

Showing 'The Interview' is part of Google's long-term YouTube plan

December 27 2014, by Heather Somerville, San Jose Mercury News

Google's decision to distribute "The Interview" on YouTube this week is far more than a defense of free speech. It is a calculated business move that aims to propel the video site from the go-to place for free videos of dancing cats and Korean pop stars to a source for Hollywood-grade films that viewers will pay to see, industry analysts said.

YouTube is one of three digital streaming partners that joined with Sony to release "The Interview." Google Play and Microsoft's Xbox also streamed the movie, but the release's impact on YouTube could be the most dramatic, say movie and entertainment analysts. "The Interview," a comedy whose depiction of the assassination of North Korean dictator Kim Jong Un has spurred dire threats from that country and a cyberattack on Sony, could be a springboard for YouTube to become a movie distributor competing with Amazon.com, Netflix and Apple's iTunes.

"You could see YouTube becoming the next big movie theater," said Otessa Marie Ghadar, founder and president of new media production company 20/20 Production.

A corporate blog post said YouTube decided to offer the movie, despite the security concerns, because of the free-speech implications.

YouTube has been a boon for small and independent artists, who can galvanize a following for their music and performances on YouTube, and it has given birth to its own stars, many of whom can make a healthy

living from advertisements on their home-produced videos.

But the company hasn't become a substitute for the big screen - or even the TV screen - even though it has had a movie-rental platform for more than three years.

"YouTube is generally associated as a place for zany or goofy homemade and offbeat videos, and most people don't even know that they have a platform to directly release [movies](#)," said Jeffrey McCall, professor of media studies at DePauw University. "Part of it is because they haven't had big titles to put on the site, but part of it is their image is overwhelmingly as a homemade video shop."

YouTube's "equal opportunity" model - just about anyone with Internet access can set up a channel and post a video - has been one of the company's greatest advantages, Ghadar said. Every month, more than 1 billion unique viewers around the world watch more than 6 billion hours of video on YouTube. In November, 84 percent of Internet video watchers in the United States watched videos on YouTube, 71 percent more video viewers than Facebook has, according to comScore.

But it's also been one of its greatest challenges, because the content is often too unpolished for big advertisers, and Hollywood doesn't want to be lumped in with piano-playing cats and skateboarding dogs. Now, the deal with Sony to show "The Interview" could make other movie producers reconsider YouTube as a potential partner as they look for more on-demand and digital channels to show their films.

YouTube offers "The Interview" for \$5.99 to rent or \$14.99 to buy - is expected to win the majority of online sales of the movie. Apple reportedly rejected Sony's offer to release the movie on iTunes.

Any viewers who choose to watch on YouTube will have to enter their

[credit card information](#) and make the purchase through Google Wallet. After that initial action of paying for YouTube content, experts say, viewers are much more likely to come back.

"There are millions and millions of people who use YouTube everyday just to look at random videos," said Robert Thompson, professor of popular culture at Syracuse University. "But once you set up an account and give your [credit card number](#), then you are part of a different customer base. Once YouTube puts out another movie, more people will come back to YouTube because they've already gone through" it once before.

That bodes well for both the movie rental service as well as YouTube's subscription service, launched in 2013, which charges customers a monthly or yearly fee to watch television programs and niche content such as fitness training or painting classes. YouTube is also considering a subscription service that would allow users to skip ads by paying a fee. With advertising revenue that lags television by hundreds of billions of dollars, YouTube is betting on subscriptions as a way to diversify and increase its revenue - and "The Interview" offers the company a way to bring more customers on board.

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Citation: Showing 'The Interview' is part of Google's long-term YouTube plan (2014, December 27) retrieved 26 June 2024 from <https://phys.org/news/2014-12-google-long-term-youtube.html>

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