
- Consumer Behavior
- Market Segmentation
- Market Size and Forecast
- Business Models and Strategies

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Summary

There have been three major eras in the photo industry over the last 150 years – the Era of Scarcity (19th century), the Era of Plenty (20th century), and the Era of Excess (21st century). Each era has been characterized by very different customer values, usage patterns, and business models.

Imaging behavior is rapidly evolving as customers leverage enabling technologies and new services in a networked and mobile world – the digital imaging ecosystem. We are moving away from a “capture and print” model to a “manage and share” model. Companies that control how consumers manage and access their still and video images will greatly influence how and where images are monetized.

New digital imaging lifestyles are emerging with significant opportunities for products and services that enhance the viewing, sharing, editing, managing, searching, and preserving of images. Vendors need to understand the benefits that different customer segments value and the business models that can most profitably deliver them.

InfoTrends is conducting a detailed analysis of digital imaging lifestyles to provide vendors with a deeper understanding of customer behavior, market segmentation, customer requirements, competing business models, and emerging opportunities.

The Era of Excess

The photo industry is now in the Era of Excess, which has vastly different customer values and business models than previous eras. Specifically:

- During the 19th century, photography in the Era of Scarcity was characterized by production difficulties, limited distribution, and limited social value. Photographers used large box cameras with wet processing solutions and glass plates to capture still images. There were no means for mass-producing the pictures. The cost of the equipment and the skills required for capturing and processing the photos kept cameras out of the hands of consumers. In the Era of Scarcity, the photography industry placed a high value on craftsmanship.
• With the advent of dry film-based plates and low-cost, easy-to-use cameras, the photo industry entered the Era of Plenty in the 20th century. Production became easy; mass distribution emerged for equipment, supplies, and photofinishing services; and the social value of images accelerated. The value in the Era of Plenty was the distribution network for selling the film and processing the pictures. The business model was based on capture and print.

• The ascendancy of digital photography, advances in other enabling technologies (i.e. broadband connectivity, high speed wireless, device independent software), and the emergence of Web-based services has catapulted the imaging industry into the Era of Excess. Production is trivial, distribution is virtual and practically infinite, and sharing is ubiquitous. The number of digital pictures captured per year will double over the next five years, and the number of images shared is expected to grow exponentially.

Consumers in the Era of Excess value the ability to manage, share, and access images in the right context. These images may be in print form, or they might be accessed through e-mail, MMS, sharing sites, and social networks via cameras, handsets, PCs, TVs, and other networked devices.

### The Digital Imaging Ecosystem and Lifestyles

Imaging behavior is evolving rapidly as consumers leverage enabling technologies and new services in a networked and mobile world. Together with the long-established functions of capture and print, consumers have many choices for viewing, sharing, editing, managing, searching, and preserving their images and video clips in the digital imaging ecosystem.
From a desired state perspective, consumers are looking for:

- Easy viewing, sharing, and management of their images and videos
- No-effort preservation of digital memories
- Easy access to their images and videos, through any device, regardless of where the information is stored

New digital imaging lifestyles are emerging, and they differ based on the benefits that consumers value and how they prefer to realize those benefits. These values and lifestyles are shaped by a number of factors, including demographics, socioeconomic attributes, attitudes toward technology, and awareness of services.

Segments of this market are moving away from a “capture and print” model to a “manage and share” model. Companies that control how consumers manage and access their images will greatly influence how and where images are monetized. Vendors need to understand the benefits that different customer segments value and the business models that can most profitably deliver them.

**Project Objectives**

The overall objective of this project is to analyze consumer digital imaging lifestyles in the U.S. to provide vendors with a deeper understanding of consumer behavior, unmet needs and values, and emerging opportunities and business models. Specific project objectives include:

- Profile and segment digital imaging consumers
  - Demographics and socioeconomic attributes
  - Usage patterns
  - Awareness and perceptions of alternative methods

- Map out the “life” of a digital image and video clip and identify pain points, values, and preferences by type of consumer
  - Activities
    - Capturing
    - Creating/Editing
    - Managing
    - Searching/Navigating
    - Sharing
    - Communicating
    - Viewing
    - Printing
    - Preserving

- Pain points & values
  - Ease of use, convenience
  - Tools (i.e. expression, chat, tagging)
  - Remote/real-time access/sharing
  - Syndication
  - Publishing
  - Trusted supplier/security

- Usage models and preferences
  - PC vs. device; software vs. Web-based service
  - Core and secondary features
  - What the consumer is willing to pay for directly vs. indirectly
  - How consumers prefer to pay (usage fee, subscription, license, advertising)
• Forecast the number of people, image, and revenue for consumer digital imaging lifestyle activities and services (2006 to 2010)

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<thead>
<tr>
<th>Activity</th>
<th># of People</th>
<th># of Images &amp; Video Clips</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>Capturing</td>
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• Identify and profile key industry players
  o Products and services
  o Target markets
  o Business model
    » Fee, subscription, advertising-based
    » Fee vs. free services
  o Partners
• Identify opportunities and strategies for technology vendors and service providers
  o New services and bundles
  o Positioning
  o Market development
  o Go-to-market strategy
  o Partnering
Market Research

Our research will include an extensive review of existing research as well as interviews with technology vendors, service providers, and consumers across a variety of market segments.

Secondary Research

InfoTrends has conducted extensive research over the past 24 months with technology vendors, service providers, and consumers related to digital imaging. Relevant research reports that we can leverage as part of this study include:

- Online Photo Services Forecast
- Digital Photo Prints Forecast
- Digital Photo Prints Forecast
- Online Photo Services End-User Survey
- Digital Photo Printing End-User Survey
- Camera Phone Forecast
- Online Photo Services End-User Survey
- Camera Phone Forecast
- Online Photo Services End-User Survey
- Camera Phone Forecast
- Online Photo Services End-User Survey
- Camera Phone Forecast
- Online Photo Services End-User Survey
- Camera Phone Forecast
- Online Photo Services End-User Survey

We will also thoroughly examine existing market information regarding key applications, market segments, competitors, and product categories. InfoTrends anticipates utilizing a variety of sources, including:

- Industry trade associations
- Vendor Web sites and white papers
- Published industry reports
- Government statistics

In-depth Interviews with Industry Vendors

InfoTrends will conduct a series of in-depth interviews with a wide range of industry vendors, including:

- Software vendors
- Portals, blogs, and communities
- Photo sharing/management/printing/preservation services
- Carriers and cable services
- Handset, camera, and camcorder vendors
- TV, photo display, and DVR vendors

The intent of the interviews will be to map out the structure of the ecosystem, quantify the market size, and understand how the market will develop in the coming years. Key issues will include:

- Views on consumer behavior and market segments
- Opinions on the direction of key technologies and services
- Perceptions on competing business models
- Perspectives on market enablers and barriers

In-depth Interviews with Consumers (30)

InfoTrends will conduct a series of in-depth interviews with consumers, particularly early adopters/technology enthusiasts and mainstream consumers. In conducting these interviews, we will gain a greater understanding of consumers’ attitudes towards, likes and dislikes of, and desires for existing and new technologies and services.

Structured Survey with Consumers (1,200)

InfoTrends will conduct a structured survey with 1,200 consumers across the United States to evaluate end-user attributes, purchase motivators and behavior, product awareness, and other factors influencing the growing use of digital images.
Analysis and Project Deliverables

InfoTrends will analyze the research and provide clients with a series of deliverables that include:

• An Executive Summary addressing key issues, findings, and overall recommendations
• A market forecast with supporting assumptions
• Vendor profiles
• A presentation for internal communication of the research results
• A data book of the survey tabulations for additional analysis (option)

Project Schedule

InfoTrends intends to begin this project in August 2006. Based on the following schedule, the project will be completed with material distributed before the end of the year. Throughout the project, InfoTrends will issue regular updates on the project status.

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<tr>
<th>Milestone</th>
<th>Completion</th>
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<tr>
<td>Desk research</td>
<td>August</td>
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<tr>
<td>In-depth interviews with vendors</td>
<td>September</td>
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<td>1,200 interviews with end-users</td>
<td>September</td>
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<tr>
<td>Market analysis and forecast</td>
<td>October</td>
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<tr>
<td>Report and presentation delivery</td>
<td>November/December</td>
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Participation Fee

Clients that sign up before September 30 will be charged a base participation fee of $9,995 (U.S.). Clients that sign up early can also provide input and review the interview guides. After September 30, the base participation fee will be $11,995 (U.S.). Detailed data tabulations are available for an additional $995. A personal presentation is available for $2,000 plus travel expenses.

Terms and Conditions

Although reasonable efforts will be made by InfoTrends to ensure the completeness and accuracy of the information contained in written and oral reports in connection with the proposed study, no liability can be accepted by InfoTrends for the results of any actions taken by the Client in connection with such information, opinions, or advice. InfoTrends retains all Copyrights. Reproduction of any material is only permitted with the written consent of InfoTrends.