

The Stock Image Industry – Now and in the Future

The 2009 international meeting for The Picture Archive Council of America (PACA) brought many stock image luminaries in one place, the elegant Eden Rock Beach Resort in Miami. Representatives from all over the world came to network, expand opportunities, and become inspired by the new directions opening in the industry.

All businesses have struggled from a long and deep global recession, and stock imaging is no different. To exacerbate the challenge, the imaging industry has been faced with business model changes affected by new technologies, low cost micro pricing and the growing focus on mixed media. In spite of this confusion, there was a definite sense of optimism and opportunity surrounding all of the weekend's activities. A few top leaders in the industry offer their perspectives and projection for the future.

Jason Brown of the Commercial Media Partners division of Corbis Images (Corbisimages.com) feels that PACA offers a gauge of where the industry is heading. It allows him to meet with his partner contributors and make alliances with potential new partners. He says there aren't as many new partners as there were three or four years ago, as it's a much tougher market in which to invest money as a new potential partner. It's a changing market with the move toward volume and lower pricing in micro and royalty free imagery (RF).

According to Jason, Corbis is addressing the new lower cost market with Veer Marketplace offering micro pricing. "On the regular Veer site, we introduced price filtering, so customers can filter pricing in different ways. Most websites don't let you see the price."

He claims that only time will tell how the pricing all plays out. "However, images have inherent value and the customer is going to tell us what they will pay for an image. We need to be realistic in attending to the customer's needs. Until recently, most of the suppliers have been able to demand what they wanted. As images have become ubiquitous with the internet, and as the aggregated value goes down, the special images will be worth more."

He says the future for Corbis is bright. Corbis motion is growing well, and a lot of the still suppliers are looking at motion now. He feels there is a market for crossed media shoots, but it has to be done well.

Corbis still does art direction for its unique collections, including the image collection called Fancy. They also have three new collections - Crush, Ivy and Blink.

According to Jason, "Corbis is looking to the future because nothing stays the same."

Alan Capel is Head of Content at Alamy (Alamy.com), in charge of the images and the people who supply the images. Alamy bucked the trends initially, as they do not do any editing. But they do have quality control and we give the lion's share of revenue back to the photographer, at a 60/40 split. Alan says they use technology to have the best website for searching through a large amount of imagery. They have 17 million images now and there's no upper target.

The commercial image collection is expanding, and will be relaunched at Alamy Creative. It will have the best providers that have images on Alamy. Participation will be by invitation only.

Alamy has to remain competitive but we does not want to get involved in microstock. According to Alan, "We see that the prices are moving up. So that should be in our favor. We will do deals but we don't go to low price points. We will have three extra small files sizes with lower price points in the future."

He feels the money spent on going to the PACA conference is well justified, as they sign up new content and catch up with people old and new. "It's essential to show our face."

As far as new content, they are in need of news and celebrity images. They have all the stock clichés, but are lacking good rights managed material. They are not looking for exclusivity.

This year's focus is on penetration of the US market. "We have a Brooklyn, NY office, and we need to get more US content now. "Alamy is looking to make a big splash in the US." As for the future, the company is cautiously optimistic. Alan says, "The appeal of a good image is never going to die. There are going to be people who want to use images to promote things, and that will keep us all in business."

Alan Bailey is a Co-Founder and still photographer for Rubberball (Rubberball.com). He says they have just recently shifted from primarily being a production company to dealing with third party content providers, and have pushed to get all their content out into distribution channels. "We have 20 thousand images to get out and that will bring our collection up to about 50 thousand RF images and about 4 thousand RM images." RM is the most recent focus for their still imagery. It covers their traditional lifestyle subjects, including business and medical, but has a little less commercial feel than the RF. Rubberball is working on a tight budget, because production costs of \$50 per image are no longer economic.

At present they have no plans to enter the micro market. Alan feels, "Once the mass of images gets large enough, pros will stop putting their work there because the cost of production does not get a return." He feels that customers have been educated to

compromise and seek a cheap price, so the market will never go back to high rates for those images. The only direction forward is to create a better image with a higher production value, so it can't be found anywhere else. He feels the same is true for footage.

In footage, high production value defines as shooting on the Red camera, which is not generally affordable. In a high end production, pros pick the best talent, and the best wardrobe. The barriers of entry are much greater because there's a certain level of expertise required. For this kind of investment, Rubberball requires a one year turn around on revenue, or they are not interested in the production. Producing footage requires a lot of research to discover where the gaps in image inventory are.

Concerning the future, Alan says we have been at a tipping point where micro has come in at a time of recession. Some companies aren't even advertising anymore. However people will always be buying pictures. In two years, micro will still be strong and will fill the space of the old RF. His advice – "Wait for the oversupply to flush out and just keep shooting pictures."

Tom Grill is the owner of Tetra Images (Tetraimages.com) and Stock Photo America (Stockphotoamerica.com). He is always positive about the industry that has been so good to him over the years, and chooses to look at the current changes with the attitude of, "Glass half full" He says, "As long as there is some water in the glass, I'm going to be drinking it! I'm staying in the deep end of the pool. What keeps me positive is that somebody is going to buy pictures." Tom coaches that the market will change, but businesses have to adapt along with it. He recalls that ten years ago, when Comstock was sold to Jupiter, it was doing \$10 Million dollars a year with only 15 thousand images. Today there are companies with millions of images on the internet that aren't making that much revenue. A lot has changed.

On the economy of the imaging industry, Tom goes on to say, "I always look at it like a forest fire. As bad as that might be, it cleans the forest out. I think that's what is happening here. The industry was in big need of a forest fire." Last fall he told his staff that they would have to produce more and better images, and that they would sell for less money. It was a tall task to prepare, but they took the recession head on and have had a very successful year.

Stock Photos America is Tom's new enterprise. He says it's an Agency, not a distribution network. It will have RM, RF, editorial and a micro division. Colorfully, he states, "You get lost in the funny farm trying to find a specific topic. What needs to happen is a splintering off to specific topics. Stock Photos America will be an aggregator for just America- the people, the places, the icons and the culture." The company's launch is January, 2010, and Tom says, "We are bullish on it so I know it's going to be good."

Lisa Curesky is The Image Source (Imagesource.com) Director of Photography for the Americas, based in New York City. Lisa is proud of their newly launched cross media product, which consists of shooting motion and stills in the same day on the same set. Image Source is the first to market with this product. Lisa notes, “Everyone has been shooting still and footage but they are packaging them separately. We are trying to identify a new market where clients can use the stills and the footage across their whole campaign.”

Lisa feels that clients need to be educated that they need this product. If they are doing a pharmaceutical add and create a POP or brochure, they can have the same production parameters and further drive home the point of the add. They have been shooting with The Red in New York and say the quality is amazing.

Lisa is proud that Image Source is forward thinking and has chosen this time to launch a new product. “We are not a traditional still company anymore – a cross media company with motion and footage. It puts us in a good position to be a modern media company, not just a stock company.”

Image Source has always stood firm on the high end of the RF pricing, and it still believes in the value of the product. They continue to produce traditional lifestyle, business, health, and beauty. But, today they feel you have to be unique and niche, approaching imaging from a more modern point of view. “We have a great opportunity to set the bar, because there is a barrier to entry with the price of the cameras and the lighting equipment, but we have found a way to do it in a manageable way but maintaining the production value.”

Image Source is positive about the future. They also see opportunity in an economic downturn and they don’t let the negativity take hold. There have been twenty new productions since May and will be doing about four productions a month going forward, while maintaining their traditional still budgets.

Geoff Cannon is the Executive Vice President of Masterfile Corporation, and Tomas Speight is Senior Vice President (Masterfile.com). They are proud of their highly edited image content of over 3 million images. However, they feel strongly that everyone has roughly the same kind of content, which pushes the challenge to the client who needs to find the one image they are looking for. Therefore, Tomas notes, “This is where we think we can be a little different. We have an interface called Endless Media where we display content in a different way.” It is a cinematic display that allows a user to scroll all of the images when they keyword search. Different aspect ratios for the images are available, allowing one to stream through many images at once on a dynamic viewing screen. There is a second keyword entry field, to help narrow down the search, and it also allows you to access picture combinations. The system is so unique that it is patent pending. Client response has been tremendous.

Historic images, fine art and vintage content have been added to our search parameters. Also, multiple lightboxes are available and they are saved in the client's History. There is a new keywording version about to be launched. As Tomas explains, "Once someone gets to a certain point with Endless media the system will help with the continued search."

Masterfile has wholly owned operations in North America, which allows them to deal with Canada, US and the Caribbean directly. They also have wholly owned offices in the UK, France, Italy, Germany in two time zones. They are now considered to be the third largest imaging company in the world.

The two VP's note that the recession and the new economic situation have forced Masterfile to do something different. They are adapting to the changing needs of clients and the pressure on pricing. "We look at this as just another way to continually adjust our offerings to the demands of the clients." As for micro pricing, they are looking at a number of new offerings that bring value to their clients. They have things on the drawing board, including the launch of footage content. The future will be built on multiple products. As Tomas states, "Our strategy is to be in partnership with providers now and in the future."

Jamie Divenere is the Director of Creative Services for Footage at Getty Images (Gettyimages.com). Jamie states that you cannot focus too heavily on one category of imagery if you are to have a healthy library. "You have to offer a wide variety of subjects and refresh that constantly." Some of their many areas of content include, but are not limited to: Aerials, Worldwide Locations, Lifestyles, Business, Industry, Healthcare, Wildlife, Nature and Science & Technology.

They accept content from a global contributor base and offer art direction for shoots in North America or Europe. However, Jamie notes, "We have made strides in Asia and Latin America in the last few years as we see ample market growth there for stock footage."

As far as creating cross media from putting footage with like stills, they have currently seen an uptick in contributors shooting both media, because the technology has changed, and the costs of production have been reduced in some areas. Recouping the expenses from these shoots is not a short term investment. On average it could take 1.5 years to 2 years to get the money back. This is not a hard rule, but an average, according to Jamie. The key is to keep an eye on the market and shoot a wide variety of subjects. "Clients do not want to see the same thing over and over again. The best producers are always trying to be better than their last shoot, learning from their mistakes and successes."

Jamie quotes, "We bring content in the door through a variety of ways which are:"

- “Collaborating with the filmmaker to shoot content that is self financed. Sometimes an art director will work short arm (on set) or long arm (creative feedback via e-mail or phone).”
- “Support a Director who is wanting to build their reel content. We generally get our most creative, unexpected content this way. The filmmaker can cut their own spec spot and also use the content to license through stock.”
- “Sign those contributors who have content already shot. Basically mining the content which they have rights to.”
- “Working with our image partners like Discovery, Universal and others to bring in fresh new content from their programs and films.”

Building for the future, more footage needs to come to the market, as users for video continues to grow. “I think we are just at the beginning of the growth of the stock footage industry, says Jamie.”

From these comments and projections, it’s easy to see why the top players in the industry will remain at the top of their game. They always look to the future, seek opportunities, and put themselves in charge of change management. We are long past the era of dictating a market to the customer, and going forward, these companies will pave the way for customer centric relations and better technology.

(Pat Hunt is a writer and workshop leader for the stock photo industry, and Managing Director of *Huntstock.com* in Boston, a lifestyle image production company. pat@huntstock.com.)
