



## Sales channel practice activity

HP inkjet cartridges

If I run out of ink for my HP inkjet printer, I can purchase these through a number of different channels – either as a one-time purchase or a subscription service.





HP 951XL High Yield Magenta Original Ink Cartridge



~1,500 pages


\$30.99

1

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+

ADD TO CART



HP - 951XL High-Yield Ink Cartridge - Magenta

Pick up at Mission Valley - Change Store

Order now and it will be ready for pickup in 1h

FREE Shipping to 92101 - Update Location

Get it by Tue, Nov 21 if you order within 22m

Next-Day Delivery is also available in checkout

1

▼

Remove

Save for Later

\$26.99

SAVE \$4.00

Was \$30.99



HP 951XL Ink Cartridge, Magenta High Yield (CN047AN) by HP

In Stock


Eligible for FREE Shipping

☐ This is a gift Learn more


Delete | Save for later

\$26.99

1 ▼

 instant ink

We deliver the right ink, right on time, for less.



Chat now

FREE PRINTING PLAN <sup>1</sup>	OCCASIONAL PRINTING PLAN	MODERATE PRINTING PLAN	FREQUENT PRINTING PLAN
15 PAGES/MONTH FOR	50 PAGES/MONTH FOR	100 PAGES/MONTH FOR	300 PAGES/MONTH FOR
FREE	\$2.99	\$4.99	\$9.99
Print more? Each additional set of 10 pages for just \$1	Print less? Roll over up to 50 unused pages <sup>2</sup> Print more? Each additional set of 15 pages for just \$1	Print less? Roll over up to 100 unused pages <sup>2</sup> Print more? Each additional set of 20 pages for just \$1	Print less? Roll over up to 300 unused pages <sup>2</sup> Print more? Each additional set of 25 pages for just \$1



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15 PAGES/MONTH  
FOR  
FREE

Print more? Each additional set of 10 pages for just \$1

**Question 1** HP sells both directly to printer users (via hp.com) and through multiple channels, including Best Buy (retail and online) and Amazon (online). It is expensive to manage so many channels. Why does HP do this? Why not just sell through one channel?



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HP 951XL Ink Cartridge, In Stock

Eligible for FREE Shipping

This is a gift Learn more

Delete Save for later

**Question 2** An HP Instant Ink subscription service is sold by all channels listed here. The actual management of the program - and the shipping of ink cartridges - is completely done by HP. Why does HP sell Instant Ink subscriptions through Best Buy and Amazon?

hp instant ink

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FREE PRINTING PLAN	ADDITIONAL PRINTING PLAN	MODERATE PRINTING PLAN	FREQUENT PRINTING PLAN
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**Question 3** Prices on hp.com are higher than Best Buy or Amazon. Why doesn't HP price more aggressively?



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This is a gift Learn more  
Delete Save for later

hp instant ink

We deliver the new ink, right when you need it.

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15 PAGES/MONTH  
FOR  
FREE

Print more? Each additional set of 10 pages for just \$1

**Instructor thoughts 1** A printer without ink can't print – and printing drives HP's profit margins. HP's overriding goal is to ensure that any printer user that needs ink, can quickly find ink. Having multiple sales channels helps make finding and purchasing ink much easier.

**Question 1** HP sells both directly to printer users (via hp.com) and through multiple channels, including Best Buy (retail and online) and Amazon (online). It is expensive to manage so many channels. Why does HP do this? Why not just sell through one channel?



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The screenshot displays the HP Instant Ink website. At the top, there are three product listings for HP 951XL High Yield Magenta Original Ink Cartridges. The first listing is from hp.com, showing a price of \$30.99 and an 'ADD TO CART' button. The second listing is from Best Buy, showing a price of \$30.99. The third listing is from Amazon, showing a price of \$30.99 and a 'FREE Shipping' badge. Below these listings, the HP Instant Ink logo is visible, followed by the text 'We deliver the right'. At the bottom, there are four subscription plans: 'FREE PRINTING PLAN' (15 pages/month for free), 'OCCASIONAL' (50 pages/month for \$2.99), '100 PAGES/MONTH' (for \$4.99), and '300 PAGES/MONTH' (for \$9.99). Each plan includes details about how many additional sets of pages can be printed for just \$1.

Plan	Pages/Month	Price
FREE PRINTING PLAN <sup>1</sup>	15 PAGES/MONTH	FOR FREE
OCCASIONAL	50 PAGES/MONTH	FOR \$2.99
	100 PAGES/MONTH	FOR \$4.99
	300 PAGES/MONTH	FOR \$9.99

**Question 2** An HP Instant Ink subscription service is sold by all channels listed here. The actual management of the program - and the shipping of ink cartridges - is completely done by HP. Why does HP sell Instant Ink subscriptions through Best Buy and Amazon?

**Instructor thoughts 2** A customer is most likely to buy an Instant Ink subscription service at the time they purchase the printer. Allowing Instant Ink to be sold by Best Buy and Amazon means that every person who purchases a printer through these channels can easily add on an Instant Ink subscription.






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HP 951XL Ink Cartridge, Magenta High Yield (1)   **HP 951XL Ink Cartridge, Magenta High Yield (1)**  
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 **instant ink** We deliver the right ink to you

**FREE PRINTING** **ADDITIONAL PRINTING**

**Question 3** Prices on hp.com are higher than Best Buy or Amazon. Why doesn't HP price more aggressively?

300 PAGES/MONTH FOR **\$9.99**

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**Instructor thoughts 3** HP could lower its hp.com price, but this would cause a couple of problems:

- 1) Amazon and Best Buy might match the price decrease, but this would simply remove profits for everyone, with little or no upside in volume.
- 2) Best Buy and Amazon might decide not to sell this inkjet cartridge, reducing HP's ability to have a cartridge available wherever printer users want to buy.