

## The History of German Picture Agencies

### Part Four

# Microstock Is No Longer What It Used To Be

by Klaus Plaumann, CEPIC Vice-President

The state of the German picture market: microstock and new business models within the rights management division, international co-operations between art museums, a new language of images: the business is constantly changing but it continues to develop.

Microstock is no longer what it used to be. Some changes have already become visible. But where will this end up?

At the moment, this question can't be answered properly. So far, it is obvious that Microstock puts pressure on *Royalty Free* models. A cannibalisation can be observed; MS sales figures easily surmount those of RF.

A reason for this development is that microstock has opened up towards new customer groups. This is how the market grew enormously. Here, millions of pictures are sold to new users who could not afford expensive imagery. Today, every baker can beautify his flyer with pictures for a couple of euros.

There are further changes that challenge the market: For instance, the microstock distributor *Fotolia* offers traditional pictures agencies the possibility to sell MS-material from *Fotolia* holdings to their own customers for prices which the distributors can define themselves.

In order to be able to judge the future developments of picture agencies, it is necessary to take a closer look at the revenues within in the microstock segment. With regard to the number of picture usages, what will be the future role of RF and RM in the picture market?

At the MIDEM Congress in 2010, Jonathan Klein advised us to accept all new business models, even if they possibly cannibalise other offers – just like *Getty* demonstrated in the case of *iStockphoto*.

### From German countries

The traditional picture business has changed a lot in Germany, which is probably the second largest picture market world-wide. Many agencies have left the market because they were unable to cope with the competition. This is excepting *mauritus images*, Germany's oldest picture agency, which has its registered office in Mittenwald (Upper Bavaria) and is still owned by Hans-Jörg Zwez.

Until today, Zwez has managed to hold onto his business position. He takes care of his extensive network during international conferences like *PACA* and *CEPIC*. Furthermore, Zwez constantly extends his offerings with new images, RM and RF. Particularly in 2009, he scooped the market: since then *mauritus* has begun to distribute images in Germany, Austria and Switzerland from the big British picture



## CEPIC

Centre of the Picture Industry

### CEPIC-OFFICE

Fritschestraße 22  
10585 Berlin  
Germany  
Tel. +49.30.88 91 01-60  
Fax +49.30.88 91 01-61  
ceplic@ceplic.org  
www.ceplic.org

source *Alamy*. The German agency signed a contract with *Alamy* which includes all collections that are free in these countries.

This is how *mauritus* extended its holding from 9 to 14 million motifs and continues to be the biggest picture distributor on the German market. According to Zvez's estimation, the market will continue to be marked by a crowdingout. Therefore, it has become increasingly important to offer a vast archive and to position oneself as a specialised distributor. "Only those who are the most flexible and those who offer constant content extensions and the latest technology will be able to survive." Since December 2009, *mauritus images* also offers midstock. The new segment is called "Bestprice Stock".



## Art and history

Big historical archives like *AKG*, *Ullsteinbild* and *bpk* do not experience the same market pressure that many universal agencies do. *BPK*, Bildarchiv Preußischer Kulturbesitz, is undergoing major changes that are hardly recognised by the public. Managing director Hans-Peter Frenz had the vision to collect pictures of treasures from the most important art museums in the world in a database.

Now, customers can not only access works of art from the most important German art museums but also those from the *Louvre* and the *Centre Georges Pompidou* in Paris, the *Metropolitan Museum of Art* in New York and the *Uffizi* in Florence. These offerings are being expanded every day with the addition of new museums and libraries.

For online picture users this new common ne-stop-shop of big public cultural institutions offers advantages: They can access vast picture offerings on art and culture. Furthermore, the partnership between *BPK* and the participating museums guaranties the user legal security.

Besides the expanded possibilities, customers can feel ethical about their acquisitions, because a big part of the image revenues goback to the partnering museums.

## A new language of images

Another picture agency that was looking for a different approach is *Plainpicture*. In 2001, Valentin Alscher, Roman Härer and Astrid Herrmann founded the picture agency with an innovative strategy: to change the language of pictures. They offered pictures that could not be found on the market beforehand featuring people like you and me: normal citizens, not fashionable but stylish in the context of daily life; many young people with trendy outfits but also older people and the upper middle class.

However, in the long term, this concept was not enough on its own. Within the last two years, *Plainpicture* developed its offerings towards expressive and high quality pictures with unusual motifs which you couldn't find elsewhere. In 2006, Marcus Benkwitz became co-partner and the fourth business manager after having worked with picture agencies like *photonica* and *Picture Press*.

Today, this picture agency covers a larger market with its extended offerings. They even opened branches in London and Paris. Beginning in 2010, *Plainpicture* envisages direct marketing in the US and an office was opened in New York. All in all, plainpicture counts 30 employees. "We differ from the trend with an authentic and non-conventional portfolio", says Valentin Alscher. "We focus on editing and

# CEPIC

Centre of the Picture Industry

## CEPIC-OFFICE

Fritschestraße 22  
10585 Berlin  
Germany  
Tel. +49.30.88 91 01-60  
Fax +49.30.88 91 01-61  
ceplic@ceplic.org  
www.ceplic.org

an ambitious and well structured archive.”

### Another portal

A further German picture source with extensive offerings for customers needs to mentioned here: *mecom-multimedia*. More than 4.4 million images can be found there, as well as graphics, videos and audio. Further agencies that have only 100 suppliers and which cannot be found in other German sources (except for *Picturemaxx*) are: *Reuters*, *ddp*, *Sven Simon*, *Action Press*, *epd* and *KNA*.

Ulrich Wieshalla is the *mecom-multimedia* business manager and president of the supervisory board of *picturemaxx AG*. *Mecom* is the majority shareholder of *picturemaxx* with a holding of 50% and one company share.

According to Wieshalla, the shares at *mecom* are distributed as follows: 50% *pda*, 10% for *evangelischer Pressedienst*, *Katholische Nachrichtenagentur*, *Agence France Press Germany* and *dpa-afx economic news* and 10% for *mecom*.

Ulrich Wieshall shares a rather skeptical view of the future of the picture industry, He thinks that traditional media will experience increasing economical losses. In his opinion, very little will be earned with new media. He fears that everybody who is involved in the media will have to cope with lower levels of production and success.

### Today's situation

The picture business is not facing its end; rather, it is more alive and has become more dynamic than twenty years ago. Many market participants looked for niches and found their place. New media have been added that will establish themselves in the market by and by.

Many German picture companies still question the rentability of footage and if it is worth dealing with video-clips. Large employers have already shown up in this market segment and developed their customers.

If big companies manage to establish themselves in this area , why should smaller and middle agencies not be able to do the same? In the last few years, footage has become more and more important because technology changes quickly. Today, films can be watched via every notebook and iphone. The capacity of storage is decreasing from year to year and incentives are constantly needed to offer customers new toys.

For many people, especially for the younger generation, moving images are far more interesting than photographs. Everyday, you can see people in the underground and in public space who look at small screens on which films and clips are playing.

The development of internet TV should not be underestimated. There is not much money in this field. Those who have to produce with less money need prepared clips. Today, on every website, pictures are animated and they cannot be excluded from online advertising.

The moving image is definitely a part of the future of the picture market. The younger generation prefers to look at computer screens rather than TV screens.



**CEPIC**

Centre of the Picture Industry

#### CEPIC-OFFICE

Fritschestraße 22

10585 Berlin

Germany

Tel. +49.30.88 91 01-60

Fax +49.30.88 91 01-61

[ceplic@ceplic.org](mailto:ceplic@ceplic.org)

[www.ceplic.org](http://www.ceplic.org)

TV programmes are available on the internet, and TV channels invest in this trend.

At the same time, audio has started to play a growing role. A few years ago, the RF company *Digital Vision*, today part of *Corbis*, produced a large number of CDs with a vast bandwidth of music files. Every kind of music - Bossa Nova, Hip Hop, Jazz, Hardrock and classical music - was available Royalty Free. For quite a long time, the picture industry did not address the topic of audio clips. With the aforementioned changes, today sounds are needed to supply those TV producers who need to economise and to those advertisers who want to make their movies and websites more attractive for clients.



## **Pictures for everybody**

What does today's reality of the picture market look like? Picture editing departments of a magazine supply themselves with RM, RF and MS. Germany's biggest magazine, *STERN*, chose three *iStock* images as their cover picture within half a year. This becomes clear when combing these magazines for instances of copyright. Those who need to economise take a careful look at the required product and in the end, choose the cheapest if it is without risks.

For a smaller agencies microstock is good enough. The quality is good, the competitors are small because no one is comparing the flyer of a bakery or a website with that of a competitor. The average consumer can beautify his website with an infinite numbers of images and adorn his mobile phone with changing motifs. No matter if student, pupil, pensioner or allotment association: everybody can afford microstock.

On the internet, every picture user can find what he is looking for. Picture agencies need to block images and need RM. However, for a flyer with many pictures RF is good enough. And for the layout: a flat rate from Fotolia is sufficient for these purposes.

All these changes have to be taken into account by pictures agencies. At the very least, fees for pictures available in the internet need be adapted to the market conditions. This is the reason why prices for online publication should be raised in order to compensate losses.

These changes are a challenge for photographers who have to decide in which direction they have to develop their work in order to be able to still make money. They should be aware of the number of images available in databanks all over the world.

This is their competition, says Jim Pickerell in *SELLING STOCK*. Here are some of his examples:

*Flickr* has 4 billion images on its site: 135 millions are offered for personal use and around 100 million can be used commercially.

The developments of the past 20 years shows: Everything started with print, then dia, digital data and diskettes, later CD and hard disk, usb and DVD, and the possibility of up- and downloading via internet. Pictures can be found on MP3 players, mobile phones, digital picture frames, Blackberries and since 2010 on tablet PCs which will surely be a thread to print media.

The development of the picture market continues rapidly. The quantity of images

# CEPIC

Centre of the Picture Industry

## **CEPIC-OFFICE**

Fritschestraße 22  
10585 Berlin  
Germany  
Tel. +49.30.88 91 01-60  
Fax +49.30.88 91 01-61  
ceplic@ceplic.org  
www.ceplic.org

can no longer be grasped, and old offerings are no longer promising any success. This is why change in ways of thinking are becoming more and more important – especially in the commercially successful Germany.

The aforementioned examples show that it is possible to sell images successfully if you have new ideas and high quality.