

Has anyone else noticed the irony that Redbox, a company that rents DVDs for a dollar from a kiosk that people have to drive to, is the most disruptive force in the video business ?

Or the irony that the most successful video delivery business, Netflix, makes almost all of their money shipping DVDs in red envelopes from distribution centers across the country ?

Or that even with the dominance of Apple's iTunes, they only account for about 1/3 of music sales, in an industry that is becoming less dependent on music sales.

I'm not suggesting anyone run out and start a video sales and rental store, or open up a record store. But then again, I never would have agreed that opening up kiosks in 7-11s and Grocery Stores to rent DVDs for a dollar would be a good idea either.

On the flipside, conventional wisdom says that the most disruptive and dominant force in video is youtube.com . In reality, they are just a very large online media company doing business in the most old fashioned of means. They license and aggregate content and then sell advertisers their viewers. They are big, which by definition makes them a force. However, there is absolutely nothing disruptive about what they do. They are no different than Broadcast Networkz on Television.

They have the same problem as Networks like NBC, ABC, CBS.

At some point, when online video consumption reaches 100pct penetration, like Broadcast TV before it, Youtube will have to find a way to license hit shows so that they can build or just retain viewership. With advertising as their single revenue stream (as opposed to subscription revenue like cable networks have ), they may find themselves once again being subsidized by Google just a few short years after they reach the profitability they covet.

The sweet irony in comparing Google/Youtube to Broadcast Network TV, is that despite being online, Google has no idea who their viewers are any more than NBC, CBS, ABC do. Could Facebook Connect be in Google's future ?

The point is that when everyone is looking in one direction, sometimes industry change and profits can come from where everyone is telling you not to look