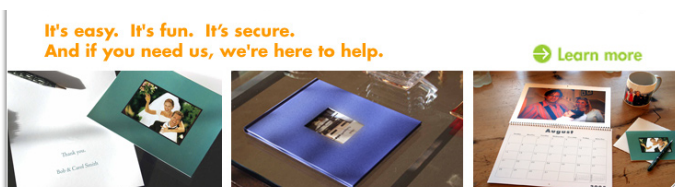


Background

Shutterfly was founded in 1999 to provide a comprehensive on-line photo service catering to the burgeoning digital photography market. The service enabled users to upload their digital photos to the Shutterfly site where the images then became digital assets that could be shared in virtual slide shows, printed for traditional photo albums, or applied to any number of creative applications including calendars, mugs, t-shirts, tote bags, and photo books.

Soon thereafter, Snapfish, later acquired by HP; Picassa (later acquired by Google); and Webshots, amongst others, emerged as strong competitors. Ofoto, owned by Kodak had literally launched one day prior to Shutterfly. Separately, leading brick and mortar brands like Walmart and Walgreens were also providing in-store digital photo services and adding on-line capabilities as well. As the business matured, many players evolved to compete on price, offering prints for as much as 50% below the market leaders. Virtually everyone failed to develop or execute any focused strategy and ultimately appeared identical, both in product offerings as well as through messaging.

As the digital photography market hit its tipping point with over 50 million digital cameras sold in the U.S. alone, the opportunity to lead this newly emerging business category became immense. Shutterfly recognized the need to differentiate itself and engaged brandadvisors to assist in fine tuning the brand positioning strategy. This was particularly important since Shutterfly had significant advantages in quality and service, but weren't clearly communicated nor recognized by the market at large.



Build Sales to Ignite I.P.O.

Strategy, Execution & Results

brandadvisors conducted an extensive analysis as the basis for its strategic recommendations that included customer research and competitive store audits in key U.S. markets as key components of the process.

We learned that as the category pioneer, Shutterfly had led countless innovations that gave users the ability to be more creative with their images than competitors. Its engineering expertise and understanding of the user processes associated with on-line photo management also allowed Shutterfly to develop a more intuitive and easy to use customer experience. Further, as an Internet based business, Shutterfly was highly convenient and accessible.

These assets matched closely with the needs of Shutterfly's primary target audience--young women recently married and with families--who valued the practical value of Shutterfly's simplicity and convenience but importantly also valued the emotional value fulfilled through their ability to express themselves creatively as well as to connect more deeply with friends and families, no matter where in the world they may be, through the service.

This led to brandadvisors' positioning theme recommendation, "Make it. Personal" that emphasizes Shutterfly's unique focus on enabling users to deepen and strengthen their personal relationships through the emotional power of photographs. Through Shutterfly's focus on enabling creativity, its users are better able to personalize items for their friends, families, and even themselves. In an era when time is a premium, receiving a photo album, photo book or any item sent from a loved one or friend, via Shutterfly, clearly is recognized as an act of thoughtfulness.

This positioning focus on emotional benefits immediately distanced Shutterfly from the sea of competitors who continued to define themselves by the price of their 8" x10" prints and employed typical retail discounting and merchandising tactics.

brandadvisors extended the positioning to enhance and refine service offerings, evolve merchandising from "discount" to "premium" reflective of the offering, create messaging, advise on packaging, and develop naming for Shutterfly services. Since the brand re-launch in 2005, the company led a successful initial public offering on the NASDAQ, and has grown revenues from \$83 million to \$200 million.



Shutterfly's new positioning theme, "Make it Personal" impacted everything from products and services, merchandising, messaging, packaging, and naming. brand guidelines were also created.

