citi KAJABI

THE PATH TO PROFIT

Building a business on YouTube, Instagram or TikTok is about being frictionless, not popular. As well as supporting the tools your customers are using, you must be ready to diversify revenue streams – and take back control from Big Tech

SEAN KIM
Chief Product Officer, Kajabi

Alma mater?

University of Texas 2004

Breakthrough moment?

Joining TikTok. I opened the app and saw kids dancing and lipsyncing... I thought, "Why would I want to go to this company? What's the utility value?" But it's the discovery engine that really got me excited. And you can give it more utility by nailing transactions and eCommerce to show people something they would never have known about.

Specialism?

Mobile marketing and strategy

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The coronavirus pandemic saw a seismic shift of work from in-person to online spaces. With millions trapped indoors, it hastened a digital transformation that has been impending since the advent of social media. Many companies brought creators on board to reach larger audiences, pushing content out on the platforms that have become almost ubiquitous for marketers and customers alike - Facebook, Instagram, Snapchat, TikTok, Twitch and YouTube - and which have generated huge amounts of revenue for creators through advertising and direct payments.

Monetising these platforms is not just reliant on good content, though; creators also must be well known. "Unless you're a top-tier creator, revenue won't be very meaningful," says Sean Kim, the former Head of Product at TikTok and current Chief Product Officer at Kajabi, an online subscription platform that helps creators monetise online courses, podcasts, newsletters and communities. But if creators take control of their revenue, rather than relying on the platforms, then there is real money to be made.

Taking back control from the platforms

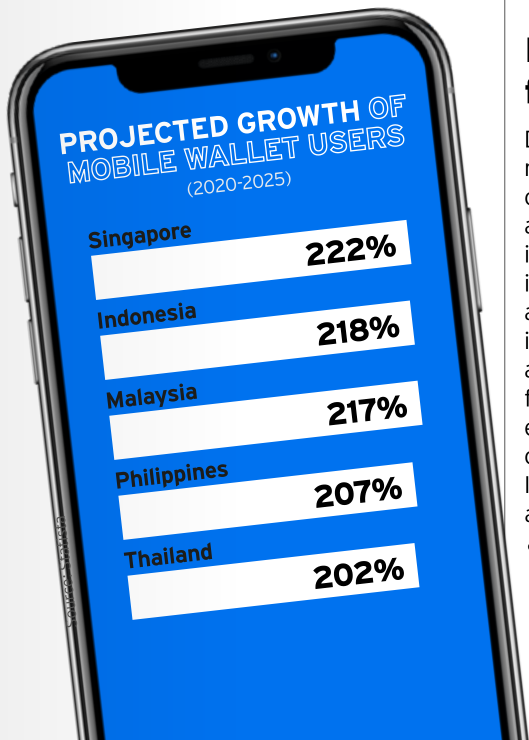
While the creator economy itself is not new, its biggest evolution as a consequence of the past two years is the way in which creators are monetising their content, and Kajabi has seen a huge increase in payments made to creators. The company has roughly 57,000 customers, with a total of $3.5bn paid out to date - up 350 percent since 2020. Creators, who make on average £30,000 per year on the platform, have been diversifying their revenue streams - bringing in audiences from the big platforms onto smaller, niche spaces such as personal websites - so they can monetise viewers through a myriad of different means: merchandise, newsletters, subscriptions and more.

This is something that the big platforms have trouble competing with because of, and despite, the amount of control they demand. Platforms take a cut of the revenue, mediate the relationship between creator and audience, and gain valuable insights into their data. While that's beneficial for the growth of these companies, and can bring in new customers en masse, it means creators do not own their businesses, and limits how they can grow. "Platforms can change the rules of engagement, or the algorithm, which will influence the success of the creator and the relationships with their audience," Kim says. "We have a symbiotic relationship with the platforms. They're the perfect place for discovery, where you find your audience.

But once you want to build a business, you take those users from that platform to where you can have that meaningful relationship. You own that - customers' data, how you engage with them - and can set your own price."

The best relationships between audience and creator do not come easy, however, and a great deal of work goes into what Kim sees as the most important aspect of turning interactions into purchases: reducing friction. "Make those transactions as effortless as possible," he says. "Then it's really easy for a customer to purchase and consume, and for a creative to receive those funds quickly."

> "Subscription businesses typically run on credit cards for transactions. But in India roughly three percent of bank account holders have these payment instruments. These are the challenges that you must think about"



In emerging markets, follow your customers

Doing business in a global market means knowing what tools the customer is using and ensuring they are provided. In Europe and the US, this is usually through direct payments, or in-app purchases mediated by Apple and Google. In emerging markets in south-east Asia, the pandemic accelerated mobile payment systems; for many people used to a cash-based economy, a mobile wallet is the first cashless instrument they have used. In India and China there are "super-apps" like WeChat and AliPay, as well as developing technology such as cryptocurrencies, which should not be underestimated.

"Subscription businesses typically run on credit cards for transactions," Kim says. "But in India roughly three percent of bank account holders have these payment instruments. In other markets, customers pay via their phone bills, and they see a lot more success versus trying to do payment directly from the customer. Cryptocurrencies are like a unified global currency that hold the same value in every country. The payments are near frictionless, as well. These are the challenges that you must think about when going into these emerging markets."

One other emerging market - the metaverse - has also captured the imaginations of numerous countries. Facebook, most notably, rebranded itself in building what Mark Zuckerberg calls an "embodied internet" with a fully functioning digital economy. Other companies have followed suit, with online-only goods generating nearly $54bn last year and predicted to rise to $74bn by 2026.

"The metaverse is incredibly exciting to think about but it's still in its infancy," says Kim. "I think payments will play a huge role in the metaverse; it definitely opens the door for more digital goods. But it always comes down to utility. The most important thing is to solve a problem. You have to know who your customers are, know what their most important problem to solve is, and you try different types of solutions until you eventually reach success."