

# The printer market will suffer for two years but will recover

 By [Chris de Beer](#)

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The coronavirus pandemic has already severely impacted several economies around the world and the impacts are likely to be much deeper and go on for a long time.



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The fear of overloaded hospitals, precedents that were established in almost every country where the disease has spread, by the rapid rate of infection, resulted in many countries turning early to “lockdown” scenarios.

Following initial consumer panic buying, demand for goods and services has plummeted as people stayed home. In the US, Donald Trump called for an early return to work, fearing the inevitable economic impacts. Other governments are preparing to weather the severe turbulence of the approaching economic storm since it is the least distasteful of two unenviable choices.

The print industry, like every other industry around the world, is going to be hard hit.

## Coronavirus pandemic is not a purely financial crisis

The closest correlation we have is the 2008-2009 global economic downturn. We’re expecting to see many similar principles at play yet deeper effects emerge but with some significant differences that are worth noting.



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Chris de Beer 23 Aug 2019



South Africa has always closely mirrored the printer trends from Europe. The markets in Western and Eastern Europe generally saw significant declines from 2007 to 2008 and into 2009 with rebounds following in 2010 and many markets continuing their growth trends into 2012.

We expect to see global markets negatively impacted by the worldwide coronavirus pandemic but, unlike the 2008-2009 downturn, the coronavirus pandemic is not a purely financial crisis.

A major difference is that many more sectors are impacted. Another significant difference is that China is the centre of much of the world's production and manufacturing capacity so the ongoing impacts of the virus there will continue to be felt worldwide.

The impacts in the supply chain will vary from initially no supply to late supply as we progressively return to normal operating conditions.

My optimistic view is that there will be a significant drop of up to 25% in the market, pushing almost every sector into negative territory, before an initial gradual, then increasingly rapid recovery during 2021 and 2022.

## Hasten the shift to digitalise

Some vendors have noted immediate sales upticks as workers reposition to home offices.

People bought home multifunction devices to see them through the lockdown period but in the long term, we expect the impacts of the novel coronavirus to hasten the shift to digitalise rather than merely buoy the bottom end of the printer market.



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However, a situation that will affect many SADC countries is the sharply declined oil price that will negatively impact African state spending and reserves in dealing with the fallout of Covid-19. With the largest oil producers expected to cut spending by as much as 20% that will also negatively impact exploration investment that will have further longer-term ramifications beyond the first two years of recovery.

What's been proven beneficial in other sectors is countries that isolated their populations early are experiencing less burden on their healthcare and other critical services as well as the associated economic impacts. We are fortunate in South Africa and our neighbouring countries that many forward-looking governments took the decision early to isolate.

How effectively our government and healthcare services can slow the spread and infection rates, as well as nurse the population back to health, will impact the rate at which the economy and the sectors rebound.

If the pandemic worsens and governments fail to respond appropriately while healthcare services become overwhelmed then the highly unlikely event is economic downturn without recovery. Much more likely is an eventuality that falls

somewhere between slow economic recovery or a resurgent virus that periodically interrupts recovery or a rebound to normal trends or, at best, an early vaccine with global distribution that results in strong economic rebound.

## Service industries to be hard hit

Some sectors will be harder hit than others but that print vendors serve a spectrum of industries and should be able to spread the recovery across all sectors to achieve a balanced return to operating profit.

“ *Those serving the healthcare market will weather the storm best.* ”

The watchword in healthcare seems to be that no expense should be spared. There is also an increase in official paperwork for governments dealing with the socio-economic changes around the virus that will impact production print works. But services industries are likely to be hard hit.

What we need to do now is plan for “the day after.” Our print vendors will need to draw up immediate, medium-term and long-term recoveries based on a range of scenarios. We feel that early action by the South African government has put local vendors on the forward foot. But it’s still going to be a hard road to walk.

## ABOUT CHRIS DE BEER

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