



# YouTube CPM Starter Guide



# WHO WE ARE

## We are CreatorDB.

CreatorDB was created to streamline the influencer discovery process and empower agencies and brands with a wealth of actionable data and insight. We made finding the absolute best fit for influencer marketing campaigns an easy straightforward process.

It features hundreds of thousands of YouTube's best channels with data being updated daily. We designed the platform with content categorization as a core function and currently there are 450 large content topic umbrellas that can be paired with any of the 5500+ niche content areas to allow highly targeted searching. These content areas are driven by both AI and human curation ensuring high levels of accuracy.











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# YOUTUBE INFLUENCER MARKETING



The size of the Influencer Marketing market is set to hit a new peak at \$10 billion dollars before the end of 2020, which is double compared with two years ago and the growth showing all signs of continuing. It's gaining speed and popularity fast meaning most brands are taking a keen interest.

The reasons for this are several-fold. Online marketing has been an area of swift evolution since its start in the 90s. Audience attention is the driving force behind this constant need to change, with newer forms of marketing seeing greater and greater success. Influencer marketing is the most recent approach to getting your brand's messaging out into the world. Luckily there is no shortage of influencers looking to monetize their content.

There is no question about the efficacy of influencer marketing. A recent survey by Influencer Marketing Hub and CreatorIQ found that 91% of respondents believe it to be an effective marketing strategy. However, getting the most out of your influencer marketing is a challenge. How do you find influencers and, once you do, how much should they be paid? We've created this guide to assist marketers with correctly pricing their campaigns because as you will soon see things can get confusing, and information online is often contradictory. Our platform, CreatorDB, was built to assist with all of the things outlined here.

## What is CPM?

It has been our experience that the most common deals are those that are centered around CPM. Cost per Mille (Latin for one thousand) is one of if not the most common metric you will see getting thrown around in influencer marketing circles. Its typical use-case varies somewhat depending on the platform so beware. There are more than a dozen considerations to make when calculating a fair CPM price to pay an influencer. We will outline and give advice on the most important ones. It's worth noting that there are alternatives to CPM deals, and these can be found in our Influencer Marketing Starter Guide.

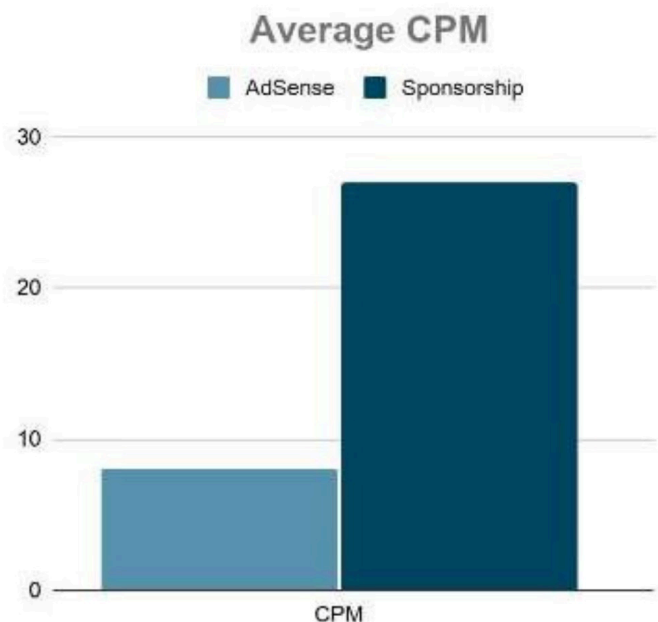


## CPM

*Cost per Mille (Latin for one thousand) refers to the dollar amount cost of 1000 impressions. An extremely common marketing term.*

## CPM on YouTube

Searching for YouTube CPM Guides or rates often returns the readily available information for what influencers make from Google's AdSense. This is Google's CPM rate for allowing pre or mid-roll advertising on the influencer's YouTube content. These values are of little use to us as we want the influencer to create and/or integrate sponsored content. Reported AdSense CPMs are always lower because they require next to no effort from the influencer, and YouTube takes a large cut (45% by default) of the overall payment. Although, a valuable use for this data is to get a general sense of advertising interest in a particular country or content niche.



## CPM in a nutshell



\$10bn

size of industry in 2020



2 years

doubling of industry size



91%

of respondents believe it to be an effective marketing strategy



# CPM DEAL STRUCTURES

When working with influencers we commonly see deals structured in one of three ways in reference to CPM broken into 2 categories.

## Price determined after CPM by real views

This is where the brand or agency agrees to pay the influencer a set amount of money per 1000 views that the sponsored video receives. This typically occurs 30 days after the content is published once most of the views for the content have been achieved. For example, Jimmy is approached by a watch company and asked to promote a new product in his upcoming video. They agree that 22CPM (\$22 per thousand views) is a fair price and Jimmy goes off to make his video containing the watch. After 30 days Jimmy's video has 200K views, well done Jimmy! The brand pays him out (22CPM x 200 thousand views) \$4400.

A common component of these deals is a cap (or limit) on total views. This is typically set at around 25% higher than a creator's recent average. These are implemented to prevent the possibility of a creator purchasing or otherwise manipulating their view count to increase their remuneration.

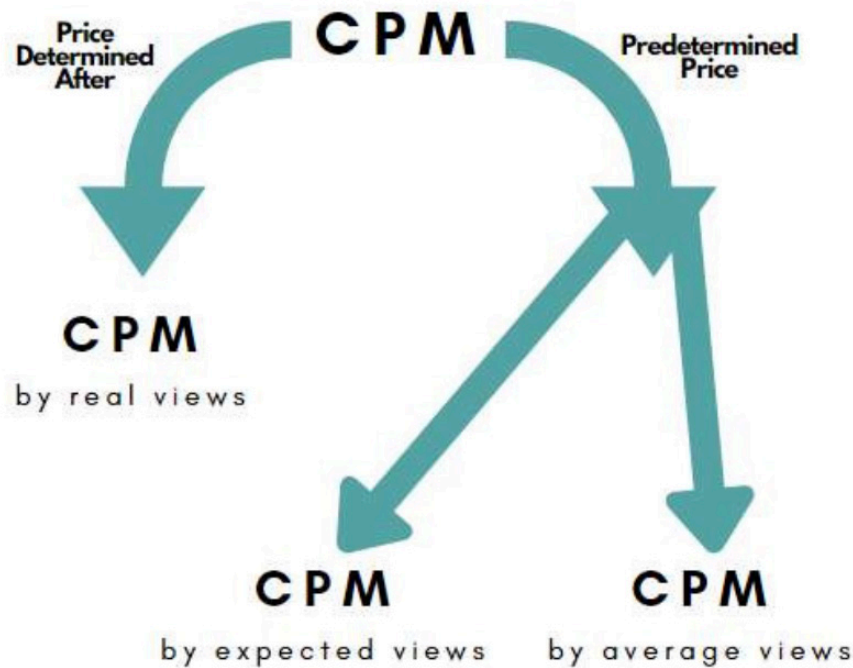
## Predetermined price CPM by average views

This structure has the brand (or agency) calculate how many views are likely from a video given an influencer's past work. Let's use Sally's channel to see how it works. Most of Sally's recent 20 video uploads got between 80K and 120K views. We want to pay a similar CPM (22) to her as we did to Jimmy, so let's use 100K as the average. We simply pay Sally \$2200 and she creates her video containing the watch and publishes it.

Regardless of how the video performs, Sally will get the agreed \$2200. In this case, it was







more popular than expected and reached 250K views. This resulted in a spectacular and valuable deal for the watch company. Generally, it's the case that 50% of the total payment will be paid upfront to the influencer with the following 50% after the content is approved and published. This helps build trust and show that the offer is legitimate because this space is full of bad actors.

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## CPM by expected views

Expected views are very similar to our CPM by average example. Let's say we were reviewing Sally's channel and again saw most videos were 80-120K views, but she had a video a month ago that went viral and reached 3.5 million. Well done Sally, but now our average is heavily skewed upward and we will likely overpay her.

Expected views is an average view calculation where we shave off any extremely high or low outliers. Many agencies remove the highest and lowest 10% of videos (based on view counts) from their calculation, while others go with a more 'gut-feeling' approach of what constitutes an outlier. In our example, we'd ignore her viral video and then run our CPM calculation to get a fair price.

# EXAMPLE CPM RANGES



Now that we've outlined how the deals are structured, let's get to some numbers. Here I've outlined some base figures for a few different content areas and countries. The reality is that there are so many things to consider when pricing 1000 views that it can't easily be displayed in a table. Therefore take one of the below base ranges, read on and apply some modifiers.

## Common CPM modifiers

The next several pages are dedicated to outlining and suggesting pricing shifts for the many different ways CPM can be affected.

The modifiers are cumulative within reason, by this I mean that even if all are applicable, you still need to be able to make a return on investment so there is a limit. Generally, CPMs will never be above around 100 however in certain niche cases this can occur.

The values given are based on the experience of East West IMG agency for 60-90 second sponsored integrations.

\$USD/1000 Views	Finance/Trading	E-Commerce	Fashion	Gaming
Nordic Countries	35-65	30-55	20-45	15-35
United States	30-60	25-50	15-30	10-30
India	15-30	10-25	5-20	5-15
Indonesia	15-25	12-20	5-15	3-15



## Content niche (+/- ~30%)

The first and most salient point is that different types of influencers demand varying amounts of compensation to work with. Influencers who create within in-demand niches are able to charge higher rates. This is due to them being in limited supply and in high demand. They also typically are called upon to promote very high margin services such as software (especially SaaS), trading platforms, and other financial services. Generally anything B2B is considerably higher than B2C type content.



In contrast, gaming is in high demand but also has a good supply with lots of influencers creating content in the niche, leading to lower overall prices. Gaming influencers are more likely to promote products such as gaming peripherals and consumables. There's simply less money moving in this space per capita.

## Country of creator & audience (+/- ~75%)

The influencer's country of origin also plays a pivotal role in their pricing. This is for a variety of reasons. The first is that influencers in countries with a high cost of living require more money for their time. Many make a living from their content and therefore have higher fixed costs for activation. Much like the content niche point, these are everyday market forces at work. An influencer living in the United States, just like they'd demand a higher salary, requires more money than someone from Russia.



Of equal importance is the location of an influencer's audience. Audiences from wealthier regions generally speaking have more disposable income with which to purchase products and services and as a result more potential for successful conversions. Our example graph shows that this difference can be significant.

## Integrated vs dedicated content (+75-150%)

The format of sponsored content also changes the price significantly. Our above pricing was for 60-90 second sponsored integrations commonly found on YouTube, basically an ad within a normal video on the channel. If you would like an influencer to create a whole video about your product they will require more money because it represents significantly more work. It's been our experience that a rough doubling of the CPM gets you pretty close to correct pricing for a 5-10 minute dedicated video. If you require something much more involved then expect to pay more again.



## Topical vs evergreen content (+/- 10-15%)

This effect while not as pronounced as the ones we've covered still plays a small role. Content that remains relevant for a long period of time is priced higher than content that quickly becomes outdated. An example here would be a tutorial for power tools that will be searched for, and remain relevant for, a lot longer than a news story about a recent regional event.



## Channel production quality (+/- 10-50%)

How much effort an influencer puts into the creation of their content is a major factor in determining the price. Utilizing high-quality cameras, well-formatted cuts, good lightning, and scripts all takes time, energy, and money so this needs to be reflected in the cost.

Well produced channels also convert sales at a higher rate and represent better ROI. The quality of the channel will also reflect positively or negatively on your brand's image. You don't want to work with creators that could cheapen it by producing low quality content.



## Product or service being advertised (+/- 50%)

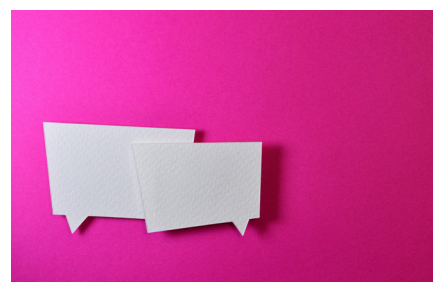
The product being marketed affects pricing considerably. For example, a luxury car brand has more money to spend and will be after an influencer whose content appeals to a wealthier audience. Let's contrast this with a budget PC mouse peripheral which anyone can afford, can get away with paying less to just about any gaming influencer and they'd make conversions. The influencer's perception of the brand matters a lot in this instance, no-one is working for Mercedes for 10 CPM unless they are also getting a free car!



## Engagement rate (+/- 25%)

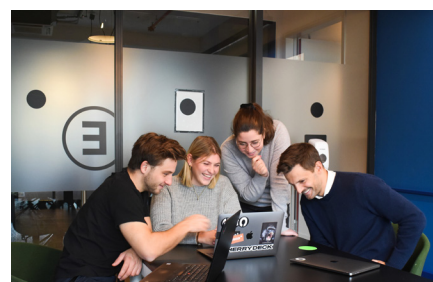
Engagement rate is a measure of an influencer's ability to drive audience actions. This is calculated by finding the average proportion of an audience that likes, comments, or shares any given video. Higher levels of engagement are a strong indicator that an influencer can drive conversions, and poor levels are a red flag that the influencer is uninteresting or even something more nefarious (such as fake subscribers/views).

We recommend always considering the engagement rate when determining pricing. CreatorDB calculates and displays this for every channel for speed and convenience.



## Agency involvement (+/- 10-25%)

When agencies are involved (sometimes on both sides) there are more parties that need to be paid. This often leads to better quality content as the agency has a vested interest in their influencer performing well so they can leverage that into future work. We covered agency involvement in our Influencer Marketing Starter Guide in much more depth.



## Asking for exclusivity (+ 5-20%)

It is common for brands to ask influencers to not promote their competitors for some time after releasing content that has been sponsored. This in essence limits the work an influencer can do for some time and as a result, demands a premium. It's not a super pronounced effect but something worth keeping in mind as it may come up during discussions. The time frames for exclusivity vary by product and service, typically being 1 month on the low end and 6 months on the higher end.





## Time of year (+/- 5-25%)

There's a well-observed phenomenon that ad spend is higher towards the end of the year and then goes through an early year slump while yearly budgets are decided upon and brands recover from their Christmas spending spree. This double-effect sees fewer opportunities for sponsored content, leading to a higher supply of influencers looking for work, resulting in lower prices. Usually, things return to normal by March.



## Longer term collaboration (- 10-35%)

If you can guarantee an influencer work over a long period of time in the form of multiple collaborations, they will usually be happy to reduce their CPM as the guaranteed income has real extra value for them. This decision must be balanced by having reliable knowledge that the influencer will continue to convert sales for you into the future, and probably shouldn't be considered for time periods longer than a year (or in many cases less). Traditionally influencer marketing was a 'One and Done' affair but we're beginning to see a trend towards more of these long-term type deals.



## Cross platform promotion (- 15-50%)

Many influencers operate one more than one platform, each with its own price for various different kinds of sponsorship options. It's usually the case that you can negotiate a package that has an overall reducing cost. In fact, many influencers will offer you a package without prompt. These deals are generally a very solid value add because the multiple touchpoints act to re-inforce your brand's messaging and improve conversion rates, all at a lower cost.



## Celebrity status (+ 25-500%)

Our final entry is by far the hardest to quantify. Now that YouTube has become mainstream, many celebrities have begun creating content on the platform. Furthermore, some of YouTube's biggest stars have bridged into mainstream celebrity status. The once clear lines between the internet and 'real-life' stardom have become extremely blurred. Importantly for us, however, is that if you want to activate someone with real star power, regardless of their origin, you will be paying a premium.



The upside is that these creators often hold a far greater amount of influence, and therefore will be able to more effectively drive conversions. This higher price is also the result of the higher demand for influencers with celebrity status, this higher demand (and lower supply) can drive the price very high. It is usually the case that CPM ceases to be an effective method of pricing content and typically a Price per Post (PPP) or Price per Campaign (PPC) will be arranged.

As you can see, there are many things to consider when determining an appropriate CPM. It is possible to have several positive modifiers align that results in a CPM that is far too high to make a return on investment. Therefore, we recommend viewing the previously

covered topics as a guide and not a calculator. Several things such as the overall budget and campaign goals are important considerations that are not able to be covered in this guide. As always, experiment, experience, extrapolate results.

# EXAMPLE COSTING

Now that we've examined the multitude of ways to price an influence, let's go through a simple, real-world example.

Here we've created an example influencer on YouTube. We've opted for using the expected views method of pricing, meaning we will be paying them an agreed upon amount based on past performance.

Our influencer is an American gaming creator. The content is a gameplay VODs with the creator present in an in-frame window. There are clean cuts and boring parts of gameplay have been cut. We've rated the quality as average to good.

Most of the creator's videos net around 200K views so we used this as our baseline.

Gaming is a competitive space but with lots of content being created the CPM is a little deflated. We've used 20 CPM as our base for a price of \$3000.

Now we apply some of our modifiers. We want to create a dedicated video review of a new indie game. We've asked the creator not to review other games for the next month to increase the exposure of our game.

So we've applied:

- Dedicated video
- Evergreen content (remains relevant)
- Cheaper product (low-price indie game)
- Exclusivity (for 1 month)

giving us a total of **\$5950**.

<u>Influencer 1</u>	Country: USA	Niche: Gaming
Expected Views:	200,000	
Channel Quality:	Average	
Base CPM chosen by niche, quality & country:	20	
Base price (CPM x Views / 1000):	\$3000	
<u>Modifiers</u>		
Dedicated Video:	+100%	
Evergreen Content:	+10%	
Cheap consumer product being promoted:	-20%	
Exclusivity clause:	+5%	
Total modifiers:	+95%	
New CPM:	39	
New price (CPM x Views / 1000):	\$5950	

## The diminishing returns effect

Running campaigns with multiple touch points have been shown time and time again to increase conversions. Purchasing decisions are rarely made the first time someone engages with a brand. Therefore finding the right balance here is essential to maximizing your ROI. Long term collaborative efforts are generally cheaper per post but may begin to convert less and less after a point of saturation.

One thing that must be managed is the delicate balancing act between the benefits of having multiple

touchpoints (from several pieces of content from a single influencer) when compared with the diminishing returns effect on audience conversions. This is especially relevant if you are marketing a product or service that reasonably would only be purchased once (eg. a subscription to something). The more conversions you make, the less possible conversions remain within that audience as people have already bought your product.



# CONCLUSION

With so much to consider when pricing sponsored content it can all feel a little overwhelming. Take heart in knowing that each of the above modifiers don't need to be applied in all cases, and typically you will have a predetermined CPM that you or your client are willing to spend that can be used as a guide. That said it is important to be aware of the above so as to avoid overpaying an underperforming channel, or losing deals with higher-quality channels due to lowballing.

When we developed CreatorDB, we did so with marketers and brands in mind and as a result, have built-in sponsored content

pricing into each and every YouTube creator profile.

These suggestions are there to assist you when pricing content and provide an excellent starting point with which to begin negotiations.

**Optimize  
your CPM  
campaign  
ROI with  
CreatorDB.**

Get in touch with us today to find out how we can make your next influencer marketing campaign a success.

[SCHEDULE A CALL](#)

