

## 2008: The Birth of Online TV



- **Overview**
- **Table of contents**
- **Sample pages**

## Overview

Ubiquitous broadband has sent online video viewing rocketing, with more than 11 billion views per month in the USA. Social media sites such as MySpace and Bebo are now major audience aggregators that commission original Web shows tailored for their members.

The face of television is being transformed by Internet programming with radically different formats and interactive features. In America and Britain, hundreds of comedies and dramas are currently in production, inspired by the massive and controversial success of Lonelygirl15. New business and production models are emerging, particularly for advertiser involvement in product integration and branded entertainment.

Futurescape brings the first overview of this dynamic sector in 2008: The Birth of Online TV. This report provides a comprehensive, in-depth analysis of all aspects of the market to bring readers up to speed as rapidly as possible.

- Get the facts about this new medium to incorporate Web show opportunities into your strategy
- See where, how and why major advertisers are putting their ad spend into branded online video entertainment
- Discover how brands use Web shows to engage more directly with consumers
  
- Analyse key data about comparative budgets and revenue models for online series
- Monitor new competitors launching online TV production studios
  
- Compare creative approaches to successful programming with in-depth show profiles
- Understand the range of interactive formats that are emerging
- Benefit from the experience and insights of pioneering producers, together with predictions for the sector's development

Editors: Colin Donald and Özlem Tunçil, co-founders, Futurescape

80-page – 30,000 word report.

In-depth analysis of new American and British online television shows – scripted comedy and drama.

**Designed to rapidly equip you with the insights essential for making critical business and creative decisions.**

## **MAJOR INDUSTRY QUESTIONS ANSWERED**

- What are the opportunities for original online shows?
- What funding and revenue models are emerging?
- Which shows attracted major brand sponsors and were recommissioned?
- Who are the pioneering individuals, studios, commissioners and agencies and what are they doing?
- What are the key predictions for production, funding, distribution, studio growth?
- What challenges do producers face in finding and building an audience?
- What are the advantages and disadvantages of shows interacting with viewers?
- How are Internet shows integrating into the global TV market?

## **EXCLUSIVE INTERVIEWS WITH ONLINE TELEVISION EXPERTS**

Marc Campbell: Founder and CEO of the Independent Comedy Network, a new studio that is aiming to launch 40 shows by the end of 2008.

Brad Curtis: SVP Business Development, Science + Fiction, an agency that produces branded online television shows, such as In the Motherhood.

Geoff Goodwin: Head of the BBC Switch teen multi-platform division, commissioning online shows with innovative interactivity.

Kathleen Grace: Co-founder of independent production company Dinosaur Diorama Productions, which made hipster satire The Burg, and are now producing The All-For-Nots, a comedy about an indie band on tour, with Michael Eisner's Vuguru studio.

Garrett Law: Co-founder of new production company Attention Span Media, whose first show is the college mockumentary Dorm Life.

## **THE REPORT'S MAIN SECTIONS**

- Why online TV is booming
- Predictions for: the relationship between online and television, funding sources, promotion and distribution issues, and prospects for production companies
- Profiles of 11 US and UK shows, with synopsis, budget, commissioner, sponsor, producer, innovative features, distribution, TX dates, episode and season lengths
- Mini-profiles of 13 more shows, and 31 studios and production companies
- How does online TV make money? Advertising, commissions, other sources
- Production in action: budgets, show and season lengths, building the audience
- How to evaluate success
- Listings of new studios and production companies

## **TABLES AND DATA**

- US demographics of Internet users visiting video-sharing sites
- Internet access reducing television viewing globally
- Significant studio funding deals
- Sponsorship fees and revenues
- Total show budgets per season
- Per-minute show budgets
- Episode running times
- Types of third-party distributors and revenue
- Video viewers sharing content
- Show viewing figures

## **THE REPORT COVERS THESE US AND UK ONLINE TELEVISION SHOWS**

- The Burg
- Clark and Michael
- Crescent Heights
- Dorm Life
- Dubplate Drama
- In The Motherhood
- It's a Mall World
- KateModern
- Lonelygirl15
- Prom Queen
- Quarterlife
- Roommates
- Sanctuary
- Signs of Life
- Wannabes
- Where Are The Joneses?

## **WHO BUYS THE REPORT?**

- Media, advertising and talent agencies
- Brands, advertisers and sponsors
- New online studios and independent producers
- Broadcasters and media owners
- Television production studios and companies
- Mobile operators
- Sector and industry analysts and strategists

# Table of Contents

## CHAPTER 1: EXECUTIVE SUMMARY

## CHAPTER 2: WHAT THE REPORT COVERS

### Criteria for including studios and production companies

### Criteria for including shows

#### Industry experts interviewed

- Marc Campbell – Independent Comedy Network
- Brad Curtis – Science + Fiction
- Geoff Goodwin – BBC Switch
- Kathleen Grace – Dinosaur Diorama Productions
- Garrett Law – Attention Span Media

#### About the authors

## CHAPTER 3: WHY ONLINE TV IS BOOMING

### The new Internet video environment

- Ubiquitous broadband
- Tables: US demographics of Internet users visiting video-sharing sites
- Falling television viewing
- Table: Internet access reducing television viewing globally
- Audience aggregators – YouTube, MySpace, Bebo
- Internet TV platforms
- Video search engines
- New funding, revenue and advertising opportunities
- Plunging production costs

### The new production and funding environment

- From independent filmmaking to online television
- The Hollywood writers' strike – the catalyst for online television?

### The new producers behind the boom

- Studios 2.0
- Independent production companies
- Talent-led production
- New entrants
- Talent agencies

## CHAPTER 4: HOW DOES ONLINE TV MAKE MONEY?

### Funding for studios

### Revenue for shows

#### Advertising and sponsorship

- Ad-supported
- Branded entertainment
- Product placement
- Sponsorship deal after start of production
- Table: Sponsorship fees and revenues

### **Commissions**

- Broadcaster commission – online-only
- Broadcaster commission – online and TV
- Broadcaster commission after online launch
- New studio commissions
- Social networking site commission

### **Other revenue**

- Destination site
- DVD and download sales and rentals
- Format sales for online shows
- International distribution
- Social networking site direct payment

## **CHAPTER 5: PRODUCTION IN ACTION**

### **Budgets**

- More for the money
- Can established producers produce to low budgets?
- Budget inflation
- Table: Estimated studio budgets for 2008
- Table: Total show budgets per season
- Table: Per-minute show budgets
- Profitability

### **Production: show and season lengths**

- Very short forms vs narrative
- Table: Episode running times
- How many episodes?
- Total running time
- How many seasons?

### **Production: interactivity**

- Interactivity within shows – Signs of Life
- Interactivity from the viewers – In The Motherhood, Where Are The Joneses?
- Interactivity from the community – KateModern
- Community interactivity – safety net or straitjacket?

## **CHAPTER 6: FINDING AND BUILDING THE AUDIENCE**

### **Distribution**

- Own site vs third-party sites
- Distribution deals
- Table: Types of third-party distributors and revenue
- What windows are emerging?
- What is the shelf life of an online show?

### **Marketing and promotion**

- A continuing role for offline promotion
- The big bang launch – promotion via broadcast television
- The slow burn promotion
- Preparing to go viral – but avoiding the “viral fallacy”

### **Online and television – competing or co-operating?**

- From online to television
- Co-ordinating online with television

## **CHAPTER 7: HOW TO EVALUATE SUCCESS?**

- Creative criteria
- Commercial criteria
- Recommissions – proven success
- Engagement criteria
- Evaluating popularity
- Video viewing statistics
- Table: Self-declared show viewing figures
- Public statistics
- Limitations of viewing figures
- Social networking and online buzz

## **CHAPTER 8: PREDICTIONS**

### **Shows and production**

- Different drama formats are emerging
- Rise of the online soap
- Global breakout hits
- More simultaneous production for online and television
- More reality television drives viewers online for scripted shows

### **Funding**

- Branded entertainment is the best funding model
- More productions with high budgets
- Funding is moving from broadcast television to online

### **Distribution and promotion**

- Networks begin piloting online for television
- Producers start more online shows that transfer to television
- Widgets – new distribution opportunities, but also new gatekeepers?
- More sophisticated promotion for shows

### **Studios and producers**

- Increasingly innovative production companies
- Increasingly innovative joint-ventures
- Growth challenges for studios
- Mainstream media will buy start-ups

## **APPENDIX I: EXPERT INTERVIEWS**

- Marc Campbell – Independent Comedy Network
- Brad Curtis – In the Motherhood
- Geoff Goodwin – Wannabes and Signs of Life
- Kathleen Grace – The Burg
- Garrett Law – Dorm Life

## **APPENDIX II: SHOW PROFILES**

- The Burg
- Clark and Michael
- Crescent Heights
- Dorm Life
- Dubplate Drama
- In The Motherhood
- It's a Mall World
- Prom Queen
- Quarterlife
- Signs of Life
- Where Are The Joneses?

### **APPENDIX III: NEW SHOWS IN 2008**

- The All-For-Nots – Dinosaur Diorama Productions and Vuguru
- Blood Cell – 60Frames
- Buzzed – Endemol for Metacafe
- California Inc – by Kush.tv
- Flatmates – Campbell Ryan and beActive
- Foreign Body – Vuguru
- The Gap Year – Endemol for Bebo
- Gemini Division – Electric Farm for NBCU
- The Gym – Hub TV for ITV
- I Love Chieftown – Big Balls Films for MySpaceTV
- Sofia’s Diary – SPTI for Bebo
- Spinning Jenny – Silk Press Productions
- Upstaged – Endemol for the BBC

### **APPENDIX IV: NEW STUDIO AND PRODUCTION COMPANY PROFILES**

#### **Studio or production company?**

##### **New studio profiles**

- 60Frames
- DECA
- Edelman
- Filmaka
- Generate
- Independent Comedy Network
- Jackson Bites

##### **Production company profiles (23 total)**

- Attention Span Media
- Bedford Falls
- BermanBraun
- Big Fantastic
- Dinosaur Diorama Productions
- EQAL (formerly LG15 Studios / Telegraph Ave)
- For Your Imagination
- Funny or Die
- Founders Media Group
- Go Go Luckey
- GoTV Networks
- Hollywood Disrupted
- Imagination
- Iron Sink Media
- LG15 Studios
- Mint Digital
- NextNewNetworks
- Revision 3
- Science + Fiction
- Virtual Artists
- Vuguru
- Worldwide Biggies

### **APPENDIX V: SELECTED SHOW SPONSORS**

## SAMPLE PAGES

### From Chapter 4: How does online TV make money?

#### Funding for studios

Studios and production companies are launching with ever-increasing funding and support from major investors. Full details are in the studio and production company profiles appendix and are summarised below.

**Table: Significant studio funding deals**

| Studio / production co   | Funding                   | Investors  |
|--------------------------|---------------------------|--|
| Revision3                | \$9m                      | Greylock   |
| Worldwide Biggies        | \$9m                      | NBCU, Hearst, Greycroft, Platform Equity, Prism VentureWorks |
| Next New Networks        | \$8m                      | Spark Capital  |
| Generate                 | \$6m                      | MK Capital, Velocity Interactive Group                       |
| DECA                     | \$5m                      | Mayfield Fund, General Catalyst, Atomico                     |
| Eqal                     | \$5m                      | Spark Capital  |
| Independent Comedy Netwk | \$5m                      | Angel investors  |
| 60Frames                 | \$3.5m                    | Tudor Investment Corporation, Pilot Group, SpotRunner, UTA   |
| For Your Imagination     | \$1.2m + \$1m (2007 - 08) | ConsensusOne Ventures  |

Source: Futurescape

#### Revenue for shows

The producers interviewed for this report were emphatic that branded entertainment is going to be the main source of revenue (see Predictions). However, production companies, particularly in the USA, have been very resourceful in tapping as many kinds of income as possible. (UK producers still tend to look for commissions from the major broadcasters that they already produced broadcast television shows for.) The whole range of sources is categorised and detailed below, with examples. Note that some shows have managed to gain more than one source.

#### Advertising and sponsorship

##### Ad-supported

- Via video advertising, such as pre-rolls or video overlays

##### Prom Queen

- US teen murder mystery, produced by Michael Eisner's new media studio Vuguru, with multiple sponsors.
- New Line promoted the movie Hairspray with three-second pre-roll ("brought to you by") and a 15-second post-roll promoting a sweepstake.

##### Branded entertainment

- Sponsor is also creator or sponsor from inception

##### Crescent Heights

- US ensemble comedy about a young woman starting a new life in Los Angeles, sponsored by P&G's Tide.

## From Chapter 5: Production in action

### Show and season lengths

#### Very short forms vs narrative

Arguably the single most contentious issue in online television production is how long an episode should be. There is a widespread preconception that online viewers will not watch video for more than a few minutes.

Says Mark Karlan, media strategist at Lowe Worldwide, New York: "We know people's attention spans online are short."

But is this true? And why are so many producers shooting episodes at more than five minutes? Geoff Goodwin, head of the multi-platform teen service BBC Switch, sums up the assumption about length:

"[People say] 'Oh, they've got 19 things in their room, so we're only going to be able to get them for 3.8 minutes, so we need to do [episodes at] that length.'

"But videogames are as long as they've ever been. Sit down and play Halo and the promise is you're there for *weeks*. Look at the Harry Potter films and Lord of the Rings, some of the popular media for this generation. It's long and getting longer."

The assumption that episodes *have* to be one to five minutes long comes at least in part from the content on video sharing sites such as YouTube, which are very often at that length. Yet it is important to bear in mind that YouTube caps video length at 10 minutes. It is not possible to upload a longer clip. And many YouTube contributors are not working in scripted narrative formats, but producing video blog entries that do not require 15 minute running times.

Another consideration is the commercial pressure to keep it short. Kathleen Grace, co-creator of The Burg, sums up the tension between advertiser requirements and narrative.

"The ad industry says three to five minutes because you can get more impressions and views with shorter content. But we've had very successful episodes that are longer.

"Our general barometer for The Burg and The All-For-Nots has been if we got bored while watching it. If it feels tight and moves along then we don't worry about the number of minutes it is.

"People will watch five minutes, 15 minutes, or even 22 minutes online as long as it's compelling."

Balancing the competing demand of advertisers – for more impressions via a larger number of short episodes – with a producer's aim to deliver a strong narrative via longer episodes, is one of the key challenges that must be addressed for online television to progress commercially. It may be that a format will emerge, analogous to the broadcast television sit-com, that manages to resolve the issue. Or there may be several formats that each work with a different commercial model. For instance, a single sponsor may find a longer episode format entirely acceptable if it delivers a good audience and the sponsor's product is featured effectively.

## FROM APPENDIX II: SHOW PROFILES – In The Motherhood



**Synopsis** US comedy about three mothers, starring Leah Remini, that invited women to send in their true-life experiences for the script; sponsored by Sprint and Suave.

**Production company** Conceived by Mindshare Entertainment, video by Science + Fiction, interactivity by FanLib.

### **Commissioner / sponsor / revenue**

- Co-sponsored by Sprint and Unilever's Suave.
- Unilever promoted the Suave range of hair, skin and deodorant products: Suave is "a brand for the average mom who puts her family first."
- Mobile operator Sprint promoted family safety, family calling, entertainment services.

### **Budget**

- Approx \$1m.

**Number of episodes and length** 5 X 5 mins.

### **TX dates and schedule**

- Show premiered 11 May 2007 (also on The Ellen DeGeneres Show), with subsequent episodes on 22 May, 29 May, 5 June and 12 June.

### **Key innovative and interactive features**

- Show invited target audience of mothers to contribute script ideas from their own real-life experiences, with site users voting which ideas were best.
- Characters had Sprint Digital Lounge music playlists.

### **Distribution**

- Show site [www.inthemothhood.com](http://www.inthemothhood.com)
- Online: MSN | Suave | Sprint site | Sprint TV (mobile) | FanLib for contributions.
- Television: Clips and episodes shown on The Ellen DeGeneres Show.

### **Promotion / marketing**

- The Ellen DeGeneres Show also featured Remini and invited viewers to send in ideas.

### **Success**

- Claims 5.5 m video views in first season and that during the campaign the site was the fifth most popular site for mothers on the Web.
- Second season started in February 2008. Being developed by ABC for broadcast TV.