


MARKETS AND PRODUCTS

GRAPHIC AND SIGN PRODUCERS





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 121 graphic and sign companies. The majority provide services to other businesses (56.2%) or businesses and consumers together (34.3%). Local markets are served by about three-quarters of the companies (72.1%), however at least every second company also serves on the regional (59.6%) or national (52.9%) levels, with more than half covering at least two geographic areas at the same time. The median number of employees is 11, and the majority of the companies (71.5%) are small, with less than 20 employees.

About three out of four respondents (73.3%) have revenue of up to \$3 million, and the median sales revenue is \$1.4 million. More than half of the companies (59.8%) are at least 20 years old, but at the same time there are newcomers to the industry — 15.8% of the companies are 10 years old or younger.

At least four out of five companies (80.1%) rely heavily on digital equipment, and the vast majority (81.3%) also provide finishing services, which allows them to make the best use of their production facilities. There is also a frequent exchange of production and post-production services among the printers.

On average, companies serve seven markets and provide eight products. Among the most popular markets are educational institutions (66.0%), corporate branding (63.8%), architecture/construction (58.5%). The most popular products are window graphics (85.3%), banners/soft

signage (84.3%) and labels/decals (76.5%). Several of those markets and products were also identified as having high growth potential. However, there were products that were not so popular yet, but at the same time were identified as desirable, such as digital displays.

The graphic and sign industry is not the only segment these printers serve. They are also in commercial printing (26.4%), functional/industrial printing (19.0%), apparel decoration (13.2%) and package printing (8.3%). Those segments, on average, contribute up to one-fifth of the companies' revenues.

The majority of the companies (67.5%) experienced positive sales growth during the last year. Other business indicators also look good, and the expectations for the future are even higher, especially for employment, prices and profitability.

Upcoming SGIA surveys will explore how companies plan to achieve their goals. While the second quarter survey will focus on financial health of the companies, third quarter (wage and salary) and fourth quarter (strategies and operations) surveys will focus more on challenges companies face and the approaches they use to improve their profits. Based on the first quarter survey, we can still conclude that overall, printers are optimistic about the future, as they are confident in their industry and the economy.

Companies' Profile

The majority of survey respondents are North American companies: 80.2% are US-based, 13.2% are Canadian, and international companies make up only 6.6%. Companies tend to serve other businesses (56.2%) or businesses and consumers together (34.3%) (Table 1). About three-quarters of survey respondents serve local areas (72.1%), and at least half also serve regional (59.6%) and/or national (52.9%) markets (Table 2). Slightly more than half (56.3%) serve at least two geographic areas, and 43.7% serve only one.

Most of the responding companies (71.5%) have less than 20 employees (Table 3); the median number of employees is 11. Almost half of the respondents (43.5%) have sales revenue of less than \$1 million, and about one-third (29.5%) report between \$1 million and \$3 million (Graph 1). The median sales revenue is \$1.4 million. More than half of the companies (59.8%) are more than 20 years old, and 15.8% have been in business for 10 years or less (Graph 2).

Graphic and sign printers do not serve only graphic and sign industry (Table 4). More than one quarter (26.4%) work in the commercial printing segment, about one-fifth (19.0%) in functional printing, 13.2% in apparel decoration, and 8.3% in packaging industry segments. Those segments are very close to each other in terms of their revenue contribution: 26.9% comes from the commercial side and 20.5% from functional, with apparel decoration and packaging being on the lower side (Table 4).

Table 1: Type of Business

Graphic and Sign Type of Business	
Business-to-business (B2B)	56.2%
Business-to-consumer (B2C)	9.5%
Both: B2B and B2C	34.3%

Table 2: Areas Served

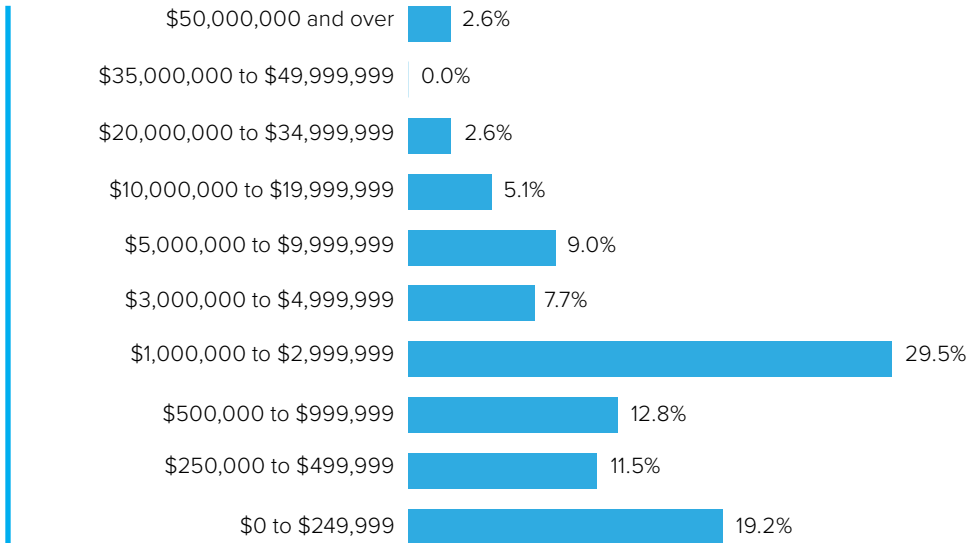
Graphic and Sign Areas Served	
Local	72.1%
Regional	59.6%
National	52.9%
International	22.1%

Table 3: Number of Employees

Graphic and Sign Number of Employees	
1 - 4	35.1%
5 - 9	10.4%
10 - 19	26.0%
20 - 49	15.6%
50 - 99	6.5%
100 - 249	2.6%
250 - 499	1.3%
500 - 749	1.3%
750 - 999	0.0%
1,000 - 2,499	0.0%
2,500 - 4,999	0.0%
5,000 or more	1.3%

Graph 1: Total Annual Sales Revenue

Median \$1.4 million



Graph 2: Company Age

Median 27.4 years

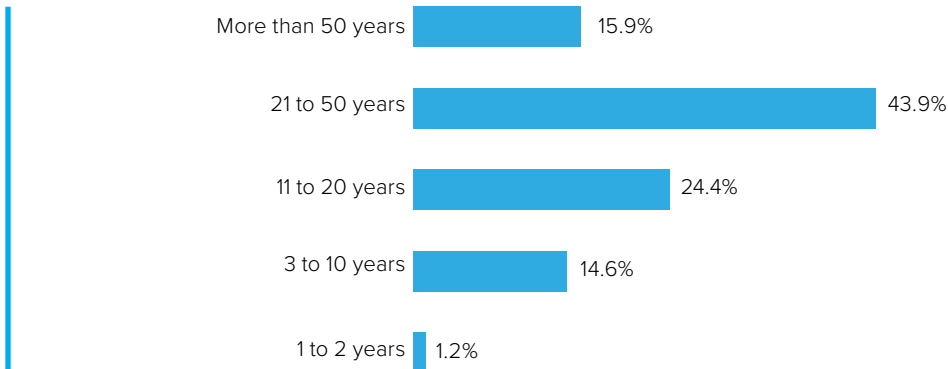


Table 4: Industry Segments Served by Graphic and Sign Printers

Graphic and Sign Industry Segments Served by Graphic and Sign Printers	Industry Segments' Representation	Average Revenue Contribution
Graphic and sign	98.3%	69.5%
Commercial printing	26.4%	26.9%
Functional printing	19.0%	20.5%
Apparel decoration	13.2%	19.3%
Package printing/converting	8.3%	17.0%

Operations and Equipment Use

Four out of five printers (80.1%) rely mostly on digital technology (Table 5). Companies also tend to use their equipment efficiently, as about 70% of respondents use at least half of their potential production (Table 6). The vast majority (81.3%) provide finishing services. Printers also actively exchange services with each other (Table 7). Finishing services allow companies to better use their production facilities: three out of four printers (75.8%) who provide finishing use more than 50% of their potential production (Table 8). At least half of respondents provide the following finishing services: installation (68.8%), lamination (68.8%), grommeting (56.3%), mounting (53.8%), die cutting/laser cutting (51.3%) (Table 9). The vast majority (81.5%) provide at least three types of finishing/post-production services, and the average is five.

Table 5: Technology Mix

Graphic and Sign Technology Mix	
Entirely digital	41.3%
Multi-technology, but mostly digital	38.8%
Multi-technology, with no single dominating process	8.8%
Multi-technology, but mostly analog	7.5%
Entirely analog	3.8%

Table 6: AVERAGE Production in use as compared to TOTAL potential production

Graphic and Sign AVERAGE Production in use as compared to TOTAL potential production	
11% - 20%	1.3%
21% - 30%	10.3%
31% - 40%	7.7%
41% - 50%	11.5%
51% - 60%	11.5%
61% - 70%	21.8%
71% - 80%	26.9%
81% - 90%	6.4%
91% - 100%	2.6%

69.2%

Table 7: Production and Post-Production Services Exchange

Graphic and Sign Production and Post-Production Services Exchange	
Provide PRODUCTION services TO other printers	56.3%
Provide FINISHING/POST-PRINT services TO other printers	31.3%
Purchase PRODUCTION services FROM other printers	70.0%
Purchase FINISHING/POST-PRINT services FROM other printers	51.3%

Table 8: Finishing Services and Production Use

Graphic and Sign Finishing Services and Production Use	No Finishing	Provide Finishing
Use 50% or less of their production	60.0%	24.2%
Use more than 50% of their production	40.0%	75.8%

Table 9: Types of Finishing/Post-Production Services Offered

Graphic and Sign Types of Finishing/Post-Production Services Offered	
Installation	68.8%
Lamination	68.8%
Grommeting	56.3%
Mounting	53.8%
Die cutting/laser cutting	51.3%
Routing	40.0%
Sewing or seaming	31.3%
Fulfillment	26.3%
Warehousing	21.3%
Bagging/tagging	20.0%
Bindery	12.5%
Mailing services	12.5%
Web storefronts/Web-to-Print	12.5%
Doming	7.5%
Customized marketing programs	6.3%
None of the above	5.0%
Vacuum forming/molding	2.5%

Markets and Products

On average, companies serve seven markets. Among the most popular, served by at least half of the respondents, are educational institutions (65.3%), corporate branding (64.8%) and architecture/construction (57.9%) (Table 10). Corporate branding and architecture/construction are also identified as growing markets (Table 11).

Companies provide an average of eight products to their customers. More than three-quarters of the respondents provide window graphics (85.3%), banners/soft signage (84.3%) and labels/decals (76.5%) (Table 12). The products identified having the highest growth potential are wall/architectural/building graphics and digital displays, with the first one being served by at least half of the respondents (59.8%). (Table 13) Digital displays are very new to the industry, with only 25.5% of respondents providing them and 21.3% mentioning it as a desired product.

Those who also serve the apparel decoration segment produce t-shirts (100%) and bags (90.9%). The three most popular markets are athletic (77.8%), business-to-consumer (77.8%), and non-profits (77.8%). In the functional/industrial segment, industrial decals/labels are the most popular products (84.2%), and in packaging, it is all about labels (100%).

In the commercial printing area, POP/displays (63.6%) and marketing collateral (59.1%) are served the most. Nonprofits (60.0%), retail (55.0%), corporate branding (50.0%) and food services (50.0%) are the most frequently served markets there.

Table 10: Markets

Graphic and Sign Markets	Currently Serve	Want to Add
Educational institutions (schools, colleges, tutoring)	65.3%	7.4%
Corporate branding	64.8%	7.4%
Architecture/construction	57.9%	6.4%
Food services (restaurants, bars, cafes, cafeterias)	54.7%	9.6%
Retail	54.7%	10.6%
Nonprofits, associations, organizations (clubs, charities, churches, trade associations)	52.6%	5.3%
Business-to-consumer	49.5%	7.4%
Ad agencies	48.4%	9.6%
Athletic (teams, college, professional, recreational)	44.2%	12.8%
Government and government contractors (law enforcement, military, other contracts)	42.1%	11.7%
Health care (hospitals, clinics, nursing homes, pharmacies)	42.1%	12.8%
Exhibit manufacturers/contractors	38.9%	13.8%
Printing for the trade	38.4%	1.1%
Interior decorators and designers	37.9%	13.8%
Transit/transportation	37.9%	9.6%
Arts/entertainment	35.8%	8.5%
Hospitality services	30.5%	17.0%
Financial/accounting/legal/insurance	29.5%	7.4%
Manufacturing OEM (original equipment manufacturer)	28.4%	9.6%

Table 11: Markets' Growth

Graphic and Sign Markets' Growth	Growing Market	Staying the Same	Declining Market
Architecture/construction	56.4%	36.4%	1.8%
Interior decorators and designers	55.6%	27.8%	8.3%
Health care (hospitals, clinics, nursing homes, pharmacies)	52.5%	37.5%	0.0%
Corporate branding	48.3%	41.7%	0.0%
Hospitality services	44.8%	37.9%	0.0%
Athletic (teams, college, professional, recreational)	42.9%	45.2%	4.8%
Business-to-consumer	42.6%	42.6%	4.3%
Transit/transportation	41.7%	41.7%	8.3%
Food services (restaurants, bars, cafes, cafeterias)	36.5%	51.9%	1.9%
Retail	36.5%	46.2%	5.8%
Printing for the trade	35.1%	40.5%	18.9%
Educational institutions (schools, colleges, tutoring)	30.6%	59.7%	1.6%
Nonprofits, associations, organizations (clubs, charities, churches, trade associations)	28.0%	60.0%	8.0%
Arts/entertainment	26.5%	70.6%	0.0%
Ad agencies	26.1%	54.3%	8.7%
Manufacturing OEM (original equipment manufacturer)	22.2%	63.0%	3.7%
Financial/accounting/legal/insurance	21.4%	64.3%	7.1%
Government and government contractors (law enforcement, military, other contracts)	17.5%	62.5%	7.5%
Exhibit manufacturers/contractors	10.8%	75.7%	2.7%



Table 12: Products

Graphic and Sign Products	Currently Offer	Would like to Add
Window Graphics	85.3%	3.2%
Banners/Soft Signage/Flags	84.3%	1.1%
Label/Decal	76.5%	2.1%
Posters/Presentation Graphics	69.6%	4.3%
Fleet Graphics/Transit Graphics	63.7%	1.1%
Vehicle Wraps/Vehicle Graphics	61.8%	5.3%
Back-Lit Signs	59.8%	8.5%
Retail Graphics/"Point-of-Purchase" Displays	59.8%	9.6%
Wall/Architectural/Building Graphics	59.8%	9.6%
Dimensional Signage	53.9%	7.4%
Directional Signage/Directories	53.9%	5.3%
Pole Signs	50.0%	5.3%
Trade Show/Museum Displays	48.0%	5.3%
Fine Art/Art Reproduction/Photo	29.4%	8.5%
Digital Displays	25.5%	21.3%

Table 13: Products' Growth

Graphic and Sign Products' Growth	Growing	Staying the same	Declining
Digital Displays	77.3%	20.5%	2.3%
Wall/Architectural/Building Graphics	67.4%	31.0%	1.6%
Vehicle Wraps/Vehicle Graphics	53.9%	38.3%	7.8%
Fleet Graphics/Transit Graphics	50.0%	44.6%	5.4%
Window Graphics	48.0%	48.7%	3.3%
Banners/Soft Signage/Flags	45.4%	49.1%	5.5%
Retail Graphics/"Point-of-Purchase" Displays	44.2%	4.5%	10.1%
Dimensional Signage	37.6%	56.4%	5.9%
Trade Show/Museum Displays	35.9%	54.4%	9.7%
Fine Art/Art Reproduction/Photo	32.5%	50.6%	16.9%
Directional Signage/Directories	31.7%	60.6%	7.7%
Back-Lit Signs	30.3%	62.3%	7.4%
Labels/Decals	28.8%	65.6%	5.6%
Posters/Presentation Graphics	24.8%	67.8%	7.4%
Pole Signs	14.7%	71.6%	13.7%

Business Outlook

Most of the companies (67.5%) experienced positive sales growth during the current year, with the median 7.8%. The business indicators look good for the current year, and the expectations are even higher, especially for employment, prices and profitability (Table 14). Curious about the approach companies use to achieve their goals for the future, SGIA interviewed a number of respondents. The findings showed there may be a big gap between sales and profits that creates a challenge for the companies. During the discussions we had with printers, companies mentioned various strategies they use to shrink this gap. Some of the strategies include production revisions and improvements (e.g., lean production), sales focused on current customers' needs and the ways to build awareness about companies' capabilities, and how to match them together; and also, workforce development to build and retain the valuable skilled labor. While the second quarter survey will report on financial health of the companies, third quarter (wage and salary) and fourth quarter (strategies and operations) surveys will focus on the challenges that companies face and how they address them in order to bring sales and profits closer to each other. Based on the first quarter survey, we can conclude that overall printers are looking optimistically into the future, as they are confident in their industry and the economy (Table 15).

Graph 4: Sales Growth Achieved

Median 7.8%

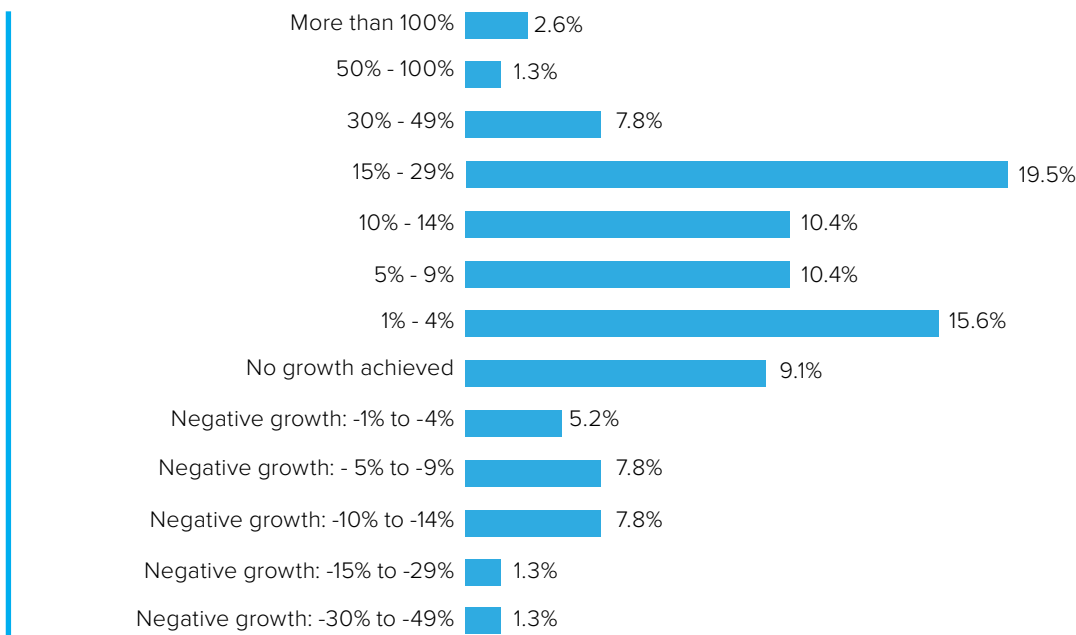


Table 14: Business Conditions

Graphic and Sign Business Conditions	CURRENT			FUTURE		
	Increased	Stayed the Same	Decreased	Increase	Stay the Same	Decrease
Sales	59.0%	30.8%	10.3%	78.7%	18.7%	2.7%
Production/amount of work	52.6%	34.6%	12.8%	72.0%	26.7%	1.3%
Employment	28.2%	53.8%	17.9%	56.0%	37.3%	6.7%
Prices for products sold	41.0%	53.8%	5.1%	64.0%	30.7%	5.3%
Pre-tax profitability (pre-tax income as percent of sales)	47.4%	34.6%	17.9%	66.7%	30.7%	2.7%

Table 15: Printers' Confidence: Industry and National Economy

Graphic and Sign Printers' Confidence	Positive	Neutral	Negative
Industry	56.1%	37.9%	6.1%
National Economy (U.S. only)	36.2%	50.0%	13.8%

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 Papanozzi

Andrew D. Papanozzi, Chief Economist

Andrew D. Papanozzi 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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