

Never Too Late for Profits

By Erik Cagle
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IN HIS song Beautiful Boy, John Lennon cautions, “Life is what happens to you while you’re busy making other plans.” The same might be said for photo book production in the grand scheme of offerings for the printing community. It was never meant to be a cornerstone product but, as the digital printing era exploded during the past six years, it grew in popularity as an ancillary offering.

Ancillary? Well, that may be understating the truth for many companies. Manufacturing personalized photo books may not have been in the master plans but, for many companies, it has become the primary—or only—offering on the production menu. And, it promises to be one of the few markets for which explosive growth is possible for those graphic arts establishments with the right equipment, savvy marketing skills, partners and software. And, of course, golden customer service capabilities.

Ah, but not so fast, pal. Consumer demand for photo books has been gaining in popularity for several years, led by heavyweights such as Shutterfly and HP’s Snapfish. And, while our focus is photo books, there is a bevy of “social expression” products built upon this foundation—personalized calendars, key chains, mugs, posters, buttons, cards, calendars, mouse pads and countless other goods.

It’s as if promotional products married digital printing and gave birth to personalized, online Hallmark stores.

Beware, the photo book market is a finicky, moody, cyclical sector with a high customer dropout rate. The historic demographic is women ages 25 to 45, looking for that ideal gift to capture the precious memories of a birth, wedding, vacation or holiday. But, there is ample room for growth; even though most big-box stores offer photo book kiosks, research suggests that product penetration is less than 10 percent in the United States.

For those who believe the photo market is already oversaturated, a basic business tenant to consider: The first to market isn’t necessarily the best to market. Just ask Face-

book founder Mark Zuckerberg. The demographic has room for expansion beyond “life event” applications—organizations abound and those printers that are industrious enough to hammer out templates that cater to any number of social groups (scouts, youth sports, fraternities/sororities) can tap into virgin markets.

New Crop of Products

Take the case of John Arleth, CEO of Lifecaptured.com. His business, based in Minnetonka, MN, previously specialized in printing manuals for agricultural equipment. But about 10 years ago, his company took on a special personalized book project and recently began producing a personal favorite, “A Heart Apart,” which allows children to put names and faces to the experience of having a mother or father who is away from home in military service.

The text was written by two active military mothers and, by substituting the child’s names and photos, the resulting product is a very personal gift for children, as well as a coping mechanism to help them reconcile separation.

Arleth also produced a photo book specialization product called “World According to...” that entails the same personalization capabilities, where kids’ drawings and pictures are arranged to construct a story.

The printer didn’t need to acquire any new equipment to embark upon the photo book realm, though Lifecaptured.com has gone through three different digital printing platforms. Arleth finally settled on a four-color, 13x40” MGI Meteor DP60 Pro digital press, which was more economical due to no click charges and boasted production speeds commensurate with their workload needs.

Quality customer service—which sounds like a broken record—is a point of differentiation for Arleth, who has a blog (blog.lifecaptured.com) that provides tips and techniques for creating photo books. The books are 100 percent guaranteed.



Templates can enhance the most common themes, including weddings.

Don’t like the product?

You’ll get a new one. You dropped the product in the toilet? You’ll get a new one. Lost in a fire? Ditto.

“People love that,” he remarks. “It’s the same way we treated farmers and the ag people back in the day, when customer service was much more focused, and the interaction among customers was much slower and quieter.

“Nobody takes advantage of it. (Reprints are) probably less than one half of one percent of our business. In one case, someone lost everything they had in a fire. It touches your heart, so you’re actually happy to do it.”

Why is this degree of customer service so integral for Lifecaptured.com? And why does Arleth rely on word of mouth? To get an edge.

“We’re facing people like Shutterfly, which is giving 50 percent off on a book every day,” he says.

With heavy hitters like Shutterfly and Snapfish unveiling hundreds and hundreds of templates, Lifecaptured.com has had to dig a little deeper. The firm recently contracted a designer to help develop more templates.

Other print-related industries have found photo books to be viable revenue streams. Consider Copy Control Management (CCM) Graphic Solutions, of Tampa, FL, which debuted 25 years ago as a facilities management company providing onsite printing capabilities for the legal industry. Following an ownership change that prompted a noncompete clause, the firm added digital printing to widen its scope. It began to “dabble” in photo books roughly two years ago, according to Don Cayo, CEO of CCM.

A Great Leave Behind

CCM’s photo book capabilities were, for all intents, initially used as a catalyst to showcase the quality of short-run color printing. The company used photo books as leave-behind gifts from an event it co-sponsored, and it enabled CCM to land an account with the National Hockey League’s Tampa Bay Lightning to provide all digital printing services. That segued CCM’s photo book status from dabbling to viable.

Getting the photo book bandwagon rolling wasn’t difficult, but the online storefront aspect provided its share of headaches. Its first entry point solution worked fine, but proved to be too limited in the long run, so the firm turned to a developer. CCM wanted to differentiate itself and have a greater variety of templates available. In the end, the company partnered with a photo book software developer that had the ability to embed and activate the unique templates that CCM and its affiliates require.

There were no real obstacles for CCM to overcome from a production standpoint. The company already had Xerox iGen3 and iGen4 digital color presses in place, and turned to Powis Parker to acquire the necessary bindery gear. “Other than the software, there’s really nothing needed to move into the space,” Cayo observes.

In taking on the business-to-consumer (B2C) segment, CCM found itself in foreign territory, according to Cayo. “It’s a whole different marketplace that requires a different approach,” he notes. “It

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requires large investments in marketing through the Internet, pushing up through Google. It's a whole different ball game that we're still not totally comfortable with yet."

Cayo & Co. have been more in their element marketing B2B on a regional basis, building relationships with organizations such as the universities of Tennessee, South Florida and Central Florida. By white labeling affinity groups and developing custom sports templates for the universities, CCM can sidestep the crowded national market.

"We don't believe we can compete effectively with the five or six (national) organizations out there; they're buying up market share," Cayo adds. "Shutterfly spends between \$8 and \$10 a user to get them signed up. It's very expensive to go out and try to buy that business, so our approach is more toward developing vertical markets and targeting those marketplaces. That's why we're required to use different templates, to find an inexpensive way to build a landing page for the affinity group."

Have Book, Will Travel

Some companies rely almost entirely on partners to drive customers to their photo book solution. One example is Vancouver, British Columbia-based Contac Services, a business process outsourced solutions provider that specializes in single-source supply chain solutions. The firm takes care of distribution for 95 percent of Canada's travel-related marketing materials, according to Garry Gunter, associate vice president.

Contac relies on its travel agency partners to help promote its photo book offering, which is less than a year old. Once travel customers have booked their travel through one of Contac's agency partners, the customer is sent a personalized Website (PURL), generated based on their profile, that includes a link to create a photo book based on the holiday. Schedule a Hawaiian vacation and the PURL will include links that will enable the traveler

to assemble a memory book via the photos taken during the trip, enhanced by the Contac-created templates. Once the application is downloaded, it can be accessed for future use.

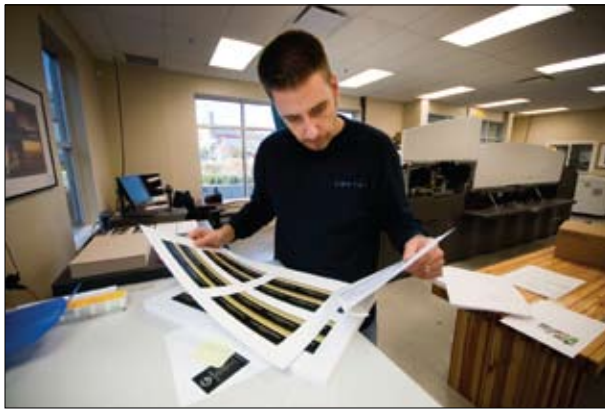
"We realized that through the distribution of this travel merchandise—and given our CEO's relationships with the CEOs and presidents of these tour operators—that it was the perfect platform upon which (our clients) could get to know their customers better," Gunter says. "We can create these photo books through (the travel companies') own Websites, and they can, in turn, engage their clients and bring them back more and more often."

Backed by Kodak's Prinergy workflow and the digital print production capabilities from Kodak NexPress and Xerox iGen presses, Contac found itself in need of some finishing solutions to get its photo book production in gear. Unibind came through with solutions for case binding and Duplo USA stepped up to the plate with its perfect binding solutions.

One of the key objectives for Contac Services has been maintaining focus. Given the deluge of printed personalized trinkets, Gunter recognized that it would be beneficial to stick to an area where consolidated runs could help them lead to better managed costs. Case covered and perfect-bound photo books—not mugs and key chains—speak to Contac's proficiency for producing quality products in a timely and efficient manner.

While Contac's clients drive end users to the photo book site, Gunter says the company still goes to great lengths to promote this offering. Contac also works with its partners to create discounts and other promotions around certain holidays.

While photo books certainly fall in the supplementary category for Contac, Gunter is encouraged by growth opportunities via non-travel outlets such as social media. Sites such as Facebook open themselves up to viral marketing potential. Users would have their hard copy photo book, as well as a shareable digital version online, which would



Once an ancillary offering, photo books have proven to be a lucrative cornerstone product, as well.

coax friends and family into creating their own books. Gunter also sees potential in securing the use of licensed images for intermixing with personal photos.

Getting Personal

Another interesting case lies with RPI of Seattle. The firm started out in 1979 as a commercial printer focused on software manuals and corporate prospectuses. But fate stepped in during the late 1990s. Ted Reischling, the owner's son, created a note pad with various pictures of his child to demonstrate variable printing capabilities that were being marketed to insurance and medical companies back then.

One person who got wind of the product worked at a large e-commerce company, and convinced Reischling to create a prototype to illustrate how to market the products directly to consumers. The prototype evolved into a full-fledged Website, named ipads.com, which powered personalized stationery for several photo sharing sites. By 2006, RPI had sold off the commercial printing operations and concentrated solely on personalized consumer printing products.

Today, RPI is a print-on-demand producer of private label, personalized photo books, greeting cards and stationery products for mass and specialty retailers. The company no longer runs the digital storefront in order to channel its efforts into the design, manufacturing and fulfillment of products as a B2B provider for retailers and online publishers.

"The decision to focus on photo products and turn the company

into more of a consumer products firm, and less of a print job shop, certainly has provided a beneficial platform for the business," RPI CEO Rick Bellamy says.

Peak gift-giving seasons are a double-edged sword for RPI; business quadruples during the holiday gift-giving season, and the company must both brace

and preplan for the seasonal peaks and valleys capacity-wise. But, as RPI continues to establish itself as a leader in the photo book realm, it continues to flesh out new avenues for growth, recognize untapped demographics and produce exciting, fresh templates that enable its retail clients to become more competitive in the highly crowded market.

RPI has formed a close relationship with HP, and that is reflected in the printer's press line, which consists of an HP Indigo 7200, a 5500 and a 6000p. The RPI production floor is also replete with On Demand Machinery gear, including ODM Stickers, Smashers and case-making lines.

Sure, the process of jamming 4x6" photos into a box or inserting them in an adhesive album is on the fast track to joining cassette tapes and typewriters. But, once the other 60 percent of Americans catch on and eventually the novelty of photo books wears off, the "me, too" book providers will give way to those companies that will devise techniques to reinvent and refresh the product as it matures.

"We're helping our partners to manage the category through trend data and innovative products," Bellamy says. "We are seeing various demographics, what they're ordering and not ordering, both in terms of products—books, stationery, calendars, note pads or note cards—as well as the graphic design templates in the background." **PI**

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