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1984: A Year of Change

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Whilst all the contributors to this, our first full-scale newsletter, would have very much welcomed an opportunity to meet each of you personally, I feel sure you appreciate that the size of our business and its geography precludes the possibility! I very much hope, therefore, that through the medium of this newsletter, each of us here in management can communicate the key facts of our business to you. and above all express our appreciation to each and every one of you for the contribution which you have made in 1984. Your efforts have resulted in a very successful year for **3M Photographic Division**.

Our business is *Photo-processing* - for retail, for mail order and through agents and dealers; it is *Color Systems*-manufacturing, marketing and distributing amateur film, professional film and paper; and *Diagnostic & Imaging* - providing specific specialist markets with x-ray and imaging products.

Currently **3M Photographic Division** contributes nearly a quarter of 3M's total sales in the UK. One in four films purchased in this country is sold by us - and produced in our Italian Plant at Ferrania. Independent sources rate our photographic prints as the best value for money in the market. We have built ourselves a major share in the x-ray market. with innovative and proprietary products in imaging, incorporating new technologies for medical diagnosis.



Mike Atkins.
Divisional Director,
3M Photographic Division

Constant and high-speed change

We are experiencing a business environment in the UK which has never changed so rapidly. Technology is progressing at an unprecedented rate, and it is not unusual for the sophisticated and high cost equipment on which we depend to become virtually obsolescent in just one or two years!

Distribution patterns are also altering in many ways. There has been a major switch from mail order services to retail - and as you are no doubt aware, out-of-town shopping centres are developing rapidly.

Our customers' demands are becoming more specific. Quality and service are the critical issues. Cost is also of importance, of course, but we believe our customers are more prepared to pay for a perceived 'value for money' service today than hitherto.

These are just some of the

changes which affect each and every one of us in some way or another. It is therefore a great compliment to all of you that you have not just supported, but have helped to lead the changes that we have been making in our business. Our policy at **3M Photographic Division** is not just to stay with the market, but to be constantly innovative - and keep ahead of the competition by providing our end consumer, the public, with top quality goods and service.

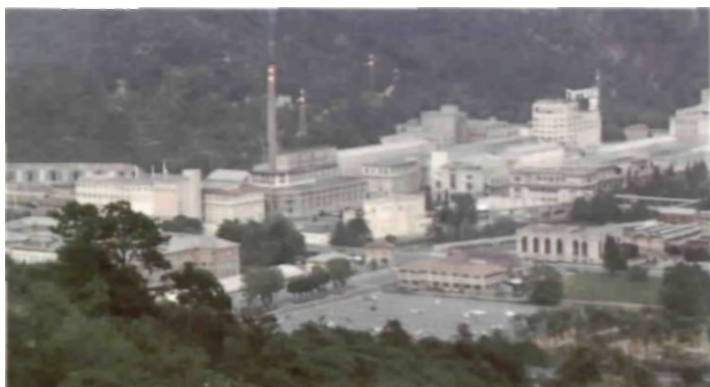
I am sure you will find it rewarding that all of your efforts have produced - and are continuing to produce - excellent business results in terms of both sales and profits for the Division.

In the following pages, my colleagues will relate these achievements specifically. I hope you'll find this Divisional Newsletter interesting reading.

With best wishes to you all.

MIKE ATKINS

Plant at Ferrama ▼



John Daly.
Production Director



Effects of a Changing Market

In recent months it has been very apparent that many changes have been taking place within the amateur photographic business. How are they going to affect us? Below I've tried to answer some of the questions that have recently come up and explain the significance of changes on the group's laboratories and of course, on consumers.

HR/VR/XR - 200/400/1000 ASA/ISO. What do these letters and figures really mean to the consumer?

Very simply, these are the latest additions to film emulsion technology, giving better results in more variable lighting conditions, which in theory should result in better quality prints and slides.

What about different types of services?

The services we currently offer are working very well for us and meet customers' requirements. We have various contingency plans ready to meet the changing needs of the market, which as most people are probably aware, is 'fickle', to put it mildly.

Tell us about recent major changes within the production areas.

Gradual change has occurred over the last 10 years, and the photofinishing industry has moved from being electro-mechanical on to advanced electronics. We in the IPF Laboratories have always strived to be at the forefront of technology and systems development and intend to continue to be so. We must also remember that the consumer's awareness and acceptance of what makes a good picture has also improved by leaps and bounds.

One of the main areas of change has been in the actual printing of negatives. Some years ago, major manufacturers introduced what are referred to as scanning printers which read, with the help of small computers, each individual negative and assess the varying amounts of light, filtration and density classification needed to achieve a correct print. General printing speeds on this type of printer are about 7.000/8.500 prints per hour. Printers with superior scanning ability, which not only read 430 points on each frame, but also read the entire film, have recently been introduced. Thus, by assessing the consumer's film on 8.800 points, we are able to give a more consistent overall colour balance on each individual film. All this is carried out at the speed of 17.000 prints per hour!

Allied to this are better filtration systems and many other technical benefits including direct densitometric reading and automatic adjustment of the printer to the correct values given by the manufacturer's specifications.

Within the next few years printers will be introduced with automatic enhancement of customers' films, whereby

correction of poor exposure, camera shake, etc., etc. will be made automatically by electronic imaging equipment. Or in other words almost every print will be perfect...

Roll on that day!

All this seems quite complex and involved. How will these changes affect the production areas?

Yes, this is complex, but no more complex than when we first moved into the world of scanning printers - some six years ago now. I am completely satisfied that we have the staff within our laboratories who, with the proper training and assistance, will meet this challenge in their usual capable and competent manner.

In summing up, what can you see in the way of benefits for the consumer in the foreseeable future?

Never before has the amateur photographic consumer had so many benefits available to him. Just think about it:

1. Improvements in film technology will now (when used correctly) assist in reducing the numbers of poor negatives received for processing due mainly to over/under exposure.
2. Sophistication in camera technology, especially the 135 compacts, will also ensure that the customer benefits from the changes. Cameras will now adjust themselves automatically to film types, speeds and lighting conditions, as well as focusing.
3. Improvement in disc cameras and films is an ongoing situation. Add to this the enhancement possibility - and the consumer is in line for a big bonus in the shape of consistency, compactness and quality.

4. Improved equipment design will enable photofinishers to achieve better, more consistent quality throughout the year.

5. Allied to all these points are, of course, changes in chemistry and paper technology - again of major benefit to the consumer.

These are just a few of the benefits which will make for better quality in 1985 and beyond.

What about Quality Assurance?

In the '85 season, all IPF Laboratories will have a fully operational Quality Assurance system which, if present results are anything to go by, will prove of major benefit both to the consumer and the laboratories.

And to sum up?

I hope that more and more people will become aware of the complexity of the production function in photofinishing. A recent survey by a major photographic manufacturer showed that 83% of all customers' films had an exposure defect of one form or other.

So please, in 1985, spare a thought for all our people in the laboratories - **who** believe you *me do care* about the *end result!*

Tony Griffiths,
Group Marketing Manager ▼



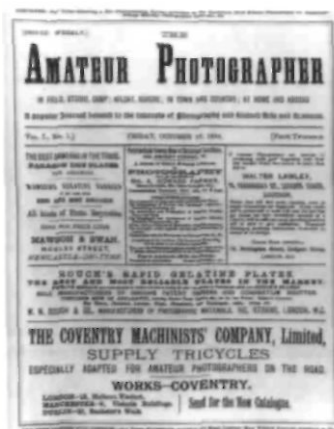
Dawn of a New Photographic Era

The Amateur Photographer - Britain's popular photographic weekly - celebrated its centenary this year. Eastman Kodak introduced the first easy-to-use camera, ready loaded with film at the factory and returned complete to the factory for unloading, processing and reloading, in 1888. The first 35mm camera was marketed in 1913. Some might say that amateur photography in the mid-80's must be a mature market, with few growth prospects.

Sony announced their electronic still camera, the Mavica in 1981. Sony and Canon used their electronic still camera prototypes at the Los Angeles Olympics, and pictures were sent over the telephone lines to be used in the evening editions of Japanese newspapers. Matsushita (Panasonic) showed their version at Photokina 1984. Kodak, Fuji, Sanyo, Philips, Minolta and Konica have introduced compact 8mm video movie systems. Some might say that photography will be dead within the decade ...

But take a different perspective! True *amateur* photography, in the sense of photography being readily available to the mass market, didn't really get into its stride until the emphasis on colour pictures and the introduction of the instamatic formats of 126 in the mid-60's, 110 in the early 70's, and now disc in the early 80's. The boom in amateur photography initiated by these easy-to-use, widely distributed systems, and the consumers' desire for hard copy prints has been fuelled by product and service developments that have widened the opportunities for picture-taking, and better fulfilled the public's needs for photographic records: developments such as faster films, so

Amateur Photographer magazine (1884) ▼



that pictures can be taken on more and more occasions. integral and automatic flash to reduce complications and decision making, faster and guaranteed D & P service times, easy-to-use compact 35mm cameras, improved film emulsions, etc., etc. The list is endless!

Amateur market opportunities

We at 3M Photographic Division are operating in a growth market which steadily increases faster than economic measures such as gross domestic product or the index of leisure spending, and as we all know, it only needs picture-taking opportunities (technically known as the weather) to see a rapid rise in over-the-counter sales of film and a flood of film into our laboratories - witness the summers of 1983 and 1984.

Photography has never been as good value for money, or as readily available, as it is today - and the consumer demonstrates a voracious appetite for recording memories of his leisure activities every time there is an opportunity for picture-taking.

As I've said, spending on photography consistently outpaces general spending on leisure activities. In its Leisure Futures report, the Henley Centre for Forecasting predicts photographic spending will increase faster than overall spending on leisure, which itself will grow faster than the economy as a whole. The reason? Basic demographics. The prime picture-taking age group of 25-44 currently represents 26½% of the population. In the early nineties it will represent 29% of the population.

Electronics-help or hindrance?

What about the so-called threat of electronics? Informed opinion tends to take the view that electronic imaging won't replace conventional photography overnight. Electronic imaging still has a long way to go to even *approach* the sensitivity, definition and cheapness of today's conventional colour photography. It is also faced with a moving target as conventional photography steadily improves. So a prediction could be that, for the general public, electronic imaging will really begin to vie with chemical photography in the 1990's.

It is worth bearing in mind that consumer demand for recording his memories and for hard copies won't go away just because of electronics, and as well as there being a continuing demand for prints, one can envisage a whole new field opening up for secondary services in support of electronic imaging. (Remember too, that 3M is a world leader in video and magnetic technology - and can approach this change from a position of strength).

Coming closer to home, we are already selling video tapes in

SupaSnapS, and recently introduced a video transfer service, which takes amateur colour slides or movies and produces a VHS or Beta video tape version for replay on the home video recorder. Clearly, this service can develop further in the future.



SupaSnapS Video Transfer Service ▲

Our position of strength

With all this change, it is important to remember that we are in an enviably strong position in the amateur photographic market. Not only do we manufacture and process in our own factories and laboratories, but we are also closely related to the consumer through our own retail stores and our relationships with one major private brand film distributors. The skill will be to stay in step with the changing needs of the picture-taking public. So long as we do this we can't possibly lose!

SupaSnapS Looks to the Future

When our first shop opened in Wokingham in June 1978, none of us could have predicted the phenomenal growth and success we were to enjoy over the next six years.

With 350 shops now nationwide, we have moved beyond the entrepreneurial stage in our development to become a professionally managed business. This has certainly been evident in our sales and profitability. In fact, at a recent SupaSnapS Management Conference, I said that in 1984 we appear to have taken a quantum leap forward.

Our policy in the development of SupaSnapS has not just been growth - we intentionally set up a clear identity for fast, efficient and quality service as well. We wanted to establish SupaSnapS in the High Street right from the beginning.

Today, SupaSnapS is a major force to be reckoned with, as the recent survey of High Street D & P retailers in 'Camera Choice' magazine demonstrated — SupaSnapS was voted No. 1 for quality prints!

SupaSnapS has certainly come a long way. We opened our first Visionfare 'superstore' this year as a pilot scheme with more planned for next year, we became a major video tape stockist and considerably expanded our scope of products and services.

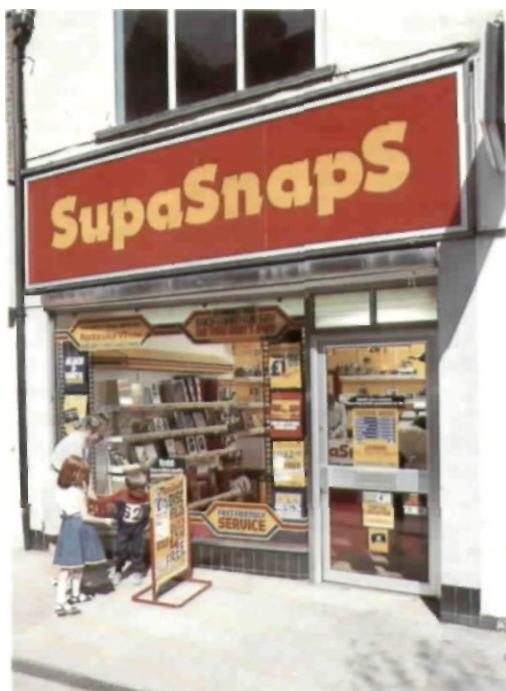
Although the good weather may have contributed to our success this year, SupaSnapS came through what is still a very competitive market with flying

colours and we took a substantial slice of the business.

I must thank all our employees for the tremendous effort and dedicated hard work that produced such excellent results. It demonstrates team work really pays off!

SupaSnapS is not only looking forward to a great year in 1985 - one that is destined to be even more exciting than the last - but a healthy and prosperous future.

TED KERR.
Managing Director, SupaSnapS
Director, Gratispool
International Holdings.



Telecolor

- A Successful Formula

Another success story is the Telecolor Film Developing and Printing Service which started from humble beginnings in Blackpool 30 years ago and developed into today's nation-wide network of over 4,000 dealers.

The principle upon which Telecolor is based has been a uniquely successful yet simple formula. It provides an opportunity for small retailers such as newsagents and sub-post offices to manage their own film developing and printing service under the protective umbrella of **3M Photographic Division** and earn extra profits for their businesses.

Telecolor is a fast-expanding operation which has over the past year gone from strength to strength. We have upgraded its traditional image to one that is both modern and progressive. A regular full-colour newsletter provides two-way communication with our widespread UK dealers

and a direct link for them to Head Office. New point of sale material, guidelines on localised self-promotion and an Award Scheme for Telecolor's Dealer Of The Year have helped to increase business potential and profitability.



Mail Order

- Still a Viable Force

Throughout 1984 the mail order part of our business has been affected by both changes in its organisational structure and also as a result of changing conditions in the market place. We recognise that if we are to remain a viable force in mail order processing we too must change.

Film processing by mail order in the UK is still very much alive and enjoying a sizeable chunk of the amateur film business. However, to meet the changing market needs it has been necessary for us to alter our approach. We have not only found better ways of exploiting the potential through more effective promotional activity in

the sections of the market where our commitment to quality and service will pay dividends, but also developed a first class mail order team. Led by Marketing Manager, Robin Mitchell, who has already displayed his undoubted skills regarding mail order business opportunities, we have a new strategy for 1985 which will once again develop for us a sound mail order business.

This is good news because mail order plays a vital role in the Division by producing a much needed balance to our retail business thereby ensuring maximum efficiency from a production point of view in our



Mail Order Envelopes ▲

laboratories. I am confident, therefore, that in 1985 commitment to our traditional business, mail order, will once again be rewarded with success.

New Faces - New Systems

Since joining Gratispool, just 11 months ago, several changes have taken place in the Financial Group. We have seen the departure of one or two familiar faces - Peter Spall left the company to return to his native North and with the final closure of the Finglas' books in June, we said farewell to Graham Slater who has set up on his own somewhere in rural Eire. Our very best wishes to both of them!

In other areas, changes of a different nature have occurred. A reorganised Accounting section will shortly be in operation at Maidenhead under Chris Ball. This will cater for all the financial accounting requirements of Reading, Cambridge and Group HQ. At Head Office. SupaSnapS and the laboratories, we are actively progressing a variety of projects for improving operations reports, cost control and support to management in quality or efficiency programmes.



◀ Mike Smith,
Group Financial Manager

completion of these computer applications will enable management to monitor the success of major marketing programmes and production processes which are so critical to the profitability of our business. I would also like to pass on thanks to the rest of my team for their continued efforts and contribution.

An effective new team

Computer Services under Eric Christie has also experienced the effects of change during the past year. The stability within the Operations section was in sharp contrast to Systems and Programming where a virtual 100% change in personnel occurred. The arrival of Mark Tims, Carlos Delgado, Roland Barnfield and Paul Chomicz means, however, that we have an effective team for 1985. Development and

New targets for 1985

After a year which has seen so much change, we look ahead to a period of stability. However, ours is a changing business and I am confident that we have the right people to meet the challenge of the marketplace in 1985 and to achieve the targets we have set ourselves for growth and profitability.

PR Highlights

Bailey chooses 3M film

To achieve four of the pictures in this year's Lambs Navy Calendar, David Bailey selected 3M Professional 1000 ASA film. Shot on location in Tahiti against a backdrop of lush scenery and contrasting light conditions, the striking effect created by 3M's 1000 ASA film enhanced Bailey's Gaugin theme.

The launch of the Calendar also marked the opening of a special Exhibition - Ten Days in Tahiti - which featured a selection of photographs taken on location and enlargements of the Calendar pictures on 3M Professional Paper.

3M in Vogue

Earlier this year, 'Vogue' magazine presented a 'History of British Fashion', taken from the pages of its 68 year existence, at Harvey Nichols, Knightsbridge.

Fine examples of work by world-famous photographers such as Cecil Beaton, Norman Parkinson, David Bailey and Mike Reinhardt were retrieved from Vogue's archives and specially printed on 3M Professional Colour Paper for display throughout this famous London store.

3M Honours Kertesz

Andre Kertesz, who celebrated his 90th birthday on 2 July of this year, was presented with the first annual award set up by **3M Photographic Division** and the National Museum of Photography, Film and Television to mark 'A Lifetime's Contribution to the Art or Science of Photography'.

Hungarian-born Kertesz, who now lives in New York, received the beautiful lusted glass bowl award, specially commissioned by 3M, at a 90th birthday party and tea held in his honour.



▲ Andre Kertesz receives his award from Professor Margaret Harker, ex President of the Royal Photographic Society.



The Mayneord Lecture

The Diagnostic Imaging Group of **3M's Photographic Division** sponsored the inaugural Mayneord Lecture, given by Professor R. Parker of the University of Leeds, at this year's British Institute of Radiology Congress.

The Mayneord Lecture will be held annually to mark recent or current major contributions to the field of medical radiology.

SupaSnapS hits the headlines!

SupaSnapS has hit the headlines on more than one occasion this year but the most notable were the stories that appeared in the Financial Times (17 September) on SupaSnapS' expansion programme and Camera Choice magazine. The latter voted SupaSnapS prints as the best in the High Street in a recent survey!

▲ (From left) Professor Isherwood, Professor Massey, Professor Mayneord, Professor Parker and Mike Hill

Professional Portfolio Awards 1984

This year's 3M-sponsored Professional Portfolio Awards Grand Prix Luncheon was yet again a distinguished and successful affair. Held at the Dorchester Hotel, London, the Guest of Honour was the Rt. Hon. Dennis Healey MP, who is renowned for his love of photography.

The overall Grand Prix Winner, Mr. Tom Stoddart, who presented a winning entry in the Press, Sport & Reportage Section, received his prize from Mr. Healey.



3M Expertise Pays Dividends

◀ Mike Hill,
General Marketing Manager -
X-ray & Imaging. Colour
Systems and Trade Processing.

Some of the films 3M supplies. •



Success in private label

In the UK photographic market one in four of all films sold is manufactured by 3M. **3M Photographic Division's** outstanding success in the private label film sector has been achieved over a prolonged period. Many well-known High Street stores have chosen 3M as their private label film supplier, but why? I put our success in this market down to three key factors: *our product-our expertise - and our experience.* In short, our ability to offer a full value package to a very discriminating market.

The service needed to supply the finished product to our customers requires extremely detailed co-ordination of diverse activities such as *manufacturing, packaging design and physical packaging, distribution, inventory control and pricing.* All these functions must be effectively carried out, taking into account the seasonality and weather factors which can obviously have a disruptive effect on any planning process - unless the contingency plan is as well thought out as the marketing plan.

In 1984 we scored major successes in the private label

market and the early signs are that 1985 is likely to be our most outstandingly successful year ever.

The Professional market

In a tough environment, our Professional group has done an outstanding job in maintaining its key share of the market. The introduction of more new products in 1985 will help to further enhance our presence in this area.

Diagnostic and Imaging

1984 has been a year of major challenge within the X-ray

market. We have managed our resources to maintain our market share, whilst taking time to investigate new market opportunities. In the Imaging area our success has been phenomenal with outstanding results achieved in all aspects of our business. In 1985 we will build on our sound business base in this market and will continue to invest in market opportunities within the total Diagnostic and Imaging area.

1985 is a year we look forward to with tremendous enthusiasm and with great confidence in the ability of our team to surpass all our objectives.

Quality at the Forefront!

The year ahead will be full of challenges for all of our employees. Every year our business goals require more dedicated and professional support from all members of the **3M Photographic Division**, and this requires in turn a high degree of commitment to the development of our own personal capabilities and skills.

Training for long-term success

Every assistance will be provided to you, in the form of training programmes - either on a group or individual basis. Our primary focus will be on building and developing the skills required to perform your present function, which will assist you to become more effective - and at the same time, we would hope, provide you with much greater job satisfaction. This skills-building process will also make a contribution to our long-standing policy of promotion from within, wherever this is possible.

Quality' is a concept which will be in the forefront at **3M Photographic Division** throughout the coming months.

As business becomes more competitive, doing the right things, and more importantly, getting them right first time, become key objectives. Much of our training emphasis will be placed on the consolidation of this concept, and you will all be involved, as you carry out your day-to-day activities.

Enterprise rewarded

One of our main objectives will be to extend and consolidate the very effective team organisation we have developed in the Division over the last year. Wherever appropriate we have developed incentive schemes to enable people to share more directly in the success of their area of operation. These range from direct financial incentives (where achievements can be measured specifically in terms of sales obtained), to programmes such as the Enterprise Club in which every employee has opportunities for recognition through outstanding performance in such areas as Customer Service, Productivity and Communications. Over the next year we will be seeking



◀ Mark Smith,
Group Personnel Manager

3M Enterprise Award



to identify this kind of performance. and reward the individuals or groups concerned by nomination to the Enterprise Club.

I would like to wish all of you a happy and successful New Year and look forward to working with you during the coming months, to achieve our mutual goals.

Marketing Highlights

SupaSnapS wins 3M Quarterly Award

SupaSnapS received the prestigious 3M Award for Sales & Profit in the first quarter of this year for being the most commercially successful of all sixty of 3M's businesses.

Bob Olney, Managing Director of 3M (UK) Ltd, presenting the 3M Award to Ted Kerr, Managing Director of SupaSnapS.



Photographic Group Conference - A Real Show-Stopper!

When Mike Hill called together his Sales and Marketing teams for the Diagnostic Imaging and Color Systems Group Conference at the Gloucester Golf & Country Club, 12-14 November, no one suspected the type of presentation they were to receive.

Like a scene from the old Vaudeville music hall days Jo Jago, Keith Nunn, Alison Bromilow and John Heslop gave a performance even old Mother Riley would have been proud of!



Shopping will *certainly* change by the year 2000!



And if you are wondering how the mystery robot fits in to all this, we'll just let John Taylor tell you.

Of course, the Conference has its serious side. The teams were there to review activities during 1984 and to plan strategy for 1985.

After an illuminating and amusing account of Graham Stark's photographic achievements in the world of show business, there was no doubt that the objectives of this Conference will stay firmly in everyone's minds throughout 1985!

New 3M colour negative films

3M Photographic Division also launched a brand new range of high resolution colour negative films - 3M HR Colour Print F77ms in ISO 100, ISO 200, ISO 400 and Disc 200. The new films offer fast speeds, sharper colours and finer grain characteristics.



Dry Silver Imager •

New generation systems from 3M

The introduction of three 'new generation' systems was one of the highlights of 3M's activities this year.

The new 3M XP 505 X-ray Processor featuring the latest microchip control technology and an innovative transportation system, gives excellent image and drying qualities at low-operating costs.

The 3M Chest System was designed specifically to provide diagnostic information not previously available over the whole of the chest area while the latest technology used in 3M's new image recording system, the 3M Dry Silver Imager, enables a highly efficient, fast turn-round of hard copies.

3M Enterprise Award for Jan Courts

For her outstanding work on the organisation of the 1984 SupaSnapS Roadshow, which covered five towns over a two-week period, Jan Courts, Marketing Secretary at Head Office, was nominated as a Member of the 3M Enterprise Club.

Jan was recently presented with her Enterprise Award of a crystal decanter at a special luncheon attended by Mike Atkins, Ted Kerr and Peter Boazman.



(Left to right) Fred Smart, Ted Kerr, Peter Boazman, Jan Courts and Linda McCourt.

Last Words

We at 3M Photographic Division have now finalised our 1985 sales and profit forecast for each business. Our targets are realistically based on the continuing development of the plans with which you have all worked so successfully in 1984.

Our strategies and tactics are continually updated to ensure we are leaders in our business: we are alert to the dangers of becoming followers.

You have often heard the statement: 'If we are to achieve results never before accomplished, we must expect to apply methods never before

Telecolour celebrates Christmas in May!

Long-term planning is essential in the CTN trading year so it was no surprise to Telecolor to be invited to join their biggest multiple group customer, NSS Newsagents (Retail) Ltd's Christmas Show - last May!

To forge closer links with their 400-strong NSS registered dealers, Telecolor also ran an incentive scheme called 'Win With Telecolor' for 28 NSS Area Managers with top prizes for six overall regional winners.



SupaSnapS - major video stockist

When SupaSnapS took the decision to enter the blank video tape market by stocking the Scotch range of tapes to complement the general photographic and 'visual' services offered through the shops, they could not have anticipated the boom that followed. From small beginnings last year, sales of video tapes jumped in 1984 to become a major new merchandise line.

attempted.' With your continued support, enterprise and enthusiasm I am sure we will comfortably achieve all of our objectives - and at the same time reap much enjoyment from working in such a buoyant environment.

I wish you all a very happy Christmas, a successful and healthy New Year - and I promise you total support from your directors and management.

Mike Atkins

Photographic Division

3M