Creative industries

Analysis of industry-specific framework conditions relevant for the development of world-class clusters

September 2013
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Creative industries
Analysis of industry-specific framework conditions relevant for the development of world-class clusters

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Executive Summary

The current report represents a detailed case study description for creative industries prepared by PwC for Enterprise and Industry Directorate General of the European Commission within the “Extension of the European Cluster Observatory: Promoting better policies to develop world-class clusters in Europe” (contract nr 71/PP/ENT/CIP/11/No4C031).

Creative industries are becoming increasingly important components of modern post-industrial knowledge-based economies. They are thought to account for higher than average growth and job creation, they are also vehicles of cultural identity that play an important role in fostering cultural diversity. During the last decade, a number of governments around the world have recognised this fact and started to develop specific policies to promote these industries. This mainstreaming of the sector has led to a growing body of analysis, statistics and mapping exercises on the relationship between culture, creative industries and economic development to give officials in these countries the raw data they need to make policy. However, the sector is still poorly understood and many governments need to be convinced of its potential, while trying to accurately measure economic activity in the sector poses considerable obstacles. It is therefore crucial to identify and analyse the framework conditions that are key to the competitiveness of creative industries in European regions.

The objective of the case study analysis is to demonstrate which framework conditions are favourable for the emergence of creative industries in regions, and specifically how policy makers can influence the development of this industry. The analysis aims to maximise policy relevance and produce practical policy recommendations on how to support the development of creative industries in Europe.

In order to obtain a realistic picture of the framework conditions relevant for the emergence and development of creative industries, the notion of industry’s dynamic nature was put in the centre of the analysis. This notion implies that the role and importance of the relevant framework conditions is likely to change with every new stage of the industry’s life cycle. To be effective, supporting measures thus need to be tailored to the various stages of the life cycle. The current analysis is built along the first four stages of the industry’s life cycle, i.e. stages relevant for emerging industries: (1) Precursor, (2) Embryonic; (3) Nurture; and (4) Growth. Key data sources include extensive desk-research, online questionnaire and validation interviews with industry experts (representatives of ten European hotspots in creative industries).

This case study is part of a number of reports prepared in the framework of the extension of the European Cluster Observatory. Two additional case studies also present results for the eco industries and for mobile services. The methodology for the case studies is described in more detail in a separate methodology report on the identification and benchmarking of ideal framework conditions. The definitions of emerging industries are detailed in the methodology report for the classification of the most active, significant and relevant new emerging industrial sectors. Emerging industries can be defined as the establishment of an entirely new industrial value chain, or the radical reconfiguration of an existing one, driven by a disruptive idea (or convergence of ideas), leading to turning these ideas/opportunities into new products/services with higher added value. The European Cluster Excellence Scoreboard Pilot Version measures regional strength in emerging industries and presents results in the fields of creative industries, eco industries and mobile services. The methodology applied by this scoreboard is described in more detail in a separate methodology report. Furthermore, a policy roadmap prepared by the European Forum for Clusters in Emerging Industries (EFCEI) introduces recommendations for actions for new linkages to promote the development of emerging industries through clusters in Europe. All reports – together with further maps by country, industry and indicators – can be found at http://www.clusterobservatory.eu/index.html!view=aboutobservatory;url=/about-observatory/emerging-industries/ and http://www.emergingindustries.eu/.

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The analysis confirmed that the role and importance of the relevant framework conditions changes with new stages of the industry’s life cycle. However, all identified framework conditions prove to have a long-term impact and are relevant for more than one stage. Figure 0-1 presents the result of the mapping exercise of the analysed framework conditions for creative industries.

**FIGURE 0-1:** Mapping of identified framework conditions for creative industries

Key policy recommendations per industry development stage are as follows.

**Policy recommendations for Precursor stage**

Policy makers can stimulate the development of creative industries at the Precursor stage in the following ways:

1) **Presence of historical, cultural and artistic heritage:**
   a) Governments in most countries play an important role in the creative economy by their *ownership and operation of public cultural institutions* such as art galleries, museums and heritage sites. They are also often owners of significant tangible cultural heritage such as historic public buildings and collections of nationally significant artworks, artefacts, etc.
   b) These cultural responsibilities of government should be seen as integral to the creative economy, especially because of the role of these institutions and activities in encouraging tourism, promoting social cohesion and fostering the beneficial aspects of cultural diversity;
   c) Moreover historical, *cultural and artistic heritage can be exploited* to attract firms and individuals for building up a strong presence of creative industries through city marketing, tourism promotion, the organisation of festivals presenting cultural heritage assets that have shaped the identity of a city or a region;
d) Local culture and heritage also provides opportunities for further *exploiting the full cultural and creative potential*, by providing opportunities for scope and space for creative entrepreneurship to take place, e.g. by using creative lighthouses like infrastructure investments in museums to also foresee investments in entrepreneurship, e.g. integrated co-working spaces in new museums;

e) Policy makers may contribute to the exploitation of heritage related products and service in later stages of creative industry emergence.

2) **Critical mass of creative and entrepreneurial people in the region:**
   a) Ensuring a better match between the supply of skills and the demands of the labour market is crucial in the medium and long run to boosting the sector's competitive potential.
   b) Partnerships between art and design schools or universities and businesses can contribute to this aim. Incubator units, often established outside art schools but with their active cooperation, also have proved successful in closing the gap.

3) **Broad educational and research landscape:**
   a) The spectrum of measures related to education is rather diverse. The measures related to education may include: (a) different awareness building measures: e.g. providing information on creative industries; (b) measures supporting creativity through education, e.g. targeted training in order to help people to value creative industries products and services; and (c) measures supporting the development of creativity in education: e.g. extra-curricular and vocational education and other youth related issues.

4) **Presence of physical and social creative environment:**
   a) The physical and social creative environment might be influenced by policy makers in a variety of ways, depending on the stage of the industry emergence.
   b) Regional and local policy makers might contribute to making available and developing space and buildings;
   c) The development of the urban environment, making it more attractive, enlivening the atmosphere, developing the entire physical infrastructure, which includes activities aimed at: the development of public buildings, urban spaces, creative quarters and environments towards supporting creativity and bringing out inspiration;
   d) Capital assets can be legislatively or institutionally protected from market forces, especially around property;
   e) Affordable space for creative activity and enterprise is an enduring issue that need policy maker influence. Artists and other creative people are routinely priced out of areas that become popular due to the very creative activity that they helped generate.

**Policy recommendations for Embryonic stage**

Policy makers can stimulate the development of creative industries at the Embryonic stage by ensuring:

1) **Guarantee systems and other financial engineering mechanisms:**
   a) Policy makers can use two main options to induce a change within creative industries regarding their emergence and access to financing option: direct access to capital through Public Investment Banks; and preferential credit;
   b) Public Investment Banks should aim at giving SMEs better access to credit, supporting entrepreneurs at all stages of their project, helping enterprises to expand their market and their export activities;
   c) Policy makers might stimulate the use of crowd funding through educating creative entrepreneurs on the use of crowd funding. Moreover regional policy makers can gather funds through crowd funding for financing creative projects that might not fit the local government budget or qualify for any other kind of financial support (e.g. a museum searching for funds to acquire new paintings).
2) **Availability of seed and venture capital for creative companies:**
   a) Creative businesses are usually small, especially in the earliest phases, and considered quite high risk enterprises for the usual creditors and their standing with banks is not very high either;
   b) Therefore this type of business often cannot use bank loans, at least in the early stages. To obtain additional capital, they have to go to the venture capital funds, which accept a higher level of risk. In many countries the venture capital funds are created by the public sector. In this case, if the company receives an investment from such a fund, there is usually a requirement for the inclusion of private investment;
   c) Therefore policy makers might manage to instigate some venture capital schemes. As with start-up grants in smaller cities, venture capital funds may also be targeted at a broader range of enterprises including those in the creative sector, or may aim to facilitate cooperation between different sectors. An example of a venture capital fund aimed at the creative sector is the VC Fonds Kreativwirtschaft Berlin.

3) **Critical mass of supply chain actors:**
   a) Building a critical mass of supply chain actors can help emerge creative industries within a region. However existing research indicates that value chains and spatial concentration of actors within creative industries differs per sub sector;
   b) Following this pattern policy measures aimed at attracting supply chain actors can take into account spatial preferences of actors within sub sectors;
   c) In attracting a critical mass in an embryonic stage of industry emergence, policy makers might lower the barriers for supply chain actors to locate their business within a region by creating an SME development policy that incorporates creative enterprises, based on a tailor made microenterprise development plan;
   d) Policy makers can attract this mass by providing services and facilitate the establishment of SMEs, by speeding up the registration process, facilitating licenses, avoiding redundancies etc. This initiative could certainly be a catalytic tool for effective social inclusion measures, helping to bring the informal sector into existing organizational structures, such as professional associations;
   e) Moreover value chains within creative industries are often diverse and complex without a strong organising entity. In the absence of such a strong organising entity (lead firm) public policy may have a role in mobilising and further integrating the supply chain of creative industries.

4) **Customer proximity:**
   a) Policy makers influence on this framework condition extends to the policy domain of spatial planning and tourism;
   b) Customer proximity also pertains to enhancing demand for creative industries through attracting customers on a permanent (attracting inhabitants) and temporarily basis (tourists and cultural visitors);
   c) One type of measure in order to enhance demand for creative industries through customer proximity is by multi-targeted festivals. Supporting creative industries via multi-targeted festivals relates to various promotional activities–different events, including sector-based showcase festivals, broader city marketing activities, and others.

5) **Policy measures supporting interdisciplinary cooperation:**
   a) Policy makers might recognize the importance of cooperation with creative industries, other businesses and the third sector through developing ways to participate in, or promote forms of interdisciplinary cooperation. These forms differ from location to location of course and reflect local traditions (political, economic, cultural) in the commitment of stakeholders to the development of the creative industries.

6) **Policy measures supporting creative start-up companies:**
   a) As creative industries consist mainly of small and medium enterprises and even micro enterprises and freelancers, it has many similarities to other SMEs – they are affected by a specific set of entry and operational barriers like a lack of economy of scale, weak negotiating power, limited capital resources and limited human resources;
b) These measures entail a lot of different measures relating to general support measures for start-up companies and entrepreneurs. Examples of these measures include the following:
c) A regulatory environment which does not impose undue burdens on SMEs – to adjust the administrative regulations for small businesses in order to allow for ideas to bloom into businesses;
d) Education and human resources management policies that foster an innovative and entrepreneurial culture – to strengthen the links between arts, technology and business education;
e) Strengthening public–private partnerships and social dialogue – to involve more stakeholders in policy and city development; consistency with other national, regional and local policies – to cooperate and complement the policies provided on different administrative levels;
f) Consistency with other national, regional and local policies – to cooperate and complement the policies provided on different administrative levels.
g) Still they need partly tailor-made measures due to certain peculiarities of the people and companies in creative industries. Compared to other sectors part-time working, short-term contracts, freelancing and other flexible working forms are more common to creative industries.

*Policy recommendations for Nurture stage*

Policy makers can stimulate the development of creative industries at the Nurture stage by ensuring/supporting the presence of:

1) **Measures supporting creativity through education:**
- a) Policy makers can influence creativity through educational activities over a broad spectrum covering young children up to adults. They can pursue the several options in order to do so:
  - b) promote the incorporation of creativity and innovation at all levels of education and training;
  - c) support the professional development of teachers as mediators of creativity and innovation;
  - d) encourage the development of a learning culture where networks and partnerships between educational institutions and related bodies are forged with the corporate sector;
  - e) develop environments that favour creativity and innovation by promoting multi-level cooperation, intercultural dialogue and cultural production;
  - f) promote the development, exchange and dissemination of good practice on evidence-based education policies relating to creative and innovative skills;
  - g) promote creativity and innovation at all stages of lifelong learning through the EU programmes and instruments.

2) **Copyright system:**
- a) Regional policy makers do not have much influence on the composition of intellectual property law. The concept of “copyright and related rights” is defined in national legislation;
  - b) However, enforceability of copyrights might be in the influence sphere of regional policy makers. Inadequate enforcement of copyright limits incentives to develop creative products, especially for small and medium-sized enterprises;
  - c) Other than enforcing copyright law on a regional level, policy makers might provide for adequate and up-to-date information on copyright laws in business support, education curricula and informal forms of protecting intellectual property, providing corresponding support.

3) **Neighbouring rights:**
- a) Similar to copyrights, the influence of regional policy makers extends mainly to providing a system for enforcement and information providing facilities, reaching all actors in the value chain including customers.

4) **Policy measures promoting the mobility of artists and cultural practitioners:**
- a) Mobility of artists and cultural practitioners can be influenced in a variety of ways. Policy makers might reduce the barriers for international mobility by liberalizing trade in services and goods within the creative industries and provide for free movement of natural persons. Although this policy measure is
in most of the cases out of the influence sphere of regional policy makers, these policy makers might be able to influence the international debate on liberalising labour markets for the mobility of artists and cultural practitioners;

b) Information services on mobility in the creative industries, i.e. an information system for cultural and creative workers providing information on mobility opportunities;

c) Programmes and schemes to support mobility such as Erasmus for Young Entrepreneurs programme. Mobility support schemes need to adapt to the new needs, trends and circumstances of artist mobility in Europe and learn from best practices. Flexibility is essential;

d) Installing and providing intermediary functions, i.e. organisations or agencies providing intermediary facilities for establishing mobility opportunities with other countries.

5) **Policy measures supporting internationalisation:**

a) Nurturing and growing world-class creative industries and exporting their works, products and services obviously entail developing links with other countries;

b) SMEs in particular require (financial) support to establish contacts and to have their activities promoted abroad. Industry–to–industry dialogue, scouting missions and market intelligence, and collective representation in international fairs are among the specific policy tools developed to support exports. A common support approach addressing groups of companies (clusters) offers more scope for impact;

c) Cooperation schemes offer both an opportunity for mutual learning and a network of contacts abroad. Facilitating artistic and other creative (e.g. gaming) exchanges with third countries is also important to stimulate cultural diversity and innovation.

6) **Strategy documents and roadmaps for the development of creative industries in the region:**

a) Strategy documents and roadmaps should target companies of all sizes in the region, not only SMEs, as well as universities and research institutes, i.e., there is a need for involvement of all actors of the value chain.

b) Objectives set in strategy documents and roadmaps need to be continuously monitored and periodically evaluated which implies appointing a responsible managing authority, monitoring committee, as well as carrying out interviews with beneficiaries, reporting by beneficiaries etc.

c) Interest in the actions set in strategy documents and roadmaps from the company side is crucial for their success. Higher interest is likely to be achieved if the documents are developed in close cooperation with the key stakeholders (by means of, for example, public consultations, workshop sessions, interviews etc.).

d) There is a constant need to adjust the strategic direction due to changes in the interests of the partners regarding general economic situation, international investment decisions (e.g., focus on Asia), changes in political focus etc., as well as difficulties in integrating interests of different stakeholder groups.

7) **Dedicated cluster organisation:**

a) Regional, national and EU authorities need to offer dedicated cluster policies that typically include grants for cluster management activities and specific collaboration projects.

b) The level of bureaucracy related to application and implementation of policies in the region needs to be minimised (i.e. complicated management procedures; long approval procedures for projects and excessive administrative workload need to be removed).

c) At the EU level, in close cooperation with national governments and regions, there is a need to support the efforts of cluster organisations to improve their performance and reach excellence (e.g., European Cluster Excellence Initiative and the organisation of further “train-the-trainers” activities for cluster managers).

**Policy recommendations for Growth stage**

Finally, besides the measures already mentioned above, the key measures to be taken by policy makers at the Growth stage include:
1) **Financial schemes supporting growth:**
   a) A particular issue in relation to the execution of financial schemes supporting growth that has to be resolved at the regional level is how to create an organisational mechanism for supporting and financing the creative enterprises and creators – one possibility is to establish a special foundation;
   b) The fund can be financed by the establishment of a large capital fund for the use of the foundation and which is boosted by the accumulated growth of the unused portion or alternatively which may involve annual funding from city budget. The next priority for the region will then be to secure the transfer of the region policy priorities into the foundation’s finance and administrative procedures;
   c) In addition to the traditional financing support for cultural and creative institutions (covering the operating costs or financing the construction of cultural premises) various grant schemes for creators and creative companies and to support prime events and festivals in the region become relevant;
   d) Also added to the financing schemes may be support of creative aspects during the regeneration of city districts and urban planning. In addition to the previous financing models, a region can support creative industries through offering tax benefits or lower rent conditions.

2) **Policy measures supporting flexible labour markets:**
   a) Within creative industries, creative workers might still need partly tailor-made measures due to certain peculiarities of the people and companies in the creative sector, as opposed to general policy measures relating to supporting flexible labour markets;
   b) Policy makers might influence the flexibility of labour at the forefront of the labour market during educational activities. Through these measures students that are likely to enter the creative industries are educated in such a manner that they are flexible and well informed about their options on the labour market;
   c) Other than education and training facilities policy makers might support the emergence through policy measures in the area of awards and contests, start-up weekends, business support and tax and social security policies with most of the emphasis on the former.

**Concluding remarks**

1) While favourable policy measures cannot solve all the challenges on their own, their presence can significantly accelerate the development of creative industry clusters;
2) There is no generic ‘silver bullet’ across all creative industry clusters in terms of policy measures that have to be applied. What works in one region does not necessarily have to work in another one, as myriads of contextual factors (including historical, economic, demographic, cultural and other developments) determine the success of the applied policy measures;
3) The critical task is to ensure that policy interventions first support an effective process of identifying the action priorities and then provide the right tools to address whatever those priorities are;
4) Policy interventions supporting industry development should always be discussed with local companies, and designed in a way that captures the interest of those companies. Consequently, industry’s involvement in policy making is crucial from the very early stages, including the design stage of a policy intervention (joint objective setting), but also its monitoring and evaluation.
1. **Objectives, scope and methodology**

The current chapter summarises the objectives, scope and methodology of the case study analysis. The purpose of the chapter is to familiarise the reader with the applied approach and the rationale behind it. In the end of the chapter, we also elaborate on the structure of the current report.

1.1. **Rationale and objectives of the case study analysis**

The current report represents a detailed case study description for creative industries prepared by PwC for Enterprise and Industry Directorate General of the European Commission within the “Extension of the European Cluster Observatory: Promoting better policies to develop world-class clusters in Europe” (contract nr 71/PP/ENT/CIP/11/N04C031).

**Key objectives of the analysis**

The analysis on industry specific framework conditions for the development of world-class clusters in creative industries implies the development of a suitable, feasible and robust methodology for the identification and analysis of these conditions that are considered to be conductive to the development of world-class clusters in emerging industries. The methodology then was applied to a selection of European regions in three emerging industries: creative, mobile services and eco industries. This exercise among others led to detailed case study descriptions demonstrating how emerging industries come to and evolves in regions, and specifically how policy makers can influence the development of these industries. The case study analysis therefore aims to maximise policy relevance and produce evidence-based policy recommendations on how to support the development of specific emerging industries in European regions.

**Strategic importance of creative industries for Europe**

*The economic performance of the cultural and creative sectors is important for Europe:* in the EU they account for 3.3% of GDP and employ 6.7 million people (3 % of total employment)\(^2\). Figures are also important if one considers the fashion\(^3\) and high-end industries, which rely on a strong cultural and creative input. They account for 3% of the EU GDP each and employ respectively 5 and 1 million people, with employment in the high-end industries expected to reach 2 million by 2020. Between 2008 and 2011, employment in the cultural and creative sectors proved more resilient than in the EU economy as a whole with growth rates varying however between subsectors. This tendency is all the more interesting because some sectors have a higher percentage of youth employment than the rest of the economy\(^3\).

Next to positive direct economic contributions, creative industries are catalysts for innovation. Being at the crossroads between arts, business and technology, cultural and creative sectors are in a strategic position to trigger spill-overs in other industries. They fuel content for ICT applications, creating a demand for sophisticated consumer electronics and telecommunication devices. Culture and creativity have also direct impacts on sectors such as tourism and are integrated at all stages of the value chain of other sectors such as fashion and high-end industries, where their importance as key underlying assets is increasing.

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\(^2\) 2010 European Competitiveness Report. Other sources have estimated it higher at 4.5% of GDP and 8.5 million people employed (TERA Consultants, 2010)

More generally, these sectors have an impact on innovation in other industries. As highlighted in the Innovation Union\(^4\), innovation is increasingly driven by non-technological factors such as creativity, design and new organisational processes or business models. It heavily relies on creative eco-systems in which the quality and diversity of partnerships across different sectors and types of actors is decisive. The most obvious example is the wider use of design in manufacturing industries, adding value to products, services, processes and market structures. Firms spending twice the average amount on creative inputs are 25% more likely to introduce product innovations\(^9\).

This catalytic potential can also constitute a fundamental resource for social innovation and responses to major societal challenges, such as climate change, sustainable development demographic changes or cultural diversity. For example, in partnership with the education and vocational training sector, the cultural and creative sectors can contribute to developing the blend of skills around creativity and entrepreneurship, critical thinking, risk taking and engagement, which is needed for EU’s competitiveness in the knowledge society.

In addition creative industries contribute to local and regional development in the European Union. Creative-based development has relevance for regions in all stages of development – in the ‘convergence’ regions, where support for infrastructural development may continue to be needed, but also in both convergence and ‘competitiveness’ regions where the infrastructure and other local resources can be exploited to enhance the comparative advantages of the local economy and to stimulate creativity and enterprise. In many regions the creative sector is rapidly growing, outperforming other more established sectors in terms of growth in new businesses, turnover and employment; in many instances the absolute size of the sector now exceeds that of a range of traditional industries.

**1.2. Definition and scope**

In this sub-section, we clarify the definition and scope of creative industries.

*Employed definition of creative industries*

Creative industries comprise activities related to the creation, production and/or distribution of creative goods and services as well as with the integration of creative elements into wider processes and other sectors. Creative industries are sometimes referred to as the cultural industries, but the two terms are neither synonymous nor interchangeable.

According to the United Nations Educational, Scientific and Cultural Organisation (UNESCO), “cultural industries refer to industries which combine the creation, production and commercialisation of creative contents which are intangible and cultural in nature. The contents are typically protected by copyright and can take the form of a good or a service. Cultural industries generally include printing, publishing and multimedia, audiovisual, phonographic and cinematographic productions as well as crafts and design.

The term *creative industries* encompasses a broader range of activities which include the cultural industries as well as all cultural or artistic production, whether live or produced as an individual unit. These industries are those in which the product or service contains a substantial element of artistic or creative endeavour and include activities such as architecture and advertising\(^4\).

The Priority Sector Report on Creative and Cultural Industries\(^5\) by the European Cluster Observatory argued for a common term for creative and cultural industries as it views both terms as conceptually linked, similar and to a certain level interchangeable. The final report\(^6\) of the ESS-net on Culture also has adopted a wider definition

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\(^{6}\) http://ec.europa.eu/culture/our-policy-development/eurostat-essnet-culture_en.htm
that includes, for instance, video games, although it maintains a perspective from the viewpoint of professions rather than industries.” Creative industries thus consist of activities drawing on “advertising, architecture, art, crafts, design, fashion, film, music, performing arts, publishing, R&D, software, toys and games, TV and radio, and video games.”

**Scope of creative industries**

As included in the definition of creative industries, these industries comprise a broad array of sub-sectors. Below we present the scope of creative industries described in terms of NACE level 4 codes.

TABLE 1-1: Scoping of creative industries (based on the outputs of WP3; additional codes not included in the Priority Sector Report on Creative and Cultural Industries are highlighted in *Italic*)

<table>
<thead>
<tr>
<th><strong>NACE code</strong></th>
<th><strong>Level 4 NACE description</strong></th>
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<tbody>
<tr>
<td>1811</td>
<td>Printing of daily newspapers</td>
</tr>
<tr>
<td>1812</td>
<td>Other printing</td>
</tr>
<tr>
<td>1813</td>
<td>Pre-press and pre-media services</td>
</tr>
<tr>
<td>1814</td>
<td>Bookbinding industry</td>
</tr>
<tr>
<td>1820</td>
<td>Reproduction of recorded media</td>
</tr>
<tr>
<td>2012</td>
<td>Manufacture of dyes and pigments</td>
</tr>
<tr>
<td>2229</td>
<td>Manufacture of other plastic products</td>
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<tr>
<td>2630</td>
<td>Manufacture of communication equipment</td>
</tr>
<tr>
<td>2640</td>
<td>Manufacture of consumer electronics</td>
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<tr>
<td>2670</td>
<td>Manufacture of optical instruments and photographic equipment</td>
</tr>
<tr>
<td>2680</td>
<td>Manufacture of magnetic and optical media</td>
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<tr>
<td>2732</td>
<td>Manufacture of other electronic and electric wires and cables</td>
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<tr>
<td>2829</td>
<td>Manufacture of other general-purpose machinery n.e.c.</td>
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<tr>
<td>2899</td>
<td>Manufacture of other special-purpose machinery n.e.c.</td>
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<td>3220</td>
<td>Industry of musical instruments</td>
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<tr>
<td>4618</td>
<td>Agents specialised in the sale of other particular products</td>
</tr>
<tr>
<td>4666</td>
<td>Wholesale of other office machinery and equipment</td>
</tr>
<tr>
<td>4761</td>
<td>Retail sale of books in specialised stores</td>
</tr>
<tr>
<td>4762</td>
<td>Retail sale of newspapers and stationery in specialised stores</td>
</tr>
<tr>
<td>4763</td>
<td>Retail sale of music and video recordings in specialised stores</td>
</tr>
<tr>
<td>4791</td>
<td>Retail sale via mail order houses or via Internet</td>
</tr>
<tr>
<td>5811</td>
<td>Book publishing</td>
</tr>
<tr>
<td>5812</td>
<td>Publishing of directories and mailing lists</td>
</tr>
<tr>
<td>5813</td>
<td>Publishing of newspapers</td>
</tr>
<tr>
<td>5814</td>
<td>Publishing of journals and periodicals</td>
</tr>
<tr>
<td>5819</td>
<td>Other publishing activities</td>
</tr>
<tr>
<td>5821</td>
<td>Publisher of computer games</td>
</tr>
<tr>
<td>5829</td>
<td>Other software publishing</td>
</tr>
<tr>
<td>5911</td>
<td>Motion picture, video and television programme production activities</td>
</tr>
<tr>
<td>5912</td>
<td>Motion picture, video and television programme post-production activities</td>
</tr>
<tr>
<td>5913</td>
<td>Motion picture, video and television programme distribution activities</td>
</tr>
<tr>
<td>5914</td>
<td>Motion picture projection activities</td>
</tr>
<tr>
<td>5920</td>
<td>Sound recording and music publishing activities</td>
</tr>
<tr>
<td>6010</td>
<td>Radio broadcasting</td>
</tr>
<tr>
<td>6020</td>
<td>Television programming and broadcasting activities</td>
</tr>
</tbody>
</table>

---

7 The Creative Economy: How People Make Money From Ideas, John Howkins, 2001
The NACE codes listed in Table 1-1 stem from both the Priority Sector Report on Creative and Cultural Industries and the definition of creative industries in the classification methodology of WP3 of this study. The additional codes identified for the creative industries relate to: the manufacturing of products and instruments used in the creative industries; the sale, distribution and promotion of creative goods (particularly online); information and communications technologies which play an increasingly important role in the creative sector; legal activities (e.g., related to Intellectual Property); and event management.
1.3. **Methodology**

In the current sub-section, we highlight the key aspects of the methodology. For a detailed description of the methodology, the reader is advised to consult the Methodology Report of the analysis on industry specific framework condition for the development of world-class clusters in creative industries⁹.

**Analytical framework**

When studying emerging industries, their *dynamic nature* should not be ignored. The dynamic nature here refers to a continuous evolution of an industry and its periodical transitions from one stage to another. Therefore, in order to obtain a realistic picture of the framework conditions relevant for the emergence and development of the industries in question, the notion of their dynamic nature should be put in the centre of the analysis, since the role and importance of the relevant framework conditions is likely to change with every new stage of the industry’s life cycle. To be effective, supporting measures thus need to be tailored to the various stages of the life cycle. Furthermore, policies that aim to foster the development of clusters in emerging industries should differ from policies that aim to strengthen clusters in mature industries.

Figure 1-2 presents the employed analytical framework for characterising different stages of the development of emerging industries. The framework illustrates the growth/decline of an industry while it goes through the six main stages of its life cycle ((1) precursor, (2) embryonic; (3) nurture; (4) growth; (5) mature; and (6) decline/renewal), including three transition periods (Science -> Technology; Technology -> Application, and Application -> Market). The framework was adapted from Phaal et al. (2011) because of its comprehensive structure and high relevance to the scope of the current study. As can be seen from the Figure, sometimes an emerging industry’s first stage builds on the last stage of a mature industry.

**FIGURE 1-2:** Life cycle of regional industrial emergence

![Figure 1-2: Life cycle of regional industrial emergence](image)


Below we elaborate on each of the stages and transition periods.

• **Stage 1 Precursor** implies activities that support the development of a certain scientific phenomenon, business concept and/or underpinning service/technology platform in the region, which stimulate industrial interest and investment in particular market-directed feasibility studies.

• **Science - Technology Transition** includes activities that support the demonstration of the feasibility of a scientific phenomenon, business concept and/or underpinning service/technology platform, helping the technology or service to be integrated into an application-oriented system.

• **Stage 2 Embryonic** refers to activities that support the improvement of the reliability and performance of technology and services to a point where it can be demonstrated in a market environment.

• **Technology – Application Transition** implies activities that help to demonstrate the commercial potential of technology and services in the region through revenue generation.

• **Stage 3 Nurture** includes activities that help to improve the price and performance of applications to a point where sustainable business potential can be demonstrated.

• **Application – Market Transition** refers to activities that help to develop a market with mass growth potential.

• **Stage 4 Growth** implies activities that support marketing, commercial and business development leading to sustainable industrial growth in the region.

• **Stage 5 Mature** includes activities that help to refine established applications, production processes and business models.

• **Stage 6 Renewal** refers to activities that help to renew the industry through the development/adoption of new technologies that repeat the above phases.

For the analysis, the focus has been placed on the first stages and transition periods up to the Maturity stage (Stage 5), since the study aims to analyse the framework conditions helping to foster the development of exclusively emerging industries. Once the maturity stage has been reached, the industry per definition cannot be considered ‘emerging’ anymore, and becomes a mature one, which, in turn, is beyond the scope of the current study.

**Key activities**

Based on extensive desk-research and in-depth interviews with experts and industry representatives, the approach implies developing a pool of relevant industry-specific framework conditions, and assigning them to specific stages and transition periods of the regional industrial emergence.

The abovementioned activities were carried out in several steps:

1. **Step 1: developing a comprehensive overview of the relevant framework conditions from available sources (desk-research):** this sub-task included an in-depth analysis of information on cluster framework conditions from existing sources such as EC publications (including ECO reports), business publications, academic articles and other relevant sources. This sub-task led to an extensive list of relevant industry-specific framework conditions.
(2) **Step 2: compiling and structuring framework conditions**: this sub-task implied the grouping of identified framework conditions into categories based on commonality patterns among those framework conditions thereby creating a nomological net of factors. The commonality patterns here refer to specific stages and transition periods of the life cycle. Furthermore, potential causal relationships between various groups of framework conditions were extracted from the desk-research analysis.

(3) **Step 3: collecting evidence from a selection of European regions**: this sub-task included additional desk-research on the regions in question complemented by an online questionnaire and in-depth interview rounds with the regional representatives of the industry in question. A complete overview of the content of the online questionnaire is provided in Annex A. For each region included in the analysis, a sample of key stakeholders was drawn, with a **helicopter view** on the development of the industry in the region. The helicopter view in this case means understanding the overall picture of the industry’s development in the region rather than having a one-sided perspective. The included groups of stakeholders were: (1) cluster managers; (2) policy makers (regional/national); and (3) industry associations/chamber of commerce or similar. We aimed at developing a list of 5-10 stakeholders per hotspot and then to make a shortlist with 3 key stakeholders to be involved in an in-depth analysis.

(4) **Consolidating the collected evidence and developing detailed case study descriptions**: the final step implied putting all the collected evidence together into one integrated case study description, and, based on the key findings and conclusions, extracting practical policy recommendations.

**Analysed framework conditions**

The framework conditions are listed below with the relevant stages:

TABLE 1-1: Consolidated overview of the identified framework conditions for *creative industries* (the acronyms in the table refer to the specific stages of the industry lifecycle: P = Precursor Stage; E = Embryonic Stage; N = Nurture Stage; G = Growth Stage; M = Maturity Stage).

<table>
<thead>
<tr>
<th>Framework conditions</th>
<th>Relevant stages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Financial framework conditions</strong></td>
<td>P</td>
</tr>
<tr>
<td>1.1. Guarantee systems and other financial engineering mechanisms (e.g., availability of innovative financial instruments such as guarantees and other risk sharing instruments that are delivered through market players (e.g., crowdfunding – crowdfunding sites help gathering small-scale investors, for example, for independent film financing, indiegogo.com))</td>
<td>✓</td>
</tr>
<tr>
<td>1.2. Availability of seed and venture capital for creative industries companies</td>
<td>✓</td>
</tr>
<tr>
<td><strong>2. Industrial framework conditions</strong></td>
<td>P</td>
</tr>
<tr>
<td>2.1. Critical mass of publishers and content creators</td>
<td>✓</td>
</tr>
<tr>
<td>2.2. Critical mass of physical retailers (e.g., video game stores and rental outlets)</td>
<td>✓</td>
</tr>
<tr>
<td>2.3. Critical mass of providers of intermediate inputs and tools (e.g., software products)</td>
<td>✓</td>
</tr>
<tr>
<td><strong>3. Market framework conditions</strong></td>
<td>P</td>
</tr>
<tr>
<td>3.1. Customer proximity (i.e., critical mass of consumers of creative industries which is especially relevant for e.g. artists, fashion designers, photographers)</td>
<td>✓</td>
</tr>
<tr>
<td><strong>4. Cultural framework conditions</strong></td>
<td>P</td>
</tr>
<tr>
<td>4.1. Presence of historical, cultural and artistic heritage (e.g., tangible cultural heritage such as buildings, monuments, landscapes, books,</td>
<td>✓</td>
</tr>
<tr>
<td>Framework conditions</td>
<td>Relevant stages</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>works of art, and artifacts; intangible cultural heritage such as folklore, traditions, language, and knowledge; natural heritage including culturally-significant landscapes, and biodiversity</td>
<td></td>
</tr>
<tr>
<td>4. Critical mass of creative and entrepreneurial people in the region (e.g., availability of people from different creative industries; availability of people from different complementary industries, e.g., telecom industries etc.)</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>5. Knowledge framework conditions</td>
<td>P E N G M</td>
</tr>
<tr>
<td>5.1. Broad educational and research landscape focusing on both creative and technical disciplines (proximity of universities, research centres, schools)</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>5.2. Measures supporting creativity through education (e.g., targeted training; extra-curricular education; vocational education related to creative industries)</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>6. Regulatory and policy framework conditions</td>
<td>P E N G M</td>
</tr>
<tr>
<td>6.1. Clearly defined copyright system that assigns an equivalent of property to new creative products</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>6.2. Neighboring rights that protect performers, recording producers and broadcasting organisations (the holders of neighbouring rights enjoy the exclusive right of reproduction, distribution and public communication of their performances/CDs/DVDs/broadcasts)</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>6.3. Policy measures supporting interdisciplinary cooperation (e.g., measures promoting interdisciplinary cooperation between sectors of the creative industries; measures promoting interdisciplinary cooperation between creative industries and other industries)</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>6.4. Policy measures supporting creative start-up companies</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>6.5. Policy measures promoting the mobility of artists and cultural practitioners</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>6.6. Policy measures supporting flexible labour markets</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>6.7. Policy measures supporting internationalisation (e.g., funding creative cross-border events; industry-to-industry dialogue; scouting missions; market intelligence; collective representation in international fairs)</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>7. Support framework conditions</td>
<td>P E N G M</td>
</tr>
<tr>
<td>7.1. Presence of physical and social creative environment (e.g., arts galleries, coffee shops, nightlife, work-live spaces at affordable prices)</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>7.2. Strategy documents and roadmaps for the development of creative industries in the region</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>7.3. Dedicated cluster organisation (cluster manager or similar) to coordinate the development of creative industries in the region</td>
<td>✓ ✓</td>
</tr>
</tbody>
</table>

1.4. Structure of the report

The structure of the report is organised following the dynamic model of industry’s development in the region. Chapter 2 addresses the framework conditions relevant for the Precursor stage. Chapter 3 focuses on the framework conditions important at the Embryonic stage. Chapter 4 elaborates on the framework conditions relevant for the Nurture stage. Finally, Chapter 5 addresses the Growth stage. As shown in the Table 1-2, a framework condition is often relevant for more than one stage of industry’s development. In Chapters 3-6, we elaborate on framework conditions per stage, but to avoid repetition, if one framework condition is relevant for more than one stage, we specify it in the text where this framework condition first appears. In case there are considerable differences with other stages, we mention the same framework condition in the chapters dedicated to those other stages. In Chapter 7, we integrate the analyses of specific stages, draw the key conclusions and formulate policy recommendations. Annex A of the report contains the questions from the online questionnaire relevant for creative industries. Annex B provides an overview of the analysed regions and key data on creative industries-related clusters in those regions.
2. **Specifics of creative industries**

In this chapter, we elaborate on the specifics of creative industries, and particularly the key actors of the value chain, key challenges of the industry and the formation of clusters in creative industries.

2.1. **Introduction**

Creative industries are becoming increasingly important components of modern post-industrial knowledge-based economies. They are thought to account for higher than average growth and job creation, they are also vehicles of cultural identity that play an important role in fostering cultural diversity. During the last decade, a number of governments around the world have recognised this fact and started to develop specific policies to promote these industries. This mainstreaming of the sector has led to a growing body of analysis, statistics and mapping exercises on the relationship between culture, creative industries and economic development to give officials in these countries the raw data they need to make policy. However, the sector is still poorly understood and many governments need to be convinced of its potential, while trying to accurately measure economic activity in the sector poses considerable obstacles\(^\text{10}\).

Creative industries comprise activities related to the creation, production and/or distribution of creative goods and services as well as with the integration of creative elements into wider processes and other sectors. Creative industries are sometimes referred to as the cultural industries, but the two terms are neither synonymous nor interchangeable. According to the United Nations Educational, Scientific and Cultural Organisation (UNESCO), “cultural industries refer to industries which combine the creation, production and commercialisation of creative contents which are intangible and cultural in nature. The contents are typically protected by copyright and can take the form of a good or a service. Cultural industries generally include printing, publishing and multimedia, audiovisual, phonographic and cinematographic productions as well as crafts and design. The term creative industries encompasses a broader range of activities which include the cultural industries as well as all cultural or artistic production, whether live or produced as an individual unit. The creative industries are those in which the product or service contains a substantial element of artistic or creative endeavour and include activities such as architecture and advertising\(^\text{11}\). The Priority Sector Report on Creative and Cultural Industries\(^\text{12}\) by the European Cluster Observatory argued for a common term for creative and cultural industries as it views both terms as conceptually linked, similar and to a certain level interchangeable. The final report\(^\text{13}\) of the ESS-net on Culture also has adopted a wider definition that includes, for instance, video games, although it maintains a perspective from the viewpoint of professions rather than industries. "Creative industries thus consist of activities drawing on “advertising, architecture, art, crafts, design, fashion, film, music, performing arts, publishing, R&D, software, toys and games, TV and radio, and video games”\(^\text{14}\).

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\(^{11}\) Understanding Creative Industries: Cultural statistics for public-policy making, UNESCO, 2006


\(^{14}\) The Creative Economy: How People Make Money From Ideas, John Howkins, 2001
2.2. Key actors of the value chain

In order to grasp the interplay of industry emergence, it is essential to distinguish between the different value chain actors. Abadie et al. (2008) identify the following groups of actors within the creative industries.

**Publishers and content creators**

Publishers and content creators need to finance the initial content creation and marketing, a requirement that places publishers in a central position in the industry. Processes of consolidation in the sector have reduced the

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number of entry points into the market for content creators (e.g., independent authors, video game development and film studios etc.), creating a classic demand oligopoly situation. The dominant business model is based on publishers’ advancement of funding to content creators in exchange for the property rights over content (in some cases, it even includes future works). Once the advance is recouped from sales of the product, content creators start receiving royalties, usually a share of the revenue per unit of content sold.

**Publishers and distributors**

The nature of the interaction between publishers and distributors depends on the physical nature of the good being produced. Generally, the growing trend towards content digitisation and online distribution reduces the importance and power of distributors and wholesalers, who are in some cases being vertically integrated by publishers.

**New players in the area of online distribution**

Although the move towards digital distribution has not reduced the role of publishers who carry out essential funding and marketing functions (essential to increase a product’s visibility in a fiercely competitive environment), it creates new opportunities for actors with key capabilities and resources for online content aggregation, distribution and branding, such as Internet Service Providers and Internet Portals. In some cases, online distribution chains have been ‘captured’ by players who have been able to leverage their power in one step in order to attain dominance over the rest.

**Retail**

Physical retailers continue maintaining an important function in the distribution and promotion of creative content goods (e.g., by placing goods in visible displays in their stores). Consolidation of particular retail outlets areas (e.g., video game stores and rental outlets) has increased their bargaining power and made publishers reluctant to, for example, undercut them through online distribution of goods at prices which reflect the more cost-efficient nature of these channels.

**Providers of intermediate inputs and tools**

The growing complexity and costs of content creation brought forward by market and technological processes, and the fierce competition in creative content markets has increased content creators’ reliance on developers of creative and project management tools. The aim of such tools is to contain rising project costs and fulfil schedules. Access to these tools takes place in a form of user licensing, with contractual forms in some cases established using innovative revenue sharing models (e.g., tool providers who obtain royalties from the sales of the final output of a project).

**Communities of customers**

The move towards online distribution models facilitates the creation of closer communication channels between content owners and consumers, as well as the emergence of communities of consumers that in some cases engage in content production themselves. This area is undergoing an important degree of experimentation in terms of innovative business models and IPR arrangements. The dominant trend is based on the exchange of user-generated content for merchandise and non-monetary rewards such as prestige and visibility inside the consumer community, although other alternatives, such as the creation of markets for the exchange of such complementary assets have started emerging.

Nowadays it has become more important for firms in the creative industries to have different competences, i.e. to have creators, distributors and technological professionals (and not only different professionals with these skills but increasingly professionals that have *all* these different skills). This is one of the reasons why creative industries are an emerging industry because its subsectors are merging and being transformed as well because creative industries as a whole are merging with other industries such as tourism, fashion etc.
Below we elaborate on the framework conditions relevant for each of the steps of the industry life cycle. While the framework conditions are assigned to a particular stage here, they may and in many cases do apply also to other stages of the life cycle. In the text below, each framework condition is assigned to the stage that is of the highest relevance to this particular framework condition.

2.3. **Key challenges of creative industries**

The main challenges that the EU creative industries have to face include the following\(^ {17}\):

- These industries are faced with a **rapidly changing environment** characterized in particular by new technologies (digital shift) and globalization, which bring with them new challenges and opportunities.\(^ {18}\)

- In this changing context, **access to finance** remains a major difficulty: the banking sector does not have the necessary expertise to analyse business models in these sectors and does not adequately value their intangible assets. The financial and economic crisis only makes this situation more critical at the very time when investments are needed to adapt.\(^ {19}\)

- These sectors are also characterized by a high **fragmentation along national and linguistic lines**. While the resulting cultural diversity is a clear European asset, this leads to limited and sub-optimal transnational circulation of cultural and creative works and operators within and outside the EU, geographical imbalances and - subsequently - a limited choice for consumers.

- Powerful dynamics take place at the borderlines between various sectors (for instance, through increased linkages between gaming, film and music) and with other industries (such as fashion, high-end or tourism). However, the sectors and policies are still often organised in **sectoral silos**, limiting the scope for synergies and the emergence of new solutions and businesses.

2.4. **Clusters in creative industries**

As highlighted above in scoping industries, creative industries comprise a variety of subsectors. According to recent literature clustering and co-location tendencies differ per subsector\(^ {20}\). Whilst there are different cluster and location tendencies for different sectors of the creative and cultural industries it is interesting to note that different stages in the creative industries value chain also exhibit different cluster tendencies.

Production and manufacturing activities are the most regionally concentrated, and consumer/end-user oriented activities the least regionally concentrated. Concentration measures clearly show that the most concentrated creative and cultural industries are those involved in specialised manufacture or publishing: games publishing, recorded media and film and television activities.

There is considerable evidence from other industries that specialised production benefits from, and is drawn to industry clusters; it seems this is also the case in creative and cultural industries. A similar pattern can be found for production related activities such as publishing of software and music, news agencies, and manufacture of musical instruments. High levels of concentration are apparent in institutions and organizations involved in cultural heritage and education as well as in libraries and archives.

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\(^ {17}\) COM (2012) 537, “Promoting cultural and creative sectors for growth and jobs in the EU”


\(^ {19}\) http://ec.europa.eu/culture/our-policy-development/cultural-and-creative-industries_en.htm

The least concentrated activities are those in the value chain that are nearest the consumer – such as bookshops, cinemas, and exhibition spaces – or are business services/inputs the creative and cultural industries may regularly need – such as printing, programming, photographic, or pre-press/pre-media services. Such activities do exhibit some cluster tendencies at a European level but locational concentration is likely more apparent within regions: e.g. at the level of shopping or theatre districts.

Employees in firms focused on advertising and in artistic and literary creation and interpretation are also less likely to be concentrated in dominant centres. This is likely due to the need to locally tailor advertising campaigns or artistic and literary products to local conditions: something that is most efficiently done in proximity to end user cultural contexts. Nonetheless as was shown earlier a degree of clustering on a European level can be found in these activities and several large urban areas are home to disproportionate concentrations of these activities.

There is also evidence to suggest that subsectors of the creative and cultural industries have a tendency to co-locate or cluster closely together. In other words subsectors of these industries are not equally drawn to each other: some subsectors are more likely to co-locate together than others.
3. Precursor stage: first interest in the emerging industry

In this chapter, we elaborate on the framework conditions relevant to the development of creative industries in the region at the Precursor stage, the first stage of the industry's lifecycle. We first address each specific framework condition in detail and then discuss the implications for policy makers at this stage of industry’s development.

3.1. Introduction

The Precursor stage corresponds to the activities that demonstrate the first interest of the region in a particular emerging industry. Specifically, this stage implies activities that support the initial development of a phenomenon of creative industries in the region, i.e., a business concept and/or underpinning service/technology platform, which, in turn, stimulate industrial interest and investment in particular market-directed feasibility studies.

The following framework conditions have been identified as particularly relevant for this stage of industry’s development:

- Presence of historical, cultural and artistic heritage (cultural; relevant for Precursor and Embryonic stages);
- Critical mass of creative and entrepreneurial people in the region (cultural; relevant for all stages);
- Broad educational and research landscape focusing (knowledge; relevant for all stages);
- Presence of physical and social creative environment (support relevant for all stages)

3.2. Presence of historical, cultural and artistic heritage

This framework condition pertains to tangible cultural heritage such as buildings, monuments, landscapes, books, works of art, and artifacts as well as intangible cultural heritage such as folklore, traditions, language, and knowledge; natural heritage including culturally-significant landscapes, and biodiversity. These elements provide an infrastructure that facilitates the development of creative industries.

Essence of framework condition

Historical, cultural and artistic heritage pertains to tangible as well as intangible aspects. Cultural heritage is identified as the origin of all forms of arts and the soul of cultural and creative industries. It is cultural heritage that brings together cultural aspects from the historical, anthropological, ethnic, aesthetic and societal viewpoints, influences creativity and is the origin of a number of heritage goods and services as well as cultural activities. Associated with heritage is the concept of “traditional knowledge and cultural expressions” embedded in the creation of arts and crafts as well as in folklore and traditional cultural festivities.21

Artistic heritage pertains to historic artwork. This group includes visual arts such as paintings, sculptures, photography and antiques; and performing arts such as live music, theatre, dance, opera, circus, puppetry etc.

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21 UN Creative Economy Report 2008
Role of framework condition

Historical, cultural and artistic heritage provides a breeding ground for creative industries through a variety of mechanisms. As a rule creative industries build upon a rich and diverse core of cultural heritage and skilled artists and other creative practitioners and rely on the effective interconnection of various related layers of entrepreneurial and innovative services to bring creativity to the market.

Creative industries tend to cluster in specific places and the reasons of this phenomenon can be due to a multiplicity of elements linked to cultural and artistic heritage previously present in the region. The study by Lazeretti e.a. (2009) confirmed that heritage spurred the clustering of creative industries. Cultural heritage was operationalised as the number of local goods designated as protected by the Ministries of Culture of Italy or Spain (i.e. the two countries where the study was conducted) relative to the size of the local market measured in terms of population. The authors found a positive relationship in Italy whereas this relationship could not be confirmed for Spain.

Influence by policy makers

Governments in most countries play an important role in the creative economy by their ownership and operation of public cultural institutions such as art galleries, museums and heritage sites. They are also often owners of significant tangible cultural heritage such as historic public buildings and collections of nationally significant artworks, artefacts, etc. These cultural responsibilities of government should be seen as integral to the creative economy, especially because of the role of these institutions and activities in encouraging tourism, promoting social cohesion and fostering the beneficial aspects of cultural diversity. As such, their capital and current expenditure needs should be seen not as inessential luxury items in government outlays but as an essential contribution to the vitality of the creative industries.

Moreover historical, cultural and artistic heritage can be exploited to attract firms and individuals for building up a strong presence of creative industries through city marketing, tourism promotion, the organisation of festivals presenting cultural heritage assets that have shaped the identity of a city or a region.

Local culture and heritage also provides opportunities for further exploiting the full cultural and creative potential, by providing opportunities for scope and space for creative entrepreneurship to take place, e.g. by using creative lighthouses like infrastructure investments in museums to also foresee investments in entrepreneurship, e.g. integrated co-working spaces in new museums.

Thirdly policy makers may contribute to the exploitation of heritage related products and service in later stages of creative industry emergence.

North Holland (The Netherlands): Renovation of the Rijksmuseum in Amsterdam

This example shows the effects of a government supported renovation of cultural heritage displayed inside the national museum of The Netherlands.

The Rijksmuseum in Amsterdam, the national museum of Holland, has undergone one of the biggest restorations in the history of museum makeovers. The museum has been closed for public almost 10 years from 2003 to 2013. The cost of the makeover was € 375 million, largely financed through central and local government.

The Rijksmuseum houses the largest collection of Dutch artwork, with many treasures from the country’s 17th-century Golden Age and beyond. The 19th-century building’s red-brick exterior, which resembles a fairy-tale castle, has been restored but left intact. Inside, twin central courtyards that had been gradually filled with extra floors as the museum grew over the years have been reclaimed. The clutter has been stripped away to let natural light flood into the center of the museum. Despite reopening the courtyard, the museum preserved as much exhibition space as before by reclaiming some areas which had been used for offices. From hand-painted details on every pillar, to newly laid mosaic floors and stained glass windows, to revitalizing the displays themselves, every part of the museum has been restored or rethought.
3.3. **Critical mass of creative and entrepreneurial people in the region**

This framework condition implies the presence of a sufficient mass of creative and entrepreneurial people across all sub sectors within creative industries in the region.

**Essence of framework condition**

A critical mass of creative and entrepreneurial people pertains to the availability of people from different creative industries, but also to the availability of people from different complementary industries such as telecom and IT industries.

**Role of framework condition**

A small and very alike group of creative people can be the basis for creative clustering and is a starting point. However building up critical mass and diversity is important especially because “art and culture work as a unified whole” where different people and different industries stimulate each other. Maybe this more individual perspective of creative industries is important and a critical diverse mass of creative people is a prerequisite for the existence of a creative cluster. If this is the case cluster initiatives for creative industries should consist of both initiatives to improve the physically and social environment for creative workers as well as more traditional initiative to stimulate creative companies. The externalities generated by the exchange of ideas not only depend on the concentration of people in an area but also on the level of human capital. It is found that the access to human capital fosters firms to cluster. Human capital is associated with talent and economic geography of talent is highly concentrated. Thus, human capital externalities contribute to explain the concentration of activities in concrete points of the space and can foster creative clustering.

In later stages of industry emergence it might be difficult for companies in the creative industries, in particular SMEs, to find staff with the right mix of skills.

**Influence by policy makers**

Attracting and retaining a regional labour force with the right mix of skills can be influenced in a variety of ways by policy makers. Entrepreneurial business support is a good measure to help creative entrepreneurs set up their business and help them obtain entrepreneurial insights. Also ensuring a better match between the supply of skills and the demands of the labour market is crucial in the medium and long run to boosting the sector’s competitive potential. Partnerships between art and design schools or universities and businesses can contribute to this aim. Incubator units often established outside art schools but with their active cooperation also have proved successful in closing the gap.

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23 Green Paper COM (2010) Unlocking the potential of cultural and creative industries
Moreover in coordinating and/or designing cluster organizations policy makers might take into account that both initiatives to improve the physically and social environment for creative workers as well as more traditional initiative to stimulate creative companies, might be included in cluster initiatives.

**Inner London (United Kingdom): Million Pound Start-up**

In 2013 London has launched a global hunt competition for the next £100 million technology company to come to London. The Million Pound Startup aims to showcase London as a prime location for building global digital and technology businesses. The dynamic young company will need to show that they have the capability of using the £1 million equity investment to build a £100 million company based in London. Entrant turnover must be less than £1 million per year and the company must have been trading for fewer than 10 years. The competition is facilitated by Digital Shoreditch and supported by a growing number of leading businesses and organisations, including The Mayor of London, The Tech City Investment Organisation (TCIO), Taylor Wessing, Seedrs, City University London, London & Partners, London First, Schools for Startups, KPMG and Ketchum.

The winning company will not only receive £1 million but will also receive dedicated support and assistance from the partners, as it sets up its operation in London. The £1 million is being sourced through a combination of angel funding, institutional capital and equity crowdfunding. The FCA-regulated investment platform Seedrs is running the investment process. The contest partners and judges will work together to ensure the winning company is of high-calibre and successfully completes due diligence.

### 3.4. Broad educational and research landscape

A broad educational and research landscape is a knowledge framework condition that relates to the whole spectrum of educational and research institutions. Presence of these institutions is conducive to the emergence of creative industries.

**Essence of framework condition**

Creative industries rely disproportionately on (higher) education to nurture and hone creative talent. They require graduates. For example in the United Kingdom, on average graduates make up about a third of the workforce. But the proportion is far higher in creative sectors. Graduates make up more than two thirds of the workforce in interactive media, literature, computer games, TV and radio. In animation the proportion of graduates in the UK is a staggering 80%\(^{24}\). Hence good education is important for laying the foundation for the emergence of creative industries.

**Role of framework condition**

A broad education and research landscape is conducive to the emergence of creative industries. The geographical proximity of educational facilities such as universities and vocational training facilitates this emergence. University, vocational and technical training hubs, encompassing education and training facilities and consumer education in taste and trends all play key roles in this development. Creative education and training are considered key issues for long term growth in the creative industries, by the several governments of countries. Developing creative skills is an important issue at different educational levels: primary, secondary or tertiary. Also business skills are increasingly necessary for the sector professionals\(^{25}\).

Educational activities can also be considered very important instruments for stimulating demand for creative industries products and services. Enhancing demand for creative industries again supports the supply side: the actors and activities within the creative industry sectors.

\(^{24}\) http://www.guardian.co.uk/higher-education-network/blog/2012/feb/27/funding-creative-disciplines-in-higher-education

Influence by policy makers

The spectrum of measures related to education is rather diverse. The measures related to education may include: (a) different awareness building measures: e.g. providing information on creative industries; (b) measures supporting creativity through education, e.g. targeted training in order to help people to value creative industries products and services; and (c) measures supporting the development of creativity in education: e.g. extra-curricular and vocational education and other youth related issues.

Inner London (United Kingdom): Creative Partnerships

Creative Partnerships was the UK’s flagship creative learning programme running throughout England from 2002 until 30 September 2011 when funding was withdrawn by Arts Council England26. The programme was designed to develop the skills of children and young people across England, raising their aspirations and achievements, and opening up more opportunities for their futures. Creative Partnerships was managed by Creativity, Culture and Education (CCE) and was delivered through a range of regional Area Delivery Organisations who worked with over 5,000 schools.

CCE was a winner of a 2011 WISE Award from the Qatar-based World Innovation Summit for Education (WISE) Foundation for the Creative Partnerships programme and continues to offer a range of services based upon the principles of and learning from Creative Partnerships. CCE now works on an increasingly international basis to provide advice and support to those countries aspiring to develop their own creative learning programmes.

3.5. Presence of physical and social creative environment

This framework condition pertains to the supporting environment for emerging creative industries. With physical and social creative environment we refer to the spatial dimension such as the presence of art galleries, coffee shops and work-live spaces. Often this condition coincides with the presence of an urban environment, but not necessarily.

Essence of framework condition

The presence of a physical and social creative environment refers to a diversity of infrastructure elements present in the region which facilitates the emergence of creative industries in the precursor phase. This condition has two dimensions: the hard and soft infrastructure. The hard infrastructure is a very broad dimension which can include factors external to the creative economy per se. Issues such as the local availability of business spaces, the wealth of the local population or the tourism and/or transport infrastructure of a place can impact upon the development of local creative industries.

In contrast to hard infrastructural elements, some places often emerge in the creative industries map not thanks to hard infrastructural characteristics but due to soft, idiosyncratic reasons such as networks, a specific image or identity of the place, the presence of traditions which might become meaningful factors in terms of the support for creative industries to develop and grow, and with regard to the attractiveness of certain places for creative people to live and work27.

Role of framework condition

It can be argued that “art and culture are at their most efficient within their social life”. This means creativity flourish when creative people get together in the right environment being a small gallery and music venues or other activities primarily happening after working hours. Both the physical and “social environment is a very


Important backdrop to the creative production process” 28. “Art and culture work best when they are most dense. The neighborhoods that are most creatively dense are also those that have a diversity of galleries, nightlife, coffee shops and plentifully mixed-use work-live spaces at affordable prices29.

**Influence by policy makers**

The physical and social creative environment might be influenced by policy makers in a variety of ways, depending on the stage of the industry emergence.

In the first place regional and local policy makers might contribute to making available and developing space and buildings. This mechanism includes the following activities: reconstruction of buildings like factories and industrial complexes, or the construction of a new urban area for creative individuals and enterprises; providing space for creative activities and creative entrepreneurship (the availability of long-term lease and other options is considered important); and the establishment of creative centers, creating space for exhibitions and events.

Secondly, the development of the urban environment and creative quarters, making it more attractive, enlivening the atmosphere, developing the entire physical infrastructure, which includes activities aimed at: the development of public buildings, urban spaces and environments towards supporting creativity and bringing out inspiration; making use of design and architecture in urban development; developing cultural quarters; arranging festivals to promote local culture and identity, and to shape and enliven the city’s creative and cultural atmosphere.

Capital assets can be legislatively or institutionally protected from market forces, especially around property. Many of the successful initiatives studied involved some form of non-market solution to protect affordable spaces for creative practitioners. Cities need to keep assets in public or non-profit hands, especially when it comes to artist and creative space, e.g. Artspace live-work for example.

Affordable space for creative activity and enterprise is an enduring issue that need policy maker influence. Artists and other creative people are routinely priced out of areas that become popular due to the very creative activity that they helped generate. As they are displaced, their ability to create and to benefit from close interaction with their peers and local clientele is threatened. Affordable space is, therefore, crucial and must be accompanied by long-term leases to ensure stability and thus the survival of certain creative businesses.

**Berlin (Germany): NAVI BC, Sustainable Vitalisation of the Creative Quarter on and around the Charlottenburg campus**30

The project is a joint initiative of the Borough of Charlottenburg-Wilmersdorf, Berlin’s Senate Department for Urban Development, the Adlershof Projekt GmbH, the Berlin University of the Arts (UdK), and the Berlin Institute of Technology (TU). The aim of the project is that NAVI BC combines science, economy, art, and culture in order to make the campus one of the most nationally and internationally attractive sites for researchers, business people, and designers.

NAVI BC has defined six spheres of interest in which to develop and implement innovative concepts: site development, interdisciplinarity (Hybrid Programme), business formation, real estate development, branding, and Charlottenburg as a cultural destination. The goal is to link the quality of life and the international character of the neighbourhood to economic innovation and eagerness for creative experimentation.

In order to develop existing potential and remain dynamic in the future, NAVI BC is launching an innovative centre for cooperation and business incubation in which spinoffs and start-ups from the fields of ICT, engineering, and design

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can find affordable and flexible spaces where they can work together in interdisciplinary cooperation. The centre will also help businesses set up their project offices for experimental research projects and open innovation.

The UdK and TU Berlin, two internationally renowned universities, are together creating an inner-city campus enhanced by numerous outside research facilities such as, for example, the Fraunhofer Institutes and National Metrology Institute (PTB), and by the hundreds of innovative businesses located in the neighbourhood and an arts scene unparalleled in all of Germany.
4. **Embryonic stage: entering a market environment**

In this chapter, we elaborate on the framework conditions relevant to the development of creative industries in the region at the Embryonic stage, the second stage of the industry's lifecycle. Similar to the previous chapter, we first address each specific framework condition in detail and then discuss the implications for policy makers at this stage of industry’s development.

4.1. **Introduction**

The Embryonic stage corresponds to the activities that support the improvement of the reliability and performance of technology and services to a point where it can be demonstrated in a market environment. Specifically, this stage implies activities that help to demonstrate the commercial potential of technology and services in the region through revenue generation.

The following framework conditions have been identified as particularly relevant for this stage of industry’s development:

- Guarantee systems and other financial engineering mechanisms (financial; relevant also for Nurture and Growth stages);
- Availability of seed and venture capital for creative companies (financial; relevant also for Nurture and Growth stages);
- Critical mass of supply chain actors (industrial; relevant also for Nurture and Growth stages);
- Customer proximity (market; relevant also for Nurture stage);
- Policy measures supporting interdisciplinary cooperation (regulatory and policy; relevant also for Nurture, Growth and Maturity stages);
- Policy measures supporting creative start-up companies regulatory and policy (relevant also for Nurture and Growth stages);
- Presence of historical, cultural and artistic heritage (cultural; relevant for Precursor and Embryonic stages);
- Critical mass of creative and entrepreneurial people in the region (cultural; relevant for all stages);
- Broad educational and research landscape focusing (knowledge; relevant for all stages);
- Presence of physical and social creative environment (support relevant for all stages)

4.2. **Guarantee systems and other financial engineering mechanisms**

The current framework condition is financial in nature and relates to the availability of innovative financial instruments such as guarantees and other risk sharing instruments that are delivered through market players (e.g., crowd funding – crowd funding sites help gathering small-scale investors, for example, for independent film financing, indiegogo.com).

**Essence of framework condition**

This framework condition entails several innovative finance instruments specifically tailored to the needs of the creative industries. It includes guarantees and other risk sharing instruments. A guarantee of a bank loan is...
similar to insurance. The guarantee fund commits to cover (part of) the losses of the bank in case the borrower fails to reimburse.

**Role of framework condition**

The role of this framework condition is to strengthen the financial capacity of creative industries in an early stage of creative industries emergence and remains important to industry emergence throughout the life cycle.

In order to fully benefit from these instruments, investors and banks need an improved awareness of the economic value and potential of creative industries. Guarantee systems and other financial engineering mechanisms should be in place to encourage funding in creative industries. The world of creation and the world of finance – which are often “worlds apart” – need help to find a common language, through which creative industries can have fairer access to funding. Against this background, innovative financial instruments, such as venture capital, crowd funding, guarantees and other risk sharing instruments that are delivered through market players can play an important role in facilitating access to finance by SMEs.

Crowd funding is a popular new form within the finance modalities. It is the collective effort of individuals who network and pool their money, usually via the internet, to support efforts initiated by other people or organizations. Moreover crowd funding might enable a dialogue between the consumers/investors and the creatives on the products and services that are in need of finance. There are dozens of websites that provide a platform with creative projects from writers, painters or musicians that aim to gather funds for developing their creative products. The potential investors can support the projects with small amounts and might share in the profits or use the products or services developed with the help of crowd funding.

**Influence by policy makers**

Policy makers have some options to induce a change within creative industries regarding their emergence and access to financing options for creative industries. On the EU-level several instruments are already available to improve the access to finance for SME’s through the Competitiveness and Innovation Framework Programme. These instruments can be implemented through local banks.

On a regional level, two primary options that policy makers can deploy are:

- Direct access to capital through Public Investment Banks;
- Preferential credit.

Public Investment Banks represent financial companies owned by the state aiming to offer SMEs and mid-cap enterprises better access to finance. Such banks typically provide investments through venture capital, loan and debt instruments. They often aim to constitute a “one-stop-shop” for SMEs and mid-cap enterprises in their search of funding. The Public Investment Banks are expected to:

- Give to SMEs better access to credit;
- Support entrepreneurs at all stages of their project;
- Help enterprises to expand their market and their export activities.

 Preferential credit, in turn, refers to investments coming from commercial or development banks. Investing in creative industries entails often higher risks relative to products of traditional industries. To encourage the banks to invest in creative industries, various options could be offered. Low-cost credit lines and partial risk guarantees can incentivise banks to invest in higher risk-bearing projects.

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Policy makers might stimulate the use of crowd funding through educating creative entrepreneurs on the use of crowd funding. Moreover regional policy makers can gather funds through crowd funding for financing creative projects that might not fit the local government budget or qualify for any other kind of financial support (e.g. a museum searching for funds to acquire new paintings).

**Berlin (Germany): Investitionsbank**

Investitionsbank Berlin (IBB) is the subsidy bank of the Federal State of Berlin. It is an incorporated institution under public law with public-sector responsibility and a refinancing guarantee by the Federal State of Berlin. IBB’s economic support and subsidy offers focus on innovative, small and medium-sized, enterprises in Berlin, also in the fields of media and creative industries, to support them in boosting performance and opening up new markets during all phases (start-up, growth, consolidation). The IBB has developed special financing instruments for CI in close collaboration with the Senate Department of Economics and Project Future, and amongst them Micro-Credit and VC Fond Kreativwirtschaft. The IBB’s administration board is headed by the Senator of Economics.

### 4.3. Availability of seed and venture capital for creative companies

While governmental funding is an important prerequisite for the emergence of creative industries, private funding is increasingly important in the development of the industries in later phases of the industry's lifecycle. Private funding in this context includes an array of solutions such as preferential lending by banks, availability of venture capital and private equity.

**Essence of framework condition**

Availability of seed and venture capital in particular are often regarded as essential for creative industries. Young firms only expand sometime after they have been set up, but when they do so, these firms belong to the principal generators of economic growth and employment. These innovative firms should therefore be assisted in their initial phase of development with capital in order to reach the high development level successfully. According to empirical studies, firms that can profit from venture capital achieve much higher innovation performance. The increased competition which accompanies the increased importance of innovative firms is highly beneficial and can also help the old enterprises to increase their level of innovating and thus contribute to the growth more intensely. Another empirical study for Europe indicates that firms assisted with venture capital achieve substantially higher growth rates than old enterprises that have not experienced such assistance.\(^{33}\)

**Role of framework condition**

An extensive body of academic research suggests that access to finance plays a crucial role in boosting innovation. This role has two dimensions: accelerating growth and ensuring long-run success. First, investors provide the capital to speed the development of companies. Second, the evidence suggests that the early participation of venture firms helps innovators sustain their success long after their company goes public and the venture capitalists move on.\(^{34}\)

Although there are venture capitalists active on the European creative industries market, they mainly focus on the larger companies and projects. Most SMEs have to rely on traditional local banks for their funding. However, traditional banks are not specialised enough in the specifications of projects in creative industries to be able to adequately evaluate the risks involved. Moreover, as mentioned above, traditional banks mostly have a rather risk averse profile, which makes it difficult for environmental technology suppliers to get the funds

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needed. It is especially the case for larger projects involving higher investments, often already in the demonstration phase.

**Influence by policy makers**

Creative business is a very diverse business. Here you can find the so-called hobby businesses, lifestyle businesses, part time activities of the creators as well as businesses with very ambitious financial goals and plans for expansion, the so-called growth-oriented businesses. The rapid growth, innovative business models and new technologies are often associated with high potential for commercial success, but also with a high degree of risk.

Therefore this type of business often cannot use bank loans, at least in the early stages. To obtain additional capital, they have to go to the venture capital funds, which accept a higher level of risk. In many countries the venture capital funds are created by the public sector. In this case, if the company receives an investment from such a fund, there is usually a requirement for the inclusion of private investment. The fund acquires a certain percentage of the company’s shares according to the investment, and the fund also participates in management during the growth phase of the business, and subsequently exits by selling the shares\(^{35}\).

In addition to the different grant schemes it is very relevant for enhancing business capacity to make enough financing tools available. Creative businesses are usually small, especially in the earliest phases, and considered quite high risk enterprises for the usual creditors and their standing with banks is not very high either. Therefore policy makers might manage to instigate some venture capital schemes. As with start-up grants in smaller cities, venture capital funds may also be targeted at a broader range of enterprises including those in the creative sector, or may aim to facilitate cooperation between different sectors\(^{36}\).

**Berlin (Germany): VC Fonds Kreativwirtschaft Berlin**

The aim of the fund is to strengthen the equity basis of small and medium-sized growth enterprises in Berlin’s creative sector by providing investment capital. The funds are primarily provided in order to finance the development and launch of innovative products or services. Investment is in the following areas: film, radio, TV, publishing, music, entertainment, advertising, fashion, design, architecture, multimedia, games, software, art and culture.

4.4. **Critical mass of supply chain actors**

The current framework condition implies the presence of a sufficient mass of supply chain actors in the region including content creators, publishers, providers of intermediary tools and inputs and retailers.

**Essence of framework condition**

The presence of a supply chain implies that parts of value added are provided by external partners rather than a production process that is integrated into one organisation. This process is driven by transaction/switching cost and deals with the bilateral dependency between suppliers and producers. Strategic alliances and joint ventures are becoming increasingly important for creative industries, since business environment is becoming more and more competitive. Knowledge is transferred among partners in the network and thereby the importance of partnerships in the chain increases since it allows to maximise value and to optimally overcome business challenges. By identifying value adding moments in the chain and ensuring a better fit and collaboration between partners in the chain, common higher gains are expected for the whole supply chain as well as for its individual partners.

**Role of framework condition**

\(^{35}\) Haselbach et. al. (2009) How to support creative industries: good practices from European cities, portfolio report by Creative Metropoles

Content creators, publishers, providers of intermediary tools and inputs and retailers constitute the most important players in the value chain of creative industries. Therefore a critical mass of each of these actors is a necessary condition for creative industries to grow in an early stage of the emergence process. In order to create a lively and active industry a distinction can be made between the presence of publishers and content creators as a framework condition, the presence of providers of intermediate inputs and tools, and the presence of physical retailers. This distinction follows the general value chain of creative industries.

One common pattern in the creative industries is that, as a rule, there tend to be central intermediaries such as (book) publishers, and providers of intermediate inputs and tools that bring cultural products and an audience together. Intermediaries exploit economies of scale and scope that apply in particular to capital intensive, humdrum aspects of production and promotion rather than in the labour- and knowledge-intensive process of creation.37

These value chain actors finance and organise the production, mass reproduction and dissemination of cultural products and coordinate the various inputs. There tends to be a polarised industry structure with a minority of large suppliers accounting for the bulk of the revenues and a multitude of smaller suppliers catering for niche markets. This holds for creators where the situation of a minority of well-established “star”-creators that enjoy some market power contrasts with the situation of fringe creators and newcomers. It also holds for humdrum inputs, where there tend to be a handful of oligopolistic intermediaries that account for the bulk of the market as well as a multitude of more specialised smaller intermediaries that supply niche markets.

**Influence by policy makers**

Building a critical mass of supply chain actors can help emerge creative industries within a region. However existing research indicates that value chains and spatial concentration of actors within creative industries differs per sub sector. Concentration measures clearly show that the most concentrated creative and cultural industries are those involved in specialised manufacture or publishing: games publishing, recorded media and film and television activities. There is considerable evidence from other industries that specialised production benefits from, and is drawn to, industry clusters; it seems this is also the case in creative and cultural industries. A similar pattern can be found for production related activities such as publishing of software and music, news agencies, and manufacture of musical instruments. High levels of concentration are apparent in institutions and organizations involved in cultural heritage and education as well as in libraries and archives. Following this pattern policy measures aimed at attracting supply chain actors can take into account spatial preferences of actors within sub sectors.

In building a critical mass in an embryonic stage of industry emergence, policy makers might lower the barriers for supply chain actors to locate their business within a region by creating an SME development policy that incorporates creative enterprises, based on a tailor made microenterprise development plan. To provide services and facilitate the establishment of SMEs, by speeding up the registration process, facilitating licenses, avoiding redundancies etc. This initiative could certainly be a catalytic tool for effective social inclusion measures, helping to bring the informal sector into existing organizational structures, such as professional associations.

Moreover value chains within creative industries are often diverse and complex without a strong organising entity. In the absence of such a strong organising entity (lead firm) public policy may have a role in mobilising and further integrating the supply chain of creative industries.


**Catalonia (Spain): Parc Barcelona Media**

Parc Barcelona Media (located in the 22@ District) is a great urban space where a high number of different agents related to the communication sector come together. The keyword for Parc Barcelona Media is the cooperation between the partners that lead this initiative. The University Pompeu Fabra is in charge of the training area, meanwhile the group Mediapro looks after the audiovisual production and industrial services area. 22@Barcelona is responsible for the strategy and planning of the district. In this way, the initiative brings together two pioneer agents, one of the main Spanish university institutions (main referent in high qualified training in audiovisual communication) and Mediapro (the country’s main business group in the audiovisual field).

Parc Barcelona Media’s main aim is to provide spaces, services and facility programmes to the actors that are involved. In the frame of the city’s dynamic for clusters’ creation, this initiative is aimed at structuring a space for the creation of knowledge, the publicity of the enterprise and a point for audiovisual industry production. Its philosophical base states that the creation of a common physical space for the different aspects of work that belong to the same sector (training, research, publicity and business), stimulates, synergies and teamwork dynamics through the concentration of talent.

Parc Barcelona Media project has meant an investment of more than 80 million euros, shared out among the three partners (Pompeu Fabra University, Mediapro Group and 22@ municipal enterprise). Therefore, Barcelona Council’s role in this project has been developed through the 22@ enterprise which is focused, emphatically, on enhancing the new model of city making, which meets the challenges of Barcelona in the light of the current knowledge society.

### 4.5. Customer proximity

This framework condition implies the presence of a sufficient mass and proximity of consumers and users of creative industries in the region.

**Essence of framework condition**

Customer proximity in this context relates to critical mass of consumers and the local demand conditions. Critical mass of consumers and more specifically local demand conditions are crucial for the emergence of creative industries. Demand conditions refer to the type of users and size of the market. Firms that face a sophisticated domestic market are likely to sell superior creative products or services because the market demands higher quality, and a close proximity to such consumers enables the firm to better understand the needs and desires of the customers.

Private consumers are highly sensitive to factors such as price, quality and reliability. There are, however, numerous other factors that play an important role in the purchasing behaviour of consumers, all embodying the cultural capital index of a particular region.

**Role of framework condition**

User-producer interaction can be important for the emergence of creative industries. Suppliers are often at an advantage if they interact closely with their target audience so that they can monitor trends and fads or initial reactions by early consumers’ of their own products. Consumer-consumer interaction is also a significant influence on demand for creative products. The literature often refers to ‘network effects’ in creative industries because individuals make their consumption decisions on the basis on information on what others have consumed and how they appear to have liked the experience – charts and reviews being illustrative examples. Network effects are usually seen to lead to the emergence of a single standard (which is obviously not fully the case in the case of creative products), that markets cannot always be relied upon to favour the best option and that incumbents enjoy some protection from newcomers.\(^{40}\)

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\(^{40}\) Handke C. (2010) Surveying innovation in the creative industries, presented at the 5th International EMAEE Conference on Innovation (Globalisation, Services and Innovation: The Changing Dynamics of the Knowledge Economy) at the Manchester Metropolitan University, 17-19 May 2007
Influence by policy makers

Policy maker’s influence on this framework condition extends to the policy domain of spatial planning and tourism. Customer proximity also pertains to enhancing demand for creative industries through attracting customers on a permanent (attracting inhabitants) and temporarily basis (tourists and cultural visitors).

A measure in order to enhance demand for creative industries through customer proximity is by multi-targeted festivals. Supporting creative industries via multi-targeted festivals relates to various promotional activities—different events, including sector-based showcase festivals, broader city marketing activities, and others. These types of activities combine demand and supply side supporting mechanisms and may have been initiated for different purposes, including: to advertise local culture and identity, to shape and enliven the city’s creative and cultural atmosphere and to enhance business development.

Berlin (Germany): Twinity

One of the most innovative ways to increase customer proximity relates to virtual proximity rather than geographical proximity through virtual city marketing. Twinity is an interactive, 3D, true to scale replica of Berlin in the mirror world. Twinity as an innovative marketing and promotional tool. Consumers, potential visitors and tourists, entrepreneurs and business people – their share of online media consumption, online communication and online search for information has increased dramatically. The latest web 2.0 and 3D rendering technology now allow true-to-scale replicas of whole cities to be opened up for internet users worldwide to discover these cities and interact with other parties in the virtual cities live in real-time.

Through a virtual city, cities can create an online environment where people can engage with the cities’ offers, local inhabitants, and creative industry partners and get a sneak preview of what the real city experience is like - something that no 2D website can ever provide. This allows the cities to reach out to a young, enthusiastic and growing online demographic and to have an interactive platform, which mashes up the city experience with options for feedback, discussions and interactions. On the other hand, it enables creative industry businesses to reach out and communicate with the rest of the world, and market themselves as innovative movers in the global economy.

4.6. Policy measures supporting interdisciplinary cooperation

This framework condition deals with policy measures supporting interdisciplinary cooperation between sectors and industries.

 Essence of framework condition

These types of measures refer to measures promoting interdisciplinary cooperation between sectors of the creative industries and measures promoting interdisciplinary cooperation between creative industries and other industries

 Role of framework condition

Interdisciplinary cooperation within creative industries and between creative industries and other sectors is relevant for the emergence of industries for several reasons. Entrepreneurs in the creative industries combine a wide diversity of cultural and business skills in order to be successful. Sometimes these skills are combined within one person or company. In other cases the skills of many independent players are brought together. Promoting interdisciplinary cooperation e.g. between sectors of the creative industries, between creative industries and other industries, or between creative industries and universities, is considered essential for the development of the creative industries. Moreover creative professions are particularly subject to the influence of the accelerated development of information technology. Such changes apply immediately to those individuals involved in photography and web design, while those with jobs in the fashion industry, for example, are also affected, since the process of cutting fabric is often carried out today with the aid of computers.
For the emergence of other regional industries, interdisciplinary cooperation is also crucial. Creative companies often support their clients in the initial phase of innovation processes and play an important role when it comes to finding an idea and developing a concept. In a lot of cases creative companies work on behalf of industry – they design cars or develop product lines for furniture, kitchen equipment or tableware. Without their input, there would be a lack of impetus for innovation within other industries.

**Influence by policy makers**

Policy makers might recognize the importance of cooperation with creative industries, other businesses and the third sector through developing ways to participate in, or promote forms of interdisciplinary cooperation. These forms differ from location to location of course and reflect local traditions (political, economic, cultural) in the commitment of stakeholders to the development of the creative industries.

**North Holland (The Netherlands): Turning Talent Into Business**

Turning Talent Into Business’ (TTIB) is a collaboration between Syntens, HTNK, Dutch Fashion Foundation and Arnhem Fashion Biennale. These partners open their networks in order to develop a coaching trajectory which covers all aspects of fashion label management. Topics include financial & legal management, production, public relations, marketing & sales and internationalisation. 15 fashion-designers (labels) are participating in the project. For a period of 2 years, they were offered personal coaching and workshops (delivered through the network of the partners), but also peer-to-peer training, learning to work together and share their networks.

TTIB was a good example of collaboration between different partners and one of the few cases where the selection of entrepreneurs was based on their international potential as fashion designers. The critical success factor is cooperation between professionals from the creative industries, with (housing) development organisations (public or private) and the municipality. From the perspective of the municipality and development organisations the creative industries are ‘pioneering in the urban wilderness’ and setting the scene for further developments.

**4.7. Policy measures supporting creative start-up companies**

This framework condition concerns the policy measures which support creative start-up companies, i.e creative entrepreneurship.

**Essence of framework condition**

Creative entrepreneurship is the practice of setting up a business – or setting yourself up as self-employed - in one of the creative industries. The focus of the creative entrepreneur differs from that of the typical business entrepreneur in that he or she is concerned first and foremost with the creation and exploitation of creative or intellectual capital.

**Role of framework condition**

Creative industries are characterised by an extremely small-scale business structure. On average, creative and cultural enterprises employ not more than 5 persons; the corresponding figures in traditional industrial sectors, e.g., the chemical or the automobile industries amount to an average of up to 128 persons. However, the overall creative complex has now reached a greater job potential than the traditional industrial sectors. Hence there is a need for regional policy making that supports start-up companies in general and creative companies more specifically.

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41 http://www.goethe.de/ges/soz/dos/arb/pre/en1697208.htm
42 Fesel, Bernd and Söndermann, Michael (2007) *Culture and Creative Industries in Germany*, Gebrüder Kopp GmbH & Co
Influence by policy makers

As creative industries consist mainly of small and medium enterprises and even micro enterprises and freelancers, it has many similarities to other SMEs – they are affected by a specific set of entry and operational barriers like a lack of economy of scale, weak negotiating power, limited capital resources and limited human resources. Therefore the creative and cultural policies very much try to accomplish the same objectives as SME support policies in general.

These measures entail a lot of different measures relating to general support measures for start-up companies and entrepreneurs. Examples of these measures include:

- A regulatory environment which does not impose undue burdens on SMEs –to adjust the administrative regulations for small businesses in order to allow for ideas to bloom into businesses;

- Education and human resources management policies that foster an innovative and entrepreneurial culture – to strengthen the links between arts, technology and business education ;

- Strengthening public-private partnerships and social dialogue – to involve more stakeholders in policy and city development;

Still they need partly tailor-made measures due to certain peculiarities of the people and companies in creative industries. Compared to other sectors part-time working, short-term contracts, freelancing and other flexible working forms are more common to creative industries. Although the people and even companies in the creative industries act as an economic enterprise (for the business), but for a part of them business is a necessary means to the cultural end. In other words, expanding the business is not the primary goal for creative companies – therefore creative businesses are often considered lifestyle-businesses.

Catalonia (Spain): Creamedia

CREAMEDIA is a tailor-made programme aimed at boosting the development of the creative industries sector, supporting its competitiveness and global positioning. CREAMEDIA’s objective is to support creative entrepreneurs to acquire the necessary skills and technical abilities to start up, and successfully manage and grow these companies in a global market. The programme provides the entrepreneurs from the creative industries sector with:

- Support in starting up the company: Business Plan
- Workshop, Interest capsules for entrepreneurs, management skills training, Start-up actions, Personal Coaching, talks and Networking lunches, Company visits, Mentoring;
- Tools for extending the network of contacts and relations;
- Training in management skills;
- Access to project funding and the global market.

As a result of this program, there are 11 creative companies in the incubation premises of Barcelona Activa. The need to provide participants with a sector-focused training was solved through an agreement with the specialised organisations mentioned as participants in the mentoring process of the attendees and the advisory council of CREAMEDIA.
5. **Nurture stage: demonstrating sustainable business potential**

In this chapter, we elaborate on the framework conditions relevant to the development of creative industries in the region at the Nurture stage, the third stage of the industry’s lifecycle. Similar to the previous chapters, we first address each specific framework condition in detail and then discuss the implications for policy makers at this stage of industry’s development.

5.1. **Introduction**

The Nurture stage corresponds to the activities that help to improve the price and performance of applications to a point where sustainable business potential can be demonstrated. Specifically, this stage implies developing a market with mass growth potential.

The following framework conditions have been identified as particularly relevant for this stage of industry’s development:

- Measures supporting creativity through education (knowledge; relevant also for Growth stages);
- Copyright system (regulatory and policy; relevant also for Growth and Maturity stages);
- Neighbouring rights (regulatory and policy; relevant also for Growth and Maturity stages);
- Policy measures promoting the mobility of artists and cultural practitioners (regulatory and policy; relevant also for Growth and Maturity stages);
- Policy measures supporting internationalisation (regulatory and policy; relevant also for Growth and Maturity stages);
- Strategy documents and roadmaps for the development of creative industries in the region (support; relevant also for Growth stage);
- Dedicated cluster organisation (support; relevant also for Growth stage);
- Guarantee systems and other financial engineering mechanisms (financial; relevant also for Embryonic stage);
- Availability of seed and venture capital for creative companies (financial; relevant also for Embryonic and Growth stages);
- Critical mass of supply chain actors (industrial; relevant also for Embryonic and Growth stages)
- Customer proximity (market; relevant also for Embryonic stage);
- Policy measures supporting interdisciplinary cooperation (regulatory and policy; relevant also for Embryonic, Growth and Maturity stages);
- Policy measures supporting creative start-up companies regulatory and policy (relevant also for Embryonic and Growth stages);
- Critical mass of creative and entrepreneurial people in the region (cultural; relevant for all stages);
- Broad educational and research landscape focusing (knowledge; relevant for all stages);
- Presence of physical and social creative environment (support relevant for all stages)

5.2. **Measures supporting creativity through education**

The current framework condition implies the integration of creativity focus into the research programmes of local universities and other relevant education institutions.
**Essence of framework condition**

Educational activities can be considered very important instruments for stimulating demand for creative industries products and services. Enhancing demand for creative industries again supports the supply side: the actors and activities within the creative industries sector.

**Role of framework condition**

Education has a dual role in influencing the emergence of creative industries. From a supply side perspective education might spur enrolment into creative and cultural jobs. From a demand perspective education can stimulate demand for service and products from these industries. Educational activities in this perspective – educating the customer about creative industries products and services – might spur demand educating audiences and customers. Educational activities may either relate to improving overall accessibility to arts and culture.

The work of HEIs and other educational institutions contributes to business capacity at three levels: educational programmes develop the talent pool of a city; research-active academics keep educational programmes relevant and increase the employability of their graduates; knowledge transfer activity supports businesses and contributes towards job creation.

**Influence by policy makers**

Policy makers can influence creativity through educational activities over a broad spectrum covering young children up to adults.

They can pursue the following options in order to do so:

- promote the incorporation of creativity and innovation at all levels of education and training;
- support the professional development of teachers as mediators of creativity and innovation;
- encourage the development of a learning culture where networks and partnerships between educational institutions and related bodies are forged with the corporate sector;
- develop environments that favour creativity and innovation by promoting multi-level cooperation, intercultural dialogue and cultural production;
- promote the development, exchange and dissemination of good practice on evidence-based education policies relating to creative and innovative skills;
- promote creativity and innovation at all stages of lifelong learning through the EU programmes and instruments.

**Berlin (Germany): cultural education of children and teenagers**

In 2008, the Federal State of Berlin established a two-year project fund, with an initial allocation of up to €2 million per year, aiming at the cultural education of children and teenagers. The fund sponsors cooperation projects by cultural actors with children’s and teenagers’ education and schools. These projects help to introduce children and teenagers to the production and reception of culture and to awaken their future interest in a cultural career. In particular, such a “cultural socialisation” of children and teenagers also results in creative industry products, for example, in the areas of music, film and games. Because of the sizeable significance of creative industry products for this target group, the fund was also made available to participants in the creative industries.

**5.3. Copyright system**

The copyright system is part of intellectual property protection. Copyright is the area of intellectual property law that provides protection to original works of authorship, such as paintings, sculpture, music, novels, poems, plays, architecture, dance, instruction manuals, technical documentation and software.
**Essence of framework condition**

Intellectual property regimes are the legal rights that result from intellectual activity in the industrial, scientific, literary and artistic fields. They aim at safeguarding creators and other producers of intellectual goods and services by granting them certain time-limited rights to control the use made of those productions. These rights do not apply to the physical object in which the creation may be embodied but instead to the intellectual creation as such.

Copyright laws give statutory expression to the economic and moral rights of creators in their creations and the rights of the public in the access to those creations. They also aim to promote, as a deliberate act of government policy, creativity and the dissemination and application of its results and encourage fair trading as a means by which to contribute to economic and social development.

The use and enforcement of copyrights, neighbouring rights, patents, trademarks and licensing are considered a important for nurturing the growth of creative industries. Moreover, domestic companies need to be able to access new patents quickly and cheaply\(^\text{43}\).

**Role of framework condition**

The aim of the intellectual property system is to encourage the creative activity of local artists and businesses and supports the transformation of this activity into products that reach the market, both local and global. Supporting domestic creators and entrepreneurs engaged in the creation, production, marketing, broadcast or distribution of creative works is a key step on the way to cultural vitality and economic prosperity. Copyrights are the most important intellectual property instrument for the creative industries as they provide protection for authorship of paintings, sculptures, music, novels, architecture, etc.

**Influence by policy makers**

Regional policy makers do not have much influence on the composition of intellectual property law. The concept of “copyright and related rights” is defined in national legislation. The basic concepts in national law are, however, largely consistent with the provisions of international instruments. The most important of these is the Bern Convention for the Protection of Literary and Artistic Works; at the time of drafting this Report, there were 163 contracting parties to the Convention.

However, enforceability of copyrights might be in the influence sphere of regional policy makers. The acquisition of copyrights is of little economic value if these rights cannot be enforced effectively. The credibility of the system depends to a considerable extent on the enforceability of the rights it confers. Well-functioning enforcement mechanisms are the best means to limit the number of violations of copyrights and to ensure that rights holders and society as a whole can reap the benefits from the intellectual property system. When we consider the protection and enforcement of copyright and related rights, piracy appears as one of the central issues. All kinds of works are at risk. Music, books, videos, DVDs and even craft design are copied illegally. WIPO argues that in developing economies, as a result of the flooding of markets with cheap “copyright-free” foreign products, domestic creators and producers lose their competitiveness, which in turn endangers cultural diversity and national identity. Piracy is a huge challenge in many countries, and the argument is that countries where piracy is rampant may forego opportunities for growth and development on several levels, both tangible and intangible, since it destabilizes the local creative industries and undermines the efforts of creative entrepreneurs and businesses. Inadequate enforcement of copyright limits incentives to develop creative products, especially for small and medium-sized enterprises.

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Other than enforcing copyright law on a regional level, policy makers might provide for adequate and up-to-date information on copyright laws in business support, education curricula and informal forms of protecting intellectual property, providing corresponding support.

**Inner London (United Kingdom): 2010 Digital Economy Act**

The 2010 Digital Economy act aims to provide the United Kingdom and London with a set of intellectual property protection measures. It strengthens and clarifies the law relating to infringement of copyright, internet domain registries and digital TV and radio services. Next to having this law in place, London is a leading centre for legal services, home to the top 3 Global 100 Law Firms, and offers a wealth of experts who specialise in IP protection across the continent and the globe.

### 5.4. Neighbouring rights

The current framework condition includes policy measures relating to neighbouring rights, a specific form of intellectual property rights relevant to performers and producers of creative works.

#### Essence of framework condition

Neighbouring rights are legal rights that protect performers, recording producers and broadcasting organisations (the holders of neighbouring rights enjoy the exclusive right of reproduction, distribution and public communication of their performances/CDs/DVDs/broadcasts).

#### Role of framework condition

Many creative works protected by copyright require mass distribution, communication and financial investment for their dissemination (for example, publications, sound recordings and films); hence, creators often sell or license the copyrights to their works to individuals or companies best able to market the works in return for payment. These payments are often made dependent on the actual use of the work and are then referred to as “royalties”. The field of rights related to copyright has rapidly developed over the last fifty years. These related rights grew up around copyrighted works and provide similar rights although often more limited and of shorter duration.

#### Influence by policy makers

Similar to copyrights, the influence of regional policy makers extends mainly to providing a system for enforcement and information providing facilities, reaching all actors in the value chain including customers. Recent technological developments have dramatically transformed the way in which related rights operate. With regard to the rights of performers, the performance of actors or musicians, which a century ago ended with the play or concert in which they performed, may now be fixed on a variety of mechanisms, including radio, television, satellite transmission and the Internet. What earlier was a localized and immediate phase of a performance in a hall before a limited audience became an increasingly permanent manifestation capable of unlimited and repeated reproduction and use before an equally unlimited audience that went beyond national borders. The development of broadcasting and television had similar effects.

**North Holland (The Netherlands): NORMA**

NORMA is an Amsterdam based organization for neighbouring rights for musicians and actors. The organization represents 12,000 artists in the collective exploitation of their neighbouring rights. Primarily NORMA distributes remunerations to which artists are legally entitled to, such as a home copy fees paid on blank CD’s and DVD’s. In order to do so NORMA has set up regulation for defining the scope of artist which are eligible to the arrangement and for distributing these fees amongst the artists. Other tasks performed by this organization comprise education of actors on business and entrepreneurshop themes and providing grants to special projects through the NORMA fund.
5.5. **Policy measures promoting the mobility of artists and cultural practitioners**

The current framework condition includes policy measures promoting the mobility of artists and cultural practitioners.

**Essence of framework condition**

Mobility of artists and cultural practitioners within the creative industries refers to movement of natural persons across regions and borders for shorter or longer periods. It includes internships, secondments but also permanent mobility of circus and street artists. The essence of this framework condition is that mobility promotes the dissemination of fresh ideas and values, understanding of other cultures and traditions, as well as mutual learning.

**Role of framework condition**

The mobility of actors within creative industries stimulates the emergence of creative industries in a region. Promoting the mobility of artists and cultural practitioners – who are essential for the flourishing of creative industries – contributes significantly to their professional skills and/or artistic development, developing their own research and exploration ambitions, opening up new market opportunities and enhancing their career possibilities in particular through their participation in residencies, festivals, live touring performances, international exhibitions or literary events. Mobility can also more directly impact positively on the performance of creative industries by opening up new market opportunities through schemes which improve industry export strategies, promote international job placement schemes or reinforce capacity building.

Investing in mobility support programmes contributes both directly and indirectly to work opportunities for artists and cultural professionals, thus benefiting employment in the cultural sector and promoting growth in the wider economy.

**Influence by policy makers**

Mobility of artists and cultural practitioners can be influenced in a variety of ways. Policy makers might reduce the barriers for international mobility by liberalizing trade in services and goods within the creative industries and provide for free movement of natural persons. On a European level a good example of a policy measure is the Erasmus for Young Entrepreneurs programme. This measure is an exchange programme which gives entrepreneurs who intend to start a business or have recently started one the chance to learn from experienced owners of small businesses in other European Union countries.

Although this policy measure is in most of the cases out of the influence sphere of regional policy makers, these policy makers might be able to influence the international debate on liberalizing labour markets for the mobility of artists and cultural practitioners.

Moreover regional policy makers might help provide the following facilities:

- Information services on mobility in the creative industries, i.e. an information system for cultural and creative workers providing information on mobility opportunities. This service needs to make accurate mobility information accessible and usable for a specified target group all over Europe, namely artists and culture professionals who are qualified as highly mobile workers;

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44 See in particular the study carried out by Ericarts for the European Commission on "Mobility matters: Programmes and schemes to support the mobility of artists and cultural professionals", 2008.
- Programmes and schemes to support mobility. Mobility support schemes need to adapt to the new needs, trends and circumstances of artist mobility in Europe and learn from best practices. **Flexibility** is essential. Frequent deadlines or open schemes (rather than annual calls) allow artists and cultural professionals to respond to opportunities as they arise. Mobility needs and timetables are not always predictable\(^{46}\).

- Installing and providing intermediary functions, i.e. organisations or agencies providing intermediary facilities for establishing mobility opportunities with other countries.

**North Holland (The Netherlands): Made In Fès (North Holland)**

The goal is to establish cross-cultural, creative links between Amsterdam and Fès and between the Netherlands and Morocco. In the long term, these links will help the Moroccan artisans to market their products more efficiently, both locally and internationally. In addition, the collaboration of designers and artisans will enhance the cultural position of Amsterdam-based Moroccans – a substantial group of immigrants with major (image) problems\(^{47}\).

### 5.6. Policy measures supporting internationalisation

The current framework condition includes policy measures supporting the internationalisation of creative industries.

**Essence of framework condition**

As a regional creative industry matures, the strongest growth opportunities for most sectors are considered to be in outside the regional or national market. For this reason, *EU and Member State initiatives to support creative industries in understanding and accessing export markets should be pursued and expanded to stimulate growth.*

**Role of framework condition**

The role of internationalisation differs per sector within creative industries. For more service oriented sectors internationalisation may be less important than goods driven sectors with export potential. For some sectors customers are likely to be located in the international market. *Many European creative companies may find that it is easier to find customers in international markets than in their home market, which is often overcrowded and highly competitive.* With this in mind, creative companies have a strong motivation to internationalise, but for a growing business this can be difficult due to constraints on staff, time, skills, market intelligence and finance.

**Influence by policy makers**

Nurturing and growing world-class creative industries and exporting their works, products and services obviously entail developing links with other countries. SMEs in particular require (financial) support to establish contacts and to have their activities promoted abroad. Industry–to–industry dialogue, scouting missions and market intelligence, and collective representation in international fairs are among the specific policy tools developed to support exports. Cooperation schemes offer both an opportunity for mutual learning and a network of contacts abroad. Facilitating artistic exchanges with third countries is also important to stimulate cultural diversity. A common support approach addressing groups of companies (clusters) offers more scope for impact. For these measures a common support approach addressing groups of companies (clusters) offers more scope for impact.

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\(^{47}\) http://www.ccaa.nl/page/48675/nl
On a European level, EU has numerous agreements with third countries or regional associations of countries. Technical assistance and cooperation schemes could include creative industries as priority areas for economic exchanges. Policy dialogues with third countries or regional groupings could also in certain cases support industry-to-industry dialogues and specific EU tools could be developed to facilitate exchanges and exports.

Catalonia (Spain): Catalonia Film Commission

The main focus is to promote Catalonia as a natural location for filming, providing the international audiovisual sector with information on the advantages of shooting in Barcelona and Catalonia, which also helps to advertise our country. The project’s main value is its wide impact, which is not limited to the audiovisual or movie industry, but also benefits other sectors (tourism, hotel industry, etc.)

5.7. Strategy documents and roadmaps for the development of creative industries in the region

The current framework condition implies the presence of strategy documents and roadmaps for the development of creative industries in the region.

Essence of framework condition

Many European regions have developed strategies and roadmaps to support the development of creative industries. These documents can be characterised as consisting of the following key dimensions.

- **Direction**: where the industry is trying to get in the long term;
- **Scope**: what the key activities are that the industry should focus on;
- **Competitive advantage**: what the key strengths of the local industry are and how those can be best utilised;
- **Resources**: what resources (i.e., skills, assets, finance, relationships, technical competence, facilities) are required to realise the strategy;
- **Climate**: what external factors are likely to affect industry’s development (e.g., political, economic, legal factors);
- **Stakeholders**: what the values and expectations of the key industry stakeholders are and how those can affect industry’s development.

Role of framework condition

**Strategy documents to support creative industries provide opportunities to coordinate a policy dialogue on this complex and multifaceted issue in a whole-of-government approach.** Strategies are also useful as benchmark documents. The knowledge base made from roadmaps and country profiles has proven highly useful for benchmarking exercises. However, some information is missing on policy measures that would make the assessment and comparisons even more useful. For instance, more qualitative information on the status and design of instruments would be needed to characterise them further and assess their potential impact on creative industries; additional information on target, budget (annual or total when appropriate) would be desired as well. In addition, it would be useful for regions to report on policies that were successful and lessons that have been learned from the use of particular policies.

Influence by policy makers

When developing strategy documents and roadmaps, policy makers need to take into account several aspects:

- Strategy documents and roadmaps should **target companies of all sizes in the region**, not only SMEs, as well as universities and research institutes, i.e., there is a need for involvement of **all actors**
of the value chain. Examples of other relevant stakeholder groups include industry associations, regional development agencies, chambers of commerce, employers’ associations, municipalities, business networks, schools and training centres etc.

- Objectives set in strategy documents and roadmaps need to be continuously monitored and periodically evaluated which implies appointing a responsible managing authority, monitoring committee, as well as carrying out interviews with beneficiaries, reporting by beneficiaries etc.

- **Interest in the actions set in strategy documents and roadmaps from the company side is crucial for their success.** Higher interest is likely to be achieved if the documents are developed in close cooperation with the key stakeholders (by means of, for example, public consultations, workshop sessions, interviews etc.).

- **There is a constant need to adjust the strategic direction** due to changes in the interests of the partners regarding general economic situation, international investment decisions (e.g., focus on Asia), changes in political focus etc., as well as difficulties in integrating interests of different stakeholder groups.

**Inner London (United Kingdom): The Mayor’s Cultural Strategy**

The Mayor’s Cultural Strategy is one of London’s most important strategy documents for developing the creative industries in the region. The first Mayoral Cultural Strategy for London was published in 2004. The current Mayoral administration published the current Cultural Strategy for London Cultural Metropolis on 15 November 2010. The Mayor’s Cultural Strategy recognises the significance of the cultural and creative sectors in making London a world city, and advocates continued support and investment. It addresses concerns facing the sector at a time of considerable economic uncertainty and rapid change, particularly with regards to government policy and investment, and considers how within this context it can maximise opportunities for the cultural life of London to flourish.

Unlike the Mayor’s Transport or Economic Development strategies, the Mayor does not have a single delivery agency for culture and nor is the GLA a major direct funder of culture. Therefore, throughout the strategy, the Mayor identifies priorities and works in partnership across the cultural sector and London government, providing leadership and coordination. The development of the strategy was overseen by the London Cultural Strategy Group. This group was established by the Mayor and is comprised of individuals from key agencies and institutions in the sector. The LCSG has undertaken a wide range of research and consultation activities to develop a close understanding of London’s cultural sector and potential actions for the Mayor and partners to implement.

### 5.8. Dedicated cluster organisation

The current framework condition implies the presence of cluster manager or a similar initiative to coordinate the development of creative industries in the region.

**Essence of framework condition**

Cluster initiatives are organised efforts to enhance the competitiveness of a cluster involving private business, public bodies and/or academic institutions within a regional and sectoral system\(^{48}\). Cluster initiatives are increasingly managed by specialised organisations, so-called cluster organisations. By a cluster organisation one should understand organised efforts to facilitate cluster development, which can take various forms, ranging from non-profit associations, through public agencies to companies\(^{49}\). A cluster organisation typically functions as a mediator between various cluster members and adds value by stimulating collaboration both within the cluster and between the cluster and the outside world\(^{50}\).

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**Role of framework condition**

In the creative industries the production of goods and services is often organised in (regional) clusters. The coordination of institutions and networks through cluster organisations is vital for collective decision making. It is a way to mobilise stakeholders and resources in the interest of the development of creative industries at the urban and regional levels. Creativity is frequently characterised by the agglomeration of firms so that creative industries are not homogeneously distributed across the territory but they are concentrated in the space (Cooke and Lazzeretti, 2008; Scott, 2005). In fact, creative industries tend to cluster in cities (Maskell and Lorenzen 2004) and address to a great variety of professions and economic sectors.

Cluster organisations often engage in a wide set of activities, ranging from information provision, commercial cooperation and innovation support, enhancing the business environment, human resources upgrading, business development, to cluster expansion. Therefore, cluster organisations are not only promoting networking, they are also providing information about the cluster, lobbying, facilitating collaborative agreements, addressing education and training needs, and promoting the cluster nationally and internationally.

Existing studies show that specifically in case of creative industries, cluster organisations prove to add value in terms of technology and knowledge transfer, and foster collaborative relationships between suppliers and clients. Furthermore, they establish a close link between SMEs, large companies and research institutions and can thus help overcome a lack of knowledge sharing and persisting information asymmetries in the creative industries sector. Finally, cluster organisations in creative industries clusters often help achieve integration with other industries by facilitating cross-industry interactions.

**Influence by policy makers**

Cluster support helps maintain or create employment in regions, and allows firms to be more adaptive and creative in their organisation restructuring efforts. Therefore, regional, national and EU authorities need to offer dedicated cluster policies that typically include grants for cluster management activities and specific collaboration projects. The level of bureaucracy related to application and implementation of cluster policies in the region needs to be minimised (i.e., complicated management procedures; long approval procedures for projects and excessive administrative workload need to be removed).

Furthermore, at the EU level, in close cooperation with national governments and regions, there is a need to support the efforts of cluster organizations to improve their performance and reach excellence. The relevant initiatives among others refer to the maintenance and update of the repository of training materials as developed by the European Cluster Excellence Initiative and the organization of further “train-the-trainers” activities for cluster managers. Another initiative at the EU level is establishment of a website called clustercollaboration.eu which can be consulted by regional cluster managers for several purposes, such as mapping, getting project ideas and establishing and accessing interactive communities. Up until the publication date of this report 46 cluster organizations within the EU related to creative industries have been registered at this website.

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51 The concept of clusters and cluster policies and their role for competitiveness and innovation: Main statistical results and lessons learned. The Commission Staff Working Document, SEC (2008) 2637
53 Vienna Cluster Manifesto: Using Excellent Clusters to Strengthen and Restructure EU Industry, European Cluster Conference 2012, April, Vienna
54 http://www.clustercollaboration.eu/table
property, and a location advantage. Clubs are music producers, creative pools, a general public and niches. The club culture is a part of the modern metropolis and promotes its quality beside others.

The Clubcommission Berlin aims to maintain this creative underground and helps to improve the co-operation with official institutions and with politics in general. One of the main aims of the association is to develop a method of public communication in order to support the Berlin club scene in a way that its needs are better recognized by the city, the government, and the economy. CC is the first and still the only organisation of this kind in Germany.

Generally, the CC does not receive public funding. Its work is financed by membership fees and by organizing club nights. Membership fees vary from 20 EUR per month for individuals (e.g. DJs) to 75 EUR per month for clubs with more than 800 m². For the annual club night, various members of the CC work together in order to show the musical diversity of Berlin. Visitors pay a single entrance fee and have access to all participating clubs for the rest of the night. However, certain projects like a survey about the economic potential of the Berlin club scene are co-financed by the Senate Department for Economics, Technology and Women’s Issues and its state initiative Projekt Zukunft.

The following success parameters can be brought out:

- The scene has become bigger, more established and more commercialised;
- Improvement in the image of the clubs;
- This cooperation offers a large field of experiences to support the members and furthermore can help to improve the cooperation with official institutions and with policy makers in general;
- The Berlin club scene speaks with one voice;
- The music sector has been integrated into Berlin’s capital marketing activities.
6. **Growth stage: sustainable industrial growth**

In this chapter, we elaborate on the framework conditions relevant to the development of creative industries in the region at the Growth stage, the fourth stage of the industry’s lifecycle. Similar to the previous chapters, we first address each specific framework condition in detail and then discuss the implications for policy makers at this stage of industry’s development.

6.1. **Introduction**

The Growth stage corresponds to the activities that support *marketing, commercial and business development* leading to sustainable industrial growth in the region.

The following framework conditions have been identified as relevant for this stage of industry’s development:

- Financial schemes supporting growth (financial; relevant for Growth stage);
- Policy measures supporting flexible labour markets (regulatory and policy; also relevant for Maturity stage);
- Measures supporting creativity through education (knowledge; relevant also for Nurture stage);
- Copyright system (regulatory and policy; relevant also for Nurture and Maturity stages);
- Neighbouring rights (regulatory and policy; relevant also for Nurture and Maturity stages);
- Policy measures promoting the mobility of artists and cultural practitioners (regulatory and policy; relevant also for Nurture and Maturity stages);
- Policy measures supporting internationalisation (regulatory and policy; relevant also for Nurture and Maturity stages);
- Strategy documents and roadmaps for the development of creative industries in the region (support; relevant also for Nurture stage);
- Dedicated cluster organisation (support; relevant also for Nurture stage);
- Availability of seed and venture capital for creative companies (financial; relevant also for Embryonic and Nurture stages);
- Critical mass of supply chain actors (industrial; relevant also for Embryonic and Nurture stages);
- Policy measures supporting interdisciplinary cooperation (regulatory and policy; relevant also for Embryonic, Nurture and Maturity stages);
- Policy measures supporting creative start-up companies regulatory and policy (relevant also for Embryonic and Nurture stages);
- Critical mass of creative and entrepreneurial people in the region (cultural; relevant for all stages);
- Broad educational and research landscape focusing (knowledge; relevant for all stages);
- Presence of physical and social creative environment (support relevant for all stages)

It can thus be concluded that the relevant framework conditions are already present at earlier stages of industry’s development, and at Growth stage, they continue to play a role in further industry’s evolution. To avoid repetition, below we exclusively elaborate on the aspects that are specifically relevant to the Growth stage, i.e., framework conditions related to the investments in further industry growth. For detailed descriptions of other relevant framework conditions, the reader is advised to consult Chapters 3-5 of the Report.
6.2. **Financial schemes supporting growth**

The current financial framework condition comprises public funding schemes for supporting the growth of creative industries on a regional level.

**Essence of framework condition**

Financial schemes supporting growth in later stages of the creative industries comprise a wide array of different financial mechanisms ranging from traditional public funding for longer terms, grant schemes for different purposes, tax incentives, public procurement mechanisms, lower costs of public services (including rents) and public-private-partnership schemes. Annual public funding schemes are related to the operating costs of city-owned cultural institutions (theatres, concert halls, museums, cultural centres, galleries etc.).

**Role of framework condition**

*Access to finance is more challenging for SMEs in the creative industries compared with conventional SMEs for several reasons.* Firstly this is due to the intangible nature of many of their assets (in particular Intellectual property Rights), which are usually not reflected in financial statements. Secondly, unlike other industrial products creative products are generally not mass-produced. Every film, book, opera, videogame can be seen as a unique prototype. Thirdly, the demand for financial services of cultural and creative SMEs is often not substantial enough for financial intermediaries to find them commercially interesting. Indeed, dealing with these industries require specific skills (in the areas of market intelligence, intellectual property rights, risk analysis of cultural and creative projects, financial analysis of cultural and creative SMEs), needing a certain level of investment in terms of training and resources. However, the size of this specific market does not justify the creation of individual departments within financial intermediaries specialized in film banking or the financing of cultural sectors. There is therefore little value for them to engage with the sector. Moreover, cultural and creative SMEs often lack business and management skills and face specific challenges in achieving investment readiness (i.e. the ability to understand investors’ concerns, to understand the differences between the types of financiers, to fulfill specific financial requirements of financial intermediaries and investors).

The most widespread forms of funding used in the development of creative industries on regional levels are grants and annual public funding (for operating costs and main activities). Almost all the cities use some grant schemes to support creative entrepreneurship or the diversity of the cultural scene. Very often special grant schemes are provided for start-ups. Smaller cities usually provide start-up grants, which are meant for all start-ups in the city including those in the creative sector. The cities with a longer history of creative industries support also provide special start-up grants for the creative sector novices. Grant schemes are also implemented to enhance business capacity and may support training, export, and marketing amongst others. The grant schemes are probably the most widely used schemes – they are also the easiest schemes to implement.

Most of the regions have chosen some priority sectors or clusters to achieve their development aims in creative industries policy, and also have cluster or sector programmes, which also formulate the financing mechanisms for support.

**Influence by policy makers**

A particular issue in relation to the execution of financial schemes supporting growth that has to be resolved at the regional level is how to create an organisational mechanism for supporting and financing the creative enterprises and creators – one possibility is to establish a special foundation. Something that may be achieved by the establishment of a large capital fund for the use of the foundation and which is boosted by the

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accumulated growth of the unused portion or alternatively which may involve annual funding from city budget.
The next priority for the city will then be to secure the transfer of the city council’s priorities and policies into
the foundation’s finance and administrative procedures.

An independent organisation charged with carrying out creative industries projects and enhancing creative
entrepreneurship is not only the solution for financing, but presumably enables deeper and more flexible
relationships with the creators and creative enterprises than would be possible in the case of city officials
organising the support schemes.

In addition to the traditional financing support for creative institutions (covering the operating costs or
financing the construction of cultural premises) various grant schemes for creators and creative companies and
to support prime creative events and festivals in the region become relevant. Also added to the financing
schemes may be support of creative aspects during the regeneration of city districts and urban planning. In
addition to the previous financing models, a region can support creative industries through offering tax benefits
or lower rent conditions – this way a region does not have to commit its own financial resources into the sector,
but instead waives a potential income in favour of the creative industries.

**North Holland (The Netherlands): Amsterdam – Plan for the Arts**

The main purpose of the Plan for the Arts 2009-2012 is to allocate municipal budgets to cultural institutions, to
municipal programmes and to other elements of the arts and culture policy of Amsterdam. The Plan for the Arts
(Kunstenplan) 2009-2012 presents not only the cultural policies and ambitions, but also decides on the allocation of
Plans for the Arts subsidies. With a budget of nearly € 87 million a year the Plan for the Arts is the most important
source of public funding for the creative industries (especially in the arts). The Arts and Culture Directives Document is
the starting point for the cultural institutions. To apply for a structural subsidy they will have to present (between May
to October) a 4-year plan (2009-2012). For the 2009-2012 period 259 applications were received. The applications are
reviewed by the Amsterdam Arts Council (October – April). This is a kind of peer-to-peer review, undertaken by 60
cultural experts, in 99 meetings (290 hours). On their advice, the Amsterdam Arts Council allocates the subsidies for
each applicant. This allocation is an important milestone in the development of the plan for the arts. The system of the
art plans, with grants for 4 years gives the cultural institutions the opportunity to work in professional cycles. After each
period the system is evaluated and adjusted.

6.3. **Policy measures supporting flexible labour markets**

The current framework condition comprises policy measures supporting flexible labour markets for supporting
the growth of creative industries on a regional level.

**Essence of framework condition**

Labour market flexibility refers to the speed with which labour markets adapt to fluctuations and changes in
society, the economy or production.

**Role of framework condition**

Labour market flexibility is an important topic for every industry, but in the case of creative industries it plays
an even greater role due to the nature of production economics in the creative industries. Unlike standardised
commodities, the market demand for cultural products and services is very hard to predict as a result of a
mismatch between supply and demand on the markets on which creative industries operate. The mismatch
between supply and demand implies that the majority of producers and organisations in the creative industries
are easily exposed to financial strains caused by insufficient demand. Meanwhile, organisations in commercial
cultural industries try to solve this problem using various mechanisms: over-production, differentiated

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labour. Review of Cultural Economics, Vol. 12, No. 2
promotion (uneven spread of resource among different products), cross-subsidy between different products, using product and production conventions (that is, safer and cost effective ways to create works and manage the process), constant intake of new talents, and using unpaid or poorly-paid, flexible labour.

Hence within creative industries more than in other industries, there is substantive empirical evidence that creators are far more likely to hold non-conventional forms of employment – part-time work, temporary contracts, and self-employment – than the workforce in general. What is more, on average creators accept below average pecuniary earnings. This is also explained either by risk-seeking behaviour or a preference for creative work over other types of work. The industry contains a predominance of part-time workers and multiple jobholders. Particular in the realm of performing arts there are full time workers receiving regular pay, but in most of the cases they are in the minority. Even if they are formally employees, they are likely to work on a sporadic basis or on short-term contracts. Many of the performing artists, writers, directors, visual artists, craftspeople, composers, designers and others can be considered self-employed freelancers. Moreover, among them there are categories that earn no salary at all – writers, painters, sculptures – who could be regarded as ‘small business people’. Multiple job-holding is a very common formula as the cultural workers need a minimum income for survival and some degree of financial security."

Policy measures supporting flexible labour and providing legal protection in cases where this is economically viable or culturally desirable, might constitute to a sustainable growth of creative industries.

**Influence by policy makers**

In a lot of European countries there are already legal provisions protecting to some extent flexible labour arrangements within all industries. However within creative industries, creative workers might still need partly tailor-made measures due to certain peculiarities of the people and companies in the creative sector.

Policy makers might influence the flexibility of labour at the forefront of the labour market during educational activities. Through these measures students that are likely to enter the creative industries are educated in such a manner that they are flexible and well informed about their options on the labour market. An example is the constitution of career centres within universities which offer courses to students as well as established professionals within the creative industries (see example below).

Other than education and training facilities policy makers might support the emergence through policy measures in the area of awards and contests, business support and tax and social security policies with most of the emphasis on the former.

**Berlin (Germany) – Career & Transfer Center**

The Career & Transfer Center (CTC), built in 2001, is the first career centre developed for a German college for the arts. It provides information and counselling to students and recent graduates of the Berlin University of the Arts (Universität der Künste Berlin (UdK)), the Berlin-Weißensee College of Art (Kunsthochschule Berlin-Weißensee), the Hanns Eisler College of Music (Hochschule für Musik “Hanns Eisler”), and the Ernst Busch School of Performing Arts (Hochschule für Schauspielkunst “Ernst Busch”). Students may receive counsel regarding their future job market future prospects and the path towards self-employment. The CTC also works to expand the professional competencies acquired during the student’s studies to include personal, social and methodological competencies. All of the CTC offerings are developed with the awareness that there has been a change in the circumstances of career and income for artists. Since the CTC’s founding, more than 4,000 artists have participated in over 380 workshops covering the areas of marketing, financing and public support, skills portfolios, patent and trademark law, social security for professional arts and crafts workers (KSK), taxes, contracts and negotiations, presentation techniques, and so forth. The CTC offerings are co-financed with contributions from the European Social Fund (ESF).

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57 Handke (2010) Surveying innovation in the Creative industries, presented at the 5th International EMAEE Conference on Innovation (Globalisation, Services and Innovation: The Changing Dynamics of the Knowledge Economy) at the Manchester Metropolitan University, 17-19 May 2007

7. **Survey on industry specific framework conditions**

This chapter presents and discusses the survey responses amongst stakeholders with a helicopter view on the emergence of creative industries in the region.

Whereas in the previous chapters we have discussed relevant framework conditions for industry emergence, the objective of this analysis is to develop a snapshot picture of the presence of the analysed framework conditions in creative industries. Such an analysis enables policy makers to assess gaps between relevant framework conditions and the presence of these conditions in the region.

The data for the analysis has been collected by means of an online survey amongst 20 stakeholders within the regions of Berlin (5), Catalonia (5), North Holland (5) and Inner London (5). The collected data was used for comparisons between regions within one industry category (cross-regional). The survey results were analysed and compared across and between the regions. As a result the creative industries represented in the survey can be characterised by the relative presence of framework conditions.

7.1. **Cross-regional comparison of general framework conditions**

The chosen method for analysing and comparing the presence of framework conditions in the regions was performed per category of framework conditions. In order to compare the responses across the regions, we first averaged the results per individual framework condition and subsequently averaged the results per type of framework condition. This computation was performed at the regional level. Figure 2-1 presents the results as a spider diagram.

**FIGURE 7-1: Presence of framework conditions in the selected regions for creative industries**

![Spider diagram showing the presence of framework conditions across regions.](image-url)
Figure 7-1 showcases an interesting pattern for the creative industries in the selected regions. Survey respondents on average suggested that particularly cultural and support framework conditions are highly present in the region. Moreover, both Catalonia and Inner London on average show a high presence of market and industrial framework conditions. The presence of these framework conditions, however, is also relatively high in the other two regions when compared to the presence of the other framework conditions.

Figure 7-1 also suggests that for the presence of a number of framework conditions, differences can be observed across the regions. For instance, stakeholders from Catalonia and Inner London overall noted a very similar presence of framework conditions. In contrast, the Berlin and North Holland regions differ substantially from those two for a number of framework conditions. Table 7-1 presents for every region the average values for the survey results for each type of framework condition.

### TABLE 7-1: Mean values for framework conditions per region

<table>
<thead>
<tr>
<th>Type of framework condition</th>
<th>Berlin (DE)</th>
<th>Catalonia (ES)</th>
<th>Inner London (UK)</th>
<th>North Holland (NL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>6.10</td>
<td>5.30</td>
<td>6.20</td>
<td>5.10</td>
</tr>
<tr>
<td>Industrial</td>
<td>6.93</td>
<td>8.33</td>
<td>7.87</td>
<td>6.40</td>
</tr>
<tr>
<td>Market</td>
<td>7.00</td>
<td>8.80</td>
<td>8.60</td>
<td>6.80</td>
</tr>
<tr>
<td>Cultural</td>
<td>8.30</td>
<td>9.30</td>
<td>9.20</td>
<td>8.80</td>
</tr>
<tr>
<td>Knowledge</td>
<td>7.80</td>
<td>6.80</td>
<td>6.80</td>
<td>6.90</td>
</tr>
<tr>
<td>Regulatory</td>
<td>6.20</td>
<td>6.63</td>
<td>6.73</td>
<td>6.08</td>
</tr>
<tr>
<td>Support</td>
<td>6.27</td>
<td>7.53</td>
<td>7.33</td>
<td>7.80</td>
</tr>
</tbody>
</table>

**Regional observations**

On the basis of the results discussed above, a number of observations can also be made with regard to the specific regions. Each region showcases a (slightly) different pattern in the presence of framework conditions, which is further explored below.

Although the Berlin region on first glance does not appear to differ substantially from the industry average, some key observations can be made. Stakeholders in the Berlin region on average perceive a more balanced presence of framework conditions compared to the industry average. Nevertheless, a relatively larger presence of cultural, knowledge and - to a lesser degree – market and industrial framework conditions can be observed if we consider the averages for Berlin only. Overall, the framework conditions perceived to be most present in the Berlin region are the cultural and knowledge framework conditions, followed by respectively the market, industrial, support, regulatory and financial framework conditions.

The results for the Catalonia region are generally in line with the industry averages, with notable exceptions for the market and industrial framework conditions. Both framework conditions are considered to be noticeably more present in the region than what is on average observed in all of the regions. Furthermore, stakeholders perceived a high presence of the cultural framework conditions. Concerning the other framework conditions, only marginal differences from the industry average can be observed. Nevertheless, for the financial framework conditions, stakeholders in the Catalonia region on average perceive a relative lack of presence. Overall, the creative industries in Catalonia are best characterised by a relatively high presence of cultural, market and industrial framework conditions. The support, regulatory and knowledge framework conditions are present to a lesser extent, though still show a high overall presence. The financial framework conditions are perceived to lack presence in the region.
The presence of the framework conditions in the Inner London region is on average perceived to be very much in line with the industry average. Although stakeholders in the region perceive most framework conditions to be (slightly) more present in the region as compared to the industry average, the general observations hold. Notably the market, industrial and financial framework conditions are perceived to be present to a higher extent. Creative industries in the Inner London region are characterised by a relatively **high presence of cultural, market and industrial framework conditions**. The knowledge, regulatory and support framework conditions are perceived to be present to a lesser extent, followed by the financial framework conditions. This is in line with the industry profile we have found across the regions.

The perceived presence of the framework conditions in the North Holland region **deviates somewhat from our findings for the other selected regions**. Particularly for the financial, industrial and market framework conditions, a lower presence was perceived by stakeholders. For the support framework conditions, however, a higher presence was on average observed in the North Holland region. Furthermore, stakeholders from the region also perceived a high presence of cultural framework conditions, and a comparable presence of knowledge and regulatory framework conditions. The North Holland region is therefore best characterised by a **high presence of cultural and support framework conditions**, followed by respectively the knowledge, regulatory, market, industrial, and financial framework conditions.

### 7.2. Industry specific framework conditions

Underlying the general framework condition categories are a set of industry specific sub-level framework conditions. To get a better grasp of the presence of these industry specific framework conditions, it is worthwhile to consider the results of each of these conditions in more detail. Table 7-2 presents the detailed summary statistics of the survey responses for each of the sub-level framework conditions across the regions.\(^{59}\)

**TABLE 7-2: Detailed summary statistics of survey responses for the creative industries**

<table>
<thead>
<tr>
<th>Framework conditions</th>
<th>n</th>
<th>Mean</th>
<th>Std. dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Financial framework conditions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Guarantee systems and other financial engineering mechanisms</td>
<td>20</td>
<td>5.95</td>
<td>1.96</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>- Availability of seed and venture capital for companies in creative industries</td>
<td>20</td>
<td>5.4</td>
<td>2.39</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td><strong>2. Industrial framework conditions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Critical mass of publishers and content creators</td>
<td>20</td>
<td>7.95</td>
<td>2.19</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>- Critical mass of physical retailers</td>
<td>20</td>
<td>7.2</td>
<td>1.88</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>- Critical mass of providers of intermediate inputs and tools</td>
<td>20</td>
<td>7</td>
<td>1.45</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td><strong>3. Market framework conditions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Customer proximity</td>
<td>20</td>
<td>7.8</td>
<td>1.51</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>4. Cultural framework conditions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Presence of historical, cultural and artistic heritage</td>
<td>20</td>
<td>9.15</td>
<td>1.23</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>- Critical mass of creative and entrepreneurial people in the region</td>
<td>20</td>
<td>8.65</td>
<td>1.42</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td><strong>5. Knowledge framework conditions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Broad educational and research landscape focusing on both creative and technical disciplines</td>
<td>20</td>
<td>7.4</td>
<td>1.50</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>- Measures supporting creativity through education</td>
<td>20</td>
<td>6.75</td>
<td>1.45</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td><strong>6. Regulatory framework conditions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{59}\) For this analysis we have chosen to aggregate the results as this increases the explanatory power by having more observations available to us.
Creative industries Framework conditions for world-class clusters in emerging industries

<table>
<thead>
<tr>
<th>Support framework conditions</th>
<th>Rating 1</th>
<th>Rating 2</th>
<th>Rating 3</th>
<th>Rating 4</th>
<th>Rating 5</th>
<th>Rating 6</th>
<th>Rating 7</th>
<th>Rating 8</th>
<th>Rating 9</th>
<th>Rating 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearly defined copyright system that assigns an equivalent of property to new creative products</td>
<td>20</td>
<td>5.85</td>
<td>1.81</td>
<td>1</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighboring rights that protect performers, recording producers and broadcasting organisations</td>
<td>20</td>
<td>6.2</td>
<td>1.79</td>
<td>4</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy measures supporting interdisciplinary cooperation</td>
<td>20</td>
<td>6.85</td>
<td>1.57</td>
<td>4</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy measures supporting creative start-up companies</td>
<td>20</td>
<td>7.2</td>
<td>1.88</td>
<td>3</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy measures to stimulate innovation in creative industries</td>
<td>20</td>
<td>6.45</td>
<td>2.33</td>
<td>1</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy measures promoting the mobility of artists and cultural practitioners</td>
<td>20</td>
<td>6</td>
<td>2.36</td>
<td>2</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy measures supporting flexible labour markets</td>
<td>20</td>
<td>5.9</td>
<td>1.89</td>
<td>2</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy measures supporting internationalisation</td>
<td>20</td>
<td>6.8</td>
<td>1.96</td>
<td>3</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From Table 7-2 follows that the specific framework conditions that show a relatively high presence mostly relate to an element of creativity. For the cultural framework conditions, we observe high presence for both a cultural heritage and for a critical mass of creative and entrepreneurial people in the region. Similarly, all of the knowledge framework conditions relate to creativity. Moreover, for the other framework conditions, we observe a relatively high presence of those conditions that are specifically related to creativity. Within the regulatory framework conditions, for instance, we find the highest rated presence for policy measures supporting creative start-up companies. As we specifically identified regions with a high presence of creative industries, it is within expectations to find framework conditions related to creativity to be present to a higher degree.

Another observation that follows from Table 7-2 is that within the regulatory framework conditions, a substantial spread in the overall rated presence can be observed. The averages of the sub-level framework conditions range from 5.85 to 7.2. Survey respondents noted especially a lack of a clearly defined copyright system for creative products and neighbouring rights that protect performed, recording producers and broadcasting organisations. Moreover, they noted a lack of presence policy measures supporting flexible labour markets and policy measures promoting the mobility of artists and cultural practitioners. Policy measures supporting interdisciplinary cooperation and internationalisation, and support for creative start-up companies are, in contrast, relatively more present in the regions.
8. Conclusions and policy recommendations

In the current chapter, we elaborate on specific recommendations with regard to how policy makers can support the development of creative industries in European regions at each stage of industry’s development. We begin by mapping the identified framework conditions based on the stage of industry’s development these framework conditions refer to.

8.1. Key conclusions from case study analysis

The current case study analysis was built on the notion of the dynamic nature of emerging industries, i.e., a continuous evolution of an industry and its periodical transitions from one stage to another. The analysis confirmed that the role and importance of the relevant framework conditions changes with new stages of the industry’s life cycle. However, all identified framework conditions prove to have a long-term impact and are relevant for more than one stage. Figure 7-1 presents the result of the mapping exercise of the analysed framework conditions for creative industries.

FIGURE 8-1: Mapping of identified framework conditions for creative industries
8.2. Policy recommendations

In this sub-section, we elaborate on specific recommendations for regional, and, whenever relevant, national and EU policy makers on how to support the development of creative industries in European regions. We continue building on the dynamic approach forming the core of our methodology, and tailor the relevant supporting measures to the specific stages of the industry's life cycle. In all cases, the proposed measures are relevant for more than one stage, which is specified in the description of the measures below.

Policy recommendations for Precursor stage

The Precursor stage is the first stage in the industry’s lifecycle implying the first interest in the emerging industry in the region. While in practice, the first initiatives introducing creative industries to the region often come from the private sector, the role of policy makers at this initial stage should not be underestimated. Policy makers can stimulate the development of creative industries at the Precursor stage in the following ways:

1) Presence of historical, cultural and artistic heritage:
   a) Governments in most countries play an important role in the creative economy by their ownership and operation of public cultural institutions such as art galleries, museums and heritage sites. They are also often owners of significant tangible cultural heritage such as historic public buildings and collections of nationally significant artworks, artefacts, etc.;
   b) These cultural responsibilities of government should be seen as integral to the creative economy, especially because of the role of these institutions and activities in encouraging tourism, promoting social cohesion and fostering the beneficial aspects of cultural diversity;
   c) Moreover historical, cultural and artistic heritage can be exploited to attract firms and individuals for building up a strong presence of creative industries through city marketing, tourism promotion, the organisation of festivals presenting cultural heritage assets that have shaped the identity of a city or a region;
   d) Local culture and heritage also provides opportunities for further exploiting the full cultural and creative potential, by providing opportunities for scope and space for creative entrepreneurship to take place, e.g. by using creative lighthouses like infrastructure investments in museums to also foresee investments in entrepreneurship, e.g. integrated co-working spaces in new museums;
   e) Policy makers may contribute to the exploitation of heritage related products and service in later stages of creative industry emergence.

2) Critical mass of creative and entrepreneurial people in the region:
   a) Ensuring a better match between the supply of skills and the demands of the labour market is crucial in the medium and long run to boosting the sector’s competitive potential;
   b) Partnerships between art and design schools or universities and businesses can contribute to this aim. Incubator units often established outside art schools but with their active cooperation also have proved successful in closing the gap.

3) Broad educational and research landscape:
   a) The spectrum of measures related to education is rather diverse. The measures related to education may include: (a) different awareness building measures: e.g. providing information on creative industries; (b) measures supporting creativity through education, e.g. targeted training in order to help people to value creative industries products and services; and (c) measures supporting the development of creativity in education: e.g. extra-curricular and vocational education and other youth related issues.

4) Presence of physical and social creative environment:
   a) The physical and social creative environment might be influenced by policy makers in a variety of ways, depending on the stage of the industry emergence;
Regional and local policy makers might contribute to making available and developing space and buildings;

c) The development of the urban environment, making it more attractive, enlivening the atmosphere, developing the entire physical infrastructure, which includes activities aimed at: the development of public buildings, urban spaces and environments towards supporting creativity and bringing out inspiration;

d) Capital assets can be be legislatively or institutionally protected from market forces, especially around property;

e) Affordable space for creative activity and enterprise is an enduring issue that need policy maker influence. Artists and other creative people are routinely priced out of areas that become popular due to the very creative activity that they helped generate.

Policy recommendations for Embryonic stage

The Embryonic stage is the second stage in the industry’s lifecycle implying the activities that support the improvement of the reliability and performance of technology and services to a point where it can be demonstrated in a market environment. Specifically, this stage implies activities that help to demonstrate the commercial potential of technology and services in the region through revenue generation. This stage is associated with an even higher role of policy makers than during the Precursor stage. Policy makers can stimulate the development of creative industries by ensuring:

1) Guarantee systems and other financial engineering mechanisms:
   a) Policy makers can use two main options to induce a change within creative industries regarding their emergence and access to financing option: direct access to capital through Public Investment Banks; and preferential credit;
   b) Public Investment Banks should aim at giving SMEs better access to credit, supporting entrepreneurs at all stages of their project, helping enterprises to expand their market and their export activities. The German Investionsbank in Berlin for example focuses parts of its finance activities on the creative industries in Berlin for which it has developed special finance instruments;
   c) Policy makers might stimulate the use of crowd funding through educating creative entrepreneurs on the use of crowd funding. Moreover regional policy makers can gather funds through crowd funding for financing creative projects that might not fit the local government budget or qualify for any other kind of financial support (e.g. a museum searching for funds to acquire new paintings).

2) Availability of seed and venture capital for creative companies:
   a) Creative businesses are usually small, especially in the earliest phases, and considered quite high risk enterprises for the usual creditors and their standing with banks is not very high either;
   b) Therefore this type of business often cannot use bank loans, at least in the early stages. To obtain additional capital, they have to go to the venture capital funds, which accept a higher level of risk. In many countries the venture capital funds are created by the public sector. In this case, if the company receives an investment from such a fund, there is usually a requirement for the inclusion of private investment;
   c) Therefore policy makers might manage to instigate some venture capital schemes. As with start-up grants in smaller cities, venture capital funds may also be targeted at a broader range of enterprises including those in the creative sector, or may aim to facilitate cooperation between different sectors. An example of a venture capital fund aimed at the creative sector is the VC Fonds Kreativwirtschaft Berlin.

3) Critical mass of supply chain actors:
   a) Building a critical mass of supply chain actors can help emerge creative industries within a region. However existing research indicates that value chains and spatial concentration of actors within creative industries differs per sub sector;
   b) Following this pattern policy measures aimed at attracting supply chain actors can take into account spatial preferences of actors within sub sectors;
c) In attracting a critical mass in an embryonic stage of industry emergence, policy makers might lower the barriers for supply chain actors to locate their business within a region by creating an SME development policy that incorporates creative enterprises, based on a tailor made microenterprise development plan;

d) Policy makers can attract this mass by providing services and facilitate the establishment of SMEs, by speeding up the registration process, facilitating licenses, avoiding redundancies etc. This initiative could certainly be a catalytic tool for effective social inclusion measures, helping to bring the informal sector into existing organizational structures, such as professional associations;

e) Moreover value chains within creative industries are often diverse and complex without a strong organising entity. In the absence of such a strong organising entity (lead firm) public policy may have a role in mobilising and further integrating the supply chain of creative industries.

4) **Customer proximity:**
   a) Policy makers influence on this framework condition extends to the policy domain of spatial planning and tourism;
   b) Customer proximity also pertains to enhancing demand for creative industries through attracting customers on a permanent (attracting inhabitants) and temporarily basis (tourists and cultural visitors);
   c) One type of measure in order to enhance demand for creative industries through customer proximity is by multi-targeted festivals. Supporting creative industries via multi-targeted festivals relates to various promotional activities—different events, including sector-based showcase festivals, broader city marketing activities, and others.

5) **Policy measures supporting interdisciplinary cooperation:**
   a) Policy makers might recognize the importance of cooperation with creative industries, other businesses and the third sector through developing ways to participate in, or promote forms of interdisciplinary cooperation. These forms differ from location to location of course and reflect local traditions (political, economic, and cultural) in the commitment of stakeholders to the development of the creative industries.

6) **Policy measures supporting creative start-up companies:**
   a) As creative industries consist mainly of small and medium enterprises and even micro enterprises and freelancers, it has many similarities to other SMEs – they are affected by a specific set of entry and operational barriers like a lack of economy of scale, weak negotiating power, limited capital resources and limited human resources;
   b) These measures entail a lot of different measures relating to general support measures for start-up companies and entrepreneurs. Examples of these measures include the following:
   c) A regulatory environment which does not impose undue burdens on SMEs – to adjust the administrative regulations for small businesses in order to allow for ideas to bloom into businesses;
   d) Education and human resources management policies that foster an innovative and entrepreneurial culture – to strengthen the links between arts, technology and business education;
   e) Strengthening public-private partnerships and social dialogue – to involve more stakeholders in policy and city development; consistency with other national, regional and local policies – to cooperate and complement the policies provided on different administrational levels;
   f) Consistency with other national, regional and local policies – to cooperate and complement the policies provided on different administrational levels;
   g) Still they need partly tailor-made measures due to certain peculiarities of the people and companies in creative industries. Compared to other sectors part-time working, short-term contracts, freelancing and other flexible working forms are more common to creative industries.
Policy recommendations for Nurture stage

The Nurture stage corresponds to the activities that help to improve the price and performance of applications to a point where sustainable business potential can be demonstrated. Specifically, this stage implies developing a market with mass growth potential. Also at the Nurture stage, the role of policy makers is of fundamental importance. Policy makers can stimulate the development of creative industries at this stage by ensuring/supporting the presence of:

1) Measures supporting creativity through education:
   a) Policy makers can influence creativity through educational activities over a broad spectrum covering young children up to adults. They can pursue the several options in order to do so:
   b) promote the incorporation of creativity and innovation at all levels of education and training;
   c) support the professional development of teachers as mediators of creativity and innovation;
   d) encourage the development of a learning culture where networks and partnerships between educational institutions and related bodies are forged with the corporate sector;
   e) develop environments that favour creativity and innovation by promoting multi-level cooperation, intercultural dialogue and cultural production;
   f) promote the development, exchange and dissemination of good practice on evidence-based education policies relating to creative and innovative skills;
   g) promote creativity and innovation at all stages of lifelong learning through the EU programmes and instruments.

2) Copyright system:
   a) Regional policy makers do not have much influence on the composition of intellectual property law. The concept of “copyright and related rights” is defined in national legislation;
   b) However, enforceability of copyrights might be in the influence sphere of regional policy makers. Inadequate enforcement of copyright limits incentives to develop creative products, especially for small and medium-sized enterprises;
   c) Other than enforcing copyright law on a regional level, policy makers might provide for adequate and up-to-date information on copyright laws in business support, education curricula and informal forms of protecting intellectual property, providing corresponding support.

3) Neighbouring rights:
   a) Similar to copyrights, the influence of regional policy makers extends mainly to providing a system for enforcement and information providing facilities, reaching all actors in the value chain including customers.

4) Policy measures promoting the mobility of artists and cultural practitioners:
   a) Mobility of artists and cultural practitioners can be influenced in a variety of ways. Policy makers might reduce the barriers for international mobility by liberalizing trade in services and goods within the creative industries and provide for free movement of natural persons. Although this policy measure is in most of the cases out of the influence sphere of regional policy makers, these policy makers might be able to influence the international debate on liberalizing labour markets for the mobility of artists and cultural practitioners;
   b) Information services on mobility in the creative industries, i.e. an information system for cultural and creative workers providing information on mobility opportunities;
   c) Programmes and schemes to support mobility such as Erasmus for Young Entrepreneurs programme. Mobility support schemes need to adapt to the new needs, trends and circumstances of artist mobility in Europe and learn from best practices. Flexibility is essential;
   d) Installing and providing intermediary functions, i.e. organisations or agencies providing intermediary facilities for establishing mobility opportunities with other countries.

5) Policy measures supporting internationalisation:
a) Nurturing and growing world-class creative industries and exporting their works, products and services obviously entail developing links with other countries;

b) SMEs in particular require (financial) support to establish contacts and to have their activities promoted abroad. Industry–to–industry dialogue, scouting missions and market intelligence, and collective representation in international fairs are among the specific policy tools developed to support exports. A common support approach addressing groups of companies (clusters) offers more scope for impact;

c) Cooperation schemes offer both an opportunity for mutual learning and a network of contacts abroad. Facilitating artistic and other creative (e.g. gaming) exchanges with third countries is also important to stimulate cultural diversity and innovation.

6) Strategy documents and roadmaps for the development of creative industries in the region:

a) Strategy documents and roadmaps should target companies of all sizes in the region, not only SMEs, as well as universities and research institutes, i.e., there is a need for involvement of all actors of the value chain;

b) Objectives set in strategy documents and roadmaps need to be continuously monitored and periodically evaluated which implies appointing a responsible managing authority, monitoring committee, as well as carrying out interviews with beneficiaries, reporting by beneficiaries etc.;

c) Interest in the actions set in strategy documents and roadmaps from the company side is crucial for their success. Higher interest is likely to be achieved if the documents are developed in close cooperation with the key stakeholders (by means of, for example, public consultations, workshop sessions, interviews etc.);

d) There is a constant need to adjust the strategic direction due to changes in the interests of the partners regarding general economic situation, international investment decisions (e.g., focus on Asia), changes in political focus etc., as well as difficulties in integrating interests of different stakeholder groups.

7) Dedicated cluster organisation:

a) Regional, national and EU authorities need to offer dedicated cluster policies that typically include grants for cluster management activities and specific collaboration projects;

b) The level of bureaucracy related to application and implementation of policies in the region needs to be minimised (i.e., complicated management procedures; long approval procedures for projects and excessive administrative workload need to be removed);

c) At the EU level, in close cooperation with national governments and regions, there is a need to support the efforts of cluster organisations to improve their performance and reach excellence (e.g., European Cluster Excellence Initiative and the organisation of further “train-the-trainers” activities for cluster managers).

Policy recommendations for Growth stage

Finally, besides the measures already mentioned above, the key measures to be taken by policy makers at the Growth stage include:

1) Financial schemes supporting growth:

a) A particular issue in relation to the execution of financial schemes supporting growth that has to be resolved at the regional level is how to create an organisational mechanism for supporting and financing the creative enterprises and creators – one possibility is to establish a special foundation;

b) The fund can be financed by the establishment of a large capital fund for the use of the foundation and which is boosted by the accumulated growth of the unused portion or alternatively which may involve annual funding from city budget. The next priority for the region will then be to secure the transfer of the region policy priorities into the foundation’s finance and administrative procedures;

c) In addition to the traditional financing support for cultural and creative institutions (covering the operating costs or financing the construction of cultural premises) various grant schemes for creators and creative companies and to support prime events and festivals in the region become relevant;
d) Also added to the financing schemes may be support of creative aspects during the regeneration of city districts and urban planning. In addition to the previous financing models, a region can support creative industries through offering tax benefits or lower rent conditions.

2) Policy measures supporting flexible labour markets:
   a) Within creative industries, creative workers might still need partly tailor-made measures due to certain peculiarities of the people and companies in the creative sector, as opposed to general policy measures relating to supporting flexible labour markets;
   b) Policy makers might influence the flexibility of labour at the forefront of the labour market during educational activities. Through these measures students that are likely to enter the creative industries are educated in such a manner that they are flexible and well informed about their options on the labour market;
   c) Other than education and training facilities policy makers might support the emergence through policy measures in the area of awards and contests, start-up weekends, business support and tax and social security policies with most of the emphasis on the former.

Concluding remarks

The current case study analysis has shown that policy makers play a vital role in the development of creative industries from the very beginning of industry’s emergence in the region. However, as mentioned before, creative industry clusters represent highly complex phenomena consisting of multiple other stakeholder groups besides policy makers (i.e., small and large firms from both core and connected industries; academic institutions; various supporting structures including cluster organisations; investors etc.). All these stakeholder groups are crucial for the development of creative industries in the region. Nevertheless, while favourable policy measures cannot solve all the challenges on their own, their presence can significantly accelerate the development of creative industry clusters.

There is no generic ‘silver bullet’ across all creative industry clusters in terms of policy measures that have to be applied. The list of measures above provides a general overview of the relevant measures that are reported to be favourable for the development of creative industries. However, what works in one region does not necessarily have to work in another one, as myriads of contextual factors (including historical, economic, demographic, cultural and other developments) determine the success of the applied policy measures. In this respect, policy makers and cluster organisations play a particularly fundamental role. It is crucial to make sure that the specific activities of cluster initiatives are aligned with the unique set of challenges and opportunities the cluster is facing. The critical task is to ensure that policy interventions first support an effective process of identifying the action priorities and then provide the right tools to address whatever those priorities are. Examples of such priorities include specific business environment dimensions to upgrade, the need to address specific weaknesses in company development, specific market opportunities to leverage through collaboration etc.  

Finally, policy interventions supporting industry development should always be discussed with local companies, and designed in a way that captures the interest of those companies. Consequently, industry’s involvement in policy making is crucial from the very early stages, including the design stage of a policy intervention (joint objective setting), but also its monitoring and evaluation.

Annex A: Questionnaire

Introduction

Welcome to the online survey on the industry-specific framework conditions for the world-class clusters in emerging industries. Framework conditions here refer to factors that are vital for cluster development.

The survey aims to collect inputs for the evidence-based policy recommendations that would allow regional, national and European policy makers to develop *effective measures in order to create, expand and keep the European clusters in emerging industries competitive*.

The survey is conducted in the context of the “Extension of the European Cluster Observatory: Promoting better policies to develop world-class clusters in Europe” carried out by PwC for Enterprise and Industry Directorate General of the European Commission.

We highly appreciate your participation and we would like to thank you in advance for your time and inputs.

Please click on the “Next” button to start the survey.

1 General information

<table>
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<th>Item</th>
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<tbody>
<tr>
<td>1.1 First Name</td>
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<td>1.4 Organisation</td>
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| 1.5 Type of stakeholder | • Cluster manager or similar  
• Policy maker (regional/national)  
• Industry association  
• Chamber of commerce or similar  
• Other (please specify) |

1.6 Please indicate the industry you represent.

*Options (drop down menu)*

Creative industries  
Eco-industries  
Mobile services industries

1.7 Please indicate the region you represent.

*Options (drop down menu)*

Berlin (Germany)  
Catalonia (Spain)  
Inner London (United Kingdom)  
North Holland (Netherlands)
The remainder of the survey focuses on seven types of framework conditions in your region: (1) financial; (2) industrial; (3) market; (4) cultural; (5) knowledge; (6) regulatory and policy; and (7) support.

### 2 Financial framework conditions

Please indicate to what extent the following financial framework conditions are applicable to your region (1 = the condition is hardly applicable to the region; 5 = the condition is to some extent applicable to the region; and 10 = the condition is highly applicable to the region).

#### 2.1 Guarantee systems and other financial engineering mechanisms

[pop up text: e.g., availability of innovative financial instruments such as guarantees and other risk sharing instruments that are delivered through market players (e.g., crowdfunding – crowdfunding sites help gathering small-scale investors, for example, for independent film financing, indiegogo.com)]

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2.2 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).

[open question]

#### 2.3 Availability of seed and venture capital for companies in creative industries

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2.4 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).

[open question]

### 3 Industrial framework conditions

Please indicate to what extent the following industrial framework conditions are applicable to your region (1 = the condition is hardly applicable to the region; 5 = the condition is to some extent applicable to the region; and 10 = the condition is highly applicable to the region).

#### 3.1 Critical mass of publishers and content creators

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3.2 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).

[open question]
3.3 **Critical mass of physical retailers** [pop up text: e.g., video game stores and rental outlets]

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

3.4 *If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).*

[open question]

3.5 **Critical mass of providers of intermediate inputs and tools** [pop up text: e.g., software products]

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

3.6 *If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).*

[open question]

4 **Market framework conditions**

Please indicate to what extent the following market framework condition is applicable to your region (1 = the condition is hardly applicable to the region; 5 = the condition is to some extent applicable to the region; and 10 = the condition is highly applicable to the region).

4.1 **Customer proximity** [pop up text: i.e., critical mass of consumers of creative industries which is especially relevant for e.g. artists, fashion designers, photographers]

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

4.2 *If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).*

[open question]
5 Cultural framework conditions

Please indicate to what extent the following cultural framework conditions are applicable to your region (1 = the condition is hardly applicable to the region; 5 = the condition is to some extent applicable to the region; and 10 = the condition is highly applicable to the region).

5.1 Presence of historical, cultural and artistic heritage [pop up text: e.g., tangible cultural heritage such as buildings, monuments, landscapes, books, works of art, and artifacts; intangible cultural heritage such as folklore, traditions, language, and knowledge; natural heritage including culturally-significant landscapes, and biodiversity]

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

5.2 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).
[open question]

5.3 Critical mass of creative and entrepreneurial people in the region [pop up text: e.g., availability of people from different creative industries; availability of people from different complementary industries, e.g., telecom industries etc.]

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

5.4 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).
[open question]

6 Knowledge framework conditions

Please indicate to what extent the following knowledge framework conditions are applicable to your region (1 = the condition is hardly applicable to the region; 5 = the condition is to some extent applicable to the region; and 10 = the condition is highly applicable to the region).

6.1 Broad educational and research landscape focusing on both creative and technical disciplines [pop up text: proximity of universities, research centres, schools]

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

6.2 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).
[open question]
### 6.3 Measures supporting creativity through education

(pop up text: e.g., targeted training; extra-curricular education; vocational education related to creative industries)

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### 6.4 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).

[open question]

### 7 Regulatory and policy framework conditions

Please indicate to what extent the following regulatory and policy framework conditions are applicable to your region (1 = the condition is hardly applicable to the region; 5 = the condition is to some extent applicable to the region; and 10 = the condition is highly applicable to the region).

#### 7.1 Clearly defined copyright system that assigns an equivalent of property to new creative products

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#### 7.2 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc.).

[open question]

#### 7.3 Neighboring rights that protect performers, recording producers and broadcasting organisations

(pop up text: the holders of neighbouring rights enjoy the exclusive right of reproduction, distribution and public communication of their performances/CDs/DVDs/broadcasts)

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#### 7.4 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc.).

[open question]
### 7.5 Policy measures supporting interdisciplinary cooperation

[pop up text: e.g., measures promoting interdisciplinary cooperation between sectors of the creative industries; measures promoting interdisciplinary cooperation between creative industries and other industries]

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

### 7.6 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc.).

[open question]

### 7.7 Policy measures supporting creative start-up companies

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

### 7.8 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc.).

[open question]

### 7.9 Policy measures to stimulate innovation in creative industries

[pop up text: e.g., innovation programmes; innovation vouchers; creative broker facilities; creative business incubators]

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
7.10 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc.).
[open question]

7.11 Policy measures promoting the mobility of artists and cultural practitioners

7.12 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc.).
[open question]

7.13 Policy measures supporting flexible labour markets

7.14 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc.).
[open question]

7.15 Policy measures supporting internationalisation [pop up text: e.g., funding creative cross-border events; industry-to-industry dialogue; scouting missions; market intelligence; collective representation in international fairs]

7.16 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc.).
[open question]
8 Support framework conditions

Please indicate to what extent the following support framework conditions are applicable to your region (1 = the condition is hardly applicable to the region; 5 = the condition is to some extent applicable to the region; and 10 = the condition is highly applicable to the region).

8.1 Presence of physical and social creative environment [pop up text: e.g., arts galleries, coffee shops, nightlife, work-live spaces at affordable prices]

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8.2 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).

[open question]

8.3 Strategy documents and roadmaps for the development of creative industries in the region

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8.4 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).

[open question]

8.5 Dedicated cluster organisation (cluster manager or similar) to coordinate the development of creative industries in the region

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8.6 If relevant, please provide an example of a good practice from your region (i.e., specific tools, programmes, measures etc. that aim to support this framework condition).

[open question]
Additional framework conditions

9.1 Please indicate the framework conditions that were not mentioned in this survey but that you find vital for the development of the emerging industry in your region. Whenever possible, please accompany your remarks with examples from your region of good practices supporting those framework conditions.

[open question]
Annex B: Sample of analysed regions

Based on the empirical analysis within WP3, the following four regions were selected for detailed case study descriptions for creative industries:

1. Berlin (Germany);
2. Catalonia (Spain);
3. North Holland (The Netherlands);
4. Inner London (United Kingdom).

Below we provide concise descriptions of each of the four regions.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>1 Berlin (Germany)</th>
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<tbody>
<tr>
<td>Region name</td>
<td>Berlin</td>
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<tr>
<td>Short description</td>
<td>Berlin is the capital city of Germany and is one of the 16 states of Germany. With over 3.4 million inhabitants, the capital of Germany is the largest city in the country and also the centre of the creative industries. In Berlin alone, there are more than 24,000 companies with 170,000 employees working in this still fast growing sector. Today Berlin is among the leading locations for creative industries and information technologies in Europe. The companies profit from the high density of scientific and research institutions, a large and highly skilled work force, effective production conditions and a comprehensive system of public supporting tools. More and more companies establish their business in Berlin.</td>
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<tr>
<td>Relevant cluster(s)</td>
<td>Cluster ICT, media and creative industries. However there is no independent cluster organisation in Berlin for creative industries.</td>
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<tr>
<td>Website</td>
<td><a href="http://www.berlin.de/sen/wtf/">http://www.berlin.de/sen/wtf/</a></td>
</tr>
<tr>
<td>Establishment year of the cluster</td>
<td>Under the lead of the Senate Department for Economics, Technology and Women's Issues, various sector-specific networks, platforms and projects have been set up to maintain and further develop the city’s leading role in the sector.</td>
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<tr>
<td>Size of the cluster</td>
<td>The creative industries sector represents a share of 13% of Berlin’s GDP. 10% of all employees in Berlin (170,000 people) work in 24,000 companies in the creative sector; in addition there are tens of thousands of self-employed and freelancers in this field. Together with the media and creative industry, the region’s ICT expertise is consolidating into a cluster with 36,500 companies and 294,000 employees.</td>
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<tr>
<td>Main areas of activity</td>
<td>The Berlin region (including the surrounding area of Brandenburg) is Germany’s number one place for film and TV productions and is also leader in the music industry.</td>
</tr>
</tbody>
</table>

61 http://www.creativemetropoles.eu/city/berlin
62 http://www.cross-innovation.eu/11-cities/berlin/
63 Kulturwirtschaftsbericht Berlin, 2008
Moreover, Berlin plays an important role in press and publishing, fashion and design, fine art, performing art, advertising, architecture as well as in software, Web 2.0 and games development. This makes the metropolis by the river Spree attractive for representatives of all creative sectors and has resulted in many of the market’s key players opening their headquarters in Berlin.  

**Noteworthy**

- Creatives from around the globe are attracted to Berlin because of its special atmosphere. It is known as a cosmopolitan, tolerant, open-minded and exciting capital in which life is still affordable. Especially the 477,000 foreign inhabitants from 195 different nations contribute a lot to the city's great diversity and cultural richness. Furthermore, Berlin has a very young population with 23.2% of all inhabitants being under 25. This plays an important part in Berlin always reinventing itself and being full of new ideas and leading innovation.

- Young creative minds are needed to stay ahead and Berlin is well-prepared: There is a huge variety of educational facilities which offer specialised creative programmes to tens of thousands students and young professionals – amongst them the University of Arts, the Media Design School, the Games Academy, and the German Film and TV Academy. Berlin provides the country's highest concentration of scientific and research institutions driving interdisciplinary cooperation with all industries.

- The UNESCO “City of Design” is also an international meeting place for people of the global business. With events such as the International Film Festival Berlinale, the International Design Festival DMY, the Berlin Fashion Week, the International Art Forum, the Popkomm, and the IFA, the city is host of major industry events, well-known festivals, exhibitions and large conferences every year.

### Region name

2 Catalonia (Spain)

**Short description**

Barcelona, the second largest city of Spain and the capital city of Catalonia (1.6 million inhabitants), is known for having generated strong strategies to build up a creative city model. In Barcelona, creative industries have long been one of the city’s key features. Historically Barcelona assumed a leadership role in the creativity sector in Catalonia as well as in a broader area of influence such as the Mediterranean region.

**Relevant cluster(s)**

The General Direction for Creative and Cultural Companies, a part of the Culture ministry of the Catalan government (Generalitat) unite under the same umbrella all the phases of the cultural processes: creation, infrastructures, companies, markets and audiences.

One of these cluster organizations is the Catalan Institute for the Cultural Companies, seeking to open up to new enterprises in the creative sector in the Catalonia Area.

**Website**

http://www20.gencat.cat

**Establishment year of the cluster**

The Catalan Institute of Cultural Enterprises has been established in 2012

**Size of the cluster**

It holds 5th place in the ranking of European regions in employment in creative industries, with 139,278 people employed, which makes it one of the largest European...
### Criteria | Data
--- | ---
| clusters in the sector. | The GVA of the creative industries in Catalonia comprises € 5.7 billion which is 3.2% of the total GVA in Catalonia. |

**Main areas of activity**
Catalonia is among the 10 leading regions in literary and artistic creation (6), advertising (5), videogames (8), software (8) and radio and TV (5). 8 Universities offer audio-visual communication and sound and image studies and there are around 200 TV and cinema production companies.

The Catalan multimedia and audiovisual production sector is extremely active in both innovative and creative content and also in trends and future developments, such as intelligent content, interactivity, personalisation, technological changes and new business concepts and models.

**Noteworthy**
- The Cinema and Audio-visual School of Catalonia (ESCAC) is one of the best cinema and audio-visual schools in the world, according to the major industry journals such as The Hollywood Reporter and Premier.67
- “Midnight in Paris” (2011), a film by Woody Allen, was shot by a Catalan production company, yielding almost € 2 million in 2011;
- Barcelona’s creative scene is full of projects and programmes in various fields.
- CREAMEDIA PROGRAM (BARCELONA ACTIVA) offers learning courses on business plans and management, as well as personal tutorship, BARCELONA/CATALONIA FILM COMMISION helps to coordinate film shoots in Barcelona’s city and in all over Catalonia, CREATION FACTORIES (INSTITUTE OF CULTURE OF BARCELONA) create a network of areas for the artistic activity and ensures that it is distributed along all the districts of the city, FAD INCUBATOR offers scholarships for young professionals in the design, architecture, arts and graphic communication fields in order to facilitate their beginning in the professional life, public-private initiative focused on media sector BARCELONA MEDIA PARK offers technical spaces and offices as far as spaces dedicated to the research and the continuous occupational training

<table>
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<th>Region name</th>
<th>3 North Holland (The Netherlands)</th>
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<tr>
<td>Short description</td>
<td>North Holland with its main cities Amsterdam, Haarlem and Almere is the base for many corporate head offices and a rich diversity of economic activities, including international financial services, industry, transport, logistics and related knowledge-intensive services, the creative industries, ICT and media, the life sciences and medical activities, and international tourism and congresses.</td>
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</table>

The creative industries in North Holland comprise three sectors:
- The arts: the performing arts, the visual arts, theatre, galleries, and museums
- Media and entertainment: publishing, radio, TV, film, video, and gaming
- Creative business services: advertising, photography, design, and fashion

The creative economy revolves typically around a few large companies and a lot of small companies.

**Relevant cluster(s)**
Amsterdam Creative Industries Cluster

**Website**
http://www.iamsterdam.com/nl-NL/Business/Amsterdam-Economic-Board/clusters/Creative-Industry

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### Creative industries

#### Framework conditions for world-class clusters in emerging industries

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<th><strong>Criteria</strong></th>
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<tr>
<td>Picture</td>
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<td>Size of the cluster</td>
<td>Creative industries within North Holland comprise around 95,000 employees (of which half is located in Amsterdam) and 30,000 companies. A lot of these companies are small in size and have low labour productivity due to the nature of the products and/or services offered. The value added generated by the creative industries in Amsterdam is estimated at € 1.7 billion. However, creative industries also generate a lot of spillover effects. Fashion logistics amounts to € 8.3 billion within this region.</td>
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<td>Main areas of activity</td>
<td>The North Holland region is particularly strong in audio visual branches, publishers (including new media), advertisement and fashion industries.</td>
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| Noteworthy | • The Metropole Region Amsterdam (the greater area of Amsterdam and surrounding cities) has the fastest growing creative sector in Europe, measured in terms of employment and regional turnover;  
• International profile as creative hub;  
• In 2009 the number of creative industries jobs in Amsterdam showed a large increase with over 18% to 48,255 jobs in 2009 and the number of business locations increased with 64% to 20,828. This last increase however can be attributed to the legal obligation for freelancers and entrepreneurs to register their enterprise with the Chamber of Commerce. |
| Region name | **4 Inner London (United Kingdom)** |
| Short description | London is a world-leader in the creative economy, with concentrated clusters of creativity. The city is also the powerhouse of the UK’s domestic creative sector, with one in three of the country’s creative jobs based here. In the UK, the lion’s share of creative industry activity has been based in London, particularly for the company-based activity (the performing arts tend to have a more general geographic spread across the country). |
| Relevant cluster(s) | London has multiple cluster organizations within creative industries. In total it has 11 clusters. The central coordinating organization was the London Development Agency (LDA). This organization however, has been terminated in 2010. |
| Website | [http://www.london.gov.uk/](http://www.london.gov.uk/) |
| Picture | ![London](image) |
| Establishment year of the cluster | Since 2000 the LDA has launched numerous projects and initiatives to stimulate and grow London’s creative industries. Its most notable early policy work and studies have evolved around the concept of supporting and enabling the “cultural production chain in

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68 Domenech e.a. (2012), Micro-geographies of creative industries clusters in Europe, paper presented at XXXVIII Reunion de Estudios Regionales  
Creative industries

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<td>the key creative sectors, starting with ideas generation (innovation), production, circulation, delivery mechanisms and finally audiences and reception (consumption).</td>
<td></td>
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</table>

**Size of the cluster**

London’s creative industry is the capital’s second largest sector generating 16% of the city’s annual gross value added (GVA). London’s creative industries are a vital part of London’s economy, employing 386,000 people and generating a turnover of almost £19 billion a year.

**Main areas of activity**

In particular, London excels in digital advertising, electronic gaming, film and broadcasting and product design.

**Noteworthy**

- Since 2003 London attracted over 200 FDI projects in creative industries
- Three of the top ten museums and galleries in the world are in London.
- London dominates the UK visual arts sector, around 30% of the global art market.
- London is the world’s third busiest film production centre, with over 14,000 'shooting days' in 2011 including the 23rd Bond film Skyfall.
- Culture makes an invaluable contribution to London life and its economy. Over 15 million visitors travel to London every year and it is a key reason why they visit – seven out of ten tourists cite culture as a reason for their stay (London & Partners).

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70 http://theideafeed.com/creative_economy/?page_id=139
71 fDi Intelligence from the Financial Times Ltd, 2010
72 http://www.london.gov.uk/priorities/arts-culture/vision-strategy