



Short form video: a future, but not *the* future, of television

Deloitte predicts that in 2015 total time spent watching short-form (under 20 minutes' duration) video online will represent under three percent of all video watched on all screens. Short-form revenues will be about \$5 billion: by comparison long-form TV content will generate over \$400 billion from advertising and subscription revenues alone.

These ratios may appear surprising, given that short-form is often proclaimed as the future of television. A brief foray on the Internet reveals many articles, with eye-popping numbers to accompany, arguing that short-form is already dominating over long-form, mostly at the expense of traditional TV.¹⁷²

Some stats seem to suggest that short-form could usurp traditional long-form television. One of the most successful TV shows in the US at present, *Big Bang Theory*, attracted an average audience of 17.5 million viewers in its most recent season, with each episode broadcast in a 30-minute slot.¹⁷³ In comparison, Korean star PSY holds the title for the most-watched video on YouTube, *Gangnam Style*,¹⁷⁴ which has amassed over two billion views since its release in 2012.¹⁷⁵ PSY's official channel has had almost four billion views.¹⁷⁶

It is not just professional music videos that can generate billions of hits: the home-made, low-budget clip can do even better. By December 2014 PewDiePie, a UK-based Swede, had amassed seven billion views and 32.5 million subscribers,¹⁷⁷ and was adding a further 350 million views per month.¹⁷⁸

His videos, mostly voiced-over video game play, typically get a few million views each, and since 2010 he has accumulated billions of views by posting over 2,000 clips.¹⁷⁹ To place that number of clips/episodes in context, the longest-running current TV show is the Simpsons, with a 'mere' 560 episodes and counting.

Opening children's toys on camera can also generate billions of views. DisneyCollectorBR is a non-Disney affiliated 'channel' (a collection of uploaded videos) whose core output is to show new Disney-branded children's toys being taken out of their box and used, accompanied by a voice-over.¹⁸⁰ About fifty new videos are posted a month.

The top 100 YouTube channels generate over ten billion views per month globally.

Yet despite these successes – and there are many more – short-form generates a small percentage of all screen-based viewing time, and an even smaller proportion of revenues. How can short-form's numbers be so big, and at the same time also so small?

The answer lies with metrics: comparisons of short-form and long-form are often based on similar-sounding but unequal metrics. Short-form is measured in views; long-form in viewers (see side bar: Views and viewers). Short – and long-form both have subscribers; but for the former the marginal cost is a click; while for long-form it is a commitment of at least a month, and sometimes several years

172. For example see: YouTube multichannel networks stake claim to the future of TV, *The Guardian*, 14 April 2014: <http://www.theguardian.com/media/2014/apr/13/miptv-conference-multichannel-networks-mcns-youtube-tv-cannes>; In 2013: "Global audiences of prosumer video producers will create content that is viewed by global audiences in numbers far in excess of traditional TV" in "Suck It, Traditional TV: How We're Going To Watch Things in The Future, *Business Insider*, 19 February 2013: <http://www.businessinsider.com/the-future-of-television-2013-2#ix=z3A13175q>; "2014 is the year that the web emerges as the new audience consumption platform for video, and moves to eclipse [sic] TV. Sometimes it pays to be a student of history", in: *Why Television is Dead*, *Forbes*, 28 January 2014: <http://www.forbes.com/sites/stevenrosenbaum/2014/01/28/why-television-is-dead/>

173. Three on 'Big Bang' to Get \$1 Million an Episode, *The New York Times*, 5 August 2014: http://www.nytimes.com/2014/08/06/business/media/big-bang-theory-stars-renew-their-contracts.html?_r=0

174. PSY – Gangnam Style, YouTube, 15 July 2012: <https://www.youtube.com/watch?v=9bZkp7q19f0>

175. 2.058 billion as of 10 August 2014. See: PSY – Gangnam Style, YouTube, 15 July 2012: <https://www.youtube.com/watch?v=9bZkp7q19f0>

176. 3.943 billion as of 10 August 2014. See: PSY Official YouTube Channel, YouTube, 2014: <https://www.youtube.com/user/officialpsy/about>

177. PewDiePie passes 32 million YouTube subscribers, *Tubefilter*, 12 November 2014: <http://www.tubefilter.com/2014/11/12/pewdiepie-passes-32-million-youtube-subscribers/>

178. Top 100 Most Viewed YouTube Channels Worldwide • October 2014, *Tubefilter*, 28 November 2014: <http://www.tubefilter.com/2014/11/28/top-100-most-viewed-youtube-channels-worldwide-october-2014/>

179. As of December 2014, PewDiePie had uploaded 2,013 videos. See: Channel Statistics, *StatSheep*, as accessed on 8 December 2014: <http://www.statssheep.com/pewdiepie>

180. For more information, see: YouTube's Biggest Star Is An Unknown Toy-Reviewing Toddler Whisperer, *BuzzFeed News*, 18 July 2014: <http://www.buzzfeed.com/hillaryreimberg/youtubes-biggest-star-is-an-unknown-toy-reviewing-toddler-wh>

Side bar: Views and viewers

Television viewing is typically quantified by viewers (live or within seven days) and online video by all-time views. There are fundamental differences between these two metrics, which are occasionally overlooked when comparing traditional TV with newer forms of video format.

In mature television markets, over \$2 billion is spent globally measuring TV viewing among a representative sample of respondents every year. Whenever anyone in the sample is in front of a TV set, their viewing habits are recorded and aggregated. The approach is typically agreed by all key industry players, and acts as the 'currency' that underpins the \$200 billion global TV advertising industry.

With online video, the definition of a view is typically any request made to a server to play a piece of video. There is no agreed measurement of what constitutes a view, and a view could be anything from a millisecond to the entire clip. According to comScore's data, the average length of a 'view' is about four minutes.¹⁸¹ There do not appear to be any industry-wide or national standards for measuring online video views.

There is no certainty that a video is actually visible on a screen when it is playing; it may well be playing 'under the line', on a part of the page that is not visible on a screen. There is no data on how many people may be watching each view. There is also no way of knowing for sure how each online video is used. Music videos, like music stations on TV, may be used more as a jukebox, playing music in the background, rather than as a conventional video service where viewers predominantly look at a screen.¹⁸² Of the top ten all-time views on YouTube, which together have amassed billions of views, nine are music videos.¹⁸³ Up to 40 percent of all online video views may be views of music videos.¹⁸⁴

While harmonizing different metrics is never entirely straightforward, comparing on a like-for-like basis reveals a distinct consumption pattern.

We estimate that 10 billion hours of aggregate online short-form video per month should be shown on screens, but not necessarily watched, in 2015.¹⁸⁵ This is a spectacular achievement for a format that barely existed a decade ago, but it is equivalent to only 20 hours' worth of global consumption of long-form video (television programs and movies). Deloitte estimates that in an average month over 360 billion hours of long-form video will be watched,¹⁸⁶ principally on television sets, and mostly live.¹⁸⁷ We do not expect this total to vary substantially over the coming years.

Online short-form content should generate about \$5 billion of advertising revenue in 2015.¹⁸⁸ This compares to about \$210 billion from long-form advertising on television.¹⁸⁹ We expect short-form subscription services to be in experimental phase in 2015 and to generate trivial revenues; turnover for long-form pay-TV subscriptions should be approaching \$200 billion.¹⁹⁰

The production values, monetization, genres, devices and consumption patterns for short-form are likely to differ markedly from long-form.

In 2015 long-form television shows are likely to have budgets of up to several million dollars per hour, and tens of millions of dollars per series.¹⁹¹ We believe that short-form production budgets are typically in the thousands to tens of thousands of dollars per clip.

They can't be much higher: a short-form video that gets a billion views at a \$2 CPM may leave a little over a million dollars, after deducting the platform's commission.¹⁹² And fewer than a couple of dozen on-line video stars are likely to generate in excess of a billion views in 2015.¹⁹³ For most, a billion views would likely require dozens, and often hundreds, of videos to be created.

The available budget influences the most popular genres on short-form aggregation sites, namely: music; how-to clips (predominantly of make-up and video games); video game play; clips from traditional TV programming (such as individual comedy sketches and sports highlights); unboxing (mostly children's toys being opened); movie trailers; and entertainment news.¹⁹⁴ Original content is mostly low-cost relative to long-form, with recording equipment usually consisting of a single modest camera, no special lighting, and often self-shot. The exceptions to this rule are music or movie trailers and TV excerpts.¹⁹⁵

These popular genres of short-form video differ entirely from the most-watched types of television program in 2015: drama, soap operas, family entertainment, sport and reality. The reason these types of program may never become major hits on short-form sites is down to budget – premium global TV sports rights alone are expected to be over five times the value (\$28 billion) of short-form revenues (\$5 billion) in 2015.

The two formats are unlikely to encroach on each other's screens. Short-form is consumed mostly on laptops, smartphones and tablets, and is often watched in short bursts, to fill gaps during the day, when waiting for a friend, or to 'graze' or when distracted.

181. According to comScore metrics for the US market in December 2013, 188 million unique viewers watched 52.3 billion views (comScore defines a view as anything over three seconds in duration), and the average monthly time spent per viewer was 1,165 minutes. This equates to about 252 seconds per video. This average includes long-form video from sources such as Turner Digital, which had the tenth-highest number of unique viewers. See: ComScore Releases December 2013 U.S. Online Video, Rankings, ComScore, 10 January 2014: <http://www.comscore.com/Insights/Press-Releases/2014/1/comScore-Releases-December-2013-US-Online-Video-Rankings>

182. This would be similar to how music channels on TV are often used, as an alternative to listening to music radio.

183. The other video making up the top ten is Charlie Bit My Finger – Again! which ranked at number four at 21 July 2014. See: Most viewed YouTube videos: From 'Gangnam Style' to 'Wrecking Ball', The Independent, 15 July 2014: <http://www.independent.co.uk/arts-entertainment/music/features/most-viewed-youtube-videos-from-gangnam-style-to-wrecking-ball-9607483.html>

184. The YouTube Musiconomy: Just How Big Is It? (Infographic), Video Ink, 17 December 2013: <http://www.thevideoink.com/features/special-issue/the-youtube-musiconomy-just-how-big-is-it-infographic/#.UeySztwbUJ>

185. YouTube is the majority of short-form viewing, with six billion hours viewed monthly. See: Statistics, YouTube, as accessed on 8 December 2014: <https://www.youtube.com/yt/press/en-GB/statistics.html>

186. In most markets viewing figures are seasonal, with peaks during the winter months, and lows during the summer.

187. There are 1.6 billion households worldwide with TV sets. Assuming an average 2.5 persons per household, the global TV audience would be roughly 4 billion. Daily TV watching varies by country. In the US, it is close to five hours, but about half that (2.7 hours in China) and 3.6 hours in Brazil. The average tends to be higher in EU and North America at around four hours per day. For this prediction, we have assumed a global average of three hours per day, which is most likely a conservative estimate. See: Number of TV households worldwide from 2010 to 2014, by platform (in millions), Statista, 2014 (Subscription required): <http://www.statista.com/statistics/324187/number-of-tv-households-platform/>, also see: Average daily TV viewing time per person in selected countries in 2012 (in minutes), Statista, 2014: <http://www.statista.com/statistics/276748/average-daily-tv-viewing-time-per-person-in-selected-countries/>

188. There is a wide variety in unofficial estimates of YouTube's revenue, ranging from \$3.7 billion (Forbes estimate) to \$5.6 billion in 2013 (eMarketer, quoted in the Financial Times). See: YouTube advertising revenue surges 50% to \$5.6bn, Financial Times, 11 December 2013: <http://www.ft.com/cms/s/0/377ed152-6220-11e3-bba5-00144feabdc0.htm#stxxz3902u1tv>. Also see: Google Earnings: Ad Volume Soars Even as Cost Per Click Declines, Forbes, 21 July 2014: <http://www.forbes.com/sites/greatspeculations/2014/07/21/google-earnings-ad-volume-soars-even-as-cost-per-click-declines/>

189. ZenithOptimedia forecasts global ad spend to return to pre-financial crisis growth, ZenithOptimedia, 7 April 2014: <http://www.zenithoptimedia.com/zenithoptimedia-forecasts-global-ad-spend-to-return-to-pre-financial-crisis-growth/>

190. Global pay-TV revenues are forecast to reach \$209 billion in 2020, up from \$193 billion in 2013. See: Digital TV world revenue forecasts, Digital TV Research, May 2014: <https://www.digitaltvresearch.com/products/product?id=98>

191. Here's how much it costs to make a 'Game of Thrones' episode, Arts.mic, 8 April 2014: <http://mic.com/articles/87169/here-s-how-much-it-costs-to-make-a-game-of-thrones-episode>

192. Online video aggregators, such as YouTube and Vimeo, typically take a cut of all advertising revenue generated.

193. One such artist is PewDiePie, who had 449 million views in August 2014. See: YouTube star PewDiePie was watched 449m times in August alone, The Guardian, 1 October 2014: <http://www.theguardian.com/technology/2014/oct/01/youtube-pewdiepie-august-disneycollector-katy-perry>

194. Top 100 Most Viewed YouTube Channels Worldwide • September 2014, TubeFilter, 28 October 2014: <http://www.tubefilter.com/2014/10/28/top-100-most-viewed-youtube-channels-worldwide-september-2014/>

195. For example the Star Wars trailer, launched in December 2014, had attained 40 million views after 72 hours. See: 'Star Wars' trailer blasts past 40M views in 72 hours, The Hollywood Reporter, 30 November 2014: <http://www.hollywoodreporter.com/heat-vision/star-wars-trailer-blasts-past-752847>

The brief length of a short-form view is a factor in the challenge in monetizing directly the format: a viewer may only tolerate watching a single, brief video ad prior to watching a two-minute clip.

By contrast, television is watched predominantly in the evening, is often 'appointment-to-view' (that is, time is scheduled and set aside to consume those programs) and long-form is primarily watched for several hours per session. In many homes the TV is turned on a regular time, and left on for 3-4 hours every night. Long-form viewers are more tolerant of advertising breaks with multiple ads, if this comes after 15-20 minutes of program.

Many viewers may well also prefer long-form content as it reduces the need to choose. Short-form, by contrast, can require multiple choices to be made every hour.

We expect short-form only rarely to be watched on a television set (under five percent of all short-form viewing). This is partly because the age group with the highest consumption of short-form content is the under-30s, who are more likely to consume video content on a laptop, and also less likely to own a television set. But another reason is because short-form content is usually optimized for smaller screens; low-production values feel edgy on small screens, but may irritate on larger screens.¹⁹⁶

Online short-form content should generate about \$5 billion of advertising revenue in 2015. This compares to about \$210 billion from long-form advertising on television.

Bottom line

We do not expect short-form online content to usurp long-form traditional television.¹⁹⁷ It is a future, but not *the* future, of screen-based entertainment; and it is unlikely ever to be the predominant video format, as measured by hours watched or revenues. Short-form's success should be respected, but it needs to put in context. Any claims about short-form usurping traditional long-form content should be analyzed carefully, using comparable metrics (see side bar: Big Bang Theory and Gangnam Style: a comparison).

Short-form should not be considered as a direct competitor to 'traditional' long-form content, but rather as an additional screen-based medium, addressing needs that were previously un-served or which were catered for by other media, such as magazines, guides to playing video games, or cookery books.¹⁹⁸

Stars are likely to emerge from short-form, but they may well have to diversify to monetize their fame as advertising to increment revenues. For example Zoella, a UK-based video blogger (vlogger), has signed make-up and book deals on the back of her online ubiquity.¹⁹⁹ Zoella's first book holds the UK record for first-week sales, at 78,000. Vloggers looking to increase their revenues should observe product placement regulations carefully; as short-form gets a higher overall profile, it is likely to come under closer scrutiny.²⁰⁰

Multi-channel networks, set up to aggregate vloggers, may also need to look to additional revenue streams, such as taking cuts from ancillary deals with brands that are looking to tap into vloggers' reach.

A charge often made of traditional TV advertising is that some of this is ignored or skipped over. Digitally served advertising is often assumed to be more precise. However, is also the case that short-form videos may also be skipped, ignored, muted, or even be played out 'below the line', that is outside of the current field of view.

Regardless of whether the ads on short-form are watched all the way through, the most popular short-form videos are often ads in themselves. A toy being unboxed should promote interest in that toy; someone watching a video of games play is more likely to purchase the game; music videos can stimulate demand for paid downloads and concert tickets.

196. Deloitte's research has found that among the two-thirds of UK adults who watch short-form video, about 70 percent use a PC to do this, 35 percent use a smartphone, and only a quarter a television set. Source: Deloitte UK TV survey, July 2014, 1,941 respondents (respondents with access to a TV, tablet, PC, laptop, smartphone or MP4 video player at home). Among those who watch video clips on more than one device, about half named a computer as their preference for this activity. In comparison, 94 percent of all respondents watch television on a TV set at least weekly, a third on a computer, and just 15 percent on a smartphone. Source: Deloitte UK TV survey, July 2014, 597 respondents (respondents who watch short video clips on two or more devices); Deloitte UK TV survey, July 2014, 2,000 respondents (adults aged 16+ in Great Britain). That said, some of the highest quality video out there is available online and in short form: 4K video at 60 fps and 120 fps from YouTube. See: iPhone 6 60 FPS videos now supported on YouTube, Gotta be Mobile, 30 October 2014: <http://www.gottabemobile.com/2014/10/30/iphone-6-60-fps-videos-youtuber/>

197. YouTube multichannel networks stake claim to the future of TV, The Guardian, 14 April 2014: <http://www.theguardian.com/media/2014/apr/13/miptv-conference-multi-channel-networks-mcns-youtube-tv-cannes>

198. Sites such as Munchies and FoodTube offer a vast repository of how-to cook videos. See: Munchies, Vice, as accessed on 29 December 2014: <http://munchies.vice.com/en/>; Jamie Oliver's Food Tube, YouTube, as accessed on 8 December 2014: <https://www.youtube.com/user/JamieOliver>.

199. Zoella's Girl Online is the fastest selling book of 2014, Glamour Magazine, 3 December 2014: <http://www.glamourmagazine.co.uk/news/celebrity/2014/11/26/zoella-zoe-sugg-book-girl-online-best-seller>

200. Watchdog tells vloggers to stop hiding product placement, The Times, 4 December 2014: <http://www.thetimes.co.uk/tto/news/medianews/article4279502.ece>

Side bar: Big Bang Theory and Gangnam Style: a comparison

At first glance short-form's billions of views make television's mere millions of viewers look meagre. *Big Bang Theory*, averaged 17.5 million viewers in the 2013-2014 season.²⁰¹ By comparison, as of end-2014, Korean star PSY's hit *Gangnam Style*²⁰² had amassed over 2.1 billion views since 2012.²⁰³

If we convert both viewers (of *Big Bang Theory*) and views (of *Gangnam Style*) to total hours viewed, we estimate US residents have spent, in aggregate, 38 million hours watching *Gangnam Style* since 2012. This is equivalent to the total viewing time for four-and-a-half episodes of *Big Bang Theory* in the US market, or one fifth of a 24-episode series. We have assumed that the average view of *Gangnam Style* is 200 seconds (80 percent of the total time), and that a third of all global views have been in the US.²⁰⁴

201. Three on 'Big Bang' to Get \$1 Million an Episode, *The New York Times*, 5 August 2014. See: Three on 'Big Bang' to get \$1 Million an episode, *The New York Times*, 5 August 2014: http://www.nytimes.com/2014/08/06/business/media/big-bang-theory-stars-re-new-their-contracts.html?_r=0
202. PSY - Gangnam Style, YouTube, 15 July 2012: <https://www.youtube.com/watch?v=9b-Zkp7q19f0>
203. 2.058 billion as of 10 August 2014. See: PSY - Gangnam Style, YouTube, 15 July 2012: <https://www.youtube.com/watch?v=9b-Zkp7q19f0>
204. The methodology for this calculation is as follows: *Gangnam Style* is 4:12 minutes long and had accumulated 2.06 billion views as of 10 August 2013. This equates to 144 million hours viewed. Not all videos are viewed in their entirety. It is assumed that on average 80 percent of the video is viewed (so that most views of the video are in their entirety, but some views may be very brief), we get to 115 million hours. If we focus on the US (so that we can make the comparison with *Big Bang Theory*) and assume that a third of all views are in the US, the total hours spent watching *Gangnam Style* since it was uploaded in July 2012 is 38.4 million hours. This is equivalent to four-and-a-half episodes of *Big Bang Theory* or about a fifth of one of the seven series shown so far.

As used in Predictions, "Deloitte" refers to the Deloitte Touche Tohmatsu Limited member firm TMT (Technology, Media & Telecommunications) Practices. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 210,000 professionals are committed to becoming the standard of excellence.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2015. For information, contact Deloitte Touche Tohmatsu Limited.

Designed and produced by The Creative Studio at Deloitte, London. 39856A