

YouTube

YouTube is a popular free video sharing Web site which lets users upload, view, and share video clips (Tapscott and Williams, 2006). Founded in February 2005 the wide variety of site content includes movie and TV clips and music videos as well as amateur content such as videoblogging.

YouTube.com was founded by Chad Hurley, Steve Chen, and Jawed Karim, who were all early employees of PayPal. The domain name YouTube.com was activated on February 15, 2005 and the website was developed over the following months. In August of 2005, Macromedia released FlashPlayer 8, which provided a large increase in video quality compared to FlashPlayer 7 and has a very small download size, decreasing download time. For the first time ever, users did not have to use a separate video player such as Windows Media Player or Realplayer. Claims have been made that without the capabilities of Flashplayer 8 it is unlikely that YouTube would have grown as fast as it did in such a short time.

At present, YouTube is one of the fastest-growing websites on the Web. According to a July 2006 survey, 100 million clips are viewed daily on YouTube, with an additional 65,000 new videos uploaded per 24 hours.

On October 9, 2006, it was announced that the company would be purchased by Google for US\$1.65 billion in stock. YouTube will continue to operate independently, and the company's 67 employees and its co-founders will continue working within the company.


Before being bought by Google, YouTube stated that its business model is advertising-based. Industry commentators have

speculated that YouTube's running costs may be as high as US\$1 million per-month. This fuelled criticism that the company, like many internet start-ups, did not have a viable business model. Advertisements were launched on the site beginning in March 2006. Given its traffic levels, video streams and pageviews, some have calculated that YouTube's potential revenues could be millions of dollars per month

In March 2009 Youtube took the decision to block music videos to UK users of the site. This followed failure to reach agreement with the Performing Rights Society over a licensing arrangement. The Performing Rights Society collects royalties on behalf of a large number of music producers, many of which are small-scale. Google, which owns Youtube, apparently wanted to pay lower royalties to performers of such music. The Performing Rights Society was fighting this decision.

The presence of YouTube has stimulated a number of controversies. For instance, YouTube policy does not allow content to be uploaded by anyone not permitted by United States copyright law to do so. The company frequently removes uploaded content infringing such legislation. However, a large amount of copyrighted content continues to be uploaded. Generally, unless the copyright holder reports them, YouTube only discovers these videos via indications within the YouTube community through self-policing.

In June 2006, British media reported that YouTube and sites like it were encouraging violence and bullying amongst teenagers. Teenagers were filming so-called 'happy-slapping' fights on their mobile phones and then uploading them to YouTube. While the



site provides a function for reporting excessively violent videos, news reports

stated that communication of such content with the company was difficult.

Points for reflection

- YouTube is considered a pre-eminent example of a social networking site. It uses income from advertisements as its main revenue stream. How viable is this revenue model longer-term?
- What place does YouTube play in the eMarketing strategies of the major companies?
- How can sites like YouTube ensure that its content is ethical?