

Thomas Mejtoft & Åsa Nordin
Cooperation and Competition
The Case of the Swedish Commercial Printing Industry
Presentation at the ANZMAC 2008 Conference, Sydney, Australia



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AUSTRALIAN & NEW ZEALAND MARKETING ACADEMY

Background

- Competition has almost always been described as tough in many industries (e.g. Scherer, 1970; Schumpeter, 1939; 1942)
- Competition is getting more aggressive and fast paced
 - » Harder to sustain competitive advantages (e.g. Brown & Eisenhardt, 1998; Dierickx & Cool, 1989; Wiggins & Ruefli, 2005)
- Alliances can allow access to complementary resources (e.g. Gulati, 2007; Porter, 1985)



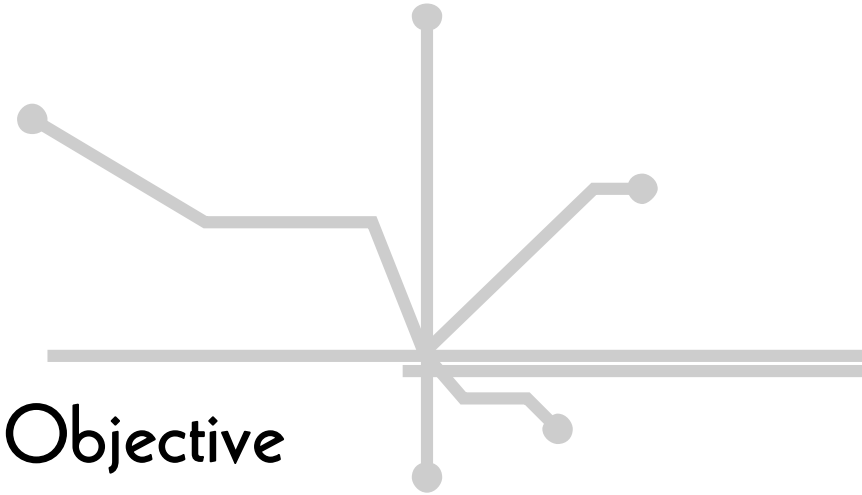
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Research Objective

The objective is to investigate how a fragmented industry perceives the competition with their cooperative partners. Furthermore, this paper aims to investigate how organized alliances affect the competition and cooperation in the industry.

This study will be carried out by examining the cooperation between commercial printing houses in Sweden.



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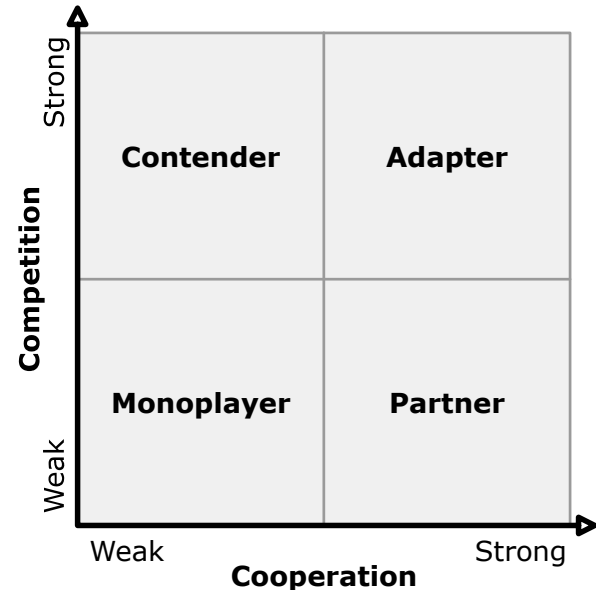


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Theoretical Framework

- Alliances between complementing firms have high success rate, alliances between competitive firms are likely to fail (Bleeke & Ernst, 1995)
- Simultaneous cooperation and competition (e.g. Lado, 1997; Luo, 2004)



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Methodology

- Multiple case study
 - » Interviews with 21 Swedish commercial printing firms
 - » 13 not currently part of organized alliances
 - » 8 printing houses from 3 different organized alliances
 - » Additional interviews with the central organizations of the organized alliances
 - » CEO of equivalent as respondent



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Results

Results and Discussion

- Cooperation between printing firms
 - » Cooperation outside organized alliances
 - » Cooperation between partners in organized alliances



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Cooperation outside Organized Alliances

- Providing full service solutions is essential
- The respondents believe that forming strategic partnerships is important to stay competitive
- Two common reasons for cooperation
 - » Fast technological development and sizeable investments are needed to have a complete line of state of the art production equipment
 - » Opportunity for large scale production and keeping internal production equipment at an optimal level



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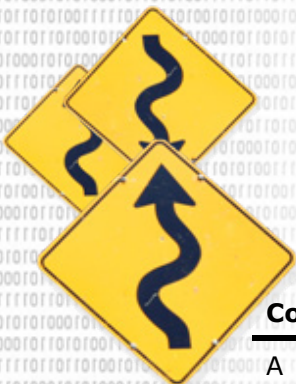
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Cooperation outside Organized Alliances

- Companies mainly cooperate to:
 1. Complement their line of production and services with complementary resources to offer full service solutions to customers
 2. Extend their current resources and temporarily increase production



Cooperation outside Organized Alliances



Co	Company structure		Cooperation	
	Type of company	Printing technology	Cooperation type	Partners location
A	Integrated	Offset/Digital	Extended	Regional
B	Integrated	Offset	Complement	Local/Reg.
C	Integrated	Offset	Complement	Local/Reg.
D	Specialized	Offset	Complement	Local
E	Integrated	Offset/Digital	Extended	Local
F	Integrated	Digital	Complement	Local
G	Integrated	Offset	Complement	Local
H	Integrated	Offset/Digital	Extended	Local
I	Integrated	Offset	Complement	Local
J	Integrated	Offset/Digital	Extended	Local
K	Integrated	Offset	Compl./Ext.	Local

Co	Company structure		Cooperation	
	Type of company	Printing technology	Cooperation type	Partners location
L	Integrated	Offset/Digital	Compl./Ext.	Regional
M	Integrated	Offset	Compl./Ext.	Local
N	Integrated	Digital	Complement	Local
O	Integrated	Digital	Compl./Ext.	Local
P	Integrated	Offset/Digital	Complement	National
Q	Integrated	Offset/Digital	Extended	Loc./Reg./Nat.
R	Integrated	Offset/Digital	Extended	Local
S	Integrated	Offset/Digital	Complement	International
T	Integrated	Digital	Complement	Local/National
U	Integrated	Digital	Complement	Reg./Internat.



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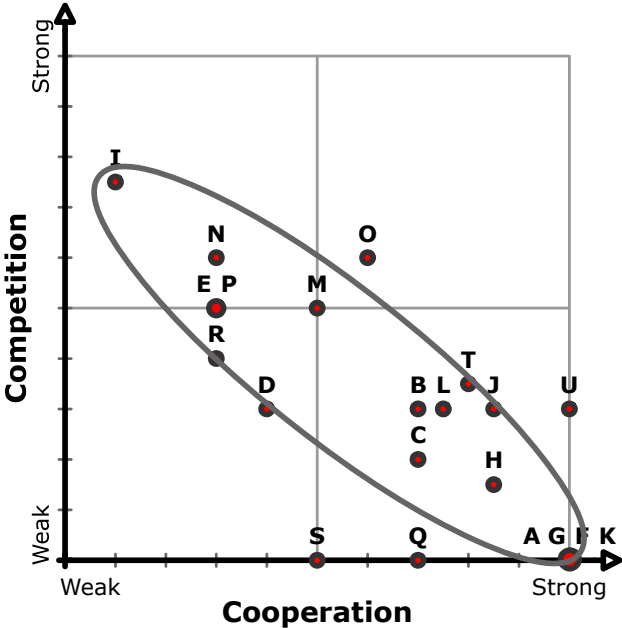


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Cooperation outside Organized Alliances



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Cooperation within Organized Alliances



- Primary impact of organized alliances on internal factors
 - » Lowering cost through e.g. joint purchasing
 - » Sharing costs through e.g. joint marketing and development of IT systems
- Secondary impact of organized alliance on external factors
 - » Use of franchise brand may strengthen local brand on national level
 - » Access to resources may increase competitive advantages



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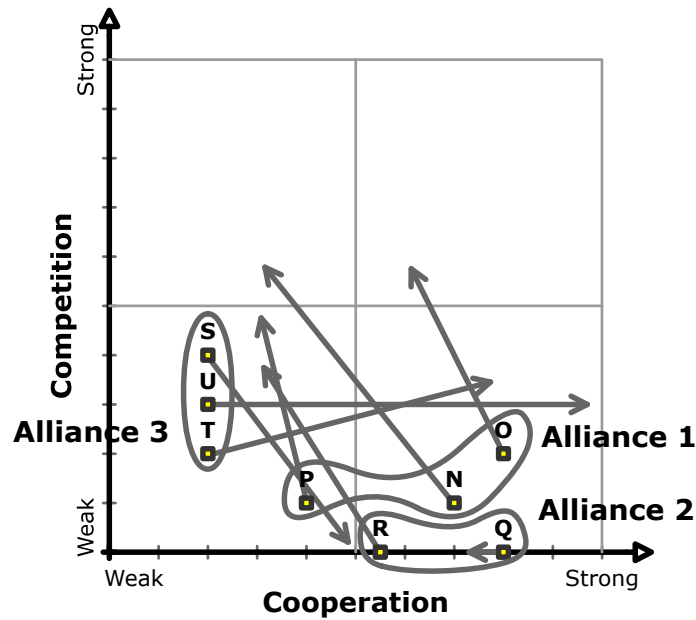
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Cooperation within Organized Alliances

- Different organized alliances in the printing industry have different purposes, level of cooperation and perceived value



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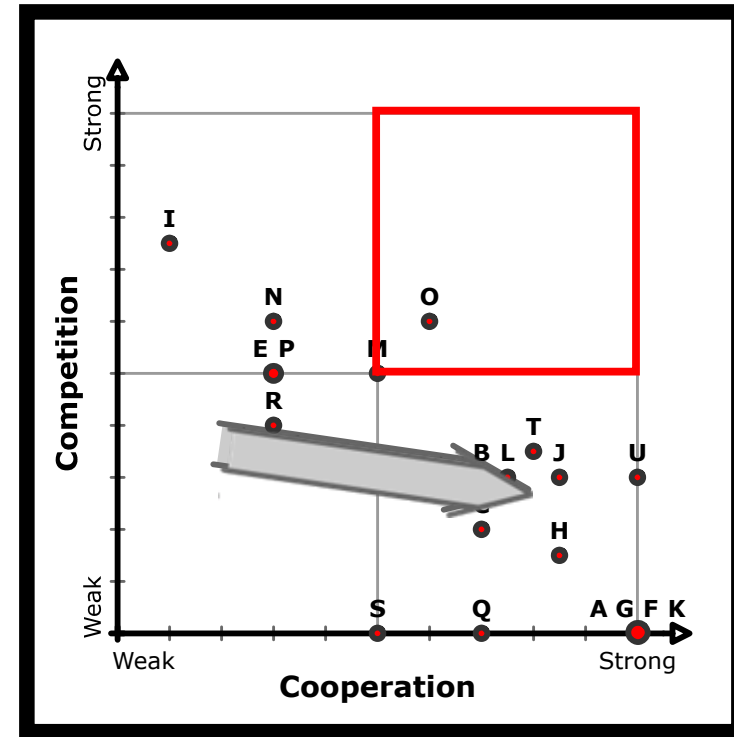


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Reflections

Concluding Reflections

- Hard to cooperate with competitors
- Strong cooperation with a few close partners
- Time has a positive effect of the commitment to a cooperation
- Trust is important for potentially competitive companies to cooperate



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Concluding Reflections

- Competitive impact of organized alliances is diversified
 - » Mostly internal effects, e.g. lowering cost and making production more efficient
- General opinion is that the competitive impacts of organized alliances are quite weak



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Thank You for Your Attention!

Thomas Mejtoft.

STFI-Packforsk/Royal Institute of Technology (KTH)

thomas@mejtoft.se

+46 660 324803



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LinkedIn <http://www.linkedin.com/in/mejtoft>