

# Inbound's The Educationist for Investors

- LAUNCH EDITION -

June 2021

## Say “Cheers!”: Mobile Photo Printing

### WHY INVESTORS SHOULD CARE:

The Mobile Photo printing market is the latest evolutionary phase of the 180-year-old Photography market, which continues to grow rapidly. Despite consolidation over the last 5 years leading to a relative polarisation towards bigger names (i.e. Cewe (CWC GY) Claranova (CLA FP), Shutterfly (Apollo) – SEE LIST IN THE FULL REPORT), acquisition opportunities abound while leaving plenty of room for digital upstarts.

The global Mobile Photo printing market is worth almost \$20 billion growing at more than 10% annually. While there are significant economies of scale, the market remains segmented by countries due to logistical constraints and demand for short lead times. It is however rapidly changing with the regular emergence of new photo products like photobooks, cards, personalised objects and gifts, etc.

On top of strategic buyers (often publicly listed), private equity firms and other financial investors have been attracted more recently by a sector offering visible revenues, a loyal customer base, healthy market growth and attractive returns. The pace of technology change has kept the sector busy with acquisitions and new start-ups, helping it to rejuvenate and evolve with consumer trends. The pandemic has only accelerated this trend and increased its attractiveness from an investment point of view.

### COMPANIES mentioned in this report include:

- CEWE (CWC GY, ~€920m market cap)
- CLARANOVA (CLA FP, €280m market cap)
- myPhotoBook
- MySocialBook
- Photobox
- SMARTPHOTO GROUP (SMAR EN, €115m market cap)

Please refer to our main EDUCATIONIST FOR INVESTORS report for the FULL LIST of companies identified ([CLICK HERE](#) or go to page 6)

## INVESTORS' ESSENTIAL: MOBILE PHOTO PRINTING IN A NUTSHELL

The Global Photo Printing Market, once dominated by Kodak – owned by EASTMAN KODAK Co (KODK US, \$700m market cap) and Fujifilm – owned by FUJIFILM HOLDINGS Corp (4901 JP,Y3.2tr), has undergone enormous changes in the last few decades. The advent of digital photography turned the market upside down, with competitors scrambling for survival and new entrants disrupting old ways of competing. Mobile digital cameras dominated for a while, but the industry was again shaken up with the addition of good quality cameras to mobile phones which allowed users to document their lives far more easily than before. For many taking and storing digital photographs, or sharing them on social media seems ideal, however, a tangible print has special significance and is frequently used as a personalized gift. It immortalises memorable moments, be it on paper or other gifts. Being able to print from mobile devices has evolved rapidly too and has had a major impact on the industry.



### What is Mobile Photo Printing?

Mobile Photo Printing is a service that allows users to conveniently order high quality prints on their smartphone from a professional printer and have them delivered to their door in less than 48 hours. Providers tempt customers with premium products such as posters, photobooks, t-shirts, keyrings, mugs etc. The advantages over home printing are:

- **Cost:** there are significant scale economies for ink, paper, and printing equipment.
- **Quality:** professional printing is invariably better than home printing
- **Media:** printing need not be confined only to paper in standard sizes but can apply to gifts and memorabilia (premium products benefit from higher margins).
- **Convenience:**
  - No trip to a store or kiosk
  - No hassle of running out of printer ink and swapping out photo quality paper
- **Smartphone as a photo hub:** Mobile apps help with the tedium of selecting and formatting the thousands of photos that individuals now accumulate in their phone and in the cloud. This is all the truer as smartphones are becoming the main if not the only instrument to take photos and videos.

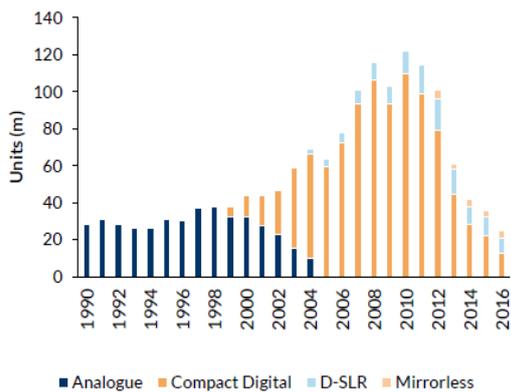


Source: Inbound Capital

### Smart phones the trigger

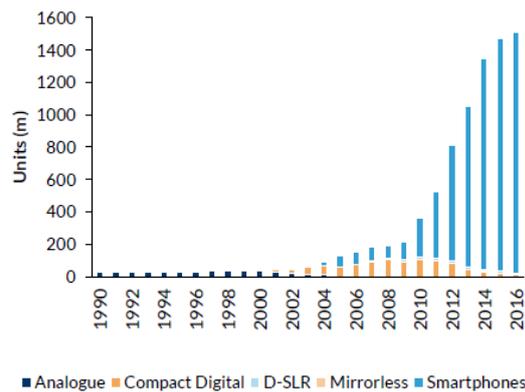
As home printing became expensive in terms of both money and time as individual households soon discovered the hidden costs of home-printing. Furthermore, the convenience of smartphone and social media led to an explosion of photography, and users found themselves overwhelmed by the sheer quantity of pictures being taken.

Chart 33: Classic camera sales are declining...



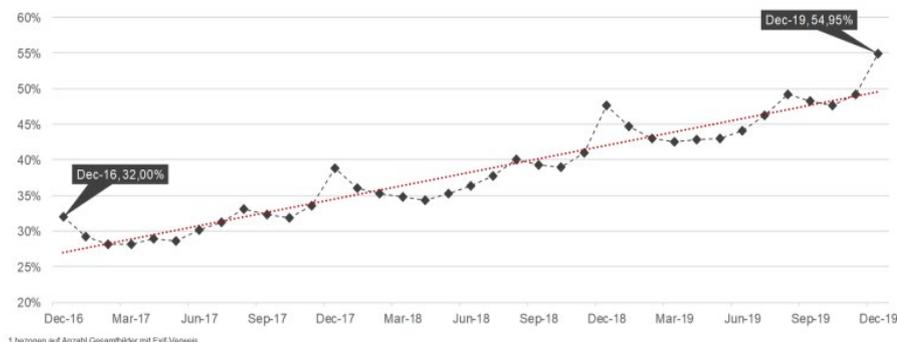
Source: mayflower

Chart 34: ...and smartphones are taking over



Source: mayflower, Gartner, IDC

### Share of smartphone images in CEWE production

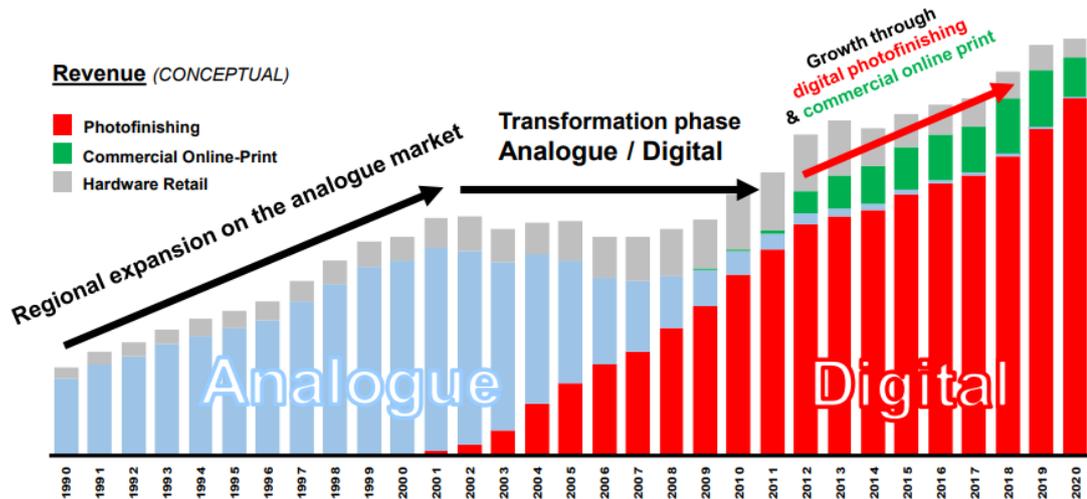


Source: CEWE

### Web Based Printing

The explosion of photo taking led to the re-intermediation of photo printing businesses. Phone apps were developed to streamline the process, and professional printers offered new printing media not available to households such as photo-books, t-shirts, and posters.

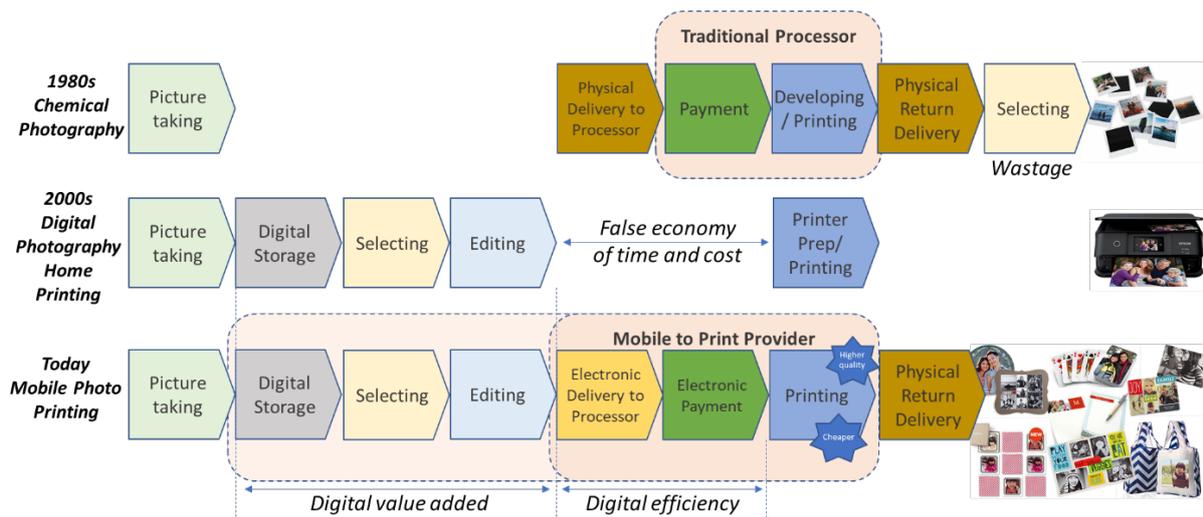
The sales's history of CEWE also demonstrates these trends.



Source: CEWE

### Value Chain

The value chain from photo-taking to obtaining a print has evolved over the last 40 years as new technology has been introduced.



Source: Inbound Capital

Over time, the value chain has grown as more value-added steps have been introduced with the advent of digital technology. Interestingly, at the turn of the century there was a shift away from professional printing that was subsequently reversed by social trends and new mobile technology.

Mobile photo printing has also benefited significantly from the introduction of more efficient digital printing technologies and processes by professional and industrial printers. While **offset printing** was previously the most popular printing press technique, **digital printing**, which offers the flexibility required for printing individual photos, has been a major boost for the industry.

### The difference between offset and digital printing

#### Digital printer



Prints from a digital-based image directly to paper. It requires no set-up time but is prints at a slower rate compared to off-set printing

Advantages:

- Setup costs are lower for short runs
- Print only the amount needed, when needed
- Lower minimum quantities (as low as 1)
- Inexpensive black and white digital printing
- Variable data capability (names, addresses, codes or numbering can be done easily)
- Improved technology has made digital quality acceptable for more uses

#### Offset-print



Uses plates, usually made from aluminium, which are used to transfer an image onto a rubber "blanket", and then rolling that image onto a sheet of paper.

- Large quantities can be printed cost effectively
- Faster printing
- A large variety of paper types with custom finishes can be used

Source [www.printingforless.com](http://www.printingforless.com)

## **WANT MORE? MOBILE PHOTO PRINTING IN DETAIL**

Get our main **EDUCATIONIST FOR INVESTORS** report on **MOBILE PHOTO PRINTING** by contacting: [contact@inbound.capital](mailto:contact@inbound.capital)

The full **29-page** version of **THE EDUCATIONIST** includes **Company Snapshots** and our extended **list of companies identified in the space**, and covers the following topics:

### **The Market**

1. Mobile photo printing market
2. Photobook and personalised gifts market

### **Sector Developments**

1. Growth in photo-taking
2. Cloud Applications transforming smartphones as a photo hub
3. Mobile ordering platforms
4. New products
5. Customer productivity improvements & support
6. Recent business models

### **Trends to watch**

1. The Forever Demand for Increasing Quality
2. Artificial Intelligence
3. Security
4. Voice Control
5. Internet of Things
6. Sustainability/ESG

### **Covid 19 Impact**

### **Company Snapshots**

### **Private Equity Buyers**

### **Main transactions**

### **Extended list of companies (listed, private and start-ups)**

### **Appendix**

## About Inbound Capital

Inbound is an independent corporate advisor for Small/Mid-caps and start-ups. Capitalising on the expertise of its team of senior equity professionals based in London, Paris and New York, and thanks to its unique network of international investors and tiers-1/tiers-2 research houses, Inbound offers a full range of outsourced investor relations services, as well as capital raising services for start-ups. Inbound Capital is regulated by the Financial Conduct Authorities (FCA).

For more information about Inbound Capital, visit our website: [www.inbound.capital](http://www.inbound.capital)

### DISCLAIMER

Inbound Capital provided investor relations services to Claranova.