Challenging (the) content – Europe's cultural, media and creative industries and the digital world

Preliminary remarks

The European Association of Communications Agencies (EACA) is pleased to provide answers to the Austrian Presidency's questionnaire on „Challenging (the) content". EACA represents more than 2,500 communications agencies and agency associations from nearly 30 European countries that directly employ more than 120,000 people. EACA members include advertising, media, digital, branding and PR agencies. We will focus our replies on the areas that we believe we can best contribute to.

Question 2: Globally active and powerful online platforms with their gatekeeper function radically challenge many of the previously functioning social and economic processes

- *Which future framework conditions (e.g. in the area of tax law, copyright, media, competition law, etc.) are necessary for online platforms at European level to promote a fair balance between both media and cultural actors?*

Platform transparency & fairness: EACA welcomes the European Commission's intention to increase transparency and fairness around online platforms' terms and conditions, ranking parameters and redress. Creative and media agencies work closely with platforms, such as Google and Facebook, and must be able to rely on fair, transparent and balanced trading practices. According to the proposal, however, platforms would still be able to deny access to certain metrics to business partners, forcing agencies to rely on platforms' self-declared numbers when it comes to objectively assessing the effectiveness of campaigns and considering investment decisions. A clear improvement to the current and envisaged framework would be to include a provision which allows businesses to employ third party auditors to verify platforms' metrics.

Digital taxation: EACA understands that the Commission's primary intention with regards to its proposals on "fair taxation of the digital economy" is to fairly and efficiently tax "digital activities" of companies that do not have a physical presence in the EU but still have large audiences in those countries. In our understanding, the objective is to capture mainly "non-European online platforms". Our members are incorporated or have a physical presence in the EU; their services are subject to national tax. We do not believe that the draft Directives aim to cover agencies. Nevertheless, the proposed rules risk:

- agencies to be taxed multiple times for providing one and the same service to their clients, i.e. advertisers (e.g. buying ad space on behalf of their clients)
- agencies to be taxed for services that they do not provide (e.g. placing an ad)
- agencies and advertisers to suffer from an increase of media prices, as platforms are likely to pass on the additional taxation costs to them. This will distort competition and counter the initial intention of the proposed measures, namely to tax a digital interface and not the businesses using their services.
- offsetting the current tax system, which would create an uneven level playing field of entities

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with a physical presence in the EU and those that have a "digital presence", while threatening to double tax the entities that might fall into both categories
- substantially intruding into users' privacy in order to determine the place of taxation, which is likely to be in conflict with the GDPR and appears disproportionate regarding the additional tax income expected by the Commission.

Should the Council agree to move forward with the Commission's proposal, we believe that a digital tax should only apply where there is a misalignment between the place where the profits are taxed and the place where value is created. The proposed texts would need to be adapted accordingly.

- *Is there a business model for powerful European online platforms? How can they be fostered?*

European online platforms could focus on issues of key importance to both consumers and businesses in Europe, which include transparency, fairness and privacy / data protection. This pertains to a platform's terms and conditions, ranking and targeting parameters, allowing third party verification on their platforms, and providing a secure environment for the processing of (personal) data.

Question 3: New technologies need new skills and competences

- *Which skills and competences are essential for media and cultural actors in the areas of production / distribution / marketing?*

Feedback from our membership includes:

- Data analytics
- AI understanding and application
- Coding
- User Experience Design
- Use of graphic and motion design software and tools
- Digital advertising

- Behavioural science
- Neuromarketing
- Idea creation
- Critical thinking
- Creative thinking

- Technical skills, such as photo, video production, animation, VR design and production
- Knowledge of platforms and consumer engagement
- Strategic communication planning
- Conceptual creativity

- Ability to work independently and assume end to end responsibility
- Communication skills

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- Flexibility
- Decision making
- Presentation skills
- Team work
- Curiosity
- Clarity of mind, mindfulness

- *How to ensure that these skills and competences are available to the degree necessary?*

Feedback from our membership includes:

Education, i.e. being able to incorporate new technical skills into the curriculum fast and change and evolve as things develop. Focus on soft skills, building up human potential, values, self-confidence and flexibility.

- Build close connections with the industry for students to gain relevant work experience and gain new (digital) skills on the job.
- Invite industry professionals to give guest lectures and give students the opportunity to build a network.
- Invite academics to industry events so they are aware of the latest trends and developments and can pass on their knowledge to their students
- Facilitate changes in the curricula of university degrees so that teaching modules offer cutting edge and up to date content.

- *How can the potential of creativity for innovation in the digital context be supported?*

Feedback from our membership includes:

- On-going industry and academia dialogue, defining and addressing the evolving needs.
- Strong focus on soft skill, personal development and growth, mindfulness, resilience
- Exchanges between cultures and areas with different level of development and specializations, i.e. cross pollination
- Reverse learning; (older) academics and industry professionals can learn from the youngest generations and vice versa. There should be a stronger dialogue between students, academics and the industry to achieve innovation in creativity.

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