

THE  
**BIG PICTURE**



You **Tube** advertising

2017 BENCHMARK REPORT

# Most advertisers get YouTube wrong — *how do you stack up?*

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When it comes to moving media, YouTube is the mothership. One-third of all internet users now flock to the network, which results in a billion hours of video watched every day. Naturally, that has made the platform a prime outlet for advertisers too.

But despite having access to this vast audience — or perhaps because they're so overwhelmed by it — most YouTube advertisers miss the mark. They take shortcuts with their campaigns. They fail to set up their targeting properly. They overlook opportunities to reach new audiences. And, in the end, they leave money on the table.

To help advertisers solve this problem, **Strike Social examined a year's worth of YouTube campaigns across 25 industries.** Using our own data science tools, we focused on the metrics that matter most — view rate, cost-per-view and click-through rate — and then compared how some of those factors vary across gender, age, device, season and more. We also asked our own media buyers for their top suggestions **to help brands get the most bang for their buck.**

What follows is the big picture of how advertisers are performing on YouTube — and what can be done to make sure your brand stands out from the pack.

## YOUTUBE BY THE NUMBERS

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**1B**  
hours of video  
watched every day  
on YouTube

**88**  
countries that  
have local versions  
of YouTube

**18-34**  
age group most  
influenced by  
YouTube

**\$79.4B**  
Google's ad  
revenue in 2016

————— YouTube —————

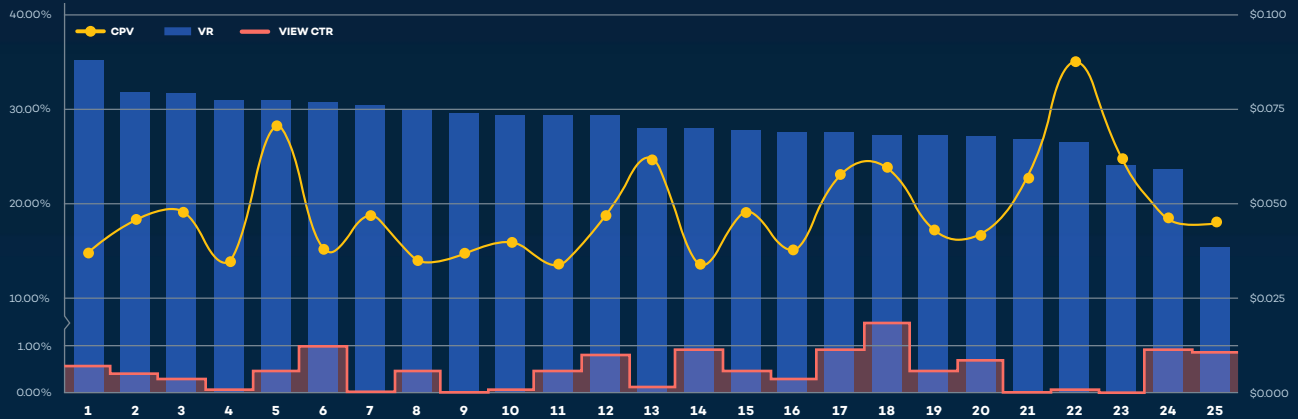
# A LOOK ACROSS INDUSTRIES

Average CPV: **\$0.044**

Average view rate: **27.7%**

Average view CTR: **0.5320%**

CPV, VR & VIEW CTR BY VERTICAL



VERTICAL	CPV	VR	VIEW CTR
1 Education	\$0.037	35.4%	0.5600%
2 Fashion	\$0.046	32.0%	0.4000%
3 Telecommunications	\$0.048	31.9%	0.3300%
4 Baby & child care (CPG)	\$0.035	31.2%	0.0072%
5 Healthcare & insurance	\$0.071	31.2%	0.4500%
6 Toys	\$0.038	31.0%	1.0000%
7 Household Appliances	\$0.047	30.7%	0.0042%
8 Entertainment	\$0.035	30.2%	0.4300%
9 QSR	\$0.037	29.7%	0.0040%
10 Government & advocacy	\$0.040	29.6%	0.0075%
11 Health & beauty (CPG)	\$0.034	29.6%	0.4400%
12 Travel	\$0.047	29.6%	0.7800%
13 B2B	\$0.062	28.2%	0.1300%

VERTICAL	CPV	VR	VIEW CTR
14 Sports	\$0.034	28.2%	0.9000%
15 Business & Finance	\$0.048	28.0%	0.4400%
16 Science & technology	\$0.038	27.9%	0.3100%
17 Automotive	\$0.058	27.8%	0.9100%
18 Adult beverage	\$0.060	27.5%	1.8200%
19 Food (CPG)	\$0.043	27.5%	0.4500%
20 Electronics	\$0.042	27.4%	0.6500%
21 Photography, publishing & art	\$0.057	27.1%	0.0040%
22 Home & garden (CPG)	\$0.088	26.7%	0.0057%
23 Gambling	\$0.062	24.4%	0.0023%
24 Gaming	\$0.046	24.0%	0.9000%
25 Retail	\$0.045	15.7%	0.8400%



## Know where you stand

With so many advertisers on YouTube, the competition is stiff. While view rates tend to be more balanced across industries — except for education (with an exceptionally high VR) and retail (at the lowest end of the spectrum) — CPV and CTR vary tremendously across different industries. To be successful in this game, you need to understand how your target audience behaves and how you stack up against your competitors so that you can put your ad dollars in the right buckets. Being purposeful with the devices your ads display on and who's receiving them will also help your dollars go farther.



### STRIKE SOCIAL'S SUGGESTION

## Don't assume anything

### Dig deep to identify the right market

Fashion lovers and casual buyers behave differently, but they both can bring revenue in if you are in the fashion industry and choose the right approach. Make sure you don't treat them all the same.

### Test your assumptions

Set up your campaigns for multivariate testing, and experiment with different approaches and audiences. You can turn off any targeting that's not hitting the mark and shift your ad dollars to the groups seeing the best results.

### Let the data guide you

At Strike Social, we use AI technology to recognize correlations that would otherwise be impossible for the human eye to spot. This helps us reach larger, sometimes less-saturated markets.

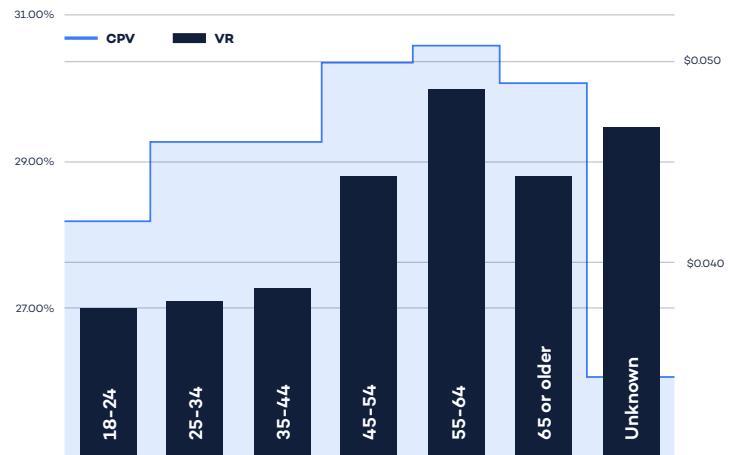
## Older audiences are more tuned in (and more expensive)

View rates vary slightly across age groups, with VR and CPV trending upward with older audiences. In other words, **greater attention spans come with a higher price tag.**

But for a solid VR at the lowest CPV, there's another option: the ageless. (Isn't that a wonderful thought!?)

Yes, the often ignored unknown group holds the potential to be higher performing in order to expand the reach of your campaign. In fact, unknowns have a higher-than-average VR (+6.5%) and a significantly lower CPV (-22.7%).

OVERALL: CPV & VR BY AGE



### STRIKE SOCIAL'S SUGGESTION

## Tap into the unknown

YouTube's audience is older than Snapchat's and a bit younger than Facebook's. Since the larger the audience, the lower the costs, young audiences tend to be less expensive on YouTube. The same goes for those we don't know the age of — they are a large percentage of YouTube's audience. Unless you have legal or ethical restrictions around age, try targeting the unknown age group.

AGE RANGE	COST-PER-VIEW	CPV DEVIATION	VIEW RATE	VR DEVIATION
18-24	\$0.042	-4.55%	27.0%	-2.53%
25-34	\$0.046	4.55%	27.1%	-2.17%
35-44	\$0.046	4.55%	27.3%	-1.44%
45-54	\$0.050	13.64%	28.8%	3.97%
55-64	\$0.051	15.91%	30.0%	8.30%
65+	\$0.049	11.36%	28.8%	3.97%
Unknown	\$0.034	-22.73%	29.5%	6.50%

# Men and women are similar

but don't overlook the third option

Female viewers are slightly less likely to view ads in full and yield a slightly higher CPV (+4.55%). But the unknown audience once again outperforms the average, with a significantly lower CPV (-11.36%) while maintaining a slightly better VR (+1.08%).

GENDER	CPV	CPV DEVIATION	VR	VR DEVIATION
Female	\$0.046	4.55%	27.4%	-1.08%
Male	\$0.044	0.00%	27.7%	0.00%
Unknown	\$0.039	-11.36%	28.0%	1.08%

## STRIKE SOCIAL'S SUGGESTION

### Don't miss a piece of the puzzle

Consider targeting the unknown audience for both age and gender, especially if your brand or campaign leans gender neutral or has a universal appeal. Monitoring your campaign's return on ad spend can determine if this audience is actually proving successful.



# Can your brand zig when others zag?

As many advertisers would expect, there are strong seasonality trends in VR and CPV. Still, a few items to note:

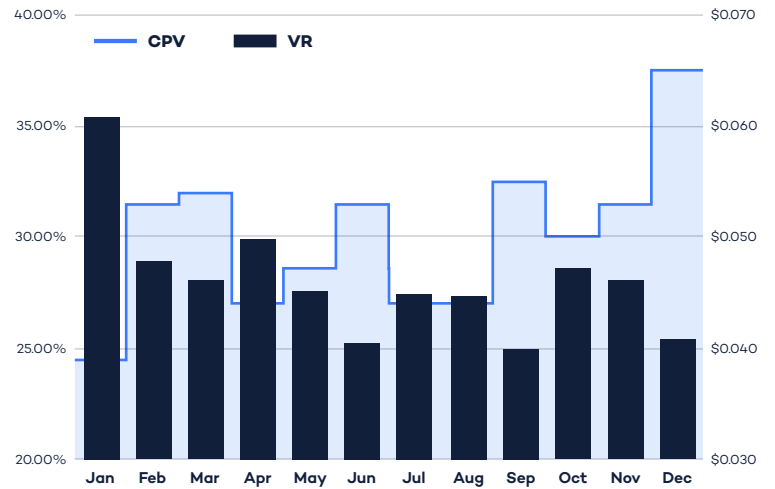
- **December** has one of the lowest view rates, at 25.4%, while demanding a CPV that is 36.4% higher. Markets are extremely crowded during the holiday season, leading to higher costs and decreased engagement.
- **January** is the best month to advertise on YouTube, with a VR 28% higher than average and a nearly 23% lower cost. You can attribute the December spending rush to this.
- **June** follows a similar but slightly less expensive path as December, with a lower-than-average VR (-9.03%) and higher CPV (+9.9%). Being the end of the fiscal year for many companies, a lot of advertisers are probably rushing to spend their budget.
- **July** and **August** maintain a near-average VR, while both have a significantly lower CPV (15.9%).

## STRIKE SOCIAL'S SUGGESTION

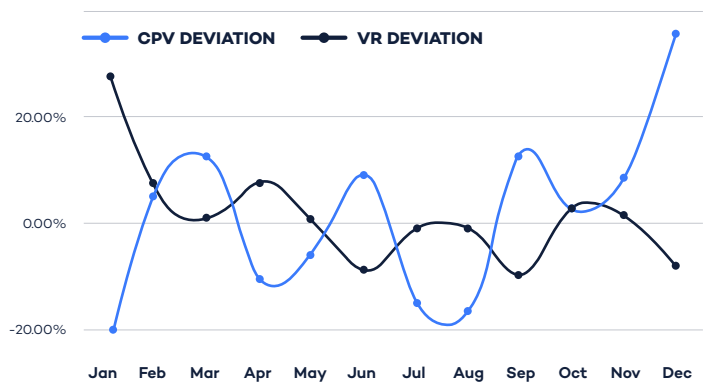
### Let seasonality work in your favor

If you have a multi-month campaign, weight your budgets on the less-competitive months while trying to identify less-competitive targets in the more expensive months. Specific events may cause certain target groups to become less efficient for your budgets, such as E3 for gamers or March Madness for sports fans.

OVERALL: CPV & VR BY MONTH



OVERALL: CPV & VR DEVIATION BY MONTH



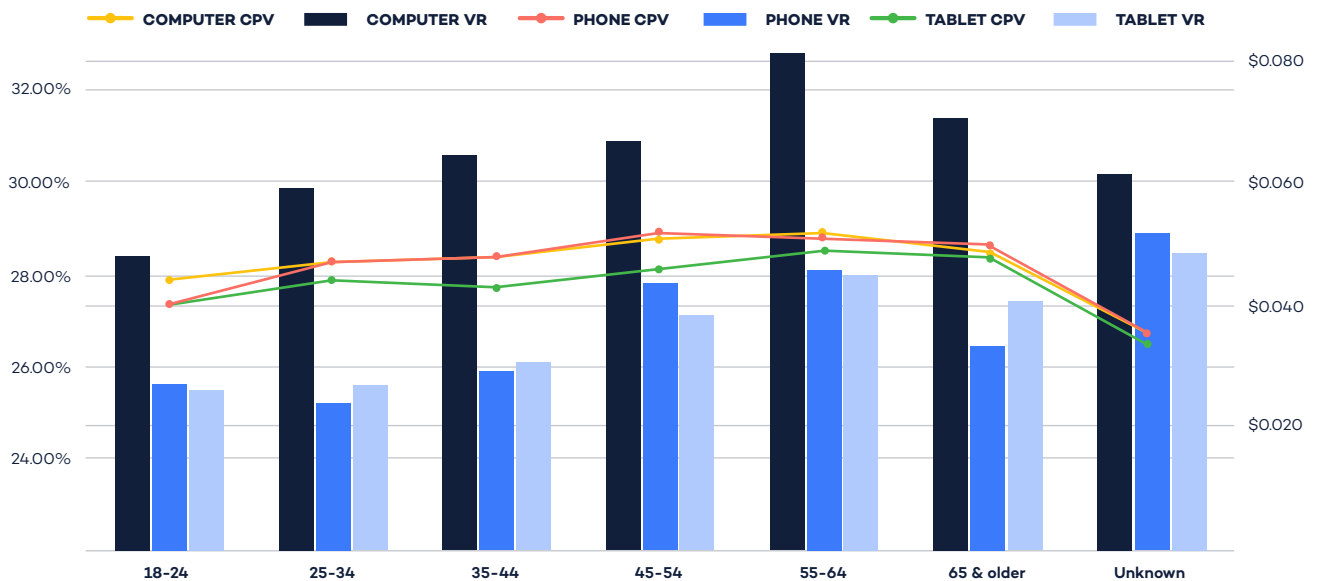
MONTH	CPV	CPV DEVIATION	VR	VR DEVIATION
January	\$0.034	-22.73%	35.5%	28.16%
February	\$0.048	9.09%	28.9%	4.33%
March	\$0.049	11.36%	28.1%	1.44%
April	\$0.039	-11.36%	29.9%	7.94%
May	\$0.042	-4.55%	27.6%	-0.36%
June	\$0.048	9.09%	25.2%	-9.03%
July	\$0.037	-15.91%	27.5%	-0.72%
August	\$0.037	-15.91%	27.4%	-1.08%
September	\$0.050	13.64%	25.0%	-9.75%
October	\$0.045	2.27%	28.6%	3.25%
November	\$0.048	9.09%	28.1%	1.44%
December	\$0.060	36.36%	25.4%	-8.30%

# Computers are top dog

Across all industries, **VR on computers is significantly higher** than on phones or tablets, coming in at about 7.6% higher than average. Phones and tablets have a lower VR than the average, at 5.8% and 5%, respectively.

	COMPUTERS	PHONES	TABLETS
Cost-per-view	\$0.045	\$0.045	\$0.042
CPV deviation	2.27%	2.27%	-4.55%
View rate	29.8%	26.1%	26.3%
VR deviation	7.58%	-5.78%	-5.05%

GENERAL: CPV & VR BY AGE & DEVICE



**VR and CPV are distributed about equally across each age group.** Computers will give you the highest VR, so it's the ideal device for generating awareness. Tablets, while coming in at a lower cost, are a much smaller market in comparison to phones and computers. So targeting exclusively tablets is likely not going to generate a large enough audience to make an impact.

If you are looking to make a large impact with a small budget, shy away from phones for all age groups except those 45–54 (they consistently cost more while having lower view rates).



# Defining the undefined

As mentioned before, the unknown group performs significantly better than their known counterparts for both gender and age. Let's break that down.

## How is someone unknown?

First, consider how demographic information is known about a particular user. This can be broken down into two different methods:

1. The user edited his or her Ads Settings or is logged onto a site that Google gets the information from (i.e., YouTube).
2. If the user isn't signed in to his or her Google account, the demographic information is inferred. Google uses activity on its various properties, including the Display Network, to identify certain actions that can help categorize people. It then stores this information on people's web browsers, using a cookie.

**Example:** Ana is a designer who loves art and fast fashion. She also never stays logged into YouTube (or any website for that matter). All of Ana's demographic information is unknown without looking at the cookie associated with her browser. But Google can make decisions on the average user of the websites she's visiting and the YouTube videos she's watching.

1. She visits fashion blogs that have an average user age 18–24.
2. She watches a lot of YouTube videos reviewing women's clothes, so she is probably a female.

Google uses this same information to identify interest areas for targeting, including arts and fashion.

## So why do unknowns perform better?

Here are the three main reasons:

### Lower CPV

The lower CPV we see is most likely due to the pure volume of unknowns. As your audience gets larger, the CPV trends downward, since there's less competition per person. Information for unknowns makes up a large portion of Google's audience demographic data.

### Higher VR

This one is a little harder to define; however, pulling from past media buying experience helps. Since you aren't limiting your target audience to one range, you're letting contextual targeting do its job. This targeting is showing ads to people who are likely to be interested based on behavior versus exclusively demographic information.

### Less targeted

Some advertisers are wary of trying to reach groups that may not fall within their target market. For this reason, advertisers leave the unknowns out of some media plans. At Strike Social, we are big proponents of letting contextual targeting do its job at reaching the right people.

# Your audience cares about more than one topic

Without a doubt, your audience is more complex than it first appears. Using Strike Social's Similarity Score, you can expand your target audiences based on keywords and interests. Strike Social's AI leverages historical data as it compares target markets, KPIs, budgets and costs to identify other targeting options that are likely to perform well in a campaign.

To give you a sense of how this works, we pulled some examples from a few gaming genres. This is far from all the possibilities that might help you reach new audiences and is definitely not a complete media plan. Nevertheless, it will get you thinking about new ways of targeting and testing.

**Note:** In your media plan, you would also want to break your targeting down by device, age and other factors. This is only meant to show other targeting possibilities outside of the obvious interests and keywords based on historical performance.

## Adventure and strategy games

Adventure and strategy games have a broad audience. The targeting options reflect that. There are a few interesting categories that perform well to target and expand your reach.

- **Topics: pets and animals**
  - VR: 49%
  - CPV: \$0.03
- **Interests: music lovers/world music fans**
  - VR: 40%
  - CPV: \$0.02
- **Interests: movie lovers/comedy movie fans**
  - VR: 29%
  - CPV: \$0.03
- **Interests: business professionals**
  - VR: 22%
  - CPV: \$0.03
- **Interests: sports fans/basketball fans**
  - VR: 27%
  - CPV: \$0.04

## Roleplaying games (RPG)

Most of the best-performing target audiences for roleplaying games fall within the gaming realm. But looking outside of topics and interests specific to roleplaying games expands your targeting options.

- **InMarket: consumer electronics/game consoles**
  - VR: 31%
  - CPV: \$0.03
- **Interests: gamers/hardcore gamers**
  - VR: 35%
  - CPV: \$0.03
- **Keyword: gaming conventions and expos**
  - VR: 34%
  - CPV: \$0.03
- **Keyword: Nintendo games**
  - VR: 33%
  - CPV: \$0.03
- **Topics: online games**
  - VR: 34%
  - CPV: \$0.03

## Driving and racing games

As with roleplaying games, driving and racing games perform best among people who are already interested in gaming. But don't limit yourself to people who show only a clear driving-game interest; others perform well too.

- **Keyword: first-person shooter games list**

- VR: 41%
- CPV: \$0.02

- **Interests: gamers/sports game fans**

- VR: 26%
- CPV: \$0.04

- **Interests: sports fans/fight and wrestling fans**

- VR: 34%
- CPV: \$0.01

## Sports games

The sports market is huge. So how do you expand your reach? The targeting options below seem unrelated to sports, but they perform well when used in the sports gaming market.

- **Topics: arts and entertainment**

- VR: 30%
- CPV: \$0.04

- **Interests: gamers/hardcore gamers**

- VR: 36%
- CPV: \$0.03

- **InMarket: consumer electronics/audio**

- VR: 22%
- CPV: \$0.05

- **Interests: technophiles**

- VR: 33%
- CPV: \$0.03



# This much is clear: Always be testing (ABT)

If one thing's clear from reading this report, you can see that YouTube advertising requires a great deal of testing to improve VR and CPV. What you think you know could turn out to be wrong — and what you may have never even considered might surprise you. It's important to test out different options in a smart, scalable way through 24/7 optimization. At Strike Social, we set up hundreds of micro-campaigns for any ad request we get. Then, using our AI technology, we identify which micro-campaigns are performing the best and shift ad dollars accordingly in real time. The result is advertising that makes an impact.



## About the data

This data report was compiled and released by Strike Social. All referenced data is based on U.S. YouTube campaigns managed by Strike during 2016. Analysis of view rate, cost-per-view and view click-through rate was done using Strike's proprietary data science tools, including the Similarity Score designed for improved audience targeting. For questions about the data, please contact [hello@strikesocial.com](mailto:hello@strikesocial.com).



Strike Social develops artificial intelligence and provides 24/7 optimization to drive the best outcomes in social media advertising. Through media-buying software and service, Strike powers 15,000+ campaigns each day for the world's leading agencies and brands, including Beats, Xbox, Honda, Mattel and KFC. With global operations, Strike is headquartered in Chicago.

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