

Industry 'on cusp of a revolution': IPS

August 29, 2013

Independent Photographic Supplies (IPS) was started 10 years ago in August, 2003 by Stuart Holmes and Rob Voysey, with the aim of providing a range of quality photographic consumables to photolab operators.

The business has grown steadily since then, and is now an international distributor supplying retail, wholesale, school, government and professional photo labs with 'the best brands in imaging', in the words of its motto.

It currently employs 20 staff in Australia and New Zealand including the two principals, and managing director Stuart Holmes estimates it serves around 500 customers.



To mark the 10th anniversary, *Photo Counter* put some questions to Stuart Holmes on the past 10 years, and what he thinks the future holds for photo retailing and IPS:

What prompted you to start a company in the photo industry?

Well both Rob and I have always been in the photo industry, and we felt looking at the landscape as it was then, with four multinational companies that pretty much ruled the roost and no other alternatives, that we could offer something that the market hadn't had up to that point.

Because we started in 2003 we were well and truly in the digital era and I guess those larger four companies weren't best-placed to manage the digital transition because of how they were structured. At a time when their base of sales was shrinking due to the transition from film to digital capture they all still had huge overheads. And then of course to our favour Konica and Agfa disappeared because they were not structured for today's environment.

We built the company on a 'lean and mean' basis providing frontline services rather than sustaining a huge back office – we've grown our facilities and resources as the company has grown, putting on experience and extra resources when they were needed. All the larger companies were able to do was cut resources, services and costs. We thought we were correctly structured and that's been born out by how the last 10 years have unfolded.

About that time the market leader, Fujifilm, embraced the mass market channels – did that help IPS?

With that movement alone IPS was able to set our position in the market very clearly. We've never been a mass merchant or a supermarket supplier, and it quite clearly drew the battle lines.

Choosing a name including the word 'Independent' in it was a very clear indication of where our loyalties and drive came and went to. So Fujifilm has a strategy, but it's just not the strategy that suits the independent photo specialty market. It has been very



handy for us to be able to draw up the lines of differences between our company and our contemporaries in the market.

In late '90s Fuji was perhaps a little bit more focussed on the independents but moving into the current era they've obviously gone down the path of the mass merchants and one can easily see why – they are dealing on a central level, talking to just one buyer, making national decisions and delivering nationwide. They've got their 'ant trail' strategy and it no doubt has been reasonably successful for the players in that area. However, the bigger picture was it made the industry more reliant on price, rather than the other two paradigms which are quality and service.

What do you mean by 'ant trail' strategy?

The photo category was used as an ant trail for consumers to come into a large multistore, multi-department operation and get them to buy other products, whether it's whitegoods or furniture or whatever. Certainly that's been their strategy from the beginning and they've ridden the wave for a while, but service and quality have suffered and the industry has been somewhat commoditised.

To be candid I think we've moved on and I think the era of the 10- or 8- or even 5-cent print is probably gone, along with that 'wow factor', and I expect in the foreseeable future quite a number of those mass merchants probably moving away from photo and moving into some other business that could create the same ant trail strategy by drawing in consumers on a promise of a very low price deal.

Therein lies the opportunity for the photographic industry. It needs to re-invent itself and become the niche supplier of niche imaging products that it really should be. Maybe 20 years ago the retail minilab market was overheated and we had too many minilabs in Australia but now we've got down to a very modest level of independents. Now the independent photo retailers can focus on offering a range of new specialist photographic services which just can't be had within mass merchants or supermarkets. That's where we see the opportunity.

Do you see new independent stores opening?

I think that's a possibility in the future but at this stage everything needs to be settled down a bit. Surviving photo labs probably need to take stock of themselves and to understand it's not all about price but it's about service and value, and store owners need to start marketing accordingly. I think when that happens and when a good model can be developed – and I firmly believe we are on cusp of that with the IPI marketing group – I see all of this is heading in exactly the right direction but I think fundamentally that the industry needs to make itself more attractive to new customers.

Where should retailers be directing their time and money?

Most people are still using wet labs, but there are now more options available to re-equip themselves when the time is right. We are seeing sales in new dry lab equipment and the occasional wet lab. To generalise, there's no huge imperative to invest in new hardware immediately. The end of a lease period or when an old machine simply needs to be retired is the time for those decisions.

I think the investment needs to be not so much in hardware but in time and marketing effort. I think PMA feels



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Jim Esp (PMA), Brent Bowyer (IPI), and Stuart Holmes (IPS) at the Independent Photo Imagers (IPI) first international conference in June this year.

exactly the same in discussions I've had with Peter Rose and over at the IPI conference in June with (PMA president) Allen Showalter and (executive director) Jim Esp.

All these people want to see the industry reborn and growing, and I think there's a lot of goodwill out there to make it happen.

When did you feel IPS was 'a goer'?

I think from the moment we started trading. Both Rob and I had no doubts that this was the once-in-a-lifetime idea, in a humble way, and we felt quite convinced from the start that there will always be a place for an independent, for someone prepared to go the extra distance. As time went by I wouldn't say it's been an easy run, but when I look back on it who could have said when we started that half the competition would be gone and one of the other industry icons, Kodak, would have changed as much as it has.

Events haven't ruled us, but they certainly have been helpful from time to time.

Any business-threatening setbacks?

Just the normal cut and thrust. There has been no free ride. Generally speaking, looking back on the 10 years almost every year or two we've been able to reinvent ourselves. Things have come and gone and we've changed, but kept the same ideas. The difference is in the way we've carried them out, or changing products and services we've been supporting. I don't think there's been a time when we've sat back and thought, 'Wow this is it – we've had it.'

It was a good idea from the start and it continues to be a good idea and the really great part about it is that I feel we are getting so close to a revolution in this industry you can almost smell it. But we haven't got there yet.

We've taken our share of blows over the years and we've had a few people go belly up on us and PixiFoto has certainly been the largest one, but then again we are a more robust business now. We are better able to manage this now than five years ago. So I'm glad it didn't happen five years ago!

What are your immediate future plans?

There are still a lot of customers to come on board with IPS that are in photo specialty space who are supporting our legitimate competitors and quite a few supporting grey market competitors. It's been a very tough time for retailers over the last few years and I completely understand why some retailers would be seeking the absolute lowest price, whether from a grey marketer or a legitimate source as there has been little or no service, technical or marketing support given by the major suppliers.

At IPS the cornerstone to our business has always been to offer service, quality and a value proposition as without that combination of all three then it's probably all about price, which is what our contemporaries have seemed to rely on. However if it is all about price, then you had better be the cheapest in the market!

So what we've always been able to do because we've got such good people working with us is to offer that service and that value and all those other things that make a reasonable price more acceptable.

Again if we were to be just an online business with no representation at the store level and no expertise, no involvement in trade shows, no payback into the industry then you would want to be the lowest price in town.

The challenge for us is to keep the message out there that we are the guys you need to support, we are the reason why prices from the majors have become more competitive, and we want and need your support. Without IPS you wouldn't have had the level of competition and the level of photographic expertise you have in the market because the large companies don't care about that any more and they haven't for some time, and the grey marketers don't care about that and never have and never will.

That's our biggest challenge for the future – integrating and working with groups like Camera House and Ted's and the independent photo specialty retailer who need to

associate with people like us and IPI for the betterment of the whole industry.

I think we've firmly put our eggs in the basket of photo specialty and we've got a lot of loyal customers who have been with us from the very beginning and we've got more people coming on board as time goes by.

Kodak Express is a big opportunity still for us. There's quite a number of stores we are already serving in the Express program in Australia and New Zealand, and still some to come as well. That's been an area which has loads of opportunity in front of it but which I think has been sadly neglected over the years. Now it's possibly an area for rebirth.

With mass merchants probably de-emphasising photo there's a feeling out there that some of the bigger supermarket guys will be doing other things soon, so there's a fair bit of hope around that everybody who has survived will continue to survive.

It's been great working with independent guys who have had the foresight to want to improve things and offer products and services which the big brands just can't do.

I guess moving forward we want to make it easier and easier for people to do business with us. Whether it's online or personal rep calls or via the IDEA/ PMA trade shows and conventions or organisations like the IPI Group – we just want to make it easier for people to interact and network with like-minded people.

The current collapse of compact camera sales – any observations? I think to be fair people are taking more photos than they have ever taken. Now there's a ubiquitous 'photo machine' always on your belt or in your handbag. Everybody's got a camera in their phone and everybody is using them. As a result, the compact camera segment seems to be disappearing. But people are becoming more quality conscious. Yes, a camera phone can take a pretty good photo. But if I can get this quality on a camera phone I might just buy myself a good camera and re-engage. Take proper photos rather than snapshots. So one category has gone down and another category – DSLRs and mirrorless interchangeables – will become stronger and stronger because of it.

This has a knock-on effect to all sorts of areas – the accessories market and services market and then ultimately to the print fulfilment market. Maybe it's not going to be a 6x4-inch print any more. Maybe it's some sort of an image on product – photo gifting or photo books or greeting cards or whatever.

The point is that services are a very viable and important area of the market that maybe can take over from this change in compact camera business. If people are taking better photos more often they will be looking for more outlets in which to show these photos, whether it be a print on the wall or a metallic or canvas print – there's just so many options now available.

The underlying message is that the consumer wants quality. It's not all about 9 cent prints then, is it? If you spend \$2000 on a DSLR camera body then is a 9 cent print what you really want, or is it a framed stretched canvas print on the wall, or a metallic panorama, or a coffee table photo book? I think people are quality conscious and I think we've had the mass merchant hysteria on print prices but I think that's all changing now.

People in this country are aspirational – they want the better things in life. So why should they have to accept crappy prints that look like they were printed in 1960? We need to be producing rich, vibrant, exquisite representations of what the day was like. We need to feed that aspiration by marketing to the consumers and telling them why we are worth what we are worth. If we don't we had better be cheaper than cheap.

Marketing speciality photo services is very firmly where we see the future.



Paul Gilbert on [August 29, 2013 at 8:09 pm](#) said:

Congratulations to you Rob and Stuart, from a start up ten years ago and to see you continue to grow during what many in the industry see as tough times really should give us all inspiration.

Reply ↓



PG on [August 30, 2013 at 7:55 am](#) said:

Great news guys, you have seen out Agfaphoto, Konica and almost Kodak. Keep up the good work, and supplies!

Reply ↓



Alex Noone on [August 30, 2013 at 10:02 am](#) said:

Great positive view and outlook on our industry from some very passionate guys!

Reply ↓



Mapes on [August 30, 2013 at 10:24 am](#) said:

*Have serviced us for years...when Fuji began to cast aside disrespect the small mum and dads these boys saw the opening and pushed hard..
Congratulations on a fine effort Rob and Stuart keep up the good work...
Your Company is always a pleasure to deal with...
John and Sue*

Reply ↓



alan on [August 30, 2013 at 4:39 pm](#) said:

Well done guys, its a pleasure to work with you, and have you working with us, unlike the big guys who seem to have forgotten that the little guys can really help to make their sales. Nice to see the positive outlook, but then again, I've usually been like you, and keep finding the good news, and making it happen.

Reply ↓



Peter Michael on [August 30, 2013 at 6:41 pm](#) said:

Congratulations to Stuart, Rob & all at IPS. It is great to see you providing traditional customer service, technical expertise &

support, passion & value. We certainly appreciate it.

It is amazing how quickly the first 10 year passed. All the best to each of you at IPS..

Reply ↓



Larry Steiner on [September 1, 2013 at 2:48 am](#) said:

Congratulation to Stuart and Rob and the entire team at IPS. It is great to see business people do well by doing good. Your support of the independent dealer is a tremendous thing, and not at all obvious to others in the trade. The nimble operator, (which is much easier for independent operations), has a great opportunity to thrive and it is great to see that IPS will be part of that.

Reply ↓

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