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# DIGITAL PLATFORMS AND THE GLOBAL SOUTH

## RECONFIGURING POWER RELATIONS IN THE CULTURAL INDUSTRIES

Edited by
Philippe Bouquillion, Christine Ithurbide
and Tristan Mattelart

ROUTLEDGE

# Digital Platforms and the Global South

This book addresses the issues raised by digital platforms in the Global South, with an emphasis on the cultural stakes involved.

It brings together an interdisciplinary team of researchers – including political economists, socio-economists, geographers, media sociologists or anthropologists – who each explore these issues through an insightful case study at a local, national, regional or international scale. While studying the strategies of some of the main US-based Big Tech platforms or video streaming platforms towards the Global South, the chapters also consider the often-neglected active role local or regional actors play in the expansion of those Western digital players, and highlight the existence of a constellation of local or regional platforms that have emerged in Africa, Asia, Latin America or the Middle East. In addition to analysing the complex relationships of competition, collaboration or dependence between these diverse actors, this volume examines the ways in which the rise of these digital platforms has generated new forms of cultural entrepreneurship and participated in the reconfiguring of the conditions in which cultural contents are produced and circulated in the Global South.

This volume will appeal to readers interested in the transnationalisation of cultural industries or in the social, political, economic, cultural and geopolitical dimensions of digital transformations and will be an important resource for students, teachers and researchers in media, communication, cultural studies, international relations and area studies programmes.

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# Digital Platforms and the Global South

## Reconfiguring Power Relations in the Cultural Industries

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**Philippe Bouquillion, Christine Ithurbide and Tristan Mattelart**

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# Introduction

*Philippe Bouquillion, Christine Ithurbide and Tristan Mattelart*

## Introduction

There is a paradox inherent in the emerging research field of digital platforms. Most major global digital platforms have more users in the Global South than in the Global North. There are, for example, more YouTube users in India than in the United States. The Facebook audience in Brazil alone is bigger than the combined audience of its three main European markets (Statista, 2023). Yet, the issues raised by digital platforms are usually studied from the perspective of North American or West European experiences, and much less frequently from the perspectives of the countries comprising the Global South. In order to address this gap, we decided to compile this book with the aim of examining the increasing role played by digital platforms in the latter countries, with an emphasis on the cultural issues involved.

In embarking on this project, we were in some respect trying to answer the call, made by David B. Nieborg and Thomas Poell (2018), on the need, when studying how platforms are key players that contribute to the 'reorganisation of cultural production and circulation', to benefit from a 'wider geographical lens' by 'including non-Western' realities in the analysis (p. 4289). However, de-Westernizing research on digital platforms is not an easy task. Indeed, understanding how these platforms participate in the reconfiguring of cultural production and circulation in the Global South requires circumventing the traps of what Anita Say Chan (2013) has characterised as 'digital universalism'. In other words, it is necessary to avoid considering digital platforms as 'models' devised in 'technological centres' that would 'simply come to be adapted and copied' in the Global South (p. x). On the contrary, in order to understand the role of these platforms, the specific historical, but also 'sociopolitical, cultural, and economic contexts' of the countries in which they operate must be taken into account (Milan & Treré, 2019, p. 325). That is why, while adopting the notion of the Global South, we must be careful not to erase the greatly contrasting realities it encompasses. If we choose to use it, it is because this notion remains a relevant and fruitful category for analysing long-term inequalities and power asymmetries on a global scale, provided that those operating at regional or local levels are also taken into account.

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Another pitfall that the study of cultural issues raised by digital platforms in the Global South needs to avoid relates to the very notion of a platform. Admittedly, very precise definitions of this notion have been given. According to researchers in management studies (Cusumano & Gawer, 2002), the central characteristic of platforms is to organise direct interactions between users who can be both suppliers and consumers of goods and services, including cultural content. The emphasis is then placed on the interplay of externalities: the more users there are, the stronger the synergies between users. These externalities are then considered to form a particular market made up of as many 'sides' as there are users. Only multi-sided platforms are in this context considered platforms (Hagiu, 2007). From this perspective, YouTube or Facebook are platforms but not Netflix.

As for platform studies, the emphasis is on the 'programmability' of platforms, i.e. their capacity to host applications managed by external actors who thus benefit from access to the platform's data and functionalities onto which they can graft their offerings. This dual movement towards the 'inside' of the platform (incorporation of external applications) and towards the 'outside' (through the association with external services from which the platform collects data) defines platformisation (Nieborg & Helmond, 2018; Plantin et al., 2018). Here, the emphasis is on the socio-technical functioning of platforms, which allows them to be programmed. In this approach, as in that put forward by management studies, only 'contributing' platforms are considered to be platforms.

In this volume, we do not adopt a restrictive approach to the notion of platform. Indeed, it is clear that the players themselves, as well as the political and regulatory authorities, have a broader approach. They consider non-contributory digital services, such as Video on Demand (VoD) or subscription music streaming platforms, which are at the heart of the reconfiguring of cultural industries, to be platforms. That is why, in this book, a diversity of digital services will be considered platforms when they aggregate, order and editorialise a set of offers of goods and services produced or not by the platform operators, and when consumers can choose between the goods and services provided (as opposed to broadcast media offers, for example) or when the platform operator organises the recommendation of goods and services offered to consumers in a supposedly personalised manner.

Likewise, our approach will differ from works on 'platformisation', in that we will not start from a pre-established 'analytical model' (Nieborg & Poell, 2018, p. 4276) regarding what platforms are or what constitutes platformisation, but, rather, pay attention to the variety of issues raised by platforms depending on the diversity of the local, regional or global platforms involved, and on the specific features inherent to the territories in which they operate. Within this framework, this book includes a variety of detailed studies on the differentiated strategies deployed by specific platforms in order to enter the markets of the Global South. In addition, while emphasising the global scope of the operations run by the main US digital platforms, this volume also considers the often-neglected active role local or regional actors play in the expansion of those US digital players and describes a variety of local or regional platforms that have emerged in Africa, Asia, Latin America or the Middle East. How do global platforms negotiate with local authorities? How do they work with local telecommunications companies or with the local information technology (IT) and cultural industries? How do they compete or collaborate with other local firms? How do both global and local platforms deal with constraints linked to the informal dimensions prevailing in the cultural economy of many countries in the Global South?

By shifting the focus of the analysis of global digital platforms from their inner specificities to that of the particularities of the local circumstances in which they operate in the Global South, their deployment appears less as a rupture, as it is often portrayed in the literature, than as a particular step in a long historical continuum, as the chapters of this volume illustrate. As such, this book in many ways reconnects the contemporary discussions on the investments of transnational digital platforms in the Global South to the continuum of the heated debates on the internationalisation of Western media and cultural industries in the countries of the South, with all the political, geopolitical, cultural, economic and social issues that these have raised (Thussu, 2018).

The transnationalisation of digital platforms in these countries, as the following chapters make clear, needs in this way to be viewed as being in a continuity of the successive waves of liberalisation that have affected the cultural and creative industries of the Global South. The massive presence of these platforms in these countries – affecting not only their cultural or creative sectors as these are just two of the many economic sectors and social fields that these digital platforms are investing in – has to be seen more particularly as being inscribed in the continuity of the discourse on the 'creative' industries and economy. The latter was indeed presented in the 2000s, notably by UNESCO and UNCTAD, as being key factors favouring the economic, social and cultural development of the countries of the South (Cunningham, 2009). This discourse has in this respect legitimised important developments, including the liberalisation of trade and services – and the subsequent opening of the borders of these countries – as well as the liberalisation of foreign direct investments, or the injunctions for these countries to comply with the rules of intellectual property rights. All these elements have greatly facilitated the current implementation of transnational digital platforms in the South, these being now presented, in turn, as constituting key factors of growth for the Global South.

In trying to discern the issues raised by this massive presence of digital platforms in Asia, Latin America, Africa or the Middle East in some of their complexity, we brought together an interdisciplinary team of researchers – including political economists, socio-economists, geographers, media sociologists or anthropologists – who each explore these issues through an insightful case study at a different scale – local, national, regional or international. Based on their expertise on the countries and sectors concerned, this volume aims not only to better understand how digital platforms are embedded in global or local power relations but also to better grasp how they participate in a restructuring of the conditions in which cultural contents are produced and circulated in the Global South. Here are some of the major issues and trends that have been identified by the various authors of this edited collection.

## Questioning the Power of Global Digital Platforms

The perspective adopted in this book is a critical one, as the emphasis we have placed above on inequalities and power asymmetries illustrates. Our approach is inspired in this respect by existing research that adopts a macro-level perspective to investigate the ways in which global digital platforms constitute hegemonic agents – whether they are seen as vectors of 'imperialism' (Jin, 2015) or of 'colonialism' (Couldry & Mejias, 2019; Kwet, 2019) – within the context of the transnational capitalist system. While the contributions of this research are highlighted by Tristan Mattelart in his theoretical chapter for this book, our perspective nonetheless differs.

As Philippe Bouquillion states in his chapter, this research considering the role of these platforms through the lenses of their 'imperialist' or 'colonialist' endeavours tends to reinforce 'the common idea of their overpowering nature'. This research is not alone in doing so. As Thomas Poell, David B. Nieborg and Brooks Erin Duffy (2022) wrote in reference to these platforms: 'Their power is staggering' (p. 179). However, according to Philippe Bouquillion, while the power of these global digital platforms is, in these works, underlined, the 'modalities and scope of this domination are only partially documented', especially when considering the activities they undertake in the Global South. Understanding the modalities of this domination in fact requires taking into account not only the global structures of domination in which these platforms operate, as Dal Yong Jin (2015), Nick Couldry and Ulises A. Mejias (2019) have done, or the power logics linked to their socio-technical (programmability) or economic (externalities) characteristics, as Thomas Poell, David B. Nieborg and Brooks Erin Duffy (2022) have done, but also taking into consideration the overall political, economic, social and cultural context favouring or constraining, at a local or national level, their investments in the countries of the South.

Indeed, as Philippe Bouquillion shows in his chapter devoted to the investments of the Big Five (Alphabet, Amazon, Apple, Meta and Microsoft) in India, these have not established themselves 'like steamrollers'. They have had to develop localisation strategies in order to adapt to the realities of the target country and they have had, more particularly, 'to form close partnerships with Indian players'. They did it with the Indian central government which, in the context of the 2015 Digital India plan, has attracted the Big Five in order to fulfil its own 'industrial policy objectives'. They also have had to partner with Indian industrial players, especially the main Indian telecommunication operators, without which they would not have had access to the national market. Despite their financial and infrastructural power, these global digital platforms have then had to cope with these domestic players' own priorities, including in the political field. Far from the platform euphoria prevalent in the early 2010s, which celebrated these companies for being promoters of democracy, they have thus had to deal with India's 'government attempts to control the political public space'.

Beyond the Indian case, most of the contributions gathered in this book show how platform operators have had to deal with local players or local subsidiaries of foreign players and particularly with mobile telecommunications operators in order to invest in the countries of the Global South. Indeed, access to connection networks, to reception equipment and payment solutions – especially through mobile phones – is still an important issue, albeit to different extents in the different countries under consideration, and depends to a large extent on these telecommunications operators. The latter are also key business partners because the potential users of the platforms' services are already their subscribers.

This is not to relativize the power of the global digital platforms, but to try to understand better how they negotiate it and, ultimately, how they exercise it. In her chapter in which she studies the investments of e-commerce platforms such as Amazon and Walmart-owned Flipkart in the craft sector of two Indian states, Assam and Tamil Nadu, Christine Ithurbide also highlights the key role played by domestic players in these processes. She shows more specifically that regional state structures have been 'nodal organisations in the expansion of [these] e-commerce platforms' by making it possible for the latter to access the rural craft communities in the two states under consideration. These state regional structures have been all the more inclined to introduce these US e-commerce platforms into this craft sector since, as Christine Ithurbide explains, they have been 'seduced' by the discourse that these US companies hold, replete with promises of modernisation. There is, however, a huge gap between these promises and reality, given the limits of online connectivity and of digital literacy, to name but a few obstacles with which these platforms are confronted on the ground.

The investments of these global companies have nonetheless had a tangible result, as Christine Ithurbide notes. Under the impetus of these public-private partnerships, 'tasks that were once performed' by public entities, 'from training to building marketplace', have tended to be 'delegate[d] to private players'. By emphasising this, Christine Ithurbide brings to the fore one of the main features characterising these platforms' operations: their ability to extend the borders of the market by including, within its sphere, activities that used to be largely excluded from it.

**(Re)structuring Social and Market Spheres**

This argument is also made by Vibodh Parthasarathi and Simran Agarwal in their chapter. As they explain, the 'platform phenomenon' has to be seen not as a 'rupture' as it is often presented, but as an 'evolutionary process' that 'reformulate[s] and institutionalise[s] novel forms of market systems'. It does so by taking over activities that were previously the responsibility of public authorities, as in the example of the craft sector in India already mentioned. It also does so through the 'capture', undertaken by these companies, of the Global South's 'informal and social economies'.

In this respect, Tristan Mattelart mentions in his contribution the efforts made by the main US global platforms to exploit the important resources of this informal economy to their advantage. However, US companies are far from being the only ones seeking to take advantage of these resources. When considering the role digital platforms play in the Global South, it is indeed important to avoid focusing exclusively on US platforms and necessary to take into account the ones that emerge locally or regionally, 'sometimes in the cracks between the platform superpowers and sometimes before they arrive' (Steinberg & Li, 2017, p. 175). These local or regional platforms are not less involved in the expansion of the market sphere in the Global South and no less eager to appropriate the potential of the informal economy.

The chapter that Alix Bénistant and Jeremy Vachet devote to cultural crowdfunding platforms in Latin America illustrates very well how, with the creation of both local and transnational platforms, various initiatives have been taken, by both public and private institutions, to include activities that used to be largely excluded from market logics (or, more precisely, sometimes from formal market logics) within the latter's realm. They indeed show how the discourse of global institutions on crowdfunding, which describes these platforms as being key instruments for development, has been 'indigenised at the national level' in Latin America, and how it has shaped public policies. Crowdfunding platforms are, in this perspective, viewed as a means of mobilising the untapped resources of the informal economy prevalent in Latin America and, more specifically, as an instrument able to stimulate small and medium-sized enterprises by offering them access to formal alternative funding channels able to overcome their exclusion from the traditional banking system. The cultural sector is, within this framework, identified as being particularly strategic and considered, in line with the global creative economy discourse, a key 'inclusive tool for development'.

Through their analysis of the public policies implemented in Latin America in this field, both at a regional or national level, Alix Bénistant and Jeremy Vachet demonstrate however that, by promoting these cultural crowdfunding platforms, domestic public authorities actually seek to reduce the share of public funding devoted to culture by fostering the development of the 'private sector – small entrepreneurs – in order to stimulate local [cultural] production'. Interestingly, their chapter, like Christine Ithurbide's, highlights the significant gap existing between the promises in the discourse on digital platforms (here, cultural crowdfunding platforms) and reality. As a matter of fact, despite the celebratory discourse on cultural crowdfunding, the latter's 'business model seems unsustainable', note Alix Bénistant and Jeremy Vachet.

Another illustration of the ways in which both the US and local platforms play a key role in capturing the informal and social economies in the Global South is provided by the chapter written by Vibodh Parthasarathi and Simran Agarwal. Studying Indian brokerage platforms such as Shaadi.com and Bharat Matrimony, or dating platforms such as the US-based Tinder or the Indian Truly Madly, they show that these have not simply added another intermediary in the field of matchmaking in India, in addition to those already existing offline or online. Beyond, these platforms have appropriated 'the variedly informal practices of matchmaking to make them more legible to users and garner rents for proprietors'. By doing this, these platforms have integrated these informal practices within a broader matchmaking market of which they are a central node. A market that is all the more extensive as it includes within its realm the Indian diaspora.

This logic is also at work in China. In her contribution, Yuwen Zhang indeed shows how Weixin, owned by the tech giant Tencent, has succeeded in becoming a central support for various socialisation practices in the country and, in doing so, has succeeded in integrating these into the Chinese market sphere. 'As it expanded, [Weixin] has transformed and accumulated new functions, to the point that it seems today to be almost indispensable to Chinese society'. Being at the heart of Chinese 'social interactions', this application, with its 'scenarios' strategy, in effect encourages its users to make use of the device in as many social configurations as possible to meet the various needs of everyday life. 'Today, a Weixin user can chat with his friends, publish content, make online purchases, buy from any store in China, play video games, or even perform administrative tasks with the prefecture. When they move around, thanks to Weixin, Chinese people only need a cell phone', Yuwen Zhang explains.

Interestingly, the embedding of Weixin in Chinese socio-cultural realities nonetheless hinders its development abroad insofar as the move from Weixin to WeChat, its international arm, has hardly changed the device. WeChat expansion in India has, for example, not taken into account the fact that Indian users have not been accustomed to chatting only after sending and accepting friend requests, or more technical issues in relation to smartphone versions not being able to support WeChat's services or default compression of images to save traffic costs. As such, the Indian WeChat appears more like a product built entirely for Chinese users but with a changed language version. Thus, while the users of the main global US social media platforms are from a wide variety of countries and regions around the world, with the exception of a few countries, WeChat's international users are mainly Chinese people overseas.

## US SVoD Platforms in the Global South, Between Localisation Strategies and Liberalisation Policies

As explained above, despite the fact that Subscription Video on Demand (SVoD) streaming services are sometimes considered not to be platforms (Poell et al., 2022, p. 6), we choose to include these within the scope of this book, with several chapters dealing more specifically with Netflix's investments in Latin America and the Middle East or, somewhat more indirectly, in Nigeria. With the arrival of major US SVoD players in these countries, questions that echo older debates have resurfaced: Are US platforms easily acquiring a dominant position in the countries where they enter? What is the impact of their arrival on local industries and, more specifically, what are 'the outcomes of the conflict between new corporate actors and older industry stakeholders for the future of the industry?' as Alessandro Jedlowski asks in the case of Nigeria.

A first observation is that Netflix is leading the local markets under consideration, although not systematically. In Latin America, as Luis A. Albornoz and Fernando Krakowiak explain, Netflix has been able to position itself as a leading streaming service in several key countries, including Argentina, Mexico, Colombia, Chile and Peru. However, in the case of Brazil, it is the local operator GloboPlay that dominates the market with almost twice as many subscribers as its US counterpart. Netflix also leads in terms of subscribers in the Middle East against its main regional rivals, the Dubai-based Shahid and the Abu Dhabi-based StarzPlay, as shown by Joe F. Khalil and Mohamed Zayani. It must be noted, nevertheless, that in other key markets in the Global South, such as India, Netflix is far from leading the market, confronted as it is with tough competition from both the other American players, Amazon Prime Video, Disney+ Hotstar, and from established local platforms, JioCinema and Voot (Bouquillion & Ithurbide, 2022).

The study of the transnationalisation of US-based SVoD platforms, and more specifically of Netflix, is interesting in that it shows how, in order to invest in markets in the Global South, the company has needed to implement localisation strategies, as the other types of platforms have done, implying adjustments both in its content and partnerships. As Luis A. Albornoz and Fernando Krakowiak show in their chapter where they review Netflix's first decade of investments in Latin America, in order to expand its presence on the subcontinent, not only has the company had to partner with telecommunications companies (with the Argentinian Telecentro or with Telefónica, the Spanish company present in several Latin American countries), but also to shift its activity from merely content distribution to the production of local programmes, at least in some of the major markets in the region. Similarly, Joe F. Khalil and Mohamed Zayani, who study in their chapter some of the major streaming platforms operating in the Middle East, analyse how, in a market where 'Hollywood movies and series continue to appeal to local audiences' but where there is an 'even greater demand for original productions in Arabic', Netflix has had to invest in the production of local content.

Interestingly, both chapters use relatively similar terms to describe the ways in which, through this production of local programmes, Netflix also targets a transnational audience living well beyond the regions under consideration. In Latin America, this company strives to achieve a 'cultural mix nourished by features of local identities along with certain global themes to facilitate its internationalisation'. In the Middle East, the streamer tries 'to create successful programming that resonates with global audiences while remaining true to the local culture'.

However, this strategy of localisation seems to have encountered more obstacles in the Middle East than in Latin America. Indeed, as it started its investment in 'original' content 'with little concerns for the region's production structure's cultural, political and economic complexities', some Netflix locally-produced content, considered to contravene 'Islamic values', has attracted significant criticism, forcing the company to make public amends. Not to mention the problems the streamer also had in the Middle East with the presence, in its catalogue, of programmes with political content considered to be sensitive by the governments in the region.

Contributing, at least in some countries of the regions under consideration, to the production of local content, Netflix has been able, as Luis A. Albornoz and Fernando Krakowiak note, 'to defend itself against accusations of being part of a new imperialist crusade'. Does this mean that Netflix should be uncritically considered a benefactor for the local film and TV industries in the countries of the Global South where it has deployed its policy of original productions? That would be forgetting that the relationship Netflix establishes with local producers, as Luis A. Albornoz and Fernando Krakowiak underline, 'is a markedly asymmetrical one'. As a matter of fact, the US company retains control over the international distribution of these locally-produced programmes, but also over the ownership rights and the non-negligible ancillary rights to these programmes. Moreover, through these local investments, Netflix exports a very specific way of conceiving programmes, crafted in California, which, once imported, contributes to the implementation of new modes of organising the production of content (Bouquillion & Ithurbide, 2021).

While the acquisition of films' or series' rights and investments in local production are non-negligible aspects, they also raise fears and come with certain imbalances and limits. In his chapter devoted to Nollywood, Alessandro Jedlowski reminds us that Netflix's 'intentions for investing in African cinema […] are seen as dubious and its economic power as excessive' in Nigeria. There are too, significant gaps in the number of originals produced between one country and another. For instance, in 2022, Netflix produced 70 'originals' in India, less than 50 in Brazil and in Nigeria, to no originals in Sri Lanka or Mauritius. Budgets also vary widely: the amount of money used to produce a season of eight episodes of a series in India would make a single episode in the US (Ithurbide, 2022), a situation that underlines persistent geographical inequalities.

Beyond that, what needs to be taken into consideration is the way in which the entry of Netflix in the Global South has resulted in an increased liberalisation of the audiovisual markets of these countries. Luis A. Albornoz and Fernando Krakowiak emphasise in this respect the efforts undertaken by Netflix in Latin America at a regional level, through its lobbying, to influence regulators in a way that is favourable to its interests, by calling for a strengthening of the 'market dynamics', at the expense of interventionist public policies.

Brazil is a good example of a market that, after the arrival of Netflix, has been largely deregulated. Leonardo De Marchi and Ana Atem Diamante explain in their chapter how, under the centre-left coalition led by Dilma Rousseff, the Superior Council of Cinema, responsible for formulating a policy in the audiovisual sector, and the National Film Agency tried, in the mid-2010s, to regulate the activities of VoD platforms, attempting, inter alia, to impose quotas of Brazilian titles on their catalogues and to require investments in the production of domestic works. They show how, with the impeachment of Dilma Rousseff and the subsequent election of Jair Bolsonaro, this attempt at regulation has failed, resulting, to the contrary, in 'a scenario of complete deregulation' of the VoD sector.

This failure is all the more damaging since the rise of SVoD subscriptions in Brazil has been accompanied by the decline of those for pay television. Now, this pay television market had been regulated, with mechanisms forcing pay television operators to distribute Brazilian programmes, including from independent producers, through quotas. With the SVoD market being free of such rules, these regulations organising the pay television market – which had 'resulted in the development of many small and mid-sized independent producers across the country' – are increasingly being questioned by pay television operators, especially as they face declining subscriber numbers, making the situation of these independent producers more and more precarious.

## Local Streaming Platforms, Between Collaboration and Dependence

Beyond US streaming services, what clearly emerges in this book is a constellation of other players that provides a much more complex and nuanced picture than the one of a US steamroller. Every country presents a more or less important diversity of 'local' or 'indigenous' platforms which pre-existed to or have emerged in parallel with foreign ones. These local platforms have been launched by two different types of players: the ones coming from the legacy cultural and creative industries (such as film companies, pay television or music labels) and the others whose main activity is related to information and communication technologies (such as telecommunications operators or digital service companies) or finance (banks), and who aim to diversify their activities into cultural content for different strategic reasons. The size or the financial and technological capacities of these local players vary greatly, not only amongst them but also in comparison with US corporations who have some of the world's highest market capitalisations.

The two local or regional music streaming platforms that are more specifically studied here, Anghami and ZikMali, are indicative of the great diversity of situations existing in this field. Beyond their many differences, both strive to cater to the specific needs of their audience. As Joe F. Khalil and Mohamed Zayani demonstrate in their chapter, if Anghami, based in both Beirut and Abu Dhabi, has been able to compete with Paris-based Deezer or Stockholm-based Spotify, it is certainly thanks to 'its deep familiarity with the region'. They show indeed how this streamer has succeeded in establishing itself in a 'piracy prone regio[n]', thanks to its catalogue – enriched by a licencing deal with Rotana, the Middle East's biggest music producer – but also by establishing relationships with more than 30 mobile operators – mobiles being a major means for accessing music in this market – or by adopting a '"freemium" pricing model' ensuring the growth of its user base, or by promoting a policy of producing local artists and, finally, by creating a 'user interface tailored to the local audience'.

The Malian streaming music platform, ZikMali, whose development Emmanuelle Olivier chronicles, has a far more artisanal nature. She highlights the lofty ambitions of its creator, Mohamed Diarra, who wants to struggle against the 'marginalisation of Africa[n]' music on international streaming platforms and to enable Malian musicians to have an additional income 'thanks to dividends from the consumption of their recorded music' on his subscription-based national streaming platform. Emmanuelle Olivier details the many obstacles Mohamed Diarra has faced in implementing his project: the difficulties he has encountered in collecting the older recordings of the artists with whom ZikMali has contracts, or, even worse, the difficulties he has met in convincing Malian consumers – who, in another piracy prone market, are not used to paying for listening to recorded music – to subscribe to his streaming service or to download songs. Without also forgetting of course the inherent limitations related to the poor online connectivity or digital literacy in Mali, to name but a few obstacles. As a result, ZikMali's achievements are mitigated, the number of subscriptions remaining low and being 'primarily limited to Malians living abroad'.

Interestingly, while tracing the development of ZikMali, Emmanuelle Olivier also deciphers some of the mechanisms through which mobile telecommunication operators exert an increasing power over the music sector in Africa. These operators have indeed, since the early 2000s, invested in the music business on the continent, integrating this with the other so-called value-added services they offer on mobiles, which generate 'vitally important' revenues (Eisenberg, 2012, p. 1). Elsewhere, Emmanuelle Olivier has more particularly analysed how Orange, the French telecommunications company, has invested, through a series of deals with local actors, in the development of music content in Mali in order to 'augment the sale of its phone bundles' and to develop m-commerce – i.e. the lucrative mobile commerce – for its own benefit (Olivier, 2017, p. 192).

Within this framework, her chapter helps to understand the extent to which these companies are, in Africa, and more specifically in Mali, not just mobile telecommunication operators, but in the process of 'becoming cultural operators'. As a matter of fact, in the musical field, they are, as she explains – in line with an argument we have already made above – trying to reform 'the largely informal modus operandi' within which the Malian music market has functioned until now, transforming it into a formal market, organised largely by their platforms and increasingly monetised on these.

Emmanuelle Olivier shows more specifically that the project of ZikMali could not have been born without the support of Orange: the former has indeed depended to a considerable extent on the latter to come into being. Not only did the mobile operator give ZikMali the means to access its mobile phone payment service – a key element in a 'country as poorly banked as Mali' – but it has also helped Mohamed Diarra in designing his project by opening the doors of its own start-up incubator and support centre to him, where he has been able to refine his strategy.

While in Mali Orange has played an instrumental role in making the ZikMali project possible, in Nigeria, YouTube has in many respects facilitated the emergence of various generations of streaming services devoted to Nollywood movies, as Alessandro Jedlowski shows in his chapter. He explains first how two Nigerian UK-based entrepreneurs, Jason Njoku and Bastian Gotter – after having purchased the streaming rights for films at a low cost – created in 2011 the YouTube channel 'Nollywood Love', which evolved into the establishment of one of the most popular streaming platforms in Nigeria, iROKO.tv. The success of the latter has pushed international corporations, such as the satellite television companies South African Multichoice, the French Canal Plus, the Chinese StarTimes, as well as the streaming services Netflix or Amazon Prime, into the local Nigerian market, which resulted in the transformation of Nollywood's industry. The arrival of these international corporations has indeed marginalised the 'marketers' who had occupied a central role in the early Nollywood economy, with its largely informal features, to the benefit of a 'new generation of producers and distributors', more likely to adhere to the requirements of these international corporations that target more profitable Nigerian audiences, such as the urban elites or diaspora, who have the means to pay for a subscription to a pay television or streaming service. However, as Alessandro Jedlowski shows, YouTube, the same platform that indirectly contributed to the marginalisation of these marketers, has also, thanks to its infrastructure, given them the means to create channels – some even dedicated to local languages (such as Yoruba Plus or Igbo Eze) – which cater to the particular needs of their more popular local audience and which are, thanks to their ad-based model, more accessible. As argued by one of Alessandro Jedlowski's informants, who has been producing and selling movies since 2003, and shifted to online business with a YouTube Channel, 'Global Update Movie Nollywood', with this platform he can operate 'without the interference of the Nigerian government or the big international corporations!' … but with the help of one of the biggest corporations in the world.

## New Forms of Cultural Entrepreneurship

While not without limitations – in Mali, YouTube channels cannot be monetised – global digital platforms have undeniably brought about a new space for cultural production in the countries of the South. In Nigeria, YouTube, for example, has not only helped some of the marketers who had played a key role in the emergence of Nollywood to continue in their business, it has also favoured, as Alessandro Jedlowski explains, 'the emergence of new talents', providing to 'young, upcoming filmmakers' in the early stage of their career the means to produce and circulate their short films, thereby helping them in circumventing 'the monopolisation of the existing distribution networks in few international corporate hands'. Moreover, this company has given them a venue for engaging with 'more politically-sensitive topics, which are largely absent from mainstream Nollywood releases'.

However, digital platforms cannot be viewed merely as facilitating cultural production. Beyond that, the different chapters comprising this book show the extent to which contributory platforms need to be considered, in many respects, 'cultural operators', to use Emmanuelle Olivier's expression, which play a central role in various stages of the production of creative contents. These platforms are indeed far from being neutral intermediaries making the production of culture easier. On the contrary, they promote, on a global scale, as Netflix does through its local investments in production, very specific conceptions of what cultural production should be. In his literature review chapter, Tristan Mattelart shows, for example, how US-based social media platforms have to be seen not only as facilitating the production of content, by the infrastructures of creation they offer to their users, but also as organising this production, given the specific model of cultural production, driven by the metrics, they spread in the Global South as in the Global North.

In this respect, the chapters in this book outline some of the contours of this specific model of cultural creation that is promoted by these digital platforms and not only the global ones. Studying the investments of Amazon and Flipkart in the craft sector in India, Christine Ithurbide demonstrates that these platforms bolster, for the artisans, 'a shift toward self-entrepreneurship', resulting in the necessity for them to perform 'an increasing number of non-cultural tasks', such as 'client relation management, digital marketing', in order to be competitive according to the platform logic, with the risk of ending up in 'self-exploitation'.

Revealingly, the Latin American cultural crowdfunding platforms studied by Alix Bénistant and Jeremy Vachet, while not having a sustainable business model, have nonetheless constituted, for those who have worked for them, interesting places for acquiring an 'entrepreneurial skill' or an ability 'to adapt to the market'.

The chapter that perhaps best captures the contours of the model of creation that is promoted by the global digital platforms is the one Arturo Arriagada devotes to the 'media kits' used as self-promotion tools by Chilean influencers in the field of fashion. He explains quite clearly how essential it is for these content creators to get good metrics. These are key indicators of their 'status' and of their 'level of authority and expertise'. In order to maximise these metrics, these creators have to constantly move across different platforms and need to constantly adapt their productions to these platforms' 'algorithms and […] technical features'.

In addition to the description of this highly commercialised model of content creation, the chapter by Arturo Arriagada is interesting in that it shows how global social media platforms such as Instagram, YouTube or TikTok give these influencers a means to become, on their own small or large scale, non-negligible local relays contributing to the circulation of commodity flows within the transnational capitalist system. These influencers play, as a matter of fact, a key mediating role between, on the one hand, global brands such as Nike, H&M, Lancôme, Swarovski, Zara, amongst others, and, on the other, Chilean consumers. These local influencers are in a better position than traditional advertisers, as one of his informants says, to 'communicate [those transnational] brands naturally… organically' to their local audience.

## Conclusion

While putting together the chapters for this book, we have tried to follow the advice, given by Marc Steinberg, not to reduce the geography of digital platforms to a 'bipolar world' – with 'the US (often called "Western")', on one side, the Chinese platforms, on the other – and to pay more attention to the 'local or regional challenges to the US companies' (Steinberg, 2020, p. 2). Once finished, this volume gives an idea of the diversity of situations in which these local or regional platforms operate, according to local characteristics. There is no doubt that this diversity would have been even greater if the situations of smaller Southern countries in terms of population or socio-economic weight had been addressed more. Indeed, most of the countries taken as case studies in this volume are rather large and powerful (for instance, China, India, Nigeria, Brazil or Mexico). This comes as an incentive to explore further the constellation of local or regional digital platforms that have flourished in these smaller countries, but also to investigate more broadly the ways in which the major Chinese, Indian, South African or Brazilian platforms are expanding in other Global South regions.

The study of WeChat included in this collection reveals the variety of trajectories that exist in this latter domain. As Yuwen Zhang shows, there is a huge contrast between WeChat's central importance in its Chinese domestic market and the limited results of its internationalisation. As such, WeChat's trajectory is very different from TikTok's, a company that, through its global expansion, has become an 'emergent power in the US-dominated global platform ecosystem' (Jia & Liang, 2021, p. 273). In any case, there is no question that the strategies deployed by Chinese digital industries – including platforms, infrastructures and equipment – in the Global South need to be further researched.

Besides considering not only the global but also the regional or local digital platforms, the chapters of this book have all studied how these have had to adapt to the political, social, economic or cultural specificities of the countries of the Global South under consideration. Some aspects, such as the issue of linguistic fragmentation and regional variations, mentioned by Joe F. Khalil and Mohamed Zayani when analysing streaming services in Arabic-speaking countries, would, however, demand to be further monitored. This linguistic diversity in most of the countries or regions of the Global South is indeed a key element to take into account when examining the deployment of these platforms, especially those offering cultural content or products.

In this volume, we have also tried to reintroduce, within the analysis of global digital platforms, the local players without which these platforms cannot invest in the markets of the Global South. In addition to emphasising the relationships established between these global platforms and a plurality of local firms (or local subsidiaries of transnational firms) or other social and cultural local actors, the chapters of this book all underline in their own way the key role that public policies play in easing or, conversely, making the investments of these global platforms more difficult in these national markets, revealing a wide range of situations. In some of the countries under consideration public initiatives have been put in place to, in certain cases, protect domestic cultural industries from competition from global platforms, and, in others, to fight these in order to better exert governmental control over the online public sphere. In contrast, in other countries, the investments of these global platforms are facilitated, provided that they serve the interests of the host state. Elsewhere, with the development of digital platforms, policies have been implemented to reduce public subsidies to culture and to transfer responsibilities that were previously carried out by public actors to these private actors. This variety of policies also merits further investigations.

The same complex picture emerges from the chapters studying the diverse individual actors working for or with these digital platforms – whether artists, artisans, crowdfunding workers, influencers or entrepreneurs. Far from the enthusiastic promises of facilitated cultural creation that accompanied the rise of these platforms, these chapters study the actual working conditions that have been implemented by these companies, revealing tensions between, on the one hand, the way in which these platforms have allowed the development of talents and have given them access to complementary sources of income, and, on the other, the strong rationalisation of practices and the 'commodification of inter-individual relations' that are at work, as highlighted by Alix Bénistant and Jeremy Vachet. In any event, these chapters all underline how the relationship with digital platforms is for these diverse kinds of digital cultural workers fraught with 'nuances and contradictions', to borrow terms from Alessandro Jedlowski, who sees in these contradictions an 'invitation to […] dig deeper into the realities that the introduction of platforms is contributing to create'.

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# 1 US Digital Platforms in the Global South

## A Critical Review of an Emerging Research Field

*Tristan Mattelart*

### Introduction

In Alejandro González Iñárritu's movie *Bardo* (2022), a fictional newscast announces that the e-commerce platform Amazon has bought the Mexican state of Baja California. Nothing could illustrate better the power that is attributed to US-based digital platforms and the fears these arouse, especially in the Global South. To these fictional representations of Amazon's power, we will however prefer the aridity of theories. Indeed, a research field has taken shape, which explores, with more accuracy than the fictional fantasies of *Bardo*, the important challenges raised by the investments of US global digital platforms in these countries. Our aim in this chapter is to try to review – with no claim to exhaustiveness – this field of research, focussing more specifically on the cultural issues that are at stake.

While an important body of literature has questioned the role played by these Big Tech firms in North America and Western Europe, this has been much less frequently analysed from the standpoint of Southern countries. As a matter of fact, despite its 'holistic' ambition (Poell et al., 2022, p. 17), the research on how these platforms reconfigure cultural production has not systematically taken into account the North-South imbalances within which these companies operate and the particular challenges that these asymmetries pose. By addressing this gap, we will be able to reconnect contemporary debates on digital platforms with previous discussions on the transnationalisation of Western media and cultural industries in the countries of the South. There are, indeed, as we will see, many continuities, but also significant discontinuities, between past and present controversies in this domain, which are worth considering.

Within the literature explored here, the activities of these US-based global digital platforms in the Global South are described in highly conflicting terms, considered alternately as being either instruments of development, hegemonic agents or infrastructures facilitating local cultural production and appropriation. However, by putting these seemingly antagonistic views into perspective, as we will attempt to do here – basing our argument on some of the main works that have given shape to the field of research under

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consideration – we can try to discern, in some of its complexity, the role that these platforms play in the Global South.

**The Global South and 'Platform Euphoria'**

As José van Dijck (2020) has stated, the early 2010s marked the peak of 'a decade of platform euphoria, in which tech companies were celebrated for empowering ordinary users' (p. 175). In a context where 'the boom in mobile telephony' brought a step change in the affordability of Internet access (Donner, 2015, p. 64), including in Africa, Latin America, the Middle East and Asia, this 'platform euphoria' permeated a large number of the works that were produced at the time on the subject of global digital platforms in the Global South.

These platforms have been, for example, represented with insistence as instruments of political democratisation in authoritarian countries of the Global South. Larry Diamond (2010) went as far as to describe the '"new social media" such as Facebook and Twitter' as constituting a 'liberation technology' thanks to their ability to 'expand political, social and economic freedom' (p. 70).

> These digital tools […] facilitated the 2005 Cedar Revolution in Lebanon […]; the 2005 protests for women's voting rights in Kuwait; the 2007 protests by Venezuelan students against the closure of Radio Caracas Television; and the April 2008 general strike in Egypt, where tens of thousands of young demonstrators mobilised through Facebook.
>
> (p. 78)

The revolts in Tunisia and Egypt in 2011, which led to the overthrow of Zine El Abidine Ben Ali and Hosni Mubarak, were a breeding ground for this kind of analysis. As Philip N. Howard and Muzammil M. Hussain (2011) asserted in an article on the role of digital media during the upheavals in Tunisia and Egypt: 'The Internet, mobile phones, and social media such as Facebook and Twitter made the difference this time' (p. 35).

These global digital platforms were also enthusiastically depicted in the early 2010s as a kind of magical instrument with the ability to enhance the economic development of the Global South. For instance, a report by the World Bank sketching out its strategy in that field stated that, thanks to the 'revolution' brought by the growth of mobile phones and social media platforms in the Global South, information and communication technologies (ICT) 'have great promise to reduce poverty, increase productivity, boost economic growth, and improve accountability and governance' (The World Bank Group, 2012, p. v).

However different they may be, these two perspectives – US global platforms as means of democratisation or development – are based on the same premise that these technological platforms are simply neutral instruments.

'Technology', as Larry Diamond (2010) has put it, 'is merely a tool' (p. 71). Yet, these platforms are not just merely technological tools. Indeed, they are sociotechnical constructions, reflective of their creators' objectives and strategies, or of the circumstances in which they have been developed, and they are driven by the particularities of their business models. They are also subject to market forces, involved in relations of power operating at various scales, and used in specific local environments. All these elements, missing from both perspectives previously quoted, must be taken into account if we want to understand the complexity of the role global digital platforms can play in the countries of the Global South.

Both of these perspectives have something more in common. They are presented as being brand new analyses of the brand new political and economic role of global digital platforms. Yet, they echo quite old, well-known, arguments. The writings of Larry Diamond have in many respects given a new life to the arguments made, in the 1970s and early 1980s, by Ithiel de Sola Pool, according to whom new technologies constituted *Technologies of Freedom* (1983), to quote the title of his famous book. The celebration of ICT as instrument of economic development echoes for its part the writings of the modernisation theorists who, from the late 1950s on, have considered Western media as being key tools for the development of the Third World.

It is in this respect quite interesting to note that these two perspectives describing global digital platforms as being either instruments of democratisation or development for the Global South have been strongly attacked by the critical political economy of communications – a tradition of thought that had already played, from the early 1970s on, a great role in debunking the arguments of the modernisation theory or the theses of Ithiel de Sola Pool.

## The Reopening of the Question of 'Cultural Imperialism' in the Age of Platforms

With the critical political economy of communications, the research perspective changes in significant ways. Far from considering global digital platforms as being, first and foremost, instruments of democratisation or development, critical political economists tend to consider them as being hegemonic actors exerting their power at an increasing global scale. So much so that, in the 2010s, with the rise of these platforms, these scholars 'reopen[ed] the question of cultural imperialism' (Steinberg, 2017, p. 97). One of the main figures in the political economy of communications having reopened this question is Dal Yong Jin who coined, as early as 2013, the notion of 'platform imperialism' (Jin, 2013, 2015), which is explicitly derived from the notion of 'cultural imperialism' forged by Herbert Schiller in the mid-1970s (1976). With this expression, Jin aims to describe a new kind of 'asymmetrical relationship of interdependence' fostered by the rise of digital platforms 'between the West, primarily the US, and many developing countries' (Jin, 2015, p. 12).

While these processes of platform imperialism are inscribed within the continuities of ‘previous forms of imperialism’, they are, nonetheless, notes Jin, ‘much different’ (Jin, 2015, p. 179). In the previous era, cultural imperialism was exercised, notably, through the ‘one-way flow of goods from Western to non-Western countries’ (p. 29) and through the commercial values that this flow was conveying into the latter. In the new era, these ‘commercial values are embedded in platforms’ (p. 12) rather than being exported, and they are, more specifically, embedded in the main US-based platforms which are the global ‘dominant force in the digital market’ (p. 57).

Indeed, these digital platforms appropriate users’ activities on a global scale in order to transform their ‘daily performances into monetary revenue resources’ (Jin, 2015, p. 5). Users are then transformed into ‘content providers’ from which information can be gathered and sold ‘as a commodity’ to advertisers and corporations, ‘resulting in massive capital accumulation for the owners of these platforms’ (p. 6). In this context, the global expansion of these US-based platforms cannot be without cultural consequences. By means of the commodified cultural values that are embedded in them, they globally propagate a ‘form of symbolic hegemony [that] is much greater than the previous form of ideological dominance due to the significance of platform technologies in people’s daily lives’ (p. 39).

If there are discontinuities, there are also, however, according to Jin, significant continuities between these two forms of imperialism, as the topical nature of the free flow of data issue indicates. Given the geopolitical and geo-economic importance of this global expansion of US digital platforms, the US government has in effect ‘greatly supported’ it – as it has done with Hollywood’s global investments – ‘in the name of human rights and national [US] interests’ (Jin, 2015, p. 81), through its promotion of the doctrine of the free flow of data, updated for the digital age.

The global geography of platforms that is sketched by Dal Yong Jin is one where US companies dominate without much competition. Even if he recognises the role played by non-Western platforms – such as ‘Japanese Mixi (SNS [social networking service]), Chinese Baidu (search engine), Weibo (micro blogging), and Korean Galaxy III and IV’ –, he asserts that ‘the major players are US-based platforms, and they reign supreme in the platform market’ (Jin, 2015, p. 49; see also Mirrlees, 2020).

To demonstrate how fragile are the prospects of a rebalancing of the ‘asymmetrical power relations’ structuring the global platform market, Jin takes South Korea – a country known for having its ‘own [powerful] digital platforms’ – as an example (2017a, p. 210). He shows that while these platforms are able to compete with their US-based counterparts in the domestic South Korean market, their capacity to challenge these on a global scale is much more limited. Naver is, for instance, the dominant actor in ‘Korea’s search-engine market’ and has developed a ‘transnationalisation strategy’, but is far from holding ‘a commanding position among global search engines’ as Google does (pp. 215–216). While several South Korean platforms have been able to 'challeng[e] US dominance' locally they have not been capable, according to Jin, of contesting 'the supremacy of US-based platforms' globally (p. 227).

This argument of uncontested US supremacy is, however, increasingly contended, including within the field of the critical political economy of communications. Against the view that Google, Facebook, Apple or Amazon 'reign supreme', Lianrui Jia and Dwayne Winseck (2018) stress indeed the ability of the Chinese Baidu, Alibaba and Tencent to now 'rival' the 'US-based Internet giants' (p. 31), in terms of users, traffic, revenue or market capitalisation. 'Together, [these three enterprises] challenge the US dominance of the commercial Internet', which 'is becoming less-and-less US-centric' (p. 36).

## The Resurfacing of Other Old Debates

Together with the renewed interest in the issues of cultural or media imperialism, a series of other important debates that had been held in the 1970s and early 1980s have resurfaced in the era of digital platforms. As a matter of fact, various investigations exploring the power exerted by the main digital platforms on a global scale draw explicit parallels with the discussions which took place around the New World Information and Communication Order (NWICO), and refer, more specifically, to the report produced within this framework by the Commission presided over by Sean MacBride (1980).

The 2019 *Digital Economy Report* of the United Nations Conference on Trade and Development (UNCTAD), which denounced the 'market dominance of certain global digital platforms' (United Nations Conference on Trade and Development, 2019, p. 84), is a good example of this. Noting that this market dominance relies largely on their 'ability to extract, control and analyse data' globally, the report then raised 'questions about the wisdom of allowing foreign firms to extract data without restraint' and endorsed one of the conclusions of the famous *One World, Many Voices* report: 'With the global concentration of platforms, the "free flow of data" effectively means a "one-way flow" (MacBride Commission)' (p. 91).

Another debate raised by the rise of the platforms that is reminiscent of older discussions has been the one on the inequalities structuring the 'global market for digital goods' given the infrastructural dominance exerted by a handful of global digital platforms (Caribou Digital, 2016, p. 6). A report on the 'global app economy' written by Caribou Digital is interesting in this respect. It showed that the world economy of apps, one of the main digital 'cultural products', is totally dominated by 'two firms, Apple and Google whose [iOS and Android] platforms control the vast majority of the global market' (p. 6). In addition, the report demonstrated that the geography of app developers is 'heavily skewed towards the economic powerhouses', and, in particular, towards the US app developers, the 'dominant producer[s]', even if East Asian, especially Chinese, app developers play an increasingly global role (p. 8).

Similarly, as Stefania Milan (2021) explains, the rise of global US-based platforms has reactivated the allegations of unfair competition already brought up in the 1970s against the 'large scale-enterprises' dominating the 'communication industry' (p. 13). 'The competitive advantage of platform monopolies', she notes, 'echoes the worries of the MacBride Commission' (p. 13). As another report written by Caribou put it, thanks to its global scale, Facebook, for instance, 'can afford to enter unprofitable markets' of the Global South because it has 'the ability to cross subsidise these efforts with its more lucrative users elsewhere' – a privilege which is not granted to most of its local competitors (Caribou Digital, 2017, p. 29).

Finally, what is at stake, today as in the early 1980s, is the power that a handful of global companies have to produce and distribute, on an international scale, highly biased mediated representations of the world. Stefania Milan stated in this respect that the main digital platforms can be 'seen as the present-day equivalent of Western news agencies, widely criticised in the MacBride report' (Milan, 2021, p. 13) for the uneven media representations of the planet they offered.

The research conducted by Andrea Ballatore, Mark Graham and Shilad Sen (2017) is important in this regard. They revealed a high level of continuity between the old patterns of unequal media representations of the world in the pre-digital era and the new ones in the digital era. Taking into consideration the key role Google, 'the world's most powerful, most dominant information mediator', plays in the mediation of 'spatial knowledge and experiences', and thus, in the 'lived everyday geographies' of millions of people around the planet, Andrea Ballatore, Mark Graham and Shilad Sen explored the ways in which this search engine represents places and, more particularly, the 'world's capital cities' (pp. 1195–1196). The geography of Google's search results they sketched out is characterised by a staggering unevenness, as the Global North is able to produce 'digital representations about not just themselves but also much of the Global South' (p. 1212). Indeed, they show that most of the results of Google searches for the capitals of 'Africa, the Middle East, and Southeast Asia are dominated by URLs from the United States and France' (p. 1204). As they put it in their conclusion, 'this gives rise to a form of digital ["informational"] hegemony, whereby producers in a few countries get to define what is read by others' (p. 1211).

## An Era of Digital Colonialism?

Another stream of critical research, which has risen since the mid-2010s, has resorted to the notion of 'colonialism' or 'colonisation' rather than to the expression of 'platform imperialism' for describing the kind of domination exerted by the main global digital platforms on the Global South (Couldry & Mejias, 2019; Kwet, 2019; Oyedemi, 2021). As Toussaint Nothias (2020) has noted, the increasing use of the notion of 'colonialism' for depicting the activities of these platforms has coincided with the launch, by some of these, of a series of programmes – such as Project Loon from Google or Free Basics from Facebook – which have aimed at connecting the unconnected in the Global South and at exploiting 'the large untapped market' they represent (Oyedemi, 2019, p. 2049).

One of the most noteworthy works which has mobilised this vocabulary of colonialism is Nick Couldry and Ulises A. Mejias' book: *The Costs of Connection: How Data is Colonizing Human Life and Appropriating it for Capitalism* (2019). This traces a continuity between the earlier forms of, mainly European, colonialism and the more recent forms of what they label 'data colonialism'. Both are viewed as having as their objective 'to acquire large-scale resources from which economic value can be extracted' (p. xi). Instead of the 'natural resources and labor' that were extracted by former colonial powers, 'what is now appropriated is human life through its conversion into data' (p. xix). Being major 'spaces of data extraction', the main American or Chinese digital platforms, which are the main organisers of what the authors call the 'Cloud Empire', play a central role in these processes of data colonialism (p. 25). '*In collaboration* with powerful states', they are indeed 'defining the new colonial geographies and constructing a different social and economic order' (p. 39, underlined by the authors). They are, more particularly, reshaping 'the life conditions of all individuals across all societies […] around digital infrastructures of connection', and around their own infrastructures of data extraction (p. 17).

These macro-level analyses couched in terms of imperialism or colonialism are important. They resolutely break with the naïve optimism of those writings on the digital platforms in the Global South that represent these as being mere instruments of democratisation or development. They also reposition contemporary debates on Big Tech in the Global South within the broader perspective of the history of the North-South power asymmetries, where the transnationalisation of Western media and communication technologies has taken place. Yet, however important these analyses may be, they are not without limits. Concentrating their attention at the most overarching level of what Couldry and Mejias describe as being the 'Cloud Empire', these analyses do not give a detailed description of the strategies through which the main global digital platforms organising this empire penetrate foreign markets, including those of the Global South, nor provide a meticulous analysis of the ways in which other actors, national or local, actively participate in these processes.

Yet, as Armand Mattelart and Héctor Schmucler (1983) noted in the 1980s in their research on the computerisation of Latin America, it is important to adopt a 'dialectical' perspective when studying the global investments of tech companies. In other words, it is necessary, in such research, to focus both on the strategies of these global actors and on the 'non-negligible role performed by domestic actors' that ease (or hamper) these investments (p. 104).

Concentrating on the role played by Washington and Beijing, Couldry and Mejias neglect for example the role played by other, albeit less 'powerful' states in the facilitation or, on the contrary, the limitation of digital platforms' expansion in the Global South, despite the fact that these states contribute significantly to these processes. As Paola Ricaurte (2019) noted, in the context of Mexico, 'governments and public institutions [...] act as central forces in the process of internal and international data colonisation at the systemic level'. They do it through their 'legal frameworks', through their various 'public policies' or an assortment of other instruments (p. 357).

The study carried out by Michael Kwet (2019) on the investments of Microsoft and Google in the South African educational field illustrated quite well the active role played by national governments in these processes of 'international data colonisation'. The author also invoked the concept of 'digital colonialism' to describe how these two tech platforms took advantage of Operation Phakisa in Education, launched by Pretoria in 2015, to 'plant' their educational software suites in South African schools and for 'lock[ing]' them 'into foreign corporate products and models' (p. 151, 199). But he also noted that, while the 'corporate influence' on this operation was apparent, Microsoft and Google did 'not dictate government choices': 'South African makers [borrowed a] policy from elsewhere to apply at home' (p. 251, 282).

Studying the expansion of global digital platforms in the Global South thus entails exploring the complex web of power relations established among these platforms and domestic actors – not only public but also private actors – and the strategies these various parties implement. India serves as a laboratory in this respect. In his study of the strategies of the transnationalisation of the main US-based digital platforms in India, Philippe Bouquillion explained how the introduction of these platforms in this country has been facilitated by the Digital India plan launched in 2015 by the government, but he also showed that, despite being 'very powerful', these companies have had to 'form alliances with "local" industrial actors involved in digital technologies'. In a country where mobile phones constitute the main tools for accessing the Internet, these platforms have been more specifically obliged to associate with domestic telecommunications companies, notably with the 'national champion' Reliance Jio, in order to enter the Indian market (Bouquillion, 2022, p. 762; see also his chapter in this volume).

Investigating the expansion of US digital platforms in the Global South entails, however, not only considering the relationships they build with the actors of the formal economy, but also examining those established with the actors of the informal economy. These platforms have indeed implemented sophisticated strategies – as the previous mention of Google Loon or Facebook Free Basics indicates – to exploit the untapped resources of this informal economy to their advantage, thereby expanding the 'frontiers of the formal economy' in the Global South (Athique & Parthasarathi, 2020, p. 4). As Christine Ithurbide and Monish Khetrimayum (2022) have shown, in the state of Assam in India, in conjunction with initiatives taken by public authorities or NGOs, global platforms such as Amazon, Facebook or Microsoft have, for example, designed e-commerce programs for craftsmen and small or medium enterprises in an attempt to integrate them into the orbit of their own digital economy (see also Christine Ithurbide's chapter in this volume).

Furthermore, analysing the investments of global digital platforms in emerging markets also involves taking into account the complex relationships they build with local civil society organisations. This is well illustrated by the ways in which these organisations have impeded or facilitated the implementation of Facebook's Free Basics initiative in some of these markets. Indeed, as this initiative has provided its mobile users with free-of-charge access, but only to a limited number of data-light websites of basic services, it has been heavily criticised for, inter alia, violating net neutrality (Global Voices, 2017). So much so that, in India, a group of activists, including 'engineers, start-up funders and self-professed "geeks"' (Prasad, 2018, p. 416), united under the motto 'Save the Internet', waged a campaign and succeeded in pushing the Indian telecom regulatory authority to ban, in 2016, this kind of services. In Africa, on the contrary, Facebook was able to establish various links with civil society groups as a way of supporting the implementation of Free Basics on the continent. As Toussaint Nothias (2020) has demonstrated, the issue of net neutrality has been, for these groups, less pressing than the 'increased threats to Internet freedom from governments', which had the result of relegating their potential calls for regulating services such as Free Basics 'to the background' (p. 343).

It is thus important, including for understanding how the main US-based digital platforms exert their power to take into account the kind of relationships they build with a variety of local players. All the more so since these tech platforms – whose core businesses are not rooted in the cultural or creative fields – have, in order to increase their user or customer bases, invested in these fields, which are, in the South as in the North, 'closely intertwined with local realities' (Bouquillion, 2022, p. 762).

This is perfectly illustrated by the way Amazon has, in India, used its subscription video on demand (SVoD) platform to 'drive customers' to its e-retailing business (Tiwary, 2020, p. 90). Ishita Tiwary has shown in this way how, in trying to be competitive in a country where a 'consistently strong preference for local content' (p. 95) prevails, Amazon Prime Video has had to 'localise' its programme through partnerships not only with Indian telecom service providers, but also with domestic content producers, and has started to produce Indian content (pp. 89–90).

In many respects, these Amazon Prime Video's investments in India also exemplify particularly well the extent to which US global platforms and local actors are entangled in a complex web of power relations. Indeed, while Amazon Prime Video has had to adopt a localisation strategy in order to enter the Indian SVoD market and this strategy has benefited the domestic producers from which it commissioned or subcontracted content, these producers have remained 'dependent on Amazon in terms of budget and distribution' (Bouquillion & Ithurbide, 2022, p. 359).

**Social Media Platforms as Facilitators of Local Production?**

Going against the grain of this body of literature that, with the rise of US digital platforms, has, as we have seen, reopened the debate on the theses of cultural or media imperialism, some works have called into question the validity of these same theses. Indeed, the ability of social media platforms to host not only local professional, but also local user-uploaded content has led to the argument that the expansion of these companies, far from representing a potential menace, contributes to local cultural creativity.

In their book, *Social Media Entertainment*, Stuart Cunningham and David Craig (2019) emphasise that, in this regard, US social media platforms have offered new spaces of expression and creation on a global scale, with a priori 'very low barriers to entry', which have been seized by 'professionalising, previously amateur content creators' in the many local markets where these platforms operate, resulting in the rise of an 'emerging proto-industry' in the cultural field (p. 5, 11). In this context, these social media platforms are considered to play a much more positive role than, for instance, Hollywood majors in the Global South. Taking the example of YouTube, they state that these platforms should be viewed as being 'a facilitator of creator and content' (p. 229) in these countries, rather than a danger: 'Platforms such as YouTube exhibit much greater content, creator, and language and cultural diversity than traditional global media hegemons' (pp. 226–227). And this has led Cunningham and Craig to claim that social media platforms cannot be considered as 'another instance of Western cultural imperialism' (p. 16).

Cunningham and Craig do not ignore 'the power' of these 'huge, globe-spanning' platforms – platforms which are 'far bigger than the Hollywood majors'. But they contend that, as they are 'driven by a commitment to new voices, the small businesses, and the amateurs developing what they hope may be sustainable careers', these platforms cannot be viewed as providing 'a setting for new forms of cultural hegemony' (p. 228).

It is indisputable that YouTube – one of the most studied platforms in this respect – has opened up an important space for expression for many creators in the Global South, as various studies, carried out for example in India or Morocco, illustrate. Sangeet Kumar, Sriram Mohan and Aswin Punathambekar (2021) have in this way shown how, after having been created, in May 2008, YouTube India has, within the framework of its localisation strategy, not only instituted partnerships with 'top Bollywood content providers', but also undertaken efforts 'to surface content created by individuals' (p. 176). In doing so, YouTube has contributed to the emergence, in this country, of 'creative entrepreneurs' who have been able to 'explore and craft careers that would be unthinkable in a pre-Internet era' (Kumar, 2016, pp. 5613–5614). Evolving at least partly outside the constraints set by the traditional media, this cultural space offered by YouTube in India, in Hindi as well in other Indian languages, has 'enabled the blossoming of new genres, subgenres, and topics of content' and has even facilitated the production of 'non mainstream, subversive, and risky content' (Kumar et al., 2021, p. 179).

In his research carried out in Morocco, Mohamed El Marzouki (2021) also described YouTube as having participated in the development of a space for creation that has evolved outside the realm of traditional media. The platform, as he demonstrated, has provided a fertile ground for the growth of a 'creator culture', which has constituted for the youth an 'alternative to (and a relief from) a traditional media programming that is heavily packaged in statist hegemonic discourses [and "dubbed foreign content"] that do not reflect the artistic and sociopolitical aspiration of younger generations' (p. 194).

In addition, it must be noted that YouTube has provided these content creators with an infrastructure for trying to reach an international audience. Sangeet Kumar (2016) goes as far as writing that, in the Indian context, this platform has offered to its creators a 'unique avenu[e] of individual and cultural expression to a globally distributed audience' (p. 5613).

While it is necessary to acknowledge the opportunities given by YouTube to the creators of the Global South, it is also important to take into account, as Sangeet Kumar (2016) underlines, 'the structural power asymmetries within which subjects navigate and manoeuvre' once they work with this platform (p. 5609). YouTube is indeed far from being a benevolent and neutral intermediary stimulating individuals' creativity for their own sake. Rather, it prescribes its own 'preestablished terms and conventions' with the purpose of achieving its 'own commercial interests' (p. 5609).

Social media platforms such as YouTube, then, are not only 'facilitators' of content creation in the countries where they operate, but they also contribute to the restructuring of this content creation through the norms they prescribe and the instructions they formulate, in line with the objectives of their business models. YouTube has, for example, in this way, from 2008 on, promoted a set of specific norms of video production which have been distributed worldwide. Eager to increase its user base at a transnational scale and the advertising revenues associated with it, this platform has indeed tried to formalise, through a comprehensive set of training tools, the practices of its amateur content creators wanting to professionalise themselves. For this purpose, it has set up a particular commercialised model of video production, driven by metrics, with the objective of rendering the content distributed on its platform more effective in serving its own interests (Mattelart, 2021).

This is not to underestimate the capacity of YouTube's content creators in the Global South to cope with these instructions. As Sangeet Kumar (2016) has shown in the case of India, these creators are able to 'engage and interact' with the norms of production prescribed by YouTube or even to tweak them (p. 5610). But this is an invitation to explore how YouTube and other social media platforms are not only enabling the creation of content, but also organising it.

As Christine Ithurbide and Vassili Rivron have put it in the special issue they edited on the subject of 'Cultural industries and digital platforms in the

Global South' (2018), social media platforms have, through their promotion of certain types of content creation, contributed to a 'renewal of the forms of work in the cultural fields'. The amateur, artisanal or informal forms of cultural creation in particular have been, in this context, increasingly submitted to the imperatives of 'mercantile relations' (p. 26).

This has been confirmed by various studies carried out among content creators operating in the Global South. Arturo Arriagada and Francisco Ibáñez (2020), in their research on Chilean content creators in the field of fashion and lifestyle, highlighted, for example, the 'intensified economic pressures' exerted on them not by YouTube, but by another US-based social media platform, Instagram. The creators they have studied have indeed needed to produce ever more content, ever more frequently in order to try to satisfy the prerequisites of the algorithm, or, better yet, to try, as they put it, to 'beat the algorithm'. This, as the authors noted, 'reinforces such commercial aspects in creator activities' (p. 9; see also Arturo Arriagada's chapter in this volume).

Similarly, in her study of lifestyle influencers in Singapore, Crystal Abidin (2014) underlined how they have been obliged to follow certain rules in order to be successful on Instagram. While the platform claims 'to enable users to share moments "as they happen"', the Singapore influencers make 'a lot of effort [to] "manufacture" a persona' that will be commercially profitable and make an equal effort 'to obscure the commerciality of their posts' (p. 126; see also Shtern et al., 2019).

In Morocco, too, young creators using a social media platform such as YouTube have been confronted with the imperatives of the commodification of their activities. In this country, where YouTube, as previously mentioned, has contributed to the development of a creator culture contesting 'traditional norms and political orthodoxies', these creators intertwine, as Mohamed El Marzouki (2021) described, their 'public-spirited activism' with 'entrepreneurial commercialism' in order to strengthen their 'commercial viability' (p. 202).

Yet, despite their efforts to be commercially successful, these content producers from the Global South, like those in the Global North, are far from systematically generating significant income from their work. As Sangeet Kumar explains in the case of India, 'the vast majority of content' posted by YouTube users wishing to professionalise themselves 'accrues no returns for their creators and thus remains a vehicle for advertising to reach audiences' (Kumar, 2016, p. 5612).

It is thus in many respects quite premature to assume that US-based social media platforms are not providing 'a setting for new forms of cultural hegemony' (Cunningham & Craig, 2019, p. 228). On the contrary, not only do these platforms control the infrastructure of production and distribution that they supply to local creators, but they also prescribe globally specific commodified ways of conceiving cultural production, crafted in California, whose hegemonic dimensions are worth considering.

Dismissing the question of hegemony would be all the more premature since the main US-based social media platforms have succeeded in bringing broad segments of the amateur, artisanal or informal forms of cultural creation of the Global South into the orbit of the formal digital economy and, in doing so, have been able to 'garner profits from those countries in the form of advertising' (Jin, 2017b, p. 3894).

### Social Media Platforms as a Resource for Their Users in the Global South

The argument that the main US-based social media platforms are promoters of cultural diversity rather than hegemonic agents can also be found in some of the first works that have been conducted on the way these platforms are used in the Global South. Indeed, some of these works are, in many respects, infused with the 'platform euphoria' prevalent in the early 2010s. While they are keen on celebrating the creative ways in which these platforms' services are used, they are unwilling to take into consideration the corporate nature of these services.

Daniel Miller's early ethnographic account of Facebook practices in Trinidad (2011) is revealing in this respect. The author deliberately excluded from his ethnography the issues linked to the 'corporate' power of Facebook or to the 'commercial interests' it pursues and concentrated exclusively on the 'new forms of local heterogeneity' that are produced through its local appropriations (pp. 196–197). He went as far as to assert that Facebook, when considering its social uses in Trinidad, is not a Californian company anymore, but only the product of the cultural specificities of its appropriations on the island. When contemplating these uses, 'there is no longer any such thing as Facebook' (p. x). At that moment, this social media network 'is only the aggregate of its regional and particular usage' (p. 163). In this perspective, which does not take into account the nature or objectives of this company, the 'globalisation of […] digital instruments such as Facebook' cannot be seen as anything other than 'the source of new forms of cultural diversity' (p. 161).

In his study, Daniel Miller also highlighted another 'positive' contribution of Facebook to its users in Trinidad: 'the expansion of intersubjective space' it allows. According to him, thanks to Facebook, its users on the island have been able to 'live within a considerably richer social world than a few years ago' (p. 208).

This argument that presents Facebook as a resource enabling its users to 'live within a considerably richer social world' has been influential among the rare works that have researched the uses of global digital platforms in marginalised social groups of the Global South. Aligned with Miller's writings, Neha Kumar (2014) showed, in her ethnographic study of Facebook's use in New Delhi in India, that the youth from socioeconomically disadvantaged communities access the services of this platform through their mobile phones in order to connect with one another, but also to connect to 'a global network that they did not have before' (p. 1129). The author explained for example how, after having created a profile representing 'their aspirational rather than real identity', some of her respondents use Facebook and Google Translate to attempt to friend some Brazilians online. 'In a heavily class- and caste-based society like India's, the youth are attempting to break out of these imposed social boundaries and expand their circle of relationships through Facebook' (p. 1134).

Similarly, Nimmi Rangaswamy and Payal Arora (2016) showed in their research carried out with youth of slum communities in Hyderabad and Chennai that Facebook is used as a way to try to expand their social network far beyond their limited social capital. Through Facebook – which they access with their 'modest feature phones' – these youth are seeking 'interactions with people from an elevated social status to fulfil aspirations of social mobility' (pp. 20–21). They do so by trying to friend, through the platform, 'film stars, sport personalities and fashionistas', but also 'body builders, beautiful educated women, non-resident citizens, ethnic diasporas, and people of authority' (p. 21).

However, this use of Facebook as a means of trying to increase one's own social network online is not without its limits. As Payal Arora emphasised in her book, *The Next Billion Users: Digital Life Beyond the West* (2019), by giving 'young people who are living at the margins' the means 'to travel the [...] world', Facebook is also offering 'a pathway to envy and frustrated aspirations. As people in these low-income communities manipulate their online profiles to create their perfect fictions, they inevitably create for themselves dreams that will go unfulfilled' (pp. 44–45).

These results converge with those found, in a very different context, by Paula Uimonen (2013), in her study on the 'online performance of selfhood' being staged on Facebook by students of an art college in Tanzania (p. 122). As she demonstrated, this platform awards them 'the illusion of social equality': On this platform, these students 'from the peripheries of the global network society can interact with their friends in the centre, on what seems to be an equal footing' (p. 134). But, in order to do so, they have to 'rearrang[e] and remode[l] their cultural selfies' by hiding the 'social reality of everyday life' around them (p. 134).

There has been other research on the ways in which a social media platform such as Facebook has been appropriated by its socially disadvantaged users in Sub-Saharan Africa as a sometimes very prosaic tool for improving their condition. In their study of Facebook use in Viwandani, an informal settlement in Nairobi, Susan P. Wyche and her colleagues showed that their young respondents use Facebook, generally from a 'desktop computer at a cybercafé', for chatting with friends living in Kenya, but also for communicating with 'friends and family overseas', who 'are perceived as having more financial resources than locals' (Wyche et al., 2013a, p. 2826, 2829). The platform is also used to look for 'formal or informal employment job opportunities' or to advance 'their entrepreneurial efforts' (p. 2824, 2828).

While this literature on the uses of social media platforms emphasises the significance of the small-scale entrepreneurial activities deployed, for example, on Facebook – illustrating the infrastructure it provides for the informal economy in the Global South – it also underscores the key role these platforms play as ordinary entertainment tools, as David Nemer's research (2016) on the usage of social media in the favelas of Vitória, in Brazil, demonstrated. Indeed, he described his informants accessing the Internet, on the computers of community technology centres, above all for 'chatting [on Facebook], watching videos, listening to music from YouTube, playing Facebook and flash-based games and "*gastando*"', i.e. chitchatting, commenting with their friends or making fun of them (p. 370).

These findings are interesting: They point to a significant contradiction between the macro-level analyses discussed above, which study the detrimental role played by US digital platforms in the Global South – as illustrated by the notions of 'platform imperialism' or 'colonialism' – and the ways in which, for many disadvantaged users in these countries, they may serve as a resource for accessing their ordinary entertainment, for sustaining their daily online interactions, for enlarging their social imaginaries or, even, for expanding their economic opportunities. This contradiction is nowhere more apparent than in a paper by Toks Dele Oyedemi (2021) dealing with the introduction to Nigeria of the project Google Station, aimed at bringing free WiFi connections to some public spaces of the country's main cities. On the one hand, he investigated the ways in which this initiative exemplified the 'digital coloniality' underpinning the expansion of Google or Facebook in Nigeria (p. 331). On the other hand, when analysing the reactions to the launch of Google Station in the country, he noted that the majority celebrated 'this as good news' (p. 338).

However, these results may not be as contradictory as they seem. Indeed, Toks Dele Oyedemi (2021) suggested that the positive reception accorded to Google Station in Nigeria could be at least partly explained by the platform's ability to wrap its investments into a rhetoric of 'technology seduction' (p. 341). Whether or not this hypothesis is correct, it points to the necessity of refraining from considering the study of the uses of global digital platforms in the Global South in isolation, as Daniel Miller does, ignoring the strategies implemented by these companies. Instead, in order to understand the issues raised by global digital platforms in these countries, it is certainly necessary to take into consideration both their modes of expansion in these countries and the ways in which their services are used, all the while being mindful of 'avoiding any deterministic and mechanical relationship' (Bouquillion & Ithurbide, 2022, p. 360).

The work conducted by Susan Wyche and Eric P.S. Baumer (2017) illustrated this need to combine these levels of analysis. In the research they carried out in the rural areas of Kenya or Zambia in the mid-2010s, they suggested that the strategies developed by Facebook for expanding its presence in Africa (including through advertising campaigns in the most remote parts of these countries) have contributed to making the platform and some of its subsidiaries like WhatsApp quite popular among populations who cannot access their services due to the costs or poor Internet connections. Even the respondents who had never 'seen or used the [Facebook] site' owing to these obstacles, 'were aware of, or "imagined" Facebook' and 'perceived [the] benefits of joining it' (p. 1092, 1100; see also Wyche et al., 2013b).

## Conclusion

It is obvious that these two levels of analysis – the study of the strategies pursued by US global digital platforms and the study of how their services are used – are not the only ones that ought to be combined if we want to understand the issues raised by these platforms in the Global South in all their complexity. Beyond that, one of the greatest challenges facing the research field reviewed, as we have tried to show in this chapter, is the need to connect macro-level perspectives discerning the different structures of domination within which these platforms operate with more fine-grained research that investigates not only the strategies implemented locally by global firms, but also the active role performed by local actors in these processes. This implies including in the analysis of the transnationalisation of these platforms in the Global South a whole range of political, economic, social and cultural players, acting at a local, regional or national level, from both formal and informal sectors, whose consideration enables a better understanding of how the power of these Big Tech companies is exerted, accepted, negotiated or contested in these countries.

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# 2 The Big Five in India, Powerful Players?

*Philippe Bouquillion*

## Introduction

Since the end of the 2010s, the Tech Giants have come to be seen as the symbol of American domination over a set of activities related to the internet, the media and culture both in the North and in the South. However, the modalities and scope of this domination are only partially documented. Therefore, the objective of this chapter is to question the localisation strategies of the Big Five in a given territory, India. Are these actors so powerful that they can easily acquire a hegemonic position in the Indian digital economy? In doing so, it is also the notion and process of platformisation that will be interrogated since the Big Five are now considered as 'super-platforms' (Ezrachi & Stucke, 2016).

The chapter argues that the localisation strategies of the Big Five must be considered as a controversial social construction, thus avoiding a deterministic perspective, and considering the various factors which affect the Big Five and their activities in India, whether industrial, financial, political or cultural. Likewise, the approach is deployed at a macro level, that of the Indian national framework, for several reasons. Firstly, the scientific literature dealing with the powers of the Big Five mainly operates at a macro level. The authors tend to consider that the powers of the Big Five are exercised over a very large part of the globe and most of them don't pay much attention to the specificities of the territories in which the Big Five operate. They prefer to focus on the power logic linked to the very organisation of the Big Five. Secondly, the Big Five are themselves frequently considered as a whole, by authors, as well as by expert journalists and even the institutions in charge of regulation. The expressions the Big Five or 'tech giants' are illustrations of this. Such a conception is of course questionable. Admittedly, the Big Five are all at the heart of the processes of transport, storage and processing of information, with a strong presence in various territories in North America, Europe as well as certain countries of the South. However, beyond their common involvement in the information industry, it must be recognised that the Big Five have very different core businesses: Google (Alphabet) in search engines and

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UGC, Microsoft in software manufacturing, Apple in consumer electronics, Facebook (Meta) in social networks and Amazon in e-commerce and web services. This observation may seem trivial, but it is important to take into account the specificity of the industrial trajectories of these players in order to understand how they are deploying in other activities including in other digital businesses, such as the cloud. The confrontations between the Big Five are therefore dependent on their different skills and positions, the result of their particular history. Thirdly, one of the crucial issues in this chapter is to analyse how Indian socio-economic actors as well as public policy actors and so-called independent regulatory authorities position themselves in relation to the Big Five. In this respect, even if differences in treatment between the Big Five exist, they are all the object of common attention, of tactics to both attract and constrain them. These tactics are deployed at a national level and they obey some general principles that can only be identified from a macro point of view. Obviously, the macro approach has also important limitations. By focusing on a macro perspective, industrial players, public authorities and academics contribute to producing an ideological discourse on the advantages and dynamics of the digital economy and on the omnipotence of the Big Five. These macro perspectives contribute to 'de-historicising' the Big Five. Thus, the present work is a continuation of both personal and collective research conducted at a meso level on Video on Demand (VoD) as well as on cultural and digital public policies in India (see in particular Bouquillion & Ithurbide, 2022; Parthasarathi et al., 2023).

Information was collected through the study of documentary material (activity reports from public and private actors and independent authorities, press articles). The corpus is also composed of a set of scientific works dedicated to this subject, which are not only considered as a theoretical framework but also as instances of ideological production playing a significant role in the dynamics of the Big Five. Finally, the chapter also relies on semi-structured interviews with decision-makers from the audiovisual sector and VOD platforms, telecom operators, the Big Five, regulatory authorities, activists and lawyers, conducted with Christine Ithurbide in Delhi and Mumbai in 2018 and 2019.[1]

The chapter will combine three axes of analysis presented successively. The first is a critical analysis of the arguments explaining the powers of the Big Five in certain fields of scientific literature. The second deals with some major characteristics of digital markets in India and the opportunities as well as constraints they pose to the Big Five. The third axis deals with the major positioning of the Big Five in India and their principles of action in the face of issues related to local socio-economic actors and public policies. The agreements concluded with local players are both essential assets in the deployment strategy of the Big Five, but at the same time, they also limit their power.

**The Big Five, the Scientific Arguments for Their Power**

Various works aim to study the socio-economic bases of The Big Five's power. However, there is still relatively little work which has focused on India. Moreover, concepts and proposals used tend to be developed by authors working on regions or players from the North. It is therefore appropriate to examine these general works first, as they serve as matrices to the much rarer works that deal specifically with India.

The academic literature that addresses the question of the powers of the Big Five is either related to the political economy of communication or it approaches this question through the prism of the notions of platform and platformisation. Works in the political economy of communication devoted to the Big Five have shown that these industrial and financial giants are in a position of strength due to their financial power (market capitalisation, rate of profit), their capacity for tax avoidance, labour exploitation as well as their vertical integration of a set of infrastructure-related activities (equipment, operating systems, data centre, access supplies, browsers, platforms, etc.) (Smyrnaios, 2016, p. 63). Smyrnaios referred to Benkler (2006) to show how the Big Five aim to 'control almost the entire [...] physical and logical layer of the internet, i.e. the hardware and software infrastructure necessary to deliver content and services to internet users, thus providing the info-mediation function'. In addition, horizontally the Big Five control various services including email, instant messaging and social networking (Smyrnaios, 2016, p. 78). This double concentration movement further strengthens their position of domination over the ways in which internet users access content and exchange among themselves. Similarly, Miguel and Izquierdo-Castillo (2019) point out that each one of the Big Five 'creates its own ecosystem, so that, despite having a different origin, all of them create similar structures'. The Big Five, each in its own way in relation to the specificities of each ecosystem, is destructuring the markets of the media and cultural industries, in particular by offering content at advantageous conditions for the consumer (and thus undermining the profit margins of the incumbent content players), while at the same time acquiring positions as unavoidable intermediaries, particularly for access to consumers. However, they also argue that:

> The Big Five are subject to a high fragility. [...] Their outstanding position in the stock market keeps them under constant scrutiny [...] The demands are high and can only be met by those corporations that manage to maintain the self-imposed high levels of growth in the areas of innovation and leadership and overcome the problems of privacy and security that derive from their behaviour and threaten their hegemony.
> (Miguel & Izquierdo-Castillo, 2019, p. 816)

Among the weakening factors are public policies, the development of Chinese tech giants as well as the blockchain.

Works on platformisation are more visible nowadays. The shift from the 'Big Five' prism to that of platforms and platformisation contributes both to analysing the dimension of platforms within the Big Five as well as to reinforcing the common idea of their overpowering nature. Indeed, as will be developed below, apart from the authors who emphasise the neutrality of platforms, the others insist on the exceptional powers that platforms have, while the functioning of the Big Five has been used, implicitly or explicitly, as a model for constructing most of the notions characterising the process of platformisation, including those of 'programmability' and 'infrastructures' (with the notions of 'dependence' and 'contingency'). These analyses add a socio-technical dimension to the analysis of the Big Five's powers. Moreover, some political economy research, such as Nieborg and Helmond's (2018) analysis of Facebook as well as Poell, Nieborg and Duffy (2022, p. 17), put the emphasis on an unprecedented concentration of power in the hands of a few platform corporations, including those of the Big Five or other Tech Giants including the big Chinese players. Thus, the sphere of platforms is much broader than just the Big Five, while not all components of the Big Five are platforms. However, for these authors, the Big Five and comparable industrial players are at the heart of the platform economy because of their infrastructural dimension. It's true that the Big Five are involved in the platform economy in very different ways; as platform operators (such as Facebook's social media or Google's YouTube) or cloud services providers (such as Amazon Web Service or Microsoft Azure). The Big Five can also articulate their basic offer with platforms in order to create comparative advantages that strengthen their main offer compared to that of their competitors. The policy initiated in the 2000s by Apple's iTunes is continued today, for example, by Amazon Prime Video for distinguishing and strengthening the competitive position of the company's core offerings in e-commerce and the cloud.

For authors in management studies, the platforms are connecting users who are both suppliers and consumers of goods and services. The whole dynamic of platforms is based on externalities: each user of the platform has an interest in the presence of other users. Thus, the power of a platform depends on the number and quality of its users. The size of the Big Five and the colossal number of their customers are therefore major assets. Furthermore, the organisation of the platform on technical and organisational levels facilitates this meeting (Cusumano & Gawer, 2002). Proponents of the concept of Multi-Sided Platforms (MSPs), continuing the previous reflection on two-sided markets (Tirole & Rochet, 2003), underline the direct interaction between affiliated users allowed by MSPs. MSPs are distinguished from 'stores' (Hagiu, 2007). Given the importance of externalities, platforms have a natural tendency towards monopolies. However, they are not considered by these authors as having power. Platforms are described as neutral intermediaries between affiliated users; they do not influence the interactions between them. These considerations are of great ideological and concrete importance from the point of view of the application of competition law. Regardless of their size and their often overwhelming market share, the dominant position of the Big Five platforms is not an issue since they are 'neutral'. The position of the Big Five in the face of the various competition authorities is also reinforced: the domination of the Big Five would be in the interest of consumers since access to their services is free. Consumers and regulators must therefore turn a blind eye to the control of platforms over the personal data of consumers, which is a corollary of free access to services. Of course, these considerations concern MSPs, such as Facebook platforms or YouTube, and not 'stores' such as AppStore and those offered by non-Big Five players such as SVoD platforms including Netflix. But in this data economy, the most powerful Big Five platforms in terms of number of users and collection of data are now MSPs.

Some management studies' authors have taken a more critical view, especially applied to the Big Five. Ezrachi and Stucke underline the profoundly anti-competitive dimension of the 'super-platforms', as they called the Big Five, based on the logics of economies. Thus, the non-competition between the Big Five forms a de facto cartel that further reduces competition (2016, p. 586).

Other authors, which nevertheless recognise as central the logic of externalities, challenge this idea of neutrality and their work tends to show how platform operators construct intermediation and attempt to acquire dominant positions. According to Srnicek (2016), cross-subsidisation is central to the operation of platforms: the provider offers free or undercharged services to attract consumers while over-invoicing other services. Similarly, the decisions of agents are affected, both on the side of suppliers and on the side of customers, by the design methods of the platforms, in particular the algorithm models that are at work. The algorithmic processing of data leads to automation of the processes of offers and transactions on the platforms which makes micro-transactions economically viable and of course, are at the heart of the process of data collection by analysing users' actions. It explains why platforms have an interest in developing multiple fields of activity, including cultural productions and inter-individual exchanges. Therefore, by mastering the key elements of the platform economy algorithmic data processing, transport, management and storage services via the cloud and by controlling some of the most important socio-digital networks and streaming services, the Big Five are at the centre of the contemporary economy even if their macro-economic importance is low in terms of their share of GNP and of their share of total employment (Srnicek, 2016).

According to various authors working at a more micro level, the continued extension in size and in the areas of activity of certain platforms, including the Big Five, is explained more by socio-technical considerations than by financial causes (and linked to financial capitalism) (Nieborg & Helmond, 2018). Platforms are characterised by their 'programmability,' which is enabled by APIs and SDKs.[2] APIs and SDKs open up the platform to external developers who thus benefit from access to the platform's data and functionality onto which they can graft their offerings. This dual movement towards the interior of the platform (incorporation of external applications) and towards the exterior (through the association with external services from which the platform collects data) defines platformisation (Nieborg & Helmond, 2018; Plantin et al., 2018). In addition, APIs make it possible to impose the norms and standards of the platform on external players.

In this perspective, platforms acquire an infrastructural dimension for various social activities (Parks & Starosielski, 2015). This refers to three aspects. Firstly, the biggest platforms, especially those of the Big Five, become key spaces, a framework offering essential resources so that actors can develop activities, as well as constitute spaces of domination and capture of value. Secondly, the infrastructural dimension is ideological in scope. 'Coming to terms with major digital platforms thus involves paying attention to the aesthetic and affective power that digital infrastructures have come to wield in public cultures across the world' (Plantin & Punathambekar, 2019). Likewise, Facebook 'share[s] one long-term vision: to be the operating system of our lives' (Vaidhyanathan, 2018, p. 99). Third, some of the platform operators finance the development of infrastructure in the material sense of the term: hardware and especially telecommunications networks and cloud equipment (AWS for example). These findings can lead to geopolitical considerations: Global standards for content governance are imposed by the Big Five according to Nieborg and Poell (2018). The results reached by these authors are not dissimilar to the conclusions of researchers in the political economy of communication, whose initial methods and objectives are nevertheless very different. Mattelart (2021) observed that YouTube has developed a global model for video production.

These general considerations have been adapted and applied to the cases of countries from the so-called Global South, including India. According to some authors, such as for instance Kwet (2019), the United States reinstates colonialism through the major industrial players in digital technologies. The development of data and the control of these by big capitalist actors can be considered a new form of colonialism (Couldry & Mejias, 2018). In India, most of the work on the Big Five has focused on specific topics and very little on overall considerations of the place of the Big Five in the Indian economy. On the other hand, some of the issues related to the presence of the Big Five have been discussed in recent publications on digital platforms in South Asia including in India. Steinberg, Mukherjee and Punathambekar (2022) focused on the role of large industrial players of Asian origin active in transport, which are envisaged as mega corporations offering super apps. This perspective is interesting insofar as it offers an alternative to the academic reflections on platformisation constructed around Western industrial realities and is in line with a desire to identify specifically Asian characteristics in the field of platforms, such as the fact that the mega corporations first offered chat services and then grafted on other integrated services, especially electronic payment services. Similarly, while drawing on general works on platformisation, Athique and Parthasarathi (2020) sought to propose a reading grid specific to India, in particular with the notion of Emporium as a substitute for that of platformisation. The aim is to account for Indian specificities by pointing out the encompassing and dominant character of the platform operator in the face of other small and dispersed actors, following the example of emporiums, former shops that grouped and formalised production, particularly artisanal production, from all over India. In this respect, platformisation would be a way of integrating the informal economy into the formal economy by exploiting it for the benefit of platform operators. They describe a process that ultimately operates at two levels. At an operational level, they describe a new form of convergence. With the platforms and the cross-subsidies they enable, an interconnected set of activities has been built, characterised by an 'increasing mobility and monetisation of both content and users across this interlinked ecology of platforms' whose issues are deeply rooted in 'the everyday transactions of trade, culture and politics across India' (ibid., p. 4). The deep-seated nature of platforms is to aggregate and create synergies between very different social activities, both market and non-market, which were previously distinct. Media no longer develop within the framework of a market but rather find themselves at the heart of a vast socio-economic process and in service of the process of platformisation which embraces all social activities (ibid., p. 6).

Faced with these theoretical approaches, the ones emphasising socio-economic and socio-political issues and the others focusing on socio-technical issues, it is necessary to examine the major trends in the Indian digital economy.

## India, a Market with Contrasting Characteristics

It is difficult to assess precisely what market India represents today for the Big Five. There are few figures available, produced or aggregated for the most part by private companies that do not communicate their methodology, and these figures may be influenced by industrial players who have an interest in overestimating the importance of the markets, particularly in order to attract investors. The Big Five themselves provide little quantified data on their activities by country, particularly outside the USA. In addition, the activity of the Big Five is itself complex, with 'business to consumer' activities that are relatively easy to identify, such as social networks, and other 'business to business', such as cloud computing, that are less easy to identify and even less to evaluate.

This being said, several elements contribute to explaining the infatuation of the Big Five with India. The size of the population makes this market unavoidable. With a population of over 1.380 billion in 2021 (Source: UNESCO), India is second only to China. Likewise, since the liberalisation of the Indian economy in 1991, which has been progressively affirmed over time, the country has experienced major industrialisation and a high level of growth. India's GNP was 3,176 billion dollars in 2021 (Source: World Bank), compared with 1,199 billion in 2008. From a geopolitical point of view, the importance of India's position cannot be underestimated. While the Chinese market is largely inaccessible to the services and products of the Big Five, India represents an essential stake for them. The entry of the Big Five into the Indian market has been greatly facilitated by the liberalisation of the Indian economy and particularly by the progressive opening up to foreign direct investment (FDI). In the telecommunication services industry, including all services and infrastructure providers, FDI can reach 100% without prior government approval. Information and Communication Technologies (ICT) and in particular the computer software and hardware industry are one of the largest FDI sectors in India.

The digital market as a whole is dynamic. Indeed, since the implementation of the 'Digital India' public action plan in 2015, preceded in 2014 by the 'Make in India' plan, public authorities have been keen to promote India's specialisation in the international division of labour around ICT which is seen as the trigger for a new phase of economic and social development spread across the entire Indian territory. However, attempts to measure it are very different. 'The global ICT market in India was valued at US$72.59 billion in 2021 and will grow at a compounded annual growth rate (CAGR) of 8.7% to reach a value of US$110.01 billion by 2026' (Global data, 2022). Other sources, including the sectors of e-education, e-health or e-commerce, predict much larger results. 'India's consumer digital economy is expected to become a US$ 1 trillion market by 2030, growing from US$537.5 billion in 2020, driven by the strong adoption of online services such as e-commerce and ed-tech in the country' (Ministry of Corporate Affairs, 2022). It is clear that the dynamics and critical mass of the digital market lie with e-commerce and e-education services and not with digital cultural services, whose turnover is limited albeit growing steadily. The digital media segment grew by 29% in 2021 to reach US$3.66 billion in 2021 and even US$5.07 billion including ad spends by SME and long-tail advertisers (EY-FICCI, 2022, p. 56). However, digital media and culture services play a very important role. They enable large players including India's two large telecom operators, Reliance Jio and Bharti Airtel, to attract and retain large audiences around their integrated offerings. In addition, the Indian market is already important for the platforms of some of the Big Five and is even the largest in the world by number of users, as the table below shows for social networks (Table 2.1).

This situation is all the more remarkable given that only a minority of the population uses social networks: 34.7%, while the world median is 59% (ibid.). However, among the connected population, digital usage is substantial: 'Indians spent 4.7 hours a day on their phones in 2021' (EY & FICCI, 2022, p. 56).

*Table 2.1* The number of users in India of social networks offered by the Big Five in comparison with other countries

| *Name of the outlet* | *Number of users in India in July 2022 (in millions) and India's rank in global markets* | *Number of users in July 2022 (in millions) and rank of countries compared* |
|---|---|---|
| Facebook | 349, first rank | 182, USA, second rank |
| YouTube | 467, first rank | 245, USA, second rank |
| Instagram | 263, first rank | 153, USA, second rank |
| Facebook Messenger | 125, first rank | 63, Brazil, second rank |
| Linkedin | 91, second rank | 190, USA, first rank |
| Snapchat | 156, first rank | 109, USA, second rank |
| Twitter | 24, third rank | 83, USA, first rank |

*Source:* Kemp (2022).

The Indian market also has strong limits in its current development. India suffers from a lack of infrastructure, particularly wired infrastructure. In September 2021, only 24 million Indian households had a wired broadband connection (ibid). Internet access is mainly via smartphones, which are less expensive than computers and have more broadband connection facilities. In July 2022, the share of the Indian population connected to the internet, 47%, was certainly significant but much lower than in other countries: 81.3% in Brazil for example (Kemp, 2022, p. 21). Mobile internet connection speeds in India are relatively low: 14.08 MBPS compared to a global median value of 30.77 and 124.89 in the USA; 87.8 in China or 22.57 in Brazil (ibid., p. 36). Willingness to pay for content is low in India. 'India was ranked 20th in terms of consumer spend' (EY & Ficci, 2022, p. 56). In 2021, Indian internet users spent less than $400 million compared to $56.7 billion in China and $43 billion in the USA and $1.1 billion in Brazil (ibid.).

The promise of the Indian market on the one hand and the lack of infrastructure and the weakness of monetisation on the other are key characteristics to understanding the strategies of the Big Five in India. Deploying infrastructure as well as promoting the monetisation of offers made in the Indian territory is both a necessity and a market that the Big Five can help build. To do this, the key for the Big Five is to build partnership networks with local players, as examined in the following section.

## The Big Five's Implementation Strategies in India, Collaborative Strategies with Indian Partners

Far from establishing themselves in India like steamrollers, the Big Five need to form close partnerships with Indian players. Similarly, their strategies are also structured in response to political issues. The industrial and financial strategies of the Big Five are twofold. Firstly, most of the Big Five see India as a resource-rich space. For instance, because of both labour costs and geopolitics issues, Big Five subcontractors have been strongly encouraged to locate various activities in India rather than in China. For example, Apple has asked several of its subcontractors, including Foxconn Technology, to move hardware manufacturing to India (Lahiri, 2022). Likewise, several of the Big Five are conducting programmes to acquire so-called innovative companies. For example, in August 2021 Microsoft India announced its collaboration with Invest India, the government's national investment promotion and facilitation agency, to support tech start-ups (Microsoft, 2021).

Secondly, the Big Five, with the relative exception of Apple,[3] are investing heavily in India in order to establish themselves in this market and to form alliances with Indian players, especially telecommunications operators. The telecommunications sector is highly concentrated around three private operators: Reliance Jio, Bharti Airtel and Idea Vodafone. They control most of the infrastructure and have very large pools of more or less captive subscribers. They offer bundled packages with connection services including a significant amount of data, smartphones and a bouquet of various services, including e-commerce services as well as music and audiovisual content. In order to have access to quality content, they have entered into partnerships or even acquired historical players in cultural content. In short, a telecom operator is a network head towards other players in the digital economy, including small players. Reliance is the first to have developed such a policy in 2016. In addition, they have attracted particular interest from political and regulatory authorities. These are the main Indian digital players, whose territorial anchoring of activity places them under the jurisdiction of the State, which can influence regulations. They are thus key players in the implementation of the government's digital policy. Therefore, political authorities expect the Big Five to help telecom operators, in particular by providing them with resources (through equity investments) to finance the deployment of infrastructure and by facilitating technology transfer. In return, these agreements guarantee the Big Five relatively secure access to the Indian market as well as local allies and resources.

Reliance Jio and its parent company Reliance Industries (RIL) hold a special place for several reasons. Reliance Jio is the biggest and the only profitable telecommunications operator in India, while RIL is the only Indian group active in the digital sector whose market valuation is significant compared to that of American competitors. This company is considered a 'national industrial champion'. In addition, RIL and the family that runs the group, the Ambani, have strong political connections, especially with the ruling party. In return, authorities have supported the industrial group through various regulatory measures, through administrative and tax decisions, as well as through various actions by the so-called independent authorities, particularly in the granting of 4G licences (Mukherjee, 2019). As a result, Apple, Google and Microsoft acquired large stakes in its capital. The strategies of the four tech giants concerned will be examined in turn.

Amazon is a major player in India in e-commerce, cloud and content. The company has spent about $7 billion to establish itself in the Indian market from its entry in 2013 to the end of 2022. India has indeed become one of the largest emerging e-commerce markets in the world, estimated to reach $130 billion by 2025 (Kapoor, 2022). Amazon is struggling to assert its offer to the population of major urban centres and suffers from regulations that are more favourable to Indian players. Amazon's profitability has also been impacted by a higher mix of low-margin product categories. According to the so-called Bernstein report by an investment firm, 'Flipkart leads the Indian e-commerce market with annual sales of $23 billion in 2021. Amazon is the second-biggest player with $18–20 billion. Reliance comes next with e-commerce sales of around $4.6 billion' (Abrar, 2022). Amazon is also spending a significant amount of money relative to the size of the audiovisual market on the production of original audiovisual content ($140 million in 2021) making the company the second largest investor in audiovisual content in India, behind Netflix which had spent $200 million (Farooqui, 2022).

In 2020, Amazon Web Services (AWS) reached an agreement with Bharti Airtel (in 2020 the third-largest India telecommunications) operator, which follows the alliance between Microsoft and Reliance Jio reached in 2019. This alliance is meant to defend the position in the cloud market of these two protagonists from the alliances built by Reliance Jio with other tech giants. The growth prospects for this market are strong, as the public cloud services market in India is expected to grow from $3.4 billion to over $7.1 billion in 2024 (Reuters, 2020). In addition, in January 2021, in a world first, Amazon in partnership with Bharti Airtel offered a mobile-only version of Amazon Prime Video separate from the rest of the Prime (Airtel, 2021).

Google has a near monopoly position in the Indian search engine market with a market share of 99.74% in November 2022. Market shares in the e-advertising market are not public, but Google and Facebook are considered to form a duopoly. In addition to its other activities, including YouTube, Google is also active in the cloud. According to Bikram Singh Bedi, Managing Director of Google Cloud India, 'India continues to be one of the key and fastest-growth markets for Google Cloud' (Baruah, 2022). Google is also a very important player in online payments in India, which is essential in a country where e-commerce is developing steadily. The company is the second largest player in this market in 2021 with a share of 34.2% in January 2023, behind PhonePe of Flipkart with a share of 50%. 'Digital payments in India have penetrated to just about 300 million users' (Ramanathan, 2023).

In 2020, Google acquired a 7.73% stake in Reliance Jio Platforms, the holding company that owns Reliance Jio, for $4.5 billion. One of Google's objectives is to promote the presence of Android in the important Indian mobile market as well as to 'support Google Play and future wireless standard 5G' (Singh, 2020a). Google has announced that

> It plans to invest $10 billion [in India] over the next five to seven years. In 2021 Google Cloud has also teamed up with Reliance Jio to help it in the deployment of its 5G offer to businesses. The alliance also covers the cloud. Reliance Jio aim to benefit from 'the expertise of a global tech giant'.
>
> (ibid.)

According to Thomas Kurian, Chief Executive Officer at Google Cloud, 'our own partnership spans multiple parts of Reliance Jio not just the communications business […] but also health, retail and other things'. This partnership would be among Google's largest cloud deals outside the USA (Phartiyal, 2021).

Microsoft's investments in India are clearly affected by a high level of piracy. Tests conducted by the company in 2019 showed that around 91% of personal computers purchased in India are equipped with pirated software (Singh, 2018). Microsoft via Microsoft Azure is developing significant cloud activities in India. 'Microsoft started its data centre journey in India in 2015 and has three data centres, one each in Mumbai, Pune, and Chennai. It plans to open a fourth in Hyderabad which is expected to be operational by 2025'. In order to achieve this strategy, 'Jio has established a 10-year alliance with Microsoft Corp in 2019, aiming to build data centres across India that will be hosted on the Azure cloud, with the aim of providing services to the country's burgeoning start-up economy' (Phartiyal, 2021). This agreement has led to the renewal of the cloud market against AWS in India by opening it up to small and medium-sized enterprises (SMEs). In 2020, numerous press headlines announced a plan for Microsoft to take a 2.5% stake in Reliance Jio Platforms for $2.5 billion. But this announcement does not seem to have been followed up.

India is a key market for Facebook. Its revenue in India has increased dramatically in recent years from $41 million in 2017 to $150 million in 2021, but in relation to the company's turnover and the number of users in India, the total revenue remains very low (Basuroy, 2022). After having conducted a policy of implementation without association with local players, Facebook has radically changed its strategy. Indeed, its 'Facebook Free Basics' program, which allows free access to the internet for certain populations, was banned from India in 2016 after a decision by the Telecommunication Regulation Authority of India (TRAI) motivated by respect for Net neutrality. In 2020, Facebook was still the subject of legal proceedings in India regarding its WhatsApp subsidiary and data transfers between the group's various subsidiaries, which violate data localisation rules in India.

A Facebook investment agreement of $5.7 billion for a stake of 9.9% in the capital of Reliance Jio Platforms was reached in June 2020 and approved by the Competition Commission of India. This made Facebook 'the largest minority shareholder in the Indian telecom network' as well as 'the largest FDI in the technology space in India' (Singh, 2020b). This acquisition is clearly intended to seal an industrial partnership in e-commerce, while it underlines the industrial synergies between the partners' e-commerce, social media and e-payment activities. It is accompanied by a set of agreements associating WhatsApp and its online payment formula WhatsApp Pay, Reliance Jio Platforms, and Reliance retail (the largest network of retail stores in India) in order to face the dominant position of Google and PhonePe (a subsidiary of Flipkart, itself a subsidiary of Walmart) in online payments in India. 'The announcement comes a week after the watchdog said it was accessing the deal for potential misuse of users' data and pondering if it should consider amending the current rules for some mergers and acquisitions in the country' (Singh, 2020b). Another example of the benefits of public authority support can be found in the so-called Facebook leak scandal in 2021. It was then proven that Facebook allowed hate speech to be directed at tens of millions of Muslims (Sitapati, 2021). Facebook was accused of not moderating hateful expressions coming from members of the ruling party (Perrigo, 2020). When in February 2021 the government tightened the Safe Harbour rules both to deal with hate speech on social media and to try to control the public space (see below), Facebook announced its intention to enforce the new rules. However, a report by the Ministry of Information and Technology showed that

> Facebook has been largely acquiescent with the governments [about the IT rules] across the world, with a compliance rate of 88% in the US and 89% in the UK as opposed to 64% in India in the second half of 2021.
> (Mundhra, 2022)

The pressure from regulators as well as directly from the government for the Big Five to partner with Indian operators and especially Jio is strong. In recent years, the TRAI, in fact very much linked to the government, has been particularly supportive of Indian telecommunications operators and especially Reliance Jio. This authority sought to strengthen the competitive position of the operator by attempting to challenge Net neutrality (2015 public consultation), which limits the market powers and revenues of telecommunications operators. Similarly, the TRAI tried (via a public consultation in November 2018) to impose a legal definition of Over-The-Top (OTT) services which would place the various foreign players including Facebook and Google-YouTube as well as Netflix in the same position with the same regulatory obligations as telecommunications operators in order to strengthen government control over the data circulating on the networks. In the same way, the TRAI, supported or even encouraged by the government, has tried to establish a legal regime for the cloud which assimilates it into telecommunications law, in particular via the public consultation launched on October 23, 2019. In doing so, Reliance Jio and the Indian operators remain at the centre of the game, particularly in relation to the Big Five.

Since the mid-2010s, the government has made numerous attempts to transform digital regulations. Not all of these attempts have been successful in the face of resistance from civil society organisations, including activist groups, and opposition from some of the economic actors involved, or judicial decisions, including the Supreme Court. Despite these hindrances or blunders, these actions were also intended to show the socio-economic players, especially the Big Five, that the government was in a position of power over their activities in India.

In 2022, the issue of data regulation is still confusing. Since 2019, the Personal Data Protection Bill has been in preparation under the aegis of the Ministry of Electronics & Information Technology (MeitY). However, the adoption process has been delayed because this project has been the subject of strong criticism as it seems to threaten freedoms and infringe upon data privacy. The key point for the Big Five is in the possible evolution of the Safe Harbour rules that apply to 'hosting providers'. The rules were changed in 2021 to reinforce the obligation to remove contentious content within a very short period of time (24 hours) after it has been reported, including when the report comes from an individual. Among other requirements, the authors of the information must be identified when the sovereignty or integrity of India is at stake. In 2022, the rules were tightened. A special committee was to be set up to judge complaints, but it 'shall comprise solely of Central Government functionaries. […] No clarification has been provided as to the qualifications, eligibility, or minimum experience for such "independent" members' (Sflc.in, 2022). The constraint is twofold for the Big Five. Not only will they have to devote more resources to content curation, which incurs a cost, but above all they find themselves in a position of great legal uncertainty since content contrary to the interests of the government could lead to heavy sanctions. The regulation of data also concerns its localisation in India, imposed by the government in the name of digital sovereignty (guaranteeing rapid access to data by law enforcement agencies), strengthening Indian digital companies in the face of transnational players including the Big Five, and stimulating investment in India in the cloud. This policy is damaging to the Big Five and also leads to diplomatic tensions, including in 2019 India's refusal to sign the G-20 Osaka Track declaration, in which host nation Japan pitched 'data free flow with trust' (DFFT) as a model framework for secure cross-border data flows. However, by the end of 2022, the Indian position had changed, as there was now talk of permitting cross-border data flow into 'certain notified countries' (Raghuraman, 2022).

Likewise, the limitations of current competition law have been identified. A committee of the Indian Parliament composed mainly of members of the ruling BJP submitted a report in December 2022 aimed at countering the anti-competitive practices of the large American technology players, especially the Big Five. The authors of the document have put the emphasis notably on the lack of neutrality of platforms (Ministry of Corporate Affairs, 2022, p. 29). Other proposals include bans on the promotion of their own brands and services on their platforms, bundling and tying between various components of offerings, blocking third-party payment systems, and a ban on deep discounts. If such measures were taken, the very dynamics of the Big Five would be affected.

## Conclusion

In response to the initial central question of this chapter, it appears that the strategies of the Big Five to localise in India are indeed very strong but that they encounter obstacles and limits. These limitations are not so much related to the still modest size of the Indian digital market in terms of monetisation and therefore the modest turnover achieved by the Big Five. Similarly, the lack of infrastructure is not a barrier. On the contrary, the weakness of existing infrastructures has played in favour of the Big Five who have found a market to build.

On the other hand, limitations may be imposed by political authorities, which must give the green light in order to enter the Indian market. They expect the Big Five to provide Indian industrial players and in particular the national champion Reliance Jio, with the technologies and, above all, the financial capital they lack. In these complex games between the Big Five and government actions, which often are authoritarian and unsuccessful, the government is also trying to put in place, ways to control the political public space as well as to achieve industrial policy objectives around its vision of a Digital Nation. Geopolitical issues are also intertwined with industrial issues and weigh on the Big Five, as evidenced by the exclusion of TikTok and other Chinese applications in 2020 after border incidents with China. The Big Five, especially Facebook, have benefited from this ban, but it also shows the weight of a political decision on well-established industrial strategies on the part of powerful foreign players.

Finally, the Big Five also need local resources and cooperation from the large players such as telecommunication operators as well as smaller players holding rare and specific resources.

Approaches in terms of platform capitalism and platformisation as understood by Nieborg and Helmond can be useful analytical tools, particularly because they take into account the socio-technical specificities of platforms. However, they don't assess the integration of these activities into financial capitalism and financialisation. Similarly, ideological, public policy and geopolitical issues are only considered from a narrow socio-technical angle. Thus, the specific socio-historical conditions of a given national setting are not taken into account. Implicitly focused on the Western world, they foster the illusion that only one perspective applies to platforms around the world.

The Western conception is then given as universal. These approaches have a critical appearance as they denounce the powers of platforms. But by insisting on their omnipotence, these approaches only reinforce platform powers and thus facilitate the processes of financialisation.

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2 APIs (Application Programming Interface) are application programming interfaces through which services are offered to other software. SDKs (Software Development Kits) are software development kits, a set of tools provided with a hardware platform (usually), an operating system or a programming language.
3 Although iPhone sales have been brisk in India, especially in 2022, for Apple, India is more a production space than a sales space.

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# 3 Platformisation of Matchmaking

## Reconfiguring Social Economies in India

*Vibodh Parthasarathi and Simran Agarwal*

### Introduction

A large part of the scholarship on the 'platform phenomenon' considers it a rupture. This seems reasonable if we consider the business organisation, affordances offered by apps, portals, and platforms, and/or the design structures underlying productivity tools. Nevertheless, if we consider platforms as part of an evolutionary process, then it is also reasonable to consider how/why information and technology get incrementally harnessed to reconfigure existing market systems. These market systems could be around land (Airbnb), money (PayTM), labour (Urban Company), media products and audiences (Netflix, Disney+ Hotstar), or tangible commodities (Flipkart); and, in some instances, many of them at once (Amazon). Considering platforms in an evolutionary manner entails a shift from engaging with 'platforms', as an object or functionality, to the processes constituting 'platformisation' (see Athique & Parthasarathi, 2020).

The methodological significance of viewing platformisation as reconfiguring existing market systems are numerous. Foremost, it historicizes platforms and the platform economy; that is to say, it helps identify the development of related structures and institutions and, consequently, pinpoint the most distinguishing elements of novelty. Second, an evolutionary approach to platforms as market systems de-stabilises the temporality of the 'digital revolution'. Moving beyond this 'revolution' as the sole inflexion point forces us to consider practices and processes before the 'digital turn' and their reconfigurations in the platform economy. Doing so helps us to reveal how, and perhaps even why, platforms indicate long-term continuities, as duly argued elsewhere as well (see Cohen, 2017). Third, our emphasis on platformisation makes us move away from assuming unilinear developments to explore multiple paths along which markets of tangible and intangible products have evolved under different conditions and jurisdictions. This could push us to examine the role of context in shaping the platform phenomenon in the Global South, i.e., the ways in which the platform economy is embedded in longstanding networks of history and identity.

In understanding platformisation, our attention to context is not only theoretical but also analytical, as it enables us to clearly discern particular and

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universal tendencies in the platform economy at large. Delicately discerning the universal makes us give due weight to the international political economy reshaping platformisation, be it in the markets of e-commerce, cross-border wallets, or online video. Here, one level of analysis could draw on earlier arguments about (uneven) development in, and due to, international flows and trade-in information. For instance, although Netflix makes products from various countries available in many other countries, the overall pattern of distribution is seen to advantage US-origin products (Aguiar & Waldfogel, 2018). Another level of analysis could deal with the role of transnational forces in shaping 'indigenous' platforms in the Global South. Both of these levels of analysis are helpful in exploring, for instance, Indian news outlets garnering over a third of viewers from abroad, indigenous cab-hailing apps such as Ola expanding overseas, or online marriage brokerages finding markets in the USA, Europe, and Australia. Equally productive here is to examine the supposedly universal and universalising tendencies ascribed to platforms from the global North. For, the so-called 'global platforms', such as Airbnb or Tinder, gather different meanings and renditions as they travel across jurisdictions and geographies. We appreciate scholarship that spotlight users in India having similar gratifications, say from Airbnb, with those in other national cultures (see Brochado et al., 2017). However, the Indian operations of Airbnb, or for that matter of Uber, do not reflect the textbook notions of a 'sharing economy' (Sundararajan, 2016). Rather, they have come to be swiftly integrated into pre-existing rent-seeking practices, both formal and informal, typifying markets in India (see Kashyap & Bhatia, 2018).

Many of the above considerations have come to influence this chapter, as well as those by others in this volume. Assessments of comparative platformisation are obliged to not only describe and analyse how platforms in the Global South get differently rendered but also explain why this is so. A ready explanation points at the localisation and domestication strategies adopted, respectively, by platforms in countries of the Global South. But there is also something to be said about the role of actors and interests unique to particular countries in shaping and/or demanding these strategies – especially actors and interests that are supposedly 'external' to or predate the platform economy. All this unravels how and why particular platformisation tendencies, and more broadly, their reformulation of market systems, get domiciled in certain legal and cultural geographies. Evidently, this will help to thresh out the particular challenges of governance dogging the platform economy in countries of the Global South.

## Dynamics of Platformisation

Our central claim about platforms *institutionalising novel forms of market systems* could be threshed out by unravelling the interrelated dynamics embodying platformisation. Foremost, platformisation involves not only aggregating publics but also consciously deriving value from a series of *overlapping market processes* (see Athique & Parthasarathi, 2020). Second, and consequently, platformisation fashions a fresh register of *interdependencies between marketplaces* and actors within the interlocking logics of the economy (see Bouquillion, 2020). Third, leveraging such interdependencies, platformisation facilitates multiple products in *simultaneous transactions*. The particular nature and significance of such a 'transaction economy' have been extensively elaborated elsewhere (see Athique & Baulch, 2019). Fourth, platformisation entails the *dis-embedding of sociability and its re-embedding in new (transactional) forms* under which commissions can be collected. In this process, the social domain is not only mined and marketized but also profusely mediatised, as pointed out in this chapter.

Stemming from the argument about platforms reconfiguring existing market systems, there are four sites where we can witness tendencies of platformisation in India (see Athique & Parthasarathi, 2020): that pertaining to the media economy, the 'mediated economy' (Athique, 2018), the social economy, and state functions. This leads to a four-way typology of platforms: *media platforms*, that reconfigure audio-visual markets; *distribution platforms*, that re-institutionalise the wholesale and retail of tangible commodities and services in the wider economy; *exchange platforms*, that formalise and enclose existing social economies; and *governance platforms*, which refashion functions that are the domain of the state (Athique & Parthasarathi, 2020, p. 8).

A cursory look at the leading platforms (by their users/subscribers) in India shows the relative presence of our four types – i.e., media platforms, commodity platforms, exchange platforms, and governance platforms (Figure 3.1).

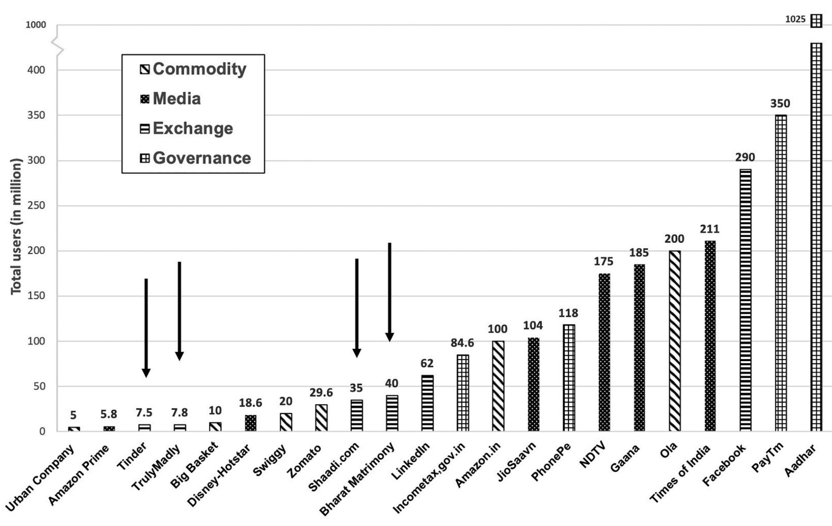


*Figure 3.1* Leading platforms by type in India, 2022.

*Source:* Statista (various) and the authors.

Our focus in this chapter is on the third type, 'exchange platforms' or those reconfiguring social economies of human interaction. Most recognisable here are social media platforms, such as Facebook, WhatsApp, Twitter, and Instagram, that commodify interactions with family, friends, and strangers through a raft of data packs, data points, and targeted advertising (Athique & Parthasarathi, 2020, p. 13). This chapter focuses on another subtype of 'exchange platforms', what we term 'matchmaking' platforms. In these, we find two genres: marriage brokerage platforms such as Shaadi.com and Bharat Matrimony and dating platforms such as Tinder and Truly Madly. In exploring them, we draw on document analysis and interviews with an exploratory/purposeful sample of users. Five interviews were conducted on the phone with male and female users, aged 25 to 30, based in the city of Mumbai.

In contrast to face-to-face practices of arranging marriages or dates, the transactions on matchmaking platforms reconfigure existing economies of social interaction through three processes: formalisation, massification, and mediatisation. These mechanisms have not only enabled the institutionalisation of market systems around matchmaking practices but also fashioned the new regime of legibility characterising platformisation.

Matchmaking platforms are part and parcel of wider market processes seeking to capture India's informal and social economies (see esp. Kumar, 2019). Marriage and dating platforms aim to capture and centralise the variedly informal practices of matchmaking to make them more legible to users and garner rents for proprietors (Athique & Parthasarathi, 2020, p. 14). Transactions on matchmaking platforms illustrate *formalisation* at multiple levels: they involve routinised user protocols of access (and therefore of boundaries and enclosures), erasure of social externalities, standardisation in exercising choice through platform affordances and design, and entail legally valid and financially predictable exchanges. Their aggregation within platforms simultaneously formalises these market spaces and brings previously informal domains within the ambit of transactional records (see Maurer, 2012).

Second, marriage and dating platforms are involved in *massification* – of publics (potential matches/partners), of products (i.e., matches specifically for divorcees or heterosexuals), of marketplaces (such as ancillary logistical services), and of market spaces (be it domestic or transnational geographies). By massifying matchmaking options under different brands, they reflect 'the commanding logics of aggregation and enclosure evident in platform business models' (Athique, 2020, p. 24). Given the de-territorializing thrust of these online businesses, we also witness matchmaking platforms aggregate geographically dispersed markets.

Third, these formalised and massified forms of exchange are intensely *mediatised*. Marriage and dating platforms share two similarities with experiential media products: they entail time-independent, 'content' abundant, and (self)-curated online practices (Lotz, 2017); they constantly seek to garner larger and newer audiences; and they are sustained by the audience-commodity (Smythe, 1977) logic. In the context of online marriage brokerages in India, the predecessor of matchmaking platforms, Titzamann observes three archetype dimensions of 'medialisation' evoked elsewhere: individualisation of the social, deterritorialization of the spatial, and immediacy of the temporal (Hepp, 2012, quoted in Titzmann, 2013, p. 70). Scholars elsewhere have rightly pointed at the milieu of convergence intensifying processes of mediatisation in online matchmaking, as illustrated in the impact of TV marriage programs on online dating practices (see Ozustun, 2015).

## Platformisation of Marriage – Reconfiguring Social Economies

The age-old social economy of marriage essentially involves families searching for prospective brides/grooms through networks of kinship and identity. Consequently, the role of social intermediaries – such as members of the extended family, others in the clan/caste/sect, and priests – has been central to the search for appropriate matches. The prospective bride/groom have traditionally no agency since matchmaking is orchestrated by everyone except themselves – hence the term 'arranged marriage'.

The advent of newspapers offered an additional avenue to solicit and search for matches. Akin to advertisements for goods and services, newspapers began carrying advertisements for matrimonials put out by families seeking matches. In the decades when newsprint was rationed according to their (self) declared circulation figures, leading newspapers were able to devote more pages to 'matrimonials', as these advertisements came to be known. Browsing through weekend editions of high-circulating dailies, such as the *Hindustan Times*, by the 1980s, we notice them carrying a noticeably large number of matrimonial pages.

Typical matrimonials in newspapers carry concise information about the match on offer: their identity, the profession of the prospective groom/bride, their geographical location, and indications of their age. Most strikingly, matrimonial columns are organised and designed along lines of caste, sub-caste, and/or religion, since that is the foremost concern of those searching for and soliciting matches. Thus, matrimonials typify the embedded nature of exchange characterising Indian society. Longitudinal studies of matrimonials in major Indian newspapers show specific caste requests have declined from 30% of listings in 1970 to 19% in the first decade of the twenty first century (Ahuja & Ostermann, 2016).

When newspapers launched their presence on the internet during the late 1990s, matrimonials remained conspicuous. Although these rudimentary websites merely reproduced digitised versions of the physical newspaper, the market for matchmaking got de-territorialised, rather than bound to the commercial geography of a particular newspaper. In other words, these early online matrimonial advertisements reached out to audiences across city-specific editions of newspapers.

Rudimentary digitalisation also introduced competition to the newspaper matrimonial business in the form of specialised websites dedicated to brokering arranged marriages. Online marriage brokerages, epitomised by the first-mover Shaadi.com, formed a turning point in the deep history of the platformisation of social exchange. They are seen to replace traditional 'kin work' in scenarios where institutions of arranged marriage get disrupted by declining familial networks, high mobility, and discerning choice of partners (see Agrawal, 2015). Unlike newspapers, these websites faced no constraints on the number of matrimonial pages or the physical geographies they reach out to; consequently, they were able to aggregate a much larger consumer base than the extant market for matchmaking. They linked local cultural practices and preferences with new processes of identifying and selecting matches (Titzmann, 2013). One of the biggest beneficiaries of this was the Indian diaspora located across the world.

The reconfiguration of the social economy of matchmaking, initiated by matrimonial websites, was procedurally and substantively enhanced by their subsequent platformisation. The marriage platforms market is dominated by early movers in the business of online marriage brokerage – Shaadi.com (1997), BharatMatrimony (1997), and Jeevansathi.com (1999). These actors have over the years diversified their operations to include retail marriage services and sophisticated web/mobile applications across languages and market niches. As of 2020, the online matrimonial market in India totalled to USD 510.60 million (Statista, 2021).

On the face of it, marriage platforms appear to simply add another avenue of matchmaking besides family networks, newspaper matrimonials, and (offline) marriage bureaus. However, these actors have reformulated the matchmaking market probably in more fundamental ways than newspaper matrimonials did vis-a-vis face-to-face networks. The platformisation of marriage brokerage not only embodies incremental affordances but also has institutionalised new market systems around matchmaking. This has been achieved by three mechanisms central to platformisation and market development

First, marriage platforms ensured the formalisation of the social economies of matchmaking. The use of filters in sorting and selecting matches is at the heart of this. This, of course, suggests the dwindling role of 'externalities' in deciding matches, as was the case when extended family or others were mediating in the matchmaking process. However, there is a claim, one that would support, that a wider array of filters allows for criteria important for both the family (religion or caste) and sought by individuals (profession, location, etc.) (Titzmann, 2013, p. 78). Thus, the standardisation offered by search filters incorporates and fuses different forms of value. In fact, such an incorporation is best illustrated in integration of the kundli (astrological birth chart) as a filter. As a user recalls: 'Maheswari.org facilitates kundli matching by uploading the date and time of birth. The website throws a prompt at me about sharing a profile's compatibility score'. (Respondent 2, male 30 y/o).

Formalisation also involves creating boundaries and enclosures, such as by mandating phone numbers and emails to access/register/subscribe to the database and to create a profile.

Second, marriage platforms embody the mediatisation of social exchange, as is equally visible in distribution and governance platforms. In the context of exchange platforms, this concerns the social economies of matchmaking being reformulated by the increasing intensity of communicative and interactive affordances. Users/subscribers are able to see photos or/and video albums of prospective matches, set up chat sessions, and arrange video-calls between families that had shortlisted their search for prospective brides/grooms. Mediatisation creates new registers of interactivity and familiarity, to the extent that some don't feel it to be arranged (Titzmann, 2013, p. 76).

Third, the massification manifest in marriage platforms is of a totally different order than that in early online matrimonials. We find this to involve the massification of not only audiences/publics but also products and markets. To begin with, marriage platforms introduce niche product categories catering to different types of publics, thereby operating in different market places. Here again, aspects of this were introduced before the advent of platformisation. For instance, in 2007, shaadi.com launched secondshaadi.com as a micro-site for 're-marriages', which was subsequently positioned as an independent site for divorcees (also see Mishra & Jaykar, 2019). Second, marriage platforms integrate previously dis-aggregated market spaces, such as that of wedding logistics. Thus, matrimonial platforms see themselves not only in the matchmaking market but also in that of the broader entire value chain of the marriage business – the latter emerging as a joint product. This has led them to vertically integrate themselves as reflected in, say, Shaadi.com's WeddingsFromHome and Wedding Wire or Bharatmatrimony's wedding services. This may suggest marriage platforms taking on the roles of what we had called distribution platforms, in as much as they are involved in organising and delivering logistical services. It is more productive to argue that their expanded preoccupations indicating the role of offline activities in augmenting platformisation. Third, massification is achieved by simultaneously participating in distinct geographical market spaces. While matrimonial platforms have created micro-sites for different countries with a reasonably large Indian diaspora, they have also created sub-sites for India's sub-national commercial geographies, readily identified by the use of regional languages (not English) on such platforms. Competitors seem to accord different emphasis to these so-called outward and inward thrusts of massification. A decade ago, for instance, subscribers from the Indian diaspora on bharatmatrimony.com were less extensive than on shaadi.com, the former being more invested in regional or sub-national markets (Titzmann, 2013, p. 69).

The different levels at which massification is pursued by marriage platforms tell us something about the market structure as well. Earlier markets, be it those spawned by face-to-face interactions or matrimonials in newspapers, were long-tailed since their areas of operations were scattered across localities and cities, respectively. The massification strategies inherent to the platformisation of marriage brokerage have led to a certain degree of consolidation in the matchmaking market.

## Dating Platforms – A New Market of Exchange

There is an argument about online spaces in general and marriage brokerages, in particular, offering active intervention of young people in their own future. Although samples confirmed a substantial change in the desired qualities of a future partner – implying a move towards personal or individual preferences in contrast to family-related criteria – this does not necessarily imply greater agency on the part of the searching candidates but merely reveals a change in those aspects that were emphasised during the search process (Titzmann, 2013, pp. 69–70). This then opens the possibilities to explore the other and varied ways in which many young Indians engage with matchmaking. One way in which this is visible is if we consider a broader conception of matchmaking, beyond marriages to dating. As a form of social exchange, dating expands and complicates the platformisation of matchmaking.

Online dating practices exacerbate the limitations of individual agency and the expression of sexual desire hidden in conventional forms of matchmaking. Dating is confined to personal endeavours hidden from the knowledge of their families, which reflect the contestations between modernity and conventional systems relying on kin approval for intimate exchange (Agarwal, 2015). One respondent active on marriage and dating platforms was candid about how their dating profile, in contrast to their matrimonial profile, did not receive or require familial approval, therefore, 'dating apps were completely and independently run' by them (Respondent 2, male 30 y/o).

By 2020, India had 34.6 million users of dating platforms, against 22.1 million on matrimonial platforms (Statista, 2021). This young but crowded and growing online dating market comprises multiple domestic and global players. Popular domestic players, including TrulyMadly, Aisle, Woo, and Delta, compete with leading global platforms such as Tinder, Hinge, Bumble, OkCupid, Happn, and Grindr. The founders of many domestic dating platforms are non-resident Indians or those who have lived internationally. Intriguingly, many of these global platforms are part of MatchGroup, an American company that has clearly emerged as a conglomerate in the dating market.

We observe similarities in the commercial and operational strategies of domestic and global players. For instance, the first movers in the domestic market, TrulyMadly and Aisle, borrowed formats of locational matching, instant gratification through swipe features, and mobility of communication through chat features from global dating platforms and attuned them to Indian cultural specificities. Both international and domestic players offer freemium models to users with services like unlimited interactions, the absence of advertisements, and expanded user information locked behind subscription tiers. Further, practices of massification and localisation, discussed further, show similarities in commercial strategies to enclose users and markets.

Unlike matrimonial brokerage that existed earlier in digital and analogue forms, dating platforms are native social exchange platforms. Therefore, the mechanisms of *formalisation, mediatisation,* and *massification* are congenital to this form of online social exchange. The focus here is to expand on the distinctive process of *localisation* central to platformisation of dating in the Indian market.

Much like early online marriage sites, early dating sites grew to reformulate forms of sociability in the pre-digitised era. Following the digitalisation of other forms of social exchange, private intimate exchanges were pushed into the personal messaging and chat rooms sections of websites offering rudimentary interactivity, such as Hotmail, Yahoo Messenger, Orkut, and others (Chakraborty, 2012). The advent of early dating sites not only formalised such social exchange but also legitimised it, particularly in contrast to matrimonial matchmaking.

Dating platforms joined in the wider competition to digitalise, extract data, and commodify forms of exchange in a new social market. They *disembed* these earlier forms of intimate exchange, already digitised through chat rooms, and *re-embed* them within a new marketplace built on an array of individualised preferences. To create and formalise a new market system, companies platformise sociability through application-based affordances of screen swiping, chatting, and instant interactions in multiple geographies. While most dating platforms have website versions, they encourage subscribers to use their apps for optimal matchmaking. By setting hyper-local boundaries for matching platforms, they accentuate the already existing social ordering within the urban spaces – geo-location is used as methods of matching and warranting (Sutko & de Souza e Silva, 2011; Veel & Thylstrup, 2018).

Fostering a new market of social exchange through dating or casual relationships received visibility and validity through television reality shows launched in 2008 and after. Shows targeted at the youth, such as ‘SplitsVilla’, ‘Emotional Atyachaar’, and ‘Love School’, showcased and attached monetary value to performing well in romantic encounters and dating competitions (Lewis, 2017). The format for these shows was borrowed from widely viewed US shows, including ‘The Bachelorette’ and ‘Flavor of Love’. Further, mediatisation of dating exchange on platforms was similar to that of increased interactivity in matrimonials – an array of photos to best describe oneself to a prospective match, and later through features of video dates between individuals (Hinge, 2021).

The massification of social exchange is an important component of commercial strategies. In dating platforms, we find the massification of *both* products and markets, akin to that in marriage platforms. One mechanism of massification involved addressing and aggregating product niches, such as dating for higher social class groups (EliteSingles), diasporic Indians (DilMil), non-heterosexuals (Grindr, Delta, PlanetRomeo, AsYouAre), and extra-marital relationships (Gleeden). Both global and domestic dating platformise existing demand by legitimising desires and anxieties specific to a social group, classifying them into preferences and enclosing takers of that market. Despite the criminal status of homosexual relationships until 2018 in India, non-heterosexual matchmaking was evident on websites such as Guysformen.com, Gaydia.com, PlanetRomeo.com, and others (Dasgupta, 2018). After 2018, domestic and international platforms quickly engaged in foreclosing the newly legitimised form of social exchange (The News Minute, 2018).

Strategies of massification reflect the desire to aggregate the associated markets of online matchmaking. While matrimonial platforms engage in vertical integration to offer additional services linked to the marriage economy, dating platforms expand through strategic partnerships with commodity platforms connected to dating markets. Here, dating platforms attempt to integrate social exchange that happens offline or through other platforms after the goal of finding a match is fulfilled. This is evident in the case of dating platforms like Tinder, Hinge, and TrulyMadly forging collective offerings with offline restaurants and food delivery and reservation platforms such as Zomato, OpenTable, and EasyDiner in India and elsewhere (DNA, 2018; EquityBulls, 2016).

Localisation strategies have been explored in political economy and management literature as important forces and practices that evolved in the face of globalised trade of cultural products. These practices aim to ease the adaptation/absorption of global products and services by introducing elements of domestic social values and cultural contexts (Andres Coca-Stefaniak et al., 2010; Hines, 2000). This conscious effort to domesticate interruptions is done in order to integrate and sustain significant reach within new geographies. To attune their offerings to domestic anxieties and expectations and thereby expand their market base, global dating platforms took to localisation strategies – both at the discursive and operational levels.

Legitimising this new market of social exchange involved marketing dating not as individualistic but as an acceptable societal practice. This was evident in Tinder's television advertisement in 2016, which portrayed parental acceptance of their daughter using a dating application, particularly Tinder. The advertisement was an attempt to domesticate alien sociability – of dating, female desire for intimacy, and familial approval for it – to expand its market base. However, Indian audiences rejected the possibility of dating accruing the same acceptance as matrimonials. In addition, users expressed it as a threat to their private expression of intimacy through the platform (see Heilpern, 2016).

On the operational level, global players have adjusted their platform design and parameters of user input to the socio-political context of India. For instance, OkCupid, a US-based dating platform, offers Indian users the option to declare their social and behavioural preferences for prospective dates through questions such as, 'Should women continue to work full-time after marriage?', 'Would you peck on the cheek in public?', and 'Should gay marriage be legalised?'. While users could skip these questions, by responding to them, they gain the opportunity to be matched with users sharing similar social values. It is pertinent to note that these parameters presuppose the departure from traditionally frowned-upon practices such as – professional agency of women after marriage, public display of affection, and homosexuality. Thus, in collecting these responses, platforms gain granular data on user perception, lock indicators of societal change, and integrate within a modernising society.

Similarly, dating platforms build in their design the opportunity to define preferences in partners through political views on domestic issues. This was again visible in OkCupid, which offered Indian users the option to declare their willingness to date someone with opposing political views on the Citizenship Amendment Act (2020) and National Register of Citizenship (2020) in India. The availability of these filters indicates platforms' domestication to the Indian political context, their propensity to adapt to future issues, and the massification of political preferences. A respondent who uses multiple dating applications affirmed the superiority of those that offer political filters 'On Bumble and Hinge, they ask you if you are left, liberal, moderate, etc. I prefer seeing someone that is liberal' (Respondent 3, female 26 y/o).

For domestic or 'Indian' dating platforms, the challenge appears to be at another level – distinguishing themselves from marriage platforms. The 'Indian' dating platforms TrulyMadly and Aisle appeared in the market in 2014, soon after Tinder launched its operations in India in 2013, but much before other global heterosexual dating platforms like Hinge (2015), Bumble (2018), and OkCupid (2018). In their effort to highlight the disjuncture between the classifiers of matrimonial and dating, domestic players do away with the prominent and fixed filters of Caste and Complexion (colour of skin). Instead, they aim to bring balance between the urban desire for individualism and intimacy and Indian sensitivities to long-term relationships. This is visible in the case of TrulyMadly, the most widely used domestic dating app. It employs design architecture and in-built features to lock the version of acceptable digressions from Indian traditional systems (Das, 2019a). Das observes that TrulyMadly performs additional scrutiny to keep married men from indulging in this social exchange. The platform aims to plug the gap between dating and matrimonial markets/matchmaking by describing itself as a 'dating and love finder' (see TrulyMadly.com, n.d.). Domestic platforms also assert their differentiation from global dating platforms based on their nuanced understanding of Indian matchmaking practices.

Thus, as strategies of market expansion, both domestication and differentiation equally hinged around the adoption of dynamic filters.

## Trust and Dependencies in Matchmaking Platforms

We have established mechanisms of massification, formalisation, and mediatisation being central to Marriage and Dating platforms. In the context of this chapter, what is important to us is the implications of these mechanisms on platform governance. Within the seemingly frivolous matters of the platformisation of matchmaking, we find the veiled existence of core issues of governance dogging the platform economy. The neat reformulation of intimate sociability within institutionalised markets prompts two concerns central to debates on the governance of all platforms: trust and platform interdependencies. Beneath both concerns exist larger anxieties of opacity in data extraction and data sharing in the platform economy. The last part of this chapter reflects on the particularities of these two concerns as rendered in the market of digital matchmaking.

Matchmaking platforms co-exist within a larger platform economy fuelled by a regular and itemised flow of user data (van Dijck et al., 2018, p. 35). This involves platforms extracting and transferring data at different stages of user exchange. Such movement of data, occurring in all four types of platforms discussed at the outset, raises questions about data aggregation, exchange, and sovereignty. The claim here is about protocols of user access and cross-platform features in matchmaking apps contributing to lock and enhance dependencies in the platform economy.

### *Designs of Trust*

In matchmaking platforms, the concerns of trust become rather central. Matrimonial and dating platforms employ specific mechanisms to inculcate trust among users in order to 'deliver' authenticity and safety. Here, we focus on the practices of trust building by platforms, their navigation by users, and the regulatory framework that tempers these.

Both categories of matchmaking platforms ensure users access through the feature of 'create account' and/or 'login'. As a mechanism of formalising social exchange, this involves feeding in email IDs and phone numbers as basic identification and verification methods of a user. Moreover, matchmaking platforms require users to constantly feed data into the platforms and therefore be authentic/real users. One respondent underwent verification by sharing their email address and phone number with the platform 'because it gives a more genuine and real image – builds confidence in the eyes of the profile viewer' (Respondent #2, male, 30 y/o).

Given the risks of phishing and fraud on matrimonial and dating platforms, they demand and place the responsibility of trust building upon the user by providing photographs, social media accounts, and government-approved identifications. After uploading these onto the platform, user profiles undergo human or algorithmic scrutiny to establish their legitimacy. In some cases, platforms offer incentives for undergoing this verification process. The domestic dating applications, TrulyMadly and Delta, have a platform feature called 'Trust Score'. Users can gain access to premium services and better potential matches if they link their LinkedIn and other social media accounts to the platform, upload their government identification card, and perform a 'selfie' verification process as prescribed by the platform. One respondent (male, 33 y/o) confirmed that 'the company team asks to take selfies in different ways and then verifies them within few hours'. The incorporation of selfies and video chats by platforms is then not merely to be seen in terms of mediatisation of user experience but also as designs of inculcating trust. As another respondent explained: 'Grindr allows you video calls for 1 minute per day – but it is a good way to check authenticity' (Respondent #5, male, 33 y/o).

Further, both matchmaking platforms check the similarities between users' photos, their past and current activity on social media, and verify their criminal records through government identifications (Das 2019a, b). Through these practices, matchmaking platforms place users as the subject of establishing authenticity or rely j66on external platform data. Parallelly, they treat trust as a transactional resource, commodified through progressive data extraction at each step.

This dubious exchange of trust for data aggravates further as the Indian government mandates its retention and verification by the state. Under the Information Technology Act (2000), matrimonial websites (treated as intermediaries) are obliged to collect user identification documents and maintain internet protocol (IP) addresses of all users in order to track fraudulent activities and keep out casual dating from marriage platforms (MCIT, 2016). Of course, this leads to the familiar challenge of mandating localisation, including intimate data, without any legislation limiting state surveillance (see Vila Seoane, 2021).

### *Platform Dependencies*

Increasingly, matchmaking platforms also allow users access through their Facebook, Google, and Apple IDs. While this is viewed as easier and faster by the users of matrimonial and dating apps, it entails linking legitimate online identities to external platforms – Facebook, Google, and Apple. The inclusion of external platforms, exchanges, and hardware/distribution within login options suggests a practice of enclosing users through limited and fixed entry pathways. It also heightens the worries of privacy and unguarded accumulation of interests through the transfer of user public as well as private data across platforms (Albury et al., 2017).

Particularly interesting to the evidence of accumulation of interests is the 'Login through Facebook' option. It appears on almost all dating applications (see Table 3.1), either as a mandatory means for establishing user authenticity or as a non-compulsory but potential access option. The integration and

*Table 3.1* Access and Cross-Platform Features on Popular Dating Platforms in India

| *Name* | *Users (in million)* | *Login options* | *Cross-platform features* |
|---|---|---|---|
| TrulyMadly | 7.8 | Phone number, Facebook, Apple, Google, TrueCaller | LinkedIn |
| Tinder | 7.5 | Phone number, Facebook, Apple, Google | Spotify, Zomato, Instagram, Snapchat, WhatsApp |
| Bumble | 4 | Phone number, Facebook, Apple, Google | Spotify, Airbnb, VH1, Instagram, Snapchat |
| Aisle | 3.4 | Phone number, Facebook, LinkedIn | |
| Happn | 1 | Phone number, Facebook, Apple, Google | |
| OkCupid | 1 | Phone number, Email | YouTube, Facebook, Instagram |
| Grindr | 0.7 | Phone number, Email Facebook, Apple, Google, | Instagram, Twitter |

*Source:* Statista (various) and the authors.

presence of Facebook into matchmaking platforms suggests an increasing interdependency and a certain accumulation of its interests fuelling its own venture in the dating market through ‘Facebook Dating’ (Facebook, n.d.). This internal product, embedded within the social media architecture, employs information from user’s participation in ‘Groups’ and attendance in ‘Events’ to algorithmically match them. This, however, opens a larger question about how the data received through users existence and activity on other matchmaking platforms is treated by Facebook. Equally, it points to the capability of an entity owning a suite of matchmaking applications (such as the MatchGroup who owns Tinder, OkCupid, Hinge, Match, and Meetic) to store and share granular user data across its holdings.

Another important instrument of platform integration adopted by matchmaking apps is their cross-platform features. Matchmaking platforms enable interlinked affordances with the promise of seamless usage, premium services, and heightened chances of finding the ‘right match’. These features are bundled together as valuable to exchange on matchmaking platforms or as valuable outside of it. For instance, matchmaking platforms link features from, besides other exchange platforms such as Instagram, Facebook, and Snapchat mentioned above, distribution platforms such as Zomato, Spotify, and Airbnb. This is often available as a premium service promising an optimal match based on furthering common interests or to ease access to services that are linked to matchmaking, such as restaurants and hotel reservations. This then also indicates the massification of connected markets, a key trait of the platformisation, requiring active cooperation between different and seemingly unrelated entities in the platform economy.

On an industrial level, cross-platform integration is achieved through strategic partnerships within the platform economy. Niels Van Doorn et al. (2021) emphasise the use of strategic partnerships between platforms as a means to establish market power, social legitimacy, and infrastructural dependence. This mechanism to gain platform control has been studied in the case of social media platforms establishing partnerships with players in the application development and advertising sectors (Helmond et al., 2019; van der Vlist & Helmond, 2021).

Offering extended benefits to users is a common strategy. These benefits, such as discounts, cashbacks, or coupon codes, are methods of enclosure. In order to gain these benefits, the user has to engage further with the platform or bring in more users. Through these interlinked features, matchmaking platforms integrate themselves not only in the market for social exchange but also in seemingly unrelated markets, not only of commodity distribution as earlier illustrated but also those of media consumption – as in the case of Netflix and Tinder partnered dating reality show 'IRL- In Real Love' where users can harness dating affordances for a chance to be featured on the show (*The Hindu*, 2021).

Evidently, the organisation of access and cross-platform features in matchmaking platforms opens wider debates about opacity in data extraction and data sharing in the platform economy. This supports the tendency of platformisation to enclose users within interdependent markets and limit exchange and distribution to platforms. Sharing of user data across platforms is evident from instances of targeted advertising. A respondent said, 'visiting a matrimonial website results in targeted ads for wedding services and dating applications' (Respondent #2, male, 30 y/o). These anxieties are amplified in the absence of data sovereignty legislation in India. The absence of data sovereignty protections has implications not only due to the presence of global dating platforms in India but also that of Indian matrimonial platforms in overseas markets.

## Conclusion

In this chapter, we have delved into the seemingly 'frivolous' practices of online matchmaking platforms that illustrate the institutionalisation of new market systems. We observe both types of matchmaking platforms in India, seeking to derive value from overlapping market processes and create interdependencies between different marketplaces constituting the platform economy. In parallel, marriage and dating platforms disembed extant practices of sociability and re-embed them in new forms of interaction. Our insights could open up debates on the sufficiently distinct traits of these types of matchmaking platforms in India with those elsewhere in the global South/North.

We also find the industrial dynamics of these matchmaking platforms to reflect concerns similar to those of the more talked-about 'big' platforms like Amazon, Hotstar, and Zomato. On the one hand, they demonstrate the accumulation of interests through vertical and horizontal expansion into joint products and associated markets. On the other hand, the platform interdependencies and mechanisms to inculcate trust visible in matchmaking platforms raise issues similar to those in regulatory debates on 'big' platforms.

## Interviews

Respondent 1: Interviewed on phone on 29 May 2021, Mumbai
Respondent 2: Interviewed on phone on 29 May 2021, Mumbai
Respondent 3: Interviewed on phone on 2 June 2021, Mumbai
Respondent 4: Interviewed on phone on 4 June 2021, Mumbai
Respondent 5: Interviewed on phone on 7 June 2021, Mumbai

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# 4 Cultural Crowdfunding Platforms in Latin America

## From ‘Creative’ Discourse to Entrepreneurial Strategies

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### Introduction

Although the industry of crowdfunding has become less of a focal point in the media than in the 2010s, it continues to grow, concentrated around a few dominant players, although these vary depending on the area, type of financing, and scale (ranging from national to transnational). Although the two forms of non-investment crowdfunding, based on donations and rewards are the best known to the public, particularly for their connection with culture and ‘creation’, they now constitute the smallest category in the set of alternative financing models. Since the mid-2010s, they have been largely overtaken by the loan and investment models. Considering that non-investment crowdfunding played a key role in the development of these ecosystems, preceding the emergence of investment model platforms (Ziegler et al., 2021), it remains a crucial subject of academic interest. Moreover, the expansion of crowdfunding platforms in the Global South has been generally overlooked in recent research, whilst crowdfunding platforms and wider FinTech players continue to develop and commercial regulations are implemented. Considering this gap, the following chapter contributes to research on the development of non-investment crowdfunding in Latin America. More broadly, this chapter investigates how crowdfunding in Latin America may illustrate current global-scale change in the digital or creative industries, and public policy on creativity.

Focusing on cultural crowdfunding platforms, we aim to grasp the socio-economic, political and cultural environment enabling their development in the context of so-called collaborative, ‘creative’ or ‘platform’ economies. We claim that these developments are part of a continuing attempt to transfer the uncertain economic value of content production to the producers who are the most economically vulnerable, ultimately having a negative impact on their working lives. This illustrates a neoliberal framework observed globally and reinforced by the nearby United States, in which entrepreneurialism, flexible work and especially ‘creative’ work are promoted.

From a critical standpoint, we examine the role of the states on these developments. While disengaging from certain sectors, states are establishing

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regulatory frameworks pushing for transnationalisation through regional institutions. Local stakeholders aim for the same goal, although with mitigated results. We argue that this favours competition between local and foreign actors and the appropriation by endogenous platforms of dominant exogenous models. Overall, the chapter aims to highlight industrial strategies and concrete socio-economic development policies in *the field*, as well as their effects on local entrepreneurs.

The chapter is divided into four sections, each one narrowing down the analysis from global discourse to its impact at the local level. The first section looks at how the discourse of transnational economic and political institutions on crowdfunding echoes the discourse of global cultural and creative industries, around the so-called collaborative and 'creative' economies. The second section considers how this discourse is indigenised at the national level, i.e. how it shapes public policies. The third section investigates how this discourse and these policies aim to enhance entrepreneurial initiatives at the local and transnational levels. Focusing on the discourse of entrepreneurs, the fourth section confronts the discourse outlined in previous sections on entrepreneurialism and social justice with on-site realities observed by the participants.

The method used in this chapter was twofold in order to highlight disparities between institutional discourse and its on-site effects in the field. First, the chapter is based on a discursive analysis of national and transnational institutional reports published between 2011 and 2020, with a specific focus on those framed around the Inter-American Development Bank (IDB). The analysis looked at national (Mexico, Argentina, Brazil), transnational (Latin America) and global discourse on the Latin American region on the following topics: crowdfunding, the orange economy, the collaborative economy, the creative economy and industries, alternative finance, regulation and FinTech.

Second, the chapter draws on fieldwork research including 41 semi-structured interviews and participant observations with representatives of public institutions, e.g. the Sub-Secretariat for the Creative Economy of the Argentine Ministry of Culture, local platforms managers and cultural project leaders. This fieldwork was conducted as part of the ANR 'Collab', a research project funded by the French National Research Agency between 2014 and 2017. The research project investigated the extent to which intermediation devices (Agamben, 2014) may be considered as possible socio-economic fields of experimentation, involving both industrial stakeholders and public institutions in France, the United States, Latin America and Africa. Subsequently, we conducted online interviews in 2022 and analysed career changes with the same participants through social media platforms. Although the attrition rate was high – only two follow-up interviews were conducted – information on career paths concerning the other participants was gathered through Facebook chats, professional profiles on social media, as well as observations of existing crowdfunding websites. This second round aimed to observe changes in the sector, and career paths among participants previously chosen for being particularly active in this sector. We spoke to people who had replaced our previous participants in management positions. This was the case, for example, with an executive of AFICO (an association of crowdfunding platforms based in Mexico City) having held his position since 2017.

## Development of Crowdfunding Platforms in Latin America: From Global to Local Creative Dynamics

Crowdfunding platforms help entrepreneurs – or project owners – to raise funds. Instead of resorting to a few investors, crowdfunding allows project owners to address a wide range of individuals, namely the 'crowd'. The numerous offerings counterbalance the low financial participation of each contributor, helping projects in raising money (Belleflamme et al., 2014). Crowdfunding platforms offer different rewards to contributors: donation-based, reward-based, lending-based and equity-based.

The first crowdfunding platforms – Indiegogo and Kickstarter – were developed in the United States, respectively in 2008 and 2009. In subsequent years, many other similar platforms were released worldwide, including in Latin America (2010). The banking reality in Latin America, usually involving prohibitive interest rates, helped in the spread of peer-to-peer lending platforms from mid-2010 in Latin America, mainly in metropolises such as Buenos Aires, Mexico City, and Rio de Janeiro. As noted in *The Global Alternative Finance Market Benchmarking*[1] report, the cumulative amount of funds raised through crowdfunding between 2013 and 2018 reached a total of $3 billion. The 'exponential growth' of this market, outside of institutional financial channels, has been a sustained trend in the region since 2013, with an average annual increase of 134% (Ziegler et al., 2021). Although this number includes alternative finance volumes from 34 countries and territories, 93% of the region's volume comes from six key countries – Brazil (37%), Chile (16%), Mexico (13%), Colombia (11%), Peru (9%) and Argentina (7%).

In spite of the enthusiasm displayed in the report, only two percent of the funds raised involved donation-based or reward-based crowdfunding, whereas crowdlending accounted for 39%. Yet, the former has played a critical role in the emergence of a local alternative finance industry and entrepreneurial initiatives (Ziegler et al., 2021). Such a contradiction led us to ask the following question: how to explain the spread of optimistic discourse on new ways of funding 'creativity', whether they concern the artistic and cultural fields (music albums, books writing, educational projects) or entrepreneurial projects in the narrow sense (e.g. start-up, real estate)? Some elements may be found in the following.

The bodies producing this discourse articulate the collaborative economy (including crowdfunding), public policies on creativity, and the hopes placed in the new opportunities offered by digital technology (FinTech). The report *Economía colaborativa en América latina*, published in April 2016 and supported by the FOMIN[2] (2016), clearly highlighted these new hopes. In the introduction to the report, Brigit Helms, Executive Director of the FOMIN, used the notion of the 'fourth industrial revolution', a concept discussed at the World Economic Forum in Davos, to talk about the collaborative economy in Latin America and its (future) capacity to 'transform development' in the region. This new paradigm would supposedly promote social inclusion, entrepreneurship and innovation to solve 'the major social, economic and ecological problems' of the region's inhabitants. Entrepreneurs and small and medium-sized enterprises (SMEs) play a central role in this, and are seen as the drivers of new trends in 'collective development' and a 'more equal distribution of wealth', thanks to Information and Communication Technologies (ICT) (FOMIN, 2016, p. 3). This enthusiasm was echoed in national reports on crowdfunding, e.g. in FOMIN's report (2014), *Crowdfunding en México. Cómo el poder de las tecnologías digitales está transformando la innovación, el emprendimiento y la inclusión económica*, which claimed that crowdfunding should be viewed as a tool for local socio-economic development since it may help the poorest, i.e. those who struggle to access traditional funding via the banking system:

> Crowdfunding has the capacity to drive innovation, create jobs, diversify economic activity and contribute to the reduction of income inequality in order to improve access to available capital and create a bridge over the gap between the demand for funds and the supply of capital for entrepreneurs and micro- and medium-sized enterprises in Mexico.
>
> (FOMIN, 2014, p. 12)

Furthermore, this discourse claims that crowdfunding platforms fit well with the existing informal economy prevalent in the Global South: 'The proliferation of collective action to achieve common goals is an indication of the cultural readiness for crowdfunding adoption' (FOMIN, 2014, p. 60). The report mentioned the '*tanda*', an informal peer-to-peer lending or banking system, also existing in Latin American countries under the names, for instance, of '*cundinas*' (Mexico), '*juntas*' (Peru), '*cuchubales*' (El Salvador and Guatemala) or '*pollas*' (Chile).

According to this discourse, the so-called collaborative economy, triggered by widespread access to the Internet, would enhance the creative potential of each individual, in other words, potential entrepreneurs or to quote an executive of MiCochinito.com, a Mexican platform, 'Entrepreneurship is in human genetics, so it is democratically distributed, unlike socio-economic constraints and difficulties, which are unequally distributed within society' (interview in Mexico City, 2016). Such discourse applies to that on creativity, considering crowdfunding an inclusive tool for economic development policies, in which the cultural sector would play a pivotal role. More explicitly, a recent report looking at Latin America suggested that these fields are intertwined under the name ‘Orange Economy’, a supposedly new form of economic development where the ‘Digital evolution of the creative and cultural industries’, ‘The shared or collaborative economy’, the ‘Crowdfunding for creative projects’ and the ‘FinTech based on creative commerce’ are considered together (Luzardo et al., 2017, p. 24).

Coated in a digital flavour, this discourse calls to mind those celebrating creativity from the late 1990s onwards, particularly in the United Kingdom following the New Labour mandate, as well as in the United States, soon to be followed by other countries (Bouquillion, 2012). Inspired by the works of Florida (2002, 2005a, 2005b), Throsby (2008) and Howkins (2007), they take on the idea that in post-Fordist societies, the cultural sector may be a key economic growth sector within the global economy. This led to a strand of public policies (1) favouring the creative economy as a sector of economic growth, (2) training creative workers and (3) focusing on intellectual property. Although these claims have been considered dubious for an extended time (Garnham, 2005), the rise of the discourse on the Orange Economy – and on cultural crowdfunding platforms – described above is not surprising per se, as it illustrates a continuous attempt to insert cultural production into the digital economy. Moreover, the adoption of this ‘truly globalised discourse’ (Oakley, 2016) by the countries in the South obliterates local idiosyncrasies.

In the next section, we will address the political and social implications of this discourse in Latin America by asking the following question: How has this discourse been appropriated by states, such as Argentina, Brazil and Mexico?

## Toward ‘Creative’ Public Policies Favouring the Development of Crowdfunding in Latin America

We now turn to the influence of the creative economy discourse on public policies in three Latin American countries, and how it has affected the development of crowdfunding. We will ask the following questions: How has global discourse on the creative economy shaped public policies related to culture and entrepreneurship in three Latin American countries, and could crowdfunding be considered one of the drivers of these evolutions?

By way of introduction, however, it should be noted that while the stakeholders interviewed described the initiatives taken from a political, socio-economic and legislative point of view in their countries, our research suggests that these dynamics, both in terms of launching initiatives to stimulate activity and in terms of providing a legal framework for emerging practices, have gradually taken on a transnational dimension and cannot be thought of solely through a national prism, as we shall see later.

According to our census in 2015, there were 14 crowdfunding platforms in Brazil, nine in Mexico and seven in Argentina. Almost all of them were created between 2011 and 2013, at a time when the growth in the number of

Internet users in Latin America raised many hopes for the region's development via ICT. Indeed, the number of Internet users in the region doubled between 2006 and 2013 (Katz, 2015), despite strong inequalities, both between countries and within countries (particularly between large urban centres and rural areas). For the three countries studied, according to figures from the International Telecommunication Union (ITU), national internet penetration was 71% of the total population in Argentina in 2016, 61% in Brazil, and 58% in Mexico, with mobile connections predominating. Thus, a number of political initiatives have been taken locally, carried out or supported by public actors, in order to encourage the dissemination of this creative economy, within which crowdfunding to support cultural projects would take place.

Local political initiatives on the creative economy indicate, in particular through cultural crowdfunding, that the growth of Internet users raised hopes in regional development through ICT. In 2011, the Secretariat for the Creative Economy in Brazil, answering to the Department of Culture, was created, with the objective of 'strengthening the national cultural and creative potential' and with the ambition to implement public policies for a 'new development based on social inclusion, sustainability, innovation and, above all, Brazilian cultural diversity' (Ministério da Cultura, 2011, p. 7). According to FUNDAP[3] this potential represented two percent of formal employment in the country in 2012 (Serra & Saad Fernandez, 2015).

In Argentina, a 'Sub-Secretariat for the Creative Economy' was created in 2014 under the government of Cristina Kirchner. Answering to the Ministry of Culture, this sub-secretariat is in charge of three national directorates: the Directorate of Cultural Innovation, the National Directorate of Cultural Entrepreneurship and the National Directorate of Creative Industries (interview, Buenos Aires, 2016). Its goal has been to promote and support the creative industries – including the crowdfunding industry – in Buenos Aires. In an interview in 2016, its leaders explained that they wanted to build a marketplace for creative products in Argentina, which represent 2.5% of national employment and 3% of GDP. They also aimed to give greater visibility to cultural industries and national entrepreneurs through events such as the MICA (Mercado de las industrias culturales de Argentina).

They also suggested an even greater goal, namely to shift state-funded culture spending toward the private cultural sector – small entrepreneurs – in order to stimulate local production. By the same token, the programme 'Creative social networks' selected four cities outside Buenos Aires. In each city, the goal was to enhance 'the creative ecosystem of their industries, specific connections in education, training, consultancy, interventions in public spaces, festivals and actions in the sectors that the city wants to promote and that consist in generating events such as the Night of Music' (interview with a representative of the Sub-Secretariat for the Creative Economy, Buenos Aires, 2016). These initiatives sought a decentralised model that would supposedly stimulate cultural diversity, similar to, for instance, the United States. The extract of an interview below, with a representative of the Sub-Secretariat, illustrates local political hope in seeing a grassroot development through crowdfunding:

> It is an interesting tool, which does not solve the problem of funding, but it is a solution to a kind of fundamental problem, […] which is linked to the level of professionalism of the [private cultural] sector. [The] basic problem is: how to work with the community, which is the cornerstone of the cultural sector, at least in all of [Latin]America.
>
> (interview, Buenos Aires, 2016)

Alongside with other public bodies such as the departments of social development or tourism, the goal is to develop crowdfunding, which includes training and support on campaigns, in order to ensure that 'cultural entrepreneurs have a very wide range of tools to develop resources' (interview, Buenos Aires, 2016). Such direct intervention from public bodies illustrates how crowdfunding, originally a grassroots movement, has been institutionalised and organised. This paradox in the implementation and development of crowdfunding in Latin America has been observed in other countries, including Mexico.

As a country, Mexico has been very active in supporting the development of its crowdfunding industry, which may explain its leading position today. These efforts led to the creation in 2012, by the government of Enrique Peña Nieto, of the 'oficina de estrategia digital nacional',[4] which works directly with the IDB through the FOMIN. The office aims to position innovation and digital technologies at the heart of the country's socio-economic development. In 2016, the IDB hired an administrative officer to coordinate a project on the 'development of the crowdfunding ecosystem in Mexico City' involving the Universidad Anáhuac México, the Mexican development bank (Nacional Financiera), the INADEM (Instituto Nacional del Emprendedor) and the Comisión Nacional Bancaria y de Valores (online interview, 2016). This confirms that crowdfunding is seen as a way to 'promote entrepreneurship, innovation and financial inclusion', including in the field of culture (Iturbide, 2017). During an interview, an IDB executive highlighted a similar goal when organising the 'semana del emprendedor' in 2016:

> [Our aim is] to accelerate the spread of crowdfunding in Mexico, involving all the political, economic and social stakeholders who can help, providing technical assistance and training. Our mission is to ensure that everything necessary for the development of crowdfunding is created.

The same national and transnational support was apparent with the creation of AFICO (Asociación de plataformas de fondeo colectivo) in 2014, at the initiative of the IDB.[5] This association currently has 25 platform members, most of which fall within the regulatory framework provided by the Mexican

FinTech law (as explained below). The public interventions observed in Argentina, Brazil and Mexico have also been developed within the framework of transnational public policies, as the MICSUR (Marketplace of Cultural Industries of the South) illustrates. The MICSUR aims to 'create and consolidate a platform for the awareness, dissemination, promotion, circulation and sale of goods and services generated by the cultural and creative industries of the region, [in which] the types of entities engaged in the implementation of the policy/measure correspond to the public and private sectors.[6]' Cultural crowdfunding plays a crucial role in this dynamic. Involving nine Latin American countries (Argentina, Brazil, Bolivia, Colombia, Chile, Ecuador, Peru, Paraguay and Uruguay), the event has been held every two years since 2014 in a different country.

The section above has illustrated how the development of crowdfunding has been organised at the local and transnational level by public bodies since the early 2010s. These opportunities were then seized by some Argentinean, Brazilian and Mexican entrepreneurs in order to develop their own platforms in the cultural and, more broadly, 'creative' sectors.

## The Development of Local Entrepreneurial Initiatives and Platforms: Opportunities and Disappointments

To illustrate how the development of crowdfunding in Latin America has resulted in entrenched interests between public bodies and entrepreneurs, united under the spell of a shared political project, we now turn to Ideame, a leading crowdfunding platform in the cultural and creative sectors. Ideame emerged in 2011 with the aim of competing with the US platform Kickstarter – largely dominant across the continent at the time. Ideame rapidly grew to become a leader in the crowdfunding industry in Latin America. In 2012, it was awarded 'Start-up of the Year' at the *TNW Start-up Awards* in Argentina. Starting in Argentina, the platform expanded to Chile, Colombia, Mexico, Uruguay and Brazil. In 2016, crowdfunding projects raised $4.2 million on the platform. An interview from the same year with one of Ideame's executives recalls the public discourse outlined in the previous sections:

> The Ministry wants to start reaching out to artists and show them that culture cannot only exist if the paternalistic state provides money, but that the people, the community can help us, and that the hand of the state and the community, through crowdfunding, can make cultural projects sustainable.

In spite of the two thousand crowdfunding campaigns uploaded on the platform, the business model was yet not economically sustainable. In concrete terms, the Ideame's executive we interviewed expressed difficulties in paying the wages of their eleven employees, all based in Buenos Aires. During the interview in 2016, he explained that the problem was twofold. The platform's business model was based (1) solely on commissions, which amounted to 10% for cultural projects and 5% for social projects and (2) despite the large number of projects on the platform, the success rate was only 34%. In an attempt to find a sustainable business model, Ideame expanded to Miami in the United States. Supported by the John S. & James L. Knight Foundation, $175,000 were allocated to the 'Create Miami' campaign, helping twenty Latino entrepreneurs in getting funding for their projects in the United States, Latin America or other parts of the world. The platform also partnered with various Latin American entrepreneurs' associations, such as ASELA (Asociación de emprendedores de Latinoamérica), ASECH in Chile (Asociación de emprendedores de Chile) and ASEA in Argentina (Asociación de emprendedores de Argentina). Although it would not be confirmed by platform representatives – the Ideame executive mentioned above having changed career path –, subsequent observations in 2022 indicate that the platform has drastically reduced its activity. Beyond the celebratory discourse espoused during our various interviews or observed in the political sphere, the business model thus seems unsustainable.

As for other similar platforms in Latin America, e.g. Panal de Ideas in Argentina, Bandstatic in Mexico, Embolacha in Brazil, La Chèvre in Colombia or Kapital Zocial in Peru, the relative failure of Ideame can be explained by multiple factors.

First, the competition between platforms is fierce, the market is limited and the business model is not sustainable unless a certain critical mass of projects is reached. Moreover, platforms depend upon regular equity financing which can be scarce if the platform fails to have continued growth. Ultimately, the growth of crowdlending in the region led to concentration around a limited number of platforms in a 'winner takes all' fashion.

Second, despite rhetoric and policies encouraging entrepreneurship, operational support and funding have remained limited. During an interview (Mexico, 2016), an executive of MiCochonito described the financial struggle he encountered in managing the platform when the expected financial support from the Mexican government never came. Faced with local bureaucratic inertia, he turned to the IDB, which provided financial support, enabling him to keep the business running.

Third, there is the issue of the legislative framework for these practices, the importance of which we were constantly reminded, particularly in terms of the confidence that it brings to the adoption of such mechanisms on the part of a distrustful public (at least in the first few years). As this has been slow in coming in many Latin American countries, it has contributed to the stagnation of many young platforms and to the concentration of activity on the most used ones.

Yet, the early implementation of a legal framework regulating crowdfunding in Mexico – compared to other Latin American countries – may explain its leading position in the crowdfunding market, at least in Spanish-speaking countries, e.g. the platform Donadora. According to an executive of the

AFICO, one of the reasons for such a concentration toward Mexico is that the country was the first to set up a legal framework, ultimately increasing users' confidence in Mexican platforms over others, including those from the US:

> I think that Mexican platforms or those operating from Mexico City have a more important role and have therefore contributed to reducing the participation of companies like Kickstarter in certain projects, because people get to know the value of these national companies. They gain trust when people realise that they belong to a trade association like AFICO, which has permanent contacts with the media, with different authorities, which therefore gives users a certain sense of security, and gives these platforms greater visibility. This is what favours Mexican platforms and takes away some of the visibility of foreign platforms.
>
> (online interview with an executive of the AFICO, 2022)

The Mexican legal framework regulating crowdfunding, known as the FinTech law, was signed on 8 March 2018, following long negotiations. Coordinated by the government, the negotiations involved the Secretaría de Hacienda y Crédito Público (SHCP), its financial authorities and other industry players. The aim was to regulate online financial exchanges and stakeholder practices in a country where more than half of the payments that are not made in cash are made digitally.

The FinTech law also helped circumvent the banking monopoly on loans. According to the participants interviewed, the sustained growth of crowdlending may be explained by its low interest rates and ease of access, compared to traditional banks. However, the executive of the AFICO mentioned above remained cautious about the success of this law, given the lack of experience with crowdfunding and the FinTech law, and persisting unequal access to the Internet:

> The handicap we have in Mexico is that the population does not know us. Currently, 95% of Mexicans do not know what FinTech is. They don't know what crowdfunding is, they don't know that we have a legal system. In Mexico, many parts of the country are still not connected to the Internet. So this is also an important issue, although considering that the use of smartphones is becoming more and more common in our country, it also gives us great opportunities to talk about these sectors in the near future. Therefore, we think that the market expectations for the future are very, very good.
>
> (online interview with an executive of the AFICO, 2022)

Each country has implemented laws and regulatory framework depending on their idiosyncratic legal system. While not having a regulatory framework for FinTech as such, Brazil has developed a legal framework in recent years to open up its financial system and thus gradually move away from the banking monopoly. A decisive step in this direction was taken in 2020, with the creation by the Brazilian Central Bank of a 'Regulatory Sandbox' for financial innovations.[7] This was also the case in Colombia, and in 2021 in Peru, after five years of work.

In May 2021, the IDB produced a report recommending a multi-jurisdictional 'toolbox' to facilitate a transnational legislative 'common pot' that could foster regional integration (Herrera & Vadillo, 2021). However, while these initiatives favour the rise of endogenous players in Latin America, they may also open up the market to FinTech and financial stakeholders located in the North.

Legislative measures may have played a major role, boosting investor confidence and encouraging the local and transnational development of a collaborative and creative economy. While many platforms have closed down since our initial fieldwork, observations indicate that the market keeps growing, consolidated around a few players in countries such as Brazil and Mexico. Although flagship crowdfunding projects – in music and performance –, covered in the media around 2010s as the future of cultural funding, have almost disappeared, other fields in culture seem to have suffered a less dramatic fate. After experimenting in culture, and more specifically in risky fields such as music and performance, the market, now mature, has been diversifying in other fields, such as crowdlending. Therefore, as suggested above, culture may have been an economic and social field of experimentation before diversifying to other markets. Yet, these claims are based upon the general trend observed between 2016 and 2022 since there is a lack of (trustworthy) data concerning the market.

Looking at examples of cultural crowdfunding platforms in Latin America, our aim has been to show how their spread echoes transnational and national incentives developed around the creative industries and economy. We now turn to the last section of the chapter, focusing the analysis on platform entrepreneurs exposed to the public discourse and incentives described in previous sections.

## Beyond Discourse: Industrial and Entrepreneurial Strategies

Although public policy presents the creative industries as meritocratic and emancipatory, they tend to reinforce existing social inequalities (Banks, 2017). When applied to platforms, crowdfunding makes no exception, as the concept of 'Love Money' illustrates, namely that it is relatives who contribute greatly to the success of campaigns by initiating and enabling the critical threshold of the project to be reached. As illustrated by Luca,[8] a crowdfunding platform entrepreneur in Brazil, 'crowdfunding is about networking. So, I made a project, I put it in this channel, and I will call my friends and family to contribute' (interview, Rio de Janeiro, 2016). Project leaders whose relatives have high economic and social capital are therefore the most likely to see their projects succeed and be well funded. Hence, data collected during fieldwork suggests that platform entrepreneurs were aware that crowdfunding is inherently reproducing social inequalities since it relies on the network of project owners to launch the campaign – and sometimes to reach the threshold:

> You don't see a normal guy coming home and: 'Let me just see what the project is in Eloa *[name of the platform]* so I can donate some reais to them'. It is very rare. It's mostly when the project owner makes his campaign, then he starts to call his closest circle, and then this goes and grows. That's pretty much what happens in crowdfunding. We don't have this really huge accessibility. It is still very based on circles closer to the project owner.
>
> (Jao, entrepreneur, Rio de Janeiro, 2016)

Beyond social capital, the platforms promote a specific ethos spread by creative industries where entrepreneurship and self-realisation through activity are the norm. As for the cultural industries, a specific form of subjectivity is promoted: a flexible, networked, resilient and entrepreneurial self, generally attributed to the middle-class heterosexual white male (Vachet, 2022). On the contrary, as the manager of one of the leading Brazilian crowdfunding platforms suggested, they were struggling to involve people, for instance, from Favelas in Rio or outside the metropolitan areas, in spite of continuous attempts. Although he would have enjoyed supporting projects with a social impact, these remained very uncommon:

> I think this perception comes from the fact that here in Brazil, we tend to perceive crowdfunding as a tool to let people that are not rich or have no access to funds have access to funds. But this is not true, of course. They are outliers.
>
> (Marcos, CEO of a crowdfunding platform in Brazil, 2016)

In spite of being motivated by the ideology of the creative industries described above, the platform entrepreneurs interviewed were nevertheless for the most part not blind when it came to seeing the contradiction of this sweeping discourse. Considering the discourse described in previous sections, namely that crowdfunding is a meritocratic tool with grassroot origins, platform entrepreneurs were left to deal with the contradictions between discourse and their day-to-day experience, both as conveyors of this discourse and witnesses of its self-fulfilling prophecy:

> Mainly the project owners who can raise money here are the ones who have some sort of background and they know how to operate the dynamics and the mechanism involved in a crowdfunding campaign and that demands some sort of knowledge of how you should operate a crowdfunding campaign.
>
> (Ignacio, crowdfunding platform founder, Rio de Janeiro, 2016)

Interviews also suggest a different goal, namely to promote a neoliberal subjectivity. As the extracts of interviews illustrate below, the goal of crowdfunding is to expand entrepreneurialism, beyond cultural projects, to other spheres of their lives. According to Gustavo, a crowdfunding platform entrepreneur in Mexico: 'the idea is to help people become better people, i.e. for those involved in campaigns, to question their economic behaviours' (interview, Mexico City, 2016).

Later in the interview, he also describes how this project is orchestrated thanks to external funding:

> We are very active and we do it on three levels. We do a lot of posts on Facebook and Twitter about financial education (pictures, advice for personal and professional purposes). We also publish our newsletter for our clients, which contains a lot of advice, and we are doing new projects on practical and personalised financial education. We have just won a competition in which an American company and a Mexican company specialising in people's economic behaviour are coming to carry out a major three-year project on financial education and user behaviour. And then we're going to have another project with Harvard students, with the idea of having [our] process spur the user to ask questions in order to become a better person.
>
> (Interview Mexico City, 2016)

According to Gustavo, the inherent goal of crowdfunding goes beyond solely funding cultural projects; it is a political project at a wider level:

> The discourse is that if all the people in Mexico, regardless of their socio-economic level, would dedicate themselves to what they want, there would be social peace in Mexico. I think that's the discourse. For the government, for the institutions, for the foundations, it makes sense for everybody, I buy you a tool for social peace.
>
> (interview, Mexico City, 2016)

Thanks to policies 'facilitating' the development of these platforms, crowdfunding platforms promote a model of individual empowerment: 'I think that giving this power to the people allows us not to be mere television receivers, but to be accomplices in the creation of something' (Gustavo, interview, Mexico City, 2016). This way, and in line with previous sections, crowdfunding is a political project using economics to shape the subjectivity of individuals.

Beyond the meritocratic tales of grassroots platforms, the social segregation operating in cultural crowdfunding can be observed as well among platform owners and workers. As fieldwork carried out in Brazil, Argentina and Mexico indicates, the entrepreneurial microcosm of crowdfunding seems to have appealed mainly to the country's elites. Of the fifteen platform founders and managers we met in Mexico, Argentina and Brazil, the vast majority were young white men from the upper social classes, or even from the political and economic elite close to political power. Many of them have done part of their studies in the United States or in Europe (the United States, France, Switzerland, England, and surprisingly few in Spain or Portugal). Moreover, the relatively closed circle of crowdfunding workers seems to be composed mainly of individuals from highly privileged backgrounds, close to the country's political and industrial elites. For instance, Andreas was a key member of the team assembled around a candidate running for the mayor of Rio in Brazil and the son of the close advisor of his opponent, while Enrique, founder of one of the major crowdfunding platforms in Mexico, son of a CEO of a financial company, was working at the Federal Competition Commission. As Enrique describes below, his knowledge of the political and economic elite spheres helped him to launch his platform:

> I already had a lot of very interesting information for the development agencies based in Washington, so I told them this story, which was the story of how a citizen can't propose a social fabric initiative and the vicissitudes that will be encountered along the way. That's what I did, and they liked my idea, they met me at the World Bank, they met me at the Inter-American Bank, they met me at the Inter-American organisations, and from there my luck changed because now, with their endorsement, governments met me and everything started to be structured in this way.
>
> (Enrique, entrepreneur, Mexico City, 2016)

While closeness to the political and economic elites of the countries helps to develop a network, a good knowledge of the specific politics of the spheres seems crucial to developing crowdfunding platforms, contradicting discourse that claims that crowdfunding is intrinsically a grassroots movement. As an extract of an interview with the CEO of a platform in Mexico illustrates, relationships with political representatives are common, if not mandatory in order to develop those platforms:

> We have a good relationship with the National Institute of Entrepreneurs, which is part of the Ministry of Economy. So we work with them, we are very well represented on their entrepreneur recommendation website, as a reference for financing, and we are present at all their events to promote our platform to the entrepreneurial public. We are also initiating a relationship with FONCA, which is the National Fund for Culture [and Arts], which answers to the Secretary of Culture, so that in their process of receiving grant applications, for all activities that have to do with culture and the arts, they can propose crowdfunding as a viable alternative, in the case that the grant is not sufficient to carry out the project or they cannot receive the grant.
>
> (Gabriel, entrepreneur, Mexico City, 2016)

After a boom where many platforms emerged in the early 2010s, in a situation where most of them were not generating direct income, we observed a concentration of the industry toward few players per country. Participating in a now structured and coherent industry, the remaining platforms were often nevertheless looking to expand to other sectors:

> We are expanding as a marketplace (two-sided marketplace). Expanding beyond the cultural sector. We aim to offer solutions to sell digital products and to manage communities and not only through crowdfunding. Following the examples of Patreon and even Gunroad, we want to sell digital products to creators. We want to be a 'one-stop shop' to optimise and streamline production.
>
> (Diego, Rio de Janeiro, 2022)

The follow-up interviews and the analysis of participants' careers also allowed us to observe that eight years after the first interviews, many of them had left the crowdfunding industry to join other fields in the platform sector. This suggests that crowdfunding seemed to have played the role of a showcase or portfolio for entrepreneurial skill demonstrating the capacity of these individuals to adapt to the market and to the surrounding discourse and to set up projects. These activities, often participants' first professional activities, would therefore have played the role of career launchers, enabling the development of expertise in the platform sector. Two profiles have emerged, the first being that of an advisor, the second that of an extension of the services offered by the platforms (white label or extension of crowdfunding to other forms of intermediation). Therefore, crowdfunding may have served as a product of appeal legitimising entrepreneurial skill, financialisation and the commodification of inter-individual relations, as Bouquillion and Matthews (2010) had already anticipated.

This section has aimed to confront the discourse on social justice, emancipation through entrepreneurship and crowdfunding as a grassroots movement presented in previous sections with the realities of on-site working conditions observed during fieldwork. We claim that these platform entrepreneurs should not be thought of as merely cynical or passive dupes but rather as caught up in a belief system they reproduce, notably by embodying the discourse adopted from the creative industries and platforms, and their realities, namely bad and precarious working conditions and the reproduction of social inequalities.

## Conclusion

The aim of this chapter has been to outline a paradox in the implementation and development of crowdfunding in Latin America: while it was originally presented as a grassroots movement, results indicate that it has been orchestrated by various bodies acting at national and international levels through public policy. Aiming at shifting state-funded culture spending toward the private cultural sector – small entrepreneurs – to stimulate local production and culture, it also promotes entrepreneurialism through a legal framework and incentives. Motivated by the supposedly new opportunities offered by the Internet – notably in terms of alternative finance – cultural crowdfunding is presented as the result of global scale mutations between the digital or creative industries, and public policy on creativity. Yet, public policy discourse promoting entrepreneurialism has had to face social inequalities and unsustainable business models favouring those from the most privileged backgrounds. The analysis of career trajectories suggests that cultural crowdfunding may also have been a stepping stone for various entrepreneurs, helping them to build expertise and gain skills and experience which was then transferable to other sectors. Altogether, this chapter has highlighted the underpinning political project behind public policy support for the cultural crowdfunding sector.

Viewed through the specific example of Latin America, we hope this chapter can contribute to discussions on crowdfunding and beyond, e.g. on the platform economy by looking at public policy discourse and platform entrepreneurship. More widely, this chapter aims to contribute to discussions at a public policy and society level, especially in relation to social justice and the development of the platform economy.

## Notes

1 The report was carried out by the Cambridge Centre for Alternative Finance (Ziegler et al., 2021), with financial support from the CME Group Foundation (the world's largest financial derivatives exchange based in Chicago), Invesco (an asset management company based in Atlanta) and the IDB.
2 The Fondo Multilateral de Inversiones, (or Multilateral Investment Fund) was created in 1993 to promote the development of the private sector in Latin America and administered by the IDB.
3 Fundação para o Desenvolvimento Administrativo.
4 National digital strategy office.
5 https://www.afico.org/nosotros.html
6 https://en.unesco.org/creativity/policy-monitoring-platform/micsur-southern-cultural
7 https://www.bcb.gov.br/en/financialstability/regulatorysandbox
8 All names have been changed to protect anonymity.

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# 5 Global Platforms Weaving into the Craft Industry

## Lessons from Localisation Strategies in India

*Christine Ithurbide*

### Introduction

This chapter discusses the deployment of global digital platforms in India through the case of the craft industry and the socio-economic transformation to which they contribute, especially for local players. It aims to take part in recent critical research on the strategies of transnationalisation and localisation processes by global communication and technology players (telecommunication, web technology, e-commerce) in the Global South and the transformation they trigger for local industries in terms of work dynamics and power relations (Al Dahdah, 2019; Ithurbide & Rivron, 2018; Jedlowski, 2017; Lobato, 2022; Oyedemi, 2021; Taylor & Broeders, 2015). In contrast with recent works on 'platformisation' which tend to promote a certain uniformity and homogenisation in industry processes worldwide, this approach focuses on the significance of historical, socio-cultural, economic and political circumstances to understand global platform expansion.

The development of digital platforms in India has increased interest in the field of culture and media in recent years (Athique & Parthasarathi, 2020; Mohan & Punathambekar, 2018; Mukherjee & Nizaruddin, 2022). Post-2016, a clear acceleration was observed after the launch of a new Indian telecom operator, Reliance Jio, offering unprecedentedly low mobile data fees, associated with cheap smartphones, which resulted in a massive rise in the number of Internet users, especially from rural areas, and a growing popularity of all types of digital platforms.[1] In *Platform Capitalism* (2019) Athique and Partharasarathi investigate how the platform economy is 'enabling, shaping, and commodifying new forms of sociability' pointing out increasing interdependence between marketplaces, especially between cultural and digital economy markets. Chadha, Kumar and Parameswaran (2021) have examined digital cultures in South Asia, raising the issue of unequal digital infrastructure and access, to alternative and hyperlocal platforms. In their special issue, Steinberg, Mukherjee and Punathambekar (2022) focused on corporate giants and their associated 'super apps'. The authors landed on the institutional conditions for their emergence and explained that they serve to shore up new forms of digital media power as well as social, cultural, and

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political dynamics. Literature on the gig economy and digital labour in India has contributed to understanding new forms of subcontracting and reconfiguration in work processes, from creation, circulation and monetisation of content and interrogated whether digital platforms extend precarity in new directions (CIS & APU, 2022; Nair, 2022).

Looking into specific cultural sectors, a rich literature has been focusing on music (Lal et al., 2023) and audiovisual platforms (Bouquillion & Ithurbide, 2022; Fitzgerald, 2019; Tiwary, 2020) highlighting also regional specificities (Kumar, 2019; Kunapulli, 2022). It has been observed that there is a great diversity and coexistence of platforms, not only national (Jio Saavn, Eros Now, Altbalaji), but also foreign (Spotify, Netflix) and regional ones (Hoichoi, Sun NXT), initiated both by historical cultural players but also by a growing number of actors whose main activity is not in the field of culture but rather information technologies and the digital economy. As opposed to other cultural sectors, local crafts have been studied less despite representing a large sector of employment. They put the emphasis on cultural products with a strong material dimension which cannot be turned into dematerialised formats such as music or film. It is also anchored in specific territories and communities with local skills and knowledge. Considering that until recently, most craft communities had limited access to smartphones, digital infrastructure and services, high expectations were placed on the current deployment of digital technologies to improve the economy and livelihood, largely driven by industry discourse.

The first set of questions in this chapter addresses the entry of global information and technological players into the craft sector. I will discuss how they are becoming privileged partners in government structures at different scales and their involvement in the development and implementation of digital programs. This situation invites the question of the logic of privatisation of the management of local cultural resources. A second set of questions concerns the transformation in work processes for artisans and whether e-commerce platforms contribute to the 'formalising' of largely informal systems as well as the necessary adjustments they made. A further aim is to question to what extent the different digital players are capitalising on local cultural resources and on workers who are still poorly integrated into globalised circuits. The study will more specifically draw observations and examples from two different States of India: Assam, a predominantly rural region in the northeast of the country, and Tamil Nadu, an urbanised and industrialised state in the South.

My approach to digital platforms of cultural content draws from the work of the Political Economy of Communication. This conceptual framework allows us to analyse the socio-economic transformations at work within the cultural industries as well as the changes in the power relationships between the different national and international actors belonging to the cultural or communication industries over the last decade. More specifically, this framework questions the growing influence of communication companies in the Indian cultural industries, whether it be in the audiovisual, music or craft sectors.

It also raises the question of the very nature of the hegemonic relationships to which platform operators contribute, whether it is infrastructural, cultural or financial. My methodology involves document analysis (reports from industrial players, documents produced by the government of India and press articles) and material collected during two cases of exploratory fieldwork in Assam in 2020 and Tamil Nadu in 2022. About 20 semi-structured interviews were conducted with different players from public and private industry representatives, project managers in craft programmes, entrepreneurs and artisans.

**From a Craft Sector in Difficulty to the Development of Digital Players and Platforms**

Handicrafts represent a major source of employment in the country and contribute greatly to India's export power. It is a sector that relies on a majority of highly labour-intensive and decentralised small structures which have been facing important structural issues over the past decades. The lack of direct access to markets for artisans and the complexities of intermediary systems, the difficulties in logistic and delivery systems especially due to uneven access to rural areas as well as difficulties in adapting to new urban markets and low wages have represented major difficulties (Planning Commission, 2005). Evolution in processes of creation, production and distribution was undertaken with the entry of designers, NGOs and other intermediaries, and training programmes by central and state governments[2] targeting the handloom and handicrafts sectors have also been initiated. However, structural difficulties have largely remained. This situation has probably been conducive to public and independent organisations increasingly working with private partners, including with digital companies, seduced by their discourse to 'modernise' and 'maximise' the sector's resources.

It is also important to emphasise that since the mid-2010s, the Indian government has undertaken important public policies towards digital and Information and Communication Technologies (ICT). Two major national initiatives were launched; Make in India in 2014 with the objective of promoting labour flexibility, attracting foreign investment in all sectors and developing activities related to digital technology, and Digital India in 2015 to 'transform India into a digitally empowered society and knowledge economy'. Such initiatives aimed to promote a culture of entrepreneurship and innovation in India (NITI Aayog, 2015) and emphasised the role of digital platforms in increasing workforce productivity.

In view of this, partnerships between several Ministries and Departments of the Government of India were connected with transnational communication industry players (Bouquillion & Ithurbide, 2023). This included a partnership between Google Arts and Culture, the Ministry of Tourism and the Ministry of Culture regarding large programmes of digitisation of Indian culture, heritage and online exhibitions. Other technology players, including the e-commerce companies Flipkart or Amazon, or the travel app MakeMyTrip followed this path a few years later. In the craft sector, a first Memorandum of Understanding (MoU) was signed between the Ministry of Textiles and a dozen e-commerce platforms in 2014 to ‘provide online marketing coverage’ and to ‘give a boost to the handloom industry of the country’ (Indian Television, 2014; Mukherjee, 2014). Those partnerships were followed at regional and municipal levels as we will see in the next part. From the central to the regional level, a new discourse has been emerging, encouraging a stronger connection between cultural and digital industries.

Given the particularly rich craft industries present across Indian states and the difficulties faced by this sector previously mentioned, a series of e-commerce platforms, specialising in craft products, were launched by a variety of players. Four main types of players can be identified. The first to be developed were Indian platforms operating on a national scale (Gocoop, Etsy, Weavesmart or CraftsBazaar). They were founded mainly in Bangalore and Hyderabad, often created by Indian engineers returning from Silicon Valley.

From 2017 on, several global information and technology players, including the ‘GAFAM,[3]’ launched specific programmes for artisans and started to sign agreements with government institutions. Amazon and Walmart-owned Flipkart represent a duopoly in e-commerce in India and have been controlling the highest share of the e-commerce market. For both e-commerce leaders, their initiatives towards crafts communities have been part of a larger series of programmes increasingly targeting small and medium enterprises (SMEs) representing a massive and less digitised market.[4] The Amazon Karigar programme was launched in 2016 with the stated purpose to ‘enable small businesses to benefit from e-commerce and grow their businesses’. The choice to specifically support artisans was cleverly in line with government policy to showcase ‘Made in India’ products to customers across the country (Amazon Press, 2021). That same year, the company announced a partnership with the handloom division of the Union Ministry of Textiles and was involved in pilot training projects for weavers in Rajasthan, West Bengal, Odisha and Assam (Salman, 2023). The e-commerce giant claims to have impacted around 750,000 weavers and artisans. Flipkart started a similar initiative in 2019 called ‘Samarth’ and has signed 26 memorandums of understanding (MoU) with various government bodies since then. Among its prestigious partners is, for instance, the Ministry of Housing and Urban Affairs. More precisely, under the Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM) Scheme, the Ministry aims to train, support and provide market access to artisans and Self-Help Groups (SHGs).[5] The MoU signed between Flipkart and the Ministry in December 2019 mentions that the e-commerce company will work with State Missions in the implementation of the DAY-NULM for a period of two years and enable onboarding of sellers on the platforms. It is also mentioned that ‘DAY-NULM will facilitate Flipkart’s engagement with State Missions to work with SHGs including local artisans, weavers, and craft producers’.[6] Three months later, a similar MoU was signed between the Ministry and Amazon.

A third category consists of a young generation of social entrepreneurs, some of them from artisan families, who have launched their own platforms, in order to use digital tools to improve the livelihoods of craftsmen in their region. Dhruba Jyoti Deka, founder of Brahmaputra Fables in Assam, is one of them. A native of the metal craft village of Sarthebari, he started his platform in 2016 and was awarded 'Top 3000 start-up of India' by the Department of Science and Technology Assam. He benefited from the Assam Start-Up Programme (Government of Assam), a joint incubation space that facilitated his connection with investors and banks. In 2020, his platform integrated about 3,000 artisans. As is the case with most start-ups in crafts, he was contacted by Amazon to integrate with the e-commerce platform and was considering uploading a few products in order to increase its visibility. Finally, both central government platforms called GEM (Government E-commerce Marketplace) and state government initiatives have been initiated while maintaining close ties with transnational players too, as we will see in more detail.

Several observations can be made on this landscape of contrasting players. First, there are important differences in the financial and technological power, between e-commerce giants with huge databases of customers and start-ups more anchored in the local network, working on raising funding from venture capitalist investors. They rely also on a different economic model: the latter's revenues are directly related to their sales activities on the platforms while for the former, the communication players, cultural products are not seen as a direct source of revenue but as an additional product to their main offer. This is especially true for Amazon, whose economic model is based on the production, collection, analysis and resale of users' data to third parties. Despite this unbalance of power, the localisation process of global players is not without difficulties.

## Partnerships with the Regional State: Tying, Relying (and Capitalising) on Local Networks

This section will examine how global digital players establish strategic links with local government bodies and are becoming important partners at the regional level in the development and implementation of digital programmes for the craft sector. The establishment of an MoU at the central level discussed above has facilitated their introduction to a diversity of local players who are essential for increasing companies' seller bases. As a leading player, the case of Amazon will be discussed often. As part of its general e-commerce strategy, the company has 'aggressively engaged with physical stores in India […] using their vast presence in the nation to expand its delivery network and warehouses' (Singh, 2021). Its deployment strategy includes a series of partnerships with on the one hand local authorities who can then introduce the company across artisan cooperatives (Agarwal, 2019), and on the other hand with local entrepreneurs who have their own craft stores or platforms, positioning itself as a powerful aggregator. This localisation process will be more specifically studied through the example of the States of Assam and Tamil Nadu, which represent contrasting geographical and economic situations. Although the objective is not to provide a strict comparison, this dual perspective allows us to identify a series of dynamics at play.

The State of Assam is located in the northeast region of India, with Bangladesh and Bhutan as neighbourhood countries. It has a very rich craft production covering a great diversity of materials (especially cane and bamboo, metal, weaving and handloom) and this sector represents an important source of employment and revenue in the state. Despite being associated with the idea of geographical and cultural 'margins' in India, Assam has been chosen by Amazon and Facebook as a pilot state to experiment with their new digital programme for craftsmen, a factor that contributed to this study.

Historically, Assam has been actively implementing Digital India initiatives, 'Skill India' and 'Make in India', and has shown a particular interest in developing partnerships with global digital enterprises (Singh, 2017). In 2017, the North Eastern Development Finance Corporation Limited (NEDFi), a public financial institution, commissioned a report titled *Techno-commercial feasibility study on e-commerce platform for marketing of handloom and handicraft products of the North Eastern Region* with the aim of fostering the development of e-commerce for the region's crafts sector.[7] The same year, the NEDFi organised a Craft Conclave in the capital of the state, Guwahati, to facilitate connections amongst leading online portals involved in marketing craft products, local artisans, entrepreneurs and government agencies. It highlighted the weight given to private digital players in restructuring the local craft industry and its market. Indeed, training programmes for craftsmen from the central government are implemented by local agencies such as the Craftsman Training Scheme by the Directorate of Employment & Craftsmen Training in Guwahati. Others are directly initiated by local departments such as the Assam Skill Development Mission (ASDM) under the Skill, Employment & Entrepreneurship Department. However, it seems that the lack of results accelerated the involvement of digital private partners.

A responsible from one of those local bodies implementing central government programmes explains:

> Presently around 60 e-commerce players signed MoU with Ministry of Textile [Central Government] and now they are working at the rural level, because uploading work is a very difficult task for the poor weavers, that's why they provide a studio facility, they bring their team to take photographs of the product and upload them, they provide training on how to register on the portal. […] So among some educated weavers, we shortlisted the youth so they can take interest and they are getting business also [...] a good number of poor rural area weavers are uploading their products and selling, not on a big scale, but still they require more assistance in this segment.
>
> (interview in Guwahati, Assam, February 2020)

In the same year, Facebook announced the launch of its programme 'Boost your Business' with the support of the Assam government. The Chief Minister of Assam explains that this initiative aimed to 'complete [Government] programmes and provide Assam's entrepreneurs, artisans and craftsmen with global visibility which will ultimately help them to grow their business' (Singh, 2017). In 2018, Amazon, for whom the Northeast represented a market to develop and where it hoped to emerge as an important player, organised its first workshop to explain to the Northeast's weavers and artisans how to sell via e-commerce platforms (Kalita, 2018). This partnership with the region was reinforced two years later with the launch in 2020 of Amazon Spotlight North East storefront 'to boost the local economy, create employment, encourage financial inclusion and empower artisans, weavers and women entrepreneurs'[8] (Amazon Press, 2021b). This initiative was particularly fitting with the Indian government's objective of transforming this region into a commercial hub and introducing 'Made in India' products to the world, as acknowledged by a Minister of State in the Prime Minister's Office (*Ibid.*). The company's main competitor, Flipkart, counterattacked immediately with an MoU signed with the Assam Industries and Commerce Department in August 2020 to promote local artefacts under its Flipkart Samarth programme. Similar promises were made by the company, including 'creating avenues to increase business and trade inclusion opportunities for underserved segments of the society' and furthering the government's initiative with the 'construction of a self-reliant Bharat [India]' (*Economic Times*, 2020).

While a monitoring fieldwork would be necessary to acknowledge to what extent those partnerships may have concretely palliated existing difficulties, two observations can be made at this stage. One is on the particularly strong emphasis of e-commerce players to put forward their alignment with the central and local government. The other is that both companies share the same promise of enabling access to a global market for remote small businesses. However, the confrontation of this promise with concrete elements from the material and the daily reality of the small craft structures observed during the fieldwork makes one quickly doubt its miraculous effects. Indeed, such access to the global market via the platform depends on craftspersons first owning a smartphone, with data for internet connection, as well as being located in a connected area.[9] It also requires digital literacy, usually in English. Furthermore, handling business with national or international clients requires logistics that few small craft structures rarely have, in circumstances where their main customers are usually from a local network. Those elements will be discussed further in the next part.

The State of Tamil Nadu contrasts with Assam in its strong industrial and economic position in India.[10] It is famous for its handloom, leather, lost wax metal casting and stone carving industries. The state has two major organisations dedicated to the craft sector: the Tamil Nadu Handicrafts Development Corporation (THDC) with 12 showrooms across the State and 30 facility centres to organise training for artisans (upgrade skills, marketing services), and The Department of Handlooms and Textiles, gathering around 800 Weavers' Cooperative Societies supporting about 189,000 households.

The THDC signed its first MoU with Snapdeal.com in 2015. Since then, both public organisations have launched their own digital platforms, respectively Poompuhar (developed by the Indian technology company Indus Net Technologies) and Loomworld. The former director of THDC explains that they have also created their own pages on Snapdeal, Flipkart, Amazon, Craftsvilla and Indiamart. In 2018, The Department of Handlooms and Textiles announced a partnership with Amazon (Ayyar, 2018). V. Venkatesh, Sales Associate at Amazon Karigar programme in 2022, also confirmed that they have partnered with Poompuhar. He explains:

> There are 32 districts in Tamil Nadu, of which only 11 to 12 are showing interest. More people are selling on the platform in the north of the country. In southern states, they are much fewer, so it takes more effort […] We need to train, to educate them [craftspersons], we are focussing on people, it's a continuous process.
>
> (interview, V. Venkatesh, March 2022)

While Amazon opened a new office in Chennai, the capital of Tamil Nadu, in March 2022,[11] the team for the Karigar programme seems to come down to one person only handling the three Southern States. Flipkart doesn't have any local office in the state.

Another important regional partner for e-commerce firms is the Tamil Nadu Corporation for Development of Women (TNCDW). Dedicated to the social and economic empowerment of women, the organisation supports a large network of women's Self-Help Groups (SHGs) with capacity building, financial linkages and numerous programmes. Between 2012 and 2014, the TNCDW worked towards the creation of its own brand 'Mathi' (abbreviated form of Mahalir Thittam) to promote the products of craftswomen. In 2020, a first workshop dedicated to the 'Boarding of SHG Products on E-Commerce' was organised, with Flipkart gathering forty representatives of SHGs and Assistant Project Officers from the major cities of the state, Coimbatore, Tiruppur, the Nilgiris and Erode (*The Hindu*, 2020). In 2023, a second workshop 'Training and on-boarding Programme for E-commerce (Amazon & Flipkart)' was hosted by the TNCDW in Chennai, with representatives from both companies invited to present their company's offers and create new seller profiles on the e-commerce platforms. The day-long workshop was in a packed auditorium with busloads of representatives from SHGs and Project Officers from local TNCDW offices who came from all over the state. While an Amazon representative made his presentation in Tamil, the Flipkart officer spoke in English, raising complaints from the participants. Amazon also came with photography equipment to assist artisans in taking pictures of their products and uploading them, all free of cost.

> Amazon has a well-established network, they have an office in Chennai. We identify SHG managers at district level who could be interested. Then they tell their membership how it works. We try to make the SHG understand that they need to follow norms if they want to be on Mathi. It is the same as being on Amazon.
>
> (interview with Kavitha Singaravelu, Additional CEO, TNCDW, Chennai, March 2022)

More workshops also started to be organised at the district level, following partnerships with central government bodies. For instance, the district of Vellore was the first to benefit from a new partnership between the Tamil Nadu Urban Livelihood Mission (TNULM) and Flipkart, fostered by the recent MoU signed at the central level under the DAY-NULM Scheme. In October 2020, a workshop took place with several SHG groups from Vellore specialising in handmade wooden toys. A local brand was also created 'Velma' (for Vellore Mahalir), as an assistant project officer from the local Livelihood Mission explained under which Vellore products would be displayed on Flipkart e-commerce platforms (*Indian Express*, 2020). Coimbatore organised a similar workshop in April 2022 with its own SHG network (*Economic Times*, 2022). In the district of Villupuram, following the visit of a TNCDW representative, the district collector announced in 2021 the start of an initiative to bring more artisans from the district into the e-commerce economy. The programme is coordinated by a team of seven people based in the local office of the TNCDW. At the time of the visit to their office in April 2022, one of the team members, J. Arun Kumar explained

> We focus on rural groups. 90% of women [in our district] come from poor socio-economic backgrounds. We provide financial assistance. Some of them federate in producers' groups (Collective sell). Many are starting their own businesses. There are NGO enterprises owned by the SHG members. In pottery there are about 1,300 artisans. We have also jute, tailoring and embroidery craftworkers.
>
> (interview, J. Arun Kumar, Young professional Vaazhnudu Kaatumov Projet, Villupuram, April 2022)

Following the MoU signed between TNCDW and Amazon, he also said that:

> Our office scouted all artisans interested in selling. We prepared a catalogue of objects and took the pictures in high resolution. In total, we have 52 products registered and 5 have been sold. Most of the craftspeople are following a conventional style of doing business, with traders that buy in bulk, or they can also sell from home. It is very different for them to explore new marketing applications. There is also more

risk taken by them. 2 or 3 out of 10 would use e-money. We don't force them to change. We let them adapt and decide.

(interview, J. Arun Kumar, Young professional Vaazhnudu Kaatumov Projet, Villumpuram, April 2022)

This e-commerce initiative came on the top of numerous existing training workshops and programmes implemented with local institutions such as the Indian Bank Rural Self Employment Training Institute (INDSETI). Its director explained that her organisation provides 30-day training for rural women in different skills (tailoring, embroidery). They also have a few classes on entrepreneurship, marketing, etc. Most trainees are less than 25 years old and about 30% are widows. A large number of them want to be more autonomous financially or complement their family revenue. Some are heads of SHG groups in their village and already have a small enterprise group. Out of ten testimonials, only one has started to sell online via social media and to local clients (interview at the INDSETI, April 2022).

It is also interesting to mention that some other districts of Tamil Nadu have made the choice to start their own platforms. Initiated by the District Administration of Tirunelveli, Nellai Crafts is a not-for-profit platform dedicated to products of rural artisans and women SHGs from Tirunelveli. In the district of Tiruchirappalli, Thirumathikart was undertaken by a team of engineering students from the National Institute of Technology (NIT) Trichy and sponsored by the Central State Department of Science and Technology.

Again, a more systematic monitoring of the implementation of the onboarding programmes at the state level and its districts would be useful to conduct here. At this stage, it appears that state missions are nodal organisations in the expansion of e-commerce platforms at the ground level, especially to reach rural communities. This section also highlights the importance given to Public-Private-Partnerships in the current development of the craft sector and the role played by transnational digital players in the process of 'digitisation' of the craft industry, in particular digital literacy for craftsmen. Thus, on the one hand, there is an increasing tendency to delegate to private players tasks that were once performed by state missions, from training to building a marketplace. On the other hand, e-commerce offers seem to come only as complementary to legacy infrastructures for training or sale (Facility Centers, Mela, Emporium) which remain an essential support for craft workers. Amazon and Flipkart rely on this existing network of local and physical structures to expand geographically and economically and their provision of free workshops is expected in return to allow them to capitalise on local resources still little integrated into digital capitalism. In addition, it appears that e-commerce giants' workshop initiatives are generally welcomed by state officials and largely facilitated by them as per MoUs signed at the central level's request. Both at the state and central levels, most public representatives come to buy into the promise of global digital players for economic progress and regional development through digital platforms, especially for rural areas. In the context of increasing competition between regional states for economic development, this situation highlights how the states' interests and modernity discourse end up meeting Big Tech ambitions. Nevertheless, a few state body representatives also raised concerns during interviews on such partnerships and the bonds which may come with 'free' services provided at the beginning.

**Transformations of Artisans' Activities and Platforms' Limitations**

> 'Whenever you click to buy a product on Amazon, the lives of thousands of sellers are transformed, including my world'. Maji Khan Mutva, Seller from Amazon Kala Haat Programme, Bhuj, Gujarat.
>
> (Source: Amazon Kala Haat Campaign, 2019)

Industrial players have largely contributed to presenting digital devices as being 'more efficient' tools for managing cultural resources. Besides 'modernising' industrial sectors, one of their recurring promises is also to 'formalise' a largely informal sector with for instance compulsory GST or bank account registration. Based on both exploratory fieldwork and interviews with craftsmen and craftswomen from different skills (handloom, metal workers, bamboo, marble), this section discusses the transformations taking place in artisans' practises with the deployment of digital platforms, as well as the issues faced by e-commerce platforms in their localisation process.

The first observation concerns the slow process of reordering artisans' work around digital platform logic. Looking at conventional ways of production and sale in most craft sectors, a master artisan usually receives a commission for the bulk of products that they fabricate. While overseeing the production process, the master artisan pays the daily wages of the artisans working with him, and may possibly buy the raw material if not already paid for by intermediaries. The artisan will receive payment, in cash or via bank transfer, upon delivery of the order and it is the intermediaries who will handle delivery to a consumer or a shop. Because of the fees charged by the various intermediaries, the price paid to the artisan will be much lower than the sale price of the craft product. This situation of strong dependency on intermediaries or middlemen has been widely criticised. These intermediaries can also be government organisations (such as THDC) collecting and storing local craft products in an emporium. The introduction of e-commerce was presented as the possibility for craftsmen to deal directly with clients and, according to platforms, to 'bypass' traditional intermediaries.

The experience of a few craftswomen from Kamrup District, Assam, highlighted a more complex reality. The crafts women interviewed have benefited from the help of the Antaran Tata Trusts since 2019 to create their own brand. The COVID lockdown period accelerated the demand to learn how to sell online, as representatives from the Antaran programme explained

(Ithurbide & Singh, 2022). Kabita Kalita, a craftswoman from Kamrup District whose brand is called Monikanchan Handloom, says:

> Before we did not use smartphones... They [Antaran Tata Trusts] taught us how to use the computer and the mobile[12]... how to use Instagram, Facebook, Google Pay and how to make catalogues and use Google Drive... Since the lockdown, we have learnt how to sell online, and we have met a lot of buyers from faraway places. I had never imagined that I would ever be able to use a mobile phone. It is a very big event in my life.
>
> (Kabita Kalita, interview, December 2020 quoted in Ithurbide & Singh, 2022)

Craftswomen's experiences outline how the use of social media opened up new possibilities for them to generate revenues, which resulted in a genuine pride from being able to manage their own business online, given that they come from a modest and rural background (Ithurbide & Singh, 2022). Their dependency on certain local intermediaries was also reduced, allowing them to have direct interactions with the buyers and more feedback on their creations. However, after a few months of using social media, they also started to experience certain tensions in this transition from 'offline' to 'online' ways of doing business, more specifically related to price negotiations with clients and to multitasking. Firoja Begum, who launched her own brand Achma Weaves, explains that:

> Offline, many [buyers] do not even ask or negotiate prices because they can see and touch the product. But because online buyers cannot see or touch the products, they keep asking for discounts. […] If we have to do online business, whether it is photography or other work, we have to constantly keep using our phones and pay more attention and importance to that work. We do not have to do this offline.
>
> (Firoja Begum, interview, December 2020, quoted in Ithurbide & Singh, 2022)

Indeed, platform logic strongly promotes a shift towards self-entrepreneurship. For artisans, this implies an augmentation in the number of tasks to execute, including an increasing number of non-cultural tasks (brand design, photography, client relation management, digital marketing, etc.). In a market becoming more and more competitive, multitasking becomes essential and can also end up as self-exploitation, as highlighted by researchers on cultural industries.

Meeting with bell metal artisans from the village of Sarthebari, about 80 km from Guwahati, the master artisan explained that not all of them have access to smartphones and most of them do not have the time or the will to use e-commerce platforms, as this time would be taken from their production.

Tensions also emerge in the production process due to quicker access to local or international customers via social and e-commerce platforms. Commissions of products with less familiar designs by one-time clients and in smaller quantities represent a consequent time investment that does not automatically translate into better revenue. Another difficulty encountered is the inability of some artisans to protect their original designs or traditional patterns associated with specific communities. A bamboo craftsman and young entrepreneur from Guwahati explains:

> I use Instagram, Facebook and have a website, but I stopped because my design got stolen and I lost about 1.5 lakhs (2,000€). I have also been approached by Amazon, Flipkart and Snapdeal. They want a percentage of the revenue and to monopolise the product, meaning that I can't sell it [this product] anywhere else.
>
> (interview, Guwahati, February 2020)

While e-commerce platforms enable craft workers to directly reach new clients and bypass traditional intermediaries, all of them take a commission on sales (between 8% and 15%) and can charge for other various services (to list products, shipping etc.). Thus, e-commerce platforms are instead becoming the new intermediaries. However, they will not bear the risks that 'historical' intermediaries were taking by buying products from the artisans and then taking care of the sale. Amazon and Flipkart do not buy any product directly, they work as aggregators between buyers and sellers without actually owning the goods. The risk of holding unsold products is shifted to the artisans who need to advance the cost of production and wait for their craft to be sold. Furthermore, this system creates issues with Amazon delivery standards. Many craft products ordered online are not readily available, and the time necessary for production does not enable artisans to meet Amazon delivery deadlines. Returning a damaged or non-satisfactory product is an even more difficult process.

Thus, the power of transnational digital companies to transform and 'formalise' this small-scale industry is put into question. Companies such as Amazon encountered difficulties in localising their e-commerce activities, especially as their operating modalities are not adapted to the ways the craft sector works locally. The standardisation of products and logistics are two main issues as explained by social entrepreneurs from Assam having started their own e-commerce platform. To partially remedy the problem of shipping deadlines ('Guarantee delivery'), especially when products are coming from under-connected rural areas, Amazon has started a new (paid) service called 'Fulfilled by Amazon' where products are picked up (in bulk if several artisans come together), stored, packed and dispatched by Amazon. Items benefiting from this service are marked with a new logo, a process that raises the cost for the sellers but also ensures better visibility for their product on the e-commerce platform. In this increasingly competitive market, the smallest players with little investment capacities have difficulties keeping pace with the 'modernisation'.

## Conclusion

This chapter aimed at contributing to recent studies on large communication and technology corporations' localisation strategies in countries in the Global South, the way in which they participate in a certain number of reconfigurations in local artisanal and creative work, as well as the difficulties they face due to territorial, cultural or socio-economic specificities. Particular attention was paid to the evolution of the cooperation between public institutions, cultural entrepreneurs and communication industry players (including Amazon and Facebook) in the development of digital programmes and platforms (training, e-commerce, etc.) for artisans.

First, this fieldwork allowed us to better understand the pivotal role of regional state structures in the deployment of digital firms' activities (especially once the MoU are signed at the central level) and the way Flipkart and Amazon try to capitalise on their networks of local offices and partners. According to each state's ability to deploy its own offer, digital players find it easier to substitute public offers with their services. The case of Tamil Nadu highlighted a dense network of existing well-established organisations rooted in community networks where Amazon and Flipkart attract only a limited number of artisans due to too many administrative, technological and often linguistic obstacles. It will be necessary to continue closely observing the increasing role of such digital players to think about and organise the development of culture, for policy formulation and resource planning in concert with public authorities. Second, those artisans experimenting with transitions from offline to digital business have expressed receiving benefits (social recognition, remuneration, direct access to clients). Nonetheless, tensions are also emerging especially related to multitasking and price negotiation. The evolution of working conditions and remuneration, along with forms of automation and rationalisation of production will require further research. Also, while the use of platforms allows artisans to bypass historical intermediaries, it was also observed that platforms have themselves become new intermediaries, less willing to assume certain economic risks than their predecessors were.

*In fine*, the project of 'empowering' and connecting Indian artisans to the world economy is far from being straightforward and it also comes with new constraints and dependencies. For companies such as Flipkart and Amazon, the implementation of their Sarmath and Karigar programmes enables them to enhance a positive image as promoters of 'small artisans', more symbolic than economically profitable. This situation favours the hypothesis that their strategy is rather to position themselves in emerging markets (with recently connected territories and populations) and collect new data on consumers that can be monetised. Beyond crafts, the competition is about being the first digital service provider for SMEs, the new big market segment of India that needs to be digitised.

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## Notes

1 Among the main international platforms, are Facebook (2005), YouTube (2008) and more recently Amazon (2016) or Netflix (2017).
2 Such as Upgrading the Skills and Training in Traditional Arts and Crafts for Development.
3 Google, Amazon, Facebook, Apple, Microsoft.
4 Amazon Business was launched in 2017 to help businesses in developing their online activities (through its platforms). It was followed by multiple associated programmes including more recently Digital Kendras providing physical stores with software and QR to handle a digital inventory. On its side, Walmart's Vriddhi (2019) programme aimed at training 50,000 SMEs in India with the business skills necessary for e-commerce.
5 The DAY-NULM is a centrally sponsored scheme funded by both the Central and the State Governments in a ratio of 60:40. See https://nulm.gov.in/.
6 MoU between DAY-NULM and Flipkart signed on December 30, 2019. Retrieved in January 2023 from https://nulm.gov.in/PDF/Office_Memorandum_pdf/Signed_MoU_with_Amazon.pdf
7 The Foreign Trade Policy (FTP) 2015–2020 of the Government of India, declared on 1st April 2015, facilitates the e-commerce export of handicrafts through courier or foreign post offices (see Report NEDFi, 2017).
8 Women entrepreneurs are indicated as a different category because they correspond to a special programme of Amazon (Amazon Saheli) which is different from Amazon Karigar for artisans and weavers. The programme for women entrepreneurs is also for those who are not in the handicraft business.
9 It is estimated that 35% of the population is connected to the Internet.
10 Tamil Nadu had the 2nd highest GDP in India in 2020. Source: Reserve Bank of India - Publications. www.rbi.org.in.
11 Bangalore (two offices), Hyderabad, Delhi, Pune, Chennai.
12 The craft woman joined the Trust in 2019 and won her smartphone at a Women Entrepreneur contest in Mumbai.

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# 6 From Weixin to WeChat

## Analysing the Expansion Strategies of a Chinese Social Media Platform

*Yuwen Zhang*

### Introduction

At a time when China is more than ever at the heart of global economic and political issues, representations of Chinese society and media remain to a large extent caricatured. As scholars have recently pointed out, China's globalising Internet and growth of digital platforms have largely escaped scholarly inquiry (Davis & Xiao, 2021; Hong & Harwit, 2020).

In March 2018, the Chinese social media mobile-oriented platform Weixin, known as WeChat,[1] crossed the symbolic mark of one billion monthly active user accounts worldwide. Since December 2022, Weixin and WeChat have had 1.313 billion monthly active users according to the *2022 Fourth Quarter and Annual Results* of Tencent. On its own, this application is a synthesis of various platform models, including Facebook, WhatsApp, PayPal, Instagram and Skype. Created in January 2011 by Tencent Holdings, Weixin, 'micro message' in Chinese, was initially a text and voice messaging mobile application. As it expanded, it has transformed and accumulated new functions, to the point that it seems today to be almost indispensable to Chinese society, as evidenced by the extremely high number of users. The international version of Weixin, WeChat, was launched in April 2012 in the context of the global expansion and strengthening of the enterprise. Weixin/WeChat has, in fact, built its own complex, dense and localised model, which is very different from its so-called Western counterparts. Through an analysis of its industrial strategy and functionalities, this chapter proposes to discuss the scale and complexity of China's most important communication tool, by explaining its structuring role in society, and by doing so, aims to contribute to better understanding its expansion, experimentation and current limitations.

The Chinese Internet has developed rapidly due to the concomitance between 'Chinese economic reform'[2] and the development of global technologies in the context of globalisation. The socio-political construction and development of the Internet in China can be divided into three waves according to Fang et al. (2014). The first one, between 1994 and 2001, emerged in the context of the ninth five-year plan (1996–2000) for the 'informatisation' of the country. It was marked in particular by the development of three large

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'portals': Sina, Sohu and NetEase. The second wave appeared between 2001 and 2008: discussion forums, social networking sites and e-commerce began to develop. The government stressed that 'the use of Information and Communication Technologies' (ICT) was necessary in order 'to propel and pioneer industrialisation' at the 16th National Congress of the Communist Party of China in 2002. From 2009 to 2010, the third wave of development began, characterised, in particular, by the rise of digital giants such as Alibaba and Tencent. At the same time, Internet users were no longer allowed to access Facebook or other digital networks, and Google had to abandon its service in mainland China. From that time onwards, as mobile phones became more popular, the government started to distribute 3G licences to providers. It seems that China was then between an economic opening and a political and ideological 'closure'. There are two main reasons for this strategic 'closure'. The first is the desire to favour the emergence of Chinese digital giants: 'Taking advantage of the almost complete closure of the Chinese market, Chinese counterparts have imposed themselves very quickly, with specificities quite similar to some of the Big Five' (Miège, 2020, p. 123). The second reason concerns the issues of digital sovereignty: not only for 'imposing' Chinese-style censorship, but also to limit American hegemony over the management of the Internet while keeping control over the latter's resources.

There is an evolution in the strategies of China's major Internet players. In the first phase, Chinese companies were all learning, imitating and introducing models of industrial exploitation of technology from developed countries, especially from Japan, South Korea and the United States. This is why, at the beginning and for a relatively long period, Baidu seemed to be the Chinese version of Google, Alibaba was the equivalent of Amazon, Sohu of Yahoo and Sina Weibo of Twitter. In a second phase, from 2002 to 2010, they started to explore development paths more adapted to Chinese Internet users and to the Chinese social environment, especially after having 'stopped' their cooperation with foreign companies around 2009. This was the case of Tencent, which explored ways that were more adapted to Chinese Internet users. Finally, in recent years and especially since 2016, China's Internet industry has gradually asserted its domestic monopoly status and started to compete abroad in order to expand its influence internationally. This is particularly the case for mobile phone manufacturers represented by Huawei and Xiaomi, for social media represented by WeChat and TikTok, as well as for the e-commerce activities of Alibaba. These companies have contributed to making the Chinese Internet industry, which had been lagging behind internationally, a competitor and a leader in some areas.

Established on 11 November 1998 by Huateng (Pony) Ma in Shenzhen,[3] after the success of its online chat software QQ and related products (virtual props, virtual currency), Tencent was listed on the main board of the Hong Kong Stock Exchange in 2004 which was the first step for Tencent to grow from a small software development company to one of the largest Internet service providers in the world. Its portfolio of activities is not limited to social media, but includes a diverse range of activities across various sectors, including video games, online payments, online advertising, cloud computing service, entertainment (video streaming platform, music, and e-books) and e-commerce, with, for all of them, a significant presence in the Chinese market. Tencent is one of the largest publicly traded companies in the world, with the largest market capitalisation in China as a technology company. As of April 2023, Tencent has a market capitalisation of $427.68 billion, ranking 16th in global companies, compared to $616.50 billion for Meta (ranked 8th place) (CompaniesMarketCap, 2023). Tencent has experienced a significant growth in recent years, with its revenue and profits both increasing rapidly. Tencent's net profit reached 19% year-on-year growth in the fourth quarter of 2022 and achieved revenue of $79.6 billion[4] for the full year of 2022 (Tencent, 2023). In addition, Tencent is working closely with the government to promote the modernisation and informatisation of China and has a significant impact on the Chinese economy.

This chapter proposes to return to the historical conditions of the diversification of the services offered by Weixin, then to their main socio-technical and socio-economic characteristics and, finally, to its internationalisation strategies and their difficulties. These issues will be addressed in three successive sections. Using a socio-economic and cultural industries approach, this study is based on an important corpus of documents, including activity reports from public and private actors, the company's financial reports, official government documents and press articles both in English and Chinese. It also relies on fieldwork conducted during PhD research from 9 to 22 May 2019 in New York City and San Francisco in the US and from 25 July to 30 August 2019 in China, mainly in Chengdu, Shijiazhuang and Beijing.

## Weixin, From an Instant Messaging Tool to a Social Media Platform

Over the years, Tencent has diversified its services and products, which now include digital social networks (QQ and Weixin/WeChat), an online gaming platform (QQ Games), a portal site (the QQ.com) and a video streaming platform (v.qq.com), among others. Before Weixin, another messaging service named QQ had been developed in the late 1990s by Tencent and was initially available for PC. Although QQ is also available on mobile phones, Weixin is the strategic product which is completely designed for mobile phone use. The rise of Weixin has thus followed the increase in mobile phone equipment among the Chinese population. This application particularly owed its success to its voice call and voice messaging service (a precursor at that time). Indeed, it addressed a linguistic and technological problem specific to China: the sending of ideograms. Voice messages enabled by Weixin offered a simplified communication possibility, in a context in which it can be technically complicated to send messages with a keyboard that is difficult to adapt to the language. In this section, we will show how the progressive development of functionalities featured within the application has placed this application at the heart of social interactions in China.

Between 2012 and 2013, a series of new functions were introduced within the app – 'Moment', 'Official Account' (also known as 'Subscription Account') and then a digital payment service 'Weixin Pay'. Attracting a large number of users, these new functions have all highlighted the construction of the service through a network of 'social relations'.

As explained by Peng (2017), the first utility of these is above all social: the creation of the 'Moment' feature, introduced in April 2012, associated with messaging, aims to reproduce social relationships via comments or *likes* (p. 116). 'Moment' (literally in Chinese: circle of friends) offers a microblog service akin to Instagram, although it remains much more private in terms of access. 'Moment' is defined as the 'private circle built by a chain of acquaintances, in which people share and follow the life of their friends and relatives' (Tencent, 2015, p. 20). Indeed, one of the particularities of Weixin is its particular private and restrictive dimension. It is possible to become 'friends' with someone only if a mutual friend transfers contact or scans a user's QR code, and sends a friend request. Weixin is in this respect inspired by the real-life entourage environment, which it reproduces and extends. This has been the turning point for Weixin which means a 'smooth upgrade of the communication tool to a social platform' (Wu, 2017, p. 286).

Four months later, the feature called 'Official Account' was introduced and has been a milestone in the development of Weixin. It has an informative role and a utility that make WeChat a media of its own. This service initially allowed institutional or commercial actors to create a multimedia channel to publish information and editorial content in the form of a *broadcast message* or *push message*. It also allowed the circulation of advertising messages. Everything remains in a private circle, and the only information one can get is related to the accounts to which one subscribes. Thanks to this feature, since 2016, Weixin has become the first information platform in China, according to a report by the China Internet Network Information Center (2017, p. 52).

At the time of the arrival of these official accounts, they were expected to transform all aspects of production, broadcasting, reception and feedback for media players, and they aroused fears of content homogenisation (Cai & Weng, 2013). At the same time, news media outlets were invited to make full use of Weixin's subscription account services to explore the value of users' resources, i.e. to attract subscriptions, in order to strengthen and enhance their own brands. Everyone can now create an account of their own and play the role of media content producer, which makes the work of traditional media more complex. *Push messages* and articles from 'Official Accounts' have very specific characteristics, since the application usually allows only one push message per day. The challenge is to capture the attention of the users without being drowned in the mass. This is why around 9 pm, during the peak of the traffic, the most in-depth articles are put online.[5] This is a challenge for the print media, which must not only modernise by adapting to the new rules of the game imposed by the system, but also and above all try to preserve their authority. News media are facing challenges to their editorial authority due to the appearance of sensational headlines aimed at increasing the number of clicks. For legacy information media, it is a challenge to maintain their reputation while following the rules of the Weixin platform. There are also strong inequalities between the news media: some nationally or regionally important media have important privileges, such as the ability to publish push messages several times a day.

Fifty months after the launch of the 'Official Accounts' function, the number of accounts numbers exceeded ten million, and maintained an average of 8,000 new accounts per day, which let Tencent sprout the idea of building a 'one-stop' social platform (Wu, 2017, p. 289). In Tencent's view, the next function that needed to be implemented was the mobile payment.

## Weixin Technological and Industrial Strategy of Service Expansion

This section discusses the major steps in the Weixin expansion strategy in Chinese society and the achievement of a monopolistic position based on its social media activity, but which goes far beyond. Indeed, as Plantin and De Seta (2019, p. 258) explained, the implementation of Weixin's platform model in China is also shaped by distinctly 'techno-nationalist media regulations and an increasingly overt digital sovereignty agenda'. This section will further highlight the differences with other Western counterparts, from the attention given to the 'scenarios of use' to the structure of its revenue model as well as its 'all-in-one' system.

### *Beyond the Social Media Usage: Weixin Pay and QR Codes*

Once the needs previously mentioned were created, once the traffic was generated, strategies were put in place to multiply the uses of the application. Unlike Western social media, for which the challenge is to have abundance and quality of content on their platform, the challenge of Weixin is not so much about creating content but rather creating new contexts of use, called 'scenarios of use.[6]' Indeed, Weixin promotes its applications' functionalities by suggesting to its users new situations where it can be used: for example, making an appointment with a doctor via his or her practice subscription account or having the results of the examination sent directly to the user via a push message. Such usage in specific situations is typical of the 'scenarios of use' that Weixin aims to create.

The challenge for the designers of Weixin proposals is to imagine 'scenarios of use' and to anticipate the specific situations and motivations of the users with respect to each of the services. For this, Weixin encourages its users to make use of the device in as many social configurations as possible to meet the various needs of everyday life: in daily household chores, on the bus, while waiting to be served in a restaurant, etc. Today, a Weixin user can chat with his friends, publish content, make online purchases, buy from any store in China, play video games or even perform administrative tasks with the prefecture. When they move around, thanks to Weixin, Chinese people only need a cell phone.

Weixin has also become essential because of its digital payment service, Weixin Pay, launched in August 2013, which allows users to pay via their cell phone. Zhang and Zhou (2017) provided evidence that Weixin features are effective in promoting e-commerce products and services. As recent academic research has pointed out (Jiang, 2017; Liu, 2019; Plantin & De Seta, 2019; Shen & Chen, 2015; Shen & Luo, 2017; Zhang, 2016; Zhang & Li, 2018), Weixin Pay plays a decisive and specific role in establishing a standard for monetary transactions and a new societal culture to the extent that, as a result of Weixin Pay, cash payment has become impossible in some places in China. This has pushed many users, including the elderly, to use this service by necessity. A social obligation has arisen, forcing the use of the application.

Furthermore, money transactions between users, friends or not, have become possible via the sending of money in 'red envelopes' (or 'red packet'), a digital process that takes up a cultural tradition. It consists in sending red envelopes, an ancestral practice that has been transposed virtually. In times of celebration, the exchange of red envelopes is extremely important for the Chinese: in 2023, four billion envelopes were sent during six days and the volume of offline payment transactions using Weixin Pay rose by 23%, with the highest volume of offline payment transactions on the sixth day of the Lunar New Year; the volume of wine and travel orders increased 76%; restaurant orders increased 40%; and movie and performance orders increased 27% through Weixin Pay.[7]

Whereas the classic business model of a social network company depends very heavily on its advertising revenue, advertising is only a part of Tencent's revenue. The fees related to payment transactions and income from video games make up the bulk of its revenue. In fact, most of Tencent's revenue comes from value-added services business (VAS[8]), mainly from gaming revenue and social media revenue, especially from digital content subscriptions and sales of virtual props for games (see Table 6.1). Revenue from FinTech (payment transactions) and Business services (such as Tencent Cloud) accounted for RMB 47,244 million (equivalent to $6,835 million), i.e. 33% of total revenues in the fourth quarter of 2022 (Tencent, 2023). There have been seven consecutive quarters when revenue from financial technology and corporate services has accounted for more than 30% of total revenue according to Tencent reports. Out of one billion active users, 940 million have linked their Weixin account to their bank account in order to take advantage of mobile payments.[9] In the first half of 2019, 1.01 billion Chinese were using mobile payment and made an average of four transactions per day per user, for the amount of 157 yuan per day ($22.7).[10] 157 yuan is not a small amount of money considering that the national per capita disposable income is 42,359 yuan ($6,130) per year ($16.8 per day) in urban areas in 2019,[11] and Weixin profits from every payment transaction.

*Table 6.1* Tencent income statement in million Yuan (RMB), 4th Quarter 2022

| | *Unaudited* | | *Audited* | |
|---|---|---|---|---|
| | *4Q 2022* | *4Q 2021* | *2022* | *2021* |
| **Revenues** | 144,954 | 144,188 | 554,552 | 560,118 |
| VAS | 70,417 | 71,913 | 287,565 | 291,572 |
| Online advertising | 24,660 | 21,518 | 82,729 | 88,666 |
| FinTech and business services | 47,244 | 47,958 | 177,064 | 172,195 |
| Others | 2,633 | 2,799 | 7,194 | 7,685 |
| **Cost of revenues** | 83,132 | 86,371 | 315,806 | 314,174 |

*Source:* Tencent Fourth Quarter and Annual Results (2022, p. 8).

In China, offline payments in everyday life are now mostly made through QR codes. QR codes and Weixin are a mutual achievement, the ubiquity of the use of Weixin in Chinese social life having indeed been greatly facilitated by the use of the QR code, which is Weixin's main gateway (Zhang, 2021). For example, each Weixin user has a unique QR code to add new friends and to use for offline payment. Enterprises or individuals can encode their websites, their official accounts or other information into QR codes and then display them on different communicational materials such as advertising posters, so that users and clients can get quick access. These QR codes are omnipresent in Chinese society: on television, in shop windows, at restaurant and store checkouts, on the front page of the print media and on the cover of most books. In short, QR codes provide Weixin users with convenient functions for transferring information, communication, payment and promotion. Through this strategy, the platform is intruding into Chinese daily life while structuring it.

### *A Strategy of Monopoly: Building an 'All-in-One' System*

If Weixin has managed to have such an influence and such a role in structuring Chinese society, it is also thanks to the 'Mini-programs', or applets, it contains. These are, so to speak, applications inside Weixin, which can also be understood as applications and websites that can only be opened and used via Weixin. Thus, instead of downloading an application like Weibo or Zhihu (Chinese Quora), for example, the user can just open their 'Mini-program' within Weixin, without any prior registration or creation of a user account. The same goes for daily services of access to hospitals and administrative services in many cities. Weixin collects a diverse set of information about its users, which allows it to better predict usage scenarios. As the 'Mini-programs' generate traffic and integrate a means of payment, they allow for a large number of companies to lower the cost of creating an application on which there may be very few active users. This type of service already covers twenty major sectors. There were 580,000 'Mini-programs' in January 2018[12] and 300 million active daily users.[13]

Another main aspect of Weixin's technological strategy is about staying 'light', meaning that users don't need to install and download full versions of other apps themselves, and can use their features through the applet version ('Mini-programs') on Weixin, something which skips the cumbersome new user registration step, as well as saving phone memory. That is why its 'Mini-programs' take the form of extensions and offer services according to the needs of the users. As a 'semi-finished tool', Weixin expects third-party users to complement its functionalities. At present, the 'Mini-programs' are a more fragmented medium capable of meeting a variety of needs emanating from different actors. In 2020, in line with the company's strategy of facilitating the creation of content by the users themselves, Xiaolong (Allen) Zhang, creator of Weixin, said that 'Mini-programs' of the *live stream* type would soon go live to meet the demand for livestreaming content needs.[14]

When a cost-free platform brings together useful tools for social life, information, functions related to daily consumption and even many municipal administrative services, it creates an extremely high level of dependency in its users. The fact that today huge groups of Weixin users scan QR codes ubiquitously in their lives, through different scenarios (Hu, 2015; Peng, 2015), results in a lot of data being generated every minute. For example, the extension function on the QR code package provides additional services and information about consumer markets. This gives companies an unprecedented ability to test the performance of their advertising promises through digital tracing (Cochoy & Smolinski, 2016).

All of these data, the algorithms that analyse it and the burgeoning digital devices have produced a powerful tool that the company and the state use to their advantage. Indeed, it has been since the implementation of the government's 'smart city' economic and political plan[15] in 2014 and 'Internet Plus' strategy[16] in 2015 that artificial intelligence and big data technologies have been integrated in an effort to strengthen the Party's ability to govern (Creemers, 2015). The behaviour of users is summarised in the form of a 'score', a credit that can offer real advantages or, on the contrary, penalise them, for example, by prohibiting them from taking the high-speed train, within the more general framework of the national system of citizen reputation, also called the 'Social Credit System', which means that the government rates citizens. Poorly rated citizens are threatened with exclusion from social interactions. Thus, between 'security' and 'surveillance', the links between the Weixin device, the ubiquity of the QR code and data collection and control are quite close in China.

Chinese media adopt the term 'ecosystem' to describe Weixin because the messaging system allows users to take advantage of the various services and content provided by third parties without leaving Weixin, in an all-in-one system. Plantin and De Seta (2019) consider Weixin as an example of a non-Western digital media service that owes its success to its platformisation, a process presented as the 'restructuring of economic activity and sociability to the advantage and profit of the companies that own them' (p. 258). They argue that this strategy distinguishes Weixin from the most dominant internet companies who rather rely on their infrastructural properties to expand and maintain their market power (*ibid.*). The abundance of features, the diversification of services and its powerful aggregator role make it an original precursor tool compared to Western social networks.

## The Dilemmas of WeChat's Internationalisation

There is nonetheless a contrast between the growing influence of Weixin in China and its influence outside this country. Weixin began to expand internationally by using its English name – WeChat – in 2012. However, this internationalisation has met many obstacles. In particular, WeChat has encountered significant difficulties in attracting non-Chinese users in an environment with widespread suspicion towards Chinese products and in a highly competitive market where platforms such as WhatsApp and Facebook Messenger tend to predominate.

Research by Chinese scholars on the internationalisation of social media has mainly focussed on three aspects: first, how non-Chinese social media fares internationally, such as the development of certain social media platforms in Southeast Asia; second, the strategic opportunities of social media internationalisation, such as the importance of social media from the perspective of international communication (Zheng, 2015); and third, the trajectory of specific Chinese social media, such as QQ, Weixin (WeChat), Weibo and TikTok, their impact and significance (Lai & Tian, 2019; Xiang & Lv, 2020; Yang et al., 2020). A few studies have been conducted on Tencent's overall internationalisation, although a majority have focussed on the internationalisation of the company's online game business (Zhang & Jin, 2021) and cross-border mergers and acquisitions (M&A) (Ye & Hu, 2020; Zhang, 2016). There have also been discussions about the internationalisation of mobile payments, specifically focussed on Alipay and WeChat (Liu et al., 2018; Yin & Zhou, 2020). Other research has analysed the difficulties and countermeasures that Chinese social media companies have faced when extending their business abroad by examining the internationalisation of Weixin (Luo, 2014; Zhu, 2014).

Yang, Li and Jia (2020) explained that the overseas development of Chinese Internet companies can be divided into three phases according to product attributes: the first phase was dominated by tool applications; the second phase shifted to tools with social attributes, largely represented by WeChat and Alipay; and the current third phase is dominated by user-generated content social platforms that focus on content creation and sharing, especially those with short video content, such as TikTok. Xiang and Lv (2020) also argued that there has been an evolution from the budding forum-based stage (1994–2004) to the replication of Western social media (2005–2015) and with a focus on localised social innovation since 2016.

This last section analyses how Tencent's internationalisation has responded to government demands, especially those of the 'Go Out Policy', and identifies some of the main aspects of its strategy for geographical and financial expansion as well as the difficulties currently encountered abroad by the Chinese platform.

### *Going Abroad*

After inviting foreign companies to 'come in' in the 1990s, China's 'go out' or 'go globally' strategy has been raised to a new level in the context of strengthening national soft power (Nye, 1990) since 2007's 17th National Party Congress. The year 2013 was an important time for Chinese companies and Chinese media to go abroad. At this time, President Xi not only proposed the 'One Belt, One Road' policy[17] but also gave clear instructions to these companies: 'Tell China's stories well and spread China's voices' (Xi, 2013, p. 2). Keane and Wu (2018) highlight that 'go out' embodies three main levels: the first refers to the going out of China's products (i.e. media products and services); the second refers to the transmission of ideology (via image and voice); and the third refers to Chinese organisations, people and delegations (investment, study, travel) (p. 52). In other words, as far as digital platforms are concerned, the content they produce and the ways they distribute it can serve the purpose of 'going global'.

The significance of WeChat's internationalisation for China's apparatus of international communication is that it could help break the US-dominated global communication network focussed on social media and digital platforms (Xiang, 2017). The Internet is considered by the Chinese authorities as an indispensable medium for facing the country's global economic, commercial and political competition more effectively and as an important vector for the international development of Chinese companies. As the China's National Development and Reform Commission (2022) confirmed:

> Supporting platform enterprises, like Tencent and Alibaba, to go abroad and creating a favourable environment for the development of platform enterprises and their international service ecosystem is of great practical significance to promote more SMEs, products and services to 'go global', enhance the international competitiveness of China's digital economy and achieve a high level of openness to the outside world.

In the context of the mobile Internet, Weixin has been considered Tencent's strategic product and has thus been the focus of Tencent's international strategic transformation (Zhang, 2016). As such, WeChat's international expansion has been seen as a means for proving the strength of 'Chinese creation' to the world (Xiang, 2017).

Several features of its strategies for geographical development can be identified. First, WeChat focussed on small surrounding markets. WeChat did not begin by targeting the European, American, Japanese or South Korean markets, but rather Hong Kong and Taiwan, where the cultures are slightly different from that of mainland China but the languages are similar. By testing the waters in Hong Kong and Taiwan in early 2012, the company was able to receive more feedback from users of different cultural backgrounds and to lay a strategic foundation for further internationalisation (Zhu, 2014). WeChat's geographical expansion continued in 2013 in Southeast Asia, Japan, South Korea, Europe and the US, with the aim of reaching the Chinese diaspora in Europe and North America. Xiang (2017) believed that during the early stage, WeChat's strategy of first spreading to nearby Asian territories as well as developing countries has begun to see success. Luo (2014) called this a 'two-step promotion' strategy, which means first occupying the surrounding market, then competing with others for the remaining markets. This is why Malaysia, Thailand, Vietnam, India and Southern and Southeastern Asian countries have been considered important markets, aided by the fact that these countries have large populations with relatively low smartphone penetration rates as well as significant market potential (Luo, 2014). Furthermore, Malaysia, Thailand, India and Indonesia are considered 'One Belt, One Road' countries. In other words, WeChat's internationalisation first focussed on emerging markets in Southeast Asia, where the mobile Internet population was also skyrocketing while simultaneously building WeChat's ecosystem to find a unique position and differentiation in the global market.

Tencent international expansion should also be considered through its financial strategy. Tencent has adopted multiple methods for entering international markets, mainly equity participation and investment, holding and acquisition. According to Tencent's financial reports, the focus of its overseas expansion has been overseas acquisitions. According to the *2013–2014 Tencent Social Responsibility Report*, among the 180 overseas and domestic investment and M&A projects announced, the number of overseas investment and M&A cases reached 134, about three times more than the number of domestic M&A cases.

Tencent began to set up its internationalisation department in 2005 to take charge of foreign affairs, and in the same year, the company successfully made its first step towards internationalisation by investing abroad and acquiring GoPets, a Korean online game company. Tencent's overseas M&A activities are largely related to its shareholders. For example, Tencent entered the Indian market through Naspers'[18] Indian subsidiary MIH India Global Network in 2008, which owns a Facebook-like site called Ibibo. It also made large investments in Digital Sky Technologies (DST), the largest Internet company in the Russian-speaking market that also owns Mail.ru, with Naspers as its largest shareholder, thus entering the Russian and Central European markets. In 2013, Tencent has even invested in its competitor 'Korean WeChat', KaKaoTalk, gaining a 13.84% stake and owning 12% of the capital of Snap, acquired in 2017. The video game industry is the key area of Tencent's overseas investments and M&A. Tencent has become one of the world's largest video game publishers who owns several video game development studios, including Riot Games, Epic Games, Supercell and Activision Blizzard.

Since 2013, Tencent has set up offices in Hong Kong, Taiwan, Southeast Asia and the US. These offices are responsible for the research and development of potential local WeChat users and the establishment and expansion of the company's customer relationships (Luo, 2014). A series of industrial partnerships has also been developed with local players. For instance, in February 2013, Tencent established a joint venture with PT Global Mediacom, an Indonesian media company in order to promote WeChat's localisation. In the case of Africa, it is important to highlight how earlier partnerships, built with national players, facilitated the launch of WeChat on the continent. Indeed, in 2001, the South African Naspers Group purchased 46.5% of Tencent's shares (reduced to 28.78 % in 2022 through its subsidiary company Prosus). In 2013, WeChat allied with Naspers to launch the WeChat Africa application in South Africa and Nigeria as major countries. These active overseas investments of Tencent do not only reflect the pursuit of economic interests of Tencent as a company but also the strong support of the Chinese government for corporate exports in terms of policy. Through joint ventures and M&A, Tencent can gain access to local markets, users and other resources as well as technology and service content absorption, thus laying a foundation for the landing of other products such as WeChat overseas (Yang et al., 2020).

Tencent also established strategic local cooperation with various public institutions such as museums or tourism departments in order to develop projects of digitalisation and promotion of culture. For example, in 2019, it released the 'Global Digital Museum of National Treasures' project in cooperation with the French museum community, through which 25 Chinese cultural relics provided by the Guimet National Museum of Asian Arts were exhibited through WeChat. In the same year, Tencent used WeChat to promote South Africa to millions of Chinese tourists following a two-year agreement with the South African Department of Tourism.

Another important aspect consisted of several adaptations of its design and marketing strategy. About 21 languages, including Thai, French, Indonesian, Vietnamese and Portuguese, were launched in 2012. The platform also began to support the direct import of Facebook friends through user contacts and to support Android and other mobile devices that were the mainstream operating systems at the time. In several countries, WeChat has asked local celebrities to feature in advertisements that fit the local conditions, and each country's version is different.

As a result of these multiple efforts, by the end of 2014, while having more than 500 million national users, it had more than 100 million users in South and Southeast Asia, Europe, South Africa and elsewhere (Tencent, 2015). However, these good times did not last long, and a turnaround came about soon after as WeChat struggled to break through bottlenecks in overseas user growth. As Ye and Albornoz (2018) explained, 'going out' is in many respects less important than 'going in', especially for Chinese media platforms. It is relatively easy to 'go out' through mergers and acquisitions in foreign companies, but it is much more difficult to achieve the internationalisation of the product by integrating local markets. In other words, it is easier to transnationalise financially than to transnationalise industrially.

### *Main Difficulties*

While the users of the mainstream American social media platforms are from a wide variety of countries and regions around the world, with the exception of a few countries, WeChat's international users are mainly Chinese people overseas. Chen (2017) believed that WeChat has adopted a strategy of capturing the overseas Chinese market first and then of spreading outward from there. Over-reliance on Chinese users may also explain the quick spread of the platform in Southeast Asia, as the Chinese-speaking cultural community has been an effective facilitator of China's social media internationalisation (Lai & Tian, 2019). WeChat was able to grow through overseas Chinese, especially in regions with a large Chinese diaspora such as Southeast Asia, whereas WeChat does not have a natural appeal to non-Chinese markets. However, further knowledge of the number of overseas users is not possible. Indeed, in Tencent's official report, the user data of Weixin and WeChat have been always merged. Tencent has not disclosed WeChat's specific activity data for a long time. Furthermore, the information about the percentage of overseas users who are non-Chinese users is not public.

This section proposes to identify various difficulties encountered by the Chinese platform in its worldwide expansion and in its attempts to localise in a diversity of regional circumstances. There is, to begin with, competition from WhatsApp or regional instant messaging services such as Line.[19] WhatsApp, which was launched in 2009, has had a first-mover advantage in multiple countries, and once users have accumulated social relationships, their willingness to switch platforms is relatively low. In several regions, WeChat is ranked below WhatsApp's timely communication tools, as this cost-free instant messaging service has also proposed a 'voice' message function.

WeChat is also relatively 'bloated' as a product. It has many functions, but it has not modified these functions or services according to the habits of local users before entering specific regions, as the Indian example shows below. Even Facebook separates its main chat software, Messenger, from the social media platform itself, allowing the former to be more in line with local users' habits. According to Himanshu Gupta, the Associate Director of Marketing Strategy of WeChat India from 2012 to 2015, 'the product was designed with Allen Zhang's vision and had peculiar features to the effect that worked well in the Chinese market but didn't work well for Indian users' (quoted in Shaikh, 2018). For example, WeChat did not take into account that Indian users were not accustomed to chatting only after sending and accepting friend requests. Nor did it take into account various technical issues related to phone versions not being able to support WeChat's services or the need for default compression of images to save traffic costs. As such, the Indian WeChat appears more like a product built entirely for Chinese users but with the language changed (Shaikh, 2018).

India and China have vastly different cultures, diverse religious beliefs and marked differences in urban structure and economic development, which means that WeChat, which lacks first-mover advantages compared to WhatsApp, will inevitably be abandoned by the market if the habits and usage restrictions of local users are not fully considered. Clearly, this difficulty related to the socio-technical conception of the service is reflected in WeChat's many overseas markets, where its overly Chinese way of design puts it in a dilemma. It does not seem to have found a way to open up the local market without losing overseas Chinese users at the same time.

Moreover, for local non-Chinese users, WeChat does not generate much content that is of interest to them. Perhaps the large population base in Southeast Asia and the Middle East and the slightly later start of the mobile Internet created early dividends for WeChat, but it has been difficult to replicate this success in other regions. Compared to products such as WhatsApp, which focus on a single service to meet users' needs, WeChat is an 'all-in-one' product which is dependent heavily on its service 'ecosystem'. Although it is essentially an instant messaging or a social media platform, its other functions that are advantageous in mainland China are not attractive or cannot be used in overseas markets. In 2019, only Chinese bank card holders were able to use WeChat Pay, not to mention that the widespread use of WeChat Pay also requires a sufficient number of merchants. The feature like the Chinese 'red envelope' is effectively a special feature only for Chinese users because of traditional cultural differences. As the key feature that has helped Weixin successfully capture the mobile payment market (Zhang, 2021), the 'red envelope' has little appeal to non-Chinese users. As for 'Official Account', this function is not widely used by overseas media organisations because of censorship, which means that few overseas news media publish information on it. Thus, WeChat's 'ecosystem' of 'from linking people to people, to linking people to services' is very hard to establish overseas. Except for social communication functions, WeChat does not meet the needs of local overseas markets in terms of mobile payment, information access and third-party services; it lacks a precise product positioning in the international market for non-Chinese users.

Third, it is difficult to break away from the brand image of 'Made in China', even in the surrounding areas, and there is a cognitive bias towards 'Made in the Mainland'. Trust, social presence, stickiness and word-of-mouth are all factors that influence people's online practices (Chen, Wu & Chung, 2008). With this in mind, the 'Made in China' label could easily brand WeChat with the shadow of the Chinese government, which is likely to be scrutinised by developed countries, such as the US (Luo, 2014). Indian users, for example, have many suspicions about China's handling of privacy and personal data. In fact, international users have expressed widespread concerns about the privacy and data security of Chinese software. This, coupled with the Chinese government's censorship of information and the political intentions of Chinese companies expanding overseas, has developed into a 'political obstacle' for WeChat's global expansion (Xiang, 2017). For Tencent, how to cooperate with the government while removing the 'political background' tag is also a major difficulty to overcome in order to 'go globally'.

## Conclusion

WeChat is an emblematic example of the success of a Chinese platform. This success is based on interlocking factors with promising socio-technical choices based on instant messaging, the QR code and a payment system that makes it possible to capture users in a closed universe based on very strong social interactions between users, and that provides access to a complex and very diverse set of services. The economic model combines revenues from users and also from the providers of goods and services operating on the service, which facilitates user access and thus promotes a virtuous cycle of new services and users. The platform also benefits from strong support from the political authorities because it actively contributes not only to the policy of managing the Chinese population but also to the internationalisation of China's economy and social model. However, despite the many strategies deployed, this internationalisation seems difficult to deepen as the factors that have made the platform successful in China may constitute obstacles to its internationalisation.

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## Notes

1 In this chapter, Weixin is used to refer to the mainland version and WeChat to refer to the overseas version. According to Tencent's explanation, users bound to a cell phone number in mainland China are considered Weixin users, while WeChat users use non-mainland China phone numbers. Some features are only available to Weixin users such as Channels (short video) and Weixin Game Center. Weixin and WeChat offer different terms and policies for users to use.

2 改革开放, *gaige kaifang* in Chinese. This term highlights the role played by digital technologies in the evolution of the economy and society.

3 Shenzhen is one of the 'special economic zones' of China, located in Guangdong Province and bordering Hong Kong.

4 Figures stated in USD are based on USD 1 to about RMB 6.96.

5 Information from 'WeChat Data Report', Tencent, September 2019, p. 3.

6 使用场景, *shiyong changjing* in Chinese. According to Peng (2015), the essence of mobile communication is scenario-based services (p. 20); in other words, a usage scenario refers to the 'most likely' 'scenario of use' in which an application will be used.

7 According to the '2023 WeChat Spring Festival Data Report', Tencent, January 2023.
8 VAS, value-added services revenues, means revenues from mobile games and social networks.
9 '2019 Q1 Third-Party Mobile Payment User Research Report', Ipsos, May 2019.
10 *Ibid*.
11 According to 'Resident income and consumer spending in 2019', Bureau of Statistics, 2020. http://www.gov.cn/xinwen/2020-01/17/content_5470095.htm.
12 '2017 Weixin Economic and Social Impact Study Report', China Academy of Information and Communications Technology Industry and Planning Research, April 2018, p. 3.
13 Information from '2019 WeChat Data Report', Tencent, September 2019.
14 '2020 Weixin Open Course PRO', 9 January 2020. Conference started in Guangzhou with the theme 'Unfinished Always Beta', Weixin founder Xiaolong Zhang and his team shared the achievements and reflections of Weixin.
15 'National Urbanisation plan for 2014–2020', Central Committee of the Communist Party of China and the State Council, 16 March 2014.
16 'Premier urges use of Internet Plus to boost growth', The State Council, 25 June 2015.
17 In September and October 2013, President Xi proposed the strategic concepts of building the 'New Silk Road Economic Belt' and the '21st Century Maritime Silk Road', respectively, formerly known as 'One Belt, One Road'.
18 As Tencent's major stakeholder, Naspers Group, the South African media giant, maintains a certain level of control on Tencent through agreements: 'Tencent and MIH have entered a series of licence agreements that grant MIH and its affiliates a sole and exclusive licence to use Tencent's proprietary technology and intellectual property in Indonesia, Thailand, Greece, Cyprus, and South Africa' (Tang, 2020).
19 Launched in Japan in 2011 by NHN Japan, Line is a popular messaging application and social media in Asian countries and areas like Japan and Thailand. Like Weixin in China, it is also a platform that integrates various daily functions in Japan, such as Line TV, Line Pay or Line Manga.

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# 7 Netflix's First Decade of Presence in Latin America

*Luis A. Albornoz and Fernando Krakowiak*

## Introduction

At the start of the second decade of this century, Netflix, the world's leading provider of subscription video-on-demand (SVoD) services, embarked on an aggressive international expansion process that led it to have a presence in every country in the world by 2016, with the exception of China, North Korea and Syria. The company's annual revenues have grown steadily since then, reaching $29.7 billion in 2021, a figure more than ten times higher than in 2007. By mid-2022, the company had 9,700 employees worldwide (Clark, 2022) and more than 231 million subscribers (Netflix, 2023).

Latin America, a region with 650 million inhabitants in 20 countries,[1] has provided Netflix with 'a long runway for growth' (Markin, 2022). Structured around two hegemonic Latin languages, Spanish and Portuguese, this region currently contributes 41.7 million subscribers and a little over $1 billion to the company (Netflix, 2023). It is estimated that Netflix has 13.7 million subscribers in Brazil, 11.1 million in Mexico and 5.3 million in Argentina. By the end of 2027, the subscriber base in the region is forecast to grow by a further 30% to 52.3 million (Westcott, 2022, p. 2).

This chapter aims to reflect on the first decade of Netflix's presence in Latin America, focusing on the company's localisation process and, in particular, on its performance in the Brazilian and Mexican markets. Brazil and Mexico not only have the largest concentration of subscribers in the region, but are also the countries where the streamer has produced most of its own content.

This chapter's analysis is structured as follows: first, it dissects both the factors that favoured Netflix's establishment in Latin America and the obstacles that the company encountered in its process of adapting to the different national realities. Second, it focuses on the localisation strategy deployed by the company, which included an initial offering consisting mainly of Hollywood works subtitled in Spanish and Portuguese; the subsequent incorporation of successful local productions in order to diversify its offering and gain a better understanding of the tastes of local audiences; and finally, the production of content in the region's main markets. Third, it offers an overview

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of Netflix's content production in Brazil and Mexico, which is characterised by the search for a cultural mix that incorporates local identity traits and certain global themes. Fourth, it addresses the timid attempts to regulate VoD services in the two main markets of the region and the proactive approach.

The methodological treatment of the research presented below is based on an extensive bibliographical and documentary review of the period 2011–2022, including academic literature; Netflix's quarterly letters to shareholders and press releases; information published in the region's main media, both generalist and specialising in the audiovisual industry; and a survey of official regulations and projects aimed at regulating VoD services.

**Early Landing in Latin America**

In September 2011, Latin America and the Caribbean became the US streamer's second foreign territory after Canada. As explained, Netflix wanted to have the first mover advantage in a region that would be many times the size of the Canadian market: 'Given that Latin America has about 4x more broadband households than Canada, there is lots of room for growth' (Netflix, 2011b, p. 6).

Netflix's launch in Latin America took place in an overall context shaped by both factors that favoured the streamer's integration in the region and those that hindered it. Several factors have contributed to the successful deployment of Netflix's audiovisual service.

First, audiences are accustomed to consuming American films and television series due to the historical presence of Hollywood in the programming of cinemas and television. This presence has also taken place through informal channels based on the reproduction and marketing of copies of titles outside the legal market. Aware of this situation, the company stated: 'Consumers there enjoy Hollywood content, and we are able to take advantage of economies of scale by licensing content regionally' (Netflix, 2011a, p. 7).

Second, the penetration of pay-TV in some Latin American countries, especially among the middle and upper social classes, provided fertile ground for the streamer to market its product. In addition, rather than competing with cable and satellite television service providers, it ended up complementing them. Currently, of the total number of Latin American households that subscribe to pay-TV, more than half also consume over-the-top audiovisual services in their different marketing modalities (BB Media, 2022).

Third, Netflix was a pioneer in offering a catalogue of attractive titles with subtitles and dubbing in different languages via streaming. Months after its arrival in the region, and anticipating that some companies would eventually stop licensing their content to Netflix, the company moved towards its original programming strategy by adding new content to its catalogue.

Finally, it should be noted that Netflix's entry into the region's audiovisual markets did not encounter regulatory barriers. However, the new situation of competition on an uneven playing field has not left the legacy media indifferent, since they operate under different national regulatory frameworks. Free-to-air and pay-TV operators began to denounce the existing regulatory asymmetry vis-à-vis new entrants. The Asociación Internacional de Radiodifusión/International Association of Broadcasting (AIR/IAB), for example, called for state intervention to deregulate the television sector in order to compete for viewers' attention on a level playing field, proposing to make the advertising limits for traditional television more flexible, to abolish the obligations on programming for election campaigns and the retransmission of government events and to relax media ownership rules in order to 'allow national broadcasters to develop more vis-à-vis foreign companies'.[2]

Given these factors that facilitated Netflix's landing, it is also possible to identify a number of obstacles that hampered its performance, which the company itself defined as 'infrastructure challenges' (Netflix, 2012, p. 6). The main stumbling block was the connectivity of the region. In addition to an underdeveloped internet infrastructure and a significant digital divide that was evident in several countries, connection speeds across the region as a whole were not very high. For example, Mexico had some of the lowest penetration rates in the fixed, mobile and broadband markets among the 34 OECD countries (OECD, 2012, pp. 11–12).

It is also worth noting the relatively low use of credit cards, as well as general consumer payment challenges for e-commerce, typical of a region with a large informal economy. This situation directly affects Netflix, which only accepts credit card payments. To overcome this obstacle, in Argentina, for example, the streamer 'signed agreements with national credit cards that are often used by low-income sectors, and which operate with prepaid systems' (Mastrini & Krakowiak, 2021, p. 8).

Two other negative factors should be noted in relation to the arrival of the streamer. First, there has been a widespread presence of the so-called piracy, through the commercialisation of physical copies of works on the street or the downloading of titles through torrent files and sites such as Cuevana or PelisPlus. Second, there is a general lack of knowledge about what a streaming service is and how it works – the concept of SVoD was only born in Latin America a decade ago. Faced with this lack of awareness, Netflix accompanied the launch of its service with a one-month free trial (which in many countries ran until March 2019) and a range of moderately priced subscription plans.[3]

Despite these obstacles, Netflix has maintained the leadership in the vast majority of Latin American countries, even after the appearance of Disney+, which landed in 2020 with a wide catalogue of its own titles from Disney, Pixar, Marvel and Star Wars. According to a Statista report based on data from the streaming analysis portal FlixPatrol, Netflix broadly leads the streaming services market in Argentina, Mexico, Colombia, Chile and Peru, followed by Disney+, HBO Max and Amazon Prime, in that order. The exception is Brazil where the local operator GloboPlay dominates the market with some 30 million subscribers, almost double that of the US platform (Chevalier Naranjo, 2023).

**Localisation Strategy**

To investigate what strategies Netflix has developed in order to achieve leadership in Latin America, we need to pay attention to the localisation strategy developed by the streamer (Lobato, 2019, pp. 116–117) to attract Latin American audiences.

Referring to Jean K. Chalaby's (2002) work on the localisation phases followed by pan-European broadcasters at the beginning of the century, Cornelio-Marí (2020) highlights the steps taken by the streamer in its adaptation process to one of the main audiovisual markets in Latin America, the Mexican market:

> Netflix's adaptation path for Mexico has followed the [Chalaby's] model […], first creating a specific version of the site for the market; then, dubbing and subtitling its Hollywood and European content into Latin Spanish; next, licensing local content and; lastly, going into original production in the genres that Mexican audiences prefer, such as comedy and melodrama.
>
> (Cornelio-Marí, 2020, p. 7)

In Netflix's localisation strategy, several fronts of action can be identified that have led the company to interact with both transnational players and local companies.

First, it should be noted that the company initially invested in partnerships with telecoms companies and television and video game console manufacturers (Samsung, LG, Sony PS3, Nintendo Wii and others), both to improve internet penetration and speed and to increase access routes to the service. Despite initial complaints from telecoms operators about the bandwidth consumed by streaming audiovisual content, Netflix has managed to reach agreements with cable operators and telecoms companies to expand its presence in the region. For example, in 2015, Telecentro, the first company to offer a triple-play package over the high-speed fibre-optic network in Argentina, was a pioneer in the country in integrating the Netflix app into its set-top boxes (eliminating the need for a smart-TV). Years later, the agreement between Netflix and Telefónica (the Spanish company is present in several Latin American countries) enabled the integration of the Netflix app in Movistar TV (pay-TV) decoders and the possibility of accessing the streamer's catalogue from Movistar Play (SVoD service). The option of paying for a Netflix subscription through the Telefónica bill was also added. Nowadays, having Netflix is important for telecoms companies, as competition in the telecommunications market is largely based on offering value-added services, where on-demand content is key to attracting customers. In turn, these agreements have allowed Netflix to reach new customers, including those who do not have a bank card but use other means of payment to pay for their internet or pay-TV services.

Second, at the time of its arrival in the region, the streamer offered a majority of its titles in English (the original language), with the option to activate subtitles in Spanish and Portuguese, among other languages. It then began dubbing its content in the region's hegemonic languages. Since dubbing a film is five times more expensive than subtitling, the company has had to invest millions of dollars in dubbing content into Spanish and Portuguese. Currently, Latin American Spanish and Brazilian Portuguese are among the languages into which Netflix dubs the largest number of titles (Bennett, 2019).

Third, the numerous regional licensing agreements that Netflix has signed with other US companies – Fox, Telemundo – and leading Latin American television studios – Telefé (Argentina), Caracol (Colombia), Televisa and TV Azteca (Mexico), TV Globo and TV Bandeirantes (Brazil) and Radio Caracas Televisión (Venezuela) – for the provision of local content, such as *telenovelas*, have also been key (Netflix, 2011c). It should be noted that, at the time of signing these agreements, most of these broadcasters had no plans to launch their own streaming services and saw Netflix as a potential ally not only for the distribution and internationalisation of their libraries, but also as a way to extend the commercial life of their productions.

Fourth, in addition to providing content through deals with local companies, Netflix has enriched its catalogues by adding titles that have been part of the local television programming for many years – e.g. *Friends* in Brazil – and by distributing foreign series the day after their original broadcast in the USA – e.g. *Star Trek: Discovery*.

Fifth, another key activity for the streamer has been to feed its 'originals' label (Afilipoaie et al., 2021) with local productions. Netflix began commissioning content four years after entering Latin America. This marked a shift from content distribution to content production. By the end of the last decade, Netflix was producing content in 17 countries (Brenan, 2018); today, in Latin America, it produces works in Argentina, Brazil, Chile, Colombia, Mexico, Peru and Uruguay. This wave of local productions has increased the flow of investment in the region's main audiovisual markets.

Sixth, it is worth noting that several of Netflix's releases have been accompanied by clever advertising campaigns that have attracted the attention of both the media and potential viewers. In Brazil, for example, it promoted its series *O mecanismo* (2018–2019), inspired by the corruption scandal that shook the country (Operation Car Wash), with fictional premises selling items for sophisticated crime – corruption boutiques – in the international airports of Brasilia and Congonhas.

Finally, it should not be forgotten that the localisation strategy also included the gradual opening of subsidiaries in the region's main markets: Alphaville (Brazil) in 2017, Mexico City (Mexico) in 2019, Bogota (Colombia) in 2021 and Buenos Aires (Argentina) in 2022.

**Latin American Productions**

Netflix began producing content in the main Latin American markets by partnering with various local companies. Mexico and Brazil were the countries where Netflix opened its first subsidiaries in the region and where it has produced the majority of its own works. Colombia and Argentina are in the second place, while Chile, Peru and Uruguay follow at a considerable distance with recent releases. It should also be noted that the streamer has shot some of its US productions in the Dominican Republic.

*Club de Cuervos* (2015–2019), shot and produced in Mexico with Alazraki Entertainment, and *3%* (2016–2020), created with São Paulo-based Boutique Film, were the first Latin American productions. Both series 'followed in the footsteps of HBO's Latin American productions of the previous decade […] which combined local talent with Hollywood production standards and storytelling power' (Olavarría et al., 2021, p. 24).

This involvement in local content production allows Netflix to defend itself against accusations of being part of a new American imperialist crusade, by arguing that its production commissions in different countries contribute to a more diverse content portfolio available worldwide. However, Netflix's relationship with local producers and creators is a markedly asymmetrical one. In general terms, as an investor with the power to distribute a work on a global scale, the company sets the conditions for the production of the content that will feed its portfolio of 'original' titles and retains not only the ownership rights to them, but also the ancillary rights – all those related to the exploitation of the property in a way different from its original format and of high economic interest (merchandising, sequels, book publishing, soundtracks, graphic novels, etc.).

Given the strategic importance of Mexico and Brazil for the transnational company, both cases will be analysed below.

***Mexico: Seeking Productions with International Appeal***

Before producing its own content, Netflix acquired successful domestic works in the country. Between 2011 and 2016, it had access to more than 3,000 hours of programming from the archives of Grupo Televisa, including many classic *telenovelas*. The collection and analysis of data provided by the service's users when watching these productions gave Netflix a better understanding of local tastes, which it was subsequently able to apply to the production of its own works in Mexico (Cornelio-Marí, 2020, p. 20).

When Televisa launched its Blim TV VoD service in 2016, cutting ties with Netflix, the transnational company put the value of the Mexican group's productions into perspective in a humorous video that implied that the *telenovela* was a minor genre compared to some of the Hollywood titles it offered. However, the melodrama that permeates Mexican *telenovelas* has retained a key place in Netflix's production in the country.

Netflix has generally partnered with local independent production companies, such as Argos Media, Alazraki Films, Lemon Films, Corazón Films, No Ficción and Perro Azul. Through its productions, the streamer has tackled issues such as drug trafficking, political corruption and family conflicts, achieving a cultural mix nourished by features of local identities along with certain global themes to facilitate its internationalisation.

Asked whether producers have more freedom to explore social and political issues under Netflix, Epigmenio Ibarra, owner of Argos Media, replied: ‘Of course, when you stop working for the Mexican broadcasters and start working with other companies, you realise that they don’t have the same criteria for controlling and censoring content’. However, Ibarra clarified:

> We are exploring cross-cultural genres because today you no longer launch a series in one country; you launch it in 195 countries. So your competition is no longer necessarily with a Mexican producer; you are competing on a global scale.
>
> (Hecht, 2019)

These seemingly lesser impositions run parallel to the control of both the scripts and the production process, and the monopolisation of the rights to exploit the works. In any case, the relationship between Netflix and local production companies and professionals reveals a facet that Penner and Straubhaar (2020, p. 145) describe as ‘associated dependent development’, with an asymmetrical growth of the parties involved.

The evolution of Netflix’s original Mexican production can be divided into two phases: the first, from 2015 to 2018, in which, although the number of releases is low, a strategy of local insertion with international projection can already be observed; and the second, from 2019 onwards, in which the company’s own releases multiply and the new subsidiary in Mexico City becomes the company’s Latin America headquarters.

The first phase began with the premiere of the aforementioned first Spanish-language series, *Club de Cuervos*. This highly melodramatic comedy focuses on a family dispute over the inheritance of a businessman. The work was well received by the public, and three more seasons were made. Another highlight of this period was the production, together with Ánima Estudios, of the first animated series in Latin America: *Las leyendas* (2017–2019). This is a spin-off of the emblematic characters from the feature film *La leyenda de la Nahuala* (2007) and its sequels, stories that combine the Mexican tradition associated with the Day of the Dead festivity with myths from other parts of the world. There was a clear attempt to mix local identity with global themes in order to create a product of international appeal.

The first feature film came with *Roma* (2018), by the award-winning Mexican director Alfonso Cuarón. The film, which recounts Cuarón’s childhood in the 1970s, was a strategic bet by Netflix, which was in charge of its distribution in some cinemas. As Gómez and Muñoz Larroa (2023, pp. 97–100) point out, the streamer sought to break the dominance of the Hollywood majors at the Oscars with an 'auteur film' shot in black and white and with dialogue in Spanish and Mixtec (the fourth most spoken language in Mexico). As part of this bid, it sought global recognition by participating in various prestigious festivals and investing between $30 and $50 million in a successful marketing campaign: *Roma* won the 2019 Oscars for the best director, foreign film and cinematography.[4] This quest for recognition would lead Netflix to finance the works of two other Oscar-winning Mexican directors: Guillermo del Toro and Alejandro González Iñárritu.

The second phase marks the take-off of Netflix in Mexico. In February 2019, its then chief content officer, Ted Sarandos, announced the opening of an office in Mexico and the production of 50 titles between 2019 and 2020 (Netflix, 2019). That year, the streamer released 15 of its own works, not counting renewed seasons. Among the series was *Monarca* (2019–2021), a work about the Mexican elite produced by Lemon Films and Ventanarosa, owned by Mexican actress Salma Hayek.

Also worth mentioning are the documentary series *Las crónicas del taco* (2019), a journey through different Mexican cities to appreciate their traditional food; *1994* (2019), about the assassination of presidential candidate Luis Donaldo Colosio; and the *Río Grande, Río Bravo* project, five short documentaries about events on the Mexico-US border, made with the production company No Ficción and actor-producer Gael García Bernal. In all these cases, Netflix opted for local themes that could have international appeal.

In 2020, Netflix invested $200 million in local productions – most notably the thriller series *¿Quién mató a Sara?* (2021–2022), produced by Perro Azul and described as the streamer's most successful series in Latin America (Westcott, 2022) – and in early 2021 announced the disbursement of another $300 million to finance 50 in-house productions (Hernández & Aguilar, 2021).

### *Brazil: Deals with Independent Producers and Promotion of New Talent*

As in Mexico, Netflix initially incorporated some successful domestic productions into its catalogue to familiarise itself with the consumption of its potential audience. For example, in December 2015, it acquired Record TV's catalogue of biblical *telenovelas* (Meimaridis et al., 2020, p. 69). However, its relationship with the main local broadcasters, such as Globo, Sistema Brasileiro de Televisão (SBT) and Record TV, has always been distant. Early on, they saw Netflix as a dangerous competitor. So, when the streamer began to generate its own content, it partnered with small local independent production companies from the Rio de Janeiro–São Paulo axis, such as Boutique Filmes, Gullane Filmes, Prodigo Filmes, Los Bragas Entertainment and Porta dos Fundos.

Netflix's Brazilian content production has been varied, combining films, series, documentaries, reality and stand-up shows. Beyond stand-up, aimed at local audiences, there is a preponderance of works that seek to capture the interest of local audiences and to enter the international market.

In November 2016, Netflix released its first Brazilian super-production, the sci-fi series *3%* (2016–2020), created by Boutique Filmes. The series was directly overseen by Netflix at all stages of production, introducing significant changes to the structure of the script and intervening in the choice of cast and locations (De Marchi & Ladeira, 2022). The success of this dystopian thriller was immediate, especially on the international market, with a total of four seasons.

In February 2017, the co-founder and executive chairman of Netflix Reed Hasting announced in São Paulo: 'We are going to produce more and more content in Brazil'. Asked whether the company would focus on Brazil's most successful audiovisual product, the *telenovela*, he replied: 'Globo is very good at this. We are trying to do new things; we want originality and not a copy' (Aloi, 2017). Months later, Netflix opened its subsidiary in Alphaville and released its first local feature film, *O Matador* (2017).

Throughout its catalogue, Netflix has tackled hot-button domestic political issues in extremely polarised circumstances. In March 2018 came *O Mecanismo* (2018–2019). Directed by José Padilha (*Narcos* and *Tropa de Elite*), the series was released in an election year and sparked controversy for its romanticised view of the judiciary and its negative portrayal of left-wing politicians, mainly from the Workers' Party (Meimaridis et al., 2021, p. 11). Then, in a move that counterbalanced this kind of political positioning, the streamer acquired the distribution rights of *Democracia em vertigem* (2019), Petra Costa's acclaimed documentary that presents the impeachment of Rousseff and the corruption charges against Lula da Silva as part of a judicial and legislative coup d'état.

In 2019, the streamer released four series in partnership with local producers: *O Escolhido*, *Sintonia*, *Irmandade* and *Ninguém tá olhando*. Although Netflix does not disclose detailed viewership figures, the reception of these productions seems to have been positive, as it decided to produce a new season of three of these titles. And, in October, it confirmed an investment of $88 million to produce works during 2020 (Melo, 2019).

That year, Netflix released nine of its own Brazilian productions, not counting season renewals. The list included the feature films *Modo avião* (2020) and *Ricos de amor* (2020), two successful romantic comedies. The former became the most-watched non-English language film on Netflix in the month of its release, with wide appeal in the USA, Mexico, France and Germany. *Ricos de amor* reached the top 10 in Brazil, Honduras, Mexico and Argentina, among other Latin American countries (Guiduci, 2020). Among the series, *Coisa mais linda* (2019–2020) stands out; the story of a group of women making their way in a macho society, set against the backdrop of the beginnings of *bossa nova*. The title of the series refers to the *bossa nova* classic released by João Gilberto in *The Boss of the Bossa Nova* (1963), the album with which the Atlantic label introduced Brazilian music to the USA and the rest of the world.

'A rich, vast and diverse culture such as Brazil's can be accurately represented by the films and series we are producing in the country, giving voice to local writers, directors, producers and actors. As Brazilian culture is complex and diverse, there is no one better to tell it than the Brazilians themselves', explained Netflix's Vice President of Original Content for Latin America, Francisco Ramos (Guiduci, 2020). As part of its strategy, the streamer has promoted the talent of the country's black community by distributing financial support through the Association of Black Audiovisual Professionals and the institutes Nicho 54, Querô and Criar (Tela Viva, 2021).

In 2021, production in Brazil continued to grow, with more than ten releases including series, films, documentaries and reality shows – not counting season renewals. In addition, Netflix held the 'Mais Brasil na tela'/'More Brazil on Screen' event (November 2021), announcing the production of 40 new titles in 2022 (Toledo, 2021). In September 2022, the company announced new investments: $924,000 in projects to train local professionals. 'These projects aim to foster the expansion and improvement of the network of professionals in the country, and also to promote more diverse and inclusive stories based on the approach, identification and training for professionals from historically underrepresented groups', Netflix (2022a) assured. As part of this strategy, the company announced the launch of 'Segundo Ato'/'Second Act', an initiative aimed at promoting black and indigenous screenwriters.

Beyond the figures disbursed for specific programmes, Netflix has avoided disclosing the amounts of its investments in content production in Brazil. The only official data were provided by the company's chief product officer, Greg Peters, when he estimated at the 21st edition of Futurecom (São Paulo, October 2019) that Netflix would spend around $60 million in 2020 (Lauterjung, 2019). In 2020, the coronavirus pandemic halted numerous projects around the world, and the company never confirmed whether it had finally disbursed the previously announced amount. The company only referred to its investments in the country again in April 2021, when it anticipated doubling its investments during 2022, but without disclosing how much it planned to invest in 2021 (Lauterjung, 2021). Finally, in November 2021, Netflix published a statement in which it expected to develop '40 new ideas for movies, series, reality shows and documentaries' in 2022, without disclosing any figures (Netflix, 2021).

## Regulatory Debates Around VoD Services

Unlike what happened in the European Union, where the Audiovisual Communication Services Directive was revised in order to equalise rights and obligations between legacy media and new players and to preserve European cultural diversity, Latin American intergovernmental bodies (such as

Mercosur) have not promoted a debate or a coordinated position on how to regulate VoD services.

However, a brief review of what has happened in the region's main markets reveals certain similarities in the issues being debated, such as the taxation of digital services, the obligation for streamers to invest in domestic production and the application of quotas in order to support domestic works.

On taxation, some concrete progress has been made – although it is usually the customers who end up paying the levy – while other regulatory proposals have not reached a consensus on how to be implemented.

### *Brazil: Political Instability and Little Progress*

In December 2015, under the centre-left government led by Dilma Rousseff (2011–2016), the Superior Council of Cinema (CSC), responsible for formulating public policy in the audiovisual sector, published a document reporting on the accelerated growth of VoD services in the country. In it, the CSC advocated for the regulation of these services in order to ensure clear rules, promote competition between companies and diversity of content, and encourage independent domestic production (CSC, 2015).

The document recommended establishing specific obligations according to the economic profile and size of the players, although it recognised that the possibility of providing the service over the internet from abroad is a key challenge in modelling a balanced regulatory environment. In this sense, it proposed that VoD service providers be required to have a minimum number of Brazilian titles in their catalogues, to invest in the production of domestic works and to highlight them in the interfaces of each service. The CSC document proposed that streamers contribute to the Audiovisual Sector Fund through the CONDECINE tax (Contribution to the Development of the National Film Industry) and that this contribution be calculated on the basis of their turnover in the Brazilian market and not on the basis of the total number of titles in each catalogue.

Considering the CSC guidelines, the National Film Agency (ANCINE) carried out a public consultation on the regulation of the supply of content on demand and subsequently presented a set of recommendations requiring a minimum percentage of 20% of domestic works in catalogues, with at least half of this percentage being provided by local independent producers. It also proposed that streamers should invest money in the production or licensing of local titles by independent producers, according to a sliding scale that rises to 4% when revenues exceed $22 million. ANCINE further specified the need to ensure balance in the disclosure of domestic titles in the service interfaces (ANCINE, 2017).

ANCINE's work saw the light of day in a socio-political context that had radically changed since Rousseff's impeachment and her replacement by Michel Temer (2016–2018). After months of deep political instability, Temer appointed a new Minister of Culture in September 2017, who described the previous administration as 'too interventionist' (De Marchi & Ladeira, 2019, pp. 175–176). In these new circumstances, and arguing that the imposition of quotas is an anticompetitive practice, the ANCINE proposal was abandoned.

Subsequently, ANCINE presented a document that envisaged minimum regulation: the application of the CONDECINE tax. Initially, taxing the size of the catalogues was proposed, with seven fixed, progressive and proportional brackets to the number of works, which included promotional values when the work was national (De Marchi & Ladeira, 2019, p. 180), but later the proposal was reworked to consider a hybrid that would allow payment according to the catalogue size or to opt for a flat-fee per subscriber or per transaction.

The new proposal, supported by Netflix,[5] was strongly criticised by local independent producers and distributors. They argued that charging per catalogue size would discourage the creation of large libraries. In addition, corporations such as Amazon and Apple suggested that the tax should not apply to free audiovisual services funded by advertising. Finally, the Ministry of Culture avoided providing a definition.

The debate continued during the presidency of Jair Bolsonaro (2019–2022). Those who wanted companies such as Netflix to pay the CONDECINE tax claimed that a 2012 regulation authorised the government to order the payment. To settle the issue, Congress passed a law in June 2021 exempting VoD service providers from paying the CONDECINE tax. Bolsonaro vetoed this decision after the Ministry of Economy warned of the loss of revenue associated with the application of this measure. However, in September, Congress overrode the president's veto and maintained the exemption (see also Leonardo De Marchi and Ana Atem Diamante's contribution in this volume).

### *Mexico: Discussion Over the Catalogue and New Taxes*

In September 2019, Senator Ricardo Monreal of Morena, a left-wing political party led by Mexican President Andrés Manuel López Obrador (2018–), presented a bill that would require SVoD service providers to obtain authorisation from the Federal Telecommunications Institute (IFT) to operate in the country. In addition, these streamers would have to ensure that at least 30% of their catalogues are made up of domestic works produced by external companies.

The Employers' Confederation of the Mexican Republic (Coparmex) questioned the initiative, claiming that the processing of an authorisation before the IFT could reduce competition and be used as an instrument of government control over content, thus affecting freedom of expression. In addition, Coparmex claimed that the establishment of a minimum quota for domestic works violated the USA–Mexico–Canada Agreement. The NGO Red en Defensa de los Derechos Digitales (R3D) also criticised the quota for domestic content, arguing that it could jeopardise the diversity of content on offer, as companies could choose to reduce the number of titles in their catalogues in order to reach this percentage.

Despite these objections, the bill was approved by the Finance and Public Credit Commission and the Second Legislative Studies Commission, but was not debated in the Chamber of Deputies until January 2023. While keeping his initiative in force, in February 2021 Monreal presented a draft Federal Law on Cinema and Audiovisual, which stipulated that VoD service providers must reserve 15% of their catalogues for domestic works produced no more than 25 years ago.

On the tax front, the Senate approved a series of reforms in late 2019, including an obligation for foreign-based companies offering digital services to register with the Federal Taxpayers' Registry and pay VAT. In this case, it was simply to level the playing field with local digital service providers that already pay VAT. The measure, which came into force in mid-2020, equalised the obligations of local and foreign providers. Netflix's immediate response was to inform its customers that subscription plans would become equally more expensive, with the exception of the basic plan, where part of the tax was absorbed by the company.

In April 2021, the Morena Party presented another initiative to introduce a new 7% tax on the fees for streaming services. One of the arguments was that these companies use the public telecommunications networks, but do not invest in their installation and development. The initiative even penalised multinationals for not even having an office in Mexico. 'In the event that the service provider does not have a domicile or permanent establishment in national territory, the tax rate will be 15%', read the bill (Pérez, 2021). At the time of its presentation, the Morena Party had a majority in both chambers, but at the beginning of 2023, the bill was still pending.

### *Netflix: Proactive Management*

As part of its international expansion, Netflix has proactively managed its relationships with government officials in different countries, providing regulatory advice on a wide range of issues affecting its strategic objectives. As it has expanded its operations in Latin America, the company has lobbied tirelessly to mitigate various regulatory attempts to restrict its operations. The streamer's strategy of building strong relationships with key regional and local policy actors has combined the work of a public policy team that includes a director in Mexico for Spanish-speaking Latin America and another in Brazil, regular visits by top executives to key markets in the region, and the opening of offices in Brazil, Mexico, Colombia and Argentina.

A low profile is a trademark of Netflix executives, who have always tried to avoid public confrontation. The company has also chosen not to issue its own communiqués or documents that could be interpreted as an attempt to impose conditions on various governments. Similarly, the social and health crisis unleashed by the COVID-19 pandemic gave the company the opportunity to legitimise itself as a responsible interlocutor by working with national authorities to preserve the navigability of the internet and to set up a special fund to alleviate the devastation caused by the pandemic among audiovisual workers (Albornoz, 2020).

In recent years, Netflix has developed partnerships with international organisations such as the UNESCO and the World Tourism Organisation (UNWTO).[6] Among these, in Latin America, its association with the Inter-American Development Bank (IDB) on the report *Behind the camera: creativity and investment for Latin America and the Caribbean* (Olavarría et al., 2021) stands out. This report includes many Latin American voices from the audiovisual sector that question possible regulatory proposals, while claiming the need to promote a flexible legal framework capable of attracting foreign investment. In this favoured scenario, public–private alliances would be strengthened, worker training would be reinforced according to the needs of the audiovisual sector, and domestic catalogue quotas would not be necessary, as market dynamics would lead to an increase in the production of diverse local content. As Fernandes and Albornoz (2023) point out, the receptiveness to Netflix's ideas among different segments of the audiovisual sector and Latin American institutions such as the IDB raises concerns about the development of audiovisual public policies in the public interest, since in the aforementioned report, these serve the needs of the main market commercial players.

## Conclusion

The localisation strategy that Netflix has followed in Latin America since its early arrival clearly shows how this transnational company has taken advantage of the opportunities offered by the region, while at the same time showing flexibility in overcoming obstacles. On the one hand, it found a non-English-speaking population already accustomed to consuming US content. On the other hand, it benefited from the absence of any regulatory barriers. However, it found poor internet infrastructure and a wide digital divide in most of the region, which led it to partner with telecoms and electronics companies to establish new ways to access the service.

Netflix also struck deals with pay-TV operators to reach millions of households, with an offer that ended up being complementary to theirs and did not lead to customer migration. In addition, since Netflix service cannot be paid for in cash, the company addressed the low level of banking penetration of the Latin American population by signing agreements with banks that provide national credit/debit cards that work with prepaid systems and are used by low-income sectors.

Although the strength of the streamer's catalogue is Hollywood and European content, with subtitles and dubbed versions, since its arrival in the region it has begun to negotiate agreements with the main broadcasters in different countries to add local content and better understand the preferences of audiences in different markets through their consumption.

The next step in its localisation strategy was to produce content in the most relevant Latin American markets, usually through production commissions to local companies. In this way, as happened in its home market, Netflix anticipated the decision of some other companies that were already planning to stop licensing their content to the streamer in order to market it through their own VoD services.

As we have detailed in our analysis of the content produced in the main Latin American audiovisual markets, the particularity is that in most cases Netflix has been able to achieve a cultural mix that incorporates local identity traits and certain global themes, seeking not only domestic success but also international acceptance of such productions. As Brenan (2018) notes: 'Netflix sees such content production as not just local-for-local, but also local-for-global'.

As the streamer increased its customer base and media presence in the region, tentative initiatives to move forward with the regulation of VoD services began to emerge in various countries. However, an analysis of what has happened in Mexico and Brazil shows that the proposals to establish investment obligations in domestic production and to apply a catalogue quota that would guarantee the presence of local works did not materialise. In some countries, progress has been made in terms of taxation only, but it is the customers of the service who end up paying the tax.

Finally, two structural factors that limit Netflix's future growth in the region should be taken into consideration. First, the existing poverty in Latin America and the Caribbean: 32.1% of the population lives in poverty (ECLAC, 2022). Second, the growing competition in the SVoD services segment, where US companies are particularly relevant. Fully aware of this situation, Netflix has been testing formulas to increase its revenues. This is evidenced by its trial in eight Latin American countries to monetise account sharing (Netflix, 2022b) or the launch of its new ad-supported subscription tier in 12 countries, including Brazil and Mexico (Spangler, 2022).

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## Notes

1 Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panamá, Paraguay, Peru, Uruguay and Venezuela.

2 Proposals made by IAB Director General Juan Lerena at the seminar 'Audiovisual OTT services on the Internet: To regulate or to deregulate?', organised by Observacom, with the UNESCO Uruguay support (Montevideo, September 18, 2018). https://www.youtube.com/watch?v=vOOztmFHkpw

3 The price of the service's subscription plans was key to ensuring its competitiveness against audiovisual offerings such as pay-TV or cinemas. Netflix started offering a basic plan price of around $7.99 per month, similar to the US price at the time. Over the years, the company has differentiated its plans according to market conditions. In October 2021, the cheapest Netflix plans in the region were in Argentina (where the basic plan cost $3.79), Colombia ($4.5) and Brazil ($4.6). At the other extreme were Uruguay (the price of the basic plan was $8.99) and Paraguay ($8.29) (RPP, 2021).

4 On 22 January 2019, the day it was announced that *Roma* had been nominated for ten Oscars, the Motion Picture Association (MPA) announced that Netflix had joined the select club of the majors.

5 In a controversial decision, in late 2018, the CSC board brought in delegates from Netflix and the MPA, reducing the participation of Brazilian filmmakers (Revista Forum, 2018).

6 In 2021, Netflix and UNESCO partnered to launch the African Folktales, Reimagined short film competition, and that year also saw the release of *Cultural Affinity and Screen Tourism: The Case of Internet Entertainment Services* (UNWTO, 2021), a report produced by UNWTO in partnership with Netflix.

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# 8 Cultural Policies for the SVoD Market in Brazil

## From an Attempt at Regulation to Total Deregulation

*Leonardo De Marchi and Ana Atem Diamante*

### Introduction

The video-on-demand (VoD) market in Brazil was established rapidly, albeit in an unconventional way. Until the beginning of the 2010s, the Brazilian television market was structured around, on the one hand, broadcast television companies (which were domestic corporations only) and, on the other, pay television companies (which comprised both domestic and foreign-capital companies[1]). Although the digital market appeared as a possibility on the horizon, services on demand had received little attention from key market players (Ladeira, 2017). Even the most powerful media corporation, the Globo Group, had no expectations when it created its digital platform Muu, in 2011, originally just to retransmit the content the corporation produced for its broadcast television (Globo Channel) and pay television channels (GloboNews, GNT, Multishow, Sports TV and others) on the Internet, thus preventing YouTube from using its contents to gain audience. At the time, the Internet was deemed a medium for piracy, not for investment.

In 2011, however, Netflix entered the Brazilian market. It was the second foreign country in which the US company started operating, right after Canada (De Marchi & Ladeira, 2019). From the outset, Netflix offered an attractive catalogue, with a variety of titles produced by Hollywood film studios and major American television channels, available à la carte to be accessed by smart TVs, notebooks and/or smartphones. What is more, Netflix's powerful algorithms offered a personalised menu that promised to improve over time. All these features were offered for a reasonable price (at least for the middle class), thus creating an attractive alternative to costly pay television. Despite the lack of official information, Netflix rapidly gained scale,[2] being acknowledged by audiovisual market players as an important distribution outlet that could even boost the VoD market.

Gradually, Netflix began to invest in the production of content for its 'originals' label. The company approached Brazilian independent producers to produce content that could compete with major television channels. The first experience was the web series *3%*, written by Pedro Aguilera (Boutique Produções), which premiered in 2016. The product apparently performed

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well, being the most-watched non-English-language series globally that year, which guaranteed a contract renewal for another four seasons. It also paved the way for more investment. By December 2019, Netflix Brazil had produced 22 products from different genres, including stand-up comedies, feature films, web series and documentaries.

As Netflix became both a distribution outlet and a content producer, the perception about the Internet changed among traditional players in the audiovisual market. Bypassing regulation for both broadcast television and pay television, Netflix became a competitor without any of the legal obligations applicable to the domestic audiovisual industry (screen quotas or paying taxes dedicated to improving the domestic industry, for instance). What is more, the company suddenly opened the Brazilian market to major foreign corporations without being noticed, as the Internet was not deemed an important medium for video consumption either by regulators or even local competitors. As a result, foreign companies that already operated as pay television channels (HBO, Fox, ESPN, among others) started to retransmit their content over the Internet directly to subscribers, and other digital platforms started to operate in Brazil (Amazon Prime and Disney+), changing the balance of the market.

The immediate response of the key players of the television market was to rush to the digital market. The Grupo Globo decided to reformulate its strategy to compete with Netflix. The formerly obscure Muu platform was rebranded GloboPlay, in 2015, to become the corporation's core business. In a bold manoeuvre, the company subordinated all its television channels and even the movie studio (Globo Filmes) to feed the GloboPlay catalogue as fast as possible.

The market frenzy did not go unnoticed by the government. At the time, a centre-left coalition led by the Workers' Party (Partido dos Trabalhadores, PT) was in power. In political terms, it can be said that the government held a predominantly neo-developmentalist political agenda,[3] given its interest in developing domestic industry.[4] The Ministry of Culture (MinC) was one of the government bodies that adopted the neo-developmentalist agenda, supporting domestic culture industries. In this sense, the audiovisual industry was strategic as the sector (1) could create higher-paid jobs, (2) was connected with many other sectors at the same time (music industry, television, tourism and others) and (3) could be used internationally as part of a smart power diplomatic strategy. Since the beginning of the PT governments, the Agência Nacional do Cinema (National Film Agency or ANCINE), the institution responsible for the film industry, adopted industry-related policies with the aim of restoring the domestic industry (ANCINE, 2017). The success of its policies gave ANCINE a great deal of political capital. As the presence of global streaming services was increasing rapidly, and as they were becoming content producers, the agency closely monitored the situation and came to the conclusion that regulation of the VoD market ought to be on the agenda.[5]

With the consent of the MinC, between 2015 and 2017, ANCINE held public hearings with market players and civil society and commissioned a study on the VoD market in Brazil. The resulting report was published in 2017 as an advisory for an upcoming Bill (*Projeto de Lei* or PL). The document presented a series of legal and technical recommendations for the regulation of VoD services, suggesting measures that ranged from the collection of taxes dedicated to promoting the domestic audiovisual industry to the implementation of screen quotas favouring Brazilian digital content.

The document was published, however, at a time of serious political instability. As of 2013, the administration of President Dilma Rousseff (PT) began to face strong political opposition and had its public image tarnished by the continuous allegations of corruption published by the media. Political pressure increased over the years, culminating with the president's highly controversial impeachment, in 2016, part of a *coup d'État*. Then Vice-president Michel Temer (Partido do Movimento Democrático Brasileiro, PMDB) took over and adopted an ultraliberal political agenda that was antithetic to the neo-developmentalist policies advocated by the PT. Culture was one of the sectors most affected by the ultraliberal approach. Temer appointed neoliberal politicians as ministers of culture, who literally began to dismantle the MinC: many secretariats and agencies were eliminated, experienced civil servants were relieved of their positions, hired experts were dismissed, and cultural policies were discontinued (De Marchi, 2017). Finally, on his very first day in office, 1 January 2019, the newly elected far-right president Jair Messias Bolsonaro extinguished the MinC, transferring cultural affairs to a Secretariat of Culture, which had neither the budget nor the willingness to invest in cultural affairs as it was run by people loyal to the bolsonarist culture war.[6]

The political situation had many consequences for VoD regulation. In the aftermath of the report's publication, the new administrations of both the MinC and ANCINE revised earlier positions and tried to reduce regulation on taxation on digital platforms, leaving aside concern for the protection of the domestic industry. As the political crisis worsened, cultural affairs lost political support, and the debate on regulation was put on hold for an indeterminate time.

In the absence of regulation, the VoD market attracted massive unchecked investment. In a matter of years, major digital platforms started to operate alongside Netflix (Amazon Prime, HBO+, Disney+), independent platforms took hold of niche segments (Mubi, Looke, Tamanduá TV, among others), and even Brazilian media companies boosted their own streaming services (GloboPlay).

As counterintuitive as it may be, the rapid growth of the digital market poses challenges to the audiovisual industry. Broadcast television and pay television were regulated in order to open opportunities to Brazilian producers, notably in the independent sector. As media companies migrate from television to the Internet, the audience follows suit, diminishing the value of television to advertisers. As a result, regulation for television becomes burdensome to media companies that, strategically, demand less regulation (which includes fewer obligations towards the domestic industry). What is more, without these obligations, digital platforms import the majority of their catalogue and choose only a few projects from Brazilian producers to invest in each year, leaving the majority of producers without a foot in the digital market (Ravache, 2022). In sum, Brazilian content producers are unprotected regarding the platformisation of the audiovisual industry.

This chapter analyses the attempt to regulate the VoD market in Brazil and assesses the consequences of its failure. Brazil presents a progression that went from a proposal for an advanced regulatory framework to a scenario of complete deregulation in which the domestic industry has become vulnerable to large digital platforms, which can radically change both the market structure and the entire production chain. Despite the idiosyncrasies of the country's political situation, the Brazilian case illustrates the difficulties of establishing a regulatory framework for a peripheral audiovisual industry in the global streaming market.

## The Regulation of VoD Services: An Idea

The intention to regulate the VoD market started at the beginning of what would be President Dilma Rousseff's (PT) second term, in 2015, when João Luiz Silva 'Juca' Ferreira, former minister of culture (2008–2010), was invited to resume neo-developmentalist policies for culture.[7]

In the face of a deteriorated political atmosphere, the VoD regulation project was presented by ANCINE to Ferreira as a strategic and feasible action due to the rapid transformation of the digital market and the concern it was causing among market players. The presence of a global player such as Netflix in Brazil was a reminder that other platforms would follow soon. Thus, there was an expectation that the proposal for a regulation would find echo among domestic market agents.

In order to carry out the task, the MinC decided first to convene the Superior Council of Cinema (Conselho Superior de Cinema, CSC) to set the parameters according to which the regulation of the digital market should be proposed.[8] On 17 December 2015, the CSC published a public letter justifying the decision to carry out a project to regulate VoD and pointing out the guidelines to do so (CSC, 2015). The justification was based on the rapid growth of the digital market and the entry of international major players, which could change the market structure.

The document delivers a political statement in the sense that it advocated an active participation of the state in the organisation of the digital market. In its justification, it is stated that:

> [...] it is considered to be in the interest of the country and of users that there is, as much as possible, competition in the service provision

> and diversity in the offered content, *giving space and special attention to Brazilian companies, Brazilian content and Brazilian independent production content.*
>
> (CSC, 2015, paragraph 5, emphasis added)

The passage presents the neo-developmentalist approach held by the MinC. Instead of proposing regulation based only on taxation,[9] the CSC stressed the need to protect domestic companies. This political attitude was all the more pronounced in Paragraph 10:

> Promoting Brazilian audiovisual works and Brazilian independent-production audiovisual works in the catalogues is one of the objectives that aligns the treatment of VoD with policies on other segments of the audiovisual market. Three independent and supplementary instruments are considered possible for this task: (a) the obligation to offer a minimum number of national titles in the catalogue; (b) providers' investment in the production or licensing of Brazilian works; and (c) the prominence or visual prominence given to Brazilian works in the user interface. The choice and/or combination of these instruments involves weighing the risks and the impact of each of them on the behaviour of providers and users.

Here, the CSC was making a particular reference to Law n. 12.485/2011, known as the SeAC Law (*Lei do Serviço de Acesso Condicionado*). Adopted in September 2011, it was meant to substitute the former Law n. 8.977/1995, known as the Pay TV Law. The SeAC Law introduced changes to the regulation of pay television. For instance, (1) it was meant to regulate the nature of the service (telecommunications service for the transmission of audiovisual content in the form of packages and programming channels in various modes); (2) it paved the way to foreign companies to operate in Brazil; and at the same time (3) it created a number of provisions to favour domestic industry.

In this respect, the SeAC Law determined screen quotas for those channels that had more than half of their programming composed of audiovisual productions (movies, TV series, *telenovelas* and the like). These channels were obliged to transmit (1) about three and a half hours of weekly content produced in Brazil, (2) with half of this time being constituted by works from independent producers. The text also established that at least 30% of the fund dedicated to supporting local productions, the Fundo Setorial do Audiovisual (FSA), should be allocated to companies established in the North, Northeast and Midwest regions of the country, a provision intended to develop audiovisual companies located outside the main Brazilian economic centre, the Rio de Janeiro–São Paulo (Southeast) axis. The text also determined that service providers must reserve channels for public services (universities, the judiciary branch, the legislative branch and so forth) and create at least one channel dedicated exclusively to content produced in Brazil. In so doing, the SeAC

Law incited television channels to distribute a diversity of content produced by Brazilian companies, which resulted in the development of many small and mid-sized independent producers across the country.

This law became a model for a neo-developmentalist approach to telecommunication, inspiring debate in the digital market.

## ANCINE's Report

ANCINE's report was published in 2017 (ANCINE, 2017). The document comprises two parts. The first introduces the record of public hearings. The second presents a survey of the VoD market in Brazil and ANCINE's suggestions for the regulation of VoD services.

Between 23 December 2016 and 29 March 2017, ANCINE held debates with representatives from the audiovisual market and organised civil society about the regulation of VoD services. The first section of the document is divided into six topics that are presented in a dialectical form: (a) ANCINE's position, introduced as a question; (b) the response of participants; and (c) ANCINE's rejoinder. Overall, 58 comments and 27 suggestions from the participants were recorded.

The ones that matter for this chapter regard access to Brazilian digital content and measures to protect domestic industry. In this sense, the second topic (letter B) addresses the issue of the presence of Brazilian audiovisual works on digital platforms:

> B. If the mandatory supply of Brazilian audiovisual works and content in catalogues is a regulatory option, how could this obligation be implemented without affecting the increase in the diversity of available foreign titles?
>
> (ANCINE, 2017, p. 7)

This topic generated some of the most polarising opinions. On the one hand, there were those who were in favour of implementing screen quotas with minimums for Brazilian content. There were different proposals: some supported a maximum of 50% of the total collection, including a part for Mercosur productions and a part for independent Brazilian works. Others proposed to mandate only 10% of the catalogue. It was also argued that audiovisual companies should invest 15% of their revenue directly in independent Brazilian film producers.

On the other hand, there were participants that simply rejected the idea of screen quotas. From this point of view, any obligation for screen quotas could hinder the expansion of business models based on large catalogues of titles and restrict the enjoyment of foreign content, going against the Internet's nature of free circulation. Moreover, according to this group, the implementation of screen quotas would stimulate piracy as regulations would constrain the content on offer.

In response, ANCINE emphasised there was no causal connection between screen quotas and the difficulties of developing digital platforms, not to mention the stimulation of piracy. On the contrary, the agency argued that the systematic presence of local content would reduce piracy (inasmuch as the audience could find on legal platforms the domestic content they would otherwise search for on illegal peer-to-peer networks) and encourage local audiences to access foreign digital platforms (inasmuch as the offer of a diversified domestic content would attract more Brazilian subscribers). ANCINE also recognised the existence of a demand for policies on quotas coming from the audiovisual industry, especially on the part of independent producers.

In point D of the document, ANCINE suggested that domestic content, especially that produced by independent companies, should be available throughout the interface of the VoD services, that is, not restricted to one section of the catalogue. If screen quotas were to be applied, it would be useless if the content would not be immediately visible and accessible across the interface. In this line of reasoning, there should be some mechanism to give priority to Brazilian works in the catalogues in a transversal and non-segmented way, which was labelled *national content prominence*. Despite not believing that it was the moment to discuss details, the agency upheld the importance of such action if screen quotas were to be adopted.

There were also many controversies regarding how the CONDECINE tax[10] – which feeds the Audiovisual Industry Fund, the most important source of funding for domestic audiovisual production – should be levied on VoD services. As the business model of streaming services is based on the collection of a large number of titles and continuous access to each title, it would be impossible to collect the tax based on the number of titles on offer. The alternative was, then, a percentage of the total revenue or tax credit to be invested in domestic industry. In addition, there was a concern as to whether CONDECINE would represent a tax burden if it were levied on some telecommunication entities that also had VoD services, which would lead them to be taxed twice.

In this case, ANCINE admitted that CONDECINE's levy on audiovisual works was not compatible with the model of non-linear programming. Therefore, the agency recommended that the taxation should be on gross revenue using progressive rates, in addition to other potential financial obligations for the industry.

In point F, ANCINE proposed to 'establish uneven obligations – fewer obligations for market entrants (such as progressive CONDECINE tax rates) – in order to encourage the diversity of service providers and greater competition' (ANCINE, 2017, p. 20). This topic also triggered polarised opinions. Some believed that government interference would be a violation of free competition. Others argued that the state's interference was imperative to support small players, which are naturally in a less advantageous position in the market structure. According to ANCINE, uneven obligations would be very positive for encouraging competition among players and promoting the plurality of available content.

The second part of the report presented ANCINE's recommendations for the regulation of the 'on-demand audiovisual communication in Brazil', as it was labelled in the document. In point 5.3.a, it recommended:

> (a) Permanently have in the catalogue, subject to free enterprise, Brazilian audiovisual content representing qualified space, with at least 50% having been produced by an independent Brazilian producer.
>
> (b) Directly invest in the production or licensing of independent Brazilian audiovisual content that represents qualified space.
>
> (c) Ensure equity in the advertisement of Brazilian audiovisual content, including independent production, through balanced visual exposure in the on-demand audiovisual communication service interface, even in cases where user-preference suggestion mechanisms are used.
>
> (ANCINE, 2017, p. 35)

The neo-developmentalist approach is once again clear in this passage as it sets as a goal the promotion of domestic industry through legal mechanisms implemented by legislation that obliges market players to be implicated directly in the audiovisual industry production chain.

The seventh recommendation referred to the collection of CONDECINE. Above all, the agency recommended 'a review of CONDECINE's incidence structure on this segment', which meant the tax should be not calculated based on the size of the catalogue but, as summarised in item 7.1:

> (c) The tax basis should be the tax payers' annual gross revenues [...] from the assignment of advertising space and advertising placement; from direct or indirect subscription services to access the catalogue, in whole or in part; and from lease, assignment or sale of customised audiovisual content.
>
> (ANCINE, 2017, p. 37)

And more importantly, the agency proposed an uneven taxation:

> (d) The tax rates should be established progressively, ranging from 0% (for annual gross revenues totalling up to BRL 3.6 million) to 4% (for annual gross revenues above BRL 70 million).
>
> (ANCINE, 2017, p. 37)

A careful reading of the report reveals that ANCINE understood that the implementation of screen quotas for Brazilian content and the progressive collection of CONDECINE were strategic mechanisms to safeguard domestic producers in the independent sector. In the agency's view, that would be the most feasible way to prepare the domestic industry for a new configuration of the industry globally. In so doing, however, the agency caused uneasiness among some of the market players. It is not surprising that, during the following steps to propose legislation, such points have been fiercely contested by the interested parties.

## A Long and Winding Road: The Sequel of Regulation Debate

By the time ANCINE's report was published, the political situation had been radically altered: President Dilma Rousseff had already been impeached, the new president adopted an ultraliberal agenda, and the new ministers of culture were not sympathetic to the neo-developmentalism approach of Ferreira's administration. The report seemed doomed from the start. It was not a coincidence that the debate about the VoD market regulation became a grey area until it reached a stalemate. This section addresses the three main fronts of the regulation debate.

### *Bill No. 8889/2017*

In October 2017, a congressman for the state of São Paulo, Paulo Teixeira (PT), introduced Bill no. 8889/2017 to the House of Representatives, with a view to regulating the VoD market (Brasil, 2017). While it was not the only text introduced on the subject, it was the closest to ANCINE's report and the one that progressed the furthest through the bureaucratic procedures of the Congress.

According to its *Justification*, the bill was proposed due to the concern that 'such providers [video-on-demand platforms] do not meet the conditions for distributing Brazilian content and contributing to its promotion' (Brasil, 2017, p. 9), as stipulated for other distribution channels for content by the SeAC Law. The goal was then to present a regulation framework for the digital market that could meet the requirements of the SeAC Law.

The document was clearly informed by ANCINE's report, as it reproduced many of the suggestions proposed by the agency, such as:

- 2% to 20% of the total number of hours in the catalogue of films and series offered by the platforms to comprise titles produced by Brazilian companies, with 50% of this percentage being works by independent companies.
- The percentage would depend on the company's gross revenue, with a minimum rate of 2% being applicable to companies with annual gross revenues totalling up to BRL 3.6 million and a maximum rate of 20% to those with annual gross revenue above BRL 70 million.
- To adopt a progressive CONDECINE, ranging from 0% to 4%.
- 30% of the tax amount collected would be allocated to producers established in the North, Northeast and Central-West of Brazil.

The text went through several committees of the House of Representatives, being discussed and modified in a few technical aspects. Until 2023, however, the bill has remained shelved, with no prospect of being voted on in the near future.

#### *Superior Council of Cinema Work Group*

In December 2019, the CSC was once again convened to form, this time, a work group (WG) to discuss the CONDECINE levy on VoD services. On 27 May 2020, the WG drafted a document, disregarding both ANCINE's report and bill no. 8889/2017.

The document had only four topics. In items 1, 3 and 4, the CSC reaffirmed that CONDECINE should levy on billings of streaming platforms and not on the number of titles available in the catalogues. Item 2 addressed a topic that had always been sensitive: screen quotas for domestic audiovisual works.

The paragraph started by defending the creation of legal mechanisms to promote Brazilian industry, especially the independent sector. The proposed solution was, however, to offer tax incentives to attract direct investment from streaming companies in the co-production of Brazilian works. The document also suggested using CONDECINE to encourage partnerships between international digital platforms and Brazilian producers. The solution proposed had an important justification: '[T]his direct investment model makes the demand for screen quotas of domestic content unnecessary, as it encourages the presence of domestic content on the platforms' (CSC, 2018, p. 3). The formulation was in accordance with the neoliberal approach to economy: the state must act only through tax exemptions, not through legislation that could *constrain market forces*, in the neoliberal jargon.

#### *Work Group of the Ministry of Communications and ANCINE's Contribution*

The Ministry of Communications (MiniCom), for its part, created a WG (GT-SeAC) that drafted a document on audiovisual market regulation (MiniCom, 2021). The document focuses on the television market in view of the difficulties that the pay television segment faced due to digital platforms. For this reason, an analysis of the VoD market structure was presented as an ancillary subject. The analysis published in the MiniCom's document came from another report published by ANCINE under the title *Overview and challenges of the Pay TV segment regulation: ANCINE contributions to the Work Group of the Ministry of Communications* (ANCINE, 2021).

The document comprised four items: (I) taxation, (II) service providers' investment in independent production, (III) treatment of the timing of window sequencing and (IV) editorial responsibility. Among more technical information, the document mentioned at least two points that deserve comment.

The first one regarded taxation:

> […] Under the current classification of VoD, CONDECINE brings adverse effects to competitive relationships and the formation of broader catalogues. Catalogues have a high tax cost in relation to their size, regardless of the commercial results obtained. The expected effects are contrary to the intended results, with a tendency to reduce the quantity and diversity of titles, difficulties in including independent works, smaller service offerings and greater concentration.
>
> (ANCINE, 2021, p. 87)

This quotation refutes ANCINE's previous position, published in its original report. This time, the agency claimed that the CONDECINE levy should not be applied at all to digital platforms.

The second issue addressed the demand for mechanisms for the protection of independent producers. According to the text, the protection and promotion of the domestic industry must be a goal for future regulation. Nonetheless, it could be achieved not by establishing provisions that would oblige digital platforms to distribute Brazilian works (namely, screen quotas and measures to give prominence to domestic content) but by encouraging partnerships in licensing and production of domestic content. That is, ANCINE suggested using tax exemptions in order to encourage digital platforms to invest directly in the domestic industry, instead of obliging VoD services to give room to domestic content. Once again, the proposition of screen quotas or any mechanism prone to giving prominence to Brazilian content was discarded in favour of a regulation based on tax exemptions.

## A lawless Land: The Deregulation of VoD Market

On 1 January 2019, Jair Messias Bolsonaro acceded to power. In a provocative move, the new president eliminated MinC by a decree, replacing it with an obscure Secretariat of Culture. The act was topped by the removal of senior professionals from culture-oriented institutions, later to be replaced with people trusted by the president, but who had no qualifications for the positions they held. The outcome was the dispersion of activities of the agencies dedicated to culture. ANCINE, for instance, was not eliminated but severely restricted: the new administrators discontinued or shelved many of the previous projects. Without institutional support, there was no political climate to carry the project for the regulation of the digital market any further.

In the meantime, there was an event that became a turning point in the trajectory of the VoD market. It was Case No. 52500.022573/2019-38, Claro S.A. versus Fox Latin American Channels do Brasil, judged by the National Telecommunications Agency[11] (Anatel). In December 2018, Claro S.A. filed a complaint with Anatel challenging the legality of Fox Group's commercial practices. Fox Group was offering the same content distributed through its pay television channel over the Internet, directly to consumers. According to Claro S.A. (which is a pay TV operator and has its own streaming service, Claro Now), the distribution on the Internet of linear programming directly to users constituted an audiovisual conditional access service (SeAC), which was under Anatel's responsibility. In this understanding, Fox was violating the SeAC Law.

What should have been a technical discussion was transformed into a new forum to debate the regulation of the VoD market. Surprisingly, Anatel was approached by different market players with vested interests in both the pay television market and the Internet.[12] In September 2020, Anatel published a decision in which the counsellors agreed that the agency could regulate only what was offered via broadcast or satellite, with the Internet falling outside of its jurisdiction. Digital content, the argument went, should be regulated by another agency. As Anatel's president, Leonardo Euler de Morais, stated:

> Digital content distribution, electronic commerce of intellectual property, and consumption patterns of information and entertainment services have progressively moved towards on-demand, ubiquitous and multiplatform access. [...] In this scenario, regulation cannot be intrusive or hinder experimentation. It is a new universe, outside the restrictions of the aforementioned obsolete law. A new universe that only touches on the scope of action of this agency, which regulates telecommunications infrastructure, but does not cover the relationships that occur in other layers of the digital ecosystem.
>
> (Grossmann, 2020)

The point was that this *other agency* does not exist. Anatel's decision thus determined that, in practice, the digital market could function without a proper regulatory framework.

Coincidentally or otherwise, only two months after the decision, Disney+ entered the country, offering content produced by the corporation's television channels (Disney, ESPN and others). Companies that functioned only as pay television channels rushed to the Internet to rebroadcast their content in the digital environment, directly to the consumer – in a way competing with, if not boycotting, their own television channels. Not surprisingly, the decision has accelerated pay television's business model crisis. According to the Brazilian Association of Pay Television (ABTA), the number of pay television subscriptions in 2014 was 19.6 million, but by 2021, it was only 13.9 million.[13] In October 2021, Netflix had 19 million subscribers alone, earning BRL 7,98 billion. Another important index is the investment of advertising companies in the media. In 2021, while free-to-air television received 45.4% of the total advertising expenditure (BRL 9 billion) and the Internet gained 33.5% (BRL 6.6 billion), pay television remained with only 7.14% (BRL 1.2 billion) (Benício, 2022).

In an interview for this chapter, journalist and telecommunications policy expert Samuel Possebon summarised the situation:

> Anatel had this discussion on the table for two years, moving from one side to another, being careful, suspending the sale of the service until [the agency] decided on the merits. Along the way, some important players were about to launch direct-to-subscriber sales services [...]. So, for example, GloboPlay (which until then did not have a product in this model) was about to launch [it], HBO was about to launch it, Disney itself was about to launch a product in Brazil [Disney+]. Everyone was looking forward to seeing how Anatel would classify it. And then, around September 2020, Anatel decided, from a regulatory point of view, that anything that is sold over the Internet is not under its responsibility. So, the way was paved for the sale of VoD services – and also of linear channels over the Internet – to not be taxed and not regulated as a pay-TV service. In practice, Anatel confirmed this imbalance and said: 'Look, if you're on the Internet, you have a rule – which is much lighter, since you don't have to follow the SeAC Act, you don't have any obligation of [channel loading, screen quota], of independent programming quota... you go on with your life and choose whatever [business] model you want'. If you have a dedicated network and you have the subscription TV grant, you will be regulated by Anatel, you must follow the SeAC Act.
>
> (Possebon, 2022)

The misfortune of pay television presents an adverse scenario for the domestic audiovisual industry. Over the years, either the Pay TV Law or the SeAC Law had created mechanisms that have forced pay television operators to distribute Brazilian content, encouraging the emergence of small and medium-sized domestic producers across the country. As the Internet becomes free of the same obligations (taxes to support the domestic industry, screen quotas and the like), it turns pay television into a burdensome investment. As a result, television companies now demand less regulation in order to compete with digital platforms, which means paying less taxes that are used to improve domestic industry and abandoning the obligations towards Brazilian content.

If it is true that companies such as Netflix and Amazon Prime invest in Brazilian content, there is an underinvestment in the Brazilian audiovisual industry. According to an Ampere Analysis report, Netflix's investments in Brazil are below those made in other countries where there are laws protecting the audiovisual industry, such as France and India (Ravache, 2022). For instance, even though Brazil has more than 19 million subscribers and India just over five million, Netflix has already sponsored more than 70 films, documentaries and comedy specials up to 2022 in the latter; during the same period, Netflix Brazil has co-produced no more than 50 works.

Another decisive moment was the approval of Law 14.173/2021, which exempts VoD services from paying CONDECINE. The original text of the bill was aimed at lowering taxes to expand Internet access via satellites. In Article 5, however, it is determined that VoD services shall be exempted from paying any category of CONDECINE, since, in the understanding of the legislator, digital platforms could not be considered *audiovisual companies* or the like. The article alone was so controversial that even President Jair Bolsonaro vetoed it, following the advice from the Ministry of Economy. In a rather unusual manoeuvre for a legislative branch in which Bolsonaro's government had the support of most deputies and senators at the time, the legislators overrode the veto and enforced the article.

In the end, VoD services found themselves entirely without regulation designed for communications and have no obligation to the Brazilian audiovisual industry.

## Conclusion

The Brazilian case presents complexities inasmuch as it results from not only the disputes between the political authorities and market players but also from an unstable political atmosphere as well. Without political support, Brazilian authorities did not manage to implement legislation to regulate the VoD market. As a result, the domestic industry has become exposed to numerous risks.

On the one hand, independent producers are forced to rely on international digital platforms. Without provisions that oblige systematic investment in the domestic industry or guarantee the distribution of a certain volume of domestic digital content, audiovisual producers depend on timely decisions of Netflix, HBO Max, Amazon Prime, Disney+ and the like. If it is true that these corporations are supporting some local producers, the volume of such partnerships is far from sufficient. An inspection of their catalogues reveals a growing number of Brazilian works available. However, they are in small numbers compared to productions from other countries, notably those from English-speaking countries (Penner & Straubhaar, 2020; Ravache, 2022). Without legal mechanisms that oblige these digital platforms to support local industry, it is far from certain whether current partnerships will evolve in the future.

The changes in the audiovisual industry are so grave that it is fair to ask if it is possible to resume the regulation effort. The answer is affirmative – and it seems to be necessary. An unregulated digital market seems to bring a high level of uncertainty for domestic market players and professionals rather than gains. However, the actual circumstances are far more complex and sensitive than they were years ago. Now, there are well-established local and global companies that are shaping the production chain and consumption practices through their *modus operandi*. To champion a new regulatory framework will require tremendous political strength. It can only be put into action if there is a clear project for the development of the Brazilian industry in the long term which may attract the support of domestic market players as well as society as a whole.

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## Notes

1. According to the Código Brasileiro de Telecomunicações (Law n. 4.117/1962), foreign capital companies were prohibited from holding public utility concessions in Brazil. Only when pay television was regulated by Law No. 8977, in 1995, were foreign capital television companies allowed to operate in the country, but under restrictive conditions. As a result, the market structure of the audiovisual market had domestic media corporations in a dominant position and a few foreign capital companies operating in the pay television system.
2. Even though Netflix has never disclosed its subscriber numbers, according to figures released by the company Comparitech (Moody, 2021), Brazil was its second largest market in 2020 in terms of the number of subscribers (16 million) and the third largest market in terms of revenue (US $395 million). In October 2021, the Brazilian Antitrust Agency (CADE, or Conselho Administrativo de Defesa da Economia) mistakenly released the official number of Netflix Brazil subscribers at that time: 19 million.
3. In the history of Latin American economic thought, developmentalism refers to a school of economic theory that posits industrialisation as the key to reaching economic development in the region, having the state as the main organising force for economic growth (in a certain way, it is the Latin American equivalent of Keynesianism). Developmentalism had its *momentum* between the 1930s and 1980s, being the intellectual framework for the industrialisation of several economies of the continent. As a school of thought, developmentalism found a home in the Economic Commission for Latin America (ECLA), bringing together remarkable economists such as Raúl Prebisch and Celso Furtado, among others. Since the economic crisis during the 1980s and the rise of neoliberalism, however, developmentalism and its related industrial policies have fallen into discredit. Nonetheless, the serious deindustrialisation of Latin American economies and the brutal increase in social inequality on the continent opened up room for a revival of a developmentalist approach among economists, albeit with important theoretical changes, such as respect for the environment, emphasis on technological innovation and on issues of income distribution as keystones of economic policies. This shift in emphasis allows commentators to label pro-industrialisation theorists as *neo-developmentalists*. Regarding developmentalism and neo-developmentalism, see Bielchowsky (2000), Bresser Pereira (2009).
4. Among political scientists, there is much debate whether it is possible to consider the PT administrations as full neo-developmentalists. Despite efforts to improve domestic industry, the leftist administrations never really left behind

the macroeconomic framework crafted in previous neoliberal administrations, namely a free-floating exchange rate, inflation target and fiscal responsibility. There were indeed some parts of the government that were more neoliberal in tendency and other parts that advocated a more neo-developmentalist approach to the economy, creating a political aporia that raised tensions from time to time (see Bresser-Pereira, 2009).

5 At first, there was no consensus within the government (a) if the VoD services ought to be regulated and (b) which body should be responsible for regulating it, if applicable. In a bold move, ANCINE preempted other bodies in the government (notably, the Ministry of Communications) and claimed the right to regulate the emergent digital market, arguing that digital platforms could be considered a distribution outlet for the domestic film industry.

6 During his election campaign, Bolsonaro always accused artists of being communist agents in disguise. In this line of reasoning, the extinction of the MinC was seen as a victory in the culture war far-right partisans believed they were fighting. The Secretariat of Culture was designed not to function. Bolsonaro appointed names deeply involved in the ideology of the far-right. The two appointed secretaries discontinued many culture policies developed before. For the attack against culture during Bolsonaro's term, see De Marchi (2017).

7 Dilma Rousseff succeeded President Luis Inácio 'Lula' da Silva (2003–2007/2007–2011), winning the presidential election in 2010. Rousseff's first term enjoyed a period of economic growth and high levels of popularity. However, the development of the investigation named 'Operation Car Wash' ('Lava Jato') created a (false) feeling in public opinion that her government was riddled with corruption. At the end of her term, she ran for re-election and won by only a narrow margin of votes. Thus, her second term already began in the midst of a crisis of legitimacy that, ultimately, resulted in her unfair impeachment, considered a *coup d'État*.

8 Created in 2001, the CSC is a collegiate body whose powers include formulating national cinema policy and approving general guidelines for the development of the film industry. The council is composed of representatives of sectors of the industry, representatives of civil society, experts and government leaders.

9 Since the early 1990s, with the election of President Fernando Collor de Mello (1990–1992) and, above all, President Fernando Henrique Cardoso (1994–2002), a neoliberal agenda has been implemented, with a battle cry to dismantle public policies in favour of market regulation. Equating 'public policies' with 'interventionism' and 'inefficiency', the neoliberal administrations dismantled many policies designed to support domestic industry in favour of regulating competition between companies through the collection of taxes. Without state support and with the total opening of the domestic market to foreign capital, Brazilian industry went into decline, deepening the deindustrialisation of the economy. From an ideological point of view, 'bringing the state back' became the battle cry of the left. The term meant reinstituting public policies that would encourage the reindustrialisation of the economy, privileging Brazilian capital. In the case of VoD regulation, the original intention was to implement public policies that would protect Brazilian audiovisual companies and streaming services.

10 Introduced by Executive Order No. 2228-1/2001, the Contribution for the Development of the National Film Industry (CONDECINE) is a contribution tax that is levied on the broadcasting, production, licensing and distribution of audiovisual works for commercial purposes. There are three types of taxation: CONDECINE-Título (CONDECINE-Title), CONDECINE-Remessa (CONDECINE-Remittance) and CONDECINE-Serviços (CONDECINE-Services). The taxes collected make up the Audiovisual Industry Fund, the most important source of financial resources for Brazilian audiovisual production.

11 Created in 1997, the National Telecommunications Agency is an entity that forms part of the indirect Federal Public Administration, under the Ministry of Communications. Its function is to regulate the broadcast system.

12 It was symptomatic that, in February 2019, the Associação Brasileira de Emissoras de Rádio e Televisão (ABERT), the association that represents the private radio and television companies, filed a request for interested parties in the process, arguing that the availability of content over the Internet constitutes a value-added service, which does not require authorization and regulation from Anatel.

13 https://www.abta.org.br/dados_do_setor.asp

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# 9 Streaming the Middle East

## From Legacy Media to Digital Platforms

*Joe F. Khalil and Mohamed Zayani*

### Introduction

The immersion of the Middle East[1] in the digital era has profoundly affected how media content is produced, distributed, and consumed. Information technologies and digital services are also transforming existing media companies and reconfiguring cultural industries. Although the effect of the digital turn can be seen across the creative, cultural, and media fields, its impact is felt most concretely in the music and television industries. This is particularly evident in a growing streaming sector consolidated by the global expansion of international players, the reorientation of traditional media organisations in the region towards the digital, and the emergence of several locally anchored, globally oriented start-ups. This chapter examines the peculiarities of digital cultural industries in the Middle East and the challenges global and local players face in an emerging market undergoing uneven transformation. Drawing on cultural histories, media discourses, and industry artifacts, the chapter provides insights into the peculiar ways the region's burgeoning streaming sector is unfolding. By providing a critical analysis that is historically contextualized and geographically anchored, it contributes to a growing body of research on the digital Middle East.[2]

The chapter starts with an overview of the region and its media landscape, highlighting key trajectories in the music and television industries. The analysis then delves into the regional growth of digital local and global streaming platforms and pays particular attention to the intersecting issues of free speech and cultural embeddedness, piracy and copyright, and monetisation and scaling up. The chapter concludes with an engagement with the state of the streaming sector, which involves international players with regional interests, traditional Middle Eastern businesses undergoing digital transformation and globally oriented start-ups, and what implications these ongoing changes have for the future of media industries in the region.

### A Brief History of Middle East Media Industries

Before presenting a case-study analysis of streaming platforms, it is fitting to trace the evolution of Middle East media industries and identify significant milestones that have helped shape the current state of the sector. Highlighting

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continuities and discontinuities allows us to appreciate the peculiar ways media production and consumption have evolved to meet the needs of a changing region.

### *The Music Industry*

By the mid-twentieth century, the Middle East's music industry had developed around two main hubs, Cairo (Egypt) and Beirut (Lebanon), with varying degrees of state support. In Egypt, the national development project made the music industry an essential component of radio broadcasting, resulting in the consolidation of an ecosystem in which the state was the primary producer, distributor, and promoter (Fahmy, 2011). In contrast, Lebanon adopted a more entrepreneurial approach. With limited state support, the 'Beirut School' in music developed an outward-looking ecosystem based on liberal economic practices that successfully produced, published, and promoted 'exportable' music using local and foreign resources, catering to both local and regional tastes (Frishkopf, 2010).

The 1970s and 1980s witnessed a change in the music industry's ecosystem triggered by a combination of political, sociocultural, economic, and technological factors. The advent of the cassette-tape industry further altered the music scene with new forms of production, dissemination, and consumption. The established ecosystem – built around live performances, mass media, and record sales – reacted to the emerging parallel cassette-based industry by rejuvenating its practices, leading to the emergence of talent shows in Lebanon and the re-entry of private music producers into the Egyptian market. Eventually, the two ecosystems were fused with the advent of new technologies. The 'satellite revolution' of the 1990s brought about a powerful promotional platform in the form of music video channels.

While the major pay-TV channels offered music as a value-added product to boost subscriptions, the advent of the internet, and the emergence of new digital technologies led anew to the disruption of the Arabic music industry. Throughout the region, new music studios sprang up, offering greater possibilities for composing, recording, and mixing, paving the way for a new generation of artists, producers, and arrangers to provide hybrid musical genres. Digitalisation also allowed the widespread adoption of CDs as a mode of distribution and led to the emergence of record stores as primary points of sale. The 2000s brought added disruption. Whereas mainstream music publishers clung to old sales models and expanded into related sectors, alternative ecosystems emerged, capitalising on increased internet penetration and the widespread use of mobile phones. Integrated into these systems were online forums that served as platforms for discussing music genres and promoting new artists online, particularly rap music. The free video-sharing platform YouTube also played a role in shaping consumption habits, leading to increased access to digital music and the subsequent expansion of streaming companies.

***The Television Industry***

The inception of television goes back to the late 1950s and early 1960s when Arab governments and private actors across the region started launching terrestrial television channels. Coinciding with the gathering momentum of decolonisation movements, these channels were essential in supporting the modernisation visions of post-independence Arab states and promulgating development discourses (Abu-Lughod, 2005). By the 1970s, television became the primary mass medium. Its influence on culture emanated from broadcasting local and inter-Arab productions, but also Western series and movies, among other cultural productions.

The introduction of commercial satellite broadcasts in the Arab world inaugurated a new era in television. The first ArabSat satellite was launched in 1985, but it was not until the 1990s that Arab viewers *en masse* began to acquire receivers and tune into the newly established free-to-air satellite channels (Kraidy & Khalil, 2010). The live airing of the 1991 Gulf War highlighted the power of transnational broadcasting and marked the beginning of a general reorientation from state-owned media to commercial satellite television. Throughout the 1990s, Arab media moguls, interest groups, and political players took advantage of liberal economic policies, professional skills, and expertise and the margin of freedom in Europe, establishing satellite broadcasting operations in London and Rome. Epitomising this momentum was the launch of private pan-Arab satellite channels, such as the Middle East Broadcasting Center (MBC), and the advent of Arab pay-TV. Several networks, such as Arab Radio and Television (ART), Orbit Network, and Showtime Arabia, provided specialised niche content, including Western and Arab movies, series, sports, and news. The subscription media model these networks adopted revolutionised the media industry by giving television executives more freedom in their acquisition and production choices and viewers more control over the content they consumed.

While free-to-air and pay-TV satellite channels presented a range of alternative programming to Arab terrestrial, primarily state-owned, channels, they also caused apprehensions. Arab governments, in particular, were concerned about the political and cultural implications of European-based Arab satellite channels with a margin of freedom that is anathema to the region. A series of 'media transgressions' heightened these apprehensions (Sakr, 2007). Alarmed, some Arab governments implemented restrictions on satellite dish installation to limit the inflow of unsanctioned discourses, while others solicited religious institutions' help to curb entertainment television's possible 'negative' effects. However, these measures failed to keep audiences from viewing satellite free-to-air channels or even illegally accessing pay-TV programming. Although the structure of Arab television industries has evolved with the advent of the internet and mobile technology, it remains politically charged, commercially driven, culturally contentious, and globally integrated.

### *A Precursor to Streaming Platforms*

Streaming video and audio were made possible by advancements in digital technology, such as high-speed internet and the widespread use of digital devices. Streaming became popular in the early 2000s with the emergence of services like YouTube and Torrent sites and was later driven by global platforms like Netflix and Spotify.

The adoption of digital media outlets and increased content-sharing practices provided a platform for alternative voices and talents in a region that tends to encourage public conformity and expect political acquiescence. Saudi YouTube channels like U-Turn and Telefaz 11, as well as Jordanian Kharabeesh, have produced web series, stand-up, and sketch comedies for a predominantly young audience (Khalil, 2023). Cheaper production tools, higher mobile connectivity rates, and a desire for representation have led to the growth of alternative commercial media, with Saudi Arabia having one of the highest rates of YouTube usage in the world (Kemp, 2021). While some TV networks, such as Al Jazeera's AJ+ (Zayani, 2021), have attempted to capitalise on these trends, others continue to cling to predigital media industries and practices. For example, Bassem Youssef's (aka the Jon Stewart of the Arab world) satirical B+ Show gained popularity online before transitioning to TV in 2011.

A precursor to streaming is pay-TV. Initially based in Rome, the Arab Radio and Television Network (ART) was among the first private broadcasters to build a strong consumer base for pay-TV, which was relatively limited by affordability considerations. Its downfall came when its main source of content – music videos – was taken over by the Saudi-owned music publisher Rotana, and its signals were pirated during the telecast of the soccer World Cup, for which it held exclusive rights. Having downsized, ART nonetheless retained its extensive library of Arab movies, which continues to be in demand. ART's competitor, the Kuwaiti-owned service Showtime Arabia, held exclusive rights to Showtime and HBO movies and series before its 2009 merger with Orbit, which partnered with Disney, offering original and dubbed content (Kraidy & Khalil, 2010). Media moguls often had clientelistic ties to political power, which tended to look the other way regarding some (cultural) transgressions. Pay-TV was delivered over satellite or cable direct-to-homes, with the latter allowing far more effective state control and censorship. These private networks targeted primarily the (upper-) middle class with niche interests, offering a diverse and exclusive range of channels. Yet, considering the ubiquity of satellite television and the abundance of free-to-air satellite channels, the scalability of pay-TV was relatively limited outside the Gulf market.

While pay-TV like ART found itself embroiled in issues of monetisation, acquisition, and copyright battles amidst these tribulations, changes in technology induced the Saudi-owned, Dubai-based MBC – a free-to-air network with the most extensive viewership and an enviable content catalogue –

latched onto new opportunities and sought to emulate the American Hulu. As early as 2007, MBC experimented with catch-up TV, making content available online after it had been broadcast. The popularity of this experiment prompted other innovations, culminating in the launch of the first video streaming platform in the region, Shahid (Kerr, 2019). The latter evolved from a basic platform in 2010 to Shahid+ in 2014, and by 2020, the network offered Shahid VIP as a paid subscription.

In some ways, streaming platforms and pay-TV are competitors, as they offer similar content and operate through a subscription-based model. In practice, though, the ecosystem within which they operate is such that their services often intersect and their operations complement each other. For instance, pay-TV providers may offer their streaming services or partner with existing platforms to offer bundled packages to their customers. Similarly, some streaming platforms offer linear television programming as part of their services, which can compete with traditional pay-TV offerings. While such interdependence renders streaming less 'autonomous' a sector than it otherwise appears to be, it nonetheless makes streaming more interconnected with ICT-related practices and services, and therefore more adoptable.

With the popularity of video sharing and streaming platforms, many Middle East consumers have bypassed traditional broadcast and satellite television for audiovisual content – though admittedly traditional media continues to dominate the market and piracy remains a widespread practice for accessing music, film, and television content. One Google report (Arabian Business, 2018) states that the number of YouTube channels in the region with more than one million subscribers grew by 160% between 2015 and 2018. Furthermore, the number of daily active users on YouTube in the Middle East increased by 50% in 2019 compared to the previous year, and by 2023, the United Arab Emirates became the country with the highest YouTube penetration worldwide, with 98% of its digital population engaged with the service (Kemp, 2023). According to one report, the OTT market is expected to reach a value of USD 5.69 billion by 2028, double 2022s figure of USD 2.83 billion (Kasule, 2023); for another, SVoD subscriptions across 14 Arab countries will increase by more than 100% to reach 21.52 million in 2027 (Easton, 2022).

In terms of market share, the Gulf region emerged as a leader in the regional steaming industry in terms of subscription base and content production. The United Arab Emirates (UAE) leads in video streaming, followed by Saudi Arabia, Egypt, and Kuwait (Arab Media Outlook, 2021), whereas in music streaming, Saudi Arabia has the largest market share (44%), followed by the UAE and Egypt (IFPI, 2021). With an estimated 47 million subscribers in 2023, the subscription-based digital media landscape in the Gulf region serves as a test market for content aggregation and service offerings due to its diverse demographics and consumer behaviour (Statista, 2023). Predominantly homegrown, over-the-top (OTT) players compete primarily on exclusive content. During the COVID-19 pandemic, demand for these services increased, particularly among younger audiences with disposable income.

Even before the arrival of international streamers such as Netflix, a handful of indigenous streaming platforms (e.g. RoyaTV, WATCH IT) sought to enhance their content, services, and distribution strategies, establishing partnerships with international providers, including Hollywood studios, and investing in Arabic content from local creators. These indigenous platforms joined forces with regional telecommunications companies such as Etisalat, Ooredoo, STC, and Zain to consolidate their operations, expand their reach, and enhance their accessibility, particularly in areas with low credit card penetration.

## The Trajectories of Three Regional Streaming Platforms

Although regional streaming platforms have embraced the opportunities that streaming now affords, they continue to reckon with the challenges of producing, distributing, and exhibiting to highly demanding consumers. In the following, we explore the Middle East's adaptation to the platform era. We focus on three cases: the digital adaptation of traditional media organisations such as OSN+ as they endeavour to combat piracy and maintain copyrights; the challenges faced by global platforms like Netflix in localising content for the culturally specific Middle East region; and the digital transformation and innovative monetisation of local music platforms such as Anghami. These three cases reveal the coexistence of conventional media and digital platforms in a dynamic media environment, thus challenging the common perception that the digital has replaced traditional media.

### *OSN+ as a Hybrid Media Model*

The Orbit Showtime Network (OSN) is an entertainment provider in the Middle East, offering satellite-based pay-TV and streaming services. Its hybrid model combines traditional pay TV with streaming capabilities. However, satisfying pay-TV and streaming demographics, while maintaining a leadership position and adhering to local and international copyright holders, proved challenging.

A merger between Orbit and Showtime Arabia took place in 2009, aiming to overcome the challenges of growing free-to-air satellite offerings. Launched in 1994, Orbit Communications initially targeted the upper-middle class before it started blending more local content for the Arab cultural elite such as historical and documentary content. Showtime Arabia was a joint venture between Viacom and the Kuwait Investment Company (KIPCO), launched in 1996, featuring almost exclusively Western programming content. While the merger partially offset the challenges of a competitive television industry, the digital turn brought about additional challenges as content on video-sharing sites such as YouTube, and streaming ventures became a viable alternative to pay-TV.

Today, OSN is owned and operated by Panther Media Group and registered in the Dubai International Financial Centre (DIFC) (OSN, n.d.).

With the emergence of regional streaming services, OSN launched its platform GO in 2014 as a pre-emptive move ahead of Netflix's entry into the region. By 2017, it rebranded GO to Wavo by adding a better user interface and streaming quality (Arab News, 2021). Finally, in 2022, OSN+ was launched to meet the shift to on-demand content.

In addition to navigating multiple rebrandings of its streaming service, OSN faces significant challenges with its diverse, regionally dispersed customer base, leading it to look towards technology to enable further cost savings, increase efficiency, and remove content that would not meet each country's standards (geolocation censorship). To cater to the needs of Arabic-speaking audiences, OSN is expanding its content offering to include more Turkish and Arabic content and new genres and programmes for women and children. The company has gradually shifted from relying on sports and Western content to providing a more comprehensive range of TV programming for a wider age range.

OSN has built a loyal customer base by providing high-quality content and a superior user experience. The company has also developed long-term partnerships with significant major studios such as HBO, NBC Universal, Fox, Paramount, MGM, Sony, and DreamWorks. With more than 50 channels and exclusive on-demand content, OSN remains renowned for its diverse content and focus on the customer. However, OSN faces stiff competition from global online streaming services such as Netflix, Disney+, and Amazon Prime Video, which have been gaining popularity in the region. The digital streaming initiatives undertaken by OSN hold potential for curbing traditional piracy of its satellite signal, which is commonly practised through illegal cable operators within neighbourhoods. Notably, OSN's approach can be viewed as an effort to preserve the licensing of Western content. However, it is imperative to acknowledge that although digital streaming appears to provide a solution to piracy, it is not entirely immune to such infringement. Moreover, with global copyright holders such as HBO expanding their reach around the world, OSN may have to reconsider its current approach in the future.

### *Netflix in Arabia*

The development of the streaming market in the Middle East also needs to be understood in relation to the expansion of global platforms. Netflix started its internationalising journey in Canada in 2010 and has expanded to more than 50 countries. The company then developed its personalisation algorithms, support for multiple devices, and payment partnerships, allowing it to achieve 'exponential globalisation' by 2016 (Barros, n.d.). At the core of this growth is a commitment to developing a library of original and acquired content.

International streaming players like Netflix distinguish themselves from local competitors primarily through their content. While Hollywood movies and series continue to appeal to local audiences, there is even greater demand for original productions in Arabic. Yet, many OTT players commit their budgets to acquire global rights and depend on the international production pipeline for original Western content.

In the Arab Middle East market, Netflix started investing in original local content with little concern for the region's production structure's cultural, political, and economic complexities. Within a highly competitive market, Netflix encountered limitations in its capacity to acquire popular content, largely due to producers being bound by long-term contracts or preferring to remain affiliated with their long-established traditional venues. Consequently, Netflix opted for a strategy focussed on offering a limited catalogue of popular theatrical productions recorded for television, festival films, and classic Arab movies. In 2018, Netflix began its original Arabic productions in comedy and paranormal series. An overview of some of the widely promoted Arabic-language Netflix Originals highlights the opportunities and challenges global platforms face in pursuing a foothold in the region's market.

*Adel Karam: Live from Beirut* (2018) was the first Netflix original stand-up comedy special. The special was criticised for choosing comedy, which is not typically transnational content, as well as for its use of the Lebanese dialect, which is not historically associated with popular pan-Arab comedy. To address this *faux pas*, Netflix released two episodes of its global show *Comedians of the World* (2019), featuring Saudi Arabian comedians Ibrahim Alkhairallah and Moayad Alnefaie. This was both a marketing move, considering the popularity of streaming in Saudi Arabia, and an attempt to appease the kingdom's apprehension towards unfettered access to unsanctioned transborder content on global platforms. The background of Netflix's adaptative strategy was the controversy sparked by the show *Patriot Act* (2018–2020), in which comedian Hassan Minhaj satirised the kingdom's political wisdom. Netflix eventually removed the controversial episode at the behest of the Saudis for breach of the country's anti-cybercrime laws (Khalil & Zayani, 2021). Whether with Adel Karam or Hasan Minhaj, Netflix challenged, to its detriment, longstanding programming wisdom about comedy's global circulation.

The second Netflix Original was *Jinn* (2019), a supernatural teenage drama set in modern Amman and ancient Petra. The story follows a group of high school students whose lives are disrupted when they find themselves embroiled in mysteries involving supernatural forces. In Jordan, the production generated a public backlash due partly to the show's poor scripting, acting, and directing, and partly to its 'moral degradation' in describing the society. It was released for the Muslim holy month of Ramadan, with producers attempting to mimic young people's everyday actions and sometimes-foul language. Presumably due to official criticism or public response, Netflix initially delayed but eventually produced another series in Jordan without revealing whether *Jinn* will be renewed.

Building on its earlier production experience, in 2020, Netflix adapted the *Ma Wara' el Tabiaa* (Paranormal) book series by Egyptian writer Ahmed

Khaled Tawfik into a miniseries with the same title. Praised for its production value, acting, and directing, the series was well-received and featured on Netflix's Top 10 charts in various markets worldwide. While the show attracted a particular audience, it was primarily met with rebuke. For one thing, it departed from the usual content preferred by general audiences in the region. The genre and setting, in particular, prevent full embeddedness in the culture, suggesting shortcomings in the ability of Netflix to reinvent itself and address local audiences. While *Paranormal* maintained its supernatural theme, the second series focussed on teenagers. In *Al Rawabi School for Girls* (2021–2023), the all-female creative and acting team addressed the issue of bullying in high schools. Like *Jinn*, the six-part miniseries was set in Jordan and met with a sceptical response, as many denied the severity and prevalence of the social problems addressed in the series.

In 2022, six Gulf states, including Saudi Arabia, raised concerns about two animated Netflix shows, *Paradise PD* and *Big Mouth*, for featuring content deemed to contravene Islamic values. Accordingly, the Gulf Cooperation Council issued a statement demanding Netflix remove the shows and take responsibility for its programming. Initially, Netflix defended the shows, but later issued an apology and promised it would take measures to avoid similar incidents in the future. This controversy underscores the challenges faced by global streaming platforms in balancing cultural sensitivities and diverse audience demands (*The Guardian*, 2022).

Except for *Paranormal*, Netflix's first foray into the Middle Eastern Arab market demonstrated the difficulty of embracing and adapting to the region's cultural and sociopolitical realities. Since 2020, the company has shifted to acquiring more Arabic films and series while building relationships with local producers in Lebanon, Egypt, the UAE, Kuwait, and Saudi Arabia. Owing to such localisation strategies and its global appeal, Netflix leads in terms of subscribers (estimated at 3.55 million) against regional rivals, most notably the Dubai-based Shahid (with an estimated 2.16 million) and the Abu Dhabi-based streaming service StarzPlay (with an estimated 2.02 million) (Easton, 2022).

### *Anghami and Local Innovation*

Just as Netflix has set new standards in video streaming services (Johnson, 2022), Spotify has been used as a model in music streaming services, even inspiring locally grounded streaming platforms such as Anghami. Yet Anghami is more than the 'Spotify of the Middle East' (Khalil & Zayani, 2022). It stands out as an example of innovative models adapted to the region.

As the regional music streamer, Anghami has impacted how people in the region consume music. By providing users access to millions of songs instead of just physical copies, Anghami has helped change consumers' attitudes towards music as a service (MaaS) and legal or illegal ownership of music. According to GlobalWebIndex (2017), people in the Middle East and North Africa region spend an average of 69 minutes on daily streaming music.

While radio remains popular, too (Puri-Mirza, 2019), Anghami provides a convenient alternative with its mobile application, allowing users to access their favourite tunes anytime, anywhere. As such, digital music streaming accounts for USD 99.6 million spent in Saudi Arabia in 2022 and is expected to surpass USD 130 million by 2027 (Statista, 2023).

Founded in 2012, Anghami offers legal alternative music in piracy-prone regions. Like cassettes in the 1970s, the advent of the internet and new digital technologies has posed challenges to the Arabic music industry. In particular, the widespread availability of pirated CDs and MP3s, and the ease with which music files could be compressed and shared on peer-to-peer sites, greatly hampered the distribution and display of music. Anghami acquired digital music rights to Arabic and Western music catalogues, as many regional music publishers rely more on artist management and performance revenue than record sales. What remained was to change consumer attitudes from owning music to accessing millions of songs. By offering legal streaming and distribution of music in the Middle East region, Anghami also caters to the digitally oriented, mobile-earphone millennial generation, where music quality and access are a priority.

Based in Beirut and Abu Dhabi, Anghami is the result of a partnership between software developer Elie Habib and attorney Eddy Maroun. The co-founders provided value-added services (such as ringtones) to the thriving telecommunications industry in the region. This background has allowed the founders to attract multiple stakeholders. Before launching Anghami in 2012, they signed a licensing deal with Rotana Music, the region's biggest producer, totalling USD 600,000 (Digital Badu, 2021). They also secured backing from MBC Ventures, the investment arm of the region's largest television network. Anghami started with major media blitzes and exclusive music content. Finally, Anghami secured cash flow with its first USD 1 million investment from the Dubai-based venture capital firm, Middle East Venture Partners (MEVP) (Curley, 2012). Over the years, this start-up has expanded its operations across the region, with offices in the UAE, Saudi Arabia, Egypt, and elsewhere.

Leveraging first-mover advantage, Anghami offers data compression technology, payment structures, and advertising opportunities, all tailored to the region's technological, economic, and cultural dynamics. By migrating Anghami's original website to a mobile application, the technical team responded to changing user preferences. Such an adaptation required working with Dolby to develop an encryption system that requires very little data and makes the stream available even on 2G networks (BBC X-tra, 2018). It is telling that Anghami's code source was developed internally, with little support from third parties (mainly Eastern European programmers).

In an environment where bootlegged CDs cost as little as USD .50, Anghami needed to provide users with affordable access to its catalogue. By adopting a 'freemium' pricing model based on two tiers of service, Anghami has ensured the growth of its user base. The first tier provides ad-supported services that offer 'free but legal' music consumption to ordinary listeners (Fleischer, 2020). Anghami's second tier is an ad-free premium service that offers heavy users unlimited downloads or streaming. Based on relationships with more than 30 mobile operators, the Anghami team offered premium service subscriptions with multiple pricing packages (Stassen, 2019). Taking advantage of telecom companies' tendency to bundle data with multiple services, including music, Anghami was able to tap into a user base that otherwise might not have subscribed to the service.

Initially, Anghami's competition included web-based regional music portals such as Yala Music and applications such as Zambaleeta, which provided news, ringtones, and videos (Curely, 2012; Gabr, 2013). In 2018, international streaming services Paris-based Deezer and Stockholm-based Spotify launched their official presence in the Middle East. In a 'lock-in' move, Deezer secured an exclusive partnership with Rotana Music. Consequently, Anghami lost a good chunk of their Arabic catalogue. In contrast, Spotify is not heavily invested in regional markets, opting to localise some features (such as certain playlists). Additionally, Anghami had to contend with popular competitors such as YouTube, which continues to dominate online video, especially with the addition of the ability for users to create and save playlists.

Faced with increasing competition, Anghami diversified its service offerings and strengthened partnerships with existing stakeholders, especially telecom operators. For example, users can follow their favourite artists, curate, and share playlists on Anghami and other social media. At a time when pre-digital companies still dominate music production and acquisitions in the region, Anghami is spearheading the digital transformation of exhibition and distribution. This restructuring of user experience is attributed to Anghami's ability to shift consumer behaviour from buying physical, often pirated music tracks to personalised mobile and social experiences that access millions of songs.

Anghami represents a new culture of convergence, innovation, and entrepreneurship. It has created a blueprint for a digital local media company by bringing together mobile operators, investment funds, music publishers, and advertisers. Undoubtedly, Anghami's success is rooted in its deep familiarity with the region. It works on the premise that music should be social (Stassen, 2019). However, Anghami aspires to having a global presence. Also, the merger with Vista's Media Acquisition Company, Inc., a special-purpose acquisition company, enhances Anghami's ability to access global funding through a Nasdaq listing (ticker symbol 'ANGH'). It remains to be seen how regional streaming services born within the Global South's economic, cultural, and technological dynamism can become global players.

## The Political Economy of Middle East Streaming

Increasingly, more television content is being produced in new production hubs and reclaimed cultural centres than in traditional and established Arab cultural capitals that long dominated the television industry. Historically, Egypt and Lebanon have dominated cultural production in the twentieth century, whether in art, music, or cinematic production. Still, their dominance has been waning with Kuwait, UAE, and Saudi Arabia emerging as prominent players in the cultural industry. This shift is not merely the result of deficiencies in the traditional hubs; it reflects the ambitious states' vision, strategy, planning, and investment in human capital. With more than 300 million mobile internet users, the Middle East region is poised to experience a 4.2% year-over-year growth rate through 2025, creating significant opportunities for the broadcast and streaming industries (GSMA, 2022).

While Middle Eastern media industries have experienced significant changes in the past few years, the rise of different streaming platform models has offered advantages and disadvantages – as illustrated by the three streaming platforms under consideration. A traditional media organisation, such as OSN, has retained its old model of acquiring content and ensuring delivery through pay-TV and on-demand services. The company has not invested in content production, which has disadvantaged it in comparison to those platforms producing original content. However, OSN is also adapting to the changing landscape and attempting to reinvent itself in response to the growth of streaming platforms, from redesigning its interface to be more responsive to reinvesting in joint local productions. In the case of Netflix – a global company focussed on creating and delivering content on a global scale but with a regional market in mind – the company has invested in regional content and made some missteps in doing so. The challenge for Netflix is to create successful programming that resonates with global audiences while remaining true to local cultures. Anghami is another platform that has capitalised on streaming, but with a different approach. Rather than orienting itself towards the global market, Anghami has focused on the local market, safeguarding its territory by creating a user interface tailored to the local audience. The company has harnessed technology and formed payment alliances to make it easier for users to access its content. Significantly, Anghami's ability to claim a foothold in the regions' streaming market is more than a matter of company strategy. The developments the case study highlights are structural as much as institutional, insofar as they are supported by external factors that have facilitated the region's transition towards a knowledge-based economy.

Investments in ecosystem development, digital policies, and entrepreneurship promotion characterise this shift towards a knowledge-based economy. Dubai, for instance, has made significant investments in developing an ecosystem that is conducive to the growth of digital media industries. One of its initiatives is establishing Dubai Internet City (DIC) and Dubai Media City (DMC) in 2000. DIC is a free trade zone that aims to provide a platform for tech companies to grow and collaborate with other regional companies. DIC is a home to more than 1,600 companies, including media tech giant Tencent (Dubai Internet City, n.d.). DMC, on the other hand, initially aimed to provide a platform for the growth of traditional media companies and has been instrumental in supporting digital transformations in the advertising, publishing, and broadcasting sectors. In addition to ecosystem development, several Middle Eastern countries have implemented digital policies promoting innovation and entrepreneurship. For example, Saudi Arabia has launched several initiatives in this direction, such as Saudi Vision 2030, which aims to transform the country into a knowledge-based economy. To promote creativity and entrepreneurship in the country, the government established several programmes, most prominently the MiSK Accelerator initiative (MiSK, n.d.). The rise of the digital media industry has been part of the overall growth of the digital economy in the region. The Middle East has seen the emergence of regional unicorns, such as Careem and Souq acquired by Uber and Amazon, respectively.

Digital media industries operate at the intersection of a disruptive start-up culture and a relatively resilient broadcast and music industries. In the background are longstanding tensions between global content providers, including streaming platforms, copyright holders, and local content players, whether innovators (such as Anghami) or traditional (such as OSN). These dynamics manifest themselves in multiple areas of production and distribution while also impacting content acquisition and advertising.

Prior to the emergence of international streaming giants like Netflix or Spotify, homegrown platforms in the Middle East invested in strengthening their content acquisition strategies. For example, OSN formed partnerships with Hollywood studios and major international providers while acquiring Arabic series from local creators and investing in original coproductions. Whereas OSN tried to remain relevant in the changing media landscape, Anghami manoeuvred around the region's music licensing area. Despite losing its rights to Rotana (in 2018, to Deezer), Anghami regained those rights four years later. In the meantime, it consolidated its existing artistic relationship and launched into music production on its own.

The business strategies of local streaming platforms tend to align with the inherited culture of free services. Many local players, such as Anghami, have adopted freemium models, allowing them to offer free and premium content. However, this model has not been very successful at curbing piracy. In addition to the global issue of password sharing, Netflix's content is widely accessible on bootlegged DVDs and various websites showcasing pirated movies and series. While OSN's streaming platform has offered a solution to pay-TV's endemic neighbourhood cable access sharing, its content is prone to piracy. It could be inferred that piracy is more inclined towards video content, with its lucrative market and high demand, although this is not to imply that music is exempt from the economic and cultural factors that drive piracy.

The enduring issue of piracy has contributed to the resilience of the advertising model, such as Advertising-Based Video on Demand (AVoD) and Free Ad-Supported Streaming TV (FAST). These hybrid models helped strengthen 'linear' (or traditional broadcast) television's position in the region. For example, both Shahid and StarzPlay have adopted a hybrid model that includes on-demand and linear television. As a result, linear TV and on-demand streaming services now coexist and are expected to strengthen each other rather than compete. Also responding to different market tiers, these models allow viewers to access live channels within the on-demand ecosystem of platforms, such as Saudi-owned Jawwy TV and UAE-based Switch TV, and to view AVoD content on platforms like Indian-owned Weyyak and Rotana.net.

These developments overlap with regional and global interest in increasing and diversifying their content. Whatever global players have in terms of expertise and technologies, they lack in deep knowledge of local market trends and tastes. Similarly, local players are developing and honing their technological capabilities but are confident in their market expertise. For example, the Gulf market is emerging as a content consumer and producer in music, series, and movies. This shift signals significant developments in the locus of production away from Egypt and the Levant towards the Gulf. Both global streaming platforms and local players are investing in content production in the Gulf, leading to a bidding war between players eager to court local producers and acquire exclusive content. The importance of those content genres that appeal particularly to the socio-economic elite cannot be underestimated; this is as true for music as it is for video. While many popular forms of content have transitioned to streaming platforms, some genres have not fared as well. This is particularly true of news and sports, which continue to be popular in the region and play a significant role in the broadcast media landscape.

## Conclusion

Emerging trends in the Middle East reflect a dynamic transformation whereby the industry adapts to the rapidly changing media market. On one hand, the digital media landscape is undergoing significant changes, with both local and global players seeking to establish a presence and vying for a market share in the region. The adoption of information and communication technologies, the entrepreneurial ecosystem, the demand for content, and the emergence of the Gulf market as a media producer all contribute to the evolution of the digital media landscape and the reshaping of creative and cultural industries in the region. On the other hand, this evolving digital media landscape is as much characterised by emerging trends and reconfigurations as it is shaped by the continued prevalence of past production and consumption practices. The culture of entitlement to free services that is inherited from the welfare state, the persistent need for advertising, and the cultural significance and appeal of specific genres of content are all factors that perpetuate existing practices associated with the pre-streaming era. Despite notable changes, these continuities help shape the digital media landscape in the Middle East and provide a foundation for its future growth and development.

At the same time, traditional channels that are not attuned to the digital turn and not able to adapt to the changing media landscape face considerable challenges. While the transition to a streaming-based model may offer such channels a way to renew their relevance, it may also come at a cost, as they risk losing their traditional sources of support – namely, political funding – while proving unable to develop a competitive edge. The future of traditional free-to-air channels depends not simply on their ability to find new business models that can compete with the specific socio-economic audiences and measurable engagement offered by streaming platforms; it requires turning their digital platforms into a point of strength rather than a vulnerability. These business considerations are further complicated by the fact that the techno-geographies of the streaming industries have favoured new centres and dynamics of production over traditional hubs and media cities, giving youth cultures, start-up ventures, and emerging and globalised Gulf cities an edge over established centres of media industry and cultural production.

## Notes

1 The term 'Middle East' is used interchangeably with the more cumbersome 'Middle East and North Africa' (MENA) and refers to the Arabic-speaking countries of the Arabian Gulf, Levant, Nile subregion, and North Africa.

2 Research on the digital Middle East comes from various disciplines. See, for instance, Zayani, *Digital Middle East* (2019); Jones, *Digital Authoritarianism in the Middle East* (2022); Mihoub-Dramé, *Internet dans le monde arabe* (2005); Sindakis and Aggarwal, *Entrepreneurial Rise in the Middle East* (2022); Rozehnal, *Cyber Muslims* (2022); Al Rawi, *Cyberwars in the Middle East* (2021); Buskens and Webb, *Women and ICT in Africa and the Middle East* (2014).

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# 10 Hidden in Plain Sight

## YouTube and Nollywood's Reinvention of Minor Transnational Practices

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### Introduction

In an essay published in 2007, Nigerian scholar Moradewun Adejunmobi qualified the Nigerian film industry (Nollywood) as a 'minor transnational practice' (2007).[1] Taking inspiration from Gilles Deleuze and Félix Guattari's classic definition of 'minor literature' (1986) and from Françoise Lionnet and Shu-mei Shih's concept of 'minor transnationalism' (2005), she described Nollywood as a form 'of cultural production that is transnational in scope, that is aware of the trends emanating from the dominant centres in global cultural production, but remains detached from the dominant systems of global cultural production in significant respects' (2007, p. 2). Without making any attempt at idealising Nollywood as the expression of a specific form of resistance to global capitalism or media imperialism, Adejunmobi described the Nigerian film industry as a film production and distribution system that, for a number of infrastructural, economic and political reasons specific to Nigeria, developed its own template of transnationalism, beyond the established networks of Eurocentric globalisation – a template where it is 'possible for cultures to be produced and performed without necessary mediation by the centre' (Lionnet & Shih, 2005, p. 5).

In the following years, the industry evolved quickly. From the mid-2000s, international corporations intensified their interest in Nollywood and participated in transforming its economy, calling into question Adejunmobi's idea of Nollywood's autonomy from global capitalism, implicit in her formulation of 'minor transnationalism'. Several scholars have since debated this issue, describing the impact of the arrival of international corporations, such as the South African Multichoice, the French Canal Plus, the Anglo-Nigerian iROKOtv or the Chinese StarTimes, and questioning the outcomes of the conflict between new corporate actors and older industry stakeholders such as the 'marketers'[2] for the future of the industry (cf. Haynes, 2018a; Jedlowski, 2017; Larkin, 2019; Miller, 2016). In 2014, Adejunmobi herself took up on this debate and further developed her definition in relation to the important transformations of the industry's economy. She clarified that, despite the fact that Nollywood had progressively been absorbed within the

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mechanism of global capitalism (through the above-mentioned progressive penetration of regional and global media corporations into the economy of the industry, in terms of both film production and distribution), it remained somehow a minor film industry because of the systemic undercapitalization of its distribution networks. Within this context, she suggested, while the industry is exposed to corporate intervention, its transnational dimension remains minor in its scope, as it is mostly geared towards local and diasporic low-income audiences, and struggles to obtain the global acceptance that could drive the further intensification of international corporations' involvement in the industry.

From the mid-2010s, the arrival of new distribution platforms such as Netflix and Amazon Prime in the Nigerian context has revived these debates, bringing back and further deepening the concern of African film professionals and scholars for the political economy of production and distribution that was a recurring feature of debates among early post-colonial African filmmakers, between the late 1960s and early 1970s (Larkin, 2019). In the words of Nollywood veteran filmmaker and producer Femi Odugbemi, for an industry like Nollywood, to depend on platforms

> Is economically unsustainable [and] it is culturally dangerous […] because the platforms are international, and the gatekeepers are not from your country alone; so they are not working for you, they are not part of your film industry. You are part of something [that you cannot control].
> (quoted in Jedlowski, 2022, p. 24)

In these debates, the role of Netflix is put forward with particular emphasis: its intentions for investing in African cinema (which developed throughout the early 2010s) are seen as dubious and its economic power as excessive (cf. Agina & Hediger, 2020; Jedlowski, 2022). The spectre of western imperialism comes back into the picture, connecting these debates to earlier struggles to 'decolonise' the African screens, as outlined, for instance, in the 'Resolutions of the Third World Filmmakers Meeting', held in Algiers, in 1973 (quoted in Larkin, 2019).[2]

The description that emerges from these debates, of a binary opposition between the local modes of entrepreneurship that grounded early Nollywood's 'minor transnational practices' (informal, low-cost, horizontal) and the capital-intensive practices of the international corporations and new media platforms that penetrated the industry in recent years, is correct. But it also inevitably overlooks the existence of numerous and diverse practices existing in the space between these two opposite poles. Particularly remarkable is the absence of any thorough analysis of the role of the introduction of YouTube in the economic transformations that affected Nollywood since the mid-2000s, as a result of the progressive penetration of international corporations and media distribution platforms in the industry's economy, and the emergence of new production and distribution practices by both old and new industry players. As I will discuss in this chapter, for instance, YouTube has been conspicuously seen by lower-end industry actors as the platform that allowed older, marginalised players such as the marketers to reposition themselves in the industry landscape after the arrival of international corporations. It equally created the space for the emergence of new Nigerian corporate and independent actors within Nollywood, such as content producers sponsored by local banks and young independent directors, otherwise marginalised by the monopolisation of the existing distribution networks in few international corporate hands.

As much literature on YouTube has shown, this platform (in 2023, the second most visited website in the world after Google) is a hybrid medium that resists any straightforward definition (Robinson, 2017, p. 104). In its first few years of existence (since 2005), it has been analysed mainly in light of its openness to forms of 'vernacular creativity' (Burgess, 2006) and 'participatory culture' (Jenkins et al., 2009). Its later transformation into a 'hybrid commercial space' (Lobato, 2016, p. 357) has attracted scholars' attention towards its unique economic strategy. As Cunningham, Craig and Silver (2016, p. 380) underscored, in a matter of a few years, at the end of the 2000s,

> YouTube had gone from a safe harbour for pirated Hollywood content to partnering with Hollywood media companies and professionalising their own talent [...]. In marked contrast to traditional film studios and television networks, YouTube elected to avoid the messy and legally cumbersome traditional media model of owned or shared IP. YouTube also avoided paying fees for content as well as offering backend residual or profit participation. Rather, YouTube entered into 'partnership agreements' with their content creators based on a split of advertising revenue from first dollar.
>
> (2016, pp. 379–380)

Following this original path, YouTube created for itself a unique space in which amateur productions sit side by side with professionalised amateur content, high-budget productions from studios and broadcasters, pirated films and series and original contents sponsored by YouTube itself. In the collective imagination, 'YouTube is often associated with "trash culture", precisely because it lacks a central authority that determines what is of value and what is not' (Englert, 2017, p. 54). It is the expression of the most powerful digital capitalism (it belongs to Alphabet, the owner of Google), but it is generally perceived as the most affordable and accessible channel of communication for informal, amateur and low-end producers the world over, as well as an avenue for the achievement of 'Do-It-Yourself' celebrity. Its ambiguity makes it the ideal object of analysis to penetrate the complex and rapidly changing landscape of practices that exist between the 'minor transnational' modes of operation of early

Nollywood's players (i.e. Nigerian marketers and independent producers) and the corporate capitalism of international companies such as Netflix, StarTimes and Canal Plus.

In this chapter, I investigate the different facets of the role YouTube has played in the recent history of Nollywood. As in almost every country around the world, YouTube has triggered the emergence of a wide variety of different media practices, but in this essay, I will limit my analysis to the role this platform has played in relation to what has come to be known as Nollywood – the scattered but coherent constellation of screen media production ventures based in southern Nigeria, mostly around the city of Lagos. In the first section, I will briefly outline the history of the 'Nollywood Love' YouTube channel, the ancestor of the successful streaming platform iROKO.tv, which can be seen as the forerunner of Nollywood's engagement with YouTube. I will then focus on three different declinations of the relationship between Nollywood and YouTube: the creation of YouTube channels by Nigerian marketers who have been marginalised by the progressive arrival of international corporations and by the switch from physical to dematerialized modes of distribution (i.e. from videotapes and VCDs to satellite channels and streaming platforms – cf. Jedlowski, 2017); the emergence of YouTube channels sponsored by Nigerian banks and producing original Nollywood content; and, finally, the use of YouTube by young Nigerian filmmakers trying to circumvent the complex gatekeeping processes that characterise the Nigerian film industry in the age of corporate capitalism. From a methodological point of view, the research presented here is based on the combination of two distinct approaches. On the one hand, the analysis of a large body of ethnographic interviews and observations within the Nigerian industry, and in particular among film producers and distributors based in Lagos, accumulated over more than ten years of research on Nollywood (since 2009).[3] On the other hand, a more recent digital ethnography (conducted from 2020) focussed on the observation of the presence of Nollywood on YouTube through a focus on channels considered as representative of different forms of engagement with this distribution network by Nigerian filmmakers, producers and marketers.

## 'Nollywood Love', or the Beginning of the Relationship Between YouTube and the Nigerian Film Industry

Nollywood films started to appear on YouTube already in the late 2000s, but in the large majority of cases, these were unauthorised uploads shared by Nollywood fans, mostly based in the diaspora. Things changed dramatically with the creation of the YouTube channel 'Nollywood Love' by Jason Njoku, a Nigerian based in the UK, and his friend and business partner, Bastian Gotter. The duo met while studying at the University of Manchester. Gotter went on to become an oil trader, while Njoku experimented with several entrepreneurial projects, including an online distribution portal for Nigerian music, which was hardly successful. As Njoku recalled in several interviews, and as the numerous scholars who have discussed the emergence of the streaming platform iROKO.tv have reported (cf. Adejunmobi, 2014; Miller, 2016; Haynes, 2018a), the idea to create this channel came about almost accidentally. While looking for new ideas, Njoku realised how successful Nollywood films were among the African diaspora in the UK (his mother was an avid consumer) and decided to create a YouTube channel, 'Nollywood Love'. After conducting some research, he realised that, at the time (in the late 2000s), the purchase of streaming rights for films was extremely cheap (between 100 and 500 USD, according to Miller, 2016, p. 134). The duo thus decided to invest in creating a library of licitly acquired Nollywood contents and to develop a unique YouTube channel – unique in its intention to become the main online portal for the streaming of Nollywood contents, mostly geared towards diasporic consumption.[4]

The channel launched in January 2011. At this point, much energy went into policing the platform from the unfair competition of the channels broadcasting unauthorised contents. It is useful to remind here that in 2007, YouTube faced a trial against Viacom (CBS's parent corporation) for engaging in massive copyright infringement (the platform was accused of streaming mostly content of which it did not own the copyright). Robinson explains that 'ultimately YouTube was cleared of copyright infringement but required to take down any copyrighted material that copyright owners found on its site' (2017, p. 106). Exploiting this clause, Njoku and Gotter managed to take down most other Nollywood YouTube channels and attract significant traffic towards 'Nollywood Love'. This practice did not go without controversy, as shown by the comments that some readers posted on the popular Nigerian online forum 'Nairaland' in August 2011.

> Most of the channels that i watched my naija songs have either been block or deleted by the so proclaim 'Messiah of Nollywood' […] like that. Its sad that we nigerians are not paying attention to this guy before he destroyed both the music and movies industry. Youtube is not his papa property but the fxx bxxxxd is trying to monopolise Youtube because of some stupid adverts thats is getting paid for. Thunder go fire am. Let all be reasonable how can one person own the copyright to over 300 movies house in naija and is about doing the same on the music industry.[5]

Despite the controversies, this strategy worked extraordinarily well for Njoku and Gotter. If, as Miller points out, 'small companies making money from ad space for free content on YouTube are fairly common, what happened next for "Nollywood Love" was not' (2016, p. 134). In a matter of a few months, the channel reached several tens of millions of views and attracted millions of USD in investments from hedge funds focussing on start-up development.

By the end of 2011, Njoku and Gotter had enough funds to create their own streaming platform (iROKO.tv), expand their library of contents and develop what was soon to be known as the 'Netflix of Africa'.

The story of iROKO.tv has been analysed by several scholars (cf. Adejunmobi, 2014; Miller, 2016; Haynes, 2018a), and there is no need to discuss it further in this chapter. What is important, though, is to underline the centrality of YouTube in this story. Even if the partnership between Njoku, Gottter and the platform lasted for a relatively short time,[6] its role in propelling the transition of Nollywood distribution model towards online streaming has been pivotal. Beyond the profits that it guaranteed to Njoku and Gotter, YouTube provided another extremely valuable asset to the duo: audience data (cf. Miller, 2016; Jedlowski, 2017). Since the early 2000s, it was clear to many potential investors that Nollywood had become a significant player in Africa and across the diaspora, but the industry was unable to produce any statistical evidence to demonstrate its commercial success and attract foreign investors. Marketers always operated in an opaque system based on 'fuzzy numbers' (Ganti, 2015), in which data about the economy of the industry were often made up to pursue specific commercial objectives. Audiences' measurement and research in this context were practically non-existent, and no reliable record about the commercial performance of a specific film could be shown to potential investors. For many years, this system played in favour of the marketers, making the industry hard to penetrate for external players and local newcomers, and this is why the emergence of 'Nollywood Love', and more generally of YouTube as a channel for the distribution of Nollywood contents, was initially badly perceived by the marketers, who considered it as a threat to their undisputed control of the industry's economy. The tremendous success of the 'Nollywood Love' channel, in fact, participated in changing the rules of the game, providing Njoku and Gotter the opportunity to show to potential foreign investors how successful Nollywood was with audiences across the world. Money started flowing immediately after. In many ways, it is thanks to the data that emerged at this point and thanks to the remarkable success of iROKO.tv's series of fundraising campaigns (which achieved a total sum of 21 million USD raised between 2011 and 2014, as reported by Miller, 2016, p. 134) that big international players such as Canal Plus, Netflix and Amazon Prime[7] later decided to join the scramble for Nollywood's gold. In many ways, then, it is possible to say that YouTube played a central role in opening up the process that brought international media corporations and distribution platforms to invest in the economy of the Nigerian film industry. But it did not only do that. After the initial resentment that Njoku and Gotters' success provoked among 'traditional' industry players, the example of 'Nollywood Love' ended up attracting a plethora of other industry players to the platform, formally opening up a new era for Nollywood on YouTube.

## Minor Transnational Practices on YouTube, or How the Marketers Adopted the Platform to Remain Afloat

As the industry grew bigger and attracted more international corporations, throughout the late 2000s and early 2010s, its economy transformed and became more formalised, simultaneously causing a generational shift that made a new generation of producers and directors emerge, and side-lined the older generation of professionals who were at the helm during the emergence and initial growth of the industry. Parallel to this process, the fragmentation that characterised the industry from its beginnings somehow sharpened.

Already in the 1990s, the production section based in Lagos focussing on films in English and Pidgin English had competitors in the north (with the production of Hausa films in Kano), in the south-west (with the production of films in Yoruba, both in Lagos and Ibadan) and in the east (with the production of films in English, Pidgin and Igbo languages in Enugu, Onitsha and Asaba, and in Edo language in Benin City). With the progressive arrival of international corporate actors, Lagos became the hub of the more internationally visible section of the industry, the one producing films for distribution on streaming platforms and local theatre halls (Haynes, 2014; Jedlowski, 2013), while the already existing eastern branch based between Enugu, Onitsha and Asaba became the low-cost branch of the industry, in which the economic modes of operation that characterised early Nollywood (low production budgets, limited duration of production, straight-to-video distribution) found the possibility to perpetuate themselves in an economically sustainable fashion. From the start, one of the key ingredients for the success of this model (and for the emergence of Nollywood's minor transnationalism theorised by Adejunmobi) had been straight-to-video distribution, in VHS format first, and on VCDs later. But the progressive collapse of the market for these technologies throughout the late 2000s and early 2010s obliged the marketers based in eastern Nigeria to find new strategies. Distribution on satellite channels owned by the South African company Multichoice, such as 'Africa Magic Epic', had been an option since the late 2000s (Haynes, 2018b), but much more complex were the relationships with other corporate entities such as iROKO.tv or Netflix: the relationship with Njoku had been marked by strong reciprocal mistrust from the early days of the platform, and Netflix made the choice to focus on higher quality productions coming out of Lagos from the beginning of its operations in Nigeria (cf. Miller, 2016; Jedlowski, 2022). Within this landscape, YouTube, the platform that, as we saw earlier, participated in triggering the marginalisation of marketers' role in the industry's economy, equally offered a possibility to perpetuate a simulacrum of the old economic model, giving marketers an opportunity to stay afloat despite the end of the straight-to-video era.

Many Nollywood channels were thus created between 2012 and 2015, often taking the success of 'Nollywood Love' as an example. Some of these channels were created by consortiums of filmmakers and marketers, and managed to achieve significant success, such as the channel 'Nollywood Pictures TV', created in 2012 by a group of around ten producers and marketers, which was in June 2022, one of the ten most successful YouTube channels in Nigeria,[8] with almost two million subscribers and more than 740 million views.[9] Many other channels were created by individuals or group of professionals around the same period, but remained less popular, with an average 100,000/150,000 subscribers and 20/25 million views (such as the channels 'Nollywood Fire TV', 'TV Nollywood Hits', 'Global Update Movies Nollywood', 'Nollywood Classics TV') but continued to update new films regularly. Channels of this kind kept on being created in the following years, with new channels appearing almost every year (such as 'Nolly Reel' created in 2016 or '21st Century Nollywood' created in 2017), but few of them matched the success of earlier channels. Individual producers and marketers who played a key role in the early years of Nollywood, such as OJProductions and Simony Productions, also ventured into the creation of their own channels, such as 'OJ Nollywood TV' and 'Simony Nollywood TV'. Here too, some achieved significant success (i.e. more than 130,000 subscribers and more than 24 million views for Simony's channel), while others failed to produce enough online traffic to transform YouTube into an effective alternative to straight-to-video distribution (i.e. less than 350, 000 views for OJ's channel). Finally, local language producers and marketers also established their own presence on YouTube with specific channels dedicated to films in Yoruba (such as the highly successful 'Yoruba Plus', created in 2016, with more than 600,000 subscribers and 200 million views), in Igbo (such as the channel 'Igbo Eze', created in 2016, with around 43 million views) and in Ibibio (such as the more niche channel 'Akwa Cross TV', created in 2019, with around 400,000 views). All these channels broadcast full-length films, often cut in several parts or episodes of different sizes (between twenty minutes and two hours). Except for the films included in local language channels, the large majority of the films broadcasted are shot in eastern Nigeria, around Aba, Asaba and Enugu, and follow the narrative and generic lines of early Nollywood, with prominent genres including Epic films, Occult films, Comedies, Campus films and Family films (see Haynes, 2016). In many cases, the channels mix new, low-budget releases featuring new, less-known actors, with older films shot in the 2000s and featuring well-known, early Nollywood stars.

To understand the interest in setting up these YouTube channels for the Nigerian marketers who had been marginalised by the arrival of large international media corporation, it can be helpful to look more closely at a specific example, the YouTube channel 'Global Update Movies Nollywood'. As the creator of this channel explained in an interview (per. comm., 21/07/2022), he started to produce and sell movies in 2003, setting up an office in Alaba, the largest electronic market in West Africa, on the outskirt of Lagos, and the undisputed hub of Nollywood's economy (and of its straight-to-video distribution system) for the first 15 to 20 years of the industry. When, simultaneously with the arrival of satellite televisions (mainly Multichoice's Africa Magic channels) and streaming platforms, the VCD market collapsed, many of his colleagues in Alaba decided to retire or to switch to the production or distribution of other goods and services. But he opted for remaining in the industry by adapting his business model. While many around him teamed up to create collective YouTube channels (like the previously mentioned example of 'Nollywood Picture TV') in order to have larger catalogues of content to upload, he decided to stay independent and set up his own channel. For the first few years, he struggled as he could not make enough movies to keep the channel active enough to attract new subscriptions. But things changed when he hired a marketing expert specialised in YouTube channel management who quickly reshaped the channel, multiplying the number of subscriptions and views. In a matter of a few months 'Global Update Movies Nollywood' passed the bar of 100,000 views and begun to attract other filmmakers and producers in search of a distribution channel. He thus went back to what he used to do during the VCD era: marketing contents as well as producing his own films. When he selects a film for distribution, he requires exclusive distribution rights in order to avoid any litigation with YouTube and then shares the advertising revenues from YouTube (45% of the total made by the platform) with the content owners on the basis of a 40/60 deal (40% for him, 60% for the rights-holder). While he considers that the business was much more profitable during the straight-to-video era, he makes enough money to keep his business afloat and continue to invest in the production and distribution of Nollywood films. YouTube, he told me, 'is a very very user-friendly platform'. Unlike Netflix and the likes,

> It occupies a space that is open to everybody. They can accept any kind of movie, whatever the quality. And the movie can sell. Thanks to YouTube, people can continue making movies, without the interference of the Nigerian government or the big international corporations!

Contrary to other contexts, where YouTube is criticised for its impact on independent media production formats and contents, the creator of the YouTube channel 'Global Update Movies Nollywood' puts the emphasis on the freedom that the platform allows, at least in his and his fellow marketers' perception. Its economic model does not create the possibility of significant profit, but it leaves marketers the margins to continue investing profitably in their projects.

In order to better contextualise the opinion about YouTube that I just reported, it is important to understand the specificities of the economy of platform distribution. Physical distribution on VHS or VCD supports needed little upfront investment and relied on existing, formal and informal commercial networks across Nigeria and Africa. Marketers controlled these networks since the 1980s, thanks to their implication in the commerce of electronic media and pirated videotapes of foreign contents (Larkin, 2004). The distribution of locally produced films they ventured in from the beginning of the 1990s was thus the extension of long-term, well-established business they mastered both economically and logistically. To the contrary, the distribution via online platforms obliged them to face a radically new environment. The creation of independent online platforms demands a massive upfront investment (to develop the website, buy or rent the servers, etc.), and even when one has enough funding to venture into this kind of business, its success depends on the general state of the existing infrastructures (including power and internet supply, which remain unreliable and expensive in Nigeria as in most sub-Saharan Africa). Incidentally, this is why even successful locally based platforms such as iROKO.tv struggled to become profitable overtime and to develop a sustainable model for the distribution of contents within Nigeria (cf. Miller, 2016; Simon, 2021), orienting themselves mainly towards diasporic rather than local audiences.

Within this context, YouTube offers to marketers a safe and handy alternative. As Robinson (2017, p. 114) explains, 'YouTube is providing a formalised distribution venue to material that otherwise would find neither an audience nor a revenue stream without substantial upfront investment by the producers'. After realising the economic potentials of engaging in YouTube partner programmes, thanks to the example of 'Nollywood Love', marketers saw YouTube as the ideal solution to their problems. Even if the 55/45 revenue-sharing agreement that characterises YouTube partner programmes is a far cry from the economic control marketers exerted on Nollywood distribution throughout the 1990s and early 2000s, it guarantees marketers a position in the new digital environment with minimum-to-no upfront investment. As the quotation reported earlier highlights, it equally allows them to keep films' production process, as well as the narrative and aesthetics choices implicit in it, under their control – something that most filmmakers and producers collaborating with companies such as Netflix can no longer claim (see Jedlowski, 2022).

Marketers appear to be generally satisfied by what they can get from YouTube, also considering that YouTube channels often complement other forms of distribution and revenue streams, including the still existing (though marginal) VCD and DVD market, and the deals with local televisions and satellite broadcasters like Africa Magic Epic. But the creation of countless Nollywood YouTube channels (and, by extension, the impact of YouTube on the economy and reputation of the industry) has been criticised by those who, like Jason Njoku, tried to develop a subscription market for Nollywood contents. As Haynes underlines, in Njoku's eyes,

> The marketers have been content to throw their films up on the Internet by the thousands in return for tiny ad revenues [and] have thereby destroyed the commercial value of the whole catalogue of Nollywood

> films and severely compromised the future by training consumers in the United States and the United Kingdom – the most affluent markets for streamed Nollywood films – to expect free content.
>
> (Haynes, 2018a, p. 258)

But as the creator of the YouTube channel, 'Global Update Movies Nollywood' clearly puts it, iROKO, Netflix, Multichoice and the others 'are imposing their model on marketers' (the model of formalised and verticalized economy), while YouTube allows them to continue to operate according to their own entrepreneurial logics, even in exchange for a significant share of the advertising money the circulation of their content produces.

### Web TVs and Short Films: YouTube as an Instrument for Both Corporate Rebranding and the Emergence of New Talents

If, in Nigeria, YouTube became a key instrument for marketers to reinvent their position in the industry throughout the 2000s, other kinds of actors also saw an opportunity in it – including actors who previously had little to nothing to do with the industry. It is the case of banks, for instance. Throughout the 2000s, marketers and producers were often complaining about the lack of corporate investment in the industry, which, as mentioned earlier, was partly due to the lack of statistic evidence and reliable economic data about the industry's business. If a few exceptions exist, such as EcoBank's 'Project Nollywood' which in 2007 supported the production of four films,[10] the situation did not change until the mid-2010s, when banks began to be interested in the industry as part of their marketing communication strategy.

The filmmaker and producer Jadesola Osiberu had a major role in this transformation. At the time (around 2012), Osiberu was a member of the digital marketing team of one of Nigeria's major banks (GTBank) and came up with the idea of creating a web channel that could attract young customers to the brand. What best than free Nollywood-style films and series, she argued, to attract these demographics towards the bank? The web channel Ndani.tv thus saw the light and quickly became highly successful on YouTube, thanks to well-designed original content such as the web-series *Gidi Up*, written and directed by Osiberu herself, which became viral in Nigeria and beyond. Several other banks followed NdaniTv's model (such as United Bank of Africa, UBA with Red.tv and Access Bank with Accelerate.tv) and Osiberu began to be described as the 'the pioneer of the Online TV craze that has taken over Nigerian banking' (Esene, 2016). In the following years, online channels sponsored by Nigerian banks became major actors in the industry, as they developed a new business model, producing successful original content and propelling the emergence of a new generation of directors and producers in the process (including Osiberu herself, who went on to become a highly successful Nollywood producer and director, with films such as *Isoken*, in 2017, and *Gangs of Lagos*, in 2021). To measure how successful these channels have been, UBA's Red.tv is a good example: its YouTube channel is in June 2022 one of the most successful in Nigeria with over 320,000 subscribers and more than 56 million views. It produces and co-produces contents in Nigeria but also in Côte d'Ivoire and other countries across the region, and in 2021, it has ventured in the production of a feature film, *Unintentional* (2021), for distribution in Nigerian cinemas and online streaming platforms beyond Red.tv.

The economic model for these Web TVs is relatively simple. The banks invest in the channels as part of their Corporate Social Responsibility and Digital Marketing strategies. Thus, the channels have no commercial imperative (they do not need to make profit) and are given great creative freedom. Their objective is to create for themselves an audience base of young people who can be attracted to open their first bank account in their branches. Within this context, YouTube offers an ideal avenue for reaching the targeted demographic, as in Nigeria, (and sub-Saharan Africa more generally) the most connected segment of the local population is indeed the youth, who is used to access content (for free) on social media like Facebook, Instagram and YouTube. The fact of not having any commercial imperative made these channels less preoccupied with the monetisation of content distribution, and thus with the complex hierarchies and gatekeeping strategies that rule Nollywood film distribution and involve big players such as the satellite television companies MultiChoice, CanalPlus and StarTimes, the cinema chains FilmHouse and Silverbird, or the streaming companies iROKO and Netflix. This freedom pushed them to invest in younger, less-known filmmakers and actors, which in turn helped growing the support for these channels among precisely the same demographic. As one of the filmmakers who participated as mentors in a training programme organised by Accelerate.tv explained to me (pers. comm., 20/06/2017), online TVs by Nigerian banks focus on young filmmakers who have already produced content before and provide the means to push them to the next level, offering training and co-producing short films (maximum one hour) which then they broadcast on their TVs or which (in some case) they sell to other companies such as iROKO. In this sense, there is potential for mutual benefits: the channels take advantage of the creativity of young talents, who in turn benefit from the visibility as well as the production and training possibilities that online TVs offer.

The case of corporate Web TVs brings to light the importance that short formats have begun to acquire for the industry since the early 2010s. If on the one hand, companies like iROKO invested in short forms mainly in order to advertise and promote the platform's catalogue of feature films and series (Haynes, 2018b, p. 9), shorts became also the favourite format of young, upcoming filmmakers in the early stages of their careers. Being relatively inexpensive to make and allowing greater creative freedom, shorts are the favourite formats of young upcoming filmmakers all over the world. In Nigeria, they constitute also one of the only chances to make a film for the numerous upcoming artists who are eager to work in the film industry but are left at its margins by an increasingly powerful (and small) group of corporate gatekeepers. They also offer the possibility to engage with more politically sensitive topics, which are largely absent from mainstream Nollywood releases. As much Nollywood scholarship demonstrated (Adejunmobi, 2007; Jedlowski, 2013), in its early years, the industry had a horizontal structure made of a myriad of small-scale production and distribution companies, and it was relatively easy to find a way into the business for beginners, often through informal systems of apprenticeship in already existing companies or via the affiliation to the existing professional guilds. Since the late 2000s, things begun to change, and several young filmmakers I interviewed during my research underscored the emergence of closed 'clicks' and small circles made of members of the industry elite controlling the access to the key platforms of production and distribution active in the country (Jedlowski, 2015).

Within this context, younger filmmakers who want to work independently and/or lack connections with members of the inner circle focus on short formats, hoping to be noticed and given an opportunity to shot a feature film by an established producer. One of the first Nigerian filmmakers to focus on short formats for circulation on the Internet told me clearly in an interview that 'every big job I've executed or I have been contacted for came out from something that I posted online, on Facebook or YouTube' (pers. comm., 26/06/2017). Several other filmmakers, including Tope Oshin, Tolulope Ajayi, Abba Makama and the other members of the Surreal 16 collective (C.J. Obasi and Michael Omonua) followed the same path and became central figures of the industry (and particularly of its independent, more artistic branch) throughout the 2010s, thanks to the success their short films obtained on YouTube and in the few existing local festivals and retrospectives dedicated to this format.[11] More recent examples include the successful story of the collective of young filmmakers 'The Critics' (Richard Yusuff, Raymond Yusuff, Roland Yusuff, Godwin Josiah, Victor Josiah, Ridwan Adeniyi and David Okon), who uploaded sci-fi short films made with smartphones on their YouTube channel and ended up being noticed and supported by Hollywood producers J.J. Abrams and Franklin Leonard.

Within this context, YouTube has been and still is what is best known for: a platform through which people can 'broadcast themselves' and eventually become celebrities thanks to their talent and a bit of luck. Beyond young filmmakers and producers, YouTube has performed this role also for actors, making new stars emerge (particularly in the field of comedy), who have later been co-opted by the film industry to attract new audiences. The majority of the most watched and followed Nigerian YouTube channels are comedy channels created by young upcoming comedians, such as Mark Angel (whose channel is the most followed Nigerian one, with eight million subscribers and more than two billion views) and Samuel Animashaun Perry aka Broda Shaggy (whose YouTube channel has two million subscribers and more than 245 million views). The incredible followership these comedians have managed to establish has attracted Nollywood producers in search for new marketing strategies, as they hope to maximise box office revenues by attracting at least a portion of the comedians' online followers to the cinemas. Film releases starring YouTube celebrities are thus becoming a trend in the industry, with recent comedies like *Survivor* (2022) starring up to three YouTube comedians (Broda Shaggi, Michael Sani Amanesi aka MC Lively and Debo Adedayo aka Mr Macaroni) in order to maximise box office potentials.

## Conclusion

Since Adejunmobi's formulation of Nollywood as a 'minor transnational practice', many things have changed. However, as I have tried to demonstrate in this chapter, despite the penetration and expansion of international corporations in the industry over the past decade, some of the peculiarities of early Nollywood's modes of operation (including its propension for low-budget contents, its proximity to low-income audiences, its openness to experimentation as much as amateurism and its connection with diasporic and pan-African publics) have found a way to perpetuate themselves. Paradoxically, one of the main enablers of this partial reinvention of older practices is one of the largest and most powerful corporate actors in today's world of platforms, YouTube. However, YouTube occupies a very special position in the complex landscape of 'platform capitalism' (Srnicek, 2017). Precisely its ambiguity puts this platform at the very centre of Nollywood's contemporary transformation, hidden in plain sight, behind, beside and beyond the noisier and more glamorous role of companies like Netflix and Amazon.

On the one hand, by providing the first reliable statistics about Nollywood audiences (and particularly about Nollywood consumption among members of the diaspora), at the time of Njoku and Gotter's 'Nollywood Love' channel, YouTube opened up the scramble for Nollywood's untapped profits, attracting international companies and private investors who had, until then, seen the Nigerian film industry as the 'Wild West' of filmmaking: potentially interesting but too risky to be worth a try. On the other hand, by offering the infrastructure for online distribution without upfront investments to the producers and distributors who created Nollywood, but who had been largely marginalised by the progressive penetration of international corporate actors which began in the second half of the 2000s, YouTube equally provided an instrument for the industry's more 'traditional' stakeholders to somehow 'resist' and vernacularize the transformations introduced by the new corporate actors. On the same grounds, it also offered to actors who had yet to find a place in the industry (like local corporate investors and independent, upcoming talents) to try with new, innovative strategies and contents so as to create a space for themselves.

While initially marketers reacted angrily to YouTube's impact on the distribution of Nollywood contents (i.e. the creation of the 'Nollywood Love' channel), they later began to see the platform as an opportunity to react against the process of marginalization affecting them, after the arrival of international corporations. In the eyes of the creator of the YouTube channel 'Global Update Movies Nollywood', quoted earlier, corporate actors like Netflix and the others have 'segregated' Nollywood producers and filmmakers by imposing their own technical standards and production procedures (see Jedlowski, 2022), while YouTube has allowed the industry to exist in the fluid continuum of disparate practices that it has always been its own.

Different platforms occupy different spaces, enable different practices and participate in structuring different economic models. But they all extract data from users to monetise them and produce profit for their shareholders. What does this complexity mean for the way in which we understand the impact of platforms on southern cultural industries? As the research presented in this chapter argues, the ambiguity and variety of the roles YouTube played in relationship to Nollywood is an invitation to pay attention to nuances and contradictions, and dig deeper into the realities that the introduction of platforms is contributing to create.

## Notes

1 The term Nollywood has been formulated for the first time in a *New York Times* article in 2002 to define the home video production phenomenon that emerged in Nigeria since the late 1980s. The term is generally used to describe the production of commercial films in English and Pidgin English which takes place in southern Nigeria, and which constitutes only a segment of the Nigerian screen media production, which includes also significant amount of contents shot in local languages in other regions of the country (see below for further details).

2 See also Couldry and Mejias (2019) in what concerns the debate about the peculiar form of colonialism implicit in platforms' exploitation of users' data.

3 I thank in particular Kenneth Okonkwo, Obinna Okerekeocha, Jadesola Osiberu, Tolulope Ajayi, Ehizojie Ojesebholo and Femi Odugbemi for the discussions in which they provided information for this chapter.

4 At this point in Nigerian history, the cost of Internet connection and the relatively low quality of the service put audiences based within the country at the margins of new distribution models based on online streaming. Things have changed since, but the consumption of online content remains relatively restricted to the elite, with the exception of content posted on social media such as Facebook, Instagram and YouTube.

5 Text transcribed from the comments to the article 'Youtube Creates Specific Channel for Nollywood - TV/Movies', posted on Nairaland on 7 April 2011 (https://www.nairaland.com/640803/youtube-creates-specific-channel-nollywood).

6 Njoku details the reasons for breaking up the relationship and deciding to set up his own platform in several posts on his blog, 'Just me. Jason Njoku'.

7 It might be useful to underline that, while the size of these corporate actors is hardly comparable, the extension of their (actual or planned) involvement in the industry is similar. In this sense, if Canal Plus is definitely the smaller among the mentioned companies, its consideration of sub-Saharan Africa (mostly Francophone countries, but also, more and more, Anglophone regions) as its most favourable geographic area of expansion (cf. Jedlowski, 2017) makes of it an unavoidable actor to consider when looking at ongoing transformations in the economy of the Nigerian film industry.

8 From now on, all data about subscribers and views refers to online observation conducted during June 2022.
9 By way of comparison, it might be useful to know that, according to recent estimates, in 2021, Netflix had around two million subscribers across Africa, the Chinese satellite company StarTimes around eight million and the French Canal Plus around six million (UNESCO, 2021).
10 The four films were Fidelis Duker's *Sensless*, Charles Novia's *Caught in the Middle*, Chico Ejiro's *100 Days in the Jungle* and Fred Amata's *Letter to a Stranger*.
11 Particularly important among them have been the festival 'InShorts' created by industry veteran Victor Okhai in 2011, and online short film competitions run for a few years by the now defunct website/start-up AfriNolly.

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# 11 What Mobile Telephony Is *Doing* to West African Music. The ZikMali Project

## A New Model of Music Distribution?

*Emmanuelle Olivier*

### Introduction

*Bamako, October 22, 2018.*

At the checkout of the Golden Price Market where I had gone to do some shopping, I found the latest issue of the *Journal du Mali*, neatly stacked. An article in the *Economy* section, titled 'ZikMali. Music Legally[1]' caught my attention. The content was built on the words of Mohamed Diarra, introduced as the 'president and general manager of ZikMali', who had announced the opening of a 'platform and structure for the digital distribution of musical and cinematographic works' accessible from a mobile phone application.

These few lines piqued my curiosity. I had, in fact, been investigating for a number of years what West African societies do with the digital in terms of knowledge transfer and production, the reconfiguration of social relations and cultural mediations. My aim is to reflect on the articulation between music, digital technology and culture, and in so doing revisit the question of innovative societies in the Global South. In Mali, as in most other West African countries, the popular music industry has seen major changes with the digitisation of musical production and listening supports: multiplication of digital audio workstation (DAW) studios and electronic music; shift from the almost exclusive use of the analogue cassette to the memory card (without the intermediate step the CD, except for international distribution); the disappearance of the music reproduction and distribution system in favour of dissemination on social networks and streaming platforms. A new musical ecosystem is taking shape, in which the mobile phone is not only becoming the main mode of accessing music but is also contributing to the transformation of creation processes, to listening, exchange and storage practices, to tastes, sociabilities and the imaginaries linked to music (Olivier, 2014, 2017b).[2]

This chapter focuses on one of the emerging actors in this new digital culture in Mali: collectives of youth and their innovative entrepreneurial endeavours. Specifically, I follow, step by step, a project implemented by the ZikMali company in the field of digital music distribution, a virtually unexplored area of Africanist ethnography.[3] In doing so, I question the commonly accepted idea of the mobile phone as a 'digital provide', highlighting the

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hurdles, constraints and challenges to be overcome today in Mali in order to simply build a digital 'access' to music. Finally, I situate this case study relative to other work on the digitisation of cultural industries in the Global North. If the contexts of construction of a commercial offer of online music are quite similar, the underlying representations, logics and values are much more localised.

From an epistemological standpoint, my work forms part of a *sociomusicology*[4] that focuses on the digital revolution and the changes the latter has brought about in the so-called Global South in terms of practices, uses, knowledge, professions and cultural mediations. In being situated in a contemporary world made up of multiple circulations, real or virtual, in taking an interest in popular music as so many 'unidentified political objects' (Martin, 2002), in analysing the entire music value chain, and in questioning the technologies of production, reproduction and diffusion, the sociomusicology that I propose here moves decidedly away from *ethno*musicology.

In addition to various interviews conducted between October 2018 and March 2023 with Mohamed Diarra, CEO of ZikMali, my observations are based on a number of field surveys carried out in Mali since 2010 with different actors in the music sector and the media, those involved in cultural entrepreneurship, with mobile phone operators and the general public. This ethnographic data is coupled with analyses of social networks and streaming platforms in use in Mali, as well as local press articles, official reports and company documents.

## The Path of a Young Malian Entrepreneur

Mohamed Diarra was 29 years old when I met him. Born into a well-to-do family in Bamako (his father, a senior civil servant), he developed a passion for music as a teenager. He became not only a rapper but also a producer and owner of a DAW studio. His family tried to curb his enthusiasm for music, pushing him instead to pursue higher education. He enrolled at Cadi Ayyad University in Marrakech, where he obtained a Master's degree in public law, specialising in political science and international relations. He completed his training with a second Master's degree in information and human resources management. After graduating, he returned to Bamako at the request of his family. During an 18-month period in which he was unemployed, he developed the ZikMali project. Mohamed's very ambitious initial goal was to 'change the music sector and permit artists to live from their art'. Though, he was then quick to concede that the project would, more modestly, 'allow artists to have an additional income' thanks to dividends from consumption of their recorded music on a download and streaming application.

Mr. Diarra began by creating what he called a 'music blog' called MaliMoov, a free download and streaming platform, not unlike several that already existed in Mali (e.g. Rhhm and Bamada-city).[5] However, Mr. Diarra views these platforms as deficient in that they 'allow illegal downloading'.

His position is clear: recorded music does not generate direct income, there is no 'return on investment'. Moreover, he feels that the cost of recording is too high compared to the income generated from performances, and CDs do not sell. Mr. Diarra furthermore interprets the low visibility of African musicians on international distribution platforms as reflecting a marginalisation of Africa as well as dependence on these platforms, not to mention the fact that Malians do not have access to them.[6] For Mr. Diarra, the risk is that West African musicians will turn only to these international platforms; that is, that the music economy will escape Africa. His ambition is to become a prominent player in this globalised digital music economy. Mr. Diarra's refusal of a new form of control of the North over Africa, described by Beukelaer and Eisenberg as 'industry patronage' (2020, p. 11) is evident, though not without contradictions, if nothing else in his recourse to the international mobile phone operator Orange.[7]

In setting up a platform dedicated specifically to Malian music, Mr. Diarra wants to offer more visibility to Malian musicians, betting that this will substantially increase their royalties.[8] This visibility is just as relevant, if in a different way, for the Malian public, whose low 'digital literacy' (Granjon, 2016, p. 2) puts a damper on online browsing, to say nothing of issues related to language and writing, in a country where French is poorly mastered and literacy is low. Mr. Diarra has sought to offset these difficulties by creating an environment filled with familiar and easily accessible figures. The ZikMali platform is thus meant to be a social enclave, a space where users can easily recognise one another and that they can claim as their own.

With ZikMali and the new 'business model' proposed by this distribution platform, Mr. Diarra's objective is to 'build the biggest musical library dedicated to Malian culture'. Thus, while the project has economic aims, it also has a heritage and even identity dimension. In this sense, it is set within a contemporary Malian reality imbued with the 'crisis of the North' – which is in fact a multidimensional crisis affecting the entire country (Gonin et al., 2013). For Mr. Diarra, it is important that ZikMali reflects a national identity that integrates the North and the South of the country, even if the situation today is quite different. Moreover, he is convinced that music can be an engine for 'social cohesion'. The name ZikMali was chosen for this very reason, while the visual aspect of the application is meant to evoke the culture of the country.[9] This is also why Mr. Diarra was quick to sign a distribution contract with the Essakane Productions label, known for having produced the featuring between two Malian stars: Sidiki Diabaté, associated with Manding culture, and Kader Tarhanine, with Tuareg culture.[10]

Within the music industry, ZikMali's objective is twofold. On the one hand, Mr. Diarra wants to move away from free access distribution to a paying system. He strongly associates the free circulation of music with a situation of illegality, citing this as the principal cause of artists' difficulty making a living from their music and an obstacle to the 'development' of the sector. This perspective aligns with the views of major international institutions

(UN, UNESCO, ISESCO, EU), where the fight against piracy and counterfeiting is seen as the main prerequisite for the growth of cultural and creative industries, promoted as resources for Africa's (sustainable) development. On the other hand, Mr. Diarra is also focused on music listening mechanisms, the aim being to move away from downloading to streaming, from flat rate to subscription and from file sharing to individual use. Such changes reflect a desire for innovation: ZikMali should be 'a forerunner and market leader'. In reality, that which is being created has already existed for a number of years, in the North as well as the South. Yet, in Mali, it remains a novelty that breaks not only with the logic of access, listening and exchange of recorded music, but also the value attributed to it.

Mr. Diarra's efforts to achieve these goals began with the creation of the ZikMali 'start-up' in September 2017. The group consisted of a small team of seven people, 'most of them unemployed, with various skills and talents: layout artist, lawyer, programmer, audio image technicians and others'. Two were his 'brothers,[11]' both computer programmers, one in the United States working for Google and several other large digital companies, the other in France employed by the information security company Amadeus. They were the ones who developed the distribution platform and it was thanks to the intervention of the brother based in the United States that Bank of America agreed to manage the international transactions (payment by credit card), especially for individuals of the Malian diaspora.

All between the ages of 18 and 29, the team members belong to the '3G generation' or 'generation 21', local denominations for *digital natives*. They are thus fully situated in a digital environment towards which they 'profess neither anxiety nor ambivalence' (Taylor, 2001, p. 13), unlike their elders. For them, the digital is not synonymous with a loss of control, but rather with a taking of control. This strong appropriation of technology, though it comes from elsewhere and embodies a post-colonial spectre, has nonetheless become a generational tool. Mastery of digital tools provides this cohort with a means of their own expression, a potential profession and possible emancipation from their elders, in a society where intergenerational structures are strongly coded and hierarchical. This manifests in the emergence of a new cultural entrepreneurship, where these youth organise into collectives, some focused on production (sound and video clips) and stage performance, others on distribution and diffusion (social networks, local streaming platforms).

The ZikMali team fits perfectly into this new music economy, while also breaking with the so-called informal sector. Indeed, ZikMali is officially registered as a 'sole proprietorship' business, with plans to evolve into a 'limited liability company.[12]' The entry of ZikMali, like that of several other music production and distribution structures,[13] into the formal economy constitutes a major turning point in cultural entrepreneurship in Mali. It remains to be seen, however, whether this change will lead to the emergence of a new economic model based on self-employment,[14] and whether these young entrepreneurs will become new 'figures of success' (Banégas & Warnier, 2001).

Once the structure of ZikMali had been created, Mr. Diarra turned his attention to the crucial question of a payment method. In a country as poorly banked as Mali,[15] the solution seemed obvious: Orange Money, the money transfer and mobile payment service set up in 2011 by the mobile phone operator Orange. This service has been very successful in Mali, counting 4.2 million customers and more than 29,000 distribution points in 2018 (Sonatel Annual Report, 2018, p. 69). Mr. Diarra thus reached out to Orange Money to obtain his Application Programming Interface (API),[16] key to accessing this service.

He successfully set up the API, signing a partnership contract with Orange in return for a commission on each sale. In doing so, he demonstrated his mastery of the codes, knowledge and skills needed to enter this new world of the digital economy. This furthermore opened doors at CREATEAM, a start-up incubator and support centre, the likes of which are increasingly found in West Africa, particularly at the initiative of Orange.[17] There, he benefitted from training in project development, monitoring and evaluation, advice on setting up a coherent business model and managing his structure, as well as access to a network of companies in the digital and mobile phone sectors. ZikMali is therefore 'in full incubation'.

In October 2018, ZikMali was the second-place winner of the 2018 Orange Social Venture Prize for Innovative Start-ups in Africa and the Middle East and received one million FCFA (1500€). For Mr. Diarra, this prize was above all a sign of recognition from professionals in the sector and gave his project wider visibility. In March 2019, this appreciation was further boosted when ZikMali was awarded the 'Jury's Favourite' prize in the Total Mali Startupper Competition, a company that is also a CREATEAM partner.

## Constraints, Difficulties and Proposed Solutions for Creating a Digital 'Access' to Music

When I met with Mr. Diarra again in July 2019, the ZikMali application was still not available on the Play Store of my mobile phone. He recounted a number of unforeseen difficulties that had arisen in the previous months and the solutions he had been able to implement.

The first challenge concerned the collection of music. In order to offer a sufficiently extensive, and therefore attractive, catalogue to its clients, ZikMali wants to distribute, in addition to new releases, singles and older albums of the artists with whom it has contracts. According to Mr. Diarra, the artists are in favour of this, but many have been unable to provide these tracks. In fact, it seems that most of the musicians have not kept any copies, either on analogue tape for older recordings or on CD, memory card, USB stick or external hard drive for newer ones. Nor has their music been kept by local labels, which are, in any case, virtually non-existent. As for recording studios, some have disappeared, taking with them all traces of their activity. Others have regularly experienced computer crashes, resulting in the simple disappearance of recorded data. Added to this is the fact that many sound engineers and music producers don't insist on having more than a single backup of the recorded music. In contrast, local radio stations, to say nothing of national radio, have for decades been archiving the music they broadcast.[18] ZikMali has therefore visited numerous radio stations in an effort to get copies of recordings. This task has been 'very tiring' admitted Mr. Diarra, as he related the difficult negotiations to obtain them.[19]

This almost planned disappearance of recorded music reflects just how much the latter forms part of an economy based on rapid renewal. Musicians must constantly release new titles to guarantee their visibility in a fast-paced media regime, where the challenge is less ensuring the durability of a song as maintaining and renewing the attention of their audience. The value of a piece of music is therefore quickly exhausted after its release, to the extent that one might even speak of 'disposable music'. This furthermore raises a number of questions about the musicians' attachment to what they produce, the authority they exercise over their music and their desire to create a 'work' in Hanna Arendt's sense of 'durability' (1983 [1961], pp. 187–188). Indeed, if musicians are quick to claim the status of 'artist', this term and its semantic field beg further analysis. Though beyond the scope of this chapter, the fact remains that the collection of music pieces and their storage on the ZikMali platform will likely modify their life span and status, as well as, more mundanely, modes of consumption.[20]

Mr. Diarra furthermore observed that he had not sufficiently assessed the issue of cost for users. Indeed, customers must pay twice, once for the Internet connection and again to buy songs or subscribe to the streaming platform. As their economic power is low and they are used to accessing music freely, Mr. Diarra knows he needs to improve the 'user experience'. In this regard, his 'older brother' and programmer suggested that he change the server. Mr. Diarra subsequently decided to stop using IONOS's 1&1 cloud server, opting instead for Amazon Web Services (the company's cloud platform),[21] which has many more availability zones than 1&1. This has allowed to significantly increase the ZikMali application's 'availability level', making traffic faster and more stable. For the user, the result is a reduction in latency (the time it takes for a song or video to load) and thus also the cost of the Internet connection. Having found means to deal with these two difficulties, Mr. Diarra declared that he was now ready to open the ZikMali platform. For this, however, he would still need to wait a few weeks for Orange to make the API accessible to Malian companies. I return to this step in the conclusion.

## The Distribution System for Recorded Music in Mali

The beginning of the twenty-first century saw a rapid digital shift in Mali, not unlike most West African countries. That said, analogue technology was not immediately replaced by the digital. During the first decade of the new millennium, a mixed technological regime existed in which music production was digitised in DAW studios while reproduction remained essentially analogue. In fact, most Malians continued to listen to music on analogue cassettes, with CDs being destined for the international market (Olivier, 2017b). The two technologies largely coexisted until 2011. When, two years later, the stock of analogue cassettes had been fully exhausted throughout the country, Mali went fully digital.

This shift has significantly changed the Malian music industry (Olivier, 2014; Skinner, 2015). The dematerialisation of media abruptly eliminated the system of music reproduction and distribution that had been in place up until this point. Recorded music now began to be downloaded, listened to, traded and stored on mobile phone memory cards, while most musicians had no choice but to freely distribute their music on the Internet.[22] YouTube and social networks, first and foremost Facebook and more recently Instagram and TikTok, have been the primary places for Malian music dissemination. Malian music can also be found on international content-sharing platforms such as Tubidy.com. A number of local platforms for free streaming and downloading quickly appeared, such as rhhm.net and bamada-city.com.[23] Thus, on the one hand, music began to circulate freely on mobile phones, sent or exchanged initially via Bluetooth and then WhatsApp, a less expensive solution than an Internet connection (WhatsApp is included in low-cost Facebook packages).[24] On the other hand, music was sold in Internet cafés and small street shops.[25] Internet café managers and street 'downloaders' would store thousands of songs and videos downloaded from the Internet onto their computers and external hard drives, which they then sold individually to those who were not Internet-savvy or for whom the cost of a connection was too high. There also existed a wholesale market for traders in rural areas who did not have an Internet connection. They would buy external hard disks full of music[26] and then sell individual tracks. Though, since 2017, the arrival of 4G in Bamako has significantly improved Internet connectivity. This, combined with the fact that users have become more familiar with these technological tools, has led to a rapid decline in Internet cafés and small shops, which have now almost disappeared.

In this new environment, artists make almost no direct profit from recorded music. Only those who have a monetised YouTube channel receive royalties, however modest. Though, YouTube does not allow the opening of such a channel from Mali nor the sending of any resulting royalties in this country, and very few musicians have intermediaries abroad (usually in France) who can effectively manage this type of channel.

Meanwhile, mobile phone operators are becoming cultural operators. On the one hand, they are developing their own music content services in a particular listening format that is very popular in Africa, as well as the Middle East and Asia:[27] personalised ringback tones. On the other hand, they are allowing local platforms to deliver content (on a per-use basis or by streaming) via their mobile-payment systems. In this way, they are transforming the music ecosystem, breaking with the largely informal modus operandi that has until now prevailed,[28] and monetising music.

**ZikMali: Towards a New Music Distribution Model?**

In this context, how does ZikMali differ from existing offers and what new music distribution model does it promote? As we have seen, Mr. Diarra's objective is to 'change consumption habits' and to do this he proposes two types of services. The first already exists in Mali, even if it remains marginal compared to free access music: the purchase of singles and albums for download.[29] The second consists of streaming by monthly subscription: a mode of consumption of cultural content that already works in many countries of the North and South, but which is new in Mali, to the point that even the term 'streaming' is hardly known. Moreover, many artists are reluctant to participate as they 'don't understand how it works' acknowledges Mr. Diarra, who limits his explanation to: 'It's just a way of listening online'. Indeed, streaming represents a radical change in the way music is accessed and listened to since the dematerialisation of music media. The idea of an unlimited music offer is still foreign to most Malians, for whom the cost of an Internet connection remains prohibitively high and who only go online occasionally through the purchase of prepaid units.[30] To add to this, there are network access differences between urban and rural areas, a slower flow rate than in the Global North, and infrastructure malfunctions (Devine & Boudreault-Fournier, 2021; Mattelart et al., 2015). Mali is far from the 'abundance regime' promoted by large digital companies (Auray, 2011). To date, the preferred solution for freeing listening from this strong time constraint has been to download the tracks and then listen to them offline on one's mobile phone. Thus, if the logic underlying downloading is often interpreted in terms of 'ownership' (Rifkin, 2000), in reality in Mali it rather allows one to have music at one's disposal and to circulate it.

Mr. Diarra's idea is to offer a streaming service with offline listening, similar to Facebook subscriptions. Offline listening is certainly not specific to West African Facebook packages: most international streaming platforms offer it. But Facebook is a reference that Malians know and identify with – a guarantee that this mode of music distribution will be understood by the local public, and therefore likely to be adopted.

In reality though, whatever the mode of distribution, downloading or streaming, the real issue is paying for recorded music. In fact, in Mali, music is essentially a service economy where value lies in the field of event-based performance,[31] and from this point of view, digital technology has not changed anything. For musicians, recorded music allows them to acquire a visibility that guarantees their recognition in a media regime. This visibility allows them to perform at private parties, ceremonies and concerts and, possibly, be spotted by Pop or World Music producers. The music scene is thus highly competitive, but also potentially lucrative. As concerns the public, the willingness to pay for music reflects strong social values and positions. The money spent on paying musicians to listen to them during a concert, and even more so at private parties, is seen as an effective way of remunerating artists.

The very act of paying is as much about the interpersonal bond, or even attachment, forged with the musician as it is about an ostentatious display of self. Even more so, it is about acquiring social positions and nurturing networks of sociability (Keita et al., 2015, pp. 127–128).

In order to get people to accept this paradigm shift, Mr. Diarra knows that he has to move slowly. He has therefore chosen to offer a certain number of songs for free listening. These are principally 'clipped' tracks, i.e. those that are the object of video clips. Mr. Diarra sees these tracks as 'promotional sounds' and chooses to offer them on the streaming platform in order to encourage listeners to buy the rest of the album.

In this context, two categories of musicians can be distinguished. On the one hand, (young) musicians in search of fame, for whom recording is an essential means of promotion and professionalisation. These musicians have spread onto local streaming and free download platforms, which has allowed them to build up an audience and maintain their loyalty. On the other, established musicians, or even local stars, many of whom have been more reluctant to make their music freely available, or wish to receive dividends from it, following the Northern model.[32] Some have even taken the initiative of increasing the price of their concert performances to compensate for the lack of royalties.

Mr. Diarra began by addressing precisely this second category of musicians, who he has offered a directly accessible and potentially lucrative distribution space. In doing so, however, he realised that his catalogue was not sufficiently large. He has therefore gradually broadened his offer to include 'young' musicians and, listening to their point of view, has given them the choice of offering their tracks for sale or free access. In return, Mr. Diarra hopes that these tracks will increase the number of visitors to the platform and encourage the public to subscribe so that they can listen to the rest of the catalogue.[33] Meanwhile, the musicians expect ZikMali to be an effective tool for 'building up recognition' (Beuscart, 2007, p. 173).

Whatever their choice – free access or sale of their music – musicians sign a contract with ZikMali that guarantees them dividends, calculated according to the number of downloads and/or streamings. The contracts are confidential and I did not try to find out how much any of the musicians are paid. Mr. Diarra simply told me that the amount varies according to the prominence of the musician. I did, however, observe that these dividends are paid directly to the artists, without going through the Malian Copyright Office (BUMDA), as is the case for media sales. This method of remuneration is particularly appreciated by musicians, for whom the system of 'royalties' managed by the BUMDA is somewhat suspect and parsimonious.[34] Beyond this feeling of mistrust, it is true that BUMDA does not have the necessary information to correctly account for copyright or other connected rights if nothing else due to the absence of disc description protocol (DDP)[35] on the singles and albums recorded in Mali.[36] To fill this gap, ZikMali has had to encode its entire catalogue with its own criteria, and has set up a number of algorithms to count listens.

To create a climate of trust, ZikMali generates an account for each musician so that they can check the number of listens and/or sales in real-time and thus know the amount of their dividends.[37] In addition, given the low level of banking in Mali, Mr. Diarra offers payment through Orange Money.

Finally, a new feature has been introduced, namely electronic securing of the tracks with an SCMS copy inhibitor,[38] giving the user 'exclusive ownership', i.e. restricted to individual use, insofar as he or she is prevented from sending or copying them to another medium. Yet, exchange practices are at the heart of the musicalisation of daily life for many Malians. In addition to the high cost of Internet connection, which favours the exchange of music, these practices give rise to new times and places of socialisation, just as they redefine the roles and statuses of individuals within their sociability network. In fact, the ability to possess and exchange titles that are both unpublished and coveted constitutes a real social value added (Olivier, 2017b). Preventing exchange, therefore, represents a significant break with current modes of socialisation through music, and it is unclear how well this will be accepted. Aware of this difficulty, Mr. Diarra has decided to incorporate a 'more social dimension' into the platform, and in so doing has tried to give it the appearance of 'a mini social network'. For example, he not only proposes weekly playlists based on the musical tastes of his subscribers, but also offers the possibility of creating playlists and, above all, sharing them on social networks. The idea is to replace the exchange of music with the exchange of playlists and to make this the basis for the emergence of a 'community' of ZikMali subscribers. For those who are not subscribers, receiving playlists should encourage them to join, in order to be able to listen to the full tracks.

## Mobile Phone Operators, Online Local Content Distribution and Africa's 'Digital Transformation'

The ZikMali streaming platform project forms part of a broader movement of distribution of local content online and, more importantly, of the 'digital transformation[39]' in Africa. In the field of cultural industries, some even predict that this movement could contribute to the development of a local economy that would create substantial revenues for both artists and cultural actors and operators (Tchéhouali, 2016).

In fact, while international streaming platforms have not yet invested much in the African continent,[40] various local and regional platforms have been created in recent years[41] in response to strong demand from the public and the diaspora for local content. Some offer free access, but a growing number are now monetising their catalogues, using the mobile payment or Airtime services (allowing the conversion of phone credit into service purchases) offered by mobile phone operators. The MusikBi (Senegal, Côte d'Ivoire and Gabon) and Waw (Côte d'Ivoire) platforms, for example, use Orange Money, Orange's mobile payment service. In Kenya and Tanzania, Mdundo uses M-Pesa, Vodafone's mobile payment service. In South Africa, Simfy offers a choice between MTN and Vodacom mobile payment. For mobile phone operators, these partnerships are part of a policy of 'developing the monetisation of mobile data usage and value-added services' (Sonatel Report, 2018, p. 126), as well as 'supporting local entrepreneurship' (ibid., p. 11), the aim being to favour the emergence of a digital ecosystem in Africa.

In Mali, as in other countries on the continent, this 'digitalisation' process necessarily involves mobile telephony, which, for almost the entire population, is the only interface for accessing services. Knowing this, mobile phone operators have opened up their APIs to local digital companies. Mr. Diarra is well aware that competition is tough. Indeed, other entrepreneurs are already positioning themselves in this sector. Digital Virgo is one example, an international digital content creation company and local music provider for Orange Mali, which has just launched the Digster streaming application in Senegal. In this rapidly changing digital music industry landscape, will the distribution model proposed by ZikMali manage to become a viable part of the music value chain? Three years after its creation in 2020, Mohamed Diarra observes that his company has achieved mixed results.[42] On the one hand, the catalogue has grown considerably, thanks to artists' growing belief in ZikMali. The exclusively distributed albums have been widely downloaded, and this despite an overly complicated payment procedure for a clientele whose digital literacy remains low. On the other hand, subscriptions are primarily limited to Malians living abroad and are few in number. In 2022, ZikMali won the Orange Fab Start-up Accelerator award, which has allowed the company to develop its activities and strengthen its business management abilities. Yet, notwithstanding this support, ZikMali has not managed to obtain an API from Orange that would allow it to offer daily, weekly or monthly packages, along the lines of the Facebook packages so popular in West Africa. To make their activity viable, Mr Diarra and his team are looking to change their business model. Specifically, they would like to generate revenue through advertising using a dedicated software (Adware).

## Conclusion

Generally, the digital revolution, and even more so the mobile Internet, has led to a transformation of the cultural industries in the Global North as in the South. While this has taken similar forms, the technological, economic, social and cultural contexts differ significantly, to say nothing of regional and even national disparities. However, the major difference in the North, compared to the South, is that emerging actors try to find their place within a formal ecosystem, organised around established actors, headed by labels, within a complex web of rules that define 'the division of labour, the standard distribution of profits, and product forms' (Beuscart, 2007, p. 146). For France, Jean-Samuel Beuscart shows how this emerging online music market is the result of 'the renegotiation of these rules, and therefore of the strategies, alliances and power relations between the various stakeholders' (ibid.). In Mali, in contrast, the music market is largely informal[43] with little intermediation (absence of labels) and is part of a service economy outside the copyright system. The new forms of online music marketing aim to break with this context by organising a (hitherto weakly) structured market and setting up a legal system based on intellectual property, with the support of mobile phone operators through their mobile payment APIs. In doing so, these new forms of music marketing are, as in France, integrated into an existing music distribution chain (free download and streaming platforms), while negotiating 'a viable insertion into the value chain' (ibid). Another important difference is that, given contextual particularities, Malian actors are subject to heavy constraints that hamper their capability to act. As we have seen, the absence of intermediaries, and even more so of an established catalogue, makes Zik-Mali's business venture long, laborious and uncertain.[44] Added to this is an unfamiliarity with streaming on the part of many musicians, coupled with distrust of the copyright system linked to an ingrained imaginary of the corrupt State. When it comes to mobile phone users, weak digital literacy is an obstacle as is, on another level, a low willingness to pay for recorded music.

Despite such constraints and uncertainty about the viability of this new model of online music distribution, many players are positioning themselves in this sector. In the Global North, these initially consisted mostly of independent actors, start-ups largely not from the music industry and financed by investment funds or venture capital (Beuscart, ibid., p. 148). In Africa, this new sector is instead driven by the major mobile phone operators (Orange, MTN, Vodafone, Millicom, Etisalat, Airtel) who are, on the one hand, developing their own music content services (though subcontracting various components to local intermediaries), and on the other, creating marketplaces in allowing local and international platforms to deliver content through their mobile payment services. The result is that the content offered is very different depending on the scale at which these services are found. Local platforms offer catalogues composed mainly of local artists, which have the effect of amplifying the circulation of identitary discourses that particularise culture and reinforce conservatism. Conversely, international mobile phone operators and their music content providers ignore ethnic or identity cleavages in favour of an 'extension of the listening domain' (Olivier, 2017b, p. 293) towards the music of neighbouring countries[45] and even international music. This openness is part of a certain depoliticisation of societies in favour of an economy that gives rise to the producing actor on the one hand and the consuming individual on the other.

This chapter aims to contribute to the development of a new field of research on digital cultures, a field that remains little explored in France and where most work on music focuses on the Global North. The objective here is to decentralise this gaze in order to understand digital technology as a *cultural artefact* and thus update the postulates of this digital globalisation, which do not sufficiently take into account the practices, the logics, but also the constraints and the capacity for action of the Global South.

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## Notes

1 https://www.journaldumali.com/wp-content/uploads/2018/10/JDM184.pdf
2 From 2013 to 2015, my work on the musicalisation of everyday life in a digital regime formed part of the ANR project Musimorphoses (P.I. - Philippe Le Guern). In 2016, the study expanded to include an exploration of cultural mediations within the International Mixed Laboratory (LMI) MaCoTer (http://www.lmi-macoter.net). Since 2019, I have continued to develop my research questions within the ANR AFRINUM programme 'Digital cultures in West Africa: music, youth and mediations' (https://afrinum.hypotheses.org/).
3 With the exception of studies by Beukeulaer & Eisenberg, 2018; Clark, 2014; Eisenberg, 2012, 2022; Perullo, 2011; Shipley, 2013, 2017; Skinner, 2015; Tchéhouali, 2016, 2017.
4 A term I borrow from Denis-Constant Martin (Martin & Olivier, 2017).
5 http://www.rhhm.net; http://www.bamada-city.com.
6 Currently, it is impossible to access international streaming platforms such as Deezer, Spotify or Apple Music from Mali. This is not, however, the case in Côte d'Ivoire, where Orange includes access to Deezer in some of its mobile phone packages.
7 Orange Mali is a subsidiary of the company Sonatel, in which Orange holds a 42% stake. Orange is also a shareholder of the streaming platform Deezer and the former owner of the video platform Dailymotion.
8 What is more, the algorithms of international streaming platforms tend to bring to the fore the most profitable musical content, i.e. enjoying a certain popularity, which raises the question of how local cultural content fits into such a context (Tchéhouali, 2016, p. 27).
9 Notably, the use of a bogolan design (fabric dyed in a particular style) and cowries (shells used as currency before the colonial introduction of money). Though I remarked that this iconography is used in the Global North to represent a largely fantasised Africa, Mr. Diarra sees them as powerful identifiers in Mali.
10 https://www.youtube.com/watch?v=zRuot1TXZUw
11 A kinship category that includes his brothers, half-brothers and parallel cousins.
12 Its board of directors is composed of five members who are also shareholders of ZikMali. Mr. Diarra holds 60% of the shares, the others 10% each.
13 Such as the Vortex Group, a collective of young people in the audiovisual sector, or the Diabatéba label run by the musician Sidiki Diabaté and his family, which has been signed by Universal Music Africa.
14 Mr. Diarra underlines ZikMali's self-financing, which has ensured its unusual independence from the older generation: 'We didn't get any subsidies, we didn't get any funding, we didn't get any loans, nothing. We did everything ourselves'.
15 In 2017, the rate of use of the banking system in Mali was 16.5% (BCEAO, 2018, p. 13).
16 On Orange APIs, see: https://orange-api.developpez.com/solutions-orange-api/orange-api/

17 See the website: startup.orange.com.
18 This is also the case for the Mali K7 company, which kept all the masters, mostly on magnetic tape, from which it made and reproduced analogue cassettes, though Mr. Diarra was not aware of this.
19 Though Mr. Diarra did not detail the radio stations' conditions for the transfer, they were the result of financial negotiations.
20 The 'long tail' phenomenon, which is virtually non-existent today in Mali, notably comes to mind.
21 See: https://aws.amazon.com/fr/what-is-aws/
22 Radio stations and television channels (especially Trace TV) also play a lot of music.
23 Musicians have to pay a flat fee, which varies according to the medium, audio (sound) or audiovisual (video clip) to be broadcast. Though, to be economically viable, these platforms also offer other types of content (interviews and TV-type programmes with artists) and in doing so benefit from advertising funding.
24 In 2018, the cost of a Facebook day pass was 80 FCFA/€0.12; one week, 400 FCFA/€0.60; one month, 1000 FCFA/€1.50.
25 In Bamako in 2017, you could buy a single for 50 FCFA (€0.08) and a video clip for 100 FCFA (€0.16).
26 The price is determined by the data weight of the audio and video files.
27 This type of service was initiated in South Korea, where it is used by some 70% of mobile phone owners.
28 By 'signing' musicians to commercially exploit their works, through international music providers such as Digital Virgo, Comviva or Huawei.
29 In 2018, the price proposed by ZikMali was 200 FCFA (0.30 €) per song and 2000 FCFA (3 €) per album.
30 In 2018, Orange Mali's Internet packages ranged from 100 FCFA/€0.15 (10MB/1 day) to 10,000 FCFA/€15 (5GB/1 month). The data penetration rate of Orange Mali customers was 37% for a mobile penetration rate of 106% (Sonatel Annual Report, 2018, p. 135). For the other two operators present in Mali, Malitel and Telecel, no official figures are available.
31 This situation is far from specific to Mali and is indeed the case for much of the global South (Lemos, 2008). Though, this service economy has also been growing in the Global North since the CD crisis and for an even longer period for certain musical genres (Olivier, 2017a).
32 On the model of copyright rather than 'author's rights', thus privileging property rights over moral rights. In fact, in Mali, music is rather based on a logic of free circulation and modification of materials, provided that the source is acknowledged. Royalties are almost exclusively related to the distribution and diffusion of works (Olivier, 2014, 2017a).
33 Mr. Diarra thus favours a 'freemium' business model, which consists of offering a free basic service and paid access to the premium service. For different business models of digital cultural content platforms in Africa, see Tchéhouali (2016, pp. 37–38).
34 For its part, in compliance with the law n°2017–2012 on literary and artistic property, ZikMali simply pays an annual licence fee to the BUMDA, as a digital music distributor. This fee, which amounts to five million FCFA, is supposed to go to the 'authors' (http://bumda.ml/wp-content/uploads/2019/06/Loi-2017.pdf).
35 The DDP (Disc Description Protocol), which acts as a digital fingerprint, includes: the PQ code (standardised format for page listing, timing, indexing, etc.), the ISRC (International Standard Recording Code) and the UPC (Universal Product Code) or EAN (European Article Number Code) corresponding to the barcode on the back of the CD cover.

36 This coding is the work of mastering, which does not exist in Malian recording studios. When a single or an album is recorded in Mali but produced by an international label, the mastering is relocated to a foreign studio. This reflects the limits of the local music economy when it comes to accessing an international market.
37 Tchéhouali (2016, p. 75) explains that given the diversity and complexity of remuneration models, four out of five African artists do not know how much they earn from the distribution of their music online – all the more reason why it is so important for ZikMali to ensure transparency to this regard.
38 Though this security is limited due to the fact that the mp3 broadcast format is easily pirated (Beuscart, 2007, p. 164).
39 Language used by the operator Orange.
40 Though, some have formed partnerships with telephone operators to increase their local audience. Notably, Deezer with the operator Tigo in Senegal, Tanzania, Ghana, DRC and Rwanda, and with Orange in Côte d'Ivoire.
41 In 2014, a study by Balancing Act already counted more than a hundred African platforms dedicated to online music (https://www.balancingact-africa.com).
42 Interview with Mohamed Diarra in Bamako on 7 March 2023.
43 Even if it is fully part of the real economy, creating jobs and redistributive (Chabal, 2009).
44 For France, Beuscart points to the reluctance of record companies to open their catalogues to first-generation streaming platforms (2007, p. 160).
45 In French-speaking West Africa, the catalogue of these suppliers is thus opening up to music from English-speaking countries, Nigeria in particular.

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# 12 Chilean Fashion Influencers as Digital Labour

## Unpacking the 'Media Kit' as a Market Device

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### Introduction

Social media influencers are micro-celebrities that accumulate followers on platforms like Instagram, YouTube, or Twitter through the 'textual and visual narration of their personal, everyday lives, upon which paid advertorials – advertisements written in the form of editorial opinions – for products and services are premised' (Abidin, 2016, p. 86). Their practices of content production blur the notion of hobby and work, as well as the distinction between the brands' publicity they promote, the authenticity of the content, and their branded persona (Abidin, 2016; Duffy, 2017). As influencers, in some cases, they can earn a considerable amount of money and fame, not only in their own countries but also globally. They do this through a strategic form of communication, showing themselves as professionals and amateurs (Abidin, 2017; Hearn, 2008), moving across authenticity and the commercialism of their content and themselves (Arriagada & Bishop, 2021). For instance, German Garmendia, is a Chilean content creator who is, according to the Influencer Marketing Hub (Geyser, 2022), one of the most important Latin American influencers with almost 45M of followers on YouTube. On his channel, German produces and shares videos making jokes with his friends, singing songs with his band, and communicating his thoughts on daily issues to his millions of followers.

Chile's influencer market has been growing steadily since 2009 when bloggers started creating content building their brands and promoting their taste classifications on varied topics like fashion, music, sport, and make-up (Arriagada & Ibáñez, 2020). With the evolution of platforms and the emergence of Web 2.0, platforms like YouTube and Instagram became the base for thousands of content creators in the Chilean influencer market. In the fashion realm, influencers became key actors connecting brands' values with potential consumers. By that time, everyone from bloggers to social media influencers were trying to make a living by promoting themselves as well as global brands in the local market like Swarovski, H&M, and Zara, amongst others. This happened in a context where social media and Internet access became massive across the country (Subtel, 2016), putting Chile at the

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forefront of Latin American Internet penetration. Today, there are almost seven million users of Instagram in the country (Statista, 2019). Meanwhile, 39.2% of them claimed to have made purchases based on what social media influencers recommended on the platform, and 74% claimed to follow digital influencers on the network (Statista, 2022). In a recent study, there were almost 387,000 influencers in the country, far from other bigger markets like Brazil and Argentina (Influencity, 2020). Chile's digital advertising market accounts for 47% of the total amount of investment in advertising (Asociación de Agencias de Medios (ANDA), 2022).

There is a considerable amount of work on the activities of influencers in different economies, mostly exploring issues on the relation between visibility and authenticity across the US, (Duffy, 2017; Duffy & Hund, 2015; Hund & McGuigan, 2019), Asia (Abidin, 2017, 2018; Shtern et al., 2019), South America and Spain (Karhawi, 2020; Tomasena, 2019). However, there is a lack of evidence in order to understand how these activities aimed at the promotion of brands and goods are assessed and subject to valuation in a specific market, like that of digital marketing. This market is composed of complex socio-technical orderings involving actors (e.g. brands, agencies, executives, social media influencers) and devices (presentations, social media profiles, metrics software, and campaign reports) where this form of labour is evaluated and valued.

In this socio-technical order, social media is not the only technological device through which influencers' practices become valuable. A key device in this process is the 'media kit', a portfolio where social media influencers describe their services and strategies to potential clients (e.g. branding agencies) to connect audiences' taste and consumption desires with brands and products. As key aspects of digital labour, several works have focused on self-branding practices, workers' identities, and gender social inequalities (Duffy & Hund, 2015; Marwick, 2013; Titton, 2015).

Despite significant attention to the practices of influencers and their representations on social media platforms, a greater understanding of the devices of social media influencers is needed. Of particular interest are the ones that shape their economic and cultural capacities (Moor, 2014) defining their practices as a specific type of digital labour. Muniesa et al. (2007) referred to 'market devices' as the material and discursive assemblages that intervene in the construction of markets. In the case of social media influencers, it is still unclear how their working practices are subject to valuation within the influencer economy, and how they become a valuable type of labour. Therefore, it is appropriate to describe and analyse not only the practices of branded content production across social media platforms, but also to explore the role these practices play in the marketability of goods, services, and on social media influencers themselves as a labour force.

In this chapter, my aim is to analyse a group of fashion influencers' role in the market formation, specifically the influencer marketing market, by looking at the technical and cultural knowledge that is contained in one specific device through which digital content production becomes valuable and commercialised: the 'media kit'. The media kit is a device where cultural and economic calculations are displayed to describe the work of influencers. It consists of a description of creators' services of digital content creation to connect consumers' tastes with brands and fashion garments, trends, and make-up. It can take the form of a.ppt,.pdf or a document with text and images that promote influencers' work.

Based on interviews with a group of Chilean fashion influencers and textual analysis of their media kits, in this chapter I argue that social media influencers represent an ideal type of consumer that offers cultural and technical expertise to produce and circulate branded content across digital platforms. Also, the 'media kit' is a performative agency of digital labour, framing and producing a specific type of digital worker, through a set of classifications and categorisations about consumption, consumers, and digital content production in the social media economy.

The 'media kit' works for Chilean social media influencers as a device for self-branding, but also as an assemblage of cultural and economic calculations that mobilises a certain type of digital worker, which is negotiated with other agents to convert it into a valuable form of labour. Drawing from concepts on market performativity and actor- network theory, this article is structured as follows. The first section describes the relationship between branding and the blurred connection between personal and commercial communication on social media platforms. These digital technologies operate as a space through which branded content can be produced, circulated, and consumed. The second section explores how social media influencers can be explored as cultural mediators that give meaning and value to brands, qualifying them through the digital content they produce. Then, the process through which the labour of social media influencers becomes valuable through the media kit will be described and analysed. The article finishes with a conclusion about how digital labour is assembled and valued in the market of digital branding. Specifically, it is through a set of discourses, practices, and devices that are not only the content created on social media platforms.

In terms of methodology, data for this project comes from two different sources. First, a sample of in-depth semi-structured interviews with 35 social media influencers (mostly fashion influencers) based in Santiago de Chile, whom we identified through snowball sampling across three stages: first, groups of advertising and fashion experts were interviewed, and asked about important influencers. We selected a group of ten experts in the fields of advertising and fashion (fashion designers, advertising executives, retail managers, and famous influencers) to interview; members in that group were asked to identify other relevant important influencers and we invited the people named for a second wave of interviews. The people they named were contacted (50 persons) by email, and 35 agreed to be interviewed. The influencers interviewed for the sample had between 1,000 followers to 166,000. A few of them work directly with their recommenders. While all participants were connected to agencies (receiving products and participating in small campaigns, paid or unpaid), only half were consistently paid for their work as influencers. Except for one interviewee, all participants were active on Instagram. Our sample, all college-educated, was mostly women (26) and a few men (9). Interviews were conducted in person and recorded with participant consent. Interview topics included participants' backgrounds and expertise; processes of content creation, distribution, and promotion; self-presentation strategies; and their relationship with brands and branding agencies. A second source is the analysis of 10 'media kits' produced by social media influencers, focusing on the definitions of their work and the types of services they offer. Interview transcripts and the media kit texts were coded and analysed using a grounded theory approach (Glaser & Strauss, 1969).

### Branding and Self-Branding in the Digital Economy: from the Brand 'Experience' to Consumers' Experiences as Brands

Branding has been an object of study by sociology and communication scholars in the last decade (Arvidsson, 2006; Lury, 2004; Moor, 2007). Moor (2007, p. 7) defined branding as the centrality that brands have as valuable and meaningful objects, but also as a form of organising economic production and guiding consumers' activities. To differentiate brands in competitive markets, branding helps to extend the range of spaces through which brands can be experienced and associated with symbolic values. If marketing is the management of the encounters between goods and consumers, branding is the management of communication around brands to 'add' or to 'reproduce' the 'particular qualities that the brand embodies' (Arvidsson, 2006, pp. 41–44). In the Chilean influencer marketing industry, branding on digital platforms is organised by a set of companies that mix branding and marketing techniques, working closely and measuring the impact of the work of influencers, mediating the relationships between them and the companies that hire their services (for more detail see Arriagada & Valderrama, 2023).

As a practice that has evolved from marketing, branding can be situated in a process that Slater and Tonkiss (2001, p. 179) defined as 'dematerialisation', which means that 'culture' and the production of symbols are central to the construction of markets. 'Dematerialisation' involves four developments: a shift from the production of material to non-material goods, the key role of symbols in the design and promotion of objects, the symbolic mediation of goods through advertising, branding, and other cultural forms; and the centrality of 'information, planning, managerial expertise, and corporate culture in economic processes'. It is in this context where the work of branding, as Moor (2008) suggested, consists in the design of a memorable and consistent image of brands on a varied range of sites and across different materials. Through a set of strategies, which involves the use of objects as media, the translation of brands' values across different spaces and objects, the brand can be 'experienced' and 'valuable'. With the emergence of social media platforms, branding has evolved into a dynamic force through which value is socially produced based on 'affect' (Arvidsson, 2006). This means that value is not a result of a commodity exchange or through the possession of physical means of production. On the contrary, it results from the production of signs and meanings as intangible assets related to brands, as well as the 'self'. Social media platforms – e.g. Facebook, Instagram, or YouTube – are key technological devices for 'self-promotion'. Users can manipulate their online identity, constructing their own audience (Abidin, 2016; Marwick, 2015). In this context, social media users have the possibility to become micro-celebrities, treating and presenting themselves online as consumer products, selling their images and content to others (Hearn & Schoenho, 2016). Thus, influencer activities are part of a process of symbolisation, representing, for instance, lifestyles, forms of consumption and taste classifications, through texts and pictures, but also mediating brands and products to establish a closer connection with their followers.

Influencer activities can also take the form of self-exploitation to make a profit based not only on the self brand but also through a communicative style based on the authenticity of their self-presentation. Hearn (2008) considered the promotion of the self a process through which individuals try gaining attention and emotion, becoming the dominant form of communication in post-Fordism capitalism. In this form of capitalism, social relations are 'central to value production' (Gandini, 2016a, p. 125), based on the reification of the entrepreneur self, an individual that considers work not a threat to freedom, but rather as the essence of self-realisation (Miller & Rose, 1990). The worker is thus reimagined as a highly motivated individual who derives gratification from satisfying the needs of consumers by providing them with a range of desired goods or services (Fairclough, 1993). When the self is treated as a brand, amplified through digital communication platforms like YouTube, Instagram, or Facebook, it is guided by an ethos of 'authenticity', which is at the centre of digital communication practices (Marwick, 2013; Duffy & Hund, 2015). For instance, users present themselves through social media profiles as they 'really are', feeling empowered by communicating their crafted identities (Banet-Weiser, 2012).

As part of the authenticity ethos that guides users' communication on social media, these platforms help to craft and make the self visible, connecting private and public performances and blurring the boundaries between personal and commercial communication (Banet-Weiser, 2012). It is in this dimension where branding and the work of cultural producers like YouTubers, Instagrammers, and so-called 'social media influencers' converge. Influencers emerge as 'authentic' consumers of brands and goods that can also communicate and represent brands' values as authentic experiences, producing and circulating meaning. The possibilities that online interaction brings to the practices of branding and content creation are the result of the sociality that takes place on social media platforms based on affect and publicity (Gandini, 2016b). In the case of social media influencers, they construct an audience based on presenting themselves as authentic and affective consumers (Duffy, 2017; Marwick, 2013). They also construct a reputation for themselves as brands, qualifying their authentic lifestyle and their acts of consumption in varied ways. The efficiency of those qualifications can be measured through a set of metrics (e.g. likes, shares, reproductions) that are subject to valuation by marketing, branding agencies or other economical entities (Gandini, 2016b; Hearn, 2010).

### Social Media Influencers as Cultural Mediators in the Digital Economy

The dynamics and connections between actors, devices, practices and discourse demand an exploration of the work of social media influencers as cultural mediators of a set of varied flows – goods, brands, content, identities – that are situated and promoted in specific contexts. In this sense, the practices of social media influencers cannot be explored only in terms of authenticity and entrepreneurship performed on social media platforms. Rather, they can also be described and analysed as a set of abilities (or knowledge) to produce and circulate cultural forms across social media platforms and other spaces, helping to create markets and value around those abilities and cultural forms (McFall, 2014; Moor, 2007).

Two bodies of literature can be analysed to approach the work of social media influencers beyond the mere interaction around brands, as well as the publicity of the self. First, they can be viewed as a set of practices and knowledge subject to valuation in specific markets within the social media economy. The work of branding as 'cultural intermediaries' described by Moor (2014) allows us to understand a set of activities in the creation and reproduction of markets and consumption economies. Similarly, as cultural intermediaries, the work of social media influencers are forms of labour through which meaning and values are assigned to brands and flow online (Entwistle, 2009). This is done by acting as taste makers through the orientation of consumers' choices (Nixon & Du Gay, 2002, p. 497), but also mediating relations between advertising agencies, brands, and consumers.

However, empirical accounts of cultural intermediaries attaching meanings to goods – in the form of professionals like advertisers or as forms of digital labour like social media influencers – assume the stability of those meanings across different spaces. For instance, an Instagram picture of an influencer and a brand in a particular context will not necessarily mean the same for consumers in another context or through different media sources (e.g. in a TV advertisement). In other words, processes of communication and meaning assignment to goods and brands on Instagram, for instance, are the result of a set of conversations and 'scripts' about brands' values between different actors (e.g. branding agencies, brands managers, social media influencers and final consumers).

Thus, understanding the work of social media influencers as a specific form of labour involves exploring the different types of mediation (Cronin,

2004) they take part in. For instance, the mediation of brands and digital technologies (e.g. social media) are key devices through which actors communicate, attaching meaning and values to themselves and the brands they relate with. Similarly, the work of social media influencers depends on other factors like 'reputation' as a form of social capital that individuals accumulate through online connections (e.g. online audience) (Gandini, 2016b). Reputation is constructed online through a set of practices and technologies but also is socially produced and assembled as a result of individuals' relations with actors from the advertising and branding industry. We can understand digital labour not only from the perspective of social media influencers but as an assemblage of different types of mediation and digital devices that are subject to valuation in specific markets. The work of economic sociologists Muniesa, Millo, and Callon (Muniesa et al., 2007) is useful for unpacking these mediations.

For Muniesa et al. (2007) the construction of markets relies on a set of material and discursive assemblages, referred to as market devices. In the financial market, for instance, a market device can be a set of analytical techniques for pricing models (Muniesa et al., 2007). A market device is an object that articulates actions and makes others act in a certain way. Markets are constructed as the interplay between, for instance, social media influencers' practices of meaning and value assignment, the work of branding agencies, and the role that social media play as a space where branding is performed. Recent works describe the activities of influencers not only as a set of technical and cultural abilities to communicate and accumulate audiences online. Rather, they are also related to socio-economic backgrounds and levels of social capital in order to take part in the commercial networks that constitute influencer marketing industries (Arriagada & Ibáñez, 2019; Duffy, 2017). The result of these connections, as a process through which agency is distributed across actors and objects, is subject to valuation represented in online metrics and performance measures (Marres, 2017). The measurability of these processes – which are represented, for instance, in reports, online posts, presentations, and branding campaigns – are forms of translation of influencers' work into an object of calculability.

As Muniesa et al. (2007) remarked, market devices enact economic properties, provoke economic behaviours and they render economic qualities in a variety of manners. In this sense, an exploration of the devices produced and used by social media influencers, as well as their disposition towards the things they render with meaning, can be a useful point of entry to understand digital labour not only as the result of the interplay between digital technologies and its users (e.g. as a form of structure and agency) focusing only on content production as an empirical product that we as researchers can analyse in order to interpret processes of value generation in the social media economy. On the contrary, influencers' content creation practices, their economic relations with other actors like brands, branding agencies and audiences, as well as the digital devices involved in these commercial exchanges, can be empirically described as an assemblage between human and non-human agencies (Latour, 2005) that enact and produce a certain type of value in a particular market.

## Assembling the 'Media Kit' in the Influencer Economy

How is the work of social media influencers defined, assembled, and exchanged in markets? How do they promote expertise and value as a type of digital labour? What kind of devices and dispositions are involved in this form of digital cultural production? It has been well researched how social media platforms operate as technological infrastructure for users' self-branding practices (Abidin, 2016; Duffy, 2017; Marwick, 2013). However, there is a lack of evidence to understand how these practices of self-branding by content producers become a valuable form of labour, mobilised through a set of devices and discourses about this type of work. Specifically, when branding the self involves the promotion not only of individuals' lifestyles and activities online, but also the promotion of brands and goods that are established as part of users' everyday circumstances. These practices focused on the promotion of brands and goods are assessed and subject to valuation in a specific market, for instance, the market of digital branding. This market is constructed through the interaction between actors (e.g. branding agencies, social media influencers), their discourse and practices, as well as specific devices (presentations, social media profiles, online metrics, and campaign reports) where this digital type of labour is assembled, evaluated, and exchanged (Arriagada, 2021). Thus, social media is not the only technological device through which digital labour becomes valuable. On the contrary, it is one of a set of devices through which value is produced and exchanged.

In this article, I want to empirically explore how social media influencers become part of brands' value chains, promoting themselves as experts in branding (or as producers of value in the influencer economy). As one of the most commercialised forms of digital cultural production, the work of social media influencers relies on the connections they establish with branding agencies to promote brands and products online. Specifically, I focus on one specific device through which this relation is assembled: the 'media kit', a portfolio where influencers describe their services and strategies to connect audiences' tastes with brands and products.

The 'media kit' can take the form of a.ppt,.pdf, or a document with text and images that describe influencers' work. Some include influencers' personal interests (e.g. fashion, food, make-up); others include pictures of their trips to global capitals like London, New York, or Paris. Then, there is a description of the platforms they use (e.g. Instagram, YouTube, Twitter, Facebook) and the type of content they create (posts, videos, images). Another section is related to metrics and online performance, including reports from Google Analytics, the number of followers on different platforms, and a brief description of the influencer's audience (e.g. gender, age, and location).

The final section is about rates for their services, adding some examples of their work with different brands (e.g. Nike, H&M, Lancôme). Social media influencers offer targeted content production labelled 'activations', a concept that describes the strategies through which digital content is circulated across specific networks. Activations involve producing video reviews or writing reviews for products on different platforms (e.g. Facebook, Twitter, Instagram), or organising contests for their followers. In this sense, based on their descriptions, the value of social media influencers relies on their ability to communicate brands and product qualities across different platforms. As Arriagada and Ibáñez (2020) described, influencers are constantly moving across platforms, learning and updating their knowledge, in order to accumulate audiences every time a new platform emerges, and also to give branding agencies more possibilities to promote brands and products.

Branding agencies ask influencers for some information about the content they produce and its impact (e.g. number of followers, audience profile). Thus, influencers produce their media kit to promote themselves, contacting branding agencies to increase the visibility of their work and the type of content they produce online. The media kit is created by influencers when they are contacted by branding agencies to establish a 'partnership', an expression to define the possibility of working together. The language displayed by influencers on their media kit is aimed at catching the attention of branding executives. It is common to read words like 'association', 'partnership', 'alliances', and 'activations', which is a way to define an association between an influencer and the brand they are going to promote.

The media kit as a concept appeared at different moments during interviews with social media influencers. Talking about their work, sometimes they were open to discussing it and sometimes not. In general, the media kit can be described in two interrelated ways. Firstly, it is considered a form of self-presentation and a relational object, representing different connections between people, brands, and products. A media kit is an object that connects branding agencies with influencers to establish trade relations (economic or symbolic).

Some of the interviewees denied that their media kit was developed in order to promote their blog, website, or social media profile because they have no intention of making it 'commercial' or profitable. However, for them, the media kit still works as a form of self-presentation of their cultural and technical knowledge as cultural producers. In the case of participants who want to monetise their content, the media kit is a point of entry to contact branding or advertising agencies. It involves showing their expertise and abilities in creating digital content for specific audiences. As an experienced influencer explains:

> It is a kind of cover letter, where all the relevant info of the blog goes, who we are, who we write to, campaigns we have done, statistics, social media followers.
>
> (Female, social media influencer, 29, active since 2014 with 149K followers on Instagram)

Similarly, this presentation is based on a strategy of differentiation from the work made by advertisers and branding experts. The main argument presented as evidence of this quality is the centrality that consumers have today in society. In this context, social media influencers know what to expect from a product and how it becomes meaningful and useful for consumers. Simply put, according to one influencer, the main quality of social media influencers' labour is their 'honesty in communicating with their audiences', which is represented in their media kit by, for instance, using survey data to show how consumers take decisions before buying a product. They consider themselves the right people to recommend to others the distinctive qualities of brands or products. As one social media influencer explains:

> Brands look for YouTubers, Instagrammers, Bloggers, because it is a much more real look from day to day. It is more honest. Based on what I have talked about with people from agencies, they look for that. I conclude that this is what we can offer (through the media kit).
>
> (Male, social media influencer, 31, active since 2015 with 30K followers on Instagram)

Secondly, the media kit is also a flexible device, mobilising different versions of what digital labour is, from the point of view of social media influencers. The character of this device relies on its flexibility to fit its contents with potential clients and their demands; showing through different examples – adapted to the type of client (e.g. a particular brand, an advertising agency) – how an influencer can create content, promoting products and brands in different formats. As two influencers explain:

> The media kit is almost like my resume. Depending on the proposal I make, this is how I present the media kit. That is, I try to put the relevant or interesting information for the person who will receive it. I 'edit' it in the sense of including only what is relevant for the proposal.
>
> (Female, social media influencer, 34, active since 2011 with 107K followers on Instagram)

> I try updating [the media kit] all the time… I added only Instagram numbers because it is the social network that most brands seek. I also have Facebook and Twitter, and in the final section I have the prices for activation and some examples. For instance, blog posting plus a contest, professional video content, etc.
>
> (Female, social media influencer, 31, active since 2015 with 45k followers on Instagram)

### What Does a Fashion Influencer Do? Qualifying Their Work as a Form of Digital Labour

In the 'media kit' influencers describe their work as basically a form of digital content production oriented to promote the qualities of brands and products to a niche of consumers (their digital followers). The 'media kit' represents a process of translation of individuals' identity as digital workers, their margins of action, and the possibilities to negotiate their boundaries with brands and agencies. Similarly, these descriptions work as a form of qualification of themselves as digital workers (Callon et al., 2002). They manipulate the qualities of their services in different ways. Some of them present themselves as testers of products to promote their experiences as users. Others present different aspects of their life through which they establish authority and expertise in promoting brands and products.

Influencers describe being a tester as a valuable form of branding, which must be consistent with their taste and lifestyle. However, there is an ethical dimension involved in the promotion of brands and products. On the one hand, influencers need to feel connected to the brand or product they are promoting, as well as with the content they receive from branding agencies to describe the qualities of those products. This could involve, for instance, not promoting products that were tested on animals. On the other hand, to put that statement into practice, they need to test the product and then write about their experience as consumers. Some influencers negotiate their own boundaries regarding the ethical aspects of their work. For instance, as a senior influencer explains, this involves the promotion of a positive experience reviewing a product, especially when a brand is paying for that:

> In the area of cosmetics and beauty products, the experience of each person can be very different from the other because each body is different and they react in different ways, which is why it is difficult to recommend a product. So, what we do is say 'I have such characteristics, such and such happened to me' and if one of us has a bad experience with a product that is paying us to do a review, then we ask someone on our team, then she can share her experience reviewing the product.
>
> (Female, social media influencer)

It is interesting how each media kit analysed uses words like 'association' or 'relation' referring to the commercial relation that influencers want to establish with brands and agencies. Even though, according to the interviewees, there is a lack of transparency about the agreements between brands, influencers, and agencies, especially, in relation to payment and obligations between the parts involved in a specific campaign. Sometimes, those conditions are stated via email by the agency and accepted by influencers. Sometimes they are more informal, based on agreements during face-to-face meetings. In general, influencers state that agencies are always trying to intervene in their work, for instance, by giving them the content of the posts and the images, instead of relying on influencers' knowledge of their audiences and their own editorial style (for a detailed account of those relations see Arriagada, 2021).

A second form of qualification presented by influencers on their media kit is authority and expertise. Both result from a considerable amount of time writing digital content, but also because they see themselves as consumers interested in knowing in depth about the quality of products and services. An influencer is presented as someone that knows how to consume a product, how to obtain the maximum benefit from it, and then, they are capable of describing their experience with the product through the content they create. This becomes evident in the 'media kit' through the descriptions of their interests and attributes. As this excerpt from a fashion influencer 'media kit' shows:

> Her sartorial affinity to all things beautiful and unique personal style, described as feminine and eclectic, inspires a wide audience across the globe through her outfit posts, analysing the latest trends and sharing style tips and tricks, making fashion more accessible to people.

Similarly, influencers' authority and expertise are presented in their media kit describing the work they've been doing with other brands. These 'associations' are represented through brands' logos, examples of branded content, and media coverage of their work as influencers in the mainstream media. Other forms of validating their work include adding the courses and certifications they took and obtained at international institutions. One influencer describes her experience studying at the Fashion Institute of Technology in New York, another notes her participation in London Fashion Week. Both are examples of strategies to validate their knowledge and experience in this field of cultural production (Bourdieu, 1986).

## The 'Media Kit' as a Form of Valuation of Digital Labour

A central aspect of the 'media kit' is its capacity to represent and mobilise forms of valuation. Specifically, through the presentation of a set of metrics about the performance of influencers' content, its ability to reach niches of consumers online and the total number of followers they have across social media platforms (e.g. Twitter, Facebook, Instagram). If the 'media kit' is a device through which influencers qualify their activities as a specific type of digital labour, it is also a device through which they display a set of cultural calculations in order to convert their work into a valuable activity. By doing this, they are subject to valuation by branding agencies in order to establish a commercial relationship or using participants' language: an 'association'.

Each media kit includes a section where metrics are displayed. These numbers represent the reach of influencers' work, as well as the type of audience they accumulate across different platforms. From the perspective of branding agencies, metrics represent a key measure of 'influencers' status', especially when the agency is not familiar with that person's work. Metrics are the starting point for having a 'conversation' about potential work. Then, metrics are used to validate their campaign proposal to the client. As a branding executive explains:

> [The number of] followers is the most important criteria to work with an influencer. Especially to validate their work to our clients… a good influencer is someone who can communicate brands naturally… organically.

This is also an example of how branding agencies demand complete involvement from influencers in order to work with them, independently of the formalisation of that commercial relationship via contract (Arriagada, 2021).

From the point of view of influencers, metrics represent the level of authority and expertise they can claim in this market. The bigger the community of followers they accumulate, the more the ability they have to reach specific audiences through their content. Thinking of the 'media kit' as a device aimed at branding agencies, metrics describe and validate the story influencers want to tell in order to establish a commercial relationship with agencies. Metrics displayed in the 'media kit' have two intertwined functions. Firstly, by describing audiences' profiles in terms of gender, age, location, and the type of engagement they achieve (e.g. comments, likes, shares), influencers validate their ability to communicate through the content they create, as well as the topics they cover (e.g. fashion, lifestyle, travel) to potential clients. As two influencers demonstrate in their media kit:

> My audience is mostly females between 16 to 38 who love make-up. They are looking for advice about fashion and beauty. Also, they identify with the experiences and stories I shared on my blog.

> I have a presence across all social media platforms. I create 100% original content. I have daily loyal followers. My audience is mostly females that visit my profiles to find tips, advice, and products.

In both cases, these influencers work alone, publishing two to three posts per week, as well as content that works as transitional (e.g. Instagram stories of their daily activities). Depending on the agreements they make with agencies, according to interviewees, being part of a campaign for an influencer involves creating a specific number of posts on social media. For instance, they may produce five to seven posts and five stories on Instagram in a month.

Secondly, metrics represent a form of valuation of influencers' work. The more information they can show about their impact, the better for their commercial agreements with agencies. However, there is an interesting discrepancy in the use of numbers and metrics. While some influencers put prices for their services on their media kits, others do not. This is because there is no fixed or standard price for their services across the industry. This is but of a variety of situations where influencers are limited in their power to negotiate with agencies. Each influencer negotiates individually with an agency, and agencies depend on the brands' budgets and what they are willing to pay based on their valuation of influencers' potential. Thus, influencers may try to charge for their services, but in the final stage of their negotiations with branding agencies, they will accept the payment agencies' offer to them. In fact, it is common for influencers – at least anecdotally — to receive products instead of money. However, these influencers cannot make a living through this activity. As one of them says, 'I can't pay the bills with lotions, shampoo, or clothes'.

## Conclusion: Assembling the Value of Influencers' Labour in the Social Media Economy

The activities of influencers rely mostly on their cultural and technical expertise in social media. However, social media is not the only technological device through which influencers' labour becomes valuable for commercial entities like branding or advertising agencies. A key device in this process is the 'media kit', a portfolio where influencers describe their services and strategies to connect audiences' tastes with brands and products. Through this device, influencers represent an ideal type of consumer that offers cultural and technical expertise to produce and circulate branded content across digital platforms. As I described, they do this through a set of qualifications about themselves, their audiences, and their cultural and technical expertise to understand what consumers (and their followers) want. Moreover, the media kit works as a flexible device that can be adapted for each potential client and to the demands an agency or a brand may have for a particular campaign.

According to the analysis presented in this article, the 'media kit' functions as a performative agency of digital labour, framing and producing a specific type of digital worker, through a set of classifications and categorisations about consumption, consumers, and digital content creation in the social media economy. As other authors have described in the case of designers in creative industries (Scolere, 2019), influencers' media kit can be understood as a 'continuously updated' device, in the same way, these cultural producers adapt themselves to market demands, as highly motivated individuals (Fairclough, 1993). This is visible not only in influencers' media kit but also through their constant adaptability to platforms' algorithms and their technical features (Arriagada & Ibáñez, 2020). The consequences these changes have on their commercial agreements with branding and marketing agencies are constantly mentioned by interviewees. Similarly, with the emergence of new platforms where they have to build and maintain audiences' attention. Social media influencers are individuals that are in constant reinvention, building and maintaining flexible identities to move across the market's rules. The 'media kit' is an example of a device through which they represent this constant reinvention, adaptability, as well as their cultural and technical expertise to produce value in the digital ecosystem.

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