

# THE RISE OF THE CREATOR ECONOMY

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Richard Florida



REPORT

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# EXECUTIVE SUMMARY

The rise of Creators and of the broader Creator Economy is the digital manifestation of the rise of creativity as a key element in our economy, society, and everyday lives.

We define Creators as those who use digital technology to make and publish unique creative content, whether in the form of video, film, art, music, design, text, games, or any other media that audiences can access and respond to. Creators monetize their efforts through memberships, subscriptions, digital tips, advertising, brand partnerships, endorsements, direct funding from platforms, and other forms of digital payment.

The Creator Economy is the broader economic and social infrastructure that enables the work of Creators. It comprises the technological and economic ecosystem in which Creators do their work and engage their audiences, including digital platforms such as Facebook, YouTube, Instagram, TikTok, Twitter, LinkedIn, Substack, and Patreon; the digital tools that Creators use; startup companies; and the broader infrastructure of people and companies that support Creators' efforts to do their work and generate revenue.

The scale and scope of Creators and the Creator Economy is large, and it is growing. Creators number more than 300 million people across nine large nations, including more than 85 million Americans, according to a 2022 survey. Roughly 17 million American Creators earned money by selling their digital content as of 2017, according to a separate study. And the overall economic size of the Creator Economy was estimated to be more than \$100 billion as of 2020.<sup>1</sup>

At the same time that Creators can and do literally work from anywhere, key elements of the Creator Economy are geographically clustered. Just three city-regions—the San Francisco Bay Area, Los Angeles, and New York—account for nearly two-thirds of all global venture capital investment in Creator Economy startups. But such startups can also be found in more than 65 other cities around the world. While Los Angeles and New York are the leading U.S. locations for successful Creators, the vast majority of digital Creators and of Creatives more broadly are spread across other places across the globe.

125K Followers

244% Growth in 6 Months

## REELS Case Study

With Reels, professional soccer freestyler Mo Omar captures his impressive trick kicks and catches the attention of millions.

@MOFREESTYLER

## EXECUTIVE SUMMARY (CONTINUED)

The rise of digitally based Creators and the Creator Economy is accelerating an ongoing shift in the balance of power from large corporations and cultural and artistic gatekeepers to talent brought on the rise of creativity as a productive force and economic engine. Digital technologies and platforms enable Creators to bypass traditional institutional gatekeepers in the movie, music, publishing, and broadcasting industries. This does not mean that talent holds all the cards. Large corporate gatekeepers and the digital platforms themselves remain powerful actors in the Creator Economy.

Even as content creation has been democratized to a degree, the earnings that come from it remain highly concentrated, reflecting the long-standing “winner-take-all” dynamic of talent-based and celebrity-driven industries. While a vanishingly small percentage of superstar creators earn millions from their on-line content, fully two-thirds of them earn less than \$25,000 annually, and more than a quarter earn less than \$1,000.<sup>2</sup>

But money, fame, and audience size are far from the only metrics for Creator success. Our interviews with Creators and our review of various surveys of them show that Creators derive intrinsic satisfaction from their work. The vast majority are motivated by the ability to work on projects they are passionate about and give them a sense of meaning and purpose; that enable them to connect with like-minded others; and allow them more control over their schedules. Many are devoted hobbyists who are pursuing creative activities they are deeply passionate about. A growing number are social and political activists, who are principally motivated by the desire to serve causes bigger than themselves and have social and political impact.

Going forward, the key challenge for the Creator Economy is to create a larger and more sustainable “middle class” of Creators who earn a reasonable living. Not everyone can or should expect to get rich as an online Creator or influencer, but with support from platforms and the government, many more can earn substantial livelihoods from their creative production than they do today.

Digital platforms, for their part, can promote less-established Creators by tweaking their algorithms to introduce more discovery into what audiences see. They can provide additional resources and training to help less-established Creators with smaller audiences improve their engagement, monetization, and growth opportunities. They can give Creators more exposure to data dashboards and help them better understand how to use data analytics to improve their effectiveness. They can identify peer communities of Creators that can share their experiences and identify best practices and establish Creator Schools where Creators can share and learn from one another. They must also redouble their efforts to ensure that Creators, especially women and people of color, are better protected from harassment.

Public policy can help support Creators, bolster the Creator Economy, and ensure Creators are protected from discrimination and harassment. Federal, state, and local governments can help identify, organize, and support clusters or networks of Creators, similar to their long-standing efforts to support high-tech and arts clusters. They can aid in the development of shared benefit pools for health and other kinds of insurance. Local community colleges and universities can develop training programs to assist Creators in generating more stable and predictable revenue streams and building more sustainable enterprises. Government can also take steps to provide more direct assistance to lower-income Creators, members of minority groups, and residents of distressed neighborhoods and communities. The public and non-profit sectors can provide scholarships for less-advantaged Creators.

New policies and institutions to bolster the Creator middle class are important both to bolster the Creator Economy and to strengthen the economy and society more broadly. More sustainable economic prosperity turns on unleashing the creative potential of as many people as possible. A stronger Creator Economy and larger Creator middle class is key to making that happen.



# INTRODUCTION

For most of human history, economies and societies were organized around the exploitation of natural resources and mobilization of physical labor. But over the past several decades, knowledge, intelligence, and creativity have become essential engines of innovation and economic growth.<sup>3</sup> In this respect, the digital Creator Economy is an evolutionary outgrowth of the broader shift to creativity as a motor force of the economy. This new Creative Economy tilts the balance of power from large corporations to talent—a shift which has been accelerated by the COVID-19 pandemic and the rise of more flexible modes of work.

Today's Creator Economy is enabled by digital platforms like YouTube, Instagram, Facebook, TikTok, Twitter, Patreon, Spotify, Substack, Roblox, and more—which provide the infrastructure and tools Creators use to create and publish online content and engage with their audiences. Creators use these platforms to showcase and, in some cases, monetize their videos, photographs, art, podcasts, writing, criticism, commentary, and more. The rise of digitally based Creators and the Creator Economy helps accelerate the ongoing shift in power from large corporations and cultural and media gatekeepers to talent.

Despite the media's focus on high-profile Creators' pursuit of fame and fortune, the vast majority are more intrinsically motivated, content to make a decent living or generate side income from doing something they love.

As we will see, a key challenge for the Creator Economy is to create a stronger and more sustainable Creator middle class. This will require new approaches and initiatives from both the platforms and government at the federal, state, and local levels.

*This report is based on a combination of primary and secondary research. The research team reviewed more than 75 reports, studies, articles, and books on Creators and the Creator Economy; examined data on the scale, scope, demography, and geography of Creators and the Creator Economy; and conducted detailed interviews with key informants on the Creator Economy, including researchers, thought leaders, and Creators themselves.*





# THE CREATIVE FORCE

Up until very recently, creative activity was seen as a byproduct of economic growth and was largely the province of an economically and socially privileged elite. For much of this time, it was underwritten by the Church, the monarchy, aristocratic patrons, wealthy capitalists, or the state as a source of entertainment or to signify the success and power of its patrons.

With the rise of capitalism, creative work and creative industries came to be supported by the growing bourgeoisie, who valued practical creativity for its commercial applications and artistic creativity for its esthetic value and as a marker of status.<sup>4</sup> During the early- to mid-20th century, technological innovation was organized in centralized research and development laboratories run by corporations, large academic institutions, and governments.<sup>5</sup> At the same time, creative and artistic activity also came to be organized by larger corporate actors under the auspices of the entertainment-media industrial complex of major Hollywood film studios, major television networks, major music labels, and large-scale book and magazine publishers.

In his 2000 book on the subject, Harvard economist Richard Caves analyzed the organization of the creative industries spanning visual and performing arts, movies, theater, sound recordings, and book publishing, comparing them to other leading industries like automobiles, electronics, or chemical production. In place of large, vertically integrated companies of manufacturing industries that provide long-term jobs to their employees, creative industries tended to engage creative talent—writers, actors, directors, singers, songwriters, dancers, designers, and the like—with shorter-term, more unique, or idiosyncratic contracts. A broad ecosystem of business managers, agents, and other middlemen grew up to support this system and connect creative talent to the entertainment-media industrial complex.<sup>6</sup>

Writing in 2001, John Howkins was among the first to identify a distinct Creative Economy spanning arts, culture, design, entertainment, media, and innovation.<sup>7</sup> As of 2015, the United Nations estimated that the Creative Economy employs some 30 million people globally and produces upwards of \$2.25 trillion in output a year.<sup>8</sup> Back in 2011, the social media site LinkedIn reported that the word its members were using the most to describe themselves was “creative.”<sup>9</sup>

In my 2002 book, *The Rise of the Creative Class*, I documented the dramatic growth of the Creative Class, which now includes nearly 60 million Americans. In contrast to the members of the blue-collar working class, whose work is based on their manual labor and physical skill, the work of the Creative Class is steeped in their creativity and mental labor. Spanning fields like science and technology; arts, culture, music, and entertainment; and the knowledge-based professions of business, finance, law, healthcare and education, the Creative Class has grown from around 15 percent of the U.S. workforce in 1960 to more than 40 or 50 percent in leading cities and nations today. Its economic impact is massive. Overall, its members account for 50 percent of wages and as much as 70 percent of discretionary spending.

The desires and motivations of the Creative Class differ from traditional blue-collar workers. While money can be important, the members of the Creative Class are also driven by intrinsic motivations. They seek out work that is challenging and meaningful; they desire to work on great projects with great teams; they seek out flexibility and want the ability to express themselves in their work—all of which have been heightened and accelerated in the wake of the COVID-19 pandemic. This is part and parcel of what the political sociologist Ronald Inglehart has termed the shift to a “post materialist” society where broader questions of meaning and purpose and larger-scale issues like the environment and climate change have come to replace the previous focus of the economy, society, and politics on more material wants and needs.<sup>10</sup> In the *Rise of the Creative Class*, I described an informal thought experiment I conducted with graduate students, in which I offered them a hypothetical choice between lifetime employment in a machine shop earning more than \$100,000 a year and a job in a hair salon where the pay was low and employment contingent but they could set their own hours. They picked the hair salon by an overwhelming margin because, they said, it offered flexible and challenging employment and even more-so, the ability to be themselves and chart their own course.

Creativity is not a standard economic input like raw materials or routine manual labor. As such, it does not abide by the rhythms of the factory or the assembly line. Nor does it recognize the socially imposed divisions of gender, race, ethnicity, national origin, or cognitive styles. Creativity is a broad, collective resource that lies deep within each and every person. While many, if not most, jobs are still oriented around more routine tasks rather than creativity, everyone is potentially creative, and all jobs can benefit from it. The most prosperous societies encourage and draw on the creativity of all their members. For these reasons, the balance of power has been shifting gradually over time away from large corporations and institutions and toward creative talent.

The rise of digital Creators is accelerating this shift, as the use of digital technologies and platforms puts the means of creative production in their own hands. Digital platforms provide Creators with tools and technologies that provide more direct access to both the means of creative production and the online venues and marketplaces where their creative output can be monetized. This greater porosity enables a more diverse universe of talent to emerge and gain an audience, bypassing traditional institutional gatekeepers such as movie studios, TV networks, music labels, and book, newspaper, and magazine publishers. Take the example of musician Steve Lacy whose genre-crossing hit, “Bad Habit,” edged Harry Styles out of the No. 1 position on the Billboard charts in the fall of 2022.<sup>11</sup> The 24-year-old digital Creator was inspired to learn guitar by playing *Guitar Hero*; the first band he played in was called “The Internet.” His debut album in 2019 was well received but was not widely heard. Then, “Bad Habit” took off after going viral on TikTok, having been used in over 500,000 videos on the platform. Digital platforms enable veritable outsiders to breakthrough in ways that would have been virtually unimaginable under the traditional music/entertainment industry.

Of course, access to the means of creative production does not enable success on its own; traditional gatekeepers still have considerable say about who finds an audience, as do the companies that run the digital platforms and create the algorithms that allow some posts to go viral. Still, even though the Creator Economy has not entirely leveled the playing field, it has significantly lowered its barriers to entry.

# DEFINING CREATORS AND THE CREATOR ECONOMY

As a newly emerging field, there are not yet consensus definitions of Creators or reliable estimates of their overall numbers or size. Still, there are some useful parameters, patterns, and trends that can be gleaned from existing data, surveys, and studies.

Instagram head Adam Mosseri in a TED Talk defined a Creator “as someone whose personality is their brand, and who uses platforms like Instagram to turn their passion into a living ...They generate new ideas, push boundaries, drive culture.”<sup>12</sup> Sophia Kunthara, a reporter who covers this territory, wrote in Crunchbase that Creators are “the industry of people who create online content and make money off of it, independent of a third-party brand.”<sup>13</sup>

## Creators

We define Creators as those who use digital technology to make and publish unique creative content, whether in the form of video, film, art, music, design, text, games, or any other media that audiences can access and respond to. Creators monetize their efforts through memberships, subscriptions, digital tips, advertising, brand partnerships, endorsements, direct funding from platforms, and other forms of digital payment.

There is a wide range of estimates for the number of Creators, depending on how broadly or narrowly they are defined—whether, for example, they include only Creators who monetize their on-line activity—or the number of countries covered.

- A 2020 SignalFire study identified some 50 million self-identified Creators worldwide, two million of whom sell their content full-time.<sup>14</sup>
- A Re:Create study identified nearly 17 million paid Creators in the United States who earned nearly \$6.8 billion in 2017 by monetizing their personal content on nine leading digital platforms, including Instagram (with 5.6 million Creators) and YouTube (with 2.2 million). The number of paid Creators at the time was greater than the number of Americans employed in healthcare at the time (15.7 million), manufacturing (12.4 million), finance (8.6 million), or construction (7 million).<sup>15</sup>
- A 2021 survey of more than 250,000 content Creators by Factworks, and commissioned by Meta, estimates the number of Creators in the United States to be more than 30 million, with significant numbers in emerging economies like India (92 million), Brazil (20 million), Nigeria (11 million), and Mexico (9 million).<sup>16</sup>
- A 2022 survey carried out by Edelman Data & Intelligence for Adobe estimates an even larger number of Creators, more than 300 million across nine nations, and more than 85 million in the United States, with 17 million in the United Kingdom, 16 million in France, 19 million in Germany, 17 million in Spain, 18 million in South Korea, 19 million in Japan, and 6 million in Australia.<sup>17</sup>

## DEFINING CREATORS AND THE CREATOR ECONOMY (CONTINUED)

It is useful to distinguish between Creators, influencers, and celebrities, something that much of the existing literature on the Creator Economy fails to do in a transparent or consistent way.<sup>18</sup> Though there is considerable overlap, influencers are essentially self-made celebrities who having achieved their prominence via social media leverage it to market mainly other peoples', and sometimes their own, goods and services. Celebrities became famous when they were marketed by others in traditional media like TV and the movies or when they achieved success in business, fashion, academia, sports, politics, pop music, or other fields that provide high visibility. Many have strong on-line presences as well, which they use to market their latest projects. Some qualify as Creators because they create unique content.

That is the key distinguishing characteristic: Creators may or may not be famous, but the goods and services they produce and market are of their own making. An even more concise way to put it is that *Creators* create content. Influencers may create content, but they also utilize content created by others. Celebrities also may create content but are oriented toward achieving fame. All that said, there's nothing to prevent a celebrity or an influencer from becoming a bona fide Creator or a Creator from becoming an influencer or celebrity. As one Creator we interviewed put it: "I don't think anyone is really a celebrity the way that they used to be, because we have direct access to celebrities these days. The line between influencer and celebrity is so blurred."

As with Creators, there is no single definition of the Creator Economy or an estimate of its size that everyone agrees with. A 2022 report by ConvertKit defines the Creator Economy as a "network of creatives, writers, coaches, influencers, and more who want to earn a living online. They use software and social media to share their perspectives, build an audience, and sell products and services."<sup>19</sup>

### Creator Economy

We define the Creator Economy as the broader economic and social infrastructure that enables the work of Creators. It comprises the technological and economic ecosystem in which Creators do their work and engage their audiences, including digital platforms such as Facebook, YouTube, Instagram, TikTok, Twitter, LinkedIn, Substack, and Patreon; the digital tools that Creators use; startup companies; and the broader infrastructure of people and companies that support Creators' efforts to do their work and generate revenue.

Just as the number of Creators varies depending on how broadly the term is defined, the value of the Creator Economy varies depending on what is included in it.

- The economic value of the Creator Economy was estimated to be around \$104 billion in 2021, based on revenues generated by Creators plus money invested in Creator Economy startups, according to a study by NeoReach and Influencer Marketing Hub.<sup>20</sup>
- YouTube's Creator ecosystem alone contributed more than \$25 billion in economic output in the U.S. in 2021 via its direct and indirect impacts, and is responsible for the equivalent of some 425,000 full-time jobs, according to an Oxford Economics study.<sup>21</sup>





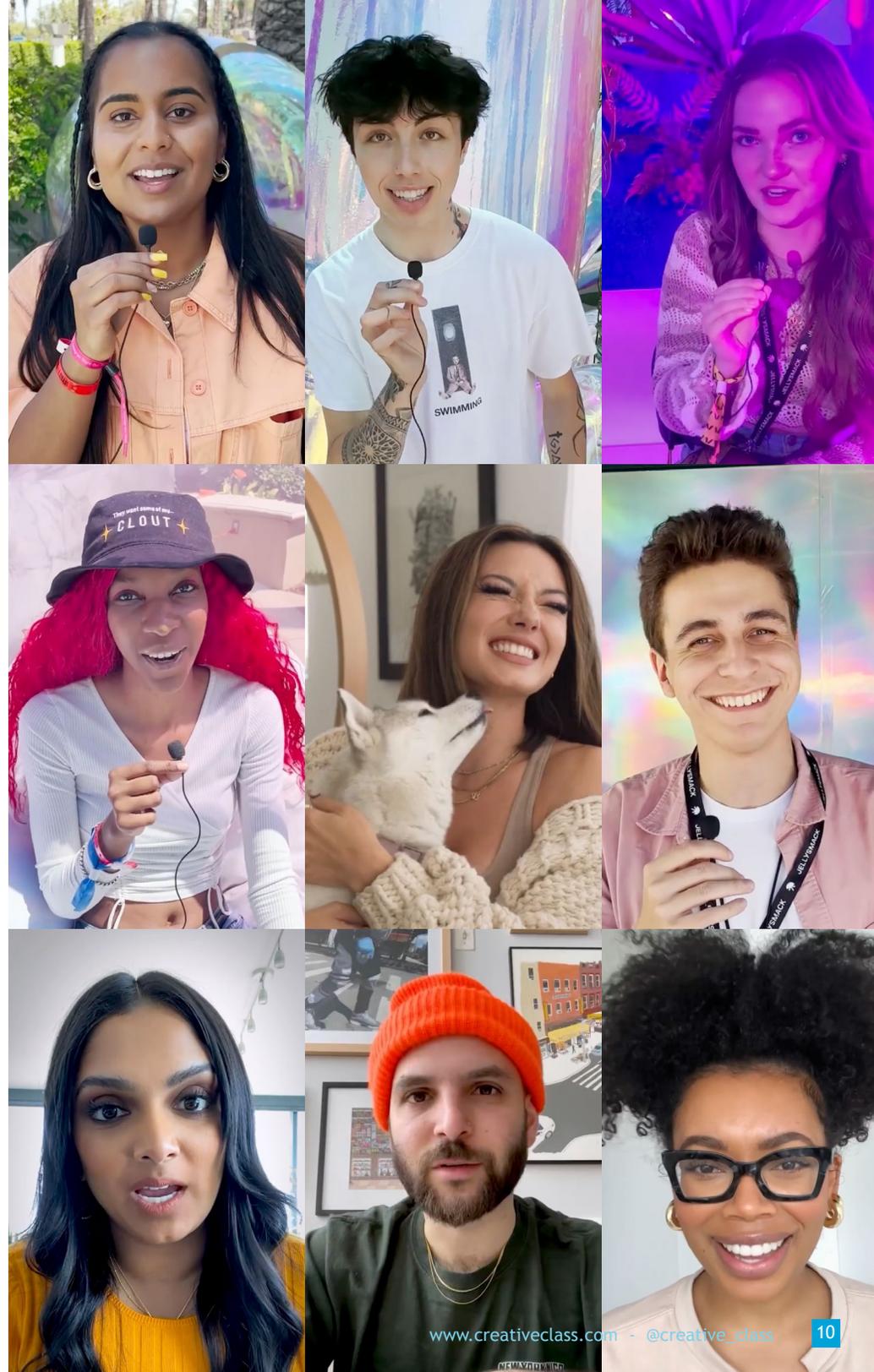
# WHO ARE CREATORS?

But who exactly are Creators? How do Creators break down by age, gender, race, ethnicity, nationality, and more?

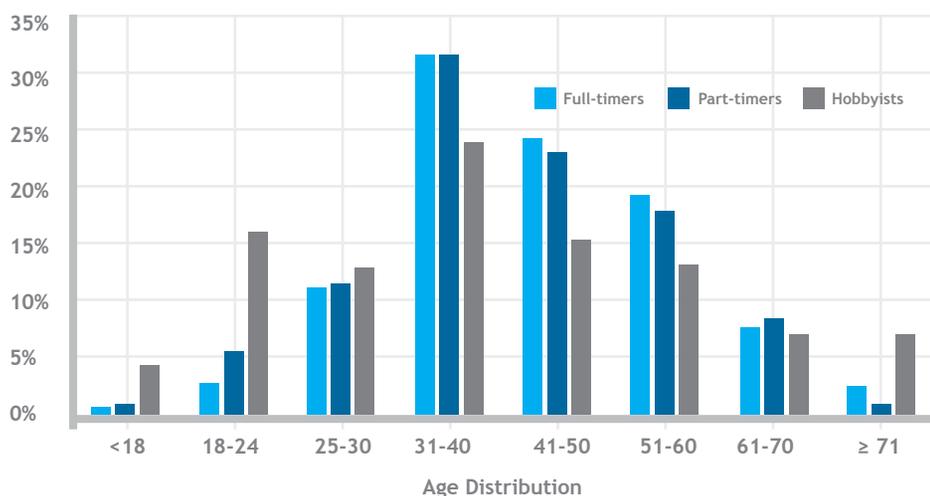
The precise demography of Creators is even harder to pin down than their overall number as estimates vary widely, depending on how Creators are defined and surveyed. That said, there are some signals in the noise.

While the prevailing image of a Creator is a teenager or young adult posting content on YouTube or Instagram—Creator Josh Sheldon, who is known as Defaultio, has been developing games on Roblox since he was 12—Creators can be found in every age bracket, but they tend to skew somewhat older. The Adobe/Edelman survey found the average age of Creators to be 40, with Generation Z making up just 14 percent of all Creators.<sup>22</sup>

A separate 2021 survey of several thousand Creators found that nearly half (48 percent) were Millennials (ages 25 to 40); a little more than a quarter (27 percent) were Gen Z (age 24 and younger); slightly less than a fifth (17 percent) were Gen X (between 41 and 56 years of age); and just 8 percent were Baby Boomers (between the ages of 57 and 75). More than half (55 percent) were male. It also found African American Creators to be slightly over-represented compared to their share of the overall U.S. population (19 versus 12 percent), and that Hispanic Creators were underrepresented (8 percent versus 19 percent).<sup>23</sup>



**Figure 1: The Age Distribution of Established Creators**



Source: ConvertKit, “State of the Creator Economy 2022” May 13, 2022. <https://convertkit.com/reports/creator-economy-2022>.

The ConvertKit survey of more established Creators found the average age of Creators to be somewhat higher (see Figure 1). Nearly half of the Creators in its survey were between 31 and 60 years old. The largest cohort, representing a little over 30 percent, was 31- to 40-year-olds, followed by Creators between ages 41 to 50 (just under 25 percent), and then the even older cohort of 51- to 60-year-olds (just under 20 percent). Less than 15 percent were 25 to 30. Creators between 61 and 70 accounted for between 5 and 10 percent, and less than 5 percent of professional creators were 18- to 24-year-olds.<sup>24</sup> This older age skew compared to other surveys likely reflects the fact that this survey was limited to users of CoverterKit’s services, who are more likely to be drawn from the ranks of more established or professional Creators.

When it comes to gender, the same survey found that women outnumber men by around two to one (67 percent) when it comes to being full-time professional Creators. According to the survey, this may reflect the fact that women are drawn to self-employment, in part because of the obstacles they experience in traditional workplaces. The survey also turned up evidence of

a considerable gender gap in earnings. Though more women Creators earn revenue than men (69 percent versus 61 percent), men were more than twice as likely to earn more than \$150,000 per year than women, and 35 percent of men earn more than \$100,000 as compared to just 19 percent of women. The same survey also found that more than half (55 percent) of both full-time and part-time Creators are parents, and nearly a quarter of them (24 percent) became Creators during the pandemic.

When all is said and done, the impact and influence of Creators on our society and culture is even greater than these economic and demographic estimates can capture. Consider the following drawn from a range of recent studies.

- Children are three times more likely to aspire to be YouTubers (29 percent) than astronauts (11 percent) according to a 2019 Harris poll commissioned by LEGO.<sup>25</sup>
- Almost half (46 percent) of teens report they use the internet “almost constantly,” up from less than a quarter (24 percent) of teens in 2014-15, according to a recent Pew Research Center survey. And more than half (56 percent) of Black teens and 55 percent of Hispanic teens reported being online almost constantly, compared with just 37 percent of White teens.<sup>26</sup>
- More than 70 percent (72 percent) of all Americans and more than 84 percent of young adults ages 18 to 29 report using social media, according to another Pew survey.<sup>27</sup>
- More than 80 percent (86 percent) of Americans between the ages of 13 to 38 said they would be willing to post sponsored content for money, according to a separate Pew survey.<sup>28</sup> And 72 percent of Americans in this age group said they followed influencers, the most famous of which had as much or more name recognition as mainstream celebrities. According to a Morning Consult survey of Gen X and Millennial influencers, Felix Arvid Ulf Kjellberg, the controversial Swedish gamer who achieved international celebrity on YouTube as PewDiePie, is as well-known as and even more liked by Gen Z males than LeBron James.<sup>29</sup>

# WHAT CREATORS DO

As to what Creators do, part of the answer is straightforward: They develop and post original content online, using a variety of different media such as video, photography, music, podcasts, webinars and courses, games, blogs, newsletters, other forms of writing, and more. A 2022 Patreon survey of 13,000 of its Creators from 113 countries found that video is the most popular medium (used by 38 percent of Creators), followed by text or writing (17 percent), audio (14 percent), visual arts (11 percent), and games and photography (6 percent each).<sup>30</sup> Professional Creators produce an average of more than four (4.4) different types of content, while part-timers produce more than three (3.4), and hobbyists produce more than two (2.4), according to the CovertKit survey.<sup>31</sup>

Creators work hard, with a significant share of them spending years patiently honing their crafts and engaging and growing their audiences. The largest share of Creators (37 percent) have been producing content for four years or more; 13 percent for three to four years; almost 19 percent for two to three years; just over 22 percent for one to two years; and just under 9 percent for less than one year, according to the 2022 NeoReach Survey.<sup>32</sup> The CovertKit survey found that more than two-thirds (67 percent) of full-time Creators began their careers more than three years ago and that 37 percent of musicians spent 10 or more years building their on-line audiences. That same survey found that full-time Creators work long hours: 28 percent more than 40 hours a week, while 23 percent work 30 to 40 hours. Worryingly, a sizable share of Creators experience burnout. Nearly two thirds (61 percent) of Creators reported experiencing some level of it in 2021.<sup>33</sup>

Creators have embraced and, in many cases, led the shift to more flexible modes of working, including fully remote work. The share of working time done from home increased from less than 5 percent before the pandemic to roughly 20 percent, according to a 2021 study by a team of researchers led by Stanford University economist Nicholas Bloom.<sup>34</sup> Given that a significant share of the work, such as manufacturing and personal service work, has to be done on-site, the share of professional and knowledge work being done remotely is likely much higher, taking up as much as 40 to 50 percent of the work-time of knowledge workers. Creators far exceed that. The overwhelming majority of them, roughly 90 percent, worked from home in 2021, while 2.5 percent said they worked in a coffee shop, and 1.6 percent used a co-working space. Just 5.4 percent said they worked out of a traditional office.<sup>35</sup> Given the nature of the work and the fact that it is freelance by definition, none of that should be especially surprising.

*Before I did social media, I was a doctorally-prepared mental health nurse practitioner. When I was getting my degree, I was also teaching nursing students as well. I would take them to the psych hospital. I've always had that passion for teaching.*



*TikTok came along in the fall of 2019. I was just posting videos—some comedy, some educational—and people would just ask more and more questions. It was that initial engagement that got me excited. Then the followers went up and up. At some point around maybe 50,000 followers on TikTok, I started to think to myself, 'Maybe I might do this for a living.' But I wasn't aware of how people were monetizing off of it. I didn't know that I could have another job where I could make more than I was already making.*

*I got my first brand deal when I was in Virginia—I was still working, doing forensic psychiatry. And, I thought it was ridiculous that somebody would pay me to post on the internet.*

*A lot of people are not comfortable talking to a doctor. Even though there's no substitute for a doctor or a professional, suicide is an impulsive behavior. If somebody is at home and they're having those impulsive thoughts, they might scroll on their Facebook or YouTube and see a video that could buy them time to think about what they're doing. Videos can be powerful in that way.*

*The most important thing is that it's authentic to who I am. Allowing creators to get to real, authentic engagement with their supporters, because once you have the engagement relationship and it continues to grow, the monetization opportunities are going to come regardless.*

**Dr. Kojo Sarfo, Mental Health Expert: 2.3 million TikTok followers, 249,000 Instagram followers.**

**Figure 2: Instagram Influencer Categories**

Segment	Share
Lifestyle	13.8%
Beauty	8.6%
Music	8.3%
Photography	6.6%
Family	6.2%
Humor & Fun	4.9%
Shows	4.2%
Modeling	3.9%
Actors/Actresses	3.8%
Fitness & Gym	3.3%

Source: Werner Geysler, "The State of Influencer Marketing 2022: Benchmark Report," *Influencer MarketingHub*, March 2, 2022.

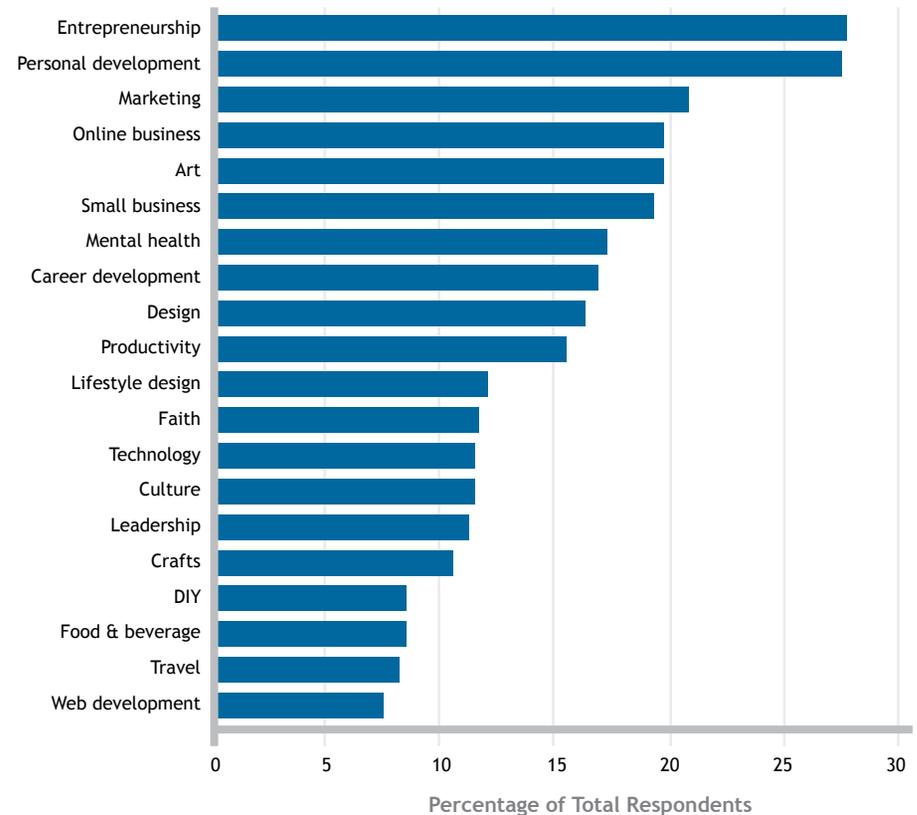
Creators not only differ by the media they use but by the topics and subject matter they address, which runs the gamut from books, music, and TV and film to news, business, politics, science, and sports to popular culture, beauty and fashion, lifestyle, parenting, home improvement, travel, food and restaurants, fitness, pets, astrology, parenting, humor, games, and more.

A 2021 survey arrayed Instagram influencers into 10 key categories or verticals, with the largest shares in lifestyle, beauty, and music, followed by photography and family, and then humor, shows, modeling, film actors and actresses, and fitness (see Figure 2).<sup>36</sup>

Creators use different platforms depending on the topic or media they work in. Creators who post mainly video content—say about health and fitness, beauty and fashion, or travel and lifestyle—tend to use YouTube, TikTok, or Instagram as their dominant platforms. Creators who make music favor platforms like Spotify and iTunes. Creators who make written content—political commentators, economists, management thinkers, essayists and the like—gravitate to platforms like Substack, Medium, and Twitter. Creators who make games, including large interactive multiplayer games, favor platforms like Roblox or Twitch.

An even more detailed breakdown of the leading topics addressed by Creators comes from the ConvertKit survey mentioned above (see Figure 3). Many of the top 20 topics are business oriented, with entrepreneurship the most popular, followed by marketing, online business, small business, and career development. Personal development also ranks highly, along with mental health, lifestyle, and faith. Art ranks highly as well, but design and culture fall further down the list. Surprisingly, food and beverage and travel rank near the bottom, with web development coming last. Again, this likely reflects the well-established and more business-minded Creators who were surveyed.<sup>37</sup>

**Figure 3: Major Subject Areas of Creators**

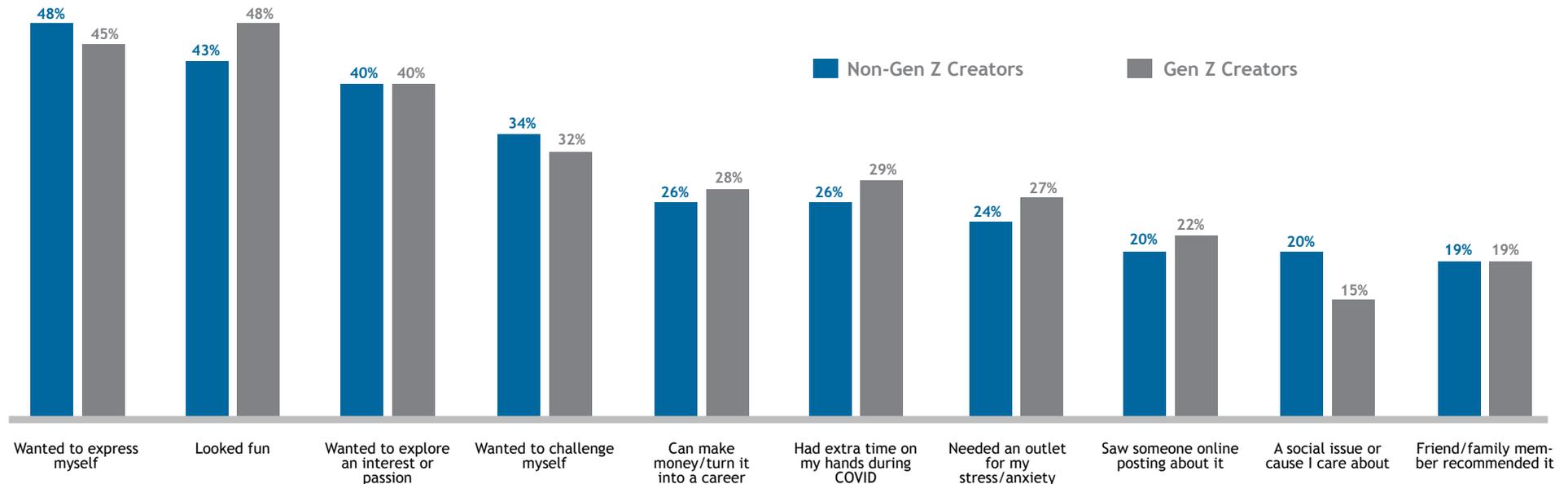


# WHAT MOTIVATES CREATORS? MORE THAN MONEY AND FAME

Despite what is often said about Creators' frenetic pursuit of fame and fortune, like members of the Creative Class more broadly, large shares are more intrinsically motivated. While money is important to them, virtually all of them want to follow their passions and work on ideas, activities, and projects that give them a sense of purpose; connect with like-minded others; engage in work that is challenging, interesting and fun; and have control over their schedules.

As Figure 4 shows, when asked about their most important motivations, larger shares of Non-Gen Z Creators listed self-expression (48 percent), fun (43 percent), passion (40 percent), and challenge (34 percent) than making money (26 percent), according to the Adobe/Edelman survey mentioned above, a share that was just a bit higher than the 20 percent who said they were primarily motivated by a desire to advance a social issue or cause.<sup>38</sup> The survey further found that cause-oriented Creators are motivated by the desire to spur greater awareness and make it easier for others to support social causes. This was similar to the rationales cause-oriented Creators mentioned in our interviews. According to the survey, the leading causes advanced by Creators include food and housing security, social justice, and climate change.

Figure 4: Motivations of Creators

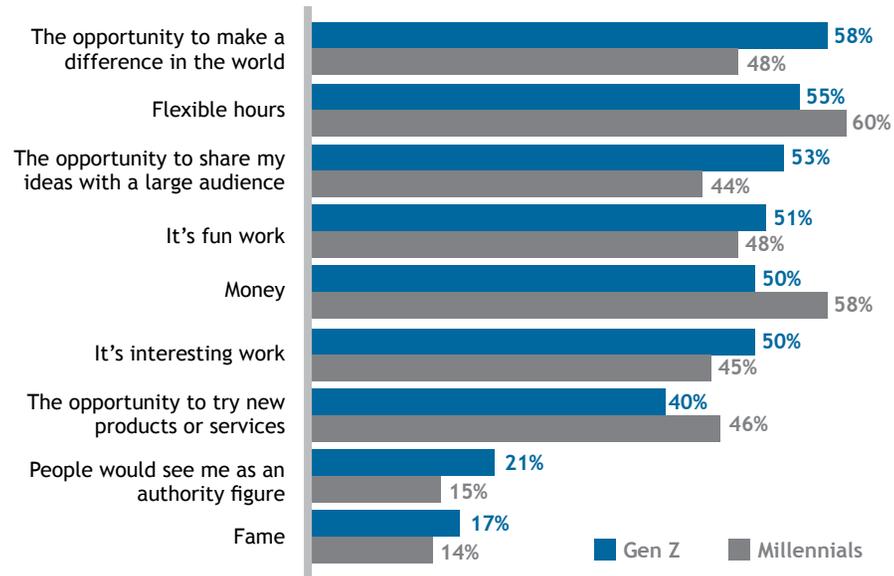


Source: Adobe, "Creators in the Creator Economy: A Global Study," August 25, 2022. The survey was conducted by Edelman Data & Intelligence. [https://s23.q4cdn.com/979560357/files/Adobe-'Future-of-Creativity'-Study\\_Creators-in-the-Creator-Economy.pdf](https://s23.q4cdn.com/979560357/files/Adobe-'Future-of-Creativity'-Study_Creators-in-the-Creator-Economy.pdf)

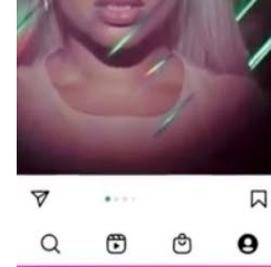
# WHAT MOTIVATES CREATORS? MORE THAN MONEY AND FAME (CONTINUED)

Other surveys reinforce the importance of intrinsic motivations and rewards. Intrinsic factors were of substantial importance to Generation Z and Millennial Influencers (see Figure 5) according to the Morning Consult survey of them. It also found non-monetary factors to be important to this cohort, including: the opportunity to make a difference in the world (58 percent of Generation Z and 48 percent of Millennials); flexible hours (55 percent of Generation Z and 60 percent of Millennials); having fun (51 and 48 percent); and the ability to do interesting work (50 and 45 percent)—all of which ranked similarly to money (50 percent of Generation Z ranked it highly and 58 percent of Millennials). Fame and being seen as an authority figure ranked below all of them, with just 17 and 14 percent and 21 and 15 percent respectively.<sup>39</sup> And, this is from a survey of professional influencers, a group that is highly likely to see money as a key reward.

**Figure 5: Motivations of Influencers**



Source: Morning Consult, "The Influencer Report: Engaging Gen Z and Millennials," 2021. <https://morningconsult.com/influencer-report-engaging-gen-z-and-millennials/>



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# HOW CREATORS GET PAID

While most Creators are intrinsically motivated, their Creator activity enables some to make a career out of what would otherwise be just a hobby or a passionate vocation. This came through time and time again in our interviews. Creators are sometimes able to transform a vocation they love into a sustainable career and enterprise. For many more, the money they make from the Creator activities is a useful source of side income.

When it comes to making money, Creators tap five major sources of revenue or pay, as follows:

## SPONSORSHIP AND BRAND DEALS:

A significant source of earnings for Creators is through sponsorship deals with major corporations or so-called brands. Some of this takes the form of sponsored content in which Creators are paid for their posts. Brand deals comprised more than three-quarters (77 percent) of surveyed Creator earnings in 2021, according to the survey by Influencer Marketing Hub and NeoReach.<sup>40</sup>

## ADVERTISING:

Another revenue stream for Creators is advertising, as platforms share a portion of the revenue generated by the ads surrounding Creators' content. These can be a flat fee or a percentage.

## SUBSCRIPTIONS AND MEMBERSHIPS:

Creators also earn revenue from subscriptions and memberships, which take the form of monthly or annual subscriptions, direct payments from fans, or digital tip jars. Substack, for example, is a platform which allows writers to break away from traditional publishers and charge their own subscriptions. Other sites enable Creators to create memberships which give fans more privileged access to premium content or live performances. The percentage of Creator revenue taken differs by platform. Twitch takes 50 percent; YouTube takes 30 percent; OnlyFans, 20 percent; and Substack, 10 percent. Patreon takes between 5 and 12 percent of donations; and Twitter takes 3 percent of revenue until a Creator earns \$50,000 and 20 percent after that. A 2022 Patreon survey found that the largest share of revenue for its members (41 percent) came from subscriptions or memberships on the site, which is not surprising given it is a membership site. The next largest share, 11 percent, came from a job related to their creative pursuits, 8 percent came from commissions, 7 percent from other subscriptions, another 7 percent from ad-

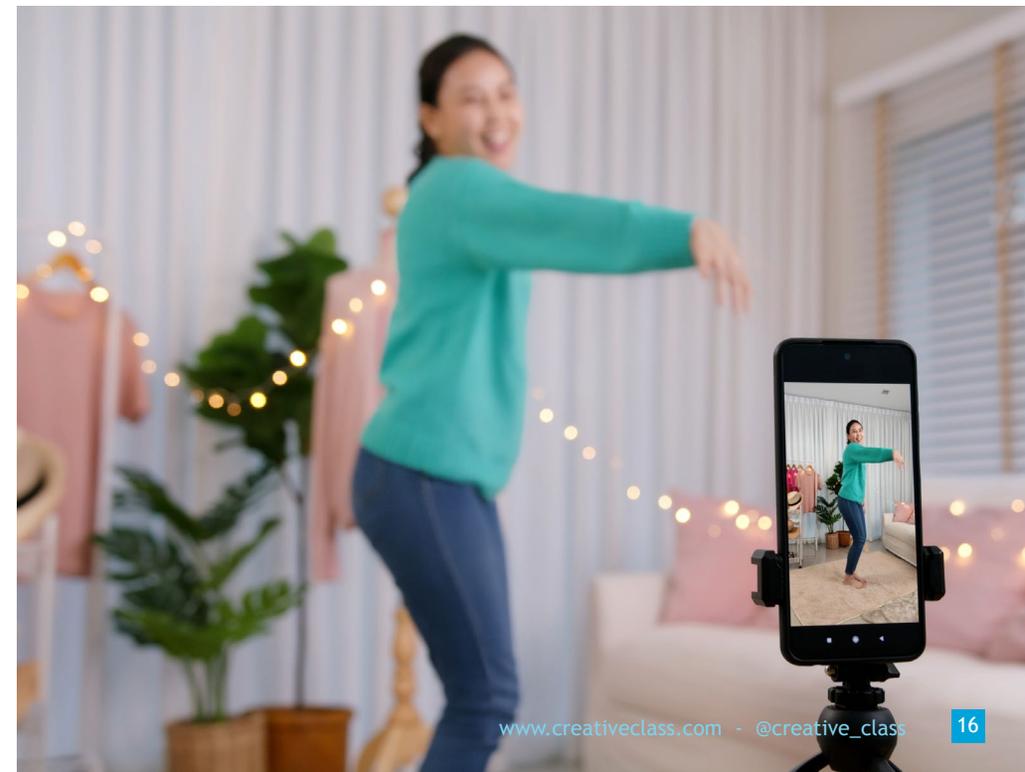
vertising, 5 percent from teaching or coaching, 4 percent from book sales, 3 percent each from merchandise sales and digital downloads, 2 percent from live appearances, and 2 percent from brand deals.<sup>41</sup>

## DIRECT SALES OF GOODS AND SERVICES:

Creators also make money by selling goods and services, everything from art works, songs, and albums to newsletters, courses, consulting, books, and personal coaching, as well as ancillary goods and swag imbued with the Creator's brand, such as cosmetics and clothing. Various apps and platforms specialize in different types of goods and services. Kajabi for example supports online classes by Creators.

## DIRECT FUNDING FROM PLATFORMS:

To attract and retain marquee talent, platforms sometimes invest in Creators directly. These can take the form of advances, similar to those paid to book authors. Substack for example has provided substantial advances to lure high-profile figures away from traditional media companies. It paid a \$250,000 advance to attract the blogger Matthew Yglesias from Vox and a \$430,000 contract for two-years to attract Danny Lavery, who founded the humor blog *The Toast*, while big-name bloggers like Andrew Sullivan, Heather Cox Richardson, and Glenn Greenwald also received significant advances.<sup>42</sup>



## HOW CREATORS GET PAID (CONTINUED)

Several leading platforms have launched so-called Creator Funds, which provide direct financial support to Creators. These can be significant. Meta's Creator fund, which includes both Facebook and Instagram, is \$1 billion. TikTok, which started with a \$200 million fund, has said it will expand to \$1 billion over the next several years. YouTube had a \$100 million fund but said it will eliminate it in the coming year. LinkedIn, Snapchat, Pinterest, and Twitter have smaller Creator funds.<sup>43</sup>

Many Creators are motivated by money only to the extent that it is a means to an end, escaping the proverbial rat race, supporting themselves by doing work they love, or raising funds for social and political causes that are bigger than themselves. Like my own students who were willing to sacrifice the prospect of lifetime employment in a machine shop for the opportunity to chart their own course in a hair salon, working on challenging projects, expressing their true selves, and setting their own hours so they can have more control over their lives are what they value the most.

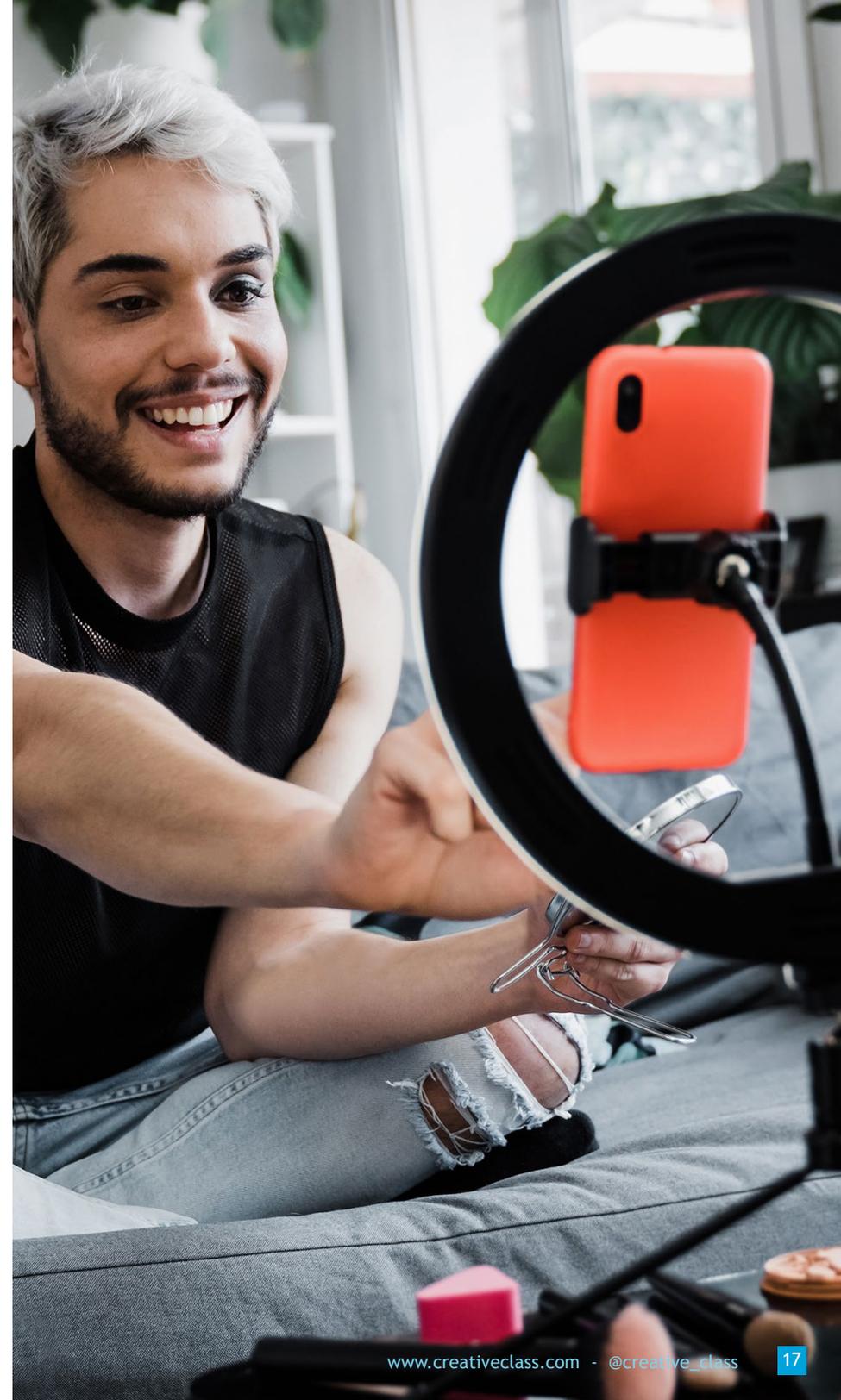
*Many creators are leaving a lot of money on the table by not venturing off into social media.*

*The thing that people don't understand about being an online creator is that it is residual money, it never sleeps. Even when I'm at the comedy club, I'm still earning money. You have to go to a job, you have to clock in, you have to clock out. You only earn money between those hours that you worked. Even right now, as I'm doing this interview, I'm still earning money.*

*Being on social media during the pandemic really solidified me financially because everybody was at home on their phones looking for some type of excitement. A lot of people had gotten depressed or down, and they needed moments to uplift.*

**Daphnique Springs, Comedian and Performer**

3.3 million Facebook followers, 2.4 million TikTok followers, 590,000 Instagram followers.



# DIGITAL PLATFORMS

The Creator Economy runs on digital platforms. Most prominent among them are the major social media sites that provide Creators with the means of digital creation and distribution and the algorithmic systems of discovery that point audiences at them.<sup>44</sup> These include larger platforms like Meta’s Facebook and Instagram, Alphabet’s YouTube, and Tik Tok and Twitter, as well as smaller more specialized ones like Tumblr, Etsy, LinkedIn, Reddit, Substack, Snapchat, Twitch, Roblox, and others. Like other areas of the digital economy such as internet search and e-commerce, platforms can benefit from so-called network effects or network externalities, where the economic value of the service they provide increases alongside the number of Creators and the number of consumers or size of their audiences.<sup>45</sup>

Digital platforms depend in turn on Google’s Android and Apple’s iOS, the operating systems that power the smartphones, tablets, and other devices that people use to access them. They also depend on the digital stores that sell apps and manage payments, like the Google Play store and Apple’s App Store, which charge fees of roughly 30 percent on transactions.

While platforms allow Creators to reach audiences and markets that were previously gated by traditional media corporations and publishers, they are not disinterested parties; they also maximize their own monetization opportunities. Creators not only pay them fees but are vulnerable to changes in rules, standards, payments, and algorithms that the platforms can impose.

That said, by putting the means of production into the hands of Creators, platforms have made creative marketplaces more porous. According to one study, “Digital platforms such as Amazon, eBay, Etsy, Facebook, Google, Instagram, Yelp, and YouTube, among others, make it easier than ever to build a business and generate income, offering entrepreneurs access to large-scale markets and a variety of incentives to populate their platform ecosystems.”<sup>46</sup> As another puts it: “Social media platforms have democratized media creation and publication, allowing anyone to share their skills, talents, and opinions with the world.”<sup>47</sup> Or, in the words of one Creator we interviewed: “There aren’t any gatekeepers today. If I have a concept that I feel passionate about, we can really bring that to life.”



@meganjaynecrabbe

## DIGITAL PLATFORMS (CONTINUED)

There are various types of platforms which serve different audiences and purposes and specialize in different kinds of Creator content, as noted above. Some, like YouTube and TikTok, are more about video; others, like Instagram and Snapchat, are more about photography; still others, like iTunes, Spotify, and Pandora, specialize in music and podcasts. Twitter, Medium, Quora, and Substack are more oriented toward text. Roblox is focused on gaming. The 2021 NeoReach survey of Creators found Instagram to be their primary platform for content creation, identified by 72 percent of Creators, followed by TikTok (13 percent) and YouTube (9 percent).<sup>48</sup>

Platforms form a hierarchy of sorts, with content that originates on smaller, more specialized platforms often being posted on larger, general interest platforms, providing Creators with a portal to much wider audiences. Here is one way of organizing and thinking about the types of platforms:

**Portal Platforms** like YouTube, Instagram, and Twitter act as “front pages,” arraying content for mass audiences. This is where Creators get eyeballs.

**Creation Platforms** like SoundCloud, Substack, Medium, Roblox, and Twitch are places where Creators can build out longer form or more specialized content for more specialized audiences.

**Sponsorship Platforms** like Patreon, OnlyFans, and GoFundMe allow Creators to garner additional revenue from subscribers who get unique or additional content or preferred access to goods or performances. These platforms often provide for greater engagement with fans.



# THE CREATOR ECONOMY ECOSYSTEM

The Creator Economy revolves around Creators, audiences, and platforms, but it extends well beyond them. Here is a list of the key players or components that comprise its ecosystem.

## MANAGERS:

Managers and other professional executives play a similar role as they do in the traditional entertainment ecosystem, connecting Creators to opportunities with platforms, corporations, brand partners, traditional and new media companies, and opportunities for live/in-person performances.

## CONNECTORS:

Agents, scouts, public relations experts, and marketers act as conduits between Creators, platforms, brands, and other partners. Their role is also similar to the one they have long performed in the traditional entertainment industry.

## TECHNICAL SUPPORT STAFF:

These are professionals that Creators use to support various facets of their work and activities, such as videographers, audio technicians, photographers, set designers, and lighting professionals; wardrobe and hair stylists; assistant chefs, recipe developers, and food designers; editors, illustrators, and graphic designers; accountants, lawyers, public relations and communications professionals, and personal assistants; and more. These roles are again largely similar to those of the traditional entertainment ecosystem.

## APP STORES:

Digital app stores like Apple's App Store and Google Play provide access to mobile applications for consumers and creation platforms alike. Customers support them on a per-transaction basis.

## BRANDS AND CORPORATIONS:

These are the brands, corporations, advertising firms, and the like that partner with Creators and influencers.

## VENTURE CAPITAL FUNDS AND STARTUPS:

The Creator Economy ecosystem also includes a growing number of venture capital-financed startup companies. The Creator Economy is interesting in this regard as it is an industry that has been shaped by startups. Virtually all of its major companies—from Facebook and Instagram and YouTube and Google to Twitter, Substack, Spotify, Patreon, Kajabi, and more—have been financed by venture capital. Nearly \$15 billion in venture capital has been invested in some 300 Creator Economy startups since 2021, according to our analysis of Creator Economy Database compiled by *The Information*. Creator Economy platforms comprise the largest share of these investments, but they also span companies that manage payments for Creators, connect Creators to advertisers and brands, help Creators sell physical products and merchandise online, provide tools that allow Creators to more easily use decentralized blockchain technology, and more.<sup>49</sup> As it has been in industry after industry, these startups can be the source of new and at times disruptive innovation, creating new platforms and new technologies and opening up new markets and opportunities.



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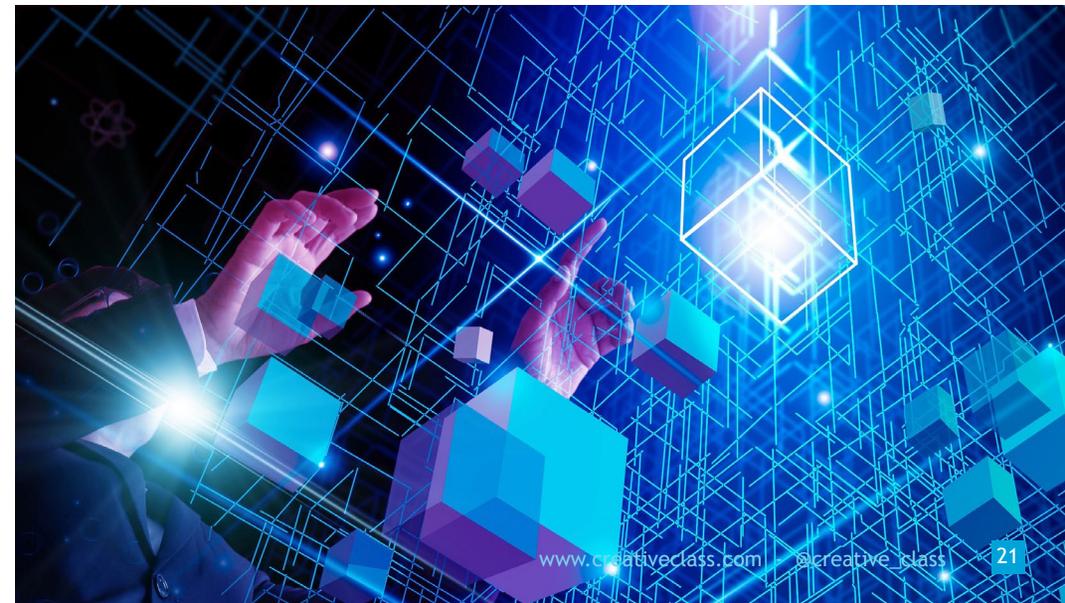
# THE METAVERSE AND THE CREATOR ECONOMY

The recent rise of the metaverse poses a number of implications for Creators and the Creator Economy. The term metaverse was coined some 30 years ago by Neal Stephenson in his novel *Snow Crash*.<sup>50</sup> Though it is still largely nascent, the venture capitalist Matthew Ball, author of *The Metaverse: And How It Will Revolutionize Everything*, defines it as a “massively scaled and interoperable network of real-time rendered 3D virtual worlds that can be experienced synchronously and persistently by an effectively unlimited number of users with an individual sense of presence, and with continuity of data, such as identity, history, entitlements, objects, communications and payments.”<sup>51</sup> Elsewhere he describes it even more succinctly as “a virtual plane parallel to the physical world, which, in addition to being able to do many things that we can’t do in the real world, replicates it.”<sup>52</sup> The metaverse and Web 3.0 are often used interchangeably, but they are not the same things. Web 3.0 is built on decentralization; the metaverse is an immersive experience that combines aspects of virtual and augmented reality and the Internet.

Many, if not most, of today’s leading digital platforms are gearing up for the metaverse. Meta has staked its entire brand on it. Microsoft has agreed to pay \$68.7 billion for the gaming giant Activision Blizzard, which develops so-called building blocks for the metaverse. If the deal goes through, it will be the largest acquisition in tech history. Google, Amazon, Apple, Nvidia, and Tencent are also acquiring and developing metaverse-related properties. Some \$120 billion was invested into the metaverse in just the first five months of 2022, according to estimates from McKinsey.<sup>53</sup> A separate projection forecasts that the metaverse could contribute as much as \$3 trillion to the global economy by 2031.<sup>54</sup>

The ultimate effects of the metaverse on Creators and the Creator Economy are not yet entirely clear. On the one hand, Creators will have a richer set of media to work with, enabling the development of everything from massive multiplayer games to more interactive art exhibits and fashion shows, and more immersive on-line concerts, sporting events, and more. Some of this is already happening. Megan Thee Stallion, for example, is doing virtual concerts in the metaverse, and games like The Sandbox and Fortnite involve world-building. Meta’s Horizon Worlds is a virtual reality platform for its Meta Quest device. The metaverse could potentially lead to new types of creative content that are not even possible to imagine at this point. And it has the potential to vastly expand the access to culture and experiences for people who live in remote places, suffer from disabilities, or lack the income to afford to go to live events or exhibits.

On the other hand, critics worry about the downsides of the metaverse. The most dystopian of them envisions artificial intelligence, controlled by platforms and big tech, replacing Creators themselves. Such fears are nothing new. A century and a half ago, Charles Baudelaire deemed photography the “mortal enemy of art.” Television was thought to be an inherently inferior medium than film until higher-quality programs like “The Sopranos” and “The Wire” began to be made. The metaverse won’t make traditional creative mechanisms obsolete. Creators will still write essays, record and perform music, put out podcasts, build games, and shoot videos, but in potentially richer and more immersive formats. History should have taught us by now that new technologies do not *replace* creativity—they enhance it and open up new avenues for expression. A similar outcome is likely with the rise of the metaverse.



# GEOGRAPHY OF THE CREATOR ECONOMY

Creators, as we have seen, can do their work literally from anywhere. Thanks to digital tools and technologies, they can live and work wherever they like. The idea that new technologies will somehow liberate us from the constraints of physical location is nothing new. Whether trains, the telegraph, the telephone, the car, or the internet, major advances in transportation and communication technologies have long been seen as liberating people from geography. In his 2005 book, *New York Times* columnist Thomas Friedman famously proclaimed, “the world is flat.”<sup>55</sup>

Yet, the reality is that key aspects of the economy continue to cluster. At the same time that the internet and digital technology have connected more people and places across the world and enabled some things to spread out, high-tech companies and creative talent have come to be even more concentrated. There is a fundamental reason for this. Such concentrations of talent and other economic assets in cities are the basic drivers of innovation and economic growth.<sup>56</sup> Indeed, today’s leading-edge economic sectors are concentrated in a small number of locations: high-tech in the San Francisco Bay Area, Boston, Seattle, Tel

Aviv, Bangalore, Shanghai, and Beijing; finance in New York, London, and Hong Kong; entertainment in Los Angeles. Rather than being flat, the knowledge economy is increasingly spiky.<sup>57</sup>

Even as it spreads across the world and enables Creators to create from virtually anywhere, key aspects of the Creator Economy also remain clustered. For one, digital platform companies are highly concentrated in the San Francisco Bay Area. Meta and Google are both headquartered in Silicon Valley, as is LinkedIn. Twitter and Patreon are located in San Francisco, Bandcamp is in Oakland. A smaller cluster is in Los Angeles where Snapchat is located as well as TikTok’s American headquarters.

Creator Economy startups are also clustered, though they span more locations than the headquarters of large digital platforms. We chart the geography of such startups using *The Information’s* Creator Economy database, which provides information on their location and the amount of venture capital invested in them. In most cases, we identify these startups by the core city of their broader metropolitan area (see Figure 6). The San Francisco Bay Area tops the list with nearly 30 percent of all global venture capital investment in Creator Economy startups.<sup>58</sup> Next in line are Los Angeles and New York which, as we will see, are the two most significant locations for Creator talent. Southern California broadly, encompassing not just Los Angeles but Santa Barbara, Orange County, and San Diego, accounts for roughly a quarter of all venture capital investment. Taken together, these three locations account for nearly two-thirds of all global venture capital investment in Creator Economy startups. (This differs slightly from their roughly 70 percent share of overall venture capital investment across all industries, with the San Francisco Bay Area accounting for 36 percent, New York with 16 percent, and Los Angeles with 7 percent).<sup>59</sup> The United States as a whole is home to nearly 85 percent of all global venture capital investment in the Creator Economy.

Even as venture capital investment is clustered in a few key hubs, Creator Economy startups are spread across a large number of global cities. As Figure 7 shows, such startups span more than 65 cities across the globe. The same three city-regions that lead in venture capital investment also lead in terms of the number of startups, though their order is changed. Los Angeles takes the top spot with 63 startups, followed by New York with 60 and San Francisco with 48. Remote startups are the

**Figure 6: Venture Capital Investment in Creator Economy Startup Hubs, 2021-2022**

Location	Venture Capital Investment(Billions)	Share of Global Venture Capital Investment
San Francisco Bay Area	\$4.2	28.2%
Los Angeles	\$2.9	19.4%
New York	\$2.6	17.2%
All U.S.	\$12.5	84.3%
International	\$2.2	14.7%
Global Total	\$14.8	100%

Source: *The Information*, “Creator Economy Database.” Geographic analysis by the Creative Class Group as of September 2022. (An additional one percent of venture capital investment went to startups that are remote.) <https://www.theinformation.com/creator-economy-database>.

**Figure 7: Creator Economy Startups by City (Metro Region), 2021-2022.**

Location	Creator Economy Startups
Los Angeles	63
New York	60
San Francisco Bay Area	48
Remote	15
London	14
Chicago	7
Atlanta, Bangalore	6
Austin, Miami, Denver-Boulder, Tel Aviv	5
San Diego	4
Nashville, Seattle, Delaware	3
Las Vegas, Sacramento, Vancouver, Singapore	2
Toronto, Montreal, Ottawa, Cambridge and North East Somerset (UK), Dublin, Glasgow, Barcelona, Amsterdam, Paris, Berlin, Zurich, Copenhagen, Stockholm, Prague, Cyprus, Jerusalem, Mumbai, Chennai, and Gurugram (India), Hong Kong, Taipei, Jakarta, Brisbane and Melbourne (Australia)	1
Boston, Washington, D.C., Dallas, Houston, Orlando, Tampa, Pittsburgh, Columbus (Ohio), Portland (Oregon), Omaha, Provo (Utah), Santa Barbara, Bowling Green (Kentucky), Golden (Colorado)	1

Source: *The Information*, “Creator Economy Database.” Geographic analysis by the Creative Class Group as of September 2022. <https://www.theinformation.com/creator-economy-database>.

next leading category (with 15 startups being remote), reflecting the shift to work from home brought on by the pandemic. Next in line is London (with 14 Creator Economy startups), followed by Chicago (with seven), and Atlanta and Bangalore (with six each). Four cities are home to five Creator Economy startups: Austin, Miami, Denver-Boulder, and Tel Aviv; and one city, San Diego is home to four. Three other places—Nashville, Seattle, and Delaware—are home to three such startups; and four more cities are home to two: Las Vegas, Sacramento, Vancouver, and Singapore. And 39 cities—14 in the United States and 25 in other countries of the world—are home to one Creator Economy startup each.

Creators themselves are clustered, though they are substantially more distributed than either digital platforms or Creator Economy startups. Our interviews with leading Creators and people who work in Creator Economy companies and the Creator Economy ecosystem, as well as our analysis of relevant data, identify Los Angeles and New York as the two leading locations for Creators. There are smaller clusters in U.S. cities like Nashville, Miami, Atlanta, and Las Vegas and global cities like London, Berlin, Seoul, Shanghai, and Tokyo. Several Creators we interviewed told us they chose to locate in Los Angeles because of the large cluster of Creators that reside there and to gain access to the city’s broad entertainment ecosystem of companies, agents, managers, and support staff. One Creator we interviewed told us she moved to Los Angeles to do a 15-month residency to build her network and further hone her craft. A relatively common pattern we heard in our interviews with Creators and with Creatives more generally is that location in a leading hub, like Los Angeles or New York, is advantageous early on to establish contacts and build professional networks, but once such connections have been established, it is easier to relocate to other places.

While comprehensive data on the location of digital Creators by city or metropolitan area is not available, we can gain insight into this geography by looking at data on the locations of the broader set of Creatives who work in comparable fields. To get at this, we examined data on the location of Creatives who work in the arts, design, entertainment, media, and sports occupations, fields which are broadly similar to the work Creators do. We looked at the absolute numbers of people who work in these occupations across metros and their geographic clustering using a measure known as a location quotient, which compares a metro area’s concentration of these occupations to the national average.<sup>60</sup> Our analysis reinforces our interview findings on the role of Los Angeles and New York as leading Creator hubs. They have the largest numbers of Creatives and among the highest location quotients. New York is home to 185,000 such Creatives and Los Angeles more than 160,000. LA’s location quotient for Creatives is 2.2, meaning its concentration is more than twice the national average, and New York’s is 1.7, meaning its concentration is more than one-and-a-half times the national average. Yet despite such clustering, Creatives are geographically dispersed across the country, with roughly 80 percent of them living in places other than LA and New York. (This compares to about 90 percent of the U.S. population who live outside these two metros).

# BUILDING THE CREATOR MIDDLE CLASS

In 2008, the internet guru Kevin Kelly advanced his famous “1,000 True Fans” thesis, which proposed that all a Creator or other online enterprise needs to do to become economically viable in the Internet age is win over 1,000 engaged fans. If each of these 1,000 fans spends \$10 per month to support a Creator’s content, that would be enough to generate \$120,000 in annual income, providing a reasonable middle-class living. Successful creators, in Kelly’s words, “don’t need millions of dollars or millions of customers, millions of clients, or millions of fans. To make a living as a craftsperson, photographer, musician, designer, author, animator, app maker, entrepreneur, or inventor you need only thousands of true fans.”<sup>61</sup>

Critics counter that the dominant digital platforms function essentially as “walled gardens,” extracting substantial rents from Creators and other elements of the Creator ecosystem. Not only do they define the terms of exchange with Creators, but they also have considerable control over them. According to Ali Yahya of the venture capital firm Andreessen Horowitz, digital platforms control “each and every interaction between users on the platform, each user’s ability to seamlessly exit and switch to other platforms, content creators’ potential for discovery and distribution, all flows of capital, and all relationships between third-party developers and their users.”<sup>62</sup> In their recent book *Chokepoint Capitalism*, Rebecca Giblin and Cory Doctorow argue that the crux of the issues lies in the power of large corporations to shape markets, limit competition, and create so-called chokepoints between Creators on the one hand and audiences on the other.<sup>63</sup>

Juxtaposed to this, techno-optimists argue that the evolution of digital technology and the competition inherent to the Creator Economy point toward a better future for Creators. According to this perspective, digital technology is evolving in ways that will ultimately shift more power to Creators. Going all the way back to Friendster and MySpace, vertical platforms have risen and fallen as new disruptive entrants like Facebook, YouTube, and TikTok have come onto the scene. New disruptors are even more likely to emerge in the future. Their point is that today’s leading platforms do not have any permanent hold on Creators. As new platforms with better terms emerge, Creators will migrate to them, as they have done before. As Instagram’s Adam Mosseri puts it: “Over the next 10 years, we’re going to see a dramatic shift in power, away from platforms like the one that my team and I are responsible for, and to a group of people I like to describe as ‘creators.’”<sup>64</sup>

These techno-optimists further claim that such shifts are being enhanced and accelerated by new Web 3.0 technologies like blockchain, NFTs, and smart contracts, which enable fans to buy access not just to a Creator’s Instagram feed or Substack newsletter but to the entirety of their output regardless of where it appears. “As a Creator, you should be able to use technology to raise money to finance your ambitions. If you so choose, you should be able to sell equity in your future,” says Instagram’s Mosseri. As this occurs, he adds: “We’ll have created a world where anyone with a compelling idea can turn their passion into a living, which at the same time, effects possibly the greatest transfer of power from institutions to individuals in all of history.”



## BUILDING THE CREATOR MIDDLE CLASS (CONTINUED)

Still, the actual distribution of rewards in the Creator Economy looks a lot like the superstar or winner-take-all pattern of talent-driven and especially of celebrity-based industries, identified long ago by economist Sherwin Rosen.<sup>65</sup> In a classic 1981 article entitled “The Economics of Superstars,” Rosen found the distribution of financial rewards in fields like music, film, entertainment, book publishing, and sports to be highly skewed, with a small number of superstars making “tremendous amounts of money” and the rest earning much less.

The Creator Economy follows this general pattern. Its superstars—like PewdiePie, MrBeast, Ryan Kaji (of Ryan’s World), and Khaby Lame (the Senegalese-Italian factory worker who rose to TikTok fame on the strength of his quirky videos after losing his job during the pandemic)—can make eight figures a year and bring in as much as \$2 million for a single post. But they are exceptions that prove a rule. In fact, whether measured by follower counts or earnings, the distribution of rewards in the Creator Economy is highly skewed.

- More than half (53 percent) of Creators have less than 1,000 subscribers on their email lists. Just 1 percent of Creators have 500,000-plus subscribers on YouTube; just over 9 percent have more than 10,000 Instagram followers; a little over 6 percent have more than 10,000 Facebook followers; and that same amount have more than 10,000 followers on Twitter, according to the 2022 CovertKit survey.<sup>66</sup>
- Just 1.4 percent of Creators earned more than \$1 million per year; and another 1.5 percent earned between \$500,000 and \$1 million, according to a survey of more than 2,000 digital Creators by Neo-Reach and Influencer Marketing Hub. In the middle of the distribution, just a little over ten percent of Creators earned more than \$100,000 per year; and another 11 percent or so earned between \$50,000 and \$100,000 per year. At the bottom of the distribution, more than two-thirds of Creators earned less than \$25,000 and more than a quarter earned less than \$1,000 per year (See Figure 8).<sup>67</sup>



Figure 8: Creator Earning Power: Share of Influencers at Various Income Levels

Salary	Percentage
Under \$1,000	26.0%
\$1,000-\$10,000	25.5%
\$10,000-\$25,000	15.9%
\$25,000-\$50,000	10.8%
\$50,000-\$100,000	11.4%
\$100,000-\$500,000	7.4%
\$500,000-\$1 million	1.5%
More than \$1 million	1.4%

Werner Geysler, “Creator Earnings: Benchmark Report 2022.” Influencer Marketing Hub, August 2, 2022. <https://influencermarketinghub.com/creator-earnings-benchmark-report/>.

All that said, the lion’s share of Creators are not in it for the money per se. As we have seen, most want to work on activities and projects that stoke their passions, provide a sense of purpose and meaning, enable them to connect with their audience and like-minded others, and allow them to achieve greater work-life balance. The large majority engage in Creator activity as a hobby or sideline rather than as a source of full-time income or employment.

But while it is neither reasonable nor realistic to demand that every Creator—whose levels of talent, charisma, drive, and relevance are as varied as the rest of the human population—receive the same rewards no matter how large or small the audiences they garner, steps can be taken to ensure that more Creators who choose to can make a decent living.

# WHAT CAN BE DONE

Writing in *The New Yorker* in June 2022, Cal Newport took a clear-eyed look at the upsides and downsides of the Creator Economy. On the plus side, he found real potential in Kelly's 1,000 fans model. On-line audiences today have become more used to paying for content from the Creators they follow. In this optimistic scenario, the Creator Economy is potentially a world in which more and more people will be able to harness their full potential and make money through their creative activity.<sup>68</sup>

But, according to Newport, things could also go the opposite way. "A more pessimistic prediction is that the current True Fan revolution will eventually go the way of the original Web 2.0 revolution, with creators increasingly ground in the gears of monetization," he writes. "The Substack of today makes it easy for a writer to charge fans for a newsletter. The Substack of tomorrow might move toward a flat-fee subscription model, driving users toward an algorithmically optimized collection of newsletter content, concentrating rewards within a small number of hyper-popular producers, and in turn eliminating the ability for any number of niche writers to make a living."

Indeed, history suggests that when left purely to their own devices, new economic systems tend toward increased inequality. This was the case with the Industrial Economy in the late 19th and early 20th century, just as it is with today's Creative Economy. Establishing a sustainable middle class does not happen on its own. The creation of America's broad middle class in the mid-twentieth century was the result of policies and institutions put into place by government policy, undertaken in response to the crisis of the Great Depression and spurred on by the labor movement and mass political action. One set of federal policies like the New Deal's Wagner Act allowed workers to organize and bargain collectively, leading to higher wages and better working conditions. Others put in place a more encompassing social safety net. Federal housing policies enabled returning GIs and the working class more broadly to achieve the "American Dream" of homeownership by insuring longer-term mortgage loans and helping to create the modern mortgage market.<sup>69</sup>



## WHAT CAN BE DONE (CONTINUED)

But the stability of this broad middle class was not so long lived. Inequality began to rise in the latter part of the 20th century, and the middle class has shrunk appreciably as economic mobility has faltered.<sup>70</sup> It will take a new round of action on the part of government and business to counter this trend and bolster America's sagging middle class broadly and of Creators more specifically.

Writing in the *Harvard Business Review*, the venture capitalist Li Jin identified a series of key initiatives digital platform companies can undertake to help build and strengthen the Creator middle class.<sup>71</sup> Among her suggestions is that platforms tweak their algorithms to introduce a greater element of randomness, encouraging their audiences to discover new content from less-established Creators—a change that a few platforms have now adopted. Jin also suggests that platforms orient their Creator funds toward less-established Creators. And she encourages platforms to help facilitate collaborations between more and less established Creators. Perhaps her most audacious suggestion is that platforms subsidize the incomes of less-established Creators directly through a “Universal Creative Income,” similar to the broader concept of a Universal Basic Income.<sup>72</sup>

Beyond this, there are other steps platforms can undertake to help bolster the Creator middle class. They can set up juries of Creators to oversee investments by Creator funds. Platforms can give their Creators greater access to data dashboards and help them learn how to better use data analytics to improve their effectiveness, as some platforms have started doing. They can identify peer communities of Creators that can share their experiences and identify best practices. They can establish Creator Schools where Creators can learn from one another. Our interviews with Creators indicate that they place a high value on learning from their peers. And it is essential that platforms strengthen their protections from online harassment, trolls, and trolling, especially for women, minority, gay, lesbian, and transgender Creators, who are most frequently the targets of on-line hate and threats.

Government can help bolster the Creator Economy and help ensure Creators are paid fair wages, experience good working conditions, have equal opportunity, and are protected from discrimination and harassment. The Creator Economy is a source of considerable economic development. To help realize its potential, federal, state, and local governments can help identify, organize, and support clusters or networks of Creators, similar to what they do

*I do not feel protected online. I have been on the rough end of a lot of hate, death threats, and things of that nature. Women of color stand to be the most impacted by that, and when you are constantly being barraged by hate, that leads to silence. That silence not only has an impact on whose voice gets to be shared, but it also has a financial impact.*



*I often kind of describe it like an abusive relationship where I'm stuck, because it's where I make my money, and I can't afford to leave. When everyone's like, 'Well, just take a break,' I'm like, 'Well, that's easy to do if this isn't your full-time job.' I think that there's a real responsibility for tech companies to show up and to create guidelines and safety measures that center on young women of color particularly. Protect our voices and include us in the process of creating.*

Deja Foxx, Activist, political strategist and model

136,100 TikTok followers, 50,200 Instagram followers, 23,800 Twitter followers

for arts clusters or clusters of high-tech startups. The National Endowment for the Arts and other public and non-profit arts organizations can establish programs explicitly for digital Creators. Community colleges and universities can develop training and support programs to assist Creators in generating more stable and predictable revenue streams and building more sustainable enterprises. State and local governments can help establish shared Creator benefit pools for health and other kinds of insurance.

Government can also help to create more Creator-friendly platforms. Giblin and Doctorow point to initiatives like Tracks in Chapel Hill, North Carolina, a locally supported platform which connects local talent to local audiences, and the “indyreads” platform in Australia's New South Wales province which enables more than seven million people to borrow ebooks and audiobooks

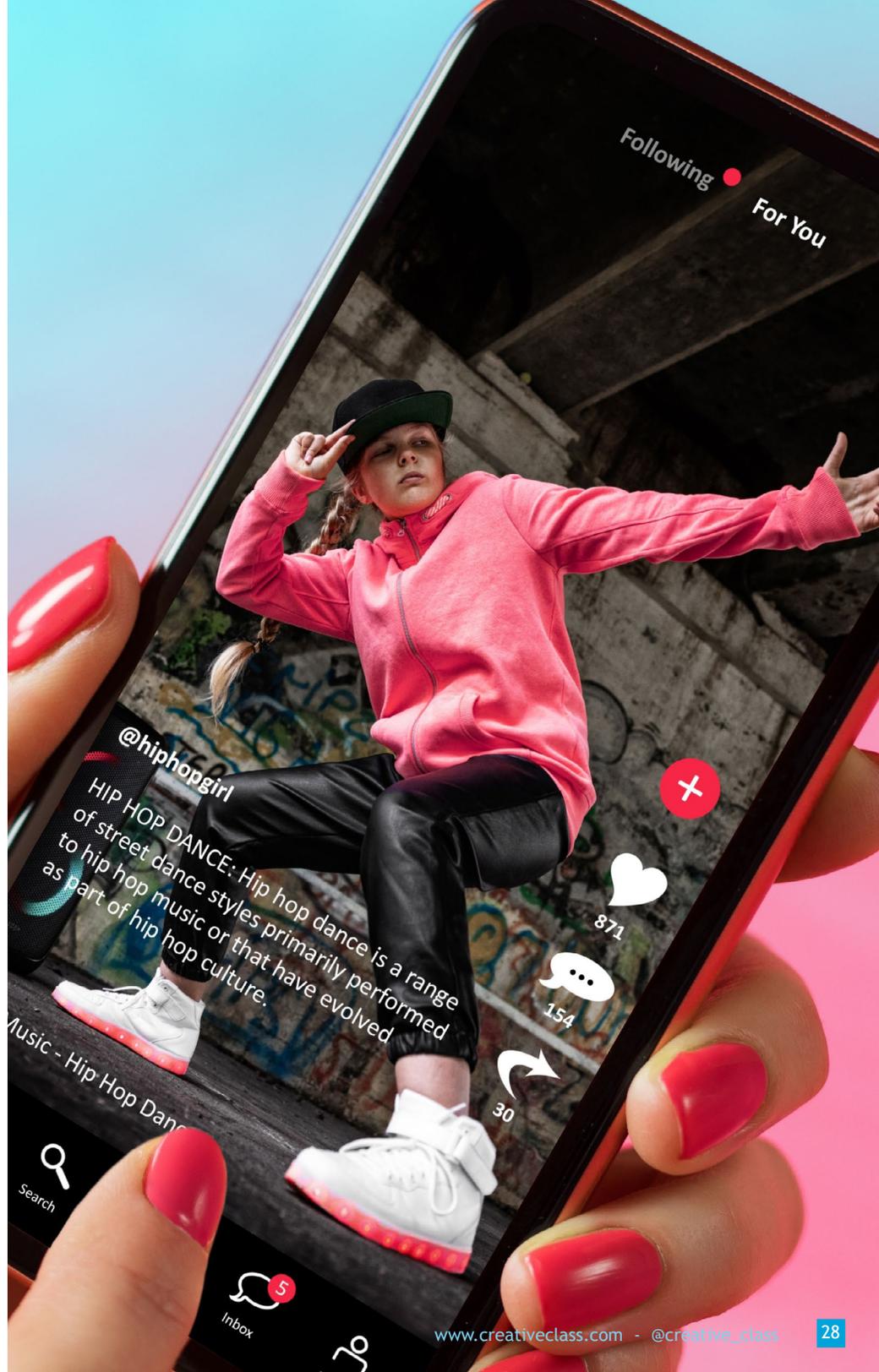
## WHAT CAN BE DONE (CONTINUED)

from the public library system. Public policies can help ensure that all Creators get fair and decent pay. Here, Giblin and Doctorow advocate for a Creator minimum wage, though this could also be done by ensuring that current minimum wage laws fully cover creative labor.

Public policy at all levels must also help ensure that Creators are fully protected from harassment and discrimination. This means extending and enhancing existing protections to cover on-line Creators. State and local governments or platforms themselves can establish their own versions of a “Creator Bill of Rights” to help ensure better working conditions, fair and equitable compensation, protection from discrimination and harassment, and equal opportunity for Creators. An example to consider here is the “Remote Workers’ Bill of Rights” advanced by the remote worker initiative Tulsa Remote to provide basic protections for remote workers.<sup>73</sup>

Government can also provide more direct assistance to lower income Creators, members of minority groups, and residents of distressed neighborhoods and communities. Less-advantaged communities have long been fonts of creativity for arts, music, and popular culture in America and around the world. Here, government can provide scholarships for less-advantaged Creators to access education, training, and skills development. Economic and community development agencies can support the development of neighborhood-based Creator Spaces at libraries, schools, and similar organizations, which are especially needed in less-advantaged communities.

A new and more robust social compact for Creators is important not just for Creators and the Creator Economy: It is essential for our economy and society writ large. The ability of the economy to continue to grow and deliver rising living standards hinges on the mobilization of our collective human creativity. The Creator Economy is more than a new and important source of economic growth; it is a much-needed font of meaning and purpose for millions upon millions of people and a source of community in a world where more and more people are becoming increasingly and dangerously isolated. For perhaps the first time in history, the further development of our economy and society literally turns on the further development of our inherent creativity. The key to a better collective future lies in stoking the creative furnace that lies deep within every single human being. The next step for the Creator Economy is to use its powerful technologies and tools to help society realize that potential.



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# TEAM BACKGROUND AND BIOS



**Richard Florida** led the research. The founder of the Creative Class Group and a University Professor at the University of Toronto's Rotman School of Management and School of Cities, he has previously taught at Carnegie Mellon University, been a visiting professor at Harvard and MIT, and a Fellow at the Brookings Institution. He is author of several bestsellers, including the award-winning *The Rise of the Creative Class* and *The New Urban Crisis*. The co-founder of *CityLab*, the world's leading publication for cities and urbanism, he is a strategic advisor to the boards of several leading real estate development firms, venture capital firms, and investment funds.



**Rana Florida** guided and managed all aspects of the project. As CEO of the Creative Class Group she has worked with a diverse array of private and public sector clients around the world, including BMW, Converse, IBM, Cirque du Soleil, Audi, Zappos, and Starwood Hotels. She has decades of experience in corporate strategy, communications, and marketing, having directed global strategic communications for HMSHost, the world's largest airport developer, as well as her role as Vice President of Communications for Disney on Ice, Disney Live, and Ringling Brothers. She has developed marketing strategies with clients including Starbucks, *The Atlantic*, *CityLab*, The Aspen Institute, and The Knight Foundation. Rana holds a Bachelor of Arts in communications and an MBA with a double major in marketing and management from Michigan State and Wayne State University. Her book *Upgrade: Taking Your Work and Life from Ordinary to Extraordinary* was named a "Business Best Seller" by Tattered Cover, the largest independent bookstore retailer in the U.S., and an "Editor's Pick" by *The Globe and Mail*.



**Arthur Goldwag** served as editor for this project. Senior Writer and Editor for the Creative Class Group, he held positions at Random House, *The New York Review of Books*, and the *Book-of-the-Month Club* and is the author of several books, including *The New Hate* and *Isms & Ologies*.



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