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Creativity for the Creative Sector: Entertaining Europe in the Electronic Age

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Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

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Thank you for inviting me to speak on the opportunities for the creative sector in the online age.

It's an important topic. This sector offers our rich cultural heritage a proud platform; our people an opportunity for self-expression; our economy a much-needed boost.

And the digital era brings vast opportunities: I want the creative sector to make the most out of them. And that's why we just held a consultation on that very topic.

Reviewing the results is proving very interesting. Different actors have different emphasis and perspectives, of course. But few find much merit in sticking to the status quo.

To stay in the game, Europe must adapt. Many actors already see the economies of scale from making it easy to operate across borders. They see the advantage of systems that are more transparent, more streamlined, more direct. They see the benefits for European creators, consumers, and culture.

Of course, many are also concerned about issues of illegal content. And I agree with them that we need to push people away from piracy towards legal content. Sites that knowingly enable massive copyright infringements and make large sums of money at the expense of creators need to be stopped. As regards legislation to combat piracy, I have said on a number of occasions that we should not put in place disproportionate and highly intrusive measures with the potential to disrupt legitimate online activities. Therefore I think the US legislators have done the right thing by making a pause and seeking a better anti-piracy solution than the SOPA and PIPA bills which were on the table.

Closer to home, we urgently need to do much more in our quest for the European Digital Single Market, to generate more growth and jobs, to better reward and recognise creators and to offer a better deal to European consumers.

In the music industry, we already saw the signs of digital transformation a decade ago. The music industry clung on for dear life to a model based on CDs. For as long as they could: for far too long, in fact.

The music industry has learned its lesson, and is embracing the digital age. It took some painful decisions on our side - some at my initiative when I was Commissioner for Competition. But we have seen new licensing models arising, and more and more legal offers. There is still work to be done to facilitate cross border licensing and ensure transparency, but my colleague Michel Barnier is working hard on that.

That is positive: we have provided a better digital offer, and we have shown that people are willing to pay for it. Last year, for the first time since 2004, overall music sales were up: and that was thanks to digital. Digital downloads soared 17% to 3.6 billion, and the number of paying subscribers 65% to over 13 million.

Over here, the same trend is noticeable. In the first half of 2011, in France alone, music downloads generated over three million euros; add in 2 million from ad-supported streaming and over 6 million from subscription services, and you can see several highly viable and significantly growing business models.

What we are seeing at the moment is huge growth and diversity.

First, growth in consumer expectations. They expect an offer that is open rather than limited, "on demand" rather than on a fixed schedule, interactive and targeted rather than passive and controlled. We cannot ignore that: because these days if consumers don't get what they want, they won't be afraid to switch off.

Second, growth in the scope of creative content. It's not just about taking "old media" like music, TV and film and digitising them – although that is in itself lucrative. It's also about new media that didn't even exist before, content which is interactive, social, even user-created. Remember: the more widely we define culture and entertainment, the bigger are the market opportunities, the more unlimited our horizons. We are in an age where one video game alone - *Call of Duty: Modern Warfare Three* - took more in one weekend than any European film.

And third, growth in the number of ways you can make money, and better reward creators, using content. Possibilities way beyond the old models. Look at *Angry Birds*: a franchise that sent Rovio Mobile towards a 100 million dollar turnover last year. Enough money to produce *The King's Speech* 8 times over. That's not bad for a smartphone game largely given away for free.

Ironically, this growth and diversity has brought convergence. As the range of consumer demands, the range of creative works and the range of business models become more diverse, then the ways to operate them have tended to converge.

Once you had to use lots of separate tools: if you wanted to know where to find a business you'd turn to the yellow pages, for general information you'd use an encyclopaedia, for a chat with friends the telephone, for entertainment a game or radio or a book. One by one those have all converged. They have become digital: all those tasks and all those tools have found a natural home on the Internet and digital devices.

Cloud computing is obviously helping this move. In the Cloud era, with just an Internet connection, you can access and provide content: wherever you are, through whatever device best suits you at the time. And all of it legally.

This is a great opportunity for creators and businesses. We see plenty of different business models using Cloud technologies. From pure storage services, to social platforms, to user-created mixing facilities. But they all have one thing in common: you can precisely track and report music usage. So each and every play can be "legal", recognised, and remunerated! Isn't it great news for creators? I really hope Europe will see these great opportunities in the Cloud.

I will do my best to help these opportunities come true. Before the Summer, I intend to present a European Cloud Strategy in which we will assess all possible obstacles for the Cloud to enable a flourishing business for content, both for providers and right-holders.

And in this trend of good news that ICT bring to creators and businesses, let me turn to the next technological step in the audiovisual field: Connected TV.

Within just 2 to 3 years, 90% of the TVs sold in Europe will be connectable to the Internet. Already, half of European consumers use video-on-demand several time per week. While across the Atlantic, Netflix is already the biggest source of net traffic.

And if European consumers make that switch there is a huge potential for them. The potential to combine the best of what they get from existing media, with the best of what they can get from the new. To combine their favourite TV shows with their favourite games and social networks. Material on-demand, not on schedule, from the comfort of your sofa.

These opportunities aren't just for consumers. For device makers, there is a whole new market.

For broadband suppliers, there would be a leap in demand for bandwidth-heavy services, a leap that will seal the business case for investment in high-speed broadband networks.

And for suppliers of content, a chance to target what consumers are demanding – and give them a very attractive alternative to illegal material.

This year, we will be coming forward with a paper on Connected TV. It will consider how Europe can realise the opportunities – and of course, how it can meet challenges too. For example: can we preserve the integrity of broadcasting signals? How would competing but incompatible technical standards affect the viewer experience? How will our traditional rules on advertising, protection of minors and promotion of European works apply? We want to ask these questions, and make sure we are ready to let this market flourish.

We don't have all the answers yet. But I want to find them out: and so we will be talking to stakeholders — users, producers and regulators — so that Europe can truly hook up to the Connected TV ecosystem.

Because we should not lose sight of what we can achieve. We can offer creators a way to make a decent living from their art. We can offer consumers a seamless service, the widest possible choice, the ability to lawfully access whatever they want, however they want, wherever they are in Europe. And in between creators and consumers, we can offer an open space for innovation, so we can respond sustainably to digital realities.

Getting to the future doesn't require one single leap, but baby steps are no longer enough. So let's help the creative sector stride ahead into the digital age.

Thank you.