

Current Trends in the World of Digital Copyright

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Outline

- The magnitude of the Culture and Creative Industry (CCI) and Internet Penetration
- Trends in selected subsectors of the CCI
- Results

In 2013, cultural and creative industries worldwide generated revenues of US\$2,250b and employed 29 million people

The 11 CCI sectors are an integral, massive and universal cornerstone of the global economy. In 2013, they generated US\$2,250b of revenues (3% of world GDP) and 29.5 million jobs.

US\$2,250b

Global CCI markets

29.5 million

Global CCI employment

Within the 11 sectors, two patterns stand out:

- Mass, versus nimbleness:** Visual arts and television are the heavyweights, accounting for more than a third of the economic value generated by CCI (39% of sales and 35% of jobs). With just 6% of CCI workers and 4% of CCI sales, radio and gaming are the smallest CCI sectors, but are evolving in dynamic markets.
- Revenue versus labor intensity:** Advertising, newspapers and magazines, and architecture are CCI with greater revenues (38% of CCI sales) relative to employee numbers (only 22% of CCI jobs). On the other hand, with 46% of jobs but only 17% of revenues, music, movies, the performing arts and books are the biggest job generators. Yet, labor-intensive CCI include a high proportion of non-permanent workers and creators. In the music industry, 60% of workers are authors and composers, which explains the high number of jobs compared with the revenue figure.

Television tops the charts: CCI sectors by revenue (US\$b) and jobs

CCI sectors	Revenues (2013, US\$b)	Employment (2013, number of jobs)
Television	477	3,527,000
Visual arts	391	6,732,000
Newspapers and magazines	354	2,865,000
Advertising	285	1,953,000
Architecture	222	1,668,000
Books	143	3,670,000
Performing arts	127	3,538,000
Gaming	99	605,000
Movies	77	2,484,000
Music	65	3,979,000
Radio	46	502,000
Total (before removing double counting)	2,285*	31,524,000*
Total (minus double-counting)	2,253	29,507,000

Executive summary



Cultural and creative industries (CCI) generate US\$2,250b of revenues and 29.5 million jobs worldwide

CCI revenues worldwide exceed those of telecom services (US\$1,570b globally), and surpass India's GDP (US\$1,900b). Within the total, the top three earners are television (US\$477b), visual arts (US\$391b), and newspapers and magazines (US\$354b). With 29.5 million jobs, CCI employ 1% of the world's active population. The top three employers are visual arts (6.73m), books (3.67m) and music (3.98m).



The cultural and creative world is multipolar

Asia-Pacific accounts for US\$743b in revenue (33% of global CCI sales) and 12.7m jobs (43% of CCI jobs worldwide). The Asian market is driven by a large population, and the region is home to CCI leaders, such as Tencent, CCTV and Yomiuri Shimbun. Europe and North America are the second and third largest CCI markets. Today Latin America, and Africa including the Middle East rank fourth and fifth, respectively – but CCI players see great development opportunities in these two regions. Though symbiotic, each world region is developing a momentum of its own.



Cultural and creative content drives the digital economy

CCI are a locomotive of the online economy – contributing US\$200b to global digital sales in 2013. Cultural and creative content also powers sales of digital devices, which totaled US\$530b in 2013. Digital cultural goods are, by far, the biggest revenue source for the digital economy, generating US\$66b of B2C sales in 2013 and US\$21.7b of advertising revenues for online media and free streaming websites.



Cultural production is young, inclusive and entrepreneurial

Creative activities contribute significantly to youth employment and careers in CCI are relatively open to people of all ages and backgrounds. In Europe, CCI sectors typically employed more people aged 15-29 years than any other sector. Creative industries also tend to favor the participation of women compared with more traditional industries. Statistics compiled by the UK Government showed that women accounted for more than 50% of people employed in the music industry in 2014 (vs. 47% in the active population overall). Moreover, creation is driven by small businesses or individuals, giving rise to agile and innovative employers. More than half (53%) of Canadian gaming developers say they are independent operators. In the US, artists are 3.5 times more likely to be self-employed than US workers overall.



Culture boosts cities' attractiveness

World-class cultural infrastructure is a catalyst for urban development: building a museum often offers opportunities to engage in large urban development projects and to develop a new "city brand" around cultural and creative industries. Such flagship projects boost a city's attractiveness for tourists, talent and highly skilled workers. Bilbao, in Spain's Basque Country, is now an icon of culture-led urban regeneration: construction of the Guggenheim Museum led to the creation of more than 1,000 full-time jobs, and tourist visits have since multiplied eight-fold. Equally important, CCI make cities more livable, providing the hubs and many of the activities around which citizens develop friendships, build a local identity and find fulfillment.



The informal economy is a vast reservoir of jobs

Informal CCI sales in emerging countries were estimated to total US\$33b in 2013 and to provide 1.2 million jobs. Performing arts are the biggest employers in the informal economy, providing unofficial music and theater performances (street performances, festivals and concerts that do not pay authors' rights, private performances at marriages and funerals, etc.), which are often free for audiences. In Africa, these performances are sometimes funded by individual sponsors.



Leveraging a more creative world

- **Promoting author's rights:** If we want authors and creators to continue creating culture and promoting cultural diversity, they must be compensated fairly for the use of their works. The current failure to properly reward creators is limiting CCI revenues, and holding back their growth and ability to generate job creation.
- **Looking for growth:** As companies chase the scale needed to exploit their best content ideas across global markets, consolidation is back in vogue. EY's 2015 Media & Entertainment Capital Confidence Barometer shows that 50% of CCI companies expect to pursue acquisitions in the next 12 months.
- **Pursuing global expansion:** Mature markets remain the most attractive for investment by CCI companies and organizations. Nonetheless, China and India are the emerging markets of choice for many executives, drawn primarily by their strong growth and massive long-term potential.
- **Balancing online monetization:** CCI players face two difficulties: trying to persuade consumers to pay for something they may have been accessing for free, and extracting a fair share of the value generated by cultural content, which has been largely captured by online intermediaries. The problem of a value chain distorted in favor of internet intermediaries needs to be addressed by policy makers across borders, so that the internet becomes a fair-trade place for creators and their works.
- **Nurturing talent:** Talent is the lifeblood of cultural and creative industries. According to urban economist Richard Florida, the "creative class," including designers, artists and high-skilled intellectual workers, acts as an engine of innovation and urban development, structuring creative hubs and networks for the economic, social and cultural development of their native cities and regions.

Internet penetration

INTERNET PENETRATION RATES (ITU Internet Penetration Metric 2015)

Argentina	69.4%	Netherlands	93.1%
Australia	84.6%	New Zealand	88.2%
Belgium	85.1%	Nigeria	47.4%
Brazil	59.1%	Philippines	40.7%
Canada	88.5%	Poland	68.0%
China	50.3%	Portugal	68.6%
Egypt	37.8%	Russia	70.1%
France	84.7%	Saudi Arabia	69.6%
Germany	87.6%	Singapore	82.1%
Ghana	23.5%	South Africa	51.9%
Hong Kong	84.9%	South Korea	89.6%
Kenya	45.6%	Spain	78.7%
India	26.0%	Sweden	90.6%
Indonesia	22.0%	Taiwan	78.0%
Ireland	80.1%	Thailand	39.3%
Italy	65.6%	Turkey	53.7%
Japan	91.1%	UAE	91.2%
Malaysia	71.1%	United Kingdom	92.0%
Mexico	57.4%	United States	74.5%
Morocco	57.1%	Vietnam	52.7%

- Market with a high internet penetration rate, its online population will be relatively similar to its total population and hence we will see good representation across all age, gender and education breaks. (Across North America, Western Europe and parts of Asia Pacific such as Japan, Australia and New Zealand);
- Market with a medium to low internet penetration, its online population can be very different to its total population; Broadly speaking, the lower the country's overall internet penetration rate, the more likely it is that its internet users will be young, urban, affluent and educated.
- This is the case throughout much of LatAm, MEA and Asia Pacific. This table provides the latest estimates on internet penetration (defined as the number of internet users per 100 people) from the International Telecommunication Union for each market that GlobalWebIndex conducts online research in.
- Note that this will reflect internet penetration among the total population, and that the figure among 16-64s is likely to be higher.

Industrial revolutions

New ways of production, distribution and consumption

- 1st was driven by mechanization
- 2nd was driven by electricity and mass production
- 3rd was driven by electronics, IT and automation
- 4th is driven by internet of things (IoT), bigdata, artificial intelligence (AI)

4th Industrial revolution

- Occurring beyond mere automating, optimising and improving productivity; but also re-imagining how an organization can bring together people, data and processes to create value for their customers and maintain competitive advantage in the digital-first world.
- May add USD387billion to AsPac's GDP if manufacturing embraces digital transformation

Trends

Music

- Reached its peak in global sales in 1999 before declining
- Only grew last 4 years; reaching USD17,1b (68% of 1999)
- 54% in digital format (streaming > downloading)
- Music consumption > value generation

Book/publishing

- Books, newspaper and magazines → e-books, e-news and blogs
- Specialization in offering
- Digital not (will not?) yet overtaking physical format
- Global value of 11 major markets: USD41,9billion

Film industry

- War of format, between 35MM and digital; 9 out of 10 movie screens switch to digital
- Major labs close down: Technicolor, Fujifilm, Kodak
- 4000 drive-ins in 1950s now a few hundreds
- Replaced by multiplex, DVDs, cable and OTT

Game Industry

- Sport of the masses from olympics to the MMOG (massive multiplayer online game) or from offline to online.
- Although mobile gaming is growing, the emphasis is on monetization and providing more compelling content, as increased affordability and processing power improves handset performance.
- Above all, it's the marketing potential of in-app advertising, the opportunity for brand-engagement, and the upselling potential that makes mobile gaming such a lucrative opportunity, as showcased by the likes of Plants vs. Zombies.
- Virtual reality headset ownership remains low. PlayStation VR has shown a pronounced demand among Console Gamers, but it's mobile which emerges as the strongest candidate to push VR into the mainstream.
- The so-called Console Decline is happening – ownership figures and gaming usage rates of consoles are dropping year-on-year.

Results

- Customers have more power
- Creative industry shall not disappear – but transforming
- Online and offline become more integrated*
- Vulnerability of personal data (Personal Data Act)
- Devaluation of creative works

Results

- Creative works can never be ‘out of stock’
- However, having a physical copy can survive the times (due to change of format)
- Digital and physical formats are complementary and substitute products
- Blockchain and modes of payment
- The need for legal protection as a solid foundation for creative economy to build upon

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