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How does Facebook generate value for creative industries in the EU?

Evidence from a survey of EU content creators

Prepared for
Facebook

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About this report

This second report (our 'Creator Report') explains, from the perspective of content creators, how Facebook benefits the creative industries in the EU. This complements our first report ('the Consumer Report'),[1] which explained how digital platforms have transformed the way that consumers experience the creative arts, delivering significant benefits for both audiences and creators.

Both of these reports were commissioned by Facebook to help inform the policy debate around digital platforms and the creative industries. Our studies do not attempt to provide an overall 'net benefit' of Facebook to creators;[2] rather, they help us to 'look under the hood' and explore the value-creation mechanisms that different Facebook services offer the creative industries.

The economics of both the creative industries and digital platforms are complex. As such, it is important to understand how platforms can benefit creators if they are to avoid unintentionally eroding the value on offer.

In our Consumer Report, we provided an overview of the creative industries, drawing on the tools of behavioural economics to describe the role of social interaction in the creative industries, before commissioning a consumer survey to provide an understanding of how consumers **discover**, **engage with**, and **consume** content shared by creators on Facebook and Instagram.

Our Creator Report draws on the same theoretical underpinnings, as well as a specially commissioned business survey, to provide an understanding of how **creators** use Facebook's tools, as well as the value that these tools provide.

Section 1 begins by setting out the key economic characteristics of the creative industries. We then define an economics framework around the four mechanisms through which Facebook's tools generate benefits for these industries.

Sections 2 to 5 unpack these four mechanisms, examining how creators use Facebook tools to **find** an audience, **engage** with them, **convert** their engagement into revenue (or other creator benefits), and **optimise** the distribution of their content.

Section 6 concludes and sets out the implications of our findings for policy.

Both of our studies draw on the academic literature, analysis of publicly available information, and specially commissioned consumer and creator surveys. While we have benefitted from discussions with Facebook throughout the study, the conclusions drawn reflect Oxera's views alone, and do not necessarily represent the views of Facebook.

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] Oxera (2021), 'How does Facebook benefit consumers of creative content in the EU? Evidence from a survey of EU consumers', May.
[2] 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 provides creators mechanisms to report unauthorised use of their intellectual property. Facebook provides rights holders with dedicated channels to report content they believe infringes their intellectual property 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 is 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

Below, we set out which key economic features of the creative industries differentiate them from other markets—both from the perspective of consumers and creators.

We begin by introducing the key features of the creative industries, before extending the framework introduced in our Consumer Report to further explain how digital platforms can benefit creators.[3] At the end of this section, we explain how we will test this framework throughout the rest of the report.

1.1 Key features of the creative industries

The creative industries we look at in this study are publishing (including physical books, creative writing, and blogs), audio (including single tracks, podcasts, and radio) and the audio-visual industry (including traditional and streamed film, TV shows, and user-generated, short-form content).

While content produced in these industries may differ in many ways, there are also some core features. These include:

- the infinite variety of creative expression;
- continuous innovation and reinvention by creators;
- the importance of information cascades for building awareness;
- the inherent uncertainty of demand for a given piece of content.

These characteristics help to explain why digital platforms can create value for creators. We explore each of these factors further below.

Infinite variety

The creative industries are characterised by the infinite variety of ways for creators to express themselves artistically, whether they use clay to create stop-motion films, use computers to create electronic music, or use calligraphy to write haikus. In recent years, technological developments have reduced many of the costs and constraints that creators, consumers, and other players in the traditional creative industries value chain have had to deal with when creating high-quality work and seeking an audience. This has presented many new opportunities for expression and consumption.

Creative industry intermediaries such as publishing houses, music labels, and film studios have always played an important role in choosing which products to release to consumers.[4] They choose between various creative proposals and make the resulting content available to the market at a lower variable cost than would be incurred by individual curators, thanks to economies of scale and scope. Therefore, in the past, these intermediaries were often influential in what content would reach which consumers. However, burgeoning broadband networks and rapid technological developments have presented new modes of distribution (including digital platforms), causing traditional value chains to evolve.

[3] Section 1 of our Consumer Report includes a more detailed discussion of the structure of the creative industries. Oxera (2021), ‘How does Facebook benefit consumers of creative content in the EU? Evidence from a survey of EU consumers’, May.
[4] Benghozi, P.J. and Paris, T. (2016), ‘The cultural economy in the digital age: a revolution in intermediation?’, *City, Culture and Society*, **7**:2, pp. 75–80.

In the 1990s, the falling cost of production technologies led to a rise in content creation; since then, the internet has revolutionised the way that the creative industries are organised, with new methods of content delivery removing many of the capacity constraints that previously characterised production and distribution.[5]

In the early 2000s, social media platforms such as Myspace began allowing creators to upload and distribute creative content at no cost. From then on, creators have been able to make their content widely available online, meaning that almost all creative works are given the chance to be released on the market. Low reproduction costs have allowed the widespread dissemination of creative content online, resulting in significantly more opportunities for creators and choice for consumers.[6] Many consumers now have access to the most diverse range of content in history, ranging from blockbusters by major movie studios to folk albums produced in someone's garage.

The modern market structure for creative content is therefore characterised by vast choice. In addition, the rise of on-demand content, combined with increased broadband adoption, has enabled consumers to consume this wide variety of content at any time, in any place—in contrast to the past, when individuals would access content through a limited number of distribution channels, with a limited choice of content. The combination of increased availability and variety in the market for creative content, together with online, and on-demand consumption has contributed to an increasingly fragmented demand.[7] Where traditional mass media distributes a small number of creative works to large-scale audiences, digital channels allow individuals to choose from a much broader variety of content. As a result, many works can have a small but globally dispersed audience online, with niche fanbases across borders and demographics.

While this represents an opportunity to creators to make their work available to consumers across the globe, it also presents a challenge for creators to ensure that consumers are able to find their content in an almost limitless diversity of competing artistic works. It is therefore more important than ever that tools exist which match consumers with creators whose content they will enjoy.

Continuous innovation

The development and adoption of new ideas is fundamental to the creative industries.[8] Innovation and originality is a prerequisite for science and art alike, but originality does not mean that ideas are conceived in a vacuum.[9] Rather, as Isaac Newton famously put it:[10]

> If I have been able to see farther than others, it was because I stood on the shoulders of giants.

In particular, many creative productions build on existing elements, combining different ideas and inspirations into something new.[11]

[5] Oxera (2020), 'The impact of including AV in the EU Geoblocking Regulation: evidence from industry', 4 March.
[6] Benghozi, P. J. and Paris, T. (2016), 'The cultural economy in the digital age: a revolution in intermediation?', *City, Culture and Society*, **7**:2.
[7] Mulligan, M. (2019), 'Niche is the new mainstream', MIDiA Research, https://www.midiaresearch.com/blog/niche-is-the-new-mainstream.
[8] Potts, J. and Cunningham, S. (2010), 'Four models of the creative industries', *International Journal of Cultural Policy*, **14**:3, pp. 233–47.
[9] Scheffer, M., Baas, M. and Bjordam, T. K. (2017), 'Teaching originality? Common habits behind creative production in science and arts', *Ecology and Society,* **22**:2, p. 29.
[10] Peter, L. J. (1977), *Peter's quotations: Ideas for our time*, New York, NY: Morrow.
[11] Allen, A. P. and Thomas, K. E. (2011), 'A dual process account of creative thinking', *Creativity Research Journal*, **23**, pp.109–18.

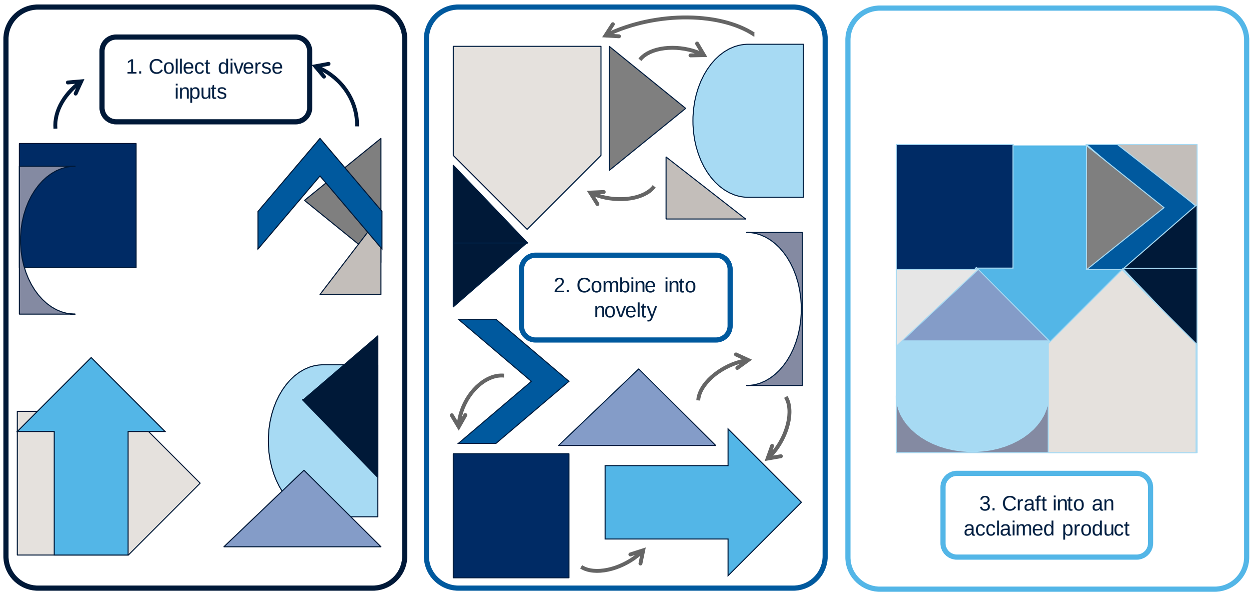
This creative process can be captured in three phases (see Figure 1.1):[12]

1. collecting diverse inputs;
2. combining them into a novelty;
3. using these inputs to craft an acclaimed product.

The development of new ideas is therefore not only down to the individual, but built on social capital;[13] to innovate, creators build on the past contributions of others and push these ideas further.[14] Indeed, most of the great contributions to science and the arts combine elements developed by predecessors in the field.[15]

The first phase of the creative process is catalysed by diverse inputs from a range of people. The chance of achieving a novel combination—and an acclaimed product—is arguably higher if creators can access a rich and diverse collection of elements.[16] The second phase involves connecting and combining the various elements in novel ways, before the third phase—crafting—in which the new idea is implemented.

Figure 1.1 The creative process



Source: Oxera.

Information cascade

Once creators have released their content to the market, audiences can begin to discover and consume it. This discovery process is facilitated by the sharing of information. Initially, the available information will be secondary to the content itself—for example, the name of the creator, the genre, the country where it was produced.[17] In the case of music, consumers might search for music relating to a specific activity (such as music for

[12] Scheffer, M., Baas, M. and Bjordam, T. K. (2017), 'Teaching originality? Common habits behind creative production in science and arts', *Ecology and Society,* **22**:2, p. 29.
[13] Paul, P. V. (2018), 'Standing on the shoulders of giants: The springboard for creativity and wisdom', *American Annals of the Deaf*, **163**:3, pp. 289–93.
[14] Paul, P. V. (2018), 'Standing on the shoulders of giants: The springboard for creativity and wisdom', *American Annals of the Deaf*, **163**:3, pp. 289–93.
[15] Nguyen, V. T. (2018), 'Don't call me a genius', *New York Times*, 14 April.
[16] Scheffer, M., Baas, M. and Bjordam, T. K. (2017), 'Teaching originality? Common habits behind creative production in science and arts', *Ecology and Society,* **22**:2, p. 29.
[17] De Vany, A. and Lee, C. (2001), '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.

driving, weddings, or working out at the gym) or mood (such as happy, heartbroken, or angry.[18] However, as more consumers discover the content and share their experiences of it, more qualitative information about the work is revealed—through word-of-mouth and critic reviews. As this information spreads through social networks, other people within those networks begin to learn about the type and perceived quality of the content.[19] This sharing of experience and increased availability of information helps creators to make their content more discoverable.

As creative content is an experience good,[20] the discovery process can benefit heavily from consumers sharing their experiences. As explained in our Consumer Report,[21] the importance of information sharing can be explained by the following behavioural characteristics:

- **Social value:** we tend to look to other people for information about what is a 'good' choice. Individuals trust that decisions made by a large group could not be 'wrong' and can therefore assume that they will enjoy what is popular.
- **Learning behaviour:** it is often difficult to assess whether you will enjoy a piece of creative content before you have experienced it. To overcome this problem, we tend to rely on the feedback of others.[22]
- **Interpersonal needs:** the importance of learning behaviour is further reinforced by our interpersonal needs. We have an intrinsic desire to be part of a group, and we may benefit from consuming the same content by creating a sense of community.[23]

Encouraging information sharing can significantly help the discovery process, given how highly consumers value the opinion of others when deciding what content to consume. Once people begin to recommend a piece of creative content, an 'information cascade' is triggered, whereby an increasing number of consumers have access to information about the type and perceived quality of that content.[24] This social interaction can spark a virtuous circle of sharing and content discovery, increasing the creator's reach and exposing their work to new audiences.[25] As such, the success of creative content depends on its quality, but also on the ability for consumers to spread information about their experience of it, and how much they enjoyed it compared to other content.

Inherent uncertainty

The creative industries are characterised by uncertainty on both the supply and demand sides of market. As set out in our Consumer Report[26] and summarised below, the nature of creative content means that consumers are uncertain about what they will enjoy, while creators are uncertain about the potential demand for new work. This uncertainty can be explained by the following aspects of creative content.

[18] Bischoff, K., Firan, C. S., Paiu, R., Nejdl, W., Laurier, C. and Sordo, M., (2009), 'Music mood and theme classification-a hybrid approach', *ISMIR,* pp. 657–62. See also the Spotify search function.
[19] 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.
[20] I.e. its value differs for each consumer and can only be determined through experiencing the good.
[21] Consumer Report, section 1.3.
[22] 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.
[23] Cialdini, R. and Goldstein, N. (2004), 'Social Influence: Compliance and Conformity', *Annual Review of Psychology,* **55**, pp. 591–621.
[24] De Vany, A., Lee, C. (2001), '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; Liu, Q., Zhang, X. and Li, Y., (2020), 'The influence of information cascades on online reading behaviors of free and paid e-books', *Library & Information Science Research*, **42:**1, p. 101001.
[25] See our Consumer Report for further insights on how the virtuous cycle can benefit consumers and creators: Consumer Report, section 3.1.
[26] Consumer Report, section 1.2.

- **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 beforehand. In economics, these types of goods are referred to as '**experience goods**', as their value can only be determined through experience.[27]
- **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, the quality of a creative work cannot be measured objectively (rather, it is a subjective notion), and individuals' tastes are extremely diverse when it comes to creative content (as evidenced by the popularity of such a wide variety of genres).
- **The creative industries are innovative:** the innovative nature of creative content 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.

In addition, regional and national audiences place significantly different values on the same content depending on local tastes, culture, and linguistic factors. This wide variety in preferences makes assessing demand even more difficult.

Creatives can capitalise on these differences in tastes by adapting supply and optimising the promotion and marketing of their content according to local conditions.[28] In particular, localised releases across territories play an important role in adapting the content and campaign strategy according to local tastes.

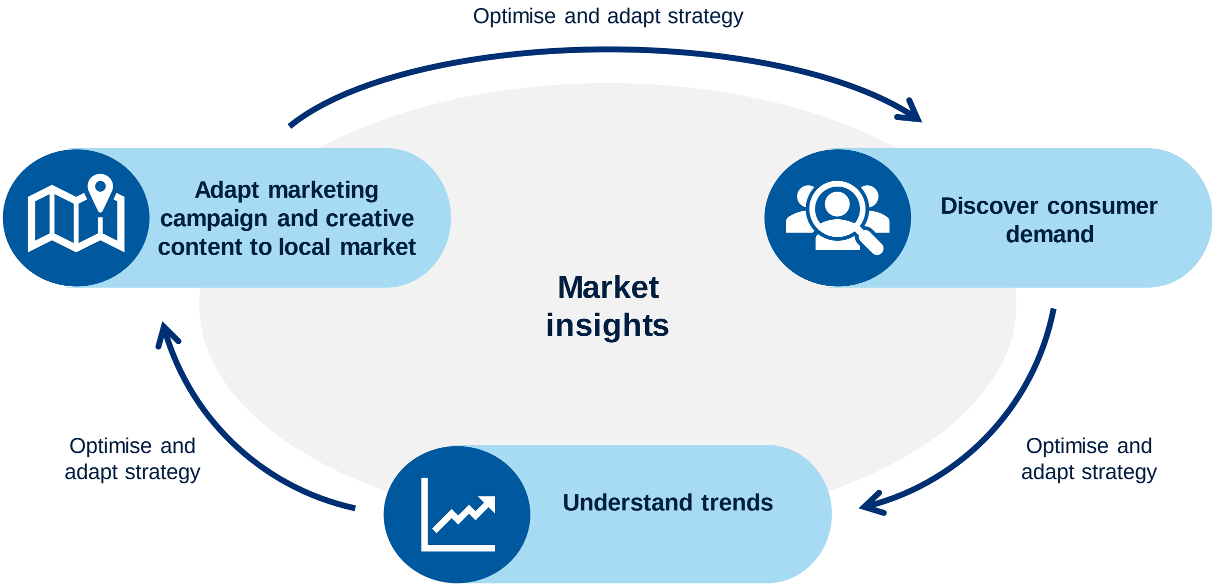
A localised release allows creators to understand local demand, initiate an information cascade (i.e. create a 'buzz'), understand where content is trending, and optimise their content accordingly. In a recent survey in the audio-visual industry, 74% of respondents said that localised release of new content across different EU territories is 'important' or 'very important' in this regard.[29]

This optimisation tends to be an iterative process, whereby creators learn about which consumers value their work, how much they value it, and in which format they value it most (see Figure 1.2 below). Creators then respond to this picture of consumer demand, drawing inspiration and adapting their future creations to better meet it.

In order to optimise their strategy to local audiences, creators require data and insights about local markets, which enables them to identify demand, understand trends, and tailor their outputs to local conditions. For example, in music, album artwork is often different for the same album depending on the local market. The cover for The Strokes' 2001 album *Is This It* was entirely different for the US and worldwide markets;[30] the international version of *Is This It* also included a song called 'New York City Cops', but this was removed from the US version in the aftermath of the September 11 attacks. This highlights how a better understanding of local tastes and interests can help creators to optimise their content to suit specific market conditions and audiences.

[27] Nelson, P. (1970), 'Information and Consumer Behavior', *Journal of Political Economy*, **78**:2, pp. 311–29.
[28] Oxera (2020), 'The impact of including AV in the EU Geoblocking Regulation: evidence from industry', 4 March.
[29] Oxera (2020), 'The impact of including AV in the EU Geoblocking Regulation: evidence from industry', 4 March.
[30] McStarkey, M. (2021), 'The Cover Uncovered: The story behind The Strokes' 2001 classic 'Is This It'', *Far Out*, April.

Figure 1.2 The iterative optimisation process



Source: Oxera.

1.2 The benefit of platforms: matching creators to audiences

The wide variety in both types of content and consumer preferences means that the **matching process** is particularly important in the creative industries. The availability of information on the type and perceived quality of a piece of content can help the content discovery process, while a lack of such information can mean that creators do not find as many consumers who value their work.

For creators, this results in a continuous challenge of trying to identify and engage with consumers who are likely to value and pay for their work. The ability to share information between creators and audiences (and between creators themselves) helps to optimise the creative process. For example, platforms can provide creators with insights into the content that consumers are most likely to enjoy, helping them to offer a more tailored experience in terms of content, timing, location, and even prices. From an economics perspective, this reflects increased efficiency through the **better matching** of creators to their potential audiences.

Digital platforms can help to provide the necessary information and market insights to achieve this better matching, grouping consumers into segments and offering them different experiences according to those segments. Through this matching function, platforms can help creators to promote and optimise their content through the following steps:

- **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 reward their effort and investment in 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).

- **Optimise:** by gaining greater insight into how their content is perceived and receiving feedback, creators are able to optimise their content or promotion campaigns to reach audiences who are most likely to engage and convert.

1.3 Our approach

What value do creators find in digital platforms, and (for the purposes of this report) in Facebook and Instagram in particular? To assess how Facebook and Instagram generate value for the creative industries through reach, engagement, conversion, and optimisation, we explore the following questions.

Reach

- To what extent do Facebook and Instagram help creators to reach a wider audience?
- To what extent do Facebook and Instagram help creators to reach their target audience and offer them a wide range of more relevant content?
- To what extent do Facebook and Instagram help creators reach audiences more cost-effectively?

Engagement

- How do Facebook and Instagram facilitate interaction and engagement between creators and their fans?
- To what extent does this engagement and interaction generate inherent value for creators?
- To what extent does this engagement and interaction act as a stepping stone for creators to achieve other objectives?

Conversion

- To what extent do Facebook and Instagram's tools facilitate on-and off-platform conversion for creators?

Optimisation

- To what extent do Facebook and Instagram's tools help creators to optimise their promotions and campaigns?

The remainder of this report explores the extent to which Facebook generates value through reach, engagement, conversion, and optimisation through the lens of the creator, drawing on evidence from academic literature, publicly available information, and a creator survey.

The creator survey was undertaken by Oxera and its survey partner, Kantar, by telephone and online during the period 4 January–8 February 2021, to better understand how creators use Facebook and Instagram to reach consumers, engage with them, convert this interest, and optimise this process.[31] This creator survey sampled 844[32] creators who are:

- Facebook or Instagram users;
- active in at least one of the creative industries that we have considered—audio, audio-visual, and publishing; [33]
- from one of five EU countries, namely: Denmark, Germany, Italy, Spain, and Poland.

Throughout the rest of this report, we refer to these respondents as 'creators' and the survey as the 'Creators Survey'. We draw out the insights from the survey throughout the report and provide a detailed summary of the methodology in Appendix A1.

[31] Our survey covers creators in publishing (including physical books, creative writing, and blogs), audio (including single tracks, podcasts, and radio) and the audio-visual industry (including traditional and streamed film, TV shows, and user-generated, short-form content). Although the survey was undertaken during the COVID-19 pandemic, we expect our results to remain valid. Indeed, responses to questions in the consumer survey around the effect of COVID-19 on participants' behaviour suggests that COVID-19 has not materially affected how consumers use digital platforms to discover creative content (if at all). For more detail, see Consumer Report, Appendix A1.6.
[32] As mentioned in Appendix A1.3, in the CATI survey 18 responses were captured from respondents who do not use Facebook or Instagram's free or paid tools and features; these responses were excluded from our analysis. The statistics presented in this report are therefore representative of the 844 respondents who use either Facebook or Instagram's free or paid tools.
[33] The respondents were asked to indicate whether they participate in these sectors—see Q2 in Appendix A1.

2 Reach

After they create a new piece of content, creators need to reach their target audiences. As explained in section 1, recent technological developments mean that it is now easier for creators to upload and distribute their content online. This has led to a huge variety of content available, and an increasing number of niche fanbases across the globe.[34]

A traditional magazine or TV channel has to curate its content to fit in a finite number of pages or time slots. They provide the same content to each viewer or listener, limiting the range of content that can be showcased at any one time. This contrasts with Facebook and Instagram, which carry an almost unlimited amount of content. They provide creators with a space that they can use, for free, to publish content and connect with fans. Facebook is therefore able to create an 'infinite shop window' for users, enabling even creators with a more niche appeal to reach an audience.

This means that it is increasingly challenging for creators to ensure that the consumers who are most likely to enjoy their work can discover their content among the wealth of content from other creators.

In that context, our Consumer Report finds that digital platforms are an important channel for consumers to discover creative content:[35]

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

In this section, we analyse the findings of our Creators Survey and assess the extent to which online platforms like Facebook and Instagram 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 assess how Facebook's free and paid tools help creators to:

- reach a wider audience (section 2.1);
- offer a wider range of more relevant content (section 2.2)
- extend their reach cost-effectively (section 2.3).

2.1 Reaching a wider audience

Once a creator has created a new piece of content, the costs of reproduction are minimal online, which means that it is easy for them to upload and distribute their content. Creators generally want as many people as possible to enjoy their content because this can help them to:[36]

- monetise their content;
- attract industry attention;

[34] For example, see Zeiser, A. (2015), *Transmedia marketing: From film to TV to games and digital media*, CRC press; Davies, D. (2018), 'How to use Facebook ads to grow your band's fanbase'. *Medium*.
[35] Consumer Report, section 1.2.
[36] For example, see Cunningham, S. and Craig, D. (2019), *Social Media Entertainment*, New York University Press.

- interact with fans;
- feel validated and recognised.

As such, each incremental view, listen, or read benefits the creator. In this context, Facebook and Instagram provide both free and paid tools for creators to use to help reach their audience.

In this section, we assess the extent to which Facebook and Instagram's free and paid tools help creators to reach a wider audience, by using the Creators Survey to measure:

- whether creators reach fans through Facebook and Instagram;
- whether this reach is incremental (meaning that it extends the audience to people who creators expect cannot be reached via other channels or means);[37]
- whether Facebook and Instagram allow creators to reach fans across geographical boundaries.

Given the benefits to creators of each incremental view, listen, or read, we would expect to see a high proportion of creators using Facebook and Instagram's free and paid tools to reach a wide audience. In addition, for both free and paid tools we would anticipate that:

- a significant proportion of this reach would be incremental, given that creators can reach a wide audience at low cost using Facebook and Instagram's tools (see section 2.1.2);
- creators would use Facebook and Instagram to reach fans across borders, given that these platforms are not bound by physical location in the same way as other channels (see section 2.1.2).[38]

Television provides a compelling example of how digital platforms have enabled content to transcend borders and extend the reach of creators. For instance, the show *Call My Agent!* (original French title: *Dix Pour Cent*) originally aired on France 2, a free public station in France. It was little-known outside of France during its original run, but it became a runaway success in the UK and USA after appearing on Netflix.[39] This clearly enabled greater reach for its creators, as well as giving viewers further afield the chance to watch and enjoy the show.

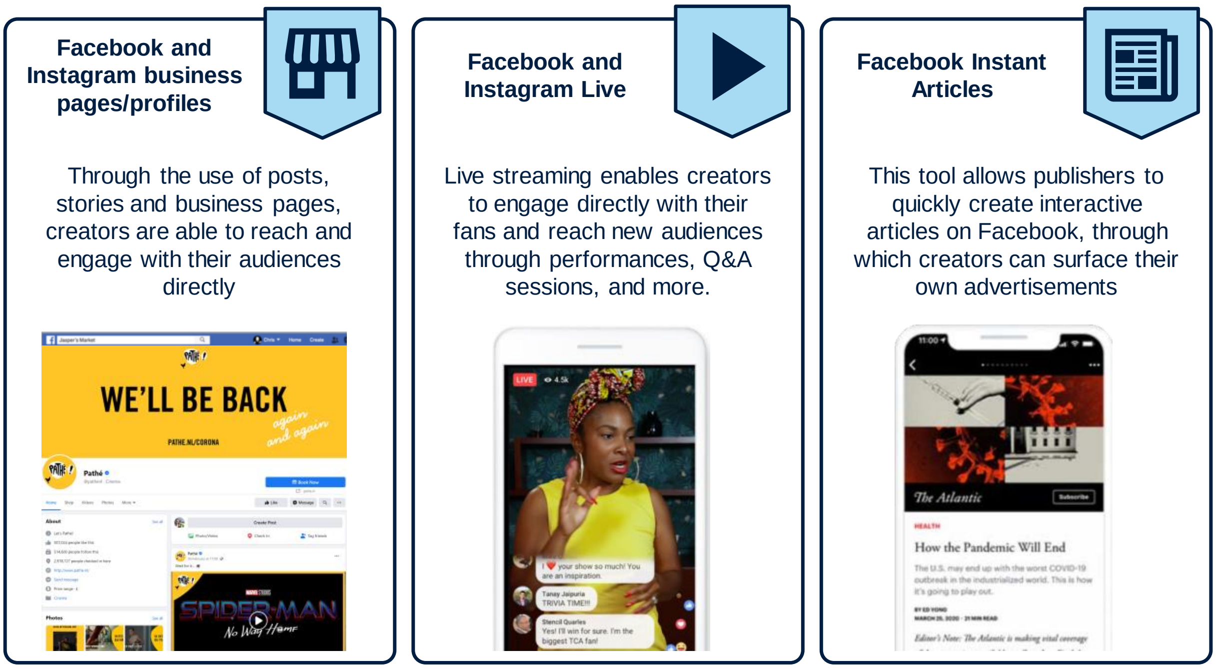
2.1.1 Reaching a wider audience for free…

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.[40]

[37] We interpret responses regarding an 'audience that [creators] would not otherwise reach' to mean an audience not reachable via other available channels, and therefore an audience that is incremental to a situation without using Facebook/Instagram or any similar digital service (e.g. one that might exist in the absence of Facebook / Instagram).
[38] Oxera (2020), 'The impact of including AV in the EU Geoblocking Regulation: evidence from industry', 4 March.
[39] Lloyd, R. (2021), 'Commentary: How French comedy of manners 'Call My Agent' became an American sensation', *Los Angeles Times*, 9 February.
[40] 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.

Creators can also make use of Facebook and Instagram's other free tools and features, such as those listed below in Figure 2.1, in order to better reach their existing fans and find new audiences.

Figure 2.1 Examples of Facebook and Instagram's free tools and features

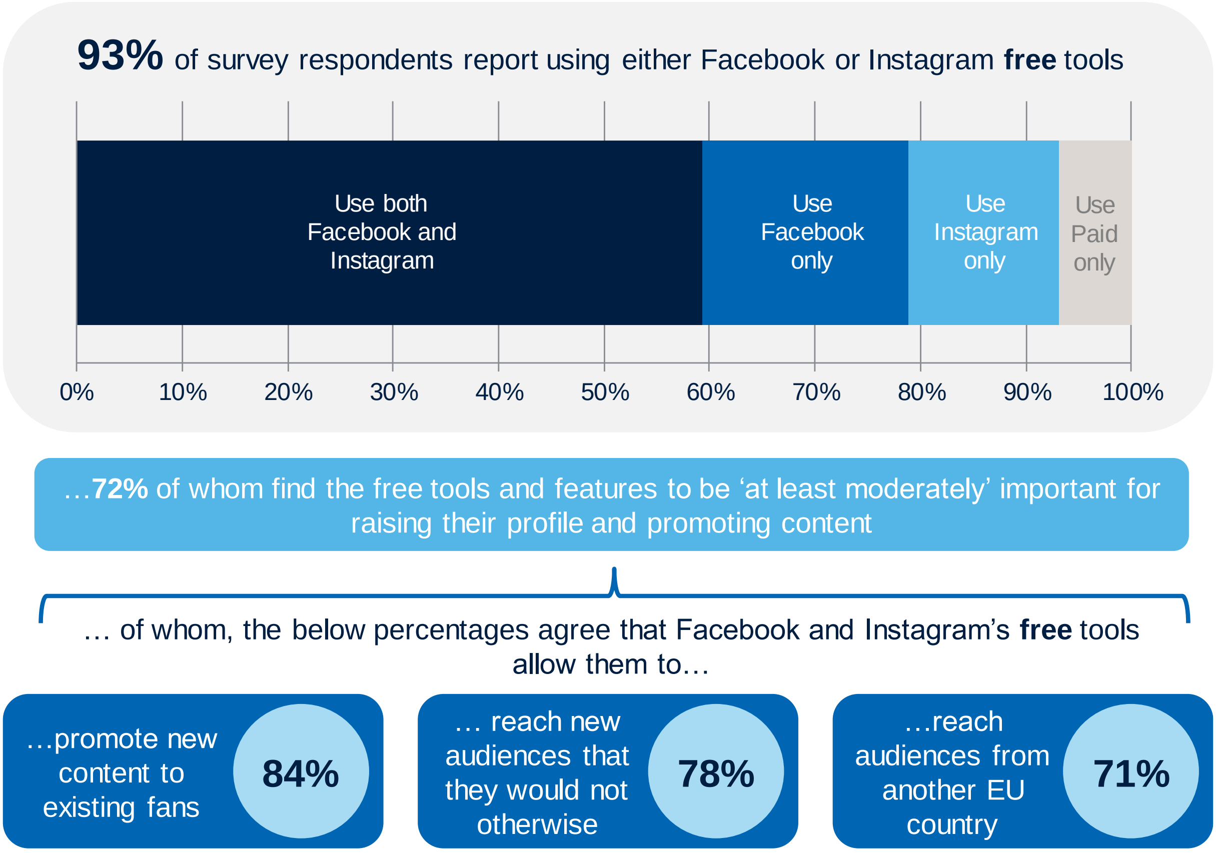


Source: Oxera.

With regard to free tools, our Creators Survey analysis found that 93% of respondents use either Facebook or Instagram's free tools, and 72% of these respondents find that these tools are at least 'moderately important' for raising their profile and promoting their content.[41] Furthermore, we found that much of this reach was likely to be incremental, with 78% of these respondents agreeing that Facebook and Instagram's free tools allow them to 'reach new audiences that they would not have reached' otherwise.[42] Finally, we found that Facebook and Instagram do help to facilitate the sharing of content across borders, with 71% of the respondents who find Facebook and Instagram's free tools to be important for raising their profile using these tools to 'reach audiences from another EU country'.[43]

[41] See Q7, Q15, and Q17 in Appendix A1. Excludes those who answered 'Not applicable/Do not know'.
[42] See Q18 in Appendix A1. Excludes those who answered 'Not applicable/Do not know'.
[43] See Q18 in Appendix A1. Excludes those who answered 'Not applicable/Do not know'.

Figure 2.2 Using Facebook and Instagram's free tools and features to aid reach



Note: Excludes those who answered 'Not applicable/Do not know'.

Source: See Q7, Q15, Q17, Q18 in Appendix A1.

2.1.2 …and extending this with paid reach

Facebook also allows creators to increase their reach through paid advertisements. These advertisements can be used to promote a specific piece of content to a user, but may also include specific calls to action to encourage users to like a creator's page. These 'likes' further increase the reach of the creator's future posts through the 'boost' effect that we described in our Consumer Report and summarised in Box 2.1 below.

Box 2.1 The boost effect

Facebook facilitates social interaction and engagement with creators and creative content. 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.

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. Facebook helps to connect people to the posts that matter to them most through ranking, which 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.

This virtuous cycle has two important effects: (i) boosting reach for creators through a snowball effect of likes and comments, potentially leading to a piece of content going viral; (ii) aiding content discovery, enabling users to discover more creative content that is relevant to them and recommended to them by their friends.

Source: Consumer Report, section 3.1.

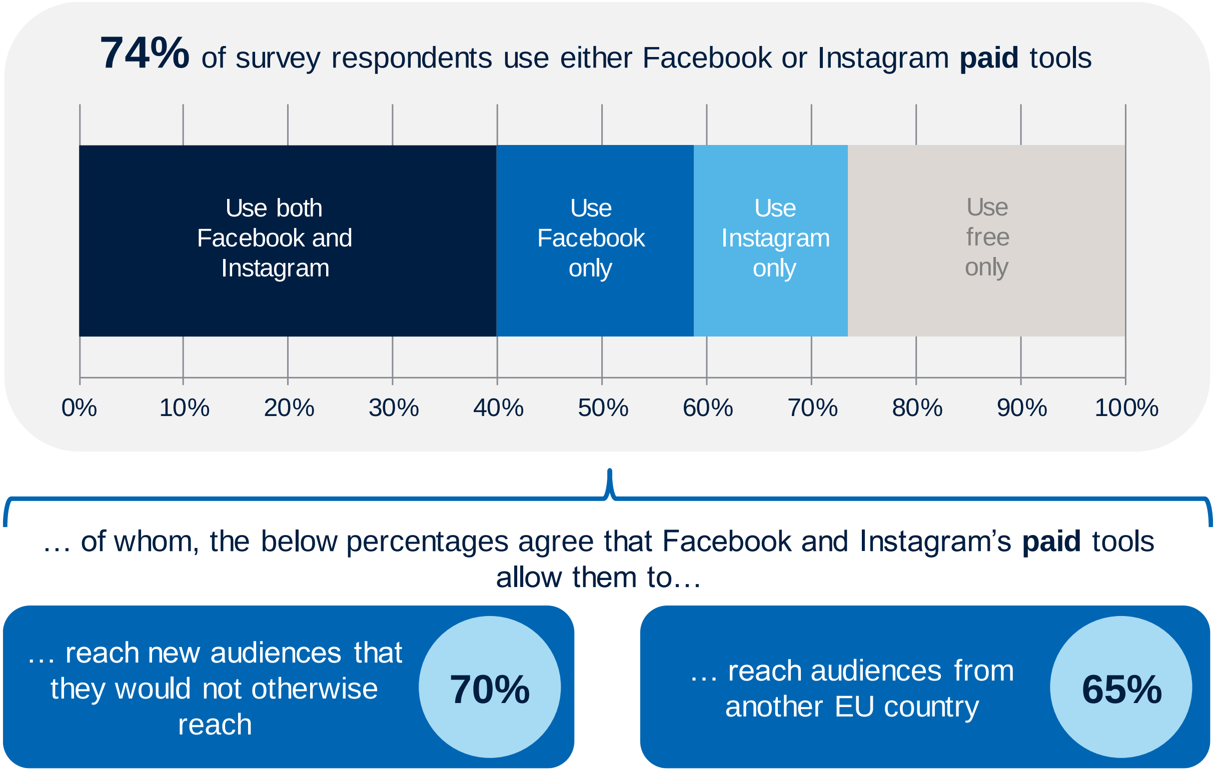
The paid tools listed below in Figure 2.3 each help creators to reach their desired audience, either by targeting a demographic or interest group (Facebook and Instagram advertisements), helping creators to better reach their existing audience (custom audiences), or revealing new audiences who are likely to value their content (lookalike audiences).

Figure 2.3 Examples of Facebook and Instagram's paid tools and features

Source: Oxera.

Analysis of our Creators Survey reveals that 74% of respondents use either Facebook or Instagram paid tools. As with the free tools, these paid tools facilitated incremental and cross-border reach, with 70% of respondents who use Facebook and Instagram's paid tools agreeing that those tools allow them to reach new audiences that they would not have reached otherwise. Furthermore, 65% of respondents who use Facebook and Instagram's paid tools agreed that those tools allow them to reach audiences from another EU country.

Figure 2.4 Use of Facebook and Instagram's paid tools to reach consumers



Note: Excludes those who answered 'Not applicable/Do not know'.

Source: See Q8, Q16, Q24 in Appendix A1.

2.2 Offering a wide range of more relevant content

When creators upload and distribute their content, they are not only looking to reach a *wide* audience, but also a *relevant* one that is most likely to enjoy the content. As explained in section 1.1, technological developments have meant that the quantity and variety of content available has grown, and demand has become increasingly fragmented. In turn, this means that it has become increasingly important for creators to gain the attention of their intended audience. In this context, Facebook and Instagram can help creators to reach the audiences who are most likely to enjoy their content, and thereby help creators to offer a wider range of content.

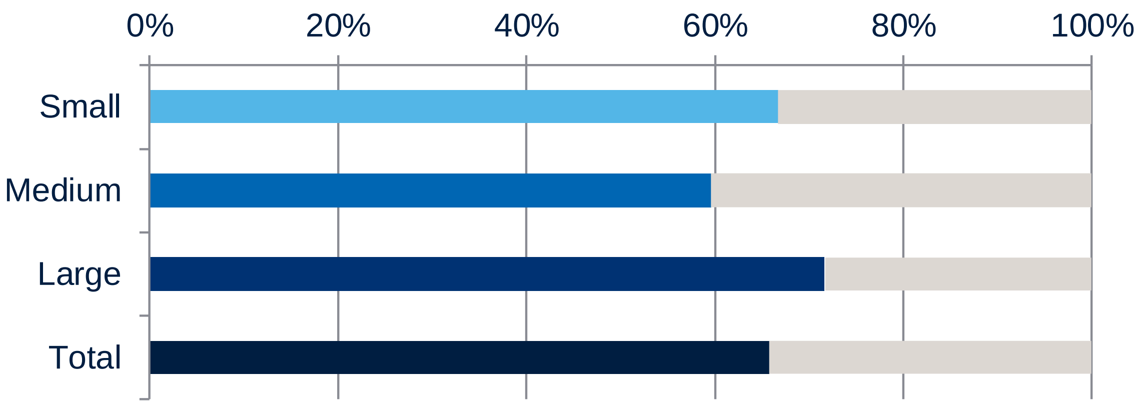
2.2.1 An infinite shop window

Facebook and Instagram offer free tools to creators of **all types and sizes**, enabling them to reach an audience regardless of the type of content they produce or how large their fanbase is. This reach can then be extended using paid tools, such as to reach a particular demographic or audience, for example. Facebook is therefore able to create an 'infinite shop window' for users, enabling even creators with a more niche appeal to reach an audience.

We have drawn on our Creators Survey to assess whether and to what extent creators use Facebook and Instagram to reach a small, niche audience. Given the fact that Facebook and Instagram offer tools for **all creators** including those with a niche appeal**,** we would expect a significant proportion of creators using Facebook and Instagram in this way.

As shown in Figure 2.5 below, our Creators Survey found that 66% of creators that use Facebook or Instagram's free tools and features agree that they allow them to reach an audience with niche interest content. This is true for creators of all sizes, with at least 60% of creators in each group agreeing with the statement.

Figure 2.5 Percentage of creators using free tools and features who 'agree' or 'strongly agree' that the tools allow them to reach a small audience with niche interest content, split by size of business



Note: 'Small' businesses are defined as those with 1–10 employees, 'Medium' as those with 10–99 employees, and 'Large' as those with 100+ employees. All CAWI survey respondents are classed as 'Small'.

Source: See Q18 in Appendix A1.

2.2.2 Matching creators to relevant audiences

Second, with such a wide variety of content available, Facebook and Instagram can play an important role in **matching** creators to audiences that are most likely to enjoy their content and, similarly, matching audiences to the content they're most likely to enjoy. As explained in more detail in our Consumer Report and Box 2.1 above, in order to optimise the user experience, social media platforms such as Facebook and Instagram aim to present users with the content that is most relevant to them.[44]

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 creators can reach those consumers who are most likely to enjoy their content.[45] Drawing on our Creators Survey, we assessed the extent to which creators use Facebook and Instagram paid tools to reach their intended audience or the audience most likely to enjoy their content. Given the importance of matching in the creative industries, we would expect a significant proportion of creators using these tools to reach a particular audience.

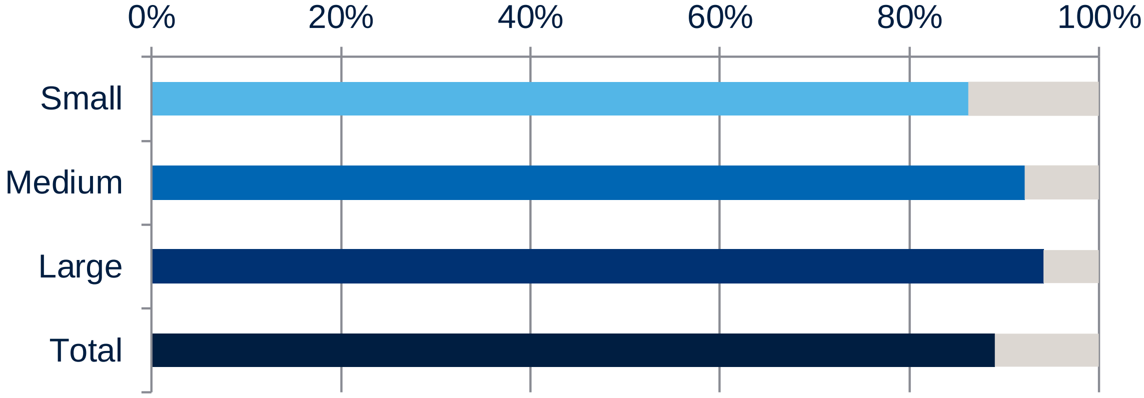
Our Creators Survey analysis found that 89% of creators that use Facebook or Instagram paid tools and features (or 66% of all respondents) use paid advertising to reach their intended audience. As seen in Figure 2.6 below, the proportion of large businesses that use Facebook and Instagram's paid tools using paid advertising to reach their intended audience is 94%. This is further discussed within by the case study in Box 2.2, which highlights the specific tools that creators can use to reach a more relevant audience. In

[44] For example, Facebook personalises each user's News Feed to show current content related to their tastes, interests, or social group. In general, 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.

[45] In contrast, traditional channels such as linear broadcast TV provide the same content to each viewer or listener, reducing the overall range of content that can be shown and limiting their ability to cater to the tastes of individual audience members. To illustrate this, consider a TV station with 100 viewers. Each viewer might have a unique favourite type of show, but there is one show that all viewers enjoy. In order to appeal to everyone in the audience, the TV station plays the show that all viewers 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.

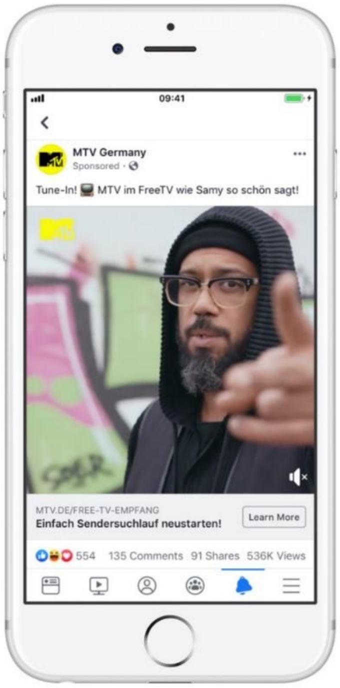
particular, creators can use 'lookalike audiences' to identify those who are more likely to enjoy their content, and then target them.

Figure 2.6 % of creators that use either Facebook or Instagram paid advertising to reach their intended audience, split by size of business



Note: 'Small' businesses are defined as those with 1–10 employees, 'Medium' as those with 10–99 employees, and 'Large' as those with 100+ employees. All CAWI survey respondents are classed as 'Small'. Source: See Q19 in Appendix A1.

Box 2.2 Case study: Lookalike audiences



With the goal of raising awareness that the channel had returned to being free-to-watch, MTV Germany launched a nationwide brand-awareness campaign on Facebook in the form of three video adverts starring well-known German artists.

The broadcaster showed the first video to a broad audience of Facebook users, before creating a 'lookalike' audience based on the initial engagement. Using this 'lookalike' audience, the broadcaster was able to show the two subsequent videos to those who were most likely to engage with them.

Lookalike audiences give creators the opportunity to identify and reach customers who 'look like' their current consumers. Facebook is able to quickly and efficiently generate this information, so this is an easy way for creators to reach an audience who are likely to respond well to their content.

As demonstrated in the diagram below, lookalike audiences are either constructed using information about fans of the creator's Facebook page or gathered from the creator's websites and apps. Facebook's tool is then able to identify common qualities and themes among those users (e.g. demographic characteristics or interests), from which Facebook can generate a similar, 'lookalike' audience.

This use of lookalike audiences allowed MTV Germany to show Facebook users adverts that they had not yet seen, increasing brand awareness.

Between November and December 2018, the campaign achieved…

2.3m video views

31 point boost to top-of-mind awareness

€0.02 per 10-second video view

Source: Facebook for Business.

2.3 Extending reach cost-effectively

As well as helping to match creators to the most relevant intended audience, Facebook and Instagram's paid and free promotional tools are designed to help creators of all sizes extend their reach cost effectively, with campaigns tailored to their budget. To assess the effectiveness of this, our Creators Survey asked respondents:

- whether they consider Facebook and Instagram's paid tools to be cost-effective
- to report their daily budget for a typical campaign and the associated cost-per-mille (CPM).

A creator's daily budget is the maximum that they are willing to spend on Facebook and Instagram paid advertising each day (the actual amount spent per day may vary),[46] while the CPM is the average cost of 1,000 impressions.[47] This is a common metric used to gauge the cost effectiveness of an ad campaign.

We have used this survey data to understand the extent to which Facebook and Instagram offer a cost-effective way for creators of all sizes to reach their audience. Overall, 72% of survey respondents who use Facebook or Instagram's paid tools agree that they are able to reach consumers more cost effectively than via 'other means'.[48]

Furthermore, as set out in Figure 2.7 below, small creators (defined as creators with a business of 10 employees or fewer) typically set a daily budget between €1 and €100, with a median of €10.[49] Medium creators (defined as creators with a business of 10 to 100 employees) typically set a daily budget between €1 and €200, with a median of €20.[50] Large creators (defined as creators with a business of 100+ employees) typically set a daily budget between €1 and €300, with a median of €50.[51]

In terms of the CPM, over half of small creators achieved a typical CPM of less than €1, while around 30% of small creators achieved a typical CPM between €1 and €10. Medium creators tended to have a higher CPM, with more than 70% of medium creators achieving a CPM greater than €1. The CPM increases further for larger creators, with 83% achieving a CPM of greater than €1.

These data suggest that Facebook and Instagram offer a cost-effective and affordable way for creators of all sizes, with a range of budgets, to reach their target audience. Facebook and Instagram tools provide an opportunity for creators to promote and distribute their content, including creators who may not have been able to promote their content through other channels. This enables large creators to extend their reach for example, by expanding across different countries, which would otherwise pose additional distribution challenges. For small creators, it not only helps make their content available online at a low cost, but it also helps promote their content cost-effectively in order for the content to reach the individuals who value it.

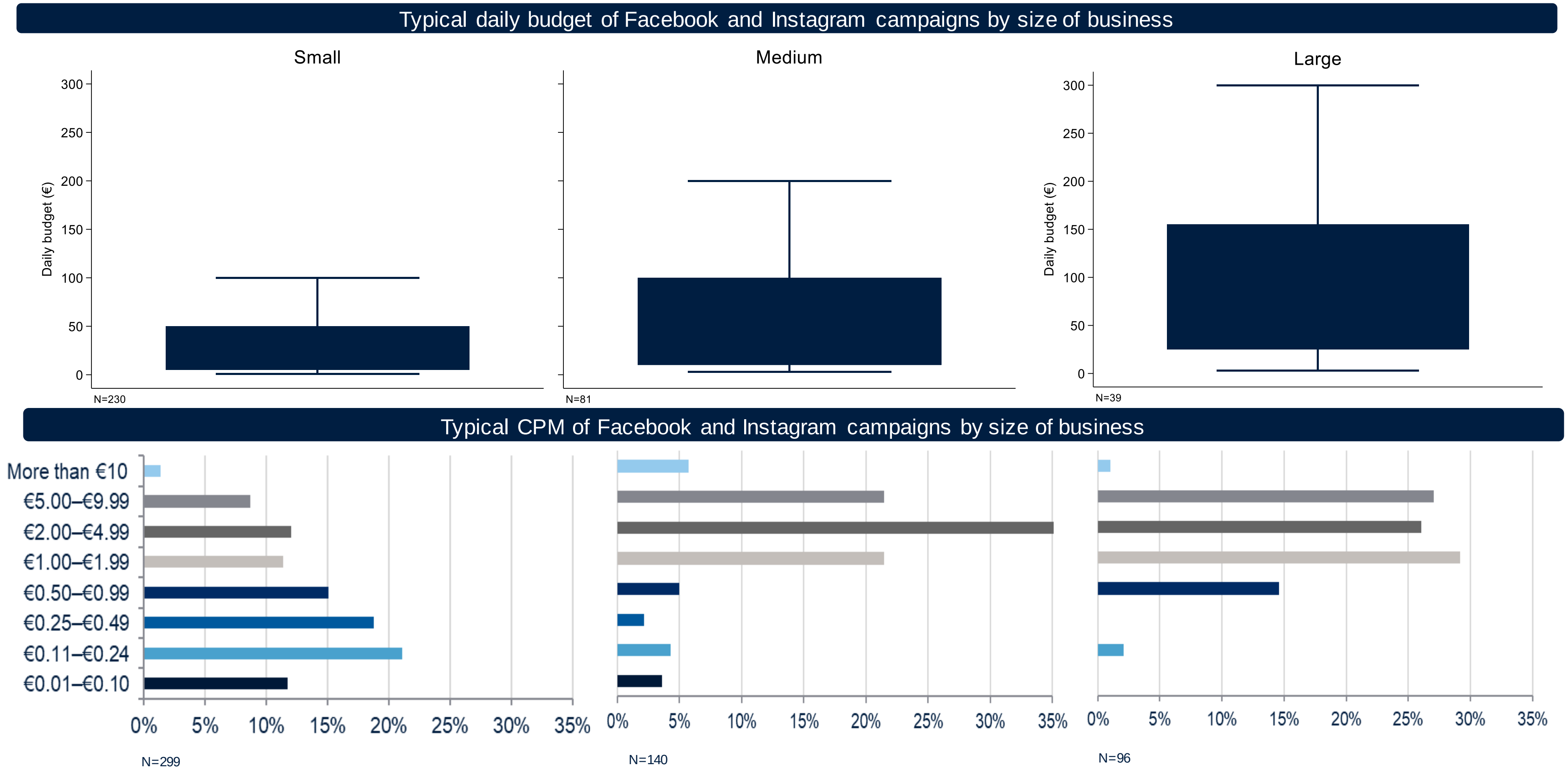
This is particularly relevant in the creative industries, given the importance of the information cascade described in section 1.1—in particular, that the success of creative content depends not only on its quality, but also on the ability of consumers to spread information about how they experienced it. The ability to promote and distribute creative

[46] For more details, see Facebook (2021), 'Buying ads: Buy Facebook ads on any budget', accessed 17 February 2021.
[47] For more details, see Facebook (2021), 'Business Help Centre: About reach and frequency buying', accessed 17 February 2021.
[48] See Q24 in Appendix A1. The result exclude respondents who answered 'don't know' or 'not applicable'.
[49] Excludes outliers.
[50] Excludes outliers.
[51] Excludes outliers. Due to lack of responses, this analysis is constructed using just 34 observations. However, they are consistent with the upward trend in daily budgets exhibited by small and medium creators.

content cost-effectively can help creators to set into motion a virtuous cycle of content discovery.

In addition, by helping creators of all sizes to promote their content, Facebook and Instagram can help to contribute to the wealth and variety of content available to consumers and allows them to discover content that they like.

Figure 2.7 Daily budget and CPM of campaigns by size of business



Note: Excludes those who answered 'Not applicable/Do not know'. Small' businesses are defined as those with 1–10 employees, 'Medium' as those with 10–99 employees, and 'Large' as those with 100+ employees. All CAWI survey respondents are classed as 'Small'. Outliers are excluded from box and whisker plots. Median values are Small: 18, Medium: 25, Large: 65 with 95% confidence interval for the median response: Small [10,20], Medium [15,50]. Large [35, 100].

Source: See Q20, Q23 in Appendix A1.

3 Engage

Once a creator has reached their audience and the audience has become aware of their content, the next step is to engage that audience and develop a reaction to the content.[52] One of the unique aspects of social media channels such as Facebook and Instagram is the ability for creators and consumers to *interact* with each other. This interaction on Facebook and Instagram provides creators with inherent, non-monetary value. In particular, interaction with fans and other creators generates value through

- validation and recognition;
- building a community;
- feedback and inspiration.

These in turn help to fuel the development of creative content. Furthermore, as explained in section 1.1, once a creator has released their content, they benefit from early consumers sharing their experiences of the content to aid and enhance discovery.

In this section, we examine the extent to which Facebook and Instagram aid engagement and interaction between creators and fans, and how this benefits creators. In particular, our Creators Survey asks:

- how Facebook and Instagram facilitate engagement and interaction (section 3.1);
- the value of this interaction to creators (section 3.2);
- how this interaction can act as a stepping-stone for creators to achieve other goals—such as increased exposure, new opportunities, or improved conversion (section 3.3).

3.1 How Facebook and Instagram facilitate interaction

Facebook and Instagram offer a wide range of free and paid tools that help creators to engage and interact with their audience.

Our Creators Survey finds that a significant proportion of creator–audience interaction occurs through Facebook and Instagram, and that much of this interaction would not have occurred in the absence of these platforms. For example, Figure 3.1 shows that 76% of respondents have at least 20% of their audience interactions on Facebook and Instagram, and the majority of those creators indicated that between at least a fifth of those interactions ‘could not have occurred via any other channel’.[53]

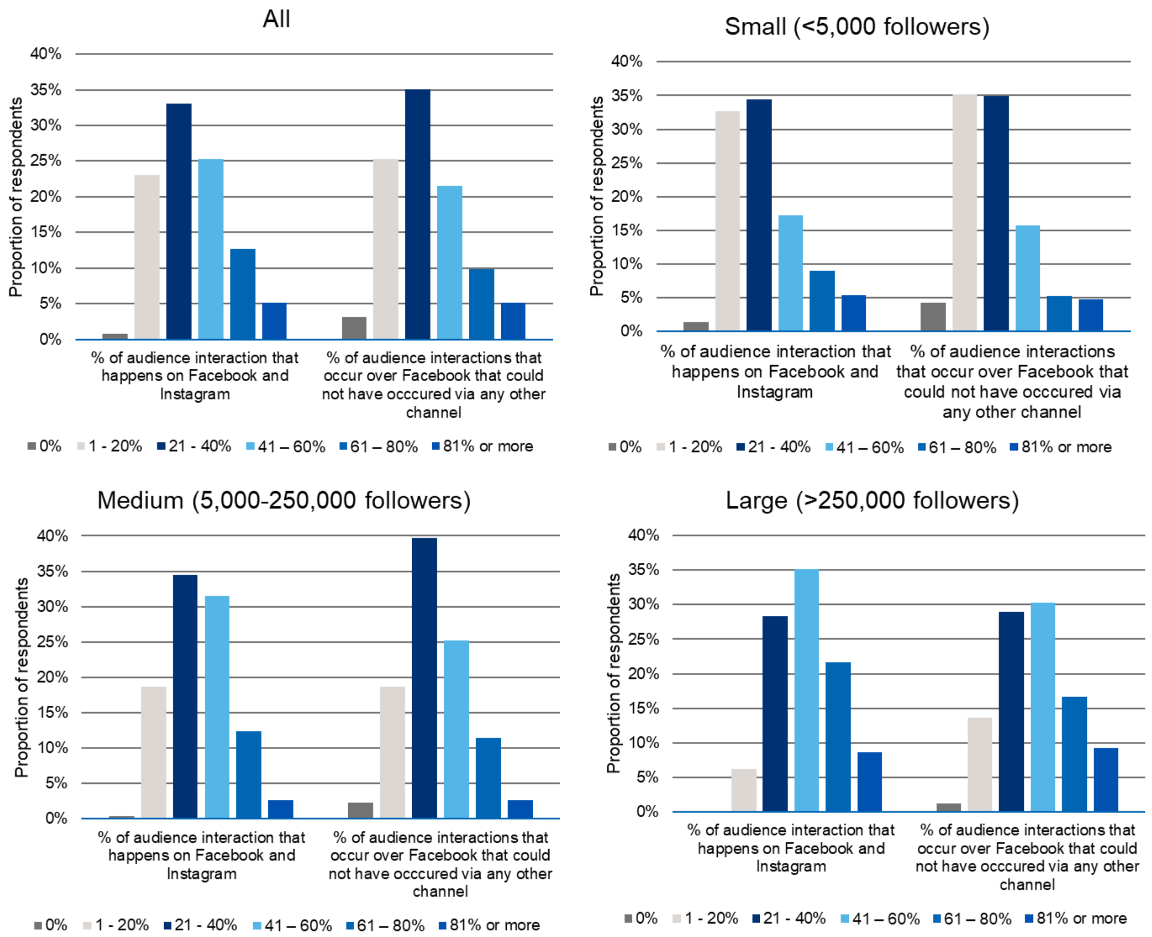
This is consistent with the notion of creators investing in and building up a social media following to gain incremental engagement and interactions with audiences. Both Facebook and Instagram allow creators to build up a following of fans by allowing users to like (Facebook) or follow (Instagram) creators who they are interested in. Of the creators we surveyed, 80% reported encouraging users to like or follow them on Facebook or Instagram.[54]

As described in the Consumer Report, users who have liked a page or followed an account are more likely to see future updates from that page or account in their News

[52] 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. 92–3.
[53] See Q48 in Appendix A1. In addition, almost half of medium and large creators responded that more than 40% of those interactions could not have occurred via any other channel.
[54] See Q30 in Appendix A1.

Feed.[55] This allows the creator to interact with this community directly by posting relevant content and updates—for example, a band can let their community know about upcoming gigs and album launches.

Figure 3.1 Interaction between creators and audiences on Facebook and Instagram



Note: Excludes those who answered 'Not applicable/Do not know'. Number of followers defined as the larger of their number of Facebook or Instagram followers. Number of observations, left to right: All: N=833, N=817, Small: N=389, N=381, Medium: N=267, N=262, Large: N=162, N=162.

Note: excludes those who answered 'Not applicable/Do not know'. Number of followers defined as the larger of their number of Facebook or Instagram followers. Number of observations, left to right: All: N=833, N=817, Small: N=389, N=381, Medium: N=267, N=262, Large: N=162, N=162.

Source: See Q27, Q28, Q32, Q33 in Appendix A1.

In addition, we build on these results to get an illustrative example of the incremental interaction with fans that an average creator gains from Facebook and Instagram (see Box 3.1 below). We find that the average creator has around 3,000 followers on Facebook and/or Instagram; that 30% of their interactions with fans occur through these platforms; and that 30% of these interactions would not have occurred through another channel. This implies that 9% (in this case, corresponding to 900 fans) of a creator's interactions with fans occur through Facebook/Instagram and could not have happened elsewhere.

[55] Consumer Report, section 2.2. For more details, see the Facebook website (accessed 4 November 2020).

Box 3.1 Audience interaction made possible by Facebook and Instagram

Our survey finds that:

Midpoint of survey statistic

- i) the average creator has between 1,001 and 5,000 followers/likes on Facebook and/or Instagram — **3,000**
- ii) the average creator conducts 21–40% of their interactions with fans and their audience on Facebook and Instagram — **30%**
- iii) of the interactions that occur on Facebook and Instagram, on average, creators say that 21–40% of these interactions could not have occurred via any other channel — **30%**

To give an illustrative example, using the midpoints of the above statistics:

- using ii) and iii): if 30% of a creator's audience interactions occur via Facebook and Instagram, and 30% of these interactions could not happen via any other channel, this means that 9% of a creator's total audience interactions are made possible because of the platforms;
- moreover, using i) and iii), if the average creator has 3,000 followers and 30% of all their audience interactions that occur via Facebook and Instagram could not happen elsewhere, this means that the creator is able to engage with 900 fans on Facebook or Instagram who they would otherwise be unable to engage with.

Source: Oxera analysis of survey data.

In the next two subsections, we assess how this interaction generates value for creators: in particular, we consider the inherent value of interaction (section 3.2) and how creators can use interaction as a stepping stone to achieve other goals, such as increased exposure, new opportunities, or improved conversion (section 3.3).

3.2 The inherent value of interaction

As explained in our Consumer Report, interacting with fans on Facebook and Instagram provides creators with inherent, non-monetary value.[56] Below, we draw on our Creators Survey to assess the extent to which these interactions and engagement generate value for creators through:

- validation and recognition;
- building a community;
- input in the creative process.

3.2.1 Validation and recognition

As well as seeking financial remuneration for their work, creators are often also motivated by a desire to create high-quality content that is valued and recognised by their audiences and peers. Recognition is often the top priority for many musical artists.[57]

Unlike more traditional channels, online social media platforms facilitate direct social relationships between creators and fans, as well as between creators themselves. Fans

[56] Consumer Report, section 3.2.1.
[57] Mulligan, M. and Jopling, K. (2019), 'Independent Artists – The Age of Empowerment', MIDiA Research, June.

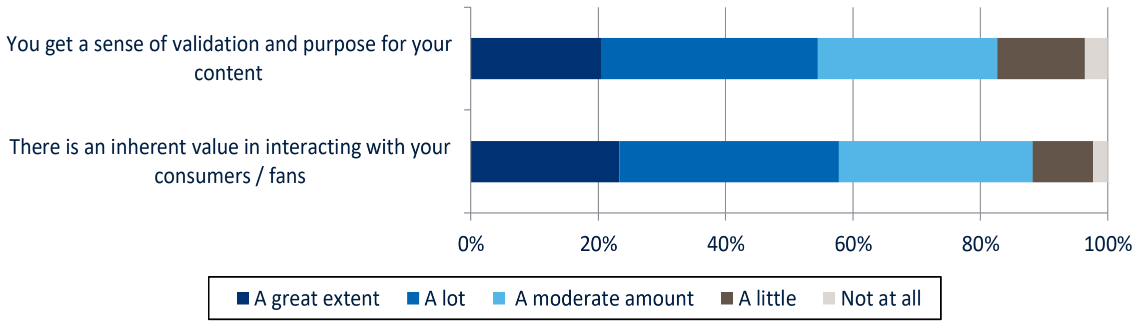
can comment on creative content that has been posted, and can even send direct messages when creators are open to this.

In the literature, musicians have indicated that one of the biggest benefits of social media platforms is the opportunity that they give them to engage directly with the people who care about their music.[58] This benefit could equally apply to creators in other segments, with video and publishing creators also able to gain recognition and validation via engagement with the fanbases that they build online.

Given this, we would expect to find a significant proportion of creators reporting that the engagement that Facebook and Instagram facilitates contributes to a feeling of validation and recognition. Figure 3.2 shows that:

- 88% of the creators we surveyed agree (at least 'a moderate amount') that there is an inherent value in interacting with their consumers/fans;
- 83% agree (at least 'a moderate amount') that they get a sense of validation and purpose for their content by using Facebook and Instagram.

Figure 3.2 The proportion of respondents who agree that engagement on Facebook and Instagram contributes to validation and recognition



Note: Excludes those who answered 'Not applicable/Do not know'.

Source: See Q29 in Appendix A1.

Engaging with their audiences and other creators can help creators to feel positive and encourage self-expression. This feedback can be very important when validating creators' career choices, especially if they are independent or new to the industry.[59] Positive feedback through social media channels is a key part of this.

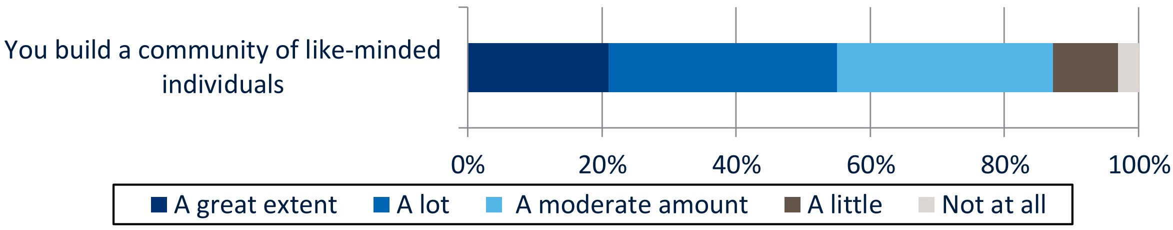
3.2.2 Building a community

As explained in section 2.1.1, Facebook and Instagram provide users with the option of liking a page (Facebook) or following an account (Instagram), which allows them to build a following, or a community of fans. Next to industry recognition and successful touring, many independent artists consider the building up of a fanbase to be a key indicator of success.[60]

[58] 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.
[59] 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.
[60] Mulligan, M. and Jopling, K. (2019), 'Independent Artists – The Age of Empowerment', MIDiA Research, June

Building a community of fans or followers is also likely to be important to creators outside of the music segment, such as audio-visual creators, bloggers and publishers. As such, we would expect to see a significant proportion of creators using Facebook and Instagram to build a community of fans. Indeed, Figure 3.3 below shows that 87% of creators agree at least a 'moderate amount' that they build a community of like-minded individuals on Facebook and Instagram.

Figure 3.3 The proportion of respondents who agree that engagement on Facebook and Instagram enables them to create a community of like-minded individuals



Note: Excludes those who answered 'Not applicable/Do not know'.

Source: See Q29 in Appendix A1.

3.2.3 Feedback and inspiration

Platforms such as Facebook and Instagram allow users to interact with content as they consume it, enabling creators to receive near real-time feedback on what their audiences enjoy and how their ideas could further evolve.[61] For example, creators can take live requests from fans; use engagement statistics to determine what type of videos, songs, or sketches to create next; or run polls to hear suggestions from the audience about what to post more of.

As explained in section 1, the adoption and development of ideas is fundamental to the creative industries, and this relies on the sharing of ideas and experiences. As such, we would expect the interaction and engagement that Facebook and Instagram enable to contribute to the creative process, and we have explored this using our Creators Survey.

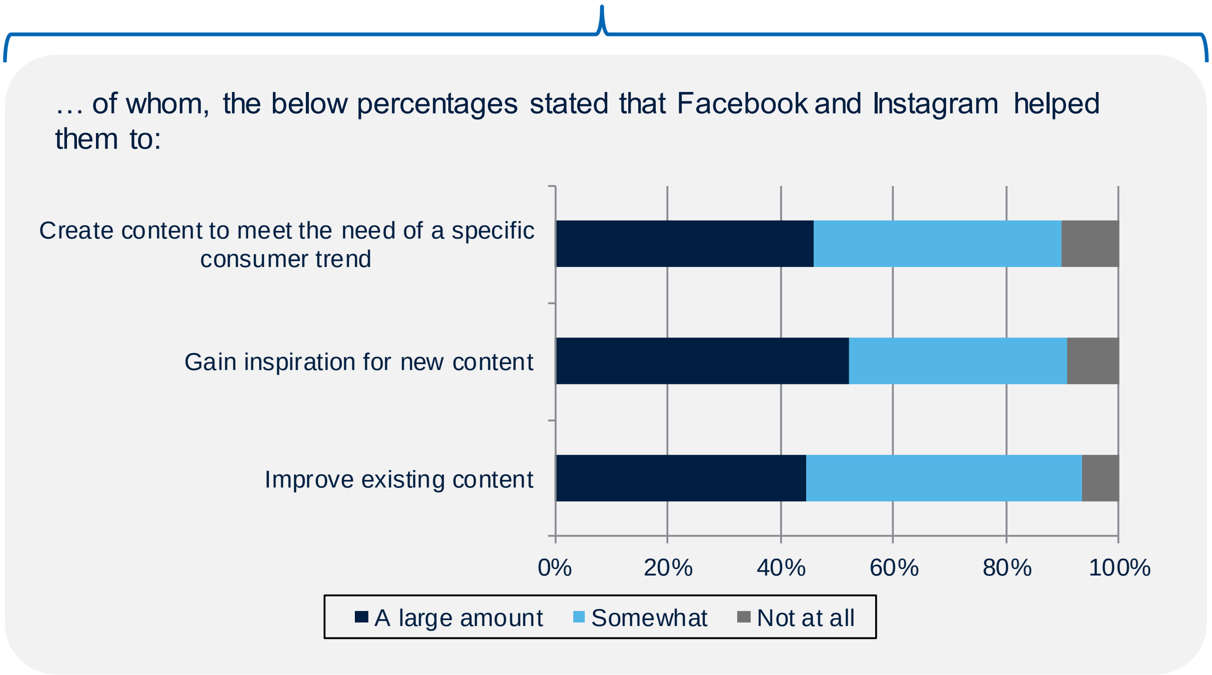
Figure 3.4 shows that 88% of creators think that the feedback they receive from Facebook and Instagram users contributes meaningfully to the creative process. Of these creators, 45% find that Facebook and Instagram helps them 'a large amount' to create content to meet a specific consumer trend—for example, by enabling them to learn more about a trending topic and then create new content around that topic. Meanwhile, 52% of the creators find that Facebook and Instagram help them 'a large amount' to gain inspiration for new content. While we did not ask each creator in our sample about the specifics of this inspiration-gathering, available literature may provide examples of how this happens. For example, creators can access the wide variety of content posted on the platforms by other creators, and use that content to inspire the creation of something novel (as discussed in section 1 and Figure 1.2). Finally, 46% of the creators find that Facebook and Instagram help them 'a large amount' to improve their existing content, by

[61] Perry-Smith, J. and Mannucci, P. (2017), 'From creativity to innovation: The social network drivers of the four phases of the idea journey', *Academy of Management Review*, **42**:1, pp. 53–79.

enabling fan feedback on ongoing work—such as by polling an audience about a future topic or collaboration.

Figure 3.4 How Facebook and Instagram contribute to the creative process

88% of creators think that feedback they receive from other users on Facebook and Instagram contributes meaningfully to the creative process at least a 'moderate amount'



Note: Applies to upstream creators only; excludes those who answered 'Not applicable/Do not know'.

Source: See Q39 in Appendix A1 for the percentage reported in the blue box and Q40 in Appendix A1 for the percentages reported in the bar chart.

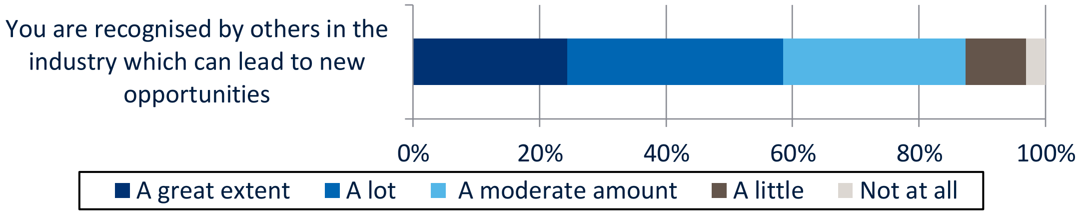
3.3 Engagement as a stepping stone

While interaction and engagement can be valuable to creators in and of themselves, they can also act as stepping stones to commercial objectives. In particular, producers of creative content may aim to increase engagement in order to attract industry attention and find the right partners further downstream in the value chain.

For example, by demonstrating to music labels and producers that they have a large following on Facebook or Instagram, musicians may be able to attract additional interest and strike improved record deals (relative to the deal they might have received if the artist had a smaller following). Increased audience engagement also increases the likelihood of creators attracting paid partnerships (which are discussed in more detail in section 4).

We examined this via our Creators Survey and found that 87% of creators agree at least 'a moderate amount' that using Facebook and Instagram leads them to be recognised by others in their industry, which can lead to new opportunities (see Figure 3.5).

Figure 3.5 The proportion of respondents who agree that engagement on Facebook and Instagram leads to attention from industry



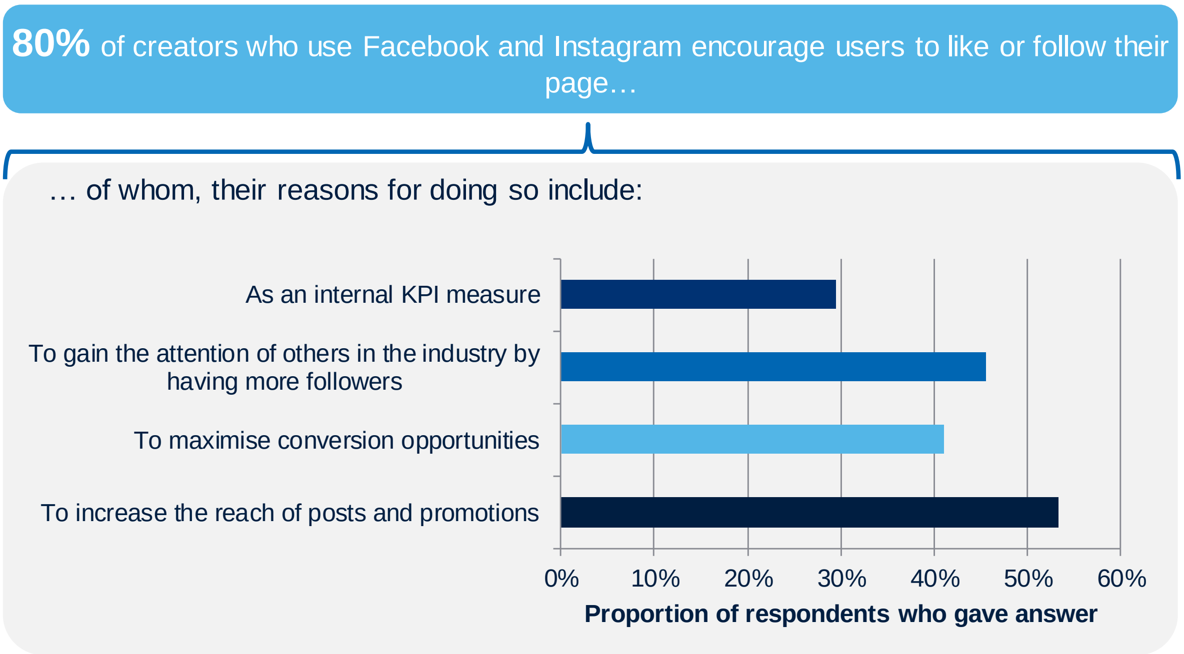
Note: Excludes those who answered 'Not applicable/Do not know'.

Source: See Q29 in Appendix A1.

As explained in section 3.2, there is an inherent value for creators in encouraging fans to like their page or follow their account, which can help to build a community. However, this activity can also act as a means to achieve other objectives. When we asked creators who encouraged users to like their page why they did so, respondents listed a number of reasons (see Figure 3.6), including:

- to increase the reach of posts and promotions (53%);
- as a key performance indicator (KPI) measure (29%);
- to gain the attention of others in the industry (46%);
- to maximise conversion opportunities (41%).

Figure 3.6 Reasons for encouraging users to like or follow a page



Note: Respondents could tick multiple reasons.

Source: See Q30, Q31 in Appendix A1.

Finally, as discussed in our Consumer Report, the interaction between users and creators facilitated by Facebook and Instagram supports a virtuous cycle of content discovery that helps creators to reach more consumers and consumers to discover more relevant content.[62] Creators encouraging engagement and interaction with their content can boost their reach, thereby potentially increasing their fanbase. More fans means more engagement, which can further boost reach, which means more potential fans will discover the creator—and the cycle continues.

[62] Consumer Report, section 3.1.

4 Convert

Once a creator has engaged their audience, they need to be able to monetise this engagement in order to reward their effort and investment in creating content. Our Consumer Report found that Facebook and Instagram help to facilitate conversion both on- and off-platform.[63]

- **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. This can be converted either:
  - **directly:** where a user pays the creator in order to download content, or order items (such as a book, a gig ticket, or art); or
  - **indirectly:** where a creator earns advertising or affiliate revenue as users view or engage with their content.
- **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.

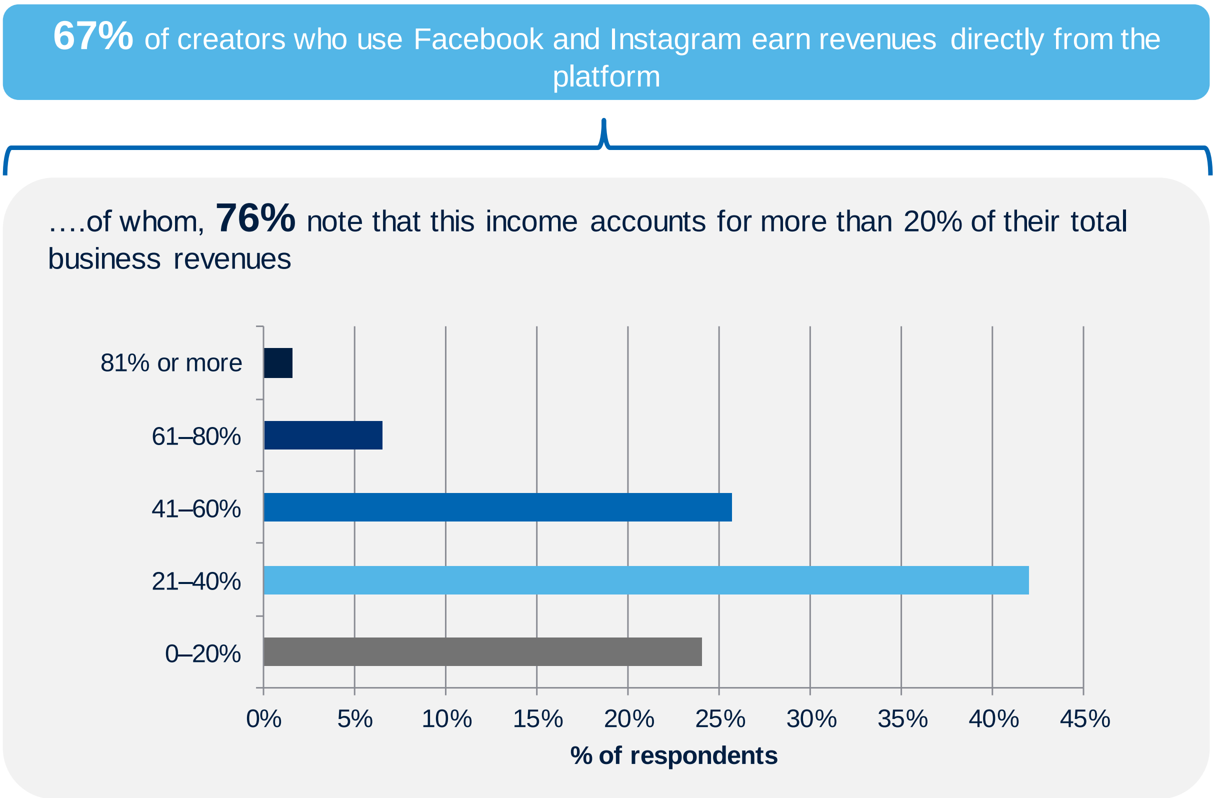
In this section, we extend this analysis by considering these mechanisms from the perspective of creators. In particular, through our Creators Survey, we sought to understand the extent to which Facebook and Instagram help to facilitate conversion for creators both on- and off-platform.

4.1 Facilitating conversion on-platform…

With our Creators Survey, we explored the extent to which Facebook and Instagram help creators to monetise their content on-platform, finding that 67% of respondents earn revenues directly from Facebook and Instagram; of these, 76% reported that the revenues from Facebook and Instagram accounted for more than 20% of their total revenues (see Figure 4.1 below).

[63] Consumer Report, section 4.1

Figure 4.1 Revenue earned by creators on Facebook and Instagram



Note: Excludes those who answered 'Not applicable/Do not know'.

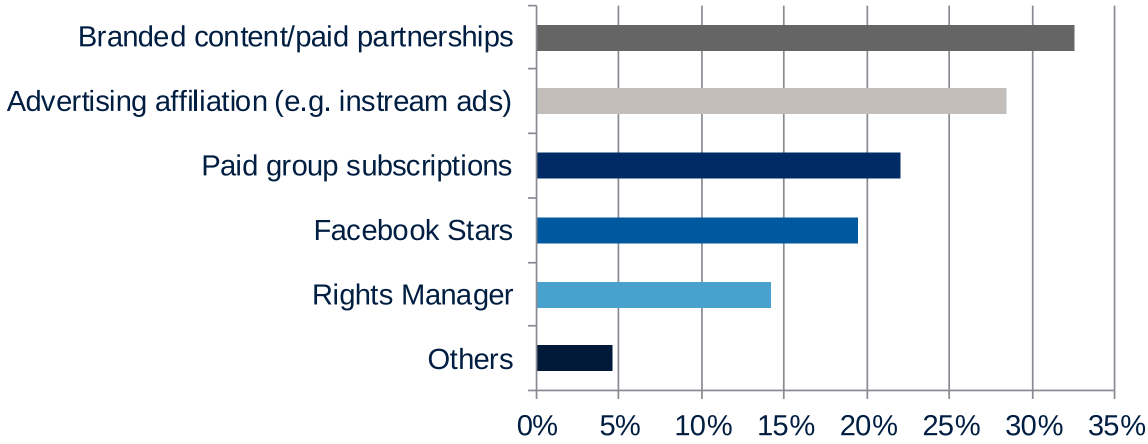
Source: See Q36, Q37 in Appendix A1.

Facebook and Instagram allows creators to monetise[64] their content on-platform in a number of ways (see Figure 4.2 below), including through:

- **fan subscriptions (used by 22% of creators):** where fans pay a recurring monthly subscription in return for access to a library of exclusive content;
- **instream ads (used by 28% of creators):** where creators feature advertisements in or around their content;
- **branded content (used by 33% of creators):** where creators are paid by brand affiliates to promote a particular product.
- **Facebook Stars (used by 19% of creators):** where viewers can gift 'Stars', which hold monetary value to creators, while they are streaming.
- **Rights Manager (used by 14% of creators):** where creators are able to earn instream ad revenues when videos are uploaded to Facebook or Instagram that match their copyright holdings.

[64] subject to the content meeting a number of eligibility criteria. See: https://www.facebook.com/business/learn/lessons/understand-monetization-eligibility-status (accessed 22 June 2021).

Figure 4.2 Proportion of respondents using Facebook and Instagram's on-platform conversion tools and features



Source: See Q36 in Appendix A1.

The evidence on the high income share attributable to monetisation (Figure 4.1) and the specific on-platform tools used (Figure 4.2) together indicates that creators on aggregate rely on a diverse range of tools to achieve conversion. This suggests that the majority of creators earn revenue through a number of on-platform monetisation tools on Facebook and Instagram..

4.2 … and off-platform

As well as helping creators to convert engagement on Facebook and Instagram directly, the platforms' tools also help creators to convert engaged consumers into paying customers off-platform in the following ways.[65]

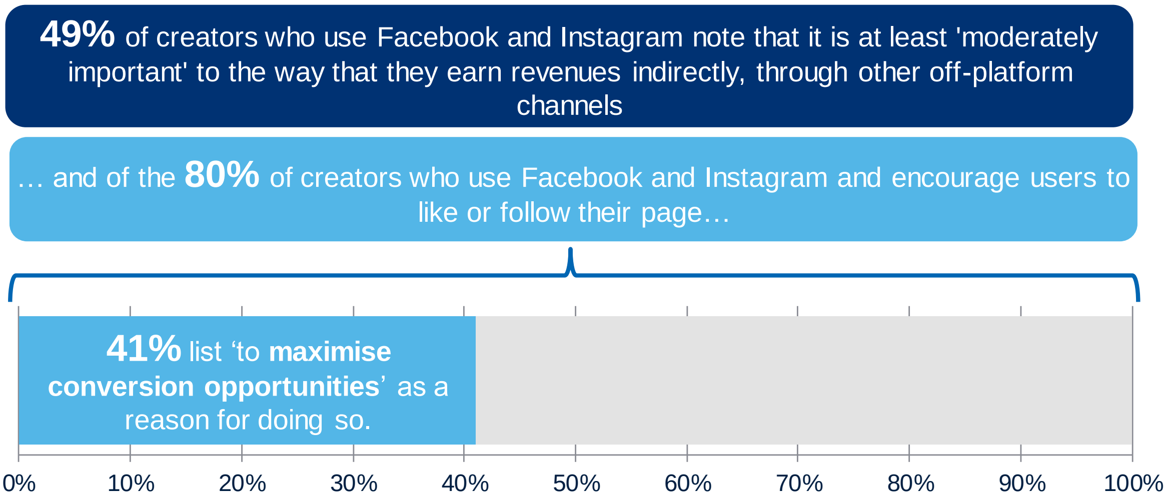
- **Frictionless conversion:** as purchases on social media platforms can be nearly instantaneous, digital platforms such as Facebook or Instagram offer reduced barriers to completing a purchase. Consumers interested in attending a cinema screening can immediately click through to a ticketing site and make good on their intention to buy a ticket after seeing a post about it on Facebook or Instagram. In this way, it is less likely that consumers will exit the purchase process and it is more likely that creators will achieve conversion.
- **Social interaction:** by facilitating interaction between friends and creators, Facebook and Instagram further help to facilitate conversion. As mentioned in section 1.1, through the information cascade mechanism, users share their qualitative experiences of content on social media, thus increasing its discoverability. Furthermore, 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 consumers require to evaluate a particular product. This increases the number of purchases on social media platforms compared to traditional channels.[66]

Through our Creator Survey, we examined the extent to which Facebook and Instagram help creators to generate revenues indirectly (e.g. by selling goods, merchandise, and tickets though another website or in physical shops). In the survey, 49% of respondents reported that Facebook and Instagram is at least 'moderately important' to their off-

[65] For more detail, see Consumer Report, section 4.2.
[66] Lindsey-Mullikin, J, and Borin, N. (2017), 'Why strategy is key for successful social media sales', *Business Horizons,* **60**:4, pp 473–82.

platform revenues. In addition, as noted in section 3.3, one of the reasons why creators encourage users to like their Facebook page or follow their Instagram account is to maximise conversion opportunities.

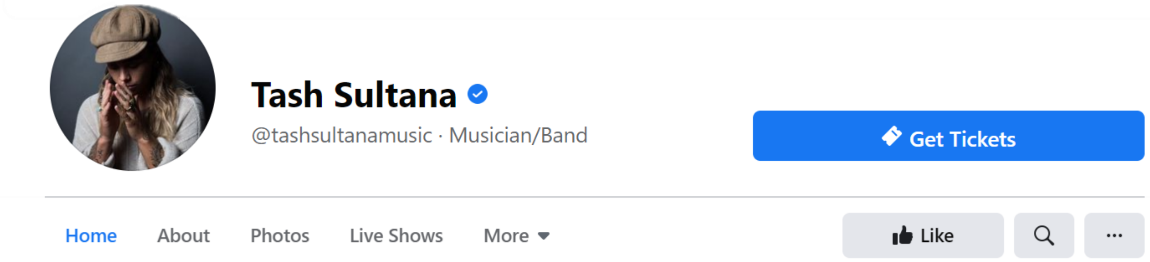
Figure 4.3 Facebook and Instagram as a means to maximising off-platform conversion opportunities



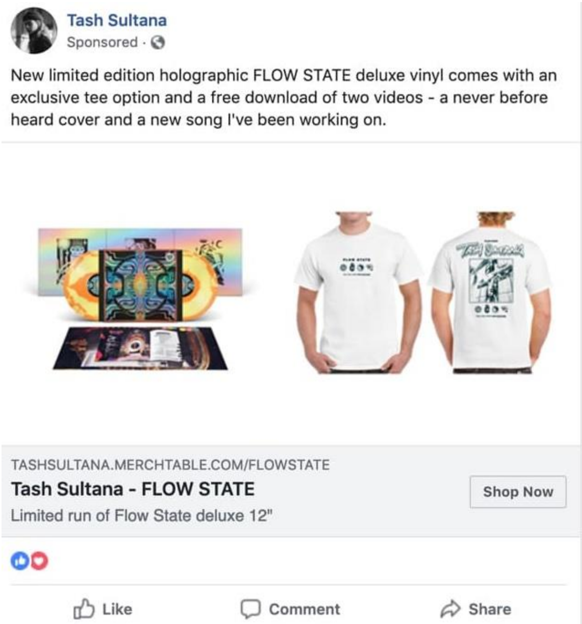
Source: See Q38, Q30, Q31 in Appendix A1.

The abilities of Facebook and Instagram to facilitate conversion off-platform are highlighted by the case of Tash Sultana, an Australian singer-songwriter who used Facebook's targeted campaigns and conversion tools (particularly the 'Shop Now' tool) to increase merchandise sales.

Box 4.1 Case study: retargeting for conversion



Tash Sultana is an Australian singer-songwriter who has used Facebook's targeted advertisements and lookalike audiences as part of iterative advertising campaigns, with great success. These tools have allowed them to boost the conversion of the audience they reached through her primary advertising campaign.



Shortly after releasing their album, Tash posted a video of them performing one of their songs, which they then boosted using targeted Facebook advertisements to reach both existing and potential new fans. Using this method, Tash achieved over 1m video views.

Building on the success of their video, the team then published a merchandise advertisement, making use of Facebook's 'Shop Now' call to action. Facebook's targeting capabilities meant that Tash was able to target the advertisement at users who had watched at least three seconds of their video, a lookalike audience of those video viewers, and their existing followers.

This conversion-focused advertisement was highly successful. The use of the 'Shop Now' button and the ability to retarget resulted in a more than 1,000% increase in conversion (equivalent to $11,000 in incremental sales).

Furthermore, the team used the insights from that campaign to successfully create another Facebook advertisement that promoted the merchandise to a select worldwide audience. In addition to the previously targeted audiences, Tash and the team were able to target users who had visited Tash's website but not yet converted their interest, along with a lookalike audience of users who did purchase the merchandise. This resulted in a 300% increase in sales and an incremental return of three times the advertising spend.

This result was possible because of Facebook's ability to target users with niche interests on a global scale. Using alternative advertising methods, a relatively unknown artist (or an artist with a localised fanbase) may have to spend considerably more to reach and convert fans on an international scale.

Source: Facebook for Media.

5 Optimise

As explained in section 1.1, the nature of the creative industries means that creators face an uncertain level of demand. For example, consumers will not know whether they like a product until the point of consumption, and so creators may find it difficult to know which consumers will be most likely to enjoy their content. Furthermore, the subjective nature of creative content may also mean that creators need to cater to a variety of tastes. To address this, creators can follow an iterative strategy, adapting and optimising their campaign strategies in line with consumer demand.

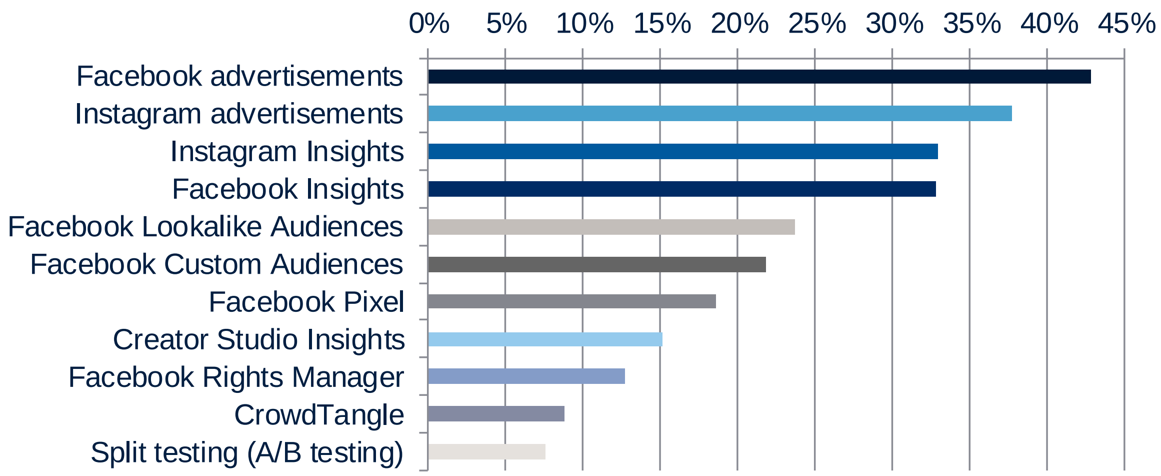
The tools offered by Facebook throughout the different stages (i.e. when reaching, engaging and converting audiences) gives creators greater **control** over and insight into how their content is used, as well as offering flexibility around the promotion of their work and providing them with immediate feedback. This allows creators to **optimise** their content or promotion campaign. The more insights creators have, the more they are able to understand their target audience, how their content is being received, and which strategies will work best in getting their audience to convert interest into action. The **virtuous circle** created by the interaction between reach, engagement, and conversion and the feedback that creators obtain throughout this process allow them to optimise their work, enabling them to develop their content and grow their audiences.

- **Campaign targeting.** Tools like the advertisement and insight tools, Creator Studio and CrowdTangle provide immediate feedback on and analysis of a creator's reach and engagement. By using Facebook's tools, creators can learn more about their audience, such as when they are most active, and see what type of content is trending and where. These insights tools can also be used alongside split testing, whereby a creator can systematically test to see which campaigns their audience responds to most. These features enable creators to understand whether their targeting strategy is working and why, and to understand where engagement comes from. These insights and suggestions can help creators to hone their future posts in order to optimise their **reach and engagement strategy**.

- **Maintaining control.** Facebook offers a number of tools that allow creators to **maintain control** over their content. For example, Facebook's 'Rights Manager' tool enables creators to monitor and protect their copyrighted video, audio and image content at scale. Once a reference file is uploaded to the tool, Rights Manager scans user uploaded content subsequently uploaded to Facebook and Instagram to see if the content matches the creator's video, audio or image content. When a match is found, in some cases creators can claim a share of in-stream advertising revenues on videos that match their copyright rules. This allows creators to monetise their content on Facebook's services even if it has been uploaded by another user.

- **Optimising off-platform conversion**. Facebook also offers a number of tools that can support creators in optimising off-platform conversion. For example, Facebook Pixel is an analytics tool that can be used on a creators' website to measure an audience's behaviour across devices. When creators install a Facebook pixel on their external website, they can obtain insights as to how consumers interact with that website. This tool can be used alongside custom and lookalike audiences where, after identifying interested customers using Pixel, creators can later reach those customers with more relevant content, increasing the chances of conversion.

Figure 5.1 Proportion of respondents using Facebook and Instagram's optimisation tools



Note: Respondents could list multiple options.

Source: See Q41 in Appendix A1.

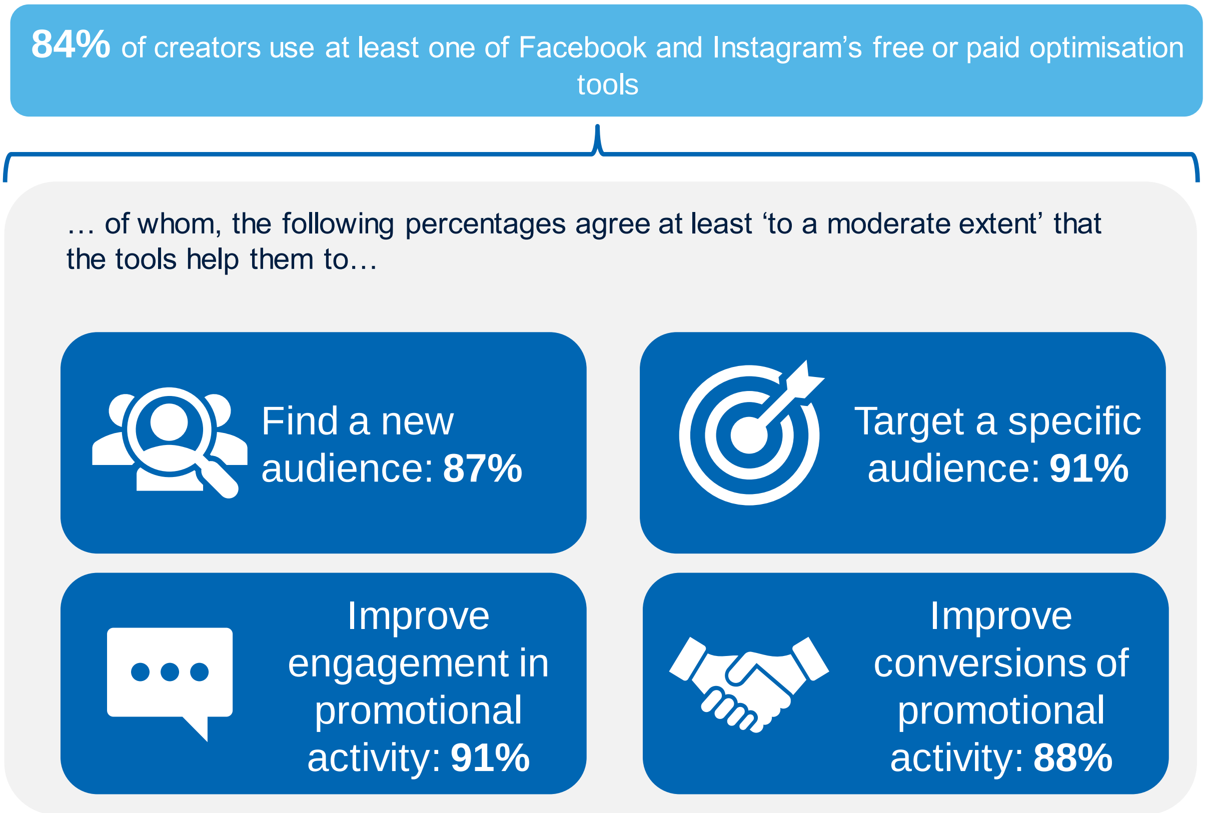
Our Creators Survey sought to understand the extent to which Facebook and Instagram help creators to optimise their campaigns, assessing the extent to which online platforms like Facebook generate value by:

- reducing uncertainty of demand by providing insights that enable creators to identify which users value their content;
- providing tools through which creators can adapt and optimise their campaign strategies in line with (localised) market demand.

Given the importance of understanding and catering for different tastes and optimising an approach accordingly, we would expect to find a significant proportion of creators using Facebook and Instagram's tools to optimise their campaigns. Indeed, our Creators Survey found that 84% of respondents use Facebook and Instagram tools in this way. Of those:

- 87% report that these tools help them to find a new audience;
- 91% report that these tools help them to target a specific audience;
- 91% report that these tools help them to improve engagement in promotional activity;
- 88% report that these tools help improve conversions of promotional activity.

Figure 5.2 Using Facebook and Instagram tools to optimise campaigns



Note: Excludes those who answered 'Not applicable/Do not know'.

Source: See Q41, Q42 in Appendix A1.

The ability of Facebook and Instagram tools to help optimise campaigns is illustrated in the *Le Monde* case study (see box below). Using the Facebook Pixel tool, *Le Monde* was able to analyse the behaviour of its readers to identify users who were most likely to enjoy its content and target them with personalised ads, content and offers. This in turn helped to increase its subscriptions.

Box 5.1 Case study: audience analytics and optimised targeting

With the aim of growing and monetising its digital subscriber base, *Le Monde* used a series of Facebook tools to increase its off-platform conversion. Enabled by a Facebook pixel, *Le Monde* analysed the behaviour of its readers across its website and mobile app. Based on engagement and loyalty behaviours, it was then able to segment its readership into high-value audiences.

Using these readership segments, *Le Monde* was able to target custom and lookalike audiences with personalised advertising content and offers. Occasional readers, for example, were shown advertisements of *Le Monde* news articles in order to increase engagement. In other cases, readers were shown news topics that were relevant to them based on their past reading behaviour. Using this strategy, *Le Monde* was able to convert occasional readers into subscribers.

Key to this success was the use of a Facebook pixel, an analytics tool that can enable creators to use insights to inform and improve future conversion. Creators can install a Facebook pixel onto their external website and gain insights as to how consumers interact with it.

In addition to providing creators with insights that help them to understand how their ads perform, this tool can also be used to identify consumers who are likely to undertake a desired action. For instance, a creator can identify customers who have taken a desired action on their website and use this knowledge to target those consumers with relevant advertisements, thus increasing the chances of converting their interest.

Other campaign management tools, such as 'split testing', were also used by *Le Monde* to optimise advertisements for maximum success. Split testing helps creators to fine-tune their advertisements over the course of a campaign. The tool allows creators to systematically change one or more variables, such as the information in the ad, its placement, or the target audience. The tool then compares the results of each advert in order to gather insights as to which combination of variables perform best, helping to maximise the creator's conversion.

Using optimisation tools, over 18 months *Le Monde* achieved a…

20%

increase in digital subscriptions in 2018

30%

Increase in unique readers across website and app

< ⅓

cost per subscription < ⅓ of customer lifetime value

Source: Facebook for Business.

6 Conclusions and implications

The assessment presented throughout this report has shown how Facebook and Instagram can generate significant benefits for creators 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.

6.1 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 and finally **optimise** their promotion and engagement activities.

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 creators 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:

- 66% of Facebook and Instagram creators have at least 20% of their audience interactions on Facebook and Instagram, and that of those interactions, on average 21-40% could not have occurred via any other channel.
- 80% of Facebook and Instagram creators reported encouraging users to like or follow them on Facebook or Instagram.
- 88% of Facebook and Instagram creators reported that the feedback they receive from Facebook and Instagram users contributes meaningfully to the creative process.

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 creators, with 87% of creators agreeing at least to a 'moderate amount' that they build a community of like-minded individuals on Facebook and Instagram.

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. We found conversion benefits within both of these channels:

- **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.

Optimise

The tools offered by Facebook and Instagram gives creators greater **control** over and insight into how their content is used, as well as offering flexibility around the promotion of their work and providing them with immediate feedback. This allows creators to **optimise** their content or promotion campaign. We found that 84% of respondents use Facebook and Instagram tools to optimise their campaigns in this way. Of those:

- 87% report that these tools help them to find a new audience;
- 91% report that these tools help them to target a specific audience;
- 91% report that these tools help them to improve engagement in promotional activity;
- 88% report that these tools help improve conversions of promotional activity.

6.2 Implications

This report sheds 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 1.1) and the role that social media platforms can play (e.g. matching creators to audiences, grouping similar audiences and differentiating the consumer experience—see section 1.2).

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:** which 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 1.1, 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.[67] However, once again, policymakers must remain cognisant to ensure that any intervention does not jeopardise this benefit.

[67] 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 Survey methodology

A1.1 Overview

The Creators 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 consumer survey (undertaken as part of our Consumer Report).

Oxera commissioned the market research company Kantar to conduct a telephone (CATI) and online (CAWI) survey questionnaire. The surveys were carried out online during the period 4 January–8 February 2021, with a total of 862 responses (461 from the CATI and 401 from the CAWI). To ensure that the research had broad coverage of the views of creators across the European Union, Kantar ran the surveys in five selected countries (Denmark, Germany, Italy, Spain and Poland).[68]

A1.2 Methodology

- **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.
- **Defining the 'creative industries':** for this study, we define the 'creative industries' and 'creative content' as pertaining to publishing (including physical books, creative writing, 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

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

The sample included participants who: (i) use Facebook or Instagram free and/or paid tools and features;[69] and (ii) are present in the audio, audio-visual or publishing industries.

The surveys both ran in three markets (Germany, Italy and Spain), with approximately 215 responses each, while the CATI survey also ran in Demark, and the CAWI survey also ran in Poland. These countries were selected to provide broad coverage across a range of different market types in the EU (i.e. larger and smaller language groups, as well as higher and lower-incomes). Consideration was also given to the practical aspects of gathering a suitable sample of creators from within each country.

Table A1.1 provides the breakdown of the sample by survey type across countries.

[68] Note: Poland was only included in the CAWI and Denmark was only included in the CATI.
[69] In the CATI, 18 responses were captured from participants who do not use Facebook or Instagram's free or paid tools and features; these responses were excluded from our analysis. The statistics presented in this report are therefore representative of the 844 respondents who use either Facebook or Instagram's free or paid tools.

Table A1.1 Sample size by survey type and country

	Denmark	Germany	Italy	Poland	Spain	**Total**
CATI	115	115	117	0	114	**461**
CAWI	0	100	101	100	100	**401**
Total	**115**	**215**	**218**	**100**	**214**	**862**

Source: Oxera analysis of survey data.

The CATI survey aimed to deliver approximately 110 responses in each of the four countries in which it was carried out. Loose quotas were used to ensure a mix of responses from companies of different sizes and that different creative industries were represented.

The CAWI survey aimed to deliver approximately 100 responses in each of the four countries in which it was carried out. It was anticipated that CATI responses may have been lacking in upstream creators, particularly in the audio and audio-visual industries. As a result, target respondents in the CAWI included individual or smaller collaborative creators in the audio and audio-visual industries.

Table A1.2 provides the breakdown of the sample across the survey type and creative industries.[70] Our results and analysis are unweighted, as we do not have strong prior insight into the distribution of creator types in the population.

Table A1.2 Sample size by survey type and creative industries

	Audio only	Audio-visual only	Publishing only	Audio and AV	Audio and Publishing	AV and Publishing	Audio, AV and Publishing	**Total**
CATI	44	129	143	54	31	23	37	**461**
CAWI	39	89	0	273	0	0	0	**401**
Total	**83**	**218**	**143**	**327**	**31**	**23**	**37**	**862**

Note: Creators in the publishing industry were not targeted as part of the CAWI. 17 respondents in the CAWI listed their activities as ‘Other short-form audio or video content’, and therefore have been categorised under ‘Audio and AV’ for this table.

Source: Oxera analysis of survey data.

A1.4 Significance testing

In order to measure and express the uncertainty in our sample estimates, we calculated confidence intervals, i.e. the probability that the parameter referred to the population of creators who use Facebook and/or Instagram for professional purposes will fall between a pair of values around the mean. Table A1.3 below reports the 95% confidence intervals for each survey statistic.[71] These intervals would contain the true population parameter in approximately 95% of cases.

[71] 95% confidence intervals have been estimated assuming normal distribution. The confidence interval for the population mean of each survey statistic μ, based on a simple random sample of size n, is

$$\mu \pm z\sqrt{\frac{\mu * (1-\mu)}{n}}$$

where z is the critical value for the standard normal distribution for a 95% confidence interval.

Table A1.3 Survey statistic confidence intervals

Statistic	Q #	Reference within report	Answers included	Base	Confidence interval		
					Central	Lower	Upper
% of respondents who use either Facebook or Instagram free tools	7, 15	Figure 2.2		844	93%	91%	95%
of whom, % who find free tools at least moderately important for raising their profile and promoting their content	17	Figure 2.2	Moderately important, Very important	786	72%	69%	75%
of whom, % who agree that free tools allow them to promote new content to existing fans	18	Figure 2.2	Agree, Strongly agree	565	84%	81%	87%
of whom, % who agree that free tools allow them to reach new audiences that they would not have otherwise reached	18	Figure 2.2	Agree, Strongly agree	565	78%	74%	81%
of whom, % who agree that free tools allow them to reach audiences from another EU country	18	Figure 2.2	Agree, Strongly agree	562	71%	67%	75%
% of respondents who use either Facebook or Instagram paid tools	8, 16	Figure 2.4		844	74%	71%	77%
of whom, % who agree that paid tools allow them to reach new audiences that they would not have otherwise reached	24	Figure 2.3	Agree, Strongly agree	616	70%	67%	74%
of whom, % who agree that paid tools allow them to reach audiences from another EU country	24	Figure 2.3	Agree, Strongly agree	610	65%	61%	69%
% of respondents using free tools and features who agree that they allow them to reach a relatively small audience with niche interest content	18	Figure 2.5	Agree, Strongly agree	786	66%	62%	69%
% of respondents using paid tools and features who use paid advertising to reach their target audience	19	Figure 2.6	Use Facebook, Use Instagram	621	89%	87%	92%
% of respondents using paid tools and features who agree that paid tools allow them to reach audiences more cost-effectively than other means	24	Section 2.2.1	Agree, Strongly agree	606	72%	69%	76%
% who agree at least 'a moderate amount' that there is inherent value in interacting with consumers/fans	29	Figure 3.2	A moderate amount, A lot, A great extent	841	88%	86%	90%
% who agree at least 'a moderate amount' that by using Facebook and Instagram they get a sense of validation and purpose for their content	29	Figure 3.2	A moderate amount, A lot, A great extent	838	83%	80%	85%
% who agree at least 'a moderate amount' that they build a community of like-minded individuals on Facebook and Instagram	29	Figure 3.3	A moderate amount, A lot, A great extent	838	87%	85%	89%

Statistic	Q #	Reference within report	Answers included	Base	Confidence interval		
					Central	Lower	Upper
% of upstream creators who think that the feedback they receive from Facebook and Instagram users contributes meaningfully to the creative process	39	Figure 3.4	A moderate amount, A lot, A great extent	531	88%	85%	90%
of whom, % who find that Facebook and Instagram helped them a large amount to create content to meet the need of a specific consumer trend	40	Figure 3.4	A large amount	455	45%	40%	49%
of whom, % who find that Facebook and Instagram helped them a large amount to gain inspiration for new content	40	Figure 3.4	A large amount	451	52%	47%	57%
of whom, % who find that Facebook and Instagram helped them a large amount to improve existing content	40	Figure 3.4	A large amount	456	46%	41%	50%
% who agree at least 'a moderate amount' that by using Facebook and Instagram they are recognised by others in the industry, which can lead to new opportunities	29	Figure 3.5	A moderate amount, A lot, A great extent	838	87%	85%	90%
% who encourage users to like or follow their Facebook or Instagram page	30	Figure 3.6 and Figure 4.3	Yes	844	80%	78%	83%
of whom, % who listed a reason for doing so as 'to increase the reach of posts and promotions'	31	Figure 3.6		679	53%	50%	57%
of whom, % who listed a reason for doing so as 'an internal KPI measure'	31	Figure 3.6		679	29%	26%	33%
of whom, % who listed a reason for doing so as 'to gain the attention of others in the industry'	31	Figure 3.6		679	46%	42%	49%
of whom, % who listed a reason for doing so as 'to maximise conversion opportunities'	31	Figure 3.6 and Figure 4.3		679	41%	37%	45%
% of respondents who earn revenues via fan subscriptions	36	Figure 4.2		844	22%	19%	25%
% of respondents who earn revenues via instream ads	36	Figure 4.2Figure 4.1		844	28%	25%	31%
% of respondents who earn revenues via branded content	36	Figure 4.2		844	33%	29%	36%
% of respondents who earn revenues via Facebook stars	36	Figure 4.1		844	19%	17%	22%
% of respondents who earn revenues via rights manager	36	Figure 4.1		844	14%	12%	17%

Statistic	Q #	Reference within report	Answers included	Base	Confidence interval		
					Central	Lower	Upper
% of respondents who earn revenues via other Facebook/Instagram tools	36	Figure 4.1		844	5%	3%	6%
% of respondents who use at least one of the tools or features in order to earn revenues directly from the platform	36	Figure 4.1		844	67%	64%	70%
of whom, % for whom this income is more than 20% of their total business revenues	37	Figure 4.1	21–40%, 41–60%, 61–80%, 81% or more	552	76%	72%	79%
% of respondents for whom Facebook and Instagram is at least ‘moderately important’ to the way they earn revenues indirectly through other off-platform channels	38	Figure 4.3	Moderately important, Very important	844	49%	46%	52%
% of respondents that use Facebook advertisements	41	Figure 5.1		844	43%	39%	46%
% of respondents that use Instagram advertisement	41	Figure 5.1		844	38%	34%	41%
% of respondents that use Instagram insights	41	Figure 5.1		844	33%	30%	36%
% of respondents that use Facebook insights	41	Figure 5.1		844	33%	30%	36%
% of respondents that use Facebook lookalike audiences	41	Figure 5.1		844	24%	21%	27%
% of respondents that use Facebook custom audiences	41	Figure 5.1		844	22%	19%	25%
% of respondents that use Facebook pixel	41	Figure 5.1		844	19%	16%	21%
% of respondents that use Creator studio insights	41	Figure 5.1		844	15%	13%	18%
% of respondents that use Facebook rights manager	41	Figure 5.1		844	13%	10%	15%
% of respondents that use CrowdTangle	41	Figure 5.1		844	9%	7%	11%
% of respondents who use at least one of Facebook or Instagram's optimisation tools	41	Figure 5.2		844	84%	82%	87%
of whom, % who agree at least to 'a moderate extent' that the tools help them to: find a new audience	42	Figure 5.2	A moderate extent, A lot, A great extent	710	87%	85%	90%
of whom, % who agree at least to 'a moderate extent' that the tools help them to: target a specific audience	42	Figure 5.2	A moderate extent, A lot, A great extent	704	91%	89%	93%
of whom, % who agree at least to 'a moderate extent' that the tools help them to: improve engagement in promotional activity	42	Figure 5.2	A moderate extent, A lot, A great extent	710	91%	88%	93%

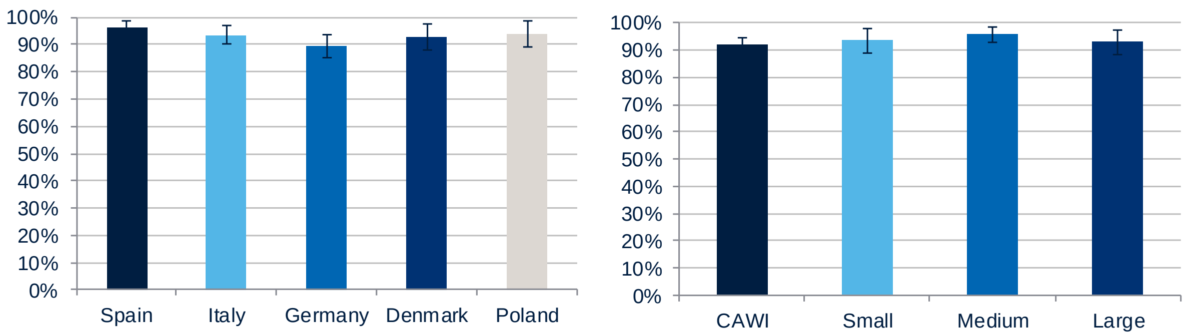
Statistic	Q #	Reference within report	Answers included	Base	Confidence interval		
					Central	Lower	Upper
of whom, % who agree at least to 'a moderate extent' that the tools help them to: improve conversions of promotional activity	42	Figure 5.2	A moderate extent, A lot, A great extent	708	88%	86%	91%

Source: Oxera analysis of survey data.

A1.5 Country and size of business differences

Our survey sample is intended to encompass EU creators of all business sizes that use Facebook and Instagram; therefore, respondents from five countries were chosen. While our results are quoted on aggregate, in certain cases there are some significant differences in the responses between countries and business sizes. Some insights on how the responses differ by country and size are shown in the figures below.

Figure A1.1 Respondents who use Facebook or Instagram free tools

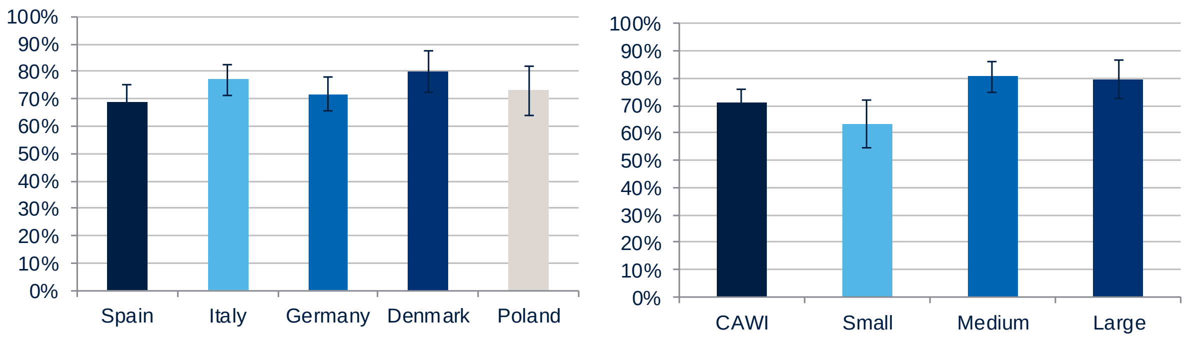


Note: 'Small' businesses are defined as those with 1–10 employees, 'Medium' as those with 10–99 employees, and 'Large' as those with 100+ employees. All CAWI survey respondents are classed as 'Small'.

Source: See Q7 and Q15 in Appendix A1.

As can be seen in Figure A1.1, respondents in Germany are less likely to use Facebook or Instagram free tools than in Spain, while there are no significant difference between the respondents from the other countries. There is no significant difference in responses by business size.

Figure A1.2 Respondents who use Facebook or Instagram paid tools

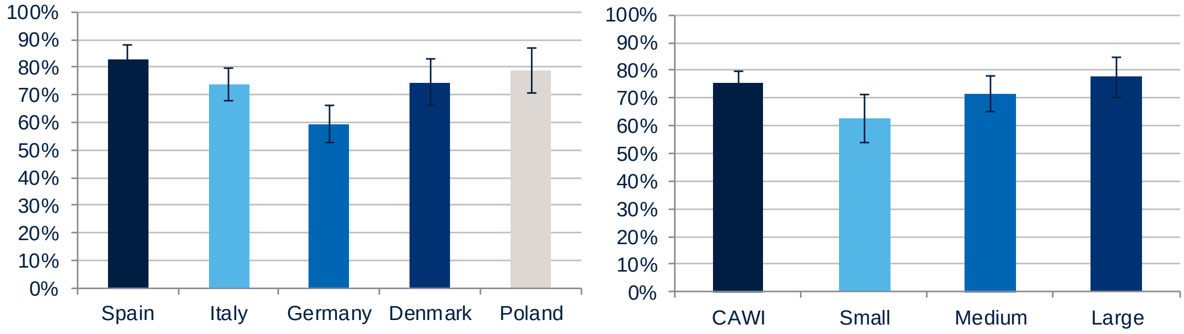


Note: 'Small' businesses are defined as those with 1–10 employees, 'Medium' as those with 10–99 employees, and 'Large' as those with 100+ employees. All CAWI survey respondents are classed as 'Small'.

Source: See Q8 and Q16 in Appendix A1.

As can be seen in Figure A1.2, there is no significant difference in the use of Facebook or Instagram paid tools by country. Small businesses are less likely to use Facebook or Instagram paid tools than medium and large businesses.

Figure A1.3 Respondents who agree that Facebook and/or Instagram's free or paid tools help them reach consumers in the EU

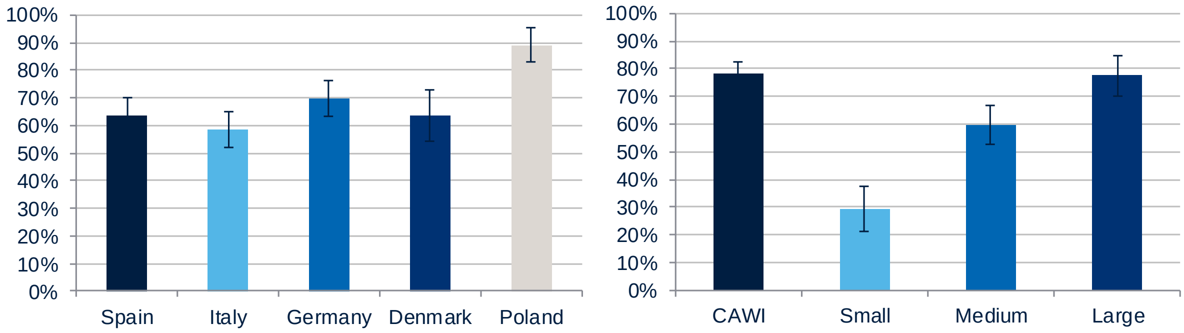


Note: 'Small' businesses are defined as those with 1–10 employees, 'Medium' as those with 10–99 employees, and 'Large' as those with 100+ employees. All CAWI survey respondents are classed as 'Small'.

Source: See Q18 in Appendix A1.

As can be seen in Figure A1.3, respondents in Germany are less likely to assert that Facebook and/or Instagram's free or paid tools are useful to reaching consumers in the EU. Small businesses are less likely to agree with this statement than large businesses and CAWI survey respondents.

Figure A1.4 Respondents who earn revenues using on-platform Facebook/Instagram tools



Note: 'Small' businesses are defined as those with 1–10 employees, 'Medium' as those with 10–99 employees, and 'Large' as those with 100+ employees. All CAWI survey respondents are classed as 'Small'.

Source: See Q36 in Appendix A1.

As can be seen in Figure A1.4, respondents in Poland are more likely to earn revenues using Facebook and/or Instagram's tools. The likelihood of earning revenues is also proportional to the size of the business, with fewer small businesses earning through platforms than the other business categories and fewer medium businesses earning revenues using on-platform tools than large businesses and CAWI survey respondents.

A1.6 Survey questions

A1.6.1 CATI screening questions

1. How old were you on your last birthday?

2. Is your business active in any of the following industries?

- Publishing: including online news or blogs, magazines, journals, digital eBooks or physical books;
- Audio-visual: including ‘offline’ film and TV, streamed film and TV content and short-form content; but excluding amateur user-generated content (UGC);
- Audio: including studio albums, digital downloads, single tracks/podcasts and online streaming media such as music or radio.
- None of these

3. And which would you say is the primary sector that *you* are involved with in your role with your business?

- Publishing
- Audio-visual
- Audio
- None of these

4. You indicated that you work primarily in the [INDUSTRY FROM Q3] industry, what is the nature of your business?

- [Publishing only]
    - i. Online news outlet
    - ii. Publisher (books, magazines, journal)
    - iii. Agent
    - iv. Editor
    - v. Wholesale/Distributor
    - vi. Retailer (e.g. bookstore)
    - vii. In-house author (e.g. for a newspaper)
    - viii. Self-published author (books/journals)
    - ix. Self-published author (blogs)
    - x. Self-employed author/journalist/writer
    - xi. Other [please indicate]
- [Audio-visual only]
    - i. Production
    - ii. Distribution
    - iii. Broadcaster
    - iv. Theatre
    - v. Independent e.g. short-form content director
    - vi. Self-employed
- [Audio only]
    - i. Record label
    - ii. Distributor (music or podcast)
    - iii. Producer (E.g. radio or podcast)
    - iv. Self-employed
    - v. Artist (e.g. band, musician)
    - vi. Podcast host
    - vii. Retailer (e.g. digital streaming service or radio directory)

5. Which forms of marketing does your business use?

- TV
- Radio
- Print media such as newspaper or magazine
- Billboard and other outdoor media
- Google and other search engines
- Social media

- Other
- None of these

6. Do you use social media tools and platforms to market content as part of your role? Or do you manage someone who uses these tools and you are aware of how they work, the objectives for using them and results achieved?

   - Yes
   - No

7. [Order of Q7 and Q8 randomised] Which social media platforms does your business use *at least partly for free*? This can include creating a free profile/channel etc [Multicode: Order randomised]

   - Facebook
   - Instagram
   - LinkedIn
   - Pinterest
   - Reddit
   - Snapchat
   - TikTok
   - Tumblr
   - Twitter
   - YouTube
   - Other
   - None of these

8. [Order of Q7 and Q8 randomised] And which platforms does your business spend money on at least sometimes (e.g. for advertising, sponsored posts etc) [Multicode: Order randomised]

   - Facebook
   - Instagram
   - LinkedIn
   - Pinterest
   - Reddit
   - Snapchat
   - TikTok
   - Tumblr
   - Twitter
   - YouTube
   - Other
   - None of these

9. And approximately how many employees does your business have?

   - 1
   - 2-10
   - 11-49
   - 50-99
   - 100-249
   - 250-499
   - 500+

CATI Respondents were screened out if:

- They are not active in any of the chosen creative industries (Q2)
- The respondent is not involved with any of the creative industries in their role (Q3)
- The business does not use social media marketing (Q5)
- If the respondent is not responsible for, or does not have knowledge of social media tools as part of their role (Q6)
- If the creator does not use any of the social media platforms listed in Q7 and Q8 either for free or paid.

A1.6.2 CAWI screening questions

10. How old were you on your last birthday?

11. Do you create any of the following types of content for distribution online? Please select all that apply. [Multicode: Order randomised]

    - Video
    - Music
    - Music videos
    - Podcasts
    - Other short-form audio or video content
    - None of these

12. You said you create content for distribution online. Which ONE of these best describes the content you create?

    - It's professional quality content that people pay for
    - It's professional quality content that people don't pay for
    - It's content that is valued by a large number of people
    - It's social media content for my friends and people I know
    - None of these

13. To what extent is the content that you create important to you financially

    - It's something that I hope will one day generate revenue
    - It's a supplementary source of income for me
    - It's my main source of income
    - It's not important for me financially

14. Which, if any, of these social media platforms do you use to promote any of this content? [Multicode: Order randomised]

    - Facebook
    - Instagram
    - LinkedIn
    - Pinterest
    - Reddit
    - Snapchat
    - TikTok
    - Tumblr
    - Twitter
    - YouTube
    - Other
    - None of these

15. [Order of Q15 and Q16 randomised] Which social media platforms do you use at least partly for free for business purposes (e.g. using a business page)? Please select all that apply. [Multicode: Order randomised]

    - Facebook
    - Instagram
    - LinkedIn
    - Pinterest
    - Reddit
    - Snapchat
    - TikTok
    - Tumblr
    - Twitter
    - YouTube
    - Other
    - None of these

16. [Order of Q15 and Q16 randomised] Which platforms do you spend money on at least sometimes (e.g. for advertising, sponsored posts etc) for business purposes? Please select all that apply [Multicode: Order randomised]

    - Facebook
    - Instagram
    - LinkedIn
    - Pinterest
    - Reddit
    - Snapchat
    - TikTok
    - Tumblr
    - Twitter
    - YouTube
    - Other
    - None of these

CAWI Respondents were screened out if:

- Respondent was under 18 (Q10)
- They do not create any of the creative content listed in Q11
- The content was not professional quality or valued by a large number of people (Q12)
- The content was not important to the creator financially (Q13)
- They do not use Facebook or Instagram to promote their content (Q14)
- If the creator does not use Facebook or Instagram either for free or paid (Q15, Q16)

A1.6.3 Survey questions

17. [Ask if Q7/Q15 = Facebook or Instagram] How important are Facebook and/or Instagram's free tools and features for raising your profile and/or promoting your content?

    a. Not at all important
    b. Slightly important
    c. Moderately important
    d. Very important

18. [Ask if Q17 not ='Not at all important'] To what extent do you agree or disagree with the following statements? [Order randomised]

- Facebook and/or Instagram's free tools help you promote new content to your existing fans
- Facebook and/or Instagram's free tools allow you to reach a new audience that you would not otherwise reach
- You use Facebook and/or Instagram's free tools to reach a relatively small audience with niche interest content
- You use Facebook and/or Instagram's free tools to reach a wide audience with general interest content
- You use Facebook and/or Instagram's free tools to reach audiences from another EU country
    i. Strongly Agree
    ii. Agree
    iii. Undecided
    iv. Disagree
    v. Strongly Disagree
    vi. Not applicable / don't know

19. [Ask if Q8/Q16 = Facebook or Instagram] Do you use Facebook and/or Instagram paid advertising to target a particular audience? [tick all that options that apply]

- Use Facebook
- Use Instagram
- No, don't use to target a particular audience]

20. [Ask if Q8/Q16 = Facebook or Instagram] Thinking about a typical paid advertising campaign you run on Facebook and/or Instagram, what is your approximate budget? This is where Facebook and/or Instagram asks for the total amount you are willing to spend in a day or over the course of the campaign. [This can be expressed on a per day or per campaign basis]

- Daily budget [input amount] [do not have to input both amounts]
- 'lifetime' campaign budget [input amount] [do not have to input both amounts]
- Don't know / not at liberty to say [exclusive]

21. [Ask if Q8/Q16 = Facebook or Instagram] Approximately how long does a typical Facebook and/or Instagram campaign run for that budget?

- Less than a week
- 1 – 2 weeks
- 3 weeks – 1 month
- 2 – 3 months
- 4 – 6 months
- More than 6 months
- Don't know / Not at liberty to say

22. [Ask if Q8/Q16 = Facebook or Instagram] Approximately how many people are you typically able to reach? (This is the number of people you were able to reach over the course of your campaign as reported in Facebook Ads).

- Up to 1,000
- 1,001 – 10,000
- 10,001 – 50,000
- 50,001 – 100,000

- 100,001 – 500,000
- 500,001 – 1 million
- 1,000,001 – 5 million
- 5,000,001 – 10 million
- 10,000,001 – 50 million
- More than 50 million
- Don’t know / Not at liberty to say

23. [Ask if Q8/Q16 = Facebook or Instagram] What is the approximate CPM i.e. the average cost per 1,000 impressions for a typical campaign, as reported in Facebook Ads?

- €0.01 - €0.10
- €0.11 - €0.24
- €0.25 – €0.49
- €0.50 - €0.99
- €1.00 - €1.99
- €2.00 - €4.99
- €5.00 - €9.99
- More than €10
- Don’t know / Not at liberty to say

24. [Ask if Q8/Q16 = Facebook or Instagram] To what extent do you agree or disagree with the following statements? [Order randomised]

- Facebook and/or Instagram’s paid tools allows you to reach your consumers/fans more cost effectively than other means
- Facebook and/or Instagram’s paid tools allow you to reach consumers that you would not otherwise reach
- You use Facebook and/or Instagram’s paid tools to reach consumers from another EU country
  - vii. Strongly Agree
  - viii. Agree
  - ix. Undecided
  - x. Disagree
  - xi. Strongly Disagree
  - xii. Not applicable / Don’t know

25. [Ask if Q7/Q15 or Q8/Q16= Facebook] Which Facebook tools and features do you use to encourage your audience to engage with your content [Multicode: Order randomised]

- Facebook free posts/photos etc.
- Videos
- Facebook Live
- ‘Shop now’ advertising formats
- ‘Carousel’ advertising formats
- Facebook STARS
- Facebook instant articles
- Facebook shops
- Facebook paid group subscriptions
- Polls
- Facebook events
- Other
- None of these

26. [Ask if Q7/Q15 or Q8/Q16= Instagram] Which Instagram tools and features do you use to encourage your audience to engage with your content? [Multicode: Order randomised]

- Instagram free posts/stories
- Videos
- Instagram Live
- ‘Shop now’ advertising formats
- ‘Carousel’ advertising formats
- Polls
- Other
- None of these

27. [Ask if Q7/Q15 or Q8/Q16 = Facebook or Instagram] Thinking about your interaction with your audience and fans, roughly what proportion occurs through Facebook and/or Instagram?

- 0%
- 0-20%
- 21-40%
- 41 – 60%
- 61 – 80%
- 81% or more

28. [Ask if Q7/Q15 or Q8/Q16 = Facebook or Instagram] And roughly what proportion of those interactions that occurred over Facebook and/or Instagram do you think could **not** have occurred via any other channel?

- 0%
- 0-20%
- 21-40%
- 41 – 60%
- 61 – 80%
- 81% plus

29. [Ask if Q7/Q15 or Q8/Q16 = Facebook or Instagram] Thinking about why you use Facebook and/or Instagram to engage with your audience, to what extent do you feel: [Order randomised]

- There is an inherent value in interacting with your consumers / fans?
- You build a rapport and brand loyalty with consumers / fans on Facebook and/or Instagram
- You build a community of like-minded individuals on Facebook and/or Instagram?
- That by using Facebook and/or Instagram you get a sense of validation and purpose for your content?
- By using Facebook and/or Instagram you are recognised by others in the industry which can lead to new opportunities?
    i. A great extent
    ii. A lot
    iii. A moderate amount
    iv. A little
    v. Not at all
    vi. Not applicable

30. [Ask if Q7/Q15 or Q8/Q16 = Facebook or Instagram] Do you encourage users to like or follow your Facebook and/or Instagram pages e.g. through promotions, ad campaigns, call-to-action buttons or paid posts?

- Yes
- No

31. [For those that answer yes] What are your reasons for doing so? [Order randomised, multiselect]

- To encourage brand loyalty
- To increase the reach of posts and promotions
- To improve customer engagement
- To maximise conversion opportunities
- To gain the attention of others in the industry by having more followers
- As an internal KPI measure
- Other
- None of these

32. [Ask if Q7/Q15 or Q8/Q16= Facebook] Thinking about your business' Facebook **page**, please give an indication of how many likes the page has.

- 0 – 100 [CAWI only]
- 101 – 500 [CAWI only]
- 501 – 1,000 [CAWI only]
- 0-1,000 [CATI only]
- 1,001- 5,000
- 5,001 – 50,000
- 50,001 – 250,000
- 250,001 – 1,000,000
- 1,000,001 – 10,000,000
- More than 10 million [CAWI only]
- 10,000,001 – 25,000,000 [CATI only]
- 25,000,001 – 50,000,000 [CATI only]
- 50 million plus [CATI only]
- Don't know

33. [Ask if Q7/Q15 or Q8/Q16= Instagram] Thinking about your business' Instagram **account**, please give an indication of how many followers the account has.

- 0 – 100 [CAWI only]
- 101 – 500 [CAWI only]
- 501 – 1,000 [CAWI only]
- 0-1,000 [CATI only]
- 1,001- 5,000
- 5,001 – 50,000
- 50,001 – 250,000
- 250,001 – 1,000,000
- 1,000,001 – 10,000,000
- More than 10 million [CAWI only]
- 10,000,001 – 25,000,000 [CATI only]
- 25,000,001 – 50,000,000 [CATI only]
- 50 million plus [CATI only]
- Don't know

34. [Ask if Q7/Q15 or Q8/Q16= Facebook] And now thinking about a typical Facebook **post** by your business, please give an indication of how many people engage with the post (e.g. like it, share it, tag someone, or comment on it)

- 0 - 100
- 101 - 500
- 501 - 1000
- 1,001 – 5,000
- 5,001 – 50,000
- 50,001 – 250,000
- 250,001 – 1,000,000
- 1,000,001 – 10,000,000
- More than 10 million
- Don’t know

35. [Ask if Q7/Q15 or Q8/Q16= Instagram] And thinking about a typical Instagram **post** by your business, please give an indication of how many people engage with the post (e.g. like it, share it, tag someone, or comment on it)

- 0 - 100
- 101 - 500
- 501 - 1000
- 1,001 – 5,000
- 5,001 – 50,000
- 50,001 – 250,000
- 250,001 – 1,000,000
- 1,000,001 – 10,000,000
- More than 10 million
- Don’t know

36. [Ask if Q7/Q15 or Q8/Q16 = Facebook or Instagram] Which tools or features, if any, do you use to earn revenues directly from Facebook and/or Instagram? [Multiselect]

- Branded content/Paid Partnerships
- Advertising affiliation (e.g. instream ads)
- Rights manager
- Paid group subscriptions
- Facebook STARS
- Others
- I don’t earn any revenues directly through Facebook and/or Instagram

37. [Ask if Q36 not = ‘I don’t earn any revenues…’] Roughly what proportion of your business’ revenues do you earn directly through Facebook and/or Instagram?

- 0-20%
- 21-40%
- 41 – 60%
- 61 – 80%
- 81% or more
- Don’t know / not at liberty to say

38. [Ask if Q7/Q15 or Q8/Q16 = Facebook or Instagram] How important are Facebook and/or Instagram to the way you earn revenues indirectly, through other off-platform channels (e.g. by selling goods, merchandise and tickets though another website or in physical shops)?

- Not at all important
- Slightly important
- Moderately important
- Very important

[For upstream creators (CATI) and all CAWI respondents] The following questions are concerned with how you use insights and feedback from social media to optimise your creative process.

39. [Ask if Q7/Q15 or Q8/Q16 = Facebook or Instagram] To what extent does feedback you receive from interactions with other users on Facebook and/or Instagram contribute meaningfully to the creative process?

   1. A great extent
   2. A lot
   3. A moderate amount
   4. A little
   5. Not at all
   6. Not applicable / don't know

40. [If Q39 is 'A great extent' to 'A little'] Thinking about the creative process, to what extent did Facebook and/or Instagram help you to do the following:

- Improve existing content
  - i. Not at all
  - ii. Somewhat
  - iii. A large amount
  - iv. Don't know
- Gain inspiration for new content
  - i. Not at all
  - ii. Somewhat
  - iii. A large amount
  - iv. Don't know
- Create content to meet the need of a specific consumer trend
  - i. Not at all
  - ii. Somewhat
  - iii. A large amount
  - iv. Don't know

The following questions are concerned with how you have used Facebook and Instagram's tools and features to optimise free and paid promotional activity and campaigns.

41. [Ask if Q7/Q15 or Q8/Q16 = Facebook or Instagram] Which tools and features have you used to *optimise* your free and paid promotional activity/campaigns [Multicode, order randomised]

- Facebook insights
- Instagram insights
- Creator studio insights

- CrowdTangle
- Facebook advertisements
- Instagram advertisements
- Facebook custom audiences
- Facebook lookalike audiences
- Facebook pixel
- Facebook rights manager
- Split testing (A/B testing)
- None of these

42. [Skipped if Q41='None of these'] Thinking about why you use Facebook and/or Instagram to optimise your campaigns, to what extent do: [Order randomised]

- Facebook and/or Instagram help you to find a new audience?
- Facebook and/or Instagram help you target a specific audience?
- Facebook and/or Instagram tools help you to improve engagement of your promotional activity?
- Facebook and/or Instagram tools help you to improve conversions of your promotional activity?
   i. A great extent
   ii. A lot
   iii. A moderate extent
   iv. A little
   v. Not at all
   vi. Not applicable / don't know

[Alternative survey for CATI respondents who do not use either Facebook or Instagram free or paid tools, i.e. did NOT respond Facebook or Instagram to Q7/Q15 and Q8/Q16]

43. How important are **free social media tools** for raising your profile and/or promoting your content?

- Not at all important
- Slightly important
- Moderately important
- Very important

44. [Skipped if Q43= Not at all important] To what extent do you agree or disagree with the following statements?[Order randomised]

- Free social media tools help you promote new content to your existing fans
- Free social media tools allow you to reach a new audience that you would not otherwise reach
- You use free social media tools to reach a relatively small audience with niche interest content
- You use free social media tools to reach a wide audience with general interest content
- You use free social media tools to reach audiences from another EU country
   vii. Strongly Agree
   viii. Agree
   ix. Undecided
   x. Disagree
   xi. Strongly Disagree
   xii. Not applicable / don't know

45. Do you use social media **paid advertising** to target a particular audience?
    - Yes
    - No

46. To what extent do you agree or disagree with the following statements? [Order randomised]

    - Social media paid tools allows you to reach your consumers/fans more cost effectively than other means
    - Social media paid tools allow you to reach consumers that you would not otherwise reach
    - You use social media paid tools to reach consumers from another EU country

    xiii. Strongly Agree
    xiv. Agree
    xv. Undecided
    xvi. Disagree
    xvii. Strongly Disagree
    xviii. Not applicable / Don't know

47. Thinking about your interaction with your audience and fans, roughly what proportion occurs through social media?

    - 0%
    - 0-20%
    - 21-40%
    - 41 – 60%
    - 61 – 80%
    - 81% or more

48. And roughly what proportion of those interactions that occurred social media do you think could **not** have occurred via any other channel?

    - 0%
    - 0-20%
    - 21-40%
    - 41 – 60%
    - 61 – 80%
    - 81% plus

49. Thinking about why you use social media to engage with your audience, to what extent do you feel: [Order randomised]

    - There is an inherent value in interacting with your consumers / fans?
    - You build a rapport and brand loyalty with consumers / fans on social media?
    - You build a community of like-minded individuals on social media?
    - By using social media you feel a sense of validation and purpose for your content?
    - By using social media you are recognised by others in the industry which can lead to new opportunities?

    i. A great extent
    ii. A lot
    iii. A moderate amount
    iv. A little
    v. Not at all
    vi. Not applicable

50. Do you encourage users to like or follow your social media pages e.g. through promotions, ad campaigns, call-to-action buttons or paid posts?

- Yes
- No

51. [For those that answer yes at Q50] What are your reasons for doing so? [Order randomised, multiselect]

- To encourage brand loyalty
- To increase the reach of posts and promotions
- To improve customer engagement
- To maximise conversion opportunities
- To gain the attention of others in the industry by having more followers
- As an internal KPI measure
- Other
- None of these

52. How important are social media to the way you earn revenues indirectly, through other off-platform channels (e.g. by selling goods, merchandise and tickets though another website or in physical shops)?

- Not at all important
- Slightly important
- Moderately important
- Very important

[For upstream creators only] The following questions are concerned with how you use insights and feedback from social media to optimise your creative process.

53. To what extent does feedback you receive from interactions with other users on social media contribute meaningfully to the creative process?

1. A great extent
2. A lot
3. A moderate amount
4. A little
5. Not at all
6. Not applicable / don't know

54. [If Q53 = 'A great extent' – 'A little'] Thinking about the creative process, to what extent did social media help you to do the following:

- Improve existing content
  i. Not at all
  ii. Somewhat
  iii. A large amount
  iv. Don't know
- Gain inspiration for new content
  i. Not at all
  ii. Somewhat
  iii. A large amount
  iv. Don't know

- Create content to meet the need of a specific consumer trend
    i. Not at all
    ii. Somewhat
    iii. A large amount
    iv. Don’t know

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