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egta Snapshot

A short-form egta insight

TV COMPANIES' YOUTUBE BUSINESS STRATEGIES: CONTENT DISTRIBUTION AND MONETISATION OPPORTUNITIES

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INTRODUCTION

In January 2022, egta ran a survey among its membership to gather information on the various business approaches TV companies take when it comes to monetising broadcaster video content on YouTube. The survey was supported by additional interviews and consultations with egta members in order to better understand their individual strategies and relationships with the video platform. While the findings from these consultations have been anonymized in order to ensure the confidentiality of members' responses, the main market trends have been identified and outlined below. Broadly speaking, three main YouTube strategies emerged, depending on the needs and priorities of the TV company, which in turn impacts the nature of the content made available on the video platform. The question of sales operations is also addressed, with a focus on the various sales mechanisms, tools and the degree of control TV companies are able to have over their YouTube inventory. Insights were also gathered, based on the survey and consultations, on the various revenue share models, pricing structures and sales policies that egta members have in place when it comes to YouTube.

The results of the survey show that the way each TV publisher's decision to work with YouTube (or not) is closely linked to and reflected in the type of content that the broadcaster decides to make available on this video platform.

PART 01

TYPES OF BUSINESS RELATIONSHIPS BETWEEN TV PUBLISHERS AND YOUTUBE

a. Identifying business strategies and approaches to YouTube

There are three main business approaches adopted by TV companies regarding their relationship with YouTube:

Strategy 01: YouTube as a Marketing Tool

The TV publisher uses YouTube as a marketing tool in order to drive traffic to its own BVOD platform, app or live TV channels.

- **Types of video content published on YouTube:** Promotional material: this may include trailers, bonus material (e.g. interviews with show creators/cast, behind the scene, outtakes), extracts of full episodes, and best-of compilations.
- **Reasons behind this strategy:**
  - » To promote the content already available on the publisher's proprietary assets (BVOD, linear).
  - » To create additional engagement opportunities for TV viewers, contributing to maintaining or extending the show's fan base.
  - » To support the reach of linear and BVOD campaigns.

Strategy 02: YouTube as a Distribution Platform

The TV company uses YouTube as an additional distribution platform and an additional, but fully fledged, revenue stream.

- **Types of video content published on YouTube:**
  - » Broadcast material that derives from the publisher's linear channels: this may include full episodes of certain (or all) shows, either after airing first on linear broadcast or premiering directly on YouTube, as well as extended versions of certain shows.
  - » Live streaming of selected live events (e.g. sports games, concerts, etc.) which may or may not be broadcast on linear TV channels.
  - » Shows that are now removed from linear schedules and moved entirely to YouTube.
  - » Content specifically designed for YouTube: special shows designed solely for YouTube (short- and long-form), influencer creator content.

An interesting variant of Strategy 02 are exclusive content and commercial partnerships through which TV companies may decide to make available some portion of its content on YouTube (regular TV shows or formats designed specifically for YT). An example of such deal is the recent agreement between Channel 4 and YouTube.

- **Reasons behind this strategy:**
  - » To align with the company's public service broadcaster (PSB) mission, if applicable.
  - » To extend reach for both linear TV shows and linear/BVOD campaigns by addressing complimentary audiences who may be more present on YouTube.
  - » To target new and specific audiences (often niche) independently of the TV coverage.
  - » To trial and test talent, new content formats and/or potential TV personalities.
  - » To offer new/additional forms of brand integration opportunities going beyond the standard linear and BVOD offers.

Some companies combine elements of Strategy 01 and Strategy 02. For instance, while the majority of content published on YouTube by a given broadcaster may consist of self-promotion or bonus material, the TV company might also decide to release full episodes of selected shows, live stream certain events, produce some influencer content targeting very specific audiences.

Strategy 03: No Published Content on YouTube

- **Reasons behind this strategy:**
  - » Due to a strict sales policy and concerns

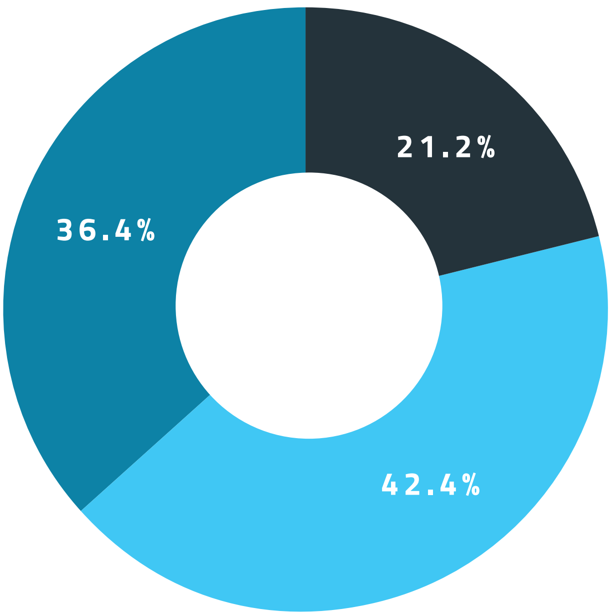
- over the loss of monetisation opportunities on other proprietary media outlets (e.g. publisher's own BVOD platform).
- Due to regulation applying to specific categories of broadcasters (e.g. some public service broadcasters cannot monetise digital content whether published on their own platforms or external online video platforms).
- Due to specificities related to the relationship between the sales house and TV channels it represents (e.g. the sales house does not have the rights to distribute any content from the publishers it represents)
- Due to market practices related to the nature of preferential deals between advertisers and YouTube/Google (see below).

b. Additional factors that influence a TV company's YouTube strategy

When deciding whether to publish content on YouTube or not, and what type of content is to be made available on the platform, TV companies should take into account content discoverability in Google search results. Some TV sales houses have underlined the implications of publishing content on YouTube, which may negatively effect the ranking of their own websites and platforms in Google search results, with YouTube often appearing higher in the results. For this reason, a number of TV companies have revised their strategy towards YouTube over the years. Several have decided to stop publishing entire episodes on the platform, only publishing bonus material or trailers instead, with the aim to drive traffic to their own platforms.

Deal structures and the types of discounts and bonuses that YouTube offers to brands and media agencies can also have an impact on a TV company's YouTube strategy. YouTube often proposes preferential sales and pricing conditions to marketeers meeting a minimum ad spend/ad volume threshold on the platform. Such incentives are only possible for brands purchasing inventory directly from YouTube itself and not through intermediaries (e.g. through TV sales houses or third-party exchanges). In some markets, advertisers tend to choose such preferential deals over working with intermediaries – a practice that may significantly reduce a TV sales house's capacity to operate sales for broadcaster content published on YouTube.

Types of business relationships between TV companies and YouTube in terms of content monetisation



Strategy 01: Use YouTube exclusively as a marketing tool to drive traffic to their own outlets

Strategy 02: Use YouTube as an additional distribution platform and revenue stream

Strategy 03: Do not publish content on YouTube

Source: egta survey, January 2022. Data from 33 companies in 20 markets + 2 international entities.

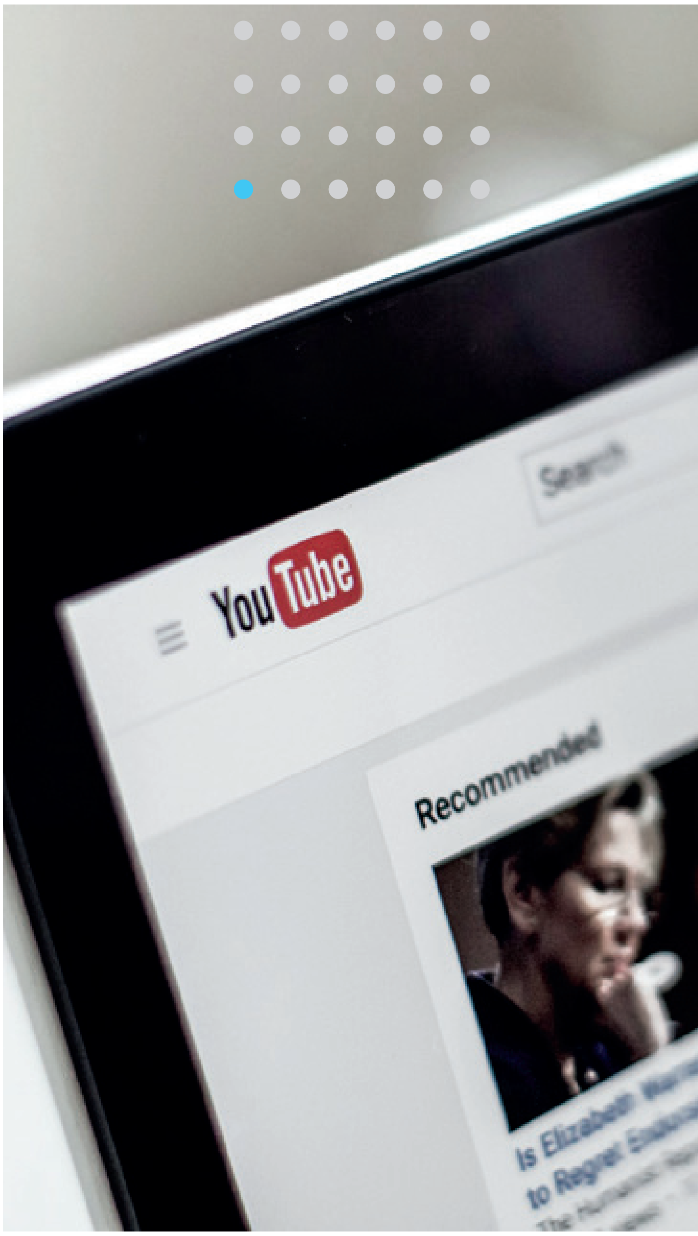
PART 02

TYPES OF AD FORMATS AND BRAND INTEGRATIONS

TV companies rely on **two groups of ad products** for their YouTube inventory:

- Classic YouTube ad formats include skippable/non-skippable instream ads, bumpers, mastheads, discovery ads and overlays (video action ads). TV publishers mostly use video ads (pre-, mid- and post-rolls). Some sales houses offer their clients the possibility to adapt the length of their creatives – for instance, to shorten them to >20s to make them non-skippable. Classic YouTube instream ads are sold on a CPM basis, without the possibility of adding any other KPIs (e.g. cost-per-click, cost-per-action, etc.).

- Other types of YouTube formats include product placements or integrations and sponsorships. These solutions are often implemented in bonus material content (e.g. behind-the-scenes footage), extended versions of episodes or dedicated content formats produced specifically for YouTube. Such forms of integrations are usually priced independently from classic YouTube ad formats. They are charged through a separate deal or as a part of a package offered to the client and the price tends to be higher than classic YouTube formats.



PART 03

SALES OPERATIONS FOR TV COMPANIES' VIDEO CONTENT MADE AVAILABLE ON YOUTUBE

a. Who operates sales?

There are three main trends when it comes to the designation of ad sales operations for a broadcaster's inventory on YouTube:

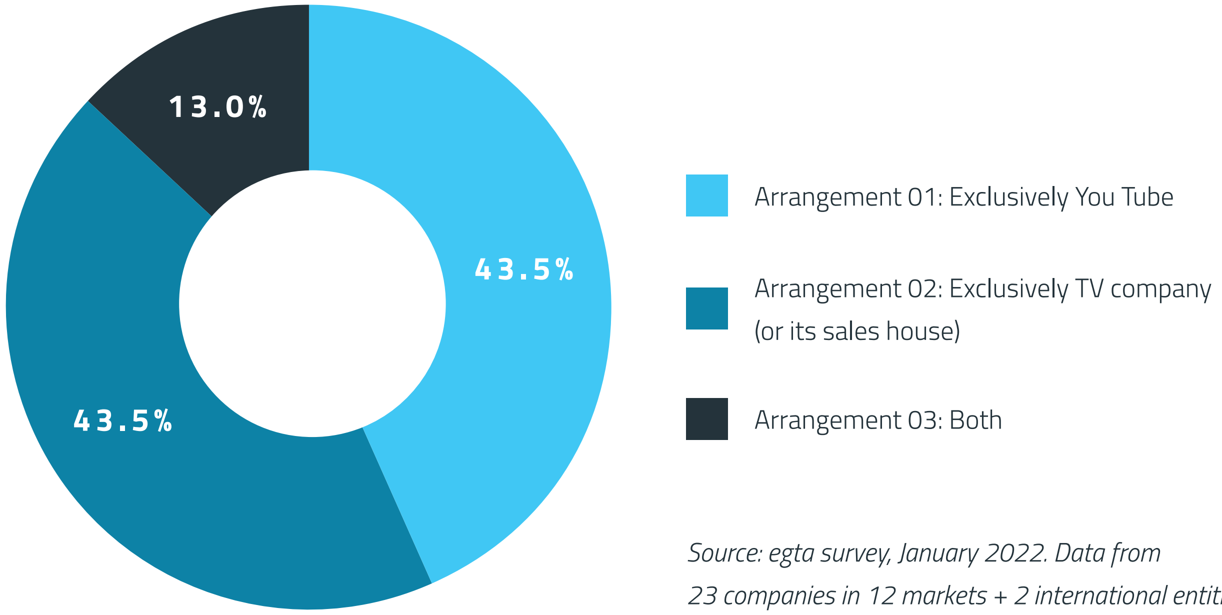
- **Arrangement 01:** ad sales are uniquely operated by YouTube.
- **Arrangement 02:** ad sales are uniquely operated by the broadcaster.
- **Arrangement 03:** ad sales are operated both by YT and the broadcaster.

Arrangement 01 is common among TV companies using YouTube purely as a marketing channel to drive traffic to their proprietary outlets (VOD platforms, apps and TV channels). Arrangements 02 and 03 are usually used by TV companies and sales houses who approach YouTube as an additional content distribution and profit-making platform (e.g. as a supplementary revenue stream). These approaches allow the publisher to retain greater control over their pricing and sales modalities (incl. the choice of sales mechanism and packaging of offers).

In the case of arrangement 03, whereby TV companies' YouTube inventory is sold by the publisher/sales house and YouTube, the designation of sales operations depends on the set-up of a particular campaign and the buyer's preferences. While in many cases, purchasing ads directly from YouTube might be cheaper (see page 10), YouTube cannot sell inventory exclusively around the content of one particular publisher or channel. YouTube's proposition relies on packaged offers including content from a range of publishers.

For publishers who sell their YouTube inventory themselves (either partially or exclusively), sales are operated either by a specialised video/digital team, a cross-screen team or by the entire sales department. The results from the egta survey on the topic show a fairly equal divide between these approaches amongst those who responded. It is worth noting that while the majority of TV companies operate their own YouTube sales as a sales house, some publishers left these activities at the discretion of the individual TV channels. In such cases, this part of a broadcasters' inventory is commercialised outside of the aggregated sales propositions prepared by the sales houses.

Who opeartes ad sales for broadcasters' inventory published on YouTube?



Source: egta survey, January 2022. Data from 23 companies in 12 markets + 2 international entities.

b. Types of ad sales mechanisms

The types of sales mechanism used for ad deals around broadcaster inventory available on YouTube vary depending on the entity operating the sales for a given campaign, as well as individual agreements between the TV company and YouTube. The respondents to the egta survey revealed three main types of mechanisms used to sell their YouTube inventory:

Mechanism 01: Direct Deals

Some TV companies sell their YouTube inventory through direct deals. In this set-up, advertisers and agencies can purchase YouTube ad campaigns through TV companies' dedicated sales teams or their sales houses. The main advantage of this solution for publishers is that the media owner retains full control over the pricing and sales policy. This approach does not, however, allow marketeers to benefit from all the benefits linked to sales automation.

Mechanism 02: Programmatic Guaranteed

Another mechanism commonly used in this context is programmatic guaranteed. In this scenario, the client buys inventory directly from the publisher. The buyer agrees to buy a fixed number of impressions, and the publisher agrees to deliver the precise number of impressions for a guaranteed price. Programmatic guaranteed uses the pipes of programmatic transactions to bring automation to the set-up process of standard insertion order campaigns. It speeds up the launch of campaigns based on guaranteed volumes and helps to prevent errors in trafficking. The publisher retains control over the price and volume of sold inventory and can ensure that the deal will generate revenue. This kind of mechanism is used to sell inventory for which sales are managed by the publisher. Programmatic guaranteed deals are supported by Google campaign tools such as Google Ad Manager, Display & Video 360 and AdSense.

Mechanism 03: Open Bidding

The third sales mechanism used is open bidding. In this scenario, the publisher's inventory is put on open exchange. The selling/buying process is fully automated. The price and the volume of the inventory sold is determined through the auction process and, therefore, the publishers do not have control over pricing. In the context of the egta survey, respondents indicated that this solution is used in deals for which sales are operated solely by YouTube and not the sales house/TV company.

c. Tools used to book and sell inventory

There are four main tools that respondents to the egta survey use for managing campaigns on YouTube: Google Ad Manager (also used for ad serving), Display & Video 360, Google Ad Exchange and Google AdSense. Some sales houses also rely on third-party providers with direct access to YouTube inventory. However, the above-mentioned tools are not directly linked to the solutions used by each sales house to sell and manage ad campaigns across their proprietary media assets and platforms (TV channels, VOD, websites, apps). Therefore, YouTube campaigns need to be set-up and implemented manually, independently of the campaigns on TV companies' own platforms.

d. Ad placement parameters controlled by the TV sales house

Google tools used to manage YouTube campaigns, allow TV companies and their sales houses to set up a number of parameters such as:

- The type of ad format (e.g. to decide whether ads will appear as pre-, mid- or post-rolls). Some sales houses allow for the adjustment of ad lengths to less than 20 seconds to ensure ads are not skippable.
- Ad frequency.
- Ad placement (where the ads will appear – e.g. around specific videos/on specific channels, etc.).
- Brand safety parameters (e.g. keywords, blocking certain advertisers/categories – for instance competitors such as Netflix or Amazon Prime, specific blocklists and language).

Targeting and campaign optimisation parameters, which TV companies have access to when setting up YouTube campaigns, differ depending on the entity operating the sales, as well as the type of sales mechanism used in a given case. For instance, depending on the terms of the agreement between YouTube and the media owner, for sales operated by the TV sales house, the publisher may only have access to a limited number of audience targets (mostly socio-demographic). Additionally, cross-platform and cross-advertiser optimisation options are not available for YouTube programmatic guaranteed deals.

REVENUE SHARE MODELS, PRICING AND SALES POLICY

a. Revenue share models

While many respondents to the egta survey, declined sharing information about the revenue share model for their YouTube deals, due to confidentiality reasons, among those who provided an answer, the most common split is 55%/45% between the sales house and YouTube respectively. In some specific cases, certain publishers opted for other solutions – for instance a fixed price/fixed CPM model, where parties agreed on a fixed price list with fixed CPMs of which a certain portion, e.g. 45%, goes to YouTube, but the revenue generated through any sales above this fixed threshold remains with the TV company.

When comparing the above-mentioned revenue splits, it is worth noting that estimates may vary depending on the type of brand integration. While native YouTube ad formats (in-stream and display) can be sold both by YouTube and TV companies, depending on the type of agreement, other types of integrations (e.g. product placement) are sold solely by broadcasters. Therefore, for TV companies whose YouTube proposition focuses primarily on, for instance, branded content, the overall proportion of the revenue split might be higher in favour of the broadcaster.

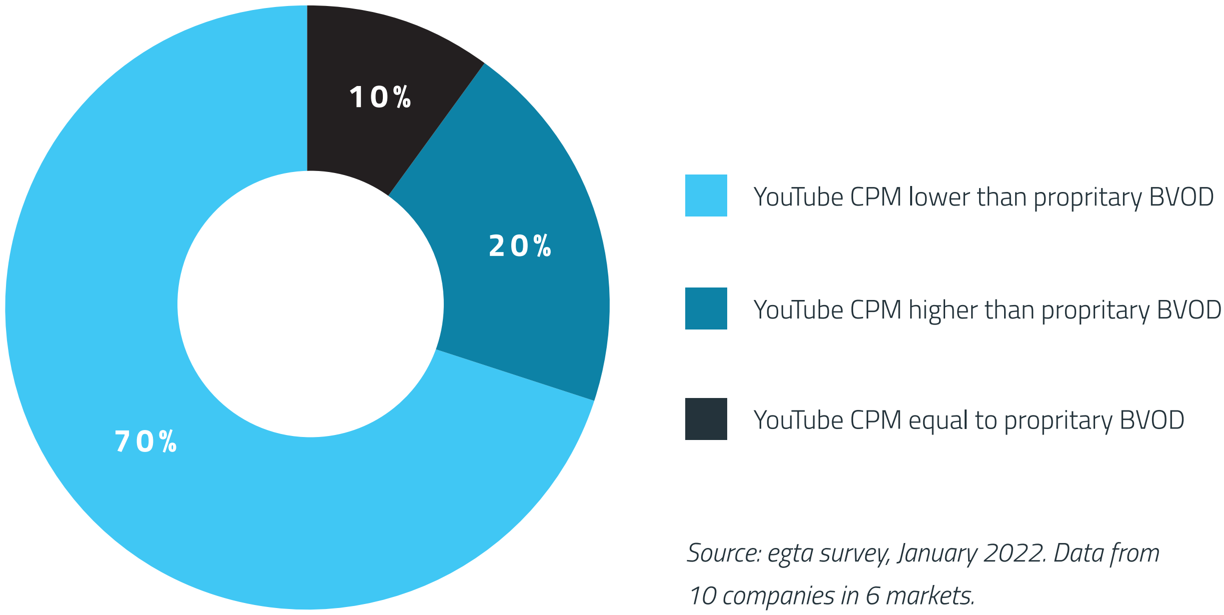
b. Integration of YouTube inventory within the broadcaster's sales policy

The dominant approach among TV companies is to sell YouTube inventory as a part of wider packages combining YouTube with a publisher's own media outlets (mostly VOD and websites, but also linear channels for total video deals) or bundling inventory around original content across their proprietary multi-channel networks. However, certain broadcasters offer YouTube as a stand-alone proposition – either as a reach-extension mechanism for cross-platform campaigns or a complimentary solution for targeting additional (often specific) types of audiences that cannot be easily reached through their own platforms.

c. Reporting and measurement

TV companies publishing their content on YouTube can monitor ad campaigns performance through campaign reports (provided by YouTube). Reports assess how campaigns perform over time in relation to one another. TV companies have access to metrics such as the number of impressions, number of clicks, completion rates (incl. completion by quartile), total budget spent on a given campaign and CPM. However, this data is rarely infused in the reporting systems used by TV publishers to measure the performance of their own online assets. The main barriers to such integration are the differences in the definitions of each parameter, as well as the lack of external verification of the reporting

Price of YouTube campaigns vs. campaigns on TV companies own VOD services



Source: egta survey, January 2022. Data from 10 companies in 6 markets.

system by the publisher or by an independent party. This hinders the TV companies' ability to deduplicate the reach of campaigns ran simultaneously on YouTube and their own online assets.

It is worth noting that, to date, such data is not included in the official TAM systems in any individual market. There have recently been examples of joint industry committees (JICs) collaborating with Google to include YouTube reporting within the official measurement currency (e.g. a now discontinued project by AGF in Germany, and an on-going project by MMS in Sweden), but these have not presented any concrete results.

One measurement project in which Google, Facebook and other global online platforms are actively participating is a cross-media measurement initiative launched by the WFA in 2019. Its aim is to develop a unified cross-media framework for measuring audiences across all screen types and content suppliers, while acknowledging that implementation will require local adaptation depending on market differences. Practical solutions are currently being built by the local advertiser associations in the UK (ISBA) and in the US (the ANA). The blueprint for the technical measurement solution was developed by data engineers from Google and Facebook and are based on a Virtual ID (VID) model to deduplicate ad impression data. For more information on this project, please refer to *egta Insight on advances in hybrid TV audience measurement* as well as presentations made by ISBA and the ANA at egta's Market Intelligence Meeting in January 2022 (*for egta members only, login required*).

d. Price of YouTube campaigns compared to campaigns on TV publishers' own media outlets

While it is difficult to compare the pricing of YouTube campaigns with TV (due to different trading currencies – CPMs vs. GRPs and audience targets), the egta survey provides some insights when it comes to the CPM differences for inventory available on YouTube vs. a broadcaster's own digital assets. The majority of respondents declared that the CPM levels are considerably lower for YouTube campaigns compared to those on their own VOD platforms. In the case of companies who partially sell their YouTube inventory by themselves, the prices of the inventory sold by the publisher are usually higher than the prices offered directly by YouTube. However, when buying inventory directly from YouTube, clients cannot purchase packages including only one specific publisher/channel (see part 02 for more information).

e. Working with YouTube compared to working with other distribution platforms

Many TV companies also make their content available on other ad-supported video and social media platforms, including Meta (Facebook & Instagram), Dailymotion, TikTok, Twitch and others. Sales policies and strategies applied to inventories monetised on these services differ to those on YouTube – for instance, some operators (e.g. Facebook) have a monopoly on the sales process and do not allow TV publishers to run any part of sales operations around their inventory on those specific platforms.

ABOUT EGTA

egta is the global trade body for marketers of advertising solutions across multiple screens and audio platforms. The association aims to help its members transform, grow and diversify their business, i.e. the monetisation of TV and radio content across their linear and online portfolios.

Currently, egta network counts 160+ members in 40+ markets in Europe and beyond.

Together, egta's TV members represent 75%+ of the European television advertising market, whilst egta radio members collect 50% of radio advertising revenues in countries where they are active.

Editor in Chief

Paulina Kott
Senior Lead - Ad tech & Head of IT
paulina.kott@egta.com

Editorial Committee

Katty Roberfroid
Director General, egta

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Market Insight Project Officer

Anne-Laure Dreyfus
TV Director

Rue Washington, 34 boîte 2
B-1050 Ixelles – Belgium
T: + 32 2 290 31 31
www.egta.com
@egtaconnect

Rue Washington, 34 boîte 2
B-1050 Ixelles – Belgium
T: + 32 2 290 31 31
www.egta.com
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