


THE CREATOR ECONOMY:

*A guide for impact
investors*

April 2023



Upstart Co-Lab connects capital with creative people who make a profit and make a difference.

Since 2016, Upstart Co-Lab has framed the [creative economy](#) as an [impact investing](#) priority; demonstrated the opportunity the creative economy offers diverse entrepreneurs and workers; developed a pipeline of 300 impact investment opportunities in the creative industries; and directly mobilized \$23 million of impact capital for the U.S. creative economy.

Contact Upstart Co-Lab at info@upstartco-lab.org

INTRODUCTION

- The online creator economy - the ecosystem of direct-to-audience platforms and digital tools helping creatives to develop, monetize, scale, and maintain control over their work - has seen hypergrowth since 2020. However, it has **not yet lived up to its promise** to enable an inclusive creative middle class.
- Upstart Co-Lab believes **impact investors can play a role** to ensure the values of diversity, equity, inclusion and access are prioritized in this rapidly growing sector.
- The latest in a **series of deep dives into key creative industries**, this report looking at a fast-growing segment of Upstart Co-Lab's pipeline of impact investment opportunities in the U.S. creative economy.
- We aim to spotlight this emerging sector for impact investors and fund managers who understand the **important role creativity and free expression play in enabling diversity, equity, inclusion and access.**

This information contained herein has been compiled by Upstart Co-Lab as a service to individuals in the impact investing field who may, on their own initiative, pursue such opportunities. Such information does not constitute a solicitation or an offer to sell any securities. Upstart Co-Lab is not recommending that anyone invest in any specific investment opportunity. Individuals should conduct their own evaluation of any investment opportunity and consult with their own financial advisers before undertaking an investment in any of these opportunities.

The new and fast-growing **\$104B CREATOR ECONOMY**
holds the promise of career and income opportunities for creative people,
and strong financial returns for investors.

With \$8.4 trillion of values-aligned capital in the U.S. and \$31 trillion globally, impact investors can help the Creator Economy grow to be diverse, equitable and inclusive.

In 2022, Upstart Co-Lab completed the first in-depth review of impact investing and the Creator Economy:

- Evaluated 250 private companies and 29 public companies in the Creator Economy
- Engaged 20 experts in creativity & culture, finance and the social sector
- Reviewed more than 100 news articles and reports

SCOPE

The Creator Economy is vast and quickly growing.

Upstart Co-Lab set out to understand trends in the Creator Economy overall, while **focusing on the opportunities and challenges for creative people specifically.**

250 million global online creators and influencers include: academics, athletes, CEOs, community leaders, engineers, entrepreneurs, experts, gamers, gardeners, journalists, lifestyle, coaches, marketers, models, politicians, pundits, scientists, tour guides, wellness coaches

Creatives with online followings and earnings
Include:
actors, architects, visual artists, animators, choreographers, comedians, dancers, fashion designers, filmmakers, game designers, graphic designers, interior designers, illustrators, magicians, musicians, photographers, storytellers, stylists

1

What is the Creator Economy?

2

What does the Creator Economy mean - *and what could it mean* - for creative people?

3

What does the Creator Economy mean - *and what could it mean* - for impact investors?

4

What is the impact investment strategy for *private companies* in the Creator Economy?

5

What is the impact investment strategy for *public companies* in the Creator Economy?

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WHAT IS THE CREATOR ECONOMY?

An online ecosystem of platforms, products and services...
enabling independent content creators to make work online...
and grow their audiences...
while managing and monetizing their ideas.

CREATOR ECONOMY PLATFORMS, PRODUCTS AND SERVICES

				
Tools, Software & Hardware	Digital Platforms	Monetizers	Business Management	Web 3
Facilitate and scale the creative process (i.e. video & music recording, photo editing, design)	Open collaboration with and access to audiences, primarily via social media	Patronage, subscriptions, Marketplaces, streaming, auctions	CRM, inventory management, marketing, payroll/HR	NFTs, DAOs, social tokens, and other emerging technologies based on the blockchain

Examples

Anchor, Canva,
Descript, Picsart,
Splice

Beacons,
Instagram,
TikTok, Snapchat,
Twitch, Linktree

Cameo, Medium,
mirror.xyz,
Patreon, Pietra,
Substack

Karat, Collective,
Grin, Lili, Oxygen,
Pico, Stir

Bitski, Galaxy,
Kairos,
MakersPlace,
Opensea, Rally,

see Further Reading on page 17 for information on how other experts are scoping the creator economy

A NOTE ON WEB 3.0

The emergence of Web 3.0 or Web3 – i.e. decentralized internet, powered by blockchain technology – has potentially profound implications for creators. Non-fungible tokens (NFTs), social tokens, cryptocurrency, decentralized autonomous organizations (DAOs) and related approaches provide entirely new models of monetization, ownership and governance that can empower creatives.

For some, Web3 and the Creator Economy are deeply entwined, or even one and the same. Upstart Co-Lab recognizes the disruptive potential of Web3, and while it is discussed in this research, it is not a focal point.

HISTORY OF THE CREATOR ECONOMY (1 of 2)

1990s / Web 1.0

Authors, filmmakers, musicians, and others can inexpensively share their work with a global audience

Late 2000s / Web 2.0

Etsy (2005), Soundcloud (2007), Bandcamp (2007), Kickstarter (2009) connect independent artists to global marketplaces, audiences and capital sources

Early 2000s/ Web 2.0

Self-publishing platforms like Blogger (1999) and social media platforms like Facebook (2004) and YouTube (2005) provide a creative outlet for the 50%+ of U.S. households with personal computers & digital cameras

Early 2010s / Web 2.0

YouTube uses the term “creator” to describe super users attracting large followings and sponsorship deals


HISTORY OF THE CREATOR ECONOMY (2 of 2)

2010s / Web 2.0

Protestors successfully advocate for freedom of speech and protection of user-generated content on-line in response to proposed legislation ostensibly intended to address copyright infringement

Early 2020s/Web 3.0

As Web 3.0 and COVID accelerate supply and demand for on-line content, the Creator Economy grows. YouTube contributed \$20B to the U.S. economy in 2020, the equivalent of 394,000 full-time jobs



Content is king in the “attention economy” which grows with the launch of social sharing platforms like Instagram, Reddit, and Medium; Meta and Alphabet consolidate power on-line

Adobe reports that 165 million creators (professional and amateur) joined the global creator economy from 2020-2022

TODAY THE CREATOR ECONOMY IS GROWING FAST

- Already at \$104 billion globally, the Creator Economy is expected to grow to trillions of dollars by the end of the decade
- Over 300 U.S.-based startups, including 15 unicorns with >\$1B valuation, currently comprise the Creator Economy
- Investors have poured more than \$7B into U.S.-based creator economy startups since early 2021

Small business payment processor Stripe reported a 48% growth in the total number of creators served by their platform partners in 2021, with even larger growth projected in final 2022 numbers.

HOW MANY CREATORS ARE OUT THERE?

- Estimates for creators active in the worldwide Creator Economy range from 50-250 million
- By comparison, there are 30 million people working in the formal creative economy and 300 million people working in the informal creative economy globally
- In the U.S. there are 87.5 million people creating original content for their jobs or passions, 16% of which (14 million) are earning money from 5k+ social media followers
- By comparison, there are 2.6 million “artists” in the United States according to the NEA and US Bureau of Labor Statistics

Instagram

Patreon

TikTok

YouTube

are beginning to survey users to understand the demographics of creators on their platforms

HOW DO CREATORS MAKE MONEY?

- Establishing brand partnerships with revenue from advertisements, sponsored content, and product Placement
- Selling art, merchandise, and other objects online
- Offering subscriptions to access streaming content
- Hosting ticketed virtual events
- Sharing skills and expertise through online classes
- Creating VIP groups, fan clubs, patron groups, communities

75% of creators depend on brand partnerships as their major source of earnings -- 3x more than all other revenue sources combined

INVESTING IN THE CREATOR ECONOMY

INVESTORS

invest in public and private...

COMPANIES

offering tools, services and platforms to

CREATORS

who make content and build businesses
that often partner with...

CONSUMER BRANDS

that leverage creators' reach...

to connect with
FANS AND AUDIENCES

WHAT'S NEXT FOR THE CREATOR ECONOMY?

All of the major platforms compete to **attract and keep creators by introducing new features** such as business tools and launching multi-million-dollar creator funds to develop emerging talent.

Creator content will be mainstreamed and live alongside “corporate content,” the same way that streaming and cable co-exist today.

The **creator economy remains a source of optimism in the long-term** for leading VC firms despite the uncertain economic landscape and the decline in venture funding overall.

As more people enter the creator workforce and earn substantial incomes, gig economy **labor issues** will become a focus.

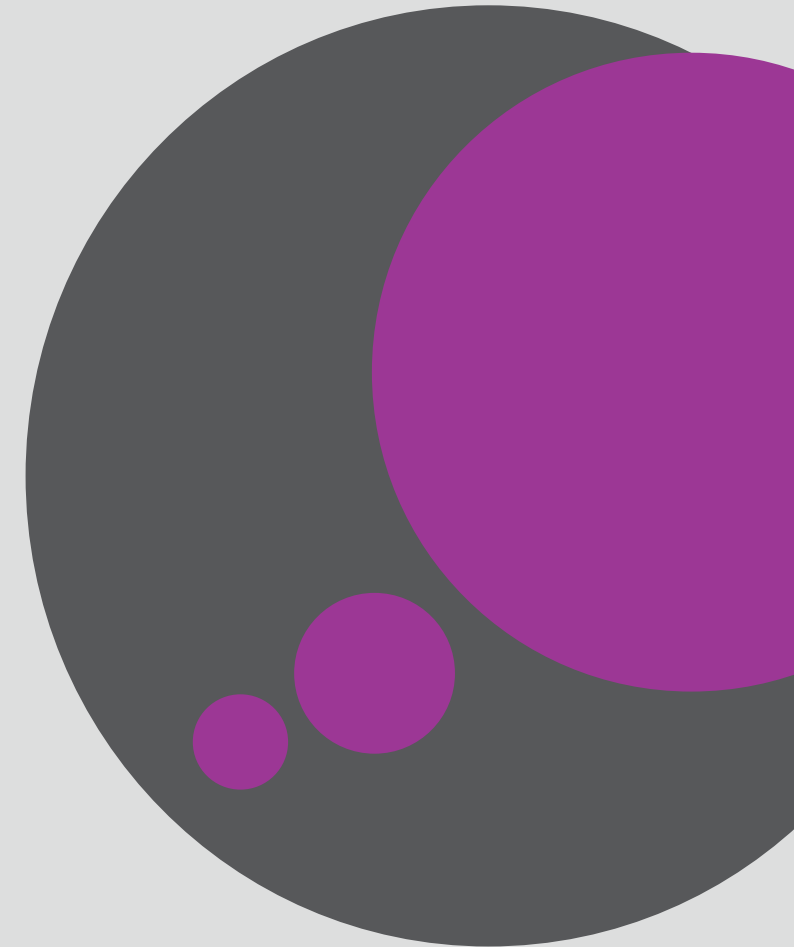
Legacy **talent agencies and studios** are investing in the future of how content is made and consumed which will start to compete and co-invest with Silicon Valley.

1 / CONCLUSION

- The rapidly expanding Creator Economy offers new ways for creative work to be made, distributed, and financed.
- The Creator Economy opens wealth-building opportunities for artists, designers and other creatives with the potential to uplift millions of people seeking to make a living from their creative work.
- Anyone who cares about the future of the arts and creative expression should pay attention to what is happening in the Creator Economy.

1 / FURTHER READING

- *The Information* maintains a database of 250+ creator economy startups that have received venture funding, which it updates quarterly along with its extensive coverage of the sector
- For the last three years, Antler has published an annual report on the creator economy – see the newly released 2023 iteration.
- Richard Florida released The Rise of the Creator Economy in Nov 2022, commissioned by Meta
- See landscape maps of the Creator Economy from Arm the Creators, CB Insights, and Influencer Marketing Hub
- Adobe “Future of Creativity” Study: 165M+ Creators Joined Creator Economy Since 2020



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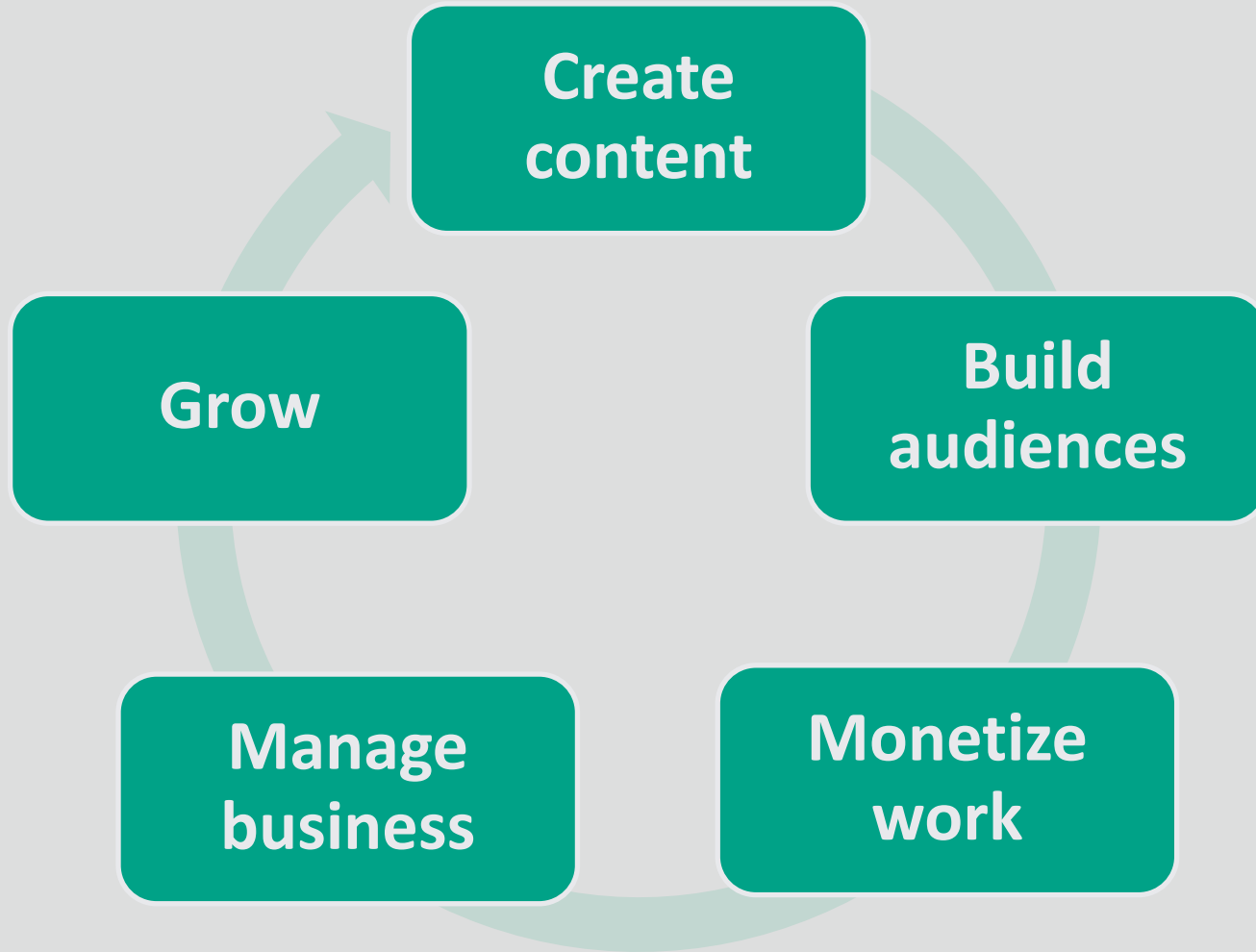
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What is the impact investment strategy for *public companies* in the Creator Economy?

THE PROMISE OF THE CREATOR ECONOMY

The Creator Economy has the potential to change the future of lives and livelihoods for artists, designers and other creative people by empowering them to make the work they want to make, earn a good income, build wealth, and control their own careers.

HOW THE CREATOR ECONOMY GIVES CREATIVES CONTROL OVER THEIR WORK AND CAREERS



- ✓ Skips traditional gatekeepers who make decisions based on marketing not merit, and control access to collectors, audiences, readers and listeners
- ✓ Enables new, diverse content that reflects diverse experiences and appeals to diverse and niche audiences
- ✓ Allows creators to build direct relationships with their patrons and audiences

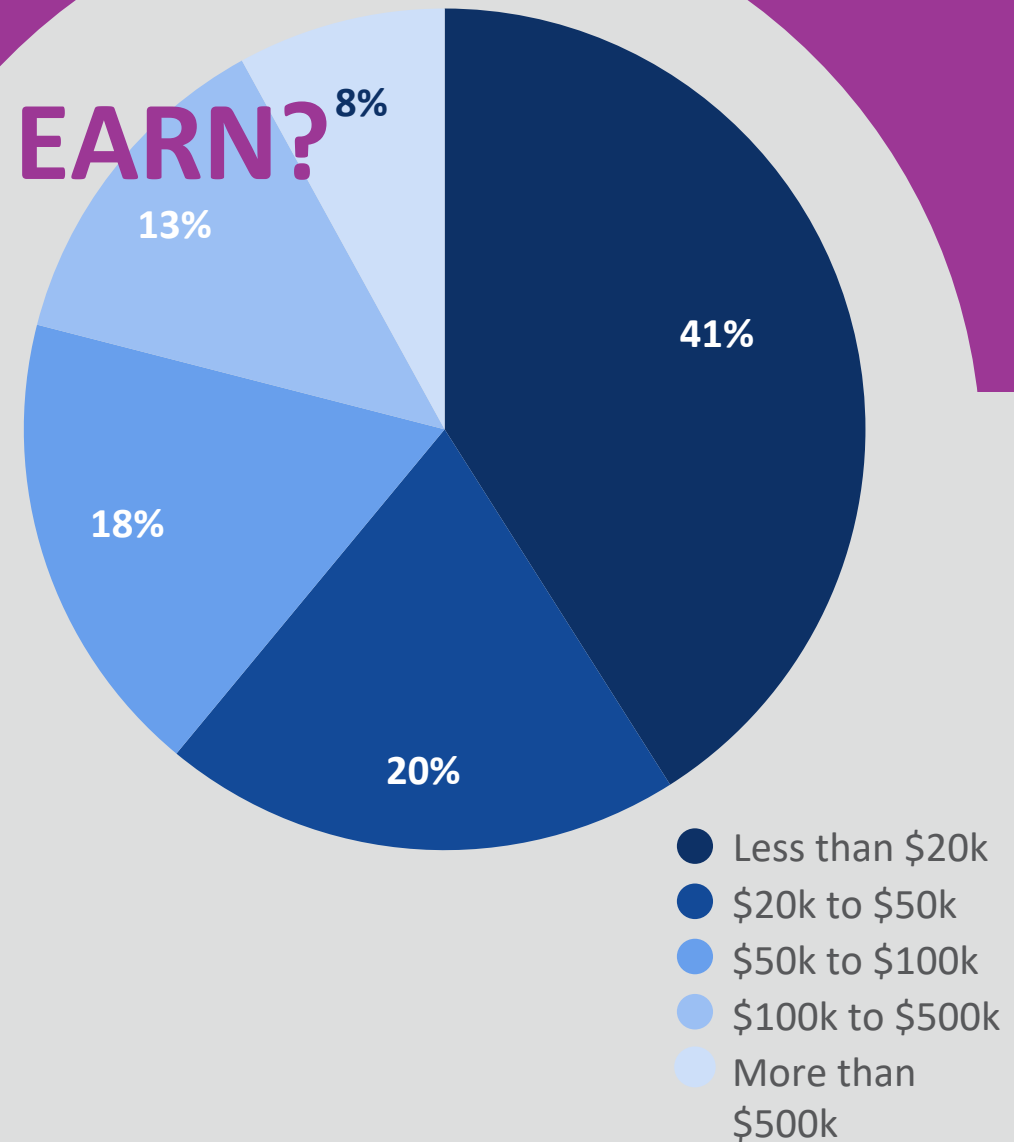
CREATIVES EARNING IN THE CREATOR ECONOMY

“Creator Archetypes” adapted from Dayna Winter via [Shopify](#)

	The Performer	The Virtuoso	The Bellwether	The Maker	The Iconoclast	The Technophile	The Enthusiast
TYPE	Performing artists or on-camera personalities: comedians, actors, singers, dancers, musicians, DJs, and poets	Experts in fields as diverse as medical, culinary arts, home renovations, and fitness	Influencers growing audiences around their unique taste or perspective, most often in fashion, beauty, or pop culture	Expert crafters, DIYers, builders, woodworkers, ceramicists, and jewelers	Photographers, videographers, sculptors, painters, street artists, graphic designers, animators, illustrators, filmmakers, art critics, writers & producers	The tech-obsessed, including gamers, tech trendsetters, fin tech writers, or crypto enthusiasts.	Hobbyists and anyone with a strong interest in a single subject
HOW THEY MAKE MONEY	Online subscriptions, ticketed online shows, selling merch through social channels or via an owned website	Brand partnerships, paid Ask-Me-Anything’s, self-published books, online courses	Brand partnerships	Handmade goods distributed through social selling or an owned channel	Digital or physical art sold via online marketplaces	Paid partnerships, livestreaming events, merch to fans, money from podcast ads	Products sold via an owned channel, VIP tier offering premium content to subscribers, online courses, self-publish books
EXAMPLE	Musician Amanda Palmer broke from her major label and directed fans to her Patreon page to provide ongoing support directly.	Eden Hagos celebrates Black food culture with BlackFoodie, leveraging social media following for brand partnerships and merchandise sales.	Katie Sturino promotes body positivity and fashion; her #SuperSizeTheLook recreates celebrity styles in plus sizes	The renowned multi-generational Gee’s Bend Quilters of Alabama can reach audiences globally through their Etsy shop	Painter Gwen Yip sells originals and prints directly to customers via Saatchi Art	Travis Wright is a crypto & NFT enthusiast and co-host of the Bad Crypto podcast	Sonja Detrinidad dabbled in plants as a distraction from her day job; now she runs Partly Sunny via TikTok

HOW MUCH DO CREATORS EARN?

- U.S.-based creators have earned \$10 billion across the top 50 creator platforms over the last decade
- 78% of creators make \$23K+ annually; 59% of creators also have a traditional job
- U.S. creators earning \$69K/year have increased 41% year-over-year since 2020
- 66% of creators with 50K+ subscribers say they can build a self-sustainable business



*Many surveys and reports attempt to quantify creator earnings by type, platform, and other criteria - see **Further Reading** on page 30.*

THREATS TO THE CREATOR ECONOMY

While the Creator Economy has the potential to build wealth for a diverse community of artists, designers and other creatives making work recognized for its excellence, merit and meaning for a large and diverse audience, there are serious issues related to **PEOPLE, EARNINGS, WELLBEING**, and **CONTENT** that threaten this opportunity.



PEOPLE

More people have access to tools, platforms and education opportunities to become money-making creators

The most successful creators and their content do not reflect the diversity of the U.S.

EARNINGS

There is high and growing earnings potential for creators, companies and investors

Earnings are not flowing equitably by race and gender; top creators and traditional gatekeepers harvest most of the profits

WELLBEING

Individuality, flexibility, and freedom of expression are all possible and encouraged

The ecosystem lacks infrastructure to support creator health & wellness

CONTENT

Platforms and channels offer a treasure trove of content with something for every niche audience

There is a preponderance of low-quality, addictive content



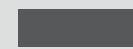
More people have access to tools, platforms and education opportunities to become money-making creators

The universe of creators represents significant diversity in terms of gender, race, age, socio-economic status, geography, and other factors

Sponsorship deal flow for racial minorities now exceeds their share of the U.S. population.

One study reports that 19% of creators identify as Black (vs 12% of U.S. population)

Females dominate influencer marketing with 83% of transaction volume in 2022



The most successful creators and their content do not reflect the diversity of the U.S.

Of the Top-10 highest paid YouTube stars per Forbes, 7 are white males

“In the young and unregulated influencer industry where affluence and connections play an outsized role and with social platform algorithms perpetuating inequity... a remarkable 77% of Black influencers reported follower counts in the lowest pay tiers.”

-MSL and the Influencer League



There is high and growing earnings potential for creators, companies and investors

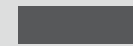
7.1 million Americans made money in the creator economy in 2021

U.S.-based creators earned nearly \$10 billion across the top 50 creator platforms over the last 3 years

2 million creators make above \$100,000 on YouTube

Hundreds of creators are earning more than \$1,000,000

On each of the top 5 platforms, top-earning creators earning tens of millions of dollars annually



Earnings are not flowing equitably by race and gender; top creators and traditional gatekeepers harvest most of the profits

5% of revenues go to the top 5% of creators

Women received 83% of influencer marketing deals in 2021 but men earned on average 30% more

Annually Black content creators make \$27,000 vs \$100,000 for white content creators

Startups with only female founders have raised 4.8% of the capital invested in the creator economy

75% of creators say the industry is too dependent on Meta and Google



Individuality, flexibility, and freedom of expression are all possible and encouraged

Adaptability by time and geography lowers barriers to entry

Creators can work full-time using resources and environments available to them

Creative work can be a side-hustle from day job as a supplementary source of income or simply as an outlet for passion projects, mitigating risk before going all-in

Community guidelines seek to prevent harm and abuse but do not censor



Ecosystem lacks infrastructure for creator health & wellness

As independent contributors on a particular platform, creators lack the legal and financial protections, health support and wealth building opportunities afforded to full-time employees of the same platform

Rampant mental health issues and burnout persist among creators making a life in the Creator Economy unsustainable

Mental health issues are acutely felt by people of color and other marginalized groups; exacerbated by appropriation and mismanagement of content as revealed in the #BlackTikTokStrike.



Platforms and channels offer a treasure trove of content, with something for every niche audience

New platforms have the power to uplift, upskill, inspire, and educate tailored to specific communities; there is something for everyone with:

- 38 million YouTube channels
- 8 million artists with music on Spotify
- 2 million podcasts
- 200,000 creators on Patreon
- 130,000 active communities and 2.8 million subreddits on Reddit



There is a preponderance of low-quality, addictive content

Platforms promote misinformation and violence, crowding out emerging and under-represented voices

Products exploit addictive behavior; buy now-pay later services attached to influencer-marketed products is a new form of predatory lending targeting Gen Z / Millennials

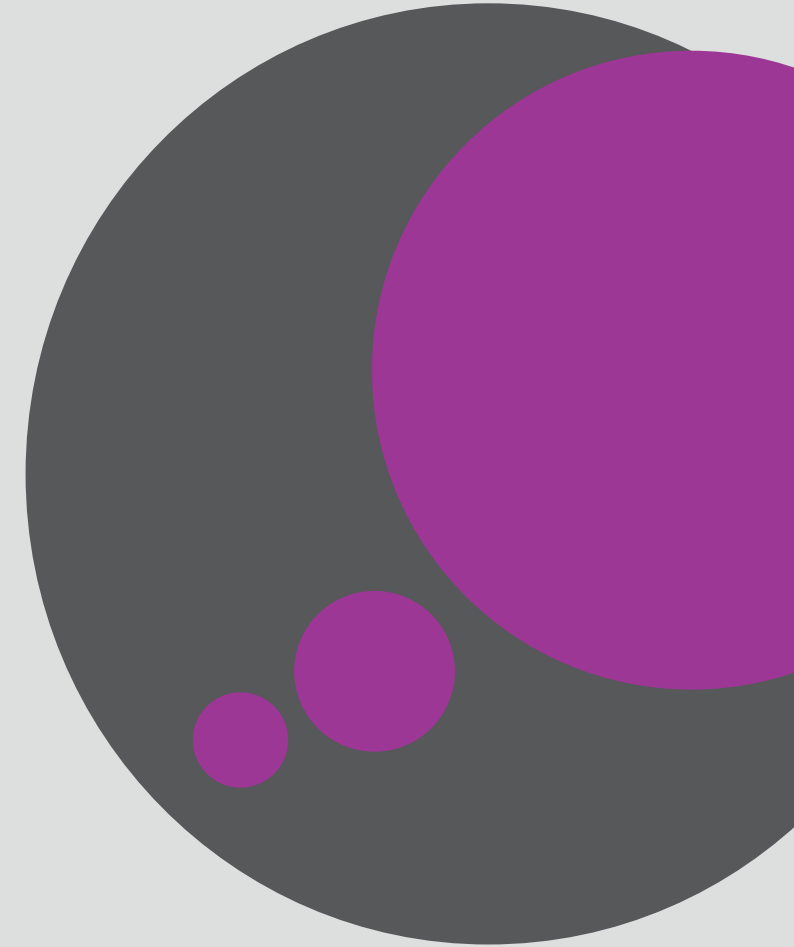
Platforms fuel addiction, depression, body image issues, and more among audiences

2 / CONCLUSION

- Incentivized by the sector's recent expansion, tech investors are pursuing the Creator Economy with a goldrush mentality, focused on profit-seeking hypergrowth.
- For the Creator Economy to meet its promise, questions must be addressed around who is represented, who is building wealth, their safety and wellness, and the quality and nature of the content produced and promoted.
- If not, on-line platforms for artists, designers and other creatives will simply perpetuate the exclusion, inequity and insolvency creative people already contend with in their off-line careers.

2 / FURTHER READING

- [The Creator Economy is in Crisis. Now Let's Fix It](#) – Li Jin via Substack (August 2021)
- [What the Creator Economy Promises and What it Actually Does](#) – Kyle Chayka via The New Yorker (2021)
- [The State of Influencer Equality 2022](#) – IZEA (2022)
- [DEI in the Influencer Economy](#) – Deloitte US (2022)
- [How a more equitable creator economy can benefit brands](#) – AdWeek (May 2022)
- [Time to Face the Influencer Pay Gap](#) – MSL and The Influencer League



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IMPACT INVESTORS ARE SEEKING OPPORTUNITIES RELATED TO ART, CONTENT & CREATIVITY

- Art collectors and art workers increasingly want impact investment opportunities connected to art and culture, according to a 2021 survey from Deloitte
- Foundations are investing to support under-represented stories, creative work, and free expression as part of a commitment to diversity, equity and inclusion
- 80% of art museums have discussed aligning their investments with their values
- Upstart Co-Lab has mobilized \$23 million from impact investors for the creative economy, half of that since 2020

The intersection between philanthropy and investment sees the emergences of a new space for social impact investment in arts and culture. This relatively new area is likely to gain traction over the coming years, as investors shift their focus towards sustainable finance when deciding where and how to invest their wealth. Although art and culture have stayed on the fringes of what most sustainable finance investors would consider viable causes to support, the tide is now turning.

Deloitte 2021 Art & Finance Report

THE CREATOR ECONOMY IS A NEW OPPORTUNITY FOR IMPACT INVESTORS

- Impact goals related to financial inclusion, quality jobs, and gender lens investing can be achieved in the Creator Economy
- Impact goals related to diversity, equity, inclusion and access can be achieved in the Creator Economy
- As a tech sector investment, Creator Economy offers tremendous opportunities for impact at scale
- Impact investors can have outsized influence by investing now as the sector grows and before it matures

Impact investors seeking the best opportunities would be well-served to focus on the 5% of the U.S. economy comprised by creative industries

INVESTORS EXPECT MARKET-RATE RETURNS FROM THE CREATOR ECONOMY

- Public companies active in the creator economy span industries across the technology, consumer discretionary, and communication sectors, including many top performers in the S&P 500 over the last 5 years
- Andreessen Horowitz, Tiger Global, Softbank, Union Square Ventures, and dozens of other top VC firms are placing big bets on the creator economy
- VC funding for startups in music, marketing, gaming and shopping categories all increased in 2022 despite the overall post-COVID market cool down

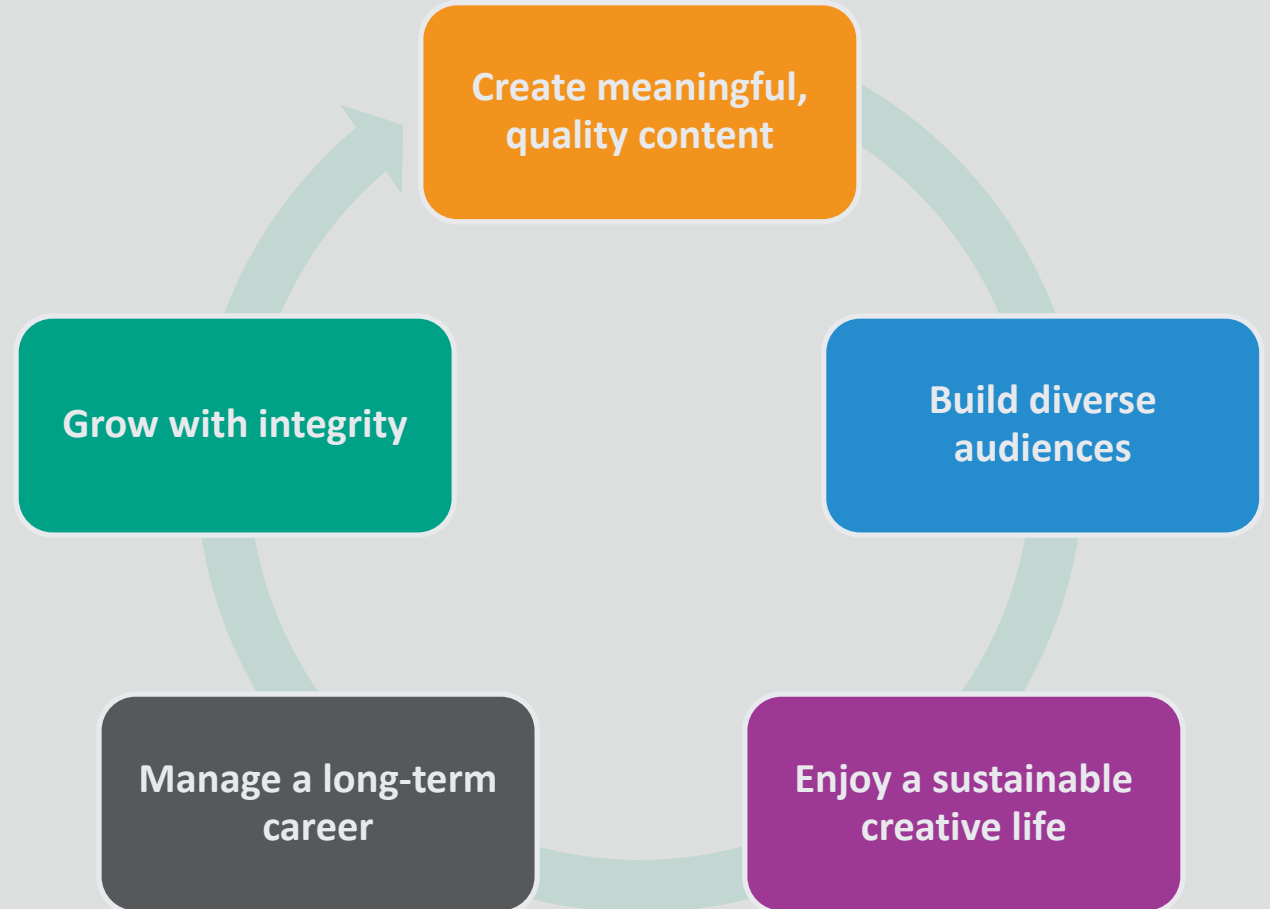
Private investors in the U.S. have deployed \$6+ billion into Creator Economy startups since 2021, according to The Information

IMPACT INVESTORS CAN TARGET MARKET-RATE RETURNS, AND UNLEASH THE POTENTIAL OF THE CREATOR ECONOMY TO DELIVER IMPACT

THE CREATOR ECONOMY



IMPACT INVESTING IN THE CREATOR ECONOMY



IMPACT INVESTING IN THE CREATOR ECONOMY

IMPACT INVESTORS

With a commitment to workers, communities and the planet, invest in public and private ...

values-aligned COMPANIES
offering tools, services and platforms for...

CREATORS
who are enabled to make meaningful, quality content and build businesses that often partner with...

values-aligned CONSUMER BRANDS
that leverage creators' reach...

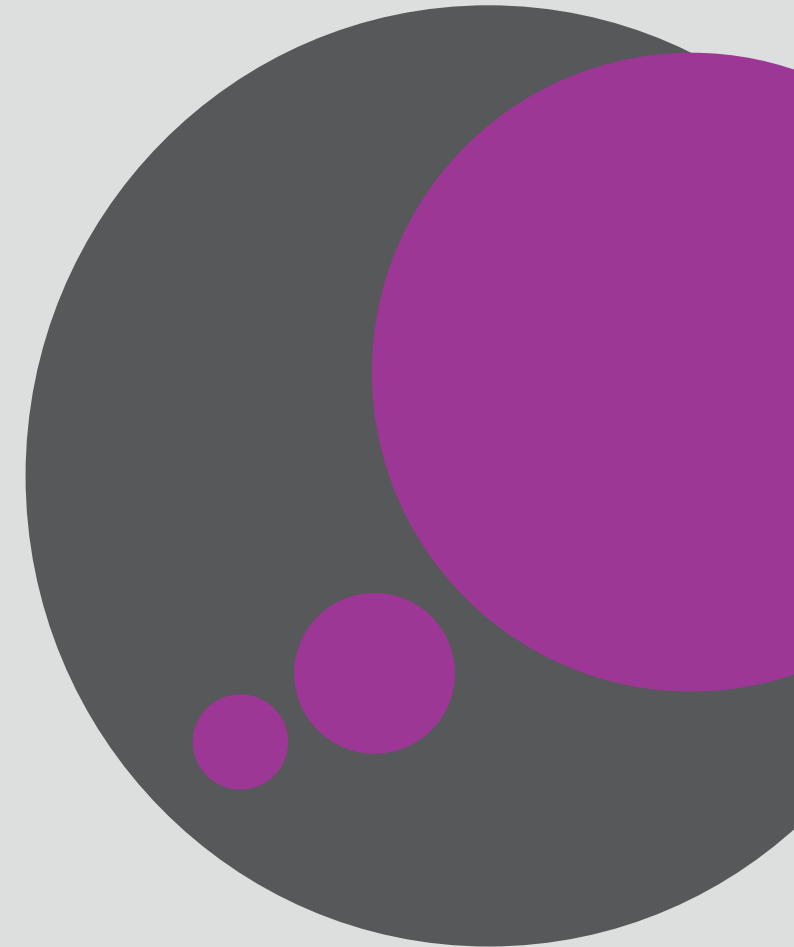
to make non-exploitative connections with
FANS AND AUDIENCES

3 / CONCLUSION

- The Creator Economy offers a unique opportunity for impact investors to shape a large and quickly growing new sector which offers work and wealth-building opportunities for a nearly unlimited and diverse universe of creatives while simultaneously shaping identifies, beliefs and attitudes for everyone.
- The presence of top tier venture capital investors in the Creator Economy signals the potential for out-sized financial returns. The inextricable link with technology offers the opportunity for impact at scale.
- This is an obvious priority for impact investors who are artists, art patrons, foundations that fund in the arts, and endowed cultural institutions who can act on their passion and their mission. It is also a once-in-a-generation opportunity for all impact investors committed to financial inclusion, gender lens investing, quality jobs, DEIA, mental health and wellbeing, information integrity, and a civil public discourse.

3 / FURTHER READING

- Upstart Co-Lab research demonstrates that the social and environmental priorities impact investors seek to address can be achieved through investing with a creativity lens
- Investment opportunities in expanding access and ownership in the creator economy – ImpactAlpha
- Artists are startups and creators CEOs as technology decentralizes the creative economy – Impact Alpha
- Impact Investing 101 - Mission Investors Exchange



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UNDERSTANDING THE INVESTMENT LANDSCAPE

- Upstart Co-Lab analyzed 250 private U.S.-based companies in the creator economy
- Collectively these companies received \$7+ billion in venture funding between 2020 and 2022
- We determined that **half of these companies are potential targets for impact investors**, warranting further review

SELECTION CRITERIA + PROCESS:

PRIVATE COMPANIES

Sources

- The Information's Creator Economy Database
- Crunchbase Creator Economy Database
- Upstart Co-Lab's proprietary investment pipeline
- Directory of US Certified B Corps
- Publicly available portfolio information on funds active in the creator economy such as UTA.VC, Connect Ventures, Debut Capital, MaC Venture Capital

Criteria

- Received venture funding since 2020
- Fit with Upstart's 4 creator economy company types

Focus of Impact Review

- Demographics of founding team
- Creator Economy Impact theme
- Additional commitments to impact
- gathered from Pitchbook, Crunchbase, LinkedIn, interviews, publicly available sources and databases

PRIVATE COMPANIES: WHAT WE LOOKED AT

- **Founding Team:** Demographics, including gender and race
- **Type:** Tool, Platform, Monetizer, Business Services
- **Stage:** Pre-seed, Seed, Series A
- **Geography:** HQ Location
- **Creator Economy Impact Theme:** How the company is optimizing the benefits and/or reducing the threats related to People, Earnings, Wellbeing, and Content
- **Additional Notable Info:** Is the company incorporated as a Public Benefit Corporation; is it a certified B Corp; is it a co-op; other elements that signal commitment to impact?

PRIVATE COMPANIES: WHAT WE FOUND

Companies with “impact potential”

- **Founding teams:** 30% have female founder(s); 46% have BIPOC founder(s)
- **Types:** Tool 10%, Platform 25%, Monetizer 45%, Business Services 20%
- **Stages:** Pre-seed 35%, Seed 41%, Series A 24%
- **Geography:** most HQs in New York, San Francisco, Los Angeles
- **Creator Economy Impact Themes:** 55% People, 65% Earnings, 20% Wellbeing, and 15% Content (*note: some opportunities count in multiple categories*)

With several key exceptions, very few companies in the Creator Economy are Public Benefit Corporations, Co-ops, or certified B Corps – a missed opportunity to attract impact investors

PRIVATE COMPANY EXAMPLES

PEOPLE



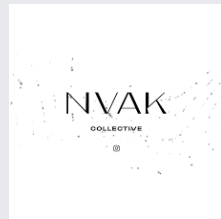
SUNROOM

EARNINGS

MAGICLINKS



IDORU



WELLBEING

CONTENT

EXAMPLES: PEOPLE



Website	www.pullupon7th.com
Founding Team	Diaundra Jones & Brylan Donaldson
Type	Platform; Monetizer
Stage	Seed
Geography	Atlanta, GA
Description	Mobile app-based “digital neighborhood” for independent online content creators to grow their audience, build community, and monetize their work. Dedicated to helping Black creators develop their own supportive and vibrant communities and maintain control over their content. The community is managed in tandem with influential Black cultural leaders.

**As of March 2023, 7th Avenue has recently elected to winddown as a result of macroeconomic climate, yet Upstart feels their work to date is worth spotlighting

SUNROOM

Website	www.sunroom.so
Founding Team	Lucy Mort & Michelle Battersby
Type	Platform; Monetizer
Stage	Seed
Geography	Los Angeles, CA
Description	App for women and non-binary creators to monetize content and connect with audiences. Offers three revenue streams for creators; anti screen-shot technology; and human-first moderation. Company seeks to remove stigmas women and non-binary creators face. Aiming to reframe how creators are viewed, valued, and paid via the internet.

EXAMPLES: EARNINGS

MAGICLINKS

Website	www.magiclinks.com
Founding Team	Brian Nickerson, Christian Levy
Type	Monetizer
Stage	Series A
Geography	Venice, CA
Description	Social commerce for YouTube, Instagram and TikTok creators, with a commitment to diverse creators. Creators share products they love and earn income as their fans shop. Curated community of 25,000 creators and 5,000 brand partners has driven \$850M in sales since 2015. Certified B Corp since 2020; member of 1% for the Planet.

shēf

Website	www.shef.com
Founding Team	Alvin Salehi, Joey Grassia
Type	Platform
Stage	Series A
Geography	San Francisco, CA
Description	Online marketplace for food safety-certified cooks to connect with customers and sell homemade dishes. Devoted to cultural inclusivity and economic empowerment, enabling anyone -- including immigrants, refugees, and stay-at-home parents -- to feed their neighbors. Cooks are 75% women and 80% BIPOC; 95+ countries represented.

EXAMPLES: WELLBEING

IDORU

Website	www.idoru.world
Founding Team	Mica Le John
Type	Tool; Platform
Stage	Seed
Geography	New York, NY
Description	Avatar creation tool enabling creative expression and authentic representation in online spaces for BIPOC and nonbinary users with a focus on youth. Product will measure long- term impacts related to mental health and safety in online spaces for creators from marginalized groups in collaboration with Hopelab . With impact advisory board of researchers, Gen Z community builders, and product leaders.



Website	www.nvakcollective.com
Founding Team	Tamar Kaprelian & Alex Salibian
Type	Monetizer; Business Services
Stage	Seed
Geography	Los Angeles, CA
Description	Record label and artist advocacy group leveraging blockchain technologies to benefit artists. Public Benefit Corporation with a mission to combat artist exploitation and burnout, ensure transparent and equitable compensation. Company’s artist care program provides healthcare, dental and vocal care, mental health counseling, etc.

EXAMPLES: CONTENT



Website	www.audpop.com
Founding Team	Paige Williams
Type	Platform; Monetizer
Stage	Seed
Geography	Bozeman, MT
Description	Global social impact production services platform that provides brands and agencies high-quality, authentic custom video. Brands can license short films from a library of 75,000 titles produced by diverse content creators; \$10m+ earned by creators to date.



Website	www.songfinch.com
Founding Team	John Williamson, Josh Kaplan
Type	Platform; Tool
Stage	Series A
Geography	Chicago, IL
Description	Community for professional musicians who turn stories and memories into custom songs for a flat rate. Platform hosts 1,700 artists. 150,000+ custom songs have been created and delivered to clients with \$25m+ paid to independent artists.

HOW TO INVEST

1. Invest in a **venture fund** that is wholly, or in part, dedicated to the creator economy
2. Source pre-seed and seed stage companies from business incubators and accelerators for **angel investing**
3. Make debt and equity investments via **crowdfunding platforms**

An alternative to investing in companies and funds, Web3 platforms offer the opportunity to invest directly with an artist, designer or creator via NFTs and social tokens. Investors can choose creators (by geography and demographics) and work (by theme) that align most closely with their impact goals.

HOW TO INVEST: VENTURE FUNDS 1 of 2

Conventional VC funds see the creator economy as the future of commerce, entertainment, media and more. Strategic investors such as Hollywood talent agencies, are launching venture arms and leveraging their networks.

NAME	DESCRIPTION	EXAMPLES
<u>Andreessen Horowitz</u>	<ul style="list-style-type: none"> • Founded in 2009 currently with \$35 billion AUM • Leader in creator economy via dedicated consumer, crypto, games funds • Cultural Leadership Fund partners with music and fashion entrepreneurs and talent to advance more African Americans in technology • Talent X Opportunity (TxO) Initiative helps emerging “cultural geniuses” by providing access to funding, training, and mentorship to build successful companies around their cultural innovations 	<ul style="list-style-type: none"> • <u>Maven</u> – Platform for cohort-based courses • <u>Stir</u> – Financial management platform
<u>Connect Ventures</u>	<ul style="list-style-type: none"> • Launched in 2020 • Investment partnership between entertainment and sports agency Creative Artists Agency (CAA) and global VC firm New Enterprise Associates (NEA) • Investing in next wave entrepreneurs at the intersection of culture + commerce 	<ul style="list-style-type: none"> • <u>BlackTag</u> – Global platform for Black content and creators • <u>Mojito</u> - web3 platform powering commerce, community and brand engagement
<u>UTA.VC</u>	<ul style="list-style-type: none"> • Launched in 2015; Fund I launched in 2022 as joint venture with Investcorp • Venture arm of legacy talent agency that represents artists across the entertainment industry including film, television, music, theater, fine art, books, video games, and podcasts. • Investing in Web3, future of entertainment, and creator economy 	<ul style="list-style-type: none"> • <u>Captiv8</u> – creator marketing solutions • <u>Pietra</u> – sourcing, order fulfillment and e-commerce

HOW TO INVEST: VENTURE FUNDS 2 of 2

BIPOC and women- led venture funds are investing in creator economy companies consistent with Upstart Co-Lab's finding that the creative economy offers an on-ramp to economic opportunity for diverse founders.

NAME	DESCRIPTION	CREATOR ECONOMY PORTFOLIO EXAMPLES
<u>Backstage Capital</u>	<ul style="list-style-type: none"> Invests in women, POC and LGBTQ founders 	<ul style="list-style-type: none"> <u>Infinite Objects</u> – Permanent displays for digital content <u>One/Off</u> - Cultivating a Black Arts + Culture Ecosystem on the Blockchain
<u>Collab Capital</u>	<ul style="list-style-type: none"> Invests financial, human, and network capital to effectively support, grow, and sustain Black-owned innovative businesses 	<ul style="list-style-type: none"> <u>FanFest</u> – Virtual live event hosting platform <u>Stack Influence</u> – Connecting brands to everyday creators
<u>Debut Capital</u>	<ul style="list-style-type: none"> Invests in Black, Latinx, and Indigenous founders creating influential businesses that will shape our future into the revolutionary world it's meant to be 	<ul style="list-style-type: none"> <u>Revry</u> - Premier digital media network for the Queer community <u>Somewhere Good</u> – Social media platform designed for people of color
<u>Harlem Capital</u>	<ul style="list-style-type: none"> Invests in post-revenue tech-enabled startups, focused on minority and women founders 	<ul style="list-style-type: none"> <u>Drip</u> – Livestream commerce marketplace for physical collectibles and NFTs <u>PreShow</u> – Mobile platform enabling branded content viewed for rewards
<u>MaC Venture Capital</u>	<ul style="list-style-type: none"> Black-led seed-stage firm investing in startups leveraging shifts in cultural trends and behaviors 	<ul style="list-style-type: none"> <u>Archie</u> – Vendor payments for creative freelancers <u>Dance Church</u> – Inclusive social fitness platform enabling anyone to launch their own dance community

HOW TO INVEST: ANGEL INVESTING

While there are currently no business incubators and accelerators committed solely to the creator economy, creator economy companies are seeking angel investment after completing such programs.

NAME	DESCRIPTION	EXAMPLES
<u>500 Global</u>	<ul style="list-style-type: none"> Flagship accelerator (formerly 500 Startups) launched in 2010 Has invested in more than 2,500 companies globally, with substantial creator economy exposure in last two years Strong <u>DEI</u> and <u>ESG</u> commitments 	<ul style="list-style-type: none"> <u>Artiphon</u> – Smart musical instruments and shareable content
<u>Disney Accelerator</u>	<ul style="list-style-type: none"> The Walt Disney Company gives companies help to develop new entertainment experiences and products 2022 cohort is focused on building the future of immersive experiences and specializes in technologies such as augmented reality (AR), non-fungible tokens (NFTs) and artificial intelligence (AI) characters 120 founders supported since 2013 Companies have received \$8.6B in total funding 	<ul style="list-style-type: none"> <u>Inworld</u> – Building virtual characters for immersive realities <u>Lockerverse</u> – Helps creators tell stories and create Web3 communities
<u>Techstars Accelerators</u>	<ul style="list-style-type: none"> 3,090 graduate companies since 2006 \$71B all-time graduate market cap Website searchable by Entertainment, Fashion, Gaming, Impact, Media + Entertainment, Sustainability 	<ul style="list-style-type: none"> <u>Keen.io</u> – Event streaming platform <u>OnSwipe</u> – Easy mobile publishing <u>Sketchfab</u> – 3D and AR design platform
<u>Y Combinator</u>	<ul style="list-style-type: none"> Has funded over 3,500 startups since 2005 Combined valuation of nearly \$1 trillion Website searchable by Black, Latinx, Women-founded companies 	<ul style="list-style-type: none"> <u>Jamble</u> – Social fashion resale <u>Winno</u> – Texting for creators <u>MintPlex</u> – Build NFT community without code

HOW TO INVEST: CROWDFUNDING

With low investment minimums, crowdfunding platforms offer everyday investors the opportunity to make debt and equity investments in creator economy companies, as well as companies in the creative industries.

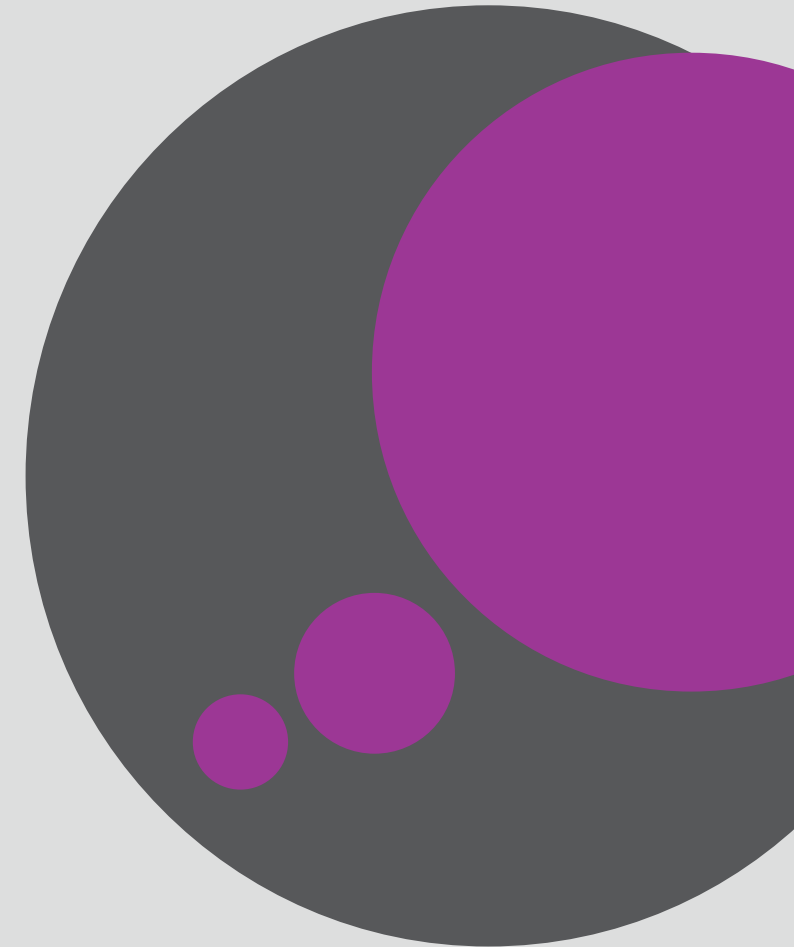
NAME	DESCRIPTION	EXAMPLES
EquityNet	<ul style="list-style-type: none"> 1,000+ companies have raised \$600M since 2005 Search by region 	<ul style="list-style-type: none"> CodaMusic – On-demand music streaming service
Fundable	<ul style="list-style-type: none"> \$574M committed since 2012 Website resources for entrepreneurs and investors 	<ul style="list-style-type: none"> Embassy Social - Connecting creators and brands Whoolias Connecting photographers, videographers and influencers to clients
Republic	<ul style="list-style-type: none"> 500+ completed deals since 2017 Includes categories for Arts & Entertainment, Fashion, Video Games Search by founder demographics, social impact, sustainability 	<ul style="list-style-type: none"> TipSnaps – Black-led subscription platform where fans can view exclusive content from their favorite social media creators
StartEngine	<ul style="list-style-type: none"> Raised \$600M across 500 company offerings since 2016 Includes categories for Art, Design, Fashion + Apparel, Film + Video Allows investment in art; NFTs coming soon 	<ul style="list-style-type: none"> Fanbase- Enables anyone to monetize their content, charging subscribers for exclusive access to photos, videos, audio chat rooms, and long-form content
WeFunder	<ul style="list-style-type: none"> 2,174 founders funded since 2012 Search by founder demographics, social impact, and sustainability WeFunder is a Public Benefit Corporation 	<ul style="list-style-type: none"> Starchive – Web3-enabled file sharing for the creator economy Vampr – social networking for musicians

4 / CONCLUSION

- There is a growing number of companies and funds for impact investors to consider within the growing creator economy startup ecosystem.
- Impact investors can find some shared values with venture capital funds prioritizing the creator economy, particularly those led by diverse GPs and backing BIPOC and women founders.
- Impact investors can make angel investments directly into companies, or invest via crowdfunding.
- Opportunities to drive impact in the creator economy – aligned with People, Earnings, Wellbeing, Content – are consistent with impact investors' priorities related to financial inclusion, gender lens and DEIA.

4 / FURTHER READING

- [Crunchbase – Creator Economy Database](#)
- [Visible.vc - Top VCs Investing in the Creator Economy](#)
- [SignalFire](#) and [Shopify](#) each maintain lists of innovative creator economy companies
- a16z creator economy [content archive](#) (articles and podcast)



1

What is the Creator Economy?

2

What does the Creator Economy mean - *and what could it mean* - for creative people?

3

What does the Creator Economy mean - *and what could it mean* - for impact investors?

4

What is the impact investment strategy for *private companies* in the Creator Economy?

5

What is the impact investment strategy for *public companies* in the Creator Economy?

UNDERSTANDING THE INVESTMENT LANDSCAPE

- Upstart Co-Lab built and analyzed a database of 29 U.S. public companies deriving an estimated 10%+ of their revenue from activities related to creators and tools serving creators; these companies had \$8T combined market value as of 12/30/2022
- Based on this review, public companies active in the creator economy appear to be among the **top performing stocks by ESG criteria** and the **top performing stocks by historical share price** over the last 4 years
- No public companies are 100% focused on the creator economy; Etsy is most representative.

UNDERSTANDING THE INVESTMENT LANDSCAPE

To understand the landscape of public companies and the creator economy, impact investors should consider:

- While readily available ESG ratings drive towards a final score or rank, each impact investor is likely to have specific criteria that they weigh more than others. Investors are encouraged to look at the underlying components of ESG frameworks to find those frameworks that best match their impact priorities.
- By definition, the creator economy relies on technology, tools, services and platforms. Any investor seeking exposure to the creator economy in the public markets will have high exposure to tech stocks, which in recent periods has seen significant volatility.

SELECTION CRITERIA + PROCESS:

PUBLIC COMPANIES

Creator Economy Information

- S&P 500 by sector
- ESHAP Media Universe Map

Selection Criteria

- Estimated >10% revenue from creator economy activities

Financial Information

- Yahoo Finance

ESG, Sustainability, Impact Information

- JUST Capital
- Morningstar Sustainalytics
- Holdings within ImpactShares's thematic ETFs
- CSR Hub
- News articles and other public information related to environment, communities and workers

Focus of Review

- ESG, Sustainability, Impact scores and rankings
- Material ESG issues
- Historical share price

ESG, SUSTAINABILITY, IMPACT INFORMATION



JUST Capital’s Rankings serve as a scorecard for corporate America, providing unbiased data on how the largest U.S. companies perform on the issues Americans prioritize around Workers, Communities, Shareholders & Governance, Customers, and the Environment. 951 companies are included in the latest rankings, which were published in January 2023. View the [methodology](#) and full [2023 rankings](#).



Covering more than 16,300 companies globally, Morningstar Sustainalytics has the widest coverage of analyst-based ESG Risk Ratings in the market. Investors rely on their ESG ratings for a consistent approach to evaluate financially material ESG issues that affect the long-term performance of investments. These ratings measure how exposed companies are to material ESG risks, and how well the company manages these risks. Ratings are 0-10 (Negligible); 10-20 (Low); 20-30 (Medium); 30-40 (High); 40+ (Severe).



ImpactShares offers socially responsible ETFs along themes of racial and gender equity, climate change, and the UN Sustainable Development Goals partnership with sponsoring nonprofits such as the NAACP and the YWCA.



CSR Hub provides consensus ESG scores by aggregating over 860 sources of ESG data from the world’s leading providers. Certified B Corp.

PUBLIC COMPANIES: WHAT WE LOOKED AT

- JUST Capital score from 2023 rankings
- Morningstar Sustainalytics ESG rating
- Inclusion in ImpactShares thematic ETF holdings
- CSR Hub rating
- ESG-related news articles and disclosures
- Market capitalization as of March 15, 2023
- Share price from January 2019 to December 30, 2022

PUBLIC COMPANIES: WHAT WE FOUND



- In a review of the JUST rankings, creator economy companies fare well compared to all other companies with a **median score of 63.4** vs the overall average of 49.0 (out of a possible score of 125)
- **12 creator economy companies ranked by JUST appear in the top quartile of the 2023 rankings**, including Adobe (25), PayPal (37), Etsy (172), Disney (198), and Autodesk (201)

Where Creator Economy companies score best per JUST CAPITAL:

- *Benefits & Work-Life Balance*
- *Climate Change*
- *Customer Privacy*
- *Local Job Creation*
- *Sustainable Products*

PUBLIC COMPANIES: WHAT WE FOUND



- **Creator economy companies have an overall risk rating of 17.8 (out of 40), which puts them in the Low risk category**
- **92% of creator economy companies have Low or Medium risk exposure** based on the material ESG factors
- **27% of creator economy companies are ranked Strong for risk management**, based on an analysis of how company's address these risk factors; none are ranked Weak

Of 16 ESG issues, the top four of material significance to creator economy companies are:

- *Corporate Governance*
 - *Data Privacy and Security*
 - *Human Capital*
 - *Business Ethics*

PUBLIC COMPANIES: WHAT WE FOUND

Impact Shares

- Alphabet, Amazon, Meta Platforms, Pinterest are among the top ten holdings in ImpactShares thematic ETFs on racial and gender equity and the UN SDGs



- Creator Economy companies are well-represented in the top two quartiles of the overall rankings: two-thirds are above the 50th percentile, one-third are above the 75th.

Video game developers Skillz and Activision-Blizzard and live entertainment company Live Nation are the lowest-ranked creator economy companies in per CSR Hub, and appear in the bottom 10% of the JUST CAPITAL rankings

PUBLIC COMPANY EXAMPLES



Etsy

Closest to “pure play” creator economy stock. Known leader in ESG and social responsibility; was a certified B corporation prior to IPO



Adobe

Software provider powering the creator economy worldwide. Ranks first among creator economy companies per Sustainalytics and CSR Hub.



Alphabet

Parent company of creator economy category-defining subsidiary YouTube. Ranks first among creator economy companies per JUST Capital.



LIVE NATION

Largest live entertainment provider in U.S. and parent company of Ticketmaster. Scores poorly across all 4 ESG ratings providers.

Etsy provides an online marketplace for consumers and sellers to exchange unique and creative goods.

Community of 7.5 million sellers globally includes visual artists, jewelers, fashion designers, and hundreds of other makers, crafters and artisans.

See: Etsy 2021 Impact Report

JUST CAPITAL

Rank overall	172 nd (of 951) / Top 18% / details	
Creator Economy company rank	9 th (of 22)	
Top impact areas	<u>Environment</u> Sustainable Products, Renewable Energy Percentage, Climate Change/Climate Commitments	<u>Workers</u> Benefits & Work-Life Balance, Diversity, Equity & Inclusion; Living Wage

SUSTAINALYTICS

Risk Rating / Rank Overall	22.4 (Medium Risk) / Top 33% / details	
Creator Economy company rank	20 th (of 27)	

CSR HUB

Rank Overall	82 nd percentile / details	
Creator Economy company rank	9 th (of 29)	

Adobe Inc is a software company offering products and services for creating and managing digital content and experiences.

Adobe offers creative software tools (i.e. Photoshop, Illustrator) used by millions of professional and amateur photographers, graphic designers, animators, and filmmakers.

See: Adobe 2021 Corporate Social Responsibility Report

JUST CAPITAL		
Rank Overall	25 st (of 951) / Top 3% / details	
Creator Economy company rank	5 th (of 22)	
Top impact areas:	<u>Customers</u> Customer Privacy Customer Treatment	<u>Workers</u> Benefits & Work-Life Balance Diversity, Equity & Inclusion
SUSTAINALYTICS		
Risk Rating / Rank Overall	12.6 (Low Risk) - Top 5% - See full score	
Creator Economy company rank	2 nd (of 27)	
CSR HUB		
Rank Overall	97 th percentile – details	
Creator Economy company rank	1 st (of 29)	

Alphabet Inc. provides products and platforms used by creators and others including Android, Chrome, Gmail, Google Drive, Google Maps, Google Photos, Google Play, Search, and YouTube.

See: Alphabet Investor Relations – Sustainability and Related Information

JUST CAPITAL		
Rank Overall	12 th (of 951) / Top 1% / details	
Creator Economy company rank	4 th (of 22)	
Top impact areas	<u>Communities</u> Local Job Creation Human Rights Community Support	<u>Workers</u> Living Wage Diversity, Equity & Inclusion
SUSTAINALYTICS		
Risk Rating / Rank Overall	24.1 (Medium Risk) / Top 40% / details	
Creator Economy company rank	27 th (of 27)	
CSR HUB		
Rank Overall	85 th percentile / details	
Creator Economy company rank	7 th (of 29)	



LYV | \$15.8 billion market cap | Beverly Hills, CA | 12,800 employees

Live Nation Entertainment is a live entertainment company with concerts and ticketing platforms (including Ticketmaster) in around 40 countries and represent over 400 artists through nearly 110 managers.

No Corporate ESG/Impact Report available

JUST CAPITAL		
Rank Overall	Bottom 10% / details	
Creator Economy company rank	22 nd (of 22)	
Areas of poor performance	<u>Communities</u> Local job creation Human rights	<u>Customers</u> Transparent communication Beneficial products
SUSTAINALYTICS		
Risk Rating / Rank Overall	21.4 (Medium Risk) / Top 33% / details	
Creator Economy company rank	12 th (of 27)	
CSR HUB		
Rank Overall	28th percentile / details	
Creator Economy company rank	28 th (of 29)	

HOW TO INVEST

Impact investors can buy stocks in public companies leading the creator economy -- and build a custom impact portfolio by selecting companies ranked well on ESG factors.

As shareholders, investors can take an active role in influencing the behavior of public companies in the creator economy by proposing corporate resolutions and exercising proxy voting rights around issues such as board and management diversity, worker benefits, customer privacy, carbon emissions, and more.

ETFs investing in the creator economy include Fidelity's Crypto ETF and Metaverse ETF and Blackrock's iShares Future Metaverse Tech and Communications ETF.

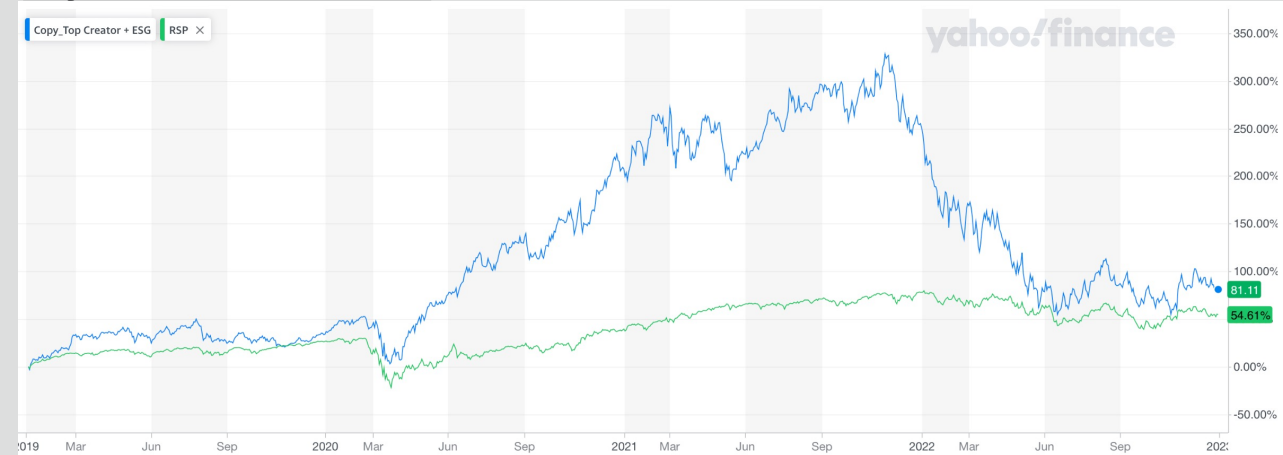
Note: these ETFs are not focused on social impact.

MODEL PORTFOLIO

As an exercise, Upstart selected the top 7 public companies by degree of creator economy exposure and aggregate ESG ratings. The 4-year unrealized total returns of an equal-weighted portfolio of these stocks from Jan 2019–Dec 2022 beat the S&P500 equal-weighted index by 26.5%. While this is not surprising given the tech sector’s out-performance during this period, it suggests the creator economy is worth further exploration for investors in the public markets.

		JUST CAPITAL		MORNINGSTAR SUSTAINALYTICS		CSR HUB
Company	Ticker	Score	Overall (of 951)	Percentile	Risk Management	Percentile
Adobe	ADBE	77.2	25	95	Strong	97
Alphabet	GOOG	80.2	12	58	Average	85
Autodesk	ADSK	58.3	201	88	Strong	95
Etsy	ETSY	59.6	172	67	Average	82
Meta	META	42.1	710	22	Average	62
Snap	SNAP	N/A	N/A	63	Average	80
Squarespace	SQSP	N/A	N/A	58	Average	69

4-year total returns 1/1/2019 – 12/29/22



SP500 Equal Weight Index: 54.61%
 Top Creator Economy + ESG: 81.11%

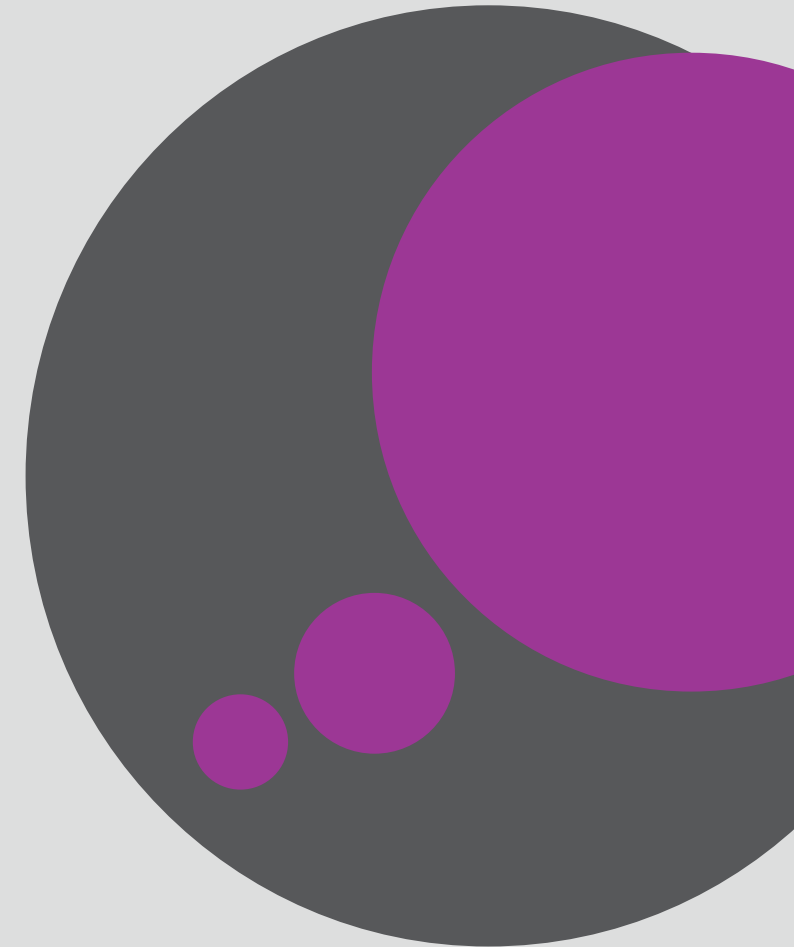
\$1,000 invested on on 1/1/19 in each of the available stocks
 Stocks not yet available on that date were added on first date of listing at closing price 74

5 / CONCLUSION

- Investors can prioritize the creator economy in their public equity portfolio, although few public companies are fully-focused on the creator economy.
- There are public companies with 10%+ of revenue from activities related to creators and tools serving creators that rank well across a range of ESG criteria.
- Public companies in the creator economy that rank well on ESG criteria appear to offer competitive returns.

5 / FURTHER READING

- [Global Impact Investing Network – Guidance for Pursuing Impact in Listed Equities](#)
- [Nasdaq – World Reimagined: Investing in the Creator Economy](#)
- [BSR – ESG in Media & Entertainment](#)
- [EY – Media & Entertainment industry investments are center stage as uncertainty builds](#)
- [Institutional Investor – From Meta to Twitter, what everyone gets wrong about ESG – and why it matters](#)



SUMMING UP

1

The creator economy is transforming how creative work is produced, distributed, monetized and consumed. It holds promise for marginalized groups.

2

However, serious issues related to Earnings, People, Content, and Wellbeing risk derailing the potential of the creator economy.

3

Impact investors can help provide the guard rails and incentives that will promote diversity, equity, inclusion, and access as the Creator Economy continues to grow.

4

Creator economy startups hold significant impact potential; impact investors can invest in private companies via VC funds, angel investments, and crowdfunding.

5

Impact investors can also select public companies supporting the creator economy that rank well on ESG criteria -- and take an active stakeholder role to amplify their values.

LOOKING FORWARD

In March 2023, the economic outlook is uncertain as the booms and busts of the COVID era continue, businesses pivot, and markets respond. Factors that affect the future of the creator economy include:

- Massive tech company layoffs (e.g. Meta, Twitter) – 121,000+ so far in 2023
- Collapse of Silicon Valley Bank
- Crypto market shocks linked to the demise of FTX, affecting NFTs and Web 3.0
- Ongoing reassessments of creator-focused spending at companies like Pinterest
- Difficulty raising venture capital, resulting in lower valuations and down rounds

While Upstart Co-Lab believes that content, culture and community will play a major role in the 21st century -- and that intentional engagement by impact investors can ensure the related economic benefits are shared equitably and sustainably -- we recognize that the creator economy is a nascent and quickly evolving sector, and that past performance is no guarantee of future results.

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Upstart Co-Lab
CREATIVITY. INVESTMENT. IMPACT.

Upstart Co-Lab Team

Laura Callanan, Founding Partner

Serena Desai, Program Coordinator

Sophie Forest, Assistant Director—Investments

Haven Herrin, Summer Associate

Katherine Kelter, Impact Investing Associate

Sarah Lang, Assistant Director

Ward Wolff, Director

Mijin Han, University of Chicago -MBA 2023

Devon Maddux, University of Vermont -MBA 2022

Upstart Co-Lab Advisory Board

Catherine H. Clark, Duke University

Jed Emerson, Tiedemann Advisors

Jonathan Law, McKinsey & Company

Will Rosenzweig, IdeaGarden

Surita Sandosham, Heifer International

Andrew Stern, Global Development Incubator

Dennis Whittle, Normal>Next

Principal Investigator: Ward Wolff

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For information on impact investing and the creative economy see
www.upstartco-lab.org

With any questions or comments, please contact
info@upstartco-lab.org

Are you a creative entrepreneur raising impact capital?
Submit your information at upstartco-lab.org/pipeline