

YouTube Case Study



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I. Introduction

YouTube is now worth an estimated \$300 Billion; it is astounding how a company founded in 2005 could have totaled up to one of the major streams for curating, finding and sharing music as well as other forms of media. One billion hours of YouTube media is watched daily, and out of that one billion 85% on average of these hours are dedicated to music related content. In the year 2017 this summated to £2.33 billion in revenue. YouTube began the now common trend of creating a platform for content and then paying content creators to use their platform and draw in consumers for them. This model is now used by many multi-million-dollar companies such as Spotify, Twitch and even Zoom. The way YouTube pays their partners is through a brand related revenue called 'ad revenue', since then they have also implemented new ways of gaining income through subscriptions and super chat initiations. For content creators to successfully be legible for the ad revenue programme they need to adhere to the copyright and fair use restrictions which we will further talk about in sections further into the case study. We will be discussing how the terms of YouTube's partnership are extremely unfair for all content creators, especially music makers. For an individual who only utilizes YouTube to promote their music and gain income from their work, they would need to achieve 51 million streams in order to get the average salary of £28,000 per year. This is unreasonable considering the fact that 51 million streams would most likely aggregate to millions in pounds for YouTube.

YouTube benefits by exploiting the fact that they are not the content creators and they just provide a service for individuals to get their work out there. As a result, they can play negligence to most of the copyright infringements which are not brought to light or taken action by the artist. This is small fragment of the issues creators and YouTube have conflicts over.

II. YouTube's Complicated Relationship with the Music Industry

Before we can fully delve into the complicated relationship YouTube has with the music industry, we need to understand the meaning of some of the Intellectual property rights YouTube abuses. YouTube is a Google owned company and as a result the way they monetize YouTube is through Ad revenue and targeting specific people with specific ads. There is a different amount given to the content provider depending on the type of advertisement shown on the video, ranging from \$0.00055-\$0.0007

(Prsformusic.com. 2020). So, if another individual uploads an artist's copyrighted music, by default YouTubes' algorithm should compute who the song belongs to and pay the rightful person, even if it is not their fair due (Kastrenake, J. 2019 July 9). Music creators have to bear the brunt of this because not only are they not being fairly compensated for their work, but also bolstering YouTubes brand image for quality content and raising their database for future generations, even if inflation occurs in the near future or everything is not ceterus parabus, content creators have been boxed into receiving monumentally less compensation than they are worth.

Furthermore, YouTube has grown into such a juggernaut that it is not only hard to keep track of all the content but the recognition of YouTube on a global scale has spawned many loopholes for people to either profit from another individuals work or to 'trick' the system into not recognizing who the artist is and as a result someone else (usually the account who posted) will get compensated. Examples of this can be seen with titles of copyrighted songs but with 'slowed down' or 'high pitch, faster, louder bass' all over the internet. Additionally, a lot of people have made livings from doing this regularly to many artists.

Moreover, in recent days content creators can also create 'reaction videos' to copyrighted content but make money from their video and not be liable to copyright infringement because it is deemed as a new form of media. These reaction videos will play an artist's song or music video and also show the content creator's face reacting to it. This would not be seen as infringement and any monetary reward from that video would go to the channel not the creator of the said art they are reacting to.

This brings me on to my next point, which is the answer to the question of "why do artists still prioritize YouTube as a form of media for their work?". Artists still prioritize YouTube in their campaigns and release packages because of the established consumer database YouTube already has. Newcomers and longstanding users of YouTube can enter thxe intermediary and have the chance and ability to reach billions and billions of consumers who are looking for that specific content they are trying to promote. Essential, YouTube is now a huge marketing too that artists have to figure out. With this huge inelastic demand from YouTube and their monopoly in the market, there is no need for them to play fair with artists or even try to. This has caused a manner of moral hazard in the industry, but this is not guaranteed to last forever. Laws and regulations on rights are always changing and there could a colossal shift coming sooner than they are braced for.

III. Copyright and Publishing Issues

A Copyright is a property right which protects your work and stops other people from using it without your permission. You get copyright protection automatically when you make a piece of art or anything you deem valuable. Whenever anyone uses your copyrighted piece of work, as the creator you are entitled to receive atrial dividends if not complete return for the use of your property. However, what happens when the amount of people needed to police becomes unbearable and unattainable realistically?

YouTube has become so large and so mainstream that it is undeniable how immoral it for them to continue to pay content creators such low dividends. There are many assumptions of how artists can regain the power of their art, but it is all an appeal to a lost cause as YouTube has just gotten to te point where it is too big to fail. Artists who have their music distributed by content creators with loopholes (as aforementioned above) could claim moral rights if they feel their work is being mistreated and it has been a derogatory treatment. However, it is very quick and easy for another user to do the exact same thing in seconds by creating a new account. If YouTubes algorithm cannot find these automatically it is an added pain for musicians to now look for these individually and appeal a cease and desist.

Furthermore, the claim of ‘fair use/fair dealing’ can be claimed in some cases, such as the reaction videos talked about in the previous section. Copyright infringement cannot be indicted on an individual who has a rightful claim of fair dealings. In this case, this can fall under ‘criticism and news reporting’, many YouTubers prosper from this term fair dealings and it has caused a very sad time for music intellectual Property owners.

In countries abroad like China, Iran, Syria and Turkmenistan YouTube is banned. Due to disputes between GEMA and YouTube many videos with copyrighted songs are inaccessible in Germany too. Due to this YouTube has fallen prey to Ambush Marketing in China and a few other countries alike where YouTube is not available (Kastrenake, J. 2019 July 9). Ambush marketing is when a company uses the goodwill of a well-known established entity to gain recognition as well as prestige for their ‘knock off’ brand of the same product, usually not as good (this is also known as passing off). China has been known to replicate the YouTube model successfully but in a lot more controlled environment. Their form of YouTube is labelled Youku, with similar branding and looks as YouTube Youku flourished but they do not suffer from the same issue of copyrighting as artists do with YouTube.

This is because Youku is known for having a streamlined relationship with the major labels of China and as a result the rights and all music released on that platform has a way of earning the right amount of revenue to satisfy the label. Numbers are not public knowledge, but it is a known fact that Youku does have relationship with the K-Pop labels and as a result they both try to accommodate best so that they can both gain the most out of Youku.

IV. Are there any Remedies to the situation?

As seen with Youku, there is a reasonable way for musicians to get compensated for the work they create. A suggestion I believe would help bridge the gap of fair pay for artists would be if minor or major labels were then only people allowed to use YouTube as a distribution service and submission for music to YouTube. This would copyright the material instantaneously but also allow YouTube to be able to track who posts music and who posts entertainment content, as they would be in separate categories.

I am certain YouTube has implemented a few of these functions already, but they are not strict on who can release what type of content. Anyone can create an account and post anything. That is what made YouTube such a household name, so it would be a huge shift for them in branding to now start marginalizing who can post what and when and how they should be posting content. However, this could give YouTube a much-needed formality and organization it has been lacking for years. This would allow copyright holders to be the only individuals allowed to post their work and also allow the ‘Fair Dealing’ content makers to still upload what they have been used to uploading.

Additionally, this could open up a new range of payment for each group instead of a rigid amount of money regardless of the type of content being made. For example, music makers can have a minimum amount they can earn for certain milestones reached in plays. Whereas content creators can get different milestones in correlation with the type of ads that are put in front of their videos.

All in all, the only way to remedy the control YouTube has over the music industry is by artists learning to improve their knowledge of YouTube’s channels and subscribers, which are much more diverse than those of Spotify. YouTube’s operations could change significantly as a result of how article 17 of the European Union (EU)’s Copyright Directive (Zarczyński, A. 2020. November 23), which supports more balanced partnerships between creators and tech companies. Many have forecasted that if

YouTube is forced to make a binary decision, it would likely back away from music, as the content is becoming less important to the platform's economy than to its consumption (Zarczynski, A. 2020 November 23). In my opinion, this is not going to be anytime soon as YouTube continues to lead the global music streaming market with a 47% music weekly active user penetration, while Spotify trails behind in second place with 29%. Though YouTube follows radio for music discovery, the platform outperforms others in terms of reach for creators and rights holders, with 1.2 billion music monthly active users of a total base of 2.1 billion in late 2019. Music is just too important to them as of now to let it go, so if artists want any change, actions have to happen soon.

V. Conclusion

In conclusion, I have discussed how YouTube has come into so much power in the music industry and how they have abused certain aspects of music and business law to propel themselves to the heights they have accomplished in the past two decades. Despite a loss in overall share of revenue, music remains the leading source of profit for YouTube. Music also remains the largest single source of ad revenue since 2017 with music videos representing 32% of all views last year. At the same time, music is growing at a slower rate than other content genres on YouTube. While the platform's ad revenue totalled \$15.1 billion in 2019 including 26% music at \$4 billion, this was a decrease from 35% in 2017. So, this shows that maybe YouTube's overall hold on the industry is slipping, or it's a sign or how the music industry is falling.

I believe that if the artists and the industry has not seen any changes or signs of changes from YouTube in the year of 2021, they should immediately begin to start their own platform for artists to share and post their own content (similar to Youku), and start transitioning over that platform. This would not be a small feat but if anyone has the funds and connections to do it, it would be the major labels in the industry. It could solve the problem of not being correctly compensate for work and also allow artists and consumers to differentiate platforms for music and platforms for content creation.

VI. Appendix

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