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Introduction

This Essay digs deep into how Youtube creates its big revenue like the \$19.78 billion dollars they made from advertising across the year of 2020. This essay will show the amount Youtube pays its users when they create content on the platform (Stassen, 2021). It explains how Youtube uses different styles of advertising on its site with diagrams showing its growth over 5 years. It clears up the Youtube myths that have been circulating around about the copyright on Youtube while giving an insight of Youtube from an outside view. This essay will state The Copyright, Designs and Patents Act 1988 exploring how it is used on Youtube and also what safe harbour is. It shows some of Youtubes data from 2021 explaining that they as a company are very close to closing into the number 1 spot over the streaming service Spotify then ending with a conclusion about the headings.

Youtube background

Youtube was once started as a dating site by Steve, Chen, Chad Hurley and Jawed Karim in 2005. Now Youtube is one of the planets biggest video platforms and the second largest search engine on the world Wide Web. There are more than a billion hours watched on videos and there is more than 400 hours of videos uploaded every minute. Youtube has been listened to and watched in 76 languages and used by big named music celebrities sharing their music videos and performances right down to kids producing tracks in their bedrooms with just uploading the soundtracks. Famous YouTubers like KSI and Logan Paul have earned millions of pounds and dollars through Youtube and carry on to generate more and more revenue (Dutta, 2020).

How Youtube makes money

Adverts

Youtube makes lots of its money from advertisements and is 11% off Googles net Americas internet advert revenues (Dutta, 2020). The site is free to use for consumers but has created a

subscription based business model called Youtube Premium, this is where users pay monthly like other sites such as Spotify so people can watch the videos on their site without having to listen and watch adverts beforehand.

See diagram 1 in the appendix for Youtube revenue rise over 4 years.

Landing page

Another way Youtube creates revenue is by using their home page and a landing page to show adverts. Advertisement companies pay Youtube to promote their product, company or music artists by putting their advert at the top of a Youtube search with a similar demographic for that product that is related to the input into the search bar. It has a banner style that can contain pictures and videos (Dutta, 2020).

See diagram 2 in the appendix for an example of the landing page.

Channel membership

Channel membership is a feature that allows Youtube publishers to interact more with their followers and earn more money from Youtube than just uploading adverts. It has a feature that fans can click the “Join” button on someones Youtube channel and video pages that allows special offers like merchandise offers on products and discounts on items sold by the Youtuber. Subscribers have to pay around £6 a month but varies in different countries. The platform Youtube itself keeps 30% of the membership fee paid by the subscriber (Dutta, 2020).

Copyright law

In the UK there is a copyright law called The Copyright, Designs and Patents Act 1988. This is the working law that gives creators of literary, dramatic, musical and artists works to have control of the way their content can be used. The law covers performance, copying, adapting, issuing, renting and lending copies to the public. It means that creators have the right to be known as the creator of their work and to stop distortions of their work.

Youtube states that “Creators should only upload videos that they have made or that they're authorised to use.” This means that people shouldn't upload videos that they didn't make or use music and snippets that they don't own in their videos without permission (Youtube Intl, 2021).

Safe Harbour

Safe harbour is copyright that can reduce the liabilities of internet companies whose customers use their network and online servers to infringe copyright. It means that an internet company cannot be held responsible criminally or financially if someone copyrights on their platform because they are not directly involved in doing it (Cooke, 2021).

The music industry has problems with the use of safe harbour. This is because they find it hard to blame Youtube for letting people upload content that isn't theirs and they don't have the copyright for. Youtube has got licences from the music industry with lots of music that appears in user generated videos but the music industry says because of safe harbour Youtube has a much stronger case in licensing conversations than other online platforms. This is because if a record label refuses to deal with Youtube, it will likely still be up on the site. Youtube argues it isn't liable for it because of safe harbour (Cooke, 2021).

Actions to take if a video is infringed

If a copyright owner finds out that their work has been copyright infringed they can submit a valid DMCA (Digital Millennium Copyright Act) complaint through Youtubes webform where then Youtube can take the video off the website and give the infringer a copyright strike. If a Youtube user gets three copyright strikes in 90 days they can have their account and associated channels removed. Youtube also has ways of detecting the copyright to help creators resolve their strikes such as muting a soundtrack, taking a clip out of the video or having the user submit a counter-notification within 90 days (Youtube Intl, 2021).

Youtube Copyright myths

Below are some common copyright mistakes people make when uploading content onto Youtube like songs.

Myth 1: Giving credit to the original copyright owner means that someone can use their music

Over the years in the bios on peoples videos they have mentioned things like "I do not own this song all copyright goes to" and they mention the artist's name. This is still classed as copyright and can get the video muted and taken off (Google Youtube Help, 2021).

Myth 2: Putting in the title of the video "Non profit" thinking you can use it if done so

Declaring that you are not making money from the youtube video and that it is only for entertainment purposes does not mean that you can use the song or clip on Youtube. When it

comes to 'Fair Use' the judge will evaluate whether it is fair and so this isn't a good enough reason to use it (Google Youtube Help, 2021).

Myth 3: Just because someone has bought content on a CD, iTunes or DVD means they can use it

This is incorrect. Buying content such as a CD in a store doesn't mean that you own the copyright. In music there are two copyrights only and they are the Master copyright which is owned by a record label or whoever paid for the studio time for the artist and the writing copyright for whoever wrote the song such as a singer and their producer.

It would still violate the law if you put up a film that you own on DVD and upload it to Youtube (Google Youtube Help, 2021).

The view from outside Youtube

Lots of artists are building their careers on Youtube and gaining millions of views propelling songs to mainstream audiences and going up the charts. Lil Pump, Young Boy NBA and Lil Tecca are just some examples of rappers that have hit hundreds of millions of views. This gives the perspective to people that they are getting paid lots of money for doing so well online, but Is this the right story? Yes and no because Youtube payout for views is complicated and the reality is that youtube payouts are often small (Setaro, 2017).

How much Youtube pay for 1 view

Youtube experts have confirmed with the website and magazine Complex that on average most Youtube payouts are around £1000 - £2000 per million views on youtube. To show the level of this using the example of new UK on the scene rapper Ardee who has just scaled the UK Official Charts reaching number 5 with his hit single 'Flowers' the music video on Youtube has hit 9.1 million views, This shows roughly the video just from Youtube would have made around £13,500. At the high end, that is around £0.001 for every view on the video. That is around half a stream cashout on Spotify and less than a third of the payout on Apple Music (Setaro, 2017).

This isn't the net profit for some music artists, if they have a music manager or they are signed to a record label then they also have to get their cuts from the money too. Not forgetting everyone who may have helped produce, collaborate and make the track with. All of these percentages have to be taken out of the cash in the artists pocket leaving them with not much left out of the overall revenue (Setaro, 2017). Using the example of Ardee just from the music video and knowing that he is signed and has a manager and also a producer he'd roughly be left with around £5400.

If artists are signed to major record labels like Universal, Warners and Sony they may post the artist's music video onto a Vevo Youtube channel. Vevo is the biggest music network showcasing the best artists in the world. It can make more money for artists by having higher ad

rates. Vevo is owned by the major record labels which means that they are the ones who own the videos which lose rights for the artists as the label will own them (Setaro, 2017).

How YouTubers make money

Youtube money comes from the adverts that are on the videos. Talks happen between Youtube and the advertisers for them to connect their ads. Advertisers use demographics and locations of consumers to appeal to their audience. Youtube consumers who are logged in are giving data away to these advertisers through things such as youtube or google searches like where they live, what they like and what they do which will accord to the youtube and advertisers to show their ads (Setaro, 2017).

Youtube channel owners have to be over 1000 subscribers for them to start monetizing and earning money first. Youtube channel owners have slight control over what ads go before or after their videos. The Youtube channel owner can pick which ads they'd like to put on their video and also ban certain ads which may be their competitors such as a rival music band's new album advertisement (Setaro, 2017).

Youtubers using an artists song

Another way for music artists to make money from Youtube is having their song used in someone else's Youtube video. For example, if a skater uses someone's song in his new trick video some of the money would go to the music artist. This trade is called "user generated content" (UGC). The music artists have to catch out the person using the song early on so that Youtube can monetize the money to go to the artists because if not the money goes straight to the person who put the song up on their channel (Setaro, 2017).

UGC can be caught quickly by Youtube's Content ID system. This is where Youtube will compare the audios with master files that they have got of countless songs to see if it is the artists work. They're still ways around which Youtube can't detect the music and this is with ways such as having only a short snippet of the song so Youtube can't catch it out. There have also been other ways people are trying to cut the system like changing the song slightly such as pitching or changing the tone of the track (Setaro, 2017).

Create Music Group is a company that represents music artists in the legal battles fighting against UGC battles every day. Jacob Pace from the company says that Youtube's Content identity only snaps up 60% of the content using the music on Youtube. There are companies that can find and monetize the 60% for artists but they have to pay a price (Setaro, 2017).

Youtube 2021 data

On the second of June, Youtube revealed that they were very close to Spotify's payout to music artists. In a newsletter that was sent to the music industry, the global head of Youtube Music confirmed that Youtube paid artists like singers, producers and right holders over four billion dollars in the last year. This money came from Youtube ads, Youtube music streaming service and Youtube Premium subscriptions. Youtube has its eye on taking that number one spot from Spotify. Youtube executive said that the goal for the online website is "to become the leading revenue generator for the music industry" (Stassen, 2021).

Youtube also made an announcement that from the platform it paid the music industry over three billion dollars in 2019 which is equivalent to 20% of its annual ad revenue. Youtube last payout data said that Youtube generated \$19.78 billion dollars from advertising across the year 2020 (Stassen, 2021). This shows that over the year Youtube once again paid the music industry equal to 20% of what it got in adverts revenue in the last year on the site (Stassen, 2021).

Youtube money for music artists breakdown

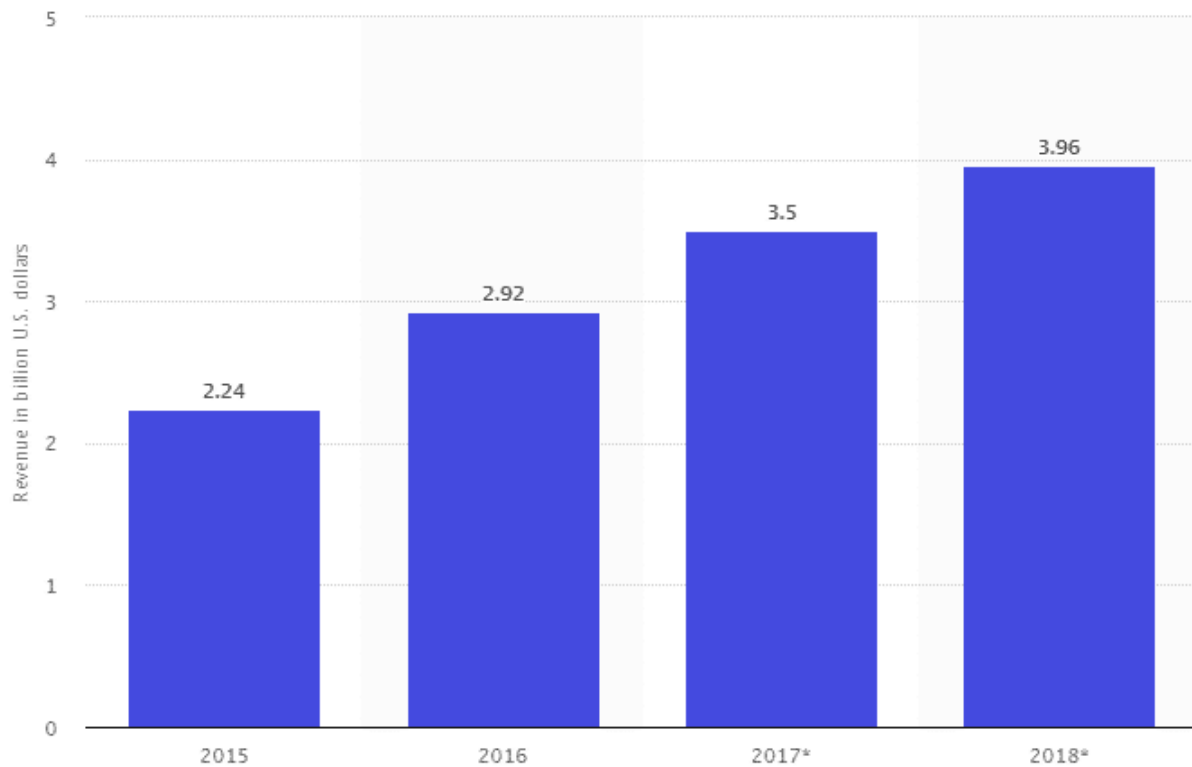
In the year 2019, UK Music companies only gained thirty-five million pounds in royalties for Youtube the video streaming platform which is almost half the sixty-six million pounds earned as a cut of sales of vinyl records. Youtube has more than 2 billion active users daily whereas in 2020 in America only 27 million vinyl sold (Sweeney, 2021).

Conclusion

Youtube has given the opportunity to non signed artists to publish their music onto the platform but has come at a cost for existing professional artists as lots of their music has been ripped and sampled without consent. Slowly but surely Youtube is making it harder for people to use artists content by using the copyright technology to spot content that doesn't own the copyright. Now that Youtube channels owners can monetize revenue from Youtube it is an advantage that gives creatives a chance to grow within a music industry whereas before if an artist wasn't signed to a label it would be hard to do so. Considering the amount Youtube pays for views it can still be difficult for music artists to make ends meet but it is still better than when people were downloading music for free of platforms like Napster and Lime Wire.

Appendix

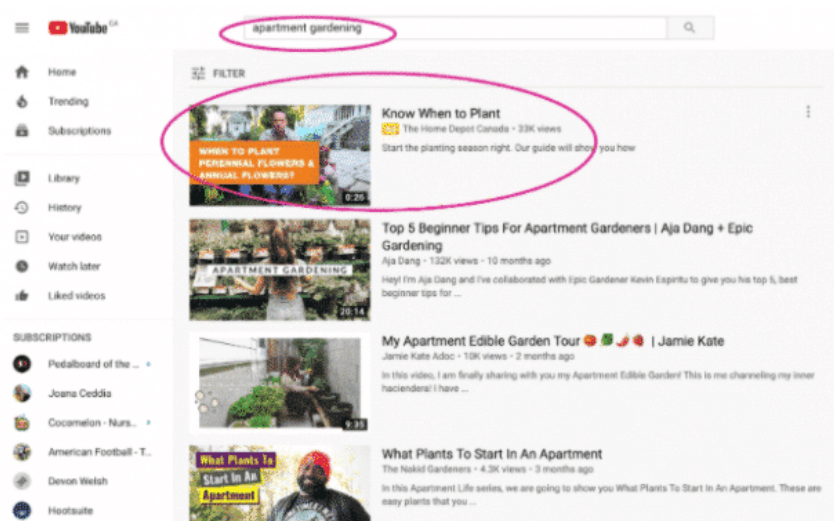
Diagram 1:



© Statista 2019

Diagram 2:

Youtube landing page



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