

YouTube creators looking elsewhere for money

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In this Thursday, July 9, 2015 photo, Reza Izad, left, CEO of Collective Digital Studio, and chairman Michael Green pause for photos in Beverly Hills, Calif. YouTubers and companies that manage them are on the hunt for new ways to make money from the audiences they've built on the platform, which takes about a 45 percent cut of ad revenue. (AP Photo/Jae C. Hong)

When 29-year-old YouTube star Meghan Tonjes launched a podcast with crowd-funding site Patreon a year ago, it was one of dozens of

things the singer-songwriter was doing to grind out a living online. Today, it's paying her rent.

Along with posting performance videos on YouTube, touring, selling songs on iTunes and "vlogging" (video blogging), Tonjes sits down twice a week with her roommate in Los Angeles to talk about "Adventures in Roommating." Nearly 100 online patrons donate a total of close to \$700 per podcast, just to listen and maybe get a shout-out.

Tonjes grew her audience on YouTube, where she has amassed more than 210,000 followers since 2006.

But collecting a check from her cut of YouTube ad revenue is no longer her main source of income.

"If YouTube disappeared tomorrow, I want to know that I can go play shows, do podcasts and live without being dependent on one site or one app," she says.

With YouTube taking about a 45 percent cut of ad revenue from videos posted on the site, YouTubers and companies that manage them are hunting for new ways to make money from the audiences they've built on the platform. That will be a big topic of conversation at VidCon, the annual convention in Anaheim, California, that kicked off Thursday.

Robert Kyncl, head of content and business operations at YouTube, welcomes the challenges to its online dominance, even if other platforms are enticing creators with better cuts of revenue.

Richer creators will "have more and better content to publish on YouTube," he says. "We don't live in a world that is mutually exclusive."

A panoply of ways to earn money outside of YouTube have recently

emerged.

OTHER VIDEO SITES ARE PAYING

Facebook announced this month that in the fall it would start sharing ad revenue with a select few creators like the NBA, Fox Sports and Funny or Die. Video-game streaming service Twitch already shares subscription revenue from followers with top gamers, and a site called YouNow allows online fans to give tips to talent with coins bought with real money in live stream forums.

Vessel, a video service launched in January by former Hulu CEO Jason Kilar, offers creators 15 percentage points more ad revenue share than YouTube, as well as 60 percent of the \$3 per month fee from subscribers who want days-early access to videos before they show up elsewhere.

Kilar says paying creators more helps them make higher-quality videos, the same way subscription revenues help premium pay channels like HBO finance better TV shows.

BRAND-SPONSORED VIDEO

Everything from "unboxing" videos of new gadgets and how-to videos that show off teeth-whitening products are providing YouTubers a solid revenue stream.

FameBit, a Santa Monica startup, launched a marketplace last year where creators bid on the right to make brand-sponsored videos, and deals close for, on average, \$500 per video, says Agnes Kozera, the company's co-founder and chief operating officer. Brands usually buy multiple videos in different genres, from reviews to funny skits, to see what fits.

Also launching this week is an app called Social Bluebook, which benchmarks how much creators should ask for such digital promos, including on platforms like Instagram and Twitter. It's based on existing deals and a creator's fan base and their level of engagement.

"We at least want you to have an educated estimate on what you should be charging," says Chad Sahley, the company's founder and CEO.

BOOKS, MOVIES, MERCHANDISE, DOWNLOADS

Two movies starring YouTube sensations are debuting around VidCon, including "SMOSH: The Movie," featuring comedy duo Ian Hecox and Anthony Padilla, and "The Chosen," a horror flick featuring vlogger Kian Lawley. With limited theatrical runs, both films are being made available online for \$10 on Friday.

They won't be the first feature films starring YouTubers and they won't be the last, says Barry Blumberg, chief content officer for SMOSH backer Defy Media. Last year saw the success of similar films such as "Camp Takota," starring Grace Helbig, and "Expelled," starring Cameron Dallas.

"Everybody that has already made a movie in this space is anxious to make another one," Blumberg says.

FameBit is also venturing into paid content, launching a talk show series called "FilterFreeTV" that will sell on iTunes for \$1.99 per episode.

YouTube personality Kayla Lashae, 22, who has made a living for three years with videos about trying out bags and testing things like electric toothbrushes, says it's a good idea to branch out with the co-hosting gig.

"My overall goal is take my brand outside of YouTube and move it directly to television," she says.

GOING INTERNATIONAL

Big multichannel networks, which help YouTube stars get advertising deals, are tying up and expanding their business abroad.

Last year Disney bought Maker Studios, and AT&T and Chernin Group purchased Fullscreen. And earlier this month, German broadcaster ProSiebenSat.1 merged its Studio71 with Collective Digital Studio, a Los Angeles-based network behind such brands as Epic Meal Time, Video Game High School and Just Kidding News.

Part of the rationale is to take formats that have worked in Germany, like the head-to-head [video](#) game challenge show, "Last Man Standing," and transport them to different markets with local talent, says CDS CEO Reza Izad. The merger will also help build up advertising sales forces in countries where consumers are watching videos that don't have ads sold against them.

"You want to grow (ad rates)? You're going to need to have ad sales forces globally in marketplaces that have real value," Izad says. That means countries like Canada, and various territories in Europe and elsewhere where English language videos travel well.

There are plenty of genres that work in other markets, like sports, dance, and fashion, says Peter Csathy, CEO of venture capital firm Manatt Digital Media Ventures. "Those things are not language dependent and they're naturals for international reach," he says.

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