

Towards the success or the decline of Passion economy with Subscriptions

Adults would give advice like "follow your passion" whenever a child is stuck in their lives. But until the previous decade, following their passion made people end up homeless, on the streets, or with minimal wage jobs or odd jobs. Peter F. Drucker agreed that 'do his own thing' is unfashionable¹. You are not the only person with your passion, and the audience that you can monetize your passion is tiny. If you like playing guitar, you can only perform once a week in your neighborhood. If you have a passion for karate, the only audience you can find is some kids around the city. Things were the same for journalists, teachers, singers, actors, etc. Everything changed when the entrepreneurs realized the value of passion. Youtube, which saw the rise of the passion economy, made it possible for creators to gain ad revenue. Platforms like substack, udemy, and Spotify made it possible for journalists, teachers, and musicians to monetize their passion for a much larger community than their neighborhood. Way before this happened, same phenomenon happened to the sale of physical and digital goods. Markets of businesses opened from local neighborhoods to the entire world. Economy was steadily rising, but the world never slowed down. Companies that always look for the best ways to maximize profits found their next big thing. They produced subscriptions. From movies, makeup, razors, games, clothes, and software to slimes, cacti, items for left-handers, and even bones are shipped to customers on subscriptions. We now see the emergence of subscription basis even in the passion economy space. Therefore I think subscriptions are the next big thing for the passion economy.

I recently started trading cryptocurrencies. After blowing away half of my portfolio foolishly, I was down to 50% of my initial investment. That's when I realized that I should first learn the concepts of trading. Education on trading would be abundant globally, but the 'futures market' is rarely heard in my developing country. Youtube and Twitter were great sources of information on trading. But it wasn't enough. Every second, the market changes, Bullish patterns become bearish, bearish patterns become bullish, supports and resistances change every hour. I had questions, and asking them on a five-year-old video won't bring me answers. That's when I saw some interesting technical analysis tweets from a girl on Twitter. She was a nurse in her mid-20s. Her strategy for trading seemed astounding to me. Her strategy has attracted many other people like me all around the world. This community urged her to form a telegram group to learn more about this strategy under her guidance. And so she did. But a paid group can be more engaging than a free group with lots of people. The community itself came to a consensus to form a subscription-based group. A girl from Thailand earns more from the community she started than what she makes from trading. The community consists

¹ Peter F. Drucker in preface of Management: Tasks, Responsibilities, Practices

of people worldwide, namely Sri Lanka, Kuwait, New Zealand, France, India, etc, with different ethnicities, religions, and income levels. But all the parties here have one thing in common. That is their shared interest in trading. Every person who reads this essay expects a story about the passion economy, but when I joined this group, I didn't realize that I had become a part of the passion economy. All of this possible was the combination of 'futures trading', telegram, the teacher, the community, and 'subscriptions'. In other terms, an interest, a platform, a creator, a community, and a payment model.

Passion economy depends on Communities.

I believe we all agree upon the dependence of the passion economy on the communities creators build around themselves. In my opinion, it is pretty similar to the relationship between rulers and the masses. There can be masses without rulers. But there cannot be rulers without masses. If there are creators without a community, they are just hobbyists. But just as masses without a ruler are demonic, irrational, and incomprehensible², a community that is yet to be centered around a creator is meaningless, devitalized, and powerless. I, with many others believe that humans always look for communities³. Communities are formed upon a shared interest between a group of people. Today's communities have shown us that this group of people can be as diverse as possible. Let's consider the popular subreddit "r/Aww"⁴ as an example of a community. As of now, there are 31.2 million members in the subreddit. These people come from all around the world, speak various languages, and have different skin colors.

These people have the only factor in common is their Aww of cute and cuddly pictures. What Reddit has done here is to create a community by rallying people seeking puppy photos. Rulers were the mods who moderate the subreddit. We have seen what could happen to subreddits without mods, and it is not pleasant. Communities in the passion economy are very similar to the communities mentioned earlier. One difference is the quality of the community. Interactions between people and relevance to the people can make the people feel and be interested in the value of the community. I think creators building this difference gave birth to the passion economy. In the passion economy, an ideal creator's job is to create a valuable community rather than just create content.

If a creator's job is to create a community, it could be said that the creator is some kind of a business. This is because the purpose of a business is to create a

² Peter F. Drucker in chapter two of Future of industrial man

³ The Drucker foundation : The community of the future; Paradox and Promise of community

⁴ <https://www.reddit.com/r/aww/>

customer⁵. And the community is the customer base of a creator. If this is so, a question arises to the creators; how to create a community. Number one advice on how to make it on youtube would be to "be consistent in uploading videos". But is being consistent enough? If you keep uploading the same type of content on your channel or page, will it eventually break out? Because the purpose of a business is to create a customer, the only two functions that need to be done are marketing and innovation. Does consistency alone suffice the above two functions? I'd say no. One of the fundamental differences between businesses and the passion economy is how platforms like youtube, Twitter, and Facebook are used. Usually, marketing for a creator solely depends on the platform's algorithm. Take the Twitter trading account I mentioned above. I was shown tweets from a nurse from Bangkok because the algorithm decided that my interests align with hers. While the algorithm checks the marketing part, innovation should be done by the creator. The novelty of content to vary from the competition can check out the innovation part in the equation⁶. While humans like novelty, novelty itself can be a bad thing. This is due to the fact that the whole social media environment is driven by what's called the mere exposure effect. It is a psychological phenomenon by which people tend to develop a preference for things merely because they are familiar with them. This is where consistency comes into play. Novelty, consistency, and algorithms help creators create communities in their niches. But only one thing can form an economy. That's money.

Why I think free content will not cut it in the future.

Free content will always be a thing in content creator spaces. But ultimately, it won't reap a financial reward for those creators. If a content creator does not generate an income, they do not contribute to the passion economy. And it also makes their time creating content unproductive. This is why I think that free content will not be mainstream in the future. But free content will be continuously used for one purpose, which will be marketing. I, like everyone, have my list of preferred creators. I like pewdiepie, Jake Tran, MrBeast, etc, when it comes to youtube creators. I like some other artists when it comes to music. And I also have my preferences when it comes to trading influencers. Everyone starts to like a creator because of the free content they have produced, just like I preferred the creators mentioned above because I enjoyed their free content. But showing personal interest is just one part of the equation. I showed interest in the Twitter trading influencer because I liked what I saw in her profile. The next question is, what comes next? The answer will always be paid content because free content will never satisfy both parties, the creator and the community. I believe paying will always be subscriptions, as humans are reluctant to buy one-time

⁵ Peter F. Drucker in chapter What is a business; Purpose of a business in Management: Tasks, Responsibilities, Practices

⁶ Jake Tran - "YouTubers will never tell you this." <https://youtu.be/VAAh40KyQVc>

purchases such as content and merchandise. We can see that people have been increasingly interested in renting subscriptions rather than just owning them⁷. If they like someone's content and make a one-time purchase, they will most likely make another purchase. Rather than this situation occurring repeatedly, a subscription-based model will be in the best interest of both the creator and the community. Subscribing will make an individual a person of a community, hooking them up for the rest of their life unless the creator makes a grand mistake in their content. This is because humans psychologically expect stability and familiarity in things they experience. I prefer to have a stable source in everything, including entertainment, knowledge, news, and memes. I believe rather than free generic content, reputed sources with a subscription model are the way to go when it comes to the stability that we look for.

Subscription models of merchandise and passion economy.

I said consistency and novelty are expected from content creators before. But doesn't that sound exactly like subscription boxes? Subscription boxes are a new product distribution method as a recurring delivery of niche products⁸. For example, it could be a collection of things men need every month like shirts, razors, ties, etc. Every month, the content of these boxes should vary. People expect novelty from their subscription boxes. This is one of the main reasons why subscription boxes have become so popular. Another reason is the consistency. Consumers expect their boxes to come to their houses every month, quarter, or year. Subscribing to the first subscription box can seem a little worrisome, but people slowly start to get satisfied with them because of consistency. Never having to go looking for something you know you need every month can be comforting. The subscription model is initially used for the same product that is recurringly used. This is where the difference between the subscription model for merchandise and the subscription model for passion economy comes in. Many products are needed every month, that you would like to use the same thing you used the previous month. The razors could be an example of this. No one wants to change the brand of razor they use every month. Peter F. Drucker sees the subscription model for merchandise as some "insurance"⁹. Stability can be a better word for general merchandise. Novelty is also a necessity for stability. If the Midwestern lubricant company Drucker mentioned in "Innovation and Entrepreneurship: Practice and Principles" that supplied lubricant to heavy machinery did not produce lubricant better than they did the year before, contractors will switch products when they see a better one. As Peter Drucker said, the value contractors look for is not lubrication but

⁷ 11 Interesting Recent Statistics on the Subscription Business Model | blog.fusebill.com/interesting-recent-statistics-on-the-subscription-business-model

⁸ Subscription boxes https://en.wikipedia.org/wiki/Subscription_box

⁹ Innovation and Entrepreneurship: Practice and Principles 19: Changing Values and Characteristics
DELIVERING VALUE TO THE CUSTOMER

operating the equipment. And that company made the right call by using the subscription model.

Whatever the sales model businesses use, their goal is to create a customer. Subscriptions extend this goal way past that. Subscriptions help retain the customer they make. The subscription model is quite similar in both merchandise and content creation. The way things work and the goals both reach are the same. But the difference would be the contents of subscription given. One side would give materialistic value. This also includes virtual things like app subscriptions, but in a sense, virtual items are also materialistic compared to the value produced in the passion economy, which is passion itself. Products of passion economy subscriptions would be the content and the community that speaks to consumers' hearts rather than the merchandise that companies build to be used externally. This may be one of the reasons why we can't be so sure about the subscription model going mainstream in the passion economy. We all know that people's hearts are fickle and unpredictable, and this may cause people to unsubscribe from their favorite content creators next month after subscribing. We could also argue that if the fickleness and unpredictability of people's hearts, essentially values, are that volatile, there would no longer be a passion economy. Only time will tell.

Technology will push communities to embrace subscriptions.

If we talk about either the future of subscriptions or the future of the passion economy, we first need to talk about something common to both of these. That would be the cash flow. Currently, we are at a stage where the world is reconstructing its financial systems by adapting fintech over traditional finance structures. It is easier to spend money online than it did a few decades ago. And it will only get easier to spend money in the future. This is because of technology, Specifically fintech. What makes fintech so disruptive is the pace of innovation. Since the start of this millennium, which was not so long ago, fintech was developed rapidly. Right now, we can make payments worth millions of dollars worldwide for the cost of pennies. It has never been easier for a person to pay a content creator. Still, when I think about it, it always surprises me that I am in a community full of trading enthusiasts created by someone in another part of the world. This would have never been possible a few decades ago. It is almost as if I was driven by technology. When I think about why subscriptions are not yet mainstream in the content creation space, I realized that it is still not easy enough to pay through the internet. When it becomes much easier to pay for subscriptions in the future, I believe that the subscription in the passion economy will be mainstream.

We have seen pioneers of subscription basis in the passion economy already. Patreon, Buymeacoffee and even OnlyFans are some subscription providing third parties that let your community support you through monthly subscriptions¹⁰. Spotify, Substack and Twitch are another type of subscription providers. These platforms allow creators to build a gateway of subscriptions for their communities with which fans get exclusivity and the creator receives money. The problem with today's subscription platforms is the platforms themselves. Patreon, a third party company being a business, takes a cut out of what creators make. Even after they get their share, the banks that process the transactions take another cut. In terms of revenue, content sharing subscription model market has been in a steady rise. Market value for content sharing platforms is already over 7 billion dollars¹¹.

In a TED talk, Adam Mosseri, the head of Instagram, said, "History has taught us technology will take power from establishments and give it to individuals"¹². Blockchain technology has shown us how a cryptographic ledger shared between many computers can be used to transfer tokens among people. This was initially brought to discussion by Bitcoin¹³. Later Ethereum introduced "Smart Contracts"¹⁴. It was very successful because smart contracts are self-enforcing and tamper-proof. This will allow creators to build communities with fixed rules that not even the creator can defy. Transparency between content creators and the communities can be another driving factor which will push individuals to join the passion economy. But due to the wide spread of Ethereum, its fees went up, and now the fintech industry is focusing on building low-cost cryptocurrencies. Solana, BNB, and Algorand can be some examples of it. Ethereum is also trying to bring another version with low gas fees, which are the transaction fees. This also opens the possibility of micropayments, as one token used for transactions can be as small as one-thousandth of a dollar or less. This means there will be no minimum level of payments for subscriptions. Blockchain technology also gives us another facility to create your own community. Adam Mosseri also talks about a subscription between the creator and the community, independent of any platform but works on any platform. This is where the creator owns the connection between the creator and the fan. Being a blockchain enthusiast, I can confidently say that this can be coded into a smart contract. Ultimately, this will make us just a few clicks away from subscribing to your favorite content creators. Eventually, I believe subscribing to content

¹⁰ [Podcast by Clark Boyd - The Value of Content: Subscriptions and the Passion Economy](#)

¹¹ Subscription-based Content Creation Platform Market By Platform Type, Content Type, Pricing, Region| Absolute Markets Insights | <https://www.absolutemarketsinsights.com/reports/Global-Subscription-based-Content-Creation-Platform-Market-2021---2029-995>

¹² A Creator-Led Internet, Built on Blockchain | Adam Mosseri | TED <https://youtu.be/rWTwcySGvrE>

¹³ Bitcoin white paper | <https://bitcoin.org/bitcoin.pdf>

¹⁴ Ethereum white paper | <https://ethereum.org/en/whitepaper/>

creators will be similar to liking a Facebook page. If it's just a few clicks to be stable with your meme supply, I think most of us would go for that.

Where can subscriptions take the passion economy...

If Subscriptions will eventually become mainstream, a subscription boom is a possibility. If subscribing becomes easy as liking a Facebook page, the rate that your wallet dries up becomes increasingly high. At some point, there can be a trend of over-subscribing to creators than it should have been. Rather than enjoyment, communities will feel that they are being bled out of money, like milking cows out of milk. I believe that the general public will address this in a situation like this, and a boom could occur. Worst case scenario here would be mass abandonment of subscriptions and creators. The best-case scenario would be a rapport between subscriptions and the passion economy, where communities and creators gain the value they seek from the passion economy through the subscription model. Creators can take precautions for a boom, and that is by finding a middle ground between the two extremes of high price and cheapness. They can use bundles of content or creators, microtransactions and subscription levels. Only time will tell whether subscriptions will bring the passion economy towards the success or the decline.