



# Creative Industries

## Trade challenges and opportunities post pandemic



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UNIT

# Foreword



Creative industries around the world are critical sources of employment and drivers of creativity and innovation. The UK Government is leading the way in supporting a dynamic creative sector as a key economic and social driver in the short and long term.

The creative industries are a significant source of economic activity and employment in the UK, contributing £116bn (US\$156bn) to the UK economy in 2019 and accounting for 6% of UK gross value added (GVA). The sector has grown at a faster rate than the broader economy in the last decade, fostering employment and business opportunities for people across all regions domestically.

The Covid-19 pandemic, which brought sections of the creative industry to a halt, has highlighted the importance of the sector for the economy. The pandemic has also accelerated some of the structural changes faced within the industry. These include a transition towards digital platforms and a greater role for individual 'content creators', blurring the boundaries between producers and users of creative goods and services. Healthy and dynamic creative industries are not only essential for a rapid recovery from the pandemic, they are also key to economic diversification, productivity and long-term prosperity.

The UK creative sector is globally recognised, generating export opportunities that enhance the UK's cultural reach and influence. The sector exported some £38bn (US\$51bn) worth of services in 2019, representing nearly 12% of UK service exports. The UK is also established as a source of both traditional and popular culture.

The UK's cultural past enriches its current creative industries, as historically significant venues host concerts, live events, and augmented reality experiences.

Crucially, the UK's global competitiveness in technology, start-ups and the creative industries has recently birthed a new niche in 'CreaTech' - innovations that improve and automate the delivery and use of creative services. Creative innovation in artificial intelligence, machine-learning augmented/virtual reality, e-sports and other immersive audience engagement tools will fuel future innovation and economic growth.

The UK Government is actively supporting domestic businesses' ability to offer their creative goods and services around the world. Through Free Trade Agreements (FTAs), knowledge development and promotion, as well as export finance and support for music and fashion businesses, among others, the government is helping to further promote the UK's world-leading creative offer.

A handwritten signature in black ink, reading "Andrew Mitchell". The signature is fluid and cursive, with a horizontal line underneath.

**Andrew Mitchell**  
Director General  
Exports and UK Trade  
Department for International Trade (DIT)

# About this report

*Trade challenges and opportunities in the post-pandemic world: Creative Industries* is an Economist Intelligence Unit (EIU) report, supported by **the UK's Department for International Trade (DIT)**.

Through a range of expert interviews, secondary literature review and a data audit, this report explores the challenges and opportunities for global trade and investment in creative goods and services. The EIU would like to thank all experts for their time and insights.

**Marisa Henderson**, chief of creative economy, UNCTAD.

**Geoff Taylor**, chief executive, British Phonographic Industry, BRIT Awards and Mercury Prize

**Cassandra Strauss**, director of special projects and innovation, BPI.

**Dr Jo Twist OBE**, CEO of the UK Association for UK interactive entertainment

**Elena Polivtseva**, head of policy and research at the Brussels-based International Network for Contemporary Performing Arts (IETM)

**Matus Samel** is the EIU's project lead and editor, **Adam Green** is the author, and **Araceli Iruzun Perez** the research assistant.



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**Section 01**

# **Creative industries in the global economy**

## Creative industries in the global economy

The creative industries generate around 30m jobs and account for 3% of global GDP, employing more young people (aged 15-29) than any other sector, and with females constituting nearly half of the workforce.<sup>1,2</sup>

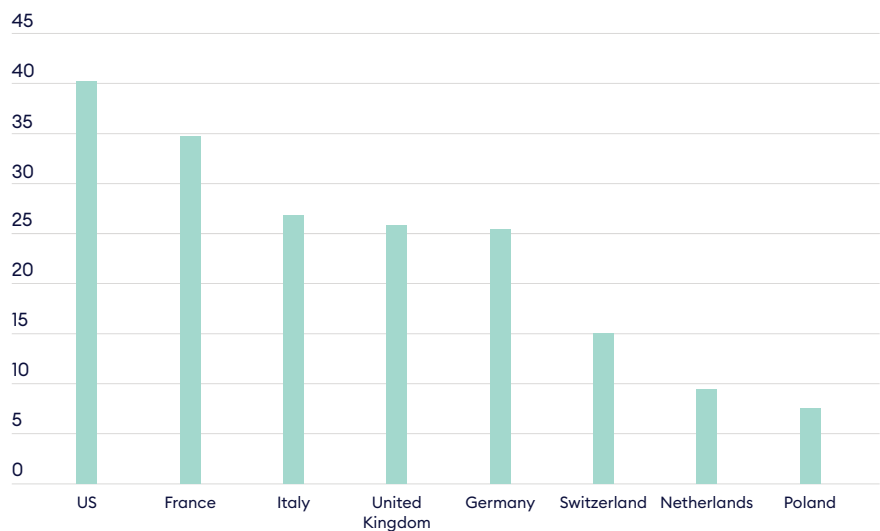
Prior to the pandemic, creative industries were fast-growing markets with the value of creative goods more than doubling between 2002 and 2015, from US\$208bn to US\$509bn<sup>3</sup> led by design, fashion, and film. Annual growth in trade of creative services in developed countries was 4.3% between 2011 and 2015, more than double that of all services, and the share of creative services in total service trade increased from 17.3% to 18.9% over the same period.<sup>4</sup> In 2018, UNESCO predicted that the creative and cultural industries could be worth up to 10% of global GDP in the coming years.<sup>5</sup>

The sector is highly globalised. The dominance of world languages, such as English, French, Spanish and Arabic allows cultural products to reach audiences far beyond the country of artistic origin.

Migration and the resulting far-flung diasporas give global reach to cultural goods, as with India's Bollywood film industry and Nigeria's own Nollywood.

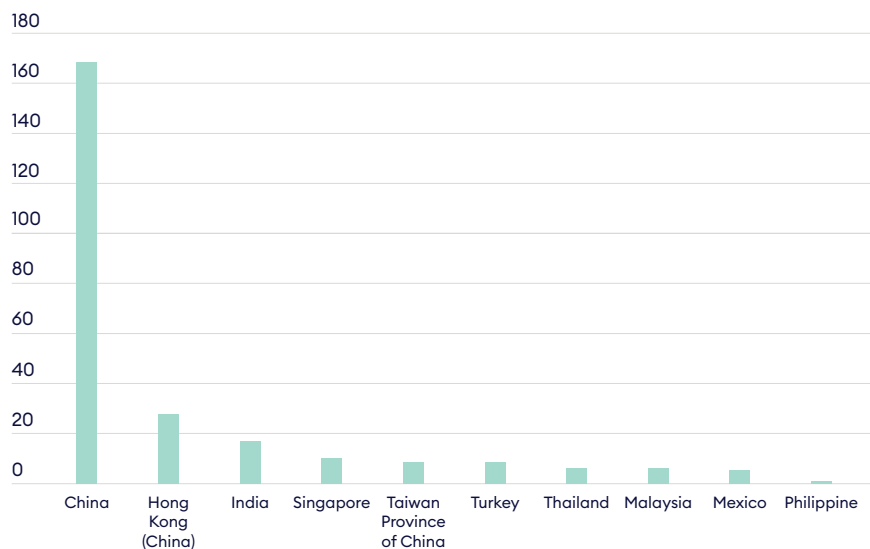
Among developed countries, the US, France, Italy and the UK were the top creative goods exporters in 2015, the most recent year for which comprehensive data is available, with China, Hong Kong and India leading the emerging markets group, although China far outstripping the rest.<sup>6,7</sup> Rising incomes and the emergence of a middle or 'consumer class' across many developing regions indicates growing domestic markets to boost creative industries at home. Design goods, such as fashion and accessories, interior design, toys and jewellery, account for 70% of total exports value from developing countries, followed by art crafts and new media both accounting for 20%.

**Figure 1:** Developed countries top 8 exporters (US\$ m)



Source: UNCTAD

**Figure 2:** Developing countries top 10 exporters (US\$ m)



Source: UNCTAD



Many developing countries are using creative industries to include young people into the job market.”

**Marisa Henderson**, Chief of Creative Economy, UNCTAD

Creative industries are a powerful force for job creation in emerging markets compared to manufacturing or technology, which were historical drivers of economic transformation in regions such as East Asia. They are also a generally low-impact environmental sector (with some exceptions, such as parts of the fashion industry) compared to resource and energy-intensive sectors that emerging economies have historically relied on for economic growth.

The International Labour Organisation (ILO) has highlighted creative industries as vital for income generation, exports and job creation in regions such as Sub-Saharan Africa, whose youth population is set to increase by 42% in 2030.<sup>8</sup> Nigeria’s Nollywood sector, for instance, is the country’s second largest employer.<sup>9</sup> “Many developing countries are using creative industries to include young people into the job market,” says Marisa Henderson, chief of creative economy at UNCTAD.

Henderson highlights Indonesia as among the leading emerging economies that view the sector as a driver of economic

dynamism and trade. In 2015, President Joko Widodo created the Indonesian Agency for the Creative Economy to harness the country’s potential. By 2017, the creative industries employed 15.9m people and generated over 7% of GDP.<sup>10</sup> The sector today comprises 16 niches including apps and games, photography, performing arts and fine arts, with fashion, culinary and crafts the leading contributors to GDP.<sup>11</sup> Ms Henderson says some countries do not yet see creative industries as economic sectors and can learn from Indonesia’s example. “Many still have the model of creative industries receiving subsidies; they don’t see it from the point of view of being an industry.”

In November 2020, the UN adopted a resolution declaring 2021 the “International Year of Creative Economy for Sustainable Development”. Tabled by Indonesia, and backed by 81 countries, the resolution recognises that the creative economy has the potential to support developing and transition economies in diversifying production and exports and to deliver sustainable and inclusive development.<sup>12</sup>



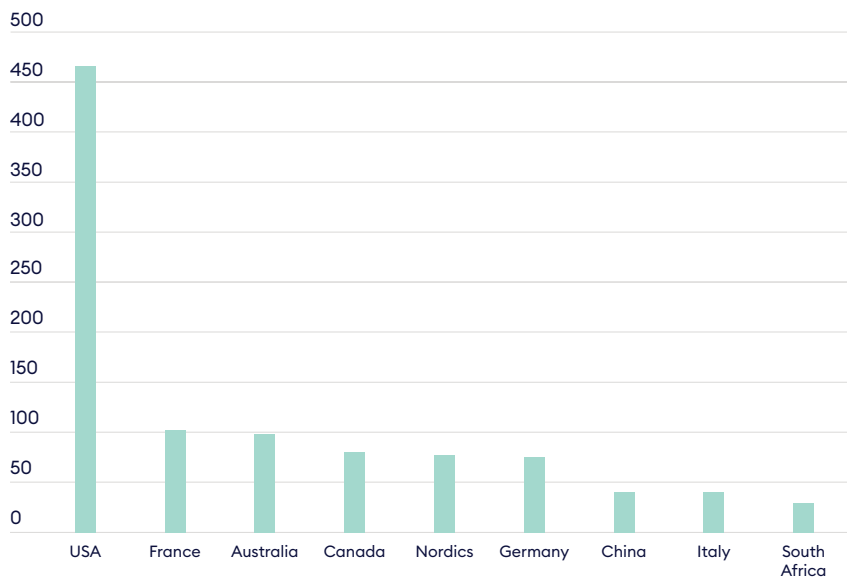
### UK perspective: From music to gaming

The creative industries are a vital part of the UK economy and a significant contributor to its global trade balance. The sector exported £37.9bn worth of services in 2019, representing nearly 12% of UK service exports<sup>13</sup> – more than the automotive, aerospace, life sciences, and oil and gas industries combined.<sup>14</sup> The creative industries contributed £116bn to the UK economy in 2019, accounting for 6% of UK gross value added (GVA) and sectoral GVA increased 44% between 2010 and 2019, and has grown at a faster rate than the broader UK economy since 2011.<sup>15</sup>

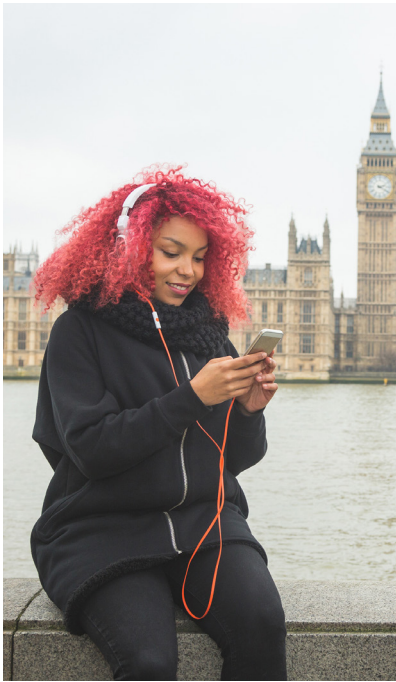
The creative industries also support the UK’s global reach and influence. The country ranked second in Portland’s 2019 Soft Power Index, notably for the impact of British popular culture globally. The report recognised its ongoing reputation as a heritage destination, acknowledging the plethora of theatres, museums and galleries.<sup>16</sup> The UK’s historic cultural past also enriches its current creative industries. Historically significant venues such as Hampton Court and Kenwood House host concerts and live events, and augmented reality experiences such as Weston Park’s Enchanted Glen provide creative engagement for younger audiences.<sup>17,18</sup>

Within the overall sector, the UK has particular strengths in advertising and design (worth £4.3bn in exports to the UK economy<sup>19</sup>) as well as film and TV, which attracted over £3bn in inward investment to the UK in 2019.<sup>20</sup> The year 2019-2020 was record-breaking for TV, with exports increasing by 6% to reach a high of £1.5bn, with the US the largest export market and notable growth to Australia and Canada. China, South Africa and New Zealand are also among the top export markets (see chart). The film industry also attracted significant investment, with Sunset Studios, a Los Angeles-based studio company, developing a £700m film and TV studio in Hertfordshire.<sup>21</sup>

**Figure 3:** Top destinations of UK TV exports, 2019-2020



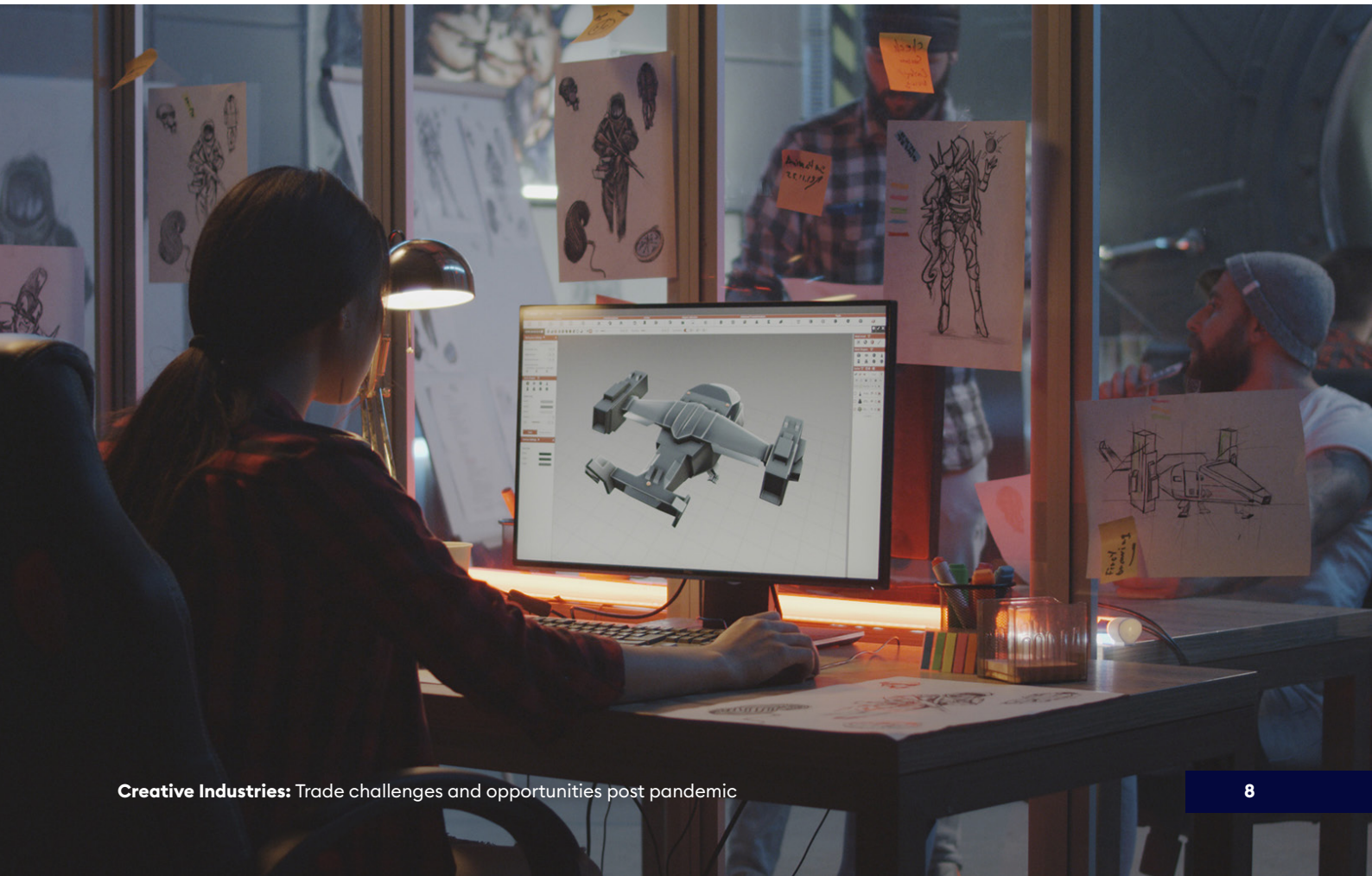
Source: Pact TV Exports Report



The UK's music industry is another leading export, with UK artists accounting for more than 1-in-10 international streams, and export revenues rising every year, reaching £2.9bn in 2019. Geoff Taylor, BPI chief executive, believes the UK's cultural nous is a driver of wider economic engagement. "Where culture goes, trade follows. We believe the music industry can be a cheerleader for the UK internationally".

The gaming sector is also a well-established export niche for the UK. The industry is around four decades old, with UK companies present at the birth of the gaming market, according to Dr Jo Twist OBE, CEO of the UK Association for UK interactive entertainment (UKIE), a position it has consolidated during the most recent mobile gaming revolution in the last decade. "That stands us in good stead when talking to international investors because it means we've got a diverse ecosystem of talent," says Dr Twist. The UK video game market posted a record £7bn in revenue in 2020, a nearly 30% increase on the previous year.<sup>22</sup> Twist points out that innovation goes beyond games and devices to include auxiliary sectors like toys, merchandising and events. Notable UK game developers and publishers include Media Tonic, Codemasters and Jagex.

Both Mr Taylor and Dr Twist see new niches opening for both industries. The esports market – live game-playing competitions – is a growing subsector in which the UK has huge potential based on its infrastructure and services around sporting events and live gigs and performances. In music, Taylor believes government tax support for the industry could be deepened to attract more international investors to the country's music production sector.





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## Section 02

# Digital transformation and creative innovation after the pandemic

## Digital transformation and creative innovation after the pandemic

The pandemic has had uneven impacts on the creative industries. Segments dependent on live audiences and cross-border travel, such as performing arts, theatre and cinema, were hard-hit by social distancing measures and lockdowns. Europe's performing arts sector lost 90% of its revenue and its music sector posted a 76% decline.<sup>23</sup>



We've had one summer and potentially a second summer where revenues have fallen massively particularly for the big promoters."

**Geoff Taylor**, chief executive, British Phonographic Industry, BRIT Awards and Mercury Prize

Surveys reveal the profound economic toll. In Slovenia, cultural workers expected turnover to decrease by an average of 44% in 2020 and 63% of cultural entrepreneurs believed state measures were insufficient to cover losses. In Ukraine, nearly 70% of culture and creative industry workers claimed a revenue loss of between 50 and 75%.<sup>24</sup> In the UK, the live music industry has been "absolutely decimated by the pandemic," says BPI's Geoff Taylor. "We've had one summer and potentially a second summer where revenues have fallen massively particularly for the big promoters". He adds that the streaming and recorded music sector has proven "pretty resilient and we actually managed to grow last year".

Beyond the direct financial impact of shutdowns, the sector has also suffered from the fact that many of its workers are self-employed freelancers and therefore lack full employment status and, in some cases, have fallen through the cracks of government financial aid. "Freelancers haven't been supported sufficiently," says Elena Polivtseva, head of policy and research at the Brussels-based International Network for Contemporary Performing Arts (IETM). In Europe, 32% of cultural sector workers are self-employed

and lack job protection, with an estimated 7.3m jobs in the cultural and creative sector at stake because of the crisis, representing 3.7% of total EU employment.<sup>25</sup> Nearly half (46%) of freelance workers in the UK's creative industries report having experienced at least half of their freelance contracts terminated.<sup>26</sup>

One challenge in Europe is that culture is an exclusive competency of member states rather than the European Union itself, although the bloc did augment some funding and accelerate projects to release money faster. "They were quite flexible as funders which gave us flexibility to accomplish what was relevant," says Ms Polivtseva. The employment-intensity of the sector means creative industries should be central to post-COVID recovery spending, argues Marisa Henderson at UNCTAD. Indeed, governments around the world have been implementing various innovative schemes to support the sector, such as the UK's £750m programme, providing government-backed insurance to live events. Through the scheme, the government acts as a 'reinsurer', stepping in with a guarantee to make sure insurers can offer the products events companies need.<sup>27</sup>

British auction houses Sotheby's, Christie's and Phillips registering a combined **436%** increase in online auction sales in 2020.

**Fast-forwarding digital transition**

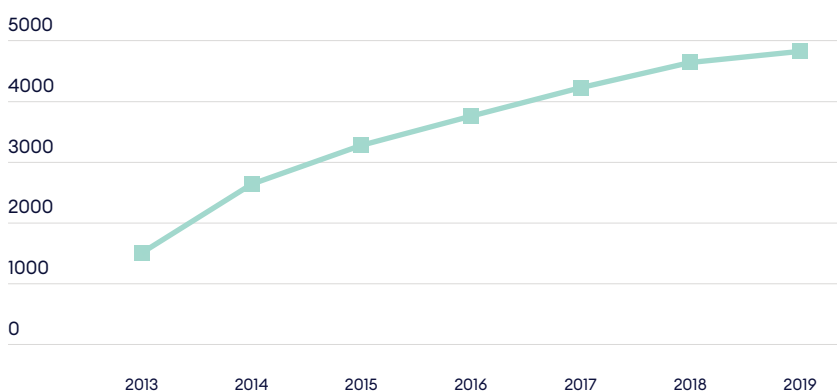
As with many other industries, the crisis has highlighted the centrality of digital technology to economic resilience. Digital innovation has already touched on all aspects of the creative industries, from software enabling the production of professional-grade music and audio-visual content to newer niches like non-fungible tokens (NFTs), unique digital assets built on the blockchain, which are revolutionising the art world – most famously through the sale of a US\$69.4m NFT by the artist Beeple.<sup>28</sup> The UK, as the world's second largest art market, is poised to capitalise on growth trends in digital art trading; the online art market grew 4% in 2019, with British auction houses Sotheby's, Christie's and Phillips registering a combined 436% increase in online auction sales in 2020 in comparison with the previous year.<sup>29,30</sup>

The pandemic has quickened innovation in the creative industries, including a shift to streaming for live performance sectors like theatre and performing arts. Theatres around the world moved performances online, such as the UK National Theatre's NT Live and Germany's Schauspiel Köln "Dramazon Prime" platform. These have, at times, involved significant creative adaptations, such as modernising and adapting text with contemporary references, and there has been a rise in plays and films 'written for Zoom'.<sup>31</sup> New platforms have emerged offering people access to cultural events they might not be able to afford or been too physically distant from, such as Scene Saver<sup>32</sup>, an

online streaming service that allows people to stream over 400 fringe and 'off West End' performances. In the music sector, streaming has given rise to a new crop of tech start-ups. "Live streaming really became popular during the pandemic, so we have seen UK start-ups looking at selling concerts or recording actual gigs and doubling it up as a virtual event," says Casandra Strauss, director of special projects and innovation at BPI.

Growth has also been notable in digital publishing, with the UK seeing a 37% increase in audio downloads, and a 24% increase in digital book downloads.<sup>33</sup> In Europe, among countries that experienced growth in the publishing sector in 2020, this was driven by online and digital sales: in Sweden, physical bookstores saw revenues fall 19% compared to 2019, whereas online retail and book club sales were up 19%, generating 51% of revenues in that year. In Norway, more than one third of books accessed by customers were streamed audio books; in Sweden digital audio book sales grew by 41.5%, representing 90% of all digital sales; while the Finnish audio book market doubled in size.<sup>34</sup> The shift towards online sales favoured players that already had an established online presence, as well as those who were able to adapt quickly to the new situation. While the pandemic stirred interest in reading, the overriding success of digital consumption points to a potentially long-term shift in consumer behaviour towards digital formats.<sup>35</sup>

Figure 4: Online art sales (US\$ m)



Source: Hiscox, 2021



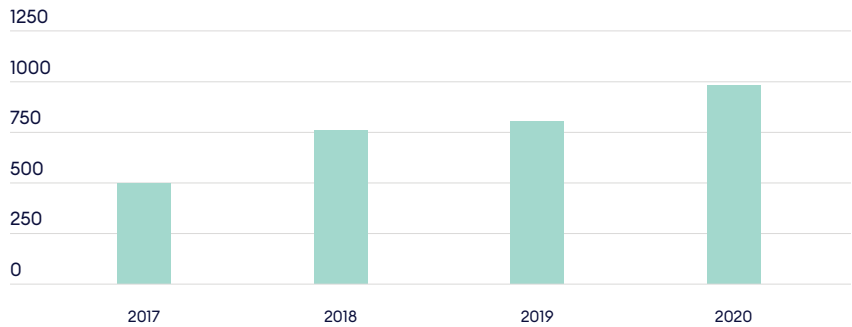
### UK Perspective: The rise of UK ‘CreaTech’

The UK’s global competitiveness in technology, start-ups and the creative industries has recently birthed a new niche in ‘CreaTech’, defined by Tech Nation, an advocacy group, as innovations that improve and automate the delivery and use of creative services.

The last four years have seen a near doubling of venture investment in the sector, with start-ups in the artificial intelligence and machine-learning space attracting the highest inflows in 2020 (see chart).<sup>36</sup> Marketing, ecommerce, and augmented/virtual reality were also significant subsector recipients. Similarly, the UK Research and Innovation ‘Audience of the Future’ challenge has invested £39.3m in immersive experiences such as esports, gaming, performance and visitor experiences. It has also commissioned research investigating immersive audience engagement in areas such as heritage, culture and entertainment.<sup>37</sup>

Notable UK breakout successes include ChilliConnect, a live game management platform acquired by San Francisco-based video game developer Unity; Cloudbounce, which offers instant audio-file mastering; Entale, a podcast discovery platform; holographic display platform, VividQ, and immersive experience creator, Dimension. In music, “there are lots of start-ups working in the ‘metaverse’ [augmented and virtual reality] with the ecosystems being built by either gaming companies or potentially social media companies,” says Ms Strauss at BPI. Other music tech start-ups are exploring opportunities in areas like music marketing and engagement on gaming platforms such as Roblox, and content-rich apps, such as mental health and wellbeing platforms Calm and Headspace.

**Figure 5:** VC investment in UK CreaTech companies, 2017 to 2020 (£ m)



Source: Tech Nation<sup>38</sup>

In the US, Q4 2020 recorded the highest revenue for digital advertising in more than 20 years, balancing out the decline in early 2020, to see the market grow by **12.2%** during the year.

The performing arts sector has taken the initiative to “reinvent the art form,” says Elena Polivtseva at IETM. “Many people have stressed that they will never go back to the conventional stage type of work.” She believes it has been a wake-up call for the industry. “The sector learnt about its own fragilities; big structures, presenters, festivals and venues learned about the fragilities of artists and producers at the beginning of the value chain, and the producers in turn, learned about the limits of these bigger structures.” Yet while the move to embrace digital platforms is welcome, Polivtseva says the business models are still unclear. “Without the digital infrastructure in place, the cost of doing [performing arts] online are greater than the revenues”. She also notes concerns related to artists not being compensated when larger companies took advantage of archival footage to sustain revenues.

Economic growth and resilience rely on creative innovation. For instance, the UK Research and Innovation-funded project ‘Modelling and Supporting Recovery of the UK’s Experience Economy’ at the University of the Arts London is supporting providers in the experience economy, valued at over £300bn, to develop online content that enriches their physical presence and to examine innovative delivery models and tools to enhance the experience economy’s commercial prospects.<sup>39</sup> Enhancing digital integration into existing experience economy ventures could support the sector’s resurgence. Ticketmaster, for instance, registered a 600% increase in site traffic following the proposed easing of restrictions announcement, demonstrating significant pent-up demand. Digitally blended solutions could open up new creative industry niches, like 5G-enabled multi-site performing arts.<sup>40,41</sup>

The pandemic may also have quickened another pre-existing trend: the rise of ‘creator economy’ platforms that give artists and creative economy professionals direct financial relationships with their supporters. Patreon is the world-leading case study. The company, founded in 2013, lets artists provide exclusive content to subscribers who in turn provide them with a direct source of revenue.<sup>42</sup> The platform saw a surge in creator accounts, with over 30,000 launched within the first three weeks of March 2020.<sup>43</sup> During the pandemic, Patreon has helped

artists (especially DJs and live music artists) support themselves financially.<sup>44</sup> A similar story is emerging in Substack, a newsletter publishing platform, whose backers include a US\$650m injection from venture capital fund Andreessen Horowitz, that allows writers and content creators to build ‘mini media empires’.<sup>45</sup> It has already attracted star writers from conventional newsrooms who are able to command far higher income and give readers access to a more curated media feed.<sup>46</sup> Substack gives writers 90% of subscription fees and together its top ten authors earn more than US\$15m a year.<sup>47</sup>

Creative sub-sectors are proving integral to post-pandemic recovery, with the Design Council collaborating with the London Office for Technology and Innovation and London Economic Action Partnership to launch Designing London’s Recovery. The initiative calls for creative, collaborative proposals to support London’s recovery programme, with recipients benefitting from mentoring and implementation support from the Design Council.<sup>48</sup> One study estimated that creative industries contributed 4.5% to US GDP – more than construction, transportation, mining or agriculture – and can significantly improve, not merely reflect, the health of the economy following a downturn. The creative sector offers economic diversification and can rapidly recover from a downturn, without being impacted by other slow-growing sectors, or external volatility.<sup>49</sup>

The challenges posed by lockdowns are also shaping the creative industry’s recovery itself. The UK advertising sector is forecast to see the strongest recovery of all global markets in 2021, projected to expand 15.2% to £27bn, and increasing to £29bn in 2022 following a £1.8bn slump during the pandemic. The increase is credited to the pivot to online video, social media and search markets, which has boosted the UK’s already sophisticated online advertising sector.<sup>50,51</sup> In the US, Q4 2020 recorded the highest revenue for digital advertising in more than 20 years, balancing out the decline in early 2020, to see the market grow by 12.2% during the year. The surge in consumer adoption of connected television, e-commerce shopping, and at-home deliveries created the pendulum swing needed for digital media to continue growing, according to the Interactive Advertising Bureau (IAB).<sup>52</sup>

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## Section 03

# Structural change in the creative industries

## Structural change in the creative industries

Digital innovations of the last year play into longer-term structural shifts, from the emergence of producer tools to new distribution and dissemination platforms like streaming and the on-demand economy. These have upended many of the foundations of the industry, in both positive and negative ways, with far-reaching implications for growth, development and international trade.

### Streaming and on-demand entertainment

The music industry has been arguably the most technology-affected creative economy sector in recent decades, from the rise of Napster's peer to peer file-sharing revolution in the early 2000s, which cut industry revenues by up to half, according to Geoff Taylor at BPI, through to the streaming revolution brought on by Spotify. "The future looked pretty bleak for the industry [post-Napster] and the wider content industry and monetising in the digital space looked very challenging," says Taylor. "But gradually we turned the corner, by offering the consumer convenience and value. Streaming came along and we changed our business model to adapt to a subscription model, which was the right thing to do". Streaming has not brought back the industry's golden days, he warns, but trade revenues did reach £1.2bn in 2020, nearly doubling the industry's nadir of £700m "and we've seen significant growth year-on-year for the last five years in recorded music."

The streaming revolution has drawn criticism from some who complain that artists do not receive a fair share of revenues, as well as a perceived lack of transparency about how payments are calculated.<sup>53</sup> Spotify, for its part, says it has paid over US\$23bn in royalties to rights holders, although the majority of artists on the platform earn very limited income.

BPI's Geoff Taylor believes there are misunderstandings as to the economics that prevailed previously. "A million streams today is the equivalent to selling 1,000 CDs in a year, which is just not a lot." Previously, artists that were not significantly commercially successful would not be stocked at retailers. "We are seeing a large class of artists doing very well from streaming."

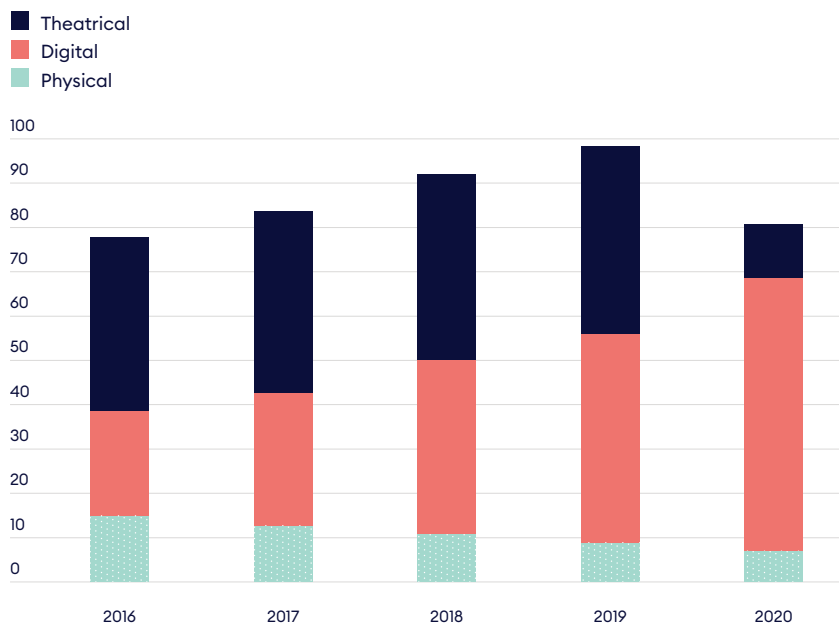
The second big streaming sector shift has been the rise of on-demand television and film, pioneered by Netflix and later Amazon Prime, but now turning into a whole-industry competitive race as brands like HBO, Apple and Disney invest heavily in acquiring monthly subscribers, leveraging their rich back catalogue as well as investing in new productions. This competitive pressure has been temporarily eased as the trend towards digital on-demand video accelerated in 2020, with global revenue climbing to US\$61.8bn, an annual increase of 31%. Digital media accounts for over three-quarters of total theatrical, home/mobile entertainment revenue. There are now 1.1bn online video subscribers worldwide, up 26% from 2019.<sup>54</sup> However, with the pandemic, and inflow of new subscribers, subsiding, competition is heating up again.



We've seen significant growth year-on-year for the last five years in recorded music."

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British Phonographic Industry,  
BRIT Awards and Mercury Prize

**Figure 6:** Annual revenue of global entertainment market (US\$ bn)



The app booked over **US\$20bn** in sales from China in 2020 and forecasts global sales of nearly **US\$40bn** in 2021.

There is also a strong international trade dimension to the ‘streaming wars’, as content producers realise the need to build more culturally diverse content to meet the interests of audiences around the world. Netflix has invested significantly in foreign-language productions, including opening offices in key markets, from Paris to Mexico City, as it seeks to drive subscription growth.<sup>56</sup> Some foreign-language productions have become global successes, including *Narcos*, *Money Heist* and *Lupin*. The trend could pose a commercial risk to slow-moving sectors; Europe’s TV networks risk being left ‘for dust’ as US competitors race into the streaming era in terms of investment and development.<sup>56</sup> In 2021, Netflix has become the largest single commissioner of new European scripted content, overtaking traditional leaders in the region, the UK’s BBC and Germany’s ZDF, in terms of number of new show commissions.<sup>57</sup> Besides the increased competition, this rapid internationalisation has also contributed to a discourse about culturally sensitive content, such as the controversy surrounding French movie *Cuties*, which drew complaints and legal actions from public officials in the US and Turkey.<sup>58</sup>

### Rise of the ‘creator’ economy

A second structural shift has been the rise of a ‘creator economy’ thanks to the emergence of a growing range of tools allowing people to produce high-quality content with minimal or no financial requirements. The story started with YouTube, which gave birth to a generation of content creators, or YouTubers, who create content for the site and, at the high end, earn significant sums from advertising as well as through revenues from the ‘Influencer economy’, in which brands pay for endorsements and product placements. Nearly a fifth of companies surveyed in one 2019 poll had spent over half of their marketing budget on influencers.<sup>59</sup> The more recent iteration of this trend is TikTok, the only Chinese technology platform to reach a truly global audience with its high-quality video production tools and world-leading ‘individualisation’ algorithms that serve up personalised content to users. The app booked over US\$20bn in sales from China in 2020 and forecasts global sales of nearly US\$40bn in 2021.<sup>60</sup>



In the music sector, software platforms like Logic, Garageband and Ableton Live all give creators access to quality, production-grade tools for a fraction of the price once required to record, mix and master music. This has allowed music production to continue during lockdowns when commercial facilities closed. During the pandemic, artists reported increased generation of music, with 68% of independent artists making more music and 36% engaging in more online collaborations during lockdown. In addition, more artists and creators are releasing music themselves; of the 14.6m digital music creators worldwide, 4.7m self-release music, an increase of 31% from 2019.<sup>61</sup>

In gaming too, software tools are helping creators to both produce and disseminate, with the UK a key innovation hotbed. Around half of all mobile games are built on the platform created by UK-based

Unity, according to UKIE.<sup>62</sup> The US is also a major player; Unreal Engine, developed by Epic Games, is a popular 'game engine' offering development tools for creators as well as free courses in game creation, including world building, video game sound and photoreal cinematics.<sup>63,64</sup>

Creator platforms are also embedding into social networks in ways that create new market niches. Bandlab is creating an end-to-end creator platform to generate new ways for artists to build micro communities around their music, generate new income sources and sell virtual merchandise and creator subscriptions.<sup>65</sup> Discord, a digital distribution and instant messaging platform, registered 140m monthly active users by December 2020.<sup>66</sup> The platform is favoured by gamers because of its multiple functions and usability, forming an easy way for gamers to create communities, and it enhances the social aspect of gaming for its many users.<sup>67</sup>



### Blurring boundaries

One consequence of improvements in technology, and the democratisation of the creator economy, is the increasing intersection between creative industries. Examples include the gaming industry, which now offers a new revenue source for music producers, according to BPI's Ms Strauss. There is also a rise in creative and culture industries supporting health and wellbeing. A study conducted by the Oxford Internet Institute, collecting telemetry data on patterns of behaviour for 3,274 players playing Plants vs Zombies and Animal Crossing, found that playing the games was positively associated with wellbeing.<sup>68</sup>

Ninja Theory, a Cambridge-based studio, worked with mental health experts to create a game called Hellblade whose main female character is living with psychosis.<sup>69</sup> Gaming is also finding applications in Alzheimer's. Sea Quest Hero, developed by Deutsche Telekom in collaboration with Alzheimer's UK, UCL, University of East Anglia and Glitchers, a game developer, assesses how the brain functions when navigating space. It involves exploring mazes in different settings with gameplay data from players who are pre-disposed to Alzheimer's analysed in comparison to those who are not. Analysis has demonstrated that playing specific levels of Sea Quest Hero can identify those who are genetically at risk.<sup>70</sup>

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# Endnotes

1. UNCTAD, 2021: <https://unctad.org/news/creative-economy-have-its-year-sun-2021#:~:text=UNCTAD%20has%20tracked%20trade%20in,prospects%20look%20bleak%2C%E2%80%9D%20Ms.>
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#### **Department for International Trade**

The UK's Department for International Trade (DIT) has overall responsibility for promoting UK trade across the world and attracting foreign investment to our economy. We are a specialised government department with responsibility for negotiating international trade policy, supporting business, as well as delivering an outward looking trade diplomacy strategy.

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