

Is the creator economy cooling?

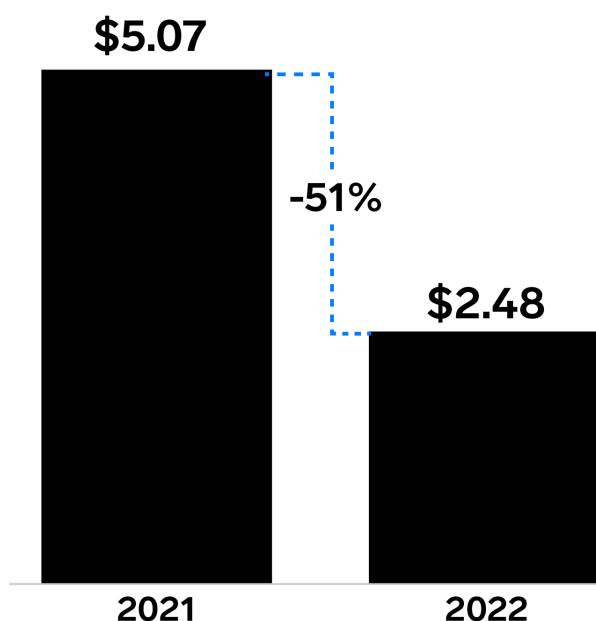
Article

Plummeting VC investment in creator economy startups may make it seem like the creator economy was overblown. But VC investment is just one part of the picture, and brands should not take the funding chill as a sign to slow spending on influencer marketing.

A Growing Number of Creator Startups Are Competing for a Smaller Pool of Funding

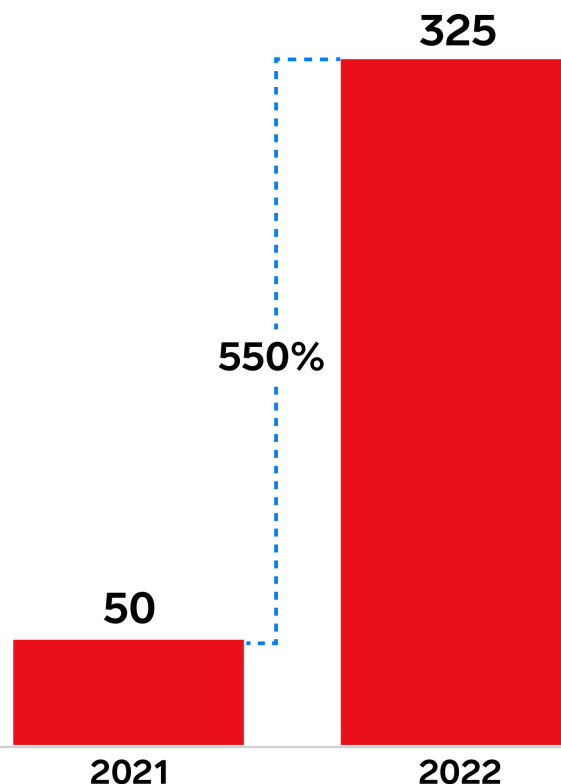
US Creator Economy Funding

billions and % change



US Creator-Focused Startups

number of startups and % change



Note: represents US venture funding for creator economy startups only

Source: The Information, "Creator Economy Database," accessed February 2023

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eMarketer | InsiderIntelligence.com

It's part of a broader slowdown in startup investment. The pullback in creator startup funding picked up speed at the end of 2022, per The Information, as did total startup investment. In Q4, total startup funding in North America fell by 63% YoY and 10% from Q3, per January 2023 Crunchbase data.

Brands continue to funnel money into influencer marketing. In 2022, December was the highest-spending month among clients of influencer marketing platform Linqia, followed by July and then November. Meanwhile, 67% of marketing and PR professionals worldwide

expected their influencer marketing budget to increase in 2023, per an Influencer Marketing Hub report.

The social platforms continue to cater to creators. Even as creator funds have dried up, platforms are rolling out new ways for creators to develop content and monetize audiences, e.g., Instagram's Broadcast Channels, YouTube's upcoming generative AI tools, and TikTok Series, which allows creators to put some content behind a paywall. Even Facebook recently announced creators as one of its four areas of focus for 2023, along with AI, messaging, and monetization.

Creators are deeply rooted in many aspects of business and society. Some, like the D'Amelio family, have become startup investors themselves. In 2023, we expect more creators to launch their own brands and monetize outside of the bounds of social media.

Report by Jasmine Enberg Mar 22, 2023

Creator Economy Explainer

