

CAROLYN
POTTS

A sea of images floods a buyer's office every day....



The Rapid Commoditization of the Commercial Photo Business: It's Real. It's Scary. But It Doesn't Have To Be Real Scary. Here's How to Cope.

Commoditization? What??

You may not fully understand the term but it's probably already happened to your business. Check to see if you are experiencing these telltale symptoms:

- Your client apologizes that they're now going to use stock on the project you normally shoot every year.

- Your clients are now asking for 'all rights' on assignments that will become part of their client's 'image library.'
- You've just been underbid by someone you have never even *heard of*.
- And it's the third time it's happened this month.

Commoditization is what happens to a product or service that is no longer unique or distinguishable. It's what happens when supply exceeds demand. It happens when an industry's means of production radically and rapidly evolve.

Technological evolution drives the move to commoditization. When the means of production become so simple

and so inexpensive, then almost anyone can become a producer. Production migrates from the hands of the highly-skilled few, to the hands of the untrained masses. Supply increases and at the same time the 'magic and mystery' of the industry's craft disappears.

Good photography is no longer magical or rare. When most of the "magic and mystery" of what you do is gone a large portion of your value as a professional photographer is gone as well. In fact, your perceived value has precipitously and dramatically dropped. Commercial photography is edging closer to a farm commodity (e.g., wheat or corn) than remaining like its original cousin, painting. But unfortunately...it's not subsidized!!

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The difference between great players and champions is that in almost every endeavor the champions never try to do it alone; they have a team. They usually have a coach and a manager. The coach clearly sees where they are, can analyze their strengths and weaknesses, and push them to their next level of achievement. The manager takes care of all of the business details that keep a solid financial footing under the champion. For over 20 years, that's how I've worked: I have coached and managed top photographers to be the best they can be and get the best assignments.

Properly exposing a film image took skill. Getting one suitable for reproduction took even more skill. Now a child can do it—and that's not just a figure of speech! With digital equipment (costing less than \$150 each), a 6-year-old can shoot, print and publish his or her view of the world. This new generation of photographers doesn't need the years of specialized training film photographers needed.

It's the triple whammy of convergence.

Due to the triple convergence of digital imaging, internet search engines, and mega stock portals such as Corbis and GettyImages, a buyer has a mind-numbing quantity of images to choose from. That convergence has created an enormous supply without an equivalent increase in demand.

With the arrival of Google and keyword searches, customer buying habits changed forever.

Why?

- A potential customer types in a few keywords. Within seconds search engines like Google display thousands of available images.

- No longer do they have to rely on 3 or 4 printed source books to find the style of photography they need. No more Sticky-notes or bookmarks.

- The internet has no physical size limits like the directories do.

- New work is constantly being added. Imagery is fresher than what's in books that go to press months before being published.

Feeling invisible? You've probably heard it before, but it's true: to stand apart, a photographer needs smart branding and marketing—just like any other product. You have to stand for something to stand apart.

You have to promote yourself in new ways. The days of having one of your clients design your logo and promo cards for free and calling it your branding are over. Those *are* good first steps. But today, that's not enough to get you noticed and get you the assignments you want.

Now you need much more than that. To be effective in getting new business today, you really do *have* to learn about the importance of branding & marketing and internet technology. You have to be

able to create and execute to a coherent, focused strategy. If you fail to do that, you risk becoming invisible in an ever increasing sea of images.

In the Internet's ocean of images, it's hard for a potential buyer to even *find* you—that is, unless you have a distinguishing point of view, a unique service offering, or an optimized web site. You become much more visible when you have all three.

In better economic times, a simple sales & marketing plan was sufficient.

To get business you—or your rep or studio manager (if you had one)—made appointments to show your portfolio. From that effort you'd get a certain number of assignments. That strategy alone won't work in today's agency environment. The time demands on art buyers and art directors prohibit many—if any—personal interviews. In fact, some companies have actually instituted policies against ever seeing new vendors in person!

Time for a new strategy. The less unique your product or service, the more you need targeted marketing and branding to get their attention and their business. But marketing a commodity is completely different from the way you market a unique service requiring specialized skills.

How is it different? Let's look at another segment of the photo business that's already been severely commoditized and see what happened there.

Stock agencies got hit by commoditization first. While stock agencies have greatly sped up the commoditization of the assignment business, they, too, were forced to make major sales and marketing strategy adjustments when major tech changes hit their market.

Studying what happened to a segment of the photo market that sell products (existing images) will help you understand what is starting to happen in a segment of the business that sells services (assignment photography). You'll then be better prepared for the changes that are coming to your end of the photo business.

For years stock photography bumped quietly along, usually providing images for editorial and lower-budget design projects. By nature, stock imagery was somewhat generic looking. It didn't have a

unique point of view as it had to appeal to the widest possible customer base.

If a buyer didn't see what they needed after flipping through a stock agency's glossy paper catalogue of exclusive imagery, they'd make a call and a paid staffer/editor would send a selection of images from their vast archive of non-published images. Several days later, the sale would be made from slides that had been shipped out. That's the way stock business used to be done.

Client budget cuts first increased stock use at design studios.

In late 1999-early 2000, graphic designers, in response to their clients production budget cuts, started using stock photography on high-budget projects instead of assigning photography. Stock agencies' sales went up.

In response to the increased demand—and recognizing they could sell vastly more imagery than they could ever sell via printed catalogues—stock houses rapidly digitized their collections and put them online. Those who got their collections on-line the quickest gained the greatest market share. Keyword search technology coupled with decreases in high-speed internet access costs enabled stock customers to find just what they needed in record time.

Even *more* budget cuts (fallout from the Enron, Tyco, and WorldCom bankruptcies), led many designers to turn to royalty-free images (RF) from one of the 2,500,000+ (!!) royalty-free stock sites. Using Photoshop® to manipulate RF images as needed, opened up even more creative options. With that approach they got immediate gratification for even less money. RF also gives them multiple uses for one fixed price. Tight budgets and tight deadlines created a whole new creative work flow.

Art directors now use stock (even in national ads) for additional reasons.

An art director can slap a high-quality stock image into a layout (or 20 layouts!) when their client has difficulty visualizing a concept or strategy. Without using the now readily-available and free comp images, approval of an ad campaign could be held up for weeks or months—especially if a non-visual but key decision-maker had difficulty visualizing a proposed execution.

There's no need to spend the days or dollars hiring a photographer to shoot—or even hire an illustrator to draw—their concepts.

Another new and disturbing trend for assignment photographers is that clients are telling their agencies to just purchase rights to the comp images seen in the strategy presentation! Clients love stock because the cost of image production has shifted from the client to the photographer; clients now only have to pay the image licensing fee.

The licensing process can then occur in minutes. The agency saves hours of client meeting time. Files get emailed off to the magazines. Most importantly for both, new ads can now be quickly created in response to a competitive change in any client's industry.

(An evolution of this disturbing trend has created a new business model called 'custom stock.' This model further shifts the cost of production entirely to the photographer who shoots to a specification—with no guarantee of payment. The issues surrounding this new trend are the subject of a future article).

Tech changes solidify new image-acquisition habits. Because of the now virtually unlimited supply of stock images, designers and art directors are irrevocably committed to acquire those images in this effortless way. Before the all-digital stock world, image inventory had physical limits. Humans had to be paid to search physical slide files. Transparencies had to be logged, tracked, billed, and sales monitored. Today, to add 10,000 images to its collection, add another digital storage device (basically, another networked computer) gets added onto the stock agency's system.

Computer servers toil effortlessly 24/7, 365/year without salary or benefit costs to the owners. The cost of image delivery to the customer is relatively fixed. Adding hundreds—or thousands!—of new images everyday keeps a stock site fresh and competitive. ***There's not a single business reason for them to stop adding more content.***

Stock sites will profit from adding more images while you possibly never will. Unfortunately for photographers, the sites make the same revenue whether they

have a million images from one photographer or one image from each of a million different photographers.

One site's banner ad proclaims:

10,702 stock photos added in the past week
15,710 contributing photographers
357,753 royalty-free stock photos available

I saw one offer for a \$139 subscription fee. By subscribing, a designer can download up to 25 images per day (up to 750/month)—all royalty-free. Another site offers 1000 images for \$29. That comes out to 29 cents per image!! Now that's what I call commodity pricing.

A stock site also can be a commodity. Without something to distinguish itself, e.g., no "value added services," a stock agency can also find itself in a "race to the bottom" in pricing. Profitable stock agencies stay profitable by distinguishing themselves. Otherwise anyone who comes along with the technological price of admission (e.g., a terabyte of digital image storage space plus a high-speed delivery line) can become their competition.

The stock leaders survived by either adding value or serving a niche. The stocks sites with the largest market share are the ones who offer their customers numerous, unique, and ever-evolving features. Features like custom light boxes, faster searches, downloadable free comp images, and exclusive industry rights locks make their customers' lives easier. Regularly asking their customers what kind of features they'd like, then creating the software to deliver it, creates brand loyalty and increased sales.

Providing niche market images is another successful strategy market leaders have used. Some sites only license images of food, while others serve the needs of particular market segment such as photo-journalism or educational publishing.

Which strategies will keep *you* ahead of the new competitors entering the commercial photography market every day? Remember, there are a lot of people who can afford the current professional photographer admission ticket: i.e. a \$3,000 digital camera and \$900 printer...

Now what? Ironically, you have the very same marketing challenge—or opportuni-

ty—as the stock sites that are killing your profitability: you have to find how to run your photography business in new ways.

If, like most, you don't have an unlimited marketing budget, you'll have to employ sound marketing strategies to escape your own price race to the bottom.

You have to add value to what you do or serve a niche market. But what if you don't know what value you can add? Or what niche you could serve? What if you think that there's nothing unique about what you have to offer? How can you compete without lowering your price?

In my career of marketing photographers for over 25 years, rarely have I found that a photographer has nothing unique to offer. More often, what's needed most is a good edit of their work.

I've found it to be an almost universal truth: most photographers are too close to their work to do a good portfolio edit. A good edit lets you see the "jewels amongst the colored glass." It brings your vision into sharp relief so that its more visible to buyers. It becomes much more memorable. It has "staying power" in an art buyer's mind. In the age of information overload, that's critical!

Find your distinction. Distinguishing yourself from your competitors and finding a way to provide a unique vision or value-added service is simple—but not easy: You have to discover what you do better than someone else. Then find who wants to pay you for it. You have to coldly analyze where you currently are in the marketplace vs. the competition.

Images forming the basis of a good edit also have to come from the "right place." To find that 'right place' you have to do a bit of internal archeology.

Here's how to start:

- List the things in your life that have always fascinated you.

Stumped already?

Here's a search clue:

- When you go to a bookstore without an agenda, what section of shelves do you immediately start browsing? Maybe it's a subject that you've loved since you were a kid... Maybe you discovered it when you got your first camera. When you're thinking about, reading about, or

watching this subject, time seems like it does not exist.

The reason you have to discover this is, is that finding the subject you really *love* to shoot vs. all the things you *could* shoot is a central key to your uniqueness. It's a road toward your distinguishable marketing strategy. It's a central part of what will set you apart from someone else.

You really don't have to be limited to shooting widgets because you live in a town with a widget manufacturing industrial center—unless of course you've been a rabid widget collector since you were a kid! You now get to dig deeper to find your client base because the pool of who can now hire you is so much broader.

The payoff for 'the dig.' When you start to shoot more of what you love—or find fascinating—you will gain a boatload of energy and enthusiasm about your work.

That energy and enthusiasm is what will keep you going during the inevitable dry spells. Your networking efforts won't feel like work as you're glad to be surrounded by like-minded people who share your passion. You'll end up making connections with people who share some of your core interests. How bad is that?

By the way, photographers who've made it to the top usually enjoy their subject matter so much, they'd even shoot it for free. Bonus: They also get to command top dollar for their unique vision.

When you find your distinguishing viewpoint, you can begin the process of marketing to the people who need and will appreciate your distinction. Everyone likes to work with a specialist. Wouldn't it be great to be a specialist shooting something that has always fascinated you?

With web marketing, your physical location is no longer an excuse not to go for it. Customers can come from anywhere. New York used to be the center of the advertising universe; Minneapolis and Miami-based ad agencies now routinely win blue-chip clients and sweep the award shows.

Those regional agencies didn't pitch or win the business using a "We're the cheapest!" strategy. Creating distinctive marketing messages for commodity producing clients is what your agency clients have been doing for years; those clients realized the importance of getting

professional help in finding and promoting their unique value. They got help in distinguishing themselves in the marketplace. You can too.

How to get help. First, get an objective pair of eyes and ears to get you moving and bring in new insights. If you've not already done so, join a photographers' trade group (APA and ASMP are my two favorites). Join or start a support group with other photographers to brainstorm. Share resources. Or join an online community of photographers where forum discussions take place about what's actually working in this new climate.

Attend panels and seminars given by photo reps, art buyers, and photo consultants. Go to them. Listen. Take notes. Introduce yourself. Get referrals. Find someone you respect and with whom you "click."

Hire them for an introductory session. See how it feels. Personal chemistry is important to create the essential trust you need to follow their advice.

Try what they suggest. Every hour you invest with a professional—that is, someone who has a broad understanding of this industry, a pair of objective eyes, and a way to effectively communicate your strengths and opportunities to you—can save you hundreds of hours and often thousands of dollars.

"Evolve or die." That quote sounds pretty darn threatening, but it's actually a great wake-up call. If you've seen significant a decline in your billings the last few years, then don't wait until your business has completely dried up before you get some marketing help.

If there's nothing distinguishable about your product or service, it's probably time to think about doing something else. Either change careers or change your strategy.

Focusing on your tech skills is no longer enough to be a success. The key to your survival is to give equal time to thinking about how, where, when, and why and to whom to market yourself.

Clearly, you can't use the same sales and marketing strategy you used before the photo business got hit. Do nothing different and you probably won't be in

business much longer. However, if you do make the necessary adjustments, you'll not only greatly increase your chances of surviving and thriving, you'll also probably get to enjoy what you're shooting even more!

Commoditization has definitely created huge marketing challenges. But as a pretty smart guy named Albert Einstein once remarked: "In the midst of difficulty lies opportunity."

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Carolyn Potts is an independent marketing consultant and rep specializing in helping photographers F.O.C.U.S.* both their portfolios and their marketing to get the business they want and deserve.

For over 20 years Carolyn has sold assignment photography to top ad agencies, design firms and magazines in the U.S and overseas. In 1999 she opened an office in San Francisco, discovered her "inner geek" and spent the next 3 years studying the impact of digital technology and the Internet on the commercial photography business. She currently lives in the Chicago metro area. She loves traveling to see clients.

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*The F.O.C.U.S. SystemSM, is a 5-step, complete marketing program that gets your photography business back on track.