

Introduction

[Jessops](#) has been a leader in the photographic business for over 75 years. The Jessops story began in 1935, when Frank Jessop opened a photography store in Leicester.

Today, the company is the UK's premier photographic retailer operating from over 200 stores around the UK. In addition it has an online shop and call centre. Jessops is the trading name of The Jessop Group Limited, which is a subsidiary of Snap Equity Limited.

A key part of Jessops' product portfolio is its photo and imaging business. Jessops operates in two main sectors of the photography market.

The modern photographic industry has changed radically. The business originally focused on producing prints from photographic film. Every shot of a reel of film was printed regardless of quality. Today, however, digital cameras allow consumers to choose which prints are produced.

As a result, traditional film printing in the UK is declining by around 30% year on year. This poses a challenge to the directors and managers at Jessops. To sustain and grow the business, they must develop ideas and plans to combat the changing market and stimulate new demand.

Hardware	Services
Photographic equipment ranging from compact cameras to digital single lens reflex cameras	Photo printing and imagery



PEST analysis

This case study reviews the external factors that have had an impact on Jessops' operations and strategy. It shows how managers study the company's external environment through a PEST analysis. This involves identifying the political, economic, social and technological factors in the external environment that could impact on the business. This information is then used to assess the company's current position within the market.

The findings of the PEST analysis can be used by the board of directors to reassess business strategy and tactics. The board will decide what changes should be made to business operations to respond to external environmental changes. In this way, through carefully analysing the political, economic, social and technological changes in its external market, Jessops has been able to develop new business opportunities.

Political factors

Businesses can be affected by many aspects of government policy. In particular, all businesses must comply with the law. They must also consider the impact of any forthcoming legislation on their operations. This may require taking action before the legislation comes into effect.

Legislation and regulations

One issue that affects manufacturers and retailers of electronic goods is the disposal of these products at the end of their life. Recycling is high on the public agenda. There are government initiatives to promote more recycling. These initiatives are sometimes backed by legislation.

For example, the Waste Electrical and Electronic Equipment (WEEE) regulations are designed to reduce the amount of electronic waste going to landfill sites. Businesses must obey these environmental laws. However, a company that goes further by taking other measures to minimise its environmental impact will be seen more favourably by consumers.

Jessops responded to the WEEE regulations by contributing towards a national fund to assist local councils to develop collection facilities for electronic goods. The company is working to increase awareness of the WEEE regulations. It has set up convenient battery recycling points in its stores.

These responses show a dedication to minimising the company's environmental impact. This could give Jessops a competitive advantage over competitors that have not taken these initiatives.



Government initiatives

Businesses also have to take into account the more general political ambitions of the government. The current Conservative-led coalition government is cutting jobs in the public sector and is hoping that the private sector will grow to create new jobs in the economy.

The private sector consists of small single-owner businesses (sometimes known as sole traders), partnerships and companies, like Jessops, owned by shareholders. The government's emphasis on private sector growth could provide opportunities for Jessops if it leads to a more buoyant economy.

Economic factors

Impacts of recession

Changes in the wider economy impact on businesses. In 2008–09, the UK economy went into recession. This had a negative impact on the retail industry. During this period unemployment was rising. Even people in work felt the effects of the recession. Many employers were forced to cut wages or to keep pay rises very low.

As a result, consumers had less disposable income. This means they are less likely to purchase luxury goods. This had a direct impact on Jessops as camera sales declined. This was just one of the factors that forced Jessops to restructure its operations. The company was required to obtain funds from the bank to finance this restructure.

In business, the term margin relates to the amount of profit that a business makes on sales. During the recession, Jessops' sales margins on hardware were falling year on year. Fortunately, the margins on services such as photo and imaging remained stable. To improve the overall company margin, Jessops decided to focus its attention on making its imaging business the market leader.

	2008	2009
UK consumer spending	Falling	Falling
Jessops' margin on sales of photographic equipment	Falling	Falling
Jessops' margin on sales of photos and imaging	Constant	Constant

Responding to competition

Another important economic influence on a business is the level of competition in its markets. In the photographic and imaging market Jessops is facing increased competition. Online competitors include Amazon and online photo printing companies. Jessops also faces competition from supermarkets. Although supermarkets do not have Jessops' reputation and expertise, they are able to offer low prices.

Jessops response to this difficult economic and competitive environment is a multi-channel strategy. This involves offering customers more options in how they access Jessops' products and services.

Customers can now order images and gifts in various ways. In addition to visiting the stores, customers can make purchases and orders online. The online service is supported by a responsive call centre and draws on Jessops' longstanding expertise in the industry.

The company has also increased its product portfolio. It now offers a wider selection of products to meet customer demands. This approach is leading the market, and it has enabled Jessops to obtain a competitive advantage.



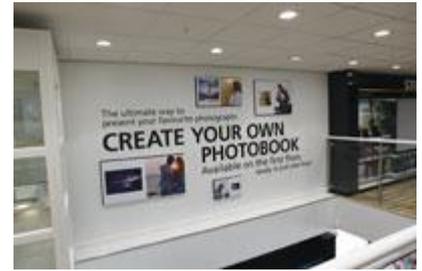
Social factors

Society is continually changing. For example, tastes and fashions constantly change. As an example, consider the growing popularity of social media such as Facebook, especially among younger people. Unlike their parents, young consumers have been brought up in an age where mobile phones and computers are used every day.

Young customers are more likely to use digital technology, to shop online and to prefer online methods to print images. Older generations are more likely to stick to traditional methods. For example, they are more likely to want to have their photos developed and printed in-store.

Meeting different customer needs

Jessops must meet the needs of all customer types. It is important that Jessops caters for more traditional customers, as 65% of the photo business is still associated with producing standard prints. However, the company is responding to the younger demographic by delivering its multi-channel strategy using modern technologies. For example, iPhone, Android and iPad apps which allow customers to order and print gifts directly from their phone/tablet.



Customers can upload and download images from Facebook to use in a single-image premium product, such as a high-quality print or wall art. They can produce photo books – a collection of their images presented in a personal book. A challenge for Jessops is to increase customer awareness of this product. Its research shows that 80% of people in the UK have not come across the idea of a photo book.

As well as meeting the needs of the different generations, Jessops is also developing products for niche markets. It offers:

- services for students who need to produce portfolios, including art and design work
- short print runs of personalised products such as headed notepaper, business cards and calendars
- products designed specifically for professional and amateur photographers.

Creating loyal customers

Consumers' expectations are higher than ever. Today's customers want products and services on demand. They are not prepared to wait.

To respond to this social change, Jessops now offers a

25-minute service for prints or a one-hour imaging gift service for products such as photographic wall art, posters, banners and photo books. It has also introduced an in-store photo portrait service where customers can have their portrait transformed into gifts on the same day. It is refurbishing many of its stores to improve customer service.

Many consumers like to try a product before they make a purchase, so customer interaction with products is a key feature of the new stores.

To underpin the new focus on multi-channel delivery and gift products, Jessops has invested heavily in staff training and development. Staff are trained to be experts in their field. They are given the knowledge and skills to provide a high level of customer service. This is increasingly important in a competitive retail environment.

As a specialist retailer, Jessops seeks to provide the best possible service to its customers. This is a total process involving three key stages. High levels of customer service will help to provide competitive advantage and create loyal customers.



Technological factors

How technology is changing demand

The photography and imaging business has experienced considerable change in recent years. Technology has been at the forefront of this change. New digital cameras and digital media enable ordinary people to take high-quality photographs. These images can be quickly edited and altered. The digital camera market has expanded rapidly as a result. It is also quickly changing. For example, as more mobile phones come fitted with good quality built-in cameras, sales in standalone digital cameras have begun to fall.



The development of the internet is also having an impact on the market. Young consumers are also much more willing and confident to experiment with new media. More customers are using the internet for shopping. The development of these new selling channels has helped to push down prices.

Modern photographic equipment is much more affordable. High specification cameras can now be bought at relatively low prices. The increased use of the internet has also started to change the way people use photographs.

Increasingly, people use social media to share images online on sites such as Facebook and Flickr. Many people upload images from their mobile phones onto a social media site. By consuming and sharing images in this way, there is less demand for print copies. Sales of digital prints are declining by 10% a year.

Technological solutions

Jessops have come up with technological solutions in response to these changes. The company is responding by providing products and services that reflect the way that customers take, use and distribute photos:

- Customers are now able to print images taken from social media or other websites.
- These images can be printed in a variety of sizes and shapes. They can be compiled in photo books. Selected images can be printed on canvas, acrylic and aluminium.
- Customers can incorporate their images in gifts such as calendars, posters and greetings cards.
- Jessops has an integrated service for images created on mobile phones and loaded onto social media sites.

Jessops is seeking to make its customers aware of all its multichannel services. These include a range of new opportunities for printing images and for uploading and downloading images to Facebook. New developments include being able to create photo books and gifts from images generated through Flickr and Picasa. Customers can also order their digital prints online and collect them from their local store.

These developments, alongside a wider range of products, improved online functionality and consumer finance with an instant decision, have resulted in rapid growth of Jessops' online business. In fact, its .com business has trebled in size over the last 3 years.

By using wide-format printers, customers will be able to have wall art printed on site within the hour. New kiosk technology will enable customers to convert old videos and films to digital formats, with results saved to Blu-ray Disc or DVD. Tablet style kiosks with a seating area will be introduced to Jessops' centres of excellence to allow customers to order their images in a relaxed environment.

Jessops also offers customers a free 10gb storage facility that can be accessed in store via a kiosk or online. This allows customers another way to save their images. These images can then be accessed online, in stores or through smart phone applications.

Conclusion

In order to survive in increasingly competitive markets, businesses need to monitor and respond to changes in their external environment.

This case study shows how changes in society and technology have particularly impacted on Jessops.

The company's response has been to ride the wave of new technological development. The emphasis has been on developing technological solutions to meet the needs of today's customers. It is based on the recognition that sophisticated consumers require a range of digital solutions to access and display their images.

The success of Jessops in rising to changes in its external environment has been recognised. It was awarded Best Retailer of the Year 2010, the Gold Good Service Award 2011 in Amateur Photographer magazine and was nominated for Multichannel Retailer of the Year.

