

YOUTUBE ENTERS ADVERTISING'S BIG LEAGUE



YouTube has made its intentions clear, of competing for Television advertising budgets, by creating a culture of distinctiveness and exclusivity, generating mixed interest amongst for advertising slots on YouTube. However, the pricing is on the higher side, with YouTube asking for up to \$62 million dollars in popular categories. This is really audacious and experts opine that the estimation of their popularity is neither realistic, nor pragmatic and YouTube may not be able to pull off their latest game plan. Their belligerent marketing leaves no doubt that they are keen to bring TV viewers to their side and also earn the type of advertising dollars that television earns. Till date no one has paid the big bucks, but a few of the biggest advertisers have taken deals in the range of \$5 million and \$ 10 million. Unilever and Toyota are amongst those who have signed on. Even though YouTube refused to comment on the pricing for these companies, Toyota's deal is estimated to be more than \$10 million for a package of channels, while Unilever, has approached the, tread with caution approach, and settled for a lesser package at \$5 million. Senior Director-Media of Unilever Gail Tifford said that their opting for YouTube was because, "We were intrigued by the opportunity to be the inaugural and exclusive sponsor of YouTube's 'Young Hollywood' channel. The ones that are joining are taking a calculated risk of venturing into uncharted territory, afraid that they may be left out if they don't join. The lack of interest is also owing to the fact that companies are reluctant to spend money on things that are nontargeted. Moreover, there is no specific yardstick to measure YouTube viewership. YouTube users were watching it for half an hour a day. A far cry from the average five hours that Americans spend watching television every day. YouTube was employing professional consultants to find out how they fared in comparison with Television viewership. YouTube is venturing into their new strategy with commitment and aggression. Channels were approached as early as November. The pricing is excessive. Channel producers will start making profits only after YouTube recovers its initial investment on them. A variety of terms have ensured that YouTube knows it's worth and is not willing to compromise or give an inch. It is estimated that their revenue would exceed \$1 billion in 2012. However, only time will tell if they have bitten more than they can chew or whether others think as highly of them as they obviously do.

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