

High Margin Output Opportunities in Photo Retailing

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Abstract

As the number of prints being made declines, photo retailers seek new business models to make up the lost revenues. This paper provides some insights into the wide range of personalized photo products that can be produced to achieve this goal.

Introduction

As the use of digital cameras, and smartphones/cameraphones has become pervasive, the number of photographic images being captured and saved has skyrocketed into unprecedented heights. Despite this, the number of prints being made continues to drop.

Photo Imaging News estimates that the total number of images being saved reached 380 billion in 2012 and will climb to 440 billion in 2016 (see Figure 1), and these numbers do not include the rapidly increasing number of images being captured by tablet cameras.

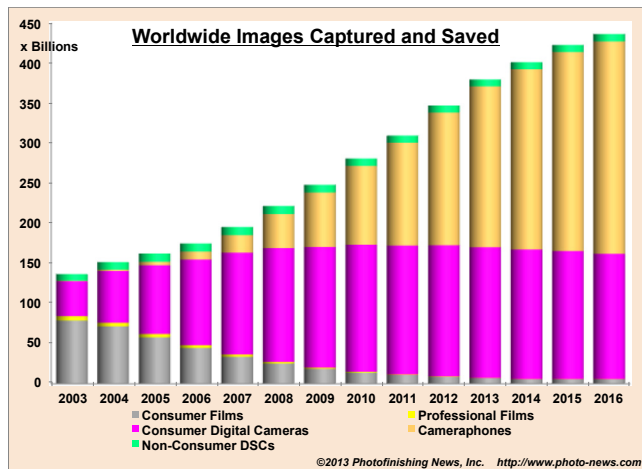


Figure 1

However, this has not translated into more individual prints being made. From an estimated 101 billion prints worldwide from films in 2000, the number produced in 2012 was only 9 billion and this is forecast to fall to 4 billion in 2016.

At the same time, the number of prints being produced from digital images has been increasing, estimated at 46.6 billion in 2012 and growing slightly to 52.5 billion in 2016. Combined, the number of individual analog and digital prints was 55.6 billion in 2012 and forecast to rise slightly to 56.5 billion in 2016. These print numbers include both prints made by consumers (Home Digital Prints) and those that appear in photobooks. (see Figure 2).

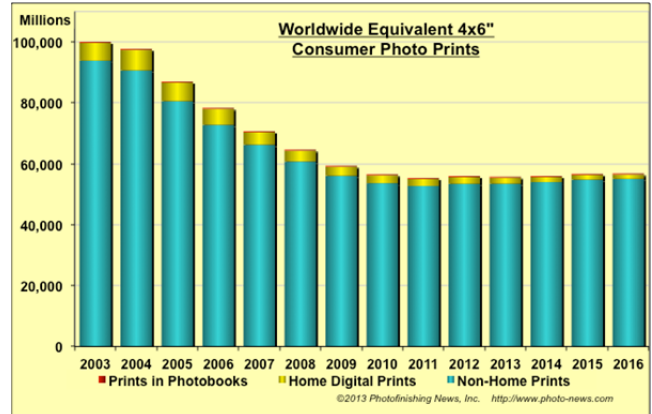


Figure 2

In contrast, the personalized photo products category is growing very rapidly, although it is still stymied by a lack of awareness on behalf of consumers.

Figure 3 shows the growth of personalized photo products. Our analysis does not include canvas prints, because we still have not obtained sufficient data from around the world.

One of the barriers to greater output from mobile devices is the quality of the images. However, there are many image enhancement software suites that can instantly enhance these images. Consumers can download these apps for their mobile devices. If they have “uncorrected” images, retailers generally have the ability to correct images. Often retailers charge for this procedure, since they usually must pay a “per click” charge for using the application. We feel that automatically providing this service, especially on kiosks, leads to a greater number of prints and other products being ordered.



Figure 3

High Margin Opportunities

Everywhere, but especially in the developing world, there is a need for digital ID photos for many documents. Photo retailers very often get customers who only want an ID photo and oblige with a “typical” ID photo. During a Photo Imaging News 2013 conference in China, *Sonny Zhu* from Hui Mei/HYMN commented on the typical ID portrait of his employees, saying that those photos make them look like criminals.

Yet, with a proven equipment set-up, a request that the subject dress decently, and a quick “touch-up” he demonstrated how an ID “picture” could be turned into a portrait and garner additional sales. The difference is shown in Figure 4, and these portraits could be re-purposed for many applications, including business cards and even sold to the subject for “portrait” prices. A normal ID photo in China typically sells for 20 Yuan, but these “portrait ID” photos have a substantially higher perceived value and an 8x10” version sells for 280 Yuan.



Figure 4

Recently, the German Photographic Industry Association recently sent out an interesting note about output beyond photo. “Think about photo-chocolates, photo-cakes, photo-advents calendars as well as the usual items such as key holders, door signs, wall clocks, refrigerator magnets, money boxes, window blinds, bedding, shoulder bags or photo stickers, to name just a few examples of the infinite options.

Almost an old hat, but no less popular with consumers, are photo mugs that may adorn any writing or kitchen table. Meanwhile, the barbecue on the photo deck under the photo umbrella needs beer mugs and water bottles, which sit photo coasters while the company eats off photo plates before playing photo memory games in the evening. In the dark winter months photo jigsaw puzzles keep people busy when they are not playing with their photo playing cards

For schoolchildren, the pencil case, sports bag or the lunch box featuring a photo ensures that these items do not get lost.”

There are “transportable media”, detailed in another presentation at this conference, that enable photos to be put on rocks, concrete blocks, quartz, acrylics, textured papers, wood, mirrors, metal and almost any material.

Author Biography

Don Franz is the publisher of Photo Imaging News, a 30-year old biweekly newsletter. To stay current with industry developments, he travels to many countries and produces a Global Syndicated Market Forecasting Program.