

Strategies for the declining printing industry: Diversification, consolidation, and internationalisation

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Purpose: The study explores how forces of disruption and innovation affect the printing industry in an emerging market context and how incumbent firms respond to the challenges associated with these forces.

Design; methodology approach: The research is an exploratory study based on qualitative analysis of senior managers within the South African large-scale printing industry that seeks to gain their perspectives on viable options to curb declining growth.

Findings/results: The study results are organised around the industry's challenges, the organizational capabilities required to address these challenges and the opportunities presented by the market disruption. Respondents argue that opportunities exist within the sector but that this requires fresh thinking and a more entrepreneurial approach. Strategies highlighted include consolidation, diversification and internationalisation.

Originality value: The study applies theories associated with disruptive innovation and creative destruction to an industry facing long-term structural decline. Respondents maintain that there are options for growth even in the face of such disruption and address the role of management and entrepreneurial activities in this regard.

Practical implications: The study results suggest that for smaller, more agile printers there are opportunities to take advantage of disruptive innovation, especially where they have less legacy baggage and fewer sunk costs to recuperate. For the larger printing firms there may be tangential opportunities to go 'downmarket' into less developed countries that are often at earlier stages of market disruption. Further innovation is required to stave off the decline prevalent in the traditional printing industry and embrace a growth mentality.

Contribution: The article demonstrates the application of disruptive innovation in an emerging market context and the role of strategic management in addressing such disruption through consolidation, diversification, efficiency drives, and internationalisation.

Keywords: market disruption; disruptive innovation; creative destruction; consolidation; diversification; internationalisation; strategic agility.

Introduction

Businesses face many uncertainties and unexpected threats that create volatility and disruption. Lamberg et al. (2018) state that business history is littered with alarming decline at both firm and sectoral levels. This disruption can take various forms. Schumpeter (1942) highlighted a particular aspect of 'creative destruction' associated with structural economic changes. He described this as an evolutionary process that revolutionises internal economic structures, thereby constantly shattering traditional ones while creating fresh ones. Such innovation leads to replacing outdated products and processes with new ones that trigger both creation and disruption and decline. Gilbert (2012) suggests that creative destruction offers the opportunity to channel resources, knowledge and skills to current or upcoming problems in new and different ways. The process can lead to increases in entrepreneurial opportunity through the creation of new platforms of demand. Likewise, Christensen et al. (2015) describe disruption as vital in understanding how one considers growth driven through innovation.

The purpose of this study is to understand how such forces of disruption and innovation are affecting the printing industry in an emerging market context and how incumbent firms are responding to the challenges associated with these forces. This was accomplished by examining the South African large-volume printing industry, which has responded to these challenges

through strategies focused on consolidation, diversification and internationalisation. The printing industry lends itself to the analysis of disruptive innovation because it is a sector that has experienced sharply declining volumes associated with technological changes and digitisation (Vietch, 2018).

Christensen et al.'s (2015, 2018) theory of 'disruptive innovation' focuses on companies with fewer resources successfully taking on entrenched firms by targeting low-end or new market positions. This leaves incumbent firms defending against these challengers. However, not all disruption and all innovation meet these criteria, and 'different types of innovations require different strategic approaches', and the lessons that are learned about either succeeding as a disruptive innovator or defending 'will not apply to every company in a shifting market' (Christensen et al., 2015, p. 46). While Christensen's theory is particular, disruption associated with structural economic changes linked to innovation and technological developments is more widespread, some of which may qualify according to the Christensen criteria while others do not (Barbour & Luiz, 2019). For Schneider (2017), disruptive innovation is the mechanism behind creative destruction. How incumbent firms respond to these disruptions (whichever form they may take) is an important area for research, which this study addresses here in the printing sector.

The study highlights a number of important insights. Firstly, the study contributes towards an understanding of disruptive innovation, which has been criticised on various fronts, including the neglected role of management regarding innovation (Weeks, 2015), and does so in an emerging market context. It addresses the role of management and entrepreneurial activities, not often associated with corporate organisations, and responds to Martin and Eisenhardt's (2004) call to study entrepreneurial strategic activities that can stave off the exiting of a declining industry. Secondly, it highlights a particular form of internationalisation adopted by the emerging market multinational enterprises (EMNEs) because of the disruption being faced by the traditional printing industry as they internationalise 'downwards' into less-developed countries that are at earlier stages of this disruption. This creates new markets and may buy some time to respond and adapt to this disruption. Lastly, it contributes towards a sectoral understanding of the printing industry, which has been hit very directly by technological changes and market disruptions (Azyan et al., 2016). According to Rai et al. (2009), the shift to digitalisation has increased competition as it has offered clients access to more printing options but has resulted in the traditional printing industries having to downscale and restructure. This study shows how the EMNEs have responded, not only through consolidation, diversification and efficiency drives but also through internationalisation.

Literature review

Disruptive innovation

Disruptive innovation refers to innovation that transforms existing markets, and the effect could be significant enough

to create new market segments as a result of the traditional value drivers in current markets changing. Sood and Tellis (2011) identified three types, namely technological, firm and demand disruption. They state that:

[T]echnology disruption occurs when the new technology crosses the performance of the dominant technology ... Firm disruption occurs when the market share of a firm whose products use a new technology exceeds the market share of the largest firm whose products use the highest-share technology. Demand disruption occurs when the total share of products in the market based on a new technology exceeds the share of products based on the dominant technology. (p. 339)

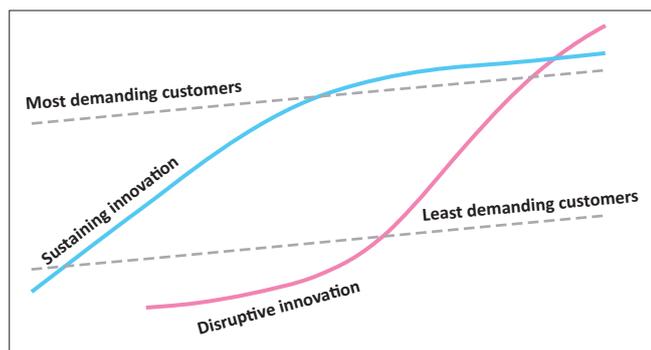
They refer to all three domains of disruption as market disruption.

To understand why organisations fail in the face of technological change, Tushman and Anderson (1986) argue that failure happens when the new technology destroys the competence of the existing players instead of enhancing it. Christensen et al.'s (2018) theory of disruptive innovation identifies key components that play an instrumental role in understanding disruptive innovation (see Table 1). Christensen's initial idea was that overreliance on existing customers and assuming their continuing needs could be dangerous when a new technology disrupts the market (Kilkkia et al., 2017). While firms may manage to renew their competencies, they often struggle when innovations enabled by the new technology are not immediately demanded by existing customers (Sandstrom et al., 2014). The innovation may initially appeal only to a small (and often not very profitable) customer sector, while established organisations are more focused on servicing the more stable, high-end market. Although the new entrant might bring to market more advanced technologies, the broader mainstream market segments still support established service providers. Therefore, the value of disruptive innovation to the mainstream market is not high and sits at the bottom of the S-curve. Once disruptive innovation gains traction in the mainstream market, established companies pick up on the new technology and respond to it. However, this is often

TABLE 1: Understanding disruptive innovation – key components.

Key Component	Role
The pace of technological progress outstrips customers' demand for higher-performing technologies	Incumbents can overserve the market by producing more advanced than customers need. In doing this, it leaves a gap at the bottom of the market between customers' needs and the performance provided by firms. This presents a gap that provides an opening for entrants.
The distinction between different types of innovation that can emerge in the industry.	Most are sustaining innovations, which improve products and services along dimensions of performance that mainstream customers care about and that markets have historically valued; such innovations enable incumbents to sell more products to their best existing customers at higher margins and higher profitability.
Existing customers and established profit models constrain established firms' investments in innovations.	Investments that are unattractive to incumbents may be attractive to entrants who lack many customers and enjoy fewer competing investment opportunities. Existing market players are not eager to develop disruptive innovations that promise lower margins, smaller markets, and introduce inferior products and services that their existing customers cannot use.

Source: Christensen, C.M., McDonald, R., Altman, J.E., & Palmer, E.J. (2018). Disruptive innovation: An intellectual history and directions for future research. *Journal of Management Studies*, 55(7), 1043–1078. <https://doi.org/10.1111/joms.12349>



Source: Gottschall, J. (2017). The innovator's dilemma: Lessons from Kodak. *Innovation Management*. Retrieved from <https://innovationmanagement.se/2017/05/24/the-innovators-dilemma-lessons-from-kodak/>

FIGURE 1: The innovation S-curve.

too late because the new technology is on the exponential part of the S-curve as seen in Figure 1. It becomes difficult for the existing market players to catch up as the product development required to bridge the gap takes time. Foster (1986) advises that as technologies start to change along the S-curves, existing market players might fail if they are not effective at switching to a newer technology that surpasses the new market players' technology in performance.

The essence of disruptive innovation is the development of innovations and technologies that make expensive or sophisticated products and services accessible and more affordable to a broader market. A gap that has been identified in the literature is that research on disruptive innovation often neglects the role of management in the process of innovation (Weeks, 2015), and this study addresses this by focusing on how managers respond and the strategic options available to them in this context. The study concurs with Schumpeter (1942), who highlighted the role of the manager or the entrepreneur in this process and saw them as the primary agents of economic growth as they create innovations in the face of competition and allow organisations to achieve and sustain competitive advantage. This study therefore explores how managers in a fast-changing industry respond to such forces of disruption and innovation at a strategic level.

Strategies for fast-changing industries

Rapidly changing industries require businesses to be agile and flexible and be able to pivot and adapt as necessary. The traditional printing industry is one such sector that is currently facing decline and disruption, primarily brought on by digitisation (Vietch, 2018). Strategies to deal with the decline and disruption have often been internally focused, including cost containment initiatives, capacity utilisation efficiencies and the closure of unprofitable facilities. While these strategies support short-term survival, they did not offer growth opportunities. The following paragraphs outline various strategies available to firms for growth in fast changing sectors facing disruptive innovation.

Aggarwal and Singh (2015) advise that there are two ways a business can grow. The first is through organic growth linked

to the turnover of a business; the second is inorganic growth, which fast-tracks corporate restructuring and business combinations and essentially leads to consolidation. According to the Boston Consulting Group (BCG, 2018), the rationale behind consolidation is to create economies of scale, more economic scope, new locations and new technologies and overall to develop more robust competitive capabilities. While every organisation aspires to develop and offer high-value creation for its shareholders, sustaining this over long periods is challenging. To be effective, it requires that an organisation's value-creating strategies continuously evolve and adapt to the ever-changing external business environment (BCG, 2018).

An option that has been raised in the face of disruption is to focus on consolidation that offers organisations new ways to gain and sustain competitive advantage, particularly in fragmented industries (McGee & Shook, 2000). Consolidation can support growth and value generation in various ways as it consolidates existing sectors, creating market leaders, and by integrating further up or down the value chain to seize more value. Deans et al. (2002) indicate that long-term analysis shows that most industries progress through a clear consolidation life cycle and that companies can plot with a level of precision how they fall within the cycle. They argue that a company's long-term success depends on how well it moves up the consolidation curve. Two critical elements identified as necessary for this are speed and the competence of managers to manage mergers and consolidations. Slower firms pay a hefty price for not applying speed as they become acquisition targets, which leads to the possibility of them disappearing. However, consolidation is an expensive exercise, and the process is often fraught with difficulties during and after the consolidation phase.

With the advancement of technology and the increasingly fierce competitive environment, to reduce risks, many organisations have diversified their operations as a strategic response. Diversification essentially drives the development of new markets with new products to create longevity and ensure more profits. Ansoff (1957) differentiates between diversification as a growth strategy, as opposed to expanding existing market penetration, new product development and new market development.

Diversification strategies have the potential to enhance competitiveness through diversified operations; drive the achievement of economies of scale and scope; and enhance market influence. It also provides organisations with the opportunity to diversify risks through the engaging of diversified portfolios (Le, 2019). Montgomery (1982) advises that diversification plays an important role in capturing market power because diversified companies can reduce market competition and, in doing so, consolidate their predatory pricing through cross-subsidisation and reciprocal transactions. Diversification is therefore a possible strategy to ride out downturns and to address the disruption associated with innovation and change.

Another growth option in this environment is internationalisation, as firms seek growth elsewhere to compensate for market disruption in their home markets. This is particularly viable where international markets may be at different stages of such market disruption connected to innovation and change. The success of internationalisation may be affected by the initial motivation, the mode of entry and the ability of a firm to deploy its resources and capabilities effectively in distant locations and in different institutional environments, among other factors (Luiz et al., 2021). In the process of internationalisation, organisations acquire knowledge experientially, and innovation and learning may result.

Barnard (2021) makes the point that the level of development of host countries affects internationalisation, and she focuses on this from the perspective of EMNEs. She proposes a typology of firm strategies to deal with different host levels of development. In effect, such strategies depend upon whether a firm is internationalising upwards into a host country with higher levels of development, downwards into less-developed countries or sideways into countries at similar levels of development. This is relevant to this research in that a firm may arbitrage between home and host markets facing different stages of market disruption, which may be associated with levels of development, and this is examined further in the empirical findings of this study.

Overall, the literature review of this study demonstrates that innovation has accelerated market disruption and that organisations have had to adopt new strategies to address these effects. This study therefore explores such approaches within the declining large-scale printing industry in South Africa.

Research methodology

Moreira et al. (2018) state that worldwide, the printing industry has experienced technological disruption associated with digital platforms driving the large migration of newspaper, magazine and book readers to digital platforms. This has resulted in conventional analog printing experiencing sharply declining volumes. The industry therefore lends itself to the analysis of disruptive innovation. According to Printing SA (as cited in Vietch, 2018), the South African printing industry contributes around R55 billion to the South African economy. Furthermore, it indicates that there are 1228 printing companies operating in South Africa and that the industry provides around 45 000 formal jobs. Therefore, this is not an insignificant sector, and understanding the industry dynamics and challenges is important not only from a strategic perspective but also from an economic one. Furthermore, Vietch (2018) argues that the South African printing industry is in a state of upheaval as a result of technological changes sweeping through the sector. Following the recommendation by Yin (2017), this study is embedded in this context to examine how changing conditions over time have led to different outcomes and strategies.

TABLE 2: Interview participants and organisations.

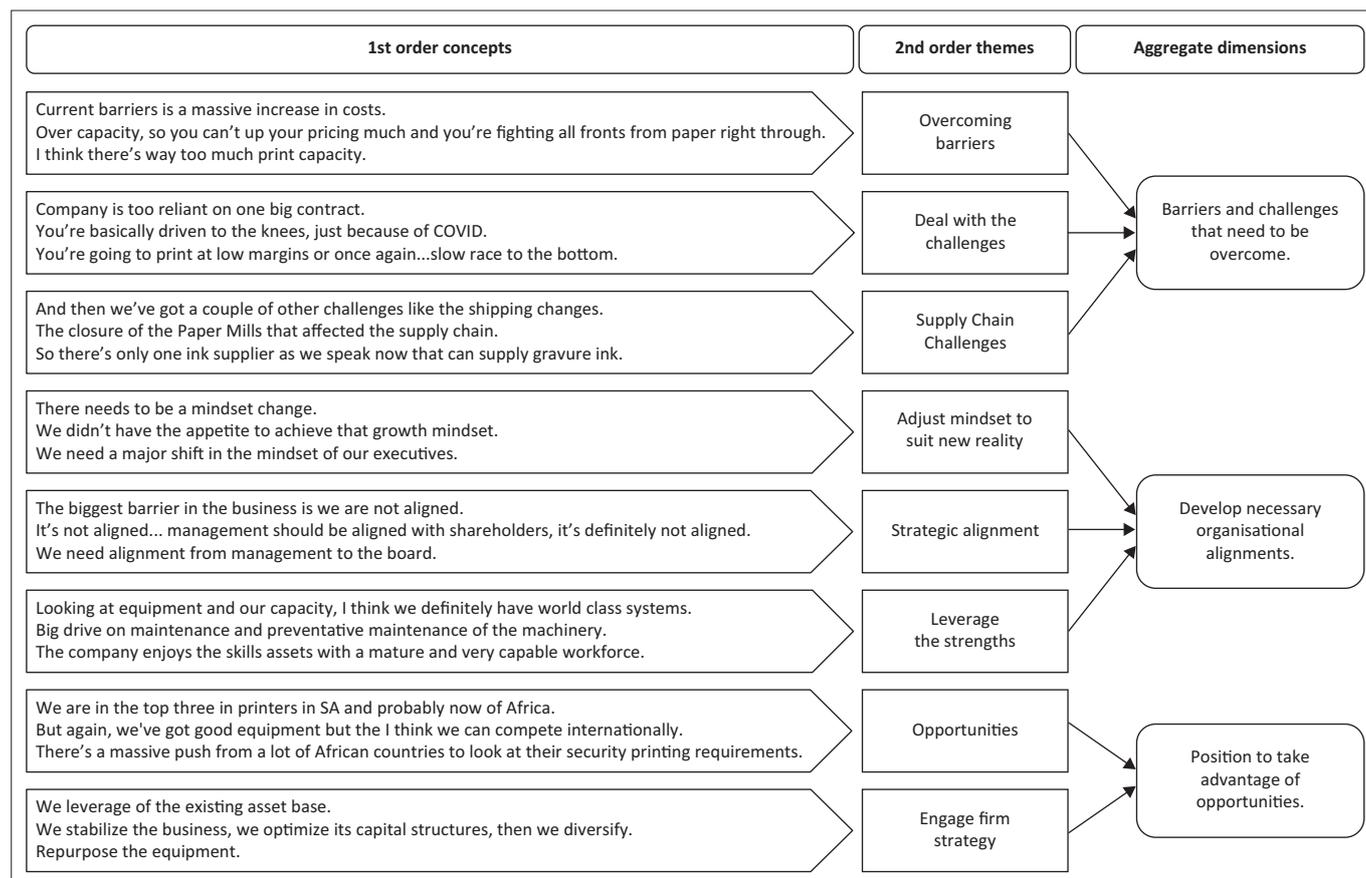
Participant number	Position	Organisation	Gender	Age bracket
1	Executive	1	Male	35-40
2	Executive	1	Male	45-50
3	Executive	1	Male	50-55
4	Executive	3	Male	40-45
5	Senior manager	1	Male	40-45
6	Senior manager	1	Male	50-55
7	Senior manager	1	Male	50-55
8	Senior manager	2	Male	30-35
9	Senior manager	2	Male	40-45
10	Senior manager	3	Male	30-35

The research is qualitative in nature, which lends itself to the study of complex situations. The authors were interested in exploring how senior managers in organisations facing market disruption associated with innovation were thinking about and responding to such environments. The study used semistructured questionnaires that were designed to elicit rich analysis through open-ended questions that allowed the researchers to delve deep into the responses.

The interview population was made up of managers within the South African printing industry. Purposive and convenience sampling was used to select respondents who were most likely to have knowledge of the industry. It was also important to understand how different sizes of organisations reacted to the decline, and therefore, participants were selected from three different-sized firms. Firms 1 and 2 were larger, with revenues between R3 bn and R4 bn and employees exceeding 1100 and 1600, respectively. Firm 3 was smaller, with annual revenue of around R500 million and around 200 employees. The participants are listed in Table 2.

The data for this study were collected between August 2021 and November 2021. Interviews lasted between 1 h and 3 h and were recorded with permission from the respondents. These were then transcribed and coded using computer-assisted qualitative data analysis software, namely NVivo (QSR International, Burlington, Massachusetts, United States). Thematic analysis was used, and the Braun and Clark six-step model (2006) was followed: familiarising oneself with the data, generation of initial codes, seeking out themes, reviewing the themes, grouping and naming the themes and lastly, generating a thematic report. The coding moved from first-order concepts that were then refined into second-order themes and then into three aggregate dimensions that form the basis of the study findings (see Figure 2).

To ensure the integrity and credibility of this study, the research criteria used within this study were structured around maintaining its trustworthiness, credibility, transferability, dependability and confirmability (Bryman & Bell, 2007). This was safeguarded in various ways: firstly, by ensuring that the study respondents were suitably knowledgeable and reliable and had first-hand experience of the disruption facing the industry. All respondents had a minimum of 8 years' involvement in the sector and so could



SA, South Africa.

FIGURE 2: Theoretical dimensions.

draw on their experience. Secondly, the use of semistructured questionnaires maintained the consistency of the interview protocol, and interviews were transcribed verbatim. Where anything was unclear, the authors were able to ask questions for clarification. Respondents were given an opportunity to check the transcriptions to confirm that they were accurate. Thirdly, triangulation was sought through secondary sources such as industry and company reports. Therefore, not only were the authors able to draw on the actual experience of managers in the sector, but they could also confirm their responses with secondary data. Fourthly, a strict audit trail was maintained throughout the entire process.

Research findings

The thematic coding as demonstrated in Figure 2 revealed several key themes, and the study findings are organised around those associated with the challenges facing the industry, the organisational capabilities required to address these challenges and the opportunities presented by the market disruption.

Challenges facing the industry

The first challenge that was raised by respondents concerning the market disruption facing the printing industry because of digitisation was that of overcapacity. Firms are sitting with too many machines that are not being used, and the knock-on

effect is that businesses are reducing prices, and profit margins are compromised in the process:

'It's red ocean and a declining industry. You cannot pass on increases to your clients due to overcapacity. And that's our biggest, biggest thing. If we could have passed on our increases, it would have been no problem. Yes, overcapacity, that's our biggest single biggest problem, overcapacity.' (Participant 7)

The same respondent goes on to argue that such overcapacity has had far-reaching consequences:

'We responded by reducing our footprint to fit capacity. So, we have taken out permanent, shift structures, benefits from staff, less staff, less companies, businesses to optimise our capacity, taken out fixed costs.'

One way that the printers have been dealing with overcapacity is through impairing equipment that has no future use. Firm 2 indicated this as a strategy in the annual financial results. Firm 1, in the past, sold under-utilised equipment to far markets like Eastern Europe. As demand drops further, these strategies will become more prevalent, according to the respondents.

A second challenge is related to supply chains: as the market demand drops, the supply of necessary materials is affected. Critical manufacturers like paper mills were impacted, as some were forced to close because of declining demand.

The problem now was that so much capacity had been taken out in terms of the supply of paper that paper prices were increasing rapidly, putting further strain on printers:

'Paper prices is going to go through the roof. There are going to be issues, we will not be able to pass on the necessary of increases. Where you're either going to force it and lose clients or you're going to print at low margins or once again ... slow race to the bottom.' (Participant 3)

This was exacerbated by the global coronavirus disease 2019 (COVID-19) pandemic which hit international logistic supply chains hard, and the associated shortage of shipping containers affected the availability of inputs.

What these challenges broadly encapsulate is an industry in decline associated with technological substitution and then exacerbated by the COVID-19 crisis. All the respondents highlighted both factors, with the latter being seen as 'the final nail in the coffin'. As regards the former, digitisation has had a major impact, with Participant 5 highlighting the declining newspaper industry as a case in point. Participant 9 summarised the milieu as:

'Our company has been affected by the general digital revolution, by the move of some material to the online platforms, these are specifically the news media and products such as telephone directories.'

What most participants highlighted was that they had resorted to relying heavily on the retail sector for printing leaflets, which was keeping them afloat, but that this was often done at a discount. Nonetheless, the overall state of the industry was one of decline, disruption and uncertainty. This led to discussions over how the sector and their firms could most effectively adapt to this new environment and what was holding back the development of innovative strategies.

Organisational capabilities needed to deal with market disruption

Participants highlighted the lack of synergy between management, the executive structure and shareholders and that this impeded key areas like innovation and diversification. Participant 8 explained:

'We need a new mandate from our newly elected board who is clear about the intentions for the business. And then we need step two, we need alignment from management to the board, and what management intentions are, and integrate and execute these decisions at lightning speed. It takes open conversations with no hidden agendas for personal gain, but rather trying to enrich everybody on the long term.'

It was also mentioned that the leadership structures, in general, were ageing and were sitting their time out to retirement. This was to the detriment of the industry, and five respondents spoke about a conservative mindset regarding innovation and change. To highlight a few comments:

'Because we didn't have the appetite to achieve that growth mindset and be able to say take a long hard look at ourselves, because we've paid lip service delivers the actions.' (Participant 1)

'The biggest thing for me is a mindset change. And this is not limited to one individual or anything, it's just a general top end decision making right to the top, we need a mindset change.' (Participant 4)

'Being in a sunset industry, it usually comes with all the management that are set in their ways. They're not, you know, looking at rocking the boat at all.' (Participant 8)

The broad sentiment around this was that many leaders were in survival mode and overwhelmed by the challenges. Participants felt that leaders in their organisations had made peace with the notion that their industry was not salvageable and that they, along with their competition, were in a race to the bottom. There was therefore a lack of future orientation and clear vision for their organisations, and most respondents believed that there was an opportunity for firms that found innovative ways to address this market disruption.

Respondents highlighted that a basis existed to grow in this industry and that not everything was negative. For example, the large-scale printing industry was built on robust platforms and systems that were financed by long-term contracts. The industry remained operationally resilient and respondents mentioned that the equipment and systems were world class (Participant 5), the machinery well maintained (Participant 2) and the workforce very capable (Participant 9). Respondents emphasised the need for well-maintained infrastructure, as the large-scale printing industry operates 7 days a week and, in some cases, 24 h a day. Therefore, the infrastructure to support this needs to be of a high standard, as the machinery is complex and costly. This also has labour skills requirements.

To achieve organisational resilience, given the highly technical equipment, and to be able to produce complex printing products, high levels of skills needed to be maintained. Some concern was expressed around the ageing workforce and the importance of investing in the younger workforce and assisting them in moving rapidly through middle and senior management. This was not always easy to motivate in an environment where there was decline and pressure to downsize, but it was vital to maintain the right skills, and this became even more important in such turbulent environments.

Potential strategies for the declining industry

The literature demonstrates that driving innovation in a traditional, declining industry like printing is not easy. O'Reilly and Tushman (2002) argue that in such industries, organisations need to work at improving the current processes while at the same time finding new innovative approaches. This necessitates finding efficiencies and operating at low cost, but participants emphasised that this could only succeed up to a point:

'So yeah, from our side, what we could control in terms of cost cutting, we have done very well. And I'm afraid we're at a point where you can't cut anymore.' (Participant 8)

They also suggested that there needed to be more agility in how equipment was used and reconfigured towards different markets. For example, Participant 5 suggested:

‘So the opportunities, utilizing the same equipment, changing slightest things, slightly different light sizes, different types of sizes ... there’s definite opportunities in the printing sections for books and especially the educational market opportunities to some stationery products, as well as even simple stuff like colouring books.’

Respondents saw further opportunities related to consolidation, diversification and internationalisation within the sector, and the study examines these in turn.

Consolidation

Consolidation was an area that drew the most input from participants. While a small number of concerns were raised, most supported the idea of consolidation. Participant 8 stated that consolidation ‘is possible and actually, it’s a must’, while Participant 6 stated that ‘it is a global phenomenon’ and that ‘you cannot survive on your own, so you need to consolidate within the printing industry’. This sentiment is shared by the BCG (2018), which indicates that ‘consolidation can support growth and value generation in multiple ways’ (p. 4). Some companies grow by ‘consolidating existing segments to become market leaders and translating this into value’ (p. 1). Anand and Singh (1997) add that capacity consolidation is the leading choice associated with higher returns for organisations in declining industries. However, Kim and Park (2006) caution that ‘the industry consolidation process continues through a series of incremental or competence-enhancing changes until the next competence-destroying innovation shakes the industry out’ (p. 545). This points to the evolutionary nature of consolidation and highlights its alignment with the theories of creative destruction and innovation. Respondents saw consolidation as one possible means for dealing with overcapacity that plagues the industry and saw opportunities thereby to share resources such as skills and infrastructure while improving profitability.

Diversification

The literature shows that diversification is often employed to enhance profitability, but the success of such strategies varies across time, locations and markets (Krivokapic, et al., 2017; Reza et al., 2015). Participants in this study saw diversification as a viable option but stated that this was only possible where the gains were sufficient to make a significant difference. Participant 7 summed this up by stating, ‘spend time on diversification where it can lift the needle’. Large-volume printers rely on extensive opportunities to make a significant impact because of the necessity for economies of scale to finance large capital equipment. Therefore, the diversification opportunities they will need to engage would need to impact substantially on the revenue base to make it worthwhile.

Kannan and Saravanan (2012) point out that diversification strategies can be approached in three ways: (1) related or

concentric diversification – new ventures are strategically related to the existing product line; (2) unrelated or conglomerate diversification; or (3) hybrid diversification – combines or operates both strategies. The respondents of this study appeared to push for hybrid diversification strategies into not only directly related markets but more widely into tangential areas because of the pressure on the sector as a whole. Participant 8 argued that they could have a head start in various manufacturing sectors, especially given opportunities in three-dimensional printing, while Participant 9 likewise saw opportunities but argued that this requires ‘supporting these sorts of experimental new practices that focuses on diversification, innovation, entrepreneurship, and so forth’.

Internationalisation

Internationalisation as a solution was met with some concerns related to possible host markets but also with the most excitement regarding opportunities. While the large-scale printing industry in South Africa is on par with global standards in terms of technical infrastructure and skills, many challenges were highlighted because these firms could not compete on a broader global scale in all markets. Nonetheless, respondents argued that there were definite opportunities within the broader African region. Participant 8 suggested that:

‘We’ve got good equipment and I think we can compete internationally. But I think we first need to establish yourself not only in South Africa, but in Africa to really compete against the likes of China and India.’

This finding was echoed by a few participants who suggested competing on a continental level as opposed to a global level.

This regional internationalisation is supported by Adeleye et al. (2016), who state ‘this phenomenal increase in the internationalisation activities of African enterprises provides an interesting opportunity to explore the patterns, strategies, barriers and outcomes of the “Africa-to-Africa Internationalisation”’ (pp. 5–6). Participants argued that South Africa could not compete on cost against Chinese and Indian companies that had much lower cost structures. However, South African printers often had better equipment, and if they continued to invest in such equipment, they could realise efficiency gains allowing for a wider competitive edge.

The launching of the Africa Continental Free Trade Agreement in January 2021 was seen as providing an opportunity for intercontinental trade and investment. Interestingly, various respondents indicated that the continent’s historical underdevelopment provided intriguing opportunities. For example, Africa is having to invest enormously in educational catch-up, and the educational market in turn provides attractive markets for printing. Opportunities also exist in security printing (for example, passports) that African countries presently outsource to Europe. Given the robustness of South Africa’s technical infrastructure, high level of skills and technology, this presents an opportunity for printers in

South Africa to capitalise on this by building strategies to serve this continental requirement.

Participants indicated that they were already very aggressively internationalising into the rest of Africa because of the attractive opportunities, despite often facing higher levels of country and institutional risk in these host locations (Luiz & Barnard, 2022). Participant 7 indicated that 'we appointed an executive for Africa because that's one of the two things that can get good volume, big volume to the table', while Participant 6 excitedly exclaimed, 'Africa. Absolutely. We found the answer we got the answer. That's why we in this business'.

Discussion and conclusion

The purpose of the research was to explore strategies for industries in decline through the lens of the South African large-scale printing industry. The research points to an industry in decline and under pressure as a result of market disruption associated with innovation and digitisation. But it also points to an industry that still possesses technical prowess, solid infrastructures, high levels of skill and operational robustness. The findings revealed a good appetite to explore survival and growth options that are out of their current operational realm. Such strategies were structured around expanding markets on the one hand and achieving better internal organisational alignment and managerial leadership, as well as further improving organisational efficiencies, on the other hand. Participants indicated that thus far the focus had often been associated with cost-cutting but that this had limited scope and that more entrepreneurial thinking and innovation were required to address the market disruption. They, however, felt that senior management was often too conservative and risk averse and focused on managing the decline rather than on innovation and creating new opportunities.

This research demonstrates the opportunity for market consolidation, diversification and internationalisation for the South African large-scale printing industry. Currently, while there has been some consolidation in the industry, it has largely been based on the consolidation of smaller printing firms. Given the challenges facing the industry and rising costs of inputs, more strategic consolidations may occur among larger players. The theme of diversification came through strongly in the findings, and various options were raised in this domain. Diversification to near markets, like packaging, were mentioned as good options, but also into areas like security printing and food-grade packaging. A challenge that came through in the findings was the lack of appetite from the current leadership structures and the current mindset. These mindsets seemed to be based on survival rather than growth. Internationalisation was the area that most participants agreed offered the best opportunities but that this should be channelled towards the African continent.

Tying this back to the literature on disruptive innovation and creative destruction, the study finds an industry facing the challenges associated with these forces but a sector not

fully geared to deal with this. While this study is exploratory, and therefore caution should be exercised around drawing implications, the results of this study suggest that for smaller, more agile printers, there are opportunities to take advantage of disruptive innovation, especially where they have less legacy baggage and fewer sunk costs to recuperate. Along the lines proposed by Christensen (1997), disruptive innovation offers an opportunity for new players with fewer resources to challenge existing players with disruptive technologies. Kumaraswamy et al. (2018) elaborate that these products appeal to the low-end or new markets that the existing players have previously ignored because of their 'inferiority'. This study's respondents indicated that for the larger printing firms, there are tangential opportunities to internationalise into Africa – to use Barnard's (2021) classification, to go 'downmarket' into less-developed countries. Internationalising into less-developed markets that are often at earlier stages of the market disruption allows South African firms to grow, thereby compensating for some of the declines in the South African market. But respondents indicated that further innovation is required to stave off the decline prevalent in the traditional printing industry and embrace a growth mentality.

Schumpeter (1942) described creative destruction as a continuous process of innovation that sees new products and production units replacing outdated ones. This requires an innovative mindset and entrepreneurial thinking to unlock new opportunities. For Schumpeter (1934), an entrepreneur in this context is any decision-maker who drives innovation – again pointing to the mindset, leadership and alignment challenges participants alluded to in the interview process. Schumpeter's argument is that creative destruction is key for organisations to transition from older and inefficient systems to newer ones. Anderson and Tushman (1990) state that competence-enhancing creative destruction helps generate new technologies that assist organisations in building onto existing knowledge and competencies. They state further that this knowledge can be used to improve the performance of prevailing technologies and systems. However, the findings of this study reveal a large-volume South African printing industry lacking in entrepreneurship and focused on the managed decline rather than on embracing creative destruction for new growth. The traditionalist way that large printing organisations were run historically was a recipe that worked well in the past, but in order to leverage these potentially game-changing disruptions, key industry stakeholders will need to adjust the mindset, culture and vision of their organisations in a manner that will encourage inventiveness, innovation and entrepreneurship. Opportunities exist not only with radical innovation but also with incremental innovations. While the study respondents indicated that their traditional magazine and newspaper markets were in decline, they saw opportunities in food-grade printing and packaging and security products. The managed decline is not inevitable, and this research highlights various strategies that the printing industry in South Africa could adopt for growth.

Limitations and future research

This study focused on the South African printing industry, and while the authors believe that this study has wider ramifications for other industries facing market disruption, this was not the focus of this study, and future research could explore whether and how these study findings compare to other sectors.

Further research could also focus on some key challenges and opportunities that this study highlighted. For example, the Africa Free Continental Trade Agreement is evolving as more countries start to adjust to encourage intra-African trade, and how this creates new opportunities and new continent-wide industry players warrants investigation. Also, it was apparent that the COVID-19 pandemic had a significantly negative impact on the printing industry. Further research will need to be conducted to examine the impact of the pandemic, how firms have adjusted their strategies to this exogenous shock and how this aligns with the strategies the firms have adopted to deal with the more endogenous market disruption associated with innovation. Have firms been weakened as a result of the pandemic or have they developed greater levels of resilience which might stand them in good stead to embrace further disruption?

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Authors' contributions

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Data availability

The data is based upon primary qualitative research and is anonymised as was guaranteed under the ethics clearance process.

Disclaimer

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Ethical considerations

Ethical approval to conduct this study was obtained from the Ethics Committee, Graduate School of Business, University of Cape Town. All respondents participated voluntarily and provided oral consent to their participation. They had the

option not to answer any particular questions and to terminate the interview at any point. Respondents have been anonymised and the transcripts connect to respondent numbers and not directly to their names. Both the audio recordings and the transcriptions were stored on password-protected, secure cloud storage platforms.

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