

# Case Study

## YouTube and The Commercialisation of Music and Entertainment Content

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# Abstract

## Background

YouTube is a video-sharing platform that was founded in 2005 by three former PayPal employees: Chad Hurley, Steve Chen, and Jawed Karim. The company was initially funded by an angel investor and later received venture capital funding from Sequoia Capital and other investors.

At the time of its founding, YouTube was one of several video-sharing platforms that had emerged on the internet, but it quickly rose to prominence thanks to its user-friendly interface, simple uploading process, and extensive selection of videos. The platform's success was further boosted by the growth of broadband internet access, which made it easier for users to upload and watch high-quality videos (Figure 1.)



Figure 1. YouTube Logo

In 2006, Google acquired YouTube for \$1.65 billion, a move that helped to solidify the platform's position as the dominant player in the online video space. Since then, YouTube has continued to evolve, adding features such as live streaming, paid subscriptions, and music streaming, among others.

In terms of its impact on the broader media landscape, YouTube has been a disruptive force, challenging traditional models of television and film distribution. The platform has also democratized the creation and distribution of video content, allowing anyone with a smartphone and an internet connection to create and share their own videos with a global audience.

Overall, the story of YouTube's origins and growth is a fascinating one, and it illustrates the potential of the internet to disrupt and transform established industries.

# Case Study

## What services does YouTube offer?

YouTube Premium and YouTube Music(Figure 2.) are subscription services offered by YouTube. YouTube Premium offers ad-free access to all of the videos on the platform, as well as access to exclusive content and features such as original shows and movies. YouTube Music, on the other hand, is a music streaming service that offers ad-free access to a vast library of songs, as well as personalised playlists and recommendations.



Figure 2. YouTube Music Logo

Some of the key features of YouTube Premium and YouTube Music include:

- Ad-free access: YouTube Premium subscribers can watch videos on the platform without any ads, while YouTube Music subscribers can listen to songs without any interruptions.
- Exclusive content: YouTube Premium subscribers have access to a range of exclusive content, including original shows and movies, as well as live streams and events.
- Offline viewing: YouTube Premium subscribers can download videos to their devices to watch offline, while YouTube Music subscribers can download songs to listen to offline.
- Background play: With YouTube Premium, subscribers can continue to listen to music or watch videos while using other apps or when their device is locked.
- Personalized recommendations: Both YouTube Premium and YouTube Music offer personalized recommendations based on users' viewing and listening habits.
- Family plans: Both services offer family plans that allow multiple users to share a subscription.

Overall, YouTube Premium and YouTube Music offer a range of features that enhance the user experience on the platform, including ad-free access, exclusive content, and personalized recommendations.

## Revenue Mechanisms

There are several revenue mechanisms related to the commercialisation of music and entertainment content on YouTube. Some of the key mechanisms that YouTube may use to generate revenue from music and entertainment content include:

- Advertising: YouTube's primary source of revenue is advertising, and the platform uses a variety of advertising formats, including pre-roll ads, mid-roll ads, and display ads, to monetise its content. Advertisers pay YouTube for access to its audience, and YouTube shares a portion of the revenue with the content creators.
- Subscriptions: YouTube offers subscription services, such as YouTube Premium and YouTube Music, which allow users to access ad-free content and exclusive features. Subscription fees are a significant source of revenue for the platform, and they can also provide a source of income for content creators.
- Licensing: YouTube licenses its content to other platforms and services, such as television networks and streaming services, in order to generate revenue. This can provide an additional source of income for content creators, as well as exposure to new audiences.
- Merchandise: YouTube may also generate revenue from the sale of merchandise, such as t-shirts and hats, featuring popular content creators or characters. This can provide a source of income for content creators, as well as a way for YouTube to engage with its audience.

Overall, YouTube uses a combination of advertising, subscriptions, licensing, and merchandise sales to monetise its music and entertainment content and generate revenue. These mechanisms provide a source of income for the platform, as well as for the content creators who use the platform to share their work.

## What are some of YouTube's business strategies?

YouTube's business strategies are likely to evolve over time, but some of the key strategies that the platform may be using or considering include:

- Growing its user base: YouTube is already one of the most visited websites in the world, but it may continue to focus on growing its user base, both in existing markets and in new ones. This could involve partnerships, acquisitions, and marketing initiatives.
- Monetising its content: YouTube's primary source of revenue is advertising, but the platform may also look for other ways to monetise its content, such as paid subscriptions, merchandise sales, and licensing deals.(figure 3.)

- Investing in technology: YouTube is a technology-driven company, and it may continue to invest in new technologies, such as artificial intelligence and virtual reality, in order to improve its user experience and stay competitive.

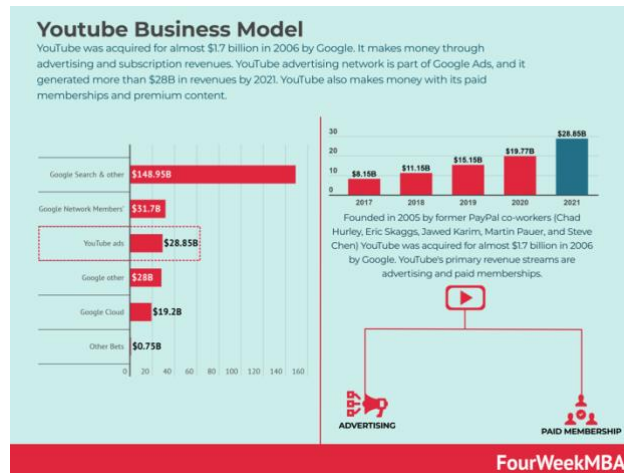


Figure 3. YouTube business model

- Building partnerships: YouTube may continue to build partnerships with other companies and organisations in order to expand its reach and access new sources of content and revenue. This could involve partnerships with content creators, brands, and other platforms.

Overall, YouTube's business strategies are likely to focus on growth, monetisation, technology, and partnerships, as the platform looks to maintain its position as the dominant player in the online video space.

## How has YouTube made an impact on music artists careers?

YouTube has had a significant impact on the careers of many music artists. The platform has provided a vast, global audience for musicians, allowing them to share their music with a wide range of fans and to build a loyal following. For many artists, YouTube has been a crucial platform for promoting their music, reaching new audiences, and gaining exposure.

In addition to providing a channel for musicians to share their music, YouTube has also changed the way that music is discovered and consumed. Through the use of personalized recommendations and algorithms, YouTube has made it easier for users to find new music that they might like, based on their listening and viewing habits. This has helped to expose many artists to new audiences, and has played a role in the rise of many artists who have gained popularity on the platform.

Furthermore, YouTube has also helped to democratise the music industry by allowing anyone with a smartphone and an internet connection to create and share their own music. This has

given rise to a new generation of independent artists who are able to bypass traditional gatekeepers and reach a global audience on their own terms.

Overall, YouTube has had a profound impact on the careers of many music artists, providing them with a platform to share their music, reach new audiences, and gain exposure.

## YouTube PESCLE

A PESTLE (Political, Economic, Social, Technological, Legal, and Environmental) analysis of YouTube might look something like this:

### Political:

- YouTube operates in a global market and must comply with the laws and regulations of the countries in which it operates.
- The platform has faced scrutiny from governments and regulators around the world over issues such as copyright infringement, privacy, and the spread of misinformation.
- YouTube's relationship with governments and regulators can impact its ability to operate and grow its business.

### Economic:

- YouTube is a major contributor to the global economy, providing a platform for creators to generate income through advertising and subscriptions.
- The platform's business model is heavily dependent on advertising revenue, and changes in the global economy and the advertising industry can impact its profitability.
- YouTube's success is also tied to the overall state of the global economy, as consumers' spending habits can affect their willingness to pay for subscriptions.

### Social:

- YouTube plays a significant role in shaping popular culture and the way that people consume and share media.
- The platform has faced criticism over the way it curates and presents content, as well as its role in the spread of misinformation.
- YouTube's algorithms and recommendations can have a major impact on the content that users see and the creators that gain popularity on the platform.

### Technological:

- YouTube is a technology-driven company, and its success is closely tied to the development of new technologies, such as streaming and artificial intelligence.
- The platform must constantly innovate and adapt to changes in technology in order to stay competitive and meet the needs of its users.
- YouTube's reliance on technology also makes it vulnerable to technical issues and disruptions, which can impact its reputation and user experience.

### Legal:

- YouTube must comply with a range of laws and regulations, including those related to copyright, privacy, and data protection.
- The platform has faced legal challenges and lawsuits over issues such as copyright infringement, harassment, and the spread of misinformation.
- YouTube's legal compliance and reputation can impact its ability to operate and grow its business.

#### Environmental:

- YouTube's operations have an environmental impact, including its use of energy, data centers, and transportation.
- The platform has faced criticism over its environmental impact, and has implemented initiatives to reduce its carbon footprint.
- YouTube's environmental impact and sustainability efforts can impact its reputation and relationships with stakeholders.

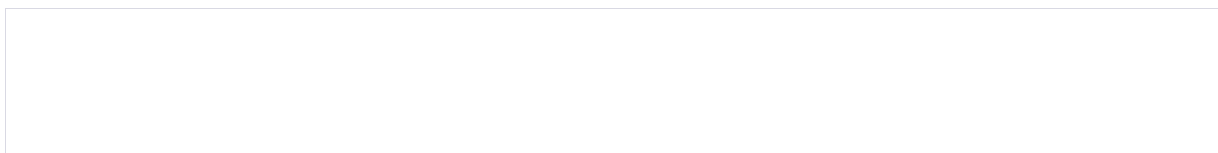
## Future

#### What is the future of YouTube ?

The future of YouTube is difficult to predict, but it is likely that the platform will continue to be a major player in the online video space. There are several trends and developments that could shape the future of YouTube, including:

- Continued growth: YouTube has a vast global audience and is already one of the most visited websites in the world. It is likely that the platform will continue to grow and expand in the coming years, reaching new users and markets.
- Increased competition: While YouTube is currently the dominant player in the online video space, it faces increasing competition from other platforms, such as Facebook, TikTok, and Twitch. These platforms have different business models and target different audiences, and they could pose a threat to YouTube's market share.
- Changing content: The type of content that is popular on YouTube is constantly evolving, and the platform must adapt to changes in consumer preferences and trends. For example, the rise of short-form videos on platforms like TikTok could lead to changes in the way that content is created and consumed on YouTube.
- New revenue streams: YouTube's business model is heavily dependent on advertising revenue, but the platform is exploring other revenue streams, such as paid subscriptions and merchandise sales. These could become more important in the future, and could help to diversify the platform's revenue sources.

Overall, the future of YouTube is uncertain, but the platform is likely to continue to be a major force in the online video space. It will face challenges and opportunities as it adapts to changes in the market and consumer preferences.



What is the future of youtube for music artists?

It is difficult to predict exactly what the future of YouTube will be for music artists, as it will depend on a variety of factors including changes in technology, consumer behaviour, and industry trends. However, there are a few potential developments that could shape the future of YouTube for music artists:

1. Increased competition from other platforms: In recent years, a number of other platforms, such as TikTok, have gained popularity as a way for artists to share their music and connect with fans. As a result, YouTube may face increased competition from these platforms in the future.
2. Changes in algorithms: YouTube's algorithms, which determine which videos are recommended to users, have been a source of controversy in the past. If YouTube makes changes to its algorithms in the future, it could impact the way that music artists are able to reach and engage with their audience on the platform.
3. Greater focus on monetisation: YouTube has traditionally been a way for artists to share their music and build their audience, rather than a major source of revenue. However, in the future, YouTube may place a greater emphasis on monetisation and finding ways for artists to earn more from their music on the platform.
4. Increased use of streaming services: In recent years, streaming services like Spotify and Apple Music have become more popular as a way for people to discover and listen to music. This trend may continue in the future, potentially leading to a shift away from YouTube as the primary platform for music discovery.

Overall, the future of YouTube for music artists will likely be shaped by a combination of these and other factors. It will be important for artists to stay up-to-date with industry trends and to adapt to changes as they occur in order to maximise their success on the platform.

## Problems

There are several known issues that music and content creators may encounter when using YouTube as a platform:

1. Copyright issues: YouTube's Content ID system is designed to help rights holders protect their intellectual property, but it can also lead to disputes over the use of third-party content in videos. This can be especially problematic for music creators, who may face claims on their videos even if they have permission to use the music (Ref 4)
2. Demonetization: YouTube has implemented policies to ensure that ads are not shown on inappropriate or controversial content. However, some content creators have reported that their videos have been demonetized without explanation, which can make it difficult for them to earn revenue from their content.(Ref 5)
3. Algorithm changes: YouTube's algorithms are designed to recommend content to viewers based on their interests and behavior. However, changes to these algorithms can sometimes result in significant shifts in the visibility and reach of content, which can be frustrating for creators who rely on the platform to reach their audience.
4. Harassment and negativity: YouTube's comment section and community features can be a source of support and engagement for content creators, but they can also be a

- breeding ground for negativity and harassment. This can be especially problematic for creators who receive a lot of attention and may be targeted by trolls or internet bullies.
5. Income instability: YouTube's monetization policies and algorithms can be unpredictable, and the amount of revenue that creators can earn from their content can vary significantly from month to month. This can make it difficult for creators to plan for their financial future and rely on YouTube as a primary source of income.

## Solutions

There are a number of potential solutions that could be implemented to make YouTube a better platform for music artists. Here are a few potential options:

1. Improved monetisation options: One issue that has been raised by music artists is the lack of robust monetisation options on YouTube. Artists may be able to earn some revenue through ads, but this is often not a significant source of income. YouTube could consider implementing additional monetisation options, such as paid subscriptions or paid downloads, to help artists earn more from their music on the platform.
2. Increased transparency: Some music artists have expressed concern about the lack of transparency in the way that YouTube calculates revenue and pays artists. YouTube could consider making its payment and revenue calculation algorithms more transparent in order to build trust with artists and rights holders.
3. Greater focus on music discovery: While YouTube has traditionally been a platform for music discovery, other platforms such as Spotify and Apple Music have become more popular in recent years. YouTube could consider implementing additional features or making changes to its algorithms to better showcase music and help artists reach a larger audience.
4. Improved tools for managing rights: YouTube has faced criticism in the past for its handling of copyright issues. The platform could consider implementing additional tools to help artists and rights holders manage their content and ensure that they are fairly compensated for the use of their music.

Overall, there are many potential solutions that could be implemented to make YouTube a better platform for music artists. It will be important for YouTube to continue to listen to the needs of artists and to make changes in response to their feedback in order to create a more sustainable and equitable ecosystem for music on the platform.

## Conclusion

It can be concluded that YouTube is a very useful tool for music and content creators to gain notoriety and recognition through posting their creative works. YouTube is also a great platform for fans to discover new artists. The future of YouTube depends on how it adapts along with other platforms (TikTok, Instagram etc.) but is not limited to social sites because it also competes with Spotify, Apple music etc. Making their algorithms more clear and more straightforward will make it easier for creators and fans to discover and be discovered. I believe YouTube will continue to be successful because it tailors to more than one market in the entertainment industry.

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