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Good guys or bad guys?



It seems almost every week I find a brochure from The Good Guys in my letterbox. They are currently a relatively small chain - yet they have such a strong presence with their bright slogans and cheerful marketing. And,

alongside their range of computers, fridges, washing machines, TVs, ovens, vacuum cleaners and small appliances - they do pretty well selling a small range of cameras and photo printers. They're not alone of course - many discounters and electrical retailers are doing the same.

We know this - but is their so-called heavy discounting a valid concern? All we can perceive is that they have the resources to market their services better than the average independent photo retailer - and their power is seen as a threat. But in many ways, Harvey Norman is doing the work for us: sure, they're making some money off cameras - but we benefit from the advertising dollars they spend.

This 'service' to the industry means that what independents can't spend in marketing the concept of digital cameras - the big guys will take on board. Your job then is to offer something other than the experience of walking away from a disinterested, misinformed department store salesperson. The customer has to know they can find expertise and friendly service at their local photographic store.

A number of retailers have expressed to me a frustration that much of their time has been spent educating the customer about the functions of a digital camera - only to see them run off to their local discounter to get a few dollars more off the price. This is what they believe - but is it the reality? I decided to take a closer look myself. Determined to prove discounting was a real threat, I had a look at the stores, brochures and websites of such dealers as Harvey Norman, The Good Guys and Dick Smith before visiting several independent photo retailers to compare prices. But I failed in my quest. Most times it was the photo specialists who did the best deals. Posing as a customer, I called retailers across Australia

asking for their price on the Nikon Coolpix 2100. Victoria's Croydon Camera House had it for \$299, as did Ted's Adelaide Street, Brisbane store and Sydney's Broadway Kodak Express Camera Centre. The Fletchers Photographics in Canberra had made a further reduction and was selling it for \$289 - while Harvey Norman was found to be advertising the same product at \$449.96 - promoting it with a 'saving' of \$20!

The only 'success' I had was when I headed off to Kmart in Broadway to discover the 35mm Canon Sure Shot 105 being cleared out at \$145 - while most photographic stores had it for \$199.95. But with the vast majority of cameras I enquired about, the independents were able to match the discounters' prices. This was the case with the Ricoh Caplio G4 The Good Guys promoted for \$399 - though their 'Less for Cash' offer did appear tempting.

Many times it seems when a mass merchant does come out with their 'cutthroat specials' the range they offer is so limited and the offer doesn't remain long enough for the deliberating customer to take advantage of it. A camera isn't a necessity item like a fridge or freezer - and isn't likely to attract the same kind of price comparisons if one breaks down.

But of course,

whether the perceived threat is real or not, the success of your store will depend on the service you offer the customer - with an emphasis on details such as showing what the camera can do in-store and producing a print for them as they watch. Squeezing that little extra from the digital image is not difficult, and your efforts will pay off - especially if you can inform them you're also giving them the best deal in terms of price.

Turn to page 46 for a look at our new column *The burning question, for well-informed advice on doing battle with the 'bad guys'*.

"Many times it seems when a mass merchant does come out with their 'cutthroat specials' the range they offer is so limited and the offer doesn't remain long enough for the deliberating customer to take advantage of it."

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IN THE FIRST OF OUR SERIES OF TOPICAL QUESTIONS TO THE INDUSTRY, WE ASK A HANDFUL OF EXPERTS THE QUESTION ON MANY OF OUR LIPS:

Fighting the discounters

“How can independent photo retailers compete against mass merchants offering discounted stock and film processing?”

“Good product knowledge and good customer service are an unbeatable combination. The consumer’s other keen interest is in getting value for money - but this is very much a perception thing. Your store can create that perception just as much as the mass merchandiser. Indeed, most of their cutthroat specials are very restricted in both range and duration.

When it comes to very specific big ticket items like a new camera, consumers have no idea of price points until they enter their first store - which is often a specialist retailer. Pity all too often the very first thing brought up by the retailer is price.”

- Paul Curtis, PICA

“The question is - are we looking at heavier discounting - or just more of it? I feel it is the latter and it’s creating a need for the retailer to develop a more competitive edge across their entire business. The specialty photo store needs to take a look at **what their differential really is** and begin to enhance those differences - from the sales counter to promotion and advertising.

How about setting up a **‘macro shooting’ demonstration** using a countertop scene with simple lighting set-up and getting the customer to take a picture and print it off in-store. If the retailer is smart the camera will be on a tripod, allowing for the suggestion of add-ons.

You won’t stop others selling at lower prices but you can do a lot more in your own business.”

- Terry Rimmer, PMA

“You can’t on price, availability range and advertising, but you can beat them on service and add-on value, work your database over regularly if you’re a small operator - and deal with the few remaining **suppliers that don’t deal with the mass merchants.**

If you’ve not been profitable up this point, you won’t be in the future - so get out now!

You can compete on price if you want to make nothing on the sale of the main hardware - but don’t forget the add-on sales which are not usually price-shopped by the bulk of customers. Remember there is a larger cash flow to come from the digital print stream around the corner. Memory cards have more dollar value and produce more gross profit dollars than film. If you still want to stick it out be prepared to work your arse off as this is a new game, with manufacturers and suppliers showing no allegiance to you anymore.

Some enterprising dealers buy stock from their competitors when they are blitzing the price and resell it on a smaller mark-up rather than lose the sale...”

- Richard Robertson, Ted’s

“Every market survey taken in the last decade shows more than half the photographers in Australia are **women aged 25-54.**

If today’s AB male myopic photographic industry embraces this group - mostly women with children - the rewards will follow. Why? Because that’s where the money is!

Mums who are time-poor want services that make life easy for them - and for women photography is about **memories, not technology.**

Don’t compete on price. Instead, show them how digital photography can result in real photos - and a whole lot more. Sell the emotion, not the technology. Why try to become another Harvey Norman?”

- Robyn Farley, Konica Minolta

“Independent photo retailers need a set of USPs (Unique Selling Propositions) which differentiate them from mass merchants. People buy because of people - not just price.

Minilabs are niche businesses which offer warm, caring personalised service for their customers. Knowing customers’ individual tastes - and such things as how many sets of prints they usually order - positions the **retailer as a friend.**

It doesn’t matter what brand sign is above the door - once the customer is in the shop, it’s up to you to give the customer the service they deserve. Once the rapport is established they will return again and again.”

- Stuart Holmes, Independent Photographic Supplies

“It’s important the independent buys right - which means joining a buying group. Without the initial sales that enable you to **bundle your ongoing services** you will need to entice a customer away from the mass merchants - and this can be hazardous.

The range of services the independent is able to offer and bundle into the price of the camera strongly positions them with the consumer, as trust will develop into loyalty as the consumer utilises these offerings.”

- John Maclay, Camera House