

MARKET ANALYSIS OF THE CULTURAL AND CREATIVE SECTORS IN EUROPE

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EXECUTIVE SUMMARY



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EXECUTIVE SUMMARY (1/4)

| | | |
|---|--|--------------|
| <p>The CCS represent a significant contribution to the EU economy in terms of value added, employment and number of companies</p> | <p>In the EU-27, Norway and Iceland, the Cultural and Creative Sectors (CCS) account for EUR 354 billion in terms of value added, i.e. 5.3%. In countries like Cyprus, Malta, Latvia and Sweden the CCS contribute more than 8% to the national value added. Over the period 2013 to 2020 the value added produced by the CCS has grown at a CAGR of 4.3%. The main driver is the Audio-Visual & Multimedia (AVM) subsector which makes up 2.7% of the overall figure in the EU-27, Norway and Iceland.</p> <p>Employment in the CCS and the number of CCS enterprises have grown strongly at an above 3.0% CAGR since 2013. On average the CCS employ 6.3% of the workforce in EU-27, Norway and Iceland, however, in countries like Malta, the Netherlands and Ireland this share exceeds 9%. CCS enterprises represent, on average across EU-27, Norway and Iceland 12.4% of enterprises.</p> <p>At the sub sectorial level, Performing Arts, AVM and Visual Arts enterprises combined represent 8.9% of the number of EU enterprise. The AVM subsector alone employs 2.2% of the workforce in the EU-27, Norway and Iceland, employment grew at a 5.5% CAGR since 2013.</p> | <p>13-20</p> |
| <p>The CCS' economic importance and robustness of companies is comparable to the ICT* and A&F* sectors</p> | <p>The economic importance of the CCS is similar to that of other sectors such as the Information and Communications Technology (ICT) and Accommodation and Food Services (A&F) sectors. Furthermore, important spill-over effects from the CCS to these sectors exists such as cultural tourism and digital services for music film and video games.</p> <p>In terms of company robustness, the survival rates of CCS companies after 1, 3 and 5 years of existence are above average when compared to a benchmark of services companies in the short and long run.</p> | <p>21-22</p> |
| <p>Digitalisation, the experience economy, collaborative and creative hubs, legislative changes for rights holders and an increased environmental awareness are shaping the CCS of tomorrow</p> | <ol style="list-style-type: none"> 1. The digital uptake increases access to cultural content and drives CCS growth as CCS content is increasingly consumed digitally through the internet, social media or new forms such as podcasts. In response to the shift towards digital consumption, advertisement is also moving away from traditional print media to the digital sphere. 2. Thought leadership and new narratives to promote ecological sustainability through collective movements uniting artists to take a stand on climate change and ecological emergencies is growing in importance in the community. 3. New forms of collaborations (cooperative project development between small companies/freelancers) lead to innovative models such as creative hubs and co-working spaces that can generate socio-economic development notably in urban areas. 4. A new regulatory framework unlocks new income generation opportunities notably through improved licensing of copyrighted content. 5. The CCS are an integral part of the experience economy and tourism and generate important economic spillovers. Additionally, cultural institutions (museums and theatres) across Europe are experimenting with new digital services in response to the COVID-19 pandemic. | <p>23-46</p> |

* ICT: Information and Communications Technology - A&F: Accommodation and Food services.

EXECUTIVE SUMMARY (2/4)

| | | |
|---|---|--------------|
| <p>The Books & Press subsector is increasingly moving to digital consumption models allowing publishers to develop new monetisation strategies</p> | <p>The value added of the Books & Press subsector declined at a -0.5% CAGR between 2013 and 2020 with the sector employing 1.4 million workers in 2020. The sector contributes on average 0.8% to the economy of the EU-27, Norway and Iceland in terms of value added while the average share of enterprises within these countries amounts to 1.4%.</p> <p>The subsector is increasingly moving from physical to digital: new formats enriched with audio-visual content (podcasts, audiobooks) are attracting consumers' attention. Publishers have started developing new monetisation strategies with new digital consumption and revenue models emerging. Additionally, a new neighbouring right for press publishers support publishers in claiming a share of the revenues generated by news platforms from traffic and advertisement.</p> | <p>48-61</p> |
| <p>The AVM subsector is the biggest in terms of value added and has seen strong growth notably in the video games segment. Overall subscription based business models are becoming the main AVM content access point</p> | <p>The value added of the AVM subsector grew at a 6.8% CAGR between 2013 and 2020 reaching EUR 177 billion. The subsector contributes, on average, 2.7% towards value added in each EU-27 Member State, Norway and Iceland. Employment in the AVM subsector grew at a 6.3% CAGR between 2013 and 2020 reaching more than 2.8 million workers. Between 2013 and 2020 the number of AVM enterprises increased by 264,235 reaching 684,203 in 2020.</p> <p>The subscription business model is gradually replacing the ownership model and becoming the main point of access for AV and music content. Likewise, in the mobile games industry, business models are constantly advancing in order to fully adapt to user preferences. Furthermore, the sector is adopting more sustainable solutions and implementing greener production and consumption practices.</p> | <p>62-76</p> |
| <p>The Visual Arts subsector which represents on average 0.5% of a EU-27 value added is shifting towards digital and more environmentally friendly business models</p> | <p>Visual Arts contributed EUR 31.6 billion to the value added in the EU-27, Norway and Iceland in 2020 representing 0.5% of the overall value added. The workforce of the Visual Arts subsector has grown at a 2.3% CAGR reaching 1.10 million workers in 2020 with more than half a million Visual Arts enterprises in the EU.</p> <p>Digital sales of artworks are on the rise as art galleries, auction houses and art fairs had to close down during the COVID-19 pandemic. Additionally, increased environmental awareness of consumers is pushing the fashion industry towards rethinking established practices impacting the whole product lifecycle.</p> | <p>77-86</p> |

EXECUTIVE SUMMARY (3/4)

| | | |
|--|---|---------------|
| <p>The Performing Arts subsector has seen the strongest growth in value added and employment. Digitalisation allows for new content production and consumption methods and revenue sources</p> | <p>The value added by the Performing Arts subsector has grown at a 7.2% CAGR between 2013 and 2020, the strongest among all CCS subsectors reaching EUR 32.1 billion in 2020 and representing on average a contribution of 0.5% towards the EU-27, Norway's and Iceland's value added. Employment in the subsector grew at a 4.3% CAGR between 2013 and 2020, reaching 1.46 million workers in a total of 827,230 enterprises (on average 3.6% of companies in each EU-27 Member State).</p> <p>Advancements in digital technologies are opening the doors for new ways of content production and distribution making creative content available to larger audiences, as well as creating more immersive experiences which might attract non-traditional audiences. As a result, digital consumption of performing arts content generates new revenue opportunities.</p> | <p>87-97</p> |
| <p>The Architecture subsector has seen a 6% CAGR growth in terms of value added. The advent of new digital tools is transforming the project design and presentation process creating new opportunities</p> | <p>The value added by the EU's Architecture subsector has grown at a 2.5% CAGR between 2013 and 2020 reaching EUR 22.5 billion in 2020. This represents, on average, 0.3% of each EU-27 Members State's value added. There are more than 275,000 architecture enterprises in the EU-27, Norway and Iceland employing approximately 523,266 workers. Furthermore, enterprises active in the Architecture subsector represent, on average, 1.1% of the total number of companies in EU-27 Member States, Norway and Iceland.</p> <p>New digital tools for architecture such as Virtual Reality (VR) are becoming an integral part not only of project presentation but also of the design process. 3D printing, automation and Artificial Intelligence (AI) create new opportunities for architectural design and prototyping. Moreover, the subsector is increasingly considering new practices to reduce the negative environmental impact of buildings by considering more efficient and eco-friendly uses of materials, energy, and relations with the surrounding space.</p> | <p>98-105</p> |

EXECUTIVE SUMMARY (4/4)

| | | |
|---|---|-----------------------|
| <p>The HAL subsector has seen growth in terms of employment and number of companies as the sector expands its digital offerings and contributes to territorial development and job creation in related sectors</p> | <p>The Heritage, Archives and Libraries (HAL) subsector employed 97,142 persons in 15,127 enterprises in 2020 throughout the EU-27, Norway and Iceland. Although the number of enterprises increased between 2013 and 2020 at a 2.8% CAGR, the number of workers declined by 12,391. The employment share of the HAL subsector amounts, on average, to 0.1% out of total employment in the EU-27, Norway and Iceland where the highest share can be found in the Netherlands (0.4%).</p> <p>Cultural heritage institutions are expanding their digital offering to enhance user experience and attract new audiences. In this regard, access and reuse of digital content can generate additional revenue streams for heritage institutions. Furthermore, beyond its cultural and social value, cultural heritage drives territorial development and job creation in a variety of economic sectors.</p> | <p>106-114</p> |
| <p>The Other CCS activities subsector has seen moderate growth in value added, employment and number of companies</p> | <p>The value added of the Other CCS activities subsector has grown at a 1.7% CAGR, between 2013 and 2020 reaching EUR 34 billion in 2020. On average, this subsector contributes 0.4% towards a EU-27 Member State's value added. Employment in the subsector also showed moderate growth (1.5% CAGR) between 2013 and 2020 with 0.7 million workers in 2020. The subsector accounted for 196,055 enterprises in 2020 which represent on average 0.8% of the total number of companies in EU-27 Member States, Norway and Iceland.</p> | <p>115-120</p> |

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INTRODUCTION

**DEFINITION OF THE CCS
AND SCOPE OF THE STUDY**

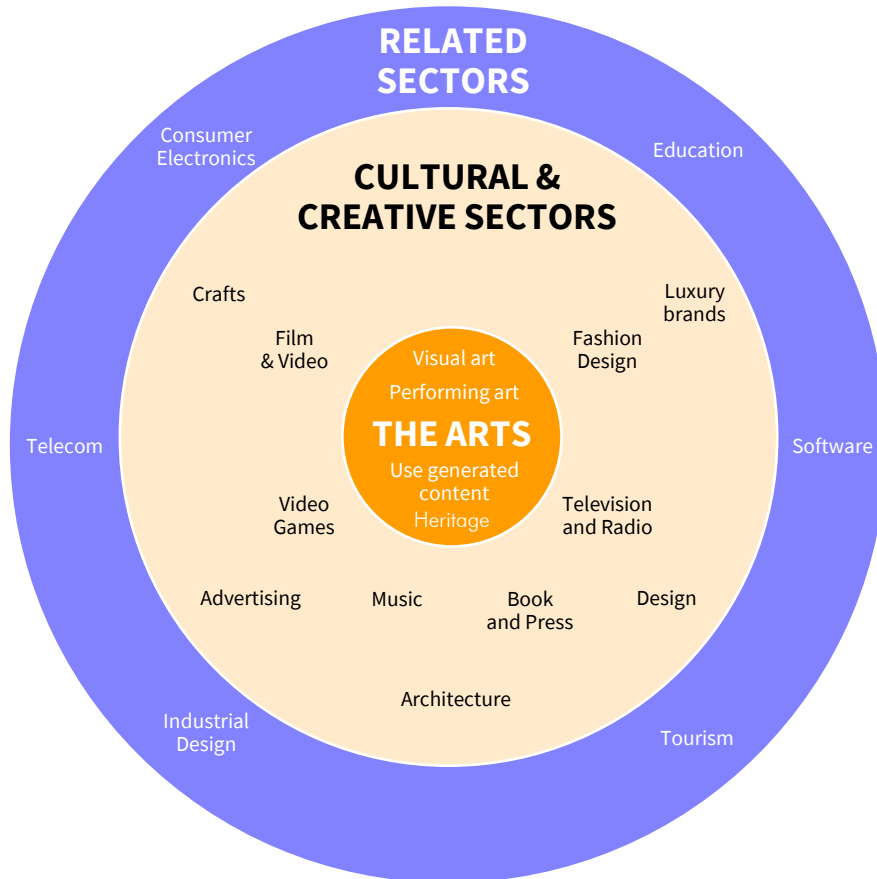
SCOPE: THIS STUDY COVERS THE CULTURAL AND CREATIVE SECTORS (CCS) GROUPED IN 8 SUBSECTORS

Cultural and Creative Sectors (CCS)

“CCS means all cultural and creative sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market- or non-market-oriented, whatever the type of structure that carries them out, and irrespective of how that structure is financed. Those activities include the development, the creation, the production, the dissemination and the preservation of goods and services which embody cultural, artistic or other creative expressions, as well as related functions such as education or management. The cultural and creative sectors include inter alia architecture, archives, libraries and museums, artistic crafts, audio-visual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio and visual arts” (EIF)



IMPORTANCE OF THE CCS FOR THE WIDER ECONOMY: THE ARTS ARE AT THE HEART OF THE CCS AND THEY DRIVE CONTENT AND VALUE CREATION IN OTHER INDUSTRIES



The content creation process lies at the heart of the CCS, i.e. the artistic process. Artistic content provides input for both the cultural as well as the creative subsectors of the CCS market.

Beyond the classical CCS subsectors, the artistic content created has an impact on a wide range of industries that depend on the creative output stemming from CCS. Chapter 1 of this report notably explores these links.

- **Software** and digital services are intertwined with many CCS value chains and rely on CCS content.
- **Telecom services** and hardware e.g. smartphones, computers where access to content is a key selling point.
- **Tourism** where the CCS (cultural heritage, historical sites, recreation parks) account for an important share of tourism.
- **Other** sectors closely related to the CCS include:
- **Consumer electronics** e.g. TV, tuners, tablets
- **Industrial design**
- **Education** e.g. cultural and tertiary education



CHAPTER 1

THE EUROPEAN CCS

IN PERSPECTIVE

OVERVIEW

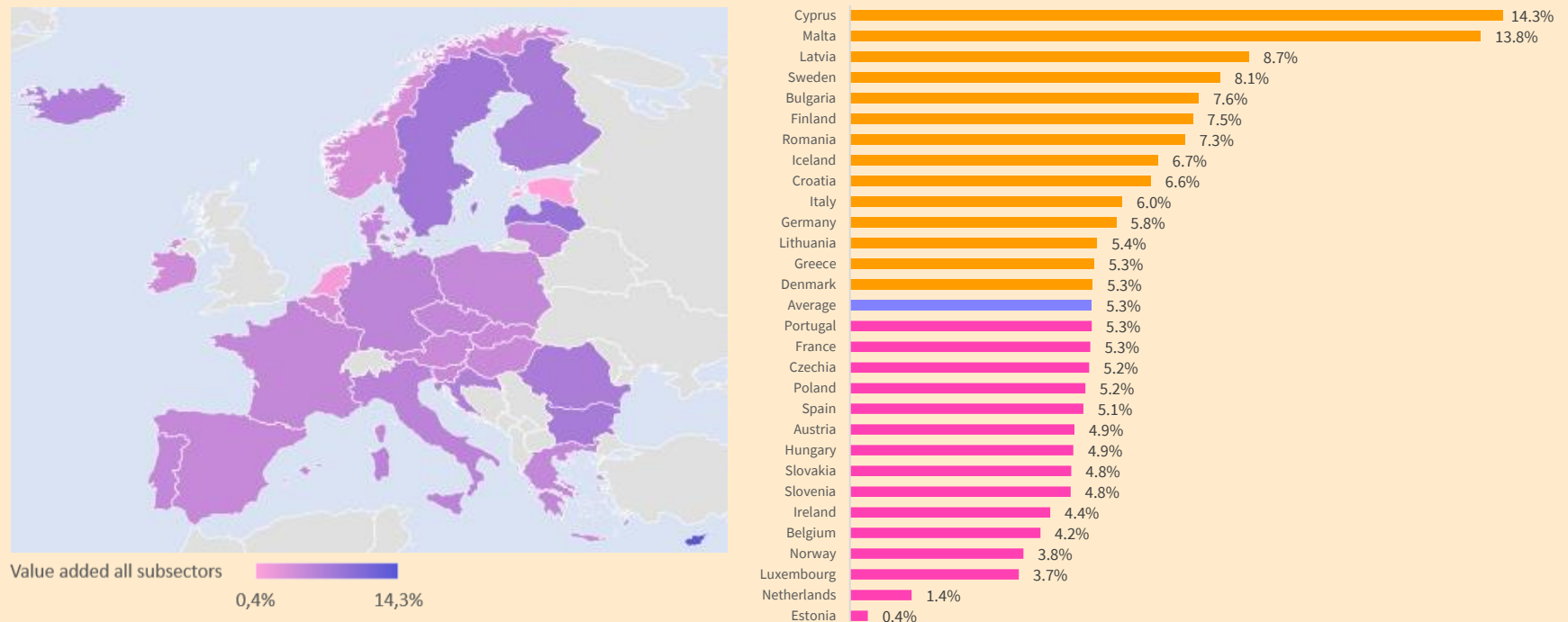


THE EUROPEAN CCS MARKET

KEY ECONOMIC DATA

In Europe, THE CCS ACCOUNT FOR EUR 354 BILLION IN TERMS OF VALUE ADDED WHICH REPRESENTS, ON AVERAGE, 5.3% OF THE VALUE ADDED IN THE EU-27, NORWAY AND ICELAND

Contribution of the CCS to the total value added of each EU-27 Member State, Norway and Iceland (2020*)



Key Observations

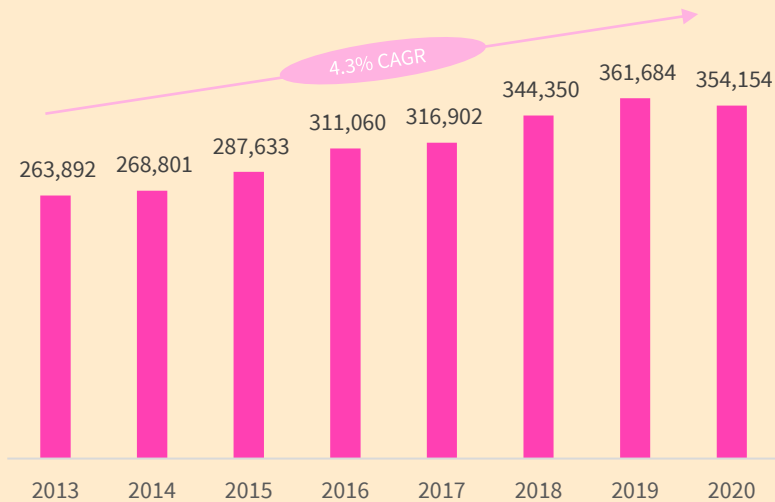
- The CCS contributes EUR 354,153 million (2020) value added to the economies of the EU-27, Norway and Iceland, which represents 5.3%¹.
- The CSS account for the largest contribution to the economy in terms of value added in Cyprus (14.3%). This is mainly due to Audio-Visual & Multimedia (AVM) activities which represent 12.2% of the Cypriot economy. The same applies for Malta, where AVM activities represent 9.3% of the Maltese economy.

¹ In the EU-27 only, the value added represents EUR 347,261 million out of total GDP (EUR 6,496,218) which also equates to 5.3%.

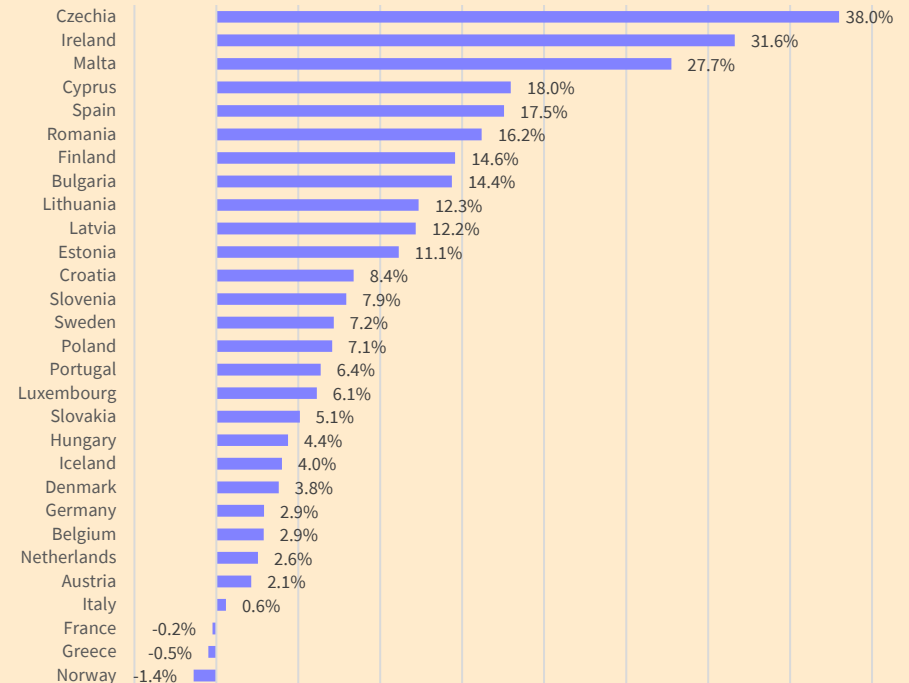
Source: Eurostat (figures based on NACE codes shown in Appendix). Notes: *Data unavailability might affect the reported percentages. For instance, for Estonia (EE), Eurostat only provides value added data for 5% of the CCS activities. For the Netherlands (NL) Eurostat provides value added data for 35% of the CCS activities. A complete data profiling can be found in the appendix of this report. NACE code B-N_S95_X_K ("Total business economy; repair of computers, personal and household goods; except financial and insurance activities") was used as the proxy for the overall economy (at national and EU level).

SINCE 2013, THE VALUE ADDED OF THE CCS HAS GROWN AT A 4.3% CAGR IN THE EU-27, NORWAY AND ICELAND

Evolution of CCS value added (EUR million)



CCS value added growth per country (CAGR 2013-2020*)



Key Observations

- From 2013 to 2020, the value added of the European CCS increased at a CAGR of 4.3%, growing from EUR 263,892 million to EUR 354,154 million.²
- The growth of CCS value added stopped in 2020, this is likely due to the introduced COVID-19 measures.

Key Observations

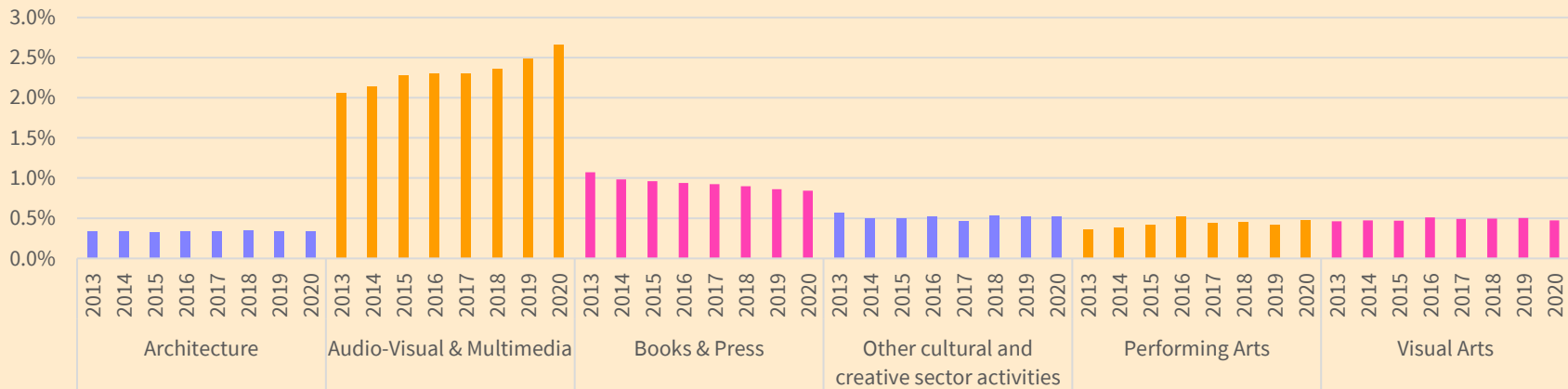
- CCS activities grew most in Czechia, Ireland and Malta. This is mainly due to an increase in AVM activities.
- CCS activities in France, Greece and Norway declined between 2013 and 2020. In these countries the overall economy grew more than the value added of CCS activities.

² The CCS increased in the EU-27 only from EUR 256,932 million to EUR 347,261 million, a growth of 4.4% CAGR.

Source: Eurostat (figures based on NACE codes shown in Appendix). Notes: *Data unavailability affects the reported percentages. Therefore, the evolution for Czechia reflects the period 2014-2020, for Iceland and Malta the reference period is 2015-2020 and for Estonia the reference period is 2013-2018. A complete data profiling can be found in the appendix of this report. NACE code B-N_S95_X_K ("Total business economy; repair of computers, personal and household goods; except financial and insurance activities") was used as the proxy for the overall economy (at national and EU level).

AUDIO-VISUAL & MULTIMEDIA (AVM) ACTIVITIES ALONE GENERATE 2.7% OF EUROPEAN VALUE ADDED WHICH REPRESENTS 50% OF THE OVERALL VALUE ADDED GENERATED BY THE CCS

Evolution of value added as part of the total EU economy, per CCS subsector



Key Observations

- AVM is the biggest subsector within the CCS, generating 2.7% (EUR 177,178 million in 2020³) of the value added in the EU-27, Norway and Iceland. It is followed by Books & Press which generated EUR 56,216 million (0.8% of the value added in the EU-27, Norway and Iceland⁴).
- Between 2013 and 2020, the shares of Performing Arts and AVM have increased. Performing Arts increased at a 3.5% CAGR and AVM increased at a 3.2% CAGR.
- The CCS subsectors of Visual Arts and Architecture contributed a similar share of value added to the European economy in 2013 and 2020. The subsectors evolved at a CAGR of +0.3% and -0.1% respectively.
- The contribution of Books & Press and Other CCS activities registered a decrease in their shares out of European value added, meaning that the overall EU value added saw a stronger growth rate than the ones of these sectors. Books & Press decreased at a 6.6% CAGR and other CCS activities decreased a 1.1% CAGR.

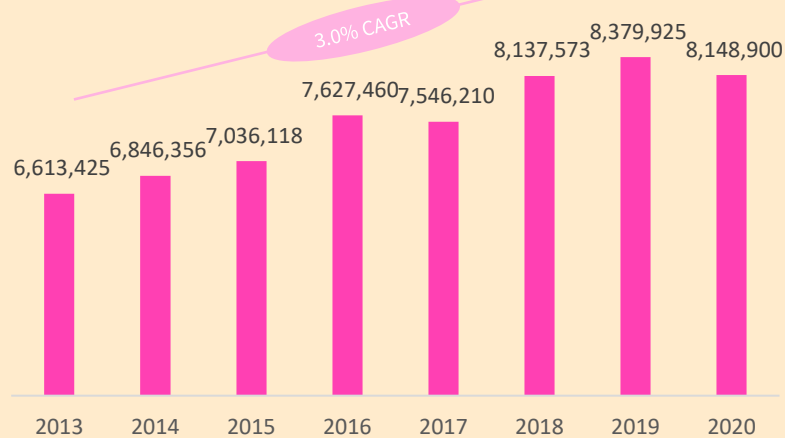
³ EUR 173,884 million in the EU-27 only, or 2.7% of the total economy.

⁴ EUR 54.915 million in the EU-27 only, or 0.8% of the total economy.

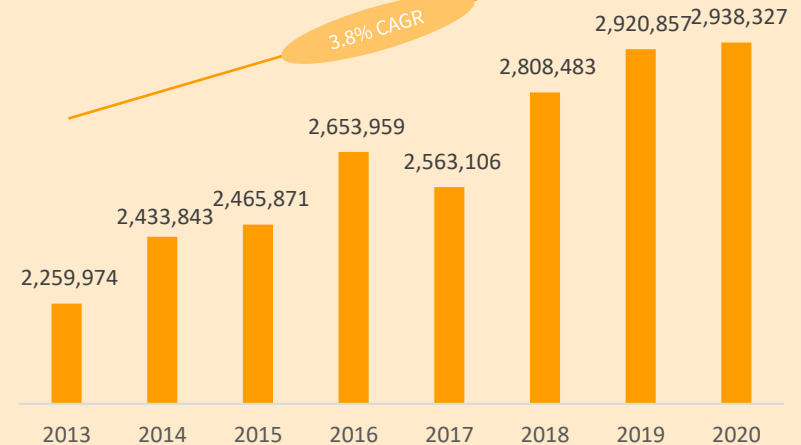
Source: Eurostat (figures based on NACE codes shown in Appendix). Note: Data not available for Heritage, Archives and Libraries. NACE code B-N_S95_X_K ("Total business economy; repair of computers, personal and household goods; except financial and insurance activities") was used as the proxy for the overall economy.

THE GROWTH OF NUMBER OF CCS WORKERS AND ENTERPRISES SLOWED DOWN IN 2020 MOST LIKELY DUE TO COVID-19 RESTRICTIONS

Persons employed in the CCS



Number of enterprises



Key Observations

- 8,148,900 persons were employed in the CCS in the EU-27, Norway and Iceland in 2020⁵.
- Between 2013 and 2020 the number of persons employed increased at a 3.0% CAGR. Until 2019, employment increased at a 4.0% CAGR.
- The increase of employment in CCS activities stopped in 2020. Between 2019 and 2020 the number of workers decreased with 2.8% in the EU-27, Norway and Iceland. Employment in CCS decreased particularly in Belgium, Norway, Sweden, Malta and Germany. The decrease in employment is likely due to COVID-19 restrictions.

Key Observations

- 2,938,327 enterprises were active in CCS in the EU-27, Norway and Iceland in 2020⁶. This is slightly more than in 2019.
- Between 2013 and 2020 the number of enterprises increased at a 3.8% CAGR. Until 2019 the CAGR was 4.3% whereas the increase in number of enterprises was only 0.6% between 2019 and 2020.
- Particularly, increasing numbers of enterprises in Ireland and Malta were reported between 2019 and 2020, whereas the number of enterprises decreased significantly in Belgium and Germany.

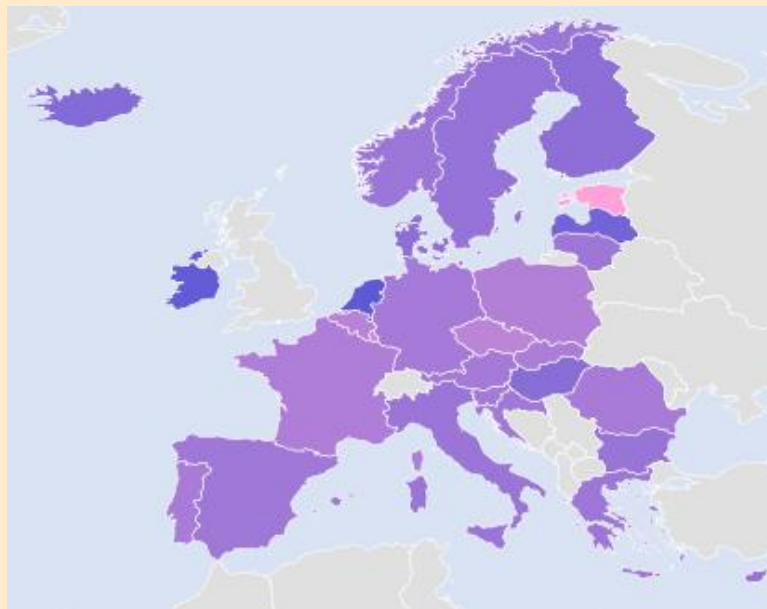
⁵8,253,715 persons were employed in the CCS in the EU-27 only in 2020 which increased from 6,519,873 in 2013 which implies a growth at a 3.4% CAGR.

⁶2,877,522 enterprises in the EU-27 only in 2020 which increased from 2,215,595 in 2013 which implies a growth at a 3.8% CAGR.

Source: Eurostat (figures based on NACE codes shown in Appendix). Note: Data not available for Heritage, Archives and Libraries. NACE code B-N_S95_X_K ("Total business economy; repair of computers, personal and household goods; except financial and insurance activities") was used as the proxy for the overall economy.

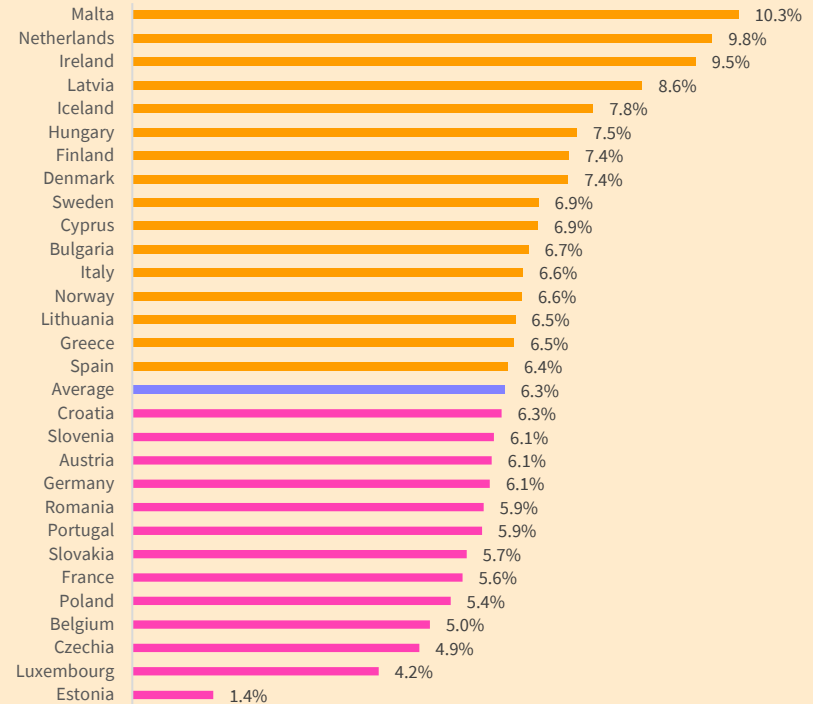
THE CCS REPRESENTS A RELATIVELY LARGE SHARE OF EMPLOYMENT IN MALTA, THE NETHERLANDS AND IRELAND

CCS share of employment out of all workers per country employment (2020*)



Persons employed all subsectors

1.4% 10.3%

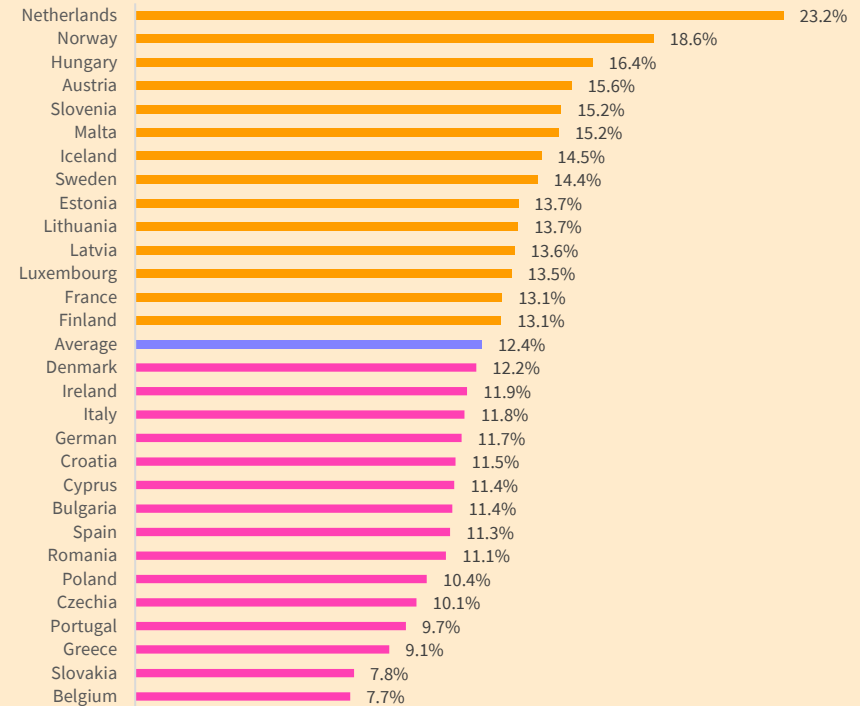
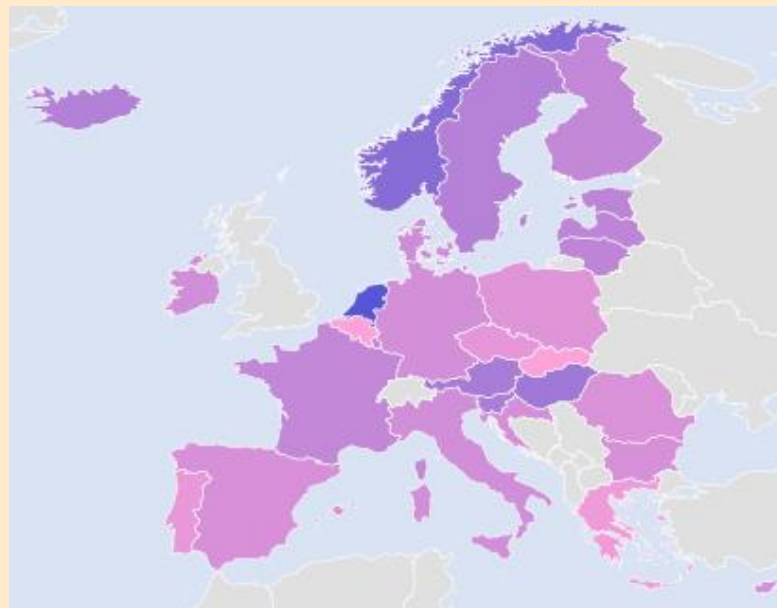


Key Observations

- Employment in CCS activities is relatively highest in Malta, the Netherlands and Ireland. In these countries more than 9.5% of the total number of workers is employed in the CCS. The share of workers in AVM and Performing Arts is relatively high compared to the average of the EU-27, Norway and Iceland.

THE SHARE OF CCS ENTERPRISES IN THE NETHERLANDS, NORWAY AND HUNGARY IS RELATIVELY HIGHER THAN THE AVERAGE IN THE EU-27, ICELAND AND NORWAY

CCS share of number of enterprises out of all enterprises per country (2020*)



Key Observations

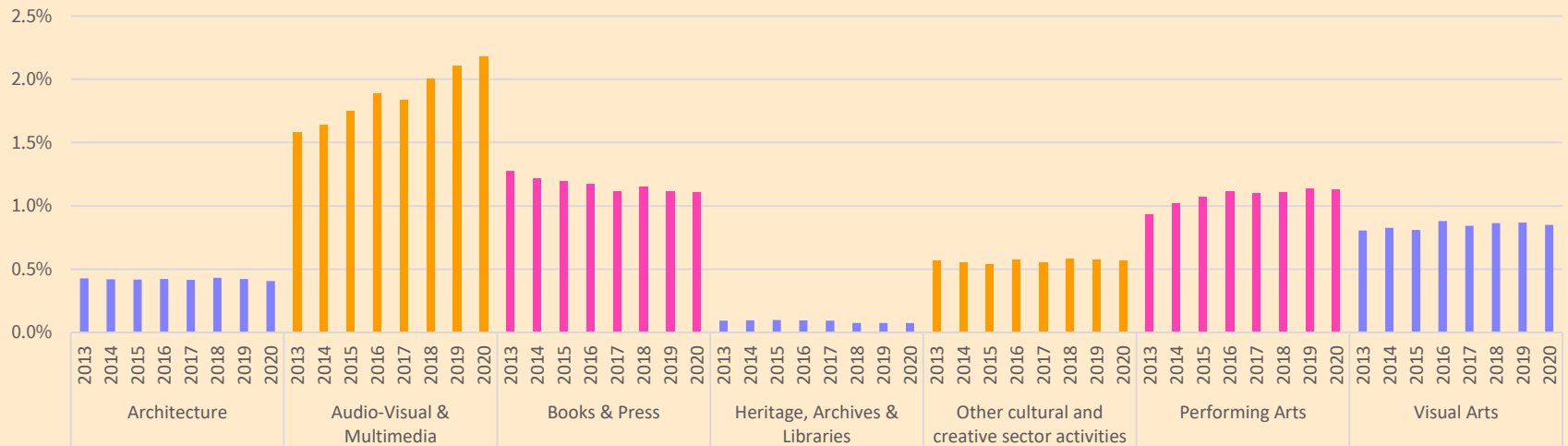
- Across the EU-27, Norway and Iceland, CCS enterprises represent 12.4% of the total number of enterprises⁷.
- The share of CCS enterprises is relatively highest in the Netherlands, followed by Norway, Hungary and Austria.

⁷ The share of CCS enterprises out of all enterprises in the EU-27 is 12.3%.

Source: Eurostat (figures based on NACE codes shown in Appendix) Note: *Data unavailability affects the reported percentages. A complete data profiling can be found in the appendix of this report. NACE code B-N_S95_X_K ("Total business economy; repair of computers, personal and household goods; except financial and insurance activities") was used as the proxy for the overall economy (at national and EU level).

AVM ACTIVITIES BECOME INCREASINGLY IMPORTANT IN TERMS OF EMPLOYMENT. AMONG THE CCS SECTORS, AVM EMPLOYS MOST WORKERS AND EXPERIENCED HIGHEST GROWTH RATES BETWEEN 2013-2020

Evolution of persons employed over total economy, per CCS subsector



Key Observations

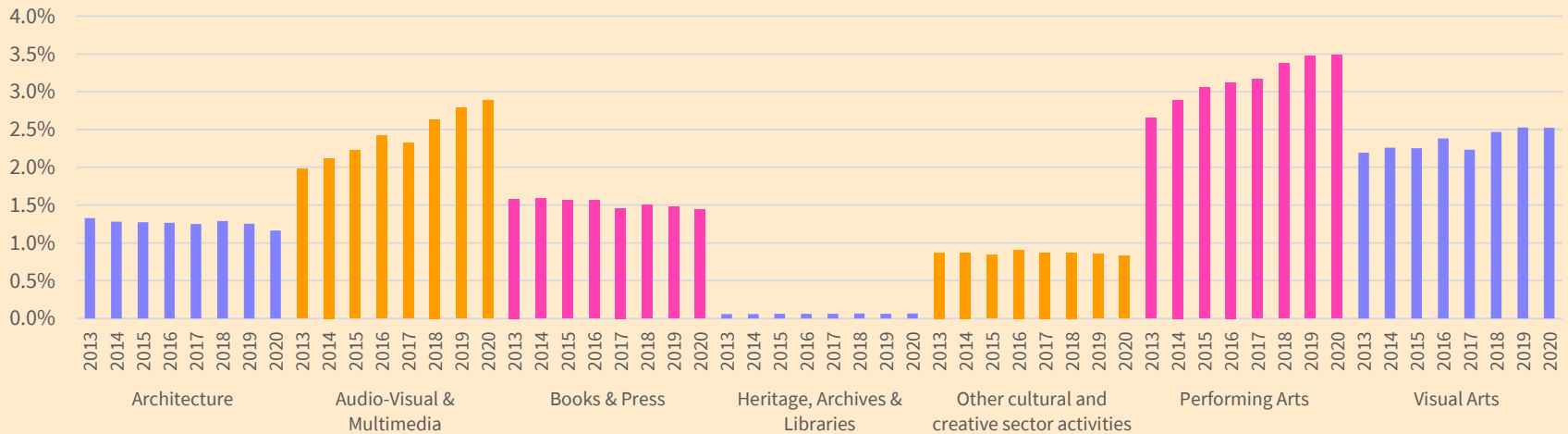
- In 2020, the AVM subsector employs most workers among CCS subsectors. AVM employs 2,813,702 workers (2.2% of the workforce in the EU-27, Norway and Iceland). Books & Press and Performing Arts are other subsectors with relatively high employment (1.1% of the workforce in the EU-27, Norway and Iceland)⁸.
- Between 2013 and 2020, employment in the AVM subsector increased by 5.5% CAGR in this period. Other subsectors reported lower growth rates of which Performing Arts (3.8%) and Visual Arts (2.0%) grew relatively most.
- At the same time, the subsectors Heritage, Archives & Libraries and Books & Press saw a decrease in employment, with a CAGR of -1.5% and -0.5% respectively between 2013 and 2020.
- Comparing the development between subsectors, highlights the increasing importance of AVM activities in terms of CCS employment.

⁸ In the EU-27 the employment was 2,775,612 persons in the AVM subsector (2.2%), 1,437,335 persons in Performing Arts (1.1%) and 1,407,886 persons in Books & Press (1.1%).

Source: Eurostat (figures based on NACE codes shown in Appendix). Note: NACE code B-N_S95_X_K ("Total business economy; repair of computers, personal and household goods; except financial and insurance activities") was used as the proxy for the overall economy.

PERFORMING ARTS, AVM AND VISUAL ARTS ENTERPRISES REPRESENT 8.9% OF ENTERPRISES IN THE EU-27, NORWAY AND ICELAND. A SHARE THAT HAS INCREASED SINCE 2013

Evolution of number of enterprises over total economy, per CCS subsector



Key Observations

- In the EU-27, Norway and Iceland, most CCS enterprises focus on activities in Performing Arts (3.5% of all enterprises in 2020; 827,230 enterprises), activities in AVM (2.9%; 684,203 enterprises) and Visual Arts (2.5%; 598,570 enterprises)⁹.
- Between 2013 and 2020, the number of enterprises increased most in the AVM subsector, with a CAGR of 6.3%. Also, the number of enterprises increased for Performing Arts (4.9%), Visual Arts (3.2%) and Heritage, Archives & Libraries (2.4%).
- In relative terms the number of enterprises increased in these subsectors, meaning that more enterprises were created in these subsectors than in the EU-27, Norway and Iceland on average.
- At the same time, the relative importance of the subsectors Architecture, Books & Press and other CCS activities decreased, despite a small increase in the absolute number of enterprise for the subsectors Books & Press and other CCS activities between 2013 and 2020. In the same period, the number of enterprises in the subsector Architecture decreased with a CAGR of -0.3%.

⁹ In the EU-27 the number of enterprises for Performing Arts are 800,276; for AVM there are 671,939 enterprises; for Visual Arts there are 586,730 enterprises.

Source: Eurostat (figures based on NACE codes shown in Appendix). Note: NACE code B-N_S95_X_K ("Total business economy; repair of computers, personal and household goods; except financial and insurance activities") was used as the proxy for the overall economy.

COMPARED TO OTHER KEY ECONOMIC SECTORS, THE CSS ACCOUNT FOR A SIZEABLE CONTRIBUTION TO THE ECONOMY GENERATED BY A SIGNIFICANT NUMBER OF SMES

| Key indicators (2020) | Accommodation and food services (A&F) | Cultural and Creative Sectors (CCS) | Information and Communications Technology (ICT) |
|--|---------------------------------------|-------------------------------------|---|
| Value added, EUR million (share of overall economy) | 149,206 (2.2%) | 354,154 (5.3%) | 584,904 (8.8%) |
| Employment, number of workers (share of overall economy) | 9,463,000 (7.3%) | 8,148,900 (6.3%) | 6,529,260 (5.1%) |
| Number of enterprises (share of overall economy) | 1,856,579 (7.8%) | 2,938,327 (12.4%) | 1,174,571 (5.0%) |

Share of overall economy* calculated based on EU-27, Norway and Iceland figures for 2020:

Value added: EUR 6,670,837 million / Employment: 129,208,060 / Number of enterprises 23,716,655¹⁰

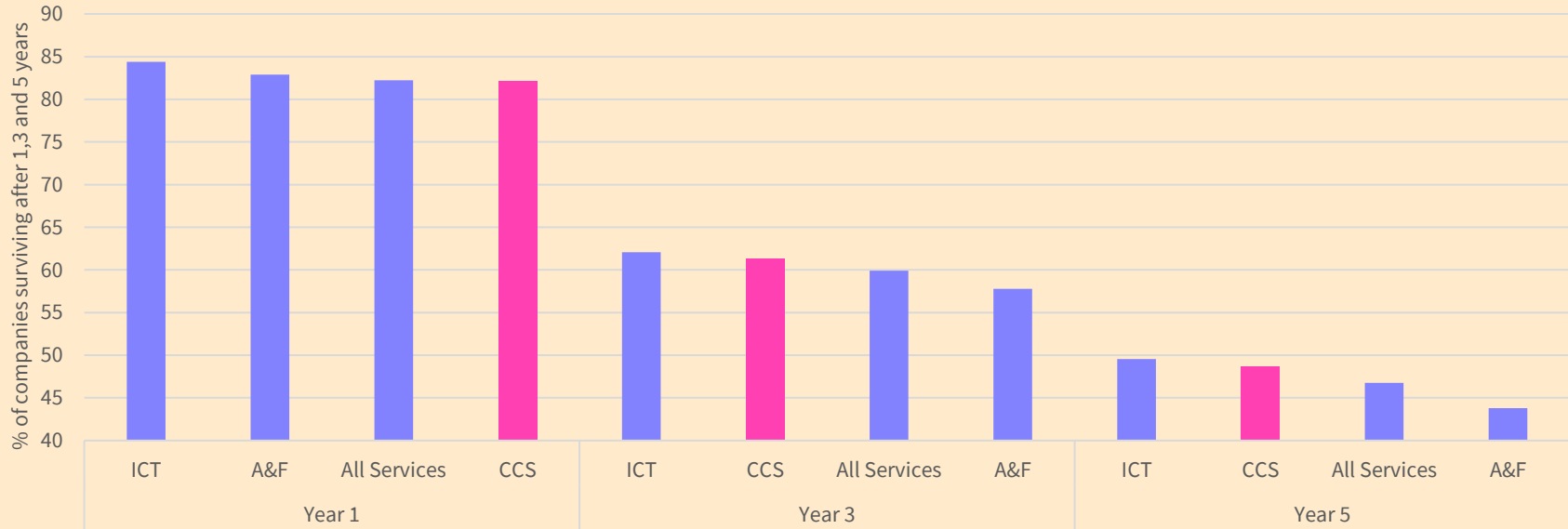
Key Observations

- Despite fewer workers in CCS activities than in A&F activities, the CCS contribute more to the overall EU economy (value added in million Euro). Among the three economic sectors ICT activities contribute most to the overall economy of the EU-27, Norway and Iceland.
- Compared to other key economic sectors, such as A&F, or ICT sector, the CCS consists of relatively more companies, with a comparable share of employment and average contribution to the overall economy.
- Compared to the other economic sectors, CCS companies have a lower number of employees, highlighting that the sector consists largely of small and medium-sized enterprises (SMEs).

¹⁰ In the EU-27 the CCS represents 5.3% of value added (EUR 347,261 million out of EUR 6,496,218 million); 6.3% of employment (8,034,991 out of 127,619,910), and 12.3% of enterprises (2,877,522 out of 23,382,451). Source: Eurostat (figures based on NACE codes shown in Appendix). Note: *NACE code B-N_S95_X_K ("Total business economy; repair of computers, personal and household goods; except financial and insurance activities") was used as the proxy for the overall economy.

THE SURVIVAL RATES OF CCS COMPANIES ARE ABOVE AVERAGE WHEN COMPARED TO A BENCHMARK OF SERVICES COMPANIES* IN THE MEDIUM AND LONG RUN

Share of companies surviving after 1, 3 and 5 years in the EU-27, Norway and Iceland (per sector in 2020)



Key Observations

- While after 1 year of existence, the survival rates of CCS and A&F are similar, the CCS perform better after 3 and 5 years of existence compared to the A&F and all services benchmark.
- After three years, 61% of CCS companies are still active and after five years 48% of CCS companies are still active¹¹.

¹¹ For the EU-27 only, the survival rates of the CCS are 82.6% after 1 year, 62.3% after 3 years and 50.0% after 5 years.

Source: Eurostat (figures based on NACE codes shown in Appendix). Notes: *the benchmark refers to “Services of the business economy except activities of holding companies”(G-N_X_K642). Due to data unavailability on survival rate, the CCS figures derive from a smaller number of NACE codes (see methodological notes for more information).



THE EUROPEAN CCS MARKET MAIN TRENDS

OVERVIEW: THE CCS are adapting to the triple transition (green, digital and social) and developing new business models

| | | |
|---|--|--|
| 1 | The digital uptake increases access to cultural content and drives CCS growth | <ul style="list-style-type: none"> • CCS content is increasingly consumed digitally through new access points and formats • Revenue generation is growing thanks to new digital products, services and business models |
| 2 | Thought leadership to promote ecological sustainability | <ul style="list-style-type: none"> • Environmental awareness and creative leadership drive greener business solutions and generate societal engagement |
| 3 | New forms of collaborations lead to innovative socio-economic models | <ul style="list-style-type: none"> • The CCS are spearheading new forms of work, with agile cooperation across smaller structures. New cooperative models help the CCS to address structural fragmentation and support cross-sectorial collaborations |
| 4 | A new regulatory framework unlocks new income generation opportunities | <ul style="list-style-type: none"> • A revised EU regulatory framework contributes to the creation of a level playing field in the digital market and helps to unlock new revenue sources |
| 5 | The CCS are an integral part of the experience economy and tourism | <ul style="list-style-type: none"> • Culture is one of the main purposes for touristic trips in Europe • New digital and mixed reality solutions are carving up new monetisation pathways and diversifying the experiences offered by cultural heritage institutions |

1. THE DIGITAL UPTAKE INCREASES ACCESS TO CULTURAL CONTENT AND DRIVES CCS GROWTH

| | |
|---|--|
| 1 | The digital uptake increases access to cultural content and drives CCS growth |
| 2 | Thought leadership to promote ecological sustainability |
| 3 | New forms of collaborations lead to innovative socio-economic models |
| 4 | A new regulatory framework unlocks new income generation opportunities |
| 5 | The CCS are an integral part of the experience economy and tourism |

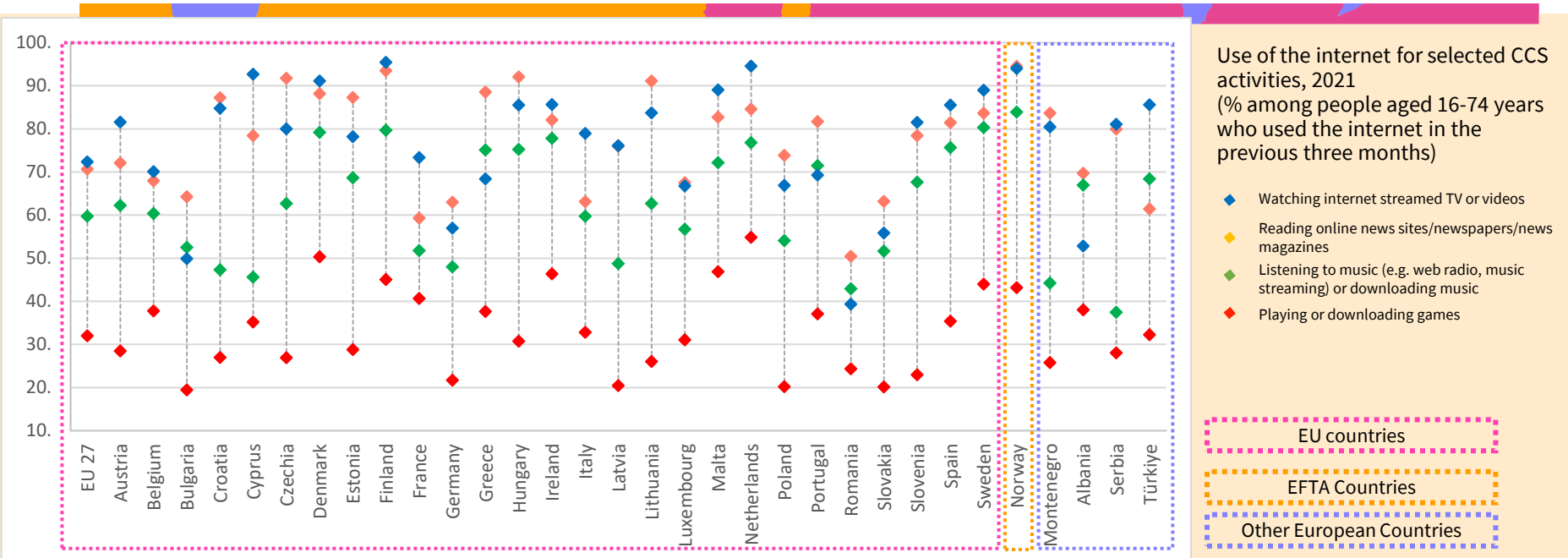
What's in this section?

1. CCS content is increasingly consumed digitally: the diversification of access points (e.g. internet, social media, mobile apps) and formats (e.g. podcasts) has gradually influenced consumer behaviour and widened opportunities to consume cultural content, especially by the younger population.
2. Digital advertising is on the rise: as consumer behaviour has moved towards digital channels, advertisement spending has adjusted in response, shifting away from print to digital advertising.
3. New digital services and products: the decrease of unit costs and the multiplication of revenue windows have unlocked additional revenue generation opportunities for most of the CCS, notably in the Books & Press and AVM subsectors, and new business models are emerging.

Subsectors mainly impacted by this trend:



1.1 CCS CONTENT IS INCREASINGLY CONSUMED DIGITALLY: WIDER ACCESS TO CULTURAL CONTENT, ESPECIALLY BY THE YOUNGER POPULATION

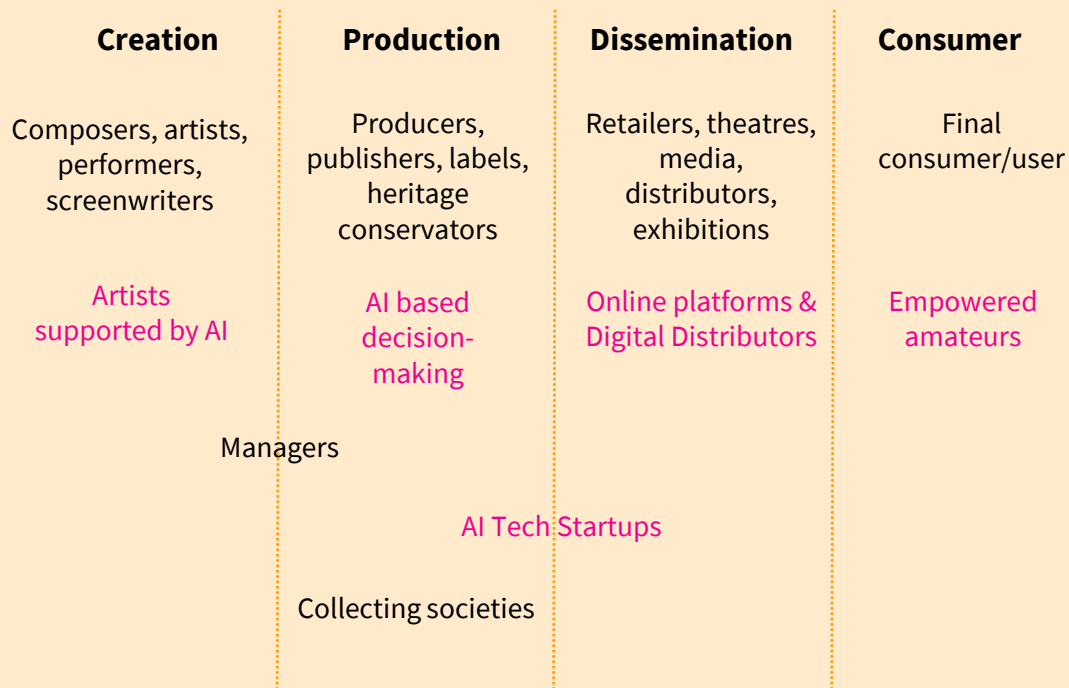


Key Observations

- Europeans are increasingly making use of the internet to broaden their access to and participation in cultural content and activities besides traditional channels (e.g. TV, radio, newspapers), especially in the AVM subsector.
- The COVID-19 lockdown boosted digital consumption of cultural content, leading to a surge in subscriptions to services like Netflix and Spotify. However, these services now face the challenge of retaining and gaining subscribers, with subscription growth dropping to 15% in 2021 from 41% in 2020.
- The internet continues to be a significant channel for accessing and consuming cultural content especially by the younger population. However, it is noteworthy that individuals aged between 55-74 have exhibited a substantial increase in digital consumption of cultural content, specifically in relation to internet-streamed TV shows and videos.

1.2 THE DIGITAL TRANSFORMATION OF THE CCS AND THE SURGE IN USAGE OF ARTIFICIAL INTELLIGENCE (AI) TECHNOLOGIES

AI is impacting various stakeholders along the CCS value chain

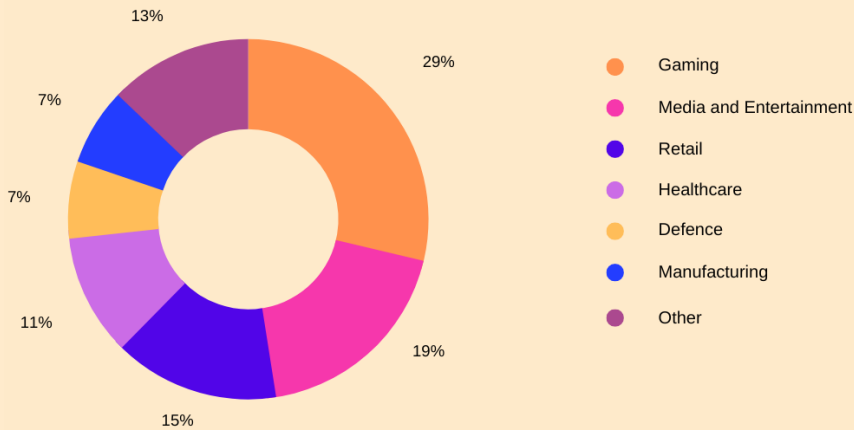


Key Observations

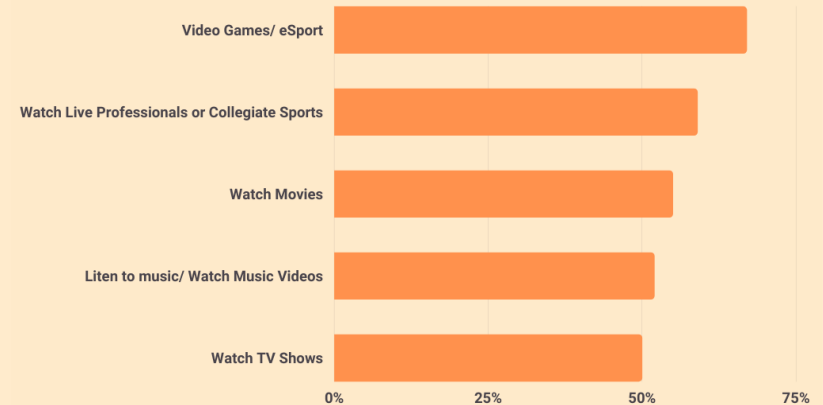
- The lockdown has expedited an ongoing trend within the CCS, requiring them to creatively engage digital-minded and increasingly digital-native audiences.
- This process and the ever-growing amount of digital cultural and creative content are creating new opportunities for AI applications in the sector.
- AI is expected to drive growth in value added for each stage along the CCS sectoral value chains and especially in the following four categories:
 - Save costs and increase efficiency
 - Make decisions
 - Discover and engage with the audience
 - Inspire human creation
- The impact of AI on the creative value chain depends on the establishment of robust systems, relationships, and processes. While AI technologies hold significant potential, they also bring along a host of risks and ethical considerations. Policy makers will need to address these concerns in the coming years to ensure responsible and ethical use of AI in the creative domain.

1.3 VIDEO GAMES, MEDIA AND ENTERTAINMENT INDUSTRIES CONSTITUTED NEARLY HALF OF THE EXTENDED REALITY (XR) MARKET IN EUROPE IN 2021

XR market segmentation (2021)



Entertainment Formats That Will be Enhanced by the Metaverse
 Asked among Americans aged 13-56. Data shown for "A lot better" or "A little better".

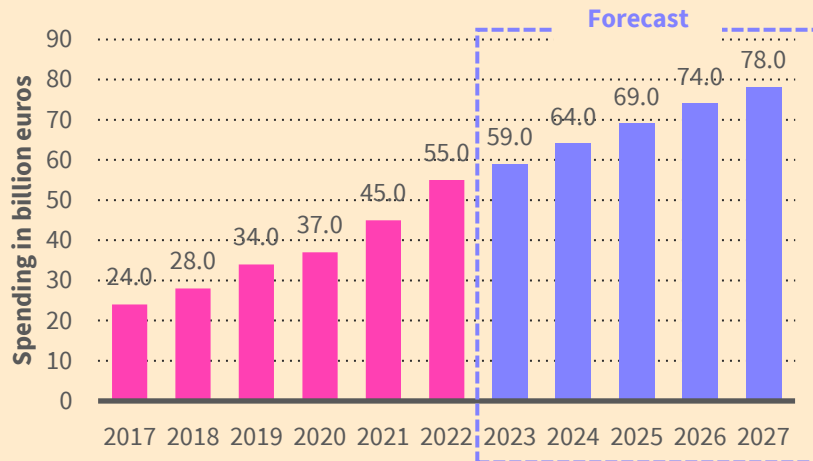


Key Observations

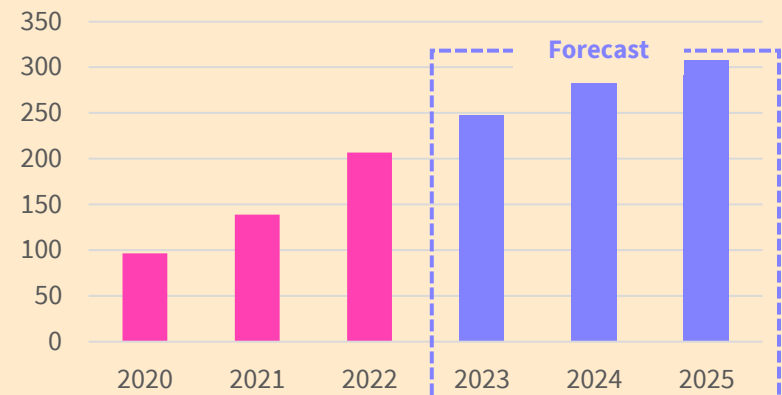
- Globally, the XR market was valued at EUR 23.7 billion in 2021. In that same year, the European XR market alone accounted for EUR 7.95 billion, representing approximately one-third of the global market share. Notably, Video Games emerged as the dominant segment within the XR industry, capturing a significant 29% market share in 2021.
- XR is expected to transform the audiovisual ecosystem in the next years. As a matter of fact, video content that relies heavily on digital capabilities, such as sci-fi and live action productions, has been frontrunner in the deployment of these technologies.
- Virtual Reality (VR) productions are estimated to contribute to reducing and shifting production costs by 20-30% and may allow to cut carbon emissions.
- In certain virtual environments provided by the metaverse, the traditional distinctions between gaming, social platforms, music venues, and fashion retailers are increasingly becoming indistinct. Furthermore, these platforms transcend the realm of consumer experience by offering intuitive tools for product creation and actively promoting a virtual creator economy. An example of such a platform is *Roblox*, boasting nearly 60 million daily active users in 2022 and hosting over 40 million user-generated experiences.

1.4 DIGITAL ADVERTISING IS ON THE RISE: OPPORTUNITIES FOR NEW FORMATS AND SERVICES WITHIN THE CCS

Online advertising spending in Europe
2017-2027 (EUR billion)



Million Euros spent in podcast advertising
in Europe (2018-2023)



Key Observations

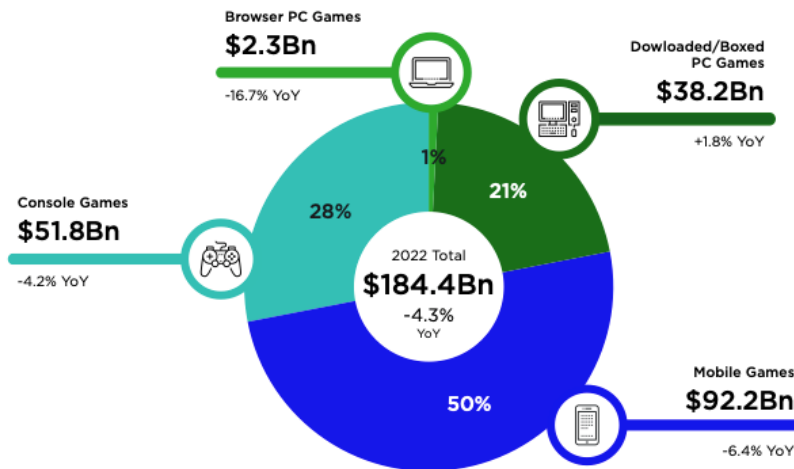
- As consumer behaviour has shifted towards digital channels, advertising spend has adjusted in response, shifting away from traditional advertising (e.g. print advertising). In some cases, this trend has been exacerbated during the lockdown imposed by the COVID-19 pandemic. While some publications report growth in digital subscriptions, some publishers say advertising revenue has fallen by up to 50%.*
- Search advertising is expected to grow from EUR 19.62 billion in 2021 to EUR 36.99 billion in 2027 and video advertising to increase from EUR 9.09 billion in 2021 to EUR 14.72 billion in 2027. They are the main driving forces behind the projected growth of online advertising spending.

Key Observations

- New formats such as podcasts could offer CCS opportunities to attract advertisers' attention as ways to capture and engage with consumers opening up opportunities for advertising-driven models.
- Revenue in the Podcast Advertising market is projected to reach EUR 247 million in 2023.
- Revenue is expected to show an annual growth rate (CAGR 2023-2027) of 8.16%, resulting in a projected market volume of EUR 308 million by 2025 and EUR 338 million by 2027.

1.5 Mobile gaming has by far become the largest market segment of video games

Global Games Market per segment (2022)



Key Observations

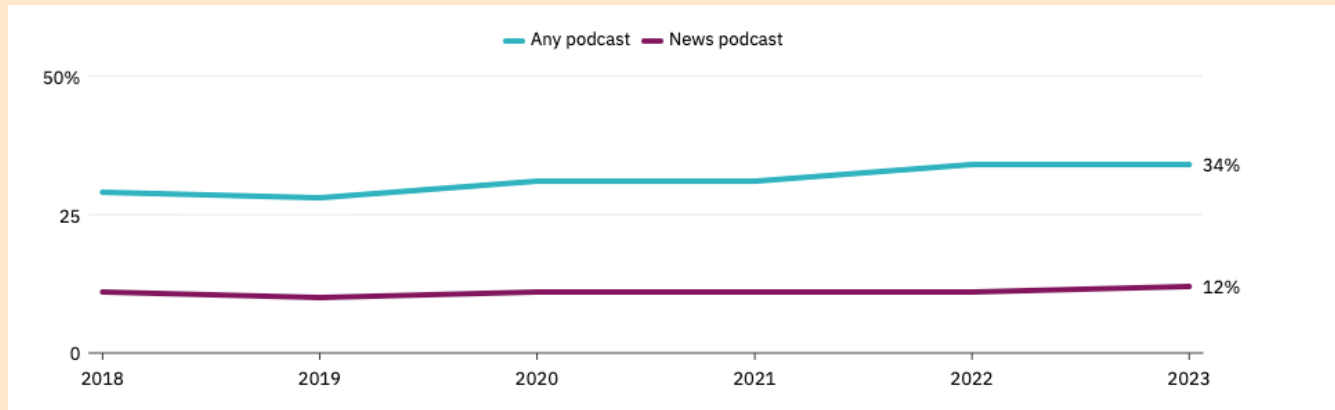
- Around 125 million Europeans play video games with numbers increasing annually.
- After an exceptional growth during the COVID-19 pandemic, the Global Games Market is forecasted to slightly decline in 2022. The primary driver of this decline across the world is mobile, which will generate revenues of USD 92.2 billion this year (50% of the market), representing a decline of -6.4%.
- The pandemic has had a mixed impact on the gaming industry. While it led to increased game playing, it also brought challenges like supply shortages, disrupted supply lines, and studios adapting to remote work.
- The collaboration between Video Games and other audiovisual sectors is growing, leading to shared skill requirements, such as Virtual Production. The future competitiveness of industries like games and film will rely on the ability to efficiently utilize and leverage digital assets across various audiovisual works.
- **Downloaded/Boxed PC Games:** includes AAA games but also games from independent developers (large independent games). Browser PC games are played directly online (no software required).
- **Mobile games** (smartphones and tablets): casual and hyper-casual games have emerged through mobile gaming. They are typically played via an application/over the phone. Revenues mainly come from advertising and in-game purchases.

Definitions of the different types of video games in the VG market:

- **Console games:** video games developed for a proprietary system (*Playstation, XBOX and Switch*). The catalogue is mostly composed of AAA games (produced and distributed by a mid-sized or major publisher, typically having higher development and marketing budgets).

1.6 NEW DIGITAL SERVICES AND PRODUCTS: PODCASTS ARE BECOMING INCREASINGLY POPULAR TO LISTEN TO RADIO PROGRAMMES, MUSIC AND NEWS

Proportion of content consumers that listened to a podcast in the last month – selected markets (2018-2023)



Key Observations

- The share of Europeans listening to podcasts on a monthly basis has increased in 2022. According to a survey from Reuters (Digital News Report 2022), 34% of respondents accessed podcasts monthly (31% in 2021).
- Podcasts are predicted to become an increasingly competitive market, competing with incumbent radio stations and pure music service players. The increased penetration of mobile devices and faster internet connections are encouraging the growth of shorter video content as well as audio content like podcasts.
- The audience profile of podcasts is extremely interesting to publishers and advertisers, as listeners tend to be richer, better educated, and crucially, young.
- In the news media industry, the proportion using podcasts has grown by 12% in 2023.

1.7 NEW DIGITAL SERVICES AND PRODUCTS: REVENUE GENERATION IS GROWING AROUND NEW BUSINESS MODELS

As the price per unit has gone down significantly in the digital market, the CCS are increasingly exploiting new business models based on high levels of re-playability, especially in some subsectors (news media, AVM). The multiplication of revenue windows (the so called ATAWAD – Any Time, Any Where, Any Device – trend) is also playing a role in increasing monetisation opportunities, especially for sectors which are not yet relying on digital revenues. Some examples of established and emerging digital business models are presented below:

| Business model | Short description |
|---|---|
| Digital subscriptions | <p>Digital subscriptions are considered as a steady stream of revenue because they generally require a medium-term or long-term commitment from subscribers. According to the subscription pricing model, subscriptions can include premium content or archive access. Some publishers are also introducing subscriber-only podcasts.</p> <p>Subscription models are widely used in the AVM subsector (e.g. Spotify, Netflix) but are increasingly seen in other subsectors as well, such as news (e.g. paywalls) and magazines, especially on the iPad and other tablets. Some subscription models for heritage or performing arts have also been developed on an experimental basis, especially during the COVID-19 lockdown period, as an attempt to identify new sources of revenues.</p> |
| Pay per download | <p>This model remunerates content providers based on the number of unique downloads of their content, such as films and music.</p> |
| Freemium | <p>This model allows users to utilise basic features of a service and then charges for "upgrades" to the basic package. The free tier often uses embedded ads and thus generate revenues even at entry level.</p> |
| In-app purchases | <p>The model is particularly used in the gaming sector. Players are encouraged to make micro transactions paying for premium content to access game items or shortcuts to gain an advantage.</p> |
| Crossmedia Intellectual Property | <p>It involves the creation and development of a narrative, concept, or brand (i.e. IP) that is designed to be expressed and experienced across various forms of media, maximising the reach and profitability of IPs by leveraging the strengths and unique features of different media platforms.</p> |

THE CCS ARE DEVELOPING THOUGHT LEADERSHIP TO PROMOTE ECOLOGICAL SUSTAINABILITY

| | |
|---|---|
| 1 | The digital uptake increases access to cultural content and drives CCS growth |
| 2 | Thought leadership to promote ecological sustainability |
| 3 | New forms of collaborations lead to innovative socio-economic models |
| 4 | A new regulatory framework unlocks new income generation opportunities |
| 5 | The CCS are an integral part of the experience economy and tourism |

What's in this section?

1. CCS are in a leading position to increase environmental consciousness: as influential actors in society, CCS can play a prominent role in encouraging individual and societal changes toward more sustainable consumption choices. A number of collective movements are emerging to engage artists and creators to take a stand on climate change and ecological emergencies.
2. CCS are adopting sustainable practices to green the value chain: as increased environmental awareness is influencing consumer behaviour, CCS are rethinking ways cultural products and services are produced and consumed by adopting more sustainable practices and using recycled materials.

Subsectors mainly impacted by this trend:



2.1 THE CCS ARE IN A LEADING POSITION TO INCREASE ENVIRONMENTAL CONSCIOUSNESS

The CCS are in a leading position to increase individual and collective environmental sensitivity: thanks to their ability to think creatively and in a user-centred way, the CCS are well positioned to support society and other sectors in their ecological transition.

Lorenzo Quinn's "Support" sculpture in Venice, Italy, unveiled at the 57th International Art Exhibition of the Venice Biennale, represents a giant pair of hands reaching out of the Grand Canal and appearing to support the walls of the historic Ca' Segredo Hotel. This piece reminds visitors and citizens of the city's fragile situation due to climate change and rising waters.



Several collective movements are emerging to engage artists and creators to take a stand on climate change, loss of biodiversity and ecological emergency.

The 'Music Declares Emergency' movement is a group of artists, music industry professionals and organisations calling for an immediate governmental response to protect all life on Earth.

2.2 THE CCS ARE ADOPTING SUSTAINABLE SOLUTIONS TO GREEN THEIR VALUE CHAINS

Adoption of sustainable solutions across CCS activities: as environmental awareness and sensitivity have increasingly influenced consumer behaviour in recent years, the CCS are experimenting with new environmentally-friendly practices while encouraging consumption habits with lower environmental impacts. The large majority of Europeans think that the most effective way to tackle environmental problems is to “change the way we consume” and “we produce and trade” (Eurobarometer 501).

Examples of solutions adopted across the CCS:

- Use of eco-friendly and/or recycled materials in production practices
- Substitution of disposable plastic bottles/containers with eco-friendly solutions to reduce waste (e.g. festivals, cultural events)
- Reduction of energy used to store and stream digital media
- Reconfiguration of mobility practices of artists and performers to reduce CO₂ emission and carbon footprint in touring and audience travel
- Improvement of energy efficiency (e.g. use of LED lighting system) in cultural spaces, venues, museums and galleries
- Increased attention to carbon emitted during construction, maintenance and re-use of historic buildings
- Uptake of new business models in the fashion industry to extend the longevity of clothes, such as smart fashion or fashion as a service (please refer to page 86 for more detailed information)
- Development of “green certifications” to recognise environmental best practice in the CCS (e.g. Creative Green Framework developed by Julie’s Bicycle, UK)
- Implementation of specific tools to monitor and reduce CCS environmental impacts. For instance the “Creative Green Tools” developed by Julie’s Bicycle to understand the carbon footprint of cultural buildings, offices, outdoor events, tours and productions. The tools are used by over 2,000 organisations across 43 different countries. European associations are also developing sector specific tools, including for example IMPALA’s [carbon calculator](#) for independent music labels

NEW FORMS OF COLLABORATIONS LEAD TO INNOVATIVE SOCIO-ECONOMIC MODELS

| | |
|---|---|
| 1 | The digital uptake increases access to cultural content and drives CCS growth |
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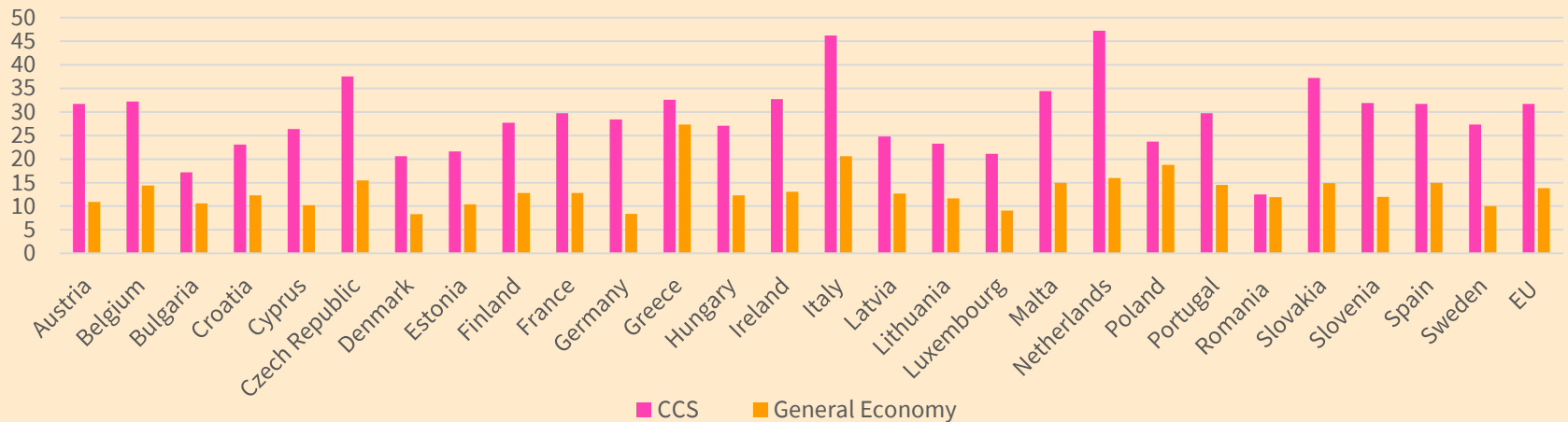
1. The reconfiguration of working methods leads to new cooperation models. The high number of freelancers across the CCS work in very agile and cooperative ways which calls for collaborative spaces.
2. The model of creative hubs and co-working spaces is increasingly being adopted by the CCS as supporting environments to reinforce cross-sectorial collaboration and enhance peer-learning and business opportunities.
3. Creative spaces contribute to urban regeneration and spark growth in the local economy. Large-scale urban regeneration initiatives through culture have breathed new life into entire districts and delivered significant social and economic impacts.

Subsectors mainly impacted by this trend:



3.1 CCS EMPLOY A HIGHER NUMBER OF FREELANCERS THAN OTHER ECONOMIC SECTORS, WHICH LEADS TO NEW COOPERATION MODELS

Share of the self-employed in CCS and in total employment, 2022 (%)

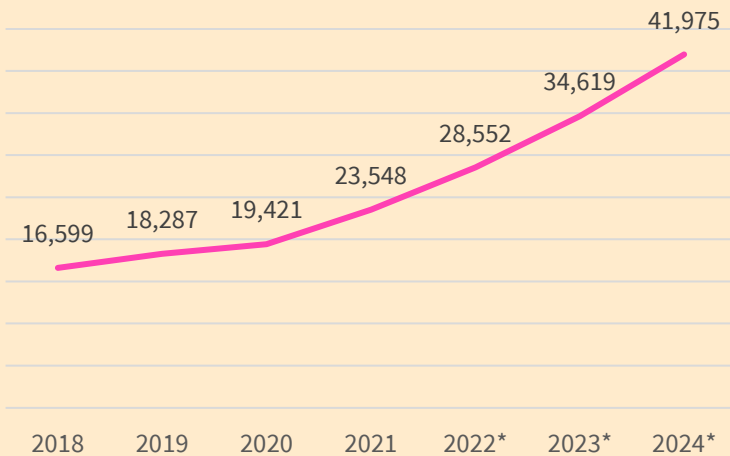


Key Observations

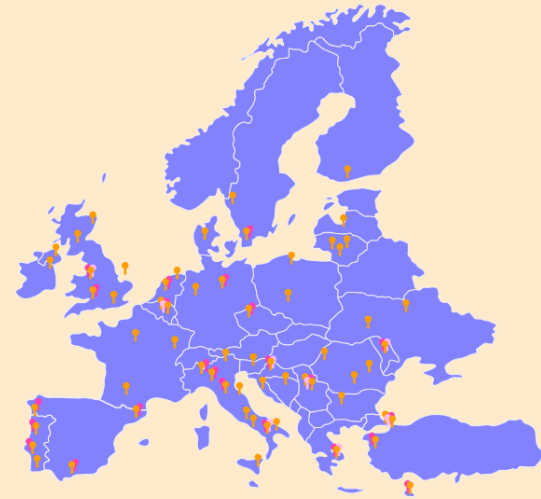
- In the EU-27, on average 31.7% of CCS workers are self-employed compared to 13.8% in the overall economy. Self-employment accounted for almost half of all CCS employment in the Netherlands (47.2 %) and Italy (46.2 %).
- This trend relies upon the high degree of project-based assignments in the CCS, often developed at the same time. Freelancers and micro-companies operate in a very agile way in the CCS, often working across different CCS value chains and operating in different subsectors. This operating model is conducive to the development of community-driven structures and spaces which foster collaboration, such as creative hubs or cooperatives.

3.2 THE MODEL OF CREATIVE SPACES ALLOW FOR NEW FORMS OF COOPERATION AND SHARED SERVICES

Number of co-working spaces worldwide
(all sectors*; 2018-2024)



Creative Hubs are opening across Europe



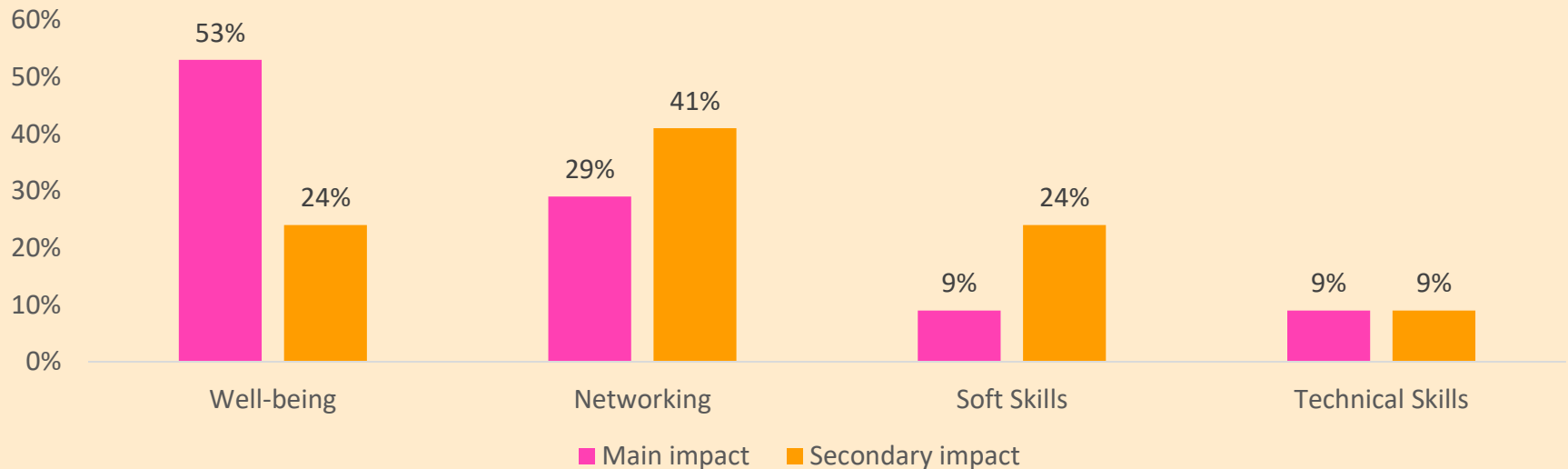
Key Observations

- According to projections, the model of creative hubs and co-working spaces is fast expanding worldwide (and expected to grow further). Co-working spaces and creative hubs allow for several companies and professionals to share a space and benefit from lower rent, pool basic admin, financial and accounting services, increase cross-sectorial collaborations and innovation capacity. At the same time, the CCS benefit heavily from shared spaces at affordable costs for exhibition or larger projects. Through creative hubs and co-working spaces, CCS get access to a variety of services such as capacity building initiatives, internationalisation opportunities, funding and cross-over collaborations.
- European creative industry players, very often freelancers or SMEs, increasingly take benefit from these structures to pool resources and knowledge during the creation and production process. Hubs are cross-sectorial by nature and allow for collaborations between the AVM industry, video games as well as on music, dance, theatre, visual arts and their digital applications.

Sources: STATISTA; European Network of Creative Hubs. Note: * "all sectors" includes the CCS and other activities.

3.3 CREATIVE SPACES FOR HEALTH AND WELL-BEING: WITHIN AND THROUGH CULTURE

Creative spaces contribute to skills development and well-being



Key Observations

- The development of community-driven structures and spaces such as creative hubs or cooperatives lead to important benefits for CCS workers and freelancers. Such spaces are highly valued for their benefits in terms of well-being and skills development of cultural and creative workers, as shown in the above graph. In particular, new partnerships and friendships, increased confidence and better work-life balance.
- Importantly, these spaces contribute to address rising social and economic challenges and contribute to health and well-being for the wider society. The [Culture for Health project](#) has mapped out more than 800 projects across Europe where culture contributes to various health aspects: improvements to quality of life; general and psychological well-being; increased social engagement; a reduction in personal experiences of depression and anxiety; improved health-related quality of life in patients with chronic health conditions; prevention of cognitive decline in older adults; and the development of cognitive, emotional and social skills.

3.4 CREATIVE SPACES CONTRIBUTE TO URBAN REGENERATION AND SPARK GROWTH IN THE LOCAL ECONOMY

- Regions and cities across Europe increasingly regard the creation and development of creative hubs as an effective measure to support CCS growth and competitiveness while attracting human capital and investment locally.
- At the same time, a number of grassroots initiatives are emerging to convert abandoned buildings across Europe into vibrant centres for arts and culture (e.g. Trans Europe Halles network).

| Examples | Short description |
|---|---|
| <p>Strijp-S, Eindhoven (The Netherlands)</p> | <p>Strijp-S is one of the biggest CCS hubs in Europe: located in the old Philips Device Factory, it offers 1,860 m² of commercial and working spaces and hosts over 100 entrepreneurs from creative industries. Additionally, other Philips buildings have been transformed into lofts, leisure facilities (skate park, festival event spaces), restaurants and retail shops. Strijp-S highly contributed to spark growth in the city of Eindhoven and stimulate a major source of income for the local economy, The Dutch Design Week, hosted in the premises of Strijp-S, is estimated to attract around 350,000 visitors.</p> |
| <p>Barcelona Art Factories (Spain)</p> | <p>Initiated in 2007 as a programme to transform nine obsolete industrial sites into public venues that drive culture and innovation, this dynamic network of municipally-owned facilities is adding a growing number of heretofore unused spaces for cultural purposes. It now comprises over 30,000 m² for artistic and cultural creation and production.</p> |
| <p>BASE Milano (Italy)</p> | <p>Located within the ex-Ansaldo complex (12,000 m² space), one of the most important urban regeneration projects in Europe, BASE is breathing new life into a monument of industrial architecture, dedicated to exhibitions, performances, workshops and conferences, with a large studio and artists' residence.</p> |

AN UPDATED REGULATORY FRAMEWORK UNLOCKS NEW INCOME GENERATION OPPORTUNITIES

| | |
|---|---|
| 1 | The digital uptake increases access to cultural content and drives CCS growth |
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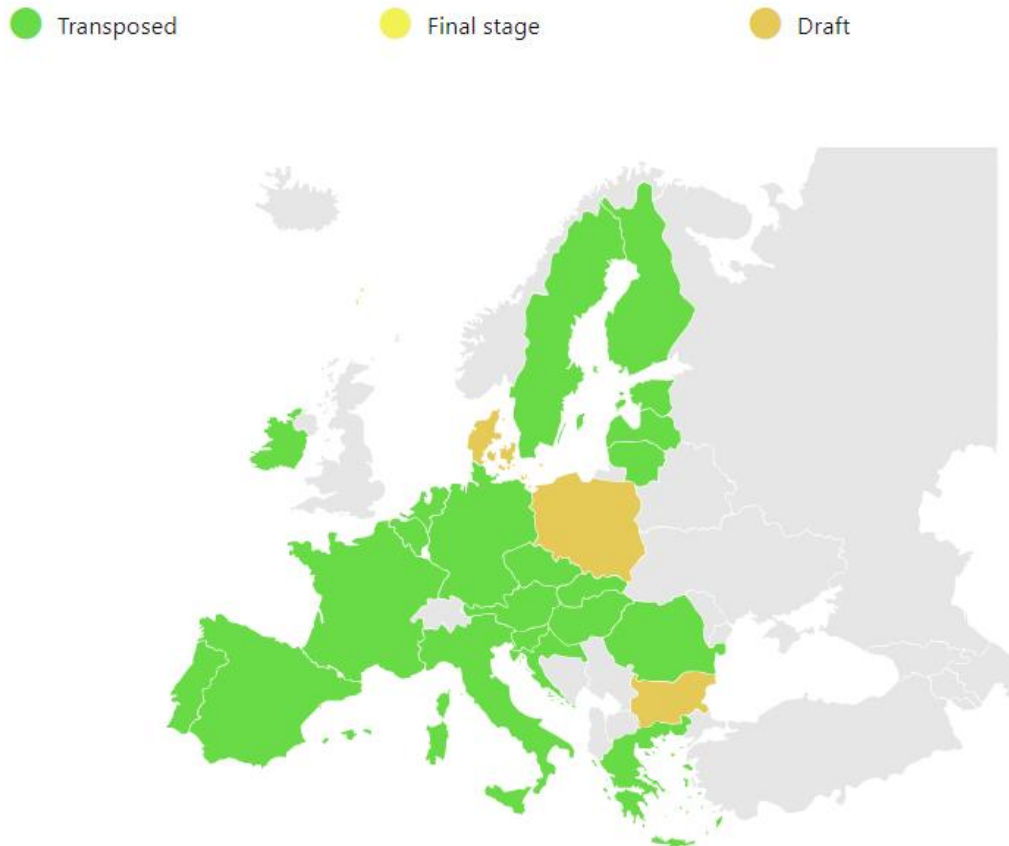
1. The revised Directive 2019/7906 on Copyright in the Digital Single Market opens untapped revenue streams and strengthens the protection of creators' rights: newly introduced measures aim to increase rights holders' revenues by improving the licensing system of copyrighted material to online content-sharing providers, contributing to a level playing field in the digital market.
2. New systems for exceptional authors' rights remuneration during the COVID-19 pandemic could lead to new monetisation solutions: New remuneration models developed by Collective Management Organisations (CMOs) during the COVID-19 pandemic could lead to more permanent business solutions and additional regulatory changes.

Subsectors mainly impacted by this trend:



4.1 THE REVISED DIRECTIVE ON COPYRIGHT IN THE DIGITAL SINGLE MARKET OPENS UP UNTAPPED REVENUE STREAMS

Transposition of the Directive on Copyright in the Digital Single Market in the EU-27 Member States (May 2023)



Source: CREAtE and AEPO-ARTIS.

Key Observations

- The revised Directive 2019/7906 on Copyright in the Digital Single Market supports right holders in recouping their investment into content production and curation. The Directive enables creators to decide on or be remunerated for the use of their content by certain online services providers, which have gained an essential role in distributing copyright content.
- The newly introduced measures open ways for increased revenue streams from unlicensed and under-licensed streaming platforms, which have been so far avoiding paying fees to rights holders for the use of their content (the so called “value gap”).
- EU-27 Member States had to transpose the Directive into national legislation by 7 June 2021. On 15 February 2023, the European Commission had referred Bulgaria, Denmark, Finland, Latvia, Poland, and Portugal to the CJEU for failure to notify complete transposition measures on the CDSM Directive. Most countries have updated their legislation since then.

4.2 A NEW REGULATORY FRAMEWORK FOR THE COMPETITIVENESS OF THE CCS IN THE DIGITAL AGE

- The CCS are affected by many regulatory proposals in the pipeline, especially when it comes to digital services and online competitiveness.
- The [Digital Services Act](#) and [Digital Markets Act](#) aim inter alia to update rules for online competitiveness and addresses some of the power asymmetries between the CCS and large online platforms.

| Examples | Overview of key potential impacts |
|------------------------------------|---|
| <p>Digital Services Act</p> | <p>The Digital Services Act (DSA) is a proposal for a legislation that aims to update rules for online intermediaries and platforms services. The proposed new rules seek to: 1) Better protect consumers and their fundamental rights online; 2) Establish a powerful transparency and a clear accountability framework for online platforms; 3) Foster innovation, growth and competitiveness within the single market</p> <p>Key novelties and issues tackled for the CCS include: 1) a notice and take-down mechanism to protect creative content; 2) a clarification of liability regimes for online platforms; 3) rules for online marketplaces to stop third party sellers who infringe EU law.</p> |
| <p>Digital Markets Act</p> | <p>The Digital Markets Act aims to 1) offer a fairer business environment for B2B relationships between small companies and large online platforms; 2) provide new opportunities for tech start-ups to compete and innovate in the online platform environment without having to comply with unfair terms and conditions limiting their development; 3) provide consumers with more and better services to choose from, more opportunities to switch their provider if they wish so, direct access to services, and fairer prices.</p> <p>Key novelties for the CCS include: 1) addressing practices that oblige end-users, and business users (incl. CCS) to agree to any practices as a precondition for the use of large tech companies' core platform services; and 2) ensure access to data and data protection for both end-users and business partners.</p> |

THE CCS ARE AN INTEGRAL PART OF THE EXPERIENCE ECONOMY AND TOURISM

| | |
|---|---|
| 1 | The digital uptake increases access to cultural content and drives CCS growth |
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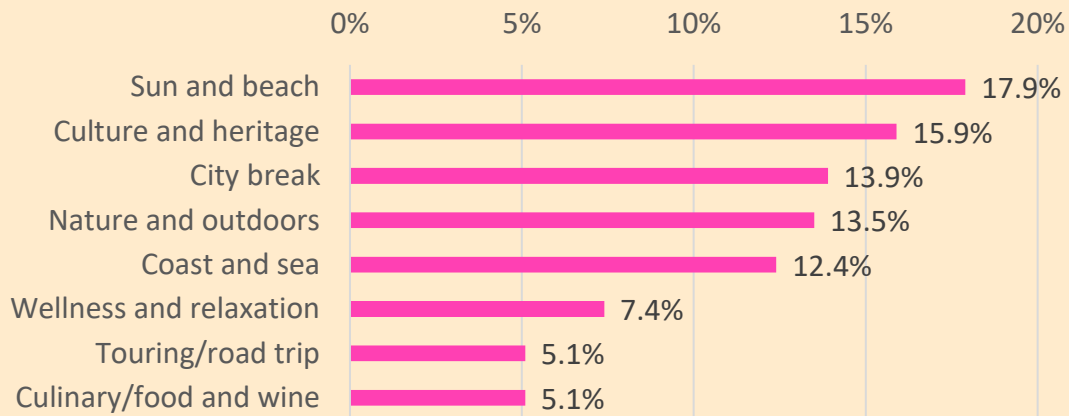
1. Culture is one of the main factors behind tourism in Europe: it is estimated that cultural tourism accounts for 40% of all European tourism. Culture highly contributes to regional development, for instance in terms of increased touristic ancillary spending on the local economy.
2. Cultural institutions across Europe are experimenting with new ways to integrate place-based experiences with digital offers. The uptake of digital and especially XR solutions offer museums and theatres with new ways to engage with visitors online and to find new monetisation pathways.

Subsectors mainly impacted by this trend:



5.1 CULTURE IS ONE OF THE MAIN FACTORS FOR TOURISTIC TRIPS IN EUROPE

Share of Europeans planning to take a leisure overnight trip domestically or in Europe in the next six months as of May 2023, by type of trip



Definition of Cultural Tourism:

“A type of tourism activity in which the visitor’s essential motivation is to learn, discover, experience and consume the tangible and intangible cultural attractions/products in a tourism destination. These attractions/products relate to a set of distinctive material, intellectual, spiritual and emotional features of a society that encompasses arts and architecture, historical and cultural heritage, culinary heritage, literature, music, creative industries and the living cultures with their lifestyles, value systems, beliefs and traditions”¹.

Key Observations

- Cultural tourism is the second most important reason for planned trips by Europeans. Discovering and experiencing tangible and intangible cultural attractions/products represent a considerable part of tourists’ reasons to travel, especially for domestic tourists: according to UN WTO data, **45% of the WTO countries reported that more than 40% of international tourists visited a country based on its cultural offering**. Furthermore, even if culture itself is not their primary reason for travel, tourists often use cultural services and facilities during their stay.
- Cultural tourism plays an important role in contributing to regional attractiveness, for instance in terms of increased tourists’ ancillary spending on the local economy in sectors such as restaurants, hotels and traditional products and services. According to a recent study, material cultural heritage accounts for 28.5% of the economic impact of the total tourism sector in Europe. This corresponds to more than 400,000 FTE, EUR 47,510 million turnover and EUR 20,507 million contribution to Gross Value Added (GVA) (ESPON, 2019).

Sources: STATISTA; ESPON, The Material Cultural Heritage as a Strategic Territorial Development Resource (2019); UNWTO, Tourism and Culture Synergies (2018, data 2014).

¹Definition adopted during the 22nd Session of the General Assembly held in Chengdu, China (11–16 September 2017).

5.2 INTEGRATION OF PLACE-BASED EXPERIENCES WITH DIGITAL OFFERS TO COMPLEMENT PLACE-BASED TOURISM

- Millions of people have been seeking out alternative forms of cultural tourism for environmental concerns: less space-oriented and more interactivity driven, with digital experiences focusing on participation and additional features.
- Without international tourism, cultural sites and institutions have been seeking alternative forms of engagement with visitors using online technologies. According to NEMO (the Network of European Museum Organisations), almost 70% of the surveyed museums increased their online presence since they were closed due to the COVID-19 pandemic and social distancing measures in 2020. More than 40% of the survey respondents noticed increased online visits to their museum.
- Beyond virtual tours, cultural institutions are experimenting with new forms of engagement through multiple new platforms and the development of content around museum collections (podcasts, apps, video content, video games, etc.).
- Cultural organisations are also using digital tools to reconnect to local communities and increase proximity tourism. The European Commission launched the social media campaign ‘Europe’s culture – close to you’, to help Europeans discover the beauty and richness of places close to their homes.

| Examples | Short description |
|---|---|
| Van Eyck from home (Belgium) | Visit Flanders and the MSK (Ghent fine arts museum) joined forces with Belgian virtual reality company <i>Poppr</i> , to develop an online 360° virtual tour of the Van Eyck galleries. In addition, visitors can download “do-it-yourself assignments” to make their own paint |
| Promenades imaginaires: podcasts of Musée d'Orsay (France) | The museum offers a series of podcasts adapted for children available on Spotify or Apple podcasts |

CHAPTER 2

SUBSECTORIAL

ANALYSIS

BOOKS & PRESS

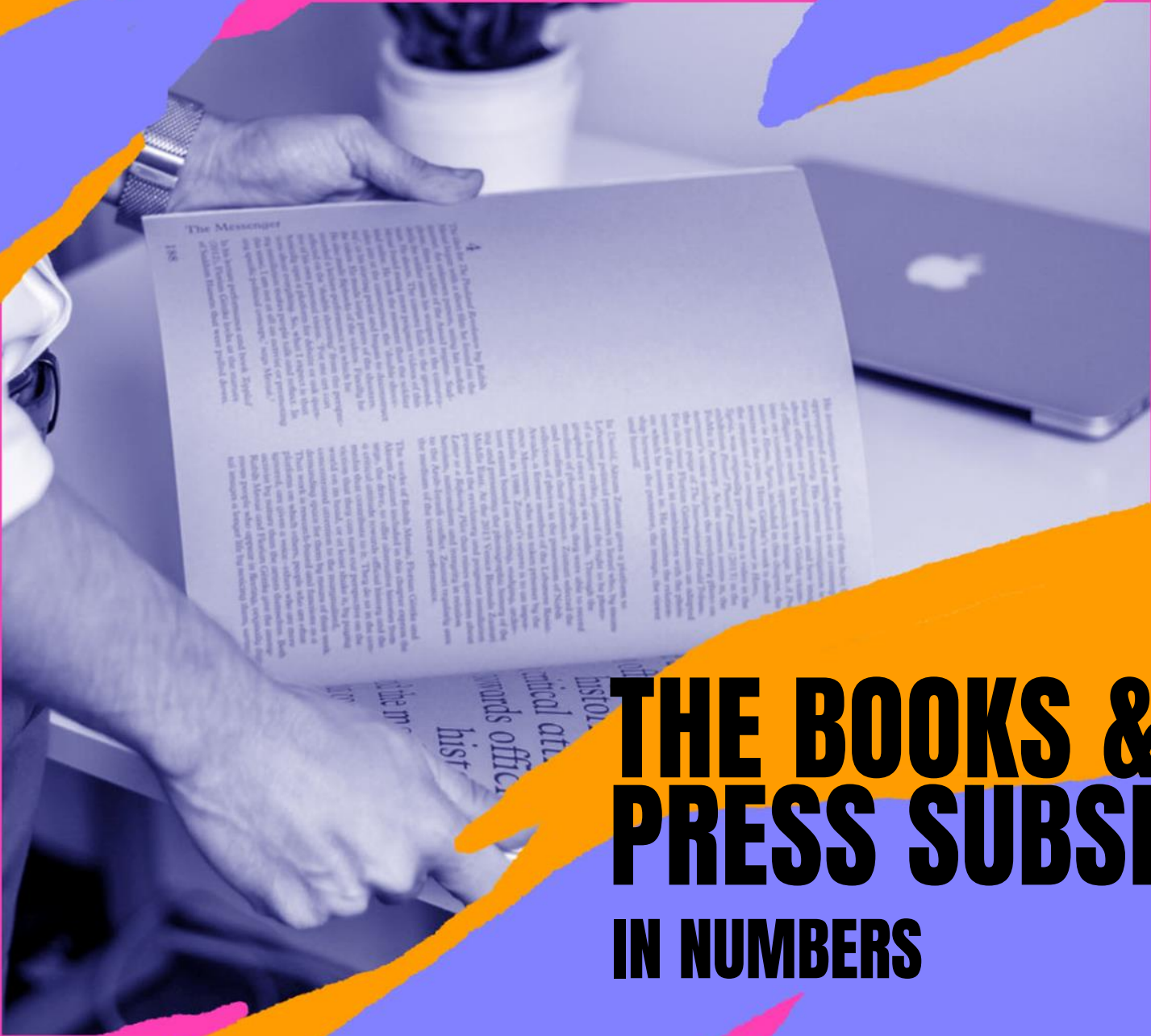
SECTION OVERVIEW

The Books & Press subsector in numbers:

- The value added of the Books & Press subsector declined at a 0.5% CAGR between 2013 and 2020 employing 1.43 million workers in the EU-27, Norway in Iceland.
- 66% of Books & Press enterprises are specialised in translation and interpretation activities, retail, sale and publishing of newspapers and other printing activities.
- The Books & Press subsector contributes, on average 0.8% to each country's economy in terms of value added with the average share of the number of Books & Press enterprises in the EU-27, Norway and Iceland amounting to 1.4% of all enterprises.

Trends shaping the Books & Press subsector:

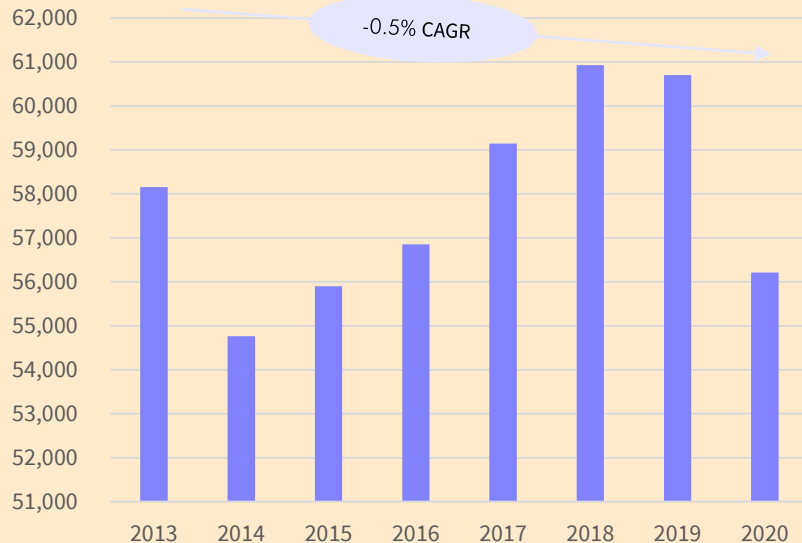
- Books & Press subsector is increasingly moving from physical to digital: new formats enriched with audiovisual content (podcasts, audiobooks) are attracting consumers' attention and represent an additional channel to engage more deeply with younger and new audiences.
- Publishers have started developing new monetisation strategies: as new consumption models emerge, new business models develop to increase digital revenues. The digital shift is still disrupting the industry, with several mergers and acquisitions potentially affecting the diversity of offerings available.
- New neighbouring right for press publishers: recent developments in the EU regulatory framework support publishers in claiming a share of news platforms' revenue from traffic and advertisement.



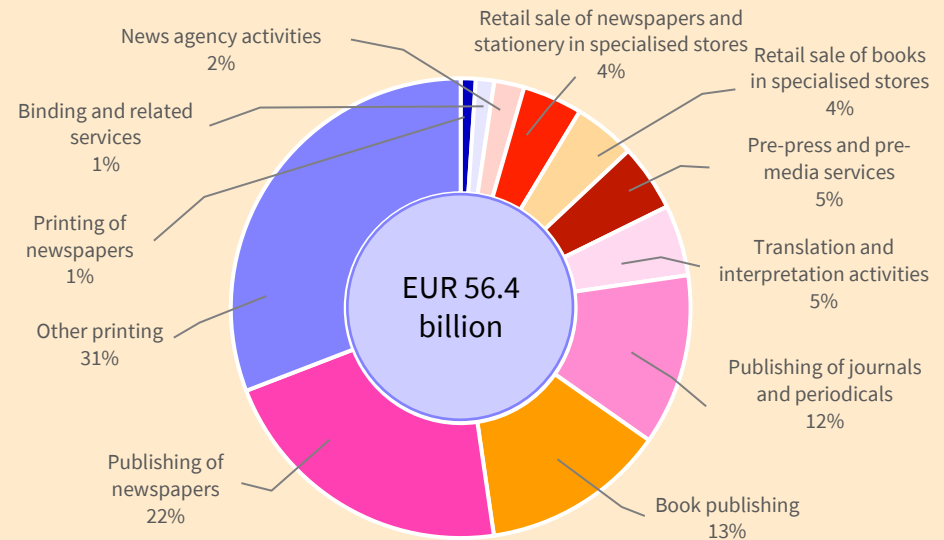
THE BOOKS & PRESS SUBSECTOR IN NUMBERS

THE VALUE ADDED OF THE BOOKS & PRESS SUBSECTOR DECLINED WITH A CAGR OF -0.5% BETWEEN 2013 AND 2020

Evolution of the Books & Press subsector's value added in the EU-27, Norway and Iceland (EUR million)



Contribution of each economic activity of the Books & Press subsector towards value added (2020)



Key Observations

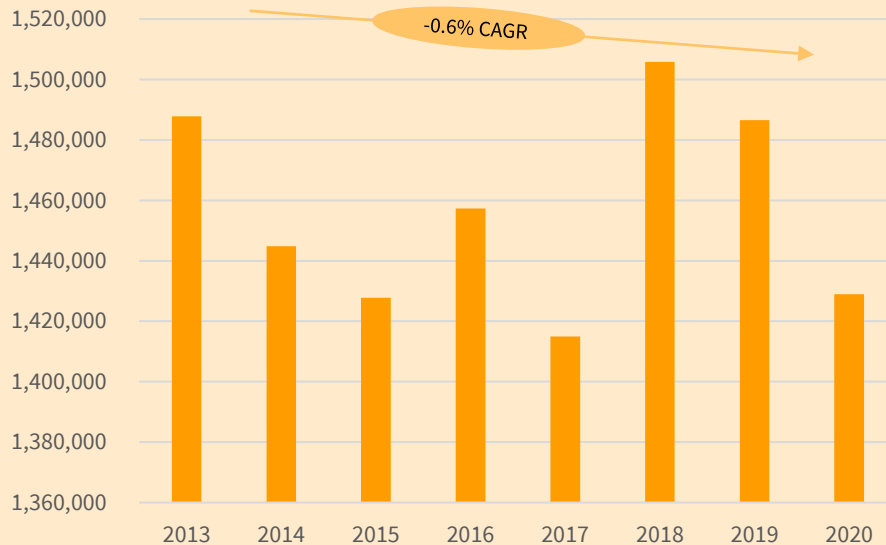
- The value added by the Books & Press subsector was EUR 56,216 million in the EU-27, Norway and Iceland in 2020.
- This implies a decline from 7% compared to 2019 when the value added accounted for EUR 60,708 million.
- Overall, between 2013 and 2020 value added of the Books & Press subsector declined at a CAGR of 0.5% in the EU-27, Norway and Iceland¹².

Key Observations

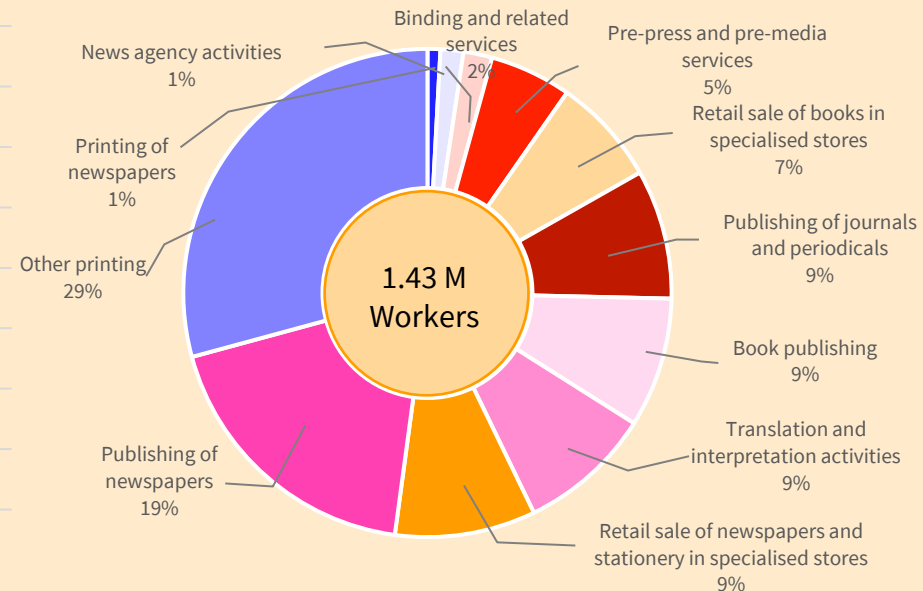
- The EU'S Books & Press industry is a diversified subsector composed of 11 types of economic activity.
- Next to "other printing" which accounts for 31% of the sectors value added, activities related to the "publishing of newspapers", "book publishing" and the "publishing of journals and periodicals" account for 46% of the value added generated by this subsector.

THE EU BOOKS & PRESS INDUSTRY EMPLOYS 1.43 M WORKERS

Evolution of employment in the Books & Press subsector in the EU-27, Norway and Iceland



Share of each economic activity out of total employment in the Books & Press subsector (2020)



Key Observations

- The number of persons employed by the Books & Press industry reached 1.43 million in the EU-27, Norway and Iceland in 2020, 58,897 less than in 2013.
- Between 2013 and 2020, the number of persons employed by the Books & Press industry declined at a 0.6% CAGR. Overall employment during the period showed some fluctuations with a peak in 2018¹³.

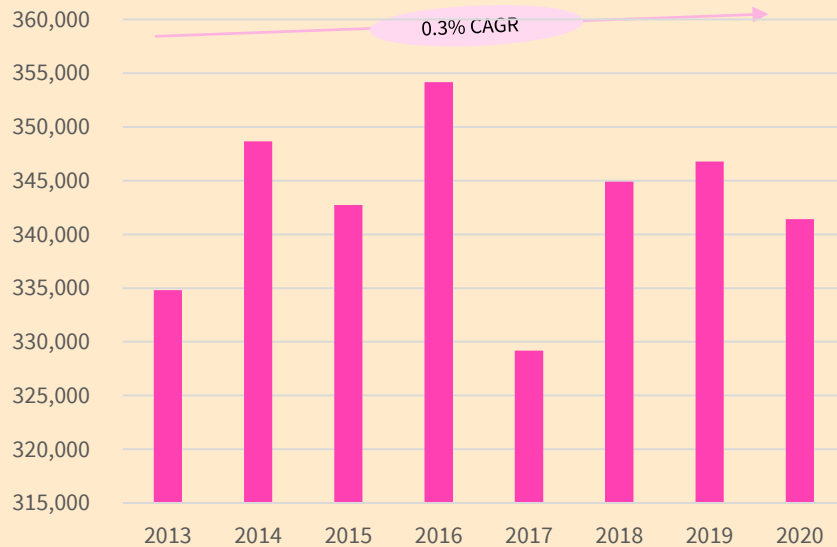
Key Observations

- As of 2020, most Books & Press workers (29%) were employed by companies that develop “other printing” activities.
- The second and third most important economic activities in terms of employment are “publishing of newspapers” (19%) and “retail sale of newspapers and stationery in specialised stores” (9%).

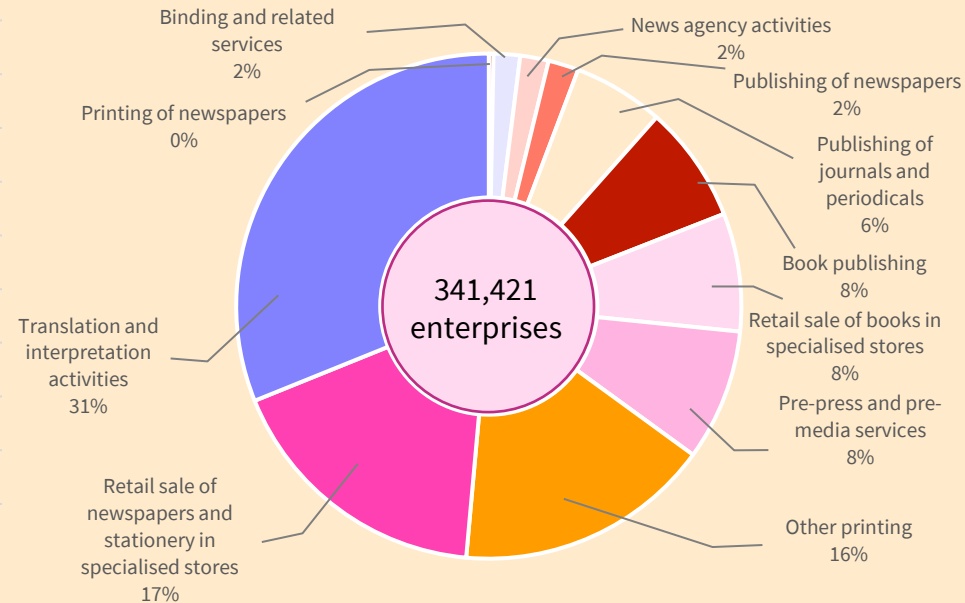
¹³ In the EU-27 only, 1,407,886 persons were employed in the Books & Press subsector, which is a decrease from 2013 when the subsector employed 1,464,085 persons. This implies a decline at a 0.6% CAGR. Source: Eurostat (figures based on NACE codes shown in Appendix).

65% OF BOOKS & PRESS ENTERPRISES ARE SPECIALISED IN TRANSLATION AND INTERPRETATION ACTIVITIES, RETAIL SALE OF NEWSPAPERS AND OTHER PRINTING ACTIVITIES

Evolution of the number of enterprises in the Books & Press subsector in the EU-27, Norway and Iceland



Share of each economic activity out of the total number of enterprises in the Books & Press subsector (2020)



Key Observations

- The number of enterprises in the Books & Press industry reached 341,421 in the EU-27, Norway and Iceland in 2020, 5,374 less than in 2019.
- Between 2013 and 2020, the number of Books & Press enterprises grew at a 0.3% CAGR. Despite this positive growth, over the period the number of enterprises saw some fluctuations with a peak of 354,180 enterprises in 2016¹⁴.

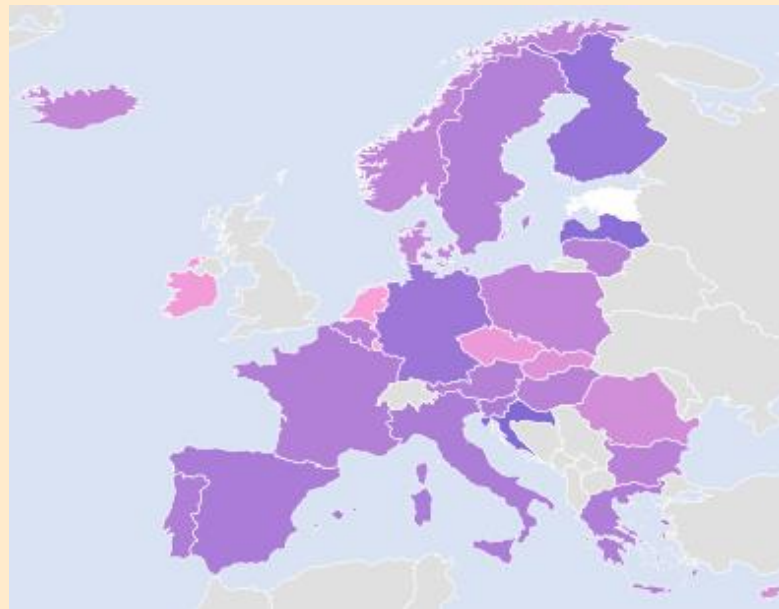
Key Observations

- Most Books & Press enterprises are specialised in translation and interpretation activities (31.1%), retail sale of newspapers and stationery in specialised stores (17.5%) and other printing activities (16.4%).

¹⁴ In the EU-27 only, there were 337,128 enterprises in the Books & Press subsector, which is an increase from 2013 when there were 331,007 enterprises. This implies a growth at a 0.3% CAGR. Source: Eurostat (figures based on NACE codes shown in Appendix).

THE BOOKS & PRESS SUBSECTOR CONTRIBUTES ON AVERAGE 0.8% TO EACH COUNTRY'S ECONOMY IN TERMS OF VALUE ADDED

Share of value added in EU-27 Member States, Norway and Iceland (2020)



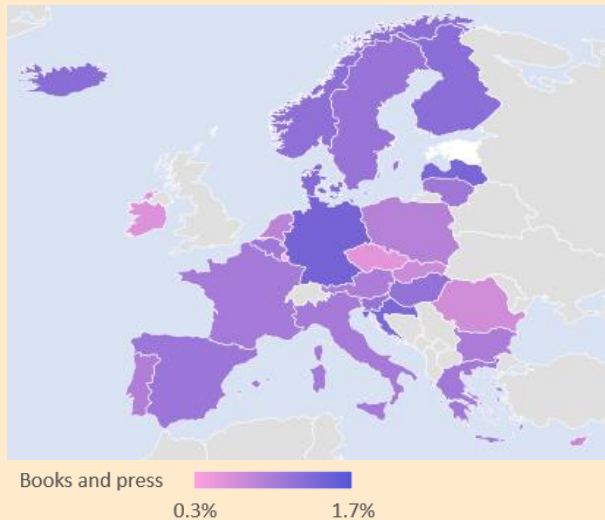
Books and press
0.2% 1.7%

Key Observations

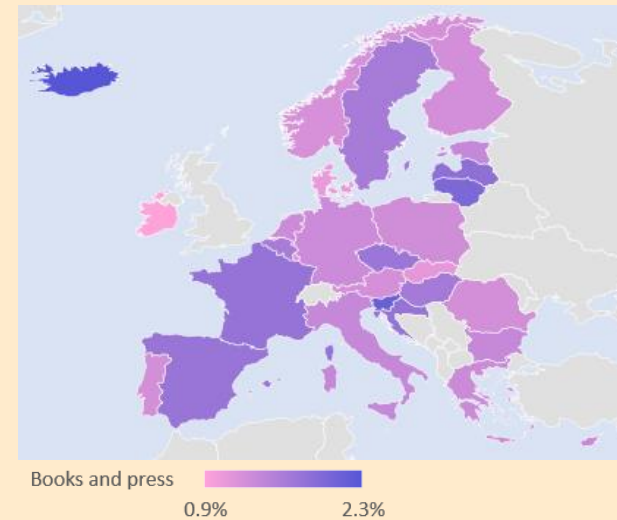
- The Books & Press industry represents on average 0.8% of the national value added in EU-27, Norway and Iceland in 2020¹⁵.
- Among all countries, the Books & Press subsector is most relevant for the Maltese economy, where it corresponds to 1.7% of national value added. Only in Malta this subsector gained importance in the national economy in the last years.
- Other countries where the Books & Press share on the national value added are higher than the EU average are:
 - Croatia (1.3%)
 - Latvia (1.2%)
 - Finland (1.1%)
 - Germany (1.1%)
- In almost all countries the relative importance of Books & Press activities compared to the overall economy declined. In Greece, Croatia, Ireland and Latvia the share of value added of Books & Press activities was stable.

THE SHARE OF BOOKS & PRESS ENTERPRISES WITHIN EU-27, NORWAY AND ICELAND AMOUNTS TO 1.5% ON AVERAGE

Share of Books & Press employment out of total employment by country (2020)



Share of Books & Press enterprises out of total enterprises by country (2020)



Key Observations

- The share of Books & Press employment out of national employment is, on average, 1.1% in EU-27 Member States, Norway and Iceland¹⁶.
- The share of the Books & Press employment out of the national economy are the highest in Malta (1.7%), Germany (1.4%) and Latvia (1.4%).

Key Observations

- Books & Press enterprises represent 1.4% of all enterprises in EU-27 Member States, Norway and Iceland¹⁶.
- The countries where Books & Press enterprises are more representative are Iceland (2.3%) Slovenia (2.1%), Lithuania (1.9%) and Latvia (1.8%).

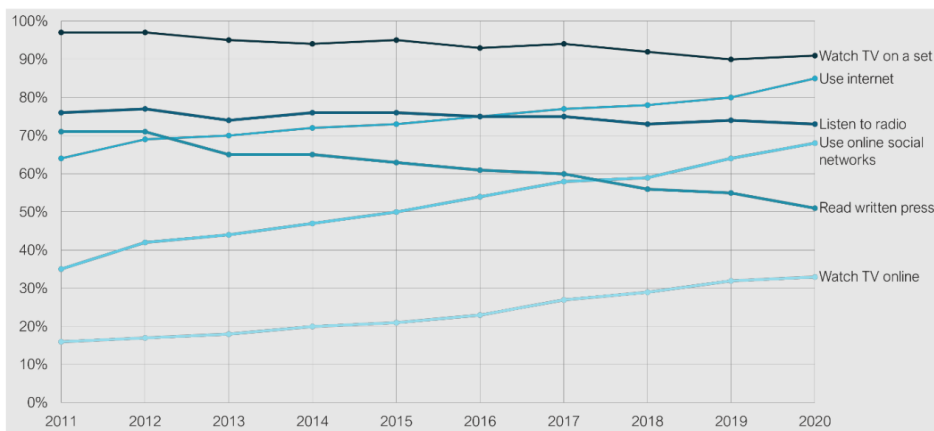
¹⁶ In the EU-27 Books & Press represents 1.1% of employment and 1.4% of enterprises.
Source: Eurostat (figures based on NACE codes shown in Appendix). Note: data not available on employment for Estonia.



THE BOOKS & PRESS SUBSECTOR MAIN TRENDS

TREND 1: THE ONGOING NEWS DIGITISATION IS HAVING A PROFOUND AND LASTING IMPACT ON THE WHOLE NEWS SECTOR VALUE CHAIN

EU-27 citizens' sources used for news at least once per week, by age group, 2013-2021 (%)



Note: Weighted average for the Member States of the European Union, the UK excluded from data post 2019. Surveys were carried out during autumn each year, except in 2020 which was carried out during winter 2020-2021 due to pandemic disruption. Written press refers to printed press outlets

Source: Standard Eurobarometer 94: Media use in the European Union survey, Oliver & Ohlbaum analysis and estimates

Key Observations

- News media consumption in Europe continues to move further towards online news content and away from the printed and digital press.
- Between 2008 and 2019, the media sector in the EU-27 experienced a notable decrease in employment, resulting in a net decline of over 307,000 employees, representing a 29.9% decrease. At the same time, there has been a significant rise in the hiring of freelancers on a temporary basis to perform journalistic duties and remote work.

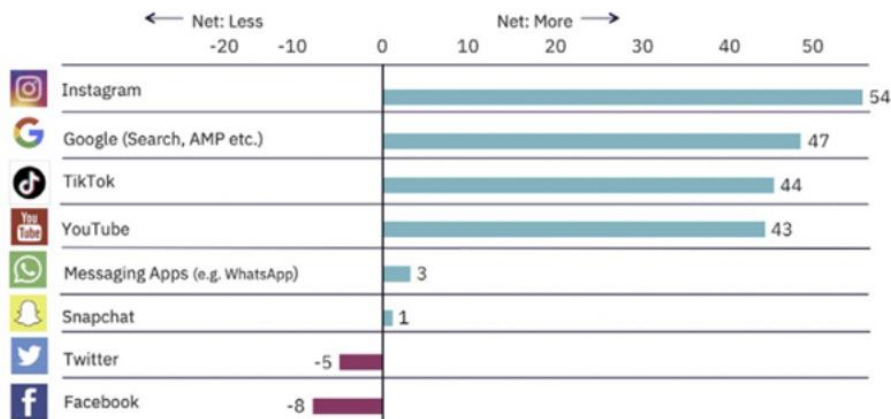
Source: Reuters Institute for the Study of Journalism / Digital News Report 2022 & PPMI, KEA and Oliver & Ohlbaum Associates, The competitiveness and economic viability of the news media sector in the EU, 2023.

The ongoing impacts

- Media outlets are offering a growing variety of media formats, while the use of digital tools enables quicker news production. Moreover, individuals now have greater access to news, can respond to it, and occasionally even engage in its creation.
- The use of Social Media is having multiple technical impacts on the newsroom such as the use of new tools (e.g. AI and Big Data) to understand and reach audiences as well as the exploration of User-Generated Content.
- The COVID-19 pandemic and the sudden shift to the digital realm and remote working in journalistic practices, has led newsrooms to implement several changes starting from the appearance of fully virtual news organisations, the redesigning of offices as spaces for community events and increased corporate attention to employees' mental health.
- The introduction of new technological tools is requiring the workforce in the sector to develop significant new skills.
- The increasing role of freelancers offers an opportunity for more flexibility and potentially wider diversity in the offer, but it also entails worsened working conditions, less accountability in media (as sometimes controls over editorial standards and oversights are more indirect).

TREND 1: THE RISE OF DIGITAL VIDEO FORMATS TO ATTRACT NEW READERS

Net Planned Effort from Publishers by Platform, 2022



Q9. When it comes to distribution and engagement via third-party platforms, will you be putting more or less effort into the following platforms in the coming year. N=231.

- Digital video content surged due to the influence of social media platforms, and the COVID-19 pandemic amplified this shift as people turned to online platforms for their daily activities. Consequently, publishers are adapting by investing more in digital video content.
- Digital video content is mostly used as a means to attract younger audiences. For instance, the Swedish public service broadcaster SVT is now the number one destination for a quarter (26%) of Swedes aged between 20 and 29 years old, growing from a mere 9% in 2017.
- News organizations must adapt quickly to the evolving landscape of digital video content, staying abreast of new platforms and technological advancements. In 2022, the balance between publishers putting more or less effort in Instagram (+54) and TikTok (+44) is positive, illustrating the increased attention from news media to publish content and advertisement through these platforms. Conversely, the balance between publishers is negative for Twitter (-5) and Facebook (-8), illustrating an overall decrease in effort on these platforms by publishers. YouTube and Google continue to be a focal point.

Key Observations on Podcasts

- Although news podcasts represent only a small fraction of all audio content available, making up only 6% of the overall podcast market in 2019 (some 770,000 titles in total), the category enjoys an overwhelming success with consumers and represents 80% of the content used by the majority of publishers to attract new readers.
- Many publishers believe that podcasts offer better opportunities for both engagement and monetisation. As an example, the New York Times alone made USD 36 million from podcast ads according to their 2020 results. In France, daily news represents almost 9% of overall podcast downloads, leading the French public service broadcasters to make significant new investments in that direction.

TREND 3: THE RAPID CHANGES BROUGHT ABOUT BY DIGITISATION ARE FORCING ORGANISATIONS TO FIND NEW BUSINESS MODELS

Particularly among digital-born outlets, different innovative business models have started to appear

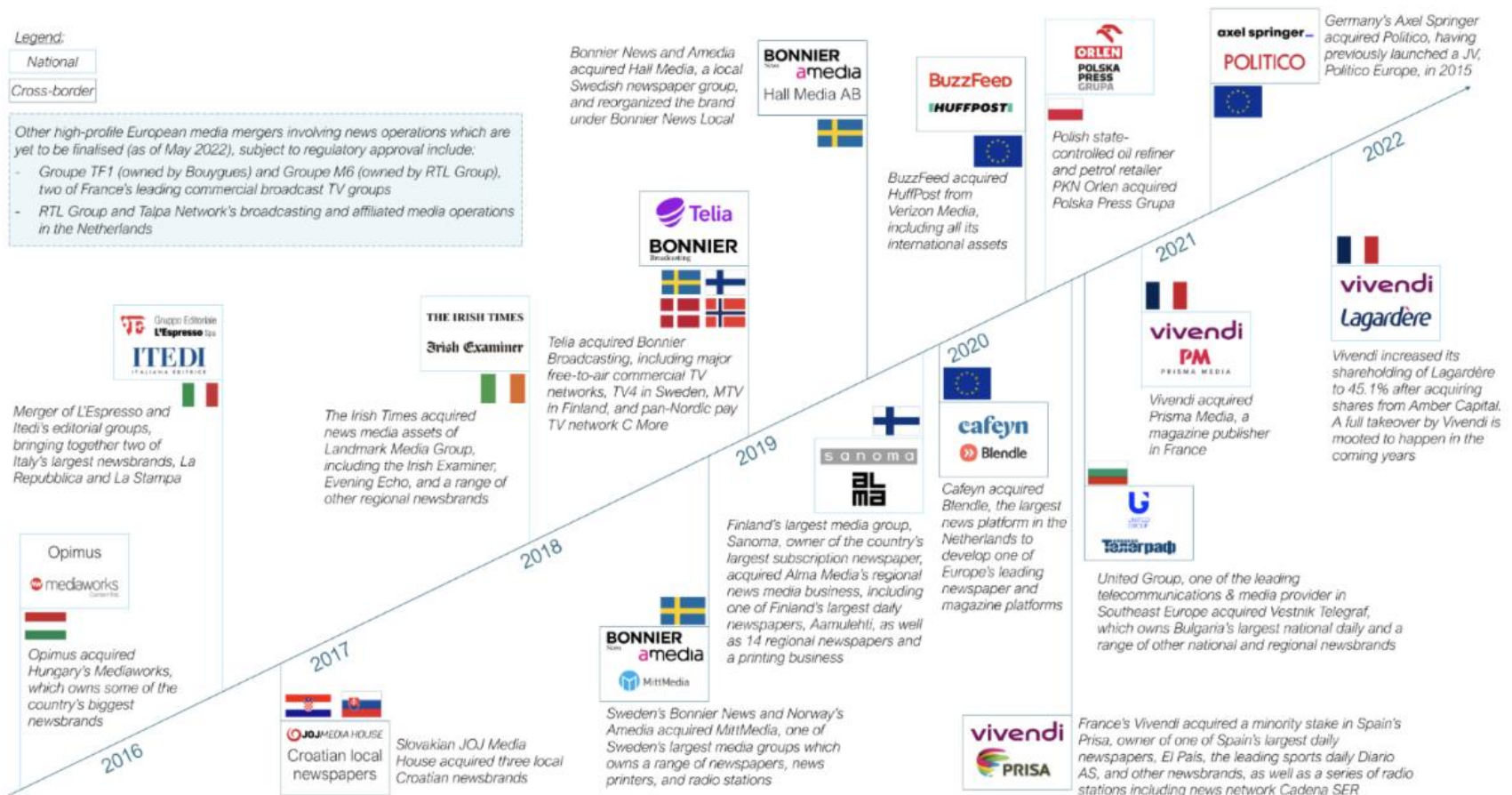
| Business model | Short description |
|---|---|
| Subscriptions & Memberships | Online-only newspapers have demonstrated the success of subscription-based models, while membership models provide added benefits beyond content access, enabling members to contribute to content creation and engage in meaningful exchanges with journalists. However, these models tend to be most effective when combined with other revenue strategies. |
| Paywalls | A paywall restricts access to online content to paying subscribers. It can come into different forms: <ul style="list-style-type: none"> - Hard Paywalls: blocks non-subscriber access to the whole publication. - Metered Paywalls: allowing users to read a number of articles for free per month. - Freemium Paywalls: allows visitors to read articles for free with advertising but hides premium content. |
| Micropayments | Micropayments allow readers to pay for accessing a single article. |
| Crowdfunding & Donor Funding | More and more online publications now rely on (regular) payments or donations which can come in various forms, from philanthropic backing to corporate funding. |

Key Observations

- The news media industry has experienced digital disruption, with digital platforms becoming crucial intermediaries for distribution. More publishers have started charging for content or tightening paywalls to ensure a steady stream of revenue. Premium content and archive access can also be available free of charge when the consumer opts for a subscription.
- Many traditional press players were unprepared for the digital challenge and lacked the resources for investment. As a result, some European players are seeking to join forces to achieve the necessary scale to compete effectively in the market, consequently contributing to the EU market consolidation.
- While mergers can be a viable strategy to tackle challenges related to investment, scale, and establishing synergies, deliberate patterns of consolidation can potentially diminish diversity in the offer and/or independent ownership of media.

TREND 3: M&A activities lead to consolidation in the EU news media market

Timeline of selected European news media M&A activity, 2016-2022



TREND 1: IN THE BOOK SECTOR, CONSUMPTION OF AUDIOBOOKS AND PODCASTS ALSO OPENS OPPORTUNITIES FOR NEW REVENUE STREAMS

Growing use of audiobooks

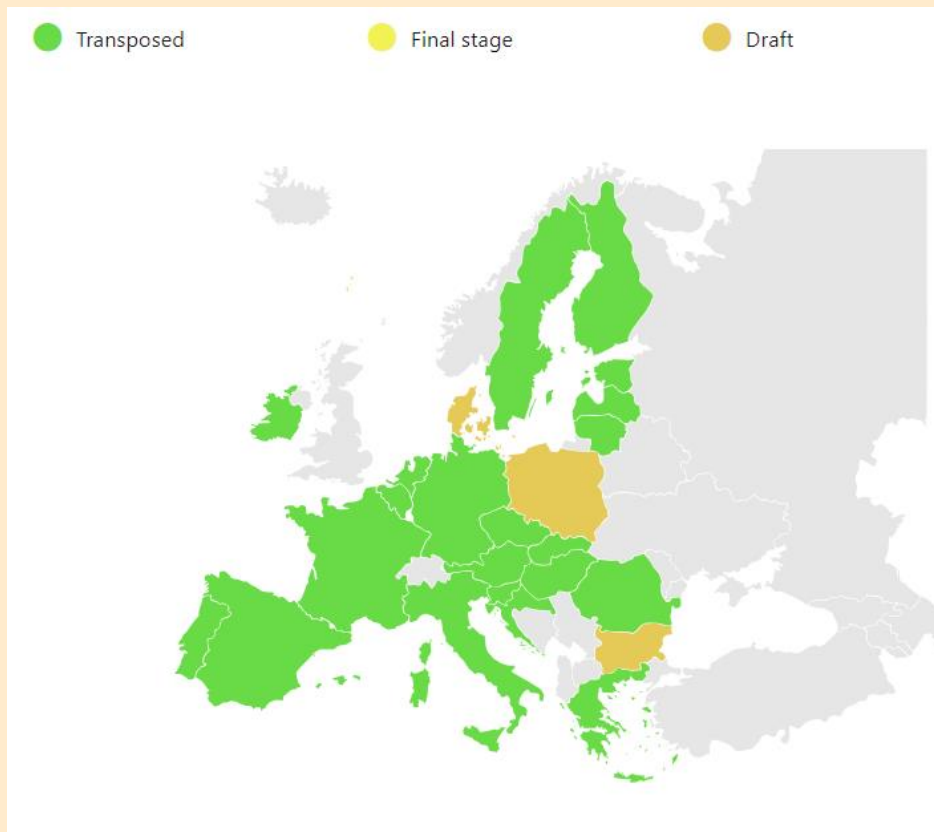
- Audiobooks are increasing in popularity as an alternative format to consume traditional printed books. While physical book sales are still predominant (84.8% of the market in 2021).
- The audiobook market in Europe is showing potential for growth, especially in some countries such as the UK (benefitting from English-language content) and Nordic countries (5,800 new titles annually, 32,000 available). The rise in audio interfaces and smart-speaker penetration are likely to increase consumers' interest in audio products.
- The increasing popularity in audio is widely regarded as good news in the publishing industry, looking for new ways to engage with audiences, especially the younger generations.
- Audiobooks are also improving accessibility to cultural content for people with a disability (e.g. visually impaired).
- Audiobooks are not the only audio format gaining in popularity. Deloitte also predicts that the global podcasting market will increase by 30% to reach USD 1.1 billion in 2020, surpassing the USD 1 billion mark for the first time. Podcasts are less expensive to produce than audiobooks and can be consumed in a shorter period.

Monetisation strategies

- While e-book and audiobook markets are still in an early stage, new monetisation strategies are emerging, like subscription models for audiobooks and podcasts. Audiobook platforms such as <https://libro.fm/indies> (US with some EU countries) <https://bookshop.org/> (US) collaborate with independent booksellers and return a share of sales back to them.
- Advanced technologies like deep analytics of consumer behaviour and dynamic ads can help publishers in providing a more personalised experience to new potential readers, influencing marketing campaigns and improving discoverability of content.

TREND 4: THE NEW COPYRIGHT FRAMEWORK SUPPORTS PUBLISHERS IN CLAIMING A SHARE OF NEWS PLATFORMS' REVENUES FROM ONLINE TRAFFIC AND ADVERTISING

Transposition of the Directive on Copyright in the Digital Single Market in the EU-27 Member States (2023)



- The Directive on copyright and related rights in the Digital Single Market (Article 15) introduced a new neighbouring right for press publishers (the “publisher’s right”). The provision’s aim is to protect the online reproduction of copyright-protected news content (e.g. through news aggregators).
- In the new regime, online platforms and content aggregators can no longer link news to their platforms without prior authorisation of the publishers and are required to negotiate a licensing agreement (licensing fees). Thus, publishers can claim a share of news platforms’ revenues from traffic and advertisement as a remuneration.
- In France, the umbrella association of French publishers has negotiated a form of remuneration for the publication of extracted contents on Google News.
- The new publisher’s right is recognised in addition to existing rights held by other stakeholders within the value chain and does not affect the independent exploitation of other rights.

AUDIOVISUAL MEDIA (AVM) SECTION OVERVIEW

The AVM subsector in numbers:

- The value added of the AVM subsector grew at a 6.8% CAGR between 2013 and 2020 reaching EUR 177.2 billion:
 - Computer programming activities generate more than half of the EU AVM value added
 - AVM contributes, on average, 3.6% towards value added in EU-27, Norway and Iceland
- Employment in the EU AVM subsector grew at a 6.3% CAGR between 2013 and 2020 reaching more than 2.8 million with more than 50% of workers employed in computer programming activities
- Between 2013 and 2020 the number of AVM enterprises in the EU-27, Norway and Iceland increased by 264,235 reaching 684,203 in 2020
- AVM companies represent 2.9% of the total number of enterprises in EU-27, Norway and Iceland

Trends shaping the AVM subsector:

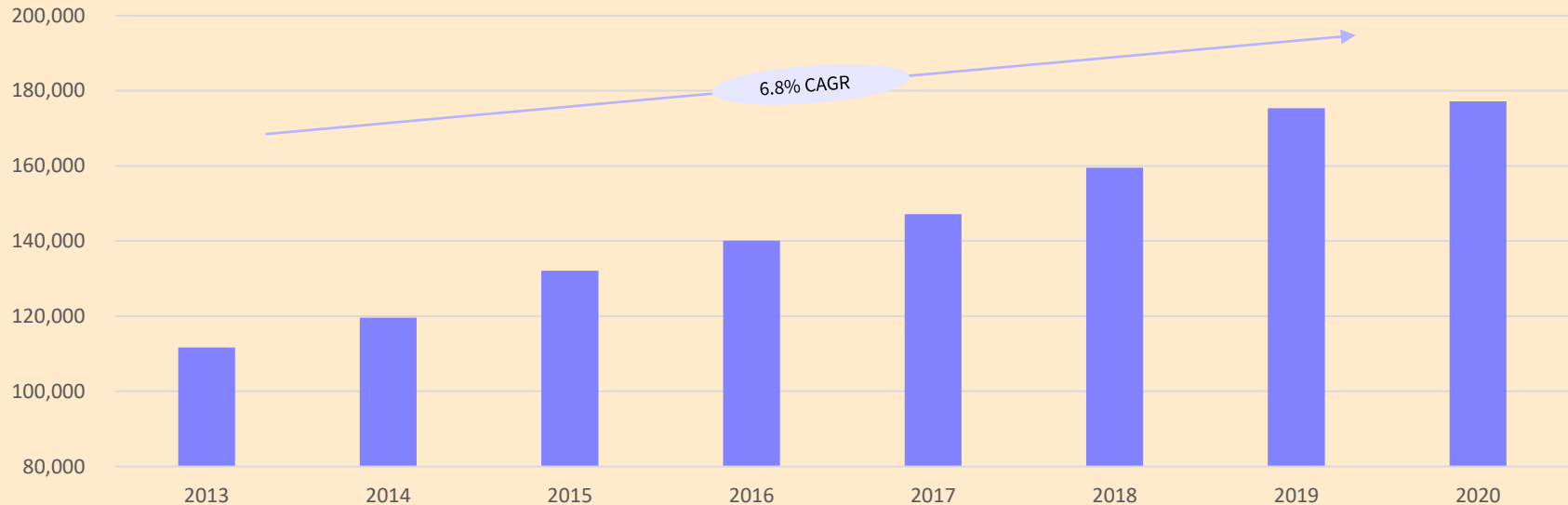
- The subscription business model is gradually replacing the ownership model and becoming the main point of access for AVM (especially music) content
- In the mobile games industry, business models are constantly advancing in order to fully adapt to user preferences. The industry is fast growing, though a small growth dip is expected in 2022 after exceptional revenues during the COVID-19 pandemic
- The AVM sector is adopting more sustainable solutions and implements greener production and consumption practices



THE AVM SUBSECTOR IN NUMBERS

THE VALUE ADDED OF THE AVM SUBSECTOR GREW AT A 6.8% CAGR BETWEEN 2013 AND 2020

Evolution of the AVM subsector's value added in the EU-27, Norway and Iceland (EUR million)



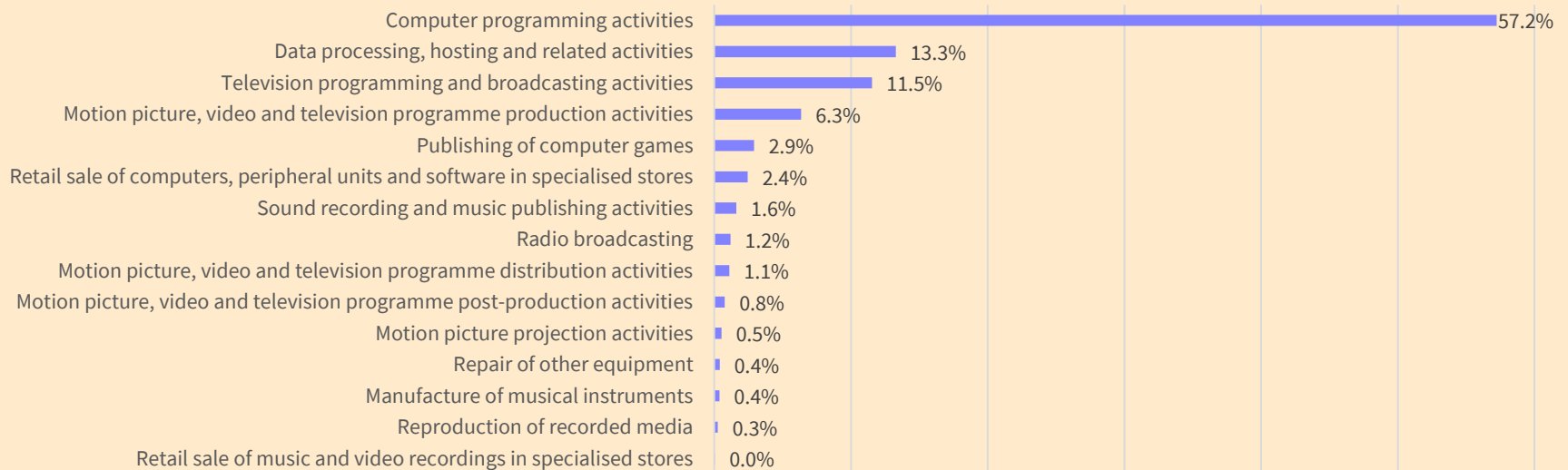
Key Observations

- The value added by AVM activities grew at 6.8% CAGR in the EU-27, Norway and Iceland, reaching EUR 177.2 billion in 2020¹⁷.
- Particularly “publishing of computer games” as well as “repair of other equipment” and “computer programming contributed” to increasing value added of the AVM subsector. At the same time, “retail sale of music and video recordings in specialised stores”, “reproduction of recorded media” and “motion picture projection” activities became less important. Their value added increased less than the European economy on average.
- The growth rate has slowed down between 2019 and 2020. This is likely due to the COVID-19 pandemic related restrictions.

¹⁷ In the EU-27 only, the value added of the AVM subsector was EUR 173,885 million in 2020, which grew from EUR 109,183 million in 2013. This implies a growth at a 6.9% CAGR. Source: Eurostat (figures based on NACE codes shown in Appendix).

COMPUTER PROGRAMMING ACTIVITIES GENERATE MORE THAN HALF OF THE AVM VALUE ADDED IN THE EU-27, NORWAY AND ICELAND

Contribution of each economic activity on the overall value added of the AVM subsector in 2020

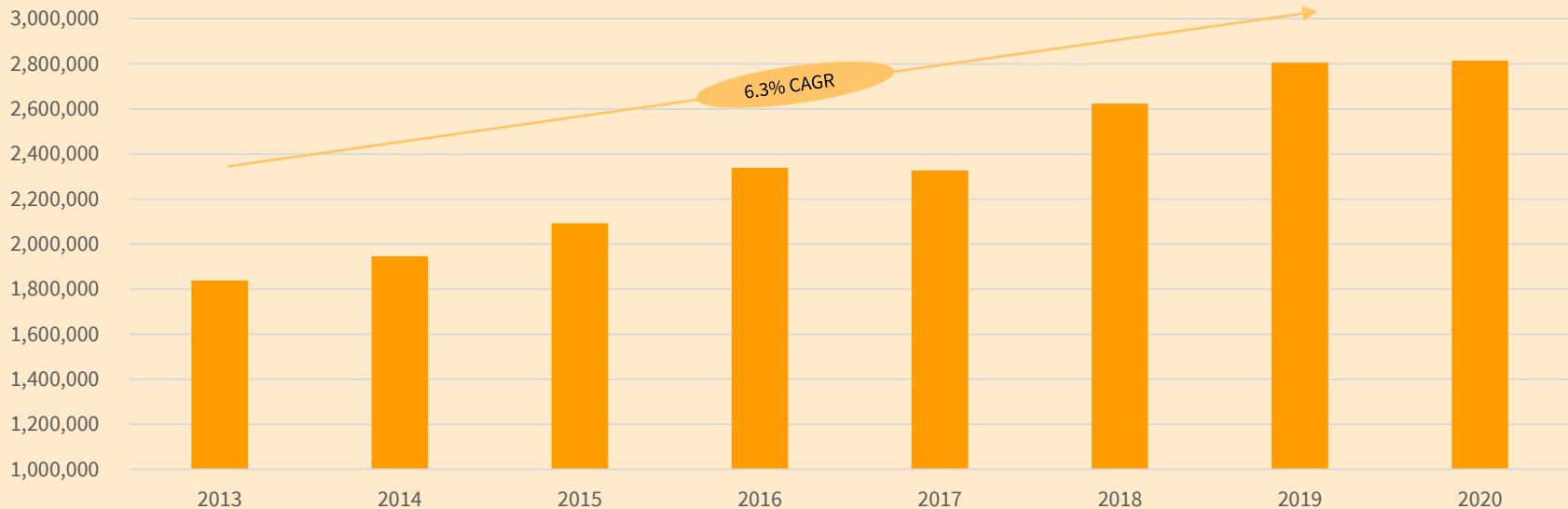


Key Observations

- “Computer programming activities”, “data processing, hosting and related activities”, “television, programming and broadcasting activities” and “motion picture, video and television programme production activities” account for 88.4% of the value added by the AVM subsector in the EU-27, Norway and Iceland.
- Among the other AVM activities, “publishing of computer games” (2.9%), “retail sale of computers, peripheral units and software in specialised stores” (2.4%) and “sound recording and music publishing activities” (1.6%) are the main activities in terms of value added.

EMPLOYMENT IN THE EU AVM SUBSECTOR GREW AT A 6.3% CAGR BETWEEN 2013 AND 2020

Evolution of employment in the AVM subsector in the EU-27, Norway and Iceland



Key Observations

- Employment in the AVM subsector grew at a 6.3% CAGR in the EU-27, Norway and Iceland between 2013 and 2020 reaching 2,813,702 workers in 2020¹⁸.
- “Publishing of computer games” was the AVM activity which registered the highest growth rate in terms of employment. At the same time, “retail sale of music and video recordings in specialised stores” and “reproduction of recorded media, and motion picture projection” activities became less important. Employment increased less than the European average.
- The growth of employment slowed down between 2019 and 2020 adding only 8,558 jobs. This is likely due to the COVID-19 pandemic and related restrictions.

¹⁸ In the EU-27 only, 2,775,612 persons were employed in the AVM subsector, which is an increase from 2013 when the subsector employed 1,812,177 persons. This implies a growth at a 6.3% CAGR. Source: Eurostat (figures based on NACE codes shown in Appendix).

59% OF ALL WORKERS IN THE AVM SUBSECTOR ARE EMPLOYED IN COMPUTER PROGRAMMING ACTIVITIES

Share of each economic activity out of total AVM employment (2020)

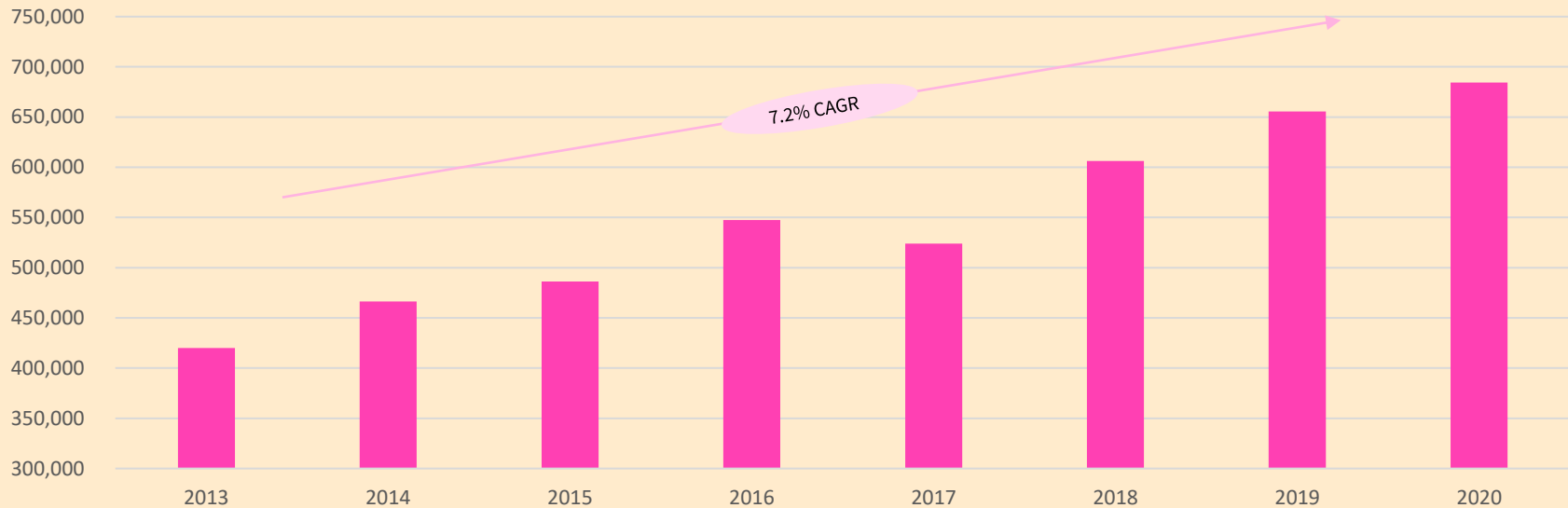


Key Observations

- More than half (58.8%) of the AVM employees work in “computer programming activities”.
- “Data processing, hosting and related activities” (13.7%), “motion picture, video and television programme production activities” (7.3%) and “television programming and broadcasting activities” (6.5%) are the other top AVM activities in terms of employment.
- “Retail sale of music and video recordings in specialised stores” (0.1%), “reproduction of recorded media” (0.4%) and “motion picture, video and television programme distribution activities” (0.5%) are the AVM activities that employed least workers in the EU-27, Norway and Iceland in 2020.

THE NUMBER OF AVM ENTERPRISES IN THE EU-27, NORWAY AND ICELAND INCREASED BY 264,235 BETWEEN 2013 AND 2020

Evolution of the number of enterprises in the AVM subsector in the EU-27, Norway and Iceland



Key Observations

- Between 2013 and 2020, the number of companies in the AVM industry grew at a 7.2% CAGR to 684,203 enterprises in 2020¹⁹.
- The strong performance has been driven by the growth of “publishing of computer games”.
- At the same time, “retail sale of music and video recordings in specialised stores” and “reproduction of recorded media activities” became less important. The number of enterprises increased less than in the EU-27, Norway and Iceland on average.

¹⁹ In the EU-27 only, there were 671,939 enterprises in the AVM subsector, which is an increase from 2013 when there were 412,406 enterprises. This implies a growth at a 7.2% CAGR.
Source: Eurostat (figures based on NACE codes shown in Appendix).

54.1% OF THE AVM ENTERPRISES PERFORM COMPUTER PROGRAMMING ACTIVITIES

Share of each economic activity out of the total number of AVM enterprises (2020)

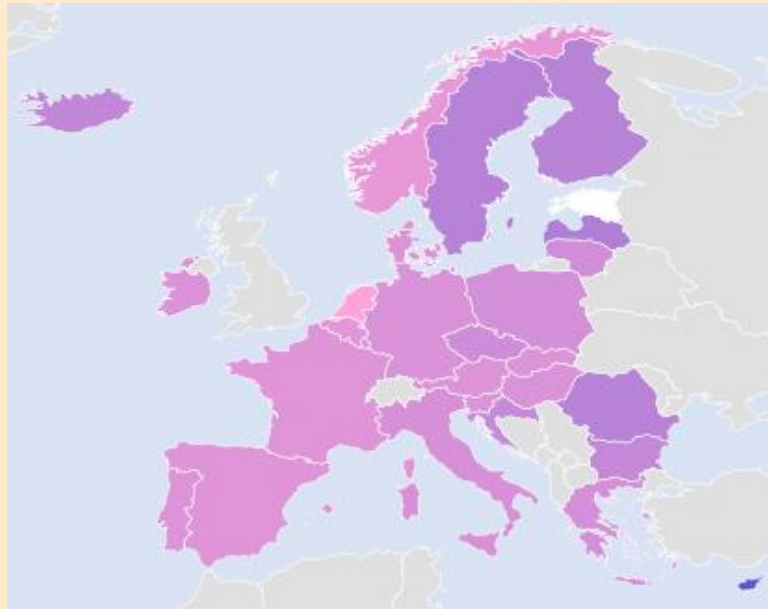


Key Observations

- 54.1% of the AVM enterprises develop “computer programming activities”. These companies are followed by AVM companies performing “motion picture, video and television programme production activities”.
- “Data processing, hosting and related activities” (11.9%) is the third main activity that the AVM companies specialise in. It is followed by “retail sale of computers, peripheral units and software in specialised stores”.

AVM CONTRIBUTES, ON AVERAGE, 2.7% TOWARDS VALUE ADDED IN THE EU-27, Norway and Iceland

Contribution of AVM towards value added in the EU-27, Norway and Iceland (2020)



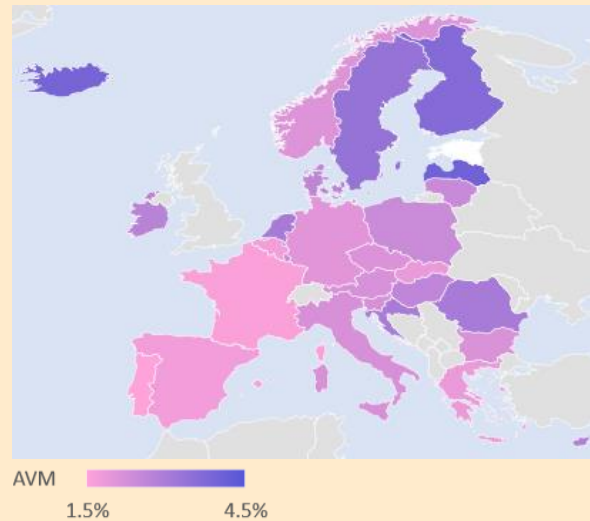
AVM
0.1% 12.2%

Key Observations

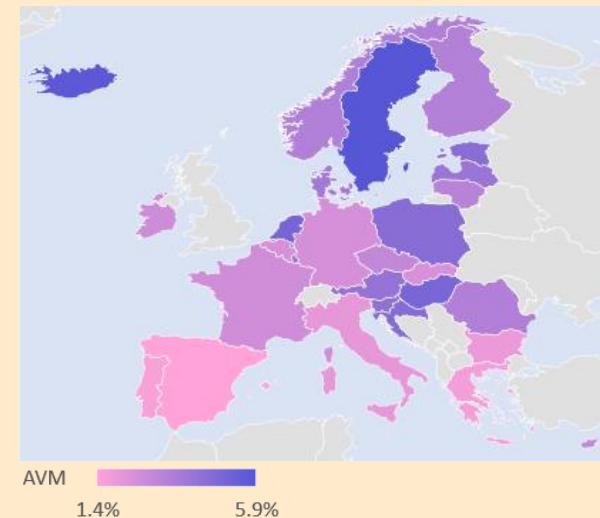
- Across EU-27 Member States, Norway and Iceland the value added by AVM activities represents, on average, 2.7% of the national value added²⁰.
- The value added by AVM represents 12.2% of the Cypriot economy and 9.3% of the Maltese economy.
- Latvia (5.8%), Sweden (5.3%) Romania (5.2%) and Finland (5.1%) are other countries where AVM represents more than 5% of the national economy in terms of value added.

AVM ENTERPRISES REPRESENT, ON AVERAGE, 2.9% OF THE TOTAL NUMBER OF ENTERPRISES IN THE EU-27, NORWAY AND ICELAND

AVM share out of total employment (2020)



AVM share out of total number of enterprises (2020)



Key Observations

- The AVM share out of national employment is, on average, 2.2% in each EU-27 Member States, Norway and Iceland²¹.
- The shares of AVM employment out of total national employment are the highest in Malta (4.5%), Latvia (4.0%), Iceland (3.9%) and Finland (3.7%).

Key Observations

- AVM enterprises represent 2.9% out of the total number of enterprises in each EU-27 Member State, Norway and Iceland²¹.
- The countries where AVM companies represent a higher share than the average are Sweden (5.9%), Iceland (5.7%) the Netherlands (5%) and Hungary (5%).

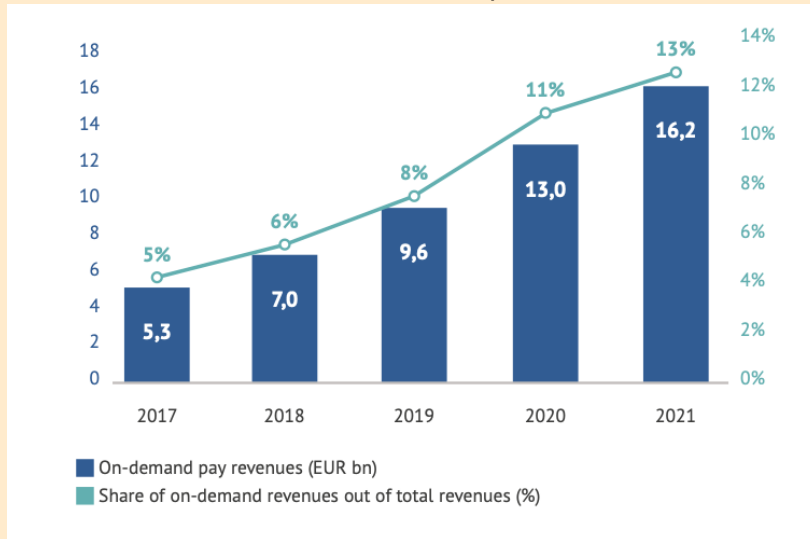
¹⁶ In the EU-27 only, AVM represents 2.2% of employment and 2.9% of enterprises.
Source: Eurostat (figures based on NACE codes shown in Appendix). Note: data not available on employment for Estonia.



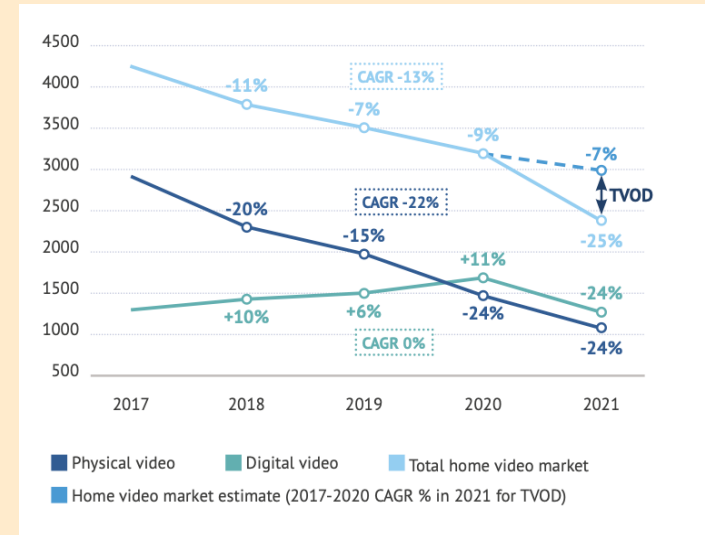
THE AVM SUBSECTOR MAIN TRENDS

TREND 1: STRONGER THAN AVERAGE GROWTH, DRIVEN BY ON-DEMAND SERVICES, ESPECIALLY SVOD

Total Revenues and Share of total revenue for TVOD & SVOD* in Europe



Home video market evolution (in EUR million and %, 2017-2021)

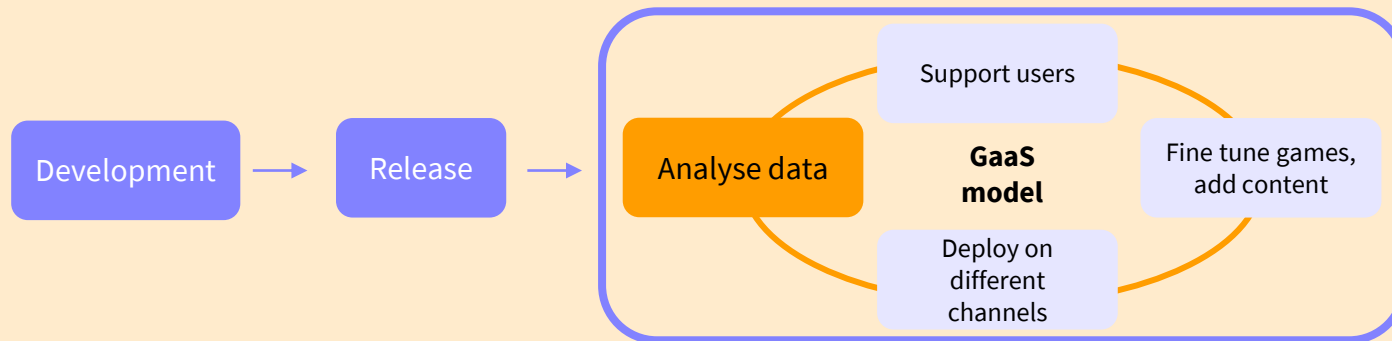


Key Observations

- After a loss of EUR 7 billion in 2020, European audiovisual revenues more than caught up in 2021 with an increase of EUR 10 billion, to EUR 123 billion, but it is a growth mainly driven by on-demand services.
- SVOD, kept on growing during and after the COVID-19 pandemic with an increase of almost 70% between 2019 and 2021. Over the period 2017-2021, on-demand revenues grew by EUR 11 billion and traditional segments decreased by EUR 5 billion.
- The UK is the second-biggest European market, alongside Germany and ahead of France, Italy and Spain. In the wake of Brexit, the EU thus witnessed a decline of approximately 19% in revenues for the EU AVM Market, but retained a market share of about 74% of total revenues. TVOD revenue dynamics changed for the first time in 2021, dropping to 2017 levels and widening the gap for the European home video market.

*SVOD = subscription video on demand (monthly payment). TVOD = Transactional video on demand (pay per film).
Source: EAO yearbook key trends 2022-2023.

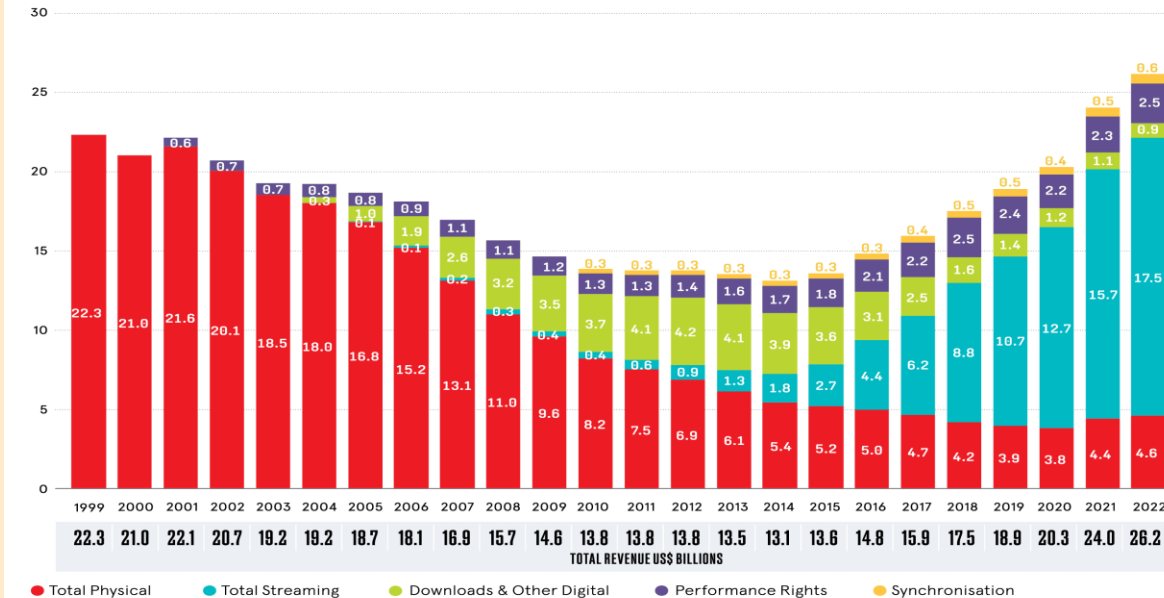
TREND 1: IN THE MOBILE GAMES INDUSTRIES, AGILE BUSINESS MODELS ARE ADAPTING TO USER PREFERENCES



- Digital and especially mobile gaming allow for the deployment of in-depth data analytics tools in games. This in turn enables developers to capture players' feedback and behaviour in real-time, and therefore to improve the game quality and success.
- Business models are thus constantly advancing in order to fully adapt to user preferences. The subscription models that consolidated in the video and music sector have not yet taken off in the video games market, although new services have been released recently (e.g. Google Stadia, Apple Arcade or Playstation Now).
- The app ecosystem enabled shifting from the traditional games-as-a-product to a games-as-a-service (GaaS) model where a game is regularly updated and sustained for a longer period of time, which results in increased longevity and an extended monetisation window.
- The “free-to-play” model and digital sales are king in the mobile game industry, representing 80% of the revenue share of digital video games globally in 2018. This model relies on continuous game development and updates to content and features to keep the game fresh and players engaged and monetised for as long as possible. A game is developed and released on the app store where it can be downloaded for free and monetised through:
 - **In-app purchases:** players are encouraged to make micro transactions paying for premium content to access game items or to gain an advantage. In some cases payment unlocks whole sections of the game (Downloadable content i.e. DLC).
 - **Advertising:** third-party paid advertisements are embedded in-game in the form of videos, banners and links; higher dependency in simpler casual games.

TREND 1: STREAMING ACCOUNTS FOR THE HIGHEST PROPORTION OF THE GLOBAL RECORD MUSIC INDUSTRY

Global Recorded Music Industry Revenues 1999-2022 (in USD billion)



Key Observations

- Subscription streaming was the leading driver of growth in 2022 (+10.3% to USD 12.7 billion). Overall streaming (including subscription and advertising-supported), accounted for the highest proportion of the market, increasing to a 67.0% share of the overall market in 2022 up from a 65.5% share the prior year.
- Europe, the world's second-largest region in terms of streaming, grew 7.5% in 2022 with the UK (+5.4%), Germany (+2.2%) and France (+7.7%) reporting the strongest growth.
- One of the key characteristics of today's global music industry is the strength and success of domestic music. Alongside the opportunity for fans to engage with repertoires from almost any part of the world, there is an increasing trend towards embracing and celebrating local artists and culture.
- Underpinning this growth is the ongoing investment of record companies, which continue to build partnerships and develop local teams best placed to work with current and emerging artists from a growing variety of music scenes.

TREND 2: AVM IS ADOPTING SOLUTIONS TO BE MORE SUSTAINABLE AND IMPLEMENT GREENER PRODUCTION AND CONSUMPTION PRACTICES

- The AVM industries are a successful driver for growth and innovation across Europe, but they are also a non-negligible source of carbon emissions. For instance, Audio-Visual productions require moving between locations and affect the environment through the use of transport, construction, lighting, catering and water.
- Although the shift from physical to digital media has reduced cost and plastic pollution, using music streaming services like Spotify and online gaming is also harmful for the environment in terms of energy consumption. The EU-funded Eureka project found that data centres for streaming in EU countries consumed 25% more energy in 2017 compared to 2014.
- Some companies and creators have recognised the environmental impact of their activities and are committed to implement more sustainable production and consumption practices.

| Examples | Short description |
|------------------------|---|
| Audio-Visual | The Interreg project “Green Screen” aims to facilitate the transition towards a greener European Audio-Visual industry by encouraging film and TV production companies and their suppliers to adopt green measures, train staff and create new jobs linked to sustainable working. |
| Music | The Green Room (“TGR”) is a non-profit organisation based in France, developing tools and creative solutions to support a transition towards a more sustainable music industry without compromising the essence of artistic work. Since 2016, TGR co-creates solutions with associated musicians towards green touring (through the <i>Green Your Touring!</i> campaign), carrying out assessments, awareness-raising and operational training regarding sustainable practices for the music sector. |
| Cross-sectorial | The report Greening Creative Europe includes 1) Good Environmental Practices to reduce climate and environmental impacts of their organisation and/or projects, or to contribute to environmental and climate awareness; 2) A Greening Strategy to make the Creative Europe Programme greener over four incremental stages; and 3) a Monitoring Guide which proposes sustainability indicators (‘green indicators’) to measure the programmes’ progress and contribution towards the European Green Deal. |

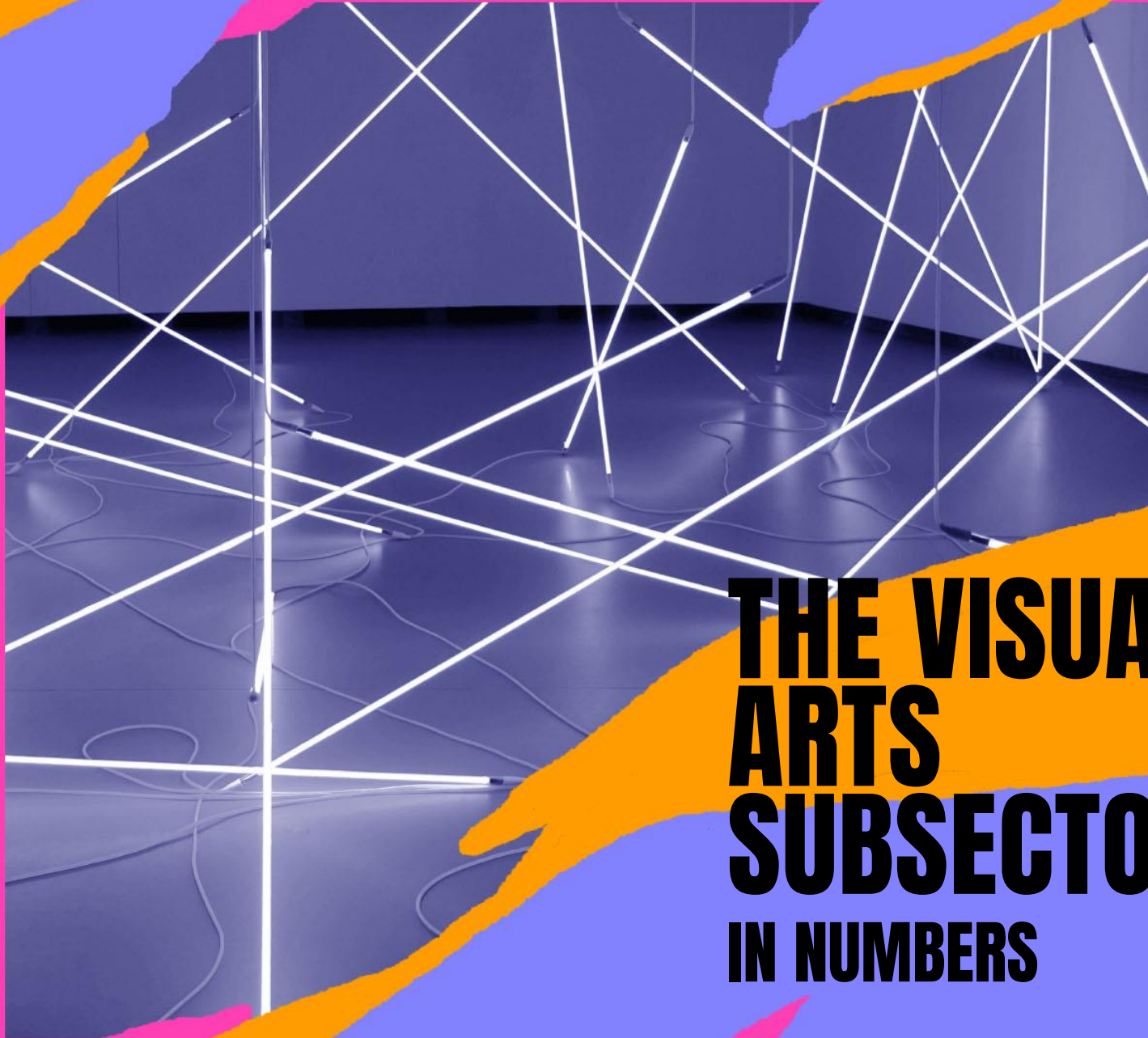
VISUAL ARTS SECTION OVERVIEW

The Visual Arts subsector in numbers:

- Visual Arts contributed **EUR 31.6 billion to the value added in the EU-27, Norway and Iceland in 2020** representing **0.5%** of the **overall value added to the economy** and on average 0.5% of value added in each EU-27 Member States, Norway and Iceland.
- The **workforce** of the Visual Arts subsector has **grown at a 2.3% CAGR** reaching **1.10 million workers in 2020** with **more than half a million Visual Arts companies** in the EU-27, Norway and Iceland combined.

Trends shaping the Visual Arts subsector:

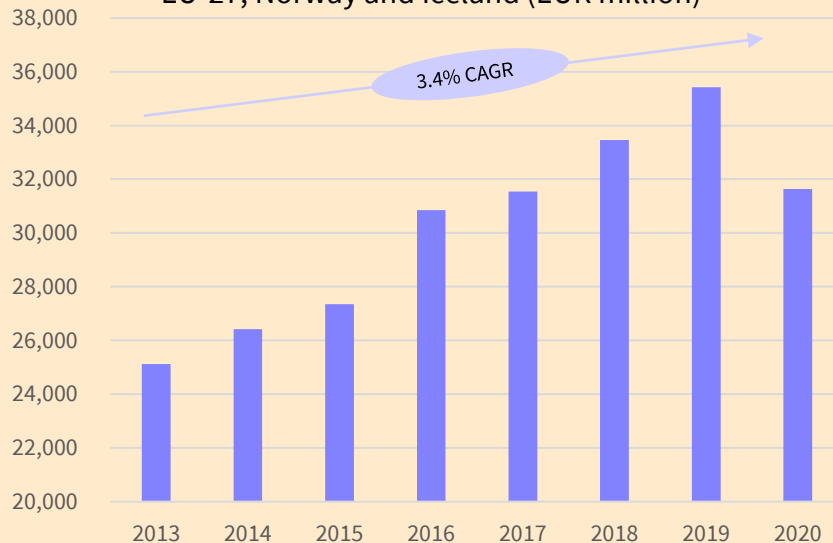
- **Digital sales of artworks** are on the rise as art galleries, auction houses and art fairs had to close down during the COVID-19 pandemic.
- **Increased environmental awareness of consumers** is pushing the fashion industry towards rethinking established practices impacting the whole product lifecycle.



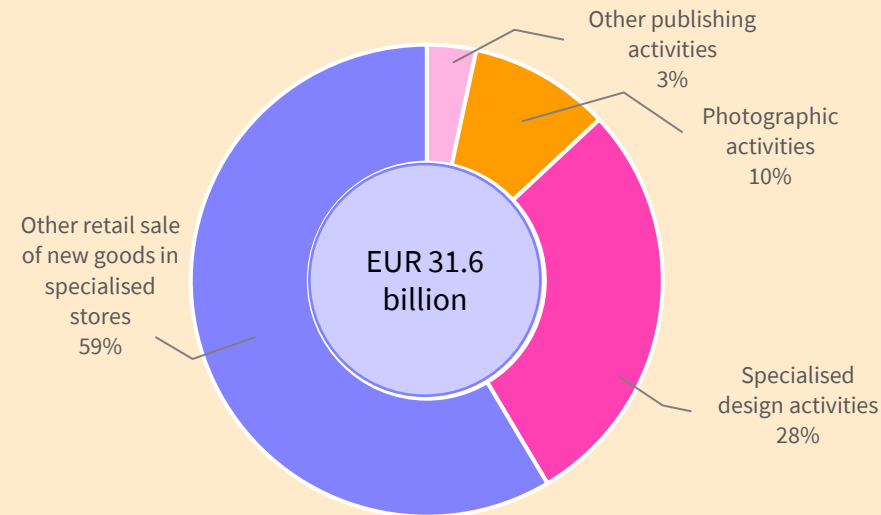
THE VISUAL ARTS SUBSECTOR IN NUMBERS

VISUAL ARTS CONTRIBUTED EUR 31.6 BILLION TO THE ECONOMY IN THE EU-27, NORWAY AND ICELAND IN 2020

Evolution of the Visual Arts subsector's value added in the EU-27, Norway and Iceland (EUR million)



Share of each economic activity out of the Visual Arts subsector's total value added (2020)



Key Observations

- The value added by the Visual Arts subsector reached EUR 31,636 million in the EU-27, Norway and Iceland in 2020²².
- Between 2013 and 2020, the value added generated by the Visual Arts subsector grew at a 3.4% CAGR.
- The growth of value added in Visual Arts activities came to a halt in 2020. Between 2020 and 2019, the value added decreased by EUR 3,786 million, a decrease of 11%. This is likely due to the impact of the COVID-19 pandemic and related restrictions on Visual Arts businesses.

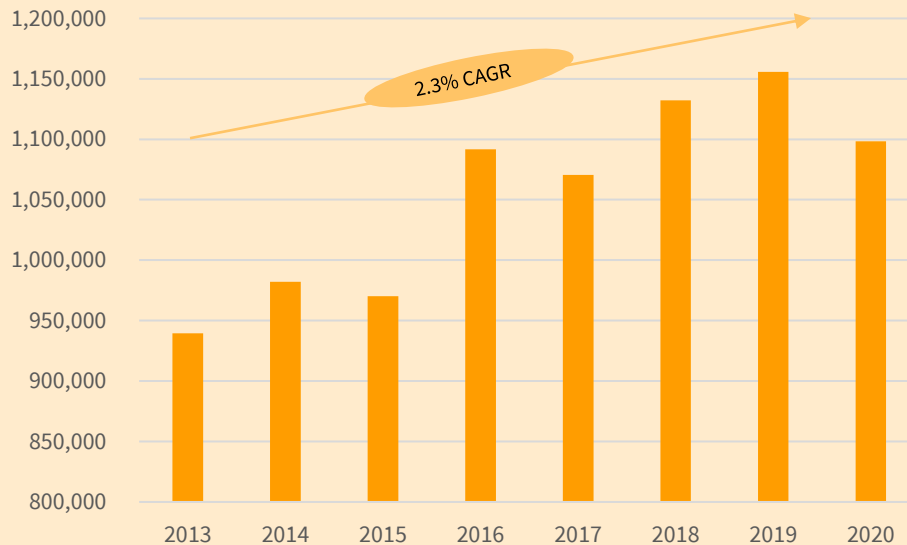
Key Observations

- “Other retail sale of new goods in specialised stores” is the main component of the Visual Arts subsector, representing 59% of its value added. This activity includes for instance activities and retail and trade of services of commercial art galleries.
- “Specialised design activities” (e.g. fashion design and fashion goods as well as industrial designs) (28%), “photographic activities” (10%) and “other publishing activities” (3%) account for the remainder of the subsectors value added.

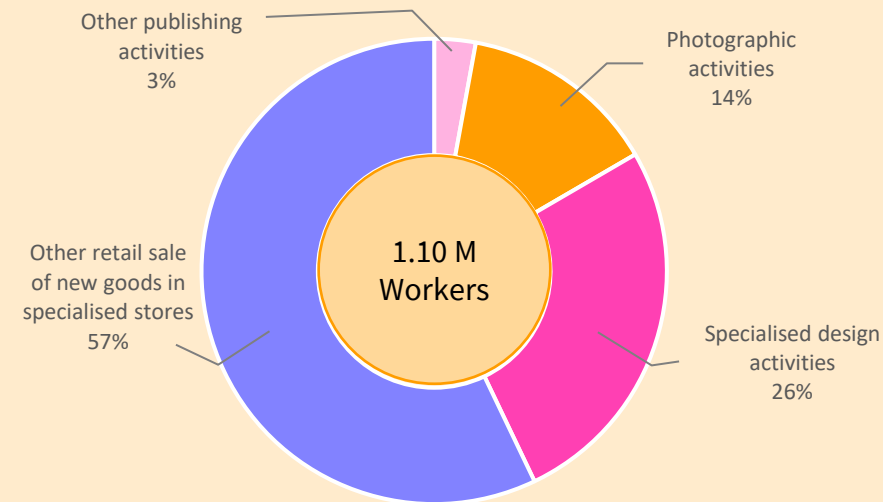
²² In the EU-27 only, the value added of the Visual Arts subsector was EUR 30,815 million, which is an increase from 2013 when the subsector had a value added of EUR 24,295 million. This implies a growth at a 3.5% CAGR. **79**
Source: Eurostat (figures based on NACE codes shown in Appendix).

THE WORKFORCE OF THE VISUAL ARTS SUBSECTOR HAS GROWN AT A 2.3% CAGR

Evolution of employment in the Visual Arts subsector in the EU-27, Norway and Iceland



Share of each economic activity out of the Visual Arts subsector's total employment (2020)



Key Observations

- The number of persons employed by the Visual Arts subsector reached 1,098,382 in the EU-27, Norway and Iceland in 2020, 159,052 workers more than in 2013²³.
- Between 2013 and 2020, the number of persons employed in the Visual Arts subsector grew at a 2.3% CAGR. A number that slightly fluctuated with a peak in 2019.

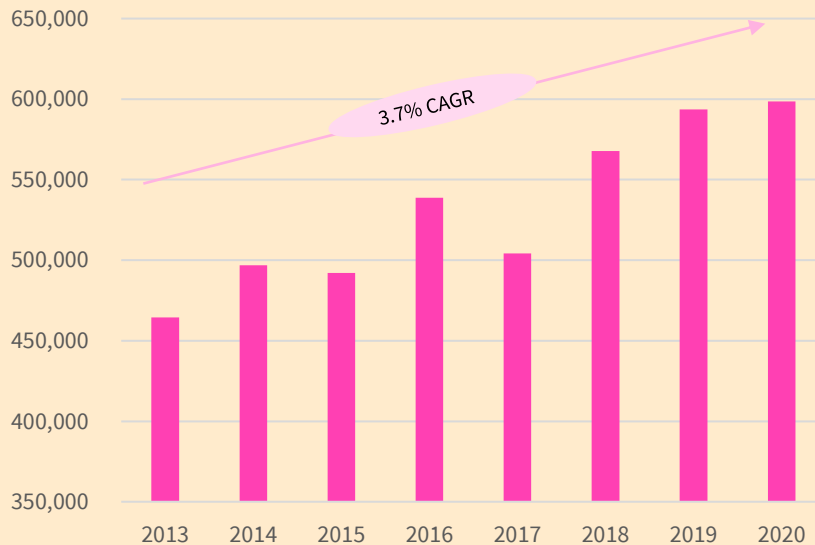
Key Observations

- With 57% of the industry's workforce, "other retail sale of new goods in specialised stores" is the activity in which most Visual Arts workers are employed.
- The remainder of Visual Arts workers are employed in "specialised design activities" (26%), "photographic activities" (14%) and "other publishing activities" (3%).

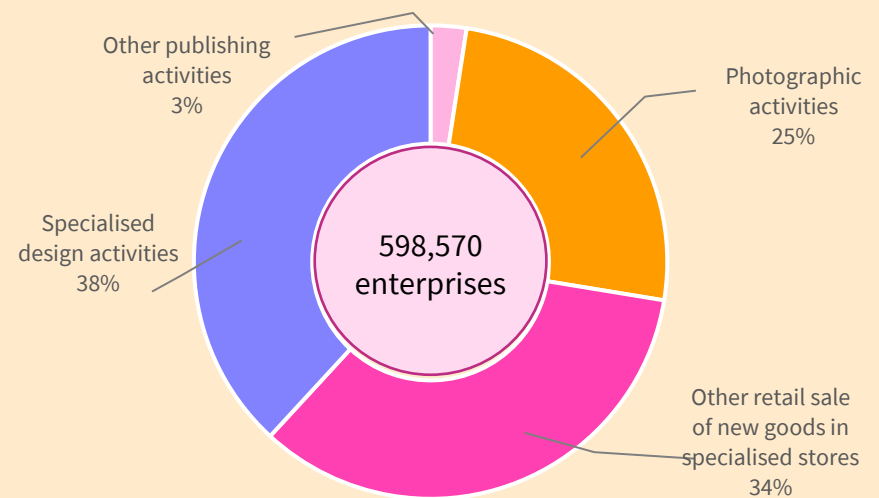
²³ In the EU-27 only, 1,080,738 persons were employed in the Visual Arts subsector in 2020. This is an increase compared to 2013 when 924,817 persons were employed in the subsector. This implies a growth at a 2.3% CAGR. **80**
Source: Eurostat (figures based on NACE codes shown in Appendix).

THERE ARE MORE THAN HALF A MILLION VISUAL ARTS ENTERPRISES IN THE EU-27, NORWAY AND ICELAND

Evolution of the number of enterprises in the Visual Arts subsector in the EU-27, Norway and Iceland



Share of each economic activity out of the Visual Arts subsector's total number of enterprises (2020)



Key Observations

- The number of enterprises in the Visual Arts subsector reached 598,570 in the EU-27, Norway and Iceland in 2020, 134,080 more than in 2013²⁴.
- Between 2013 and 2020, the number of Visual Arts companies grew at a 3.7% CAGR.

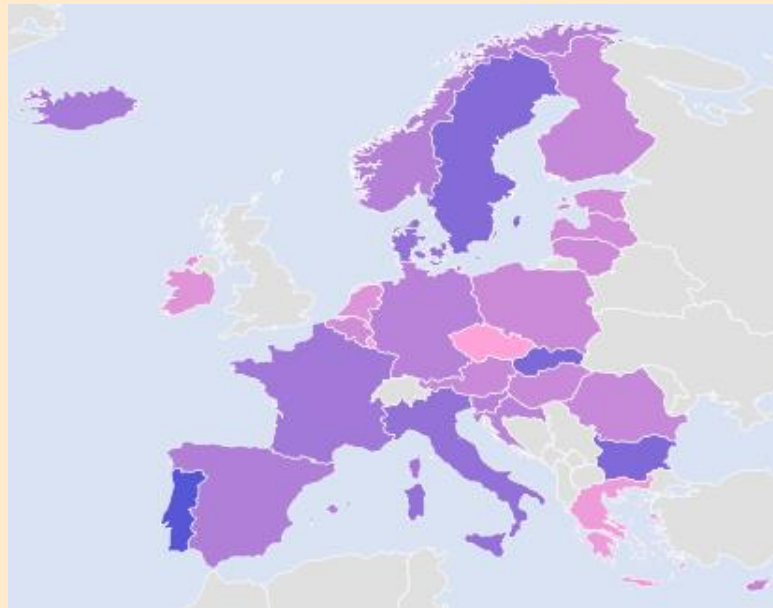
Key Observations

- Although in terms of value added and employment “other retail sale of new goods in specialised stores” represents more than half of this subsector, in terms of number of enterprises it corresponds to only 34.3%.
- “Specialised design activities” (38.1%), “photographic activities” (25.1%) and “other publishing activities” (2.45%) combined represent more than half of the Visual Arts enterprises.

²⁴ In the EU-27 only, there were 586,730 enterprises in the Visual Arts subsector. This is an increase compared to 2013 when there were 455,577 enterprises in the subsector. This implies a growth at a 3.7% CAGR. Source: Eurostat (figures based on NACE codes shown in Appendix).

VISUAL ARTS CONTRIBUTE, ON AVERAGE, 0.5% TOWARD THE VALUE ADDED OF THE EU-27, NORWAY AND ICELAND

Contribution of Visual Arts toward value added in the EU-27, Norway and Iceland (2020)



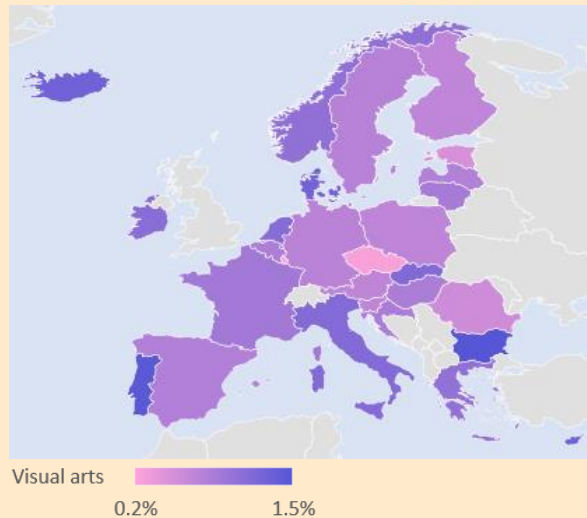
Visual arts
0.1% 0.9%

Key Observations

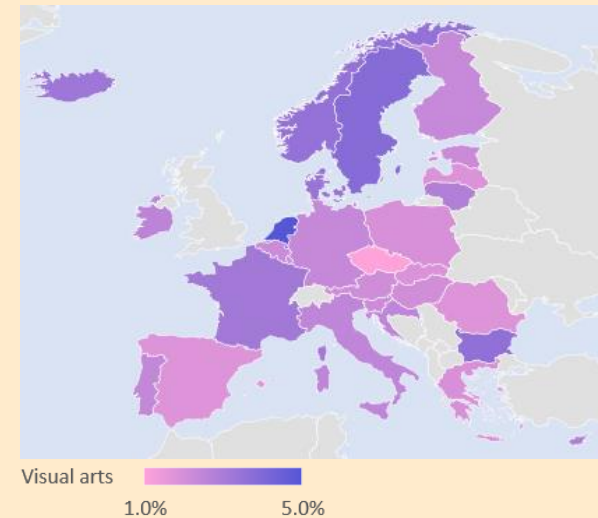
- The average contribution of Visual Arts to the national value added amounts to 0.5% in each EU-27 Member States, Norway and Iceland in 2020²⁵.
- This contribution of Visual Arts to the national economy is highest in Portugal, where it accounts for 0.9% of the national value added.
- Slovakia (0.7%), Bulgaria (0.7%), Sweden (0.7%), Italy (0.6%) and Denmark (0.6%) are other countries where Visual Arts contribute more than 0.6% to the national economy.

VISUAL ARTS ENTERPRISES REPRESENT, ON AVERAGE, 2.5% OF THE TOTAL NUMBER OF COMPANIES IN EU-27, NORWAY AND ICELAND

Visual Arts share on employment (2020)



Visual Arts share on number of enterprises (2020)



Key Observations

- Visual Arts enterprises employ, on average, 0.9% of the national workforce in the EU-27 Member States, Norway and Iceland²⁶.
- With 1.5% of its workforce employed in the Visual Arts industry, Bulgaria is the EU Member State where Visual Arts has the highest relevance in terms of national employment.
- Portugal (1.4%), Cyprus (1.3%) and Iceland are the other countries where Visual Arts employ more than 1.3% of the national workforce.

Key Observations

- On average, Visual Arts enterprises represent 2.5% of the number of enterprises across the EU Member States, Norway and Iceland²⁶.
- The Netherlands is the Member State where Visual Arts companies have the highest share out of the total number of companies (5.0%). It is followed by Sweden (3.9%), Bulgaria (3.6%) and Norway (3.6%).

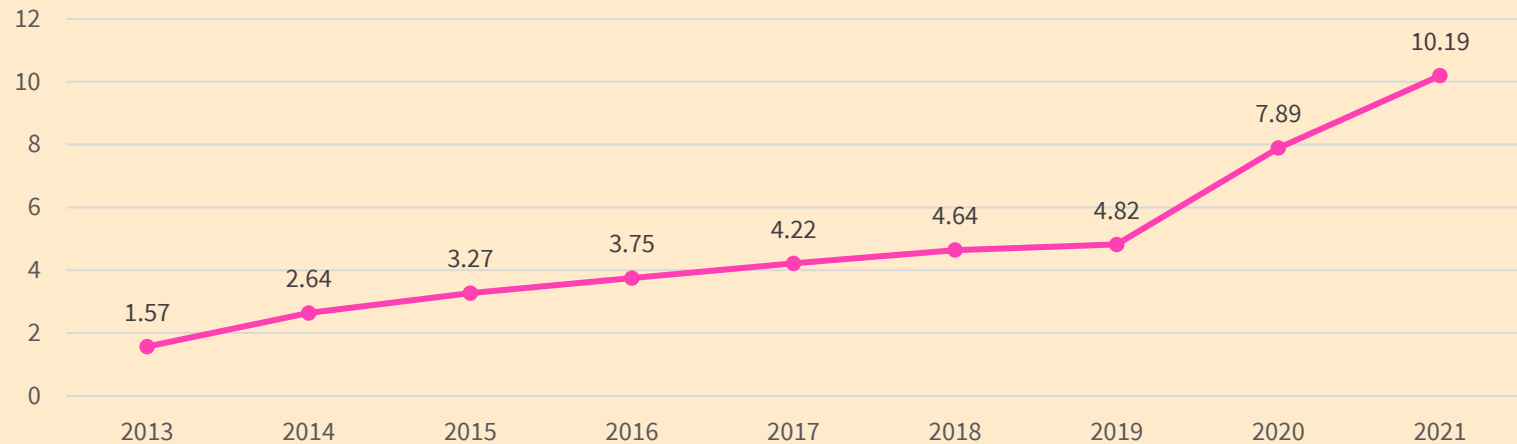
²⁶ In the EU-27 only, Visual Arts represents 0.8% of employment and 2.5% of enterprises. Source: Eurostat (figures based on NACE codes shown in Appendix).



**THE VISUAL
ARTS
SUBSECTOR
MAIN TRENDS**

TREND 1: THE VISUAL ARTS MARKET IS INCREASINGLY SHIFTING TO DIGITAL SALES

Estimated value of the online art sales (2013-2021) in billions dollars



Key Observations

- The rise of the internet highly influenced the growth of the art e-commerce and auction market, which value more than doubled between 2019 and 2021, exceeding expectations.
- This steep increase in online art sales occurred within the context of the COVID-19 pandemic, during which art galleries, auction houses and international art fairs closed, leaving room for the development of online art.
- The year 2021 was marked by the significant rise of NFTs in the art market, which provided a new means to certify and authenticate digital artwork, and opened novel opportunities for artists to directly engage with their audience and monetise their digital works. The Beeple's artwork titled "Everydays: The First 5000 Days" was sold then for a record-breaking sum of EUR 58 million at a Christie's auction.
- Social media might also have played a role, with art galleries and artists promoting and selling artworks online. Instagram is becoming particularly popular: one example is a Jean-Michel Basquiat's painting of boxing champion Sugar Ray Robinson which was sold via Instagram for USD 24 million.

TREND 2: INCREASED ENVIRONMENTAL AWARENESS OF CONSUMERS IS PUSHING THE FASHION INDUSTRY TO RETHINK PRACTICES IN THE WHOLE PRODUCT LIFECYCLE

- In Europe, the amount of clothes bought per person has increased by 40% in the last twenty years, driven by a decrease in prices and the increased speed with which fashion is designed, created and delivered to consumers.
- Clothing accounts for between 2% and 10% of the environmental impact of the EU. Less than half of used clothes are collected for reuse or recycled when they are no longer needed, and only 1% are recycled into new clothes.
- Increased environmental awareness is pressing the fashion industry to rethink practices in the whole product lifecycle (resources, design, production, retail, consumption, end of life). The [EU strategy for sustainable and circular textiles by 2030](#) sets out clear requirements for sustainability requirements and traceability of fashion products.
- New business models are emerging to extend the longevity of clothes, such as smart fashion (e.g. use of innovative long-lasting and eco-friendly materials); fashion as a service (clothing rental to increase the number of wears of particular items by using the principles of the sharing economy); slow fashion (production and consumption of fewer clothes of better quality). Other business models and practices are focusing on improving the re-use and recycling of materials following the principles of the circular economy, and raising consumer awareness (e.g. environmental labelling).

| Examples | Short description |
|--|--|
| EU Ecolabel Clothing and textiles http://ec.europa.eu/ecat/category/en/14/textile-products | The European Ecolabel of environmental excellence is awarded to products and services produced using high environmental standards. Among the criteria to assign the recognition, producers have to meet a limited use of substances harmful to health and environment, reduction in water and air pollution and several resistance parameters. |
| Closed Loop Fashion https://closedloopfashion.com/ | Closed Loop Fashion is an organisation providing fashion industry tools to understand and implement circular business models from the supply-chain management to the waste production stage. |
| Giorgio Armani https://www.armani.com/experience/it/corporate/social-responsibility/ | Giorgio Armani was among the first influential designers to highlight the green challenge for the fashion industry and apply the concept of sustainability to the durability of the clothes. |

PERFORMING ARTS SECTION OVERVIEW

The Performing Arts subsector in numbers:

- The **value added** by the Performing Arts subsector has **grown at a 7.2% CAGR** between 2013 and 2020, the strongest among all CCS subsectors **reaching EUR 32.1 billion in 2020** and representing on average a **contribution of 0.5% toward each EU-27 Member State, Norway and Iceland value added**.
- At a 4.3% CAGR, employment in Performing Arts reached **1.46 million workers in 2020** with a total of **827,230 enterprises** (on average 3.5% of all companies in each EU-27 Member State, Norway and Iceland).

Trends shaping the Performing Arts subsector:

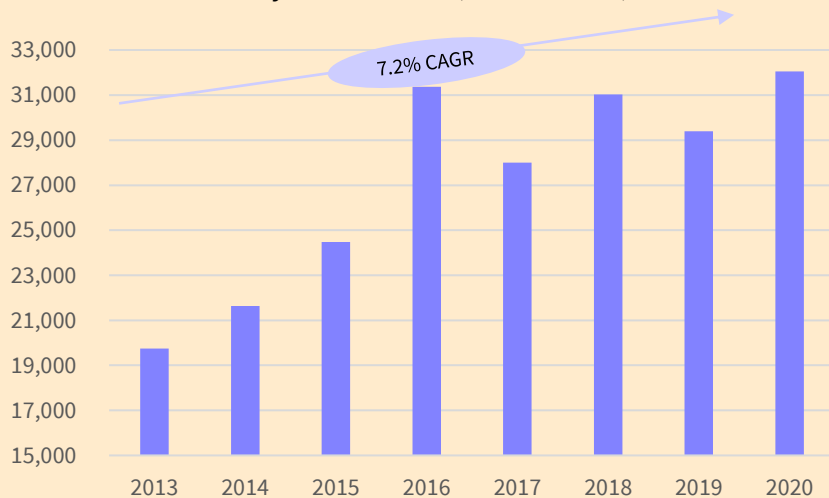
- **Uptake of digital tools:** advancements in digital technologies are opening the doors for **new ways of content production and distribution** making creative content available to larger audiences (e.g. **on-demand experience for theatre**), as well as creating **more immersive experiences** which might attract non-traditional audiences (e.g. **immersive virtual theatre**).
- **Digital consumption of performing arts content** generates new revenue opportunities.
- The performing arts sector **can inspire individual and societal change toward environmental sustainability**.



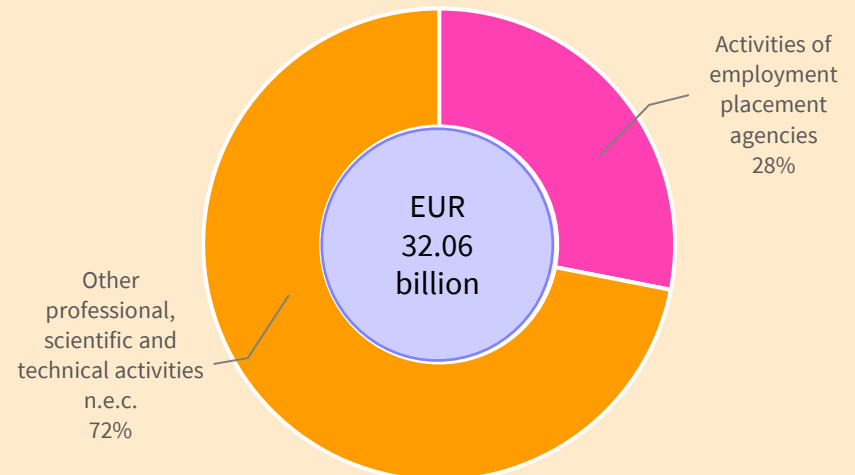
**THE
PERFORMING
ARTS
SUBSECTOR
IN NUMBERS**

THE VALUE ADDED OF THE PERFORMING ARTS SUBSECTOR HAS GROWN AT A 7.2% CAGR, THE STRONGEST AMONG ALL CCS SUBSECTORS

Evolution of the industry value added in the EU-27, Norway and Iceland (EUR million)



Share of each economic activity out of the Performing Arts subsector's total value added (2020)



Key Observations

- The value added by the Performing Arts subsector reached EUR 32.06 million in the EU-27, Norway and Iceland in 2020, EUR 12,312 million more than in 2013²⁷.
- Between 2013 and 2020, the value added generated by the EU Performing Arts industry grew at a 7.2% CAGR, the strongest growth among CC subsectors.

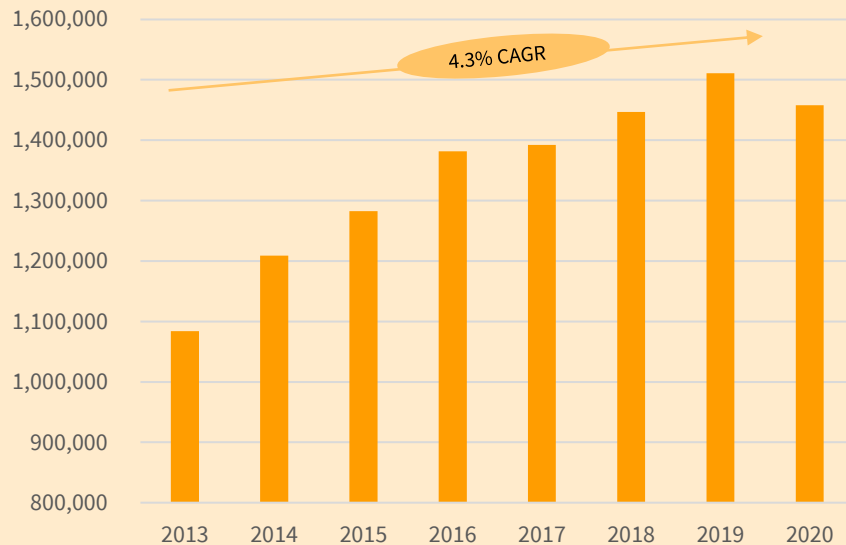
Key Observations

- “Other professional, scientific and technical activities n.e.c.” is the main economic activity of Europe’s Performing Arts subsector, representing 72% of its value added. This includes notably activities carried out by agents and agencies on behalf of individuals involving the obtaining of engagements in theatrical productions.
- “Activities of employment placement agencies” represent 28% of the industry’s value added. These include for instance activities of theatrical casting agencies.

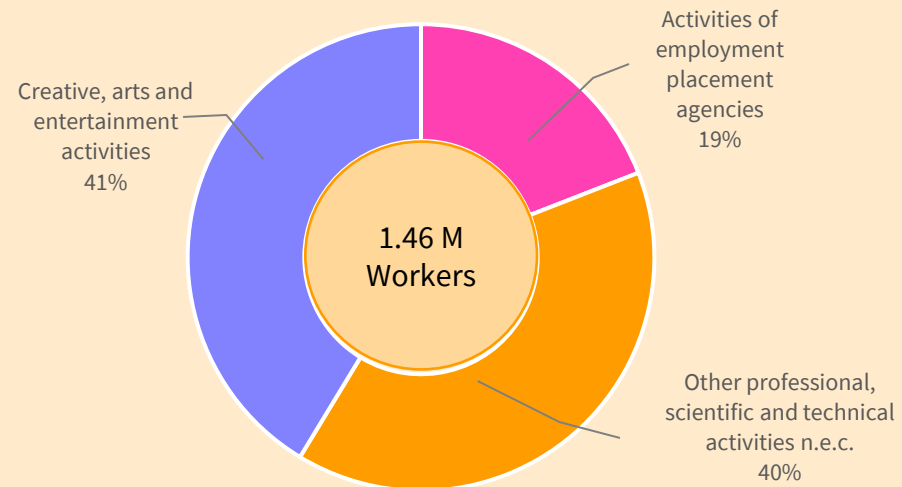
²⁷ In the EU-27 only, the added value of the Performing Arts subsector was EUR 31,761 million, this is an increase from 2013 when the value added was EUR 19,337 million. This implies a growth at a 7.3% CAGR. Source: Eurostat (figures based on NACE codes shown in Appendix). Notes: Value added data not available for “Creative, arts and entertainment activities, NACE code R90.01 (Performing Arts), R90.02 (Support activities to Performing Arts) and R90.04 (Operation of arts facilities)”. The overall value-added figure of EUR 32.06 billion is thus underestimating the true size of the sector.

EMPLOYMENT IN PERFORMING ARTS GREW AT A 4.3% CAGR BETWEEN 2013 AND 2020, REACHING 1.46 WORKERS

Evolution of employment in the Performing Arts subsector in the EU-27, Norway and Iceland



Share of each economic activity out of the Performing Arts subsector's total employment (2020)



Key Observations

- The number of workers employed by the Performing Arts subsector reached 1,458,082 in the EU-27, Norway and Iceland in 2020, 374,053 more than in 2013²⁸.
- Between 2013 and 2020, the number of persons employed by the Performing Arts subsector grew at a 4.3% CAGR. The growth slowed down in 2020, likely due to the COVID-19 pandemic and related restrictions.

Key Observations

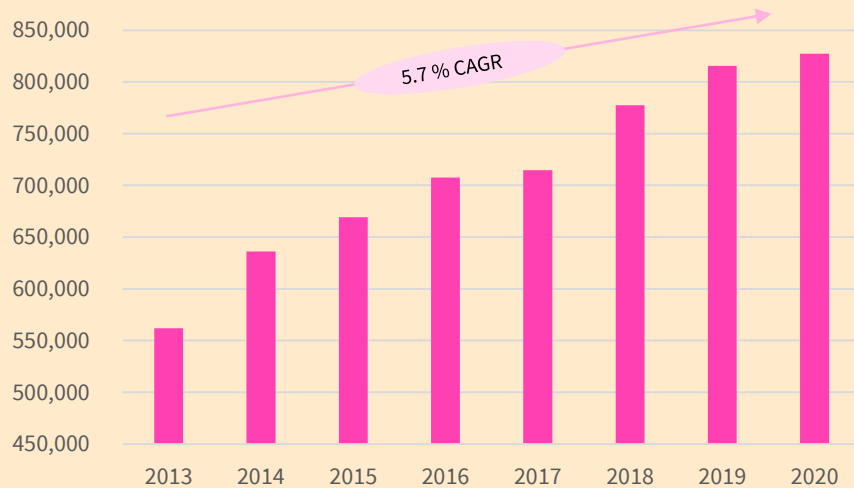
- Employing 41% of the subsector's workers "Creative, arts and entertainment activities" is the main economic activity in terms of employment. This segment includes activities of performing artists (e.g. actors, dancers orchestras, etc.), support activities to performing arts (e.g. activities of directors, producers, stage-set designers, etc.) and the operation of arts facilities (e.g. concert and theatre halls).

²⁸ In the EU-27 only, 1,437,335 persons were employed in the Performing Arts subsector in 2020. This is an increase compared to 2013 when 1,070,119 persons were employed in the subsector. This implies a growth at 4.3% CAGR.

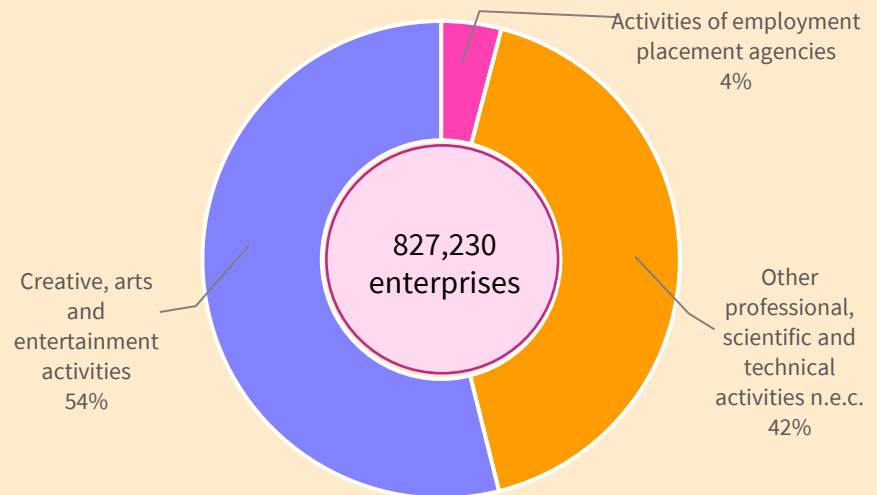
Source: Eurostat (figures based on NACE codes shown in Appendix).

THE PERFORMING ARTS SUBSECTOR CONSISTS OF 827,230 ENTERPRISES IN THE EU-27, NORWAY AND ICELAND

Evolution of the number of enterprises in the Performing Arts subsector in the EU-27, Norway and Iceland



Share of each economic activity out of the subsector's total number of enterprises (2020)



Key Observations

- The number of enterprises in the Performing Arts subsector reached 827,230 in the EU-27, Norway and Iceland in 2020, 265,181 more than in 2013²⁹.
- Between 2013 and 2020, the number of Performing Arts enterprises grew at a 5.7% CAGR.

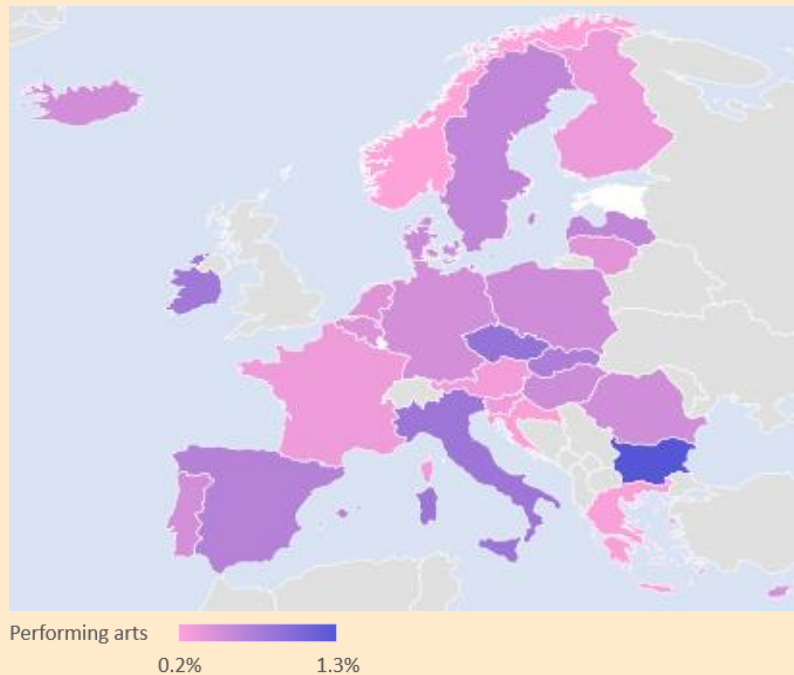
Key Observations

- More than half (54%) of the Performing Arts companies develop “creative, arts and entertainment activities”.
- “Other professional, scientific and technical activities n.e.c.” represent 42% of the Performing Arts companies, while “activities of employment placement agencies” correspond to 4%.

²⁹ In the EU-27 only, there were 800,276 enterprises in the Performing Arts subsector. This is an increase compared to 2013 when there were 542,691 enterprises in the subsector. This implies a growth at a 5.7% CAGR. Source: Eurostat (figures based on NACE codes shown in Appendix).

PERFORMING ARTS CONTRIBUTE, ON AVERAGE, 0.5% TOWARD VALUE ADDED IN THE EU-27, NORWAY AND ICELAND

Share of value added in the EU-27, Norway and Iceland (2020)

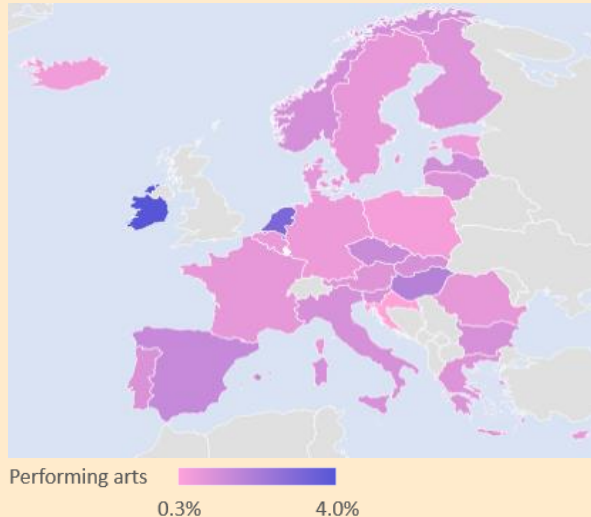


Key Observations

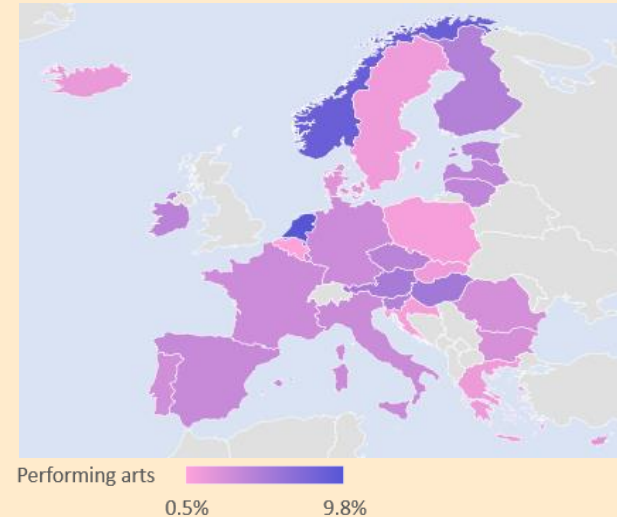
- The Performing Arts subsector represents, on average, 0.5% of the national value added in the EU-27, Norway and Iceland in 2020³⁰.
- The Performing Arts industry is most relevant for Bulgaria's economy, where it amounts to 1.3% of the national value added.
- Other countries where the Performing Arts share on the national value added are higher than the EU average are:
 - Malta (1.2%)
 - Czechia (0.9%)
 - Italy (0.8%)
 - Ireland (0.8%)

ON AVERAGE, THE PERFORMING ARTS SUBSECTOR REPRESENTS 3.5% OF ENTERPRISES IN THE EU-27, NORWAY AND ICELAND

Performing Arts share of total employment (2020)



Performing Arts share of total number of enterprises (2020)



Key Observations

- On average, Performing Arts employees represent 1.1% of the workforce in the EU-27, Norway and Iceland³¹.
- The highest shares of Performing Arts employment out of national employment are found in Ireland (4.0%), the Netherlands (3.1%) and Hungary (1.9%).

Key Observations

- On average, Performing Arts enterprises represent 3.5% of the total number of enterprises in the EU-27, Norway and Iceland³¹.
- The highest shares of Performing Arts enterprises out of the total number of enterprises are found in the Netherlands (9.8%), Norway (8.7%), Hungary (5.7%) and Austria (5.3%).

³¹ In the EU-27 only, the Performing Arts subsector represents 1.1% of employment and 3.4% of enterprises.
Source: Eurostat.
Note: data not available for Luxembourg for employment.



**THE
PERFORMING
ARTS
SUBSECTOR
MAIN TRENDS**

TREND 1: DIGITAL TOOLS INFLUENCE NEW FORMS OF PRODUCTION AND ENHANCE INCLUSIVITY IN PERFORMING ARTS

- Performing Arts organisations are increasingly making use of the potential of digital tools for new forms of experimentation, cross-media production, and to make it available to a wider audience. Examples include the use of computer graphics, 3D elements or holograms to create immersive ‘digital theatre’ experiences for the audience, and AI.
- Online technologies and platforms can also support networking, exchanges and co-creation methods amongst theatre professionals.

| Examples | Short description |
|---|--|
| Digital-based experimentation models | To celebrate the 100 years anniversary of the term ‘robot’, The Czech Švanda Theatre created the.ai.theatre: the first play written by AI titled “AI: When a Robot Writes a Play”. The play was inspired by Karel Čapek’s theatre play titled R.U.R. which coined the term robot back in 1921. |
| Immersive storytelling and VR | At the National Theatre’s Immersive Storytelling Studio in London, a “creative technologist” is an integral part of the development team, helping writers to find innovative narrative possibilities, sometimes before the infrastructure exists. |
| Collaboration tools | <i>Activity Stream</i> is a European company that focuses specifically on the live entertainment sectors – helping those businesses to glean insights from data and information that would otherwise exist in silos. |
| Reach-out to the audience | <i>Broadw.ai</i> is a cutting-edge USA-based app that revolutionizes audience engagement for Broadway events. This AI-powered concierge empowers users to effortlessly access event details, purchase tickets, and communicate with venues, all within a seamless integrated experience. |
| Enhance Inclusivity | A collaboration between Atos, the Avignon Festival and the organisation Theatre in Paris developed subtitling innovative solutions with the help of augmented reality. Subtitles can translate a play’s dialogue and thus also make it more relatable and understandable for deaf or hard of hearing audiences (as well as international audiences). |

TREND 1: DIGITAL CONSUMPTION OF PERFORMING ARTS CONTENT GENERATES NEW REVENUE OPPORTUNITIES

- New distribution channels (web platforms, mobile devices) increase opportunities for theatre consumption and audience outreach by breaking down physical barriers.
- AI-powered tools are transforming the international circulation of content by automating translation and subtitling, eliminating linguistic barriers. Furthermore, these tools enable the analysis of audience data, enabling cultural institutions and performing arts entities to enhance their business processes and make informed decisions on how to reach out and engage with new audiences.
- Digital tools are unlocking new avenues for monetisation, offering innovative strategies and revenue opportunities beyond traditional ticketing and public support.
- While online retransmissions are still mostly free of charge, new monetisation strategies have emerged, including subscriptions or rental of single productions through digital platforms.

| Examples | Short description |
|---------------------------------|--|
| Opera vision | Supported by the EU's Creative Europe programme, OperaVision makes available a rich digital library of performances (opera, digital opera, concerts, dance) subtitled, on demand as well as other opera resources for beginners and professionals. Available in English, French and German. Features include streaming and podcasts. |
| Digital Theatre platform | Digital Theatre focuses on British productions, from Shakespeare to West End versions of Broadway shows, offering both subscription and rental options. |
| Marquee TV | Marquee offers dance, opera and theatre from around the world. The service proposes a classic subscription model, with some free trial options. |
| Activity Stream | A European company helping performing arts businesses to glean insights from data and information that would otherwise exist in silos. Those insights inform marketing decisions and help producers forecast attendance and ticket sales for a show. |

TREND 2: THE PERFORMING ARTS CAN INSPIRE INDIVIDUAL AND SOCIETAL CHANGE TOWARD ENVIRONMENTAL SUSTAINABILITY

- Performing Arts can contribute to raising awareness on environmental issues and inspire individual and societal change. Several artists and performers have been exploring the topics of climate emergency, waste and other environmental concerns engaging the public to question the risks and take responsibility.
- Performing Arts organisations are also redesigning their activities to align with demands of being more ecologically friendly and consider climate change. Theatrical productions and live events can have a sizeable environmental footprint for instance in relation to energy consumption and use of disposable materials.
- The ‘Green theatre’, also called ecological theatre or Eco theatre, refers to either the practice of producing plays that educate and promote ecology or to sustainable and ecological practices implemented in theatrical productions.

| Examples | Short description |
|---|--|
| Theatrical plays raising awareness on climate change | Theatre director Anne-Cécile Vandalem set one of her recent works ‘Arctique’ (Belgium) in a near future where ice melt would enable trade and luxury cruise ship routes through the Arctic Ocean, questioning the political and commercial exploitation of climate change. |
| Production companies reducing carbon emissions | Founded in 2011, the London Theatre Consortium (LTC) is a long-term collaborative programme to reduce carbon emissions and improve environmental sustainability across 14 London theatres. In 2017, LTC members effectively cut 20% of carbon emissions, saving GBP 383,000 in energy bills that were in turn invested in better thermal insulation and energy efficient electrical appliances in their buildings. |
| Green public procurement for festivals and live events | The EU-funded LIFE project ‘GreenFEST’ aims to train public authorities in Italy to choose more environmentally-friendly, sustainable goods when tendering for cultural events like music festivals, shows or exhibitions. |
| Green Mobility | In 2011, <i>On The Move</i> published a guide to environmentally sustainable mobility for performing arts. Offering practical recommendations for professionals, giving case studies and resources, and including the Julie’s Bicycle ‘IG tool’ for tracking carbon emissions while on tour. |

ARCHITECTURE SECTION OVERVIEW

The Architecture subsector in numbers:

- The **value added** by the Architecture subsector **has grown at a 2.5% CAGR between 2013 and 2020** reaching **EUR 22.5 billion in 2020**. This represents on average **0.3% of each EU-27 Members States', Norway's and Iceland's value added**.
- There are **275,721 architecture enterprises** in the EU employing **523,266 workers**. Furthermore, enterprises active in the Architecture subsector represent, on average, 1.2% of the total number of companies in the EU-27 Member States, Norway and Iceland.

Trends shaping the Architecture subsector:

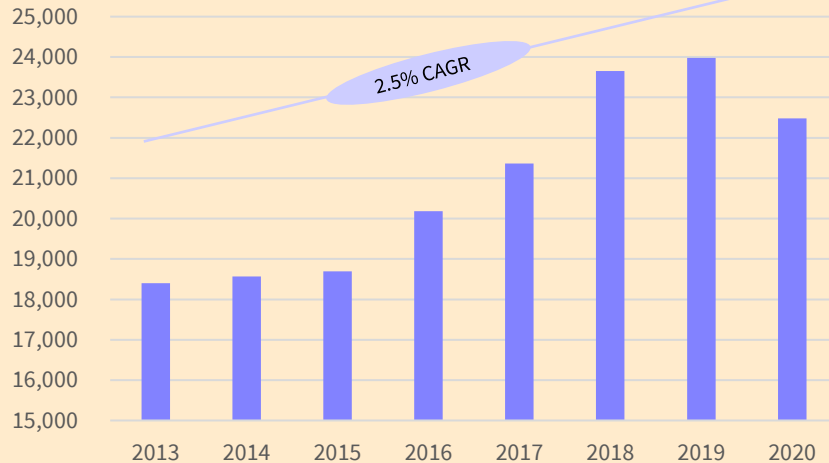
- **New digital tools for architecture:** digital tools such as VR are becoming an integral part of project presentation as well as of the design process. 3D printing, automation and AI create new opportunities for architectural design and prototyping.
- **Uptake of sustainable architecture principles:** architecture is increasingly considering new practices to reduce the negative environmental impact of buildings and construction by privileging more efficient and eco-friendly uses of materials, energy, and relations with the surrounding space.



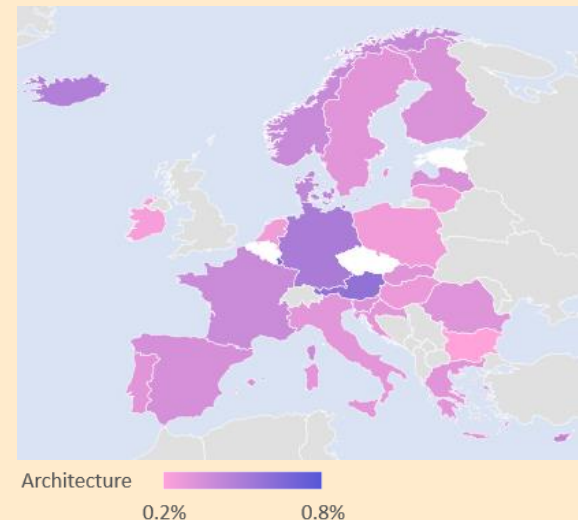
THE ARCHITECTURE SUBSECTOR IN NUMBERS

THE ARCHITECTURE SUBSECTOR GREW AT A 2.5% CAGR IN TERMS OF VALUE ADDED WHICH PEAKED IN 2019

Evolution of value added in the EU-27, Norway and Iceland (EUR million)



Share of value added in the EU-27, Norway and Iceland (2020)*



Key Observations

- In 2020, the value added by the Architecture subsector reached EUR 22,484 million in the EU-27, Norway and Iceland in 2020, EUR 4,084 million more than in 2013³².
- Between 2013 and 2020, the value added generated by the Architecture subsector grew at a 2.5% CAGR.
- The increase slowed down in 2019 and compared to 2020 the value added of the subsector has declined by 6%.

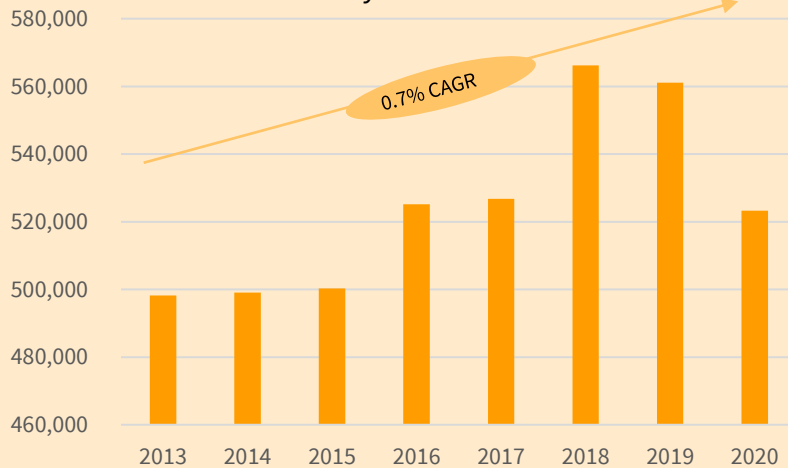
Key Observations

- The Architecture subsector contributes, on average, 0.3% to the national value added in the EU-27 Member States, Norway and Iceland.
- The sector is most relevant for the Maltese economy, where it corresponds to 0.8% of national value added. Malta is followed by Luxembourg (0.7%) and Austria (0.6%).

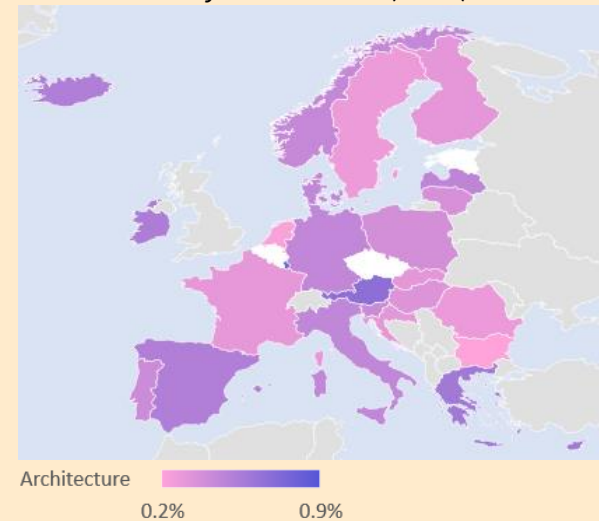
³² In the EU-27 only, the Architecture subsector has an added value of EUR 21,836 million which is an increase from 2013 when the value added was EUR 17,812 million. This implies a growth at a 3.0% CAGR. Source: Eurostat. Note: data not available on number of enterprises in Estonia, Belgium and Czechia.

THE ARCHITECTURE SUBSECTOR GREW AT A 0.7% CAGR IN TERMS OF NUMBER OF WORKERS WHICH PEAKED IN 2018

Evolution of number of persons employed in the EU-27, Norway and Iceland



Architecture share of total employment in the EU-27, Norway and Iceland (2020)



Key Observations

- The number of persons employed by the Architecture subsector reached 523,266 in the EU-27, Norway and Iceland in 2020, 25,036 more than in 2013³³.
- Between 2013 and 2020, the number of persons employed by the Architecture subsector grew at a 0.7% CAGR.
- The number of workers declined after reaching a peak in 2018. Between 2018 and 2020 the number of workers declined by 8%.

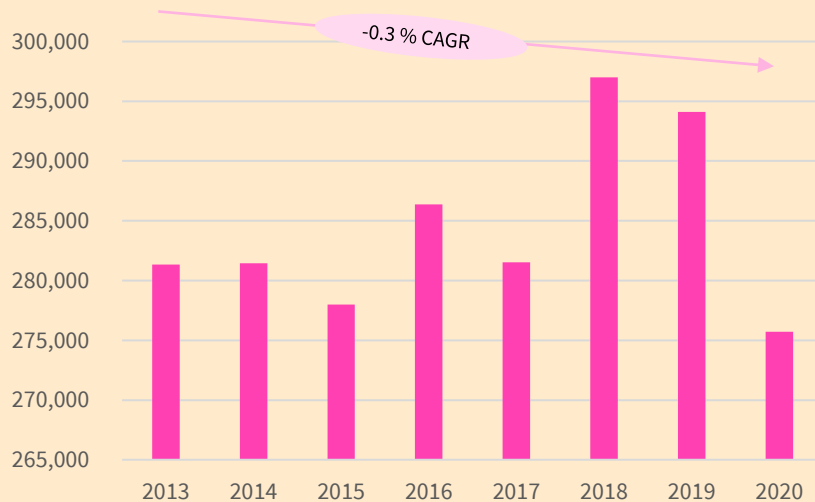
Key Observations

- On average, employees in the Architecture subsector represent 0.4% of the EU-27 Member State's, Norway's and Iceland's total workforce.
- The highest shares of Architecture employees out of national employment is found in Malta (0.9%), Luxembourg (0.8%) and Austria (0.7%).

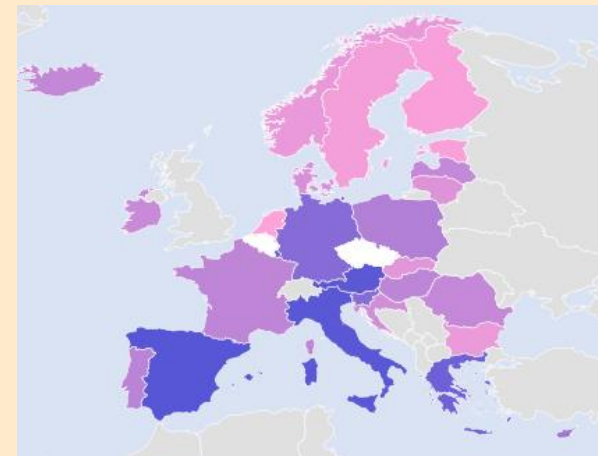
³³ In the EU-27 only, 515,468 persons were employed in the Architecture subsector in 2020 which is more than in 2013 when 492,302 persons were employed in the subsector. This implies a growth at 0.7% CAGR. Source: Eurostat. Note: no data available on the share of employment in Belgium, Estonia and Czechia.

THERE ARE ABOUT 275,721 ARCHITECTURE ENTERPRISES IN THE EU-27, NORWAY AND ICELAND

Evolution of the number of enterprises in the Architecture subsector in the EU-27, Norway and Iceland



Architecture share of total number of enterprises in the EU-27, Norway and Iceland (2020)*



Key Observations

- The number of enterprises in the Architecture subsector reached 275,721 in the EU-27, Norway and Iceland in 2020, 5,629 less than in 2013³⁴.
- Between 2013 and 2020, the number of Architecture enterprises declined at a 0.3% CAGR, whereas the CAGR was 0.7% until 2019.

Key Observations

- On average, Architecture enterprises account for 1.2% of the total number of enterprises in the EU-27 Member States, Norway and Iceland.
- The highest shares of Architecture enterprise out of total number of enterprises is found in Spain (1.8%), Italy (1.8%) and Austria (1.8%).

³⁴ In the EU-27, there were 273,371 enterprises in the Architecture subsector in 2020, which is a decrease from 2013 when there were 279,432 enterprises in the subsector. This implies a decline at a 0.3% CAGR. Source: Eurostat (figures based on NACE codes shown in Appendix). Note: *Data not available for Czechia and Belgium.



THE ARCHITECTURE SUBSECTOR

MAIN TRENDS

TREND 1: NEW DIGITAL TOOLS CREATE NEW OPPORTUNITIES FOR ARCHITECTURAL DESIGN AND PROTOTYPING

- VR technology and 3D modelling are important drivers of innovation in the Architecture subsector, as they allow for more realistic representations of design projects. For instance, immersive technology can transport users into a fully interactive 3D environment, giving them the opportunity to explore a virtual representation of a particular room, floor, or building design as a whole.
- With sustainability at the core of contemporary architectural practice, digital tools can support the design of innovative projects respectful of the environment. They enable project designers to simulate the utilization of new combinations and types of sustainable materials, to optimize energy consumption through thermal modeling, or to track the project's overall environmental impact.
- New technologies can also allow architects to integrate new multimedia content (such as visual and textual data) into architecture practices.

| Examples | Short description |
|---|--|
| V4Design project | V4Design aims to enable the re-use and re-purposing of multimedia content by proposing an innovative solution for its effective integration into architecture practices, such as 3D representations and VR environments. |
| Revit | Revit allows architect modelling in 3D with accuracy and precision across the project lifecycle: from the design phase to analysis of fabrication and construction. |
| Surveying App | This technology allows architects and designers to easily map and document the existing buildings through their phones or tablets thanks to infrared scanners, cameras and software. |
| BIM – building information modelling | BIM is an information management methodology that involves sharing information on the physical and functional characteristics of a construction project, from the design stage to the demolition stage, through virtual modelling of the project and an online database. Since the last decade, it has progressively become common practice in the European construction sector. |

TREND 2: BUILDING A SUSTAINABLE FUTURE: RESHAPING THE SECTOR'S PRACTICES AND PRIORITIES

- Sustainability is increasingly considered in the design of buildings, as owners become more aware of climate change and environmental issues. Collectively, buildings in the EU are responsible for 40% of our energy consumption and 36% of greenhouse gas emissions, which mainly stem from construction, usage, renovation and demolition.
- Architects are increasingly making use of eco-friendly solutions to improve energy efficiency (e.g. use of renewable energy sources, LED lighting), reduce water consumption and greenhouse emissions of the built environment, including the use of local and sustainable materials (such as timber and bamboo structures, recycled materials).
- Renovation, rehabilitation and adaptive re-use of buildings (for instance brownfields, industrial heritage spaces) is also a solution increasingly explored by architecture firms in collaboration with local authorities to reduce the environmental impact of new constructions while valorising existing urban spaces.

| Examples | Short description |
|---|--|
| <p>Concert Hall “Latvija” & Ventspils Secondary School of Music – Ventspils (Latvia) https://www.haascookzemmrch.com/en/projekte/musik-schule-und-konzertsaal/</p> | <p>The building embraces innovative solutions to ensure low energy consumption and minimal greenhouse emissions. The ventilation system’s intensity works in accordance with the level of CO₂ measured. The efficiency in energy consumption is assured by the latest weather information systems interacting with all the building equipment such as light and blinds and other control systems.</p> |
| <p>Quai Branly Museum – Paris (France) http://www.quaibranly.fr/en/public-areas/the-living-wall-of-greenery/</p> | <p>Quai Branly Museum features a 800-square-metre vegetation wall. Since the design of the project, international companies offered green wall installations (15,000 plants from Japan, China, Central Europe and the United States) with the aim to reduce greenhouse gas emissions by 70% in 2030 and preserve biodiversity.</p> |
| <p>Hub in the Ancient San Peters’ Cloisters – Reggio Emilia (Italy) https://www.comune.re.it/retcecivica/urp/retcecivica/DocumentID/011C95FA82356B5DC125849B004B2370?Opendocument</p> | <p>The municipality restored the former Benedictine monastery of Saints Peter and Prospero (also known as Cloisters of San Pietro), a historical complex in the heart of the city centre. The project consists of the adaptive re-use of the former Cloisters to host an urban ‘Open Lab’ and workspaces for creative businesses.</p> |

Heritage, Archives and Libraries (HAL) SECTION OVERVIEW

The HAL subsector in numbers:

- The HAL subsector **employed 97,142 persons in 15,127 enterprises in 2020** throughout the EU-27, Norway and Iceland. Although the number of enterprises increased between 2013 and 2020 at a 2.8% CAGR, the number of workers declined by 12,391.
- The **employment share of the HAL subsector** amounts, on average, to **0.1% out of total employment in the EU Member States and Norway** where the highest share can be found in the Netherlands (0.4%).

Trends shaping the HAL subsector:

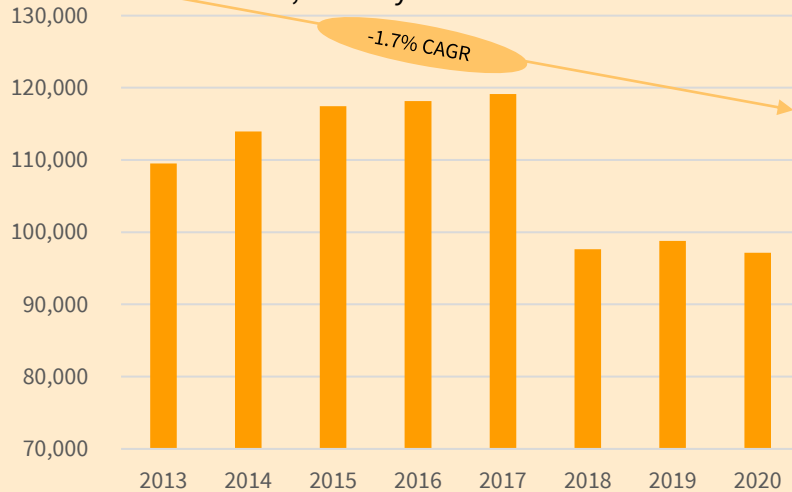
- Cultural heritage institutions are expanding their **digital offering to enhance user experience and attract new audiences** by introducing **innovative practices**, such as **immersive or participatory experiences**.
- To ensure the **long-term preservation and accessibility** of their collections in the face of challenges including **climate change, conflicts, and pandemics**, cultural heritage institutions are increasingly taking part in the twin green & digital transition by digitising heritage and embracing sustainable practices.
- **Access and reuse of digital content** can generate additional revenue streams for heritage institutions.
- Beyond its cultural and social value, **cultural heritage drives territorial development and job creation in a variety of economic sectors**.
- European local authorities are diversifying **investment in their cultural heritage resources to increase territorial attractiveness**.



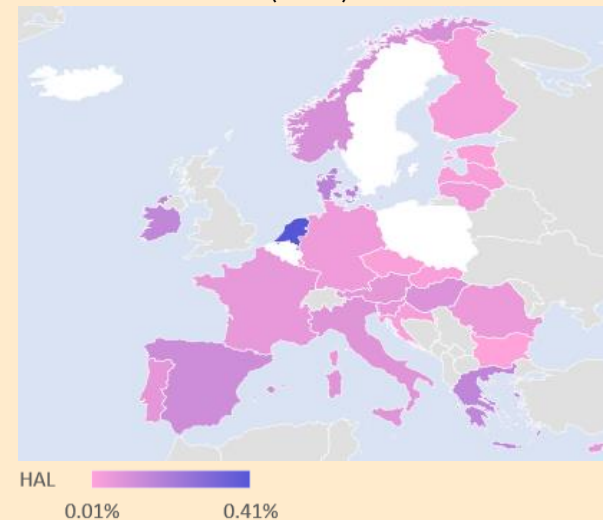
THE HAL SUBSECTOR IN NUMBERS

THE HAL SUBSECTOR EMPLOYED 97,142 PERSONS IN 15,127 ENTERPRISES THROUGHOUT THE EU-27, NORWAY AND ICELAND IN 2020

Evolution of employment in the HAL subsector in the EU-27, Norway and Iceland*



HAL share of employment in the EU-27 and Norway (2020)*



Key Observations

- The number of persons employed by the HAL subsector reached 97,142 in 2020, 12,391 less than in 2013³⁵.
- Between 2013 and 2020, the number of persons employed in the HAL subsector declined at a 1.7% CAGR.

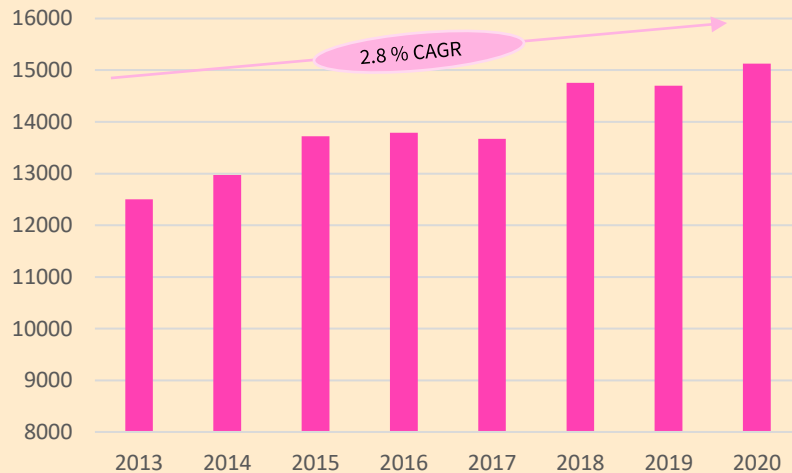
Key Observations

- On average, HAL employees represent 0.1% of the EU Member States' and Norway's workforce.
- The highest shares of HAL employment is found in the Netherlands (0.4%), followed by Denmark (0.2%), Greece (0.2%), and Ireland (0.2%).

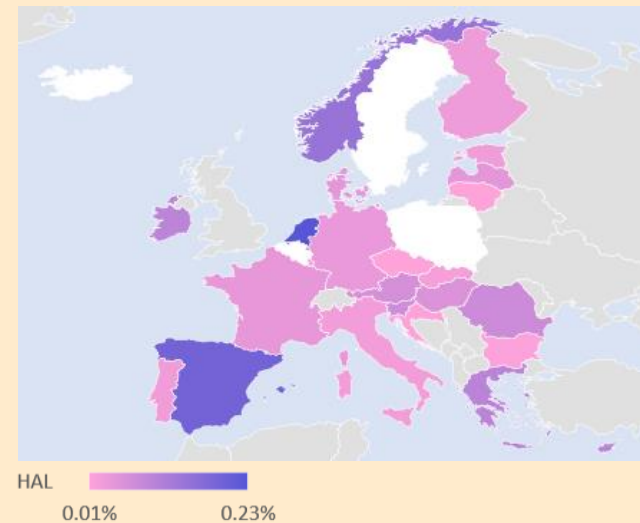
³⁵ In the EU-27 only, there were 95,574 persons employed in the HAL subsector in 2020, this is a decrease compared to 2013 when there were 105,990 persons in the subsector. This implies a decline at a 1.5% CAGR. Source: Eurostat. Notes: *Data unavailability affects the reported percentages, e.g. for 2020 Eurostat does not provide data for Belgium, Iceland, Poland and Sweden. A complete data profiling can be found in the appendix of this report.

THE NUMBER OF ENTERPRISES IN THE HAL SUBSECTOR GREW AT A 2.8% CAGR BETWEEN 2013 AND 2020 IN THE EU-27, NORWAY AND ICELAND

Evolution the number of enterprises in the HAL subsector in the EU-27, Norway and Iceland



HAL share of total number of enterprises in the EU-27 and Norway (2020)*



Key Observations

- The number of enterprises in the HAL subsector reached 15,127 in 2020, 2,623 more than in 2013³⁶.
- Between 2013 and 2020, the number of enterprises in the subsector grew at a 2.8% CAGR.

Key Observations

- On average, enterprises in the HAL subsector account for 0.1% of the total number of enterprises in the EU Member States and Norway.
- The highest shares of enterprises active in the HAL subsector out of the total number of companies are found in the Netherlands (0.2%), Spain (0.2%) and Malta (0.2%).

³⁶ In the EU-27 only, there were 14,693 enterprises in the HAL subsector. This is an increase from 2013 when there were 11,950 enterprises in the subsector. This implies a growth at a 3.0% CAGR.

Source: Eurostat. Notes: *Data unavailability affects the reported percentages, e.g. for 2020 Eurostat does not provide data for Belgium, Iceland, Poland and Sweden. A complete data profiling can be found in the appendix of this report.



THE HAL SUBSECTOR

MAIN TRENDS

TREND 1: CULTURAL HERITAGE INSTITUTIONS ARE EXPANDING THEIR DIGITAL OFFERING TO ENHANCE USER EXPERIENCE AND ATTRACT NEW AUDIENCES

- Museums, libraries and archives are increasingly making their collections digitally available. *Europeana*, Europe's digital heritage platform, currently provides access to over 58 million digitised cultural heritage records from over 3,600 cultural heritage institutions and organisations.
- Beyond digitalisation, cultural content is increasingly being made available in new formats such as 3D, VR and Augmented Reality (AR) applications, both onsite and remotely to enhance user experience and attract new audiences, both onsite and remotely.
- Cultural heritage institutions have made substantial efforts to further expand their digital offerings in response to contemporary challenges. According to a survey* carried out by *NEMO* (the Network of European Museums Organisations), 70% of museums increased their use of social media (notably Facebook and Instagram) during the COVID-19 pandemic related lockdown period. While climate change and recent international conflicts such as the war in Ukraine are inciting museums to digitalise their collections to ensure their preservation.
- This trend opens up opportunities of deeper cross-sectorial collaborations with the AVM subsector as well as the ICT sector.

| Type of digital offer | Short description & Examples |
|---|--|
| Virtual tours of Cultural Heritage sites | Archaeologists and 3D artists have recreated the ancient Split's Diocletian's Palace (Croatia) to offer visitors on site a unique 3D VR experience, enabling them to travel back in time. A partnership between Microsoft and the Hellenic Ministry of Culture allowed the digitalisation of the Acropolis site, enabling curious minds to visit it from their home. |
| AR apps to experience museum collections at home | The Albertina museum (Vienna, Austria) teamed up with the digital company <i>Artivive</i> to deliver an app to enhance artworks with animation and additional content. The free <i>Artivive</i> app is available on Google Play or Apple App Store. |
| Immersive virtual tour of temporary exhibitions | <i>Museo Nacional Thyssen-Bornemisza</i> (Madrid, Spain) offers an immersive virtual tour of the temporary Rembrandt exhibition with an interactive guide. |
| 3D collections available at home for remote engagement | The <i>British Museum</i> (London, UK) has made interactive 3D objects available to the public using sites like <i>SketchFab</i> . This content can be brought into an individual's home via desktop, VR, and AR. The Louvre (Paris, France) has brought the world-famous Mona Lisa out of the museum with the "Beyond The Glass" project. |

* NEMO, Survey on the impact of the COVID-19 situation on museums in Europe, 2020.












TREND 2: ACCESS AND REUSE OF DIGITAL CONTENT CAN GENERATE ADDITIONAL REVENUE STREAMS FOR HERITAGE INSTITUTIONS

- Since heritage institutions are increasingly making their content available online, new revenue opportunities are arising from access and reuse of digital content. These additional revenue streams contributed to partially compensate the declining of public funding and ticket sales losses during the COVID-19 pandemic.
- Several museums are exploring the “virtual museum tour” model, not only to keep their audiences engaged, but also to generate online ticket sales.
- Other forms of revenues could derive from licensing digital heritage content for new products and services.

| Type of revenue stream | Short description & examples |
|---|---|
| Charge admission for online visits | Several European museums are offering pay-per-view services to visit temporary exhibitions or part of the collection. The Vatican Museum offers virtual tours to selected parts of its huge collection, such as the famous “ <i>Stanze di Raffaello</i> ”. |
| Charge admission for special online events | Heritage institutions are complementing their offering with special events or activities to be streamed on social media or websites. The <i>British Museum</i> organise lectures and discussions events, showcasing the projects of those who work behind the scenes. |
| License digital heritage content | Cultural institutions (e.g. the municipal Museums of Paris, the <i>Van Gogh Museum</i> , <i>Rijksmuseum</i> and <i>British Library</i>) are releasing content with open licensing, actively encouraging the reuse of digital content. |
| Introduce a Virtual Membership Level | Virtual membership can offer members-only digital events, adding new benefits to becoming a member, even when the museum is physically closed or not accessible. |
| Explore on-demand model for digital products or services | Heritage institutions can offer a special catalogue of services or offerings including virtual courses and educational programs. the <i>National Gallery</i> offers online art history courses inspired by the museums' collection and exhibitions, and creative sessions enabling attendees to practice art from home. |
| Monetise special interactions with staff | The <i>Van Gogh Museum</i> has started a program to offer its professional services to private collectors, corporations and other institutions. |

TREND 3: BEYOND ITS CULTURAL AND SOCIAL VALUE, CULTURAL HERITAGE DRIVES TERRITORIAL DEVELOPMENT AND JOB CREATION

- Beyond its intrinsic value, cultural heritage matters in economic terms as a driver for locally rooted employment and economic activities in a variety of sectors, notably cultural tourism, construction and real estate. ICT and insurance companies are also important service suppliers to heritage sites, museums, libraries and archives.
- A study conducted in 11 European countries/regions in 2019 attempted to quantify the important contribution of material cultural heritage* (MCH) to the local economy and territorial development. Key findings show that MCH generates a Gross Value Added of EUR 32,445.6 million (3.4% of the total services economy, NACE codes H-N and S95). MCH also employs 549,003 FTE** (5.0% of the total services economy), similar to the contribution made by the entire subsectors of support activities for transportation, cleaning activities or private security activities.
- Public expenditure in the heritage sector is estimated at EUR 447.9 million, and the value of volunteering work corresponds to EUR 171.2 million.

| | KEY SECTORS, Impact | | | | | | ANCILLARY SECTORS, Impact | |
|---|--|--|--|---|---|--|---|---|
| |  Archaeology (Not captured by a NACE code) |  Tourism (NACE I) |  Architecture (NACE M71.11) |  Museums, Libraries and Archives (NACE R91.01-R91.03) |  Construction (NACE F43) |  Real Estate (NACE L68.1) |  Insurance (NACE J62, J63) |  ICT (NACE K65.12) |
|  Employment | 10,502 persons | 400,142 FTE | 4,344 FTE | 169,600 persons | 135,050 FTE | 1,989 FTE | 2,093 FTE | 5,385 FTE |
|  Turnover (EUR M) | 291.8 | 47,510.8 | 1,210.0 | 2,155.8 | 26,413.6 | 1,977.8 | 2,826.3 | 1,599.3 |
|  GVA (EUR M) | NA | 20,507.8 | 658.1 | NA | 9,835.4 | 500.8 | 405.6 | 537.9 |

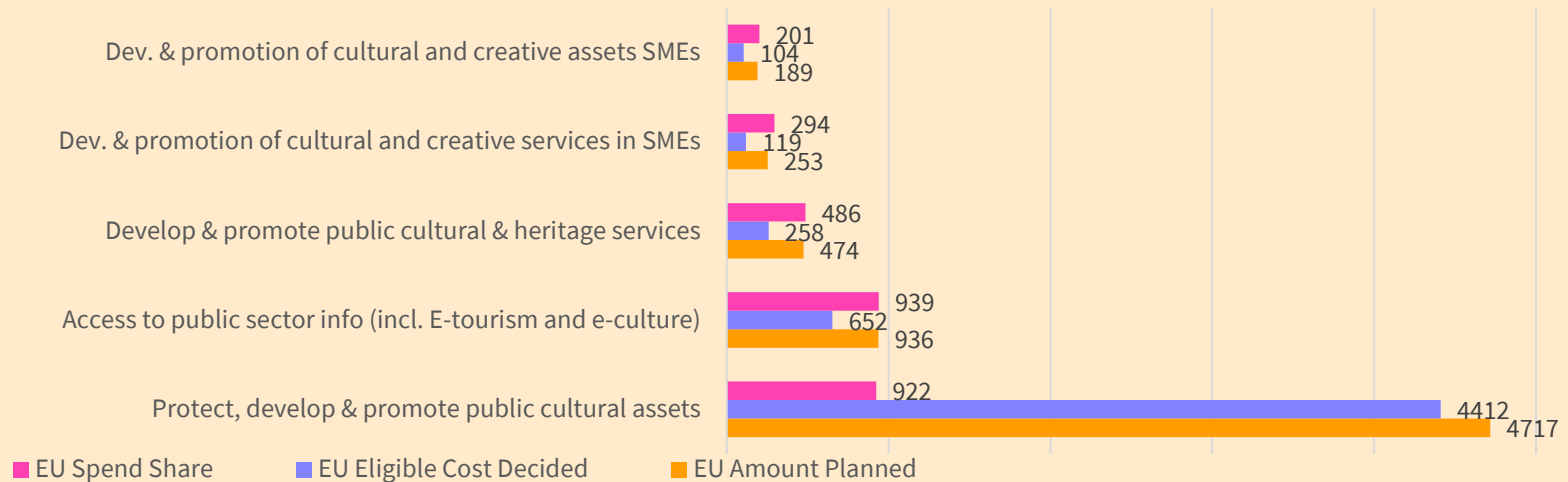
Source: ESPON, The Material Cultural Heritage as a Strategic Territorial Development Resource (2019).

* MCH is defined as objects of immovable (e.g. archaeological sites, cultural landscapes, etc.) and movable (e.g. paintings, books, etc.) nature recognised as having heritage value in each country/region, including historical building stocks.

** In addition, there were 180,102 persons employed in archaeology and museums, libraries and archives. Because of lack of data availability, these persons cannot be expressed in terms of Full Time Equivalent (FTE).

TREND 4: EUROPEAN LOCAL AUTHORITIES ARE DIVERSIFYING INVESTMENT IN THEIR CULTURAL HERITAGE RESOURCES

2014-2020 Investment in culture and heritage actions (ERDF)*



Key Observations

- In the period 2014-2020, around EUR 4.7 billion of European Regional Development Fund (ERDF) were earmarked for investment in cultural heritage with a view to support job creation, enhance territorial attractiveness and regional development.
- More than 90 regions have included culture and cultural heritage in their Smart Specialisation Strategy.
- While the large majority of investment is focused on the protection, development and reuse of heritage sites, other investment areas are emerging, such as e-culture applications and the development of cultural and heritage services.
- As pressure from growing tourism challenges the quality of experience and the livelihood of many European cities, the valorisation and promotion of cultural heritage resources could boost proximity tourism in peripheral and rural areas.
- The 2021-2027 programming of the Cohesion Policy allocated EUR 4.9 billion for Cultural and Sustainable tourism actions, through Interreg (EUR 1.2 billion) and the ERDF (EUR 3.7 billion).

Sources: European Commission, European Structural and Investment Fund data.

*Legend notes: EU Amount Planned: EU budget contribution allocated – EU Eligible Cost Decided: estimated EU contribution allocated to specific operations (based on total cost reported) – EU Spend Share: estimated EU contribution spent by projects and reported to the programmes.

OTHER CCS ACTIVITIES

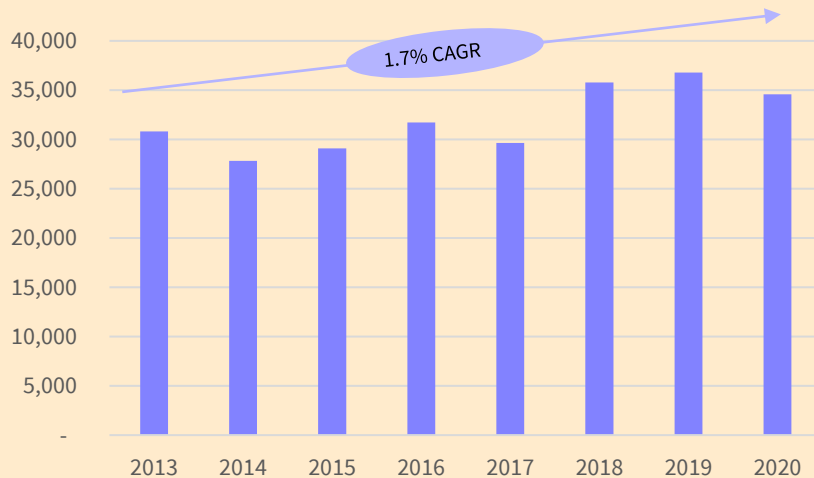
SECTION OVERVIEW

The Other CCS activities subsector in numbers:

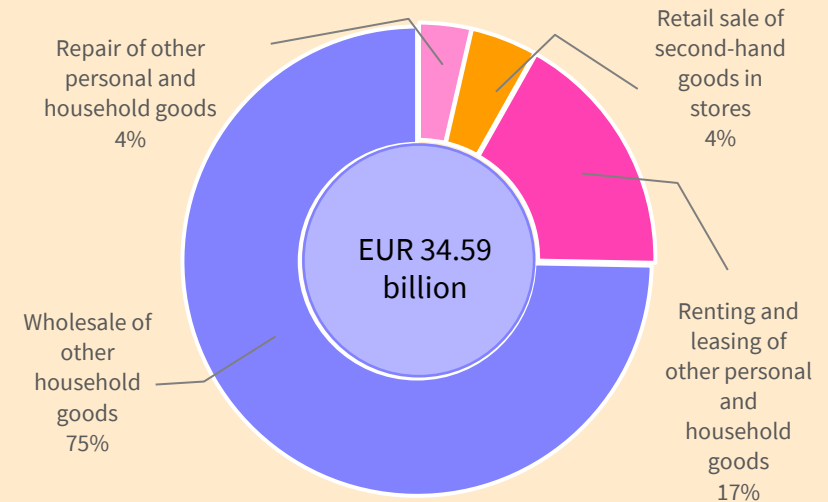
- The value added of the Other CCS activities subsector has moderately grown at a 1.7% CAGR, between 2013 and 2020 reaching EUR 34.59 billion in 2020. On average this subsector contributes 0.4% towards the EU-27 Member States', Norway's and Iceland's value added.
- Employment in the subsector also showed moderate growth (1.5% CAGR) between 2013 and 2020 with 0.7 million workers in 2020.
- The subsector accounted for 196,055 companies in 2020 which represent on average 0.8% of the total number of companies in EU Member States, Norway and Iceland.

THE VALUE ADDED OF THE OTHER CCS ACTIVITIES SUBSECTOR HAS MODERATELY GROWN AT A 1.7% CAGR, BETWEEN 2013 AND 2020

Evolution of value added in the Other CCS activities subsector in the EU-27, Norway and Iceland (EUR million)



Share of each economic activity out of the subsector's total value added (2020)



Key Observations

- The value added by the Other CCS activities subsector reached EUR 34,586 million in 2020, EUR 3,761 million more than in 2013³⁷.
- Between 2013 and 2020, the value added generated by the Other CCS activities subsector grew at a 1.7% CAGR overall.
- The evolution of value added in the period shows a slight decrease from 2013 to 2014 and from 2016 to 2017.

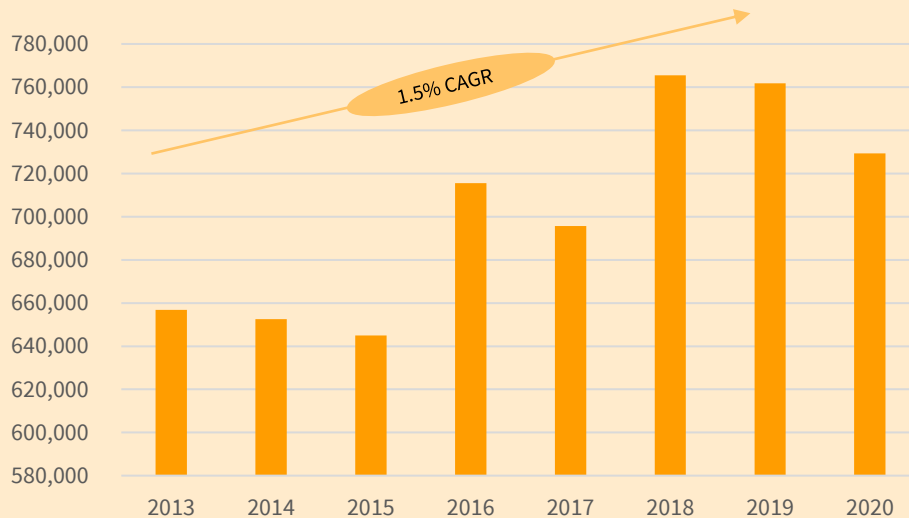
Key Observations

- “Wholesale of other household goods” is the main component of the Other CCS activities subsector, representing 75% of its value added.
- “Renting and leasing of other personal and household goods” represent 17% of the subsector's value added, while “Retail sale of second-hand goods in stores” and “Repair of other personal and household good” amount to 5% and 4% respectively.

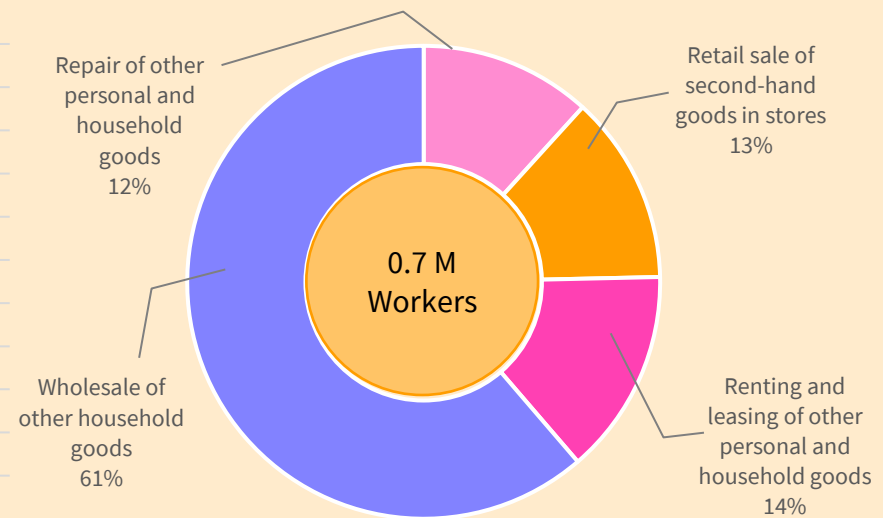
³⁷ In the EU-27 only, the value added of other CCS reached EUR 34,049 million in 2020. This is an increase since 2013 when the value added was EUR 30,263 million. This implies a growth at a 1.7% CAGR. Source: Eurostat (figures based on NACE codes shown in Appendix). Note: Data not available for “Creative, arts and entertainment activities”.

EMPLOYMENT IN THE OTHER CCS ACTIVITIES SUBSECTOR SHOWED MODERATE GROWTH (1.5% CAGR) BETWEEN 2013 AND 2017

Evolution of employment in the Other CCS activities subsector in the EU-27, Norway and Iceland



Share of each economic activity out of total employment in the subsector (2020)



Key Observations

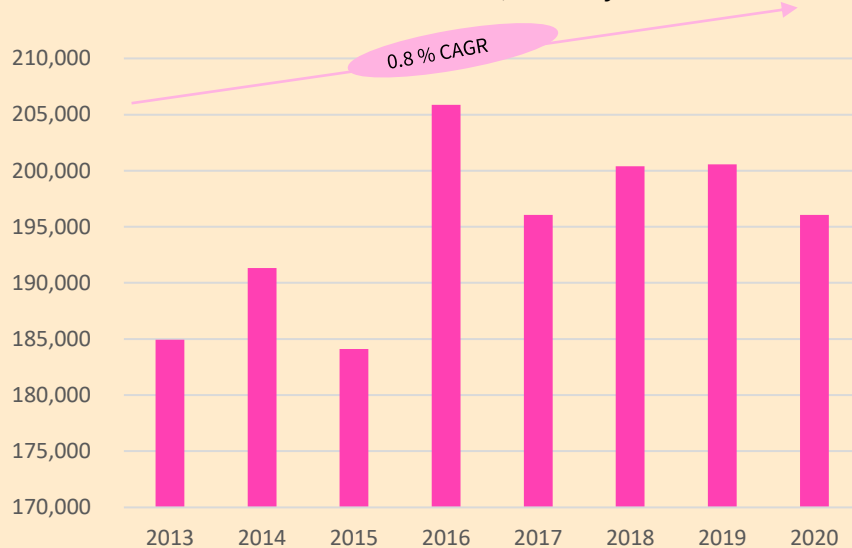
- The number of persons employed in the Other CCS activities subsector reached 729,422 in the EU-27, Norway and Iceland in 2020, 72,530 more than in 2013³⁸.
- Between 2013 and 2020, the number of persons employed in the Other CCS activities subsector increased at a 1.5% CAGR.

Key Observations

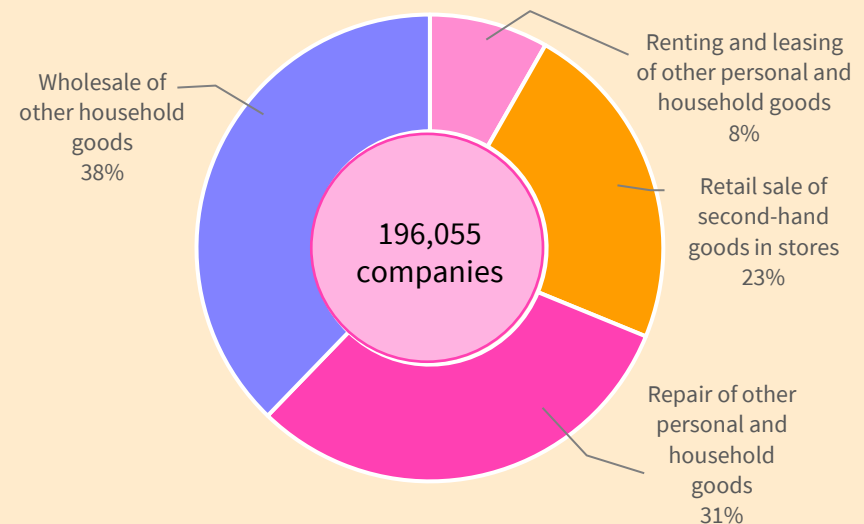
- Employing 61% of the subsector's workers "wholesale of other household goods" is the main component within the subsector in terms of employment.
- "Retail sale of second-hand goods in stores" (13%), "Renting and leasing of other personal household goods" (14%) and "Repair of other personal and household goods" (12%) employ the remainder of the subsector's professionals.

THE OTHER CCS ACTIVITIES SUBSECTOR ACCOUNTED FOR 196,055 ENTERPRISES IN 2020

Evolution of the number of enterprises in the Other CCS activities subsector in the EU-27, Norway and Iceland



Share of each economic activity out of the total number of companies in the subsector (2020)



Key Observations

- The number of enterprises in the Other CCS activities subsector reached 196,055 in the EU-27, Norway and Iceland in 2020, 11,130 more than in 2013³⁹.
- Between 2013 and 2017, the number of enterprises in this subsector grew at a 0.8% CAGR. The evolution of other CCS enterprises fluctuated in this period, reaching a peak in 2016.

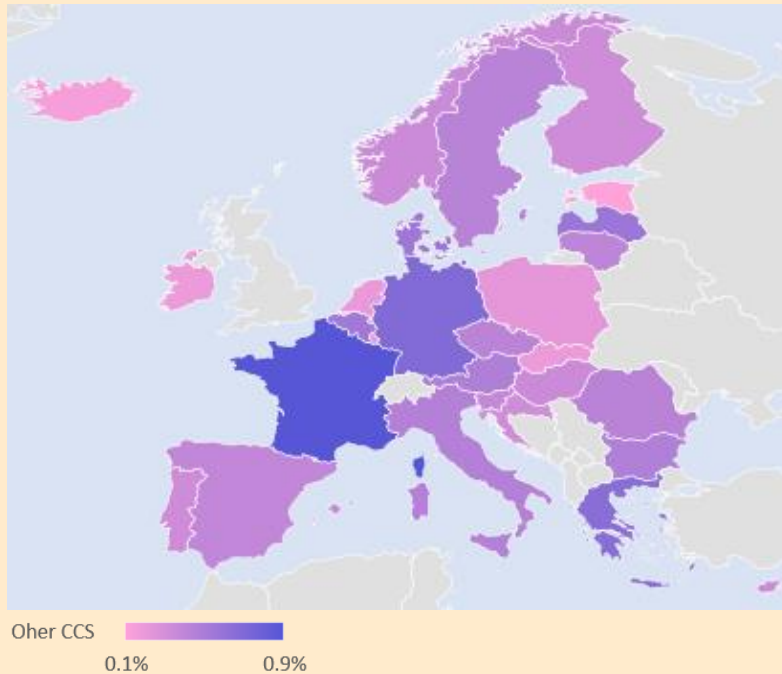
Key Observations

- More than one third (38%) of the enterprises in the subsector are in the “wholesale of other household goods” category
- “Repair of other personal and household goods” represent 31% of the Other CCS companies, “Retail sale of second-hand goods in stores” correspond to 23% and “Renting and leasing of other personal and household goods” corresponds to 8%.

³⁹ In the EU-27 only, there were 193,385 enterprises in the other CCS subsector. This is an increase compared to 2013 when there were 182,532 enterprises in the subsector. This implies a growth at a 0.8% CAGR. Source: Eurostat (figures based on NACE codes shown in Appendix).

THE OTHER CCS ACTIVITIES SUBSECTOR CONTRIBUTES, ON AVERAGE, 0.5% TOWARD THE VALUE ADDED IN THE EU-27, NORWAY AND ICELAND

Share of value added in the EU-27, Norway and Iceland (2020)

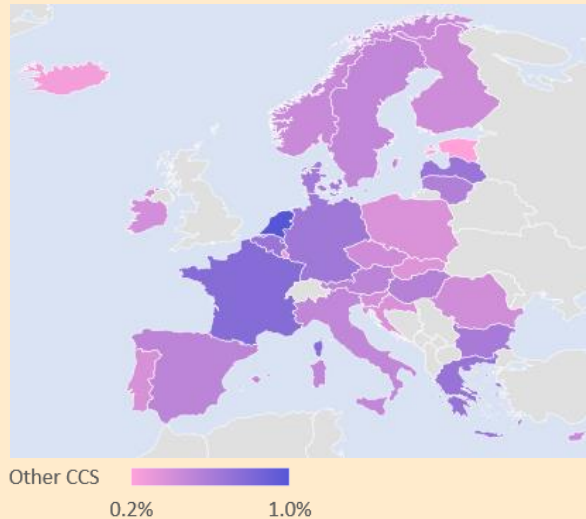


Key Observations

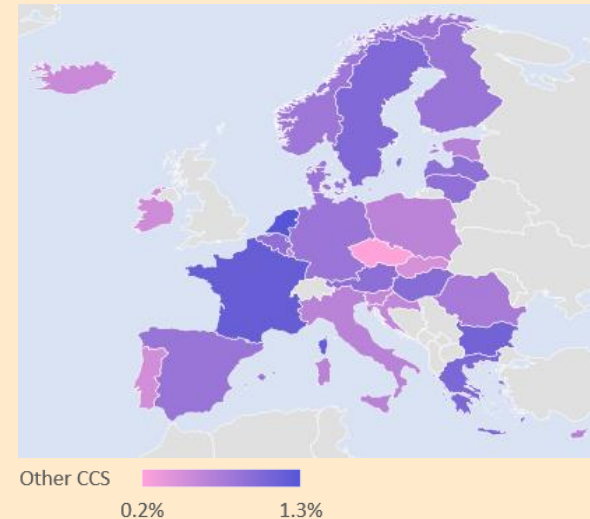
- Other CCS activities represent, on average, 0.5% of the national value added in the EU-27, Norway and Iceland.
- The subsector is most relevant for the French economy, where it accounts for 0.9% of national value added.
- Other countries where the Other CCS activities' share of the national value added are higher than the EU average are:
 - Germany (0.7%)
 - Greece (0.6%)
 - Latvia (0.6%)
 - Denmark (0.5%)
 - Belgium (0.5%)

COMPANIES ACTIVE IN THE OTHER CCS ACTIVITIES SUBSECTOR REPRESENT, ON AVERAGE, 0.8% OF THE TOTAL NUMBER OF ENTERPRISES IN THE EU-27, NORWAY AND ICELAND

Other CCS activities' share of employment in the EU-27, Norway and Iceland (2020)



Other CCS activities' share of number of enterprises in the EU-27, Norway and Iceland (2020)



Key Observations

- On average, employees in the Other CCS activities subsector represent 0.6% of the workforce in the EU-27, Norway and Iceland.
- The highest shares of employees active in the Other CCS activities subsector out of national employment are found in the Netherlands (1%), Malta (0.8%) and France (0.8%).

Key Observations

- On average, enterprises in the Other CCS activities subsector account for 0.8% of total companies in the EU-27, Norway and Iceland.
- The highest shares of enterprises active in these sectors out of the total number of companies are found in the Netherlands (1.3%), Malta (1.2%) and France (1.2%).

APPENDIX

The background of the page is an abstract composition of organic, torn-paper-like shapes. A large yellow shape occupies the top-left corner. A large pink shape covers the middle and right portions of the page. A blue shape is visible in the bottom-right corner. The edges between these colors are irregular and jagged, resembling torn paper.

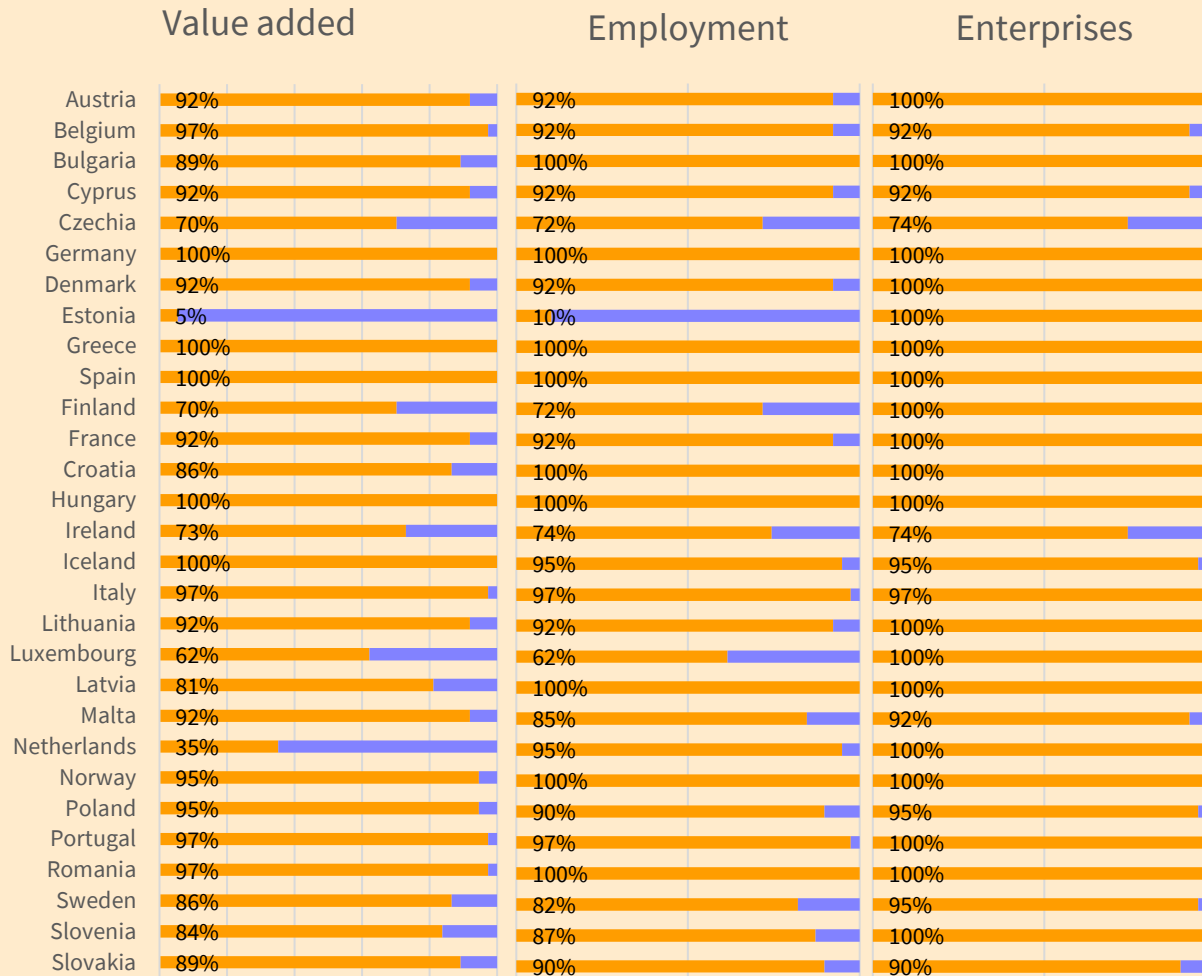
METHODOLOGICAL NOTES ON THE QUANTITATIVE SECTIONS

- **Data source:** Eurostat is the source for the quantitative information presented in this study. The data was extracted in April 2023 for the latest available data (i.e. 2020).
- **Data processing:** The data was extracted at its most granular level (per NACE code, per Member State, per variable, per year) and then aggregated (at EU level, at subsector level, etc.). All aggregations are developed based on the available data. Therefore, the presented results are sensitive to data availability shortcomings. A data profiling report can be found in this appendix.
- **Overall Economy:** In the calculations of the share of the CCS or of a subsector on the overall economy, the NACE code **B-N_S95_X_K** (“**Total business economy; repair of computers, personal and household goods; except financial and insurance activities**”) was used as the proxy for the overall economy. Therefore, percentages showing the share out of the economy both at Member State and EU level (for value added, employment and number of companies) have been calculated with this proxy. In 2020, in the EU-27, Norway and Iceland these aggregates amount to (1) **Value added:** EUR 6,670,837 million (2) **Employment:** 129,298,060 (3) **Number of companies:** 23,716,665⁴⁰.
- **Survival rate:** due to data unavailability, the figures for CCS survival rates refer to a smaller selection of NACE codes (G47.6, J58, J59, J60, J62.0, M71.11, M74,10, M74,20, M74,30, M74,90, N77,29, N78,10, R90, R91).
- **Geographical scope of the study:** countries coverage by the EIF Cultural and Creative Sectors Guarantee Facility; EU-27, Norway and Iceland.

⁴⁰ In the EU-27 only, the CCS represents 5.3% of value added (EUR 347,261 million out of EUR 6,496,218 million) ; 6.3% of employment (8,034,991 out of 127,619,910); and 12.3% of enterprises (2,877,522 out of 23,382,451).

APPENDIX - DATA PROFILING

Percentage of information available on each variable, per country (2020)



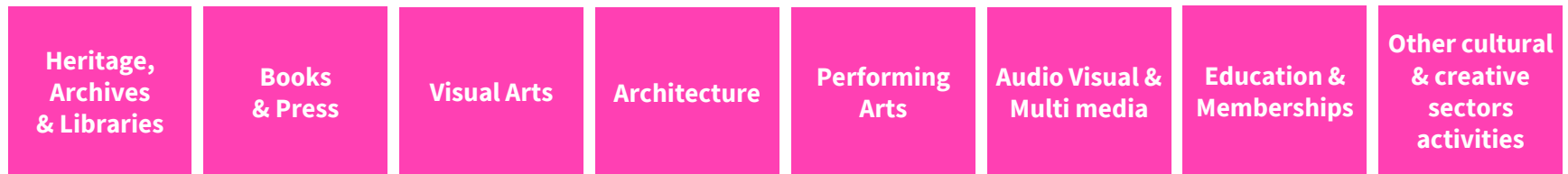
Explanatory note

- The Eurostat database does not provide data for all economic activities per relevant CSS NACE code for all countries.
- The bar charts represent the percentage of available data per country in 2020, e.g. in Austria data on the value added was available for 92% of the relevant economic activities according to the CCS NACE codes. In Estonia, data was only available on the value added for 5% of the economic activities that are relevant under the CCS NACE codes.
- Data availability changes from year to year.

APPENDIX - NACE CODES

AVAILABLE DATA ON EUROSTAT AND LIMITATIONS

- The Cultural and Creative Portfolio Guarantee Product aims at enhancing access to finance for SMEs, Small Mid-Caps and Small Public Enterprises active in the CCS and in particular in the eight subsectors specified below
- Each subsector includes a number of activities (or NACE codes) that are presented in the following slides
- The data (or NACE codes) have been collected from Eurostat and specifically, from the Business Demography (BD) database and the Structural business statistics (SBS) database for services, industry and trade
- For the subsector Education and Memberships there is no data available that is sufficiently accurate to be included in the quantitative analysis
- Whenever data is not available (either due to unavailability in a particular database or because the sought after data was not sufficiently accurate) it is marked as “NA” in the following slides
- The data availability, the database from which the data was collected as well as the variables for which data was extracted can be seen in the following slides



APPENDIX - NACE CODES

AVAILABLE DATA ON EUROSTAT AND LIMITATIONS

| Cultural Domain of CCS GF | Nace Code (NACE Rev. 2) | Enterprises – number V111100 (SBS) / V11910 (BD) | Persons employed V 16110(SBS) / V16910 (BD) | Value added at factor cost – million euro V12150 | Survival rate 1 / 3 / 5 V97041 / V97043 / V97045 |
|--|--|--|---|--|--|
| Heritage, Archives & Libraries | R91.01 - Library and archives activities | BD (R91)* | BD (R91)* | N/A***** | BD (R91)* |
| | R91.02 - Museums activities | | | N/A***** | |
| | R91.03 - Operation of historical sites and buildings and similar visitor attractions | | | N/A***** | |
| Books & Press | C18.11 - Printing of newspapers | SBS (industry) | SBS (industry) | SBS (industry) | N/A** |
| | C18.12 - Other printing | SBS (industry) | SBS (industry) | SBS (industry) | N/A** |
| | C18.13 - Pre-press and pre-media services | SBS (industry) | SBS (industry) | SBS (industry) | N/A** |
| | C18.14 - Binding and related services | SBS (industry) | SBS (industry) | SBS (industry) | N/A** |
| | J58.11 - Book publishing | SBS (services) | SBS (services) | SBS (services) | BD (J58)* |
| | J58.13 - Publishing of newspapers | SBS (services) | SBS (services) | SBS (services) | |
| | J58.14 - Publishing of journals and periodicals | SBS (services) | SBS (services) | SBS (services) | |
| | J63.91 - News agency activities | SBS (services) | SBS (services) | SBS (services) | N/A**** |
| | G47.61 - Retail sale of books in specialised stores | SBS (trade) | SBS (trade) | SBS (trade) | BD (G47.6)*** |
| | G47.62 - Retail sale of newspapers and stationery in specialised stores | SBS (trade) | SBS (trade) | SBS (trade) | |
| M74.30 - Translation and interpretation activities | SBS (services) | SBS (services) | SBS (services) | BD | |

* Only 2 digit NACE code available.

** Only category C17_C18 available, covering too many additional sub-activities that are not included.

*** Only 3 digit NACE code available.

**** Only 2 digit NACE code available, covering too many additional sub-activities that are not included.

***** Data on value added not available in BD database.

APPENDIX - NACE CODES

AVAILABLE DATA ON EUROSTAT AND LIMITATIONS

| Cultural Domain of CCS GF | Nace Code (NACE Rev. 2) | Enterprises - number V111100 (SBS) / V11910 (BD) | Persons employed V 16110(SBS) / V16910 (BD) | Value added at factor cost - million euro V12150 | Survival rate 1 / 3 / 5 V97041 / V97043 / V97045 |
|---------------------------|---|--|---|---|--|
| Visual Arts | G47.78 - Other retail sale of new goods in specialised stores | SBS (trade) | SBS (trade) | SBS (trade) | N/A*** |
| | J58.19 - Other publishing activities | SBS (services) | SBS (services) | SBS (services) | BD (J58)**** |
| | M74.10 - Specialised design activities | SBS (services) | SBS (services) | SBS (services) | BD |
| | M74.20 - Photographic activities | SBS (services) | SBS (services) | SBS (services) | BD |
| | R90.03 - Artistic creation | BD (R90)* | BD (R90)* | N/A** | BD (R90)* |
| Architecture | M71.11 - Architectural activities | SBS (services) | SBS (services) | SBS (services) | BD |
| Performing Arts | M74.90 - Other professional, scientific and technical activities n.e.c. | SBS (services) | SBS (services) | SBS (services) | BD |
| | N78.10 - Activities of employment placement agencies | SBS (services) | SBS (services) | SBS (services) | BD |
| | R90.01 - Performing arts | BD (R90)* | BD (R90)* | N/A** | BD (R90)**** |
| | R90.02 - Support activities to performing arts | BD (R90)* | BD (R90)* | N/A** | |
| | R90.04 - Operation of arts facilities | BD (R90)* | BD (R90)* | N/A** | |

* Only 2 digit NACE code available, to avoid double counting the data for R90.03 is excluded from the Visual Arts subsector and included in the analysis of the Performing Arts subsector.

** Data on value added not available in BD database.

*** Only 3 digit NACE code available, covering too many additional sub-activities that are not included.

**** Only 2 digit NACE code available.

APPENDIX - NACE CODES

AVAILABLE DATA ON EUROSTAT AND LIMITATIONS

| Cultural Domain of CCS GF | Nace Code (NACE Rev. 2) | Enterprises – number V111100 (SBS) / V11910 (BD) | Persons employed V 16110(SBS) / V16910 (BD) | Value added at factor cost – million euro V12150 | Survival rate 1 / 3 / 5 V97041 / V97043 / V97045 |
|--------------------------------------|---|--|---|---|--|
| Audio-Visual & Multimedia | C18.20 - Reproduction of recorded media | SBS (industry) | SBS (industry) | SBS (industry) | N/A* |
| | C32.20 - Manufacture of musical instruments | SBS (industry) | SBS (industry) | SBS (industry) | N/A** |
| | C33.19 - Repair of other equipment | SBS (industry) | SBS (industry) | SBS (industry) | N/A*** |
| | G47.63 - Retail sale of music and video recordings in specialised stores | SBS (trade) | SBS (trade) | SBS (trade) | BD (G47.6)**** |
| | J59.11 - Motion picture, video and television programme production activities | SBS (services) | SBS (services) | SBS (services) | BD (J59)***** |
| | J59.12 - Motion picture, video and television programme post-production activities | SBS (services) | SBS (services) | SBS (services) | |
| | J59.13 - Motion picture, video and television programme distribution activities | SBS (services) | SBS (services) | SBS (services) | |
| | J59.14 - Motion picture projection activities | SBS (services) | SBS (services) | SBS (services) | |
| | J58.21 - Publishing of computer games | SBS (services) | SBS (services) | SBS (services) | BD (J58)**** |
| | J59.20 - Sound recording and music publishing activities | SBS (services) | SBS (services) | SBS (services) | BD (J59)**** |
| | J60.10 - Radio broadcasting | SBS (services) | SBS (services) | SBS (services) | BD (J60)**** |
| | J60.20 - Television programming and broadcasting activities | SBS (services) | SBS (services) | SBS (services) | |
| | G47.41- Retail sale of computers, peripheral units and software in specialised stores | SBS (services) | SBS (services) | SBS (services) | BD (G47.6)**** |
| | J62.01- Computer programming activities | SBS (services) | SBS (services) | SBS (services) | BD (J6201) |
| | J63.11- Data processing, hosting and related activities | SBS (services) | SBS (services) | SBS (services) | N/A***** |

* Only category C17_C18 available, covering too many additional sub-activities that are not included.

** Only category C31_C32 available, covering too many additional sub-activities that are not included.

*** Only category C33 available, covering too many additional sub-activities that are not included.

**** Only 3 digit NACE code available.

***** Only 2 digit NACE code available.

***** Only J63 available, covering too many additional sub-activities that are not included.

APPENDIX - NACE CODES

AVAILABLE DATA ON EUROSTAT AND LIMITATIONS

| Cultural Domain of CCS GF | Nace Code (NACE Rev. 2) | Enterprises - number V111100 (SBS) / V11910 (BD) | Persons employed V 16110(SBS) / V16910 (BD) | Value added at factor cost - million euro V12150 | Survival rate 1 / 3 / 5 V97041 / V97043 / V97045 |
|---|--|--|---|---|--|
| Education & Memberships*** | P85.42 - Tertiary education | N/A* | N/A* | N/A* | N/A* |
| | P85.52 - Cultural education | N/A* | N/A* | N/A* | N/A* |
| | S94.12 - Activities of professional membership organisations | N/A* | N/A* | N/A* | N/A* |
| | S94.99 - Activities of other membership organisations n.e.c. | N/A* | N/A* | N/A* | N/A* |
| Other cultural and creative sectors activities | G46.49 - Wholesale of other household goods | SBS (trade) | SBS (trade) | SBS (trade) | N/A* |
| | G47.79 - Retail sale of second-hand goods in stores | SBS (trade) | SBS (trade) | SBS (trade) | N/A** |
| | N77.29 - Renting and leasing of other personal and household goods | SBS (services) | SBS (services) | SBS (services) | BD |
| | S95.29 - Repair of other personal and household goods | SBS (services) | SBS (services) | SBS (services) | N/A* |

* Only 2 digit NACE code available, covering too many additional sub-activities that are not included.

** Only 3 digit NACE code available, covering too many additional sub-activities that are not included.

*** Due to the lack of sufficiently accurate data on Eurostat (at 4 digit NACE code level) this subsector is excluded from the quantitative analysis.

APPENDIX - NACE CODES

AVAILABLE DATA ON EUROSTAT AND LIMITATIONS



Limitations of the quantitative analysis using Eurostat data (based on NACE codes)

The quantitative data on CCS tends to underestimate the size of the CCS in the EU as:

- NACE codes are frequently outdated and do not capture the digital economy and services fully
- Country reporting varies greatly and is often not comparable
- Countries have different definitions on what constitutes the CCS
- Data collection is poor or nonexistent in several subsectors (notably design, heritage, performing art, royalty collection and digital services)

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