

REMANUFACTURING INDUSTRY Trends Year 2013

(Report developed by PowerVip Management)

According to economic variables evolution, either global or in particular, for the press industry; as spoken with suppliers and customers; and in compliance with our own perception, we guess that the year 2013 will be characterized by:

1. The new technologies outbreak, especially smartphones and tablets, will produce a press industry drop, estimated by some sources in 2% per year ⁽¹⁾. This revenues downfall of the original equipment manufacturers (OEMs) will have proportional and direct influence in the remanufacturing industry.
2. The economic crisis, with more unemployment and less general activity, will speed up the reduction of the traditional demand.
3. However, although this economic crisis wouldn't have emerged, it seemed to be unavoidable a decline in remanufacturing cartridges suppliers quantity. Indeed, as this industry had been growing in a geometric way during 2000 decade, a concentration during the next decade is part of a natural process. As an example, in year 1901 there were 612 automobile manufacturers, which were then merging as long as the industry matured ⁽²⁾. It is believed that between 2% and 5% of the remanufacturing industry enterprises will disappear ⁽¹⁾.
4. The OEMs legal actions are performed just during this business drop process. In the good times, their purpose was selling and acquiring more market share. In the crisis times, their objective is to cushion the falls.
5. Many recyclers, trying to get better profits or just for survival, begun to import clones cartridges which violate Intellectual Properties, despite the more legal pressure from the original equipment manufacturers, causing even more industry distortion.
6. ETIRA (European Toner & Inkjet Remanufacturers Association) has developed a Guide to Clones Report showing the manufacturing and selling risks ⁽³⁾.
7. There will be still cartridge quality problems even in less degree compared with the pass decade.
8. Although the price war has been accelerated due to the above mentioned facts, it has been reached price levels that, many times, might not be lower.

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9. All these circumstances combinations discourage the investment in this industry, even one particular company might do; rather it is time to wait the enterprises merging process.
10. Another issue to be considered is the financial. The business has dropped and will not allow paying bank loans to those who have taken them. This aspect, added to sure merges and/or company's closings, will generate greater insolvency risks.

ABSTRACT

PowerVip understands that four parallel processes are running:

- A natural merger procedure of the industry, alter a geometrical growing.
- Clones cartridges at very low rates, whose absolute disappearance won't be possible, although being fought by the original manufacturers.
- Strong recession period caused by the general economic crisis.
- New technologies outbreak that generate less impressions consumption.

Then, those remanufacturing industry suppliers who remain in the business, after going through this hard transition, will become stronger. The industry will mature like any other, although perhaps at greater speed.

Sources:

- (¹) Infotrends. <http://blog.infotrends.com/?p=9484>
- (²) Todomecánica. http://beepdf.com/doc/179309/historia_del_automovil.html
- (³) Etira. <http://www.etira.org/images/content/Guide%20to%20Clones%20-%20English-styled.pdf>

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