

# MARKETS AND PRODUCTS

SUPPLIERS AND MANUFACTURERS



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](mailto:research@sgia.org).



SGIA conducted its industry benchmarking survey in January 2019. The topic for the first quarter was the products companies produce and markets they serve, as well as companies' plans and desires for new revenue sources. Overall, 427 companies participated in the survey. This report is based on the responses of 95 companies who identified their primary business as either manufacturer or supplier to the printing industry. The report covers participants' basic information, such as company size, revenue and location; the printing industry segments they serve; and evaluation of current and future business indicators, such as sales, profits, employment, prices for products sold and companies' confidence in the industry and in the national economy.

## Companies' Profiles

The majority are U.S.-based companies (75.8%), 9.5% are Canadian and 14.7% international (Table 1). The respondents are fairly evenly split as suppliers (45.1%) and manufacturers (54.9%), with 36.6% of the companies with and 18.3% without direct sales to printers (Table 2). More than two-thirds of the companies serve international (73.4%) and national (68.4%) markets, but they also have regional (50.0%) and local (46.3%) representation (Table 3). About half of the companies (49.2%) have less than 20 employees, while the other half is divided between those companies with at least 20, but less than 100 employees (25.4%), and companies with 100 or more employees (25.3%) (Table 4). More than one-third of the companies have revenue of up to \$3 million (37.8%), about one-fifth have between \$3 million and \$10 million in revenue (19.7%), and about half (42.5%) have more than \$10 million in revenue (Graph 1). About two out of three companies have been in business for at least 20 years (61.7%) (Graph 2).

More than half of respondents serve graphic and sign producers (63.8%), about half serve functional (46.8%) and commercial printing (42.6%), and slightly more than one-third (39.4%) serve the packaging segment (Table 5). On average, companies serve three printing segments, and about every third (29.8%) – more than three. The level of revenue contribution differs among the printers: 12% comes from functional printers and packagers, 30.6% from graphic and sign producers, 27.1% from apparel decorators and 24.8% from commercial printers.

**Table 1: Company Location**

Suppliers and Manufacturers Location	
United States	75.8%
Canada	9.5%
Other	14.7%

**Table 2: Company Type**

Suppliers and Manufacturers Company Type	
Manufacturer with NO direct sales to printing companies	18.3%
Manufacturer with direct sales to printing companies	36.6%
Supplier/distributor	45.1%

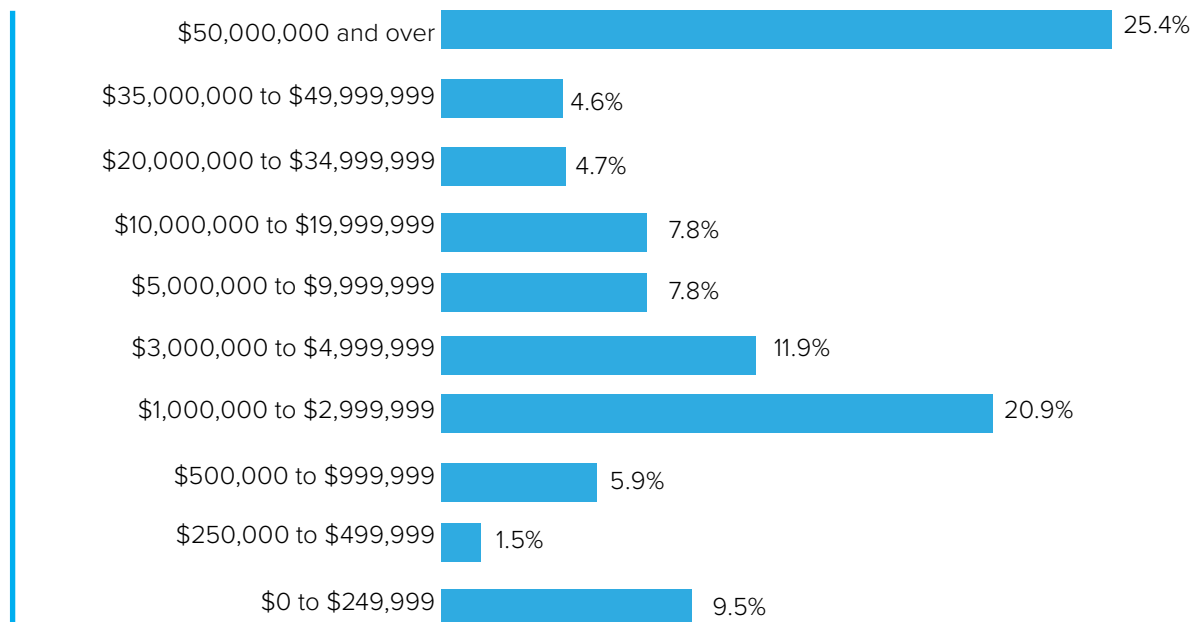
**Table 3: Areas Served**

Suppliers and Manufacturers Areas Served	
Local	46.3%
Regional	50.0%
National	68.4%
International	73.4%

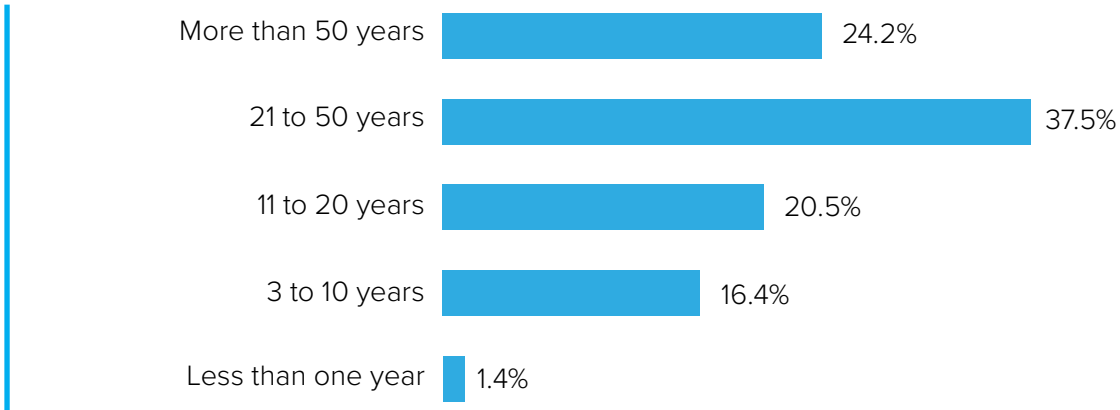
**Table 4: Number of Employees**

Suppliers and Manufacturers Number of Employees	
1 - 4	21.1%
5 - 9	14.1%
10 - 19	14.0%
20 - 49	9.8%
50 - 99	15.6%
100 - 249	7.8%
250 - 499	6.5%
750 - 999	1.6%
5,000 or more	9.4%

**Graph 1: Total Annual Sales Revenue**



**Graph 2: Company Age**



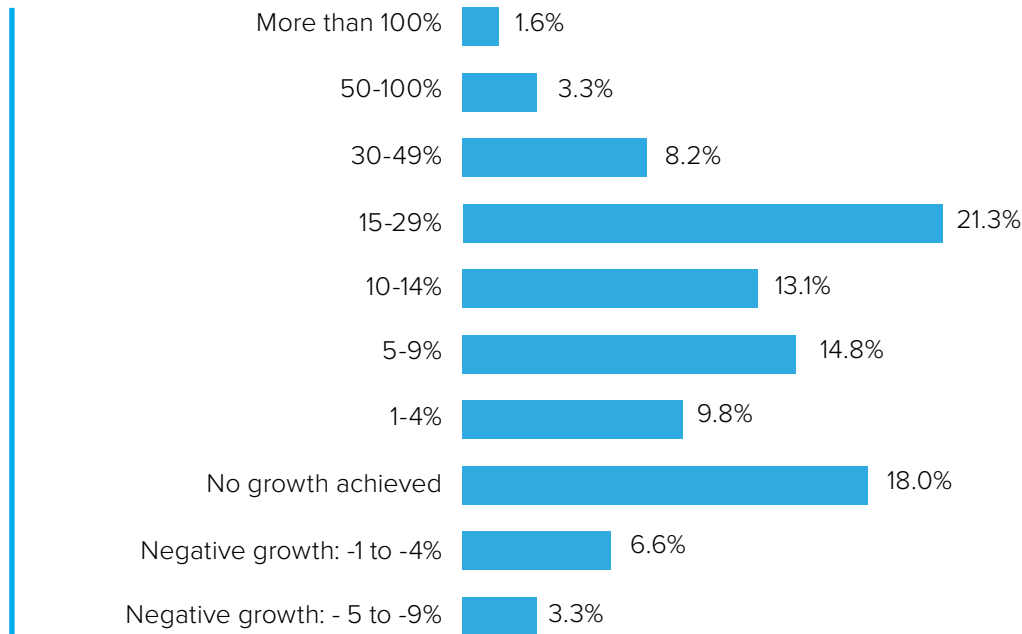
**Table 5: Industry Segments Served by Suppliers and Manufacturers**

Suppliers and Manufacturers Industry Segments Served by Suppliers and Manufacturers	Industry Segments	Average Revenue Contribution
Graphic and sign	63.8%	30.6%
Apparel decoration	42.6%	27.1%
Functional printing	46.8%	11.9%
Package printing/converting	39.4%	11.6%
Commercial printing	45.7%	24.8%

# Business Outlook

When asked about their sales growth, 72.1% said their sales numbers had improved (Graph 3). Production/amount of work was also on the rise during the current year (Table 6). Both indicators were also expected to increase more for at least four out of five respondents. The expectations for pre-tax profitability and employment are also positive for at least half of the respondents. The only indicator that is showing a downward pattern is prices for the products sold, but only for 38.2%, as 60.0% expect them to stay the same. The respondents are optimistic about their industry (62.3%), and the level of optimism is more neutral for the economy (Table 7).

**Graph 3: Sales Growth Achieved**



**Table 6: Business Conditions**

Suppliers and Manufacturers Business Conditions	CURRENT			FUTURE		
	Increased	Stayed the Same	Decreased	Increase	Stay the Same	Decrease
Sales	72.1%	23.0%	4.9%	80.0%	16.4%	3.6%
Production/amount of work	62.3%	32.8%	4.9%	81.8%	14.5%	3.6%
Employment	40.3%	54.8%	4.8%	50.9%	43.6%	5.5%
Prices for products sold	48.4%	43.5%	8.1%	38.2%	60.0%	1.8%
Pre-tax profitability (pre-tax income as percent of sales)	46.8%	40.3%	12.9%	58.2%	38.2%	3.6%

**Table 7: Level of Confidence: Industry and National Economy**

Suppliers and Manufacturers Level of Confidence	Positive	Neutral	Negative
Industry	62.3%	28.3%	9.4%
National economy (U.S. only)	38.5%	56.4%	5.1%

# 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](mailto:olga@sgia.org)) or Andy Paparozzi, Chief Economist ([apaparozzi@sgia.org](mailto: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](http://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](http://www.sgia.org/membership) or call 888-385-3588.



## About Olga and Andy

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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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