# UNLOCKING THE REVENUE POTENTIAL OF USER-GENERATED CONTENT ON YOUTUBE.

Turning potential piracy into profitable opportunities: how rights holders can tap into new revenue opportunities on YouTube through digital copyright management.

**OCTOBER 2024**

LITTLE DOT STUDIOS.

# Welcome to our new digital copyright management report

After more than a decade of experience managing some of the world's most well-known TV and movie content across YouTube, we've gathered all our learning to produce an overview of why digital copyright management should be a vital part of rights holder's content strategy as an often overlooked revenue stream.

Our report highlights how rights holders can actually benefit from user-generated content (UGC) on YouTube, turning potential piracy into profitable opportunities. Instead of blocking UGC, we suggest monetising it through ads and YouTube Premium subscriptions, providing rights holders with passive revenue streams and valuable audience insights.

## What you will learn by the end of reading this:

By the end, you'll understand how to monetise UGC effectively, the revenue potential it holds, and why partnering with experts can maximize these opportunities.

## What this report covers:

1. UGC as a Revenue Source: Monetising UGC instead of blocking it.
2. How YouTube Monetisation Works: Ads and Content ID generate passive income.
3. Common Assumptions About UGC: Misconceptions about piracy, fanbase, and demand.
4. Case Studies: Real-world examples of monetised UGC success.
5. UGC Revenue Potential: Significant earnings from passive UGC monetisation.

In this report, we'll investigate some of these assumptions and show that UGC can actually be a blessing, not a curse.

Rights holders often view user-generated content on YouTube as a barrier to overcome, as ‘piracy’ or ‘illegal uploads’. While blocking user-generated content (UGC) from being viewed is sometimes the most viable option, we have seen the massive benefits monetising UGC has brought our partners.

# Let’s start with the basics: How can rights holders make money on YouTube?

Revenue is earned from YouTube in a few ways, and UGC can be monetised through advertising and YouTube Premium subscriptions using YouTube’s proprietary Content ID tools.

**With UGC, it works like this:**

**1** A user uploads a video featuring copyrighted content owned by one of our partners, whether that’s a full episode of a TV show, a clip from a movie, or a televised sports event, without authorisation from the rights holder.

**2** The reference file (or digital fingerprint) we’ve created finds the video and asserts our ownership of it using Content ID.

**3** YouTube applies the action we’ve told it to (block, monetise, track, or a combination).

**4** When it’s ‘monetised’, ads are shown before and sometimes during the content, then YouTube passes on a cut of the revenue (and never to the user who illegally uploaded the content).

We work with over 150 rights holders to control and monetise UGC, and the dozens of conversations we’ve had over the years with broadcasters, producers, distributors, brands and sports federations have given us significant insight into the array of preconceptions within the industry about what UGC is and how it should, or even can, be dealt with. They often fall into the narrow “take it down” category and all too often, the rights holders we talk to don’t realise that YouTube even affords the ability to monetise UGC.

# Assumption 1: “UGC is piracy, and we need to remove it”

A view we often encounter when talking to rights holders is that UGC is piracy, unauthorised or illegal content that needs to be taken down and dealt with in the strongest possible terms. There are, of course, instances where this is the most appropriate response (and we offer this service too), but such a heavy-handed approach can have a multitude of negative effects:

**1** It deprives you, the rights holder, of an opportunity to earn additional revenue from essentially doing nothing, passively profiting from the content already on the platform.

**2** It gets rid of an opportunity for free publicity.

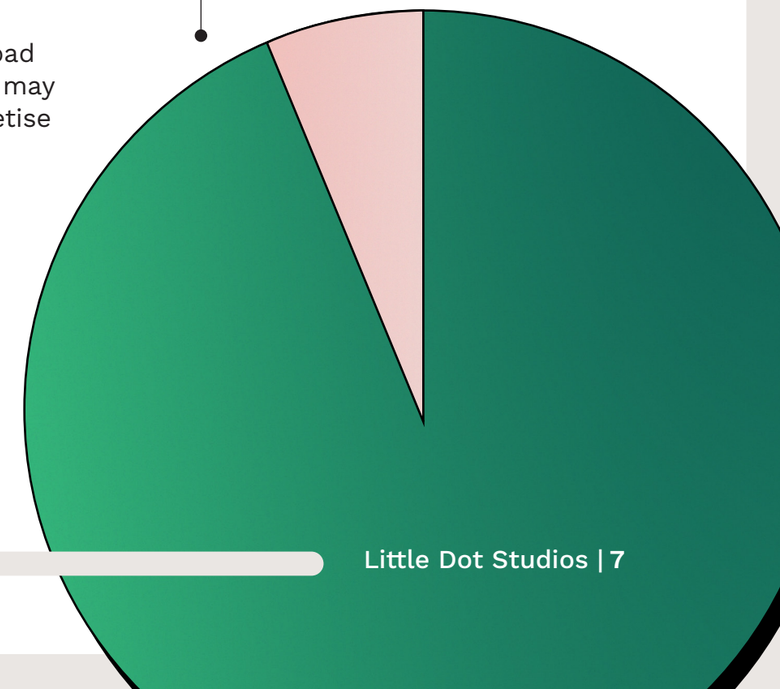
**3** It stymies the chance to gain meaningful insights into your audience, how they’re uploading and consuming your content

**4** It can upset genuine fans who just want to show their appreciation for their favourite content.

YouTube’s 2024 Culture & Trends Report digs deeper into this last point, highlighting ‘the new promise of fandom’ from user-generated content. “Fans aren’t just consuming their favorite content anymore”, the report says; “they’re actively in conversation with it – creating their own videos to showcase their devotion to the source material and to strengthen bonds with other fans.” [1] Fostering a network of devoted fans who are adapting, uploading, and sharing your content can only be of benefit to your brand.

Beyond allowing your fans to upload and play around with your IP, you may as well exploit the ability to monetise their uploads.

It’s clear that rights holder attitudes are changing towards UGC on YouTube, too, as almost 1 billion claims were made using Content ID in the latter half of 2023, and over **90%** of these chose to monetise rather than block.[2]

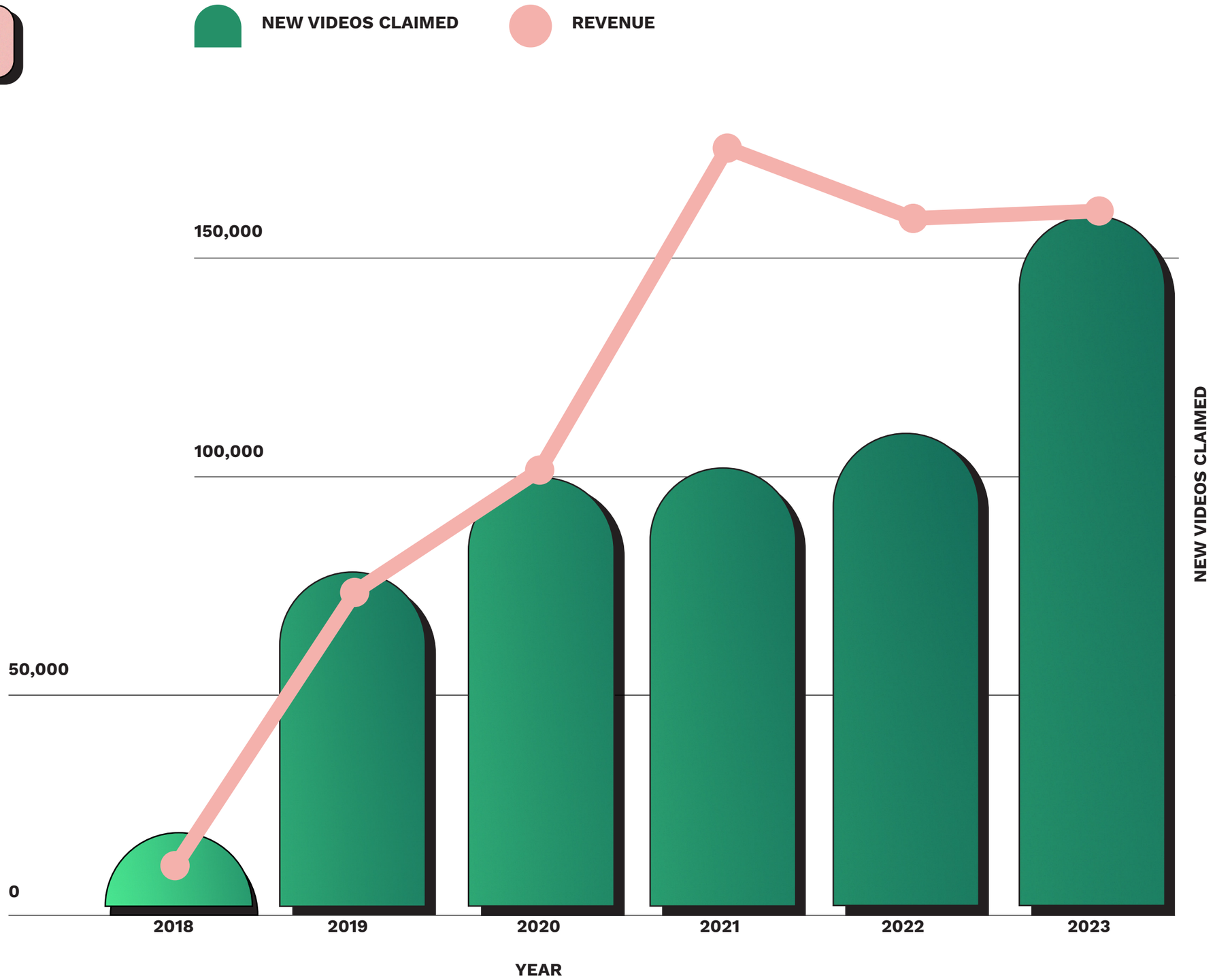


[1] https://www.youtube.com/trends/report/fandom-2024/

[2] https://transparencyreport.google.com/youtube-copyright/balanced-ecosystem

# Case study: Lionsgate

Lionsgate UK provides just one example of successfully balancing IP protection with revenue generation. Since we started managing Content ID for their titles in late 2018, we've claimed hundreds of thousands of user uploads, blocking long-form videos to ensure full films aren't freely available to be watched in the UK and monetising shorter clips and fan-made compilations. 2023 saw the highest number of videos claimed to date, topping 160,000 and including both blocked and monetised videos. Annual revenue grew rapidly year on year, peaking in 2021 but remaining consistently high since then.



# Assumption 2: “But wouldn’t monetising UGC anger our fanbase?”

**Actually, drawing on our ten+ years of experience claiming a whole range of content across multiple fan bases and territories, tracking uploader trends and engagements, we haven’t found this to be the case at all. Users upload to YouTube for myriad reasons, but for the most part, they seem to expect to receive a copyright claim if they know they’ve uploaded copyrighted material. And this doesn’t stop them from uploading every episode of a daytime gardening show right after it airs, or creating compilations of their favourite moments from a long-running drama.**

If we’re monetising a video, it remains on the platform undisturbed and their channel continues unaffected - so there’s really no impact on them unless they’re trying to monetise the content themselves!

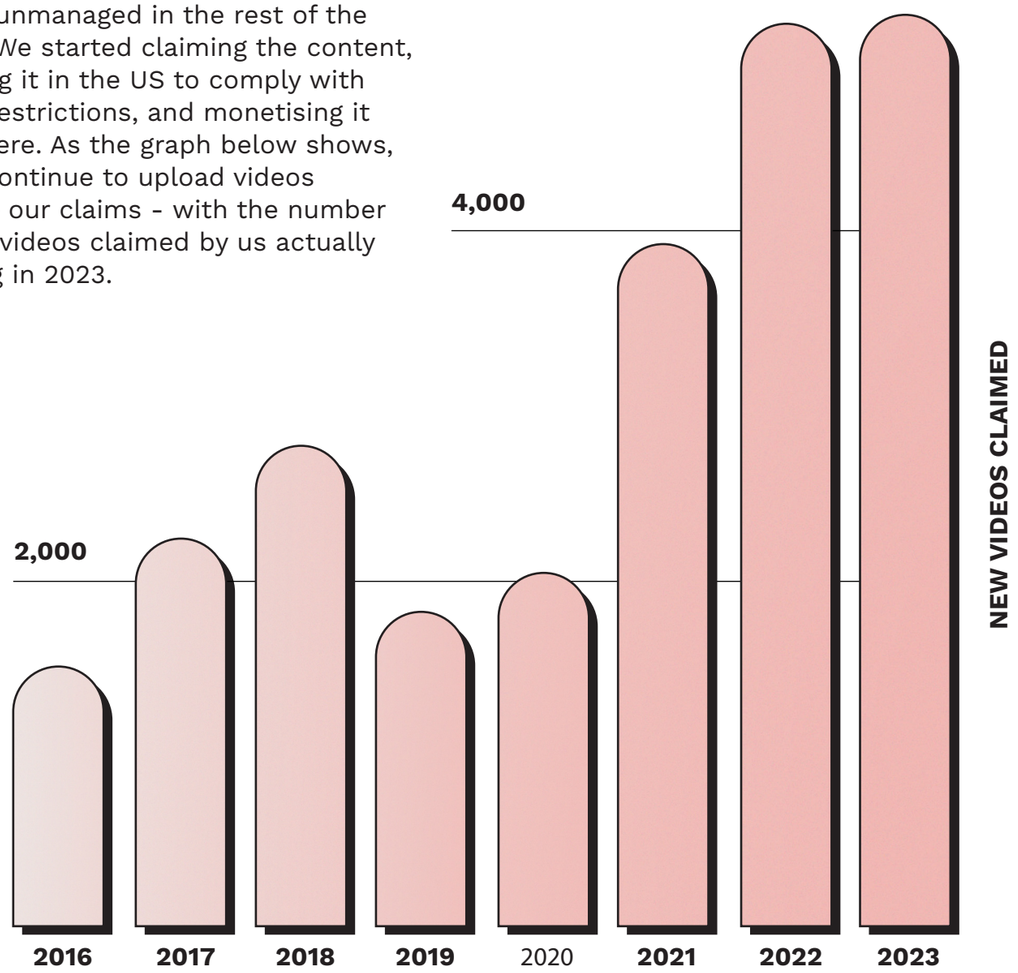
Every time a copyright claim is made on a video, the uploader has the opportunity to dispute the claim. In practice, this happens exceedingly rarely: of the half a million copyright claims we made on behalf of our partners in the first half of 2024 from our Little Dot-owned Content Managers, only a very small percentage have been disputed.

This holds true across the platform overall: YouTube consistently reports that claims dispute rates are very low. In fact, ‘of the more than 1 billion Content ID claims made between July 2023 and December 2023, fewer than 1% have been disputed’[3], which falls to only 0.42% of claims made automatically by Content ID.

## Case study: Anonymous Rights Holder 1

We started working with this partner in 2016 when this particular show had a large UGC presence on YouTube, combining clips, fan-made compilations and full episodes. The UK rights holder was taking care of geo-blocking in the UK, but the UGC was totally unmanaged in the rest of the world. We started claiming the content, blocking it in the US to comply with rights restrictions, and monetising it elsewhere. As the graph below shows, users continue to upload videos despite our claims - with the number of new videos claimed by us actually peaking in 2023.

[3] https://transparencyreport.google.com/youtube-copyright/balanced-



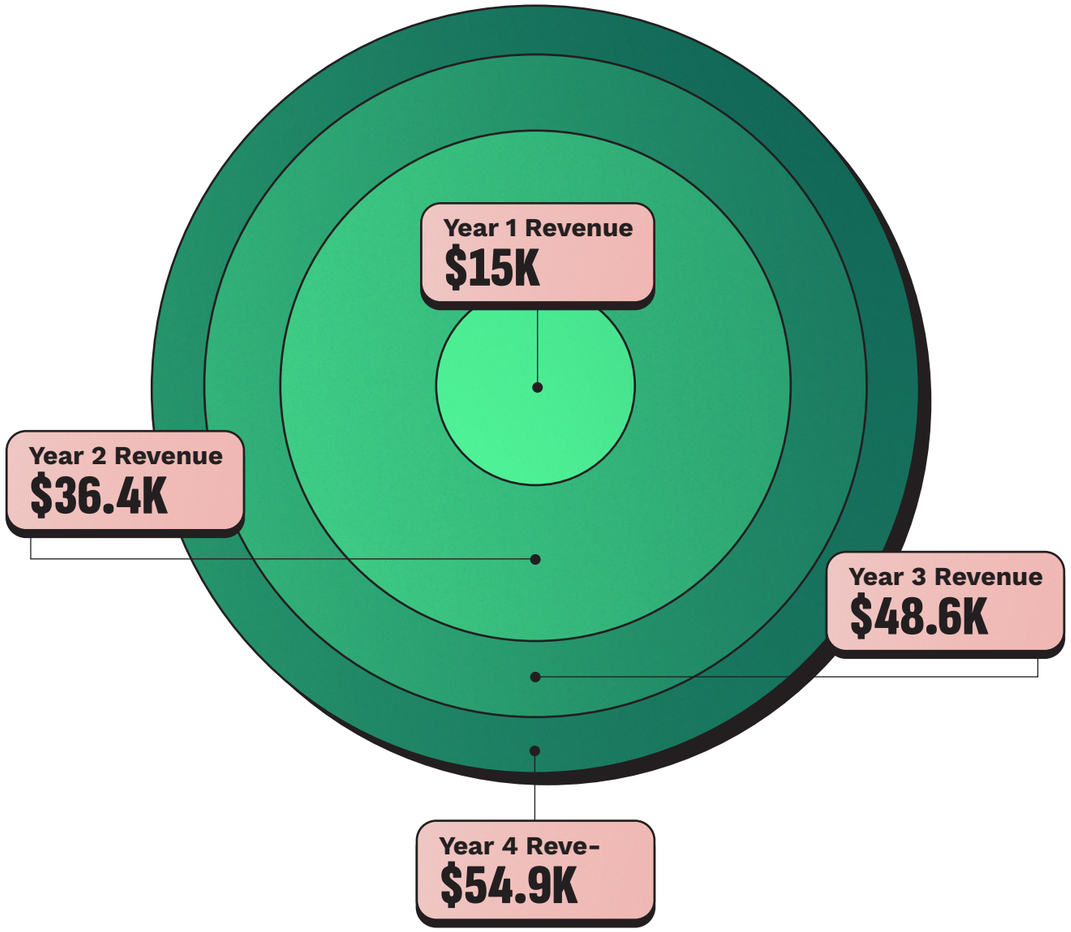
# Assumption 3: “Nobody’s interested in our content”

Of course it’s true that there isn’t UGC for every show or brand out there, but our partners are constantly surprised by just how much interest there is in their IP they thought wasn’t useful to them anymore. Whether it’s a B movie, a nostalgic kids TV show, or a sitcom that hasn’t aired on TV for decades, we’ve learned over the years that there’s an audience on YouTube for almost anything. We made over half a million claims in the first half of 2024 across sports leagues, anime from the early noughties, talent shows, cult 90s movies, telenovelas and much, much more.

## Case study: Anonymous Rights Holder 2

Back in 2018, we started monetising UGC featuring this iconic entertainment show that started airing in the 1960s. The continued stream of revenue it’s provided so far has proven to be a surprise: it’s evidently still massively popular on the platform, and users continue to upload clips and watch them in their droves. This is just one example of the unexpected digital revenue potential of a decades-old show.’

Beyond the revenue we can generate, we can also track who’s watching the content and how they’re consuming it, which can give us valuable insights to pass on to the rights holder. Perhaps there’s a show, long out of production, that’s risen in popularity over the past year, and the producer can take that data that demonstrates the popularity in the series to encourage the commission of a new season. Or perhaps a series has unexpectedly become massive in France and is ripe for a broadcast sale in that region which could support a distributor’s sales strategy across untapped territories.



# Assumption 4: “UGC revenue is small change”

YouTube paid out,

**$9 BILLION**

globally to rights holders up to December 2022, solely from ads on user-generated content claimed through Content ID.[4]

As of December 2022, YouTube had paid out $9 billion globally to rights holders, solely from ads on user-generated content. This is no small change: UGC revenue represents serious income—and an income stream that can be passive for the rights holder. The UGC is on the platform anyway, and the viewing is happening anyway—why not monetise it?

[4] https://transparencyreport.google.com/youtube-copyright/balanced-ecosystem

**Case study:**
**Anonymous Rights Holder 3**

Even one user upload can generate thousands of dollars if it’s monetised through Content ID.

Take this example: we claimed an upload of a 2015 documentary owned by one of our partners straight after it was published in January 2022, and to date it’s earned...

**$144K**

from 13.5M views

The fact that 52% of views came from the US, and 54% happened through users watching YouTube on connected TVs really boosted the revenue earned by this video, and it clearly took off in the algorithm. This is no small change for an archive title produced almost a decade ago, and it’s just one example of the value of monetising UGC on YouTube.

# Assumption 5: “It’s too much effort”

**Expertise in YouTube’s Content ID tools is needed to unlock the revenue potential of UGC - but luckily for rights holders, that’s where Little Dot comes in.**

We’ve been using the tools for over 10 years and work closely with YouTube to ensure they’re best serving the needs of our rights holder partners. We have a team of platform experts and content fans who not only utilise the automated tools to their fullest potential, but also manually search the platform to ensure we’re not missing out on any revenue - and we feed all the audience and uploader insights we gain from content we’re monetising back into our claiming strategy.

All we really need from our partners is a list of the content they hold rights to, and we do the rest. Our rights holder partners can have as much or as little input as they want, resting easy in the knowledge that our team of Content ID experts are on the case.





# In Summary

With the right content and platform know-how, there’s a lot of money to be made from UGC on YouTube. And it’s an almost completely passive revenue stream, taking advantage of user uploads that would be there anyway. If Little Dot is already licensing your content or managing your channels, then it’s even easier.

We earned over $3.3M for our partners in 2023, and not only that, we provided them with valuable insights into their audience, which can be fed into a wider strategy.

Why leave all this money on the table? Take advantage of UGC’s popularity and add another revenue stream.

Want to find out more or chat about how digital copyright management could work for your content? Get in touch!

**Marco Maggio**
Digital Rights Lead
marco.maggio@littledotstudios.com



LITTLE DOT STUDIOS.

littledotstudios.com