



Are NBC, Fox 'circling the wagons'?

Google-YouTube causing panic, driving strategy as industry moves to Web

ANALYSIS

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Even as the Big Boys from Big Media revealed their Big New Plan to corner and control the online video market Thursday — a venture some call the “YouTube killer” — I decided to watch some of the Big Boys’ most-prized content.

You know. The cool stuff that will be flowing for free from their brand new (still unnamed) site later this summer.

There was Jack Bauer of Fox’s “24” mumbling something about a conspiracy. There was one of the NBC “Heroes” doing some time traveling. There was Fox’s Borat trying to buy gypsy tears at a yard sale.

They were all there on the Internet, all available with the mere typing of key word or two — all on YouTube.

During the very minute that News Corp. and NBC Universal announced their stunning partnership to create a free, online video site that will distribute their hit shows and movies to a massive audience — a strategic missile aimed at the gritty little heart of YouTube — the media giants were essentially being upstaged (again) by the wildly popular, user-driven site that has driven them to this unholy alliance.

It’s as ironic as an episode of NBC’s “The Office,” clips of which are also available on Google-owned YouTube.

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Ultimately, the News Corp.-NBC video venture could be a smashing success, offering consumers an easy place to soak up big laughs or raw drama with sharp visual quality and with no skips or pauses in the feed.

But YouTube, the video sanctuary for talking poodles and backyard dance-offs? It’s not about to be killed. It’s not about to break a sweat. It may not even be about to blockade all the pirated Fox and NBC content that now find a home there — which, of course, is one of the prime goals of this new venture, to protect and defend what Fox and NBC see as rightfully theirs.

But while Viacom has opted to sue Google for copyright infringement, News Corp. and NBC feel they must band together to battle the entertainment newbies.

When asked to explain why YouTube is blithely offering the same content that the two media giants are proudly promising to deliver later this summer on their new site, NBC president and CEO Jeff Zucker said, essentially, talks continue on that front.

“Obviously, we’re in discussion. It’s well documented that we’ve had discussions with them about making sure that any pirated content should not exist there, and we are continuing those discussions and will continue (those) and hopefully we’ll come to a resolution that’s satisfactory to both companies,” Zucker said.

Not exactly fighting words.

Which is why Ben Gomes-Casseres, an expert on alliances and a professor at Brandeis International Business School, says, “It sure looks like a circling of the wagons.”

The long-term question is whether those wagons can remain tight and unified in the future — whether they can compete in TV Land and still fight side-by-side in the Web world. Hollywood-born joint ventures have a

soft track record. What's more, this deal also brings together Yahoo, Microsoft and AOL—a spicy mix, to say the least.

As Gomes-Casseres points out, Apple and IBM could not find common ground when it came time to joust with the "Wintel" juggernaut of Microsoft and Intel. What is certain here is that somebody has shaken the media giants to their roots.

"A serious strategic threat is one that creates panic in competitors. Google seems to have done it again," Gomes-Casseres said. "Its YouTube strategy is driving archrivals together."

Driving them together and convincing them to cannibalize themselves instead of letting Google and YouTube get the last bite.

In a true, user-driven world, that's a smart strategy, said Harold Vogel, a media analyst and author of "Entertainment Industry Economics." If the Big Boys give in to Google now, they're just "feeding the monster."

"This is not something that's going to create trembling over at Google and YouTube. Even though Google hasn't recovered their (\$1.65 billion) investments in profitability, they have positioned themselves at the center of the new media advertising business. People are reacting to them, not the other way around. So the game is Google's to lose."

And the gypsy tears may be News Corp.'s and NBC's to shed.

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