

YouTube becomes entertainment destination

September 16 2011, By Mike Swift

Just for laughs, San Jose, Calif.'s Dylan Hart and a college friend posted a video on YouTube in 2007 about charging an iPod using an onion and a bottle of Gatorade.

More than 9 million views later, that video-uploaded at 5 a.m. after an all-night editing session-marks the start of [YouTube](#) becoming Hart's meal ticket, the home of his popular "Household Hacker" videos that are often a cross between "Mr. Wizard" and "Jackass: The Movie." It's a winning formula: Household Hacker has more than 1.1 million subscribers to its channel on YouTube.

It's also a winning formula for YouTube. Household Hacker is one of more than 20,000 YouTube "partners"-the number doubled over the past year-whose videos attract an audience large enough to generate significant advertising dollars. Although Household Hacker may sound like a more polished version of the amateur videos that made YouTube a cultural phenomenon, it and other YouTube stalwarts are also a key piece of Google's plans to transform the [video platform](#) it bought for \$1.65 billion in 2006 from a money pit into a cash cow, making it into more of an entertainment destination like a TV network.

"We're very excited in terms of the growth and the talent that's emerging," said Tom Pickett, director of content operations at YouTube. "In the U.S., in the last year or two, we started hitting thresholds where people started making serious money, and that has caused a lot more attention to be paid to a lot of our top partners."

Fans of Household Hacker connect each week to see everything from magnets made from neodymium—a rare earth element—that defy gravity, to game reviews by Hart's co-founder, to hidden-camera pranks like the shampoo-bottle ketchup bomb, powered by the chemical reaction between vinegar and baking soda, Hart planted in his unsuspecting brother's shower stall.

"We have a very high level production-wise, but we're not trying to be the Discovery Channel," said Hart, 28, who took the plunge into becoming a full-time YouTube producer after he got laid off from a job as a graphic designer for a large Silicon Valley company in 2009.

Household Hacker is among hundreds of YouTube partners that receive more than \$100,000 a year in ad revenue from YouTube, with the most popular personalities now cashing checks of more than \$1 million a year, according to YouTube.

POPULAR CHANNELS

Fans can subscribe to their favorite YouTube channels, where they can exchange comments and watch the latest video. Channels like 2 million-subscriber Mystery Guitar Man, a musical performance artist whose identity is hidden by wraparound sunglasses, and fast-growing Canadian newcomer Epic Meal Time, which turns huge quantities of red meat into a comedy prop for 1.4 million subscribers, now feature ads for everything from Miracle Whip to iTunes to Nordstrom. Mystery Guitar Man, whose off-screen identity is Joe Penna, has even done commercials for Coke and McDonald's.

YouTube's popularity leader is Ray William Johnson, who has 4.4 million subscribers and is among the top 10 most-followed people on the new Google+ social network. He produces a raunchy review of the week's top YouTube videos that couldn't run on TV, but his YouTube

sponsors include oil giant ConocoPhillips and 5-hour Energy drinks.

YouTube says top partners such as Mystery Guitar Man attract audiences of 250,000 to 500,000 individual viewers a day. That compares with 2010 Nielsen data that shows MTV with 979,000 daily prime time viewers, or the NFL Network's 258,000 viewers.

By sharing ad revenue with independent partners-many have evolved into small professional production companies of a dozen people or more-YouTube helps boost content quality, which attracts more viewers, which in turn produces more ad revenue, said Jon Gibs, senior vice president of media analytics for the Nielsen Co. For most big advertising brands, YouTube remains a relatively small "experimental" part of their ad budget, he said.

"The real advantage to YouTube is, by having this kind of content, they wash away a little of the image of consumer-generated content as being a low-quality video experience," Gibs said.

YouTube's video viewers averaged 2 hours, 37 minutes per month on YouTube during June, according to Nielsen. That is a tiny fraction of the time people spend watching TV, but Gibs said the partner program reflects YouTube's efforts to transform itself into a TV-like entertainment destination.

EQUAL TO TV

Nate Houghteling, of San Francisco-based Portal A Interactive, which works as a consultant to help companies get their videos to go viral on YouTube, as well as producing content for its own YouTube channel, believes audiences, particularly younger people, increasingly see YouTube as an entertainment option equal to TV.

"Especially with the younger generation, this is their portal, this is their platform," Houghteling said. "We're only going to see more of that as people come of age."

YouTube does not disclose its revenue split but says partners get more than half of gross ad revenue. The [Google](#) subsidiary does not release detailed partner numbers, but it says there are "thousands" who make more than \$1,000 a month.

"That's a point where you can make a living at this," Pickett said. "Clearly there are people out there that are making more than \$1 million a year, and once you get to be a certain size on YouTube, you start to become a very powerful distribution point" for advertisers.

Partners also can negotiate deals directly with sponsors, in which a personality might wear a T-shirt showing a brand or endorse a product within his or her video.

Household Hacker's "Scientific Tuesdays" video typically ends with Hart making an endorsement-recent clients included Netflix and Carbonite, an online data backup service.

Hart, whose videos typically pull in 300,000 to 500,000 views each week, is keenly aware of the intense competition for audience. YouTube features a thumbs-down button as well as a "Like" button, which provides instant audience feedback. When the weekly version of "Scientific Tuesdays" comes out, Hart and his 31-year-old brother Justin, who was recently hired to do everything from operate the camera to organize meetings with sponsors, are glued to the view count.

They spend up to 100 hours a week brainstorming, researching, shooting and editing video, as well as working on sponsorships and responding to viewers.

But to succeed on YouTube, they say it's critical to stay true to the site's do-it-yourself, rebel roots. Like many YouTube personalities, they won't share their full names-insisting that they be identified by their first and middle names only.

"We're just a couple of guys making videos. I think at some point, you can look too professional," Dylan Hart said. "We want to teach you something, but we don't want to bore

NEW MEDIA CHAMPS

Top partners on YouTube have millions of subscribers and draw audiences of up to 500,000 individual viewers per day.

Ray William Johnson

Subscribers: 4,593,905

Total views: 1,281,601,912

Household Hacker

Subscribers: 1,162,222

Total Views: 141,468,002

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