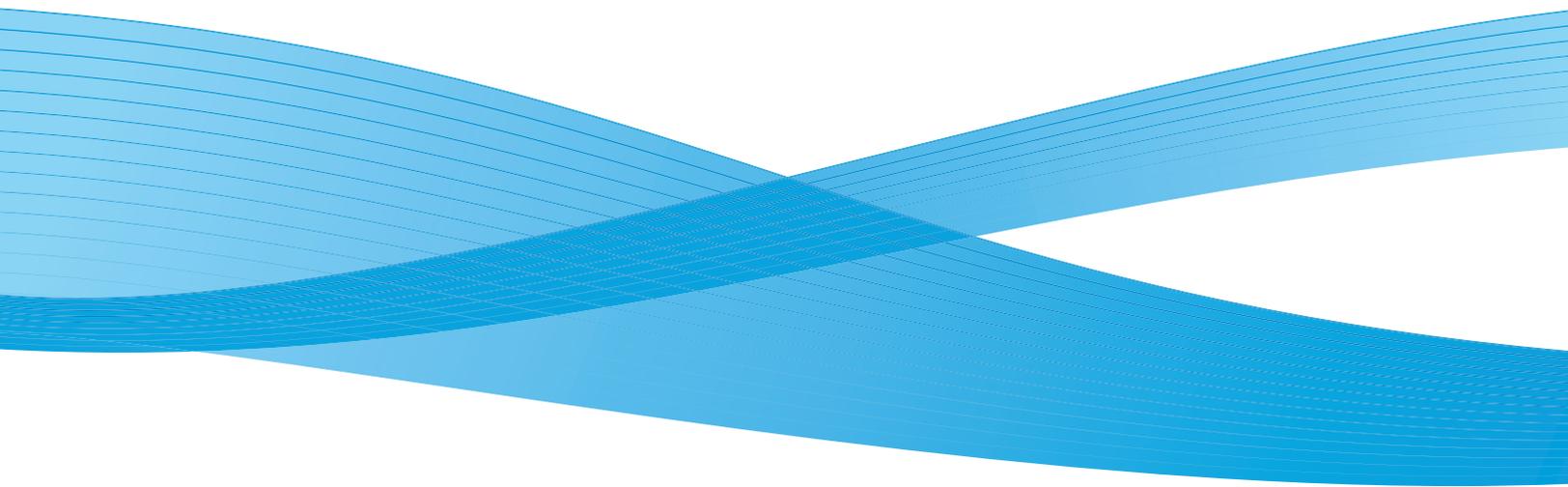


Xerox Printer at Harold's Drives Rapid Growth in Photo Specialty Products.



Battling the rapid drop in film processing revenue.
Finding new growth in digitally printing photo specialty products.
Renewing a fourth-generation family-owned business.



Harold's Photo Centers, Inc.

Harold's Photo Centers, Inc., is an eight-store retail chain in South Dakota and Iowa offering film and digital image processing, portrait studio services and photo merchandise sales. Founded as a photo studio in 1910, the company is in its fourth generation of family ownership and has its headquarters in Sioux Falls, S.D.

"Bringing the print shop in house saved us. Nearly all of our growth is in digital, as more consumers learn what they can do."
— Bob Hanson, President,
Harold's Photo Centers, Inc.

On the web:
www.haroldphoto.com.

Challenge

Harold's Photo Centers had long been the leading film processor in its markets, but that business peaked in 2003 and slipped by 20 percent annually until it was dropped altogether in 2009. But Harold's tracked the shift well. Since the mid 1990s, Harold's has experimented with xerographic digital printing—initially for greeting cards—slowly building the business to provide an alternative to film prints. "When our film processing business began to drop, we jumped into digital printing with both feet," said Bob Hanson, Harold's president. In 2001, the company thoroughly researched the market for digital color printers and determined that Xerox offered the best photo image quality and accommodated the heavier stocks Harold's uses. As customers have warmed to its digital products, Harold's has been challenged to frequently scale up its digital services.

Solution

After acquiring its first Xerox printer in 2002, Harold's built its fleet to two DocuColor® 250s by 2006, then traded both for a higher-speed Xerox 700 Digital Color Press with an EFI® Fiery® Color Server in 2008. To accommodate digital growth, the retailer transformed a warehouse into a digital printing production center, added hard and soft cover binding and other finishing equipment, and retrained staff to run the center, which opened in summer 2007. "Now we're a short-run print shop as well as a retail photo center," Hanson said. Harold's Photo Center's customers use the firm's web site or in-store kiosks at each of its eight stores—95 in all, including Lucidiom Inc., Whitech Software Solutions, and web-based kiosks—to submit digital files and order photo products from templates designed by Harold's staff. The company also fulfills digital photo specialty products as an outsourcing partner to other retailers.

Benefits

Today, digitally produced photo specialty products are the fastest growing segment at Harold's, having doubled from 2005 to 2006 and grown by 50 percent in 2007 and 35 percent in 2008. Greeting cards generate the greatest volume—as many as 500,000 annually, including 100,000 graduation cards in 2008. Books, calendars, display prints and photo note pads are also growing. The internal production center has improved the company's control of quality, scheduling and profitability, enabling Harold's to become an outsource provider of greeting cards. The latest Xerox digital printing technology improves image quality and registration, prints faster on the firm's paper stock, and requires less operator supervision to lower costs, Hanson said. Using Xerox paper helps keep the printer running reliably, and the different media and weights contribute to new product development, he added.

For more information visit www.xerox.com/digitalprofit.

