



Social Media/Marketing

TRUE INFLUENCE

Rose Han, a 32-year-old, quit her job as a currency trader at HSBC and started making YouTube videos about options trading, fund investing and personal financial accounts. Han now has almost 600,000 YouTube subscribers and an additional 54,000 followers on Instagram. Why would someone like Han leave a stable, well-paying job with benefits in finance to become a content creator and make YouTube videos? Han is one of many who have recognized that side-hustle projects, started for fun or out of passion, can sometimes become more rewarding, both financially and otherwise, than a traditional job. As of August, Han had earned \$2 million so far this year from YouTube ads and sales of her online courses, and she claims that she now earns 10 times more money than when she was a trader. But why do so many people pay attention to Han and other content creators, including those who have absolutely no professional training or background in the subjects on which they speak or post? It is because these influencers are providing Digitally Trained individuals with the information they want, in the ways they want to receive it. While trust in experts is waning, the information that these content creators deliver and how they deliver it, has for many become more important than the content creators' résumé or background. With growing audiences also comes growing power, and that power will both influence the growth of social-media platforms and the placement of future marketing dollars. (*Wall Street Journal*, 8/27/21).

TAKEAWAYS

- Side hustles are becoming careers, which is one reason some people are not returning to the traditional labor market.
- Relatability and providing audiences with the information they want, how they want it, is becoming more important than subject expertise.
- Educational or professional pedigree does not matter to young consumers.
- Aligning with the desires of Digitally Trained individuals is becoming necessary to grow an audience.
- Content creators are the fuel for growth of social-media platforms.
- Free content is required.
- Being positive is more important in attracting an audience than accuracy.

IMPLICATIONS

- Influencers and online content creators will capture more of the marketing-dollar pie.
- Social-media platforms will need to pay their top creators to keep them from posting on or switching to other platforms.
- The social-media platforms with the best relationships with creators, or those that help them earn the most money, will be the most successful.
- Influencers will increasingly compete with professionals and experts in giving advice (free or paid).
- Lack of regulation of the social-media-advice industry could lead to significant financial risks for followers.
- Traditional providers of financial and other services need to learn from these digital offerings.

The Hustle Is Real

Podcaster Tori Dunlap teaches the art of side hustles, offering her 1.7 million followers tips for developing those kinds of businesses. Dunlap's potential audience is significant. In a January *inFocus* titled "Hustling in the New Economy," we suggested that hustling, or working outside the traditional labor market to earn a primary or secondary income by selling on marketplaces, by becoming a creator or by making money from money, either via the stock market or gambling, was increasingly becoming a popular way of earning extra income in the New Economy. As we come to the end of 2021, "popular" may not have been a strong enough description for the number of people who are now pursuing either a side hustle or a career as a content creator. **At least 50 million people around the world now consider themselves content creators, making content creation one of the fastest-growing segments of small business**, according to venture capital firm SignalFire. At least two million people earn their full living that way. Slow Ventures wants to help some of those creators grow their side hustles into significant businesses. The VC firm has set aside \$20 million to invest in creators, offering them up-front money in exchange for a percentage of career-related earnings. Like Rose Han, a number of people are building successful careers as content creators by catering to those seeking financial advice. (*Hypebot*, 6/14/21; *Wall Street Journal*, 8/27/21; *Bloomberg*, 9/17/21; *Vice*, 11/12/21; **inF 1601**)

- In addition to her content on side hustles, Dunlap is creating an app to cultivate a "nonjudgmental investing community" intended to help women feel comfortable trading investment tips.

- On January 1 of this year, Vivian Tu, a former trader for JP Morgan, launched her TikTok as YourRichBFF and within a week had 170,000 followers. As of September, Tu had half a million followers.

- Austin Hankwitz is a full-time financial influencer ("finfluencer") with 495,000 followers on TikTok and 1,100 paying subscribers to his Patreon account. He earns more than \$500,000 per year as a content creator.

- Marko Zlatic, who operates under the name Whiteboard Finance, gives advice to subscribers on everything from buying a used car to building an investment portfolio. He has more than 725,000 subscribers on YouTube.

(*Wall Street Journal*, 8/27/21; *Bloomberg*, 9/17/21)

As the number of people pursuing content creation as a side hustle or career grows, so does the need for professional services in the industry. Former equity analyst, model and influencer Lindsey Lee Lugin has founded a new app platform, F*ck You Pay Me (FYPM) a self-described "Glassdoor for influencers," which allows creators to review potential brand-marketing deals before signing a contract. Via the app, creators can share their previous experiences with brands and learn about how much brands paid for other influencer-marketing campaigns. (*The Verge*, 9/21/21)



"So being a vowel is Y's side hustle?"

No Expertise Needed

The movement to professionalize the content-creator industry can sometimes contrast with the fact that some influencers can be far from accredited professionals in the fields in which they produce content. While Rose Han and Vivian Tu both worked as investment professionals before becoming paid financial-content creators on social-media platforms, formal training, pedigree and experience in a given field aren't prerequisites for becoming a popular creator in that field.

- Jack Spencer started offering stock-picking advice to his 94,000 YouTube subscribers in March 2020. Spencer is a 23-year-old former personal trainer. On his channel, he also interviews start-up CEOs while wearing a shirt that reads "Not a Financial Advisor."

- Kevin Paffrath, a 29-year-old real-estate broker and landlord now has 1.7 million YouTube subscribers under the name MeetKevin. In addition to Paffrath's content about real estate, MeetKevin also offers financial advice and stock picks. In the first three months of 2021,

Paffrath earned \$5 million, mostly via YouTube advertising, affiliate programs and training courses.

- Rob Shields posts under the name Stock Genius. He is a 22-year-old self-taught options trader who has amassed more than 163,000 followers on TikTok.

- Cameron Newell, who goes by CamTheMan, is a college dropout who started day-trading penny stocks three years ago. He provides stock tips to his followers on TikTok and hosts a group chat on the social app Discord. (*New York Times*, 3/24/21; *Wall Street Journal*, 8/27/21)

What is the appeal of these self-taught financial-content creators and influencers?

Tap into the Desires of the Digitally Trained

In the 12 months to May 2021, around one in six British 18-to-23-year-olds invested for the first time, and more than half of these Gen Z investors say they directly follow investment advice from social media, according to F&C Investment Trust. Content creators and influencers are attracting an audience on social-media sites by providing Digitally Trained individuals with the information they want in the ways in which they want to receive it. For those seeking out content, a professional pedigree isn't required but being entertaining is. Spending years working in an industry doesn't matter but **providing access to information does**. Below are some previously identified characteristics of Digitally Trained individuals and how content creators are tapping into and benefitting from this digital mindset. (*Financial Times*, 8/27/21; **IF 3815**)

The Digitally Trained:

➤ Seek Novelty (Be Entertaining)

- Haley Sacks began her career in comedy working for David Letterman and *Saturday Night Live* producer Lorne Michaels. Now, Sacks, a self-proclaimed "financial pop star," uses pop culture references to explain financial concepts on social-media platforms. She said, "If you can understand the human relationship between two celebrities, then you can understand any financial concept." Known online as Mrs. Dow Jones, Sacks has 215,000 Instagram followers and sells a finance course on her website, *Finance Is Cool*.

➤ Expect Access to Information

- In January 2021, about 41 percent of Gen Zers reported turning to TikTok for investment information,

according to a survey conducted by LendingTree's MagnifyMoney.

- About 35 percent of respondents ages 13 through 20 have turned to TikTok for personal-finance and investment advice, according to research from Greenlight, an allowance and debit-card app.

➤ Are Impatient and Expect Speed

- TikTok videos started as 15-second clips and now can last as long as three minutes. TikTok's #investing hashtag has more than 3.3 billion views, while #stocktok has 1.4 billion views, #crypto has 1.68 billion views and the financial page (#fintok) has more than 400 million views.

➤ Are Resourceful

- "I have a rule: Don't pay for something I can get free....Guys online don't really have anything to sell me." said Rex Wu, a 33-year-old investor who is a viewer of MeetKevin and other financialworld content creators. The majority of finfluencers and content creators offer their information for free on social-media sites and earn revenue from advertising and affiliate links.

➤ Have a Preference for Do-It-Yourself Tools

- Nearly half of women of color say they are likely to turn to social media for finance guidance, compared to 18 percent of white women, according to a study from investment management firm Capital Group.

- When starting to invest, 78 percent of affluent Black women and Latinas used self-directed educational resources, including websites, apps and TV shows, according to a December survey from JP Morgan Wealth Management. About 47 percent of affluent white women did the same.

- The Wall Street Bets community on Reddit now has nearly 11 million subscribers, up from 200,000 at the start of 2018.

- This year, hours spent on finance apps increased 90 percent in the U.S. compared with the previous year.

- Participation in the stock market through mobile phones increased, with hours spent on trading and investing apps up 135 percent.

➤ Expect Personalization or Customization (Tell Me What I Want to Hear About)

- For Kevin Paffrath, videos with positive titles garner more than 200,000 views, while videos with negative perspectives on a company or industry in their titles often don't receive more than 60,000 views. Negativity, or even objectivity, often isn't rewarded when

many in the audience only want to hear why markets will go up. “Why you got to be so negative lol” asked a viewer in a MeetKevin live chat after Paffrath cautioned against buying meme stock AMC. After the livestream, the host lost thousands of subscribers.

(*Wall Street Journal*, 5/8/21 and 8/27/21; *ABC News*, 7/13/21; *New York Times*, 7/14/21; *Financial Times*, 8/27/21; *Bloomberg*, 9/17/21)

In addition to aligning with characteristics of Digitally Trained individuals, many content creators and influencers own up to the fact that they aren’t experts, instead attempting to connect with their audience by being relatable as peers or “friends.” Many are sharing as they learn, as opposed to sharing what they know. Casey Adams, a 20-year-old who has conducted 300 interviews with executives and investors for his YouTube channel, explained it: “My approach is a friendly approach. The majority of my audience is young people who are looking for insights into financial markets or looking for ways to be more strategic about the investments they are making....I don’t like to think of myself as an expert.” Finfluencer Timothy Paul, a recent university graduate in economics and finance, offered a similar reason for this appeal, saying, “I felt I had a connection with people because I was young as well. I didn’t know that much about investing and finance. I was learning on the job and sharing what I was learning.” Elivire Matu, who runs TikTok and Instagram accounts with a focus on teaching about savings, explained it simply: “People feel more comfortable asking questions, because you are the same age. They feel they can relate to you.” (*Wall Street Journal*, 8/27/21; *Financial Times*, 8/27/21)

Influencers Are the Real Fuel for Tech Platforms

While many of these content creators and influencers are not experts in the field in which they speak, their ability to connect to an audience of followers and subscribers has made them extremely important to social-media platforms. As the platforms increasingly recognize the value of content creators, they are setting up ways for creators to monetize their content and also offering funds to attract creators. Last November, Snapchat began giving away \$1 million every day to different content creators who posted to the app’s Spotlight feature. Earlier this year, Instagram started rolling out its “Professional

Dashboard,” a management-overview platform that provides performance insights and a suite of tools to help creators monetize the platform. More recently, Facebook (now officially known as Meta) said it is setting up a program to pay \$1 billion to creators through the end of 2022, to get them to post original content on its sites. In November, Twitter created Twitter Crypto, and the company said it will explore ways for content creators to earn crypto for their contributions to the social-media platform. (*Pymnts*, 2/5/21; *New York Times*, 7/14/21; *Financial Times*, 11/11/21)

NOISE TO SIGNAL
RobCottingham.ca/cartoon



That’s an... interesting choice. But we don’t really have courses designed to prepare one to be an ‘influencer’.

Impact on Marketing Spend

It is no secret that eyeballs attract marketing and advertising dollars. Content creators are generating large audiences and strong connections with their followers, increasingly making them attractive to brands. Last year on Black Friday, the number of sponsored posts by influencers for brands nearly doubled from 2019. In 2020, brands spent \$2.6 billion on influencer marketing and are on track to spend over \$3.5 billion this year, according to eMarketer. Financial-content creators are among the influencers benefitting from this marketing spending increase. (*Gizmodo*, 6/15/21; *eMarketer*, 7/20/21; *Fortune*, 11/16/21)

- Trading platform Freetrade has increased its spending on influencers this year, making social media one of its largest marketing expenses.

- Wealthfront, the robo-advisor, has partnered with about 15 influencers.

- Vivian Tu has more than ten brand sponsors, including Wealthfront, Credit Karma, Insurify and Tastyworks.

- Last March, Betterment's sponsorship of finfluencer Austin Hankwitz led to 10,000 new sign-ups for the robo-advisor **in a single day**.

(*Financial Times*, 8/27/21; *Bloomberg*, 9/17/21, *Investment News*, 11/16/21)

The path to becoming and the future for content creators is changing. What was once just a fun side hustle can now become a successful and prospering career. Influencers who once posted pictures of meals and memes on social-media platforms can now become trusted financial advisors. Creators are benefitting from the current devaluation of expertise, making themselves invaluable to social-media platforms and becoming mediums for marketing dollars, all by tapping into the characteristics desired by Digitally Trained individuals. Scoff or laugh, but this is now real business that informs traditional marketers of traditional brands as to what works – if they choose to pay attention.



"He's not a 'Super Influencer' - he's a very naughty boy!"