



YouTube as a Business

Making Sense of its Dollars

YouTube and You
Comm 336
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Google's Latest Revenue Figures

- Google continues to be a hot commodity on Wall Street and Main Street
- It is one of America's [largest companies](#), revenue-wise
- Overall, growth is continuing
- October 2013 [quarterly report](#)
- The corporation's consolidated revenue for the third quarter of 2013 is reported in mid-October 2013 as \$14.89 billion, a 12 percent increase compared to the previous quarter
- Google's Internet business was responsible for \$10.8 billion of this total, with an increase in the number of users' clicks on advertisements
- In May 2011, the number of monthly unique visitors to Google surpassed one billion for the first time
- In January 2013, Google announced it had earned \$50 billion in annual revenue for the year of 2012.
- This marked the first time the company had reached this feat, topping the 2011 total of \$38 billion.

YouTube's Three Phases*

- Launched in 2005, YouTube's first five years were spent building audience and scale
- Its second five year phase was a search for premium content, from both professional filmmakers and a burgeoning class of pro-am content creators
- Now comes the third, and arguably most critical, phase for YouTube: making money

* [From Billboard magazine, Oct. 7, 2013](#)

A Valuable Division of Google

- To be sure, YouTube has generated billions of dollars in advertising revenue
- In 2013 alone, according to estimates from Barclays Bank, YouTube is expected to ring up \$3.6 billion in revenue for parent company Google, which bought the online video company in 2006 for what then seemed like a princely sum of \$1.7 billion
- Barclays projects that YouTube's revenue will grow 20% in 2014 to \$4.3 billion
- Because Google isn't required to report YouTube's financials, few outside the Silicon Valley technology company know exactly how much advertising YouTube generates and whether it's profitable.

YouTube's "Economy"

- YouTube seems laser-focused on making its platform pay off, for both itself and its content creators through its [Partner Program](#)
- Its ability to do so also will affect the fortunes of a growing class of companies that form a so-called "YouTube economy."
- These include startups that provide YouTube-specific tools and services: [Zefr](#), [Audiam](#), AdRev, Maker Studios, Fullscreen, BigFrame and Rumblefish, to name a few.

Criticisms by YouTube Partners

- Some content creators have grumbled privately and publicly about the fairness of YouTube's Partner Program
- Some say the revenue split is not fair, as explained in [this article](#)
- Just how does the Partner Program work? Take a look [here](#)
- YouTube success story [Lindsey Stirling](#)

Evolving Social Media Advertising

- Intrusive? Are you OK with being used for advertising with, or without, your permission or knowledge?
- See this recent [Time magazine piece](#) on this issue
- Google, by one estimate, receives more than 90 percent of its revenue from advertising
- [Dangers](#) of being so reliant on advertising?
New York Times, "Troubles Ahead for Internet Advertising" article
- 10 Things Twitter Won't Tell You [article](#)