

From Selfies to Savings: Creators' Economy and the World's Intelligentsia

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Abstract: Economics is a branch that constantly wandering from one area to another, seeking to make sense! Have you ever considered that posting a selfie on various social media networks could earn you money? Have you ever imagined that frequent Instagram reels would spark a debate between 'creator' and 'influencer' in this crazy universe? If your answer is NO, you should definitely burst your head trying to understand a brand-new word coined by intelligentsia called 'Creator Economy'.

Key words: *creator's economy, social networks, attention economy, influencers, creators, PR and branding, monetization*

According to Paul Saffo¹, "the 'new economy' anticipated in the late 1990s is arriving late and in utterly unexpected ways. Social media, maker culture, the proliferation of sensors, and even the 2008 market crash are merely local phenomena in a much larger shift. What unfolds in the next few years will determine the shape of the global economy for the next half-century and will force a profound rethink of economic theory." We have progressed from an industrial/producer economy to a consumer economy; the latter is a result of the former. According to Herbert Simon, "a wealth of information creates a poverty of attention and a need to allocate that attention efficiently." The new scarcity was revealed to be engagement. (We can never overlook the history of economic thought that has accompanied the 'Attention Economy')

A whopping total of 5.19 billion people around the world were using the internet at the start of Q3 2023, equivalent to 64.5 percent of the world's total population. Internet users continue to grow too, with the latest data indicating that the world's connected population grew by more than 100 million users in the 12 months to July 2023.²

WHAT IS CREATOR ECONOMY?

The New York Times puts it delicately, "the influencer is a fading stock character of the Internet's commedia dell'arte. Often a conventionally attractive white woman, she shows off her aspirational lifestyle via social-media channels. She accrues a large following, and then makes a living by getting companies to sponsor the content of her glamorous life. The cliché of the influencer emerged, during the twenty-tens, from multimedia-rich platforms like Instagram and Snapchat, where the goal was to forge as curated and polished an image as possible. Influencers were social-media users as celebrities, with much of the vanity and purposelessness that the comparison implies. By now, the connotations of being an influencer are mostly negative – edited selfies, vapid captions, faux relatability, staged private-jet photos, and unmarked sponsorships. Accordingly, social-media platforms are embracing a new buzzword as a successor: 'creator.'" Don't forget the men, they are also running the race simultaneously."³

The creator economy refers to self-employed/independent persons who start independent

¹ Paul Saffo is a forecaster with over two decades experience exploring the dynamics of large-scale, long-term change. He teaches forecasting at Stanford University and chairs the Future Studies and Forecasting track at Singularity University.

² DataReportal (2023). Digital around the World.

³ Chayka, K. (2021). What the 'Creator Economy' Promises—and What It Actually Does.

enterprises and side hustles to profit from their expertise, talents, or following. It's defined as the class of businesses built by over 50 million independent content creators, curators, and community builders including social media influencers, bloggers, and videographers, plus the software and finance tools designed to help them with growth and monetization.⁴ According to Paul Saffo, the creator economy was first conceptualized as the 'new economy' in 1997.

Taylor Lorenz's article⁵ for The Atlantic says that "YouTube first promoted the term creator in 2011 as an alternative to words like 'YouTube star,' which seemed to indicate that only a few recognized personalities could flourish on the platform. However, it is currently used to describe almost anyone who creates any type of internet material. TikTok users are called 'TikTok creators/Tiktokers,' invite-only voice-chat app Clubhouse are called 'audio creators.' Only Fans, a marketplace mostly used for pornography hosts 'adult-content creators.'

We have all heard the phrase 'Content is King', Bill Gates published an essay titled 'Content is King,'⁶ on the Microsoft website in January 1996. According to the available literature, there are several categories of content creators, including video creators, audio creators (e.g., podcasters), course creators, gamers resellers, live streamers, meme pages, artists, musicians, and photographers. And how do these content providers monetize themselves or their businesses? They can do so via Sponsored Content, Affiliate Links, Tipping, Paid Subscription, Exclusive Content, Consulting, Merchandising, and Events and Meetups are some examples.

A. Some data!

In one 'internet minute,'⁷ 60M minutes of content are streamed, 167M TikTok videos are watched, and 65k photos are uploaded to Instagram. It's no wonder that more than 40% of people 'feel overwhelmed by the

sheer amount of choice on the internet.' According to the Linktree Creator Report 2023, only 75% of creators earned more than \$500 off their work in the last year and only 2% of creators made more than \$50K (a liveable wage). The creator economy includes the Influencer Marketing Industry valued at approximately \$21.1 Billion by the end of 2023 and hundreds of new social start-ups which brings the total creator economy value to over \$104.2 Billion and counting.⁸

The creator economy has seen a record \$1.3B in funding in 2021 alone.⁹ Despite the fact that the creator economy was barely created a decade ago, more than 50 million people worldwide consider themselves creators. It has become the fastest-growing sort of small business, and a survey indicated that more American children aspire to be a YouTube celebrity (29%) when they grow up.¹⁰

"The same way that Silicon Valley became a mindset and millennials from all over the world realized that tech entrepreneurship can be a career option, Gen Z'ers for the very first time can now earn a living from their ingenuity online." - Niko Bonatsos, Investor at General Catalyst

B. Indian scenario

In 2020, the total number of social media users in India were at 448 million. By 2026, social media users in India would grow to ~650 million.¹¹ According to a Kalaari Capital study, India currently has 80 million content creators out of ~450 million social media users. Social Blade data¹² reveals that, in India, 150,000 of these are professional creators with audiences ranging from 5000 to 1 million. In 2021 alone, \$1.5 Billion was invested into India's creator economy start-ups. Out of which, \$1.2 Billion went into discovery platforms (to fill the void left by TikTok). And rest was invested in monetisation platforms and a few creator tools (that you can count

⁴ Yuan, J. (2020). What is the creator economy? Influencer tools and trends. SignalFire.

⁵ Lorenz, T. (2019). The Real Difference Between Creators and Influencers. The Atlantic.

⁶ CONTENT IS KING – BILL GATES (1/3/1996)

⁷ The 2023 Linktree Creator Report. Linktree.

⁸ The Creator Economy 2023 Report + INFOGRAPHIC. Influencer Marketing Factory.

⁹ CB Insights Research. The Creator Economy Explained: How Companies Are Transforming the Self-Monetization Boom.

¹⁰ The Creator Economy boom: What it is, what's driving it, and trends you need to know. Antler

¹¹ Dangi R. (2022). Creator Economy India — The Complete Creator Economy Landscape. Medium.

¹² Socialblade.com

on your fingers). From 2018 to 2022, over \$2.5 Billion has gone into India's creator economy start-ups.¹³ A Study by Oxford Economics reveals that video sharing platform YouTube's India creator economy was pegged at Rs 10,000 crore in 2021, up from Rs 6,800 crore in 2020.¹⁴ Influencer marketing firm Zefmo says, there are over 200 million creators worldwide, with India poised to have the highest population of social media content creators, with the figure topping 100 million this year.

According to Amandeep Kaur, founder, and CEO of Phoenix TalentX Branding, "Indian creators excel at user engagement, but face challenges in monetisation due to lower brand collaborations and limited advertising budgets." An Animeta study reveals a staggering reality: amidst a pool of over 80 million Indian creators, a mere 20,000 are currently being tapped by brands for influencer marketing initiatives. This startling data highlights the huge contrast between brand engagement and the difficulties influencers confront in maximizing their earnings.¹⁵ According to Aditya Jangid, founder of VOOHOO Live, Indian content creators have an annualised growth rate of 115%, which is over more than six times the global average of 18%.¹⁶ These creators are trying different methods of revenue, to accommodate that demand, a thriving ecosystem of businesses is emerging, ranging from app-specific editing tools to merchandising multi-channel technology. Now, newer platforms are developing to compete with the media behemoths, and they're paying attention to the value of user-generated content. The most influential creators are now influential enough to attract consumers to new platforms, motivating platforms to compensate them even more.

C. Size of the Creator Economy

The following are the three most important trends in the creative economy¹⁷ –

- a. Creators migrating their top fans away from social networks and onto their own websites, apps, and monetization tools.

- b. Creators becoming entrepreneurs, accumulating teams, and tools to assist them in starting businesses while focusing on their art.
- c. Creators gaining power in the media ecosystem as fans seek to connect with individual personalities rather than faceless publishers.

Lightricks, MasterClass, Clubhouse, OpenSea, Axie Infinity, Cameo, Jellysmack, Flutterwave, LTK, PicsArt, and Whatnot were among the eleven firms that achieved unicorn status in 2021. Among these unicorns, creator platforms that achieved unicorn status in 2021 raised an average of \$13.2 million in Series A funding and in 2021, the typical company took about six years to achieve unicorn status. Only LTK was started by a female founder among the firms that became unicorns between 2020 and March 2022. Spotter, Linktree, and Domestika are three new creator companies that have already become unicorns in 2022.

As alternatives to advertising, creator-economy enterprises have developed a variety of revenue structures. Such as subscription-based services like as Patreon, Substack, and Buy Me a Coffee etc. take a percentage of their users' earnings in exchange for publishing and paywalling their material. On the basis of monthly subscription Linktree, Beacons, and Feedlink etc. augment the Web site links that sit in the bios of social media accounts, leading admirers to a creator's many content outlets. Non-fungible token (N.F.T.) marketplaces such as Foundation, Rarible, and SuperRare etc. enable creators to sell pricey digital-art products in exchange for commission fees. Viewers can access video broadcasts for free on Twitch, a site where users can live-stream content such as video games, and Heygo, a streaming platform that provides a virtual proxy for travel.

In the opinion of Sam Yam, co-founder of Patreon, earning a career as a creator is an extension of the so-called gig economy aided by companies such as Uber and TaskRabbit. Followers pay to gain access to someone's special talent or voice. Yam also stated, "you care about the individual more than just the task

¹³ Socialblade.com

¹⁴ Financialexpress. (2023). the likely end of conventional and dawn of new creator economy? [

¹⁵ Yuan, J. (2020). What is the creator economy? Influencer tools and trends. [online] SignalFire.

¹⁶ Sail, S. Fame To Economic Game: Digital Creators Reshaping Indian Economy. BW Businessworld.

¹⁷ Sail, S. Fame To Economic Game: Digital Creators Reshaping Indian Economy. BW Businessworld.

that needs to be done. Its value exchanged for creativity. The model promises more human connection and less automation. Customers, supporters, and patrons have replaced what were previously known as followers - the nameless numbers that piled up on a profile page like so many fungible eyeballs.”

According to the New York Times, this new profession is similar to a gig economy for digital material in many aspects. Participants are still unstable employees who rely on the vagaries of corporations for a living. The inventor is accountable for her own marketing, health care, and tax contributions, just like an Uber driver or a twenty-tens Instagram influencer. Quoting from the same sources, “she earns money for the platform that hosts her without the legal and financial benefits of employee status, nor does she receive the stock options that are routinely granted to the platform's engineers, designers, and managers.” Meanwhile, the social media behemoths are establishing their own version of the creator economy in a bid to discourage consumers from migrating to smaller, newer platforms. TikTok introduced a Creator Fund last year to compensate its users directly for popular content. Snapchat introduced a similar initiative called Spotlight, which pays creators millions of dollars per month. Facebook, which owns Instagram, revealed that by 2022, it will have paid out more than a billion dollars to users across its platforms.¹⁸

A BED FULL OF ROSES OR SOME CACTUS AS WELL?

Edwin Wee, Chief Millennial Officer at Stripe says that “When someone becomes a creator, they're challenging the status quo. Many creators begin as amateurs, and more platforms should exist to assist them in becoming professionals and earning a living from content creation. Regardless, this is an extremely

exciting space. As customers' attention spans shorten, we're seeing a shift away from creative and entertainment behemoths like Netflix, Apple Music, and Spotify and toward independent producers who are literally making money off their interests from anywhere in the world, often using only a smartphone. As this segment's popularity and acceptance in society grows, the influence on economies and GDP will be significant.”¹⁹

The creative economy market is now worth an impressive US\$104.2 billion.²⁰ Studies reveals, one billion people will self-identify as creators over the next five years, with investors investing a record US\$1.3 billion into the creator economy space in 2021 alone. However, the creator economy remains largely one-sided, with artists not being completely compensated for their labour. For example, the average YouTuber with one million subscribers earns about US\$60k in annual advertising revenue, while only about 0.2% of Spotify's more than seven million musicians earn more than US\$50,000 in royalties each year. It is past time to properly compensate innovators and make this a more transparent and equitable market.²¹ *“With the internet and YouTube, there's always the concern of being demonetized and having your channel cancelled, so people are always looking for alternative ways to earn money,” YouTuber Joshua Wanders said in an interview with New York Times. “You never know where the platforms are going to take you at the end of the day.”*

The creator economy market is still valued around \$100 billion.²² According to the Information's Creator Economy Database the platform space suffered a significant reduction in financing in Q4 2022. It is important to have an increase in funding for platforms, which will be difficult given the current fundraising environment; platforms being more flexible in how they cater to creator needs such as upfront payments; more transparency around how platforms charge creators; and the option for creators to own and have

¹⁸ Chayka, K. (2021). What the ‘Creator Economy’ Promises—and What It Actually Does. The New Yorker.

¹⁹ The Ultimate Guide to The Creator Economy Market Map. Antler.

²⁰ Geyser, W. (2021). Creator Earnings: Benchmark Report 2021. Influencer Marketing Hub

²¹ CB Insights Research. The Creator Economy Explained: How Companies Are Transforming the Self-Monetization Boom.

²² Investing In The \$100 Billion Creator Economy. YouTube

direct access to their fans. Same database also suggests that VC funding for creator economy start-ups slowed to just \$270 million in the fourth quarter of 2022, down from a peak of \$1.70 billion in the second quarter of 2021. As a result, some industry analysts believe the creative economy is exaggerated.²³

But there is some hope, as per the report of Goldman Sachs, as the ecosystem develops, the entire addressable market of the creator economy might nearly double in size over the next five years, from \$250 billion today to \$480 billion by 2027. The research reveals some surprising data, it says, "50 million global creators to grow at a 10-20% compound annual growth rate during the next five years. Creators earn income primarily through direct branding deals to pitch products as an influencer; via a share of advertising revenues with the host platform; and through subscriptions, donations, and other forms of direct payment from followers."

According to Quinn, March 2020 was the 'key inflection point' for this budding economy, as increased desire for digital content and job losses in other industries during the pandemic encouraged more people to try their hand as creators. Paul Saffo²⁴ advised recalling four warnings for revolutionaries that belongs to this new economic order –

- a. There are winners and losers.
- b. Don't confuse early results with long-term outcomes.
- c. Successful insurgents become over-powerful incumbents.
- d. Technologies of technologies of control.

Today, the creator economy is involved in crafting creator-community relationships, that helps in the evolution of the collective value that can be created via various platforms. However, Antler reports²⁵ that, the industry is in a state of flux. On the one hand, this is the most exciting time for the creator ecosystem, but it may also be the most difficult year given the macroeconomic backdrop. The creative economy is experiencing a rough period for the first time since its

start. Brands are cutting marketing budgets, creator platforms are laying off employees and closing down, venture capital is becoming more wary about investing in this space, and the number of platforms gaining unicorn status has plateaued.

"I think many of the creator platforms launched in the past few years with sky-high valuations may come to learn that the addressable market is much smaller than they originally believed. There are only so many full-time 'professional' creators who drive meaningful economic value for these platforms. They will have to be very clear on who their core customer is, how best to serve them, and ultimately how big the opportunity is as there is increasingly a distinction between the passion economy and the creator economy." - Megan Lightcap, Investor at Slow Ventures.

It will be fascinating to watch how the entire growing AI ecosystem shapes this economy. While it has been fuelled by criticism, particularly from those on a social media detox, technological influences would be considerable. In fact, how different companies may thrive and outperform themselves in this climate would be Further Readings an interesting topic to examine. When it comes to criticism, previously the 'blue ticks'- which are supposed to give you an edge on your performance on that particular platform, now you can easily get yourself 'blue ticked' by spending around INR 700/month in Instagram powered by Meta.

Speculations abound; multiple organizations produce reports that include predictions numbers-analysis. Various organizations have also begun to organize conclaves and award ceremonies for creators. Simultaneously, there is a constant push on creators (regardless of the creator profession you are) to reinvent themselves. But among everything, are we trading freedom for convenience? Widespread participation is the new normal. Engagement is generating value and status is coming from creation. The literature also says that the creator economy hype cycle has reached its trough of disillusionment.²⁶ This field is dominated by algorithms. To thrive in this area,

²³ The Information. Creator Economy Database.

²⁴ Paul Saffo: The Creator Economy - The Long Now.

²⁵ The 2023 Creator Economy: A New Direction. Antler.

²⁶ stripe.com. (2023). The creator economy goes global.

one must create authentic content and value, but who will teach these creators and influencers how to outwit the algorithms? Or as speculated by intellectuals, we are “All Watched Over by Machines of Loving Grace”²⁷

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²⁷ Madrigal, A.C. (2011). Weekend Poem: All Watched Over by Machines of Loving Grace. The Atlantic.