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Case Study

ABOUT YOUTUBE

YouTube was founded by three employees of PayPal in 2005. They were Chad Hurley, Steve Chen, and Jawed Karim. Their office was based in California, above a pizza and Japanese restaurant. They created a platform where users could upload videos, comment and report on these videos, rate them, share them and be able to subscribe to other users that had videos uploaded.

The site launched in December 2005, with Nike being the first commercial video to receive one million views, however Google took ownership of the company in 2006. Google wanted to combine their internet traffic with the YouTube platform and add their google ads service to the video content, to bring in much needed revenue. Google had in fact tried to get into the video sharing business, but their attempt failed, so buying into a platform which was already doing well was beneficial for them. YouTube has now become the second largest search engine and the largest video sharing in the world (*Mcfadden, 2020*).

YouTube have over Two billion users visiting and sharing videos. The brand can monetize its video content to generate additional income to the business; therefore, there are ads showing when you watch videos (*Aslam, 2022*).

There are three core business strategies used today within the business world. These are cost strategies, differentiate product or service strategy, and focus or niche strategy (*Porter, 1985*). In relation to the commercialization of music and entertainment content on YouTube, differentiate product or service strategy is used.

The differentiate strategy aims to distinguish a product or service from other related products, offered by competitors in the market. It involves developing a product or service that is fundamentally unique, such as product design and quality (*Indeed, 2021*). Using this strategy, YouTube do in fact have edge. Its company offers a unique service to its consumers, setting themselves apart from the competition.

It is stated that the differentiate strategy requires good research development and innovation for a business to succeed and it needs to be of high quality (*Porter, 1985*). Also, you need to be flexible and adapt quickly in a changing environment as the world and consumers are forever changing. If you do not, you risk being beaten. Advantages of the differentiate strategy is that it gives the consumer additional value. This can come from the product or service, or from the brand perception. It too develops brand loyalty; every time a brand is seen, the consumer knows what it represents and will in turn use again. Finally, it allows for a business to compete in diverse ways. Companies can compete in different areas, so that they can be innovative in style, quality, and other features (*Kelchner, 2012*). However, the disadvantages of the differentiate strategy, is that revenue increase is not guaranteed. Consumers will not see the added value if prices increase, and they can get the product elsewhere. The offering's perceived value can decline. This meaning that consumers are understanding technology more, they are adapting to the changing environment and technology and products are advancing. The brand may no longer provide the value to its consumer. Finally, it can stain resources. Time and energy

are needed for the development of a brand and new products. This can put a burden on a company if they are trying to set itself from the competitor (*Hart, 2019*).

YouTube allows its business to compete in areas other than price. It allows you to watch and listen to a lot of content for free, therefore creating brand loyalty; however, YouTube must continue to deliver quality, if not they run the risk of losing customers. This is where their marketing strategy comes in play.

YouTube uses the SEO (search engine optimization) strategy. SEO is the ever-changing practice of designing web content to rank highly, in search engine web *pages* (*Klein, 2021*). The term defines the practice of increasing the quantity and quality of the traffic that you earn through the organic results in search engines. This is done by adding keywords throughout the website; this allows for a search to be done on relevant key terms and is a vital role in SEO (*Fishkin and Hogenhaven, 2013*).

The SEO strategy considers how search engines work, the computer algorithms that dictate search engine behavior, search words and key terms typed into the search engine. SEO is performed because a website will receive more visitors and is ranked high on the web page. This is how and why YouTube can stay at the top, as the highest-ranking company.

There are six components to SEO within YouTube. They comprise of keywords; allowing targeted traffic to drive toward the brand. Metatags provide information about YouTube webpage in the HTML of the document. It is not displayed on the webpage itself but can be read by search engines. With YouTube providing quality content, not only ranks keywords, but creates positive user experience. They have quality backlinks that can point you back to their website social media and by having a strong social media presence, this sends search engines signals of influence and authority. Finally, YouTube have high-quality product images and when they are searched, results for both image and web results are listed. The file names for the image will contain key words, therefore ranking well within the search engine (*Klein, 2021*).

Who uses YouTube? We have all used YouTube at some point in our lives. Many of us have clicked on a link to watch something and it has taken us to YouTube to watch some form of content. In a recent article, statistics were looked at of who uses YouTube (*Mclachlan, 2022*). Forty Six percent are females over 18 and Fifty Three percent are males over 18. So, it is suggested that it is men that use the platform more. Children from around the globe are not included in the statistics, but only children of the US. So, it does not give a true reflection on the users of YouTube. However, the YouTube kids' app, which was designed to give kids a safe place and has thirty-five million weekly viewers, across 80 countries (*Keeley, 2018*). The platform also includes a parent tool, so that they can set content, but at the end, it creates a greater experience.

There are diverse types of users that use YouTube. Firstly, you have the spectators, who simply watch YouTube for fun. They may watch their favorite music video, a clip or just any other random content. Then there are the info seekers that look at content for information, to ask a question and to solve a problem. Finally, there are the shoppers. These users look at the reviews and at other things that will help them cement a decision, whether to buy a product (*Ramirez, 2018*). However, it was notice that nothing was spoken about regarding the video uploader. Salman Aslam, does state that there are nine

thousand plus partners using content ID. This includes major network broadcasters, movie studios and record labels (*Aslam, 2022*).

YouTube's main source of income is from advertising. YouTube would negotiate with companies and set rates for diverse types of ads. The demographic and location of the consumer is always relied on (*Mcfadden, 2021*). Companies would pay per impression, so if an ad were skipped, companies would not pay YouTube. Skippable ads would cost more money followed by the pre-roll non skippable ads. YouTube would also earn money through its partner program. This allows the video uploader to share the revenue, produced by the advertising sites. YouTube would keep forty five percent of the revenue for themselves, and fifty five percent would go to the uploader. YouTube would also earn money through their monthly subscriptions. YouTube premium is an example of this, whereby a consumer would pay this subscription monthly, so a video could be watched without ads, but the creators of the content would still be supported (*Beattie, 2021*).

THE PROBLEM

In 2007 Fed Von Lohmann talks about copyright rules and that the 1998 Digital Millennium copyright Act (DMCA), affected websites like YouTube (*Gilbertson, 2007*). The DMCA is a copyright law in the US, which provides a tool for copyright holders to get user uploaded material that infringes their copyrights, taken down off a website. Like the DMCA, the European directive updated its copyright law. It was designed to prevent the illegal copying and distribution of digital music and video.

In his article, Scott Roxborough talks about the new copyright rules that would force YouTube to block protected content. He states that changes to the European Directive, will force platforms such as YouTube to block copyright protected material, when it is uploaded to their sites. Companies will be sued if it is not followed (*Roxborough, 2019*).

Article Thirteen of the legislation requires online sites, that have a minimum of Five million users monthly, must prevent uploads of copyright material. If they do not comply, they will be held accountable by its users, however article 13 has now been adapted and is now article 17. The law was passed by the EU Copyright Directive in March 2019. Article 17 (formerly article 13) provides that online content sharing service, needs to obtain authorization from its right holders for the content uploaded on their website. The article does affect YouTube, as it challenges their business model, however it is a controversial article (*Press Release, 2021*).

YouTube does in fact have a high consumption of music, but it only pays low royalties compared to other online music platforms. This is purely because YouTube revenue comes from advertising. Artist must be signed to Google AdSense, which supplies the advertising (*Owinski, 2017*). If an advert is not watched all the way through, content is not payable, also not forgetting if there is a banner place at the bottom of a video, if that banner has not been viewed for thirty-one seconds, you do not get paid. Finally, it is also remembering that YouTube do not place ads for every view. If you are signed to a record label or have any other agreement in place, their share would be taken out, before a royalty is paid.

YouTube algorithms have also been a constant problem for the creators. Seventy percent of the users who watch YouTube, spend watching videos that the algorithm recommends (*Cooper, 2021*). YouTube size and popularity has resulted in an increase of content moderations. What the algorithms recommends has been a serious topic for the creator and advertiser. The algorithm of YouTube would often draw users to an inappropriate content, which can sometimes create a false image for the creator or advertiser, as it shows that they could be associated with that inappropriate content.

For someone who wants to set up a channel, you would constantly have to be uploading content and getting lots of reviews, but this does not mean that you would be ranked highly or even get hundreds of subscribers. The algorithm will always favor the trends and keep them at the top. This is a major problem for the creators, the artist and even a new business that loses out in the end.

CONCLUSION

Lots of music is played on YouTube and still it is the biggest music platform in the world. It is completely free to upload your video and you can achieve remarkable success and have a huge audience at your disposal. YouTube can open doors for many diverse types of artists and these artists can earn money from the videos they upload. It is a great marketing tool, by creating viral content which is aimed at generating traffic to a business. YouTube allows people to collaborate with another artist. This could not be done before, unless you were established in some sort of way, for example the music industry, but thanks to YouTube, it can be done. The sharing platform increases your chances of being shared across social media. This can be done by sharing a link of a video, emailing a link, or embedding a video onto a website blog.

Content is free on YouTube; however, everything is public. We must remember that it is a social media platform, but that also means that content will lack privacy. You are not able to stop someone from viewing your content, which in turn can lead to more complicated issues, such as copyright. YouTube have the technologies in place to detect copyright music against a catalogue of registered tracks, however when it comes to an emerging artist, they do not have the resources to detect their work. Its role as a video sharing platform, being able to copy from a music CD, copy televised material, violates copyright regulations. The biggest disadvantage is the ads. There are so many, however you can skip to the main content, but can be forced to watch an ad of up to five seconds. If you want to remove the ads, you must pay for this. Finally, it is not easy to make money through YouTube. A video needs to be streamed at least ten thousand times, before there is potentially any payment.

Moving forward, YouTube is no longer the enemy. Music industry companies at first did complain in the past, that there were too many copyright infringements and not enough money was being generated. However new deals have been signed and these grievances have gone quiet. Many artists such as Justin Bieber and Ed Sheeran, owe their career to this platform. These were ordinary people, uploading content and singing original songs; they built their audiences and were eventually seen by the right people. These artists are huge right now in the music industry.

Is artist getting paid enough? This will be a question that will always pose a problem. As mentioned in this piece, there are many factors that come into play, however technology is forever changing, and

YouTube will have to adapt to the changing times. YouTube state that artist will get better rates from streaming and that it will be more stringent when uploading content, but what about the new artist trying to emerge?

Ninety three percent of YouTube videos are music videos. It is a platform to help the emerging talent (*Zhu, 2020*). The videos are free to upload; it is a great marketing tool and a fantastic opportunity to start making money. YouTube offers many literatures and content to help you get started, but I honestly believe research should be done before starting out on the platform. You need to make time; you need to be dedicated and be business minded if you want your video to be ranked highly. This means producing content on a regular basis and treating every aspect of your content like a business.

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