and maintaining profitability (65.3%) as the pandemic drags on.
- Uncertainty is limiting investment plans as only 39.0% currently plan on investing in capital equipment in 2021.
- 74.3% of firms are still reporting that they have pivoted to creating COVID-related products during the pandemic. This is down from the last report as is the average percent of sales accounted for by these products.
- 88.1% of respondents believe that these COVID-related sales will cease by the end of 2021 or earlier while others think that they will last into 2022 or beyond.
- Slightly more than 25.0% of companies surveyed say the outcome of federal elections will be “very important” to developing their 2021 plans, 34.9% say they will be “somewhat important,” 28.4% say they will “not be important,” and 11.5% are unsure of their importance.

Section 1: Participant Profile

Number surveyed: 220

Company Size: 2019 Sales (all sources)

2019 Sales (m=millions)	Percent
\$500,00 or less	13.1%
\$500,000+ to \$1M	11.7%
\$1M+ to \$3M	19.6%
\$3M+ to \$5M	11.2%
\$5M+ to \$10M	18.7%
\$10M+ to \$25M	13.1%
\$25M+ to \$50M	7.0%
\$50M+ to \$100M	2.3%
More than \$100M	3.3%

Primary Printing Segment

Segment	Percent
Commercial printer	64.5%
Graphic and sign producer	17.7%
Apparel decorator	6.4%
Package printer/converter	4.5%
Functional printer	5.0%
Other	1.8%

Section 1: Participant Profile

Location

Location*	Percent
United States	95.6%
West	19.0%
Pacific	10.7%
Mountain	8.3%
Midwest	32.2%
Plains	10.2%
North Central	22.0%
South	21.5%
South Central	5.4%
Southeastern	16.1%
East	22.9%
South Mid-Atlantic	4.9%
North Mid-Atlantic	13.7%
New England	4.4%
Canada	4.4%

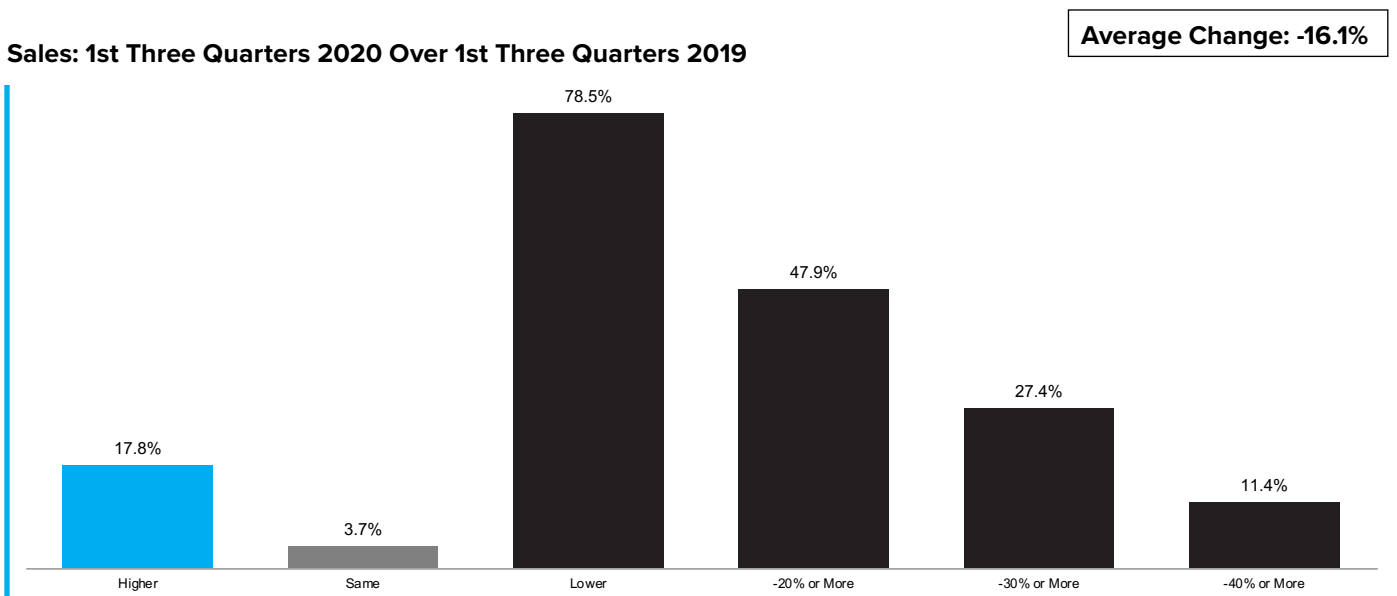
* **Pacific:** Alaska, California, Hawaii, Oregon, Washington. **Mountain:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Plains:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **North Central:** Illinois, Indiana, Michigan, Ohio, Wisconsin. **South Central:** Arkansas, Louisiana, Oklahoma, Texas. **Southeast:** Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee. **South Mid-Atlantic:** Delaware, District of Columbia, Maryland, Virginia, West Virginia. **North Mid-Atlantic:** New Jersey, New York, Pennsylvania. **New England:** Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Section 2 — What’s Happening and What’s Ahead

The printing industry has hit another rough spot on the path toward recovery from the COVID-19 recession. Confidence is falling and uncertainty is still so great that only a minority of the companies we surveyed plan to invest in capital equipment next year. Expect conditions to improve as vaccines, better therapeutics, and rapid-result test kits bring the virus under control. Our forecast: Growth will begin for the printing industry during the second quarter of 2021 and accelerate through yearend.

Deep, Widespread Declines

The COVID crisis has caused extraordinary economic damage. Among the companies we surveyed, sales fell 16.1%, on average, during the first three quarters of 2020 from year-earlier levels. Reports of declining sales exceeded reports of rising sales by 78.5% to 17.8%, with 47.9% reporting a decline of at least 20.0% and 27.4% a decline of at least 30.0%. The frank descriptions of current business conditions include “we’re in survival mode,” “we’re barely hanging on,” and “we’re starving to death.”



Q. How did your sales (all sources) for the first three quarters of 2020 compare with your sales for the first three quarters of 2019?

n=219

The small minority who are growing make up a mix of companies. Some serve markets, such as food packaging, that got a boost from the pandemic. Others recognized early the seriousness of the crisis and moved aggressively to provide the products, services, and support their clients needed most. They are not a particular size and do not offer a particular set of technologies. Rather, they are aware, entrepreneurial, and agile, excelling at both market analysis and execution. Companies in the mix increased sales 24.1%, on average, during the first three quarters of 2020. Take them out of the sample and sales were down an average of 26.0% for everyone else we surveyed, showing how deep the recession has really been for the large majority of printers.

Section 2 — What’s Happening and What’s Ahead

Sales Summary: 1st Three Quarters 2020 Over 1st Three Quarters 2019

Group	Percent of Sample	Average Change
All Companies Surveyed	100.0%	-16.1%
Sales Increased	17.8%	24.1%
Sales Decreased	78.5%	-26.0%

Q. How did your total sales (all sources) for the first three quarters of 2020 compare with your total sales for the first three quarters of 2019?

n=219

A Long Slog

So what about recovery? Our research shows that recovery has begun but, rather than neatly tracking a letter of the alphabet, will be a long slog, advancing when the news on the pandemic front improves and regressing when it deteriorates. Among the key numbers:

- **Sales are no longer declining 30-over-30.** Comparing 2020 with 2019 tells us about the depth and breadth of the recession. Comparing the last 30 days with the previous 30 days tells us about recovery. Have we hit bottom? Are we moving off bottom? What’s happened not since a year ago when the world was dramatically different but since earlier in the recession? Measured 30-over-30, sales are no longer declining. Additionally, more companies report sales are increasing or holding steady (65.2%) and fewer report sales are decreasing (34.9%) than at any time since the start of the crisis.

	Average	Staying the Same	Decreasing	Not Sure
November/December	0.0%	40.4%	24.8%	34.9%
July/August	-4.7%	41.2%	20.6%	38.2%
May/June	-30.2%	17.8%	9.1%	73.1%
March/April	-53.7%	4.3%	6.1%	89.5%

Q. What has happened to your total sales (all sources) over the last 30 days compared to the previous 30 days?

n=218

Section 2 — What's Happening and What's Ahead

- **Index of current business indicators rises.** There is no one best measure of business activity. So we combine five measures (sales, production, employment, prices, and pre-tax profitability) into an index of current activity. A reading above 50.0 means more of the companies we surveyed report business is trending up, while a reading below 50.0 means the opposite.

Our index has risen to 52.2 from 46.7 last summer and 18.6 at the start of the crisis. More companies reporting that sales are moving off bottom (48.2%, up from 41.2%) and more reporting production is moving off bottom (45.9%, up from 36.5%) are the primary reasons. (Large majorities report that employment and prices are not changing and reports that pre-tax profitability is falling continue to exceed reports of the opposite.) The advance above 50.0 does not mean the printing industry is about to grow but does mean gradual movement toward recovery continues.

	Nov/Dec	Jul/Aug	May/Jun	Mar/Apr
Index of Current Business Indicators	52.2	46.7	35.0	18.6

Indicator	Current Trend	Nov/Dec	Jul/Aug	May/Jun	Mar/Apr
Sales	Increasing	48.2%	41.2%	27.7%	5.6%
	Staying the Same	20.6%	20.6%	15.2%	5.8%
	Decreasing	31.2%	38.2%	57.1%	88.6%
Production (amount of work)	Increasing	45.9%	36.5%	25.7%	5.8%
	Staying the Same	23.4%	24.0%	14.5%	7.2%
	Decreasing	30.7%	39.5%	59.8%	87.0%
Employment	Increasing	13.3%	10.3%	6.7%	1.6%
	Staying the Same	68.8%	59.7%	59.6%	40.7%
	Decreasing	17.9%	30.0%	33.7%	57.7%
Prices	Increasing	16.5%	15.9%	7.1%	4.4%
	Staying the Same	74.3%	71.7%	74.6%	74.7%
	Decreasing	9.2%	12.4%	18.3%	21.0%
Pre-Tax Profitability	Increasing	25.2%	27.5%	13.6%	4.0%
	Staying the Same	36.2%	28.3%	24.8%	15.2%
	Decreasing	38.5%	44.2%	61.6%	80.8%

Q. How is business trending? Please indicate whether each of the above is increasing, not changing, or decreasing.
n=218

Section 2 — What's Happening and What's Ahead

- **Index of leading business indicators down as confidence and quote activity fall.** There is no one best predictor of future business activity. So we combine four predictors (confidence, quote activity, work-on-hand, and payroll production hours) into an index of future activity. A reading above 50.0 means more of the companies we surveyed report these forward-looking indicators are rising from current levels, while a reading below 50.0 means the opposite.

The index has declined for the first time, to 53.1 from 53.6 in summer, as a second wave of infections, tightened lockdowns, and ongoing uncertainty about when restrictions on in-person events will be eased, when clients will be able to operate at full capacity, when schools will reopen fully, etc., raise doubt about recovery. Specifically, just 30.7% of our research group expect business to improve during the month ahead, down from 45.2% last summer, while 20.6% expect business to decline, nearly triple last summer's 7.0%. Equally telling: The decline, to 33.9% from 42.5%, in reports that quote activity is rising.

	Nov/Dec	Jul/Aug	May/Jun	Mar/Apr
Index of Leading Business Indicators	53.1	53.6	42.8	18.4

Indicator		Nov/Dec	Jul/Aug	May/Jun	Mar/Apr
Confidence	Improve	30.7%	45.2%	48.0%	16.2%
	Stay the Same	35.3%	35.1%	21.9%	28.5%
	Decline	20.6%	7.0%	13.6%	33.5%
	Not Sure	13.3%	12.7%	16.5%	21.8%

Q. In relation to current conditions, do you expect business conditions for your company to improve, stay the same, or decline over the next month?

n=218

Indicator	Current Trend	Nov/Dec	Jul/Aug	May/Jun	Mar/Apr
Quote Activity	Increasing	33.9%	42.5%	27.5%	4.4%
	Staying the Same	38.1%	27.0%	22.3%	7.6%
	Decreasing	28.0%	30.5%	50.2%	88.0%
Work-on-Hand	Increasing	33.9%	36.5%	25.7%	5.8%
	Staying the Same	35.8%	24.0%	14.5%	7.2%
	Decreasing	30.3%	39.5%	59.8%	87.0%
Payroll Production Hours	Increasing	28.4%	22.7%	13.6%	4.4%
	Staying the Same	48.2%	39.1%	38.8%	19.2%
	Decreasing	23.4%	38.2%	47.5%	76.4%

Q. How is business trending? Please indicate whether each of the above is increasing, not changing, or decreasing?

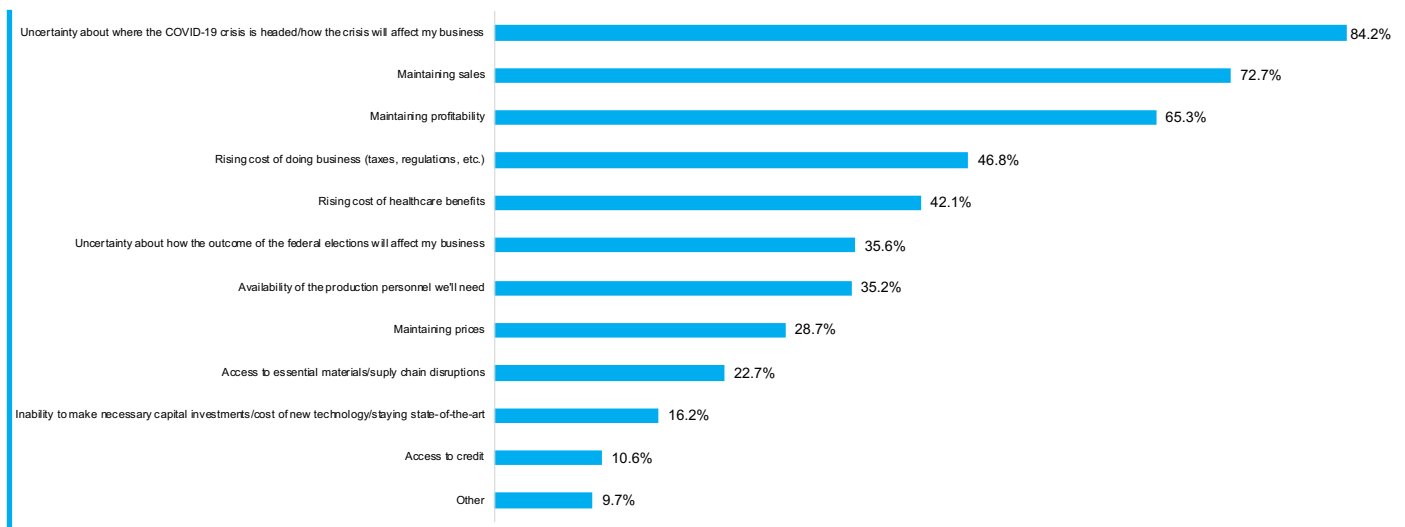
n=218

Section 2 — What’s Happening and What’s Ahead

Many Concerns

Biggest concerns heading into 2021 tell us more about the state of the printing industry. Our research group listed more than one dozen concerns, with each citing five, on average.

Of course, where the COVID crisis is headed, cited by 82.4%, topped the listed, followed by maintaining sales (72.7%) and maintaining profitability (65.3%) as the pandemic drags on. Nearly 47.0% are concerned about the rising costs of doing business, 42.1% about the rising cost of healthcare benefits, and 59.3% about at least one of the two. The 35.2% concerned about the availability of production personnel capture the difficulty of controlling labor costs yet still being prepared for that next upturn in business, whenever it comes: “Quoting is down and sales are declining, yet staff remains the same. This is a difficult place to be — not knowing when sales will tick up and making sure trained staff are ready for the next increase in sales.” Other concerns range from “301 tariffs” and “Chinese competition,” to the “health of our staff,” to the “inaction of our elected officials in D.C.,” the “potential for civil unrest,” and “the state of our democracy and our standing in the world.”



Q. What concerns you most as we head into 2021?

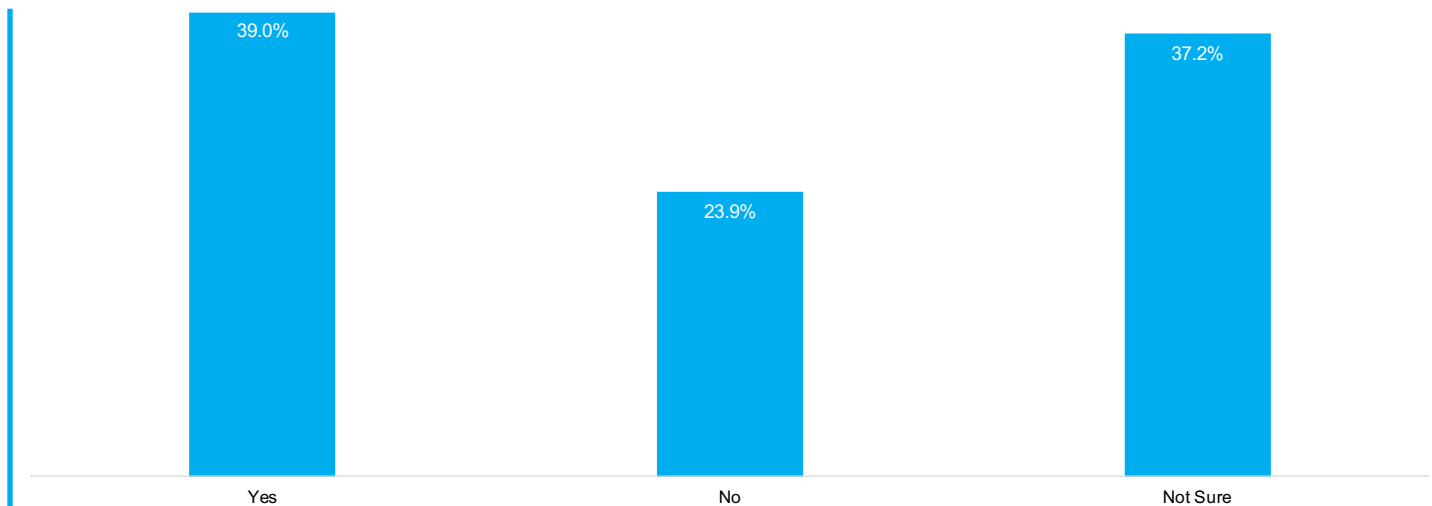
n=216

Section 2 — What’s Happening and What’s Ahead

Hesitancy to Invest in Capital Equipment Likely to Ease as Business Picks Up Later in 2021

Finally, we asked our research group about their 2021 capital investment plans. The intractable uncertainty created by the crisis — “Right now we have business but that could get stopped tomorrow,” and “We are seeing a lot of starts and stops. We see momentum building then activity comes to a halt” — explains the results: Just 39.0% plan to invest in capital equipment next year, while 61.0% either do not plan to invest (23.9%) or still don’t know whether they will invest or not (37.2%).

Are You Planning to Make Capital Investments in 2021?



Q. Are you planning to make capital investments in 2021?
n=218

Growth Ahead

Where we go from here will depend largely on the American economy. Forget the standard indicators, which are bouncing all over, and focus on the fundamentals:

- Record monetary stimulus is in place with more to come. The Federal Reserve has promised to do whatever’s necessary to promote and sustain recovery. All their actions to date indicate they will make good on that promise.
- Trillions in fiscal stimulus, from direct payments to households to aid to state governments to infrastructure spending, is coming in 2021, while tax increases are not likely until 2022, when recovery is much further along.
- We’re making game-changing progress against COVID-19. This recession is rooted in biology, not economics, and will not be beaten until the virus is brought under control. Continued development and distribution of vaccines, therapeutics, and rapid-response test kits will do that over the next year.

Section 2 — What's Happening and What's Ahead

All the spending and monetary expansion comes with a cost, especially if it boosts demand but not the productivity the economy needs to efficiently satisfy the demand. That means accelerating inflation and interest rates. Add tax increases that further diminish economic productivity and things could get dicey late next year or in early 2023.

But for this year, it's boosts without the drags. The consensus of approximately 60 economists surveyed by *The Wall Street Journal* expects GDP to grow 3.7% in 2021, well above the 2.3% average annual gain during the 10 years prior to the COVID-19 recession. That would create about an additional \$681.0 billion of final goods and services, greater than the combined shipments of the computer and electronic products manufacturers (\$333.6 billion), beverage manufacturers (\$104.7 billion), and paper/paperboard product manufacturers (\$193.7 billion).

As the economy accelerates, so will the printing industry. We expect total industry sales (all sources) to increase 2.5% – 4.0% in 2021, with growth beginning during the second quarter and accelerating through yearend. In contrast, sales declined 15.0% – 18.0% in 2020.

Keep two points in mind when interpreting that forecast. First, even 4.0% growth gets our industry only about 20.0% of the way back to pre-COVID sales. It will be a number of years before we regain the losses of the last 10 months.

Second, no company should count on the recovery ahead or the shakeout of competitors to make everything right. Much will be different in the post-COVID world. (By post-COVID world we mean when we've learned to live with the virus and its variants, because that's what we'll have to do.) And much of the gains ahead will be reserved for companies already thinking about those differences and how to make them opportunities rather than threats.

We discussed where printers see opportunity post-COVID and how they plan to capture that opportunity in our previous report. PRINTING United Alliance members can download a copy here:

<https://www.sgia.org/resources/research/covid19-print-business-indicators>.

Local Affiliate members can download a copy here:

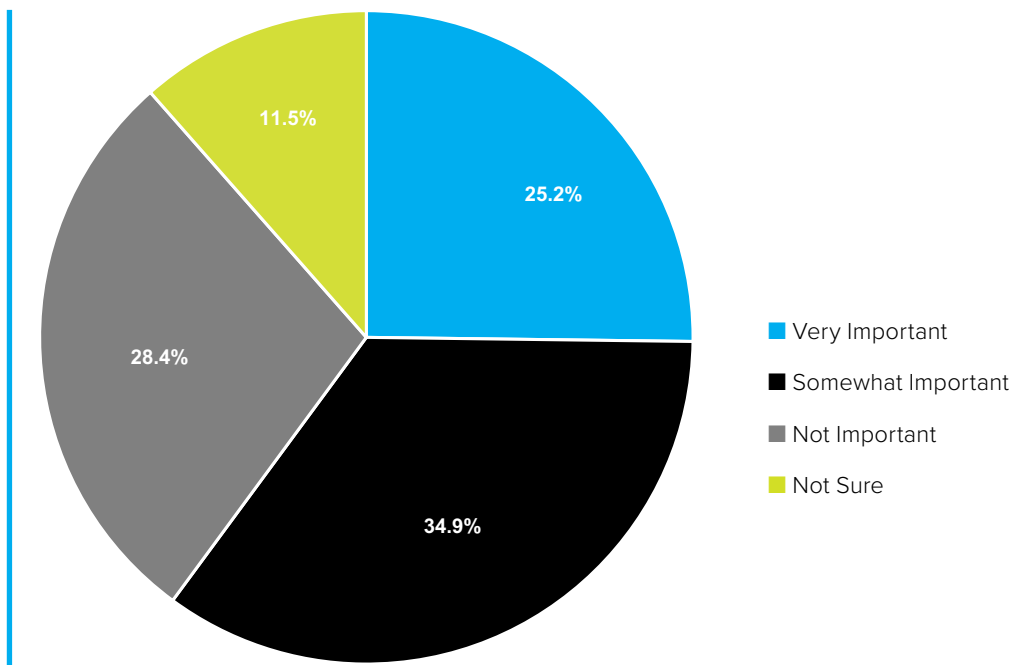
<https://www.printing.org/covid-19-resources/covid-19-print-business-indicators>

Section 3 — The Election, Policies, and Small Business Aid

2020 was a year that proved that nothing is certain, and it was surely fitting that the year was capped off with a controversial election. Now more than ever, U.S. politics is front and center and any shift in power can affect policy, which in turn, affects business. Following the initial results of the election, respondents were asked how important the outcome would be in regard to their 2021 plans.

A tad more than a quarter of respondents (25.2%) said that the outcome would be very important to them when it comes to developing their 2021 plans, but a majority will likely take the results in stride and continue on with their plans regardless of who holds office. Nearly 35.0% said that the election results were somewhat important when it comes to making plans, and more than a quarter (28.4%) would not let the results affect their strategy. The remaining 11.5% were unsure on how the outcome would impact 2021 plans.

Importance of the Federal Elections



Q. How important will the outcome of the federal elections be to your 2021 business plans?
n=218

Section 3 — The Election, Policies, and Small Business Aid

Shutdown Concerns

Some of those who say that the election results are very important for their firm are worried about how a new administration will handle the COVID-19 pandemic. More widespread shutdowns from democratic leadership could set business behind at a great rate. As one respondent said, “More shutdowns from state government and the federal government will be catastrophic. While we are open for business, most of our customers are closed, thus no business for us.” Another added, “Lots of uncertainty with the incoming administration and what they may do around COVID, business, and taxes. Makes planning hard. The more these people talk about more shutdowns, regulations, and raising taxes it will lead to business owners being timid about expanding, buying, and hiring.”

As of now there haven't been any signs that the new administration would implement large-scale shutdowns, which is a good sign for those across the industry. The Biden administration also hopes to rapidly distribute vaccine doses, as it was just announced that all doses would be released, some of which were being reserved for individuals' second dose.

Tax Rates

Another concern that comes with the new administration is the potential of rising tax rates. Part of Joe Biden's tax plan includes raising the corporate tax to 28%. This is a seven point increase from where it stood at the beginning of 2018 with the passing of the Tax Cuts and Jobs Act. While a seven point hike may seem drastic, it is still not near the 35% rate that was implemented by the Clinton Administration in 1993 and lasted until 2018. In fact, rates have not been lower than 30% since 1940. These new tax increases will likely only affect larger businesses — those who file corporate tax returns — while smaller firms that operate as s-corporations or partnerships should avoid most of the extra burden. When the initial tax cut was passed in 2018, many firms reclassified in order to take full advantage of the tax benefits. Moving forward, some of these entrepreneurs may want to reconsider this decision and reclassify their organization to best fit their needs and situation.

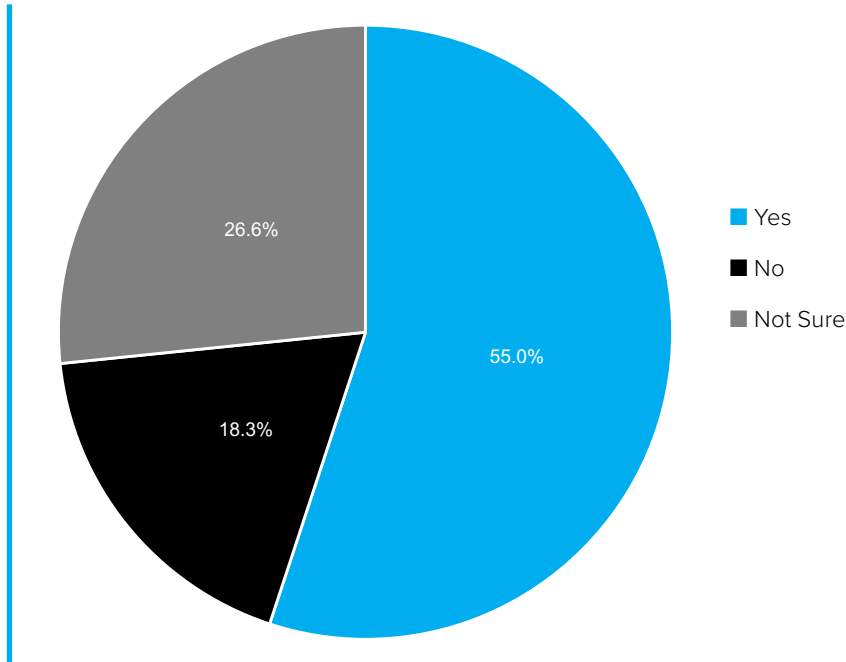
Paycheck Protection Program

Throughout the course of the pandemic, government aid has helped to keep the lights on and employees on the floor for some companies. This was made possible through a few small business loans, with the most used funds coming from the Paycheck Protection Program. Initially, the program was riddled with issues. Large firms that didn't necessarily need the cash infusion were receiving funds, which took away from smaller firms who actually needed it. Also, the process of applying for the loan was a brutal for those trying to complete the process through a large, national bank. Eventually, the first round of funding ran out and, after rising demand for more of these funds, a second round was approved and most who needed the money were able to benefit from the program.

Soon, it seemed that the needs of the American people and businesses were put on the backburners as both parties focused in on election season. A new stimulus plan continued to get pushed back and eventually, a deal was reached that would provide even more money to the PPP fund. Prior to the passage of this bill, we asked printers if they would take another PPP loan if it became available in order to gauge how much something like this was actually needed. More than half (55.0%) said that they would take more aid if it became available, while 18.3% said they would not and around a quarter of respondents (26.6%) said that they were still unsure.

Section 3 — The Election, Policies, and Small Business Aid

Would you take another PPP loan?



Q. If another program similar to the Paycheck Protection Program (PPP) is launched, would you take out a loan?
n=218

In the second iteration of our report, we looked at the relationship between those who received PPP loans and the ability of these companies to retain employment. The numbers proved that the loan did in fact help. With another round of funding, more employees could find themselves on the factory floor. Of course, if there is no product to produce, then business leaders will likely continue to furlough their employees until the actual work returns. The latest stimulus bill included \$284 billion in funding for PPP loans, which can be applied for as early as the week of January 11. Contact your local bank or visit the SBA website for more information on how to apply.

Section 3 — The Election, Policies, and Small Business Aid

Tax Plan to Address Offshoring

Another issue raised by some of our respondents deals with offshoring. Although there have been attempts by the previous administration to address this issue, one printer noticed that sufficient progress hasn't been made, "Off-shoring [is] still strong despite attempts to improve domestic conditions."

When President Biden takes office, he has a few preliminary tax plans in place that he hopes will help keep American business on American soil. The first part of this plan will introduce a "Made in America" tax credit. This would give a 10% tax credit to companies "that restore production, revitalize existing closed or closing facilities, retool facilities to advance manufacturing employment, or expand manufacturing payroll."

In addition to this, a surtax of 10% would be applied to the sales of products or services from foreign subsidiaries of U.S. companies to U.S. customers. The goal of this, of course, is to keep American production on American soil.

Although the exact details haven't been hashed out quite yet, Biden will also seek to punish firms who move their headquarters to a foreign jurisdiction to take advantage of lower tax rates.

Other potential policy changes:

- "Build Back Better" Plan: Create 5 million manufacturing jobs, domesticate critical supply chains, and invest in infrastructure, clean energy, and R&D.
- Postal Service: Assurance that the service will not be privatized and a large cash infusion is also anticipated.
- Minimum Wage: Potential discussions of implementing a \$15 minimum wage.

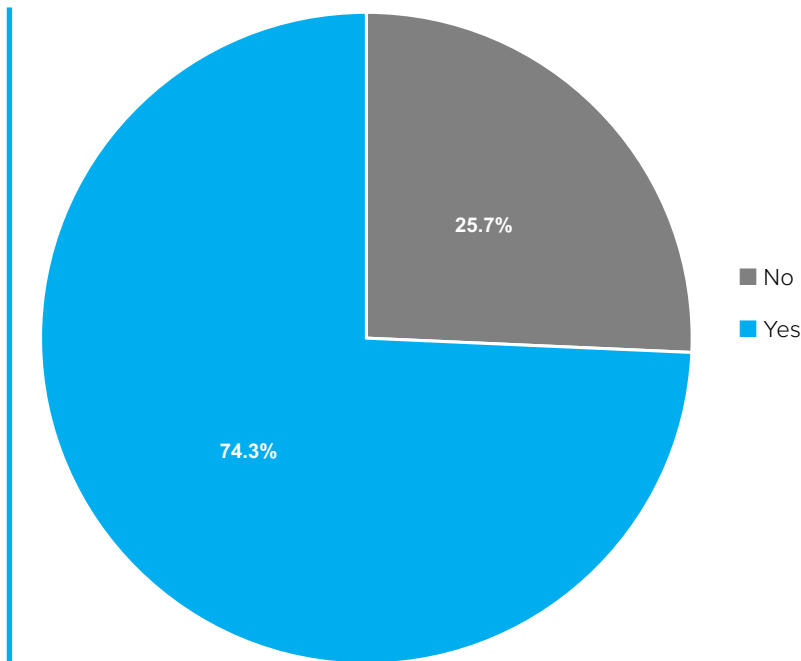
Section 4 — Permanent or Temporary?

COVID-19 has brought many changes with it but as we move forward, we must have an understanding of which of these changes are temporary and which will stick around and for how long. Falling behind or missing out on permanent trends will drastically set your company back, while overinvesting in temporary trends will do the same. It is equally important to diagnose both and understand how the landscape will continue to change as 2021 rolls on.

COVID-Related Sales

One trend that certainly is temporary is the ability to produce COVID-related products. Although these opportunities continue to be lucrative at the moment, it is integral to understand that they will indeed end when the virus is finally under control. These types of sales include PPE production, packaging for COVID-related products, package demand increases during panic buying periods, as well as others. A majority of respondents, 74.3%, are currently producing products that fall under this category. Hanging on to these sales for as long as possible will be key for some, but moving forward, it will be important to understand that demand will drop and other avenues will need to be explored in order to retain or increase sales.

Are Any of Your Sales Directly COVID-Related?



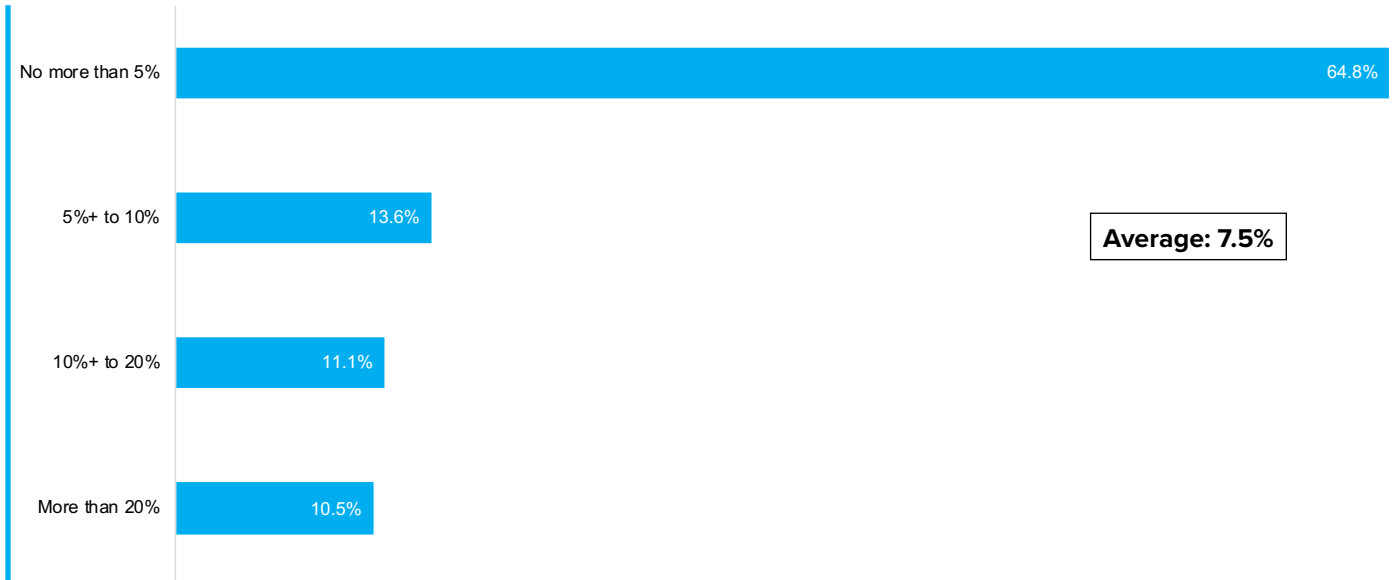
Q. What percent of your business is directly COVID-related (personal protection equipment, social-distancing graphics, updates on health/safety guidelines, industries/clients that have grown as a result of the virus, etc.)?

n=218

Section 4 — Permanent or Temporary?

While many struggled to maintain sales levels for their typical products and client bases, pivoting to PPE and other COVID-related products proved to be a lifeline, although these products come with much smaller margins according to respondents. In the last iteration of this research, respondents indicated that on average, 10.7% of their sales were COVID-related. In the most recent round of surveys, respondents indicated that around 7.5% were virus-related, on average, while most (64.8%) respondents said that these sales account for less than 5% of their total sales. From this data we can see that demand is already beginning to fall, which means that it may be time to begin looking past this type of production.

What % of Sales Are Directly COVID-Related?

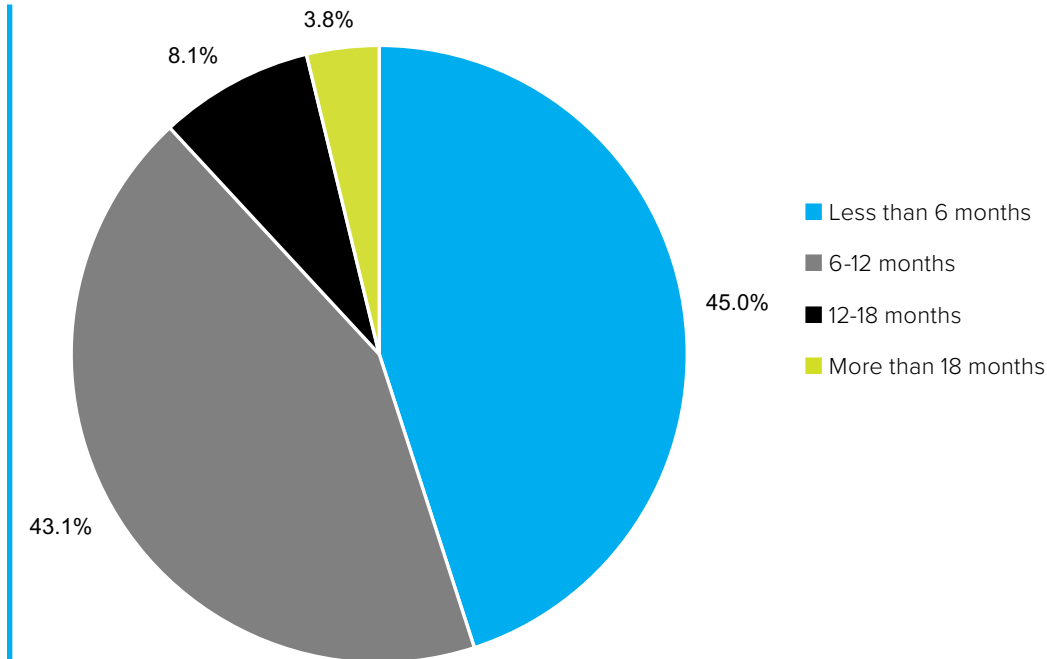


Q. What percent of your business is directly COVID-related (personal protection equipment, social-distancing graphics, updates on health/safety guidelines, industries/clients that have grown as a result of the virus, etc.)?
n=218

Section 4 — Permanent or Temporary?

We also asked these printers how long they thought they would be able to retain these COVID-related sales. A vast majority think that virus concerns will be eased by the end of 2021, as 43.1% said that these sales would last 6-12 months while a similar amount of firms (45.0%) were even more optimistic and said that sales would cease in less than 6 months. On the other hand, only a handful believed that they will be able to keep moving COVID-related products for more than a year. Slightly more than 8.0% believe that they would last for between 12-18 months, while only 3.8% see this trend continuing for more than 18 months.

How Long Will These COVID Sales Last?



Q. How long do you expect these COVID-related sales to be an ongoing contributor to your revenue?
n=218

Section 5 — What Else Should We Know Heading into 2021?

As we begin the new year, we find ourselves in a much different place compared to the beginning of 2020. Many plans that were hatched a year ago have been thrown out the window as companies were forced to adapt to something out of their control. Uncertainty won't cease immediately as we head into 2021 but at least we know that COVID will continue to alter business as usual and progress is being made to get us back to "normal" before the end of the year or perhaps even earlier. One printer summed up what many were thinking due to the uncertainty that has been present since early spring: "Planning is difficult. Almost feels pointless, as if I am throwing darts in a black hole. Each time I try to make plans, the entire plan gets scrapped due to circumstances outside of our control."

We asked printers to help us better understand what the landscape of the new year will look like for the industry by asking a simple question: What should we know about the state of the industry heading into 2021?

Closings and Consolidations

One issue that was commonly discussed dealt with the number of firms in the industry. Many commented that when the smoke clears, we will see that there is less competition.

- "I see a lot more consolidation and company closures than I would have expected to see."
- "There will be fewer players going into 2021 and that will help the survivors and provide some price stability."
- "A decrease in the number of businesses."
- "Fewer printers in business every month. Remaining financially sound is a necessity."

These issues are obviously bad for companies who are shuttering but this can provide some opportunity for those who manage to stay in business. The ability to scoop up clients from these closed companies will present itself, as will the opportunity to purchase equipment or property and bring in new staff if needed. It will be very important to look around and see if M&A is right for you if you're looking to expand, because there will be plenty of chances to do so in the near future as printers continue to struggle across the country.

Will Events Return?

Another trend that has been discussed is the lack of events in 2020 carrying over to 2021. Of course, we are not quite sure when people will once again be able to gather in large groups, but the distribution of the vaccine, with three others potentially being approved in the near future, will certainly increase the odds of being able to do so by yearend. Many printers who rely on events, restaurants, travel, and hospitality will not have immediate potential for recovery, but when these industries are able to return, print demand increases should follow suit.

- "The complete elimination of all events is a game changer. We never tracked customers by an 'events' category but have since learned this was between 15% and 20% of our business. Some of these events may not return."
- "When events for the public can happen again there will be an upturn in business for printers."

Printers are aware that not all of their previous job opportunities will return with a full reopening, but core customers should be enough to carry them out of the deep hole that COVID has placed them in.

Section 5 — What Else Should We Know Heading into 2021?

Proactivity and the Ability to Adapt Is Key

Another attribute that will be key for printers this year — proactivity. Those who are able to swiftly identify and pursue opportunity are the ones who are best suited to navigate a dynamic and uncertain economic landscape. These types of printers are able to replace lost sales quicker and are better able to adapt to ever-changing customer needs.

- “Due to the randomly chaotic state of the economy and business in general these days, we must be ready to react and provide to our clients’ needs.”
- “Businesses need to constantly look for new avenues for sales...Don’t sit on your hands.”
- “This has taught a lot of companies a different way of doing business and unfortunately some of our sales will not come back. With more and more digital submissions we have to adapt and find new revenue streams.”

While always keeping an eye out for new clients is integral, understanding current client needs is just as valuable. Keep open lines of communications so that changes can be made on the fly. Understand how specific customer needs can be impacted by COVID and be ready to accommodate different companies in different ways. Every client has been uniquely affected by the pandemic so it is important to understand that your processes are not one size fits all.

Transition to Digital

Some respondents think that the transition to digital print will be accelerated after the pandemic.

- “Printing that disappeared will not all come back. I believe the future is inkjet.”
- “Shifting of dynamics of printing i.e.: sheetfed offset to digital.”

Once again, it is important to mention that every company is not the same and they evolve at different rates. The industry is always changing and it is up to the printer to figure out how they will evolve to best fit their customer needs. If this requires heavy investment into digital technology then this trend is something to consider. If client needs do not require immediate investment then perhaps your firm could hold off for the time being.

Section 6 – Appendix (Segment Data)

Commercial Printers

Sales Summary: 1st Three Quarters 2020 Over 1st Three Quarters 2019		
Group	# of Companies	Average Change
All Companies Surveyed	141	-15.2%
Increased	18.4%	25.9%
Decreased	80.1%	-25.1%

Q. How did your total sales (all sources) for the first three quarters of 2020 compare with your total sales for the first three quarters of 2019?

n=141

Graphic and Sign Producers

Sales Summary: 1st Three Quarters 2020 Over 1st Three Quarters 2019		
Group	# of Companies	Average Change
All Companies Surveyed	39	-17.3%
Increased	12.8%	24.8%
Decreased	76.9%	-26.1%

Q. How did your total sales (all sources) for the first three quarters of 2020 compare with your total sales for the first three quarters of 2019?

n=39

Apparel Decorators

Sales Summary: 1st Three Quarters 2020 Over 1st Three Quarters 2019		
Group	# of Companies	Average Change
All Companies Surveyed	14	-23.5%
Increased	14.3%	41.2%
Decreased	78.6%	-37.5%

Q. How did your total sales (all sources) for the first three quarters of 2020 compare with your total sales for the first three quarters of 2019?

n=14

Section 6 – Appendix (Segment Data)

Functional Printers

Sales Summary: 1st Three Quarters 2020 Over 1st Three Quarters 2019		
Group	# of Companies	Average Change
All Companies Surveyed	11	-26.2%
Increased	0.0%	N/A
Decreased	100.0%	-26.2%

Q. How did your total sales (all sources) for the first three quarters of 2020 compare with your total sales for the first three quarters of 2019?

n=11

Package Printers/Convertors

Sales Summary: 1st Three Quarters 2020 Over 1st Three Quarters 2019		
Group	# of Companies	Average Change
All Companies Surveyed	10	-0.3%
Increased	60.0%	10.0%
Decreased	30.0%	-21.1%

Q. How did your total sales (all sources) for the first three quarters of 2020 compare with your total sales for the first three quarters of 2019?

n=10

WHAT CAN PRINTING UNITED ALLIANCE RESEARCH DO FOR YOU?

PRINTING United Alliance research provides first-hand accounts, analysis, and ongoing monitoring of critical industry trends influencing the printing industry, future trends, and the underlying factors influencing change. PRINTING United Alliance Research is now part of an expanded research team that includes NAPCO Research experts, survey and analysis capabilities, and additional audience reach.

■ **PRINTING United Alliance Research LEVERAGES** its extensive member community and staff of industry economic, legislative, marketing, and technical experts to support customers in identifying market opportunities and improving business profitability and operations.

■ We partner with our clients to **IDENTIFY** their unique business challenges and create solutions that **ENABLE** deeply informed decision-making and **DELIVER** results.

■ Gain access to PRINTING United Alliance's & NAPCO Media's engaged audiences of industry executives across key industries.

PRINTING UNITED ALLIANCE RESEARCH DELIVERS...

INDUSTRY AND ECONOMIC BENCHMARKING

- Benchmarking
- Industry & Economic Trends
- User Research & Analysis

COMPETITIVE INTELLIGENCE

- Landscape Analysis
- Competitive Assessment
- Analyst Presentations at Events

INDUSTRY EDUCATION

- White Papers & Thought Leadership
- Lead Generation
- Staff Training
- Research-Based Webinars
- Brand Awareness and Market Positioning
- Printer Growth Strategies & Capital Investment Research

ACCESS PRINTING UNITED ALLIANCE & NAPCO'S AUDIENCES OF MORE THAN

700K+ FOR:

- Surveys, focus groups
- Distribution of thought leadership for lead-generation

THE PRINTING UNITED ALLIANCE RESEARCH DIFFERENCE



ENGAGED MEMBER COMMUNITY



INDUSTRY ECONOMIC, RESEARCH & REGULATORY EXPERTISE



MARKET REACH & EXPOSURE

PRINTING UNITED ALLIANCE/NAPCO RESEARCH CLIENTS



MEET THE RESEARCH TEAM



Nathan Safran
Vice President, Research
NAPCO Research
nsafran@napco.com



Lisa Cross
Principal Analyst
NAPCO Research
lcross@napco.com



Andy Paporozzi
Chief Economist
PRINTING United Alliance
apaporozzi@printing.org



Evan West
Associate Analyst
NAPCO Research
ewest@napco.com



David Wilaj
Economist
PRINTING United Alliance
dwilaj@printing.org

Get in touch with our research team to arrange your free research consultation. [Contact nsafran@napco.com](mailto:nsafran@napco.com)

WHO WE ARE



PRINTING United Alliance is the new entity borne of the merger between Specialty Graphic Imaging Association (SGIA) and Printing Industries of America (PIA). In 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 will soon 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 sgia.org. To learn more about local Affiliate membership, visit printing.org.



NAPCO Research crafts custom data-centric solutions that leverage our highly engaged audiences across the markets in which we operate, our industry subject matter experts and in-house research expertise. We partner with our clients to identify their unique business problem and create solutions that enable deeply informed decision-making.

Contact research@napco.com to talk with our analysts to find out how we can help you with your research needs.