

Advertisements on youtube



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“ How YouTube TV Could Help Google Finally Crack the TV Ad Market” by Mike Shields (2017, March 1)

Advertising is an imaginative and fast-moving industry that utilises different media outlets to inspire individuals to purchase products and services and change their mentalities, reaches and motivate massive audiences. This industry's growth increases rapidly because of the changing social patterns and economic liberalisation that are happening today. The most recent couple of years have seen a noteworthy move in the advertising business, with billions of dollars that once streamed into TV ads being moved to the world of online video. YouTube has been among the greatest winners of this change, which is being driven to a limited extent by viewers who progressively pick far from broadcast television companies and costly cable packages. Furthermore, a streaming TV service will be soon offered by YouTube for individuals who would prefer not to pay for a traditional cable. In this essay, I am going to analyse an article “ How YouTube TV Could Help Google Finally Crack the TV Ad Market” which was written by Mike Shields (2017) and how a new launched YouTube TV will open even bigger possibilities for advertisers of both persuasive and informative mechanisms by using economic approach of advertising.

Advertising can address particular sections by highlighting an association between their identity to the item and the brand. The most recent couple of years have seen a noteworthy move in the advertising business, with billions of dollars that once streamed into TV ads being moved to the universe of online video. “ YouTube has been among the biggest winners of this transformation, which is being driven in part by viewers who increasingly opt

away from broadcast television networks and expensive cable packages. About 40 percent of millennial households rely on just an internet connection for entertainment.”(V. Piana, 2005) The major advantages of YouTube launching a TV will be that advertisers will easily reach the younger audience, one of the most valuable and important consumers, as the price of the TV package will be affordable – \$35 per month for 40-plus channels and youth will be able to access it on their smartphones, and computers live and on demand which is a huge advantage as they do not to watch anything in the traditional setting. The Google-owned video company will offer channels as CBS, ABC, NBC, ESPN etc. By appealing bigger audience, the YouTube TV would increase the number of people watching the commercials; therefore the companies which advertise their products would receive higher revenues, build loyalty and increase referrals. It would lead the businesses to get a decent chance of catching a market share. They would let the buying client realise that they are keeping up a powerful effort to stay indispensable in the marketplace. It also would build a reputation with the customer.

The principle effects of advertising is in sale volumes and a product differentiation, by decreasing the relative level of substitution, so to sustain an excellent price over the competitors, which will ensure genuinely high margin on costs, leading to high benefits. “ Within an industry, firms will differ in the volume of sales and the geographic territory in which they sell. ” (D. G. Tuerck, 1978) It is really important for commercial firms to find a right advertising strategy in order to be noticed. Even consumer preferences changes over time and they are not usually aware of that as they have vague feelings and intuitions, aspirations. Marketing procedures can

fluctuate in the broadness of the product line offered, the number of various brand names attached to things in the line, the rate of new brand presentation, the cost and quality levels of the items, and various different measurements; therefore, segmentation and targeting play significant roles in advertising industry. Without a right choice of target market firms would not be able to sell their goods and services. In order to achieve the best outcome businesses instead of trying to serve everyone, need to identify the most attractive parts of the market that they could effectively serve. Markets differ in age, income, preferences, academic ability, geographic location and other characteristics. Furthermore, to analyse current sales, growth rates and expected profitability for various segments. Consider effects of: competitors, availability of substitute products and, the power of buyers and suppliers. As mentioned in the article, “ different households and viewers could receive different ads based on their shopping history or what’s going on in the world at a given moment” (M. Shields, 2017); it means that if the firms will be able to target the right audience, they will attract more customers by advertising as better targeted advertising will be developed which is a huge benefit for both customers – not to be annoyed by not interesting ads; and advertisers – avoid unsatisfied customer reviews.

Advertising interfaces a good to a need, proposing that by consuming the good the need will be satisfied. A typical technique is to interface the product or service to the most fundamental and all-inclusive needs, while – without promoting – the good would be considered to be a much smaller application and utility. In fact numerous advertisements guarantee happiness to the purchaser, much exaggerating the sensible impact of the product. Moreover,

it has been contended that promoting revives latent need or even makes new needs, which prior were not felt. In this manner, promoting tend to raise a whole class of items to higher positioning as far as of perceived needs. In any case, buyer's limited rationality, for the most part, confines the number of brands that are remembered in relationship to a class. At the point when asked to name brands from a specific classification (e. g. soft drinks), the customer will immediately reply with the most publicised " known" brands he knows about, for instance: Coca-Cola, Pepsi.

YouTube TV will create a huge possibility for less-known brands to increase their popularity as " Google may have access to about two minutes of commercial time each hour to sell to advertisers on the cable networks featured in the service."(M. Shields, 2017) During that period of time even smaller brands will be able to reach their potential customers, show products and service for the people who will be interested in that particular area. " Consumer preferences are not given but change over time and the bundle of goods that consumers buy does not remain constant but changes radically in composition."(Lees, 1967) One of the basic factors in tis position is the increasing real income of buyers as individuals get better off if they do not just spend more on products that they are already purchasing but consistently redistribute their growing salary over another pattern of expenditure. New items are presented, so customers require information and are ready to pay for it.

However, the new launched YouTube TV will create some major difficulties for the cable television. We are entering another period of TV where the conveyance is being downgraded and new models for programming are

starting to implement. We are moving toward a tipping point where what we used to call “television” is transforming into something else at the moment. Cable suppliers, on the off chance that they will try to survive, should improve their plans of action e. g. make their business model look more innovative to attract more people. So that, the advertising firms will be rather advertising where the major population invest their money in. As Google tries to “break into the in-home and television advertising market” and if the advertising will be profitable on YouTube TV then it will definitely steal a huge market share from the competitors. “YouTube, which earns the majority of its revenue from advertising, is forecast to generate over \$7bn in sales worldwide in 2017, according to research group eMarketer.” (H. Kutchler, 2017)

Within the article M. Shields (2017) commented that Mr. Ferber believes that if Google would lower the product’s subscription rate, it might steal the market share from its’ competitors, e. g. MVPD (Multichannel Video Programming Distributor). As a consequence of that, YouTube might become the biggest advertising market by overwhelming the traditional TV.

According to B. Chaplin and B. Sturgess heavy expenditure of promotion is resulting in bigger concentration in markets. (1981) It means that a shift in the TV from linear feeds to streams would lead to a better development in technology and innovation. And this shift would lead to a higher level of advertising which has a positive cost to society.

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