

Strategic Alliances in the Digital Printing Industry

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Extended Abstract

During the last decades, the printing industry has experienced changes in work procedures. More printing houses choose to integrate additional and supporting activities in the printing value system, such as prepress, finishing and distribution, to offer a complete service to their customers. For many companies it has become necessary to offer both traditional and digital printing to satisfy diversified customer needs. These complete service solutions can be both costly and knowledge intensive.

The fast technological development and the convergence of the media industry have made competition in the printing industry harder and not only in-industry any longer. This puts great pressure on individual companies, and in a climate of rapid change, companies need to respond quickly to external forces in order to remain competitive. To accomplish this many different competitive resources and competences need to be managed. This can be achieved either directly by ownership or indirectly by cooperation.

The objective of this paper is to investigate how alliances are used in the dynamic business environment of the printing industry, with a focus on cooperations in connection with digital printing.

This qualitative case study compares two of the larger Swedish commercial printing houses which have applied two different cooperation approaches. One printing house used alliances to gain control of and access to new and complementary resources, while the other printing house collaborated to increase the capacity of its internal resources.

The case companies emphasize the importance of being part of alliances, as they believe that by cooperating and engaging in different types of alliances, they can achieve a better result than working on their own. It should be noted that even

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though the cooperations illustrated in this paper have different purposes, both companies have retained contact with the customer.

The primary reason, for the companies' cooperation was gaining access to resources to enhance customer satisfaction and retain customer contact. This paper illustrates that alliances and cooperations can be used in different ways and being part of an alliance can be regarded as successful and something worth nurturing. The major difference between the cooperations of the investigated companies can to some extent be described by the degree of dependence between the companies and their partners. However, the more strategic an alliance becomes, the more important factors such as trust, commitment and dedicating human resources to the alliance becomes.

Creating cooperations that aim towards ensuring additional capacity is important in an industry, such as the printing industry, that is still largely focused on production. However, as the case study also illustrates, cooperating to gain indirect control over a partners resources is an excellent way of being able to serve customers and explore new business areas.

Even though alliances can provide competitive advantages, this study also indicates that hypercompetitive behavior, like being to opportunistic, clearly can have drastic negative effects on an alliance.