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MODULE: LEGAL AND BUSINESS AFFAIRS

QUESTION:

Critically analyse and review business strategies, challenges and revenue mechanisms related to the commercialisation of music and entertainment content on YouTube.

It is safe to presume that the music ecosystem is now also dependent on music streaming. The COVID 19 pandemic proved it in such a way that musicians were forced to rely on streaming revenues as they were restricted from having tours and live performances. As a result, streaming services were indirectly put to the test. That is, if there could be a monetisation tool for musicians or not.

One of the most popular video streaming and distribution platforms is YouTube. Since its inception in 2005, YouTube was a platform for amateur videos however, it has grown expeditiously. The videos that are shared on YouTube range from individuals (vlogs), musicians and businesses. According to the statistics provided by McFadden (2020), “It has more than 4 billion hours worth of video viewers every month, and an estimated 500 hours of video content are uploaded to YouTube every passing minute”. It is also of great importance to note that YouTube is owned by Google. For that reason, people discover videos on YouTube related to what they will be searching for on the Google platform. In this case, a critical analysis of the business strategies, challenges and revenue mechanisms on YouTube will be biased towards music and entertainment.

As other music streaming services, YouTube enables musicians to create their own channels free of charge. Thereby uploading as many music videos as they want. This is also another way of storing their videos enabling them to be shared anyhow, thus through email, WhatsApp platform to mention a few. The fans can subscribe, like or dislike the videos and also leave comments depending on the settings of the channel.

Like any other business, there has to be a product or service on offer in return for some profit in order for that business to continue operating and growing. Musicians and entertainers do not need to pay anything to be a part of the YouTube platform. Since that is the case, one may wonder how YouTube makes its profits. It has got two main business models, and these include the advertisement-based model and the subscription-based model.

As mentioned earlier that YouTube is owned by Google, Dutta (2020) alluded that “The company pulls over 1.8 billion users every month. Google records their activities on YouTube and other websites and combines it with their profile to help advertisers in targeted advertisements on YouTube.” The paid advertisements are custom-tailored for the YouTube users. Hence, the YouTube platform is trusted by most companies that want to advertise their services because they know that the advert will be directed to the user that is more likely to be interested in the goods or services. There are also sponsored advertisements on YouTube that are paid according to the number of views the advert gets. These advertisements are normally seen on top of the other videos on YouTube.

The YouTube platform also obtains its revenue from embedded advertisements. Embedded advertisements appear before a video starts streaming or in between videos. Therefore, revenue is gained by the YouTube platform. Most of these advertisements cannot be skipped hence the advertisers will be guaranteed that their money will have gone to good use. Once more, the YouTube platform utilises its landing page in such a way that it displays advertisements. The users do not have to sign in to view the landing page.

YouTube Premium is the subscription model by which YouTube earns revenue through. The price is £11.99 a month. The users under YouTube premium can view videos and not be interrupted by advertisements. Apart from that, YouTube premium users have got their exclusive content that is not accessible to the rest of the YouTube users. Normally, if one is

streaming a video on YouTube they are restricted to the application. YouTube premium allows its users to open other applications whilst they will be streaming a video on YouTube. This allows YouTube premium users to multitask. Furthermore, with YouTube premium the users can freely play videos and songs offline which is something that ordinary YouTube users do not have access to.

Some musicians like Garth Brooks were first sceptical when it came to uploading their music on YouTube because it was accessible to their fans for free. He confirmed it on Knopper (2015) when it was said that “He refuses iTunes, YouTube (which he calls “the devil”) and every other online-music service except for his own download store Ghost Tunes.” This statement brings us to the cons of YouTube as a platform that is used by musicians. The reason why Garth Brooks and other musicians did not want to upload their songs on YouTube is that the monetization program only started in 2008 along with regulations by which the musicians could cash out through the YouTube platform. For instance, a musician’s page has to have at least (1000) one thousand subscribers and (4000) four thousand public watch hours in the last (12) twelve months. Considering these regulations, it is evidently not every musician who stands to earn some of income from the YouTube platform because the whole process is largely dependent on volume and viral potential. The more subscribers and views musicians have, the more the chances are of getting paid.

One may wonder how much musicians may be earning from the YouTube platform. FitzJohn (2022) explains that “Artists reportedly make a minimum of \$0.00069 per stream in Content ID instances. This includes music played on separate creator’s videos. Beyond this, artists typically make \$0.00164 on streams from their own channels and \$0.002 per stream on the YouTube Music platform.” With this in mind before the calculations of the total streams, it is evident that most musicians do not cut even when productions costs are slotted in. Marks (2021) reported that “Mercury-nominated singer and songwriter Nadine Shah has said she is making so little from streaming royalties that she is struggling to pay her rent.”

There is one thing that does not make sense. Taking a critical look at the statistics of the total revenue that is generated by YouTube just from advertising, I believe that musicians should be earning more revenue from YouTube. According to Staseen (2022) “YouTube made \$8.63 Billion from advertising in Q4 2021 (ended December)”. Basically, YouTube makes \$93.8 million per day literally from advertisements only. This excludes the revenue that is derived from YouTube Premium subscribers globally. Interestingly, musicians as a whole were paid revenue amounting to \$4 Billion. I am of the same opinion with Cohen (2021) who “claimed that YouTube music was the fastest growing music subscription service out there”. In my opinion musicians deserve more revenue pay outs from the YouTube platform.

Mark (2021) expounded how record labels felt about the YouTube platform, “Earlier this month David Joseph, the UK chief executive of Universal Music, home of stars including Taylor Swift, Lady Gaga and the Beatles, told the committee that 70% of his artists’ music is watched and listened to on YouTube but the royalties only account for 5% of the company’s revenues.” Evidently YouTube does not have significant returns for musicians and record label.

Apart from streaming music YouTube users are capable of downloading music videos using applications like Trinkio for free. As a result, musicians will not stand a chance to gain anything because when their music is downloaded illegally the users will not need to stream the music meaning that no revenue will be earned.

YouTube users are always recommended to watch the advertisements up to the end, but that is not always the case because YouTube has a 'skip ad' option which most users opt for when they are streaming videos. That has got an adverse effect on the musicians because if the advertisement is skipped, the musicians will not be paid, and the advertiser will not pay. Spicer (2020) elaborated on this type of injustice, "The definition of engagement (or "completion") is watching at least thirty seconds or interacting with the ad. If the ad is shorter than thirty seconds, then the viewer will have to watch the whole thing for it to count as an engagement. If your viewer doesn't meet one of these requirements, the advertiser is not charged and you, the YouTuber, don't receive anything for the ad." Music is definitely not for the faint-hearted because if costs around music itself are put into consideration, without a record label to back one up, no stable fan-base or views, one may see it all as a waste of time and money because returns are not always guaranteed.

Progressively as the critical analysis of the YouTube platform on the content created by musicians continues, I as a musician under favourable circumstances would not want my music to be on YouTube. For the mere fact that the YouTube platform has got a total number of 2 billion users constrains more musicians including myself from leaving or avoiding the platform. One's music has to be heard and viewed at the end of the day. If the statistics laid out by Dean (2021) are put into context they reveal that YouTube is the second most used social media platform, Facebook taking the first place. As a result, YouTube inevitably becomes an option for musicians to display their work of art knowing that it will get to their fans fast and easy.

The YouTube platform has got certain features like the YouTube analytics that work in the favour of the musicians. These analytics reveal the watch time, that is the number of hours or minutes that users spend watching the musician's videos. The musician can choose to rank their music based on the ones that have got more watch time. Thereby determining what future strategy to take in order for them to increase the fan base.

Chi (2020) added that the YouTube analytics' "Average percentage viewed is the percent of each video the average viewer watched. It measures your video's ability to hold viewers' attention for its entirety. And when YouTube realizes your videos can hold people's attention, they'll reward it with higher search and recommendation rankings." This is a guide especially for the new kids on the block, this analysis helps those who do covers to know which route to take when choosing covers and when introducing their original songs because they will be aware of the type of sound that their fans are bound to like and follow.

As I continue with Chi (2020)'s description, he explains how the use of audience retention under YouTube analytics. He commented that "Audience retention shows you the percentage of viewers who watch and leave your video at every single moment of the video." YouTube capitalises on those videos because they capture the user's attention. Chi (2020) continues to say that, "In YouTube's audience retention report, there will be two graphs: the absolute retention curve and relative retention curve. The absolute retention curve shows you how well your videos retain viewers. And the relative retention shows you how well one of your videos retains viewers compared to all other YouTube videos of similar length." I like this feature because being in the music scene there are certain songs that I loved performing for my audience, but I discovered that there were some songs that I did not like that were always requested by the audience. At the end of the day every musician would want to satisfy their fans with the music they enjoy listening to. Favourably from the comfort of the musician's home they can analyse the kind of music that their fans appreciate more.

It is also astounding that YouTube analytics reveal re-watches. That is how often the users re-watch their music videos. This channels the musicians towards the right direction in order to produce more of the songs like the ones that are being re-watched. The musicians may also opt to do re-mixes of the songs that are being re-watched to increase the traffic.

YouTube users are allowed to comment, like, dislike and share videos on this platform. YouTube analytics groups all of the above into a total that can be used to deduce the relationship that a musician has with the fans. Amazingly most musicians get tips from fans for instance collaborations, tour locations to mention a few. The musicians are ever in close contact with their fans through the comments section. These can be done through live broadcasts or through an uploaded music video.

Another compelling feature of YouTube analytics is the impressions click-through rate. This rate is mostly high when a musician uploads a new music video which will appear on top of the users' home page. When the music video spreads, the impressions click-through rate declines as time goes by. This may be helpful to musicians if they need to analyse the impact that their work had at the very beginning so as to find other means of increasing the traffic when they upload their next music videos.

Through the YouTube analytics (studio), musicians are able to view their subscribers' activity as well as their unique viewers. If it so happens that their subscribers have got less activity on the musician's channel compared to the unique viewers then there is a problem. The musician will need to encourage their subscribers to click on the notification button so as to stay updated and engaged. The target audience is also exposed through the YouTube analytics in that it groups viewers into gender, age and location. This assists the musician because they get to know their fan base more hindering from creating music amiss.

Musicians' copyrights are protected through what is called YouTube Content ID. Trendacosta (2020) explained that "There are two sides to Content ID: the side of the creators whose videos are being scanned and that of the rightsholders whose content triggers a match. Videos uploaded to YouTube are scanned against a database of files that have been submitted by rightsholders." If a match is detected the entire video can be blocked so that it will not be viewed by anybody. Another option might be for the rightsholder to monetize their music if advertisements are placed during the streaming of their music. The views can also be shared between the rightsholder and the creator of the content. It is all up to the rightsholder to pick from the penalties listed above only if the creator wants to contest the allegations.

Still after the in-depth research and analysis of the YouTube platform in relation to the music community, I still feel that major changes that are ought to be in favour of musicians should be made. These include the revenue payments that must be increased. I also recommend that YouTube should decrease the number of views and subscriptions for musicians to get paid because the production costs are too much compared to what they pay musicians. With that in mind YouTube can rate the video and the musician if it is deserving any revenue or not. Such a specialised sub-group should be formed because it will encourage musicians to do more and better. Well, they say that if you cannot beat them, join them.

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