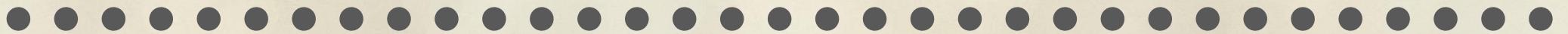


Concurrent sourcing as a competitive advantage

- A case study of the graphic arts industry



Thomas Mejtoft @ ANZMAC 2013



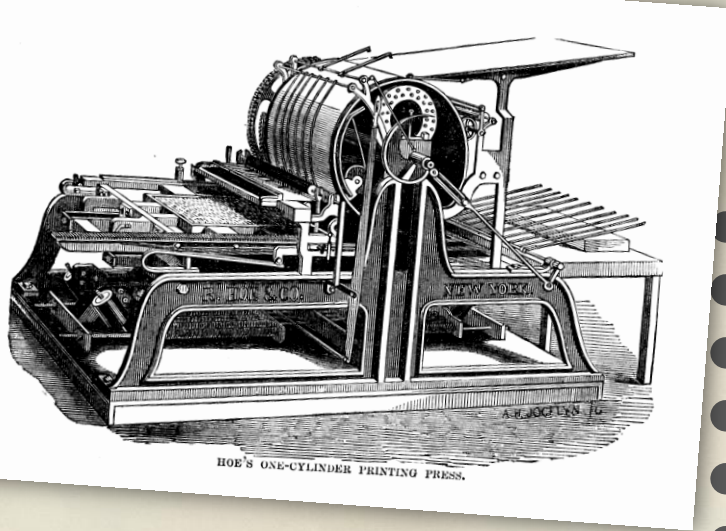
The Background

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- » Technological driven research and development with a focus
- technological “revolutions” and
- enhancements.
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- » Research with a focus on the media
- and graphic arts industry since 2003 –
- institutional arrangements, media
- technological issues and marketing.
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“We cannot charge any more for making this red a little redder...”

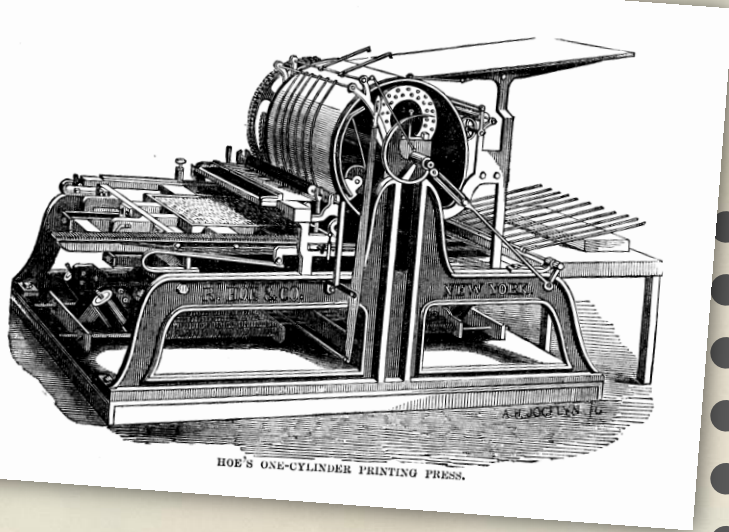
- Owner and CEO of a printing firm in a study from 2004.





The Printing Industry

- » A fragmented industry with many privately owned small and medium sized companies. (e.g. Gilboa, 2002; Intergraf, 2007; Kipphan, 2001)
- » Technological development is rapid.
- » Printing capacity has been overbuilt => Competition is strong and mostly based on price. (e.g. Birkenshaw, 2004; Smyth, 2006)
- » Print is regarded as a commodity product.
- » Competition from substitute products are very strong.



The Printing Industry

- » The Printing industry have, historically, had great power within the media value system.
- » During the 1900's several new media were introduced, e.g. recordings, cinema, radio, television, internet and mobile phones.
- » Print is (still) a relatively controlled media, as a production process, whilst new media are more collaborative.

The Objective

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- » The aim is to show the role of printed material and the development of print in-line with new digital channels and how printing firms have changed behaviour to cope with competitive products and services as well as substitute in today's marketing environment.
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The Theory

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- » Cooperation and relationships.

- (e.g. Faulkner, 1995; Gulati et al., 2000; Jarillo, 1988; Todeva & Knocke, 2005)

- » Vertical integration and concurrent sourcing.

- (e.g. Chandler, 1962; Harrigan, 1984; Parmigiani, 2007)

- » Value and co-creation of value.

- (e.g. Holbrook, 1994; Howe, 2006; Payne, Storbacka & Frow, 2008; Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2004)

- » ...and more.
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The Method

- » Case study methodology.
- » Interviews with 24 firms.
- » Survey of 136 firms.



The Results

- » Digital Printing developed in line with the web.
- » Digital printing is more suitable for co-produced value.
- » However, it is hard for the industry to capture the revenues from the added value.

The Results

- » Digital Printing developed in line with the web.
- » Digital printing changed the way the customer can use printing.
- » Involving the customer and co-production of value becomes more important.
- » Social media and web 2.0 important for the increase of customized printing.
- » Complement of social media and digital campaigns.



The Results

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- » Organizational structure.

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- » Lack of customer/consumer contact makes it hard to deliver a high customer value.

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- » Conscious and unconscious decisions have formed a new type of industry based on strategic flexibility and co-production.

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- » Concurrent sourcing (partial backward integration) has become widely adopted within the industry to cope with competition from new media channels.
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The Results

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- » Concurrent sourcing.
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- » 78,7% of the printing firm work with design, original work and other complementary service to the printing business.
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- » 25% of the revenues comes from these services.
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- » This is a wide spread phenomenon and not dependent on the size of the firm.
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The Results

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- » Longitudinal data.
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- » Clear change in opinion regarding the importance and use of the internet.
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- » On the plus side.
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- » The Big data trend (with nicely structured databases and powerful tools for analysis) have made it easier to create customized printing.
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"Even though most of us have blindfolded ourselves to the digital phenomenon, now we are using social media and internet ourselves for communication and marketing. We just have to realise that mass printing is dead and everything has to be customized"

- Respondent at one of the printing firms.

Discussing The Results

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- » Changed organizational structure.
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- » Strategic flexibility and co-production of value possible due to changed internal structure.
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- » Close relationships to the customers.
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Conclusions & Managerial Implications

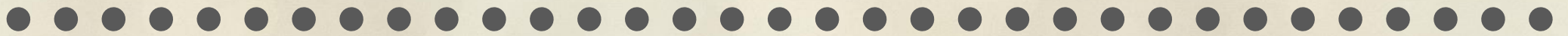
- » Changed organizational structure.
 - » Concurrent sourcing increases the customer contact.
 - » Strategic flexibility and co-production of value possible due to changed internal structure.
 - » Close relationships with the customers.
- » The exclusiveness of print has do be recognised by the customers in an "all-digital" future.
- » Cost reductions is still important.
- » Hard to capture value.

Acknowledgment

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Thanks!



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