Initiative for Growth in The Online Special Environment

Report by Angela Murphy on the CEPIC panel discussion, Dublin, June 2010

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One of the most impressive of the seminars organised by CEPIC at this year's conference was the panel discussing the industry's potential for growth in the online environment. Cepic gathered together an imposing panel of speakers which included both leading figures from the picture industry itself and also leading figures from the wider online world – including service providers and other industry commentators.

The panel was led by Franck Perrier, formerly head of the French agency Roger Viollet and sometime MD of Corbis in France. Panel members were:

- Karim Lesima, AT&T
- Amy Love from PicScout
- Dr Hendrik Speck, University of Applied Sciences Kaiserslautern
- David Wood, i-comp Legal Counsel
- Ivan Duggan, Cisco
- Ditmarr Frohmann, iStockphoto
- Petr Mlch, CTK Photobank

The panel was asked to address the future of the picture industry within the wider context of the online environment, particularly addressing three main areas of interest:

1. How the internet has impacted business, especially the image business
2. What are the growth areas for the picture business e.g. mobile; tablets and iPad; video; microstock
3. How can content creators protect assets and create revenue in the new technological environment

How the internet has impacted business

The session started by introducing the panellists and highlighting their areas of interest. First up was David Wood, the legal adviser of the new industry association, iComp, which has been set up to deal with the most challenging issues on the internet. David identified the association's four main areas of interest – intellectual property rights; data protection; competition law; and security. Having dealt with legal cases in this area for many years, David has now focused his attention on the contentious area of search engine functionality and search engine advertising.

Amy Love works in a broadly-related field as the Marketing and Business Development Manager of PicScout which uses technology to identify copyright infringements - tracking use and recapturing revenue for content creators and rights owners, such as photographers and agencies. PicScout is also looking for new ways to encourage the use of image rights identifiers online.

Like all senior managers, Ivan Duggan, Head of Public Sector Ireland at Cisco , spends a lot of time trying to second guess the future direction of the internet and new technology. Duggan showed an edifying video that brought home to the audience just how fast change is happening in today's interconnected world.

Cisco's 'Transformations' presentation showed among others the phenomenal growth of the internet and of some of the new social networking platforms that populate it. In particular, it quoted predictions that, by 2013:

- ISPs could make up to £200 million from legal music downloads
- video will account for 91% of global consumer traffic
- the internet will be (not 2 or 3 but) 4 times bigger than today
- western Europe internet use will generate 9 exabytes of internet traffic per month (NB 1 exabyte=1,073,741,824 gigabytes)

Today

- 80% of companies use *Linked in* to find new people
- 92% of new employees are required to have IT skills
- 75% of employees would rather work for an environmentally responsible employer
- 96% agree that technology can help to achieve carbon reduction targets
- 54% of bloggers post content or tweet daily

As a business to business service provider, Cisco is focusing its attention on the transformation of the way in which people work, live, learn and play. In particular, Duggan pointed out that organisations used to gain competitive advantage by controlling information. Nowadays everybody has access to that information, so the key to success is the way in which you use that content and how you connect with your customers and within your organisation.

Also representing global technology businesses was Karim Lesina, the Executive Director of AT&T, European Government Affairs. He leads AT&T's advocacy in Brussels towards the EU Institutions and in several EU Member States and International Organisations. He is also the Chair of the Digital Economy Committee of the American Chamber of Commerce to the EU. Lesina also had some substantial industry research to draw on and backed up Cisco's claims for the exponential growth of mobile devices over the next few years. As a worldwide telecom operator with an exclusive licence to represent the iPhone and iPad in the US, AT&T was particularly conscious of the costs of maintaining its competitive advantage having invested a mighty $55 billion in its "next generation' network to try and cope with an unprecedented 5000% increase in data traffic over the last three years.

Next up was Dr Hendrik Speck of the University of Applied Sciences in Kaiserslautern, Germany. As a consultant to the German government and the European Union, Speck conducts research into a variety of internet-related issues, including the development of search engine technology. One focus of his research is the generic effects that organisations encounter when their business goes

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online. Speck drew comparisons between the music industry and the image industry. After struggling to protect their content in an online world, the music industry changed their approach. By embracing online microsales and growing the business of live concerts, the music industry has succeeded in halting the rapid decline in revenue.

Finally, the industry's own representative on the panel was Ditmarr Frohmann, Senior Director Europe at iStockphoto which is part of Getty Images. Frohmann highlighted the rapid growth of microstock and its increasing acceptance in the industry. With nearly 6 million members and 100,000 contrbutors of still, video, artwork and audio content, iStockphoto is a major player in the industry. One of its 7million online files is downloaded every second by its users and every week the agency receives about 47000 new files and pays out 1.7 million dollars to its contributors.

Expanding on these presentations, David Wood talked about the way in which our current understanding and knowledge about the way in which people use the internet is becoming more multi-dimensional. Both users and content providers can benefit from the rapid increase in linking people and their needs throughout the internet. He also made the point that 80% of internet searches were unique and personalised and therefore felt that, if providers could focus on this rather than the overcrowded 'top search terms', their business could benefit.

Users are prepared to go to extreme lengths to find unique personalised content that cannot be found in traditional media such as books and magazines. If providers can find a way of tapping into this market, they may be able to find new revenue streams. The unfortunate corollary is the need for providers to land on the front page of search results – otherwise their sites won't even be seen. A massive danger for most businesses at the moment is the capacity for large organisations with a lot of money to monopolise search results. New filtered and categorised searching – and more sophisticated search algorithms may help this.

Commenting on how the evolution of the internet has impacted the media industry, Hendrik Speck felt that the picture business had failed to take advantage of new opportunities, citing the provision of mediocre wallpaper and screensaver images. He also highlighted a peculiarly German issue with the multiple levels of meaning of the word 'bild' (picture). His advice was to find a way of creating revenue from mobile devices in some way.

Following on from this, Karim Lesina cited the remarkable success achieved by a local media organisation 'Corriera della Serra' in Italy who had capitalised on their local audience to provide localised services which are proving very successful. Lesina pointed out that Corriera della Serra had enabled local users to buy images direct from their mobile devices – managing to win 25000 users for their app on iPads in only two weeks.

Morgan Stanley has forecast that, by 2013, the total shipment of smartphones will exceed that of PCs and that the revenue from the iPhone and iPad would be in the region of $1.5bn. Corriera della Serra's success proved that if you can create a good, easy-to-use tool on a sound platform then existing customers are eager to use and pay for it – and providers can get revenue.

The rapid expansion of mobile devices will expand the possibilities for image sales if providers can come up with the right applications and this will also depend on the level of cooperation they develop with the network providers. Ivan Duggan also reaffirmed the increasing importance of mobile devices, citing research that showed that already the majority of under 25s would prefer to get all their content

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on their mobiles. Business success was going to depend on every business's enthusiasm for change.

A major problem for microstock cited by Ditmarr Frohmann was the difficulty they have in analysing user behaviour. Microstock agencies don't know who their customers or their contributors are, although they are using all the tools at their disposal to try and gain a better understanding.

At this point, Amy Love highlighted the fact that, besides text, images are the most used content on the web – and that text-based communication is being superceded by visual presentations. With more than 80% of rights-managed content on commercial websites being used non-legitimately, the picture business is suffering from many lost revenue opportunities.

From their standpoint, PicScout can see that users are often confounded in their attempts to trace rights owners and so they are focusing on a campaign to ensure that existing images are credited.

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The Emergence of Video – and other growth areas

At this point Franck Perrier identified the other emerging trend in the use of moving footage and quoted industry research that showed that today in the US over 68% of e-commerce websites were using video as compared with only 18% some 18 months ago. Duggan added that it had been forecast that by 2013, 91% of all traffic on the internet would be video. Duggan expanded on this, talking about the extent to which video is being used to connect families and communities. Devices such as Flip are increasingly popular – particularly because of the ease with which the resulting files can be uploaded.

Cisco's acquisition of both Flip and the video-conferencing company, Tandberg, was a demonstration of their faith in the future of screen-based communication - as long as the technology was made "idiot proof". By increasing video-conferencing, Cisco had managed to reduce their annual travel budget by $700 million last year.

Working from home would not only help the work-life balance of staff, but also result in vastly-increased productivity, and here Duggan quoted research from another global multi-national stating that working from home for 5 hours was the equivalent of working at the office for 10 hours. The personalised home tele-presence was definitely the future of work, and work would be viewed as something you do rather than somewhere you go. A huge motivating fact for Cisco was the measured 20% increase in productivity combined with the ability to cut their considerable estate costs.

In the wider world, the use of video was being driven by both organisations and consumers, and transforming how people live, learn, work and play. However, the challenge for businesses was how they can monetise these changes. "What you need to do is to ensure that you are connecting the child with the parent, from a picture perspective; that you're achieving the revenues from your services and your products in the most effective way. And it's very, very important to understand that the new generation – whether you want to call them generation X, Y or Z – are very technology savvy and they expect – they don't just want, they expect - to have everything at their fingertips." How businesses address that marketplace and build a competitive but revenue sustainable model around that sector is going to be key to their future.

In the view of not only Speck but Duggan, the future had to be in micro-payments,

made on mobile devices. This is the way that the video rental business is going – and it is also the way that mobile apps are being sold. Duggan illustrated this with a personal story, “. I bought my wife a present of a Tom-tom last Christmas which cost me €250….. And she bought an i-phone recently and I downloaded the same application for €5.99. Where is the logic in that? Why would you go and buy something of that magnitude when you can actually get it online significantly cheaper? Now Tom-tom are looking at how they can legitimatise and revenue-ise their software and their services.
So it’s about identifying the market, identifying who your customers are going to be, building a service and product set and then pricing it at a price you believe the market will be willing to pay.”

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Hendrik Speck spoke next to say that we are clearly undergoing a dramatic shift that we haven’t seen before with new technology and new participants. However, he spoke from personal experience when he noted that young people, such as his own students, are no longer going out to movie theatres. Not only that but they go to a Chinese website and download movies faster without caring too much if the film is worse quality. Similarly, TomTom crashed globally when Apple decided to publish GoogleMaps free on the Android – TomTom’s value crashed by 85% and would not recover.

However, Speck disagreed that micro sales on mobiles would be an equivalent business. People were not buying more music via iTunes. This was not only an illusion but a delusion. “if you look at the mobile, yes, the numbers are really great. Traffic is increasing, data is increasing. Unfortunately the average revenue per user is not increasing. It is actually declining across the board except in the emerging countries. There might be some exceptions. I know the United States is still doing quite well but in the last years I think the average revenue per user, especially in Ireland, has been dropping by 20%, which is not a business model I would actually invest in.”

Nevertheless, Speck also felt that this was not a reason to become too negative about the future. The question is, how can this industry adapt to these changes ? One of the best recent examples of this is watching Google trying to jump into the picture business by putting background images online. However, this was not liked by users who immediately searched for ways to delete these images.

David Wood then spoke about the “need to manage, either in a regulatory or a self-regulatory way, what is being done on the internet.” The service providers, such as Apple and Google are currently having an enormous monopolistic affect on the marketplace. Apple recently censored the iphone apps of both Stern magazine Germany’s Bild newspaper because of their apparent erotic content. Publishers are now concerned that Apple has the power to censor other editorial content. In the same way, Google has the vast majority of the search engine marketplace and has the power to kill off business applications, such as TomTom.

Wood felt that we now need to take stock and ask if we are happy that these giant technology companies hold so much power. Google currently has 80-90 per cent of the search engine market. If they then produce new products, they can adversely affect existing industries. This has happened to maps – Tomtom is one example. We may also see it happening with translation services and it may happen to other industries - including the picture business. Google recently put in a bid for an online travel company. “So you may soon see it therefore happen to online travel services.”

He went on, “Just because Google offers us a fantastic free search provision, does that mean that we have to give them free rein to do whatever they like on the internet, in relation to other commercial services ? Or perhaps you should try and do something about it." Crucially, we may not be concerned by the changes in some of these industries but even more significant are the products that don't even get to market, so that we don't know that they have been stifled at birth. As much as anything is the consumer interest here lies in innovation and the impact of this monopoly on internet search on innovation.

Asked to comment, Karim Lesima of AT&T made two main points. Firstly, "that we should remember that the internet is a network of networks, not just one big pipe. The internet is 200,000 networks that integrate together and (its development) is mainly led by private investments. A lot of the new business models are funded by private investments and the quality of the underlying system is critically important". "It's exactly what David has just been talking about. It's important to realise that telecom operators, like ourselves (AT&T), have had specific obligations imposed on them in various countries because they had such dominant positions in the past". For example, in order to avoid them abusing this dominant position, they were obliged either not to invest in certain other sectors, or they are obliged to give access to their network. "The same thing is happening here. It's very dangerous for the development of a coherent ecosystem, if you have only one or two dominant players without competition installed."

Hendrik Speck, asked to comment on this, pointed out that this was exactly the same situation that we had five years ago with the music business when separate silos of content existed, each with its own proprietary systems. Hendrik believed that the picture industry was about to go through the same radical shift. In a few years time there will be one or two, or even three, providers that can provide that seamless experience for users. So far the picture industry can still not provide that seamless experience, including with hardware. In this scenario the users will be abe to access the kind of material that you are providing in one or two clicks. So far the industry has not developed that seamless experience. Agencies are too concerned with fighting each other, rather than working on the development of open standards, sufficient communication protocols, platforms and data exchanges. In three years or so, one provider will emerge who will be able to provide this experience – and then the experience will be much more painful for the industry.

Ditmarr commented that today the music industry is no longer run by the big labels. Instead it is controlled by the technology providers, like Apple or, in Germany, Deutsche Telekom, who are benefiting from this change. They now take the lion's share of music revenue. The big labels like Universal or Sony have been hit hard by these changes and the picture industry should be aware of this imminent danger. N particular, the picture industry should focus on agreements on shared standards and ways to integrate seamlessly.

The changes in the mobile phone industry – and its implications for the picture business.

Karim Lesima took up the theme of the previous speakers and pointed out that one of the reasons for the success of the mobile was the agreement on common standards – in Europe, the GSN standard; in the US, the CDMA standard. Today you can travel anywhere with a 3G phone, whereas a few years ago your mobile phone could not operate in different countries. Generally-speaking progress cannot be made by operating as silos. Only Apple is a notable exception to this premise.

Karim then showed a chart showing the meteoric increase in data being transferred by mobiles. Fixed devices will remain as vehicles for home use of the

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internet and high definition content but the future of business is in the mobile device. AT&T believe that they maintain a high level of RPU (revenue per user) because of the high quality of their content. However, in order to maintain their position, they know that they have to “constantly adapt our offer”. There is a lot of competition in the marketplace.

By 2020, AT&T expect there to be more than 50 billion connected devices in operation around the world. By this they mean, not just mobiles but every other kind of device from communications to home electricals. All these things will have business implications. Karim went on to explain that he has learned most by his visits to CS in Las Vegas (the biggest technology show in the world). Every year he sees products that appear not to have much of a market and he is constantly surprised. For example, one of the biggest sellers this year is the application that has used a mobile chip on a dog collar.

Reviewing the future relationship between the telecoms industry, the media industry and the picture industry, Karim explained Your biggest challenge is getting paid. One solution is micropayments such as iTunes. Historically, you have mobile providers and service providers. Where’s the revenues.

As not everyone can become a global technology provider, Karim also advocated a more sophisticated approach to local services – once more citing the success of Corriera della Serra in Italy. Using this service you can purchase pictures on your mobile and have the payment automatically charged to your account. This is not a new system but it is a new application of a system via mobile. Most important of all for a healthy financial future is to embrace the ethos of working together and breaking down barriers to usage. Image libraries should stop thinking as silos and cooperate with each other.

Franck Perrier interjected that it is not always very easy for a small company to find ways of working with global telecoms companies. For a start it was ot always very easy to find out who is the right person to talk to.

Acknowledging this, Karim went on to say that even with a vast company such as AT&T it had not been at all easy to see where the business was going. In their case, he cited that a major factor was the attitude of his CEO who had been prepared to take a risk on bidding high for their exclusive relationship with Apple. At the time, the deal with Apple seemed like a very dangerous strategy. Now it's a huge success. Another big change has been in the willingness of content providers to enter into deals. At the beginning, AT&T had a big fight to obtain content from moving footage providers like Time Warner and Universal. Nowadays, it is much easier to make deals with these companies.

Speck then spoke about the format shift that had been touched on by a number of speakers – from the fixed device to the mobile. One of the things that keeps users coming back is the introduction of new technology. There are two things that encourage users to adopt these devices – and remove their fear of technology and of excessive charges – a very appealing user interface and, secondly, a flat rate model for micro-payments. Much of the creativity associated with the iPhone comes not just from developing applications but also from the desire of hackers to penetrate the iPhone’s defences. One of the challenges for the image industry is to combine with other suppliers to agree on standards, and to drive forward very user-friendly interfacesand further cooperation.

Karim then went on to share some AT&T research with the audience. For example, from a mix of Gardner and AVI Research there was a prediction that mobile devices would grow from 90 m today.   57 million tablets (conservative

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estimate) of iPhones, ipods, 2m iPads by 2015 . the more research there is, the more it emphasises growth.

Cisco

Ivan Duggan of Cisco followed this with the comment that the telecoms industry was also finding this rapid change in the marketplace very difficult. Traditionally over the last few years, there were two separate service providers - mobile service providers and internet service providers. One supplying a service to your mobile – and the other to your home. Now all that is also changing. Both providers are being challenged because voice communication is becoming free (e.g. Skype etc) and internet connectivity is becoming free. So how do these two industries monetise their connectivity? “We’re seeing this right across Europe. The willingness of service providers to roll out new broadband connections is reducing because they just can’t see a revenue model from it.

Over the next few years, we are going to see an evolution to “experience providers”, that is, organisations that can deliver the internet, telecoms, but also entertainment – and they need to monetise The large TV companies like Sky, UPC, etc are finding it very easy to roll out new broadband services because they have the entertainment that they can charge for at the back end. We will now see internet and mobile service providers move into that space – where they will be delivering entertainment services – movies, music and other content, including images. That’s going to be a huge, huge transition in the marketplace.

At this point, David Wood interjected with the observation that this revenue is still not going to the content providers. The revenues that accrue through the advertising on theiPhone and iPad and other mobile devices are not being shared with the content providers. “The amount going to content creators is going down and down. If you take the example of Google, the amount that they are taking from advertising is 24 billion dollars a year for providing what is essentially an ad platform. This is the same platform that the classified ad pages in a newspaper would have provided in the past. We have to get to grips with that if we want some of that money to go back into content creation.”

Every Image gets its Credit

One of the major issues with these new platforms is in having the ability to tie the content back into the creator. PicScout software company, represented here by Amy Love, has proposed one solution for identifying creators. PicScout is image-tracking software used by image creators and agencies to track down unauthorised usage of images on the internet. Amy had just been to the HOW Design Conference in Denver, Colorado and was clear that designers were very aware of the need to acknowledge and pay content creators. However, they often ran up against the problem of being given a load of images that had been dragged on to someone’s desktop and had therefore lost their attribution details.

In order to encourge people to start using image-tracking in a more consistent way, picScout were introducing a new package that would allow content creators to add attribution information to their images free of charge. The reality is that designers frequently use Google image search to find content. Unfortunately, many of the images found do not lead them directly to the content creators. Designer and researchers need to be able to find image providers in one click. If you can provide users with this information, they are willing to pay for content as they know the importance of obtaining good content.

Only fingerprinting an image will allow you to recognise that image at a later

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satage after it has been flipped, cropped, rotated, or merged with another image. PicScout's Image Exchange software allows you to tag that image with attribution information and allows potential users to go directly to a licence page for that image. For the users, the software is completely free to use: for image providers, PicScout is now also offering a free service to allow any potential user to see the attribution details – and give the creator their rightful credit and in order to gain critical mass for the site. However, image providers will have to pay a pay-per-click fee if a licence is created and revenue accrues. PicScout are also offering a special dal to Cepic attendees that allows them up to $1000 dollars in credit to use as they try out the technology.

In development now is an upgrade to the software that will also allow creators to embed the API into the image itself, thus identifying the web source page for the image.

A number of questions from the floor following this presentation expressed concern that Google did not seem to realise that their search engine was removing metadata from images – and had not responded to those who were pointing this out to them. As there was no Google representative present to answer, Amy pointed out that Google is now starting to engage more fully with the image industry and was lobbied at the London Picture Buyer's Fair and at Cepic to encourage them to ensure that their software does not remove attribution information from images. Amy also indicated that the PicScout icon did more than this as it was a clear sign that more information was immediately available about that particular image.

In the future, this kind of technology would indicate to the use exactly what kind of licence any image carried – whether this was a rights-managed image with a premium price or a Creative Commons, attribution-only, image that was free to use as long as the creator got a credit. The ability to hold and display this kind of information was in everybody's interest – both providers and users.

Questions
Q: Our customers are increasingly using technology to communicate with each other – but not necessarily with us. What do we do to engage these customers and find out what they really want ?
A: **Speck:** As we are dealing all the time with the development of search engines and European Union policy related to this, I can give some ideas. His department carries out research on web traffic. Speck recommended three main actions:

1. Use web analytics, for example, Google analytics to analyse the traffic to your site. This is an iterative process.
2. Use easily-available tools to compare yourself to other people in the market e.g trending tools, surveys or other commercial services
3. Nowadays many sites are finding that they are getting more and more traffic from social network sites such as Facebook – and information via Twitter and others. Once more you can analyse this traffic. Software exists by which you can get 360 degree social media overview – analysing the concerns of the opinion leaders.

In addition, Speck spoke about what he saw as the failure of Digital Rights Management in the music industry which attempted to ringfence large quantities of content. In particular, the music industry gained a great deal of adverse technology by targeting young people who did not necessarily have a commercial outcome for their website. Providers need to go after the commercial customers rather than the general public.

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Q: Liam Bailey, BJP magazine asked whether PicScout was intending to move into the image publishing business.
A: Amy answered that it was definitely not. Already have more than 40 million images fingerprinted

New ways to approach the image business

At this point, Franck asked Petr Mlch, editor-in-chief of the Czech news agency CTK Photobank to talk about the way in which his agency was cutting out the middleman, becoming not only a provider but a publisher of content – thus challenging the traditional role of photo agencies. CTK Photobank transformed itself into a private company after denationalization and is now focusing on new ways in which they can capitalise on the vast amount of multimedia content that they have.

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Over the last two years, they have found their profits plummeting in their traditional publishing marketplace (newspapers, magazines, books and television) and so they are experimenting with ways of bypassing publishers and selling directly to end-users. CTK see the iPad, and other personal portable devices, as a great opportunity to connect directly with end-users by putting news and images together online. At the conference they had only just completed the development of their application and were launching the beta version as a free application on iPhones and iPads. Their greatest challenge was to find a way of monetising this content so that they have a new revenue stream. They feel that the way forward is to make part of their content free, and to charge micro-payments for the whole content. At the moment, the content is in the Czech language, but they aim to produce an English version in the future. This product is considered a model for the kind of new product that will now be developed by the industry – particularly as it is not expensive to produce.

The final speaker in this session was Ditmarr Frohmann of iStockphoto, a division of Getty Images. Ditmarr was asked to talk about the impact of the changes in the internet on microstock – product, place, distribution and price. iStockphoto was clear thet their future growth was tied in with the growth market for **video** footage combined with audio (both the original live soundtrack and/or a sound accompaniment). This is considered the most important medium for the future as it has the potential to command much higher prices than stills.

iStockphoto were also looking to market new products, such as, business logos and 3D designs. This was quite a controversial topic as they might be taking business away from one their main customer groups – web and print designers. Traditionally elements such as these would be commissioned from designers. However, they felt that the kind of low-cost products they sold were most likely to appeal to completely new customers at the bottom end of the market that could not normally afford to commission designers. Thus they were merely broadening the market, rather than taking business away.

At this point Ditmarr mentioned the theory that promoted quantity at the expense of quantity in order to maintain higher sales at the so-called 'long tail' of customers and user needs. Only a few images – the bestsellers – will provide the bulk of an agency's income –the remainder of images at the 'long tail' of the market would only sell a few times. Ditmarr maintained that targeting the 'long tail' was not really a sound strategy but merely an excuse for including undifferentiated material. It was still vital to maintain quality of imagery over quantity.

Asked to comment on **pricing strategy**, Ditmarr pointed out that any customer will not only consider the price point of an image but also two other factors - the cost of the search and potential costs of legal action. An extended image search could be costly, for example, an image from microstock may only cost one euro but users might spend two hours searching for it (e.g. @€20 per hour). If agencies really want to keep prices down, they have to develop sophisticated algorithms and search functionalities that radically cut down search time for individual images. Agencies must also consider their customers' concerns about the potential costs to them of copyright infringement. Microstockers were seen to be vulnerable to such claims because their supply is not as carefully monitored. Although they did not see this as a problem in practice, iStockphoto, offered a legal guarantee of automatic protection up to $10000 against risk of infringement in order to reassure their customers.

Franck Perrier also questioned the policy behind the acquisition of the free image provider, Stock Exchange and Ditmarr explained that this was acquired as a traffic driver that would bring more traffic to the main sales site. (Stock Exchange used to point at Stock Expert.) This was critical in relation to the cost of advertising on Google. Users of free images drove traffic instead of paying usage fees – and this was seen as a sound financial exchange. Google adverts were extremely expensive, especially those attached to 'core terms'. It was more cost-effective to have users of free images driving traffic to the main sales sites. Everybody is searching for a way to drive more traffic and more users to their site – free content is just one of these strategies.

Franck asked about the three key directions that iStockphoto were preparing to go in promoting their product. iStockphoto continued to spend on the traditional print advertising, as well as adverts on Google and re-targeting. (As far as Ditmarr was concerned this information was not a trade secret but the usual marketing strategy of any agency). It was critical to invest the right money in the right place. However, only large agencies could afford the cost of more targeted advertising via Google. "In order to be visible, you need to have a lot of money to burn on Google". Above all, you need a good advertising campaign to persuade the advertising and design market to buy with you. A recent move has been the use of Facebook – and other social media sites – to promote sales. One of the potential ways to use Facebook to generate sales is by offering images to very targeted groups on the site.

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Coping with a challenging environment

Conclusions:

1. **Technology is changing more rapidly than ever before**
2. **No business will be successful unless it watches these changes closely and adapts to them swiftly**
3. **Mobile devices are the prime media of the future**
4. **Visual communication is the way in which we all be communicating**
5. **The use of moving footage is growing rapidly**
6. **Microsales are the future but will not yield as much revenue**
7. **Digital assets need to retain attribution information more permanently**

8. **Social media sites and networks are a good way to attract traffic**
9. **Google is by far the most powerful force in the web environment**
10. **Technology and entertainment companies will change to become "experience providers"**
11. **There is no clear view of how to monetise these changes**

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