

Canadian creative industries and the digital shift: a challenging entanglement of opportunities and threats

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1. Key research question: *how to successfully navigate the digital shift in the Canadian creative/cultural industries*, with a focus on *adoption* and *diffusion* of digital techniques and practices, and a keen interest in market-facing capabilities among creative/cultural firms.

2. Why focus on the creative/cultural industries?

Technological significance: the communications media sector is the third or fourth largest spender on IT systems after financial services, manufacturing, and natural resources (Lugmayr, 2013). In North America the media industry is the most highly digitized industry after the IT industry itself (McKinsey, 2015): i.e. a pioneer in the adoption of digital technologies throughout the value chain (i.e. to produce, distribute, and consume content). It contains many lessons about what might be expected as other industries become digitized, disintermediated, automated, and platformized.

Economic significance: In 2016, the direct economic impact of Canada's culture industries was \$61.7 billion, or 3.3% of the country's GDP. This is much larger than that of agriculture, forestry, fishing and hunting (\$29 billion); accommodation and food services (\$38 billion); utilities (\$43 billion); or sports (\$6.1 billion). The culture industries represent nearly 4% of the province's GDP and support 280,000 jobs - an economic contribution that exceeds that of the agricultural, mining, and forestry sectors combined (Government of Ontario, 2016).

Political and social significance: Cultural industries are devoted to meaning-making, and their products are ubiquitous. The communication and culture ecosystem is a key factor in social and national cohesion and a critically important enabler of democratic practices. Just as fish don't see water, people in day to day ordinary life don't see or appreciate the extent and variety of the domestic cultural industries until they are disrupted and extinguished, as in the case of the Canadian local news industry.

3. Three research streams on adoption and diffusion of digital tech in the creative/cultural sector

3.1 media and cultural policy: from cultural policy to platformization. The case of Creative Canada

We have published an article and a book chapter on Canadian cultural policy, focusing on the challenges of bringing transnational OTT players into the existing domestic broadcasting and telecommunications policy framework. Transnational digital platforms have emerged and have grown very quickly. They frequently offer value propositions that domestic incumbents cannot match, gaining the loyalty of many consumers. They represent an opportunity to some domestic cultural producers, and they challenge traditional notions of cultural sovereignty.

Ultimately, cultural policy is still a battle over whether the meaning-making apparatus falls under territorial or functional sovereignty. Canadian cultural policy has focused traditionally on *cultural sovereignty* and *cultural citizenship*. But consumer issues powerfully drive contemporary public discussion of cultural policy – leaving it up to government to lead when media issues affect persons more properly as citizens rather than as consumers. However, consumer issues and creators’ rights need to be brought into the realm of cultural citizenship.

In Canada, the domestic broadcasting system’s suitability as the main vehicle for cultural policy is declining. The current partition of the domestic media and communication sphere into a regulated ‘walled garden’ and an unregulated digital realm is not sustainable. Content distribution, not production, is the economic and political high ground. Competition is mainly among transnational “platform ecosystems”, while the (relatively small) domestic media firms are marginalized through loss of advertising revenue. The question is how to promote domestic creative content and desirable forms of cultural citizenship in an open, Internet-based environment.

Transnational platform firms profit from regulatory fragmentation and net neutrality. Effective regulation of transnational platforms in terms of monopolistic and anti-competitive behaviour, corporate taxation, data privacy, and countering disinformation and other socially harmful online content, are challenges that may eclipse the previous principal focus of national cultural policy on domestic content.

Cultural policy is entangled with broadcasting, telecommunications, innovation, labour, IP, tax, and trade policies. Coordination among these policy domains is challenging. Trade deals will increasingly affect cultural policy as the distinction between digital trade and the cultural exception is worked out.

There is urgent need to bring domestic tech strengths to bear on the domestic cultural sector and find ways to grow domestic platform firms.

3.2 adoption and exploitation of communication tech and digital practices

Among consumers, familiar demographic categories such as age, gender, ethnicity, or income are decreasingly effective predictors of adoption of digital tools, choice of channels, or taste in content. Among SMEs, adoption of ICTs can be understood in terms of ‘repertoires’ or consistent bundles of channels, preferences in content, and communication practices. We have identified nine such ‘repertoires’ in a survey of Canadian SME owner/managers. Key dimensions appear to be: competitive pressures, business growth aspirations, willingness and ability to experiment; expectations of customers/clients, and ingrained habit.

Effective micro-targeting and identification of highly specialized market niches require access to vast amounts of market and consumer information (which is not always accessible) as well as advanced analytics capabilities. These are strategic resources which are sometimes provided by

platform complementors (for example, YouTube) and sometimes withheld (for example, Netflix).

3.3 labour the in digital economy

There is great need to properly conceptualize and measure individual capabilities in terms of competencies, not merely skills or micro-credentials. Based on the analysis of job advertisements, we are developing specialized lexicons that identify and assess three key groups of competencies: professional, methodological, and personal-social.

- Professional competencies are competencies needed to perform a specific job in the creative industries. Categories of professional competencies are artistic, creative, technological, and managerial.
- Methodological competencies are related to the ability to learn and implement new ways of doing things; examples are project management, strategy, change management, analysis, scientific methods, and organizational capabilities.
- Personal-social competencies are related to "attitudes, values, and motives" and they can include motivation, creativity, independence, teamwork, communication, discipline, persistence, innovativeness, optimism, etc.

We have found that in AR/VR modeling, data analytics, and digital fabrication, workers with digital skills, *relevant experience*, and appropriate social competencies are in great demand. Self-directed learning and environmental resource munificence (as in fab labs) are as important as formal instruction.

Much of the work in the cultural/creative sector is contingent: in Ontario, more than 50% of the jobs in the cultural/creative sector consists of short-term contract-based work. Contingent work is not just about income insecurity and economic precariousness. Many social insurance benefits (e.g. health, employment, collective bargaining, retirement, occupational safety, caregiving, non-discrimination) are tied to the Standard Employment Relationship. New forms of work which define the worker as a self-employed independent contractor do not provide these benefits. It is imperative to review and update the social democratic welfare state to mitigate the insecurity precipitated by 'new social risks' that affect increasing numbers of workers who do not have access to stable employment. We are developing a framework that identifies a typology of risks to which contingent workers are exposed: these include misclassification, underemployment, income fluctuation, knowledge obsolescence, IP loss, risk of illness/accident/injury, reputation, and discrimination related to age, gender, ethnicity, and social class.