

BAPLA RIGHTS GROUP NEWSPAPER REPORT AUGUST 2012

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Introduction

Of all the sectors in the picture buying industry, none has undergone greater change than newspapers. Many libraries have seen newspapers go from major revenue sources to little more than an after-thought on the balance sheet. Our BAPLA members' survey below records sales decreases of up to 90%. It is also clear from these results that smaller, specialist libraries have been hardest hit by what has been a sea change in the way newspapers source and pay for their images.

There's no great mystery as to why this is happening: declining print sales and advertising revenue, reduced picture budgets, a surfeit of free and cheap images and the introduction of subscription deals are at the heart of the issue, plus the challenge of monetising the move to digital editions.

Picture budgets have been slashed with the result that library fees are down by an average of 27%. Only in a few cases has this decrease been compensated for by an increase in volume of pictures sold. It's important to note that the drive for these decreases is coming from managing editors, not from picture editors. Many picture editors now have their hands tied and the advantages of developing strong relationships with picture editors are less than they used to be. There is even evidence that picture desks themselves are feeling the pressure of easily sourced, cheap images with their skills and experience no longer appreciated by management.

Large libraries with wide-ranging content have been able to adapt to these new realities by offering subscription deals, although whether subscription deals were responding to changes in newspaper buying habits or helped to cause those changes is a moot point. Either way, the impact of subscription deals has been huge. With large annual fees being negotiated there is understandable pressure from management for picture desks to use images from these sources. After all, they've already been paid for and most deals offer unlimited usage (although there are some restrictions on which material is included in the deal). This has led to specialist libraries being squeezed out of sections in which they were previously strong.

There is nothing to suggest that this situation is going to change any time soon. Although apocalyptic predictions for the future of newspapers are probably overstated – many UK national titles still make a profit as our industry report shows – newspapers clearly still face major challenges. Although there is a clear commitment to digital, advertising revenue from

apps and websites is still not coming close to compensating for the decline in print advertising.

Interestingly, despite the papers' investment in digital – the Guardian expects to be a digital only product in the not too distant future – libraries still seem to be basing fees and deals on the print editions with digital as an afterthought. Perhaps surprisingly 39% of members who responded said they still charged extra for digital use, although it's not clear if this has had an effect on their sales as it's clear from our newspaper replies that there is no budget for additional digital costs. It is important that libraries develop strong price models for digital use rather than just adding a little extra to existing print prices as the instances of images being used in digital-only formats is only going to increase.

Many libraries find dealing with newspapers increasingly difficult. There is little doubt that most newspapers feel they are in a position to dictate terms - setting their own prices, self-billing, not being willing to negotiate, not always declaring usages. The balance of power has clearly shifted: as the papers come to rely on fewer sources for their pictures, so the benefits of establishing relationships with a wide variety of libraries diminishes, something that is exacerbated by the fact that the vast majority of image sourcing is done online with limited interaction between paper and library.

So there's little doubt that the newspaper sector is challenging in the current climate. The management culture at many papers has led to images being chosen on price rather than quality, to a greater extent than in any other editorial sector, which is an unwelcome development even for those larger libraries able to offer attractive subscription deals.

But it's not all doom and gloom. Newspapers are still prepared to pay good rates for premium images, be it live news, celebrity exclusives, high end portraiture or rare historical material. And there are still picture-led sections that source the best available images within their budget. This should offer encouragement to specialist libraries which need to accept that newspapers will no longer be the revenue source they once were but which can still secure strong usage and fees from carefully targeted sectors of the market. Crediting has also improved in recent years and newspapers remain a valuable shopwindow for members' images, allowing libraries to showcase their images to an audience that, though declining, is still significant.

Credits and Feedback

We would like to thank all those BAPLA members and newspaper clients who took the time and trouble to respond to our survey questions. Special thanks are due to the members of the BAPLA Rights Group and especially to Steve Lake and Mark Abbott for writing sections of the report and to Susanne Kittlinger for her excellent technical support.

We hope that you will find this report stimulating and we welcome feedback about the report, the newspaper sector, or rights and pricing matters generally. Feedback or enquiries should be sent to susanne@bapla.org.uk in the first instance.

Tim Harris, Chairman BAPLA Rights Group August 2012

BAPLA Rights Group members:
Mark Abbott, Science Photo Library
Gemma Dewhurst, Press Association
Tim Harris (Chair), Nature Picture Library
Steve Lake, 4Corners Images
Mike Markiewicz, ArenaPAL
Trevor McDermott, GAP Photos
Mark Vivian, Mary Evans Picture Library

BAPLA members' survey regarding newspaper rights, fees and licensing

23 agencies responded to the survey, but not all answered all questions.

How have your sales to newspapers changed in the last 3 years, both in volume of sale and the average fee obtained?

- 56% (13) said volume of sales had decreased, 13% said level (3) and 26% (6) said it had increased. The volume of decrease ranged from 20% to 90%. Specialist members indicated in several cases a big decrease in volume.
- One respondent indicated that the slight increase in volume did not compensate for the decrease in fees.
- 69% (16) said average fees had declined, while 26% (6) said they were level. None said fees had increased. The percentage decrease ranged between 10% and 50%.

Do you use space rates with newspapers or a flat fee?

- 65% (15) use space rates and 30% (7) use flat rates, with the remainder (1) using mainly space rates.

Does your base fee with newspapers include digital use in the same context?

- 56% (13) include digital fee in base fee, while 39% (9) do not. The other respondent mainly include the digital fee but not with a couple of titles.

If you use space rates, what sizes are listed?

- There was no consistency in the responses. Some members charged by square inches, others by page size and one by column.

What is the average fee obtained for the following sizes, UK national newspapers?

- Upto 4" square average fee was £53 (range from £30 to £100) – decline of 33% since the 2001 BAPLA survey, when average fee was £79.
- Upto 15" square average fee was £71 (range from £45 to £125) – decline of 24% since the 2001 BAPLA survey, when average fee was £93.
- Upto 30" square average fee was £92 (range from £45 to £175) – decline of 25% since 2001 BAPLA survey, when average fee was £122.

Do you charge differently for covers or section covers? If so, please give details.

- 74% (17) charge more for covers
 - 13% (3) don't charge more
 - 13% (3) never get covers
- Additionally:
- Of those who charge more 75% add an additional percentage on top of the inside rates – this varies from 30% extra at the bottom end to 400% extra at the top, the most common being 50% extra
 - 25% charge a fixed fee for covers ranging from £150 to £400

If your base fee with newspapers does not include digital use, how much extra in % or £ do you charge for online use in the same context?

- 52% charge extra
- 50% of these libraries charge an additional percentage which varies from 20% – 80% with the average being 36%
- 33% of libraries who charge have a set fee which ranges from £10 - £40 with the average being £26
- 17% negotiate additional fees on a case by case basis

Do you use the fee structures suggested by the main newspaper groups?

- 61% do use newspapers' own fees
- 39% do not

If not, how prepared are newspapers to negotiate?

- We had answers to this question from libraries that do accept newspapers own fees as well as those who don't
- 10 responses suggested newspapers were generally reluctant to negotiate – answers such as 'not much', 'rarely' and 'only a few'
- 5 responses said that newspapers were generally happy to negotiate
 - These 5 were made up of large generalist libraries and specialists so type of library doesn't seem to be a factor in getting papers to negotiate

Do your newspaper clients self-bill, and if so do they use your agreed rates or their own rates?

- The vast majority of newspapers self-bill but not all
- There is an almost even split between papers which pay their own rates (10) and those that pay rates pre-agreed with the library (8)
- In a couple of cases, papers paid their own rates but these had been agreed with the library first rather than just imposed
- One library receives newspapers' own rates but then attempt to add more and occasionally get the extra
- 2 libraries said they receive a mixture of newspaper own rates and pre-agreed rates.

What are your standard rates for stand-alone use on a newspaper web gallery?

- Only 48% responded to this question – we assume the others don't provide for web galleries
- Rates varied from £30 to £250 with the average being £56 and the most common £40

What are your standard rates for stand-alone use in a digital edition?

30% responded with figures:

- 2 responded to say they had agreements based on whether the image also appeared in print but these have not been counted as they are not stand-alone digital usage
- Rates varied from £30 to £150 with the average being £64; one library charges 50% of print rate

And what is the standard time period of use?

- 10 respondents had rates for stand-alone use on a newspaper web gallery and for stand-alone use in a digital edition. The time periods granted for this use ranged from 1 week to 2 years.
 - 1 answered 1 week
 - 3 answered 3 months
 - 1 answered 6 months
 - 2 answered 1 year
 - 1 answered 2 years
- Additionally:
- Only 2 respondents indicated that they include Archive Rights, although others may do but did not supply this information

Do you charge differently for digital content which sits behind a pay-wall? If so, please provide details.

17 agencies responded:

- 5 said they do charge (anything from the standard fee charged again, a supplement on top of this fee, or a discount to the standard fee)
- 7 did not charge
- 5 had never been asked for this

Do you have subscription deals with newspaper companies?

- 19 (86%) respondents do not have subscription agreements
- 3 (14%) respondents do have subscription agreements

If so, what is the monthly fee and how many pictures can be used for this fee?

Of the 3 respondents that do have a subscription:

- 2 said that the fee depends on the number of titles within the Group
- 1 said fees range from £400/month for a regional paper to £20,000 for a national Group
- All subscriptions were for unlimited image use

Does the subscription include all your content, or is some material excluded? Please give details.

Of the 3 respondents that do have a subscription:

- Only wholly owned content is included
- Contributor collections are excluded

Do you supply images to regional newspapers?

- 15 (68%) respondents do supply regional papers
- 7 (32%) respondents do not supply regional papers

What are your average fees for regional newspapers for up to 4sq”?

8 respondents offered rates:

- 1 answered £25
- 1 answered £25 - £55
- 3 answered £30
- 1 answered £35
- 1 answered £60
- 1 answered £75

What are your average fees for regional newspapers for up to 15 sq”?

11 replied to this question, 9 of which gave an exact answer:

- The fees quoted ranged from £30 to £100, with one respondent quoting a range from £25 - £55 depending on copyright.
- Of the 9 answers that specified an exact fee, only one answer appeared more than once - £50, and the average fee over the 9 answers was £58.

What are your average fees for regional newspapers for up to 30 sq”?

10 replied to this question, 8 of which gave an exact answer:

- The fees quoted ranged from £40 to £90, with one respondent quoting a range from £25 - £55 depending on copyright.
- Of the 8 answers that specified an exact fee, only one answer appeared more than once - £75, and the average fee over the 8 answers was £72.

Are you able to obtain higher fees for premium material – for example exclusives, next-day use, rare images? If so, give examples of the type of material and fees obtained.

Of the 22 respondents, only 2 gave no reply to this question. The 20 who gave an answer were equally divided 10/10 between answering yes and no to the first part of the question.

- Examples of material for which a premium rate may be obtained included: images relating to ‘live’ or breaking news stories; portraiture and live news within 24 hours of the event; cases where a story was offered with the images; rare images from a contributor
- Examples of the fees obtained in such cases: exclusive images charged at least double the usual rate; an occasional rush fee of £50; exclusive portraits at 50% extra, sometimes 100%

How is usage declared? Do newspapers declare usage or do you have to check this?

19 answered this question directly:

- The clear majority, 11, said that while newspapers declare usage, it is also necessary to check for usage. 5 respondents said they check for usage, and just 1 respondent said they rely on newspapers declaring use. The final respondent said they negotiate a fee in advance of delivering the image.

How accurate is the reporting?

20 replied to this question:

- The replies were evenly distributed as follows: Good – 6; Fair – 4; Average - 4; Poor – 6

How much undeclared usage do you find in the newspapers, and has this increased or decreased in the last two years?

- Several of the respondents reported that there was very little unreported use, though one pointed out that as not all the newspapers were checked all the time, it was possible that unreported use was simply not seen.
- Of those that put a figure on the amount of unreported use, 10%, or up to 10% was the consensus opinion.
- Two respondents said that undeclared use had increased in the last two years; one said it had decreased, and three said it was about the same.

Have you experienced any problems with licensing to newspapers in the last year? If so, please describe.

Problems reported were:

- Delays in payments and difficulties in chasing payments
- Undeclared usage
- A greatly reduced number of orders
- Competition from the larger agencies, offering cheap deals and subscription agreements.
- Low self-billed rates and the imposition of fee structures without negotiation
- The re-use of pictures used on related, but different websites
- No tear sheets sent
- Images used online, but not in print, without consent or declaration
- Online use not incorporating a warning that images are copyright protected and should not be downloaded. A couple of newspaper sites do have such a warning already apparently.

Do you have any other comments re newspaper usage and fees?

- *It is a clear perception that newspapers want to rely on reader-supplied images, their own staff and/or a deal with a major agency supplier.*
- *After deadline has passed impossible to reach contact who was very friendly/enthusiastic before!*
- *For features traditionally one would sell first and second rights per territory, now with online usage a feature remains online and the territories are greater. It blurs the traditional way of selling features.*
- *The demand for content across multimedia platforms and demand for more content for less money has meant a big reduction in licensing RM content. Most will go only to larger picture libraries with subscriptions or book publishers who will provide free content across all platforms as long as the book title/publisher is mentioned.*
- *We have always been nervous about high-res images making their way into internal libraries, shared by other newspapers, and find it very difficult to police this, or mitigate undeclared use.*
- *Share of our turnover far less than it used to be – ongoing struggle to get decent fees and some...seem to have given up using professional photography in their travel*

pages. The better papers are still very useful as a shop window for our pictures...and most credit far better than they did a few years ago.

- *As...a smaller and relatively new agency, it's very difficult to get any usages from the newspapers. It's very hard to keep track of what's actually been used...difficult to get a response when asked about usage. Newspapers...seem to just make up their own rates and it feels...like they have us over a barrel to be frank, the bending over backwards to appease the newspaper groups by the larger agencies has made it a very difficult marketplace for smaller agencies trying to get the best fees for their photographers.*
- *We have excellent relationships with a large number of our newspaper clients, but this industry sector does prove difficult to work with.*
- *Our slow down of sales is due to (larger agencies) who obviously have deals going as our pix get used via them.*
- *Different newspaper groups have very different strategies and some are not focussed on online or are in financial difficulties. The Mail and Guardian have established global brands through their websites. Newspapers have lots of digital employees but there isn't a recognition of the value of online use.*

Client Survey

This report is compiled from survey responses from The Guardian and Sunday Times newspapers. Other newspapers contacted declined to respond.

Embracing Digital

Newspapers now have multiple digital platforms alongside their print editions: website, tablet app and mobile. Digital editions are attracting more readers as the print readership declines; clearly some of these are existing readers migrating from print to digital but new readers are also being attracted by the new formats.

In some cases digital formats are being marketed directly at specific target readerships via offers, clubs etc – high income professionals being a particular target audience.

Combined package deals of discounted print subscriptions together with digital access are proving popular, particularly with newspapers whose digital content is paywall protected.

Newspaper websites are not being used to encourage readers to buy the print edition – in contrast to many magazine websites for instance. Instead, they are designed to bring in additional revenue via advertising to off-set declining print revenue as well as providing content not available in the print editions and strengthening branding.

Sourcing Images

The vast majority of research is now done online with limited interaction with picture library staff. Picture desks will use a variety of online sources depending on the material required – library websites, IDS, Google Images.

Some picture desks still send searches out to libraries but even those that do will still do a large amount of research themselves.

Depending on the section of the paper being covered, a maximum of 15-20 separate libraries will be searched going down to half a dozen or less in some cases. There is a trend to use fewer sources as picture desks are encouraged to use agencies with whom they have contracts/subscription deals but this certainly doesn't apply across the board.

Budgets

Picture budgets are down across the whole newspaper industry and are likely to stay that way: 'we are expected to produce better for less' as one picture editor commented.

There is clearly pressure from managing editors and syndication departments to agree subscription deals and then use those libraries as much as possible, a situation which frustrates many picture editors but which they have to live with.

However, it is important to note that some sections of newspapers – particularly picture led sections like travel – do sometimes have more room for manoeuvre and have seen budgets hold up better than in any other sectors.

Repro fees are generally considered to include both print and digital use with no extra fee being charged for the latter. That is certainly the case for subscription images. However, The Sunday Times does pay fees for some picture use on its paywall-protected digital platforms although these fees are generally lower than for print. Fees for stand-alone digital use are lower than for print only.

Space rates are used rather than flat fees and those rates will be the newspapers' own apart from occasions when 'special' pictures (such as high-end celebrity portraiture) or news/exclusive images are used when fees will be negotiated.

Subscriptions are now standard with large picture libraries, especially those providing news content. Fees are annual and allow unlimited use but most deals will have exceptions for unique, high-end or exclusive images which are licensed and paid for separately and will attract higher fees.

Commissions and Footage

Most newspaper picture desks will commission photography on a daily basis. Some exceptions such as travel sections which rarely send photographers abroad.

All newspaper picture desks we spoke to are now using footage and all say this use is increasing.

Declarations

Papers self-bill on a weekly basis.

Additional Comments

Areas where picture libraries could improve included picture captions which are frequently incomplete/inaccurate or poorly written meaning picture desks have to re-caption before submitting (which they dislike). For those sections which send out picture requests it is important that library staff read those sections of the paper so they gain an understanding of the type of pictures used.

Recent reports and articles re the newspaper market

London Loves Business (18/01/12) reports that all UK national newspapers experienced falls in sales in 2011, but worst hit were The Independent and the Guardian who suffered sales falls of 32% and 13% respectively. The Independent, acquired by Russian billionaire Alexander Lebedev in March 2010, sits bottom of the circulation table but Lebedev has plans for the paper, recently launching a Berliner sized edition. He has also gone on record as saying that profitability is not his sole aim in running a newspaper.

The Guardian is unprofitable too, but is owned by The Guardian Media Group, which has assets at the bank and also owns the profitable Auto Trader division which helps offset the Guardian's losses. The Guardian online is the world's number three newspaper site with daily visitors of 3.1 million (The Guardian 30/07/12) and although the website is currently not generating enough revenue, the editor Alan Rusbridger has predicted that it will replace the print version entirely one day.

The Daily Mail, Daily Mirror, Daily Express, Daily Telegraph, The Star and The Sun are all profit making and none of these papers is about to go online only anytime soon. The FT makes a profit and its fall in circulation has been offset by growth online. Finally, The Times has a history of making losses, but has the support of News International to back it up. Elsewhere, a report on new digital business models for newspapers published by the US based 'Project for Excellence in Journalism (PEJ)' makes for grim reading. The report states that on average, for every \$1 earned by newspapers in digital advertising revenue, they lose \$7 in print ad revenue. The report identifies no shortage of challenges for newspapers on the sales side, listing 'the struggle to sell mobile ads, recruit digital advertising sales reps and profit from Groupon style deals' as examples. The PEJ did not report on the 'paywall' model, but has plans to carry out further research on this in the future.

From the US, comScore, Inc (NASDAQ: SCOR) a leader in measuring the digital world released an overview of internet usage in Europe (19/01/12). It reported that 379.4 million Europeans went online in November in 2011 for an average of 27.8 hours/person. It went on to report that 47.8% of European's visit Newspaper websites. Interestingly, Mail Online and Guardian are the two most visited European newspaper website, with more than 20 million and 15 million unique visitors respectively. The Telegraph also features in the top 10 with 6.8 million unique visitors.

As a last word, here's an extract from a Facebook article about the current state of picture-based media, posted by Alun John, the former picture editor of The Independent:

Pictures have never before been more easily available for use in the media and this has provided huge opportunities for them, but has also raised more serious longer term implications for their use. This very ease of availability has caused many people to question the role of the picture editor in the process and in extreme cases has led to a sharp decline in their numbers and standards of proficiency.

Pictures are now being often selected on the basis of whether they may be used for free, rather than on the quality, content and level of effectiveness in delivering messages to the reader.

While we live and work in highly cost conscious times, it is surely worthwhile cultivating those parts of the editorial system making the greatest contribution to reader and web page visitor alike.

Picture editing is in a difficult time. There are exact (and uncomfortable) parallels with darkroom printers before the introduction of digital technology. They could not (or would not) accept the fact that they either needed to redefine their role or simply disappear, becoming redundant in the true sense of the word. In the old way of things, photographers took pictures, printers printed them. Similarly, if pictures are needed then picture editors were and are tasked with supplying them. Prints were then no longer needed and now anyone capable of typing a word into a search engine can supply pictures by themselves.

Photographers usually now choose the pictures they wish to send back to the office themselves and personal experience has shown time and time again that photographers are not always capable of choosing their best pictures. Neither do search engines always produce the best pictures. Experience will always be needed in sourcing pictures from sometimes obscure collections or from sources only known through personal experience.

The current drive for economy in newspapers is directed at sub-editors. The next move may be to question the need for picture editors when photographers can pick up assignments from the news desk, file their own pictures from the scene and whoever needs pictures for an article can get them via a search engine.

Picture editors make a huge contribution to the whole communication process, but they need to ensure managements are aware of their capabilities. They can spot the potential in a two line story to turn it into a half page picture. They think in visual terms, words based journalists do not. A good story is seen as a story with some substance and length by a news editor, they are not interested in trawling through short stories to find the one or two that will translate into picture spreads.

As a matter of urgency we need to recognise that soon the picture editor could become an endangered species.