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Subject: **How Oil Prices Will Affect Studio Business**
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How Oil Prices Will Affect Studio Business

UNCLE! cries Walmart who blames high gasoline prices for slowdown in business. Recent surges in gas prices because of hurricane Katrina adds to the woes of American retail. And portrait studios are not immune either.

Far too many studios believe their business is strictly carriage trade which is a problematic myth in itself. Well, consumers driving their SUVs on the highways traveling from suburbia to the city and back for an hour each day are starting to feel the "bite" at the gas pump. Household budgets are being drained to the limit with 50% increase in gas prices over the last 18 months. Added to the budgetary woes will be the hike in gas heating bills this winter. Added fuel and heating expenses will add up to approximately \$1,000 per family. So where is the money going to come from to sustain the pro studio's \$400 session average? Perhaps it is time to seriously think about oil as the "spoiler".

Oil is the life blood of any capitalistic society. High oil prices will eventually have to be passed on to the consumer at the grocery store and every business that relies on transportation of goods and services. All of which adds up to less and less discretionary income for portraiture. No business will be immune.

Oil prices will be cyclical as any commodity but the trend is upward as less and less oil becomes available to the USA as the world wide demand for oil increases, namely China and India. Experts now say that alternative fuels will only put a dent into the demand for more oil. And any solution will be far too late as economies wane world wide.

The question becomes, *"what are you going to do to keep your studio business strong and viable?"* The enterprising studio will have to make the task of doing business as efficient as possible for both the consumer and studio. First, examine how your studio interacts with your customers. Is asking your customers to come to the studio for consultations, to pick up the proofs, coming back for sales presentations and then finally coming back to pick up the prints the most efficient way of doing business? That adds up to four trips to the studio not including the actual photo session. For in town consumers this method may not be that costly with respect to transportation costs, but what about those consumers 15 plus miles away. Is there an easier way?

Second, how does the studio advertise and make efficient use of technology? The internet can solve a lot of inefficiencies for the studio. Consultations can actually take place on your website with a well written document on basic requirements for dress, etc. Proofs can actually be placed on your website for review or placed on "time limited" CD/DVDs which are mailed to consumers. Orders consisting of small prints could also be mailed to the consumer. OK. These innovative steps may be somewhat difficult to put into action for most studios that are reluctant to change, but at least you can offer some or all of the above options to your consumers and let them make the choice. Being perceived as an innovator or being easy to do business with can easily lead to increased

market share.

Keep in mind that the internet is and will continue to change the world as we know it today. The sooner you adapt to the concept of *internet business applications* the better off you will be. The iPod changed the concept of recorded music almost overnight. The music industry had to adapt or suffer the consequences of huge revenue declines. The photo market just may be next. With newer picture cell phones coming on the market, the world will be bombarded with billions of images. Consumers seem to want more images. Kodak consumer focus groups indicated that consumers want all their professional images from a photo session, some on paper and the rest on disk. But professional studios are holding back on this *supply/demand* market issue. All college marketing text books teach the same principle: consumer demands always win out because someone will always see the *need* and fulfill that need with a product or service. Studios beware.

Eventually increases in demand for oil and rising prices at the pump will monetarily impact the studio portrait market. Consumers will have tough choices to make in the near future on how to spread their limited funds over a growing array of needs and wants. So why not plan now so that consumers will continue to spend a portion of their discretionary income at your studio by offering portrait products they want regardless of the price of oil.

If you think a friend or studio would benefit from our newsletter, have them contact [Pechman Imaging](#) to sign up. *Let us know your thoughts.*

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