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Posted Tuesday, November 13, 2007 at 12:00 PM PT

Metrics Point to Maturation of Online Video

We've seen some interesting benchmarks over the last couple of days that point to the maturation of the online video space. Some consumers are saying they'd be willing to pay — pay! — for web video if it were ad-free. A leading vendor of premium video is seeing its stats take off. And a research firm taking a hard look at the movie business has decided that video on demand will never make enough money to pay for the cost of a traditional big-budget movie.

First up, 11 percent of respondents said "they'd be willing to pay a little for ad-free viewing of video online," according to [an IBM survey](#). The report, it should be noted, is titled "The End of Advertising Survey," but regardless, [people](#) are taking this to mean that a paid YouTube has promise. The E-consultancy.com news blog [estimates](#),

Google-owned YouTube pulls in something like 50m unique users a month; let's assume it can charge 'a little', a couple of dollars a month maybe - let's round it up to \$24.99 a year for a 'premium user' service. Now let's assume that 11% of users sign up. That's a revenue stream worth \$137m annually...

Next up, Move Networks, which provides high-quality streaming video platforms to media companies like ABC (DIS), told us via email that less than halfway into November, more than twice as many people are using its platform than in August (of course the fall TV season has something to do with it). In absolute terms, more than six million people watched long-form video using Move in October of this year, and Move is currently adding new viewers at a rate of 100,000 per day.

But finally, a note of caution: digital distribution doesn't look like it's going to generate enough revenue to replace what it's displacing. Research firm Screen Digest [said](#) this week that the movie business is increasingly unlikely to recoup the cost of producing, casting and advertising its craft. With U.S. DVD sales down 12.5 percent from 2006 in the first half of this year, video on demand is not going to fill the gap, the firm said. Something's gotta give.

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1. I'd argue that the available metrics point to just how *immature* the platform still is. The best we can get is pretty much by going to YouTube and looking for the number of downloads. Hitwise and ComScore have lots of data but no metrics for specific videos.

There's almost zero chance that 11% of the YouTube base would pay \$24.99 a year (or \$9.99 a year for that matter) and even less chance that Google would offer such a service if there's only \$137m in revenue.

[Robert Seidman](#) on November 13th, 2007 at 4:16 pm - [Permalink](#)

2. Although it's maturing, online video is barely a toddler. It might have started walking and talking, but we are nowhere near seeing its full potential.

Liz, at what life stage would you characterize online video?

[DavidH](#) on November 13th, 2007 at 4:27 pm - [Permalink](#)

3. Robert, I agree that there is no chance 11% of YouTube visitors would pay that much. I would guess that less than 20% of the roughly 50 million uniques even visit on a daily basis.

[DavidH](#) on November 13th, 2007 at 4:32 pm - [Permalink](#)

4. David, I agree that 11% of YT users would never pay for online video, but that's due to the fact that Youtube contains little to no quality, original content that would be WORTH paying.

Other sites like Vimeo.com, which has is focused primarily on ORIGINAL creative content, is a much more compelling alternative to TV or movies, an therefor potentially worth paying for. Plus, now that they had [HD](#), it looks just as good too.

[Jeff](#) on November 14th, 2007 at 12:52 pm - [Permalink](#)

5. [...] Screen Digest, VOD kazançlarının DVD satışlarından kaybedilenleri karşılayamayacağı ön görüşünde bulunmuştu. Bunlardan da hoşlanabilirsiniz; Şimdi söz YouTube [...]

[Ölçülebilir set-top box reklamları](#) on December 17th, 2007 at 3:07 pm - [Permalink](#)

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