

⚠ Problem Statement:

You are a product manager on the subscriptions team of YouTube Premium. Increase the number of subscribers for YouTube Premium.

YouTube Statistics

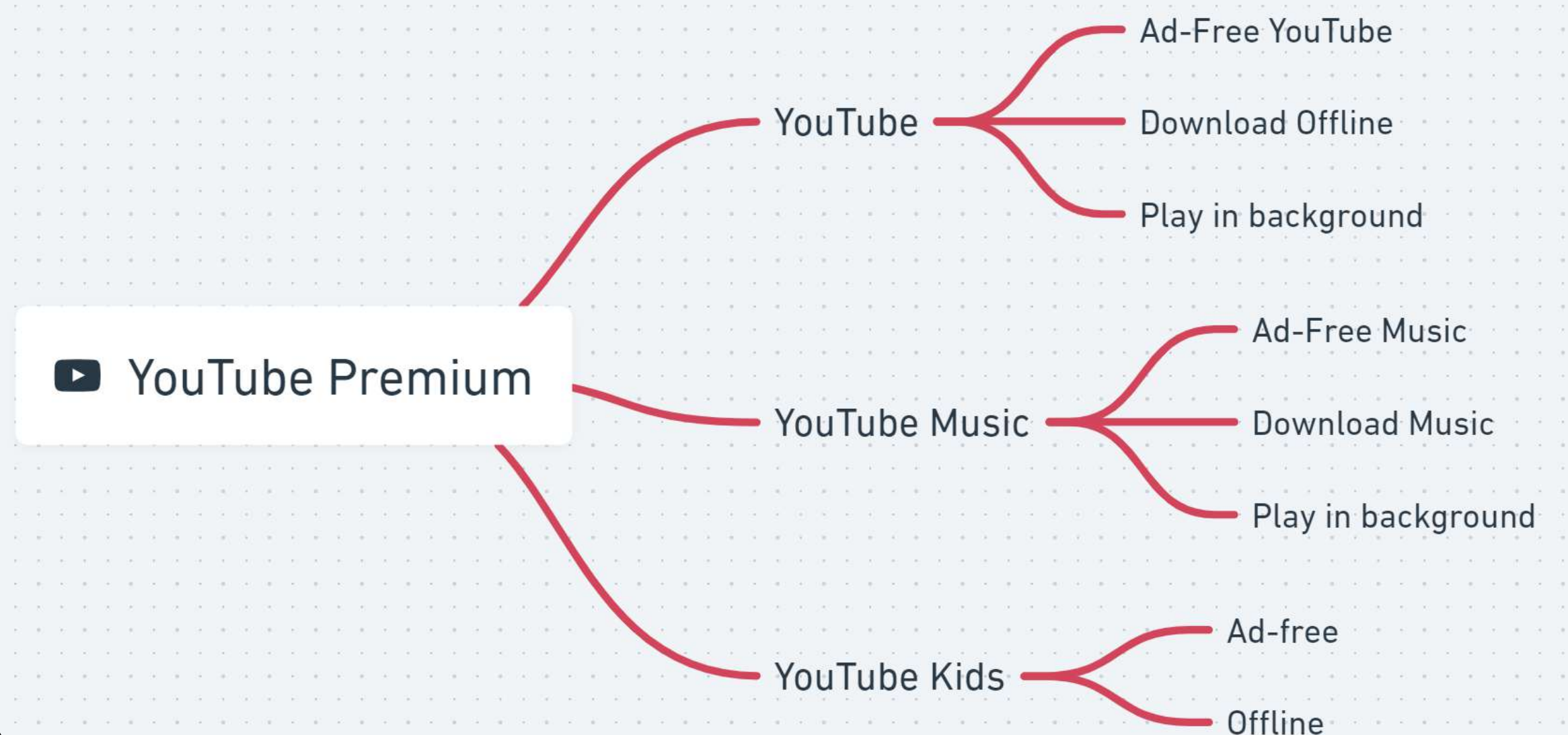
2.6
billion
MAU

\$30
billion
revenue

80 million
premium
subscribers

💡 What is YouTube Premium?

YouTube Premium is a subscription offering from YouTube which includes -



Some Interesting Facts

Out of 2.6 Billion users, only 80 million are premium subscribers. That represents just 3% of total users.

YouTube Premium contributes to around 15% of YouTube's total revenue.

Only 3% of premium users contribute to around 15% of YouTube's total revenue!



Primary Research

Conducted survey among people from age groups 18-55. The survey received 50 responses. An interview was conducted with 11 people. ([Link](#))

86% of the respondents had never used YouTube Premium.

More than **95%** of those people said that they never felt the need or the motivation to pay for YouTube Premium.



Secondary Research

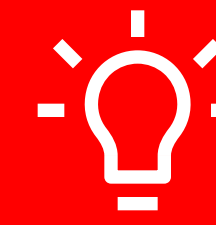
Real Research conducted a survey among 250,000 people from across the world ([Link](#)).

Respondents were not impressed by the original content on YouTube Premium.

Viewers would like to see more diverse original content.

52.40% are unhappy to pay additionally to watch movies despite being a premium subscriber.

Only **12.51%** users prefer YouTube Premium over other platforms.



Insights derived from primary research, secondary research and user interviews.

- Long ads frustrate the users.
- Existing features of YouTube Premium, along removal of ads is not convincing the users to pay for premium subscription.
- Users resort to ad-blockers and third-party applications to watch ad-free.
- On YouTube, creators create and upload for free and viewers watch for free. Its value proposition is providing free access to diverse video content. Hence monetization of users is difficult for YouTube.
- Users want better, exclusive content to pay for the subscription. However, the current selection of Originals (exclusive content) is not diverse or compelling enough.

User Personas



Shanaya, 25 years, MBA Student, Mumbai.

Shanaya has a passion for business and entrepreneurship. She often uses YouTube for study related and financial concepts.

Goals

- Learn new concepts
- Stay Productive

Pain-Points

- Struggles with ads
- Doesn't find Premium worth its price.



Zeeshan, 34 years, Product Manager, Bangalore.

Zeeshan is an experienced PM. He works for a well funded startup. He uses YouTube mainly for entertainment.

Goals

- Watch quality content
- Refresh himself

Pain-Points

- Quality content not available
- Has to pay for movies



Redefining the problem.

YouTube's value proposition of free access to millions of hours of video content has democratized the distribution of video content, but it has also created a challenge in convincing users to pay for premium membership. The availability of free content has made it difficult for YouTube to differentiate its premium offering. The users are simply not convinced to pay for premium membership.



Why to solve this problem now?

The video streaming market is highly competitive with so many players vying for the attention of users. Solving this problem now will greatly increase YouTube's revenue and is important for long-term success of the platform in the video streaming industry.



Business Impact.

YouTube's revenue from premium is directly proportional to number of premium subscribers. Increase in number of subscribers will lead to increase in revenue.



Impact on the user.

Users will get access to exclusive and better content which will improve the User Experience.

Proposed Solutions

1. Verified Profiles



Clara Johnson ✓

- All existing YouTube Premium features such as ad-free content, background play, offline viewing, etc.
- Verified tick on profiles.
- Highlighted comments.
- Exclusive events.
- Exclusive merchandise.

Psychology 101

Social comparison bias is a phenomenon where users compare themselves to others, often driven by the need for social validation.

Why might this solution fail?

Although “Verified Profiles” provides benefits such as verified ticks, highlighted comments, exclusive events and merchandise; it primarily leverages social comparison bias to entice users to purchase premium subscription. Social comparison bias works well in case of platforms like Instagram where almost every user is a content creator. However, on YouTube, there are relatively few content creators compared to content consumers. Thus, “Verified Profiles” may still not make the users motivated enough to purchase the premium subscription.

RIE Score

RIE framework is used to prioritize the solution. It consists of Reach, Impact and Ease of Use. We are ignoring the engineering efforts as we are provided with infinite tech bandwidth to implement our solution.

Score = Reach*Impact*Ease of Use

Reach = 4

Impact = 2

Ease of Use = 5

Score = 40

Proposed Solutions

2. StreamPRO



- StreamPRO will be a standalone application, under the ownership of YouTube, but completely independent of its branding.
- It will contain Originals (exclusive) content and movies.
- StreamPRO subscribers will still get access to all the premium features such as ad-free viewing, offline viewing, background play, etc. on the regular YouTube app.
- As StreamPRO will be independent from the YouTube branding, it will be free from the obligation of free content and can monetize well.

Psychology 101

- Greater perceived value phenomenon refers to the situation where the consumers perceive a product/service to be of higher value than its price.
- Amazon uses this phenomenon to bundle together benefits such as exclusive content, free & fast delivery, exclusive access to deals on its prime day event, etc. thus increasing the perceived value of its prime subscription.
- Through StreamPRO, we can leverage this phenomenon by bundling Originals, movies, all the premium features on the regular YouTube app, YouTube Music, etc. thus increasing the perceived value of the StreamPRO subscription.

RIE Score

RIE framework is used to prioritize the solution. It consists of Reach, Impact and Ease of Use. We are ignoring the engineering efforts as we are provided with infinite tech bandwidth to implement our solution.

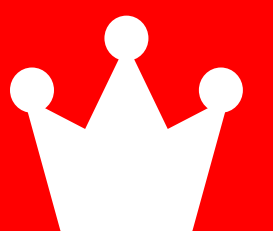
Score = Reach*Impact*Ease of Use

Reach = 3

Impact = 4

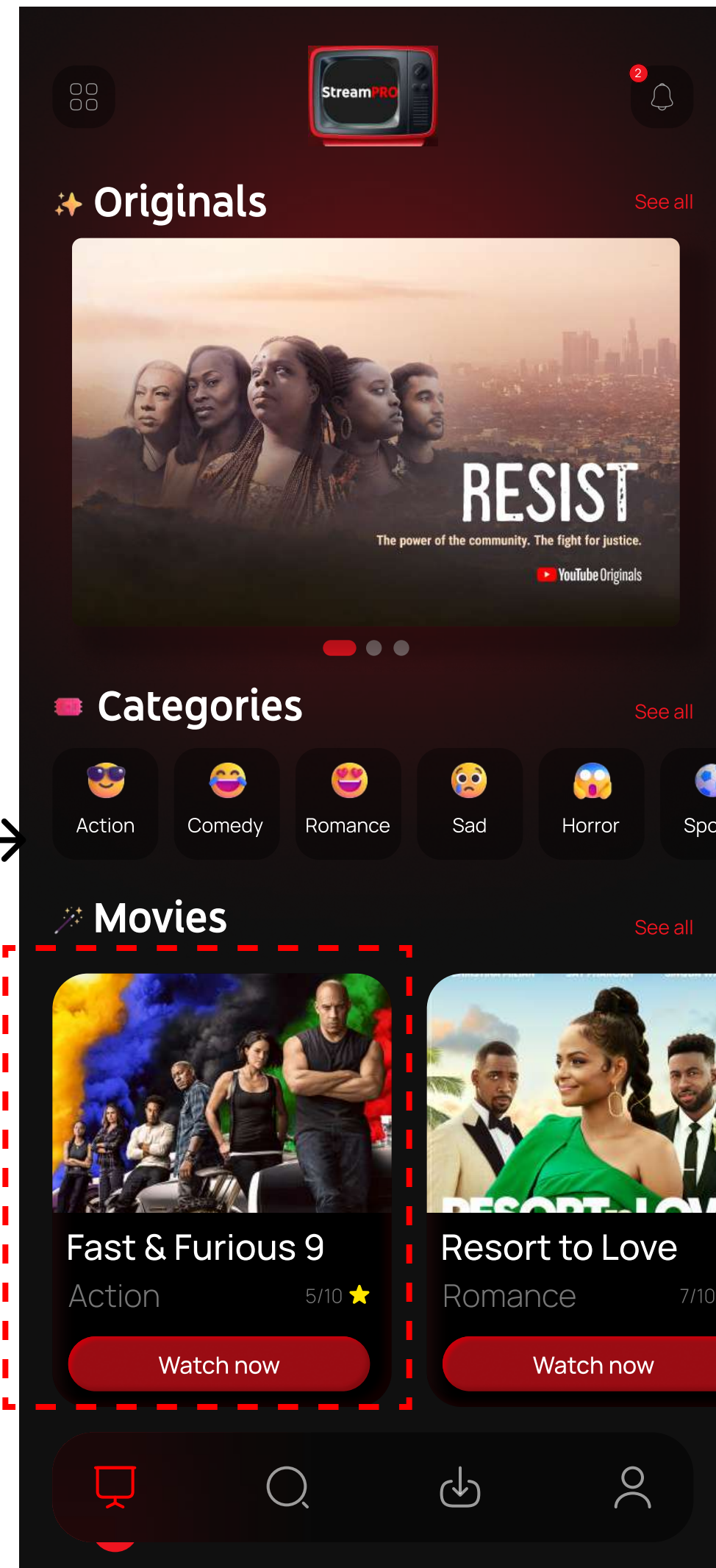
Ease of Use = 4

Score = 48





Introducing StreamPRO!

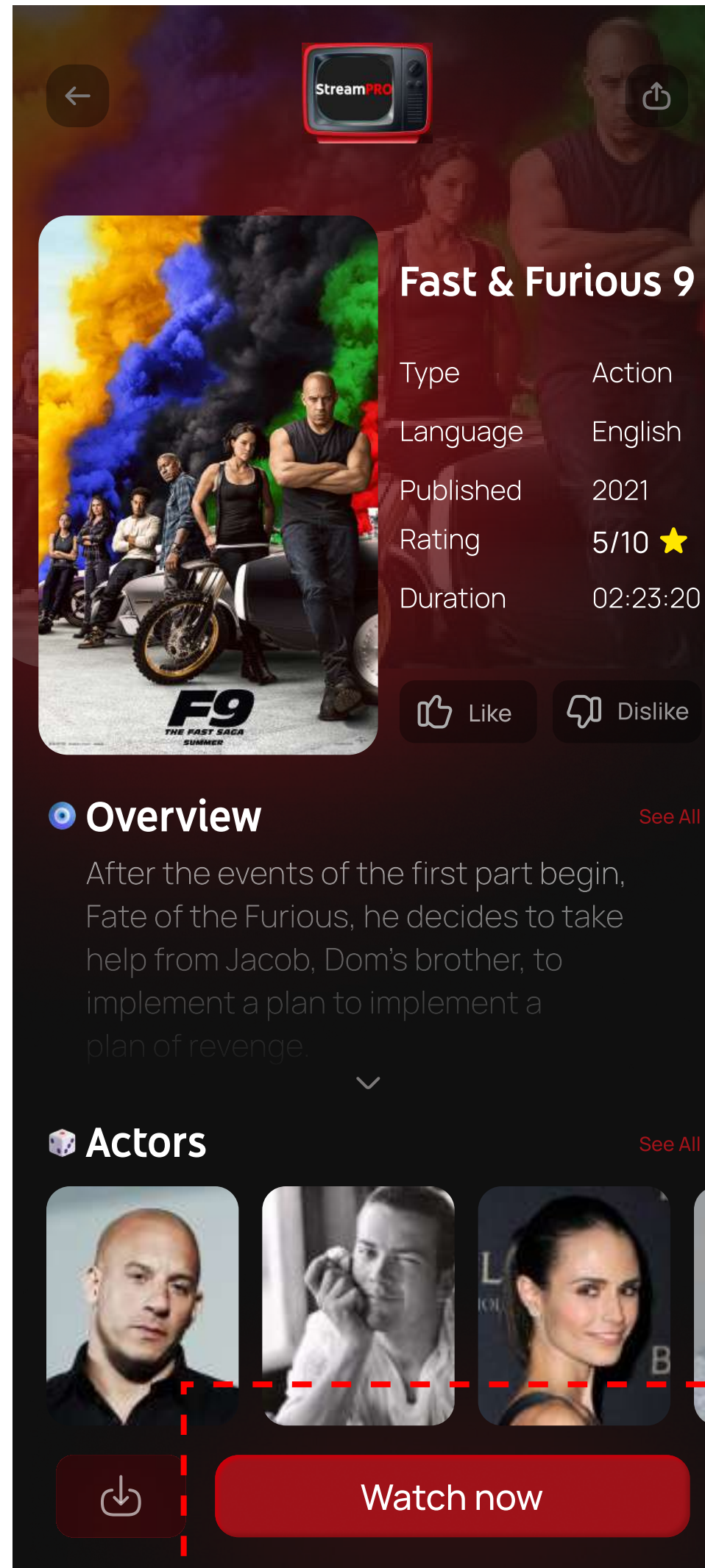


Step 1:

1. Users will download the StreamPRO app from the play store or the app store.
2. Then the users will log in with their Google account and purchase the premium subscription.
3. On opening the app,
 - a.) A splash screen will appear. Then the Home screen will appear.
 - b.) The Home screen is divided into 3 main sections.
 - i: **Originals** - This will contain all the exclusive Originals web-series and shows. New content will be added regularly so that the users never get bored.
 - ii: **Movies** - This section will contain all the movies available on the StreamPRO platform and will be made available to the users at no extra cost unlike the existing YouTube premium subscription wherein you have to pay extra for the movies.
 - iii: **Categories** - In this section, users can filter through categories and all the content(web-series & movies) will be shown to them of that category.
4. Users can also search by name, access downloaded content and access their profile through the bottom bar.



Introducing StreamPRO!



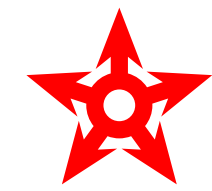
Why will StreamPRO work as a solution?

- New Originals content, movies and licensed 3rd-party content will keep getting added on StreamPRO. This solves the problem of "Not having enough, diverse, exclusive & quality content on YouTube Premium".
- As StreamPRO will be independent of YouTube app, it can easily monetize users. This solves the problem of "Why do I pay for YouTube when it is supposed to provide free content".
- Through StreamPRO subscription, users still get all the premium benefits on YouTube thus increasing the perceived value of the subscription.

Step 2:

5. Suppose the user clicks on "Fast & Furious 9" from the 'Movies' section.
 - a.) The user will be taken to movie detail page.
 - b.) The movie detail page is also divided into 3 sections.
 - i: **Poster & Stats** - This section contains the movie poster & basic information. It also has the option to like/dislike.
 - ii: **Overview** - It contains a brief overview about the movie.
 - iii: **Actors** - This section contains all the actors from the movie.
6. The users can download the movie or click on 'Watch now'.

✓ Key Success Metrics



North Star Metric = Number of Subscribers

Awareness metrics

- Number of downloads.
- Number of unique visitors.

Adoption metrics

- Weekly Active Users (WAU).
- Monthly Active Users (MAU).

Engagement metrics

- Average session time.

Retention metrics

- Churn rate.
- Number of renewed subscriptions.

Business metrics

- Customer Acquisition Cost (CAC).
- Customer Lifetime Value (CLV).
- Average Revenue Per User (ARPU).

Health metrics

- Uptime.
- Latency.
- Streaming Quality.
- Error rates.



What could possibly go wrong?

StreamPRO does not gain enough traction.

Users churn away after trying StreamPRO.



How can we mitigate these risks?

YouTube can collaborate with famous content creators on YouTube to promote StreamPRO.

StreamPRO should heavily invest in creating Originals content, bringing movies & licensed content to the platform to keep the users interested & hooked onto the app.



Second-order consequences

Increased Revenue: If the new app is successful, it can greatly increase YouTube's overall revenue.

Competition with YouTube's own free content: The new app could reduce viewership of free content which can reduce YouTube's revenue from ads.

User segmentation: The new app could segment YouTube users into two, i.e., free-viewers & those willing to pay, thus affecting YouTube's strategy.