



Hear Andy!
Click here to access a recent free member webinar featuring Idealliance Chief Economist Andy Paparozzi discussing findings from the new *State of the Industry Report*.

Idealliance Report Finds Sales Rising Slightly As Competition, Staffing Challenges Intensify



Commercial printing industry sales from all sources increased 1.1% during the first half of 2017, according to findings of the 2017 *Idealliance State of the Industry Report, 15th Edition*, sponsored by Canon. In comparison, sales grew 1.4% during the same period last year and 1.2% for all of 2016. Sales now total \$84.4 billion, up 8.8%, or \$6.8 billion, from the 2011 low of \$77.6 billion but still down 14.5%, or \$14.3 billion, from the pre-Great Recession total of \$98.7 billion.

“Slightly more than 55.0% of State of the Industry participants expected business to pick up during the remainder of 2017, down from 66.4% in April. Just 9.8% expected business to weaken,” writes report author Idealliance Chief Economist Andrew Paparozzi. “Idealliance now expects commercial printing industry sales (all sources) to grow 1.1%–1.6% this year—down from our original forecast of 1.5%–3.0% growth—and sales to grow 1.5%–3.0% next year.”

Most Hold Steady

For the majority of the survey group (61%), prices are unchanged from a year ago, although they are higher, on average, for almost one third (32.6%) and lower for 6.4%. Just 28.1% have increased prices at least 2.0% and just 15.8% at least 3.0%. The average change in prices so far in 2017: 0.7%.

More than 200 companies participated in State of the Industry research, which also found that staffing challenges posed a significant problem for industry growth. “The competition for human resources is intense and no threat to our industry is greater than an inability to recruit, develop, and retain essential skills,” said Paparozzi.

Study participants identified 20+ human resources challenges. The five mentioned most frequently and percent citing each: finding skilled sales personnel (64.7%), finding line production employees (42.1%), recruiting and retaining capable young employees to replenish an aging workforce (37.6%), firing faster (36.8%), and succession (35.3%).

Paparozzi points out that while the range of industry opportunities continues to expand, both in new print technologies and new services to complement print, competition for those opportunities expands as well. “Which opportunities should we pursue? Which best fit my company’s resources, capabilities, and circumstances? And how do we maximize each opportunity? Those questions come up more than any others in Idealliance State of the Industry research,” he says.

Three Realities

According to Paparozzi, Winning the future begins by embracing “three realities” about our industry:

- **Reality #1:** We have historic opportunity to get involved in our clients’ work earlier, stay involved longer, and satisfy a broader range of their communications needs. To capitalize on this opportunity, we must think less about how to sell more of this and this and this and think more about how to integrate our capabilities into customized programs that best meet our clients’ communications needs.
- **Reality #2:** While our gamut of opportunities continues to expand—both inside and outside of print—our margin for error continues to shrink. That means we are either getting better or falling behind. There is no longer a third option.
- **Reality #3:** Our industry, like every other industry, is being redefined by history’s fourth great economic revolution. That means we must purge complacency from every part of our company and never assume—no matter how well we’re doing—that we have it all figured out because during an economic revolution, no one has it all figured out.

“Winning the future,” adds Paparozzi, “also requires creating a sustainable competitive advantage by applying rigorous quality control to our mission-critical decision process; creating a consistently superior customer experience; striking the right balance of preservation, destruction, and creation; and setting and reaching a WIG, or Wildly Important Goal.”

An Idealliance benefit of membership, the new *State of the Industry Report, 15th Edition*, will be mailed to member companies later this month. For information, call (703) 837-1070, Ext. 1075, or email tkeeney@idealliance.org.