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Photo Counter Best Shots



Graeme Carleton (Canon Australia)

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EXCLUSIVE: Harvey's cheap print promo on again

November 10, 2010:Harvey Norman will launch another '9 cents for 9 days' Fujifilm print promotion, starting next Monday, November 15, and finishing on Tuesday, November 23.

This follows the recent move by BigW to an 'everyday' print price of 10 cents, which it's believed will be maintained at least through to Christmas. 'Fujifilm Quality Paper' is featured in POS for the BigW promotion far more prominently than previous cheap print promotions, creating something of a challenge for stores offering Fujifilm-branded prints at reasonable, rather than knock-down prices. 'I am fairly cheesed off with my store branding being trashed,' noted northern NSW, FIP photo specialist, Jean-Paul Crimson, who alerted Photo Counter to the Big W move.



Available in store and online at bigw.com.au

The latest promotion from Harvey Norman is specifically aimed at generating pre-Christmas foot traffic, according to a Harvey Norman source, with a broad focus across the Harvey Norman digital lifestyle products range, including computers, games and consoles, rather than being concentrated on photo products alone.

There is no limit on quantity for the 9 cent prints, and the price is on offer in-store and online. The sales target across the group has been beefed up from the previous (October) promotion's 10 million prints to 15 million in-store and one million online.

The promotion will be supported by a heavy burst of TV, radio and press advertising.

'This is just another attempt by Harveys to steal our customer base with loss-leader style advertising and pricing,' said Jason Robertson, Ted's Cameras sales and marketing manager, Photofinishing.

'They can't be making much of a profit from the product itself. At 9 cents a print if you made 1 cent you would be doing well, I'd imagine'.

- And with a 1 cent profit per print, the entire national promotion would only deliver \$160,000 from 16 million prints - not enough to cover a national advertising campaign.

Robertson said that even if paper and chemistry could be sourced at a low price, the finished product plus wages, store space, other overheads and advertising costs would put the cost price of a 4x6 print at a bare minimum of 10 cents.

Independent photo products supplier IPS has been offering a 'fighting paper & chemistry bundle' to assist specialist independent retailers contending with what many perceive as predatory pricing from Harveys and Big W.

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Your Comments

Posted By Geoff 11/12/2010 10:39:00 AM

Absolutely agree with Stuart, it is not possible to make any profit at 9c per print. Minimum cost would be 20c, probably more if you are a smaller lab. These promotions might generate some traffic into their stores in the short term, but in the longer term it's destroying the viability of a whole category. I actually think they are dreaming about 16 million prints, it's not as if people start queuing up for these promotions, especially when 10c is now Big W's 'everyday price'.

Posted By Stuart Holmes - IPS 11/12/2010 10:25:31 AM

Hang on a minute guys, Im pretty sure it costs more than 9c to produce a 6x4inch print ! What about GST for starters? Well, that's back to 8.1 cents - Now lets look at your fixed costs per store of staff & managers wages, store rental space, equipment leases (minilab & multiple kiosks of course) equipment service costs, electricity, water, insurance, advertising costs etc. etc. and then the variable costs of paper, chemistry, packaging, wastage etc. to produce 16 million prints across 164 stores over 16 days; Crikey that looks like a minimum cost of 19.5 cents per 6 x 4in print in fixed overheads and variable costs to make those 16 million prints or about \$3.12 Mln. loss across 164 Stores for all that effort! Oh yes, forgot to say you sold each print for 9 cents per print (less GST) Therefore youve only made a Net Loss of \$1.84 Mln. for this whole promotion. By the way has anyone got a spare 9,000 rolls of 6in paper on them??? (because thats what it takes to

paper and chemistry bundle deals print 6x4" for just 5.5 cents! Independent Photographic Supplies

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produce 16million prints. :) Therefore, guys it looks like your cost to produce a 6 x 4in print is more like 20 cents than 9 cents!

Posted By Dan 11/12/2010 04:47:44 AM

We forget that many of these mass merchants are relying on volume rebates and head office contributions from suppliers which means that dictates some of these stupid strategies - over any sound financial sense. HN franchisees have had a huge churn over the past few years. Probably takes them that long to realise any profit doesn't get past HQ

Posted By PG 11/11/2010 09:24:30 PM

How much longer will the HN franchisees put up with this? The return per m2 can't be justified. How can HN staff give any sort of customer service or feel good about what they do when it is so devalued. Nice to see that OfficeWorks are moving their kiosks from the front to down the rear of the store.

Posted By Mike Hunt 11/11/2010 03:40:29 PM

I think the term is 'dumping'. Can FujiFilm perhaps clarify if this is what its called? Big W 10 cents and HN 9 cents, they are not charities and this is not marketing.

Posted By sm 11/11/2010 10:04:41 AM

I agree with Jason in the above story it's a loss leader, just another way of getting people into the store to spend. In Big W's case, the rest of the store covers the loss of photos. Harvey's case, sell computers etc to cover their loss. I've been in the industry 16 years - this year has been the fiercest photo war I've seen. We have a beautifully presented shop, give great customer service and always help people working on dpc's with their digital photos and gifts. Yet this week I have had 3 customers with over 1000 photos walk out because I can't print their photos for less than 15c (and that's a special volume price) and that's after I explain how we look after their photos and help them. What can you do but soldier on and find other services that the big guys can't do. Not even cheap chemistry and paper will solve this problem. as they say the rich get richer, the poor get poorer!

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