

# Computer Products & Ink

## CP-Ink.net

*Presented by:*



## Executive Summary

CP-Ink is South Florida's most convenient and effective manner of ordering printers, ink, and media at the click of a mouse. One of the most important features that makes this concept profitable is our service orientation. Our target geographic market initially consists of the South Florida area, specifically Miami, Fort Lauderdale and West Palm Beach/Boca Raton.

The primary groups of customers we serve fall into three categories: Small resellers, brokers, and exporters. Concentrating the target market in a small geographic area facilitates faster product delivery and maximizes the efficiency of service and delivery.

CP-Ink faces a major challenge in that it conducts business in a mature market. We plan to differentiate ourselves in order to offer a fuller range of services to our customers. By offering these services we plan to maximize our profit by a 100% in the next two years.

CP-Ink is in a market that has been saturated, which causes the buyer to have the power in the determination of prices. It is not realistic for us to compete solely on price. Therefore, our key to success will be our variety of service offerings.

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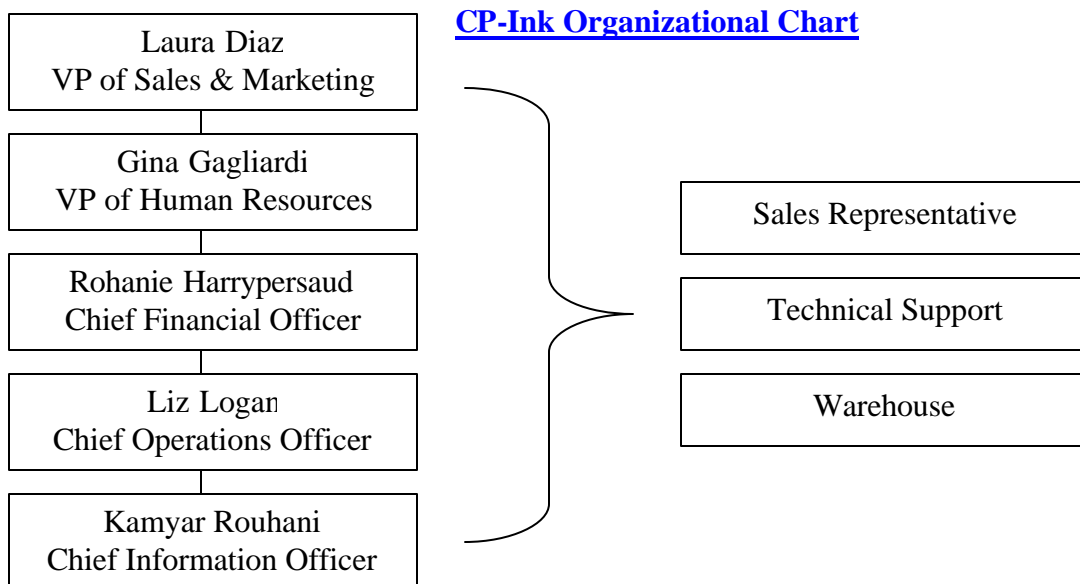
## Introduction

### *Company Information*

CP-Ink.net was founded in 2003 and is in the process of positioning itself as one of the top value added distributors of printer, ink and media. Since we focus on a narrow group of products this enables us to become experts and offer the best service before and after each sale. CP-Ink is based in Miami, Florida and currently distributes Hewlett-Packard, Epson, and Canon products.

We project sales from products and services to be \$1 million for fiscal year 2004. CP-Ink plans on increasing its presence in South Florida during the upcoming year through numerous marketing activities, with the goal in mind of expanding our target market to include Central America and the Caribbean in the future.

CP-Ink was founded by five partners: Laura Diaz, Gina Gagliardi, Rohanie Harrypersaud, Lizette Logan, and Kamyar Rouhani. CP-Ink is based out of a warehouse facility located in Miami, Florida. Rohanie will serve as Chief Financial Officer, Laura will serve as VP of Sales and Marketing, Gina will serve as VP of Human Resources, Liz will serve as Chief Operating Officer, and Kamyar will serve as the Chief Information Officer.



### *Vision Statement*

CP-Ink is the ultimate one-stop solution for computing needs.

### *Mission Statement*

CP-Ink is the ultimate online provider of computer related products and services who seeks to satisfy the computing needs of our consumers, maximize the wealth of our stockholders, and challenge and inspire our employees.

### *Goals & Objectives*

	<b>Goals</b>	<b>Objectives</b>
<b>Marketing</b>	<ul style="list-style-type: none"><li>• Increase market share</li><li>• Establish and maintain a reputation for high service and quality</li><li>• Attain market leadership</li></ul>	<ul style="list-style-type: none"><li>• Increase awareness of company throughout our target market by 20% in the first 6 months, and 10% thereafter</li><li>• Increase website traffic by 100 hits per week</li></ul>
<b>Financial</b>	<ul style="list-style-type: none"><li>• Increase overall revenue</li><li>• Derive income from both product sales as well as services</li><li>• Maximize the use of our resources</li><li>• Avoid Bankruptcy</li></ul>	<ul style="list-style-type: none"><li>• Break even by the end of the fiscal year</li><li>• Have sales quadruple in the next 5 years</li></ul>

### **Products/Services**

In order to satisfy our customers' printing needs CP-Ink will be offering a full line of products, supplies, and services.

## *Products*

As part of our offering, we will provide customers with a variety of premium inkjet and laser printers. We will also carry the full lines of complimentary supplies for these printers. This includes the ink cartridges, toners, and media for most models offered by Hewlett-Packard, Epson, and Canon.

## *Services*

To fully serve our customers, CP-Ink provides services such as:

### Customer Support:

- Experienced Service Representatives: 800-227-3432
- Convenient Online Ordering
- Flexible Credit Services
- Post sale support:
  - Defective Product Returns & Warranty
  - Ongoing Product support

### Technical support

- Live online response from 9am-7pm EST
- Via e-mail; response will be available the next business day
- Qualified, professional technicians available 6 days a week:
  - Toll free tech support: 800-227-3432

## Industry Analysis

### *Growth and Trends*

Over the last five years, the growth of the major manufacturers of computers and peripherals has been on a decline. With the exception of Canon, Apple Computer, Dell, Gateway, IBM, HP, and Xerox, who all produce computers and peripherals, have been experiencing a decrease in growth and a decline in stock price.

Of the companies, Canon is the only one that experienced a rise in their stock price. All of the others have dealt with lower prices and lower growth. This is due to these hardware firms selling to an increasingly mature and saturated market. The number of PC's sold in the second quarter of 2003 was 30.4 million, representing a 1.9% decline over the same period in 2000. Sales in the US have declined by over 6% ("Troubles," 22).

### *Market Analysis*

Based on the analysis, the computers and peripherals industry is on the decline. The market is now saturated, and it does not appear that the industry will experience huge growth in the upcoming years.

On the other hand, the industry of computer printers and ink is projected to continue to grow. One of the reasons is because of digital photography. Companies are being forced to produce printers with better color and resolution. Even though there is an increase in quality, the price of printers continues to drop. However, ink and paper still remain expensive because they are improving in terms of quality and are necessary components for printers to function. This increase in quality and decrease in price of printers benefits consumers. The benefits stem from the new ability of printers to connect to 802.11 wireless networks at home or in the office.

Printers are also becoming more capable of communicating directly with other devices, such as handhelds and digital cameras instead of relying on PC's for connectivity. There are even new handheld printers from Sony and SiPix available to consumers that provide printing on the go (<http://sci.newsfactor.com>).

The popularity of digital cameras and the transmission of digital images over the Internet especially drive the sales of high-quality inkjets. Printers are important because at some point people have to output their data. People sending images and pictures to family and friends through e-mail will create the need for printers. Due to this need the sale of printers will continue to increase. The total number of digital images printed worldwide is expected to rise from 2.8 billion in 2002 to 8 billion in 2003. The sales of photo inkjet printers are also expected to grow from 600,000 units in 2001 to 1.4 million units in 2005 (<http://sci.newsfactor.com>).

The price competition from printers most likely will not spill over to ink and paper because printer companies get most of their revenues from these consumables. Even though inkjet printers are dominating customer and small business sales because of the digital photography craze, monochrome laser devices are still important. This is because they are still used in networked offices due to their cost, speed, and quality. This market has reached maturity, but the sales of multifunctional peripherals capable of printing, scanning, and faxing are growing rapidly. The industry will continue to grow because of the development of new technology, such as direct connections to handheld PDA's and wireless printers.

This trend in computer printers and ink for consumers and small businesses can benefit CP-Ink. Our company can continue to grow with the industry.

## Competitors

	CP-INK	DAISYTEK	INGRAM MICRO	INTCOMEX	SED INT'L
TARGET MARKET	Small resellers, brokers, exporters	Info-processing suppliers, dealers, superstores	Technology solution providers, resellers, manufacturers	Small to large resellers and businesses	Channel partners, resellers, end users, manufacturers
PRODUCT	Peripherals, ink, media	Peripherals, digital media, office products, computer consumables	Technology products, supply chain management services	Components, peripherals, accessories	Hardware, peripherals
MARKET COVERAGE	South Florida Area	Global	Global	Latin America	Global
COMPANY LOCATION	Miami	Memphis, New York, California	California, New York	Miami	Atlanta, Bogota
BRANDS OFFERED	HP, Epson, Canon	Canon, HP, Sony, Brother, IBM, Xerox	Sony, 3 Com, Seagate, Epson, HP, Canon, Intel, Palm	Sony, 3 Com, AMD, Canon, Epson, HP, Intel, Samsung, Microsoft	HP, Intel, Canon, Lexmark

**\*CP-Ink needs to be aware of other website where the target market may purchase computer printers and ink. These sites include Gateway, and the Gateway Accessory Store, Dell and HP. These are known brand names in the industry, and the companies offer deals for purchasing online.**

## Opportunities

The wholesale market for computer printers and ink products is relatively easy to enter. There are a large number of competitors available online for consumers to visit which causes many substitutes to be available to consumers. Due to the saturation of the technology industry, the purchasing power belongs to the buyer and leads to competitive pricing in the industry. To

compete in the market, firms need to differentiate themselves based on service not price in order to become successful. CP-Ink can satisfy its customers by offering better warranties, greater customer service, and faster delivery than its competitors.

## Target Market

### *Geography*

CP-Ink will be initially concentrating on a geographic target market that includes West Palm Beach, Boca Raton, Fort Lauderdale and Miami. This area contains a diverse population with a variety of computing needs that will benefit our company. In addition, this area is in close proximity to three major airports: West Palm Beach, Fort Lauderdale International, and Miami International and two major seaports: the Port of Miami and Port Everglades. These factors were considered due to the fact that CP-Ink has future plans to expand to the Caribbean and Central American as the company grows and facilitates expansion.

### *Demographics*

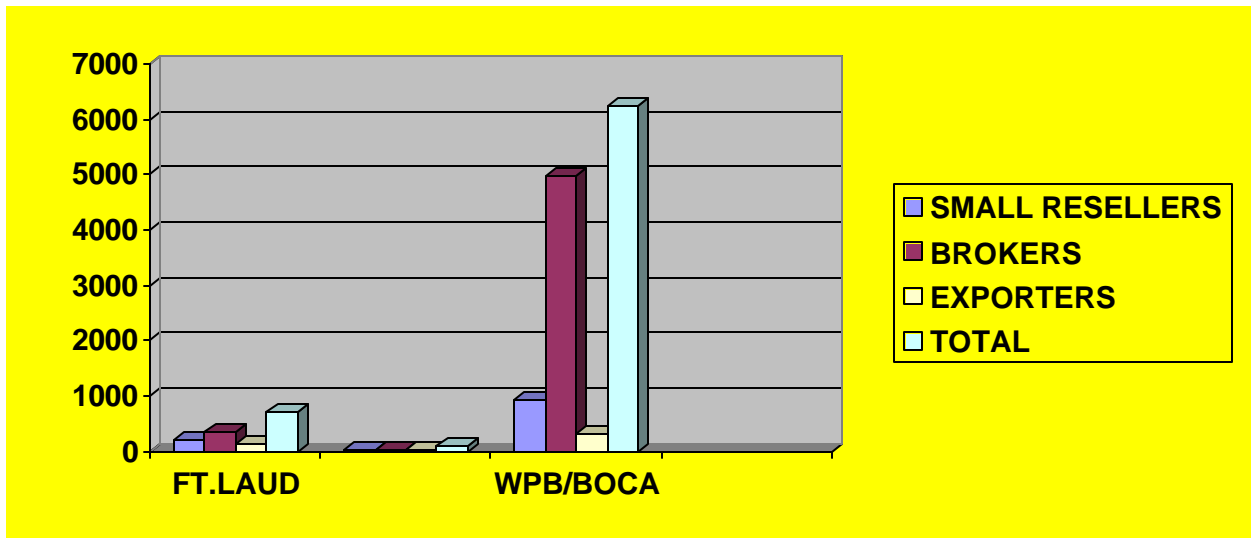
The target market that CP-Ink will be focusing on is as follows:

<b>TARGET MARKET</b>	<ul style="list-style-type: none"><li>• <b>SMALL RESELLERS</b> -Usually purchase from a local company because of lower budget capabilities</li><li>• <b>BROKERS</b> -Act as the go-between for a parent company</li><li>• <b>EXPORTERS</b> -Purchase in large volume to resell</li></ul>
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<b>LOCATION</b>	<ul style="list-style-type: none"> <li>• MIAMI</li> <li>• FORT LAUDERDALE</li> <li>• WEST PALM BEACH/ BOCA RATON</li> </ul>
<b>SALES VOLUME</b>	<= \$5 million
<b>NUMBER OF EMPLOYEES</b>	<= 50 employees

(Source: www.directoriesusa.com)

The following table depicts the quantity of each segment of the target market that CP-Ink will be focusing on.



(Source: www.infousa.com)

### *Benefits Sought*

The target market that CP-Ink is striving to capture is looking for specific benefits from its wholesalers.

- Small Resellers have somewhat limited resources so they need quick and easy access to the products and services needed to conduct daily business affairs. Also because these

businesses have a limited work force they need a wholesaler who focuses on high-level services as well as quality products.

- Brokers require competitive pricing because they aggressively compare prices. The buyers that they represent require the lowest prices without sacrificing the quality of the products that they are purchasing.
- Exporters only purchase to ship out of the country and must resell to foreign businesses. Exporters value efficiency and need dependable wholesalers such as CP-Ink to ensure that they receive quality products on time.

(Source: <http://inet-tr.org.tr/inetconf3/bildiriler/analysis>)

#### *Usage Rate*

The following table depicts the percentage use of the Internet by commercial businesses. According to the table, businesses with less than fifty employees tend to have the Internet usage rate that is second only to companies with greater than ten thousand employees.

#### **Internet Use by Commercial Users Based on Number of Employees**

<b>Number of Employees</b>	<b>Percent of Total Commercial Internet Users</b>
<b>&lt;50</b>	<b>19%</b>
51-100	7%
101-250	7%
251-500	9%
501-1,000	8%
1,001-5,000	16%
5,001-10,000	8%
>10,000	25%

(Source: <http://inet-tr.org.tr/inetconf3/bildiriler/analysis.htm>)

*Buying Behavior (Source: www.directoriesuas.com)*

- Small Resellers make purchases frequently in small quantities, usually three times a week.
- Brokers purchase at more unpredictable intervals due to the fact that they act as the middleman between corporations and wholesalers such as CP-Ink.
- Exporters purchase in volume, usually once a week depending on the quantity requested by foreign buyers.

## **Marketing Mix**

### *Products*

CP-Ink's offering will consist of a combination of products and services. Our offerings will be based on quality products and service, combined to provide our target market with a risk-free purchase experience. Our products will include Hewlett-Packard, Epson, and Canon commercial inkjet printer models, Hewlett-Packard laser printers, inkjet cartridges (black, color, photo), toners, cartridges, and media. The printers all come with a one-year manufacturer's warranty and the supplies come with a 30-day manufacturer's warranty. As a means of offering our customer's a greater peace of mind, we will propose as an option, at time of purchase, the availability to obtain an extended service contract for the high-end inkjet printers and laser printers.



### Laserjet



### Inkjets



### Toner Cartridges



### Wide Format



### Photo Inkjet



### Ink Cartridges



### Portable



### Multi-Purpose



### Media Kits



#### *Place*

CP-Ink will be conducting most of its business via its web site – CP-Ink.net.

Additionally, we have leased an industrial warehouse featuring 25,600 total square feet with 2,800 sq. ft. allocated to office space, located at 11014 NW 33 Street, Miami, 33172 near the Miami International Airport, in order to provide our customers with efficient and effective product deliveries.

This location offers plenty of bay doors allowing us to receive merchandise throughout the course of the day if necessary while providing open bays to load containers. Note that we will initially sub-lease a portion of the warehouse to a printing company in order to reduce costs.



Bays of the warehouse



Warehouse

### *Price*

By surveying the local market and our potential direct competitors, we have decided to use a flexible pricing strategy—such that will allow us to maintain a minimum of 8% on the laser printers, a minimum of 6% for the inkjet printers, and 5% for the consumables (Gross profit margins include back-end programs). This strategy will allow us to use the pricing methods needed in order to reach our objectives as well as meet our profit goals.

Our customers will have access to quality products, quality services, and competitive prices. Incentives and services, along with a pricing structure based on the customer's purchase volume, credit history, and product mix will help us obtain a competitive position in the industry.

### *Promotion*

We plan on launching an aggressive advertising campaign utilizing a variety of mediums. Our first advertising campaign will address one of CP-Ink's strengths – the ability to deliver quality products quickly and efficiently. It is with this that we want to catch the target market's attention, initially. By providing quick and efficient shipping service, which can translate into additional profits for the customer, CP-Ink will find it does not have to sacrifice profit margins when making the sale.

Following is a list of activities planned for fiscal year 2004:

<b>Activity</b>	<b>Activity Description</b>	<b>Month to Implement</b>	<b>Investment Amount</b>
Banner Network Ads	Advertisement for our web site on industry-related sites such as PC Magazine, PC World, Computer World, InfoWorld	Jan-Dec	\$ 15,000.00
Search Engine	10-URL Annual plan	Jan-Dec	\$ 300.00
Email Marketing	Send flyers, specials, news, notices regarding events once a month	Jan-Dec	\$ 5,000.00
E-Seminars	Industry-related seminars to keep customers informed of the latest products & services available	May/Oct	\$ 400.00
Message on Hold	Helps inform customers of current products available and of specials while they hold to speak to a customer service representative.	Jan-Dec	\$ 2,400.00
Sales & Customer Training	Once every six months, CP-Link will invite all of their resellers to an early afternoon – early evening training event to take place either at our facilities or at a nearby hotel to review the new HP/Epson/Canon products, market conditions, and other topics of importance.	Feb/July	\$ 1,200.00
Reseller Promotions	During the first quarter, our resellers will have the opportunity to win a trip (place TBD) for first prize and two other smaller prizes for second and third prize. We will again launch promotions designed to help increase sales in the targeted product lines during the second, third, and fourth quarters. Each quarter, products will be bundled together to provide customers with an added value.	Jan-Dec	\$ 7,500.00
Sales Spiff Programs	As an incentive to our customer's sales persons, spiff programs will be implemented for those items we want to focus on such as slow moving inventory items or new models not yet popular in the industry.	Dec	\$ 15,000.00
Customer Demo Units	Customers will be allowed to purchase one demo unit per model at a discounted price so they may display the products in their showrooms.	Jan-Dec	\$ 10,000.00
Newsletter	Create an informative industry-related newsletter updated once a quarter	Jan, Apr, Jul, Oct	\$ 1,000.00
Promotional Items	In order to increase brand awareness, every quarter we will have different promotional items available to distribute to customers at events or during sales visits.	Jan, Apr, Jul, Oct	\$ 1,500.00
Personal Selling	Sales representative will visit potential local customers.	Jan-Dec	\$ 30,000.00
<b>Total Planned Marketing Investment for 2004:</b>			<b>\$ 89,300.00</b>

## SWOT Analysis

### *Strengths*

- **Management** – All of our business partners have solid technical backgrounds in computer operations as well as academic backgrounds in finance, marketing, and management.
- **Marketing Promotions** – The marketing strategy for CP-Ink is one of market development. Our primary medium will be the Internet and trade publications which are less expensive and more concentrated to the target market than radio and television.
- **Market Size (Distribution)** – Our concentration in South Florida will allow for efficient and effective product delivery and easy access for service-related activities. This will also enable us to become experts and offer the best service before and after the sale.
- **Product and Service Offering** – Our product offering consists of well-known, trusted, quality products that are prominent in the computing industry. Our services provide our customers with total support from the beginning of the sale to well after the product has been purchased.

### *Weaknesses*

- **Management** – We have limited knowledge of Internet (online) business.
- **Marketing Promotions** - Due to small budget, we are not able to advertise initially on the radio or television.
- **Market Size (Distribution)** – Small, concentrated market could result in alienating potential customers in surrounding areas.

- **Product & Service Offering** – Customer time restrictions and delivery requirements.  
Service constraints – number of personnel, repair issues.

### *Opportunities*

- **Economic**- The target market has high concentration of potential customers.
- **Industry / Market Structure** – Although the technology industry is in decline, printer sales are on the rise because consumers are using them for various purposes.
- **Competition** – Since our target market focuses on a small geographic area, CP-Ink will be able to successfully attain market share from the larger corporations by intensely focusing on service to differentiate.
- **Location** – Close proximity to airports, seaports, freight forwarding companies, and other businesses with products that compliment our offerings.
- **Consumer Trends** – Growing Internet usage and convenience. Due to increase in digital photography, there has been rise in printer and media purchases.
- **Technology** – Ongoing technological upgrades make online purchasing easier and faster than traditional methods.

### *Threats*

- **Economic** –Target markets' potential customer tend to be located in countries with volatile governments. This governmental instability may cause a drop in orders from our customer.
- **Industry / Market Structure** – The technology industry is a saturated one and the market may not be able to hold in the future.

- **Competition** – Multiple competitors. Since they are larger and more established, our competition could lower prices and offer similar services and drive us out of the market.
- **Location** – We are located in a central area and space to grow may become limited. In addition, since we are renting, the lease price may go up. Finally, we are located in south Florida and there is a yearly threat of natural disaster.
- **Consumer Trends** – Purchasing goods and services on the Internet are still novelties to many consumers.
- **Technology** – Concerns with on-line security and privacy issues will continue to be an ongoing issue.

Strength	Weakness
<ul style="list-style-type: none"> <li>• <b>Management</b>: Strong technical and academic backgrounds.</li> <li>• <b>Marketing</b>: Focused mediums Concentrated target market.</li> <li>• <b>Market Size</b>: Concentration in South Florida = ease of distribution.</li> <li>• <b>Products &amp; Services</b>: Quality services and comprehensive services.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Management</b>: Limited knowledge of e-business.</li> <li>• <b>Marketing</b>: Small budget does not allow for extensive advertising.</li> <li>• <b>Market Size</b>: Concentration in South Florida = potential customer alienation.</li> <li>• <b>Products &amp; Services</b>: Time restrictions, delivery requirements. Personnel and repair issues.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• <b>Economic</b>: Many potential customers.</li> <li>• <b>Industry</b>: Printer sales on the rise.</li> <li>• <b>Competition</b>: Differentiation</li> <li>• <b>Location</b>: Centralized near seaports and airports.</li> <li>• <b>Consumer Trends</b>: People purchasing digital cameras and as a result more printers and media.</li> <li>• <b>Technology</b>: Upgrades making it easier to purchase online.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Economic</b>: Volatile governments influence purchasing decisions.</li> <li>• <b>Industry</b>: Saturated industry</li> <li>• <b>Competition</b>: Multiple competitors</li> <li>• <b>Location</b>: Limited space, threat of natural disasters.</li> <li>• <b>Consumer Trends</b>: Purchasing on the Internet is still novel to most consumers.</li> <li>• <b>Technology</b>: Concerns with security and privacy issues.</li> </ul>

## Design

### *Web Purpose*

- To inform potential customers of our business.
- To allow customers to order products online.
- To display information about the products that are offered.
- To expand the customer base (global market available).

### *Target the Site*

- Directories submit to Yahoo geographic
  - Site description simple – “online sales of printer, ink, and paper”
- Search engine bcentral and Google
- Building links in our site
  - How-to articles & product reviews, tips & tools – will help draw in other sites to advertise on our site (partners)
  - We want to appear in our manufacturer’s sites
  - Computer only partners (barbers)
  - Terms & Use (product returns, sales procedures)

## Budget

### **Hardware**

Pentium III 500-MHz, 256MB RAM, 2 mirrored 4-GB HD, CD-ROM, 3.5" HDD	6000.00
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<i>Total Hardware:</i>	<b>\$ 6,000.00</b>
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### **Software**

Microsoft Small Business Server	1500.00
Microsoft Windows XP Professional	600.00
Small Business Manager	1000.00

<i>Total Software:</i>	<b>\$ 1,600.00</b>
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### **Services**

E-Commerce with Commerce Manager	250.00
Web Hosting and Email	250.00
Site Traffic Analysis	200.00
E-mail Marketing with List Builder	300.00

<i>Total Services:</i>	<b>\$ 1,000.00</b>
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### **Design**

Web Design (12 Updates in one Year)	3000.00
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<i>Total Design:</i>	<b>\$ 3,000.00</b>
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### **Setup**

Register Domain	140.00
ISP	1800.00
In-House Labor	18000.00
Telecommunication	
Set-up	1000.00
Monthly Fee of 750.00	9000.00

<i>Total Set-up:</i>	<b>\$29,940.00</b>
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<b>Total Budget:</b>	<b>\$41,540.00</b>
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## Contingency Plans

If the industry proves to be unreceptive to the online offer of products and services that CP-Ink provides, the partners can make use of their computer background and contacts in the business to bring in sales people and convert part of warehouse into offices. In this case we would become a click & mortar business, instead of a wholly online business.

WE MIGHT WANT TO ADD TO THIS

## Conclusion

We conclude that this industry provides ease of accessibility thus allowing CP-Ink to enter the market without incurring extravagant costs. Also, because this is a continuously growing market there is room to expand the business as future profits allow.

ADD TO THIS

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