Feature

Creative Industries go Digital - Do we understand the implications?

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Amazon.com, an internet e-commerce retail site became, during the 1990's the "largest bookseller on earth". The New Yorker magazine pointedly compared Amazon's inventory of 1.1 million books with the mere 170,000 titles available at a Barnes & Noble superstore. Since then, the company has forced many brick and mortar bookstores to move out of business.

Netflix, a US based internet company, has become a household name for video and television streaming that has almost eliminated the rental of movies via physical DVDs. Netflix now has 29.8 million subscribers (more than the population of Australia) and has put traditional video rental stores such as Blockbuster, out of business.

Apple's iTunes® Store (www.itunes.com) had become the largest retailer of music in the United States. A press release from Apple Co. in 2008 confirmed that iTunes had (at that time) sold over four billion songs and featured the world's largest music catalog of over six million songs.

How are these significant global developments consequential for the creative industries?

The terms "creative industries", "cultural industries" and "creative economy" are many times used interchangeably *(Hesmondhalgh 2002, pp. 11–14)(UNCTAD 2008, p. 12)*.

The terms refer to economic and social activities in the areas of the performing arts, dance, poetry, music, animation and film, among others. As per the examples above, content such as music, games, film, books, and television and radio programmes– the output of the creative industries - is now being consumed on fixed internet and mobile platforms. Television, film and publishing have followed music in going on-line to access new audiences and consumers. The fact is that the output of the creative industries is increasingly being consumed digitally. This shift is termed the "digital migration".

Entertainment Goes Digital – Global Trends

Over the next five years, digital technologies will become increasingly widespread across all segments of entertainment and media (E&M), as the digital migration continues to expand.

According to the PricewaterhouseCoopers Global Entertainment and Media Outlook Report (2013 – 2017), in 2008 digital consumption constituted just 12% of total E&M spending. Today it has increased to 27% and will continue to rise. By 2017, digital purchases will represent as much as 47% of total E&M spend.

The global E&M market as a whole, including both consumer and advertising spending was projected in 2009 to grow by 2.7% compounded annually for five years to hit US $1.6 trillion in 2013. That target was in fact hit in 2012. Now the global E&M market is expected to grow at 5.6% per year over the next five years, generating revenues of US $2.2 trillion in 2017.

There has also been a shift from fixed to mobile consumption. In 2014, mobile internet revenues, projected at US $259 billion will account for more than 50% of total internet access spend – overtaking those from fixed-broadband. Mobile internet spend is expected to exceed fixed spend in the US and South Korea in 2013 and the UK in 2015. In South Africa and Indonesia, mobile internet spend is already higher than fixed.

Trends in the Caribbean

As the convergence of culture and the internet accelerates, new communications and entertainment giants have emerged who have been able to determine the quality, quantity and pricing of cultural products and services internationally. This reality has real implications for the survival of actors in our home-grown creative sectors with regard to their ability to compete in the global marketplace.

The Caribbean is a haven for creative output with an abundance of innovative cultural products. Carnival, Reggae, Soca, Zuk, Chutney, Tassa, Nobel Laureate writings and a plethora of other world-class offerings have emerged from this archipelago of small islands, making the region, per capita, among the most prolific generators of cultural content in the world. However, the production of online and mobile content related to the creative sectors along with associated infrastructure and business models, is just emerging.

In order for the region to succeed in taking advantage of the new opportunities to improve creation and distribution of rich Caribbean e-content in our hemisphere and worldwide, we have to address urgently the barriers that inhibit progress. In this regard:

- Regional governments, Telcos and creative firms must flesh out operating arrangements and policies to encourage regional generation, storage and routing of e-content
- Arrangements need to be defined for securing local content and establishing

payment mechanisms to enable authentic purchasing and distribution of digital cultural products

- Business strategies must be implemented to promote the competitiveness of our cultural e-content through strengthening of Intellectual Property regimes, interoperability standards, e-commerce settlement systems and digital rights management

- Persons in the region who are knowledgeable in attractively packaging cultural products so that they can be successfully sold on-line must be engaged

- Back-end arrangements must established to ensure that culture producers (pannists, soca artists, performers etc.) benefit predictably from this new online pardigm

Conclusion

In the international space it is no accident that there has been convergence between media, entertainment and technology businesses. In the regional context, digitalisation, if used to our advantage, can mean a lasting expansion of our own content and cultural industries. But to do this, we have to put our house in order.

Do the region's policy makers have the foresight to invest in pioneering professional domestic internet companies that know how to package and sell internet content? Do the business and cultural communities have the trust and confidence in indigenous highly-skilled ICT strategists – who tend to be a younger generation of professionals and

leaders - to advise them on the way forward? Will we take the time to devise content rights and distribution systems to ensure that when digital sales boom, artists who produce the content are fairly paid? Will we as a Caribbean community, design our internet infrastructures so as to cause greater amounts of the monies spent on our digital products to remain in the region?

Visionary and informed leadership and confidence in ourselves as a people will be required. In order for Caribbean economies to benefit meaningfully from the interaction with the Internet, the development of e-content driven by the creative industries will be a key factor. The Caribbean stands at yet another threshold - will she be up to the task?