

State of the Industry Update,
Second Quarter 2024
EXECUTIVE SUMMARY



Sponsored by Canon U.S.A., Inc. **Canon**

Produced by the PRINTING United Alliance and NAPCO Research for its members.

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Executive Summary

The PRINTING United Alliance State of the Industry Update, Second Quarter 2024 is based on a survey of 104 companies from across the printing industry. Participants include commercial printers, graphic and sign (wide format) producers, and package printers/converters, are located across the United States and Canada, and have annual sales ranging from less than \$500,000 to more than \$200 million.

Topics include how sales, operating cost inflation, and pre-tax profitability are trending, factors having the biggest effect on business, the outlook for the economy, capital investment plans and objectives, AI results, and product market outlook. “Must-dos” including fusing artificial and human intelligence, effectively marketing sustainability, and defining and achieving business goals through the Entrepreneurial Operating System®. The result is research that PRINTING United Alliance members can count on and act on.

PRINTING United Alliance members can download the *State of the Industry Update, Second Quarter 2024* [here](#).



Canon U.S.A., Inc. is a leader in digital imaging and printing solutions with one of the broadest portfolios in the industry, offering solutions such as digital presses, production ink-jet presses, wide-format printers, workflow solutions and professional services. With approximately \$30.6 billion in global revenue, its parent company, Canon Inc. (NYSE:CAJ), as of 2021 has ranked in the top-five overall in U.S. patents granted for 36 consecutive years and was one of Fortune Magazine’s World’s Most Admired Companies in 2022. Canon U.S.A. is dedicated to its Kyosei philosophy of social and environmental responsibility.

SAMPLE FINDINGS

The *SOI Update* report highlights a significant slowdown in sales growth, averaging just 1.1% compared to 2.4% in the previous year. Notably, only 43.0% of companies surveyed saw sales growth, down from 59.5%, while those experiencing a decline rose to 36.0% from 26.0% (Figure 1). Real sales, adjusted for inflation, dropped by 2.7%, a steeper decline than last year's 1.1%. While 37.8% of companies saw real sales increase, 54.1% faced declines. The report also delves into price trends and operating costs, showing a moderation in cost inflation but a growing resistance to price increases.

Figure 1: Key Business Indicators, First Half 2024 and Full-Year 2023

Q: How sales (all sources) and real (inflation-adjusted) sales compared with year-earlier levels for SOI participants.

Indicator	Period	Average Change	Compared to Year Earlier		
			Higher	Same	Lower
Sales (all sources)	First Half	1.1%	43.0%	21.0%	36.0%
	FY 2023	2.4%	59.5%	14.5%	26.0%
Real (inflation-adjusted) sales	First Half	-2.7%	37.8%	8.2%	54.1%
	FY 2023	-1.2%	45.0%	5.4%	49.6%

With costs rising faster than prices and real sales declining, it's unsurprising that 42.3% of SOI participants saw a drop in pre-tax profitability during the first half of 2024. An additional 26.9% reported no change, while only 30.8% managed to increase profits (Figure 2). This highlights the difficult environment businesses are navigating, where rising operational expenses are outstripping price gains, leading to tighter profit margins for many companies. The full report delves into critical factors influencing profitability, showcasing the positive actions some printing companies have taken to build margins in a negative business climate.

Figure 2: Pre-Tax Profitability Trends, First Half 2024

Q: How does your pre-tax profitability (pre-tax profits as a percent of sales) compare with year-earlier levels?



Capital Investment:

SOI participants are committed to capital investments, with 84.2% planning to purchase equipment, software, or hardware within the next 12-18 months. Key investment targets include artificial intelligence (AI), bindery systems, workflow software, and digital infrastructure. The primary goal, cited by 88.2%, is to increase productivity.

Figure 3: Capital Investment Plan

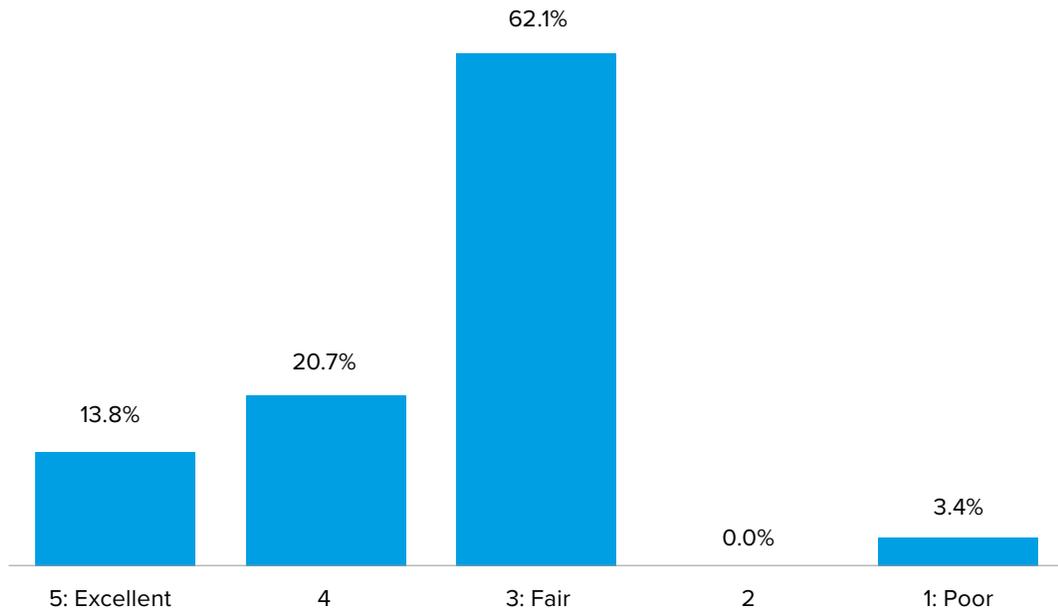
Q: Will you be making a capital investment over the next 12-18 months?



Figure 4 reveals that 62.1% of participants using AI report “mixed” results, with both benefits and challenges. The most commonly cited positives include AI’s ability to process vast amounts of data and the time saved by automating routine, low-value tasks. However, the mixed feedback suggests that while AI offers clear advantages, businesses are still navigating its full potential and addressing implementation hurdles.

Figure 4: AI Results

Q: Overall, how has your AI experience been? Please rate from 5 to 1, where 5 is “excellent, AI has definitely been an asset,” 3 is “fair, some positives and some negatives,” and 1, is “poor, the negatives have outweighed the positives.”



State of the Industry Update, Second Quarter 2024 also includes a list of AI applications printers are using, additional applications worth exploring, and expectations for more than 40 printed product markets.



WHO WE ARE

PRINTING United Alliance is the new entity born of the merger between Specialty Graphic Imaging Association (SGIA) and Printing Industries of America (PIA). Marking 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 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 printing.org.

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