

# GoPro gearing up to share more of its users' videos

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For years, thrill seekers have worn GoPro video cameras to capture hair-raising skydiving, motorcycle racing and snowboarding footage from a first-person point of view. They've documented up-close and personal encounters with wildlife, even mounting the cameras on the back of a surfing pig and on the beak of a pelican learning to fly.

But much of that cool video footage has remained on customers' cameras, or has been uploaded to a personal YouTube account and viewed by only a few friends and family. GoPro wants those videos to be shared with the world, and in the process, it hopes to become known as more than just a hardware maker.

After a decade in the camera business, GoPro is evolving into a media brand that harnesses the best of its user-generated material and makes it available for the public to watch free.

The spectacular popularity of GoPro videos on YouTube and elsewhere has made clear to GoPro executives the potential to expand far beyond rugged extreme-action hardware. "We realized our users were really creating magic," said Adam Dornbusch, GoPro's head of programming. "Through our channels, we're able to share it."

Sharing it is just the beginning. GoPro envisions a vast, always-on marketing campaign that takes content created by customers, distributes it and uses it to attract new buyers, who in turn share their own videos, in

what the company calls a revenue-raising "virtuous cycle."

GoPro also wants to keep Wall Street happy. Since its June IPO, GoPro's stock has surged, but many analysts think the company needs more than just cameras to justify its massive \$3-billion IPO market valuation.

Creating a media empire, if it ever becomes that, will take time. Revenue from GoPro's media side now is tiny, although the company says it is monetizing its content through advertising and licensing. Hardware - including the company's newest camera series, the Hero4 - will drive revenue and profit for years to come.

GoPro sold more than 3.8 million cameras last year, up from 2.3 million in 2012. Although its hardware success flies in the face of a downward trend for standalone camera sales, analysts wonder how long the company can keep the pace going and say at some point the camera market will become saturated.

GoPro is moving fast to put the pieces into place. A year ago, the company created a team to look for user-generated GoPro content to channel onto its own networks; the team now numbers 30 people. It has hired media hotshots: Dornbusch, who joined GoPro last year, is a longtime media executive and former business development head at Current TV; in June GoPro hired former Skype CEO and top Microsoft executive Tony Bates as president.

Media deals have been struck with two major partners - Microsoft's Xbox and Virgin America - and GoPro is pursuing distribution contracts with major consumer brands, television networks, Hollywood studios, video-on-demand platforms and smart-TV manufacturers.

On Virgin America flights, passengers can watch videos on a GoPro channel. The Microsoft deal is more comprehensive: A GoPro app,

which launched on Xbox 360 in April and Xbox One in July, streams on-demand GoPro video content to Xbox users worldwide; users can buy GoPro cameras and accessories through the app, fulfilled by the Microsoft online store.

The GoPro channel has become popular on Xbox 360 and Xbox One because of its real-life, unscripted moments, which appeal to a wide swath of viewers, Xbox spokeswoman Lisa Gurry said. Xbox 360 users in the U.S. spend an average of almost 30 minutes watching content per GoPro session, and sports stunts in particular do well among Xbox's gaming-centric viewers.

GoPro is uploading more often to its main YouTube channel, now with more than 2.2 million subscribers.

A year ago, nearly all of the short-form videos seen across GoPro's media offerings were produced by its in-house GoPro Original Productions. Now, half of its videos are user-generated, and executives expect that proportion to grow.

Choosing which videos will appear on GoPro's channels is handled by its team of creative editors, who scour the Web for compelling GoPro users and content.

Many people label their videos as "GoPro" in their online descriptions to denote action or unusual footage and have generated a trove of content for GoPro to choose from. In 2013, GoPro users uploaded to YouTube 2.8 years worth of video featuring "GoPro" in the title. In the first quarter of 2014, an average of 6,000 daily YouTube uploads and more than 1 billion views represented more than 50 million watched hours of videos with "GoPro" in the title, file name, tags or description, the company said.

Other times, GoPro users contact the company to say they captured great material and offer to send it in. (GoPro is working on a system to make it easier for the public to submit GoPro videos for consideration.)

Once a connection with a creator has been made, a GoPro creative team rep works with him or her to flesh out a concept. If footage is already shot, GoPro might ask the user to film additional scenes or voiceovers for context.

Users are gifted with the latest GoPro cameras - which retail for \$129 to \$499 - and accessories they can use to shoot their videos. The actual filming is left to the user. GoPro makes final edits, including color correction and adding music, before distributing the video through its channels.

The videos vary widely in subject: a surfer's view of a seemingly never-ending barrel; a fireman rescuing an unconscious kitten from a burning home; dancers waltzing vertically on the outer wall of the city hall in Oakland, Calif.

"There's no real ceiling on this, because it's about the human experience," GoPro creative director Brad Schmidt said. "Unless humans get boring and what we do gets boring, these videos won't be boring."

This year, GoPro reached out to Ethan Swanson, an actuary by day who does extreme stunts on the side and puts them on his own YouTube channel. Swanson, 24, told GoPro he planned to film himself leaping, without any ropes or safety nets, from atop a Chicago apartment building onto the slanted roof of a much shorter house before sliding down the roof and winding up on the spiral staircase of a building nearby.

GoPro shipped him a few cameras, gave him some ideas on where to place them around the scene and guided him through the creative

process.

After the stunt, which he executed flawlessly save for a huge rip down his pants leg, he sent the footage to GoPro for editing. The final, polished product, "Epic Roof Jump," quickly went viral and has been viewed 5.3 million times on GoPro's YouTube channel.

"I don't know what I'm doing as far as editing is concerned," Swanson said. "You can definitely tell the difference. My videos have cuts and music, but that's it. That's as far as my video editing knowledge goes."

Swanson and other amateur videographers featured on GoPro's channels enjoy some financial perks. Thanks to a revenue-sharing program rolled out in April, video-makers who allow GoPro to use their content get \$1,000 for every million YouTube views their videos receive.

Those incentives will become even sweeter next year as GoPro's media ambitions grow, Dornbusch said. "We're going to put our incentive program on steroids."

Founded in 2002 by Nicholas Woodman, who sold shell necklaces and belts for money to start his action-camera venture and is now a 39-year-old billionaire, GoPro today has 860 employees.

GoPro said in a regulatory filing that as of the end of last year, it had not derived any revenue from the distribution of GoPro content. It expected to begin earning revenue from channel advertising in the second quarter this year, but "we do not expect the revenue earned from these GoPro Channels to be material to us in 2014."

As GoPro's reach on YouTube and other platforms grows, particularly among younger viewers, advertisers are ready to follow. Many have reached out to the company to see how they can integrate with GoPro,

Dornbusch said.

GoPro has "not even scratched the surface," said Charlie Anderson, vice president and senior research analyst at Dougherty & Co. "They clearly have content that some of the major brands want to associate with. ... The stuff they produce and curate is very high quality."

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