Title:
A market study of colour printers

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Summary:
The printer manufacturing market seems to be a booming one. Manufacturers are no doubt eyeing expansion and coming up with newer products to capture the burgeoning market.

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Article Body:
The printer manufacturing market seems to be a booming one. Manufacturers are no doubt eyeing expansion and coming up with newer products to capture the burgeoning market. The manufacturers are interested in the colour -printer sector for purely reasons of expansion. There is stiff competition between the makers as all are concentrating to keep the prices low to capture the market. It must be said here that while in the monochrome department Hewlett-Packard co. are the market leaders, the reigning company in the colour segment still remains undecided.

However the future of the colour printer market is purported to be a bright one according to those investing in these companies. The investors are much optimistic, as these printers, using four times the toner cyan, magenta, yellow, and black of a monochrome printer, will produce pictures of a much higher quality. The market, currently a billion dollar industry, will increase manifold.

Adding on to its product range, printing giant Lexmark introduced its c52x series, which included the c524n last June. Earlier there was a huge gap in its colour line up-there was simply the low- end c510 with a capacity of printing about 8 colour and 30 monochrome pictures in a single minute which wasn't all that fast. There also existed, side-by-side, the high-end c762 which, though having a higher speed, was much more expensive, thereby difficult to afford for the smaller offices and home users. As there was no other product catering to the demands of the users the competitors of Lexmark had an edge over it.

The introduction of Lexmark's c524n however changed things.

They introduced this product with a very low price range, thereby making it affordable. Offering a dpi resolution of 1200*1200, this network ready colour laser printer has an outstanding colour output and can print up to twenty pages per minute. The very first page may be printed in as little as 13seconds. The model has a monthly maximum duty cycle of 65000 pages, which is quite impressive. The new c524 also reduces the time taken by print jobs considerably as it has a 437.5MHz processor and 128Mbytes of memory. The memory can be expanded up to 576, which decreases the waiting time taken for print jobs. Moreover, colour care technology and Lexmark coverage estimator help in managing the cost involved in using colour toner. The model, weighing 57 pounds, is 17.3 inches wide, 19 inches high and 20.2 deep. With the model also comes a CD consisting of the user guide and the printer software, a power cable, a paper exit extension tray, set up sheet and toner cartridges for cyan, yellow, magenta and black. The product has a one-year warranty period for on site repair.

It goes without saying that that outsourcing of IT and consumer electronic products lower manufacturing costs of the product, which helps lower the prices of the produced good. The question is how low must the producers keep their profit margins in order to stay in the race in today's colour printing market?

The current analysis lab examined the c524n at a product volume of 1,20,000 units under the assumption that the model was produced in china. An analysis was made of the procurement costs of commodity components, manufacturing costs of fabricated components and location labour rates. The production cost was estimated to be around £265 / unit. The cost distribution showed the cost of the printer mechanism and its assembly to be about £51. The electronics and assembly account for £60. Other costs included laser power supply, consumables assembly, fuser assembly, paper assembly, control panel assembly electronics assembly, final arrangements, etc.

At the time of launching the product, the product was supposed to be priced at £390. However, Lexmark priced the product at almost half of the originally intended price at some places. To maximize its revenue, the company in a clever move, outfitted the toner with different toner cartridges. The toner content was increased or decreased according to the budget of the customer. The more expensive models containing more toner catered to the demands of the enterprise segment while the lower priced models with low yield cartridges were ideal for small offices and also home users.

The product, being suitably priced, was a great success, perfectly fitted to meet the needs of the buyers and the manufacturers and compete with its competitors in the lucrative colour printer market. Lexmark claimed the print quality was Photorealistic. On account of its chemically processed, spherical

toner delivering a 1200*1200 dpi resolution and also because the new print head
four lasers in one unit with a mirror. The machine enabled Lexmark to take on
the enterprise market as well as their competitors, especially Hewlett-Packard.