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Social media entertainment – the kind that has seen huge growth on YouTube and other platforms – needs understanding if there is to be any measured policy response, writes **STUART CUNNINGHAM** from an Australian perspective

Over the past 10 years or so, in the midst of all the cacophony of change we are well familiar with, a new creative industry was born. With my collaborator David Craig, a veteran Hollywood executive now teaching at the University of Southern California Annenberg School for Communication and Journalism, I have been examining the birth and early childhood of what we call social media entertainment. It is peopled by cultural leaders, entertainers and activists most of whom you may be very unfamiliar with... Here are some of them – Hank Green, Casey Neistat, PewDiePie, Tyler Oakley.

We understand social media entertainment to be an emerging industry based on previously amateur creators professionalising and monetising their content across multiple social media platforms to build global fan communities and incubate their own media brands.

The work has taken three years and has taken us to nine countries, but the best moment was as I lined up as an enthusiastic early bird at the Melbourne Convention Centre for Australia's first VidCon show in September 2017, along with several hundred tweeners, many with their mums and dads, all prepped to get to interact with their favourite creators. A 30-something guy walked down the line, looked at me relieved and said, "Just as well – I thought I'd be the oldest person here."

This emerging industry started soon after the acquisition by Google of YouTube in 2006, and concurrent with the launch of Twitter and their counterparts in China, Youku and Weibo. We know that more than 3 million YouTube creators globally receive some level of remuneration from their uploaded content and it is estimated that, in mid-2018, the top 5,000 YouTubers had at least 1 million subscribers; more than 200 had 10 million subscribers; and more than 100 had a billion lifetime video views.

Across other platforms, the top 500 Twitch streamers have a minimum of 200,000 paying subscribers, the top 100 Instagram users have a minimum of 20 million followers, and the top 100 Twitter users have 20 million followers and up. A report by the Re:Create Coalition found that creators earned \$5.9bn across nine digital and social media platforms in 2016 in the US alone.<sup>1</sup>

In Australia, Google states that there were in 2016 more than 400 Australian YouTube channels with more than 100,000 subscribers and 85 with

1+ million; 2,000+ Australian YouTube channels earned between \$1,000 and \$100,000 and more than 100 channels earned more than \$100,000. More than 550,000 hours of video were uploaded by Australian creators and over 90% of the followers of Australian channels were international.

That's only YouTube, and only the programmatic advertising revenue that can be tracked by Google. A Google-funded study by AlphaBeta<sup>2</sup> estimates that the number of content creators in Australia has more than doubled over the past 15 years, almost wholly driven by the entry of 230,000 new creators of online video content. The same study estimates that online video has created a A\$6 billion consumer surplus (the benefit that consumers get in excess of what they have paid for that service).

## IMPACT ON POLICY

What's all this got to do with regulation, competition and global content markets?

The big social media platforms (Google/YouTube, Facebook, Instagram, Twitter, Twitch and others)

are spaces where an awful lot of Australian content is being distributed to the world by creators such as the Van Vuuren brothers, Wengie, and SketchSHE. And while it is certainly premature to bracket social media entertainment in the same class of content that



**Over 3 million YouTube creators globally receive some level of remuneration from their content.**



is the subject of Australian content regulation, there is much for industry, policymakers and regulators to get their heads around.

First, let's get more acquainted with this emerging industry. There is still a remarkable ignorance about its dimensions, both global and local. In various public utterances by industry figures, in interviews and at an event in 2017, the "Australian content conversation",<sup>3</sup> which kicked off a review of Australian and children's content, views have been put that:

- This sort of material is not viable as a business (they are hobbyists who need to grow up)
- It's rubbish anyway and should not be mentioned in the same breath as professional screen content (it's all about cute moggies doing the darndest things).

Behind these two sit the fear and loathing that all



this happens on platforms that are eating our lunch as the advertising lifeblood of broadcasting and media moves online.

### IT'S NOT VIABLE AS A BUSINESS

Yes, social media entertainment is definitely part of the gig economy. It is inherently unstable, not least because the algorithms that drive remuneration on the platforms are constantly being tweaked. But volatility doesn't stop hotel associations and taxi companies from taking Airbnb and Uber seriously.

As we have seen, there has been huge growth, but the business models during that time have undergone fundamental change owing to the need for risk management and portfolio diversification and in response to platform competition. We've seen moves from a single platform (YouTube) and programmatic advertising, to multiplatform and multiple sources of revenue, including merchandising, live appearances, licensing and crowdfunding, but most centrally, brand integration and the rise of the "influencer".

Of course, it's too early to tell whether and how this rapidly changing environment featuring constantly pivoting platforms will consolidate.

Clockwise from top left: Casey Neistat, Louna Maroun, Felix Kjellberg (PewDiePie), Wengie, Australian twins Danny and Michael Philippou (RackaRacka), SketchSHE, Tyler Oakley (and his fan number)

After all, the mainstream screen business that we all know and love has been around in various forms for 100 years. Social media entertainment is an upstart and a young person's business. While you get the odd octogenarian outlier, the average creator is a 20-something, and – while it has proven impossible for us to establish good data at this stage – there are no doubt many who have burnt out, flamed out or aged out. And there is Mathias Bärtil's study on YouTube:<sup>4</sup>

*"It demonstrates stark contrasts between video genres in terms of channels, uploads and views, and that a vast majority of on average 85% of all views goes to a small minority of 3% of all channels. The analytical results give evidence that older channels have a significantly higher probability to garner a large viewership, but also show that there has always been a small chance for young channels to become successful quickly, depending on whether they choose their genre wisely."*

While this doesn't sound too different from any other creative industry, what is fundamental is that creators of social media entertainment engage in a model of entrepreneurial practice that pays as much if not more attention to how you build and maintain a subscriber community that is





← passionate enough to follow you through thick and thin as to the creation of content. And feedback is in real time, constant, fulsome and often confronting. This includes a lot of strong negatives and trolling.

Every kind of revenue model in this entrepreneurial practice depends on activated community support. Mainstream arts, culture and screen industries, with all their talk of audience building, have much to learn from this practice. It's an unforgiving business model: upload content several times weekly through non-commensurate, multiplatform gateways, build and maintain your community, deal with the vagaries of the algorithm, risk-manage your authenticity with demanding brands and even more demanding communities.

As the multitiered, multidisciplinary musician, actor, vlogger and Twitch streamer, Louna Maroun, said when she spoke to me:

*"I work constantly, whether it is filming, editing, emails or social media. It is a lot of work and I spend the majority of my time dedicated to it. Sometimes I don't feel like I'm actually working when I'm working, and that makes it difficult to keep track of how much work I am putting in. I love it so much that I don't even have a regular schedule. I just want to be able to access it whenever I feel inspired."*

At the end of 2017, the Australian and Children's Screen Content Review<sup>5</sup> was submitted to government, with the aim of "reviewing the support measures in place for producing and delivering Australian and children's screen content, to determine if these remain fit for purpose in the new, multiplatform environment that has emerged since these measures were established". But so far, while there are odd mentions in the media of its recommendations, there is nothing official.

As we wait, I suggest that the biggest gap in the consultation paper for the review was a lack of attention to new business models and the lack of serious attention to what the paper still calls "user generated content" – and what we call social media entertainment.

Mitch Fifield, Australia's minister for communications, in his address to the Content Conversation in May 2017, acknowledged the seriousness of structural change in advertising support for the industry and called for "significant investment in new business models".

**IT'S RUBBISH ANYWAY**

The premise is that social media entertainment should not be mentioned in the same breath as professional screen content. Of course, like any culturally relativist academic, I could deflect this by pointing out that every new pop cultural form through history has been called crap. But even YouTube's CEO, Susan Wojcicki, says, "We are not polish, we are texture", which we could interpret as, "there's lots of crap but don't let that stop you advertising with us".

But, more seriously, there are plenty of sinners as well as saints in social media entertainment. PewDiePie, the most popular YouTube channel, which currently numbers more than 77 million



**For debates to be useful, arguments about quality need a much stronger dose of demand-side thinking.**



subscribers, has flirted with Nazi symbolism and been lauded by the Daily Stormer, while Logan Paul has uploaded video of Japanese suicides. On the other hand, there are social media entertainment thought leaders Hank and John Green, the "Vlogbrothers", who started Nerdfighters and the VidCon

show and speak out for small business creators and communities. Note that there is a lot of disciplining of creators by their communities as well as the inbuilt constraints that commercial interests exert both on platforms and on creators.

But a crucial point is that it is not a zero-sum game about what is professional quality and what is rank amateurism – it is not only about quality of content but quality and diversity of engagement. For debates to be useful for policymakers, arguments about quality need a much stronger dose of demand-side thinking.

At the Content Conversation event, Megan Brownlow from PwC made significant points about the "lost generation" of television viewers; 8-22 year olds – generation Z and the millennials – constitute a huge video market, 20% of the Australian population. But 15-24 year olds have been lost to linear television.

On the other hand, social media entertainment engages underserved audiences and provides production and career building opportunities for new voices (youth, and culturally and ethnically diverse creators and audiences) most of whom have never been near a screen production course or a funding agency. And there is a lot of social innovation going on – such as with Nerdfighters (there are thousands of Australians in the Nerdfighter global community), the YouTube-supported Creators for Change programme, and much more.

And as I have noted, when it comes to the entrepreneurial aspects of distribution, merchandising, and audience building, I suggest that social media entertainers have achieved levels of professionalisation greater than many mainstream screen businesses.

Of course, it is a mistake to perpetuate the "us professionals" versus "them amateurs" line, even if for regulatory purposes you have to draw the line somewhere. In support and enablement programmes, you can afford to be more immediately responsive and experimental. There has been a great deal of movement globally for screen, broadcasting and arts agency support for social media entertainment. The biggest initiative appears to be the establishment of Funk, an annual €45 million investment in online content services for young viewers from the German public broadcasters, ARD and ZDF. As far as I can ascertain, this is the largest public support of social media entertainment up to 2017.

While coverage of this initiative has suggested that it is in part motivated by the need to create efficiencies due to high fixed costs in broadcasting

(it involved the closure of ARD's EinsPlus and ZDFkultur), it is more a response to the demographic crisis in public service media and a decision to "offer formats on the net in which young people are interested and make them available on the platforms they use", in the words of ZDF director, Thomas Bellut.

And in Australia, from 2013, Google and Screen Australia launched the Skip Ahead programme, aimed at providing local talent with resources to develop episodic scripted content for distribution via YouTube. There have been five rounds of Skip Ahead so far. Screen Australia selects creators for the programme, and those selected receive a share of joint seed funding along with access to local production resources, and an opportunity to network at YouTube Space in Los Angeles.

But there are also indicators of quality – one is RackaRacka, run in Adelaide by brothers Danny and Michael Philippou, who create action-packed videos full of choreographed fight scenes, comic violence, and pop culture references (their Marvel vs DC video has had more than 60 million views). Graeme Mason, CEO of Screen Australia, has described RackaRacka as Australia's most successful content creator, and there are plenty of other mainstream tributes.

### PLATFORMS ARE EATING OUR LUNCH

The big digital platforms are avatars of what Richard Barbrook and Andy Cameron called the "Californian ideology"<sup>6</sup> – that unique mix of ultracompetitive high-tech and communitarian anti-statism – that makes their voice provocatively orthogonal to the Australian communications and cultural policy space.

But with foreign influence on the 2016 US election now under intense forensic examination, the "adpocalypse" of 2017 (the advertising boycott of YouTube), and the Cambridge Analytica episode, we have entered a new regulatory era. There are now a slew of regulatory initiatives and policy developments:

- Regulation attacking tax minimisation (coordinated global effort)
- Interventions against anti-competitive practices (EU, especially)
- Interventions on grounds of privacy and cyberbullying (global)
- Activity against fake news and democratic deficit (US, especially)
- Interventions to support news values and the crisis in journalism (several jurisdictions including Australia)
- Regulation to support local/national content (EU, for streamers).

While it is not at all clear what benefits regulation might bestow on social media entertainment, it is abundantly clear how it could and does harm it. As everyone picks up the pitchforks to demand greater and more effective platform governance and regulation, remember that the adpocalypse of 2017 had unintended and unfortunate consequences.

In 2017, journalists revealed that multinational

and national brand advertising was appearing programmatically alongside YouTube videos featuring terrorist organisations, anti-semitic clips discussing a "Jewish world order", and Swedish neo-Nazi groups.

The backlash from over 250 major advertisers like Walmart, which pulled their advertising from the site, was met swiftly by a response from Google/YouTube vowing to crack down immediately on this flagrant failure of programmatic advertising to maintain baseline community standards. YouTube introduced a set of filters to promote more "ad-friendly content". Creators were charged with indicating whether their "content" fitted a list of categories which advertisers had the option to delete from their advertising inventory.

If left unmarked, these videos would remain demonetised and undergo a human review process – a kind of purgatory with anonymous censors hired by the platform. Even if the video was later cleared for monetisation, most creators reported losing up to 90% of the revenue they might have earned under the filterless system. The content of exemplary social media entertainer, RackaRacka, was caught up in the adpocalypse, losing it hundreds of thousands of dollars of revenue.

The adpocalypse does give some hope to mainstream media, which has experienced the departure of advertising to online. But the rapid brand safety responses by platforms to the adpocalypse shows them to be very vulnerable to the growing calls for them to be treated for regulatory purposes as much as media companies as tech companies.

### CONCLUSION

This is very much a "watch this space" situation. But from a broad policy perspective, we need:

- Better demand-side understanding of what has substituted for linear television for young people. While it is often very much "television" in terms of content, it's just that it's not delivered in broadcasting mode, surrounded by advertising, while a lot of it is social media entertainment
- Greater attention to business model innovation – some of which must be modelled on social media entertainment
- Wider enablement strategies that take these first two points and work them more confidently into our established policy work instruments.

Audiences for the screen industries of the future depend on it.

**STUART CUNNINGHAM** is professor of media and communications, Queensland University of Technology, Australia, and co-author with David Craig of *Social Media Entertainment: The New Intersection of Hollywood and Silicon Valley*, to be published by New York University Press in February 2019.

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