



See you in Zhuhai !

October 17-19, 2019 | Zhuhai · China

www.RTMworld.com



ImagingWorld

The Most Trusted Name in Print in 5 Languages

WORLD'S LARGEST Aftermarket Internet Retailer ENTERS WHOLESALE

—LD Products' CEO Aaron Leon shares how the Internet is transforming his business





LD PRODUCTS: The **World's Largest**
Aftermarket Internet Retailer

ENTERS

the North American
WHOLESALE CHANNEL

Tricia Judge

In October 2017, LD Products was presented with the 2017 Internet Leadership Award at the *Remax Expo* in Zhuhai, China. LD Products' Founder and CEO Aaron Leon (pictured) shared that he was planning on launching a wholesale division into the imaging supplies reseller channel. ITC Executive Director and RT Media Senior Consulting Editor Tricia Judge (referred

to TJ hereinafter) has been following LD Products for many years, especially once it took a leadership position in promoting a wide range of Aftermarket imaging supplies. She accepted an invitation to tour LD Products' California headquarters and to learn more about LD Products and its plans with Aaron Leon (referred to as AL hereinafter). ▼



Based in Long Beach California, LD Products claims to work hard to ensure it carries the latest printing and office supply products.



In October 2017, LD Products was presented with the 2017 Internet Leadership Award at the Remax Expo in Zhuhai, China.



Tricia Judge: Aaron, for readers that are not familiar with LD Products, describe how LD Products' got started.

Aaron Leon: LD Products was founded in 1999 while I was studying finance at the University of Southern California. I saw flyers around the campus advertising printer cartridges for sale. I recognized that printer consumables were an ideal product to sell online. Believing I could do a better job of marketing, customer service and delivery, I began my own business. We've grown every year since our inception, and today we operate out of two facilities, one in California and the other in Pennsylvania, with a third distribution center planned to open in Texas early in 2018.



TJ: LD Products is the largest Aftermarket consumable reseller on the internet. Who are your customers, and how large are your operations?

AL: Our target customers are primarily end users and small businesses that purchase office products transactionally over the internet. We inventory around 6,000 SKUs and on an average day we ship approximately 7,500 individual orders, which amounts to around 40,000 inkjet and toner cartridges per day. In the past, we used to sell mainly remanufactured consumables, but over the last ten years that has shifted towards more new-build compatible products as quality has improved and prices fallen.



TJ: That is an incredible volume of cartridges. Almost one product every second, or ten orders every minute! How do you ship so many orders every day?



AL: To compete successfully in the same space as Amazon, it is essential to match the customer service expectations that Amazon has created and continues to define. The only way to accomplish this efficiently and profitably is through constant investment in order processing and warehouse automation. Roughly 20 seconds after an order is placed on the LD Products' website, our enterprise resource planning system initiates the picking and packing of that order in the warehouses. Our systems are actually so fast, that we had to institute a delay of 15 minutes. Otherwise we discovered that we were packing orders before some customers could make a change, such as amending the delivery address or adding an additional item. The order-fulfillment process begins with package cubing software that determines which shipping carton an order will ship in. The carton or tote (for small orders that ship in padded envelopes) then begin moving down the production line. Most of the most popular products are dropped into cartons from automatic vending systems and are not touched by people until near the end of the line where the cartridges are arranged by hand to fit exactly inside the shipping carton. Almost 200 photo and laser sensors situated on the conveyor lines monitor each order and send ones with issues (e.g., that weigh more than expected)





LD Products has quietly grown into the largest online retailer of Aftermarket ink and toner and ships more than 6 million cartridges every year.

Fourth from the left, Aaron Leon was an entrepreneur from the age of 6 (selling Snoopy snow cones in front of his apartment complex) and established LD Products as an ink and toner supplier while still in college in 1999.

off the line and into a 'hospital' area where the anomaly can be investigated and corrected by a warehouse employee. Thus, incorrect shipments are limited to around two out of every ten thousand orders. Furthermore, just like Amazon, we're always looking to make additional investments in technology that will reduce operating costs and improve the customer experience.

TJ: LD Products is entering the wholesale channel. What has attracted you to this new opportunity?

AL: Our customers are consumers and small businesses, which means a significant part of the market is beyond our reach. Larger business customers usually purchase print from value-added resellers like copier dealers and MPS providers. These business purchasers have too many devices to shop for everything, or require services like on-site repair and maintenance, or a different billing model than buying cartridges outright. We chose not to compete in that market directly, but rather leverage our core competencies and partner with resellers already in that market through our new channel partner division in January 2018.

Why now? Where some people see problems, we see opportunities. Print volumes have declined and there has been consolidation among the OEMs and Aftermarket vendors alike. Today resellers have less choice of where they can buy their consumables. In the

OEM space, we've seen companies like HP, Lexmark and Xerox all offer special dealer pricing programs that can get within 5-10 percent of current remanufactured consumable pricing. However, in order to qualify for these programs, resellers have to commit to meeting strict quotas, and in many cases, give the OEM information about the customers they sell to. Many resellers have expressed concerns with these requirements in case the OEMs change their go-to-market strategy in the future. At the same time, there have been changes and challenges in the Aftermarket supply channel. Many North American remanufacturers and distributors are facing difficulties and declining revenues, some more serious than others. We believe there are only four national remanufacturers remaining, with one of them significantly larger than the remaining three combined. As a retailer who buys some inventory from these remanufacturers, LD found the decrease in sources limited its ability to negotiate lower prices in order to remain competitive. We also noticed resellers were increasingly buying product from us online. We asked them why and learned they tried our product because the pricing was so low compared to their normal vendors. This new customer pool led us to assemble a team to work on this project early in 2017.

TJ: What did your investigation of this new channel reveal?

AL: Reseller feedback indicated that the standard LD

WE CAN HELP YOU
TO COMMUNICATE
WITH THE WORLD!



21,000+ followers
ID: recyclingtimes



18,500+ followers
ID: Recycling_Times



8,500+ followers
ID: tonyleertm



20,000+ video views
ID: Recycling Times Media



5,000+ weekly news viewers
ID: intouchnews



760,000+ annual
page views



RT Media:
15,000+ Followers



3D Printing World:
50,000+ Followers

RT MEDIA



Leon says his Premium label products are different to what LD sells online and are targeted specifically towards MPS resellers. In order to get the higher quality product, its R&D department works with several Chinese vendors to perfect a "secret recipe" using higher quality components and processes.



Product quality and branding would not work for resellers and that we would need to develop an entirely new product line. Reseller business customers value high-quality prints and resellers that bill clients per page (like in MPS) need cartridges that achieve their full yields. Although the regular LD Products quality is good enough for transactional internet sales, we needed a product with a 99 percent success rate or better that could be comparable with OEM to compete with the best providers in the reseller channel and deliver the quality expected by enterprise end users.

As a result we created our 'Gold Line' specifically for resellers. We hired an R&D team with an average 25 years' experience in cartridge remanufacturing and paired them with our contract manufacturing partners in China. We began engineering cartridges that use American and Japanese components and toner formulations found in high-quality remanufactured cartridges, but build these components into a new compatible shell. The result is a cartridge that has near OEM product quality, but with a price point around 20 percent less than a "reman".

TJ: After you conquer the reseller channel, what's next for LD Products?

AL: International Expansion. Our core strengths are supply chain management, distribution, product development and marketing. We have created a profitable and growing business in a very competitive market place and are actively looking for partners and acquisitions in Europe, Latin America and Asia.



Resellers interested in working with LD Products and finding out more about the Gold Line range of toner cartridges should contact Channel Partner Division President Christian Pepper at +1 480-407-7187 or christianp@ldproducts.com. ■



WANTING TO DO BUSINESS IN CHINA? SEE YOU IN ZHUHAI!

OCTOBER 17-19 ZHUHAI • CHINA

More information, please visit www.RTMworld.com

HOW WOULD YOU
FEEL IF YOU COULD
OFFER **OEM QUALITY**
AND PERFORMANCE
FOR 20% LESS THAN
REMANUFACTURED
TONER CARTRIDGES?



OUR **GOLD LINE** CARTRIDGES LEAD ALL OEM
ALTERNATIVES WITH A 99.9% SUCCESS RATE.

(Should we mention our cartridges have a lifetime guarantee? Cause they do!)



Channel Partner Division

Book a demo: cpd.ldproducts.com/demo

Email us: cpd@ldproducts.com

Call us: (866) 780-9385