

# With Vessel, others, YouTube stars advance to charging for videos

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Starting Tuesday, a new online network is selling subscriptions for access to videos from some top online stars three or more days before the content becomes publicly available free of charge on YouTube.

Vessel, the new service, plans to charge viewers \$2.99 a month. But people who sign up before Friday will get one year free without having to put a credit card on file. Friday and beyond, new users get only a month free.

Getting fans to open their wallets for the type of videos that they have watched for free for years is a new experiment - one that has seen flourishes of success but also spurred an outcry.

The videomakers who plan to debut content on Vessel include GloZell Green, MinutePhysics, FailArmy, Brittani Louise Taylor, Shane Dawson and dozens more. Vessel also has exclusive content, such as a reality show about romantic relationships starring Alec Baldwin.

The stars say they want to do more ambitious projects and that means finding ways to augment the income that they get from YouTube ads. Some have sold merchandise, become spokespeople for advertisers and dabbled with roles in TV. But while their fans have largely applauded those moves as a sign of success, the pay-for-content system has generated anger in online forums about Vessel and other platforms dividing fandoms.

"Basically what they're saying is because someone is paying Vessel money, they are far more superior than the other fans," went one online screed. "What if some fans can't afford it? What if some fans, like myself, refuse to give into this scheme?"

Vessel Chief Executive Jason Kilar said individuals will find \$2.99 a month affordable to keep up on the latest content from their favorite stars, and they'll be amazed by a clean interface that also gives them highlight videos from the NBA, "The Tonight Show starring Jimmy Fallon" and several media organizations.

Kilar also argues that online video is coming to resemble the way Hollywood movies get distributed, where on-demand platforms sell a title before it airs on a cable channel, which gets it before it runs on a free broadcast network. Kilar expects to stave off piracy through a combination of the low price to sign up, the short exclusive window and technology to spot illegal copies on the Web.

Vessel, Hulu, Facebook and other technology companies have been chasing after YouTube personalities for the last year, hoping to draw

them in with promises of big paydays for little additional work.

Vimeo has claimed one of the top shows on its service made more money in two days charging users than it could have in two years through advertising revenue on YouTube. The online video service hasn't disclosed how many videos it's sold. But the company's owner, IAC Corp., recently said in its [quarterly earnings report](#) that Vimeo's revenue from on-demand purchases rose five-fold last year compared to 2013.

VHX, a start-up that lets videomakers deliver content through their personal websites and apps, said content from YouTube stars has been its fastest-growing segment and among its bestselling. The company has handled 617,894 transactions overall, totaling more than \$5.3 million in the three years since it launched. VHX takes a 10 percent cut of sales, plus 50 cents per transaction.

Black & Sexy TV, an online video studio based out of Los Angeles, used VHX to move from charging for the season finale of one of its online series to charging for a whole season to asking users to pay \$10 to watch a feature film online. Pre-sales alone for the film paid for production.

Fans were "begging us to let them give us money," said Black & Sexy co-founder Dennis Dortch. But he added that fans wanted to "just pay their \$7 a month and put their card down." So the studio recently unveiled its own subscription service using VHX as a tech backbone, and it's already achieved its first-month sign-up goal.

The stars moving to Vessel are hoping for similar demand, though they acknowledge it won't be for everyone.

"If people want to sign up for it, they can," YouTube star Anna Akana wrote on Twitter last month. "They have options."

Vessel plans to focus on short TV-style videos, and advertising will be a regular sight though video ads won't run much longer than a few seconds. The San Francisco start-up is backed by \$75 million in venture capital, a large sum for a company only now launching to the public.

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