

You've Got Video: Welcome to Broadband Internet

A new-media specialist predicts that while online video may not replace television, it will erode the shrinking audience, especially among young viewers. **By John V. Pavlik**

Like many Americans I'm interested in watching my favorite sports teams on television. Like a growing number of Americans, I've also got broadband Internet service in my home. An estimated 182 million persons in the U.S. (two-thirds of the U.S. population) have Internet access, with 18% of U.S. households having broadband Internet access and the percentage is fast growing; it was just ten percent in 2002.

When the 2003 major-league baseball season got in high gear, and I had to work at my computer, I was able to combine business with pleasure: I got my work done on my laptop and I was able to watch live video telecasts of my favorite games via the Internet. But unlike early streaming video, this video

was truly near broadcast quality. The video was smooth and non-pixelated. The frame rate was nearly that of broadcast television, and the image size nearly filled my screen; I have an Apple G4 Powerbook with a 15-inch liquid crystal flat screen display. The audio wasn't bad either, especially when I plugged in my subwoofer and turned up the volume.

During an initial trial period, the games were available free online. But after that, the subscription price to watch the major-league games online was \$2.95 a game, \$14.95 a month, or \$79.95 for the whole season. This is a steep price for people used to watching games for free on over-the-air television, but not a bad price when compared to MLB Season Pass on DirecTV (about \$139 for the full slate of MLB games for

the 2003 season). Local black-out rules apply, but the online MLB game webcasts are ideal for baseball fanatics whose favorite teams aren't local and otherwise simply wouldn't be available to watch. Also, many viewers don't have DirecTV or cable TV systems that offer premium sports channels, so online viewing may be the only option.

The early results suggest that fans have more than a passing interest in seeing baseball online. During the first month that online video of games was offered, more than 40,000 fans signed up for the pay service. About 1,700 fans paid \$3.95 each to download the entire game video of Roger Clemens's 300th victory from Major League Baseball's Web site with in the first 72 hours of Clemens' performance, according to the company that runs the site. "Fans download individual games, without the commercials, so we're talking about two hours of a game now," says MLB.com CEO Bob Bowman. "[They can] download it to their hard drive on the computer, which takes about 20-30 minutes, and then they can transfer it to a CD or leave it on their hard drive, whatever they want."

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Further, with Internet access, video can be watched from wherever the viewer is—at home, in the office, or on the road, wherever there is Internet service. And with wireless broadband, viewing the games via a laptop can be a



The author's daughters, Orianna, 10 (on left) and Tristan, 11, watching video on demand over the internet — a Japanese "Anime."

completely mobile experience, whether sipping a latte at a Starbucks, catching lunch in New York City's Bryant Park or at any of the many thousands of other free or low-cost Wi-Fi hot spots around the country and the world. Wi-Fi stands for Wireless Fidelity, and is the common vernacular for high-speed wireless Internet access, technically known as 802.11b. Wi-Fi has become so popular that even Zagat's offers a Wi-Fi destination guide. Internet consulting firm Frost & Sullivan estimates that there are at least 10,000 Wi-Fi hot spots around the U.S., up from just 4,000 in last year. They expect the number to top 22,500 by the end of 2004. And with WiMax on the horizon, wireless video promises even bigger things in the years ahead. The experimental

WiMax has a radius of about 30 miles, whereas Wi-Fi is limited to about 100 feet radius. Forecasts are that WiMax will be in the marketplace by 2006.

Thanks to my wife (she's a media and information technology professional),

we've got a Wi-Fi network in our home, and it allows me to go anywhere in the house, patio or yard and get high-speed Internet service on my laptop. Consequently, my laptop and I are untethered and able to be anywhere in or around our home and still online with broadband Internet access, enabling me to watch all the games, do my work and at the moment on a cold November day, sit by a hot roaring fire in our wood-burning stove and still be online.

Of course, I could watch the game on my television set and separately use my laptop, and research by media ethnographer John Carey of Greystone Communications shows this is not an uncommon phenomenon. But there are several problems.

First, my television set isn't nearly as mobile as my laptop (even a small set with rabbit ears). Also, my set may not have all the games that I can get over the Internet. Finally, my laptop is my private machine...I have to share the TV with my kids and my wife.

If Major League Baseball was all the quality video available online then there would be little to get excited about. But baseball is only the tip of the broadband video iceberg. Now, virtually all the major professional sports offer a wide range of online video services, from live game coverage to compressed game video (where software is used to delete all the non-game action, so the game can be watched in much less than the time required on traditional television gamecasts), to highlights, sports shows and much more.

A plethora of other quality video services is also available online and at near broadcast-quality via broadband

Internet connections. On the Web site of *The New York Times* (www.nytimes.com), for instance, is Page One, a three-minute video newscast of the front page of the *Times*. It is presented by the Discovery Times Channel every Monday through Friday night. The quality of the video is very good, both in terms of content and production values.

The Starbucks Corporation, which was among the first companies to install wireless Internet access at its stores, is now experimenting with Wi-Fi delivered entertainment video. Among the video programming available is free film footage of blues artists such as Muddy Waters and blues documentaries

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produced by Martin Scorsese. A variety of other sources of quality online video are also available, including downloadable and streaming video on demand of full-length feature films from MovieLink.com and CinemaNow.com. The downloadable video files are DVD quality and take from about 30 seconds to 10 minutes to start watching, although downloading the entire movie may take 30-90 minutes, depending on one's Internet connection speed. More than 1,000 current releases and older films are available for prices of about \$3 to \$5 a movie. Interestingly, although the movie is downloaded via the Internet, the viewer can store the video film on a variety of formats and can watch the movie on a television set or computer screen, depending on the viewer's preferences. The viewer can also save the movie on a laptop for later

viewing at another location.

Perhaps the premier provider of a wide range of types of video online is RealNetworks (www.real.com), which through its Real player offers quality video online, including ABC News, CNN, Fox Sports, iFilm (independent films) and the Weather Channel. New RealVideo 9th offers near-DVD quality video over broadband Internet connections, wireline or wireless. The full SuperPass Real video service costs \$9.95 a month, but a reduced video programming package is available for free (a lower-quality software package is also part of the free option). The Seattle, WA-based RealNetworks has had its software downloaded by 300 million users to stream audio, video and other multimedia content (www.hoovers.com). Another quality competing source of online video is the San Francisco-based Nullsoft's Winamp (www.winamp.com), which has an impressive digital audio and video player, and offers an extensive selection of online video and audio content, specializing in music videos.

One popular type of video content online is adult, sexually-explicit material. It is widely available, increasingly of high production value or at least transmitted online or downloaded at high resolution and frame rate, and has a large audience willing to pay for the content. File sharing networks such as KaZaa, known especially for the distribution of MP3 music files, are also popular havens for the illegal sharing of pornographic video files.

In some ways just as adult video drove the general consumer acceptance of video cassettes in the 1980s, online pornography is facilitating the

development of online video early in the 21st century. One study reported in November, 2003, showed that among men 18-34, 19 million (almost two-thirds of the 32 million U.S. males in that age group, 27 million of whom go online) had visited an adult site in the past month, including viewing of online adult video materials (Media Metrix, <http://www.comscore.com/press/release.asp?id=361>). This is substantially higher viewership than among females in that age group. "Since 18-34 year-old men aren't engaging with TV broadcast networks to same degree as females, it's not unexpected that this trend would hold true online," said Peter Daboll, president of comScore Media Metrix. "Advertisers and networks alike would be well-advised to reconnect with these consumers through the many online brands to which they are still attracted." Moreover, he added, "The fact that more than 75 percent of 18-34 year-old men in the U.S. are using the Internet seems to take at least some of the mystery out of the decline in TV viewing among this prized demographic." These males are spending an average of 32 hours a month online.

But for young Internet and television viewers, possibly the most popular online video destination is Launch (www.launch.com). As of Nov. 3, 2003, Launch had streamed more than one billion music videos since January, more than quadrupling the number of videos streamed from the previous year. Launch is a product of Yahoo (headquartered in Sunnyvale, CA, Yahoo is the largest portal, with 220 million unique visitors a month and \$953 million in sales for 2002), and it specializes in music videos on demand, although other video, audio and

interactive services are also available.

“As teens and young adults increasingly turn to the Internet as their medium of choice, we feel there’s great potential for them to turn to Launch for the music video content that they would normally get on television,” said David Goldberg, vice president and general manager for Music at Yahoo!. “We are dedicated to giving music fans a great user experience on Launch and will continue to provide them with access to the videos they want, when they want them.”

Launch also offers viewers a chance to see music video premieres, with more than 40 music videos having been premiered on the site in 2003. In fall 2003, Launch featured the exclusive online debut of Britney Spears’ latest video “Me Against the Music,” featuring Madonna. Spears’ video was viewed more than two million times in the first five days after its web premiere.

More than 7,000 music videos ranging from hip-hop to pop to jazz are available on demand and for free, generally preceded by a thirty-second commercial message. It’s essentially the same business model MTV has employed successfully for more than twenty years, but now the videos are on demand. The viewer isn’t forced to watch the videos as scheduled. There’s instant gratification (well, near, since

there is a short commercial required before viewing the music video). Today’s on-demand media generation gets just what it wants and the business model works. The video is great, my 10-year old daughter says. “Do you like Launch?” I ask. “I love it,” Tristan responds. “How’s the quality of the video?” I follow up. “It’s excellent,” she answers, “Except when you go full screen; then it gets a little blurry.”

The real question is: how does traditional television adapt to this changing video environment where the viewer is in near total control of the viewing experience? How does television maintain its audience and what is the shape of the business model in a highly competitive digital video universe? Viewers increasingly don’t care whether they watch their favorite video on television or a computer. They want quality content presented in high resolution, with a high frame rate and with excellent quality sound. Perhaps just as importantly, they want their video on demand and only when it is packaged uniquely will they pay for it. Online video won’t likely replace watching television, but it will erode the already shrinking television audience, especially among young viewers.

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