

TelevisionWeek™

Online Video Likely to Win in Long Run Strike Seen Giving Digital a Foothold

By Daisy Whitney

Online video shops were torn last week on whether to seize the opportunity to market their services during the writers strike or stay out of the line of fire.

Web video sites and networks including Break.com, ON Networks and Revision3 launched marketing and promotional initiatives to increase their audiences, while others, such as NoGoodTV, stuck to business as usual.

At the heart of the impasse between writers and studios is the matter of how writers are compensated for digital extensions of their work, such as Web series and downloads. In addition, many experts in the industry say it's unclear whether guild members are forbidden from writing for newer online video sites and shops.

The strike is occurring at the same time that online video usage is growing. According to online measurement firm comScore, the average person who watches online video consumed three hours per month in August, up from 2.5 hours per month in January. The total number of videos consumed over that time period rose 26% to 9.1 billion from 7.2 billion. The number of people who watch online video increased 10% to 135 million from 123 million.

That's why the business of online video is likely to be the biggest beneficiary in the long term regardless of how the strike shakes out. "As we look back at this period in the industry, just as you look back at the 1988 strike and how that legitimized basic cable, I believe we will say the 2008 strike really gave digital media a foothold," said Jordan Levin, former CEO of The WB and now a partner in Generate, a new-media online production shop and talent management firm.

Already online video is poised for robust growth. Ad spending for online video is expected to hit \$7.1 billion in 2012, up from \$471 million this year, according to data from Forrester Research.

Internet TV network Revision3, which produces the popular weekly Web show "Diggnation," plans to increase the number of cross-promotions it runs for its shows within all of its programming in the coming weeks in an effort to lure views during the strike.

CEO Jim Louderback said he also plans to be aggressive in striking new distribution deals for Revision3's shows, such as the one his company inked last week with Web video portal Pyro.TV. "There are a lot of people out there who have watched a little YouTube and will just do more tasting," he said.

"Diggnation," the online network's flagship weekly show, generates about 1 million views per month. Mr. Louderback believes the prospect of prolonged repeats on television may lure more online viewers to tune into Web shows such as "Diggnation."

Online video site Break.com launched a contest last week giving striking writers a chance to submit videos, with the winning submission receiving \$5,000. Break CEO Keith Richman said Web video, while a central part of the disagreement between writers and producers, offers writers a chance to grow.

“We understand that although we are part of an alternative distribution discussion near and dear to their hearts, we also represent a new opportunity for them,” Mr. Richman said. As of midweek, Break had not received any submissions for the contest.

The strike will push consumers into a discovery mode, said Kip McClanahan, CEO of online video producer ON Networks. He’s actively looking for writers and producers to create new Web series. “We are looking for all the writers who are no longer going to work on traditional media to give our network a call,” he said. The payment structure for writers and producers for ON Networks is simple: They are paid a share of the ad revenue.

Popular online video network NoGoodTV covers celebrities and the entertainment business. Because its content is tied to Hollywood, the Internet network isn’t planning additional promos or marketing during the strike. NoGoodTV averages 25 million to 30 million views a month across ngtv.com, YouTube and mobile.

“Our fans hang out with us because we are an escape from the events of the day, whatever they might be,” said Kourosh Taj, co-president and head of programming. “It just wouldn’t be like us to do anything that would appear to take advantage of any situation, be it a strike, someone’s personal misfortune or anything of that nature.”

Online network PodShow, which produces techie show GeekBrief.tv among others, has fielded more calls from writers in the last few weeks. “Writers in general are starting to see this as an opportunity,” said Andrew Budkofsky, senior VP of sales and partnerships at PodShow. “PodShow grants more control to the creative and artistic personalities behind the shows being produced, and the show hosts are really taking advantage of the strike to promote themselves as well as the artistic creativeness behind their craft.”