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Assignment Title: A Critical Analysis of External Factors Influencing the Creator Economy and Influencer Industry

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AI acknowledgement

I confirm that I have not presented any AI generated materials as my own work.

Introduction

The creator economy has grown from a niche form of online content creation into a significant global industry. This has transformed the way individuals, businesses and consumers interact through digital platforms (Kaplan and Haenlein, 2010). Social media platforms such as TikTok, YouTube and Instagram have enabled creators to generate income through advertising, sponsorships, affiliate marketing and direct audience engagement, whilst simultaneously becoming influential marketing channels for organisations. Goldman Sachs (2023) estimates that the creator economy is currently worth approximately \$250 billion and could grow to almost \$480 billion by 2027, see appendix 1. This shows its increasing importance and influence across multiple industries.

Despite this rapid growth, the creator economy operates within a complex external environment. Advances in artificial intelligence, changing consumer expectations, evolving platform algorithms, government regulation and economic uncertainty continue to change how creators produce, distribute and monetise content. These external factors rarely operate independently, instead they interact to create both opportunities and challenges for creators, brands and digital platforms.

This report critically analyses the external pressures influencing the creator economy through Drivers, Pressures, State, Impact and Response (DPSIR) framework. A future lens is then applied to examine growing trends, including artificial intelligence, regulation and market saturation, After I will present my recommendations for creators and organisations.

DPSIR Framework

Drivers (D)

Drivers are the underlying forces responsible for the rapid growth of the creator economy. Rather than a single trigger, the industry has developed through technological innovation, changing consumer behaviour and increasing commercial investment. The widespread adoption of smartphones, high-speed internet and social media platforms has significantly reduced barriers to entry, allowing individuals to create and distribute content to global audiences without the need for traditional media organisations. As a result, content creation has evolved into a viable entrepreneurial career, creating new opportunities for self-employment and digital business growth (Goldman Sachs, 2023).

Alongside technological developments, changing consumer behaviour has accelerated the growth of the creator economy. Research suggests that consumers increasingly value recommendations from creators they perceive as authentic and reliable, encouraging brands to redirect marketing budgets towards influencer partnerships (Edelman, 2024). Supporting this shift, CreatorIQ (2024) found that 66% of brands reported creator-generated content delivered a higher return on investment than traditional digital advertising.

However, this perspective is contested. Sutherland (2019) argues that traditional advertising continues to play an important role because expensive marketing acts as a signal of quality and credibility. Drawing on costly signalling theory, he suggests that consumers may interpret substantial advertising investment as evidence that a company has confidence in its product (Spence, 1973; Zahavi, 1975). However, younger consumers are becoming increasingly sceptical of overt commercial messaging and often place greater value on authenticity and peer-generated content (Edelman, 2024)(Deloitte, 2024).

Rather than competing, traditional advertising and creator marketing perform different strategic roles. Traditional advertising builds brand credibility, whereas creator marketing strengthens authenticity and engagement. Organisations increasingly combine both approaches (Kotler et al., 2021).

Pressures (P)

The rapid growth of the creator economy has created significant pressures that challenge its long-term sustainability. While technological innovation, commercial investment and changing consumer behaviour have driven industry growth, these same factors have also increased competition, dependence on digital platforms and expectations placed on creators and brands.

One of the greatest pressures is dependence on platform algorithms. Although platforms such as TikTok, Instagram and YouTube provide creators with access to global audiences, they also determine which content is promoted, monetised or effectively hidden. Bucher (2018) describes this as the 'threat of invisibility', whereby creators remain dependent on algorithmic systems that operate with limited transparency. Consequently, creators are often forced to produce content that satisfies platform algorithms rather than audience needs, reducing creative freedom and increasing financial uncertainty. Frequent algorithm updates can dramatically reduce audience reach and income without explanation, making long-term success difficult to predict.

Artificial intelligence has introduced further pressure across the creator economy. AI-powered editing tools, content generation software and virtual influencers have lowered barriers to entry, allowing brands and individuals to produce content quickly and at relatively low cost. Whilst this increases efficiency, it also contributes to market saturation and intensifies competition for audience attention. The emergence of AI-generated influencers, such as Aitana López, has also raised concerns regarding authenticity and the long-term commercial value of human creators (Influencer Marketing Hub, 2025). As a result, creators are increasingly required to differentiate themselves through personality, trust and originality rather than content production alone.

Creators also face growing social and economic pressures associated with maintaining constant online visibility. Building a successful online presence requires continuous engagement, frequent content production and authentic audience relationships. Duffy (2017) describes this as aspirational labour, where creators invest significant time and emotional effort without any guarantee of financial return. Even successful

influencers such as Molly-Mae Hague have spoken publicly about the pressures of maintaining public relevance while balancing commercial partnerships with authenticity. This demonstrates that commercial success does not remove these pressures but may instead increase them.

Finally, increasing regulation presents another challenge for creators and organisations. Governments are introducing stricter rules on advertising transparency, online safety and AI-generated content. Legislation such as the Digital Services Act requires creators to operate with standards of professionalism similar to traditional businesses (European Commission, 2023). Whilst greater regulation may improve consumer trust, it also creates additional compliance responsibilities, particularly for smaller creators with limited resources.

State (S)

The interaction between these drivers and pressures has created a creator economy that is increasingly competitive, commercialised and professionally managed. Although opportunities for digital entrepreneurship have expanded significantly, the industry is characterised by market saturation, algorithmic dependence and growing income inequality. While a small number of creators achieve substantial financial success through brand partnerships, advertising revenue and product launches, the majority compete within an overcrowded marketplace where visibility and income remain uncertain. Consequently, success is becoming less dependent on producing high-quality content alone and more reliant on understanding platform algorithms, audience behaviour and wider market trends.

The professionalisation of the creator economy is reflected in the careers of influencers such as Molly-Mae Hague, whose business activities now extend beyond social media into fashion, beauty and documentary production (Hague, 2025). This demonstrates that successful creators are increasingly operating as entrepreneurs rather than simply content producers. However, this level of success is not representative of the wider industry, where creators continue to face unstable income, increasing competition and continual pressure to remain relevant. Therefore, the current state of the creator economy reflects a rapidly expanding sector that offers significant commercial opportunities whilst

simultaneously exposing creators to considerable economic and technological uncertainty.

Intent (I)

The effects of these external pressures extend beyond individual creators and influence brands, consumers and the wider digital economy. For creators, increasing competition, algorithmic uncertainty and unstable income have made content creation a high-risk career with no guarantee of long-term success. Duffy (2017) describes this as aspirational labour, where creators invest significant time and emotional effort without guaranteed financial reward.

For brands, the creator economy offers opportunities to reach highly targeted audiences through authentic content, often generating stronger engagement than traditional digital advertising (CreatorIQ, 2024). However, influencer partnerships also present reputational risks, as controversy, misinformation or failure to comply with advertising regulations can quickly damage consumer trust (Advertising Standards Authority, 2024).

Consumers benefit from personalised content and greater interaction with creators but also face increasing exposure to undisclosed advertising, unrealistic lifestyle expectations and AI-generated content that can blur the distinction between authentic and commercial communication (European Commission, 2023). As shown in the stakeholder analysis (Appendix 2), platforms, regulators and major brands hold the greatest influence over the creator economy, leaving individual creators heavily dependent on decisions made by these stakeholders.

Response (R)

In response to growing technological, economic and regulatory pressures, creators, brands and governments are adapting to improve long-term sustainability within the creator economy. Many creators are diversifying their income through subscriptions, merchandise, podcasts and business ventures rather than relying solely on advertising revenue or a single

social media platform. This reduces dependence on unpredictable algorithms whilst creating more stable income streams (Influencer Marketing Hub, 2025). Molly-Mae Hague reflects this shift by expanding beyond social media into business ownership and mainstream media.

Brands have also changed their marketing strategies by prioritising long-term creator partnerships over one-off collaborations. Rather than focusing solely on follower numbers, organisations increasingly consider audience engagement, brand alignment and regulatory compliance to reduce reputational risk (CreatorIQ, 2024). This demonstrates a growing recognition that authenticity and trust are more valuable than reach alone.

Governments and regulators have also strengthened oversight through legislation such as the Digital Services Act and guidance from the Advertising Standards Authority, requiring greater transparency in advertising and increased accountability from both creators and platforms (European Commission, 2023; Advertising Standards Authority, 2024). Overall, these responses demonstrate that the creator economy is becoming a more professional and regulated industry.

Future Lens

The analysis suggests that the creator economy will become increasingly competitive, regulated and technology-driven over the next five years. Future success is likely to depend less on gaining large audiences and more on creators' ability to adapt to technological change, consumer expectations and increasing regulation.

Artificial intelligence is expected to play a greater role in the creator economy. AI-generated influencers, such as Aitana López, demonstrate that brands can reduce costs by producing content without relying on human creators (Influencer Marketing Hub, 2025). However, AI is unlikely to replace human creators completely, as authenticity and genuine relationships remain key strengths of influencer marketing. Instead, AI is more likely to support creators by improving efficiency rather than replacing them entirely.

Regulation is also expected to increase as governments respond to concerns surrounding advertising transparency, online safety and AI-generated content. Legislation such as the Digital Services Act demonstrates a shift towards greater accountability for creators, platforms and brands (European Commission, 2023). At the same time, market saturation is likely to encourage more creators to diversify their income through businesses, subscriptions and product launches rather than relying solely on social media platforms. Overall, creators who remain adaptable, authentic and transparent are likely to be best positioned for long-term success.

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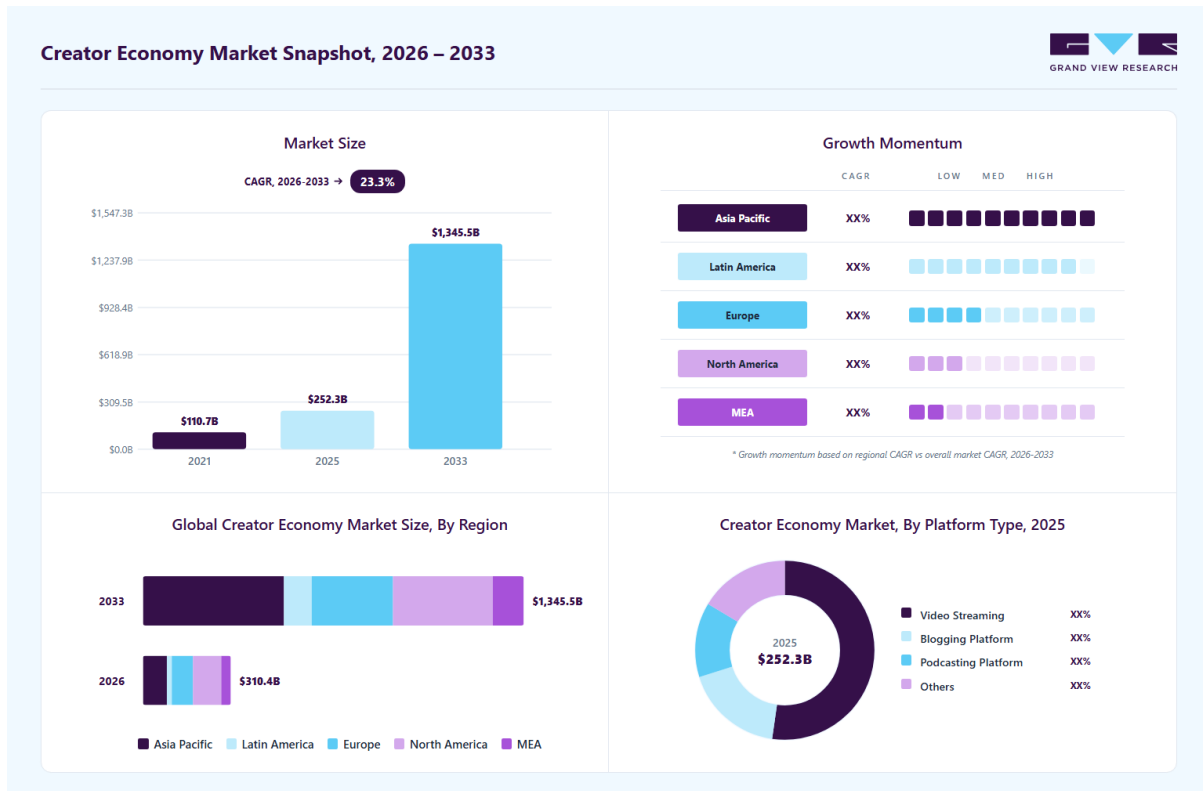
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Appendix

Appendix 1: Creator Economy Market 2026 – 2033

Source:



Appendix 2: Stakeholder Mapping Table

Stakeholder	PESTLE link	Power	Interest	Quadrant
Platform companies (TikTok, Youtube, Meta)	Technological, Legal, Political	High	High	D – Key players
Regulators (FTC, ASA, EU commission)	Legal, Political	High	High	D – Key players
Major brands / advertisers	Economic	High	High	D – Key players
Governments (broader policy, tax)	Political, Legal	High	Low	C – Keep satisfied
Investors / VCs backing platforms	Economic	High	Low	C – Keep satisfied
Payment processors & banks	Economic, Legal	High	Low	C – Keep satisfied
Individual creators	Social, Economic	Low	High	B – Keep informed
Audiences / followers	Social	Low	High	B – Keep informed
Talent agencies	Economic	Low	High	B – Keep informed
Smaller / aspiring creators & competitors	Social, Economic	Low	Low	A – Minimal effort
Academic researchers/ commentator	Technological	Low	Low	A – Minimal effort