7.Verticals

This section addresses some key verticals that have distinct characteristics, and looks into the dynamics specific to each market/ecosystem and the way these inherent characteristics affect the content production and monetization modalities.

It is organized into three sub-sections. The first one proposes a comparative look of two cases of dynamic verticals, similar but different: #gaming and #eSports. The second sub-section deals with the music industry, the vertical that has managed to be consolidated at the core of the content ecosystem, even above gaming. Finally, the third one explores some emerging trends in verticals such as #digitalart.

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1. Growing markets: #gaming and #eSports

Two verticals related to videogames may be distinguished, both focusing on an important part of the content generated by creators: #gaming and #eSports. Regarding the competitive nature and the non-monetization of contents, gaming has a recreational purpose, and e-sports have a competitive purpose. Whoever takes part in gaming is called "*gamer*", while those who pursue eSports competitively and professionally are considered to be "*pro-players*".

Both verticals attract similar sponsors. The main parties interested in these audiences are companies related to IT and technology supplies, streaming platforms and companies related to crypto-currency and digital banking. Moreover, eSports teams attract sports apparel brands which design their official uniforms.

Both have a significant share of joint creation of content. In the case of gamers who create content mainly synchronously, a particular form of co-creation is through Streaming Houses. They are houses where a group of content creators live, equipped with whatever each of them needs to stream from their own computer. The rationale of co-habitation is that in a big part of the content generated by these groups there will be great interaction among them, not just showing the creator who owns the account. This also helps them provide feedback on their accounts.

Likewise, eSports players also have spaces where they go to get ready for competitions. These are the Gaming Houses, and they differ from the former in that they do not aim at the joint creation of content but at the optimal preparation of players for future competitions. Moreover, unlike Streaming Houses, in general they are not real homes where the team lives, but places they only go to train. These spaces have the necessary technology and other spaces, such as gyms (A24, December 2nd, 2020). To a lesser extent, there are some content co-creation instances between different teams, not necessarily directly related to eSports.

The basic format of the #gaming vertical is a broadcast of the screen of a multi-player videogame the way its creator sees it, with a second smaller screen embedded in some corner where the creator, in a close-up, "reacts" while they play and interact with peers, in general, other creators.

The most common platforms for gaming are YouTube and Twitch. In both of them, creators make live broadcasts in which they play a great number of games, usually interspersed with conversation with their audience. These moments are called "Just chatting" or "IRL (In real life)". These broadcasts usually last more than two hours on average and, depending on their creators, they are ephemeral or remain recorded in their channel to be watched asynchronously.

Additionally, many creators use part of these transmissions to generate other forms of content: they usually choose the best plays, funny moments or moments of interaction with the audience that were particularly interesting to make specific, shorter videos. These are published mainly on Youtube.

In general, gamers do not devote 100% of their content to this topic, but they intersperse it with other verticals.

Even though a content creator may be labeled a "gamer" when a big part of their content is intended for that topic, creators' self-identification does not have such a clear-cut division. There are creators who, even though they do mainly gaming, do not define themselves with that label but "streamer", giving greater importance to their identification with the format they use to generate content than to its topic.

Some of the creators who devote a big part of their content to gaming are Coscu, Spreen, Joaco López, Carolo Vazquez, Luchi Quinteros, Grafo, Momo, Boffe, La Jefa and Brunenger, among others. The role played by Carolo Vazquez and Luchi Quinteros in the incorporation of women to the gaming world is interesting, as it is dominated mostly by men. Carolo Vazquez has a series of YouTube videos called "Pibas jugando al FIFA" (Girls playing FIFA) where he talks with female guests during plays of the game. On the other hand, Luchi Quinteros broadcasts plays and shares her experience studying the creation of videogames.

The content generated by professional players is different from the one created by *amateurs* mainly because *pro-players* are usually less active than amateur creators, and their participation in networks is more closely connected with some seasonality related with the tournaments they compete in. These players, besides broadcasting plays or competitions, usually make videos where, form their position as experts, they analyze plays or show their new sponsors.

The content related to eSports is not found only in the players' professional accounts, but each team often has its own account in different social media for which they create content. This allows teams to have sponsors and advertisement income and, at the same time, this is an allure to

gain fans that will root for them in tournaments. The main type of content published by teams has to do with summaries of tournaments and introductions of new members or sponsors. Although there is great disparity in the amount of content generated by the different teams, the most active ones also include interviews and *vlogs* about the players' day-to-day activities.

On the other hand, eSports competitions, as is the case with other sports, have exclusive broadcasting rights, so they are not available in teams' accounts. To watch them, it is necessary to have access to the official broadcast or to summaries published later by the players and their teams. Some official broadcasts are made by far-reaching streamers, as was the case with the 2022 CS:GO World Cup, whose broadcast was conducted, not exclusively, by Ibai Llanos on his Twitch channel.

As is the case with gaming, the main eSports platforms are YouTube and Twitch, and both professional and amateur creators have presence on Instagram, Twitter, Facebook and TikTok as positioning strategies.

ESports follow a typical rationale of off-line sports: teams are made up and train to compete in a tournament with the objective of being the champions. In terms of content temporality (see previous section), the eSports vertical has a more seasonal and synchronous alignment (at the time of the tournament) than gaming, where the synchronous and recent aspects are intermixed.

At present, Argentine teams can be sorted into two groups: those led by a person form the world of content creation (for example, the Coscu Army or 9z Team), and those whose owner or leader is a figure from the world of sports (A24com, November 25th, 2020). The latter, in turn, are divided into the ones coming from traditional teams (for example, Boca Juniors, River Plate, Racing Club eSports, etc.) and those whose leader is an individual sports figure (such as KRÜ eSports, linked to former soccer player Sergio Agüero, Pampas, linked to former tennis player Guillermo Coria, or Ebro, linked to former soccer player Juan Sebastián Verón).

Teams have a great number of professionals who work with the aim of getting their players into competitions with the best preparation possible, as is the case in traditional sports. These professionals encompass areas such as psychology, nutrition and kinesiology, as well as agents, coaches and trainers, among others (A24com, November 12th, 2021). Moreover, many teams have specialists in digital services, such as video edition, web page design and graphic design, who focus on building audiences for the team.

There are different games with eSports competitions, and each player specializes in one game in particular. Some of the most popular games are League of Legends (LoL), Fortnite, CS:GO, Dota 2, Valueant and FIFA. Their world competitions are League of Legends World Championship (known as Worlds), Fortnite World Cup, Intel Extreme Masters, Valueant Champions and FIFAe World Cup, respectively.

In Argentina, according to a Tipps.gg ranking (2022), the main teams are: 9z Team, with CS:GO, LoL and Valueant players; EBRO, with CS:GO, LoL and Valueant players; Furious Gaming, with CS:Go and LoL players; Leviatán Esports, with CS:Go, LoL and Valueant players, and Isurus Gaming, with CS:Go and LoL players. Besides, some Argentine players have been hired by foreign teams because of their performance, as is the case of Nicolás Villalba (currently in Guild) and Matías Bonanno (ex player of KRÜ, currently in Heretics).

2. Consolidated markets: music

According to data from IFPI Global Music Report 2022, prepared by the International Federation of the Phonographic Industry (IFPI), the total streaming on a global level (including paid subscriptions and advertisement) currently accounts for 65% of all the global income from recorded music, and it keeps growing: in 2022 it invoiced 16.9 billion dollars, an increase of 24.3% compared to 2021. But the most relevant piece of information for this IFPI report is that, in Latin America, income from streaming accounts for 85.9% of music revenue, that is to say, 20% higher than the global average. We think this difference is related to the role played by new content creators.

Especially after the pandemic, in Argentina and around the world, the (almost) total digitalization of music stopped being a moral and financial debate. The virtual and remote access showed not only some growing "democratization" in terms of creation and distribution, but also, and especially, the conversion of the business and the emergence of new players around artists.

In this regard, Cabello et al (2021) point out that the new forms of digital consumption have revitalized an industry to its most competitive levels in memory. Ten years ago, the industry hit rock bottom and looked with suspicion at companies like Spotify, launched in Europe in 2008 and massified after getting to the United States in 2011 (in Argentina, it was in 2013).

Today, Spotify accounts for more than 20% of all the income of the music industry (Spotify "Loud & Clear" 2022).[7]

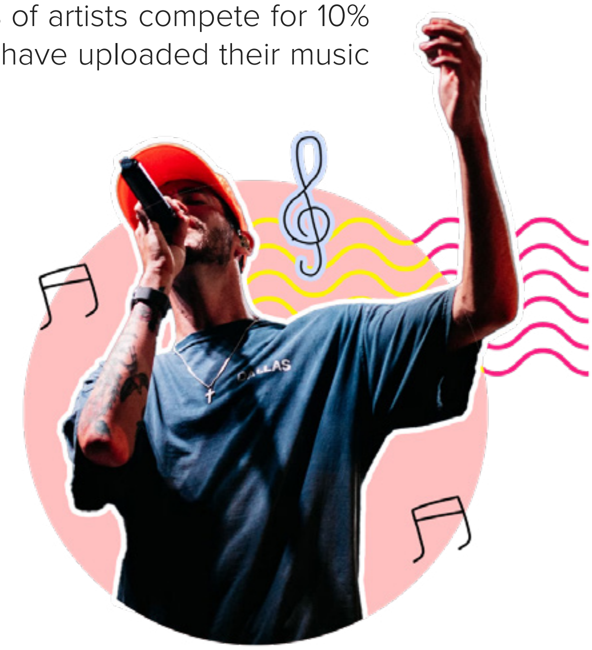
7. According to this report, Spotify estimates it supports about 200,000 creators. In 2022, there were 189,000 artists with at least one concert or event with ticket sales, which shows a professional activity outside streaming. According to those estimations, more than 25% of those professional artist wannabes generated more than US$10,000 in payments only of Spotify last year (which suggests more than US$40,000 of the sources of total registered income, and more if we include tours, merchandising and other business lines).

According to Spotify, 8 million artists uploaded their music to the platform, and 60,000 new songs are added to the platform every day. Both for stagnant or falling traditional sectors such as music, TV, art, or for new ones such as social media or gaming, platforms have allowed a bigger number of people to participate by consuming, sharing, giving their opinion, making economic contributions, creating and co-creating contents.

Like Spotify, Apple Music, Amazon Music, Deezer, Tidal, YouTube Music, Bandcamp, to name the most famous ones, define their algorithmic policies to access monetization.

In Argentina, the music ecosystem has evolved mixing some of the original pillars of the historical record industry and the new forms of monetization: the big international record labels that have historical branches in Argentina: Sony, Warner, Universal; the collective societies and agencies of composers, authors, performers and phonogram producers (SADAIC, AADI, CAPIF)[8] and the ubiquitous managers. To these managers we add new labels and independent projects specialized in digital material (such as Ditto), representative agencies, distributors, show producers and local presence of the big audio and video broadcasting platforms, such as YouTube, Spotify, Amazon Music and, more recently, TikTok.

Also the “long tail” of creators is evident in this sector. In Spotify, 1% of artists account for 90% of reproductions. That is to say, 99% of artists compete for 10% of consumption. According to Spotify, 8 million artists have uploaded their music to the platform and 60,000 new songs are added to the platform every day, but only 99.3% generate less that 10,000 dollars annually (J.F Diaz 2022).



In terms of direct monetization, and besides creators’ funds, Spotify is clear in that it does not pay artists directly but to rights holders, mainly collective societies, in a relationship that is 75-80% for recordings and 20-25% for publications. In its disclaimer, this platform is clear in that what artists receive depends on the agreements each of them has with their societies and the countries. This is not a minor issue for Latin American artists given the copyright problems in the region and the legal limitations it faces, in countries like Argentina, for the individual management of

8. For further information on the current regulations about management companies and the existing institutional limitations, see Cabello, Rivero, Viecens (2022), also edited by CeTyS-UdeSA.

rights, where there is currently a legal monopoly by SADAIC (Cabello et al, 2022).

For many, it is increasingly more difficult to separate the sound work (the audio, the songs, the "records" as an artistic, not physical, concept) and the visual work (its corresponding video), which leads to the inclusion of other agents to create each piece: script writers, directors, actors and audiovisual producers, among others. Thus, the path of new artists is usually to develop and conceptualize their work in virtuality and then reach the physical stage. From social media and platforms, musicians start to build their own showcase and career, which they later catapult (or not) thanks to the relationship with agencies, record labels (or brands), producers and other providers of digital services (like Music Ally) who act as facilitating links. Many of them look for the "cross- fertilization" of followers from collaborations. Platforms also get excited about this as they want to retain audiences.

Record labels, in turn, have repurposed their business and become companies that offer services to their artists. Warner, for example, offers three types of possible contracts: distribution, as facilitator between platforms and artists, who maintain the master rights (that is to say, the work); license rights, to monetize the master for a given period of time (between 8 and 14 years), with a distribution of profit percentage of 80-20; and exclusive rights (recording exclusive artist), through which they are offered total funding and the master becomes the company's asset.

In addition to copyright management services, the show booking and the work production, we have intangible elements such as the relationship with the industry, its presence in awards ceremonies, the links with other artists (today, *featuring* or collaboration work as a positioning strategy) or producers and different types of advisory. In some cases, distributors (for example, Ditto) also offer editorial services with 80-20 contracts for artists with greater trajectory and impact.

In any case, standing out and growing in this industry is not easy. Circulation conditions imposed by platforms can hurt the working methods and, finally, the artistic search. Moreover, the way to get to successfully have more rotation requires an intermediary between artists and the streaming: digital aggregators (paid or free) who upload music to all the music applications[9].

Some platforms offer support programs: YouTube Music offers YouTube Partners, which artists can apply for to monetize with videos through an AdSense account; Spotify motivates listening and collaborates with the algorithmic positioning through curated playlists and initiatives like "Equal"; and distributors (like The Orchard, by Sony Music, or Ditto Music, for example) act as links between artists and platforms, ensuring, precisely, the distribution of works.

Another big artist hotbed of the current scene is the *freestyle* fights, which have established a dynamic that used to be spontaneous and from the street, and today it is a platform to broadcast potential music interpreters. The "Red Bull Batalla de Gallos (cockfight)" and FMS (with the producer Urban Roosters behind, and sponsoring of brands such as Axe and Fernet Branca) saw the birth of a big part of the local trap and new hip-hop scene (Wos, Trueno, Lit Killah, for example), who later signed contracts

9. elDiarioAR: "Industria de la Música y Streaming. Informe Especial: Música y algoritmos: muy pocos artistas se reparten mucho dinero y una mayoría de músicos, centavos", May 28th, 2022 by Juan F. Díaz.

with different record labels, or, is some cases, managed to start their own companies. The producer Lauría Entertainment, with its label Dale Play Records, capitalized on the explosion of the urban scene, working with the most successful artists of the genre, like Duki, Wos, Nicki Nicole and Bizarrap.

The internationalization of artists implies a leap also in their capacity to monetize given the possibility to have access to clicks with more relative value outside the borders where the Argentine Peso is used. This context allowed the investment growth by record labels, producers and agencies in new local artists who today see more opportunities to take their success beyond the national borders.

As for success, even though its primary connotation is still linked to income and impact, it is currently measured in terms of reproductions in platforms and followers in social media as well. TikTok has become one of the main tools of distribution: its algorithm allows the massive broadcast without demographic limits and the generation of impact in other platforms, and even in traditional media. For example, by 2021 more than 175 songs that were a trend in TikTok ranked in the Billboard Hot 100. This is additional to the fact that, according to a poll conducted in the US by MCR Data Study, 75% of TikTok users say that they use the platform to discover new artists, and 63% say they reach music they had not listened to before by means of that platform (TikTok, 2022)

The sources of income of a music artist are (and must be, necessarily) multiple: live shows, advertisement and agreements with brands on their social media, sale of merchandising, subscriptions of followers on platforms such as Only Fans[10]. Nowadays, music is, we may say, only one of the paths through which a musician may be promoted, but where growing from the digital field requires becoming a more complete entrepreneur or creator, and mastering algorithmic complexities.

Different public initiatives have been promoted from the Culture areas that have begun to understand and deal with the digital environment more often, both for formation and support, and to subsidize or measure that ecosystem. By way of example, the Buenos Aires City Government program "Impulso Cultural" includes BAMúsica, which grants subsidies to solo artists, bands and music clubs[11].

10. OnlyFans is a subscription service that allows content creators to earn income from users subscribed to their profile. It allows them to receive funds directly from their fans with a monthly subscription, one-time payment or pay-per-view.

11. One of the measurement tools with a growing interest in digital aspects is the National Survey of Cultural Consumption and Digital Environment of the Ministry of Culture of Argentina, conducted by the System of Cultural Information of Argentina (SInCA), which depends on the Direction of Planning and Management Follow-up of the Unit of Advisors Cabinet. It started in December 2022 in 50 urban centers in 24 provinces. However, that information is more focused on defining consumption profiles, rather than production.

Many independent artists, for example, resort to the support of fans through the sale of songs or records from platforms like Bandcamp. However, the reproduction of the phonogram in streaming platforms offers a variable retribution on a geographical level (plays in Argentina are worth less than in Mexico or the United States) and it is always below the dollar cent, which makes it impossible to deem it a source of livelihood for artists who do not cross some thresholds in terms of number of listeners (more than a million listeners per month is considered a minimum threshold).

3. Emerging markets: Digital art

The web3 is seen by some voices as a great bet that may decentralize the copyright management by means of technologies like the blockchain or smart contracts (Cabello, Rivero, Viecens 2022). This fact would enable mechanisms of management and direct monetization to property, which can be particularly relevant for the art sector, for example. Beyond the content distributed through the platforms analyzed, and other specialized and less massive platforms, digital art per se as a type of market/content is growing as a vertical in itself based on the creation of artists that become "tokenized" through the use of NFT (non-fungible tokens) formats. The "tokenization" of art supports its rights and enables a more accurate management of its distribution and monetization to its creators (Cabello, Rivero, Viecens 2022).

This incipient format is attracting multiple interested sectors, from traditional figures of the Argentine art who start an accelerated process of digital transformation, such as the National Endowment for the Arts (FNA) or the National Museum of Fine Arts, and independent creators and physical artists who seek to join this new world, to small and big investors (National Endowment for the Arts, 2022).

In this vertical, creators are perceived as "artists" or "independent artists". The NFTs allow them to produce an artificial scarcity that gives an alternative authenticity criterion to their digital works of art, and smart contracts where they define the property right percentage they give to the buyer (National Endowment for the Arts, 2022).

These new markets have given generative art an optimal environment for its development. This type of content consists in creation that is not complete until it is acquired. At that moment, the code crafted by the creator receives as input the identification of the digital wallet used to acquire it and, based on that, the creation of the work is completed (National Endowment for the Arts, 2022). This implies that each creation by the artist may take to a myriad of possible different results.

This new alternative presents a possibility of detachment between the creator and the content they create, incomplete until its acquisition. Therefore, the relationship with the content generated becomes more diffuse, given that neither the artist nor the buyer see the final result until the moment it is acquired.

Compared to what happens to artists in platforms like Spotify, these new technologies give independent artists, or with smaller reach, greater control over what happens to their creation. Not only do they avoid being forced to negotiate with platforms, but they also have greater control over their creation. For example, not having to give 100% of the asset allows creators to keep getting profit each time their creation goes from one buyer to the next. That is why this modality is attracting increasingly more digital visual artists and independent musicians.

Likewise, the possibility to distribute a unique work as original, by means of the NFT, generates market dynamics similar to the ones in the traditional art world. Thus, digital art builds a kind of hybrid between art, content and investment or value reserve. This last element is because the market dynamics create opportunities for speculation over prices, as well as the possibility to acquire pieces to safeguard its value.

These new forms of content commercialization have become especially relevant with the advent of the metaverse and the web3, as many companies are commercializing unique content by means of blockchain certifications and NFTs to use in the metaverse. Moreover, the metaverse provides a favorable environment to exhibit this type of art, leading to the creation of digital art galleries in this new world.

At present, OpenSea is the main international marketplace to commercialize NFTs. In the mid-term, the possibilities to monetize these contents are not limited to income for the sale of a work of art, but it opens the door to multiple applications beyond this space. The tokenization of digital works of art enables a greater involvement in different communities which, through the personalized interaction with their followers, can offer access to content and communities controlled by the ownership of tokens. However, these monetization methods keep developing and it is not clear yet if they will have a widespread adoption.

It is necessary to follow these developments and new players closely in order to understand whether these dynamics are transitional or they signal a "new state of affairs" for new spaces of creation, broadcast and monetization.