

## Developing an idea

### Paramus retailer pioneers new photo-print approach

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STAFF WRITER

Sid Davidowitz has watched the photo industry evolve from the days of clunky, complicated cameras and home darkrooms to palm-sized digital devices and memory sticks. Now, the business is watching to see if a new concept he has developed turns out to be a revolutionary change for photo-processing stores.

His idea is called The Picture Spa – a store with soft music, complimentary coffee and bottled water, comfortable chairs and computers where customers can view, edit and print digital pictures.

The Picture Spa is a response to a problem plaguing photo-printing shops: Digital-camera owners are printing only a tiny fraction of the images they shoot. Davidowitz hopes his concept will persuade consumers to come to the store with their digital cameras and memory cards and turn those unprinted images into profit-generating prints and photo scrapbooks.

Davidowitz, who started in the photo business working in his father's camera store in Bayonne in the 1960s, opened The Picture Spa next door to his Paramus Moto Photo shop in November. Since then, it has drawn a steady stream of pho-

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#### The big picture on photo prints

Changing trends in how Americans are printing digital pictures (12 months ending September 2006 vs. prior 12 months)

##### Home printing

|      |              |
|------|--------------|
| 2005 | 47.5 percent |
| 2006 | 42 percent   |

##### Ordered online, received via mail

|      |              |
|------|--------------|
| 2005 | 9.4 percent  |
| 2006 | 11.3 percent |

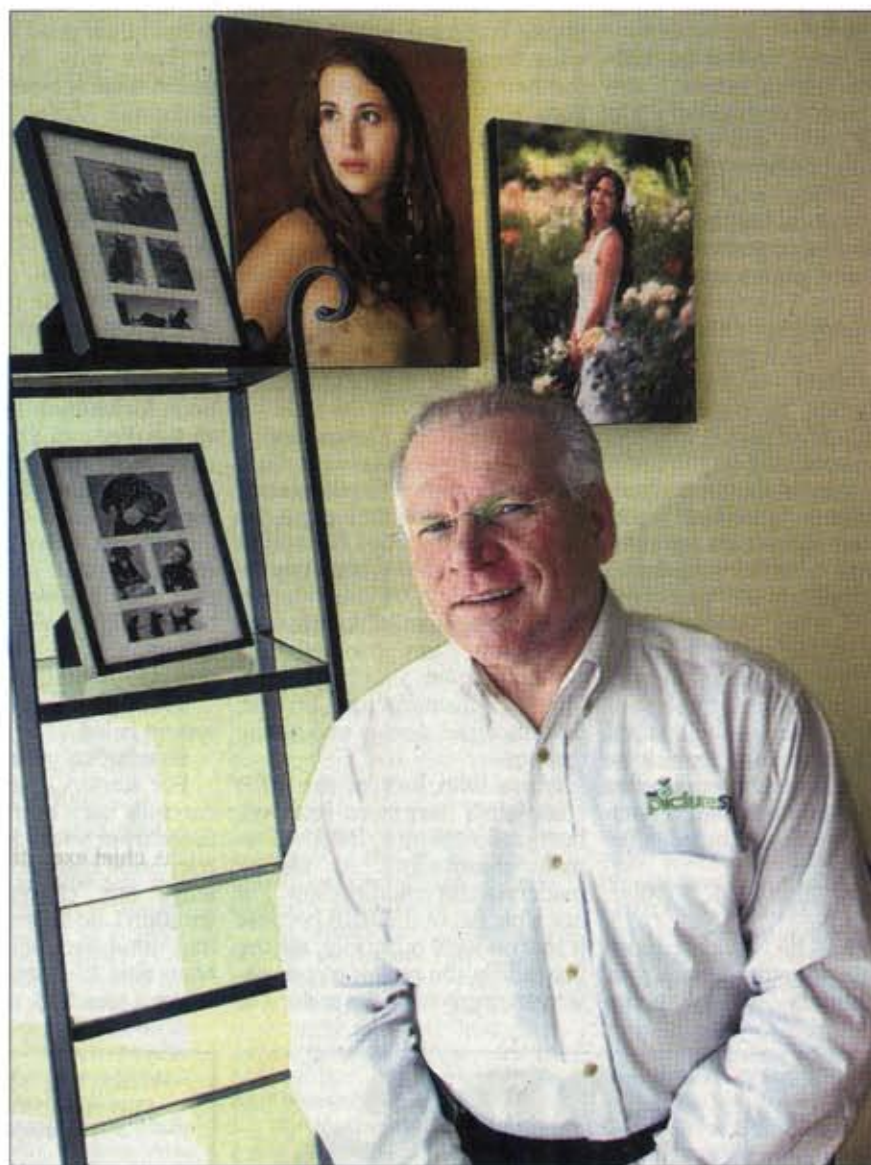
##### Made/picked up at retail (kiosks, minilabs and online orders)

|      |              |
|------|--------------|
| 2005 | 40.8 percent |
| 2006 | 45.3 percent |

##### Other (workplace, etc.)

|      |             |
|------|-------------|
| 2005 | 2.4 percent |
| 2006 | 1.4 percent |

Source: Photo Marketing Association, December 2006



STAFF PHOTOS BY DANIELLE P. RICHARDS

Top, Sid Davidowitz in his new Picture Spa in Paramus, which is decorated with photo accessories to create a homey feeling. Above, customers choosing images for photo books while relaxing with complimentary coffee. The atmosphere is designed to make people comfortable with the idea of making photo prints again.

# Idea: Paramus retailer pioneers photo-print approach

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to-industry leaders curious to see if Davidowitz has created a concept that could become the Starbucks of the \$6 billion photo-processing market.

One of the visitors to The Picture Spa was Harry Loyle, president and chief executive officer of MOTO Franchise Corp., parent company of the more than 150 Moto Photo stores in the United States and Canada.

"I think it's a great idea," Loyle said in a telephone interview from his office in Dayton, Ohio.

## Opportunities

"One of the challenges and opportunities we have in the industry today is, nobody is clear about where the consumer is going to want to interface, and how the consumer is going to want to interface, with their print taking and print-making in the future. The horror story is, Kodak and Fuji don't have it figured out, either."

Photo-processing shops, born in the heyday of film cameras in the 1960s, have seen their business drop dramatically as Americans switched to digital from film. There were 9,000 specialty stores in the United States doing photo processing in 2000. Five years later, only 5,000 remained, according to the Photo Marketing Association.

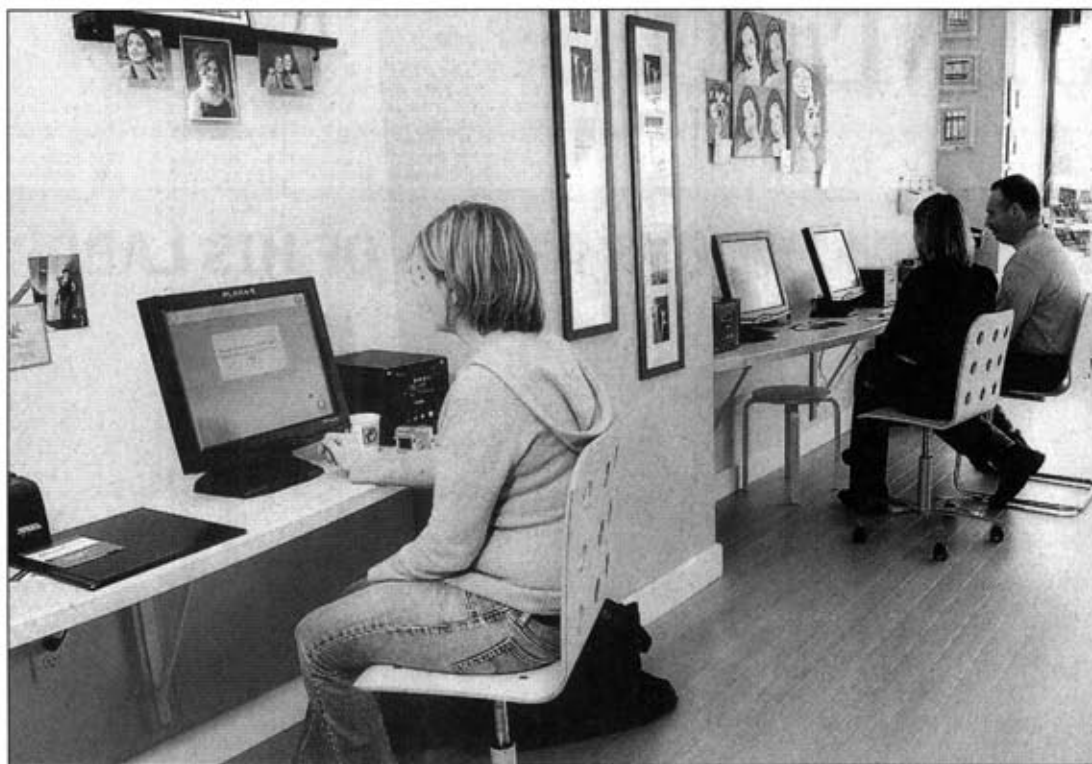
One such shop, The Photo Professor in Leonia, will close on Jan. 26.

"Film processing was our bread and butter, and that's dried up. There was nothing easily forthcoming to replace that revenue," said store manager Rob Mathewson. "Most people, I have found, are happy to snap a thousand pictures on their digital cameras and just show them on the back of their camera."

As independent photo stores have closed, mass-market discounters such as Wal-Mart and drugstore chains such as Walgreens have ramped up their efforts to capture the digital-printing business, with more than 34,000 outlets offering photo printing by 2005. The big discounters have 85 percent of the photo-processing market, according to the Photo Marketing Association.

The original Moto Photo franchise corporation was a victim of that competition. The company filed for bankruptcy in 2002, then was acquired and taken private by a group of investors and renamed MOTO Franchise Corp.

MOTO, Loyle said, is encouraging store owners "to try to get a grasp on what the future could



STAFF PHOTOS BY DANIELLE P. RICHARDS

Creating a picture-perfect atmosphere, Picture Spa customers sit and sip while composing photo books.

look like" and find ways to stay in business. Many Moto Photo stores, originally 1,200-square-foot storefronts that were little more than drop-off sites for film processing, have added portrait studios and specialty merchandise such as photo calendars and holiday photo cards.

## Pushing the envelope

"We're tracking on our radar screen maybe four, five or six people that are really trying to push the envelope a little bit," said Loyle. "Sid clearly is one of those that's pushing the envelope."

The Picture Spa was featured in this month's Photo Marketing Association magazine, and Davidowitz has been asked to present the concept to PMA members at the association's annual convention in March. Davidowitz, who has owned photo-processing labs since 1982, hopes to franchise his concept eventually.

While Davidowitz welcomes the industry interest and visitors, he's more excited that The Picture Spa is drawing visitors such as Jennifer Weissberger.

The Paramus resident was sitting at one of the spa's computer workstations shortly before Christmas making photo scrapbooks for her family to memorialize her late father, Jack Weissberger. She used the store's HP Photosmart monitor to select and crop photos stored on a CD and group them into hard-bound photo albums. Picture Spa

staff members printed these for her while she waited. Weissberger purchased five albums for \$29.99 each.

"The staff here walked me through the whole process, so it was really fun doing it," Weissberger said. She said she



The Picture Spa is decorated with photo accessories to create a casual, homespun feeling.

planned to return to the store to do a scrapbook for her fiancé and another for her mother.

Selling value-added items such as photo scrapbooks, calendars and pillows with photo images, and creating an environment where customers are encouraged to have fun with their pictures are two ways independent photo shops can stay in business, said Chad Munce, digital-

imaging executive for the PMA.

Store owners such as Davidowitz are confronted with the task of recapturing "behavior that has stopped - printing pictures," Munce said. To get consumers printing pictures again, he said, "you have to create a lifestyle merchandising and retail environment."

To survive as a photo store these days, Munce said, you have to cater to a customer the PMA has dubbed "Jennifer" - the association's nickname for a typical Generation X mom in her 30s who is the primary picture printer. "Over two-thirds of the people who print are female, and we've targeted the demographic of the Gen-X mom," Munce said. The PMA recommends that photo stores cater to the "Jennifers" of the world by "taking out the clutter and the chemical smells and make it an open, nice, warm environment for someone to feel good and relax," Munce said. "They'll spend more time, they'll do more with their photos. Everyone's happy; they'll tell their friends."

Davidowitz, 54, said his goal with The Picture Spa was to "make it as inviting and as easy to make prints, photo books and enlargements as possible."

"Even though people can print at home, it's not easy," he said. "It's time-consuming and if they bother to calculate how much they spend in paper and ink, it's expensive. A lot of pictures don't get printed because it's too much of a pain."

Jacqueline Frontauria of Paramus, a Picture Spa customer, said she is one of those people who thought it was too much of an inconvenience to print her own digital pictures.

"You know that commercial where the kid says, 'Mommy, please take me out of the camera'? That was me," she said. Frontauria was using one of the workstations to remove red-eye from photos before making prints.

## The 'bleeding edge'

Davidowitz had planned to add self-printing computer workstations in his Moto Photo store. When a storefront became available next door, his wife Debby suggested he use the extra space to create a spa-like atmosphere. The store includes a lounge, a coffee bar and a children's play area.

Davidowitz has been an early adopter of digital technology at his two stores, investing more than \$500,000 in digital-processing equipment over the past six years, while other photo stores remained stuck in the film era. He has invested roughly \$150,000 in The Picture Spa concept thus far.

"We've always stayed on what I call the 'bleeding edge of the technology,'" Davidowitz said, adding that he calls it that because it requires constant investment of a store owner's own capital.

Moto Photo CEO Loyle said people nationwide are trying to reinvent photo-processing shops, but no one else has come up with a concept like The Picture Spa. "There's been a bunch of activity in this arena, with varying degrees of market success," Loyle said. "There have been fully digital stores that have opened and closed already. And you've got companies like Hewlett-Packard bankrolling some test concepts. But most of those are store-within-a-store concepts."

When Davidowitz first began helping his father Leon in his camera store in Bayonne, camera use was mostly a guy activity. Dads took the pictures and some even had home darkrooms. Point-and-shoot cameras and one-hour photo processing turned picture-taking into more of a mom thing. When the digital age began, most pictures that were taken never got out of the camera, or the computer.

"Now digital has gotten to critical mass. You can get terrific results from reasonably priced digital cameras, and we have the retail technology to help them get great prints," Davidowitz said.

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 picturespa

Relax. We'll help you get the picture!

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