

From: "Pechman Imaging Management" <feedback@pechmanimaging.com>
Subject: **Are photographers subverting their own bottom line?**
Date: April 10, 2006 5:16:11 PM EDT
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Profit-Maneuvering Principles for Studio Application

Digital photographic technology has changed entirely how portraits are produced. Yet most studios have not considered how to set retail prices for newly created digital products while at the same time maneuvering these new products into the lineup of existing product offerings. We call this "*profit-maneuvering*". Example: what is the retail price of a 10x10 collage print with 5 images versus a 10x10 with only one image? The point to recognize here is that more camera and posing time is required to photograph 5 images than just one plus time for color management and cropping. Time is money and it will always be that way.

Surveys and marketing panels express the same desires: today's consumers want to purchase more images but not necessarily all in hard copy media. They want all their images from a professional studio session on disk and will purchase their favorite poses on photographic paper. Especially in the wedding market brides are moving towards albums containing 100's of images versus the traditional 50 to 75 prints. Collage albums in various sizes are increasing in popularity. Currently, we are producing at the lab photojournalistic style proof books containing up to 500 to 800 images. Up to 200 of those images will end up in 38 collage pages mostly in the 10x10 category. Average images per page vary between 3 and 5.

Once a studio introduces the collage album concept to brides in conjunction with their traditional album offerings, price and how to maneuver the collage product to assure desired profits becomes increasingly important. A studio photographer will need to determine if "more images" have increased value to the bride even if such images are depicted as wallet size on a collage print. Or, will the bride see more value in viewing her wedding images as 5x7's or larger in a conventional album with perhaps much fewer images. So how does the photographer make sure he or she is maximizing profit? **Profit-Maneuvering Principle** may help answer this question. Keep in mind also that revenue and profit are not the same.

Profit-Maneuvering Principle stipulates, first, that a required profit number (\$) must be established for each product offered, and second, the total potential profit for each image captured cannot be comprised for either a portrait or wedding session. Only then can various digital products be maneuvered into the proper category or sequence for profit maximization. The P-M Principle simply asks: Do you want to sell collage prints (10x10's, 16x20's, etc.) for the same price no matter how many images are on each, or do you want to maneuver image (\$) values to maximize profits?

Let's look at an example that represents one method to establish a (\$) profit base point from which to maneuver.

Please note that other methods may work just as well. Our example is based on 10x10 wedding albums. We will assume that our photographer decides on a profit (net-net-net) (\$) number for his or her work based on the lowest priced wedding from which price maneuvering takes place. After taking into account all costs including overhead our photographer sets retail prices illustrated in the chart below.

CHART A – RETAIL PRICE – an illustrative example				
10x10 albums	Coverage	3 images/page	4 images/page	5 images/page
12 pages 24 photos	4 hrs.	\$1800	add \$14/page	add \$22/page
15 pages 30 photos	5 hrs.	\$2200	add \$12/page	add \$20/page
18 pages 36 photos	6 hrs.	\$2500	add \$11/page	add \$18/page

Note: Dollar values used are for educational purposes only and hypothetical cost of albums - \$200 or less.

Prices (revenue) are based on 3 images per page and the number of hours allocated for wedding coverage that nets out to a desired base profit which represents our photographer's take home paycheck. Our photographer maneuvers revenue, which drives up net profits (also take home pay), from the established base price of 3 images per page. Based on our examples above, our photographer drives up total revenue from \$1800 to \$2136 by allowing the bride to have 4 images per page instead of just 3. By allowing more reception pictures to a page, 5+ per page, revenue is increased even more. Yes, of course the bride should be allowed to order a mix of 1, 2, 3, 4 or 5+ images per page, but our photographer never discounts his price if the bride orders less than 3 images per page nor gives any images for free. Now if our photographer is facing very stiff competition, pricing for the 4th and 5th image can be reduced, but again, never given away free. This illustrates the **Profit-Maneuvering Principle** in action and can be applied to all studio products whether portraits or weddings.

10x10 COLLAGE PRINTS

COUPON* SPECIAL

Receive 50% discount on 1 order only:

- up to 38, 10x10's - SCM @ \$1.16 ea., LCM @ \$1.55 ea.
- Offer valid through **November 30, 2005.**

Create your sample album now!

* Use coupon code **COLLAGE01** in your FTP, ProShots, LabPrints, "special remarks section" on order form when sending disk or film.

Your comments and suggestions are always welcome.

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