

Print & digitalisation market face worrying times

By [Chris de Beer](#)

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These are worrying times for the South African print and digitalisation market. Having just seen out the last of the Covid-19 pandemic slowdown with early signs of a healthy recovery in 2021 and 2022, the industry - like many others in the country - is being hamstrung by the power supply crisis in 2023, and for the foreseeable future.



Source: www.unsplash.com

Power is not the only limiting factor in South Africa. Other factors, such as stock constraints due to parts being out of stock at a manufacturing level, logistics and shipping delays, and the economic slowdown due to the power crisis and political instability, are all hampering the consistent upswing we're seeing in the rest of Africa.

Sadly, we're seeing more and more small to medium business closing their doors due to these economic factors, and with the unemployment rate up to 35% (and youth unemployment rate at over 50%), and suggestions of a quick-fix regardless of the power or political landscape is optimistic.

Some external factors are at play too. Covid-related supply complications, factory closures, distribution disruptions, and micro-chips and semi-conductor component shortages from China in particular have put the brakes on supply, despite the healthy demand.

Potential expansion in 2024

Thankfully it's not all doom and gloom as we anticipate a potential expansion in 2024 for South Africa (albeit slightly lower than the expected growth already apparent in Africa for 2023).

Additionally, there has been a transition from colour to monochrome due to limited stock of colour units, increased demand for home office use, and higher cost per page for colour A4 printing. As a result, there has been a shift towards mono A4 printing for home office use.

Two sectors, in particular, that exhibit promising expansion in South Africa are the production and large format domains. Among these, the large format industry is displaying a particularly robust recovery, almost reaching pre-pandemic levels.

The main drivers of this upward trend are amplified requests from media and advertising outlets, coupled with sustained adoption within the publishing sphere. Additionally, start-up firms are contributing to this surge.

In the production sector, mono production stands out as the most significant contributor. The large format domain is predicted to maintain its upward trajectory for at least the next 3-5 years, buoyed by unflagging demand. Furthermore, the influx of lower-priced Asian brands into the market is also fuelling growth.



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Scanning shortfalls

Still in South Africa, the scanner market is facing difficulty in returning to its pre-Covid levels, despite the notable shift towards digitalisation.

The power crisis has some bearing here, but while units with automatic document scanners and other applications are being used by people who work from home, standalone scanner units are not rebounding.

As a result, industry players are raising pertinent questions that highlight the primary challenges they confront. For example, they are exploring how customer expectations are changing and how they can tailor their offers accordingly. They are also contemplating how to cross-sell and maximise their existing resources.

Target main growth industries

One solution would be to target the main growth industries.

Our research shows that digitalisation has been embraced by four primary industries, namely Healthcare, Legal, Financial, and Logistics, which are the focus of scan vendors, scan suppliers, and scan service companies.

These industries are the main drivers of the most substantial growth for scanning demands and digitalisation, and currently account for a minimum of 65% of the scanning market share.

Over the past year, Libraries and Archiving, Education, Mining, Media Companies, and Agriculture have also demonstrated noteworthy progress towards adopting digitalisation, resulting in increased scanning needs.

The African market is recovering

All of these issues are contrasted by developments elsewhere in Africa, where the major markets are showing a consistent

and steady growth curve upward following the global Covid slowdown.

In general, there are signs that the African market is recovering and resuming its usual activities, with a minor increase in unit sales in most sectors. Additionally, there is evidence of a rise in vendor investments in African nations.

Notably, certain vendors are concentrating their efforts on Ethiopia, Ghana, Kenya, Tanzania, Rwanda, Mozambique, Niger, DRC, Madagascar, Mauritius and Senegal.

The primary drivers of growth are products in the entry-level to medium price range, with mono units holding a significant share of the market and displaying consistent growth at an average of 50% annually.

If we take the sales figures in Botswana as an example, we see a significant year-on-year surge, particularly over the past 12-15 months, with sales figures higher post-Covid compared to pre-Covid.

The most significant factor driving this growth is the sales of monochrome and colour personal MFPs. These devices are primarily marketed in retail settings or for use in home offices.

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