

'Premium' is subjective for YouTube's big networks

March 18 2013, by Jake Coyle



This image released by the online Machinima network shows a scene the Premium episodic series "Halo 4: Forward Unto Dawn." Machinima has grown into one of the most successful networks on YouTube, a gamer hub composed of a little expensively-produced original programming, and a whole lot of user-generated videos. (AP Photo/Machinima)

(AP)—Machinima, the sprawling digital gaming network, could hang a McDonald's-like sign outside its Los Angeles headquarters: More than 37.4 billion videos served.

That's how many views the Machinima network has generated. And it all started with one video.

Allen DeBevoise and his brother, Philip, acquired Machinima Inc. in 2005, but didn't start developing it on the then-nascent YouTube until 2007. One of its first series came from a user named "SodaGod." The series, "Inside Halo," served as a center for enthusiasm for the popular science fiction [video game](#) franchise. Six years later, Machinima has grown into one of the most successful networks on YouTube, a gamer hub composed of a little expensively-produced original programming, and a whole lot of user-generated videos.

While the land rush to stream "premium" original content is drawing an increasing number of video professionals to the Web, YouTube's swelling multi-channel networks are finding success—and enormous scale—with a more organic, bottom-up approach.

"The [programming model](#) of the future, where I think Machinima plays in, is in connecting that whole relationship, where we don't think of it as either being user-generated or as being traditionally made by a professional creator," says DeBevoise, chief executive of Machinima. "We think it's a continuum and they both co-exist in the same world."

Machinima, Maker Studios, Fullscreen and others have assembled broad networks each encompassing thousands of YouTube creators. They're dependably ranked among the most-viewed destinations on YouTube in [comScore](#)'s monthly online video rankings. In February, Fullscreen drew 36.8 million unique viewers, 30.5 million tuned into Maker, and Machinima, with a leading 61.4 minutes per visit, had 21 million viewers. Each network averages around 2 billion views a month.

You could say that they're like the NBC, CBS and ABC of YouTube, but the more appropriate comparison might be to media parent companies.

Only rather than having a few dozen cable networks under their global umbrella, they have 5,000 to 10,000 YouTube channels.

"We see ourselves as kind of the next-gen Viacom," says George Strompolos, founder and chief executive of Fullscreen, a company with 150 employees founded in 2011. "We think we're at the beginning of the opportunity to build a large-scale, sustainable new media business on the Internet."

Much of the conversation about online video has lately been dominated by Hollywood digital productions. But for every "House of Cards" on Netflix, there are dozens of less noteworthy attempts to bring television-style content to online video. These upper-echelon YouTube networks are interested in high-quality programming, too, but their model is more of a hybrid that places pricier productions atop a pyramid of user-generated videos.

"We feel like 'premium' is so subjective," says Danny Zappin, chief executive and co-founder of Maker Studios, which uses two production studios and 300-plus employees to assist YouTubers in production and marketing. "What is premium? For us, we feel like it's an engaged audience who has a personal connection to the person they're watching. To us, that's more premium or more valuable than, say, high production value or a mainstream celebrity. You can't have just one or the other. You've got to have both to really work on YouTube."

Maker, Machinima and Fullscreen operate in different ways, but they and a growing number of YouTube networks all take the philosophy that there's strength in numbers. By gathering thousands of channels together, all—at least theoretically—benefit from shared production tools, greater exposure and ultimately, hopefully larger advertising dollars.

"The difficult thing about YouTube and producing content for YouTube

is when it's just for one channel, it's hard to reach a level of scale of viewership to make economic sense," says Zappin.

The most-watched network on YouTube is VEVO, the music video venture from Sony Music and Universal Music. In many ways, VEVO filled the gap for a music video network left by MTV's programming shift toward reality television. Last week, VEVO made that comparison explicit by launching VEVO TV, a 24/7 broadcast stream of videos that effectively makes it a TV station sent through Internet and mobile phone pipes.

Machinima similarly benefits from television's oversight: With no competitors on TV, it's the most powerful gaming network around, and a major draw for 18- to 34-year-old males.

Premium episodic series (the \$10 million five-part series "Halo 4: Forward Unto Dawn" was watched 26 million times in just over a month last year) are pooled in its Machinima Prime channel. Thousands of channels from gamers around the world contribute to the network, aiming to benefit from the network traffic and potentially rise in Machinima's ranks.

DeBevoise expects to soon make one or more of Machinima's channels paid for by subscription. It recently signed a deal with Ridley Scott, director of "Blade Runner" and "Gladiator," to produce a dozen short sci-fi films.

DeBevoise believes the YouTube networks will mature rapidly "just because of how technology is moving so quickly."

"The Makers, the Fullscreens, the Machinimas, the VEVOs, the StyleHauls, the DanceONs, all these types of companies that are evolving on YouTube—will evolve into people's consciousness much

faster than anybody expected," he says.

Whereas specific genres or audiences are targeted by networks like Machinima, StyleHaul (fashion), DanceON (dance) and AwesomenessTV (tweens), networks like Maker Studios, Fullscreen and Big Frame more broadly aggregate YouTube creators. Founded in 2009 by early YouTubers Zappin and Lisa Donovan who thought it best to share resources, Maker Studios raised \$36 million in financing led by Time Warner in December.

Google Inc.' YouTube doesn't officially endorse any multi-channel network, or MCN, though Google is an investor in Machinima. It cautions creators to consider the benefits and financial arrangements before signing a contract with a network. Some squabbles over contracts have occasionally spilled onto YouTube, like when celebrity YouTuber Ray William Johnson last year acrimoniously parted ways with Maker Studios. (Machinima, Maker and Fullscreen declined to share revenue information.)

"The emergence of networks is a sign of a maturing ecosystem and we see a lot of variety in terms of the services each provide, from rights management to production support to marketing to collaboration," Alex Carloss, head of entertainment partnerships for YouTube, said in an e-mail. "More resources in the market is good for creators and YouTube overall."

The biggest networks of YouTube may not have big-name talent, but they nevertheless have big-time reach.

"These are animators, they're filmmakers, they're musicians, they're video gamers, they're moms who make videos, they're young, they're old," says Strompolos, who worked in partner development at [YouTube](#) before founding Fullscreen. "There's high quality, there's medium

quality, and there's low quality."

More information: www.machinima.com/
www.makerstudios.com/
fullscreen.net/

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