

Interview

Professor Robert G. Picard



Professor Robert G. Picard is a senior research fellow at the Reuters Institute for the Study of Journalism at University of Oxford, a fellow of the Royal Society of Arts, and a fellow at the Information Society Project at Yale University Law School. His scholarship focuses on the nexus between economic of media and communications systems and public policy. He has been a professor for 4 decades at universities in Europe and the United States, has taught at both University of Oxford and Harvard University, is the author and editor of 33 books, and has been editor of the *Journal of Media Business Studies* and *The Journal of Media Economics*. Picard received his Ph.D. from the University of Missouri, Columbia, and had post-doctoral study and fellowships at University of Pennsylvania, Harvard University and University of Oxford. He has consulted and carried out assignments for governments in North America, Europe, Africa, and Asia and for international organisations including the European Commission, UNESCO, and the World Intellectual Property Organisation. He has been a consultant for leading media companies in North America, Europe, Asia, Africa, and Latin America.

ECONOMICS AND POLICY MAKING IN THE CREATIVE INDUSTRIES IN A DIGITAL ERA

JOCIS interviewed Robert Picard, an expert on media and communications economics and policy and on the business challenges of the media in the digital era.

1 According to your perspective, how big is, in reality, the effect of the media sector and creative industries in the world's economy?

Media and creative industries are important contributors to national economies and employment everywhere in the world. They contribute an average of 3 percent to GDP and 4 percent to employment. In nations that produce content and performances and consumer hardware to view content, the contributions to GDP are as high as 10 or 11 percent, making them one of the most important industries in economic terms.

2 How can you explain the implications of the current media and creative industries to the creation of digital policies internationally?

The importance of the industries has led to expansion of intellectual property protections internationally and required protections in domestic copyright laws through copyright treaties and trade agreements. This has produced increased enforcement at the domestic levels globally. There are still significant challenges of content owners receiving adequate compensation for uses of their material on digital platforms, especially social media, and those are spurring multiple national policies and actions worldwide against major platforms to require payments or negotiations for payments.

3 Also, in the line of the prior question, how do the variations in policy affect media and communications at a global level?

As I explain in my book *Media and Communications Policy Making*, global policy making is a slow and arduous process because of national legal and policy differences and differing national interests. Global policy cannot be forced on nations, and each must agree to it by agreeing to abide by terms of treaty. That said, there is relatively strong agreement that intellectual property should be protected even less developed nations. In the Philippines, for example, media and creative industries account for only about 5 percent of the GDP but about 11 percent of national employment, according to research by the World Intellectual Property Organization.

Media and communications generate national value differently depending upon the nature of national economies. Countries like Malaysia and Vietnam, for example, are generating wealth through manufacturing electronic hardware, much of it on behalf of electronic companies in developed nations. The U.S., U.K., European nations, and China are generating significant value through audiovisual production, audio production, and performance industries. National policies and laws are designed to support and protect the firms and industries involved in creating that value.

4 Is adaptability a must-have for anyone who works in the media and creative industry, and why?

Adaptability is crucial because how content and performances are distributed continues to develop and change. To reach audiences effectively, media and creative industry personnel must be aware of and critically analyze the opportunities and threats that changes present so they can adapt effectively. Lost opportunities and unaddressed threats will lead to the demise of firms in media and creative industries.

5 What is your advice for a young graduate or a new manager in the media and creative industry as we enter this digital era?

It is a wonderful time to be in both industries, with new types of opportunities appearing daily. New types of skills are needed that were not previously imagined, however. Someone entering the industry needs to bring mastery of the new skills, but must also have technological awareness and be willing to continually learn how emerging technologies can help improve their activities.

The biggest challenge is that much work will be project oriented, requiring workers and managers to prepare for the uncertainties associated with the types of gig labor, independent contracting, and precarious employment that project work produces. This is not a challenge just of media and creative industries, however, but also in many other digital and tech industries.

6 Nowadays, the media and digital sectors have the kind of power that has never been seen before, in the world's economy and even in world peace and international relations. Fake news is a topic that has been much discussed since the pandemic started, with misinformation being spread and believed by many. How can the media and digital sectors' managers act to contradict this phenomenon? Misinformation has always been a challenge but in the past private and public service media companies controlled the pathways in which information reached the public and reduced the flow of misinformation. New means of distribution that bypass careful curation of content, especially in social media platforms,

have made distribution of misinformation faster and easier. To maintain reputations, media companies must address misinformation and take steps to limit it. The failure of tech companies to do so effectively in recent years is already producing national policies to regulate and punish failure to do so. Those can only be expected to increase in the future if companies do not respond responsibly. Reputable media and communication firms and platforms must find ways to limit misinformation and manipulation of their audience or risks audiences going elsewhere or turning on them.

7 How valuable are, genuinely, the creative industries and digital sectors for the world's economy?

In many countries they are now the number one industry, far surpassing automotive, energy, finance, and agriculture. That significance is often overlooked, however, because the various media and creative industries do not consider themselves as part of the whole or cooperate in governmental lobbying. The result is multiple, fragmented sectors that individually are not seen as all that valuable rather than seen as a whole.

8 Is the media and digital sector dependent on new technologies in order to stay relevant and maintain its impact on the world's economy?

Yes and no. Creative and media industries have served basic human needs for information and storytelling since they appeared. Those needs will continue regardless of technological change. That change, however, influences how and when audiences access what is produced and provided. Some producers will lose some relevance unless the sectors make themselves available the way the public wants the material to be available.

To stay relevant firms must make their content indispensable compared to that of others and it must be easily accessible and available at a reasonable price.

9 What does it take to be successful in the media and creative business?

The largest requirements are creativity and quality. Derivative, imitative, and poor quality products and productions are not formulas for enduring success.

When creative, original content and performances are produced with efforts to provide quality in all aspects of production, they stand out among the ever-increasing amount of content and performance made possible by digital production and distribution.

Provision of fresh, imaginative, and inspired content and performance is the key to success.

10 In your research, as you highlight the importance of strategy in media management and the creation of content value, what do you believe to be the real influence of media and creative companies on society?

At their best, media and creative companies help us discover who we are, comprehend what issues we are facing, and determine how to overcome challenges facing us individually and as members of society. At their worst, companies pander to banal and base interests and quick profits and do nothing to support society. Companies with long-term business thinking and some sense of social responsibility strive to be in the first category.

Company leaders and managers must be self-aware and realistically examine their strategies and products and services to ensure that it continually provides value to consumers, society, and the enterprise itself.

11 What do you think is the worldwide economic tendency in this domain? What are the main trends related to research in the media and creative industries?

Research is in a difficult situation today with far too many researchers merely focused on the elements of technologies, what they can do, or what some consumer groups think about them. There is often uncritical acceptance of all innovative technologies and support for them to all embraced in media and communication industries. Too much hype from tech and tech manufacturing firms about the level of innovation provided and the consumer demand they project it will produce is taken on face value as accurate. Better research asks more critical questions about the uniqueness of the technology, its mid-to long-term prospects and then integrates those with questions of how it will affect systems, firms, consumers, business models, workforces, and partners.

The best research is focusing on how to integrate change into strategy and operations, how to create organizational structures that are adaptive and resilient, what is necessary to help workforces learn and develop, and how diminishment of legacy firms value can be leveraged before it is dangerously diminished. The best research in management helps firms better understand themselves, their businesses, and their prospects, not merely to respond uncritically to every technology and potential change that present themselves.

12 In your opinion, how possible is it to identify some level of property concentration that is automatically prejudicial for the media society, namely concerning information pluralism? And what about the other creative and cultural sector?

Throughout my career I have wrestled with that concentration and worked with dozens of governments on those issues. The answer is not a simple economic formula that can be applied universally because they are so many factors that reduce pluralism and diversity—gender, ethnic/racial, and rural/urban factors—as well

as elite and social power structures. The Media Pluralism Monitor developed for the European Commission is probably the most sophisticated measure but ultimately it only points out areas of concern. The real question is what happens after issues are identified. So far there is little agreement and too much protectionism of national industries to develop strong policy and legal mechanism to address the concentration.

In terms of ownership, provision, and distribution of content, creative and cultural activity, having multiple competing media providers, streaming services, digital platforms, theatres, and performance companies are better than only a few. These need to be available both from national and global providers to ensure prejudicial outcomes to not occur.

13 It has been said many times that the U.S. public media are not so important, however, the fact is that the government holds many media, and this is part of the American media system. Furthermore, it contributes to the functioning of these public media. Having said that, where do you stand on the government's intervention in the media sector, namely considering property and public contributions? And what is the main difference between American and European models? Answers to question of importance of media generally look only at audiences and not at exposure and discussion of issues and ultimately influence. Public media are no better or worse than private media, depending on how they are managed and influenced. It is better to have a mix of private and public media because public media often provide more non-commercially viable content in terms of news and public affairs, children's programming, addressing minority populations and their identities, and are more likely to represent broader political and social interests.

Public and state broadcasting produce challenges in avoiding their control by elites or authoritarian government leaders. Commercial broadcasting produces challenges in avoiding control by advertisers and or the content interests of dominant audience groups.

The European and U.S. model differ because U.S. broadcasting started commercial and then public media was added because of the deficiencies of the commercial content provided. European media typically started as public, or state, media and then commercial media were added to provide additional consumer choice. Public broadcasting in the U.S., both radio and television, is highly influential for socially and politically active individuals but has a small audience compared to commercial broadcasting. The individuals who regularly listen to and view public broadcasting in the U.S., however, tend to exercise significant leadership that others in their communities follow so its influence is much wider than its audience.

14 What should be the role of the government regarding creative industry and cultural policy, including the funding issues?

Governments should support creative industries and cultural activity, recognize its importance, protect and promoting them, and fund them. There is an important caveat, however, governments need to be careful not to control the activities too much through policy and funding to the extent those involved become dependent upon the state, lose creativity, do not pursue innovation, and represent only elite interests in culture. It is a delicate balance.

15 Nowadays, telecommunication companies with a strong technological ground are important media actors and proprietors. Do you believe this to be an opportunity or a menace to the media and other creative industries?

Telecommunications firms are expert in distribution technologies but those technologies themselves produce limited profits. The size and value of the firms, however, has increasingly allowed them to move into cable, satellite, internet provision, streaming services, and even content production where profits are higher. They are increasingly important media actors and proprietors across multiple media communications sectors in many developed nations. They can become threats to other firms if they use their control of infrastructures and services to harm competing and smaller companies.

15 Facebook, Google, and Amazon, among other technological and telecommunication companies, have been under some pressure from the American Senate which alleges their position of dominance. Do you think it is possible a regulatory decision that may induce these companies' dismantling?

Dismantling companies is one option. If it occurs, it will probably force companies to divest their advertising or data management operations from other activities that are enhanced by those. Legal scholars Lisa Khan and Tim Wu who have been critical of tech and telecommunications firms have been respectively named Chair of the FCC and special adviser to the present on tech policy and competition. This certainly give credence to arguments the government will do move to do something about the strength of the five major tech companies in the coming years.

One thing that is making it more likely is that both Democrats and Republications are unhappy with the firms, sometimes for varied reasons, so some measures to address their dominance are likely to gain support from both major parties.

16 When looking forward, what do you believe to be the next and greater impact of technology over the media and creative industry, including blockchain and artificial intelligence, for instance?

Most of the emerging technologies are not expected to make major changes to production in the next decade or so, but they will have significant impact on distribution and monetization. Blockchain will make it possible to better identify the sources of content and will support means of compensating their creators or owners. Artificial intelligence will be increasingly useful in matching content and advertising to audience interests and helping audiences sort through the massive amount of content available. Some uses of artificial intelligence in the creation of rote content, such as weather reports, uncreative sports, and financial reports, can be expected to increase.

17 Could you please share any recommendations for researchers, professors and top workers in media and creative industries, namely in terms of business sustainability and social responsibility?

It is critical for scholars to be asking questions about company governance and to whom they answer. The largest shareholder, typically workers' pension funds, have limited influence on company decisions because of the ways governance is structured and how real power in the companies remains vested in their original owners.

Other fruitful areas would be exploration of factors that have led to tech and media firms being less concerned about social responsibility than firms in other industries, the extent to which responsibility can be required and enforced, the implications of working conditions, the links between media and creative industries and how those links influence each, and whether and how management of media and creative industries is or must be different from those in other industries.

There are a lot of significantly under-researched topics that will keep researchers engaged for many years.