

Market Pulse Image Arts Etc.

Background & Experience with Digital Printing

Who We Interviewed:

10 Image Arts Etc. Franchises

In early 2001, I.T. Strategies launched a new research plan, **Market Pulse**, to evaluate emerging trends and events in the digital print world. This market pulse series, *Image Arts Etc. (IAETC)*, is a part of this on-going research plan. In April and May of 2002, I.T. Strategies surveyed 10 Image Arts franchises. At the time of the survey, there were 17 franchises open. Since that time, IAETC has issued franchise store number 50. To date 29 stores are open with 6 more scheduled to open within two months. Surveys were conducted by phone (predominately) and e-mail. Franchisees were asked about how they heard about IAETC, what appealed to them about the franchise, their background, the state of the business, problems, customer base, how they market to customers and most requested services. This market pulse deals with respondent background and digital printing experience. Future reports will cover the remaining issues. For background on Image Arts Etc. franchises refer to *Market Pulse: IAETC Strip Mall Location Influences Customer Base*, dated August 2002.

Introduction

This is the third report in our survey of Image Arts Etc. franchises. In late spring 2002, I.T. Strategies surveyed 10 of the 17 Image Arts Etc. franchises to learn about their background, their customers and their applications. This market pulse focuses franchisees' backgrounds, how they heard about Image Arts Etc. and their experience and problems regarding digital printing. For the most part, while franchisees had some experience in the past with digital printing, it appears that these franchises are introducing digital print-for-pay shops to a new group of people that (for the most part) have not been in this business in the past. The fact that it is a franchise means the learning curve to understand and operate the business is significantly shortened and if problems do crop up, the franchiser can put together training programs to help solve them.

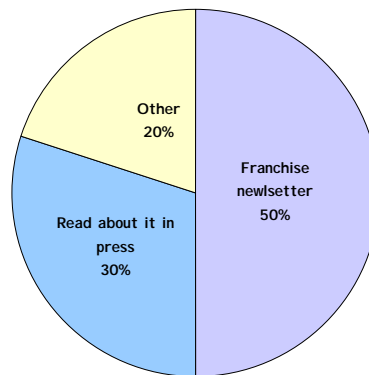
Other reports in the IAETC series:

- Strip Mall Location Influences Customer Base
- Key Services

How did you find out about IAETC?

Half of the survey respondents found out about the franchise opportunity through a franchise newsletter, such as the one available through www.franchise.com.

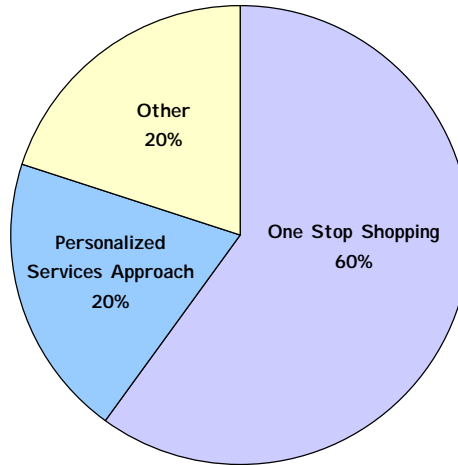
How Did You Hear About IAETC?



What was it about the concept that appealed to you?

More than half of the respondents were attracted to IAETC because of the range of products and services offered as well as the personalized services approach. (For more information on products and services offered, see Market Pulse, *IAETC Key Services*, dated August 2002).

What About the Franchise Appealed to You?



What did you do before buying the franchise?

Respondents were asked about their background before buying the IAETC franchise. Answers to most of the other questions, such as how did you find out about the franchise, tended to group together and reflect a trend. However, in terms of what people did before they purchased the IEATC franchise, the responses varied widely:

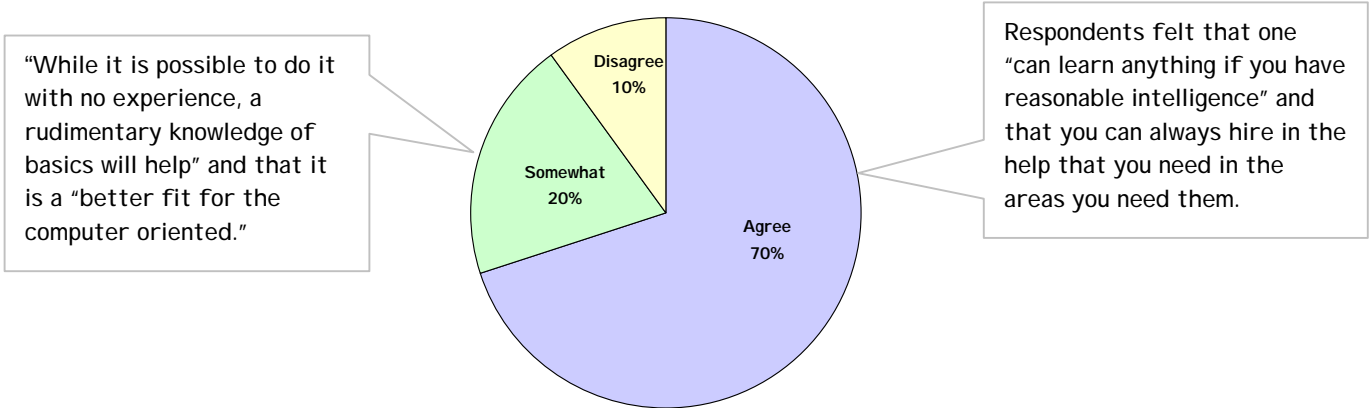
1. Serving business graphics needs since 1982
2. VP with Marriott International Lodging Division
3. Owned three franchises prior to this one: 1) Soft Pretzels, 2) Hollywood Tanning, 3) Medieval Franchise
4. In the computer industry
5. RF engineer in the wireless field
6. Involved with graphic design and professional photography; also have art degree
7. 25 years in graphic arts industry
8. State police (husband); real estate agent (wife)
9. 23 years in computer software industry
10. 27 years in PR/graphic arts

Market Pulse:

Digital Printing Experience Required?

IAE in its literature says, "No particular knowledge relative to photography (digital or traditional) or digital printing is required." Respondents were asked if they agreed with this statement and to explain their answer. For the most part all agreed that no experience was necessary, either in photography or digital printing. However, most of those respondents agreed that it "sure makes it easier if you do."

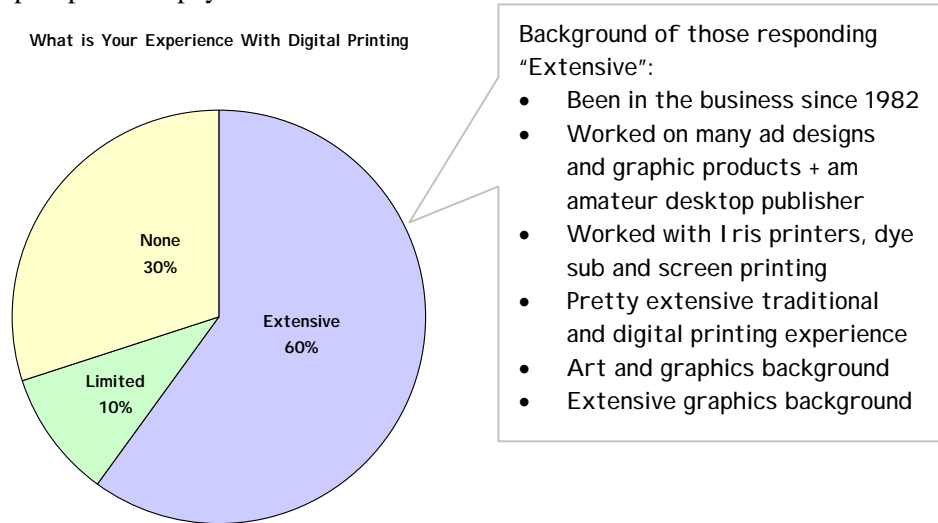
"No particular knowledge relative to photography (digital or traditional) or digital printing is required." Agree or Disagree



Your experience with digital printing

Respondents were asked about their experience with digital printing. While respondents stated that no experience was necessary, more than half the respondents stated they had extensive experience with digital printing before buying the franchise, suggesting that perhaps something in their background made this franchise appealing. Only one respondent said he had been in a similar business previously further suggesting that IAETC franchisees constitute a new group of print-for-pay owners.

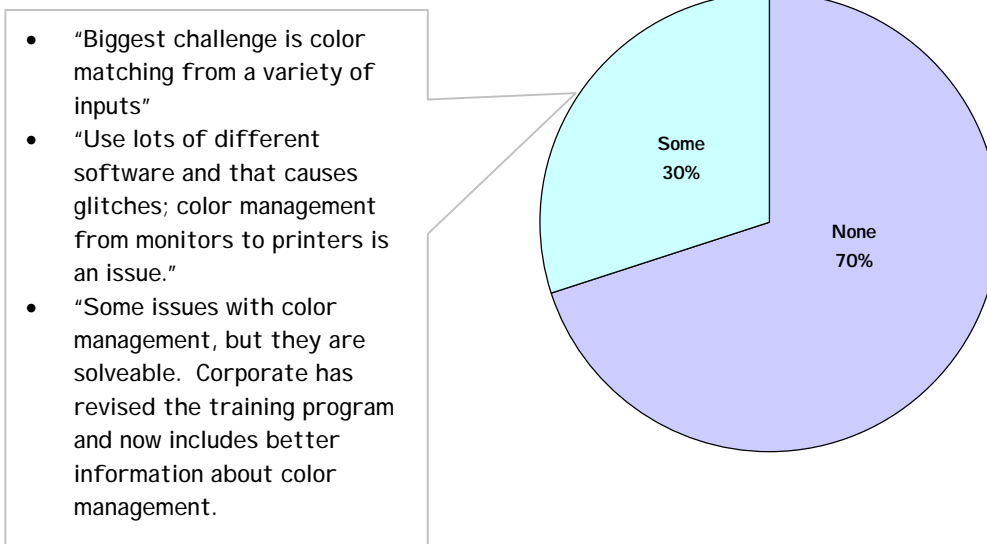
What is Your Experience With Digital Printing



Any Problems with Digital Printing?

Because of the statement that no experience in digital printing is necessary, respondents were asked what problems, if any, they had with digital printing. The majority of the respondents stated they had no problems with digital printing. Of those that had problems, they all revolved around color management and color matching issues. Some of the benefits of being a franchisee are evident with Corporate offering better training on color management issues.

Have You Experienced Problems with Digital Printing in Your Franchise



About Franchises

According to www.franinfo.com, franchising has at least three major benefits:

1. It is as close as you can come to a guarantee of success: Studies show that over 90% of new (nonfranchise) business start ups fail within three years, primarily because of the learning curve owners must go through learning to operate a new business. Studies have also found that franchise new businesses rarely fail, primarily because all that has already been learned is transferred to the franchisee.
2. A franchise investment can be thoroughly researched before any significant expenditures are made: By talking over key questions about training, time required to break even, annual return on investment, etc., with existing franchisees, one can “try the business on” before investing.
3. Franchising inherently leads to rapid growth: Like a snowball rolling down hill, as the franchise system expands more money is available to provide expansion capital and increased advertising expenditures, the name begins to become more well known, and the franchise begins to squeeze out competition through its size.