

# YouTube rises above video competitors

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It's the goal of every Internet startup: become the next cool thing. And despite the planning, the focus groups and the cool perks for customers, it either happens or it doesn't.

In the case of YouTube, which recently surpassed competitors Google Video and MSN, they've actually done it.

Founded in 2005 by three former PayPal employees and based around Macromedia's Flash video player technology, YouTube has become the Web video site of choice for millions of viewers each month. Currently ad-free, the site allows users to upload digital video from multiple formats as well as easily embed video code into their own Web sites while YouTube takes on the technical chore of serving the video data when needed.

No matter how many bells and whistles a Web site may sport, there's always one pivotal event that establishes its support base. When Saturday Night Live's "Lazy Sunday" parody short film was uploaded to the site in February, the site's popularity exploded with millions of viewers visiting to the site.

Despite NBC Universal's prompt demands from its legal department to remove the file, YouTube found its audience and since then has grown to become one of the most popular destinations on the Internet. The site serves approximately 30 million video clips each day.

Based in San Mateo, Calif., YouTube currently features a staff of 25 full-

time employees as well as four Stanford University interns assigned to review and censor objectionable materials that may have been submitted. The firm has received \$11.5 million over the course of two rounds of venture funding. Despite monthly bandwidth bills that may exceed \$1 million per month, the site is seen as a potential crown jewel for anyone looking to add it to a larger network or portfolio.

With increased popularity has come additional attention and speculation drawn to YouTube's business model. Currently sans prominent advertising on its site and within its video content, questions have arisen as to the site's potential short-term profitability. YouTube has recently become part of Google's profitable AdSense advertising program as well as their partner Web sites.

"They were one of the early movers and they made it easy for consumers to watch different kinds of videos by moving and transcoding the file formats so they were available in Flash, which was broadly available," said Ross Rubin, an analyst for the NPD Group, which focuses on consumer and retail trends. "They also made it easy for Web developers to encode the content into their own sites. This enabled the sites to earn new traffic while YouTube earned additional traffic."

"While YouTube has become a public forum for video, there are still opportunities in sharing things that you might want to be more private. There are lots of Web sites out there today where consumers have existing relationships and accounts that could be considered competition," said Rubin. He then highlighted YouTube's need to include a form of photo integration into the site to help the firm survive down the road.

"Go to an event and people are taking both photo and video," said Rubin. "There's an opportunity here since more short-form video is being shot with digital cameras."

"For most people, it was around the time the 'Lazy Sunday' was uploaded and everyone started passing it around. I'd heard of the site, but I'd never actually gone there to see what was going on," said Jake Young, a 22-year-old cartoonist and enthusiast of the site. "Once you went back there, you'd start looking around and found all sorts of stuff from viral Internet clips to high school camcorder shots of idiots and horrible short films.

"Basically, it's like the Wikipedia of video, which hasn't really been done on the Internet before," said Young, referring to the popular Wikipedia.org site in which users spend hours at a time looking up items and related topics of interest. "You have an obscene amount of video content to be viewed instantly without having to download any plugins."

"This is stuff you could only get at trade conventions or yard sales on VHS," said Young, referring to the wide variety of retro, nostalgia and completely offbeat content generally offered by the site, which has been cited by many as a visual jukebox of sorts. "It may not make things better, but if you want instant gratification, there it is."

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