

## Financial Times

By Tim Bradshaw and Hannah Kuchler

*Google-owned platform offers its video stars more ways to make money*



YouTube has a new secret weapon in the online video wars: cuddly toys. The Google-owned video streaming pioneer is looking for new ways to help its army of content creators make money. Advertising, the main money spinner for the people producing video content, has become more uncertain, as brands fret about appearing alongside unsavoury clips.

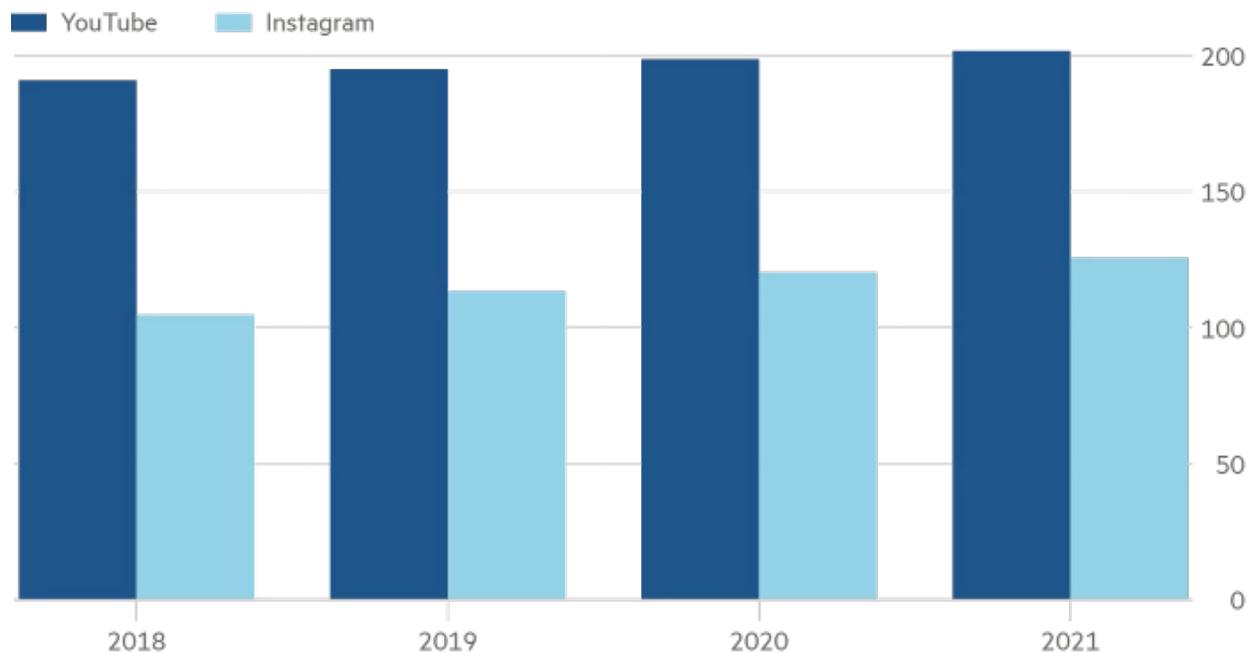
As additional incentives, YouTube is looking to help its creators sell merchandise to their fans, from soft toys to T-shirts, and adding new kinds of paid subscription options, as well. “We want these new products to be meaningful revenue streams, not just a small percentage of what they were making with ads,” said Neal Mohan, YouTube’s head of product. “The goal is not just maximising revenue but strengthening the community between the creators and their fans.”

Those community bonds are, in turn, vital for keeping creators loyal to YouTube at a time when video producers and online personalities have more alternatives than ever to reach their audience.

That was obvious at VidCon, the annual gathering of creators in Southern California last week, where rivals including Facebook, Snap, Amazon and Twitter were all just as visible as YouTube. “What amazes me about VidCon is just a few years ago it was a YouTube convention,” said Rich Greenfield, a media analyst at BTIG. “A couple of years ago you saw Facebook lurking around behind the scenes. Last year you saw Snapchat lurking behind the scenes. Now it feels like everybody is here.”

## Instagram aims to cut into YouTube dominance

Forecast users, US only (m)



Source: eMarketer  
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The internet celebrities that inhabit these platforms still attract a predominantly young audience, if the teenage fans that flock to meet them at VidCon is any indication. Yet the producers themselves have matured quickly in the last few years, adding up to a multibillion-dollar industry.

When YouTube launched in 2005, its first video showed co-founder Jawed Karim wearing an oversized mac, standing in front of two elephants, describing their trunks over the sound of giddy children in the background.

This week, when Instagram launched IGTV, its first standalone video app, it was already filled with shiny videos from social media influencers and celebrities including Kim Kardashian, in a shoulderless dress, showing off her brand new pop-up beauty store in Los Angeles. It was no coincidence that Instagram debuted IGTV the day before VidCon began.

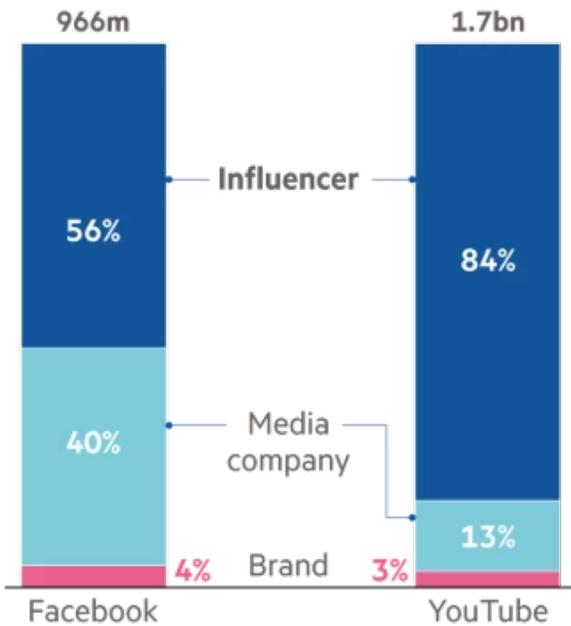
It marks Facebook's biggest push yet into the territory that YouTube has made so fertile: a platform for so-called influencers, who have replaced conventional entertainers for a younger generation and traditional advertising for the marketers trying to reach them.

"YouTube has a lot of years on Facebook. People have been monetising YouTube for a decade," said Scott Fisher, a founder of Select, an agency that worked with social media influencers. "But in a couple of years it could be a totally different position."

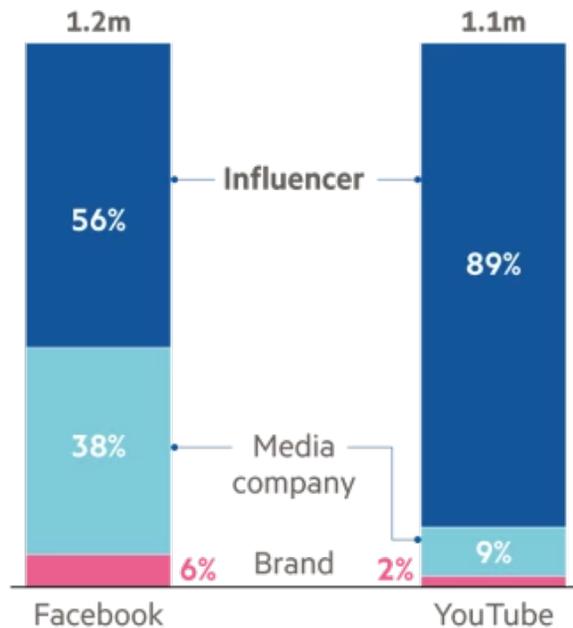
## Power of 'influencers' on social platforms

Q1 2018

Share of views



Share of uploads



Source: Tubular Labs

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Facebook has already launched Watch, its video tab inside the main Facebook app, as it tries to persuade YouTube creators on to its platform. This week, it enhanced Watch with new features such as polls — allowing influencers to create quiz shows that mimic HQ, the live quiz that became a popular sensation — and providing help to match creators with brands.

“In the last three years, we’ve really invested massively in creating products specifically for creators,” said Fidji Simo, who leads Facebook’s video products. “It takes real dedication to cultivate a platform that is good for creators.” As well as videos themselves, Facebook offers other features such as groups, where creators can chat with fans between episodes.

“We think it’s all about building communities around entertainment, so the audiences are not passive but feel part of the action,” Ms Simo said.

YouTube’s Mr Mohan rebuffs the idea that it has never nailed the social side of video. “Our creators tell us repeatedly that their most core, ardent and authentic fan base is on YouTube,” he said. YouTube can also draw on its parent company’s dominance in search and offers huge scale: 1.9bn monthly logged-in users, up from 1.5bn a year ago.

“We have creators with viewerships bigger than many or most cable channels, that have followings that are bigger than the populations of many countries,” Mr Mohan said.

But Facebook’s family of apps also has a vast audience, which it can use as a springboard for new offerings. With IGTV, Instagram is hoping to replicate the success it had with Stories, the

24-hour photo collection feature it borrowed from Snapchat. By putting the new longer-form video in front of its existing billion users, it hopes to build a successful platform for creators and advertisers almost overnight.

IGTV allows for the most popular creators to upload up to an hour of content, with everyone else getting ten minutes to start. It tries to play to Instagram's strengths as a social network, showing users content from people they follow as well as suggestions based on an algorithm. They can also reach the videos from the Instagram app.

"A tremendous number of influencers use Instagram to direct people to their latest post on YouTube," said BTIG's Mr Greenfield. Now, Instagram will be able to keep them and increase the amount of time spent on its apps. The launch of IGTV starts a battle with YouTube for users' attention, but not necessarily a battle to the death. For now, creators seem likely to work on both platforms, diversifying their revenue streams once Instagram introduces advertising to the app.

Lele Pons, who has over 25m followers on Instagram and is launching a cooking show on IGTV, said she will be hedging her bets between the rival platforms. "I will still be posting on YouTube as much as Instagram — you never know what works. On the internet, you never know what will happen," she said.

The proliferation of outlets presents logistical challenges for creators, who must already grapple with increasingly frequent changes to the algorithms that determine how their shows are seen. Each app has its own audience and format styles. Widescreen videos made for YouTube are incompatible with the vertical video used by Snapchat and, now, IGTV.

"We are completely retooling our content strategy for every other platform," said John McCarus founder of digital media consultancy Content Ink and marketing chief at 10-year-old YouTube channel WatchMojo. "It's so dynamic that no one has answers that are long lasting. Even when you have something that's working, it ends up getting blown up anyway."