

INDEPENDENT CASE STUDY • COMPANY NAME WITHHELD

How Best Buy and P.C. Richard make money, and where Company X wins

How should a small online marketplace enter consumer electronics?

Prathamesh Adarkar • Independent case study • 2026



Galaxy Buds3 FE
Galaxy AI

Image simulated. Available colors of Galaxy Buds3 FE may vary by country or carrier. Galaxy Buds3 FE supports Galaxy AI features such as Interpreter and Live Translate when paired with compatible Samsung Galaxy devices. Availability of Galaxy AI features may vary by device model. See samsung.com for details.

samsung.com

The brief had three parts. Here is how this deck answers them

01

Understand the consumer electronics business

Market size, growth, and where the profit actually sits

Slides 4 - 5

02

Study Best Buy's model

FY26 annual report, Aug 2026 earnings call, policies

Slides 6 - 8

03

Study P.C. Richard's model and visit both stores

Company history, policies, online sales, store walk

Slides 9 - 11

04

What it means for Company X

The shop, the numbers, the role and the first 90 days

Slides 12 - 20

Independent case study: public filings, published policies, three store visits and a planning model

Electronics is a thin-margin business. Company X wins by curating, not out-sizing

1

Best Buy keeps about 4 cents of every dollar

After product cost and running costs, adjusted operating profit is 4.3% of sales. The profit comes from what surrounds the box: services, membership, ads, credit card and brand funding.

2

The two leaders win in different ways

Best Buy: National scale, computing-led, paid membership and a new curated marketplace.

P.C. Richard: 4 states, appliance and TV delivery, own service centers, free loyalty club.

3

It cannot out-scale them. It can out-curate them

A focused Samsung shop with clear terms, sold by Company X, plus dropshipped accessories that grow the catalog without inventory.

MY RECOMMENDATION

Launch a Company X Electronics Shop as a 90-day pilot

- Samsung products bought and sold by Company X
- **Accessories dropshipped** from distributors
- Capped first buy and loss limit
- **Weekly scorecard**; expand only what earns money

A huge market growing slowly. Growth now comes from price and mix, not more units

\$371B

US consumer tech hardware retail revenue, 2026 forecast (CTA). +3.4% vs 2025

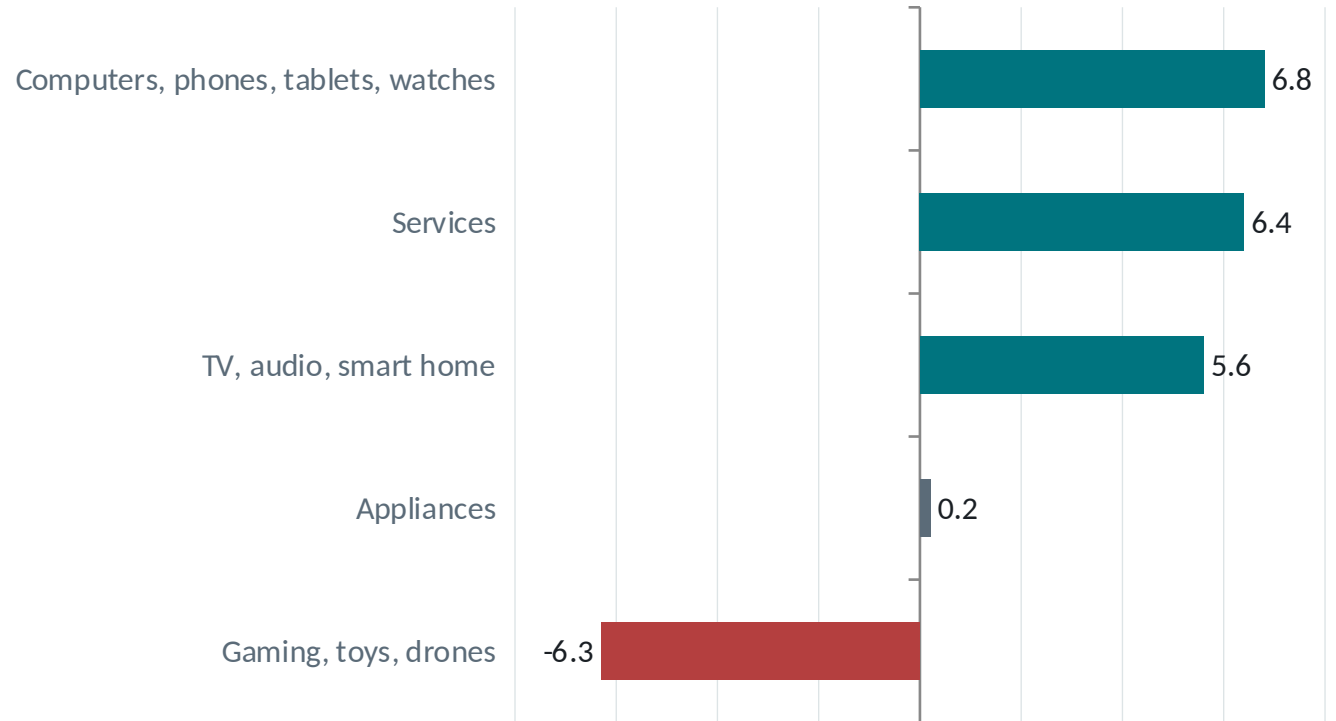
~1%

Circana's August 2026 revenue growth forecast for 2026; below 1% a year in 2027-28

~3%

Average price increase in 2026 (Circana); memory costs are pushing prices up

Best Buy US comparable sales by category, Q2 FY27 (%)



Circana: notebook PCs are the single largest growth contributor in 2026, about +\$1.7B.

Electronics retail keeps about 4 cents of every dollar. The rest of the profit is around the box



\$77.50 product cost \$18.20 running costs \$4.30 profit

FY26: revenue \$41.7B, gross margin 22.5%,
adjusted operating margin 4.3%, net earnings \$1.07B.

The box brings the customer in. The margin is in everything sold around it.

Brand funding	Vendors reimburse markdowns and sales incentives
Services	\$2.47B US services revenue in FY26; 9% of US revenue in Q2 FY27
Paid membership	Just over 8M paid members in Feb 2026, aiming for 9M by year-end
Advertising	Best Buy Ads: \$900M collected last year, targeting +10%
Credit card	~25% of US revenue on Best Buy cards; profit share ≈ 1.2% of US revenue

Best Buy: national scale, led by computers and phones

\$41.7B

FY26 revenue; FY27 guidance raised to \$42.3 to 42.8B

886

Best Buy stores in the US (926 US locations in total)

34.4%

of US revenue online in FY26 (\$13.2B)

46%

of US revenue from computing and mobile phones (Q2 FY27)

22.6%

US gross margin in FY26; 24.0% in Q2 FY27

~82,000

employees in the US and Canada



Momentum: comparable sales increase 4.1% in Q2 FY27, led by computing and phones (6.8%)

Best Buy runs six profit engines. Company X can use three of them now

NOW

Product sales

Buy from brands, resell with a thin margin

Company X: Samsung sold by Company X (1P)

NOW

Marketplace

Curated third-party sellers since Aug 2025

Company X: Company X already runs one

NOW

Price discipline

Price match on identical new items

Company X: Check rival prices before every buy

LATER

Advertising

Brands pay for placement: Best Buy Ads

Company X: Sponsored listings once traffic exists

LATER

Membership

Plus \$29.99 / Total \$199.99 a year

Company X: Start with a free email club

NOT YET

Services

Geek Squad repair, setup, protection

Company X: Needs staff and partners we don't have

Best Buy is now building what Company X already has: a curated marketplace

\$300M

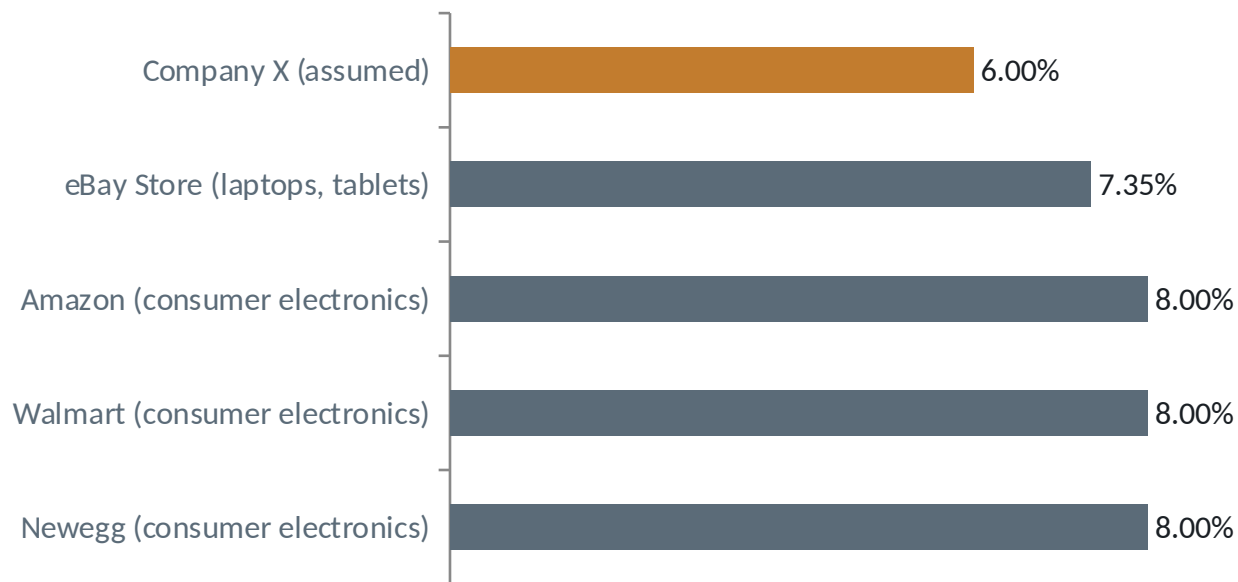
Best Buy marketplace sales (GMV) in Q2 FY27

\$1.3B

Marketplace GMV Best Buy expects for FY27

- Relaunched **Aug 2025**, curated: sellers apply and are vetted
- Adding **international sellers** this quarter
- Marketplace and Ads lifted Best Buy's gross margin

Published seller fee on an electronics sale (%)



At an assumed 6%, Company X's fee would be the lowest. The limit is not what sellers pay; it is how many shoppers we bring.

P.C. Richard: regional, family-run, and built on service



1909

Hardware store in
Bensonhurst, Brooklyn

1920s

Becomes an appliance
retailer

Today

4th generation; CEO
Gregg Richard

**Motto: “We Service What We Sell.” Service department
since 1935.**

65

Showrooms in NY, NJ, CT and PA (4 in
Manhattan)

3 + 2

Distribution centers + service centers

Free

Generations+ club: member prices, free same-day
delivery on select items, up to **\$150 yearly gift**

30 days

low-price guarantee on identical in-stock items

\$221M

pcrichard.com online sales in 2025, up 25 - 30%
(estimate)

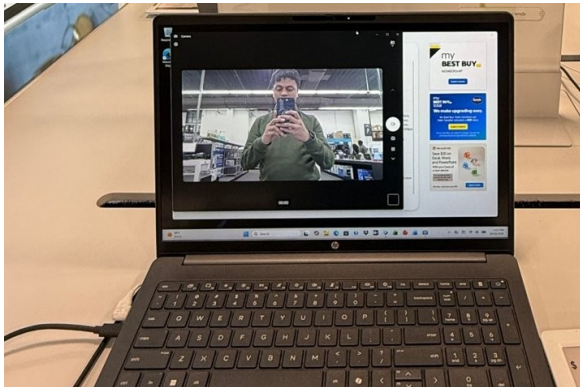
Two models, two lessons for Company X

	Best Buy	P.C. Richard & Son
Reach	National: 886 stores, plus bestbuy.com	4 States: about 65 showrooms
Leads with	Computers and phones (46% of US sales)	Appliances and TVs , delivered and installed
Membership	Paid: Plus \$29.99, Total \$199.99 a year	Free: Generations+
Service	Geek Squad , protection plans	Own service centers ; repairs what it sells
Price promise	Matches identical new in-stock items	30-day low price guarantee
Returns	15 days on most items; 60 for members	30 days, factory-sealed
Online sales	\$13.2B (34.4% of US sales)	About \$221M (Estimate)
Lesson for Company X	Make the offer easy to compare	Make 1 person accountable

I visited three stores on Sunday, October 18



P.C. Richard, 590 Atlantic Ave



Best Buy: me, in the demo laptop's camera



AirPods, both marked down \$50-60



A monthly price on every laptop tag

STORES VISITED

P.C. Richard 86th St, Bay Ridge

P.C. Richard 590 Atlantic Ave

Best Buy 625 Atlantic Ave (Atlantic Terminal)

I saw	So Company X should
Big markdowns already AirPods \$50-60 below list; a laptop \$150 off	Sell bundles, not cheaper devices
Monthly payments on every tag \$879.99 laptop = \$73.34/mo on the Best Buy card	Offer pay-over-time if checkout allows
Membership on every demo screen "My Best Buy Total" and Microsoft 365 offers	Show bundles and add-ons on each page
Busy stores, little help I mostly browsed without anyone stepping in	Fast human answers online: our edge

Where Company X can win: curated, clear and accountable

WHAT THE COMPANY ALREADY HAS

- A live online marketplace with category shops
- A low flat seller fee (6% assumed)
- An electronics section with a few laptop listings
- A very large catalog goal
- A brand supply agreement under discussion (unverified)

Don't compete on

- Next-day delivery everywhere
- Store pickup and installation
- The biggest catalog of devices
- The lowest price on every model

Compete on

- A focused Samsung selection
- Seller, warranty, delivery and returns shown on every page
- Useful bundles (earbuds + charger + case)
- One named owner for every order
- Buying decided by weekly data

A note on blanket discounts: with retail margins near 22% and profit near 4%, a blanket discount on devices would erase the profit. Use price on bundles and accessories, not flagship devices.

The Electronics Shop: a focused head and a long tail



HEAD • LAUNCH

Samsung, sold 1P

Galaxy Buds, Watch, Tab and chargers; a few Galaxy Book laptops where the quote works



TAIL • LAUNCH

Accessories, dropshipped

Cases, cables, chargers, keyboards and mice from distributor feeds. Adds SKUs toward a large catalog with no inventory



LATER

Apple, TVs and appliances

Apple through the right reseller channel (slide 18). TVs and appliances once freight and installation are solved

Competitor prices set the most we can pay for stock

If the rival sells at

\$149.99

we can pay at most

\$116.34

After a \$20 rival promotion

\$129.99

we can pay at most

\$96.92



- Price-check every SKU before buying
- Ask Samsung for price protection if rivals cut
- Skip SKUs where the quote is above the ceiling

A \$20 promotion by Best Buy removes \$19.42 of our buying room.

One \$90 order: selling it ourselves earns money; a 6% commission does not

Per \$90 order	Company X sells (1P)	Seller pays 6% (3P)
What Company X keeps from the sale	\$27.00 margin	\$5.40 fee
After refunds on returned orders	\$25.57	\$5.11
Card processing (Company X takes payment)	-\$2.91	-\$2.91
Shipping to customer	-\$6.00	\$0 (seller ships)
Return and dispute losses	-\$0.98	-\$0.22
Marketing to win the order	-\$8.00	-\$8.00
Profit per order	\$7.68	-\$6.02

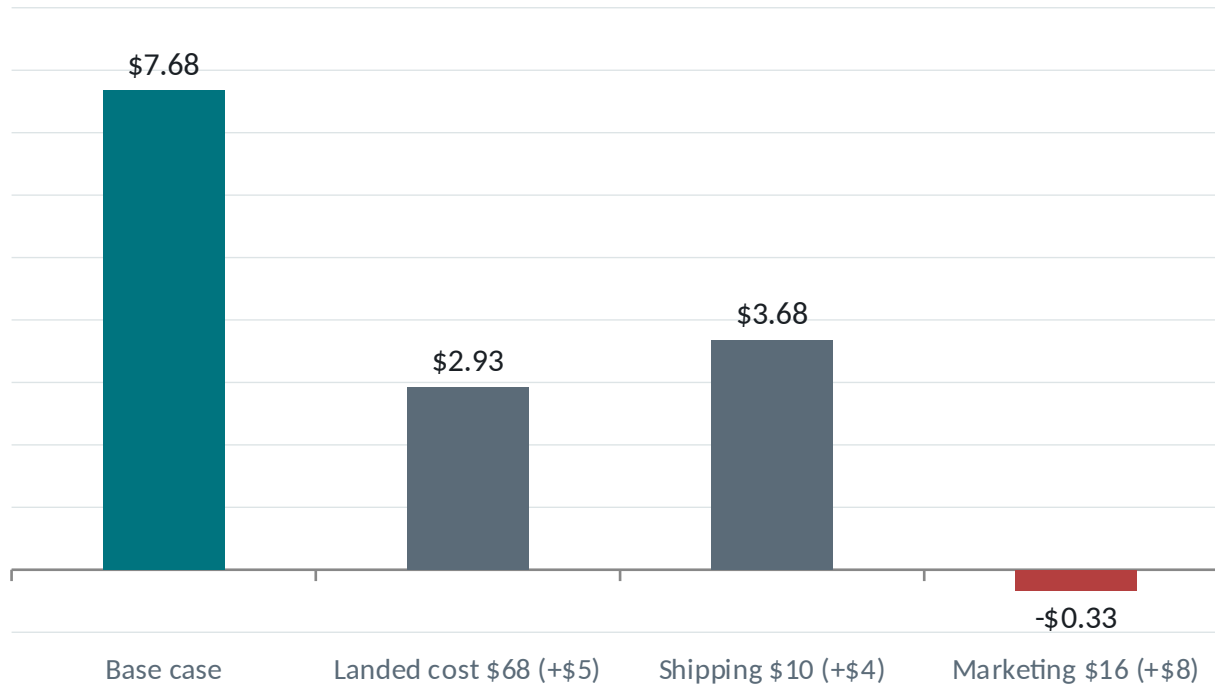
391

orders a month cover \$3,000 of fixed cost
(\$2,000 role cost + \$1,000 other, assumed)

A 3P order needs about 13% commission to break even with \$8 marketing. So Company X sells Samsung itself first; third-party electronics come later.

Marketing cost decides whether this works, so start with free traffic

Profit per \$90 order



Most we can spend to win an order: \$15.68, before any fixed cost

Where the first customers come from

- 1 Company X's own shoppers**
Email and on-site banners to existing buyers. Near-zero cost
- 2 Google free product listings**
Merchant Center feed of the Electronics Shop. No cost per click
- 3 Bundles and compatibility pages**
"Which charger fits my Galaxy?" pages that earn search traffic
- 4 Small paid search, only on SKUs that clear the limit**
Stop any campaign above \$15.68 per order

Operations: one stock pool, one clear promise, one owner

1 Ship

- Samsung or distributor ships, or one 3PL; one stock pool at first
- Ground parcel, typically 2–5 business days
- Quote a Northeast and a central warehouse on real ZIP codes
- Lithium-battery and signature rules checked per SKU

2 Return policy

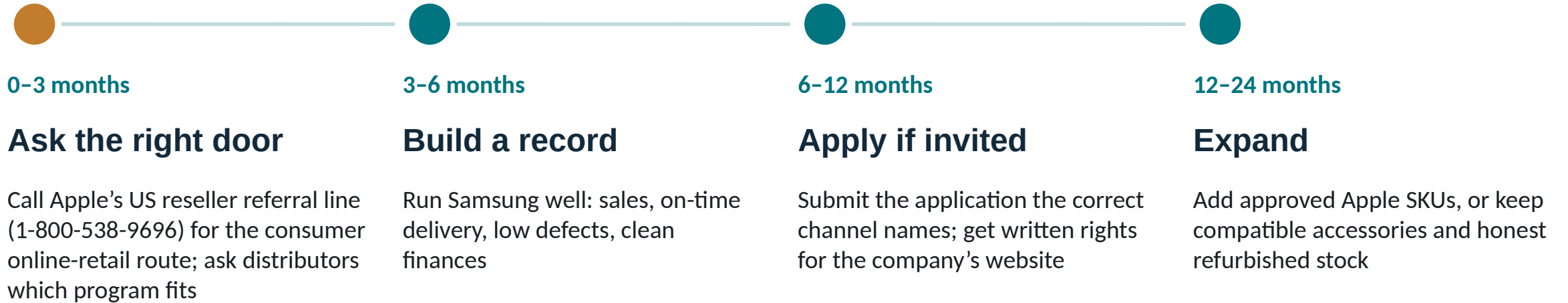
- Change of mind: the founder's call, from final sale to sealed-only 7–14 days
- Dead, damaged or wrong: replace or refund within 30 days
- Policy shown before payment (NY GBL §218-a)
- Refund within 5 business days of inspection

3 Own

- I own assortment, pricing, listings and the scorecard
- A named person handles orders and refunds every day
- A backup when I'm not working
- Weekly review of every complaint

A strict policy is legal if shown before payment. Keep a defect remedy: a lost card dispute costs about \$87 on a \$90 order, a return about \$15.

Apple: build the route; don't assume it



What I checked: TD SYNEX's published Apple programs are for business customers and exclude retail and online retail; one also restricts third-party marketplaces. Apple's MFi program licenses accessories; it is not permission to resell Apple hardware. No public minimums for consumer online resellers were found, so we ask Apple directly.

Operating model: half business, half analytics

What the category lead owns

- Business: Samsung terms and quotes, assortment, pricing, listings, bundles, promotions
- Analytics: tracking, a weekly scorecard and a one-page decision memo
- Suppliers: distributor accounts and dropship feeds for accessories
- Customers: policy pages, question answers, complaint review

Tie the category lead's incentive to profit after marketing, not sales volume.

Weekly scorecard	Guardrail	If missed
Profit per order	$\geq \$7.68$	Reprice or drop the SKU
Marketing cost per order	$\leq \$15.68$	Pause the campaign
Landed cost vs. ceiling	Below ceiling	Don't reorder
Return rate	$\leq 5\%$	Fix listing or remove
30-day sell-through	Track by SKU	Cut slow stock
Orders per month	391 to break even	Review plan at day 90

The first 90 days, with a go/no-go at each step

Days 1–30

Prepare

- Samsung price list and terms in writing
- Pick 15–25 SKUs that clear the price ceiling
- Shop page, product pages and return policy
- Tracking and scorecard live
- Open one distributor account

Go if: written terms + SKUs clear the ceiling

Days 31–60

Pilot

- Capped first buy: about \$6,300
- Launch to Company X shoppers + Google listings
- Test a dropship accessory feed
- Weekly scorecard to you

Go if: profit per order is positive after marketing

Days 61–90

Decide

- Profit by SKU after returns
- Reorder winners, cut losers
- Decide: scale, adjust or stop
- Start the Apple inquiry

Go if: on track to 391 orders a month

Competitor return policies at a glance

Retailer	Returns	Warranty
Best Buy	15 days on most; 60 for Plus/Total members	Manufacturer + optional protection
P.C. Richard & Son	30 days, factory-sealed; conditions	Manufacturer + optional service plans
Amazon	Generally 30 days; category and seller exceptions	Depends on brand and seller
Walmart	Own electronics 30 days; marketplace electronics generally 14	Brand/seller terms; optional protection
Costco	90 days for listed electronics	Extended coverage on eligible items
B&H	30 days; opened computers excluded	Manufacturer warranty; check SKU
Micro Center	15 days for listed tech; 30 for most items	Manufacturer + optional plans
Back Market	30-day free returns	1-year seller warranty

Compliance checklist before launch

Third-party sellers

INFORM Consumers Act: verify identity and bank/tax details for high-volume sellers (200+ sales and \$5,000+ in 12 months)

Refund disclosure

NY GBL §218-a: show the return policy online before payment, including any fees

E-waste

NY: sell only registered brands of covered electronics and share manufacturer take-back information

Sales tax

A NY-based marketplace collects tax on taxable sales it facilitates; other states have their own rules

Honest listings

State condition, refurbisher and actual warrantor; no unearned “authorized dealer” badges

Reviews

FTC rule (Oct 2024) bans fake reviews and buying reviews for a positive rating

Where every number comes from

Market	CTA US Consumer Technology Forecast (Jan 2026); Circana releases (Jan 6 and Aug 6 2026)
Best Buy	FY26 10-K and Q4 8-K (Mar 3 2026); Q2 FY27 results and earnings call (Aug 27 2026); bestbuy.com policies
P.C. Richard	pcrichard.com history, memberships, returns, price guarantee and store pages; ECDB online estimate; Wikipedia
Marketplace fees	Amazon, Walmart, Newegg and eBay published seller fee pages; 6% company fee assumed
Company X	The company's public pages (Oct 2026); details generalized
Model inputs	Planning assumptions (labelled on each slide); Stripe US card pricing; \$2,000 role cost (assumption)