

Bulletin

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Industry Growth Expected to Accelerate in 2017

As sales continue to inch upward, Idealliance Chief Economist Andrew Paparozzi expects industry growth to increase this year, but he cautions that no one should count on benefiting from an upturn; it should be viewed as an opportunity, not a guarantee.

“Expect our industry’s growth to accelerate in 2017, particularly late in the year,” writes Paparozzi in the Winter 2017 issue of the *State of the Industry Update*, a report exclusively for association members. The annual *State of the Industry Report* and *State of the Industry Updates* are sponsored by Canon.

Paparozzi sees the acceleration likely emanating not so much from what the economy is currently doing but from the Trump Administration’s planned “reductions in business and personal tax rates, fast-tracking the repatriation of corporate profits held overseas, substantial spending on infrastructure and defense, rescinding some business regulations (particularly in energy and finance), and limiting the creation of others.

Going to Happen

“We can certainly debate the long-term merits of these policies,” he continues, “but for our immediate purpose of getting a sense of what 2017 will look like for our industry, two points are critical. First, they will stimulate the economy. Second, with Republicans holding majorities in both houses of Congress, they are going to happen in some form.

“Of course it takes time for an economic program to become law and begin changing incentives,” he adds, “so we’re sticking with the forecast we made last summer—commercial printing segment sales will grow 1.5% to 3.0% in 2017—with one modification: The stimulus being proposed increases the likelihood we finish much closer to the upper end of our forecast range than to the lower end.”

In the new report, he cautions that no one should count on benefiting from an upturn. “Think of it as an opportunity to boost sales and profitability, not as a guarantee that it will boost them for me,” he says. “While our upturns were once inclusive, bringing growth to many, they are now increasingly reserved for companies with superior knowledge of what

clients and prospects value most and superior ability to deliver that value. Everyone else gets left behind.”

He points out that commercial printing segment sales from all sources increased less than one percent (0.9%) in the first three quarters of 2016 and that the gain for the full year “will be the same, give or take a fraction.”

As sales inch upward, pressure continues on both prices and profitability, says Paparozzi, reporting that less than one-third of *State of the Industry* research participants raised prices in 2016 while less than 9% have lowered them, showing, he says, “that although increases are a tough sell, the broad declines are over.”

The Winter 2017 *State of the Industry Update* also offers information on the impact of industry diversification, a section on *State of the Industry* research participants’ top priorities for 2017, and three “Must-Dos,” actions companies can take right now to build a sustainable competitive advantage.

For more information about Idealliance State of the Industry research and economic trends reports, please contact Paparozzi at (703) 837-1062 or apaparozzi@idealliance.org.



Six Key ‘Must-Dos’

Idealliance Chief Economist Andrew Paparozzi spoke about six key “must-dos” from the Idealliance State of the Industry Report in an address at the recent efi Connect Conference in Las Vegas last month. [Click here](#) to view a video of his presentation.



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