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Online video in Australia

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Online video has grown rapidly in Australia in recent years, as in other parts of the world. This article provides results from an analysis of the state of this sector conducted in 2011.

First, it summarises overall audiovisual media usage in Australia, including online and other media. Second it explains the methodology and results of an analysis of 25 websites over the year from June 2010 to June 2011 and notes some qualifications about the state of online video measurement. These sites were selected because they are popular online sources of fiction content. Third, it describes the main features of the 25 sites, including the types of content offered, the delivery technologies and the business models.

This work is part of a larger project that aims to quantify the changing ways Australians are watching and engaging with audiovisual stories across the cinema, free-to-air and subscription television, consumer/DVD, online and mobile sectors. The larger project, 'Spreading Fictions: Distributing Stories in the Online Age', is being conducted from 2010-13 by The Swinburne Institute for Social Research in Melbourne and the University of Sydney, supported by the Australian Research Council, the Australian Broadcasting Corporation (ABC) and Screen Australia.

The focus on narrative fiction content reflects the high priority given by successive governments in Australia and overseas to policies encouraging the making, promotion, screening and discussion of local audiovisual works, especially feature films, adult and children's TV dramas and documentaries.¹ These policies are based on the high cost of these formats relative to the revenue-earning capacity of national markets. Challenges to these underlying economics are coming from at least three related directions: technology, audience behaviour and business models.

Audiovisual media usage in Australia

One in five Australians (14 years and over) reported viewing online video via a PC 'in the last four weeks' in 2010, nearly double the figure in 2008, according to Roy Morgan (Screen

¹ Between 1994/95 and 2007/08, 72 per cent of federal and state screen agencies' production funding was allocated to feature film and TV drama production. Screen Australia 2010, Film agency funding survey 1994/95 to 2007/08, Sydney: Screen Australia.

Australia 2011). Other researchers estimate much higher proportions but of different groups. For example, Nielsen found 60 per cent of Australian internet users (16 years and over) consumed video content online in the year 2010, up from 41 per cent in 2009 (Nielsen 2011).

People aged 18–29 years accounted for 21 per cent of the Australian population in 2010 but 38 per cent of the audience for online video, according to Roy Morgan. Around two in five in this age group reported viewing online video via a PC ‘in the last four weeks’ in 2010, almost double the participation rate of all Australians (Screen Australia 2011).

Across the whole population, Australians have been adding new screen activities to old ones. While online video, social media and console and online games have grown, cinema and especially television have endured.

Table 1 Time spent with media in Australia (hours per week) 2004–2010

<i>Media</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>Change 2004– 2010</i>
TV	22.2	21.9	21.9	21.8	21.5	21.2	20.9	-1.4
Radio	16.2	15.5	14.9	14.7	14.2	13.3	13.4	-2.8
Newspaper	3.5	3.5	3.4	3.4	3.3	3.1	3.1	-0.5
Magazines	1.9	1.9	1.9	1.8	1.7	1.7	1.5	-0.4
Internet home, work, school or elsewhere	7.1	7.6	8.6	9.5	10.7	12.0	13.0	+6.0
TOTAL hours spent with media per week	50.9	50.4	50.8	51.3	51.5	51.2	51.8	+0.9

Source Roy Morgan (2011).

Notes People aged 14 years and over.

Hours in table are in decimal form: 21.15 hours equals 21 hours 9 minutes.

Based on average hours per whole week usually spent viewing TV, listening to radio, reading newspapers or magazines, using the internet.

Since 2004, the amount of time Australians spend each week with media has grown steadily, but its composition has changed significantly. In the six years to 2010, according to Roy Morgan, the average time Australians (14 years and over) spent with television fell by around 1.4 hours a week; the time they spent on the internet grew by nearly 6 hours a week. (Roy Morgan 2011).

Online video occupies a much smaller share of the time spent with media than older forms. Australians (14 years and over) spent nearly 21 hours a week watching television in 2010 according to Roy Morgan, but just over 13 hours using the internet for all purposes including online video (Roy Morgan 2011).

The World Internet Project found in 2011 that Australian internet users (18 years and over) were spending more time on the internet (22.8 hours a week) than watching television (14 hours a week); non-internet users were spending 22.7 hours a week watching television, 2 hours more than Roy Morgan estimated for Australians (14 years and over) the year before (ARC CCI 2011; Roy Morgan 2011).

International comparisons show online video is growing everywhere but Australians are not particularly heavy users. Nielsen's Index of online and mobile video usage found Australia was in the bottom third of 55 countries tracked in March 2010 (Nielsen 2010).

Short clips dominated online video viewing in 2011—nearly three-quarters of videos viewed, according to a Yahoo! survey of 4,100 US online video viewers—but viewing of long-form content like movies and full-length TV programs has grown, from 16 per cent of content viewed in 2009 to 26 per cent in 2011 (Yahoo! Interpret 2011).

'Sharing photographs or videos' was the second most popular reason Australian social media users (14 years and over) used social networking sites, according to the 2011 Sensis Social Networking survey. (Sensis 2011: 18). The World Internet Project found 17 per cent of Australian internet users (18 years and over) posted videos online in the year 2011, more than triple the proportion in 2007 (ARC CCI 2011).

Methodology

Australians get audiovisual stories online in many ways and from many places. Different types of online video service based in Australia and overseas use different delivery systems and retail business models to deliver many kinds of content.

Measuring use of these services requires different tools that are not easy to reconcile and are being constantly developed by research companies. This makes analysis of the online video sector, at this stage of its evolution, more complex than other distribution sectors like cinema, television and DVD, where there is more consensus about what and how to measure, and what the metrics mean.

The analysis for this article concentrates on websites. In the terms adopted by the Australian Communications and Media Authority (ACMA), the analysis covers 'internet video' but not closed access, managed, IP multicast 'IPTV' services, like those offered by Fetch TV, Telstra via its T-Box and Sony via its Bravia connected TVs. It also does not separately identify use of 'internet video' within sites like Facebook or on mobile devices.

Our primary measurement tool was Nielsen NetView. It provides data on the frequency and duration of access to particular URLs. The Interactive Advertising Bureau of Australia [IAB] appointed the Nielsen Company as the sole and exclusive preferred supplier of online audience measurement services in Australia in May 2011. In October 2011, Nielsen began releasing data using a new hybrid methodology, known as Nielsen Online Ratings.

Even Nielsen NetView's consistent metrics do not provide a perfect tool for analysing behaviour across different URLs where online video activity occurs, because the nature of that activity varies so widely. For example, on catch-up TV and video sharing sites, users find and stream videos. Visitors to iTunes and P2P BitTorrent sites search for and download videos to watch at another time; visitors to most video search sites generally leave the site to stream the videos they find from other sites. Some sites offering video attract a lot of users seeking other content like music (eg. iTunes) and software (P2P BitTorrent sites).

Further, identical or similar content is available from many sites, such as a recently broadcast TV drama, simultaneously available from a TV broadcaster's network and catch-up sites, iTunes, YouTube and P2P BitTorrent sites. The relative popularity of these different sites makes it much harder to compare the performance of individual titles than it was when the only forms of distribution were free-to-air and subscription TV and DVD.

We note also that even where consistent metrics are used to measure the same URLs over time, the results might still be misleading because the content and activities available from sites and their technical organization are constantly modified. For example, during the course of this project, BigPond Movies exited the DVD rental business; Quickflix introduced a form of online delivery; and an organisation not included among the selected 25 sites, the BBC, launched a subscription video-on-demand service in Australia and other countries based on its domestic TV catch-up service, iPlayer.

We identified 25 sites for detailed analysis. Initially, we used a three-month sample of Australian unique audience estimates from Nielsen NetView over the period January to March 2011.

In the top 500 domains ranked by Australian unique audience, 94 sites 'offering video content for download, streaming or physical purchase directly on the home page' were identified by visiting and checking for the prominence of video. Significantly, Facebook was not among them, because, although reported by Nielsen as 'overtaking YouTube' in 2010 as the main video sharing site (Sinclair 2011) video is not presented or aggregated on the home page. The 94 sites were allocated to categories developed by the research team: newspapers and online magazines; broadcaster; video sharing; games; cinema and video; P2P BitTorrent sites; and pornography.

We then selected 25 sites for more detailed analysis. These are set out in Table 2. Games and pornography sites were excluded; at least one site from the other five categories was included. Wherever possible we selected domains, sub-domains or page-level URLs most closely related to video activity, although NetView sample sizes were insufficient for reliable projection of audience size for a small number of these URLs in at least some months. We only included one newspaper site, because although newspaper sites now offer a lot of video, much of it is news. Of the broadcaster sites, we were especially interested in the relatively young catch-up TV sites.

Three main measures were used to analyse the selected 25 sites: unique Australian audience, total minutes spent on sites, and minutes per person spent on sites. These are explained below. Data was obtained for the months June 2010-June 2011, for home and work internet users, excluding apps. Demographic data was also supplied for the month of June 2011 and we received some data from the ABC about traffic to the ABC's websites and catch-up TV service. This data was collected for the ABC by WebTrends.

Results

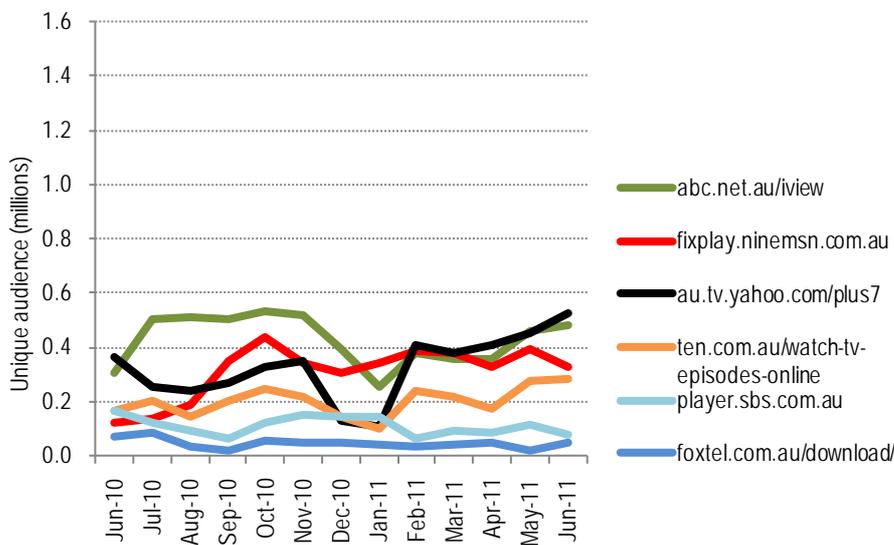
Unique Australian audience

Nielsen defines unique audience as: 'the total number of unique persons that have visited a website or used an application at least once in the specified reporting period. Persons visiting the same website or using the same application more than one time in the reporting period are only counted once' (Nielsen 2006).

Of the 25 selected sites, YouTube had by far the most unique visitors. Over the 12 months to June 2011, it attracted an average monthly audience 3.9 times larger than the second-most-visited site, iTunes, and 6 times larger than the third, the Seven Network's TV site au.tv.yahoo.com.

Broadcaster sites

Figure 1 Selected broadcaster catch-up sites, unique audience, June 2010 to June 2011 (millions)



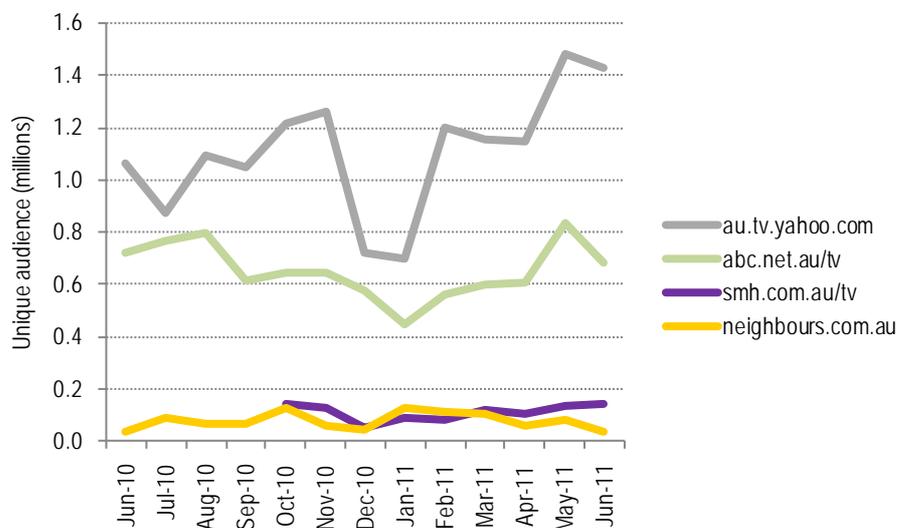
Source Analysis of Nielsen NetView data

Commercial television catch-up sites: The unique audience for all commercial television catch-up grew over the twelve months to June 2011, though not steadily. The unique audience for the most popular of these sites, Plus7, grew by 45 per cent over the period, to 527,000 users. Nine’s FIXPlay more than doubled its monthly users to 328,000 in June 2011 and Ten’s catch-up site grew 77 per cent to 285,000 (the Ten catch-up site is for the main channel only and does not include the separate catch-up sites for its multichannels, One and Eleven).

Public broadcaster catch-up sites: The monthly unique audience for ABC iView grew 58 per cent over the twelve months to June 2011 and averaged 423,000 during that period. WebTrends data provided by the ABC recorded ‘unique browsers’ to iView growing at a similar rate over the period, 65 per cent, from 581,000 in June 2010 to 960,000 in June 2011, averaging 728,000 per month.² The SBS Player site had a unique audience of 75,000 in June 2011. On 1 September 2011, SBS launched a new video catch-up service, SBS On Demand. The new player provides access to more than 90 per cent of all SBS prime-time TV content and a back-catalogue of more than 20,000 items (Diaz 2011).

² Nielsen is recommending the retirement of the monthly unique browser (UB) figure because Australians’ use of multiple devices, browsers and the rates of generation of cookies, mean it is no longer representative of the online audience. In June 2011, Nielsen’s Marketing Intelligence showed almost 120 million UBs originating in Australia, whilst each month there are only about 15 million Australians online. Nielsen’s retirement of the monthly UB figure will only occur with industry consultation and agreement. Source: IAB Australia & Nielsen (2011), Frequently asked questions, Nielsen and IAB Australia, 22 September; Nielsen (2011), Nielsen Online Ratings FAQ, [Sydney]: Nielsen, 23 September, au.nielsen.com/site/documents/NielsenOnlineRatingsFAQFINAL.pdf. Accessed 10 February 2012.

Figure 2 Other broadcaster sites, unique audience, June 2010 to June 2011 (millions)

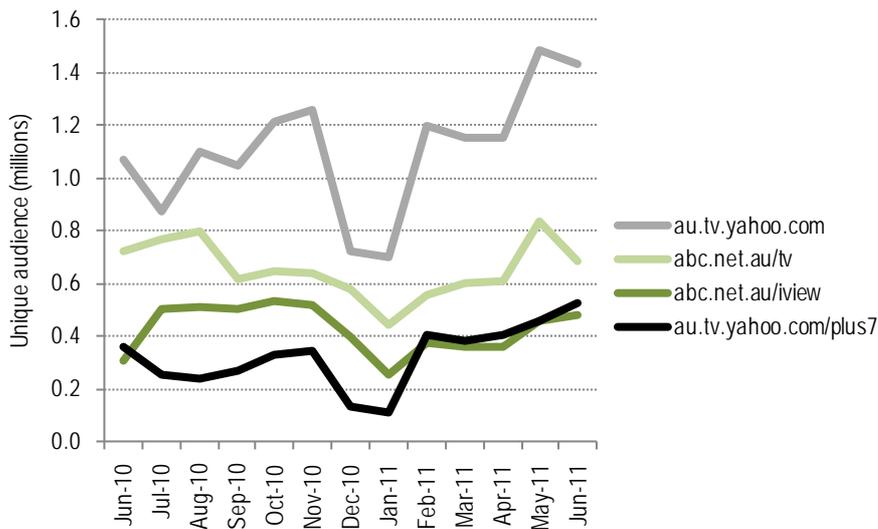


Source Analysis of Nielsen NetView data

Network sites, which give access to much more than video, were visited more than catch-up sites. For example, the most popular broadcaster site, au.tv.yahoo.au attracted a unique audience of 1.4 million, which was 2.7 times larger than the associated Plus7 catch-up site. The network sites were also visited by more people than the Neighbours program site and SMH TV site (SMH TV is only one of several Fairfax TV sites operated by the publisher of the daily broadsheet newspapers in Sydney, Melbourne and Canberra).

Audiences for catch-up and network sites all declined sharply over summer, similar to free-to-air television audiences (figure 2 and figure 3). Foxtel On Demand, a site operated by the country's biggest subscription TV operator, did not show the same pattern, although some caution should be used here as the proportion of the NetView panel using Foxtel Download is small.

Figure 3 Broadcaster network vs catch-up sites, unique audience June 2010 to June 2011 (millions)



Source Analysis of Nielsen NetView data

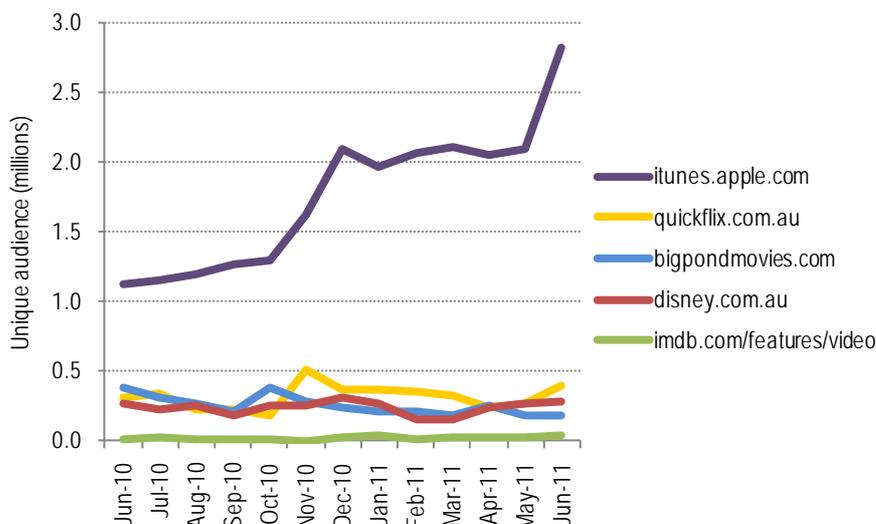
Cinema and video sites

Unique visitors to the iTunes website grew by more than 150 per cent to 2.8 million in June 2011. Much of this traffic is likely to be driven by demand for content other than video.

Unique visitors to BigPond Movies halved between June 2010 and June 2011. Quickflix (395,000) had around twice BigPond Movies' number of unique visitors in June 2011 (187,000).

Unique visitors to IMDb video grew sharply but from a low base, to 35,000.

Figure 4 Cinema and video sites, unique audience June 2010 to June 2011 (millions)

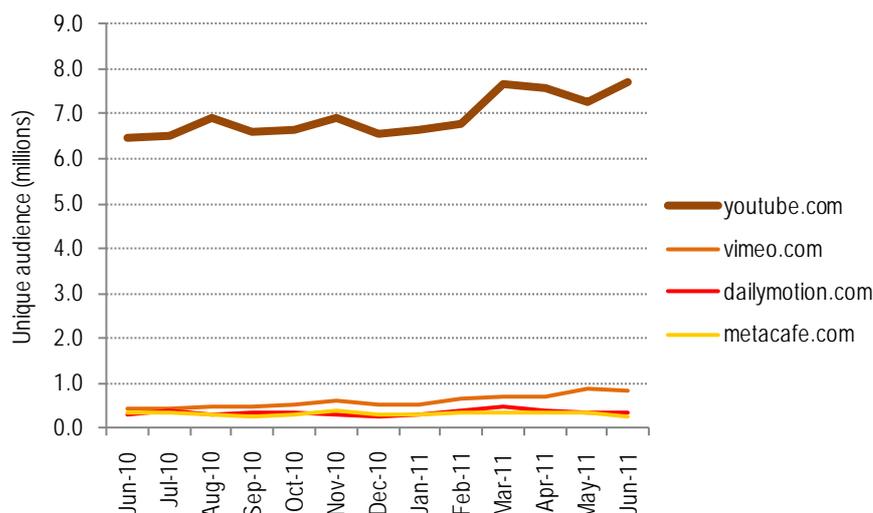


Source Analysis of Nielsen NetView data

Video sharing sites

The monthly unique Australian audience for YouTube, the most popular of all the 25 sites, grew 20 per cent from 6.4 million in June 2010 to 7.7 million in June 2011. Vimeo doubled its unique visitors over the 12 months to 843,000 in June 2011.

Figure 5 Video sharing sites, unique audience June 2010 to June 2011 (millions)



Source Analysis of Nielsen NetView data

Newspaper sites

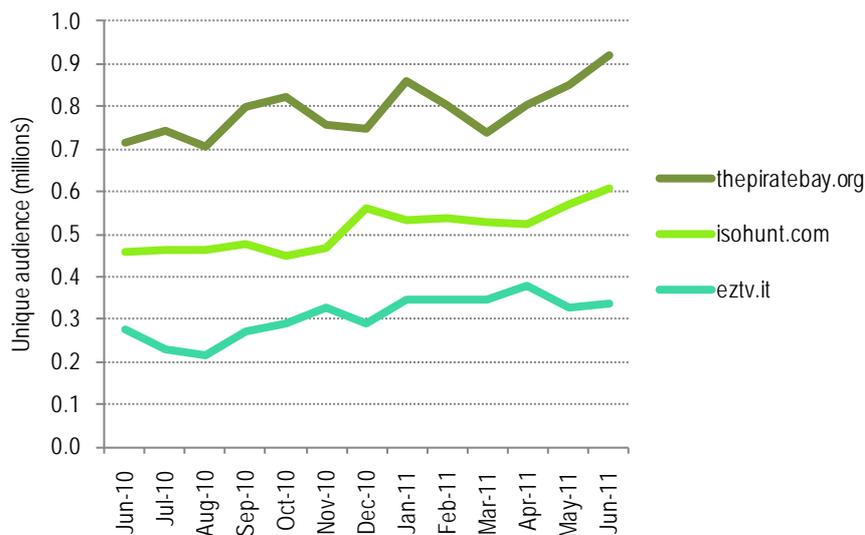
Fairfax launched its video site during the study period, on 1 October 2010. The unique audience for SMH TV in its launch month was 147,000. This fell to a low of 49,000 in December, increasing again from March 2011, reaching 144,000 in June.

P2P BitTorrent sites

The most popular P2P BitTorrent site among Australian internet users, The Pirate Bay, had 919,000 unique users in June 2011.

Unique visitors to all three selected P2P BitTorrent sites grew from around 1.1 million in June 2010 to 1.3 million a year later.

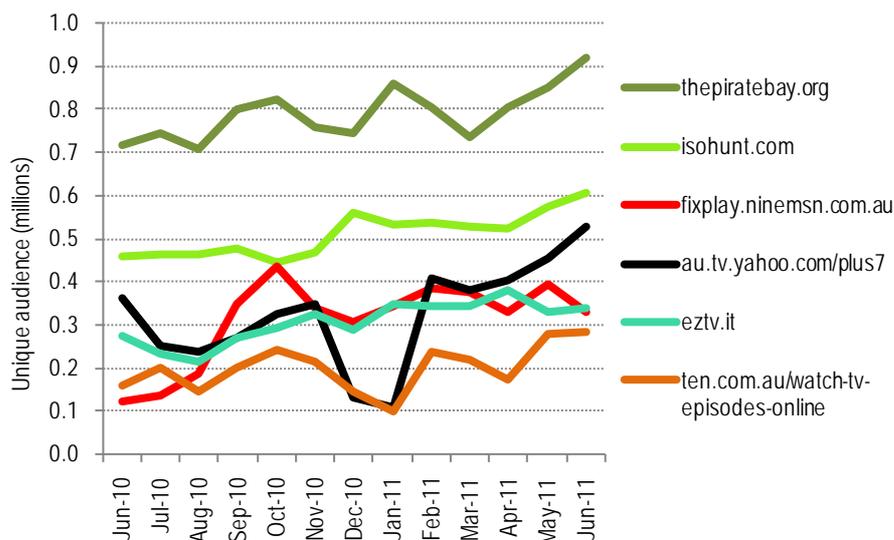
Figure 6 P2P BitTorrent sites, unique audience, June 2010 to June 2011 (millions)



Source Analysis of Nielsen NetView data

P2P BitTorrent sites had more visitors than broadcaster sites. Between June 2010 and June 2011, the most popular P2P BitTorrent site, The Pirate Bay was visited by twice as many people as the most popular commercial television catch-up sites, Plus7, and FIXPlay (renamed 'ninemsn Video' in December 2011).

Figure 7 Selected broadcaster catch-up and P2P BitTorrent sites, unique audience, June 2010 to June 2011 (millions)

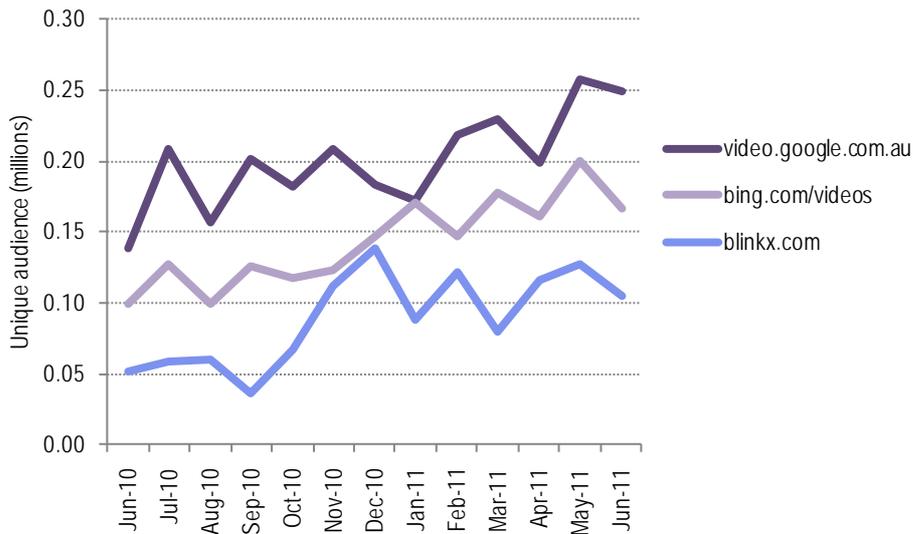


Source Analysis of Nielsen NetView data

Video search sites

Video search sites were not as popular as the P2P BitTorrent sites, but their audience grew strongly. The unique audience for Google Video grew by just over 80 per cent between June 2010 and June 2011, from 138,000 to 249,000. Bing Video grew by 68 per cent from 99,000 to 167,000 and Blinkx doubled to 104,000.

Figure 8 Video search sites, unique audience, June 2010 to June 2011 (millions)



Source Analysis of Nielsen NetView data

Total minutes spent on sites

In Nielsen NetView, total minutes is an estimate of time spent on a URL by Australians using a computer to access the internet. Time is recorded only where a URL is 'in focus'—is visible or is in the foreground—on a user's desktop. If multiple tabs are open in a browser, only the tab that is in focus is credited. If another application/program is in use, none of the URLs open in browser tabs is credited for time. A session is defined as: 'a continuous series of URL requests with a user present, with no more than a 30 minutes gap between two URL requests'. A session ends when the user changes or there is no new URL request for 30 minutes, in which case the last URL in focus is credited one extra minute after the last recorded user activity (Nielsen Online 2006, 2007). This may be a significant limitation when measuring online viewing of long-form video content. NetView also did not capture time spent viewing videos on sites where videos were viewed through standalone, rather than embedded players (mostly Flash). The sites affected were ABC iView and SBS Player.

Between June 2010 and June 2011, Australians spent more time using YouTube than any of the other selected sites: 19.7 times more than the next most visited site, iTunes.

Australians also spent more time in total using the three selected P2P BitTorrent sites than most other sites. They spent more time on these sites, for example, than on the three commercial TV catch-up sites combined. Users spent 5 times as long visiting The Pirate Bay as the most popular catch-up site, Plus7, for example.

Time per person spent on sites

Time per person is: 'time spent during computer sessions per person for the specified reporting period'. Time per person spent on a site is calculated by dividing total minutes by the unique audience. This reveals the average time each unique visitor spent using the URL that month. It is a simple average that does not reveal, for example, the balance and intensity of heavy and light use.

YouTube visitors spent more time per person using that site than the visitors to any other selected site. They spent 51.5 minutes per person in June 2011 and averaged around 50 minutes per month throughout the period.

The next most-used sites in June 2011 after YouTube were: the Neighbours site (25.4 minutes per person, and an average of 8.6 minutes per person throughout the period), Disney (24.3 minutes; 38.4 minutes), isohunt (18.3 minutes; 16.3 minutes) and Quickflix (16.0 minutes; 17.7 minutes).

According to WebTrends data provided by the ABC, visitors to iView spent an average of just under 90 minutes per user per month on the site. This was a much higher figure than NetView's: the ABC and Nielsen advise that time spent viewing video on iView was not captured by NetView because iView is a standalone rather than embedded Flash player.

Demographic data

Demographic data was obtained for the unique audiences visiting the selected sites in June 2011. Particular programs can significantly affect month-to-month demographic profiles.

The ABC, SBS and Foxtel Download sites attracted more male than female visitors, especially Foxtel. The commercial TV broadcaster and Neighbours program sites attracted more female than male visitors, especially the Ten main channel site and Neighbours.

iTunes attracted similar proportions of male and female visitors but older men spent more time on the site than younger people.

Video sharing sites attracted more male than female visitors, though YouTube less so than Vimeo, DailyMotion and Metacafe. Most age/gender groups spent an average of at least 20 minutes using YouTube over the month. The most intensive visitors were men 35–49 (56.4 minutes per person) and women 35–49 (54.0 minutes). In comparison, young YouTube users were relatively light users: 2.9 minutes per person for men 18–24 and 7.0 minutes for men 25–34.

Use of all of the listed P2P BitTorrent sites skewed towards men: 68 per cent for The Pirate Bay, 66 per cent for isoHunt and 57 per cent for EZTV.

Main features of selected websites

Table 2 lists the main features of the 25 selected sites: the type of content they offer; the delivery technology; whether or not advertising is carried; the transaction model between the service provider and online users; and the owner and its primary business.

Content

The 25 selected video sites offer several types of content. These include:

- Full-length content – full-length movies and television programs.
- Clips – short-form content, including home video, excerpts from television programs, promotional video.
- TV channels – linear programming, similar to a television channel, or a retransmission of a broadcast service.
- Catalogue listings – listings of videos available for DVD rental or VOD purchase or rent.
- Content listings/search results – lists of video found using video search engines.

Sites may offer more than one of these types of content.

Delivery

Most of the 25 selected sites offer content streamed, rather than for download. One, Quickflix, supplies physical DVDs by mail. BigPond Movies also offered mail order DVDs by subscription at the time the list was compiled although it has since sold its DVD business to Quickflix.

In June 2010, Cisco predicted video streaming and downloads would grow from 40 per cent of all consumer internet traffic at the end of 2010 to nearly 60 per cent in 2014. In January 2011, Envisional estimated that in the US video streaming alone made up between 27 and 30 per cent of all US internet traffic (Cisco 2010; Envisional 2011).

Advertising

Of the 25 selected sites, 16 carry advertising. The types of ads include most of the types defined by the Internet Advertising Bureau (IAB Australia 2011).

Transaction model

Approaches to charging consumers for online video include:

- **Free.** The overwhelming majority, 20 of the 25 selected sites, offer content without direct charge to consumers. These 'free' services are funded in one or more of the following three ways:
 - Advertising
 - Public funding: three of the 25 selected sites receive public funding (the two ABC sites and the SBS site).
 - Cross-subsidy by revenue earned from other activities. This is discussed in more detail below under 'owner and primary business'.
- **Rental.** A consumer makes a one-off payment in return for the right to view content over a period of time, usually a few days. The content might be a single video such as a movie or TV program, a group of programs such as a whole TV series or a curated group of separate titles, such as an online film festival. The list includes two sites offering online rentals, iTunes and BigPond Movies.

Table 2 Main features of 25 selected video sites

<i>Site name</i>	<i>Content</i>	<i>Delivery</i>	<i>Advertising</i>	<i>Transaction model</i>	<i>Owner and primary business</i>
Broadcaster sites					
abc.net.au/view	Full-length content	Stream	-	Free	ABC – broadcasting
abc.net.au/tv	Full-length content	Download & stream	-	Free	ABC – broadcasting
au.tv.yahoo.com/plus7	Full-length content	Stream	Yes	Free	Seven Network – broadcasting; Yahoo! – internet
au.tv.yahoo.com	Clips & full-length content	Stream	Yes	Free	Seven Network – broadcasting; Yahoo! – internet
fixplay.ninemsn.com.au	Full-length content	Stream	Yes	Free	Nine Network - broadcasting; Microsoft – software
ten.com.au/watch-tv-episodes-online	Clips & full-length content	Stream	Yes	Free	Network Ten – broadcasting
player.sbs.com.au	Clips & full-length content	Stream	Yes	Free	SBS – broadcasting
foxtel.com.au/download	PPV and pay TV channels	Download & stream	Yes	Subscription	Foxtel – pay TV
neighbours.com.au	Clips & full-length content	Stream	Yes	Free	Fremantle Media – production & distribution
Newspaper site					
smh.com.au/tv	Clips & full-length content	Stream	Yes	Free	Fairfax Media – Newspapers and radio
Cinema and video sites					
imdb.com/features/video	Clips & full-length content	Stream	-	Freemium	Amazon – online retail
bigpondmovies.com	Full-length content	Download	-	Rental & subscription	Telstra – telecoms
disney.com.au	Clips	Stream	Yes	Free	Disney – production & distribution
quickflix.com.au	Catalogue listings	DVD by mail	-	Subscription	Independent
itunes.apple.com	Full-length content	Download	-	Purchase, rental	Apple – computers &

						consumer electronics
Video sharing sites						
dailymotion.com	Clips & full-length content	Stream	Yes	Free		France Telecom-Orange – telecoms
metacafe.com	Clips & full-length content	Stream	Yes	Free		Independent
vimeo.com	Clips & full-length content	Stream	-	Freemium		InterActivCorp – internet
youtube.com	Clips & full-length content	Stream	Yes	Free		Google – search & advertising
P2P BitTorrent sites						
eztv.it	Search results	Link to torrent files	Yes	Free		Independent
isohunt.com	Search results	Link to torrent files	-	Free		Independent
thepiratebay.org	Search results	Link to torrent files	Yes	Free		Independent
Video search sites						
bing.com/videos	Search results & content	Stream	Yes	Free		Microsoft – software
blinkx.com	Search results	Link to other sites	Yes	Free		Independent
video.google.com.au	Search results	Link to other sites	Yes	Free		Google – search & advertising

- **Purchase.** A consumer makes a one-off payment in return for receiving something, such as the digital files acquired via iTunes or the right to watch a one-off live event. Micropayments may also be made to access incremental content.
- **Subscription.** A consumer makes a regular payment, generally monthly, to secure ongoing access to particular content for streaming, download or physical delivery. The three subscription services on the list are Foxtel Download, BigPond Movies' DVD rental service and Quickflix.
- **Freemium.** A consumer receives something of value without direct charge, but is then invited to upgrade it for a fee. The list includes two examples of freemium payment models, IMDb and Vimeo.

Owner and primary business

The transaction models do not fully explain the business models for the selected 25 sites because most are controlled by entities with other interests. For these sites, the services offered, the forms of interaction with consumers and the transaction models need to be understood as part of wider business strategies.

Of the selected sites, eight are controlled by six different Australian-based **broadcasters**. Two of these, Seven and Nine, operate their online presence in partnership with US-based companies, Yahoo! and Microsoft.

A further 11 are controlled by different kinds of **media and communications enterprises**:

- two international production and distribution companies, FremantleMedia and Disney;
- an Australian and New Zealand-based newspaper company, Fairfax Media;
- the online retail company, Amazon;
- two telecommunications companies, Australia's Telstra and France Telecom-Orange;
- the computer and consumer electronics company, Apple, now one of the world's largest companies by market capitalisation;
- the search and advertising company, Google;
- software maker, Microsoft; and a US internet business InterActivCorp.

The remaining six might be called '**independents**': the Australian-based Quickflix; the video sharing and search sites MetaCafe and Blinkx; and the three P2P BitTorrent sites.

Broadcasters

All Australian free-to-air broadcasters offer catch-up services. Their licence agreements with content rights holders are increasingly likely to allow broadcasters to make programs available on these catch-up sites for a limited period after broadcast. ABC's iView makes programs available for 14 days. On Nine's FIXPlay (now ninemsn Video), the period varies according to agreements with program suppliers. Catch-up services also offer limited access to broadcasters' back-catalogues, including full episodes of some recently broadcast series, and complete series of older programs.

Foxtel Download gives Foxtel subscribers access to some programs for catch-up viewing online as part of their TV subscription. It also allows them to download pay-per-view movies for the same extra fee they pay to watch them on television.

These services allow broadcasters to make their programs available on PCs, laptops and mobile devices as well as on TV sets and to free their viewers from the constraints of the broadcast schedule. For commercial broadcasters and the SBS, who can insert advertisements in the streamed programs, and Foxtel, which can sell more pay-per-view experiences, they also provide ways of earning revenue. For the ABC, running a free catch-up service without advertising is a pure cost that must be justified solely by its capacity to expand audiences and improve viewing experiences.

The different financial implications of catch-up services for different broadcasters may affect their strategies for other forms of online delivery. For example, a broadcaster's position on the length of the catch-up window might be influenced by the shares of revenue expected to accrue from rental or purchase of content through iTunes, or from authorized release on YouTube under a YouTube revenue-sharing partnership, or from sales to subscription IPTV services.

Australian broadcasters have all chosen to build and run their own catch-up sites, unlike the US, where Hulu is a joint venture of Disney, NBC Universal and News Corporation, and the UK, where the BBC's iPlayer now links to other UK-broadcasters' catch-up sites as well, and a joint connected TV platform, YouView, will be launched in 2012 by the four terrestrial broadcasters (BBC, ITV, Channels 4 and 5), and three other companies (BT, Talk Talk and transmission provider Arqiva).

Other media and communications enterprises

All the other media and communications enterprises that established or acquired one or more of the selected 25 sites did so to expand, strengthen or defend their primary businesses. Notably, Google acquired YouTube and Amazon acquired IMDb. The standout start-up success is Apple's iTunes, which Apple has turned into a profitable standalone enterprise, generating total net sales of US\$4.1 billion in 2010, including audio, video and apps (Apple 2010: 34). For most sites, disaggregated data showing the commercial performance of the websites alone is not available.

Of the international production and distribution companies, FremantleMedia's Neighbours site generates revenue through display advertising and ads embedded in the full-length episodes of *Neighbours* (Various 1985–) offered for streaming. Disney offers episodes of some TV programs for viewing but the site is not currently the company's primary vehicle for online delivery. It offers full-length titles for sale and rental via other sites, including iTunes and BigPond Movies. It is one of the joint owners of the online streaming service, Hulu and has been supplying Disney and Pixar titles to Netflix, although it announced it would terminate this arrangement in February 2012 (Garrahan 2011b). Disney's own website primarily promotes its movies, music, stage shows, television channels and theme parks, although it does offer the capacity to buy tickets to stage shows. It displays advertisements on its website.

Fairfax's move into online video follows the long cross-media history of a company whose roots lie in newspapers. It controlled television and radio stations until the 1980s, then re-acquired radio stations in 2007. Already offering a lot of video news clips on its newspaper websites, Fairfax started hosting more TV-like content in October 2010 with the launch of SMH TV, earning revenue from embedded and display advertising. In its 2010 annual report, Fairfax stated that it would continue to invest in short-form video (Fairfax Media 2011).

Online retail pioneer Amazon bought IMDb in 1998 from its British developers to drive traffic to its sites and encourage the online purchasing of physical copies of movies. The site

offers free content, including mainstream, independent and classic films. In February 2011 Amazon introduced free streaming of 5,000 movies and TV shows to consumers using its premium shipping service Amazon Prime at a cost of \$US79 a year (Garrahan 2011a). Amazon acquired Lovefilm, the UK online DVD subscription service in January 2011. In February 2012 it launched ABC TV [US] on Demand in the UK, and signed non-exclusive licensing arrangements with BBC Worldwide and ITV (Bradshaw and Birchall 2011; Indvik 2012).

Australian telco, Telstra, has had a significant stake in the video business since joining News Corp to form Foxtel in 1994. Now Australia's largest pay TV company, with 1.58 million subscribers at 30 June 2011 (Foxtel 2011), Foxtel is owned by Telstra (50 per cent), News Corp (25 per cent) and Consolidated Media Holdings (25 per cent). Telstra has the largest share of the internet access and mobile markets but is rarely perceived as a leader in price or customer service. The range and quality of the online and mobile video content it is able to offer its subscribers via BigPond Movies and TV may, however, provide a competitive edge and the company has the resources to invest heavily in it. Retaining and attracting internet access subscribers to migrate from its own networks to the public National Broadband Network is an important goal.

Telstra BigPond only offers video for rental. It does not offer purchases, like iTunes. Online rentals are growing more strongly in Australia than purchases. Screen Digest estimates digital rental transactions increased three-fold in 2010. Continued growth was forecast in 2011. Screen Digest credits much of the growth to Telstra's T-Box, an IPTV and high-definition digital terrestrial set-top box launched in June 2010. The online rental market grew overall but iTunes' share of transactions fell from 85.5 per cent in 2009 to 52.9 per cent in 2010 (Cryan and Loeffler 2011).

Bing Video is Microsoft's version of Google Video, a video search engine within the software company's search engine, Bing. It returns video search results from around the internet including Google's YouTube, but video from partners including Fox and Hulu is displayed within the Bing Video viewer. In Australia, Microsoft is also in partnership with the Nine Network on the NineMSN website and with Foxtel, delivering Foxtel subscription TV channels to Xbox 360 gaming devices.

Google started Google Video as a video sharing site in 2005. After acquiring YouTube the following year, it transformed Google Video into a search index. First, Google Video started searching beyond its own hosted content; then video uploads were discontinued altogether. It is now contains millions of videos indexed and available for viewing (Google 2011). The site carries Google advertising, similar to the main Google search site.

YouTube earns revenues by selling ads on its homepage and search results pages, and by placing advertisements within the videos themselves. Advertisers may also run contests and sponsor events such as live concerts and holiday promotions. This revenue is shared with content partners (YouTube 2011). Google does not break out revenue across its products, so it is not currently clear whether YouTube is profitable in its own right.

Two of the other video sharing sites included on the list are owned by other communications companies. The French site DailyMotion is part-owned by France Telecom-Orange, which bought a 50 per cent stake early in 2011. Daily Motion carries advertising, and offers paid video hosting services to businesses (DailyMotion 2011). Vimeo is wholly owned by US internet company InterActiveCorp, which also owns sites including ask.com and thedailybeast.com. Vimeo carries advertising under a freemium model – users can upgrade to a Plus account for US\$60 per month, which includes increased storage space, no advertising, unlimited uploads and greater editing control; or a PRO account for business and commercial use (Vimeo 2011).

Apple's iTunes dominates online digital content sales, internationally and in Australia. The service was initially developed to deliver music content to Apple's portable music player, the iPod, but has expanded to include video, apps and ebooks delivered to many different devices produced by Apple and other manufacturers. The Australian Home Entertainment Distributors Association estimates digital purchases of film and TV shows were in the order of \$35 million in 2010, more than double the \$16.8 million estimated in 2009 (Australian Home Entertainment Distributors Association 2011). iTunes has led this segment in Australia since it first offered video in Australia in August 2008. Screen Digest estimates iTunes' Australian video sales grew six-fold in 2009, more than doubled cent in 2010 and would grow 44 per cent in 2011 (Cryan and Loeffler 2011).

iTunes does not dominate online rentals as it does online sales. It has much more competition for online rentals and from powerful companies with other sources of revenue, like Telstra and BigPond, Microsoft and Xbox and Sony and PlayStation (Cryan and Loeffler 2011). In August 2011, Apple announced it had removed the option to rent television shows from iTunes, as part of a campaign to encourage customers to take up 'iTunes in the Cloud' via iOS devices (Apple spokesperson Tom Neumayr in Kafka 2011).

In the US, a recent PriceWaterhouseCoopers survey of 200 consumers found renting is the most popular means of viewing video and movie content, primarily because consumers see it as better value. In the second half of 2010, 42.6 per cent of US consumers rented DVDs and 31.7 per cent rented video content via an online subscription service such as Netflix; 19.8 per cent purchased a physical copy, 9.4 per cent paid a fee to stream from a website and 6.9 per cent purchased a download from a website (PriceWaterhouseCoopers 2011).

Independents

Quickflix is a standalone business, like Netflix in the US. It launched a DVD subscription rental service in 2003, and started streaming through Sony's range of connected BRAVIA TVs, Blu-ray players and home theatre systems from 28 October 2011, through PC or Mac from 10 November and on Playstation 3 from December 2011 (Quickflix 2011b, c). In February 2012, there were just over 300 titles available to stream, including 10 Australian titles. The same month, HBO, the US premium television company owned by Time Warner, announced it would acquire nearly 16 per cent of Quickflix.

Compared with other countries, take up of online DVD subscription rental services in Australia is low. At the end of 2010, only 1.1 per cent of DVD households subscribed to online rental services, compared with 5.4 per cent in the UK and over 20 per cent in the US (Scott and Davis Jayalath, 2011). PriceWaterhouseCoopers estimates use of these services in the US during the same period was much higher, with 43 per cent of consumers renting a physical copy of a movie via a mail subscription service once a month or more (PriceWaterhouseCoopers 2011). The online DVD rental market in Australia consolidated in July 2011, when Quickflix acquired BigPond Movies' DVD rental business (Quickflix 2011a). At the time of the deal, Quickflix's had 70,000 subscribers (Boreham 2011).

One of the four video sharing sites in the selected 25 sites, Metacafe, is not controlled by other media and communications enterprises. It carries display ads alongside its embedded video player and embeds ads before videos start playing (Metacafe 2011).

P2P BitTorrent sites The Pirate Bay and isoHunt include display advertisements in the borders of their web pages. They also raise funds by selling branded products like T-shirts and key rings. The Pirate Bay was founded by a Swedish anti-copyright group in 2003, and is currently registered as a non-profit organisation in the Seychelles (The Pirate Bay 2011). It describes itself as an 'open tracker, where anyone can download torrent files' free of

charge. isoHunt was founded in Canada, also in 2003. It is currently fighting lawsuits against the Motion Picture Association of America and against Music Canada. isoHunt actively seeks advertisers, claiming a 'very high conversion rate and visitor loyalty' (isoHunt 2011).

Blinkx is the only independently owned video search site on the list. The Blinkx website claims it pioneered video search on the internet and that it uses a unique combination of identification technologies, delivering more content from a broader range of sources than other search engines (blinkx 2011).

Conclusions

As noted through the article, some caution must be expressed about interpreting this article's analysis of online video in Australia. In particular, it does not cover all forms of online video consumption and current techniques for measuring online video consumption (eg. the assumptions made about user inactivity and simultaneous use of multiple sites) make it difficult to interpret some of the estimates derived.

Important conclusions can however be drawn about the emerging online video sector from the method chosen to explore it and the results of the analysis of unique Australian audience and time spent on 25 selected sites, and the main features of those sites.

First, online video consumption in Australia has grown rapidly in recent years, especially among the young. Across the whole population, however, it still occupies a much smaller share of the time spent with media than older forms, particularly television, and Australians are not heavy users of online video by international comparisons. The pace of change in recent years suggests that no trends should be regarded as entrenched.

Second, the online video sector is extremely diverse, even more so than established sectors offering consumers access to audiovisual fiction content: cinema, television and DVD. This creates major challenges for measuring and understanding activity. Even Nielsen NetView's consistent metrics used for this article (and the newly-launched Nielsen Online Ratings) do not provide a perfect tool for analysing behaviour across different URLs where online video activity occurs because the nature of that activity varies so widely (eg. streaming, downloading to view later).

Third, there are very significant players in the online fiction video sector other than the broadcasters and film and video distributors that have traditionally dominated the distribution of audiovisual fiction content. These younger players include YouTube, iTunes and the P2P sites. At this stage of the development of online video in Australia, they attract more visitors than broadcasters' sites, although they are better established than broadcasters' catch-up TV facilities. This is particularly significant given the unofficial status of the P2P sites—a major source of competition in the industry is coming from places and practices that are not officially part of it.

Fourth, within some sub-sectors defined by this project, YouTube (in video sharing) and iTunes (in cinema & video) are strikingly dominant. This is very different from the oligopolistic structures of the television broadcasting and film and video distribution markets in Australia which have dominated the distribution of audiovisual fiction content until recently.

Finally, because the vast majority of the most important fiction video sites are controlled by entities with other interests, the online video sector currently needs to be understood as one

part of a much bigger and more complex media, communications and information technology landscape, rather than as a standalone industry.

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