

YouTube said set to soon launch pay channels (Update)

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YouTube is set to announce within a few weeks a series of channels that will require payment, a person familiar with the matter said Monday.

The content on the new pay channels will be in addition to the millions of videos viewers watch for free on YouTube. It's not clear whether the paid videos will come with advertising.

The person was not authorized to speak publicly and spoke on condition of anonymity.

The Financial Times reported earlier that viewers would be charged as little as \$1.99 a month for subscriptions.

In a statement, YouTube said it is looking into creating a "subscription platform" that provides its partners with a way to generate revenue beyond video rentals and placing ads in and around content. It said, however, that it had "nothing to announce at this time."

Executives hinted at the coming pay channels at a preview event in March ahead of a meeting in New York with advertisers.

Such a model could help video producers make money from niche audiences. That's different from how YouTube works now, where the most popular videos, like PSY's "Gangnam Style" music video, make the most money from advertising.

One example given by executives was of video lessons by a computer science teacher.

"For people who create great value but for only a narrow interest group, I think that the potential for pay channels unlocks opportunities for creating revenue streams," said Lucas Watson, YouTube's vice president of sales and marketing, at the time.

Introducing pay channels would also accustom fans of YouTube to paying for content, something the site is not known for, although it has sold and rented movies and TV shows from major studios since late 2008.

"It's a whole new skill set to develop: to convince people to actually take out their credit card, even for one cent," said Robert Kyncl, YouTube's vice president and global head of content partnerships, told reporters at the March event.

Google Inc. bought YouTube for \$1.76 billion in 2006 when the video site had an estimated 50 million users worldwide. Today, the site boasts

more than 1 billion visitors a month.

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