

Kodak responds on KEX NZ issues

October 24, 2012

Following up on reports that there was some unhappiness within the ranks of Kodak Express NZ members following recent changes which saw Leading Edge NZ appointed in a marketing support role, *PhotoCounter* approached Kodak Australia for a response on the issue.

The perception of excessive monthly fees to participate in the Leading Edge Kodak Express program appears to be at the heart of the dispute between Kodak and Leading Edge, and some of their specialist retailer customers. Until now, the Kodak Express NZ program has been to a large extent overseen by the Kodak Express dealers themselves via their marketing committee.

There is also an issue around technology upgrade paths, with Kodak Express dealers locked in to using Kodak's APEX dye-sub solution as an addition to, or replacement for, wet lab equipment.

The response from Kodak which follows is from David Santer, regional director, Retail Systems Solutions, Paper & Output Systems and Inkjet Systems Consumer Digital Group, Asia Pacific Region:

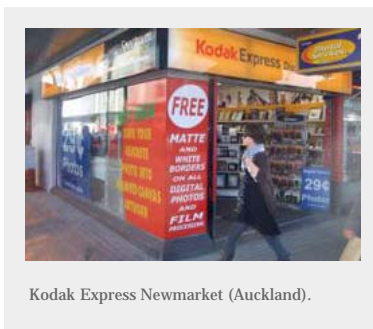
Can you confirm that there has been a series of resignations among KEX NZ members? The Kodak Express Program currently has 43 member stores in New Zealand. It is true that we have received some 'Notices of KEX agreement non-renewal' from members. This has resulted in the Steering Committee meeting to review the program and what the program could look like going forward. With the proposed initiatives from the meeting, we believe that some Notices of KEX agreement non-renewal may be retracted. The program has also received expressions of interest from a number of independent photographic retailers that see value in the Kodak brand, the program benefits and the added value of the appointment of IPS. We expect the total number of stores to remain approximately the same, if not grow in the medium-term. *(Kodak separately said that around six stores had taken steps to withdraw from the program. KS)*

What is provoking this dissatisfaction? The Kodak Express Program in New Zealand has undergone significant change during 2012 and the feedback from members during the change process included concerns around the value derived from the program and relevance in today's market. All the stake-holders are in agreement that in order for the program to move forward some significant changes need to be made. It is acknowledged that these changes need to be undertaken relatively quickly.

Did your meetings last week resolve any of these issues? The Steering Committee met to review the program and what the program could look like going forward. During that meeting a number of initiatives were proposed to meet the needs of the members, and these initiatives have been communicated to all members for their feedback before a final plan is made. We believe that these changes combined with the appointment of IPS will provide significant benefits to members overall.

Are KEX members able to install dry lab equipment (not APEX but inkjet) and remain in the KEX program? In order to be in the program Kodak requires stores to use authorised Kodak consumables for printing. Kodak has number 1 market share in Europe and many countries in the Asia Pacific Region for its dry lab solutions, the Kodak Adaptive Picture Exchange.

Mr Santer further went on to say that: 'Kodak has always seen Kodak Express as a very important part



Kodak Express Newmarket (Auckland).

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of our business and over the last nine months we have implemented changes to make the program even stronger. In New Zealand, the KEX Steering Committee, Leading Edge, IPS NZ and Kodak will work as a team to deliver an improved solution for the Kodak Express stores there.

'Similarly Leading Edge, IPS Australia and Kodak will work to deliver an improved solution for the Kodak Express stores in Australia. As the market is different in Australia and New Zealand we will offer tailored programs based on the requirements for each market to ensure the programs deliver the best solutions for the retailers and the group. We believe that our distribution partnership with IPS and our marketing partnership with Leading Edge combined with Kodak's market leading products will deliver an enhanced program in 2013, helping Kodak Express members in both Australia and New Zealand grow their business.'

ONE THOUGHT ON "KODAK RESPONDS ON KEX NZ ISSUES"



Garrett on October 25, 2012 at 5:26 pm said:

It seems that with all this discussion, we as usual have lip service to the KEX stores in Australia. I can't recall the last occasion Kodak took anything any shop owner had to say with any real concern.

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