


MARKETS AND PRODUCTS

APPAREL DECORATORS





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

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

SGIA 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 research@sgia.org.

Executive Summary

SGIA conducted its first quarterly industry benchmarking survey in January 2019. The goal of the survey was to evaluate the current markets and products companies serve and the ones they would like to add; identify industry segments where they work and their revenue contribution; recognize the trends in the industry and share this information with the printing and manufacturing community.

This report is based on the responses of 94 apparel decoration companies, with the vast majority being North American companies (91.5%). At least half of the companies (56.5%) provide services to other businesses and consumers (B2B and B2C). The number of B2B only businesses (25.0%) is slightly higher than the number of B2C's (18.5%). The majority are local (75.0%) or regional (60.9%) companies, although half of them are national companies (50.0%).

The median number of employees is eight and at least three out of four companies (78.0%) are small, with less than 20 employees. The sales revenue is \$3 million or less for 78.2% of the respondents. The median age of the responding companies is 19 years.

More than one-quarter of apparel decorators (28.7%) extend their services to the graphic and sign segment. In terms of technology, the majority use a multi-technological approach (75.6%). More than half provide finishing/post-production services to their customers. There is also a frequent exchange of services among the printers themselves. Providing extra services allows companies to use their facilities more efficiently. The majority (67.6%) use at least 50% of their production, with bagging/tagging (58.3%) and fulfillment (45.8%) mentioned most by the respondents.

On average, apparel decorators serve seven markets and produce five products. Business-to-consumer, athletic,

corporate branding, educational institutions and nonprofits were mentioned by about two out of three respondents. The markets with the highest growth potential are interior decoration, architecture and printing for the trade. Government, healthcare and transit are the most desirable markets due to their high margins and repeat business opportunities. On the product offering side, T-shirts, bags, hats/caps and performance wear are produced by the majority of respondents.

Sales (79.4%) and production/amount of work (74.2%) increased the most during the last year, followed by prices for products sold (56.1%) and pre-tax profitability (53.0%), while employment (28.8%) remained mostly steady. The expectations for the future are high. The respondents are also confident about the industry (76.7%), and their confidence in the economy is either positive (51.7%) or neutral (41.4%).

While the second quarter survey will report on the financial health of the companies, the third quarter (wage and salary) and fourth quarter (strategies and operations) surveys will focus on successful approaches in overcoming and capitalizing on the industry's challenges and opportunities.

Companies in General

The vast majority of respondents are North American companies, with 87.2% based in the U.S. and 4.3% in Canada. International companies comprised 8.5%. While a quarter of companies serve other businesses (25.0%) and others are consumer-oriented (18.5%), more than half of them serve both B2B and B2C markets (Table 1). They tend to serve on local (75.0%) and regional (60.9%) levels, however, every second company is a national company (50.0%), and about one-fifth of them (19.6%) are international (Table 2). At least three out of four companies (78.0%) are small businesses with less than 20 employees, and the median is eight employees (Table 3). Sales revenue is up to \$3 million for 78.2% of the respondents (Graph 1), and 15.4% have a revenue of at least \$10 million. The majority of the companies have been in business for 10 years or more, and almost every third company (31.7%) is less than 10 years old (Graph 2). Apparel decoration companies expand their services to other segments, mostly in graphic and sign — with more than a quarter (28.7%) currently serving this industry — and to a lesser extent in commercial printing (7.4%) (Table 4).

Table 1: Type of Business

Apparel Decorators Type of Business	
Business-to-business (B2B)	25.0%
Business-to-consumer (B2C)	18.5%
Both: B2B and B2C	56.5%

Table 2: Areas Served

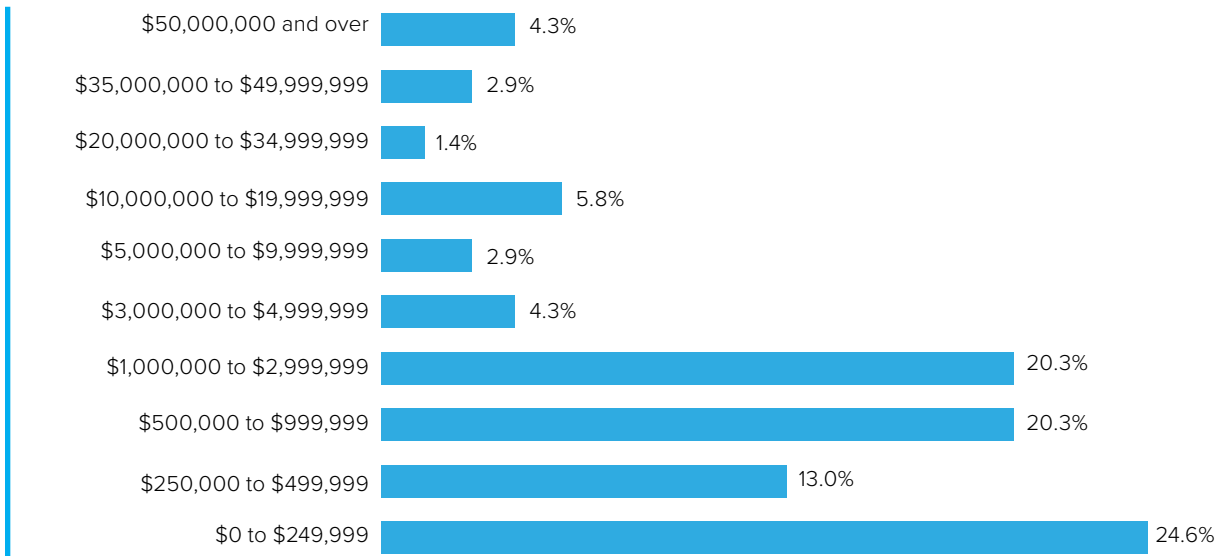
Apparel Decorators Areas Served	
Local	75.0%
Regional	60.9%
National	50.0%
International	19.6%

Table 3: Number of Employees

Median - 8

Apparel Decorators Number of Employees	
1 - 4	33.8%
5 - 9	22.1%
10 - 19	22.1%
20 - 49	11.8%
50 - 99	2.9%
100 - 249	1.5%
250 - 499	2.9%
2,500 - 4,999	2.9%

Graph 1: Total Annual Sales Revenue



Graph 2: Company Age

Median - 19

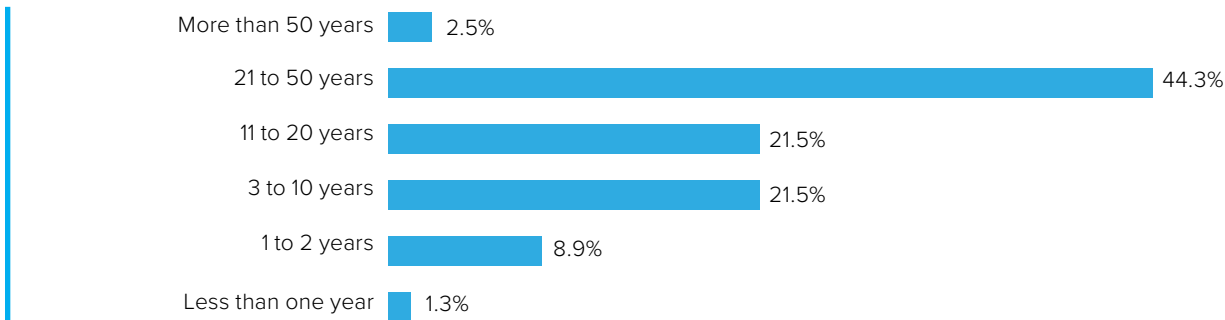
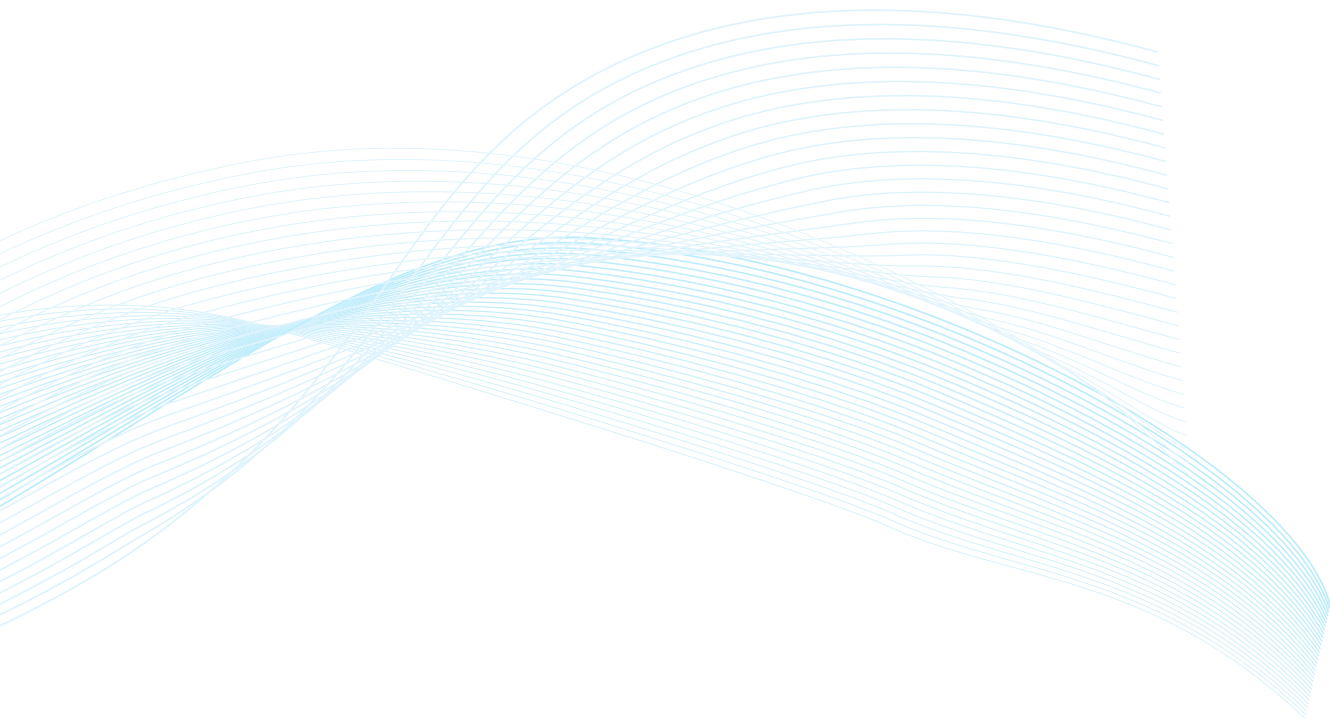


Table 4: Industry Segments Served by Apparel Decorator

Apparel Decorators Industry Segments Companies Work In	Industry Segments' Representation	Average Revenue Contribution
Apparel decoration	98.9%	77.4%
Graphic and sign	28.7%	16.0%
Commercial printing	7.4%	15.5%
Functional/Industrial printing	3.2%	18.5%
Package printing/converting	1.1%	30.0%



Operations and Equipment Use

Companies tend to rely on a variety of technologies in their operations. More than three-quarters (75.6%) mentioned multi-technology as their operations choice, with 17.9% being mostly digital, 34.6% mostly analog and 23.1% indicating no preference of one over another (Table 5). More than half of apparel decorators (52.6%) provide finishing/post-production services. There is an active exchange of services among printers: 57.5% provide production services and 27.4% provide finishing, while 43.8% purchase production and 19.2% purchase finishing services (Graph 3). Companies provide on average three types of finishing/post-production services, and 71.4% of respondents provide at least three, including the more than a quarter (25.4%) providing five or more services. Bagging/tagging (58.3%) and fulfillment (45.8%) are the most frequently mentioned services in the survey (Table 6). The majority (67.6%) use at least 50% of their production (Table 7).

Table 5: Technology Mix

Apparel Decorators Technology Mix	
Entirely digital	11.5%
Multi-technology, but mostly digital	17.9%
Multi-technology, with no single dominating process	23.1%
Multi-technology, but mostly analog	34.6%
Entirely analog	12.8%

Graph 3: Production and Post-Production Services Exchange

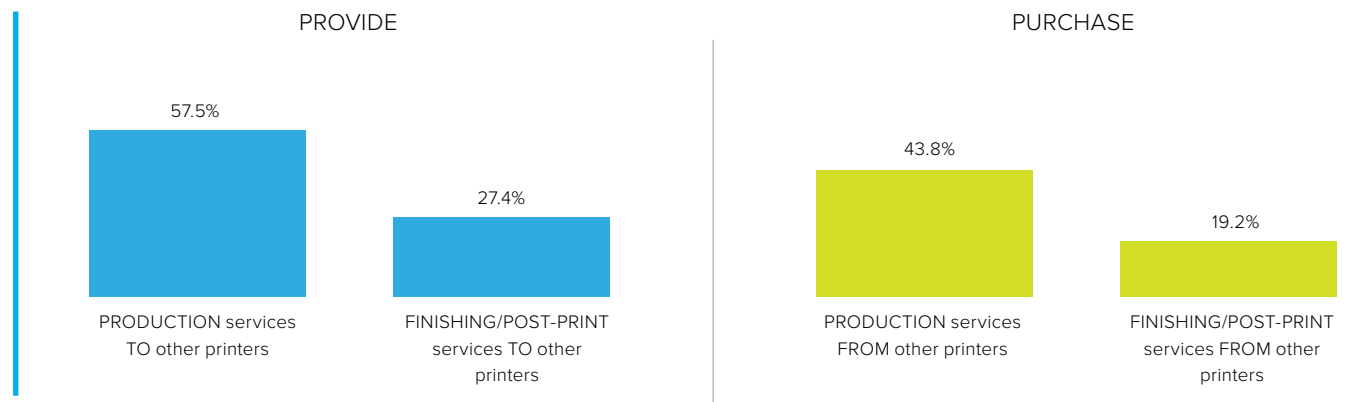


Table 6: Types of Finishing/Post-Production Services Offered

Apparel Decorators Types of Finishing/Post-Production Services Offered	
Bagging/Tagging	58.3%
Fulfillment	45.8%
Web Storefronts/Web-to-Print	27.8%
Sewing or Seaming	26.4%
Warehousing	23.6%
Grommeting	18.1%
Die Cutting/Laser Cutting	16.7%
Installation	13.9%
Lamination	13.9%
Mailing Services	13.9%
Customized Marketing Programs	9.7%

Table 7: AVERAGE Production in use as compared to TOTAL potential production

Apparel Decorators AVERAGE Production in use as compared to TOTAL potential production	
11% - 20%	3.9%
21% - 30%	10.4%
31% - 40%	7.8%
41% - 50%	10.4%
51% - 60%	11.7%
61% - 70%	13.0%
71% - 80%	31.2%
81% - 90%	7.8%
91% - 100%	3.9%

67.6%

Markets and Products

On average, apparel decorators work in seven markets and provide five products. Business-to-consumer (73.5%), athletic (71.1%), corporate branding (69.9%), educational institutions (61.4%) and nonprofits (61.4%) are served by the majority of respondents in the apparel decoration area (Table 8). When asked to identify the growing markets, apparel decorators mentioned interior decorators, architecture, printing for the trade, business-to-consumer and health care the most (Table 9). Government, health care and transit are the markets that apparel decorators would like to add to their client list (Table 8). The most frequently mentioned markets among those also serving the graphic and sign segment were business-to-consumer (64.0%), nonprofits (60.0%), athletic (52.0%) and retail (52.0%) (Table 8). The desired markets are similar to the ones in the apparel decoration area.

Almost every respondent provides T-shirts (96.6%). The majority also produce bags (80.5%), hats/caps (75.9%) and performance wear (79.3%), with the latter having the most growth identified by the respondents. Labels, banners and window graphics are the most popular graphic and sign products among apparel decorators (Table 12). The data suggests that companies tend to stay inside the markets they currently serve, but extend their product offerings.

Table 8: Markets

Apparel Decorators Markets	Apparel Decoration		Graphic and Sign	
	Current	Want to Add	Current	Want to Add
Business-to-consumer	73.5%	5.0%	64.0%	8.3%
Athletic (teams, college, professional, recreational)	71.1%	10.0%	52.0%	20.8%
Corporate branding	69.9%	8.8%	40.0%	8.3%
Educational institutions (schools, colleges, tutoring)	61.4%	6.3%	40.0%	25.0%
Nonprofits, associations, organizations (clubs, charities, churches, trade associations)	61.4%	6.3%	60.0%	12.5%
Retail	55.4%	6.3%	52.0%	8.3%
Food services (restaurants, bars, cafes, cafeterias)	53.0%	6.3%	44.0%	12.5%
Arts/entertainment	49.4%	8.8%	24.0%	8.3%
Health care (hospitals, clinics, nursing homes, pharmacies)	36.1%	16.3%	28.0%	25.0%
Architecture/construction	33.7%	3.8%	20.0%	4.2%
Ad agencies	32.5%	12.5%	16.0%	12.5%
Government & government contractors (law enforcement, military, other contracts)	26.5%	18.8%	24.0%	25.0%
Printing for the trade	26.5%	10.0%	32.0%	4.2%
Financial/accounting/legal/insurance	20.5%	7.5%	16.0%	4.2%
Hospitality services	20.5%	12.5%	12.0%	25.0%
Communications	14.5%	7.5%	—	—
Utilities	14.5%	7.5%	—	—
Transit/transportation	12.0%	13.8%	16.0%	4.2%
Exhibit manufacturers/contractors	10.8%	7.5%	—	—
Manufacturing OEM (original equipment manufacturer)	9.6%	6.3%	—	—
Interior decorators and designers	8.4%	6.3%	12.0%	8.3%

Table 9: Markets' Growth

Apparel Decorators Markets' Growth	Growing Market	Staying the Same	Declining Market
Interior decorators and designers	66.7%	33.3%	0.0%
Architecture/construction	55.6%	40.7%	3.7%
Printing for the trade	54.5%	31.8%	13.6%
Business-to-consumer	51.7%	46.6%	1.7%
Health care (hospitals, clinics, nursing homes, pharmacies)	51.7%	41.4%	6.9%
Arts/entertainment	48.7%	46.2%	5.1%
Retail	45.5%	50.0%	4.5%
Athletic (teams, college, professional, recreational)	44.6%	50.0%	5.4%
Exhibit manufacturers/contractors	44.4%	44.4%	11.1%
Educational institutions (schools, colleges, tutoring)	43.8%	52.1%	4.2%
Corporate branding	42.9%	53.6%	3.6%
Manufacturing OEM (original equipment manufacturer)	42.9%	42.9%	14.3%
Nonprofits, associations, organizations (clubs, charities, churches, trade associations)	40.8%	53.1%	6.1%
Government & government contractors (law enforcement, military, other contracts)	38.1%	57.1%	4.8%
Utilities	36.4%	63.6%	0.0%
Food services (restaurants, bars, cafes, cafeterias)	33.3%	54.8%	11.9%
Transit/transportation	33.3%	66.7%	0.0%
Hospitality services	31.3%	62.5%	6.3%
Communications	27.3%	72.7%	0.0%
Ad agencies	25.9%	55.6%	18.5%
Financial/accounting/legal/insurance	6.3%	87.5%	6.3%

Table 10: Products

Apparel Decorators Products	Currently Provide	Want to Add
T-Shirts	96.6%	0.0%
Bags	80.5%	3.5%
Performance Wear	79.3%	3.5%
Hats/Caps	75.9%	3.5%
Blankets/Towels	60.9%	3.5%
Patches/Appliques	39.1%	10.6%
Swimwear	12.6%	3.5%

Table 11: Products' Growth

Apparel Decorators Products Growth	Growing	Staying the Same	Declining
Performance Wear	76.5%	17.6%	5.9%
T-Shirts	61.4%	34.9%	3.6%
Patches/Appliques	57.6%	27.3%	15.2%
Hats/Caps	53.1%	39.1%	7.8%
Bags	27.5%	66.7%	5.8%
Blankets/Towels	23.1%	57.7%	19.2%
Swimwear	20.0%	50.0%	30.0%

Table 12: Graphic and Sign Products

Apparel Decorators Graphic and Sign Products	Current	Want to Add
Label/Decal	77.8%	0.0%
Banners/Soft Signage/Flags	63.0%	4.0%
Window Graphics	63.0%	4.0%
Posters/Presentation Graphics	37.0%	4.0%
Fleet Graphics/Transit Graphics	29.6%	4.0%
Vehicle Wraps/Vehicle Graphics	25.9%	4.0%
Retail Graphics "Point-of-Purchase" Displays	18.5%	4.0%
Directional Signage/Directories	14.8%	4.0%
Pole Signs	14.8%	8.0%
Trade Show/Museum Displays	11.1%	12.0%
Dimensional Signage	11.1%	0.0%

Business Outlook

At least three out of four companies (79.4%) had positive sales growth (Graph 4), and the median sales growth achieved during the past year was 8.3%. About three-quarters of the companies (74.2%) reported an increase in production/ amount of work. Prices for products sold (56.1%) and pre-tax profitability (53.0%) were on the rise for more than half of the respondents during the current year. Although employment was on the lower side, with only 28.8% reporting its increase, future expectations are high: more than half of the companies (51.6%) plan to hire more people (Table 13). The respondents were also confident about the industry (76.7%), and their confidence in the economy was either positive (51.7%) or neutral (41.4%), with a very low level of negativity.

The interviews with Apparel decorators were very important to our research, as the companies shared with us the insights of their businesses. We learned where the companies were in terms of their sales and profits and where they would like to be, but talking with them also helped us understand how they would like to get there. Choosing the right markets to serve and the best products to provide and matching them with the company’s skill set seems to work well for several companies. Technological updates and investing in people proved to be successful, as was mentioned during the interviews. At the same time, constant cost monitoring allowed businesses to bring sales and profits closer to each other.

With the goal of making its research an important tool for the industry, SGIA continues its benchmarking surveys of financial ratios (Q2), wage and salary (Q3), and strategies and operations (Q4). We strive to share essential information with the industry by determining benchmarks for printers and exploring winning strategies

Graph 4: Sales Growth Achieved

Median - 8.3%

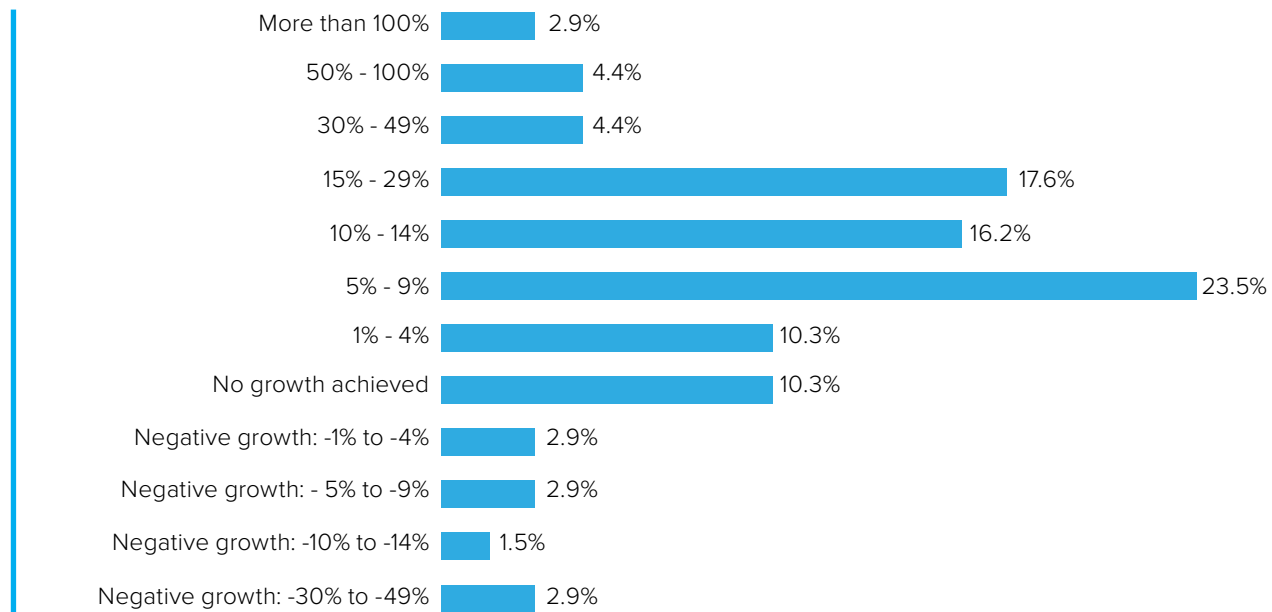


Table 13: Business Conditions

Apparel Decorators Performance and Expectations Indicator	Current			Future		
	Increased	Stayed the Same	Decreased	Increase	Stay the Same	Decrease
Sales	79.4%	10.4%	10.3%	85.9%	14.1%	0.0%
Production/amount of work	74.2%	21.2%	4.5%	79.7%	20.3%	0.0%
Employment	28.8%	63.6%	7.6%	51.6%	46.9%	1.6%
Prices for products sold	56.1%	42.4%	1.5%	65.6%	34.4%	0.0%
Pre-tax profitability (pre-tax income as percent of sales)	53.0%	37.9%	9.1%	65.6%	32.8%	1.6%

Table 14: Confidence: Industry and National Economy

Apparel Decorators Confidence	Positive	Neutral	Negative
Industry	76.7%	16.7%	6.7%
National economy (U.S. Only)	51.7%	41.4%	6.9%

About SGIA Research

Research to Count On and Act On

SGIA research provides first-hand accounts of what's happening in the printing industry, what's expected and why. We survey the community regularly, collecting information on key business indicators and explanations that put the indicators in context. We conduct follow-up telephone interviews to enhance context and insight. And because our surveys reach across the community — including graphic and sign producers, apparel decorators, functional printers, commercial printers, package printers/converters, in-plant printers, manufacturers, distributors and suppliers — we capture the realities of convergence, the phenomenon of printers moving beyond their primary industry segments.

Two practices further distinguish SGIA research. Representative panels of participants reduce non-response bias, a source of serious potential error in survey research, and increase the comparability of data from survey to survey. Second, through “best in business intelligence” analyses, we go beyond what to do to how to do it.

The result is research the printing community can count on to be accurate, relevant and actionable, transforming what's happening and what's ahead into opportunities rather than threats.

SGIA Research Reports

The results of SGIA research are summarized in reports issued throughout the year. Among them:

Quarterly Industry Benchmarking Reports

- **First Quarter: Markets and Products.** Markets served, products provided, the ones printers believe have growth potential and those they'd like to add. Trends in and expectations for key metrics, including sales, production and profitability. Average capacity utilization. Printers' confidence in their primary business segment and in the American economy.
- **Second Quarter: Financial Benchmarking.** Sales growth and profitability rates for the past year and expectations for the coming year. Why sales and profitability are increasing or decreasing. Obstacles to increasing profitability. Days of receivables outstanding, receivables trends, standard credit terms and percent of sales past due.

- **Third Quarter: Wages, Salaries and Sales Compensation.** Compensation rates and employee benefits by region and printing industry segment for more than 30 job titles. Detailed sales compensation data, including compensation rates, methods, commission structure and bonus structure.
- **Fourth Quarter: Growth Strategies and Capital Investment.** Capital equipment installed, purchased over last 12 months and expected to be purchased over next 12 months by type. Factors influencing capital investments. Financing capital investments. Current and future growth strategies in production, management and sales. Current and future methods of attracting new customers. Barriers to growth.

Industry Benchmarking Report Supplements

A closer look at the critical issues and trends raised in the Quarterly Industry Benchmarking Reports, cross-segment analysis of sales growth, profitability and other performance indicators, takeaways from telephone interviews and best-in-business-intelligence how-to's. Published periodically.

SGIA Economy Watch

A summary of the American economy's performance, prospects and defining issues, including trends in GDP, business investment, consumer spending, employment and other major economic indicators. Published quarterly.

Participating in SGIA Research

SGIA members and non-members are eligible to participate in SGIA research. The benefits of participation include early access to all research reports and exclusive access to reports such as the Industry Benchmarking Report Supplements. To participate, contact Olga Dorokhina, Research Coordinator (olga@sgia.org) or Andy Paparozzi, Chief Economist (apaparozzi@sgia.org).

Accessing Research Results

Quarterly Industry Benchmarking Reports and Economy Watch are provided to SGIA members as a member benefit, and members can download the full reports at SGIA.org (login required). Non-members can download summary infographics. To join SGIA and have access to the full reports, visit www.sgia.org/membership or call 888-385-3588.

About Olga and Andy



Olga Dorokhina

Olga Dorokhina, Research Coordinator

Olga Dorokhina, Research Coordinator at SGIA, has extensive experience in research in Canada and the United States. Being involved in all stages of research, from survey design to data analysis and reports' presentation, Olga strongly believes that numbers could tell us interesting stories. We just need to listen to them while making our everyday business decisions. Her goal is to understand where companies fall on the industry spectrum and provide them with the tools to achieve their potential.



Andy Paparozzi

Andrew D. Paparozzi, Chief Economist

Andrew D. Paparozzi analyzes and reports on economic, technological, social and demographic trends that will define the printing industry's future. His most important responsibility, however, is being an observer of the industry by listening to the issues and concerns of company owners, executives and managers. He came to SGIA after more than 30 years at the National Association for Printing Leadership (NAPL), where he developed numerous studies on commercial printing industry's performance and prospects, including the State of the Industry Series and the Capital Investment Report. Andrew holds a Bachelor's degree in economics from Boston College and a Master's degree in economics — with concentrations in econometrics and public finance — from Columbia University.



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