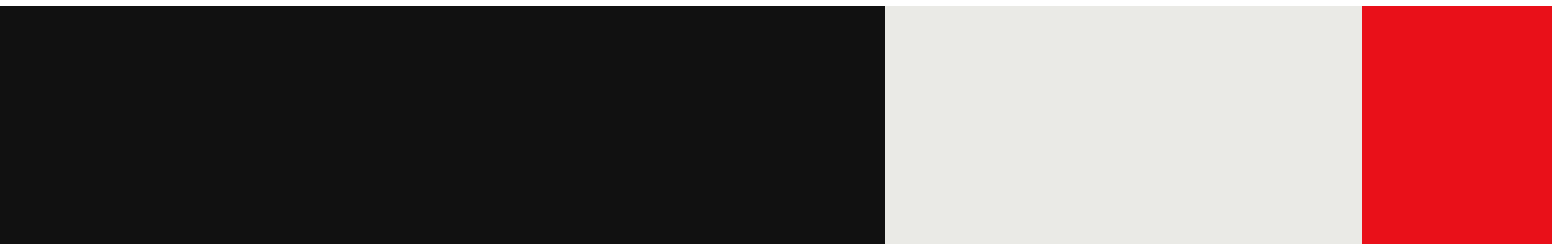


The Daily: How the way creators make money is changing, virtual influencers, and who Americans trust with AI

Audio



On today's podcast episode, we discuss what a TikTok ban could do to the creator economy, if chatbot influencers are the future, and the changing ways creators are making their money. "In Other News," we talk about who Americans trust most (and least) with AI. Tune in to the discussion with our analyst Jasmine Enberg.

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Episode Transcript:

Marcus Johnson (00:00):

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Jasmine Enberg (00:25):

And I think what this goes to show is that influencer marketing really has become this full funnel marketing strategy, but for the mid-tier creators, many of whom are struggling to score brand deals, it's a little terrifying. Right?

Marcus Johnson (00:45):

Hey gang, it's Monday, June 3rd. Jasmine and listeners, welcome to Behind the Numbers Daily, an e-marketer podcast, made possible by Round Dell. I'm Marcus Toda, joined by our principal analyst who covers everything social media based in California. It's of course Jasmine Berg.

Jasmine Enberg (01:01):

Hi Marcus. Hey everyone.

Marcus Johnson (01:03):

Hello there. Today we are talking about how creators make money and how that's changing, but we start with the fact of the day. This is my best yet. Ooh, I've built it up too much.

Jasmine Enberg (01:17):

The pressure's on now.

Marcus Johnson (01:19):

Yeah, I should have said that. V. Cut this in. This one's average and then we'll go from there. The current year in Ethiopia is 2016.

Jasmine Enberg (01:30):

What told you? Okay, this is a good one. How does that work?

Marcus Johnson (01:35):

It's too good though. I don't believe it still. So as Lucy Fleming of the BBC explains, Ethiopia is about seven to eight years behind the typical Gregorian year because it calculates the birth year of Jesus Christ differently. When the Catholic Church amended its calculation in 500 ad the Ethiopian Orthodox Church did not.

Jasmine Enberg (01:58):

That's got to be very confusing.

Marcus Johnson (02:02):

It's 2016. Also their calendar is 13 months. One of the months has like six days in it, and a year starts on the 11th of September.

Jasmine Enberg (02:11):

I did like the year 2016. I wouldn't mind

Speaker 3 (02:15):

Still being in it.

Marcus Johnson (02:16):

I don't think that how works, to be honest. It's not too trouble. Jasper's like I'm moving.

Speaker 3 (02:23):

I'm

Marcus Johnson (02:24):

Leaving years of my life back. Anyway, today's real topic. I'll see you there. How the way creators make money is changing.

Marcus Johnson (02:40):

In today's episode, first in the lead, we'll cover creators. Then for another news we'll discuss which companies are trusted the most and the least by people. We'll start of course, with creators. Jasmine, let's start here. So there was a piece from Bobby Allen of NPR saying that this possible TikTok ban could be an extinction level event for the creator economy. It's a tiny

history here. TikTok will be banned in America within a year unless its own by dance sells it, or the recently approved ban by President Biden gets blocked by the courts before that. And Mr. Allen says that anxiety is causing through the creator economy, which includes tens of thousands of people who earn a living by making videos on TikTok, a prime place for advertisers to reach young folks. And so further on in the piece, Jasmine James Nord, chief Executive of Creator Marketing Company four says The law has sent shockwaves through the world of content creators, and that most big tiktoks do not necessarily have large followings on other platforms. So a ban could mean starting almost from square one. In your opinion, what might a TikTok ban actually do to the creator economy?

Jasmine Enberg (03:43):

I mean, the loss of TikTok would be a big blow, especially if you're thinking about up and coming creators who are looking to make a name and a living. Because TikTok has become this really important discovery mechanism. There really isn't any other platform out there that can generate the kind of overnight virality or sales that TikTok can. And there's also a lot of small businesses who rely on TikTok to reach much broader audiences that would suffer from a TikTok ban or could potentially even disappear. That said, though, TikTok isn't what it used to be for small creators. The platform is now saturated with people who are looking to monetize their content. And the days of these overnight sensations are pretty much over. And TikTok itself is also now focused more on bigger stars than everyday creators. Also on more premium content. If you think about the reorganization that it just went through, there was a clear focus on publishers, for example.

Jasmine Enberg (04:41):

And if you think about sales that are generated from TikTok shops specifically, they tend to be unpredictable and volatile, even if they're really big for some creators or for some businesses. But most importantly, creators are smart and most of them aren't reliant on a single platform, whether that's TikTok or Instagram or YouTube. And those who are heavily dependent on TikTok still have time to diversify. And if you think about what these other platforms Instagram in particular are doing in order to woo TikTok creators, they really are embracing them with open arms. I mean, Instagram just updated its algorithm to give priority or to help better surface content from smaller creators, which was a clear play for TikTok creators, many of whom have smaller audiences on that platform. And then if you think about creator revenue streams, the number one way that they make money is still through sponsored

content. And Instagram and YouTube overall tend to be where the most money is to be made and creators aren't going to turn down the possibility of a paycheck regardless of what they might think of those platforms. So as long as there's money continuing to flow within the creator economy with or without TikTok, it's going to be just fine.

Marcus Johnson (05:56):

I want to come back how creators are making money. You mentioned sponsored contents being one huge way they're making money. So I just want to mention this point, creators moving to another platform, it's kind of easier said than done, right? We say, okay, well, if this goes away, you can move to YouTube short so you can move to Instagram reels or wherever else. But in this piece, influencer Lauren Ashley Beck was cited saying, TikTok success not guaranteed for other social media sites. She said, I've been trying to repurpose my tiktoks as YouTube shorts, but it's just not the same viewership noting that a TikTok video of hers can get 400,000 views. The same one might only get 400 on arrival platform. But I think you touched on it just there. A lot of folks have diversified. They're not just siloed in one and there's still time to try to pivot and to try to use tiktoks audience that the audience you have there to tell them that you are moving or that you do have, you're trying to start following on other platforms.

Jasmine Enberg (06:50):

And part of the reason that they might not be getting as many views too is one because of the culture for sure, and TikTok is just very different in terms of how people use the platform than say YouTube shorts and Instagram reels. But another is the technology. And for a long time, Instagram prioritized large accounts, and TikTok creators tended to have smaller followings on Instagram, which meant that their content wasn't getting as much views or as much engagement. But with the changes to the algorithm that prioritize these smaller accounts, it's going to become easier most likely. And while it's obviously not going to be an easy task to build up an audience on those platforms, the more these platforms cater to these TikTok creators, the more likely it is that they'll be able to find success there as well.

Marcus Johnson (07:40):

Yeah. So let's get back to how they make money and how that's changing. So our forecasting team just broke out. Social media creator revenue for the first time, social media creator revenue. We estimate that creators will make 14 billion this year. That's up 17% from last and

next year we'll grow a further 16%. But if we zoom in on those \$14 billion being made this year by creators, you mentioned sponsored contents. We say that's about 8 billion, which would be about 60% share. But what are the other ways creators are making money and how is that changing? How has that changed?

Jasmine Enberg (08:12):

Well, the way creators make money is changing in a lot of ways. I think the biggest one that we've been seeing recently is that alternative revenue streams, meaning revenue streams outside of sponsored content or influencer marketing are growing much more quickly. Now. Most of these are growing from a much smaller base. So we're talking about things like tipping and gifting, merchandising subscriptions, and even affiliate marketing. But the growth in these alternative tactics really shows an evolution of how creators make money on social media and in the creator economy more broadly. And what's really interesting here, especially if you're thinking about bigger stars that have started to launch their own businesses and launch their own products because they're going directly after consumer's wallets as they're selling these goods, that's also putting them in competition with traditional brands. And so we're seeing this ripple effect across the entire market where brands aren't just partnering with creators, but they're also having to compete with them to sell their goods.

Marcus Johnson (09:17):

Yeah, you mentioned some of these other smaller ways of making money, growing very fast growth, small bases, but a lot of them are growing. You do see sponsored content that's pretty much the same as it was three years ago in terms of share, 60%, then 60%. Now platform payout has ticked down that second place that's about 27% to about 24%. But then you do have some of these other ones you mentioned affiliate merchandise subscription or growing or taking some of that share that platform payout has been losing.

Jasmine Enberg (09:49):

It's also important to note with those numbers though, that our figures only refer to the ways that creators are making money from their activities on social media. And so that figure for sponsored content wouldn't include things on other digital channels or even traditional media channels. So if you look at that as a whole, there's still a ton more money going into influencer marketing. It's just not necessarily captured in our forecast. The affiliate marketing figure is also really interesting because that's something that's had somewhat of a resurgence over the

past year or so, and it's something that's being incorporated into larger brand partnerships, but also being the entry point for a lot of creators to start working for brands today.

Marcus Johnson (10:31):

So our forecasting team, I mentioned, broke out social media creator revenue. They've also been working on some numbers that look at influencer dollars by follow account. So you have nano micro, mid-tier, macro mega, and they reflect the different sizes of audience. And so Jasmine, I mean, when you looked at those numbers the forecasting team was working on, what trends jumped out about how folks are spending money across the different sized influencers?

Jasmine Enberg (10:56):

Well, we're seeing the biggest growth come within the smaller influencers, whether that's nano or micro, and as well as the larger the top tier influencers and kind of a squeezing of growth in the middle section of influencers. And I think this is reflective of larger trends that we're seeing within the creator economy where marketers are, they have much more data, they have much more experience than ever before, and they're using that really to optimize their campaigns. So smaller creators tend to have a more direct line to their audiences. They tend to be more trusted, can be very good at driving direct sales. And larger influencers, of course, are really good for brand awareness. And I think what this goes to show is that influencer marketing really has become this full funnel marketing strategy. But for the mid-tier creators, many of whom are struggling to score brand deals, it's a little terrifying, right? There are so many creators out there. We mentioned this before about TikTok. It's become so saturated. So competition for these deals is really fierce. And as marketers get smarter and prioritize also long-term relationships, it's really hard for many of these creators to break into a long lasting and high paying partnership.

Marcus Johnson (12:18):

Most of those dollars going to micro, then mid-tier, then macro fewest, the nano and the mega. But to Jasmine's point, you are seeing the ones with fewer followers and the ones with the most followers making the most money in terms of growth going forwards. Most of these nano, micro, mid-tier, whatever category they fall into, influences are humans. But that might be changing two articles here, which we were reading for this episode, one from The New York Times by Sapna Mahar wri and Mike Isaac headlined ready for a chatbot version of your

favorite Instagram influencers. They explained that Instagram is testing a program known as creator AI that offers its top influencers the ability to interact with their followers over direct messages using a chat bot. The program will essentially be a chat bot that mimics the voice of the Instagram influencer to respond to fans piece, noting most messages are sent automatically and would at least initially disclose that they were AI generated. So that's one from Instagram. Creator ai, our senior director of briefings, Jeremy Goldman, was noting another TikTok. They're considering an AI powered feature that would generate virtual influencers, including scripts and avatars to help advertisers launch campaigns more efficiently. He writes that this tool would allow advertisers and merchants to create video ads featuring AI generated influencers based on prompts they provide. Jasmine, your take on chatbot influencers and whether they have a place here.

Jasmine Enberg (13:46):

Well, I think the key here is in the word efficiency. One of the things that I wrote is that we are in the era of efficiency for influencer marketing, and we know that AI does a lot to drive efficiencies on the chatbot side of things. I think this is really smart creators who have a lot of followers also get a lot of messages that they have to sift through. This could then help them be able to at least organize or even respond to those messages. The flip side of that though is one of the reasons that creators have become so popular among audiences is because they feel like they can interact directly with the creator. And adding an AI chatbot really adds another layer of separation. So it's a balance between the two of things. On the virtual influencer side, I am skeptical of virtual influencers, but we are entering a world where people expect ai, they expect avatars to be part of their social and online experiences. So I can see a world in which this does take off, at least to some, and this isn't the first time we talked about virtual influencers. I'm forgetting the name now, of the ones that we were talking about back a couple of years ago, little McKayla, for example. Oh, yes, yes. And those were really popular among a subset of consumers. So there is potentially a place for this.

Marcus Johnson (15:10):

Yeah, because we're talking about chatbot influencers, but there's a lot here. There's ai, personal assistance almost, that help the influencer or the creator manage all of the things they have to do to be a creator and respond to different people. There's AI replicas, the idea of replicating themselves, and so people would have a little slice of them and be able to interact with them even though it wasn't actually them. And then you have ai virtual influencers

like digitally created avatars that are influencers in their own right. So yeah, a lot here. Let's end the leads by talking about B2B. So social media marketing company, Hootsuite wrote a piece in Adweek noting that 82% of business decision makers considered B2B marketing monotonous and repetitive. While a mere 1% believed it demonstrated a meaningful understanding of the human experience, enter, it writes the B2B influencers. So Jasmine can B two B2B influencers really help redefine B2B marketing.

Jasmine Enberg (16:08):

I think it'll help breathe some new life into B2B marketing. To the author's point, it can be really stale and boring if you think about it. I mean, there are real people behind B2B purchase decisions. And what we're seeing and what Kelsey are B2B analysts has written about extensively is that the B2B buyer is getting younger. So we're not going to see quirky fun videos with TikTok like stars, but I do think there's a place for educational content from thought leaders, employees, product advocates, and even c-level executives that I think will move the needle among B2B buyers. And LinkedIn, of course, is at the core of this shift. It's doing a lot to help grow its creator base. It's also promoting a lot more paid influencer activations on its platform. But a lot of this was already happening organically on LinkedIn even before it started to insert some products and creator our tools. And I think that really goes to show that there is a place for influencer marketing within the B2B landscape.

Marcus Johnson (17:11):

Yeah, great points. That's where we'll leave the creative conversation for today time now for the fourth quarter of the show today. In other news, just one story. Americans don't trust social media companies with AI apparently. Story one, Americans don't trust social media companies with artificial intelligence rights. Meghan Marone of Axios, she cites the Axios Harris Paul reputation rankings showing that the US public trusts, tech companies leading the generative AI wave Chipmaker, Nvidia and Microsoft and OpenAI more than firms, primarily known as social media platforms, meta X, formerly Twitter and TikTok, parent by Dance suggesting this could hamper the social giants efforts to reinvent themselves as AI innovators. Jasmine, what's your take on this article about trusting various companies with artificial intelligence?

Jasmine Enberg (18:06):

Well, I slacked you about this, Marcus, because I had a little bit of trouble deciphering what the headline actually meant. Does it mean that people don't trust social platforms that have incorporated ai, or does it mean that people don't trust social platforms in their efforts to become AI powerhouses? Either way, I think this poll just reflects something we've long known to be true, which is that people don't trust social media, or at least like to say that they don't trust social media. But that hasn't stopped most people from using those platforms. And I do think the lack of trust could be an impediment to these platforms when they're launching standalone AI products. But I think the bigger issue really for a platform like Meta is the intense competition with competitors like OpenAI. And I don't really see the lack of trust having a major impact on these integrated AI features, like the chat bot in the search bar. People might not trust meta ai, but it's free. It's convenient. It's right there in front of our faces all the time when we're on Facebook or Instagram. So I suspect they're going to use it anyway.

Marcus Johnson (19:11):

Yeah, I mean maybe they don't trust them to build it, develop it. But what if Meta partners with open ai, how quickly might they trust it if it's meta AI powered by open ai?

Jasmine Enberg (19:23):

Well, some platforms have partnered with open ai. I mean Snapchat's, my AI is powered by chat GPT, for example.

Marcus Johnson (19:31):

Two things for me, quick one was, I mean these companies, these such platforms in terms of reputation ranking, not only are they low, but they're going in the wrong direction. Meta Byte does and X all saw their reputations drop since last year, but so is generative AI standard bearer open ai. They're down nearly six points from last year was one of the biggest drops on the list that Ms. Marone was noting. And then secondly, public trust in AI falling across the board. So globally trust in AI companies has fallen from 61% to 53%, so 61 to 53 in the past five years. So eight points down in America Trust is down 15 percentage points from 50 to 35 over the same period. Ms. Monroe and Maxi is pointing out. This means companies that rush to show their innovative by adding AI to products could also harm their reputations.

Jasmine Enberg (20:18):

I'd like them to run this survey again after the Scarlet Johansen fiasco.

Marcus Johnson (20:22):

Yes, true. It's true. It's fast moving. So yeah, the numbers probably look very different today than they did when this poll was taken. That's all we have time for this episode. Thank you so much to my guest. Jasmine, thank you for hanging up

Jasmine Enberg (20:34):

Today. Thanks for having me, Marcus.

Marcus Johnson (20:36):

A pleasure as always. Thank you to Victoria who edits the show, Stuart, who runs the team, and Sophie does our social media. Thanks to everyone for listening in. We hope to see you tomorrow for the Behind the Numbers Daily. It's an eMarketer podcast made possible by round out.