

Not All Compatibles Are Created Equal— Remanufactured vs. Compatible Aftermarket Supplies

It's unfortunate for both the industry and our clients that "remanufactured" and "compatible" are often used interchangeably. For our purposes, let's set things straight:

- A remanufactured cartridge starts with a spent OEM cartridge.
- A compatible cartridge is built new from the ground up.

The confusion with the terminology creates additional confusion in understanding what to look for in a product. Both remanufactured and compatible supplies can be of high quality, and even remanufactured cartridges contain many new components. Back in the days of the HP-LaserJet II and III, the cartridges were made to be pulled apart and reassembled. Life was good in the remanufacturing industry. However, once HP realized how easy it was, they made all future cartridges more difficult to remanufacture. This is when it started to make just as much sense to build compatible cartridges that contained all new components.

There are a few issues with remanufacturing toner cartridges:

- Core availability. When a new OEM cartridge is introduced, it can take 3-4 years before enough empty cores are available to make a consistent supply of remanufactured cartridges.
- Empty cores can cost \$20 per cartridge, and when you factor in additional materials, such as toner, drums, chips, seals and rollers, it becomes difficult to sell the cartridge for significantly less than the OEM equivalent while maintaining a decent profit margin. This is particularly true for lower-yield SKUs.

Compatible cartridges overcome these issues. Since they don't require empty cores, they can be produced well before a remanufactured cartridge would be available, and there are no concerns about consistent availability. For printer models that would otherwise only have new OEM cartridges available, new compatible cartridges create competition and fill the void.

Of course, compatible cartridges come with their own issues. The biggest concern with compatible supplies is intellectual property. In this regard, it is critical that you understand there is a difference between compatible and counterfeit supplies. Building a compatible supply requires extensive investments in R&D and investigation of the existing IP and patents of the OEM vendors. In some cases, it may not be possible to make a compatible product without violating those patents. Once you are confident that you can legally produce a compatible cartridge and have figured out how to do it, there is a multimillion dollar investment in molds, C&C machines and other equipment. On the upside, the consistent quality cannot be matched by remanufacturing, which is closer to assembly as opposed to full-scale manufacturing.