
Empirical Studies on the Digital Printing Industry in the USA and Canada

Benjamin Jonen

School of Economics

Georgia Institute of Technology

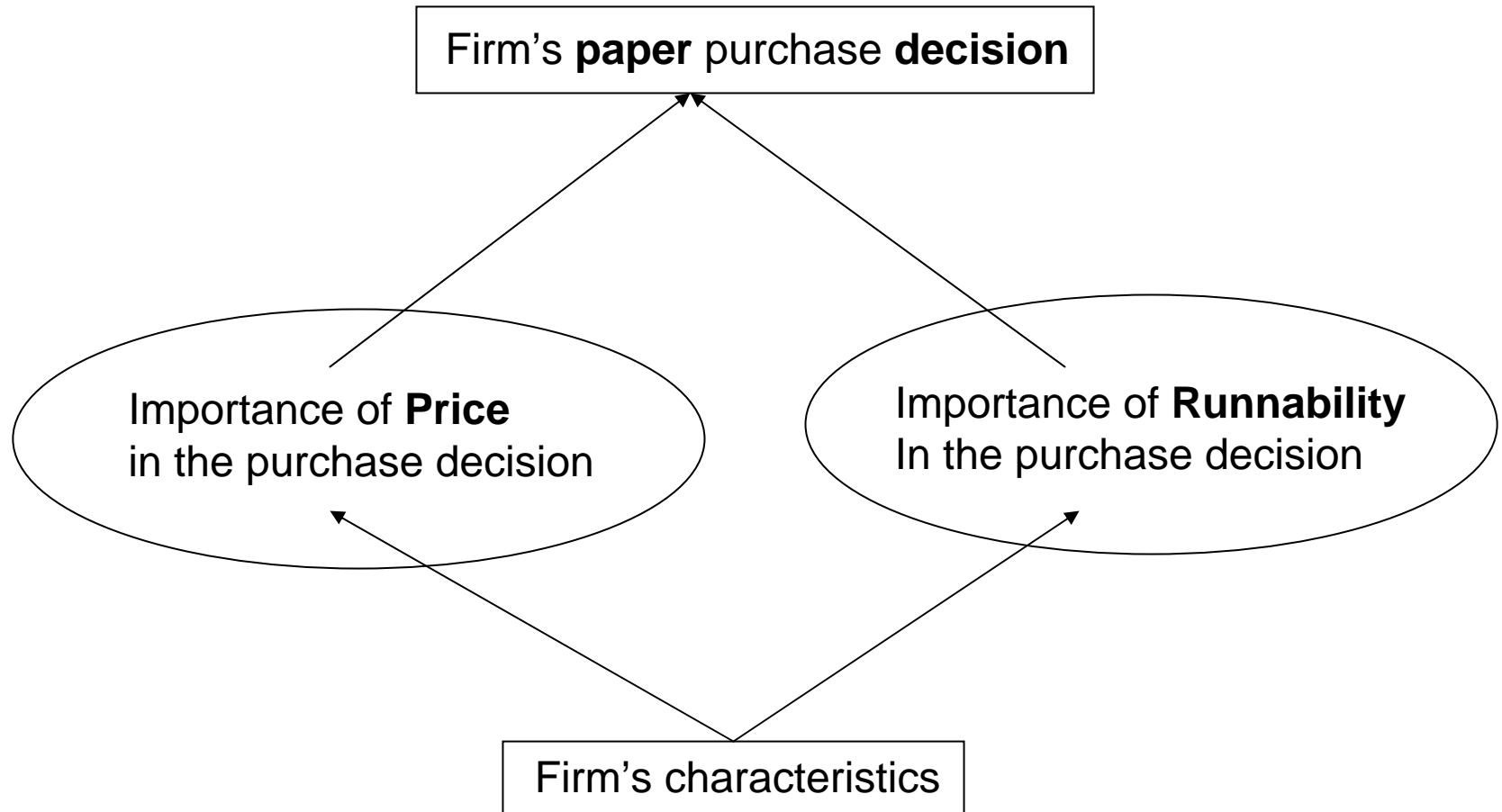
Introduction/Objective

- Idea of the study:
 - Link paper purchase decision with firm's characteristics
 - Identify competitive nature in the industry
- Study intended to complement Evans & Lemaire (2005)

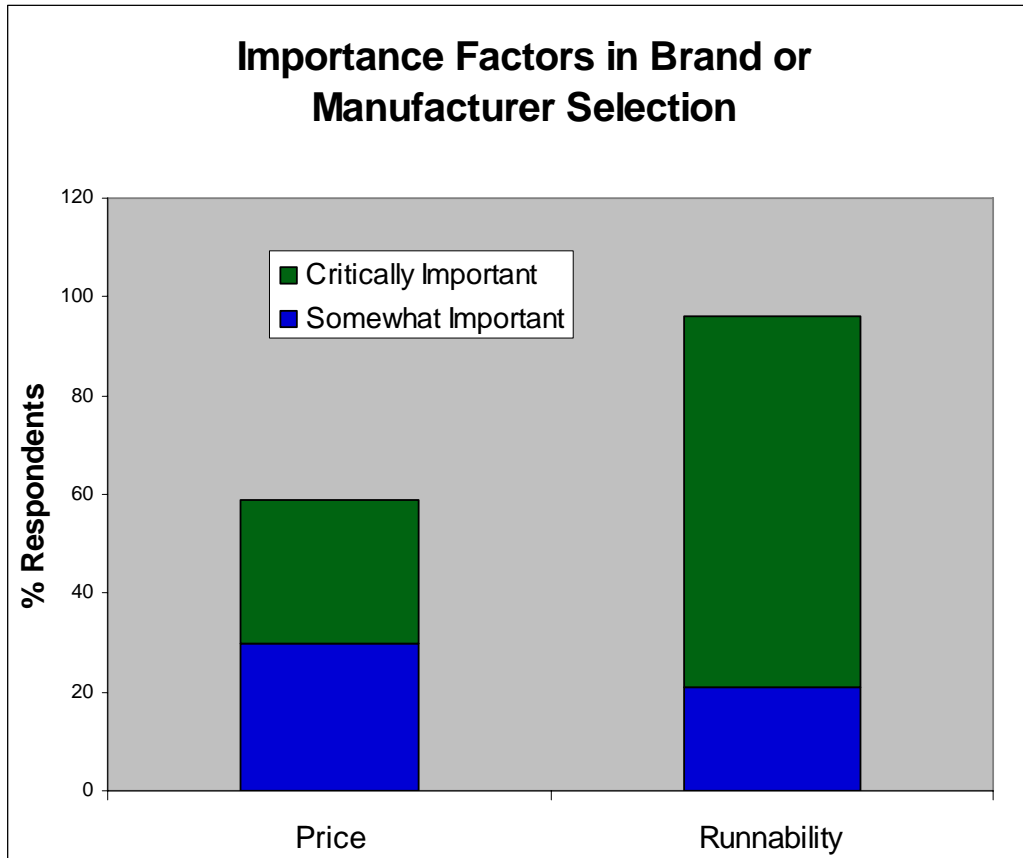
Methods

- Determine questions that reveal paper purchase behavior
- Identify questions that indicate firms' characteristics
- Regress the paper purchase behavior on the firm's characteristics

Model to be estimated





Setup (1): Dependent Variables



- Model measures the probability of a firm ranking price/runnability as critically important given its characteristics

Setup (2): Explanatory Variables

<u>Firm Characteristic</u>	<u>Explanation</u>	<u>Categories</u>
Employee Growth	Employee growth over the last 5 years	 Demographics
Revenue	Revenue in 2005	 Printing Jobs
Revenue Growth	Revenue growth compared to last year	 Training
Marketing	Marketing major or minor part of business	 Brand selection
Manuals	Manuals major or minor part of business	 Press Limitation
Transactional Forms	Transactional / financial forms or documents major or minor part of business	
Digital Asset	Training of employees in Digital Asset Database setup and handling	
Brand Portfolio size	# of paper brands in purchasing portfolio	
Together	Printing firm and customer together decide over paper brand to purchase	
Customer Alone	The customer alone decides which paper brand to purchase	
Only Pre-Coated Paper	Press Limitation: Paper must be pre-coated	
No Limitations	The digital presses do not impose any restrictions on the paper	

Results (1): Price

- First question: Importance of Price
- Characteristics as determinants of importance of price
- Positive Sign, higher likelihood of ranking price to be critically important

<u>Expl. Variable</u>	<u>Sign</u>
Employee Growth	-
Revenue	-
Marketing	+
Manuals	-
Brand Portfolio Size	+
Together	-
Only Pre-Coated	+

Table: Explanatory Variables and their estimated sign

Results (1): Price

- Importance of price explained by firm's ability to pass on cost
 - If firm is able to pass on increases in paper price it is less likely to care about the price
 - Those who do not reveal might belong to the group that passes on high percentage

<u>Expl. Variable</u>	<u>Sign</u>
Passon Percentage	-
Passon not revealed	-

Comparison of different models

Importance of Price:

<u>Expl. Variable</u>	<u>Sign</u>
Employee Growth	-
Revenue	-
Marketing	+
Manuals	-
Brand Portfolio Size	+
Together	-
Only Pre-Coated	+

Importance of Runnability

<u>Expl. Variable</u>	<u>Sign</u>
Revenue Growth	+
Marketing	-
Transactional Forms	+
Brand Portfolio Size	-
Customer alone	-
No Limitations	-

Conclusion

- Firm characteristics that help explain paper purchase decision are size, growth, print jobs, limitations on presses and ability to pass on cost increases in paper price.
- Large, fast growing companies
 - paper price – less weight
 - runnability- higher weight
- Marketing printing firms
 - paper price – more important
 - runnability – less important

Future Works

- Analyze other important questions
 - Quality
 - Appearance
 - Product Range
 - Multipurpose Application
- Connect paper selection with set of printers

Questions?

Contact: benjamin.jonen@econ.gatech.edu