



UNIVERSITÄT  
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# The Global Stock Image Market **Global Survey** 2012

## **PART III** **REGIONS, TRADE, DIVISIONS OF LABOR**





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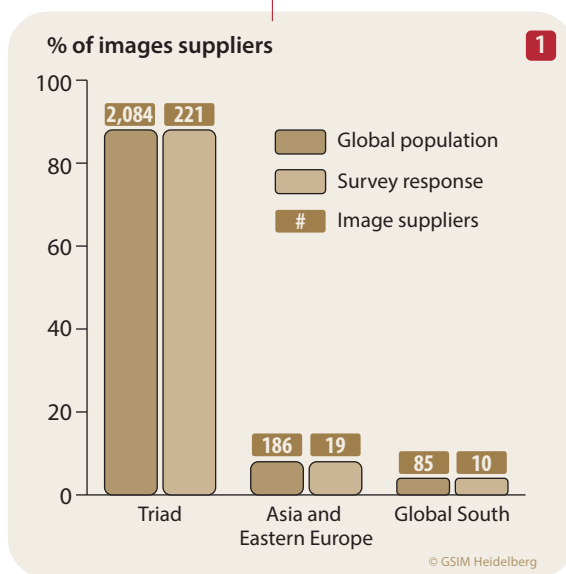


Johannes Glückler



Robert Panitz

THE GLOBAL TRIAD ACCOUNTS FOR 88 PER CENT OF IMAGE SUPPLIERS IN THE WORLD.



THE SURVEY MATCHES THE GEOGRAPHICAL DISTRIBUTION OF THE GLOBAL POPULATION.



## The Survey

This is the first ever global survey of the stock image suppliers market.

We define the stock image market as the business of licensing pre-produced visual/ audio-visual content for specific uses. The value chain of this industry consists of image creators (photographers, cinematographers and graphic designers), image users (e.g., news media, advertising and publishers) and intermediate image suppliers who provide the commercial trade of usage rights in return for royalty payments. This report focuses on the latter group of players: image suppliers.

In summer 2012, for-profit image suppliers all across the world were invited to complete an online questionnaire in order to identify market volume, business segments, practices, and trends. Using multiple sources of investigation and pre-existing databases we identified 2,342 suppliers. 250 suppliers participated in the survey which corresponds with a response rate of 10 per cent. The respondent firms named another 97 partner agencies with which they distribute their content to the global market. To the best of our knowledge we currently identify a total of 2,439 for-profit image suppliers in the world. Following on the first report *Players, Products, Business* (Glückler & Panitz, 2013a) and second report *Marketing, Distribution, Performance* (Glückler & Panitz, 2013b), this third report focuses on the geographical dimension of the global stock image market.

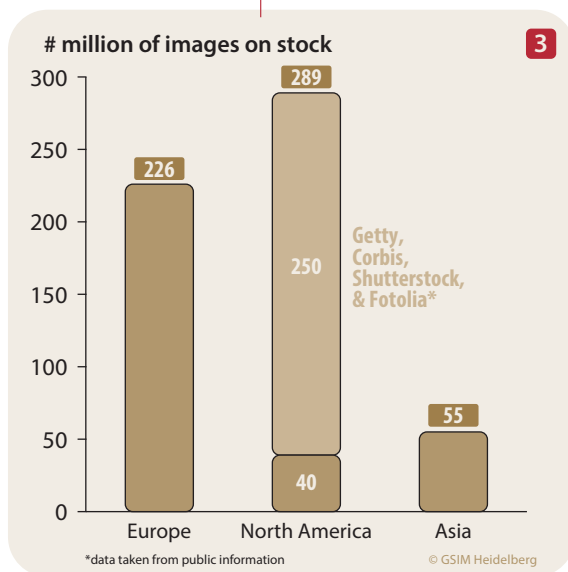
## The Global Map of Players

### Image Suppliers

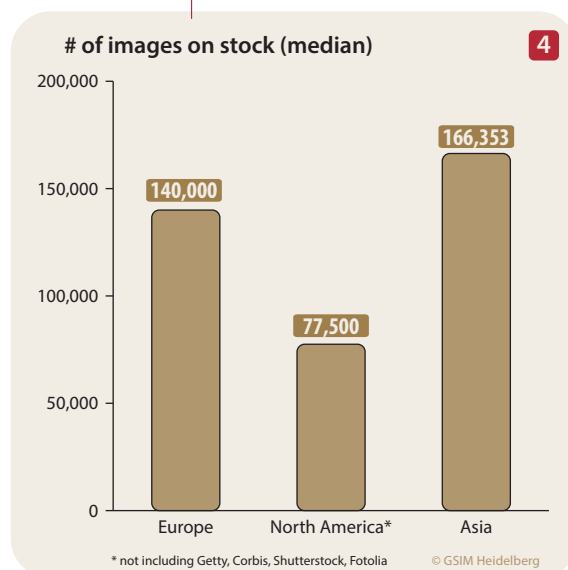
The vast majority, an 88 per cent of the worldwide suppliers, are located within the global triad including North America, Europe, and Japan<sup>a</sup> **1**. Three quarters of all suppliers are located in Europe, 14 per cent in North America, 6 per cent in Asia and only 1 per cent in Australia/Oceania, Latin America and Africa. This global distribution of the entire population of image suppliers strongly corresponds with the spatial distribution of the image suppliers in our survey sample **2**.

The same is true for the three largest markets, Germany, the United Kingdom and the United States: two thirds of all image suppliers are located in these three markets, both in the global database as well as in the sample. Measured by the number of image suppliers, one third of all image suppliers in the sample are based in Germany, and almost 20 per cent each in the UK and

EUROPEAN AND NORTH AMERICAN SUPPLIERS  
OFFER OVER 500 MILLION IMAGES.



ASIAN SUPPLIERS HAVE THE  
LARGEST AVERAGE IMAGE STOCKS



the US. The complementarity between the geographical distributions in the global database and the survey sample lends further strength to the validity of the global survey 2012. Since the global market is so strongly dominated by a few leading markets in Europe and North America, the survey only covers a small share of agencies in more peripheral and emerging markets such as Asia, Latin America, Africa, and Australia/Oceania. The following examination will therefore focus on the three principal regions of North America, Europe and Asia.

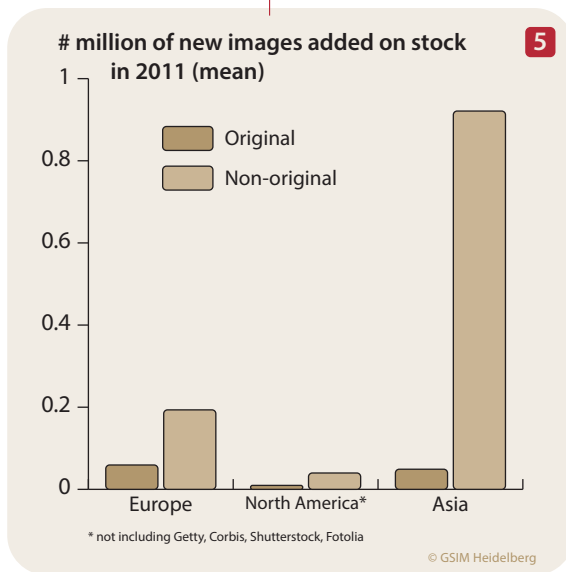
### Size and Growth of Image Stocks

Image stocks vary between the regions of the world. Within our sample 169 European image suppliers indicated a combined stock of 226 million images. In North America, the smaller number of responses explains a low 40 million images. However, when combined with the publicly available data on the stocks of the big four US-agencies Getty, Corbis, Shutterstock, and Fotolia, North American stocks clearly outnumber the rest of the world regions. Asia and the other regions lack behind with a combined image stock of 55 million **3**. In relative terms, however, Asian agencies have the largest stocks, amounting to 166,000 images per agency **4**.

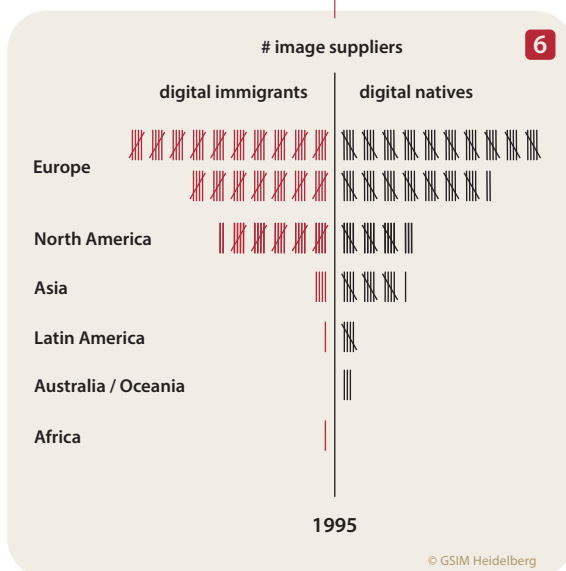
The growth of image stocks is driven generally by non-original content from sales partners rather than by original content. Image suppliers enlarge their stocks fundamentally by adding existing images from partners rather than from original content creators.

Agencies in the global triad account for 70 per cent of all new images added to global stocks in 2011. In addition, agencies in the triad also make up for the vast majority of original new images. Especially European suppliers have an outstanding position in adding original content: 23 per cent of all new images in 2011 are original content from creators. In contrast, original content made up for 19 per cent in North America and only 6 per cent in Asia in all new stock. Asian image suppliers, in particular, amplified their stocks predominantly by representing existing content from partners around the world **5**. On average, they added four times more images to their stocks than European suppliers and more than 16 times more than North American suppliers.

THE GROWTH OF THE IMAGE STOCKS OF ASIAN AGENCIES IS DRIVEN BY NON-ORIGINAL CONTENT FROM PARTNER AGENCIES



ASIA, LATIN AMERICA AND AUSTRALIA ARE EMERGING MARKETS WITH A MAJORITY OF YOUNG IMAGE SUPPLIERS.



## Traditional and Emerging Markets

Almost half of all image suppliers were founded as ‘digital immigrants’ before 1995 – the year in which Getty Images pioneered electronic commerce and online image banks. The other half of suppliers are digital natives already established in the era of electronic picture trade. This distribution, however, varies considerably between the global regions. While half or more image suppliers in North America and Europe were founded prior to 1995, the majority of Asian suppliers were established after 1995. Three of the six Latin American suppliers in our response started their business after 2007. Only six of the 118 image suppliers in our sample that were founded as digital immigrants are located outside Europe or North America. These figures demonstrate just how recent the development has been in Latin America, Africa and Australia **6**.

## Divisions of Labor

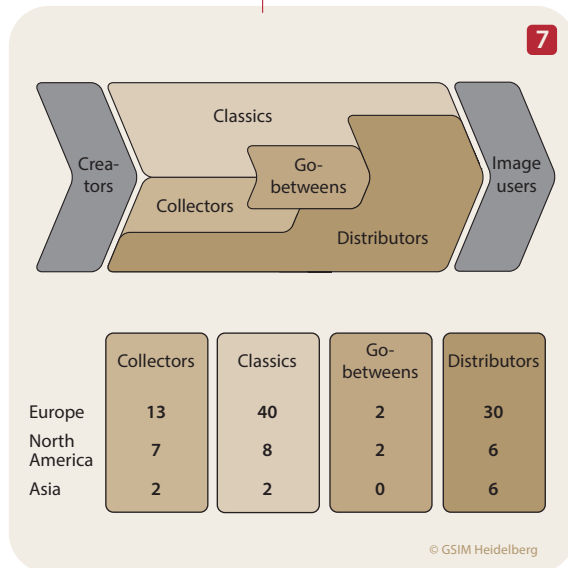
In the second part of this global report we introduced a four-fold typology of agencies (Glückler & Panitz, 2013b) that represent the new division of labor in the global stock image market **7**:

- *Classic agencies* receive the relative majority of their images from original creators and generate more than 50 per cent of their revenues from final image users.
- *Collector agencies* receive the relative majority of their images from original creators but realize the majority of revenues through sales partnerships with other agencies.
- *Distributor agencies* receive the relative majority of their images from partner agencies and generate more than 50% of their revenues from final image users.
- *Go-between agencies* receive and sell the majority of images from and through partner agencies.

These four specializations are the fruit of distinct business models and our second report demonstrated the specific empirical advantages and opportunities of these models (Glückler & Panitz, 2013b). The divisions of labor that emerge from these specializations differ remarkably between the world regions.

In North America, the most traditional image market, we found the highest division of labor where all four types of specialization can be observed at considerable proportions. While 35 per cent of all suppliers in North America belong to the classic model, two thirds of the suppliers already pursue one of the three special-

WHILE CLASSICS PREVAIL IN EUROPE, NORTH AMERICA HAS A BALANCED DIVISION OF LABOR. ASIA IS DOMINATED BY DISTRIBUTORS.

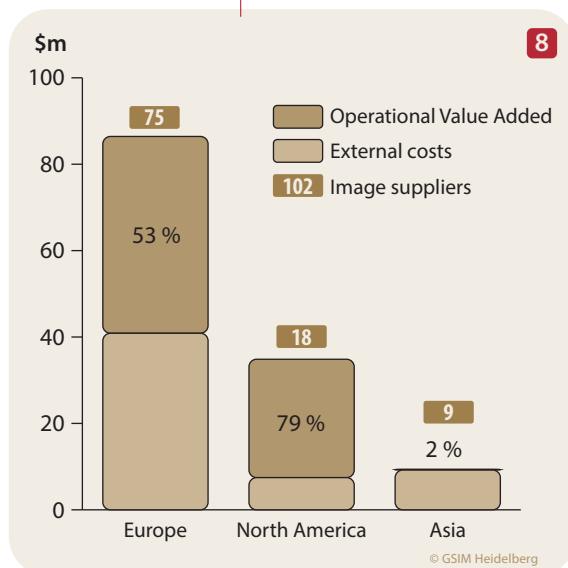


izations: 30 per cent were collectors, 26 per cent were distributors and 9 per cent of the suppliers were go-betweens.

In Europe, on the other hand, still almost half of all image suppliers were classic agencies **7**. Distributors represented 35 per cent, collectors 15 per cent and go-betweens 2 per cent of the suppliers. Overall, the new forms of specialization seem to be less frequent than in North America.

In Asia, the classic model is underrepresented. Only 20 per cent of suppliers maintain predominant relations with creators and customers at both ends of the value chain. The majority of 60 per cent of agencies within our response were distributors, followed by 20 per cent of suppliers being collectors. No Asian supplier acted as a go-between. The high number of new images from partner suppliers and the strong presence of distributors in the Asian market supports the expectation that Asian suppliers currently specialize on importing content from partners around the world to distribute it within the region.

COMBINED, NORTH AMERICAN SUPPLIERS REPORTED THE HIGHEST OPERATIONAL VALUE ADDED

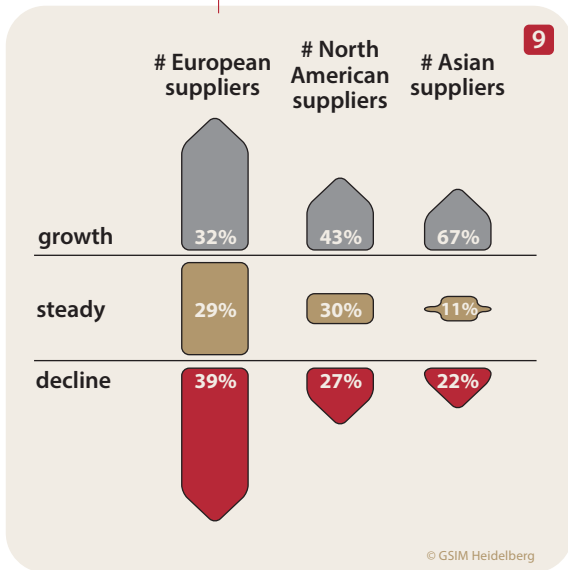


## Regional Differences in Performance

Different regional contexts, industry structures and business models translate into varying performance between the regions. The combined Operational Value Added (OVA)<sup>b</sup> of the image suppliers varies considerably between the three leading regions of the world **8**. Although image suppliers in Europe achieve higher revenues than North American suppliers, North America reports the highest ratio of OVA with 79 per cent. With some distance, European agencies realized an OVA of 53 per cent of revenues. It is striking, however, that Asian image suppliers realized an OVA of only 2 per cent, i.e., they only added a monetary value of 2 per cent to the external costs of procuring images, not yet accounting for internal labor costs. Obviously, Asian agencies pursue more diversified business models because their Gross Value Added (GVA)<sup>c</sup>, which takes other sources of income and external costs into account, increases to 8 per cent of revenues.

Nonetheless, and independent of the measures, Asian image suppliers still add significantly less value to the industry than European and North American agencies. One reason for the low OVA may be the catch-up development of image stocks, where only a minor share of images are really original content and where the majority is existing content licensed through international partners. While being committed to various parallel activities, the exceptional growth of image

EUROPE STAGNATES, NORTH AMERICA  
GROWS SLIGHTLY, ASIA PROSPERS



stocks in Asia reflects the strong dynamics in this emerging market region: A comparison of sales trends demonstrates a stagnating development of European suppliers, slight sales growth in North America and a clear growth tendency reported by Asian suppliers 9.

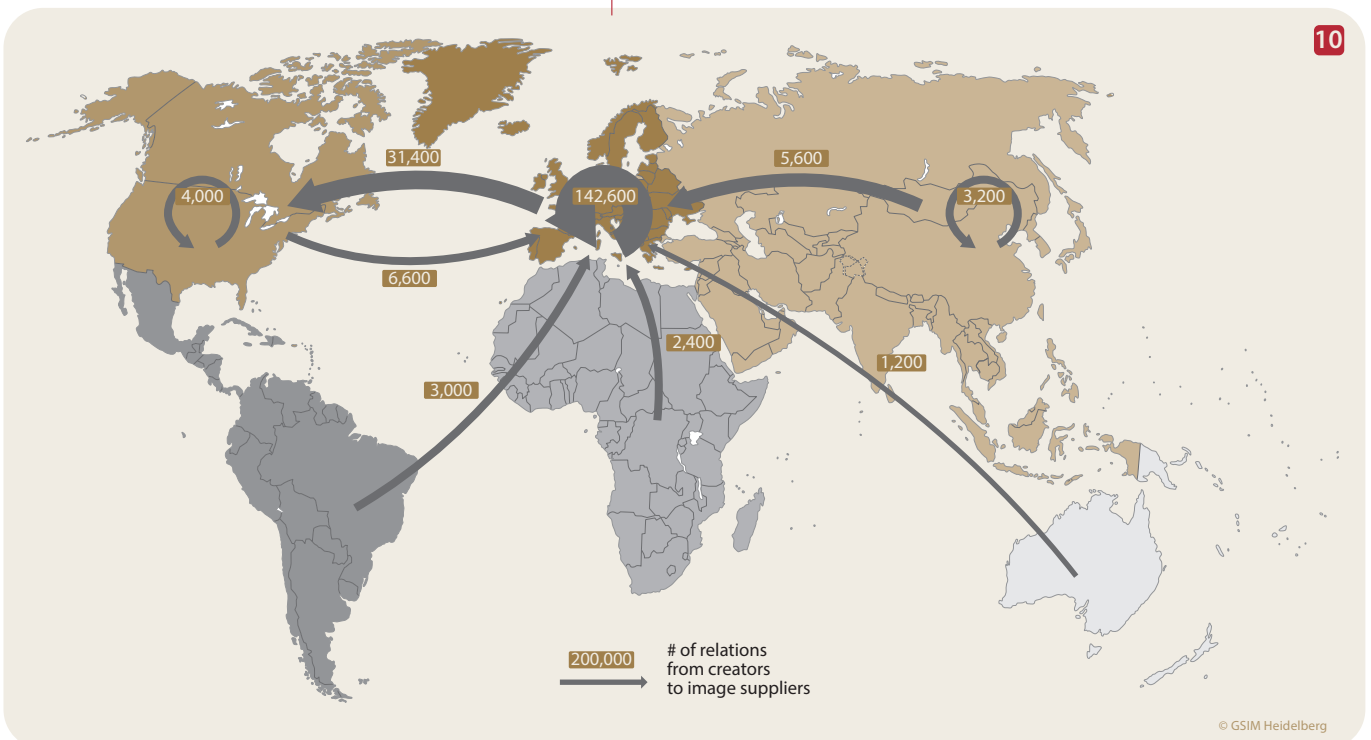
## Global Image Flow

After discussing structural differences between the regional markets of the global stock image industry, this section focuses on the interactions and flows of images both within and between the major global regions.

### Creators. Where Images Come From

Image suppliers have been shown to be strongly concentrated in Europe and North America. But where does original content come from? 10 visualizes the number of relations through which image suppliers receive their content from creators across the world. European agencies account for the lion share of 80 per cent (161,000 relations) of all relations to creators reported in the survey. Interestingly, North American suppliers indicated approx. 8 times more relations to European creators (31,400) than to creators from

EUROPE IS THE GLOBAL HUB FOR THE COLLECTION OF ORIGINAL CONTENT FROM CREATORS AROUND THE WORLD



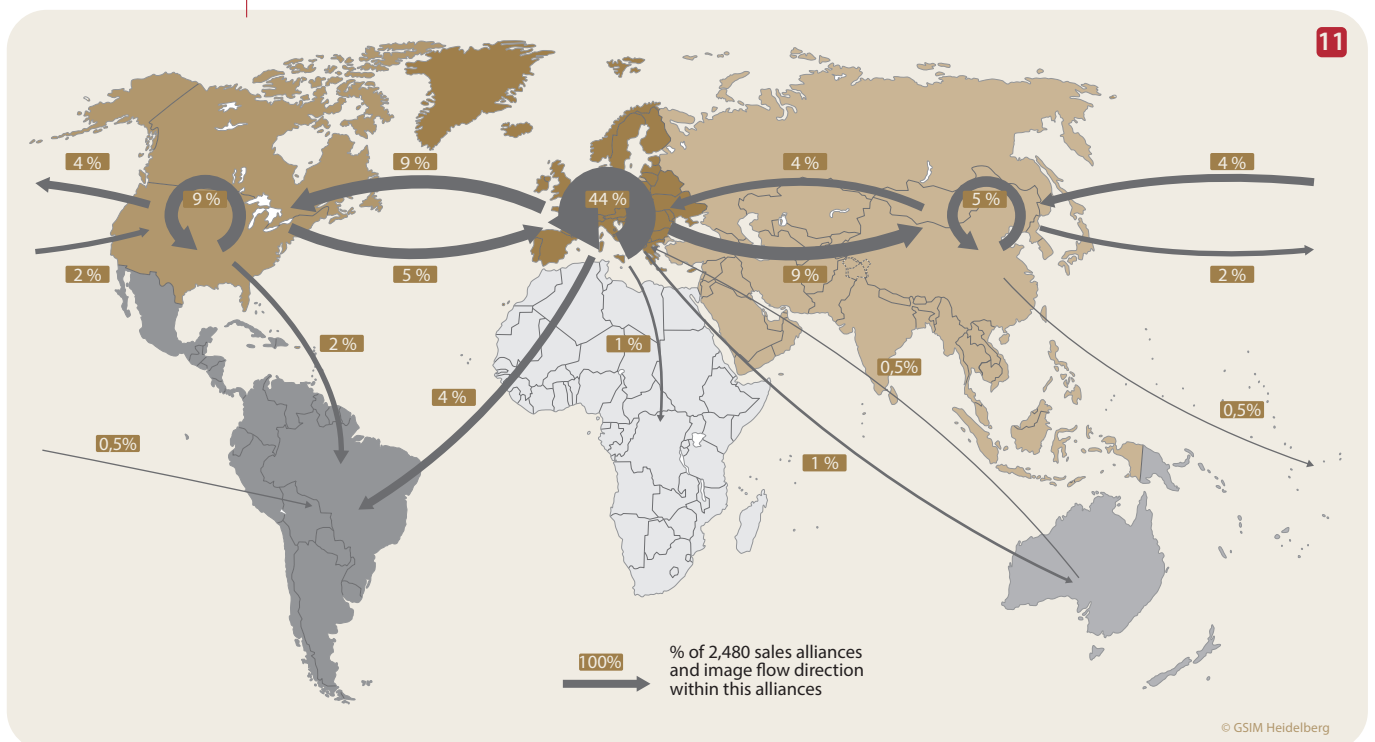


North America (4,000). Although only 17 Asian suppliers indicated 3,200 relations to Asian creators the overall amount of relations to Asian creators is approximately 80 per cent (8,800 relations) of all relations to North American photographers (10,600). This shows that Asian, Latin American, African and Australian creators do produce their images basically for European image agencies. However, contrary to the other regions, Asian creators have started to produce for their own market. North American and European creators produce their images mainly for the European and North American markets which leads to a reciprocal transatlantic image trade from creators to image suppliers.

### Collaborators. The Geography of Alliances

In the second report we used a network survey to create a network of sales partnerships between image suppliers and to develop a typology of specializations and business models (Glückler & Panitz, 2013b). Based on these data, we visualized the geographical dimension of sales partnerships in a map that displays the partnerships within and between the world regions and the direction of image deliveries<sup>d</sup> 11. This map yields interesting insights about the different roles of each region in the global stock image market.

THE GLOBAL NETWORK OF SALES ALLIANCES

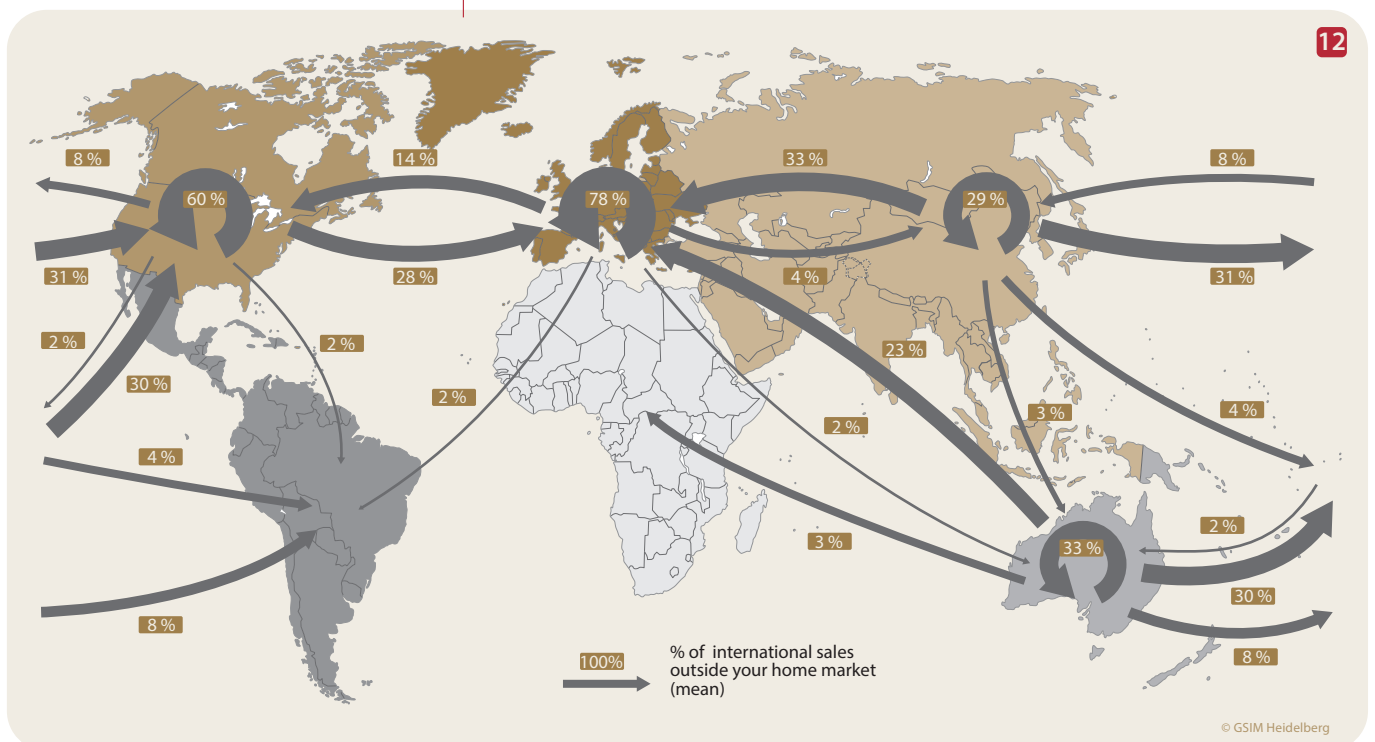


First, Europe appears to be the core region of the global market, where most agencies as well as most partnerships are located. 44 per cent of all partnerships reported in the survey are between image suppliers located within Europe. In addition to the intra-regional trade, European agencies account for a total of three quarters of all sending partnerships in the world. As a consequence, Europe enjoys a positive trade balance where sending relations outnumber image reception. Europe is the only region that delivers content to all world regions and at the same time is the most important regional partner for the other regions.

Second, North America is the other strong leg of the global market. Intra-regional trade accounts for 9 per cent of all global partnerships. Except for its relations with Europe, North American image suppliers maintain more exporting than import relations with other world regions, so the net balance is also slightly positive. In contrast to Europe, however, relations to the regions of the global south were fully under-represented.

Third, Asia is the third region where intra-regional sales agreements are important: 5 per cent of all partnerships are between Asian image suppliers. In contrast to the Western regions, however, Asia has a negative balance because more partnerships are maintained to import content than to export own content abroad.

THE MEAN SHARE OF INTERNATIONAL SALES INDICATES THE IMPORTANCE OF OTHER REGIONS FOR THE EXPORT ACTIVITIES OF AN AVERAGE SUPPLIER IN A REGION.





Fourth, the global structure of sales alliances underscores the predominance of the northern regions: almost 60 per cent of all partnerships are between agencies within the three regions of North America, Europe and Asia. Another 30 per cent of partnerships build the channels to trade images between the three regions, such that these continents account for 91 per cent of all global partnerships. The remaining regions of the South – Latin America, Africa, and Australia – are mere recipients of content and therefore have negative trade balances. In addition, they are disconnected from each other and only connected to Europe, North America and to a lesser extent Asia.

### Customers. International Sales

In the survey sample, 113 suppliers offered detailed information about their international sales. **12** illustrates the mean international sales outside the home country of each supplier. According to the international sales portfolios of these agencies, European and North American suppliers export their images mainly within their home continents. On average, 14 per cent of the international sales of a European supplier are realized with customers in North America. On the other hand, 28 per cent of the international sales of image suppliers in North America are conducted with customers from Europe. Asian suppliers achieve their sales with customers from Europe, North America and Asia in similar proportions of roughly one third of their international sales. Responses from the other regions (Latin America, Australia and Africa) were too few to make reliable statements.

## Outlook

### Global Divisions of the Stock Image Market

The number and directions of the sales alliances as well as the international sales portfolios describe the main routes of global image trade. Asia is a fast growing emerging market where the image suppliers manage a far above average growth of their image stocks by taking over massively content from international partners **13**. The analysis of the sales alliances and international sales suggests that Asian suppliers import images from Europe and North America to distribute this content within their own region. However, the relations between Asian creators and suppliers as well as some outgoing alliances and sales from Asia to other regions are signs for an emerging market in this region.

Since creators from Africa and Latin America maintain relations mainly with European image suppliers and since African and Latin American suppliers did not indicate any exporting activities to other regions we conclude that their markets are still moderately developed at the intermediate level of image trade. These regions of the Global South export negligible amounts of original content to the global players while at the level of agencies, they mostly import existing content from international partners.

SYNTHESIS: REGIONAL DIFFERENCES IN INDUSTRY STRUCTURE AND MARKET DEVELOPMENT

	North America	Europe	Asia
<b>Size</b>	<ul style="list-style-type: none"> <li>- Established region with the major global lead-firms and a total of 14 % of all images suppliers worldwide.</li> </ul>	<ul style="list-style-type: none"> <li>- Core region of the global market with 75 % of all global image suppliers and the vast majority of international sales partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>- Small but emergent region of the global market with 6 % of all suppliers being sited in Asia.</li> <li>- Largest image stocks per agency due to strong imports of existing content.</li> </ul>
<b>Industry structure</b>	<ul style="list-style-type: none"> <li>- A highly concentrated market with a progressive division of labor between collectors, go-betweens and distributors, and a minor share of classic agencies</li> <li>- Creators produce for European or North American suppliers</li> </ul>	<ul style="list-style-type: none"> <li>- A more traditional industry structure with almost half of all agencies still pertaining to the classic model. Collectors, go-betweens and distributors on the rise.</li> <li>- Most creators are sited in Europe and produce predominantly for European or North American agencies.</li> </ul>	<ul style="list-style-type: none"> <li>- Most agencies are digital natives, specialized on the regional distribution of international content. Collectors and classics underrepresented</li> <li>- An increasing number of creators start to produce for their own market and exclusively for exports to Europe</li> </ul>
<b>Position in global trade</b>	<ul style="list-style-type: none"> <li>- Established market that equally distributes and sources content with Europe, Asia and Latin America.</li> <li>- Suppliers import images from creators in Europe and from suppliers in Europe and Asia.</li> </ul>	<ul style="list-style-type: none"> <li>- European suppliers source original content from creators all over the world.</li> <li>- Largest internal market region with highest global connectivity through sales partnerships all around the world.</li> </ul>	<ul style="list-style-type: none"> <li>- Asian suppliers do not import images directly from creators in other regions but through partnerships with suppliers in Europe and North America.</li> <li>- Rising export activities to other regions.</li> </ul>
<b>Business trend</b>	<ul style="list-style-type: none"> <li>- Moderate image growth and moderate share of original content in new images</li> <li>- Slight sales growth, strong market concentration and a clear division of labor</li> <li>- Global lead-firms drive the business trends</li> </ul>	<ul style="list-style-type: none"> <li>- Highest share of original content in new images.</li> <li>- Stagnation of sales and a legacy of traditional business types at a high level of market penetration.</li> </ul>	<ul style="list-style-type: none"> <li>- Strongest image growth worldwide but lowest proportion of original content</li> <li>- Duplicate content, diversified business models and low value added</li> <li>- Emergent market region with above average sales growth</li> </ul>



## Europe at the Core of the Global Business

The geographical analysis of the global market demonstrates how strongly image trade is concentrated in Europe **13**. Although the global lead-firms Getty, Corbis, etc. are all headquartered in the United States and although they account for about half of all global revenues, the vast majority of small and medium sized image suppliers is located in Europe. European agencies source more original content and from more diverse regions in the world, they are involved in the large majority of international sales partnerships and are net exporters of images. This role as a global center becomes also reflected in the rise of the CEPIC congress, which is the only industry event that had been attended at similar geographical proportions between North America, Europe and Asia: 45 per cent of European image suppliers and 43 per cent of North American suppliers had taken part over the last five years. Interestingly, 80 per cent of all Asian agencies in our sample had attended the CEPIC Congress. Unfortunately, the three southern regions of Latin America, Africa and Australia all attended other more regional events which reflect their relative position at the periphery of the global image trade. It will be a challenge, especially for these regions, to open and develop their regional markets for the commercial use of visual content in the future, as recent developments in Latin America suggest. ■



#### IMPRINT

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#### NOTES

<sup>a</sup>Based on the suppliers within our Database we sort the Countries in the following manner: (i) *Triad*: Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, USA. (ii) *Asia and Eastern Europe*: Bahrain, Bulgaria, Cambodia, China, Croatia, Czech Republic, Hong Kong, Hungary, India, Indonesia, Iran, Iraq, Israel, Malaysia, Poland, Romania, Russia, Singapore, Slovakia, Slovenia, South Korea, Taiwan, Thailand, UAE, Vietnam. (iii) *Global South*: Argentina, Australia, Belize, Brazil, Chile, Colombia, Ecuador, Egypt, Guatemala, Kenya, Mexico, New Zealand, Panama, Peru, South Africa, Tunisia, Turkey

<sup>b</sup>We define Operational Value Added (OVA) as the difference between the revenues received only through royalties from image users and sales partners and the royalties (costs) paid to creators and partner agencies. OVA excludes other income sources as well as other external costs which are not associated with the payments of royalties, such as professional services etc.

<sup>c</sup>We define Gross Value Added (GVA) as the difference between gross revenues and external costs for intermediate inputs (royalties paid to creators and sales partners and other external costs).

<sup>d</sup>Taking the different directions into account reciprocal relationships are calculated twice – once for each direction.

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