

The Competitive Strategy of the Video-Sharing Platform ---A Case Study of Youtube

Yifei Lai

College of Commerce, Curtin University, Singapore

Abstract. Nowadays, with the development of the Internet, video-sharing platforms have become increasingly important in the entertainment lives of the modern generation. As the largest video platform in the world, YouTube has dominated the market due to its unique competitive strategies, which provide a significant reference value for other video platforms in the industry. Some researchers have analyzed the various competitive strategies of video platforms in different aspects, but there is still a research gap in the specific analysis of YouTube as a case study for investigating the competitive strategies in the video platform industry. This essay reveals the competitive advantages and strategies of YouTube and the relationship between them, through the methodology of literature review and case analysis. The results show that the competitive advantages of YouTube include a market-leading position and technological advantages. Based on these advantages and in order to maintain them, YouTube has adopted various competitive strategies, including adequate technical support and investment, unique business models, and product innovation. Therefore, the competitive advantages and competitive strategies of YouTube are mutually beneficial.

Keywords: YouTube; competitive strategy; video-sharing platform.

1. Introduction

With the development of the Internet, approximately 5.4 billion people are using the Internet in 2023, which accounts for 67 percent of the world's population. The number of internet users has increased by 45 percent since 2018 [1]. The increase in Internet users leads to rapid growth in the online video industry, among which YouTube is the fastest-growing and dominant video platform in the industry. The trademark, logo, and domain of YouTube were registered in 2005 and it was acquired by Google in 2006. Through the launch of its Partner Program and various products including YouTube Live, Music Key, YouTube Go, and so on, it has become one of the world's largest video platforms, attracting over 8 million subscribers to YouTube TV and 100 million Music and Premium subscribers [2]. Its unique competitive strategies play a critical role in maintaining its leading position. which can serve as a valuable reference for other platforms in the industry. Various researchers have explored the different competitive strategies of video platforms, such as promotion strategies, pricing strategies, and subscription strategies. Wu and Tan investigated the promotion strategies of the video platform, which impacts the number of advertisements, pricing, and market demand, and their research illustrated that the investment of promotion varies under different business models [3]. Li, Jiang and Zhan further analyzed the pricing strategies of the competitive strategy for video platforms, suggesting pricing strategies should be adjusted based on the factors of interactivity, advertiser profitability, aversion to advertisement, and promotion sensitivity [4]. Additionally, Wang and Guo examined the subscription strategy of the video platform, highlighting the influence factors of it, which includes social influence and advertising aversion of the consumers [5]. However, a research gap still exists in investigating the competitive strategies in the video platform industry from the aspect of a specific analysis of YouTube as a case study. Therefore, this essay aims to reveal the competitive advantages and strategies of YouTube as a case study for video-sharing platforms, through collecting and analyzing relevant literature and company data of YouTube.

2. Competitive Advantages

2.1. Leading Position

The leading position of YouTube has become one of its strong competitive advantages, which is demonstrated by its market share is 78.80% [6]. As the largest video-sharing platform, there are numerous videos available on YouTube. As can be seen from Table 1, there are 15 different categories of content catering to the different viewing needs of various users, which is the largest number of categories compared with its competitors [7]. With more than 500 hours of content uploaded to YouTube every minute, it attracts about 32.69 billion viewers per month [8]. The huge user base makes it the top choice for creators and advertisers over competitors. Besides, as an international video platform providing services for the world, YouTube tailors its services to different countries. It has localized versions available in more than 100 countries and 80 languages worldwide [2]. While Dailymotion is available in 25 languages, Vimeo offers its content in 7 languages [7].

Table 1. Comparison between YouTube and its competitors

Website	Content Categories	Language Available	Total Visits Per Month
Youtube	15	80	32.69B
Vimeo	12	7	68.67M
Dailymotion	5	25	145.3M

2.2. Technical Advantage

Relying on its technologically advanced parent company, Alphabet, YouTube is provided with ample technical support by Alphabet. Alphabet brought various intelligent and user-friendly products to YouTube, including the most intelligent search engine, browser, AdSense, and professional data analytics. Besides, Alphabet has conducted considerable financial investments in technological innovation for YouTube. With the assistance of Alphabet, technology has become a major competitive advantage for YouTube to compete with its competitors.

3. Competitive Strategies

The competitive strategies of YouTube are based on its unique competitive advantages. To maintain these advantages, YouTube focuses on the following competitive strategies.

3.1. Adequate Technical Support and Investment

As the parent company of YouTube, Alphabet has introduced various cutting-edge products to YouTube, such as the most intelligent search engine, browser, and AdSense. AdSense is an advertising service that enables content creators to monetize their videos via personalized advertisements clicked by their viewers.

In addition, the professional data analytics provided by Alphabet also helps creators on YouTube to better understand the performance of their channels and optimize their content accordingly. The analytics elements include audience retention, audience group analysis, reports of what the audience is interested in, and more.

Aimed to enhance download speed, internet security, and user experience, Alphabet has invested a significant amount of money in technological innovation. According to the annual report of Alphabet in 2023, the research and development expenses increased from \$39.5 billion in 2022 to \$45.4 billion in 2023 [9].

The adequate technical support and investment provided by Alphabet differentiates other competitors in the market and attracts more users. Besides, the technological advancements of Alphabet further benefit YouTube from lower operating expenses [7].

3.2. Unique Business Model

YouTube has a well-established business model in place, with most of its revenues generated from advertising and subscriptions for YouTube Premium.

From 2022 to 2023, the advertising revenue on YouTube increased by \$2.3 billion, reaching \$31.51 billion by 2023 [9]. The advertising models on YouTube are diverse, including Watch feed ads, mid-roll ads, Back-to-back ads, and Shorts ads. YouTube uses Google data to personalize ads for specific viewers, which has resulted in a high number of loyal advertisers.

Besides, the YouTube Partner Program (YPP) is a pioneering business model that assigns creators the majority of the revenue earned from the platform. More than \$30 billion was paid to creators, artists, and media companies from 2019 to 2021, due to the program [10]. By enrolling in the YouTube Partner Program, creators can share revenue generated from advertisements displayed alongside their videos and subscriptions from YouTube Premium with YouTube. Additionally, they can also earn money via fan funding, including options like Channel Memberships, which enables the subscribers to access exclusive content, Super Chat for highlighting a message sent to a creator, Super Stickers for an animated message, and Super Thanks where fans can show their appreciation by giving monetary support for the content they enjoy. Moreover, content creators have the opportunity to generate revenue through selling products and tickets directly on the YouTube platform. All revenue depends on the program enrollment, creating a mutually beneficial relationship between creators and YouTube.

Although YouTube has a well-established business model, it heavily relies on advertising revenue, with 85% of its revenue generated from advertisements [7]. Unfortunately, the intrusive and non-skippable nature of these advertisements has led many users to become dissatisfied with the platform. Therefore, the dependency on advertising has become a key weakness of YouTube. In comparison, Vimeo's ad-free nature has become a significant advantage over YouTube.

3.3. Product Innovation

YouTube adheres to continuous product innovation, launching new products every year, at the same time, it equips the products with new and practical tools.

3.3.1. YouTube Shorts

Shorts was introduced in beta in India in 2020, which is a platform designed for short-form videos. It allows creators to easily create videos either 15 seconds or less, or up to 60 seconds long with the Shorts creation tools in the YouTube app. The tools include a multi-segment camera to combine multiple video clips into one, speed controls for creative performance, an option to record with music from a growing library of songs, and a timer and countdown for convenient hands-free recording. Besides, two new tools have been introduced for remixing content. The first tool is Green Screen, which allows creators to use other YouTube videos or Shorts as a background for creating short videos. The second tool is Cut, which enables creators to sample a segment of 1-5 seconds and use it in their content creation. For viewers, they can easily watch and share short videos on any device and communicate with others.

The launch of YouTube Shorts aims to compete with other short-form video competitors, especially TikTok. It successfully attracts a large number of users to choose YouTube Shorts rather than other video platforms, due to the innovative tools and its huge user base.

3.3.2. YouTube Kids

YouTube Kids was launched in 2015, which was designed for kids to discover and acquire knowledge safely on YouTube under the guidance of their parents. Parents can regulate the content that their children watch on YouTube Kids. They can hand-select to approve certain collections of videos and channels or choose from collections that are grouped by topics. Additionally, YouTube Kids offers various modes tailored to different age groups, including the "Preschool" Mode for kids 4 and under,

the “Younger” Mode for kids 5-8, and the “Older” Mode for kids 9 and up. Besides, YouTube Kids' automated filters provide an added layer of protection for kids. Furthermore, with the assistance of a timer set by parents to limit screen time, YouTube Kids encourages healthy digital habits for children.

YouTube Kids is a consumer-oriented innovation designed for children, which makes it easier for children to use, improving the user experience, and meeting the needs of children age users. This contributes to the improvement of the competitiveness of YouTube.

3.3.3. Premieres

Premieres, an industry-leading tool introduced in 2018, allows creators to watch new videos together with viewers in real time. The number of daily Premieres from more than 8 million channels has increased by over 85% since March 1, 2020 [11].

Additionally, three features were launched to assist creators in generating fan anticipation. The first one is Live Redirect, which enables creators to host a live stream as a pre-show to engage their audience before a premiere. Once the live stream concludes, the live audience is automatically redirected to either the upcoming premiere or another channel's live stream. Besides, trailers allow creators to post a pre-recorded promotional video between 15 to 3 minutes long, which will be played on the watch page before the premiere. Trailers aim to generate viewers' interest and motivate them to set a reminder to watch the premiere. Furthermore, a countdown video will be played to create anticipation at the beginning of every premiere, which was carefully chosen by the creator from a wide range of options.

Premieres fosters connections among the audience, enabling them to watch new videos together and engage in real-time interactions with each other, especially during COVID-19, which brings people together and adds social experience.

4. Conclusion

In conclusion, the results demonstrate that the competitive advantages of YouTube include the leading position in the market and technical advantage. The competitive strategies involve adequate support and investment in technology, unique business models, and product innovation. Furthermore, the competitive strategy and competitive advantage are interconnected. The technology competitive strategy maintains its competitive advantages of leading position in the market and technical advantage through providing intelligent and user-friendly products and enhancing user satisfaction. Additionally, the unique and well-established business model maintains its competitive advantage of leading position in the market. Furthermore, YouTube constantly innovates new products and tools through product innovation strategies, which improves its competitiveness, and upholds its competitive edges. Therefore, this essay addresses the research gap existing in investigating the competitive strategies of YouTube as a case study for the video platform industry. However, not all competitive strategies of YouTube are covered in this essay, due to the method of literature review and the limitation of literature and data. As a constantly evolving and changing platform, the competitive strategies of YouTube will also develop. Consequently, future research should adopt different research methods to further refine the research and capture the latest competitive strategies or future trends of YouTube.

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