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Creative Tracks  
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## **"Independent cultural entrepreneurs driving artistic creation"**

A "Creative Tracks" seminar.  
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Ministry of Culture and Communication  
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### **A short summary about current trends of global cultural markets**

A presentation by Elodie Le Breut, A.M.I's deputy-director:

Let me introduce this morning a first overview of the Cultural and Creative Industries (CCI) global market trends.

Of course, in such a short time, I shall not be able to present a complete statistical view on the subject, so I will rather try to highlight briefly the trends and dominant dynamics in this global field.

This presentation referred to the following documents: the Ernst & Young publication "Cultural times, the first global map on Culture and Creative Industries" (Dec. 2015) and AMI's report on ICCs in 2014 in the framework of the European project 3C4 supported by the EU MED programme. Interviews were conducted with Laurence Hugues, General Secretary of the International Alliance of Independent Publishers (Literature), Céline Kopp, Triangle France director (Contemporary Arts) and Ilan Urroz, PRIMI general delegate (Multimedia network in Provence/France). These interviews have broadened the perspectives revealed in this presentation.

Exposing these general trends aims at a better understanding of what cultural entrepreneurs have to face in the current times, whether they may profit or suffer from it. The speakers today are invited to comment, complete, attest or counterbalance these observations.

As a preamble, one could consider that trends are converging, especially where duplicated forms of arts are concerned (literature, music, cinema, animated film), whereas performing arts and contemporary art (which we could call here singular arts) have specificities. Trends also reflect the geopolitics of a global capitalist market.

In 2015, the top three employers in the ICC sector were visual arts and multimedia (6,73 millions), music (3,98 millions) and the book industry (3,67 millions).

Asia-Pacific represents 33% of CCI sales on a global scale, and 43% of generated jobs. Europe and North America are respectively the second and third CCI global markets. Latin America and Africa (including the Middle-East) are at the 4th and 5th positions. However, CCI operators foresee large possibilities of development in these last two regions. Although interdependent, each of these regions develops its own dynamics.

The general trends, encompassing all art forms, are obvious:

- Hyper concentration and monopolistic effects around a few "mega-enterprises", specifically on distribution of art works
- The growing role of investment funds in CCI financing (for example, Providence Equity, owner of Warner amongst other assets, 50 billions US \$)
- Exponential production of the content, opposing sometimes quantity to quality
- A progressive withdrawal of institutions and cultural operators as experts and evaluators since fast, trashy, standardized consumables are replacing sustainable cultural diversity.
- An Asian market which has become the biggest in the world, although still functioning in a closed circuit (exception made of multimedia - video games, cartoons, action movies, directors' movies), but potentially able to overwhelm the global market
- The crucial role of the public sector in supporting creative people, allowing European CCIs to keep being influent on the global market.
- The BRICS (Brazil, Russia, India, China, South-Africa) and developing countries remaining dependent on the Western world, especially as far as distribution networks are concerned; but these regions are rich in content provision.
- Counterfeit and piracy put creative people at risk. There are still remarkable weaknesses on artists' rights protection and income mostly in developing countries (but not only, since new forms of piracy are appearing in the Western world). Making sure the laws are respected is more problematic than the legal framework itself.
- Finally, part of this economy is still informal and represents a reserve for potential job creation. In 2013, informal job retributions were estimated at 33 billions US \$ for 1,2 million jobs.

Entrepreneurs entering the market will most certainly provide a structuring effect to the sector by encouraging legal regulations and methodologies particularly in niche markets and for innovative content production.

## I - DUPLICATED ARTS

### A / MUSIC

- The music sector is the second job provider after animated visual arts. On a global scale, music still represents a large portion of youth's cultural expenditure.
- Globally, live music and concert numbers grow constantly and appear to be profitable.
- Music became digital and mobile (streaming, downloading, etc.). Since 2015, on a global scale, the digital format and service sales outnumber live sales.
- This situation raises the question of digital sales monetization, action against illegal sales and piracy, and author's rights compensation in the countries where appropriate legislation is still weak.
- BRICS, and particularly Asia (K-pop, g-pop), Brazil, Nigeria and South-Africa are becoming more and more globally preeminent players in the music economy.
- After the record industry collapsed, a global and monopolistic dematerialised distribution sector arose.
- Large communication groups, internet providers, other internet giants (Google, I-Tunes, etc...), not to forget international investment funds, positioned themselves. Let's consider the

Clear Channel case, for example; a global advertisement publisher, owning (amongst other assets) 1200 radio stations and 160 musical venues in the USA, strongly engaged in concert production through its subsidiary Live Nation (over 22000 concerts per year). On the long term, these international companies are targeting most of the regional markets.

- As they were facing lack of income through records sales, global industries dealing with basic consumer goods, including "non-cultural" ones, transformed artists and creative contents into the best sales arguments: these have been transformed into "global strategy tools" aiming at reaching the average consumer, at facilitating branding and merchandising, in order to collect a maximum of profit in a minimum of time.

- One can also notice the growing scale of "niche" markets, and a tangible diversity of the economy through peer-to-peer . Artists become their own producers...

- Although large companies detain 90% of the music markets, a small part of it still escapes their control: these giants do not show the required agility and interest to take advantage of these promising but still narrow (in terms of activities and benefits) territories.

- The positive effect of an extreme standardisation is that a rather consistent part of the global population begins to loose interest in these standardised contents, looking for more originality, creativity, which one could consider as an indicator of well being in the society. It could be useful to explicitly name the sociological composition of this particular population.

- Protected by their absence of visibility, these "niche market" players are producing innovation and value. Their specialisations impart them with high added value, bringing longterm satisfaction to their customers. They show knowledge that could be compared to the ones of the craft industries, and slowly build a sustainable heritage, therefore a sustainable income.

- However, one should not underestimate the interest large companies show for these markets. Since they are constantly looking for growth, they try more and more to penetrate these markets, aiming at a position of intermediary, would it be through management organisations or performance production organisations, in order to stay as close as possible to the content sources.

- In this context, one can notice the fragility of creative people, especially where rights are concerned. Author's rights are a crucial question, especially as far as developing markets and supporting artists in developing countries/BRICS are concerned. The absence, the delay or the non-application of related legislations weaken these breeding grounds, which are either threatened by piracy (and not only by "local pirates") or unfairly paid by some global CCIs.

## B- ANIMATED VISUAL ARTS

- Google has taken over Hollywood, and creative content has become the state of the art on the global digital market. The emerging creative industries main concern today is to escape acquisition by these giants or to sell their extinction at great costs.

- The appearance of "directly-servicing-the-consumer" standalone distribution networks (Netflix, and other OTT - over-the-top content) has dramatically changed the distribution landscape. They are at the same time the content producer and its vehicle (Netflix claims it will invest 6 billions US \$ in 2018 on program production). Costly audio-visual programme manufacturing allows them to secure their monopole on distribution but also on production.

- Animated visual arts are witnessing today a hyper-concentration in a few large groups, being more or less the same as for music (Bollere, Canal +, Vivendi, Netflix)

- The new "all-in-smartphone" era (web, apps, games) generates a full-size new field of development for start-ups. They are the place for R&D, but are very often victims of raids/mergers. It seems to be the same situation with the arrival of media franchise and augmented reality.
- One can however notice the rather successful resistance to mergers/acquisitions of some small and medium size independents, following their positioning on "niche-markets" or their hyper-specific know-how. They are however dependent on the giant companies when they are their sub-contractors, or for their distribution. In this regard, a certain "uberisation" risk is to be taken in account.
- Asia is the leader in the field of video games, closely followed by Europe. China has the monopole now on diffusion and production of items. It drives a merciless commercial war against Korea and Japan on content production.
- Interestingly enough, India, which was previously considered as one of the leaders in multimedia contents, has seen a flight of capital in recent years. Wage regulations, converging with a slowing-down in related employees long-life training is provoking the relocation of European producers to their original countries, boosted by European public support and up-to-date capacities of the employees, which, at the end of the day make business more profitable in Europe.
- Middle East was a promising space as far as content creation was concerned (Syria, Lebanon, Turkey, Iran), but this perspective collapsed with the current conflicts. Just before the political crisis, there was a strong expectation in a Europe/USA/Middle East partnership, but instability makes commercial relationships very dangerous. The "brain drain effect" affecting creative people in these regions will prevent on a very long term the rebirth of creative capacities, but change is possible, considering the convergence between education, investment abilities, diasporas.
- Since recent times, the large monopolies' strategy has been boosting former interests in Africa, where they currently invest massively, scout new partners, and negotiate harshly. This is indeed the Canal Plus and Bolloré strategy (Bolloré knows the African situation very well through other activities), also shared by MTV and Trace TV. It takes the form of an industrial strategy that rules all other industries since the end of formal colonisation. The author's/creative people's protection is therefore a major challenge for Africa if it wants to resist an aggressive exploitation and spoliation of its operators and creative people for foreign interests.

## C- LITERATURE

- Paper-printed literature remains dynamic: in 2015, it represented 80% of all literature sales in the world, and even more in developing countries.
- Thanks to a constant dialogue between all the stakeholders, the literature sector resists against economic and digital mutations better than previously expected, although the challenge is not to be underestimated.

The educational books growth has been faster than for entertainment books and professional books. Between 2014 and 2019, the rhythm of global income for educational books has grown up to 2%, compared to entertainment books (+ 0,8%) and professional books (+ 1,6%).

On a global scale, one can notice a very strong concentration of western players (33% of publishing market shares for Europe, 26% for the USA, 18% for the BRICS, the "rest of the world" (developing countries) representing 22% of the market shares.

As far as concentration effects are concerned, some numbers are highly significant: The Hachette group shows a 2 206 M euro result, with a strong monopole on the francophone regions. Eeditis (since 2008 a 100% sub-company of Spanish group Planeta) shows a 663 M euro result (with a strong monopole in Latin America).

The book industry is generating 10% of related jobs, and is at the heart of a global chain of competences, including authors, publishers, distributors, bookshops, librarians.

Although the sector faces strong monopolies, one can also notice a large diversity of peripheral actors and independent publishers ("niche" markets).

- Despite the digital rise consumers still show a real and stable interest in books.

- Independent distributors are today threatened by internet giants (the biggest being Amazon) which begin to investigate "niche" markets. Indeed, their "self-publishing" initiatives, which skip the publisher expertise, exploits the "cultural diversity" argument, although it proposes most of the time a rather standardised literature.

On the global markets, one can notice some trends, specific to each continent:

- Asia is indeed in a full booming sequence, but remains a little bit aside, self-sufficient as far as circulating cultural products in its own (already gigantic) market. Nevertheless, Asian actors are more and more present in large international book fairs.

- Latin America is still under the Spanish domination, but one can see the emergence of very efficient new players, in Argentina, in Chile, in Mexico, who create competition on their own continent.

- The freedom breeze that was blowing during the Arab springs, overcoming censorship, created big hopes for literature newcomers from the Arab world. Unfortunately, everyone now knows the unexpected effects of these revolutions.

- Finally, Africa represents a real market, but is still very much dependent on its European neighbours. African publishers' autonomy is particularly difficult because the income of educational books, which could allow them to invest in creative literature, is still under the control of Europe, especially in the francophone part of Africa.

## II - "Singular" Arts

### A / CONTEMPORARY ARTS

The contemporary arts market is today essentially centralised on the economical North, but at the same time, a major revolution has occurred with the arrival in the market of sales companies.

It generated:

1) a new questioning on the art pieces validation as traditionally processed through institutions (museums, art galleries, artists residencies), the consequence of which is that artistic innovation and Art History are less taken into account when determining the price of a contemporary piece.

2) A stronger speculation on the price of art pieces, creating a "bubble" effect. This phenomenon (called today *Zombie formalism*) puts on the market interchangeable emerging artists ("shooting star" effect) with over-estimated productions. In the same way, global capitalist companies tending to create their own collections and private museums are also artificially increasing the price of art works and create competition with institutions on expertise.

- On the global scale, one can notice that, for example in Africa, an artist must have access to a European gallerie in order to exist on the global market. Although African markets/fairs do exist (Dakar't, Bamako, etc...), they are *in fine* controlled by Europeans. However, one can notice the premises of a new African Contemporary Arts market developed around the Johannesburg hub. This new Contemporary Arts capital city is currently creating consistent change.

- A similar interdependence exists between North and South America. However, as in the Johannesburg case, the Sao Paulo and Mexico fairs tend to reverse the tendency, and to strengthen the South-American galleries' autonomy.

- Besides, Asia enjoys a huge internal market, although it still has difficulties to connect it with the rest of the world. The Hong-Kong fair (organised by Art Basel, a European giant in Contemporary Art fairs) tends to be the intermediary in order to make the global market accessible to Asian productions (especially Chinese).

- Indeed, fairs/markets, which represent globally the main and first visibility tool for productions, are also booming. They have recently developed an efficient business model, which however could be counter-productive in terms of quality. The exorbitant rental prices of their exhibition stands systematically exclude smaller galleries, even when they are unanimously recognised in their prescriber role (cf FIAC/Paris and Art Basel).

- However, "alternative" fairs begin to interest emerging artists and attract more and more amateurs and museums. Nevertheless, it must be taken in account that these new events can exist only when they are parallel to major events.

- One cannot therefore consider it as an autonomous market. On the contrary, it is a typically centralised global market, highly speculative. The only standing sureties for the artist's career and art pieces sustainability are the institutions. They sometimes develop parallel to the biggest art collectors' market.

- Finally, in these highly lucrative speculative bubbles, it must be said that the artist, whoever he/she is and wherever he/she comes from suffers too often from this intermediary economy, and therefore rarely benefits from the real income generated by his/her own productions.

## B- PERFORMING ARTS (Theatre and Dance)

Western countries, mostly USA (music-hall) and Europe, still largely dominate the global performing arts market (theatre and creative dance).

On a global scale, box-office incomes increase significantly, following the marketing of performing arts in emerging economies. However, in some regions, the sector remains strongly dominated by informal economy, especially in Africa.

Globally, festivals become a growing asset for tourism and have an impact on gentrification. It is largely used in the urban development perspective (Creative Cities networks, Culture capitals, etc...), but also in the frame of regional attractiveness, as a source of well being and quality of life and an efficient tool to have creative people settle in the area. More and more,

understanding that territorial attractiveness is not only about addressing tourists, but also the local youth, is a shared idea.

Expansion and construction of the performing arts markets in developing countries also depends on development of cultural practices, on the recognition of the professional status of the artist, on the disappearance of censorship, on public support to artistic creation.

One can notice a growing interest from the Western markets in creations coming from developing countries (especially from Africa and Middle East), although they are imposing "adaptations", which could even lead to ignoring the artists' original communities expectations.

In Africa, the performing arts sector is the largest informal economy job provider, through concerts and "non official" events, which could as well be street performances, or private promotion concerts organised by big brands which do not respect the author's rights policy.

#### IV General conclusion

The objective of today is indeed to hear the voices of ground operators who struggle on a day-to-day basis with these issues. Constraints and opportunities, which depend on one's social position, the geographical context and the core nature of the ground operator, are not always considered as inter-related issues.

However, we are all motivated by the same goal aiming at a truly open, fair and sustainable market which respects everyone's dignity and the freedom of cultural and artistic exchanges. All of us carry the hope in strengthening our local markets and their efficiency.

In these various fields we notice new opportunities for creativity and investment. CCIs, which are emerging from these landscapes, gather huge reserves of competencies and skills, show special attention to social dialogue, to mushrooming of new ideas (including technological ones) and to the support of artistic productions escaping the radar of mass production.

On a global scale, one can list many new and exciting initiatives: micro-business incubators, mutual and micro-banking systems, co-working spaces, fab labs, independent producers networks, on-line fair markets and demonetised markets, in short an alternative local economy based on all kinds of peer-to-peer exchanges...

Despite their fragility and experimental nature, these new actors and networks design a new path for a free and ethical market, in full respect of diversity, freedom of speech and creation.

I thank you for your attention,

Elodie Le Breut.