



THE LICENSING BUSINESS MODEL: WHY IT'S SO IMPORTANT

By Tim Olive

How do I go about explaining the license terms to an "undereducated" client? – from a post on APAnet

At some point each of us must come to our own understanding of why a photographer licenses, rather than sells, photographs. While the licensing model is common in many industries, many clients don't make the connection to photography, especially when they initiate the assignment and pay for all expenses in addition to the photographer's fee.

The scenario usually goes like this. The photographer is in favor of licensing because although he/she understands its benefits, is often at a loss when it comes to explaining it to a client. It can present an unbearable conflict between doing the "right" thing and losing the job, even resulting in the unfortunate decision of abandoning the licensing model altogether. Greg Phelps had such an experience, being one of several shooters estimating the same job for the owner of a boat marina. Greg was the only photographer who insisted on licensing rather than selling his images to the client. Greg shared his experience on APAnet, asking for help:

... That was yesterday. Today I get a call and the guy was so angry he could hardly talk. He was demanding to know who I thought I was and what the blank-blank I thought I was doing with the licensing stuff.

Then he started to tell me how everything I was doing was completely illegal...

While this viewpoint is extreme, its importance comes not from what the client thinks but from what it reveals about our own understanding of how the licensing model works. Not having the correct answer can seriously undermine your own ability to make a living, introducing an element of fear that is not only self-defeating but totally unnecessary. The truth is that most clients ask this question sooner or later, whether they have an advertising agency or not. Ad agencies frequently have to defend it, and often do. But some have a problem with it, just like some photographers. The ultimate responsibility rests with each of us, both collectively and individually. It's our business

So, as an exercise, here is my response.

An Established Business Model

First, licensing is a business model that has been around since photography was invented. Portrait and wedding photographers have, since day one, been able to protect this business model by ownership of the negatives. This meant if you needed more prints you had to go back to the original photographer. This is the historical model upon which all portrait and wedding photographers have been running their businesses for over 175 years, and this model still thrives. It makes sense because if you need only one print you just have to pay for one. And if you need more, they are available for a reasonable price. The customer has the opportunity to select the right photographer for the job, selecting the best photographer at the most reasonable price.

However, recent advances in reproduction technology have made it easier to make reprints without the original negative. While this technology is wonderful, it threatens the livelihood of photographers. Not only can reprints be made, they can be reproduced in brochures and magazine ads without requiring the photographer's original

negative. So the Copyright Laws of the United States have been updated to strengthen the rights of photographers who previously relied on owning the negatives.

Alternative Solutions

Copyright laws protect photography as intellectual property, and provide protection for anyone who shoots a picture -- not just professionals. When you buy photography for the purpose of commercial exploitation (or even for your wedding), and need additional reproduction rights, you have four choices:

1. Secure special permission from the copyright owner to purchase all rights to the photography so you can use it without restriction. This is usually the most expensive route, because the photographer will be giving up any future hope of further income from the images, just like a wedding photographer.
2. Shoot the photography yourself so you are the copyright owner, and therefore able to use it without restriction.
3. Hire the best photographer you can find and pay only for what you need right now, with the option of adding to it as your needs change. Most businesses take this alternative because it is the most practical. Next year, this photography may in fact have to be re-shot because of new construction, new products, or even a new company logo on the building.
4. Hire someone who includes the reproduction rights without extra charge. All businesses have practitioners at a certain level who try to compete only on price. Anyone can dig a ditch, but not everyone can restore the landscape to its original state to make the work invisible. The same is true for photography. Everyone can "click a shutter" because camera manufacturers have made sure of that. But not everyone is trained to shoot a photograph that is compelling, that communicates with a full symphony of visual appeal. And not every photographer can, on demand, shoot a photograph that truly sells.

Some photographers are simply better than others, based on vision, years of experience, talent, and technique. They know exactly what to look for, including the best light and the best angle to get it. They have special techniques to communicate their vision, know why one film is better than another, and why one lab does better work than another. These differences add up to the differences in the final photography. Such images are in fact worth more, because they have greater value for commercial exploitation.

The Greater Value

Not all photographers are able to deliver the same results. Therefore many resort to competing with each other on price alone, most often by including cheap reproduction rights. But like any business, you get what you pay for. When spending additional money for advertising and promotion, that cheap photo will become very expensive as you strive to communicate your commercial message through additional printing and advertising costs. It's not how much you spend on the promotion that sells your business. It's the quality of your message that determines the results. And there is nothing that communicates as quickly and as thoroughly as a great photograph.

My services are not built on providing you with a cheap image, but with the image that best communicates, at a glance, what you're all about. There are two extremes -- from a satellite photo of your property shot from 30 miles up, to a carefully chosen angle with the setting sun, providing soft shadows illuminating every detail with class and beauty. I may even suggest moving vehicles and boats around for the best image. My goal is not to simply click a shot, but to show the best value of what you offer for your customers. And I want to be able to do that for you in the most economical manner, which is by licensing to you only what you need for a great price.

I must admit, if I do a really great job there's more in it for me down the road. I will make more money, just like the wedding photographer who gets lots of orders because he went over and beyond the call of duty. But you benefit from this business model, because you get my very best work without having to pay my highest price.

That's the way I do business. I don't just shoot pictures. I shoot for long-term relationships built on value that benefits everyone involved.