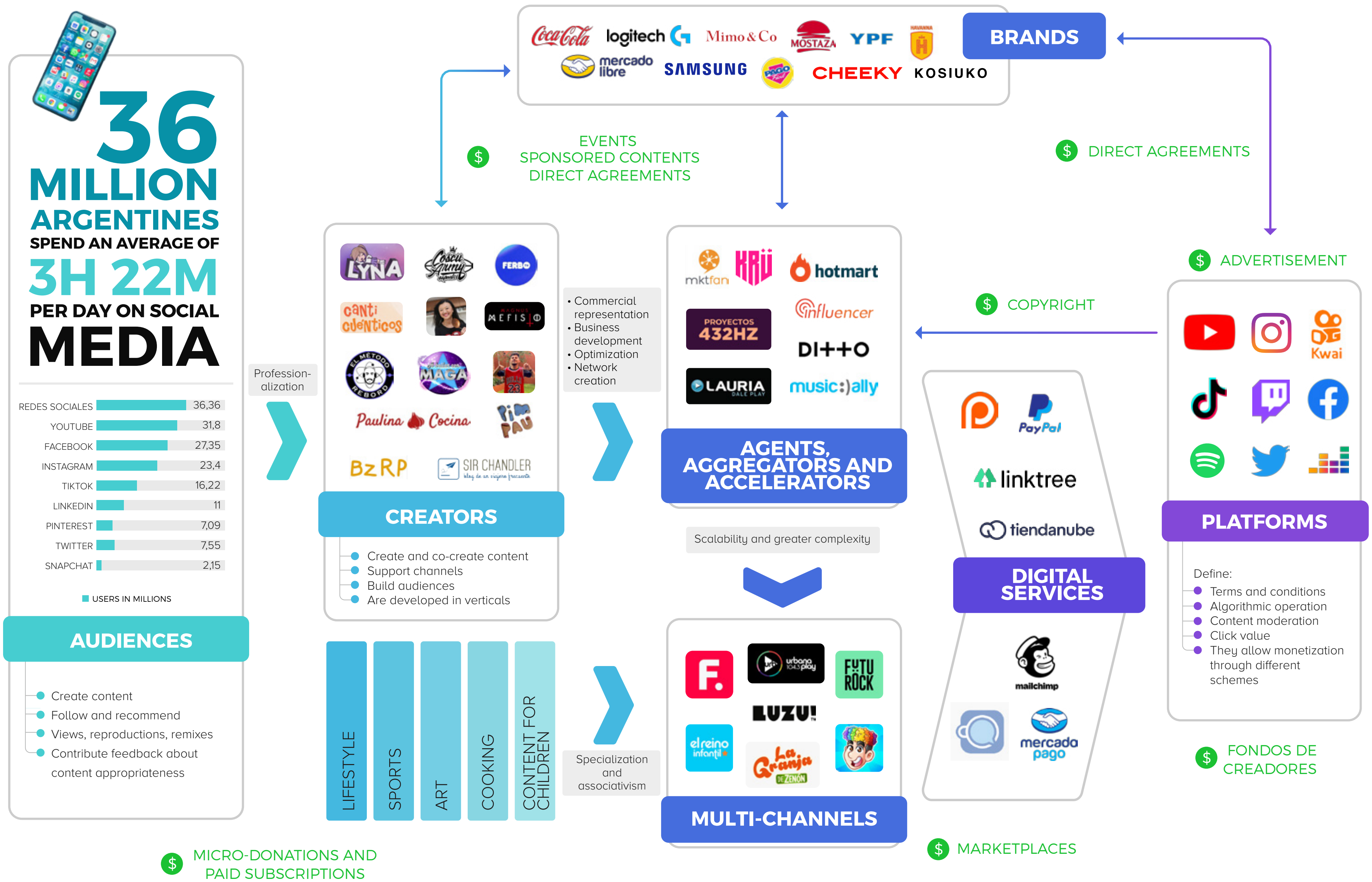
4. Value chain

Graph 1 proposes a modeling of the value chain of content creation. It identifies different links and actors (audiences, creators, multi-channel networks, agents, aggregators and accelerators, brands, digital services and platforms), points out the type of relationship established between each node, and it highlights a number of examples of the Argentine case.

CETyS | UdeSA (2023), Content platforms and creators in Argentina: analysis of the value chain and production and monetization modalities. Available at: http://hdl.handle.net/10908/23188.

Graph 1 - Value chain of content creation (with examples of the ecosystem in Argentina)



Source: Own creation based on GWI (2021) and Datareportal (2023)

1. Audiences

1. Are the basis to generate *network effects*, which give value to a platform or a creator's channel as per the universality of their node network.

2. Co-create, recommend and reproduce content, especially considering that, to determine the key to success, static metrics (such as the number of followers) are increasingly less relevant, and dynamic metrics (such as interactions and times shared) are increasingly more so.

3. Provide vital feedback about the appropriate nature of content, based on the terms and conditions of each platform.

4. Are an intervening factor in the definition of *click value*, which is a useful metric about the scale of the audience in a given market (for example, the Argentine or the Spanish-speaking markets).

This last point needs some development. The value of the Argentine advertising market and the purchase capacity as measured in constant and comparable currency is relatively below as it is associated to the Argentine Peso. That is why it is relevant to ask ourselves: what impact does a lower click value have compared to the markets of neighboring countries? Here, a creator's monetization capacity faces an incentive to look for foreign audiences that is subject to the consideration of the algorithms of each platform to broadcast contents depending on their geographic location and language. It is clear that, in spite of the global nature of internet and its massification, the current economic scenario is a structural obstacle or condition for creators' payment and possibilities.

In this regard, the sources consulted pointed out that the new generation of social platforms have increasingly more sophisticated algorithms that weigh not only the elements of the content themselves (language, accent, idioms), but also the potential audience it will be offered to. A market with a higher "click value", sources say, entails the existence of a critical mass of users' clicks (in an audience that is massive enough) so as to manage to go up quickly in the priority of positioning algorithms.

As is the case in any other market, platforms prioritize and invest more in bigger markets. For markets that are relatively smaller or peripheral, such as Argentina in several verticals (except for music, perhaps), content may acquire regional scale and resonance, and revenue may have a more significant scale, but only after crossing some statistical thresholds that only platforms know for sure. While clicks in other markets have a greater relative value in USD, those creators who can transcend borders not only get to expand their reach, but they also grow more proportionally in terms of revenue. Finally, the market volume or size determines the relative importance for platforms of the development of local creators' programs, or for platforms to invest more resources to promote the generation of content and actions with brands.

Therefore, if the market size is associated with the "relative click value", how is that value made up? Sources agree on the fact that it is conditioned by the audience size, the value of the national currency and the advertisement market of each country.

To begin with, to have an audience, there has to be a big population with significant internet connection. Access to Internet in Latin America, with an aggregate population of 660 million people, reached 74% of the population by the end of 2020 (World Bank, 2020). Even though the penetration is quite higher than average in Argentina, about 86% for a population of almost 46 million (INDEC, 2021), the biggest markets are those with the biggest populations, such as Brazil (214 million) and Mexico (130 million). Out of these almost 40 million Internet users in the country, it is considered that 36,35 million use social media (a penetration of 79,7% of the whole population), according to the compilation made by Datareportal (2023).

Besides these structural factors, according to the time the Argentine audience uses Internet (9h01m per day on average and 3h22m specifically to social networks), and from it, the time devoted to social media, it is among the highest in the region (Datareportal, 2023). Regarding the time spent on social media by 2021, the active population of Brazil spends an average of 3h46m of their day in social media, followed by Colombia with 3h41m, Argentina and México with 3h25m (GWI 2021). In that universe, 52,1% of social media users in Argentina are women, whereas 47.9% are men (Datareportal, 2023).

Table 1 shows characteristics of some of the main social media platforms in Argentina. The prevalence of women in most of the networks considered, except for LinkedIn or Twitter, is noteworthy, as is the growth of TikTok compared to the previous year, 43%, where women have a more significant share, for example, than in its most direct short videos competitor: Instagram.

According to a study conducted by Influencity (2023), the Latin American digital advertisement market grew from USD 7.92 billion in 2020 to 34.7 billion in 2022. The conditions of its currency have a significant impact on the market value that this audience may have for a creator. Most of this advertisement investment came from Brazil (34% of the total investment), followed by Colombia (21%) and Mexico (16%).

With that in mind, the Argentine “click”, where it is estimated that there are 34,3 million social media users over 18 years old (Datareportal 2023) that would be the “*ad reach*”, has a lower relative value as target public for creators, and local creators are weighed differently by some platforms for the distribution and promotion of contents. Sources point out that this competitive disadvantage is verified even compared to countries with a considerably smaller population, such as Chile or Uruguay. In the Argentine market, the value of advertisement in the local currency is relatively lower, measured in USD, than in other countries with stronger currencies and/or with higher advertisement investment.

Table 1 - Social media audiences in Argentina in selected platforms

Platform	Users	% Ad Reach	% Women	% Men
Snapchat	2.15	5.4	73.7	25.5
Twitter	7.55	16.5	47.7	52.3
Pinterest	7.09	17.8	75.9	17.8
LinkedIn	11.00	27.6	49.5	50.5
TikTok	16.22	40.8	61.4	38.6
Instagram	23.40	58.8	54.5	45.5
Facebook	27.35	68.7	53.1	46.9
YouTube	31.80	69.7	51.8	48.2
Total	36.35	79.7	52.1	47.9

Source: Own creation based on data by Datareportal (2023)

2. Creators

Creators are individuals who use digital technology to create and publish creative content (Florida, 2022) and who have found in platforms a path to create, communicate and monetize their content. However, the universe of creators is complex and diverse, and the criteria to talk about *professionalization* are varied and exploratory. Next, we will review a series of criteria suggested by the literature. Later, we will incorporate an original classification criterion that we deem complementary to the others.

Time spent

66%
of creators consider themselves part-time creators.

43%
spend less than 5 hours per week.

36%
have been creating for a year at the most.

Source: Influencer Marketing Hub (2022)

A first criterion is the **time** spent producing contents, which is strictly related to income as it explores if creators can support themselves thanks to their content, if not fully, at least partially. A study by Influencer Marketing Hub (2022) states that 66% of creators consider themselves *part-time creators*, 43% spend less than five hours per week and 36% have been creating for a maximum of one year.

However, the time spent and the **revenue** obtained do not have a linear relationship (Linktree, 2022). In fact, the expected revenue is anything but a source of certainty, and part of the professionalization entails learning to deal with such fluctuations. Having said that, estimating the income according to the time spent producing content is a valid starting point. In that sense, according to a study by Influencer Marketing Hub (2022), 32% of creators with revenue ranging from 100 to 10.000 dollars per year spend more than ten hours per week, and the vast majority, 53%, have revenue lower than 100 dollars per year, and devote less than five hours per week to content creation. Based on this, we may start by saying that there is a sort of minimum threshold of semi-professionalization that entails spending about one hour per day in content production and publication.

The relationship between revenue and audience measured according to subscribers to channels does not hold a lineal relationship either, and is much more mediated by variables less transparent for the creator, such as total reproductions, remixes, recommendations and interactions in the monthly aggregate of a platform for a specific market (for example, Argentina). In that sense, the scale of channels measured by volumen of unpaid subscribers is no guarantee of a safe and sustained source of income. For example, 5% of Instagram accounts have more than 100,000 followers and are considered "active influential people" (Mention, 2022), but their capacity to monetize content does not translate automatically.

Another outstanding characteristic is the high level of audience concentration in a disproportionate percentage of creators. The revenue curve follows a "Pareto or 80/20 Law" pattern, marked by a small group of very successful players (less than 20%), followed by a "long-tail" full of multiple creators (more than 80%) whose revenue is not enough to support themselves (Anderson, 2006; Rainville and Levene, 2022).

Less than 1% of YouTube channels globally have more than 100.000 subscribers, while the most important 1% of Twitch streamers retains 50% of the platform revenue (Rainville and Levine, 2022). In Argentina, for example, the difference between the top five Youtubers with more than 20 million subscribers –where those oriented towards children stand out: (@LaGranjadeZenon, @ElReinoInfantil and @Elcanaldeplimplim), and others such as @alejoigoa, @rubentuestaoficial and @bizarrap– and the rest of the top 100 is at least three times higher, as reported by Socialblade.

In that same sense, a recent poll by NeoReach (2022) states that only a fifth (21%) of creators has an annual income above US$50,000, which the report defines as a critical threshold to make a decent living in the American market (where the poll was made). So, out of all the people who create content, only an exclusive group gets to sustain and expand their digital business. For the rest, it is very difficult to have enough scale to sustain their initial creations.

Age and gender also have an impact on the dynamics of content creation and the capacity to monetize content, but specific statistical sources are rather limited. A recent study by GWI The Creator Economy Report (2022) points out that, on average, creators are more likely to be young adults, and an overwhelming majority (99% of those surveyed) are younger than 40 years old. As for gender, the same study points out that the average salary of male creators was 1.88 times higher than that of female creators during the period analyzed (accounting for 48% of the universe of creators).

Income curve

It follows a Pareto or 80/20 Law pattern:

A small group of very successful players

(less than 20%)

Followed by a long tail with many creators

(more than 80%)

Source:
Anderson (2006),
Rainville and Levene (2022).

Finally, an additional criterion to categorize creators, prepared on the basis of testimonials from the sources interviewed, are their levels of strategic maturity, which we associate to the complexity of their brand, their product portfolio and their organization. We identify three ideal stages of brand maturity of creators themselves:

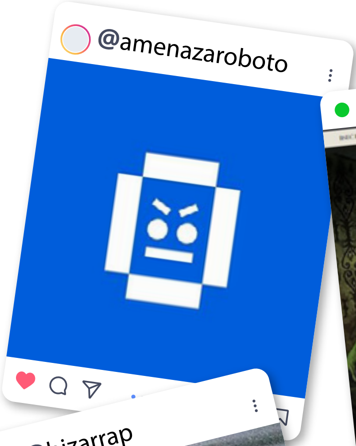
In each stage, creators achieve greater degrees of professionalization of the organization, of production standardization, sustainability and scalability, and of the capacity to develop sub-brands.

Some examples of creators with a **focus on their personality**, albeit with different degrees of complexity in their channels and content offer, are **@SoyLina**, **@SirChandler**, **@PaulinaCocina** and **@MagnusMefisto**; among creators with a **focus on the product**, we find fewer cases, who tend to present some diversification of channels or products, such as **@Bizarrap** and **@TomasRebord**; finally, among **multichannel networks**, we find a minority of entrepreneurships which, based on human teams with some specialization and associativism, have become *media companies* in their own right, as is the case, with generally very different audiences, of **@LaGranjadeZenón** and **@ElReinoInfantil** among children, and **@urbanaplay**, **@futurock** or **@luzutv** among young adults.

But these are, and we insist, ideal-type categories (and quite exploratory) which, in practice, are not so different and, actually, tend to overlap. They ways each creator fits into the value chain are rather varied, although here they are characterized in a stylized way as closer to some ideal-types. Firstly, because every creator proposes a unique balance between focus on personality and focus on product, which is evident in some scales, from @SoyLina to @PaulinaCocina, or from @AbailarconMaga to @Bizarrap. At the same time, although in some cases more stylized strategies can be identified, it may happen that the products designed by each creator (sometimes turned into producing agencies or, as we said, multi-channel agencies) proposes different focus combinations (as well as different creative proposals, or different channels in different platforms).

This trend can be seen in any of the three degrees of modeled maturity. Among creators with a focus on their personality, an interesting case is that of @PaulinaCocina. The creator known by the massive audience as Paulina is actually called Carolina, which is a subtle but clear indicator of her strategic intention to create a distinctive brand value. However, her audience associates the brand mainly to her figure, and the fact that many think that her name is Paulina shows how difficult it is to go from contents with a significant personal element to others, more impersonal, based on design, knowledge or some form of intellectual property. Also the case of @MagnusMefisto follows that development path, as it makes products of #truecrime around his figure, while he tries to create formats with a lasting value. Another peculiar, but quite different, case is that of @AbailarconMaga, as she produces recent contents with much serialization but lower scalability, such as choreographies and challenges, focusing on her personality; however, she also co-creates value with focus on products, as her proposals can become the official choreographies of some music hits.

An example of creators focused on the development of IPs is @ AmenazaRoboto, who has been installed as an audiovisual podcast specialized in discussing the dynamics of the appearance of disruptive technologies, while, in an intermediate stage between an organization centered on the development of IPs and a multichannel network (MCN), we may place the creator Tomás Rebord. Yet, his case also shows that the development of brands with intellectual property value is not incompatible with a focus on his own personality. However, if his portfolio presents different channels and products



with a different balance between both approaches, his most successful products are those which try to develop some brand value, especially MAGA (Twitch) or El Método Rebord (YouTube, podcast interview format, evergreen-synchronous temporality, monetization through advertisement).

Although when there is greater complexity in the creator's organization there is a focus on multiplying products and channels, the trend towards some hybridization between a model centered on the development of the personal brand and the development of product brands is maintained. If we go up the scale, something similar happens. For example, @Bizarrap produces content (and he is the object of content) with a high intellectual property value (in an industry consolidated at the top of streaming) and, at the same time, he created his brand identity based on some detachment from the personality (his glasses and cap are inherited from the Daft Punk helmets). He focuses on the development of products with sub-brand value. The first contents of the original channel Bizarrap (BZRP) were the "Combos locos" (crazy combos): edits and comments about YouTube cockfights in the context of the massification of rap in Argentina. Later, he developed a YouTube channel with a differentiated brand, which gave rise to a serialization of new products: the Bizarrap Sessions, which he later started publishing on Spotify, testing the capacity of an elite of creators capable of making their audiences migrate platforms.

However, a consolidated MCN solves this balance between strategies in a more categorical manner, dissolving the personal talent into its own brand identity. Some diverse examples that exhibit this common behavior on a more general level are, for example, @luzutv and @urbanaplay. The former is a MCN focusing on the development of a brand IP, where the hybridization with a strategy to develop a personal brand is to summon (like a co-creative platform) highly influential creators with audiences of their own to nurture that brand value and, at the same time, create product sub-brands. The case of @urbanaplay focuses in the IP value associated to its brand, but it uses representative figures of the traditional radio scene for the development de sub-brands and products, albeit capable of developing new formats and channels by maximizing streaming technologies and integrating emerging creators in special sections, which also act as series of podcasts. Likewise, its positioning in the music and cultural ecosystem anchored in Buenos Aires as a strategic partner for events entails some hybridization between both stylized strategies, as the focus on music IP is accompanied by co-creation with creators with a focus on the personal self-promotion.

In the section on *Production and monetization modalities*, we will go back to the description of creators, but from a visual modeling of their development paths of available content channels.

3. Brands

We define **brands** as the commercial companies that, as part of their marketing strategy in an economic sector (here, *vertical*), invest in content in at least three key ways: advertisement through streaming platforms and social media, campaigns and creators through their agents and aggregators, and events where multiple parties converge and can be characterized as "marketplaces" according to their scale (such as Lollapalooza or Movistar Arena). According to the research by NeoReach/Influencer Marketing Hub 2022, actions with brands are the main source of income for creators (more than 77%), followed by advertisements (5%), where brands play a key role.

Indeed, the main mechanism to sustain modern creations is advertisement, which, in the last 15 years, has migrated quickly from the traditional media to internet in general,

Actions with brands

Key methods:

1. Advertisement through streaming platforms and social networks.

2. Campaigns and creators through their agents and aggregators.

3. Marketplaces (events where several parties converge, such as Lollapalooza or Movistar Arena).

and the most frequently used social platforms and the most visited media in particular. In 2021, Meta concentrated USD 92 billion for the sale of ad space for its 2.8 billion users. Twitter reached a volumen of USD 3.4 billion annually with a base of 350 million collaborators (The Economist, 2021).

According to the annual report of E-Commerce of TiendaNube, social media are the main business allies (in particular, entrepreneurships) which have an e-commerce channel and try to make their brand known through these high-traffic channels. In 2022, they accounted for 41% of conversions on Argentine cloud stores. In 2023, Instagram was #1 to broadcast content and to invest in online advertisement campaigns and offer customer service. It was followed by Facebook and WhatsApp. Instagram tractions 88%, while Facebook accounts for the remaining 12% (Nube Commerce, 2023).

In each **vertical** we find some dynamics of its own, different scales and strategic valuation degrees of the creators and their contents. The companies of each vertical are the first ones interested in sponsoring content of (or events with) creators with influence among their end customers (or increasingly more, users). In Argentina, 7 of the 10 companies that use influencer marketing more frequently operate in the vertical #beautyandfashion. A study by Hype Auditor (2022) points out that La Roche-Posay is the leading company as it has indicators such as 256 influencers, 366 mentions and it reaches 1.64 million people). According to the same study, another relevant vertical in Argentina is #sports, where two companies with a reach even greater than the leading company in # beautyandfashion: Adidas Argentina (245 influencers, 662 mentions and it reaches 9.3 million people) and Puma Argentina (it reaches 9,94 million people).

A study by the consultant Ipsos (2019) about the “most influential brands” and consumption preferences on a national level pointed out that the best positioned companies are those which can “change the way consumers communicate, interact or make every day purchases”. In these dynamics, the role of creators (in general, conceptualized here as influencers) is critical. It identified six Argentine cases among the first 20 brands of the ranking: Mercado Libre, Pago Fácil, SanCor, La Serenísima, Yogurísimo and YPF.

4. Professional services

Creators have very different degrees of dedication, discipline, strategy, talent and above all, resilience and luck. But they are not alone in their professionalization process. Some initial semi-professionalization depends, most likely, entirely on themselves: trying to go from a simple co- creation of isolated content, as part of the most active segment of the audience, to a systematic strategy to develop their own audience, prestige and positioning. But to take the leap, they need specialized teams that combine services such as commercial representation, business development, the creation of networks and relationships, and the optimization of formats according to strategies, verticals and reference platforms. This service node encompasses different sub-types of actors. On the one hand, those who propose expanding their business opportunities (aggregators and agents); on the other hand, actors who try to broaden creators' value proposal (accelerators, coaches and consultants).

The former appeared in Argentina approximately in 2012, and they have become more complex since then, and integrated new services for creators. Some local examples are the agencies Lauria Entertainment, Vane Pellizzeri Management, Farrell, Trendsetters and FaroLatino, among others.

Aggregators help strengthen the catalogue of creators by the consolidation of a concrete offer in a place, which makes it possible to leverage the development of business related to contents, for example, sponsoring new contents and events. In the last decade, the complexity of companies devoted to offering services as aggregators has evolved greatly.

According to the sources interviewed for this report, three stages can be identified:

- A stage marked by the appearance of basic aggregators, who offered a catalogue of creators to different brands, circa 2012.

- A stage of relative self-management, when creators tried to manage business and networks using their own means, with the idea that aggregators did not offer true added value, and the rather emerging nature of both channels and audiences.

- A new stage of professional mediation –during the years immediately before the pandemic, and especially since its beginning– when big aggregators of content curators appeared, offering a global management of their work, business and alliances, coordinating different monetization strategies that go beyond the screen to offer selling goods or their presence at events.

In general, in each of the successful aggregators there is at least one very successful creator, although later they tend to have more drawing power on their peers.

Accelerators and **consultants** of business intelligence have appeared quite recently, associated to the exponential growth of the number of creators who try to turn this activity into paid media. This requires very specific knowledge to develop particular contents efficiently and strategically. This type of support requires some knowledge of algorithms logic and engineering and, at the same time, some capacity to do some "coaching" to personalities or "influencers" to maximize their potential. Their mission is to contribute to the professionalization of creators maximizing their audiences, developing new business and optimizing the opportunities each platform brings. Some have even become social media themselves, organizing and promoting exchange and learning among communities of creators, as is the case of SocialBlade or Hotmart.

5. Digital services and facilitators

In addition to professional services, creators resort to a variety of **digital services** providers who bring in some tools for their processes as they enable monetization, account management, analytics and contents management, among other functions. Thus, these "facilitators" have an impact on the sustainability and efficiency of process management in very different ways, from places where to structure and present the different channels available that a creator supports (e.g., Linktree), present the offer of commercial products (TiendaNube) or monetize the micro-donations of their audiences (Cafecito, Mercadopago, payPal).

The most representative examples are probably those financial services that make it possible to manage micro-donations. Globally, PayPal is very commonly used to manage micro-donations. Locally, Cafecito App allows creators to receive donations from their followers with the concept of "buying the creator a cup of coffee". It is a crowd-funding platform created in 2020 that has become a method for many creators who use platforms without direct content monetization, such as Instagram or Twitter. The app works linked to Mercado Pago, which also has a service for donations through the tool Payment Link. The Cafecito App receives 5% of each transaction, whereas PayPal gets 3,4% of the transaction plus a fixed cost that depends on the payment modality, the country of the donor and the country of the creator.

In some cases, resorting to some decentralized resources allows creators to diversify some margin of dependence from their main platform. For example, a creator specialized in Instagram channels may choose to create a digital store directly in Instagram, or coordinate their own marketplace in a different platform.

6. Platforms

As Carla Bonina et al (2020) stated, the outstanding feature of platforms is the co-existence of dynamics of concentration and decentralization. As predicted by Galloway and Thacker (2007), they radically distributed the control among non-connected locales while they focus the control on rigidly defined hierarchies. In order to do so, as explained by Benjamin Bratton (2018), each platform builds its own scales and metrics: “platforms are based on a rigorous standardization of scale, duration and morphology of its essential components”. In a nutshell, each platform provides its own rules, tools and incentives to attract audiences, creators and brands, and to promote their spending as much time as possible immersed in them.

Moreover, the network effects lead to the prevalence of a “winner takes all” logic based on the constitution of those markets of multiple interdependent sides, with sustainable and possibly expansive dynamics from videos, short videos, e-commerce and short messages, among others. Each platform tries to create a world in itself that maximizes audiences’ attention span, which entails seeking the optimization both of algorithms to recommend the most attractive contents and of advertisement micro-segmentation according to users’ preferences. That is how “walled gardens” are built, with significant learning curves and low interoperability that force creators to specialize and define their professionalization strategies so their creations adapt to the formats and reasoning offered by each platform. Regarding the possibility to migrate their most successful platform products, the Argentine creators interviewed were rather reluctant. Even though they were flexible, as positioning themselves in all the platforms with variations of their original contents is a rational strategy, they argued that they tend to pursue the maximization of their knowledge about the algorithmic rationale of each platform.

The main way for platforms to attract creators is to offer more direct ways to monetize their contents, and the ones standing out are advertisement income, paid subscriptions, contests to gain access to creators' funds, direct funding (for some creators) and royalties (in the case of music).

Likewise, the most important way for platforms to discipline creators is "demonetizing" their contents. This can actually imply very different practices, such as excluding some content form the monetizable content estimation, and even demonetize the entire channel, or downright block it. This is the result of the algorithms complex established in each platform, which is usually opaque for the creator, and stems both from the terms and conditions set unilaterally by corporations, and from the aggregate audiences' feedback (they can say if a content is deemed appropriate or not).

In the coming section, devoted to Platforms, we will analyze in some detail and with a comparative outlook the terms and conditions of platforms in Argentina, focusing on monetization schemes, as well as the so-called "demonetization" filters.