

DIGITAL TECHNOLOGY: A HARD PROBLEM TO VIETNAMESE MINILAB SECTOR

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Over the past two years, the local minilab sector has worried about the digital technology of film development imported into Vietnam because of its wonderful usefulness and ever-changing demand of photographers. Nevertheless, this is a hard problem to local minilab enterprises. We need to have a comprehensive look over the current trend.

1. Vietnam photography and development of the minilab sector

Vietnam began to have the first photo shop named Cẩm Hiếu Đường on March 14, 1869. It was owned by Mr. Đặng Huy Trứ and located on Thanh Hà Street, Hà Nội. He was also a photographer. The country's photo sector has seen a robust growth for the past 134 years along with the national liberation and construction. From 1985 until now, the photo sector has steadily grown with some 700 minilabs, thousands of photo shops and studios and tens of thousands of professional photographers. Even the people living in remote areas can make access to both common photography and art photography. This is really a great achievement of Vietnam's photo sector.

Negative films have played an important role in the last half of previous century. Negative films after being taken and developed manually is very inconvenient and harmful, the appearance of minilabs was thus a breaking event in photography. Then a new kind of photo business took shape: minilab. In 1989, the HCMC Photography Company inau-



gurated the first minilab. Since then to 1999, minilabs had operated in all 61 provinces and cities of Vietnam. These analog minilabs were provided by main manufacturers including Konica with Nice Print System 808, 828, 858, 878; Fujifilm with SFA 250, 255, 258...and Noritsu with 901, 1912, 2301, 2311 systems. These minilabs need not have to use the complete set of developing and printing machines provided that their quality is rather high. These analog minilabs have dominated on the market for a long time. The enterprises have boldly invested not only in second-hand machines but also in brand new ones at high prices. For example, a minilab enterprise buys a new Noritsu 2301 for US\$40,000 in early 2002, but the price of this system which has been used (quality remained over 95%) dropped to US\$17,000 and even the price of a brand new one also fell sharply. The depreciation cost after one year of operation is much lower than price reduction. This has disappointed some minilab owners.

Along with rapid decline in prices of analog minilabs causing worries to local minilab businesses is the wide

diffusion of digital minilabs. The country's investment in digital minilabs is much faster than that of ASEAN countries. At present, the number of digital minilabs is more than 20% of total existing minilabs (700). In a city or province, the first appearance of a new digital minilab will trigger off a chain of investment in digital lab of other businesses with no careful consideration of their investment efficiency. However,

if they do not invest in digital minilab, their business will certainly see a great loss and face a danger of bankruptcy because their customers (mainly professional photographers and agents) will leave them to enjoy new advantages of digital minilabs.

2. Why digital minilabs?

According to the Japan Camera Trade News published in December 2002, the amount of digital cameras exported by Japan increased 2.7 times over the same period of 2001. The journal also revealed Japan could sell abroad 15 million digital cameras in 2002 while normal cameras plunged to 18 million from 25 million sets. Cameras made in Japan are widely used over the world. The export of Japanese digital cameras will see a boom in 2003 and the export volume of this kind will exceed that of normal cameras. As a result, prices of digital cameras also drop drastically and this attracts a lot of customers. After taking picture with a digital camera, photographers must come to digital minilabs to have their pictures printed because analog minilabs cannot do it.

In the meantime, the prices of

personal computers have also experienced a sharp decline. One can own a PC with VND3 million (US\$200) only. In addition, photo-processing software have more and more applications. As a result, young customers face a new demand for digital photo editing such as retouching, cutting and pasting photos, index photo, ID photo, calendar with photo, sticker photo, greeting cards, CD-album and etc. Owe to development of digital and Internet technology, digital photo market has been rapidly growing.

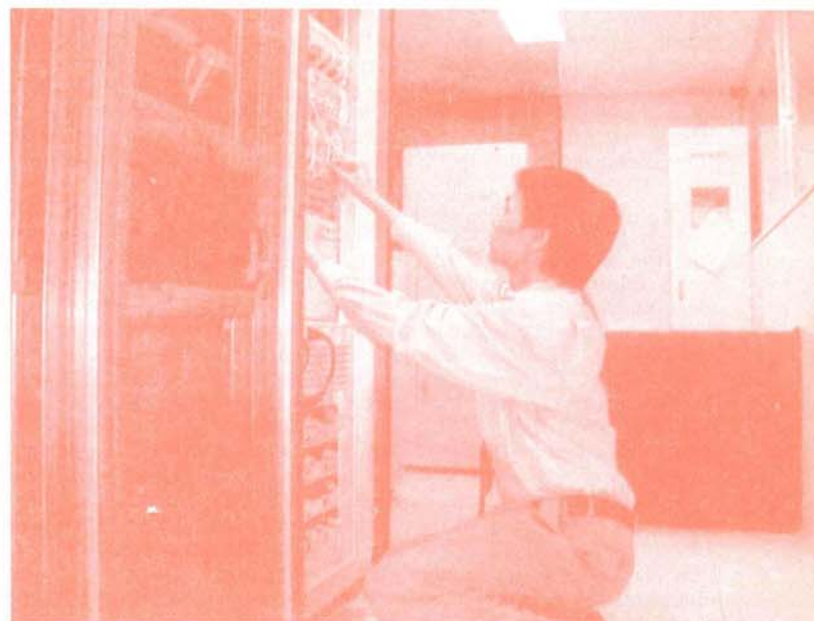
While analog minilabs can develop and print only negative films, digital minilabs have a lot of customized application function to finish photos from various films (nega, posi and APS), CDs, Internet...

The sales of a digital minilab will reach VND200 million per month if its total output is 3,300 photos per day. The photos finished from negative film account for 90%. Therefore, the net profit is much higher than that earned from the analog minilab. This is also a motivation for businesses to invest in this technology.

3. Problem of digital minilabs

The heavy pressure of digital minilab investment is challenging photo businesses, especially those depend on customers as professional photographers. To solve this tough problem, I wish to suggest some ideas as follows:

- At present, the suppliers of digital minilabs include Konica, Fujifilm and Noritsu. Konica manufactures systems such as QD21-Super, R1 Super; Fujifilm markets Frontier 370, Frontier 330; and Noritsu firm has



Noritsu 2901, Noritsu 3101. These brands have their own competitive advantages in terms of digital technology, minilab owners should therefore make careful investigations of technical services and prices introduced by these firms.

- Each brand of system has its own color tone. Minilab owners are required to understand which tone their customers prefer for proper investment because it is hard to change the processing software of a certain kind of digital minilab.

- Minilab owners should know prices of finishing photos in their city and neighboring ones to forecast their ups and downs after investing in digital minilab. The photo sector's

return on investment is now still higher than bank interests (about 0.8% per month). Nevertheless, the business owner should make a feasibility study on this investment including all details on finance and risks in investment...If the owner already decides to buy machine from a certain firm, the supplier may help make a feasibility study because they have enough experience and knowledge about this field. This study should be reviewed by experts in the photo sector.

- Currently, most of digital minilab owners are concentrating on finishing photos from negative films but not paying attention to value-added services such as retouching, cutting and pasting photos, changing forms, composing several templates with photo...Moreover, they have not yet planned marketing programs to attract amateur photographers. They only wait customers but not diffuse their services at doors. No digital minilab knows to tap Internet facilities while the amount of Internet subscribers in Vietnam has increased fast and reached 174,144 in June 2002.

- Some minilab owners have decided to engage in photo sector not only because of profits but also their hobby and passion. Even though they face losses, they still find joy and happiness in this sector. As a result, to find a right answer to this problem is not a common calculation but a combination of different factors including profit, hobby, joy, passion and etc ■

