

# Global watch on culture and digital trade

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## CULTURAL MARKETS AND WORLDWIDE ACTIVITIES OF ONLINE PLATFORMS: A STATE OF PLAY

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Analytical report, April 2021

The April report firstly highlights the key trends in the global music and audiovisual markets in the context of lockdown measures due to the COVID-19 pandemic. Secondly, it analyzes various activities of online platforms in different institutional contexts, such as in Southeast Asia, in South Africa, and in Italy. Thirdly, it turns to several policy initiatives regarding the governance of online platforms. The focus will be on India, the United Kingdom (UK) and the European Union.

### Global revenues of cultural markets in the context of COVID-19 pandemic

#### Music market

According to the International Federation of the Phonographic Industry (IFPI), global music sales grew for the sixth consecutive year in 2020, with total revenues rising 7.4% to 21.6 billion USD. Whereas the lockdown measures in the context of COVID-19 pandemic have devastated the live music industry, 2020 was not such a disastrous year for the recorded music sector.

The “[Global Music Report 2021](#)” showed that growth was driven by streaming (including both paid subscription and advertising supported), which grew 19.9% year-on-year to 13.4 billion USD and now represents 62.1% of total global revenues (see Table 1).

Within that, the number of paid subscription accounts increased 29.9% to 443 million. Among the world's regions, excluding Japan, which saw a decline of 2.1% in revenue, Asia is the fastest-growing region, with remarkable growth of 29.9%, followed by Latin America (+15.9%), where streaming revenues grew by 30.2% and accounted for 84.1% of the region's total revenues. Among national markets, South Korea is up 44.8% year-on-year, confirming the exceptional popularity of K-Pop.

With respect to live music industry including music sponsorship and music ticket sales, the projected figure for 2020 is 10.42 billion USD compared to 28.97 billion USD in 2019.

Revenues (in USD) / Year	1999	2002	2008	2012	2013	2015	2017	2019	2020
Total physical revenues	25.2	21.9	11.8	7.5	6.7	5.7	5.2	4.4	4.2
Total streaming	-	-	0.3	1.0	1.4	2.8	6.5	11.4	13.4
Downloads and other digital	-	-	3.4	4.4	4.3	3.7	2.6	1.5	1.2
Performance rights	-	0.7	1.2	1.6	1.8	1.9	2.3	2.6	2.3
Synchronisation revenue	-	-	-	0.2	0.3	0.4	0.4	0.5	0.4
<b>Total revenues in USD</b>	25.2	23.4	16.7	14.7	14.4	14.5	17.0	20.2	21.6

## Audio-visual market

According to the "2021 Global Report" released by the Motion Picture Association, the global box office market for all films released in each country around the world was 12 billion USD in 2020, down 72% over 2019's total, due to theater closures during the pandemic. On the flip side, the home/mobile entertainment market (content released digitally and on disc) reached 68.8 billion USD globally, a 23% increase compared to 2019. The global total of online video subscriptions (1.1 billion), such as Netflix and Disney Plus increased by 26% comparing 2020 to 2019. Finally, the number of cable subscriptions decreased by 2% in 2020.



It's worth mentioning that Disney Plus reached 100 million subscribers 16 months after it launched, whereas early 2021 Netflix reported more than 203 million subscribers worldwide. Overall, Disney Plus gained around 70 million subscribers in 2020 and Netflix accumulated 37 million.

## Worldwide activities of online platforms

### **Southeast Asia**

According to a report published by Media Partners Asia, Korean and US content constitute the core of online video content consumption across Southeast Asia and they contribute 34% and 30% respectively of online video streaming minutes overall. Korean content demand is strongest in Singapore and Indonesia, where it accounts around 38%, whereas US content demand is strongest in the Philippines, accounting for 38% of streaming minutes. Netflix and the Hong-Kong based platform Viu are at the forefront of Korean content distribution in the region. Local content represents 13% of overall streaming minutes in 2020. The report's focus was on four Southeast Asia markets: Indonesia, the Philippines, Singapore and Thailand.

In addition, Chinese online video platform iQIYI, subsidiary company of tech giant Baidu, aims to launch a talent agency in Southeast Asia in order to identify and train talent in the region and showcase them in its productions, with an emphasis on performers from Singapore, Malaysia, Thailand, Indonesia and the Philippines.

Finally, in support of the Alliance for Creativity and Entertainment (ACE), the Thailand's Department of Special Investigations ceased all the operations of the unlicensed paid IPTV/Video on Demand (VOD) service FWIPTV. The FWIPTV was one of the most popular infringing websites offering video-on-demand content and live streaming in Thailand. The ACE is a worldwide association fighting against online piracy and bringing together Hollywood studios, such as Disney and Paramount, VOD streamers, like Netflix and Amazon, and public and private broadcasters, such as BBC, Telemundo and Canal Plus.



## South Africa

Netflix and the National Film and Video Foundation in South Africa announced a new partnership seeking to fund the production of South Africa 'micro-budget' feature films. The agreement includes a funding of R14 million (around 9.5 million USD) from each partner, which will allow the production of six local films funded, including four feature films with a budget of R4 million (2.7 million USD) each and two feature films with a budget of R6 million (4.1 million USD) each. All six films produced from this partnership will premiere on Netflix first.

In addition, VOD service Britbox announced plans to launch in South Africa in the second half of the year. The ITV-BBC joint venture, offering classic and current British television series and other content, is already available in the US, Canada, the UK and most recently in Australia.


## Italy

Google signed a license agreement with various Italian publishers to offer news content through News Showcase, a program where the Californian tech company pays to curate news content from publishers. The agreement was signed with several national news outlet, including RCS Mediagroup, which publishes daily Corriere della Sera. Google has already launched News Showcase in Germany, in Brazil, in the United Kingdom, in Argentina and in Australia.

## Regulation of online platforms

### India

Over the coming year, Netflix will release its biggest roster yet of Indian films and shows, including 40 local productions and amounting to an important increase over the 400 million USD Netflix spent on Indian content in 2019 and 2020. However, end March, India's minister of Electronics and Information Technology said that VOD platforms, such as Netflix, Amazon Prime and Disney Plus, will have to be "responsible and accountable" for their content in the framework of a new law that requires platforms to remove content flagged by authorities.



The law prescribes a three-levels grievance mechanism for VOD services and social media platforms. The two first levels include self-regulation by the platform, followed by the third level of oversight through an interdepartmental committee constituted by the government. As such, the new regulations could lead online platforms to comply with authorities' surveillance and censorship requirements. It's worth mentioning that recently, a senior Amazon Prime executive was questioned by the police over a complaint filed against the platform's political drama series Tandav for offending religious sentiments.


### **European Producers Club**

The Paris-based European Producers Club (EPC) released a Code of Fair Practices for streamers, with respect to their commissioning content from independent producers. In the framework of the transposition by Member-States of the Audiovisual Media Services Directive of the European Union, the code recommends new rules of engagement with major streaming services, such as Netflix, Amazon Prime Video and Disney Plus. The Code includes four basic principles: (i) fair and proportionate remuneration and economic participation for producers; (ii) producers' contribution and right to participate in future derivative works; (iii) transparency and accountability; (iv) public benefits and fiscal incentives.

The EPC is an association of 130 independent film and TV drama producers from all over Europe. The Code follows an open letter signed in late October 2020 by more than 500 European producers and directors, demanding a new normative framework for the global streamers.

### **United Kingdom**

A parliamentary inquiry into the state of UK public service broadcasters (PSB) and their challenges related to US streaming services has been published on March 25. The inquiry stressed that support for the principles behind public services broadcasting remains solid. However, the existing legislation based on the Communications Act 2003 is "no longer fit for purpose", insofar as it was enacted well before "the steep rise in popularity and availability of streaming and internet-delivered services".



In this regard, the inquiry, prepared by the Digital, Culture, Media and Sport Committee, pointed out the need to consider “whether the dominance of online platforms gives them undue influence over the distribution of, and, access to, PSB content” and to update the rules around prominence of PSB’s content. At the end, the [inquiry](#) includes a series of conclusions and recommendations.

#### Additional readings for the April report:

- Even famous musicians struggle to make a living from streaming – here’s how to change that, The Conversation, 16 décembre 2020, [Link](#).
- Music streaming : listening to playlists drives down the revenue of smaller artists, The Conversation, 27 mars 2021, [Link](#).

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- The future of public service broadcasting, Digital, Culture, Media and Sport Committee, 25 mars 2021, [Link](#).
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- Disney Plus has topped 100 million subscribers 16 months after it launched, Business Insider France, 10 mars 2021, [Link](#).
- Korean and US content dominate streaming consumption in Southeast Asia, Variety, 1er mars 2021, [Lien](#).
- Korean & US content power online video consumption as streaming minutes soar in 2020, Media Partners Asia, 1er mars 2021, [Link](#).
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- Netflix invests R14 million to fund 'micro' movies in South Africa, BusinessTech, 18 mars 2021, [Link](#).
- Google now pays 450 sites to bring you free news, including some paywalled stories, The Verge, 10 février 2021, [Link](#).
- Netflix plans big local content boost in quest for India edge, The Financial Times, 3 mars 2021, [Link](#).
- India's new rules for OTT platforms could lead an increase in content-related disputes, Business Insider India, 3 mars 2021, [Link](#).
- European Producers Club issues 'Code for Fair Practices' to change rules of engagement with Hollywood streamers, Variety, 17 mars 2021, [Link](#).

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