

THE ECONOMIC TIMES

# Cheese! Online photo studios move into frame

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THE ONLINE photo services business in India is witnessing a frenzy of activity, especially among start-ups, as the country's internet base grows rapidly and the market for digital cameras booms. Photo studios with an online presence to meet customer demand for photo prints and personalised merchandise such as T-shirts, calendars or greeting-cards are also attracting a large NRI audience and interest from venture capitalists.

"Today's consumer is not just looking for a place to edit or store photos; they are looking for a permanent online display for their most coveted memories with the option to customise and purchase prints," says IIT-Bombay alumnus Manish Agarwal, the MD and co-founder of online photo service provider Picsquare.

Founded in December 2005, Picsquare currently has over 1.5 lakh users and over 3 million photographs under management with an aim to have 5 million users and revenues of \$25 million by 2012.

The company received about \$75,000 in angel funding in 2006 and is looking for ven-

ture capital investment of \$2-3 million to increase its product portfolio. Picsquare, which has a technology tie-up with Bhola Digital Lab, has added as its latest offering an interactive editing tool which allows users to author a personalised photo book with their own images and subtitles.

The Indian amateur photography market was about 400 million prints in 2006 and growing at 35% annually. According to Gartner, the market for digital cameras was \$110 million in 2006 and seen growing by 20%-22% through 2011. Hewlett-Packard's Web-based photo sharing and print service Snapfish recently announced a revenue-sharing arrangement with Indiaplaza.in to launch a co-branded photo centre. Snapfish has a customer base of 3 lakh users after only 8 months of operation in India.

"We are seeing tremendous growth both in the number of users as well as photos. The only proven model in the entire space of online photography is in printing photos and photo gifts - which is our model, and Snapfish is profitable world-wide," observes Snapfish Asia Pacific MD Bala Parthasarthy.

Globally Snapfish has 600 employees, of whom 400 are in India. Orders are executed

in Mumbai and it takes 3-7 days for the product to reach customers.

The internet has turbo-charged digital photography by allowing the users to upload their pictures to the web and then share, print or undertake other creative activities which they could never do with traditional film photography. This is forcing traditional photo printing and photography equipment retailers such as Bangalore-based G K Vale to adapt. "Our advantage is that we understand printing technology, colour signs, printing, skin tone and everything is done in-house. We don't outsource anything," says G K Vale CEO Anand Sukumar.

Through its website, G K Vale gets about 200 bookings a month to cover occasions such as weddings and has a loyal customer base estimated at about 50,000. It recently made offers to send personalised merchandise like greeting cards, mugs and frames on the eve of Ganesh Chaturthi and Onam.

The company expects to have 5 lakh customers, including online clients, by 2012.

Mr Sukumar says he has been approached by venture capitalists with offers of funding up to \$20 million. Once a deal is finalised, G K Vale will use the cash to enhance its online

presence and expand outside its home base.

"We feel that the brick and mortar businesses and online photo sharing will coexist and complement each other. Therefore, the customer will have the best combination of online photo services and traditional processing and printing," says Picsquare's Mr Agarwal. SnapGalaxy, which has offices in the US and in India, has both an offline and online presence. It allows photographers to generate cash by selling their photos as prints on personalised gifts online.

"We have seen demand from India as well as other regions of the world, mainly the UK, the US and Australia. But considering the growth of internet in India, online sales and services will go up dramatically over the next few years. We expect to see the online photo business to double in size by late 2010," says SnapGalaxy CEO Kevla Desai.

"We strongly believe that the traditional photo business will not die out but revenue will be distributed between online services and local photo printing shops. It is likely that by 2012 we will see about 60% of photo printing to happen at traditional photo printing shops while the rest will happen online," he adds.



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