

YouTube ad revenue is set to rise to \$30.4bn - more than double 2022's growth rate

YouTube reaches half of all internet users globally (2.07 billion), and more than one billion hours of video are watched every day on YouTube, despite being hit hard by the digital ad market slowdown.



Source © raw pixel [123rf](#) YouTube reaches half of all internet users globally (2.07 billion), and more than one billion hours of video are watched every day on YouTube

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This is according to Warc Media's latest Platform Insights report which provides an overview of the key datapoints that advertisers need to know about YouTube, spanning investment, consumption and performance insights.

It found that the platform remains popular among consumers, commanding a strong position in the online video advertising market.

Alex Brownsell, head of content, Warc Media, says: "It's been a tricky 12-month period for YouTube, which is increasingly battling on two fronts, against short-form video platforms like TikTok as well as long-form content streamers in the connected TV space. However, as trading conditions improve in digital advertising, YouTube can expect to see revenue growth improve."

YouTube's revenue growth to accelerate

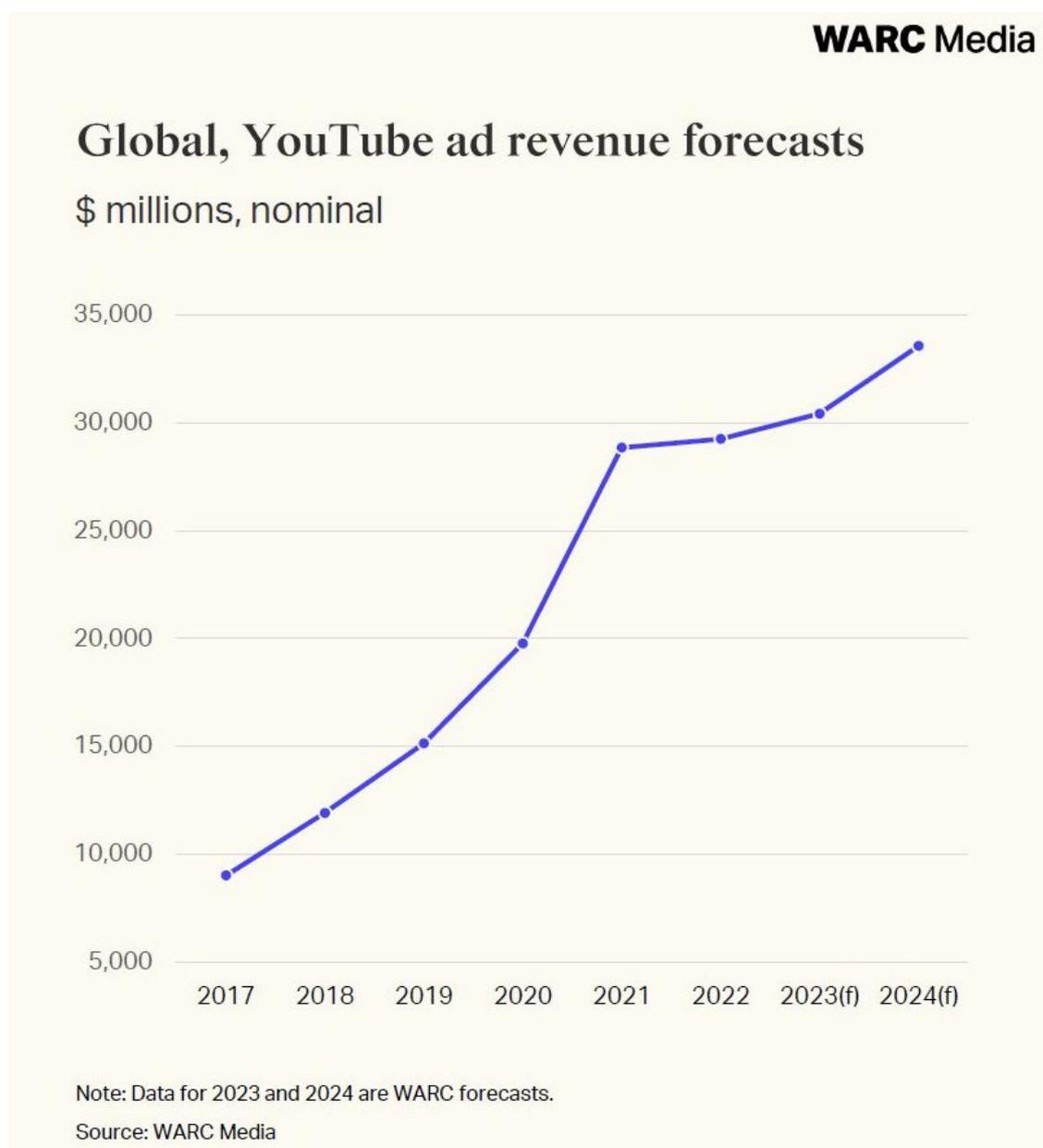
The worldwide slowdown in digital ad investment has had an impact across the industry. However, YouTube has been hit harder than most.

Q4 2022 ad revenue declined 8.8% year-on-year, as marketers shifted investment to retail media and search and it battled against TikTok, Instagram Reels and Apple's ATT.

Yet, this year, YouTube's ad revenue is set to rise 4.0% to a total of \$30.4bn. This is more than double the rate of growth recorded in 2022, with ad revenues expected to recover in the second half of this year.

YouTube's adult advertising reach is estimated to be 2.07 billion, almost twice as much as TikTok and Instagram respectively, according to Kepios.

As trading conditions become more favourable, Warc Media forecasts YouTube's revenue growth to accelerate 10.3% in 2024, to reach \$33.5bn by the end of the year.



Forging deeper connections

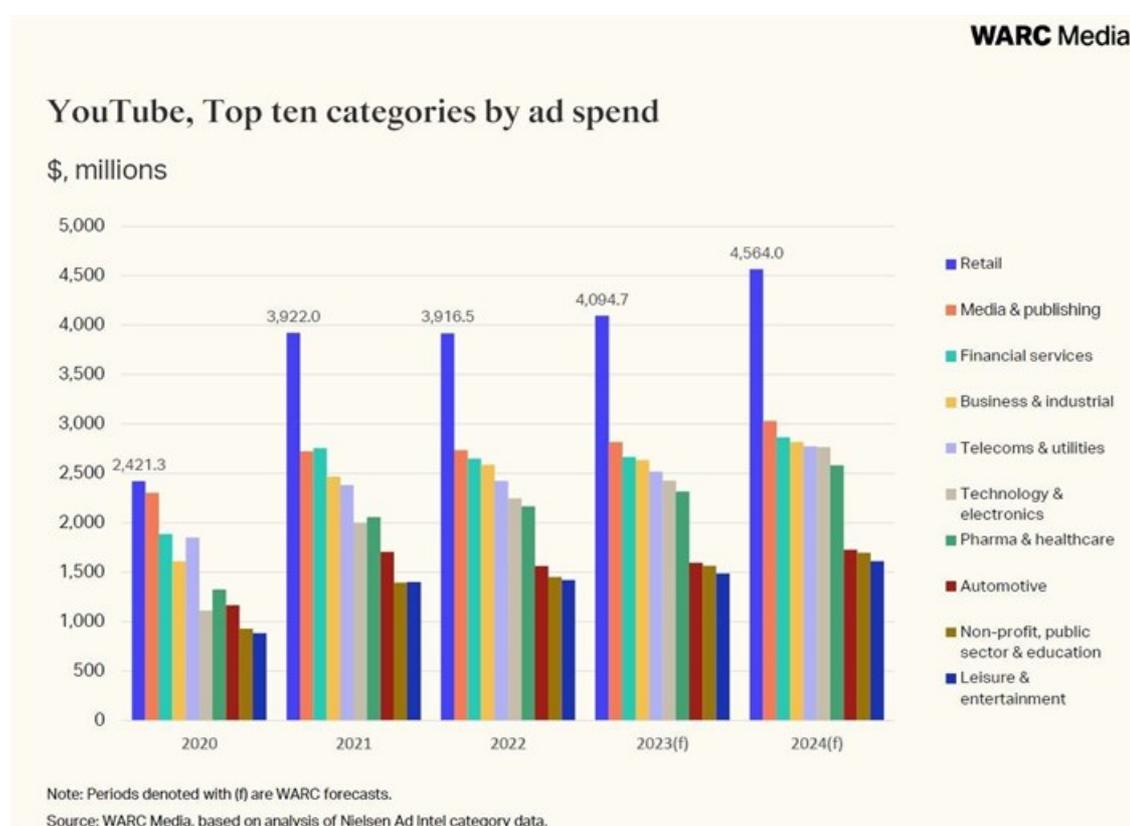
The Alphabet owned video platform is actively looking for ways to forge deeper connections with viewers, creators and brands through multi-format video strategies.

YouTube is prioritising Shorts and Connected TV engagement and is innovating with unskippable 30s ads and “pause experiences” on TV to help marketers engage audiences across screens and achieve both performance and brand building goals.

While YouTube Shorts (videos lasting 60 seconds or less) will provide more opportunities for marketers to reach new audiences, Shorts’ 50 billion daily viewer total is some way behind the 140 billion daily views achieved by Instagram Reels, while under 18s spend on average 60% longer on TikTok than with YouTube content.

Retail remains YouTube’s most important category for ad investment: retailers are expected to spend \$4.1bn on YouTube ads this year, a 4.6% rise on 2022, according to Warc Media data.

Yet growth from other sectors has been harder to achieve. Warc Media data forecasts an increase this year in technology and electronics (+8.0%) and toiletries and cosmetics (+4.3%).



Most popular ad-supported US streaming service

In the US YouTube overtook Netflix in 2022, according to Nielsen, and is the most popular ad-supported streaming service in the US, accounting for 22.9% of OTT viewing in March 2023.

It is also the most popular channel for US Gen Zs to use to catch up with sports news, and last year, it was the most popular platform for both music and podcast listening in the US.

APAC is a key growth region for YouTube – from live shopping and Shorts to gaming. The region’s high mobile penetration, advanced e-commerce, and influencer culture have helped to shape YouTube’s global strategy.

A Warc survey of marketers in Asia Pacific (APAC) found that YouTube is the most popular platform for digital display.

Nearly half (49%) of brands in the region run display ads on YouTube. However, it appears less appealing to APAC marketers (17%) from a shoppable advertising perspective.

YouTube delivers brand impact more cost-effectively than any other video platform, especially in Latin America, according to research by Kantar.

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