

ESF Exploratory Workshop on
**Rethinking Added Value in the Creative Industries:
Combining Theory and Empirical Data**

Scientific Report

Zurich, Switzerland, 29 - 31 May 2007

Convened by:
Christoph Weckerle

^① Research Unit Creative Industries, University of Art and Design Zurich

Co-sponsored by

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School of Art and Design Zurich
University of Applied Sciences and Arts Zurich

1. Executive summary

Knowledge and understanding of added value in the creative industries are still in the fledgling stages. Despite their undisputed value for the future of Europe, the status of this industrial sector has remained marginal within scientific, economic and political circles to date in most European countries.

Reports on the creative industries have reached an almost unmanageable number, giving rise to the most diverse interpretations. The large absence of a systematic convergence makes strategic discussion of the subject matter increasingly difficult, leading to exceedingly marginal consideration of the creative industries in relevant political and economic discourses. The current unsatisfactory situation is in part a reflection of the lack, of any real fruitful convergence of the qualitative and quantitative approaches to the creative industries.

This workshop seeks to address this deficit at a high level by pooling together the leading European researchers. The workshop aims to consolidate and evaluate the most recent insights gained from quantitative and qualitative research. By bringing together scientists from both fields, we create a temporary platform allowing for interdisciplinary approaches to the subject. Insights gained from this workshop will provide the basis for further strategic thought at the level of individual countries and/or Europe at large.

Practical organisation/General arrangements:

The workshop was held at the University of Arts and Design Zurich, from the 29. May 2007 till the 31. May 2007. 17 participants (incl. convenor), from 9 countries. The setting and the programme of the workshop permitted additional informal interaction. The general atmosphere was very open, constructive and the research curiosity was clearly to be felt. The one crucial point was: the participants are specialists in various disciplines, with different research traditions, political backgrounds and acting in different political contexts. At the beginning of the workshop, while finding to each other out of these different backgrounds some frictions could be felt. Because of the interest and engagement of each participant in this workshop, the frictions soon disappeared.

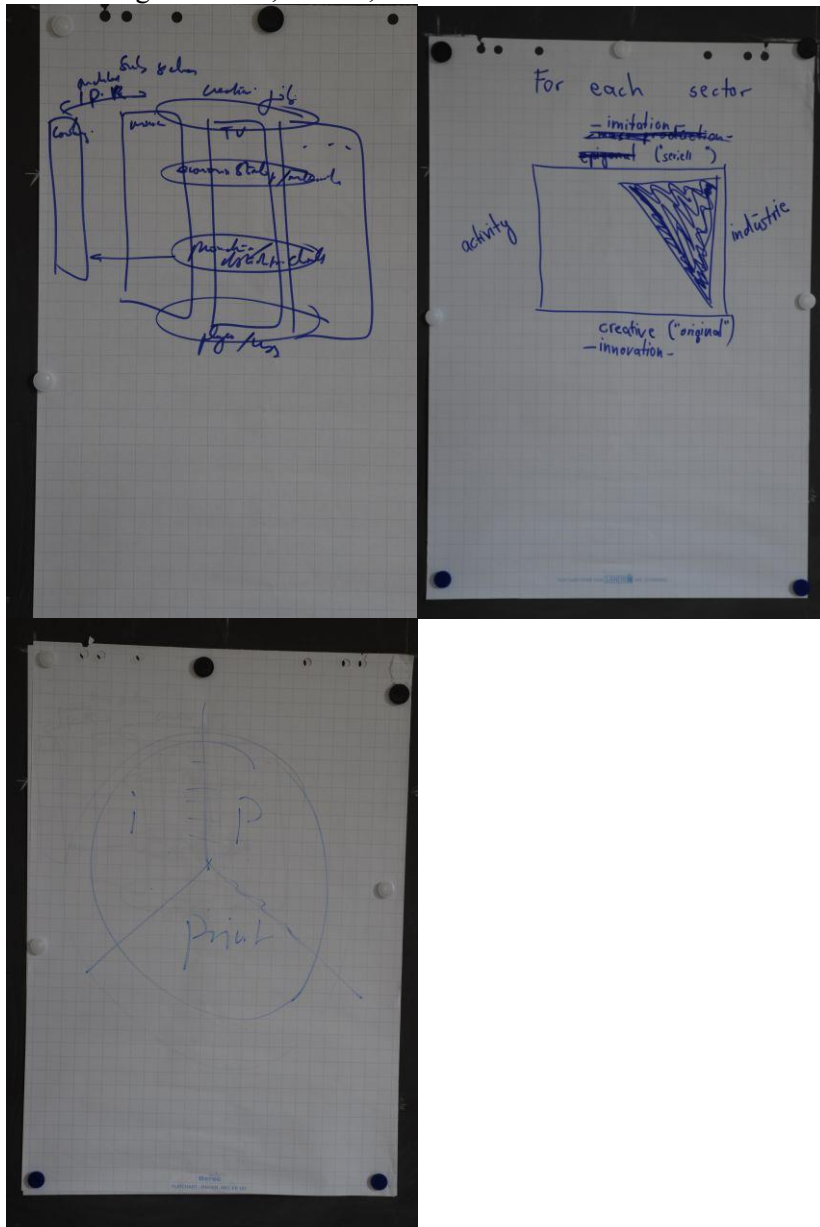
2. Scientific content of the event

The workshop was based upon open discussion sessions, roundtables in small groups, preceded by topical introduction by a member of the Research Unit Creative Industries Zurich.

Objective: to find an agreement upon the most relevant elements to be settled in order to establish and implement a research agenda on European level. This has been achieved (see point 2.5 and appendix). To be cleared: prioritization and action plan (i.e. structure of the research team: disciplines, nationalities...).

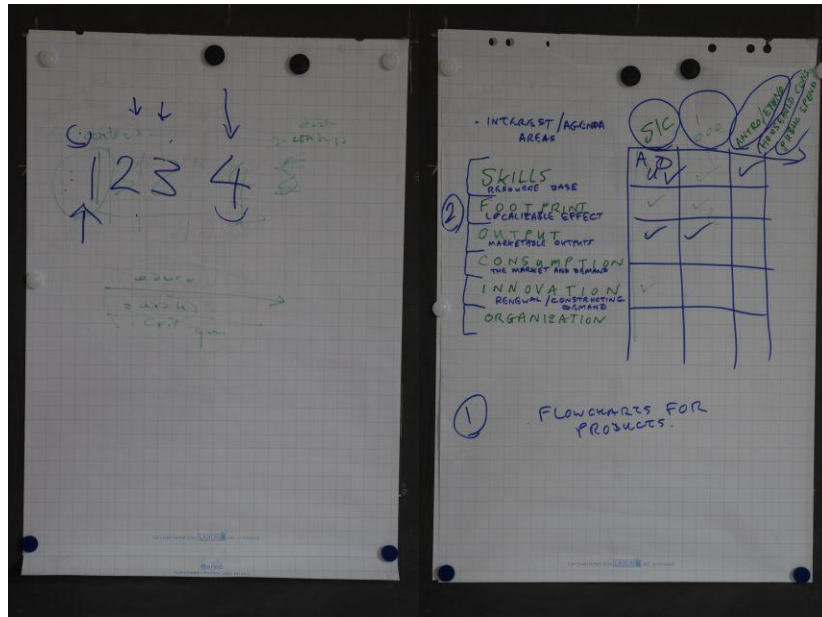
2.1 Current state of research 1:

Terminologies/Terms, Actors, Fields



2.2 Current state of research 2:

Harmonized Statistics



Conclusion I:

Due to the heterogeneous constellations in the working groups (nations, disciplines, ...) both – the qualitative and the quantitative group – had its problems in establishing a common approach or a common definition of the creative industries.

The results of the first two working sessions were quite similar and focused on the difficulties to understand the CI as a complex phenomenon and to bring the different research approaches under one roof.

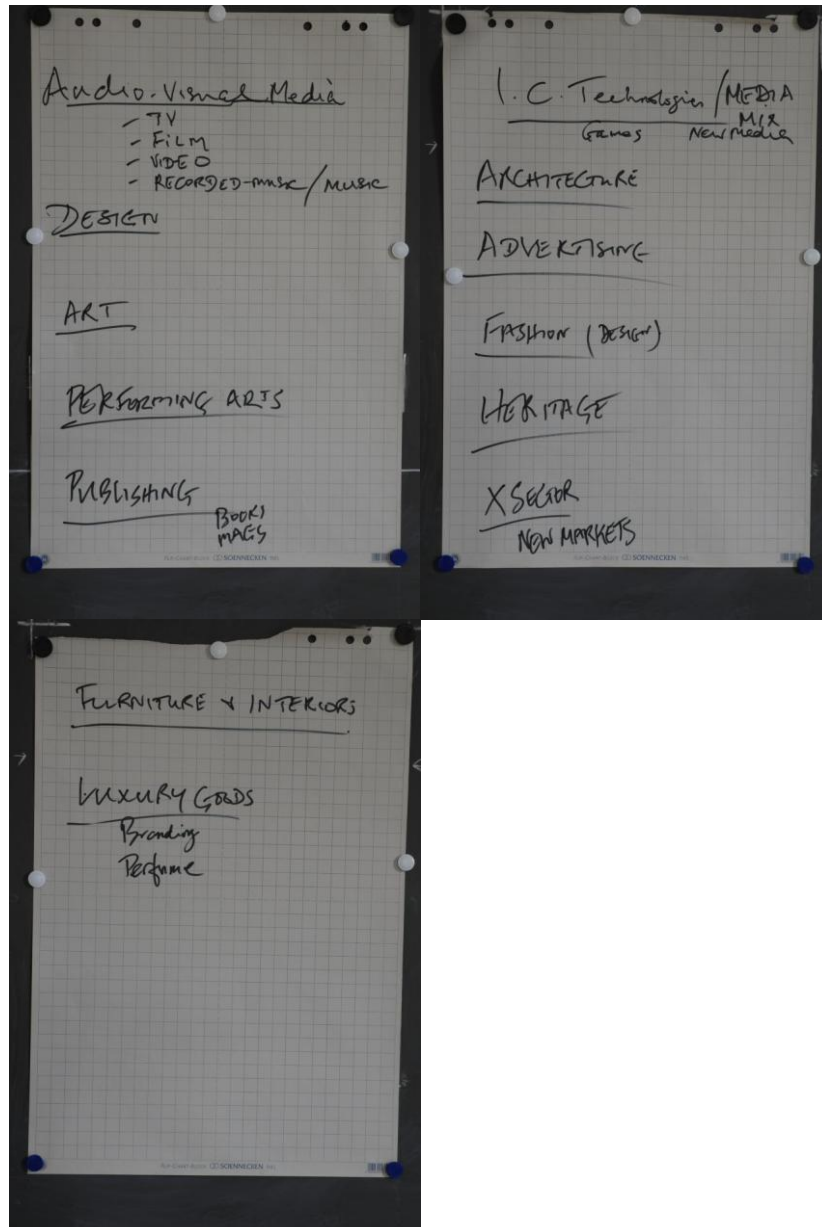
2.3 Consensus on branches and markets belonging to the field of the creative industries

Proposition:

Creative Industries divided into 13 market segments		
Market segment	Free-lance and self-employed workers	Enterprises and firms
1. Music industry	Composer, musician, music teacher, sound engineer, interpreter, music ensembles	Production of music instruments, music publisher, production of sound storage media, agency, music retail trade, event organiser, club, musical, festival, private music school
2. Book market	Writer, author, journalist, word producer	Book publisher, intermediate book trade, retail book trade, agency
3. Arts market	Visual artist, restorers, art teachers	Gallery, arts trade, museum shop, commercial arts exhibition
4. Film industry	Screen writer, movie actor, film producer	Film/TV production firm, film distribution, cinema
5. Broadcasting	Announcer, speaker, producer	Broadcasting and TV companies
6. Performing arts market	Performing artists, acrobats, dancers, cabaret artists	Private theatre, musical, agency, variety theatre, cabaret
7. Design industry	Designer, creator, applied artist	Offices for industrial design, product design, graphics design, visual design, web design
8. Architectural market	Architect, landscape designer	Civil engineering offices, offices for interior design, landscape design
9. Advertising market	Advertising copy writer	Advertising agencies

10. Manufacture of software / games	Software and games developer	Software support and development, software publishing, programming firms or agencies
11. Arts and crafts	artisans, gold and silver smiths	Arts and crafts, processing of precious stones and gems, production of jewellery, gold and silver works
12. Press market	(see book market)	Newspaper publishing houses, press trade, press archives
13. Phonographic market	-	Producers and distributors of film, radio and phonographic equipment

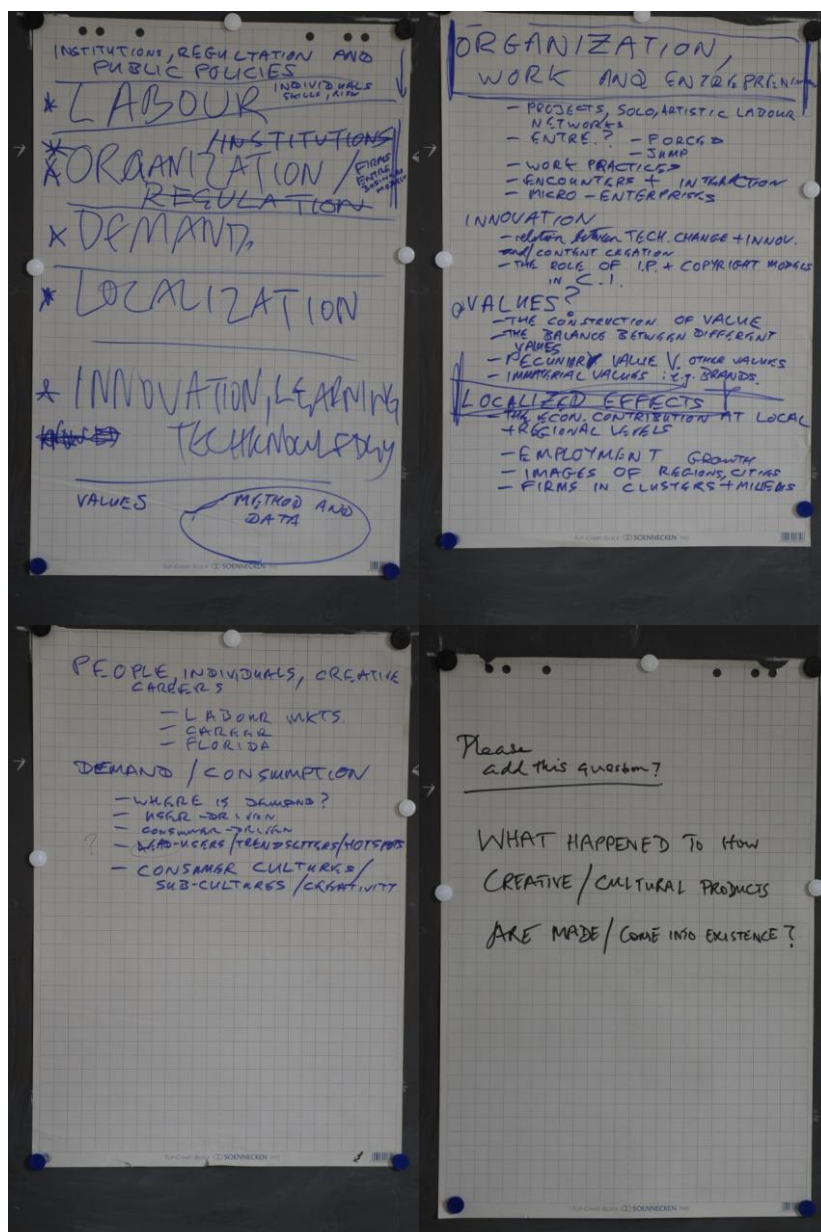
Fields of research activities of the participants:



Conclusion:

The 13 proposed market segments may be an important element as a starting point for a definition of the creative industries.

2.4 Towards an European research agenda



2.5 Key issues

The participants of the workshop agreed on the following key issues to build up a European research agenda¹:

2.5.1 Labour, individual skills, risk

- Which are the institutions of the job market ?
- What are the attitudes and strategies of the individuals in the job market?
- What are the working conditions and career paths in Creative Industries?
- How can a sustainable balance between individual skills, careers and risk be achieved and supported in the cultural industries?
- ...

¹ see also papers of the working groups in the appendix

2.5.2 Institutions, regulations and public policies

- What role do changing institutional, regulatory and public policy settings play in shaping the competitiveness of Europe's cultural industries?
- What are the most important aspects of the institutional infrastructure (e.g. copyright)?
- What are the characteristics and interactions of the public, the private and the intermediate sectors toward Creative Industries?
- ...

2.5.3 Organisations, firms, business models

- Do organizational change, entrepreneurship, dynamic firms and evolving business models explain the dynamics of the Creative Industries?
- How are Creative Industries organized with respect to industry structure, networks of cooperating actors or the formation and durability of project-based teams?
- What are the dynamics of the value chain?
- What motivations characterize cultural entrepreneurs?
- ...

2.5.4 Demand

- Who are the users (e.g. commercial users and private end-consumers) and how is the demand shaped?
- What are the significant changes in the relationship between users and suppliers (e.g. user-generated content) and what produces these changes?
- What are the levers for making audience and structuring demand?
- How can consumption patterns, demand formation or consumer demographics be analyzed?
- ...

2.5.5 Localization

- What are the impetus and dynamics of creative districts and clusters?
- How can we explain cultural industry competitiveness at local and regional levels?
- How does the place of origin affect cultural production and output/content?
- ...

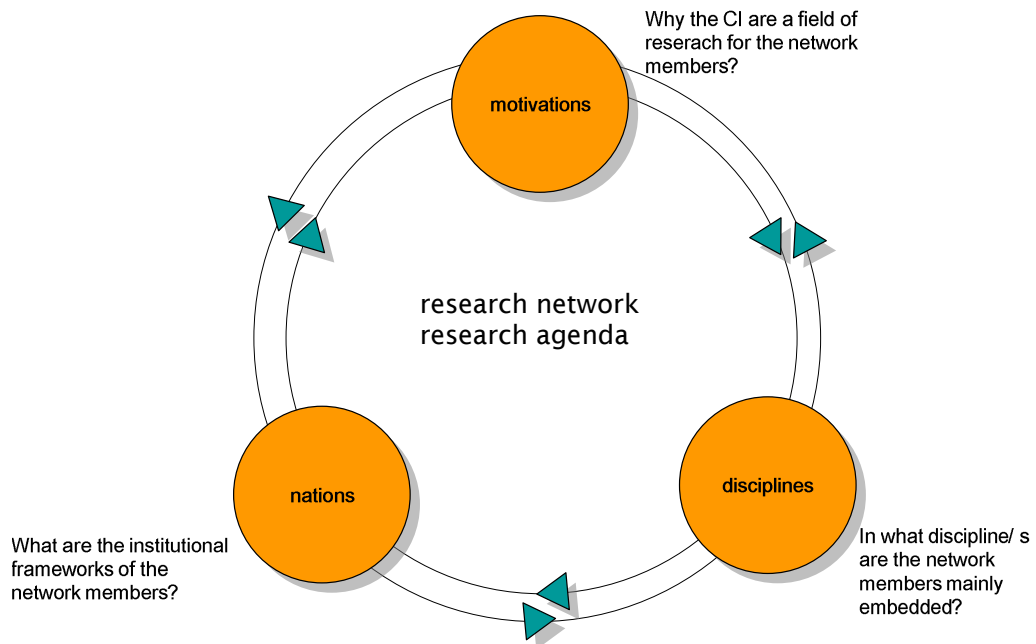
2.5.6 Innovation, learning, technology

- What do we mean by innovation and what kinds of innovation are crucial for vibrant Creative Industries?
- What is the range of innovations supported in Creative Industries: content, institution, uses, structure...?
- What are possible links between universities/ research institutes and the private sector?
- Which are sources of knowledge and learning outside the class room?
- ...

3. Assessments of the results, contribution to the future direction of the field, outcome

Based on the experience of the workshop the next steps of establishing a European research network with its research agenda and respective transnational, (trans-) disciplinary research activities should be accompanied by the following considerations:

A. On a structural level a small steering committee should be aware of the different scientific disciplines, the different motivations and the different national contexts that may be involved in the network. Thus, this apparent incompatibility at first sight can prove a successful factor for future research activities. The structures to be established should be open to these kinds of diversity on the one hand and should allow focusing on specific research topics on the other hand.



B. On a content-oriented level the preliminary list of research-topics must be prioritized following the interests of the network members and the possibilities of a potential financing partner. Thereby it will be necessary to think about a matrix structure which could transfer several aspects of the list to permanent criteria for all research topics:

topics \ interests	specific research interest	permanent research interest (can switch to specific research interest) as part of the common definition/ common interest of the research network			
		empirical evidence	formal/ informal	public – intermediate – private	...
research topic 1					
research topic 2					
research topic ...					

The exploratory workshop showed clearly that the combination of A (structure) and B (content) will be crucial for the successful establishment of an European network. The detailed research agenda (2,5., appendix) is a common ground which opens an optimistic perspective for further steps.

4. Final Programme

30 May 2007			
1a	Agenda & Goals for the day		Research Unit Creative Industries Zurich
2a	Input: Needs and Challenges of a Qualitative-Quantitative Approach		Research Unit Creative Industries Zurich
3a	Workshop Qualitative Approach Presentation/Discussion Current State of Research: Deliberation on Terminologies/Terms, Actors, Fields	Workshop Quantitative Approach Presentation/Discussion Current State of Research: Harmonized Statistics	2 groups
4a	Presentation and Discussion of the Results of the Workshop		all
5a	Input: Presentation of Models developed by the Zurich University of the Arts		Research Unit Creative Industries Zurich
6a	Workshop Qualitative Approach Consolidation of positions in relation to the workshop's principal aim	Workshop Quantitative Approach Consolidation of positions in relation to the workshop's principal aim	2 groups
7a	Presentation and Discussion of the Results of the Workshops		all
31 May 2007			
1b	Agenda & Goals of the day		Research Unit Creative Industries Zurich
2b	Synthesis and Prioritization of common Approaches and Findings		Research Unit Creative Industries Zurich
3b	Workshop Qualitative Approach Compatibility or Complementariness of the Approach	Workshop Quantitative Approach Compatibility or Complementariness of the Approach	2 groups
4b	Presentation and Discussion of the Results of the Workshops		all
5b	Identification of solutions for prioritized approaches and findings. Develop Measures/Recommendations which apply the potential of the qualitative-quantitative approach (Consensus, common grounds)		all
6b	Synthesis/ Thesis Paper for further Discussions		all

During the workshop the programme was slightly modified. At phase 4a the participants suggested to start on Wednesday 30 yet with the recommendations for next steps (phase 5b). Therefore contents of 5a and 6a were discussed on Thursday 31 only

5. Final list of participants:

1 Backes, Christoph	University of Oldenburg, Institute for Economic Education (iöb)	Dipl. oec.
2 Benghozi, Pierre-Jean	Ecole Polytechnique , Pierre-Jean Benghozi Directeur du Pole de recherche en économie et gestion UMR 7176 - CNRS Ecole polytechnique 1, rue Descartes 75005 Paris Tel : (33) 01 55 55 84 47 Fax : (33) 01 55 55 84 44 http://crg.polytechnique.fr/home/benghozi	Prof. Doctor
3 Bonet, Luís	University of Barcelona, Post Graduate Programme in Cultural Management	Prof. Doctor
4 Handke, Christian W.	Humboldt University Berlin	Junior lecturer
5 Kloosterman, Prof. Robert C.	University of Amsterdam, Amsterdam Institute of Metropolitan and International Development Studies, Dept. of Geography, Planning and Int. Development Studies FMG	Professor
6 Moeran, Brian	Department of Intercultural Communication and Management, Copenhagen Business School	Professor of Culture and Communication
7 Morandi Pietro	ICS, Institute for Cultural Studies in Arts, Media and Design, HGKZ	PD Doctor Phil.
8 Ms Burri Nenova, Tihomira	NCCR Trade Regulation, Swiss Nation Centre of Competence in Research; NCCR Trade Regulation, World Trade Institute, University of Berne , Hallerstrasse 6 CH-3012 Berne Switzerland	Dr. Jur.
9 Power, Dominic	Uppsala University, Dept. Of Social and Economic Geography	Associate Professor
10 Pratt, Andy C.	London School of Economics	Reader in Urban Cultural Economy
11 Ms Schiffbänker, Helene	Institut für Technologie- und Regionalpolitik, Joanneum Research	Mag.a
12 Cas B. (Caspar Boudewijn)	Boekman Foundation, study centre on arts, culture and related policy, relatet with Univ. of Amsterdam	Doctor
13 Söndermann, Michael	Lecturer at the University of Art and Design in Zurich, member of the Creative Industries Unit HGKZ.chairman of Arbeitskreis Kulturstatistik e.V., Bonn	Prof.
14 Vogel, Andreas	WIP Wissenschaftliches Institut für Presseforschung und Medienberatung, Köln UND University Otto-Freidrich Bamberg	PD Doctor
15 Weckerle Christoph (convenor)	University of Art and Design, Zurich	Prof. Doctor
16 Ms Zorba, Myrsini	University of Athens	Doctor
17 Fesel, Bernd	Büro für Kulturpolitik und Kulturwirtschaft, Deutscherrenstr. 85, D - 53177 Bonn, Fon 0228 5 347 43 fax 0288 3 69 69 04	Economist

6. Statistical information on participants:

Age bracket: 40 – 65 years.

Gender repartition:

3. Female, 14 Males (incl. convenor)

Countries of origins:

Switzerland, Spain, United Kingdom, Sweden, Denmark, Germany, The Netherlands, Austria, Greece.

APPENDIX:

Main common structure

Group 1

1. Labour : individual, skills and job market

- a. How the creativity is organized ?
 - i. Collective or individual creation, formal and informal structures are they calling for different competencies and professionalisation processes ?
 - b. What are the attitudes and strategies of the individuals in the job market ?
 - i. How do they develop individual careers and professionalisation ?
 - ii. What are the motivation and incentives of artists and creative entrepreneurs ?
 - iii. What are the learning and the training processes ?
 - c. How the work is organized ?
 - i. Which are the institutions of the job market ?
 - ii. How does it change ?
 - d. What is the role of self employment and how is it articulated with the public and private economic structure of labour ?
 - i. What are the interactions between amateur sphere and professional job market ?
 - e. Do individual characteristics (gender, mobility, age, ethnic origins...) have some influence over inclusion in the labour market ?

2. Institution / regulation and public policies

- a. What are the characteristic of the public policies toward Creative Industries ?
 - i. How the agenda and the “rules and principles” are defined (diversity, efficiency, supporting tools) ?
 - ii. How is conceived the role of the public sector (ownership, provision, regulation, promotion, training, information...) ?
- b. How the regulation is implemented ?
 - i. Which are the agencies involved at the various local, national and international levels ?
 - ii. Which are the market rules supported by regulation policies : content, trade, IPR agreements, censorship, tax system... ?
 - iii. Which informations and data are available ? Which one are missing and why ?
- c. What is the role and influence of the social and civil society institutions : stake holder dynamics, local institutions... ?

3. Organisation / firms / business models

- a. Do the creative industries present specific novel organizations forms in the project dynamics and firm structures ?
- b. What are the range of business models (payment, investments, cost, profit, supply, partnerships, risk) in the Creative industries ?
 - i. What are their role in the dynamic of the sector ?
 - ii. What are the role of best practices models in the structuring (e.g. cultural branding) ?
- c. What are the dynamics of the value chain ?
 - i. How production, distribution and exchange levels are related and positioning themselves ?
 - ii. What are the roles of the technology and the emerging new players ?
 - iii. Does the degree and embeddedness of networks and communities have som influence on the value chain ?

- d. What are the characteristics of the market structure and the nature of competition in the creative industries ?
 - i. Are external effects specific and how to measure them ?
 - ii. What is the importance of concentration dynamics ?
 - iii. Are we observing new forms of segmentation and niche market ?
 - iv. What is the level of international competition : integration of international production system, local effects, content diversity ?
- e. What are the specific roles and the relationships between the private and public players ?

4. Demand

- a. What is the nature of changes of consumers and users' practices ?
 - i. In which extent are they supported by the technology ?
 - ii. Is there a shift from user /consumer toward or active consumer and user creating content ?
 - iii. How to characterize individualization of consumers behaviours and experience?
- b. How to characterize the importance and nature of the diversity of practices ?
 - i. What is the role of mimetism, fashion and local environment ?
 - ii. Diversity of practices is it corresponding to segmentation of users ?
- c. What are the levers for making audience and structuring demand ?
 - i. What is the role of communication ?
 - ii. How critics and prescription channels are they influencing demand ?
 - iii. What is the role of education ?
- d. How to characterize the spending behaviors ?
 - i. How important is price sensitivity ?
 - ii. Does the age factor have some influence over spendings ?
 - iii. Do the structure of prices and fees change the value and behavior of consumers ?

5. Localization

- a. What are the impetus and dynamics of creative districts and clusters ?
- b. What is the influence of the place and focus of the creative activities, in their production and consumption dimensions ?
- c. How to define and measure local externalities (social, images of cities and regions) ?
- d. What is the effect of local constraints (e.g. Heritage) and which potentialities are they opening (website, branding...) ?

6. Innovation, learning and technology

- a. What are the differences between innovation and creation policies ?
- b. Does R& D policies exist in creative industries ?
- c. What is the range of innovations supported in creative industries : content, institution, uses, structure... ?

Group 2

1. Labour, individuals, skills, risk – How can a sustainable balance between individual skills, careers and risk be achieved and supported in the cultural industries?

- How stable are cultural careers and what risks and challenges are involved? (career change; discipline change)
- What mechanisms support individual skills and knowledge development? (life-long learning)
- Does labour mobility contribute to the success of cultural industries and creative careers?

2. Institutions, regulation and public policies – what role do changing institutional, regulatory and public policy settings play in shaping the competitiveness of Europe's cultural industries?

- Is the state a producer in, or supporter of, Europe's cultural industries?
- Are existing regulatory frameworks and systems appropriate to the needs of the cultural industries?
- What role do universities and research institutions play in the cultural industries?
- In what ways are institutional practices and settings at sectoral or disciplinary levels bases for cultural industry dynamics?
- What place have territorial boundaries in the co-production and commercialization of cultural products?

3. Organization, firms, etc. – Organizational change, entrepreneurship, dynamic firms and evolving business models explain the dynamics of the cultural industries?

- What organizational forms and techniques enable cooperation, development and commercialization in the cultural industries?
- o Particular fields of interest:
 - network and project working
 - distance working
 - cross-sectoral interaction and organizational synergies
- What profit, revenue and business models characterise the cultural industries?
- What motivations characterize cultural entrepreneurs?
- What venture capital and financing structures and opportunities exist for cultural industry actors?

4. Demand and consumption

- Where is demand? Analysis of consumption patterns and demand formation; consumer demographics; new techniques for measuring consumption patterns and geographies
- Models for forecasting and predicting consumer demand.
- Active consumer groups:
 - o Lead-users
 - o Consumer driven networks (e.g. peer-to-peer)
 - o Creative sub-cultures
 - o Consumer identity politics
 - o Citizen versus consumer
- How is consumer opinion, feedback and participation integrated into cultural production processes and value chains?
- Who shapes demand? Industry or consumers? Empowerment and diversity on the demand side.

5. Localized effects

- What is the economic contribution of cultural industries at local and regional levels?

o Focus areas:

- Employment contribution
- Proportion of firms and new firms
- Pecuniary contribution to regional economies
- Contribution to city and regional images and branding

- How can we explain cultural industry competitiveness at local and regional levels?

- o Local and regional innovations systems
- o Links and networks between places
- o Competition and rivalry in local settings
- o Institutional settings and path dependencies
- Firms and micro-enterprises in clusters

6. Innovation, learning and technology

- User-driven innovation

- The relation between technological change and innovation and/or content creation

- What is the role of intellectual property and copyright models in the cultural industries?

- Links between university/research institutes and the private sector:

- o Technology transfer
- o Spillover effects
- o Spin-offs and start-ups
- o Commercialization of university and research institute research and development

- Sources and mechanisms supportive of life-long learning. Important topics include:

- o Sources of knowledge and learning outside the class room: creative spaces; creative workspaces; knowledge observation and absorption
- o Formalized infrastructure and support for knowledge and skills upgrading in the cultural industries

- Technology transfer - innovation – imitation – piracy?

- Non-technical innovation processes: innovation in symbolic, aesthetic and brand content

Group 3

1. Labour, Individual Skills, Risk

- a) What is the empirical evidence on the labour market for creators and other workers in the cultural industries (CI) what does it tell us / where do we need to create new data?
- b) What are the working conditions and career paths in CI?
- c) What skills are needed and how are these skills acquired?

2. Institutions, Regulations and Public Policy

General point: In some disciplines, the distinction between institutions (the rules of the game) and organisations (the actors) is not familiar and might require explanation in an application. So does the distinction between formal institutions (e.g. laws) and informal institutions (e.g. norms, values and conventions).

- a) To what extent do different institutions explain organizational differences (e.g. between different countries or regions)?
- b) What are the most important aspects of the institutional infrastructure (e.g. copyright)?
- c) What are the differences between CI in different economic and political systems?

3. Organizations, Firms, Entrepreneurs, Business Models

(entrepreneurs and business models were not covered extensively in this group)

- a) How are CI organized? With respect to ...
 - differences between specific CI
 - industry structure

(There often seems to be a polarized industry structure with an oligopoly of a handful of large firms and a great number of micro-enterprises. A problem for quantitative research is that the large firms are often too multinational and diverse in their activities to be captured well in official statistics whereas many of the small firms can be too small to show up)

- networks of cooperating actors / the formation and durability of project-based teams
- „creative play“

4. Demand

- a) Who are the users (e.g. commercial users and private end-consumers) and how is demand shaped?
- b) What are the significant changes in the relationship between users and suppliers (e.g. user-generated content) and what drives these changes?

5. Localization

- a) How are CI distributed over space?
- b) How do we explain spatial distribution?
- c) How does the place of origin affect cultural production and output/content?

6. Innovation, Learning, Technology

Innovation

- a) What do we mean by innovation? (Does it make sense to distinguish between technological innovation and content creation? / What is the relation between technological innovation and content creation?)
- b) What kinds of innovation are crucial for vibrant CI?
- c) Under what circumstances are CI innovative?

Suggested further issue: **Ethics and Equity in CI**