

Strategies in the Commercial Printing Industry

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The results of this research project demonstrate that vertical integration is important in order to get competitive advantages in the commercial printing industry in Sweden and is a widely used strategy. Nevertheless, it is common to combine vertical integration with cooperation to create competitive advantages and make a company more flexible and dynamic toward market changes.

Objective and Methodology

The research objective of this research project is to investigate the impact of institutional arrangements, with respect to vertical integration and cooperation, on competitive advantages within the commercial printing industry, with specific focus on digital printing. This project has been divided into five separate studies, four qualitative case studies and a quantitative survey study, all carried out in Sweden in the years 2004-2008.

Results and Discussion

The results show that vertical integration is a way to achieve competitive advantages in the commercial printing industry and is a widely used strategy in Sweden. Being able to contract full service companies is appreciated by customers to printing houses, especially direct customers, due to their need for a supplier of complete solutions for printed matters. Other reasons for vertical integration are the need to ensure fast deliveries to customers and having a steady supply of appropriate jobs. Consequently, vertical integration is strategically important for digital printing houses in order to develop their busi-

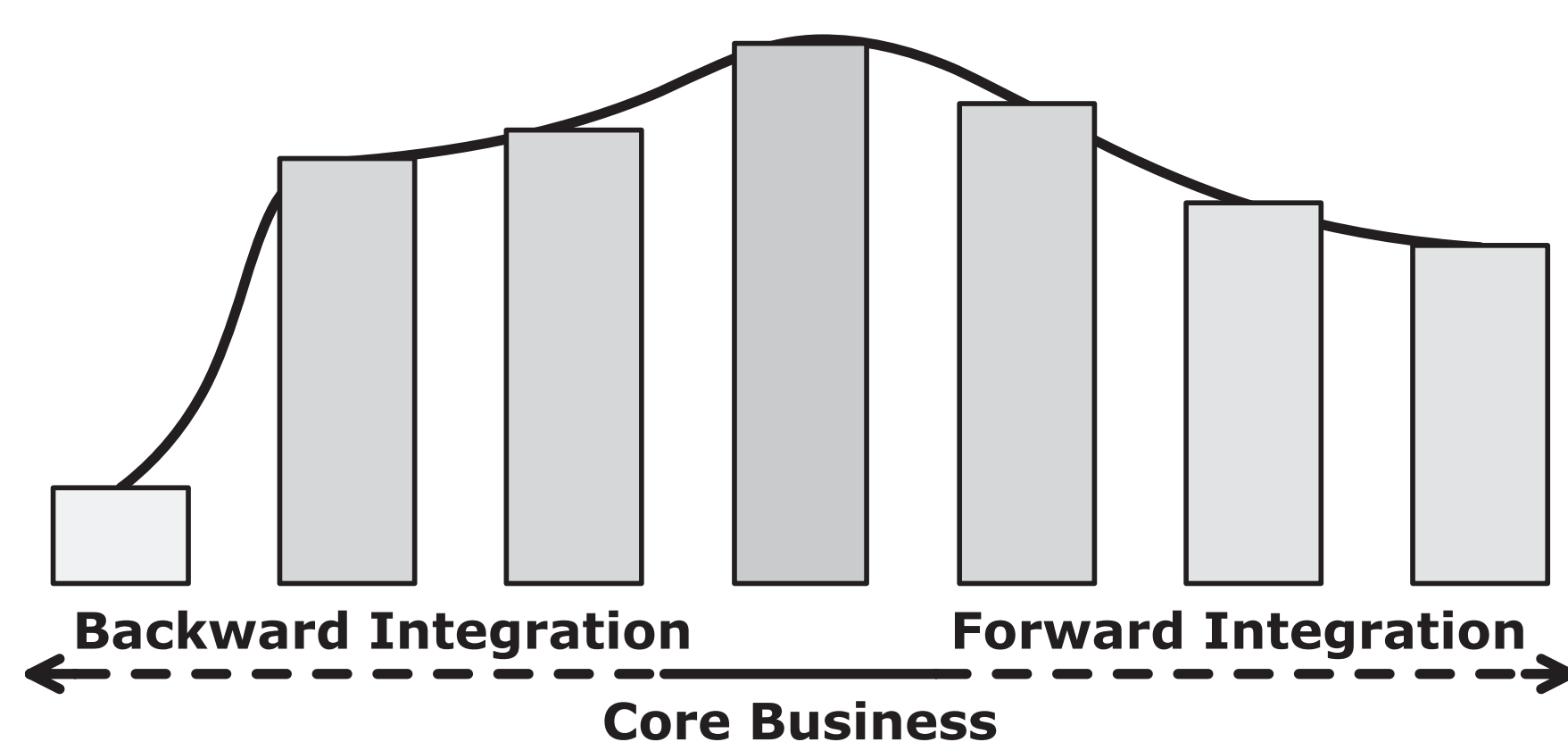


Figure 1. The part of the industry that has chosen to integrate activities in the value chain is lower for activities further away from the core business.

ness because digital printing allows for fast deliveries, on-demand printing and variable data printing. Despite the commoditization of printed matter, the findings indicate that the industry, in general, focuses on providing a high service level even though it means having to set higher prices. Furthermore, the results point toward that this strategic positioning is beneficial for digital printing houses because they experience a lower degree of competition and a lower price pressure.

Vertical integration can, however create inflexibility due to ownership and employment. The findings suggest that cooperation can be used to achieve fast access to valuable resources, such as production equipment and knowledge, and, hence, increase printing houses' resource flexibility and give cost advantages compared to vertical integration.

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