

Printing Industry Outlook

PRINTING INDUSTRY PERFORMANCE & INSIGHTS

Providing regional printing association members
a printing industry outlook view and actionable knowledge.

October
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In the October PIFI survey, we addressed three topics: industry outlook, workforce shortages, and supply chain issues. Addressing three topics made for a long survey. Sorry! We will make future surveys much shorter! Given that this study addressed three topics, we are providing three reports. This report presents insights related to printing company leaders' business outlook. We appreciate the help and support of the fifteen associations (listed below) that participated in this study.

You might ask, "What are the benefits of my taking a broad view of our industry's outlook as seen by printing firm leaders?" Consider the following possibilities. 1) If you are thinking about investments, such as software or equipment, these outlooks may reinforce or prompt you to reconsider those outlays. 2) If your outlook is not as strong as others', then you might step back and consider why your perspective is different. 3) If you plan to drive your firm to a larger revenue category, contract to a smaller revenue category, or seek business from another region, these outlooks may either provide support for your ideas or prompt you to rethink your plan. We offer overall findings, findings based on multiple revenue categories, and findings per region.

Key Takeaways

- Printing business leaders have a positive outlook.
- Printing firm leaders' relatively positive outlook is encouraging in the context of the current workforce shortages and supply chain issues.
- Our findings suggest leaders of larger printing companies have a more positive outlook than those of smaller printing companies.
- We found a more positive outlook in the Southcentral and Northeastern regions and a less positive outlook in the Southeast and West regions, which is consistent with recent Federal Reserve surveys.

Discussion

One hundred ninety printing firm leaders answered our outlook questions, and their average response was 3.48, which is between neutral and optimistic, but closer to optimistic and generally positive (1 = Very pessimistic; 2 = Pessimistic; 3 = Neutral; 4 = Optimistic; 5 = Very optimistic). One hundred seventy-seven respondents provided their firms' approximate annual revenue. We divided the responses into six revenue categories. Illustration One below shows the number of firms included in each revenue category. In the largest category, over \$30 million, a couple of responders reported more than \$100 million in annual revenue.

Illustration One

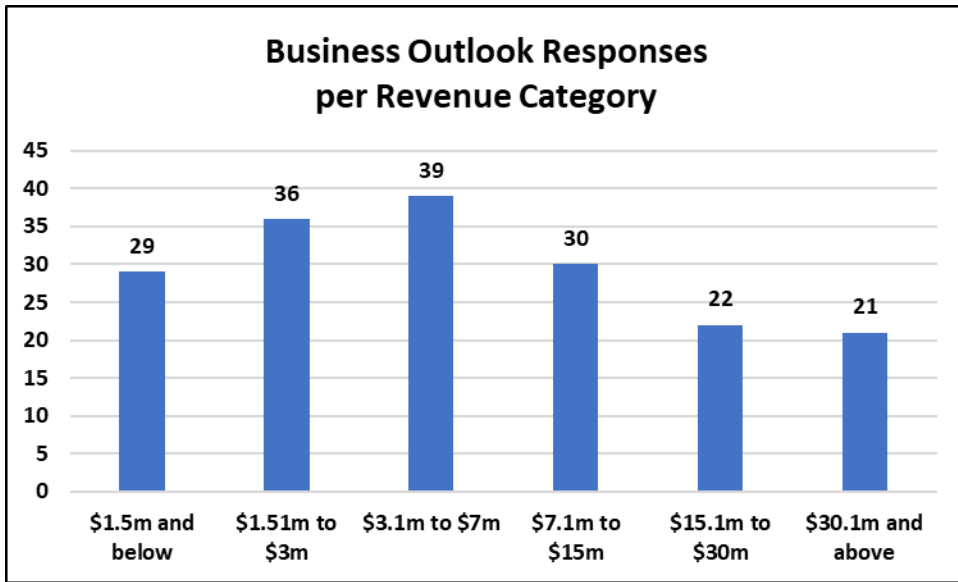
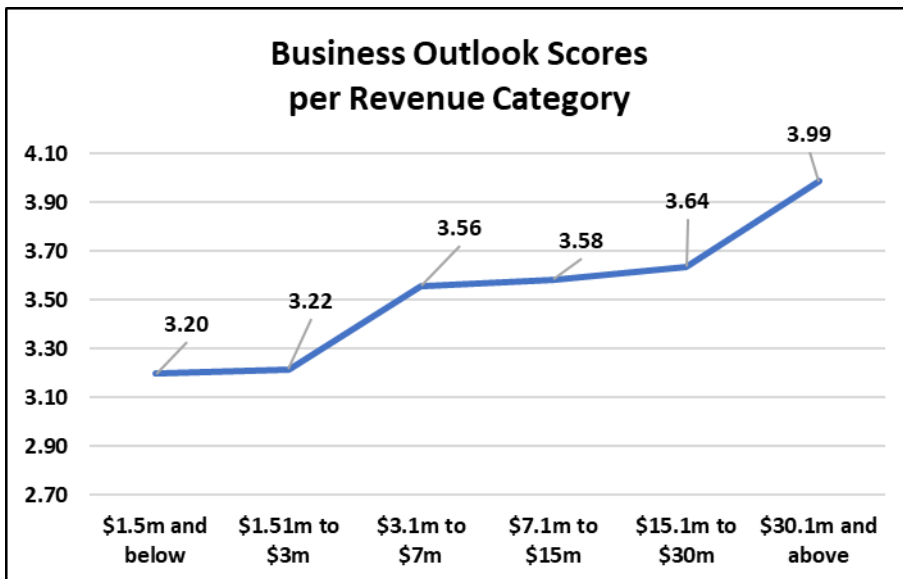


Illustration Two provides the average outlook scores per revenue category. As shown in Illustration Two, our data indicates that leader business outlook grows as revenue grows. Leaders of the largest revenue category firms are “optimistic” while leaders of smaller revenue category firms pull toward “neutral.” In other words – leaders of larger printing firms have a more positive business outlook than leaders of smaller printing firms.

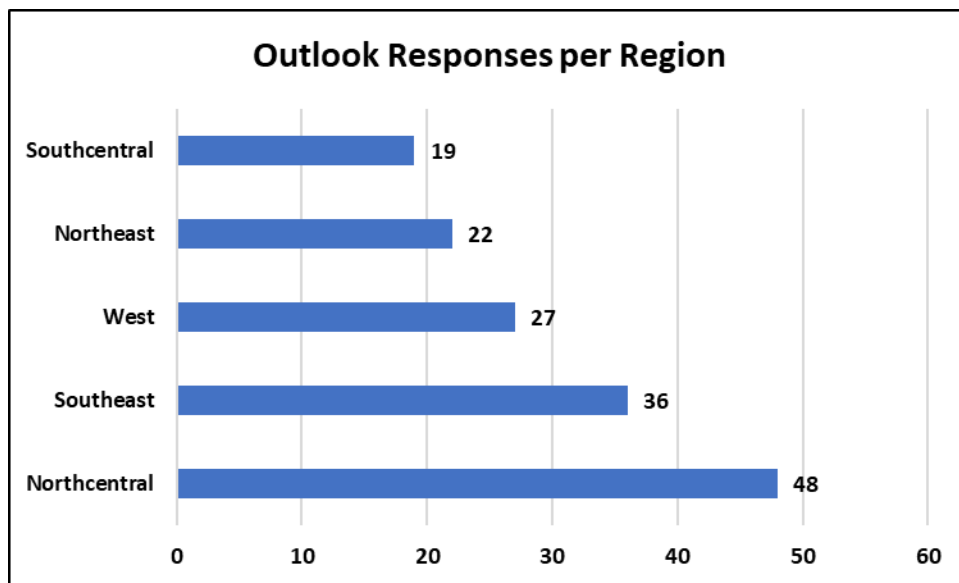
Illustration Two: 1 = Very pessimistic; 2 = Pessimistic; 3 = Neutral; 4 = Optimistic; 5 = Very optimistic



We assume that small printing firms focus more on digital production, and the proportion of conventional production is higher in larger firms (We hope to investigate this in future studies). Also, many folks see a brighter future for digital production than for conventional printing. If these assumptions are valid, the rise in business outlook tied with larger annual revenues is a bit surprising (again, see Illustration Two). However, these findings are consistent with results from a PIPI study we conducted in spring 2021; we found a more positive outlook among leaders of larger printing firms there too. (that study included five regional associations). From our spring study's findings, a printing association leader commented, "Yeah, but smaller firms are starting to rock, and I see their outlook improving soon." Moreover, in the spring 2021 PIPI study, we looked at revenue growth and profit performance. In that study, larger firms showed more revenue and profit growth. We are interested to see how this evolves and what future PIPI studies show.

One hundred fifty-two respondents reported their home state locations. Balancing geography and outlook response counts, we divided the responses into five geographic regions. Illustration Three below shows the number of outlook responses per region.

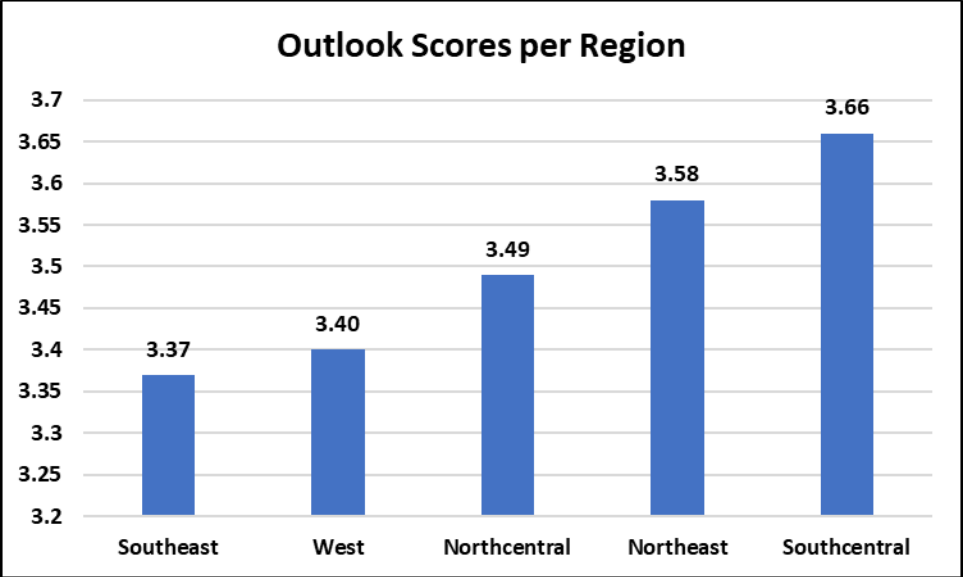
Illustration Three



The states included in each region are identified below. Illustration Four shows the average outlook score for each region. Although each region has a relatively small sample size, we believe the material in Illustration Four is informative. All that said, it appears that printing firm leaders in the Southcentral and Northeast regions have the

most positive outlook, and printing firm leaders in the Southeast and West regions have a less positive outlook.

Illustration Four: 1 = Very pessimistic; 2 = Pessimistic; 3 = Neutral; 4 = Optimistic; 5 = Very optimistic



We wondered if revenue size differences among respondents in different regions may have caused the different regional outlooks. For instance, if more smaller revenue firms, which were not as optimistic in our overall numbers, participated the Southeast and West surveys, that might have caused our regional outlook differences. However, after computing average firm revenue by region, we found no correlation between revenue category and region. For example, the Southcentral region has the most optimistic outlook, but it has the lowest average company revenue (\$9.90 million) among respondents. All told, our survey indicates that regional outlook differences exist. But, those regional differences are not driven by variations in the company sizes of respondents.

The Federal Reserve’s most recent Beige Book¹ findings of leader outlooks per geographic region align with our findings. The October 2021 Beige book reports optimistic outlooks and modest growth for the Boston and New York districts, which roughly covers our Northeast region. And the Dallas Federal Reserve district, representing our Southcentral region, reports solid business expansion and positive outlooks. Alternatively, the Richmond and Atlanta Federal Reserve Districts, which roughly represent our Southeast region, do not convey optimism. Instead, these districts

¹ https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20211020.pdf.

report tight labor markets and intensifying wage pressures – economic attributes that presumably cause business pessimism.

To summarize, it appears that printing business leaders have a positive outlook. Printing firm leaders' relatively positive outlook is encouraging in the context of the current workforce shortages and supply chain issues they face. We also note that some folks connected to our industry think supply chain issues affect small businesses more – that suppliers are taking better care of larger firms. If true, that might explain the more positive outlook we found among larger printing firms. In addition, Federal Reserve surveys support the more positive outlook we found in the Southcentral and Northeastern regions. We hope you find this material helpful. If you have questions or comments, please email Ralph Williams at ralph.williams@mtsu.edu

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States Included in Each Region

Northcentral

Illinois
Indiana
Kansas
Michigan
Minnesota
Missouri
Nebraska
Ohio
South Dakota
Wisconsin

Northeast

Connecticut
Maryland
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania

Southcentral

Arkansas
Louisiana
Oklahoma
Texas

Southeast

Alabama
Florida
Georgia
Kentucky
Mississippi
North Carolina
Tennessee
Virginia
West Virginia

West

Arizona
California
Oregon
Utah
Washington

Participating Regional Printing Associations

FGA – Florida Graphic Alliance

GAA – Graphic Arts Association

GLGA – Great Lakes Graphics Association

GMA – Graphic Media Alliance

PGAMA – Printing and Graphics Association Mid-Atlantic

PIA – Printing Industries Alliance

PIAMA – Printing and Imaging Association MidAmerica

PIAS – Printing Industry Association of the South

PIASC – Printing Industry Association of Southern California

PIASD – Printing Industry Association of San Diego

PICA – Printing Industry of the Carolinas

PIMW – Printing Industry MidWest

PINE – Printing Industries of New England

PMA – Print Media Assoc.

VMA – Visual Media Alliance