

## PERSPECTIVE

# Creative Industries: A New Post-containment Economic Engine?

Creative industries fall into various categories: arts, culture, technology and digital media, to name a few. They are said to be capable of renewing countries' economic fabric. Their growth rates have been higher than that of the economy as a whole for years. Having become essential, they are part of specific strategies designed by countries and municipalities to create a climate conducive to their expansion. The budding post-containment period could propel these industries and foster the emergence of new businesses, thus helping to speed up recovery. However, they need a favourable environment in which to grow, which is why an enterprising spirit and open-mindedness are a must.

### A Definition No One Can Agree On

What economic sectors make up creative industries? That depends on what source is consulted. Table 1 on page 2 provides a snapshot of the wide range of definitions in use. Although it is not intended to be exhaustive, it does show that there is no unanimous consent. Many sectors related to culture are covered (cinema, museums, music, and so on), with architecture and design mentioned most of the time. Software, video games and many other such fields linked to the digital economy must also be included. In that respect, the definition is like an accordion: more or less dissimilar, covering an eclectic mix of activities. In some circles, they are called "cultural and creative industries."

Such diversity in the definition comes with different methods of accounting for activities and calculating their economic value. International comparisons thus become difficult in this context. Some have nevertheless attempted them, as we will see later.

Another way of identifying the phenomenon is to look at the common characteristics. One statement, that of the United Kingdom Department for Culture, Media and Sport (DCMS), seems to meet with approval more than others. For an industry to be recognized as creative, it must "depend substantially on creative processes" and "result in economic value."

Over time, the presence of creative industries has been associated with economic growth and development. There is no shortage of [international reports](#) and [studies](#) extolling their ability to renew countries' economic fabric and boost their growth potential. Although they are generally viewed positively, some are tempted to add nuances to the chorus of praise surrounding them. The

imbalance between the various sectors comprising them in terms of both job insecurity and worker income is therefore brought to the fore. This puts some remarkable results into perspective as concerns income earned by workers and the quality of jobs.

Since the end of the 20<sup>th</sup> century, creative industries have become essential and are now part of the public and political discourse. The United Nations Educational, Scientific and Cultural Organization (better known by its acronym [UNESCO](#)) even saw in it a factor of social inclusion, dialogue and understanding between people. They have now been identified as strategic activities by many countries. Over the past few years, Canada and Quebec have adopted work plans to promote them and foster their expansion on both local and international markets.

### An Overview

The idea of creative industries first emerged in Australia in the early 1990s, but it was not until the end of that decade in the United Kingdom that it took root with the greatest speed and intensity. At the time, the Blair Government viewed it as a way of reinvigorating the British economy, while modernizing its fundamentals. They were turned into one of the pillars of growth at the turn of the millennium.

According to [surveys](#) produced by Ernst & Young Global Limited (EY) for the period from 2002 to 2015, and published in 2018 for the United Nations Conference on Trade and Development (UNCTAD), the United Kingdom was a champion of the creative economy. The gross value-added of creative industries in that country grew by 53.1% between 2010 and 2017, whereas for the economy as a whole over the same period, that growth was 29.7%. This value-added totalled C\$174.5B in 2017.

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NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

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**TABLE 1**
**Creative industries: As many definitions as there are interested organizations**
**SECTORS INCLUDED IN THE VARIOUS MODELS**

INDUSTRIES	DCMS	Symbolic Texts	Concentric Circles	WIPO Copyright	UNESCO Institute for Statistics	Americans for the Arts
Architecture	X		X	X	X	X
Craftwork	X				X	
Performing arts	X		X	X	X	X
Cinema and video	X	X	X	X	X	X
Design	X		X	X	X	X
Publishing	X	X	X	X	X	X
Video and computer games	X	X	X			
Software	X	X		X	X	
Art and antiques market	X					
Fashion	X	X	X	X		
Music	X	X	X	X		X
Advertising	X	X	X	X	X	X
Radio and television	X	X	X	X	X	X
Internet		X				
Creative arts		X				
Home electronics		X		X		
Sports		X				
Visual arts			X	X	X	X
Literature			X			
Museums and libraries			X		X	X
Sound recording			X			
Heritage services			X			
Visual and graphic arts				X		
Collecting societies				X		
Household goods				X		
Toys				X		
Clothing, footwear				X		
Musical instruments				X	X	
Paper				X		
Photocopiers, photographic equipment				X		
Blank recording media				X		
Festivals					X	
Photography					X	
Interactive media					X	
Sound equipment					X	
Printing equipment					X	
Audiovisual equipment					X	
Art schools and artistic performances						X
Zoos						X
Galleries					X	

DCMS: Department for Culture, Media and Sport, United Kingdom; WIPO: World Intellectual Property Organization; UNESCO: United Nations Educational, Scientific and Cultural Organization  
Sources: Felipe Verdugo and Desjardins, Economic Studies

Intense activity is also noted in China, which has the world's largest video game market, with an estimated player pool of 600 million people. This market is dominated by local companies. What this overview shows is that some countries have an edge over others.

We attempted to paint a picture of the global market and the income generated by creative industries. Table 2 sheds light on the situation in 2013. There were many jobs associated with creative industries already back then, and their number is suspected to have grown substantially in subsequent years. In 2013, creative industries accounted for a significant share of GDP, estimated to be 3.3% in North America, 3.0% in Europe and Asia-Pacific, 2.2% in Latin America and the Caribbean, and 1.1% in Africa and the Middle East.

**TABLE 2**  
**Revenue and employment from creative industries in 2013**

REGIONS OF THE WORLD	REVENUE	SHARE OF GDP	NUMBER OF JOBS
	US\$B	%	millions
Asia-Pacific	743	3.0	12.7
Europe	709	3.0	7.7
North America	620	3.3	4.7
Latin America and the Caribbean	124	2.2	1.9
Africa and the Middle East	58	1.1	2.4

Sources: EY, United Nations Conference on Trade and Development and Desjardins, Economic Studies

As for international trade in creative goods (just goods), the market more than doubled in size from 2002 to 2015, expanding from US\$208B to US\$509B. Average annual growth is estimated to be more than 7.0%. However, trade in these types of goods is not immune to trends in international trade. Therefore, like the general slowdown in merchandise trade between 2014 and 2015, a 12.0% decline was observed in creative goods. Growth between 2002 and 2015 was faster in emerging markets than in developed countries. It is clear that the first half of 2020 will weigh heavily on all the results for the year due to the economic pause caused by measures taken to stop the spread of COVID-19 around the world.

Creative industries are found in every corner of the world and are not a privilege specific to the wealthiest of countries. In the ranking established by EY for UNCTAD, Canada does not rank among the top ten countries for export value, but Poland does. Canada's situation will be discussed a little later in the text. Goods are only one part of the international trade equation for creative industries. Services are a significant component, but are difficult to measure. They are expected to become one of the largest sources of growth owing to their spread, driven by the digital economy (various e-commerce platforms, streaming of

various works or events, information, video games, exchange of goods, crowdfunding, etc.).

EY also estimated trade in creative services for UNCTAD. This trade posted average annual growth of 4.3% in developed countries between 2011 and 2015, more than double that of services as a whole. The share of trade in services rose from 17.3% to 18.9% during the same period. This increase is the result of an accelerating transformation of creative goods production into services. An oft-cited illustration is the shift from the video game console and its games to online gaming.

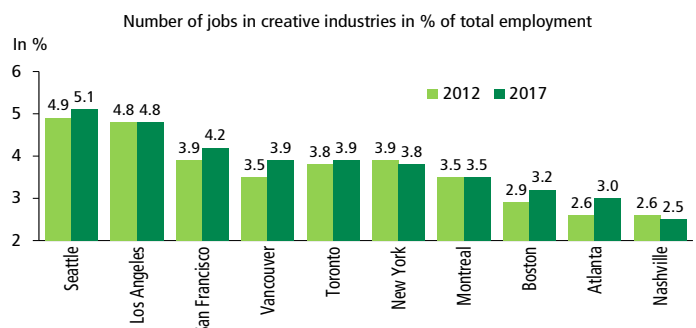
### Canada and Quebec

In 2017, the Government of Canada launched a consultation and developed an operating procedure for creative industries. That is how the [Creative Canada Policy Framework](#) came to be. This immense sector's contribution to GDP that year was estimated to be \$53.1B, a proportion of 2.7%. The assessed number of direct jobs was 666,500, plus indirect jobs. Cognizant of the limited size of the Canadian market, [Canada's Creative Export Strategy](#) was developed to "position creative industries for export and sales in foreign markets." The capacity of Canadian embassies and consulates was beefed up to help Canadian businesses break into export markets, and export-ready projects were funded.

In Quebec, steps were taken to take the pulse of creative industries a number of times, particularly in the Montreal Metropolitan Area. An [initial profile](#) was built for 2012 by KPMG-SECOR on behalf of the Chamber of Commerce of Metropolitan Montreal (CCMM). At the time, the number of direct jobs generated was assessed at slightly over 91,000, which accounted for 4.6% of the city's total employment. Montreal was believed to have an edge over metropolitan cities in North America and Europe.

In 2018, another [study](#) was published by the same firm, also on behalf of the CCMM. In 2017, the Montreal census metropolitan area (CMA) ranked 7th out of 25 North American cities in terms of "employment intensity in creative industries, the same level as

**GRAPH 1**  
**Change in employment intensity in creative industries in the top ten North American cities**



Sources: U.S. Bureau of Labor Statistics, Statistics Canada (2016 census), KPMG analysis

in 2012.” This positioned Montreal in the top third. The six cities that ranked higher posted higher growth (graph 1). However, there was no “hyperconcentration.” The activities are so diverse that there is no dominant presence of one overrepresented sector or sector likely to eclipse others.

The spinoffs from creative industries in the CMA were estimated to total \$9.4B and generate 101,200 direct jobs. This is an increase of nearly 10,000 (9,754) from the 2012 estimate. The share of self-employed workers was 27.7%. Job growth between 2015 and 2017 compared to that between 2010 and 2012 was faster in creative industries (+1.6%) than in the Montreal CMA (+1.3%). Moreover, the number of positions generated elsewhere in the economy (referred to as the supplier chain) was assessed at 37,624. Taken together, all these jobs accounted for 4.5% of those in the Montreal CMA in 2017.

The 2018 analysis for the Montreal area took into account seven sub-sectors of creative industries. They include architecture and design, arts, video games, multimedia, media, fashion and creative communication. The box provides more examples.

The study states that creative industries are a source of wealth for the region and for Quebec, in addition to providing opportunities for economic and cultural growth. There is no shortage of Quebec companies that have been ambassadors of Quebec creativity and expertise (for example, Cirque du Soleil and Moment Factory, to name just a couple). That is why the authors of the study and the CCMM reiterated the recommendations made in 2013 to work on developing more critical mass companies, make better use of the intellectual property developed here and improve marketing.

Since the digital creativity sector has a strong presence in Quebec, particularly in the Montreal area, it was [profiled](#) recently. The profile states that this sector alone contributes \$1.2B to Quebec’s economy and comprises businesses that are on average ten years old, with 20% under three years old.

Creative industries do not operate in a vacuum. They are surrounded by educational institutions, support services, research centres, so-called “creation and work spaces,” funding organizations, business incubators, industry associations, professional groups, university research chairs, laboratories, venues, conferences and investors. Not to mention neighbourhoods and living environments with a concentration of businesses operating in the creative field. The city also has a centre of excellence in digital creativity. Montreal is not new to the video game scene, but this sector adds to its enviable expertise in visual effects, animation, virtual and augmented reality, and the creation of immersive and interactive environments.

We should not presume that creative industries are merely born out of good ideas, as brilliant as they may be. They must have

### BOX

#### Creative Industries – Montreal Census Metropolitan Area

- ▶ Architecture and design, which includes architects, landscape designers, interior decorators, and industrial and graphic designers.
- ▶ Arts, that is, performing arts (dance, theatre, circus, etc.), visual arts (painting, sculpture, drawing, etc.), digital and media arts, and music.
- ▶ Video games.
- ▶ Multimedia, which includes the design of multimedia environments, virtual and augmented reality, and immersive and interactive environments, installations and experiences.
- ▶ Media, comprising audiovisual production (film, television, video) and publishing (books and newspapers).
- ▶ Fashion, fashion design and the collections that flow from it.
- ▶ Creative communications (advertising).

Sources: KPMG and Chamber of Commerce of Metropolitan Montreal

fertile ground to emerge, expand and translate into economic value. This happens through the support provided by the various orders of government and associations of all kinds that aim to strengthen the creative environment and help entrepreneurs reach higher heights. The purpose of these initiatives is to increase the pooling of ideas, talents and strengths. They make an effort to showcase the industries, shine a light on production spaces, provide tools for marketing and protect intellectual property through information and training. These are but a few examples.

### An Ever-Changing Context

There are a number of trends at play, and they require constant adjustments by various players. Creative industry consumption patterns change. The video console that was replaced by online gaming is one example. Another example is music, which used to be purchased on CDs before becoming available in MP3 format (compressed audio format) and now being streamed. The way in which shows, performances and exhibitions are shown has also changed dramatically.

Connectivity, whether it is at work, at home, in transportation or on the street, makes web content available anywhere, anytime, on a range of mediums. Mobility, combined with this connectivity, means that there is no longer any obstacle to where and when content is consumed. “Now” seems to have become the magic word.

The mandatory containment period in the spring to limit the spread of the COVID-19 pandemic has forced thousands of employees and entrepreneurs into telework. This begs the question: to what extent could this new work arrangement benefit from the contribution of creative industries?

The supply is enormous; foreign competition is continually growing and the web’s major players are omnipresent. Many of them have platforms on which content is disseminated. While the supply is impressive, consumer demand is growing. The recent containment as a result of the COVID-19 pandemic has sent demand soaring. During this period, consumers have been exposed to diverse, quality content. Those studying creative industries had already noted that the requirements were becoming increasingly stringent as time went on in terms of the quality of creative goods and services on offer. It would be surprising if expectations in this regard waned. However, demand for entertainment should be expected to fade somewhat in the months following the gradual lifting of isolation rules.

Technological development and the gradual introduction of artificial intelligence have upended the ways in which products and services are created, offered and consumed, and will continue to do so. The constant changes, the digitization of some content and the control exercised by some major players bring the issue of income to the fore. They have levers that few or no smaller creators do. Quality also lies in the diversity of what is offered. For that, start-ups must have an opportunity to grow. They must then be able to reach beyond the local and national market.

However, creative industries have gone far beyond the web. The proof is in the proliferation of interactive and immersive shows and exhibitions over the past few years as well as urban and nature treks. Innovative projections are now possible in public places, such as hotels or large spaces open to the public. These are but a few examples. The creative potential is immense, as are the challenges that come with it.

### Challenges and Obstacles to Overcome

We already know that the workforce is grappling with a large number of challenges. The vast majority of analyses consulted stress the importance of training the workforce and keeping it current on the constantly evolving technologies or techniques. Workers must be equipped to handle technical aspects, of course, but those in charge must also have a handle on business management and marketing concepts and must keep an eye on intellectual property. Besides workforce training and availability

concerns, an interest must also be taken in the status of creators, a large proportion of whom are self-employed, face instability and/or work an atypical schedule.

Clearly, there is much still to learn about creative industries, and this brief analysis does not purport to explore the issue in depth. Admittedly, the statistical tools for delving deeply and broadly into this topic have yet to be developed. Business models are so diverse, fields or expertise are so broad and so many creative opportunities abound that it is difficult to capture them accurately. This is all the more difficult since they develop at an amazing speed. Even without an absolutely precise measurement, the estimated growth rates for the past few years make them difficult to ignore. The budding post-containment period could propel these industries and foster the emergence of new businesses, thus helping to speed up recovery. However, they need a favourable environment in which to grow, which is why an enterprising spirit and open-mindedness are a must.

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