

Assessing The Future - Work In Progress



A report from the **CEPIC Seminar in Malta, June 2008**
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Andy Goetze and Klaus Plaumann made a great job as moderators of the Work in Progress seminar. The room was crowded with several people standing. This seminar is definitely the most information dense one during the whole Copic congress, it's also one of the most interesting. These speakers don't only talk about the future, for them its already reality.

Andy Goetze is a frequent blogger, on his blog you get in-depth information on the companies presented below. www.stockphototalk.com

CEPIC

Centre of the Picture Industry

Introduction by Andy Goetze

The stockphoto industry is very turbulent with a rapid flow of news, this is specially valid for the microstock segment. There are a rapid development of new business models and constant change of prices. One of the big trends is targeting consumers as a customer group for stock images. Another development is the editorial use of microstock images.

Before you could not sell microstock images of i.e. Time Square with all the signs and logos, and you could not sell images of people without a signed model release. But this has changed and now editorial use of this kind of stock images is accepted. Dreamstime Editorial License was introduced in October 2006 and re-launched February 2008. Celebrity images are the major part of what is sold under this new license, and this is where Dreamstime expect an increasingly high demand. Shutterstock on the red carpet, which was launched in June 2007 is another similar concept. Photographers submitting images under their editorial license must agree to sell resulting images exclusively at Shutterstock. They work directly with Shutterstock but they do retain their copyright. Shutterstock is unique as a stock company in that they help photographers to get press passes for film premiers, concerts and other events.

All Access Photo Agency (AAPA) is a new Los Angeles celebrity photo agency. They state "Why pay when you can get it for free from professional photographers". AAPA believes that the future of the industry includes unlimited, free press and photo distribution to the public and media outlets alike. Photos can be used for print, online websites, broadcast and personal use. Photo may not be resold for profit and they must link back to the AAPA web site. Their business model is defined as:

- Millions of celebrity photos will be hosted on Facebook, UGC sites, People, InStyle
- Each photo carries a link back to AAPA website
- Huge traffic
- High ad revenues

AAPA was close to sign deals with major media companies. But the other

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agencies teamed up and threatened PR firms not to shoot events if AAPA were credentialed. AAPA was under hard pressure. Without access to these events AAPA doesn't have a product to sell. Now they sell their images for \$45, this is about a third of the normal fee.



Lee Corkran, BrightQube – a new stock photo portal

Brightqube wants to be a marketplace for all types of visual media. They are a portal service that aggregate royalty free images from several major agencies. They display professional collections side by side with user generated microstock images from Dreamstime, Getty, Corbis and Jupiter together with microstock in the same portal. Brightqube currently has 3 million images on sale. In earlier interviews Lee said, "Brightcube is Flickr with a cash register."

Finding a great image in large volumes of RF images is like finding a needle in a haystack. With microstock the haystack gets even larger. In most image web shops this means looking through several pages of images. Brightqube focuses on giving the buyer a better interface by showing hundreds of thumbnails in what they call a "dynamic mosaic". It's basically a digital light table just like any other, but with higher image density and a different control mechanism. It has instant zoom in/out. It shows the best search hits in the middle and you can move quickly in any direction.

The important question asked is – do we need one more portal? Lee motivates why Brightqube is better mostly by their different user interface. He also motivates why they have microstock and professional collections side by side with - "Selective editing should be up to the end buyer not necessarily by a gatekeeper". He also states that their user interface give the seller a better chance with Brightqube. On other sites the chance to sell depends on ranking. If your images are shown on page three statistically your selling chance has dropped to less than three percent.

Link to Brightqube: www.brightqube.com

Oleg Tscheltzoff, Fotolia

Fotolia is the youngest among the big microstock agencies. They started in 2005. Today they have 80 000 registered contributors and 700 000 members. Of course not all photographers are active contributors, but they receive 20 000 new images every day. Fotolia currently have 3.7 million images in stock. They just launched a Japanese shop and are active in eight more countries.

Infinite Collection

Fotolia's goal is to become a one-stop shop for images. To accomplish this they have now started to sell images provided by professional agencies under the name Infinite Collection. Moodboard is one of the providers and their images sell from \$20 (small) to \$520 (XXL). Large images (about A4) are \$380. The Infinite collection now contains about 100 000 images. Blending microstock with professional content is a way to up-sell. The reseller and subscription channels don't include the Infinite collection.

Subscription

Fotolia has started a subscription service. This differs from their normal credit based business model where image priced depends on image size. XL and XXL

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image sizes are excluded from the subscription. The subscription allows the customer to download 25 images per day for a monthly fee of \$249. This gives an image price of about \$0.33 per image. Fotolia has the lowest payout from subscribed images to photographers. Some contributors are on strike since the launch of the subscription service. Oleg responds with that the payout has been raised and that the might raise it more in the future.



Reseller API

Fotolia recently opened up for others to re-sell their images. The re-seller API can be used by anyone that wants to open a microstock site. There is no need to mention the brand Fotolia and the retailer sets the price. The photographer always earns the same commission. It's also possible to re-sell subscriptions.

The reseller API can be an easy way for other stock resellers to include microstock in their catalogue. But a reseller can also create their own selected collections by harvesting images from Fotolia and sell as low price royalty free images.

On last years conference in Florence Oleg estimated that the microstock industry has a turn around of \$100 million and a potential to reach \$4 billion. When he is asked to comment on this, he responds that he still believes in this estimate. He bases this on that there are 5-10 million companies in US and Europe and they all need images. If they use 40 images per year at a price of \$4-5 you get those figures. He continues with "The problem today is not microstock competing. The biggest problem is Flickr and Google images. People just right-click and download images. Better pay one dollar and get a legal image than doing this." Oleg does not believe that free images for consumer use, paid with advertisement, are the future. The revenue will be to small and the competition for advertisement money will be very strong.

Link to Fotolia: www.fotolia.com

Bruce Livingstone, Getty / iStockphoto

iStockphoto has 60 000 contributing artists (photo, video, audio, vector drawings) of which 4 000 are exclusive with iStockphoto. Those exclusive artists provide 20% of the content but generates 80% of the revenue. In 2007 the revenue was \$72 million and they paid out \$21 million to artists. This means that those 4000 artists got an average of \$4 200 each. Bruce states that the secret of iStockphotos success is the partnership with those exclusive artists. "iStockphoto is built on the incremental passion, not on the incremental revenue". iStockphoto have 120 people watching incoming photos. About 50% of incoming images are rejected.

iStockphoto has a credit based subscription that includes all types of media. The smallest package is \$599 for 10 credits per day during 6 months. This will give the customer about 2 images per day at a cost of \$1.5 per image. The contributor gets the same payout for images bought via subscription and pay as you go. But he will get different value for a credit depending on how many subscribed images that are downloaded the same day. The payout can span from \$0.3 to \$27 for an image.

iStockphoto are raising the price again, this time with 4.3%. They have raised the price about every six months.

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Bruce estimated the global revenue of microstock to be between \$150 – 200 million. He agrees with Oleg in his estimation that the stock photo market within some years can grow to \$4 billion in global revenue.
Link to iStockphoto: www.istockphoto.com



JAMD – targeting the online consumer

JAMD is a new service launched by Getty a few months ago. It's a flash based mashup of Gettys wholly owned content. It's a social media where users can interact and use stacks of images from Getty's collection. The revenue comes from advertisement and sponsorships. They started with a tab for entertainment images and have continued with sports, they will soon make a tab for news images. Users can create stacks of celebrity images and use these in slideshows or share with friends. In the future they will allow user to mix images from Getty with their own images. These can then be printed ordered as prints or photo books.

Link to JAMD: www.jamd.org

Eyal Gura, PicScout

Picapp is a new service from PicScout that gives bloggers free and legal access to content. The revenue for content providers comes from advertisement on the blogs and websites that publish the images. Images are streamed from picapps servers. The end user is not getting any access to the image file. The user embeds a flash or java script that loads images and advertisement to their blog or web site. Advertisement is displayed below the image.

Online advertisement in bloggs had a revenue of \$200 million in 2007 and there are estimates that it will exceed \$1 billion already in 2008.

It's not cost effective to pursue one million individual bloggers. It's better to make it possible for them to legally use images. Eyal presents Picapp as a way to reduce piracy through providing and alternative to stealing images from other sites.

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