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DIMAcast #192

David Guidry

Lakeside Camera Photoworks

Bill McCurry: Outside of New Orleans is Lakeside Photoworks and David Guidry. How about just a conversation David, no big Q & A session. But tell me your thoughts on imaging and why Lakeside's doing so well?

David Guidry: I think we're doing well. But I'm not satisfied. I would say that we have done tremendous amount of investing in and we've put a tremendous amount of emphasis on services as well as hardware. We're a full fledged camera dealer. We've got two locations. Just to kind of give some background. We have always put a strong emphasis on services and I feel like we did not want to let services go the way of the dodo bird when film started to decline.

So we began to sort of build different service models under one roof. To build a total volume that doesn't quite match what we had the height of D&P, but it's close and we feel like we have something to build on.

In fact I was doing some research. I looked back and figured out that film related services peaked in 2002. That meant that services related to



the handing over of a canister of David Guidry a few days ago sits atop an earlier Lakeside Camera asset. film for us peaked in 2002. I'll share those figures. In 2002 we had \$1,158,000 in film based revenue across the counter in two locations. And this year we looked at the figure and its \$58,000 and I mean obviously we all know that the industry has changed a lot, but I don't know that I quite looked at in such a stark way as what I did upon looking at those two figures. I mean, it's clear that the business that we had doesn't exist. It hasn't declined. It doesn't exist. And in fact I would say that the revenue we generate from rolls of film are really us extending ourselves to clients who still may want that service, but it's certainly not anything we can build a business on or rely on or make payments on anything.

Bill McCurry: So you lost over a million dollars in revenue in seven years, what have you done to replace it?

David Guidry: Well we started to become willing to do things we weren't willing to do prior. I mean no one told us, necessarily how to become a picture framer and no one told us how to edit video. The



Lakeside's Metairie location – in the late 1990's

vast majority of our revenue and services is from consumers who have a particular project in mind. If you're looking at it from the outside looking in then I would tell you that our video revenue is five times what our film revenue is now.

But no one told us. There was no road map to figure out a way in which to have a customer walk in and say well I have a son who's a pretty decent soccer player and we'd like to put a highlight tape together. How do you bill for that service? How do execute it in such a way that the client is thrilled that the experience is good, that they wish to continue to do it, and a lot of it was trial and error, a lot of it was investing in equipment that was costly, but at the same time now we recognize without that investment in both infrastructure, in set, and setting that it was unlikely we'd be able to convert that customer experience into revenue. So we went through trial and error figuring out how to make things work. Well I'll

tell you in video if we're going to do custom edit and we do quite a lot of it, we're going to charge \$150 an hour and that rivals what a lot of attorneys charge. But frankly that's what you have to bill in order to have a profit based on the equipment and the time and the level of employees that it takes to execute those services. So how do you do it in such a way that the client willingly and enthusiastically spends \$150? Well there's a lot that goes into that.

Bill McCurry: You're talking about a customer comes in and they want a highlight reel of their kid's soccer. This is not just duplicating tapes or moving from VHS over to DVD.



David Guidry: No, absolutely Metairie location just before Katrina struck New Orleans not. What it is is us acting as a technician or a producer and putting the client in the position of being a director. In general they're the ones who have the footage and they know what the intent is and we need to make it as easy for them to execute that vision as they can. And of course there's value in that and its value we can bill.

Bill McCurry: Okay you said there was no roadmap; you guys had to find your own way. What did you do?

David Guidry: The thing that I can share with is just to reframe any modern service and there's a number of ways to skin a cat, as they say, so there's nothing wrong with transactional business models in which you duplicate a tape or make a DVD from a tape, there's absolutely nothing wrong with it. We're as involved as we can possibly be in those kind of services, but then for additional growth, I think that what is lost in a lot of the technology is making a commitment. I'm talking about a commitment that's likely to cost real resources to putting a high touch with the high tech.

I'll tell you and I'm going to share this because I do have a lot of friends in the industry. Many of them will approach me about an online solution or a Kiosk solution or



Metairie Location – reborn post Katrina

a software provider who is going to provide and ongoing service for them. Who should they sort of throw their hat in the ring with? What comes up much less, and I think is a more critical piece for the specialty retailer, is that it's not just about the technology you buy and implement and put on a box in your facility, or the website that you put up. It's fulfilling the promise that is inherent in being a specialty dealer. And that's following it up with world class attentive service.

So it's not just about the website. It's not just about the Kiosk, it's what do you do to bring human value to that experience. And that's where we can differentiate and compete in a world where frankly there are a lot of big companies with a lot more resources who can do better websites than we can do. They can design and market and buy customer bases in a way that we just can't, but then we can, I think, touch people in a way that they can't. We can be willing to touch people and then if we do it the right way, we gain ownership and loyalty and we continue to have a business.

Bill McCurry:

Specifically, what's a touch?

David Guidry: What we would determine as being a



Customer at Lakeside Kiosk A\area high-tech, high-touch thing is like let's say we have services that we're selling on our website, I've come to find out that if you solicit from them, you know, do you have any special requests? Most people have some special request or they have some need that they want met in a given transaction. We find that we are able to thrill people by having someone specifically set up to respond to electronic or web customers the same way that we would if someone requested assistance at a Kiosk.

We feel like our website and our service offerings that we've developed for online, we want to offer up the same kind of human assistance to them as they would get if they chose to drive to the store and sit at the Kiosk. At the Kiosk, we're going to offer coffee. We can't do that online. But we can reassure you that we got your order, if you say that you would like to have an e-mail proof, we're going to expedite that proof and get it to you as fast as we can. We have direct phone lines, numbers on the e-mail receipt when they get it to let them know that when they call they can reach a live person within certain hours and if not we certainly respond by



Another view of the kiosk area. Notice the "child" in the play area.

e-mail or from a voice message. What we like to do for our customers is promote the idea that there are real humans on the other side of the phone that are going to optimize every image you send us and if you need assistance and want to talk to somebody, we're here. And we're here when you want and we respond quickly and we listen.

Bill McCurry: Once upon a time there was a Lakeside Camera, but you changed your name in a way?

David Guidry: Doing business as name is part of your overall marketing strategy. If we can from a very base level determine that your brand is how people

feel about you then there are an awful lot of cues that you give people that sort of informs them about how they should feel and one of the things is our name. Now we were initially Lakeside Camera Center. We then became Lakeside Camera and Video. When video cameras became important, then we were Lakeside Camera and Imaging as digital began to take over.

I never was super comfortable with the imaging term, because you know, the MRI people use that same thing and I found it confusing, it wasn't really relevant to photos, as time moved on we have renamed Lakeside Camera Photoworks, because we feel like we can do anything with a photo and you know, much like an

ironworks or a steel works, we are sort of a foundry for photos.

Bill McCurry: I smiled at your image statement there. Most people don't know but



we had one of the first Kodak image centers in the U.S. as a test for Kodak. We did a survey in the mall and asked people if they would shop at the new image center, more than half the women said they'd get their hair done there.

You invested a significant amount of money in things like video editing and things like framing equipment. You've got a beautiful store with a significantly leasehold expense. Is that why you can charge \$150 an hour?

David Guidry: Well, I think its part of why we can charge \$150 an hour. If we didn't deliver value and have something that the customer in the end valued at \$150, we might get one or two customers. But we wouldn't be able to build a business. So the service itself it needs to be worth what you charge. We have a commitment as all enduring companies and great brands do; deliver value for what they ask in return for compensation. So on a very basic level we do good work. And we do it in such a way that people enjoy working with us most of the time.

But I think when we're talking about complex services and charging rates like \$150 an hour for a service, the set and setting that informs the consumer



whether or not they should take the leap to get involved in a relationship with you needs to be reflective of that rate. Now we don't look like a bank lobby, but at the same time, when they sit to do video editing, we'll use video as a prime example,

the screens are very big, the keyboard is a video specific keyboard. We work on a high-end Macintosh workstation. The chairs are comfortable. The lighting in that area is subdued so that the customer can focus on what's being done with their



work.

It is a studio kind of environment that one can walk into a retail store and access just by saying hey I have this and this is what I want to do. So in a way we are bringing what high-end TV studios do. We're bringing it to the public, but the facility itself suggests that we're serious about it. This is real. This is not some schlocky, put together thing done by amateurs. Because frankly if you're paying by time, you should not have to work on a Gateway that was purchased eight years ago. Time is money, we need results when we push buttons and that's part of it.

Bill McCurry: How do you decide what products to offer?

David Guidry: If we see it and it appeals to us, we'll sell it. Variety is, I think pretty critical and I find that when we introduce a new service often we get uptick,

we have converts who continue to go back to that product, but we need to fulfill certain needs.

One of the things we want to look to do now is that we are no longer in a proofing model, in the industry. We do not print two of everything, no matter what the special is.

Now while you may print, for some customers, one of every 4x6 or whatever of everything on the card, that revenue model is not enough to sustain a business. It doesn't necessarily fulfill the promise of what we are able to create with people's photos. Canvas prints, gallery blocks, museum blocks, shadow prints, some of the products that we offer on our site, allow people to have those one or two images that they really love, that mean something to them, have high emotional impact, we can then offer something really elegant and differentiate it. So from a business model, if you get hooked on a particular type of product that we've kind of invented or implemented in a certain way, then you kind of got to come to us to get it. We like that.

I don't mean that in a (laughing) yeah, I mean it in a selfish way. We think our products are really good and once you get



them, you know, let's say there are really well done canvas prints and there are cheesy low rent canvas prints. And if everyone's going to offer canvas prints, we need to differentiate for those people who want something a little nicer, that we fulfill that promise.

But if they want something at a lower cost, we need to have something that works on the wall. Plus not everyone's home is the same, some people, when they pick out a frame are picking out furniture. Those people want gold leaf and that's okay. That's perfect. We can do that. We do that and we do a good job with it. There are other people who want to decorate with family photos a pool patio room. Well gold inlaid frame is not necessarily for that so we got to have a wide variety of things. The more we offer I think, the more we attract people who are looking for a particular thing. And they find something they want and if we fulfill it easily by merging good technology with great customer service, we stand a chance of earning a repeat customer and that's what we need.

Bill McCurry: You invested a lot of money in your website. Tell me about Twitter and Facebook.

David Guidry: I don't know. I think it plays a part in the overall branding. I think



certainly there are ways to reach customers. We are not, by any means experts at using Facebook and Twitter. I could point to other examples that – where people I think do a better job. I do think that for one thing it's – those free services you should avail, I think companies need to avail themselves of it, because it is a way to touch your customer in a way that they may be receptive to. But the problem with free services like that is that you're free to mess them up.

So I think that you have to pay very close attention to not turning it into just another channel for advertising that you provide relevant, important content and reach them in ways that they want to be reached, particularly with social media, otherwise you run the risk of having them shut you off.

And I think it's also true of e-newsletters. Clearly people can and do respond to e-news offerings. But I think if it's a constant television



commercial in the e-mail box or a constant radio ad in the e-mail box, I think we probably will lose people.

Bill McCurry: David Guidry what do you see for 2010?

David Guidry: A lot of hard work, a lot of trial and error and a commitment to try to do everything we can to grow the service business. I do think that the public is becoming more aware of the variety of options at their disposal on images. I can remember when we

put in a digital printing press to do photobooks in late 2005. I was astonished that we didn't just fill up with photobooks, but even



today people are realizing oh wow. I didn't know you could do that. I didn't know it could be done that way. I didn't know I could do it this way.

So we're still battling an awareness problem and that's something that we're going to work really hard on is the marketing part. We feel like we have the technological playing field to play on now, but getting the word out is a challenge, so we're going focus on that in 2010.

Bill McCurry: David you went to CES last month, you going to go to PMA this

month? **David Guidry:**

Absolutely. Yeah
in fact going to CES
made me value what we
get from PMA all the
more. I'm not
necessarily plugging



PMA here, but it's honestly the way I feel. And while you know the 3D television demonstrations were kind of nifty and neat at CES, I don't feel like I got the meat of the matter as a photo guy at CES. It's kind of why I came to CES this year, just to see if, you know, what's it all worth. What's all the noise about? There's a lot of noise about consumer electronics, but for a photo guy PMA's the place, so I – absolutely I'll be there.

Bill McCurry: See you in Anaheim.

David Guidry: See you Bill.

We would love to hear from you with your ideas, suggestions and comments . . .

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