

BAPLA RIGHTS GROUP MAGAZINE REPORT MAY 2011

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Introduction

This is the second of our sector-focussed surveys, and we've taken onboard feedback from the Books Survey to aim to provide a report which is wide-ranging and relevant to all BAPLA members.

The Rights Group has been very busy over the last six months, conducting surveys of the BAPLA membership and of magazine publishers, attending relevant events and following relevant industry news sites. The results of this in-depth research are now delivered to you, and we hope that this will help you to gain a deeper understanding of the state of this market, and also to be better prepared to negotiate rights with magazine clients, especially in digital media.

There are four components of the report: a survey of BAPLA members, a survey of magazine publishers, a report on Publishing Expo March 2011, and last but not least a report on General Trends and Links, which will enable you to follow current and future developments in this sector for yourselves.

Summary

Magazine publishing is at a turning point, aware of the possibilities of the new digital media, but still somewhat uncertain of how to pursue them. Publishers are struggling to find ways of monetising digital editions, and in many cases lack both sales and advertising revenue from digital media which would allow them to invest in further developments.

However, a digital presence via website, digital editions and various digital add-ons, is vital and here to stay. All magazines are intent on developing their brand through multiple platforms, which involves building community and encouraging interaction around the interests and issues discussed in the magazine, on the website and through social media. The diversity of digital platforms is both a challenge and a great opportunity, and the ability to reach a wider and more international market is clear.

How does this impact on picture sales to magazines? Firstly, the number of images needed is growing, but the context of use may be more transient, or less fixed in one context. Clients need a simple and flexible way of licensing images, which responds to their current needs and which is not constrained by anachronistic limits. In order to respond to these needs, picture libraries must be flexible and innovative in their licensing strategies, and many of them already are.

This is a fast-moving market, and BAPLA members must be fleet of foot in order to respond to its needs. But the good news is that magazines remain as hungry for great content as ever, as keen to find unique and exclusive material, and picture budgets have not been

eroded as much as we might have imagined – indeed it is ironic to conclude that much of the downward pressure on pricing in this sector is due to the willingness of some picture libraries to offer increasingly unsustainable pricing strategies.

The opportunity still remains to build a sustainable alternative, which allows magazine publishers to innovate and flourish, and enables picture libraries to obtain the kind of reproduction fees for their photographers, which will allow them to shoot more wonderful images to illustrate the next stage of technological development in this sector, whatever that may be!

Credits and Feedback

I would like to thank all members of the Rights Working Group for their input into this project, and in particular Mark Abbott, Gemma Dewhurst and Steve Lake for their superb contribution to the analysis of the surveys and compilation of this report. Steve Lake compiled the Publishing Expo and General Trends and Links reports, for which he deserves special thanks. Mike Markiewicz provided many of the excellent and informative links used, and Susanne Kittlinger provided the technical know-how and support.

If you have any feedback or comments on the report, then we would love to hear them, and it's best to address them to Susanne@bapla.org.uk. We are also keen to enlist additional members to the Rights Working Group, so if you have a strong interest in rights, pricing and licensing and are prepared to commit some time and energy to this area, either for one sector or long-term, please email timharris@naturepl.com. We very much value the diverse experience and expertise of all the BAPLA membership, without which we could not have produced this report.

Tim Harris, Chair BAPLA Rights Group May 2011

The BAPLA Rights Working Group are:

Mark Abbott, Science Photo Library
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BAPLA member survey December 2010 – February 2011
26 members were surveyed anonymously regarding magazine rights, fees and licensing

Summary

The purpose of the BAPLA member survey was to investigate key issues facing the industry today in the magazine publishing sector and to seek out observations from those on the front line.

One key focus of the survey was digital use and interestingly 58% of respondents admitted that their approach to licensing images for digital use had changed in the last 2 years, while 54% of respondents had noticed a change in the magazine contacts they negotiated fees with.

Many members referred to greater demand from clients to reduce fees, but interestingly print only fees had declined for more members (62%) than digital re-use fees (35%). Generally list prices for print use only had declined slightly compared to the last survey in 2008 in sizes up to ½ page, while larger sizes, covers and flat rate fees have shown a more marked decrease. Turnover in magazine sales had decreased for 54% of respondents over the last 2 years, by an average of 26%, while the volume of images sold had increased for more members than it had declined, suggesting that the real fee per image has seen a significant reduction.

There was a huge range of different approaches to pricing and to fees charged (both between members and between different types of magazine), and for most digital uses fees were predominantly reached by negotiation, with many members showing uncertainty about licensing for app and other uses in new digital platforms. More than two thirds of respondents were experiencing issues with rights and pricing for magazine publishers, with requests for broader rights and lower fees predominating.

The main conclusion from the survey is that licensing structures for digital use in this sector are still evolving and that there is a marked lack of any consistency in approach to pricing. On a positive note, the majority of members are charging additional fees for digital re-use, with the charge increasing if it is licensed after the original print publication.

Specific Questions

What percentage do you add to print rights (if billed at the same time) for:

a) unchanged digital format such as PDF

- 10 (38%) cited no additional charges
- 8 (31%) cited up to 30% of the print fee for this type of usage
- 7 (27%) cited a range from 0% up to 80%, which includes 3 (12%) respondents indicating 50% charges as standard
- 1 respondent did not answer

b) iPad app or other changed/charged for format

- 2 (8%) cited no additional charges
- 2 (8%) cited 100% charges
- 1 cited that rates were dependent on negotiation
- 16 (62%) cited rates from 10% to 50%
- 1 (4%) cited rates of 70%
- 4 respondents did not answer
- One of these respondents cited 'at the moment 10% of print rate but TBN dependent on the success of such tablets'

c) all digital formats

- 2 (8%) cited no additional charges
- 2 (8%) cited 100% charges
- 1 cited that rates were dependent on negotiation
- 9 (35%) cited rates from 10% to 35%
- 4 (15%) cited 50% charges
- 1 respondent cited they 'treat as new media'
- 1 respondent cited that they had 'never quoted for all digital'
- 6 respondents did not answer

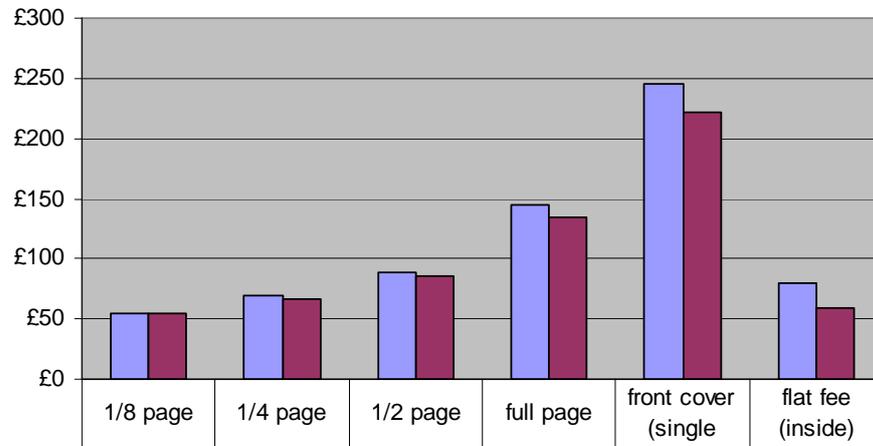
d) non-identical website re-use

- 1 respondent cited they 'treat as new media'
- 1 (4%) cited no additional charges
- 2 (4%) cited 100% charges
- 6 (23%) cited 50% charges
- 7 (27%) cited charges from 10% to 80%
- 5 (19%) cited that their standard print rates applied
- 5 respondents did not answer

Is the percentage charged different if the rights are cleared after the print rights? If so, how does it differ?

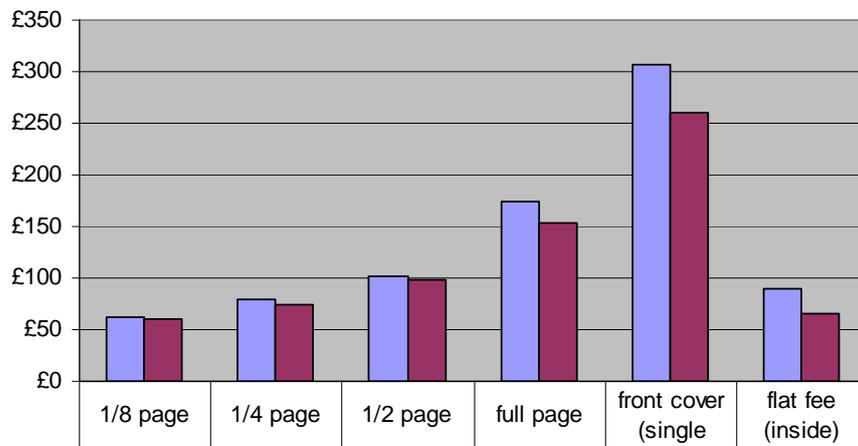
- 7 (27%) cited that rates were not different
- 3 respondents did not answer
- The remaining 16 respondents (62%) claimed that charges varied depending on the time available online along with their relationship with the client and calculated the fee based on the original print fee ranging from 25% up to 100%.

What is your average fee for UK use in a national magazine (print only) for a 50,000 print-run?



50,000 print-run 2008	£55	£69	£89	£145	£245	£80
50,000 print-run 2011	£54	£66	£85	£135	£221	£59

What is your average fee for UK use in a national magazine (print only) for a 100,000 print-run?



100,000 print-run 2008	£62	£79	£102	£174	£307	£89
100,000 print-run 2011	£61	£74	£99	£154	£261	£65

What is your average fee for UK use in a national magazine (print only) for a 500,000 print-run?



NB. Several respondents indicated that the flat fee rate was rarely applied or was a minimum or within a range.

NB. The fees quoted are the median (average fees) and not the mode (most commonly charged fees) and there was in all cases very considerable variation between respondents in the fees charged.

Do you have flat rate deals with magazine publishers? If so, is there any limitation (please describe)? What proportion of your magazine clients are on flat rate deals?

- 10 (38%) cited that they do not have flat rate deals with magazine publishers
- 3 respondents did not answer
- 4 (15%) cited that flat rates were rarely offered to clients and if they were it was to encourage the customer to use their images more often or that their print run is very small.
- 9 (35%) cited that flat rates are in place with magazine publishers with 3 citing that usage was not limited whereas the remaining 6 stated limitations to flat rates which included cover use and exclusives and restrictions on the image size or placement within the publication. Additionally:
 - 8 cited the proportion of their magazines on flat rate deals and on average it represents 25% of their customer base.
 - 1 cited that flat rates were only prompted by larger agencies agreeing to flat rate deals.

Do you have subscription deals with magazine publishers? If so, what percentage of your magazine clients are on subscription deals? Is there any limitation (please describe)? What is the average fee per picture?

- 18 (69%) cited that they do not have subscription deals with magazine publishers
- 3 respondents did not answer
- 5 (19%) cited that subscriptions are in place with magazine publishers with 3 citing that usage was not limited whereas the remaining 6 stated limitations to flat rates

- 4 cited the proportion of their magazines on subscription and on average it represents 5.5% of their customer base.
- 1 cited that they have only one subscription on a trial basis for digital use only.
- Only 3 cited average fees that ranged from £10 to £50 per picture.

What is your range of fees for stand-alone use on magazine website galleries and in apps or other digital only formats? And what are the criteria for working out the fee?

a) website

- 21 (81%) cited a range of rates which collectively varied from as low as £10 per image up to £650. The costs depend on the placement and size of the image along with its duration online. Additionally:
 - 1 cited that the live rate allowed the client to publish the image on an archive area of the site for no extra charge.
- 1 respondent cited that rates were not in place
- 4 respondents did not answer

b) apps

- 13 (50%) cited a range of rates which collectively varied from as low as £10 per image up to £150 with no explanation as to why the rates varied.
- 3 (12%) cited that rates were the same as website use
- 3 (12 %) cited that rates were not in place or had not been considered
- 7 respondents did not answer

c) other

- 5 (19%) cited a range of rates which collectively varied from as low as £35 per image up to £150 with one referring to the other being an ezine.
- 2 (8%) cited that rates were the same as website use
- 19 respondents did not answer

d) What are the criteria for the fee?

- The answers varied; however the most referred to:
 - Image placement on site
 - Image size
 - Time
 - Territory
 - Client budget
 - Client commitment i.e. contract vs ad-hoc
 - Audience size i.e. readership, downloads, unique visits etc...
 - If the website / app is paid for or not
- 6 respondents did not answer

Do you supply footage? If so, what is your range of fees per clip if licensed to a UK magazine client?

- 21 (81%) cited that they do not supply footage with one respondent citing they did but that interest was limited.
- 2 (8%) cited they did with rates of £150 and £300
- 3 respondents did not answer

How have your average magazine rates changed in the last 2 years for a) print use only and b) digital re-use? Give a plus or minus range of percentages. Is there any particular sector showing a big change?

a) Print use only

- 7 (27%) cited that rates have remained the same or stable
- 1 (4%) cited an increase of 20% with rates remaining the same for 2011
- 16 (62%) cited a decrease in rates.
 - 2 cited decrease but no percentages
 - 8 (31%) cited 10 to 15% decrease
 - 3 (12%) cited 20% decrease
 - 1 cited 25% decrease; 1 cited 40% decrease; and 1 cited 50% decrease for consumer titles
- 2 respondents did not answer

b) Digital re-use

- 6 (23%) cited that rates have remained the same or stable
- 4 (15%) cited an increase (unable to determine percentages from answers)
- 9 (35%) cited a decrease which varied from 10 to 75%
- 4 (15%) cited various responses that indicated they were rarely asked for these rights or that rights were included with others.
- 3 respondents did not answer

c) Sector showing a big change

- 11 (42%) cited changes to:
 - Consumer Women's
 - Lifestyle Online
 - Specialist / Niche magazines
 - Large publishing groups attempting to reduce fees for all titles, preferably flat with no commitment to volume use
- 3 cited no changes
- 15 cited no or did not provide an answer

Do you charge differently for features/photo stories? If so how are they charged? What is the range of fees and what are the criteria used for working them out? Please give a range of fees in either £, US\$ or €.

- 14 (54%) cited 'yes' with rates depending on the subject and the exclusivity with the majority offering rates per feature / package as opposed to per image. Additionally:

- 1 cited that they offer first rights and second rights with little room for negotiation on the well-established fees.
- 1 cited that the fee was not based on space rates of the images used and was determined by the type of client, number of pages pictures are used over and number of picture used with a lower fee offered for digital only use.
- 10 (38%) cited that they do not sell features / photo stories
- 2 respondents did not answer

Does some material carry a premium? If so, describe which.

- 14 (54%) cited 'yes' with descriptions including:
 - 1 cited all their material has a premium
 - Celebrities (at home, back stage at events and studio / posed material)
 - New and/or unusual
 - Specialist aerial mapping photography
 - WWII and 1950s transport colour images
 - Food photography
- 10 (38%) cited 'no'
- 2 respondents did not answer

Do you deal direct with overseas magazines? If so, how do their rates differ from UK rates for a) France, b) Germany, c) USA, d) Australia, e) Russia, f) India?

a) France

- 4 (15%) cited that rates were the same or similar
- 5 (19%) cited an increase in rates compared to the UK from 5% to 100%
- 1 (4%) cited 30% decrease
- 1 cited variety of rates
- 1 cited the use of an agent
- 14 cited no or did not provide an answer

b) Germany

- 4 (19%) cited that rates were the same or similar
- 7 (27%) cited an increase in rates compared to the UK from 5% to 150%
- 1 (4%) cited 30% decrease
- 1 cited variety of rates
- 1 cited the use of an agent
- 14 cited no or did not provide an answer

c) USA

- 4 (19%) cited that rates were the same or similar
- 9 (35%) cited an increase in rates compared to the UK from 5% to 200%
- 2 (8%) cited 10% decrease
- 1 cited variety of rates
- 10 cited no or did not provide an answer

d) Australia

- 4 (19%) cited that rates were the same or similar
- 2 (8%) cited an increase in rates compared to the UK from 5% to 75%
- 3 (12%) cited a decrease of 20% to 50%
- 1 cited variety of rates

- 2 cited the use of agent(s)
- 13 cited no or did not provide an answer

e) Russia

- 1 (4%) cited that rates were the same or similar
- 3 (12%) cited an increase in rates compared to the UK from 5% to 20%
- 3 (12%) cited a decrease of 40% to 60%
- 1 cited variety of rates
- 1 cited the use of agent
- 17 cited no or did not provide an answer

f) India

- 2 (8%) cited an increase in rates compared to the UK of 5%
- 4 (15%) cited a decrease of up to 50% with one commenting that “rates paid not worth dealing with this market”
- 19 cited no or did not provide an answer

Have you experienced examples of digital use by magazine publishers without specific permission? Is this more or less common than before? Give examples.

- 14 (54%) cited ‘yes’ with descriptions including:
 - 1 cited that clients ignore their terms and conditions that clearly states web/digital use must be negotiated separately.
 - 4 cited that it was less common than before because clients are more aware or that rates are now offered with digital use included.
 - 1 cited the use of trading standards if problems arise.
 - 3 cited it was more common now
 - 1 cited that as a photo agency they always ask about digital use during the initial licence negotiation
 - 1 cited that clients ‘keep quiet’ about digital rights and they now check for usage themselves
 - 1 cited the problem with digital teams working independently of the picture editors but using the same archive and assuming that they can use pictures for both.
- 10 (38%) cited ‘no’ with one commenting that it wasn’t a problem because “digital rights are included” and any “use without permission” was because the publisher believe the rights were included and “will only agree a minimum fee for reuse”
- 1 respondent did not answer

Do you offer exclusive rights? If so, what range of %s do you add for exclusivity? Are you selling more or less exclusive rights than before?

- 19 (73%) cited ‘yes’ with descriptions including:
 - 5 cited that exclusives were rare
 - 2 cited that they sold less exclusives now than they did 18 months ago
 - 2 cited that exclusives were more often used for covers
 - The percentage added for exclusivity varied from +20% to +150% with +100% the most common answer. Most respondents indicated a range of percentages depending on the circumstances.
- 9 (35%) cited ‘no’ with one stating that exclusives are not available to magazines
- 1 respondent did not answer

Has your approach to licensing digital rights to magazine publishers changed in the last 2 years? If so, how?

- 15 (58%) cited 'yes' with descriptions including:
 - 3 cited greater flexibility as a supplier to secure usage
 - 1 cited condition of licence to delete images supplied within 90 days of publication
 - 1 cited problems tracking online usage
 - 1 cited customer expectation for PDF rights to be included in the print fee with another adding that the digital product is replacing the print so circulation remains the same
 - 1 cited customer increase in demand for in perpetuity rights
 - Most cited the demand from clients to charge less
 - Most cited their insistence on charging for use
- 7 (27%) cited 'no' with one stating that "it's becoming harder to agree fees due to pressure from customers to not pay for digital rights"
- 4 respondents did not answer

Have you noticed a change in who you negotiate fees with at magazine publishers? If so, describe.

- 14 (54%) cited 'yes' with descriptions including:
 - 6 (23%) cited that more finance / procurement managers are involved as opposed to the Picture Desks. Most wish to negotiate flat rates or occasionally subscriptions.
 - 3 cited contact with more junior staff / freelancers on the picture desks.
 - 1 cited that there is sometimes a different contact for web use.
 - 1 cited that budgets were small for a larger number of outputs such as mobile, ipads etc...
 - 1 cited that opportunities were limited with clients admitting that they only use large subscription image libraries.
- 8 (31%) cited 'no' with one stating that they were under pressure because other BAPLA members licence images too cheaply
- 4 respondents did not answer

Do you supply microstock to magazine publishers?

- 24 (92%) cited 'no'
- 1 (4%) cited 'yes'
- 1 respondent did not answer

Have your magazine sales for your last financial year been affected by microstock compared to the previous year? If so, please give details.

- 15 (4%) cited 'yes' with description including:
 - 2 cited decline of 15% to 25%
 - 1 cited that use was predominately in lifestyle and news magazines
 - 1 cited limited impact to date but was concerned for the future

- 1 cited that image price is more important than quality so the use of microstock has increased
- 1 cited that direct price comparisons are made by the client between microstock and rights managed
- 10 (38%) cited 'no'
- 1 respondent did not answer

How has your magazine turnover changed in the last 2 years? + or - %

- 4 (15%) cited an increase in turnover from 5% to 60%
- 14 (54%) cited a decrease in turnover by an average of 26%
- 5 (19%) cited that turnover was the same or stable
- 3 respondents did not answer

Has the volume of images you have sold to magazines changed in the last 2 years? + or - %

- 10 (38%) cited an increase in the volume of images sold by an average of 19% with some commenting on the increase in volume with a lower unit price
- 8 (31%) cited a decrease in the volume of images sold by an average of 32%
- 4 (15%) cited that turnover was the same or stable
- 4 respondents did not answer

Do you insist on credit lines on digital magazine uses and do you insist that the client retains metadata in all digital files supplied?

- 23 (88%) cited 'yes'
- 2 (8%) cited 'no'
- 1 respondent did not answer

Has the quality or accuracy of reporting of usage by magazine clients changed in the last 2 years? If so, please give details.

- 12 (46%) cited 'yes' with description including:
 - 1 cited that clients were more inaccurate because of overworked staff
 - 2 cited that payment is only received if they check for usage and chase
 - 1 cited that they receive less tearsheets and copies of the magazines than they used to
 - 2 cited problems with digital usage declarations
 - 2 cited that it was easier now because they have changed their internal process or rely on technology
- 9 (35%) cited 'no'
- 5 respondents did not answer

Do you have any current issues with rights or pricing for magazine publishers? If so please give details.

- 18 (69%) outlined issues that included:
 - Clients expecting more for less with budget cuts
 - Negotiating for digital use separately to print use and securing fees
 - Clients threatening to use others if lower rates are not agreed
 - Clients demanding in perpetuity rights

- Confusion over licensing for app / digital platform use
- Pricing strategy of other BAPLA members which damages the industry and undermines production value
- 4 (15%) cited 'no'
- 4 respondents did not answer

BAPLA survey of magazine publishers November 2010 **18 UK magazine picture editors were surveyed anonymously**

Summary

For all the talk about the rise of digital and decline of print, it's clearly still at an early stage in the magazine sector. The vast majority of magazines have some form of digital presence, but relatively few are going digital in a big way, whereas almost all titles still have a print edition. There seems to be a recognition that digital will be a vital part of the future, but uncertainty about how best to exploit it. Digital is attracting more readers (many from overseas) but the majority of digital content is still free to view and the ad revenue has been disappointing, so additional readers are not yet necessarily leading to a corresponding rise in income.

This means there's a great reluctance amongst publishers to pay extra for digital content. Otherwise, picture buying habits seem to have changed less than might have been expected. Most magazines still use a wide variety of sources, although clearly the impact of subscriptions (50% have them) is leading some picture editors to search the big general libraries first and then dip into specialists as necessary. There may be no extra money for digital but picture budgets have held up better than we might have been led to believe, and most magazines expect a combined reproduction fee to include the print and digital editions. Footage is not (yet) the answer to all our woes and we all need to keyword and edit better.

In conclusion, we shouldn't be taken in by the digital hype. The basic ground rules for supplying and pricing pictures still apply. We just need to be adaptable and work with our clients, the majority of whom are having to constantly adapt to respond to the challenges of a fast-changing market.

Specific questions

What are the greatest challenges currently facing your magazine publishing business?

- 7 (39%) cited loss of advertising revenue.
- 6 (33%) cited the move to digital/how to make money from digital/the threat of cheap information on the internet.
- 4 (22%) cited budget cuts or getting good quality for less money.
- 4 (22%) cited sales/decline of print sales.
- Other answers included survival, finding new markets, and making a profit.
- One respondent predicted that “in 10 years time only niche magazines will exist in print”.

How many formats do you currently publish in (ie. print, online, app etc)?

- All titles still have print versions
- 13 (72%) are online – note that 2 of these are on ‘shared’ websites which contain content from several titles; also possible that some of these answers may refer to a digital PDF of the magazine rather than an actual website
- 4 (22%) have an app or are in the process of developing one
- 4 (22%) have an e-mag or digital PDF version of the print title (but see online note above)

How is the digital issue sold and how does the price vary from the print magazine?

- 11 (61% of those with digital version) free to view – with 1 only free to print subscribers
- 3 (17%) sell as online subscription – 1 more expensive than print (digital version has additional content); 2 cheaper than print
- 1 (6%) offers combined print and digital subscription where the price is the sum of the 2 separate subscription rates
- 2 (11%) put selected features behind a pay wall online but have most content available free
- 1 (6%) has a PDF which is the same price as the print version
- 2 (11%) charge for apps but cheaper than the print version

Are any digital versions you offer enabling you to reach additional readership, and how is your overall readership developing?

- 6 (33%) titles said their digital versions were attracting more readers
- 4 of these were attracting overseas readers
- 2 were attracting a wider readership, especially picking up younger readers
- But worth noting new readers didn’t mean increased revenue in all cases due to free nature of online products

Which digital formats are attracting new readers?

- 2 titles said apps
- 3 titles said website

- 1 title said Zinio (online PDF store)

Is there extra content provided in the digital version of the magazine and if so what?

- 10 (56%) have additional content in digital formats, of which
- 4 have video
- 4 have additional features
- 3 have news
- 5 have additional or different pictures
- 6 have blogs or reader feedback/comments sections

- Also worth noting that most also offer access to digital archive or previous issues

Can you tell us anything about advertising revenue generated by the new digital formats?

- 11 respondents (61%) did not answer or responded that they were not privy to this information
- Two respondents stated it was too early to say as the new digital format had only recently been launched
- One respondent stated that advertising revenue was “disappointing – and does not match up to what advertising revenue used to be in print”
- It would seem that no one approach is winning out at the moment, with Publishers trying different methods with regard to advertising in the digital format. One respondent saying that “there were no additional ads in the digital formats to the print version of the magazine”, whilst another stated that ads in the digital version were ‘different from the print edition’

What new technologies are you investing in and how do you see your magazine titles changing over the next year?

- 12 (67%) respondents stated that they were investing in new technologies, 10 (52%) mentioning Apps for iPad/iPhone
- 2 respondents predicted that there would be fewer print editions, with the provision of more digital content, including interactive content and “moving images as well as stills”
- 2 respondents talked about their goal of engaging with their readership. One said that their “key focus is to establish the brand, and the title is not defined now by the media it appears in, but by the community you serve.” Another said their adoption of new technologies was an attempt “to take us to their (the readership) world, not expect them to have to find us.”

If you have a designated website for the magazine, what is it's main purpose - to bring in additional revenue via advertising, to encourage people to buy the print version, to provide content not available in the print magazine, to strengthen your branding?

- 5 (28%) respondents answered to “strengthen branding”

- 4 (22%) respondents replied “all of the things”
- 2 (11%) respondents said to “attract new reader’s (sic)”

How do you typically source images (eg. Picture agency websites, IDS, FTP, direct pushes, picture requests) and how has this changed?

- 17 (94%) use agency websites.
- 3 each (17%) send picture requests or commission images.
- 2 (11%) use IDS.
- 1 each visit picture libraries or use their own collection.
- All use a mix of methods.
- Other sources cited were flickr, google, press releases, photographers and authors.
- There was no evidence of real change in the ways in which images are sourced.

How many picture libraries or picture sources do you use, and how has this changed compared to what you were doing say 3 years ago?

- There was a wide variety of responses, from 2-3 to 500.
- 3 respondents (17%) used between 20 and 25 sources.
- 3 respondents (17%) used around 15 sources per issue.
- 5 respondents (28%) used 5 or less sources.
- 4 respondents (22%) simply stated many sources.
- Several respondents used around 50 sources in total but a smaller number (6 main or 10-20 regular) on a regular basis.
- 8 of those interviewed (44%) used the same number of sources as before, while only 2 (10%) said they used less sources than previously.

Do you have subscription deals with picture libraries and if so, are you encouraged to use these libraries ahead of others?

- 9 (50%) respondents said yes, 6 (33%) saying that they use these Agencies first
- One respondent said that their “parent company has set up some subscription agreements with one or two of the big generic libraries...organised by procurement departments who do not actually do any editorial or picture work”. This title is able to operate independently of these subscription deals

Have your picture budgets changed in the last 2 years? If so, how?

- 8 (44%) said budgets had reduced.
- 6 (33%) said budgets had stayed the same.
- 1 (6%) said the budget had increased.
- 2 (11%) said budgets were tighter in the sense that they were expected to acquire more for the same budget as before.
- Individual declines of 10%, 10-15% and 28-35% were quoted by individual respondents, while another referred to a steady decrease.
- Several referred to picture prices having become more competitive and to agencies having dropped their rates, and one referred to a flat rate of £25 per picture offered by a number of general agencies.

Do you pay a separate reproduction fee for the use of images in your digital edition/s, and if so how is this calculated?

- 12 (67%) did not pay a separate repro fee.
- 1 (6%) sometimes paid a separate repro fee.
- 8 (44%) said this was tied to print rates or combined with the print fee.
- 2 (11%) said they had no budget for digital.
- Generally replied indicated a preference for combining print and online within one fee to reduce admin.
- 1 respondent indicated that the percentage added for the digital editions varied from source to source.

Do you commission photography, and if so how frequently?

- 15 (83%) respondents said yes they commission photography
 - 11 (61%) said for every issue
 - 3 (17%) at least once a quarter
 - 1 said once a year, of "rare items that are not available"
 - Of these, 2 said that the frequency of commissioned shoots was falling
- 3 (17%) said no, they do not commission photography
- One respondent said "about 50% of our pictures in every issue are from commissioned photography and it's on the increase. It makes our images/magazine more unique and we are able to direct more of what we want that ends up in the magazine. Very important part of how we work and look. "

Do you use footage, and if so is this usage increasing?

- 11 (61%) respondents said that they do not use footage
- 5 (28%) respondents said that they do use footage, but 3 of these had dedicated videographers who filmed it all themselves
- 4 (22%) respondents said that they thought that usage would increase

Do you have any comments about how picture libraries could improve their service to you?

- 9 (50%) mentioned better keywording or more effective search results.
- 2 each (11%) mentioned sending less pictures or more relevant pictures.
- 2 (11%) mentioned better captioning.
- 1 respondent each mentioned the following: faster research, simplified rates, better editing, less old pictures, tighter search results, more UK material, less promo offers, less admin/bureaucracy.
- Several interviewees were positive about specialist sources, one each referenced the good captions/keywording/research at SPL and Wellcome, and one praised the agencies that keep in touch and provide a personal service.

Publishing Expo **Earls Court, 1-2 March 2011**

Seminars:

The Big Digital Debate: Which Platform? Which Strategy?
The Great iPad Business Model Debate

Rumours of the Death of Print May Be Exaggerated
Publishing Futures

Introduction:

The brains of magazine publishers have been scrambled by digital: too many opportunities, too many platforms, too many unknowns.

Publishing Expo 2011 was filled with people looking for answers. Each of the seminars I attended was packed, standing 3 deep at the back and with people in the aisles outside the theatre taking notes.

The overall mood was very (even surprisingly) positive. There is money to be made in digital, indeed some are already making it. Confidence is returning and there was a feeling that the declining numbers of the past 2 years may have been magazine sales simply following national economic trends (as they have always done) rather than evidence of a terminal decline.

Some Facts & Figures:

- Mobile devices are predicted to have taken over from computers (desktop and laptop) as the medium for receiving digital content by 2013.
- BBC Worldwide have launched 2 apps – Focus and Good Food Magazines; both apps were free to existing print subscribers; they have so far had 70,000 downloads from non-subscribers.
- News/publications are now the 5th most popular type of app after maps, games etc – a rise from 8th last year.
- Print is still by far the most dominant medium for marketing spend.
- UK has one of the highest online marketing spends.
- By contrast Germany spends very little online but heavily on print.
- Print revenue is predicted to decline by 9.5% over the next 2 years.
- But print is still predicted to account for 66% of total magazine turnover in the next 2 years.
- Digital revenue is predicted to rise by 7.2% over the next 2 years.
- But only 21% of digital revenues will come from paid-for content; the vast majority will still come from advertising and sponsorship.
- The Spectator has gained 40,000 international subscriptions they would never otherwise have had since their digital edition became available through Kindle.
- B2B magazine publishing is a lot further down the digital road than B2C.

Magazine Workflow:

There does seem to be some consistency in the way magazines are approaching the production of digital content:

- The majority are using their existing print teams to produce digital content/editions.
- It's relatively cheap to produce digital editions – there are off the shelf products that plug in to In Design so with minimum training existing design teams should be able to translate print to digital. It only becomes expensive if you try to do something radically different.
- Basing the digital content on what appears in print; there's recognition that specifically digital features such as footage and audio should be utilised but they are not producing much digital-only content.
- Digital is an extension of what magazines are currently doing, not something entirely new.
- Most publishers are creating digital products within existing staff and budgets; they do their 'day job' on the print title and then extra for digital.
- At the same time there's recognition that this isn't sustainable; you can't muddle through with digital or you end up with good ideas executed badly.
- As revenues rise there will be investment in digital products but it's likely to be concentrated in the 'new' areas such as video, audio and other digital-only features; my impression is the bulk of editorial content, ad sales and the like will still be handled by a (possibly expanded) print team.
- One point made consistently is that successful publishers are no longer seeing print and digital editions as separate – there is no sense of print versus digital – magazines are now seen as 'total brands' which include print and digital across all suitable platforms. Publishers are looking at total revenue from the brand, not what comes in from each section.

The core readership is still in print; most digital content is a replica of the print content with some additional features. There is no attempt to re-invent the wheel. What readers want from their magazines hasn't changed and successful magazines will still be the ones that understand their readers best. What has changed is how readers wish to consume the content – some will choose print, some iPad, some mobile phone etc.

Business Model:

- This is a business model that works: all publishers represented said that revenues were growing every month through Zinio sales, iTunes sales, digital subscriptions etc.
- More than engaging with a different/younger demographic through digital the most important growth factor has been international sales – reaching markets they would never even have attempted before due to the print and distribution costs.
- Maximising revenue requires some creative thinking such as selling (new) ad space in back issues – digital has led to an increase in downloads of archive editions so why not sell new advertising in them?

- Recognition that the mistake newspapers made was to put all their content online for free – once you've done this you can't reintroduce charging. Free digital content should act as a taster, encouraging people to pay for full content.
- Digital is the perfect medium for swift, impulse purchases – one click options. Magazines can use this to show free content and then charge for the extra features that are just a click away (maybe including pictures?) – the model that the FT has employed successfully.
- Pull out the most popular elements from the print edition – crosswords for example – and launch them as separate apps under the overall magazine brand.

Strategy & Tactics:

- Content is king – magazines must invest in quality content, not in making bad content look fancy on digital platforms.
- There is no question of giving up print amongst mainstream publishers.
- Work across all digital platforms but focus investment on those which work best with your title(s).
- Don't overcomplicate digital products; whatever you do don't let IT take over from editorial. Readers aren't ready for anything too advanced, they just want something that utilises technology to make reading the digital title a different experience from reading the print.
- There is a shift from print to digital but print is still the engine of the industry.
- Key strategic challenge is whether there are enough resources available to publishers to fully exploit the possibilities of digital.
- The decline in print sales is not allowing sufficient investment in digital to fully develop the products.
- Great uncertainty about whether digital will be as successful as it needs to be to compensate for lost print sales.
- Moving into digital is a risk but it's the only way forward for magazines.
- The key is to move quickly and be fleet of foot – keep trying new things, innovate, involve your readers, accept some things will work and some will fail.
- Don't 'bet the farm' – don't pin everything on one expensive launch – excessive costs are what kill new digital products – create within existing budgets then invest as revenues rise.
- Fail quickly and cheaply; be quick to support the bits that work.

Conclusion:

- Content remains king, not the format in which it is presented.
- Digital products are an extension of what they currently produce in print, not something new.
- Publishers cannot afford to invest heavily until they are assured of increased revenues.
- There is a need for constant innovation; the goalposts are moving all the time and the most successful will be those with the flexibility to adjust quickly.

That last comment could sum up what the approach of picture libraries should be. We need to recognise the challenges faced by publishers and work with them to ensure mutual

benefit from the digital opportunities. We mustn't allow our hands to be tied by picture industry received wisdom on how to price.

Print remains the engine of the industry and should continue to form the foundation of pricing for image use.

Content is still king. Rebecca from BBC Worldwide mentioned how good pictures look 'backlit' on their new apps. Quality photography should still be able to demand a fair price on digital products.

The one area of concern is whether the investment that will flow from increased revenues will find its way into picture budgets. I fear not. The feeling was very much that investment will go into those areas that are unique to the digital product – video, audio, interactivity (and the people needed to make them happen) – and the editorial content will continue to be produced and funded by existing teams/budgets.

So while libraries may wish to keep fees low to help publishers get their digital products off the ground, it's going to be very hard work to raise them as revenues start to increase.

One additional complication – and one that the publishers are also unhappy about – is the lack of any reliable measurement statistics for digital sales. The CEO of Dennis Publishing said something like 30% of sales of Mac User magazine are now via iPad but he has no way of taking these numbers to his advertisers. Until something is put in place it's going to be hard for libraries to point to evidence that they should be paying more for pictures because they're selling more.

And finally, if anyone doubts the inexorable rise of digital.....I was the only one in the audience at the last seminar making notes with pen and paper.

General Survey, Magazines

ABC FIGURES

Clearly there has always been a link between magazine sales and budgets for image buying but this has become even more relevant since the arrival of digital publishing. Hailed by some as the salvation of the industry but with revenue still projected rather than making a real impact on balance sheets, both publishers and libraries are working on very little real evidence of how digital publishing will impact on sales.

Elsewhere in this report we emphasise how important it is to regularly monitor and review how digital sales are progressing for individual titles and adjust pricing accordingly. Many publishers will be reluctant to increase their image buying budgets until they see real evidence of increased revenue and libraries may need to reflect this by charging lower fees than they might wish in the early days of a new digital project.

As revenues increase – as most expect them to – it is reasonable to assume prices will rise likewise. But it is perhaps naïve to assume publishers will instigate such a process so it is vital that libraries are on top of recent sales figures so they are negotiating from a position of strength during price reviews.

The most authoritative guide to magazine sales is the ABC audit:

www.abc.org.uk

They have recently announced that from August 2011 they will merge print and digital reports, making it much easier to judge the sales performance of individual titles:

www.pressgazette.co.uk/story.asp?sectioncode=1&storycode=46841&c=1

If you don't want to register for the full ABC data, the Press Gazette provides regular reports and analysis:

www.pressgazette.co.uk/section.asp?navcode=157

Recent reports suggest that although magazine publishers are feeling the pinch like the rest of the print industry, it is not all doom and gloom and the industry is proving more resilient than some expected:

www.pressgazette.co.uk/story.asp?sectioncode=1&storycode=46700

A survey of how publishers as a whole are faring may be useful for those negotiating general price agreements with publishers rather than individual magazines:

www.pressgazette.co.uk/story.asp?sectioncode=6&storycode=46711

PUBLISHING FUTURES

We would strongly recommend reading the following summary of Wessenden Marketing's recent Publishing Futures report which surveys how the magazine publishing industry sees business developing over the next two years (and by doing so provides valuable insight into the current health of the industry):

www.inpublishing.co.uk/kb/articles/publishing_futures_2011.aspx
wessenden.com/

The report, based on fieldwork in December 2010, shows current turnover trends averaging +3.2% compared to -1.1% in 2009, and a massive 96% of publishers expecting profitability to increase over the next 12 months. It will take time for the generally positive conclusions of

this survey to translate into a less tough pricing environment and many of the positive noises are based on expectations of the impact of digital rather than hard evidence. However, the magazine industry's own optimism about the future should act as a counterweight to the received wisdom in some parts of the picture industry that magazines are doomed, prices can only go down and we all need to find alternative business models.

See the accompanying Publishing Expo Report for an overview of the seminar which discussed many of the conclusions of Publishing Futures and featured an impressive panel of senior magazine publishing figures.

THE DIGITAL FUTURE

The jury still seems to be out on the value of social media to both picture libraries and publishers; there's general agreement that the likes of Twitter and Facebook should be used, less consensus on how. The following link shows the most followed magazines on Twitter:

www.foliomag.com/2011/most-followed-magazines-twitter

There's a clear US bias but there does seem to be some correlation between titles attracting large numbers of Twitter followers and those most successfully exploiting the possibilities of digital publishing, The Economist being a prime example:

www.pressgazette.co.uk/story.asp?sectioncode=1&storycode=46702

The genuine uncertainty about the future of digital publishing is reflected in a constant, lively debate on various blogs, forums and industry publications. With the goalposts moving every few weeks and the profusion of comment, a general survey of opinion would be unwieldy and date rapidly. But as a taster, here are two more sobering views on the impact of digital and tablet devices in particular:

www.guardian.co.uk/media/2011/jan/10/digital-media-pressandpublishing

www.mediapost.com/publications/?fa=Articles.showArticle&art_aid=142101

Easily the best way to keep abreast of current thinking is to subscribe to industry newsletters/websites. We have found the following particularly informative:

www.pressgazette.co.uk

www.brandrepublic.com

whatsnewinpublishing.co.uk

www.ppa.co.uk

CONCLUSION

We finish this general survey with a link from an unexpected source – The London Review of Books – which concerns itself with newspapers rather than magazines:

www.lrb.co.uk/v32/n24/john-lanchester/let-us-pay

Not only is it a brilliant piece of analysis, but it also highlights an area where magazines and newspapers differ as they face the future of digital publishing. Newspapers took the decision to provide much of their content free online and are now finding it almost impossible to put the genie back in the bottle.

Magazines haven't made the same mistake (more through luck than judgment) and therefore find themselves in a situation where they can still make money out of digital publishing if they get their strategy right. And if the magazines can make money, then so can the picture libraries that supply their images. We just have to keep informed, tread carefully and tread lightly.