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Proposal for YouTube PLUS






What is missing in the YouTube Pricing Layers?

- There is a missing middle. Individuals may only need certain Premium features and are willing to pay a monthly subscription but at a lower price point than current YouTube offerings.

How we determined what features and price point to set for YouTube PLUS

- Quantitative Data collected from BU Qualtrics Survey
- Qualitative Data from reviews and market research

YouTube Offerings

	 Tube	 Tube PLUS	 STUDENT	 Premium	 FAMILY
Price	Free	\$2.99/month	\$6.99/month	\$11.99/month	\$17.99/month
Video Streaming on App	Yes	Yes	Yes	Yes	Yes
Ad-Free	No	Yes	Yes	Yes	Yes
Background Play	No	Yes	Yes	Yes	Yes
Downloads	No	No	Yes	Yes	Yes
YouTube Music Premium & Google Play Music Access	No	No	Yes	Yes	Yes



We used BU Qualtrics to collect 48 surveys from potential YouTube PLUS users

Boston University

Gender

☐ Male

☐ Female

☐ Prefer not to say

Age

Do you use YouTube?

☐ Definitely yes

☐ Probably yes

☐ Might or might not

☐ Probably not

☐ Definitely not

Rank the following features in order of preference (most preferred item at the top):

Ad Free

Background Play (lock phone, switch apps while still hearing YouTube audio)

Download Content

YouTube Music Premium & Google Play Music Access

How much would you be willing to pay for your top two ranked features?

☐ \$2.99

☐ \$3.99

☐ \$4.99

☐ \$5.99

☐ \$6.99

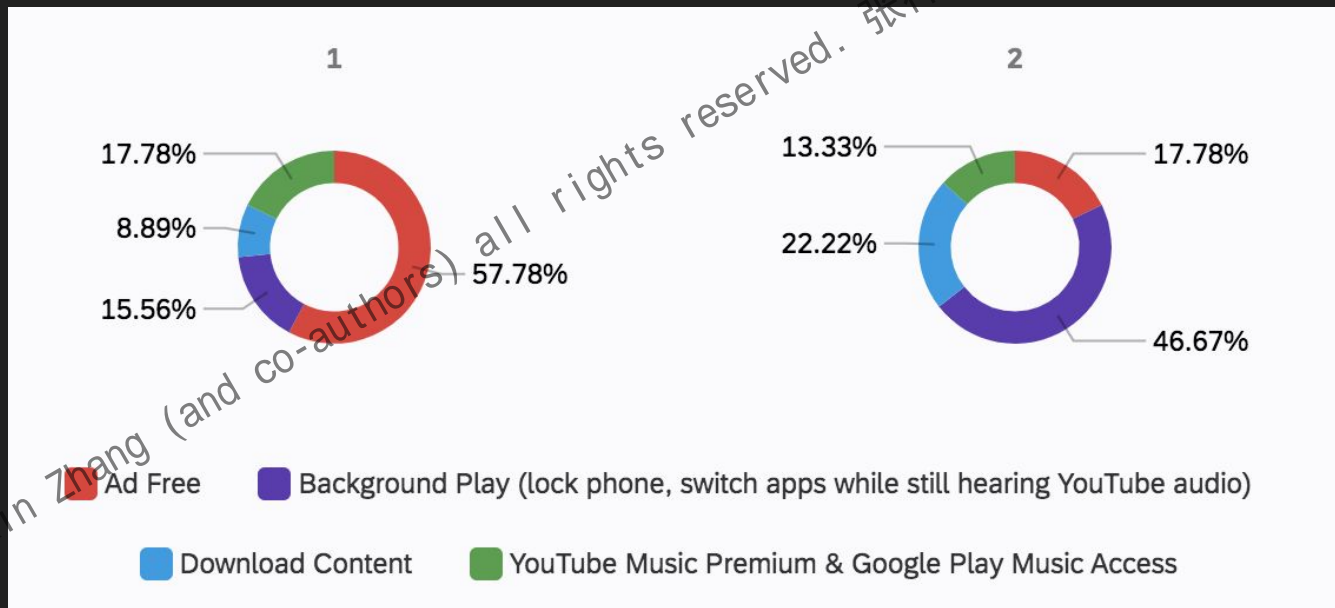
The survey questions are as follows:

1. Gender
2. Age
3. Do you use YouTube?
4. Rank the following features in order of preference (most preferred item at the top)
5. How much would you be willing to pay for your top two ranked features?




Quantitative Analysis: YouTube PLUS feature selection

Results based on the following question: Rank the following features in order of preference (most preferred at the top).



Qualitative Analysis: YouTube PLUS feature selection

- People who use YouTube regularly appreciate the ads-free & background play features.
- Subscribers of Netflix are less likely to use Download feature
- Subscribers of Apple Music are less likely to use YouTube Music Premium & Google Play Music



Review by
Kelly Waggoner
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Kelly Waggoner is editor in chief of Finder US. She's worked with publishers, magazines and nonprofits throughout New York City, including ghostwriting a how-to on copyediting for the Dummies series. Between projects, she toys with words, flips through style guides and fantasizes about the serial comma's world domination.

Expert review

If you regularly use YouTube, you're familiar with — and likely frustrated by — frequent interruptions by way of car ads and commercials for Google. (I can't tell you how many times I've come to settle into the soothing sounds of ASMR before the incongruous assault of razor ads at ungodly sound levels.) Not to mention the frustration at needing to keep the YouTube app open and active to continue listening to or watching videos.

All of that and the ability to download videos for later entertainment can be resolved by subscribing to YouTube Premium.

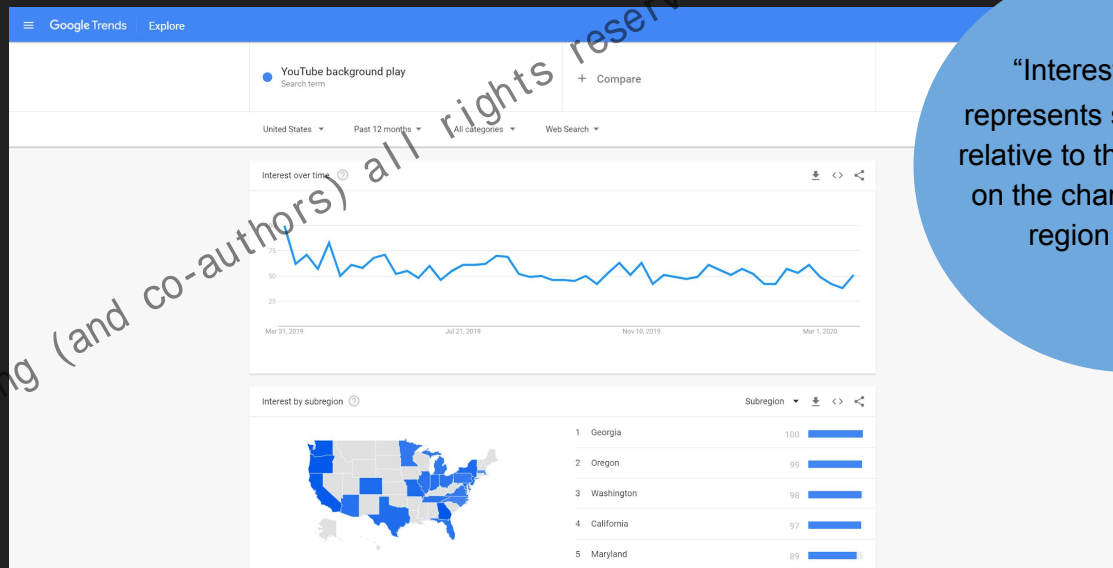
But if you already get your fix from services outside of YouTube — say, Netflix or Hulu combined with Spotify or Apple Music — you might not need another subscription in your life.

 [Why you can trust this review](#)



Qualitative Analysis: YouTube PLUS feature selection

- Trend for “YouTube Background Play” has maintained interest over time.
- “YouTube background play” remains approx. 50, which was a fair amount of attention from the internet.

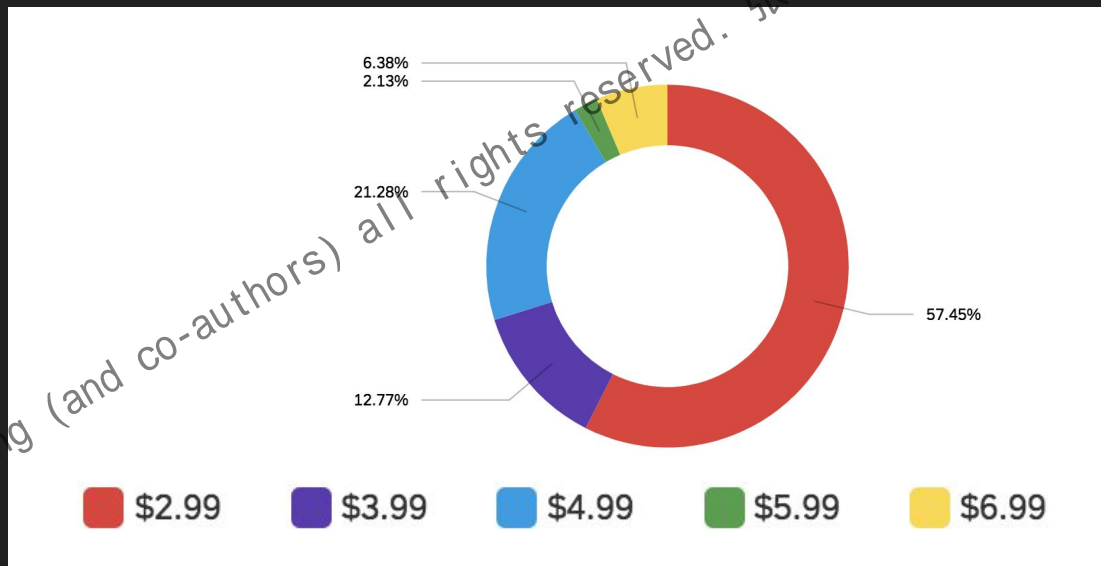


“Interest Over time” represents search interest relative to the highest point on the chart for the given region and time.



Quantitative Analysis: YouTube PLUS price point selection

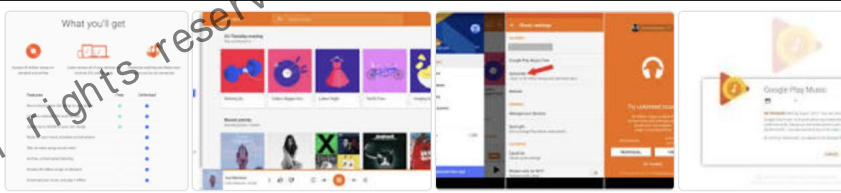
Results based on the following question: How much would you be willing to pay for your top two ranked features?



Qualitative Analysis: YouTube PLUS price point selection

- YouTube Premium offerings including YouTube Family & YouTube student both include access to YouTube Premium Music & Google Play Music.
 - Alone Google Play Music is priced at \$9.99/month

By discluding Google
Play Music from
YouTube PLUS we are
able to lower the price
significantly



\$9.99 a month

For \$9.99 a month, your **Google Play Music subscription** offers: Ad-free, on-demand streaming of more than 40 million songs. Albums and playlists for downloading and listening offline on your mobile device. A free **subscription** to YouTube **Music**.

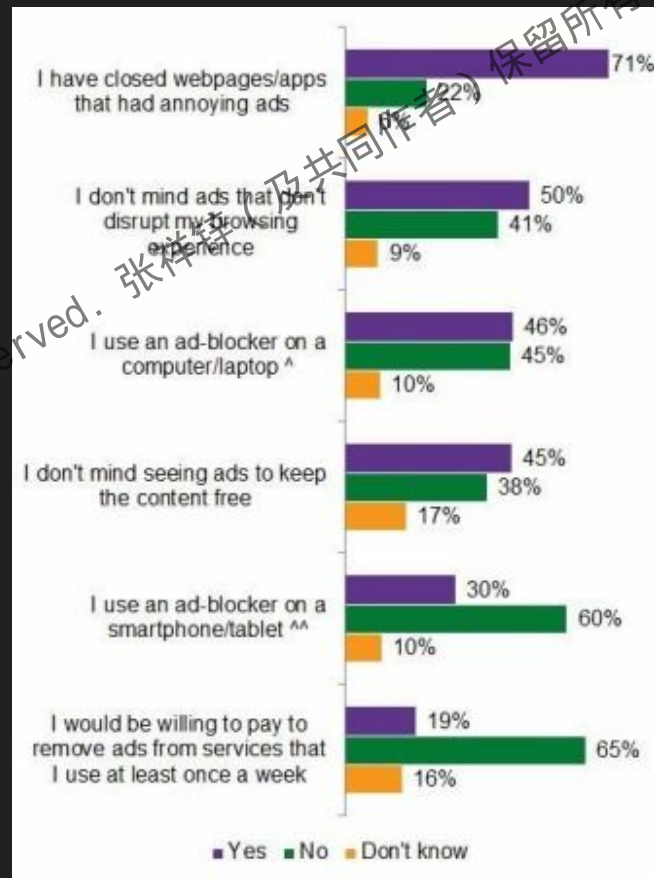
Feb 25, 2020



How much can we lower the price point?

The Cost of Going Ad-Free

- Advertisements are one of the largest sources of revenue for YouTube and frustration for viewers
 - 70% have closed webpages/apps due to ads
 - 46% of desktop and 30% of mobile users have ad-blocking software installed
- YouTube ad revenue was \$15 Billion in 2019 and a monthly user base of 2 Billion
 - This equates to, on average, each user contributing \$0.63 per month in ad revenue to YouTube



A “better” option for both customers and YouTube

- YouTube Plus has the following potential customers (partial list)
 - People who do not like ads and want the background play function
 - People who do not use Youtube to listen to music. (Spotify users, etc)
- There is a trend that people want to get rid of ads
- People are excited about the price point of \$2.99
- The cost of going ad-free is less than the monthly subscription revenue of YouTube Plus (\$0.63 loss, \$2.99 gain)
- YouTube can capture an unnoticed market segment and enlarge revenues



Thank You!

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