

Google Courts Small YouTube Deals, and Very Soon, a Larger One

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SAN FRANCISCO, March 1 — Google has been frustrated in its efforts to reach comprehensive deals with major studios and networks to put their video on YouTube. But in the meantime, it is forming partnerships with hundreds of smaller media companies that see value — or at least a valuable experiment — in contributing to the site.

Some of the partnerships have been announced publicly. On Monday, for instance, YouTube, which was purchased by Google in October, said it had teamed up with the National Basketball Association to create a channel where the league would show authorized clips and where fans could upload short videos showcasing their best moves.

A day later, YouTube said it had reached a deal with an independent label, Wind-up Records, to stream music videos and allow YouTube users to incorporate music tracks into their own videos.

And on Friday, YouTube is to announce a partnership with a larger company, the BBC, according to people with knowledge of the negotiations. Under the multiyear deal, the BBC will create two entertainment channels and one news channel on YouTube. Two of the channels will include ads placed by Google's advertising system, known as AdSense.

But most of YouTube's licensing deals have been done quietly. It says it has firmed up more than 1,000 partnerships with content owners ranging from the Sundance Channel to small independent video producers.

Without specifying how many of those deals have been signed since their site was acquired by Google last fall, YouTube officials say they are adding more than 200 media partners a quarter.

"We are creating channels on YouTube for each of these content owners," said Jordan Hoffner, the head of premium and information content partnerships. "Those who do deals with us will have an opportunity for monetization."

The executives say the deals are a sign that a growing number of companies are becoming comfortable with displaying their content on the site.

Those with channels on it now include Hollywood Records, Hilary Duff's label; the YES Network, a New York-based sports television network; AskTheBuilder.com, a home-improvement site; and the Ford Motor Company.

Mr. Hoffner said a small team at YouTube had been busy courting partners. He would not describe the specific financial terms of the deals — nor would the partners — other than to say they typically involved splitting advertising revenue between the content owner and YouTube. For now, that sort of revenue is small.

In an e-mail response to questions, Chad Hurley, YouTube's co-founder and chief executive, said its success with smaller media companies "validates the business model that we offer them and all partners," which he said included "a platform for distribution, promotion and monetization of their content, and an opportunity to reach a whole new audience."

Industry analysts say it is far easier for YouTube to persuade small media companies to license their content than it is to get NBC or Viacom, two of Google's vocal critics, to give up control of their most-prized content and the advertising revenue associated with it.

"Smaller guys want mass distribution and are willing to face the risk of copyright infringement for access to this huge audience," said Allen Weiner, an analyst at Gartner. "It is a relatively low-risk deal for them."

Still, there are signs that courting small media players may be paying off for YouTube. In the two weeks after YouTube acceded to Viacom's demand that it take down more than 100,000 clips from Viacom properties like MTV and Comedy Central, traffic on the site nonetheless increased by 14 percent, according to Hitwise, an Internet research firm.

Bill Tancer, general manager for global research at Hitwise, said an analysis of the search terms generating visits to YouTube indicated that clips created by users were the main drivers of growth. But he said premium content from professional producers could be a factor, too.

"To the extent that it is short and has high entertainment value, it can only help YouTube grow," he said.

And as the audience grows, YouTube becomes an increasingly attractive outlet for media companies craving distribution.

"You fish where the fish are," said John Caplan, president of the Ford Models agency, one of YouTube's content partners. "YouTube has an outstanding reach. It is one of many great places for us to be."

Ford Models is not a media company in the traditional sense. But as Internet video has become increasingly popular, it has begun to produce a growing amount of programming. Its channel on YouTube includes clips of models sharing "beauty secrets" or tips on fitness, video blogs created by models taking part in a beauty contest and a feature called "changing-room confessions," where models go into dressing rooms and make videos of themselves trying on clothes.

YouTube's deal with the BBC is to include specially created clips, blogs from celebrities, behind-the-scenes video, and popular shows like "Fawlty Towers," "Doctor Who" and "Life on Earth" by David Attenborough.

Still, many of the agreements that YouTube highlighted suggest that the relationships are tentative and that media owners are treating online video as an experiment.

YouTube's agreement with the N.B.A., for instance, does not include the league's most-prized content, the recaps of the games, which will continue to be shown on NBA.com. And the agreement lasts only through the end of the current season.

"We want to see how this works out, and we will adjust and see whether it makes sense for us both," said Steve Grimes, vice president for interactive efforts at the N.B.A.

Similarly, YouTube's partnership with the Sundance Channel lasts through this year. "The digital media landscape is constantly evolving, so we want to make sure we have the ability to re-evaluate," said Christopher Barry, vice president for digital media and business strategy at Sundance.

What's more, most of YouTube's deals are not exclusive. Ford Models, for instance, is making its content available on YouTube competitors like Revver and Veoh, and some of the Sundance Channel content is also on Yahoo Video.

And YouTube's success in courting smaller media companies may not be unique. Jeremy Allaire, chief executive of Brightcove, a YouTube competitor that licenses and distributes content on behalf of media companies, said his company had signed up about 3,000 commercial video publishers. "We are having success with small, medium and large companies," Mr. Allaire said.

Still, some of those who have become partners with YouTube say they are pleased with early results.

Mr. Barry of the Sundance Channel said there had been more than two million views of its content on YouTube in a little more than a month. "We have had significant growth on our Web site as well, and some portion of that growth we attribute to our YouTube partnership," he said.

Whether that kind of success persuades large media companies to collaborate more broadly with YouTube remains to be seen. In November, a month after starting a limited trial of its own channel on YouTube, CBS hailed the effort, saying that its more than 300 clips were among the most viewed on YouTube. Yet a broader deal between the companies has proved elusive.

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