

YouTube, Universal Music Group form music venture

April 9 2009

(AP) -- YouTube and Universal Music Group are teaming up on an online music video venture that will launch later this year with Universal's entire catalog of nearly 10,000 music videos.

The companies will share ad revenue on the Vevo.com site, on a Vevo channel on [YouTube](#) and on a tailor-made video player that can be placed on social-networking pages and other sites. The free-to-view package will carry ads, including video spots of up to 15 seconds preceding the [music](#) video.

"We believe that video is the best opportunity for revenue generation right now," said Rio Caraeff, executive vice president of Universal's eLabs digital business strategy unit.

"The advertisers and brands are more comfortable with video as a vessel for their message and their advertising spend. Streaming audio is harder to monetize under an ad-driven model right now."

As an added incentive to Universal, the player will feature a button enabling users to easily buy the tunes digitally through Apple Inc.'s iTunes and Amazon.com Inc., which send most of the revenue from music sales to the labels. For now, videos will not be for sale.

Universal will spend tens of millions of dollars on the project and Vevo will be a wholly owned Universal subsidiary, Caraeff said. YouTube, a subsidiary of online advertising and search leader [Google](#) Inc., will

provide the technology.

Universal, a unit of France's Vivendi SA, is the world's largest recording company and already has the most watched channel on YouTube with some 3.8 billion views since August 2006.

Doug Morris, Universal's chief executive, is in talks with the other major recording labels - Warner Music Group Corp., Sony Music Entertainment and EMI Group Ltd. - about participating in the venture.

David Eun, Google's vice president of strategic partnerships, said that previously, YouTube's relationship with major content creators like recording labels has been "fraught with tension and animosity and sometimes lawsuits."

"There hasn't been a genuine partnership that I think this model represents," he said.

In December, Warner Music pulled all of its music from YouTube, saying the payments it received did not fairly compensate the label or its artists and songwriters.

Even Neil Young jumped into the fray, arguing on his Web site that YouTube had underpaid Warner compared with other labels, resulting in a shutdown that "penalized" artists like himself.

Viacom Inc. is also suing YouTube for \$1 billion, saying the site infringes on copyrights of its shows, including Comedy Central's "The Daily Show with Jon Stewart" and Nickelodeon's "SpongeBob SquarePants" cartoon.

YouTube will continue to host and generate ad revenue off user-generated content, including recorded music accompanied by minimal

original video, but those items won't be hosted on Vevo unless they stand out in some way, Caraeff said.

Vevo will also create other music video programming to give the service personality and edge, much like video disc jockeys, or VJs, have done on MTV, Caraeff said.

"It has to have soul," he said. "I'm not going to say we'll have VJs, but it will have a particular voice."

©2009 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: YouTube, Universal Music Group form music venture (2009, April 9) retrieved 10 April 2024 from <https://phys.org/news/2009-04-youtube-universal-music-group-venture.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--