

A Look at Alamy's 1Q09 reported revenue

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As stated in previously in this space, with the disappearance of publicly traded companies from the stock photo industry, Alamy's quarterly reports tell us much about the company itself and help us draw conclusions about what goes on in the industry, in general. Over all, nothing comes as a surprise. But the news is not exactly optimistic for the company or the industry.

Alamy's total sales for the quarter are down about 30% from Q108. We arrive at this figure by taking Alamy's reported sales for the three currencies in which they mainly operate - the US\$, British £ and the Euro – and applying the exchange rate in effect on the last day of the quarter to which the figures apply, as follows:

1Q08	US\$ Exch. Rate as of 3/31/08	US\$ Equivalent as of 12/31/08	
US\$ 2,626,000	1	US\$ 2,626,000	
Euro 753,000	1.58	US\$ 1,189,740	
UK£2,237,000	2	US\$ 4,462,815	
	Total Sales 1Q08 in US\$	US\$ 8,278,555	

1Q09	US\$ Exch. Rate as of 3/31/09	US\$ Equivalent as of 12/31/09	% Change from 1Q08
US\$ 2,351,000	1	US\$ 2,351,000	-10%
Euro 565,000	1.32	US\$ 745,800	-37%
UK£ 1,887,000	1.42	US\$ 2,679,540	-40%
	Total Sales 1Q09 in US\$	US\$ 5,776,340	-30%

The company provided the total percentage of RF vs. RM revenue for each quarter and the average price per image for both RF and RM for each quarter. Combining that information with the total sales figures above, we conclude that the total number of images sold showed a decrease of less than 2%:

	1Q08	1Q09	% change
% of revenue from RF	33%	29%	29%
Total Revenue from RF	US\$ 2,731,923	US\$ 1,675,139	-39%
Avg. RF license price	US\$ 219.00	US\$ 172.00	-21%

Total # RF images licensed	12,475	9,739	-22%
% of revenue from RM	67%	71%	
Total Revenue from RM	US\$ 5,546,632	US\$ 4,101,201	-26%
Avg. RM license price	US\$ 149.00	US\$ 105.00	-30%
Total # RM images licensed	37,226	39,059	5%
Combined # images licensed	49700	48798	-2%

Alamy's decline in sales came in all three of its reporting currencies, both in real terms and when translated to US\$ using historical exchange rates. This is a continuation of a trend that began in the second quarter of 2008. On the RF side, decreasing prices do not fully explain the drop in sales, as the number of units sold has also dropped. On the positive side, though total RM sales have also dropped, the company managed to increase the number of RM images licensed by 5%. That increase was not enough, however, to off-set the decrease in average RM license fees per image. One might also argue that having the total number of RF and RM images licensed register a nominal decline of only 2% is a triumph in the current environment.

There are several other less positive ramifications from Alamy's trading statement. The return per image (RPI) has naturally dropped considerably over the past year, not only because sales and average prices have dropped, but also because Alamy's contributors have added so many images to its database over that time. That development is bound to create discontent among Alamy's contributor pool. Further, Alamy management have expressed their intention to seek growth in the commercial (as opposed to editorial) sector. Nonetheless, as a percentage of total revenue, the editorial sales have grown steadily from 73% back in 1Q07 to 81% in 1Q09. This trend gives one pause simply because, as mentioned in my review of Alamy's 4Q08 figures, the global print magazine and newspaper industry appears to be in irreversible decline.

So, what does it all mean for the industry in general? Again, no surprises, but little to cheer about. Revenue and prices are dropping industry wide (apart from the micro-stock sector.) This is a natural response to a) a global recession and b) the rise of a low-cost competitor (micro-stock.) Despite the indications of weakness at Alamy, I suspect that if all other stock photo companies (apart from micro-stock businesses) shared the stats Alamy shares each quarter, they'd all be in the same boat or worse.