Developing creative industries: Approaches and international experience

German Economic Team Georgia

André Stoerr, David Saha

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Structure

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2. Definitions: from creative industries to creative economy
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4. Supporting creative industries and creative economies
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1. Contribution of culture and creativity to the economy

Cultural goods and creativity are connected to culture but are economic factors as well

1. Cultural goods are traded in markets
2. Cultural services are purchased on markets
3. Creativity is a driving force in economy and a prerequisite for innovation

• **Hence**: economic policy should take culture and creativity into account.
• 2 approaches towards culture- and creativity-based aspects of the economy:
  • Creative industries
  • Creative economy
2. Definitions: Creative industries

Basic definition of creative industries

“those activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property“ (UK Department of Culture, Media and Sport, 1998)

Sectoral concept, combining businesses

- Focused on extending and exploiting symbolic cultural products to the public or
- Providing business-to-business symbolic or information services
2. Definitions: Creative industries

Branches of creative industries

1. Advertising and marketing
2. Architecture
3. The art and antiques market
4. Crafts
5. Design (product, graphic & fashion design)
6. Film, TV, radio, video and photography
7. Music
8. Performing arts
9. Publishing, writing, print media
10. Software and computer services

- The set of „creative industries“ can vary regionally
- Suitable as sectoral definition and for measuring the size of creative industries
- However, creativity influences the economy beyond these sectors
2. Definitions: Creative economy

The creative economy

- Enhances the creative industries approach to the entire economy by looking at creative occupations within all sectors of the economy
- Consists of all employees in the creative industries, plus everyone outside them in creative occupations (creative trident)
- Distinguishes between creative specialists and those working in a support capacity
- Helps determine the employment impact of the creative workforce

<table>
<thead>
<tr>
<th>Creative trident</th>
<th>Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>employed in creative industries</td>
<td>employed in creative occupations</td>
</tr>
<tr>
<td>employed in creative occupations</td>
<td>specialist creatives</td>
</tr>
<tr>
<td>employed in non-creative occupations</td>
<td>support workers</td>
</tr>
<tr>
<td>employed in non-creative occupations</td>
<td>non-creative occupations in non-creative industries</td>
</tr>
</tbody>
</table>

Source: Stuart Cunningham/Peter Higgs: Australia’s Creative Economy, 2007
3. Economic reasons for developing creative industries

• Positive economic effects from developing the creative industries:

  – Direct effects: creative sectors contributing to the output of the economy

    • Contribution to GDP
    • Contribution to employment
    • Contribution to foreign trade

  – Indirect effects: The creative industries are linked with other economic sectors by buyer-seller and value chain relationships. For example, businesses:

    • Purchase products, materials and services from other industries
    • Have a positive influence on product and process innovations
    • Enhance the value of products and services
    • Provide content to digital economy
    • Play a role in attracting tourists to an area

Global creative industries market (2013):
EUR 2.01 bn in revenues
3% of global GDP
29.5 m jobs

Source: Cultural Times - The First Global Map of Cultural and Creative Industries, EY, December 2015
3. Economic reasons for developing the creative economy

- Embedding creative activities across the economy raises the possibility of cross-industry linkages and "technology transfer" due to creative workers.
- Creativity as an innovation driver becomes part of other economic sectors.
- Creative occupations in other sectors generate high quality employment.
- Much creative staff is employed outside the creative industries.

**Creative employment in and outside creative industries**

Source: Creative Economy Employment in the UK and EU, NESTA: 2015
4. Supporting creative industries: Fields of action

• Support of creative industries can be addressed to various fields of action
• Depending to the field of action specific support measures are required

**Fields of action**

- Supporting individual businesses
  - Access to finance
  - Improve vocational training
  - Support for export of goods & services

- Supporting certain sub-sectors
  - Special funds (film & media, music)
  - Special boards and agencies
  - Special awards and competitions

- Supporting creative industries
  - Establish creative industries agencies
  - Improve the visibility
  - Site marketing

- Supporting cross-sector collaboration
  - Innovation vouchers
  - Awards and competitions
  - Enterprise databases and platforms

- Supporting spill-over effects
  - Creative incubators
  - Networking opportunities
  - Match-making events

• Decision in context of a strategy: which fields of action should be prioritized depends on concrete objectives and basic conditions
4. Supporting creative economy: Fields of action

- Supporting creative economy is directed at improvement of skill-sets and framework conditions in any sector of the economy
- Does not offer specific support for the creative industries
- However, measures can be suitable for businesses in the creative industries as well

- Creative industries strategy may include measures also supporting creative economy

**Fields of action**

- **Promoting creative skills**
  - Develop new degree programs
  - Improve vocational training
  - Define new jobs

- **Enabling networking**
  - Organize business meetings
  - Offer places and occasions for networking/match-making

- **Enabling open-innovation**
  - Protect copyrights
  - Enable participations in trade fairs
  - Support broadband expansion
5. International experience: Supporting creative business

Taking stakeholders of creative industry serious

- Promising and profitable creative businesses do not differ from those of other sectors neither with regard to structure nor future challenges
- Giving creative businesses access to standard business development programmes instead of creating specific ones
- Do not take the artist as a symbol for creative business

GVA of selected branches of creative industry in UK, 2014

Source: UK Department for Culture, Media and Sport: ONS Annual Business survey 2014
5. International experience: Supporting creative business

Secure access to financing

- Banks can hardly value creative business models’ value
- Public guarantees and loan programs secure access to financing especially for media and software firms
- Creative businesses often do not comply with collateral requirements for loans
- Support banks through external expertise in order to allow a sound and prudent valuation of creative business models
5. International experience: Supporting sectors

Supporting sub-sectors

No "one size fits all" approach

- Need for support is heterogeneous within the creative industry
- Support should vary across different sectors, not all sectors are economically relevant
- Measures following cultural or structural objectives, e.g. film/publisher funding, should be expressly denoted as such (not as an economic measure)
5. International experience: Supporting sectors

Supporting the entire sector

Creative industries agencies to assist the sector

- Advice should stimulate the proactivity of the industry, not patronize businesses
- Agencies have to define SMART goals (specific, measurable, attainable, realistic, timely)
- Focusing on artistic or unprofitable business does not help the industry and puts the agency’s acceptance by the relevant stakeholders at risk
5. International experience: Supporting collaboration

Creative content drives digital economy

• Creative industries provide content for digital devices and networks
• Cultural and creative goods are the biggest revenue source for the digital economy
• Creative services improve human-machine-interaction
• Protecting copyrights: authors must have a reasonable share in the exploitation of their works
• Access to the internet: broadband network expansion (mobile and/or wired internet access)
• Connecting cultural/creative content with new technologies

Source: EY analysis, MAGNA GLOBAL (2015)
5. International experience: Supporting collaboration

Actively promote and convey the value of design

• Especially small enterprises from the manufacturing and crafts industry underestimate the importance of creative services
• Voucher schemes cannot sustainably generate demand for these services
• An agency or programme acting as an intermediary between the demand and supply side can improve the integration of creative services into other industries
• The services intended for collaboration must be specifically named
5. International experience: Developing creative skills

Establishing institutions for vocational education and training

- Educational institutions teach creative techniques and innovation disciplines and train creative directors (e.g. „Kaospiloten“ in Aarhus, Hasso Platter Institute for Design Thinking Potsdam)

Practice co-working and collaborations

- Innovation incubators can teach how to organize collaborations between enterprises aiming to work on a specific task
- This task may not be part of the usual business since this limits the willingness to cooperate

Embedded Creatives

- Temporarily embedding artists and designers into enterprises leads to a spillover effect allowing to benefit from their competencies for own projects
- „Disrupting“ the occupational routine results in employees‘ openness towards creative solutions
6. Towards a creative economy approach for Georgia

• In designing an economy policy approach for supporting the creative industries in Georgia, it is necessary to adapt the strategic approach to local characteristics

• Two steps towards a creative industries strategy for Georgia:

  First step: Three questions
  1. What is the current situation of the sector?
  2. What prospects for creative industries in Georgia do the stakeholders see?
  3. Which framework conditions will influence the development?

  Next Step: Two more questions
  1. What goals could be set for developing creative industries in Georgia?
  2. What measures are planned to help achieve these goals?

• And above all: What could be a vision of a creative industries strategy for Georgia?
Contact

David Saha
saha@berlin-economics.com

André Stoerr
andre.stoerr@tmwwg.thueringen.de

German Economic Team Georgia
c/o BE Berlin Economics GmbH
Schillerstr. 59, D-10627 Berlin
Tel: +49 30 / 20 61 34 64 0
Fax: +49 30 / 20 61 34 64 9
www.get-georgia.de
Twitter: @BerlinEconomics