

BUILDING RELATIONSHIPS FOR SURVIVAL: COPING MEDIA INDUSTRY DYNAMICS

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ABSTRACT

For several hundreds of years printing has been the only effective channel for spreading mass communication. During the 1900s several new media channels have been invented and, with the addition of the Internet, this has both changed the way media is consumed and has increased the competition between different channels. This qualitative case study of 37 firms reports on how relationships are used in the printing industry to relieve some of the impact of the competitive forces from new, and easily accessible, media as a means for marketing and, furthermore, on the impact on the printing industry as an industry. The results from the case study show that there are both internal and external effects of forming relationships and those vertical, as well as horizontal, relationships are of great importance to create a sustainable competitive situation for the printing industry. Relationships are used to increase both the strategic flexibility of the firm and the flexibility of the print media channel. Furthermore, the study illustrates that the printing industry, and print as

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a medium of communication, is drifting gradually away from the actual customer due to the new paradigm of value creation.

Keywords: Relationships; vertical integration; competitive strategy; media industry; case study

INTRODUCTION AND THEORETICAL FRAMEWORK

There have always been channels for spreading information, but from the dawn of Man and for a long time since, most messages were spread person-to-person. In these early times mass communication was not an option. Thus, it is no coincidence that in an ancient tale, a Chinese rice merchant used what is today referred to as relationship marketing to focus on customer value and the offer, instead of the transaction (Grönroos, 1996). Other ways of spreading messages have been by writing them down. In many cultures around the world, rock carvings have been important to document events and thoughts between generations. This can be seen on Norsemen's rune stones from the Viking Age in the north of Europe, the petroglyphs at the Easter Island, or ancient paintings at Uluru in Australia.

However, rune stones are immovable and, today, regarded as vital pieces of history. More flexible and essential sources of information were documentation in books, or on paper, which were written and copied by hand, mostly by monks. Even though these were not unique copies, the editions of these works were, or course, very limited. Ever since the invention of printing by Johann Gutenberg in the 15th century (yet, versions of movable types was used around 400 years earlier by Bi Sheng in China during the Song Dynasty), printed material has been a very important channel for spreading different messages to a broader public (Kipphan, 2001; Romano, Lee, Rodrigues, & Sankarshanan, 1999). Due to its ability to mass-produce information material, printing was (more or less) the only way of spreading mass communication until broadcast media, like radio and TV, were introduced in the early 1900s. Consequently, just as printed material has been important, printing firms have been powerful actors in the media value system.

During the 1900s many media channels were invented and introduced with radio, television, and Internet being the most prominent. Ahonen (2008) mentions print, recordings, cinema, radio, television, Internet, and mobile phones as the seven mass media channels. The differences between them should be noted as the first five, that is, the old media of print,

recordings, cinema, radio, and TV, are all types of broadcast media that originally were analogue and have a linear and “controlled” flow. Accordingly, there is a distinction in how we denote what is done with these media and things (Mussell, 2012). We read, listen to, and watch the old media, such as print, radio, and TV, but we use new media, like the Internet and mobile phones.

When introducing new technologies, innovators make a deliberate connection to the old and to a familiar use of things. The need for customers to understand that the innovation is a substitute rather than a complement to the old products is one strategic reason for doing so: “when Amazon first introduced the electronic book reader, the Kindle, in 2007, they deliberately evoked the language of print – especially books – in order to stress the continuities between their product and existing cultures of reading” (Mussell, 2012, p. 15). The new digital channels that started to emerge with email in the late 1960s further differ from the “old ones” listed above by being created directly for digital systems. Since the World Wide Web (www) was invented, or rather created, in the early 1990s these new media and channels have had an incredible growth and are today easily accessible by almost anyone. The late addition of social media is also worth mentioning, due to its ability to focus the common power of the Internet and “marketing managers should recognize the power and critical nature of the discussions being carried on by consumers using social media” (Mangold & Faulds, 2009, p. 360). The use and access to the Internet and, consequently, to social media is very widespread in the western world and as of 2012, 90% of Sweden’s population (75% on average in the OECD countries) has access to the Internet in their homes (Nordicom-Sverige, 2013; Schwab, 2012).

“Social media” is a term and concept coined in the post-era of Web 2.0 (Berners-Lee, 1999; O’Reilly, 2005; O’Reilly & Battelle, 2009) and represents media intended for some kind of social interaction, either virtual or physical. Simplified, due to technical limitations, websites in the 1990s allowed mostly one-way communication or a back and forth one-way communication. This could be information posted on a firm’s website and the possibility for visitors to send email or post questions on the website and, after a while, get answers. But following the burst of the dot-com bubble around year 2000, the long-term development of new Web 2.0 technologies led to the possibility of sharing and linking content as well as communication, collaboration, and integrating user generated content (e.g., Blackshaw & Nazzaro, 2006; OECD, 2007; Prahalad & Ramaswamy, 2000) in real-time. This outcome was all in line with the

original thoughts by the inventor of the World Wide Web, Tim Berners-Lee (1999, p. 169), on the future development of the web as “a much more powerful means of collaboration between people.” Although defined in many different ways, social media are activities that combine media technology and user generated content with different kinds of social interaction in accessible and easily modified ways. According to Kaplan and Haenlein (2010, p. 61), “Social media is a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user generated content.” Today social networks sites (Boyd & Ellison, 2006) such as Facebook, YouTube, and Twitter are central parts of people’s lives. Founded in 2004, Facebook has had an incredible growth and reached over 1.1 billion monthly active users as of March 2013 (Facebook, 2013).

How the value of different media is assessed is of course subjective and, obviously, gradually changes between generations. If we follow how the ideas of value creation has changed over time, it is possible to realize that the input of labor (e.g., Marx, 1930 [1867]) and value added in the industry (e.g., Drucker, 1973; Fine, 2001) were important when discussing manufacturing systems along with the value chain (e.g., Buaron, 1981; Gluck, 1980; Porter, 1985). Nevertheless, the value chain also introduced the awareness that not all phases in the value creation process can, or have to be, performed by a single firm or organization and, hence, introduced thoughts on cooperation and different kind of relationships as important paths to success (e.g., Hagedoorn, 1995; Hergert & Morris, 1988; Mariti & Smiley, 1983). Thus, behind every decision regarding value adding activities in the value chain, managers have to decide whether an activity should be purchased on the open market, performed by a partner in a cooperation or performed internally within a firm through vertical or horizontal integration (e.g., Adelman, 1949, 1955; Child, Faulkner, & Tallman, 2005; Faulkner, 1995; Gulati, 2007; Harrigan, 1983b; Perry, 1989; Williamson, 1975, 1985). As the competitive environment gets more cluttered, it seems as if “in many product groups where firms once competed in isolation, they now compete as allies in business communities” (Fombrun, 1993, p. 186).

One of the more common reasons to cooperate is to gain access to and, sometimes, control over complementary resources to the resources already under a firm’s control (e.g., Faulkner, 1995; Gulati, Nohria, & Zaheer, 2000; Jarillo, 1988; Todeva & Knoke, 2005). This is done to create or preserve competitive advantages against the surrounding world and “expand the periphery of their value proposition to customers”

(Gulati, 2007, p. 196). The difference between a cooperation and a market transaction is the “high degree of (perceived) opportunity for joint value creation between the two organizations” (Jarillo, 1988, p. 38) and this joint value creation is important for a successful relationship. Consequently, when considering the framework of creation and delivery of perceived value, focus has shifted from production and objects (cf. Drucker, 1973; Fine, 2001) to services and other more intangible concepts. This was touched upon by Kotler (1972, p. 48) in the 1970s as “the core concept of marketing is the transaction [...] the things-of-values need not be limited to goods, services, and money; they include other resources such as time, energy, and feelings.”

The “servitization” of many industries in the 1980s led to ideas of value not only being created within a firm’s boundaries and typical strategic networks, but also including the customer or consumer in a complex value constellation (Shostack, 1977; Vandermerwe & Rada, 1988). According to Normann and Ramírez (1993, p. 69), the goal is to “mobilize customers to create their own value from the company’s various offerings.” Cocreation (e.g., Howe, 2006; Normann & Ramírez, 1993; Payne, Storbacka, & Frow, 2008; Prahalad & Ramaswamy, 2000, 2004a, 2004b; Ramaswamy, 2008) received a great deal of interest in the early 2000s, based on the introductory ideas of Web 2.0 (as mentioned above), with a foundation in the development of the Internet from a presentation platform to a creative production environment. In recent years, the design of services and the Service Dominant Logic of marketing have gained much attention and suggest that services are the fundamental basis of any exchange (e.g., Vargo & Lusch, 2004, 2008). Vargo and Lusch (2004, pp. 10–11) propose that “the customer is always a coproducer” and then value could be defined as “an interactive relativistic preference experience” (Holbrook, 1994, p. 27).

The short discussion above further emphasizes the difference between print and new media, such as today’s social media. Professional print is still mainly controlled by the printing industry as a production process (even though digital printing technology has made it available for almost everyone to use and produce), while social media is a collaborative media where all parts of the value creation process can be part of the creation of the final product in real-time. The aim of this case study is to discuss how relationships are used in the printing industry to relieve the impact of competitive forces from new media that faces old media, in this case print, as an information carrier and, further, the impact on the printing industry as an industry.

THE STRUCTURE OF THE PRINTING AND GRAPHICS ARTS INDUSTRY

The graphic arts industry is a very old and, in some ways, traditional industry. During the first part of the 20th century the need for the graphic arts industry and printing firms increased since they became important for delivering mass communication to accompany all mass-produced products that were a result of the industrialization (Rossell, 1959). However, as described above, the number of channels for spreading both mass and customized communication has increased dramatically during the latter half of the 1900s, and printed material mostly competes within the same budget as, for example, television and online marketing (Kotler, Wong, Saunders, & Armstrong, 2005).

The printing industry has, historically, been a fragmented industry with many privately owned small and medium sized firms (SMEs). Due to over-capacity and strong internal industry competition, there have been continuous price reductions (Birkenshaw, 2004; Gilboa, 2002; Intergraf, 2007; Kipphan, 2001; Mejtoft & Viström, 2007; Smyth, 2006). This has also led to constant changes of the industry structure with mergers, both between firms within the printing industry and with other media firms, and bankruptcies. Nevertheless, the fragmentation in the industry is still relatively high. This has created a situation where ordinary print is regarded as a commodity product. That is a product that is, in the eyes of the customer, more or less interchangeable with competitors' products of the same type and sold primarily on basis of price. The commoditization of print and publishing has further been accelerated by the desktop publishing trend, personal computers, and home and office printers with high print quality since it is possible to create simple digital and print media today without professional help. However, in some segments print is still important and valuable as information carrier or production method. Two examples are packaging printing, where primary packages are getting more important for displaying the product and carrying important information about the product (e.g., Calver, 2004; Meyers & Lubliner, 1998), and printed electronics, where the production method is expected to reduce the production costs for simple electronics and displays (e.g., Kantola et al., 2009).

According to studies by Pira International (Smyth, 2006), more than 90% of the European printing firms employ less than 15 people and operate mainly in a local market. In Australia the situation is similar to Europe,

with 85% of firms in the graphic arts industry having less than 20 employees and only 2.5% employing over 100 people (IBSA, 2010). The fragmentation and market of the Swedish commercial printing industry is very similar to these conditions (Mejtoft, 2008).

METHOD

The results in this study are based on a case study approach. Even though there are some different opinions on what a case study really is, a general starting point of a definition is a contemporary study of a complex unit in its real-life context (e.g., Gillham, 2000; Merriam, 1988; Stake, 2005; Yin, 1994). Hence, a case study is most often performed to understand complex social phenomena and, according to Yin (1994, p. 9), case studies have a distinct advantage over other research methodologies when “a ‘how’ or ‘why’ question is being asked about a contemporary set of events over which the investigator has little or no control.” Consequently, the nature of the research question, the amount of control, and the desired end product are important to consider when choosing research design (Merriam, 1988). Case studies have several advantages since “theory developed from case study research is likely to have important strengths like novelty, testability, and empirical validity, which arise from the intimate linkage with empirical evidence” (Eisenhardt, 1989, p. 548) and “advantages of fine-grained studies can include meticulous attentions to detail, relevance to business practice, and access to multiple viewpoints. Case studies, if they are done well, capture the complexities of corporate strategy, competition, and uncontrollable environmental factors surrounding strategy formulation” (Harrigan, 1983a, p. 399).

This research is based on several interconnected studies, to capture the depth and complexity of the use of integration and relationships, which is an example of “a unit of human activity embedded in the real world; which can only be studied or understood in context; which exists in the here and now; that emerges in with its context so that precise boundaries are difficult to draw” (Gillham, 2000, p. 1). Accuracy is important in case studies. To provide accurate data, interviews with most respondents have been performed during different occasions (Woodside, 2010). The results of this qualitative case study are based on six different interview series carried out in Sweden between 2007 and 2012. Parts of the results have been reported in Mejtoft and Nordin (2008, 2009a, 2009b), Mejtoft and Packmohr (2009),

and Mejtoft (2010). In total, 37 different firms in the media industry have been part of the study. Thirty-five of the firms were printing firms (i.e., a firm with their core business within printing), all chosen as representative of the industry. To analyze the results from the printing firms in contrast to the general media industry, interviews with two media and advertising agencies were performed. To keep the balance between structure and exploration, all interviews were performed using an interview form based on open-ended questions structured around the research questions defined for this case study (e.g., Fontana & Frey, 2005; Robson, 2002). The interviews were carried out either at the respondent's firm or by telephone without any time constraints. The printing firms' respondents have all been top management (mainly managing directors or founders), due to their influence over the firms' long-term strategic paths (e.g., Beal & Yasai-Ardekani, 2000; Collis & Montgomery, 2005; Harrigan, 1985; Porter, 1996; Schein, 1983), of which cooperation is a part. The findings from the interviews were analyzed by using pattern matching technique (Campbell, 1975; Yin, 1994), where the firms initially were analyzed separately and then matching patterns between firms were identified and reported.

A common criticism of case study research is that a single case in a case study does not provide a good basis to form generalized conclusions. However, in case studies, whether it is single or multiple case studies, Stake (2005, p. 460) states "the purpose of a case report is not to represent the world, but to represent the case." This suggests that "case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes" (Yin, 1994, p. 10).

The use of Sweden as a base for this case study on technology related issues is motivated by the work of the World Economic Forum and the Global Information Technology Report, which in May 2012 marked Sweden as the leader in the Networked Readiness Index (NRI). According to Dutta, Bilbao-Osorio, and Geiger (2012, pp. 9, 17), "Sweden's performance is remarkable in every aspect. The country leads four of the 10 pillars of the NRI, namely infrastructure and digital content, individual usage, business usage, and economic impacts." Hence, the adoption of new technologies and new communication channels in Sweden are fast and widespread among the public. Researchers do not claim that their case studies are representative (Stake, 2005; Yin, 1994), thus the results from this study should not be considered to have specific relevance in other environments. Nevertheless, the results provide a good overview and illustration of the studied phenomenon within the graphics arts industry.

RESULTS AND DISCUSSION

The results and the analysis from the case study aims toward providing an illustration of how firms, traditionally focusing on old media, use relationships to face the impact from new media technologies and the competition from firms focusing on these new channels. As discussed earlier, depending on the strategic importance of the activity, integration, market transactions, or cooperation are suitable ways of handling new services needed for providing the value necessary to a firm's customers.

Vertical Integration, Relationships, and the Graphics Arts Industry

When focusing the discussion on the print and graphic arts industry, it is important to analyze the structure of the industry and how firms are organized to meet current and future market demands. The results from the case study show that within the value chain for print media, vertical integration is both of high importance and a widely used strategy in the commercial industry. This is most noticeable in the number of steps in the value chain that firms have chosen to integrate. Most firms have integrated some creative services, prepress, finishing, and distribution in addition to their print business. Even though the overall reason for integration is clearly stated by the respondents as the possibility to increase revenues and profits by providing a broader selection of services, a strategic reason for backwards vertical integration is the need to ensure appropriate input to the printing business unit and, consequently, working closer to the customers. One reason is that integration on mature markets may give firms "an improved ability to forecast cost or demand changes" (Harrigan, 1983b, p. 3). In a similar manner forward integration is a strategy chosen to guarantee fast handling and make the firm less dependent on external partners, both in terms of finishing and distribution and, thus, decrease the total delivery times.

The results also show that the internal transfer between different steps in the value chain is not total, neither for backward nor forward integration. Accordingly, jobs are both received and delivered to different external partners. The respondents clearly state that cooperation is important both for vertical and horizontal activities. This type of behavior of partial vertical backward integration is denoted concurrent sourcing by Parmigiani (2007, p. 285) and exists when firms "are making and buying the same good, in contrast to considering a broader unit of analysis and/or one with more

heterogeneity.” Harrigan (1983b, p. 18) describes a similar phenomenon using term “taper integration” and Porter (1980, p. 125) with “partial integration.” However, these do describe both backward and forward partial integration.

The results concerning vertical cooperation illustrate two different ways in which printing firms can increase their resource flexibility and get what the firm perceives as value, by being part of a cooperation (cf. Faulkner, 1995; Gulati et al., 2000; Jarillo, 1988). The intention to enhance customer satisfaction and offer full service solutions encouraged the case firms to engage in different kinds of cooperation, to have the ability to retain contact with their customers no matter what kind of services are needed within the print value chain. The case firms mention two common reasons for engaging in cooperation – to extended capacity of resources already under the firm’s control and to get access to complementary resources. To add resources that extended capacity and render possible temporary increases in production is a way to better meet market fluctuations; to complement the line of production and services with complementary resources makes it possible to offer full service solutions to customers. The main reason for engaging in vertical cooperation is to gain access to different kinds of resources. Hence, a combination of integration and cooperation in the vertical value chain is a common way of balancing the need for providing all services in the value chain, as well as not risking over-building capacity in case of structural changes in the industry or negative changes in the state of the market.

The results from the case study show that all firms in the study had more or less developed relationships with other firms, both within the industry and with firms that cannot be classified as printing firms. The relationships were mostly nonstructured relationships based on a high level of trust and commitment (cf. Morgan & Hunt, 1994) with, most often, a lack of contracts and other formal documents that state the nature and level of the cooperation. This is, according to the respondents, a result of the higher initial cost and bureaucratization of formal contracts and, since most firms are smaller, the presence of trust and commitment between firms was deemed more important. One of the respondents expresses these as “I help you and you help me”-relationships or “gentlemen’s agreements.” According to the respondents, this absence of formal agreements is a fast and effective way of starting new relationships needed for the production, even though the use of this type of arrangement has been discouraged (Gerlach, 1990).

Furthermore, relationships are, in general, set up with local or regional partners. The local and regional connection is mainly a result of most

printing firms being SMEs, mainly acting in a market with local and regional customers (Mejtoft & Viström, 2008). In addition to their network of relationships, eight of the case firms were also part of organized alliances. These relationships include a more structured cooperation, and have a central organization as they are built on franchise or similar types of structures (Blair & Kaserman, 1982; Inaba, 1980; Norton, 1988; Rubin, 1978). Even though He and Balmer (2006, p. 242) suggest that “with careful nurturing on the part of marketers, alliance brands have the potential to develop into a valuable strategic resource,” the printing firms’ individual brands are usually strong in the local market. Previous research has shown that most printing firms that are part of an organized alliance combine their own local brand with the organization/franchise brand (Mejtoft & Nordin, 2007), and are therefore not a sole franchisee.

The results indicate that relationships are important for firms in the printing industry. One major reason is the shift in power from printing firms being a central and necessary part of the value chain of media and marketing to become a subcontractor and producer that is easily bypassed using other media channels. Even though backwards vertical integration is undertaken, as mentioned above, due to the need to get closer to the customer, the respondents state that advertising agencies and partners are very important for getting the appropriate input to the printing units and getting a sufficient volume. The respondents at the media agencies clearly indicate that even though print is important, “many customers try to avoid print due to the high cost of production and distribution compared to other channels, such as the Internet.” Consequently, the respondents are unanimous that the largest shift in media channels is from print to digital channels.

The results and analysis of the data from the case study show indications of how different relationships become increasingly valuable for firms with old marketing communication technology to survive in an increasingly digitalized society, most often as a complement to broadcast or digital campaigns. Summarized, the results indicate that there are both internal and external effects of the relationships and vertical, as well as horizontal relationships are of great importance to create a sustainable situation for the printing industry.

Effects of Vertical and Horizontal Relationships

The need for acting as a full service firm, and provide end products and services within print media is strong among printing firms, regardless of size.

Cooperating with different firms to increase the capacity of resources is important to enhance the firm's flexibility and become less dependent on one technology and, thus, less affected by business cycles. According to the respondents this is one of the main reasons for starting relationships, to be able to create this vertical organization. Vertical relationships within the value chain are needed to deliver a complete product to the end customers as well as enabling a closer relationship with the customer and, therefore, be less affected by the general price pressure in the printing industry. The relationships needed are both backward and forward in the value system. The respondents emphasize cooperating forward with finishing and delivery firms to decrease the lead-time of the total production. The digitalization of media channels has resulted in an increased speed of communication, as most information can be distributed over the Internet. This has had a vast impact on print, which has a slow delivery speed compared to all-digital channels, and resulted in a need for providing shorter lead-times within the print value chain.

According to the respondents, creating vertical relationships backwards in the value chain to get closer to the customers (and somehow to the actual consumers) is one of the main advantages that the printing firm is trying to achieve when cooperating. Even though print brokers are a major customer segment to printing firms and are vital for their survival as a producer, creating relationships and working close to other customers, such as advertising agencies and direct customers are important to form a tighter bond to the end users. Creating tight bonds not only increases customer loyalty, but also increases the possibility for end user contact, since printing firms are more likely to have long-term perspectives on the service provider–customer relationship and, therefore, create suitable services for these customers.

Not only is print declining and experiencing increasing competition from other media, but today there are also several more steps (and firms) that work closer to customers and end users, such as media agencies. Consequently, as the content has become digital, the printing industry has become one step too far away from the customer, and even farther away from the consumer of the end products. This affects not only how a printing firm can work with its customers, but also the profitability of the industry. The supplier position in the value system is also supported by the widespread use of cost-based pricing in the printing industry (Hultén, Viström, & Mejtoft, 2009). The respondents in this case study also advocate this, as they believe that the price pressure on print makes it necessary to work with cost-based pricing to avoid negative margins. Furthermore,

the respondents indicate that creating tight relationships with customers is one way of avoiding the fierce price competition in the industry.

In addition to having vertical relationships to increase the efficiency of the production chain, the need for horizontal relationships was also stressed by the respondents. These relationships were mainly to access more output channels and services that was not a natural part of their production. One thing that was mentioned by several of the respondents was cooperation regarding IT competence (which is, if not a strategic business unit, very important for many firms within the industry). Even though most respondents called attention to the need for basic and commonly used IT services to be integrated within the firm's boundaries, most firms had created tight relationships with external, mostly small and local, IT firms. These relationships are crucial due to the high degree of digitalization in the industry, which has led to a need for creating different kinds of solution that are not only based on print but also solely Internet-based solutions of, for example, distribution of digital material. These kinds of relationships also boost the integration of print into digital channels, which has, according to some of the respondents, been a major success factor for several years. Even though larger firms have more resources to create customized solutions that make the workflow from digital input to printed output smooth and integrate digital channels and print, these things are also important for smaller firms to stay competitive. Consequently, different kinds of IT services have become increasingly important to control, to be able to both create (for the user) simple online services and to simplify the general internal production workflow.

Long-Term Effect of Digital Channels and the Democratization of Channels

A clear tendency can be noticed of how the power in the media industry has shifted over time. Just as for the general view of how value is created, value in the media industry is no longer as distinctly created in production (cf. Normann & Ramírez, 1993; Shostack, 1977; Vandermerwe & Rada, 1988). Before the 1900s, printing firms were, more or less, the owners of the content and were influential in how marketing messages were spread. However, as the number of media channels has increased during the last century, the value of the content has increased, but the value of controlling an individual channel has decreased. This was confirmed by the media agency respondents, since "the thing that matters the most is the content"

and is far more important than the actual channel that is used for delivery. Even though the actual message has, of course, always been important, the ability to easily and cheaply spread the message has not always been a commodity product. Furthermore, simplicity in the use of different channels is also important. This is another major reason for printing firms to create strong relationships with other partners in the print value chain. At the end of the day, trying to avoid becoming a supplier of cheap print and “just put some dirt on paper” is one of the reasons to cooperate with other firms to create an integrated media firm, according to one of the respondents.

As discussed in the introduction, the control of different channels is noteworthy. Most channels used for mass media are controlled by a specific industry; radio, TV, and partly print are such channels controlled by the broadcast industry and the printing industry. Social media differ from this, due to its openness. Even though webpages on social networks such as Facebook can be controlled and moderated by the firm publishing the page or group, social media channels are obviously much harder to control due to the high reliance on word-of-mouth. One example of a more democratic channel is the hashtag (#) on Twitter. The hashtag is a Twitter convention that has spread to other channels and is distinguished in the tweet by adding “#” to a text string. Hashtags are therefore a way to label topics that make all others’ posts visible for anyone searching for a specific hashtag. Each hashtag can be regarded as a channel (Messina, 2007) and no government, firm, or individual can control these, they are free for anyone to use and post information as they will.

This situation became apparent with the political changes in Egypt during 2011, when Twitter was one of few free channels, and was used to spread messages by the critics of the regime (Papacharissi & de Fatima Oliveira, 2012). The inability to control intentional campaigns on social media has been shown many times lately. When Australian airline Qantas launched a campaign, after a dispute with the trade union, in the fall of 2011, the hashtag proposed by Qantas unintentionally ended up with non-favorable tweets (Taylor, 2011). Similar hashtag hijacking happened to McDonalds in the United States (Curry, 2012) and Starbucks in the United Kingdom (Morse, 2012) during 2012. The importance of control in social media and the ability, and the need to respond and delete comments and post have been widely discussed during the last few years (e.g., Ghaemi, 2011; McDermott, 2012). The media agency respondents indicate that the main reason not to recommend social media campaigns is the lack of control in the campaign and the commitment needed by the client for the result of a campaign to be successful. Even though an advertisement agency can

initiate and carry through a social media campaign, the long-term risk and responsibility is still in the hands of the brand owner.

Even though the study here focuses on print, which is under pressure by digitally distributed media and social media as both a complement and a substitute (Brandenburger & Nalebuff, 1996; Porter, 1979), the situation is similar for the other traditionally controlled media channels. Internet-based digital media and social media have made it possible for almost anyone to broadcast on both radio (e.g., podcasts) and TV (e.g., YouTube). Consequently, the media industry has been democratized both in means of production (e.g., desktop publishing and webcams) and distribution (e.g., Twitter).

The way value is created and perceived is also a major reason that old, and controlled, media channels are declining in value, while new channels, that support cocreated material and word-of-mouth ideas become increasingly important in information spreading and marketing. Even though we live lives that are largely analogue, our communication has been increasingly digitalized. All this communication and information spread through digital channels has led to a high level of noise in these channels. This is one of the reasons why print campaigns are mentioned, by the media agency respondents, as potentially successful, because of the “exclusivity that print might give when almost all other campaigns are digital” and the “ability to control the content” in comparison to, for example, social media.

CONCLUDING REMARKS

By using a qualitative case study approach for this research, it is possible to gain in-depth knowledge into both the reasons why and the effects that the graphic arts and printing industry experience because of the continuous introduction of new, and easily accessible, media. The results from this case study show that for an old industry, such as the printing industry, to adapt to the new media landscape, not only vertical integration is necessary but also both vertical and horizontal relationships are favored for securing long-term survival.

It is, however, important to notice that the integration is by no means total in all stages. The strategy used is taper integration, where vertical integration is combined with relationships, in order to increase the strategic flexibility of the firm. From the results and the discussion above, it is clear

that many of the relationships that printing firms develop are used to increase the flexibility not only of the firm, but also the flexibility of print as a media channel and, hence, make it a more attractive channel in competition with new digital channels. Another reason is to increase the possibility of regaining some of the power over the content and, consequently, increase the profits in the industry.

Even though printing firms historically have been powerful in the media production and distribution value chain, new media have switched the power away from these firms. It is also suggested that the printing industry has gradually drifted further and further away from the actual paying customer and from the end user of their products. This has led to the printing industry being a supplier of cheap production in the media value network, which is a situation that the industry is trying to avoid by cooperating and integrating to get closer to their customers.

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