Dell, the most successful firm in PC sales, has just announced its intention to compete in the laser and inkjet printer market. Will it be able to succeed in these product categories? From a first impression, I’m afraid it will be difficult. For starters, competition in this kind of equipment is fierce. Small printer margins are very low and vendors base their business on the consumables. Hence, the retail price for a printer equipped with an inkjet cartridge is almost the same as that of the ink cartridge alone. It’s something Gillette discovered many years ago: “We can give away razors in order to earn money later selling replacement blades”. However, Dell wants to enter this market together with printer vendor Lexmark. Will there be enough margin for both? And, in case there is, will they be able to overcome the many difficulties that this kind of alliance may face? Supply chain maladjustments, corporate culture clashes and an endless obstacle list too long to mention here. Yet even more difficult: Dell will have to face the omnipresent Hewlett-Packard. Besides an overwhelming advantage in all printing segments, HP leans economically and technologically on big format printer lines (so-called ‘plotters’), in which it holds an outstanding 70% of the global market share. IBM tried for some time to scratch some share in this segment and had to abandon without success. On the other hand, it’s not so clear that printer sales, not to mention replacement cartridge sales, given their relatively low value, match very well the direct sales and the logistics model that Dell uses in the computer arena. Success drivers don’t seem to be the same for the printer and the PC markets. Lastly, Dell’s decision seems to have been made, at least in part, for the sake of maintaining the price/benefit ratio of its stock shares at 35 times benefits. Given the present stock exchange situation it seems stratospheric. If Dell fails to dig into the printer market, we could see those shares falling during the next few months. Obviously I don’t wish this, but we will have to keep an eye on both its commercial and stock exchange evolution.