Shows on Web Have Been More Miss Than Hit

Yahoo pares original content as it and others seek a way to make money on the programs.

By Chris Gaither, Times Staff Writer
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Oscar-winning director Steven Spielberg, actor-producer Ashton Kutcher and reality TV impresario Mark Burnett are just a few of the Hollywood heavyweights trying to develop new programs for the Web.

Yet for all their success in television and movies, they are grappling with a fundamental question: What defines a hit on the Internet?

"There are as many answers to that question as people you ask it to," said Blair Westlake, a former TV executive who is Microsoft Corp.'s liaison to the entertainment industry.

That confusion became all the more apparent Thursday when Yahoo Inc., an early favorite to navigate the complex 21st century media landscape, said it would scale back efforts to create original entertainment offerings. The decision was a turnaround for Lloyd Braun, the former ABC television executive hired in 2004 to run the company's Santa Monica-based Yahoo Media Group.

For months, Braun spread the word that he wanted to capture mass audiences by producing new Web programming to be seen only on Yahoo. With Thursday's shift, Braun acknowledged that his views about what it took to succeed online had changed.

"Our focus is not doing a string of one-off hits like the TV model," said Yahoo spokeswoman Joanna Stevens, who added that the company would instead highlight content created by its millions of users as well as serve as an online distributor for traditional media companies.

Braun declined to comment.

Yahoo will still create the occasional original program, Stevens said. But the company has put the brakes on big-ticket projects such as "The Runner," a one-time TV show concept Braun brought with him from ABC, and "Treasure Hunt," an online game show developed with Spielberg's production company, until it can figure out how to make money on such deals.

"Unless show business stops being a business, then ... you need to be able to find a commercial audience," said Scott Zakarin, who produced one of the first popular shows on the Web, "In the Street.

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As online video matures, the Internet has become a hip place to launch shows and squeeze more money out of old ones. TV networks, Internet portals and television producers chasing ad dollars online are developing reality shows, comedies and scripted dramas specifically for the new medium.

For the big Internet companies, their "hits" have been e-mail, Web search, instant messaging and other services that keep people coming back regularly, said advertising executive Jeff Lanctot. Now, they are trying to build even bigger audiences with video programming.

Few of their efforts have resonated, however, with the Web's notoriously fickle taste.
makers.

Most clips that do become sensations never make a dime. A video of two Chinese students lip-syncing to American pop music became as widely e-mailed as any clips created by traditional media.

Developing a hit show has always been an imprecise mix of prescience and dumb luck. In the network television business, which has been at it for more than 60 years, shows that attract 10 million viewers are generally considered successes. During the week of Feb. 20, 25 shows pulled in at least that many viewers, led by "American Idol" with 31.7 million.

In contrast, the Internet has become a viable way to distribute video to the masses only in the last year or so, and Web shows have little hope of drawing the numbers of viewers that TV can.

That's because the number of U.S. households with fast Internet connections is half that of households with televisions, streaming video still isn't as reliable as TV broadcasts and big Web companies can stream live video to only a few hundred thousand viewers at one time.

The interactive nature of the Internet also makes it hard to cut through the clutter and find an audience. With cheap cameras and software, people can post homemade programs online to compete with slicker offerings from established producers.

"If you're trying to create 'I Love Lucy' on the Internet, I wouldn't want to be in that business," said Joel Wright, a former Yahoo executive who last year founded SlingShot Media, a talent agency for digital projects.

Undaunted, many top Hollywood producers are creating "webisodes" and other entertainment fare for such distributors as NBC Universal, Fox Broadcasting, America Online and Yahoo.

Those distributors hope to cover their costs with advertising revenue.

Online advertising is growing as advertisers are placing commercials in front of music videos, news stories and other video clips.

But video ads still contributed only $225 million of the $12.9 billion in U.S. Internet ad revenue last year, according to research firm EMarketer Inc.

By contrast, broadcast, cable and local TV ads pull in $60 billion a year. But ad dollars aren't the only way to recoup investments in Web programming. Amazon.com Inc., the e-commerce giant, is developing a TV-style talk show specifically for its website.

"Amazon Fishbowl With Bill Maher" will be judged not by how many viewers it gets, but whether those viewers buy more books, CDs and DVDs.

In an interview before Yahoo changed course, Scott Moore, the company's vice president for content operations, said it was a mistake to apply traditional media's definition of success to the Web, where shows aren't tied to time slots and can be watched any time.

"A hit television show requires simultaneous viewing by millions of people," Moore said. "On the Web, users control the experience."

A simple comparison proves his point. In January, ABC canceled its new sitcom "Emily's Reasons Why Not" after a single episode because only 6.3 million viewers tuned in. But Daniel Myrick — who produced the 1999 independent film "The Blair Witch Project" — says he would be thrilled if "The Strand," an online series he is developing, would attract one-fortieth of those viewers.

"If we had 150,000 people," said Myrick, "then we could continue making episodes forever."

In some ways, the fragmented audiences of cable TV offer a potential model for the Internet. Each episode of MTV's most popular show, "True Life," this year has had an average of 449,000 viewers from the coveted 18-to-34-year-old demographic, according to Nielsen Media Research.

NBC has bigger ambitions. The network plans this summer to launch "StarTomorrow," an "American Idol"-like search for music talent. NBC plans to release video clips of 20 bands or singing groups each week for eight weeks, then let users winnow the field until a victor emerges.

Executive producer Dave Broome said that because production costs on the show were one-fifth those of a network series, NBC probably would be more patient about letting the show find its audience.
"If your show doesn’t do well on the network, they may have four or five more shows waiting in the wings” to take its place, Broome said. “On the Internet, you can have more time. If we don’t get the response the first week, we might let it sit for more time before we launch the next 20 bands.”

Time Warner Inc.’s AOL has been the most aggressive about pursuing Hollywood talent to develop online content. In January, AOL struck a deal with Burnett to develop “Gold Rush,” a treasure hunt whose clues lead users to gold hidden in 13 locations across the U.S. A few weeks later, AOL signed with Kutcher's Katalyst Films Inc., the company behind MTV’s “Punk'd” and WB’s “Beauty and the Geek,” to develop five programs, each with 20 short episodes.

These shows will rely not only on video but also on e-mail and instant messaging to pull viewers into the plots.

"That’s how you have to judge what’s a hit and what’s not: how engaging was the content and whether it takes on a life of its own,” AOL programming head Jim Bankoff said.

Ross Levinsohn, president of Fox Interactive Media, is skeptical that a Web show can draw TV-like numbers. But that hasn’t stopped him from developing an online talk show with Seth MacFarlane, creator of the animated hit "Family Guy."

The idea of the Web show, hosted by "Family Guy’s" acerbic animated infant, Stewie Griffin, is to appeal to the largely young and computer-savvy fans of the TV show.

To Levinsohn, success will be measured not in number of viewers, but in how well the talk show promotes the "Family Guy" franchise.

"We’re not looking to create a mega-hit," Levinsohn said. "We’re looking to continue to extend that brand, to have a way to market and promote our core assets: the TV show and DVD business."

That way of thinking doesn’t come naturally to Yahoo’s Braun, who during his years at ABC lived and died by the number of eyeballs his shows could attract. The first Web project he backed has gained little traction by traditional media standards. "Kevin Sites in the Hot Zone," filled with documentary dispatches from war zones, attracted 1.2 million to 1.5 million unique visitors a month during the fall, and advertisers were reluctant to sponsor it because of the controversial subject.

That doesn’t mean Yahoo didn’t benefit. Even though only 5% to 7% of Yahoo News visitors watched Kevin Sites, they were much more active than other users, viewing 23% to 26% of all Yahoo News pages served up each month, according to Nielsen/NetRatings.

"There’s been an awful lot of attention paid to the notion that we’re going to do the equivalent of prime-time broadcast television online,” said Moore, the Yahoo executive.

"That’s really not the intent. For us it’s more like spice in the soup.”

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