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LD Products to Court Dealers and Resellers with New-Build Cartridges

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LD Products has already become a dominant force in the online cartridge-selling business. Now, the firm has set its sights on targeting the dealer/reseller channel through which much of the printers and MFPs—and thus supplies—in small to medium-sized businesses (SMBs) and larger organizations are sold.

And what LD Products believes will attract the attention of dealers and resellers is its new LD Gold line of monochrome and color toner cartridges, which are completely new-built. Moreover, LD is making no bones about the fact that the LD Gold cartridges are newly manufactured, saying that new-built cartridges deliver better performance and quality than remanufactured cartridges at a significantly lower cost.



Targeting Resellers and Dealers

LD Products announced its latest endeavor in a December 18 press release. The firm has launched a new Channel Partner Division, headed by industry veteran Christian Pepper, formerly of LMI Solutions and Printersdirect. Together LD Products CEO

Aaron Leon and Mr. Pepper “have assembled a team of aftermarket cartridge experts to take on the changing reseller market.” The group reportedly has “over 100 years of collective industry reseller channel experience.” The initial charter for the LD Channel Partner team is “to create awareness and provide affordable solutions for larger copier dealers, managed print providers, and B2B office-supply resellers.”

LD Products’ new Channel Partner Division was born from the belief that the reseller/dealer market needs “a low-cost, reliable toner solution” that is an alternative to both OEM and remanufactured toner cartridges. That low-cost option, in LD’s view, is newly manufactured, compatible cartridges.

In the press release, Mr. Pepper, president of LD’s Channel Partner Division, stated, “As OEMs continue to drop their toner prices in exchange for valuable consumer reporting data, dealers are looking for alternative cartridge options to stay aggressive. Remanufactured cartridges have become increasingly less profitable for contracted resellers. LD’s new-build compatible GOLD line of commercial grade toner products offer resellers a disruptive OEM-quality alternative for 20% less than remanufactured cartridges, allowing for much-needed competition in a consolidating market.”

According to the press release, LD Products CEO Aaron Leon “has had his eye on the reseller market for some time and is thrilled to have the right team in place to challenge a transitioning market.” Mr. Leon added, “This new division is a merging of talents and expertise from different areas of the print world. LD Products’ established distribution network and infrastructure can properly support the economies of scale needed to be a dependable wholesaler in the reseller market. Together with the reach, expertise, and relationships of Christian and his team, we can bring lasting value to our future reseller partners.”

Introducing the LD Gold Line

There are a lot of compatible toner cartridges out in the marketplace, but LD Products asserts its line is different because it has been designed and manufactured specifically for resellers. The company states, “The cartridge line is the result of combining 25 years of U.S. industry R&D experience with top-quality component manufacturers (American & Japanese) into a new product that meets the quality standards expected by business consumers.” Although the Gold line is engineered in the United States, cartridges are actually assembled by contract manufacturing partners in China.



LD believes it has struck “gold,” pun intended, with the new Gold line of newly manufactured cartridges and its plan of targeting the dealer community.

LD Products indicates that, in its view, new-build cartridges are better than remanufactured cartridges. Says the company, “The cartridges don’t have to be cracked in half like a remanufactured cartridge to replace used components.” The firm asserts that because remanufactured cartridges must be opened in this fashion, there can often be “leaks and performance issues that lead to increased servicing calls to clean dusty devices.” In contrast, LD says its Gold cartridges feature “a brand-new shell and the same top-quality internal components used by leading remanufacturers.” The firm is backing its claims about the quality and performance of its cartridges with a “100% hassle-free lifetime guarantee that also covers reseller onsite repair costs.”

LD Products claims that the Gold cartridges do not infringe any OEM intellectual property (IP). Moreover, LD is supporting its promise that the Gold cartridges are non-infringing by indemnifying customers for claims of infringement of U.S. patents.

Actionable Intelligence had a chance to chat with Mr. Pepper about the new line. We asked if LD Products was certain that its compatible cartridges did not infringe and, if so, how. Mr. Pepper expressed confidence in LD’s claims of non-infringement and said the firm is not worried about litigation because the firm is using the same non-infringing sources for components used by remanufacturers.

LD Products has not released pricing for the new lineup of cartridges, but the firm says cartridge prices are “around 20% less than a dealer would pay for a premium remanufactured cartridge.”

The new Gold line of cartridges is sold in unbranded packaging so that resellers can add their own logos and contact information at point of sale by attaching a wraparound label.

LD states it will be launching a website for the LD Channel Partner Division in January.

A Logical Next Step; Others Will Be Watching Closely

Overall, LD Products' formation of a Channel Partner Division and its push to get more of its products into the hands of copier and office-equipment dealers, managed print providers, and other resellers is a logical next step for the company. Having already conquered the online marketplaces through which many consumers and small offices buy supplies, LD Products had to be looking for the next big opportunity. Now, LD believes it has struck "gold," pun intended, with the new Gold line and its plan of targeting the dealer community.

In some ways, LD's growth strategy is not all that different from HP's, albeit with LD's strategy on a smaller scale and focused solely on the supplies end of the market. To grow its office printing business, HP decided to grab a bigger share of the A3 market, and, to this end, acquired Samsung's printer business (see "HP Completes Acquisition of Samsung's Printer Business"), launched a new line of A3 products (see "A Look at HP's New A3 LaserJet and PageWide Hardware" and "A Look at HP's New A3 PageWide Printers and MFPs"), and courted the dealer channel (see "HP's A3 Business Is Now Open"). But just as HP's strategy to grow by targeting A3 is bringing the printer giant into closer competition with well-entrenched copier OEMs, LD Products' plan to target dealers and resellers will bring LD into closer competition with the giant Clover Imaging Group, which has been busy for quite some time now trying to grow its remanufactured cartridge business via the dealer channel.

It will be interesting to see LD Products and Clover competing for dealer dollars. Clover has been the biggest remanufacturer around for quite some time now, quashing—or in some cases simply acquiring—its competitors. However, Clover and indeed all remanufacturers have been feeling increasing competition from new-build cartridges, which are typically offered at prices too low for most remanufacturers to compete against. (For more on that topic, see a new, free Actionable Intelligence white paper, "Forces Shaping Today's Cartridge Remanufacturing Industry.") And that is the fight LD Products is now taking directly to Clover in a market where Clover had been looking to grow.

So Clover, for one, is going to be eyeing LD Products' plans with interest. So will certain Chinese aftermarket supplies firms that have been looking to grow in the United States. But we also think OEMs will be watching LD's new Gold line and its entry into the dealer market closely. We are curious to see if OEMs react by trying to test LD's non-infringing claims, by devoting further marketing efforts to promote OEM products, by launching new pricing programs for dealers, or making other competitive moves.

In short, the growing competition among OEMs, remanufacturers, and compatible-makers in the dealer channel is something we will be watching in 2018 and beyond.



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