

Title: Why Do-It-Yourself Photo Printing Doesn't Add Up

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Prices of printers have dropped up to 30 percent in the last few months thanks to a savage price war. Is this then the time to buy a photo printer for your home? After all, for about \$200 you can get the Hewlett-Packard Photosmart 8250 that in just 14 seconds spits out a photo that equals the quality of those coming back from the photo finisher in an hour. For the same price, Canon's 6600 prints a borderless 4-by-6-inch photo in 46 seconds, but also prints on both sides of dual-side photo paper.

The catch is that after you make an initial investment, you are going to pay at least 28 cents a print, if you believe the manufacturers' math. It could be closer to 50 cents a print if you trust the testing of product reviewers at Consumer Reports. In the meantime, the price of printing a 4-by-6-inch snapshot at a retailer's photo lab, like those inside a Sam's Club, is as low as 13 cents. Snapfish.com, an online mail-order service, offers prints for a dime each if you prepay. At those prices, why bother printing at home?

Consumers seem to be saying just that. For the 12 months ended in July, home printing accounted for just 48 percent of the 7.7 billion digital prints made, down sharply from 64 percent in the previous 12 months, according to the Photo Marketing Association International, a trade group for retailers and camera makers. The number of photos spewing out of home printers is up, however, because of the overall growth of digital photo printing, but retail labs clearly have the advantage.

You might say this is an example of the wisdom of crowds. Despite the ceaseless efforts of manufacturers to convince consumers that printing at home is fast, convenient and a whole lot of fun, the evidence shows that many people are tuning out the marketing. It does not take an advanced business degree for those consumers to see how printer manufacturers like Hewlett-Packard and Canon make their money. They use the "razor blade" business model. It is named from the marketing innovation of King C. Gillette, who in the early years of the last century sold razors for a low price but made all his money on the high-margin disposable razor blades. Printer manufacturers also use this tied-product strategy.

Printers return relatively low profit margins. But the ink, ounce for ounce, is four times the cost of Krug *Clos du Mesnil* Champagne, which sells for around \$425 a bottle. Ink is about the same price as *Joy* perfume, considered to be one of the more pricey fragrances, at \$158 for a 2.5-ounce bottle. They don't just get you on the ink. Some photo printers force you to buy the cartridge and paper together in a "value pack." The ink or printer ribbon can run out before you are through with half the paper, so you risk building an ever-increasing stack of unused photo paper.

The industry, from the photo finishers to the camera makers, has been concerned since the rise of the digital camera that consumers weren't printing enough pictures. There's a general sigh of relief that the percentage of printed photos has risen from 31 percent in 2003 to a projected 35

percent this year, the Photo Marketing Association says. The trend is slight, but it is in the right direction. The shallowness of the trend line, however, suggests that a new culture of photographs has been created. Consumers print their photos; but moreover, they share their photos more often and technology allows them to do it without printing. Cameras now come with liquid-crystal-display screens of 2.5 or 3 inches designed just for that purpose.

Consumers upload photos for free storage and sharing to Snapfish.com, Shutterfly.com, or EasyShare.com, a service owned by Eastman Kodak. You no longer have to send printed snapshots to Grandma. You can send a URL. The growing popularity of these services is why Hewlett bought Snapfish and Kodak bought Ofoto.com to merge it into its online service. Wal-Mart and Costco have also created an online service for storing and printing photos. Snapfish allows you to order prints stored online for pickup at your nearest Walgreens. Storage on the online services is free and for now, they offer limitless storage. Though each one has slightly different merchandise, you can also use them to print out albums, calendars and mugs with your uploaded photos on them.

Ben Nelson, the vice president and general manager of Snapfish, said that surveys of its customers found that 46 percent did home printing and 45 percent printed at retailers. “We were kind of scratching our heads over that,” Mr. Nelson said. What Snapfish came to realize, he noted, is that consumers vary their behavior depending on the photo. If they want it now, they print at home. Those with 30 to 40 prints go to a retailer. If they are creating large projects like a mass mailing greeting card or a photo album, they seek a mail-order company. “We’ve shifted our services to enable all three,” he said.

That’s not to say that home printers are always an uneconomical proposition. If you want an 8-by-10 inch photo, a home printer will do it for about a third of the \$3 a copy Walgreens charges. But before you take the plunge on these specialized printers, you should ask yourself how often you are going to do that kind of printing.

Dimitrios Delis, who tracks facts and figures for the Photo Marketing Association, says that 85 percent of all prints are the classic 4 by 6 inches. Any time you print in volume—like Christmas cards, or the Little League team picture—you’d be better off having the retailer handle it. “If you want to make many prints at home, it is not economical or convenient,” Mr. Delis said.

Prints made at home will certainly last a long time. That’s certainly one good reason that these printers are popular with hobbyists and professionals. Independent studies say that home printers produce copies that should last 80 to 100 years without fading or yellowing, assuming you used leading inks and recommended photo paper. Marketers at Canon and Hewlett like to point out that those studies also show that prints made by photo processors decades ago now show signs of fading. (Today’s photo processing machines are supposed to produce prints that will last as long as the home-printed versions.)

What may be the better solution is the home office printer that can double as a photo printer on those rare occasions that you are printing at home. Many come with separate ink tanks, so you don’t have to replace all the colors when you inevitably run out of one. Canon sells clear cartridges for ink so you can verify when the ink is gone rather than rely on the printer to tell you to replace the cartridge. After all, when this liquid gold is costing you \$65 an ounce, you’ll want to use every last drop.