

# The Impact of COVID-19 on the CCS:

## Challenges and Future Policies

This article is an attempt to describe challenges born from this crisis with a view to imagine policies required to enable Cultural and Creative Sectors (CCS) to play a key role in an age that requires more global cooperation, the promotion of cultural diversity as well as solidarity. The following reflections build on the work KEA has been conducting for the Council of Europe since April 2020 and which resulted in a report 'The impact of the COVID-19 pandemic on the Cultural and Creative Sector', updated in November 2020.

### **Measures are taken but support is not guaranteed**

The public health crisis is having a very damaging impact on the CCS. A majority of governments in Europe have taken measures to support CCS with a view to preserve jobs. However, some States have been obliged to reduce State budgets. As a result, several Ministries of Culture have been affected with reductions ranging from 5 to 20%; as a minimum CCS are benefiting from general measures taken to support the economy. CCS measures have often been amplified at regional and city levels with significant contributions from the private sector. International organisations dealing with culture (Council of Europe, the OECD and UNESCO) are also playing their part. The European Union has identified culture as a priority sector deserving support from the EUR 750 Billion EU Recovery and Resilience Facility set up to help EU Member States mitigate the impact of the pandemic. How this will be used by the CCS is not clear as access to these instruments will depend on national recovery plans submitted by each Member State. Support is not guaranteed.

## **Yet culture and creation contributes to collective sense-making**

The global public health crisis is the opportunity to acknowledge the importance of CCS in nurturing social links, supporting mutual understanding and community engagement with a view to changing behaviours and convincing people that they are instrumental in solving problems. The pandemic has also underlined the economic importance of the sector notably festivals, live events, museums, cinemas or cultural retailing in making places and territories attractive to locals, tourists and investors.

Live cultural experiences are greatly missed during the pandemic and digital streaming is a poor alternative to collective cultural gatherings. It shows that CCS plays a crucial role in the well-being of communities and in social cohesion. Culture is not simply entertainment or leisure time, it contributes to collective sense-making. It helps humans define what really matters as the globe is simultaneously confronted with a deadly pandemic, a climate crisis and the threats of technological development to human values.

Undoubtedly the pandemic will generate great arts. Some theatres are 2500 years old and citizens will always require space to celebrate culture and storytelling. Artists will capitalise on fear and neurosis. This worldwide pandemic will inspire writing, bringing new literature, new cinematography and lyrics that will question our policies, technology, science and societal behaviours.

## **The challenges brought by the sanitary crisis**

The COVID-19 crisis has been a formidable accelerator of existing trends notably the growth of digital networks, the market dominance of large media players, the emergence of new collective and individual behaviours. It also highlights the need to call on artists and creative professionals to contribute to the recovery process and the future.

## **Mobilise cultural workers as agents of transformation and global co-operation**

The COVID-19 crisis (which has put half of the world's population into lockdown and killed more than 1.3 million people so far) will usher in an age of global co-operation. Conditions for global co-operation and the implementation of sustainable development goals require the construction of a convivial, generous and civilized future, respectful of diverse cultures with a view to build a renewed planetary identity that is generous and tolerant. To generate this dynamic of hope, we will need fighters of social cohesion, soldiers making a stand for beauty, empathy, international co-production and intercultural dialogue. To beat consumerism, the waste of resources, pollution, inequality and radicalism, we need to change our traditional perspectives, value quality over quantity, sense over superficial, culture over technics, beauty and imagination over standards and the preconceived. The battalions of cultural workers have the competence

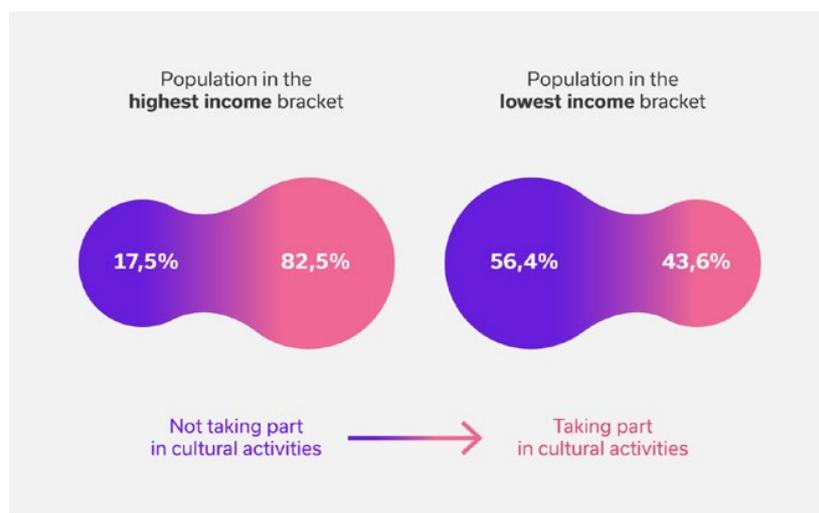
to take a critical look at societal evolution and address its shortcomings. They should be empowered as they are in a position to engage with communities and trigger much needed behavioural changes.

It is important for policy makers to mobilise the skills of artists, creative and cultural workers to "imagine" a world that makes sense and to fuel social changes required to address global challenges.

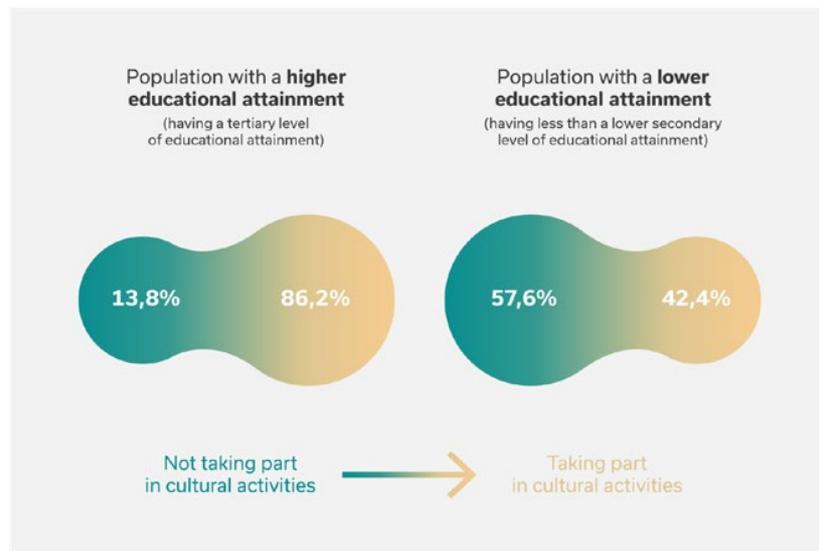
### **Social inclusion through Culture to address inequality**

As shown by Eurostat statistics<sup>1</sup> much is still to be done to ensure that cultural activities contribute to social inclusion, engagement and address inequality. Data shows that there are direct correlations between cultural participation and income, with 82.5% of the EU-28 population (aged 16 or more) in the highest income bracket taking part in cultural activities, in comparison to 43.6% in the lowest income bracket. Financial difficulties were the second most cited reason for not taking part in cultural activities. Cultural participation directly correlates to educational attainment; with 86.2% with a tertiary level of educational attainment reporting to have taken part in a cultural activity in the last 12 months, compared to 42.4% of people with no more than a lower secondary level of educational attainment.

See also our article: ['Time for the European Union to Integrate Culture in its Social Policy'](#).



**Relation between cultural participation and income: part of the EU-28 population (aged 16 or more) taking part in cultural activities**  
Source: Eurostat – Culture Statistics 2019 Edition / © Image credits: KEA



**Relation between cultural participation and educational attainment: part of the EU-28 population (aged 16 or more) taking part in cultural activities**  
 Source: Eurostat – Culture Statistics 2019 Edition / © Image credits: KEA

It is important to include culture in social and education policies for cultural workers and institutions to be able to deliver on community engagement and inter-cultural dialogue. The fight against inequality is an intrinsic part of solving the sanitary and climate crisis if we wish to create favourable conditions for behavioural changes.

### **Acknowledge the acceleration of behavioural changes**

The future generation lives in the virtual world, a world that makes everything accessible and which does not require the traditional interactions. The new generation manipulates information at a faster pace and integrates such information with a minimum of cultural mediation. Access to culture is now the realm of search engines, digital servers and social media as much as cultural institutions. Culture as a sign of intelligence, knowledge, a state of mind, is increasingly taken as a sign of arrogance or old elitism that can be despised sometimes vilified. The new urban generation belongs less and less to a given religion, a territory, a culture. Its culture is increasingly the planet. The language has changed, with a new function that's more visual, more English, more urban with new tools to socially interact across frontiers. The ability to concentrate is different. It requires fast images and pedagogies to learn or experience quickly. COVID-19 is accelerating a lifestyle mutation that is familiar to the younger generation. It is more individualistic, focusing on the private life, with smaller scale communities relying on digital and virtual networks. This is a threat to established cultural institutions or business structures unable to adapt to new sociological patterns. The pandemic will affect collective behaviours and cultures to the same extent as scripture or printing at the time.

It is important to reflect on these fundamental changes and adapt cultural pol-

icies to enable cultural institutions to remain relevant and contribute to social empowerment. Equally it is the opportunity to mobilise cultural workers and their capacity to engineer emotion and joyous experiences with a view to inspire behavioural changes required for people to take ownership of problem solving (notably climate change).

### **Big will get bigger**

The shift to increasing digital cultural activities means that big companies in the entertainment, culture and art sector will get bigger. More activity will flow into e-commerce and digital content platforms with large catalogues and marketing muscles (Disney, Amazon, Alphabet, Netflix, Tencent, and Apple). They will get bigger because they will have the financial resources and better access to capital support (from the financial sector) to buy their way out of the crisis. It is expected that larger European companies in the broadcasting and media sector will make the most of their relationships with government and banks for bailouts.

As a result, some anticipate that movie or music theatres are going to turn into large cultural / entertainment centres with big investment, creating premium experiences in a way that existing players cannot do. Cultural content will increasingly be bundled in special deals relying on users' data connecting retail, exhibition and digital distribution in well managed release patterns to maximize revenue streams. The risk is that artists will primarily be used as 'a promotional product' to sell other services and goods. For instance, you get free access to a subscription VOD service as long as you consume on an e-commerce site.<sup>2</sup> Digital platforms and their ability to make the most of artificial intelligence will want to control the various exploitation steps and cut out the middleman. Audiences may not necessarily lose out as choices will increase but cultural mediation will be totally different. These transformations might give more opportunity for talents to get funding with the risk of upsetting traditional business models and the value chain. This will oblige smaller operators to collaborate and find ways to pool resources and creativity to propose viable and sustainable alternatives.

It is important to consider these market developments in the context of policy regulations (copyright, competition and AV/ media law) to safeguard the economic rights of authors, artists and industries investing in cultural productions.

### **Build local capacities and taste for home grown productions**

COVID-19 has led to the absence of new Hollywood movies on European screens as release schedules of blockbusters due this summer and autumn were postponed to at least up until spring 2021. This was the opportunity for local and European productions to find a new audience and increase their market share in distribution. This capacity to make available local production and to dispose of independent distribution outlets contributes to shielding cinema theatres from more severe damages.<sup>3</sup> Countries more dependent on Hollywood for the supply of films and providing less support to sustain a diverse cultural offer were more likely to face cinema closures and bankruptcies.

This will not prevent cinema owners from reflecting on the value of teaming up with streaming-platforms, by allowing consumers to watch new releases online immediately after the premiere in cinemas.<sup>4</sup> For instance, the hand-curated streaming platform Mubi is providing one free cinema ticket per week to its UK subscribers.

## **Future policies for CCS**

### **CSS workers and businesses should shape the responses**

Some countries are progressively adapting support measures to enable the recovery of the CCS. It will be important to sustain investment in culture to avoid the collapse of the creative ecosystem. Countries with strong public funding for the arts are better placed to envisage the future of their local CCS ecosystem. They run also the risk of freezing or delaying required evolution. In any event, it is appropriate to coordinate a cross-border response, decongesting the entire value chain. Cultural workers should be given clear recognition of their status and social rights. CCS workers and businesses should get the opportunity to articulate their needs and give a cohesive and creative response to upcoming global challenges. They should, for instance, contribute to the design of financial support schemes made conditional upon an increase in cultural participation and the reaching of social cohesion objectives (gender and racial equality for instance) or environmental objectives (less polluting and sustainable productions, distribution and events).

### **Post-crisis management is the opportunity to address gaps**

The cultural and creative sectors (CCS) will be facing challenges in terms of their competitive ability after the COVID-19 crisis. Most of these challenges are well-known and not new: underfunding, lack of scale in the face of international competition, too limited a capacity to produce for a global market as well as distribute and market internationally. The crisis has accelerated the impact of increased international market concentration, new consumption trends and business paradigms.

Post crisis management is the opportunity to address the gaps that hinder competitiveness in the CCS notably the insufficient:

- knowledge of technology, which weakens the capacity of the sector to embrace the digital shift and notably, its opportunities in managing consumption data,
- insufficient apprehension of new consumption patterns and trends.

KEA proposes elements of policy responses post COVID-19 that will help CCS recovery and adapt to "a new normal". In our view the focus should be on policies aimed at:

- integrating artistic intervention in policy making,
- incorporating the cultural dimension in social policy,
- adapting policies to take the digital shift better into account and create scale outside traditional linguistic or territorial lines.

### **Integrate artistic intervention in policy making**

Cultural policy is about ensuring that the arts and humanities are fully engaged in shaping the future, to ensure that empathy, imagination and beauty are mobilised to support a sustainable and qualitative way of life. As a result, future support measures should give pre-eminence to qualitative production, mindful of the environment and people. Such support measures will promote a culturally diverse digital offer (media, leisure, education) supportive of cultural co-existences. It will police responsible social networks.

CCS are in a position to breathe new life into the way we perceive our world, as a counterpoint to scientific and technical reasoning, an original dimension in the establishment of a diagnostic and the designing of solutions for a more caring world. As progress cannot be conceived without consideration of the cultural dimension, artists and cultural workers should be called upon to sublimate the health or the climate crisis. There should not be forward-planning committees without artistic intervention. After all Steven Soderbergh's film "Contagion", featuring Matt Damon and Gwyneth Paltrow as well as a deadly virus implicating bats and China, anticipated a terrific picture of humanity in 2011. The creative world is the best placed to imagine a better world, raise awareness on issues (sometimes difficult to understand) as well as to empower people for being part of the solution. CCS should be incentivised to contribute to make change fun and give confidence to people that then can participate in problem solving.

### **Reflect on the social status of artists and cultural workers**

There is insufficient understanding on the social status of artists and cultural workers in Europe as well as their entitlement to social protection. Artists are essential elements in democratic and free societies. Artistic freedom is increasingly threatened, and the pandemic has exposed the precarious social conditions of cultural workers and artists and has hindered their possibility to benefit from free movement of people or mobility schemes. The thematic is topical as we are celebrating the 40th anniversary of the UNESCO declaration on the status of artists.<sup>5</sup>

The European Commission has announced the launch of a comparative study that will inform an intergovernmental discussion in the context of the "Open Method of Coordination (OMC)".

## **Incorporate the cultural dimension in social policy**

The crisis is the opportunity to reconsider the place of culture in addressing social issues.

The European Union is proposing an ambitious recovery programme to support workers and companies. In this context the European Pillar of Social Rights and EU social policy will be reviewed to incorporate the cultural dimension of social inclusion. This would facilitate future support of culture-led projects with a social inclusion dimension (ESF+, Horizon Europe, Invest EU programmes).

The current non-recognition of the cultural dimensions of social policy functions as a major impediment for a transversal, cross-sectoral approach to social inclusion. In addition, it highlights the broader issue of the existing siloes between policy areas; particularly between the European Pillar of Social Rights & EU social policy, the Recovery Programme ("Next Generation EU") and the Agenda for Culture.

This initiative would also be the opportunity to consider the social rights of artists and freelancers in CCS.

## **Adapt cultural and industrial policies**

### **To take into account new patterns**

The sector will have to accelerate its transformation notably in areas of digital programming if it wishes to respond to new cultural and consumption behaviours. For instance, the increased sale of virtual reality headsets may be a knock-on effect of the demand for online concerts and crowd free events contributing to reshape entertainment delivery. Clearly the crisis will spur the digitization of culture and accelerate the digital shift. The CCS will require assistance to adapt to this shift.

Future support measures<sup>6</sup> will have to take into account new consumption patterns and trends with the objective of improving digital offering. This means:

- ensuring and monitoring the implementation of the audio-visual Media Service Directive (AVMSD) across Member States to support the deployment of digital services that promote cultural diversity and a strong cultural offer representative of local European cultures;
- encouraging a competition policy that is not only focused on impact of concentration on prices but also on consumer choice and the diversity of offer;
- ensuring that large international digital platforms do not discriminate against European content and smaller independent players in licensing terms;
- integrating cultural policy considerations in terms of competitiveness and market access in EU trade and external relation policies;
- ensuring that streaming platforms (which benefit from the creative ecosystem) finance arts and cultural production and support the marketing and distribution of independent production (production that they did

not finance). In the framework of implementing the AVMS Directive the French government is proposing a contribution of 20 to 25% of streaming platforms' turnover in the country to fund local/European productions (October 2020).

### **To encourage collaboration and pooling of resources**

Competition in the digital global markets calls for scale. Different partnerships both within and across the public and private sectors can bring major competitive advantage by helping different players reach critical mass and encourage cross-innovation. Moreover, teaming up can diversify the media landscape, ensuring a plural offer of content to audiences.

Tapping into partnerships could mean:

- Encouraging collaboration and teaming up amongst European players across the value chain to be able:
  - to invest in ambitious projects and catalogues of content to feed into distribution pipe-lines,
  - to fund pan-European and international marketing campaigns,
  - to mutualise technical, licensing and service costs to improve the offer to consumers and develop competitiveness in user data management,
  - to develop pan-European or local subscription linear services;
- Developing relationships between media players and technology companies and re-search labs to enable AV companies to make better use of algorithms, artificial intelligence and big data in targeting audience and advertisers or in easing licensing processes;
- Incentivise collaboration between culture and the scientific world to raise awareness on the importance of science and support a culture of informed commitment and facts.

On the other hand, survival will also be based on innovation, adaptation, flexibility... and smallness. At the moment, oversized, shiny vessels control the spotlight. They have the resources and the PR apparatus. But sometimes little sailing boats can best navigate choppy waters. This dynamic of destructive consolidation will also take place in the CCS. However, it will oblige smaller operators to collaborate and pool resources to exist. The pandemic will be an opportunity to restructure outside traditional linguistic or territorial lines.

Large and well-funded cultural institutions will have to show solidarity with smaller operators (sharing venues for instance that are more easily compliant with social distancing rules). Indie producers will have to pool their catalogues of rights and build the infrastructure collectively to set up direct-to-audience relationships and build strategies to generate the heat. This will give them the ability to be able to leverage the streaming platforms' distribution network. Perhaps, in the "new normal," audience and buyers will become more connected to

their local scenes and a shared experience of the world collapsing violently will favour a more collaborative approach.

## Conclusions

Policy makers have an important role to play in supporting the development of a new understanding of Cultural Policy. It is necessary to apprehend the nature of cultural investment, its importance and its multidimensional impact with a view to address a wide range of policy goals extending from job creation to solving societal issues linked with sanitary, climate and inequality crises as well as technological challenges which all touch upon the future of humanity and human rights.

The priority of the action should be to raise awareness on:

1. Culture as a first necessity investment (at a time of significant social distress linked to inequality, injustice, environmental and sanitary gloom, fake news, rac-ism, religious extremism or technology surveillance).
2. The multidimensional impact of cultural investment

### **Culture as a first necessity investment because it contributes:**

- To shape values (notably in the face of techno-social engineering or business greed).
- To nourish innovation with creation (more human centric).
- To promote cultural diversity (against standardisation and global control).
- To fuel social changes (to address global challenges together) through community engagement leading to behavioural changes and empowerment.

### **The multidimensional impact of cultural investment is linked to:**

- CCS economic contribution to sustain a growing digital and creative economy.
- Territorial attractiveness for investment, talent, tourism.
- Social cohesion: mutual understanding, empathy, well-being, empowerment.

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December 1<sup>st</sup>, 2020

## Endnotes

1. Marta Beck-Domzalska (ed.), and Statistical Office of the European Communities. Culture Statistics: 2019 Edition. Luxembourg: Publications Office of the European Union, 2019. <https://ec.europa.eu/eurostat/documents/3217494/10177894/KS-01-19-712-EN-N.pdf/915f828b-daae-1cca-ba54-a87e90d6b68b>
2. Prime Video is attached to Prime Amazon Delivery Service for instance
3. Les Echos (2020, October 14) <https://www.lesechos.fr/tech-medias/medias/le-cinema-francais-fait-plus-dentrees-que-lan-dernier-1255604>
4. Alice Hancock (2020, October 25), Curzon cinema boss calls for theatres to embrace streaming, The Financial Times, [https://www.ft.com/content/291a4e20-d919-45fc-811c-2dd88f820b93?access-Token=zWAAAXVIIU3Ikc8pGk4g2RIF\\_NOBHC3Yj4ILkw.MEQCIDN5penPXBjFPtKtVrtSOThnNdH-f9\\_4zfoqNjiYfAOReAiAe778WMgoTLEsf96zY99bl8NfL45apB4OyMayqszcB2w&sharetype=gift?token=141347a5-eab2-49da-85da-31ba207dca73](https://www.ft.com/content/291a4e20-d919-45fc-811c-2dd88f820b93?access-Token=zWAAAXVIIU3Ikc8pGk4g2RIF_NOBHC3Yj4ILkw.MEQCIDN5penPXBjFPtKtVrtSOThnNdH-f9_4zfoqNjiYfAOReAiAe778WMgoTLEsf96zY99bl8NfL45apB4OyMayqszcB2w&sharetype=gift?token=141347a5-eab2-49da-85da-31ba207dca73)
5. UNESCO for the World Congress on the Status of the Artist: "The Artist and Society", Paris, June 1997
6. See notably: Creation, Innovation, Promotion – Competitiveness of the European Audiovisual Industry 10–11 September 2019, Conclusions of the Audiovisual Summit organised by the EU Finnish Presidency



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