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[Click here](#) to read Jack Miller's article on the State of the Industry for Label Printing in the May issue of *Printing Impressions*.

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ROI is King **By Jack Miller**

A couple of years ago I did a study on the Evolution of Commercial Print for PRIMIR, the Print Industries Market Information and Research Organization ([CLICK HERE](#)).

The Executive Summary begins under the heading "ROI is King." A friend at Montreal printer PDI (Phipps Dickson Integria) complimented me on my bilingual pun, as "Roi" is French for "King." Sadly, I must confess that while I was aware of the translation, the pun was unintended.

But I digress. The point was that for print buyers, a measurable return on their investment in print is critical.

The problem is that measuring ROI is difficult, and comparing the ROI of two different alternatives is twice as difficult.

Measuring future ROI requires more than just financial analysis. It requires market analysis too, and this can be even more critical. In capital intensive industries like paper manufacture and printing, there has long been a trend to newer and faster equipment to reduce costs. But will market growth support the additional capacity? And even if it does, will competitors also be adding capacity and creating oversupply? What will happen to future prices? What about future costs?

And, the devil is in the details. What markets will the new equipment serve? Will it be new business, or will it simply do the same business at lower cost? And, is the new equipment a good fit for the intended plan?

I've done marketing plans for paper machines AFTER the decision was made to build the machine. I've seen cases where the width of the paper machine did not match the width of the rolls that the target market needed.

I've had printers tell me that they bought a new, faster press to reduce costs, but was it still a cost reduction if the new press did not run at full capacity? But would it run at full capacity?

In one case, a printer measured ROI based on EBITDA - earnings before interest, taxes, depreciation, and amortization. Was this still a cost reduction when the cost of money to buy the new press and the depreciation of the new press were considered?

Today, business is extremely competitive. No matter what you are selling, buyers need to be sure that their investment in your product will be a good one. Make sure your product achieves this goal and help your customers measure it. For your own investments, this is even more critical.

Measuring ROI requires good, solid market intelligence. For this kind of Need to Know™ market intelligence, call Jack Miller at 203 925 0326 or email jack.miller@market-intell.com.

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