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CULTURAL AND CREATIVE INDUSTRIES IN EUROPE: THE WHERE, THE WHY AND THE HOW

ABSTRACT In recent years the world has been moving at a faster pace. For Europe, as well as for other parts of the world, the rapid roll-out of new technologies and enlarged globalisation has meant a remarkable shift away from traditional manufacturing towards services and innovation. Creative communities whose fresh material is their ability to imagine, create and innovate are progressively replacing factory floors. In this new, global and digital economy, immaterial value gradually more decides material value, since customers are searching for fresh and inspiring experiences. Currently Europe's cultural and creative industries (CCI) are worldwide leaders and competitive exporters in an extensive array of arenas. CCI play a vital role in Europe's culture and identity, and are central to promoting Europe's individuality around the world. Furthermore they are an aggregate group of industries that in 2011 employed a total of 7,703,934 persons of the European labour market. In this paper, the main characteristics of CCI are discussed, and a mapping of the CCI in Europe is presented. Additionally, a research project aiming at identifying regional conditions that would allow explaining the higher concentration of CCI in particular regions is briefly presented.

Keywords: Cultural and Creative Industries, Creativity, Culture, Europe

Introduction

The wish to create things whose value is not entirely practical—things that are beautiful, that communicate cultural value through music, drama, entertainment and the visual arts, or that communicate social position through style and fashion—is as old as human society itself. There have always been, and always will be, people with the imagination and talent to make and do these things. Their products and services are said to have an *expressive value*, a cultural significance that may bear little relationship to how much they cost to make.

In the XX century, these primordial traditions of cultural work—such as, designing, making, decorating and performing—began to be merged with a range of modern economic activities such as advertising, design, fashion and moving image media to create new forms of commercial culture. In the first decade of the XXI century these developments have been immensely amplified by the power and spread of digital technology. The industries responsible for these products are varied, yet they have certain features in common. Such industries earn their profits from the creative skills of their workforce and the generation of intellectual property, and collectively have come to be known as the *creative and cultural industries*.

Intellectual property is the catalyst that transforms cultural and creative activity into cultural and creative industry. It protects the creator's rights of ideas in the same way that other laws protect the right to the ownership of goods, land or buildings. It allows the creators of new products and processes to benefit from their creativity by providing a framework within which they can work.

Though, the cultural and creative industries do not work in isolation. They stand at the center of a web of connections with other industrial sectors, and are a source of innovation for the broader economy, particularly through advertising, design and branding. They also have an important role to play in urban regeneration and community cohesion. This wider web is often referred to as the creative economy.

It is also important to emphasize that the creative industries are important both to developed nations and developing ones. They matter to richer countries because they depend for their success on the creativity of their workforces and, as such, their competitiveness relies less on price than on the quality and imagination of their work. In turn, this suggests that they are less likely to lose out to the price-led competition which has caused many manufacturing and service jobs to be outsourced to emerging economies. However, the creative industries also offer potential benefits to emerging economies. These countries also often wish to move away from competing solely on price, and are looking to identify new sources of competitive advantage and cultural recognition. Creative businesses, driven as they are by ideas and creativity, do not necessarily need access to large sums of capital or natural resources. For countries with rich cultures and a pool of local creative talent, the creative economy offers a way to build economic value.

The term *cultural and creative industries* (CCI) is relatively new and do not yet has a totally established definition. In this paper, the term cultural and creative industries is used according to the definition on the Report Entrepreneurial Dimension of the Cultural and Creative Industries[1]:

> *Cultural industries are those industries producing and distributing goods or services which at the time they are developed are considered as a specific attribute, use or purpose, which embodies or conveys cultural expressions, irrespective of the commercial value they may have. These include the core arts such as performing arts, visual arts, as well as film, DVD and video, TV and radio, games, new media, music, books and press. Creative industries are those industries which use culture as an input but whose outputs are mainly functional. This classification includes design, fashion, advertising and architecture*[2].

Characteristics of the cultural and creative industries

CCI have characteristics that are noticeably different from other industries. The Report on the Entrepreneurial Dimension of the Cultural and Creative Industries[1] identifies three features that contribute to the markedly distinct character of CCI:

- Size of CCI enterprises
- Characteristics of the CCI labour market
- Characteristics of the CCI enterprise processes

Size of CCI enterprises

The majority of CCI are very small enterprises. Around 80% of enterprises in the CCI consist of SMEs with many sole traders or micro-SMEs employing only a handful of people (Bellini, Crombie, Hagoort, Ioannidis, Koymann & Arezzo, 2014). Actually, CCI workers are more than twice as likely to be self-employed as the whole economy average. Still, although

1. *http://ec.europa.eu/culture/documents/edcci_report.pdf ; also in*
2. *EU Commission (2010): Green paper. Unlocking the potential of cultural and creative industries, page*

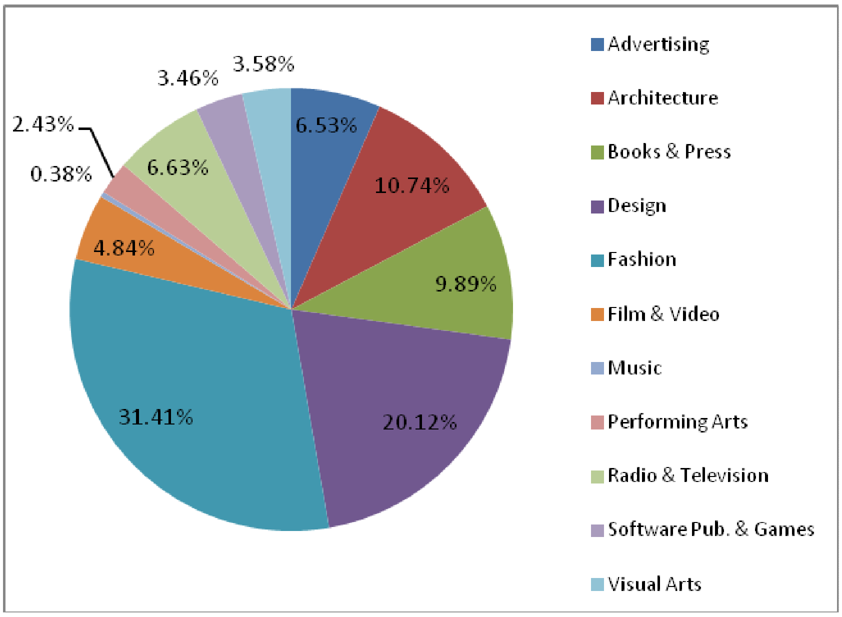
the vast majority of CCI are micro-enterprises (less than 10 employees), they are responsible for only a modest percentage of the total turnover of the CCI (18%). In fact, within the majority of micro-enterprises almost 60% are very small businesses with only 1 to 3 employees (Bellini et al., 2014). The Report on the Entrepreneurial Dimension of the Cultural and Creative Industries[1] confirms that the vast majority of CCI enterprises are very small micro-SMEs. The number of large-scale enterprises is marginal, at less than 1%, but they are responsible for more than 40% of the annual turnover. In the CCI sector medium size enterprises are almost absent.

Characteristics of the CCI labour market

CCI workers are far more likely to hold non-conventional forms of employment, such as part-time jobs, temporary contracts and freelancing, than the workforce in general (Benhamou, 2003). In most CCI sectors, full -time workers receiving regular pay are in the minority (Throsby, 2001). Multiple job-holding is usual, as the CCI workers need a minimum income for survival and some degree of financial security. Most CCI workers change frequently their job and work on short term contracts (Bellini et al., 2014). Due to the low recognition of their intangible creations, some cultural and creative workers combine their freelancing activities with other activities that offer the needed financial stability to sustain these creative activities:

> *"The cultural sector is characterised by a high share of freelancers and very small companies. A new type of employer is emerging in the form of the entrepreneurial individual or entrepreneurial cultural worker, who no longer fits into previously typical patterns of full-time professions." (*MKW Wirtschaftsforschung GmbH, 2001).

It is also important to emphasise the diversity of the backgrounds of the CCI workers (certification by degree, vocational training, experience acquired through internship, etc). This diversity creates some difficulties when recognising or certifying the quality and reputation of CCI entrepreneurs. According to Towse (2003), this will make the position of an employer in the Arts particularly difficult, due to the lack of information and quality criteria.



Picture 1: Percentage of employees per CCI sector
Source: The Entrepreneurial Dimension of the Cultural and Creative Industries Report

According to The Entrepreneurial Dimension of the Cultural and Creative Industries, and as represent on Picture 1, the sectors that employ a larger number of workers are: Fashion (31.41%), Design (20.12%), Architecture (10.74%) and Book & Press (9.89%).

As mentioned previously, many cultural and creative workers are also employed in other sectors, contributing to the development of the creative capacity of non CCI companies.

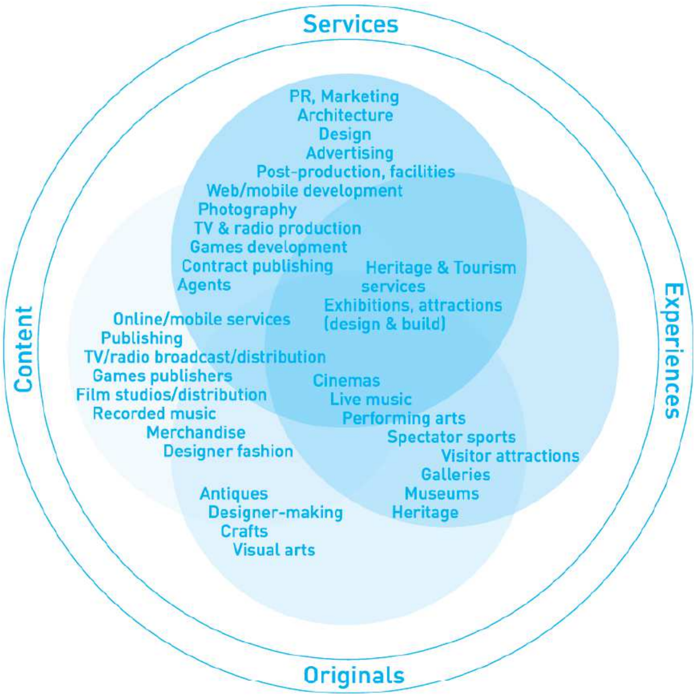
Characteristics of the CCI enterprise processes

As highlighted by O'Connor (2009, p. 63), the function of artistic, creative, or intangible labour is not confined to traditional questions of creatives in industrialised culture industries, but is a part of a much wider group of activities. For this reason debates around the creative sector have become so central. CCI are usually grouped in four clusters. In Table 1 these clusters are presented, as well as their main characteristics.

Type of cluster	Sectors	Main characteristics
Creative service providers	Design, architecture, new media, advertising	Direct interaction with user's demand Exchange of time for IP products Highly influenced by technology and digitisation Mostly project-based Mostly private or self-financing
Creative content providers	TV and radio, fashion, games, music, film, books	Producers of IP product Highly influenced by digitisation, mostly for "creation" and user-interaction Mostly project-based Mix of self-financed and subsidised sectors (audio-visual and games, books) Experience threats of piracy from digital market and peer to peer exchange
Creative experience providers Creative original providers	Performing arts, visual arts, (music, games)	No initial ownership of work and usually pay for other's copyright Mostly subsidised and concerned by the cultural value of their work Arts are mostly on contract basis Digitisation is mostly for dissemination and as communication tools Usually one off products and services

Table 1: Clusters in the CCI and their characteristics
Source: The Entrepreneurial Dimension of the Cultural and Creative Industries Report

Currently, there is an effort to capture the varied nature of cultural production. Even if this clustering is commonly accepted, there are also some attempts to show the complex overlapping of the four clusters of CCI. As proposed by O'Connor (2010), this overlay may be seen as a *creative ecosystem* (Picture 2).



Picture 2: Clusters in the CCI and their relationships
Source: O'Connor (2010)

Cultural and creative industries in Europe

Europe is extensively acknowledged as having a rich multiplicity in its cultural heritage and cultural expressions. Though, in recent years Europe has been facing several macro-economic challenges, such as the financial crisis and a stronger global competition, as well as internal socio-economic challenges. The Europe 2020 Strategy highlighted the need for Europe to take an innovative path to respond to these challenges by building upon one of Europe's key strengths, its talented and diverse creative population (European Commission, 2010).

The impact of culture and creativity has attracted much attention in fostering and revealing the potential of a European creative economy. The enlarged focus on the cultural and the creative sector has resulted in many studies undertaken, for instance, by United Nations[3], UNDP & UNESCO (2013), NESTA[4], KEA[5], the Expert Group on CCI[6], the European Creative Industries Alliance[7], and the European Cluster Observatory[8]. These studies highlighted the critical impact of CCI on growth and employment (European Cluster Observatory, 2010), and acknowledged their great economic, social, cultural and innovative potential. CCI act as important drivers of economic and social innovation within the sector, but also outside the CCI sector (European Commission Green Paper, 2010), contributing to Europe's strengths in times of challenges. With imaginative solutions such as the integration of user-centred approached, the development and use of ICT, the design of new services for bigger social inclusion, CCI subsidize to promote dynamic changes in the economy as well as contributing to broader cultural diversity[9].

With new processes, products and services, CCI may provide innovative input for other sectors of the economy (ECCE Innovation, 2009). As innovation is now acknowledged as including more than just technological and scientific changes (European Commission, 2010), the CCI offer the opportunity to bring essential change in non-technological innovation products, services and processes, contributing to a more inventive Europe. Other factors, such as globalization and the digital shift have opened opportunities and enabled greater cultural diversity and are drivers of further development for the CCI (European Commission Green Paper, 2010).

The CCI have developed considerably over the past years, contributing to around 2.6% of the EU GDP in 2008[10], over 3% of GDP in 2010 (European Commission, 2010) and creating substantial employment. In 2009, CCI employed a total of 6.4 million persons in 30 European countries (European Cluster Observatory, 2011), in 2010 over 6.7 million persons (European Commission, 2010), and in 2011 CCI employed more than 7.7 million persons of the European labour market. Furthermore, CCI maintain and develop Europe's cultural diversity, which is also important in terms of social inclusion. Looking at the place of CCI in member states' national policies, they play an ever-increasing role in terms of providing content as well as services and innovative spill-overs[11]. Thus, it is fundamental to have a deeper understanding of the complexity of CCI and the way they are influencing and altering the environment in which are located, as well as it is fundamental do know how they are influenced and altered by that environment.

Distribution of CCI in Europe

As reported by the European Cluster Observatory (2011), the biggest concentrations of CCI employees in Europe are major urban areas, as shown on Table 2 (on page 105). This finding confirms what literature has been suggesting, that CCI are concentrated in large urban zones. Moreover, literature also suggests that the concentration of 'creative people' in a certain region will attract more 'creative people' creating a snowball effect. Naturally, creativity and cultural innovation take place in numerous different types of regions across Europe but it seems that large scale industrialization of these activities occurs in large urbanized regions.

LQ is an indicator of CCI employment relative to the total employment of the region, where LQ>1 indicates an overrepresentation of CCI employment. Adapted from: European Cluster Observatory (2011)

Table 2 (page 105) shows that 21 out of the 25 largest employment clusters have an overrepresentation of CCI employment. Although we can recognize a relationship between CCI and large urban regions this is not a 'rule'. Though many of Europe's most populated regions encompass highly ranked CCI clusters, some of the largest regions are lagging in CCI employment, as shown in Table 3 (page 106).

Among the regions of Europe which rank on the top 25 either by population or CCI employment, the following cities host an over-representation of the creative and cultural sector: Amsterdam, Berlin, Frankfurt, Brighton, Budapest, The Hague, Lisboa, Inner London, Oxford, and Stockholm. On the other hand, of the regions with the 25 largest populations the following have a far lower than expected representation of creative and cultural industries: Bari, Düsseldorf, Ireland, Katowice, Lyon, Marseille, Napoles, Palermo, Valencia, Warszawa.As with many industrial sectors, CCI are not evenly distributed and this indicates the existence of regional industrial and innovation systems and clusters strengthened by favorable regional conditions.

Employment and competitiveness in the CCI are not directly related to labor market size or population and cannot be considered a simple product of human inhabitation. CCI are knowledge driven industries that are drawn to specialized labor markets and to clusters (European Cluster Observatory, 2011).

Concluding remarks

At this moment it is crucial to identify and characterize the Europe's top regions for creative and cultural industries, ultimately aiming at finding some regional conditions that would allow explaining the higher concentration of CCI in those regions. We propose to develop a qualitative and quantitative research project: a documentary analysis is being conducted aiming at studying historical, geographical and social characteristics of these regions, complemented by a quantitative analysis. Regarding the quantitative analysis, our aim is to characterise some of the European regions with high concentrations of CCI taking into consideration region indicators, such as, life satisfaction rate, lifelong learning, skilled migrants, and population aged 15-34.

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NOTES
3. http://unctad.org/en/Pages/DITC/CreativeEconomy/Creative-Economy-Programme.aspx
4. http://nesta.org.uk/publications
5. http://www.keanet.eu/publications/
6. http://ec.europa.eu/culture/our-policy-development/doc2240_en.htm
7. http://www.eciaplatform.eu/publications/
8.http://www.clusterobservatory.eu/index.html
9. http://ec.europa.eu/culture/documents/edcci_report.pdf
10. http://ec.europa.eu/culture/documents/edcci_report.pdf
11. An example of a national initiative concerning Cultural and Creative Industries: http://www.gepac.gov.pt/cultura-2020/knowledge-for-growth-understanding-and-measuring-cultures-impacts.aspx

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Appendices of Tables

Region name	Country	CCI rank	CCI employment	CCI LQ
Île de France (Paris)	France	1	279361	1.72
Inner London	UK	2	239983	2.77
Lombardia (Milan)	Italy	3	175580	1.31
Madrid	Spain	4	164269	1.65
Cataluña (Barcelona)	Spain	5	139278	1.26
Lazio (Rome)	Italy	6	113531	1.97
Danmark	Danmark	7	98866	1.17
Oberbayern (München)	Germany	8	94178	1.57
Attiki (Athens)	Greece	9	88195	1.47
Outer London	UK	10	86884	1.43
Kozep-Magyarorszag (Budapest)	Hungary	11	79281	1.76
Zuid-Holland	Netherlands	12	78183	1.44
Berks, Bucks and Oxon (Oxford)	UK	13	76097	1.90
Noord-Holland (Amsterdam)	Netherlands	14	74685	1.80
Andalucia (Sevilla)	Spain	15	70914	0.68
Köln	Germany	16	68825	1.37
Stockholm	Sweden	17	68212	2.87
Lisboa	Portugal	18	67929	1.35
Berlin	Germany	19	66051	1.70
Veneto	Italy	20	61285	0.94
Niedersachsen	Germany	21	59486	0.68
Darmstadt (Hanover)	Germany	22	58965	1.15
Piemonte	Italy	23	58068	1.09
Emilia-Romagna	Italy	24	58029	0.95
Surrey, E and W Sussex	UK	25	57837	1.40

Table 2: Europe's top 25 regions for creative and cultural industries employment clusters

Region name	Principal city	Population rank	CCI rank
Île de France, FR	Paris	1	1
Lombardia, IT	Milan	2	3
Andalucia, SP	Sevilla	3	15
Niedersachsen, DE	Hanover	4	21
Cataluña, SP	Barcelona	5	5
Madrid, ES	Madrid	6	4
Rh^me-Alpes, FR	Lyon	7	40
Campania, IT	Napoles	8	54
Lazio, IT	Rome	9	6
Danmark	Danmark	10	7
Düsseldorf, DE	Düsseldorf	11	26
Mazowieckie, PL	Warszawa	12	39
Sicilia, IT	Palermo	13	72
Valencia, ES	Valencia	14	30
Provence-Alpes-Côte d'Azur, FR	Marseille	15	59
Veneto, IT	Venice	16	20
Slaskie, PL	Katowice	17	138
Outer London, UK	-	18	10
Ireland	-	19	33
Piemonte, IT	Turin	20	23
Köln, DE	Köln	21	16
Oberbayern, DE	München	22	8
Emilia-Romagna, IT	Bologna	23	24
Puglia, IT	Bari	24	78
Attiki, GR	Athens	25	9
Darmstadt, DE	Frankfurt am Main	29	22
Zuid-Holland, NL	The Hague	35	12
Berlin, DE	Berlin	36	19
Inner London, UK	London	43	2
Kozep-Magyarorszag, HU	Budapest	44	11
Lisboa, PT	Lisboa	49	18
Noord-Holland, NL	Amsterdam	54	14
Surrey, E and W Sussex, UK	Brighton	55	25
Berks, Bucks and Oxon, UK	Oxford	79	13
Stockholm, SE	Stockholm	92	17

Table 3: Regions which rank in the top 25 either by regional population size or creative and cultural industries employment
CCI rank is the rank in CCI employment. Adapted from: European Cluster Observatory (2011)