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Alamy to Open U.S. Office, Raise Company Cut of Sales

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Alamy has announced that it will open a U.S. sales office in early 2009. The company is aiming to grow its business Stateside, particularly in high-value markets, by 30% to 40% per year by establishing a local presence.

The move is a departure from Alamy's U.K.-based sales model and will mean a change to the current commission structure. To fund the additional costs of operating in the U.S., the company plans to increase its commission by 5%.

Most suppliers currently receive a 65% royalty, which will be reduced to 60%. A small percentage of early adapters receive higher royalties but pay storage fees. The 5% reduction will be from whatever such higher percentages are, and storage fees will still apply. Distributor sales commission will also go up by 5%. These increases will apply once the U.S. sales team has been recruited.

Alamy will also discontinue some of the current service charges, such as bank-transfer fees, check fees and the 1% foreign-exchange fee on accounts not paid in dollars.

CEO James West explained: "We feel there are great opportunities to increase our business in the U.S. and make more money for our contributors by setting up an office there. We cannot sustain such an expansion through our current commission structure but believe that whatever our contributors may lose in commission revenue will be more than made up for through a substantial increase in sales."

In the first year, contributors will likely see a slight decline in their royalty payments. However, Alamy projects a longer-term increase in gross contributor payments, expected to grow by \$1.5 million to \$6 million over a three-year period.

"Around 80% of our revenue comes from high-value, high-volume, large accounts, but we are under-exposed in this market in the U.S.," said West. "From talking to our U.S. customers, it became clear that we needed to establish a U.S. presence," he added.

West and his family plan to move to America for six months of next year, allowing the CEO to oversee operations and learn more about the market. Recruiting is ongoing for local sales staff.

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