



INDEPENDENT MINILAB OPERATORS AND PROFESSIONAL COLOUR LABS ALIKE STAND TO BENEFIT FROM THE FACT THAT A NEW KID HAS MOVED INTO THE PHOTOPROCESSING CONSUMABLES NEIGHBOURHOOD - EVEN IF THEY DON'T SWITCH FROM THEIR CURRENT SUPPLY HOUSE, WRITES **KEITH SHIPTON**.

There's a new kid in town

Independent Photo Supplies - trading as iPHOTO - has been established by well-respected photo industry 'lifer' Stuart Holmes. He has spent almost 30 years hanging around minilab equipment with Kodak and more recently with Hanimex - and has also managed a professional lab, run a minilab and worked as a professional photographer (some 'kid'!).

Holmes' latest venture should bring some invigorated competitiveness into a market that, since the introduction of minilabs in the 1970s, has been shared between Kodak, Hanimex/Fuji, Agfa and Konica.

"The industry needs a fully independent consumables supplier to sharpen up the competition and reduce our overheads," stated one minilab operator in suburban Sydney, who has 'gone over' to iPHOTO.

Already there are anecdotal reports of a recent mooted price rise being reconsidered by one of the four established players. Would it be wrong to speculate that this was to some extent influenced by the existence of a new low-cost competitor?

At this stage, iPHOTO is only offering a range of C-41 and RA-4 photoprocessing chemicals, but for a small independent venture it's always canny not to overreach. There are plans afoot to begin importing colour paper very soon.

iPHOTO brought its first container load of CPAC-brand photographic chemistry into the country in November and, according to Holmes, it sold through faster than expected, with the Sydney-based warehouse turning product around at a pace which has Holmes pleased - and more than a little relieved.

It does seem a little counterintuitive, shall we say, to be starting up a film and paper photoprocessing business at a time when the future of the industry is clouded in uncertainty. But Holmes has taken a calculated rather than impetuous risk based on a clear perceived demand from independent operators.

After parting company with Hanimex early last year, he went to the Melbourne PMA/Photo Imaging trade show in May "to keep in touch".



UNWANTED AND UNLOVED?

"I started to pick up the feeling from independent trade sentiment that they weren't being looked after by their suppliers," he explained.

At various forums he attended at PMA there were fairly vocal exchanges - questions about the directions being taken with digital photography and suppliers' intentions in regard to mass merchants - and there seemed no satisfactory answers.

Holmes was struck that it wasn't just one of the suppliers the independents had issues with - there was more widespread dissatisfaction.

He started researching to better understand the supply situation, then cast around for an alternative supplier to establish a distribution relationship with in Australia. Of course, with changes to the laws on parallel importing a few years back, it's now possible to source established-brand product overseas if there's enough margin to compete with the authorised local distributor. Holmes didn't consider travelling this path - but felt he'd be more successful if he "produced a point of difference".

While it seems wildly provocative in this fairly locked-up Australian photoprocessing consumables marketplace to set up alongside the established Big Four, Holmes emphasised

Above: Hitting new heights: iPHOTO's Stuart Holmes' focus might be on chemicals but his first love is cameras.

that in other parts of the world - Europe in particular - there are a number of alternative brands plying their trade in paper, photochemistry - and even film.

Rather than placing all their supply needs in the one basket, independent operators have more freedom to shop around for the best deal or the best service.

He says he chose to deal with CPAC essentially because of the quality and consistency of their products, business rapport, and relatively short supply lines. Although it's a US-based company registered on the NYSE since the eighties - it has a background in silver recovery - CPAC also manufactures out of Bangkok.

"I've seen the factory in Bangkok," he said. "It's very modern with good quality control, and because they are a specialist chemical manufacturer they tend to innovate."

CPAC, for instance, was the first photochemical supplier to come in with single part developers, and well as the first to offer odourless chemistry.

"The brand is not widely known so they have to do things better to compete with the

multinational brands. For instance, in the factory they fill the developer bottles then top them up with nitrogen. This allows the bottle not to become deformed and prevents oxidization. I've never seen it done before. The stock stays as fresh as the day it was packaged for better shelf life and more continuity between batches."

CPAC differs from the current photochemistry suppliers in the breadth of its catalogue. CPAC manufactures tailored chemistry for specific paper manufacturers and in the appropriate measures for specific minilab equipment - such as the Fuji Frontier.

NOT ON THE RADAR

One of Holmes's major challenges will be to get minilab operators sufficiently engaged with the fairly un-sexy topic of photoprocessing chemistry to consider making a change. From his years as a technical sales representative and manager he is aware that photochemistry is regarded as an inevitable cost which more or less "comes with the territory" of running a lab.

However, he says photochemical costs are around 30 per cent of the cost of production for independent operators. If switching to CPAC chemistry delivers an average saving of 20 per cent over the products of existing suppliers, that's an overall production cost saving of six per cent. This could be the difference between survival - and closing the doors for more marginal operations (and with Big W and Kmart on the scene, more and more independents are slipping into that 'marginal' category).

Another challenge is that many independents are locked into supply contracts, and Holmes was at pains to emphasise that iPHOTO was definitely not in the business of inducing independents to break their existing contracts.

"We are looking for customers who don't have a contract with suppliers," he said, explaining that iPHOTO itself would not operate on the basis of "airtight contracts" with its customers.

"We don't want to run on a plank of having contracts with customers. Our message to those who do [have contracts with their supplier] is to have a close look at what it entails."

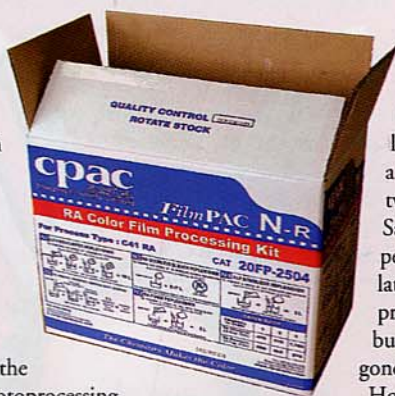
As well as offering some significant cost savings, Holmes feels iPHOTO will succeed through superior customer service and technical advice.

"In years gone by I would have thought a small supplier couldn't compete, but now Kodak has only got a handful of tech reps

Inset: Stiff competition: Competitively priced photographic products such as this will be on display at the upcoming Photo Imaging World in Sydney.

looking after the whole of the country," he noted.

"You are lucky to get anyone from any company to see you, and if they do they probably won't know anything about the business."



His observation is supported by another independent who has switched over to iPHOTO. The Sydney pro lab owner noted, "There was a day when you would have two or three TSRs (Technical Sales Representatives) call in per month advising me of the latest products available and processes to help grow my business. That seems to have gone by the wayside now."

Holmes said this was a real issue for independent operators in today's environment. Chemistry - and paper - was essentially an aid to the manufacture of photographic prints. When there is a technical problem the manufacturer - the minilab or prolab operator - needed timely support from the supplier to get things back on track.

While iPHOTO has picked up customers on the strength of the quality and cost savings of its CPAC chemistry, the vital, yet still missing factor in the equation is photographic paper. When Holmes is able to offer both, he should really be able to discover whether or not the Australian market will support a new player.

iPHOTO will have a stand at Photo Imaging World at Darling Harbour next month, showing its new range of Tura papers, along with some other minilab supplies. While it's once again an obscure brand in Australia, Tura is a German company which has been manufacturing photographic products for over 100 years. It's based in Duren, in western Germany, and distributes in 90 countries - including the U.S. since 2001. Tura manufactures a range of colour papers in rolls as well as black and white papers - and also film.

"My colleague Rob Voysey has been making great progress in negotiations with Tura at PMA Las Vegas. We fully intend to be taking orders at Photo Imaging World in Sydney in May," stated Holmes before adding, "We live in interesting times."

Visit: <http://www.iphoto.net.au> or <http://www.cpacasia.com>

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