



COVID-19 Print Business Indicators Research

A Path Forward

VOLUME 2, NUMBER 1
EXECUTIVE SUMMARY

FEBRUARY 2021



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More than 200 printing companies from across the United States and Canada participated in the fourth NAPCO Research/PRINTING United Alliance COVID-19 Print Business Indicators Survey. Topics included percent change in sales over the last 30 days compared with the previous 30 days; current trends in sales, production, quote activity, and confidence; how sales for the first three quarters of 2020 compared with year-earlier levels; and answers to questions such as: Are any of your sales directly COVID-related? If so, about what percent of your sales do they make up and how long do you expect them to last? Are you planning capital investments in 2021? How will the elections affect your plans in the upcoming year? And what concerns you the most heading into 2021? Comparisons with the results from our first three surveys show the printing industry has taken another step toward recovery as we enter a new year.

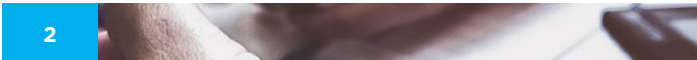
Key Findings

Sales Through the First Three Quarters of 2020 Are Much Lower Than Those in 2019

A vast majority of respondents (78.5%) indicated that their first three quarter sales numbers have decreased when compared to the same time period last year. Those who saw a decrease experienced an average sales decline of 26.0%. Only a small group managed to increase their sales over this time frame. The 17.8% who managed to do so increased their sales by an average of 24.1%. As a whole, companies surveyed saw an average sales decline of 16.1% when comparing the two periods.

Sales Summary: 1st Three Quarters 2020 Over 1st Three Quarters 2019		
Group	Percent of Sample	Average Change
All Companies Surveyed	100.0%	-16.1%
Sales Increased	17.8%	24.1%
Sales Decreased	78.5%	-26.0%

Q. How did your total sales (all sources) for the first three quarters of 2020 compare with your total sales for the first three quarters of 2019?
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Index of Current Indicators Rises; Index of Leading Indicators Falls

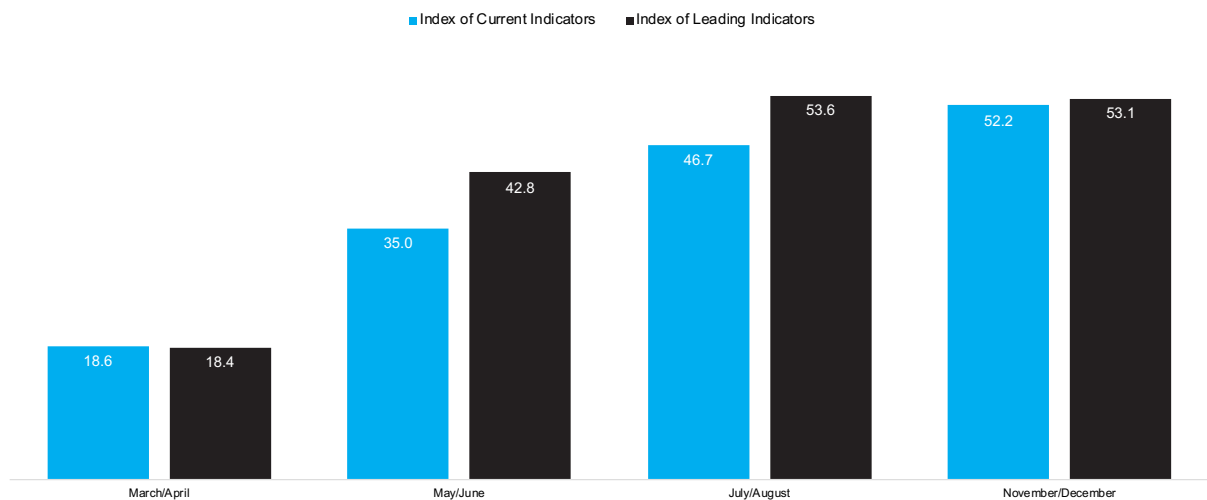
Current Indicators

The index of current indicators has continued to rise since the inception of this research in March but has now just passed 50.0 for the first time. The latest reading of 52.2 for the November/December period indicates that more companies are now reporting upward trends in business activity than those who are reporting declines. The index of current indicators measures sales, production, employment, pre-tax profitability, and prices. The increase has mainly been driven by respondents reporting higher sales and levels of production.

Leading Indicators

The index of leading indicators slightly dipped to 53.1 after reading 53.6 in the prior period. Fewer companies reporting an increase in quote activity and fewer expecting business to improve during the month ahead (confidence) are the reasons why. Confidence was driven down by election uncertainty, increased infections, vaccine distribution questions, and the continued unpredictability of lockdown restrictions and widespread reopening. As more of these questions continue to be answered, industry sentiment should improve as we continue the push toward recovery.

Index of Current Indicators and Index of Leading Indicators

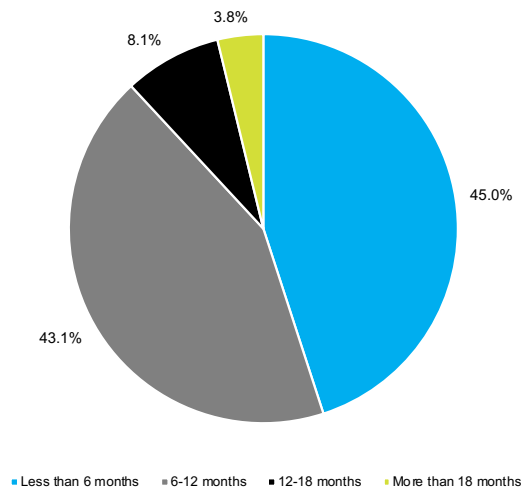


Q. How is business trending? Please indicate whether each indicator is increasing, not changing, or decreasing?
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COVID-Related Sales That Have Provided Relief for Some Will Not Last Forever

Throughout the pandemic, many printers who have not been able to maintain sales have pivoted to producing COVID-related products, while others have seen demand for their products increase due to the onset of the virus. Nearly three-quarters of our respondents (74.3%) indicate that they have been able to generate sales from these types of products. While these types of sales certainly provide a boost during this difficult time, it is integral to understand that they will not last forever. It will be important to begin planning for the post-COVID world, and you do not want to be late in doing so. So, what will a general timeline look like for the cessation of these types of sales? Most printers believe that these sales will come to a halt this year as 45.0% believe that these types of sales will be gone within the next six months and 43.1% say that it will take between 6 and 12 months. A smaller number seemed to be more pessimistic on the timetable for getting the virus under control as 8.1% indicated these sales would last for 12-18 more months and 3.8% said it would be more than 18 months.

How Long Will These COVID Sales Last?

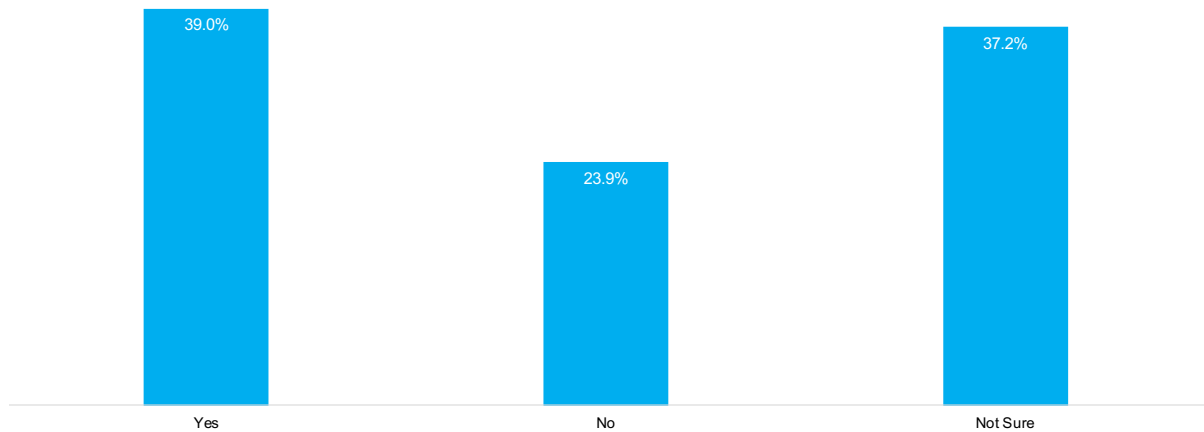


Q. How long do you expect these COVID-related sales to be an ongoing contributor to your revenue?
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Hesitancy to Invest in Capital Equipment Likely to Ease as Business Picks Up Later in 2021

Companies tend to make capital investments in their business when it is an opportune time to do so. To better understand industry sentiment heading into the new year, we asked printers if they are planning on making any of these investments this year. Thirty-nine percent (39.0%) are planning to invest, 23.9% are not planning to invest, and 37.2% are waiting to see how things play out. If uncertainty is eased, there is potential that some of this group will invest in themselves, but time will tell if they are capable of doing so.

Are You Planning to Make Capital Investments in 2021?



Q. Are you planning to make capital investments in 2021?
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<https://www.sgia.org/resources/research/covid19-print-business-indicators>

<https://www.printing.org/covid-19-resources/covid-19-print-business-indicators>



JOIN OUR PANEL!

Members of the COVID-19 Research Panel have access to an enhanced version of the report that covers leadership during a crisis, lessons learned from countries that recovered from the pandemic earlier, how to deal with employees during layoffs, client outreach, and additional information that can better help your business navigate this challenging environment.

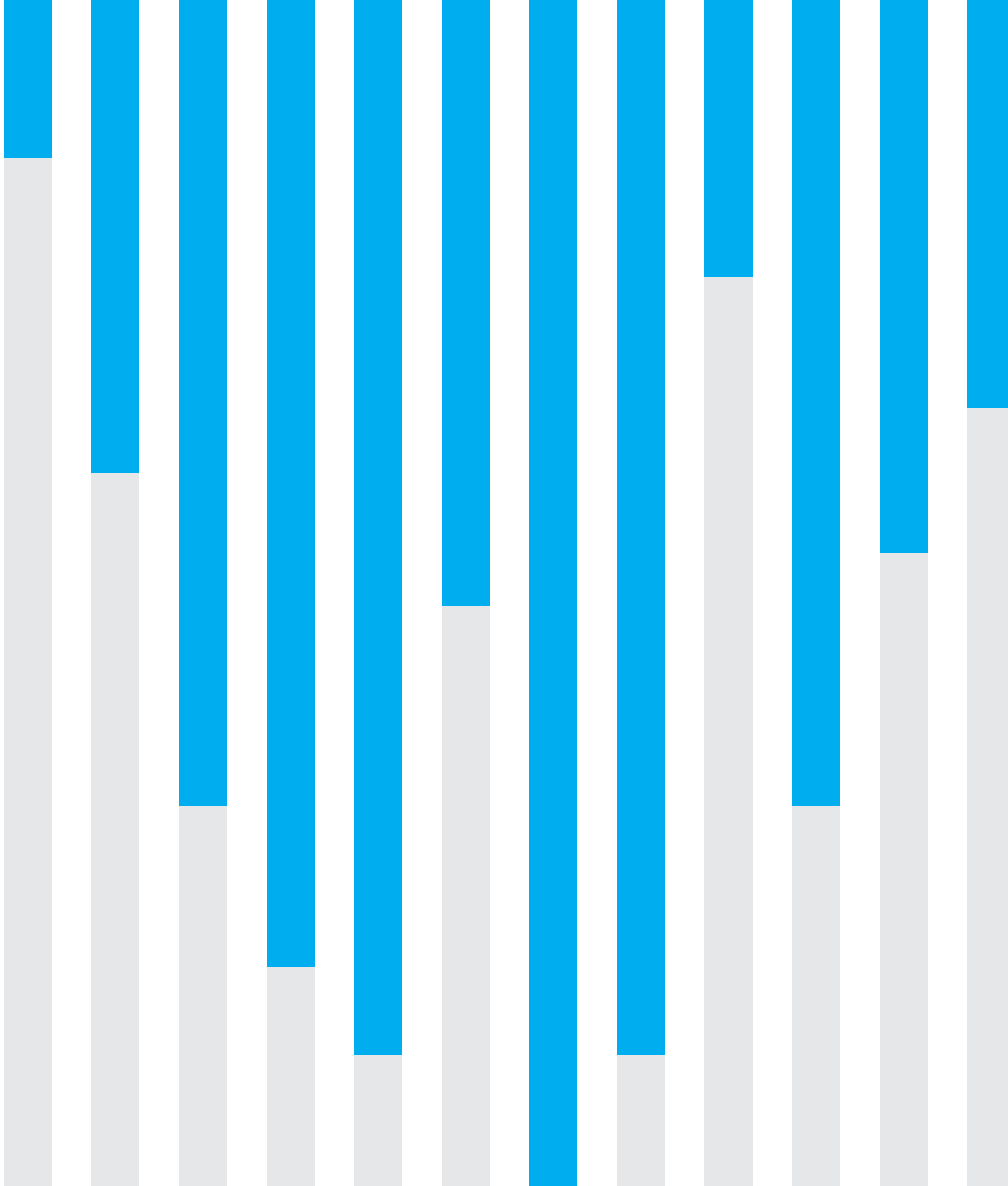
Participate in this ongoing research by joining our business panel. Companies that join the panel will receive exclusive in-depth analysis reports (not made available publicly) of our COVID-19 research findings. Participation requires completing a 3-5 minute web-based survey every few weeks.

Follow the link below to
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WHO WE ARE



PRINTING United Alliance is the new entity borne of the merger between Specialty Graphic Imaging Association (SGIA) and Printing Industries of America (PIA). In 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 will soon 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 sgia.org. To learn more about local Affiliate membership, visit printing.org.

NAPCO RESEARCH

NAPCO Research crafts custom data-centric solutions that leverage our highly engaged audiences across the markets in which we operate, our industry subject matter experts and in-house research expertise. We partner with our clients to identify their unique business problem and create solutions that enable deeply informed decision-making.

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- Opportunity discovery
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- Brand awareness

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