



Consumer Jitters Prevail

Perfect storm! A retail perfect storm may be in the making as shoppers tightened their purse strings in September. Kitchen table issues have their attention: climbing food prices, possible job loss and difficulty in finding sources of credit. So, how does the financial meltdown impact the portrait and wedding market?

CPI Corp. (stock symbol CPY) owns studio concessions in both Sears and WalMart stores that specialize in baby & infant photography. As a good photo-industry barometer, CPI Corp. can be used to measure consumer demand for portraiture selling between \$49 to \$125 per session. Example: on July 07' CPI was valued at \$80 per share and 13 months later is now selling at \$7.00 per share. What happened? Demand for baby & infant suddenly declined. Did the photo market suddenly change? Perhaps. Do Gen. Y mothers lack interest in professional portraits? Or, did high fuel prices seriously impact young families' ability to purchase photo products? Suggestion: monitor the stock for photo market trends.

During times of economic crises, consumers, if they are willing to part with dollars, seek "value." Retailers that fair better are "value" minded. Monitor retailers like WalMart and Macy's for marketing and advertising ideas. Even WalMart was not spared from the economic meltdown.

Here are some action steps to take right now.

1. Preserve Cash: Hold off making large \$ purchases. Keep inventories low. Watch all expenditures. Apply for additional credit cards to be used only to build a safety net if needed.

2. Re-evaluate Studio Products: Add value where one can to pique consumer interest to make higher sales and to aid in helping to book sessions.

3. Evaluate Sessions Fees: Adjust if necessary to encourage bookings.

4. Accommodate the Consumer: Adjust business hours. Consumers will be thinking twice about taking time off for portrait sessions or interviewing wedding photographers.

5. Explore New Opportunities: Now is the time to expand market share. Add a new

product line that makes a profit and enhances the image of your studio.

Note: No one knows how long this recession will last. World wide economic impact has taken a toll on the average family. Consumers will watch every penny and spend only when their comfort zone has been achieved. Look for a new wave of photographers entering the portrait market seeking to build market share at your expense. There is some good news. If the cost of gas continues to decline, experts say, consumers will have an automatic \$1,000 additional discretionary income.

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