

YOUTUBE LAUNCHES 100+ “CHANNELS”, ADVERTISERS UNIMPRESSED SO FAR



YouTube has launched its 100+ "channels" that are supposed to revolutionize the way we watch TV. But the content that is available on them so far has left advertisers unimpressed. YouTube, owned by Google, has ambitious plans for expanding into traditional TV space and grab a huge chunk of what companies spend on TV ads every year. There are rumors that YouTube could soon be launching a subscription-based service like Hulu. Last year, Hulu and YouTube were the two biggest winners of the \$1.8 billion online video-ad market with Hulu getting \$300 million and YouTube getting \$600 million. But that is still a fraction compared to the \$70 billion spent on TV advertising in 2011. YouTube is pitching itself to advertisers as the next frontier in TV-viewing and its rollout of the channels during Upfront Week, when TV networks pitch their new fall shows to advertisers, is obviously aimed at luring some of that ad money its way. YouTube even called its launch event "brandcast". YouTube is planning to spend \$200 million in marketing support for its channels and has also succeeded in roping in some well known names such as Brooke Burke, Richard Belzer, Jennifer Garner, Julia Stiles, Jennifer Beals, America Ferrera and Dakota Fanning among others. All of them will be starring in only-available-on-YouTube original series. But most of the channels and the content on them look similar to what is on other video websites such as Funny or Die, ebaumsworld and similar sites (but with much tamer content). Some of them have a very amateurish look and unless their quality improves dramatically, YouTube will find it hard to convince advertisers to shell out the big bucks. And YouTube is aiming for the big bucks. It wants advertisers to buy yearlong, all-inclusive sponsorships which it is selling in the \$5 million range. It is also asking for \$20 per thousand viewers for pre-roll. And the main difference between YouTube and the TV-networks is that there is no third party verification. YouTube is asking advertisers to trust the viewer data gathered by parent company Google. Advertisers depend on Nielsen and ComScore when it comes to gathering data on TV viewership. And although the Nielsen ratings have been criticized by many industry people and TV viewers, they still remain the only major and reliable source of data for advertisers.

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