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## Alamy Revenue Continues Down in Q2

Posted August 7th, 2009 by Jim Pickerell

Alamy sales for the second quarter of 2009 continued their downward trends in each sales territory but were flat when converted to dollars based on exchange rate fluctuations.

**Table 1. Alamy 2009 revenues (quarter over quarter, original currency)**

Original currency of revenue	Revenue ('000)		Percent decline
	Q1	Q2	
US\$	2,351	2,070	12%
Euro	565	530	6%
GBP	1,887	1,795	5%

Sales in U.S. dollars (mostly in the U.S.) were down 12% compared to the previous quarter. Sales in Euros were down 6%, and sales in British Pounds were down 5%. But when the Pounds and Euros are converted to Dollars, based on the March 31 and June 30 exchange rates, the total revenue generated in the two quarters was almost exactly the same (see 2009 totals for Q1 and Q2 in Table 2). This clearly demonstrates the impact foreign exchange rates can have on a photographer's overall income.

The dramatic decline in U.S. dollar sales is difficult to explain, given that Alamy opened a U.S. office at the beginning of 2009 with the expectation that it would increase North American sales.

CEO James West said: "The decline in U.S. sales is mainly due to a handful of large customers putting the brakes on expenditure this year. A significant portion of our revenues in the U.S. comes from

this small but highly valuable group of customers. Therefore, changes in their buying patterns have a big impact on our quarterly results for this region.

"For this reason, we chose to concentrate some of our sales efforts on maintaining relationships and, where appropriate, renegotiating our terms with these customers for a while. This meant that our ability to focus exclusively on adding new customers has been temporarily thwarted by the need to use our U.S. sales force to maintain and develop existing accounts. This strategy has been working well, although it won't be reflected in our numbers for a while.

"We are now returning our focus towards acquiring new business, and we are hiring more staff as part of this process. The U.S., however, is a very big market, and we have only just started to get going."

Alamy's peak sales were in Q2 2008. Prior to that time, the company had never had a down quarter in its history. Q2 2009 sales were down 32% from the year earlier, but the fact that Q2 was level with Q1 (in terms of dollars) may be an indication that the industry is coming out of its economic troubles.

The average price of a rights-managed image remained the same as the last quarter, \$105, but the average price of a royalty-free was down again, to \$162—a 33% decline since a year ago. The average price for a rights-managed image licensed for editorial use was \$94. In the past year, the average price of a rights-managed image licensed for commercial use has fallen by 30%, while there has only been a 17% drop in the price of rights-managed images licensed for editorial use.

Alamy has pointed out that "the average pricing information is shown in U.S. dollars, and that the decline has been exaggerated by the weakening of the U.K. pound against the U.S. dollar between Q2 2008 and Q1 2009."

Over half (58%) of revenue was generated from images supplied directly to Alamy by photographers, and 42% came from images supplied by agencies. The photographer share has begun to increase again after being flat for the last three quarters.

**Table 2. Alamy 2008-2009 revenues (quarter over quarter)**

Original currency of revenue	Revenue ('000, converted to US\$)					
	2008				2009	
	Q1	Q2	Q3	Q4	Q1	Q2
US\$	2,626	2,937	2,750	2,390	2,351	2,070
Euro	1,162	1,225	1,035	1,017	746	745
GBP	4,146	4,368	4,433	3,091	2,682	2,965
<b>Total</b>	<b>\$7,934</b>	<b>\$8,530</b>	<b>\$8,218</b>	<b>\$6,498</b>	<b>\$5,779</b>	<b>\$5,780</b>