

International  
Media  
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ANNUAL IMMAA  
CONFERENCE IN SAN  
PAOLO, BRAZIL



EJTA CONFERENCE IN  
MOSCOW, RUSSIA  
IN OCTOBER



# NEWSLETTER Nº 4

## *Editor's Preface*



*Welcome to one more edition of the IMMAA Newsletter. It anticipates IMMAA annual conference, which will take place this September, in São Paulo, Brazil. For this reason, this issue includes an interview with our colleague Francisco Belda from the State University of São Paulo (UNESP), who will be coordinating IMMAA conference locally. Francisco gives us a preview of the event's schedule. Also, this newsletter coincides with other important initiatives related to IMMAA. These initiatives are part of our strategic plan. They are the Summer School Course in Creative Industries and Media Management (CREIMA) and the launch of the first edition of the Journal of Creative Industries and Cultural*

*Studies (JOCIS). The first CREIMA summer school was a success not only in terms of organisation and the quality of submitted works but also regarding the vast geography of participants. CREIMA resulted in an excellent partnership between IMMAA and the University of Porto. There are already suggestions for organising of the next summer school. We will announce its location and the organising entity soon. Equally important was the launch of the first edition of the Journal of Creative Industries and Cultural Studies - JOCIS, for which IMMAA is a scientific partner. JOCIS - which has both online and print versions - was presented during CREIMA. We will publish our next Call for Papers at the end of September. This newsletter offers other interesting topics, such as the interview with Terry Flew - co-director of JOCIS - and a discussion about the future of creative economy by Ruth Towse. Enjoy the reading!*

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## Francisco Rolfsen Belda about upcoming Annual IMMAA Conference in São Paulo, Brazil

Francisco Belda is Brazilian journalist, professor and researcher, with expertise in editorial management, scientific journalism and in the use of digital media and technologies for education and local development. He holds a Bachelor's degree in Journalism from the Pontifical Catholic



University of Campinas, a Masters degree in Communication Sciences from the University of São Paulo (USP) and a Ph.D. in Industrial Engineering, also from USP, with the thesis "A structural model of educational content for interactive digital television". Prof. Belda is currently an Assistant Professor at the Faculty of Architecture, Arts and Communication (FAAC), at the São Paulo State University (UNESP), where he develops teaching, management, research and community extension activities.

### ***- In what way will IMMAA's conference contribute to the annual debate on media management in Brazil?***

Hosting the IMMAA Annual Conference is a valuable opportunity to establish an international knowledge exchange on the economics of media management. Brazilian universities have a strong tradition in studies addressing political economy of communication and also new languages and media content, but more specific scientific research on management and other administrative aspects of media companies is still underdeveloped in the country. Having qualified experts in this area at UNESP will offer a great opportunity to stimulate this area of study in Brazil.

### ***- Could you please tell more about the rationale behind choosing Sustainability, Value Creation and Public Politics as the conference theme? How do these topics relate to each other and how they fit into the context of Latin America?***

Sustainability is a keyword in the current economic landscape of media industries. Both large and small companies face the challenge of balancing and keeping their operations viable while facing an accelerated transformation of their value chains. Seeking innovation and creating new value propositions that make products, services and business as a whole more attractive to consumers, investors and sponsors, is therefore a major challenge. These problems must be faced not only from market and entrepreneurial perspectives, but also from the perspective of the state.

Governmental agencies must develop public policies that define clear rules on issues such as

privacy, net neutrality, foreign capital in media companies equity, quotas for domestic content. Both government and civil society need to take a stand on these important issues.

***- What can Brazil, as stage for this conference, contribute to the international discussion on media management?***

Brazil is the fourth-largest online market in the world, after China, India and the United States. Brazil's 140 million web users constitute a massive audience for online videos, news distribution, social networking and e-commerce operations. São Paulo, where the conference will take place, is also a unique media center in the Global South, hosting the headquarters of four out of five major Brazilian television networks, two out of three national best-selling newspapers, and the country's largest publisher and Internet companies. Researchers from our main public universities and representatives of Brazil's most important media companies will attend the conference to present their views on the challenges for the industry. They will address topics such as regulation of digital broadcasting, political polarization in digital media, new ways of financing the communications business, the ecosystem of startups, and the quest to differentiate quality journalism from Internet cacophony, among other issues. In addition, we consider this conference as an opportunity to foster bilateral talks with research groups from China and other countries, as a way to understand common challenges of our respective media landscapes.



***- What are the most controversial and urgent debates one can expect from this conference?***

There are many controversial and urgent issues under discussion at this time and they all dialogue in some way with the central theme of the conference: media sustainability, value creation and public policies. I believe that among the most important subjects are the following: competition and / or cooperation in media markets, the role of venture capital and crowdfunding in media finances, public

policies and state subsidies for media, media concentration and policy responses, social responsibility in media industries, and metrics and methods for assessing performance for media companies.

***- What expectations do you and UNESP have regarding the impact of the IMMAA conference on the Brazilian universities and the academia?***

São Paulo State University (UNESP) is one of the largest and most important Brazilian universities. It hosts the country's first interdisciplinary graduate program on media and technology, assembling teaching and research from different fields, including communication, design, computer sciences, education and engineering. Our next challenge is to deepen our academic initiatives and international collaboration in the field of media management and economics, along with other important Brazilian universities, such as the University of São Paulo (USP) and the State University of Rio de Janeiro (UERJ). It's also relevant that in 2014, Brazil hosted the 11th World Media Economics & Management Conference (WMEMC), the leading biennial meeting of the global community of media business scholars, at UERJ. Therefore hosting the IMMAA Annual Conference will be an important next step to connect our local institutions to the leading academic circles of media economics and management research.

# European Journalism Training Association Teachers' Conference 2017 «Journalism Education across Borders»

On October 19-20, 2017 the Faculty of Journalism, Lomonosov Moscow State University (Russia) will host annual teachers' conference of European Journalism Training Association (EJTA).

The topic of the 2017 EJTA's conference is 'Journalism Education across Borders'. The choice of topic was to a large extent determined by current changes in roles and functions traditionally performed by journalists in media companies and in the society. Globalization, digitalization, mediatization, deprofessionalization of journalistic activities, the shift to different business models, as well as the remaining national specifics of media systems across the globe, influence those roles and bring up the question of how journalism should be taught in a rapidly changing reality.

Another important issue to consider is the new set of competences that journalists and media managers should possess in order to cope with the changing reality and remain in demand on the media market. The conference will address the issues of new skills and competences of journalists, the demarcation between professional and non-professional journalists, current state of media markets across the globe and the role of journalism education in allowing for their sustainable development.

During plenary sessions and section meetings, participants will discuss journalism education in a global context, putting particular emphasis on professional, social, ideological, cultural, managerial and economic conditions, influencing the way journalists are educated today across the world. The event will coincide with the meeting of the Forum of European Journalism Students in Moscow (FEJS), which will facilitate discussions about journalists' education from both academic and student perspectives.

The Program and Organizing Committees of the conference are headed by the Dean of the Faculty of Journalism Professor Elena Vartanova, and the President of EJTA Dr. Nico Drok.

## *MSU Faculty of Journalism*



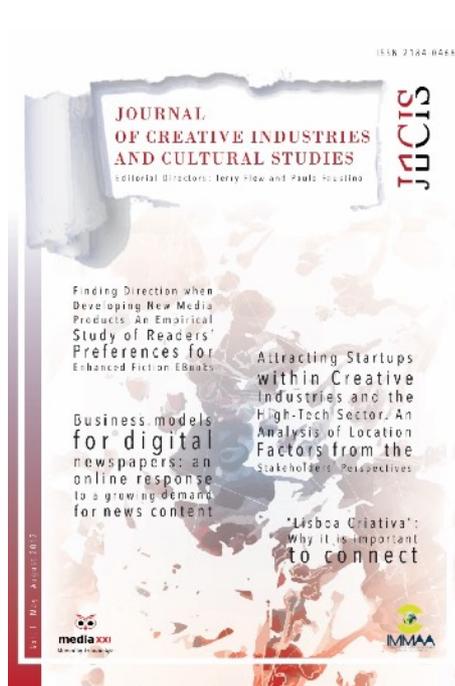
*Photos from the  
previous IMMAA  
annual conference  
in Moscow in  
October 2016*

Deadline for registration and abstract submission is July 25, 2017.

More detailed information on the conference and registration is available online at [www.moscowreadings.com](http://www.moscowreadings.com) and [www.ejta.eu](http://www.ejta.eu). Please address any questions you might have to the Local Organizing Committee which can be reached at [ejta2017@mail.ru](mailto:ejta2017@mail.ru) or by phone +7 (495) 629 52 76.

## JOCIS's First Issue is Out

Journal of Creative Industries and Cultural Studies (JOCIS), Vol. 1 (May-August 2017) came out this summer. It is the first issue of JOCIS. The issue was guest-edited by Professor Terry Flew and Dr Paulo Faustino. Terry Flew is Assistant Dean (Research) and Professor of Media and Communication in the Creative Industries Faculty, Queensland University of Technology, Brisbane, Australia. Paulo Faustino is PhD and PostDoc at Faculty of Arts and Humanities, University of Porto; Centre for Research in Communication, Information and Digital Culture CIC Digital (Porto and Lisbon) and Columbia Institute for Tele-information (CITI), Columbia University Business School.



The first issue contains four peer-reviewed research papers, two research reports, a discussion on the prospects of Italian creative industries with a distinguished Italian academic Professor Marco Gambaro, and two book reviews.

The first paper of the issue is “Attracting Startups within Creative Industries and the High-Tech Sector”, authored by Prof. Dr. Uwe Eisenbeis and M. Sc. Andrea Bohne. The second paper is “Finding Direction When Developing New Media Products” by Tanja Eiff and Heinz-Werner Nienstedt. The third paper is “«Lisboa Criativa»: Why it is Important to Connect”, written by Carla Moreira Martins Barros. The fourth research article is “Business Models for Digital Newspapers”, authored by Blanco Piñeiro Torres. This issue of JOCIS also includes a report about Italian cultural and creative industries, elaborated by Fulvia Santovito, and a report on creative clusters approached through the interplay between organisational management and urban studies, written by Dinara Tokbaeva, University of Westminster.

The suggested readings of this issue of JOCIS are *What Society Needs in the Age of Digital Communication*, by Robert G. Picard and *Media Corporate Entrepreneurship*, by Robert G. Picard, who is a professor at U.S. and European universities, is a world-renowned specialist on media economics and policy and media business challenges in the digital age. Dr. Min Hang. Dr. Min Hang is an Associate Professor for Media Management and Economics at School of Journalism and Communication, Tsinghua University, China. Picard’s book talks of the role of media and communication platforms that are increasingly serving as the primary location in which contemporary identity, culture, and values and norms are manifested and contested. Picard talks of how the changing nature of communication affects the media, and how society might work to ensure that the media meet social needs. Hang’s volume provides an overview of an often-overlooked subject of entrepreneurship within corporate media organisations. Hang’s book offers valuable insights into how media corporate world works.

JOCIS is anchored in a large and highly qualified international team that encompasses not only some of the world's leading academics and experts on the Editorial Board, but also an editorial support team with representatives in various geographies.

The next issues of JOCIS are planned to have the similar structure as the first issue: there will be 3 issues per year, each to contain 4 to 5 research papers; an interview with a specialist and/or an article by invitation; a report on the state of the art of creative industries, regions and cities; and book reviews. This journal is intended to run not only in the corridors of universities, but around the world, which is why it will be possible to access JOCIS issues via Amazon – in digital and printed version via print-on-demand - as well as physical bookstores globally.

## Call for Papers

### JOCIS invites contributions to the next issue

JOCIS is a Scientific Journal, created by MediaXXI publishing house, aimed at creative and cultural industries and studies, focused on academia but also oriented at market professionals – all those eager to stay informed and expand their knowledge.

The JOCIS invites original, unpublished, quality research articles/case studies in the fields of creative and cultural studies for its September/October/November/December issue.

#### **CHARACTERISTICS:**

The JOCIS copies are available for print and digital reading. Printed issues will also be available through Amazo. Printing on Demand and in selected book stories, including MediaXXI website.

#### **MANUSCRIPTS SUBMISSION DEADLINE:**

15th August 2017

#### **GENERAL TOPICS:**

Media & Communication in Creative Industries;  
 Publishing Market: present and future;  
 The Economy of Arts and Culture;  
 Marketing in Creative and Cultural Industries: specificities;  
 Management of Creative and Cultural Industries;  
 Entrepreneurship;  
 Clusters in Cultural Industries: impact and main issues;  
 Relation between academy and market;  
 Creative Cities;  
 Technology applied to Creative Industries;  
 Popular Culture and Culture consumerism;  
 Theories and Methods in Cultural Studies;

Intercultural Communication;

Culture, leisure and tourism;

Empowerment and development of the market in cultural and creative industries;

All papers must be submitted via email. If you would like to discuss your paper prior to submission, please refer to the given contact details. Papers will be published in English, however we accept papers in other languages and provide translation for accepted papers.

Cover letter: for every submission we kindly ask you to attach a letter confirming that all authors have agreed to the submission and that the article is not currently being considered for publication by any other journal.

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All authors should confirm that the manuscript is not currently being considered for publication by any other journal and retain a copy of their manuscript.

For more information, please visit the website: <http://www.mediaxxi.com/jocis>.

## Terry Flew about Creative Industries



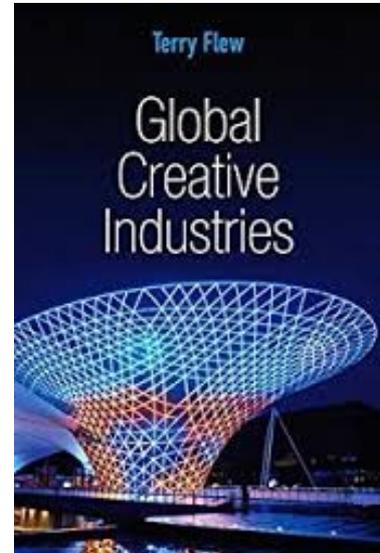
Terry Flew is Assistant Dean (Research) and Professor of Media and Communication in the Creative Industries Faculty, Queensland University of Technology, Brisbane, Australia. He is the author of eight books, including *Media Economics* (Palgrave, 2015), *Global Creative Industries* (Polity, 2013) and *The Creative Industries, Culture and Policy* (Sage, 2012).

***- Could you please comment on differences and similarities of the two concepts – cultural and creative industries?***

The difference is partly historical. The term ‘culture industries’ comes from the Frankfurt School of philosophers, who saw culture as a mechanism for large-scale ideological integration of the working classes into the system of monopoly capitalism. Alongside that, cultural artefacts were increasingly being produced on an industrial scale, particularly in the entertainment sphere,

where Hollywood, Tin Pan Alley etc. resembled a factory to these theorists, with a rigid division of labour and tasks, and the endless production of novelty within what were tightly set parameters. Interesting, the migration of this paradigm from Europe to the United States occurred primarily through California, with Herbert Marcuse's *One Dimensional Man*, written in 1964 while he held a Chair at UC San Diego, being vitally important.

From the late 1970s, this essentially gloomy prognosis for culture and its integration into economic systems came under challenge. Authors such as Augustin Girard and Bernard Miegue in France, and Nicholas Garnham in the UK, started to insist that we look at cultural industries in the plural, that we understand the distinctive dynamics and value chains of particular industries and sectors, and that we give at least some credit to the managers, creative producers and entrepreneurs in these industries themselves for being able to anticipate and respond to mass audience tastes. This work also often had a policy focus. With Garnham, for instance, he was advising the left-wing Greater London Council on how to grow jobs and opportunities for the city's cultural industries. This standpoint became particularly influential in the UK in the 1980s, as city authorities looked to culture as providing new economic opportunities in the face of large-scale deindustrialisation during the Thatcher years.



The term 'creative industries' first emerged with the Tony Blair-led 'New Labour' government in the UK in 1997. The idea is said to have its roots with the Australian government's Creative Nation cultural policy statement, released by the Keating Labor government in 1994, although it clearly also had connections to the 'municipal socialism' that was being developed in cities such as Manchester, Liverpool and Sheffield. It focused more explicitly on the economic opportunities presented by culture, as well as how it would be changed by digital technologies.

The creative industries 'template' took root in many countries, including Australia, New Zealand, Singapore, Hong Kong, South Korea and South Africa. In Europe, the preferred formula was 'cultural and creative industries', and this was also the case in China, where there was an important upsurge of engagement from the mid-2000s, particularly in urban centres such as Beijing, Shanghai and Shenzhen.

Looking back over two decades of the creative industries concept, there tends to be two main lines of criticism. The first is that it sidelines the arts in favour of the commercial and digital content industries. This can be true, but it is no less true that focusing cultural policy solely upon the arts can sideline emergent digital content industries such as animation and games. There is a need for a holistic approach to cultural policy, that recognizes its interconnections with a range of fields, from education and health to digital infrastructure and urban and regional planning.

The second concern is that it overly privileges economic concerns, focusing upon market value to the detriment of social, cultural, aesthetic and other forms of value, in a way seen as symptomatic of neoliberal influences in public policy. In this respect, it is important to understand how debates have evolved over time. For instance, the initial focus on creating jobs in the creative industries lost sight of the significance of precarious labor, and the job insecurities facing creative workers. Similarly, ideas about creative cities and urban hotspots neglected rising social inequality in

cities, and the ways in which urban cultural development could drive out the lower and middle income people from these cities, thereby threatening the very cultural diversity that had initially been a catalyst to creativity.

***- What, in your opinion, is an ideal of a manager working in the creative industries company in terms of qualities, skills, experience and knowledge?***

A key attribute is to be entrepreneurial, but at the same time to be ethical. Being innovative in the application of capital, labor and other resources to meet market demand, while at the same time being prepared to be innovative within an organization and to take risks, are critical. But entrepreneurship need not simply be about starting new businesses. There is social entrepreneurship, cultural entrepreneurship, political entrepreneurship, ideas entrepreneurship, and so on. The key issue is the preparedness to view possibilities in a different way, and to work hard to act on those opportunities.

One of the difficulties with the term ‘entrepreneur’ is that it is often associated with cut-throat behaviour, and a dog-eat-dog culture. If we think of Uber, for instance, it has transformed the world of personal transportation, but the ethical dimensions of its practices have long been contested. So a preparedness to make a stand around ethical conduct, and to mirror such ethics within your own organization, is no less critical than the preparedness to take risks.

***- Could you please name leaders – countries, cities, companies – in development of creative industries?***



A key thing to understand about creative industries is that, over a 20-year period of evolution, the concept is increasingly intermeshed with digital technologies and the digital economy. So the leaders in creative industries today are also expected to have undertaken a digital transformation of their core business.

South Korea provides a fascinating case in point. The Asian economic downturn of the

late 1990s hit South Korea hard, but it also provided a catalyst for the development of new creative and digital businesses that became known, a decade later as Hallyu, or the ‘Korean Wave’. Importantly, the Korean government maintained a consistently high level of investment in broadband infrastructure throughout this period, meaning that cities like Seoul had the fastest connectivity in the world. This enabled digital content producers and consumers to interact rapidly, promoting domestic innovation in fields such as animation and games.

In terms of cities, much has been written about the ‘hipster’ cities of the world, such as Berlin, Amsterdam, Melbourne, Austin, Portland and others, and the rise of artisanal practices and ‘maker’ cultures. But I think it is misleading to focus only upon the hip inner city areas, not least because the dynamics of urban economies often see people engaged with the arts and culture

driven out by rising property prices. London and San Francisco provide two salutary warnings in that regard.

We should also be looking for creativity in the suburbs, the ‘bedroom entrepreneurs’ who are using digital technologies and the Internet to reach global audiences. Many of them will live in the more affordable places, which tend to be less hip and somewhat off the global map. In Australia, this can mean the more suburban cities and regions such as Brisbane, Perth and the Gold Coast. In the US, recent work has been pointing to the thriving of places outside of New York and Boston, such as New Haven and Burlington, where creative people have been relocating in search of a better and more affordable quality of life, as well as spaces where greater serenity and a sense of community have been beneficial to creative endeavours.

***- Could you please give several examples of creative clusters in the regions?***

The National Endowment for Science, Technology and the Arts (NESTA) did a study of creative clusters in the U.K., which provides a good case study for developments elsewhere. In the report, titled *The Geography of Creativity in the U.K.* (NESTA, 2016), they found two types of successful creative clusters. The first, which are the most well known, are the hip urban centres such as Cardiff, Brighton, Bristol and Edinburgh. These are centres for the arts and culture, and are also typically major university centres.

But there is a second group, that are typically less ‘hip’ and more suburban, that have become centres of the digital industries. The areas around Oxford and Cambridge are examples, but there are also far less ‘edgy’ places such as Aldershot, Peterborough, Reading and Milton Keynes on the list. As the growth of global cities continues apace, and the ever-rising cost of living in cities such as London, New York, Hong Kong and Sydney drives out all but high-income earners, there will be the growth of creative clusters outside of these major urban agglomerations, particularly if public policy also supports a degree of decentralization.

***- You are speaking about global creative industries. But how the digital divide still existing between countries at the global scale affects development of such industries? Is it possible to generalize the concept?***

In the industries that we speak of as creative industries, they do increasingly operate on a global scale. If we take fashion as an example, there is global sourcing of materials and global supply chains of production and distribution, even when this combines with local, street-level entrepreneurship and design practice. The tech giants are clearly global, and the size and reach of Google, Facebook, Apple, Amazon, Netflix and others are now quickly eclipsing the traditional ‘copyright industries’, raising the concerns about who will produce the content of tomorrow and the fear of jobless growth.

On a global scale, there is definitely a digital divide and a wealth gap, and uneven development on a global scale. Globalization is a two-edged sword: it simultaneously makes access to global culture more readily available, and promotes cultural consumption by having a positive impact on average incomes, but it also exposes local culture to greater global competition, particularly from the giants of the digital platform industries and ‘Global Hollywood’.

Recent analyses of the creative economy by UNESCO, UNCTAD and others have noted the potential for local creative development strategies to piggyback off digital technologies to bring grassroots creativity and enterprise to global markets. The remarkable success of the Nigerian film industry – ‘Nollywood’ – is a case in point. Its global success has come out of ultra low-

budget film-making and distribution through unconventional channels. A creative economy strategy of this sort is partly about acknowledging that the 'global market' is not a homogeneous thing. In the case of Nigerian film, for instance, it draws upon a large global Nigerian diaspora, as the Indian film industry has also done historically, and reached out to other audiences from that base. The success of the Jamaican music industry from the rise of reggae as a global form in the 1970s is another case in point.

For such creative economy strategies to work, the role played by nation-states is critical. It is certainly possible for public policies to inhibit the development of local creative industries. Excessive state censorship, corrupt public officials, and a sense that culture is not a part of the 'real' economy, are all inhibiting factors in a number of countries. The point made by UNESCO and others is that, with a coordinated policy approach, the creative economy can deliver on economic, social and developmental outcomes at a fraction of the cost of approaches that focus on heavy industries or large-scale resource extraction.

But it requires real policy wisdom and commitment, and a key part of that is knowing the difference between facilitation and intervention. Historically, economic advancement has been associated with developmental states such as Singapore, but that model may be too top-down and authoritarian for the creative industries to properly flourish. An enabling state, that balances public sector initiatives with a vibrant civil society, provides the best pathway to promoting the creative industries in developing nations.

## The Creative Industries and Media Management Course (CREIMA)

Porto, Portugal, 3-6 July 2017

The Creative Industries and Media Management Course (CREIMA) is an international summer school supported by CIC.Digital (Centre for Research in Communication, Information and Digital Culture), University of Porto and IMMAA – International Media Management Academic Association.



CREIMA took place on July 3-6 at University of Porto. It was an opportunity for students, researchers and professors to gather in one place to present and discuss results of completed as well as ongoing research projects, social projects and PhD theses in the fields of creative industries and media.

In order to foster networking and debate, several reputed teachers were invited to deliver a keynote speech at the conference to ensure constructive conversations and inputs on the topics covered.

Among the teachers invited to CREIMA this year were Mónica Herrero, Professor at the School of Communication of the University of Navarra; Ruth Towse, Professor of Economics of Creative

Industries at Bournemouth University and Co-Director of the Centre for Intellectual Property Policy & Management; Terry Flew, Professor of Media and Communication (Creative Industries) at Queensland University of Technology and Eli Noam, Professor of Economics and Finance at the Columbia Business School.

The first two days of CREIMA took place at the ID building of the Faculty of Arts and Humanities (FLUP), University of Porto. The first day started with an opening session hosted by Professor Paulo Faustino, President of IMMAA and member of CIC.Digital, and ended with a welcoming dinner after a field trip to RTP, Radio and Television of Portugal. Still during the first day, Professor Ruth Towse gave the first of two lectures titled “Creative Economy: Social and



Economic Developments and Policy”. It was a lecture about economics of copyright and its importance for the Creative Industries. The second day was opened by one of the guest lecturers, Professor Mónica Herrero with a presentation titled “Tendencies and Strategies in Digital Media and Production and Creative Projects”, where the different types of goods were presented. The talk focused on technology innovation and the importance of the end user. This second day ended with another field trip to the iconic and international location called the Lello Bookshop. It is famous for inspiring J. K. Rowling’s Harry Potter.

On the third day, CREIMA events took place at Vilar Seminar, a 19<sup>th</sup>-century building with a view to the Douro River. This session started with a presentation by Ruth Towse titled “Creative Economy: Social and Economic Developments and Policy”, her second intervention during this course. This second lecture focused on policy making, the measurement criteria used to quantify employment in the creative industries and also on copyright law. After the morning sessions, the afternoon was spent on yet another visit, this time to CEIIA – Centre of Excellence to the Innovation of Automotive Industry, an innovative centre whose works range from mobile to aeronautics.

The fourth and final day of the international summer school took place at the Vairão Campus (part of University of Porto), located in the coastal town of Vila do Conde. The first session was held by Terry Flew, who spoke about “Digital Media Platforms and their Challenge to Media Policy: A Stakeholder Analysis Perspective”, an interesting view on the stakeholder analysis. Terry Flew’s volume on this topic is soon to be published. In the afternoon, the closing session of this event was held by Eli Noam, who delivered a lecture about the financing of creative companies and media. The ‘money side of media’ isn’t studied as much as other areas related to the media industry, so Eli Noam brought some interesting examples about media funding, namely in the film industry, as well as other insights on funding options.

To ensure networking, a social gathering took place at the end of the sessions. With the Vairão Campus pool as a backdrop, this social networking event was also attended by some students of the Doctoral Program in Digital Platforms.

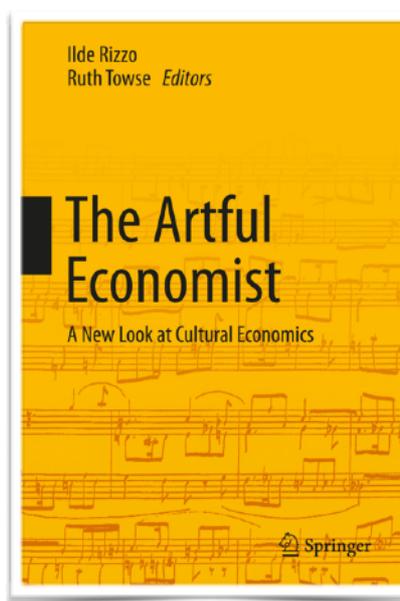
The closing moment of CREIMA occurred at the Vilar Seminar, back in Porto, with a dinner aiming at more networking and serving as a bridge to TOCREA (International Conference of Tourism and Creative Industry Promotion), an event that took place on July 7-8.

## Literature Recommendations

### The Artful Economist: A New Look at Cultural Economics

Edited by Ilde Rizzo and Ruth Towse

Springer International Publishing, Switzerland (2016)



The *Artful Economist: A New Look at Cultural Economics* is a volume co-edited by distinguished academics, Ilde Rizzo, Professor at the Department of Economics and Business, University of Catania, and Ruth Towse, Professor of Economics of Creative Industries at Bournemouth University. The volume published by Springer in 2016 highlights the most relevant and recent debates in the field of cultural economics. In the times when cultural industries are severely disrupted by the digitisation, regulation and political challenges, a new look at cultural economics arouses as a necessity. What does the new look entail? This volume which consists of three parts that encompass a broad range of themes including public finance or subsidy for the arts; welfare economics; public-private partnership; economic effects of technology on demand and supply; the finance of arts and heritage; innovation in cultural industries and cultural heritage policy. Sector-wise, this volume offers insights into managing public-service broadcasters,

opera, museums, and the music industry, to name a few. This book will take you on a journey to the timeliest debates on cultural economics. It is devoted to the memory of Professor Sir Alan Peacock, who immensely contributed to the field of economics and who was an admirer and participant in the arts and a keen amateur musician.

## Discussion: A Future for the Creative

### Economy by Ruth Towse

CIPPM, Bournemouth University CREATE Fellow in Cultural Economics, University of Glasgow  
[ruth.towse@gmail.com](mailto:ruth.towse@gmail.com)

The rise of digital platforms has transformed the possibilities for the supply, demand and finance of creative products (ranging from art, archives, broadcasts and books to live music, opera and theatrical performances). Products of the creative industries which embody copyright works are now universally capable of being made available in digital form, while some also remain in 'analogue' form. With discussions taking place on the future of copyright law and how to reform it to meet these developments, it is important to link the economic literature to thinking about the future shape of markets for copyright works in the creative industries. Many of the topics studied in the economic theory of industrial organisation – platform pricing, network effects, long tail, price discrimination, customization – clearly apply to markets for creative goods.



There is undoubtedly a greater supply of creative goods and services which are cheap and easily accessible to consumers. To economists this in itself is welfare enhancing. On the supply side, however, there are concerns about finance for the primary creation of cultural goods and the increasing concentration of their distribution in the hands of entities that have little investment in their production or even interest in them. While the former incumbent firms in the creative economy, such as record labels, have

lost out to the providers of services using new technologies, there are new incumbent players, whose role (if any) in incentivising cultural creativity is different.

The growth of cultural supply has increased due to two basic features of the digital creative economy: one is the considerable reduction on the cost of producing, promoting and distributing creative goods and services and the other is the access that digitization and the internet offer to creators to self-publish and promote their work. Intrinsic motivation of creators and performers has flourished in these conditions, raising questions on the one hand about the quality of unmediated output and on the other about how sustainable the model is. Again, this has implications for copyright. Some evidence suggests that those who achieve success online may turn to the traditional gate-keepers for finance and services of production and distribution; that suggests that the superstar/winner-takes-all tendencies of cultural markets may thereby even be strengthened. But it is also the case that new technologies and business models can be adapted by creators and performers for developing their careers for their own purposes rather than that of a commercial intermediary. Another aspect is the sharing of expertise in product development between different contributors with no commercial incentive in mind (another type of intrinsic motivation). What the role of copyright in this mode of supply is or should be is something that economists need to research.

The shift in control of distribution into the hands of online service providers gives rise to concern over two features: one, the ever-increasing oligopoly, even monopoly, power of these providers due to network and scale effects inherent in the technology, but also reflecting consumer behaviour; and second, the break of the link between creation, production and distribution, which affects revenues to creators and intermediaries. These features have implications for copyright as an incentive mechanism as well as for competition authorities.

The economic aspects of the effect of the switch to platforms on the production and consumption of creative content can be summed up as: the effects on costs and prices, including zero prices; the technological characteristics of networks and scale on markets and on the economic organization of production, including at the level of content creation; and the role of distributors, some of whom are self-publishing primary creators but more significantly, businesses that increasingly are not the incumbent intermediaries. The economics of platform pricing and non-price competition has become complex with implications for both creators and intermediaries as well as for regulators (competition authorities and copyright policy-makers).

For economists one of the most significant changes has been to business models as licensing takes over from sales, resulting in the development of two-sided, even multi-sided, markets. So far the main action has been competition between freemium and subscription models, with several types of the latter, such as ‘à la carte’ and ‘all you can eat’. In both, content is bundled, increasing consumer choice while at the same time blunting the incentives to the creators, who are paid a uniform (low) royalty. Two-sided markets in which advertisers play a significant role in financing distribution, in which ‘poorer’ consumers tolerate the ‘bad’ of advertising to obtain the goods they wish to access, are becoming vulnerable to developments such as adblockers that reduce the incentive to this form of finance. For some goods and services, that might suggest government intervention to ensure supply to achieve cultural policy objectives.

The role of intermediaries as gate-keepers and financiers has changed; online quality evaluation is now provided by aggregators and as costs of production and marketing via internet have fallen, self-publishing has become feasible and even profitable for some. It remains to be seen if this trend continues and whether markets for content become more or less dominated by superstar/ winner-takes-all effects. Cultural economists tend to believe they will, based on the analysis of markets in the creative industries and consumers’ switching costs. This has welfare implications for cultural diversity and policies for protecting national cultures. On the other hand, new entrants and multi-homing can counteract the effects of concentration. Though there is concern about remuneration to artists, there is also hope that the tide will turn.

Overall, there is of consensus among economists about the effects of digitization and the internet on the creative economy. Perhaps predictably, economists differ as to the ability of market forces alone to bring about an overall improvement in welfare from ongoing innovation and adjustment in the creative economy in the medium to long run. Some have greater faith than others in the ability of market incentives and innovation to overcome perceived negative effects of digitization and the internet but those who incline more to intervention through competition, copyright and cultural policies also recognize that the dynamic effects of technological and business model innovation make intervention difficult to gauge. Overall, the implication for copyright is that, on balance, there is no case for increasing the copyright standard and, if anything, it makes the case for weaker rather than stronger copyright enforcement. The main reason is the reduction in costs of producing and distributing content and the increased benefits to both consumers and producers of network effects. On welfare grounds that undermines claims for greater protection.

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