2018 STATE OF THE CREATOR ECONOMY

IZEA

2018 STATE OF THE CREATOR ECONOMY

IZEA Imperative

Ongoing measurement of business and consumer public to understand how Influencer and Content Marketing are perceived and used.

IZEA Action

- 2018 Marketer State of the Creator Economy
- 2018 Creator State of the Creator Economy
- 2018 Consumer State of the Creator Economy

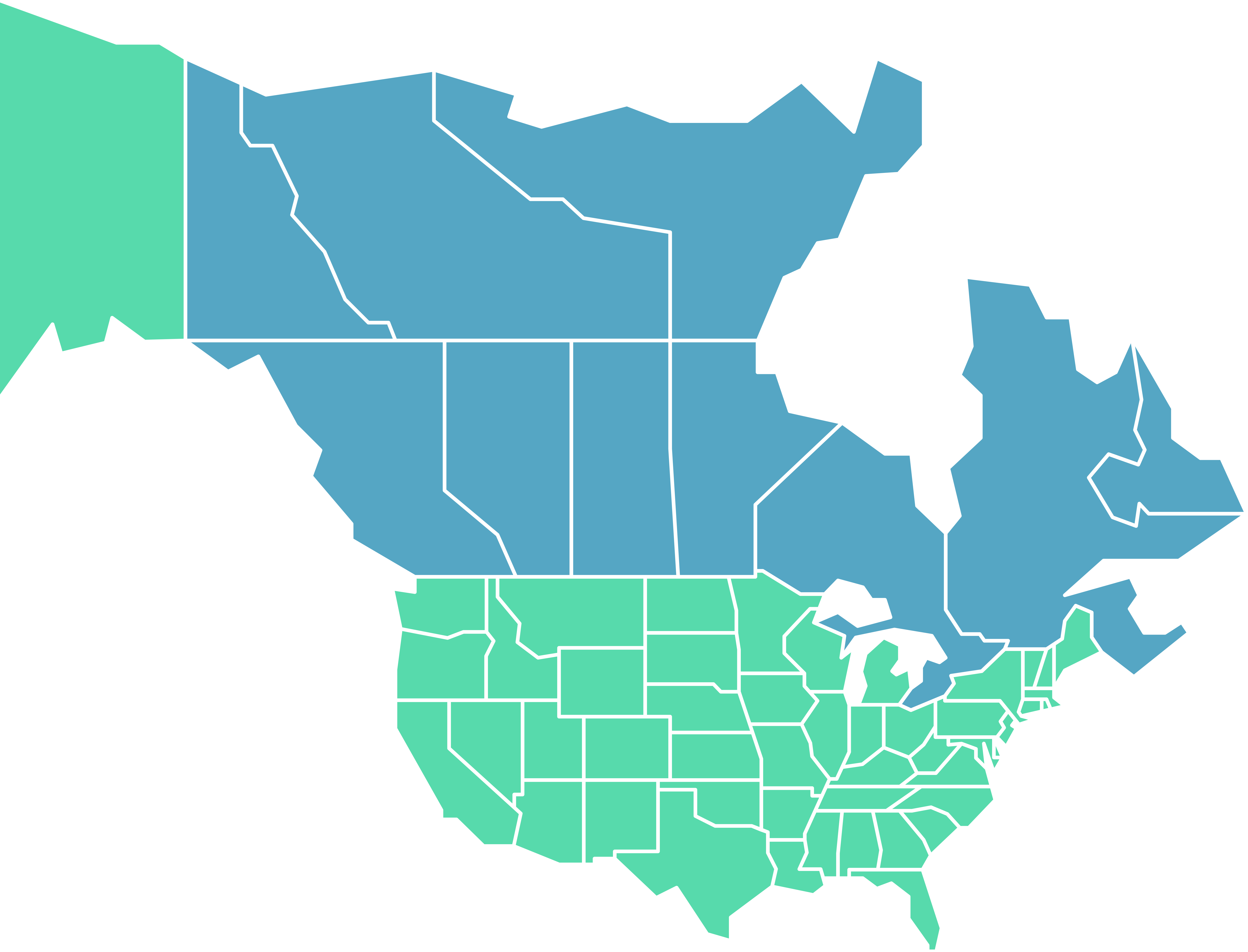
2018 Research Partners:

Lightspeed GMI

research now

THE RIGHT BRAIN

2018 METHODOLOGY



606

Client Marketers from Research Now's
B-to-B National Panel (Brands & Agencies)

242

Influencer and/or Content Marketing Creators
sourced from IZEA database of partners

1,000

Consumers from Lightspeed GMI's
Domestic U.S. Panel

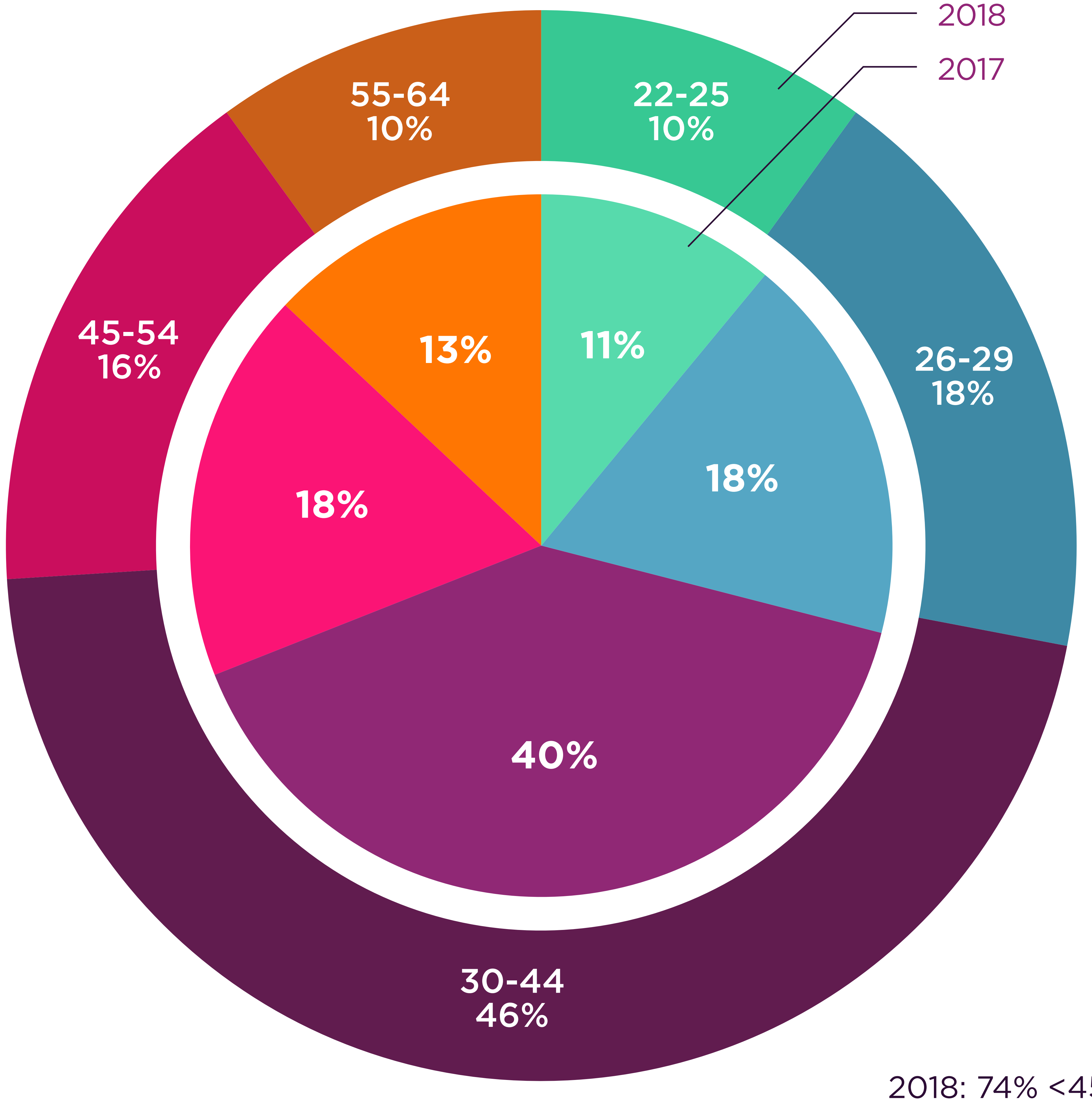
THE MARKETER PERSPECTIVE

IZEA

U.S. MARKETER SAMPLE CENSUS

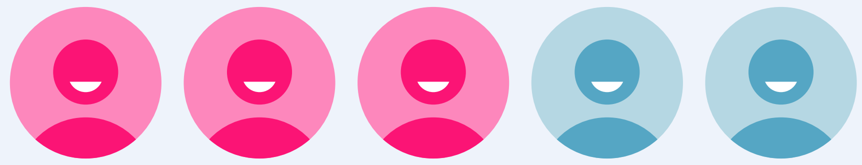
PROFESSIONAL ROLE	% Marketers	
CLIENT SIDE	**2017**	**2018**
Marketing/Advertising	**38**	**39**
PR/Corp. Comms.	8	9
Brand Mgmt.	6	5
Digital/Social	7	5
Retail/Shopper	4	2
Media role	2	3
All other client	3	2
AGENCY SIDE		
Brand/Creative	9	10
PR/Corp. Comms.	6	5
Digital/Social	7	7
Entertainment	4	5
Media	3	3
Promotions	2	2
All other agency	2	3

Marketer Age



2018: 74% <45
2017: 69% <45

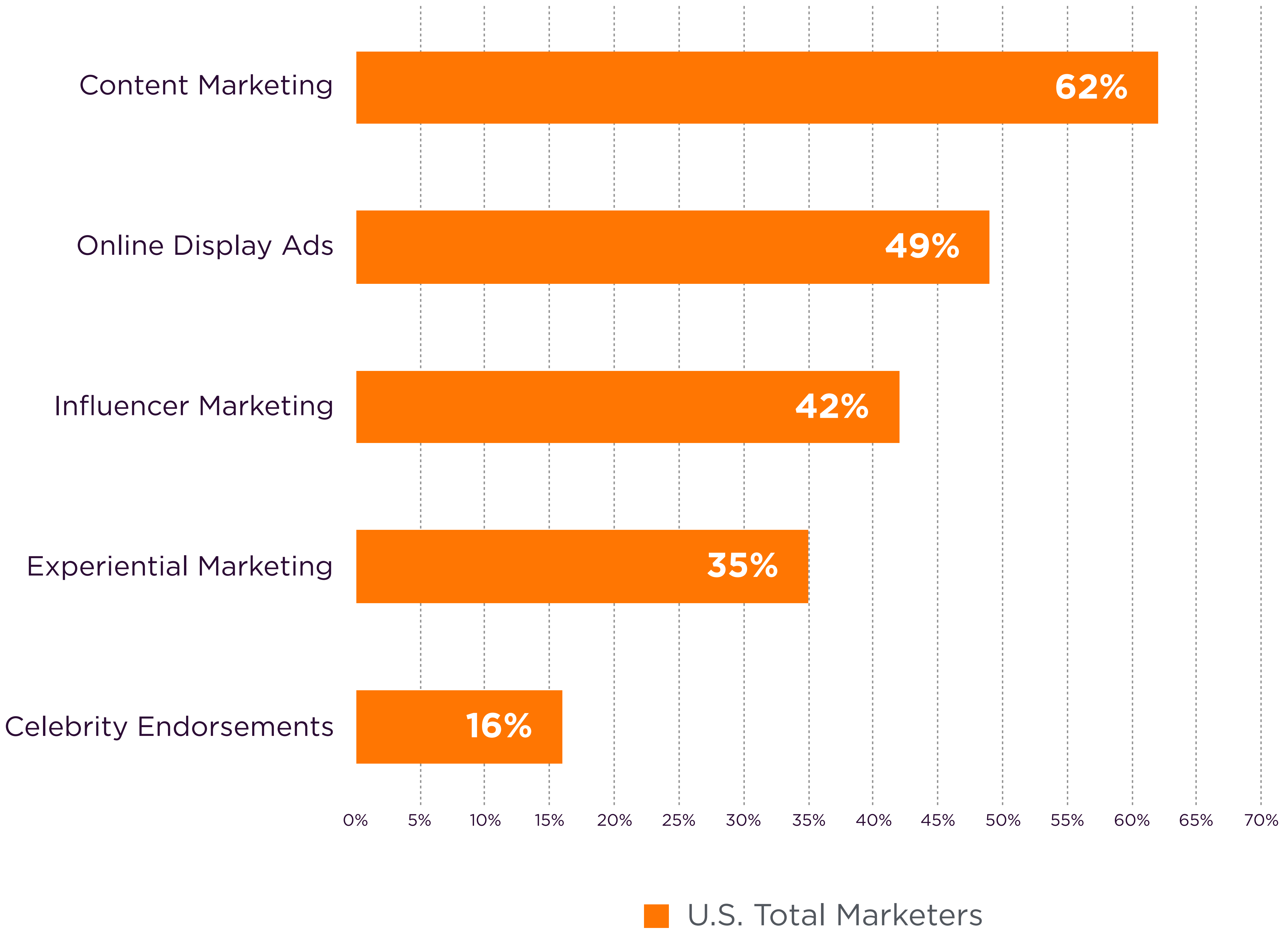
MARKETER APPROACH LEVELS



Looking at recent usage, over 3 in 5 used **Content Marketing** in the past year …

… and 2 in 5 used **Influencer Marketing** in the same period.

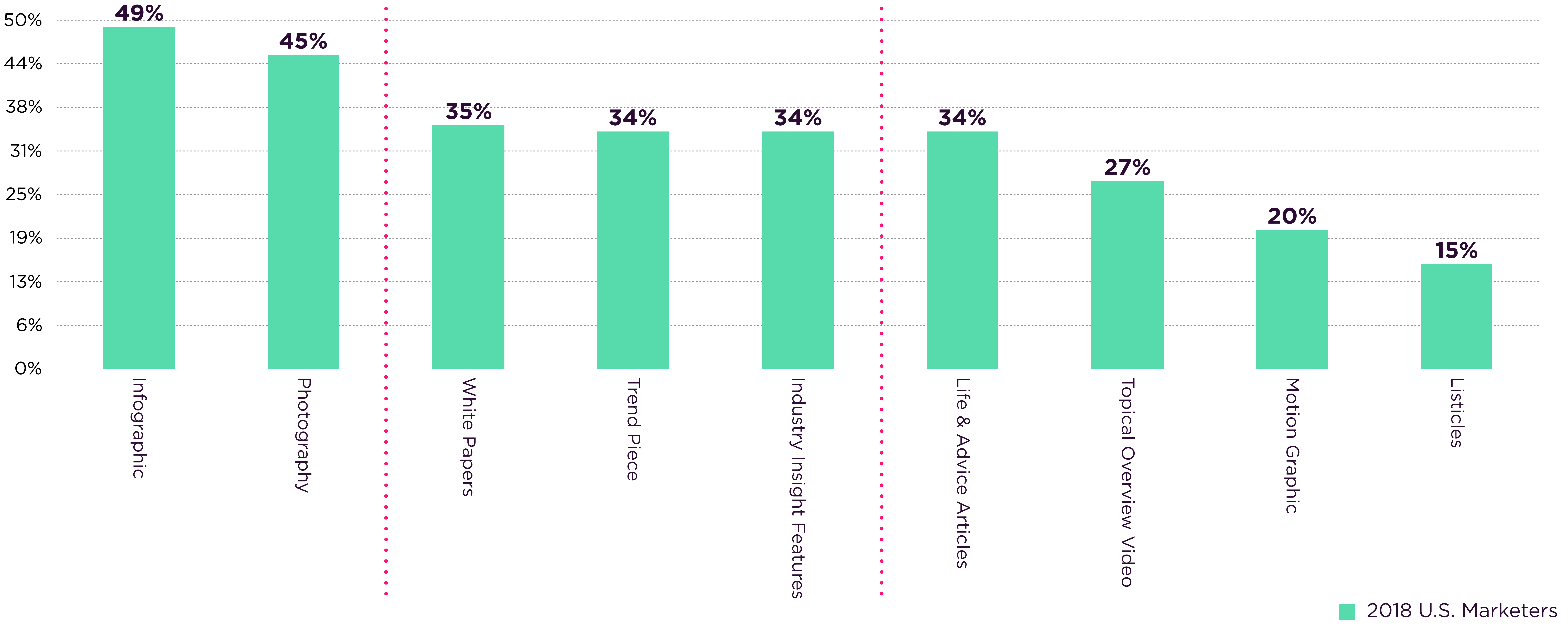
% U.S. Marketer Sample Who Used in Past Year



- Past year usage levels signal that both marketing approaches are being embraced and integrated into the U.S. marketing mix
  - Levels match that of traditional online display advertising
- Recent usage of both is in the same arena as online display advertising
- CM and IM usage in the past year exceeds Experiential Marketing and Celebrity Endorsements

CONTENT MARKETING APPROACHES USED

2018 Content Marketing Approaches Used (Total U.S. Marketers)



INFLUENCER MARKETING APPROACHES USED

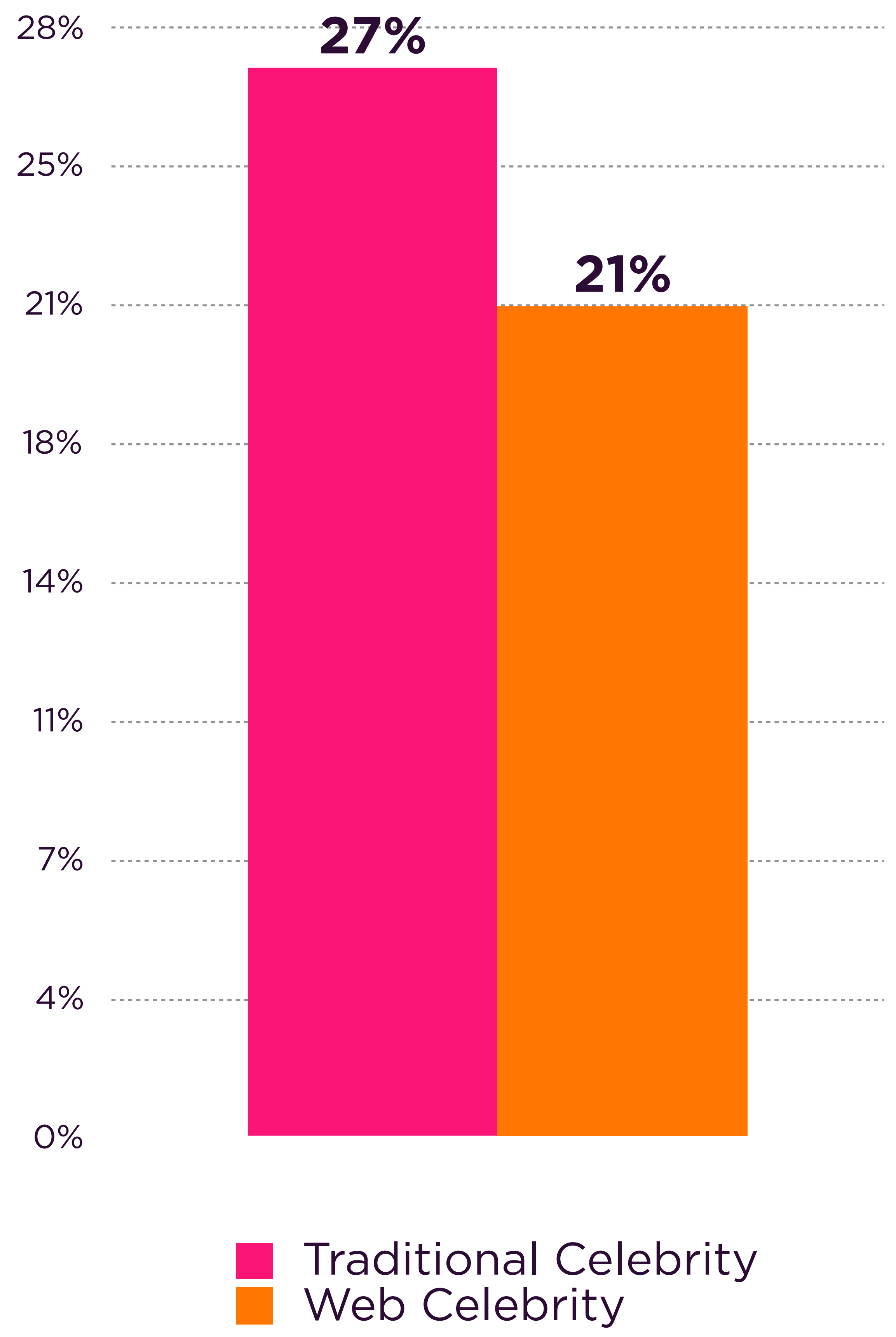
Influencer Marketing Approaches	2014	2015	2017	2018	2018 vs. 2017 % Point CHANGE
Sponsored FB Update	56%	60%	78%	74%	-4
Like a Brand	63%	56%	55%	58%	+3
Follow a Brand	39%	40%	51%	53%	+2
Sponsored Tweet	54%	48%	50%	51%	+1
Sponsored Video	**22%**	24%	44%	**50%**	+6
Sponsored Photo	**30%**	29%	41%	**42%**	-1
Sponsored Blog Post	25%	26%	42%	39%	-3
Sponsored Email	35%	32%	36%	33%	-3
Sponsored Twitter Follower	13%	12%	16%	18%	+2
Sponsored Stream	9%	7%	12%	11%	-1
Sponsored Check-In	6%	7%	12%	12%	NC
Sponsored Pin	N/A	6%	11%	9%	-2
Other Sponsored Content	2%	3%	3%	2%	+1
None of the Above	15%	11%	4%	4%	NC

CELEBRITY ENDORSEMENT USAGE

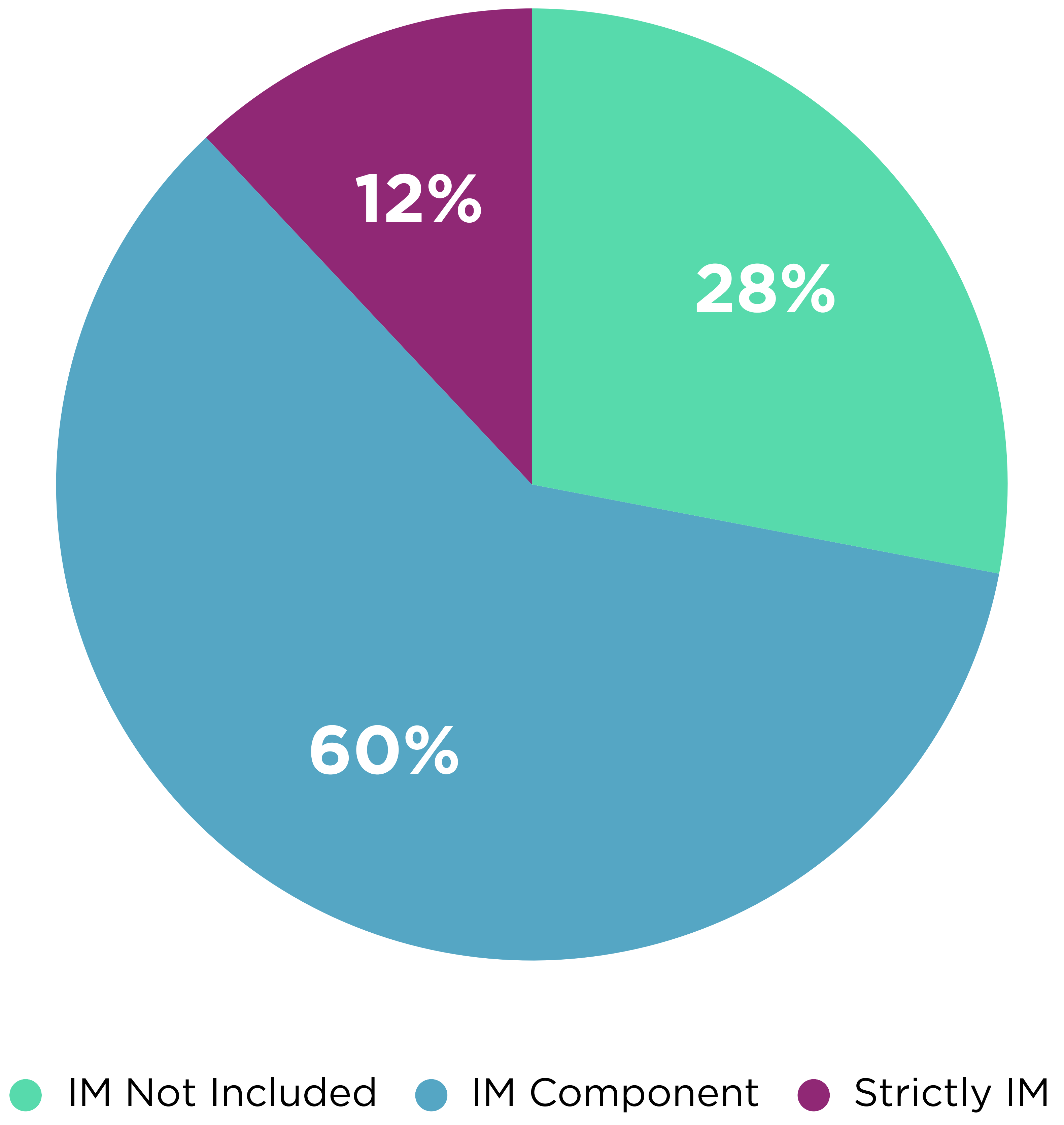
About 2 in 5 U.S. Marketers have experience with programs that have used traditional and/or Web celebrities.

In nearly 3 out of 4 cases, an Influencer Market-ing element was used, mainly as just one component of the program.

2018 U.S. Marketers Use of Celebrity Endorsements

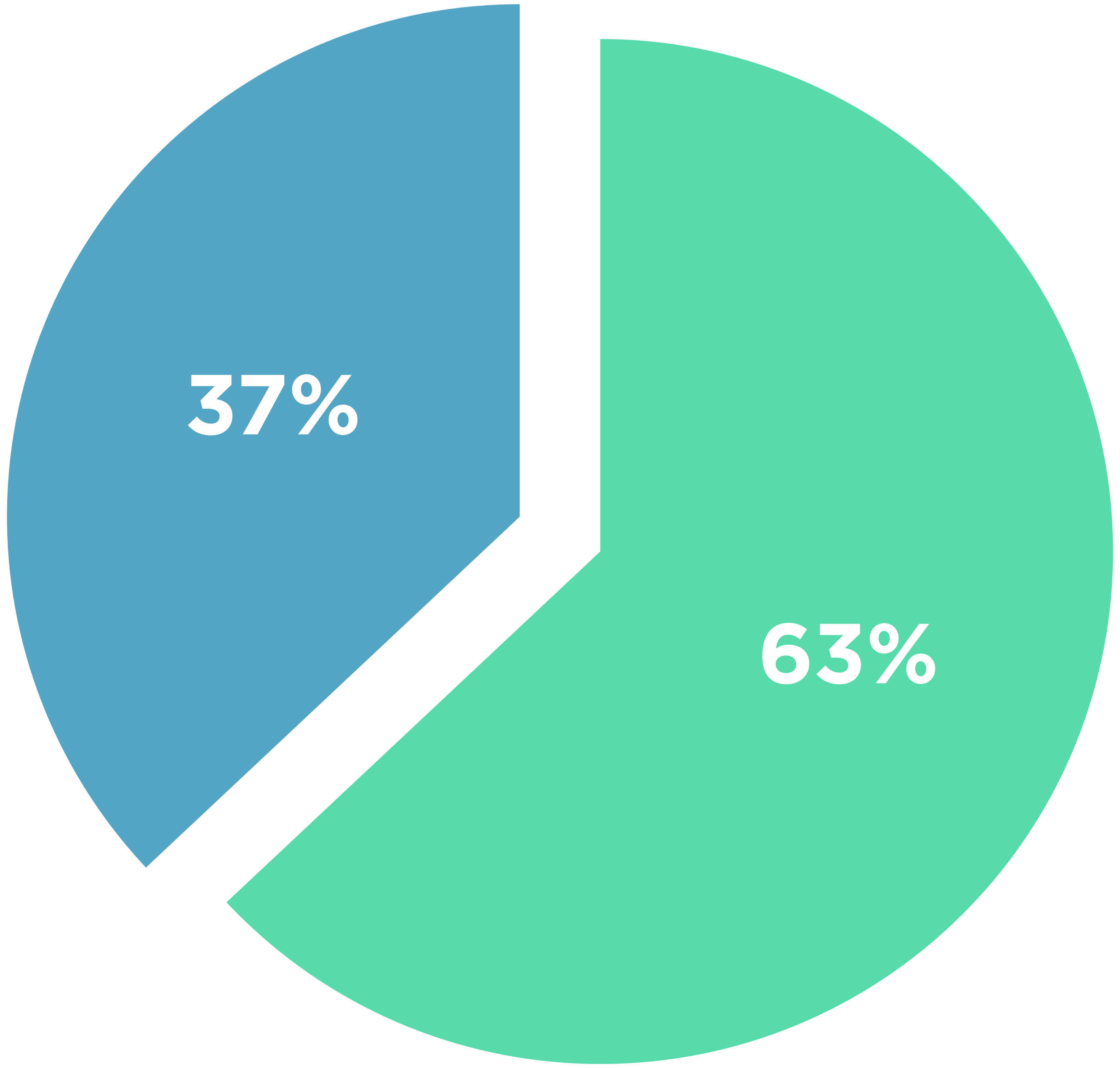


2018 U.S. Extent of Influencer Marketing Among Celebrity Endorsement Campaigns



DISCLOSURE IN CELEBRITY ENDORSEMENTS

2018 Use of Disclosure in Celebrity Endorsements



63%

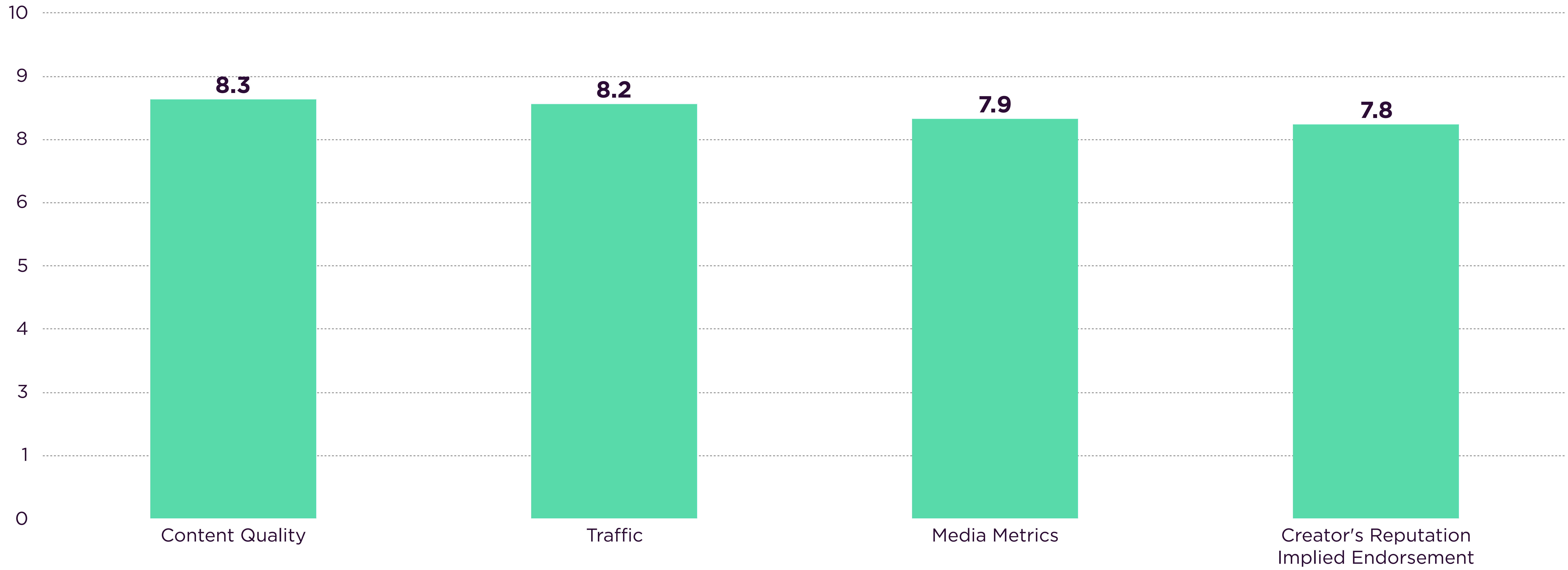
Yes, the celebrity included disclosure

37%

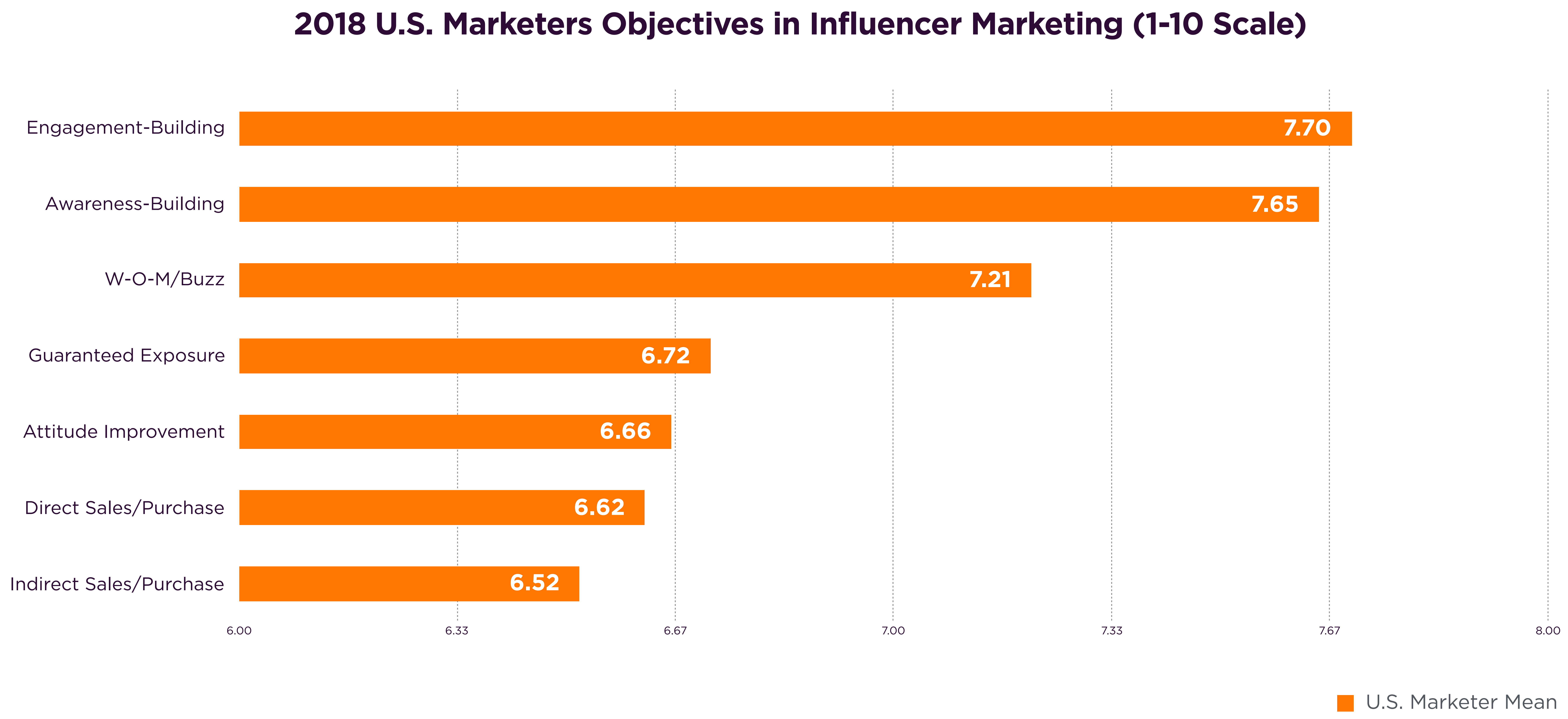
No, the celebrity did not include disclosure

FACTORS OF IMPORTANCE – INFLUENCER MARKETING

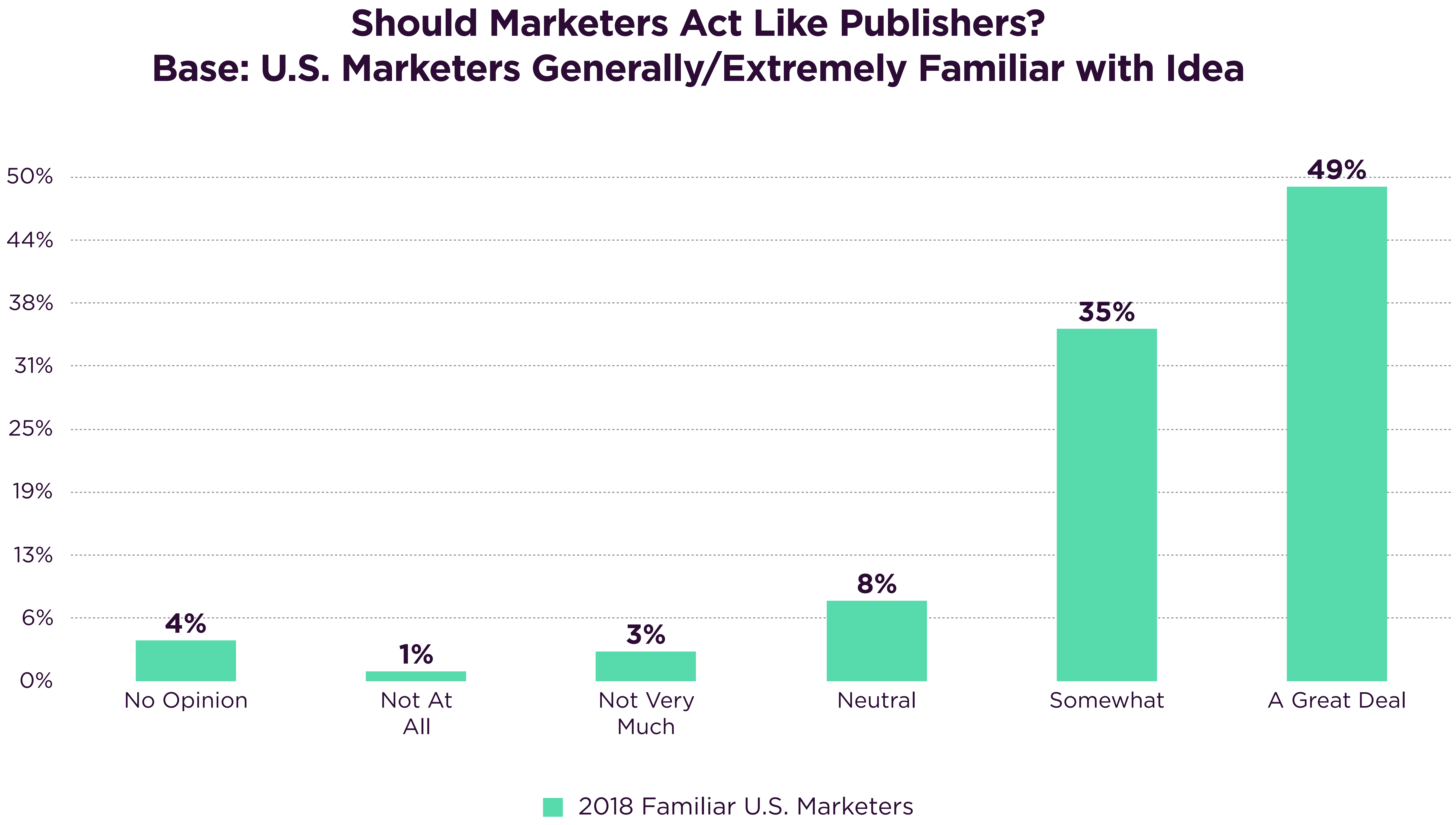
2018 U.S. Marketer Factor Importance in Choosing Influencer Marketing Provider Mean Score, 1-10 Scale



MARKETER OBJECTIVES FOR INFLUENCER MARKETING



SHOULD MARKETERS ACT LIKE PUBLISHERS?



- Nearly all (84%) of the concept-aware agree to some degree that marketers should act like publishers – most a great deal
  - Translates to about 36% of all U.S. Marketers
- Almost no disagreement or “no opinion”

MARKETER EFFECTIVENESS RATINGS

Mean Effectiveness Rating, 1 - 10 Scale (2018)	U.S. Total
Content Marketing	**7.8**
Influencer Marketing	**7.7**
Experiential Marketing	7.7
Brand-Specific Web Development	7.6
Celebrity Endorsements	7.3
Television Advertising	7.0
Online Display Advertising	6.9
TV Embedded Sponsorship	6.8
Podcast Advertising	6.8
TV Official Sponsorship	6.7
Radio Advertising	6.3
Magazine Advertising	5.9
Newspaper Advertising	5.4

The techniques are rated directionally or significantly higher than all traditional cross-media advertising approaches measured.

CM and IM rates nearly a point higher than Online Display ads..

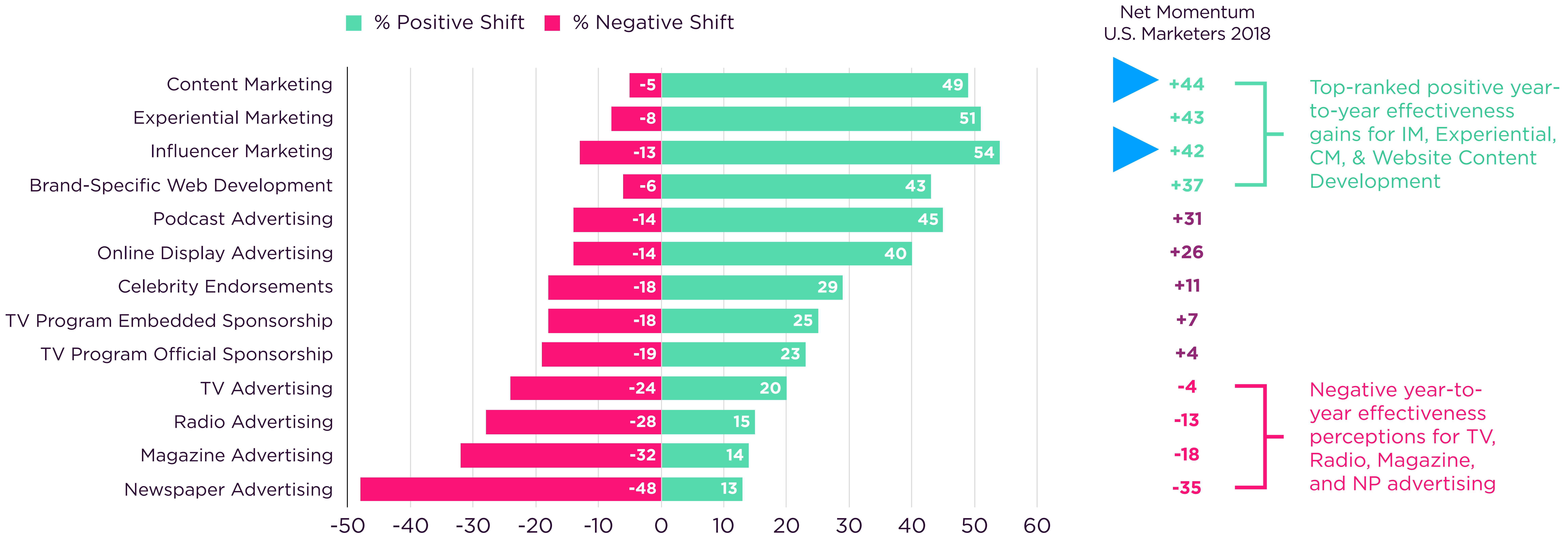
The challenges of magazine and newspaper advertising are evident in Marketers' low-end rank-order ratings.

YOY EFFECTIVE RATINGS PROGRESSION

Mean Effectiveness Rating, 1 - 10 Scale (2018)	2015 U.S. INF/SS Marketers	2017 U.S. Marketers	2018 U.S. Marketers
Content Marketing	**7.8**	**7.6**	**7.8**
Influencer Marketing	**7.3**	**7.5**	**7.7**
Experiential Marketing	7.5	7.4	7.7
Brand-Specific Web Development	N/A	7.4	7.6
Celebrity Endorsements	6.3	6.8	7.3
Television Advertising	6.5	6.4	7.0
Online Display Advertising	6.5	6.5	6.9
TV Embedded Sponsorship	6.3	6.1	6.8
Podcast Advertising	N/A	6.4	6.8
TV Official Sponsorship	6.0	6.1	6.7
Radio Advertising	5.4	5.6	6.3
Magazine Advertising	5.3	5.4	5.9
Newspaper Advertising	4.8	4.7	5.4

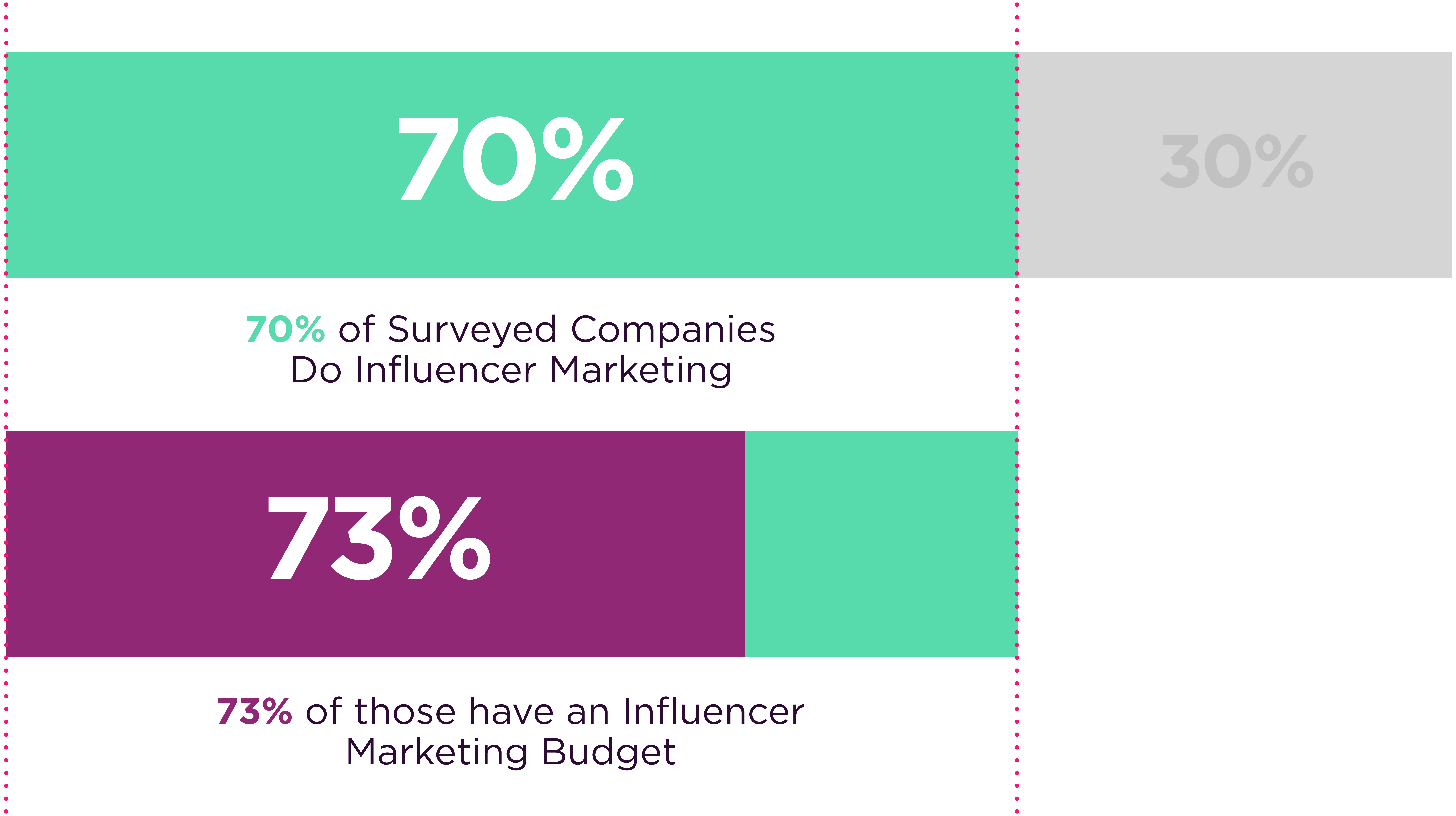
EFFECTIVENESS MOMENTUM YEAR-OVER-YEAR

2018 vs. 2017 Perceived Effectiveness vs. One Year Ago Among Those Experienced With Approach



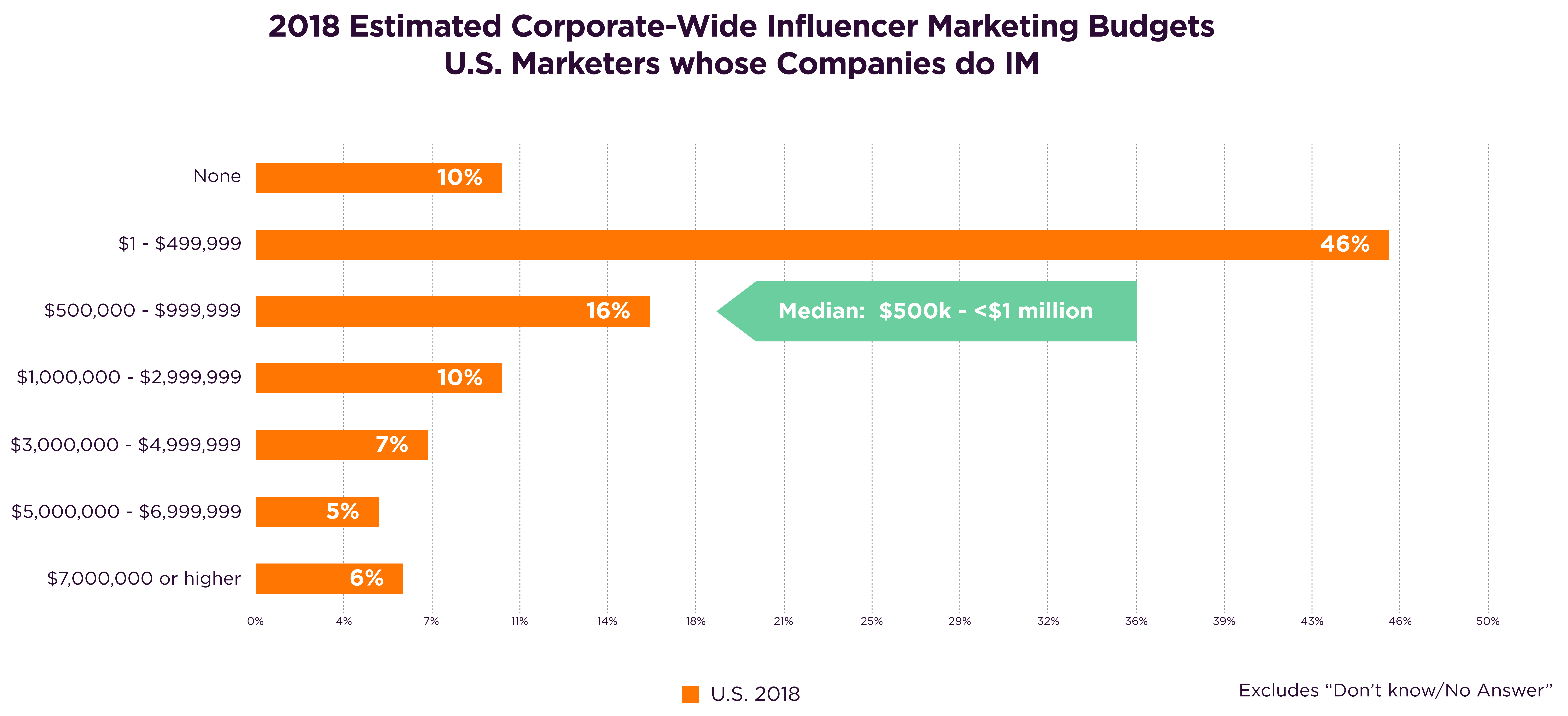
Base: Each marketing approach was rated by respondents who had professional experience with that approach.

COMPANIES ENGAGED IN INFLUENCER MARKETING

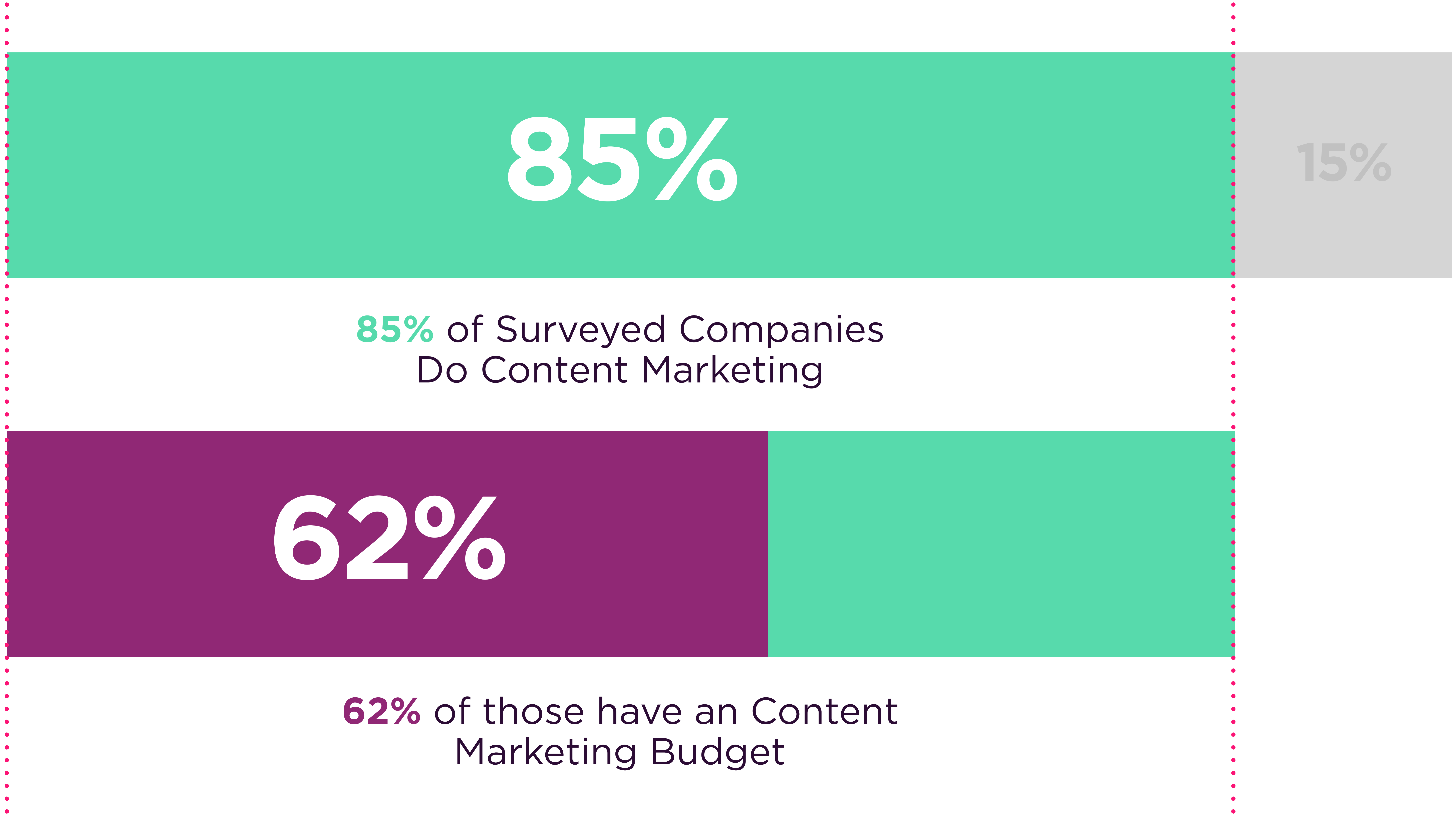


- In 2018, 70% of the Total Marketer sample's companies engage in Influencer Marketing
- Of those, 73% have a stand-alone Influencer Marketing budget
- Translates to 51% of all marketers in the study

INFLUENCER MARKETING BUDGETS



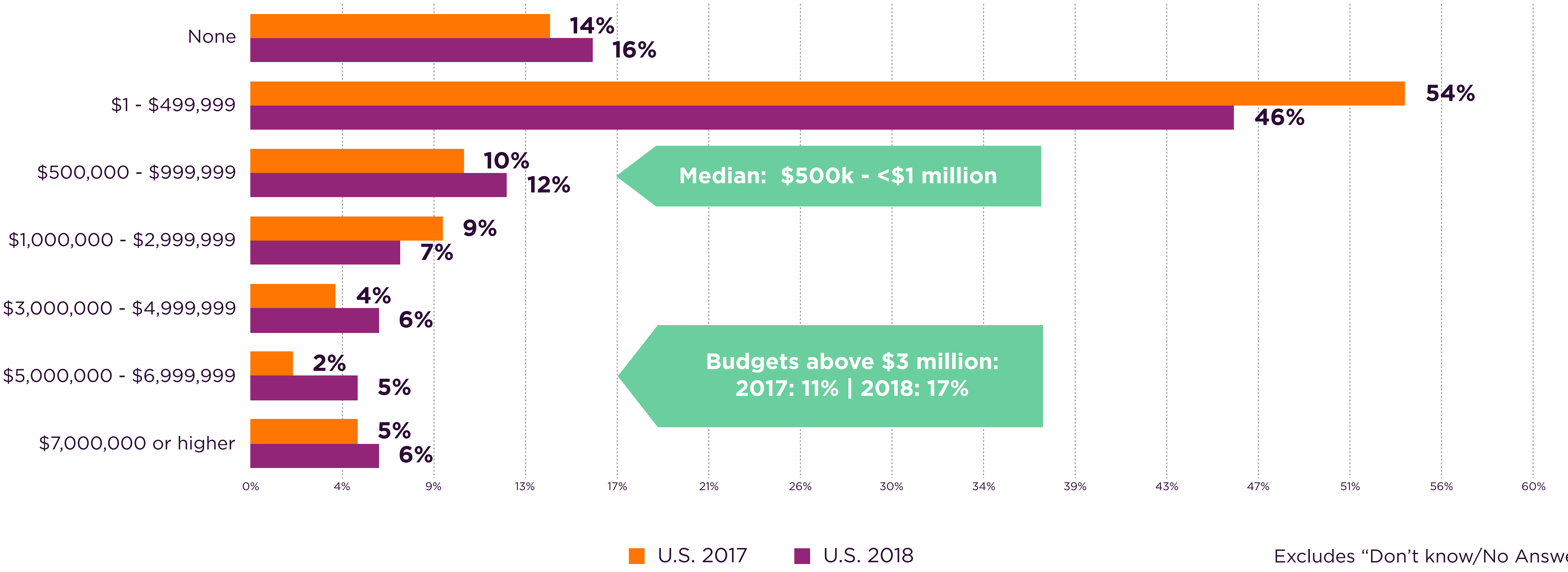
CONTENT MARKETING BUDGETS



- In 2018, 85% of the Total Marketers' companies engage in Content Marketing
- Of those, 62% have a stand-alone Content Marketing budget in 2018

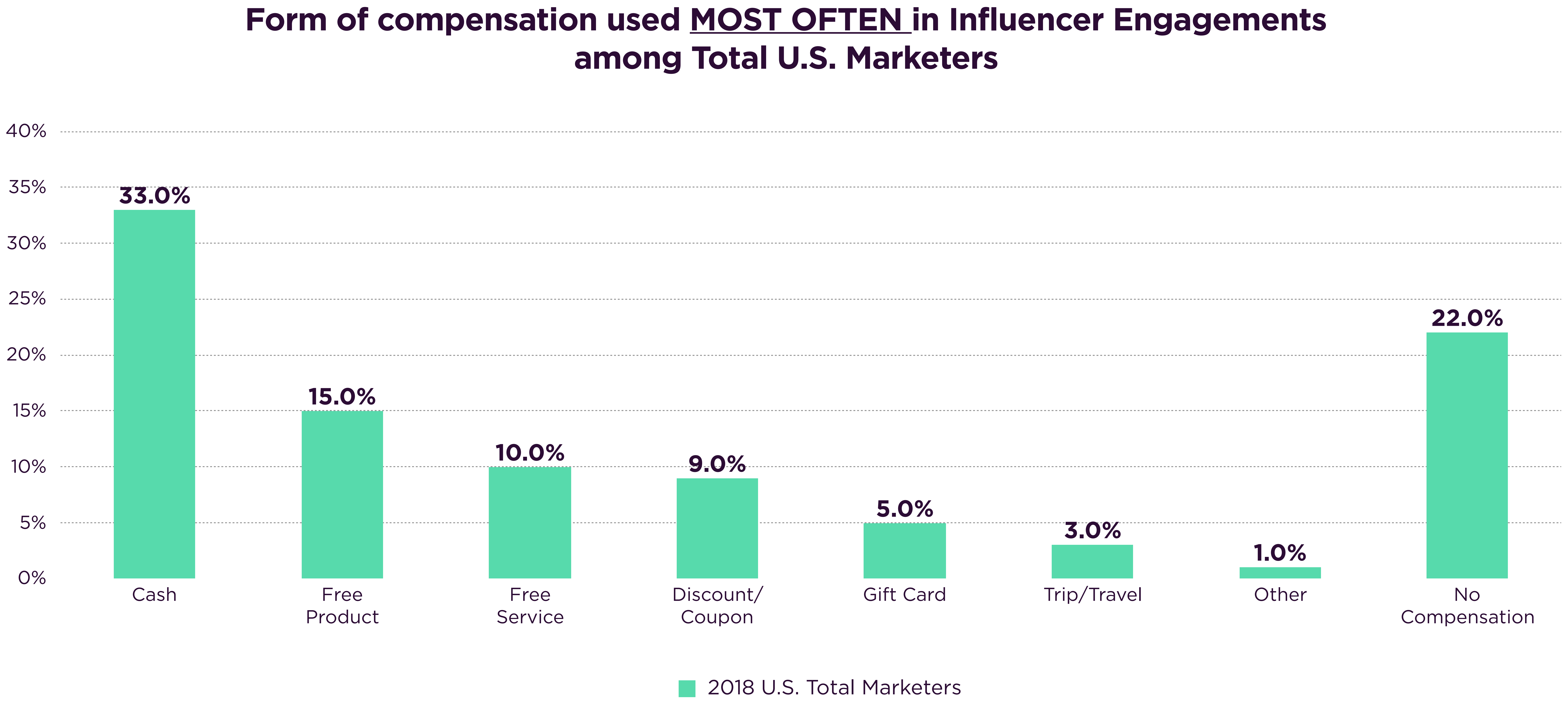
CONTENT MARKETING BUDGETS INCREASING

2018 vs. 2017 Total Company CM Budget U.S. Marketers whose Companies Do CM (Excluding Don't Know/NA)

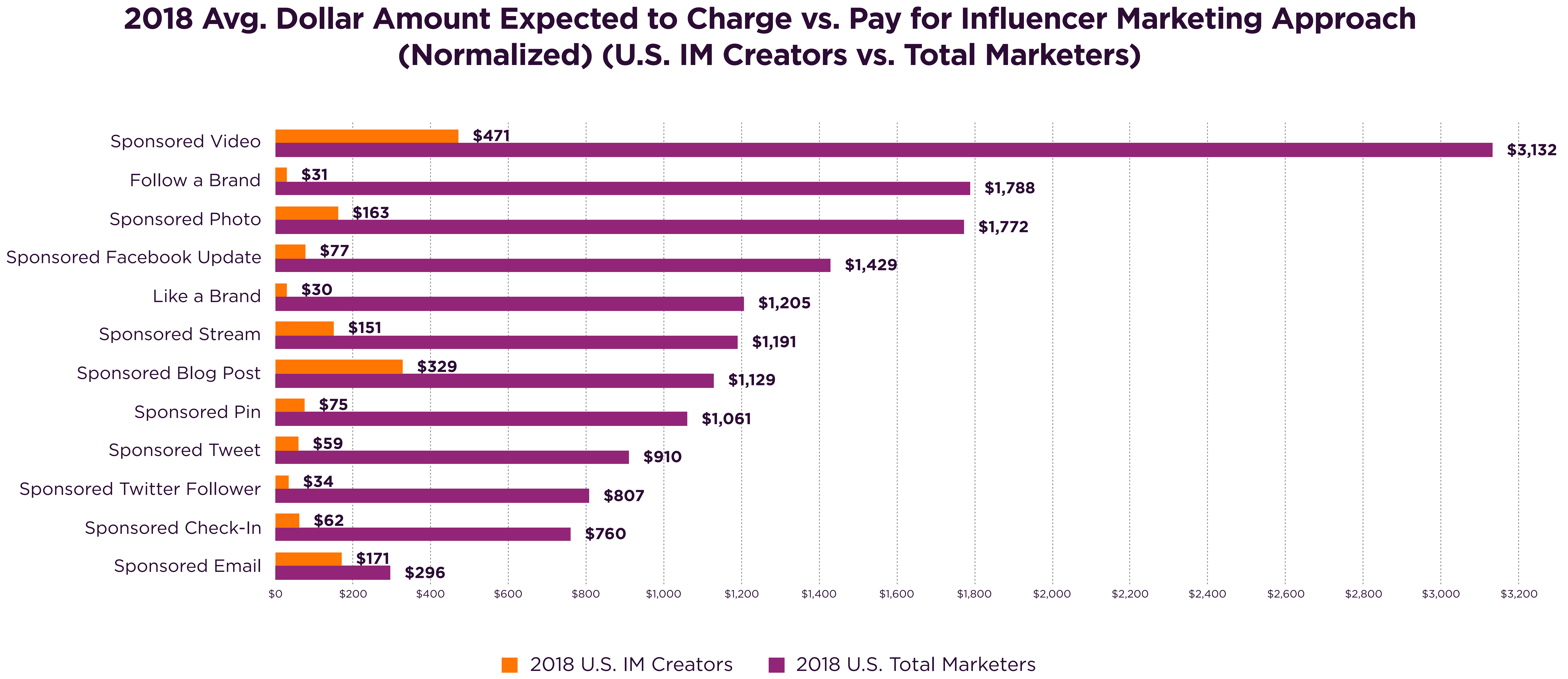


Excludes "Don't know/No Answer"

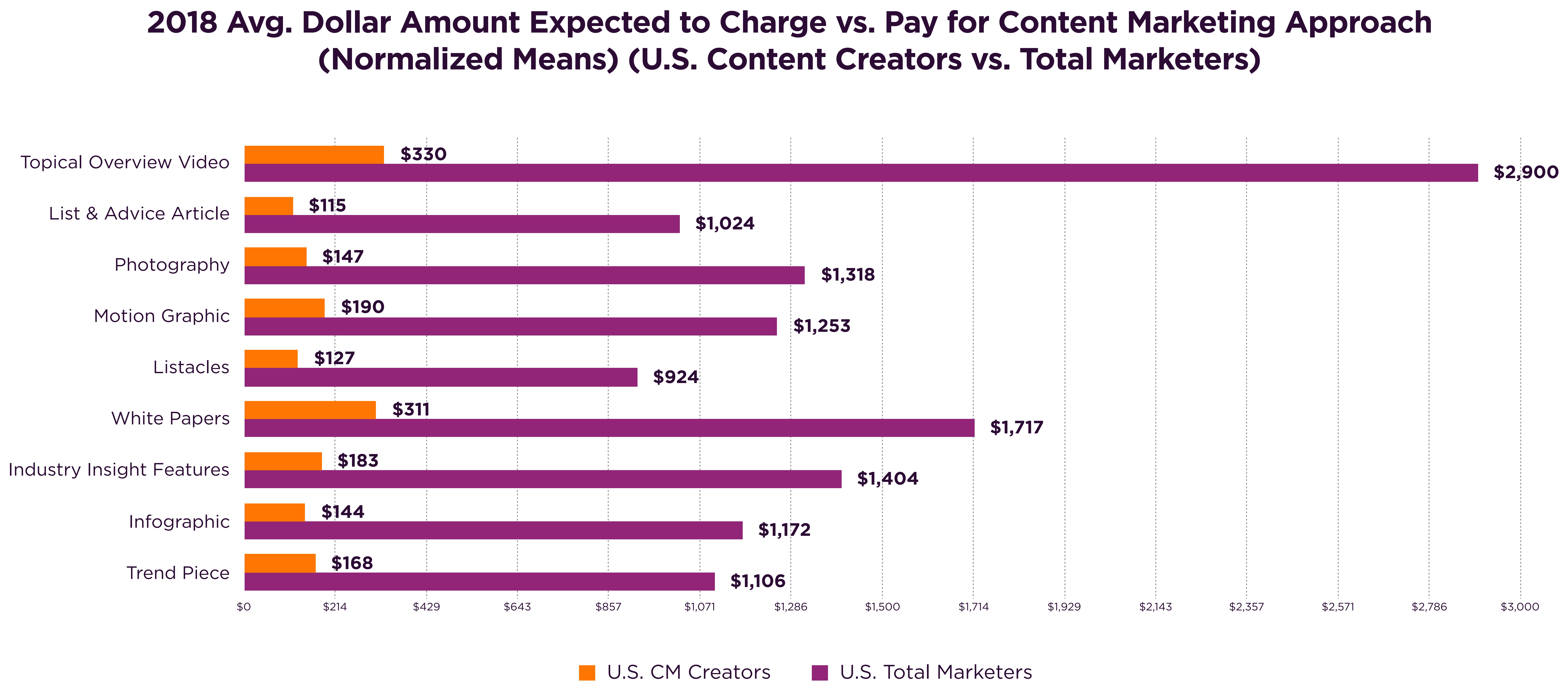
CASH IS KING WHEN IT COMES TO COMPENSATION



EXPECTED PRICE PER POST: MARKETERS VS. CREATORS



EXPECTED PRICE PER POST: MARKETERS VS. CREATORS



DEPARTMENTAL AUTHORITY OVER CONTENT

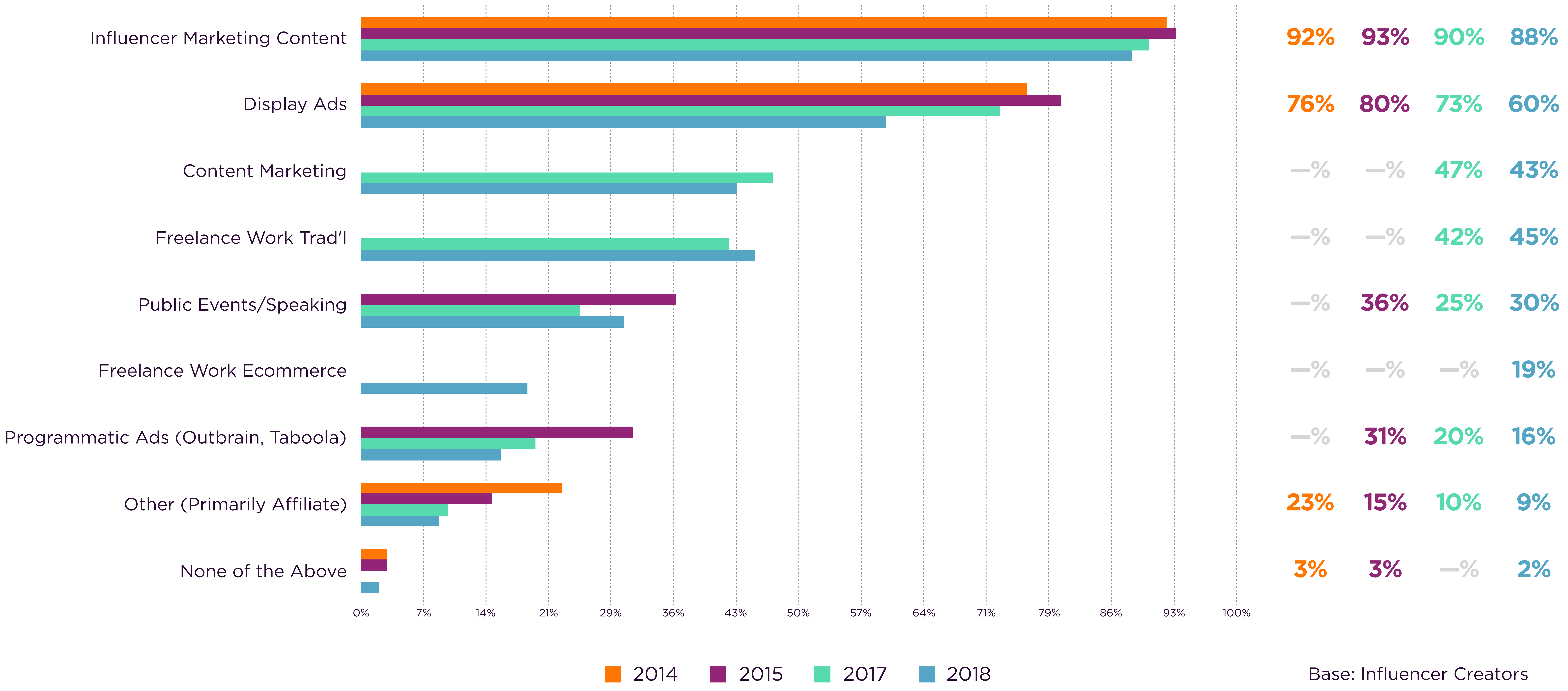
Department(s) responsible for Content Marketing decision-making (BASE: Those with CM function in organization)

U.S. Corporate Department/Function	U.S. Total Marketers 2017	U.S. Total Marketers 2018
Brand/Acct. Management	57%	54%
Digital/Social Media/Web Devt.	43%	45%
Creative Department	33%	40%
PR/Corporate Communications	30%	29%
Media/Connections Department	14%	19%
Search Marketing/Optimization	12%	11%
Don't know/not sure	3%	3%
None	4%	5%

- Primary responsibility is shared by the brand/ account management and digital/social media/ Web development departments
- But clearly, CM accountability is not yet embedded in any single functional area

THE CREATOR PERSPECTIVE

SOURCES OF CREATOR INCOME



Base: Influencer Creators

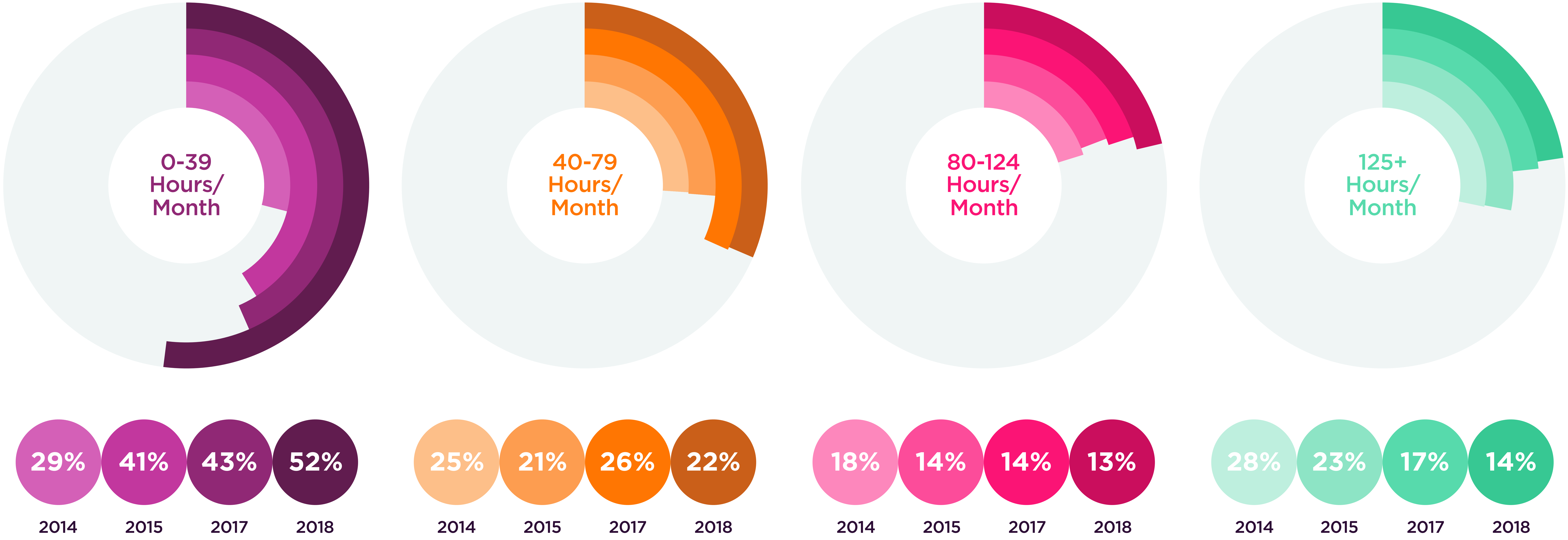
SOURCES OF CREATOR INCOME (CONT.)

IC Share of Total Income by Work Type

% contribution to content income*	2014	2015	2017	2018
Influencer Marketing Content	**63%**	**55%**	**48%**	**48%**
Display ads	**22%**	**24%**	**22%**	**22%**
Content Marketing	NA	NA	**9%**	**9%**
Freelance Work Trad'l	NA	NA	**12%**	**8%**
Freelance Work E-Com	NA	NA	NA	**3%**
Public Events/Speaking	NA	NA	**2%**	**5%**
Programmatic Ads (Outbrain, Taboola)	NA	**5%**	**2%**	**2%**
Other (primarily Affiliate)	**11%**	**4%**	**4%**	**3%**

*Note: Direct comparison between years should be evaluated carefully, due to addition of new elements

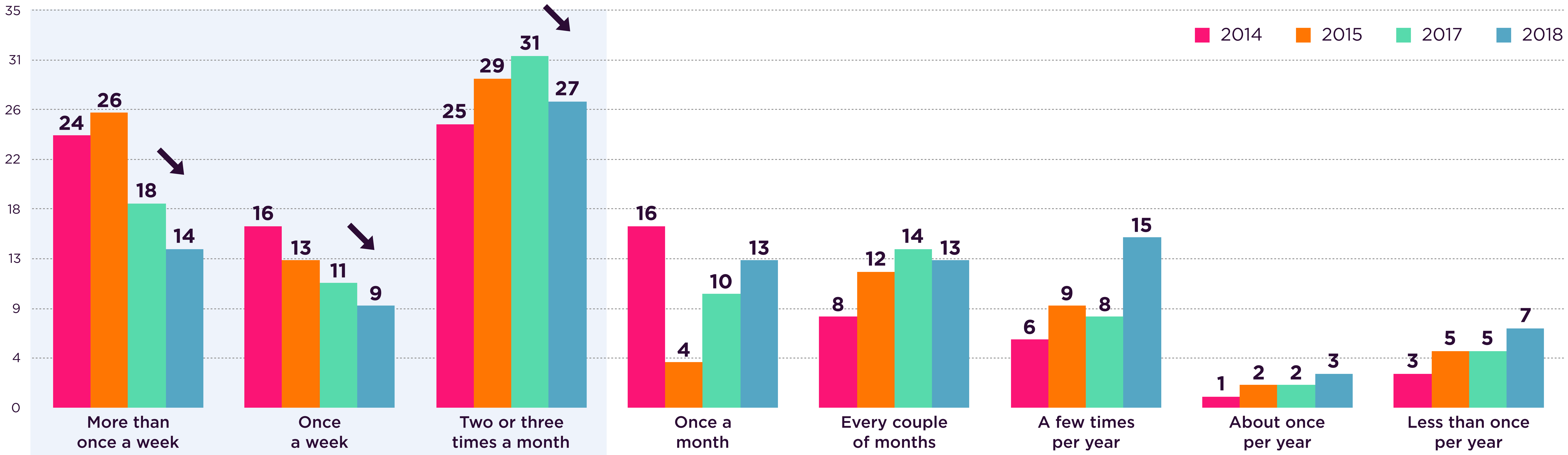
CREATOR TIME DEVOTED TO SOCIAL CONTENT



The steady downward trend continues in the number of hours Influencer Creators are spending on their craft in 2018.

DOWNWARD TREND IN MONTHLY PROJECTS

Frequency of Influencer Marketing Projects (Creators)



2014 — 81% Once per Month+

2015 — 72% Once per Month+

2017 — 70% Once per Month+

2018 — 63% Once per Month+

Appears still true that there are more Content Creators than opportunities in 2018

Base: Influencer Marketing Creators

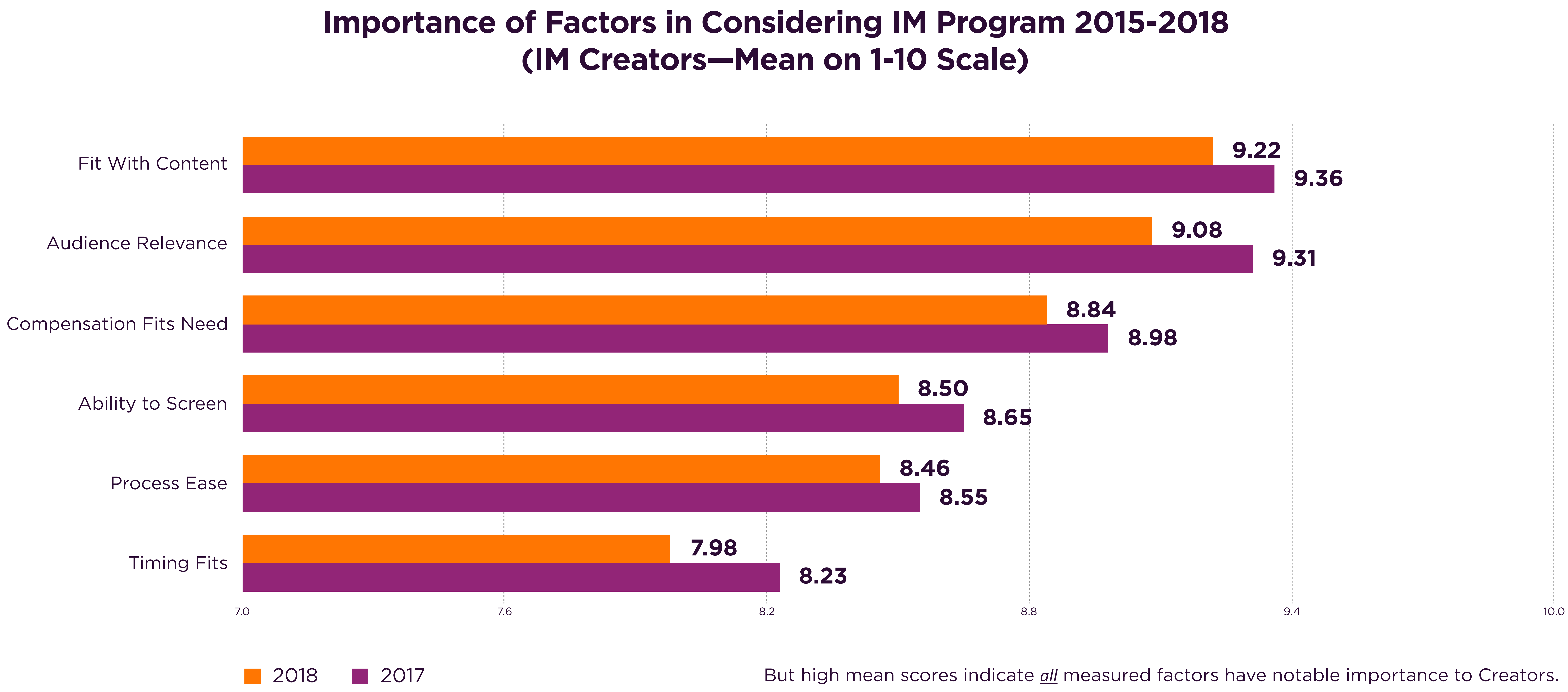
CREATOR PLATFORM UTILIZED

Platforms Used	2014	2015	2017	2018	% Point Change vs YA	Index 2018 vs 2017
Instagram	83%	86%	89%	88%	-1%	(99)
Facebook	94%	97%	92%	87%	-5%	(95)
Twitter	95%	97%	93%	82%	-11%	(88)
Blog	91%	95%	78%	71%	-8%	(91)
Pinterest	NA	89%	80%	62%	-18%	(78)
YouTube	52%	60%	50%	48%	-2%	(96)
LinkedIn	51%	44%	26%	20%	-6%	(77)
Tumblr	21%	24%	13%	12%	-1%	(92)
Snapchat	NA	16%	18%	11%	-7%	(61)
Periscope	NA	30%	9%	4%	-5%	(44)
Twitch	NA	NA	NA	2%	NA	NA
Musical.ly	NA	NA	NA	1%	NA	NA

The long-term downward usage trends for Blogs and LinkedIn indicate a steady move away from long-form written platforms among Creators.

Base: Influencer Marketing Creators

FACTORS WHEN WORKING WITH A BRAND



But high mean scores indicate *all* measured factors have notable importance to Creators.

FTC GUIDELINES: AWARENESS & COMPLIANCE

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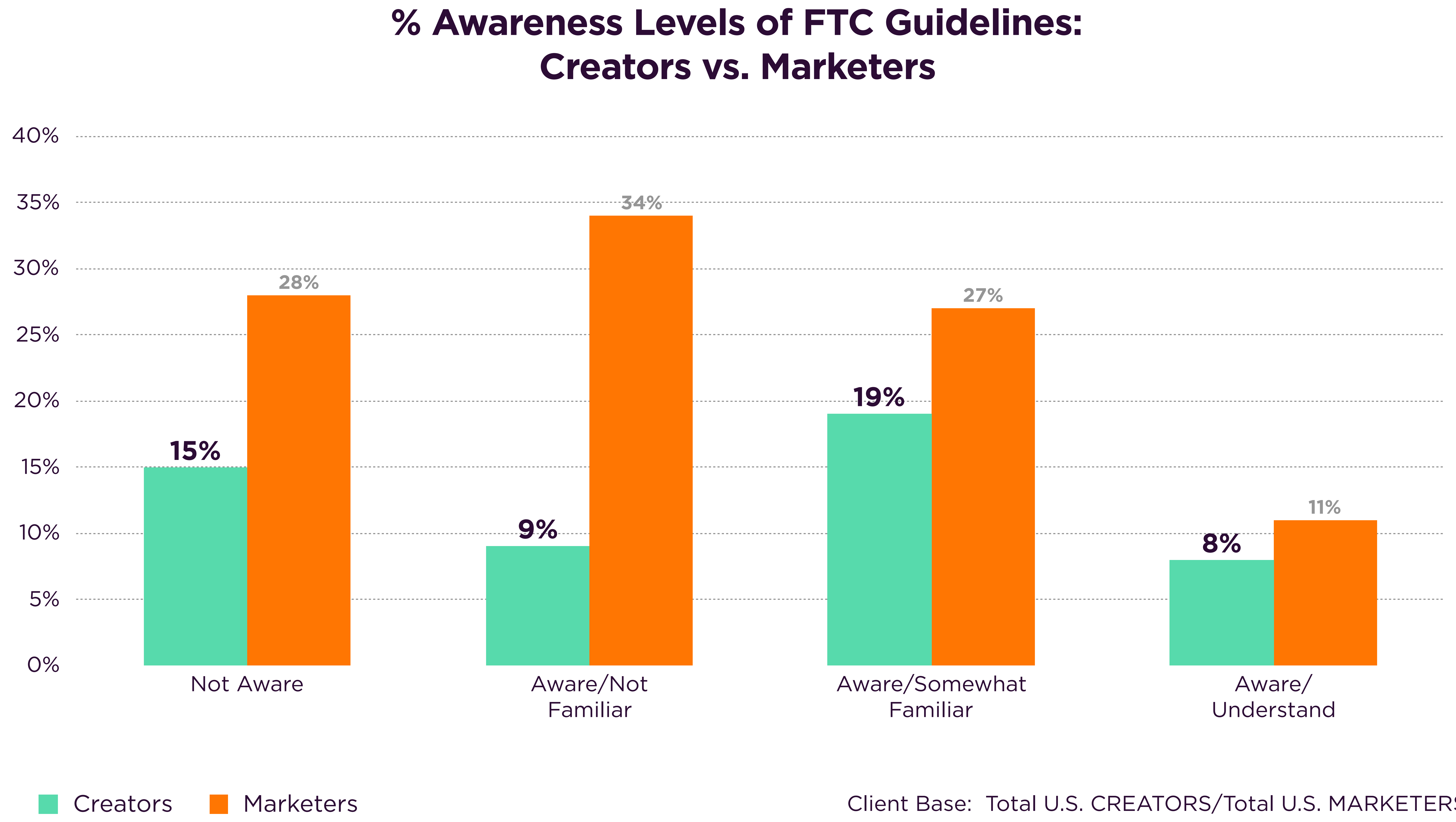
Truth & Transparency Basics

Compensation for content can be in the form of:

- Cash
- Free product or service
- Experiences
- Discounts or coupons
- Other special incentives

\# If it is compensated, it is sponsored and **must be disclosed.**

FTC GUIDELINES: CREATORS VS. MARKETERS



- Over 3 in 4 Influencer Creators claim some familiarity with FTC guidelines, with less than 1 in 6 not at all aware.
- In contrast, just 38% of U.S. Marketers claim some level of understanding, while over ¼ are not aware of the guidelines at all.

Client Base: Total U.S. CREATORS/Total U.S. MARKETERS Excludes “Don’t know/No Answer”

FTC GUIDELINES: AWARENESS & COMPLIANCE

Past Year Request to Not Disclose Influencer Marketing Compensation (Base: Influencer Marketing Creators)

28%
2018

29%
2017

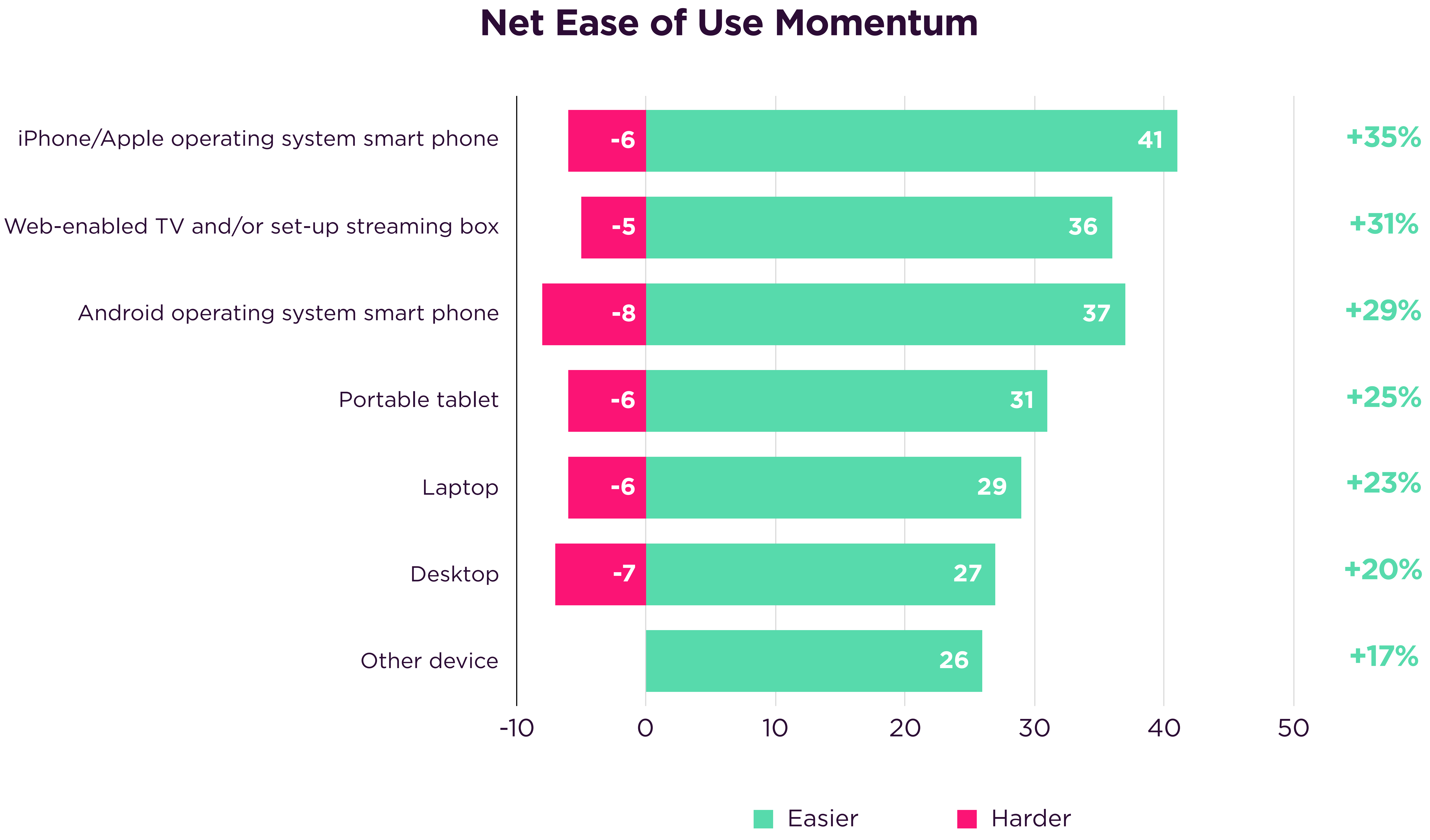
- As in prior wave where first asked, nearly 3 in 10 Influencer Creators indicate they have received such a request from a client hiring them for an Influencer program
- Given the sensitivity of the issue, that this potentially may be an under-estimate

THE CONSUMER PERSPECTIVE

IZEA

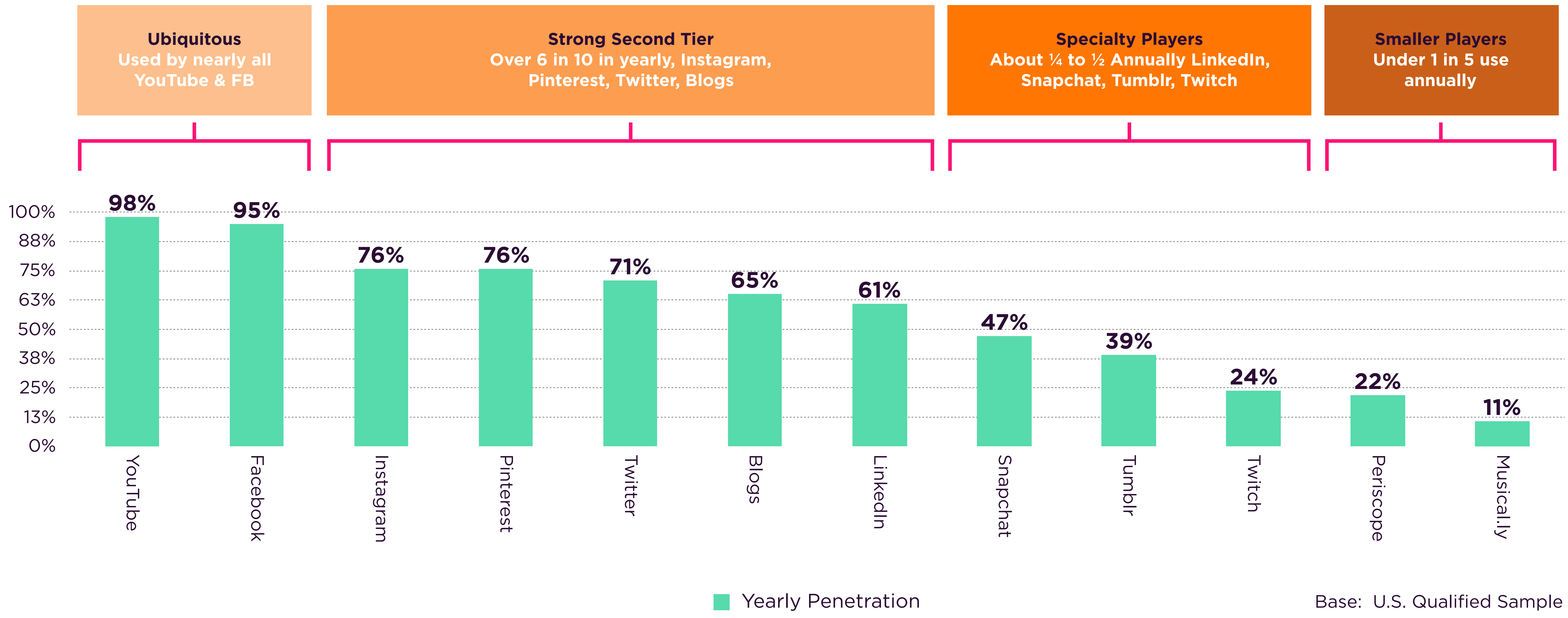
THE CONSUMER PERSPECTIVE

Based on the seven digital devices measured, U.S. consumers use an average of 4.4 different digital devices.



CONSUMER PLATFORM USAGE

U.S. Social Media Platform Usage



Base: U.S. Qualified Sample

USAGE FREQUENCY AMONGST CONSUMERS

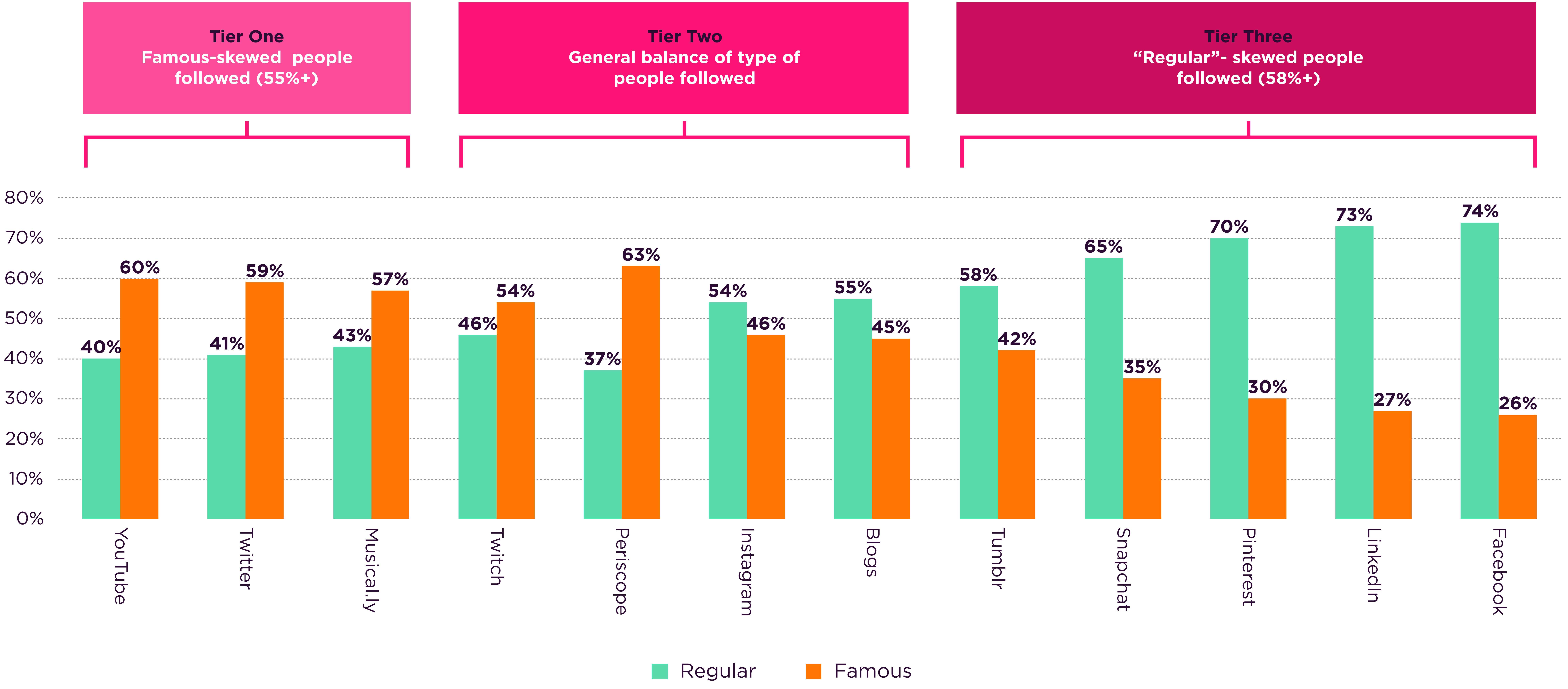
Social Media Platform	2017 Mean Visits per Month Amount Users	2018 Mean Visits per Month Amount Users	INDEX 2018 vs 2017
Facebook	91	76	(84)
Instagram	51	55	(108)
Snapchat	46	53	(115)
YouTube	49	44	(90)
Twitter	38	39	(103)
Pinterest	23	19	(83)
Blogs	20	16%	(80)
Tumblr	21%	14%	(67)
Twitch	NA	12	NA
LinkedIn	16	10	(63)
Musical.ly	NA	9	NA
Periscope	20	7	(35)

Strongest relative wave-to-wave gains among the quick/ visual Instagram and Snapchat

Notable visit declines among the less prominent platforms

Base: Base: U.S. Final Qualified Study Sample (N = 1000); users of each social media platform

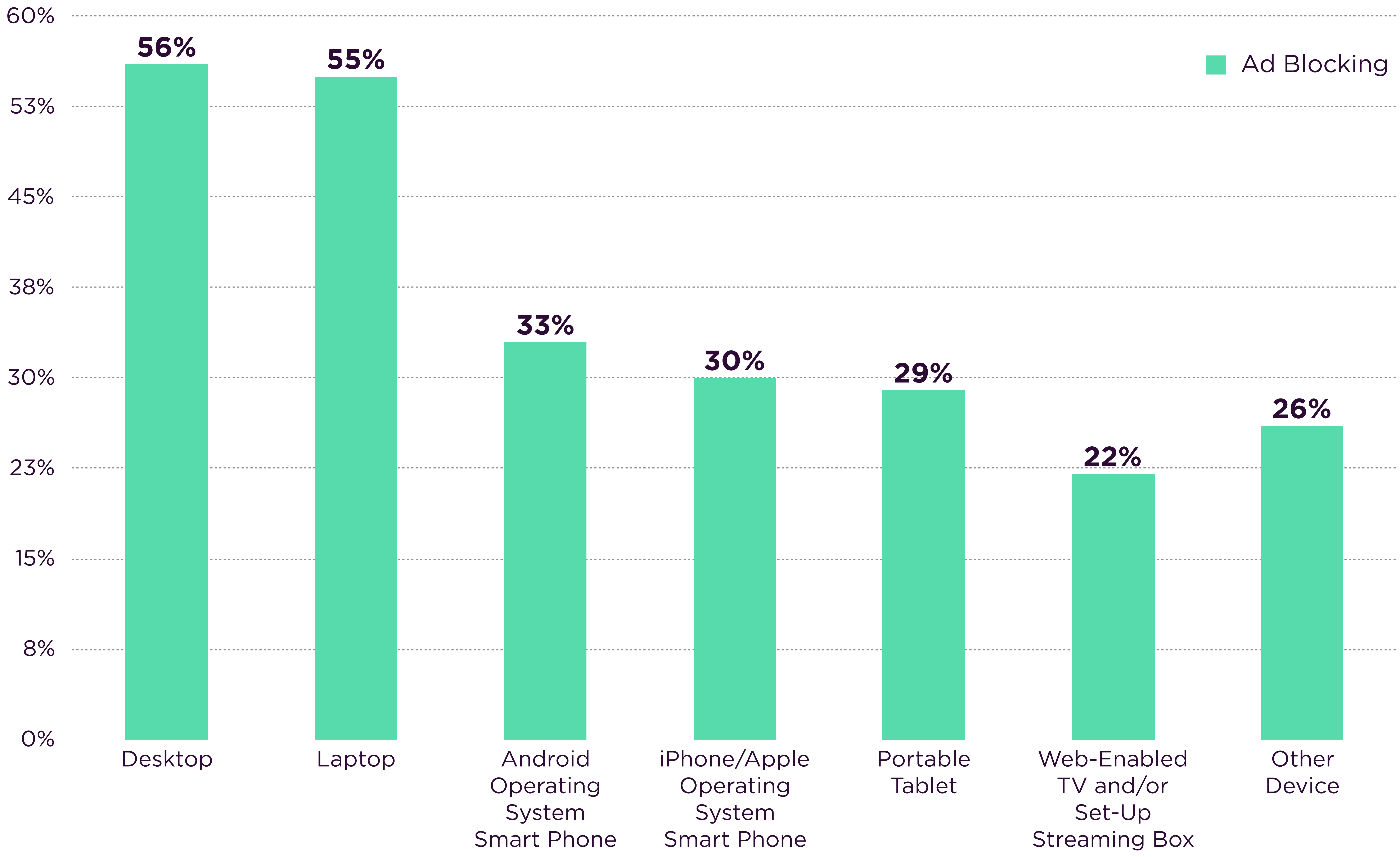
THE "FAMOUS" AND THE "REGULAR" PEOPLE



AD-BLOCKER USAGE AMONGST CONSUMERS

About 3 in 5 desktop and laptop users have ad-blocking software in place on their given devices ...

... while about 2 in 5 have this on their hand-held devices.



CONSUMER EFFECTIVE RATINGS: TRADITIONAL MEDIUMS

Media Marketing Message Type	2017 Total Rater Mean Effectiveness Rating (1-10 Scale)	2017 U.S. 2018 Total Rater Mean Effectiveness Rating (1-10 Scale)	Index 2018 vs. 2017
TV Commercial	7.2	**6.5**	(90)
Online/digital/satellite radio/podcast comm'l/product mention	7.1	6.2	(87)
Online magazine ad/e-magazine ad	7.0	6.2	(89)
Online/digital/satellite radio/podcast sponsorship/underwriting	7.0	6.0	(86)
Social Media product/brand "Like" or "Following"	6.9	6.0	(87)
Unpaid search result on a search engine	6.8	6.1	(90)
Online newspaper ad/e-newspaper ad	6.8	5.7	(84)
Television sponsorship	6.7	6.0	(90)
Television embedded content	6.6	5.7	(86)
Online video commercial on a website	6.6	5.6	(85)
Paid search result on a search engine	6.4	5.6	(88)
Embedded ad or product message on a social media stream	6.3	5.4	(86)
Broadcast radio commercial	6.4	5.3	(86)
Banner advertisement on a website	6.3	5.3	(84)
Print ad in a paper magazine	6.4	5.2	(81)
Broadcast radio program sponsorship/underwriting	6.2	5.1	(82)
Print ad in a paper newspaper	6.2	5.1	(82)
Radio host/disc jockey endorsement	6.1	**4.9**	(80)

CONSUMER EFFECTIVENESS: INFLUENCER MARKETING

Influencer Marketing Message Type	2018 Total Rater Mean Effectiveness Score (1-10 Scale)
IM message on Periscope	7.5
IM message on musical.ly	7.3
IM message on Twitch	6.8
IM message on Tumblr	6.5
IM message on Snapchat	6.3
IM message on LinkedIn	6.3
IM message on Pinterest	6.2
IM message on Twitter	6.2
IM message on Blogs	6.1
IM message on YouTube	6.0
IM message on Facebook	6.0
IM message on Instagram	5.6

- In this measure, the smaller/more niche platforms are perceived to deliver more effective messages, possibly due to the sense of their offering more telegraphic targeting.

Base: U.S. users of each platform

CONSUMER EFFECTIVENESS: CONTENT MARKETING

Media Marketing Message Type	2018 Total Rater Mean Effectiveness Rating (1-10 Scale)
Written review or article on an online consumer review website	6.6
Brand-sponsored article in an online magazine	6.2
Brand-sponsored article in a paper newspaper	6.0
Brand-sponsored article in a paper magazine	6.0
Brand-sponsored article in an online newspaper	5.7
Brand-sponsored long-form videos on a website	5.6
Brand-sponsored article in a social media stream	5.6
Infographic, photo, or chart on a corporate or brand website	5.6
Article/written information on a corporate or brand website	5.5
Brand-sponsored short-form videos on a website	5.5
Brand-sponsored infographic/photo/ chart in social media stream	5.5

CONSUMER EFFECTIVENESS - COMPOSITE

Marketing Message Effectiveness Ratings	2018 Mean Effectiveness Score (1-10 Scale)
IM message on Periscope	7.5
IM message on musical.ly	7.3
IM message on Twitch	6.8
Written review or article on an online consumer review website	6.6
IM message on Tumblr	6.5
TV Commercial	6.5
IM message on Snapchat	6.3
IM message on Pinterest	6.3
IM message on LinkedIn	6.2
IM message on Blogs	6.2
Brand-sponsored article in an online magazine	6.2
Online/digital/satellite radio/podcast comm'l/product mention	6.2
Online magazine ad/e-magazine ad	6.2
IM message on YouTube	6.1
Unpaid search result on a search engine	6.1
IM message on Twitter	6.0

VARIABLES THAT IMPACT EFFECTIVENESS

2018 U.S. T3Box Ratings of Importance in Driving Influencer Message Effectiveness (10-point scale)

SUMMARY & CONCLUSIONS

U.S. MARKETERS

Both Influencer and Content Marketing have retained their strong regard and increased their budgeted legitimacy in brand organizations.

- Nearly **2 in 5 U.S. Marketers** now have experience with Influencer and/or Content Marketing.
- **Influencer and Content Marketing are again top-rated** among the full spectrum of available marketing approaches, achieving top Effectiveness Ratings and year-to-year Effectiveness Momentum gains among our experienced U.S. Marketer sample.

  Both approaches earned significantly higher marks than advertising messages appearing in the traditional media mix, which continue to flounder.
- Continued room for improvement and industry education to achieve **universal FTC guideline understanding and compliance**.

CREATORS

When the "who" creating "what" has never been more important for Brands and Creators alike.

- **Cash remains the #1 form of compensation**, but "free stuff" has grown since past waves. Wide disparity in pricing, with Creators charging far less than Marketers expect to pay.
- Creators seem to be moving toward **visual platforms that are less time-consuming and more consumer-engaging**.
- Creators remain optimistic about the future of the industry, but at a slightly tempered level vs. the past. They believe that **clients and Creators alike could benefit from best practice training**.

U.S. CONSUMERS

Social media has moved into a "maturity" phase that has resulted in behavioral streamlining and attitudinal mainstreaming.

- **Ad blocking is a real marketing issue**, as the majority of consumer have ad blocking software, much more on their computers than on hand-held devices
- The entire range of measured marketing messages are r**egarded as 5-25% less effective this year when compared to 2017**
- **Influencer Marketing is perceived as more or equally effective as all other forms of marketing messages** — and much stronger than traditional ad messages in print and on radio, and having chart-topping year-on-year Effectiveness Momentum gains

Thank you!

#SOCE18