



The YouTube Economy

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Agenda

How Much, How Many, How Often

Making Money on YouTube

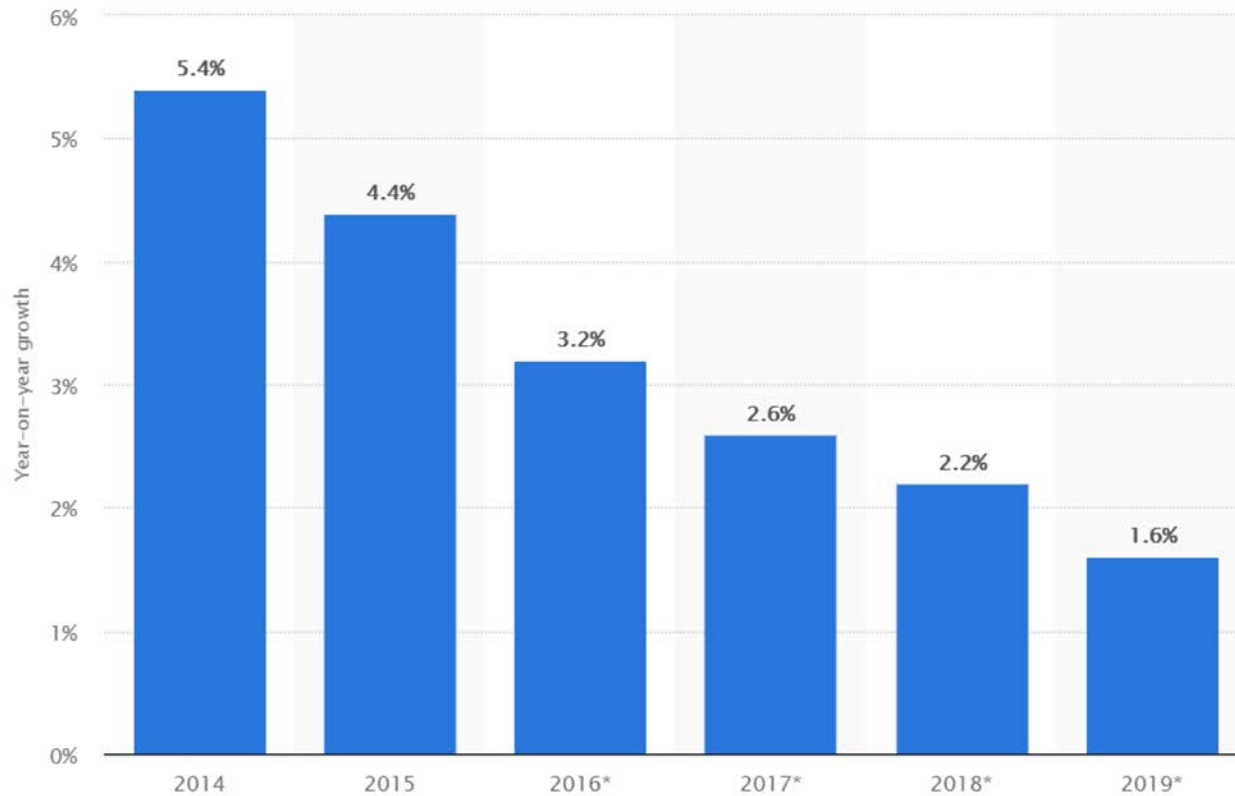
Why TV is Taking YouTube seriously

Social a plus or a minus for TV

Can YouTube transition to TV

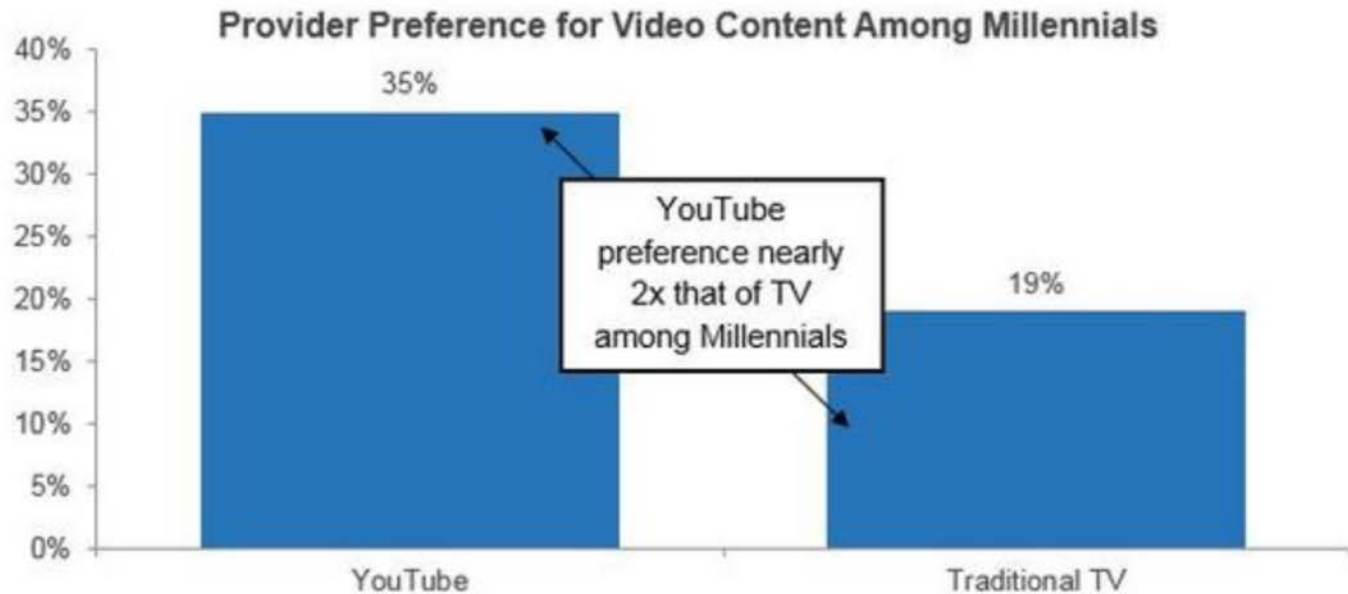
How many

Annual growth of YouTube users in the US 2014 - 2019



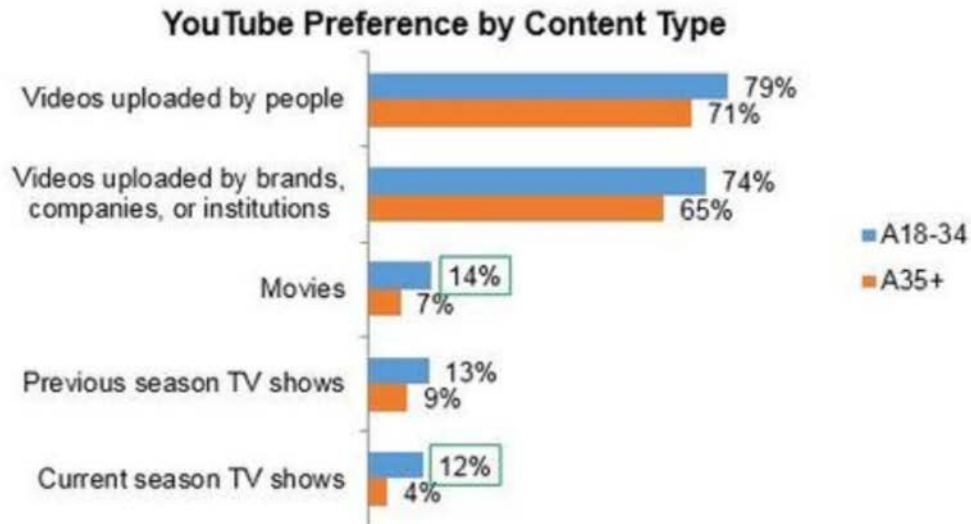
- 1.8 billion logged-in monthly users (5/4/18) <https://www.youtube.com/yt/about/press/>
- 180.1 million US viewers
- YouTube reaches more 18-49-year olds than any cable network in the US (since 2016)
- 400 hours of video uploaded every minute [BusinessInsider](#)
- 6,000+ YouTube channels with 1 million+ subscribers (updated today Socialblade)
- 85% of US teens 13-17 use YouTube [VentureBeat](#)
- 70% to mobile device <https://www.youtube.com/yt/about/press/>

YouTube is popular with young people



- [Gen Zers](#) say YouTube is the No. 1 platform they turn to when they want to relax or cheer up
 - 80% say YouTube has helped them become more knowledgeable at something
 - Use YouTube when they want to relax and cheer up
 - 7 in 10 watching videos with others helps them feel connected
- More than half of millennials watch YouTube everyday (54%) [Jan 2017](#)
 - 90+% every month (Oct 2016)
- Millennials named YouTube twice as many times as traditional TV for ['binge watching'](#)

What are they watching?



- [How-to](#) videos earn the most attention of any content category on YouTube, more than music clips and gaming
 - 2.7X more likely to watch a YouTube video instead of reading a book or other resource
 - 70% of Millennials last year said they watched YouTube to learn something
- Other three most popular categories behind it were music, entertainment/pop culture, and comedy
- 75% of Gen X choose to watch YouTube videos that relate to their past
- YouTube Is Used The Most To Access Videos Uploaded By Real People, Brands, Companies, And Institutions

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How many ads can be delivered?



Pre-roll ads

- Inserted before the video plays
- 15-30 seconds

Mid-roll ads

- Inserted during the video
- 1st mid-roll can be inserted at 10 mins
- All subsequent ads at 7 minutes minimum

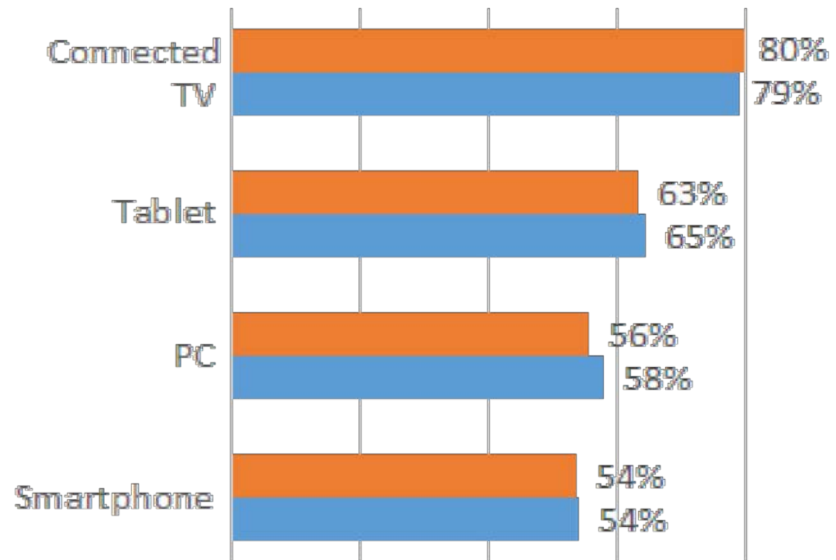
What does this mean?

- A 15 minute video delivers 2 ads at most
- A 30 minute video delivers 4 ads at most

Ad are not guaranteed to be shown as scheduled

Ad values and completion rates

Average Completions – TV Shows (Prime Time vs Average)



Source: Conviva, 2016

© nScreenMedia, 2016

■ Average

■ Prime time

YouTube ad rates

- Ad rates vary
- Average rate: \$7.60 per thousand views (CPM)
- YouTube keeps 45%
- Creator receives \$4

Completion rates

- On connected TV, 80% for 30 minute show
- Smartphone lower, 54%
- Doesn't matter much when the viewer watches

An example of a premium provider - NordicTimesTV

150,000 YouTube providers generate 1M views a month

NordicTimesTV:

- Starts at 1M views per month
- Grows to 5M and 10M
- Up from 7% in 2012

Content output

- One 30-minute show per week
- One 15-minute featurette per day

Completion rates

- 15-minute featurette – 90%
- 30-minute show - 65%



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Why TV is taking social seriously

YouTube clips are a new kind of TV viewership, a new kind of TV publicity

Fox's Empire is a YouTube juggernaut

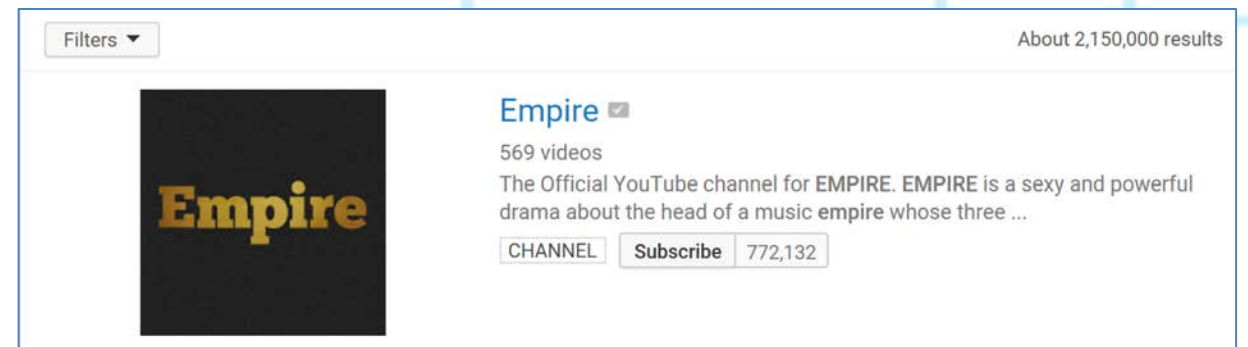
- There are 106M Empire related clips on YouTube
- 95% of those are user uploaded

NBC programs on YouTube have generated 13.4B views

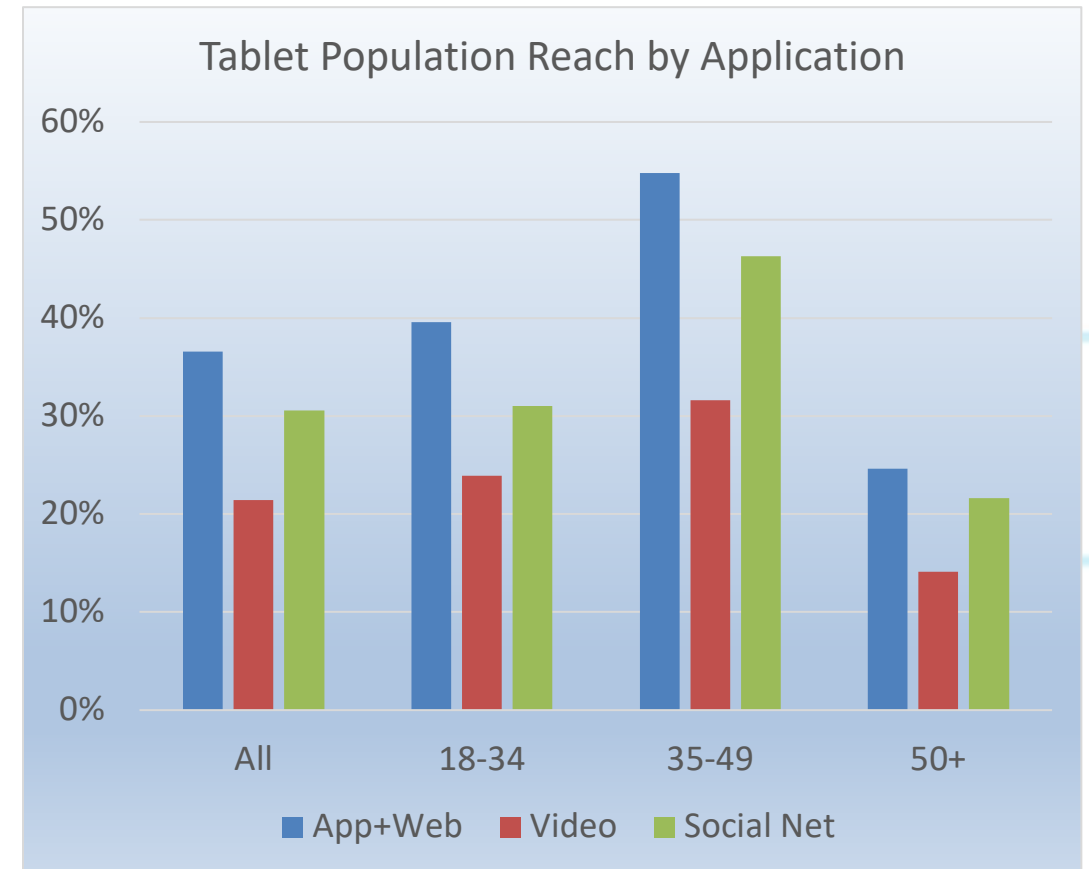
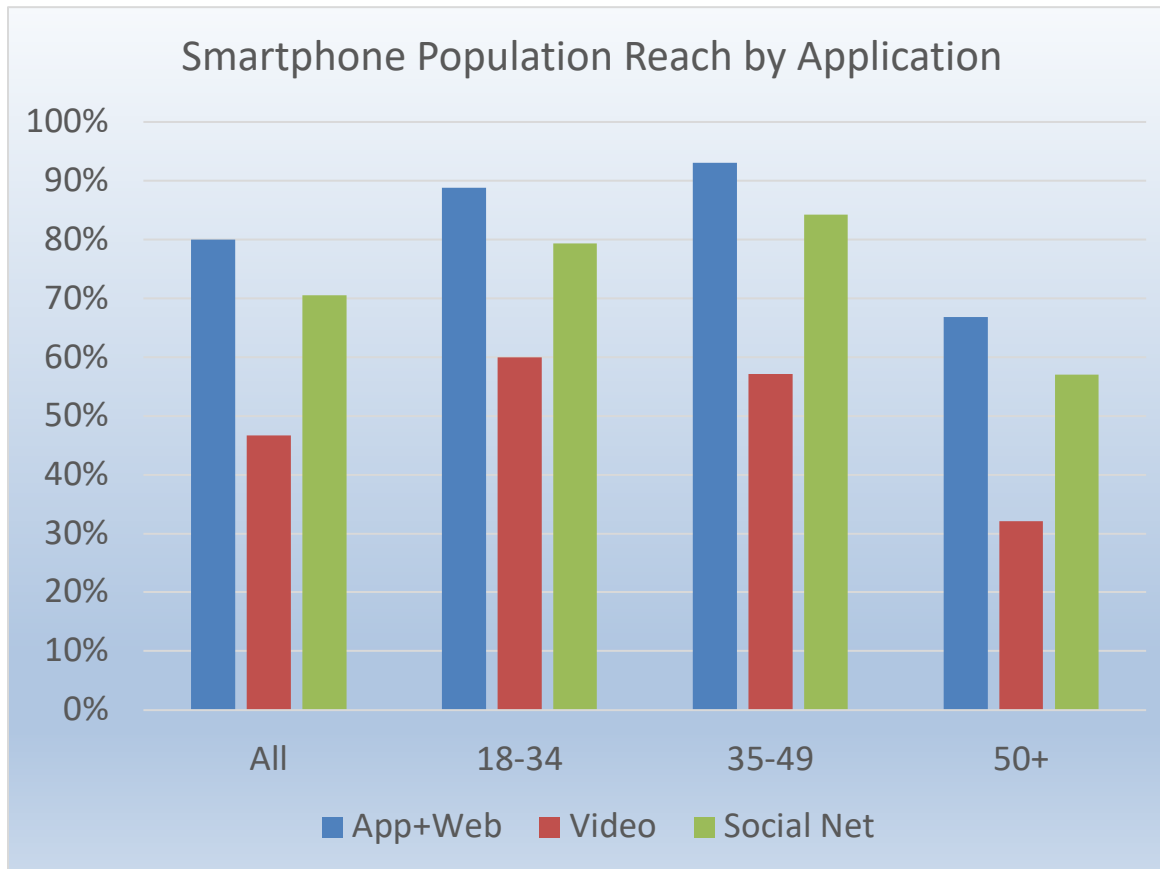
- Fox 3.6B

Doesn't drive much revenue

- But is an excellent promotional tool



For video, social has the best reach



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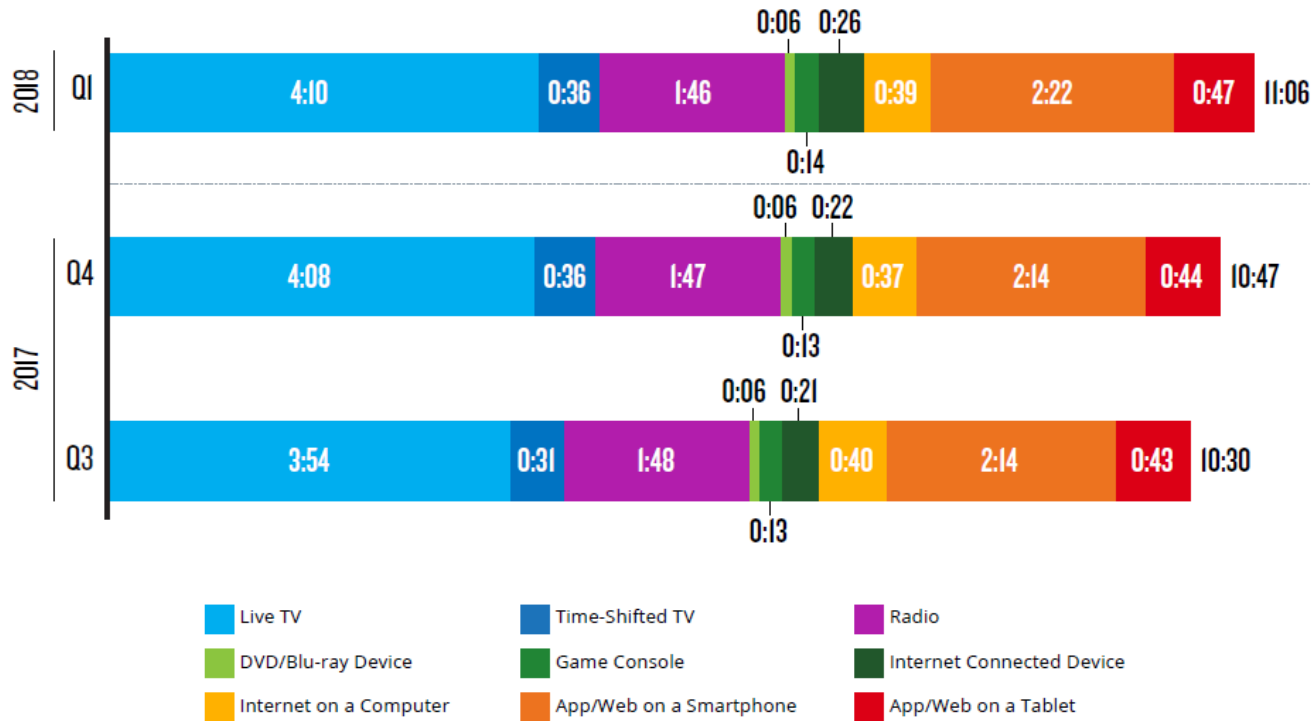
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Is social detracting from television?

Average daily viewing for a US adult – Q1 2018



Source: Nielsen, 2018



Not for distribution or publication

On the face of it, no

- Average time with TV has not changed much over last 3 years
- But traditional TV viewing being supported by older viewers

But consumers are paying much less attention to television

- Many of these media activities overlap
- 85% of US population use the Internet while watching TV
 - **Once a month or more**

Will social video compete or compliment TV?

Social is already competing with TV for ad revenue

- Advertisers allocating TV and digital from same pool
- Favoring accountable platforms

Twitter success with NFL

- Shows social can deliver an audience
- Amazon paid 10X what Twitter did for same rights to Thursday night games

For scripted social is a great discovery platform

- The place viewers want to discuss, share their experiences with a favorite show

Not a good environment for longer form scripted viewing

- When the focus is the show, tweets/posts detract from the experience

Could it be a better platform for news, sports, reality?

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YouTube transitions to TV

Two-thirds of YouTube viewers say they watch some on TV screen

- Time people spent watching on TV doubled 2016-2017

Viewing on TV resembles TV viewing

- Peak viewing occurs at primetime

Cord-cutters watch much more YouTube video

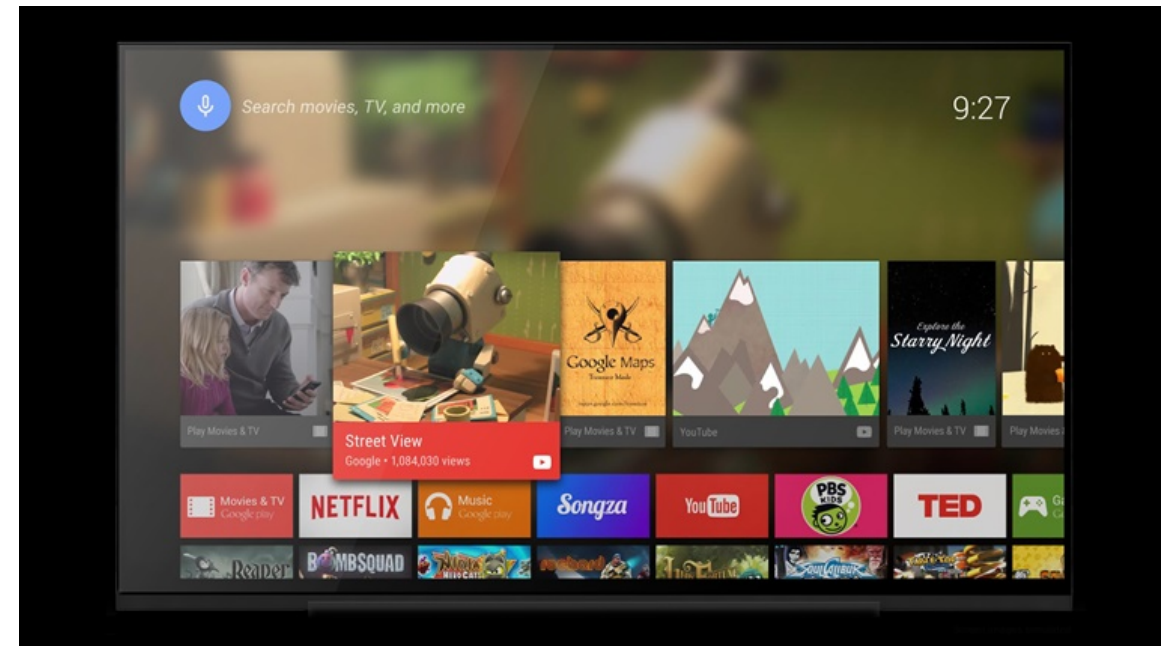
- 25 hours per month
- 17 hours per month in the average streaming home

Pay TV operators are helping YouTube get there

- Comcast, UPC Hungary, others put YouTube on STB

BUT YouTube has huge problems with brand safety

- Creators are unhappy also



What is brand safety and why it matters

Adpocalypse Parts 1-3

1. Adpocalypse 1
2. Adpocalpyse kids
3. Adpocalpyse Logan Paul

What YouTube is doing about the problem

- Hired 10,000 reviewers
 - Over reliance on their algorithm was too much problem
- Stricter rules on the algorithm and partner program (1,000 subs and 4,000 watch time hours)
- Well known brands now a part of community

Problems still occurring

- Many creators' videos continue to be demonetized
- Inappropriate content still on channel



Is YouTube safe enough for TV advertisers?



“We work hard every day to earn our advertisers’ and agencies’ trust, and we apologize for letting some of you down. I’m here to say that we can, and we will do better.”

About nScreenMedia

nScreenMedia is a resource to the Digital Media Industry as it transitions to the new infrastructure for multi-screen delivery. Through a mix of informed opinion, news, information and research nScreenMedia helps you make sense of multi-screen media.

www.nscreenmedia.com

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