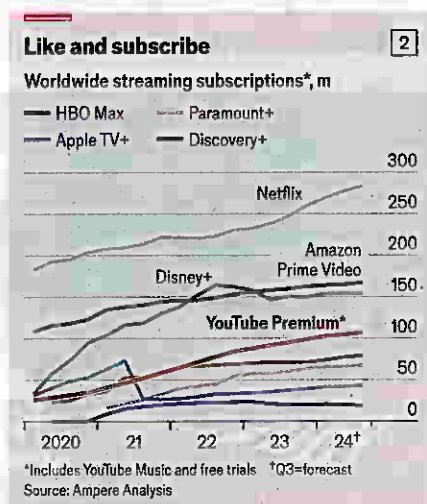


pendent and studio-backed content,” says Mary Ellen Coe, YouTube’s chief business officer. Hardware such as 4K cameras and software for special effects has got cheaper. Drones stand in for helicopters. Artificial intelligence promises to unlock more professional-grade features: “Aloud”, an AI-powered dubbing tool made by YouTube, already lets creators switch between English, Spanish and Portuguese.

Audiences, meanwhile, seem to be turning to social media for the kind of programming they once got from television. A survey of the videos on YouTube’s “UK Trending” page by Enders Analysis, a research firm, found that about 60% of views were of genres usually associated with traditional TV, such as drama and sport. Videos are getting longer, too: nearly a third of videos on the UK Trending page today last between 20 and 60 minutes—about the length of a TV episode—up from a tenth in 2020. And whereas traditional TV is increasingly available on-demand, with catch-up services such as the BBC’s iPlayer, social media is becoming more linear. Live streams are the third-most popular genre of online video (after music and comedy), watched by 28% of internet users, according to a report by Kepios and GWI, a pair of research firms.

**Nature of the Beast**

Social media may not have seemed like a rival to Hollywood while it was confined to computers and smartphones. But it has begun to colonise the living room. Close to 45% of YouTube viewing in America takes place on TV screens, according to a report last year by the *Information*, a news site. YouTube says that among its 100 most watched channels worldwide, more than 40 count the television as their most watched screen. Other social platforms are trying to pull off the same trick: TikTok



launched a TV app in 2021 (which has struggled, partly owing to its vertical videos); X released one on September 3rd. Hollywood is responding with a counter-invasion of mobile, particularly in countries where internet-connected TVs are scarce. Of the half-billion Indians who watch streaming video, 81% do so only on a smartphone, according to Ormax Media, a research firm. Streamers such as Netflix and Disney+ have launched mobile-only plans in developing markets.

With increasingly similar content, delivered on the same devices, it is no surprise that new and old media’s business models are also overlapping more. The bulk of YouTube’s revenue last year came from \$32bn in advertising sales. But it has also been selling ad-free subscriptions, for \$13.99 a month. In February the company announced that it had passed 100m subscribers (albeit including some on free trials), putting it ahead of many Hollywood streamers (see chart 2).

At the same time, streamers that are historically subscription-driven have been pushing into advertising. Netflix and Disney+ launched ad-supported tiers in late 2022; Amazon followed suit earlier this year. For now, advertising remains a small part of their business. Although nearly half of new Netflix members are signing up to the ad tier, as of May its ads were reaching only about 40m viewers per month, less than 2% of the number reached by YouTube. Amazon has made a bigger splash, imposing ads on all 160m or so of the households that watch Prime Video, unless they pay extra to avoid them. Amazon is also the only streamer that can compete with YouTube in terms of ad-tech expertise and depth of customer data, where it rivals YouTube’s parent company, Google.

The battle for audiences and ads is heating up. As broadcast and cable television wane, video advertisers are looking for a new home. TV commercials made up a third of all ad spending in America in 2019,

but this year will make up only a fifth, according to MoffettNathanson, a firm of analysts. Many advertisers still see social media as a different channel from traditional television. “There’s this comfort level with TV having been the dominant medium for so many years,” says Jasmine Enberg of eMarketer, a research firm. “Consumers aren’t as concerned as to where they are watching videos...but marketers just haven’t quite caught up there.”

The more that platforms like YouTube can highlight their TV-like content, the easier it will be to unlock those TV advertising dollars. Yet this professionalisation has a cost. Over the past three years YouTube has paid out an average of \$23bn a year to creators and media companies—substantially more than the \$15bn that Netflix is expected to spend this year on its shows and movies. And whereas Hollywood studios’ content spending is fixed, YouTube’s revenue-sharing model means that its costs rise inexorably in tandem with its ad revenue. In Britain, for example, the number of YouTube channels earning more than \$10,000 a year has risen by 30% in the past 12 months, the company says. As social platforms get closer to Hollywood quality, they are taking on blockbuster costs, too. ■

**Batteries**

**Electric shock**

**Europe’s battery-making champion scales back, worrying investors**

**N**ORTHVOLT HAD all the trappings of an industrial champion. Capital had poured in from Wall Street titans such as Goldman Sachs and BlackRock. Assorted governments had blessed its plans with generous grants and big customers had vouched for its technology. But on September 23rd the seven-year-old Swedish battery-maker announced that it would suspend work on one of its new manufacturing plants, slow the expansion of its research and development (R&D) unit and lay off a fifth of its workforce. It was the second round of cutbacks in a month.

Peter Carlsson, Northvolt’s boss, has blamed “headwinds in the automotive market, and wider industrial climate”. Car-makers, including Northvolt’s biggest investor, Volkswagen, have struggled with

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**Tube strike**

United States, share of television viewing, July 2024, %

