

# Selling Stock



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## Alamy Novel Use Expands Customer Reach

Posted June 9th, 2008 by Jim Pickerell

Alamy has launched a program called Limited Use that makes it possible for those selling images as RM and traditional RF to make the same images available to some customers for nominal fees - without risking loss of revenue at the higher end of the market.

Initially, the offering is aimed for uses on blogs, social-networking sites and educational purposes. Three file sizes will be available for each type of use, and they are priced at £0.60 (\$1.20) for a 0.4MB file, £1.20 (\$2.40) for a 1.4MB file and £1.80 (\$3.60) for a 5.5MB file.

What makes this program unique, compared to microstock, is that the uses allowed at these prices are specifically defined. All other uses of the same images are at Alamy's current commercial rates. This "Novel Use Scheme" ensures that commercial customers will not be able to purchase an image for a low fee and then legally use it in a major commercial way, as is the case with microstock. Other types of novel uses may be added later.

Up to now, traditional image sellers have resisted making their best images available to anyone at low prices for fear their commercial customers would no longer be required to pay higher prices. That fear is now removed. As a result, in a short period of time, Limited Use customers are likely to find that top-quality images produced by some of the world's best photographers will be available to them for very narrowly defined uses at prices they can afford.

This strategy enables traditional sellers to service that huge and rapidly growing market microstock sellers have identified in the last few years. Based on 2007 figures, I estimate that RM sellers were only addressing 3% or 4% of the total market for stock photography and traditional RF sellers about 10%. With this strategy, everyone can reach out to a much bigger segment of the market.

It is unclear how big the market for these three usage types might be, but it's abundantly clear that the market for commercial use of still imagery is mature and declining. If there is to be future growth in demand for still photography, it will come from very small businesses and individual consumers with narrow, specialized and limited uses and limited budgets. In 2007, iStockphoto licensed rights to 35 times the number of images licensed as RM by Getty Images.

So far around 3.5 million images of the 12 million on the Alamy site are available for Limited Use. Now that the specifics of the program have been released, it is expected that a significant portion of the owners of the other 8.5 million images on Alamy will quickly sign up to have their images add to the Novel Use pricing scheme. However, as it stands now, buyers have an unrivalled choice of top-quality imagery without copyright worries, as all the images are legally safe to use.

This new offering also makes Alamy an attractive place for many of the most active microstock photographers. Now they can continue to sell to the huge numbers of customers they have been reaching through microstock, but when one of those customers wants to use an image for

commercial purposes, they have the chance of earning a lot more from the sale.

Another big advantage to segmenting the market in this way is that prices can be adjusted on the basis of usage type rather than by file size. This is undoubtedly a first step in defining a number of other uses, priced at lower than normal commercial prices. Such uses might include: Personal Greeting Cards; Personal Wall Art, Comp Use, Religious Use and even photos for Commercial PowerPoint presentations.

The scheme is being tested in the UK only, but it's expected to be launched worldwide in the near future. The strategy also has the advantage that prices for each type of use can be adjusted independently, regardless of file size needed.

Some may question the low prices, but they are a calculated decision to offer customers the same, or even a little better, price than they can currently get through microstock sites. Once Alamy begins to identify the customers for such uses and understands their various needs, they can adjust the prices appropriately.

Another concern is that all uses must be paid for by credit card. For many customers who only need one or two images, this will be a distinct advantage compared to the microstock strategy of requiring customers to purchase a package of credits. However, many who use images frequently may prefer to make a one-time purchase of credits and then download images against their account rather than paying for each transaction. In addition, the transaction costs of so many small credit card sales would seem to be a problem. However, Alamy is willing to negotiate subscription arrangement for high volume users.

Alamy CEO James West said: "This is an exciting development for Alamy. It opens up our encyclopedic collection to customers who don't have the budget to buy photographs."

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