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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 totalled 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 favour 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.

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 liveable, providing the hubs and many of the activities around which citizens develop friendships, build a local identity and find fulfilment.

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 favour 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.