

Industry Profile of the Independent Web Series Creators of Ontario

Final Report

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Presented to:



Presented by:



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Executive Summary

Introduction

The web series industry is an award-winning, internationally recognized and entrepreneurial sub-sector of the Canadian film, television and digital media production sector. The growing cohesion of the sub-sector into a recognized industry was reinforced in 2013 with the establishment of a representative organization in the Independent Web Series Creators of Canada (IWCC-CIWC).

The IWCC-CIWC recognized that in order to better support and advocate for its members' needs, it would require current and credible information about the size, shape and activities of active independent web series creators.

This report is restricted to the Province of Ontario, although the IWCC-CIWC is a national organization. Therefore, a final objective is to serve as a basis for expanding this Ontario-based profile into a Canada-wide industry profile.

At the most basic level, a web series can be defined as episodic entertainment delivered via online distribution platforms. "Independent" in this case refers to creators who are not affiliated with, for example, a commissioning company, agency or broadcaster.

Background

The need to better understand Ontario's independent web series industry comes at a time of great change in how audiences around the world are consuming screen-based content. Today, web series and online content distribution is attracting the attention and investment of both traditional broadcasters and producers, specialty channels and digital entities. In many respects, web series creators are the entrepreneurs of the audiovisual industry, driving research and development (R&D) in production and distribution. They are drawn to the format in part because it offers creative control, the capacity for experimentation and niche audience engagement as well as a connection with a vibrant and collaborative creative community. In fact, one theme which will surface throughout this report is web series' unique opportunity and capability to succeed with niche and targeted audience content.

Ontario's Independent Web Series Industry

This section draws largely on survey results in order to present the Ontario-based independent web series industry by type, revenue and activity. The survey was directed at independent web series creators and succeeded in attaining 83 completed responses out of a universe of approximately 109 active independent, Ontario-based web series creators, leading to a strong 76% response rate. As such, the survey responses present a reliable picture of the Ontario-based web series industry.

Profile

- In 2013 the web series community in Ontario was largely Toronto-centric with 77% of the industry based in the Greater Toronto Area (GTA). Other pockets of creators resided in Wellington County (5%), Halton Region (4%), Peel Region (4%) and Hamilton (4%).
- The majority of survey respondents (70%) have two or fewer years of experience in web series creation. Seventeen percent reported having five or more years of experience in web series development.

- Three quarters (74%) of web series creators reported having a background in traditional film and television production and continue to work in other platforms such as short films, feature length films and corporate videos. In fact, just 24% of web series creators reported working exclusively in web series in 2013.

Genre

- Comedy was the most popular genre for web series, with 74% of respondents producing comedic web series content. Drama was the next most popular genre - 52% of creators producing dramatic content.
- The popularity of LGBT (16%), Children's (15%) and Sci-fi/Fantasy (11%) genre content creation attests to the strength (and need) for web series creators to seek out targeted audiences and communities of interest.

Revenue, Financing and Monetization

- Nordicity estimates Ontario-based, independent web series creators generated **\$3.14 million** in web series revenue in 2013.¹ This amount, however, only accounts for 23.8% of the **\$13.2 million** total revenue generated by web series industry participants from all sources in 2013 (in other words 76.2% of the revenue web series industry participants generated in 2013 was not derived from web series).
- Notably, approximately **41%** of respondents indicated that they earned no revenue from their web series activity in 2013.
- The most common source of financing in the Ontario-based web series industry was "Personal Savings" with 68% of respondents reported having relied on their own savings to fund a production in 2013. Just 18% were able to draw on revenue from previous web series.
- To monetize their content, 70% of web series creators drew on advertising and revenue share agreements - the most common monetization model. Sponsorships followed, with 43% of web series creators reporting that they worked with sponsors in 2013. In web series, ancillary or indirect revenue streams such as sponsorships, events and merchandise appear to be highly important to web series creators.
- Based on the survey responses, the total volume of web series production budgets in Ontario in 2013, including in-kind and voluntary contributions, was **\$7.45 million**.
- While the simple average production budget for a web series in Ontario in 2013 was **\$68,400**, only 17% of projects exceeded that budget range, and 79% were below it – mostly in the \$0-10k range.
- More than half (55%) of survey respondents reported that they have increased their volume of production by more than 25% since 2012, suggesting the supply of web series content is likely to grow.

¹ This figure includes any revenue received from any grants and/or tax credits.

Distribution Platforms and Audience Engagement

- Web series, shows and vlogs can be distributed or “posted” to one or many online video platforms. In 2013 YouTube was the leading platform - 94% of web series creators reported that they distribute content there. A creator’s own website was an important platform with 39% of creators distributing content on their own site. Overall, there was less engagement with the predominantly paid-for platforms.
- Audience engagement is a constant focus for emerging and established web series creators. Web series creators reported they used Facebook (96%) and Twitter (84%) most commonly for interacting with audiences. “Word of Mouth” was also important for 81% of web series creators as well as “Live Events.” Some 41% of web series creators reported that they meet audiences at events such as Comic-Con and other face-to-face occasions.

Advanced audience engagement

“We have niche audiences and know how to speak to them in their own language. Broadcasters want broad appeal but I can tell you how many people watched today, when they dropped out, their age and gender. That’s what the internet allows you to do – an immediate connection to audience.”

Web series creator

Barriers to Growth

Survey respondents were asked to rate the extent to which a range of factors hindered the growth of their web series business on a scale from “0” - Not a barrier at all, to “4” -A critical barrier.

- The near critical-level barriers were both related to financing (availability of private and/or public financing). Earlier survey results reported that the vast majority of web series creators did not draw on public sources of financing and that much content is ineligible for the single fund that is most relevant to web series creators – the IPF.
- The next highest barriers, including “Ability to make advantageous deals with platforms and distributors” and “Access to foreign markets” were in some ways related to the newness of the web series industry and its entrepreneurial, rather than corporate culture.
- The industry’s need for additional support infrastructure is evident in the high ratings for: “Management, business, marketing and/or sales expertise”, “Access to experienced mentors” and “Level of industry cohesion or collaboration.”

In some respects the same pressures which Canadian film and television producers faced over the past few decades are now being faced by the most successful web series creators. How the CRTC regulates (or does not regulate) Canadian content requirements for platforms such as Netflix and other over-the-top offerings could have an enormous impact on the future of web series content. In fact, changes may be underway imminently. As a result of its “Let’s Talk: A Conversation with

Canadians” consultation and review of television in Canada, the CRTC has stated that they will be suggesting “major changes to the television system.”²

Conclusion

In today’s converging landscape, independent Canadian web series creators are operating at the frontier of new screen-based storytelling. Risk-takers and innovators, they have adopted a keen audience focus that sets them apart from their counterparts in traditional film and television. With a focus on niche, rather than mass audiences, web series creators are experimenting with a range of business models, though ultimately the majority are bootstrapping with their personal savings.

High quality, award-winning content being created amid low revenue. Growth in production volume predicted.

Looking ahead, web series creators predict strong growth in content creation and production volumes. Some web series creators are successfully establishing national and international distribution partnerships in order to support both revenue and audience growth.

International success, from the grassroots

With little infrastructure, a low base of creators and little industry support, Ontario-based web series creators have earned international awards, festival accolades and are beginning to explore content translation deals for greater exposure in international markets.

Emerging rather than established business models, but plenty of R&D

New business models for web series are emerging and evolving rapidly. Some services, such as Subbable and Patreon are as yet relatively untested, but web series creators are nonetheless experimenting at the forefront of online content monetization, which could have major implications for the rest of the audiovisual sector.

Cutting edge practices in terms of audience focus and understanding the niche

Established niches or communities of interest are required for successful web series. Given the move in advertising to hyper-targeted advertisements, knowing how to interact effectively with one’s niche viewership will be a critical skill for the entire audio visual sector.

Need for greater industry infrastructure and education

On and off-set web series creators are multitaskers, handling all aspects of business and content. There was a resounding call among respondents for further industry education and support tools and skills development in order to nurture a relatively young industry towards sustainable growth.

² CRTC, “Let’s Talk TV: A Conversation with Canadians.” Retrieved from <http://www.crtc.gc.ca/eng/talktv-parlonstele.htm>

1. Introduction

In this section, Nordicity presents the objectives for this industry profile of independent web series creators in Ontario as well as the approach and steps taken to achieve these objectives. The section closes by characterizing web series in more detail including a note to how web series differ from traditional television series, as well as a set-up for the first of five case studies included in this report.

1.1 Objectives for this report

The web series industry is an award-winning, internationally recognized and entrepreneurial sub-sector of the Canadian film, television and digital media production sector. The growing cohesion of the sub-sector into a recognized industry was reinforced in 2013 with the establishment of a representative organization in the Independent Web Series Creators of Canada (IWCC-CIWC).

Through its outreach activities and programming, the IWCC-CIWC recognized that in order to better support and advocate for its members' needs, it would require current and credible information about the size, shape and activities of active independent web series creators. From financing and distribution to monetization and creative control, the IWCC-CIWC members also wanted to better understand the challenges and opportunities facing independent web series creators operating in Ontario. As independent content creators, separate from broadcasters and traditional television producers, for example, they also sought to articulate their distinct contribution to the creative sectors in Ontario.

Both in and outside of the web series creator community, there is a lack of understanding about how web series productions are actually made, financed, distributed, and monetized. They do differ from traditional TV and film production in terms of value chain elements as well as creative control. Accordingly, one objective of this report is to shed light on how the web series industry in Ontario is distinct from the traditional sector.

This report is restricted to the Province of Ontario, although the IWCC-CIWC is a national organization. Therefore, a final objective is to serve as a basis for expanding this Ontario-based profile into a Canada-wide industry profile.

1.2 Approach and methodology

Nordicity developed a phased research approach in consultation with IWCC-CIWC in order to deliver the above-stated objectives.

Primary Data Gathering: Nordicity developed and deployed an online survey to gather the profile information identified in the data planning phase.

In consultation with IWCC-CIWC, Nordicity conducted interviews with five independent web series creators in order to develop case studies or vignettes, which are presented in this report. These interviews and other informal consultations serve to augment the survey results with anecdotal evidence of how web series are created, monetized and distributed.

Data Analysis and Reporting: Nordicity analyzed the survey data and extrapolated results from survey responses to the industry universe. These survey results are presented throughout the report.

Nordicity also prepared the case studies which are presented in gray boxes throughout the report. Each case study provides some background information on the creator and series and describes the creator’s business model approach. Case studies also help to highlight learnings which may be relevant to the wider industry – whether for new entrants or established producers.

1.3 What is a web series?

At the most basic level, a web series can be defined as episodic entertainment delivered via online distribution platforms. The current environment is much more complex, however, as television broadcasters and channels such as HBO begin to behave more like web series producers and, in some cases, web series behave more like traditional television content. Consider this post from Variety.com:

What Netflix, Amazon and Hulu accomplished isn't really fundamentally different than TV in terms of production economics or even creative sensibility [...]. That trend obscures a lower-budget but more creatively diverse tier of free online content available from a wider range of sources either on YouTube or other Internet portals. They run the gamut from amateur creators you may have never heard of (yet) to more professionally slick properties from outfits that may become the big media companies of tomorrow.³

This report characterizes the web series industry as one which includes creators of web series, web shows and video blogs (or vlogs). Currently web series differ from traditional television production and distribution in many essential aspects, as shown in the box below, but even these basic characteristics are evolving.

Figure 1 Why web series are not television

	Web Series	Television
Budget	Smaller	Higher
Business Model	Emerging	Established
Episode Length	Shorter	Longer
Audience	Niche	Broad
Regulation/CRTC Protection	None	Yes
Public Funding	Very Limited	Robust
Geographical Barriers	None (or extremely low)	National (for broadcasters)
Production Team	Typically smaller (in comparison to TV), flexible/multi-tasking	Typically larger (in comparison to web series) and specialized
Content	Niche	Broad
Barriers to Entry: Production	Low	High
Barriers to Entry: Distribution	Low	High

³ “Top 10 Web Series of 2013,” Retrieved from <http://variety.com/gallery/top-10-web-series-of-2013/>.

The need to better understand Ontario's independent web series industry comes at a time of great change in how audiences around the world are consuming screen-based content. Today, web series and online content distribution is attracting the attention and investment of both traditional broadcasters and producers, specialty channels and digital entities. In many respects, web series creators are the entrepreneurs of the audiovisual industry, driving research and development (R&D) in production and distribution. They are drawn to the format in part because it offers creative control, the capacity for experimentation and niche audience engagement as well as a connection with a vibrant and collaborative creative community.

Investment, monetization and revenue, however, remain the major hurdles for web series creators. In order to demonstrate value to partners and advertisers, web series creators must engage large audiences, often with very few resources and limited investment availability.

The raw viewer market is definitely growing as more Canadians (and viewers in other countries) consume more content online. According to comScore's *2014 Canada Digital Future in Focus*, Canadians:

- Continue to be among the most highly engaged internet users worldwide, spending on average 34.6 hours per month online.
- Are more likely to watch online video (and for more time) than their American counterparts. Canadians watch on average 1,769 minutes of online video per month vs. 1,237 minutes for their American counterparts.
- Are watching significantly more web-based video, including live/on-demand TV, than a year ago - Watched Web-Based Videos and Watched TV (Live/On-Demand) are both up 34% from 2012.⁴

In this context of screen convergence where 74% of all Canadians watch online video and mobile viewership is on the rise, independent web series creators would appear to be positioned for growth.⁵ However, fundamental challenges remain from a financing and monetization perspective. As yet, sustainable revenue from web series is more often the exception than the rule. These challenges will be explored in further detail throughout this report.

As independent and corporate web series creators grapple to find stable business models, the media news is packed with stories of new content deals and partnerships between traditional entities and new digital players and "Multi-Channel Networks" (MCNs).⁶ Consider this statement from Raja Khanna, CEO, television & digital, Blue Ant Media, describing the company's recent investment in an LA-based, music-focused MCN called Omnia: "A lot of our roots as a company have been with digital media, we don't want to be tied to one type of viewing experience and we go where the talent

⁴ Comscore, "2014 Canada Digital Future in Focus", March 2014.

⁵ Comscore, "2014 Canada Digital Future in Focus", March 2014.

⁶ "Multi-Channel Networks (MCNs) are entities that affiliate with multiple YouTube channels, often to offer assistance in areas such as product, programming, funding, cross-promotion, partner management, digital rights management, monetization/sales, and/or audience development. These companies are not affiliated with or endorsed by YouTube or Google." Retrieved from "Multi-Channel Networks 101" at <http://www.youtube.com/yt/creators/mcns.html>

is...YouTube now has their own star system and to be a modern media company we need to be fully emerged in YouTube and other digital platforms for content.”

While Canadian online engagement increases, Ontario-based web series creators are also successfully reaching local and global audiences. Some creators have begun to translate their series into other languages to drive international viewership. In this context, Jill Golick, the writer/creator behind the successful Ruby Skye P.I. web series explained:

“What is happening in web series is incredible. I have never seen anything like the way the community has built itself up – a true explosion of creativity. It is so amazing the way Canadian web series are reaching the world and, for the moment, we seem to be a world leader. All the time I have been working in Canadian media, we have always felt completely hampered by not having a big enough audience to support our shows. Suddenly we have the way to reach the world audience. Web series could be the solution for the Canadian audiovisual industry. Truly our moment to seize.”

Simultaneously, some web series creators fear that the pressure for global viewing figures will dampen the motivation and potential to tell Canadian stories. So while web series are decidedly not television, some of the dynamics and pressures which are evident in television are beginning to resonate in web series today.

The first of five case studies to be presented in this report follows. This case study introduces Jill Golick and her successful web series, Ruby Skye P.I. Four years after launching Ruby Skye P.I. Golick has partnered successfully with television broadcasters and international distributors and is looking to expand “Ruby’s world” into videogames and other platforms, which is one way for web series creators to monetize their content. The report will highlight other attempts at monetization and business model development later, through survey results and via similar case examples.

Jill Golick, Story 2.0H - *Ruby Skye P.I.*

rubyskyepi.com

Genre: Children's

Target Audience: Ages 8 to 14

Background: A TV writer for over 25 years, Jill's background also includes owning a software company in the eighties.

A graduate of the CFC TV Program, Jill experimented with online storytelling as early as 2007 with the online show Hailey Hacks. In 2010, Jill launched Ruby Skye P.I. (RSPI).

Distribution: Season 1 launched on Vimeo and YouTube over the course of a few months, has since been shown on Koldcast, Vimeo, blip.tv, DigitalChickTV, Clicker, Ameba, Dailymotion and Mingle Media TV.

Exclusive partnership with CBC.ca (Kids) for Season 3 streaming; CBC acquired TV rights to the episodes and will air them 3 months after web launch.

Distribution of Seasons 1 & 2 recut as feature length films to Latin America (with Spanish language dub), soon to expand to other markets.

Viewership: Global, over 2.5 million video views at the end of Season 2.

Selected Awards/Nominations: From "Best Original Interactive Production Produced for Digital Media" at the 2014 Canadian Screen Awards to a suite of prizes at the LA WebFest, Ruby Skye P.I. has won numerous awards for its family-friendly content.

Business Model Considerations

Having experimented with a number of business model variations during her career, and recognizing the challenges related to monetizing screen content online, Jill Golick was determined to be open to innovative business concepts which would allow her character to thrive.

From the outset, Jill conceived of RSPI as a franchise opportunity. She set out to build a world and a character that were meaningful to audiences and could be sustained. This outlook has had an impact on her content but also on her reach, revenue opportunities and growth.

Independent Production Fund funding was part of the RSPI business model from the beginning but Jill explains that it is a lot of money to earn back and "not going to come two cents at a time." Her experience with RSPI's precursor, Hailey Hacks, showed her that no single channel (e.g., giving away teaser content and selling the longer form episodes, affiliate marketing relationships, merchandising and pre-roll advertising) generated substantial revenue on its own.

However, with her "Ruby's World" outlook and seamless writing approach (in which each season's short episodic chapters can be recut into full 1 hour episodes), Jill has been able to embrace more traditional distribution relationships in Canada and globally, selling three one-hour shorts as television content or short-form content for websites.

Future plans include leveraging RSPI's audience and critical acclaim and taking Season 1 and 2 to paid platforms such as iTunes, Amazon Prime and Hulu. Jill is also trying to build RSPI onto its next platform such as a video game and/or a book series. Her team is also exploring development of a portfolio of children's shows to build on the success of RSPI.

Managing the business of the creative is a huge hurdle for web series creators. RSPI's Season 1 and 2 successes, however, in combination with the ongoing growth of the web series industry, enabled Jill to partner with Janice Dawe as Executive Producer and lead for business and distribution. Dawe brings expertise in terms of budgeting and financing the series and leads the global distribution push for RSPI.

Web Series Industry Considerations:

Audience Focus: Web series necessitate a close relationship with niche audiences. In this context of change and evolving audience expectations, TV will be forced to learn from the "R&D" web series creators are undertaking - examining what content works and taking risks on new approaches to storytelling with relatively low costs.

Partners: Web series creators can also learn from traditional TV when it comes to partnerships and reaching global audiences through official distribution arrangements. Web series creators need to be supported to be able to work more with Netflix, Hulu and other international partners.

2. Ontario's Independent Web Series Industry

This section draws largely on survey results in order to present the Ontario-based independent web series industry by type, revenue and activity.

The survey was live from March 5 to March 31, 2014 and was:

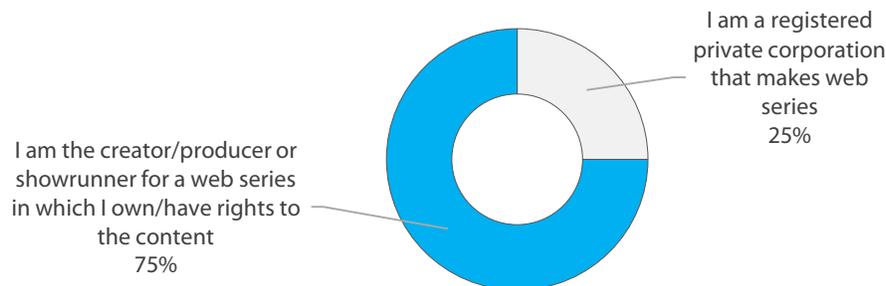
- Directed at independent, (i.e., not affiliated with a commissioning company or agency) Ontario-based web series creators in all genres and categories including independent vloggers and independent suppliers of web video content to other creative businesses (e.g., magazines).
- Successful in attaining **83 completed responses** out of a universe of approximately **109** active independent, Ontario-based web series creators, which led to a strong direct response rate of **76%**, whereby results are generally accurate to +/- 5% (19 times out of 20). As such, the survey responses present a reliable picture of the Ontario-based web series industry.
- Promoted extensively by IWCC-CIWC through social media, direct emails to members, at industry meet-ups and with a short video posted online describing the survey's objectives and urging participation from Ontario's independent web series creators.

With the responses in hand, Nordicity extrapolated from the survey responses to the industry universe of 109. This task was accomplished by taking the value for a given question ("x") and dividing "x" by the number of respondent companies in the sample (the n-value) and multiplying by the universe size ("u"), or $[(x/n)*u]$. Nordicity based its analysis on a universe of **109** active web series creators as drawn from a database compiled by IWCC. Survey respondents were asked to report on their 2013 activity.

2.1 Industry overview

The majority of respondents (75%) described themselves as the creator/producer or showrunner for a web series in which they own or control the rights to the content. The remaining quarter (25%) reported that they were registered private corporations that make web series (Figure 2).

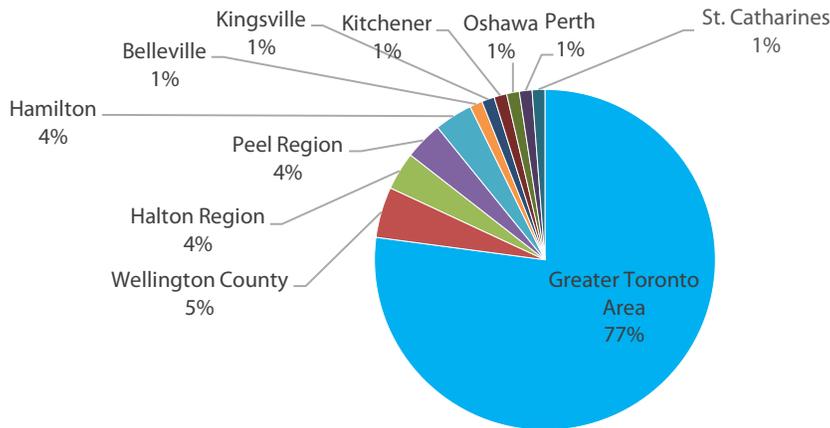
Figure 2 Type of web series creator by individual vs. Private Corporation



Source: Nordicity survey of independent web series creators, 2014

In 2013 the web series community in Ontario was largely Toronto-centric. The vast majority of the industry (77%) was based in the Greater Toronto Area (GTA) though other pockets of creators resided in Wellington County (5%), Halton Region (4%), Peel Region (4%) and Hamilton (4%).

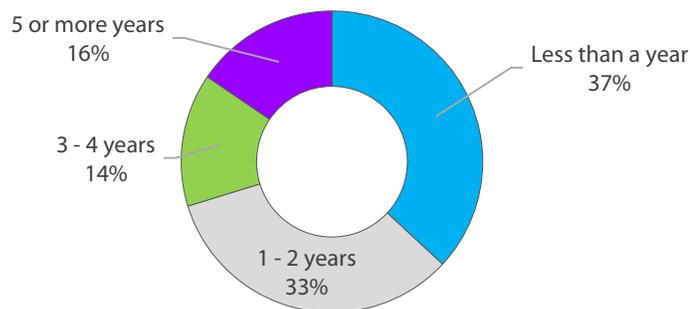
Figure 3 Ontario web series creators by area of residence



Source: Nordicity survey of independent web series creators, 2014

As presented in the figure below, the majority of survey respondents (70%) have two or fewer years of experience in web series creation. Over a third have been at it for less than a year. Seventeen percent reported having five or more years of experience in web series development, indicating that “webisodes” have been around for at least five years. This balance of experience in web series should be considered in light of the fact that YouTube (the primary web series distribution platform today) was founded in 2005.

Figure 4 Years of experience in web shows/series



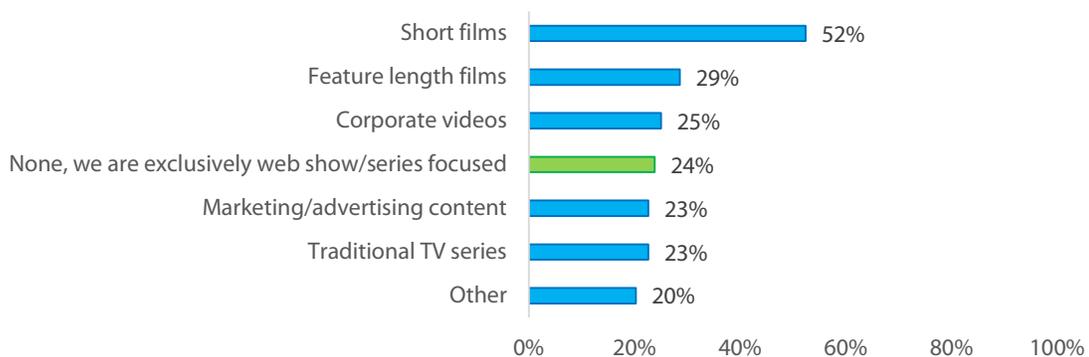
Source: Nordicity survey of independent web series creators, 2014

While web series creators may be relatively new to the format, the majority of our survey respondents had previous experience in traditional film and television production. Indeed, the web series workforce interacts and overlaps with the traditional film and television production industry. Three

quarters (74%) of web series creators reported having a background in traditional film and television production before entering the web series industry, and continue to work in other platforms. In fact, as shown in the figure below, just 24% of web series creators reported working exclusively in web series (“None, we are exclusively web show/series focused”). The largest share of additional screen content work reported was in short films (52%) followed by feature length films (29%). About one quarter of respondents report working on corporate videos (25%), other marketing and advertising content (23%) and traditional TV series (23%) in addition to their web series activity.

For the figure below, and many of the results presented in this report, the responses sum to above 100% because survey respondents could “check all that apply.” In this context, the categories are not mutually exclusive as respondents can engage with more than one activity.

Figure 5 Other types of screen-based content being made by web series creators



Source: Nordicity survey of independent web series creators, 2014 - responses do not sum to 100%

In the figure above the “Other” category relates to items such as, “actor demo reels”, “videogames”, “commercials”, “music videos” and “weddings.”

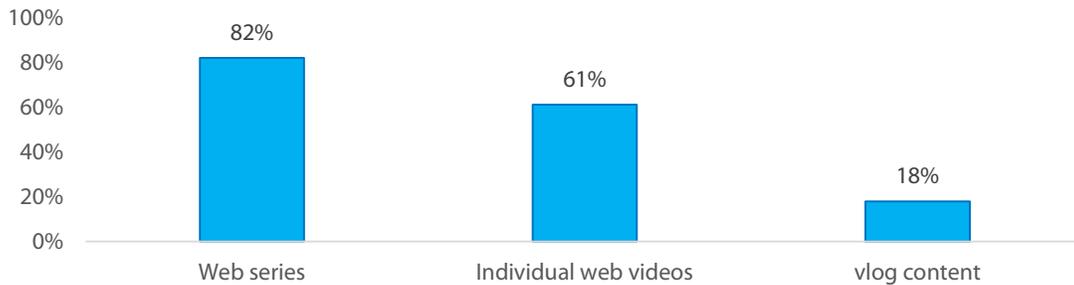
2.2 Industry activity

Within the web series industry there are three sometimes overlapping streams of activity. These streams are:

- 1) **Web series:** narrative video series original to web and standalone - not an extension of an existing TV or Film property.
- 2) **Web video/web show:** a web show is produced via the same model as web series but typically defined as non-narrative content (and sometimes “web series” is employed as a short hand for either).
- 3) **vlog:** serial video blog – for example “YouTubers” are considered to be “vloggers.”

As depicted in the chart below, the majority (82%) of independent web series creators have created web series in the past 12 months, while the smallest share (18%) have created vlog content.

Figure 6 Types of web video created in the past 12 months

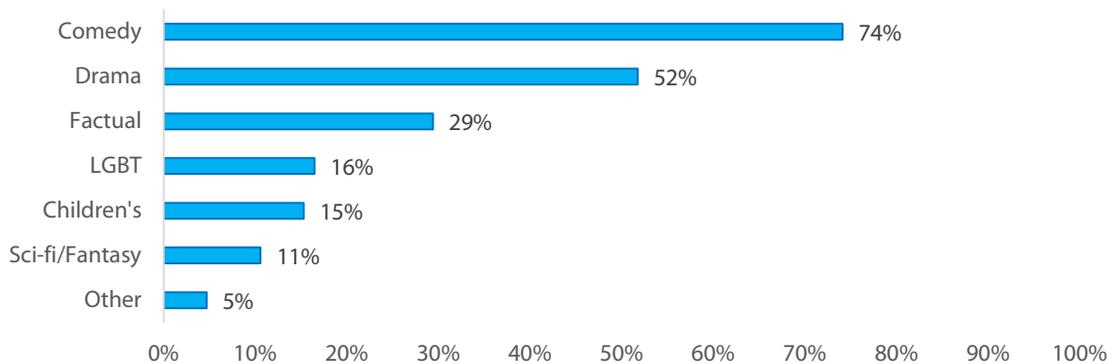


Source: Nordicity survey of independent web series creators, 2014 - responses do not sum to 100%

The figure below presents the genres that respondents reported creating content for. Comedy was the most popular genre, with 74% of respondents producing comedic web series content.

One theme which will surface throughout this report is web series unique opportunity and capability to succeed with niche and targeted audience content. The popularity of LGBT (16%), Children's (15%) and Sci-fi/Fantasy (11%) genre content creation attests to this trend.

Figure 7 Genres of web-series productions



Source: Nordicity survey of independent web series creators, 2014 - responses do not sum to 100%

2.3 Industry revenue

Based on the 2014 survey data and universe, Nordicity estimates Ontario-based, independent web series creators generated **\$3.14 million** in web series revenue in 2013.⁷ This amount, however, only accounts for 23.8% of the **\$13.2 million** total revenue generated by web series industry participants from all sources in 2013.

⁷ This figure includes any revenue received from any grants and/or tax credits.

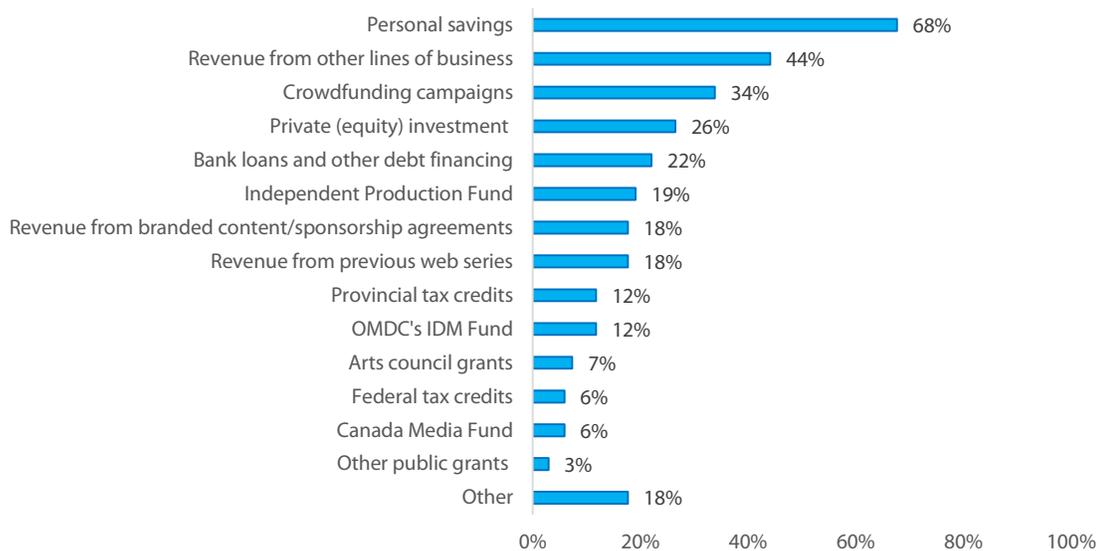
Figure 8 Independent web series creator revenue



Source: Nordicity survey of independent web series creators, 2014

Notably, approximately **41%** of respondents indicated that they earned no revenue from their web series activity in 2013 and are thus contributing to Ontario’s creative sector, “on their own dime.” In a no- or low- revenue context, web series creators relied on a wide range of financing sources in order to produce content as shown in the figure below.

Figure 9 Sources of financing for web video/series creation



Source: Nordicity survey of independent web series creators, 2014 - responses do not sum to 100%

As the figure above illustrates, the most common source of financing in the Ontario-based web series industry was “Personal Savings.” Some 68% of respondents reported having relied on their own savings to fund a production in 2013. Just 18% were able to draw on revenue from previous web series.

Figure 9 shows that public sources were among the least common financing mechanisms for web series creators in 2013. The largest share (18%) had accessed the IPF. Founded in 1991 as a private Foundation, the IPF endowment is now valued at \$32 million and generates revenue to support the production of Canadian drama series. The “Web Drama Series Program” was introduced in 2010 and has since been extended indefinitely.⁸ This IPF figure is notable in light of the fact that factual and documentary programming is *ineligible* for IPF funding and some 29% of web series creators report that they are making factual content. This figure would undoubtedly be higher if not for the IPF’s genre restrictions. One respondent reported that they *did* access provincial tax credits. Anecdotally, it’s known that some web series creators make use of the tax credits for some projects, however web series are generally ineligible.

About one-third (34%) of respondents drew on crowdfunding campaign revenue to finance their web series (Figure 9). Indeed, web series creators have enjoyed some significant success with crowdfunding campaigns, in large part owing to their ability to tell stories that both resonate with niche audiences and are also largely neglected by mass-audience storytellers. A relatively recent form of financing, crowdfunding is still evolving and maturing. New developments in the crowdfunding model, such as Subbable and Patreon, are described in the box below.

Subbable and Patreon: Crowdfunding Meets Consistency

Billed as new ways to support and engage with the creators you love, Subbable (subbable.com) and Patreon (patreon.com) offer creators and fans a more sustainable take on crowdfunding. In their words, **Patreon** “lets fans support their favorite creators by becoming patrons. Unlike other fundraising services, which raise for a single big event, Patreon is for creators who create a stream of smaller works.” **Subbable** “is a subscription service that allows audiences to connect with and fund the creators they love in a sustained, ongoing way.” So rather than one fundraising splash, each platform enables loyal fans to subscribe to online content on an ongoing basis for a scheduled fee.

Though not limited to web series, both Patreon and Subbable are closely tied with web series and the YouTube community. These approaches represent ways in which the web series industry is innovating and evolving business models in order to monetize their content sustainably and engage audiences in meaningful ways.

The second case study introduces the team behind Space Janitors - a successful web series that launched a highly successful crowdfunding campaign between Season 2 and Season 3 in order to engage and reward its loyal fans.

⁸ Retrieved from: <http://ipf.ca/web-drama-series-program/>

Davin Lengyal and Geoff Lapaire, Space Mop – *Space Janitors*

www.spacejanitors.com

Genre: Comedy

Target Audience: Gamer, geek, sci-fi fans (i.e., Star Wars fans)

Background: In 2004, Davin and Geoff worked on Pure Pwnage, a web series Geoff created with Jarett Cale, which quickly gained a cult following online. Pure Pwnage was adapted into a TV series and is currently being made into a feature-length project. The series marked the beginning of Davin and Geoff's careers as successful web series producers.

In 2010 they developed the award-winning Space Janitors, the third season of which is in production in spring 2014 and set to air in fall 2014.

Distribution: Felicia Day's Geek & Sundry YouTube Channel; spacejanitors.com

Viewership: 70-250k viewers per episode. Total views ~2.5mil

Notable Moments: Season 3 crowdfunding campaign (Dec 3, 2013 to Jan 12, 2014). The team had a funding goal of \$30,000 for Space Janitors but raised over \$63,000 toward production.

Beyond Fundraising: Crowdfunding as Interactive Audience Engagement

Space Janitors built a sizable audience over two seasons before turning to crowdfunding, and financing for Season 3 was largely in place before the team launched its Kickstarter campaign. The campaign focused instead on unique ways to engage and involve fans, like background roles and a digital fanclub membership (spacejanitors.com/janitorslocker).

The team brainstormed rewards that would appeal uniquely to their particular fan base and audience. The engagement results were phenomenal. Incentives included exclusive access to premium content through the 'Janitors Locker' and a chance to be a character on the show, as well as a 7-hour Live Stream Telethon where some 35,000 participating fans could watch the Star Wars Trilogy with the cast.

The campaign created an opportunity to engage the audience in an innovative way. As an example, fans were invited to submit videos explaining why sci-fi meant so much to them as a genre. These videos were added to a playlist that featured similar testimonials from cast, crew, local producers and celebrities.

There are only eight episodes of Space Janitors a year so maintaining a loyal fan base from season to season can be a challenge. In this context, the crowdfunding campaign provided an additional opportunity to share content and engage viewers.

Space Janitors met its \$30,000 funding goal within a week and set stretch goals to make the show even better with more sets, more cameos and more days on set. Final amount raised was \$63,000.

Crowdfunding: Need to Know

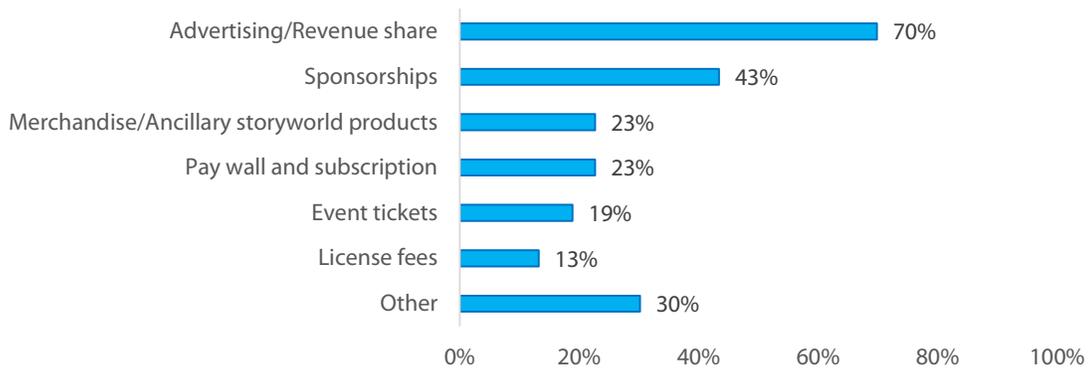
Content and interactivity are key for online audiences, and crowdfunding campaigns are yet another channel for developing and sharing that content. That being said, crowdfunding and engagement take effort. Four people were dedicated to creating content for the Space Janitors crowdfunding campaign.

Campaigns should not be just about asking fans for help, but rather offer a novel way for them to experience the show, interact with the creators and engage with the content. People appear more likely to donate because they want to be involved or they are inspired by the project, as opposed to simply bridging a gap in financing. Producers should not look at crowdfunding as a pure fundraising activity, but rather an opportunity to talk with and reward fans before the project is complete.

As with all crowdfunding campaigns, early success is important but it also helps to have a project that's market ready. Crowdfunding at its best works almost like a DVD or merchandise presale as opposed to simply a lifeline. The enthusiasm of the existing audience base was critical to the campaign's success. It's far more engaging to say, "The show you love is coming back, and it can be even better with your support" than to start from scratch. People like to back a winner, and may be more inclined to back a proven entity.

In the low-revenue context, where web series creators reported financing content from personal savings, it follows that monetization is a constant concern. Creators must try to balance the need to build an audience and sustain their production in the context of consumers’ expectations for free content. The figure below presents the monetization models employed (that is to say attempted, not necessarily driving significant revenue levels) by web series creators in 2013. Some 70% of web series creators drew on advertising and revenue share agreements - the most common monetization model. Sponsorships followed, with 43% of web series creators reporting that they worked with sponsors in 2013. In web series, ancillary or indirect revenue streams such as sponsorships, events and merchandise appear to be highly important to web series creators.

Figure 10 Monetization models for web series



Source: Nordicity survey of independent web series creators, 2014 - responses do not sum to 100%

In the figure above, “Other” models included: “Series embedded in apps, with in-app purchases”, “Contesting”, “Sold video as educational resource” and “none.”

Ultimately, the business model for web series appears to be still emerging. The web series environment is one where three-quarters (76%) of operating entities worked on non-web series projects in 2013. With such a low base, revenue derived from web series content is also low, suggesting much of the industry is not yet at the viable business stage. Web series creators act more like a research and development arm of the audio-visual sector, experimenting with emerging approaches to monetization, audience engagement and distribution. However, even with little profit, there are material sources of independent financing, such as crowdfunding.

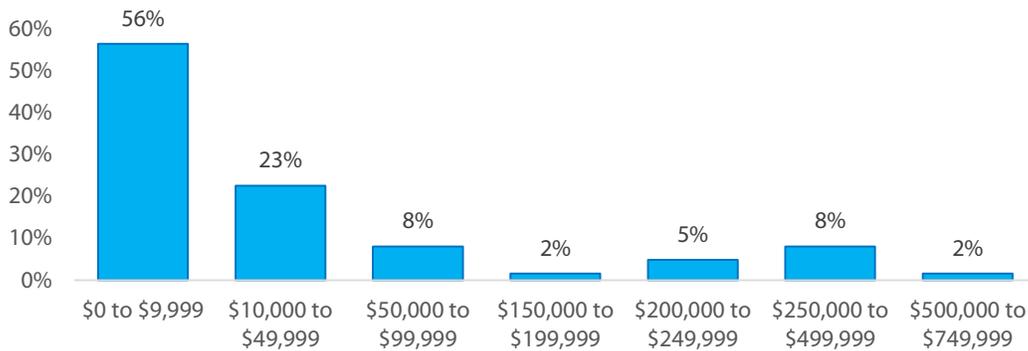
2.4 Volume of production

Based on the survey responses, the total volume of web series production budgets in Ontario in 2013, including in-kind and voluntary contributions, was **\$7.45 million**. In contrast, in 2013, the volume of Ontario-based television production was \$996 million.⁹

⁹ CMPA, AQPM, and Department of Canadian Heritage, *Profile 2013: Economic Report on the Screen-based Media Industry in Canada*, p.49.

While the simple average production budget for a web series in Ontario in 2013 was **\$68,400**, it is perhaps more useful to look at the distribution of production budget sizes – see Figure 11 below. While the average was in the \$50,000 to \$100,000 level (at \$68,400), only 17% of projects exceeded that budget range, and 79% were below it – mostly in the \$0-10k range.¹⁰

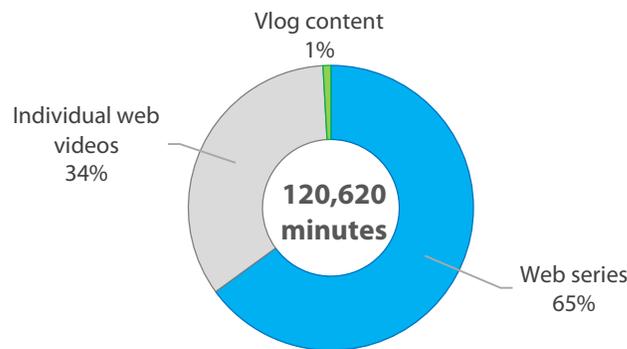
Figure 11 Breakdown of the % of web series productions by size of production budgets (including in-kind and voluntary contributions)



Source: Nordicity survey of independent web series creators, 2014 - responses do not sum to 100% due to rounding

In 2013, web series creators produced 120,620 minutes of content across the three web series categories, presented in Figure 12 below. The largest share of minutes produced were in web series (65%) while the smallest share (as measured by minutes) was vlog content, with just 1% of all minutes produced.

Figure 12 Total web series production minutes by category



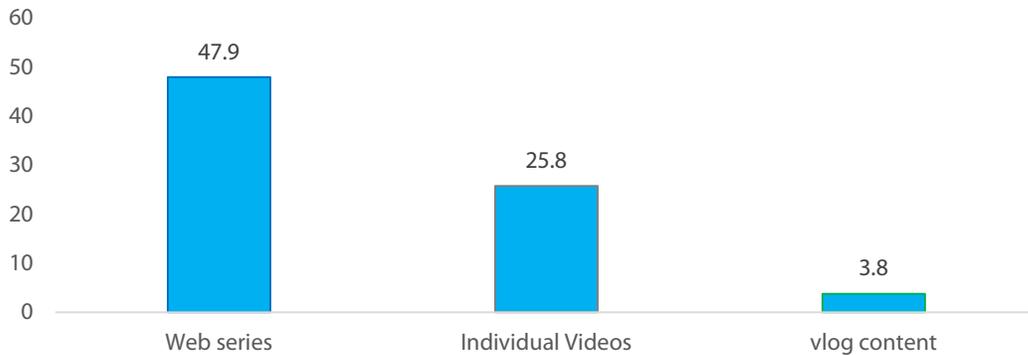
Source: Nordicity survey of independent web series creators, 2014

¹⁰ "The average budget for IPF-funded projects was \$275,394. The IPF does not fund all web series content – and some creators of smaller projects may not deem it necessary to apply to the IPF. As well, budgets for scripted drama productions would tend to be higher than for vlogger and factual content." Guide to Web Series Best Practices, Retrieved April 2014 from: ipf.ca/IPF/resources/web_series_best_practices.

Based on the total above, the average production cost per minute of video in web series is **\$63.33**. In contrast, the average production budget per minute of English-language Canadian TV fiction productions ranged from \$6,771 in the lifestyle genre to \$29,313 for fiction.¹¹

The figure below presents the average length (in minutes) per type of web series content. For creators of web series, an average *series* length was 47.9 minutes, likely broken out into numerous short episodes. For creators of individual videos, the average length was about half of a web series, while vlog content averaged under four minutes per video.

Figure 13 Average length of content by type of web series (minutes)



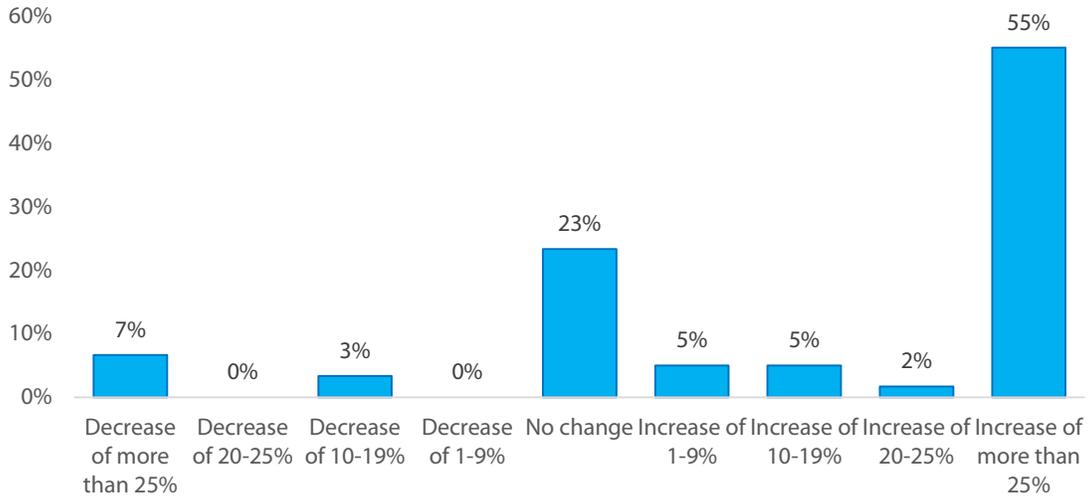
Source: Nordicity survey of independent web series creators, 2014

Approaches to production in web series can be vastly different from traditional film and television production. One web series creator described running through “ten times” the content that film and television producers create in a given day. This creator suggested that traditional producers, “can’t run at the pace [web series creators] do”, explaining that the rules of production are simply different in each environment and both producers would be “out of their element” in the other’s camp.

The figure below presents the growth in web video content produced by web series creators between 2012 and 2013, according to the creators. More than half (55%) of respondents reported that they have increased their volume of production by more than 25%, suggesting the supply of web series content is likely to continue to grow.

¹¹ Tabulations based on “English-language Canadian television production, by genre” and 48 minutes of production per hour. *Profile 2013: Economic Report on the Screen-based Media Industry in Canada*.

Figure 14 Growth in web video content produced 2012 vs. 2013



Source: Nordicity survey of independent web series creators, 2014

The third case study introduces Felice Gorica, TV producer turned web series creator/publisher. Gorica has explored myriad approaches to monetization. Based on her research and experience she has developed what can be described as a niche network model for web series monetization and distribution.

Felice Gorica,
newexplorer.tv | lifestylegoddess.tv (prototypes)

Genre: Factual, Documentary

Target Audience: Global fans of high quality documentary and factual production from science, technology and education to history, travel and more.

Background: Felice's background is in documentary production and lifestyle TV series but she was an early adopter of online video content.

Disillusioned with the onslaught of reality television (and broadcasters' increasing appetite for reality content over high-quality documentary) Felice built on her desire for creative control and sense that content was moving increasingly online, and began to explore changing her business and distribution model.

Distribution: Works with YouTube and other platforms but believes in driving viewers back to her own channel where she can drive ancillary revenue streams.

Viewership: Targeting worldwide audience, though websites above are still in the prototype stage.

Business Model Considerations

Felice sees the lack of attention or focus on business models as one of the top challenges facing the web series industry. In her view, "the business model needs to be a science, not an art." She also recognizes that her transition to web series meant becoming more than a producer; she was suddenly also a researcher, marketer, analytics and advertising expert, business person, content creator and publisher.

Her experience and continued research and interest in the field led her to stay in the factual and documentary genre. As Felice explains, "it can be difficult to monetize drama and comedy because on the internet everything is still about search and search engine optimization." In the comedy genre one's partners and aggregators (e.g., Funny or Die) can sometimes reap the largest rewards in the relationship. In factual and documentary, the power lies in identifying and understanding your niche audience and developing content for that niche.

A focus on niche audiences and content can help producers to identify diverse revenue streams. Nonetheless, challenges persist from **monetization** to **technical limitations** (e.g., with regards to analytics and distribution), and **consumer expectations** (i.e., viewers' desire to enjoy constant access to new material online for free).

The Niche Network Model

Before she embarks on a web series project, Felice researches three areas:
1) What content audiences want and are willing to pay for (**monetization**)
2) Whether gaps in such content exist (**opportunity/need**) and
3) Whether she is interested in developing such content (**creative control**).

With niche content and an engaged audience it is possible to introduce a variety of relevant and appealing revenue streams: sponsors, advertisements, merchandise, video subscriptions, events and speaking engagements, special editions and more.

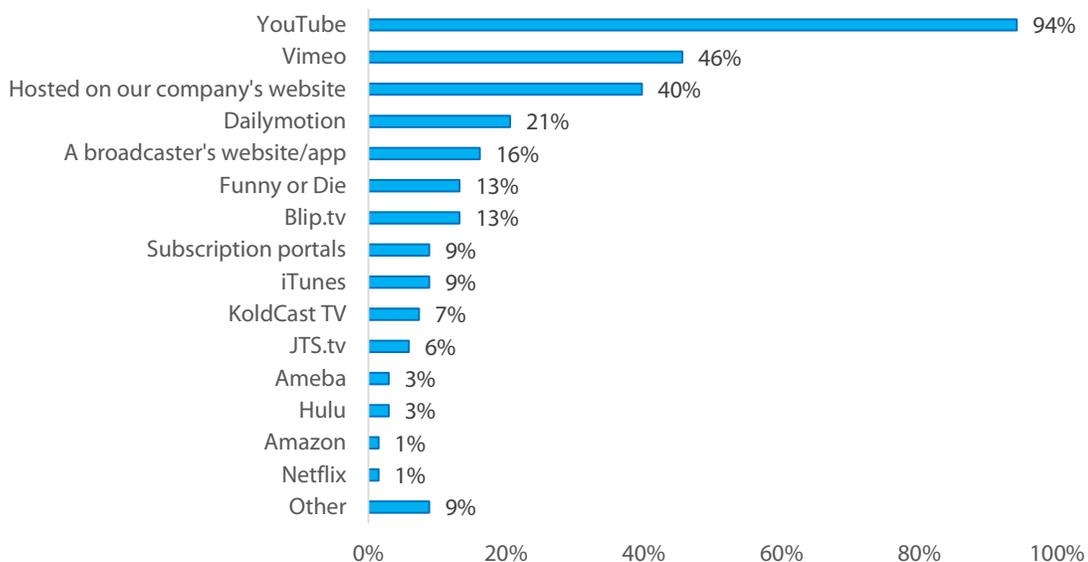
Felice's niche network model proposes several websites on different niche topics that are loosely networked together. Each website directs audiences back and forth to enjoy content across all sites. This approach recognizes that one may receive the largest number of viewers from YouTube but that ultimately you want to channel audiences back to your own sites where you can promote your sales and revenue drivers.

Felice's recommendation is that producers start with a niche show on YouTube (free and best reach), testing and working to build an audience. With traction in hand, producers can begin to multiply and/or spinoff from the niche. Eventually, one can build a standalone website where ads, merchandise and subscriptions can be sold. From there, creators can add more websites and develop a network. This approach to content creation is market-driven, but according to Felice it still allows for creative control and interest, which is still her top priority.

2.5 Platforms for distribution and engagement

Web series, shows and vlogs can be distributed or “posted” to one or many online video platforms. As depicted in the chart below, in 2013 YouTube was the leading platform for web series creators by a wide margin. Some 94% of web series creators reported that they distribute content through YouTube. A creator’s own website was an important platform with 39% of creators distributing content on their own site. Alternatives to YouTube and Vimeo are important in part because creators can sell other material on their own sites, such as merchandise and exclusive content. Overall, there was less engagement with the predominantly paid-for platforms, such as: “subscription portals” (9%), “iTunes” (9%), “Hulu” (3%), “Amazon” (1%) and “Netflix” (1%).

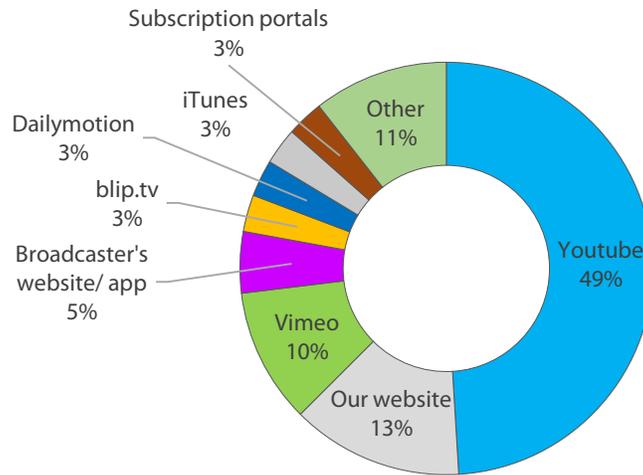
Figure 15 Web series distribution platforms



Source: Nordicity survey of independent web series creators, 2014 - responses do not sum to 100%

Respondents were asked to characterize *how* they were using the platforms listed above; in other words, whether they were the *primary* distribution platform or an *alternate* viewing platform. The figure below shows the breakdown of responses for primary distribution platforms in 2013. Again, unsurprisingly, YouTube is the dominant distribution platform. About half of respondents used YouTube as their primary distribution platform in 2013. Responses also support the importance of distributing on one’s own website, as 13% of creators used their own website as the primary distribution platform.

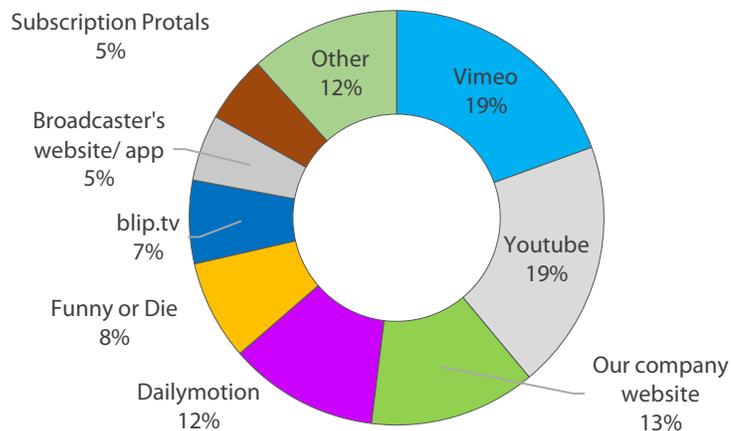
Figure 16 Primary distribution platform for web series



Source: Nordicity survey of independent web series creators, 2014 - responses may not sum to 100% due to rounding

The figure below shows which platforms web series creators used as their secondary distribution platform in 2013.

Figure 17 Secondary distribution platform for web series



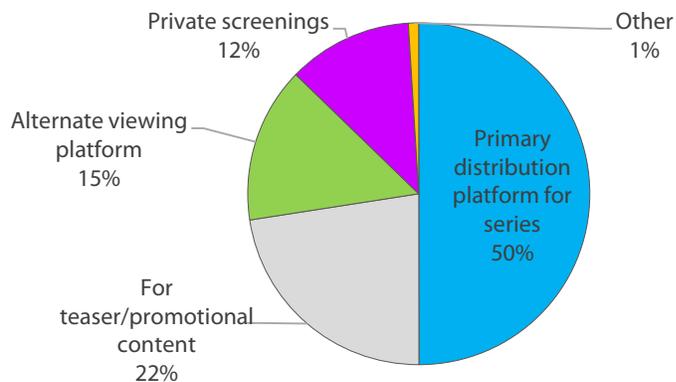
Source: Nordicity survey of independent web series creators, 2014 - responses may not sum to 100% due to rounding

What is clear in the figure above is that there is no single dominant secondary distribution platform. Web series creators are posting content to YouTube in the first instance and then to a variety of other

places afterwards, ranging from their own websites and Vimeo to niche content aggregators such as Funny or Die and various other sites.

The figure below presents a breakdown of how web series creators used their most important distribution platform, YouTube, in 2013. In addition to its function as a primary and alternate viewing platform, web series creators used YouTube as a marketing channel to post “teaser” or “promotional content” (22%) as well as an audience engagement tool by hosting private screenings (12%).

Figure 18 How web series creators use YouTube

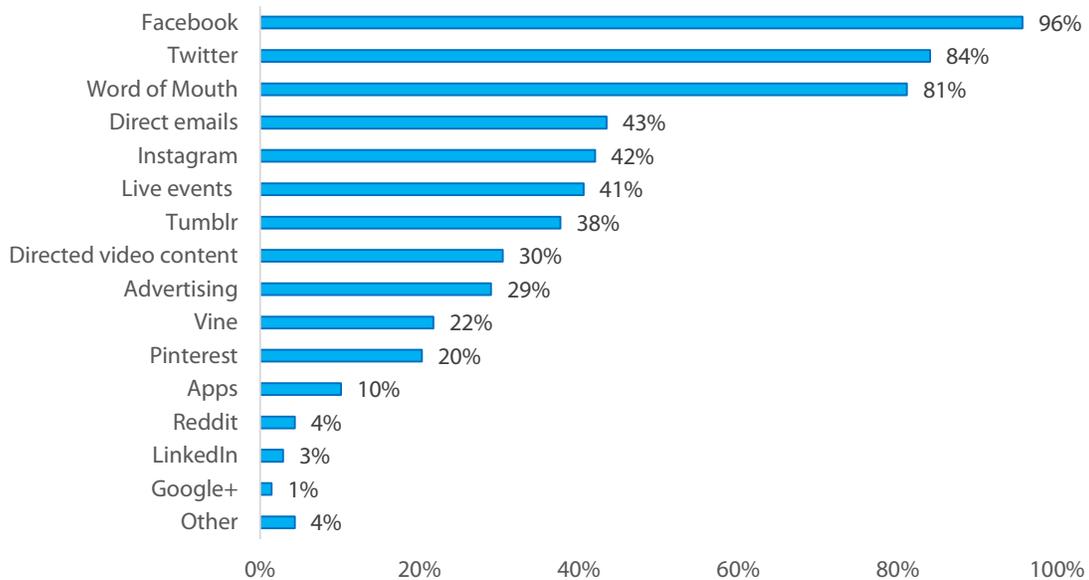


Source: Nordicity survey of independent web series creators, 2014

Audience engagement is a constant focus for emerging and established web series creators. To that end, social media was a significant tool for audience interaction and promotion in 2013, as presented in the figure below. Web series creators reported they used Facebook (96%) and Twitter (84%) most commonly for interacting with audiences. Instagram, Vine, Pinterest, Tumblr and Google Plus were also employed for audience interaction though less heavily than Facebook and Twitter. According to interviews, the power of social media partly lies its ability to help creators research and find their niche audiences and engage with them directly.

The somewhat intangible tool “Word of Mouth” was employed by 81% of web series creators. Live events were also important (41%). Web series creators reported that they meet audiences at events such as Comic-Con and other face-to-face occasions.

Figure 19 Tools for interacting with audiences



Source: Nordicity survey of independent web series creators, 2014 - responses may not sum to 100%

One web series creator described the intense focus on audience engagement online, explaining, “We have niche audiences and know how to speak to them in their own language. Broadcasters want broad appeal. I can tell you how many people watched today, when they dropped out, their age and gender. That’s what the internet allows you to do – an immediate connection to audience.” This “niche” approach and access to detailed analytics is perceived by many web series creators to be a key success factor in building an audience.

The fourth case study introduces Jason Leaver, the creator of the award-winning and highly acclaimed series Out with Dad. This case study highlights the impact of focusing on a target audience and some of the potential avenues for success within a given niche.

Jason Leaver - *Out With Dad*

www.outwithdad.com

Genre: Drama

Target Audience: Early teens to early 20s and 50+ LGBT community, Parents of LGBT children

Background: Jason has been working in video production for over two decades and is also an award-winning short film producer.

In 2009 Jason was on the subway when he had an idea for a series about a girl coming out to her dad. After some research, Jason saw there were few resources for teens, and fewer for their parents, that depicted coming out in a positive light.

Distribution: Partners include: onemorelesbian.com, afterellen.com, Blip.tv, YouTube Channel, francetélévisions, and others.

Viewership: 60k (recent episodes) to 8.4M (top views). Roughly 450K views per month.

Selected Awards/Nominations:
LA Webfest 2011, 2012: Grand Jury Prize, Outstanding Drama Series
Marseilles Webfest 2012: "Coup de Coeur" France4TV Prize
Canadian Screen Awards 2013: Best Original Program or Series produced for Digital Media - Fiction Nominee

Accessing a Specific Niche Audience

Part of the success of OWD is its ability to connect with smaller, but more specific and underserved segments of the LGBT community, from younger people looking to come out to their parents to older members of the LGBT community who wish that this type of resource had been available to them earlier in life.

OWD has been made very easy to find. For example, metatags relate to what a person looking to come out might search (e.g., "lesbians coming out", "parenting lesbians", etc.). Designing the keywords in a genuine, uncynical manner (i.e. by not chasing link-bait) has generated excellent SEO results.

Perhaps the most important access points for these target audiences were existing portals for this type of content. The biggest jump in viewership occurred after OWD was syndicated with distribution partners (e.g., onemorelesbian.com and afterellen.com). Those portals had already aggregated an interested audience – and were hungry for high-quality and deeply personal content. As the portals were connected to the wider community, so too did OWD's audience figures grow. Other web series with similar topics (e.g. "Anyone but Me") also cross-promoted the show, leading to greater awareness.

Extending the show to other languages has proven to be one of the best ways to connect to new, often international audiences (often in places where such content is scarcer). For example, a pirated Spanish-language version of OWD had (before it was removed) more views than the (official) English-language version. Rather than fight the pirates, Jason asked the 'subtitler' to translate the scripts officially, which led to a major spike in traffic. OWD is now available in various languages (e.g., Greek, Portuguese), and with English subtitles for deaf audiences.

Monetizing a Niche: Need to Know

To monetize the show, OWD viewers can donate via Paypal. If they do so, they are able to access a VIP Facebook page, where they can view early, rough cuts of OWD. As a side-effect, these engaged VIPs also serve as an informal focus group for new content and have input into the final product.

Given the privacy concerns among members of the LGBT community, a donor's list must be treated with caution (i.e., made an explicitly opt-in feature with the option to remove one's name at any time).

Given the international appeal of the content (and its distribution), OWD has received donations from around the world (e.g., France, Italy, etc.).

OWD's broad appeal has proven successful in covering most of the show's third season costs.

3. Working in Web Series in Ontario

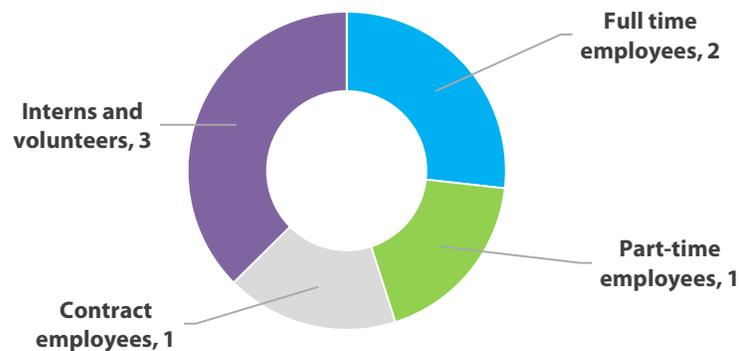
This section characterizes the web series industry workforce.

3.1 Employment

Based on the reported number of part-time and full time workers in web series, **210** full-time equivalent (FTE) employees were generated by web series in Ontario in 2013 (not including contract employees, interns and volunteers).

The figure below presents the team breakdown, on average, per web series project by full-time, part-time, contract and interns and volunteer workers (rounded to the nearest person unit). On average, a web series project in 2013 required seven people: two full time employees, one part time employee, one contract employee and three interns and/or volunteers. As such, the team included as many interns and volunteers as it did actual employees.

Figure 20 Average web series project team by type of employment



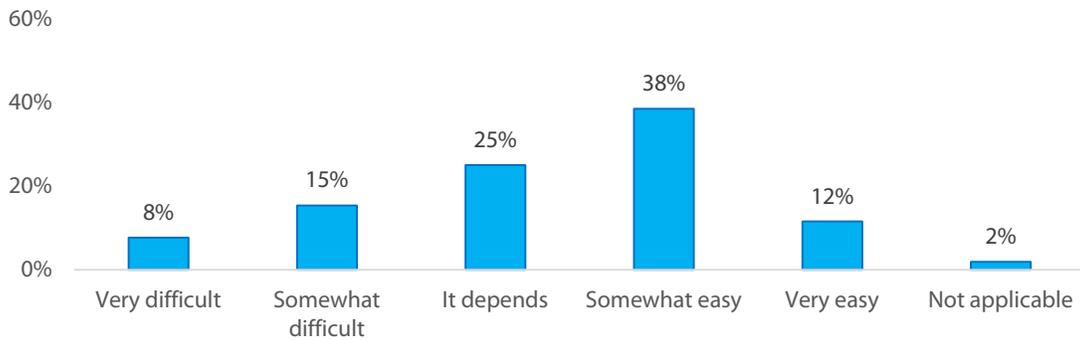
Source: Nordicity survey of independent web series creators, 2014

The average wage of someone working – in any role – on a web series is **\$18.40** per hour. In contrast, the average hourly wage in the film and television production industry is approximately \$29.54.¹² In this context, one interviewee identified an abundance of talent in Ontario but described the ability of web series creators to pay a viable wage as a major concern.

The figure below presents responses to the question, “how easy is it to find the right people (i.e., with the required skills) to work on web series projects?” The majority of respondents (38%) reported that it was “somewhat easy” to locate the appropriate talent for their web series project.

¹² Derived from the average FTE salary in the film and television production industry in *Profile 2013: Economic Report on the Screen-based Media Industry in Canada*.

Figure 21 Ease of finding appropriate talent for web series



Source: Nordicity survey of independent web series creators, 2014

Related to the issue of retaining talent is the issue of sustainability. In an environment where teams are small and financing is scarce, web series creators must work on all of the other parts of the business from writing and producing, to managing finances, marketing distribution and partnerships. One web series creator says, “as soon as you do anything on the web, the old silos begin to blur. Every job is every job. I tell everyone, you’re never going to sleep again!” Without the right skills and support, it can be a quick road to burnout.

How Sustainable is the “All hands on deck” model?

“You’re always looking for someone who can pull off miracles on a dime. I - as the producer/co-creator - spent two days carving Styrofoam. We don’t have the luxury of hiring a huge crew. All web series producers are fully involved in all aspects of production. It creates a sense of ownership that doesn’t happen in television.

But...we’ve hit our cap as an industry. I don’t think we can grow any further if we keep working that way. How do you build the infrastructure to grow? Can you find people you trust enough and take a more hands-off approach?”

Ontario-based web series creator

3.2 Recognition and awards

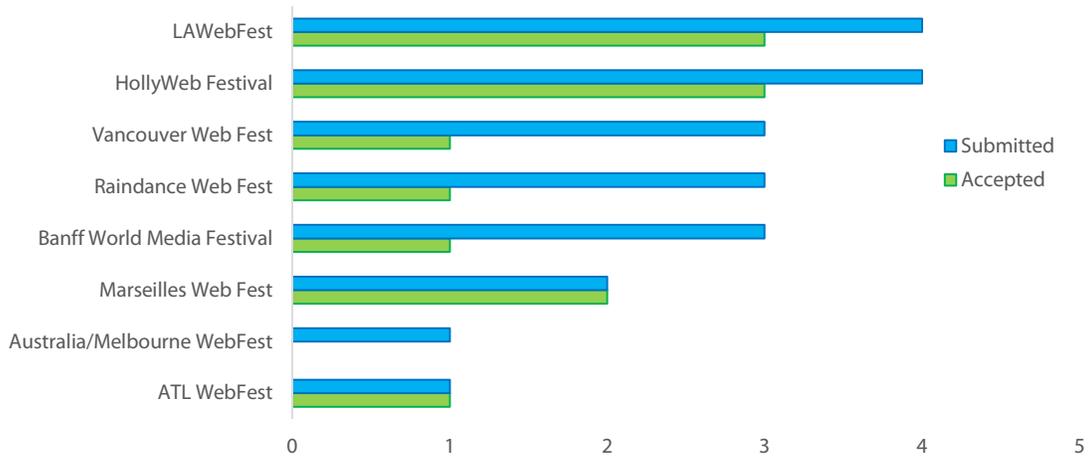
Ontario-based web series creators are internationally renowned and respected for their production values, audience engagement levels, audience reach and numbers, and quality of storytelling. One measure of this exposure is international awards and accolades for web series: at web fests, respected awards shows, and from critics worldwide. Exposure from awards and festival screenings, as well as mainstream media, can also go a long way towards “breaking through the noise” online and

attracting new viewers – crucial boosts when one considers that many creators may not earn back their production budgets in terms of revenue.

One web series creator explained the need for recognition as a way to showcase web series talent and quality saying, “There's also a stigma that web series are of low quality. A lot has been done to change that over the last two or so years, but we're still fighting an uphill battle. A little media focus on the right projects could go a long way to remedying that misconception.”

Toronto's first international web series festival, TO Web Fest, took place in 2014 but independent web series creators have been showcasing their content at international festivals for some time. Many of the case study subjects are multi-award-winners and have screened at numerous festivals around the world. The figure below presents the number of web series submitted to, and accepted by, a range of top festivals. What is evident is the predominance of international festivals at which Ontario-based web series creators successfully screened their shows as just two of the festivals were based in Canada.¹³ That being said, the overall participation in festivals was still quite low, owing perhaps to the youth of the industry and barriers to submission such as cost, selection committees and/or general lack of awareness.

Figure 22 Web series submitted to and accepted by festival, 2013

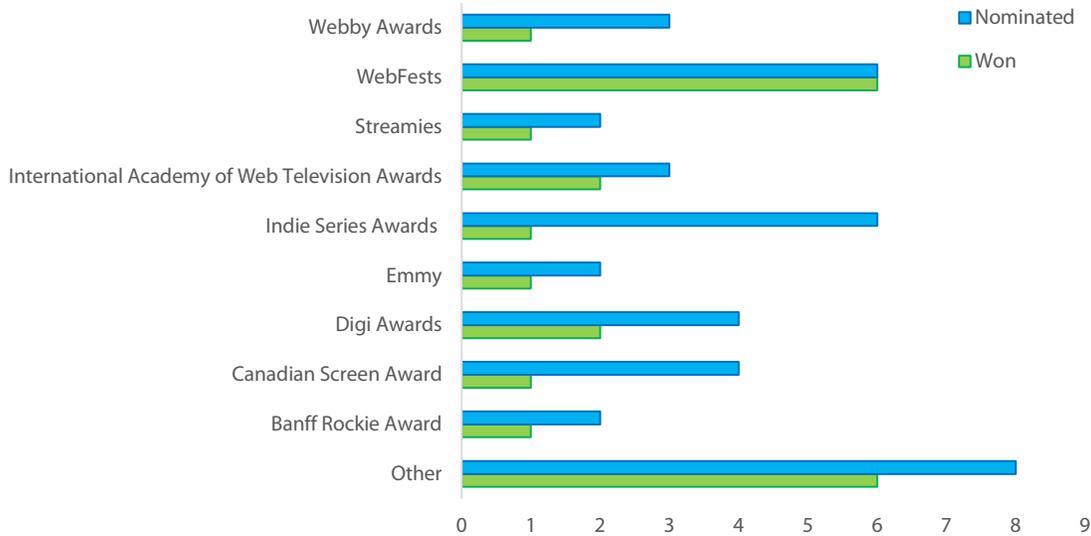


Source: Nordicity survey of independent web series creators, 2014

The figure below shows the number of awards nominations and wins earned by web series creators in 2013. Once again, Ontario-based web series creators were recognized at both Canadian and international award shows. The overall participation for awards appears to be higher than for festivals, owing perhaps to fewer administrative burdens for the web series creator themselves to tackle as part of the submission process.

¹³ HollyWeb takes place in LA, Raindance takes place in London, UK, ATL is the Atlanta web festival.

Figure 23 Awards nominated and won, 2013



Source: Nordicity survey of independent web series creators, 2014

Participation in web series festivals and awards won can also be valuable metrics for ongoing tracking of the industry’s performance and exposure, in Canada and internationally.

The final case study presents Dan Speerin of Truth Mashup, a political satire web series which, in the absence of funding, relies on partnerships, ancillary revenue streams and advertising to produce content. This case study describes some of the competition for audience’s attention online and the challenge of breaking through “the noise” of a seemingly endless supply of free online content.

Dan Speerin – *Truth Mashup*

www.truthmashup.com

Genre: Comedy, Factual, Politics

Target Audience: Viewers with an interest in current affairs, satire and political comedy (skews older than a typical web series audience).

Background: Dan has formal post-secondary training in Film and TV production, plus experience in network television, but began experimenting with YouTube after undergrad.

The desire for creative control and independence drove the Truth Mashup team to take their “Daily Show style” show online in 2012 when 1) internet tools caught up to the distribution aspirations of content creators and 2) the cost of production equipment dropped, enabling creators to produce and stream top quality content on the web.

Distribution: YouTube, primarily. In 2013 Truth Mashup's YouTube channel became the first Canadian partner with the “multi-channel network” (MCN), The Young Turks (TYT). This MCN link allowed Truth Mashup to tap into the huge TYT audience. Dan says, “Without them we would have drowned.” Have also partnered with CBC Radio and Break.com.

Viewership: Past year: 500,000 (65,000 monthly views, 250,000 - 300,000 minutes watched monthly). YouTube Channel Subscribers: 4,000.

Audience: 41% Canada, 35% US, Remainder UK, Australia and Europe.

Business Model Considerations

The Truth Mashup model is not unlike many small, independent businesses. The creators are passionate about what they do but also aware that they cannot rely on a single and small revenue source (in this case, YouTube). For now, the team has “other gigs” but hope Truth Mashup will eventually become their primary professional engagement. In this context, Dan raised five key business model considerations:

- 1) The internet encourages a low attention span and audiences expect a constant upload schedule. Unlike TV, even top fans may not stay loyal after a summer break. As a creator, beware of burnout and look for ways to maximize exposure and audience engagement (e.g., social media, speaking events and mainstream news coverage).
- 2) Seek viewers not views. Dan explains that while virality is great, new and emerging business models are privileging your repeat and return audiences. New platforms (like Patreon) are enabling loyal fans to contribute seamlessly to your program on a regular basis.
- 3) Remember that satire, factual and other non-fiction content is not eligible for IPF funding. Similarly, crowdfunding is great if one has a built an audience for a narrative show but is not as strong for building YouTubers/v-loggers.
- 4) Sponsorships and branded content or entertainment can be a viable revenue source but, again, may not be compatible for a satire show. Dan urges content creators to weigh the potential trade-offs carefully.
- 5) Dan sees major opportunities to support and champion Canadian content creators online. He advocates learning in part from the ICT and digital media industries and hub models such as the RyersonDMZ.

Web Series Industry Considerations:

Online, the signal-to-noise ratio is a huge challenge. There is no shortage of content and breaking through to your target audience is a major hurdle. In this context, web series creators must maintain a near-constant focus on engagement - a hefty challenge for young creators. At the helm of a political satire show, Dan has to balance his Google Analytics results with a focus on creating thought-provoking and edgy content.

Attention from mainstream media is one way to break through the noise, though Dan finds the Canadian media to be largely dismissive of web series (the lack of star system applies online too). Dan sees many ways to promote and support Canadian web series e.g., to theatre audiences and in TV critic round-ups. He also suggests that creators would love to make more Canadian content but once you carve up the small population it is a hard sell to advertisers. This pressure can lead to going “broad” i.e., targeting global viewers with global content.

4. The Future of Web Series

In the context of screen convergence, Canadians consuming more video content online and predicted growth in production volume, this sub-section presents some of the challenges facing the web series industry as it looks to the future.

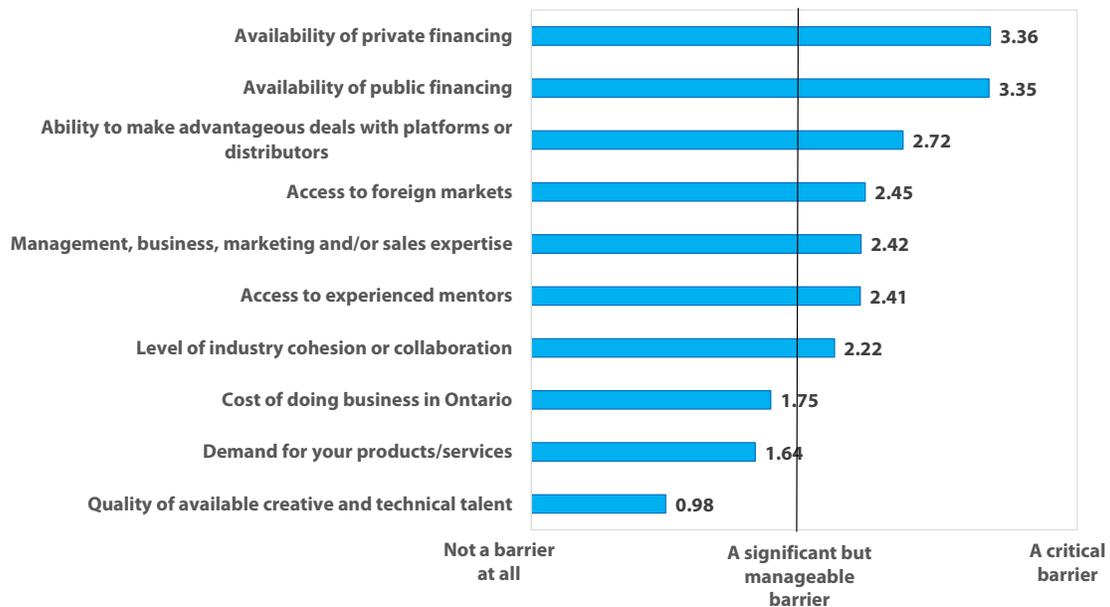
4.1 Barriers to growth

Survey respondents were asked to rate the extent to which a range of factors hindered the growth of their web series business. The rating scale was as follows:

- “0”: Not a barrier at all
- “1”: A minor barrier
- “2”: A significant but manageable barrier
- “3”: A major barrier
- “4”: A critical barrier

The chart below presents the average score for each factor. The near critical-level barriers were both related to financing (availability of private and/or public financing). Earlier survey results reported that the vast majority of web series creators did not draw on public sources of financing and that much content is ineligible for the single fund that is most relevant to web series creators – the IPF.

Figure 24 Barriers to growth, web series



Source: Nordicity survey of independent web series creators, 2014

Many barriers shown above such as, “Ability to make advantageous deals with platforms and distributors” and “Access to foreign markets” are in some ways related to the newness of the web series industry and its entrepreneurial, rather than corporate culture. The web series community in Ontario blends experience and youth, risk-taking and passion with a willingness to collaborate and share knowledge; but there are a lack of mechanisms to do so. The industry’s need for additional support infrastructure is evident in the ratings for: “Management, business, marketing and/or sales expertise”, “Access to experienced mentors” and “Level of industry cohesion or collaboration.”

One web series creator also explained that many creators want to create content which appeals uniquely to Canadians (e.g., about Canadian history, pop culture, news and politics) but are forced instead to “go broad” with non-Canadian stories in order to attract viewers and advertisers. He explains, “Once you carve up the small Canadian population to “online users” then again to “Canadian YouTube users” and then carve again with YouTube’s funding model - it’s a hard sell.”

In some respects the same pressures which Canadian film and television producers faced over the past few decades are now being faced by the most successful web series creators. Anecdotally, according to one interviewee, many “YouTubers” in Canada are apparently contemplating relocating to LA in order to “make it.” How the CRTC regulates (or does not regulate) Canadian content requirements for platforms such as Netflix and other over-the-top offerings could have an enormous impact on the future of web series content. In fact, changes may be underway imminently. As a result of its “Let’s Talk: A Conversation with Canadians” consultation and review of television in Canada, the CRTC has stated that they will be suggesting “major changes to the television system.”¹⁴

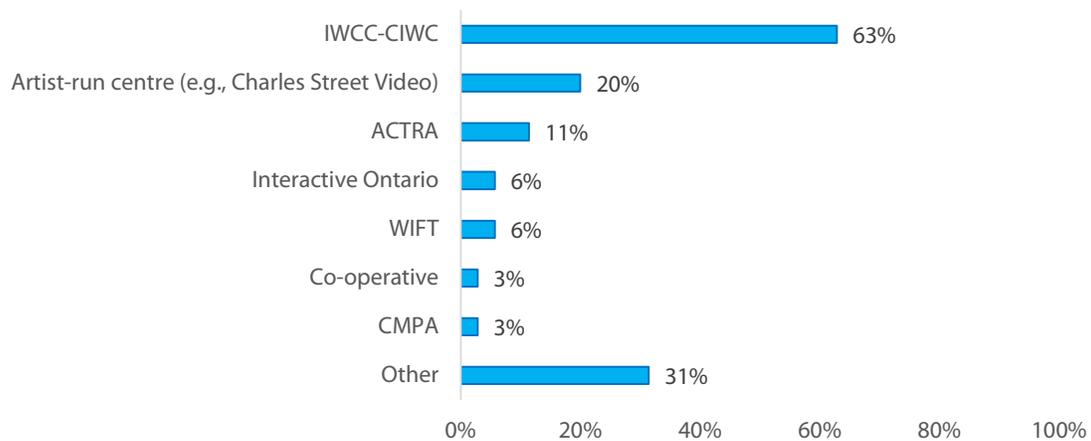
4.2 Industry organization

With little in the way of marketing budgets but with intense pressure to appeal to audience engagement, web series creators face a challenging road to success. Interviewees were unanimous in their observations that the web series community was unique in its open, “close-knit” and collaborative dedication to furthering the industry as a whole and supporting the talented storytellers within it. As one interviewee explained, “Everyone answers their phone in this industry. It’s a difficult production world, but everyone is working together.” That being said, as described previously, web series creators are forced to take on all aspects of development and distribution including financing and marketing and must seize any opportunity to promote the show, connect with viewers and raise awareness about the industry. There was a resounding call for further industry education and support tools and skills development in order to nurture a relatively young industry towards maturity.

The figure below presents the association memberships held among survey respondents. As seen previously, the web series community overlaps slightly with the digital media industry (6% of respondents are also member of InteractiveOntario) and with traditional film and television entities such as ACTRA (11%), WIFT-T (6%) and CMPA (3%).

¹⁴ CRTC, “Let’s Talk TV: A Conversation with Canadians.” Retrieved from <http://www.crtc.gc.ca/eng/talktv-parlonstele.htm>

Figure 25 Association memberships



Source: Nordicity survey of independent web series creators, 2014

The launch of the IWCC, which has captured approximately 63% of the Ontario-based industry as its members, and events like TO Web Fest are important steps towards greater industry cohesion, strategy and development.

5. Conclusion

In today's converging landscape, independent Canadian web series creators are operating at the frontier of new screen-based storytelling. Risk-takers and innovators, they have adopted a keen audience focus that sets them apart from their counterparts in traditional film and television. With a focus on niche, rather than mass audiences, web series creators are experimenting with a range of business models, though ultimately the majority are bootstrapping with their personal savings.

High quality, award-winning content being created amid low revenue. Growth in production volume predicted.

For the most part, the web series environment in Ontario is one where high quality, award-winning content is being created at a low cost, often with creators' own money and the support of volunteers. Looking ahead, web series creators predict strong growth in content creation and production volume. Some web series creators are successfully establishing national and international distribution partnerships in order to support both revenue and audience growth.

International success, from the grassroots

With little infrastructure, a low base of creators and little industry support, Ontario-based web series creators have earned international awards, festival accolades and are beginning to explore content translation deals for greater exposure in international markets. Web series creators are both "digital natives" – launching their careers in web series, as well as working in traditional film and television. Many creators draw on their earnings from traditional film and television work and personal savings in order to develop top quality content.

Emerging rather than established business models, but plenty of R&D

From the franchise thinking described by Jill Golick and Felice Gorica's "Niche Network" to advances in crowdfunding-based subscription services, new business models for web series are emerging and evolving rapidly. Some services, such as Subbable and Patreon are as yet relatively untested, but web series creators are nonetheless experimenting at the forefront of online content monetization, the results of which could have major implications for the rest of the audiovisual sector.

Cutting-edge practices in terms of audience focus and understanding the niche

Established niches or communities of interest are required for successful web series. Given the move in advertising to hyper-targeted advertisements, knowing how to interact effectively with one's niche viewership will be a critical skill for the entire audio-visual sector.

Need for greater industry infrastructure and education

On and off-set, web series creators are multitaskers, handling all aspects of business and content. Even for established and experienced creators, the pressure and potential for burnout is high. There was a resounding call among respondents for further industry education and support tools and skills development in order to nurture this relatively young industry towards sustainable growth.