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**Semper International
Second Quarter 2015
Industry Insight
Survey Report**

1-877-377-4687
www.semperllc.com
always@semperllc.com

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Executive Summary: Get Ready for a Strong Second Quarter Amid Sustained Growth and Continued Positivity

As we move into the spring, we are excited that this second quarter insight report contains some great positive insights from our responding firms, with strong sales and profitability data across the board, plus predictions on the upcoming quarter and insights on cost controls and hiring concerns.

It is clear the winter season was challenging, but after looking at the current trends we feel more positive than we have in years about the prospect of growth in the industry.

Here are some of the most promising data points you'll find inside:

- 67% of companies reported revenue growth, and 86% recorded positive profits
- Despite the winter storms, we have witnessed four straight quarters of 80+% profitability
- Hiring is up, with a 38% jump in the number of firms looking for referrals this quarter
- Over the last two weeks alone, we have seen an increase in demand with 39% saying they have gotten busier

Overall, the industry looks to have weathered the winter well and most are sitting in a stronger position today than they were just three months ago.

If the last few years have taught us anything, however, it is to temper our outlook with caution. As of this writing, the first quarter initial GDP has not been released. We suspect it will likely reflect the slow down that we felt in the first quarter.



Looking Ahead: What this Means for Talent and Staffing

After the past years of shaving pennies, hiring is really heating up. Firms anticipating a rise in hiring this quarter sit at 44%, while those expecting rates to stay the same is over 50% - impressive considering that hiring rates have consistently grown over the past several Insight Reports.

Despite the fact that some sales numbers reflected the impact of the winter storms, companies continued to hire through the first quarter in 2015 – making a tight labor market increasingly tighter.

Like any decision to invest, hiring decisions rely on the fact that companies feel confident in the future business environment, to ensure their investment of time and resources will net a return. The past few years have taught us to be flexible and keep costs low, as we never know when an economic shock will happen.

When hiring starts to return, firms first try to supply their roles using low-cost methods such as referrals. This quarter, we saw a 38% jump in the number of firms looking for referrals, which is a very serious sign that we are on the road to a healthy economy. Remember, however, that the “low-cost” alternative is not always as cost-effective or successful as you might think.

Our industry is predicting that the current quarter will be epic, and we look forward to the next few months to (hopefully) begin to trust our footing in the rising prosperity.

David Regan, CEO
Semper
International LLC

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I. Dollars and Cents

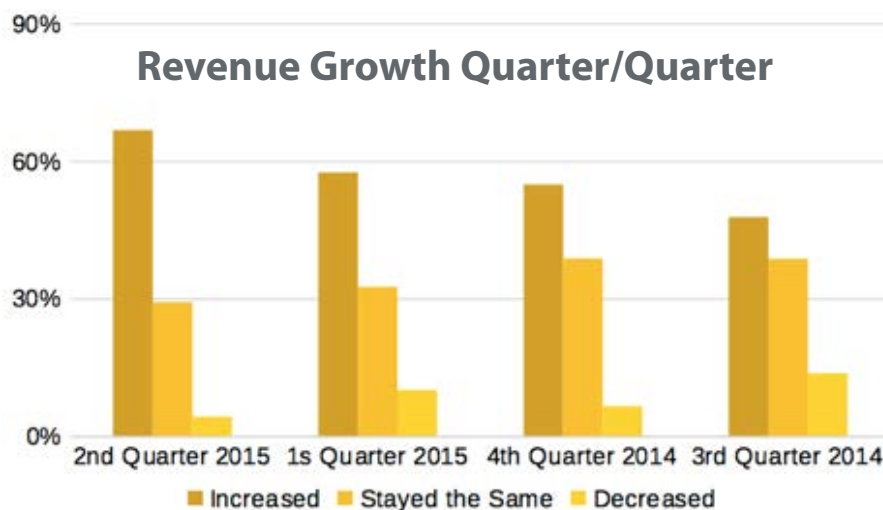
The first set of questions focus on where the rubber meets the road: sales, revenue and profit.

Insight 1: 67% of Companies Saw Revenue Growth

Our question on revenue growth offers a great perspective into the health of our industry and focuses on the very foundation of our success: Is the industry profitable or experiencing difficulty?

Coming into the second quarter of 2015, we now show seven straight quarters of positive growth. Similarly positive, this growth is coming from companies who had reported either sales stagnation or losses in the prior quarter.

Candidly, the senior team here at Semper faced this quarter's survey results with a bit of trepidation, as we wondered what impact the prolonged storms and other weather issues would have on firms' results. This increase in revenue despite the harsh winter is very positive.



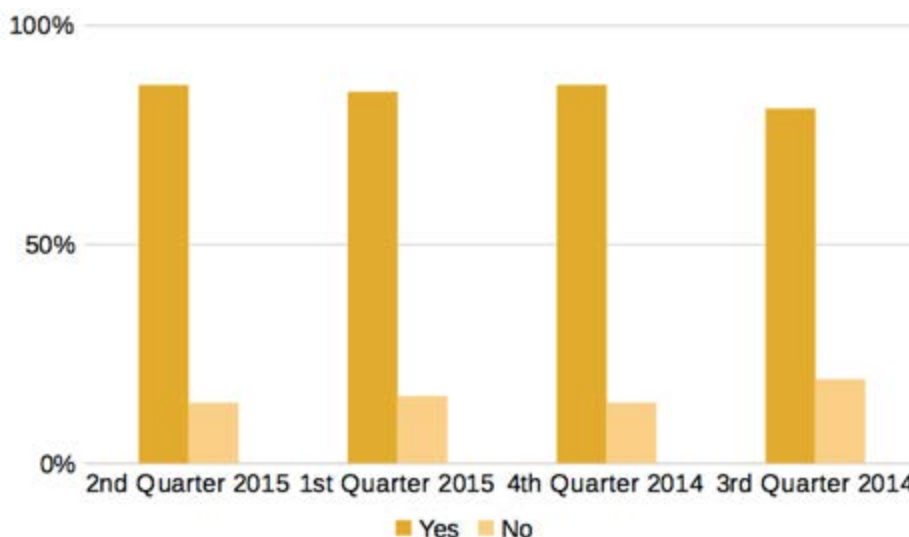
Question: How does your revenue compare to last quarter?

Insight 2: Four Straight Quarters of 80+% Profitability

Regarding profitability, we are now in our fourth straight quarter of 80+% profitability among responding companies. In fact, profitability rates rose one percentage point in the Second Quarter to sit at 86% overall.

As we mentioned last quarter, we are in uncharted territory for our Insight Report, with firms reporting the strongest profit numbers we have seen in the 14 years we have been publishing this report. Despite a long cold winter and other reported economic pressures, Printing and Marketing firms appear to have firmly recovered from the recession's long months.

Quarterly Profitability for Q1 2015



Question: Did your company have a profitable first quarter 2015?

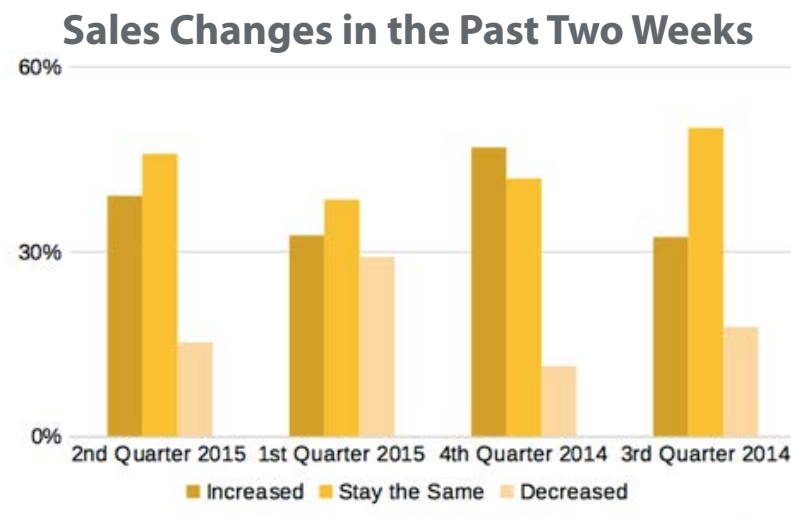
Insight 3: Sales Heat Up with 39% of Firms Reporting Increases in the Past Two Weeks

Our third quarterly insight is predictive, as we ask respondents how their sales rates fared in the past two weeks – giving us some directional data into the quarter ahead.

As of April 15th, companies have seen a jump in sales requests, with 39% saying they got busier in the past two weeks. That rise in positive sales is a nine percentage point increase over last quarter at this time. Today, strong sales numbers are also coupled with a sharp reduction in those reporting sales are declining – setting us up for what looks like a terrific Q2.

Looking back on our data, the first quarter sales were clearly lower. In light of our second quarter data, we believe this was due to a protracted storm season and not residual economic instability. In some cases, companies were physically closed 10% of the month of February – a trend which lasted into mid-March for much of the Northeast.

With our strong second quarter outlook in hand, we can extrapolate that we may well be coming out of the winter blues, and the economy is really starting to warm up.



Question: How have sales changed in the last 2 weeks?

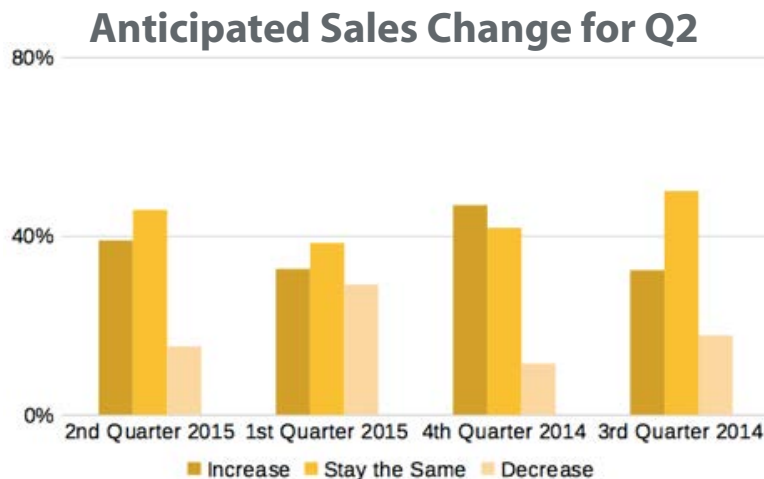
Insight 4: 40% of Companies Anticipate Sales Growth in the Second Quarter

Another predictive question, Insight Four delves into how firms expect to see their sales fare in the upcoming quarter. This metric is generally accurate. For example, last quarter's survey results, we would suggest the answers were spot-on in predicting the sales slow-down.

This quarter, the data is much more positive. Firms anticipating sales growth represented nearly 40% of respondents, and firms expecting currently strong sales to stay the same come in at 45% of all responding firms. If the results this quarter are equally accurate, sales should be epic.

In fact, these results are even stronger than the 3rd quarter last year when federal economic supports, such as Quantitative Easing, were still in swing.

The economic pundits say financial contractions are usually seven years in length -- they just don't indicate when the seven year clock starts. Recently, our CEO, Dave Regan, came to an epiphany that perhaps the clock starts at the lowest of the low which was in March/April 2009. If that's the case, then we should see a marked improvement over all in the economy by this time next year. Let's hope both the survey and the seven year rule of thumb both hold true and we are all on the road to recovery.



Question: How do you expect sales to change during the second quarter of 2015?

II. Competitive Threats and Company Responses

These questions relate to outside threats and pressures.

Insight 5: The Economy Is No Longer Public Enemy Number One

"I can recall my grandmother, a child of the great depression, saving a store of canned goods and cash until the end of her life. Her experiences were so dramatic with those bad times that she felt the need to keep the wolf from the door for the rest of her life.

Looking at our survey results over the past few quarters, we are seeing evidence of similar trauma in spending money. At long last, the economy seems to truly have turned the corner, as our responding companies have now reported several quarters of sustained growth and profits." – Dave Regan, CEO, Semper

For many of us, these last 6-7 years are similar to our CEO Dave Regan's grandmother's experience from 85 years ago – a trauma we will not soon forget.

With the length of this contraction we see some hiring and/or buying professionals who have never experienced a sellers' market in labor or supplies. Perhaps we should awaken their senses to the current economic condition. As the economy rebounds, companies and individuals should see spending and wages increase as well. Let's hope this turning point in Insight Five results help us all start to put these economic fears in the rearview.

We draw your attention to the spike in concern regarding cost of technology upgrade versus lower cost competitors and suggest that principled and selective upgrades as a way to differentiate yourself from those low cost competitors. Offer high-margin services, which are not easily duplicated, and you will position yourself to advance in the rising economic tide.

Let's hope the positive data will help us all start to put these economic fears in the rearview, and getdown to the business of growth and innovation!



Question: What is your greatest competitive threat?

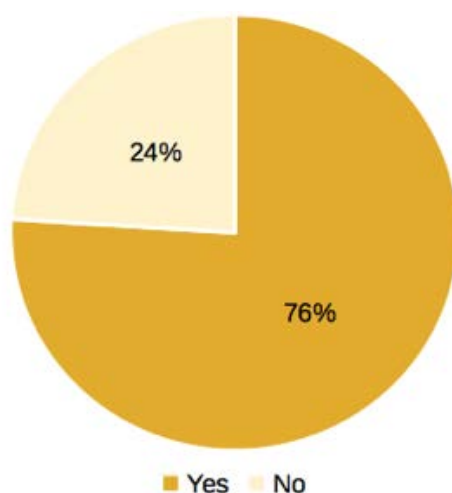
Insight 6: Economic Diversification Continues to Gain Speed

With the economic recovery solidifying, business diversification rates have similarly responded. In the second quarter, business diversification has risen to 76%, up from 62% at the beginning of the year.

Clearly there are times to invest in diversification or enhancement of production. Despite the uncertain weather, and the ACA implementation hitting more widely, it was clear that many firms were loath to miss out on the rising tide.

We suspect that this quarter the predicted uptick in sales will once again set off a marked period of investment in both labor and technology. Please keep in mind a wider offering of products that return high-margin is the name of the game.

The Rate of Business Diversification



Question: Are you currently diversifying your business?

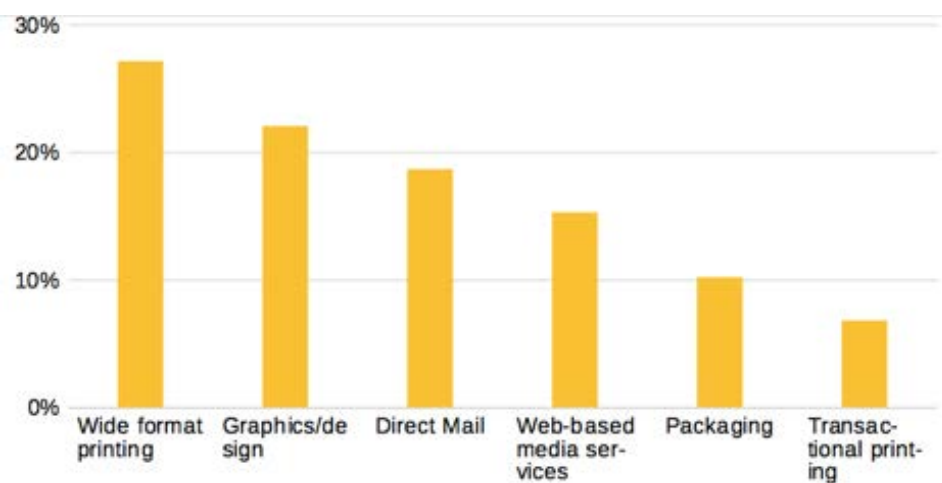
Insight 7: Market Diversification Was Again Led by Direct Mail and Wide-Format

Again this quarter, diversification was led by Wide-Format Printing, Graphics and Design and Direct Mail, respectively.

These choices make sense in the current climate. As firms look to expand their profitability, it is important to first expand into your core areas of expertise. Similarly important, however, is to find niche areas of growth. For example, packaging and design, which we, and other [leading companies such as Apple](#), feel are areas not going away anytime soon.

Another area is electronic printing RFID tags in one form or another. Remember, when investing, doing so in areas that enhance your core strengths, reduce competitive pressures and have solid demand are the name of the game. Lead - do not follow! (Also, if anyone is working on a printed tag for our keys, please send a sample.)

Market Diversification of Responding Companies



Question: What area are you diversifying into?

Insight 8: Traditional Print Declines as the Industry's Primary Profit Center

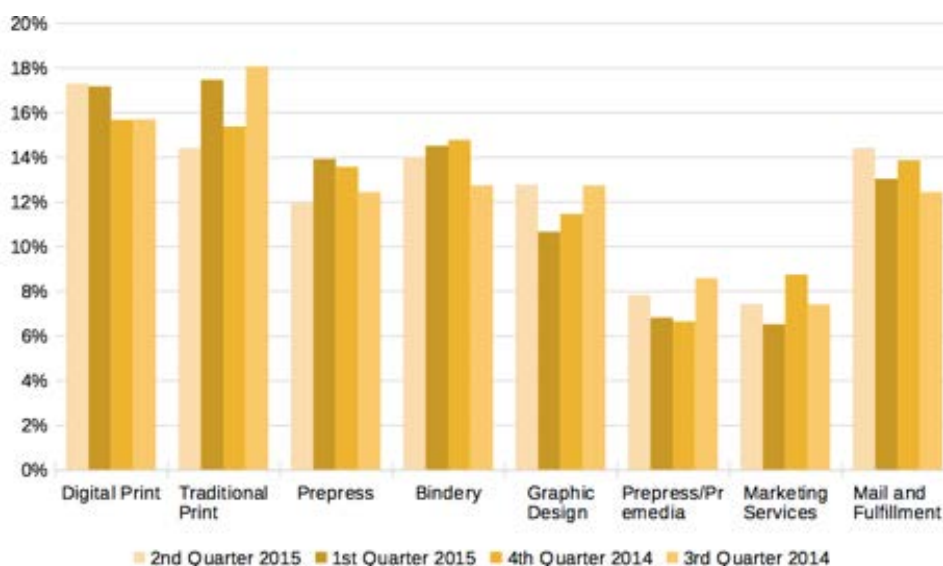
As we have seen in this quarter's data, profits are rising across the board. This begs the next inevitable question: Where is the margin today?

Our profit center data offers some insight into that answer, with Digital Print, Mail and Fulfillment and Bindery leading the way.

Amidst all this growth, it is important to recognize the three areas of decline: Prepress, Traditional Print and Bindery.

Clearly the fortunes might be changing in these three areas, but they still are cash cows in which to help fund your diversification or technology strategies. Similarly, it is critical to look to your areas of Bindery and Traditional Print, which have experienced four straight surveys of decline and define a strategy to address their reduced profit center contributions.

Corporate Profit Centers in the Past 12 Months



Question: What are the primary profit centers in your organization?

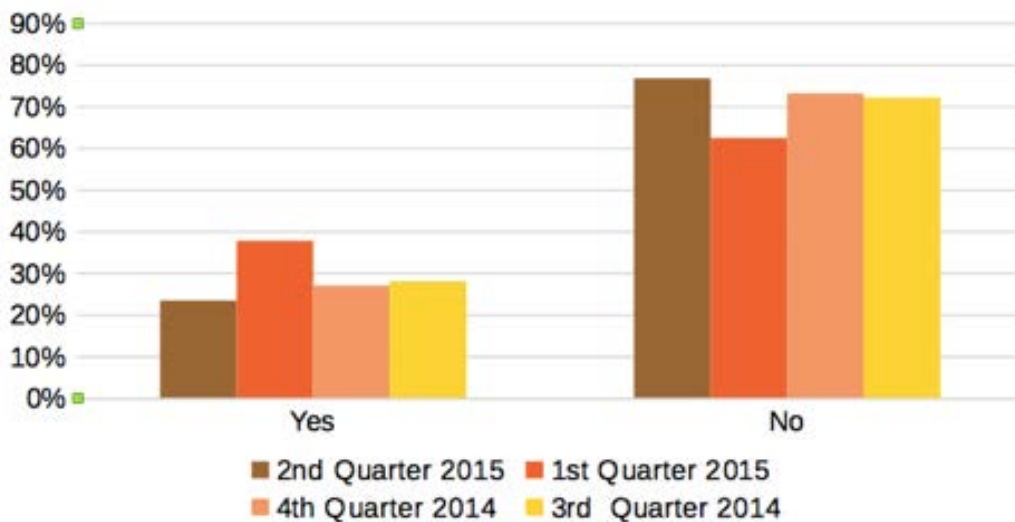
Insight 9: Firms Continue Steady Capital Investments

It seems clear that capital investment and diversification are linked in our reality. Looking at the charts, about 24% of us in each quarter are making investments. Whether acquiring former competitors, equipment, software or people, we have no real choice but to survive.

The hard part is in deciding which areas to invest in, and in what? As you assess your investment decisions, it's valuable to include a testing process before you purchase - whether in labor, equipment etc. Doing so will minimize risk.

Find out if your investment generates the margin you need or not before you commit. Since buying before you try is risky in this day and age, consider selectively outsourcing areas of a new profit center as a trial. This is a smart move when mistakes can be deadly.

Major Equipment Purchases



Question: Did you make a major equipment purchase this quarter?

III. Staffing Trends

Finally, this group of questions focuses on hiring and staffing plans in the third quarter.

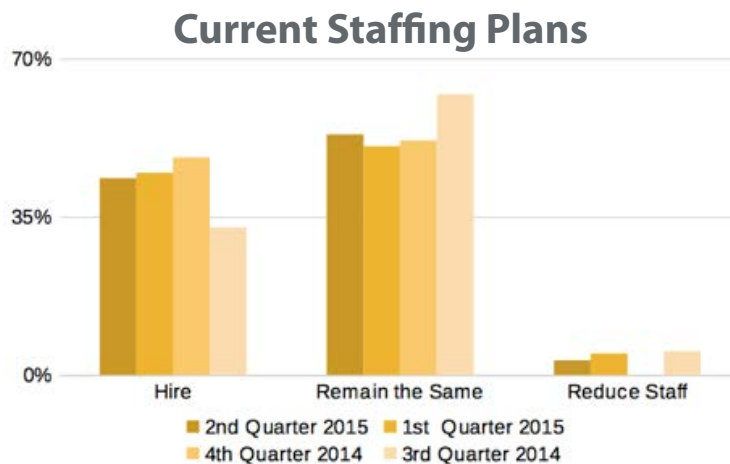
Insight 10: Hiring Holds Over 40%

As we mentioned in the introduction, hiring investments require company leadership to have confidence that tomorrow will be better than today – and that their investment of time and resources will net a return.

This past March, the news media started to announce some negative hiring numbers on the national level – which we saw a full quarter ahead in our Q1 data. Fast forward three months, and we see that our industry is predicting a stellar quarter. As a reader of this survey, you can now take advantage of that, armed with data that you will see months before your competitors!

As future economic performance is critical in hiring decisions, we expect that the labor market will start really getting hot in the near future. We hope you use this insightful information to your advantage!

It seems from the results that hiring is still strong, laying off is weak and staying the same. As the weather-related hesitancy starts to fade, this will couple with respondents' belief in strong sales and this chart will change markedly in the next survey.



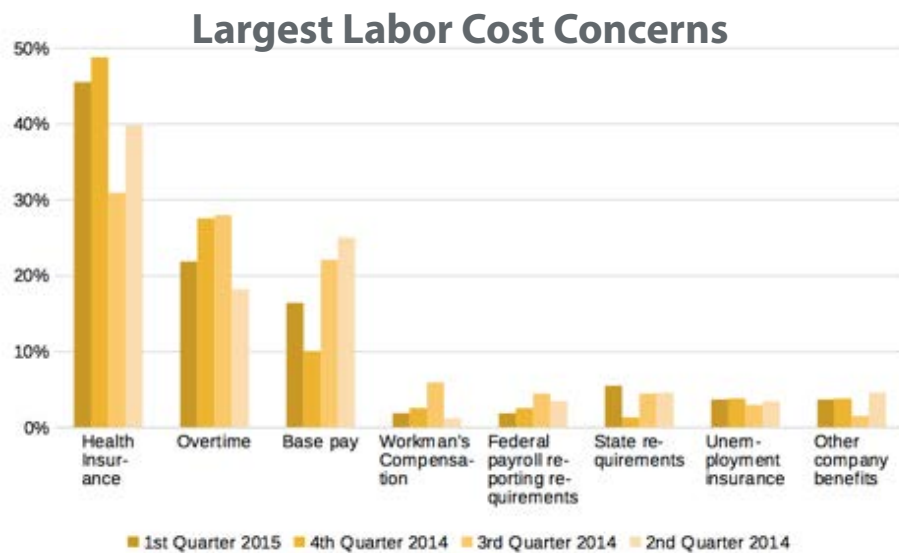
Question: What are your current hiring plans?

Insight 11: Insurance Costs Remain a Perennial Threat

One of the first key insights in this quarter's data is the rise in base pay concerns, with 16% of companies reporting this concern in the second quarter. While higher salaries might be concerning for an individual employer, rising base pay standards also indicate a positive macro trend – the better paid a consumer is, the more they consume and the more you sell. In the current low inflation environment, low unemployment and higher pay are really a good thing.

Health insurance continues to be paramount among respondents' concerns this quarter, with 45% of companies reporting cost as a critical issue. While this data is slightly down from last quarter's high of 49%, it is clear that firms continue to struggle to pay for insurance. Our favorite ACA has not worked as intended to lower costs for employers, and we expect this issue will remain a strong concern.

To temper rising costs, insurance firms are beginning to [offer contractual “carrots”](#) in the form of wellness incentives (and even some mandatory wellness requirements). As competition for talent increases, firms may do well to consider supplementing their offerings with these kind of programs.



Question: Regarding labor costs, what component of the costs has been increasing the fastest last quarter?

Insight 12: Nearly Half of New Hires Come From Existing Staff Referrals

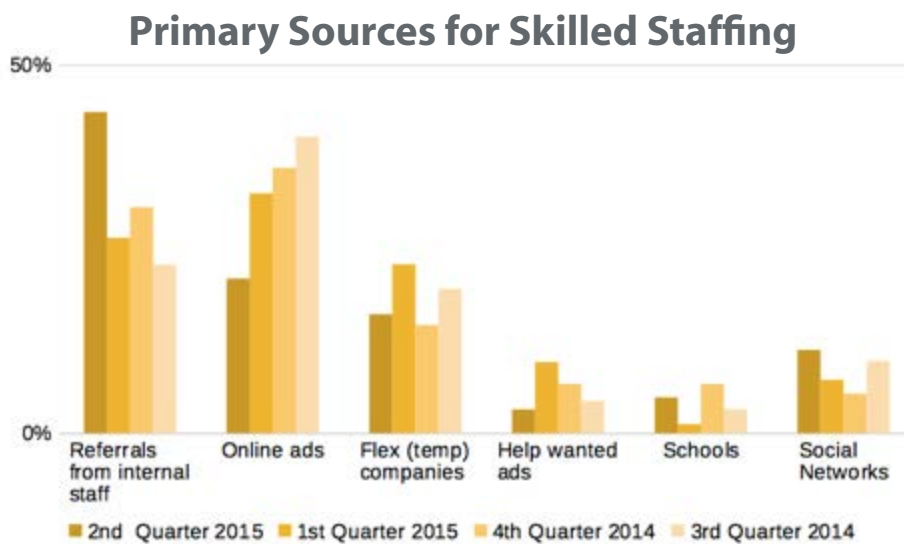
Saving the best for (nearly) last, there are a few real signs we look for to see if a recovery is self-sustaining. These include: rising base pay, increases in hiring overall, and a sharp increase in companies reaching out to internal staff to add more bench strength via referrals.

This quarter, we saw a 38% jump in the number of firms looking for referrals, which is a very positive sign that we are on the road to a healthy economy

After past years of shaving pennies, this trend makes sense. As mentioned before, if the last 15 years have taught us anything, it is to be flexible and keep costs low as we never know when an economic shock will happen.

When hiring really starts to return, firms first try to supply their roles using low-cost methods such as referrals. Though, remember that “low-cost” is not always as cost-effective or successful as you might think.

As of this survey, it looks like we are beginning to come out of this harsh winter’s tough economic cycle, and the next few months look busier. To that, we say, “Let’s get to work!”



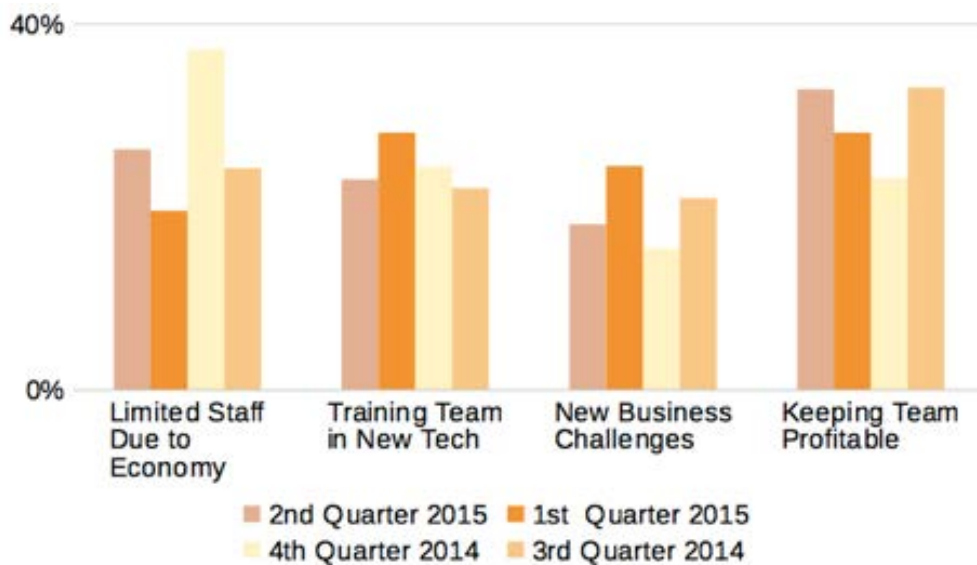
Question: What are your primary sources for skilled staffing?

Insight 13: Profitability and Limited Staff Lead Concerns in a New Business Environment

With the rough winter and continued “eagle eyes” on cost controls, it makes sense that keeping existing profit centers and teams in the black was the main focus this past quarter. As a result, “Keeping your team profitable” and “Limited staffing due to the economy” rank the top two concerns among respondents this quarter, at 33% and 26%, respectively.

Whenever demand is up and down over short time periods, we also see an increase in the need for flexible staff. We feel that keeping core staff busy and utilizing flex labor is an excellent competitive combination. It appears our respondents do as well.

Largest Staffing Challenges



Question: What is your biggest staffing challenge?

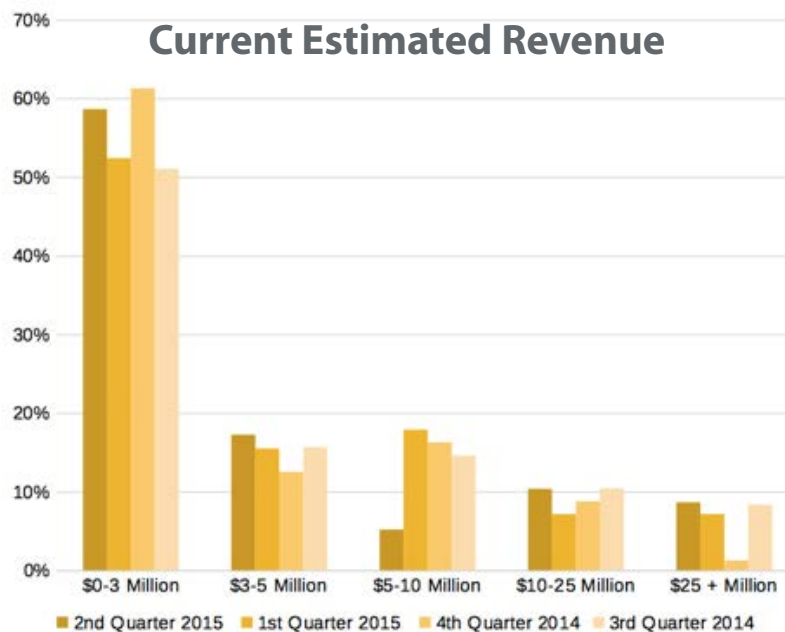
Insight 14: Small Businesses Show Strong Survey Participation Once Again

As many of you know, 30,000 companies across the United States are invited to participate in the survey. Participation varies based on multiple factors, which is reflected in the variation of our demographic results each quarter.

We have considered locking the participation to include only those companies who previously responded to the survey, but ultimately decided that would limit the survey's ability to predict and detect events – even if we do live with a bit of fluctuation from quarter to quarter.

In terms of participation, small businesses continue to lead Semper survey responses, as they have in most prior quarters. In the second quarter, they make up nearly 60% of all survey participants – a rise from the 52% response rate last quarter.

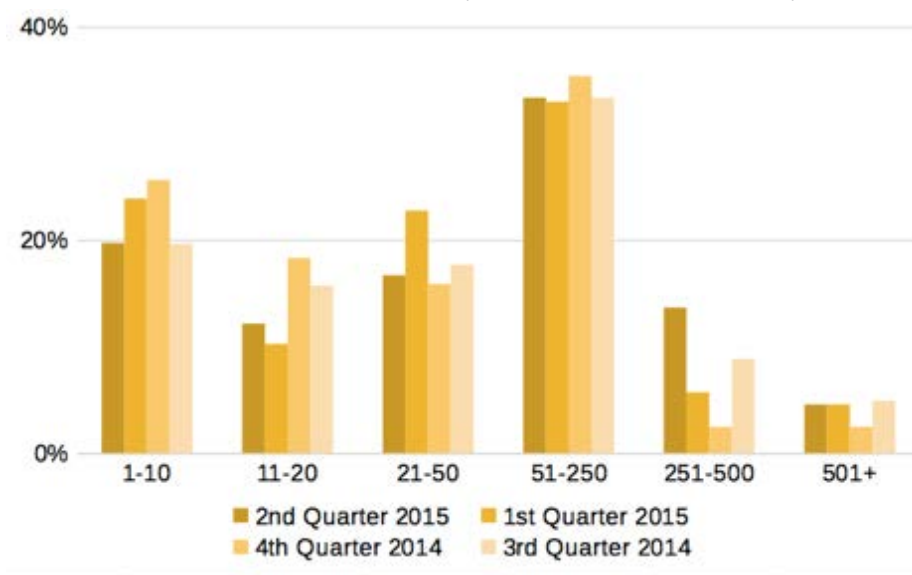
Conversely, we are also beginning to witness a rise in firm participation for those with over \$10 Million in annual revenue, with 10% of responding firms coming from the \$10 - \$25 million bracket this quarter, and 9% sitting at over \$25 Million in annual revenue.



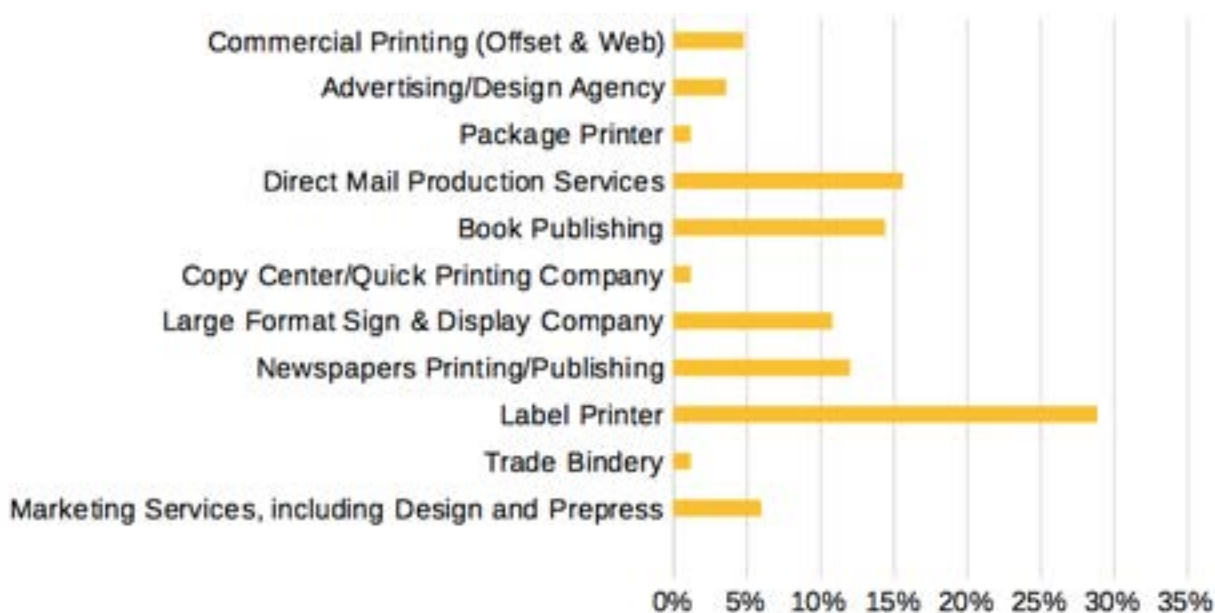
Question: What was your company's estimated revenue last quarter?

IV. Demographics

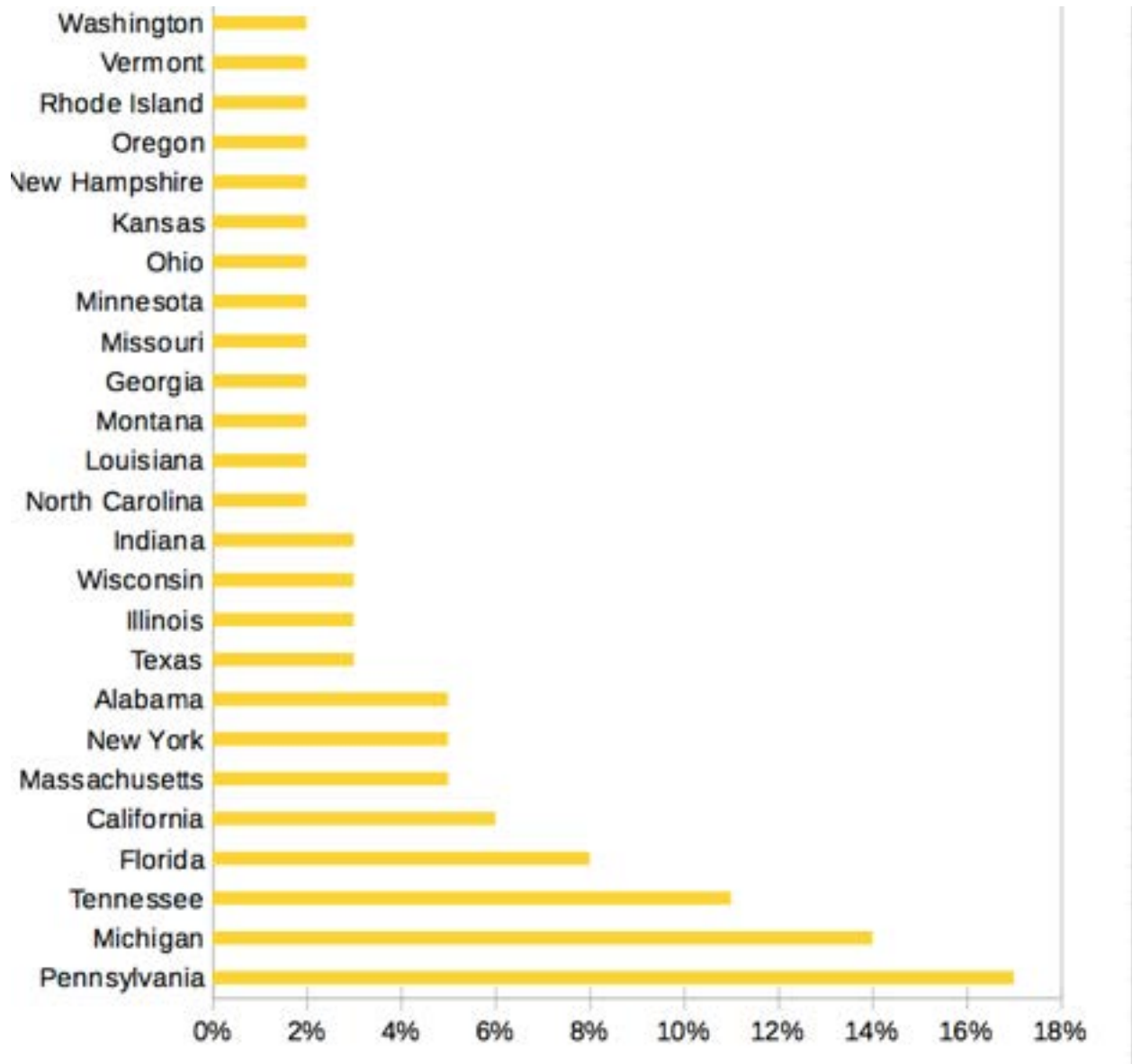
Number of Employees per Company



Reporting Industries: Q2 2015



Company Location





About Semper

Semper International, LLC, is the nation's largest and most trusted supplier of skilled staff for the print, pre-media, graphic and interactive media industry. In over 20 years of service we have placed more than 50,000 team members in roles from Production Technicians to Experienced Managers in flex, flex-to-hire and direct-hire positions.

Literally translated, Semper means "always," and that is something we take to heart. Our experienced, reliable team personally screens and rigorously tests every applicant before we recommend them for placement. We are experts at making things happen, and we have earned a reputation for quality hires who produce Day 1, and have built a loyal base to draw from – in fact nearly 20% of our flex staff have been working with us for over 10 years.

We were born and raised in the industry, so know that staffing is more than just filling a slot. Rather than just deliver a need, we become part of the team, so that your success is our success.

[Click Here to Email a Top Recruiter Today](#)

About The Author

David Regan is the CEO of Semper International. The nation's largest and most trusted supplier of skilled staff for the print, pre-media, graphic and interactive media industry. With over 20 years of service David and the Semper team have placed more than 50,000 team members in top companies from Staples and Jack Morton to small and midsized printing and production companies.

Dave cut his teeth early in printing working in—and ultimately managing—his family's small commercial print shop. Always an entrepreneur, during that time he founded several small startups, including one of the first MAC rental companies and a Boston-based bulletin board network, precursor to today's community forums.

From these humble beginnings, his first company, PressTemps, eventually expanded from one small office in Boston, to the Semper International of today, with ten offices nationwide and a two sister companies: PrintWorkers.com, the top printing job board in the nation, and Semper PT a corporate wellness benefits provider.

He lives in Wayland, Mass, and in his spare time he races sailboats and practices Jujitsu.



Tell Us What You Want to Ask!

Over 12 years ago, Semper recognized that our position in the industry afforded us unique a vantage point to see economic trends affecting our industry. From the beginning, our goal has been to aggregate information from our database of over 50,000 companies, and provide this material for free as our gift back to the industry we serve.

Over the years, as the survey has become more popular, and we have watched the industry itself change, we have refined and improved our questions and processes. As we continue to improve our survey and data collection techniques, we are finding our pool of respondents increasing. We feel the results are becoming much more accurate and valuable as a result of these efforts.

We want to hear from you! Please [click here](#) to let us know what other questions you would like to see in next quarter's survey.