

Research on the Analysis and Optimization of Advertising Strategies on YouTube

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Abstract:

The research presented in this paper investigates YouTube advertising and its problems and prospects with an emphasis on ad fatigue, ad-blocking tools, and targeting issues in digital advertising. The paper focuses on the aspects that might influence the effectiveness of YouTube ads based on the literature review and the case study of the YouTube channel Verdelliss. Some of the discoveries presented show that such factors as entertainment and informativeness are vital for capturing the audience's attention, whereas ad irritation and targeting errors negatively impact the ads' performance. Some of the strategies suggested are increasing the ad variety and relevance, refining targeting algorithms, and reducing the effects of ad blockers to enhance the return on investment (ROI) and user interaction. This study highlights the need to overcome these challenges to enhance digital advertising, especially on YouTube, so as to meet the users' needs and firm goals. Based on these strategies, future research should endeavor to use empirical research to validate these strategies and other emerging methods of digital advertising in the dynamic online environment.

Keywords: YouTube Advertising; Ad Fatigue; Targeting Issues; Ad Blocking Tools; Digital Advertising

1. Introduction

1.1 Research Background

YouTube is currently one of the most dominating online video-sharing sites, with more than 2 billion monthly active users [1]. It is, therefore, a powerful platform for any marketer with a goal of reaching out to a large audience. The platform has three forms of advertisement, namely TrueView ads, bumper ads, and display ads, in a bid to suit the different marketing goals of advertisers [2]. The feature of YouTube that appeals to marketers is that it is an active platform and has enhanced targeting features where marketers can reach out to audiences with relevant content [3]. However, the following disadvantages have been seen to challenge the ad campaigns, although they come with the benefits mentioned above: Ad fatigue, the ad-blocking software, and targeting inefficiencies are some of the challenges that can greatly reduce the efficacy of the ad campaigns [4]. Solving these issues is important to enhance the effectiveness of advertising in YouTube-based advertising and to prevent dissatisfaction among users [4].

1.2 Literature Review

1.2.1 The role of entertainment in YouTube advertising

Another notable factor that defines the effectiveness of

YouTube advertising is entertainment. Perceived entertainment, as in the ability of an advertisement to generate humor and use pop culture to appeal to the public, greatly influences the impact of the advertisement, especially on social media platforms such as YouTube. Entertaining commercials have a higher potential to engage the viewer, and he will be compelled to share the material with others. For instance, Duffett states that entertainment niche advertisements on YouTube are highly receptive among young people because they are more responsive to enjoyable content [5].

1.2.2 Informativeness and customization in YouTube advertising

For YouTube advertisements, the informativeness of the advertisement and the degree of customization are the two most relevant factors. Relevance is a measure of how informative an advertisement is to the viewer, meaning the amount of useful information that the viewer receives from the advertisement. Viewers prefer informative ads as these go a notch higher than entertaining ads, as they have other values to the viewers. Customization means delivering advertisements to the respective target audiences in terms of their interests and requirements, which greatly increases the perceived value of ads. Aziza and Astuti discovered that informativeness and customization have a

positive impact on the perceived value of YouTube advertisements, thus increasing purchase intentions [6].

1.2.3 The negative impact of Ad irritation

As with any other setting, some factors make YouTube ads more effective and factors that make YouTube ads less effective; entertainment and informativeness are typical factors that would increase the effectiveness of YouTube ads, while ad irritation is a factor that would decrease the effectiveness of YouTube ads. Ad irritation, on the other hand, is where the ad viewers feel annoyed or feel that the ad messages invade their privacy or are repetitive, hence defeating the purpose of an ad campaign. As discussed by Ashraf et al., irritation can be defined as the extent to which ad interference reduces the effectiveness of YouTube advertising on consumer behavior [7]. According to their research, an advertisement that is considered as annoying affects purchase intentions because consumers may develop a negative attitude towards the advertised brand [7].

1.2.4 Brand awareness and purchase intention

The impact of YouTube advertising on brand recognition and purchase intentions has already been studied. YouTube advertising can also play a major role in increasing brand recognition, which is also an important stage in the buying decision process. According to Febriyantoro, YouTube advertisements have a direct influence on purchase intention, which is informed by brand awareness and brand image [8]. Rehman and Maseeh also strengthen the reasoning that informative and entertaining YouTube ads would improve brand recollection and, hence, the chances of buying.

1.3 Research Gap

Although there is a growing body of literature on the topic of advertising on YouTube, there are still many questions concerning the effects of various advertising components. As it has been found that people watch TV for entertainment, to be informed, and to get irritated, there is a requirement for finer segmentation to understand the relationships between these factors. Moreover, while the significance of brand recall is beyond doubt, the way that YouTube adverts affect brand association and other long-term consumer behaviors remains unclear. This research will seek to address these gaps by analyzing the relationship between entertainment, informativeness, customization, and irritation in YouTube advertising with special reference to their moderating effects on brand awareness and purchase intention.

1.4 Research Framework

This work will draw out the issues that a YouTube ad-

vertiser is likely to face and suggest how the issues can be solved to increase the Return on Investment and the engagement of users. As a result, this paper will use a literature review and case studies to provide practical recommendations to advertisers, with a special focus on YouTube advertising.

2. Case Description

This case is centered on the YouTube channel called “Verdeliss” which is operated by Estefanía Unzu Ripoll, one of the foremost Spanish YouTubers focusing on the maternity and childcare niche. With over 1.8 million followers, Verdeliss has made a large following by posting her real-life experiences of being a mother of seven children. In the years of her channel’s existence, she has managed to turn it into her occupation, in which she constantly promotes different products [9].

Verdeliss’s channel currently has more than 700 videos, most of which capture important moments in her family’s life, such as the births of her children. These videos have received several millions of views and made her a go-to expert among the Spanish-speaking maternity population. However, unlike other mommy bloggers, her content is not only focused on childcare; she also had to eventually branch out to promote virtually anything from foods to cleaning materials, makeup, and even construction supplies.

The initial form of monetization in the YouTube channel of Verdeliss was sponsorship with unpaid commercials, but as her channel viewership increased, she began to have paid commercials by famous brands such as Coca-Cola, Carrefour, and Dodot. In this way, she has been able to mix her personal life with her endorsements, and this has been instrumental in her continued success [9].

Nevertheless, this sort of commercial transition has not been seamless. Some of the followers have especially complained about too many product placements, especially in areas that Verdeliss may not be conversant with. Nevertheless, her impact on her followers’ purchase decisions remains substantial despite all these concerns, particularly in the maternity and childcare niches that are close to her heart. This case demonstrates how individuals need to find a middle ground between who they are and what they are selling, lest they lose their followers [9].

3. Analysis on the Problem

3.1 Problems Analysis of YouTube Advertising

3.1.1 Ad fatigue and viewer disengagement

One of the most prevalent problems in digital advertising

is ad fatigue, especially in platforms such as YouTube, where a single user can be exposed to a number of adverts in one sitting. This over-exposure results in something known as ad fatigue, whereby internet users become immune to advertisements. The findings of the study also indicate that users' attention span to ads tends to decrease over time, for instance, when the same content of the ad is continuously displayed [10]. This disengagement is further compounded by non-skippable ads, which make the users watch content that they might not want to consume in the first instance, which only builds up frustration and negative attitudes toward the brands. This, in the long run, declines the efficiency of the ad campaigns since the view's negative response to the advertisement dilutes the purpose of the advertisement.

Second, the number of ads that are presented can also overwhelm the viewers, leading to ad clutter, which is also a major factor in ad fatigue. From the perspective of Karadeniz and Kocamaz, the conventional YouTube user is subjected to dozens of advertisements per week, and such a high frequency directly reduces the level of attention that users are willing to devote to each advertisement [11]. This creates a scenario in which individuals may ignore ads, either intentionally or unconsciously, greatly affecting the visibility and efficacy of digital marketing strategies in the platform.

3.1.2 The rise of Ad-blocking software

Ad-blocking software is one of the effects and causes of ad fatigue as more and more people use it. Many consumers are annoyed by the aggressive promotion of various products and services and, therefore, are beginning to install ad-blockers. According to a survey conducted by Zarina et al., almost a third of YouTube users use ad-blockers to avoid watching ads, and this is inimical to the interest of the advertisers as well as the platform [12]. This demographic shift is likely even more disconcerting for younger, 'cord-cutting,' tech-savvy users who are generally considered less receptive to conventional ads. Ad-blockers are increasingly being used to block advertisements, hence diminishing the chances of advertisers reaching the intended targets, thus lowering their ROI and putting the sustainability of YouTube's reliance on advertisements into question.

Ad-blockers have a significant effect on the revenue model that is associated with YouTube. It is noteworthy that the platform business model depends on ad revenue, and the increase in the usage of ad blockers presents a serious challenge. Also, the efficacy of the advertisements is an issue, as companies can rarely target the large numbers of people they want. These changes in reach may make advertisers think twice about their spending on the platform,

and this means that YouTube's advertising revenues may be affected. In the long run, this could make the platform look for other sources of revenue or increase measures to deal with the ad-blocking software [12].

3.1.3 Targeting Inefficiencies

Another major issue in the advertisement placement on YouTube is targeting inefficiencies. Although it provides sophisticated algorithmic tools capable of providing unique ad experiences, these tools cannot be deemed perfect. Inaccurate data, privacy concerns, and algorithmic biases can result in ineffective ad placements, where the ad reaches an audience that is not interested in the product or service being advertised. This brings about inefficiency in the overall advertisement, in which the intended audience ends up not having any interaction despite being charged for the impressions [13]. Karadeniz and Kocamaz's study found that only roughly 50 percent of YouTube ad impressions are seen by users, proving that there is much work that can be done when it comes to YouTube's ad delivery [11].

The issues of privacy can be discussed in relation to targeting inefficiencies. With the increase in data privacy, there has been an enhancement of the general data protection regulations around the world. These regulations restrict the kind of personal data that can be gathered and used for ad targeting, hence decreasing the efficiency of the algorithms. As a result, these algorithms may be unable to provide the most suitable adverts to the target audiences, which may lead to poor advert placement and, consequently, poor campaign performance.

Algorithmic biases also play a part in targeting inefficiencies. Such biases can be caused by many things, such as the training data of the algorithms, the structure of the algorithms, and the feedback loops that promote certain targeting behaviors [9]. For instance, if an algorithm is conditioned largely on one population type, it will tend to promote only ads to that population type and may not even think about other populations. This can lead to some users being exposed to a lot of adverts and others very few as compared to the intended frequency. Such biases not only lower the efficiency of the ads' delivery to the target audience but also create ethical concerns regarding the bias and prejudice of digital advertising.

3.2 Reasons for Analysis of Problems

3.2.1 Over-saturation of Ads

The excessive use of ads is a primary cause of ad fatigue, mainly because ads are placed on the video-sharing site YouTube. As the number of registered users has increased, the number of advertisers also has increased, and everyone strives to attract as much attention as possible. This has

created the habit of users being exposed to adverts more often than before, and, in most cases, they come across the same advert many times within the same session. This repetitive exposure can be particularly distasteful to the viewers because it interrupts their desired seamless viewing experience on the platform, which they expect from the platform. Raushan and Dubey's study has found that over-ads might reduce the impact of individual ads and equally hinder the brand image as users start to perceive the brand as annoying [14].

Additionally, over-saturation is also one of the causes of ad fatigue because it intensifies the feeling of an overcrowded view. When users are faced with excessive ads or low-quality ads that are placed at the wrong time, the tendency of the users to just quit the content is high. This disengagement can be expressed in many ways, for instance, by minimizing the video, avoiding watching the ads at all, muting the video, or even leaving the application or website. Such actions not only lessen the direct effect on the advertisements but also the brand association and the consumers' trust, as stated by Raushan & Dubey [14]

3.2.2 Privacy concerns and data accuracy

Privacy issues are rising as a major concern in the digital advertising process, for example, due to well-publicized data breaches and growing concerns among the general public with regard to their privacy online. Consumers are becoming more conscious of the way in which their personal details are collected and processed. Thus, there is a high demand for improved data security laws. Many of these regulations, such as the General Data Protection Regulation (GDPR) in Europe, have put severe restrictions on the collection and usage of personal data for advertising. Although these steps are paramount for the privacy of the user, they present tremendous challenges to advertisers who need to base their ads on genuine data [10].

These regulations affect the quality of data that the user receives and consequently result in inefficient ad placements. This may be a problem with the targeting algorithms where the user's detailed data is not available, leading to a low click-through rate and, thus, a low ROI of the ads. This is made worse by the fact that users are slowly withdrawing their consent or using VPNs and tracker blockers to block tracking. Therefore, advertisers have to be content with either incomplete or wrong information, which poses a hindrance to their targeting operations [10].

3.2.3 Algorithmic biases

Self-reinforcing algorithms are one of the biggest problems in the digital advertising environment. Such biases can be due to the data fed into these algorithms, the struc-

ture of the algorithms, and the feedback loops that perpetuate some forms of targeting. For instance, if an algorithm is used and trained on a particular type of population, then it can always give that type more ads than the other less represented type. The problem this causes is that ad impressions can be skewed, with some users being targeted more often than others [13].

The effects of algorithmic bias go beyond simple inefficiencies in ad delivery consequences. They bring into question the equity that technology has applied to the advertising procedures. If certain groups of people are being targeted more often than others, they may develop a feeling of being pressured by frequent advertisements and may develop a negative attitude towards the brand. On the other hand, if other groups are under-targeted, they might not obtain useful information or miss useful opportunities. Thereby, the gap between the groups in terms of access to digital content and services will widen.

Elimination of biases in algorithms is not a simple feat and can only be accomplished through an encompassing strategy. It not only concerns the refinement of the data samples on which the algorithms are based but also measures to ensure that the algorithms are unbiased and deliver their results in a way that is perceivable by the user. Furthermore, system performance checks and audits are crucial in addressing new and emerging biases as the algorithms function [13].

4. Suggestions

4.1 Strategy 1: Improving Ad Variety and Relevance

One of the solutions that can be proposed with the aim of solving the problem of ad fatigue is the extension of ad variety and the relevance of the ads displayed to a particular user. Ad repetition is one of the primary causes of ad fatigue since it becomes irritating to the users, resulting in them even blocking the ads. Thus, with the help of the methods that allow the presentation of various types of ads and with the help of personalization, which will allow presenting ads more tightly connected to the interest of the specific user, it is possible to maintain viewers' interest and avoid such a phenomenon as ad fatigue.

One uses sophisticated machine learning algorithms to provide more customized advertisements. These algorithms can detect users' behavior patterns and preferences in real-time, which means that advertisers can display ads that are more relevant to the user. For instance, rather than coming across the same commercial over and over until the viewer feels annoyed, they are presented with a string of similar commercials that present different angles of a particular product or service. Not only does this help

avoid repetition and make the content more interesting for a repeat visit, but it also gives the user a better feel for what is being promoted.

Moreover, advertisers should also consider the use of dynamic creative optimization (DCO), a practice in which the content of the ad is changed dynamically depending on certain parameters like the geographical location of the user, time of the day, and activity logs, among others. DCO makes it possible for each ad impression to be as distinct and relevant to the context of the viewer as possible, hence making the ad to be as effective as possible. Applying these strategies can greatly improve the perception of advertisements within the YouTube environment, making them valuable for the viewer.

4.2 Strategy 2: Enhancing Ad Targeting Algorithms

The main thing that can counteract the targeting of inefficiencies on YouTube is the improvement and optimization of the algorithms for advertising on this site. While YouTube has developed a rather sophisticated targeting system at the moment, it remains problematic with regard to the inaccuracy of data and the algorithms used. A better targeting system would help in delivering the adverts to the right market at the correct time, thus increasing the returns on investment (ROI) of the advertisers and the efficiency of the advertising.

A possible improvement might be the inclusion of more extensive and varied information input to the targeting algorithms. This could involve third-party data, the user's activity across different platforms, and other information about the consumer that is collected offline and offers comprehensive information about the user. Thus, by enlarging the base of data, YouTube will be able to refine the targeting algorithms and advertise the content to only interested users.

Also, YouTube needs to conduct annual checks and balances of the algorithms to eliminate biases. Such audits could include, for example, feeding different algorithms of the platform to different groups of people and tweaking them to make sure that none of the groups is discriminated against. Substantial and clear disclosure of these audits will also assist in regaining the trust of the user, who is more sensitive to how the personal data is processed. Overcoming these targeting inefficiencies not only improves the advertisement's effectiveness but also complies with the principles of ethical advertising.

4.3 Strategy 3: Mitigating the Impact of Ad Blockers

To combat the increase in the use of adblocking software in the future, both YouTube and advertisers should devise

different measures that would make the ads less obtrusive and easier to approach. One solution, for instance, is to provide incentives to users to turn off their ad-blockers. For instance, an option such as a no-ad or low-ad environment that can be unlocked by engagement scores or even paid subscriptions that YouTube can implement. This not only motivates the users to watch the ads out of their own free will but also offers them a much more civilized and, thus, more comfortable experience.

Another approach is to enhance the quality and suitability of the adverts so that they will not be considered intrusive and, therefore, blocked. Non-intrusive ads are fun and informative and blend in with the content that is being delivered to the customer. For instance, native advertising that looks rather like the content the user is already viewing is an effective means of advertising without creating discomfort for the user. Also, non-intrusive methods such as sponsored content or influencer marketing can be applied, where some popular and credible influencers present the advertising message in the way a user is used to consuming content.

Finally, YouTube could try new formats of ads that would not infringe on viewer preferences, including, for instance, ads that can be skipped, engaged, or advertised, which provides viewers with bonuses (e.g., discounts or in-game currency) for watching. In this way, YouTube will be able to minimize the interference of ad-blockers while still being able to generate a steady stream of revenue.

5. Conclusion

5.1 Conclusion of Key Findings

This analysis has drawn attention to several major concerns regarding YouTube's advertising environment: ad saturation, the growth of ad-blocking software and targeting problems. The unlimited placement of repetitive ads creates ad fatigue, hence more user disengagement, reducing the ROI of advertising expenditures. The problem is exacerbated by the popularity of ad-blocking software, which decreases the effectiveness of advertising and jeopardizes the revenue model of YouTube. Preventing inefficiencies originating from algorithmic bias and incorrect data also affects the execution of advertisements and, in this way, contributes to their ineffectiveness.

To address these challenges, the paper proposed three main strategies: enhancing the type of ads that are displayed, the efficiency of ads to be placed, and managing the effects of ad blockers. All these strategies aim to make a close associate with the user, make them feel that they are being targeted without being invasive, and make the adverts interesting and appealing to the users. Thus, using the above-mentioned strategies, the advertising platform

YouTube will become more effective, customers will be satisfied and have a positive attitude towards the advertisement, and the company will be able to have a steady and reasonable revenue model.

5.2 Research Significance

The importance of this study is the possibility of joining the process of further enhancing the effectiveness of digital advertising, such as the use of YouTube. The approaches presented in this paper can potentially mitigate ad fatigue and targeting issues, which can lead to better results for advertisers, such as increased engagement rates, higher ROI, and better targeting of the audiences. For businesses, this translates to better return on advertising investments and the opportunity to engage with consumers. On a larger level, optimization of the digital advertising environment on services such as YouTube can increase the level of audience satisfaction and, thereby, minimize the distance between the consumption of content and exposure to advertisements. This is so because ensuring that the two are balanced will be beneficial to the future growth of the various social media platforms and the growth of online advertising as a business.

5.3 Limitations and Future Studies

This research primarily used secondary data and literature to evaluate the issues and recommend the best solutions to the YouTube advertising model. A disadvantage of this approach is the absence of primary data, which can give more detailed information about users' activity and ads' effectiveness. Future studies could help rectify this shortcoming by using surveys, interviews, or experiments to self-generate data to test the proposed strategies and to find out how best they can be implemented in practice. However, future studies could compare the efficiency of these strategies in the long term in terms of the users' engagement and brand loyalty or try to identify new approaches to Internet advertising that could be experimented on YouTube. As a result, more studies in this particular field in the future can help to develop new ideas to improve the efficiency of digital advertising to fit the requirements of the business world and consumers.

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