compelling economics

How does Facebook benefit consumers of creative content in the EU?

Evidence from a survey of EU consumers

Prepared for
Facebook

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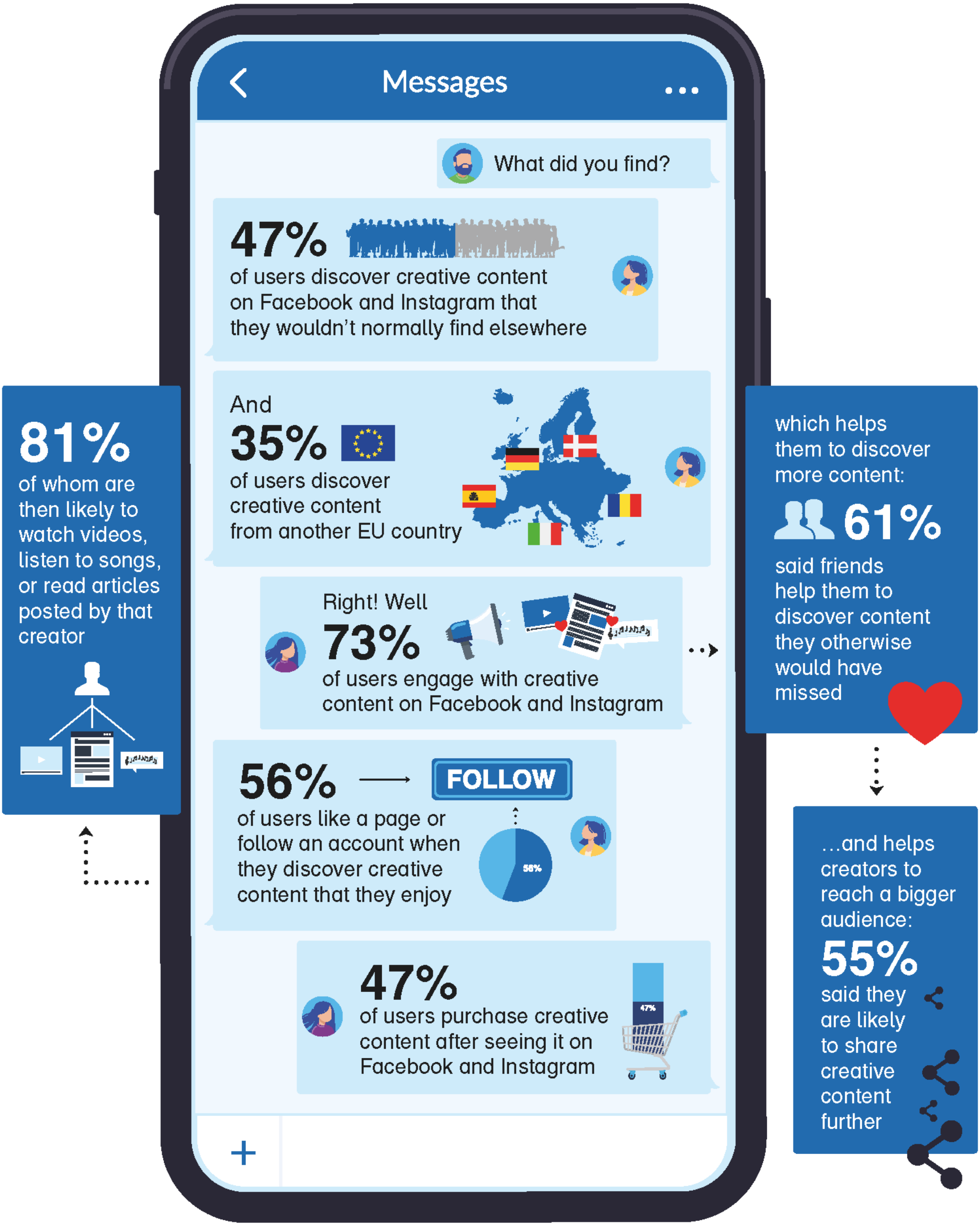
www.oxera.com

Facebook and Instagram help bring creators and audiences together

oxera

We surveyed 6,004 Facebook and Instagram users from Denmark, Germany, Italy, Romania and Spain to learn more about how consumers use social media to discover, engage with and consume creative content.



Summary

Creative industries are defined by specific economic characteristics. Unlike other products and services, creative content has a **social and cultural value** that cannot be expressed in purely monetary terms. Every consumer has their own tastes, and it is hard for them to know whether they will enjoy a piece of content until after they have tried it—although an individual’s preferences can be affected by social interactions. This means that the efficient **matching of consumers to content** is particularly important to ensure that users discover content they will enjoy, and that creators will reach an audience that values their work. Digital services like Facebook and Instagram can facilitate this by bringing content that consumers might like to the surface, as well as **connecting users** so that they can share information about the content they have consumed.

To test how Facebook and Instagram generate value for the creative industries, Oxera surveyed 6,004 users from across five EU member states (Denmark, Germany, Italy, Romania and Spain) to better understand how they use social media tools to discover and consume music, audio-visual and publishing content. We found that Facebook and Instagram help consumers to **discover a wider range of creative content**, meaning that creators **reach a wider audience** through the platform. 84% of the Facebook and Instagram users we surveyed have discovered creative content on these platforms, while **47%** have discovered creative content that they would not normally have found elsewhere. These platforms also facilitate the sharing of content across borders, with **35%** of our respondents having discovered creative content from another EU country.

The social interactions that these platforms enable around creative content are also important. **73%** of the Facebook and Instagram users we surveyed engage with relevant content they discover on the platform by liking it, commenting on it, or tagging a friend. Given the **value of recommendations** to consumers when choosing content—and the mechanics of Facebook’s ranking processes—this makes it more likely that friends and followers will also be exposed to that content. This creates a **discovery cascade**, with **61%** of the Facebook and Instagram users we surveyed saying that they had discovered content from friends that they would not have seen otherwise; **55%** of those users said that they are likely to share content they discover from one friend with another friend or group. This virtuous cycle of sharing and discovery provides creators with a free boost to their content’s reach, while also exposing their work to new audiences.

Similarly, both Facebook and Instagram provide the option of liking a page (Facebook) or following an account (Instagram), meaning that users will see more future updates from that page or account in their News Feed. This **helps creators to build up a community** of engaged followers who are eager to discover and consume new content. Indeed, we found that **56%** of the Facebook and Instagram users we surveyed are likely to follow an account or like a page after discovering relevant content; of those, **81%** are likely to read an article, listen to a song, or watch a video posted by a page they like or an account they follow.

The tools and features that Facebook and Instagram provide also help creators to encourage conversion, both on- and off-platform. We found that **47%** of the Facebook and Instagram users we surveyed reported having purchased creative content ‘occasionally’, ‘frequently’ or ‘very frequently’ after seeing it on these platforms; with 30% purchasing directly via the platform or via a link in a post, and a further 17% purchasing later through another channel.

Overall, **digital platforms generate significant value for the creative industries,** and policymakers must be mindful of the mechanisms of this value creation when considering any policy interventions. Failure to do so could result in the unintended erosion of these benefits, to the detriment of creators and consumers alike.

About this report

Digital platforms have transformed the way that consumers experience the creative arts, delivering significant benefits for artists and their audiences. By helping audiences to discover and connect with creative content from around the world, digital platforms help artists to share their content more easily and widely.

At the same time, the growing importance of digital platforms in the creative industries has attracted the attention of governments and media regulators. The creative industries are different to other markets, and digital platforms are complex. As such, it is important to understand how digital platforms add value to the creative industries to avoid unintentionally eroding their benefits.

To help inform the policy debate around digital platforms and the creative industries, Facebook commissioned Oxera to assess how the Facebook and Instagram platforms can benefit the creative industries in the EU. Our assessment draws on the academic literature, an analysis of publicly available information, and specially commissioned business and consumer surveys.[1] While we have benefited from discussions with Facebook throughout the study, the conclusions drawn reflect Oxera views alone, and do not necessarily represent the views of Facebook.

This study is not designed to provide an overall 'grand total' of the benefit Facebook offers to creators; rather, it allows us to 'look under the hood' and reveal the mechanisms of value creation for the parts of Facebook used by creative industries.

This report provides an overview of the creative industries, gives further detail on the economics of the media industry, and draws on a consumer survey to provide an understanding of how **consumers discover**, **engage with** and **consume** creative content on Facebook.

A subsequent supplementary report will draw on the same theoretical underpinnings, as well as a business survey, to provide an understanding of how **creators** use Facebook's tools to **find an audience**, **engage** them, **convert** them, and **control** the distribution of their content.

In this report, we provide an overview of the creative industries, discussing the different actors at each stage in the value chain.

Section 1 begins by setting out the economics of the creative industries, before defining an economics framework around the four key mechanisms through which Facebook's tools generate benefits for these industries—namely **reach**, **engagement**, and **conversion.**

Sections 2 to 4 quantify the impact of Facebook on reach, engagement and conversion through a consumer lens.

Section 5 concludes and sets out the implications of our findings for policy.

About Oxera

Oxera is an international economics consultancy with over 35 years of experience across sectors, geographies and jurisdictions. We build relationships with policymakers, assessing, shaping and advising regulatory and government policy.

We have a deep understanding of the digital and creative sectors, having been actively engaged in the debate around the future of digital regulation. We regularly publish on this topic, contribute to public consultations, and advise policymakers, regulators and businesses on digital and creative issues.

[1] Our study represents an analysis of the potential benefits of Facebook's family of services (specifically Facebook and Instagram) to the creative industries in the EU. We do not seek to measure the net effect of Facebook on creative industries over-and-above alternative 'Facebook-like' services.

About Facebook

Online platforms such as Facebook and Instagram enable creators to share their own content or authorised third-party content (referred to simply as 'content' throughout this report) with users from around the world.

Facebook has policies and procedures to help creators control how their content appears on the platform, including measures to remove unauthorised use of content. Facebook provides rights holders with dedicated channels to report content they believe infringes their rights, including via our online reporting forms available at Facebook and Instagram. Facebook continues to invest in developing additional features to help rights holders protect their content at scale, such as through its content management and matching tool, Rights Manager.

Publishers decide what to post on their free Facebook Pages, and can offer buttons on their sites encouraging readers to share articles. When a user shares such an article, this typically enables the users friends and family to see the headline, whatever text the publisher drafts, and a link to the article. If a user clicks on a link that's shared on Facebook, the user is directed off the platform to the publisher's website. In some countries, Facebook also has a product called Facebook News.

Source: Facebook.

Contents

Figures and tables

1 The economics of creative industries

This section begins by providing an overview of the creative industry value chains.[2] We then set out how creative industries are different to more traditional markets, and how these differences affect consumer behaviour. In particular, the creative industries face challenges with:

1. ensuring that consumers discover creative content that is relevant to them;

2. connecting those consumers with the creators of that content.

At the end of this section, we introduce a framework to explain how digital platforms can benefit the creative industries and explain how we test this framework throughout the rest of the report.

1.1 The creative arts value chain

In the creative industries, there are four levels to the value chain.

- **Creation:** those involved with the design and creation of content—for example, an author or a musician.
- **Management:** those responsible for readying creative content for market—for example, by financing the production of the content, managing its development, and identifying potential buyers.
- **Distribution:** an intermediary that often aggregates content from many creators to market to retailers as a catalogue.
- **Retail:** the party that sells the creative content to the end-consumer.

The types of organisation operating at each level of the value chain varies both within and between the different creative industries (see Figure 1.1 overleaf).

In some cases, a single organisation may span more than one level of the value chain. For example, in the case of video, a producer is often responsible for organising the development, planning, financing, and execution of a project. Elsewhere, there may be many organisations active at each level of the value chain, each with their own distinct responsibility. For example, when publishing a book, authors may hire agents to pitch their work to publishers, while publishers contract with distributors to supply the finished books to retailers.

In some instances, creators may choose to use direct-to-consumer channels. For example, musical artists may choose to create, manage, and distribute their work themselves, bypassing traditional labels and/or publishers; meanwhile, authors may choose to self-publish their work or run a blog. In all cases, creators, managers, distributors and retailers may choose to promote content via free social media services to encourage engagement and build an audience.

[2] For the purposes of this study, the creative industries assessed are the publishing industry (including physical books, news and blogs), the audio industry (including single tracks, podcasts and radio) and the audio-visual industry (including traditional and streamed film, TV shows and low-budget short-form content).

Figure 1.1 An overview of the creative industries

1.2 The characteristics of creative industries

Creative industries differ from other sectors of the economy in a number of important ways. First and foremost, unlike most other products and services, creative content has a **social and cultural value** that goes beyond just the price paid by the consumer. It is crucial in helping us to understand ideas, norms, and social values; the widespread distribution and consumption of particular pieces of content throughout a society can influence the tastes and behaviours of its citizens.

Indeed, creative content has challenged social views on issues such as sexuality and civil rights. For example, the lesbian love story depicted in the 2013 film *Blue Is The Warmest Colour* stirred a debate about sexuality both within Europe and further afield. Hailed by some as 'a landmark in cinematic depictions of lesbian love and female sexuality',[3] others condemned it as an expression of a voyeuristic male gaze.[4] Similarly, the 1995 film *La Haine* sparked intense debate as it laid bare the violence in Paris *banlieus* and put a spotlight on issues of racism in French society.[5]

Creative content also has the power to impact on politics and society at a European or even global level. For example, each year the *Eurovision* song contest unites an international audience to enjoy its performances live on TV.[6] Bob Dylan's 1964 song 'The Times They Are a-Changin' was originally influenced by the US civil rights movement, but found resonance worldwide to become what one critic termed 'the archetypal protest song'.[7]

So, how does creative content exert this powerful influence? Some of the most important drivers of these effects revolve around social interaction.[8] Potts and Cunningham (2010) defined the creative industries as:[9]

> […] the space of economic activity in which markets and organisations are predominantly shaped by social networks.

Indeed, creative content is not conceived in a vacuum; rather, creators respond to the time and place in which they create. Likewise, the way in which individuals experience creative content often depends on their interactions with other people. In particular, consumption decisions depend on **social capital** (i.e. interpersonal relationships, shared norms and values), **social learning** (i.e. observing and imitating the views and ideas of others), and **social networks** (i.e. the structure and dynamics of social interaction).[10]

This social nature of creative content, together with variations in consumer taste, mean that the core economic characteristics of creative content differ from those of many 'standard' consumer products. For example:

- **You can't know until you've tried it:** for instance, consumers can only tell whether a film is worth their time after they have watched it, and cannot accurately judge this

[3] Higgins, C. (2013), 'Blue is the Warmest Colour installed as frontrunner for Palme d'Or', *The Guardian*, 23 May, https://www.theguardian.com/film/2013/may/23/blue-warmest-colour-cannes-kechiche.
[4] Dagis, M. (2013), 'Jostling for a Position in Last Lap at Cannes', *New York Times*, 23 May, https://www.nytimes.com/2013/05/24/movies/many-films-still-in-running-at-cannes-for-palme-dor.html.
[5] Hoad, P. (2020), 'It was our life, but larger than life': how La Haine lit a fire under French society', *The Guardian*, 23 May, https://www.theguardian.com/film/2020/may/23/how-la-haine-lit-a-fire-under-french-society.
[6] Eurovision Song Contest (2020), 'In a Nutshell', https://eurovision.tv/history/in-a-nutshell, accessed 17 January 2021.
[7] Gray, M. (2006), *The Bob Dylan Encyclopaedia*, p. 662.
[8] Bikhchandani, S., Hirshleifer, D., and Welch, I (1992), 'A Theory of Fads, Fashion, Custom, and Cultural Change as Informational Cascades', *Journal of Political Economy*, 100:5, pp. 992–1026.
[9] Potts, J., Cunningham, S. (2010), 'Four models of the creative industries', *Revue d'économie politique*, **120**:1, pp. 163-180.
[10] Bikhchandani, S., Hirshleifer, D. and Welch, I (1992), 'A Theory of Fads, Fashion, Custom, and Cultural Change as Informational Cascades', *Journal of Political Economy*, **100**:5, pp. 992–1026.

beforehand. In economics, these types of goods are referred to as '**experience goods**', as their value can only be determined through experience.[11]

- **There's no such thing as absolute quality:** each individual's tastes are unique, and they will enjoy and value different types of content in personal ways. For example, it is not clear that they will dislike a novel just because a critic has rated it poorly. Indeed, there is **no such thing as absolute quality** in the creative industries, and individuals' tastes are extremely diverse when it comes to creative content (as evidenced by the popularity of such a wide variety of different genres).

- **The creative industries are innovative:** the development and adoption of new ideas is fundamental to the creative industries.[12] This makes it difficult for consumers to know whether they will enjoy a particular piece of content, even if they valued the creator's previous work. Just because they enjoyed an artist's debut work, there is no guarantee that they will enjoy their second—particularly if the artist is exploring a different style or subject.

1.3 These characteristics affect consumer behaviour

These characteristics mean that consumer decisions around creative content are not well captured by traditional economic models.[13] In particular, consumer behaviour is not determined only by the usual economic incentives—such as prices—but also influenced to a large extent by the choices of others.[14]

In order to better understand the creative industries, our study incorporates insights from **behavioural economics**, an increasingly prominent field that draws on psychology, sociology, neuroscience and economics to explain the decisions of consumers and producers.[15] We summarise some of these key insights below.

1.3.1 Social value

When faced with uncertainty, people tend to look to others for information about what makes a 'good' choice. For example, if a consumer is unsure about the true value of a product, information on how others have valued it can help to refine their valuation.[16] In the case of creative content, consumers may infer how others value a work based on observed behaviour—such as assuming that they will also enjoy a piece of content that is proving to be popular. For consumers, this is a rational decision: if a large number of people enjoy a specific TV show, there is a higher likelihood that they will also enjoy that show, especially if the people who recommended it are similar to them.[17]

Consumers may also choose content based on rankings—which are another indicator of content popularity.[18] For example, if a film has some initial success and reaches the top of the box office rankings, it is likely that other consumers will also choose to see it

[11] Nelson, P. (1970), 'Information and Consumer Behavior', *Journal of Political Economy*, **78**:2, pp. 311–29.
[12] Potts, J. and Cunningham, S. (2010), 'Four models of the creative industries', *International Journal of Cultural Policy*, **14**:3, pp. 233–47.
[13] De Vany, A. and Lee, C. (2003), 'Stochastic Market Structure: Concentration Measures and Motion Picture Antitrust', *Centre on Regulation and Competition*, Working paper 30701.
[14] Potts, J., Cunningham, S. Hartley, J., and Ormerod, P. (2008), 'Social network markets : a new definition of the creative industries' '*Journal of Cultural Economics*', **32**:3, pp. 166–185.
[15] In 2002, the psychologist Daniel Kahneman was awarded the Nobel Memorial Prize in Economics for integrating insights from psychology into economics, which became known as behavioural economics. In 2017, Economist Richard Thaler was also awarded the Nobel Memorial Prize in Economics for his contributions to behavioural economics, focusing on how human traits (such as limited rationality and social preferences) impact on consumer decision-making. For more details, see the website of the Nobel Foundation, https://www.nobelprize.org/prizes/lists/all-prizes-in-economic-sciences/, accessed 1 September 2020.
[16] Herpen, E., Pieters, R. & Zeelenberg, M. (2005). How Product Scarcity Impacts on Choice: Snob and Bandwagon Effects, in NA. Advances in Consumer Research, 32, pp. 623–624.
[17] De Vany, A. (2004), *Hollywood Economics: How Extreme Uncertainty Shapes the Film Industry*, Routledge, London.
[18] De Vany, A. (2004), *Hollywood Economics: How Extreme Uncertainty Shapes the Film Industry*, Routledge, London,

because it is doing well. Indeed, empirical modelling of audience behaviour has shown that:[19]

> […] when a film opens big, on a large number of screens and generates sizable and newsworthy box office revenues on its first weekend of exhibition, a potential moviegoer might choose to see the film simply because of its success.

This behavioural tendency for people to do something simply because others are doing it is often referred to as the 'bandwagon effect', and it is particularly relevant in the creative industries. In particular, in the context of social media platforms, this effect can lead to a virtuous cycle of success that can result in a piece of content going 'viral'.[20]

Empirical studies on the popularity of music have also shown how the bandwagon effect can help to explain how consumers perceive the quality of a given record.[21] For example, Newberry (2016) found that when consumers can see how many times a song has been purchased, as well as how many times their peers have listened to a sample, consumer welfare increases and the number of 'failed high-quality songs' reduces.[22]

1.3.2 Learning behaviour

As noted above, it is difficult for people to know whether they will enjoy a piece of creative content *before* they have experienced it. To overcome this problem, consumers often rely on feedback from others to inform their judgement.[23] As more people share their experiences and perceptions, more information about the content is revealed. As that information spreads, consumers are able to form better expectations about the type and quality of the content before they experience it.[24]

Consumers may learn about content through critics or peer reviewers, or through word of mouth within their social network. Because consumers' experiences of creative content are highly influenced by where they live and when, word of mouth can be particularly important when it comes to learning about new creative works. Consumers' friends, families and peers are more likely to share their tastes than strangers, meaning that the preferences of one's friends, family and peers can be a good guide when deciding whether a piece of creative content is likely to be enjoyable.

Indeed, signals from trusted sources are known to be the most useful and effective signals in influencing consumer consumption decisions.[25] This is supported by empirical studies showing that communication from individuals or groups that are perceived to be similar, desirable, or recognised by the community as 'knowledgeable about the good' influence a consumer's perception, attitude and behaviour.[26] For example, an empirical study by Amblee and Bui (2011) estimated the effect that online author ratings had on

[19] Chisholm, D. C., (2005), 'Reviewed Work: Hollywood Economics: How Extreme Uncertainty Shapes the Film Industry by Arthur De Vany', *Journal of Cultural Economics*, 29:3, pp. 233–237
[20] Nobel Foundation (2002), 'The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2002'. Salo, J. Lankinen, M. and Mäntymäki, M. (2013), 'The Use of Social Media for Artist Marketing: Music Industry Perspectives and Consumer Motivations, *International Journal on Media Management*, **15**:1.
[21] Newberry, P. (2016), 'An empirical study of observational learning' *The RAND Journal of Economics*, **47**:2, pp. 394–432.
[22] Newberry, P. (2016), 'An empirical study of observational learning' *The RAND Journal of Economics*, **47**:2, pp. 394–432. 'Failed high-quality songs' are defined as songs by artists that have more than 632 likes on their Facebook and are purchased between 13 and 25 times on the streaming service platform. The paper notes that the observed results are not very strong because consumers have very different tastes.
[23] Bikhchandani, S., Hirshleifer, D. and Welch, I (1992), 'A Theory of Fads, Fashion, Custom, and Cultural Change as Informational Cascades', *Journal of Political Economy*, **100**:5, pp. 992–1026.
[24] De Vany, A., Lee, C. (2000), 'Quality signals in information cascades and the dynamics of the distribution of motion picture box office revenues', *Journal of Economic Dynamics & Control,* **25**, pp. 593–614
[25] Kirmani, A., and Rao, A. (2000), 'No pain, no gain: A critical review of the literature on signaling unobservable product quality', '*Journal of Marketing*, **64:**2, pp. 66–79.
[26] Amblee, N., and Bui, T. (2011), 'Harnessing the Influence of Social Proof in Online Shopping: The Effect of Electronic Word-of-Mouth on Sales of Digital Microproducts', *International Journal of Electronic Commerce*, **16**:2, pp . 92–93.

Amazon book sales; their findings suggest that a 1% increase in an author's rating increases their book sales by approximately 0.5%.

1.3.3 Interpersonal needs

The importance of learning behaviour is further reinforced by the interpersonal needs of individuals. Humans are intrinsically motivated to be part of a group, and tend to conform to group behaviour to strengthen a sense of group identity.[27] In the context of the creative industries, this can mean that when a large number of people in a group have watched a film, other members in that group tend to want to watch that film as well, to ensure that they can relate to the others and build a sense of community. As such, individual decisions around which content to consume depend on the decisions of friends and family.

1.4 The benefit of platforms: matching audiences to creators

Consumers of creative content each have their individual preferences and tastes, while different creators produce various types and styles of content. However, consumers are not always aware of all the options available to them, and even if they are aware of a particular creator, they cannot be sure that they will enjoy that creator's content. For consumers, this lack of information can mean that they fail to unearth content that they would otherwise enjoy. For creators, this results in a continual challenge of trying to identify and engage with those consumers who might value and pay for their work.

Digital platforms can help to overcome these information issues both by **connecting users,** who can share information about content that they have consumed both on- and off-platform, and by using data to **better match** users with content creators, based on the types of work that they are likely to enjoy. This generates value for both consumers and creators—with consumers benefiting from increased variety and choice, and creators gaining a wider audience.

Platforms achieve this by helping creators to **reach** the relevant audience, to **engage** with them, and then to **convert** or monetise this engagement, as follows.

- **Reach:** when a creator promotes a new piece of content, their first step is to **reach** the most relevant audience and build awareness of that content. Digital platforms are becoming an increasingly important way for creators to reach consumers as a complement (or even an alternative) to traditional channels.
- **Engage:** once a creator has reached their audience and the audience has become aware of their content, the next step is for the creator to **engage** the audience and develop a positive reaction to their work.
- **Convert:** once a creator has engaged their audience, they need to monetise or **convert** this engagement in order to be able to continue to create content. Conversion can happen either directly (where the user pays to purchase, download, or stream content) or indirectly (where the creator earns advertising or affiliate revenue as a user views their content).

1.5 Our approach

To assess how digital platforms generate value for the creative industries through reach, engagement and conversion, we have set out a number of questions to explore.

[27] Cialdini, R. and Goldstein, N. (2004), 'Social Influence: Compliance and Conformity', *Annual Review of Psychology,* **55**, pp. 591–621.

Reach

- How do Facebook and Instagram offer creators additional opportunities to reach a wider audience?
- How do Facebook and Instagram help creators to offer a wider range of more relevant content?
- How do Facebook and Instagram help consumers to discover and access a wider range of content?

Engagement

- How does the possibility for social interaction on Facebook and Instagram offer creators the opportunity to 'boost' their reach and help users to discover and share content?
- How do Facebook and Instagram help to create a community and foster social interactions between creators and users? How does this generate value?

Conversion

- How do Facebook and Instagram's tools foster on-and off-platform conversion?
- How is on- and off-platform conversion influenced by sustained brand engagement (e.g. by liking and following a page)?

The remainder of this report tests the extent to which Facebook generates value through reach, engagement, and conversion through the lens of the consumer, drawing on evidence from academic literature, publicly available information, and a specially commissioned consumer survey.[28]

The consumer survey was undertaken by Oxera and its survey partner, Accent, to better understand how consumers use Facebook and Instagram to discover, access, and consume music, audio-visual, and publishing content. This consumer survey sampled 6,004 representative consumers who are:

- Facebook or Instagram users;
- consumers of creative content;
- from five representative EU countries—namely Denmark, Germany, Italy, Romania, and Spain.

We draw on the insights of this survey throughout the rest of this report and provide a detailed summary of the survey methodology in Appendix A1.

[28] Given that this report assesses value creation through a consumer lens and draws on the results of our consumer survey, we have not discussed optimisation in detail. However, this will be assessed in our supplementary report, which assesses the value creation process through the lens of creators.

2 Reach

When promoting a new piece of content, a creator first needs to reach the most relevant audience and build awareness of their content.[29] Our study examines the extent to which consumers discover creative content via digital platforms, as a complement (or even an alternative) to traditional channels such as newspapers, television, and radio.[30]

While Facebook and Instagram may be best known as a way to share updates or photos with friends and family, our survey found that discovering new creative content is an equally important function of these platforms for many users. Indeed, of the Facebook and Instagram users we surveyed, 72% use social media to gather useful information and updates from friends and family, while 73% use social media as a tool to discover new content from artists and creators.[31]

In this section, we assess the extent to which online platforms like Facebook generate value by helping creators to identify the users who are most likely to value their content and ensuring that consumers discover content that they are likely to enjoy. In particular, we consider how Facebook helps:

- creators to reach a wider audience;
- creators to offer a wider range of more relevant content;
- consumers to discover and access a wider range of creative content.

2.1 Reaching a wider audience

Online social media platforms like Facebook and Instagram can help creators to reach a **wide audience** easily and cost effectively, increasing the chance that they will connect with users who value their content. In turn, this can help consumers to discover and access a wider range of content than they would otherwise.

Unlike more traditional channels (such as television, radio, and billboards), which tend to be national, regional, or local in scope, online social media platforms like Facebook and Instagram are practically unrestricted by physical or geographical boundaries, and are available on a wide range of in-home and mobile devices.

Both Facebook and Instagram provide creators with a space that they can use, for free, to publish content and connect with fans. Users can then like these Pages (Facebook) or follow these Accounts (Instagram), meaning that creators can reach them directly by posting new content (known as 'owned impressions').[32] Furthermore, Facebook allows creators to increase their reach through paid advertisements (known as 'paid impressions').

To assess how Facebook and Instagram help creators to reach a wider audience, and consumers to discover a wider range of content, we used our consumer survey to test:

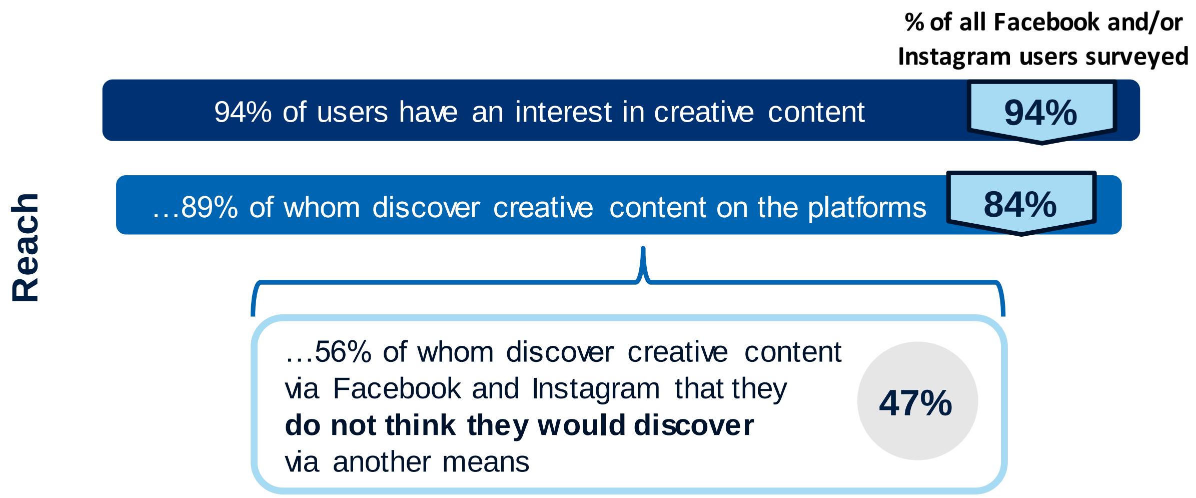
[29] Lavidge, R. J. and Steiner, G. A. (1961), 'A Model for Predictive Measurements of Advertising Effectiveness', *Journal of Marketing*, **25**:6, pp. 59–62.
[30] Throughout our report, we take 'creative content' to mean the wide variety of authorized creative content that can be found on Facebook and Instagram, such as excerpts posted by publishing houses, short form writing published by writers, trailers posted by film studios, soundbites posted by musicians, and links to news articles posted by journalists or newspapers.
[31] See Q28 of Appendix A1.
[32] Not every post will appear on each follower's News Feed, as what appears on the News Feed depends on a number of factors (as explained in Box 2.1). On average, pages with a more niche following (less than 10,000 likes) will reach around 4.6% of their followers with a single post. This decreases to 2.3% when it is posted by a page with more than 100.000 likes. For more details see the We Are Social website https://wearesocial.com/digital-2020, slide 122, accessed 5 November 2020

- whether Facebook and Instagram users discover creative content through the platforms;
- whether this discovery is incremental;
- whether Facebook and Instagram allow users to discover content across geographical boundaries.

We expected to see a high proportion of Facebook and Instagram users discovering content through the platform, thereby providing creators with a greater audience to connect with. We also expected to see a significant proportion of this discovery being incremental, which would suggest that this content discovery could not have occurred without Facebook and Instagram. Finally, we expected to see Facebook and Instagram facilitating the cross-border sharing of content, something that is less likely to occur through other channels that tend to be geographically limited in scope.

Our consumer survey analysis found that 84% of the Facebook and Instagram users we surveyed have discovered creative content on the platforms. Furthermore, we found that much of this discovery was incremental, with 47% saying they had discovered artists or content on the platforms that they did not think they would normally have discovered through other means. Finally, we found that Facebook and Instagram do help consumers to learn about artists and content from other countries, with 35% of the users we surveyed saying that they had discovered creative content from another EU country over the platforms.[33]

Figure 2.1 Facebook's reach



Source: See Q8 and Q12 in Appendix A1. See Appendix A1.3 for estimation of '% of all Facebook and/or Instagram users'.

Creators can also increase their reach using Facebook and Instagram's paid tools, such as advertising their content via sponsored posts. Indeed, we found that 50% of the Facebook and Instagram users we surveyed were open to learning about new content through sponsored posts and recommendations,[34] while 22% said that the creative content they discover on Facebook or Instagram typically comes from sponsored posts.[35]

[33] See Q11 in Appendix A1.
[34] See Q28 in Appendix A1.
[35] See Q9 in Appendix A1.

2.2 Offering a wider range of more relevant content

In order to optimise the user experience, social media providers such as Facebook and Instagram aim to present users with the content that is most relevant to them. For example, Facebook personalises each user's News Feed to show current content related to their tastes, interests, or social group. As explained in Box 2.1, users are more likely to see content if it is popular, if their friends have engaged with it, or if it was posted by an account or page that the user likes.

Box 2.1 How does News Feed work?

Facebook connects people to the posts that matter to them most using a process called 'ranking'. This ranking process creates a personalised and diverse stream of posts from the people, businesses, and communities that users have connected with on Facebook.

The ranking of these posts is affected by a number of different factors. Some of the most important are as follows:

- how often the user interacts with posts from friends, groups, or pages (with friends and family being prioritised);
- if the type of post is something that the user can interact with (e.g. a photo, a video, or a link);
- the number of comments, likes, reactions, and shares that the post receives from the people and pages that see it—including whether these posts are shared by the friends, groups, or pages that the user follows;
- how recently it was posted.

There are other factors that have a smaller influence over what appears in a user's News Feed. Facebook may also take into account 'signals'—such as how fast a user's internet connection is at that moment or what kind of device is being used (because this can affect how quickly things can load onto the News Feed). There are thousands of signals that may be considered for News Feed ranking.

Certain friends and pages are prioritised in the News Feed based on a user's Facebook activity or whether they have been added as a 'favourite'. This means that their posts are shown higher in a user's News Feed. Many factors influence who is prioritised, but certain factors can have more of an influence, including:

- past interactions on posts of friends or pages (e.g. reacting to or commenting on a photo or video);
- things users may have in common, such as mutual friends or groups.

Users can control what they see in their News Feed by checking their Facebook preferences and their privacy settings. For instance, users can select a person or page as a 'favourite', or hide or unfollow posts from certain people, pages, and groups.

Source: For more information, see the Facebook website (accessed 4 November 2020).

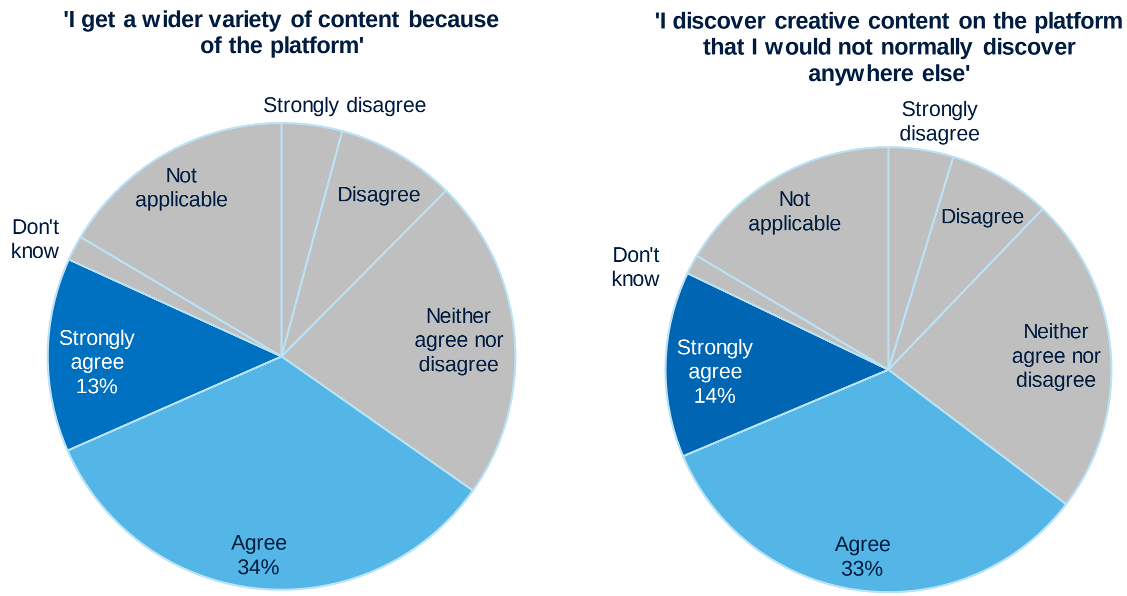
In the context of the creative industries, this personalisation means that a wide range of different creative content can be displayed on Facebook, and—crucially—that consumers will be presented with the content that is most relevant to them. In contrast, traditional channels such as TV and radio provide the same content to each viewer or listener, reducing the overall range of content that can be shown and limiting the ability to cater to the tastes of individual audience members.

To illustrate this, consider a radio station with 100 listeners. Each listener might have a unique *favourite* genre, but there is one genre that *all* listeners enjoy. In order to appeal to everyone in the audience, the radio station plays the genre that all listeners enjoy. Facebook, on the other hand, displays what matters most to each of its users—showing each user their *favourite* type of content while displaying a wider range of content overall.

To test this, we asked our survey respondents whether they discover a wider variety of creative content due to Facebook and Instagram; and whether they discover creative content on those platforms that they would not normally discover elsewhere.

We found that 47% of the Facebook and Instagram users we surveyed *did* discover a wider variety of content because of the platform, while 47% also said that they discovered content on the platform that they would not have discovered by other means (see Figure 2.2).[36]

Figure 2.2 Attitudes towards content discovery on Facebook and Instagram



Note: See Q12 in Appendix A1. 'Not applicable' is the portion of Facebook and Instagram users who do not have an interest in creative content, or do not at least 'sometimes' discover creative content on the platforms. See further explanation in section A1.4.

Source: Oxera analysis.

[36] See Q12 in Appendix A1. Note: it is not necessarily the *same* 47% of users that discover a wider variety of content that say they discover content they would not discover elsewhere. For example, a respondent may consider that they discover a narrower range of content on Facebook and Instagram, but that they have discovered *some* content that they would not normally have discovered elsewhere (e.g. if presented with a narrow range of hard-to-find, niche content).

3 Engage

Once a creator has reached their audience and the audience has become aware of their content, the next step is for the creator to engage the audience and develop a positive reaction to their work.[37]

One advantage of promoting creative content via online platforms such as Facebook is that they allow greater interaction between audiences and creators. By liking and commenting on posts, or by sharing their experiences, users can **engage directly** with creators they like, and these interactions are also visible to other people in their social network.

In this section, we assess the extent to which this interaction generates value for creators and creative consumers by facilitating:

- boosted reach and the sharing and discovery of content;
- the creation of a community and following.

3.1 Boosting reach: sharing and discovering content

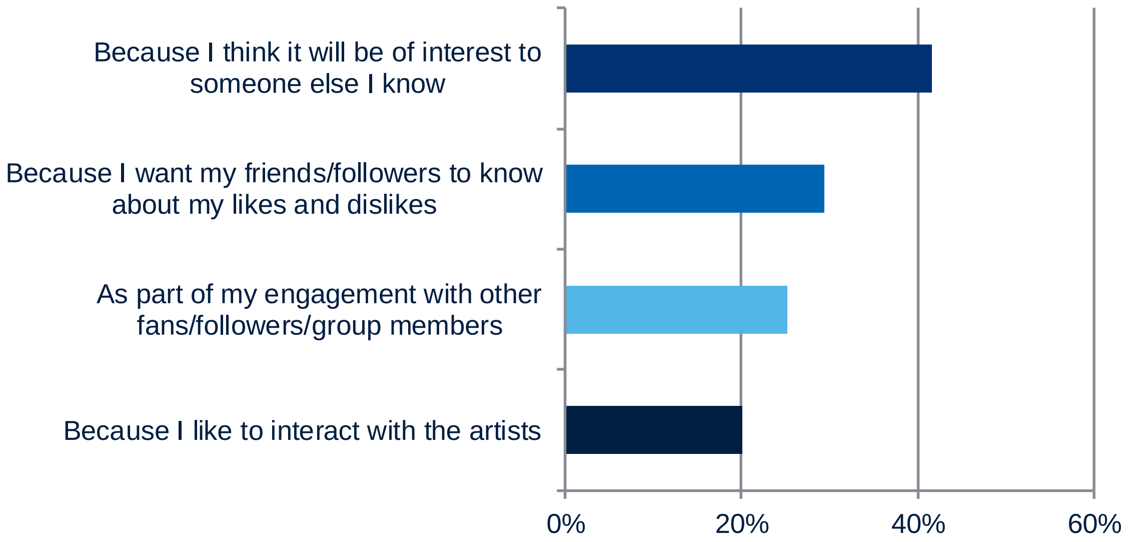
Facebook facilitates social interaction and engagement with creators and creative content. When a user discovers creative content on the platform, they are likely to engage with it by liking the content, sharing it further, or following the account.

Empirical studies on consumers' reasons for being active on social media platforms show that concern for others and positive self-enhancement are some of the most important motives.[38] Hennig-Thurau and Gremler (2004) find that the desire to help others by sharing one's own experience and the desire to feel good about successful outcomes by letting others know about them are some of the most important explanatory factors of users leaving comments.

Indeed, our consumer survey found that the Facebook and Instagram users we surveyed tend to engage with relevant content as a result of social considerations: 42% said that they engaged with creative content because they think it will be of interest to someone they know, while 29% engage with creative content because they want their friends to know about their likes and dislikes (see Figure 3.1 below).[39]

[37] Amblee, N., and Bui, T. (2011), 'Harnessing the Influence of Social Proof in Online Shopping: The Effect of Electronic Word-of-Mouth on Sales of Digital Microproducts', *International Journal of Electronic Commerce*, **16**:2, pp. 92–93.
[38] Hennig-Thurau, T., Gremler, D. (2004), 'Electronic word-of-mouth via consumer-opinion platforms: What motivates consumers to articulate themselves on the Internet?', *Journal of Interactive Marketing*, **18:**1, pp. 38–52.
[39] See Q16 in Appendix A1.

Figure 3.1 Reasons for engaging with creative content on Facebook and Instagram (% of survey respondents)

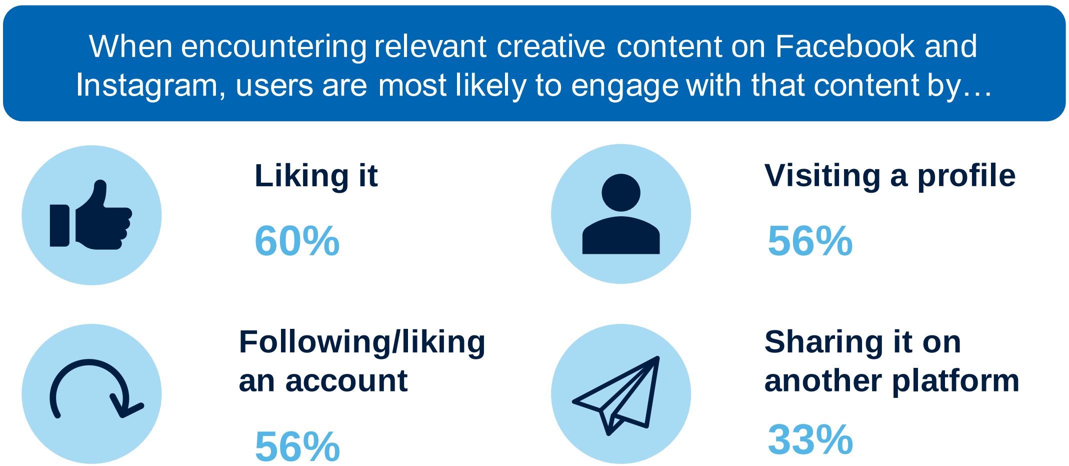


Note: See Q16 in Appendix A1. Percentages are in terms of all Facebook and Instagram users. See further explanation in section A1.4. Respondents were permitted to choose multiple options; hence the percentages do not total 100%.

Source: Oxera analysis.

Users can interact with creative content on Facebook and Instagram in a number of different ways, such as by liking it, visiting a profile, following/liking an account, and/or sharing it on another platform (see Figure 3.2 below).

Figure 3.2 Engaging with creative content on Facebook



Source: See Q15 in Appendix A1.

When a user interacts or engages with a page, an account, a post or another piece of content on Facebook, it is often more likely to appear in the News Feeds of their friends and followers. As explained previously (see Box 2.1), Facebook helps to connect people to the posts that matter to them most through ranking. This ranking is influenced by the pages that a user follows, which friends they most commonly interact with, and the number of comments, likes, reactions, and shares that a post receives from a user's friends.

This system of ranking creates a virtuous cycle in which Facebook and Instagram users are more likely to **discover** content if their friends have engaged with it, and more likely to **engage** with content if a friend has already engaged with it. Indeed, 58% of the Facebook and Instagram users we surveyed engage with posts more after a friend has shared them, while 56% engage with posts more if they come from an account that the user follows.[40]

To further test the extent to which the social interaction facilitated by Facebook and Instagram creates a virtuous cycle, we used the consumer survey to assess whether Facebook and Instagram users are more likely to engage with a post if a friend has already engaged with it (see Box 3.1). In particular, we presented respondents with a generic post **without** any social interaction (Post A in Box 3.1) and the same generic post **with** social interaction (Post B in Box 3.1). We asked which post they would be more likely to click through on (if any).

We found that 64% of the respondents who were more likely to click through on one post than the other said they were *more* likely to click on the post that their friends had already engaged with.[41] This supports the hypothesis that Facebook and Instagram help to create a virtuous cycle of content discovery through social interaction. This virtuous cycle has two important effects:

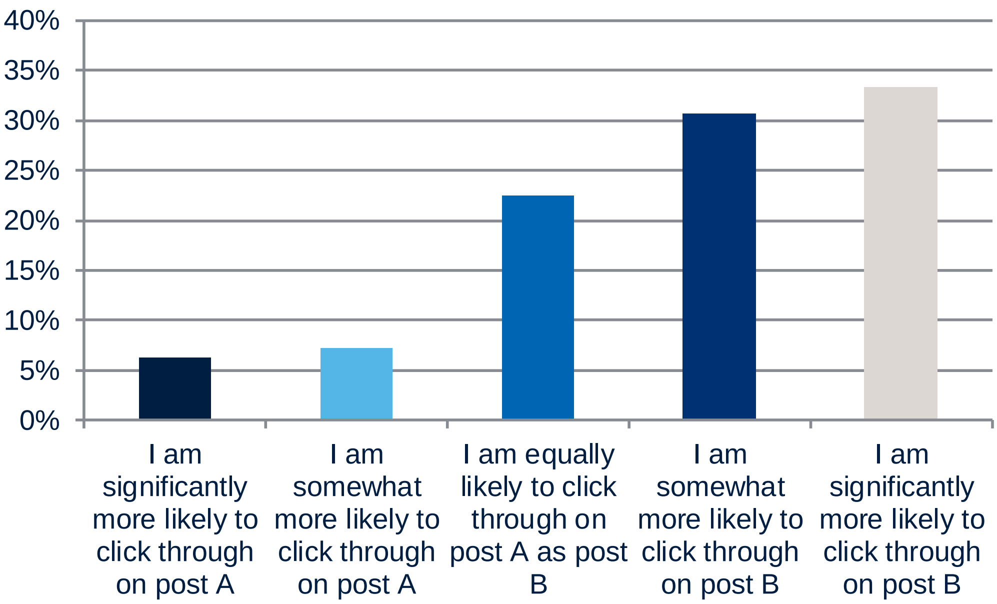
- **Boosting reach (for free):** when a creator posts content to followers or as a paid post, Facebook and Instagram users are likely to engage or interact with the content (e.g. by liking it, commenting on it, or sharing it with a friend). This means that those users' friends are likely to see the post and interact with it, which in turn means that those users' friends are likely to see it. This snowball effect boosts the reach of creators, connecting them with users who may not have seen the original posts, and can result in content going 'viral' on Facebook and Instagram.
- **Aiding content discovery:** through these social interactions, users can discover more creative content that is relevant to them and recommended to them by their friends. As explained in section 1, social interactions and recommendations (especially from friends) are important in helping consumers to discover content that they like. By allowing users to interact with content and share their opinions about it with friends and followers, Facebook aids content discovery.

[40] See Q20 in Appendix A1. Note: the 64% excludes respondents who were equally likely to click on either post.
[41] See Q21 and Q22 in Appendix A1. Note: analysis excludes respondents who were equally likely to click on either posts.

Box 3.1 Respondent preferences for posts including social interaction

Post A

Post B



Note: Respondents were asked to indicate which post they were more likely to click through on. The position of the posts was randomised to control for order effects (where the response to a question is influenced by the order in which the options appear). This analysis excludes respondents who indicated that they were unlikely to click through on either post.

Source: Oxera analysis of survey data. See Q18 and Q19 in Appendix A1.

3.1.1 Modelling the impact on boosted reach and content discovery

Drawing on our findings from the consumer survey, we assess the extent to which social interactions help to boost reach and aid content discovery (see Figure 3.3 below).

Of the Facebook and Instagram users that we surveyed, 94% expressed an interest in creative content.[42] Of these, 89% said that they had discovered creative content through these platforms (representing 84% of the total survey sample—see section 2.1).

Of those respondents who had discovered content through Facebook or Instagram, 87% (representing 73% of the total survey sample) said that they were 'fairly likely' or 'very likely' to take at least one engagement action when discovering creative content that they found relevant. This provides a free boost to creators' reach, as a result of Facebook's ranking process (see Box 2.1). More specifically:[43]

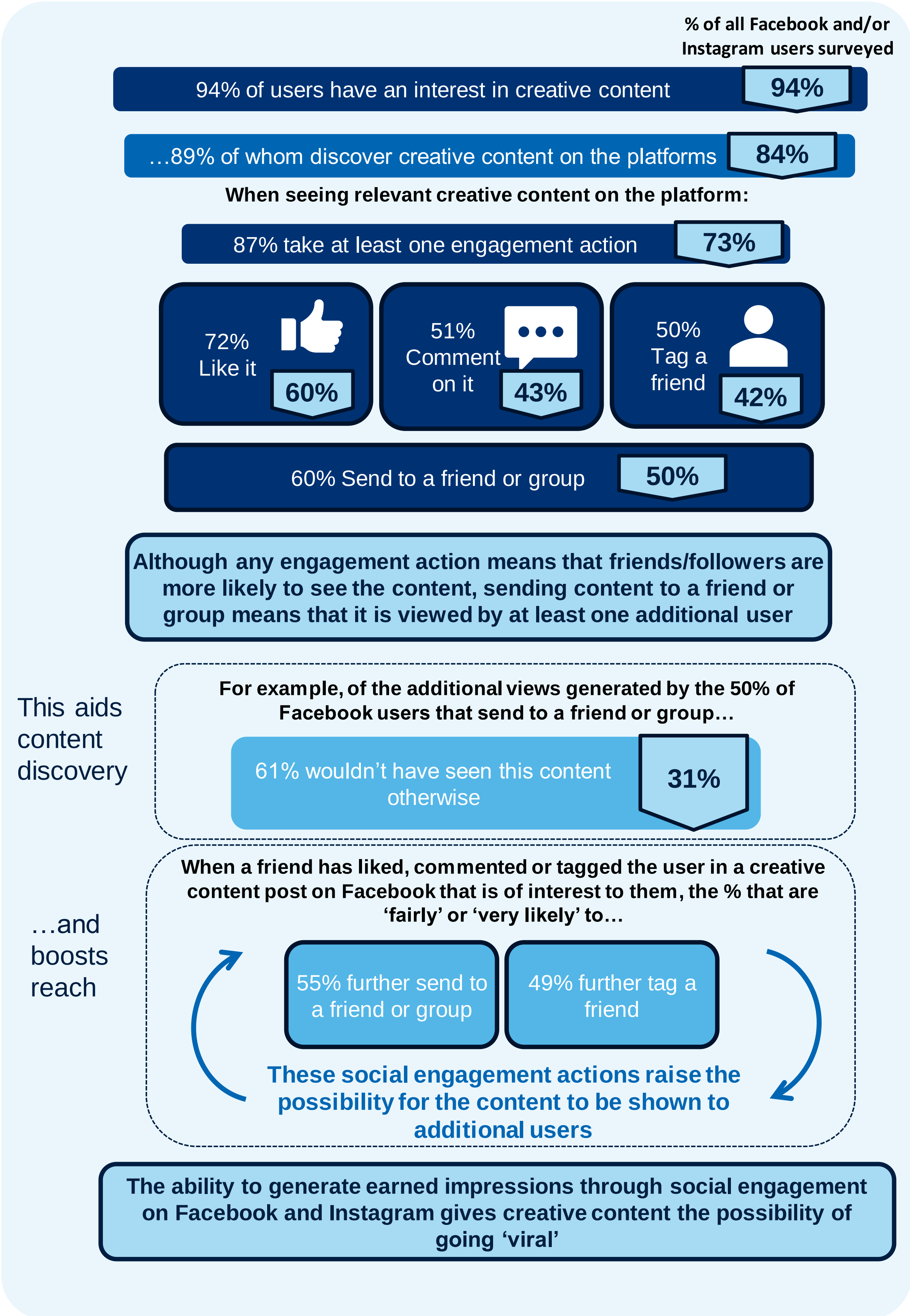
- 72% will like the content (60% of the total sample);
- 60% will send the content to an additional friend or group (50% of the total sample);
- 51% will like the content (43% of the total sample);
- 50% will tag a friend (42% of the total sample).

While all of these engagement actions make it *more likely* that a user's friends and followers will see the original content post, if a user sends content to an additional friend or group directly, it means that *at least one* additional person will view the content. Furthermore, our survey found that when a user's friend has liked, commented on, or tagged them in a post about a particular piece of creative content, 55% of respondents are likely to send that content on to a further friend or group, while 49% are likely to tag an additional friend (who, in turn, is likely to send this content on to more friends, or tag additional friends)—demonstrating the virtuous cycle.[44]

In terms of aiding content discovery by consumers: 61% of our survey respondents who had discovered content on Facebook or Instagram agreed that their friends had shared creative content that they would not otherwise have found. Considering that 50% of all the Facebook and Instagram users we surveyed said they were 'fairly likely' or 'very likely' to share content that they discovered with a friend, this implies that around 31% discover content from friends that they would not have found elsewhere.

[42] See Q4 in Appendix A1.7. Respondents who scored themselves a 5 or above were deemed to have an interest in creative content.
[43] In all cases, the percentage reported reflects users that answered 'fairly likely' or 'very likely' to take the listed engagement actions. See Q15 in Appendix A1.
[44] Note: these figures apply to those who are Facebook and Instagram users and have an interest in creative content; they are not quoted in terms of all Facebook and Instagram users. See Appendix A1.4.

Figure 3.3 Facilitating boosted reach and discovery



Source: See Q8, Q12, Q15 and Q17 in Appendix A1. See Appendix A1.3 for estimation of '% of all Facebook and/or Instagram users'.

3.2 Creating a community and facilitating interaction

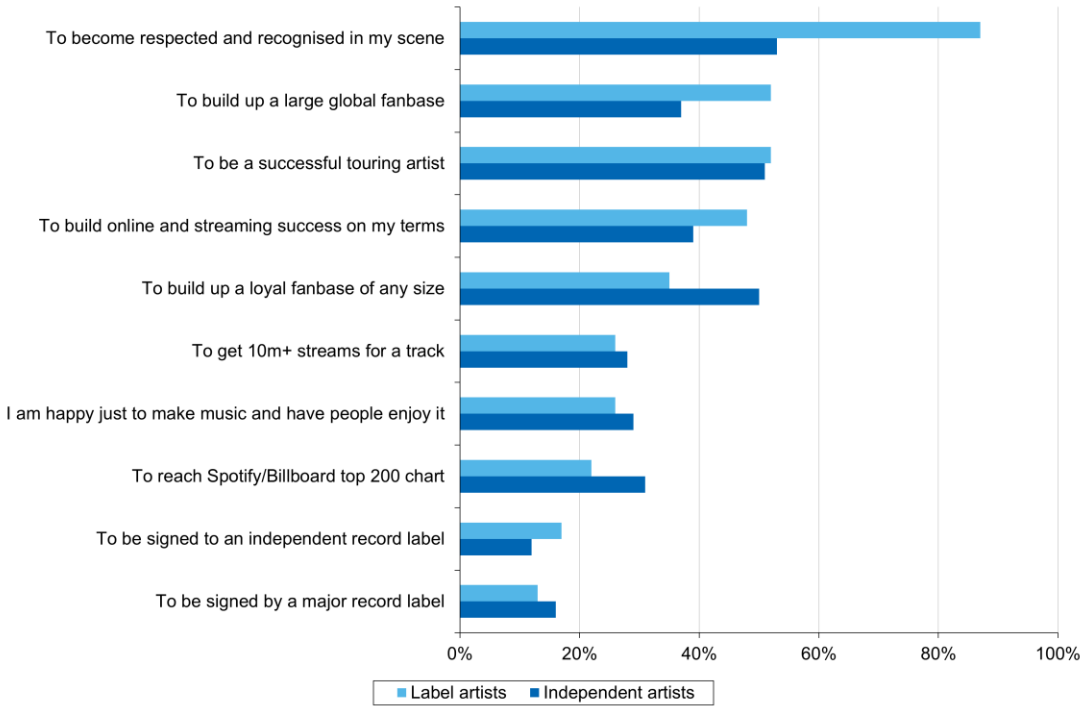
Facebook and Instagram provide users with the option of liking a page (Facebook) or following an account (Instagram). When a user likes a page or follows an account, they see future updates from the page or account in their News Feed.[45] In the context of the creative industries, this allows users to follow or like the pages of creators who they are interested in; however, it also allows creators to build a **following** or **community** of fans. The creator can then interact with this community by posting relevant content and updates—for example, a band can let their community know about upcoming gigs and album launches.

In 2020, musicians and actors made up six of the 20 most-liked pages on Facebook and 14 out of the 20 most-followed accounts on Instagram. In the case of Ariana Grande, this allows her to interact with more than 170m fans worldwide.[46] The creation of a community and facilitation of interaction offers benefits to creators and fans alike, as discussed below.

3.2.1 Benefits to creators

Online platforms can enable creators to build up a following, allowing them to reach and connect with a large number of users for free, to post updates to these users, and to publicise their content. This mechanism also offers non-monetary benefits to creators. A survey by MIDiA Research (2019) found that many artists consider success at least in part in non-monetary terms, with both independent and signed artists considering the building up of a fan base to be a key indicator of success (see Figure 3.4).[47]

Figure 3.4 Indicators of success for recording artists



Note: The question asked was 'what does success look like for you? (select all that apply)'.

Source: MIDiA Research/Amuse Artist Survey (April 2019).

[45] For more details, see the Facebook website (accessed 4 November 2020).
[46] For more details, see the We Are Social website, slides 122 and 133 (accessed 5 November 2020).
[47] MIDiA Research (2019), 'Independent Artists | The Age of Empowerment', *amuse*, June.

This is supported by Baym's (2011) empirical analysis of the Swedish music industry, which found that artists primarily use social media platforms to share content and interact directly with fans in order to build a larger audience.

Although having a fanbase and following is valuable in and of itself, it can also allow creators to attract attention from the wider industry, providing opportunities for smaller creators. For example, by demonstrating to studios that they have a large following on Facebook or Instagram, video producers may be able to attract investment to fund their next production. Alternatively, receiving attention from others in the industry can help creators to reach an even wider audience—for example, smaller musical artists can significantly expand their audience by having a famous artist engage with their content.[48]

Unlike more traditional channels, online social media platforms facilitate **direct social relationships** between artists and fans, as well as between artists themselves. Musicians find that one of the biggest benefits of online social media platforms is the opportunity that they provide to engage directly with the people who care about their music.[49] Indeed, we found that 20% of the Facebook and Instagram users we surveyed engage with creative content on these platforms because they enjoy interacting with the artist.[50]

3.2.2 Benefits to consumers

By following the account or liking the page of a creator, consumers receive updates and posts from those creators, which in turn can help them to discover additional content. For example, authors might promote their latest book or article; actors may post about their latest films; and musicians frequently share their latest tour dates on social media.

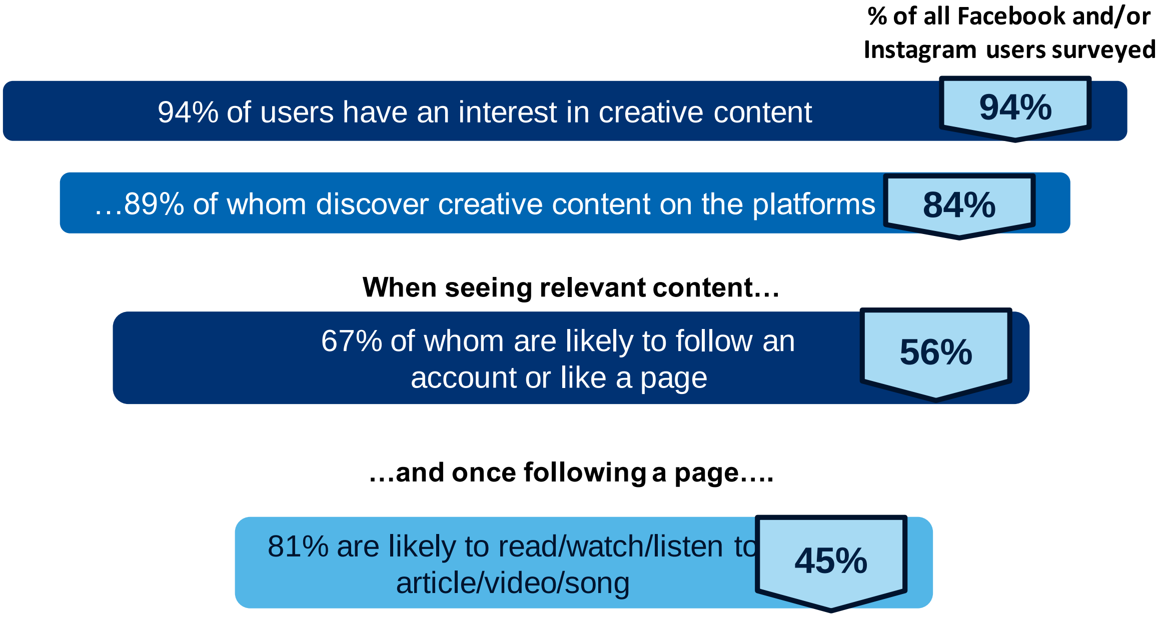
Given the importance of trusted signals for media consumption (as discussed in section 1), we would expect to find that following accounts is an important source of content discovery for Facebook and Instagram users. We tested this through our consumer survey, finding that—on average—61% of the creative content that the Facebook and Instagram users we surveyed discover on the platforms comes from pages that they have liked or accounts that that they have followed.[51] Furthermore, 56% of the users we surveyed said they are more likely to engage with content from these accounts.[52]

Drawing on these findings from the consumer survey, we assessed how following an account or liking a page is likely to impact on content discovery (see Figure 3.5). Taking the 84% of Facebook and Instagram users we surveyed with an interest in creative content who have discovered creative content through the platforms (see section 2.1), we found that 67% of these (representing 56% of the total survey sample) are likely to follow an account or like a page after discovering content that is relevant to them.

Furthermore, after following an account or liking a page, 81% of the Facebook and Instagram users we surveyed are 'fairly likely', or 'very likely' to read an article, listen to a song, or watch a video posted there (representing 45% of the total survey sample).

[48] Haynes, J. and Marshall, L. (2018), 'Beats and tweets: Social media in the careers of independent musicians', *New Media and Society*, **20**:5, p. 15.
[49] Haynes, J. and Marshall, L. (2018), 'Beats and tweets: Social media in the careers of independent musicians', *New Media and Society*, **20**:5, pp. 1973–93.
[50] See Q16 in Appendix A1.
[51] Average percentage for respondents who have an interest in creative content (see Q4 in Appendix A1) and are Facebook or Instagram users (Q2 in Appendix A1)
[52] See Q21 and Q22 in Appendix A1.

Figure 3.5 Engaging with content from pages and accounts



Source: See Q8, Q15, and Q22 in Appendix A1. See Appendix A1.3 for estimation of '% of all Facebook and/or Instagram users'.

As well as allowing consumers to discover new content, liking a page or following an account also provides users with a sense of **community**. Salo, Lankinen and Mantymaki's (2013) interviews with users showed that the most common motives for social media users to join an online community are a sense of affinity (established through an emotional bond between members of that community) and the ability to access content.[53]

Similarly, Thurau-Henning and Gremler (2004) found that the most important driver in both the frequency of visits to social media platforms and the number of comments left are the social benefits experienced—such as the joy of communicating with other members of a community, and of meeting like-minded people.[54] This is supported by our survey, which found that 28% of respondents engage with creative content as part of their engagement with other fans, followers, and group members (see Figure 3.1). [55]

Furthermore, the ability to interact with artists can improve a consumer's experience of the creative content. When asking about the importance of artist involvement on social media, a study by Krause, North and Heritage (2017) found that that one of the most important reasons that fans interact with musicians on social media is to improve their listening experience.[56] In particular, participants interviewed by the authors' indicated that: 'being able to interact with/follow a musician using social networks enhances [their] experience with [the musician's] music'.

[53] Salo, J., Lankinen, M. and Mantymaki, M. (2013), 'The Use of Social Media for Artist Marketing: Music Industry Perspectives and Consumer Motivations', *The International Journal on Media Management,* **15**, February, pp. 23-41.
[54] Hennig-Thurau, T., Gremler, D. (2004), 'Electronic word-of-mouth via consumer-opinion platforms: What motivates consumers to articulate themselves on the Internet?', *Journal of Interactive Marketing*, **18:**1, pp. 38–52
[55]See Q16 in Appendix A1.
[56] Krause, A., North, A., and Heritage, B. (2017), 'Musician interaction via social networking sites: Celebrity attitudes, attachment, and their correlates', *Music & Science*, pp. 1–11

4 Convert

Once a creator has engaged their audience, they need to be able to monetise or convert this engagement to continue creating content. Conversion can happen either directly (where the user pays to purchase, download, or stream content) or indirectly (where the creator earns advertising or affiliate revenue as a user views their content).

By helping creators to reach a greater number of relevant users and facilitating engagement and interaction between them, Facebook helps creators to find those consumers who they are most likely to convert to paying customers. In this section, we assess the extent to which Facebook helps facilitate conversion both on- and off-platform.

4.1 Facilitating conversion on-platform…

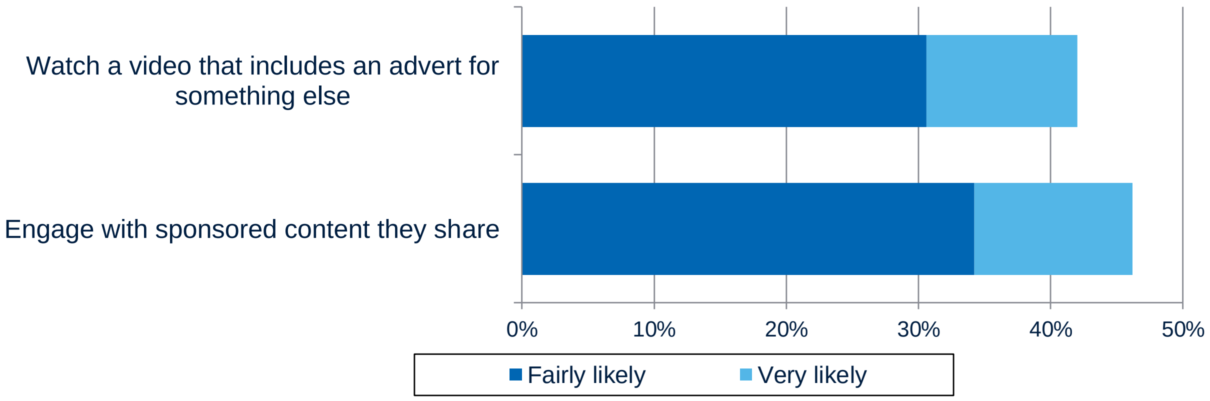
Facebook and Instagram allows most creators to monetise their content on-platform in a number of ways, including through:

- **fan subscriptions:** where fans pay a recurring monthly subscription in return for access to a library of exclusive content;
- **instream ads:** where creators feature advertisements in or around their content;
- **branded content:** where creators are paid by a brand affiliates to promote a particular product.

To better understand the impact that this can have for creators, we used our consumer survey to assess the extent to which Facebook and Instagram users engage with instream ads and branded content posted by a page that they like or an account that they follow.

We found that over 40% of the Facebook and Instagram users we surveyed (representing over 50% of the total survey sample) are 'fairly likely', or 'very likely' to either watch a video that includes an advert for something else and/or engage with sponsored content (see Figure 4.1).

Figure 4.1 How many users engage with advertisements or sponsored content from liked pages/followed accounts (%)?



Source: See Q22 in Appendix A1. Base is those that are Facebook and/or Instagram users, have an interest in creative content and at least 'sometimes' discover creative content on Facebook and/or Instagram.

4.2 … and off-platform

Facebook and Instagram also help creators to convert engaged consumers into paying customers off-platform, through:

- immediate conversion;
- social interaction;
- offering conversion tools to creators.

4.2.1 Immediate conversion

When comparing purchasing through social media and traditional channels, Lindsey-Mullikin and Borin (2017) argue that because purchases on social media platforms can be nearly instantaneous, there is little to no time delay between evaluation and purchase, which means that it is less likely that consumers will exit the decision process.[57] A consumer seeing an 'offline' advert for a concert may face more obstacles to purchasing a ticket, meaning that they fail to take the final steps to buy a ticket even though they are interested at the time. In contrast, digital platforms such as Facebook or Instagram offer reduced barriers to completing the purchase; consumers interested in attending the concert can immediately click through to a ticketing site and make good on their intention to buy a ticket. In this way, Facebook helps to **facilitate the conversion.**

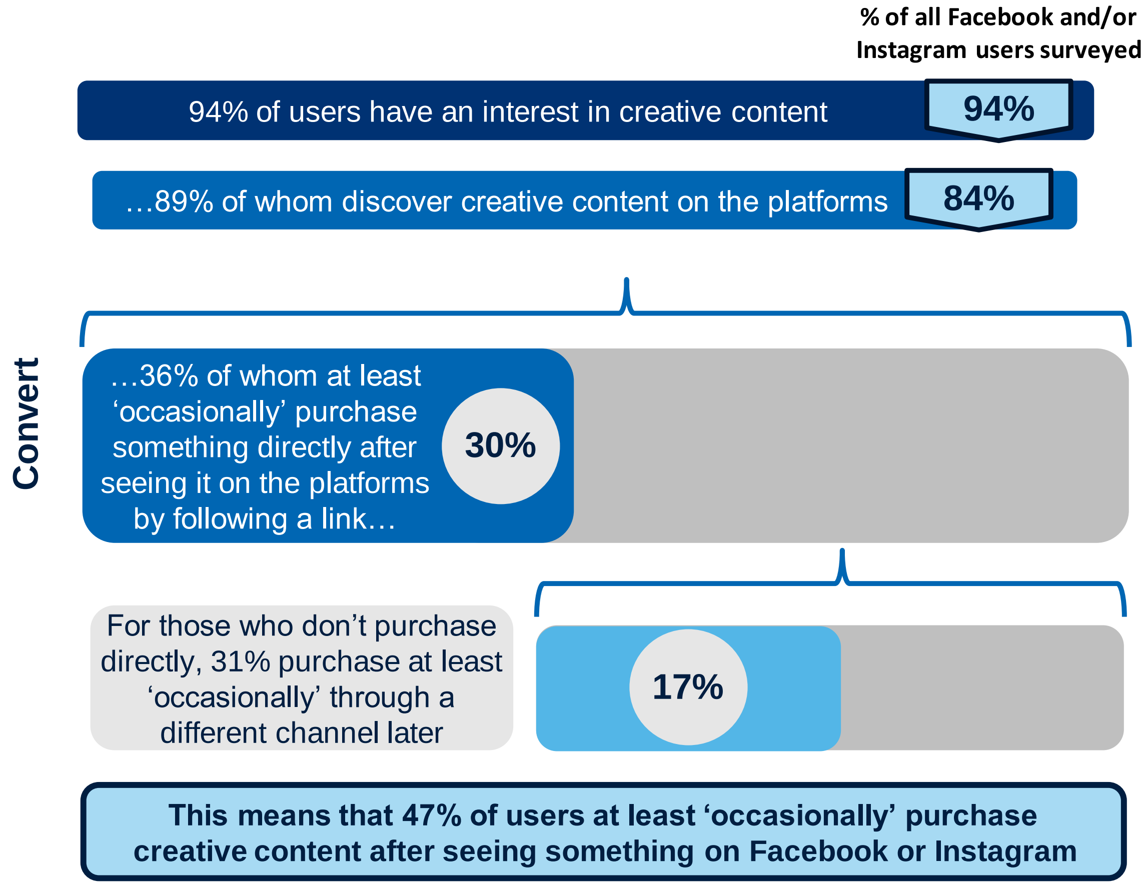
In order to test the extent to which Facebook facilitates conversion by offering an immediate option to purchase, we assessed whether users purchase creative content after seeing it on Facebook and Instagram. Our consumer survey found that 30% of the Facebook and Instagram users we surveyed at least 'occasionally' purchase creative content directly after seeing a link for it on the platforms.[58]

Interestingly, our consumer survey also found that of the Facebook and Instagram users we surveyed who did not make immediate purchases, 17% at least 'occasionally' go on to make a purchase later through another channel.[59] This suggests that as well as facilitating conversion by offering a direct link to purchase, reaching and engaging users through Facebook and Instagram can also help to facilitate conversion in other ways.

Overall, we found that 47% of the Facebook and Instagram users we surveyed at least 'occasionally' make purchases from creators after seeing it on the platforms (as illustrated in Figure 4.2 below).

[57] Lindsey-Mullikin, J. and Borin, N. (2017), 'Why strategy is key for successful social media sales', *Business Horizons*,. **60**:4, pp 473–482.
[58] At least 'occasionally' meaning 'occasionally', 'frequently' or 'very frequently'. See Q25 in Appendix A1.
[59] At least 'occasionally' meaning 'occasionally', 'frequently' or 'very frequently'. See Q26 in Appendix A1.

Figure 4.2 Facilitating conversion



Source: See Q8, Q25, and Q26 in Appendix A1. See Appendix A1.3 for estimation of '% of all Facebook and/or Instagram users'.

4.2.2 Social interaction

By facilitating interaction between friends and between friends and creators, Facebook further helps to facilitate conversion.

Lindsay-Mullikin and Borin (2017) find that the ability to make immediate purchases on a social media platform, coupled with instantaneous feedback from friends and online communities, dramatically reduces the amount of time that consumers spend evaluating a particular product. This increases the number of purchases on social media platforms compared to traditional channels.[60]

We tested the importance of social interaction on platforms through our consumer survey by assessing whether the purchasing decisions made by Facebook and Instagram users are affected by their friends or the creators that they follow. Our analysis supports this hypothesis, with 31% of the Facebook and Instagram users we surveyed having purchased an item because it was recommended by an account that they followed or a friend, with 7% saying they do so 'frequently', or 'very frequently'.[61]

4.2.3 Facebook's conversion tools

Facebook has also created specific tools that help creators to convert and monetise their content. In particular, as set out in Box 4.1, Facebook allows creators to post using a

[60] Lindsey-Mullikin, J, Borin, N (2017), 'Why strategy is key for successful social media sales', *Business Horizons*,. **60**:4, pp 473–482.
[61] See Q27 in Appendix A1.

'carousel' or 'shop' function, giving users the opportunity to view offers in a more engaging way.

In order to test the extent to which these tools help creators to convert their content, we have used the consumer survey to assess whether Facebook and Instagram users are more likely to click through on a 'carousel' post and a 'shop/story' post.

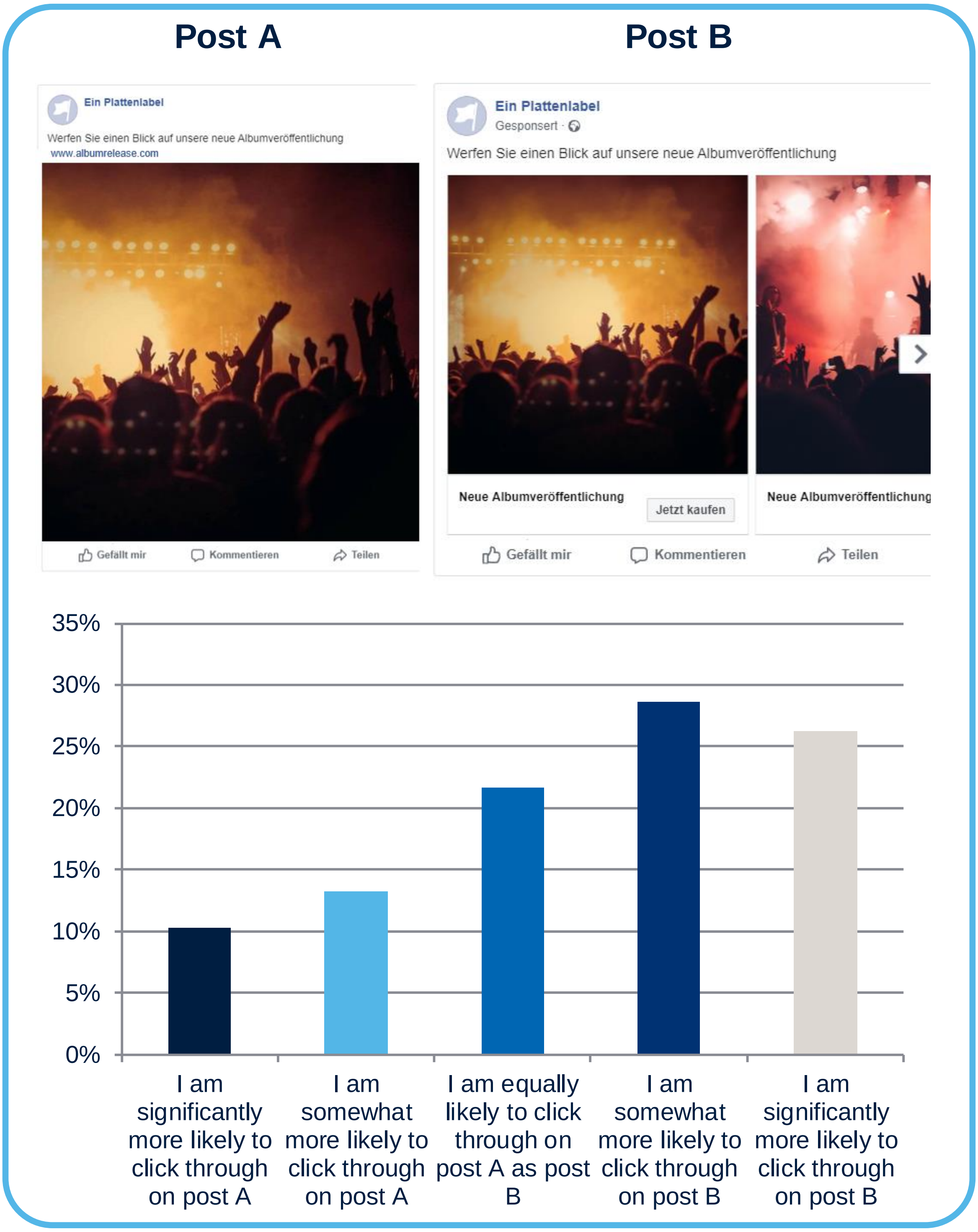
In particular, as part of the survey, we presented respondents with a generic post with a link to a product (Post A in Box 4.1 and Post A in Box 4.2) next to the same post in a carousel format (Post B in Box 4.1) and a 'shop/story' format (Post B in Box 4.2), then asked which post they would be more likely to click through on (if any).

We found that of those who were more likely to click through on one post or the other:

- 55% were more likely to click through and purchase on the carousel post than the owned post with a purchase link;
- 47% were more likely to click through and purchase from an 'shop/story' post than the owned post with a purchase link.

This suggests Facebook's conversion tools can help to facilitate conversion by offering a more engaging way to display creative products to potential paying customers.

Box 4.1 Respondent preferences for 'carousel' posts



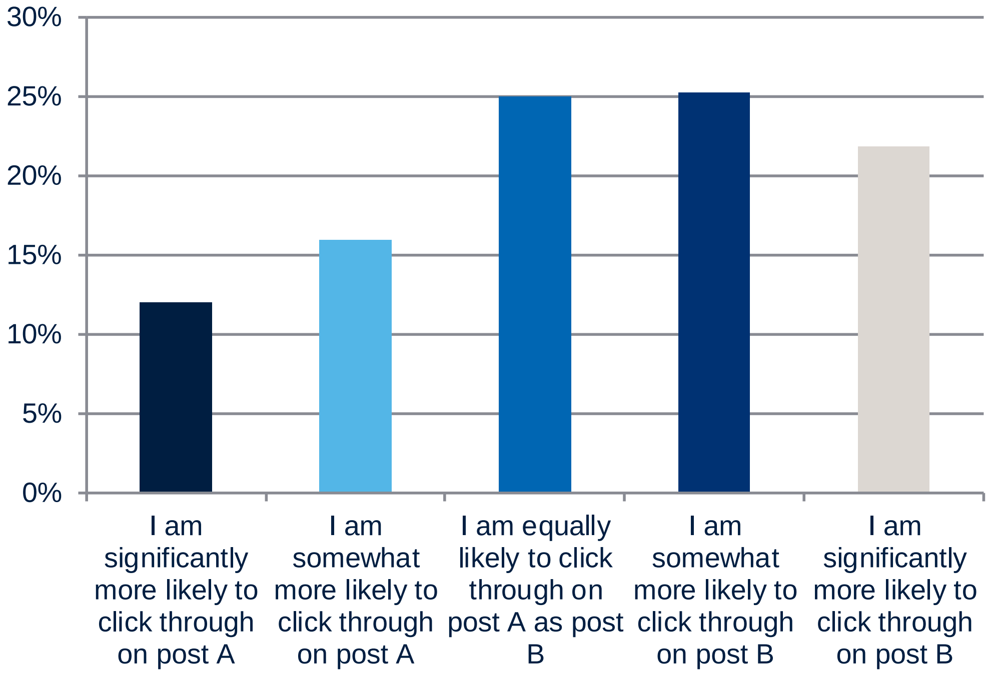
Source: Oxera analysis. See Q23 and Q24 in Appendix A1.

Note: Respondents were asked to indicate which post they were more likely to click through and purchase from. The position of the posts was randomised to control for order effects (where the response to a question is influenced by the order in which the options appear). Analysis excludes respondents who indicated that they were unlikely to click through on either post.

Box 4.2 Respondent preferences for ‘shop now’ posts

Post A

Post B



Source: Oxera analysis. See Q23 and Q24 in Appendix A1.

Note: Respondents were asked to indicate which post they were more likely to click through and purchase from. The position of the posts was randomised to control for order effects (where the response to a question is influenced by the order in which the options appear). The analysis excludes respondents who indicated that they were unlikely to click through on either post. Note that for Post B, Instagram survey respondents saw a story post with a ‘shop now’ swipe-up.

5 Conclusion and implications

The assessment presented throughout this report has shown how social platforms like Facebook and Instagram can generate significant benefits for creative artists and consumers of creative content in the EU. It is crucial that the mechanisms behind this value creation are well understood by policymakers in order to avoid unintentionally jeopardising these gains when considering policy interventions.

5.1 Mechanisms of value creation

Social media platforms help to match consumers with the content they are more likely to enjoy and help creators to **reach** the relevant audience, **engage** them, and then **convert** or monetise this engagement.

Reach

When a creator promotes a new piece of work, their first step is to reach the most relevant audience and build awareness of that content. Our research found that digital platforms provide an important channel for creators to reach consumers from across the EU (see section 2):

- 84% of the Facebook and Instagram users we surveyed have discovered creative content on these platforms;
- of whom, 56% said they had discovered creative content that they do not think they would have found by other means (representing 47% of all the users we surveyed);
- meanwhile, 35% of the Facebook and Instagram users we surveyed discovered creative content from another EU country on the platforms.

Engage

Facebook and Instagram facilitate greater interaction between users and creators, supporting a virtuous cycle of content discovery that helps creators to reach more consumers and consumers to discover more relevant content (see section 3). Our research found that:

- 73% of the Facebook and Instagram users we surveyed said they engaged with creator pages, accounts, or posts on the platforms by liking them, commenting on them, or tagging a friend, making it more likely that their friends will also be shown that content.
- 61% of the Facebook and Instagram users we surveyed said they had discovered content from friends that they do not think they would have found otherwise.
- 55% of our respondents said that they were 'fairly likely' or 'very likely' to re-share content they received from a friend with another friend or group, while 49% said they were 'fairly likely' or 'very likely' to tag another friend.

Furthermore, Facebook and Instagram allow creators to build up a following of fans and allow users to like or follow creators they are interested in. We found that this fanbase interaction is inherently valuable to consumers, with 20% of the Facebook and Instagram users we surveyed saying that they engaged with creative content on the platforms because they enjoyed interacting with the artist.

However, building a following is also valuable to creators, as it allows them to promote themselves and their content to their audience for free by posting to their account. From the consumer's perspective, this also helps them to discover new creators and new content that is relevant to them. Of the Facebook and Instagram users we surveyed, 56% are likely to follow an account when they discover relevant creative content, and of these, 81% are then likely to go on to watch videos, listen to songs, or read articles posted by that creator (either on another online platform or offline via physical media).

Convert

Once a creator has engaged their audience, they need to be able to convert this engagement into an income stream. Facebook and Instagram help to facilitate conversion either directly (where the user pays to purchase, download, or stream content), or indirectly (where the creator earns advertising or affiliate revenue as a user views their content), both on- and off-platform.

- **On-platform:** approximately 50% of Facebook and Instagram users we surveyed are likely to engage with sponsored content shared by a liked page/followed account or watch a video featuring instream ads.
- **Off-platform:** 47% of Facebook and Instagram users we surveyed report at least 'occasionally' purchasing creative content or products after seeing them on the platforms.

5.2 What are the implications?

This report sheds further light on the symbiotic relationship that exists between social media platforms and content creators. This is particularly the case given the specific economic characteristics of the creative content (i.e. experience goods, with no absolute measure of quality, and a focus on innovation—see section 1.2) and the behavioural tendencies of content consumers (e.g. the 'bandwagon effect', learning from others, and 'herd behaviour'—see section 1.3).

We found that social media platforms are an important part of the creative industries' ecosystem, helping to overcome the matching problem by efficiently connecting creators with interested audiences, and consumers with content that they are likely to enjoy. This generates value for all parties, including:

- **consumers:** who benefit from discovering new creative content they may not otherwise have encountered;
- **creators:** who gain additional reach, increased engagement with fans, and new monetisation options;
- **platforms:** who remain a relevant portal for both creators and users.

When considering policies that impact on how creative content can be shared across digital platforms, it is therefore important for policymakers to be cognisant of the value-generating mechanisms discussed in this report. A failure to do so could risk undermining the ability of social media platforms to deliver these benefits.

One particular benefit of social media platforms for creators are the various features that encourage social sharing and consumer engagement. As discussed in section 1.3.1, and cross-checked through our survey research (see section 3.1), these features can help to create a virtuous cycle of content discovery that provides a free boost to audience reach and engagement for creators. However, certain policy interventions designed to *promote* creator rights could have the unintended consequence of *diminishing* these valuable benefits.

Another significant benefit of social media platforms for the creative industries is their ability to carry a wide variety of different creative content, while also exposing users to the content that is most relevant to them. Consumers gain from increased opportunities to discover creators or content that that they would not otherwise have encountered, while creators benefit from being efficiently matched to an interested audience. This can be particularly important for smaller creators, or creators of niche content, who may otherwise find it difficult to reach an audience in a cost-effective manner.[62] However, once again policymakers must remain cognisant to ensure that any intervention does not jeopardise this benefit.

[62] We note there is a related issue—particularly around news and current affairs—concerning the formation of 'echo chambers', in which consumers are exposed to only one point of view. In this context, the benefit to consumers of having access to varied viewpoints and smaller creators remains, so long as this forms part of a balanced 'media diet'.

A1 Consumer survey methodology

A1.1 Overview

The consumer survey provides a quantification of the theoretical insights described in our economic framework (see section 1), alongside further evidence from the academic literature, publicly available data, interviews with Facebook's product and partnership teams, and a business survey.

Oxera commissioned the market research company Accent to conduct an online survey questionnaire. The survey was carried out online during the period 7–22 October 2020, with a total of 6,004 responses. To ensure that the research is representative of the views of consumers across the European Union, the survey was run in five countries (Spain, Italy, Germany, Denmark and Romania).

A1.2 Methodology

- **Counterfactual:** as part of the assessment, we have assumed that the counterfactual is one with no similar, Facebook-like service, rather than one that involves Facebook users simply switching to an alternative social media and online advertising providers.
- **Net benefits:** our study represents an analysis of the potential benefits of Facebook's family of services (specifically Facebook and Instagram) to the creative industries in the EU. We do not seek to measure the net effect of Facebook on creative industries—which is beyond the scope of this study.
- **Creative industries definition:** for the purpose of this study we define the 'creative industries' and 'creative content' as that which pertains to publishing (including physical books, news and blogs), audio (including single tracks, podcasts and radio) and video (including traditional and streamed film, TV shows and low-budget short-form content).
- **Cognitive testing:** the questionnaire development included a cognitive testing phase to ensure that the questions were easy to understand and appropriate for the sample selected.

A1.3 Sample

Accent, Oxera's survey partner, worked with a panel company to provide the sample in the target markets.

The sample included participants that (i) use Facebook or Instagram at least once a month and (ii) have an interest in audio, audio-visual or publishing content. In addition, participants that work in advertising, marketing, or market research were screened out.

Based on their responses to screening questions, participants answered questions about a specific platform (Facebook or Instagram) and a specific creative industry (audio, audio-visual and publishing). As such, they will be automatically assigned to one of six categories: Facebook/audio; Facebook/audio-visual; Facebook/publishing; Instagram/audio; Instagram/audio-visual; Instagram/publishing.

Table A1.1 provides the breakdown of the sample across these six categories.

Table A1.1 Sample size by platform and creative industry

	Audio	Audio-visual	Publishing	**Total**
Facebook	1,201	1,343	1,150	**3,694**
Instagram	775	816	719	**2,310**
Total	**1,976**	**2,159**	**1,869**	**6,004**

Source: Oxera analysis of survey data

The survey was run in five markets (Denmark, Germany, Italy, Romania and Spain) with approximately 1,200 responses each. For each of the five markets, a minimum quota of 300 respondents for Facebook and 300 respondents for Instagram was set.

Table A1.2 provides the breakdown of the sample across countries and platform.

Table A1.2 Sample size by platform and country

	Denmark	Germany	Italy	Romania	Spain	**Total**
Facebook	787	782	688	744	693	**3,694**
Instagram	413	418	513	459	507	**2,310**
Total	**1,200**	**1,200**	**1,201**	**1,203**	**1,200**	**6,004**

Source: Oxera analysis of survey data

A1.4 Survey results in terms of total EU Facebook and Instagram users

In order to use our survey results to make statements in terms of total EU Facebook and Instagram users, some assumptions are made using respondents who were screened out of the full survey or did not complete it for other reasons, such as not answering all questions.

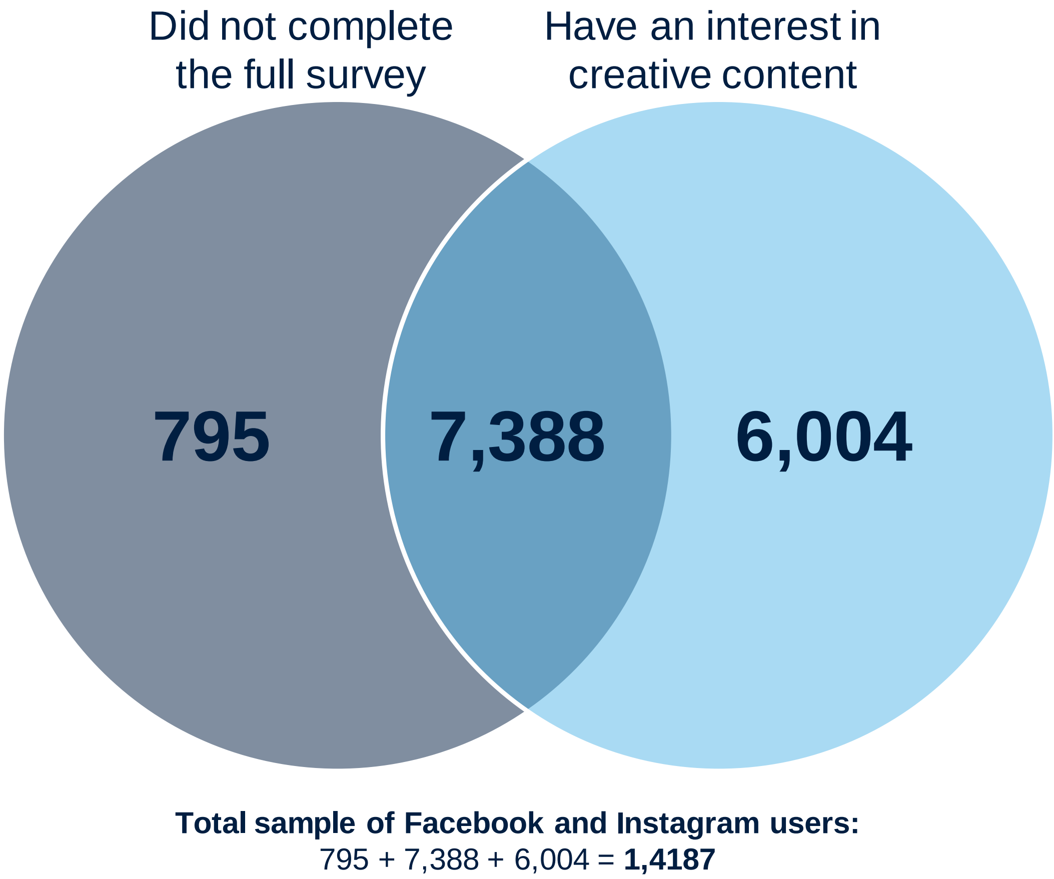
Our 6,004 survey respondents represent those who are EU users of Facebook and Instagram who are interested in creative content and who completed the full survey.[63] In order to make statements in terms of all Facebook and Instagram users, we are also required to have information about those who do not have an interest in creative content and those that do have an interest in creative content, but failed to complete all of the survey questions.

Data of our incomplete survey responses indicated that there were **8,183** respondents who indicated that they were Facebook or Instagram users but did not answer the full survey.[64] Of these, 795 indicated they were not interested in the creative content categories,[65] and 7,388 indicated that they were interested in at least one of the creative content categories, but did not fulfil the rest of the survey for other reasons.

As a result, as seen in Figure A1.1 below, this gives a total sample of 14,187 Facebook or Instagram users, 795 of whom made up the 6% who do not have an interest in creative content.

[63] As denoted by Q4, where respondents who scored themselves a 5 or above were deemed to have an interest in creative content.
[64] Either because they were screened out or because they did not finish the full survey.
[65] As indicated by scoring themselves a 4 or below in each category in Q4. These participants were screened out of the full survey.

Figure A1.1 Total sample of Facebook and Instagram users and their preference for creative content



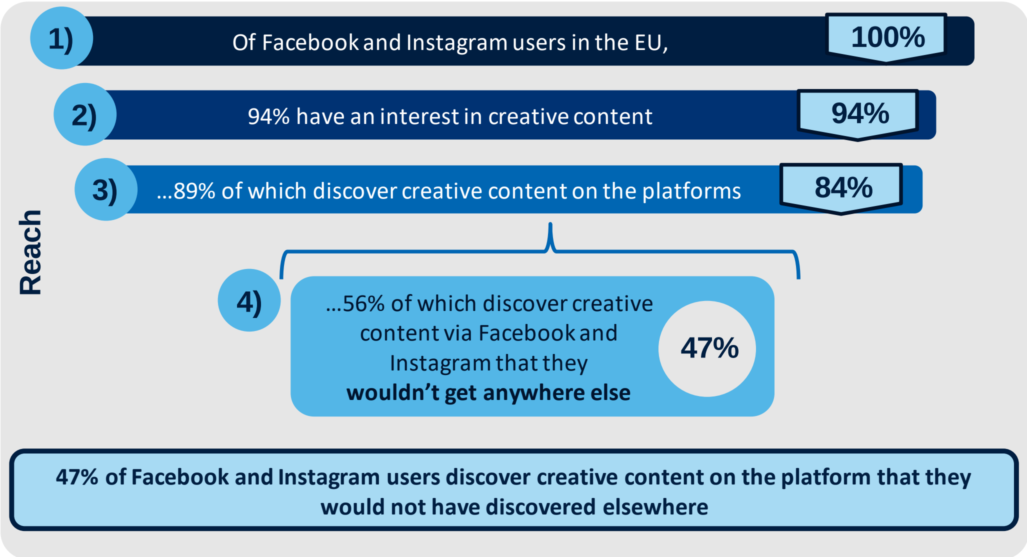
Source: Oxera analysis.

Note: It is still permissible to trust the interest in creative content responses for respondents who did not complete the full survey as we have no reason to believe that their answers will fundamentally differ to the 6,004 who did complete the full survey.

Unless otherwise specified, the result that 6% of Facebook and Instagram users do not have an interest in creative content has been used combined with the 'raw' survey statistics in order to quote results in terms of total Facebook and Instagram users.

For example, in Figure A1.2 below, the percentages in the light blue boxes constitute the proportion of EU Facebook and Instagram users to which the statement applies. As the first level represents all Facebook and Instagram users in the EU, this constitutes 100%. The second level uses our result from the survey incompletes analysis to demonstrate the 94% of all Facebook and Instagram users who have an interest in creative content. The third level uses our result from survey Q8, where 89% of our survey respondents indicated that they at least 'sometimes' discover creative content on the platforms, and applies this result to the level above (89% x 94%), to conclude that 84% of all EU and Facebook and Instagram users at least 'sometimes' discover content on the platforms. In this way, we are able to quote our survey results in terms of all EU Facebook and Instagram users, despite the survey statistics only representing the views of those whom have an interest in creative content.

Figure A1.2 Example of how survey responses are quoted in terms of all Facebook and Instagram users



In addition, unless otherwise specified, the 'raw' survey statistic base is those that are Facebook and/or Instagram users, have an interest in creative content and at least 'sometimes' discover creative content on Facebook and/or Instagram. The 'raw' statistic is then applied to the 84% that at least 'sometimes' discover creative content on the platforms, in or to quote our survey results in terms of all Facebook and Instagram users.

For example, as in level 4 in Figure A1.2, the sample is appropriately segmented in line with the statement. For example, the result that 56% of respondents in Q12 agreed with the statement that they discover content on the platforms that they would not have found anywhere else, applies to the survey respondents to whom level 3 and above applies (that they are a Facebook and/or Instagram user, that they have an interest in creative content and that at least 'sometimes' discover creative content on the platforms) and not to the entire survey sample.

A1.5 Consumer survey significance testing

A1.5.1 Applicability to the population of Facebook and Instagram users

In order to test the applicability of our survey results to the population of EU Facebook and Instagram users, we have calculated 95% confidence intervals for each survey statistic, found in Table A1.3. These intervals would contain the true population parameter in approximately 95% of cases.

Because we have the majority of our survey statistics in order to quote in terms of total Facebook and Instagram users (as explained in Appendix A1.4) the table shows both the confidence interval for the 'raw' survey statistic (i.e. the proportion of survey respondents) and the 'adjusted' survey statistic (these are the figures that are quoted in the report).

Table A1.3 Survey statistic confidence intervals

Statistic	Q#	Answers included	Base	Raw survey statistic			Adjusted in terms of Facebook and Instagram users		
				Central	Lower	Upper	Central	Lower	Upper
% of users that have an interest in creative content	4	Answered 5 or above for at least 1 category	14187	94%	94%	95%	94%	94%	95%

Statistic	Q#	Answers included	Base	Raw survey statistic			Adjusted in terms of Facebook and Instagram users		
				Central	Lower	Upper	Central	Lower	Upper
% that discover at content at least 'sometimes' from Facebook or Instagram	8	Sometimes, Regularly, Always	6004	89%	88%	89%	84%	82%	85%
% that 'agree' that they discover creative content via Facebook or Instagram that they would not get anywhere else	12	Agree, Strongly agree	5314	56%	55%	58%	47%	45%	49%
% that are 'likely' to 'follow an account' (IG) or 'like a page' (FB) if content is of interest to them	15	Fairly likely, Very likely	5314	67%	66%	68%	56%	54%	58%
% that are 'likely' 'read an article/watch a video/listen to a song'	22	Fairly likely, Very likely	3556	81%	80%	83%	45%	43%	48%
% of users that at least ‘occasionally’ purchase something directly after seeing it on Facebook or Instagram by following a link	25	Occasionally, Frequently, Very Frequently	5314	36%	35%	37%	30%	28%	31%
Of those that 'rarely', 'very rarely' or 'never' purchase directly, the % that at least 'occasionally' would purchase through another channel later	26	Occasionally, Frequently, Very Frequently	3411	31%	30%	33%	17%	16%	18%
the percentage that were 'fairly likely' or 'very likely' to take any engagement action	15	Fairly likely, Very likely	5314	87%	86%	88%	73%	71%	75%
the percentage that are ‘fairly likely’ or ‘very likely' to 'like it'	15	Fairly likely, Very likely	5314	72%	71%	73%	60%	58%	62%
the percentage that are ‘fairly likely’ or ‘very likely' to 'comment on it'	15	Fairly likely, Very likely	5314	51%	50%	52%	43%	41%	44%
the percentage that are ‘fairly likely’ or ‘very likely' to 'send to a friend or group'	15	Fairly likely, Very likely	5314	60%	59%	62%	50%	49%	52%
the percentage that are ‘fairly likely’ or ‘very likely' to 'tag a friend'	15	Fairly likely, Very likely	5314	50%	49%	52%	42%	40%	44%
% agree that friends share creative content they would not have seen otherwise	12	Agree, Strongly agree	5314	61%	60%	63%	31%	29%	33%

Statistic	Q#	Answers included	Base	Raw survey statistic			Adjusted in terms of Facebook and Instagram users		
				Central	Lower	Upper	Central	Lower	Upper
When tagged or commented from friend, % that are likely to 'send to a friend or group'	17	Fairly likely, Very likely	5314	55%	53%	56%	28%	26%	29%
When tagged or commented from friend, % that are likely to 'tag a friend'	17	Fairly likely, Very likely	5314	49%	48%	51%	25%	23%	26%
Social media provides me with useful information (including updates of friends and family)	28	Agree, Strongly agree	6004	72%	71%	73%			
Social media enables me to find new content	28	Agree, Strongly agree	6004	73%	72%	74%			
% that discover content from another EU country	11		5314	42%	41%	43%	35%	33%	37%
% that get a wider variety of content because of the platform	12	Agree, Strongly agree	5314	56%	55%	57%	47%	45%	49%
% that engage because 'of interest to someone I know'	16		5314	50%	48%	51%	42%	40%	43%
% that engage because 'want to know about likes and dislikes'	16		5314	35%	34%	37%	29%	28%	31%
% that engage with posts more if a friend shares	20	Somewhat agree, Completely agree	5314	69%	68%	70%	58%	56%	59%
% that engage with posts more if from an account they follow	20	Somewhat agree, Completely agree	5314	67%	66%	68%	56%	54%	58%
% that engage 'As part of my engagement with other fans/followers/group members'	16		6004	28%	27%	30%			
% that purchase at least 'occasionally' because a friend or account recommends	27	Occasionally, Frequently, Very Frequently	6004	37%	36%	39%	31%	30%	33%
… with % doing it frequently	27	Frequently, Very Frequently	6004	8%	8%	9%	7%	6%	8%
when encountering relevant creative content, % that are likely to 'share it on another platform'	15	Fairly likely, Very likely	5314	39%	38%	41%	33%	31%	34%

Statistic	Q#	Answers included	Base	Raw survey statistic			Adjusted in terms of Facebook and Instagram users		
				Central	Lower	Upper	Central	Lower	Upper
when encountering relevant creative content, % that are likely to 'visit a profile'	15	Fairly likely, Very likely	5314	67%	66%	68%	56%	54%	58%

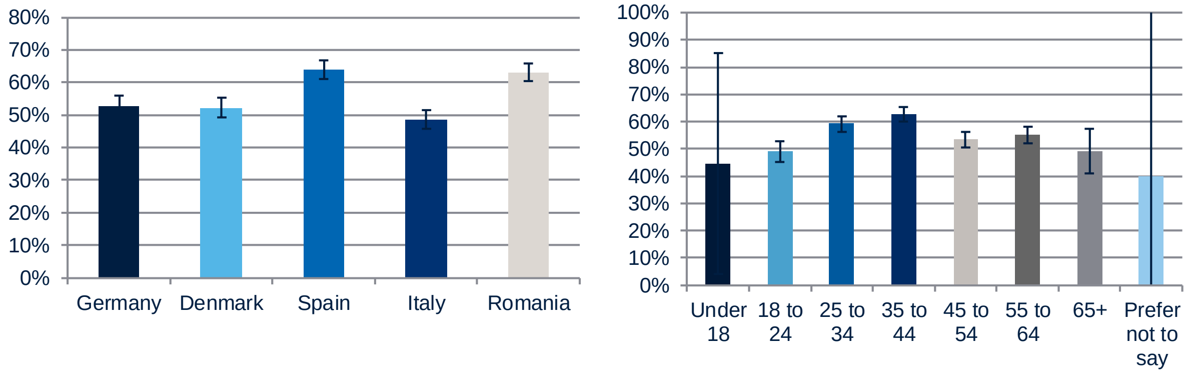
Source: Oxera analysis

Note: The 'base' number is lower for some statistics than others where the sample has been segmented in line with the statement presented. For example, the '% that 'agree' that they discover creative content via Facebook or Instagram that they would not get anywhere else' uses the base of 5,314 survey respondents who at least 'sometimes' discover creative content from Facebook or Instagram.

A1.5.2 Country and age differences

Our survey sample is intended to represent a EU Facebook and Instagram users as a whole, and hence respondents from five representative countries were chosen. While our results are quoted on the aggregate, there are some significant differences between responses from the countries and between respondents of different age brackets. Some examples of where percentage averages differ by country and age are shown in the figures below.

Figure A1.3 Country and age differences for the proportion of survey respondents that 'agree' that they discover creative content via Facebook or Instagram that they would not get anywhere else

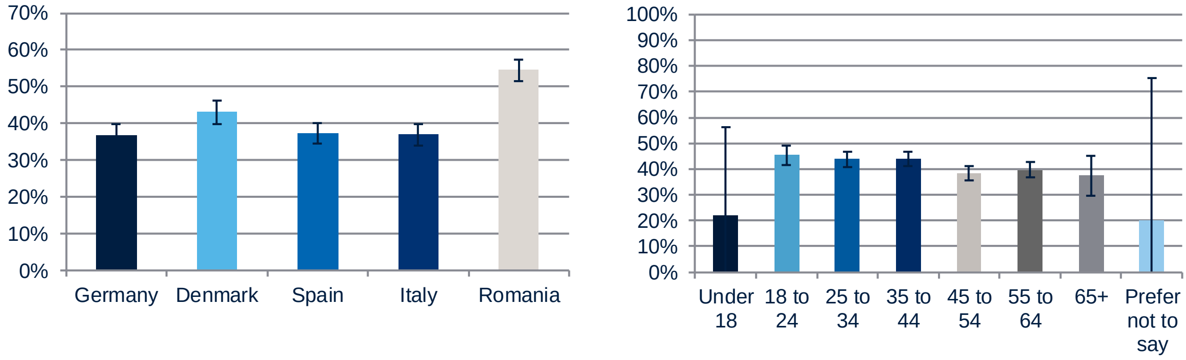


Note: Large error bars for those aged 'under 18' or 'prefer not to say' are due to the small number of respondents in these categories, specifically, n=9 and n=5 respectively. In all cases the 'raw' survey statistic is shown, not the 'adjusted in terms of Facebook and Instagram users' statistic (see further explanation in Appendix A1.5.1)

Source: Oxera survey analysis

As can be seen in Figure A1.3, respondents in Spain and Romania are more likely discover creative content on Facebook or Instagram that they would not find anywhere else. Those aged 35 to 44 are also most likely to discover creative content on Facebook or Instagram that they would not find anywhere else.

Figure A1.4 Country and age differences for the proportion of survey respondents that discover creative content from another EU country

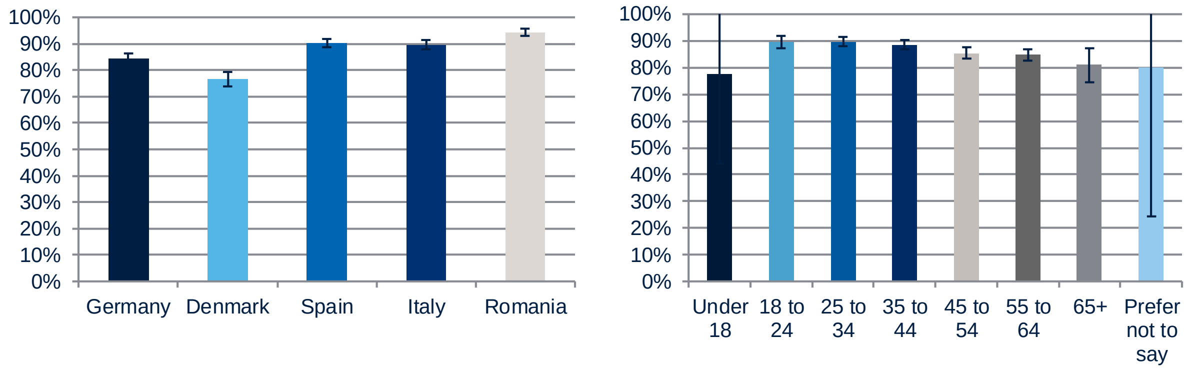


Note: Large error bars for those aged 'under 18' or 'prefer not to say' are due to the small number of respondents in these categories, specifically, n=9 and n=5 respectively. In all cases the 'raw' survey statistic is shown, not the 'adjusted in terms of Facebook and Instagram users' statistic (see further explanation in Appendix A1.5.1)

Source: Oxera survey analysis

Excluding those aged under 18 and those who 'prefer not to say' their age, younger respondents are marginally more likely to discover creative content from another EU country.

Figure A1.5 Country and age differences for the proportion of survey respondents that are 'fairly likely' or 'very likely' to take any engagement action if creative content is of interest to them

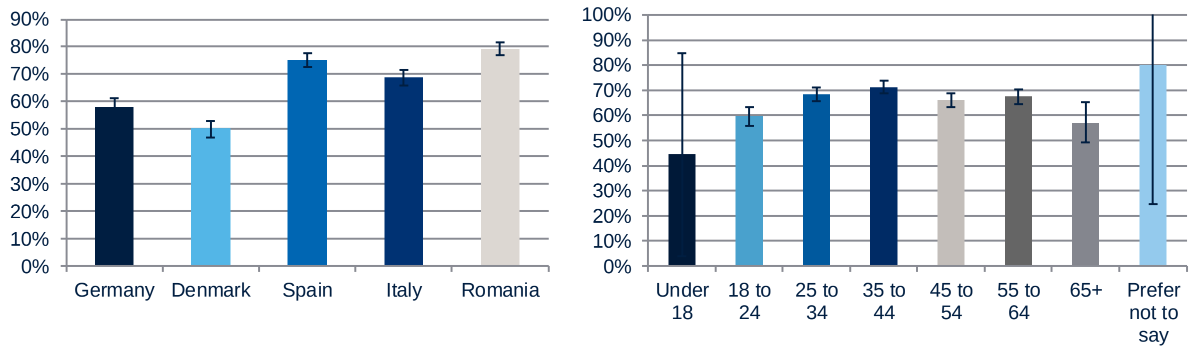


Note: Large error bars for those aged 'under 18' or 'prefer not to say' are due to the small number of respondents in these categories, specifically, n=9 and n=5 respectively. In all cases the 'raw' survey statistic is shown, not the 'adjusted in terms of Facebook and Instagram users' statistic (see further explanation in Appendix A1.5.1)

Source: Oxera survey analysis

As can be seen in Figure A1.5, respondents in Romania are most likely to take some kind of engagement action if content is of interest to them. Excluding those aged under 18, younger Facebook and Instagram users are more likely to take at least one engagement action that older users.

Figure A1.6 Country and age differences for the proportion of survey respondents that are 'likely' to 'follow an account' (IG) or 'like a page' (FB) if creative content is of interest to them



Note: Large error bars for those aged 'under 18' or 'prefer not to say' are due to the small number of respondents in these categories, specifically, n=9 and n=5 respectively. In all cases the 'raw' survey statistic is shown, not the 'adjusted in terms of Facebook and Instagram users' statistic (see further explanation in Appendix A1.5.1)

Source: Oxera survey analysis

As can be seen in Figure A1.6, respondents in Spain and Romania are more likely to follow an account or like a page if creative content is of interest to them. Those aged 35 to 44 are also most likely to follow an account or like a page.

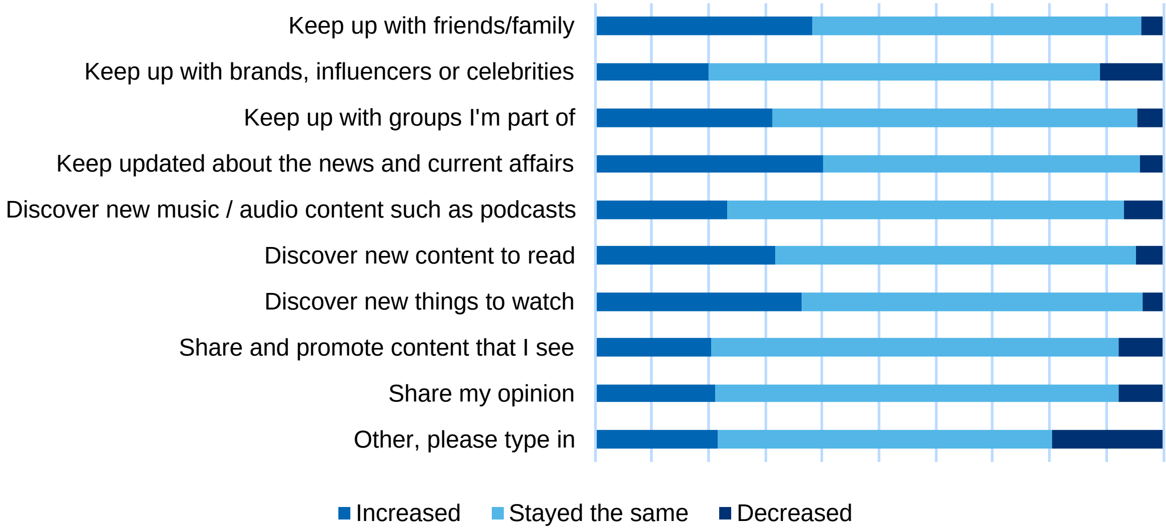
A1.6 COVID-19

As the survey was undertaken during the COVID-19 pandemic and related lockdown measures, questions were included in the survey to draw out any changes in behaviour related to the current situation and to encourage participants to think about how this might affect their needs and behaviour in the future.

As seen in Figure A1.7 below, respondents largely noted that their usage of Facebook and Instagram had stayed the same. That said, there were areas where some respondents noted that their usage had increased—for example, for keeping up with news and current affairs. Where usage had increased, the most commonly cited reason was 'I have had more time'.

Given that the majority of respondents usage had stayed the same, we would expect that COVID-19 has not materially affected how consumers use digital platforms to discover creative content (if at all), and therefore would expect our results to remain valid.

Figure A1.7 Responses to the question 'Thinking about the different ways you use [PLATFORM], how has this changed during the COVID-19 lockdown that started in March?'



Source: Oxera analysis.

A1.7 Survey questions

The following section outlines the questions presented to respondents.

A1.7.1 Screening questions

Q1. Do you work in any of the following industries? Please tick all that apply.

Marketing
Market Research
Advertising
None of these

Q2. In the past three months, how often have you used any of the following platforms:

At least once per day At least once a week At least once a month Less than once a month Never used this platform

Facebook
Instagram
LinkedIn
Oculus
Pinterest
Reddit
Snapchat
Tik Tok
Tumblr
Twitter
YouTube

[Note: platforms order was randomised]

Q3. Thinking about how you use social media currently, how much do you use [**platforms]** for the following reasons?

	Not at all	Rarely	Sometimes	Often	All the time
Keep up with friends/family					
Keep up with brands, influencers or celebrities					
Keep up with groups I'm part of **[FACEBOOK ONLY]**					
Keep updated about the news and current affairs					
Discover new music / audio content such as podcasts					
Discover new content to read					
Discover new things to watch					
Share and promote content that I see					
Share my opinion					
Other, specify					

[Note: If selected in Q2, Facebook and/or Instagram were shown along with a third platform selected at random where applicable]

Q4. On a scale of 0 to 10, please tell us how interested you are in these creative industries.

0 1 2 3 4 5 6 7 8 9 10

Not at all interested Very interested

Video
Audio
Publishing
Not interested in any of these

Respondents were screened out if:

- They work in advertising, marketing or market research (Q1), or;
- They do not use Facebook or Instagram at least once a month (Q2), or;
- When 0 represents 'not at all interested' and 10 represents 'very interested', they score themselves 4 or below for all of video, audio and publishing (Q4).

A1.7.2 Survey questions

As mentioned above, based on their responses to screening questions, respondents who reached this stage were assigned to one of six categories: Facebook/audio; Facebook/audio-visual; Facebook/publishing; Instagram/audio; Instagram/audio-visual; Instagram/publishing.

Participants answered the following questions about a specific platform (Facebook or Instagram) and a specific creative industry (audio, audio-visual and publishing).

Q5. Thinking about the different ways you use [PLATFORM], how has this changed during the COVID-19 lockdown that started in March?

	Increased	Stayed the same	Decreased
Keep up with friends/family			
Keep up with brands, influencers or celebrities			
Keep up with groups I'm part of **[FACEBOOK ONLY]**			
Keep updated about the news and current affairs			
Discover new music / audio content such as podcasts			
Discover new content to read			
Discover new things to watch			

Share and promote content that I see
Share my opinion
Other, specify

Q6. [For those who answered: Increased, to Q5] Why has your usage increased for the areas below?

I have had more time I have discovered new interests For practical reasons I have discovered new ways of getting content I like Other, specify

Keep up with friends/family
Keep up with brands, influencers or celebrities
Keep up with groups I'm part of **[FACEBOOK ONLY]**
Keep updated about the news and current affairs
Discover new music / audio content such as podcasts
Discover new content to read
Discover new things to watch
Share and promote content that I see
Share my opinion
Other, specify

Q7. [For those who answered: Increased, to Q6] As the COVID-19 lockdown restrictions have eased, how have you noticed your use of [PLATFORM] changing?

It has stayed as it is was during lockdown It is going back to how it was before the lockdown Unsure

Keep up with friends/family
Keep up with brands, influencers or celebrities
Keep up with groups I'm part of **[FACEBOOK ONLY]**
Keep updated about the news and current affairs
Discover new music / audio content such as podcasts
Discover new content to read
Discover new things to watch
Share and promote content that I see
Share my opinion
Other, specify

Q8. Please now think about creative content, particularly [CATEGORY] content. How often do you **discover new content** through each of the following channels?

Never Rarely Sometimes Regularly Always
TV
Radio
Print media such as newspaper or magazine
Google and other search engines
Word of mouth
Facebook [**ONLY IF MENTIONED IN Q2]**
Instagram [**ONLY IF MENTIONED IN Q2]**
Blogs and/or other social media outlets

Q9. Thinking about the [CATEGORY] content you have discovered on [PLATFORM], where does this content typically come from? Please select all that apply.

Posts (incl sponsored content) from friends/family
Posts from pages you follow/like **[FACEBOOK ONLY]**
Posts from accounts you follow/like **[INSTAGRAM ONLY]**

Posts from pages you don't follow/like **[FACEBOOK ONLY]**
Posts from accounts you don't follow/like **[INSTAGRAM ONLY]**
"Search" function on Instagram
Sponsored posts in your feed **[FACEBOOK ONLY]**
Story ads / photo ads **[INSTAGRAM ONLY]**
Groups on Facebook
Videos posted in Facebook "Watch" **[AV AND AUDIO ONLY]**
Facebook Stories **[IF FACEBOOK MENTIONED IN Q2]**
Instagram Stories **[IF INSTAGRAM MENTIONED IN Q2]**
Other, specify

Q10. What proportion of the [CATEGORY] content you have discovered on [PLATFORM] comes from each of these sources? Please distribute 100 points across the features below.

[Lists all that are selected from Q9]

Q11. Thinking about the [CATEGORY] content you have discovered through [PLATFORM], where does this content come from? Please select all that apply.

From [HOME COUNTRY]
From another European country including the UK
From a non-European country
I don't know where this content comes from

Q12. How much do you agree with the following statements?

Strongly disagree Disagree Neither agree nor disagree Agree Strongly agree Don't know

I [watch / listen to / read] a wider variety of content because of [PLATFORM]
I discover [CATEGORY] content on [PLATFORM] that I would not normally discover from anywhere else
My friends share [CATEGORY] content that I wouldn't have seen otherwise
I have the opportunity to discover new interests while browsing
The sponsored posts on [platform] that I see introduce me to new [CATEGORY] content that I would not have seen otherwise

Q13. Can you explain the reason behind your answer?

[Free text box]

Q14. Thinking now about the content you see on [PLATFORM]. In general, how relevant do you find [CATEGORY] content you see on [PLATFORM] if it comes from…

Not at all relevant Not very relevant Neither Fairly relevant Very relevant Don't know

Posts from friends/family
Posts from brands you follow/like
Posts from brands I don't follow/like
"Search" function on Instagram
Sponsored posts in your feed
Sponsored posts shared by friends/family
Groups on Facebook
Videos on Facebook "Watch"
Facebook Stories
Instagram Stories
Other, specify

Q15. Thinking about when you see [CATEGORY] content on [PLATFORM] that is of interest to you, how likely are you to engage with that content by …

Not at all likely Not very likely Neither Fairly likely Very likely Don’t know

Visiting a profile
Commenting on it
Sharing it [Facebook]
Liking it
Sending to a friend or group
Tagging a friend
Saving it
Liking a page [Facebook]
Joining a group [Facebook]
Following an account [Instagram]

Q16. In general, thinking of how you typically engage with posts about [CATEGORY] content on [PLATFORM], what makes you decide to do that? Please tick all that apply.

Because I like to interact with the artists
As part of my engagement with other fans/followers/group members
Because I want my friends/followers to know about my likes and dislikes
Because I think it will be of interest to someone else I know
Other, please specify:
I have never engaged with a post about [CATEGORY] content on [PLATFORM]

Q17. Thinking specifically about **when a friend has liked, commented or tagged you** in a post for [CATEGORY] content on [PLATFORM] that is of interest to you, how likely are you to …

Not at all likely Not very likely Neither Fairly likely Very likely Don’t know

Visit a profile
Comment on
Like
Send to a friend or group
Tag a friend
Save **[INSTAGRAM ONLY]**
Share **[FACEBOOK ONLY]**

Q18. Please take a look at the two posts below [labelled post A and post B]. Imagine you see these posts like these in your [PLATFORM] feed and the [CATEGORY] content is of interest to you. For which post, would you be more likely to click through to learn more.

I am significantly more likely to click through on post A
I am somewhat more likely to click through on post A
I am equally likely to click through on post A as post B
I am somewhat more likely to click through on post B
I am significantly more likely to click through on post B
I am unlikely to click through on either post

[Note: the order of the images is randomised]

Q19. [As above but respondents compare one of the above images with a third image in a randomised order] And please also look at this next post. Imagine you see this in your feed and the [CATEGORY] content is of interest to you. For which post, would you be more likely to click through to learn more.

I am significantly more likely to click through on post A
I am somewhat more likely to click through on post A
I am equally likely to click through on post A as post B
I am somewhat more likely to click through on post B
I am significantly more likely to click through on post B
I am unlikely to click through on either post

Q20. Please now think about how you engage with content that appears in your feed. Look at the statements below and let us know to what extent you agree or disagree with them.

By engaging, we mean doing any of the following:

- Visit a profile
- Comment on
- Like
- Send to a friend or group
- Tag a friend
- Share [**FACEBOOK ONLY]**
- Like a page [**FACEBOOK ONLY]**
- Join a group [**FACEBOOK ONLY]**
- Follow an account **[INSTAGRAM ONLY**]
- Save [**INSTAGRAM ONLY]**

Completely disagree Somewhat disagree Neither Somewhat agree Completely agree

I engage with posts more if a friend shares them
I engage with posts more if it comes from an account I follow
I engage with sponsored posts that are relevant to me if they appear on my feed

Q21. Please now think about [PUBLISHING: articles you have read on [PLATFORM]] [AUDIO: songs you have heard on [PLATFORM]] [AV: videos you have watched on [PLATFORM]], approximately what percentage of this kind of [CATEGORY] content that you see on [PLATFORM] comes from [FACEBOOK: a page you have liked?] [INSTAGRAM: an account you follow?]

[PERCENTAGE SLIDER – 0% to 100%]

Q22. Please now think about [FACEBOOK: a page you have liked] [INSTAGRAM: an account you follow] relating to [CATEGORY] content, compared with how likely are you to…

	Not at all likely	Not very likely	Neither	Fairly likely	Very likely
Engage with branded content they share					
Watch a video that includes an advert for something else					
Listen to a song/album they post [**AUDIO ONLY**]					
Watch content they post [**AV ONLY**]					
Read an article they post [**PUBLISHING ONLY**]					
I don't see this kind of content					

Q23. [As in Q20, participants are asked to look at two post types, labelled A and B] Please now look at the following posts. Imagine you see this in your [PLATFORM] feed and the [CATEGORY] content is of interest to you. For which post would you be more likely to click through to make a purchase?

I am significantly more likely to click through on post A
I am somewhat more likely to click through on post A
I am equally likely to click through on post A as post B
I am somewhat more likely to click through on post B
I am significantly more likely to click through on post B
I am unlikely to click through on either post

[Note: the order of the images is randomised]

Q24. [As above but respondents compare one of the above images with a third image in a randomised order] And please also look at this next post. Imagine you see this in your feed and the [CATEGORY] content is of interest to you. For which post would you be more likely to click through to make a purchase?

I am significantly more likely to click through on post A
I am somewhat more likely to click through on post A
I am equally likely to click through on post A as post B
I am somewhat more likely to click through on post B
I am significantly more likely to click through on post B
I am unlikely to click through on either post

Q25. How often do you purchase something directly after seeing it on [PLATFORM] by following a link?

Never
Very rarely
Rarely

Occasionally
Frequently
Very Frequently

Q26. And how often would you purchase the same item later through a different channel?

Never
Very rarely
Rarely
Occasionally
Frequently
Very Frequently

Q27. How often do you make a purchase because a [FACEBOOK: Facebook friend] [INSTAGRAM: account you follow] recommended the item?

Never
Very rarely
Rarely
Occasionally
Frequently
Very Frequently

Q28. Please take a look at the statements below and let us know to what degree you agree or disagree.

Disagree strongly Disagree Neither agree nor disagree Agree Strongly agree

Social media provides me with useful information (including updates of friends and family)
Social media enables me to find new content
I'm open to finding new content on social media through sponsored posts and recommendations
I find sponsored content on social media diminishes the experience

Q29. [Facebook respondents only] What is the main device you use to log into your Facebook account?

Mobile phone
Tablet
Computer/laptop

Q30. What age category do you fall into?

18-24
25-34
35-44
45-54
55-64
65+
Prefer not to say

Q31. Please indicate if you are ….

Male
Female
Prefer to self-ascribe: **DP CREATE TEXT BOX**
Prefer not to say

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