

Oh, No, Not Web Video Again!

If you are old enough to recall the crashes and burns of TheDen and Pseudo.com, then you must join me in smirking at the current mania for Web video. A perfect storm has formed around the platform; media companies point to a “critical mass” in broadband penetration and anecdotes of massive video stream numbers, while advertisers desperately chase eyeballs as they flee primetime TV. But have we learned anything meaningful about Web video as a media platform or thought through the revenue models enough since that first disastrous run at Internet TV?

It's hard to argue with the raw numbers, of course. AOL is already talking up a “Web 2.0” where people get even more multimedia online than they do from TV. AOL SVP Tina Sharkey recently told the Connections Conference that a music video by rapper 50 Cent got streamed 6.1 million times from her service. “MTV would dream for numbers like that,” she said.

But an awful lot of investment and competing players may be chasing scant ad dollars. The newly launched TVGuide Spot contains several Web-exclusive emceed series that preview and synopsisize other media, all sponsored for now at least by charter advertiser Cheez-It. CNN.com just brought its news video out from the subscription wall to join MSNBC.com video in the ad-supported model. Scripps Networks will roll out broadband video stream channels for its HGTV.com and DIYnetwork.com, and points to previous sponsors like GMC and LendingTree.com as evidence of advertiser interest. Actually, some industry estimates see only about \$200 million of in-stream ad buys in the near-term. That is not a lot of money to underwrite full-blown broadband programming let alone original productions.

At least two additional streaming video issues remain unanswered from the past as well. In a lean-in medium of fast-clicking media scanners, will we really tolerate sitting through repurposed 15-second and 30-second TV spots in order to get one or two minutes of video? And while I am waxing skeptical about this new media model of short video clips, may I ask whether we know anything about viewer loyalty and how that translates to ad effectiveness? Sure, everyone grabbed the Jon Stewart smack-down of Tucker “Crossfire” Carlson, but is there any audience regularity to this platform? Are these eyeballs really the same to

advertisers as regular viewers of *Desperate Housewives* or *The O'Reilly Factor*? Who knows? I don't, but then again, I haven't even heard the question raised.

I am not so sure that big media broadcast models for ads and programming will work as well here as low-budget, tightly targeted video that reach out to enthusiast audiences. PennMedia's VideoSense is an interesting attempt to blend the contextual targeting and affiliate distribution relationships of Google's AdSense program with streaming media and in-stream ads. VidSense distributes ad-supported video clips to partner sites from one of a dozen targeted content channels (humor, news, sci-fi, etc.). “We're getting inquiries from top tier sites,” says PennMedia CEO Jaffer Ali, who was himself surprised at the caliber of affiliates he attracted. More than 100 partners signed on while VidSense was still in beta, but “we're going to be very selective to make sure the Web site matches the content we have,” says Ali. And the content Ali has is relatively inexpensive footage of stand-up routines, movie and TV clips, and famous speeches—the kind of pass-along media that can generate lucrative viral outbreaks.

Unlike the general media plays, Ali wants to mimic the Google model and generate narrower content niches that will drive loyal viewerships and ad response. “I anticipate we will have 150 channels in a year so the context matches the content,” Ali says. He believes that initial CPMs for in-stream spots will run \$18 to \$20. He pays the video clip owner royalties based on revenues from ad impressions made off of the clip, while he also passes 10% of his own revenues to the affiliate sites hosting the channel.

Keeping video streams cheap to procure and tightly targeted to interested audiences may also put trade publishers in a good position to ride the broadband wave. Scripps' HGTVPro.com site for the construction industry partnered with trade associations to make and post video virtual tours of their exhibition booths. These three-minute booth walkthroughs can be cued to bring up links to the relevant products in the video. How smart is that? Highly relevant video assets that a sponsor actually pays you to make?

Players may be chasing scant ad dollars.

And there are even more creative models emerging. Heavy.com repackaged some of its ongoing Web series as sponsored packages of downloadable video for the new Sony PSP handheld media player. The Axe brand sponsors these downloadables and included their own branded entertainment Web show in the mix.

Web video is consumed and distributed differently from TV, and we don't even know what all those ways are yet. Surely, we need to be more innovative in crafting ad models appropriate to the medium and how people find and use it. ■

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