

COVID-19 as an Accelerator of Innovation, Management, Marketing and Communication in the Creative and Cultural Industry

Paulo Fautino

Keywords

COVID-19; creative; cultural; media; business; market; innovation, marketing; experience; digital.

Abstract

This essay intends to put forward some preliminary thoughts for academic research built on empirical data. The key question guiding this research is: How will COVID-19 drive innovation in the creative industry's business model, and its marketing and communication strategies? Today, because of the crisis caused by the Coronavirus disease (COVID-19), humanity is being "forced" to make significant behavioural changes. In the creative and media industry, COVID-19 is already acting as an accelerator of innovation in several domains, from production to delivery and monetization. And the creative and media industry has no choice but to face the reality of COVID-19's innovation accelerator effect on online and offline platforms. Technology must be seen as a complement to the business objectives of the creative and cultural activities, products and experiences. Also, analogue media and other creative and cultural products are not doomed; they have to be repositioned. It implies the adoption of technology and understanding that the basis of innovation lies in the way (i) a company organizes itself, (ii) its products are monetized and (iii) are delivered and promoted.

Introduction

As Darwin taught us (*The Origin of Species*, 1859), it is not the most intelligent species that survives, nor the strongest, but the one most capable of adapting and adjusting to a changing environment. Darwin's theories are often inspiring when it comes to justifying the ability to adapt to changes, namely for creative organizations. Today, as a result of the ongoing Coronavirus disease (COVID-19) crisis, humanity is being "forced" to make significant behavioural changes and adaptations (i.e., an unheard-of use of Information and Communication Technologies, ICTs).

Some of these behaviours were even disruptive, such as the work organization model—people started working from home, and this seems to represent a clear tendency. In general, and at first, humanity was forced to adapt to survive the virus. In the future, some of those behaviours will represent the new normal.

COVID-19 is acting as an accelerator of innovation "droplets" in many industries, including the creative and cultural sector. ICTs, as one of the innovation engines, were obviously already at our disposal with the potential we are now exploiting, but they were never (or seldom) used as intensively in all our lives. With the pressure of COVID-19 and the potential of ICTs, we are definitely in an acceleration phase of digital-based businesses, that is, from this point forward one can say that almost all organizations or industries now have (or have strengthened) their technological basis. Even more traditional companies or industries have become dependent on ICTs at some stage of their internal and external "chain of value" (Porter, 1998).

Such a circumstance (the reinvention of businesses and activities in general) is allowing several companies to prosper amid this economic stagnation instead of letting themselves die. For example, companies related to the health, textile, moulding and logistics sector, as well as other industrial units which were forced to contribute to the "war effort" in the battle against the enemy (COVID-19), invisible this time but more violent and deadly than ever.

Although COVID-19 has had a globally negative impact in the creative and cultural industry, including in the media sector, there are some companies that are adapting. Some, including the press segment (newspapers and magazines), have even improved their performance due to the greater interest in information for health reasons associated with the virus. The information on COVID-19 conveyed by some media, including traditional media, is being (re)valued during the period of lockdown and of general restrictions imposed by governments in several countries. It has always been clear that the media compete with other creative and cultural industries for the "attention market" (Davenport and Beck, 2001), namely ' 'people's time (audiences).

This essay intends to put forward some preliminary thoughts for academic research built on empirical data. For example, these are case studies, semi-structured interviews and the analysis of documents, namely annual reports and other sources that provide performance indicators for comparison of audiences and revenues before and during the coronavirus crisis (e.g., comparing the first half-years of 2019 and 2020 of organizations and companies in the creative and cultural sector). The key question guiding this research is: How will COVID-19 drive innovation in the creative

'industry's business model, and ' 'it's marketing and communication strategies? Essentially based on a literature review and the experience of the author in the creative and cultural sector, this essay was divided into three main parts that present thoughts about management, marketing and innovation applied to the creative and cultural industry, its products and experiences. At the same time, and focusing more on companies and the market, it is possible to identify and present the tendencies (and impacts of COVID-19) that may introduce and drive innovation, as well as significant changes in the management and organization of public and private cultural activities.

COVID-19 and the Digital Transformation in the Creative and Culture Industry

With global COVID-19 restriction policies, many people had more time to consume creative products. Due to difficulties and obstacles to visiting physical spaces, there was an increase of online consumption and experiences and a decrease of offline customers, which means that online distribution and delivery is now part of 'people's routine. There are good examples all around the world of other companies in the creative and cultural sector which are benefitting from the restrictions imposed by COVID-19 (fear of physical contact and visits to public spaces, for instance) to reinvent themselves. For example, some museums began taking the digital transformation more "seriously" and to invest in virtual tours. Theatre companies, musicians, and other artistic activities are now also looking for experience and business alternatives in the digital environment, including some tests of

possible monetization models. They are also making an extra effort to develop online communication and marketing actions to attract audiences create products and experiences.

Another interesting example, among others, is Cirque du Soleil, which, besides having innovated in its business model (adults as its primary audience and available to pay higher admission values), organization model (equal and similar shows in several geographies) and in its offer of experiences (not resorting to animals and relying on performance and music), it began offering monetized digital content and experiences. Hence, in addition to the shows already produced, it is making content related to the backstage of the circus, as well as circus arts workshops (juggling, for example) available.

In the creative and cultural sector, it seems evident that digital experiences cannot substitute physical ones. However, the coexistence and complementarity of online and offline experiences seem to have finally gained strength in the present context and the future. This comprehensive (integrated) vision of the real world and the virtual world will surely be an essential factor for the success of these organizations. COVID-19 made it possible to clarify and anticipate scenarios that were already taking shape. One can even say that the persisting "dust" (the uncertainty about the relationship between physical and digital products) seems to be settling. For instance, museums are one of the sectors in the cultural and creative activity that has benefited the most (and can benefit even more with artificial intelligence) from the application of technology, including the migration to digital platforms as a strategy to add value to their experiences.

However, and although online consumption has emerged and increased, this does not mean people have stopped valuing physical experiences and other types of creative and cultural product consumption in an analogue context. By observing some social dynamics, one may find tendencies and countertendencies or inflows and outflows that are part of the same process. For instance, as globalization intensified, localism (the way people value their roots and local identity) also resurged; as superstores emerged, the opening of neighbourhood stores increased; as the consumption of creative products intensified, the consumption of analogue experiences and products also rose (e.g., growth of the vinyl industry, visible in the increase of record and analogue devices sales throughout the world).

In this context, it is possible that business models which successfully combine (and integrate) consumptions and experiences in digital environments with those in physical environments will become consolidated. COVID-19 appears to be an accelerator of the digital and of the physical world at the same time. It is not difficult to imagine how eager people of all ages worldwide will be to get back to an analogue (physical) world. Imagine what it will be like as soon as there is a vaccine or some other efficient treatment that makes people confident of returning to a world with no social distancing: the "race" to the movies, the theatre, music halls, museums, live concerts, etc.

Although many online apps (for example, those that allow you to buy tickets online) and other useful information and functionalities offered by websites are already quite common, there are still many aspects to be improved with the help of technology. It includes virtual reality and artificial intelligence, which can contribute

to significantly improve the 'consumer's experience and generate new revenues. One cannot predict the future, but it is neither hard nor unrealistic to imagine new applications and functionalities driven by technology giving new life and adding value to experiences and cultural consumption. For example, when visiting a museum, it is possible that the experience will be richer if there is a guide or an expert who leads visitors through the rooms and explains the meaning of the pieces and works of art that are on display. It is, therefore, possible to imagine how these museum experiences and other creative and cultural activities can be enriched in the near future.

Although this is not the main objective of this essay, it is essential to highlight that all these transformations—not only in museums but also in creative and cultural organizations in general—are also demanding new answers and profound changes from their staff, namely (i) a greater focus on public attraction through marketing and online/offline communication actions, and (ii) the adoption of management practices more focused on the market and the gathering of resources. And, of course, these challenges also demand younger staff members with stronger technological (digital) skills.

Just like in other creative and cultural activities, ICTs can, for example, have a positive impact in all the "chain of value" (Porter, 1998) of a museum (acquisition, production, organization, disclosure, purchase, distribution, communication, exhibition, etc.). However, one of the most visible and impacting aspects of ICTs is the improvement of the experience, including the narrative details. Considering what can already be done in some creative and cultural activities in the present and

in the near future, one can say that the experiences offered today by cultural venues are, in most cases, not very dynamic or interactive. For instance, when visiting a museum, very often the only narrative support are the panels next to each piece explaining its meaning. Sometimes, this information is given using unending paragraphs, which does not make for an enjoyable experience! And technology (including mobile phones through apps) can contribute to improving it during and after a visit or creative and cultural experience.

Also, augmented (and virtual) reality associated with metadata can have a unique role in the creative and cultural industries, including the possibility of customizing the product (experience or visit). Before visiting a cultural venue, an app could allow the inclusion of essential data (age, interests, place of residence, etc.). Using these details, a museum could, for instance, recommend works and pieces of art related to the year of birth and place of residence, generating a strong interaction by customizing the offer of the museum for each visitor. Technology can also add value to cultural venues, for example, museums (and other creative and cultural experiences) through multimedia content accessible from a smartphone (which works as a guide) and through videos that explain the meaning of the works on display by immersing visitors in the corresponding environment. Museums and other cultural venues already use some screen solutions, but they generally do not offer a lot of privacy and do not allow the visitor to stay focused. The possibility of accessing the content from mobile phones (with more privacy) can vastly improve the final experience, e.g., by choosing the works, one wants to see and even get additional information after the visit.

The “new digital era” seems to highlight the great potential of ICTs in other creative and cultural organizations. However, the negative impact of COVID-19 has been different and asymmetrical, depending on the type of creative and cultural organization. For example, sports media have been the great losers (namely because there were no live games with an audience during the lockdown period until the end of the season in late June), and streaming platforms (such as Netflix) are the big winners, namely in what concerns monetization. There are, of course, other creative products (for example, those offered by theatres, concert venues and museums) that were simultaneously winners and losers. On the one hand, they increased their audience in the digital universe. Still, on the other hand, they did not manage to turn that audience increase into monetization models and were unable to generate ticket sales.

Anyway, audiences generated by the experiences offered by creative and cultural activities as a result of the impact of COVID-19 may become an important test to create a new market through the digital offer, and also innovate in the delivery format of the experience and its monetization. However, it also seems to be true that COVID-19’s impacts may highlight, more than ever, the importance of analogue experiences and consumption that imply a physical presence in social gatherings, i.e., the deprivation of these social gathering practices to which society has been subjected during the COVID-19 restrictions period has been showing how indispensable they are for a more human, happy and balanced life.

In the creative and cultural industry, there are several examples allowing us to understand that an audience attraction strategy for a digital device is not incompatible with (or

does not cannibalize) audience attraction for physical venues. For instance, in the music sector, one might mention the case of Radiohead (British alternative rock band), which launched the album *In Rainbows* in 2007 and made it available on their website, leaving it up to their fans to decide how much they should pay to download the songs or if it should be free of charge. The album was first sold online using the “pay what you want” model, and a part of the fans decided to pay. Only afterwards was it sold on CD in the traditional commercial circuit. With this strategy, Radiohead managed to strengthen the interest of their fans (they even won new fans) in moving from digital to physical experiences. Therefore, their monetization strategy focused primarily on ticket revenues by increasing the value of the physical experience with their live concerts.

On the other hand, Franz Ferdinand (Scottish indie rock band) encouraged their fans to choose on their website the support band that would fit best with their music style for concerts worldwide, so their audiences became active participants in a kind of co-authorship or open innovation that gave them the leading role; some local music groups could even apply on the band’s website to be the support band.

As for AC/DC (Australian rock band), in October 2008 they launched the album *Black Ice* and created a (simple) webpage where fans could listen to and watch parts of songs and concerts. It looks like something basic today, but at the time it showed they were focusing on the market by offering free content to increase interest on the band. We could mention many other examples, but the common aspect in these three cases is the capacity of the bands to use their websites as an integral part of their marketing and communication strategy and of their business model to win loyal audiences.

Innovation, Adaptation and Business Model of the Creative Industry

As suggested by Florida (2019), who has attentively been studying the geography of creativity, there is a strong correlation between the financial and cultural well-being of a city and its capacity to attract creative capital, which encourages innovation and promotes the development of an ecosystem that supports the emergence of innovative attitudes and ideas. For city planners, this means worrying less about creating a great business environment and more about creating an excellent environment for creative people. Florida studied the ranking of cities according to diversity. And in his comparison within the U.S., he found that cities/urban centres with high technology also corresponded to cities with higher cultural diversity. From that analysis, he concluded that diversity attracts the type of creative capital that produces high technology innovation.

In what concerns innovation, first it is most important to highlight that sometimes there are myths about the need to be permanently innovating: the types of innovation—radical/disruptive (i.e., produce cars and replace people with robots) or incremental/sustainable (i.e., the evolution of MP3 technology to MP4 or the transformation of 1-CD albums to 2-CD albums)—will not have much of an impact on their own if they do not correspond to a need valued by the market. Innovation is not necessarily something new for the company, it is something new for the market, be it a process, a product, a distribution channel or a business model (Ostervalder and Pigneur, 2010). When a company or organization starts doing the same thing others are doing,

it is not innovating, it is adapting, and that is not insignificant as a competitive factor. Innovation and creativity are words and ideas (and practices) that are closely related. Still, sometimes they are considered as a unique quality—and creativity is even considered to be rarely found among the human race. From this wrong perspective, there is a minority of highly inventive individuals, and a vast majority of people who do not possess this quality. As Hamel (2010:77) suggests:

“There are some prejudices and myths regarding the perception of creativity that must be taken into consideration in deeper and more rational thinking.”

This prejudice is particularly strong among those who have ‘creative’ careers, such as filmmakers, designers, entrepreneurs, and the like. While these individuals may be innately creative, they often fail to adequately credit the myriad of environmental factors—inspiring teachers, iconoclastic parents and lucky job breaks—that fueled their passions and allowed them to develop their talents. Most human beings are creative in some sphere of their lives. For example, during the lockdown and further restrictions period (between February and August 2020) due to COVID-19, I took the opportunity to make a few repairs at my country house. I hired a mason to do this and could see that a lot of his work required a considerable amount of creativity. Besides some routine mason tasks, like laying bricks and tiles, there are design, planning and execution details that are part of the creative process. In addition to those activities, I realized he had other skills (e.g., carpentry and garden design), which are also types of creativity, even artistic abilities. And all this knowledge is acquired through practice, showing not

only that creativity can be learned, but also that it can be developed without needing a university degree in Fine Arts, Architecture, Creative Writing, Design, etc. For that reason, creativity can be said to be a human ability.

Success is therefore critically dependent on identifying the type and impact of the innovation, and on identifying how it adds value and satisfies a need of the public. In other words, if the type of innovation the business (its position and impact on the market) needs is not well understood, this will be a waste of resources, and it will even decrease the acceptance level of the creative and cultural experience or product.

In the last 10 to 15 years, and again in 2020 with COVID-19, many industries were unable to surf the wave of change, which means they were not prepared for significant changes. For example, television channels, newspaper publishers, record companies, etc., all of them have been struggling to rejuvenate or reinvent their outdated business models. Of course, many of the companies in these sectors will stand on their feet again one day. But in the meantime, billions of euros and millions of clients have been lost. That is the price of poor adaptation. Some business models are now suddenly sinking due to the changing environment, and what changed the most was change itself.

Our time is different from any other moment in history not because of the levelling impact of communication in the world, the rise of China and India, the degrading climate, or the resurgence of old animosities between religions. On the contrary, it is the frantic acceleration of a changing pace, which humanity is sometimes unable to follow. Or, even if it manages to follow the pace,

it feels the need to balance the technologic advances of an increasingly virtual life with older and more physical ways of social life, such as travelling, enjoying nature or interacting with friends (which may even consist of sharing or experiencing a cultural activity) instead of virtual conversations. For this reason, the moment we are living in (with COVID-19) seems to be helping to clarify that both worlds (analogue and digital) must co-exist with the same level of importance. And this will probably be the starting point for the creation of sustainable business models in the creative and cultural industry.

In the following decades, the adaptability of every society, organization and individual will be tested as never before. Fortunately, disturbances also create opportunities, as well as challenges. But the balance between hope and danger for each specific company or organization depends on its ability to adapt. The answer to the question "Is humanity changing as fast as the world around us?" is not straightforward because changes are not always easily and quickly identifiable, which is why organizations are faced with many decision-making and innovation dilemmas.

For example, the recent difficulties experienced by the music industry are a typical case of the underrated impact of the digital transformation. Initially, record companies disregarded music downloads. MP3 files had worse sound quality than CDs and downloading music was not very practical and took a long time. Anyway, who would want to listen to music on a computer? However, and despite all the faith in traditional business models, the truth is that suddenly everything changed and the music industry had to adapt. But now with more competition from other industries and companies that were in the "race" and entering the music sector with other competitive advantages, such as the incorporation of technology in this activity.

Initially, the music industry executives said that this new business model was based on theft. They claimed that if people had to pay for the music, the number of downloads would be insignificant (Hamel, 2010). Their (wrong) answer to this situation was to adopt draconian measures: they threatened to sue all the college students that would instead make downloads than spend a few dollars to acquire these products. Some



companies outside the industry, such as Apple, used this to their advantage and innovated, discretely entering the business, which seemed to be controlled by the primary market incumbents, and growing fast, creating music platforms such as iTunes or Spotify, among others. The same thing happened with Amazon in the book industry, which started as an online book sales company and is one of the largest platforms of electronic trade in the world today. It also revolutionized the business models of publishers and bookstores, and changed (and shortened) some phases of the chain of value of this activity, for example bringing the producer/salesperson and the consumer closer.

For successful innovation, one must also understand whether it is necessary to make a radical change or just an incremental one to the way a specific product is delivered to the public, and it is also necessary to analyze the market. For example, trains compete with the transportation industry rather than merely the railway industry. Much the same way, candle makers compete with all companies generating light, rather than just other candle makers. And the media do not just compete with other companies in the industry, but in a much broader market—the “attention” market (Davenport and Beck, 2001)—, in this case, that of other sectors of the creative and cultural industry. In other words, all creative and cultural industries work in the attention market, a resource that is increasingly scarce and, at the same time, more disputed due to the growing number of operators and the offer of creative and cultural experiences and products.

From the market’s point of view, innovation only makes sense when it corresponds to a benefit to the client. Even though the ‘client’s role is ever more essential

to promote innovation through the joint creation (co-creation) of new (or improved) products and services within the context of open innovation (Chesbrough, 2003), that does not mean the client is always right by default. Regarding this, Henri Ford suggested that if he would always do what clients wanted, he would have built wagons with faster horses (Ford, 2012). Hence, it is also necessary to create new offers, to explore new markets and to identify new needs resulting from several sources of knowledge and experiences, either internal or external or both.

In the case of the cultural, creative and media industry, COVID-19 is already acting as an innovation accelerator in several domains, from production to delivery and the monetization of the product/experience. For example, during the lockdown period, journalistic companies were compelled to reinvent their distribution model, finding new ways and points of sale (while shutting others down), and increasing the optimization of the logistic process and the number of prints. In other sectors of the creative and cultural industry (music, theatre, museums and other performing arts, for example), innovation was also visible in their internal and external chain of value: production (adaptation, creation or reuse of resources), delivery (maximization or creation of new distribution channels) and dissemination (reinforcement and/or adoption of new marketing and digital communication practices).

As in all industries, marketing and communication strategies and practices have become decisive in attracting audiences. In the case of the creative and cultural industry, marketing and communication have increased importance to attract and win the loyalty of audiences. For marketing, besides the importance

(notoriety and reputation) of the 'creator's name (actor, director, artist, journalist, writer, etc.) in the creation of the work or content associated with the product, service or experience, one of the particularities of the creative and cultural industry is its "addictive" effect or the fact that it creates dependence. In other words, there is a cumulative effect to consumption since the more one listens to music, goes to the theatre, reads sees television, or the more one spends time in streaming platforms, the greater the tendency to repeat that consumption (practices and experiences). It is almost like chocolate or candy: the more you eat, the more you like it, and the more you want to eat—i.e., the more you want to repeat the experience.

It is public knowledge that online audiences associated with the consumption of creative and cultural products and experiences have increased substantially all over the world (e.g., between March and July 2020) due to the impact of COVID-19. However, it has not been possible to generate the corresponding income, which is a chronic problem associated with the sales of media content and other creative and cultural products on digital devices because audiences do not understand their economic value. In this context, one can say that the creative and cultural industry has no alternative but to face reality and the accelerator effect of COVID-19 in the innovation "droplets", while simultaneously valuing the online and offline experiences/consumptions.

Innovation, Market, Marketing and Communication in the Creative Industry

As it has always been for those who want to survive and adapt to new times,

technology must be seen as an addition (opportunity), instead of a replacement (threat), to the previous business concepts or theories (Drucker, 2017). For example, the media and other creative and cultural products and experiences associated with the analogue world are not condemned to disappear. Still, they must reposition themselves by becoming complementary to (and not just a reproduction of) the digital environment. It means we must look more and more at the potential of ICTs. And the remarkable transformation of society, which is ever more inclusive and digitally literate, is the main drive to realize that innovation is based on the way these trends can have a positive impact on creative and cultural organizations, namely on the way they (i) produce, (ii) organize, (iii) monetize, (iv) promote and (v) deliver their product, service or experience.

In general, the creative and cultural industries have already understood the need to innovate in a context of uncertainty about the sustainability of the business model, namely in what concerns monetization. Although it is true that there are many uncertainties, it is still possible to identify some certainties, namely:

- (i) People will work more from home (a new way to manage time);
- (ii) Organizations still need marketing (new ways of communication);
- (iii) People will value space outside big cities more (new market for proximity offer);
- (iv) Consumers will still need good products and content (artistic, journalistic, leisure, educational, etc.).

In turn, consumers also tend to reinforce their control over the production, communication and transaction process (and even in content management).

Furthermore, the offer must meet the public demand for a specific way to consume the products and to enjoy the cultural and creative experiences, namely where (device), when (moment), how (payment method) and how much (cost).

As suggested by Hamel (2010), innovation is governed by an important law: For every thousand eccentric ideas, there is one hundred worth trying; of those, only about ten are worthy of significant investment; and only two or three will bring prosperity. This principle— created by Pareto (2014) to measure, for example, the levels of concentration of ownership, wealth, poverty, profit, etc.—applies in different circumstances, such as in the field of venture capital, to assess the impact of investments. And it is called the 80/20 rule. Venture capital companies follow the equation that is based in part on the 80/20 rule¹.

Innovation theory and practice are intrinsically associated with the development of mankind. In each stage of history, one can identify many examples of innovation typologies, though some stood out due to their widespread impact and structural effect on the development of societies. For instance, the Three-mast Caravel, swift and fast, and a product of Iberic (namely Portuguese) ingenuity, gave European powers an essential advantage in building their empires on a global scale in the fifteenth and sixteenth centuries. In the last decades, companies have lived isolated from the gales of competition,

¹ - Speaking of which, in a class about management and business in the publishing sector, in a course I took at Stanford University in July 2019, Guy Kawasaki (one of the professors and a renowned researcher in venture capital) mentioned that in his investment decisions he assumed that about 80% do not generate the expected return. But the remaining 20% of investments could generate a significant return that would compensate the unprofitable investments.

namely with regulatory barriers, patent protection, distribution monopolies, powerless consumers, ownership regulation, advantages in scale economies, protectionism concerning imports and capital hurdles which protected the members of the sector from the impact of Darwinian competition on profit margins. Nowadays, most of those fortress walls are collapsing. (Hamel, 2010; 65)

Therefore, and considering potential dilemmas associated with innovation theory and practice (Christensen, 2011), a possible path to accelerate innovation in the creative and cultural industries will have to take into account the following aspects to increase the chances of success, which, even so, will never be automatically guaranteed:

- 1) Understand the benefit of the experiences, products and services for audiences to readapt and/or reinvent the way it is provided. In other words, one must understand that the business is based on the benefit instead of the object itself. It is also essential to confirm the value of the benefit to the public (or audience).
- 2) Not lose too much time trying to create something completely original when success may lie in some improvement or incremental innovation. Usually, innovators are not entirely original. They tend to perfect what already exists, but they do it in new ways. To radically innovate, one of the possible paths is to license something revolutionary and to apply creativity to face the competition more competitively and to discover new markets (Kim and Mauborgne, 2004).

3) See whether the innovation in question considers the available infrastructures and can really be implemented, namely from a technical point of view. It does not make much sense to invest in digital social media (or other forms of product dematerialization, as well as in communication, distribution and monetization) if the area still does not have good internet coverage, or even if users still have not reached an adequate level of internet literacy. For example, in some African regions, radio is still the primary means of communication because it has the best coverage, and also because the level of digital literacy is deficient (this also applies to some segments of the population in developed or developing countries).

4) For marketing and communication, it will not make much sense to rely on persuasive advertising (unilateral communication) if consumers tend to prefer communication and dialogue (bilateral communication), or on digital communication, if the audience values analogue devices even more. In general, young people prefer to have contact with new media, and they are influenced by their peers. Middle-aged audiences are influenced by both traditional media and new media. And older audiences pay greater attention to traditional media. Therefore, innovation will only make sense if there is acceptance from the audiences/customers. The product, service or experience must be accepted by the audience, or it will fail. One can only know if this acceptance converges with the interests of the market (i.e., audiences) by making tests among users for their feedback in order to make the necessary changes on its excellent acceptance in the market. This principle is associated with the idea of co-creation and open innovation

(Christensen, 2011): to learn from the 'customer's experience and to innovate from outside the organization.

5) Understandably, audiences find something odd if it has never been a part of their reality, or if they're simply in no need for the product; and also if the consumption opportunity cost is high. Regarding this, it is worth mentioning a universally known Portuguese poet, Fernando Pessoa, who also worked as a copywriter and in 1929 created the following slogan to introduce Coca-Cola into the Portuguese market: "Primeiro estranha-se, depois entranha-se!" ('It's odd at first, but then it becomes second skin!').²

6) The market's acceptance must drive the innovation process, which means not losing your bearings—nor your focus—in the following (good) practices: Knowing how to identify the benefit to the public, and perfecting or reinventing what already exists, instead of doing something entirely original which does not correspond to a market need.

2 - To enter the Portuguese market, Coca-Cola commissioned Hora, the agency where Fernando Pessoa worked, to do an advertising campaign in 1929. Fernando Pessoa wrote the slogan: "Primeiro estranha-se, depois entranha-se!" (It's odd at first, but then it becomes second skin!). However, it was censored by Ricardo Jorge, director of Lisbon's health authority. He claimed that if coca, from which a narcotic is extracted, was in fact included in the product, it could not be sold to the public because it was illegal. However, if the product did not have coca, then advertising it with such a name would be misleading. Ricardo Jorge considered that the content of Fernando Pessoa's slogan was the recognition of the drink's toxicity. If at first it was odd and then it became second skin, that is what happens with narcotics: at first there is an odd feeling and then people cannot stop using it. The drink finally entered the Portuguese market three years after 25 April 1974. However, Coca-Cola was already being sold in the Portuguese former colonies, Mozambique and Angola. This happened because of the strong commercial influence of South Africa over Mozambique, which then transferred to Angola.

And let us not forget that innovation will only add value (to organizations and audiences) if it is adjusted to the existing infrastructures.

Still about innovation, and using as an example case that are not associated with the creative and cultural industry, many countries tried to “mitigate” the negative impact of COVID-19 in education through distance learning. And in many situations, it was the right solution. However, it was not so good in other cases because there were areas with no communication infrastructures (internet) or even the work tool (computers), among other market and available resources failures that prevented the due promotion of digital migration. Under such circumstances, innovation can even mean a return to the past or to practices (and technologies) which seemed “condemned to disappear”.

For example, analogue media (namely radio and television) had an essential role as an alternative, acting as mediators to bring TV schooling or Radio schooling (in some African regions) to its target audiences. This reality became visible even in developed or developing countries, namely because ‘people’s access to digital infrastructures, as well as the possession of resources (tools, especially computers), which allows them to enter the digital world, is not the same everywhere.

The creative and cultural industry is now facing challenges like never before. Still, new opportunities can also be emerging, which add value to experiences both in digital and in physical environments. However, in this area (the conciliation of the digital and physical environments), the creative and cultural industry seems to be, in general, lagging behind compared to other industries, namely creative and cultural organizations that are more

dependent on public funding, for which the management and decision-making process is stricter than in private organizations. However, all is not lost yet, although there is still a lot of urgent work to be done. Since this industry is closely related to, and even dependent on, the state (more obvious in the European model), one of the decisive factors for the repositioning of the creative and cultural industry is the articulation with governments and those responsible for public policies in several sectors, namely on the municipal or regional planning level.

Although the discussion on access to cultural offers and their appreciation by the public, which is not the topic of this paper, is important, COVID-19 made the fragility and sustainability of the creative and cultural activities even more evident, namely on the level of its business model and of the salaries that are paid, not only to artists—or creatives—, but also to all the others involved in the management, production, logistics, etc. The Coronavirus disease crisis also highlighted the fact that creative and cultural organizations need to invest more in the digital environment, not only in marketing and communication to attract more audiences, but also in innovation using digital platforms to increase the offer of new experiences and ways to enjoy the culture. Such changes require a new strategic vision that merges the best of both worlds (digital and physical) and is more market-oriented, especially from publicly funded organizations, in order to find new and complementary revenue sources. Indeed, governments all over the world have, in general, been unable to fund creative and cultural organizations adequately.

In this context, it is also essential to know if the creative and cultural ‘product’s innovation domain is feasible or not. And one can only know this through orders or pre-orders. If there is a considerable number

of them, the product is selling. Hence, it has a place in the market. Of course, innovation types and opportunities also depend on knowing how to read the ecosystem of innovation and planned and implemented (or to be implemented) public policies. Innovation and creativity are essential to social and economic development. However, just like in scientific research, the innovation process can only be efficient and effective if one has hypotheses, or asking questions to find an answer to a problem. Then, by proceeding with the research, it will be possible to confirm or invalidate such hypotheses.

One must not presume but always test as it happens with COVID-19, by the way. The medicine (vaccine) to eradicate the virus has not been found yet, so the best practices are to test as much as possible to understand what is the immunity level, and to generate information that helps to find a more effective medicine. In creative and cultural industries, the practice must be similar. There is still no solution that ensures the sustainability of a digital-based business model, but it is necessary to test several types of models before one presumes they work.

Of course, one of the problems of doing tests is that, unlike COVID-19 (overall, the cost of doing tests is financed by taxpayers), in the case of private creative and cultural organizations tests are paid for by the stockholders, partners or investors, who do not have the necessary capital in many cases. But that is another discussion topic on the role of public policies and state funding in the creative and cultural sector. In the case of (privately or publicly funded) creative and cultural industries, the situation will not be very different from that of private organizations, since they are increasingly following a market logic to find resources that complement public funding.

Conclusions and Recommendations

As seen so far, creative and cultural industries, as in other sectors, face additional challenges with the impact of COVID-19. It is an exceptional period that requires exceptional answers from organizations, and answers from the public powers, namely on the level of public policies, to help (re)launch the economy and reactivate the new normal of social life. It also requires new thoughts on our models of organization and of economic and social development.

In that context, and as is visible in the strong social activism movements that have spread all over the world, expectations that some impacts caused by COVID-19 (including economic and social crises worldwide) can result in positive social transformations in the medium term, with culture and creativity as the new foundations of a new social structure, are rising. And COVID-19 will surely help "skip some stages" in social interaction.

All things considered, with this essay it was possible to show that COVID-19 has been an element of pressure and disruption in a society which is changing the way creative organizations are managed and that digital platforms, now more than ever, are the last resource to keep their activity visible, though without the so desired financial return. It is a great challenge for creative and cultural organizations: to generate revenues through the digital world. Also, this study tried to refute some possible myths regarding the theory and practice of innovation as applied to the creative and cultural industry. For example, it is essential to underline that (i) the orientation towards digital solutions does not necessarily mean radical changes. It

means being more attentive to new ways of using digital tools to get to know and to better serve the needs of the audiences; (ii) digital solutions do not necessarily replace physical world options, and the key for success can be a good combination of offers of experiences adapted to each environment; (iii) digital solutions do not only mean investing in technology, they mean investing in the consumer in order to understand better what he/she values; (iv) relying on digital solutions does not imply ending all former systems and proceedings, it implies rethinking and identifying incremental innovations that allow for value to be added and for market opportunities to be grasped.

References

- CHESBROUGH, Henry William (2003). *Open Innovation: The New Imperative for Creating and Profiting from Technology*. Harvard Business Review Press.
- CHRISTENSEN, Clayton (2011). *The Innovator's Dilemma: The Revolutionary Book That Will Change the Way You Do Business*. HarperCollins Publishers/HarperBusiness.
- DAVENPORT, T. H.; BECK, J. C. (2001). *The Attention Economy: Understanding the New Currency of Business*. Harvard Business School Press.
- DRUCKER, Peter F. (2017). *The Theory of Business*. Harvard Business Review Press.
- FLORIDA, Richard (2019). *The Rise of the Creative Class*. Hachette Book Group/Basic Books.
- FORD, Henry (2012). *Os princípios da prosperidade*. Livraria Freitas Bastos.
- HAMEL, Gary (2010). *O Futuro da Gestão*. Almedina/Actual Editora.
- KIM, W.C.; MAUBORGNE, R. (2004). *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*. Harvard Business School Press.
- OSTERWALDER, Alexander; Pigneur Ives (2010). *Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. John Wiley and Sons, Inc.
- PARETO, Vilfredo (2014). *Manual of Political Economy*. Oxford University Press.
- PORTER, M. E. (1998). *The Competitive Advantage of Nations*, Free Press.
- SCHUMPETER, Joseph A. (2017). *The Theory of Economic Development*. Taylor & Francis Group/Routledge.

About the Author

Prof. Paulo Faustino
(Porto University)

Paulo Faustino is a professor at the Journalism and Sciences Communication Department at Porto University and co-founder of the Master in Communication and Management of Creative Industries. He was former Chairman and is board member of the International Media Management Academic Association (IMMAA: www.immaa.org); he is also an integrated researcher at CITCEM. Has a PhD from Complutense University of Madrid, and has made a Post-Doctoral research at Faculty of Social Sciences and Humanities - Nova University (Lisbon). He is also a senior fellow at Columbia Institute for Tele-information - Columbia University. He is a professor for the Communication and Information Sciences Department at University of Porto, as well as guest professor at the Polytechnic Institute of Lisbon and the Polytechnic Institute of Leiria. He teaches and collaborates with several international universities, namely with Saint Joseph University (China-Macao) and Fribourg University. His research is focused on the Media and Creative Industries Studies, namely: Ownership Concentration, Public Policies, Economics, Entrepreneurships and Creative Industries Management, Business Models and Tourism Marketing. He is Non Executive President of Formalpress/Media XXI - Publishing & Consulting Company - www.mediaxxi.com.

ORCID ID: <https://orcid.org/0000-0003-4131-5909>