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# Marketing Strategies Used by Specialty Photo Retailers to Grow Revenues

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# Walden University

College of Management and Technology

This is to certify that the doctoral study by

Robert Banasik

has been found to be complete and satisfactory in all respects,  
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Walden University  
2016

Abstract

Marketing Strategies Used by Specialty Photo Retailers to Grow Revenues

by

Robert M. Banasik

MBA, Post University, 2012

BS, Post University, 2009

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

June 2016

## Abstract

The advent of digital cameras, including those in smartphones, has caused an upheaval in the photo industry that led to the bankruptcy of Kodak and the closure of most independent photo stores. The purpose of this multiple case study was to explore marketing strategies that specialty photo retailers in the United States have used to grow revenues after the shift to digital imaging technologies. The conceptual framework of this study was Rogers's diffusion of innovations model specifying typical movement of information through communications channels in a social system over time. Data sources included semistructured interviews with 5 photo retailers, photos of facilities and point-of-sales displays, website pages, and social media. Data were analyzed using inductive coding of phrases and words from interviews, followed by identification of common themes. Additional data gleaned from participants' displays, websites, and other documents supported interpretations of themes through methodological triangulation. Strategies that the 5 participating retailers used to grow revenues were manifest in 3 major themes: adoption of new technologies, market segmentation, and marketing communications. Study participants described various strategies to acquire customers including the use of technology (e.g., enterprise-level management systems), defining market segments underserved by competitors, and customizing marketing communications for specific targeted segments. A viable retail channel can produce social change by providing sources of information on new products that can enhance consumers' lives and create economic growth via new jobs.

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## Dedication

This study is dedicated to Carol, my wife, best friend, and partner in all things significant. I would not be on this academic journey without Carol's encouragement, suggestions, and support. I have earned no educational degree nor achieved any worthwhile purpose alone, and to my benefit Carol has ever maintained her role as protagonist. It is to Carol's credit if any social benefit or actionable business ventures result from the work contained herein.

## Acknowledgments

No worthwhile accomplishments are singularly achieved by one person but rather through teamwork and relationships developed within personal, professional, and academic interactions. Those with fingerprints on these pages include many photo-industry colleagues; Dr. Richard Snyder, my doctoral chair; countless colleagues in tandem pursuit of doctoral goals; all the dedicated professors and staff at Walden University; and professional librarians who often fill roles as chief researcher, keyword term analyst, and sanity checker.

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## Section 1: Foundation of the Study

The purpose of this study was to explore marketing strategies used by specialty photo retailers to grow revenues. Photo equipment sustains the manufacturing supply chain of the photo industry, but retail stores are essential in promoting new products through customer engagement (Klaus & Maklan, 2013). Some specialty photo retailers cannot compete on price against Internet-based resellers of photo equipment (Kaczanowska, 2013), but could overcome that weakness through customer engagement strategies as described by Gustavo (2013). Products bundled with services often increase customer engagement by encouraging co-creation of value (Hilton & Hughes, 2013). The current substitution of camera-enabled smartphones has not only disrupted markets for compact cameras, it has significantly diminished the need for high-margin photographic consumables such as film (Carter, 2014). The resulting contraction of the photo industry has diminished marketing communications through retail stores—a channel more capable of conveying brand and product information than supplier-direct channels (Lund & Marinova, 2014). Marketing strategies offered through retail stores offer distinct benefits to consumers through conspicuous displays, personal engagement (Avery, Steenburgh, Deighton, & Caravella, 2012), and hands-on experience.

### **Background of the Problem**

Participants in the photo industry experienced declines in revenues due to the effects of external forces—environmental, economic, and technological (Jackson & Wood, 2013). Environmental management practices are often key drivers of product quality and differentiation (Narasimhan & Schoenherr, 2012), but such practices are

incapable of addressing large-scale disasters that can limit availability of product supply. For example, Japan has been the source of most photo products available in the United States (Carter, 2014). The 2011 Japanese earthquake and subsequent tsunami (Fritz et al., 2012) disrupted many photo industry businesses close to Fukushima. Likewise, economic conditions, such as depressed wages, have diminished profits by lowering demand for consumer goods typically purchased with discretionary income (Nikiforos & Foley, 2012). Technology changes have decimated the onsite print distribution channel and left consumers with few or no alternatives for personal service or advice regarding high-quality image capture (Kaczanowska, 2013). Retailers could analyze product usage and customer behaviors to find technology-driven opportunities and exploit newly defined and enabled market segments (Yu, 2013). But some retailers have not done either.

Retailers could be effective in engaging consumers by pushing marketing communications through conspicuous (i.e., clearly visible) branding and experience-based marketing (Avery et al., 2012; Piotrowicz & Cuthbertson, 2014) to selectively targeted markets (Luczak & Younkin, 2012).

### **Problem Statement**

The diminishing number of specialty retail stores and reductions in total industry revenues illustrated declining trends in the photographic industry (Kaczanowska, 2013). Between the years 2001 and 2012, the number of photo industry retail outlets, including photo equipment stores and photofinishing labs, declined by 90% to an aggregate of 789 locations in 2012 in the United States (U.S. Department of Commerce, 2015). Total industry revenues also contracted, resulting in an average negative 2.8% annual growth



rate from 2008 to 2013; continued 2% annual declines are forecast through 2018 (Kaczanowska, 2013). Low demand has restrained revenue growth in the retail channel of distribution (Carter, 2014).

The general business problem was insufficient growth of the photo industry, which resulted in contraction of the photo specialty retail channel of distribution—photo stores (Kaczanowska, 2013). The specific business problem was that some specialty photo retailers lacked marketing strategies capable of growing revenues.

### **Purpose Statement**

The purpose of this qualitative, multiple case study was to explore marketing strategies that specialty photo retailers used to grow revenues. The targeted population included owners or managers of five specialty photo retailers in the continental United States who were successfully growing revenues. The findings of this study could lead to positive social change by illustrating solutions capable of restoring many jobs that were lost in the photo industry. More than 100,000 jobs were lost in the photo industry since the year 2001 (U.S. Department of Commerce, 2015).

### **Nature of the Study**

Qualitative research is foundational to interpreting and understanding of peoples' perceptions of their experiences (Yilmaz, 2013). I chose a qualitative method to explore insights described by retail photo store owners regarding their revenue growth. This method is best when exploring phenomena that have undergone little prior research (Trahan & Stewart, 2013). The qualitative method is appropriate for use when there is a void in the literature explaining relationships between variables (Lund, 2014).

Quantitative methods are instruments of calibration and they are useful in finding relationships between specified variables; however, they are inappropriate for answering *how* and *why* questions (Frels & Onwuegbuzie, 2013). Quantitative methods were, therefore, inappropriate for this study because I had not yet identified specific variables. A mixed-methods approach was also inappropriate for this study because there were no theories relevant to the research question to test via quantitative methods, as described by Venkatesh, Brown, and Bala (2013).

Multiple case study design was ideal for this study because the study goal was to discover the marketing strategies employed in stores experiencing sustainable growth in revenues. Other designs such as ethnography or phenomenology were inappropriate because they would not allow exploration of the targeted population using multiple sources of data. Use of multiple data sources, including open-ended questions in unconstrained interviews, could yield information about personal constructs and interpretations of experiences from diverse environments and locations (Yilmaz, 2013). Uninhibited discussion of experiences gave participants the freedom to discuss their feelings or perceptions about their results and the effects of local factors. It also strengthened this study's findings through triangulation of data sources, as described by Denzin (2012).

### **Guiding Question and Interview Questions**

The sole guiding question for this study was a follows: What marketing strategies do specialty photo retailers use to grow revenues? The following four questions (with subquestions) were used to acquire the data needed to answer the guiding question:

1. Please tell me about your store in terms of its location, the market segments you target, or your proximity to concentrations of highly desirable potential customers.

If no mention of challenges, probe with: Please describe your greatest marketing challenges.

2. Please describe your marketing strategies and their categories (e.g., hard goods, accessories, or products bundled with services).
  - a. If no mention of competition, probe with: Are there any categories of products or services you consider to be key drivers of revenues or profits?
  - b. If no mention of new customer acquisition, probe with: Describe your experience with new customer acquisition efforts.
  - c. If no mention of marketing mix strategies, probe with: Please describe how your marketing strategies focus on any of the standard marketing mix components of product, price, place, or promotion.
3. Describe your experiences with revenue growth in recent years and projections for the next five years.
  - a. If no mention of new customer acquisition, probe with: Are there any categories of products or services you consider to be key drivers of revenues or profits?
4. Please describe any topics related to photo category sales or marketing we have not yet covered that you feel are important for us to know.

## Conceptual Framework

The diffusion of innovations theory (Rogers, 1962) was the conceptual framework used to explore the marketing strategies of retail photo store owners in successfully growing revenues. Rogers's (1962) research into diffusion of innovations revealed that information new to an individual (i.e., innovation) can be characterized by "relative advantage, compatibility, complexity, trial ability, and observability" (p. 38). Perceptions of these characterizations of products or services can impact the rate at which consumers adopt new products and retailers grow revenues. These perceived characteristics could also affect marketing communications channels. Complex or high relative-advantage products could require primary information transmitted by a salesperson or paid advertisement—further supported by neighbors or other social contacts—to mitigate uncertainty and demonstrate relative advantage. Rogers (1976) defined categories of consumers through standard deviations of adoption rates represented as a bell-curve distribution. Rogers labeled those who were first to purchase as *innovators*, followed by *early adopters*, *early majority*, *late majority*, and *laggards*.

Innovators and early adopters are those most willing to ignore uncertainty and seek out innovation. Innovators undertake an essential role in seeding the future market by providing tangible examples of relative advantage, compatibility, and observability to other categories of consumers. Diffusion of innovation concepts outline the framework within which retailers can introduce new products and successfully grow revenues.

## Operational Definitions

*Customer lock-in.* Perception by customers of feeling bound to their relationship with a service provider is often described as customer lock-in. (Harrison, Beatty, Reynolds, & Noble, 2012).

*Customer-centric.* This term signifies a departure from the product-centric view of marketing prevalent in the 1900s and transitioning toward a view of customer relationships as foundational to creation of company value (Spencer & Cova, 2012).

*Diffusion of innovation.* This term describes a process by which certain channels communicate innovation over time among the members of a social system (Ismail & Abu, 2013).

*Digital camera.* This term is commonly used to indicate devices with a primary functional intent and design of capturing images using electronic sensors such as charge-coupled devices or cadmium metal-oxide semiconductors, while omitting non-dedicated image capture devices such as smartphones (Benner & Tripsas, 2012).

*Image utility.* This term refers to the practical use of an image in satisfying a specific need such as hedonic or commercial. The image is valued for benefits of utility rather than its discrete attributes (Van Osselaer & Janiszewski, 2012).

*Market penetration strategy.* This is a strategy in which a supplier seeks to gain additional market share, even at the expense of profits, sometimes by selling goods at cost or below, to gain a share of market to which the supplier can sell other goods such as consumables (Paiola, Gebauer, & Edvardsson, 2012).

*SMEs.* This term describes small- to medium-sized enterprises, typically employing fewer than 200 people and using a monocratic or oligarchic organizational behavior (Gunasekaran, Rai, & Griffin, 2011).

*Stochastic percolation.* This is an empirical phenomenon existing in the early stages of new product diffusion exhibiting low levels of product sales that persist over a prolonged period of time (Hohnisch, Pittnauer, & Stauffer, 2008).

*Value proposition.* This describes the promised or perceived benefits offered to a potential customer by a supplier of a product or service (Kowalkowski, Persson Ridell, Røndell, & Sörhammar, 2012).

### **Assumptions, Limitations, and Delimitations**

#### **Assumptions**

Assumptions include concepts that cannot be demonstrated as true but that the researcher holds true, believes without need for evidence, and can form the focus of research questions (Kirkwood & Price, 2013). Researchers use assumptions to form perceptions of the world and associated realities, and awareness of assumptions allows researchers to recognize potential biases and limit the influence of those biases (Knight & Cross, 2012).

It is important to acknowledge the premise of prior assumptions (Mesel, 2013) to fully understand the lens through which this study was designed. No known study exists that describes the linkage between retail marketing strategies and specialty photo retailer revenue growth. The design of this study included the assumption that retailers possess unique marketing capabilities including conspicuous displays of products, services, and

experiences (Avery et al., 2012). Existing photo retail stores that are experiencing sustainable revenue growth could exemplify marketing strategies that are essential to overall demand for dedicated image capture devices (i.e., advanced digital cameras). Another assumption was that a multiple case study design would be a better choice than phenomenology, and would allow enough flexibility to reveal a wide range of experiences as described by (Nunan & Di Domenico, 2013). Case study designs could have the potential to increase the validity of the study by triangulating data sources (Denzin, 2012).

### **Limitations**

A description of limitations of the study helps to frame the boundaries of the results and to highlight potential weaknesses (Brutus, Aguinis, & Wassmer, 2013). Future researchers are better able to replicate study results when limitations are explained and recognized. The case study design relies heavily on interviews exploring participants' descriptions of their experiences. Participants' descriptions could represent biased or filtered perceptions that could affect internal validity. The questions included in the study design might not address all moderating variables correlated to experiences of specialty photo retailers. It is possible that examples of successful revenue growth existed in unique and nonreplicable environments that could adversely affect external validity. It is also possible that certain retail marketing techniques identified as related to successful revenue growth rates in one location may not relate similarly in a different location. I could have mitigated these limitations by adding probing questions during interviews and by reporting unique environmental characteristics. I will address these limitations by

triangulating data from multiple sources within each case, and by comparing findings across multiple cases.

### **Delimitations**

Delimitations define the boundaries of a study and support the context within which the data are described (Kromidha & Kristo, 2014). Setting boundaries can help frame any potential impacts or results in realistic terms. Marketing strategies used to grow revenues are the focus of this study because revenue growth seemed fundamental in reversing the photo industry decline of specialty stores. I composed the interview questions in this study to focus on marketing strategies used by five photo specialty retailers to grow revenues; I excluded or minimized any potential generalizations from other types of locations, and excluded the five largest retailers of photo goods because they had achieved scale beyond the focus of specialty stores. Business management and finance strategies were excluded from this study. Results of the study might be generalizable to single-location photo service firms or to multiple-location firms using the camera store model.

### **Significance of the Study**

The significance of this study included the potential identification of successful marketing methods that could help grow the retail photo channel and overall photo industry. Strategies used by study participants could illustrate opportunities for new jobs and attract entrepreneurs who are eager to capitalize on newly discovered, unmet needs or latent demand. The replacement of some or all of the more than 100,000 jobs lost in the United States during the years 2000 to 2010 (Jinks, 2013; U. S. Department of



Commerce, 2015) could contribute to positive social change by improving local economies. Rejuvenating photo industry retail channels could reverse declining trends that had been facing photographic equipment manufacturers by providing additional image utility for high-quality photo images—captured at higher resolution or using high-quality optics—and by increasing demand for dedicated image capture devices.

### **A Review of the Professional and Academic Literature**

The following comprehensive literature review reflected the results of searches performed through various business, management, and academic databases: ABI/Inform, Business Source Complete, Emerald Management Journals, Sage Premier, Hoover's Company Records, LexisNexis Academic, Academic Search Complete, Ulrich's Periodicals Directory, industry trade journals, and the U.S. Census Bureau. The following search terms were used: *retail marketing, diffusion of innovation, stochastic percolation, qualitative designs, research methods, new product adoption and innovation, social exchange, social media, market segmentation, co-creation of value, customer acquisition, and sample size*. The literature review yielded articles in peer-reviewed academic journals, books, transcripts of professional and academic conference proceedings, trade journal reports, and U.S. census and survey data.

### **Organization of the Study**

The literature review was organized to explore data relevant to understanding how photo specialty retailers grow revenues. The concepts included in this review addressed the essential role of retail channels of distribution in the diffusion of innovation. The following major themes were explored in this review: retail distribution, consumer

behavior, competitive advantage, diffusion of innovation, social exchange theory, consumer brand engagement, service dominant marketing, market segmentation, and social media.

The rival concepts theme revealed current literature and data describing historical events and operating results that could be increasingly dependent on strategic marketing initiatives within retail channels of distribution.

### **Strategy of Literature Search**

This review included themes that contribute to understanding the overarching research question of marketing strategies that specialty photo retailers use to grow revenues. Changes in technology can force companies to change product offerings or consumer value propositions (Vitton, Schultz, & Butz, 2014). I explored information on how customers acquire value, how they learn of new products or services, how companies communicate and deliver value, and why some marketing practices seem more effective than others.

The literature review design included factors relevant to the study design and the marketing processes under research. Factors such as market segmentation, social exchange theory, marketing communications, and diffusion of innovation were potential key components supporting many marketing decisions that surfaced during interviews of study participants. While the literature review revealed no information directly related to the study question, the selected themes provided a foundation from which to build study questions and dialogue. This review provided (a) a means of gaining knowledge of

experiences germane to recent industry trends and (b) an outline of potential use in future marketing efforts and research.

In this study, 196 sources were cited, of which 88% were published between 2012 and 2016, and of which 94% or 184 were peer-reviewed. In the literature review, 101 sources were cited, of which 93% were peer-reviewed.

### **Industry Paradigms**

Despite the photographic industry's history of importance, growth, innovation, and fulfillment of customer needs since the 1800s (Chiarelli & Guntarik, 2013), as of 2015 photo industry statistics have illustrated significant declines in the number of participating firms and gross revenues (U.S. Department of Commerce, 2015). These declines stemmed from disruptive changes in technology and the resulting shifts in consumer behavior (Kaczanowska, 2013). One of the key drivers of profits and innovation for many companies was the sale of sensitized goods in the form of film and photo processing (Kaczanowska, 2013). Substitution of multipurpose devices such as smartphones diminished purchases of film and photographic equipment and supplies (Carter, 2014). Leaders of the highly profitable photofinishing segment of the industry delivered benefits to consumers by offering solutions focused on sharing and preservation of memories (Van Osselaer & Janiszewski, 2012). Processed film and printed photos illustrated the benefits of image capture, and those benefits spawned further innovations via new camera introductions and sales (Carter, 2014). Higher quality and easier-to-use cameras enabled more consumers to achieve better results (Carter, 2014), providing a market penetration strategy that drove increased photofinishing sales and, in turn, drove

increased equipment sales. This self-sustaining model continued until the advent of digital image capture, which motivated sharing of images via smartphone screens and online social media websites (Crandall & Snavely, 2012).

### **Recent Trends**

Manufacturers in the photo industry were seeing continuing sales declines, and some responded by diversifying their offerings (Vitton et al., 2014). Rhodes (2010) stated that the digital camera had resulted in a 10–25% decline in the photo industry annually. Rhodes outlined the plans of Harman Technology (formerly Ilford Photo)—a photo industry supplier for over 100 years—to transition into medical and antimicrobial product applications. Canon, the then industry leader in camera manufacturing, was diversifying into medical and industrial equipment (Canon Inc., 2013). Olympus was counting on medical equipment for revenue growth in the face of lagging profits from the image capture business (Murai & Knight, 2013). Nikon was maintaining its core market of professionals and advanced amateurs in a dwindling market (Murai & Knight, 2013). According to Elrich (2013), negative earnings reports portended the possible disappearance of companies such as Nikon in the next 5 years.

There may be no future for large and non-nimble companies such as Eastman Kodak or Sony because their size could become an inhibitor to dexterity rather than a competitive advantage (Davis, 2013). These large companies took on philanthropic and social burdens (Davis, 2013). Today's more nimble competitors reject such responsibilities in favor of diversifying their offerings via modular-style company departments capable of resetting value propositions on short notice. The rapid

devaluation of a core profit center comprised of sensitized goods used in photographic printing resulted in a 92% decline in the photo lab retail channel of distribution (U.S. Census Bureau, 2014a). The loss of more than 15,000 retail locations in The United States of America (U.S. Census Bureau, 2014b) decimated the photographic retail channel of distribution. This loss has also weakened the photo industry's ability to communicate marketing information to consumers.

The remaining retail channel of distribution consisted primarily of photographic equipment and supplies retailers known as camera stores (U.S. Department of Commerce, 2015). Camera store personnel in the 20th century provided photographic knowledge and solutions in a consultative manner (Nicolae, Adina, & Mihaela, 2012). These firms offered the means through which consumers could avail themselves of central value propositions such as preservation and sharing of memories (Crandall & Snavely, 2012). But consumers represented one segment of a larger market population that also included business-to-business (B2B) customers. Retailers often misidentified B2B customers who behaved like consumers in retail settings (e.g., Rashid & Matilla, 2011, found parents who shop for baby food are not the actual consumer).

Camera store operators often failed to recognize the significance of B2B sales because representatives of firms often performed transactions in the camera store in the same manner as consumers. Many purchases intended for B2B use were made over the counter and paid for by using credit cards while dealing face-to-face with store personnel. B2B-category sales present high-volume sales opportunities due to scale of usage and demand for broad ranges of products, services, and image utility. Retailers operating in

the photographic industry tend to establish social relationships with customers because of the technical nature of the products and services. These retailers are well suited to embracing a service orientation, often noted as a key success factor with B2B service and product sales (Oliveira & Roth, 2012). However, the preferences of B2B customers could present a potential weakness to retail camera stores if online competitors develop a service orientation (Oliveira & Roth, 2012). The wide availability of service through e-commerce channels could supplant the predominant delivery method of face-to-face service (Chong, Shafaghi, & Tan, 2011).

Marketers can view social media from either a transactional or social networking perspective (Sood & Pattinson, 2012). Companies that establish network relationships as opposed to simple sales relationships can win customers from competitors who limit themselves to commoditizing products (Senn, Thoma, & Yip, 2013). E-commerce tools can increase collaboration and enhance customer satisfaction (Zhao & Xue, 2012). Retailers currently investing in online channel operations could achieve increased satisfaction rates compared to stores without those capabilities (Chen, Chen, & Capistrano, 2013). Social media efforts often rely on a company's ability to develop information-based approaches to branding and abilities to empower staff to engage customers (Brennan & Croft, 2012).

Customer collaboration, relationship management, and social media communications can help camera retailers differentiate offerings and defend against commoditization through emphasis on consumer brand engagement (Nysveen & Pedersen, 2014). Specialty photo retailers' offerings have historically included services

bundled with products, such as camera purchases bundled with photo technique classes, equipment loaners during product repair, and personalized customer service (Carter, 2014). One of those included services, photographic processing, was significantly diminished because disruptive changes in technology caused dynamic shifts in the market framework (Turner & Shockley, 2014). Decreased demand for photographic prints reduced customer collaboration and brand engagement and interfered with the established value chain.

Prior to the rise of digital photography, photographic processing services tied all other photographic products together in an interdependent value chain. Removal of this significant service-based component of the value chain shifted customer perceptions of value toward product pricing and commoditization. Amazon and Best Buy disproportionately represent photographic equipment manufacturers at retail, driving manufacturers' profits down while focusing customers on price advantages as primary purchasing factors (Wei & Xiao, 2012). A replacement category of service-based products could mitigate the current trend toward product commoditization in the photographic equipment category. A resulting service-dominant marketing logic could re-establish reasonable need for consumers and B2B users to upgrade image capture devices in order to attain optimum image quality (Akaka, Vargo, & Lusch, 2013).

Combining services with products can increase perceptions of exclusivity because such combined offerings could be harder for competitors to duplicate (Parida, Sjödin, Wincent, & Kohtamäki, 2014). Service-based products (SBPs) illustrate service-dominant logic by bundling a product with a service—using customer-supplied images or

data to create unique items such as photo mugs, cards, calendars or books. SBPs could provide a basis through which camera retailers might engage service-dominant logic strategies that embrace co-creation of value concepts, fundamental in strengthening customer relationships (Gronroos & Voima, 2013). Service-dominant logic, which embellishes sales of goods by adding services based upon a networking of actors in a synchronized unique context, has eclipsed goods-dominant marketing theories (Karababa & Kjeldgaard, 2014). Networking sources of supply, providers, and potential customers interact to encourage co-creation of value that defines the service-dominant logic by supporting customers in resource integration activities (Anker, Sparks, Moutinho, & Gronroos, 2015). Value co-creation could prove to be a central component in the value that retailers can bring to customers in differentiated form. SBPs epitomize co-creation of value through customized products based upon customers' unique needs.

Alignment of marketing elements using innovative networks of participants including suppliers and customers can increase perceived customer value (Van Bockhaven, Matthyssens, & Vandenbempt, 2015) and can affect the level of success in diffusing new SBPs. Appropriate configuration of these elements helps dispel a legacy concept of marketing. Legacy marketing concepts historically defined the producer as creator of value and the consumer as destroyer of value (Gronroos & Voima, 2013). Service-dominant logic that includes all actors as co-creators of value has replaced legacy marketing concepts (Gronroos, 2015).



### **Significance of a Retail Channel of Distribution**

The proliferation of e-commerce channels of distribution with lower costs of operation could threaten replacement of the brick and mortar retail model (Ghandour, 2015). The degree of threatened replacement could depend on the type of products or services offered and how value is created or exchanged (Gronroos & Voima, 2013). The photo industry is based on high-involvement products that offer additional value when combined with customer interactions as described by Gronroos (2012). Customer interactions can take place throughout product or service fabrication and usage described by Gronroos and Voima (2013) as service dominant logic. E-commerce models may be effective for e-innovative products (i.e., innovations enabled by Internet-based technologies) that can be easily commoditized by consumers. High human touch products or services often rely on face-to-face interactions in order to realize the intrinsic value of the service-dominated product (Dotzel, Shankar, & Berry, 2013). Co-creation of value and customer education are essential elements for successful communication of value to potential customers engaged in high involvement sales (Castro, Montoro-Sanchez, & Ortiz-De-Urbina-Criado, 2011). Co-creation of value principles is evident from the start of the purchase decision process and illustrated by consumers' goals to efficiently manage the purchase (Hoyer, 1984).

An often unrecognized goal of consumers is to make a satisfactory purchase choice while expending minimal cognitive effort (Park, Kim, Kwak, & Wyer, 2014). This concept highlights consumers' overriding need to manage time and effort efficiently despite consequences. The relative importance of the consequences of their choices is

subordinate to the value of time and effort (Hoyer, 1984). Repeat purchases are more commonly determined before a shopping trip, as illustrated in the study of laundry detergent purchases in a grocery store (Trif, 2013). Consumers seek to simplify purchasing decisions, especially for low involvement or repeat purchase items. Repeat purchases are established through customer loyalty, which is driven by customer satisfaction—a fundamental marketing concept and primary driver in building customer relationships (Trif, 2013). Sustaining customer loyalty requires regularly repeated purchases within finite periods of time, enabling a continuity of conscious brand awareness. Increased customer involvement can increase brand satisfaction and loyalty as a result of closer relationships with the brand experience (Nysveen & Pedersen, 2014).

### **Customer Behavior**

Customer satisfaction drives customer loyalty (Trif, 2013), but customer experience is replacing quality as a major factor through which companies attempt differentiation (Klaus & Maklan, 2013). In contrast to the legacy marketing leverage points of features and benefits, Holt (1995) used four metaphors to describe consumption: (a) as an experience, (b) as integration, (c) as classification, and (d) as play. *Experience* describes subjective types of consumption such as hedonic, aesthetic, or emotional states. *Integration* allows consumers to adopt the product within their personae, lifestyles, or through symbolism such as perceived status. *Classification* consumption incorporates culture or personal meanings. *Play* relies on consumers' interpretation of, and interaction with, the product through incorporating varying degrees of the other three structures of consumption.

Customer engagement behaviors (CEBs) by frontline employees or departments with high customer contact can clearly modulate the degree of success as perceived through the four metaphors of consumption (Verleye, Gemmel, & Rangarajan, 2014). CEBs further support the co-creation of value principles that imbue service companies with a competitive advantage over companies that continue product-dominant marketing strategies (Anker et al., 2015). CEBs could provide a conduit through which companies can better align value propositions with customers' current perceived needs because co-creation activities encourage ongoing dialog throughout value chain activities.

Co-creation processes furthermore allow consumers to aggregate value by collaborating with others; they also allow companies to include customer participation through much of the product or service value chain (Akaka et al., 2013). Co-creation of value establishes closer relationships with customers who are resistant to transactional benefits offered by low price or convenience. Relationship marketing techniques include recognition of consumer communities and the resulting co-creative networks that encourage engagement with other consumers and with supportive brands (Brodie, Ilic, Juric, & Hollebeek, 2013). Internet communications capabilities have promulgated active consumer engagement in networks and direct discussions that create multiple pathways enabling interaction and virtual communities. Customer relationships, which encourage co-creation of value, rise to a higher level of positive experiences than typical of customers engaged in purely transactional relationships (Yi & Gong, 2013).

Retailers can employ innovation to create or modify a flexible retail business model in order to enhance value creation (Iqbal & Sharma, 2012; Nanda, Kuruvilla, &

Murty, 2013). Most large retailers have transitioned into multichannel (e.g., click and mortar) companies to grow from simple transactional selling into more meaningful relationships with customers. Instituting new methods of engaging customers and suppliers, developing new activities, governance systems, and formats, and synthesizing these business operations to deliver and to appropriate greater value contribute to gains in efficiencies and effectiveness (Nanda, Kuruvilla, & Murty, 2013). Traditional transactional retailers gain no sustainable benefit of exclusivity by selling typical consumer packaged goods. Retailers can strengthen customer relationships and loyalty by providing opportunities for co-creation of value that are not easily replicable by competitors (Gronroos, 2012).

Retailers build value and customer loyalty through subjective responses of consumers known as the consumer experience (Hart, Stachow, & Cadogan, 2013). Brick and mortar retailers enjoy advantages of face-to-face customer contact including location, brand image, and store atmosphere (Balasescu, 2014). Retailers who can provide hybrid experiences by combining benefits of brick and mortar with efficiencies offered through online ordering and fulfillment can expand value propositions. These value propositions offer retailers increased competitive advantage because such offerings are either exclusive or not easily replicated by competitors.

### **Competitive Advantage**

Specialty photo retailers operated for decades using a product-driven marketing perspective common to most retail of the twentieth century. Highest product quality is a key to success in product-driven companies (Narasimhan & Schoenherr, 2012). Two

central components of product quality are supply management practices and environmental management practices. When combined with overall quality management practices, these two practices can become fundamental sources of competitive advantage by helping companies sustain quality production (Narasimhan & Schoenherr, 2012). Achieving consistently high quality requires close control of resources (Narasimhan & Schoenherr, 2012).

Resource-based marketing strategies often serve as the foundation upon which companies dominate their central product category. Srivastava, Franklin, and Martinette (2013) identified a range of resource-based practices thought to support or enhance a firm's competitive advantage. Some of the best practices included the use of (a) SWOT (i.e., strengths, weaknesses, opportunities, and threats) analyses, (b) assessments of external environments (Porter, 1979, as cited in Srivastava et al., 2013), (c) VRIN (i.e., valuable, rare, imperfectly imitable, non-substitutable) resources, and (d) capabilities assessments (Srivastava et al., 2013). Control of resources enhances a company's ability to react quickly to customer needs and become more customer-centric in identifying opportunities throughout the value stream. However, it is easy to imitate resource-based practices.

In a fast-changing business environment, firms must use and manage knowledge assets as resources through which to respond quickly to market changes and to gain competitive advantage. Competitive intelligence and knowledge management are keys to competitive advantage and help company leaders use a marketing orientation or perspective to integrate external forces with internal competencies (Ghannay & Ammar

Mamlouk, 2012). The ability to gain competitive advantage often directly correlates with entrepreneurship. Even if resources closely link to competitive advantage, the identification, selection, and use of resources typically result from entrepreneurial determination (Rauch & Frese, 2012). Product-driven or resource-based marketing may no longer sufficiently explain recent competitive trends in marketing.

Sustainable competitive advantage requires distinctive competencies that are hard to replicate. Oliveira and Roth (2012) found that companies could attain competitive advantage by developing a service orientation comprised of five factors: service climate, market focus, process management, human resource policies, and metrics and standards. Oliveira and Roth found exemplars of service excellence in traditional brick and mortar organizations such as Ritz Carlton and Disney to illustrate an essential component of successful deployment of online B2B commerce. Oliveira and Roth also identified the following as key factors: (a) e-service recovery (i.e., customer service), (b) ease of navigation, (c) service portfolio comprehensiveness, (d) e-customization, and (e) information richness. These factors combine to form both a resource-based view and a knowledge-based view (Oliveira & Roth, 2012). Combinations of distinctive competencies can provide complex formulae for competitive advantages that are difficult to replicate.

Competitive advantage could be a factor influencing the shifts in product sales to large suppliers capable of attaining higher efficiencies and correspondingly lower prices. Low demand or delayed adoption of new SBPs may involve complex marketing considerations transcending simple price demand scenarios. Venkatesh, Morris, Davis,

and Davis (2003) studied various models illustrating acceptance rates of information technology. The models included the theory of reasoned action, technology acceptance model (TAM), the motivational model, the theory of planned behavior (TPB), a model combining TAM and TPB, the model of PC utilization, the innovation diffusion theory, and the social cognitive theory. Venkatesh et al. attempted to provide a unified view of user acceptance of technology, a concept that could parallel adoption rates of new SBPs. Venkatesh et al. further determined four constructs that seemed to be the most significant determinants of usage behavior including “performance expectancy, effort expectancy, social influence, and facilitating conditions” (p. 447). Many of these models focus on efficiencies of automation or self-service and are dependent on technology.

Extending work on the unified theory of acceptance and use of technology model (UTAUT), Venkatesh, Thong, and Xu (2012) added three constructs to the original model: hedonic motivation, price value, and habit. Hedonic motivation could become a significant factor in customer satisfaction derived through co-creation models used in making SBPs. Extending the UTAUT model added utility to organizational behavior and consumer behavior. This addition also extended the main drivers of technology use intentions from performance expectancy to include hedonic motivation and price value, all further moderated to varying degrees by age, gender, and experience. The value of consumer behavior is significant not only in determining purchase intent, but also in identifying the easily understood construct of value of co-creation developed in a non-transactional relationship. In contrast to the product-dominant marketing model that eventually devolves to a purely transactional relationship, the service-dominant model

builds relationships between actors involved in the co-creation of value (Gronroos, 2012). Service-dominant models attempt to redirect the product or service from that of a transactional transfer from supplier to customer to that of a relationship between supplier and consumer.

Industry trends, channels of distribution, consumer behavior, and competitive advantage contribute to a stream of information increasingly controlled by both business and consumer. Integrated marketing communication transcends the historical objectives of marketing communications, including sales and branding tactics, by attempting to build sustainable relationships via cohesive messages to targeted customers (Kuang-Jung, Mei-Liang, Chu-Mei, & Chien-Jung, 2015). Relationships between supplier and customer that encourage co-creation of value can provide a new platform upon which brick and mortar retailers can effectively compete (Turner & Shockley, 2014). Purchasing behavior has transitioned along a continuum of purchasing behaviors (Rezaei & Ortt, 2012). These behaviors included passive purchasing based upon need and supply in the 1970s, through strategic purchasing based upon differentiated benefits in the 1980s, to integrative purchasing based upon combined needs and capabilities of both supplier and customer in the 1990s (Rezaei & Ortt, 2012). Shamim and Ghazali (2014) illustrated how the supplier's role in resources, knowledge, and marketing combine with customer contributions to form high-value products and relationships. Diffusion of innovation concepts such as on-site product demonstrations and word-of-mouth help to show the value of effective communications capabilities in providing timely information to potential customers (Ismail & Abu, 2013).



## **Diffusion of Innovations**

Communications from the supplier to targeted markets typically accompany new product introductions (Griffith, Yalcinkaya, & Rubera, 2014). Accumulation of information over time often affects consumers' assessments of brands or products (Allaway & Berkowitz, 2012). Product knowledge is a critical factor in the consumer purchasing decision process (Fu & Elliott, 2013), and the accompanying self-perceptions of relative product knowledge are important in predicting adoption rates of new products. Data from diffusion of innovation studies illustrated that active marketing and promotion modulates the typical demand and adoption rates of new consumer products (Bass, 1969). These adoption rates illustrate the linkage between marketing communications and consumer demand.

Demand forecasting for new products (i.e., the anticipation of future sales rates) can hold different meanings depending on the categorization of the product. Product categories include previously unknown products, products newly developed by the company, or product line extensions or improvements (Ismail & Abu, 2013). Diffusion, the process of communicating information on new products, increases over time (Nejad, Sherrell, & Babakus, 2014). Random propagation and other forms of communication external to advertising and personal selling help messages diffuse by retransmitting branding narratives through word of mouth. The five stages of diffusion characterize consumers as innovators, early adopters, early majority, late majority, and laggards (Figure 1).

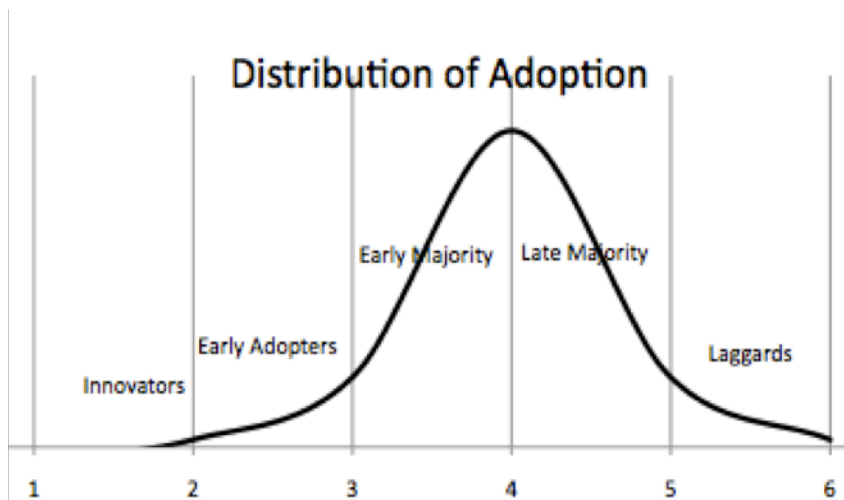


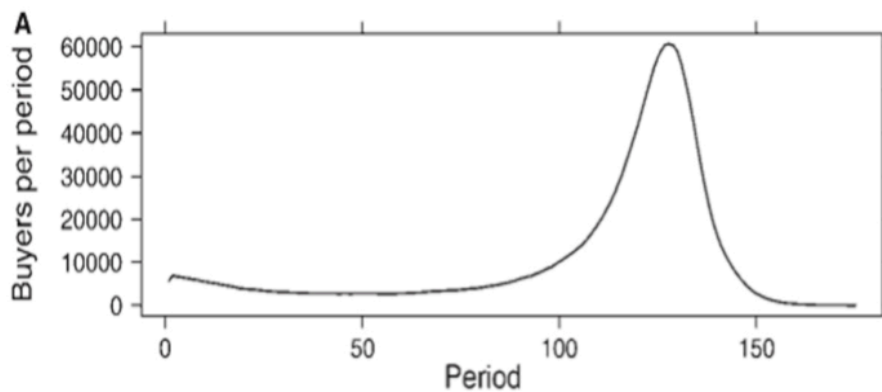
Figure 1. Five stages of new product diffusion.

Based on Rogers, E. (1962) *Diffusion of innovations*. New York, NY: Free Press

Adoption rates of new products for first time purchasers typically follow the pattern depicted in Figure 1. Innovators lead the early stages of product introduction; imitators composed of the four remaining stages increase rates of adoption as word of mouth propagates product information throughout a population (Ismail & Abu, 2013). Various factors of value co-creation resulting from interactions of firms and their customers in joint activities can affect predictability of adoption rates (Gronroos, 2012). The S-curve of diffusion of innovation (Rogers, 1976) can accurately illustrate diffusion of information in a market environment of new product introductions using typical marketing communications protocols (Bass, 1969). Lack of sufficient advertising,

branding narratives, or other marketing communications can inhibit normal diffusion and distort the standard S-curve response of consumers. Hohnisch, Pittnauer and Stauffer's (2008) stochastic percolation curve (Figure 2) reflected a delayed take off in new product adoption rates endemic of an environment lacking sufficient diffusion power. Exclusive reliance on word of mouth can result in significantly elongated adoption rates of new products due to inherent inefficiencies of consumer-based diffusion.

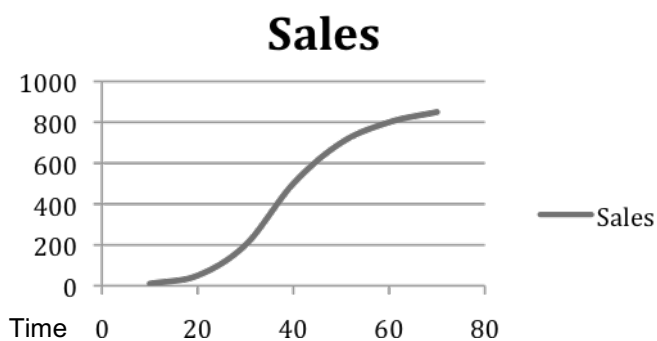
### Stochastic Percolation



*Figure 2.* Delayed adoption illustrates restrained growth and elongated introduction stage.

Hohnisch, M., Pittnauer, S., & Stauffer, D. (2008). A percolation-based model explaining delayed takeoff in new-product diffusion. *Industrial and Corporate Change*, 17, 1001-1017. doi:10.1093/icc/dtn031

The classic S-curve (Figure 3) developed by Rogers (1976), illustrated the impact of an organization's innovative capabilities and allowed organizations to predict and influence aggregate sales to the end consumer. The role of innovator, while comprising



Curve depicts aggregate sales over time.

Figure 3. Standard S curve of cumulative sales.

only 2.5% of eventual adopters, demonstrates the benefit of diffusion of knowledge to consumers seeking out, or willing to act on information. The classifications of *innovator*, *early adopter*, *early majority*, *late majority*, and *laggards* define consumer behaviors proven to be both predictable and, in the right environment, efficient in the diffusion of knowledge via word-of-mouth.

Building on Bass's (1969) and Rogers's (1976) diffusion of innovation research, Mahajan, Muller, and Bass (1990) further developed structural and conceptual assumptions in order to more clearly define application of the models. Mahajan, Muller, and Bass stated "four key elements of the diffusion process are (a) innovation, (b) communication channels, (c) time, and (d) social system." Actors use these elements to propagate information through spheres of influence or to members of targeted segments. Interpersonal communications can be as or more effective than mass media depending on

time and investment as moderating variables. One purpose of developing diffusion models in the context of new product innovation is to predict consumer behaviors or reactions and potential volumes of initial product purchase. Communications channels, and the social system through which companies hope to propagate branding narratives (Gronroos & Voima, 2013), are essential to the co-creation value of relationship marketing and more effective than a transactional model historically used by retailers of consumer packaged goods and durable goods (Oliveira & Roth, 2012).

### **Social Exchange Theory**

Customer interactions with a product or brand can be an important factor in developing consumer relationships that produce customer lock-in (Harrison, Beatty, Reynolds, & Noble, 2012). Customer lock-in indicates the point at which customers feel brand engagement as relationships with long-standing value (Choi, Lotz, & Kim, 2014). Prior literature on CEB is scarce, but the social exchange theory indicated that customers take an active part in brand interactions through a dynamic and iterative process of brand interactions (Nysveen & Pedersen, 2014). Such active participation in focal brand interactions encourages reciprocating customer behaviors—such as brand mentions, Facebook “Likes”, or discussions with others—and supports diffusion of innovation and brand propagation. Active brand engagement, word-of-mouth propagation of information, and relationship marketing seem well suited for execution through Internet channels. However, the inbound or pull marketing techniques predominating commercial Internet success can be significantly enhanced through multichannel marketing (Hughes, 2013; Winterberg, 2013). Push marketing techniques, such as display advertising, often

elicit disdain from Internet users and are more successfully used in print or broadcast media.

Marketing conducted using Internet communications channels is most effective when using inbound methods whereby consumers take the initiative to find required information through searches (Avery et al., 2012). Inbound marketing can be effective for repeat customers, but first-time consumers often require initial exposures to that which is unknown, typically delivered through outbound marketing using retail exposure. Multichannel marketing includes the advantages of conspicuous and experiential retail store capabilities to propagate initial consumer exposure to new products using outbound or push marketing techniques. Avery et al. (2012) found that first-time customers required multisensory experiences typically available in retail stores when evaluating new products. Subsequent purchases could often be driven to more efficient Internet channels, establishing a synergy between both channels of distribution using coherent outbound and inbound marketing. The use of retail channels enables introduction of service-dominant marketing through high-touch personal relationships that are possible in face-to-face retail environments. Outbound marketing in the retail channel can support increased sales and efficiencies (i.e., scaling up) by transitioning repeat purchasers to Internet channels. The symbiotic relationships between the outbound marketing benefits of retail sales channels and the inbound marketing efficiencies of Internet channels can provide support for new customer acquisition and repeat customer retention (Avery et al., 2012). Consumers classified as new customers or repeat customers could provide a basis upon which to design discrete communications protocols or marketing strategies.

Additional methods of market segmentation achieved through new classifications of consumers could benefit new product introductions and existing products amenable to value added service offerings.

### **Market Segmentation**

The importance of efficient marketing and communications between all actors is an underlying theme in the literature (Jankovic, 2012). Transitioning from mass marketing to targeted marketing is more efficient and offers greater value because of customers' increasing importance as a central focus of marketing activities. Various methods exist by which to define target markets exhibiting potential affinity for specific offerings.

Characterizing groups of potential customers through psychographics offers easily identifiable criteria useful in describing homogenous target markets. Shih (1986, as cited in Li & Cai, 2012) described the values, attitudes, and lifestyles' typology and illustrated the typology's implementation by the Pennsylvania Bureau of Travel Development. The Pennsylvania Bureau of Travel Development defined nine lifestyle types developed from a 66-item questionnaire. The lifestyle types provided psychographic analyses that could help define an individual's affinity for certain value propositions. The resulting profiles could help marketers make better decisions regarding marketing messages and could show how to efficiently communicate with their best potential customers. Learning how successful retailers profiled specific target markets can help illustrate best practices and link to achieving sustainable growth in revenues.

Narrowing of marketing communications was a departure from the typical mass

marketing process of sending out a message to everyone and hoping to reach interested prospects. By selecting those who were similar in terms of specified criteria such as demographics, usage preferences, psychographics, or other indicators of propensity to purchase, marketers also deselected non-qualifiers. Such deselection often achieves increased efficiency of communications and higher degrees of relevance (Djokic, Salai, Kovac-Znidarsic, & Tomic, 2013). Defining homogeneous target groups enabled marketers to create better products, create more relevant value propositions, and communicate to those who would most benefit. Target marketing achieves multiple goals including higher perceived quality and lower cost.

Consumer values and lifestyles can drive interest in certain product or service categories (Ogbeide & Bruwer, 2013), but other criteria have also proven useful. Demographic data describing income or education, age or marital status, or gender can help classify homogeneous groups of potential customers with a propensity to buy certain products or at least listen to specific marketing messages (Hand & Singh, 2014). Researchers can easily infer such data through simple classification systems of residential neighborhoods. One of the reasons marketers use demographic data so frequently is its ease of capture and the resulting low developmental cost.

Usage preferences offer companies the ability to precisely control marketing messages and aim them at discrete audiences. For example, athletic gear manufacturers can identify different points of relevance for pro team uses compared to high school or recreational uses (Djokic et al., 2013). Value propositions can be more compelling when aimed at specific uses or narrowly targeted market segments (Lusch & Spohrer, 2012).



Marketers can group associative networks according to consumers' perceptions of brand preferences. Networks or groups of consumers aggregated through data mining of social media tags can offer marketers rich target markets based on brand preferences (Nam & Kannan, 2014). Creation or identification of homogeneous groups facilitates more efficient and accurate marketing communications.

The media and process of message delivery are, perhaps, equally as important as message resonance. Social media can be a useful tool in spreading marketing messages or branding narratives, but effective use of new tools can require advanced strategies (Rodriguez, Peterson, & Krishnan, 2012). Market segmentation can be useful in describing customer needs and points of resonance but can also affect marketing communications in unexpected ways. For example, a firm producing a consumer product with equal appeal to both genders could significantly increase the chances of viral propagation of their message by targeting the female portion of their target market. This strategy is not based on particular features or message content but rather on a target's willingness to tell others (Robson, Pitt, & Wallstrom, 2013).

An example confirms why the reason lies not just in the gender but in the way one gender reacts to specific conditions. Toxoplasmosis is a parasitic protozoan (*T. gondii*) infection contracted through contact with cat feces or litter and affects one-third of the U.S. population (Robson et al., 2013). However, the *T. gondii* infection affects men and women in different ways. Although generally asymptomatic, *T. gondii* infection does affect personality traits. Infected women become more extroverted and willing to share their experiences, but men demonstrate opposite effects (Flegr, Kodym, & Tolarová,

2000). The resultant one third of the male population is averse to viral sharing, and one third of the female population is highly likely to share information virally. Marketers of products appealing equally to both genders could significantly increase the success of their marketing messages by focusing more heavily on women (Rojas-Méndez, Chaubey, & Spillan, 2013).

Demographics, usage preferences, and other consumer behaviors can indicate a propensity to purchase (Djokic et al., 2013). However, tangential factors affecting diffusion of marketing communications can also affect product adoption rates. Market segmentation strategies addressing selective components or attributes of targeted markets must also include marketing communications *methods* in the consideration set of product value propositions (Kim, 2013). Value propositions must not only align with targeted customer needs but also align with the communications methods most likely to reach the target market.

Current literature recorded extensive studies on various types of market segmentation in B2B and business to consumer (B2C) environments (Sima, 2013; Soldic-Aleksic, 2012) but typically does so from a producer to customer perspective. This preference is logical because manufacturers normally develop branding narratives, identify target markets, and develop products strategically aimed at filling the needs and wants of homogeneous groups of potential customers. Historically, retailers have served the role of purchasing agent for local customers, but consumers' electronic access to product information and acquisition has encouraged a transition from product-dominant marketing to service-dominant marketing (Gronroos & Voima, 2013). Trends from 2009

to 2014 indicate per-capita camera consumption has declined according to Carter (2014), and have forced retailers to refocus their efforts. Carter suggests retailers must differentiate and find new target market segments in less competitive categories.

Photo specialty retailers have seen products such as cameras and accessories commoditized by online suppliers competing solely on price with most sales of hard goods now shared among large suppliers such as Amazon and Best Buy (Tarr, 2012). Much of the photographic equipment industry is fragmented, and the largest volume resellers realize small shares of total company revenues from the category. Best Buy accounts for significant market share in the photographic industry, but its sales in that category comprise only 2% of its gross domestic annual revenue (Carter, 2014). Sales of SBPs such as photo books, cards, calendars, and mugs have not significantly grown in volume, possibly because of ineffective marketing communications or segmentation. With enhanced retail marketing communications, some specialty retailers may enjoy sustainable growth in revenues. Further research could benefit the industry by illustrating marketing techniques common to those retailers experiencing revenue growth.

Market segmentation could become a significant tool with which retailers could identify homogeneous groups of potential new customers. Using generational cohorts as a segmentation criterion could provide insights into less obvious customer needs (Valkeneers & Vanhoomissen, 2012). For example, baby boomers now retiring have newly realized extra time in which to pursue new activities. Traditionally targeted segments, such as mothers of young children, often perceive photo book creation as taking too much time to learn; however, baby boomers could find value in attending local

workshops or classes offering group instruction on the creation and ordering of high-quality photo books. Such marketing messages do not exist nationally because they do not offer strategic fit for online suppliers. Local retailers could easily offer that value proposition if they recognized methods through which to communicate online with specific target market segments (Bolton et al., 2013). Accurate measurements of the degree of match between targeted segment and relevance could be a key success factor in narrowly targeted marketing communications.

Other target segments exist including photo hobbyists, advanced amateurs, and commercial markets comprised of small- to medium-sized enterprises using SBPs for many different purposes. Retailers often realize competitive advantages of location (Morris, 2013) such as proximity to unique concentrations of potential customer groups including large medical centers, research universities, museums, and libraries. Further research could examine these and other factors for potential linkage to specific results such as sales volumes of specified services or products. But geographic proximity need not limit the scope of potential markets since social media can extend reach using virtual relationships developed through online vehicles such as Facebook, LinkedIn, Twitter, YouTube, and others (Mitic & Kapoulas, 2012). Social media marketing combined with brick and mortar experiences could help retailers define multiple targeted segments using customized offerings (Avery et al., 2012).

### **Social Media Marketing**

The incorporation of social media tools within marketing strategies can provide benefits that transcend the obvious marketing communications paths to include all of the

marketing mix strategic activities (Vuori, 2012). Retailers can combine complex offerings and better value by leveraging their experiential advantages with the transactional efficiencies of e-commerce solutions. The strategic use of QR codes (Quick Response Codes) in retail environments can help retailers share content and build more meaningful relationships with consumers (Atkinson, 2013). But the small world effects endemic to relationship marketing constrain retailers' abilities to significantly broaden their reach beyond geographic boundaries (Das, 2014). Retailers who add social media e-commerce solutions can grow new product sales through expanded branding narratives.

Social media offer retailers pathways through which to communicate with targeted market segments beyond local geographical boundaries, but specialty retail storeowners may not have the skills necessary to execute advanced marketing strategies. Owners of small businesses often lack expertise in marketing, strategic planning, and other elements critical to business success (Cronin-Gilmore, 2012). Suppliers could take advantage of these inadequacies to develop retail channels capable of supporting new branding efforts. It is common for manufacturing leaders to use *applied marketing research* (Anshen, 1955) when seeking to understand immediate market demand and opportunities that affect revenues in the short term. However, *fundamental marketing research* is essential in furthering sustainable solutions and long-term gains (Anshen, 1955). Owners of specialty retail stores could be incapable of developing effective social media marketing strategies, but their participation in such strategic programs could be essential to successfully increasing sales of high involvement products or services. While the efficiencies gained through benefits of e-commerce solutions can make retailers more

competitive, it is the benefits of market segmentation and more effective marketing communications that will help grow retailers' revenues (Djokic et al., 2013). Increasing the efficacy of marketing communications pathways allows not only *transmission* of information but also allows *two-way dialogues* that can help retailers develop products and services that are more relevant to consumers' needs (Liu, Ramirez-Serrano, & Yin, 2012). Social media marketing could offer benefits to increase relevance of new products and grow revenues for those capable of developing defined marketing strategies.

### **Rival Concepts**

Retailers' success rates with product diffusion could vary depending on many variables. The U.S. Department of Commerce (2015) data indicated contraction of the photo specialty retail channel, but those data did not explain the causes of that contraction. It is possible that the services or products offered by photo specialty retailers became irrelevant or were no longer capable of filling current consumer needs. Declining demand is forecast to continue through 2018 (Kaczanowska, 2013), but those data referred to demand for product capabilities or benefits that have recently been substituted by smartphones. It is possible that changes in consumer needs could provide new opportunities. Cheng (2013) indicated competitive position could be illustrated on a continuum from low cost to high differentiation. Distinctive competencies can help determine the basis on which a given company could compete successfully.

Leveraging inherent competitive advantages such as conspicuous branding and experiential capabilities requires strategic marketing planning and investment. Retailers often lack expertise in marketing, strategic planning, and other elements critical to

business success (Cronin-Gilmore, 2012). While specialty retail channels may offer an essential path for accelerated diffusion of innovation, SMEs do not typically have resources to support strategic marketing efforts focused on leading national brands (Hovhannisyan & Gould, 2012). Manufacturing companies tend to innovate in ways directly related to their products or processes whereas service companies dwell on organizational and customer service orientations (Oliveira & Roth, 2012). Product manufacturers could increase revenues and growth rates by performing and sharing strategic marketing initiatives including research, market segmentation, and branding narratives with retail channels of distribution.

### **Summary and Transition**

Disruptive innovation continues to affect many industries by producing shifts in consumer behavior, devaluation of legacy value propositions, and restructuring of target markets. The photo industry's development of digital technologies has resulted in (a) a significant restructuring of the photo retail sales channel, (b) the loss of leading manufacturers such as Eastman Kodak Company, and (c) the loss of over 100,000 jobs between 2000 and 2010 (Jinks, 2013; U. S. Department of Commerce, 2015).

Some participants in the photo industry have responded to the loss of sensitized goods sales, principally film and photo-print processing, by introducing SBPs such as photo cards, calendars, books, and other articles that accommodate customized images, graphics, or text (Wills, 2014). Sales of these products have grown incrementally, but at rates insufficient to sustain widespread photo specialty retail channels of distribution. Diffusion of innovation and stochastic percolation theories help explain currently

restrained growth patterns experienced by the photo industry (Hohnisch et al., 2008; Ismail & Abu, 2013).

The following sections detail the qualitative case study framework I used to explore photo specialty store retailers' perceptions of revenues, the types of marketing communications they felt drove those results, and other factors that store owners deemed significant.

Section 2 contains a description of the project including data on the researcher, the study participants, and the research method and design.

Section 3 includes the following topics: (a) the findings in terms of newly gained knowledge; (b) results of data analyses including themes, trends, extensions of current literature; and triangulation of data by confirming any similar responses sourced from multiple locations or data sources. I interpreted the data and highlighted the potential transferability of results in hopes of applying the findings to professional practice. In the discussion of findings, I also describe the implications for social change and provided recommendations for action and future research.



## Section 2: The Project

The purpose of this study was to explore marketing strategies specialty photo retailers use to grow revenues. The success of retail firms could correlate to such things as core competencies of staff, geographical characteristics of distinct locations, or proximity to high concentrations of optimum market segments. The experiences of respondents did not support any appreciable advantage derived from location or specific proximities to optimum market segments. Competencies of staff did seem relevant to the major theme describing the effects of technologies.

An exploration of the strategies used by different retailers in different locations could reveal potential relationships between specific variables and associated rates of adoption of new products. Five participants discussed their experiences and provided examples of marketing strategies they deemed significant. Respondents submitted photos of facilities and point-of-sales materials; I analyzed relevant websites, blogs, Facebook pages, and Twitter datasets.

The interview questions in this study design sought to stimulate a discussion of the strategies retailers used to grow revenues. Careful analyses of interviews yielded recurring themes which provided an understanding of their experiences and could help identify specific marketing strategies. Expected variations of experiences coupled with identified similarities from diverse types of stores and locations provided data that could be transferrable to other similar locations.

### **Purpose Statement**

The purpose of this qualitative, multiple case study was to explore marketing strategies that specialty photo retailers used to grow revenues. The targeted population was specialty photo retailers in the United States who are actively using conspicuous displays, personal engagement, and hands-on experiences as described by Avery et al. (2012) to grow revenues. The findings of this study could lead to positive social change by helping to restore some or all of the more than 100,000 jobs lost in the photo industry since the year 2001 as reported by the U.S. Department of Commerce (2015).

### **Role of the Researcher**

The role of the researcher in data collection includes gaining access to a group of study participants, developing a dialog, organizing the research process, executing the research, collecting the data, and analyzing the results (Kyvik, 2013).

### **Researcher's Role**

I collected data on different perspectives to gain a fundamental understanding of marketing strategies used by specialty photo retailers to grow revenues. As the primary research instrument, I controlled all phases of the study, including concept definition, multiple-source data collection, completed interviews, transcribed interviews, data analyses, and development of codes and themes as described in Sanjari, Bahramnezhad, Fomani, Shoghi, and Ali Cheraghi (2014). I focused on searching for the associations discussed by Tanggaard (2013) and context through interviews using open-ended questions that encouraged detailed descriptions. I used additional sources of data as

suggested by Yin (2014), including revenue data, photographs of point-of-sale displays and facilities, and observation of website design and features.

I collaborated with leaders of industry groups to develop a recommendation list of qualified prospects from which to selectively invite candidates. I conducted and recorded interviews; transcribed the audio responses; analyzed the raw data for emergent themes, independent variables, significant insights; and ensured saturation using the finalized version of this study design and interview questions. The results of this study could increase understanding of the overarching research question.

### **Researcher's Relationship with the Topic**

My prior experience as owner of a multistore retail photographic equipment supply company for 12 years and CEO of a digital imaging service center for 21 years provided me with a realistic perspective of a wide gamut of operational retail factors. Working with industry members globally as president of Digital Imaging Marketing Association (DIMA), an international trade association, broadened my world view to include a wide variety of situations and variables. Global experience helped me to frame interview questions capable of uncovering phenomena that could explain varied experiences of participants. Familiarity with photo industry members also helped me in assembling a qualified, purposeful sample population of participants willing to share experiences and confidential data.

### **Researcher's Role Related to Ethics**

The design of this study contained provisions to respect participants, mitigate risk, provide benefit, and maintain confidentiality. The Belmont Report defined protection of

human subjects of behavioral research using foundational principles of respect for persons, beneficence, and justice, and applied these principles to actions including informed consent, assessment of risk and benefits, and selection of subjects (U.S. Department of Health and Human Services [HHS], 1979). Since this study did not include any vulnerable populations nor require any experiments or treatments of any kind, the study posed minimal risk for its participants. Ethical protocols assuring autonomy (Rock & Hoebeke, 2014) included with sufficient information in the informed consent form allowed participants to make an informed decision. I protected confidentiality by coding all participants' names and specific locations.

### **Bias Mitigation**

I mitigated bias by writing a statement about personal experiences that could affect the lens through which I established interview questions and designed purposeful selection criteria as described by Chapman and Schwartz (2012). The use of semistructured interview questions, such as those described in this study, ensured uniform coding and comparison of data (Doody & Noonan, 2013). I used open-ended interview questions, ignored pre-existing assumptions, and bracketed prior knowledge to increase acceptance or recognition of discrete events and experiences as described by Snelgrove (2014). I used member checking on coding and interpretations by providing participants with summaries of data interpretations that allowed verification of participants' intents and also provided verification for specific instances of unclear audio that was hard to decipher. My prior experience as operator of a chain of camera stores and also as CEO of a photofinishing and digital imaging center provided me a broad-

spectrum perspective from which to build understanding of the current business climate. My companies have engaged in the sale of new products, sales and service of photographic equipment, and sales of services such as digital printing. But I made a strong effort to set aside assumptions based upon prior experiences because they occurred prior to 2003 and had become less relevant.

### **Interview Rationale**

The use of interviews enabled participants to describe their experiences with sales growth and prioritize their perceptions through open conversations. I used interview responses to formulate codes and themes to understand how and why photo retailers achieved revenue growth. Bailey (2014) stated qualitative research approaches are valuable in helping new product development and understanding consumer behavior. Qualitative, semistructured interviews using open-ended questions helped participants explain how they achieved sales growth. Interviews also allowed the participants to express their true opinions.

## **Participants**

### **Eligibility**

Study participants included successful specialty retail photo store owners or managers purposefully selected based upon recommendations by leaders of photo-industry marketing groups and associations. Purposeful sampling ensured participants were engaged within the context of the study boundaries (Poulis, Poulis, & Plakoyiannaki, 2013). Colliver, Conlee, and Verhulst (2012) stated that keys to validity are contained in the inferences derived from research data. Specific eligibility including a

minimum of five employees and current achievement of revenue growth increased construct validity by providing responses directly related to the overarching research question. Purposeful sampling was critical to gaining relevant perspectives that could be transferable in similar environments.

### **Access**

Recommendations from the director of an international photo-industry association, from the director of the Photo Research Organization (a photo-industry buying group), and from the chair of the Buck Rogers National Photo Group (a photo-industry strategic marketing group) helped establish an initial list of 40 potential participants. From these lists of recommendations, I invited participants until a minimum of five qualified participants had given their informed consent.

### **Relationship**

All invitees received descriptive information on the research design and my background. Ahern (2012) found that participants in a study could benefit from perceived affirmation of the validity of their experiences as worthy of research. I discussed during a qualifying conversation the purpose of the study, details of intended questions, and an overview of the type of data I hoped to collect. Many of the participants were colleagues with whom I had collaborated in the past on various boards or projects.

### **Research Method and Design**

Quantitative methods are used to confirm relationships between known variables versus qualitative methods that are used to explore experiences of others (Denzin, 2012). I used a qualitative case study design including open-ended questions. The semistructured

interview format encouraged discovery of rich data described in Doody and Noonan (2013). Use of a conversational approach, collection of physical evidence, and skillfully asked follow-up questions helped attain study goals associated with exploration of unknown phenomena as described by Knight (2012).

### **Research Method**

Qualitative research methods can provide valuable data used in developing new products, testing advertising efficacy, and defining consumer behavior (Bailey, 2014). I selected a qualitative method because the findings of the literature review revealed no data describing retail marketing strategies and sustainable revenue growth experienced by specialty photo retailers. The paucity of existing data indicated a qualitative method could be useful in exploring unknown phenomena to gain an understanding of participants' experiences (MacDonald, 2012).

The results of a qualitative approach to understanding strategies used by specialty photo retailers can identify variables useful to a subsequent quantitative study (Trahan & Stewart, 2013). A mixed-methods approach could have increased "descriptive breadth" of the study (Kahlke, 2014, p. 40) but would not have sufficiently informed the overarching research question and would have also increased complexity, time, and investment required for study completion. A quantitative method could have been useful in examining relationships between known variables (Yilmaz, 2013), but the variables potentially involved in this study were currently unknown. Quantitative methods are instruments used to confirm theories and explain numerical information (Fassinger & Morrow, 2013) and were therefore not suitable for use in studies of unknown phenomena.

## **Research Design**

I employed a case study design using multiple data sources including sales and revenue data, photographs of point-of-sale displays and facilities, observation of website designs and features, and recorded telephone interviews as described by Boblin, Ireland, Kirkpatrick, and Robertson (2013), Yin (2014), and Zhou and Creswell (2012). Multiple sources of data help to strengthen validity through convergence of themes (Yin, 2014). Data sources included phone interview responses that described retail photo store owners' experiences with marketing strategies and revenue growth. The results of a qualitative study could help answer questions discussing *what* is the experience and *why* and *how* it is occurring (Frels & Onwuegbuzie, 2013). The findings of this study could increase understanding of the phenomena related to sales growth and experiences of retailers who employed successful marketing strategies. Transcriptions of the interview recordings provided a useful data pool from which to gain understanding using codes and labels that helped eventual categorization as described by Petty, Thomson and Stew (2012).

## **Design Alternatives**

Major qualitative designs include ethnography, narrative, case study, and phenomenology (Petty, Thomson, & Stew, 2012). Ethnographers typically explore the actions and practices of people within specific cultural environments (Mahon & McPherson, 2014). Ethnography would have been inappropriate because this approach would not have allowed exploration of a dispersed geographic sample of the targeted population and would have yielded data that were geographically limited. Ethnography



can be particularly useful in exploring human behavior in specific contexts of groups (Nicolini, 2014), but time, logistics, and scope of this study made observational design impractical. Narrative research design is optimum when explaining stories of individuals or single events (Petty, Thomson, & Stew, 2012) and would probably have been more applicable to social science studies. The wide variety of discrete situations, contexts, and environments within which retail stores operate precluded the use of the aforementioned designs, leaving a choice of either phenomenology or case study. The research design must fit the objectives of the study (Applebaum, 2012). Both phenomenological and case study designs could have helped me develop an understanding of the experiences of retailers, but phenomenology could have required a large number of participants to achieve data saturation and would typically have been limited to interview data. The scope of this study required diverse geographical locations of participants that could reveal varied ideal proximities to specific market segments and provide rich data (Dyke, Edwards, McDowell, Muga, & Brown, 2014; Jarratt, 2012; Yin, 2014) explaining how specialty photo retailers grow revenues. The use of varied sources of data (Xu & Storr, 2012) including websites, revenue data, and photographs of facilities and point-of-sale marketing displays confirmed findings through persistent occurrences.

### **Data Saturation**

I selected an initial pool of five participants and proceeded with data collection including interviews, photographs, website screenshots, and other documents. The transcription and coding of all collected data coincided with the interviews and provided ongoing feedback on emergent themes. I captured company website pages as PDFs and

imported those into the Computer Assisted Qualitative Data Analysis Software (CAQDAS), highlighted sections of the images, and coded each selected section as needed. I captured Twitter datasets using the Ncapture add-on application to NVivo 11 software and exported those results into spreadsheets for analysis. I signed up for company email broadcasts and captured those as PDFs for further analysis. I also placed orders via company shopping cart pages to experience customers' perspectives of the ordering processes. All of the resulting data acquired through these methods became redundant starting with the second participant.

Repeating data and lack of new data can indicate attainment of data saturation or diminishing returns (Marshall, Cardon, Poddar, & Fontenot, 2013). Lack of repeating data codes and themes could have indicated the need for additional participants, but repeating themes became apparent with the first two interviews with subsequent interviews providing additional support.

### **Population and Sampling**

I purposefully selected five participants for collection of data from in-depth interviews, photographs, website screenshots, and other documents. Purposeful sampling allows selection of participants who are most likely to provide data required for meaningful understanding of phenomena (Poulis et al., 2013). Photo specialty store owners operate retail companies known as camera stores. While these stores typically sell durable goods such as cameras and associated photographic equipment, supplies, and accessories; many have embraced additional service-based offerings to sustain revenue growth.

The sampling method was purposeful selection of firms experiencing revenue growth as evidenced by recommendations of recognized photo industry groups including Photo Marketing Association International, Photo Research Organization, and Buck Rogers National Photofinishing Group. The complexities of marketing phenomena require constant reexamination through qualitative research in order to understand context-specific perspectives (Kapoulas & Mitic, 2012). A goal of this research study was to understand and explore the phenomena of photo store owners' use of marketing strategies and resultant growth in revenues. The selected sample of retailers ensured results that were relevant (O'Reilly & Parker, 2013) due to participants' intimate involvement with the topics of the study.

I included five participants who provided immediate theme replication. Indication of data saturation includes repetition of terms or concepts during physical data collection and the interview process or the recognition that later interviews reveal no new information (Marshall et al., 2013). Government census data showed a total population of camera stores to be 789 firms in 2011, 429 of which qualified for study after disqualifying 360 unsuitable firms with fewer than five employees as reported by the U.S. Department of Commerce (2015). In a case study using in-depth interviews, the sample size or number of interviews in existing literature varies widely (Marshall et al., 2013). The use of five participants in this study provided rich data on widely varied experiences with strategies used to grow revenues; and, as research progressed, the data quickly indicated consensus among participants on three significant themes.

## **Ethical Research**

### **Informed Consent**

The consent process for participation in this study included a pre-selection process consisting of written and oral explanations of the voluntary nature of participation in the study. These explanations included a description of participants' rights to terminate their participation at any time before or during the scheduled interviews by informing me or the University liaison. The principle of autonomy provided the right to informed consent (Rock & Hoebeke, 2014). Explanations assured those invited that there would be no adverse effects for declining to participate. Oral explanations can strengthen informed consent for participants who tend to casually scan or fail to read consent forms (Knepp, 2014).

### **Agreement Documents**

The written consent form illustrated study descriptions and affirmed participants' rights. Walden University's approval number for this study is 12-16-15-0435280—expiring on December 15, 2016. Oral and written explanations to subjects invited to participate included their ability to notify the researcher or University liaison at any time prior to commencement, or during the interview, if they no longer wished to participate. The consent form included information describing how participants were selected, the purpose of the study, potential benefits of the study, contact information for questions, potential risks, guarantees of confidentiality, and withdrawal information as described by Knepp (2014). The consent form content included assurances of no inducements or incentives for participation. I securely stored data from the study interviews and other

documents electronically, using encryption, and locked physical assets such as signed consent forms in my office and will retain them for five years after the study completion date. I will destroy all materials that contain personal identification data after the five-year retention period. Lastly, the consent form included assurances of redaction for participant's identifying data such as name, company name, or specific geographical location from all transcriptions of interviews as specified by Moore (2012), using replacement with confidentially coded designations such as participant 1, participant 2, and so forth.

### **Data Collection Instruments**

I became the primary data collection instrument in this qualitative case study. Qualitative inquiry requires emotional intelligence (EI) and strong interpersonal skills to precisely collect data (Collins & Cooper, 2014). Researchers can better understand interactions with participants, and improve the efficacy of dialogs, by studying and developing researcher attributes within an EI framework that includes self-awareness, self-regulation, empathy, and power and politics (Collins & Cooper, 2014). Data collection via telephone and email and other Internet connections enabled efficient, nationwide recorded interviews, data collection, and subsequent transcriptions. Data collection via use of electronic devices (e.g., telephones, computers, e-mail, e-mail attachments such as Word, Excel, or PowerPoint documents) and recorded interviews enabled seamless transitions between my research notes and CAQDAS described by Sinkovics and Alfoldi (2012). I imported data from documents or from notes gleaned from observations of websites into CAQDAS to develop codes and themes that could

provide triangulation. A multiple case-study design can offer a context specific perspective that is important in “understanding, exploring, and explaining” the phenomenon under study (Kapoulas & Mitic, 2012, p. 362).

Interview questions (Appendix A) depict the results of edits performed after a pilot interview test I conducted during Walden University course DDBA8991; the emendations improved the reliability of question design by exposing potential weakness or bias of questions (Sanjari, et al., 2014). Member checking of interpretations of data allowed verification of participants’ intents and also provided verification for specific instances of unclear audio that was hard to decipher. Review of transcripts against recordings, coding, and thematic development enhanced reliability. The interview protocol and questions located in Appendix A are listed in the table of contents.

### **Data Collection Technique**

I used qualitative, semistructured interviews to encourage participants in the study to describe their experiences with retail marketing strategies and revenue growth. Qualitative, semistructured interviews provide the opportunity for participants to describe varied experiences (Trier-Bieniek, 2012). I used a semistructured interview format described by Madill (2012) to ensure consistency with categories and themes. The flow of discussion and resulting probative questions were context sensitive, and I pursued directions guided by participants’ responses. I requested further explanations on topics that had potential to form themes and requested documentation as needed. Participants submitted documents such as PDFs, Word files, and photo images via email, electronic Dropbox, or social media.

All interview recordings contained the complete audio record of researcher and participant discussions. The use of interviews offers advantages including the ability to note nuances such as hesitation that offer clues for potential follow-up questions (Knight, 2012). The semistructured nature of conversational interviews can introduce unanticipated clues to variables and new data. A disadvantage of interviews is the participants can have verbose responses, resulting in large amounts of data needing transcription and interpretation (Petty et al., 2012). I recorded and transcribed both sides of the interviews using generic identifiers such as *interviewer* or *P1*, *P2*, and so forth in the transcript. The transcripts and all ensuing notes, analyses, or reports contain no identifying names of participants, company names, or specific locations in order to protect confidentiality (Moore, 2012). Transcripts were not used for transcript review of interview data, but transcript summaries provided resultant themes and interpretations to participants for verification.

### **Data Organization Technique**

Digital telephone recording equipment located at my office enabled recording of all telephone interviews with participants' permission. Downloads of resulting digital files resided on a local, password-protected laptop with encrypted versions stored on backup drives. Participant numbers for each interviewee replaced personally identifiable references to the data obtained in each interview. Data files stored within named folders using CAQDAS provided logical organization and easy retrieval (Sinkovics & Alfoldi, 2012). Network attached storage drives house encrypted and transcribed documents and digital audio work files that will remain in my locked office for a period of five years

subsequent to completion of the study. Deletion of all raw data and digital audio work files will take place at the expiration of the storage period. Destruction and shredding of all hard copies of consent forms and other papers containing identifying information will take place after the initial five-year storage period.

### **Data Analysis**

The purpose of conducting qualitative research is to gain a more complete understanding of the essential meanings of the encountered experiences (Moustakas, 1994). I was able to gain deeper insights into retailers' experiences with marketing strategies and revenue growth by using a heuristic process of immersion, incubation, illumination, explication, and creative synthesis as described by Moustakas (1994).

By using CAQDAS, I was able to develop themes and patterns that could be useful in understanding phenomena, as described by Sinkovics and Alfoldi (2012), connected to storeowners' retail marketing strategies and revenue growth. Analyses of texts existing in the forms of interviews, photographs, website screenshots, and other documents formed the basis of the Gadamerian hermeneutics framework of interpretation of collected data described by Jackson, Harrison, Swinburn, and Lawrence (2015). Coding of interview responses relied heavily on my understanding of the phenomena as a basis for the coding scheme, categories, and application as described by Vaitkevicius and Kazokiene (2013). I used NVivo and ExpressScribe software to transcribe audio interview files, code data, and develop themes and patterns. I analyzed the data to discover recognizable patterns and key themes that could indicate correlation between retail marketing environments, strategies, tactics, or communications, and experienced



revenue growth. I continued research on key themes as they presented in study data to synthesize results with newly published studies and conceptual frameworks.

### **Reliability and Validity**

Measures that are useful for assessing the reliability and validity of qualitative studies include credibility, transferability, dependability, and confirmability (Cope, 2014; Houghton, Casey, Shaw, & Murphy, 2013; Trochim, 2006). According to Guba (1981), these terms used for assessing the trustworthiness of qualitative studies equate respectively to scientific terms used in quantitative studies as internal validity, external validity (i.e., generalizability), reliability, and objectivity.

### **Credibility**

Credibility of the study findings denotes the degree to which the study relates to the research questions and overall intent (Shento, 2004). Credibility refers to alignment of research goals, questions, responses, and findings with the reality of the phenomenon as experienced by participants.

Triangulation of data helps to confirm the formation of themes and findings using multiple sources of similar evidence (Denzin, 2012). Confirming research findings with participants increases credibility by ensuring accuracy of interpretations of data (Cope, 2014). I used triangulation of data from multiple sources within each case and across cases and used member checking to verify correct interpretations of participants' experiences. Triangulation can increase credibility of results in qualitative research and can confirm themes using multiple data sources, varying methodologies, study participants, or locations from which data is sourced (Cope, 2014). Triangulation

methods used for data gathered in this study included crystallization of aggregated recurrence of various participants' perceptions as described by Denzin (2012), analyses of websites, sales data, and photographs of facilities and point-of-sale marketing displays as suggested by Yin (2014). Participants in this study varied according to characteristics and environments influenced by brand positioning, geographies, demographics, proximities to market segments and varied populations, and sales volume.

### **Transferability**

Transferability indicates how applicable study findings might be to other situations (Shento, 2004). The degree to which study findings can be generalized depends on the contexts and assumptions influencing data collection and analysis (Trochim, 2006). The use of multiple sources of data and multiple perspectives of phenomena can increase strength of findings (Vohra, 2014). Study findings can be useful to others if provided details can be recognized by readers and potentially applied to similar environments or contexts. I used detailed descriptions as described by Houghton et al., (2013) to ensure sufficient connection is apparent between responses or themes and underlying contexts.

Careful analysis of each participant's environmental conditions and association of context with particular phenomena can influence the degree of transferability and reliability (Homburg, Klarmann, Reimann, & Schilke, 2012). Marketing strategies and techniques are dependent on human perceptions of particular environments and phenomena rather than generalized marketing theories (Ardley, 2011). I used multiple sources of data including interviews and other documents such as point-of-sale displays,

websites, and social media to provide multiple perspectives and overall context to the findings.

### **Dependability**

The dependability of findings indicates the degree to which a study can be repeated and will result in similar findings under the same conditions (Shento, 2004). An audit trail can enhance dependability and trustworthiness of findings by providing a means through which independent researchers can verify the data collection and analysis process (Houghton et al., 2013). Koelsch (2013) recommended member checking to verify correct interpretations of participants' experiences. As noted above, I used that approach by creating an audit trail within CAQDAS. The use of NVivo CAQDAS helped ensure clear documentation of my decisions and development of themes and findings. Documenting the context of phenomena experienced by participants (Trochim, 2006) can yield deeper understanding of responses. I provided rich descriptions of responses and the context in which they were offered to ensure accurate representation of respondents' meanings.

### **Confirmability**

Confirmability denotes the applied objectivity of the researcher (Shento, 2004). I used the CAQDAS logic of structured coding and theme development to ensure objective analyses decisions. Assigning specific attributes to data can help confirm propositions formulated during analyses of evidence such as responses to interviews. It is possible that certain phenomena could be associated with specific locations, distinctive competencies, or targeted marketing strategies. Using NVivo software for data analysis and preserving

the audit trail (Sinkovics & Alfoldi, 2012) helped confirm all decisions for coding and theme selection. Study findings included descriptions of paths to interpretations and direct quotations from study participants.

The in-depth, audio recorded interview technique used to gather research data combined with submitted physical evidence provided the foundation for later analyses through transcription, coding, and theme development (Rowley, 2012). The participants' experiences, discovered through interviews and other data and developed into themes, increased credibility of results through individual verification with each participant (Houghton et al., 2013).

### **Validity**

Qualitative methods-based researchers rely on dependability, credibility, transferability, and confirmability (Cope, 2014; Houghton et al., 2013; Trochim, 2006) as measures of quality. In searching for methods to assure validity and rigor of qualitative research, Pereira (2012) recognized the essential requirements of context and role of the researcher during analysis and interpretation of data. Rigorous and appropriate procedures balanced the information gained through my experience in order to achieve "methodological congruence" described by Pereira (2012, p. 19). Validity relies on the measurement of results through independent means to ensure that interpretations of trends or correlation are independently replicable (Campbell & Fiske, 1959). Internal validity indicating degree of causation described by Yin (2014) would have been difficult to establish through disproving a rival hypothesis. External validity, the degree to which findings could apply to situations tangential to those of study participants, gains strength

by using a variety of participants from diverse locations (Vine, Elliott, & Raine, 2014). Achieving saturation of data, indicated by results of most recent interviews yielding little new data and repeating established information, increases study reliability (Emami, Wootton, Galarneau, & Bedos, 2014). No single quality indicator can establish study validity, but data saturation combined with other quality factors can increase the validity of study results (O'Reilly & Parker, 2013). Diminishing returns of new data can indicate rigorous research and ensure that qualitative study results achieve a high degree of transferability (O'Reilly & Parker, 2013). Collection of data from multiple and varied sources can provide expanded points of view essential to achieving a holistic understanding of the phenomenon (Ireland, Kirkpatrick, Boblin, & Robertson, 2013).

### **Summary and Transition**

The goal of this study was to explore phenomena of specialty photo retailers and their strategies used to achieve revenue growth. Disruptive changes in technology have enabled efficient online purchasing and shifted many consumer behaviors. The consequences of disruptive changes transcend transactional exchanges of value and can affect not only business-to-consumer relationships but also diminish the spread of branding narratives and other information essential for sustainable revenue growth.

A goal of this study was to explore factors associated with a decline in photo industry revenues and a contraction of specialty photo stores. Disruptive changes in technology have caused dramatic shifts in consumer behavior, but some specialty photo stores continue to successfully grow revenues. Researching photo retailers' marketing strategies could increase understanding of marketing strategies needed to grow revenues.

The literature reviewed in this proposal indicated the photo industry is in decline due to effects of external forces as well as the effects of outdated and ineffective marketing communications programs. The existing data on diffusion of innovation explained how products and services are adopted through propagation of information and value propositions. These data also explained how deficits in those communications can constrain adoption of products and services as illustrated by the stochastic percolation theory (Hohnisch et al., 2008). Retail marketing is both conspicuous and experiential, and those factors could prove essential to adoption rates of high involvement products or services. Data in the literature presented the essential role of effective marketing communications and provided justification for studying experiences of photo specialty retailers with retail marketing strategies and revenue growth. A review of existing literature uncovered no data describing the phenomena of photo specialty retail marketing relationships with revenue growth.

The following section will provide detailed information describing how and why photo specialty retailers' use retail marketing strategies to achieve sustainable revenue growth. This section will present findings in terms of newly gained knowledge; results of data analyses including themes, trends, extensions of current literature; and triangulation of data through confirming any similar responses sourced from multiple locations or data sources. Interpretation of the findings will attempt to highlight potential transferability of results in hopes of application of findings to professional practice. The presentation of findings will also describe implications for social change and provide recommendations for action and future research.

### Section 3: Application for Professional Practice and Implications for Change

#### **Introduction**

The purpose of this qualitative, multiple-case study was to explore marketing strategies that specialty photo retailers used to grow revenues. All respondents in this study were achieving revenue growth varying degrees. One respondent was growing 5% annually, another just achieved 8% growth in 2015 after 4 years of declines. Some respondents achieved significant growth that was directly tied to new product introductions by manufacturers, while other respondents relied upon in-house development of new photo service products. Those who were growing revenues using the traditional camera store model selling hard goods and accessories were multistore companies that had invested in updated retail information technology (IT) systems. Those who were growing revenues in a single store were concentrating on photo service products and were not selling cameras or accessories. I found no qualified participants using the camera store model in a single store that were currently growing revenues.

Camera stores were successfully competing with large competitors such as Amazon, Walmart, Best Buy, and others through use of technology, well-defined market segmentation, and integrated marketing communications. Study findings indicated substantial investment in technology is required to compete in camera sales. Photo service providers were growing revenues through introductions of innovative new services, well-defined market segmentation, and efficient marketing communications. Diffusion of innovation—a company's ability to communicate effectively with potential customers—was a common denominator among strategies discussed by all respondents.

### **Presentation of Findings**

The overarching research question was as follows: What marketing strategies do specialty photo retailers use to grow revenues? Specialty photo retailers share business challenges, such as dealing with channels of distribution, finance, employees, and customers. However, their competencies and capabilities varied widely and were often developed to satisfy existing market needs. New challenges resulting from dramatic shifts to digital technologies require retailers to consider new consumer needs that have replaced sharing and preserving of memories. New needs and other shifts in consumer behavior have altered the methods through which retailers communicate with prospective customers. Interview responses indicated that retailers' experiences with revenue growth were directly linked with their adoption of new technology, creation of strategies to attract new market segments, and a transition in marketing communications to resonate with new needs.

During the initial analysis of the interviews and other documents—such as point-of-sale displays, websites and social media—I developed theme nodes that described specific topics related to respondents' statements. Table 1 lists the codes and the number of passages classified within each code. Some passages were classified in multiple codes.



Table 1

Results of Initial Coding and Number of Associations	
Initial Codes	Total nodes
Marketing (Aggregate)	269
Social Media Marketing	49
Advertising	48
Challenges	41
Products and Services	37
Diffusion of Innovation	31
Revenue Growth	31
Technology Factors	29
Market Segmentation	27
Strategies	23
Sales Data	22
Competition	19
B2B	19
Location Data	18
Facilities and Point of Sale Displays	15
Customer Acquisition & Retention	14
Niche Markets	12
Pricing	9
Successes	8
Customer Centric	7
Consumer Behavior	5
B2C	4
Retail Channel of Distribution	4
Value Proposition	4
Cost of Doing Business	2
Investment of Time	1
Stochastic Percolation	1
Key Profit Drivers	1

*Note.* These results of open coding were subsequently combined with closely associated codes to form major themes.

I created initial codes illustrated in Table 1 to succinctly describe the essence of meaningful passages of transcribed text. I reread all transcriptions to verify accuracy of coding. I then read through the transcripts again seeking to combine related codes that

could form general themes. For example, both (B2C) and (B2B) themes related to market segmentation concepts. Diffusion of innovation is often achieved through the use of point-of-sales displays as well as advertising and other customer contact. The combination of nodes illustrated in

Table 2 resulted in three major themes encapsulating most of the expressed experiences of respondents.

Table 2

*Summary of Major Themes Derived from Codes*

Theme	Total Nodes
Technology	262
Market Segmentation	209
Marketing Communications	161

*Note.* Technology, market segmentation, and marketing communications were the most significant themes developed from research data.

I then performed axial coding to disaggregate essential components of these themes and enhance understanding of subthemes. The major themes help illustrate the primary commonalities found in all interview transcripts and associated evidence, and the subthemes help to describe actionable strategic marketing categories respondents developed to diffuse innovation and grow revenues.

### Discussion of Themes and Subthemes

Despite the unique qualities of each participating company, common themes quickly emerged starting with the second case study interview. The following subsections provide descriptions of the three major themes and associated subthemes.

#### Theme 1: Technological Challenges and Opportunities

Technological challenges and opportunities components and categories are listed in Table 3 and are followed by detailed descriptions of respondents' perceptions.

Table 3

*Major components of technological challenges and opportunities*

	Primary Theme	Category	Subthemes
Theme 1	Technological Challenges and Opportunities		
		Company (External)	Customer Ordering Systems
		Company (Internal)	Business Management Systems
		Consumer	Image Capture
			In-Store Face-To-Face, In-Store Kiosk, Smartphone App, Online Via Website
			Integration of POS, Supply Chain, Customer Data, & Social Media
			Traditional Camera, Digital Camera, Smartphone, Tablet

Some respondents reported high degrees of success due predominantly to their ability to adopt IT systems to their advantage. One respondent was successfully targeting discrete market segments (retargeting expressed interest of those visiting specific websites) that were yielding significant revenue increases. Some respondents experienced success through consumer education, either by providing group photo-taking opportunities with hands-on instruction or by offering standardized classroom

experiences. Within the context of either successfully exploited opportunities or challenges yet to be overcome, all respondents confirmed these three themes as significant to their company's current or future success.

Technology was top-of-mind and first to be mentioned by all respondents in the initial interviews. The technology theme seems to present all participants with challenges and opportunities on many levels including customer-facing ordering systems (e.g., kiosks, smartphone apps, and tablets), enterprise-level business management IT systems (fully integrated POS systems), and consumer use of the industry's foundational product—photo images. Interviews and supporting data gleaned from websites and social media analyses revealed some respondents successfully using IT to their advantage while other respondents were obviously still dealing with challenges. Technology presented immediately at the start of this study as a major theme, followed by market segmentation strategies and marketing communications strategies.

**Customer ordering systems.** Sales and ordering systems can help retailers offer greater value to customers (Bapat, 2015) and can include both on-site devices, such as ordering kiosks, or online user interfaces designed to facilitate order entry via company websites. Kiosks offer an on-site ordering platform akin to many self-serve computer-assisted stations encountered by consumers in airports, shopping malls, and banks (e.g., ATMs). P2 stated “part of the problem on the finishing side is the industry has also let us down there because no one has come up with good ordering platforms for us to work with.”

There are some suppliers who provide preformatted customer-facing solutions such as kiosk or website user-interfaces for retailers, but all respondents expressed dissatisfaction with available solutions. Some feel manufacturers should provide better support for photo specialty retailers. P2 further explained:

I would guess that fifty percent of them are on [company X], and 50% of them are on [company Y], and neither one of those are good platforms.

They're okay, but they are not competitive with Shutterfly, Minted [competing online photo service providers] and the [other] leaders in the marketplace.

Shutterfly and Minted are online competitors through which consumers can upload and store their images and also order prints and other photo service products for home delivery. Respondents see these and other online photo service providers as major competitors who capture a majority of photo printing market share and who can devote large budgets to optimizing their online ordering systems.

The problem is often described as difficulty customizing the offerings, which results in the website's user interface looking the same as competitors' websites, and offering the same products and services. P2 explained that:

The shopping experience for [company X] or [company Y] is not equal [to the major online competitors'], and their offering of products [are] not sufficient. There's nothing exciting; products there that—it's a me too—we've got mugs and cameras and greeting cards, and you know, a few

other things, but they are all not quite as good as Minted and Tiny Prints and Shutterfly, and the shopping experience is not as good either. You can [populate those sites with your own products], but very few small retailers have the ability to do that, they don't have the graphic artist and the technical people and it's not convenient at all. It's very expensive to do, but you've got to have very talented designers and artists to compete with those people [large online competitors] who have seemingly unlimited money for research development and technical support.

Many factors affect the viability of customer order entry from a retailer's perspective. Photo specialty retailers participating in this study offered wide assortments of products and services using various ordering methods including in-store face-to-face, in-store kiosk, smartphone app, and online via website. If a retailer educates customers on how to order through an in-store kiosk, the retailer could leverage that effort by enabling those customers to use an identical ordering interface on the company website. If, however, the website functionality is provided by a different vendor, the interface will look different to the customer and fail to support the company's in-store branding. This type of disconnect frustrates the retailer and confuses the customer. The type of device used as a source of photo images further complicates the ordering scenario because there are often different procedures required to access the images.

Access to images can be complicated, but retailers often add further complexity by using different vendors for order production or fulfillment. Some orders might be

fulfilled in-house while other products or services might be outsourced. These complexities could require enterprise-level IT systems for successful integration of customer ordering solutions regardless of the size of retailer. Appendix B lists selected discussion points on customer-facing technologies.

**Business management systems.** Data analytics, cloud-based services, social media, and mobile devices are some of the key marketing areas retailers can address using IT systems (Tamm, Seddon, Shanks, Reynolds, & Frampton, 2015). Enterprise-level IT systems provide needed capabilities to administrate ordering solutions for services, abilities to interface with supply chain partners' products and promotions, and tools required to execute marketing strategies across multiple customer-facing platforms. Such systems could be critical for basic operations of camera stores. According to P5:

We live in an industry where instant savings have become a crucial, huge part of how things are done. That's how big box chains want it done. They want to show a higher ring, and they want to show customers a savings. So instead of selling a camera for \$199, you're going to sell it for \$599 with a \$400 instant savings, and the dealer's going to front that money; we're going to front that \$400 to the customer and then claim it back later. So if you're a smaller retailer, you don't have a sophisticated POS system that can handle that kind of transaction; you don't have the accounting department in your place to keep on top of your submissions; you can't afford to walk away from that \$400. It's easier for you to walk away from the business all together, and that's where you're hearing a lot of smaller camera stores either just decide they're not going to sell hard goods

anymore or they're going to be selectively selling hard goods or they're only going to sell certain lines.

One respondent did walk away from that business altogether. P3 stated:

Three years ago we dropped out of cameras entirely. The primary reason was margins and turn. Margins decreased down to five percentage points [compared to the 20% some might experience], and the number of cameras being sold declined precipitously, as well.

But dedicated POS systems may no longer be sufficient. Internal business management systems help retailers fulfill an increasing diversity in customer wants and needs (Walter, Battiston, Yildirim, & Schweitzer, 2012). Some marketing strategies that have proved useful in growing sales on websites could also help sales grow in brick and mortar stores. *Recommender systems* that track customers' purchase histories and other data could also help in a retail environment by supplying sales personnel the ability to make more informed recommendations for additional sales (Walter et al., 2012). Some retailers adopt an educational or consultative sales approach (Ashley & Reiter-Palmon, 2012) to help lead customers to appropriate product choices. P4 stated:

I think the way we do it is we get them in, and, once they're in our store, we give them options, we give them solutions, and, hopefully, I mean we educate them. I think that's a huge part of who we are and what we do.

And by education I don't mean them coming to a class; I mean educating them—I mean, yes there is the class component and coming to a class, but it's more about educating them on just what's available.



Retailers using such approaches could improve efficacy by adopting technological capabilities offered by recommender systems that provide customer data such as purchase histories (Walter et al., 2012).

**Image capture technology.** While integrated management systems and customer-facing ordering systems pose significant challenges and opportunities for retailers (Walter et al., 2012), smartphones may present the greatest technological impacts to retailers in terms of advertising using quick response (QR) codes (Atkinson, 2013) and in terms of disrupting the photo industry value chain (Elrich, 2013). Smartphones have supplanted traditional cameras for uses involving sharing and preservation of memories (Carter, 2014) resulting in lower demand for photo prints. However, even that lower demand is presenting significant technological challenges to photo stores. P3 stated:

In actuality if you're familiar with the current lab mode of operation, so many people are coming in with phones that need so much help they don't have any clue that we spend [too much time with them]—people walk in the door with a phone and they don't know how to get the picture off and we help them at the kiosk. We spend 20 minutes with them. And they say, "Well, I only want these two pictures here." And you spend 30 minutes with them and they buy \$2 of stuff.

The inability to efficiently produce prints from camera phones diminishes potential profits in a print market experiencing declining demand. But new technologies are enabling alternate fulfillment channels that could be more efficient for retail stores (Bapat, 2015). Bapat (2015) revealed in a study of banking that efficiencies could be

gained by transitioning low volume (i.e., low profit) transactions to automated teller machines (ATMs) and that move could relieve profit pressures by allowing customers to execute the transaction. An analysis of all participants' websites revealed automated solutions allowing customers to print online, but subsequent order handling at the company level can become painfully manual. P4 provided multiple methods using either a dedicated application that can be downloaded for free or using a web-based interface optimized for phone use without a resident client [locally installed application program]. All respondents indicated order-taking from smartphones was problematic, but none seemed to have adopted policies to drive those orders to automated fulfillment systems. In a follow-up discussion P3 indicated that many smartphone-sourced print orders call for only one or two prints. Despite the efficiencies gained when a customer uploads the image and places the order online, the store must then manually download the order, input the order details into their POS system, place the image into a networked queue, and then print and package the order. P3 stated:

If we got 20 orders overnight, it would take us all morning just to input those orders into our systems so that we could print them. We charge a \$5 minimum on such orders just to encourage more prints per order or to at least cover our costs of production and packaging.

None of the respondents seemed to have developed seamless online order entry and fulfillment systems, so only the very rare orders for large quantities of prints are profitable. The outcome of this lack of ordering proficiency relegates the largest potential

source of consumer images—smartphones—to a market segment attractive only to larger online suppliers capable of scaling up production efficiencies.

## Theme 2: Market Segmentation

Market segmentation components and categories, listed in Table 4 are followed by detailed descriptions of respondents' perceptions.

Table 4

### *Components of Market Segmentation*

	Primary Theme	Category	Subthemes
Theme 2	Market Segmentation		
		Demographics	Mothers of Young Children Millenials Baby Boomers
	B2C (Consumer)	Geographics	Location Focused Outlying areas Online
		Behavioral	Special Occasions Hobbyist Professional User
	B2B (Commercial)	Industry	Sales, Manufacturing, Display, Resale
		Intended Use	Documentation, Branding, Marketing Communications, Customization

Market segmentation strategies were used by some respondents successfully to define target segments with whom they could efficiently communicate or deliver value, but other respondents were relying upon legacy market segmentation data that could be less relevant due to changes in consumer behavior or shifts in technology.

Disruptive changes in technology can present new substitution threats—alternate products or services—capable of shifting long-standing customer needs and wants (Azadi

& Rahimzadeh, 2012). Customer needs and wants directly affect market segmentation strategies as companies attempt to develop core competencies capable of satisfying such criteria. Market segmentation became an obvious theme during initial interviews due to the diversity of customer demand expressed by respondents [Appendix C]. Respondents described attractive market segments predominantly classified as consumer markets, but some respondents acknowledged they had yet to successfully capitalize on potentially lucrative commercial markets.

**B2C (consumer).** Some respondents classified market segments based on simple demographics such as women aged 35 to 57. Some also classified market segments in terms of geographics (i.e., surrounding towns or local populations), or in behavioral terms such as special occasions and events (e.g., art shows). A long-standing target market used by photo industry retailers was mothers of young children because those individuals often became the family head of preserving and sharing memories. P2 stated, “Whether we are selling cameras or doing photo finishing, we want young mothers.” But P1 specifically avoids targeting that market as indicated in the following dialog. Interviewer: “Are you excluding young mothers?” P1: “They are not a market that, at the moment, is making prints—the vast majority of women under 35 are not printing yet.” Perhaps it is possible that geographics or other variables affect the options that are available for local target market segments. P5 stated:

We don't focus in on just consumers, or just professionals, we do across-the-board. So that goes [for] everything from imaging and processing, through consumer cameras, up through the highest level professional

product that exists in the industry, and everything related to imaging product, too.

But market segmentation has many benefits that can help retailers with strategic decision making. Market segmentation is not only about defining a firm's potential target markets but it can also provide significant operational data necessary to basic market functions such as pricing (Inanc & Zachariadis, 2012). Dolnicar and Leisch (2014) proposed that staff should become more deeply involved in the studies of target market characteristics. Understanding the variables used to define segments of high opportunity could help retailers better understand customer needs or better understand efficient methods through which to communicate.

**Demographics.** One respondent created a special promotion offering to transfer old movies or videotape to DVDs. The retailer recognized that the most likely market segment to need such a service might be classified demographically as belonging to the baby boomer generation. The promotion used newsprint media because the baby boomer generation was perceived to be active in reading newspapers. The retailer was able to understand how to communicate efficiently with the target market of this promotion because the market segment was well-defined both in terms of applicable media and also defined potential need. This example highlights the benefit of strategic market segmentation but could also illustrate the danger in misunderstanding potential target markets.

The legacy target market of mothers of young children elicited conflicting perspectives from some respondents. P1 and P2 clearly disagreed on the value of that

segment which, for years, was a primary targeted segment of most retailers in the photo industry. If this market segment is still an attractive target market, perhaps the needs of this group have changed. A primary need established during the last fifty years of the twentieth century was prints from film, but that is no longer valid since the function of sharing and preserving memories can be accomplished through other digital methods. If this market segment demonstrates other needs, retailers may have to redefine both the needs and the competencies and methods through which to fulfill them.

Millennials provide another example illustrating the importance of defining target market need. Millennials are an attractive market segment because they have established communications channels easily reachable through social media. They are highly engaged with various digital platforms such as Facebook, Twitter, Instagram, and so forth. While they might be easily reachable, their needs and wants might not resonate with current capabilities of many retailers. P2 stated, “There are not many mothers of young children or not many millennials that will say ‘I think I’ll go to a camera store this weekend to see what’s new.’” This demographic segment could be the most photo-active given the evidence displayed on various photo-based social media websites, but some respondents indicated they had not yet found an expressed need that resonates with their competencies. Perhaps targeting by demographics is proving too broad as newer generational cohorts have become more diverse in character and expressed needs.

**Geographics.** Retailers have historically defined target markets based upon geographic location. Since the location selection process was often based on perceived proximity to likely groups of potential customers, retailers would position or site their

stores in areas with high perceived densities of populations typically needing photo-based products or services. Market size was often determined by arbitrary measures of distance from the point of location such as a 5- or 10-mile radius. One respondent stated, “all our potential customers were right outside our door; we just had to get them to come in and see what we do.” Another respondent felt their primary location gained most benefit from outlying or adjacent areas stating, “We have some pretty affluent towns around the area, with a 42,000 [local] population [and] a shopping population estimated at about 150,000.” Geographics was a primary characteristic of target market for four respondents, but one respondent had transitioned away from location-based market segments, stating, “So much is coming [in] online and is not really dependent on the location that we used to cherish so much.”

**Behavioral.** Respondents also used behavioral factors such as special occasions through which to define targeted segments. Consumers increase photo activity during special occasions such as family gatherings. Long weekends such as Memorial Day or special days such as Mothers’ Day or graduations provide opportunities for families to gather for cookouts and take pictures to memorialize the events. Special promotions during photo-active periods can increase customer traffic in stores and provide retailers opportunities to gain brand awareness and find new customers. P4 stated, “certainly when we have event-driven promotions, you know, like this weekend, this Friday, Saturday, Sunday, we have something happening and we advertise it heavily. It drives traffic; it drives a lot of new traffic.” Consumer behaviors and associated events can help retailers define market segments and also find new categories of customers by identifying discrete

uses of images, for example: advancing individuals' goals of a hobby into professional or commercial realms.

**B2B (commercial).** The type of industry can often help retailers discern potential needs and define targeted segments or groups who might recognize value in specific offerings. Professional photographers might value all types of photo equipment offerings since they use all types of cameras, lighting, accessories and props; but the needs of selected industry classifications might be very specific.

**Industry and intended use.** Some respondents created events and promotions with specific offers that were highly relevant because they were narrowly focused on discrete needs or uses. P4 stated:

But let's say we're doing a partnership with the [local] Art Museum, then that marketing for that event or for that client base may be geared towards high quality Giclée printing [normally describing ink-jet output or large-format printing] and custom framing. An event that we're doing with, you know, a professional, like PP of A [Professional Photographers of America] or ASMP group [American Society of Media Photographers] is going to be targeting high end cameras and, again, maybe a different type of high end printing and output.

Defining market segments by specific uses or industries helps retailers create marketing strategies that resonate with the intended audiences. Retailers can bundle or package products and services in ways that add value to specific groups of customers. An art museum could value Giclée printing; a commercial equipment manufacturer could value photo books illustrating equipment use or benefits, and a real estate company could value



short-run customized brochures. Some of the uses such as display, branding, documentation, or customized products vary widely; but retailers can increase the relevance of their offers by promoting awareness of their offerings in specific user applications. The products and services valued by such discrete market segments are different, and the marketing communications methods most suitable to reach these targeted segments are also unique.

### Theme 3: Marketing Communications

Marketing communications components and categories are listed in Table 5 and are followed by detailed descriptions of respondents' perceptions.

Table 5

#### *Components of Marketing Communications*

	Primary Theme	Category	Subthemes
Theme 3	Marketing Communications		
		Point of Sale	Posters Signage Video Screens Product Displays Store Embrace
			Self-Serve Kiosks Sales Associate Consultations
		Traditional Media	News Print Direct Mail Magazine Print Radio & Television
			Facebook Twitter Instagram
		Social Media	Company Websites Retargeting (expressed interest) Broadcast (Groupon, etc.)
			Ecommerce Ebay Amazon Stores

Marketing communications—efficiently communicating with targeted market segments, seemed a major factor in how respondents were able to increase potential customers' awareness of new products, services, or uses for photo images. The themes and subthemes listed in Table 3 (p. 68) illustrated a sequence leading to marketing communications as a logical outcome driven by the first two themes of technology and market segmentation. While the importance of these themes was universal, the respondents' experiences with the associated subthemes were varied, with some addressing these factors successfully and others finding challenges.

**Point of sale (POS).** Conspicuous displays such as signage, posters, in-store video screens, product displays, and general store ambience all contribute to communicating marketing messages or branding narratives to customers. An advantage of POS communications is the ability to create awareness of new-to-the-world or new-to-the-customer products or services for which there was no prior interest. This advantage differs from many other media that take advantage of consumers' expressed interest to define optimal marketing communications channels. While an outdoor advertisement such as a billboard might contain messages designed to increase awareness of new products, passers-by typically remain unconscious of messages deemed by them to be irrelevant. But a personal suggestion by a sales associate, a well-placed sign in close proximity, a product display in close line-of-sight, or a spontaneous video demonstration for browsing customers can increase effectiveness.

Materials supplied by respondents such as photos of facilities, signage, and product displays demonstrated retailers' use of available space to promote products and services. Product displays were grouped by category of product and seemed intended to express varied assortments of cameras, lenses, tripods, bags, and many related accessories. Wall displays included samples of service-based products including photos printed on T-shirts, mugs, mouse pads, ceramic tiles, aluminum substrates, posters, acrylics, jewelry, and so forth. I noted all submitted photos of POS displays seemed based on either product category or potential use. All service-based products seemed grouped together without any attempt to categorize by potential market segment. Signage was similarly focused either on product features or brands. I saw no defined sections devoted to specific market categories, such as consumer or commercial, and no mention of advanced amateurs, professional photographers, or business customers. While some consumers might visit a store for personal needs, it is possible that many of those customers are also employees of other businesses. This might be an opportunity that retailers could address more proactively. P2 stated:

[We] concentrate on B2C but we still do, you know, we do quite a bit of B2B. We would certainly like to do more. But in our traditional camera stores, we're finding it a little bit difficult to do, you know, we're not top of mind when it comes to the architects and the builders around town, the commercial applications for big prints and stuff. People just don't think of us. We have not taken the time to do a good job marketing although we should've.

Self-serve kiosks can provide opportunities to communicate with customers as they place orders for products or services. When ordering prints, the kiosk interfaces typically offered additional products with sales messages such as “Would you like to back up your images on a DVD?” Again, the kiosk user interfaces I viewed did not provide opportunities for any messages defined by market segment since all users are assumed to be consumers. This may highlight the importance of sales associate consultations since these are interactive and have the potential to easily classify customers and tailor resulting narratives accordingly.

**Traditional media.** Marketing communications strategies and activities are often the fruition of marketing development programs that combine adoption of technologies with targeted market segments that have been defined as accessible through a company’s communication channels. Integrated marketing communications (IMC) helps companies develop competitive advantage and focus resources on *best* customers and prospects using outside-in thinking (Luxton, Reid, & Mavondo, 2015). This type of thinking considers prospects’ needs and wants when developing marketing communications rather than first developing the message and then looking for a suitable target. Targeted advertising increases efficiency by focusing scarce resources effectively. P1 expressed the inefficiencies of using traditional media stating:

We do some radio advertising, and we do some high-end magazine advertising that's like NPR [National Public Radio] because there's no call-to-action. It's more institutional about who you are, how long you've been around, because there's something to be said for longevity, especially

today. The cost per thousand to do other kinds of advertising is just way out of line. You can remember the day where you used to be able to say, 'Here's a radio station, here's their reach. This is the frequency. The cost per thousand was X or Y.' Now, because there are so many ways to view, to hear, to grab the attention of customers, or not grab the attention of customers, whichever the case may be, your cost per thousand is much, much higher than it ever was.

But at times traditional newsprint is still highly relevant as indicated by the following dialog with P2:

But we've had great luck the last couple years; here is where we do a tape to DVD transfer sale. You know, it started out—I think [person X] did the first one that was really successful. She did ten tapes to ten DVDs for a hundred dollars. We just kicked that off a week or so ago, and we will ultimately do a little bit of print ad for that because the marketing people think that a lot of that target market is elderly people who still read the newspaper.

One respondent abandoned traditional media completely as illustrated in the following dialog with P3:

Our whole concept was not so much to advertise. Couponing did not seem to be too effective because most of our people here were not really coupon conscious. What it did was brought in people that were maybe from outside the area that were coupon clippers. We draw people in that were

walking by or driving by because we had good visibility—we're on a corner, good signage. So we have a lot of sidewalk signage. We have an A-frame. Now we have a cutout of me, standing out front. We have samples of our aluminum prints and canvases. So that was our intent marketing. It was more the immediate traffic that was already there; [we] would try to get them and come inside to see what we do. We tried everything. We did door hangers, mailers. We advertised in the local theaters on the screens, [in] newspapers, everything that's anybody's tried, we would get a couple of replies. But if we're giving away something about 20% or 30% or 40% off, you're not really making much. We are devoting almost 100% of our marketing budget to developing our website.

An initial interpretation of these data first indicated a possible connection between a lack of effective market segmentation and the disappointing results experienced when using traditional media. However, further analysis revealed this respondent was effectively developing target market segments. Any difference in results from other respondents occurred because those targeted segments were more easily reachable through digital methods. This confirmed the strategic linkage among all three themes of technology, market segmentation, and marketing communications.

Some use traditional media in an attempt to maintain brand awareness in their local areas. P4 explained, "We have basic advertising that we do, which includes everything from print advertising meaning newspapers, magazines." Traditional media

are also still useful for retailers maintaining a wide variety of target market segments. P5 stated:

We do a lot of network TV, local news. We do a lot of direct mail. We still do a lot of free standing inserts in newspapers, selectively throughout the year. That's the core structure of our advertising right now. We still do a little bit of radio and, of course, then the online component of our advertising.

The online component seemed to be top-of-mind with all respondents. Most respondents were successfully growing revenues consistently through these media.

**Social media.** Traditional media can be effective if the campaign is accurately focused on specific target market segments, but maintaining top-of-mind awareness campaigns can be costly and ineffective due to fragmentation of media. P2 had transitioned most of their advertising to social media stating:

As of last year, it is all social media. I've given up on the newspaper. I've pretty much given up our electronic [broadcast radio and television]. We'll probably do a few billboards, maybe a touch of electronic but I've got a full-time girl that does nothing but social media.

When P2 was asked about using targeted promotions, the participant responded:

Oh yes, we do very targeted—again, all of our efforts pretty much are in the photo finishing. We, you know, we have a little bit of co-op; we still get from the camera guys, and we're trying to get them to let us use that on social media as much as we can. So, you know, like right after Christmas, we did a calendar campaign, and it was on our website; it was on our e-

mail lists; it was on our Facebook [page]; it was on our Instagram account, and then we put some stuff on Pinterest. And you know we're buying ads and all of these things to get some more placement. It's the only way that I think you can do it anymore.

The transition from traditional media to the use of social media was experienced by all participants in the study. While some respondents still maintained a portion of their advertising budgets assigned to print or radio, further discussion revealed a major portion of their advertising efforts was dedicated to social media platforms as stated by P4:

We do Internet advertising in the form of retargeting, in the form of run of site advertising, which is basically for all intents and purposes, I call that branding. Because it's not -- as much as it's meant to drive, you know, as much as all of those that I just said, are price-product driven.

Four out of the five respondents discussed traditional marketing communications methods such as newsprint or radio in terms of de-emphasized portions of their programs, and P5 continued to invest in a consistent and balanced program of print and broadcast media combined with significant social media commitments. But social media are no panacea, and associated costs are rising as some social media providers change their terms of service. P5 stated:

We do a lot of social media. The social media model right now is kind of—people talk about it a lot, like, 'Oh, yeah, you got to be on social media, you got to be on social media,' but the problem is it's getting hard to use social media as a form of advertising. I always say it gives our



company a personality, so we use it as our company's personality. We try to use it as, when somebody wants to talk to our company, they're usually—from an electronic media—they're talking to us through social media. As far as using it to promote product and promote events, we've backed away from us doing that. The new Facebook algorithm for how they block advertising unless it's being paid for type-of-thing has really changed how social media's being used. We have 20,000 followers on our Facebook page; and, if I were to put something out there, I'd be lucky to have it seen by 50. If you don't pay, they're going to block the post.

Twitter is a little bit different; they haven't quite started that with Twitter yet, but we still do use it a lot; it's just you have to do different things on Facebook. It really can't be advertising,

That policy against advertising might be newly implemented by Facebook, but *push advertising* or product-based advertising often meets with consumer disdain when delivered through social media channels. Push marketing involves direct sales efforts, compared to pull marketing that invites consumers to explore potential benefits or extended information (Hughes, 2013). *Push marketing* describes offers for products or services that are intended to elicit a purchase response. *Pull marketing* describes communications intended to encourage prospects to avail themselves of some benefit such as an educational white paper, video, or other resource with potential value for the recipients. The former is intended to generate a short-term purchase response and the latter is intended to

generate a deeper relationship between a prospect and supplier in the hope of establishing a long-term purchasing behavior.

Push marketing strategies such as retargeting, website shopping carts, and savings offerings such as Groupon are finite because they are product or service specific and generate low customer loyalty. Pull marketing strategies often include use of Facebook, Twitter, and Instagram and are designed to engage potential customers on a more personal level to support long-term relationships and encourage repeat purchasing behaviors.

Discussions of social media included pure e-commerce strategies such as E-bay or Amazon Stores. Those respondents actively involved in product-based marketing reported continuing revenue growth, most notably by partnering with Amazon. P5 stated, “The marketplace is changing from dot com to Amazon. We're seeing just more and more businesses being conducted through Amazon. It is what consumers want; it's what consumer's trust, and it's a place they go to.” A goal voiced by respondents was to use social media to encourage customer to come to the store. But another goal is to increase the number of transactions and move product. One respondent stated:

I think what people are realizing with Amazon—it's become very interesting—is that everyone thought it was always about price and saving on sales tax. And everyone's [saying], ‘Oh, yeah, no sales [tax].’ What's happening in [our area] now, where Amazon does charge sales tax—has their business plummeted? Oh no, quite to the contrary; it's increased drastically. It's still increasing. It's becoming a marketplace that people consider a place they go to do their shopping,

so I think that's become the biggest change in the dot com arena—that guys are looking at their dot com sites and going, 'I can't even play in this marketplace. I'm going to play on the Amazon marketplace. I'm going to work on the slim margins of Amazon. I'm going to move goods there.'

### **Relationship of Findings to the Diffusion of Innovations Theory**

In 1962, Rogers developed the diffusion of innovations theory describing that information new to an individual (innovation) can be characterized by “relative advantage, compatibility, complexity, trialability, and observability” (p. 38). Rogers further explained how information on these characterizations could propagate throughout a consumer population using various means of communication including word-of-mouth. While individual companies often use advertising and promotion to inform prospects or increase general awareness of their brands or offerings, very few companies have the resources required to individually communicate with all target market segments or prospects. Supporting organizations can often influence the scalability of diffusion of innovation (Markiewicz, 2015). Many social media platforms were once considered as supporting organizations to efforts aimed at diffusion of innovation, but recent trends indicated in this study’s interviews illustrate the challenges posed by companies controlling this space.

But the connection between diffusion of innovation and the success rates of specialty retailers was undeniable when analyzing these research data. Four out of five respondents indicated the use of technology had enabled more accurate target market selection and segmentation that, in turn, allowed them to communicate with prospects

more effectively—epitomizing effective diffusion of information. Those companies with the capabilities and competencies to exploit the opportunities offered through media capable of diffusing new information could gain competitive advantage over those less capable or inclined.

Effective business practice includes that ability to communicate the value of offerings to prospects. Respondents indicated diffusion of innovation was a required component of revenue growth because communicating effectively with prospects was their primary method of creating sales.

### **Applications to Professional Practice**

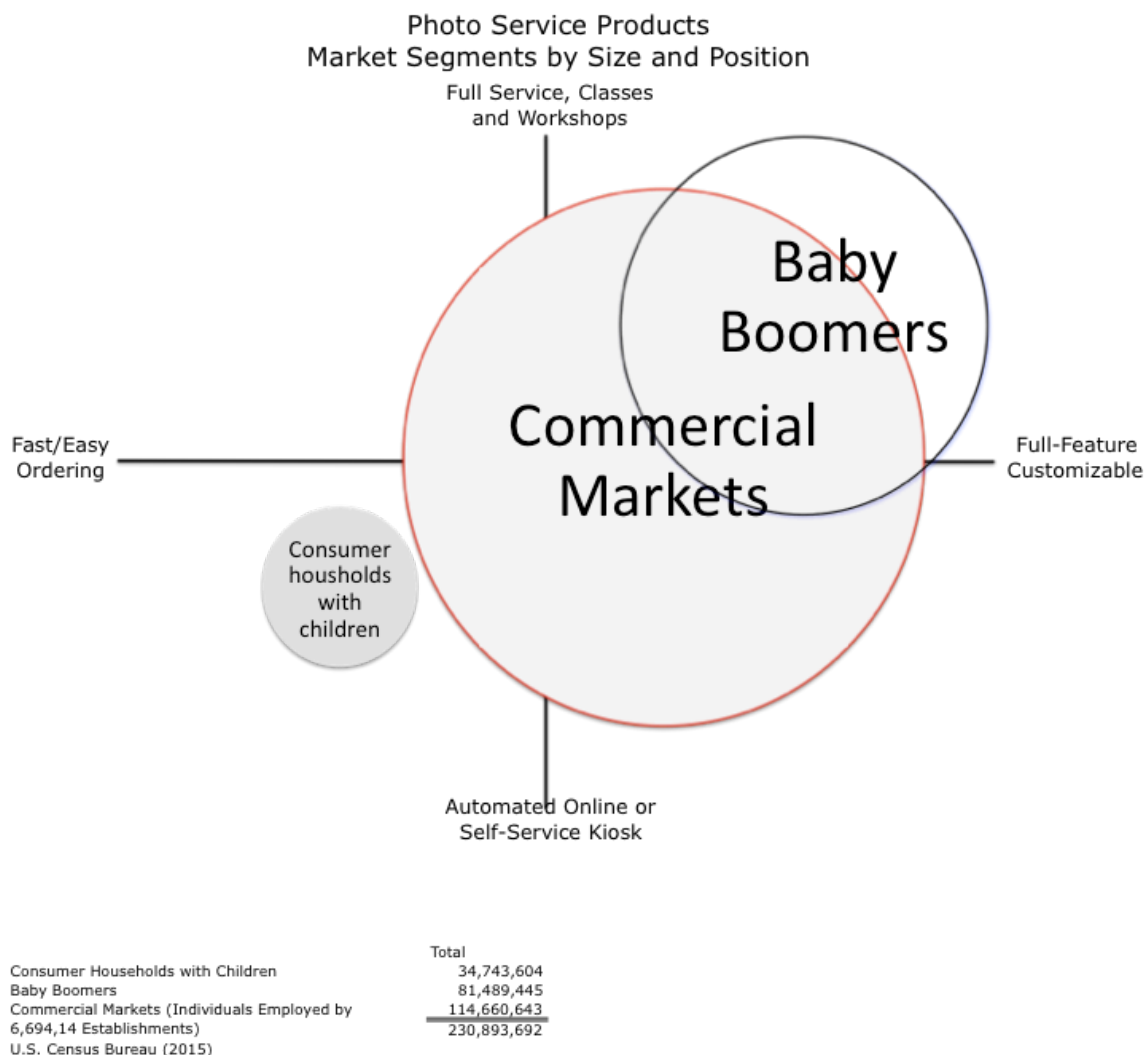
All respondents in this study were achieving revenue growth in varying degrees; one respondent was growing 5% annually, another just achieved 8% growth in 2015 after four years of declines. One respondent achieved significant growth that was directly tied to new product introductions by manufacturers, while another respondent relied upon development of new photo service products. Some respondents have invested heavily in technology by developing solutions enabling efficient use of websites, customer ordering, customer acquisition methods, and marketing communications. By accessing current technologies, some respondents have gained efficiencies and competitive advantages directly linked with revenue growth. Some respondents seemed reluctant to abandon legacy technologies and invest in newer systems, resulting in reduced abilities to compete in consumer packaged goods categories such as cameras and other equipment. Regular use of strategic marketing tools such as the SWOT analysis could help inform retailers of potential factors affecting revenue growth.

One weakness such an analysis might highlight is what I call the smartphone death spiral. Most images now reside on smartphones, so it might be logical to assume retailers who provide printing services would be eager to print those images for consumers. Some retailers are not eager because their legacy technologies are incapable of efficiently handling such orders. Some of the respondents to this study have to manually transfer these print orders, even if they originate online, to an in-house point-of-sale order tracking system that doesn't interface with either their online website or their printing equipment. This manual process can add 10 to 20 minutes to each order's production time, which increases labor costs. Some study participants responded to this by increasing prices, either by initiating a high minimum order charge that is 1,011% more costly than the price of one print or by simply doubling or tripling per-print prices. Price and demand elasticity effects often exhibit an inverse relationship between price and demand (Casler, 2013). Increasing prices in this way could cause a decrease in demand, placing additional inefficiency burden in the marketing mix and, possibly, encouraging even more price increases to discourage consumer demand for already small print orders. Improving efficiency by updating technology systems to achieve an automated workflow could reduce retailer reluctance to accept small orders and potentially encourage revenue growth in the smartphone image-printing category.

Retailers could benefit by viewing the value of some services as more than simple revenue sources. Customers wishing to order only one or two prints from their smartphones can represent more than a minimal sales opportunity. They offer the retailer the chance to create awareness, both by educating that customer and creating a word-of-

mouth ambassador. By delighting such customers, retailers could leverage such interactions into marketing communications opportunities that otherwise would be much more expensive. Failure to seize such opportunities could sustain the stochastic percolation curve depicted in Figure 2 (p. 28) and could delay consumer adoption of new products and services.

Market segmentation seemed well practiced by those respondents achieving sustained revenue growth but seemed like an opportunity for improvement for many respondents. Even segmentation based on broad categories such as B2C versus B2B could have significant implications since the latter could provide a much larger potential customer base. Figure 4 shows the proportional size of prospect opportunity for photo service products comparing selected consumer markets (B2C) segments (e.g., households with children, and the baby boomer generational cohort) and commercial markets (B2B).



*Figure 4.* Potential Market Sized for High-Involvement Photo Service Products such as Photo Books.

Some of the respondents in this study mentioned they wanted to concentrate more on commercial markets but admitted they had not yet established any such marketing strategies. The ability to use customer relationship management strategies to enhance customers' experiences is a significant competitive advantage for retailers, but respondents in this study often seemed to focus primarily on transactional measures of success based on revenues. Customer loyalty programs or referral programs were rarely

mentioned, but the low average sales of smartphone orders were a top concern for many. Perhaps there is an opportunity to leverage those orders with inducements for friend and family referrals, Facebook *likes*, or other recommendations. Are customers more valuable if they are willing to apply for a store loyalty card and provide personal information such as employment? Could such information be helpful in attracting commercial business if a company's employees are already happy or delighted with a store's services? Such strategic marketing initiatives could help retailers leverage the competitive advantages they already possess.

### **Technology and Innovation**

Appropriate use of e-commerce tools can increase collaboration and enhance customer satisfaction (Zhao & Xue, 2012). All respondents reported technology was an important factor for success. P5 felt the use of technology provided competitive advantage, but some respondents saw technology as presenting challenges not yet met. Retailers can employ innovation to create or modify a flexible retail business model in order to enhance value creation (Iqbal & Sharma, 2012; Nanda et al., 2013), but most respondents seemed to perceive only tactical benefits. The proliferation of e-commerce channels of distribution with lower costs of operation could threaten replacement of the brick and mortar retail model (Ghandour, 2015), but all respondents saw e-commerce as a growth opportunity.

The relevance of technology and innovation to revenue growth became apparent when respondents indicated changes in technology had resulted in more fragmented opportunities. Respondents' use of terms such as *retargeting* and *microtargeting* and their



use of strategies designed to communicate one-on-one with potential customers revealed an increased dependence on technology for revenue growth. But the implementation of new technological systems can be costly and require additional capital investments. Changes in technology have not only caused shifts in consumer behavior, but interview discussions revealed they have also required equivalent changes in the methods used by respondents to offer value to consumers.

The findings reported in this study revealed a split between specialty photo retailers with one category achieving revenue growth through reinvestment and the other achieving growth through niche marketing. The former group sustained the traditional camera store model offering wide assortments of hardware, related accessories, and services. The second group used their more limited set of capabilities to concentrate on narrowly defined market segments. The camera store group were all multistore companies, and the services group were all single store companies. The inability to find any qualified participants (defined as achieving revenue growth) using a single location camera store model seemed to indicate those companies might be more vulnerable to external forces and may have to adjust their marketing strategies to specific target market segments.

### **Market Segmentation**

An often unrecognized goal of consumers is to make a satisfactory purchase choice while expending minimal cognitive effort (Park et al., 2014). This concept aligns well with retailers since it is to retailers' benefit to increase efficiency while lowering costs. Transitioning from mass marketing to targeted marketing increases efficiency and

offers greater value due to customers' increasing importance as a central focus of marketing activities. Some respondents seemed to be actively using market segmentation concepts to define future goals and sources for growth while others placed greater emphasis on tactical marketing issues such as general customer acquisition. Respondents producing relatively lower revenues seemed to focus on fewer defined market segments while higher volume respondents focused effectively on more segments.

Respondents using the multistore model indicated they were targeting many market segments spanning wide ranges of age groups and wide ranges of use-based markets including professional photographers, government agencies, museums, and so forth. Those using a single store model indicated a propensity to target by use, including wholesale, art display, consumer gifts, or special events. This difference in targeting could indicate business practices including frequent analyses of market segmentation strategies could improve revenue growth by concentrating on targets most effectively served within the company's capabilities.

### **Marketing Communications**

The importance of efficient marketing and communications between all actors was an underlying theme in the literature (Jankovic, 2012). Retailers often lack expertise in marketing, strategic planning, and other elements critical to business success (Cronin-Gilmore, 2012). While specialty retail channels may offer an essential path for accelerated diffusion of innovation, SMEs do not typically have resources to support strategic marketing efforts focused on leading national brands (Hovhannisyan & Gould, 2012). Marketing communication drives diffusion of innovation by attempting to build

sustainable relationships via cohesive messages to targeted customers. Respondents indicated they were focused intently on advertising and on using social media to help build relationships with customers.

Respondents indicated that marketing communications was relevant and a primary focus. All respondents were using multiple methods of communicating their value propositions including traditional point-of-sale displays and signage, traditional media, and social media. Some respondents were using Facebook, Twitter, and Instagram for customer engagement but did not experience measurable results from those efforts. An analysis of Twitter posts for one respondent revealed only two retweets in 1,715 primary tweets. One respondent stated, “We have 20,000 followers on our Facebook page; and if I were to put something out there, I'd be lucky to have it seen by 50.” Some respondents were using retargeting to push advertisements to those showing product interest in searches for selected products. One respondent partners with suppliers to place cookies on IP addresses local to their stores. Such microtargeting efforts seemed much more effective than random posts on general non-targeted social sites. Diffusion of innovation—creating awareness among those most likely to perceive the value of respondents’ offerings—seemed to hold the highest priority for all respondents.

### **Implications for Social Change**

Social change could be achieved by restoring some or all of the more than 100,000 jobs lost in the photo industry since the year 2001 (U.S. Department of Commerce, 2015). Restoration of jobs could contribute to social change by stimulating local economies, thereby improving peoples’ lives by providing employment income.

Significant benefits could accrue to the general population by sustaining the existence of a viable retail segment of the photo industry. Diffusion of innovation is the fundamental mechanism through which companies announce and express their products' advantages or benefits to targeted market segments. The primary role of this process is dissemination of information (Frattini, Bianchi, Massis, & Sikimic, 2014). Retailers have discrete advantages over online competitors because they can provide consumers with conspicuous displays (Avery et al., 2012) offering increased awareness of new products. This capability benefits consumers by providing educational opportunities that might not have been actively pursued in other ways.

Maintaining a viable photo retail industry provides society an important resource through which to share and preserve memories. Recent changes in technology have caused consumers to leave their photographic images in digital form stored on smartphones, computer hard drives, or cloud backup services. These forms of storage are all volatile and could result in permanent loss of entire photo collections. Photo prints are viewable without use of any technology and are the only proven method of preserving image utility regardless of changes in technology.

### **Recommendations for Action**

The participants in this study were all growing revenues in different degrees and in different ways. Some pursued revenue growth using a traditional mix of products and services while others attempted to optimize their efforts pursuing only those opportunities they felt were most lucrative. The latter may appear to be a sound strategy in the short term but could result in increased vulnerability to competition as technologies continue to

advance. Technological challenges also seemed to provide the greatest opportunities for both improvements in efficiencies and in addressing new customer needs and wants. Some retailers might benefit from adopting a customer-centric perspective as opposed to a resource based view (Srivastava et al., 2013). It could be more profitable to define target markets by considering customer needs instead of considering current capabilities. Assessing markets in terms of who might be interested in purchasing that which a company can currently provide could prove unsustainable. Updating company capabilities and technological competencies could enable opportunities with new market segments.

All respondents in this study felt e-commerce was an important element of their business with one respondent achieving 75% of annual revenues through online channels. Point of sales systems have now morphed into enterprise-class management systems capable of integrating e-commerce, third party logistics (3PLs), electronic data interchange (EDI), social media, and brick and mortar operations. Those retailers with robust management systems seemed to achieve a significant competitive advantage.

Market segmentation seemed to be a common factor with all respondents, but some respondents seemed to miss obvious opportunities. B2B customers present large and varied opportunities, but some respondents made few attempts to attract or exploit this type of customer or other target market segments. Retailers who defined specific target market segments seemed to have clearer information on factors driving revenue growth. Clearly defining target market segments allowed some respondents to create marketing communications messages that were more relevant to the targeted segments.

Marketing communications seemed to provide effective means of customer acquisition for those with defined target markets and appeared to pose challenges for those with vague targets or inefficient e-commerce systems. All respondents were concentrating their advertising on e-commerce channels, and there seemed to be significant opportunities available for those using robust systems. Some respondents had abandoned traditional media entirely and were actively using social media, organic diffusion, and paid insertions via display ads. One respondent used traditional media only for selected services targeted towards older generational cohorts presumed reachable through those media.

Retailers who have not defined specific market segments could benefit from using general sales events to increase store traffic and gain new customers. Events tied to cyclical high photo activity periods such as holidays (e.g., Mothers' Day), graduations, summer vacations, and so forth could inspire new customer interest. It is important, however, to analyze new customers in hopes of identifying market segments that could be defined and targeted in the future. Successful marketing communications is the culmination of foundational marketing strategies that create positive customer engagement (Klaus & Maklan, 2013). The findings of this study seemed to indicate that specialty retailers could benefit from adopting new management and communications systems that increase efficiencies, enhance abilities to segment target markets, and allow effective communications and customer engagement.

Specialty retailers in many industries could benefit from experiences of specialty photo retailers because the disruptive changes in technology that have shifted consumer

buying behaviors have affected most retail channels of distribution. I hope to explain further the interactions of variables and experiences discovered in this study via journal articles and presentations at industry conferences so that others might benefit from this research.

### **Recommendations for Further Research**

The findings of this study might indicate a shift in retailers' philosophy has taken place as technology has disrupted long-standing consumer behaviors. Prior to the existence of e-commerce capabilities, retailers often considered themselves as purchasing agents for consumers. Retailers would aggregate an inventory of products that they felt might be popular with their local population, display the goods for sale, and offer helpful information as needed. Manufacturers would help develop the retail channel by providing sales representatives to train retailers how to best sell their products and diffuse information about new products or new applications of products.

Disruptive changes in technologies have caused radical changes in business. E-commerce has enabled competition that is less dependent on location, causing retailers to take a more active part in strategic marketing and planning. Further research could explore the actual strategic planning methods used by retailers and correlate those methods with revenue results. A limitation of this study included no accounting for population sizes, densities, or other geo-demographic data. An opportunity exists for a future study to include size-of-local market data in hopes of finding an association between size of revenues and size of the potential market.

Another stated limitation of this study included lack of addressing all possible variables experienced by retailers. While the three major themes developed saturation quickly, other factors are clearly involved. For example, some respondents were using legacy point-of-sale system technology that was incapable of interfacing with e-commerce systems. Was that caused by lack of planning, poor financial management, or ignorance of the benefits of newer technologies? A future study could benefit from an in-depth financial analysis of historical costs, profits, and investments in business infrastructure.

### **Reflections**

One might assume I came to a study of the photo industry with preconceived expectations or bias. Having been an owner of a small chain of camera stores for twelve years and having subsequently owned a photo lab and digital imaging center for over twenty years did provide me with a clear understanding of many industry-specific variables. But I terminated those activities in 2003 and easily recognized that much had changed in the intervening period. The results of this study have been truly informative and surprising to me.

My experiences in the photo industry showed successful revenue growth was often the product of leveraging distinctive competencies, exploiting newfound opportunities to fill customer needs and wants, and positioning the company's branding narratives to resonate with two primary target market segments. The primary market segment was focused on the need to preserve and share memories via photo prints, and mothers of young children epitomized that need. The secondary target market was



loosely defined as commercial markets and included many sub-segments such as real estate appraisers, magazine publishers, insurance adjusters, and many other targets needing photo prints for purposes of documentation or publication. Both of these major market segments were universally shared by all specialty photo store retailers, but the needs of these segments have changed dramatically.

The data in this study show that mothers of young children no longer use photo prints, relying instead on soft display (e.g., smartphone screens) and volatile digital storage to satisfy needs based on sharing and preserving memories. Commercial markets now use digital images embedded in digital documents; photo prints are no longer needed for documentation or publication purposes. Photo equipment manufacturers continue to innovate dedicated image-capture devices by adding features such as Wi-Fi connectivity, high-quality video, mirrorless scene view, point-of-view (GoPro) format, and so forth; but such features must fill needs and wants of new target markets. It is often the raw digital images that provide the primary utility to new target market segments who are now defined narrowly—sometimes relying solely on customer search behaviors or queries.

Retargeting is a method used to track browsing behaviors or presence of previous visitors to a company website and serves ads to those prospects only when they search for specific items. This method targets a consumer based upon an expressed interest rather than a defined need because the retailer has no knowledge of a specific need—just an awareness of interest. This is a problem because this method only helps retailers reach those who are already aware and interested in a given product. This scenario relies

heavily on manufacturers to create demand through non-tactile methods such as online ads, promotional videos, and blogs. Such efforts might inspire those already aware of selected products' features or benefits, but such direct-to-consumer channels rarely reach or inspire those who are unaware—possibly the majority of new-to-market prospects. This inability of the industry to *create* consumer awareness could diminish revenue growth in new markets and contribute to additional loss of photo industry suppliers.

Today's specialty retailer seems more reliant on individual investments in technology adoption, marketing development, and the creation of discrete service-based products to attract defined target market segments. While some retailers are leveraging multistore size and related sales volumes to support enterprise-level solutions, others are forced to downsize—matching existing capabilities to a shrinking market share. Respondents in this study indicated retailers grow revenues in different ways that are dependent on company size and supporting infrastructure. There are significant differences between multistore retailers and single-store retailers.

### **Multistore Retailers**

Retailers who have grown companies to multiple locations seem to have achieved sufficient scale to financially support technology platforms required to successfully compete in product-based marketing. Respondents indicated that significant investments into their IT infrastructure had resulted in competitive advantages and abilities to compete in the e-commerce space. Offering customers broad selections of expensive and constantly changing camera models and accessories requires substantial investments, but the increasing reliance on IT to facilitate online display and customer ordering requires

investments and skills that have dramatically changed the competitive landscape. The respondents who were successfully growing revenues via product-based sales had all achieved or were achieving efficiencies and benefits of scale as a result of IT investments. This evolving requirement for on-going IT investments and upgrades has caused a chasm to form between large and small stores and increasing pressures small retailers to recognize their inability to participate on a small scale in the camera products marketplace.

### **Single-Store Retailers**

Two respondents were classified as single-store retailers and both were adapting their stores due to disruptive changes in technology. One respondent had recently decided to eliminate all camera products and concentrate on service-based marketing, and the other had always concentrated singularly on photofinishing services. Both were growing sales but in different ways that could be described collectively as niche marketing.

Transitioning from consumer to commercial markets has provided new growth in revenues for P3, who has found loyal and repeating sales coming from municipalities, commercial entertainment venues, and an assortment of wholesale accounts. While 75% of this respondent's revenues now come from online sales, these sales are generated through a relatively unsophisticated IT infrastructure that could prove vulnerable in future years. P3 recognized the need for further investment in search engine optimization and other IT improvements, but the competitive advantage for this respondent is probably based on unique or highly customized offerings rather than marketing communications abilities.

The respondent who recently transitioned to services by eliminating camera products was growing revenues by introducing new services in hopes of finding market segments to which these services might appeal. This marketing method relies heavily on in-store product display, on trial sales, and, ultimately, on word-of-mouth by encouraging early innovators to become ambassadors or evangelists for the company. This respondent was also achieving some successes in growing commercial market sales but did not have an active marketing plan to grow that segment.

### **Technology**

Smartphones continue to present specialty photo retailers with a conundrum based on opportunities and challenges. Smartphones contain most of the photo images that consumers currently capture, but retailers struggle to monetize that opportunity due to awkward implementations of technology. E-commerce presents a similar conundrum based on opportunities and challenges. Available technologies can allow retailers to segment target markets, customize offerings, and communicate with potential customers in ways previously unavailable. But many retailers lack the resources to overcome technical challenges to access those opportunities.

Technological issues surfaced as the primary theme that either challenged or enabled retailers to grow revenues. Issues ranged from a consumer perspective of easily ordering photo products or services to the retailer's perspective of achieving scale, to accurately targeting market segments and efficiently communicating with potential customers. The fundamental results of this study reveal a triad of interdependency among the three main themes of technology, market segmentation, and marketing

communications. Respondents grew revenues on a larger scale by executing marketing strategies that incorporated all three factors. Multistore retailers seemed to have the resources to execute those three factors, but single-store retailers seemed unable to address technology challenges adequately—forcing them to concentrate on the remaining two factors.

### **Conclusion**

Some who feel that the photo industry is dying and that there are no longer ways to compete with the largest competitors such as Amazon, Walmart, and others. There are some who might feel the need for specialty retail has ended. Participants in this study could challenge both perspectives.

Specialty retail is still an important, and perhaps an essential component of channels of distribution to customers. There are successful retailers who are not only surviving but flourishing today because they have adopted sound business practices and strategic marketing initiatives. Many were confused and threatened when changes in technology first appeared and challenged existing paradigms. Those days seem to be over. Findings indicate that those who continue to invest and grow, both in their knowledge and in their business systems, tend to succeed where others attempt to survive.

The findings of this study provide a clear message that specialty retailers must continually re-invest in their businesses, re-educate themselves on opportunities to provide value to their stakeholders, and embrace new challenges not as threats but as opportunities through which to grow to higher levels of expertise. The themes developed

in this study form an interdependent triad of technology, market segmentation, and marketing communications. Successful retailers who grow revenues execute well on all three of these factors.

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## Appendix A: Interview Protocol

### **Participants**

Photo specialty store owners invited to participate received advance materials including description of interview questions, consent form, description of the nature of the study, and relevant contact information.

### **Type of Questions**

Four primary questions requested information on experiences dealing with retail marketing strategies, achievement of sustainable revenue growth, and store owners' perceptions of related variables.

### **Location**

The primary data collection tool was telephone interviews that originate from the researcher's home office and requests for information describing sales analyses.

### **Audio Recording & Transcription**

I recorded all interview with permission of participants, transcribe the audio recordings, and verify with the interviewee any gaps, missing sections, or hard to understand responses.

### **Length of Interview**

Each interview lasted approximately one hour.

### **Interview Questions**

1. Please tell me about your store in terms of its location, the market segments you target, or your proximity to concentrations of highly desirable potential customers?

If no mention of challenges <GOTO> Probe 6.

2. Please describe your marketing strategies and their categories (e.g., hard goods, accessories, or products bundled with services).

- a. If no mention of competition <GOTO> Probe 2 and 3.
  - b. If no mention of new customer acquisition <GOTO> Probe 4.
  - c. If no mention of marketing mix strategies <GOTO> Probe 5.
3. Describe your experiences with revenue growth in recent years and projections for the next five years. (If no mention of product categories <GOTO> Probe 1)
  4. Are there any topics related to photo category sales we have not yet covered that you feel are important for us to know?

### **Interview Guide Probe Questions**

1. Are there any categories of products or services you consider to be key drivers of revenues or profits?
2. What draws customers to buy from you as opposed to buying from one of your competitors?
3. Who are your major competitors and on what basis do they compete?
4. Describe your experience with new customer acquisition efforts.
5. Please describe how your marketing strategies focus on any of the standard marketing mix components of product, price, place, or promotion.
6. Please describe your greatest challenges.

### Appendix B: Selected Quotes on Customer-Facing Technologies

Table 6 presents selected quotes taken from discussions of technologies presenting transactional sales challenges to both consumers and retailers. Placing orders

through, and receiving orders from smartphones, seems an essential offering and competency since the majority of images are captured using smartphone cameras.

Table B1

*Selected Discussion Points on Customer-Facing Technologies*

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P1 I was one of the first guys out there that had multiple, multiple kiosks. Many of my peers that are no longer around thought I was crazy. "Nobody's going to come in and make pictures on those things." And I said, "Yes, they are. This is where it's going," and I was right. The problem is, I didn't anticipate that the cell phone would be even more right, which is what happened.

The cell phone overshadowed the camera very quickly

50% of this year's Christmas card business that we did in the photo greeting card was done for cell phones, and last year it was less than 10%.

That is the 10,000 question challenge [printing from smartphones] that occurs out there. Part of that is the iPhone is less of an issue than the Android phones have been.

If you look at the iPhone, we're into Version 9.2 right now, and there have been, essentially, six different iPhones that have been produced. In the Android environment there've been over 30,000 and they're working on Version 32. So it's the Wild West, when it comes to Androids,

Side conversation occurring during interview between P1 and customer. [start of side conversation] Hi. I doubt if it's going to recognize your hard drive.

CUSTOMER: Oh, no. P1: Yeah, because hard drives are not a recognized USB phenomenon. Let's see what happens. Generally, the answer is no it won't. Or you can actually order it directly. CUSTOMER: You know I wasn't able to call it up online. I couldn't save it. P1: Yes, you can. CUSTOMER: It won't save it. It doesn't save. P1: Yes, it does. Yes, it does. It does it automatically. It did recognize your thing. Go ahead.

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P2 So we've gone ahead and written our own platform. But that's been a terrific consumer of time, energy and money and so I'm not sure that's the answer either, but we just have no choice if we're going to be a first class operation. I couldn't be just another [company X] or [company Y] outlet because they're so limited.

*(table continues)*

We estimated that this last Christmas, that between seventy five and eighty percent of the products that we produced came in from a phone.

You know, where I get \$100 or \$80 for a greeting card order, I'll take the time to get that one image off of their phone, that's not the end of the world because we're all set up for it. We just turn their phone into another device, another drive so that we can grab quickly from the computer. But a kiosk does not lend itself you know, to ten, twenty, thirty, fifty images out of two thousand that they want prints of for twenty-nine cents each, that's just as a no win.

Androids are worse than iPhones and depends on what operating system you're on because, you know, some of them put them in folders, some don't. It's just a nightmare, a complete nightmare and so, it's not uncommon to have two thousand images on a phone. Sometimes it's more.

But we have a [company X] kiosk for our phone friends. We use [company X] for our print business not our creative product business, but just wallet through twelve by prints only, on total paper and for those we use [company X] both online and in the store for kiosks. And you sit down and plug in a phone and you know, it can take ten minutes, five to ten minutes before two thousand prints get moved over.

I'm almost exhausted these days between the software and the phones and the camera business and . . . it's not any fun anymore.

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- P3 so many people are coming in with phones that need so much help they don't have any clue that we spend . . . people walk in the door with a phone and they don't know how to get the picture off and we help them at the kiosk.

We spend 20 minutes with them. And they say, "Well, I only want these two pictures here." And you spend 30 minutes with them and they buy \$2 of stuff.

Now we do have a lot of local people that order online. So they're kind of a mixed group here. They're internet orders but yet they are local and they come in and pick them up.

- P4 [On importance of using online solutions to scale up printing business]. I think it's very important to do that. I think it's something that we try to do every day, to make sure that people know that we can -- that customer services that they can do in store, they can also do online.

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- P5 It's very exciting that, because of smartphones, people have gotten into the habit of using photography to express their feelings, to show how they're living, to express. Every part of their life can be expressed through photography now. That certainly did not exist 10 years ago. Only one person had a camera, and if there was a picture, you'd say "Dad or Mom, you take the camera, you take the picture." People did not use it as a way to express themselves. Certainly that's changed now.

*(table continues)*

How many of those people will get so much into the hobby, or the activity, that they'll say, "I want something better and I'm going to expand into a DSLR or a mirrorless camera, or a better point-and-shoot camera," is sort of the wild card. I don't think we've reached that point yet where we've quite figured out who's willing to move over or not, especially if you're looking at the younger generation.

How many of those teenagers today are going to want to get into that photography at a higher level? I think, personally, that there will be enough feeding off of this cell phone market, to continue to let the higher-end market or the photo industry continue to grow.

People take an image – the sole purpose of taking an image, or maybe in a lot of the times, people take an image – is solely being taken to put on Facebook, Twitter, Instagram, or being texted to someone.

I think, at some point, cameras will get better at, basically, sharing their images to a person's smartphone, so they can do that with the image. I think we're still at the infancy of that technology.

The online part of it is definitely the most challenging thing, I think, for every photo retailer out there because it doesn't matter whether you're doing a billion dollars a year on your website or doing zero on your website, your cost to maintain it, if you want to make it a proper website, are all the same. I mean, it cost B&H the same to host their website, and to add a SKU [to] their website as it does me, and they're doing, probably, millions, and millions, and millions, and millions of dollars more than I'm doing on my website.

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### Appendix C: Selected Market Segmentation Responses

The following responses listed in Table 7 show various perceptions expressed by respondents, but when questioned directly about market segmentation; three of the respondents felt their markets were broadly defined as B2C and two respondents provided more detailed percentages of markets served.

Table C1

#### *Selected Perceptions of Market Segments by Respondent*

Respondent	Market Segment	Classification
P1	We're also seeing sign people that used to just do signs, now getting more involved in doing pictures for customers in terms of large posters.	B2B
	We have gotten involved very successfully with one of the fine art studios here that does framing, in terms of making high-end fine art prints for them that they do their B2B to in offices and other venues. One that I had hoped to get involved in.	B2B
	We find some of the things we're doing for her is high-end scanning and then printing on fine art paper for very particular clients.	B2B
	Population's around 42,000, pretty much a lot of bedroom communities outside of the area, which are really the more targeted markets for us than the internal. We have some pretty affluent towns around the area, with a 42,000 population's a shopping population estimated at about 150,000.	B2C
	Generally, right now, it's aging at about 35 to 57, and then it's offering peripherals over from there.	B2C
Are you excluding young mothers? They are not a market that, at the moment, is making prints. They are your Instagram and your Facebook. There are some women that fall in that category, but the vast majority of women under 35 are not printing yet.	B2C	

(table continues)

Respondent	Market Segment	Classification
P2	Well, one you know, well after—we have two different businesses, we sell cameras and we do photo finishing. So those are two separate ways to sell. But we always, say when we look at each other around the business, our target market is a young mother. Whether we are selling cameras or doing photo finishing, we want young mothers	B2C
	So all [] of our stores, all of our marketing is directed—well as much as we can, is directed towards the twenty-five to forty-year old mother.	B2C
	Is that because you feel the value proposition is primarily preserving and sharing memories?	B2C
	P2: Yup.	
	You know, we're very happy dealing with mothers and entry level SLRs for cameras and lenses and then photofinishing across the board for their families' members.	B2C
Concentrate on B2C but we still do, you know, we do quite a bit of B2B. We would certainly like to do more	Minimal B2B	
P3	But in our traditional camera stores, we're finding it a little bit difficult to do, you know, we're not top of mind when it comes to the architects and the builders around town, the commercial applications for big prints and stuff. People just don't think of us. We have not taken the time to do a good job marketing although we should've and so we're seeing if we can make this [segment of our] business a go and make that more of a focus of B2B that way.	B2B
	I'm kind of going toward wholesale. And I'm going basically toward an internet company. prior to the internet revolution, all of our business walked in the front door as just probably most everybody's. We marketed toward bringing in the traffic because we're on a busy street.	B2C

(table continues)



Respondent	Market Segment	Classification
	So that's kind of the location and why we were pretty very successful in the film era. Because we get so much traffic and people here were not too price conscious, I should say. And all our potential customers were right outside our door, we just had to get them to come in and see what we do. And that worked for a long time.	B2C
	So much is coming online and is not really dependent on the location.	Internet
	Most of this is growing out of probably people that were personal customers with their personal business and then they had us do stuff with their work too.	B2B
	Would you say that your wholesale business is a significant portion of your business? P3: 20% probably.	
	I've got one customer right now who's redoing some of the biggest golf courses in [our state] and redoing all their displays and all their photos, everything. And they're doing them all in aluminum.	B2B
P4	So we have outside sales people that deal with specifically businesses or government organizations.	B2B
	But let's say we're doing a partnership with the [local] Art Museum, then that marketing for that event or that, you know, for that client base may be geared towards high quality Giclée printing and custom framing. An event that we're doing with, you know, a professional, like PP of A or ASMP group, is going to be targeting high end cameras, and again, maybe a different type of high end printing and output.	Events
	But it's potentially the same product, but it's repackaged; and by product I mean like let's say a printing service, right? You're going to sell it; it might be the exact same printing service that you're providing; you're going to package it a little bit differently to appeal to that customer. So, is it a fine art customer or is	Pro

(table continues)

Respondent	Market Segment	Classification
	it a photographer that wants high end printing, who is going to be reselling it.	
P5	80% of our total business through brick and mortar retail.	B2C
	The other 20% comes from online sales and government corporate sales.	B2B
	We don't focus in on one segment of the market. We don't focus in on just consumers, or just professionals, we do across-the-board.	Vague