



Boosting the competitiveness of cultural and creative industries for growth and jobs

(EASME/COSME/2015/003)



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Boosting the competitiveness of cultural and creative industries for growth and jobs

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(EASME/COSME/2015/003)

FINAL REPORT

Vienna, June 2016

This study has been conducted on behalf of the Executive Agency for Small and Medium-sized Enterprises (EASME) of the European Commission.

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Executive Summary

In the context of this study, the **Cultural and Creative Industries (CCIs)** consist of the **core CCIs**, the **fashion industry** and the **high-end industries**, with the core CCIs being the biggest sector. In total, CCIs (excluding high-end industries) make up **11.2 % of all private enterprises** and **7.5 % of all persons employed** in the total economy. In terms of value added, CCIs (excluding high-end industries) generate **5.3 % of the total European GVA**. The high-end industries employ approximately 1.7 million persons. The size of the high-end sector in terms of sales is approx. 4 % of nominal EU GDP.

In general, CCIs have demonstrated a remarkable **resilience** to the economic and financial crisis. Despite a backlash in 2009, the overall development of the sector was rather favourable compared with the European economy as a whole. However, it has to be stressed that the structure and the development of the core CCIs, the fashion industries and the high-end industries differ considerably from one another.

With regard to the **core CCIs**, since 2008, the **number of enterprises and the value added have increased**, while employment and turnover have decreased. This can be mainly attributed to differentials in the development of the 11 subsectors, notably the three biggest subsectors **books & press, software & games** as well as **advertising**. For instance, the decline in the turnover can be mainly attributed to the development in the sector books & press, while the increase in value added mainly results from a very dynamic development in software & games.

In the **fashion industry**, the number of enterprises, persons employed and the value added have decreased considerably since 2008, while turnover has increased slightly. This can be mainly attributed to a decline in the manufacturing of intermediate and fashion goods (keyword: outsourcing).

In turn, the **high-end industries** have had a very favourable development since 2008, characterised by a fast recovery from the economic crisis through tapping into fast growing emerging markets (e.g. via exports, tourism).

In general, **CCIs** are characterised by a predominance of **small enterprises**— 95 % of the CCIs are businesses with up to nine persons employed (core CCIs: 96 %, fashion industry: 92 %). Furthermore, 70 % of all CCIs in the field of trade and services are **One-Person-Enterprises (OPEs)**. In the field of production, enterprise size tends to be larger. Indeed, high-end industries are characterised by large companies and multi-national brand groups on the one hand, as well as small scale manufacturers in the upstream supply chain on the other hand.

In a global perspective, the Asia-Pacific-region is the largest core CCI market in the world, followed by Europe and North America. Latin America, Africa and the Middle East only play a minor role.

The **average equity ratio** of businesses in the field of CCIs is approx. 32 % (core CCIs: 30 %, fashion industry: 35 %). High percentages of total equity in total assets can be found in design & visual arts (37 %) and software & games (36 %), but also in manufacturing of fashion goods (39 %).

The average **sales profitability** in the CCIs is 6.3 % (core CCIs: 6.3 %, fashion industry: 5.9 %). The highest profits were generated by enterprises in software & games (10.3 %), music (8.4 %), radio & TV (8.3 %) and manufacturing of fashion goods (8.3 %).

CCIs are not only of high economic importance, they also play an important role in societal and cultural development and they are in a position to foster spillover effects to other industries and act as catalysts for innovation in the overall economy. By reason of their specific characteristics, CCIs however also face various challenges preventing them from exploiting their full potential.

Structural aspects such as their small enterprise size, high share of intangible assets, greater complexity of their business models, uncertainty concerning the demand for their products and services, etc. make it more challenging for **CCIs to access finance**. CCIs tend not to fit in traditional business growth models and an asymmetry of information between banks and creative enterprises can be observed, leading also to a lack of expertise by banks when it comes to evaluating CCI business models. The planned Guarantee Facility within the “Creative Europe” programme of the European Commission aims to tackle these challenges and to facilitate the provision of loans to small and medium size SMEs.

When it comes to **human resources**, it has been shown that CCIs often apply new forms of employment such as ICT-based mobile work, portfolio work, crowd employment or collaborative employment (co-working). Many creative workers engage in irregular (often also low paid) part-time or temporary forms of employment as well as hybrid models (e.g. combining freelancing with other professions to provide the financial stability to maintain their creative activities). As creative industries require a work force with a unique mix of skills (including business knowledge, creative entrepreneurship, e-skills, technical as well as traditional skills), some sectors face a general shortage of talent. Creating stronger partnerships between CCIs, social partners as well as education and training providers is seen as one way of improving the provision of the right “cross-disciplinary curricula” needed in the creative sectors.

The **demand side** (i.e. **customers and markets**) of CCIs is characterised by business-to-business (B2B) relationships with other enterprises generating about two thirds of the sector’s total sales. Creative enterprises are closely interlinked and

often operate in **value-added networks**. It has been demonstrated that demand for creative services is frequently driven by creative capacities within the client's enterprise and their clients are often CCI enterprises themselves. However, there are also companies that cannot assess the value of creative services for their business adequately and therefore CCIs need to position themselves more strongly as "innovation service providers" strengthening their entrepreneurial thinking to better understand the business models of their clients and contribute more effectively to their competitiveness. Another specific market condition of CCIs is the cultural and linguistic fragmentation of their markets, meaning that many CCI products and services remain limited to the regional or national markets for which they were specifically designed.

Internationalisation and exports are key features of successful CCIs. Especially SMEs require support to expand their international reach. Therefore, smart internationalisation and export promotion policies are needed. With regard to exports to third countries, numerous tariff and non-tariff barriers hamper the presence of European CCIs in third-country markets. Export intensity varies across the different CCI sectors: cultural goods account for 1,6 % of total EU exports, goods related to fashion account for 12,3 % and high-end industries make up 18 % of total EU exports. Since 2008 the export of goods related to fashion as well as high-end industries has developed positively, while the export of cultural goods has decreased.

Another major characteristic of CCIs is their work in **cooperation and networks**. Due to their generally smaller enterprise size (including a high share of one-person-enterprises and freelancers) and their high degree of specialisation, networks with other creatives become necessary to combine competences and to offer more complex and integrated creative products. **Creative eco-systems, creative hubs and clusters** which bring together creative businesses, talented people and institutions pooling knowledge and resources are therefore of particular relevance for the creative industries. .

As already pointed out, CCIs are highly **innovative** with their business models consisting of developing new, innovative ideas and transforming them into commercial products for their customers. They are also characterised by new forms of innovation processes with approaches like open design or open innovation. **Spillover effects and cross-sectoral fertilisation** can therefore be observed along the entire value chain. CCIs are also often seen as **forerunners of the emerging digital society** as they are among the early adopters of new service models and technologies. Creative sectors are also among those facing the most important transformation processes caused by digitalisation. New opportunities arise for the creative sectors including new forms of innovation such as co-creation and user driven innovation, new distribution channels, lower production costs and **new business models**. On the other hand, CCIs are also forced to adapt to rapidly changing consumer expectations driven by technological possibilities and they experience reve-

nue losses due to piracy in digital format. CCIs particularly operate on markets that rely on the creation and exploitation of products related to intellectual property rights (**IPR**). Therefore, IPR infringement represents a major challenge (e.g. counterfeiting, piracy), as its impact on value added and job losses can be huge. Especially in the era of digitalisation and internet, IPR is of primary importance in ensuring remuneration for actors who participated in the creative process and who invested money into it.

To further investigate and assess the competitiveness and framework conditions (e.g. challenges, barriers, and drivers) of the CCIs, the research team carried out a SWOT analysis for the entire industry. The SWOT analysis – a well-established analytical instrument in the field of business and economics – aims to identify **Strengths** and **Weaknesses** of the CCIs as well as **Opportunities** and **Threats** that affect their development. For this purpose, more than 40 relevant factors were identified that could influence the CCI sector from an intra- or extra-industry perspective. Based on an online assessment through various European stakeholders, each factor was categorised as a strength, a weakness, an opportunity or a threat.

The internal **strengths** of the CCIs are mainly related to the areas of innovation, cooperation, as well as human resources, economic viability (concerning new distribution models) and infrastructures. Conversely, **weaknesses** are strongly related to the area of economic viability concerning intangible nature of assets, dependence on intellectual property rights as well as low investment readiness in the CCI. As regards external factors that impact the development of CCIs, the main **opportunities** lie in socio-demographic as well as technology aspects. The major **threats** for the sector refer to factors related to political governance. On a strategic level, strengths/opportunities could be reinforced, and/or weaknesses/threats wiped out. A first step would be to improve the framework conditions of the sector concerning **IPR**, **economic viability** in terms of access to finance and the areas of **political governance** regarding cross-sectoral fertilisation, support at national level and reform of regulatory frameworks that impede mobility of creative persons. The beneficial components of a **creative and innovative milieu** (i.e. innovation process & activities, highly qualified human resources, diversity of actors, good cooperation in and outside of the sector, co-working infrastructure) represent **favourable framework conditions** and they should be fully exploited to enhance CCI competitiveness.

The **foresight analysis** aimed to identify **future trends and technological innovation themes** that may impact CCIs competitiveness in the next decades and it led to the identification of **three possible future scenarios**, which take into account the potential impact of technological developments and digitalisation. The **innovation themes** that may impact the development of CCIs include the **emergence of platforms**, **automation of jobs**, **semantics and language technology**, **big data** and **open data** as well as **open innovation** and **user-driven creation**.

The scenarios identified range from the development a “**perfect world**” where all the conditions for the development of CCIs are met, to a negative scenario where the “**domination of a few players**” will lead to the uniformity of content and products and consequent loss of cultural diversity. According to the stakeholders involved in the analysis, technological developments and digitalisation could also lead to the development of a third scenario, where increased possibilities to innovate, to create new products and services and to make them available would lead to the “**democratisation and personalisation**” of content and services, thus benefiting consumers.

While overall it appears that CCI jobs are resistant to automation and that the industry would keep benefit from the development of new business models linked to the development of new technologies, the involvement of users and the availability of data, some issues need to be addressed to improve the conditions for CCIs. In particular, adequate policy responses to the identified challenges are needed to help the positive scenarios materialise and to counteract any negative impacts on CCI competitiveness of the negative scenarios. These include, similar to the results of the SWOT, a better **access to finance** particularly for small operators, transfer of **education and skills** (and in particular eSkills, media literacy, entrepreneurial skills) as well as promotion of the value of culture to society and the economy; agreed frameworks as regards **IPR enforcement and IPR valuation** as well as improved **cooperation** and removal of silos across CCI sub-segments.

A variety of measures have been introduced across the EU with the aim of enhancing the competitiveness of CCIs. The present study describes in detail **five national and ten regional case studies** with different approaches and instruments to help CCIs overcome challenges and exploit growth opportunities. The selected cases include:

- United Kingdom (Creative Business Mentor Network; Creative Industry Finance Programme; Creative Industries Council);
- the Netherlands (Topsector policy approach);
- Finland (National strategies);
- Estonia (Creative Estonia);
- Malta (Restructured Malta Arts Council);
- Puglia (Puglian LivingLabs);
- Catalonia (Catalan Institute for Cultural Companies);
- Flanders (Flanders District of Creativity; Flanders Creative Industries Platform);
- Île-de-France (Cap Digital);
- Lodz (Lodz Media Cluster);
- North Portugal (ADDICT; Creative Industries Agency);

- North Rhine-Westphalia (Creative.NRW; Competence centre for the creative industries);
- Skåne (Action plan 2013-2020 for CCIs);
- Upper Austria (Creative Region Linz & Upper Austria); Wallonia (Creative Wallonia).

The implemented **support instruments** range from consultancy services, cooperation and cluster initiatives, financial support, internationalisation support, education, training and mentoring to measures to raise awareness, events, workshops, conferences to provision of infrastructure (e. g. co-working spaces, incubators).

While the support programmes differ in various aspects, common **success factors** can be found across all initiatives. They include:

- **evidence-based approaches** (e. g. based on sector mapping studies),
- a **clear definition of the sector, subsectors and target groups**,
- implementation of measures via **intermediaries** and local “contact persons” that are close to the sector;
- interconnection of a tailor-made portfolio of support measures (adapted to specific industry needs) with other (more generic) schemes and instruments;
- a **broad understanding of innovation** (technological and non-technological);
- a “**learning attitude**” of the involved actors (“trial and error approach”), a good cooperation and network structure (between e. g. actors on the national and regional level but also between large enterprises and SMEs, cross-sectoral co-operations, etc.).

From the **policy or governance side**, a clear commitment of political stakeholders, cooperation of policymakers in different fields (e. g. economy and culture), sustainable funding, integration of creative industry strategies in overarching development plans and strategies as well as proactive communication strategies are important factors.

At the European level, the political will to support CCIs is reflected in a **range of policy documents and instruments**. The European Commission¹ defined **five key areas for action** to address the challenges CCI businesses face. These include addressing changing skills needs, improving access to finance, enlarging the marketplace (new partnerships and business models), expanding international reach and reinforcing cross-sectoral fertilisation (multidisciplinary environments).

¹ 26.9.2012, COM(2012) 537 final.

Various types of policy instruments have been set up or supported by the European Commission that address the CCI challenges: The **European Creative Industries Alliance (ECIA)** combines policy learning (“Policy Learning Platform”) with eight concrete actions on innovation vouchers, better access to finance as well as cluster excellence & cooperation.

An **Action Plan for Design-Driven Innovation** (*European Commission*, 2013b) has been launched that aims to accelerate the take-up of design in innovation policies and to create the capacity and competencies needed to implement these policies. **Design for Europe** is the three-year programme (2014-2016) helping to implement the Action Plan providing a web-based platform to support peer-learning, networking and partnerships as well as a series of events to boost the adoption of design in innovation policies and support creation of capacity and competencies to deliver these policies.

Creative Europe (*Official Journal of the European Union*, 20.12.2013, No L 347/221) is the European Commission’s framework programme **2014-2020** to strengthen Europe’s cultural and creative sectors. It supports culture sector initiatives (such as those promoting cross-border cooperation, platforms, networking, and literary translation); audio-visual sector initiatives (such as those promoting the development, distribution, or access to audio-visual works) as well as a cross-sectoral strand, including a Guarantee Facility and transnational policy cooperation. The **Loan Guarantee Facility**² (to be launched in 2016) is designed to facilitate access to loans for SMEs by taking over risks and it also concerns financial intermediaries aiming at improving their risk-assessment capacities (capacity building programme).

Besides programmes and activities that specifically address CCIs, enterprises of these sectors are also supported by further EU programmes such as **Horizon 2020** and **COSME**. They can also benefit from the support of **the European Fund for Strategic Investments (EFSI)** through risk finance and strategic investments. Based on their capacity to contribute to economic revitalisation and repositioning of cities and regions, relevant support structures for CCIs further include the **European Structural and Investment Funds (ESIF)**. The European Commission highlights CCIs in the context of **smart specialisation strategies** and it supports promotion of creative industries within regional development plans. In the 2014-2020 programming period, ERDF investments in innovation are used to support the implementation of smart specialisation strategies. Also, a **Smart Specialisation Platform on Industrial Modernisation and Investment** has been put up to foster cooperation across European regions, clusters and value chains.

² http://ec.europa.eu/programmes/creative-europe/opportunities/cross-sector-support/index_en.htm

Over 70 regions registered on the S3 platform (set up to promote mutual learning and transnational co-operation in the context of smart specialisation strategies) have identified **CCIs as one of the S3 priorities**. Of the ten regional case studies analysed, almost all of them address CCIs in some way in their smart specialisation strategy (either as a whole or specific segments or subsectors linking them to other sectors and overarching future challenges). Of the cases analysed in more detail usually a large number of stakeholders were involved in the development of the regional smart specialisation strategies, implying that CCI interest groups were able to voice their views and develop objectives and actions adapted to CCI needs. CCIs also benefit from political backup and increased visibility when included in smart specialisation strategies. The smart specialisation strategies analysed in this study reveal that they mostly reflect previously taken strategic choices (e. g. in the framework of cluster strategies) with experts claiming that CCIs therefore only benefit if they were already on the political agenda before.

As a consequence of the **plurality of measures to support CCIs** at different levels of governance, there is a need to analyse synergies, complementarities and coherence of national and regional measures with EU policies and actions. The present study therefore checks national and regional CCI support policies (case studies) against the EU policy framework (The European Structural and Investment Funds, COSME, Creative Europe, Horizon 2020, etc.). As a first result, there is strong **overall coherence** between national and regional case studies and EU policy objectives. However, there was less of a focus in national and regional initiatives on **expanding the international reach** of CCIs and this is where complementary EU actions would be appreciated.

For EU policy instruments **difficulties for CCIs to access funds** tended to be caused by: high complexity, lack of flexibility and visibility, high administrative burdens as well as uncertainty in planning for the business. Access is seen as restrictive notably for smaller enterprises, which is an important factor for CCIs since they include a large share of **one-person- and micro enterprises**. Access to funds via national contact points was seen as a good way of supporting CCIs because it places some of the administrative burden on intermediaries rather than on the business itself. To improve access and visibility for CCIs, **national contact points** for Creative Europe, Horizon 2020 and Structural Funds should communicate proactively which measures/call/operational programmes are relevant for CCIs. As demonstrated by the case studies, the European Structural Funds can play a strong enabling role for building up / scaling up CCI support measures at regional level. In order to ensure alignment between EU policies and instruments, the importance of co-operation between different DGs – economy, culture but also employment and social affairs – was stressed due to the cross-cutting nature of CCI related policies.

1. Introduction

1.1. Background

Cultural and creative industries (CCIs) play an important role in fostering economic growth, job creation and innovation and have been identified by the European Commission as a high growth sector generating added value as well as a resilient sector in times of economic crises³.

Cultural and creative sectors mean all sectors whose activities are based on cultural values and/or artistic and other creative expressions⁴. As specified in the 2012 Communication of the European Commission⁵ cultural and creative sectors cover in particular architecture, archives and libraries, artistic crafts, audio-visual (including film, television, video games and multimedia), cultural heritage, design (including fashion design), festivals, music, performing and visual arts, publishing and radio. They can also include other sectors, which rely on a strong cultural and creative input, such as advertising, software, as well as fashion and high-end industries.

Research studies on global, European, national as well as regional levels have shown in the last years that the cultural and creative sectors are of a considerable size⁶ in terms of number of businesses, added value and employment. Furthermore, various economic indicators show a higher growth rate of the CCIs than of the average economy⁷. Beyond these quantitative measures also other impacts of CCIs have been increasingly recognised in recent years, notably their important **role in overall societal and cultural development**. CCIs contribute to better connecting Europe's cultural richness and creative capabilities to economic activities, economic performance and job creation.

Furthermore, it has been demonstrated that CCIs initiate spillover effects to other industries and are thus in a position to act as **catalysts for innovation** in the overall economy⁸. Enterprises in the creative industries support their customers in a variety of innovation activities: from developing new ideas, research and development, product design to market launch and marketing concepts.

³ 22.1.2014, COM(2014) 14 final.

⁴ See also Creative Europe legal base (Art 2) Regulation (EU) No 1295/2013

⁵ 26.9.2012, COM(2012) 537 final.

⁶ See e.g.: European Commission (2010); Gassler H. et al. (2015); Bachinger, K. et al. (2013)

⁷ See European Commission (2011c):

⁸ See e. g.: Rammer, C. et al. (2008)

In the Communication of the European Commission “**Promoting cultural and creative sectors for growth and jobs in the EU**” (2012b), the European Commission points out that cultural and creative sectors are a largely untapped resource for the EU 2020 strategy as they are high growth sectors, catalysts for innovation as well as a key element in global competition.

However, CCIs also face special challenges by reason of their specific characteristics, the structure of the sector (e. g. small size of enterprises, intangible nature of their assets) and lack of visibility. It is pointed out that in a changing environment, driven by the digital shift and globalisation, challenges need to be turned into new growth and jobs opportunities. To respond to major challenges, the Commission states that a multi-layered strategy and concerted action is needed in the following defined key areas (*European Commission, 2012b*):

- Addressing changing skills needs;
- Improving access to finance;
- Enlarging the marketplace: new partnerships and business models;
- Expanding international reach;
- Reinforcing cross-sectoral fertilisation.

CCIs operate in an increasingly changing environment bearing **new opportunities** but also particular **challenges** preventing them from exploiting their full potential and limiting the positive impact they could have on the overall economy. **Technological change and digitalisation** (including development of big data, internet of things, 3D printing, cloud computing, etc.) in particular are considerably transforming the environment of the CCIs redefining traditional business and production models and leading to a range of potential new products notably service innovations by industry (“servitization of industry”)⁹.

The European Union addresses CCIs in numerous policy documents and associated activities. Since the end of the 2000s, CCIs were increasingly introduced in economic policy agendas. The important role of CCIs in fostering economic growth, job creation and innovation has been recognised in policy documents such as the Communication for a European Industrial Renaissance (*European Commission, 2014a*), the Europe 2020 Strategy (*European Commission, 2010a*), Innovation Union (*European Commission, 2010b*), or A Digital Agenda for Europe (*European Commission, 2010c*). The European Union aims at making CCIs more visible, emphasizing the change of the European economy from traditional production towards services and innovation. Further important questions addressed concern access to and use of digitalisation, possibilities for cooperation between CCIs and the overall economy, access to finance as well as the importance of CCIs for regional devel-

⁹ 22.1.2014, COM(2014) 14 final; Tom Fleming Creative Consultancy 2015

opment and their role within regional eco- and innovation systems (*European Commission*, 2010d; *European Parliament*, 2013).

In its Communication, the European Commission (2012b) also points out the importance of **spillover effects** of the arts, culture and creative industries that were further analysed in an exploratory study on preliminary evidence and causality of spillover effects in Europe in 2015 (*Tom Fleming Creative Consultancy*, 2015). Also, the **Council** points out the importance of **creative crossovers** that can result in a wide range of benefits, such as improved customer care, employee satisfaction and organisational efficiency; regenerating industrial areas and urban spaces and promoting tourism; increasing environmentally-conscious behaviour and improving social inclusion. The Council invites the Member States and the Commission, inter alia, to raise the awareness of stakeholders about the cultural, economic and societal value of creativity and innovation through cross-sectoral cooperation, to overcome silo thinking in traditional policy areas, to encourage cultural and creative crossovers at the local and regional level, and to develop a comprehensive strategic approach on the EU-level to boost the competitiveness and development of the cultural and creative industries, while emphasising their role in the overall innovation process across all industries. (*Official Journal of the European Union*, 27.5.2015, No C 172/13)

These multiple policy objectives have to be addressed by a cross-sectoral policy approach. Numerous **strategies and measures** have already been developed at European, national and regional levels to promote the competitive development of CCIs by addressing different challenges and policy fields. Being at the crossroads between arts, business and digital technologies CCIs are addressed by many different institutions providing a variety of measures and programmes. Support measures for CCIs developed during the past years and decades range from consultancy services and financial support, training and mentoring, measures to raise awareness (of CCIs' customers, public institutions or the general public) to cluster initiatives and funding schemes.

For instance, an increasing number of European regions included CCIs in their smart specialisation strategies¹⁰ and promote creative industries within their regional development plans. The positive effects of CCIs on regional innovation systems, spillover effects on other industries, and the provision of future-oriented jobs through CCIs are used in the context of economic revitalisation and repositioning of cities and regions¹¹. Also on national level, Member States have already formulated many national strategies to exploit the innovation potential of the CCIs.

¹⁰ <http://s3platform.jrc.ec.europa.eu/home>

¹¹ See e.g. Dörflinger, A. / Enichlmair C. (2012); Dörflinger, A. et al. (2012); Bachinger, K. et al. (2013)

Existing EU policies address the CCI sector or specific sub-sectors, e. g. the 2012 Communication “Promoting cultural and creative sectors for growth and jobs in the EU”¹² and Recommendations from the Policy Learning Platform of the European Creative Industries Alliance¹³. The existing funding instruments such as the EU Structural Funds – “smart specialisation”, the Creative Europe programme¹⁴, the Programme for the Competitiveness of Enterprises and SME – COSME¹⁵, and Horizon 2020¹⁶ offer funding possibilities for CCIs. Aiming at a horizontal industrial approach in supporting the CCIs and at enhanced coordination of national and especially regional efforts, the need of better coherence of policies for this field at different governance levels and better interaction between all existing instruments has become evident.

1.2. Objectives and scope of the study

Against this background, the study focuses on the following **three main objectives**:

1. Firstly, the study aims at describing the status quo of the sector including an analysis of the competitiveness and economic relevance of the CCIs, making visible main characteristics of the sector, challenges and drivers of change for CCIs, existing barriers and market and/or regulatory failures;
2. In a second step, a screening of EU wide initiatives/strategies aims at the identification of effective initiatives and support instruments at national and regional level to support and foster CCIs. The interlinkages between the identified initiatives/strategies and EU-level actions are also subject to analysis.
3. Finally, a set of **areas of action** for policy to foster the competitiveness of the sector will be proposed.

¹² 26.9.2012, COM(2012) 537 final.

¹³ <http://www.eciapplatform.eu/>

¹⁴ http://ec.europa.eu/programmes/creative-europe/index_en.htm

¹⁵ <http://ec.europa.eu/enterprise/initiatives/cosme>

¹⁶ <https://ec.europa.eu/programmes/horizon2020/>

The **scope of the study** includes:

- **Sector:** Broad definition of Cultural and Creative Industries (see also section 1.2.1.); the focus is on profit-oriented organisations/businesses.
- **Geography:** The study covers all 28 EU Member States. Nevertheless, relevant data has also been drawn from literature concerning third countries. While the data collection and analysis takes an aggregate EU-28 perspective and does not focus on individual Member States, a national and regional perspective is taken through the case studies.
- **Time period:**
 - o The study was carried out between October 2015 and June 2016.
 - o The data cover the most recent available year and the development over the previous 5 years.
- **Stakeholders** involved: business associations, experts, European/national/regional representatives, intermediaries, CCI businesses.

1.2.1. Sector definition

The decision of what sectors are counted among **Cultural and Creative Industries** (CCIs) for the purpose of this study is based on **several preconditions**:

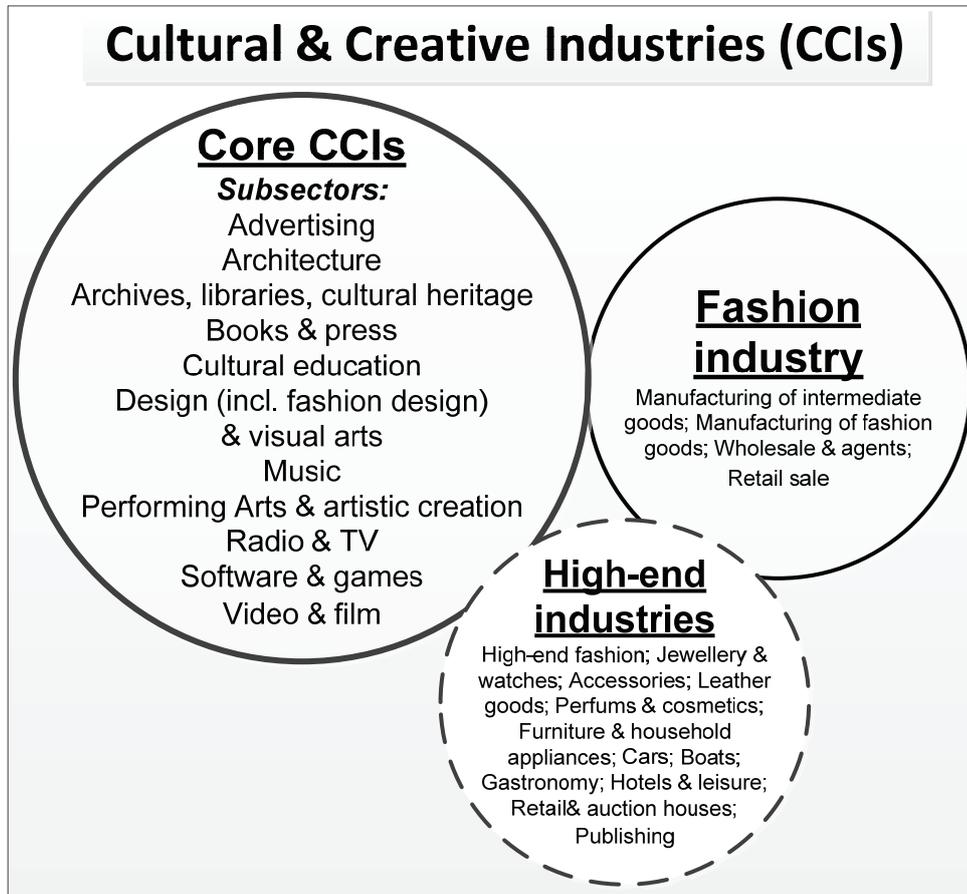
- At least the **following priority segments** shall be included¹⁷: architecture, artistic crafts, audio-visual (including film, television, video games and multimedia), cultural heritage, design (including fashion design), festivals, music, performing and visual arts, publishing, radio, archives and libraries, software as well as the fashion and high-end industries¹⁸
- The **overall European creative economy** shall be covered
- A **pragmatic/manageable framework** for the purpose of the study shall be provided
- A **review of existing data** shall be facilitated

Bearing these requirements in mind, the research team and the European Commission/EASME agreed on a **definition of the CCIs** that covers the so-called **core CCIs** (incl. fashion design), the **fashion industry** and the **high-end industries** (i.e. luxury goods and services). Graph 1 shows the definition of the CCIs in more detail.

¹⁷ According to the tender specifications

¹⁸ In general, these segments refer to the cultural and creative sectors as specified in the Communication on promoting cultural and creative sectors for growth and jobs in the EU (COM(2012) 537 final), plus the fashion and high-end industries.

Graph 1 Definition of the CCIs¹



¹ A detailed list of NACE codes that are assigned to core CCIs, the fashion industry and high-end industries in this study can be found in the Annex. The definition of the fashion industry is based on the study "Competitiveness of the EU fashion industries" by IDEA Consult (2012). Fashion design is included in the NACE code 74.1 "specialised design activities", and is therefore counted among the core CCIs.

Source: own illustration

The biggest sector within the CCIs is the **core CCIs**, comprising the 11 subsectors advertising; architecture; archives, libraries, cultural heritage; books & press; cultural education; design & visual arts; music; performing arts & artistic creation; radio & TV; software & games; as well as video & film.

Just like the core CCIs, both fashion and high-end industries rely on cultural and creative inputs. **High-end industries** overlap with fashion industry in the field of high-end fashion and - to a small extent - with the core CCIs (e.g. design & visual arts, publishing). The **fashion industry** – applying the definition of *IDEA Consult* (2012) - does not overlap with the core CCIs, as fashion design cannot be included here due to data restrictions.

The list of NACE codes for the CCIs is enclosed in the Annex. It is important to note that no NACE code has been assigned to more than one CCI subsector. The study's aim is to apply a rather holistic view on the CCIs, considering it more important to include all relevant CCI subsectors than to creating a detailed definition of each CCI subsector where NACE codes might partly be assigned to more than one subsector or are split up among different subsectors¹⁹.

The study on 'data collection and analysis in the cultural and creative sectors in the EU' by *KEA European Affairs* (2015) points out that the NACE classification only poorly measures some of the subsectors of the core CCIs - in particular music, design and video games:

For instance, in the subsector **music**²⁰, the number of enterprises, employment, turnover and value added are underestimated in this study. The reason for this is that a considerable part of the music industry consists of live music – a segment that is included in the broader NACE code 90.01 (performing arts), which comprises every kind of performance (theatre, opera, concert and dance). However, performing arts & artistic creation is regarded as a separate subsector in this study. Also, video production related to music cannot be separately identified. Music's estimates cannot thus be satisfactorily isolated from official statistics. There is also a 'misclassification' risk due to the rapid evolutions that characterise this sector: some companies such as Spotify are not counted as they are categorised under ICT-related codes (73.12 Media representation). Addressing this problem may require abandoning the 'sound recording' designation and revising the sector description to better take into account its ICT and live performance 'components'. However, this is difficult to implement practically and may not necessarily lead to more satisfactory solutions.

Another issue to be considered is the underestimation of the economic importance of **design** in this study due to an inappropriate representation in the NACE classification (specialised design activities – NACE code 74.10). This is due to the fact that design as such is not an industry but rather an occupation. Design activities are usually implemented by companies with a main economic activity other than 74.10, e.g. manufacturing of goods, and there are comparatively few companies with a focus solely on design. Another aspect is the fact that NACE code 74.10 includes all types of design activities, i.e. fashion design, industrial design, graphic

¹⁹ There are several studies applying a multiple assignment of NACE codes to CCI subsectors, notably *ESSnet-Culture* (2012), *TERA Consultants* (2014) and *De Voldere et al.* (2013)

²⁰ Music relies to a considerable part on performing arts & artistic creation, which, however, is regarded as a separate subsector in this study; A different methodology to assess the music sector is e. g. applied by *Lhermitte et al.* (2014, p. 40), consequently their figures differ from those of the present study.

design, photo design, interior design – and there is no possibility to analyse them separately.

Furthermore, the NACE classification does not provide an appropriate classification for **video games**, a rapidly evolving sector. The classifications available in the ICT sector (62.01 – computer programming activities, 62.02 - computer software and consultancy activities and 62.09 – other information technology and computer services activities) are too broad to be used as proxies for the video games industry.

1.2.2. *What do we mean by competitiveness*

Industrial competitiveness is a key determinant of growth and jobs in Europe, and it is particularly important for SMEs²¹. Competitiveness refers both to companies' ability to compete on domestic and global markets as well as to EU countries' capacity to support the development of businesses. In this context, understanding and analysing competitiveness is crucial to inform the discussion around the policy environment that could contribute to enhance business and economic performance.

On the one hand, business should be able to benefit from **simplified public administration, access to markets, good infrastructure and access to resources**, including finance as well as skilled labour. On the other hand, businesses across Europe must demonstrate **propensity to innovate**, undertake **investments** as well as the ability to look at **sustainable business models**.

The issue of competitiveness cuts across all policy areas which is why industrial competitiveness is influenced by sector policies as well as national and EU level policies. Because of the importance of businesses, and in particular SMEs, for the EU economy, the likely impact of new policy proposals on industrial competitiveness and on the cost of doing business must be assessed.

²¹ *European Commission (2014) Communication for a European Industrial Renaissance* <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0014&from=EN>

The European Commission carries out this exercise in the framework of its Impact Assessment integrated approach, which takes the name of **competitiveness proofing**²². Its main aim is to identify and quantify the likely impacts of a new proposal in three areas of competitiveness, as follows²³:

- **Cost competitiveness**: the cost of doing business, which includes cost of intermediate consumption and factors of production (labour and capital);
- **Capacity to innovate**: the capacity of the business to produce more and/or higher quality products and services that better meet customers' preferences;
- **International competitiveness** or the likely impact of the policy proposal on European industries sales performance (market shares) and comparative advantages.

With the aim to mainstream issues around competitiveness into all policy areas, the EU monitors industrial competitiveness and publishes **Member States Competitiveness Reports**²⁴ as well as **EU Competitiveness Reports**²⁵. The latter analyse the competitive performance of EU industries with the aim to also identify gaps in EU industrial policy. The 2014 EU Competitiveness report²⁶ focuses on how to make business grow also through a quantitative assessment of the competitive performance of EU industries and identifies some of the most important drivers of growth for EU businesses. These include financing gaps and barriers to access new markets for smaller firms.

Because of the importance of the CCIs for the EU economy, their ability to be innovative as well as their impact into the wider economy, this study looks at the issues influencing CCIs competitiveness and in particular at the factors that may influence businesses' ability to grow and produce innovative content and products. The research aims in particular to identify drivers of growth, opportunities, challenges and barriers that the CCIs may encounter and that would hamper their development.

²² *Competitiveness proofing is a twelve-step tool addressing the impacts of a policy proposal on enterprise competitiveness* http://ec.europa.eu/smart-regulation/impact/key_docs/docs/sec_2012_0091_en.pdf

²³ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52010DC0614#page=6>

²⁴ http://ec.europa.eu/growth/industry/competitiveness/reports/ms-competitiveness-report/index_en.htm

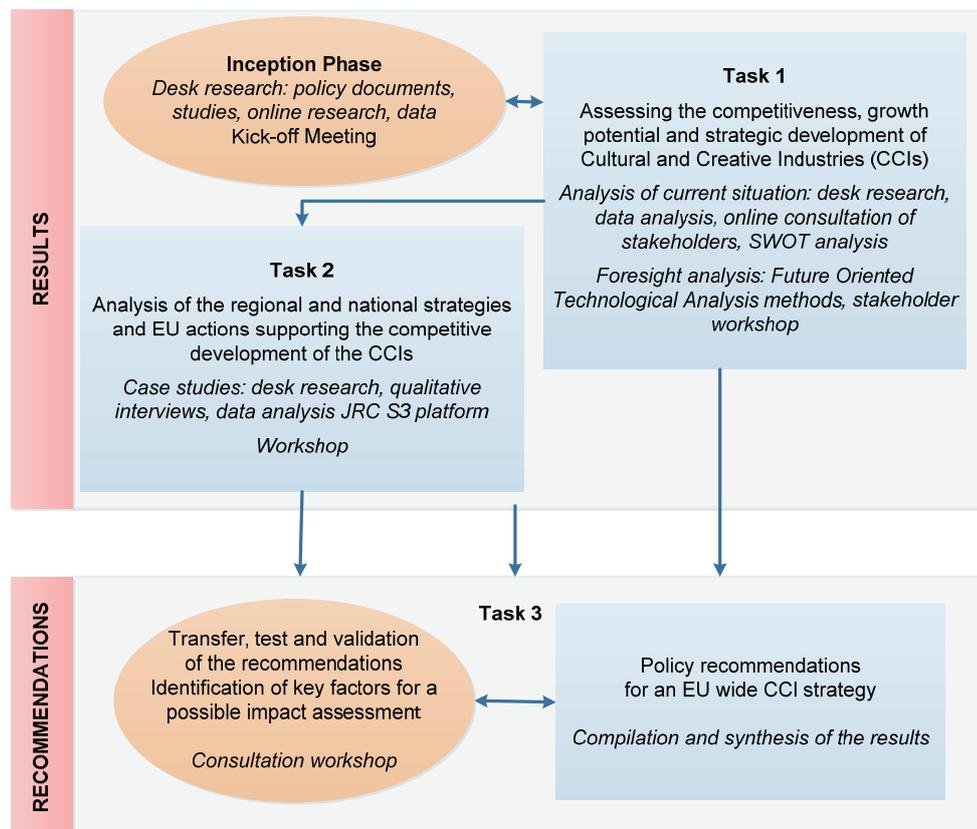
²⁵ http://ec.europa.eu/growth/industry/competitiveness/reports/eu-competitiveness-report/index_en.htm

²⁶ SWD(2014)277.

1.3. Methodological approach

The study follows a combination of different methods according to the tasks and the corresponding objectives of the study. The following graph presents an overview of the main tasks of the study that can be linked directly to the objectives, and the main activities and methods that have been used in each task.

Graph 2 Overview of the main tasks of the study



Source: Austrian Institute for SME Research

1.3.1. Task 1 – Assessment of the competitive position of CCIs

Task 1 is dealing with the assessment of the competitive position of CCIs, their growth potential and strategic development. It includes a comprehensive desk research and data analysis, as well as a SWOT²⁷ analysis and a Foresight exercise.

²⁷ Strengths / Weaknesses / Opportunities / Threats

Desk research and data analysis

The desk research comprises a comprehensive literature review and internet research, taking up relevant policy documents and research studies at EU, national and regional level. Furthermore, the latest available and comparable data have been collected, covering the time period from 2008 to 2013. In particular, the following sources have been tapped:

- Eurostat: Structural Business Statistics (SBS), Business Demography, Labour Force Survey (LFS), Database on the international trade of cultural goods, National accounts
- UNCTAD: Database on creative industries (export statistics)
- Company database ORBIS - Bureau van Dijk
- Databases of World Intellectual Property Organization (WIPO)
- National Statistical Offices

From these statistics, the following indicators / variables have been retrieved in order to analyse the competitive position of CCIs

- Number of enterprises / employees
- Business performance indicators: turnover, value added
- Enterprise size structures
- Financial performance indicators: equity ratio, sales profitability
- Exports and imports of creative goods and services
- Intellectual property rights e.g. patents, trademarks, industrial design rights, copyrights

SWOT analysis

The **results of the desk research and data analysis** were the starting point for the SWOT analysis, identifying key strengths and weaknesses of the CCIs (internal factors) as well as opportunities and threats for the CCIs (external factors). A list of relevant internal and external factors with an influence on the competitiveness of CCIs was developed by the research team.

The assessment of the internal and external factors was done through an **online stakeholder consultation**, where members of the stakeholder pool (see chapter 1.3.4. for more details) had to evaluate whether the identified factors were deemed “favourable” – “neutral” – or “unfavourable” for the sector. Due to the strict time frame of the project, the online survey - with the help of the tool LimeSurvey - took place between 23 December 2015 and 11 January 2016. The link to the survey was sent out to approx. 600 stakeholders and experts in the field of CCIs, with receiving approx. 50 responses for further use (response rate: 8.3 %).

From the results of the online stakeholder consultation, the research team created the **SWOT matrix** (see chapter 3.2) and, consequently, identified favourable and unfavourable framework conditions for CCIs.

Foresight analysis

Based on the outcomes of the desk research, data analysis and SWOT analysis, a Foresight analysis of the medium and long term development of CCIs has been performed. The Foresight analysis is based on a specific foresight method called **Future Oriented Technology Analysis**²⁸ and focuses on the most advanced CCI ecosystems in Europe. It explores the question of how future technology and innovation trends will affect the development of the CCIs as well as the way in which these sectors will have an impact on the wider economy (spillovers).

After summarising the key drivers of change identified in the frame of the desk research, data analysis and SWOT analysis, a **one-day Foresight workshop** was organised and run in Brussels on 16 February 2016. In order to cover CCIs as a whole, a mix of stakeholders from across the CCIs sub-segments was invited to take part to the workshop, making also use of the members of the European Business and Innovation Network (EBN). In total, 30 participants took part, involving primarily industry stakeholders and representatives from across the CCI value chain as well as representatives from the European Commission.

In the frame of the workshop, **three plausible future scenarios** for the CCIs were developed. Furthermore, based on these scenarios, **possible policy responses** to promote the materialisation of positive effects of the scenarios and to tackle any possible negative effects of the identified scenarios were elaborated.

1.3.2. Task 2 – Analysis of regional and national strategies and EU actions

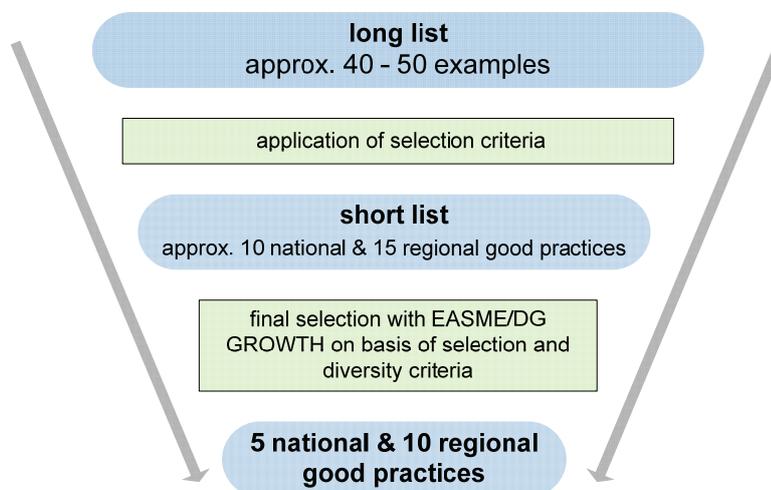
Task 2 partly builds on the results of Task 1 and aims at analysing regional and national strategies as well as EU actions supporting the competitive development of the CCIs. It includes the elaboration of 5 national and 10 regional case studies, an impact assessment of SMART CCIs specialisation strategies as well as an analysis of the coherence and synergies with EU policies and actions.

²⁸ See Weber (2014) and Clar et al. (2014)

Identification and selection of national and regional case studies

The identification and selection of the case studies was mainly based on the results of the desk research, policy documents, studies as well as websites/platforms. The first step of the research involved the identification of policies, strategies and actions that focus on enhancing the competitiveness of CCIs, supporting them in overcoming the identified challenges and exploiting growth opportunities. The following figure illustrates the selection process at a glance:

Graph 3 Case Study selection process



Firstly, the project team identified as many relevant policies/strategies/actions as possible and produced a long list of more than 100 European, national and regional examples. The identification process was based on an in-depth desk research taking into account all relevant internet websites, platforms as well as reports that include good practices.

Subsequently, individual country files were produced for the 28 EU Member States providing an overview of national and regional policies/strategies/actions that exist in the different states. To complete these country files, relevant websites in the respective Member States were consulted. The country files were produced to assure that no country is omitted and to attain a geographically balanced selection of case studies.

Information on the different policies/strategies/actions was collected based on a reporting matrix including e.g. objectives of the measures, challenges/key priorities addressed, target group, support instruments etc.

In a second step, based on internal discussions within the project team, the long list was narrowed down to a short list of 10 national and 15 regional case studies taking into account selection as well as diversity criteria:

- Major selection criteria included:
 - Relevance for target group (measures that are tailored to the target group of CCIs / sub-segments of CCIs);
 - Correspondence with priority areas as indicated in the Commission Communication²⁹ and other relevant official documents;
 - Innovativeness of actions / new approaches
- Major diversity criteria included:
 - Geographical aspects (regional, national, countries);
 - Applied types of support instruments (e.g. consultancy, financial support, networking, training, image building, infrastructure);
 - type of beneficiaries / addressed target group of the policies/strategies/actions (e.g. CCI enterprises and organisations, CCIs' customers, policy makers);
 - Integration of measures / actions in an overall strategy vs. "stand alone" measures; different key priorities/challenges addressed

For each policy/strategy/action included in the short list, a brief argumentation was included on why the policy/strategy/action is interesting for a case study.

The short list was then discussed with the Commission (DG GROWTH, EASME, DG CONNECT and DG EAC), which lead to the identification of the following **final list** of Member States, regions and policies/strategies/actions to be analysed.

²⁹ COM(2012) 537 final

Table 1 Selected case studies: final list

National case studies	
1.	United Kingdom
2.	The Netherlands
3.	Finland
4.	Estonia
5.	Malta
Regional case studies	
6.	Apulia (Italy) - LivingLabs
7.	Catalonia (Spain) - Catalan Institute for the Cultural Companies
8.	Flanders (Belgium) - Flanders District of Creativity (Flanders DC) / Flanders Creative Industries Platform
9.	Île de France (France) - Cap Digital
10.	Lodz (Poland) - Media Cluster
11.	North Portugal (Portugal) - ADDICT
12.	North Rhine-Westphalia (Germany) - Creative.NRW / Competence centre for the creative industries
13.	Skåne (Sweden) - Action plan 2013-2020 for the CCIs
14.	Upper Austria (Austria) – CREATIVE REGION Linz & Upper Austria
15.	Wallonia (Belgium) – Creative Wallonia

As in some countries many different initiatives exist at national level, the project team summed up these initiatives and created one “country case”, whereas the case studies at regional level rather focus on single initiative.

Research strategy for the elaboration of the case studies

The field work of conducting the case studies was done in February 2016. The selected cases were analysed in-depth with a view to identifying major success factors as well as certain elements that can be scaled up and/or replicated at the EU level. The case studies are thus an essential element of the study and an analysis instrument for the comparison of policies/strategies/actions rather than having an illustrative purpose only. The analysis of the case studies was also geared towards the identification of perceived weaknesses / challenges in rolling out the analysed activities.

Conducting the case studies: instruments, methods and proceedings

A guiding template for the case studies was developed in order to cover all relevant topics and research questions and to ensure a systematic analysis of the cases. This key research instrument included the following main topics:

- Key information and figures;
- Design / intervention logic;
- Background: Genesis of the strategy/policy/action;
- Embedment in / complementarity of overarching policy strategies (national/regional/European);
- Effectiveness of the measure(s);
- Main success factors / challenges;
- Relevance for EU-policies.

The guiding template developed is enclosed in the Annex.

Based on the topics of the template, an **interview guideline** was developed by the research team.

For each case study, up to 2 telephone interviews with representatives of the respective policy/strategy/action - including relevant administrations and regional authorities - were conducted, in total 31 interviews. The interviews were supplemented with facts and figures obtained through desk research and the analysis of all relevant documents (e.g. strategy documents). The case study research process was organised along the following steps:

1. **Desk research** (all facts and figures available on webpages, published reports, and identification of individuals in charge of the policy/strategy/action and relevant to the research interest of the study etc.)
2. Conducting the main **telephone interview** with a selected representative of the policy/strategy/action (e.g. programme manager)
3. Conducting **1-2 additional interview(s)** with individuals in the environment of the policy/strategy/action (e.g. policy stakeholders, supervising authorities, members of expert boards etc.).
4. **Additional desk research** based on all information and data gathered until this stage of the case study research process.
5. **Description of indicators**, if available, demonstrating the effectiveness of the strategies (e. g. projects funded, jobs created, workshops held)
6. **Finalising** the template including a preliminary concluding analysis of the individual case (e.g. success factors, main lessons learned, assessment of support/complement of EU actions and programmes) – see Annex.

Analysis of the coherence and synergies with EU policies and actions

In order to assess the coherence and synergies of the national and regional strategies as well as their complementarities with EU policies and actions, a workshop was carried out (i.e. “case-study workshop”) in Vienna on 3 March 2016 with selected members of the stakeholder pool and representatives of the strategies/measures. In total, there were 10 participants, thereof 5 from the research team.

The workshop aimed at the discussion of the results of the case study analysis in order to validate and complement the findings of the research team. The role of the participants of the workshop was to give detailed feedback to each case study and to contribute to the cross-case analysis. In addition the coherence and synergies of the analysed national and regional initiatives/strategies/measures with EU policies and actions were discussed. The results of the workshop are incorporated in chapters 4.4. and 5.

Impact assessment of SMART CCIs specialisation strategies

This assessment was based on the in-depth analysis of the case studies, input gained from the abovementioned case-study workshop, desk research including data and documents available on the JRC S3 platform³⁰, as well as strategy documents of the analysed regions.

1.3.3. Task 3 – Policy recommendations

The results of Task 1 and Task 2 form the basis for Task 3, which aims at formulating and describing a set of policy recommendations to serve as a basis for an EU-wide CCI strategy. Here, the focus is on the identification of areas of action and a possible strategy for the CCIs as a whole.

An important element of task 3 was a **consultation workshop** in Brussels on 17 March 2016, where 42 experts / stakeholders in the field of CCIs, representatives from the European Commission as well as members of the research team participated in. The concept of the workshop was based on the **Art of Participatory Leadership (AoPL) approach**, including methods used in this participatory context such as circle, appreciative inquiry, world café, open space technology. The reason for using AoPL lies in the capacity of the approach to tackle very complex themes and to embrace the diversity of the topics. It helps to mobilise the knowledge of all present group members as well as to generate innovative knowledge through the activation of the co-intelligence of the group.

³⁰ <http://s3platform.jrc.ec.europa.eu/>

Furthermore, the method allows for an open approach in the process of refining, i.e. generating as many policy options as necessary, without considering the restrictive factors already at the beginning of the process. Harvesting techniques used during the workshop (e.g. templates, graphic facilitation) assured the transfer of all results of the workshop into the final report.

The **policy recommendations** are meant to identify **areas of action** and **levels of implementation**. They do not include details of concrete legislative proposals though.

1.3.4. Involvement of stakeholders

A strong involvement of stakeholders concerned with the CCIs has been used across all tasks. This shall ensure that their perspectives are properly taken into account, that their knowledge of the sector is used to the best possible extent, that they are committed to the final recommendations and that policy learning is encouraged among them.

A **broad pool of around 600 stakeholders** / experts has been identified in cooperation with EASME and the Advisory Board (DG GROW, DG EAC, DG CONNECT). This stakeholder pool has been structured into categories in order to take account of the different types of actors concerned with the CCIs. The pool and its categories have been updated and extended during the study and used flexibly throughout the different tasks. Stakeholders in the following categories have been included:

- European Commission, e.g. DG Growth, DG Education and Culture, DG Research & Innovation, DG Connect, DG Trade, DG Regio
- Other European institutions, e.g. European Parliament incl. Intergroup on Creative Industries, European Economic and Social Committee, European Committee of the Regions
- National authorities and institutions concerned with CCIs / CCI policy from all EU Member States
- International organisations, e.g. OECD
- Interest groups and industry associations, e.g. European Business and Innovation Network (EBN)
- Research institutions / consulting, e.g. KEA European Affairs, IDEA Consult
- Cluster managers
- Experts
- Representatives of the national / regional case studies

The **different study tasks** have required **different expertise** and backgrounds of stakeholders, and involving all types of stakeholders in all tasks would have been inefficient considering the time and budget constraints of the study. For involving stakeholders, different methods have been applied as appropriate for the different tasks. These methods include online surveying/exchange, (telephone) interviews, and physical workshop settings. The following table provides an overview of the stakeholder involvement across the different study tasks:

Table 2 Stakeholder involvement across the different tasks of the study

Involvement	Details	Stakeholders
Task 1:		
SWOT analysis	Online consultation (online survey): Evaluation of internal and external factors with an influence on the competitiveness of CCIs	Survey was sent out to the whole stakeholder pool (approx. 600 stakeholders / experts)
Foresight analysis	Foresight workshop: Development of three plausible future scenarios for the CCIs and possible policy responses	Mix of stakeholders from across the CCIs sub-segments, including members of the European Business and Innovation Network (EBN) – see attendees list in the Annex
Task 2:		
Case study workshop	Assessment of the general coherence and synergies of the national and regional strategies as well as their complementarities with EU policies and actions	Selected members of the stakeholder pool and representatives of the national / regional case studies – see attendees list in the Annex
Task 3:		
Consultation workshop	Identification of areas of action and a possible strategy for the CCIs	Stakeholders / experts in the field of CCIs, interview partners from the case studies, representatives from the European Commission as well as members of the research team – see attendees list in the Annex

2. Sector Analysis

The following chapter presents the results of the desk research and data analysis and therefore offers a comprehensive sector analysis showing current state and the sector development of CCIs. It provides information on the economic importance of CCIs as well as some insights in the financial performance of CCIs.

2.1. Economic importance of CCIs

2.1.1. Overall sectoral structure

In the European Union (EU 28), in 2013, **Cultural and Creative industries (CCIs)**³¹ (excluding high-end industries) constituted 11.2 % of all private enterprises and 7.5 % of all persons employed in the total economy^{32, 33}. In terms of value added, core CCIs and the fashion industry generate 5.3 % of the total European GVA.

All in all, more than three million enterprises can be assigned to CCIs (excluding high-end industries). They employ over 12 million persons. The turnover amounts to € 1,500 billion, while the value added is approx. € 509 billion.

In the field of **high-end industries**, a recent study by *Frontier Economics* (2014) shows that the estimated employment amounts to approx. 1.7 million persons in the luxury sector. Thereof, 1.1 million are direct jobs, while approx. 600,000 are indirect jobs³⁴. The value of sales of goods and services in the high-end industries amounts to € 547 billion. The size of the high-end sector in terms of sales is approx. 4 % of the nominal EU GDP.

³¹ For a detailed definition of the CCIs please see chapter 1.2.1 ("Sector definition")

³² Excluding agriculture, forestry and fishing

³³ The number of persons employed in CCIs in this study differs from the number stated in the "Culture statistics in Eurostat" (6.3 million as per 15th March 2016) because of a different definition applied (e. g. software and games, fashion industry are not included in the Eurostat definition) as well as a different methodological approach for the calculation of the statistics.

³⁴ Indirect employment: network of upstream suppliers that provide specialist inputs into the production of high-end goods and services.

Table 3 Structure of the CCIs, 2013¹

	CCIs ¹	Core CCIs	Fashion industry	High-end industries ²
Enterprises	3,079,500	2,282,400	797,100	n/a
Persons employed	12,082,500	7,347,100	4,735,400	1,700,000
Turnover in € million	1,481,100	903,900	577,200	547,000*
Value added in € million	508,500	376,100	132,400	n/a

Note: As high-end industries overlap with fashion industry and – to a small extent – with core CCIs, the values cannot be summed up.

¹ rounded data

² No data is available for the overall number of enterprises and the value added. The reason for this is that high-end industries cannot be analysed by NACE classification, as it does not distinguish between high-end and low-end within the sectors. Data retrieval from common databases is therefore not possible.

* Value of sales of goods and services

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), Frontier Economics (2014, p. 1), own calculations

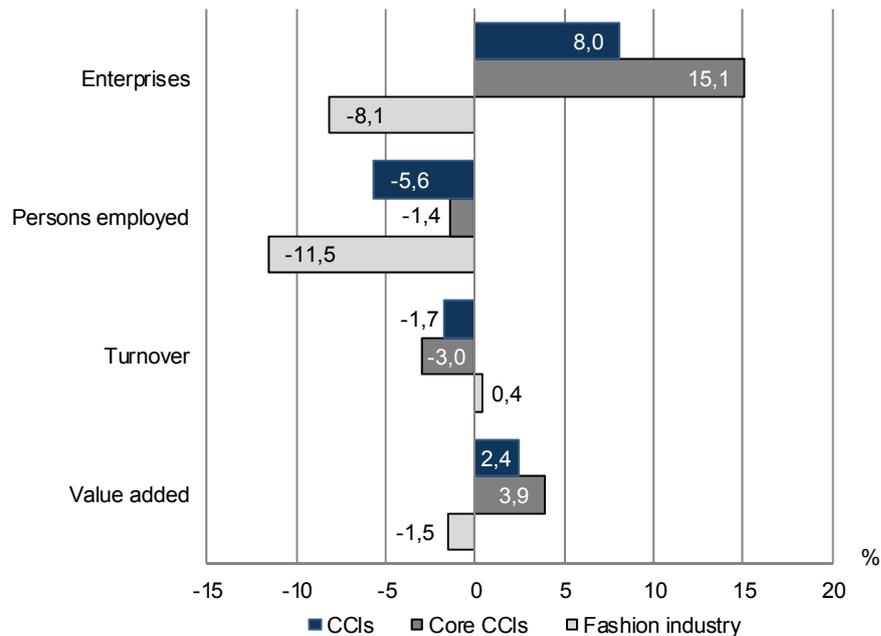
The analysis of the **development between 2008 and 2013** of the **core CCIs** and the **fashion industry** gives an ambiguous picture. The number of enterprises increased by 8.0 % and the value added at factor cost by 2.4 %, while the number of persons employed declined by 5.6 % and the turnover by 1.7 %. This mixed development can be mainly referred to the different importance of CCI subsectors with respect to these indicators (for more details please see graphs 4 and 5).

The development of the core CCIs and the fashion industries differs from each other considerably: While the number of core CCI enterprises grew by 15 %, the number of enterprises in the fashion industry decreased by -8.1 %. As regards employment, both core CCIs and fashion had to face a decline, with the decline being much more pronounced in the fashion industry (-11.5 %) than in the core CCIs (-1.4 %). However, the development of the turnover provides a different picture, with the fashion industries generating growth by 0.4 %, and the core CCIs facing a negative development (-3.0 %). Between 2008 and 2013, the value added of the core CCIs increased by 3.9 %, while the value added of the fashion industries decreased by -1.5 %.

It is particular the core CCIs that show a pattern of decreasing turnover and growing value added. The turnover is more influenced by the sector *books & press*, which is facing declining sales. On the other hand, *software & games*, a very dynamic sector, has the highest share of the value added.

In the fashion industry, the turnover increased slightly between 2008 and 2013, whereas the valued added declined. This is due to the fact that the contribution of the sector *manufacturing of fashion goods* – an industry that is facing sharp declines – to the value added is higher than to the turnover.

Graph 4 Development of the CCIs¹ in %, 2013 compared with 2008



¹ excluding high-end industries

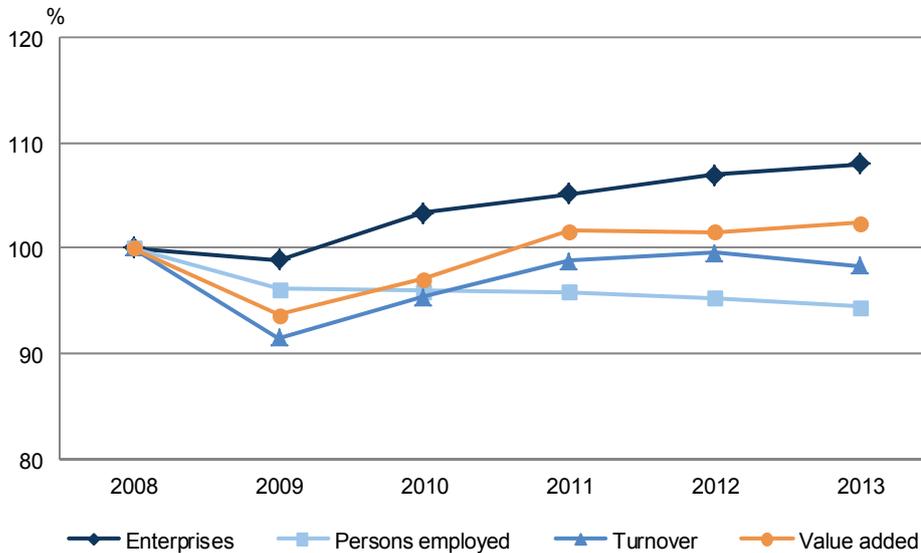
Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

A detailed analysis of the development of the CCIs (core CCIs and fashion) between 2008 and 2013 for each year shows that the number of enterprises, persons employed, turnover and value added all declined during the economic crisis of 2009. The decrease of the turnover and the value added was far greater than that of the number of enterprises.

Since 2010, the number of enterprises and also their value added grew constantly. Between 2010 and 2012, the CCIs could also generate sales increases, although to a lesser extent. In the following year 2013, the turnover decreased slightly again due to declining revenues in the subsectors *books & press*, *advertising* as well as the *fashion wholesale and retail trade*. In general, in 2013, the turnover could not reach the level of 2008.

Regarding the number of persons employed there was a continuously slight downturn during the complete period. This can be explained by the unfavourable development in the big subsectors *books & press* and *manufacturing of fashion goods*.

Graph 5 Development of the CCIs¹ in %, 2008 – 2013 (index: 2008=100)



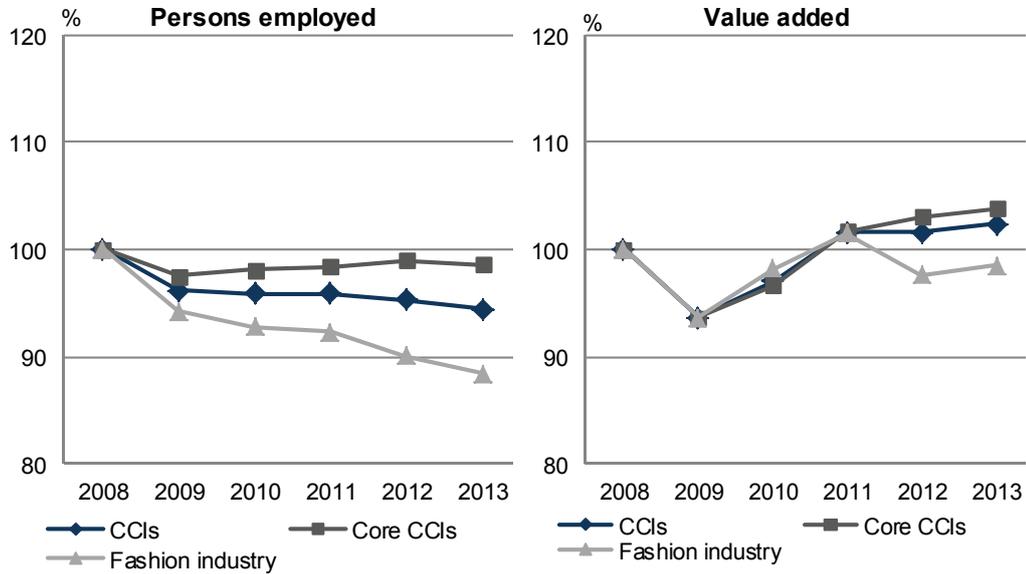
¹ excluding high-end industries

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

The following graph demonstrates the different development of core CCIs and the fashion industry regarding persons employed and value added. In the core CCIs, after a decline due to the economic crisis between 2008 and 2009, the number of employed persons increased to a very small extent since 2010. This can be explained by the fact that besides big subsectors with decreasing employment (*books & press*) there are also sectors where employment increased (i.e. *software & games, advertising*). Compared to this, the number of employees in the fashion industry declined, especially in the production subsectors, during the whole period.

After a decrease between 2008 and 2009, the value added of the core CCIs showed a sharp upward trend since 2010 (in particular in the subsector *software & games*). The fashion industry could also gain increases in the years 2010, 2011 and 2013. In-between, in 2012, the value added declined in all subsectors of the fashion industry.

Graph 6 Development of the CCI¹ in % divided by core CCIs and fashion industry, 2008 – 2013 (index: 2008=100)



¹ excluding high-end industries

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

With regard to the **high-end industries**, the overall sector development was favourable between 2008 and 2013, proving that the European high-end industries are characterised by resilience towards the economic and financial crisis (*Frontier Economics*, 2014).

In the field of employment, in 2013, the estimated direct and indirect employment amounted to 1.7 million, which - compared to 2010 - marks an increase by 13 %. This is in stark contrast with the overall trends in the EU economy. Between 2010 and 2013, employment across all sectors stagnated, while employment in European industrial sectors even decreased slightly. Direct employment in high-end industries is estimated to have increased from 990,000 to 1.1 million, indirect employment has risen from 500,000 to 600,000 between 2010 and 2013.

Furthermore, the value of sales - which is estimated to be approx. € 547 billion - has increased even by 28 % since 2010.

Table 4 Development of the high-end industries, 2010 - 2013

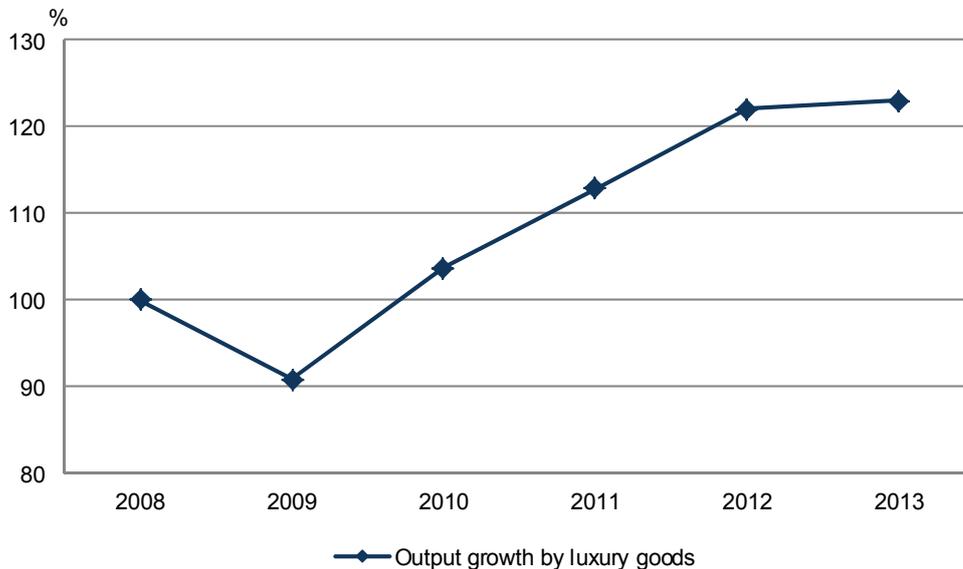
	2010	2013	Change 2010-2013
Estimated direct and indirect ¹ employment, thereof	1,500,000	1,700,000	13 %
<i>Direct employment</i>	<i>990,000</i>	<i>1,100,000</i>	<i>11 %</i>
<i>Indirect employment</i>	<i>500,000</i>	<i>600,000</i>	<i>20 %</i>
Value of sales in € million	428,000	547,000	28 %

¹ Indirect employment: network of upstream suppliers that provide specialist inputs into the production of high-end goods and services

Source: Frontier Economics (2014), p. 1, own calculations

The favourable development of the high-end industries is also reflected in the output growth, which is defined as the spending on high-end goods (*Frontier Economics*, 2014). Although the output had declined in 2009 as a consequence of the economic crisis (approx. -10 %), in 2010, it already slightly exceeded the spending of 2008 (4 %). In 2011 and 2012, there was again a considerable increase, while in 2013, the output growth levels off. However, in total, the output has grown by 23 % since 2008.

Graph 7 Development of output of high-end industries in %, 2008 – 2013 (index: 2008=100)



Source: Frontier Economics (2014), p. 10; Frontier analysis of Altgamma/Bain and Eurostat data (2014), own calculations

The fast recovery of the high-end industries can be explained by the fact that high-end industries have been able to tap into fast growing emerging markets – either directly through exports or through tourists and travellers purchasing goods in Europe (*Frontier Economics*, 2014).

Business demography

The creation of new businesses (enterprise births³⁵), the survival of businesses and the closure of businesses (enterprise deaths³⁶) indicate the ability of industries and companies to adapt to changing market conditions. Therefore, enterprise births are regarded as an important possibility to increase growth and employment.

In 2013, according to Eurostat's business demography statistics³⁷, the **enterprise birth rate**³⁸ in the European Union was at 9.4 %, which means that 9.4 % of all active enterprises³⁹ in this year were newly born enterprises. The birth rate of enterprises for CCI (excluding high-end industries) was slightly higher (9.5 %). The core CCIs were more dynamic in terms of enterprise births (10.4 %) than the total economy, while the birth rate of the fashion industries was lower (8.1 %) than the average.

In 2013, the **enterprise death rate**⁴⁰ in the European Union was 8.7 % of all active enterprises. For CCI (excluding high-end industries) (9.0 %) and the core CCIs (9.3 %), the death rate is higher than average, while for the fashion industries it is slightly lower (8.6 %).

When comparing the enterprise birth rates with the death rates, it can be observed that both for CCIs and all enterprises in the European Union the birth rates are higher than the death rates, pointing to generally positive dynamics. This is also true for the core CCIs. In contrast, for the fashion industry, the death rate is slightly higher than the birth rate, which means that dynamics are not that favourable.

³⁵ An enterprise birth occurs when an enterprise (for example a company) starts from scratch and begins operations, amounting to the creation of a combination of production factors with the restriction that no other enterprises are involved in the event. An enterprise birth occurs when new production factors, in particular new jobs, are created. (Eurostat, Business demography statistics)

³⁶ An enterprise death is the termination of an enterprise, amounting to the dissolution of a combination of production factors with this restriction that no other enterprises are involved in the event. (Eurostat, Business demography statistics)

³⁷ Data on NACE 4-digit-level were not available for all CCI sectors. In this case, the next superior available NACE-level with plausible data was taken into account.

³⁸ The enterprise birth rate of a given reference period (usually one calendar year) is the number of births as a percentage of the population of active enterprises. (Eurostat, Business demography statistics)

³⁹ Excluding agriculture, forestry and fishing

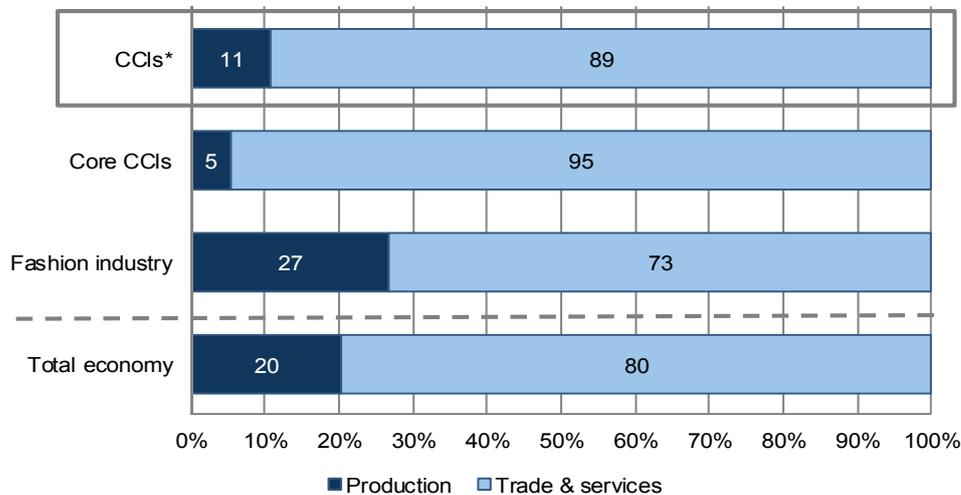
⁴⁰ The enterprise death rate of a given reference period (usually one calendar year) is the number of enterprise deaths as a percentage of the population of active enterprises. (Eurostat, Business demography statistics)

Enterprise size

According to the *European Commission* (2012b), cultural and creative business are characterised by a small enterprise size. Creation is driven by small businesses or individuals, giving rise to agile and innovative employers (EY, 2015). Hence, CCIs are dominated by SMEs, notably micro-SMEs and free-lancers. These SMEs co-exist with a few “global players”, for example in films and publishing (Cunningham, 2012).

This is also confirmed by the analysed data. In a first step, in order to better understand the enterprise size structure of CCIs, especially the core CCIs and the fashion industry, it is shown how enterprises in the field of CCIs, core CCIs, fashion industry and the total economy distribute among the categories “production” as well as “trade and services”. Enterprises in trade and services tend to be smaller, while enterprises in production tend to be larger. The graph 8 illustrates that the proportion of trade and services (89 %) in the CCIs is above the EU average (80 %) and only 11 % are active in production. In contrast, the proportion of production in the fashion industry (27 %) is above the EU average (20 %).

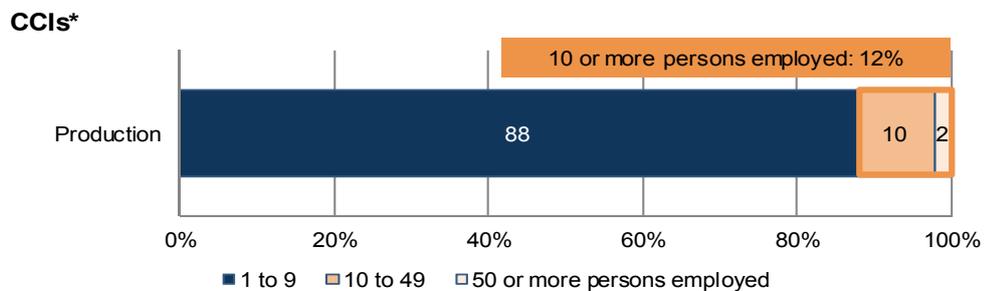
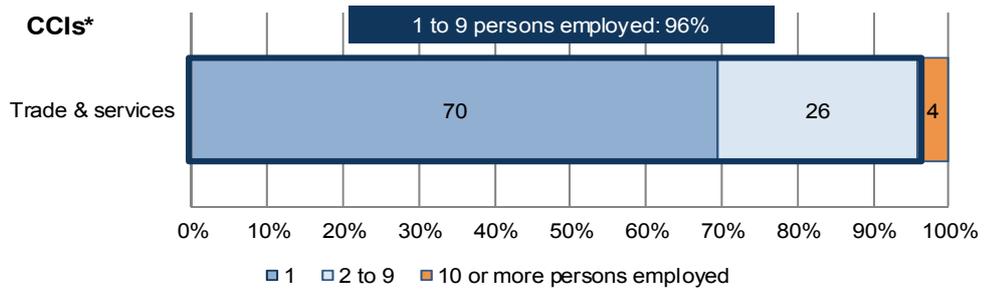
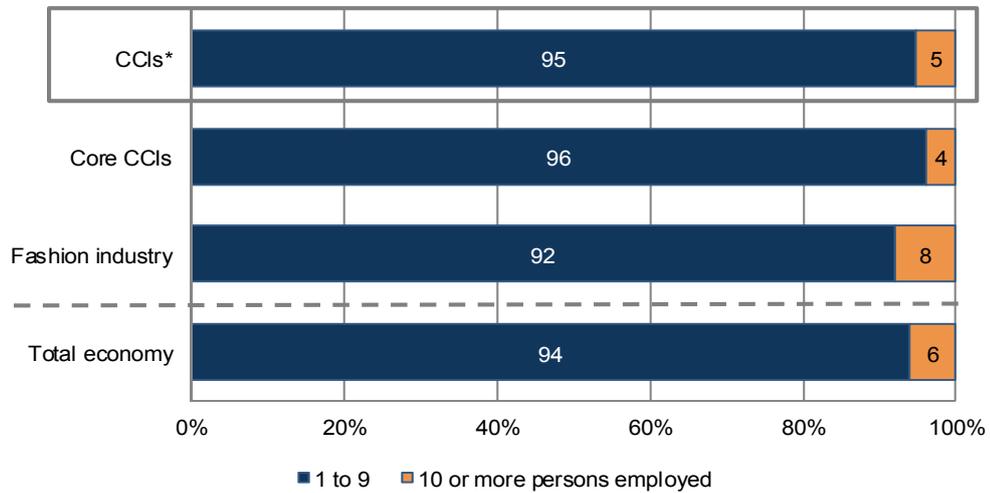
Graph 8 Distribution of enterprises among production and trade & services in %, 2013



* excluding high-end industries

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Graph 9 Enterprises by size class¹ in %, 2013



* excluding high-end industries

¹ based on the number of persons employed

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

The graph above illustrates in detail the distribution of enterprises by size categories, i.e. overall and by the categories “trade and services” as well as “production”: In the total economy, 94 % of the enterprises have up to nine persons employed. This percentage is even higher in the CCIs (95 %) as well as in the core CCIs (96 %). In contrast, in the fashion industries, 8 % of the enterprises employ 10 persons and more.

In trade and services, 70 % of all enterprises in the CCIs are OPEs⁴¹; further 26 % have two to nine employees. In the field of production, this percentage is lower – here, 10 % employ 10 to 49 employees, and further 2 % have employed 50 persons or more.

In the field of **high-end industries**, on the one hand, there is a strong presence of large companies and multi-national brand groups (*European Commission*, 2012c). The majority of the biggest high-end companies in the world are European, for instance LVMH – Louis Vuitton Moët Hennessy, Kering (Alexander McQueen, Gucci etc.), Prada, Hermès International or Burberry. On the other hand, the upstream supply chain is dominated by small scale manufacturers – typically micro-enterprises with 10 or fewer employees. For instance, around 80 % of the high-end fashion suppliers in France had 4 or fewer employees (*Frontier Economics*, 2014).

2.1.2. Detailed sectoral structure of the core Cultural and Creative industries (CCIs)⁴²

The largest sectors within the core CCIs in the European Union are **books & press, software & games** as well as **advertising**. In contrast, cultural education, music⁴³ as well as radio & TV can be counted among the smaller CCIs.

⁴¹ One-Person-Enterprises

⁴² Concise “Sector fiches” can be found in the Annex

⁴³ Please note that “music” does not include “performing arts & artistic creation”, which is a separate subsector. (See also chapter 1.2.1 sector definition)

Table 5 Sectoral structure of the core CCIs, 2013¹

	Enterprises	Persons employed	Turnover in € million	Value added in € million
Advertising	303,400	1,057,500	152,700	50,500
Architecture	303,500	579,400	38,500	22,200
Archives, libraries, cultural heritage	115,000	560,000	55,000	22,000
Books & press	446,300	1,968,900	232,700	83,800
Cultural education	30,000	90,000	5,400	2,700
Design & visual arts	275,800	390,900	29,700	14,000
Music	34,300	71,900	11,000	4,800
Performing arts & artistic creation	390,000	660,000	70,000	35,000
Radio & TV	11,700	253,300	65,600	26,900
Software & games	262,600	1,331,000	181,400	92,400
Video & film	109,800	384,200	61,900	21,800
Core cultural and creative industries (CCIs)	2,282,400	7,347,100	903,900	376,100

¹ rounded data

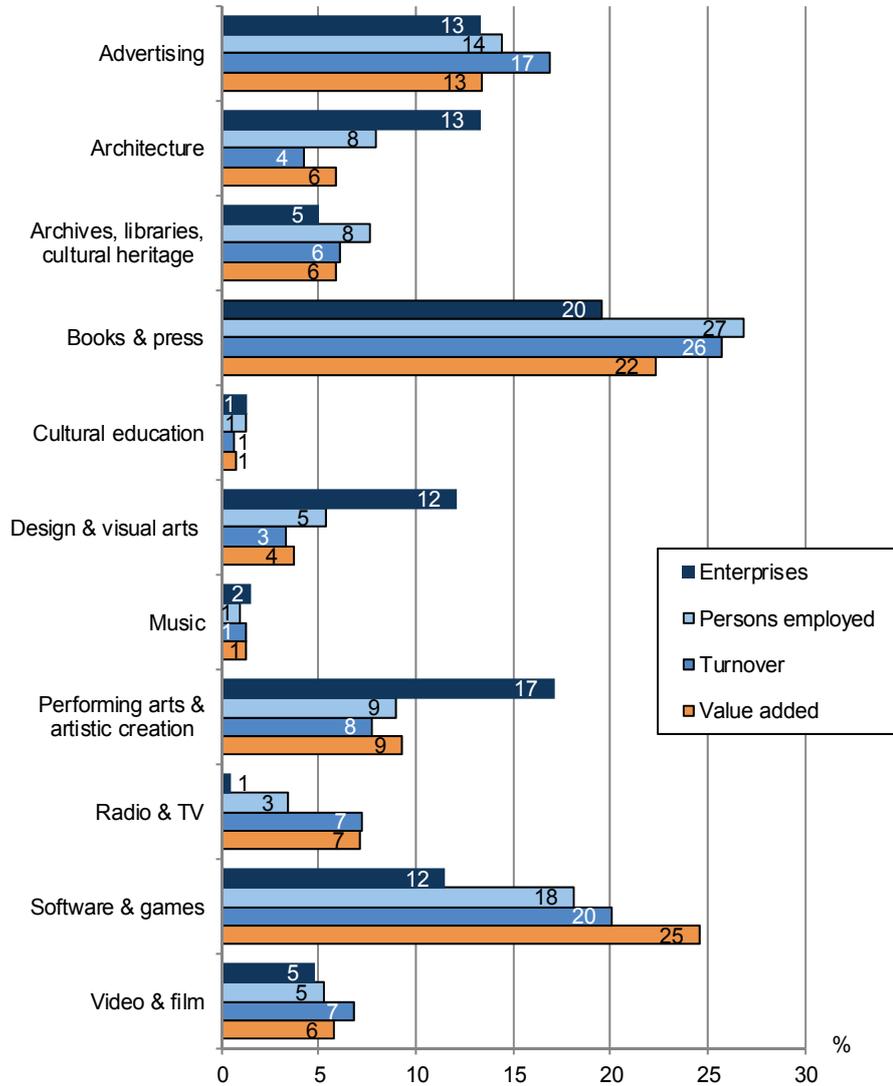
Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

In 2013, the sector books & press had the highest number of enterprises, accounting for 20 % of all enterprises in the CCIs. Performing arts & artistic creation (17 %) rank second, followed by advertising and architecture (13 % each).

The sectors with the highest number of persons employed include books & press (27 %), software & games (18 %) and advertising (14 %). Together they account for more than half of the employment (59 %) in the CCIs.

The three largest sectors books & press, software & games as well as advertising are responsible for approx. two thirds (63 %) of the total turnover and 60 % of the total value added of CCIs. Books & press is the main contributor to the total turnover of CCIs (26 %) and the second largest contributor to the value added (22 %) in the European Union. Software & games ranks second in terms of turnover (20 %), but first in terms of value added (25 %). 17 % of the total turnover and 13 % of the value added of CCIs can be attributed to advertising. Although having 12 % of all enterprises in the CCIs, design accounts for only 3 % of the turnover and 4 % of the value added. Cultural education and music rank at the end of the list, with a contribution of approx. 1 % to the total turnover and value added of the CCIs.

Graph 10 Sectoral structure of the core CCIs in %, 2013



Note: Due to rounding differences, the shares might not add up to 100 %.

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

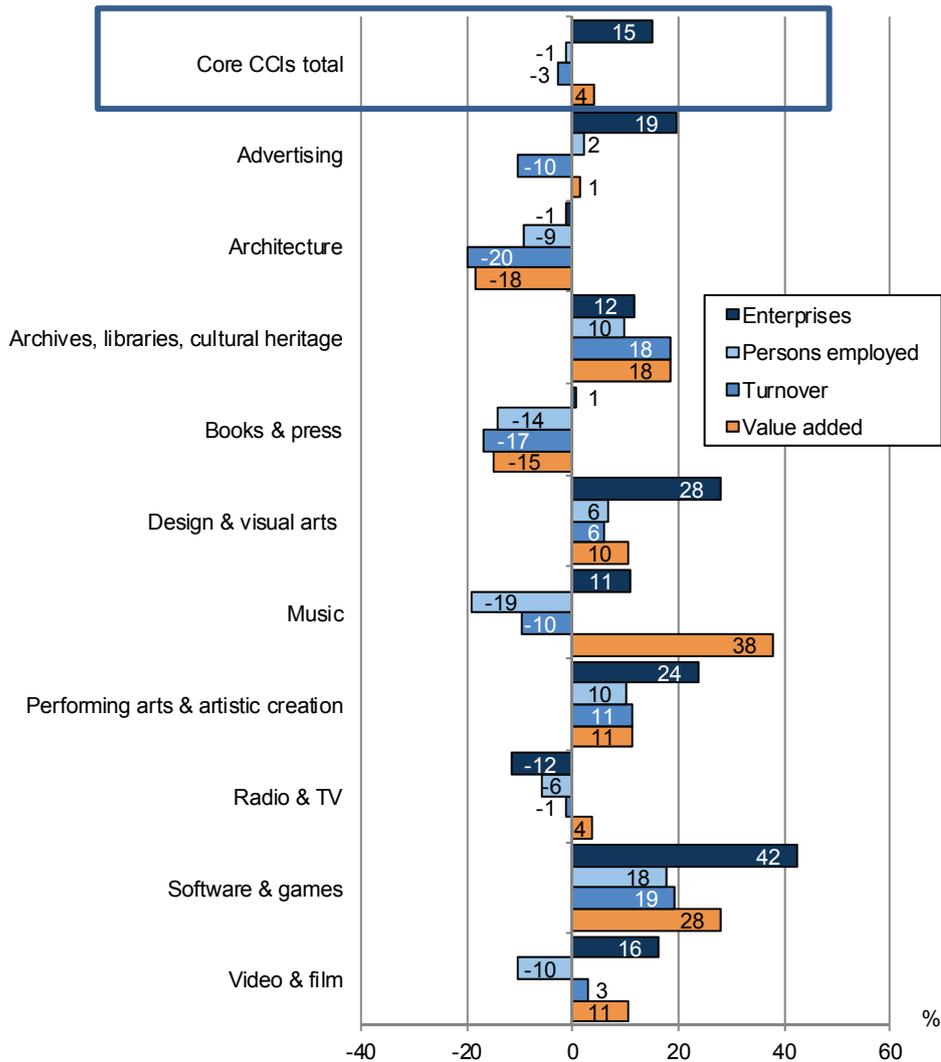
In terms of the sectoral development of the CCIs, between 2008 and 2013, the **most dynamic sectors** had been software & games, performing arts & artistic creation, design & visual arts as well as archives, libraries, cultural heritage. These sectors experienced an increase in the number of enterprises, employment, turnover as well as value added.

In stark contrast, the sectors architecture, books & press, and radio & TV had an **unfavourable development**, characterised by a decrease in all areas (except for radio & TV which had at least 4 % growth in value added).

Sectors which had a **mixed development** include advertising, video & film as well as music. In advertising, the decrease of the turnover together with a growth of the value added may have been caused by structural changes in business models as a result of the economic crisis of 2009, e.g. less outsourced services. In video & film, the decline of the number of persons employed can be explained by the structural change in this subsector due to digitalisation and consequently, the atomisation of work processes. Furthermore, an increase of the number of enterprises can be observed which suggests to a shift from contracted employment to entrepreneurship.

With regard to music - a small, but heterogeneous sector -, despite a decrease of persons employed and turnover, the number of enterprises grew and the value added increased by 38 %. Due to the different importance of the sub-branches with regard to the number of enterprises, employment, turnover and value-added, there is an inhomogeneous development in this field. The decrease of employment and turnover can be mostly attributed to the sharp decline in the *retail sale of music and video recordings in specialised stores*. In contrast, the - on average - small companies in the field of *sound recording and music publishing activities* are responsible for the growth of the number of companies and also for the value-added in the music sector: the share of *sound recording and music publishing activities* in the value-added of the music sector is about 80 %. Furthermore, intermediate inputs are much lower in *sound recording and music publishing activities* than in the *retail sale of music and video recordings in specialised stores*. These developments are mainly influenced by the technological changes due to digitalisation, which profoundly changes the offer and the consumption of music and thus the structure of the music sector.

Graph 11 Sectoral development of the core CCI in %, 2008 - 2013

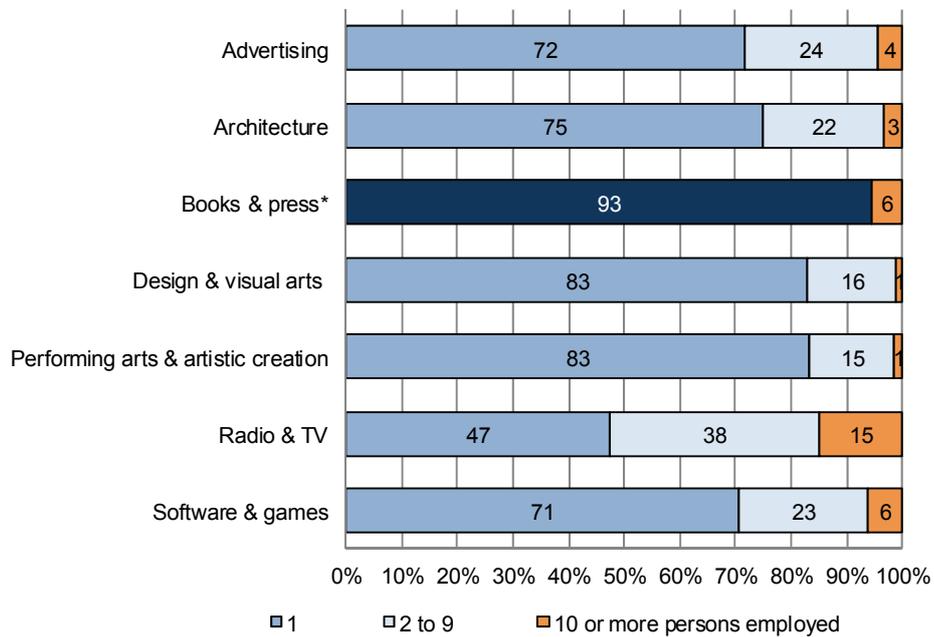


Note: Due to data restrictions for “cultural education” for the year 2008 it is not possible to show the development for this sector.

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

In general, the vast majority of enterprises in the CCIs (96 %) are micro-enterprises with less than 10 employees. However, the **structure of the enterprise size** differs between the sectors: For instance, the proportion of OPEs is highest in design & visual arts as well as performing arts & artistic creation (83 % each), followed by architecture (75 %), advertising (72 %) as well as software & games (71 %). In the sectors radio & TV (15 %), books & press and software & games (6 % each), the proportion of larger enterprises employing 10 persons or more is particularly high.

Graph 12 Enterprises by size class¹ for selected CCI sectors in %, 2013



Note: Due to rounding differences, the shares might not add up to 100%.

¹ based on number of persons employed

* For "books & press", data were only available for the category "from 0 to 9 persons employed" in total.

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

2.1.3. The importance of European core CCIs in global comparison

According to a recent study by EY (2015) on the 'first global map of cultural and creative industries', the Asia-Pacific region⁴⁴ is the largest core CCI market⁴⁵ in the world (43 % of estimated employment and 33 % of estimated revenues⁴⁶). Europe⁴⁷ ranks second, with 26 % of the world's employment and 31 % of the world's revenues in core CCIs. North America follows with 16 % of the total employment and 28 % of total revenues. The regions Latin America as well as Africa and the Middle East only play a minor role.

Table 6 Distribution of global employment¹ and revenues² in the core CCIs in %, 2013

	Employment	Revenues
Europe ³	26	31
Asia-Pacific	43	33
North America	16	28
Latin America	6	6
Africa and the Middle East	8	3
Total	100	100

¹ Estimated Persons employed

² Estimated revenues (Business-to-Consumer and Business-to-Business sales)

³ Europe: EU 28, Norway, Switzerland, Iceland, the Balkans, Turkey and Russia

Source: EY (2015), p. 17, own calculations

The participation of Europe in the global core CCI market differs across sectors: more than half of employment (52.6 %) and revenues (50.4 %) in global advertising can be referred to Europe. Furthermore, the European architecture sector reaches 39.6 % of the global employment in this field. This is followed by performing arts, music and movies – they make up approx. one third of the global employment and revenues in this field.

⁴⁴ Asia-Pacific: including Japan, China, Australia, India, Central Asia and Caucasian countries

⁴⁵ According to EY (2015), CCIs consist of advertising, architecture, books & press, gaming, movies, music, performing arts, radio & TV, as well as visual arts. It does not include fashion and high-end industries.

⁴⁶ Revenues (defined as Business-to-Consumer and Business-to-Business sales)

⁴⁷ Europe: EU 28, Norway, Switzerland, Iceland, the Balkans, Turkey and Russia

Table 7 The share of Europe's core CCI¹ sectors in the global core CCI market, 2013

	Employment ² : share of Europe in the world in %	Revenue ³ : share of Europe in the world in %
Advertising	52.6	50.4
Architecture	39.6	26.6
Books & press (book sales, newspapers and magazine publishing industry)	24.1	31.5
Gaming (video game publishers, developers, retailers)	15.2	30.1
Movies (motion picture production, post-production and distribution)	28.3	31.7
Music (sound recording and music publishing industry, live music)	32.4	36.2
Performing arts (dance, theatre, live music, opera, ballet etc.)	33.4	34.6
Radio & TV	21.4	27.5
Visual arts (visual arts creation, museums, photography, design)	11.9	31.1
Total (before removing double-counting⁴)	26.0	32.7
Total (minus double-counting)	26.1	31.4

¹ The CCI sectors listed in the table do not exactly correspond to the definition of CCIs used for this study. Also, the term "Europe" does not only include the EU member states, but also Norway, Switzerland, Iceland, the Balkans, Turkey and Russia.

² Persons employed

³ Business-to-Consumer (B2C) and Business-to-Business (B2B) sales

⁴ For instance, live music employment and revenues are counted in both music and performing arts

Source: EY 2015, p. 15 and p. 44, own calculations

2.1.4. Detailed sectoral structure of the fashion industry

According to *IDEA Consult* (2012), the fashion industry⁴⁸ comprises manufacturing of intermediate goods (e.g. weaving and finishing of textiles), manufacturing of fashion goods, wholesale & agents as well as retail sale. Following this definition, **retail sale** makes up the largest part of the fashion industry by far, followed by **manufacturing of fashion goods** and **wholesale & agents**.

⁴⁸ A detailed definition of the fashion industry according to NACE codes can be found in the Annex.

Table 8 Sectoral structure of the fashion industry, 2013¹

	Enterprises	Persons employed	Turnover in € million	Value added in € million
Manufacturing of intermediate goods	16,500	216,800	31,800	8,500
Manufacturing of fashion goods	197,000	1,474,400	121,600	33,200
Wholesale & agents	122,900	509,600	160,500	29,100
Retail sale	460,700	2,534,600	263,300	61,600
Fashion industry	797,100	4,735,400	577,200	132,400

¹ rounded data

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

More than half of the enterprises (58 %) can be assigned to retail sale, while manufacturing of fashion goods (25 %) ranks second. Only 2 % of the enterprises in the fashion industries are active in the manufacturing of intermediate goods.

A similar pattern can be observed in the field of employment. 54 % of persons employed in the fashion industry work in retail sale. Another 31 % are employed in the manufacturing of fashion goods. Employment in wholesale & agents as well as manufacturing of intermediate goods only plays a minor role.

Nearly half of the turnover (46 %) and value added (47 %) is generated by retail sale, followed by wholesale & agents (turnover: 28 %, value added: 22 %) and manufacturing of fashion goods (turnover: 21 %, value added: 25 %).

Graph 13 Sectoral structure of the fashion industry in %, 2013

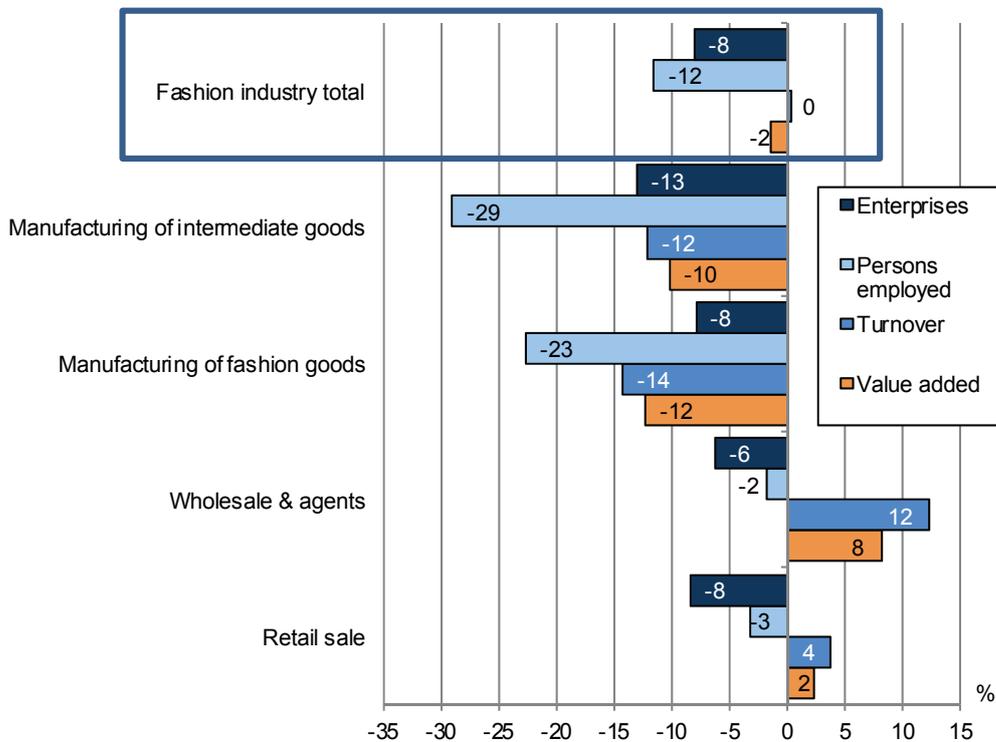


Note: Due to rounding differences, the shares might not add up to 100%.

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

During 2008 and 2013, the fashion industry in the European Union was characterised by a downward trend, with decreasing numbers of enterprises and persons employed. To a large part this can be attributed to a decline in the manufacturing of intermediate and fashion goods. Although the number of enterprises and persons employed also decreased in wholesale & agents and retail sale, in these two distribution areas both the turnover (wholesale: 12 %, retail: 4 %) and the value added (whole sale: 8 %, retail: 2 %) developed in a positive way. Among others, this can be explained by digitalisation and outsourcing of working steps.

Graph 14 Development of the sectors in the fashion industry in %, 2008 - 2013



Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

2.1.5. Detailed sectoral structure of the high-end industries

Europe is a global leader in the sector of high-end products and services with a world market share of approx. 70 % - a percentage that has remained stable since 2008 (*Frontier Economics*, 2014).

The European high-end industries consist of very different products and services. High-end cars (48.9 %) and personal high-end goods such as fashion, accessories, perfumes and cosmetics, watches and jewellery (28.8 %) are the most important sectors in terms of sales – they account for 77.7 % of the European sales value. Other important sectors are high-end hotels and leisure (7.7 %), high-end wines and spirits (6.6 %) as well as high-end food (4.4 %).

In terms of global sales, Europe is the leader in almost all high-end sectors, in particular design furniture (89.5 % market share), high-end cars (84.3 %) and personal high-end goods (72.5 %). Europe also plays a major role in the world in the sales of high-end wines and spirits (65.5 %) and high-end food (63.2 %).

As regards the sales in luxury yachts (42.9 %) and hotels and leisure (30.4 %), the European share in the global value is considerably lower.

Table 9 Sectoral structure of the European high-end industry, 2013¹

	Value of sales in € million	Value of sales in %	European value of sales in % of the global value
High-end cars	268,000	48.9	84.3
Personal high-end goods	158,000	28.8	72.5
High-end hotels and leisure	42,000	7.7	30.4
High-end wines and spirits	36,000	6.6	65.5
High-end food	24,000	4.4	63.2
Design furniture	17,000	3.1	89.5
High-end yachts	3,000	0.5	42.9
High-end industries total	547,000	100.0	69.1

Source: Frontier Economics (2014), p. 9, own calculations

High-end industries rely on maintaining high quality levels, which has also implications on the supply chain. As the predictability of quality is very important and cost-efficiency gains are secondary, many supplier relationships are long-term. For upstream suppliers it is important to have sufficient skills, to be able to adapt to changing requirements, to maintain their quality and to keep innovating. While upstream suppliers have incentives for developing a reputation for reliability and skilled workmanship, downstream purchasers have an interest in securing long-term supply relationships to ensure continuity of supply and to reduce transactions costs. (*Frontier Economics, 2014*)

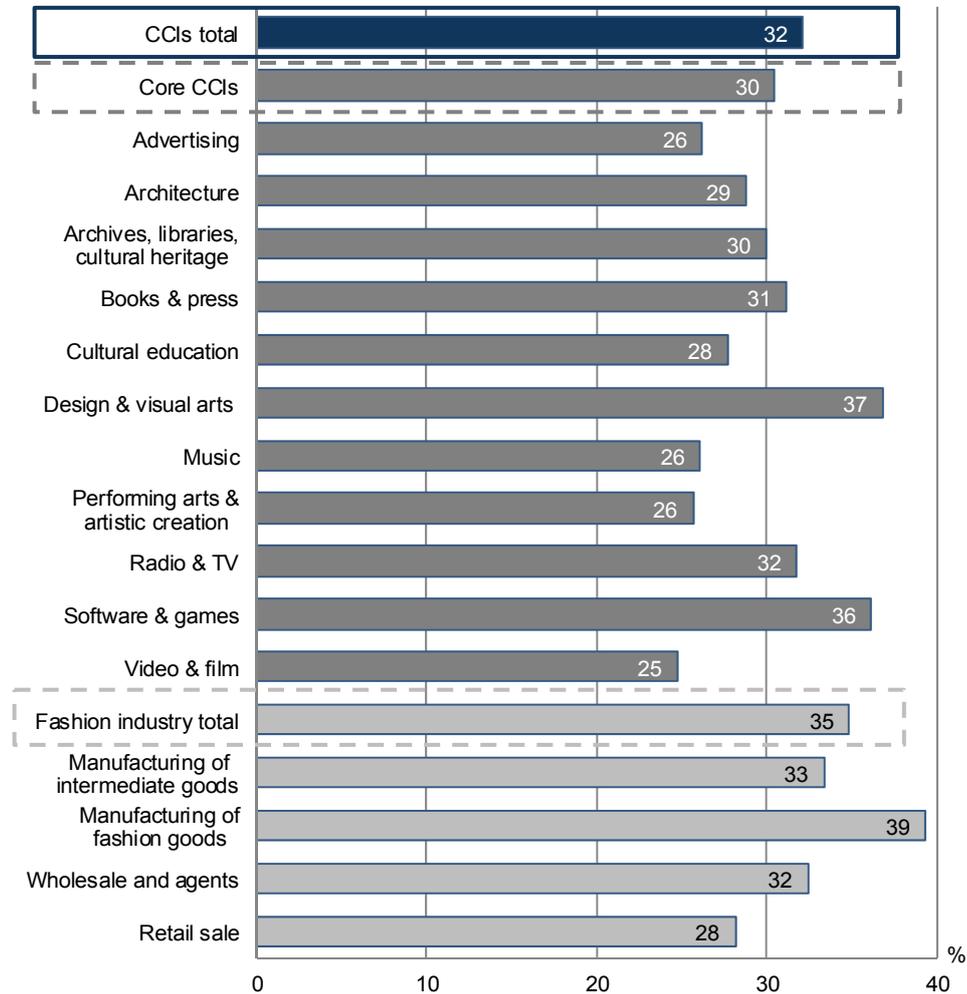
Furthermore, a very important dimension in the field of high-end industries is the strong link to other sectors such as tourism, art and the media. European cities like Paris, Milan and London are favourite shopping destinations for tourists. According to HSBC, about 50 % of all personal high-end goods in Europe are purchased by tourists (*European Commission, 2012c*).

2.2. *Financial performance of CCIs*

The financial strength of creative businesses was assessed by analysing balance sheet data and data from the profit/loss account. From these, the equity ratio and the sales profitability were calculated.

The **equity ratio** indicates the proportion of owner capital (i.e. direct owner investments or shareholders' funds) in the total assets of a company. It sheds some light on the overall financial strength of a company and is regarded as an indicator for the soundness of the capital structure: the higher the equity ratio of a company, the better is the long-term solvency position. As they have to pay less interest, companies have more free cash on hand for future expansions, growth, and dividends. Also, a higher equity ratio provides access to capital at lower interest rates. In general, the lower the equity ratio, the higher is the risk to the creditors. Enterprises with low equity ratios are more prone to losses due to a large portion of the earnings having to be spent on paying interests. It also makes it difficult for companies to obtain a loan from banks and other financial institutions – and even if they would get a loan, they would have to pay comparatively higher interest rates.

Graph 15 Equity ratio¹ of the CCI²s by sector, 2013



¹ percentage of total equity (capital and other shareholder funds) in total assets

² excluding high-end industries

Source: Bureau van Dijk (ORBIS database), own calculations (basis: 480,000 datasets)

The average equity ratio of businesses in the field of CCI is approx. 32 %. In the core CCI the percentage of total equity in total assets accounts for 30 %. Design & visual arts as well as software & games have an equity ratio above 35 %, while video & film, performing arts & artistic creation, advertising and music have an equity ratio of 26 % and less. With 35 %, the equity ratio in the fashion industry is higher than in the total CCI. The sector manufacturing of fashion goods has an equity ratio of 39 %.

These data are in line with other results - similar equity ratios have been calculated for the Austrian core CCI (30 %) as compared to the Austrian total economy (32 %) (Gassler *et al.*, 2015, p. 33). Also, data from the BACH-database⁴⁹ show that average equity ratios of e.g. German and French businesses⁵⁰ amount to approx. 34 %.

The **sales profitability** states the percentage of EBIT (= earnings before interest and taxes) in sales. It is used to evaluate an entity's operating performance and indicates how much profit an entity makes after paying for variable costs of production such as wages, raw materials, etc. (but before interest and tax).

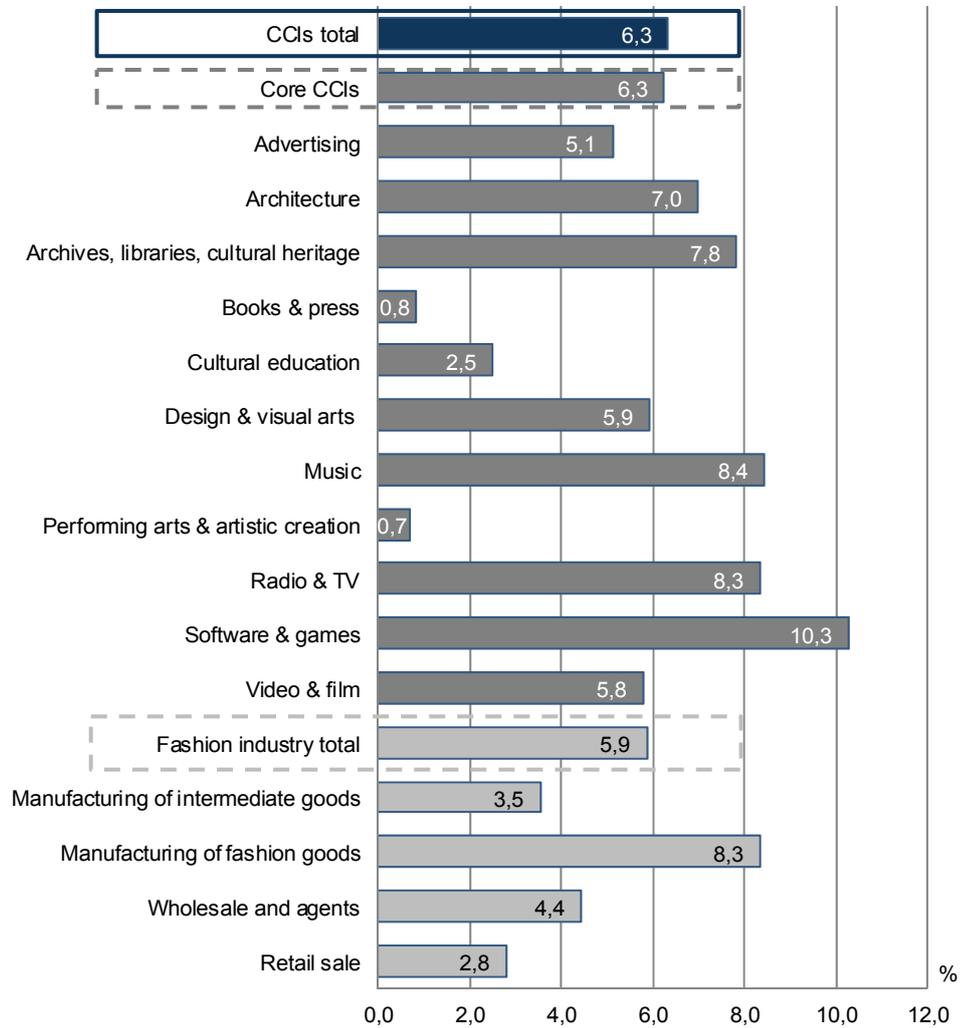
In 2013, the average sales profitability in the CCIs was 6.3 %. In the core CCIs the sales profitability amounted also to 6.3 %, in the fashion industry it was 5.9 %. The highest profits were generated by enterprises in the sectors software & games, music, radio & TV and manufacturing of fashion goods, whereas the lowest profits are observed in performing arts & artistic creation as well as in books and press.

These data also correspond with data on the sales profitability which were calculated for the Austrian core CCIs. According to Gassler *et al.* (2015, p. 36), it is about 6.3 % (for 2012/2013) as compared to 3.9 % of businesses of the Austrian total economy.

⁴⁹ Database by ECCBSO (European Committee of Central Balance-Sheet Data Offices) containing harmonised annual accounts statistics of European non-financial enterprises

⁵⁰ Market-oriented economy (B-N of NACE excluding K and 70.1), excluding, among others, R (Arts, entertainment and recreation)

Graph 16 Sales profitability¹ of the CCIs² by sector, 2013



¹ percentage of EBIT (= all operating revenues minus all operating expenses) in net sales

² excluding high-end industries

Source: Bureau van Dijk (ORBIS database), own calculations (basis: 170,000 datasets)

3. Framing the competitiveness of CCI

As shown in the previous chapters CCIs are of high economic importance and show a good overall financial performance. The following section focuses on various factors which seem crucial for the competitiveness of the CCIs. The special characteristics of CCIs make them forerunners in the emerging digital society, in practicing new forms of employment and inventing new business models, in working in networks and co-operations as well as fostering innovation in other (more traditional) sectors. On the other hand the chapter also highlights specific challenges that CCIs face – e. g. when it comes to accessing finance, internationalisation or IPR.

The research conducted in the context of this chapter aims further to identify drivers of growth, opportunities, challenges and barriers that the CCIs sector may encounter and that would hamper their development. An assessment of the competitive position of CCIs, their growth potential and strategic development is carried out.

3.1. Key factors of competitiveness

3.1.1. Finance

It has been recognised that cultural and creative enterprises face **special challenges** when it comes to **accessing finance**, making it more difficult for them to exploit growth opportunities and to maintain their competitiveness (see e.g. *European Commission*, 2012b). Difficult access to finance is also linked to the fact that European CCIs suffer from a **lack of medium-sized firms** (the ‘missing middle’ phenomenon) as enterprises experience difficulties growing beyond a small size (*De Voldere et al.*, 2013).

The **financial gap** in cultural and creative sectors over a 7-year period (the difference between the amount of finance needed and accessible bank funding) is estimated to range from € 8 billion to € 13.4 billion (*De Voldere et al.*, 2013). Due to the development towards an increasingly digitalised economy, investment needs of CCIs are likely to further increase.

The reasons for difficulties of cultural and creative enterprises in accessing finance are **different structural aspects**, including in particular the following (see e. g. *De Voldere et al.*, 2013; *Dörflinger et al.*, 2014):

- Smaller sizes of CCI enterprises
- Lack of resources (e. g. time) and necessary skills for business planning and financial management

- Uncertainty concerning the demand for their products and services (leading to higher risks)
- Greater complexity of their business models
- Higher share of intangible assets and intellectual property (and thus lack of conventional collateral)
- Dependence on public investment schemes

On the other hand, analysis for Austria shows that the return on sales of enterprises in the creative industry is substantially higher than in the overall economy. Moreover, the equity ratio has significantly improved over the last years (see *Bachinger et al.*, 2013; *Gassler et al.*, 2015). While reasons for higher profits include structural aspects as e. g. lower costs for materials and services in the creative industries, these results also suggest that large parts of **CCIs outperform the overall economy** and thus do not lack business skills. Nevertheless, they often tend not to fit in traditional business growth models because e.g. of **volatile liquidity due to the project-based nature of their activities**. Also the **working model** of micro- businesses embedded in strong vertical and horizontal **cooperation and collaborative networks** has different implications for employment indicators, which stay quite stable even if the revenues may show positive developments.

Factors that hamper access to finance for CCIs can also be found on the supply side. **Banks** are the major external source for financing in the SME-sector. Alternative financial means such as equity finance, angel investment, venture capital or guarantees are used only rarely compared to credit financing (*European Commission*, 2012b). However, banks often do not have the necessary expertise to evaluate business models of the cultural and creative industries and, therefore, they are not in a position to **assess their intangible assets** adequately. **The asymmetry of information between banks and CCIs** is considered to be high (*De Voldere et al.*, 2013; *Dörflinger et al.*, 2014). As a consequence, financial institutions need increased general awareness of the economic potential of CCIs and expertise in evaluating business models based on intangible assets need (*European Commission*, 2012b).

The planned Guarantee Facility⁵¹ within the “Creative Europe” programme of the European Commission addresses the described barriers and stimulates the provision of loans to CCIs. It facilitates access to loans for micro, small, and medium sized organisations by taking over risks. It also addresses financial intermediaries and aims at improving their risk-assessment capacities.

⁵¹ http://ec.europa.eu/programmes/creative-europe/opportunities/cross-sector-support/index_en.htm

The financing situation of CCIS also got worse in the context of the European debt crisis. Parts of the creative economy and its sectors (such as e. g. museums, theatres) depend upon public support. Within the EU 28, the overall cultural spending of governments (including purchases, financial and fiscal incentives, subsidies, licence fees or public employment) account for 1 % of government outgoings while public spending on e. g. defence (3 %) or education (11 %) is much higher⁵². During the past years, many governments were under severe pressure to cut public spending. Especially in Southern, Central and Eastern Europe, governments reduced public support for cultural services due to budget restraints. Prior to the crisis (between 2003 and 2008), government expenditures on cultural services were growing on average by 5 % per year, while from 2008 to 2012 expenditures have declined by 1 % annually. (*Lhermitte et al.*, 2014)

3.1.2. Human resources

The workforce of the CCIs is characterised by a **high level of education** (including a higher share of academics), and by a **high level of flexibility as well as mobility** (see e. g. *Benhamou*, 2003). The cultural and creative sectors are an important employer for young people: in 2013, almost one fifth of persons employed were between 15 and 29 years old – the highest share of all sectors (*Lhermitte et al.*, 2014). Another characteristic of the industry is the high percentage of self-employed persons, “One-Person-Enterprises” (OPEs) and freelancers. (*Rammer et al.*, 2008)

The specific business models of the industry, requiring the development of creative goods and services that are complex and hard to standardise, do not fit well with traditional nine-to-five jobs (*Falk et al.*, 2013). Instead, the **labour market** is very competitive and characterised by high fluctuation and irregular forms of employment such as (often low paid) part-time or temporary forms of employment (*Kooyman*, 2010). Many creative workers also engage in hybrid models – combining e. g. freelancing activities in the CCIs with other professions providing the financial stability to maintain their creative activities (*ibid.*). In the creative industries also many new forms of employment associated with higher flexibility, such as ICT-based mobile work, portfolio work, crowd employment, collaborative employment (co-working) can be found (see *Mandl et al.*, 2015).

The **specific forms of employment** are directly connected with the innovativeness of the creative industries. Creative workers often engage in frequently changing project teams, allowing a free flow of information and fresh ideas, facilitating interactive learning and innovation processes while avoiding negative lock-in effects associated with long term closed networks (*Falk et al.*, 2013).

⁵² Data according to Eurostat, for the year 2012

Creative industries require a highly specialised work force. Skills needed include business knowledge and creative entrepreneurship, technical and traditional skills and crafts, as well as e-skills. This means that required skills combine “old” and “new” job profiles as well as “cross-disciplinary curricula” not necessarily being taught together in training facilities. To promote creative skills it is stressed that the aim should be on stronger partnerships between cultural and creative sectors, social partners and education and training providers. Also, the respective skills should be learnt from an early age on. (*European Commission, 2012b*)

In general, Europe provides favourable conditions for the generation of skills and labour force needed by CCIs. There is a unique concentration of schools and universities teaching cultural and creative industry skills, including some of the world’s best art and cultural schools. (*EY, 2015*)

Nevertheless, some sectors also face a **general shortage of employees** with technical and traditional skills and crafts, as there are fewer young people attracted to learning such skills (*European Commission, 2012b*). It has also been pointed out, that companies in the CCIs - being at the crossroads of creativity and entrepreneurship - face difficulties finding staff with the right mix of skills. Initiatives to close this gap include partnerships between art and design schools or universities and businesses. Furthermore, incubator units - often established outside art schools but with their active cooperation - have shown to be effective in this regard (*European Commission, 2010d*).

Some companies in the cultural and creative sectors also face a shortage of e-skills (see *Cunningham, 2012*). As CCIs are amongst the sectors most affected by the digital shift, e-skills are of great relevance for the competitiveness of the industry. Skills needed include knowledge of state-of-the-art ICT, media literacy and copyright knowledge. In a constantly changing environment with fast-paced technological developments, the need for continuous (lifelong) learning is important for the industry (*European Commission, 2010d*). Furthermore, a lack of business skills has been identified as one major challenge within CCIs, including also competences to understand and mobilise financing opportunities such as banks and financial institutions, sponsorship, donation etc. (see e. g. *Kooyman, 2010; European Commission, 2010d*).

It has been stressed that specific actions need to be implemented to avoid that skills shortages, mismatches and gaps prevent Europe from using the full potential of CCIs (*European Commission, 2010d*). Such measures include e. g. awareness raising about strategic implications of technology, mentoring of smaller organisations by organisations already skilled in digital technology, involvement of ICT researchers and technologists in CCI projects and actions, (inter- and cross-sectoral) peer-to-peer coaching in business skills, etc. (*European Commission, 2011a*).

3.1.3. Customers and markets

3.1.3.1. Customers of CCIs

The main customer group of CCIs are other enterprises. Business-to-business (B2B) is thus the typical relationship between clients and customers in the creative industries (see also *Bakhshi et al.*, 2008). Other enterprises generate almost two thirds of the sector's total sales while end consumers (private households) account for about a sixth of total sales. Public organisations contribute to one out of seven Euros in sales. Another, albeit minor customer, is the non-profit sector. (*Gassler et al.*, 2015)

The majority of private enterprises regularly acquire creative work. Clients from the private sector can be found in almost all branches of the economy as creative inputs are a decisive part of many **value chains** in manufacturing as well as services. (*Gassler et al.*, 2015)

The analysis of the CCIs' client structure shows that creative enterprises are closely interlinked: recent study results for Austria show that sales to other creative enterprises (either in the same creative sector or CCI cross-sector alliances) account for almost one third of total CCI sales. Also, analyses of the UK market point to the high importance of purchases of creative products by creative industries themselves (*Bakhshi et al.*, 2008).

Even if the client does not come from the creative industries, it has been observed that demand for creative services is often driven by creative capacities within the client's enterprise, while companies with no creative capacities (e. g. creative employees, or departments) acquire creative works less frequently. Creative employees can therefore act as "door openers" for the creative industries. (*Gassler et al.*, 2015)

Linkages between CCI enterprises also become evident when analysing **value-added networks**: Creative alliances in media production bring together publishers or television and radio producers with content providers and designers. Cooperation in the advertisement sector links smaller and larger advertising agencies, designers and content providers, e.g. in the field of music. In architecture, alliances connect various architects and members of the construction industry. In the software and content area, specialist partnerships can be found more frequently pooling together small creative enterprises with complementary focus as groups of bidders or as performance co-operations. Advantages of integration in creative networks include better business performance as well as higher success rates in attracting customers and interesting projects. (*Voithofer et al.*, 2010)

From the clients' point of view, the special value of the creative industries' input to their business activities is high professional competence, flexibility in catering to the clients' specific needs while at the same time bringing in innovative ideas. The acquired creative work is often closely linked to the client's own innovative efforts – e. g. improving business processes, developing new products – helping them gain competitive advantages. (Gassler *et al.*, 2015; Voithofer *et al.*, 2010)

There is still potential to raise the **demand for creative services**. Often companies cannot assess the value of creative services for their enterprise adequately or they produce creative services only in-house. **Strengthening entrepreneurial thinking** in creative businesses, so that they can better understand the business models of their clients and can contribute more effectively to their client's competitiveness, is seen as an important factor stimulating the demand for creative services. In that sense, it is recommended that enterprises position themselves more strongly as "innovation service providers" in order to strengthen their own competitiveness. Another way to leverage demand potentials of the creative industries is via public procurement. Many countries (e. g. Denmark, Netherlands, the United Kingdom) recognising the special value of CCIs for their countries use the role of public administration as a client of creative works to support the development of CCIs (especially in the context of public management). (Gassler *et al.*, 2015)

In the field of **high-end industries**, the customers are mainly end-consumers. A substantial proportion of sales takes place via travel and tourism. About 50 % of all personal high-end goods in Europe are purchased by tourists (European Commission, 2012c). One specific aspect of **high-end industries is the organisation of the distribution system**, which plays an essential role. As with all industries, high-end industries can manage their distribution either through vertically integrated structures (i.e. wholly owned retail facilities), or through **selective distribution contracts with retailers**, which may stock multiple brands. In practice, a mixture of arrangements can be observed, even within the same enterprise. In sum, selective distribution is vital in order for industries to **maintain control over their value chain** and thereby ensure excellence from the creation of their product to the relationships they develop and nurture with their clients. (Frontier Economics, 2014)

3.1.3.2. Market conditions of CCIs

CCIs are characterised by specific market conditions which, however, also vary across different creative sectors. Many CCI enterprises successfully sell their products and services abroad (especially publishing, design, audiovisuals⁵³). On the other side, the **market** is highly culturally and linguistically **fragmented**. The specific cultural context, to which CCI products and services are often related, differs

⁵³ See also Chapter 4.4. on Internationalisation and international trade

significantly across Europe. This is the reason why many firms remain limited to their regional or national markets (see KEA, 2010b in *De Voldere et al.*, 2013). Especially cultural products are often designed for their specific (local or regional) target group, making it harder to sell them outside of the region or country (KEA, 2010b in *De Voldere et al.*, 2013). The fragmentation of CCI markets not only hampers opportunities to access foreign markets and to grow, but also increases distribution and marketing costs. Market fragmentation is also one reason why financial intermediaries do not build up CCI market intelligence as they consider the market as too small. (*De Voldere et al.*, 2013)

The **market demand** for CCIs' products and services is often **highly uncertain**. As creative enterprises often create new products and services there is always some uncertainty on how the market will react to the innovation. This uncertainty is also an issue for companies which work in a "producer's logic" - where an artistic work is produced out of a creative, artistic impulse and the customers or funders are not necessarily pre-defined such as e. g. in the case of festivals or art projects – in contrast to a company or project in a "contract logic" - meaning the product or service is designed for a specific customer following a contract (*Dörflinger et al.*, 2014).

Another characteristic of CCIs is the **nature of their products** which includes a high share of **intangible assets** (IPR, creative talent) the value of which remains often uncertain. At the same time, there are also creative and cultural organisations with more predictable revenues and growth trajectories, such as museums or theatre venues. (*De Voldere et al.*, 2013)

It is also pointed out that the sector still lacks **good market intelligence** (*De Voldere et al.*, 2013). Even though political and research interest in CCIs has significantly increased over the past years, there is still a lack of a harmonised concept of "cultural and creative sectors" as well as a lack of harmonised data collection. This contributes to the fact that CCIs still often suffer from an image of missing business skills and being unprofitable (KEA, 2006; *Burrows / Ussher*, 2011, *De Voldere et al.*, 2013).

3.1.4. Cooperation and networks

One characteristic of creative industries is their openness towards collaboration along the entire value chain and their integration in value added networks. Their openness towards cooperation is closely linked to the way they integrate and practice new forms of work (see chapter on Human Resources). On the other hand, creative industry enterprises are to some extent also "forced" to cooperate due to the specific CCI market structure and their small enterprise sizes.

One reason for the high relevance of cooperation and thus also of networks within the CCI is the small size of enterprises in these sectors. The high number of “one-person-enterprises” or enterprises with only one or two employees, including often freelancers also means a high degree of specialisation. Networks with other creatives thus become necessary to combine own competences with services of cooperation partners to offer more complex, integrated creative products. Cooperation also provides the necessary processing capacity for bigger orders that one creative could not handle by him- or herself alone. Working in networks and partnerships also provides flexible structures that can be adapted to the requirements of the respective project as well as to the needs and restrictions of the creatives themselves. It thus also corresponds with the typical forms of employment in the sector including fixed-term contracts, part-time as well as home based work. (Voithofer et al., 2010)

Analysis shows that the large majority of CCI enterprises cooperate with other companies in order to offer creative goods and services. Most of the time, creative enterprises cooperate with enterprises from the same creative industry to complement their services with competences of other creatives. Cooperation is most of the time project based. A large part of enterprises also uses (long-term) cooperation to develop new products and services. (Rammer et al., 2008; Voithofer et al., 2010). The personal nature of cooperation relationships is important and this has led to people-centred strategies for networking being very relevant for the sector. Besides cooperation with other businesses to provide goods and services together, the specific nature of the creative industry’s products often requires close relationships and cooperation also with their **customers**. Creative industries often develop new and unconventional solutions specifically adapted to their customer’s needs. Studies results show that the vast majority of creative enterprises individually adapt products and services for each customer and also work together with their customers on projects. (Voithofer et al., 2010)

As creative industries depend upon cooperation and networks, they tend to gather in places with higher concentration of other creative businesses, talented people and institutions pooling knowledge and resources. Creative eco-systems, creative hubs and clusters are therefore particularly relevant for the industry. Europe’s most important Clusters in creative industries can be found in national capitals and large urban regions such as e. g. Oslo og Akershus; Île de France, Inner London or Oberbayern (Ketels / Protsiv, 2014) but they are also relevant for Europe’s regions and regional development.

Due to the positive effects on innovation and competitiveness (see Porter, 1998) as well as the prosperity of regional economies (e. g. Ketels, 2012) cluster initiatives have become an important tool for policy makers supporting CCIs (see also ECIA / IIT / projektzukunft, 2013). It has been pointed out, that collaborative spaces or creative hubs play an essential role within CCIs in reinforcing experimentation,

innovation and entrepreneurship offering ideal settings for multi- or mono-disciplinary partnerships between cultural and creative institutions, businesses, universities and research institutions (*European Commission, 2011a*). The European Commission encourages regions and Member States to adopt smart specialisation strategies⁵⁴ integrating also creative industries with clusters being a key element of the strategies. Out of all the regions registered in the smart specialisation platform⁵⁵, over 70 have identified CCIs as one of the S3 priorities. Also, the policy initiative European Creative Industry Alliance (ECIA) included two cluster actions (“ECCL” and “Cluster2020”) that were designed to better support Creative Industries through developing cluster excellence and collaboration⁵⁶. The actions develop new approaches for better cluster management including customised training, coaching and mentoring of cluster managers as well as matchmaking events between creative industries clusters.

Increasing attention has been paid also to Europe’s creative hubs. A creative hub is defined as an infrastructure or venue that uses a part of its leasable or available space for networking, organisational and business development within the cultural and creative industries sectors.⁵⁷ A distinction can be made between space-based hubs (studios or centres) and place-based hubs (clusters or networks). A first investigative study showed that there is a variety of creative hubs run by private or publicly funded organisations. Around one-third does not receive public funding. Creative hubs help businesses to connect and support the local creative economy. At the same time, evidence about their impact has been pointed out as a research gap. (*ECBN / British Council / Addict, 2015*)

3.1.5. Innovation and digitalisation

Creative industries are amongst the most **innovative** industries in the economy. Their business models consist of developing new innovative ideas and to transform them into commercial products for their customers. The non-standardized nature of their products is closely related to innovation.

Innovation and new creative products in CCIs frequently occur in the framework of collaboration, in flexible networks and temporary, project-based cooperation (*Caves, 2000*). The distinct CCI market structure, characterised by “co-opetition”, networks and clusters (see previous chapter) is therefore directly related to the innovativeness of the sector. **Functioning networks** provide CCI enterprises with

⁵⁴ <http://s3platform.jrc.ec.europa.eu>

⁵⁵ <http://s3platform.jrc.ec.europa.eu/s3-platform-registered-regions>

⁵⁶ <http://www.eciaplatform.eu/projectcategory/clusters/>

⁵⁷ <http://creativehubs.org/en/creative-hubs-project/what-is-a-creative-hub>

the possibility to continuously produce and absorb fresh ideas (*Falk et al.*, 2011). Cooperation and linkages between CCI and other enterprises play an important role in CCI innovation processes.

Furthermore, the innovativeness of CCIs is also enhanced by an especially fluid labour market and a high level of worker mobility (see also chapter 4.2. on Human Resources). As creative production and distribution increasingly rely on information and communication technologies and creative professionals all over the world participate in joint projects, networking becomes an integral part of the creative value chain. Particularly important for knowledge transfer and spillovers are B2B linkages within the creative industries (*Bakhshi et al.*, 2008). Innovation in CCIs therefore occurs in creative “ecosystems” and **complex, multidimensional value chains**.

Different studies show that the innovation performance of CCI enterprises is above average (*Falk et al.*, 2011; *Bakhshi et al.*, 2008; *Rammer et al.*, 2008). CCIs outperform most other sectors in terms of development and introduction of new products and services and also engage in research and development activities more often than the overall economy. (*Bakhshi et al.*, 2008; *Rammer et al.*, 2008)

The innovativeness of CCIs however greatly varies among subsectors. While 50 % of firms in software consulting and supply and 25 % of firms in architecture introduced new or significantly improved products and/or services, the percentages for advertising (20 %) or publishing (20 %) are closer to the average among non-creative services (13 %) and non-creative manufacturing sectors (20 %) ⁵⁸. (*Falk et al.*, 2011)

Measuring innovation in CCIs is however challenging due to questions of definition and the continuous nature of the innovation process (*Bakhshi et al.*, 2008). Research used to focus on a narrow technological concept of innovation emphasising formal R&D and the generation of new technological artefacts and patents which are also easier to measure (*Thether et al.*, 2001; *NESTA*, 2006 in *Bakhshi et al.*, 2008). Due to this narrow framework and the lack of adequate measures, the (full extent of) innovation activities in CCIs often remains “hidden” (*NESTA*, 2006; *Falk et al.*, 2011). In advanced economies increasingly dominated by services, a **broader understanding of innovation** is however needed and this was also formulated in the Oslo Manual as “all scientific, technological, organisational, financial and commercial steps which actually, or are intended to, lead to the implementation of innovations” (*OECD*, 2005 in *Bakhshi et al.*, 2008). It has also been increasingly recognized that creativity (broadly defined) plays an important role in the process of innovation (*Bakhshi et al.*, 2008; *Lundvall*, 1992). Also the importance of **design** on business innovation was emphasised (*Cox*, 2005; *European Commission*, 2013b). CCIs are characterised by new forms of innovation processes, e.g.

⁵⁸ Between 2004 and 2006, EU-West

processes and approaches like **design thinking**, **open design** and **open innovation**. Design is e. g. not only used in the innovation process to create new products and services but design-thinking methods can be applied in services, systems and organisation to create new business models and organisational innovations. (*European Commission*, 2013b)

Enterprises of the creative industry are not only innovative themselves and within their industry, but they are also **drivers for economic and social innovation in the wider economy** (e. g. in tourism, public services, health care or construction) (see e. g. *Bakhshi et al.*, 2008). Their catalytic potential can constitute a resource for responses to major societal challenges, such as climate change, sustainable development, demographic changes or cultural diversity. (*European Commission*, 2012b)

They also stimulate innovation and cause **spillover effects** along the entire value chain: They stimulate innovations in client companies (“forward linkage effects”), but they also require more innovative products and services from their suppliers (“backward linkage effects”). Creative industry enterprises help their clients introduce innovations – e. g. by finding new ideas, supporting the market introduction and implementation of new products, or also by designing new products (*Rammer et al.*, 2008). Forward supply chain linkages from the CCIs can support the wider economy by directly supplying artistic and creative inputs to the innovation process, and by knowledge transfers and new ideas (*Bakhshi et al.*, 2008; *Arndt et al.*, 2012). Creative industry enterprises also cooperate with scientific organisations and engage in R&D-cooperation. As they are oriented towards sciences and employ a high percentage of academics they play an important role in transforming scientific research results and methods into commercial products (*Rammer et al.*, 2008.). Furthermore, CCIs are close to customers and they can easily catch and interpret the market trends.

Innovation in the creative industry is often also closely related to **digitalisation** and the emergence of new **ICT tools**. ICT plays an important role in stimulating the development of new products, services, distribution channels and business models. The use of ICT impacts all steps of the production chain: conception, production, distribution, access to audiences, and engagement in feedback from the audience/market. (*Cunningham*, 2012)

Creative industries are seen as the “forerunners of our emerging digital society” as they are often the early adopters of new service models and technologies. Cultural and creative sectors were amongst those industries with the **most important transformation processes** caused by digitalisation – impacting business models, consumption patterns as well as content production processes. (*Lhermitte et al.*, 2014)

Digitalisation provides new opportunities but also special challenges for CCIs. It changes the way CCIs integrate creativity, bring new perspectives, features, functionality attributes and foster innovation across sectors. It enables new forms of innovation such as co-creation, user driven innovation or open innovation increasing the heterogeneity of actors in innovation systems. Through digitalisation CCIs profit from lower production costs, new distribution channels, creation of new business models (such as online music platforms or video on demand) and development of new markets, products or services. (see *Tera Consultants*, 2010)

On the other hand, CCIs also need to adapt to rapidly changing consumer expectations driven by new technological possibilities and they experience revenue losses due to piracy in digital format (*Tera Consultants*, 2010). It has been pointed out that the regulatory framework has not been considerably adapted (e. g. when it comes to fighting piracy) and CCIs still struggle with protection and exploitation of intangible value (*Tera Consultants*, 2014).

One of the major challenges connected with digitalisation is the transformation of business models. Digitalization leads e. g. to an increasing hybridization of economic models entailing a multiplicity of funding and revenue sources. In the gaming sector for instance currently six economic models (with physical or digital payment, subscription, free-to-play including Paymium, advertising and micropayment) function in parallel. (*EY*, 2015)

Also the music sector is leading the way in testing and inventing new business models to monetize its core product in the digital world: beside music download services also streaming services such as the Swedish company Spotify are growing steadily. Streaming services allow consumers to pay a fixed-amount and have unlimited access to an extensive catalogue of music or they use the service for free through ad-funded parts. (*Lhermitte et al.*, 2014)

Another example is television and film which are currently undergoing transformation processes with fragmentation of distribution channels entailing the collapse of established revenue models but also successful newcomers where e g. the target audience finances film projects via crowd-funding. (see *Ministry of Employment and the Economy, Enterprise and innovation Department*, 2015)

Content and apps are currently controlled only by a few major non EU companies (e. g. Amazon, Apple, Google, Microsoft and Facebook). While platforms provided by these companies open up new markets and distribution channels for CCIs, they also impose specific requirements and constraints on creative sectors (*Cunningham*, 2012). Internet players and technical intermediaries are also increasingly taking larger shares of value at the expense of content creators making it hard for them to gain proper returns on their intellectual property (*Lhermitte et al.*, 2014).

The future competitiveness of the cultural and creative sectors will depend upon their capability to embrace and exploit the maximum potential of digitalisation and

ICT. In this context it has been pointed out, that certain CCI sectors such as design and publishing suffer to some extent from low adoption of state-of-the-art ICT technologies which results in a lack of international competitiveness. Also, a shortage of eSkills is observed – many SMEs have difficulties recruiting employees with skills combining business competencies and knowledge of state-of-the-art technologies. (Cunningham, 2012)

3.1.6. Internationalisation and international trade

The creative economy is one of the most rapidly growing sectors of the world economy, not just in terms of income generation but also for job creation and export earnings (UNESCO, 2013). According to the Creative Economy Report (UNCTAD, 2010), a key feature of successful creative industries appears to be **strategies that are outward-looking and actively target FDI and export markets** in addition to local markets for creative products. This is also confirmed by the *Open Method of Coordination (OMC) working group of EU member states' Experts on cultural and creative sectors (2014)*: in their report on 'the cultural and creative sectors' export and internationalisation support strategies' they state that "*internationalisation and exports of CCS are important for cultural, economic and social reasons. Internationalisation brings about enlargement of audiences, cultural diversity and increased cultural cooperation, while exporting supports the growth of cultural and creative entrepreneurs. In addition there are also spillover effects in other sectors, including country branding and increased tourism and trade*".

In 2010, the Green Paper 'Unlocking the potential of cultural and creative industries' by the *European Commission (2010d)* stresses that "*nurturing world-class CCIs and exporting their works, products and services obviously entails developing links with third countries*". In particular, **SMEs require support to establish contacts and to have their activities promoted abroad**. In order to support the international reach of CCIs, specific tools such as industry-to-industry dialogue, scouting missions and market intelligence, and collective representation in international fairs could be provided. Furthermore, facilitating artistic exchanges with third countries is also important to stimulate cultural diversity.

The communication from the *European Commission (2012b)* on 'promoting cultural and creative sectors for growth and jobs in the EU' asserts that the challenge is both to **increase exports** to the benefit of the economy of the European Union, and to forge a dynamic image of an attractive and creative Europe open to cultures and talents from across the world. Furthermore, the communication stresses that "**smart internationalisation and export promotion policies are needed to allow a wide majority of small organisations and companies to operate in a global environment and reach new audiences and markets worldwide. It is necessary to identify the most effective support services, facilitate access to foreign markets,**

reinforce regulatory dialogues and assess possible risk sharing facilities. *Pooling of resources and increased cooperation between various actors in the EU could be further explored to promote a stronger cultural and creative presence of Europe on the world scene and an attractive European image bridging our excellence in the field of heritage to vibrant cutting edge creativity.”*

When it comes to **exports to third countries**, according to the *European Commission* (2011a), the presence of European CCI in third-country markets was too often hampered by **numerous tariff and non-tariff barriers** linked to poor distribution networks and operations and that a possible solution would be to identify those barriers that are subject to action under the instruments of trade policy.

The set of challenges that CCIs have to face in terms of internationalisation and international trade have been summed up by the *Open Method of Coordination (OMC) working group of EU member states' Experts on cultural and creative sectors* (2014), to include the following:

- Predominance of very small companies
- Weaknesses of intermediaries
- Issues related to the management of rights
- Limited access to export promotion financing
- Lack of information on international trends and target markets
- Lack of appropriate and coordinated export support measures
- Lack of extensive international networks that make it more difficult for CCIs to exploit opportunities on the global market

Numerous support measures have been implemented throughout the last years in the European Union to facilitate international opportunities. For instance, the **Creative Europe Programme** supports **capacity building** to work transnationally and internationally, **transnational circulation** in order to internationalise careers of artists/cultural professionals as well as international co-production funds to strengthen cooperation with third countries (e.g. for the audiovisual industry).

In 2013, the EU started negotiations with the USA for a free trade agreement called **Transatlantic Trade and Investment Partnership (TTIP)**. If TTIP is implemented, this also will have an impact on Europe's CCIs. However, in order to protect CCIs in Europe, as in any other free trade agreements the EU has negotiated, for instance, the audiovisual sector is excluded from any commitment to open its markets to foreign competition. Furthermore, any sectors with a strong cultural component, such as libraries, archives or museums, are excluded.

Data on the international trade of CCIs are available from Eurostat and UNCTAD. Eurostat provides data on the **international trade of cultural goods**⁵⁹ and **goods**

⁵⁹ *Cultural goods: Antiques; postage or revenue stamps; collections and collector's pieces (ANTQ); Works of art: paintings, engravings, sculptures, designs, etc. (ART); Musical instruments; parts and*

related to fashion⁶⁰ (most recent year: 2014), while UNCTAD has a database covering a broader part of the creative economy – apart from data on the trade of **creative goods**⁶¹, they also provide data on the export of **creative services**⁶² and **goods related to creative industries**⁶³ (most recent years: 2011/2012). However, due to the fact that data on the trade of goods is only available up to the year 2012, only the UNCTAD data on the export of creative services could be used here, as these are not covered by Eurostat.⁶⁴

According to Eurostat, in 2014, the value of total EU exports (all products) amounted to € 1,703.0 billion, which is 15.9 % of the total world trade. Thereof, € 27.3 billion (1.6 %) can be assigned to exports of **cultural goods** and € 209.1 billion to **goods related to fashion** (12.3 %). **High-end industries** account for 18 % of European exports with an export value of approx. € 308 billion. Around € 117.7 billion of export value can be referred to the export of **creative services**.

Since 2008, the export of goods related to fashion (20.2 %), high-end products (approx. 30 %) as well as creative services (13.4 %) developed positively, while the export of cultural goods (-10.3 %) decreased.

accessories thereof (MUSI); Knitted or crocheted fabrics; embroidery in the piece; tapestries (FABRIC); Photographic plates and film, exposed and developed (PHOT); Books (BOOK); Newspapers, journals and periodicals (NWPR); Maps and hydrographical or similar charts (MAP); Cinematographic film, exposed and developed; video games and consoles (FILMVG); Recorded media: CDs, DVDs, gramophone records etc. (RECMED); Plans and drawings for architectural or other similar purposes (PLAN)

⁶⁰ *Goods related to fashion: Hides, skins and furskins, raw; textile fibres (other than wool tops and other combed wool) and their wastes (not manufactured into yarn or fabric); leather, leather manufactures and dressed furskins; textile yarn, fabrics, made-up articles and related products; articles of apparel and clothing accessories (incl. all types of clothes, accessories, headgear); footwear*

⁶¹ *Creative goods: Art crafts (carpets; celebration; other; paperware; wickerware; yarn), audiovisuals (film; CD, DVD, Tapes), design (architecture; fashion; glassware; interior; jewellery; toys), new media (recorded media; video games), performing arts (musical Instruments; printed music), publishing (books; newspaper; other printed matter), visual arts (antiques; paintings; photography; sculpture)*

⁶² *Creative services: Advertising, market research and public opinion polling; architectural, engineering and other technical services; research and development; personal, cultural and recreational services (audiovisual and related services, other personal, cultural and recreational services)*

⁶³ *Goods related to creative industries: goods produced by industries related to creative activities, i.e. supporting industries or equipment needed to produce or consume creative content. Related goods include the fields audiovisual (e. broadcasting, film, sound production); design (architecture, fashion, interior, jewellery); new media (computer equipment); performing arts (celebration, musical instruments); publishing (books, other printed matter); visual arts (paintings, photography)*

⁶⁴ *Anyway, for comparative reasons, all tables on the trade of creative goods and related goods to creative industries of the UNCTAD database can be found in the Annex, section "UNCTAD Database on creative industries" (export values in US-\$). They also include Europe's shares in the world's total exports and their development.*

Table 10 International trade of CCI goods and services from EU 28 countries¹ by type, 2008-2011/14

	Value of exports in € millions in 2014	Share in total EU exports in %	Change of exports in %, 2008-2014
Cultural goods ²	27,278.41	1.6	-10.3
Goods related to fashion ³	209,136.48	12.3	20.2
High-end industries ⁴	308,000.00 (2013)	17.0 (2013)	25.7 (2010-2013)
Total EU exports of goods (all products)	1,702,973.00	100.0	30.1
Creative services ⁵	117,695.83* (2011)	n/a	13.4 (2008-2011)

* The original value in US-\$ was converted to € by taking into account the annual average reference rate of the year 2011 (Source: Oesterreichische Nationalbank, oenb.at).

¹ EU 28 countries: Sum of exports of each EU 28 country, regardless of the export going to another EU Member State or a third country

² Cultural goods: Antiques; postage or revenue stamps; collections and collector's pieces (ANTQ); Works of art: paintings, engravings, sculptures, designs, etc. (ART); Musical instruments; parts and accessories thereof (MUSI); Knitted or crocheted fabrics; embroidery in the piece; tapestries (FABRIC); Photographic plates and film, exposed and developed (PHOT); Books (BOOK); Newspapers, journals and periodicals (NWPR); Maps and hydrographical or similar charts (MAP); Cinematographic film, exposed and developed; video games and consoles (FILMVG); Recorded media: CDs, DVDs, gramophone records etc. (RECMED); Plans and drawings for architectural or other similar purposes (PLAN)

³ Goods related to fashion: Hides, skins and furskins, raw; textile fibres (other than wool tops and other combed wool) and their wastes (not manufactured into yarn or fabric); leather, leather manufactures and dressed furskins; textile yarn, fabrics, made-up articles and related products; articles of apparel and clothing accessories (incl. all types of clothes, accessories, headgear); footwear

⁴ High-end industries: Estimation according to Frontier Economics (2014)

⁵ Creative services: Advertising, market research and public opinion polling; architectural, engineering and other technical services; research and development; personal, cultural and recreational services (audiovisual and related services, other personal, cultural and recreational services)

Source: Eurostat: International trade of cultural goods, International trade data; UNCTAD Database on creative industries; ECSIP (2013); own calculations

3.1.6.1. Export of cultural goods and goods related to fashion

When analysing the development of exports of **cultural goods**, it has to be taken into account that the year 2008 marks an all-time-high which – due to the economic crisis of 2009 - for some goods could not be reached again until 2014. In total, the value of all exports of cultural goods decreased by 10.3 % between 2008 and 2014. However, significant differences between intra-EU and extra-EU exports can be observed: while the *intra-EU export of cultural goods* decreased by 26.7 % in value, *extra-EU export of cultural goods* increased by 20.8 % in the same time period.

In the field of **goods related to fashion**, the development since 2008 is characterised by a decrease in export value in 2009 and partly also in 2010. In 2011, the value of exports already exceeded those of 2008, with a further increase until 2014

(20.2 % in total). In contrast to the export of cultural goods, the export of goods related to fashion developed positively both in intra-EU export (17.8 %) and in extra-EU export (26.7 %).

Table 11 Intra- and extra-EU export of cultural goods¹ and goods related to fashion², 2008-2014

	Value of exports in € millions, 2014	Change of exports 2008-2014 in %
Cultural goods		
Intra-EU export	14,553.66	-26.7
Extra-EU export	12,724.75	20.8
Total export of cultural goods	27,278.41	-10.3
Goods related to fashion		
Intra-EU export of goods related to fashion	149,512.73	17.8
Extra-EU export of goods related to fashion	59,623.75	26.7
Total export of goods related to fashion	209,136.48	20.2

¹ Cultural goods: Antiques; postage or revenue stamps; collections and collector's pieces (ANTQ); Works of art: paintings, engravings, sculptures, designs, etc. (ART); Musical instruments; parts and accessories thereof (MUSI); Knitted or crocheted fabrics; embroidery in the piece; tapestries (FABRIC); Photographic plates and film, exposed and developed (PHOT); Books (BOOK); Newspapers, journals and periodicals (NWPR); Maps and hydrographical or similar charts (MAP); Cinematographic film, exposed and developed; video games and consoles (FILMVG); Recorded media: CDs, DVDs, gramophone records etc. (RECMED); Plans and drawings for architectural or other similar purposes (PLAN)

² Goods related to fashion: Hides, skins and furskins, raw; textile fibres (other than wool tops and other combed wool) and their wastes (not manufactured into yarn or fabric); leather, leather manufactures and dressed furskins; textile yarn, fabrics, made-up articles and related products; articles of apparel and clothing accessories (incl. all types of clothes, accessories, headgear); footwear

Source: Eurostat, International trade of cultural goods, International trade data (by SITC); own calculations

The analysis of **cultural goods** by type shows that there are significant differences in export development. The highest export value in 2014 can be observed in the category *books* (€ 6.7 billion), followed by *works of art* (€ 6.2 billion), as well as *cinematographic film and video games* (€ 4.1 billion). However, while *works of art* developed very positively (51.1 %), the category *books* experienced a slight decrease (-3.6 %) and the export value of *cinematographic film and video games* decreased considerably by 35.1 %.

Furthermore, declines in export values can be observed in particular in the field of *plans and drawings for architectural or other similar purposes*, decreasing from € 243.4 million to € 50.3 million (-79.4 %). It has to be noted that the export value in this field is generally very small.

Also recorded media (-40.2 %; from € 5.3 billion to € 3.1 billion) and newspapers and journals (-23.8 %; from € 3.4 billion to € 2.6 billion) experienced a decline during the last years. This development corresponds with the overall development in these subsectors (see chapter 3.1.2 for details). Reasons for the decline in exports include mainly digitalisation and the use of the internet as a distribution channel which decrease the demand for physical goods (esp. in the case of recorded media, cinematographic film as well as newspapers & journals). Furthermore, the share of European exports in total world exports is decreasing due to the emergence of creative industries in other parts of the world (in particular Asia)⁶⁵.

In contrast, the export value of antiques (43.3 %) and also musical instruments (8.2 %) increased, in the case of antiques to a considerable extent.

Table 12 Export of cultural goods from EU 28 countries¹, by type, 2008 to 2014

	Value of exports in € millions, 2014	Change of exports 2008-2014 in %
Antiques; postage or revenue stamps; collections and collector's pieces	1,607.51	43.3
Works of art (paintings, engravings, sculptures, designs, etc.)	6,160.19	51.1
Musical instruments; parts and accessories thereof	1,354.61	8.2
Knitted or crocheted fabrics; embroidery in the piece; tapestries	1,282.77	-13.0
Photographic plates and film, exposed and developed	144.73	-9.9
Books	6,682.26	-3.6
Newspapers, journals and periodicals	2,595.16	-23.8
Maps and hydrographical or similar charts	170.06	-7.3
Cinematographic film, exposed and developed; video games and consoles	4,084.76	-35.1
Recorded media (CDs, DVDs, gramophone records etc.)	3,146.13	-40.2
Plans and drawings for architectural or other similar purposes	50.26	-79.4
All cultural goods	27,278.41	-10.3

¹ EU 28 countries: Sum of exports of each EU 28 country, regardless of the export going to another EU Member State or a third country

Source: Eurostat, International trade of cultural goods; own calculations

⁶⁵ Please see the UNCTAD data on the creative economy in the Annex, including world shares of European creative goods.

Exports in the field of **fashion goods** have been characterised by a positive development since 2008. The highest export values are observed in the field of *apparel / clothing* (€ 96.1 billion), followed by *textile yarn and fabrics* (€ 56.6 billion) and *footwear* (€ 35.4 billion). The highest growth in export values can be assigned to hides and skins (88.3 %), albeit starting from a low level (€ 2.5 billion) in 2008. Also footwear (44.4 %) experienced a high growth between 2008 and 2014. In contrast, the export value of textile yarn increased only slightly (2.0 %), remaining relatively stable during the last years.

Table 13 Export of goods related to fashion from EU 28 countries¹, by type, 2008 to 2014

	Value of exports in € millions, 2014	Change of exports 2008-2014 in %
Hides, skins and furskins, raw	4,674.25	88.3
Textile fibres	6,974.41	27.4
Leather, leather manufactures and dressed furskins	9,329.26	24.8
Textile yarn, fabrics, made-up articles and related products	56,580.34	2.0
Articles of apparel and clothing (incl. accessories)	96,134.96	22.4
Footwear	35,443.26	44.4
All goods related to fashion	209,136.48	20.2

Source: Eurostat, International trade data (by SITC); own calculations

3.1.6.2. Exports of high-end industries

High-end companies rely strongly on exports. According to *Frontier Economics* (2014), the estimated value of export is € 308 billion, which is approximately 56 % of the total sales value of high-end industries (€ 547 billion). This means that more than half of goods manufactured by European luxury brands are sold outside of Europe. The most important markets are China, Brazil, India, Japan, Russia and the USA (*European Commission*, 2013a). Between 2010 and 2013, the export value increased by 25.7 %

Table 14 Export of high-end goods and services, 2010 to 2013

	2010	2013	Change of exports 2010-2013 in %
Estimated value of exports in € million	245,000	308,000	25.7

Source: Frontier Economics (2014), p. 1, own calculations



According to the *European Commission* (2013a), due to the high-end industries exporting more than half of their goods and services outside Europe, it is critical for them to obtain improved access to the above mentioned key markets.

However, what is not taken into account here is the fact that a significant proportion of high-end industry goods are purchased by travellers and tourists to Europe. Top spending nations include China, Russia, USA, Kuwait and Japan. The rise of shopping tourism is another aspect through which high-end industries contribute to the external trade of the European Union (*Frontier Economics*, 2014).

3.1.6.3. Export of creative services

The development of exports of **creative services** from European countries has been different to the development of exports of cultural goods. Overall, since 2008, the development has been positive despite a slight decline that affected only the year 2009. All in all, the exports of creative services from EU member states amount to € 117.7 billion in 2011, which constitutes an increase of 13.4 % as compared to 2008.

The majority of exports of creative services can be attributed to *architectural, engineering and other technical services* (33.0 % or € 38.9 billion) as well as *research and development* (31.8 % or € 37.4 billion). Between 2008 and 2011, the highest increase in exports could be observed in *personal, cultural and recreational services* (36.1 %), in particular in the category *other personal, cultural, and recreational services*, which includes services associated with museums, libraries, archives, and other cultural, sporting and recreational activities as well as fees for services (e.g. provision of correspondence courses, rendered abroad by teachers or doctors).

Table 15 Export of creative services from EU 28 countries¹, by type, 2008-2011

	Value of exports in € ² in millions, 2011	Change 2008-2011 in %
Advertising, market research and public opinion polling ³	24,452.6	14.7
Architectural, engineering and other technical services ⁴	38,809.3	7.6
Research and development ⁵	37,433.0	10.3
Personal, cultural and recreational services, thereof	17,000.9	36.1
<i>audiovisual and related services</i> ^{6, 7}	9,127.2	28.9
<i>other personal, cultural and recreational services</i> ⁶	6,346.2	47.1
All creative services	117,695.83	13.4

¹ EU 28 countries: Sum of exports of each EU 28 country, regardless of the export going to another EU Member State or a third country

² The original value in US-\$ was converted to € by taking into account the annual average reference rate of the year 2011 (1.392 € = 1 US-\$)

³ In Greece, data was taken from the year 2010

⁴ No data available for Greece

⁵ In Ireland, data was taken from the year 2010; no data available for Malta

⁶ No detailed data available for Germany, Ireland and Malta

⁷ Services and associated fees related to the production of motion pictures (on film or video tape), radio and television programs (live or on tape), and musical recordings.

Source: UNCTAD Database on creative industries, 2016, Oesterreichische Nationalbank (oenb.at), own calculations

Just like the export of creative goods, the significance of exports in creative services differs among the **EU Member States**⁶⁶: the highest export values can be observed in the large EU countries Germany, United Kingdom, France and Spain, but also in Belgium. These countries account for 64.2 % of all exports of creative services in the European Union. The majority of the countries had their exports increased since 2008, except for Denmark (-5.1 %), Finland (-9.6 %), Greece (-7.9 %), Italy (-2.3 %), Slovakia (-2.9 %), Slovenia (-10.6 %) and Spain (-2.3 %).

In conclusion, it can be said that internationalisation and exports are key features of successful CCIs. Especially SMEs require support to expand their international reach. Therefore, smart internationalisation and export promotion policies are needed. With regard to exports to third countries, numerous tariff and non-tariff barriers hamper the presence of European CCIs in third-country markets. Several support measures have been implemented throughout the last years in the European Union, such as the Creative Europe Programme (e.g. in the field of capacity building and transnational circulation). In terms of the export values of CCIs, high-

⁶⁶ A detailed table on the export of services by country can be found in the Annex.

end industries rank first, followed by goods related to fashion (e.g. apparel / clothing, textile yarn and fabrics, footwear), creative services (e.g. architectural, engineering and other technical services as well as research and development) and cultural goods (books, works of art, cinematographic film and video games).

3.1.7. Intellectual property rights

Intellectual property (IP) refers to creations of the mind, i.e. products, works or processes that have been created by individuals and which provide a competitive advantage. IP is counted among the *intangible assets* of a company. In general, IP can be divided into three subcategories (see also *World Intellectual Property Organization - WIPO*⁶⁷, *Website of the EU Single Market*⁶⁸, *Radauer / Streicher / Ohler, 2007*):

- **Industrial property:** patents for inventions⁶⁹, trademarks⁷⁰, industrial designs⁷¹, geographical indications
- **Copyright (author's rights)**⁷²: literacy works (e.g. novels, poems, plays), films, music, artistic works (e.g. drawings, paintings, photographs, sculptures), television broadcasting, software and computer programmes, databases, architectural design, advertising creations and multimedia production
- **Commercial strategies:** trade secrets, lead-time advantage, complexity of the design⁷³, defensive publishing, confidentiality agreements

⁶⁷ <http://www.wipo.int/portal/en/index.html>, queried 13 January 2016

⁶⁸ http://ec.europa.eu/internal_market/intellectual-property/index_en.htm, queried 13 January 2016

⁶⁹ "A patent is an exclusive right granted for an invention – a product or process that provides a new way of doing something, or that offers a new technical solution to a problem. A patent provides patent owners with protection for their inventions. Protection is granted for a limited period, generally 20 years." (WIPO, n.d. b, p. 5)

⁷⁰ "A trademark is a distinctive sign that identifies certain goods or services produced or provided by an individual or a company. [...] The period of protection varies, but a trademark can be renewed indefinitely upon payment of the corresponding fees." (WIPO, n.d. b, p. 8f)

⁷¹ "An industrial design refers to the ornamental or aesthetic aspects of an article. [...] Industrial designs are applied to a wide variety of industrial products and handicrafts. [...] The term of protection granted is generally five years, with the possibility of further renewal, in most cases for a period of up to 15 years." (WIPO, n.d. b, p. 12f)

⁷² The economic rights relating to copyright are of limited duration beginning with the creation and fixation of the work, and lasting for not less than 50 years after the creator's death. The European Union, the USA and several others have extended the term of copyright to 70 years after the death of the author. (WPO, n.d. a, p. 13 and n.d. b, p. 19)

⁷³ The composition and the structure of a product are so complex that it is too costly for competitors to copy it (see also Radauer et al., 2007, p. 20).

Intellectual property rights (IPR) can be regarded as a bundle of rights that protect applications of ideas and information that have commercial value. Like any other rights, they allow creators, owners of patents, trademarks or copyrighted works to benefit from their own work or investment in a creation.

In general, the IPR system has three goals: to provide incentives for knowledge creation (and thus also the build-up of wealth), to accumulate knowledge in a culture, and to protect a distinctive identity. (Gowers, 2006, p. 11)

CCIs as well as the fashion and high-end industries are sectors that particularly operate on markets that rely on the creation and exploitation of products related to IPR. According to the *Innovation Policy Platform* (n.d.), innovation in creative industries is often a collective process that involves many heterogeneous actors and it also involves informal knowledge communities that have very specific IP needs. Those actors often combine different types of IPR, including copyright, patents and trademarks. Businesses in creative industries also use more traditional IP strategies, open source and other creative commons types of licenses.

Overall, IPR-intensive sectors are estimated to generate around 39 % of EU GDP and 26 % of EU jobs (OHIM / *European Patent Office*, 2013). In this context, the **infringement of IPR** represents a major challenge for these sectors and in particular for CCIs and related industries. Today, *counterfeiting* (unauthorised imitation of a branded good) and *piracy* (unauthorised copying of an item covered by an intellectual property right) are severe problems with significant implications for innovation, growth, employment, as well as consumer health and safety⁷⁴. Especially in the era of digitalisation and internet, IPR is of primary importance in ensuring remuneration to actors who participated in the creative process and who invested money into it. (see also *Innovation Policy Platform*, n.d.).

The Green Paper on 'Unlocking the potential of cultural and creative industries' by the *European Commission* (2010d) states that "*parts of the content industries, particularly the recorded content industries, have been severely hit by piracy and losses in sales of physical supports (e.g. CD, DVD), which have damaged their development, shrunk their revenue basis and consequently limited their potential to generate jobs and investment.*" In a memo regarding a new action plan for the fashion and high-end industries, it is stressed that it is important to ensure adequate protection of intellectual property rights (*European Commission*, 2013a).

⁷⁴ http://europa.eu/youreurope/business/start-grow/intellectual-property-rights/index_en.htm, queried 15 January 2016

With the aim to foster growth and competitiveness in Europe, during the last years, the **European Union** has made several steps to **promote intellectual property rights**. These include a public consultation on the civil enforcement of IPRs (*European Commission, 2013c*) launched by the European Commission in 2012 and an action plan on IPR enforcement (*European Commission, 2014b*) as well as a related strategy for enforcing IPR in third countries (*European Commission, 2014c*).

The actions and discussions that have been promoted over time by the European Institutions in order to adapt the EU legislative framework to the digital revolution include (see also *European Commission, n.d.*):

- The development of a Unitary Patent⁷⁵ allowing companies to have a single and affordable patent giving them protection in the European Union;
- Updated rules on tackling fake products at the EU external borders;
- Empowering museums and libraries to digitise Europe's cultural heritage;
- Setting up a platform for stakeholders to discuss and help address IPR Infringements, in particular by collecting reliable data;
- Promote establishing of a code of practice in the fight against the sale of counterfeit goods over the internet (Memorandum of Understanding on the Sale of Counterfeit Goods via the Internet⁷⁶);
- Rules to increase consumer choice in accessing music online;
- Improving EU rules on trademarks;
- A review of EU copyright law in the digital age;
- Proposals on preventing the misappropriation of confidential business information;
- Promoting awareness of and respect for IPR;
- Promoting IP valuation and use of IP as collateral.

In particular, the **Digital Single Market Strategy** unveiled in May 2015 (*European Commission, 2015a*), and the most recent Communication Towards a modern, more European copyright framework (*European Commission, 2015b*), outline the Commission's plan and vision for the modernisation of IPR and their enforcement.

⁷⁵ *The Unitary Patent protection will make it possible to protect inventions in 25 EU member states by submitting a single patent application. After the patent is granted, there will be no need to validate it in each country. This will considerably reduce the costs (notably translation costs). The Unitary Patent will be administered by the EPO.*

⁷⁶ *Memorandum of Understanding on the Sale of Counterfeit Goods via the Internet (2011)*
http://ec.europa.eu/internal_market/iprenforcement/docs/memorandum_04052011_en.pdf

3.1.7.1. Industrial property: patents, trademarks and industrial design

IPR - and in particular industrial property rights - are still mainly protected by national law rather than EU laws. For instance, a patent / trademark / industrial design granted in one country is solely valid for that specific country. If protection is needed elsewhere, filings are necessary in each of the countries in which protection is sought. Generally, industrial property rights are granted by national intellectual property offices or by regional offices that carry out examination work for a group of countries, e.g. the *European Patent Office* (EPO) for patents in Europe⁷⁷ and the *Office for Harmonisation in the Internal Market* (OHIM)⁷⁸ for trademarks and industrial design in the European Union. In the field of industrial property, comprehensive information on *patent applications / publications* as well as the registration of *trademarks* and *industrial design* is provided by the WIPO database.

Patents

In 2014, throughout Europe, the total number of **publications**⁷⁹ of **patent applications** amounted to 348,959, which is 15 % of all patent publications in the world. 18.7 % of the European publications are patent applications in fields of technology that can be related to CCIs in a broader sense. In this respect, Germany, France, UK, Netherlands and Sweden are playing a major role.

The following table provides an overview of these selected technologies and their development since 2008. Most patent publications can be observed in the fields *computer technology* (15,967) and *digital communication* (14,187) – here, the development between 2008 and 2014 has been positive (11.9 % and 19.8 % respectively). Other important technologies include *other consumer goods, furniture and games*, as well as *audio-visual technology*. However, the share has been declining in these areas.

Between 2008 and 2014, Europe's share in the patent publications of the total world decreased by 4.8 %-points. Except for *telecommunications*, most of the patent publications in the field of technologies related to CCIs and fashion industry decreased at least slightly.

⁷⁷ Responsible for patent protection covering 38 European member countries

⁷⁸ Responsible for registration of trademarks and industrial design rights in the European Union. From March 2016, Regulation (EU) No 2015/2424 of the European Parliament and the Council amending the Community trade mark regulation will enter into force - from that day, the Office will be called the European Union Intellectual Property Office (EUIPO) and the Community trade mark will be called the European Union trade mark.

⁷⁹ Publication of a patent application: the date on which an IP application is disclosed to the public. On that date, the subject matter of the application becomes "prior art". Detailed data on patent applications by different technology fields is only available via the indicator "patent publication".

Table 16 Publications of patent applications in Europe by selected technologies, 2008 to 2014

	Number of patent publications, 2014	Change 2008-2014 in %	Patent publications in % of the total world, 2014	Change of share in total world 2008-2014 in %points
Audio-visual technology	6,402	-32.1	10.5	-1.8
Telecommunications	6,058	-25.4	12.0	0.4
Digital communication	14,187	19.8	17.4	-5.0
Basic communication processes	2,130	-15.2	14.1	-0.9
Computer technology	15,967	11.9	10.7	-1.9
IT methods for management	3,089	36.4	10.2	-2.3
Textile and paper machines	4,160	-33.7	18.6	-6.7
Furniture, games	6,489	-15.1	16.8	-5.2
Other consumer goods ¹	6,896	-1.4	21.7	-6.0
Total number of all patent publications in Europe	348,859	-1.3	15.3	-4.8

Note: Patent publications by technology; total counts by filing office (national offices and European Patent office)

¹ Mix of many different technologies consisting of less research-intensive subfields

Source: WIPO statistics database. Last updated: December 2015

Trademarks

In 2013, nearly 1.3 million trademarks were registered throughout Europe, which is approximately one third of the world total. Roughly 40 % of the trademarks registered in Europe can be related to CCIs. Germany, UK, Italy and Spain can be counted among the countries with the highest numbers of registered trademarks.

According to the following table, in the year 2013, *advertising and business management* had the highest number of registered trademarks (134,743) among the classes that are related to CCIs, followed by *apparatus and instruments for science, photography, computer and software, sound and images, as well as digital media* (90,241) and *scientific and technological services* (69,616). Furthermore, *clothing, footwear, headgear and paper, bookbinding, photographs* play a major role. In all classes, a decrease of trademark registrations can be observed between 2008 and 2013.

Between 2008 and 2013, the European share in trademark registrations in the world total decreased by 17.8 %-points. All of the selected classes related to CCIs experienced a decline of similar extent. This could be attributed to the fact that the cost-benefit-ratio of a trademark registration is not considered anymore as positive by the companies in the context of high globalised and connected markets with new digitalised patterns in communication and distribution channels.

Table 17 Registration of trademarks by selected classes, 2008-2013

	Number of trademark registrations, 2013	Change 2008-2013 in %	Registered trademarks in % of the total world, 2013	Change of share in total world 2008-2013 in %points
Apparatus and instruments for science, photography, computer and software, sound and images, digital media	90,241	-19.4	33.3	-14.8
Precious metals and their alloys (incl. jewellery)	18,783	-25.9	30.7	-19.7
Musical instruments	2,153	-33.3	25.8	-22.6
Paper, bookbinding, photographs	52,544	-35.5	39.7	-16.4
Leather	27,531	-24.1	31.3	-21.4
Clothing, footwear, headgear	57,342	-26.3	22.5	-18.5
Advertising, business management	134,743	-2.1	37.0	-17.4
Telecommunications	35,057	-29.6	46.6	-17.0
Scientific and technological services	69,616	-22.0	42.3	-17.4
Total number of all registered trademarks in Europe	1,287,506	-23.5	33.0	-17.8

Note: Classes according to the international classification of goods and services applied for the registration of marks (NICE classification), assignment to multiple classes is possible; total registrations by class (direct and via the Madrid system), total count by filing office

Source: WIPO statistics database. Last updated: December 2015

Industrial design

In 2013, the total number of **industrial design registrations** in Europe amounted to 188,317, which is approximately one quarter (27.4 %) of all registered industrial design in the world. As industrial design is part of NACE 74.1 (specialised design activities), it can be fully included among the CCIs. The Top 6 classes of industrial design registrations – as shown in the following table - make up approximately 48 % of all registrations in this field. In 2013, the majority of countries ranking among the Top 10 industrial design registrations in the world were European, most notably Germany, Switzerland, France, Italy, Liechtenstein, Austria, Netherlands and Finland.

Most registrations in industrial design can be observed in the field of *furnishing* (21,868), followed closely by *articles of clothing and haberdashery* (20,983). These classes are far ahead of e.g. *graphic symbols and logos, surface patterns, ornamentation, articles of adornment* as well as *recording, communication or information retrieval equipment*.

Table 18 Registration of industrial design by selected classes (Top 6), 2013¹

	Number of industrial design registrations, 2013
Articles of clothing and haberdashery	20,983
Furnishing	21,868
Packages and containers for the transport or handling of goods	10,083
Articles of adornment	11,906
Recording, communication or information retrieval equipment	11,595
Graphic symbols and logos, surface patterns, ornamentation	13,925
Total number of all registered industrial design in Europe	188,317

Note: Classes according to the international classification for industrial designs (Locarno classification), assignment to multiple classes is possible; total registrations by class (direct and via the Hague system), total count by filing office

¹ Due to data restrictions, comparable data is only shown for the year 2013

Source: WIPO statistics database. Last updated: December 2015

3.1.7.2. Copyright

According to the *World Intellectual Property Organization* (WIPO) (n.d. a, p. 5ff and n.d. b, 18ff), copyright laws grant authors, artists and other creators protection for their literary and artistic creations, generally referred to as “works”. A closely associated field is “related rights” or rights related to copyright that encompass rights similar or identical to those of copyright, although sometimes more limited and of shorter duration. Copyright law protects only the form of expression of ideas, not the ideas themselves. In addition, copyright protection is limited in time and territorial, meaning protection is granted for a limited period of time and only in the territory in which the original work was created.

Despite the territorial nature of copyright, national copyright laws are standardised somewhat through international conventions. The most important ones are the **Berne Convention**⁸⁰ as well as the **Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)**⁸¹. These multilateral treaties have been ratified by nearly all countries, and international organisations such as the European Union or the World Trade Organization require their member states to comply with them.

In all countries where the Berne Convention standards apply, **copyright is automatic**, and need not be obtained through official registration with any government office. Once an idea has been reduced to tangible form, for example by securing it in a fixed medium (e.g. drawings, sheet music, photographs, videotapes or computer files), the copyright holder is entitled to enforce his or her exclusive rights.

Many types of works protected under the laws of copyright and related rights require mass distribution, communication and financial investment for their successful dissemination (e.g. publications, sound recordings and films). Hence, creators often transfer these rights to companies that are better placed to develop and market the works, in return for compensation in the form of payments and / or royalties (compensation based on a percentage of revenues generated by the work).

As copyright does not require registration, there is also a **lack of statistical evidence on the use of copyright in the field of CCIs**. However, as creative processes are intrinsic to CCIs, copyright and related rights play a major role in their development. With respect to the artistic side of innovation in creative industries, actors in the innovation process need to rely on copyright to protect the text, music, software, and / or videos they produce. (*Innovation Policy Platform*, n.d.)

⁸⁰ *Berne Convention for the Protection of Literary and Artistic Works*,
http://www.wipo.int/treaties/en/text.jsp?file_id=283698#P109_16834, queried 15 January 2016

⁸¹ *TRIPS*: https://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm, queried 15 January 2016

The WIPO has defined the following as core copyright intensive industries:

- Advertising services
- Copyright collecting societies
- Motion picture and video
- Music, theatrical productions, operas
- Photography
- Press and literature
- Radio and television
- Software and databases
- Visual and graphic Arts

According to *OHIM / European Patent Office* (2013), between 2008 and 2010, industries primarily responsible for creating and producing copyright works accounted for 3.2 % of total employment and for 4.2 % of GDP in the EU. For this reason, protecting copyright against infringements is crucial in order to support content creation and investment in creative works.

In the European Union, the main framework for the protection of copyright is laid down in the **InfoSoc Directive 2001/29/EC** (*Official Journal of the European Communities*, 2001), whose purpose was the harmonisation of certain aspects of copyright and related rights and the implementation of the WIPO Treaties⁸². Together with the InfoSoc Directive, the body of EU law is complemented by nine other directives⁸³ and supplemented by case law.

Yet, since the adoption of the InfoSoc Directive, digitalisation has changed consumption patterns and promoted the creation of new business models. While this has increased opportunities to create and make content available, it has also brought about new challenges such as the increase in the number of infringements occurring over the internet. Nowadays, the internet is massively used for downloading files (e.g. music, films) illegally, which results in significant revenue losses for the creators of the copyrighted work and in a disincentive to future content creation. According to a study by *Tera Consultants* (2014), the **impact of piracy on value added destruction and job losses** is huge: the real value added destruction between 2008 and 2011 in the top five European countries (France, Germany,

⁸² *WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty*. http://www.wipo.int/wipolex/en/treaties/text.jsp?file_id=295157 and http://www.wipo.int/wipolex/en/treaties/text.jsp?file_id=295477

⁸³ *Namely the Software Directive (2009/24/EC replacing Directive 91/250/EEC), the Rental and lending rights Directive (2006/115/EC replacing Directive 92/100/EEC), the Satellite and Cable Directive (93/83/EEC), the Term of Protection Directive (2011/77/EU amending Directive 2006/116/EC), the Database Directive (96/9/EC), the Resale Right Directive (2001/84/EC), the Enforcement Directive – "IPRED" (2004/48/EC), the Orphan Works Directive (2012/28/EU) and the Collective Rights Management Directive (2014/26/EU).*

Italy, Spain, UK) is estimated to be between € 27.1 and 39.7 billion, while the job losses would be in the range of 204,089 and 1,095,125 number of jobs destroyed.

With the aim to make the EU acquis on copyright fit for the digital environment, and to deliver on its Digital Single Market Strategy, the Commission adopted in December 2015 a Communication “Towards a modern, more European copyright framework”, which is presented as an action plan for the modernisation of EU copyright rules vis-a'-vis technological developments. The action plan will be translated into policy initiatives and legislative proposals by the end of 2016. Among the objectives of the action plan, the Commission considers necessary to achieve a higher level of harmonisation of copyright rules also as regards the territorial nature of copyright and the creation of a fair marketplace, including as regards the role of online intermediaries when they distribute copyright-protected content and a strengthened enforcement system.

The Communication was accompanied by a proposal for a Regulation on the cross-border portability of online content services, which should allow EU residents to travel with the digital content they have purchased or subscribed to at home. As highlighted in the Communication, in order to allow greater online access to works throughout the EU, the Commission may adopt proposals during 2016 to, among others:

- Enhance cross-border distribution of television and radio programmes online;
- Support right holders and distributors to reach agreement on licences that allow for cross-border access to content, including catering for cross-border requests from other Member States.
- Make it easier to digitise out-of-commerce works and making them available across the EU.

A number of additional measures and initiatives will be implemented within the framework of the “Creative Europe”-Programme and other existing programmes. For instance, dialogue with the audiovisual industry will be intensified so as to promote the development of legal offers for EU consumers and to explore alternative models of financing, production and distribution in the animation sector that are scalable at European level.

In this context, in summer 2015 the European Commission also launched the review of the **EU Audiovisual Media Services Directive 2010/13/EU** (*Official Journal of the European Union*, 2010), in order to align its provisions to the market developments incurred since its adoption in 2007 and successive codification in 2010. Following the review and publication of the REFIT report, a proposal to revise the

AVMS Directive was adopted by the Commission on May 25 2016 to reflect the increasing importance of the online consumption of audio-visual content⁸⁴.

In summary, it can be observed that CCI operate on markets that rely significantly on the creation and exploitation of products related to IPR. Therefore, the infringement of IPR represents a major challenge (e.g. counterfeiting, piracy), as the impact on value added and job losses is huge. Especially in the era of digitalisation and internet, IPR is of primary importance in ensuring remuneration for actors who participated in the creative process and who invested money into it. The EU has already implemented several directives in order to promote IPR.

18.7 % of the European patent publications and approximately 40 % of the trademarks registered in Europe can be related to CCIs. However, during the last years, Europe's shares in patent publications and trademarks in the world total have been declining. One quarter of all registered industrial design in the world can be attributed to Europe.

Furthermore, copyright and related rights play a major role in the development of CCIs, as digitalisation has changed consumption patterns and promoted the creation of new business models. On the one hand, this has increased opportunities to create and make content available. On the other hand, it has also brought about new challenges such as the increase in the number of infringements occurring over the internet, which results in significant revenue losses for the creators of the copyrighted works and in a disincentive for future content creation.

3.2. *An analysis of current competitiveness*

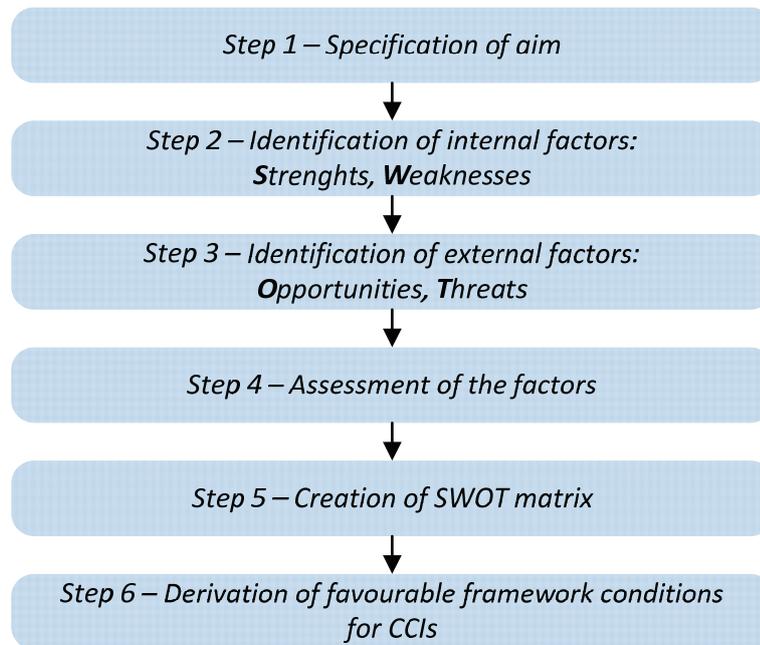
To further investigate and assess the competitiveness and framework conditions (e.g. challenges, barriers, and drivers) of the CCIs, the research team carried out a SWOT analysis for the entire industry. The SWOT analysis – a well-established analytical instrument in the field of business and economics – aims to identify **S**trengths and **W**eaknesses of the CCIs as well as **O**pportunities and **T**hreats that affect their development.

⁸⁴ <https://ec.europa.eu/digital-single-market/en/revision-audiovisual-media-services-directive-avmsd>

3.2.1. Analysis steps

The following graph provides an overview of the methodological steps carried out:

Graph 17 Steps of a SWOT analysis of the CCI



Source: own illustration

In a first step, the research team identified, through a comprehensive review of literature and data analysis, various relevant attributes describing the current structure, resources and activities of the CCI and to the wider economy. These attributes are referred to as '**factors**' and they represent dimensions or aspects of CCI's competitiveness or influencing competitiveness. The different categories of factors correspond to a great extent to the key factors of competitiveness identified and discussed in chapter 4.1.

In total, 20 '**internal factors**' were initially determined. These factors refer to the intra-industry situation of the CCI and they are the result of different sector-internal processes and they reflect the competitiveness dimensions of CCI. They have been grouped into six broad areas⁸⁵:

- Human resources;
- Economic viability;
- Cooperation and networks;

⁸⁵ The complete list of the 20 internal factors can be found in the Annex 5.1.

- Innovation;
- Internationalisation;
- Infrastructures.

Similarly, various '**external factors**' were identified allowing for a description of the CCI's wider socio-economic environment and their extra-industry situation. These external factors are the result of changes in the market and in the technological, social or ecological environment and, thus, reflect realistic chances or potential for an industry. Overall, 23 external factors from seven broad areas were used in the SWOT analysis⁸⁶:

- Technology;
- Economic situation;
- Markets and competition;
- Financing;
- Human resources;
- Political governance;
- Socio-demographic.

The abovementioned internal and external factors were subsequently **assessed through an online stakeholder survey**, where respondents were asked to evaluate whether the factors were deemed "favourable" – "neutral" – or "unfavourable" for the sector.

'Internal factors' can represent a competitive strength, a neutral factor or a weakness, whereas the 'external factors' can constitute opportunities (drivers), neutral factors or threats (barriers) for the sector.

To facilitate the SWOT assessment, each factor was briefly explained in the survey and, wherever possible, facts and figures concerning the factors were added. Depending on the respondents' background, they could choose whether to provide an assessment for the CCIs as a whole or for a specific creative industry/segment.

Over 600 stakeholders and experts, including industry representatives, academia, support initiatives, consultants etc. were invited to take part in the survey and 51 valid responses were received. All sub-segments of the creative sector are represented among the respondents, with the field of music being somewhat overrepresented with 17 % of all answers.

⁸⁶ The complete list of the 23 external factors can be found in the Annex

3.2.2. SWOT-Analysis

Based on the analysis of the survey responses (step 4), the research team grouped and categorised internal factors (strengths and weaknesses) and external factors (opportunities and threats) as shown in the table below:

Table 19 Internal factors – intra-industry situation

Major strengths	Category
<p><i>Innovation processes</i> Prevalent and multifarious innovation processes in the sector, including open innovation, user-driven innovation, organisational innovation etc.</p>	Innovation
<p><i>Artistic and creative input</i> Europe disposes of a high potential of individual creators, artists, performers, and designers; there is high creative talent in Europe</p>	Human resources
<p><i>Spillovers to other industries</i> Powerful dynamics (e.g. innovation) exist between various industries within the sector and with other sectors</p>	Innovation
<p><i>Strong international cooperation</i> Links with businesses and organisations in other countries are well developed; high mobility of creative workers and entrepreneurs</p>	Cooperation
<p><i>Strong cooperation and interrelations with other business sectors</i> Links between European CCI and other business sectors, such as tourism, are well developed</p>	Cooperation
<p><i>Use of new (online) distribution models</i> CCIs are able to diversify their distribution modes through new (online) channels</p>	Economic viability
<p><i>Availability of co-working infrastructure</i> Good availability of creative hubs, co-working spaces, studios, laboratories which encourage experimentation, innovation and entrepreneurship in CCIs, and help bringing together talented people and institutions</p>	Infrastructure
Other strengths – less pronounced	
<p><i>Diversity of actors and partnerships across sectors</i> Creative eco-systems feature good quality and diversity of partnerships across different sectors and types of actors</p>	Cooperation
<p><i>Availability of skilled workers</i> Workers in CCIs dispose of technical and traditional skills and craftsmanship or state-of-the-art knowledge</p>	Human resources
<p><i>Collaboration between businesses within the CCIs</i></p>	Cooperation
<p><i>Innovation output (products and services)</i> Development of innovative products and services by CCIs</p>	Innovation

Major weaknesses	
<p><i>Intangible nature of assets in CCI – Capital structure</i></p> <p>There is a lack of tangible assets of CCI businesses. The intangible nature of many of their assets, such as copyright, are usually not reflected in accounts and are often not financially measurable.</p>	Economic viability
<p><i>Dependence on Intellectual Property Rights (IPR)</i></p> <p>Business-models in CCIs often depend on IPRs and finding ways to financially exploit IPRs and gaining a “fair rewarding of creation” are major challenges</p>	Economic viability
<p><i>Low investment readiness in the CCI</i></p> <p>Investment readiness in the CCI sector is extremely low, since cultural and creative entrepreneurs often lack the business skills to market their projects to financial institutions</p>	Economic viability
Other weaknesses – less pronounced	
<p><i>Acquisition/ownership of Intellectual Property Rights (IPR)</i></p> <p>European CCIs underperform in terms of registration of new IPRs such as patents, brands and trademarks, industrial design, copyrights – especially compared to USA and China.</p>	Innovation
Ambiguous factors – represent a strength in some of the businesses/ industries, but a weakness in others	
<p><i>Entrepreneurial skills</i></p> <p>Includes management and commercial skills, assessing trends of demand, mobilising financial opportunities etc.</p>	Human resources
<p><i>Innovation cooperation</i></p> <p>Cooperation between businesses and research organisations for innovation projects</p>	Cooperation
<p><i>Degree of participation of CCIs in international trade</i></p> <p>High in some segments, low in others</p>	International
Neutral factors – represent neither a strength nor a weakness	
<p><i>Working conditions, job security</i></p>	Human resources
<p><i>Enterprise size structure dominated by SMEs and micros</i></p>	Economic viability

Table 20 External factors – extra-industry situation

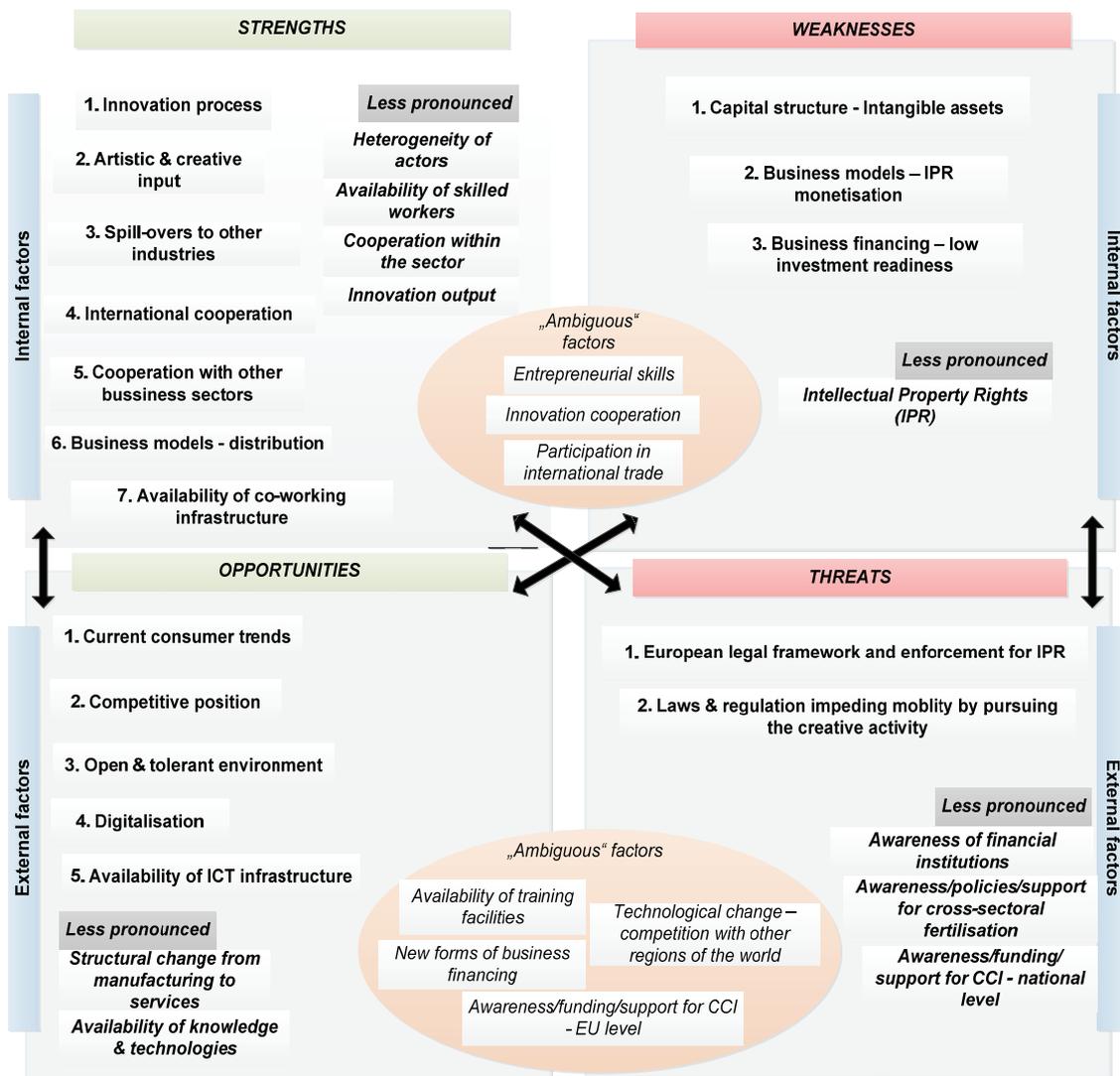
Major opportunities / drivers	Category
<p><i>Current consumer trends</i> Dominant trends are convenience, orientation to the customer benefit and maximum individualisation; consumption of content anywhere, anytime and on any device</p>	Socio-demographic
<p><i>Competitive position</i> The strength of European CCI is a concentration of heritage and arts institutions with an old, rich and diversified history.</p>	Markets & competition
<p><i>Tolerant environment and openness</i> An open-minded environment stimulates interaction and exchange and produces synergies across the educational system, enterprises and society</p>	Socio-demographic
<p><i>Digital transformation</i> New business models will make possible the integration of high-value content and communication technologies</p>	Technology
<p><i>Improved ICT infrastructure</i> Broadband internet access, high penetration of mobile devices, increasing computing capacities are a favourable environment for developing and exploiting new products and applications</p>	Technology
Other opportunities / drivers – less pronounced	
<p><i>Structural change from manufacturing to services</i> Shift from traditional manufacturing towards (knowledge-based) services and innovation</p>	Economy
<p><i>Wide availability of knowledge and technologies</i> For innovation and relevant technological and non-technological development trends</p>	Technology
Major threats / challenges / barriers	
<p><i>Legal framework and enforcement concerning Intellectual Property Rights (IPR)</i></p>	Political governance
<p><i>Laws and regulations impeding mobility</i> Regulatory, legal or administrative issues such as disparities in social and fiscal regimes, insurance costs, etc. have an impact on the mobility of creative persons</p>	Political governance
Other threats / challenges / barriers – less pronounced	
<p><i>Awareness of financial institutions</i> Low awareness of financial institutions of the economic potential of CCIs, low capacity to assess businesses relying on intangible assets</p>	Financing
<p><i>Awareness / support structures / funding instruments for CCIs at national level</i></p>	Political governance
<p><i>Awareness / policies / support instruments for cross-sectoral fertilisation</i> Reinforcing cross-sectoral fertilisation would require better business support instruments and policies that aim to facilitate cross-sectoral linkages and spillovers</p>	Political governance

Ambiguous factors – represent an opportunity for some of the businesses/industries, but a threat or barrier for others	
<i>Availability and quality of education and training system</i> Availability of appropriate schools, apprenticeships, universities, training centres etc. which are relevant for CCIs	Human resources
<i>New forms of business financing</i> New financing models including access to loans by pooling cross-sectoral expertise to evaluate companies and their projects, bringing together investors and companies in need of venture capital, crowdfunding	Financing
<i>Technology competition – catching up of emerging economies</i> Emerging economies are starting to challenge developed economies in the area of high-technology developments	Technology
<i>Awareness / support structures / funding instruments for CCIs at EU level</i>	Political governance
Neutral factors – represent neither an opportunity/driver nor a threat/barrier	
<i>Development of overall demand for products and services of CCIs</i> There is an intrinsic uncertainty about the demand for the products of CCIs	Economy
<i>Institutional actors in the field of culture (e.g. ministries etc.) and their co-operation</i>	Political governance
<i>Awareness / support structures / funding instruments for CCIs at regional level</i>	Political governance
<i>General state of the economy (after the crisis)</i>	Economy
<i>Level of income and prices in Europe</i>	Economy
<i>Age structure of the population - ageing society</i>	Socio-demographic
<i>Linguistic diversity in Europe</i>	Socio-demographic

Source: Austrian Institute for SME Research

The assessment of these factors allows for the creation of a **SWOT matrix** that reflects the *status quo* of the competitiveness situation of CCIs (step 5). The most important factors from the previous tables have been consolidated in the figure below:

Graph 18 SWOT Matrix CCI

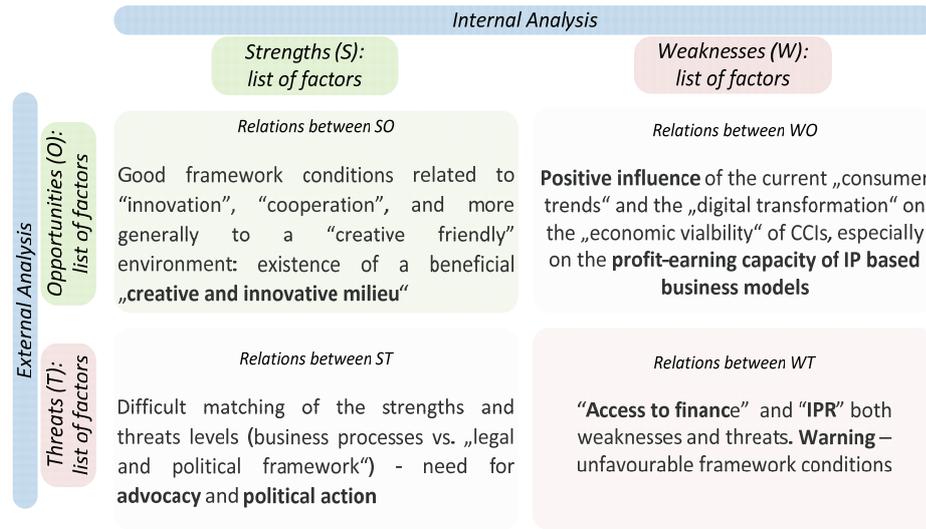


Source: Austrian Institute for SME Research

The internal **strengths** of the CCIs are mainly related to the areas of innovation, cooperation, as well as human resources, and economic viability and infrastructures. Conversely, the **weaknesses** are strongly related to the area of economic viability. As regards external factors that impact on the development of CCIs, the main **opportunities** for the CCIs lie in socio-demographic as well as technology aspects. The major **threats** for the sector refer to political governance.

Through the analysis of the interrelation between Strengths-Weaknesses-Opportunities-Threats, the objective of the SWOT is to derive favourable and unfavourable framework conditions for the CCI sector (step 6). A number of preliminary conclusions can be drawn from the analysis of the abovementioned factors:

Graph 19 SWOT Analysis



Source: Austrian Institute for SME Research

All in all, the SWOT matrix shows good **framework conditions** for the CCIs related to the topics “**innovation**” and “**cooperation**”, and more generally to a “creative friendly” environment.

The topics “**access to finance**” (internal factor: investment readiness of businesses, external factor: awareness of financial institutions) and “**IPR**” (internal factor: IPR monetisation, external factor: legal framework for IPR) are perceived both as weakness and as threats. This can be interpreted as a warning and the framework conditions related to these topics have to be improved significantly in order to counteract the current situation.

The analysis of the relation between opportunities and weaknesses reveals a concrete future scenario where the external opportunity and driver “**digitalisation**” and “**current consumer trends**” may help to overcome weaknesses related to the area of “**economic viability**”. Through digitalisation CCIs may benefit from lower production costs, new distribution channels, creation of new business models (such as online music platforms or video on demand) and development of new markets, products or services. The major weaknesses can therefore be positively influenced

by the current consumer trends and digital transformation: new business models integrate high-value content, correspond to the demand and could enable an adequate financial exploitation of IPR.

On the other hand, CCIs need to adapt to rapidly changing consumer expectations driven by new technological possibilities and they experience revenue losses due to piracy in digital format⁸⁷. It has been pointed out that the regulatory framework has not yet been adequately adapted (e. g. when it comes to fighting piracy) and CCIs still struggle with protection and exploitation of intangible value⁸⁸.

The SWOT matrix also shows that the internal strengths of the CCIs, which mainly refer to business processes (innovation process, cooperation behaviour, spill-over effects), seem not to be able to “combat” the potential threats comprehensively as the threats are mainly related to the “legal and political framework”. Therefore, advocacy and political action are needed as individual businesses can hardly influence these topics.

The SWOT analysis is particular important to highlight issues that reduce the competitiveness / growth potential of CCIs as they represent weaknesses and/or threats. On the other hand, clear strengths and opportunities have inherent growth potential that should be raised. On a strategic level, strengths/opportunities could be reinforced, and/or weaknesses/threats mitigated. Based on these analyses, a first step would be to improve the framework conditions of the sector concerning the topic of **IPR** and **economic viability** in terms of access to finance and the areas of **political governance** regarding cross-sectoral fertilisation, support at national level as well as the regulatory framework impeding mobility by pursuing a creative activity. The following topics could therefore be tackled:

- **Intellectual Property Rights:**

- Enable adequate **use/enforcement of IPR** to be able to create value within the business activities;
- Raise the **awareness and information level** of CCI businesses concerning this topic;
- **Financial exploitation** of IPR with the help of new business models to allow for proper monetisation;

⁸⁷ See e. g. *Tera Consultants (2010)*.

⁸⁸ *Tera Consultants (2014)*:

- Access to **finance**
 - o Establish a framework for the valuation of creative content and agreed standards for calculation (valuations of intangible assets): this is the core assets of CCI businesses but cannot be properly captured in accounting/controlling instruments. Therefore, it influences investment readiness in CCI businesses and access to finance for CCIs.
 - o Awareness of the financial sector about CCIs and their specificities - “match the needs” (*Dörflinger et al. 2015, De Voldere et al. 2014, OMC 2015*).

The beneficial components of a **creative and innovative milieu** (i.e. innovation activities, high qualified human resources, diversity of actors, good cooperation in and outside of the sector, co-working infrastructure) are key factors of competitiveness for the CCI sector and act as **favourable framework conditions**. These factors should therefore be fully exploited to enhance competitiveness. The following topics could be further supported:

- **Cooperation / Innovation:**
 - o Awareness concerning “indirect” value creation and innovation through spillover-effects and cooperative behaviour of CCI.
 - o Enabling further cross-sectoral cooperation
- **Innovation:**
 - o Enabling and valuation of all types of **innovation** - broader understanding of innovation (technological/non-technological, radical/incremental).
- **Digitalisation:**
 - o Awareness and exploitation of the chances and challenges of **digitalisation**;
 - o Future oriented **skills development** to enable businesses to use the full potential of future drivers;
 - o **New understanding** of business logic and market needs at business level and at institutional level (e.g. financial institutions, funding programmes).

The SWOT Analysis shows favourable framework conditions concerning a broad range of competitiveness factors. These key factors of competitiveness must therefore be further developed and supported in the future. Nevertheless some key topics related to economic viability/access to finance weaken the sector as well as external factors related to political governance: they should clearly be tackled.

3.3. *Foresight analysis*

3.3.1. *Introduction and methodological approach*

The aim of the Foresight analysis is to develop an **understanding of how a changing environment driven by technological developments / innovation and digitalisation will affect the development of CCIs** as well as the way in which these sectors will impact on the wider economy (spillovers).

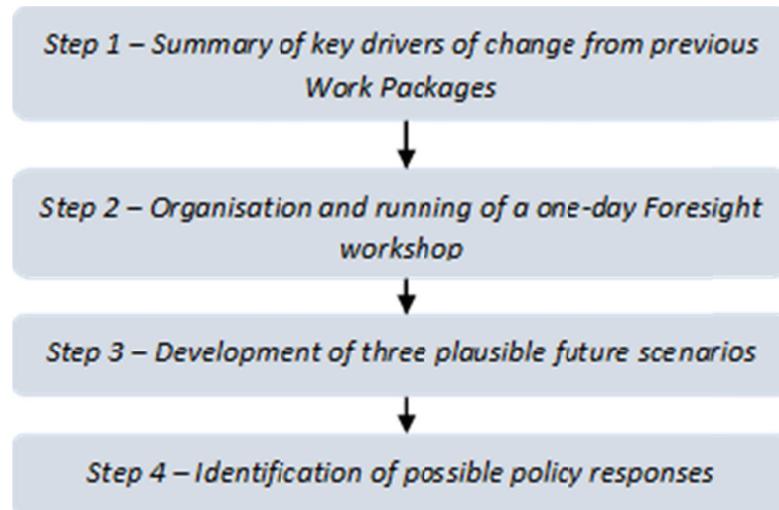
The foresight aims to support decision makers in anticipating and dealing with significant transformations by providing them with insights on **how the future may look like in a given sector/area**.

The Foresight analysis conducted by the research team involved **four steps**, namely:

- 1) **Summarising the key drivers of change** based on previous working steps focusing on the topic of technological developments/ innovation;
- 2) Organising and running a **one-day Foresight workshop**;
- 3) Developing three plausible **future scenarios**, i.e. plausible alternative future environments;
- 4) Identifying **possible policy responses** to promote the materialisation of positive effects of the scenarios and tackle any possible negative effects of the identified scenarios.

These steps are summarised in the graph below.

Graph 20 Steps of Foresight analysis



Source: own illustration

3.3.1.1. Stakeholder engagement

In order for the analysis to be relevant, it is important that the right experts, professionals, and policy-makers are involved in the process. As the aim of the analysis was to look at the CCIs as a whole, a mix of stakeholders from across the CCIs sub-segments was invited to take part to the workshop as they may have different views on the topics discussed.

The Foresight workshop run by the research team involved primarily **industry stakeholders** and **representatives from across the CCI value chain** as well as representatives from the **European Commission**, for a total of around 30 participants. The list of attendees to the workshop is presented in Annex 5.3.1.

Following the **presentation of the preliminary study results**, the first part of the workshop engaged the attendees in putting together a **long list of technological developments/innovation themes** that are likely to have an impact on the competitiveness of the CCIs in the next twenty years. Participants were then asked to select the most likely/highest impact among them. The second part of the workshop engaged the participants in a **scenario development process** focused on the development of CCIs themselves, also looking at the implications of these CCI scenarios for the wider economy. The third part of the workshop focused on **possible policy responses for the CCIs** as a whole to either support positive scenarios or counter-act negative scenarios. The detailed programme of the workshop is presented in Annex 5.2.

The scenarios identified through the consultation process are of a **qualitative** nature and build on the workshop participants' knowledge and perceptions of how the future for the CCIs may look like. While the application of **participatory processes** for the development of qualitative scenarios is helpful to account for their complexity, it also decreases the unbiasedness of the results as their development very much relies on the **perception and knowledge of individuals** and partly on the interests of the industry they represent.

The next sections summarise the results of the Foresight workshop. First, the long list of technological developments and innovation themes are presented. Second, the scenarios are presented and analysed. Third, the policy options to improve the competitiveness of the CCIs as formulated by the participants to the workshop are listed.

3.3.2. *Innovation trends and drivers of change in the field of CCIs*

The results of the SWOT analysis showed that, in general, the following **external factors** related to digitalisation and technological developments indeed represent **opportunities** for the development of CCIs. In particular:

- **Digital transformation**, through the creation of business models that will make possible the integration of high-value content and communication technologies;
- **Improved ICT infrastructure**, meaning broadband internet access, high penetration of mobile devices, increasing computing capacities. These seem to contribute to the creation of a favourable environment for the development and exploitation of new products and applications;
- To a lesser extent, the **wide availability of knowledge and technologies**.

In this context, the topic of innovation seems to be of particular relevance for CCIs in its broader understanding that also includes technological innovation – which is the focus of the foresight analysis - as well as other types of innovation.

Yet, the SWOT analysis highlighted that **innovation processes** (including open innovation, user-driver innovation, organisational innovation) and **innovation outputs** (new products and services), as well as the use and exploitation of new **online distribution models** - through which the CCIs are able to diversify their distribution modes - represent **internal strengths** of the CCIs as a whole.

From the SWOT analysis, the issue of IPR appears to be very important for the development of CCIs. The **intangible nature of IPR**, the **lack of a framework for IP valuation** as well as **IPR acquisition and dependence** are the main perceived **weaknesses** for the CCIs, the lack of a clear framework for **IPR enforcement** is also seen as one of the main **threats** to the sector and in particular to IPR-

intensive industries. These factors are particularly relevant vis-a-vis technological developments and digitalisation as the Internet and digitalisation contribute to an increase of piracy and illegal downloads of copyrighted content as well as counterfeiting, which are ultimately responsible for significant revenue losses.

All in all, the CCIs are perceived to be among the most innovative industries in the economy and they seem to out-perform most other sectors in terms of development and introduction of new products and services and also engage in research and development activities more often than the overall economy (*Bakhshi et al.*, 2008; *Rammer et al.*, 2008). CCIs are not only innovative themselves and within their industry, but they are also **drivers for economic and social innovation in the wider economy** (see e. g. *Bakhshi et al.*, 2008).

It also appeared from the analysis that CCIs' ability to be innovative depends from their **capability to exploit the opportunities offered by technological developments and digitalisation**, in an environment that is increasingly dominated by services and where new business models such as online platforms for the distribution of content have emerged. In this framework, the **role of ICT** seems to be particularly important in stimulating the development of new products, services, distribution channels and business models. The use of ICT impacts all steps of the production chain, from the conception, production, distribution, access to audiences, to the engagement in feedback from the audience/market (*Cunningham*, 2012).

It is worth highlighting that the **dynamics of innovation vary to a high extent across CCIs segments** and some of them may be affected by / being able to exploit at different levels technological developments and digitalisation. For instance, some CCI sectors may suffer to some extent from low adoption of state-of-the-art ICT technologies, which results in a lack of international competitiveness. In addition, a shortage of eSkills (which include media literacy and state-of-the-art ICT) as well as copyright knowledge which have been observed may also have a negative impact on CCIs competitiveness (*Cunningham*, 2012).

The stakeholders involved in the workshop were not specifically asked to validate the results of the SWOT, but to bring their knowledge and expertise to the discussions around CCIs competitiveness, with the aim to identify and select drivers of change and innovation themes that are / will be relevant for the development of CCIs in the next two decades, especially those related to technological developments and digitalisation.

Drawing from the findings highlighted in the section above, a brainstorming in plenary led to the selection of a list of **driving forces and technological innovation themes** that were perceived by the participants as most relevant for CCIs.

For the purpose of this exercise, **technological innovation themes are areas on which attention and innovation is likely to focus in the years to come**. These include, among others, digitalisation, big data, Internet of Things, 3D printing, cloud

computing, open innovation, user driven innovation and technological convergence.

These were then clustered and discussed further. The table below presents the selection of innovation themes.

Table 21 Innovation Themes related to digitalisation and technological developments

Innovation theme	Description / Relevance for CCIs
Platformisation	<p>The emergence of new online business models and in particular online platforms (e.g. search engines, social media, e-commerce platforms, app stores, price comparison websites), is seen as a central theme as regards the future development of both CCIs and the wider economy.</p> <p>Online platforms have become central in the distribution of content (including copyright protected content) and products. They act as intermediaries between final consumers and the 'classical' creative industries (e.g. film or music production companies) therefore also controlling how certain players in the value chain are remunerated. At the same time, online platforms allow content creators to reach a broader and scattered audience and they help smaller businesses to move online and to exploit the advantages of digitisation and e-commerce.</p> <p>Yet, as highlighted in the Digital Single Market Strategy⁸⁹, the market power of some online platforms potentially raises concerns, particularly in relation to the most powerful platforms whose importance for other market participants is becoming increasingly critical.</p> <p>Online platforms generate, accumulate and control an enormous amount of data about their users and customers and use algorithms to turn this into usable information. Because of the amount of data they store and transmit, platforms have become particularly important also as regards the protection of IPR for the content they store and transmit, with the issue of their liability being at the centre of an ongoing debate⁹⁰.</p> <p>The emergence of platforms has different impacts across the value chain and affects differently the various CCIs segments, being relevant i.e. for the audio-visual, music and publishing sector, even if differently to some extent.</p>

⁸⁹ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015DC0192&from=EN>

⁹⁰ A comprehensive assessment of the role of platforms was launched by the Commission in 2015 and is currently ongoing. <https://ec.europa.eu/digital-single-market/en/online-platforms-digital-single-market>

Innovation theme	Description / Relevance for CCIs
<p>Automation</p>	<p>The theme of automation of jobs was brought up by the participants to the workshop as one of the main innovation themes that would have an impact on growth and jobs in the next decades. The potential scope of automation / robotisation of jobs has expanded in the last years and will continue to grow due to technological developments.</p> <p>In this context, it appears that creative jobs have a competitive advantage compared to other sectors as they will likely be less affected by these developments.</p> <p>In particular, research conducted in the field shows that jobs in the CCIs are not only highly skilled but also resistant to automation⁹¹. In addition, the importance of creative skills will continue to increase as technology progresses.</p> <p>At the same time, the increase in digitalisation will boost the demand for ICT skills and digital skills. This also means that the CCIs would have to invest in developing eSkills to remain competitive / increase their competitiveness.</p>
<p>Semantics and language technology</p>	<p>The participants to the workshop highlighted that the emergence of new language technology is changing and will keep changing the way in which CCIs operate.</p> <p>On the one hand, this can reduce the need for human interaction to the minimum. For instance, in the audio-visual sector where movie / music can be created without the need of human interaction having an impact on jobs.</p> <p>On the other hand, new technological developments could potentially help to increase the consumer base of the CCIs by detecting and anticipating the users' tastes.</p> <p>In this context, it appears even more important for the CCIs to be able to exploit the opportunities offered by technological developments.</p>

⁹¹ Bakhshi, H., Frey, C, and Osborn, M. (2015), 'Creativity vs. Robots'. - See more at: http://www.nesta.org.uk/blog/creative-europe-measuring-creative-industries-eu#_ftnref1

Innovation theme	Description / Relevance for CCIs
Big data and Open data	<p>As already highlighted, a growing amount of data, including consumer data, is being generated, accumulated and controlled.</p> <p>In this context, making good use of data and in particular of “big data” – which refers to large and complex sets of data - is seen as particularly important to promote innovation and growth.</p> <p>Open data instead refers to the idea that certain data should be freely available for use and re-use. This has been highlighted as an important innovation theme for CCIs. In this context, the need to develop a system to structure the data is seen as of particular importance for the use and re-use of creative content.</p> <p>In its communication on open data⁹², the European Commission already stressed the importance of intelligent processing of data for addressing societal challenges and accelerating scientific progress. In this area, the Commission committed to support technology and innovation and uptake as regards, among others, creative content applications in education, culture or fashion.</p>
Open innovation and User-driven creation	<p>Open innovation has been described as the combination of internal and external ideas as well as internal and external paths to market, to advance the development of new technologies (Chesbrough, 2003). Through open innovation processes, end-users as well as suppliers but also competitors are involved in the innovation process.</p> <p>In particular, for the CCIs, increasingly often the users take part in the creative process. This process is facilitated by the emergence of new user-generated content sites (UGC) which allow them to share content and reach a broader audience.</p> <p>The role of open innovation and user-driven innovation is seen as increasingly important in the development of CCIs as it promotes the development of cooperation models also across CCIs sub-segments.</p>

Source: VVA Europe

The selection of the abovementioned technological innovation themes was used as a starting point for a discussion on the possibilities and opportunities that these may represent for CCIs with the stakeholders involved in the workshop. This led to the identification of **three possible scenarios**, described in the next sections.

⁹² European Commission (2011), *Communication on Open data - An engine for innovation, growth and transparent governance*.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0882:FIN:EN:PDF>

3.3.3. Future scenarios for CCIs

The future-oriented discussion on the key challenges and opportunities facing CCIs vis-à-vis technological developments and digitalisation aims to identify the **strategic direction** for the sector in the coming years. In this context, the workshop explored the potential for a policy debate on scenarios.

Highlighting alternative scenarios is seen as particularly useful in the context of the study as it provides valuable input that can help policy makers define problems and identify possible policy responses for the future competitiveness of CCIs.

More specifically, the analysis focussed on how technological change will affect:

- Inputs (namely human resources, financial resources, infrastructure);
- Actors and processes across the value chain;
- Outputs; and
- Change mechanisms. And in particular, the following were analysed:
 - Challenges for European CCIs;
 - Competitiveness of CCIs in Europe;
 - Required adaptations.

A brainstorming in plenary with the stakeholders involved in the workshop aimed to identify three plausible future scenarios for CCIs. These **qualitative scenarios** build on the workshop participants' knowledge and perceptions on how the future for the CCIs may look like.

The three identified scenarios, described in the sections below, are as follows:

- 1) **Perfect world;**
- 2) **Democratisation / Personalisation;**
- 3) **Domination of the few.**

3.3.3.1. Scenario 1: Perfect world / platformisation

The "**Perfect world**" is a scenario where platforms penetrate all areas of society and where the increased knowledge and availability of technology and ICT infrastructure offers a **wide range of opportunities for the development of the CCIs**.

The **vision** for the perfect world is of an environment that is diverse, sustainable, accessible, competitive, productive and creative, and where there is a need to build on experience of the stakeholders involved in order to **seize the opportunities provided by digitalisation and technological developments** which promote the development of **new business models**.

The vision for a “perfect world” also represents the perspective and strategy that the CCIs should follow for this scenario to materialise. In order for the perfect world to materialise, appropriate policy responses to the issues identified by the stakeholders involved in the development of this scenario would have to be designed. The perfect world represents the best possible scenario for the CCIs and meets all the conditions to help them grow and develop.

Resources

The first aspect of the scenario development led to a description of the resources that would make the “perfect world” materialise. These include:

- **Brilliant platforms** – In this scenario platforms are seen as enablers for the CCIs because of their importance in connecting the makers of content/products/services with the users. They also represent an opportunity for creators to reach a wider audience and to ensure fair share of revenue. Platforms are also seen as an instrument to foster cross-sectoral cooperation. While platforms already play a predominant role in the “status quo” scenario, in the near future, they would need to be able to reach an even broader target through also dealing with the issue of multilingualism.

Required adaptations

The required conditions / adaptations that, according to the stakeholders involved, would facilitate the desired developments in the “perfect world” scenario – hence an increased competitiveness of CCIs, include:

- 1) **Skills and education** - an important aspect in terms of the required adaptations needed for this scenario to materialise is the need for skills and education. In particular, some of the issues identified and that could positively impact the competitiveness of the CCIs include:
 - Continuous development and investment in **eSkills** and **media literacy**, as to enable CCIs to seize the opportunities offered by technological developments.
 - Promotion of academic studies that involve a fusion of creative and entrepreneurial subjects.
 - Promotion of a better **understanding of the value of culture** for society.
 - Recognition of **CCIs spillovers** to the wider economy and in particular through the promotion of the value of culture to tourism, health and other sectors;

- 2) **Agreed frameworks** – this aspect is highly dependent on institutional backing at various levels (e.g. national, European) and represents a very important framework condition for the development of CCIs. The issues that are relevant for the CCIs and that according to the stakeholders involved in the workshop would need **institutional backing** in the perfect world include:
- Development of agreed standards most especially for the **valuation of IPR**;
 - Increased opportunities for **licensing** of new services;
 - **Open access** to content and legal access to content; and
 - An adequate **fiscal policy tailored to the needs of the cultural and creative sectors**.
- 3) **Access to finance** – this was identified as one of the major challenges to future growth of CCIs (and one that is common to most SMEs in the economy). Better access to finance for CCIs and creation of a system that allows failure were identified as important themes by most of the stakeholders involved.
- 4) **Removal of silos and cooperation across CCIs segments** - the need for a removal of silos between the different CCIs segments has been highlighted by most of the stakeholders involved in the workshop. This should promote a collaborative environment across the value chain and the CCIs segments.
- 5) An **open eco-system** for the production of content and products that brings together creativity and culture with technology, research and innovation. This would also promote CCIs spillovers into the wider economy.

Impact

Overall, the “Perfect world” is seen as the best possible scenario for the development of CCIs as a whole.

While **technology is seen as the enabler** for the scenario to materialise, an organisational change compared to the status quo would need to happen. This involves the transfer of knowledge across the CCIs segments as well as changing attitudes that look at cooperation and exploitation of new business models.

The materialisation of this scenario also involves the development of an **open eco-system** where there are increased possibilities for producing and making content available to a broader audience across Europe.

While the abovementioned changes would boost competitiveness and growth for the CCIs as a whole, through increased opportunities to create and distribute products (also through the development of the Internet of Things), content and services, it is likely that it would not materialise in the same way across the CCIs subsector as they make different use of ICTs and would be affected by digitalisation at different degrees.

All in all, this scenario looks at the framework conditions that are perceived to be key for the development of CCIs and identifies a number of areas where policy efforts would need to concentrate for the CCIs to be competitive in the future vis-à-vis technological developments.

In this scenario, not only Platformisation but also other innovation themes as selected by the stakeholders and listed in the previous sections would be particularly relevant for the development of CCIs. These include in particular Semantics and Language Technology as well as open innovation and user driven innovation. All in all, technology would also allow for lower production costs.

The table below highlights how technological developments would affect inputs, actors/processes and outputs in the Perfect world. It also highlights change mechanisms and related impacts in the scenario.

Table 22 The effects of technological developments in Scenario 1

Inputs	Actors and processes	Outputs	Change mechanisms
<ul style="list-style-type: none"> ✓ ICT availability ✓ New platforms ✓ Lower production costs 	<ul style="list-style-type: none"> ✓ Collaborative business models and removal of silos between CCIs segments ✓ More jobs / resistant to automation 	<ul style="list-style-type: none"> ✓ Increased customer base ✓ Increased production of quality content 	<ul style="list-style-type: none"> ✓ Increased competitiveness of CCIs ✓ Development of a system that allows failure ✓ Spillovers to the wider economy

Source: VVA Europe

3.3.3.2. Scenario 2: Democratisation / Personalisation

The second scenario arrived at by the stakeholders involved, i.e. “**Democratisation / Personalisation**”, is a scenario where technological developments (in particular in a world of big data and automation) would lead to the democratisation and personalisation of creative content / products / services.

In this scenario, technology enables CCIs to **better understand customer preferences** and to **personalise the offer** accordingly, also thanks to the growing volume and detail of information captured by businesses and the rise and expansion of social media, multimedia as well as the Internet of things.

Along with the personalisation of products, content and culture, in the scenario content would be more easily accessible thanks to technological developments. At the same time, technology would allow consumers and amateurs to access the market by giving the opportunity to participate in the creative process and sharing content.

While democratisation / personalisation can already be observed in the status quo scenario, the stakeholders involved in the workshop highlighted some of the keys areas where policy makers should focus in the coming years.

Resources

The first aspect of the scenario development led to a description of the resources that affect the development of the “Democratisation / Personalisation” scenario. These include:

- **Algorithms** – algorithms allow the personalisation of content by recording consumers past and current choices thus influencing tomorrow’s choices. In the context of CCIs, algorithms allow CCIs to offer consumers products and services that are tailored to their choices and needs. Yet, personalisation has some limits and gaps which relate to the way in which customer choices are recorded and processed. These include, among others, a partial understanding of consumers’ tastes and preferences due to unavailability of complete data, computing gap related to the way in which big data are processed as well as unavailability of relevant content.
- **Platforms** – platforms are major players also in this scenario as a growing amount of data is created and processed by them. It includes the development of new tools for creating/co-creating and sharing products and services.
- **Social media** – social media represents an increased possibility for content creators and marketers to distribute content and to gather insights into consumers’ preference.
- **Broadband coverage and Internet access** – these would enable users to access content and therefore “upload” their preferences.
- **User driven creation** – the engagement of users is seen as key for the materialisation of this scenario and for the developments of products and services that are not only just demand driven but also created and/or co-created by users.
- **Open innovation across all the creative economy** – this involves the possibility for creators and users across the value chain to share and use ideas and content.

While most of the abovementioned resources are largely already present in the status quo scenario, it is likely that they would have an even more predominant role in the future. For this reason, appropriate policy responses would have to be designed.

Required adaptations

The required adaptations that, according to the stakeholders involved, would facilitate the desired developments in the “Democratisation / personalisation” scenario – hence an increased competitiveness of CCIs, include:

- 1) A **legal framework** that is fit for purpose, including:
 - An adequate framework **for IPR protection and enforcement** that would protect right-holders while at the same time promote innovation through the use of data;
 - Better **support for small and micro-businesses** for them to upscale their activities;
 - Recognition of **new forms of work**;
 - Measures to **facilitate consumer empowerment**, including a framework for the protection of personal data that is fit for purpose and that would build public trust in the data-driven economy.

- 2) **Removal of silos and cooperation across CCIs segments** – a collaborative environment across the whole value chain appears to be needed in order to promote content creation and the materialisation of a scenario where creative content and culture are personalised and democratic. This involves the recognition that an ecosystem is needed for the developments of the CCIs.

- 3) The **openness** of different actors to create an environment where small players can compete with bigger players across the value chain is needed for the democratisation and personalisation of culture;

Impact

Overall, the Democratisation / Personalisation of content is seen as a positive scenario across the value chain as the increased possibilities to produce and make content available, by also matching user demands and needs, would have a positive impact on CCIs competitiveness.

In particular, the rapid development of new and improved technology, has fostered the creation of new business models and the emergence and rapid development of the sharing economy. In this context, online platforms foster and facilitate consumer access to goods and services.

Technological developments are key for this scenario to materialise. On the one hand, they allow creators to gain a better knowledge of consumers' preferences thus enabling them to produce and make content and products available. On the other hand, technological developments and digitalisation allow consumers to gain greater access to content targeted to their preferences.

The table below highlights how technological developments would affect inputs, actors/processes and outputs in the Democratisation/Personalisation scenario. It also highlights change mechanisms and related impacts in the scenario.

Table 23 The effects of technological developments in Scenario 2

Inputs	Actors and processes	Outputs	Change mechanisms
<ul style="list-style-type: none"> ✓ Algorithms ✓ Platforms ✓ Social media ✓ Portable devices ✓ Internet access and broadband coverage ✓ Lower production costs 	<ul style="list-style-type: none"> ✓ Customer driven innovation ✓ Users ✓ Increase in the number of amateurs because of the possibility to make content available and disintermediation ✓ Participative approach 	<ul style="list-style-type: none"> ✓ Relevant and tailored content and products ✓ Multi-channel content production ✓ Prototypes 	<ul style="list-style-type: none"> ✓ User engagement ✓ Open data / open access ✓ Need for organisation and structure of content ✓ Better understanding of customer preferences (through multimedia, social media and the internet of things) ✓ Need for eSkills

Source: VVA Europe

3.3.3.3. Scenario 3: Domination of the few

In the third and last scenario discussed and analysed by the stakeholders involved in the workshop, technological developments and digitalisation lead to a situation where there is the “**Domination of the few**”. In this scenario, few big players – represented by the biggest platforms - dominate the market and influence how content and goods are created and distributed, therefore also controlling how certain players across the value chain are remunerated.

This scenario was regarded by many of the stakeholders involved as being very similar to the status quo. Yet, if no action is taken to counteract its negative effects, this would have devastating effects for CCIs and may result in loss of com-

petitiveness and revenues for businesses. In this context, it was highlighted that designing appropriate policy responses would be key to enhance CCIs competitiveness particularly as regards access to markets for small businesses.

This scenario is perceived to have a devastating impact on CCIs as the disproportionate market domination by few big players would decrease the bargaining power of creators by also representing a barrier for small players to access markets. The domination of few players would ultimately translate into a disincentive to creation.

In addition, the domination of few players would lead to the homologation of content and to a loss of cultural diversity, with extremely negative societal effects and reduced CCIs spillovers into the wider economy.

In addition, in this scenario consumers have little or no knowledge of the implications of IPR infringements which results in a growing number of IPR infringements at individual user level.

Resources

The first aspect of the scenario development led to a description of the resources that would make the “Domination of the few” scenario materialise. These include:

- **Platforms** – platforms are the main actors in this scenario because of growing amount of data that is accumulated, stored and processed by them. In this scenario, platforms are the main distributors of content / products and services.

Required adaptations

Because this scenario was perceived as a “horror scenario” by most of the participants to the workshop, a number of necessary adaptations were identified in order to tackle the negative effects already observable in the “Domination of the few” scenario and to prevent the framework conditions for the development of CCIs to worsen further. These include:

1) Agreed frameworks:

- **A Platforms regulation** that is fit for purpose and in particular a framework that would help smaller players participating in the market and creators being remunerated fairly for the content they produce.
- Simplified licensing negotiations and reduction of barriers for innovative services, which could increase cultural diversity. Yet, this aspect is likely to be perceived differently by stakeholders across different CCIs segments and may have different impacts depending on the sector analysed;

- A framework for **IPR enforcement** to tackle an increasing number of infringements occurring over the internet by also defining the role and liability of platforms in tackling and preventing infringements.
- 2) **Education and skills.** It has already been highlighted that specific actions need to be implemented to avoid that skills shortages, mismatches and gaps prevent Europe from using the full potential of CCIs (*European Commission, 2010d*). Such measures include:
- awareness raising about strategic implications of technology;
 - mentoring of smaller organisations by organisations already skilled in digital technology;
 - involvement of ICT researchers and technologists in CCI projects and actions, (inter- and cross-sectoral) peer-to-peer coaching in business skills, etc.
- In addition, awareness on the **value of culture** and **creativity** should be promoted already in education as to encourage individuals to create and set up CCIs businesses.
- 3) Better **access to finance** for smaller players particularly as regards their difficulties in reaching investors.
- 4) An open ecosystem that fosters cooperation especially among small actors through the creation and establishment of network and offers spaces for co-operation, i.e. incubators, co-working spaces.

Impact

The overall potential impact of this scenario was perceived by the stakeholders engaged in the scenario development process as extremely negative and devastating for the European CCIs also in terms of their competitive position on the international arena. because some of the features of this scenario can already be observed in the status quo scenario, this implies that actions are needed to prevent it from materialising / counteract its negative effects on CCIs competitiveness.

In particular, the domination of a small number of producers and distributors (namely Google, Apple, Facebook and Amazon (GAFA)) with non-local big players having leading roles, would translate in the narrowing of content production and a significant loss of cultural diversity in Europe, and most especially in favour of content produced outside the EU and namely in the US.

The table below highlights how technological developments would affect / are affecting inputs, actors/processes and outputs in the “Domination of the few” scenario. It also highlights change mechanisms and related impacts in the scenario.

Table 24 The effects of technological developments in Scenario 3

Inputs	Actors and processes	Outputs	Change mechanisms
✓ Platforms ✓ Decreased production costs	✓ Small players with little to no market share ✓ Loss of creative jobs	✓ Homogenised content	✓ Revenue losses from IPR infringements ✓ Loss of cultural diversity

Source: VVA Europe

3.3.4. Policy implications in the identified scenarios

The development of scenarios helped **identifying and framing perceived problems and opportunities for boosting CCIs competitiveness** in the next decades and is therefore considered itself an input to the policy process which can offer valuable insights to decision makers.

The policy options presented should facilitate the materialisation of positive scenarios, namely the Perfect world and the Democratisation / Personalisation while at the same time tackle any negative impacts of the negative scenario “Domination of the few” and/or preventing its materialisation. The fact that some of the features of the above scenarios are already observable in the status quo scenario calls for action to counteract the negative effects observed and to facilitate the establishment of favourable framework conditions for the development of the positive scenarios.

The required **adaptations / possible policy responses** to the identified problems stemming from technological developments, digitalisation and the emergence of new business models were discussed by the stakeholders involved and were categorised by the research team into some areas of action, which include:

- Access to finance;
- Investment in education and skills;
- Consumer empowerment;
- Agreed frameworks including for IPR enforcement, taxation and IPR valuation.

These are presented below in a matrix that shows how they would materialise in each of the scenarios developed.

Table 25 Policy options / required adaptations in the identified scenarios

Policy options	Scenario 1: Perfect world	Scenario 2: Democratisation/ personalisation	Scenario 3: Domination of the few
Better access to finance	<ul style="list-style-type: none"> ✓ Creation of diversified funding opportunities across the value chain and opportunities for cooperation among different players 	<ul style="list-style-type: none"> ✓ Promotion of access to funding for small businesses to scale up their activities 	<ul style="list-style-type: none"> ✓ Promotion of access to funding for small businesses to scale up their activities ✓ More support to small players and producers to attract investors
New funding paradigms	<ul style="list-style-type: none"> ✓ Sharing publicly co-financed project (open access) 	/	/
Investment in skills transfer and education	<ul style="list-style-type: none"> ✓ Investment in eSkills and media literacy ✓ Introduce „creativity classes“ in education ✓ Promoting transfer of entrepreneurial skills ✓ Promoting awareness on the value of culture for society and the whole economy (spillovers) 	<ul style="list-style-type: none"> ✓ Investment in eSkills and media literacy ✓ Promoting transfer of entrepreneurial skills to smaller players 	<ul style="list-style-type: none"> ✓ Investment in eSkills and media literacy ✓ Promoting transfer of entrepreneurial skills to smaller players
Empower customers and use of user generated data	<ul style="list-style-type: none"> ✓ Support to platforms that prevent market failure (interoperability of content, connecting developers to creatives to content holders) 	<ul style="list-style-type: none"> ✓ Promoting knowledge of licensing to end-users who make use of IPR protected content ✓ Promoting the creation of a framework for the protection of personal data that is fit for purpose and that would build public trust in the data-driven economy 	<ul style="list-style-type: none"> ✓ Promoting knowledge of licensing to end-users who make use of IPR protected content ✓ User data regulation ✓ Promoting the creation of a framework for the protection of personal data that is fit for purpose and that would build public trust in the data-driven economy
Improved taxation paradigms	<ul style="list-style-type: none"> ✓ Tax breaks for small players 	<ul style="list-style-type: none"> ✓ Tax breaks for small players 	<ul style="list-style-type: none"> ✓ Tax breaks for small players

Policy options	Scenario 1: Perfect world	Scenario 2: Democratisation/ personalisation	Scenario 3: Domination of the few
Improved IPR enforcement	<ul style="list-style-type: none"> ✓ Promoting IPR enforcement ✓ Availability of quality legal offer 	<ul style="list-style-type: none"> ✓ Promoting IPR enforcement ✓ Awareness raising activities for IPR infringements at individual user level 	<ul style="list-style-type: none"> ✓ Improved framework for liability of intermediaries ✓ Promoting IPR enforcement
Establish a framework for the valuation of creative content	<ul style="list-style-type: none"> ✓ Promoting IPR valuation and creation of agreed standards 	<ul style="list-style-type: none"> ✓ Promoting IPR valuation and creation of agreed standards ✓ Helping small businesses attracting investors through valuation of ideas 	<ul style="list-style-type: none"> ✓ Promoting IPR valuation and creation of agreed standards ✓ Helping small businesses attracting investors through valuation of ideas
Improve cooperation and co-creation across CCI segments	<ul style="list-style-type: none"> ✓ Promote a collaborative physical environment for co-creation ✓ Promote open access to content and open innovation 	<ul style="list-style-type: none"> ✓ Promote a collaborative physical environment for co-creation ✓ Legal recognition of new forms of work ✓ Promote open access to content and open innovation 	<ul style="list-style-type: none"> ✓ Promotion of clusters and networks (e.g. incubators) where small players can get together as to increase their competitiveness

Source: VVA Europe

3.3.5. Conclusions of the Foresight analysis

The Foresight analysis contributed to add valuable stakeholder input and insights to the discussions around the competitiveness of the CCIs vis-à-vis technological developments and digitalisation in the next decades.

In this context, scenarios have proven to be particularly useful to provide policy-makers with industry insights and in particular, in this case, with qualitative information on the issues/themes that are likely to affect the competitiveness of the CCIs in the next decades according to the knowledge and perception of the stakeholders involved

Scenarios are also a useful tool to consider whether existing policies are fit for purpose, meaning whether they are perceived to contribute to the development of the CCIs. Scenarios also provide **information on the areas the institutions should focus on** in order to address the identified challenges, some of which are already observable in the status quo scenario.

All in all, the foresight analysis seems to confirm the results of the SWOT analysis, which highlighted that **technological changes and digitalisation are an opportunity for the CCIs**. In fact, these and the related innovation themes / changes are seen as an enabler for the production and making available of new and existing products, content and services. However, despite the fact that digitalisation seems to offer new opportunities for the development of CCIs as well as new business models that may benefit the wider economy, a number of changes are required for the positive changes to materialise and in order to maximise the potential growth deriving from the exploitation ICTs.

In particular, some broader areas where action is required were identified, these include:

- Better **access to finance** particularly for small players;
- Transfer of **education and skills** and in particular eSkills, media literacy, entrepreneurial skills as well as promotion of the value of culture to society and the economy.
- Agreed frameworks as regards **IPR enforcement and IPR valuation**. This confirms as well the results of the SWOT, where IPR related issues were seen as a major challenge / potential threats for CCIs development and growth.
- Improved **cooperation** and removal of silos across CCIs sub-segments, as to foster a collaborative environment.

While the above refers to the CCIs as a whole, digitalisation and technological change are perceived to have a different impact on the CCIs segments, depending on their potential for exploiting the opportunities offered by ICT availability and digital progress. Because of the constraints of this study, a sector by sector analysis was not possible. Yet, further research in this field is strongly encouraged.

4. Analysis of support policies

The economic importance of CCIs and their major role in the overall societal and cultural development has been recognised and emphasised in different policy documents, strategies and actions on the European as well as national and regional levels. The present chapter aims at identifying and analysing strategies put in place at regional and national levels to enhance the competitiveness of CCIs and their links to / complementarities with EU actions. In particular, five national and ten regional case studies have been selected and described in detail, highlighting a variety of ways to support CCIs.

4.1. Synopsis of the national and regional case studies

In the following, a short summary of the case studies is provided (see table below), while each single case study is presented in detail in the following chapters (4.2 – National Case Studies and 4.3 - Regional Case Studies).

In general, the following **types of measures / instruments** can be found among the different strategies analysed:

- Networking & cooperation, cluster, matchmaking;
- Provision of information, consultancy, advice, mentoring, knowledge transfer;
- Education and training measures;
- Awareness raising measures for the sector;
- Finance / funding: providing information on access to finance, grants for projects, research and travel, financing tools (including guarantees, loans, equity and mezzanine financing), subsidies;
- Supporting internationalisation;
- Events, workshops, conferences, fairs, festivals;
- Provision of infrastructure, co-working spaces, support of incubators, clusters and start-up accelerators.

The **sources of funding** are manifold. All in all, the following sources of funding are tapped in the frame of the national and regional strategies:

- National ministries in the field of cultural, economic and foreign affairs, national agencies concerned with arts, creative industries or enterprises;
- Regional governments;
- Municipalities;
- EU structural funds, in particular the European Regional Development Fund (ERDF) and the European Social Fund (ESF);
- Private funding, industry funding.

The **implementing bodies** of the strategies are in particular public companies, agencies, associations, cluster organisations or financing institutions. These are organisations either having solely the task to implement the national or regional CCI strategies, or organisations with - among others - substantial knowledge in the field of CCIs (other stakeholders).

In terms of **working periods**, the “oldest” strategies / measures in the field of CCIs can be found on regional level. Two of them have already been set up in the early 2000s, notably the regional Catalan Institute for the Cultural Companies (2000) and the Flanders District of Creativity (2004). However, the majority of the reviewed strategies originate between 2005 and 2009 (8 measures) and between 2010 and 2014 (6 measures) – almost all national strategies have started within these two time periods. The most recent strategy is the Restructured Malta Arts Council, which started only in 2016.

Information on the **budgets** of the strategies often is not comparable. Anyway, at regional level, the annual budgets range from € 100,000 (ADDICT, North Portugal) to € 60 million (Catalan Institute for the Cultural Companies).

With regard to the **target groups / segments** addressed by the national and regional strategies, in most of the cases, the whole CCI sector is addressed. However, some regional cases aim at specific CCI sectors – these are most notably those that are considered to be particularly innovative, such as design, audio-visuals, games, new media etc.

Table 26 Overview of the national and regional case studies

Case study	Implementation level	Country / region	Type of measures / instruments	Source of funding	Implementing body / bodies	Working period	Involved budget	Target groups / segments
Creative Business Mentor Network (CBMN) Creative Industry Finance programme (CIF) Creative Industries Council (CIC)	National	United Kingdom	Mentoring Business advice Lending opportunities Networking	NESTA Arts Council of England Government Industry	NESTA Creative United Government (Culture, Business)	CBMN: since 2009 CIF: since 2012 CIC: since 2011	n/a	CBMN: SMEs in advertising, film, TV, digital media or games, minimum turnover of 1 million GBP CIF & CIC: CCIs
Top sector policy approach	National	Netherlands	Project grants Networking Internationalisation Talent development	Ministry of Economic Affairs Ministry of Education, Culture and Science Ministry of Foreign Affairs	Top Team / Creative Council Funding Agencies, i.e. Creative Industries Funds, Netherlands Enterprise Agency Embassies Federation of The Dutch Creative Industries Click NL	2011-2016	€ 72.5 million in total for 2011-2016	CCI is divided into media and entertainment, arts and heritage and creative business services
National strategies	National	Finland	Projects	Ministry of Education and Culture Ministry of Employment and the Economy EU (ESF funds), Municipal funding	Ministry of Education and Culture Håme Centre for Economic Development, Transport and the Environment (provincial state office)	2007-2013	€ 18.5 million (national and EU), and municipal funding (15%)	whole CCI sector in particular self-employed persons, budding entrepreneurs, current entrepreneurs and SMEs

Case study	Implementation level	Country / region	Type of measures / instruments	Source of funding	Implementing body / bodies	Working period	Involved budget	Target groups / segments
Creative Estonia	National	Estonia	Web portal Collection and distribution of information Web resources for start-up companies and online-advice	European Social Funds Ministry of Culture	Enterprise Estonia	since 2009	n/a	CCIs
Restructured Malta Arts Council	National	Malta	Project grants Research grants Travel grants Communication activities Advice tools	n/a	Arts Council Malta (ACM)	2016-2020	€ 52.2 million for 2016 public investment	CCIs
Apulian LivingLabs	Regional	Apulia, Italy	Living Lab (Apulian ICT Living Labs and follow up programme SMART PUGLIA 2020 Living Labs)	European Regional Development Fund	InnovaPuglia S.p.a., a company owned by the Apulia Region active in supporting regional strategic planning and Digital Innovation	established in 2012	€ 24 million from the funding period 2007-2013 (ERDF)	CCIs 1 of the 8 target domains/thematic clusters targeted by the initiative
Catalan Institute for the Cultural Companies	Regional	Catalonia, Spain	Financing tools Management training Consulting Support of internationalisation	Catalan Government / Department of Culture	Catalan Institute for the Cultural Companies, financing tools are provided in collaboration with the Catalan Institute of Finance (ICF)	since 2000	over € 60 million per year	performing arts, visual arts, audio-visual sector, books, music, video games and cross-media projects, architecture

Case study	Implementation level	Country / region	Type of measures / instruments	Source of funding	Implementing body / bodies	Working period	Involved budget	Target groups / segments
Flanders District of Creativity (Flanders DC) / Flanders Creative Industries Platform	Regional	Flanders, Belgium	Research Education programmes Workshops, coaching, events and festivals Networking Infrastructure (co-working space) Provision of information, consultancy Subsidies Common support platform	Flemish Government / Ministry for Work, Economy, Innovation, Scientific Policy and Sport EU-funded projects	Flanders DC Flanders Fashion Institute Flanders Design partnerships with educational institutions	since 2004	approx. € 3.2 million annual budget	CCIs and companies with creative business models (from 2016 on)
Cap Digital	Regional	Île-de-France, France	Events, workshops, festivals, international fairs Financing Start-up accelerators	French Government, Region Île-de-France, DIRECCT, European Commission (for EU-Projects), private funding	Cap Digital & partners	created in 2006	€ 6.5 million / year	CCIs (image, sound, interactivity, video games, music, culture, press and media, design), ICT
Lodz Media Cluster	Regional	Lodz, Poland	Cluster/Foundation	Project based funding from various sources including public and private stakeholders	Media Cluster Foundation in close cooperation with the Polish National School of Film, Television, and Theatre and Lodz Film Commission	since 2007	n/a	Audio-visual Filmmaking Television New media

Case study	Implementation level	Country / region	Type of measures / instruments	Source of funding	Implementing body / bodies	Working period	Involved budget	Target groups / segments
ADDICT / Creative Industries Agency Portugal	Regional	North Portugal, Portugal	Knowledge transfer Business matchmaking Training and awareness measures Political representation	Associates (fees are based on the number of employees) European, national, regional grants and funds (co-financing of the projects)	ADDICT	established in 2008	about € 100,000 per year (spent on operations) + funds received for various projects	all CCI businesses and organisations
Creative.NRW / Competence centre for the creative industries	Regional	North Rhine-Westphalia, Germany	Knowledge transfer (websites, studies, etc.) Financing support Business matchmaking Training and awareness measures	Ministry of Economic Affairs, Energy and Industry of the State of North Rhine-Westphalia European Regional Development Fund	Communication agency "Boros" Different financing institutions	established in 2009, current (third) working period: 2016 – 2019	€ 600,000 per year (50 % by Ministry of Economic Affairs, Energy and Industry; 50 % by ERDF)	CCIs
Action plan 2013 - 2020 for CCIs	Regional	Skåne, Sweden	Support of incubators and clusters Educational programmes Awareness raising measures Workshops, seminars, conferences Coaching, business advice Support of internationalisation	Region Skåne Different municipalities in the Region Skåne Swedish Agency for Economic and Regional Growth EU funding	municipalities in the region Skåne, local organisations and intermediaries (e. g. the digital cluster "Media Evolution", the business promotion agency "Invest in Skåne")	since 2011: Implementation of regional measures since 2013: implementation of the Action Plan	many separate initiatives, no total budget	CCIs including architecture, design, film, photography, art, fashion, literature, music, performing arts, dining, games and media, experience based teaching

Case study	Implementation level	Country / region	Type of measures / instruments	Source of funding	Implementing body / bodies	Working period	Involved budget	Target groups / segments
CREATIVE REGION Linz & Upper Austria (CR)	Regional	Upper Austria, Austria	Awareness raising measures Consulting Development Networking & cooperation Demand-driven activities	City of Linz (50 %), Region of Upper Austria (50 %) Project related funding (e.g. through cooperation with stakeholders, companies, EU funds) Revenues from workshop fees, event tickets and catering	CR, in partnership / cooperation with other organisations that are nodal points in the field of CCIs in (Upper) Austria	since 2011	basic budget: € 550,000 per year in addition, revenue is generated from cooperation, fees and EU funds: approx. € 150,000 in total: approx. € 700,000	creative professionals / businesses that are not yet well-established, and consumers (in particular B2B) in media, publishing, film, music, arts market / culture market, architecture, design, fashion, advertising, graphic arts, multimedia / games. The core areas are design and multimedia.
Creative Wallonia	Regional	Wallonia, Belgium	Education programmes, training measures Awareness raising measures Clusters & networking Infrastructure (e.g. co-working spaces) Consultancy for SMEs/start-ups Business and financing support	Contracts for the Future and the Marshall plans, EU-funded projects, European Structural Development Funds	a community of stakeholders with specific knowledge of creativity or sectors such as Wallonie Design, St'Art investment fund, Wallonia Agency for Digitalization, etc.	since 2010	€ 8 million per year	"all Walloon citizens", actions for students, teachers, public actors, entrepreneurs, creative / innovative companies in general, CCIs are one major target group with special initiatives for design, ICT, film, archives.

Source: Austrian institute for SME research

4.2. National case studies

4.2.1. United Kingdom: Creative Business Mentor Network (NESTA), Creative Industry Finance programme, Creative Industries Council

Country / Region: United Kingdom

In a nutshell: This case study focused on three initiatives: Nesta's **Creative Business Mentor Network**⁹³, Creative United's **Creative Industry Finance programme**⁹⁴, and the **Creative Industries Council**⁹⁵. It also provides an overview of the activities in the framework of Creative England⁹⁶ and on the overall UK strategy for CCIs. All initiatives have had a positive impact on the overall economic performance of CCIs in England and the UK, whether they focus on individual businesses or on the sector as a whole. However, developments still need to be undertaken to have a larger number of UK-wide initiatives covering all sectors of the CCIs. It should be noted that these three initiatives are not the only mechanisms which support the creative industries in the UK.

Key information and figures

- **Types of measure(s) / instrument(s):**
 - Creative Business Mentor Network: Mentoring for businesses
 - Creative Industry Finance: Business advice and lending opportunities for businesses
 - Creative Industries Council: Network for the creative industry sector
- **Source of funding (e.g. funding body/bodies):**
 - Creative Business Mentor Network: NESTA
 - Creative Industry Finance: Arts Council of England
 - Creative Industries Council: no allocated budget, some initiatives are backed up by the government and the industry
- **Implementing body/bodies:**
 - Creative Business Mentor Network: NESTA
 - Creative Industry Finance: Creative United

⁹³ <http://www.nesta.org.uk/project/creative-business-mentor-network>

⁹⁴ <https://www.creativeindustryfinance.org.uk/>

⁹⁵ <https://www.gov.uk/government/groups/creative-industries-council>

⁹⁶ <http://www.creativeengland.co.uk/>

- Creative Industries Council: UK Government (Department for Culture, Media and Sport, and Department for Business, Innovation and Skills)
- **Working period:**
 - Creative Business Mentor Network: since 2009
 - Creative Industry Finance: since 2012
 - Creative Industries Council: since 2011
- **Involved budget:**
 - Creative Business Mentor Network: N/A
 - Creative Industry Finance: N/A
 - Creative Industries Council: N/A
- **Target groups/segments:**
 - Creative Business Mentor Network: SMEs registered in the UK, with a minimum of 3 years trading with year on year growth, working within at least one of these sectors: advertising, film, TV, digital media or games, and a minimum turnover of GBP 1 million
 - Creative Industry Finance: established businesses, as well as charitable organisations, in all CCI sectors
 - Creative Industries Council: all Cultural and Creative Industries

Background information

The importance of the creative industries in the UK economy can largely be attributed to initiatives set out by the government as well as various organisations across the country. Indeed, the UK government, in collaboration with the industry, has set out a strategy to further develop the creative industries, tackling various issues such as access to finance (Create UK). In addition, national organisations such as NESTA or Creative United have set out plans to increase the importance given to creative industries at national and England level, as well as helping business growth. Regional initiatives are also carried out in the UK, e.g. through the activities of Creative England, which mainly aim at fostering business success and development in the games, TV, film and digital media sectors in England, outside Greater London (cf. Creative England box).

3 initiatives will be covered in the context of this case study:

- Nesta's Creative Business Mentor Network
- Creative United's Creative Industry Finance programme
- The collaboration between government and industry through the Creative Industries Council

Creative Business Mentor Network (CBMN)

The CBMN was created in 2009 by **Nesta**, and since then has mentored over 100 SMEs from the film, advertising, digital media, TV and games industries. Indeed, **one-to-one mentoring with successful business people in the creative sector** has been given to owner-managers of SMEs. In 2014, an evaluation of the network was published by Nesta, stating that the scheme had helped business grow. Indeed, the study showed that the network had allowed an increase in turnover of GBP 1.3 million (€ 1.6 million) across the businesses, the creation of 4 FTE jobs, an improvement of the management structure in over half the businesses which received mentoring, as well as an increase in innovation.

Creative Industry Finance

Creative Industry Finance (CIF) was first developed and piloted by Creative United in 2012, with funding from Arts Council of England.

A pilot programme was conducted for 2 years (2012-2014). It started off in London and expanded to Yorkshire and the Humber. During the pilot programme, 400 businesses received support, 59 loans were delivered (all between GBP 5,000 and GBP 25,000), and close to 2,000 hours of business advice was provided. In terms of business advice, the help received from the Creative Industry Finance programme was e.g. in creating a business plan, decision making, reorganising the business, giving out advice, etc. Loans were generally used to build new studios, cover cash flow, visit trade shows to reach out to more clients, etc.

In September 2014, the programme moved on and it is **now available all over England**. Creative Industry Finance works with different lenders, and there is no upper limit on the amount that can be lent. They now only work with **established businesses** and no longer with start-ups, while the pilot programme mainly focused on microbusinesses and SMEs. However, now they have also included **charitable and not-for-profit organisations** in the scope.

Creative Industries Council

The Creative Industries Council (CIC) was founded in 2011 under the coalition government as a way to obtain a **high level of engagement between the government and the industry**. CIC is a mechanism for engagement between industry and Government, and it is not in itself a support programme for creative businesses. Before 2013, the two co-chairs were from the government. In 2013, a 3rd co-chair was introduced from the industry, so as to emphasise the fact that **CIC is intended as an industry-led body**.

CIC's working groups (cf. support instruments section) were determined by the industry members when the Council was founded, except for the diversity and technical groups which were added later on, as these issues were flagged more recently.

The three initiatives considered **help to boost the competitiveness of CCI in the UK**, through **tackling issues** relevant to them and given them **tools to grow**. The activities carried out by the Creative Industry Finance programme and CBMN can easily be **up-scaled to other EU Member States** provided that the suitable advisers and mentors are allocated to businesses. However, the CIC's activities would have to be rethought according to the specific issues faced by CCIs in each Member State, an EU-wide CIC would be difficult to implement as the range of issues faced would be too great, and the effectiveness of the initiatives would be difficult to assess. Nevertheless, **cooperation between Member States would be beneficial**.

Currently, Creative Industry Finance and CIC **only cover England**. In both cases, a **need for similar schemes has been expressed** by Scottish, Welsh and Northern Irish stakeholders, as they ask the implementing bodies for advice. **Further funding** would enable to upscale the activities so as to have UK-wide schemes. However, in the case of CIC, a policy decision was made for its remit to be specifically England-only, as the issues under discussion are a mixture of devolved and reserved powers. Therefore, additional funding would enable CIC to further encourage Scotland, Wales and Northern Ireland to look at ways to engage with industry in their areas.

Creative England

Creative England is a not-for-profit organisation which was founded after the dismantlement of the United Kingdom Film Council in 2011. They aim at the growth and development of creative industries in games, TV, film and digital media sectors, in London as well as at regional level in England. Creative England's partners include investors from companies such as Google and Facebook, as well as local authorities, cultural bodies and universities, national government (through the National Lottery Fund and the British regional growth fund), and the European Commission (European regional development fund).

Creative England has offices in various English regions, including Birmingham, Bristol, Salford, Sheffield and Pinewood.

Among other activities, Creative England provides financial support in the form of interest-free business loans for digital creative companies, as well as business mentoring and networking. Indeed, GBP 1.5 million (€ 1.9 million) are available in the form of interest free loans for businesses based in the North, the Midlands and the South West of England. In addition, start-ups and SMEs can obtain loans between GBP 60,000 (€ 75,000) and GBP 150,000 (€ 190,000). Of the initiatives carried out by the organisation, the following can be mentioned as examples:

- **Film Enterprise:** the programme aims at helping film companies in England outside of Greater London develop plans for funding and support. Creative England helps the companies with their strategies as well as finding diversified revenue streams. Funding for Film Enterprise amounts to GBP 2 million (€ 2.5 million) over four years.
- **Greenshoots:** the programme aims at fostering the commercial development and growth of the games industry in the English regions, outside of Greater London, through financial and business support. It has been carried out in partnership with Microsoft since 2013, and provides funds between GBP 25,000 (€ 30,000) and GBP 50,000 (€ 63,000) to games companies, as well as mentoring and support services and access to material such as Microsoft tools.
- **iWrite:** the partnership brings Creative England together with the following organisations: Royal Exchange Theatre Manchester, Birmingham Repertory Theatre, Bristol Old Vic, Live Theatre Newcastle and the Writers' Centre Norwich. iWrite is an eight-month programme for writers from other fields such as theatre, to write for film. It takes the form of a competition in which three short film scripts written during the programme will be professionally produced by Creative England. The partnership helps champion talent in English regions outside Greater London.

Furthermore, one of the core activities carried out by Creative England concerns Access to Finance, which is enabled through various tools available in their Business Growth programme, funded by the British Regional Growth Fund. As part of the programme, the Creative Finance Network online portal was created, where creative business can find information on the type of funding opportunities available to them in England.

The large range of initiatives established by Creative England to help the development of businesses in the games, TV, film and digital media sectors, has allowed companies to expand their activities. In addition, competitions such as iWrite and iShorts have nurtured partnerships and helped foster talent in the creative industries. The fact that the initiatives are supported by both public and private organisations allows for more sustainable long-term programmes. Creative England also strives to raise awareness on the importance of the creative sector for the UK economy, through their participation in various events, such as the 2016 Advertising Week Europe in London.

Design / Intervention logic

Mission/Objective

An overall goal shared by the initiatives reviewed during the case study is to further **integrate the Cultural and Creative Industries (CCI) in the market**. Indeed, the Creative Industries Council (CIC) aims at **improving the overall economic performance of the sector**, while Creative Industry Finance's goal is to **provide access to finance to CCI businesses** and deliver advice so as to increase the effectiveness of the activities carried out. Finally, the Creative Business Mentor Network (CBMN)'s objective is to **help businesses grow**.

Target groups

The **target groups** and beneficiaries differ according to the initiative considered. While the CCI industry is always the focus, not all businesses are included. Indeed, out of the three initiatives reviewed, only CBMN targets the whole of the UK, as CIC and Creative Industry Finance only offer their services to businesses in England. CIC includes all types of sectors in their activities, as do Creative Industry Finance, while CBMN focuses on businesses working in advertising, film, TV, digital media and games. In addition, CIC considers all business sizes, whereas Creative Industry Finance do not deal with start-ups, and CBMN only include businesses with a minimum of 3 years trading and at least a GBP 1 million turnover (approx. € 1.3 million).

Implementation

When considering these three schemes, the implementing bodies are the following:

- **Nesta**⁹⁷: an independent charity working to increase the innovation capacity of the UK
- **Creative United**⁹⁸: a Community Interest Company, providing financial products and services designed to enable the growth and development of the CCIs
- **Creative Industries Council**⁹⁹: a joint forum between the creative industries and government, chaired by two government representatives, i.e. John Whittingdale, the Secretary of State for Culture, Media and Sport and Sajid Javid, the Secretary of State for Business Innovation and Skills. A third co-chair was appointed from the industry sector in 2013, Nicola Mendelsohn, Vice-President for Europe, the Middle East and Africa at Facebook.

⁹⁷ <http://www.nesta.org.uk/>

⁹⁸ <http://www.creativeunited.org.uk/>

⁹⁹ <https://www.gov.uk/government/groups/creative-industries-council>

Support instruments

All key areas of action are covered in CIC's activities, through **Working Groups** managed by the industry itself. These groups were identified through consultation between members as to where the main barriers were in the sector. They are as follows:

- Access to finance (whether it is public or private)
- Educational skills, through schools and also developing continuing skills for people already working in CCI
- Intellectual property
- International work, including export and inward investment
- Infrastructure, including digital and physical (e.g. creative hubs)
- Diversity within CCI in terms of employment
- Technical working group, made up of analysts, economists, statisticians, etc., to assess CCI performance.

Each Working Group addresses the issue through their own work plan, including regular meetings between members and the undertaking of projects. However, all members should have a single strategy: the **Create UK strategy**, launched by the CIC in July 2014. The document outlines the context, recommendations and success measures to ensure the good performance of the UK's CCIs. It focuses on fostering collaboration between the government and the industry to put the creative industries at the centre of the growth strategy for the UK economy. The success factors outlined in the strategy are as follows:

- Increasing the UK workforce employed in the creative industries;
- Increasing the number of creative industries enterprises as a percentage of the overall number of businesses;
- Better joining up across government departments on creative industries issues;
- Increasing the diversity of the creative industries workforce.

The strategy also concentrates on success factors which must be implemented in the following domains: access to finance, intellectual property, education and skills, infrastructure and international relations.

The industry members are currently carrying out a review of this strategy, which will be published early summer 2016.

For instance, Create UK helped the Access to finance working group, as they organised marketing events to raise awareness on the industry, and they also created an online tool called the **Better Business Finance Tool** which can help creative businesses find out who they can and should approach for funding. The Educational Skills Working Group created the **Hiive network**¹⁰⁰, which is a collaboration-type website to find employment opportunities, to share best practices, etc. They also carry out audits of career advice services given out in schools. They aim at increasing coordination in the sector. There is **no budget for CIC** in itself, some initiatives may attract support from the government and the industry. For instance, an Intellectual Property project called **Creative Content UK** received funding. It is a partnership aimed at boosting consumer awareness on the array of legitimate online content services as well as helping reduce online copyright infringement.

Creative Industry Finance and Nesta's CBMN focus their work at **individual business-level**, addressing key areas such as access to finance, business and skills development as well as enlarging the marketplace. Indeed, Creative Industry Finance offers **individual free business advice as well as guidance on finding loans** through their lending partners, while CBMN offers mentoring to businesses so as to develop their activities and performance.

Regarding the activities carried out by Creative Industry Finance, when a company or organisations signs up, they receive their own **business adviser from their specific creative sector**. Indeed, advisers are recruited from across the sector so as to cover as many fields as possible, therefore the adviser will better understand the challenges and address them. Workshops are also run along with skill development activities. Business advice is funded through an Arts Council grant. As regards loans, the Creative Industry Finance programme offers a selection of lending partners, and finds the appropriate lender for each company. When the lenders were first approached, many meetings were held by Creative United for them to understand the potential of CCIs in terms of profitability. In lending, every lender has their own mechanism.

Finally, the Creative Business Mentor network (CBMN) is aimed at **supporting owners–managers of SMEs in the creative industries**, through the assignment of a volunteer mentor. The one-to-one mentoring is carried out with people from the industry in the form of ten, two–hour sessions over a 12–month period. However, this can vary according to the needs of the business. According to the evaluation of the scheme carried out in 2014, the average length of each meeting is 2.2 hours. The mentoring process covers skills development, leadership abilities, as well as support to plan and execute business change.

¹⁰⁰ <https://app.hiive.co.uk/>

Embedment in / complementarity of overarching policy strategies (national/ regional/European)

All initiatives aimed at **increasing and revealing the importance of CCIs** at either English or national level, as well as their overall economic performance. European activities or programmes were not mentioned as a focus, and no European financing has been received in the context of the schemes, most of the funding came from the **Arts Council of England**.

Effectiveness of the measures

According to the UK government's Department for Culture, Media & Sport (DCMS), the creative industries brought GBP 84.1 billion (€ 107 billion) to the UK economy in 2014 (5.2 % of the UK economy)¹⁰¹. The sector grew by 8.9 % in 2014, thus showing that creative industries are continuously growing in the Member State. In addition, the number of jobs in the creative industries increased by 5.5 % between 2013 and 2014 to 1.8 million jobs. Finally, the DCMS reported that the gross added value of the creative industries increased by 37.5 % between 2008 and 2014¹⁰². This is largely due to initiatives geared towards supporting CCIs.

As for the specific initiatives analysed, the CIC has succeeded in establishing a **single coherent sense of the creative industry**. The CIC, through the cohesion it creates among the industry, has been key in taking on successful initiatives, such as the Better Business Finance Tool and the Hiive network (cf. Design / Intervention logic section). It is also an efficient way for **ministers and the industry to collaborate**, with many stakeholders present at a given time and place. Therefore, meetings and the exchange of ideas are easier to organise. Furthermore, the Create UK strategy allowed for a **close collaboration in the achievement of CIC's goals**.

According to an evaluation of the Creative Industry Finance pilot programme, it was very successful, with 400 businesses receiving support, 59 loans being delivered, and almost 2,000 hours of business advice being provided. However, some of the results cannot be quantified, such as the result of business advice, as many companies have said that it has given them confidence to develop, but it is not always possible to quantify this. The success of the loans was measured by the increase of profit and turnover of the company.

¹⁰¹ <https://www.gov.uk/government/news/creative-industries-worth-almost-10-million-an-hour-to-economy>

¹⁰² DCMS, 2016, *Creative Industries Economic Estimates*

The **evaluation carried out for the pilot programme** was based on the number of businesses supported, the hours spent on business advice, the total value of the loans obtained, as well as the increase in profit, turnover and employment. The qualitative measurements were obtained through questioning, where the company was asked about how their confidence improved and what the support did for their business. All these aspects are still measured in the current programme; however, it is too early to conduct an evaluation. The data is collected by means of a survey.

In addition, the number of businesses involved in and out of London is measured, as well as the type of business and the sector they work in so as to have an overview of the situation. Creative United also has a partnership with Music Venue Trust¹⁰³ to connect with businesses and learn about their challenges.

The **2014 evaluation of Nesta's CBMN**, was based on a survey conducted with 25 owner-managers of CCI before the mentoring and after it was received, so as to measure changes. The change in profit, turnover and employment level was also measured. As a conclusion, it was stated that the Nesta mentees benefited strongly from the mentoring process, including improvements in the financial performance of some companies and changes in business strategy. Indeed, according to the study, 84 % of the 25 businesses reported an improvement in overall direction of the business, while 72 % felt that mentoring improved their confidence in managing the business.

Therefore, for programmes aimed at helping individual businesses, the main indicators measuring the effectiveness seem to be:

- Change in **profit**;
- Change in **turnover**;
- Change in **employment levels**.

For schemes such as the CIC, with various general issues being tackled, there will be an upcoming evaluation of the Create UK strategy in early summer 2016. This will allow to measure the effectiveness of the logic in which the activities are carried out.

¹⁰³ <http://musicvenue trust.com/>

Success factors / learnings

- CIC's initiatives: the Council **brings together a number of actors in the industry**, and **creates a platform for collaboration with the UK government**. Due to the diversity of creative sector represented by the Council, the issues tackled are at a larger scale, therefore the impact of the initiative is largely spread. As long as the industry retains a sense of ownership of the CIC, it is very sustainable, as it is seen as an effective mean of collaboration.
- **Targeting individual businesses** (CBMN and Creative Industry Finance): **personal targeted help and advice received**, through a mentor for CBMN and an adviser for Creative Industry Finance. The mentor or adviser is able to target the specific needs of the business, and has experience in the concerned creative sector.
- **Sustainability:**
 - **Self-sufficiency:** as the Creative Industry Finance programme is a free service, Creative United are looking to become self-sufficient in terms of its running so as to ensure its sustainability. One of the mechanisms already in place is as follows: Creative United gets a commission for every loan granted to a company, and the money then goes back into the functioning of the programme.
 - **Partnering and activities:** Creative United are looking for partners, and also want to organise skill development activities that will be a paid service.
 - **Availability of volunteers:** CBMN's sustainability depends on the availability of the volunteer mentors, who allocate their time to help the growth of CCI SMEs. The Network seems to function well according to the 2014 evaluation, however this relies on the mentors.
- **Positive outlook towards the future:** one of the long-term goals for all the schemes is to **expand activities** to other parts of the UK, i.e. Scotland, Wales and Northern Ireland (for Creative Industry Finance and CIC), with Scotland being particularly interested in this. The Scottish government exchanges informal discussions with CIC about their functioning, and often sits at meetings as an external observant. Furthermore, Creative Scotland, as one of Creative United's partners, has shown interest in joining the scope of the Creative Industry Finance programme.
- **Aiming towards a higher emphasis on regional engagement:** CIC will create new clusters. Their goal for the future is to give more responsibility to subgroups, as well as engaging more on the regional side, so as to reflect the scope and nature of CCI as far as possible.

Challenges

- **CIC**: allows for collaboration between the government and the industry, **disagreements** also occur between the two parties on strategies to adopt, especially on Intellectual Property matters and areas around education policy, as the needs for both stakeholders differ. No solution has been found to deal with this, apart from “agreeing to disagree”. The **lack of problem solving** in this domain could challenge the long-term viability of the Council, as irreconcilable disputes could arise, thus damaging the relationship between government and the industry.
- **Creative Industry Finance programme**: when trying to **access a loan**, as the lenders often want to look at personal credit. Furthermore, **little financial help is given to the creative industries**, which Creative United is trying to flag up, an issue also shared by the other schemes. Finally, **making lends work for charitable organisations** can be a challenge, as this is not the income source they are used to receiving.
- **CBMN**: financial improvements in terms of profit are **not immediately seen**, which can be a disincentive to participate, as investments will have to be made to improve the business, and a long-term vision is needed.

Sources

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4.2.2. *The Topsector policy approach in the Netherlands – thematic focus on CCI at the highest level*

Country / Region: The Netherlands

In a nutshell: The case study deals with a policy approach to focus on CCI as one of nine thematic key areas and elaborates how the whole system is designed and organised accordingly.

Key information and figures

- **Types of measures / instruments:** projects grants, support of networking activities and knowledge-sharing activities, support of internationalisation activities, talent development, internationalisation platform, etc.
- **Source of funding:** Ministry of Economic Affairs, Ministry of Education, Culture and Science and Ministry of Foreign Affairs
- **Implementing body/bodies:** Top Team/Creative Council, Funding Agencies (Creative Industries Funds, Netherlands Enterprise Agency), Embassies, Federation of The Dutch Creative Industries, Click NL
- **Working period:** 2011-2016
- **Involved budget:** In general, the budget from the Ministry of Economic affairs and NWO is approximately around € 72.5 million in total for 2011-2016 (except private funding and funding of Creative Industries Funds and general support measures of the Netherlands Enterprise Agency).
- **Target groups/segments:** CCI is divided into media and entertainment, arts and heritage and creative business services.¹⁰⁴

¹⁰⁴ *Creative business services sector: here relevant firms work mainly for other businesses. Specifically they specialise in communications and advertising, architecture, and the various design disciplines.*

Background information

The Dutch government recognised the economic importance of the creative industries more than ten years ago. At first, the government policy focused on promoting the sector's growth, expressed in terms of employment, turnover and added value. The focus is shifting to the broader social and economic significance of the creative industries; e.g. the aim is now to encourage partnerships between the creative industries and other sectors (crossovers). Also, tackling the societal challenges¹⁰⁵ plays a more and more important role in particular when it comes to crossovers.

Before 2011 key policy areas were defined in the Netherlands already and CCI was also one of them, but regarding the focus on performance it was somewhat uncertain for the CCI sector to further be among the top sectors which were designed and started in 2011 and continued in 2013 (prime minister Rutte administration I and II).

In **particular, the innovative potential of CI** (that they help other sectors to be innovative: **crossovers**) was certainly one driver, design and architecture stakeholders, representing the subsectors were the Netherlands is in particular very good at, were also driving forces in this process. After that, an ecosystem with existing and new players was and still is forming to grow to an integrated community.

Design / Intervention logic

Mission / objectives

The **ultimate rationale of the top sector approach is to build on existing strengths** ("backing the winners"). The Netherlands were quite good in the sector of Creative Industries at this time in terms of knowledge intensity, innovation, growth, growth potential, international potential.

The **general goals of the Top Sector Approach** that focusses nine sectors – among them also the Creative Industry –are to support and stimulate innovation, exports, and the economic growth of the country as such. For the Creative Industries there is also a clear focus on **strengthening the organisation of the sector itself**.

¹⁰⁵ A major part of the current EU Research Framework Programme "Horizon 2020" is dedicated to societal challenges. (see also <https://ec.europa.eu/programmes/horizon2020/en/h2020-section/societal-challenges>). Also at national level many challenge-driven programmes have been set up in the last years.

Implementation and Instruments

For the Top Sector Creative Industries a so-called “**Top Team**” operates as a link (“hanging bridge”) between government and sector. This committee is designed after the “**golden triangle**”-principle (involving business people, research/higher education, government representatives – altogether approx. 5 persons) appointed by the Ministry of Economic Affairs, the Ministry of Education, Culture and Science and Ministry of Foreign Affairs. The Top Team designed / suggested an agenda consisting of **three main agendas** (strategic areas of operation) for the Top Sector Creative Industries:

- knowledge/innovation;
- internationalisation;
- human capital (education/lifelong learning/talent development).

A **special focus on crossovers** is a cross-sectional agenda concerning all main agendas.

The Top Team is intended to be a temporary committee whose work, tasks and outputs will be successively handed over to the Dutch Federation of CI.

Whereas the Top Sector approach is clearly a top-down approach it includes also bottom-up elements. The Top Team started to form the **Dutch Creative Council** that is an initiative of the sector itself and whose members represent businesses and institutions of the sector (independent strategic advisory council).

The ministry of Economic Affairs as well as the Ministry of Education, Culture and Science has its **funds** where **support measures tailored to the needs of the Creative Industries** and specific sub-sectors are provided (including projects grants, support of networking activities and knowledge-sharing activities, support of internationalisation activities, talent development, etc.). The ministry of Foreign Affairs promotes the Dutch Creative Industries abroad.

One player has been set up when the Top Sector Approach started: **CLICK NL is the knowledge institute for the CI** and is subsidised by the government with seed money. CLICK NL helps to connect business and research institutes. It is obligatory for researchers to involve businesses in their research when this research is subsidised.

On the businesses side the **Federation of Dutch Creative Industries** unites professional organisations within the creative business services sector (associations). The Federation currently represents eight industry and profession organisations with a total of nearly 6,000 individual members and approximately 2,500 creative companies.

A specific and relevant measure is an internationalisation platform which is a **strategic fair programme (joint branding via: “Creative #olland”)**. Every top sector can chose its own fairs and take some companies with them. The top sector CI has a focus on Germany in 2015 / 2016 (“Duitslandprogramma”).

Embedment in / complementarity of overarching policy strategies (national/ regional/European)

The Netherland’s approach focuses on creative professionals. Strengths in innovation and also research result in an importance of **HORIZON 2020/framework programme** also because of focus at national level on public-private partnership projects. Also the top sector policy tries to consider the **grand challenges** of HORIZON 2020.

In parallel there are **many other (generic) support mechanisms** for researchers/companies **not specific determined to the top sectors** that are considered and relevant.

Effectiveness of the measure

The economic significance of the Dutch creative industries has increased sharply since the turn of the century. In 2012, it accounted for 153,410 jobs in the Netherlands, or 2.0 % of total employment. There are 45,440 jobs in the art and heritage sector, 48,440 in the creative business services sector, and 59,520 in media and entertainment. Many of the people working in the creative industries are self-employed. A creative network economy is taking shape. Turnover in the Dutch creative industries was € 12.6 billion in 2013, or 2.2 % of all turnover generated in the Netherlands that year. Compared to 2010, this is a slight decrease of 0.1 %. Mainly firms in communications and advertising as well as in architecture suffered from the economic crisis. The former sector is heavily influenced by fluctuations in the economy, while the latter is the first to feel a downturn in construction. The media industries have been under pressure for some time. Digitalisation has led to downsizing in the big media companies. However, some of the job losses there have been compensated by job growth in digital services.

Based on the latest monitoring data (2015), the following key figures for the top sector CI can be given: Production: € 21,119 million; added value: € 10,535 million; employment (fte): 179,000; number of companies: 137,955.

The whole policy approach is going to be evaluated in 2016. Anyway, there are already some qualitative effects that have been perceived by individual stakeholders - among them the following:

- **Awareness** that CI is **one sector** and be able to **speak with one voice**

- **Sector** has started **better organising itself**.
- **CLICK NL** was established although it is not known enough within the sector yet. All other top sectors had such knowledge institutes before; for the CI this was and still is rather new.
- **“Cross over works”** publications (e.g. Creative Industries Funds NL is contributing and organising meetings to encourage cross-fertilisation between architecture and health care; same for encouraging research and supporting events that concern crossovers between education and design)

Success factors / learnings

- Working together (government) with sector via the **Top Team-construction** (“*speaking tube*”, “*hanging bridge between government and sector*”, “*smart solution*”) – basically it functions as an **advocate of collaboration** between businesses, research institutions, and the government.
- This committee is (temporary) really **dedicated to cooperate with all stakeholders and they make the agendas and in fact the policy**
- The **players** (Click NL, Top Team, Dutch Creative Council and the Federation of Dutch CI together with existing funds) were and are **creating an ecosystem** e.g. in terms of an **alignment**.
- Mainly people and players were working on the implementation of the top sector CI that started from scratch.
- An example for a decisive measure launched by the Top Team is the internationalisation platform (“Creative #olland”): based on the fact that there is an **internationalisation policy** which every sector endorses it was decided to launch this strategic fair programme (nurtured by the Top Team and in future to be handed over to the Federation of Dutch CI) and focus on Germany.
- Working together and organising after the “**golden triangle principle**” (business people, research/higher education, government representatives)
- **Strategic focus / agendas within the top sector policy**
- **Cooperation of ministries** as a necessary precondition for implementation of the top sector approach: Ministry of Economic Affairs works together with the Ministry of Culture– also Ministry of Foreign Affairs - although it is hard sometimes bringing together the different goals of individual ministries.

Challenges

- Working together with another sector is often connected with challenges. It seems to be not so easy **to organise cross-overs**, although there are plenty of success cases.

- It seems to be a **necessary basis for the development of CCI-support to first organise the sector** (e.g. via the Top Sector Approach) and then go beyond (e.g. implement measures aiming at cross-overs).
- **The process of alignment** of different players and their activities takes time.
- The future financing and future business model of the knowledge institute CLICK NL is still unsettled.
- The phasing-out of the Top Team has to be applied, which could be a quite challenging process.
- The results of the **evaluation** of the Top Sector policy in 2016 are highly anticipated.
- The parliamentary elections in 2017 will show whether the Top Sector policy as such will be continued.

Sources

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4.2.3. *National strategies implemented by the ESF Development programme for business growth and internationalisation in the creative industries 2007-2013 among other programmes*

Country / Region: Finland

In a nutshell: The Case Study highlights the ESF-Development programme for business growth and internationalisation in the creative industries 2007-2013 as one element of many steps to implement CCI strategies at national level in Finland.

Key information and figures

- **Types of measures / instruments:** projects
- **Sources of funding:** Ministry of Education and Culture, Ministry of Employment and the Economy, EU (ESF funds), municipal funding
- **Implementing bodies:** Ministry of Education and Culture, Häme Centre for Economic Development, Transport and the Environment (provincial state office)

- **Working period:** 2007-2013
- **Involved budget:** € 18.5 million (national and EU), and municipal funding (15%)
- **Target groups/segments:** whole CCI; in particular self-employed persons, budding entrepreneurs, current entrepreneurs and SMEs

Background information

For over 15 years, Finland has a strategic development process of Creative Industries involving different angles, stakeholders (the Ministry for Culture and Education and the Ministry of Employment and the Economy had a crucial role and were co-operating on the CCI issue more or less continuously), topics etc. During this process various studies were published and also the regional and local development started.

A key starting point for a more focussed strategy building process, which ultimately was based on the previous actions (studies, programmes, working groups etc.) appears to be 2007, where the government strategy for Creative Industry led to basically one programme governed by each of the two key ministries in a first step. The Development programme was started by the Ministry for Education and Culture (together with the Ministry of Employment and the Economy) which was co-financed by the ESF. At the same time the Ministry of Employment and the Economy launched a four year strategic programme for Creative Economy. Both programmes were co-operating. The strategy program was succeeded by the Creative Network that is still working under the brand "Creative Finland" together with Ministry for Education and Culture.

After the ESF - Development programme by the Ministry for Education and Culture a follow-up programme was launched on a smaller scale which focuses more on developing the skills in CI – also with other industries (e.g. bio economy or gaming/ICT).

Until today much other policy work has been carried out, among them a screening of the public funding for companies in the CCI by the Ministry of Employment and the Economy.

Following a Government Resolution of 2014 both ministries further shared responsibility for the implementation of defined strategic objectives aiming at the development of business and entrepreneurship in the CI and in particular emphasising at the intangible value creation.(new and current programme).

Design / Intervention logic

Mission / Objectives

The foremost **challenges** the ESF-Development programme for business growth and internationalisation in the creative industries 2007-2013 was based on were product development and innovation, identification and use of business potential, business start-up, the promotion of growth business and enterprises seeking international breakthrough and the development of networks. Further the **main target objectives of the programme** were

to *promote*

- Product development and innovation
- Business and business know-how (entrepreneurial competencies/skills)
- Producer and management skills

to *analyse*:

- Questions relating to anticipation of changes in the operational environment

to *enhance*

- The knowledge base in the field

Instruments / activities

Project types implemented in the scope of the ESF-Development programme were:

- mentoring projects (i.e. some of them focussing exports),
- skills (managerial) development projects,
- internationalisation activities,
- development of networking models,
- product- and service development projects,
- knowledge building projects (establishment of databases, foresight for enterprises,...)
- business coachings

Some projects were targeting the whole CCI and others were targeting individual sub-sectors.

Implementation

Next to the responsible ministries (Education and Culture as coordinating partner and Employment and Economy as cooperating partner) also other ministries concerned, as well as regional and local authorities and key organisations in the field, were involved through a steering group. One provincial state office (Centre for Economic Development, Transport and the Environment) had the operational responsibility for the projects and activities in the programme. The programme was implemented at national level but included many projects initiated and carried out by regional institutions and actors.

Embedment in / complementarity of overarching policy strategies (national/ regional/European)

The ESF-Development programme was brought on its way to contribute to the Government programme's aim to strengthen the creative economy and creative industry business.

Finland was participating in the **ECIA**-platform and stakeholders of the ministry of Culture participated in **OMC**-working group activities. But compared to the EU-initiatives there was a much more **intensive cooperation at the Nordic level "KreaNord"**, the Nordic Council of Ministers' initiative on cultural and creative industries (2008–2015)¹⁰⁶. The aim was to collect knowledge and learn from the experiences of all Nordic countries that launched strategies and programmes on national level to support CI.

This is seen as a very active cooperation, also projects were financed. Here **Finland was most ahead in policy thinking** in how to develop CI on national level and therefore Finland was kind of a model for the other countries how to strengthen the CCI development. **4 themes have been identified as being of specific relevance across the Nordic region:** Facing the creative economy, political affiliation, a fragmented sector and knowledge

Effectiveness of the measure

The development of the share of the added value and the employment of CCI is constant since 2008/2009. The games industry is one of the few clearly growing sub-areas of culture, although its significance in the whole cultural economy is not yet that big. In 2013, the share of cultural sectors of the overall added value was

¹⁰⁶ Somehow resulted 2012 in "EntreNord – Entrepreneurship in the arts in the Nordic countries"

3.0 %, the share of all employed persons was 4.0 % and the share of consumption expenditure was nearly 5.0 %.

Expected results out of the activities of the ESF-Development programme were in particular that **knowledge and competencies** of established as well as new entrepreneurs in the CCI **will grow**. Further **turnover** was desired to increase and operations will be **more international**. Also the programme should lead to **strengthened networks** and a **consolidated knowledge base** in the CCI.

Indicators:

The **indicators defined** were: number of participants in projects, participant's sub-sector, age, educational background and work experience, quality and impacts offered in the projects and number of partnerships and networks created within the projects.

Concrete outputs:

41 projects were launched in the scope of the ESF- Development Programme, among them one coordination project (coordination for the other projects). – carried out by a university and cities with partners. All documented projects can be categorised under the project types listed above (see section "Instruments and Activities"). Following box shows some examples of projects carried out:

- Luova Suomi/Creative Industries Finland – Coordination project for other projects
- CREADA – Mentoring and business development for creative industries entrepreneurs
- Film Location Finland – Marketing network (international) for the audiovisual field
- Sillanrakentajat – Mentoring programme for agents and cultural export
- ArtHub – Development of regional arts councils as creative industries developers
- Taivex – Cultural exports mentoring programme for producers, managers and galleries
- LUOVAMO – Employment development model for CCI's

In line with the defined indicators the results have been reported (i.e. 5,400 people and 1,200 enterprises have started in the projects, 81,000 participants in the information events, 70 new enterprises, etc.). Also it was **created the brand (Creative Finland)** – started in the ESF-Development programme, that is discussed at the moment to bring it in line with the new programme and its activities.

Effects of the ESF-programme

- Awareness has been raised among participants and authorities
- Business skills have improved, producer and management skills have improved
- Foresight information of CCIs has increased and new operation models
- Partnerships and customer contacts took place.
- Production and innovation activities did not work out so well

- Employment has not increased remarkably.

Examples of important effects of all activities to support CCI in Finland:

- As at the time of the development programme's application at the ESF was no significant funding source for measures taken within the development programme was available it obviously had a certain added value for the CCI-development of the country Finland in terms also of a **"knock-on effect"**.
- **Recognition of the importance of CCI** (in public administration) through continuous process of action set.
- **Activation and communication work between all relevant players** (business networks, public funders...) led to a better **alignment**
- **New financing models** have been **designed and introduced** – this describes to some extent the change of thinking in the ministries
 - The Ministry of Education and Culture is financing also pilots (ideas) of companies
 - The Ministry of Employment and the Economy has developed a tool for investing into copyrights. In late 2015, this so-called IPR.VC-fund was opened for investments in films, TV-programmes, games, etc. (see Box below)

IPR-VC FUND: A media focusses Venture Capital Fund based in Finland

Out of a fund of the Tekes fund programme for start-ups (launched in 2014), it is the aim to specialise in investments in product development to be carried out in companies in the creative sector. In the Government resolution 2014 there was an action point to state that at least one of the investments of this fund has to go to a IPR –based funding.

The fund invests its funds in the development and production of individual products and services and will receive in return income in the form of royalties from their sales. The operating model guarantees that copyright and other intellectual property rights to commodities based on creative expertise will remain with Finnish producers. The aim is to involve private investors using the same principles employed in connection with other new funds by Tekes. The financing for the fund comes both from private and public sources. The public financing comes from Tekes Pääomasijoitus Oy.

For further information, see: <http://tekes.vc/en/> and <http://ipr.vc/>

- The **(public) discussion of CCI has mainstreamed the industry and enterprise policy talk in Finland**; that also had a **positive influence on regional and local level ("trickled down")**
 - i.e. TEKES has had many programmes targeted on this area and from 2005 only games business was viable and visible and nowadays it is everything (creative skills...) **the portfolio relevant to CI is much wider.**

- A further effect is the **attention to the new kind of production: the creation of intangible value** (see new programme).
- Also the **customer point of view is much more visible** and more influential and you always need creative skills to answer customer needs.

4.2.3.1.1.1. Success factors / learnings

- **Building a knowledge base** (e.g. studies to map the sector including updates) is important as a basis for further activities to boost CCI.
- **Continuity for sustainability:**
 - **Activation and communication work between all relevant players** (business networks, public funders, ...) lead to a better **alignment**
 - In the public administration and public business development institutions bridges were built and language problems have been minimised.
 - Nevertheless, it is a long way and still an ongoing process in Finland to raise the awareness of the importance of CCIs in these institutions.
 - **Cooperation between ministries** is clearly a success factor (in particular when one ministry is an accepted lead partner).
 - **both ministries** have had their **own actions** going on at the same time **during the whole period** under consideration. That has given a clear signal that the issue belongs to the both sides and needs commitment from organisations that have ties to both ministries. Some of the policy documents the Ministries have even done together (e.g. Government resolution).
 - Key persons responsible and involved in the ministries are working quite long in the field of CCI and CCI policy.
- It is from utmost **importance to have strategies at national level** to move things into the right direction. Structural Funds can add value and trigger further investments and activities.
- **Business development** is an important element to support and boost CCI
- **Networking with funding authorities and intermediaries: In Finland the cooperation with existing centers** (Centers for Economic Development, Transport and the Environment – ELY centers) are important.
- **Also cooperation / networking with the biggest cities and organisations that apply structural funding** (education organisations) are important
- **Small projects** can be **cost effective**

- The insight that **business models in CCI are different from traditional industries** (IPR): New understanding of business logic and markets needs to be included in the business development as such (Finland was working on that the whole time since the past 7-10 years)
- The **recognition of creative skills** (in particular for an extremely industry and technology orientated country like Finland)
- **Flexibility /adaptability: In Finland it has been managed to change the focus point at the policy level more into intangible production**, mainly because of the talk of CCI and the meaning of it.
- during the whole time that BOTH ministries have had their own actions going on at the same time. That has given a clear signal that the issue belongs to the both sides and needs commitment from organizations that have ties to both ministries. Some of the documents we have even done together like the Government resolution.

Challenges

- One of the main challenges is to **accelerate cross-overs**
- It is aimed to consider the **international dimensions** of CCI support to a greater extent.
- Boosting the **level of digitalisation** in different areas (e.g. e-commerce), which is perceived yet as developable in Finland.
- It is very important for beneficiaries to find **private finance** for businesses/ideas (e.g. film industry pitching)
- Lack of more **alternative support mechanisms**. One stakeholder suggested an **interesting approach / tool: Creative companies** - in particular start-ups - **could visit incubator environments** (creative hubs) with the help of a subsidy to be present there for e.g. a month and build up a network with other companies, customers and financiers. Such an approach is perceived as much more helpful than e.g. one day-meetings/events. For an example see the Level39 business hub (<http://www.level39.co/>), which is a large technology accelerator for finance, retail, cybersecurity and future cities technology companies in London.
- Subsidising ways to find the right partners and financiers is important instead of subsidising the production of a business.

Sources

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Tekes Venture Capital: <http://tekes.vc/en/>

4.2.4. Creative Estonia – an initiative funded by the EU Structural Funds in the centre of different national activities to support CCI

Country / Region: Estonia

In a nutshell: Creative Estonia is an initiative that has been co-financed by the European Social Funds since 2009 and that aims at promoting and developing the creative industry sector in Estonia. The initiative is today an integral part of the Estonian business support landscape. Key activities of Creative Estonia relate to communication work and advice for Estonian CCI players.

Key information and figures

- **Types of measures / instruments:** Web portal, collection and distribution of information, web resources for start-up companies and online-advice
- **Source of funding:** European Social Funds, Ministry of Culture
- **Implementing body/bodies:** Enterprise Estonia
- **Working period:** since 2009
- **Involved budget:** n/a
- **Target groups/segments:** CCI

Background information

Estonia was investing in the sector (the only one among the New Member States) **with financing from Structural Funds** in the period 2007-2013. CCI was included in the National Strategy for ESF 2007-2013. In 2009 **Creative Estonia was established as a project call by Enterprise Estonia**, funded by the European Social Fund. Since 2009 four open calls have been implemented to establish and continue the activities of Creative Estonia. In different subsectors (e.g. design, architecture, music, contemporary arts) there is a good support structure via development centres (incubator, services). As there is still a **lack of knowledge in rural areas and boarder regions** Creative Estonia **started activities in 2015** to boost the entrepreneur mind-set and to engage Creative industries to the other sectors in three critical regions.

Design / Intervention logic

Mission / Objectives

Creative Estonia is an initiative that aims at **promoting and developing the creative industry sector** in Estonia. Further it aims at presenting the content, unique characteristics, economic, social and regional value of creative industries and creating a platform for the discussion of creative industry problems and solutions. Thus it was of a great importance to build up networks in Estonia, with the Neighbour countries and within the EU.

Instruments and activities:

- Web portal
- collection of information
- web resources for start-up companies
- communication channels
- event calendar
- news portal
- a web based newsletter
- social media and online-advice
- advice for accessing common funding possibilities (e.g. for start-ups) via the funding agency Enterprise Estonia.

In principle the full pipeline from finding **ideas**, workshops to **build teams and competencies** to a **web based training** programme for the development of a full **business model** is covered. As exports are from utmost importance for Estonia the last step in this process is an **export programme** involving international mentors who give advice how to be successful in markets like Germany, Finland, UK.

The main activity is since the beginning doing the communication and give support in communication to all CCI players in Estonia. Next to the communication and advice activities arranging different **events also in cooperation with international partners** (e.g. Nordic Council of Ministers, British Council, Spanish Culture Institute) is an important activity of Creative Estonia. These partners introduce their success stories in so-called “**5 o’clock tea**”- **events** or in “**inspirational lunches**” (“These are well working formats to get them together and enable exchange and transport information to them and inspire them”).

Creative Estonia is also responsible for **Creative Europe Culture Desk** in Estonia (giving advice to Estonian players to apply to projects in Creative Europe).

Implementation

In principle the **Ministry of Economic Affairs and Communication** and the **Ministry of Culture** are “responsible” for the topic CCI and the agency **Enterprise Estonia** implements various programmes of the ministries. **Creative Estonia** is co-financed by the European Social Funds since 2009 and is today a **programme** and also a kind of an **umbrella organisation** for different activities (mainly dealing with awareness and communication measures) related to CCI. Today it is a private NGO (100% project based).

Embedment in / complementarity of overarching policy strategies (national/regional/European)

Since 2003, creative industries have been always on the agenda in the Ministry of Culture and since then lots of individual activities (e.g. regularly studies to map the CCI in Estonia) have been carried out.

CI is a priority for the government and mentioned in cultural policy and in entrepreneurship policy and is therefore relevant for the Ministry of Culture and the Ministry of Economics. Thus there is **no decisive national strategy** on Creative Industries in Estonia. In 2015, an officer in the Ministry of Culture exclusively dealing with Creative Industries has been appointed.

Creative Estonia is an essential initiative in-between different other programmes and measures to support CCI, even these measures were not always exclusively designed for these target groups but e.g. for companies as such.

The **different measures for the support of creative industries** fall under **two main categories**.

1. The **first set of measures is not specific to the creative industries** and is open to general applications. These instruments have been used to finance creative businesses and networks. Types of measures: cluster support, export support and joint marketing programs, skills and knowledge development programs (e.g. design management training courses) and

awareness raising and entrepreneurship promotion programs. **Among the latter the Creative Estonia initiative is essential.**

2. In addition to these general support measures, a **sector-specific program** was created **to finance the development of different support structures, including creative incubators, hubs and centres.** The program aims to strengthen systems through which many creative businesses can grow in the coming years.¹⁰⁷

There are a number of **other policy measures that contribute to the development of cultural and creative industries.** Estonia invests large sums from EU structural funds in the cultural infrastructure to strengthen regional competitiveness and enhance tourism. There is also a number of programs for developing human resources and the digital society.

Effectiveness of the measure

The state of the creative industries in Estonia has already been mapped three times (2005, 2009 and 2013) on the basis of statistical data from 2003, 2007 and 2011 respectively. In 2011, for the CCIs¹⁰⁸ the number of employees was 29,200 (4.8 %; +1.4 %-points since 2003), the number of companies and organisations was 7,066 (11.4 %; +5.1 %-points since 2003) and the total income € 1,067 million (2.7 % of GDP; constant since 2003).

The key activities of Creative Estonia aim at **raising the awareness** and therefore effects and impacts are difficult to measure and for the operators of the initiative. For them it is more a feeling that there is for instance more awareness in the media / from journalists who are willing to publish certain articles also in the daily newspapers. One main impact in this regard is that journalists are nowadays often coming to Creative Estonia on their own asking about news to publish.

Indicators used and current data (examples):

- **Media coverage on the topic CCI:** how many articles /month are published in the media: it was less than 5 per month before Creative Estonia started (2005-2008), and in 2015, it is already about 65 per month.
- **Number of creative entrepreneurs** /companies (now 11% (1,900) of all companies in Estonia employing around 30,000 people in CI)
- 3 % of GDP

¹⁰⁷ The overall budget for those structures is 6.3 million euros. In the first round (see below), financing was available for both operating costs and investments in infrastructure and technology. According to preliminary plans only operating costs and project support will be granted in the second round.

¹⁰⁸ For the sector categorisation see: <http://www.looveesti.ee/en/cci/domains-ci/>

- 10,000 **visitors/week on the webpage** (out of 1,300,000 inhabitants)
- 6,000 on **facebook**
- Subscribed **newsletter**
- Etc.

Success factors / learnings

- Building a knowledge base (e.g. studies to map the sector including updates) is important as a basis for further activities to boost CCI.
- When starting certain measures to boost CCI it is very important to start with raising awareness measures.
- In particular the communication and advice work has made Creative Estonia to an umbrella for CI and first contact point for interested CCI players; activities from Creative Estonia can be seen as some sort of a glue putting relevant things and people in the CCI context together.
- Creative Estonia is well integrated in the Estonian support landscape. An important element for success of the work of Creative Estonia was and still is to collect institutions, get them together, build networks (also beyond CCI sub-sectors), also with funding organisations providing more generic business support.
- In communication work it is effective to make tailor made messages and measures for every target group (also within CCI they are speaking different languages and some are very reserved about entrepreneurship issues).
- It is effective to use case studies and practical (success) when doing communication work
- Also it is relevant to use communication channels on different levels (social media is one of them and quite relevant to the CCI-community).
- Cooperation with other countries are important; in particular, for export oriented countries

Challenges

- CCIs are a priority for the Estonian government. They are mentioned in cultural policy and in entrepreneurship policy and are therefore relevant for the Ministry of Culture and the Ministry of Economics. Nevertheless, Estonia has no decisive national strategy on Creative Industries.
- Not before 2015, an officer in the Ministry of Culture exclusively dealing with Creative Industries was appointed.
- The development of the CCI sector in Estonia at national level was all funded by European Structural Funds during the years and with only small national money. Structural Funds can give a spin to respective desired developments, but if there is not enough commitment at national level in

terms of financial continuity the sustainability of such initiatives can definitely not be guaranteed.

Sources

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Domains of Creative Industries: <http://www.looveesti.ee/en/cci/domains-ci/>

Overview of Creative Industries in Estonia: <http://www.looveesti.ee/en/cci/overview/>

4.2.5. *Malta: Restructured Malta Arts Council as a result of a strategy process on CCI*

Country / Region: Malta

In a nutshell: The Case Study focuses on the newly introduced national strategy process which led to a new and partly restructured landscape of support to CCI as well as one important output of this process: The Arts Council Malta (ACM) .

Key information and figures

- **Types of measures / instruments:** project grants, research grants, travel grants, communication activities, advice tools,
- **Source of funding:** n/a
- **Implementing body/bodies:** Arts Council Malta (ACM)
- **Working period:** 2016-2020
- **Involved budget:** € 52.2 million for 2016 public investment
- **Target groups/segments:** whole CCI sector

Background information

Malta's conversation on CCI started as part of a conversation which happened when the cultural policy was launched (2011) which was the **first approved Cultural Policy¹⁰⁹ in Malta that embodies principles of CCI.**

At that time a **Creative Economy Project** (which led to a strategy) was led by the Ministry of Finance and Economy together with the Ministry of Tourism, Culture and the Environment. They appointed a working group (cultural and economic ex-

¹⁰⁹ Before that - during the process of drafting the Cultural Policy - a civil society platform was created in 2008, which led to further public consultations which, together with expert group's work, fed into the strategy for CCI. Also a parliamentary debate involving many artists has been held at this stage.

perts) and created a partnership with the national statistics office and one of the first tasks was to establish a research programme from a statistical point of view and also an economic study together with the economic policy department: these study exercise was done to **map the sector for the first time and also to come up with a strategy**. The **Creative Economy Strategy** was then **launched in 2013**. It covers **four main areas**:

1. Governance: shifting policy focus (budget increase of 13 %); fragmented political remit in addressing some aspect or other of the cultural and creative industries; streamlining of existing funding programmes through a centralised management structure
2. Education / talent development
3. Market / professionalization
4. Internationalisation and Malta as a creative hub

An essential element was the governance structure that was proposed (see point 1) which would change the Council for Arts. A law was drafted that would **change the Malta Arts Council into a national agency for CCI which also embodies the concept of the Creative Economy** that is defined in the law, Act 15 of 2015:

Box x: Excerpt from the Maltese law, Act 15 of 2015 for setting up the Arts Council Malta: definition of creative economy and cultural and creative sectors.

"Creative economy" means the economic activity generated by the cultural and creative sectors;

"Cultural and Creative sectors" means all sectors whose activities by individuals, organisations and enterprises operating in any of the activities listed in the First Schedule, are based on cultural values and, or artistic and other creative expressions, whether those activities are market or non-market orientated whatever the type of structure that carries them out, and irrespective of how that structure is financed. These activities are identified as a set of culturally significant, knowledge-based activities, born of creativity and cultural capital, that encompass the cycles of creation, production, distribution and preservation of cultural and creative goods and services, and which have the potential to generate cultural and social development, economic growth and employment.

As a consequence, the ACM started its **restructuring programme** in **2015**: from exclusively supporting arts and artists to a more transdisciplinary approach. The Council also established a cooperation with Malta Enterprise which is the national funding agency for enterprise development.

The Council itself is now following its own strategy for the next years ("**Create 2020**") which started 2016 and has the character of an action plan until 2020.

Design / Intervention logic

The Arts Council Malta (ACM) is (previously known as the Malta Council for Culture and the Arts (MCCA)) is the national agency for development and investment in the cultural and creative sectors.

Mission / Objectives

The Council bases on a recent developed strategy action plan ("Create 2020"); its implementation started in 2016. The **mission** of the Council is to invest in the cultural and creative sectors to achieve higher levels of excellence and develop Malta's creative ecology. The **aim** is the creation of a **one-stop shop** for culture, a service hub for those working in the sector, mainly characterized by micro-enterprises and individual operators. Further aims are:

- Nurture creative potential and support its development into professional activity. Invest in artistic excellence
- Connect Malta to the international artistic community
- Provide more opportunities for people to engage in creativity
- Build the capacity of Public Cultural Organisations

Instruments

The portfolio consists of different **funding programmes** as well as **tools, guidance and advice Services** (e.g. Business Planning, PR Toolkit, standard artist contracts, brand guidelines). Core value is business development (training programmes, etc.) but also how other business sectors can collaborate with CI (cross overs). The ACM follows guiding strategic categories which are:

- Community Exchange
- Education
- Training
- Internationalisation
- Business Development
- Research
- Funding
- Brokerage
- Communication

The following programmes are carried out already, beyond that more instruments will be implemented during 2016:

- *Malta Arts Funds*: Project support grant, research support grant, multi-annual support grant

- *Cultural Export Funds*: Travel grants, Presentation and Touring, Translation grant
- *Creative Communities*: funds to address local communities
- *Kultura TV*: to support the development of cultural and creative content on private broadcasting stations in order to enhance the quality of television programming in Malta
- *Il-Premju tal-President għall-Kreattività*: The President's Award for Creativity provides recognition and support at the highest level of the State to organisations

Implementation

The working group (part of Ministry for Finance) that developed the strategy was also partly assigned to implement it. All activities are implemented by the The Arts Council Malta (ACM), partly in cooperation with other institutions (e.g. Malta Enterprise)

Embedment in / complementarity of overarching policy strategies (national/regional/European)

Malta's conversation on CCI started as part of a conversation which happened when the cultural policy was launched (2011) which was the first approved Cultural Policy in Malta that embodies principles of CCI.

Effectiveness of the measure

The review of the strategy has been done partly (e.g. to assess macroeconomic effects). In 2011 the national statistics office in collaboration with the creative economy working group carried out a participation survey at national level. In 2016 there will be a new participant survey.

With regard to the Create 2020 strategy the collection of evidence in different impact dimensions along the monitoring will happen also during 2016. ACM has developed a monitoring system, but at present the priority is more on quality than quantity.

The **indicators** depend on each instrument.

- e.g. when looking at funding: number of funded beneficiaries is important, diversifying the groups (NGOs, companies, etc.)
- e.g. brokerage instrument: how many people attended in lab events, etc.
- e.g. research: research projects, net effect of project.

Biggest increases of public investment from last year to this year can be seen: 39% increase from last year to today of public investments and now 1.4% of GDP going to CCI (in 2004/05: 0.4%; € 122 per capita investment). A total of € 52.5 million will be invested by the government in the sector, which marks an increase of over 100 % (or € 26 million) as compared to 2012. From this total sum, € 33 million or 63 % fall under the responsibility of the Ministry responsible for Culture.

Success factors / learnings

- Building a knowledge base (e.g. studies to map the sector including updates) is important as a basis for further activities to boost CCI.
- Cooperation with other (existing) institutions relevant for CCI support (e.g. Malta Enterprise), in particular when starting new measures/platforms
- Political consensus that CCI is a sector that deserves investment: continuity even though there were different administrations over the time
- Involvement and cooperation of two ministries
- The major drive for the whole restructuring process came from public policy sectors although also small clusters and groups were already calling for change and professionalization.
- Involving the sector: Many things have to come from the sector itself when developing such a strategy and respective measures and existing structures and initiatives from the public sector can be used.

Challenges

- The main challenge / uncertainty is whether the new structures built and instruments implemented will lead to the anticipated success (i.e. economic growth, employment etc.).
- The whole period 2016-2020 is designed to create a buzz (7th World Summit on Arts and Culture in Valletta in October 2016, Valletta as cultural capital 2018, Create 2020).
- There are expectations that more creatives would move to Malta.
- A challenge is also to successively get more independent from public investment in the future.
- Malta is an island located very remotely in the Mediterranean. This can be a challenge in terms of visibility and internationalisation activities.
- Moreover, proximity in Malta is sometimes a disadvantage. For instance, sometimes too many cultural events take place at one day, which means that the national "market" for e.g. a band is limited to approx. 2 events in Malta/Gozo and then they have to go international)

Sources

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4.3. Regional Case Studies

4.3.1. Apulian LivingLabs - LivingLabs, Regione Puglia¹¹⁰

Country / Region: Italy / Apulia

In a nutshell: This case study explores a measure implemented by the Apulia region in Italy, the Living Labs model. LivingLabs have been launched in eight thematic clusters, including one dedicated to CCIs. The initiative promotes cross-fertilizations among actor competences as well as the involvement of end-users. The initiative appears to be successful in fostering SMEs competitiveness and facilitating the growth and the development of Apulia SMEs specialised in the Information and Communications Technology (ICT) field, digital services and contents. LivingLabs is also the cornerstone of the Region's 2014-2020 Smart Specialisation Strategy.

Key information and figures

- ✓ **Types of measures:** Living Lab (Apulian ICT Living Labs and follow up programme SMART PUGLIA 2020 Living Labs)
- ✓ **Source of funding:** European Regional Development Fund¹¹¹
- ✓ **Implementing body:** InnovaPuglia S.p.a.¹¹², a company owned by the Apulia Region engaged in activities in support of regional strategic planning and Digital Innovation.

¹¹⁰ <http://livinglabs.regione.puglia.it/>

¹¹¹ Programma Operativo FESR 2007-2013 Obiettivo Convergenza, Asse I, Linea di intervento 1.4, Azione 1.4.2 "Investiamo nel vostro futuro", "Supporto alla crescita e sviluppo di PMI specializzate nell'offerta di contenuti e servizi digitali"

¹¹² <https://www.innova.puglia.it/home>

- ✓ **Working period:** established in 2012
- ✓ **Involved budget:** € 24 million from the funding period 2007-2013 (ERDF)
- ✓ **Target groups/segments:** the CCIs are targeted as a whole. They represent one of the eight target domains/thematic clusters targeted by the initiative.

Background information

The **LivingLab model** started to be implemented in the Apulia region as of **2012** under the initiative of the **Apulia region Economic Development, Employment and Innovation Department - Industrial Research and Innovation Service**.

The Living Lab approach was developed at the Media Lab and School of architecture and city planning of MIT, Boston, and represents a user-centric research paradigm for prototyping and validating complex solutions in multiple evolving real life contexts¹¹³. This approach aims to make users and citizens co-developers while exploiting the potential offered by both public and private partnerships (PPP) and ICT systems.

As a first step, the Apulia Region launched a **call for ideas** and carried out a **mapping of needs at local level** to identify domain specific requirements across eight different domains/thematic clusters, as follows:

- Environment, Security, and Territorial Protection;
- **Creative and Digital Economy;**
- **Cultural Heritage and Tourism;**
- Transport and Sustainable Mobility;
- Training and Education;
- Competitive and Renewable Energy;
- Health, Wellness and Socio-Cultural Dynamics;
- Electronic Governance by the Public Administration.

Requirements were collected through a platform where users were asked to register and highlight themes, problems and challenges. The first phase, which also involved several meetings and events across the region, ended in December 2015 and led to the mapping of around 400 needs/issues collected in a **Requirements Catalogue**. This step also led to the creation of a **Living Labs Partnership Cata-**

¹¹³ *Avellis G., Agrimi A., Di Ciano M., Grasso G., Surico F., (2015), E-Learning Issues in Education & Training Domain of Apulian Living Labs,*

logue including 200 partners such as local Associations, Public Bodies and Research Laboratories.

As a second step, SMEs could apply for funding through calls for tenders that had the aim to select and **grant competitive project proposals aiming to test and validate new and innovative ICT solutions** to face the challenges collected in the first phase of the initiative across the eight identified domains. In the context of the implementation of ICT LivingLabs, a community called Living Lab Cafè was also created. This represents a platform for the exchange of practices and information on the ongoing projects.

Through the first two calls, now closed, **34 Living labs** have been financed and **9 million euros** were allocated for co-financing projects that will develop activities for over 15 million EUR under the European Fund for Regional Development 2007-2013¹¹⁴. The call for tenders are published on the Sistema Puglia portal, the portal for the development and promotion of the territory and businesses.

The initiative does not have a specific focus on the CCIs, however, this sector is of particular interest for the regional government as it appears underdeveloped. To date, in the **CCIs domain/thematic cluster some 30 requests were collected and 11 LivingLabs financed**. Some of them have a strong link with the tourism business. In this context, the creation of a digital library has also been financed.

A third call: "Apulian ICT Living Lab - Verso Smart Puglia 2020", which ensures the continuation of ICT LivingLabs, financed 46 additional projects across the eight abovementioned domains the European Fund for Regional Development 2007-2013.

Design / Intervention logic

The **overarching goal** of the initiative in the Apulia region is to **boost the competitiveness of Apulian SMEs operating in ICT** through the engagement of end users in the creation of new products and services, by allowing citizens and users to become co-creators. It allows Apulian ICT SMEs to experiment innovative ICT solutions and prototypes of new products and services across the eight identified thematic clusters, through shared knowledge and exchange of researchers, enterprises and organised groups of citizens. LivingLabs are regarded as a way of meeting innovation challenges faced by ICT service providers¹¹⁵.

¹¹⁴ *Programma Operativo FESR 2007-2013, Obiettivo Convergenza "Investiamo nel vostro futuro", Asse 1, Linea di intervento 1.4, Azione 1.4.2 "Supporto alla crescita e sviluppo di PMI specializzate nell'offerta di contenuti e servizi digitali".*

¹¹⁵ *Ibid.*

In other words, the Apulian LivingLabs promote the creation of an “**open innovation ecosystem**”, where different actors can interact and exchange knowledge and competences. In this context, the focus is on ICT, which is cross-sector, is seen as fundamental to foster SMEs competitiveness in the digital age. LivingLabs also promote the evolution of the Regional public administration and the civil society from passive consumers to active co-creators of content and services of general interest, supported by ICT innovation.

The initiative aims to **foster collaboration between different actors** and in particular to develop project which have an immediate link with the users' needs (bottom-up approach). It also aims to promote the access of new entrants in the market and to **enable SMEs to apply for EU funding**. It also promotes cooperation between bigger and smaller firms by also fostering innovative processes in the bigger firms.

The initiative has the objective to involve all the regional innovation system in the logic of the four helixes and namely: Public Administrations, Enterprises, Research Centres and Citizens/Users.

The measure is being **implemented by InnovaPuglia S.p.a.**, a company owned by the Puglia Region engaged in activities in support of regional strategic planning and Digital Innovation. The company accompanies the Apulia Region in the definition and implementation of the Regional Digital System, through:

- Management of databases and information systems of strategic importance for the region;
- Design, development and implementation of the regional information system;
- Design, implementation and management of public infrastructure ICT.

Despite **not having a specific focus on the CCIs**, the CCIs are targeted by the initiative and represent one of the eight thematic clusters identified. The sector appears to be of strategic importance for the region for multiple reasons, including the fact that the sector is very dynamic and attracts the younger generations. Its dynamism allows the inclusion of new businesses such as start-ups as well as other initiatives (including one-person companies, which are very common in the CCIs environment). A focus on CCI and its link with ICT is also important as the region appears quite conservative when it comes to culture and tourism.

Since its start in 2012, the initiative has evolved and has become Living Lab SmartPuglia2020, which is a continuation of the previous ICT LivingLabs. This follow up programme is framed in the Regional Strategy for research and innovation based on **SMART Specialisation** for the programming cycle 2014-2020,

where the CCIs are included as one of the 18 Apulian districts. In 2012, the Apulia Region recognised the district of “Puglia Creativa”, which includes some 207 actors among which 72 enterprises and 133 among theatres, foundations, etc. as well as the Puglia Film Commission. The main actors in the Smart Specialisation Strategy for the CCIs are technological districts and clusters such as DHITECH, INNOVAAL, DITNE, MLAV and research centres such as ENEA, CNR, etc.

Some **specific sectors of the CCIs** are also targeted under the Apulian SMART Specialisation Strategy. Fashion for instance is quite an important one because of the relevance of the “Made in Italy”. Design (in particular of furniture) and crafts are also identified as production districts. It has been reported that products of the creative industries represent the 4.5 % of the overall Apulian exports (fashion/textiles being 2.9 %, and shows/leather products accounting for 4.2 %).

Embedment in/ complementarity of overarching policy strategies (national/ regional/European)

The initiative is in line with the **SMART Specialisation strategy** for the Apulia region which includes the cultural and creative industries as one of the five social challenges/intervention areas identified. The Smart Strategy for the Apulia region also outlines the creation of 18 industrial districts, among which there are the CCIs. **The LivingLabs represent the cornerstone of the strategy.**

LivingLabs Puglia also participates in the European Network of Living Labs (ENoLL).

LivingLabs Puglia is not embedded in any specific national strategy for the CCIs.

Effectiveness of the measure

- **Outputs:** As mentioned above, around 80 LivingLabs were financed, out of which 11 in the cultural and creative domain. The actors involved are about a hundred in the Puglia region.
- **Impacts:**
 - The impacts of LivingLabs appear to be primarily social, as the co-operation between different stakeholders was promoted, which appears to have fostered social cohesion in the region.
 - The engagement of end-users has allowed SMEs to create and test products that are driven by users’ demand. This approach allows SMEs to test their products already in the research and development phase before they are actually sold on the market.
 - The initiative has also fostered the creation of strong partnerships between the public and the private sector that have then created links with other clusters at national level.

- The project has also promoted the involvement of SMEs and micro-companies and their collaboration with bigger enterprises, which promoted the creative process also within bigger firms that are already leaders on the market and would have no incentive in experimenting/creating new innovative products.
- It is early to assess the effectiveness of the measures, however, it was reported that its effects appear to be visible and that the engagement of the end-user and the creation of products and services that are demand-driven is a winning one. An ex-post evaluation of the measure is currently ongoing.

Success factors / learnings

- **Involvement of different stakeholders** (in particular users, which become co-creators) in the process of development of new services and products
- Opportunities for **networking and cooperation** between different actors.
- Implementation of the initiative across the whole Apulian territory with no territorial restrictions, which allows for greater opportunities for collaboration.
- **Technological developments and digitalisation** represent an important opportunity for the development of the CCIs sector in the Apulia region because of the specific characteristics of the domain.
- **Possibility to exploit the strong links with the tourism sector** in the region also represent an opportunity for the successful implementation of the LivingLabs.
- **Possibility to advertise creative ideas** and receive funding to implement them.

Challenges

- **Sustainability of the projects** once funding is over remains a challenge. However, it appears that some successful projects have been able to secure alternative funding for the continuation of their activities.
- **Bureaucracy/administrative burden** appears to represent an obstacle to the implementation of the programme and can sometimes represent a disincentive to join the initiative.
- **Lack of a specific focus on CCIs.** The sector is underdeveloped in the region.

Sources

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Education and Training projects of Apulian ICT LivingLab

InnovAALab – Apulian Living Lab on “Healthy, Active & Assisted Living”

SMART Specialisation strategy Regione Puglia – Identificazione delle aree di innovazione

4.3.2. *Catalan Institute for the Cultural Companies / Institut Català de les Empreses Culturals (ICEC)*

Country / Region: Spain / Catalonia

In a nutshell: ICEC is an agency of the Department of Culture of the Government of Catalonia charged with promoting and fostering the development of the Catalan cultural industry. A focus is laid on adapting cultural enterprises to new business models and markets by the introduction of new financing tools.

Key information and figures

- ✓ **Types of measures / instruments:** different financing tools, management training, consulting, promoting internationalisation (providing advice and international contacts, coordination of the presence of Catalan creative companies on international fairs, events)
- ✓ **Source of funding:** Catalan Government / Department of Culture
- ✓ **Implementing bodies:** Catalan Institute for the Cultural Companies, financing tools are provided in collaboration with the Catalan Institute of Finance (ICF)
- ✓ **Working period:** since 2000
- ✓ **Involved budget:** over € 60 million / year
- ✓ **Target groups/segments:** the cultural sector including performing arts, visual arts, audiovisual sector, books, music, video games and cross-media projects, architecture

Background information

As Catalonia is an autonomous region within Spain, **cultural competences** are entirely transferred to the **level of the region**. Catalonia is therefore responsible for the cultural institutions (museums, theatres, operas, libraries, etc.) but also cultural

and creative companies. To address CCIs a need became evident to approach these sectors in a **specific and new way** with tools different from those provided by the usual governmental and Ministerial structures and institutions. For this reason in 2001 the Catalan Institute for Cultural Industries (ICIC), later renamed Catalan Institute for Cultural Companies (ICEC), was established with competencies related to the development of creation, production, distribution, exhibition, and also audiences for the different cultural sectors. Within the cultural department of the government of Catalonia the **ICEC addresses the areas companies, markets (B2B) and audiences (B2C)**, while the **Directorate for Cultural Development** addresses the areas **creation** (incl. grants and scholarships) as well as **public facilities and networks** (e.g. archives, libraries, museums).

The **specific structure of ICEC** is based on a **collaboration of the public and the private sector**. In ICEC's board public (members of the ministry of culture and other public institutions) as well as members of the private sector (e.g. the associations of different audiovisual producers, theatre producers, music promoters) are represented. As the institute manages public money the final decision is taken by the government, but the private sector is involved in the process and decisions are shared. The established structure allows **close and fast synchronisation with the continuously changing needs** of the cultural and creative sectors enabling the development of adapted new and innovative tools.

The ICEC is affiliated to the Ministry of Culture and therefore focuses on the culture related sectors (e.g. performing arts, visual arts, the audiovisual sector), whereas sectors such as design, architecture or fashion are under the competency of the Ministry of Economy. However, there has been increasing **inter-ministerial collaboration on the CCI subject** and tools for the sector are developed jointly by the different ministries, such as e.g. in the framework of the Government's New Industrial Strategy (*see also embedment*). Also efforts have been made to provide ICEC's tools provided also for creative sectors initially not included in its target group. Since 2015 e.g. architecture has been included and it is planned to introduce 2016/17 also design into the support scheme. In the future the institute seeks to **widen its scope ultimately including all of the CCIs** but at a slow pace in order to make sure that the measures provided for all the included sectors fit their specific needs. This is especially important against the background that creative sectors in Catalonia are at different development stages with e.g. very mature sectors like fashion and design that need less support in terms of e.g. professionalization and only need the public support in the start-up phase.

Design / Intervention logic

The ICEC was established with the **mission to boost artistic creativity and production, distribution and dissemination of cultural content through the development of**

cultural enterprises, to promote cultural consumption and expanding markets for the Catalan culture. The overall aim is to create more employment in CCI and to expand the audience with further **objectives** including:

- To modernise and adapt Catalan cultural enterprises to new business models and markets;
- To provide Catalan cultural industries with more tools to cover their financial needs and improve competitiveness;
- To promote Catalan cultural creations outside of Catalonia;
- To preserve and disseminate the Catalan film heritage, ensuring its accessibility to the public.

The **target group** addressed by the institute include CCI in the following sectors: the cultural sector including performing arts, visual arts, audiovisual sector, books, music, video games and cross-media projects and architecture (plans to include design 2016/17).

The different measures and actions are **implemented** by the different **departments** of ICEC consisting of specific **sector departments** (performing arts, visual arts, audiovisual, books, music) **as well as transversal departments** with a cross-sectoral vision implementing overarching topics such as business development, international promotion, etc. Some of the financing tools are also provided in cooperation with Catalan Institute of Finance (ICF) and Banks. The **governing bodies** of ICEC consists of the **General Council** (composed of 25 members with cultural sectors represented by ten members chaired by the Minister of Culture), the **Board of Directors** (composed of 13 members three of whom represent the cultural sectors, chaired by the Secretary General of Culture) and the **Director of ICEC**.

ICEC's main **areas of actions** include: companies, market (B2B) and audiences (B2C) which are addressed for each of the different target sectors (matrix structure). The institute grants **aid and subsidies** for Catalan companies, provides **services for business development** and **collaborates** with other bodies and organizations to **promote the dissemination and consumption of Catalan culture** on a regional, national and international level. Furthermore, in the audiovisual sector, ICEC is also responsible for analysing the results of film screening and qualification of audiovisual works in Catalonia. Since 2002 ICEC also manages the Film Archive of Catalonia (Filmoteca de Catalunya). Another role of ICEC is to **help** CCI and public institutions **accessing European Funds** (supported by a Brussels based office). ICEC is active in **national and international networks** including e.g. relationships with Spain's autonomous communities in the area of business development, or cooperation with the European Creative Industries Alliance (ECIA) sharing experiences.

Support measures and instruments for cultural and creative companies include:

- **Financing**
 - **Direct funding and subsidies** to all CCI sectors;
 - **Guarantee fund** (€ 10 million) for the cultural and creative sectors for risk mitigation;
 - **Loans for investment (fix assets) and cash flow necessities** (€ 25 million) in collaboration with the Catalan Institute of Finance (ICF);
 - **Participative loans** (€ 3,8 million) for creative businesses in the digital sectors, especially for **start-ups** with variable interest rates based on the profits of the companies and interests deductible for tax purposes, no collaterals required, in collaboration with the Catalan Institute of Finance (ICF);
 - **Repayable contributions** (around € 7,5 million): a financing tool for cultural projects consisting of a loan (with no financial cost, zero interest) plus a subsidy which can become a repayable contribution. (*see detailed description below*).
- **Management training** in business skills (Business Development Service – SDE) including seminars, workshops and conferences focused on specific topics of interest for cultural enterprises including marketing and communication, business management, internationalisation, legal and tax issues, digital media, digital music, culture consulting.
- **Consultancy** through a specific line of grants for carrying out consultancy for companies and cultural institutions.
- **Internationalisation**
 - Provision of **information, advice, support** and international **contacts**;
 - Professional **advice for international businesses** interested in creative Catalan businesses;
 - Coordination of the presence of Catalan creative companies in **international fairs and markets**;
 - Publishing of promotional materials and communication to **increase** the **international visibility** of the Catalan creative companies;
 - Developing **policies to support enterprises**, in coordination with organizations and cultural associations (international collaboration agreements e.g. in Visual arts).

Repayable Contributions

From 2001 on ICEC worked together with cultural and creative companies on the **question how resources** could be **used more efficiently** in times of budget cuts. After a period of testing different tools, Repayable contributions were introduced in 2009 designed as a tool allowing **shared risk between the public and the private sector** aiming at improving the competitiveness and a **shift of mentality** in cultural and creative companies towards **more market oriented approaches** of their projects.

Repayable contributions is a financing tool for cultural projects **consisting of a loan** (with no financial cost, zero interest) **plus a subsidy which can become a repayable contribution**. Within a horizon of about 3 years the company pays back the loan and, depending on the commercial results and in case the **break-even point** is reached, also the repayable contributions. In case of a loss, the **public sector covers part of the losses** of the project.

During the project period, the companies have to **report** (every three to four months) **on the progress** of the project and continuously pay back the repayable contribution depending on the results and the income they are achieving. A key factor for being **eligible** for financing is the **viability of the project** in terms of market success, which is evaluated at the beginning of the project.

The overall public financing (loan and repayable contribution) will reach a **minimum of 30 %** and a **maximum of 70 %** of the **project budget**. Usually the repayable contribution amounts to 25-30 % with the rest accounting for the loan. The **risks** taken by ICEC are **variable**, depending on the cultural values of the project (e.g. projects in Catalan language have a smaller target market and therefore higher risks may be taken). In the framework of this financing tool ICEC takes the **role of a partner** than a merely of a **financing institution** also fostering confidence of the entrepreneurs based on positive evaluation at the start of the project and the shared risks.

In 2015, **87 %** of the total project financing provided in the form of repayable contributions was **paid back**. Altogether since the start of the programme in 2009 ICEC has been financing **506 projects** with the tool granting a total of **€ 23.3 million loans** and **€ 8.4 million subsidies**. The annually dedicated budget of the instrument became more important starting from € 1.8 million in 2009 raising to € 7.5 million in 2015.

In the future ICEC plans to **expand the tool to movie development** and thus also covering projects with periods longer than three years. Another aim for the future is to **combine the financing tool with ICEC's consultancy tools**. In that way, projects risking to fail could have some advice in the midterm helping them to correct and improve their situation.

For further information please see:

http://cultura.gencat.cat/ca/departament/estructura_i_adreces/organismes/icec/serveis/eines_de_financament/aportacions_reintegrables3

<http://www.eciplatform.eu/policy-guidance-tool/repayable-contributions/>

Embedment in / complementarity of overarching policy strategies (national/regional/European)

Promotion of Culture is traditionally of high importance in the region Catalonia (e.g. design boom in the 1980s) with many professional associations representing and supporting (sub)sectors of the CCIs (e.g. Barcelona Design Centre). Beside the Ministry of culture CCIs are addressed by other Ministries (e.g. Economy).

The support of CCIs is also integrated in **overarching industrial as well as smart specialisation strategies**: The Government of Catalonia has set out its priorities in Europe 2020 and RIS3 through the **ECAT 2020** and **RIS3CAT** strategies. Based on an analysis of the different sectors, and on the basis of the three key future vectors of the economy of Catalonia (industrial tradition, quality of life and the green economy), the RIS3CAT strategy has identified **seven sectors** designed to lead the transformation of the economy of Catalonia towards the 2020 targets. These seven sectors emerge from the Government of Catalonia's **new industrial strategy**, the aim of which is to ensure that the industrial sectors **account for 25 % of the GDP of Catalonia by 2020**. The design of this strategy has involved the main stakeholders in the system (companies, clusters, technology centres, etc.) and the collaboration of ministries of the Government of Catalonia operating in these sectors.

Two of the seven sectors addressed in the strategies are **design-based industries** as well as **cultural and experience based industries** (cultural and creative sectors, tourism, media as well as sport). For each leading sector there is an action plan and a designed Steering Committee consisting of companies and persons from the Government of Catalonia. In line with these strategies creative industries in Catalonia are therefore addressed by an **overarching government programme since 2015**. Within this programme **transversal tools** are developed jointly by different Ministries (Culture, Tele-Communication, Enterprise).

Effectiveness of the measure

- In 2014 the different **training sessions** covered over **4,200 attendees**;
- ICEC has been present in over **60 international fairs** in 2014;

- **Repayable contributions:** Between 2009 and 2015 over **500 cases** were opened and **€ 23.3 million of loans** and **€ 8.4 million of subsidies** were granted;
- **Guarantee fund and Loans scheme:** between October 2013 and August 2015 **58 companies** were supported with **73 loans** and a total of **€ 10.3 million financing**;
- **Participative loans for digital businesses:** **€ 2 million** (total approved 2014-2015)

Success factors / learnings

- ICEC is a good example of **private and public sector collaboration** (mixed board of private and public members);
- The **structure** allows close and **fast synchronisation** with the continuously changing needs of the sectors and development of new and innovative tools (e.g. in the area of financing);
- **Continuous integration of new sectors** into ICEC's support schemes but based on the specific needs (mature vs. less professionalized sectors);
- Measures that allow **modernising** and **adapting** Catalan cultural enterprises to **new business models and markets**, aiming at a **change in the mind-set** (e.g. by the tool repayable contributions), increasing the financial autonomy of companies;
- Repayable contributions allow for the transition from **subsidy based policies towards shared risk policies** between private and public sector, also helping to recover part of the subsidy;
- Tools helping creative companies to adapt to the **digital transformation** (e.g. special loans for digital cultural businesses, management training on Digital Media, Digital Music);
- Increasing **cross-governmental cooperation** between different ministries addressing "cultural and experience based industries" to jointly develop measures, integration in overarching strategies in line with Europe 2020 and the Smart Specialisation Strategy.

Challenges

- **Increase the necessary budget** to embrace new CCI sectors (such as design, or architecture) and implement new innovative financing tools;
- **Reduce illegal consumption** of cultural goods (piracy), which is a widespread phenomenon in the Spanish and Catalan markets;
- Challenge to legislate and improve the current **legal framework** at the level of the region, since all regulations related to VAT, tax deductions and in-

centive measures to enhance sponsorship are **competences of the Spanish Government**;

- Need to support SMEs in **confronting the digital shift** and the challenge to **find innovative business models**;
- Need to implement more **measures for the internationalization** of the Catalan CCIs.

Sources

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<http://www.eciaplatform.eu/policy-guidance-tool/repayable-contributions/>

4.3.3. *Flanders District of Creativity (Flanders DC) / Flanders Creative Industries Platform*

Country / Region: Belgium / Flanders

In a nutshell: Flanders DC developed from an organisation for entrepreneurial creativity into a one-stop-shop for creative industries. This was prepared through the work of Flanders DC's Creative Industries Platform bringing different organisations addressing creative industries together for the first time, formulating common needs and interests and establishing a common road map.

Key information and figures

- ✓ **Types of measures / instruments:** research, education programmes, workshops, coaching, events and festivals, networking, infrastructure (co-working space), provision of information, consultancy, subsidies, common support platform for creative industries “Flanders Creative Industries Platform”
- ✓ **Source of funding:** Flemish Government / Ministry for Work, Economy, Innovation, Scientific Policy and Sport, EU-funded projects
- ✓ **Implementing bodies:** Flanders DC as well as organisations under the umbrella of Flanders DC, including the Flanders Fashion Institute and Flanders Design, partnerships also exist with educational institutions (Vlerick Leuven Gent Management School and Antwerp Management School)
- ✓ **Working period:** since 2004
- ✓ **Involved budget:** approx. € 3.2 million annual budget
- ✓ **Target groups/segments:** CCIs and companies with creative business models (from 2016 on)

Background information

Flanders DC was established in 2004 by the Flemish Government with the **mission to stimulate, creativity and innovation in SMEs** in Flanders. Over the years the **role of Flanders DC changed** with the creative industries coming into the picture and a stronger focus laid on **cross-fertilisation** between creative industries and other sectors. An important step was the work of the **Flanders Creative Industries Platform** starting from 2009 on to **gather** the many **different organisations** already active in the field of creative industries (e.g. media, design, gaming, performing arts) to see what **common needs and challenges** were and also what the future role of Flanders DC could be. A **common roadmap** and **position paper** was produced identifying **six main challenges** and about **50 recommendations** for the sector, but also for different policy levels. In 2009 the **Flanders Fashion Institute** which was then a separate institute focusing on entrepreneurship in fashion and promotional fashion based in Antwerp became a part of Flanders DC, remaining two organisations but under the same umbrella.

It was by the work of the Creative Industries Platform starting a **dialogue** with different **policy workers** that the economic importance of CCIs in Flanders and the need to **address them as a separate industry with specific needs** became evident and was **put on the political agenda**. Starting with the new government in Flanders in office **since 2014, the role of Flanders DC changed** towards an organisation **focused entirely on the creative industries** with the initial mission to

stimulate creativity in companies in general being no longer a focus of the organisation. At the time when conducting the study, the position paper for the creative industries in Flanders was revised and a new work plan established. In order to make Flanders DC a one-stop-shop for the creative industries, beside the Flanders Fashion Institute already under the umbrella, also **Flanders Design was incorporated** in the organisation in **2016**. Also, since 2016 Flanders DC has been working with a new team that doubled in size (22 people since 2016) with a focus entirely on the creative industries. The main focus from 2016 on will be laid on **business support** for CCI's (coaching, advice) as well as **internationalisation** of CCI's. While **cross fertilisation** is still an important goal the focus is no longer on companies in general.

Design / Intervention logic

Until 2016, the **mission** of Flanders DC was to "Make entrepreneurial Flanders more creative and Creative Flanders more entrepreneurial" with the goal of fostering entrepreneurial creativity based on a broader comprehension of innovation. From 2016 on Flanders DC aims at becoming a **one-stop-shop for the creative industries** focussing mainly on **business support** and **internationalisation** of CCI's.

The **target groups** changed from SMEs in general towards CCI's and companies with creative business models (from 2016 on). The applied definition of **CCI's** include twelve sectors: fashion, music, design, architecture, communications, PR & advertising, printed media, the visual arts, games, new media, the performing arts, cultural heritage and patrimony as well as the audiovisual sector.

The **support instruments and activities** of Flanders DC include:

- **Research** on creativity, innovation, entrepreneurship and creative industries;
- **Education programmes** such as e.g. European internship programmes for graduates from creative studies; events bringing recruiters and fashion / design students together;
- **Business support** ranging from a broad information base available for everyone (e.g. starter guides, pricing tools), over free personal advice / individual consultancy service, a co-working space, workshops and labs on more specific topics (such as pricing, strategies, business model innovation), as well as very selective coaching programmes (for e.g. high potential designers);
- **Internationalisation support** including support for the export activities of CCI's, assistance in international fairs;

- **Events, festivals** such as e.g. Creativity Festival, Creativity World Forum, Fashion Talks;
- **Matchmaking** between CCIs and other sectors through events / meetups;
- **Advice and information for banks and investors** on how creative industries work, their specific needs, providing contact point for banks;
- **Networking** including international Districts of Creativity networks, European Fashion Summit, etc.

The measures are **implemented** by the team of the organisation Flanders DC, as well as organisations under the umbrella of Flanders DC:

- **Flanders Fashion Institute (FFI)**, an organisation aiming at a fashion sector with more and mature companies with local and international fame (see *detailed description in the box*)
- **Design Flanders**, an organisation aiming to help designers in Flanders to grow as entrepreneurs and encouraging companies and governments to incorporate design in their operations, providing advice, design awards, labels, showcasing designers in international fairs etc.

The ground work for the new orientation of Flanders DC was provided by the **Flanders Creative Industries Platform**, an association of 26 organisations which, initiated and supported by Flanders DC, has been working together to provide a support platform for the needs and interests of the Creative Industries. Objectives of the platform include:

- **Put the creative industries on the map;**
- Help to **stimulate investments** in the creative industries;
- Put forward **policy and sector recommendations** to help the creative industries **grow** and explore their role in **innovation**;
- Promote **cooperation** and **exchanges of knowledge** between sectors, policy areas and levels.

The action plan developed by the platform in 2011 included the following **six policy priority recommendations**:

- **Towards an international future for the Creative Industries:** set up an inter-ministerial action programme to increase the visibility and impact of the Flemish Creative Industries as a whole abroad;
- **Towards more clustering and cooperation:** in cooperation with the relevant policy areas (culture, media, economy, innovation, education and employment) draw up **one inter-ministerial policy note** so as to achieve a more integrated policy for the Creative Industries;
- **Towards more enterprising Creative Industries:** integrate business and entrepreneurship skills training among higher arts education and other education courses that prepare students for a career in the Creative Industries;

- **Towards optimal financial and fiscal policies** for the Creative Industries: create a favourable fiscal climate for creatives (creative artists, designers, authors, composers, filmmakers, etc.) and stimulate and optimise investments in the creative industries;
- **Towards optimal infrastructure** for the creative industries: provide “**business zones**” for the creative industries and their support organisations in the regions and towns at both regional and municipal policy levels.
- **Towards fair remuneration and effective protection of creativity**: recognize **intellectual property rights** as an important source of revenues for the creative industries and guarantee fair remuneration for creatives.

The revision of the position paper in 2016 showed that most of the challenges formulated in 2011 were still relevant (infrastructure became less important as a lot of work in that direction had been done by then). Challenges for the next working period include support **sustainable job creation and growth** in creative industries, helping them to develop sustainable business models, strengthening the many independent workers and **improving working conditions** for CCIs.

The Flanders Fashion Institute (FFI)

The Flanders Fashion Institute was **created in 1998** with support of the Flemish government (Ministry of Economy). While in the beginning, the activities were focused on Flemish designers, over the years the **target group** has enlarged towards the **fashion scene as a whole** including fashion entrepreneurs in different segments (men’s, women’s, children’s wears and accessories, luxury or independent designers, a middle segment with more commercial brands as well as budget chains).

The FFI is located in Antwerp in a building together with the fashion academy and the fashion museum enabling collaboration between these organisations. In 2009 the institute was **integrated into Flanders DC**, allowing for **knowledge cross-overs** within the bigger organisation. Due to the specific needs of the fashion sector however the FFI continued also the individual activities and support measures.

Working with a team equivalent to five full time employees, the FFI implements different **activities** including: **Measuring the impact** of the sector; **developing** the fashion entrepreneurs to become more **mature** and ready for the future, stimulating persons to **become entrepreneurs**; stimulating **exports / internationalisation** in the fashion sector as well as **enhancing the knowledge** on Flanders Fashion of the local customers and business clients to **raise their awareness to buy local fashion**.

These activities translate into concrete **support instruments** adapted to the specific needs of the different target groups including general **information** sessions, information provided on the website, individual **coaching** / speed dating / linking to other business support organisations, **fashion labs** (Experts talking on specific topics combined with a witness sharing experience); **matchmaking** on an international base (**international expert network**); support in **job search** (for individuals and enterprises); **national and international PR** activities such as e.g. an **app** “the guide to Belgium Fashion” making it easier to find Belgium designers on international fashion weeks; an annual **networking / inspirational event “fashion talks”** as well as a **guide** for fashion entrepreneurs to **stimulate sustainability** and a circular economy (“Close the loop”).

An important current **pilot project** of FFI is the “**Flanders Fashion Fuel**”, a two year programme combining **intensive coaching** with **financial support** (€ 50.000 / designer) for high potentials – linking them to important contacts in the network, and helping with the strategic work (financial, business planning, etc.). The programme addresses the **specific challenges** of the sector characterised by work according to the **different fashion seasons** and **challenging cash flow planning**: presenting of a collection, materials and production all have to be pre-financed until the actual payment only arriving at the moment when the goods are delivered to the store.

This implies that the more successful a designer becomes, the bigger the cash flow challenge gets, e.g. mounting up to € 1.5 million in a specific month for bigger fashion companies. The FFI also tries to **raise awareness** about this special situation in **financing institutions**.

An important part of the work of FFI includes **building up networks** in Flanders as well as on the European level and **representing the fashion entrepreneurs**. While currently e. g. the textile sector or also bigger fashion brands are well organised and in a position to communicate their needs, the FFI feels that a **representation** of also **smaller fashion companies** is currently **lacking** on the European level. For this reason the fashion promotion institutes of different European countries have been gathering for two years through **several summits** (European Fashion Summits “Madifesto”, European Fashion Organisation Summit) identifying common needs and challenges as well as concrete measures and actions (e. g. European Fashion Awards). As a next step it is planned to set up a **European fashion council**, an organisation that can represent the needs of the fashion sector on the European level and also implement concrete measures as well as sharing knowledge at the European Level (e. g. information on production in different member states is currently not gathered or exchanged). At the time of conducting the study the different organisations were trying to raise the necessary funds for setting up the council with the long term goal to establish a sustainable platform supported also by membership or partnership system.

For further information please see: <http://www.ffi.be/en>

Embedment in / complementarity of overarching policy strategies (national/regional/European)

Beside Flanders DC creative industries in Flanders are also addressed by further organisations and actions such as e.g. **Screen Flanders** (a support measure for audiovisual works), **Enterprise Flanders** (a government agency charged with implementing the economic and enterprise policy in Flanders) or **Cultuurlnvest** (a support measure stimulating investments in creative industries). On a federal level also e.g. tax shelter systems for the audiovisual industry and performing arts exist.

Creative industries and services are seen as an **important cluster** within the **regional cluster policy**, expressed also by setting up Flanders DC as a front office for the creative industries. Creative industries (especially design) also contribute to the implementation of Flanders' **New Industrial Policy** aiming at a transformation of the industry making it greener, more social, more creative and more innovative as well as the **Flanders in Action plan** aiming at and economically innovative, sustainable and socially caring society (one of the 13 themes addressed is "towards a sustainable and creative city").

At the **European level** Flanders DC is active in different **networks** and participated e.g. in round tables for the European Commission's Green Paper - Unlocking the potential of cultural and creative industries, voices of culture and the OMC groups. Flanders DC also aims at setting up a European fashion council (*see description of Flanders Fashion Institute*) and participates in different calls of European Programmes (e.g. projects in the 7th Framework Programme, Interreg IVC, Erasmus+).

Effectiveness of the measures

- Since 2004, the effects of Flanders DC's activities have been measured by a large set of **key performance indicators**¹¹⁶. **All of them have been met.**
- While it is rather difficult to trace the assignment to stimulate innovation based on concrete indicators, major outputs of Flanders DC included e.g. **raising awareness and inspiration** by reaching a large number of audi-

¹¹⁶ Information currently not available; an e-mail request was sent to the responsible of the initiative and the information will be included in the final report.

ences and beneficiaries with events and other activities as well as **enhanced networking** and **better networking skills** of beneficiaries;

- For the new working period starting from 2016, Flanders DC works on a **monitoring system** to be able to continuously track the efforts of the organisation. This continuous monitoring includes evaluations of beneficiaries directly after a workshop or a coaching session and also a follow up evaluation after a period of three months. The **indicators** that will be monitored include **business performance** and turnover but also **personal skills** such as personal confidence, the ability to take risks, etc.

Success factors / learnings

- **Impact study** and **measuring** the creative industries as an important step;
- **Bottom-up work** by the Flanders Creative Industries Platform **resembling all important actors** (of up to then very fragmented policy work spread over different domains) and **development of a joint road map / putting CCIs on the political agenda**;
- Providing opportunities for **co-operations** (in e.g. business support, international promotion) and **mutual learning** between the different organisations and policy makers in the Framework of Flanders Creative Industries Platform;
- A **clear political support / strategic focus** on creative industries and changing the role of Flanders DC towards working entirely for CCIs;
- Establishing a **One-stop-shop** for the creative industries, giving CCIs in Flanders “a face”, developing a **single voice** for creative industries;
- **Integration** of relevant organisations addressing subsectors (**Flanders Design and Flanders Fashion Institute**) under the umbrella of Flanders DC to allow **knowledge cross-overs** and **joint work on** overarching topics while at the same time continuing sub sector specific measures and activities.

Challenges

- Supporting **sustainable job creation and growth** in creative industries, **strengthening** the many **independent workers**, **improving the working conditions** for CCIs, developing **sustainable business models** are seen as some of the main future challenges;
- **Definition** of the target group (**Creative industries vs. creative economy**) remains an ongoing challenge for development of strategies / support measures; the theoretical concept of creative industries is increasingly harder to sustain as boundaries between the industries are blurring;

- **Supporting internationalisation** remains a challenge as well and is seen as a field that could be tackled also on the European level (e.g. many fashion designers immediately need to target a bigger market, requiring knowledge on the market, local contacts etc.).

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4.3.4. *Cap Digital, Île-de-France*

Country / Region: France / Île-de-France

In a nutshell: Cap Digital is a French business cluster for digital content and services with over 1,000 members of the CCIs and ICT sectors, covering mainly innovative SMEs but also universities, higher education establishments, research labs, and corporations on specific technology-driven industries (triple helix cluster).

Key information and figures

- **Types of measures / instruments:** Events, workshops, festivals, international fairs, financing, start-up accelerators

- **Source of funding:** French Government, Region Île-de-France, DIRECCT, European Commission (for EU-Projects), private funding including member fees, payment for services, sponsoring (obligation to receive less than 50 % of public subsidies)
- **Implementing body/bodies:** Cap Digital & partners
- **Working period:** created in 2006
- **Involved budget:** € 6.5 million / year
- **Target groups/segments:** CCIs (image, sound, interactivity, video games, music, culture, press and media, design), ICT (robotic and communicating objects, web, open software, big data, mobile services)

Background Information

Cap Digital was established in 2006 as a result of a **public policy** for the development of economic sectors with strong growth potential located in the same geographical area – the **competitiveness clusters** (pôles de compétitivité). It was built on the idea to gather the sectors related to what is today called the **digital economy**. While in the beginnings a stronger focus was on the **traditional creative industries** (especially e.g. gaming, media) today the target group has become larger with the creative industries rather seen as a driver within a **wider digital ecosystem**.

Cap Digital has been created as a **private non-profit organisation** (association) but as a recognised competitiveness cluster receives **funding from the French government and the Paris Region**. A requirement is however that the public funding does **not exceed 50 %** of the overall cluster budget. Since 2009, Cap Digital has been implementing the Paris Region's strategy for digital content and services, supporting innovative SMEs in this field.

Within the cluster there are several **member communities** (e.g. on Culture, press and media, digital design, image, sound and interactivity). The communities recommend what actions must be led and generate ideas, projects, and platforms. They anticipate technological developments, as well as the promotion and management of the tools of their domain.

Design / Intervention logic

The **mission** of Cap Digital consists of:

- Promoting **competitiveness, growth and employment** within the digital and media industry;

- Providing its members with **information, networks, and resources**. Those include ongoing competitive intelligence, training, partnerships, funding solutions and project reviews;
- Being at the core of **national R&D and innovation projects** through its label accreditation program.

The cluster aims at **meeting the specific needs** of its members whilst creating a **united group** capable of meeting the challenges of a changing global economy. The concrete **objectives** include:

- Creating and fostering **links across market players**;
- Supporting collaborative **research, development, research and innovation**;
- Contributing to the **dynamics of creative industries** in France and internationally.

In 2013 Cap Digital launched a new strategic plan with the aim to reinforce and drive the **passage from R&D to products**. Therefore Cap Digital identified **major markets** for the digital industries and concrete actions to improve the competitive positions of enterprises of the members in France and internationally. Furthermore, Cap Digital strives to develop Paris as the **Digital Capital** (Capitale du Numérique) also by implementing **local projects** in the different districts.

The **target group / members** of Cap Digital include: start ups & SMEs, large companies, public institutes incorporating 200 laboratories, universities, schools, capital investors, business federations, urban communities, national, regional and local governments. The cluster addresses the “digital economy” including the **cultural and creative sectors** (image, sound, interactivity, video games, music, culture, press and media, design) as well as **ICT** (robotic and communicating objects, web, open software, big data, mobile services). Practically, a criterion to become a member is to **be innovative** in terms of technology or services with the innovation being **linked to the digital field**.

Cap Digital offers **services** ranging from **general services** for all members (e.g. in the area of visibility, networking and expertise, studies) to **personal services** (financing, developing skills) as well as **specific services for high potential** fast growing enterprises (“premium fast track services”). The service offer also includes measures that help companies to **adapt to the digitalisation** of the economy. In general services for **individual companies** are **payable** while **collaborative** actions are provided for **free**. For the proposed services **no sector specific differentiation** exists. The specific **measures** include:

Acceleration

- **Coaching Strategy:** accompanying individual enterprises for eight weeks that want to launch a product after an R&D project, launch a product on an emerging market or wish to validate their business plan and strategy;
- **Coaching Design:** helping companies to integrate design in their strategy, in their process of product development, or when repositioning their services etc. by bringing companies and individual designers together;
- **Fast track:** access to offers of five organisations / partners (ubifrance, coface, AFIC, bpifrance, inpi) in the areas of financing, internationalisation, innovation, commercial exchange, visibility for start-ups with a high growth potential.

Financing

- **Raising capital funds:** a programme helping companies to enhance their chances of raising capital and to get the label « EIP Cap Digital » involving consultation and coaching of experts and investors;
- **VC Camp:** bringing together start-ups and investors including a half day preparing session for the pitch followed by the opportunity to present their concept (within 5 minutes) to six different investors.

Human Capital

- **How I met my start up:** different tools to help companies recruiting qualified personnel including open days where start-ups and students as well as other potential employees get to meet, “job datings”, a job barometer, a facebook page where job offers can be published, diffusion of job offers to other recruiting platforms, etc.;
- **GEmploy:** a platform supported by Cap Digital allowing companies to share staff and employ e.g. graphic artists, accountants, management assistants on a part time basis.
- Further measures include **individual consultation** on recruitment as well as a **job portal for high-tech jobs**.

International

- **European networks:** Cap Digital founded and / or participates in different European networks including ECHAlliance, EITDigital, EITHealth, New European Media;
- **Scale Up – Market Assessment:** programme of 4 – 6 weeks for companies wishing to sell their innovative technologies or services abroad, including evaluation of the internationalisation potential, solidifying their business plan, defining the first steps towards the internationalisation, interacting with different specialists of the domain based in the region consulting on

the marketing mix, basic information on the foreign market based on interviews with potential clients, partners, investors on the spot;

- **Scale Up – Market Entry:** accompaniment of 6 to 10 weeks for companies wishing to sell their innovative technologies or services abroad, definition of a good market entry strategy (offer, marketing, target group), invitation to the future exporting country, meeting of potential clients, partners, investors;
- Further actions: organising the presence of different French enterprises on **international fairs, digital roadshows**, etc.

Digital transformation

- Offers for medium sized and larger companies as well as public institutions to **collaborate with innovative start-ups** on challenges arising from digitalisation (e.g. in the area of big data);
- **AACC Cap Digital Start up Project:** a contest associating a communication agency and a digital start up that have to work on a joint project for 9 months. The results have to include incubation or a prototyping with the best partnership winning an award;
- **SMEs to large companies:** matchmaking between SMEs of the technology sectors with large companies as potential clients.

Visibility

- **Future en Seine Festival:** International Festival showing each year the latest digital innovations with 10 days of exhibitions, performances, lectures, workshops, business convention and festivities counting about 80.000 visitors;
- **Members Directory**
- **Cap Digital Music Network**

The different proposed measures are **implemented** by Cap Digital and different **partners**. Cap Digital works with a **team of 40 persons**. Its **governance structure** includes representatives of public institutions, university laboratories, private enterprises, private investors as well as representatives of local communities. The organization is made up of **specialized committees, sector-specific communities and experts** from among its members. An **information system** has been developed that allows capitalizing on knowledge within the ecosystem and related technological domains.

Embedment in / complementarity of overarching policy strategies (national/ regional/European)

Cap Digital is actively participating in **European collaborations** with the aim to build a stronger European digital industry. The cluster is a founder of and participates in **several networks of clusters** (e.g. the European Digital Think Tank, EIT ICT LABS, the European Network of Living Labs, European Connected Health Alliance, etc.) and has also participated in several **EU funded projects**.

Cap Digital is part of the **national cluster strategy /new industrial** policy representing one of the eight clusters defined for the Paris Region (71 clusters exist for the entire country) and was involved in the definition of the **Paris Region strategy for development**. The cluster is also one of five strategic innovation areas within the **Smart Specialisation Strategy** of the Region Île-de-France receiving funds from the ERDF for the cluster and to develop the SME activities. It represents the innovation area **“digital creation”** at the crossing of information and communication technologies and creative and cultural industries (CCIs).

In the region Île-de-France further initiatives address CCIs including **Plaine Commune** (selected « Territoire de la culture et de la création »), **le lieu du design** (a cluster in the area of design), **le Pôle Média Grand Paris** (a cluster covering the sectors cinema, television, animation, 3D, transmedia, digital archives, formation, research); **Capital Games** (a Video Game Cluster).

Capital Games

Capital Games is the **Video Game Cluster** in the region Île-de-France. It was established as a non-profit organisation in 2004 to **unite and create a representation** for the sector, **identifying issues and challenges** and to work with public institutions to identify possible support measures and actions. The cluster was also founding member of the nationwide **union for the games industry** (SNJV) as well as the cluster **Cap Digital** where it is represented at the board of directors.

The cluster federates all the video game professionals from the Paris Region including the **video game trade** (development, publishing & middleware), the **platforms** (home consoles, portable consoles & online gaming) and all **sectors** (AAA, Casual, Serious Games etc.). Currently the cluster counts over 70 member companies from the Video Game industry in the Paris Region.

Capital games is **financed** by a **majority of private funding** (with member fees and a large part of the income generated by organising international fairs and events), but also receives local and regional public support and EU funding. The **governance structure** of the cluster consists of **nine directors** deciding on action plans based on analyses of the sectors and listening closely to the members' needs.

Capital Games acts for and in cooperation with the Video Game professionals providing a **range of services** including exports, training, R&D support, financing advice, support during the economic crisis etc. It also supports structuring the industry in the long run (defining job and skills profiles, joint action, lobbying etc.). The cluster allows young companies to **access resources and expertise**, accelerate developing their **competences, networking and exchange**, or participate in **international fairs and promotional operation**, which they would otherwise not be able to.

In a rapid changing environment the **challenges** of the cluster consists of continuously **adapting and developing new services** to be relevant for the members and at the same time **align with public authorities and strategies** (the focus of public support e.g. changed from supporting collective actions for the largest possible number of SMEs towards selective services for high potentials). Another challenge is to cope with **budget restrictions** of the public sector as well as the **time lag** between identifying a need and the reception of public funding (taking between six months and up to two years). Because of the changing conditions the cluster has to **revise its strategy** every one or two years. With current budget restrictions, the cluster plans to focus on the organisation of fairs and main public events and reduce the pluridisciplinary accompanying measures on a day-to-day basis for the members.

For further information please see: <http://capital-games.org/>

Effectiveness of the measures

- One important indicator is the **number of members** which grew from 150 at the beginnings of the cluster to **over 1.000 members** with about 100 new members/year (members include a total of 850 start ups & SMEs, 70 large companies, about 70 universities and schools, 14 funds or networks of business angels);
- Further **facts and figures** include:
 - 50 events per year
 - 60,000 visitors at Futur en Seine, Digital World Festival

- 170 meetings involving communities, working groups, workshops bringing together more than 3,500 people
- 200 R&D proposals submitted / year
- 100 projects labelled by the cluster / year
- 50 national funded projects /year
- 1,450 million € in R&D investment since 2006
- 580 million € in Public funding since 2006
- 870 million € in private investment since 2006
- 43 collaborative programs between Paris Region, national and international clusters since 2008
- 42 international programs, 250 start ups & SMEs since 2008
- 60 start ups & SMEs have benefited from the expertise raising capital, mentoring for entrepreneurs, support from major companies in 2015
- 120 start ups and SMEs have received advice and support on recruitment and management in 2015

Main success factors / learnings

- Large cluster **bringing all important players of the ecosystem together**
- Combining **ICT and CCI**s (=“digital creation”) in the cluster
- Creating a structure, which is **flexible and prompt to react**
- **Future oriented approach** – defining future challenges / markets, prepare members to overcome these challenges
- Programmes enhancing **cross-sectoral approaches** – e.g. coaching design
- Supporting **new forms of employment** (Gemploy to share employees between companies)
- **Packages for high potential start ups** allowing them to access a comprehensive service offer from five different support organisations
- **Matchmaking** between **innovative start ups** and **medium sized or larger enterprises** helping them to overcome challenges of digitalisation
- Organisation of **events**, organising the biggest festival on the digital economy in Paris (Future en Seine), and in that way also being **visible** for the community
- **Cross sectoral approaches** and **matchmaking** between start ups and larger enterprises / public institutions, start ups and communication agencies, SMEs and large companies, also fostering spillovers between research and the industry
- Many tools to **counter skills shortages**, instruments to help start-ups find **qualified personnel** including a platform for employee sharing

- **Start-up acceleration programme** that could be replicated on the European level (select and accelerate the best European start-ups with high level services)

Challenges

- **Limited resources** and budgets;
- **Reduced funding** from the French government - funding from the Paris Region remained stable.

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4.3.5. Lodz Media Cluster - Łódź Media Klaster

Country / Region: Poland / Lodz

In a nutshell: The Media Cluster creates favourable conditions to developing the media industry in Lodz by supporting the companies and entrepreneurs in their project implementations, in particular in the area of filmmaking, television, and new media. The Media Cluster takes advantage of the local economic potential and the research resources of the Polish National School of Film, Television, and Theatre and other regional education and research and development centres. Over the years, the activities of the original media cluster were taken forward by the Media Cluster Foundation which currently organises its flagship event – Filmteractive.

Key information and figures

- ✓ **Type of measure:** Cluster/Foundation
- ✓ **Source of funding:** no specific funding was determined, project based funding only from various sources including public and private stakeholders
- ✓ **Implementing body/bodies:** the Media Cluster Foundation in close cooperation with the Polish National School of Film, Television, and Theatre and Lodz Film Commission
- ✓ **Working period:** since 2007
- ✓ **Involved budget:** not specified
- ✓ **Target groups/segments:** Audio-visual, filmmaking, television, and new media

Background information

The Łódzkie region has taken a number of steps for the development of the creative industries through investment in various projects and initiatives on culture and creativity. The main strategy for the region is highlighted in the “Regional Innovation Strategy for the Łódzkie Region - LORIS 2030”.

In the city of Lodz, for instance, a project for the refurbishment of a former industrial site Fabryka Sztuki was financed by EU funds under the Axes of Economy, innovation, entrepreneurship ROP for 2007-2013, Measure III.- Developing business environment". This led to the creation of Art_Inkubator, which is a platform that aims to support activities in the CCIs and entrepreneurship in the sector.

The city of Lodz and the entire region (Lodzkie voivodship) have also a consolidated position in the film industry in Poland. The city council has a special unit to support film production – Lodz Film Commission, which is the first of this kind of unit functioning in Poland.

The original media cluster, which is the main initiative analysed in this case study, was an initiative of representatives of the Polish National Film School, who were inspired by a visit to the University of Texas at Austin (USA), which provides comprehensive assistance to filmmakers. After the working visit in Texas, a very first idea to create a media cluster in Lodz emerged. Officially, the activity of the cluster was launched in early 2007 with the signature of a letter of intent. There were almost 50 different signatories from and around Lodz media film, telecommunications, IT and cultural industries sectors, academia and public authorities.

From early stages the idea of creating the cluster was very interesting due to its ambitious strategy and other indirect benefits, such as the consolidation of the media industry, faster and better **development of the companies** belonging to the cluster, **increased competitiveness** and **innovation, knowledge and skills exchange** through formal and informal contacts, promotion of the participants of the cluster - directly and indirectly through the improvement of the city's image.

The cluster was based on a **loose cooperation without legal set-up**. There were many signatories but only a few concrete ideas on how to access funding. In this situation, the initiators of the cluster decided to create a foundation that will be able to apply for external funds, for example, from the EU. However, only part of the original members decided to join this new form of cooperation – 14 signatories of the original letter decided to create the "**Media Cluster Foundation**".

The composition of the foundation has not changed since its creation but the cooperation between members is rather unstructured. The main initiative that brings participants together is a yearly event – Filmteractive¹¹⁷.

Filmteractive is a two-day international event devoted to innovative audiovisual content: interactive film, web video, branded & digital content, and crossmedia / transmedia. The event is a 3-in-1 formula – the combination of business Conference (Filmteractive Conference), content Market (Filmteractive Market), and digital art Festival (Filmteractive Festival). The event is organised by the Lodz Media Klaster Foundation, the Polish National School of Film, Television and Theatre in Lodz, and the Digital One interactive agency.

¹¹⁷ <http://www.filmteractive.eu/>

The **cooperation between members is not formalised**, whenever other ideas emerge, these are assessed on an ad hoc basis and members agree on concrete actions and specific time for their implementation.

Design / Intervention logic

The original cluster and the Media Cluster Foundation have exploited more than 60 years of Lodz's filmmaking tradition and the high human, research, cultural, and economic potential of the local market. The concept of the cluster fits in the **Lodzkie Region's Strategy** and the **Lodz Council's scheme** titled „**Lodz Cluster as a Pro-Innovation Cooperation Network in the Region**”. The main objectives of the original cluster and then of the Media Cluster Foundation are to:

- **Enhance the efficiency and competitiveness** of the regional media industry by **reinforcing the networks** linking local entrepreneurs, business and professional bodies, institutions of higher education, research and development centres;
- Create **platforms to exchange of ideas**;
- incubate and develop **innovative media projects** that fit in the strategic targets of the city and the region;
- Build **relations with** transregional and transnational **media investors**;
- Stop the outflow of university graduates, educate new human resources and **create attractive jobs in the area** of the media industry;
- Create **Lodz's image** as a city that is friendly to media investors, boost modern infrastructure and the resources necessary to implement most advanced film, television, and multimedia productions.

Forms of participation in the original cluster included: the proposals of new projects, joining existing projects, searching for investors or partners, making use of local suppliers and resources, participating in the events, increasing qualifications and sharing knowledge.

Similarly, the objectives of the Media Cluster Foundation are to **facilitate the development and promotion of the film and media industry in the region**, promote Lodz as an important place for these industries. **Fimteractive is the only currently implemented project that occurs on a yearly basis**. The main objectives of Fimteractive are:

- Promotion of Lodz, its tradition and experience as well as film production facilities and innovation in line with the new strategy: *Lodz - city of creative industries*;
- Promotion of Polish artists abroad;
- Exchange of experience with other filmmakers and professionals from industries such as: film making, production, interactive advertisement.

Embedment in / complementarity of overarching policy strategies (national/ regional/European)

The regional and local government has been stimulating creative industries in the region and in the city of Lodz for a number of years. The city has a long lasting tradition in the media and film industry and it was a natural space for creation of a cluster focused on these industries which in many ways has been present in Lodz for many years centred around *inter alia*:

- Polish National School of Film, Television, and Theatre - one of the oldest film schools in the world, puts special emphasis on practical work in its teaching programme. The school educates students in film art, television, photography and acting. There are four departments at the Polish National Film School in Lodz: Film and Television Directing, Direction of Photography and Television Production, Acting and Film Art Organization.
- Lodz Film Centre - is a company owned 100% by the city council. The company has the biggest collection of costumes, uniforms, props and largest store of firearms in Poland.
- Wytwórnia Filmów Oświatowych (Educational Studio Film) – with its archives operating continuously since 1949 experienced in the production of films combining a long tradition and innovation. Over the years the studio produced over 5000 film with over 1200 awards at national and international film festivals.
- Se-ma-for - the world-renowned facility that produces animated films and puppet shows. Over past 60 years in the Se-ma-for funded more than 1,400 films, which have won worldwide more than 300 awards (including Oscar for Tango by Zbigniew Rybczynski in 1983 and for 'Peter and the wolf' by Suzie Templeton, 25 years later)
- Projekt „Łakowa 29“ – managed by the owners of television TOYA- member of the Media Cluster Foundation, which reintroduces an important place for the Polish film industry where the Polish Film Studio was placed (Wytwórni Filmów Fabularnych).

The **city** was also approved by the Ministry of Foreign Affairs to become a **member of the International Association of Film Commissioners (AFCI)**. Consequently, the City Council formed a **Film Commission in Lodz**.

Lodz Film Commission is a team of people, whose task is to provide services for the film industry according to standards and requirements of AFCI. Belonging to AFCI means for a film producer a uniform level of services provided by each and every film commission around the world. Therefore, for a film producer the Film Commission is a brand which stands for credibility and high level of services. Moreover, the city facilitates and supports commercial film productions, hoping to

attract the foreign producers to use the existing infrastructure in Lodz. The city council also engages in international projects e.g. with Austin or Hamburg.

Local authorities determine the long-term plans, which define the key areas for the development. Local government can support clusters or foundations in areas such as promotion, funding, accelerating key infrastructure investments, establishing international contacts. In the case of Media Cluster Foundation close collaboration with the Lodz Film Commission has been really successful i.e. in the organisation of Filmteractive. The city council and the Marshal's Office in Lodz partially subsidized this event, but also gave honorary patronage.

Effectiveness of the measure

The first initiators of the media cluster in Lodz considered the **involvement of local authorities as very important** as the authorities are partially responsible for the economic, cultural and educational development in the region. The cluster had its share in the projects realised by the city including *inter alia* First Motion (which established, among others, a guide to the copyright law covering the Baltic countries) and Scate Boat (implemented by students of the Lodz Film School).

The ongoing initiative of the Media Cluster Foundation demonstrated that there is a need for making use of film and media potential of Lodz. Currently, this is mainly realised through a yearly initiative – Filmteractive. The five editions of Filmteractive attracted hundreds of guests and dozens of acknowledged speakers from all over the world. The 2014 edition featured 350 guests from different European countries.

Success factors / learnings

For the Media Cluster Foundation, the main success factors include:

- **The support from governmental departments, universities, research and development related to culture and creative industries.** This public support can be realised in various ways: facilitation of business and cultural contacts, networking, promotion and dissemination activities among potential stakeholders, co-financing.
- **Cooperation with other actors.** The Foundation Media Cluster signed agreements with four events partner: Cross Video Days (France), TransformatLab (UK), Transmedia Next (UK), diy days (Poland). The Media Cluster Foundation also cooperate with film schools affiliated to the International Association of Film and Television Schools (CILECT) and the European Grouping of Film and Television Schools (GEECT).

For Filminteractive,

- participation in similar events contribute to the knowledge sharing and exchange (including MIPCOM in Cannes, Power to the Pixel, London).
- cooperation agreements with other stakeholders has proven to be very important in dissemination and promotional activities.
- Partnerships are also crucial for the successful implementation of Filminteractive. The most important are members of the foundation: Lodz Film School - co-organizer of the event and Lodz Film Commission.

Challenges

- **Lack of administrative support** - The original media cluster did not have an administrative unit in charge of organisational, administrative tasks which created some organisational obstacles in for example applying for funds domestically or abroad. The Media Cluster Foundation has a president who is in charge of fulfilling the obligations imposed by law on foundations and is the project manager of the Filminteractive event. Currently there are no other initiatives planned but for any ideas put forward by either member of the foundation or external stakeholders, the foundation has only a minimal ability to provide support.
- Additionally, the **lack of funding** has become a major obstacle to the cluster operation. Neither the original cluster nor the Media Cluster Foundation have any permanent financing, do not employ any staff. All financial resources are obtained within a framework of specific project, for example, Filminteractive. Within the context of this event, it is considered that public funds are needed to support the non-commercial activities. If no public funds are available, the Media Cluster Foundation will start focusing on sponsorships which in turn may change the current objectives of the event).

Based on the example of the original media cluster and then on the Media Cluster Foundation the following needs were identified:

- **Access to external sources of financing** (i.e. EU) use of tax preferences and other funding sources for clusters;
- **Involvement of participants** – from the very beginning it should be determined what the real interest from the stakeholder to engage in the cluster activities is. In the case of media cluster there were over 50 participants to begin with but only a handful of participants remained active over the years. With the involvement of a large number of entities representing various interest groups it was difficult to agree on a unified and coherent strategy for the original cluster.

- **Improvement of the infrastructure** – which is understood as shop floors, office spaces for micro-enterprises but also as high standard hotels;
- **Encouragement of external entities to invest in the city and the region;**
- **Institutional support from local and regional authorities;**
- **Promotion of the idea of co-operation between businesses, local governments, business institutions and the science sector.**

Sources

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Łódzkie Centrum Filmowe: <http://www.lcf.pl/>

Lodz Film School: <http://www.filmschool.lodz.pl/en/>

Media Klaster: <http://www.mediaklaster.pl>

Wytwórnia Filmów Oświatowych (WFO): <http://www.wfo.com.pl/>

4.3.6. *ADDICT / Creative Industries Agency Portugal - ADDICT / Agência para o Desenvolvimento das Indústrias Criativas*

Country / Region: Portugal / North Portugal

In a nutshell: ADDICT¹¹⁸ is a non-profit association supporting the creative industries sector in Portugal. The main objective is to foster favourable environment to promote creation, production and distribution in the creative industries while acting as an innovation and internationalisation platform. ADDICT's contribution to the development of the creative and culture industries has been crucial, especially since the sector is receiving so-little attention and funding. The agency's influence has spilled-over from the Northern area to the rest of the country. In Portugal it is considered the main influence in promoting the CCI sector.

Key information and figures

- ✓ **Types of measures / instruments:** knowledge transfer, business match-making, training and awareness measures, political representation
- ✓ **Source of funding:** associates (fees are based on the number of employees); European, national, regional grants and funds (co-financing of the projects)

¹¹⁸ <http://addict.pt/>



- ✓ **Implementing bodies:** ADDICT
- ✓ **Working period:** established in 2008
- ✓ **Involved budget:** about € 100,000 per year (spent on day-to-day operations) + funds received for various projects
- ✓ **Target groups/segments:** CCIs as a whole/diverse target group, such as companies, cultural institutions, art spaces, artists, universities, science parks, research centres and municipalities (Cultural and Creative Industries, ICT, Textile, Fashion, Furniture)

Background information

Northern Portugal is one of the country's leading regions for an **integrated approach to cultural, social and economic development**. The cities of Porto and Guimarães were **European capitals of Culture** which led to a committed approach to **cultural regeneration**. This has also contributed to the region being first in Portugal to promote creative industries.

In the past, Northern Portugal has faced challenges in engaging the local creative sector and maximising its potential. There were weak distribution channels and hardly any specialised support schemes, therefore, the many talents in the region were struggling. Strategic actions were needed to set the sector in motion and to achieve urban regeneration.

In 2007, the region commissioned a study to better understand the creative sector, its context and potential for development. Based on this study a **strategy** was drawn up to integrate the culture and creative industries into the region's creative potential. The strategy is made of three pillars:

- **Capacity building and creative entrepreneurship** - which incorporated creativity into the training and education agenda and encouraged entrepreneurial culture;
- **Creative business growth** – which made available specialised funds for creative businesses, gave advice on intellectual property, clustering and marketing initiatives;
- **Attractiveness of creative places** – which developed infrastructural conditions, such as cultural planning, networks or cultural equipment.

One of the recommendations of this study was to create an agency that would promote the CCIs. To this end, ADDICT was founded in 2008 by 10 institutions, including Fundação Serralves, Casa da Música, universities and others, with the aim to:

- Promote the CCI sector and the region;
- Help revitalise the industrial sector in the region;
- Create a connection between universities, the industry and young entrepreneurs.

ADDICT has then become the representative and **coordinator for the creative industries cluster in Northern Portugal** and later **at national level**.¹¹⁹

One of the ADDICT's successes was joining the European Creative Hubs in 2014 that is now financed by the EU and whose goal is to monitor the hubs space.

Design / Intervention logic

ADDICT's **aims and objectives** include to:

- Nurture a **positive environment** for the development of CCIs;
- Thrive through the promotion of **capacity building** and **internationalisation** of its stakeholders;
- Promote **systemisation of the sector**;
- Advocate **appropriate public policies** to help the sector;
- Help with finding **available funding**;
- Create a **platform for networking** and knowledge promotion.

ADDICT has about **80 members** covering the whole CCIs and spilling over to other sectors, such as research & development, universities, cultural NGOs (theatre groups etc.), city councils, freelancers, youth associations and others. The association is recognised by the Portuguese Ministry of Economy as the **coordinator of creative industries cluster in Portugal**. Additionally, ADDICT contributes to strategies addressing territorial competitiveness and urban regeneration.

ADDICT work includes:

- Co-operation with other partners on developing various initiatives targeting the sector's professionals and organisations and also policy decision makers and institutions.

¹¹⁹ <http://www.cultureforcitiesandregions.eu/culture/resources/Case-study-North-Portugal-ADDICT-WSWE-9XZHW6>

- Providing support for its members to **identify the appropriate partners and funding sources**. To facilitate this, ADDICT organises various events, such as Club ADDICT sessions or the European Creative Hubs Forum¹²⁰, to address main interests and concerns of its members and to provide opportunities for new contacts and networks.
- Fostering the sector's **capacity building**, like entrepreneurship and development and exploration of new ideas, through promotion and jury participation in various competitions, for example National Award for the Creative Industries¹²¹ and the Creative Business Cup¹²².
- Organisation of **mentoring and accelerating programmes** for start-ups.
- Facilitation of **contacts with investors** and so-called business angels.

To better understand the CCI sector, ADDICT commissions studies and mapping exercises, such as the Asia-Europe Creative Hubs Mapping. The agency also represents the sector at a political level in public events and discussions.

Within its first years of existence, ADDICT has focused mainly on establishing the CCI sector in Northern Portugal and consequently in the whole country. The attention towards the outside of Portugal has been developed gradually and has been exploited accordingly. ADDICT is working hard on establishing connections with the rest of the world, mainly through exploring the possibilities that the Portuguese language and heritage has to offer.

ADDICT plays a fundamental role in developing and recognising regional support structures in Portugal. One of these is the **UPTEC.PINC**, the University of Porto Creative Industries Incubator developed within the Creative Industries Cluster strategy. It has so far incubated about 30 companies. It also offers various specific activities and implements acceleration and pre-incubation programmes for new entrepreneurs. In 2013 it has won the European RegioStars Award in the area of Smart Growth.

Another infrastructure developed under the Creative Industries Cluster strategy and with the support of ADDICT and the Catholic University was the **Centre for Digital Creativity**. This creative hub offers specialised coaching and provides ac-

¹²⁰ Three-day event in January 2015 in Lisbon, Portugal that brought together about 200 hub managers from all over Europe.

¹²¹ The objective is to support and encourage young entrepreneurs and small and micro enterprises in Portugal to develop their business projects in the CCI. The winner represents Portugal in the Creative Business Cup. <http://www.serralves.pt/en/creative-industries/pnics/>

¹²² International competition for CCI entrepreneurs, promoted by the Centre for Culture and Experience Economy. <http://www.serralves.pt/en/creative-industries/pnics/>

cess to technological and multimedia equipment. The Oliva Creative Factory, also supported by ADDICT and the cluster strategy, has so far incubated 11 creative start-ups and hosts 20 other already established creative businesses.

Financing - A **public fund** with the total amount of **€ 60 million** was created specifically for the development of the creative industries cluster in Northern Portugal under the 2007 – 2013 Operational Programme (OP). Investments were made from this fund into cultural and creative incubators or other support schemes. ADDICT is funded through a public fund for competitiveness, donations from members and other cross-sectorial projects¹²³. **The current operational programme does not have specific funding allocated to the CCI sector.**

Some of the opportunities to be further developed, explored and deepened by ADDICT are:

- Supply of competitive and qualified **young human resources in the technological, cultural and creative sectors**;
- **Network of relevant infrastructures** allowing sector professionals to learn, research, present, develop and experiment with new ideas and to interact with each other;
- Possibility of a **cross-over with the tourism industry** to use its full potential the diverse landscape and local produce and to exploit the possibility of capitalising on the architectural and cultural heritage of the region/country;
- further deepen cultural contacts and **links with other parts of the world** using the Portuguese language as a door to other markets.¹²⁴

For the near future, ADDICT will focus on **creating a deeper connection with the ICT sector** through the Portuguese New European Media (NEM) mirror platform in co-operation with partners from the ICT cluster that was launched in February 2016¹²⁵.

Embedment in / complementarity of overarching policy strategies (national/ regional/European)

There is **no national strategy for the CCI sector** given the (leadership) crisis that the Portuguese government has been going through in the past couple of years. This crisis resulted in restructuring of the Ministry of Culture into a governmental department leading to cuts in the cultural sector. Since then, the ministry has been reinstated in 2014 but its budget remains very limited. Maintaining at least the minimal support for CCI has appeared to be very difficult.

¹²³ <http://www.cultureforcitiesandregions.eu/culture/resources/Case-study-North-Portugal-ADDICT-WSWE-9XZHW6>

¹²⁴ <http://ecbnetwork.eu/introducing-addict-creative-industries-portugal/>

¹²⁵ Addict webpage

There are no policies for this particular sector but there is an economic cluster promotion through which CCIs can receive funding as well. There was a specific cluster programme of the Ministry of Economy that was closed in 2014. The results of the new programme have not been published yet (ADDICT applied for funding as well).

Regional policies regarding the CCI sector in Portugal are very often connected with the promotion of tourism. Various local and municipal authorities (like Lisbon or Óbidos) have their own strategies for the CCI sector. The city of Braga has submitted an application to the UNESCO Creative Cities Network¹²⁶.

SMART strategies in most of the regional programmes mention the CCI sector in connection with economic development.

The **Regional Operational Programme for Norte** (Programa Regional Operacional do Norte – o Novo Norte), funded by the Regional Development Fund (ERDF) and European Social Fund (ESF), contributes to the promotion of competitiveness of the regional economy and the sustainable development of the region. The resources are being spent on:

- Supporting competitiveness and innovation in SMEs;
- Research and technical development and innovation and its transfer of knowledge to SMEs;
- Promotion of sustainable and quality jobs and labour mobility;
- Promotion of education and qualification;
- Sustainable urban development and shift towards a low-carbon economy¹²⁷.

The Commission for Coordination and Development for the North region is tasked with overseeing the integrated and sustainable development of the North of Portugal and contributing to the competitiveness and cohesion of the country.¹²⁸

The OP runs for the period of 2014 - 2020. In 2014 the execution rate of the programme was 83 %¹²⁹. For 2015 the ambition was to have the rate raised up to 97 %.¹³⁰ In 2014 a project that was funded from this OP, **Art on Chairs**, has won

¹²⁶ <http://en.unesco.org/creative-cities/home>

¹²⁷ http://ec.europa.eu/regional_policy/EN/atlas/programmes/2014-2020/portugal/2014pt16m2op001

¹²⁸ <http://www.ccdr-n.pt/institucional/apresentacao/missao>

¹²⁹ http://www.ccdr-n.pt/sites/default/files/on2_apresentacao_eventoanual2015_eq.pdf

¹³⁰ <http://www.ccdr-n.pt/investimento/2007-2013/340/ccdr-n-com-objetivo-muito-ambicioso-para-taxa-de-execucao-do-on2>

the Smart Growth category of the European RegioStars Awards.¹³¹ The implementing platform's, called Norte 2020, chapter on Regional Strategy for North in the Smart strategy (Estratégia da Região do Norte de Especialização Inteligente (RIS3)) objective is the exploration of creative industries, particularly in the area of design and architecture, and the creation of competition advantages in sectors connected to production of consumer goods with emphasis on areas of design (especially textile and clothing), shoe industry, accessories, furniture and jewellery.¹³²

The past OP (2007 – 2013) had a € 60 million fund attributed specifically only to the CCI sector. **This has not been included in the new OP.**

The association is involved in many projects with other countries, such as Denmark, Italy, Greece or Serbia and it collaborates on many European projects.

At **European level**, the Agency is actively cooperating with various partners and participates in a number of European projects. . ADDICT is one of the leaders of the European Network of Creative Hubs. ADDICT feels that there is a need for a greater mobility between the CCI centres throughout Europe to facilitate exchange of knowledge and experiences. In their view, the European Commission should encourage the Member States to help the CCI sector. There is a need for simplification in access to finance/funding.

Effectiveness of the measure

The long-term impact in the area of competitiveness of the creative strategy is yet to be mapped, however, it is already visible that the development of creative clusters has had a **positive impact on urban regeneration** and in **attracting young creative** minds to the region of Northern Portugal.¹³³

There is no overall monitoring of effectivity. The national statistics about the CCI sector appear to be weak and incomplete. However, they show that the **sector has been growing**, thanks to the local investment in CCI. ADDICT periodically asks their associates to fill in a questionnaire to find out their needs, especially in the areas of financing, applications or partnerships.

In 2013 a study was commissioned on the national level about the internationalisation of the national CCI sector.

¹³¹ http://ec.europa.eu/regional_policy/en/regio-stars-awards/2014/#6

¹³² http://www.norte2020.pt/sites/default/files/public/uploads/programa/po_norte2020.pdf

¹³³ <http://www.cultureforcitiesandregions.eu/culture/resources/Case-study-North-Portugal-ADDICT-WSWE-9XZHW6>

4.3.6.1.1.1. Success factors / learnings

- Motivation and knowledge of the CCIs sector of ADDICT employees. ADDICT is the only entity in Portugal that represents the CCI sector and thanks to its knowledge of the sector and its participants it has a role of mediator and facilitator.
- ADDICT's model of functioning is a good one, however, without sufficient support (for example, national strategy), the implementation of it is very challenging. One of the successful approaches that could be replicated on the EU level is the involvement of various actors from across the business spectrum and not focusing on just entities involved with the CCI sector. The combination of cooperation and collaboration could be also replicated together with the improvement of interaction facilitation.

Challenges

ADDICT does not have a clearly defined mandate. Additionally, many CCI companies cannot afford to pay for advice and many projects have problems with cash-flow. Some of the barriers that the agency and the sector face include:

- **Lack of a nationwide political vision** for the further development of the CCI sector and, as a consequence, lack of specific programmes and support tools;
- **Lack of backing from authorities;**
- **Lack of effective collaboration with institutions;**
- Many ADDICT members (for example, universities) have their own CCI departments that do not collaborate with the association;
- Economic and political instability that prevents an implementation of a long-term investment strategy;
- Emerging sector that cannot afford to pay for advice;
- Insufficient international mobility and participation in networks.
- Administrative burden linked to European and national projects.

One way the situation of the CCI sector in Portugal could be improved would be to establish a national strategy for the sector. This would:

- Give the sector the much needed recognition;
- Create a dialogue with authorities;
- Define precisely the role that needs to be developed;
- Help sustainability; and
- Create more agencies like ADDICT.

Sources

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Regional OP Norte:
http://ec.europa.eu/regional_policy/EN/atlas/programmes/2014-2020/portugal/2014pt16m2op001

RegioStars Awards 2014: http://ec.europa.eu/regional_policy/en/regio-stars-awards/2014/#6

RegioStars Awards 2013: http://ec.europa.eu/regional_policy/en/regio-stars-awards/2013/#6

4.3.7. *Creative.NRW / Competence centre for the creative industries - Kompetenzzentrum Kreativwirtschaft.NRW*

Country / Region: Germany / North Rhine-Westphalia

In a nutshell: Creative.NRW is an umbrella organisation supporting creative businesses and entrepreneurs in North Rhine-Westphalia by providing a wide range of professional services, including knowledge transfer, financing aid, business matchmaking, consulting and policy advice. The organisation acts as an intermediary between the creative industries and the public administration developing actions and measures with an “ear to the ground”.

Key information and figures

- ✓ **Types of measures / instruments:** knowledge transfer (websites, studies, etc.), financing support, business matchmaking, training and awareness measures
- ✓ **Source of funding:** Ministry of Economic Affairs, Energy and Industry of the State of North Rhine-Westphalia, European Regional Development Fund.
- ✓ **Implementing bodies:** Creative.NRW is implemented by the communication agency “Boros”; financing instruments are implemented by different financing institutions (NRW.Bank, Bürgschaftsbank Nordrhein-Westfalen)
- ✓ **Working period:** established in 2009, current (third) working period: 2016 – 2019
- ✓ **Involved budget:** € 600,000 / year (50 % provided by the Ministry of Economic Affairs, Energy and Industry of the State of North Rhine-Westphalia; 50 % provided by the European Regional Development Fund)
- ✓ **Target groups/segments:** CCIs in North Rhine-Westphalia

Background information

Support for CCIs has a **long tradition** in North Rhine-Westphalia where the first report on cultural industries was written over 20 years ago. In 2009, when the regional government decided to promote **Excellence Clusters**, creative industries were one of the 16 industries chosen. Creative.NRW therefore started under its previous name “Clustermanagement für die Kultur- und Kreativwirtschaft” (Clustermanagement for the cultural and creative industries) – since 2016 renamed “Kompetenzzentrum Kreativwirtschaft.NRW” (competence center for the creative industries) – with the goal to establish an **intermediary** between the political ad-

ministration and the industry. The **communication agency** “Boros” won the tender of the regional Ministry of Economic Affairs to **implement** Creative.NRW. Cluster managers were assigned and a **team** was put together including actors **from the creative industries** that could bridge between the administration and industries, communicating in both directions. Based on an ongoing exchange with the creative industries, this team developed the strategy, decided on the focus of the industry support and also developed the concrete support instruments in cooperation with other stakeholders such as e.g. banks. Until today the team **advises enterprises of the creative industries** but also the **regional government** and **connects with other support organisations** (e.g. chambers of commerce) and **regional initiatives**, which is of particular importance in a large region like North Rhine-Westphalia (over 34,000 km² and 17.7 million inhabitants). The impulse for new approaches and instruments comes mainly **bottom-up** from the managers of Creative.NRW (in a close dialogue with the creative industries) and is communicated towards the Ministry in regular jour fixes.

From its beginnings up to the current third funding period 2016 – 2019 the initiative has been **financed** 50 % by the European Commission (European Regional Development Fund) and 50 % by the region North Rhine-Westphalia. **Over the years**, the **approach** of the organisation **slightly changed**: While in the beginning strategies towards **specific sub-branches** were developed, the strategy changed **towards** addressing **overarching topics** (capital, market, training, space, and reputation) that are of relevance for all companies in the creative industries. Also, in the beginning a strong focus was on making CCIs visible and communicating the importance of CCIs for an industrial region like North Rhine-Westphalia, while a major focus of the upcoming period will be a **stronger integration/networking with the regional initiatives** as many of these have been developing during the past years.

Design / Intervention logic

The main **mission and objectives** of Creative.NRW include:

- Supporting creative businesses and entrepreneurs in North Rhine-Westphalia and thus also enhancing growth and innovation in the region;
- Strengthening and expanding the position of **Creative.NRW as umbrella organisation** supporting creative businesses and entrepreneurs by providing a wide range of professional services.

The defined **target groups and beneficiaries** of Creative.NRW comprise CCIs in the region North Rhine-Westphalia covering the following sub-sectors: music, books, art market, film, radio, arts, design, architecture, press, advertising, software and games.

Creative.NRW is **implemented by the communication agency “Boros”** active in the areas of communication and design. Besides the Ministry of Economic Affairs, clients of the agency also include other public institutions (e.g. trade associations) but also private enterprises such as Audi or Philip Morris. The implementing agency put together a team (six persons responsible for consulting) coming from the creative industries and also competent in the different core issues (capital, market, training, space, reputation) that are responsible for developing and implementing the different measures in a **bottom up approach** in a close dialogue with the creative industries and other actors. Financing tools are developed and provided in cooperation with financing institutions (NRW.Bank, Bürgschaftsbank Nordrhein-Westfalen). While the implementing agency coordinates strategical aspects with the Ministry of Economic Affairs it has **the freedom to implement** the measures on its own.

The work of Creative.NRW is defined by **five core issues** relevant for all CCI sub branches:

- Access to **capital**
- Access to the **market**
- Timely **training**
- A flexible work **space**
- An established **reputation**

The **support instruments and activities** of Creative.NRW cover:

- **Financing support**
 - **Orientation** for CCIs on the many different financing options;
 - **Sensitizing financing institutions** on the specific financing needs of CCIs and working together with them to adapt existing and develop new financing instruments;
 - Various financing instruments ranging from **loans, guarantees to funds** (see box below).

Financing instruments for CCIs:

NRW Kreativkredit: A microcredit tailored to the needs of entrepreneurs and freelancers of the CCIs. Credit sums range from € 5,000 - € 25,000 (for a term of up to 48 month) covering thus sums that are currently not provided under good conditions for creative entrepreneurs. The NRW Kreativkredit provides easy application procedures and payment of credit sums at short notice with no collaterals needed. (for further information see:

<https://www.creative.nrw.de/kreativkredit.html>)

NRW.Kreativwirtschaftsfonds: A fund providing seed and early stage mezzanine or equity financing (between € 250,000 and € 3 million) by participation of the NRW.Bank. The fund addresses creative enterprises with new ideas helping them to grow and build up a profitable enterprise. The focus is on companies with a scalable business model, clear competitive advantage operating in bigger markets. (for further information see:

<https://www.nrwbank.de/de/foerderlotse-produkte/NRWBANKKreativwirtschaftsfonds/15199/nrwbankproduktdetail.html>)

NRW/EU.Mikrodarlehen: A loan for founders of microenterprises, within the first five years from taking up their businesses, with a fixed interest rate and loan sums starting from € 5,000. The loan is provided in cooperation with the Startercenters in North Rhine-Westphalia. The loan is not limited to CCI's. (for further information see: <https://www.nrwbank.de/de/foerderlotse-produkte/NRWEUMikrodarlehen/15262/nrwbankproduktdetail.html>)

Bürgschaften ohne Bank: A guarantee that allows providing valuable collaterals for a project already at the beginning of financing discussions with banks. The guarantee covers up to 80 % and max. € 100,000 of possible losses of small and medium sized enterprises and start-ups. The guarantee is not limited to CCI's. (for further information see: https://www.bb-nrw.de/cms/internet/de/Unsere_Leistungen/Unser_Produnkte_auf_einen_Blick/Buergschaft_ohne_Bank/)

Mikromezzaninfonds: A fund strengthening the equity base of smaller enterprises via silent participation (mezzanine financing) with up to € 50,000 over a term of ten years. The capital provider (the venture capital company NRW) does not have a voting right or rights to influence nor does it interfere in day-to-day business. The fund is not limited to CCI's. (for further information see: https://www.bb-nrw.de/cms/internet/de/Unsere_Leistungen/Mikromezzaninfonds/)

- **Qualification**

- Projects to foster **exchange between different academic disciplines** (such as design, technology and management) as well as in training and lifelong learning;
- Developing adapted **coaching and consulting services**;
- Engaging in a **continuous dialogue** about current and future **challenges in education and training** and developing recommendations for education providers.

- **High-quality knowledge transfer and other services**
 - **Studies and analyses, newsletters, Creative.Navi** (an online tool supporting creative entrepreneurs in finding consulting, support, qualification, etc.)
 - **Business matchmaking** including networking **events**, national and international **conference and exhibition participations**, an online **platform “Creative B2B”** connecting creative entrepreneurs, but also traditional enterprises with enterprises of the creative industries;
 - Projects addressing the **needs of spaces** for creatives adapted to new forms of employment;
 - Continuous **communication** of the specific **value of creativity and creative industries** in North Rhine-Westphalia **enhancing the reputation** of the sector.

Embedment in / complementarity of overarching policy strategies (national/regional/European)

From 2012 on, the regional government decided to transfer the existing clusters into so called “**Leitmärkte**” (“**lead markets**”). Of the eight lead markets in North Rhine-Westphalia one is **media and creative industries**. The corresponding “leading market strategy” was established under the roof of the **Innovation Strategy** in North Rhine-Westphalia which in turn was established under the roof of the **Smart Specialisation Strategy** of the region.

The **cluster management** of Creative.NRW was **actively taking part** in the development of the leading market strategy. E.g. they conducted a SWOT analyses based on a survey among the creative industries in the region. In the framework of the leading market strategy there are also **funding competitions** (financed by means of the region and European Regional Development Fund) which were developed together with the cluster management Creative.NRW.

While the **strategy and individual measures** of Creative.NRW are rather developed in a **bottom-up approach** the leading market strategy and the smart specialisation strategy provide a strong **political backup** and **concrete financial support**.

Effectiveness of the measures

The reported effects of the measures include i. a.:

Profile formation of the joint **leading market “media and creative industries”** by conducting a SWOT-analyses as well as strategy and action planning; anchoring the media and creative industries as one of six lead markets in the coalition agreement 2012; anchoring and developing **creative industries themes** for the **leading market competitions** in coordination with the involved ministries;

Strengthening the art and creative industries location North Rhine-Westphalia by **designing and initiating of various new tools and measures** including: the data base and platform Creative B2B; a cross-cluster-congress under the title „Creative.Health“ together with the healthcare industry; bundling various events in the framework of “Destination.NRW”; workshops “the value of art”, “craft meets creative industries”.

Conducting hearings to assess sector specific requirements;

Enhancing regional competences by consulting and accompanying the installation of local funding institutions and networks;

Support internationalisation via different co-operations and actions including:

Cooperation with NRW.Europa, joint activities including a publication and a congress on EU-funding; development of an EU-wide digital cooperation forum; match-makings (e.g. Gamesmatch@Gamescom, Amsterdam Fashion Week);

Cooperation with NRW.International to enhance access to international markets;

Measures for **youth deployment and strengthening business start-up**, e. g.:

a cooperation project “ADCFieldwork” where students of design and communication work on solutions for social, political and economic problems; consultation to develop course offerings as well as practice projects and theses at different universities;

Coaching of young entrepreneurs in the framework of different cooperation events (e. g. New Job Circus, New Talents Biennale).

Success factors / learnings

- **Continuous and long term support** for CCIs;
- **Close connection** of Creative.NRW **with (individual) enterprises** from the creative industries as well as **enterprise associations**;
- **Networking and exchange with regional initiatives** for the creative industries, which is also seen as an important precondition for being an authentic voice for the industry;
- **Financial instruments tailored** to the specific needs of the industry (e.g. NRW.Kreativkredit)

- Strong **political backing** provided by the leading market strategy and the Smart Specialisation Strategy as well as the Minister of Economy of North Rhine-Westphalia who made creative industries one of its focal points and brings the topic also into other branches;
- **Assuring the sustainability** of Creative.NRW by the integration into the leading market strategy, which is a long term strategy, as well as by the political structures (the Ministry of Economy in North Rhine-Westphalia has an own department for creative industries – “Referat Kreativwirtschaft”)

Challenges

- The establishment of a **region-wide support network** of Creative.NRW with **local contact** persons as well as **provision of financing instruments** also **by local banks** would improve the support of CCIs in the region;
- **Continuous integration of local CCI initiatives** within the region remains a challenge because of the **large size** of North Rhine-Westphalia and **limited (human) resources**;
- **Sensitizing different stakeholders** about the importance of the creative industries remains an ongoing challenge even in a region like North Rhine-Westphalia, where a lot of work has been done in that direction;
- Challenges also remain e.g. in the area of **social security** of CCIs which however **cannot be addressed on the regional level** in a federal state like Germany;
- **Expanding international** reach is currently not a major focus of the initiative and is seen as an issue that should be tackled also at the European level.

Sources

Boros: <http://www.boros.de/>

Creative.NRW: <http://www.creative.nrw.de>

Leading Market Strategy, LeitmarktAgentur.NRW:
<http://www.leitmarktagentur.nrw.de/>

Regional Innovation Strategy: <http://www.wissenschaft.nrw.de/eu-strukturfonds/regionale-innovationsstrategie/>

4.3.8. Action plan 2013 - 2020 for the cultural and creative industries / Kulturella kreativa näringar – Handlingsplan 2013 – 2020

Country / Region: Skåne / Sweden

In a nutshell: The Region Skåne has been introducing in close cooperation with the municipalities of the region a range measures and initiatives to support CCIs since 2009. From 2013 to 2020 a regional strategy and action plan for CCIs is implemented covering seven concrete areas for action. A regional advisory board representing the creative sectors was established providing an “ear to the ground” and advising the Region on CCIs strategies and actions.

Key information and figures

- ✓ **Types of measures / instruments:** support of incubators and clusters, educational programmes, awareness raising measures, workshops, seminars, conferences, coaching, business advice, support of internationalisation
- ✓ **Source of funding:** Region Skåne, different municipalities in the Region Skåne, Swedish Agency for Economic and Regional Growth, EU funding
- ✓ **Implementing bodies:** municipalities in the region Skåne, local organisations and intermediates (e.g. the digital cluster “Media Evolution”, the business promotion agency “Invest in Skåne”)
- ✓ **Working period:** Implementation of regional measures since 2011; implementation of the Action Plan since 2013
- ✓ **Involved budget:** many separate initiatives, no total budget.
- ✓ **Target groups/segments:** CCIs including architecture, design, film, photography, art, fashion, literature, music, performing arts, dining, games and media, experience based teaching.

Background information

The **Region Skåne offers favourable conditions for CCIs** including a young and growing population, an innovation climate and solid base for R&D including Max IV laboratory¹³⁴ and the European Spallation Source (ESS)¹³⁵ attracting talents to the region. A large number of clusters exist, such as e.g. in Media, Life Science, ICT or

¹³⁴ A national laboratory hosted by Lund University. It operates accelerators producing x-rays of high intensity and quality (<https://www.maxlab.lu.se>).

¹³⁵ A multi-disciplinary research centre based on a neutron source that will be one of the most powerful in the world (<https://europeanspallationsource.se/european-spallation-source>).

food. The both urban and rural landscape is attractive for artist and creators and plays also an important role for tourism.

From **2011 to 2013** the **Region Skåne** carried out a **project to support CCIs** financed by the Swedish Agency for Economic and Regional Growth, based on a national initiative closely linked to the national action plan for CCIs. This project was carried out **in cooperation with six municipalities** in Skåne¹³⁶ that created projects **based on their specific needs on the local level** (e.g. develop knowledge on the sector, do events / festivals to raise awareness, etc.). In this process also workshops with enterprises of the CCI sector were held to see what they actually needed. The **funding** was provided **nationally** (Swedish Agency for Economic and Regional Growth) as well as by the **Region Skåne** and the **municipalities**. While the Region Skåne provided the general framework and approved the handed in projects, the **municipalities** had the **freedom to develop and carry out the projects on their own**. A requirement from the Region Skåne was however, that both the **Department of Culture and the Department of Economic/Business Development** of the municipalities had to be included in the process (e.g. be part of workshops / meetings) because in many municipalities these two had never met before.

This work provided the basis for the development of the **Action plan for Cultural and Creative Industries** of the Region Skåne with seven concrete areas for action. The Action Plan was approved by both the Regional Growth Committee and the Culture Committee and is part of an overarching regional strategy with the mission to make Skåne Europe's **most innovative region until 2020**. For the Region cultural and creative industries play a key role in achieving this goal. One of the important elements of the innovation strategy is to enforce **systemic leadership** and to develop a **systemic leadership community**. The strategy includes a **broad view of innovation** and an **inclusive approach** with the aim to engage many different stakeholders.

Design / Intervention logic

Based on the **vision** to develop the region Skåne into **Europe's most innovative region until 2020**, the Action Plan 2013 - 2020 for the Cultural and Creative Industries **aims at strengthening the CCIs in Skåne**, and in that way also **enhancing the innovation capacity** of the region.

The Action Plan addresses CCIs of the following **target groups / sub-sectors**: architecture, design, film, photography, art, fashion, literature, music, performing arts, dining, games and media as well as experience based teaching.

¹³⁶ Hbg, Kristianstad, Landskrona, Lund, Simrishamn and Trelleborg

The Action Plan for the Cultural and Creative Industries of the Region Skåne is **implemented** by different municipalities in the region Skåne and as well as local **organisations** and **intermediates** (e.g. the digital cluster “Media Evolution”, the business promotion agency “invest in Skåne”, etc.).

Seven concrete **areas of action** were defined and corresponding **instruments** were developed:

- **Map and identify CCI**
 - **Collaborating** with the **municipalities** in Skåne;
 - **Deepening the knowledge** about the industry;
 - Development of an **instrument to measure** CCIs in the municipalities.
- **Cooperation of culture and business**
 - **Cooperating** with **business** and **industry partners, cultural tourism, universities, schools**;
 - Development of a **university course / programme** with management focus “How to drive development of CCIs” for decision makers in the municipalities (by the University of Lund) also fostering cooperation between the municipalities.
 - Strengthening **international collaboration**.
- **Showcase and profile CCIs**
 - Establishment of a **regional advisory board**: the Skåne Creative Board consist of 13 delegates, who are entrepreneurs representing each a creative sector. These delegates are the “**ear to the ground**” and also consult the Region Skåne. They develop strategies and suggest actions which are taken up by the Region again.
 - Implementing of **awareness raising measures** (e.g. seminars, awards).
- **Improve conditions for artistic and creative productions**
 - Supporting **cooperation between CCIs**;
 - Making **business support schemes** available for CCIs; (e.g. the project “**New Businesses**” providing individual advice and business support for CCIs and also aiming at collaboration between different intermediates such as financing agencies)
 - Stimulating CCIs by **public procurement**;
 - **Stimulating entrepreneurship** in the artistic and cultural education;
 - Improving **labour conditions** in CCIs.

- **Build capacity**
 - **Improving** production, distribution and export **conditions** (e.g. with the project “**Southern Sweden Creatives**” financed by the EU and the Swedish Agency for Economic and Regional Growth, implemented by the agency “Invest in Skåne”; the project encourages professional development of CCIs and strengthening their export capacity by enabling participation in international exhibitions, conferences and festivals);
 - **supporting clusters** in CCIs (such as e.g. Media Evolution – see *example below*).
- **Integrate CCIs into Skåne innovation initiatives**
 - Using knowledge and resources of CCIs for the development of the Skåne innovation areas “sustainable cities”, “smart materials” and “personal health”, **fostering cross sectoral fertilisation**, on this topic also an **international idea convention** is held in November 2016 addressing questions concerning the role of CCI innovation and sustainability;
 - Strengthening and starting up new **incubators, develop spaces** for CCIs e. g. “The Trelleborg Green Room”, “The Creative Plot”, “Fröfabriken”.
- **Work to improve financing opportunities**
 - **Making state and federal funding / EU funding** (e.g. ERDF) **available** for CCIs;
 - Stimulating **new financing models** for CCIs.

Media Evolution

Media Evolution is one of seven clusters in the region Skåne and part of the regional innovation strategy. It focuses on **digital development** and **aims at** fostering **collaboration** between its **400 members**. The members of the cluster include big and small companies, public (Region Skåne and municipality Malmö) and private organisations, universities – all interested in digital development. Media Evolution's structure consists of a non-profit organisation that is owned by its members. This non-profit organisation is the founder of two companies – Media Evolution and Media Evolution City (a house including co-working spaces, meeting and event rooms), which are profitable companies, but reinvest the profit into the organisation.

The cluster **started in 2004** by initiative of the City of Malmö and Region of Skåne, addressing the question of how CCIs can be helped to grow. Starting from the idea that **innovation** and development of new products and services often happen **when different sectors and organisations meet** (e.g. games & mobile phones, mobile phones companies & film companies) a platform for companies in the digital industries and organisations was created bringing all the different players in the digital economy together.

The overall **annual budget** of the cluster amounts to about **€ 3 million** raised mainly by member fees and selling different services. A share of about € 350,000 is public funding from the Region Skåne, the city of Malmö and further smaller cities. The cluster also continuously implements (smaller) EU funded projects. While in the beginning the initiative was 100 % publicly funded (including Sweden and the Region Skåne, the European Regional Development Fund and the European Social Funds) Media Evolution is today a **successful example of a top down public initiative turning into a bottom up organisation financed and driven by its members**.

Media Evolution defines itself as a “**community maker**” and “**community developer**” with the following three major areas of actions:

1) Competence: Raising the level of competence of the members by sharing knowledge between the companies. Activities in this area include the co-working space Media Evolution City containing 80 members and 500 people, as well as lectures, workshops, networking events such as e.g. after work meeting every second Friday covering 800 people or “The Conference”, an annual conference with 3.500 people from different parts of the world.

2) Community building by creating meeting places where different people from the digital sectors, academia as well as the public sector get together discuss and learn from each other. The community is continuously broadened by international collaborating with companies and cities to enlarge knowledge and platforms to do business (e.g. in Hong Kong, Hamburg, Austin).

3) Collaboration: Media Evolution enables and realises new ways of working, and cross-sectoral partnerships, including also joint product development and new business opportunities.

The cluster also engages in **sharing knowledge** with other national and international regions and cities about community building and implementation of activities. Future plans include enlarging the community by **building up Media Evolution in other cities and regions** (possibly via a franchise system). The necessary pre-conditions for the implementation include finding the right people who are driven to do it, building it very locally based on the needs of the local community and a long term support from national and local governments as well as universities (triple helix foundation).

For further information please see: <http://www.mediaevolution.se/>

Embedment in / complementarity of overarching policy strategies (national/regional/European)

The overall strategic framework for the region Skåne is the **Development Strategy** – “The Open Skåne 2030” with the goal to achieve an “open Skåne” characterised by high tolerance focusing on regional conditions to strengthen the cooperation between the different actors in the region. One of the sub-strategies is to increase Skåne’s innovation ability, where also strengthening of the **conditions for creativity and innovation** and for **cultural and creative enterprises** is explicitly mentioned.

CCIs are also connected to the **Regional Innovation Strategy / Smart Specialisation Strategy** as they generate growth in new innovation areas, engage in new ways of working and development of new skills. Three innovation areas – **Smart Material, Sustainable Cities and Personal Health** – were defined for the region Skåne. At the time of conducting the study the region actively worked towards **introducing CCIs** in the Regional Innovation Strategy within a process including politicians and other stakeholders as well as CCIs about to be involved. A leading question is e.g. how can CCIs take part in **delivering the future products and services** connected to Region Skåne's three innovation areas? Design, architecture or ICT can contribute e.g. to sustainable city solutions. The aim is also to **connect** the whole field of **Smart Material / ESS to CCIs** and foster **cross sector fertilisation**.

Further regional strategies in Skåne addressing CCIs include the **Regional Incubator Strategy** or the regional **Cultural Plan**.

Effectiveness of the measures

Outputs Effects/impacts

- **Starting an innovation process** in a major part of Skåne's 33 municipalities;
- **Raising interest** of politicians in the creative sector; gained interest from the Swedish national public authorities such as the Swedish Agency for Economic and Regional Growth and the Counsellor for Cultural Affairs;
- Implemented measures such as the university program **enhancing cooperation between the municipalities**, created an ongoing learning process, and new business models targeting CCI;
- **Cross sectorial cooperation** between the departments of culture and departments of business development/enterprise in the region and in the municipalities;
- **Mapping and measuring** the value added of the creative industries to the wider economy;
- Started up **new incubators** in Skåne and stimulated **cluster initiatives**.

Success factors / learnings

- Strong **political support** and **integration of CCIs in overarching strategies**; **Integrate** CCIs in the **innovation strategy** building on existing infrastructure;
- proactive **collaboration with Skåne's 33 municipalities**, development of projects adapted to the specific needs on the local level;

- **Systemic leadership approach**, meaning that the Region Skåne does not take full leadership, giving e.g. also the municipalities the freedom to carry through projects on their own;
- **Raising Awareness and knowledge** about the importance and role of the sector in the society;
- **Increase the money spent on culture** as a whole;
- **Cross sectorial cooperation** between culture and business;
- a **good dialogue between actors on the regional** as well as **the national level**, including **private companies**;
- **Continuous** work and focus on this subject;
- Regional Advisory Board providing and “**ear to the ground**” and advising the regional administration;
- **Media Evolution** as a successful example of a top down public initiative turning into a bottom up organisation financed and driven by its members.

Challenges

- **Connect the infrastructure** provided by ESS, Max IV, Media Evolution, Ideon Science park, Universities etc. **to the cultural field** applying a systemic leadership approach involving also CCIs;
- Continuous efforts to **adapt and develop new measures** in order to be **relevant for the sector** in a fast changing environment;
- Putting the **academic sector in contact with the creative industries** to create new research fields, integrate entrepreneurship education in the theatre and acting or art schools;
- Changing the perception of culture, establishing it as a worthwhile **investment field** (especially also in smaller towns, where often cultural budgets are the first ones to get cut down).
- **Addressing and sensitising artists**, who often do not see themselves as belonging to the CCIs.

Sources

Action plan for the Cultural and Creative Industries:

http://utveckling.Skåne.se/siteassets/publikationer_dokument/kkn_broschyr_handlingsplan_131022.pdf;

http://utveckling.Skåne.se/utvecklingsomraden/kulturutveckling/kulturella-och-kreativa_naringar/

Innovation Strategy of Region Skåne: <http://www.Skåne.se/en/growth-and-development/trade-and-industry-innovation-and-labour-market/innovation-work/>

Invest in Skåne, Southern Sweden Creatives:

<http://www.investinSkåne.com/southern-sweden-creatives-boosting-design-film-media-and-digital-games-industries>

Media Evolution: <http://www.mediaevolution.se/>

Media Evolution City: <http://www.mediaevolutioncity.se>

Fröfabriken: <http://frofabriken.se/>

The Creative Plot: <http://thecreativeplot.se/>

Regional Development Strategy: <http://www.Skåne.se/en/growth-and-development/our-role-in-regional-development/regional-development-strategy--the-open-Skåne-2030/>

Skåne Creative Board:

http://utveckling.Skåne.se/siteassets/publikationer_dokument/Skåne_creativa_board_folder_kkn.pdf; <http://www.Skåne.com/sv/nyheter/2014/06/30/Skåne-creative-board>

The Trelleborg Green Room: <http://creative2c.info/the-green-room-a-testing-bed-for-creative-entrepreneurship-support-in-trelleborg/>

4.3.9. CREATIVE REGION Linz & Upper Austria (CR)

Country / Region: Austria, Upper Austria

In a nutshell: Creative Region Linz & Upper Austria (CR) was established in 2011 with the aim to support the development of the creative industries in the region and to position Linz and Upper Austria as a creative location. The decision was preceded by the fact that there is a high number and a considerable diversity of creative professionals in Upper Austria, but only little networking activities. The instruments used by CR include awareness raising measures, consulting & coaching, development, networking & cooperation, as well as demand-driven activities. In general, CR addresses all CCIs. However, due to the results of a comprehensive analysis of the sector, specific focuses are put on design and multimedia. Over the past few years, CR has evolved as the nodal point for CCIs in Upper Austria, positioning the region right behind the capital Vienna on the national level.

Key information and figures

- **Types of measures / instruments:** Awareness raising measures, consulting, development, networking & cooperation, demand-driven activities

- **Source of funding:** City of Linz (50 %), Region of Upper Austria (50 %), project related funding (e.g. through cooperation with stakeholders¹³⁷, companies¹³⁸, EU funds¹³⁹), revenues from workshop fees, event tickets and catering
- **Implementing body/bodies:** CR, in partnership / cooperation with other organisations that are nodal points in the field of CCI in (Upper) Austria
- **Working period:** since 2011
- **Involved budget:** since 2013, the basic budget has been € 550,000 per year (Linz: € 275,000, Upper Austria: € 275,000); in addition, revenue is generated from cooperation, fees and EU funds (approx. € 150,000); the total annual budget is approx. € 700,000
- **Target groups/segments:** in particular creative professionals / businesses that are not yet well-established, and their consumers/customers (in particular B2B), addressing the following segments: media, publishing, film, music, arts market / culture market, architecture, design, fashion, advertising, graphic arts, multimedia / games. The core areas are design and multimedia.

Background information

Besides of Linz being an important location for manufacturing / industry as well an important transportation hub, it has a long-standing tradition in the field of arts, design and music e.g. Ars Electronica (since 1979), Cloud of Sound (“Linzer Klangwolke”, since 1979) or Forum Design (since 1980). In 2009, Linz was European Capital of Culture.

Based on a study on the creative industries in the urban region of Linz (2006), the City of Linz set single and targeted measures to promote the creative industries in this area: In the field of promoting economic development, Linz included the creative industries, established incubators, intensified the cooperation with the network “media & design”, and founded the platform “Creative Community”. At the begin-

¹³⁷ Such as the Austrian business development bank Austria Wirtschaftsservice (aws), Upper Austria Economic Chamber (WKOÖ), Berufsförderungsinstitut Österreich (bfi), Federation of Austrian Industries (IV), the Upper Austrian business development agency Business Upper Austria - OÖ Wirtschaftsagentur GmbH

¹³⁸ e.g. Siemens, voestalpine

¹³⁹ e.g. INTERREG IVc, Erasmus+

ning of 2009, the province of Upper Austria commissioned a study for the whole region in order to provide an overview of the creative sector and its potential.

Between 2009 and 2012, the culture directorate of the Office of the State Government of Upper Austria was the lead partner in the INTERREG IVc project CREA.RE - Creative Regions. The project brought together 12 local and regional authorities throughout Europe with the aim to exchange experiences and make common efforts for a better and sustainable involvement of cultural and creative industries in EU regional programmes.

In 2011, the City of Linz and the region Upper Austria founded CR with the aim to strengthen the creative industries in Linz and Upper Austria by providing a platform for information, services, ideas, projects as well as networking. In an evaluation carried out in 2014, CR obtained excellent results, thereby securing the continuation of their activities for the next years.

Design / Intervention logic

In 2011, the Upper Austrian efforts to strengthen the CCIs in the region were put into action with the establishment of the public limited liability company (“GmbH”) **“Creative Region Linz & Upper Austria” (CR)**. Following a **top-down approach**, it was founded to support the development of the creative industries both in Linz (capital of the region Upper Austria) and in Upper Austria.

CR is owned by the City of Linz and the Upper Austrian Holding to equal parts (50 %). Apart from the CEO position - held by Mr. Patrick Bartos - there are two more permanent positions, totalling a permanent staff of three. This, however, does not include the up to 12 freelancers regularly employed by CR as specialised managers for temporary projects. CR has an advisory board, consisting of four members from the city of Linz and four members from the province of Upper Austria. They represent the four political parties present in the city council and in the regional government. In terms of content, CR is connected both with the culture directorate of the province Upper Austria and the economic department of the City of Linz. The structure of CR is characterised by considerable complexity in terms of stakeholders and implies a comparatively high level of bureaucracy.

The purpose of CR - which is enshrined in the so called “company contract” (“Gesellschaftsvertrag”) is **to support the development of the creative industries in Linz and Upper Austria and to position Linz and Upper Austria as a creative location at regional, national and international level.**

According to the company contract, CR shall support the following **target groups**:

- **Providers of creative goods and services** in the field of media, publishing, film, music, arts market / culture market, architecture, design, fashion, advertising, graphic arts, multimedia / games

- **Consumers / users of creative goods and services**, i.e. companies in the field of commerce and industry (B2B), private consumers (B2C)
- **Network partners**: Activities of cooperation and exchange of CCIs with relevant institutions (e.g. industry associations, networks) and other partners (educational institutions, international initiatives) in order to foster the CCI development in Upper Austria
- **Population / general public**: Awareness raising measures for CCIs can address all classes of the population

The positioning of Linz & Upper Austria as a creative region is based on **five main tasks and business segments of CR**, namely **awareness raising** measures, **consulting** for all actors of the creative economy in Upper Austria, supporting the **development** of the creative economy in Upper Austria, **networking & cooperation**, and **demand-driven activities** (see the table for details). Although budgets are assigned to each business segment, the programmes of CR interrelate with all business segments.

With regard to the tasks, it is left to the management and team of CR what to implement and how to implement it. Therefore, CR has the possibility to act with a considerable amount of freedom in order to meet the targets set out in the company contract. In terms of content, CR aims at establishing the **most recent and hot topics** of the international development of CCIs in Linz and Upper Austria and to take a leading role in Austria. The selected topics include the following:

- Open design / open innovation
- Crowdfunding / crowd-investing
- Start-ups / small media enterprises
- Cross-linking the creative economy with industry (since 2013)
- Introduction of the cooperative model (“Genossenschaft”) for the creative community (since 2014)
- Design Thinking, Service Design and Intrapreneurship (since 2015)

Overview of the tasks and projects of CR

Tasks / business segments	Projects / programmes
Awareness raising measures	<ul style="list-style-type: none"> • Programme “Linz – UNESCO City of Media Art” • Media work • Publications
Consulting	<ul style="list-style-type: none"> • Consulting and coaching, e.g. projects “Co-Creative Region” and “Creative Entrepreneur” • Presentations and workshops, e.g. project “Think out loud” • Start-up and finance consulting, e.g. for the national fund for creative industries company development (“aws impulse”)
Development of the creative economy in Linz and Upper Austria	<ul style="list-style-type: none"> • Cluster analysis of the CCIs in Upper Austria • CCI strategy for Upper Austria • Development projects for the creative economy in Linz and Upper Austria, e.g. supporting the development of the Tobacco Factory Linz into a creative industries hub • Financing models for creative businesses and projects • “Open Design” region Linz and Upper Austria
Networking & cooperation	<ul style="list-style-type: none"> • Festival and network events, development of network partnerships and cooperation • Participation in events that are supportive for delivering CR’s mission • Third-party funds and sponsoring • EU INTERREG IVc project “Cross Innovation” - international city network for facilitating the exchange of innovative practises and cooperation • EU programme “Erasmus for Young Entrepreneurs” - cross-border exchange programme for new or aspiring entrepreneurs to learn from experienced entrepreneurs running small businesses in other countries
Demand-driven activities	<ul style="list-style-type: none"> • Development of “In Residence”, an international creatives-in-residence programme • Development of “Open Design” platforms, cooperation design - industry • Participation in key trade fairs and events • Information and networking platform for the music industry in Upper Austria (“In Music”)

Source: Warta (2015, p.7); Creative Region Linz & Upper Austria (2015)

Due to its small size, CR cooperates with a multitude of partners in order to achieve their objectives and to implement their measures. Therefore, CR has numerous **partnerships / cooperations** with other organisations that are nodal points in the field of CCIs in (Upper) Austria, which are involved in the activities of CR and which also benefit the target groups of CR. In particular, this refers to:

- **Tabakfabrik Linz** (“Tobacco Factory”), the hotspot for creative industries in Upper Austria located in Linz, hosting the office of CR, a number of creative enterprises, co-working spaces and offering multi-faceted surroundings for large-scale events and projects

- **aws Creative Industries**, which is part of **evolve**, the nationwide strategy to promote the creative economy in Austria (see the box below for details); aws Creative Industries offers financial support, education and training as well as awareness raising measures.
- **Akostart OÖ**, the academic start-up network in Upper Austria
- **OTELO** (“Open Technology Lab”), which offers open spaces in 17 locations (thereof 11 in Upper Austria) for creative, technical or artistic activities to people of all backgrounds and ages
- **Ars Electronica Future Lab**, focusing on the future at the nexus of art, technology and society, i.e. media art, architecture, design, interactive exhibitions, virtual reality and real-time graphics. The lab works on possible future scenarios in art-based, experimental forms and base work on trans-disciplinary research and the collaboration with international artists and researchers.
- **Tech2b**, a high-tech business incubator for financing, funding and coaching of start-ups as well as founders

Further important partners include the **Upper Austrian Economic Chamber** (WKOÖ), the **Federation of Upper Austrian Industries** (IV-OÖ), Upper Austria’s institutes of higher education - **Linz University of Arts** (Kunstuniversität Linz), the **Johannes Kepler University** and the Upper Austrian universities of applied science - , the **Open Commons Region Linz** as well as the **Architecture Forum Upper Austria** (afo - Architekturforum Oberösterreich). High-profile project partnerships have been established with Nike (2014), Lego (2015) and Google (2016).

Over the years and through partnerships and cooperation, CR has gained access to a **pool of experts**, consisting of creative professionals and other interesting persons, covering topics such as tax consulting, crowdfunding, open design, social media, start-ups, communication, design, affairs related to the European Union as well as international networking.

Since 2014, Linz has been a member of the **UNESCO Creative Cities Network**, as one out of eight UNESCO Cities of Media Arts in the world. The network is the most prestigious global association of cities that value contemporary forms of creativity, cultural diversity and sustainable urban development as defining and forward-looking location factors, and promote them on the level of municipal policy-making. The membership gives a new impetus to Linz’s development and to positioning the city as a hub of the creative economy.

CR is also a member of the **Austrian Design Network** (ADN) and the **European Creative Business Network** (ECBN).

evolve - the Austrian national strategy for CCIs

Established in 2008, **evolve** is the Austrian national strategy for CCIs, initiated by the Federal Ministry of Science, Research and Economy (BWF). On an operational level, it is implemented by two institutions: the Austrian business development bank Austria Wirtschaftsservice (aws) with its component **aws Kreativwirtschaft** (aws Creative Industries), and **Kreativwirtschaft Austria (KAT)**¹, a working group of the Austrian Federal Economic Chamber (WKO).

aws Kreativwirtschaft is focusing on **monetary support in form of a grant for innovative projects in the context of the creative industries** as well as basic and advanced training programmes for the creative sector, e.g. **aws impulse** (funding and training for entrepreneurs) and **aws Kreativwirtschaftsscheck**² (vouchers for existing small and medium enterprises of all sectors that implement innovation projects in cooperation with the creative industries, up to € 5,000).

KAT is an **advocacy group** for creative professionals, which concentrates on **consulting** and other services, as well as on **networking** activities (e.g. Creative Community Coaching – C³). Furthermore, KAT publishes the Austrian Creative Industries Report every 2 years.

¹ formerly known as arge creativ wirtschaft austria - cwa.

² aws Kreativwirtschaftsscheck is the successor programme of the pilot project VINCI “Vouchers in Creative Industries”, which was established in 2012. VINCI was embedded in the European Creative Industries Alliance (ECIA), which in turn was initiated by DG Enterprise. VINCI was implemented in four pilot regions in the EU (among others in the Austrian region of Salzburg).

Embedment in / complementarity of overarching policy strategies (national/regional/European)

In general, the Upper Austrian creative economy is embedded in the **regional strategic economic programmes** of Upper Austria.

Back in 2005, specific measures for CCIs have already been included in the strategic economic programme “**Innovative Upper Austria 2010**”. In the field “professional qualifications”, the strategy B2 “Develop, promote and maintain top talent in Upper Austria” addresses CCIs specifically in measure 19 “Upper Austrian creative centres”, aiming at fostering creativity and entrepreneurial initiatives in education and training.

The establishment of CR is directly linked with the strategic economic programme “**Innovative Upper Austria 2010plus**”, issued in 2010. It addresses CCIs in a more comprehensive manner in topic 4 “Business and technology location Upper Austria”, Strategy W1 “Economic, technological and regional development”, Measure 26 “Creative economy and knowledge-based services”: Within this frame, the aim is to publicise the unique role of CCIs, to implement activities to strengthen the competitiveness of CCIs positioning Upper Austria as interesting location for the creative economy.

The economic and research programme “**Innovative Upper Austria 2020**”, issued in 2013 and valid for the time period 2014-2020, does not include measures specifically addressing CCIs, but stresses the increasing significance of creative communities and open innovation in the field of industrial market leadership. Further, the core strategies include internationalisation as well as future and emerging technologies. The programme identifies five fields of activity, i.e. Industrial Production Processes, Energy, Health / Ageing Society, Food / Nutrition, and Mobility / Logistics, which are in line with **smart specialisation principles**¹⁴⁰.

Furthermore, CCIs are also addressed in the “**Cultural Development Plan of the City of Linz**”, issued in 2013. The cultural and creative potential of the City of Linz shall be fostered at all levels – among others by supporting cross-cultural relations, equal opportunities, inter- and trans-disciplinarity, providing room and spaces as well as fostering internationalisation and networking. Here, CR plays a vital role.

Effectiveness of the measure

In terms of **output**, until October 2014, CR has held 13 major events, over 40 workshops, 170 individual consultations and 7 award ceremonies. Furthermore, they have assigned 4 creative “residencies”.

As regards the **effects / impact** of CR, a study of creative wirtschaft Austria (cwa)¹⁴¹ in 2014 on the networks of the Austrian creative economy provides some evidence: According to them, compared to 2009, creative business in the region has not only grown in size, it has intrinsically changed. Within a short period of time, Upper Austria has produced **the country’s second-strongest creative community** in terms of clustering (behind Vienna). CR has played a vital role in forming a strong network of Upper Austria’s creative economy, thereby being the most significant nodal point.

¹⁴⁰ As confirmed by an ex-ante evaluation of the Austrian Institute of Economic Research (WIFO)

¹⁴¹ Now renamed as *Kreativwirtschaft Austria (KAT)*

The evaluation of CR carried out by *Warta* (2014), uses the following **impact dimensions** for demonstrating the effectiveness of CR (in connection with their formulated tasks):

- **Position of CR in the value chain:** positioning of CR as intermediary between the creative professionals and the economy, i.e. between supply and demand (B2B, B2C)
- **Networking of the CCIs:** 2 levels:
 - Strength of network among CR and their partner organisations (i.e. intermediaries)
 - Strength of network among creative professionals
- **Consulting for CCIs:** providing a perspective for creative professionals / businesses (e.g. consulting in the field of finance, value of creative goods and services)
- **Visibility and awareness of / for the CCIs for the economy:** 2 levels:
 - Awareness within the creative community (e.g. through events)
 - Awareness outside the creative community (e.g. UNESCO City of Media Arts, arts-in-residence programme “In Residence”)

Success factors / learnings

- The **structure of CR** as a limited liability company with a company contract gives CR both security and freedom to act according to their needs
- For positioning the CR, **scientific-strategic groundwork** was done at the beginning
- **Setting the priorities** for CR – the development of the priorities was done by CR itself
- Since its establishment in 2011, CR has been positioned as a relevant actor to foster CCIs in Upper Austria, e.g. through **consulting, networking** and **the recognition of Linz as UNESCO City of Media Arts**
- **Establishing links** with relevant stakeholders and seeking **direct contact** to the CCI community (companies)
- Well established **network** at 2 levels:
 - Stable network at the intermediary level
 - Successful bundling of CCIs, which is the basis for a better outreach to customers (B2B, B2C)

Challenges

- **Small budget:** Budget will not be increased by owners – further development of CR is not possible to the extent as deemed necessary
- **Small company structure:** CR’s staff consists of only 3 permanent positions

Outlook / future development

- New strategic fields will be design and tech, start-ups, and cooperation with industrial companies (consumers of CCIs) - B2B
- CR will move to a central position in Tabakfabrik Linz (building 1)
- Allocation of more funding, e.g. via EU
- Since 2014, Linz belongs to the UNESCO Cities of Media Arts. In this connection, CR is involved in establishing a media enterprise cluster around Ars Electronica

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4.3.10. *Creative Wallonia – Framework program for creativity and innovation in Wallonia – Creative Wallonia - Programme cadre pour la créativité et l'innovation en Wallonie*

Country / Region: Belgium / Wallonia

In a nutshell: Creative Wallonia is a comprehensive framework programme with the global aim to enhance creativity and innovation within the Walloon society. In an experimental manner a large number of actions touching education, public administrations as well as enterprises in creative, cultural and traditional industries were implemented. The specific character of the programme is its transversal and inclusive approach fostering collaboration between industries but also public organisations that normally do not meet.

Key information and figures

- ✓ **Types of measures / instruments:** over 30 different measures and instruments including education programmes, training measures, awareness raising measures, events, clusters & networking, infrastructure (e.g. co-working spaces), consultancy for SMEs/start-ups, business and financing support (loans, grants, investments).
- ✓ **Source of funding:** Contracts for the Future and the Marshall plans, EU-funded projects, European Structural Development Funds
- ✓ **Implementing bodies:** a community of stakeholders with specific knowledge of creativity or sectors such as Wallonie Design, St'Art investment fund, Wallonia Agency for Digitalization, etc.
- ✓ **Working period:** since 2010
- ✓ **Involved budget:** € 8 million per year
- ✓ **Target groups/segments:** “all Walloon citizens”, actions for students, teachers, public actors, entrepreneurs, creative / innovative companies in general, CCIs are one major target group with special initiatives for design, ICT, film, archives.

Background information

Creative Wallonia was launched in 2010 based on a **political impulse** of the Minister of Economy in order to face problems of unemployment and old industries in the post-industrial region. The **creative potential** of the Walloon region known for its comic books, designers, architects should be used for **stimulating innovation** and **transformation of the economy**. While the idea and the inspiration of the project thus followed a top-down approach, the programme was implemented in a

participatory, bottom-up approach with partners and institutions e.g. working already with CCIs or specific subsectors.

After the election in **2014** in Wallonia it was decided to not only continue the programme but to **scale it up**. At the time when conducting the study, the programme was in the process of being entirely rewritten based on the evaluation and lessons learned from the first years including the **assistance of an international expert group**. The new programme is expected to be launched end of March 2016.

Design / Intervention logic

The framework programme Creative Wallonia is based on the **vision to put creativity and innovation at the centre of the Walloon project and its regional development**. **Objectives** of the programme include the support of the creation of innovative ecosystems in Wallonia, encouraging a large number of persons to engage in new practices (e.g. co-working, open innovation) and to take part in creative processes stimulating innovation. The three strategic complementary axes of the programme consist of:

- **Promotion of the creative society** including actions in the educational field such as a Master in Co-creation and creativity, Creative School labs fostering creativity and creative skills from a young age on;
- **The fertilization of innovative practices** including measures to support new ways of work (e.g. Cowallonia, a network of co-working places), establishing an innovative ecosystem (creative hubs implemented in seven large cities in the region);
- **Supporting innovating production** with actions that help SMEs and start-ups transition from the prototype stage to the commercial phase including coaching, start-up accelerators and Living Labs.

The framework of the programme allowed to experiment with new approaches launching over **30 different actions in a progressive and iterative process**. Actions could be tested and according to their impacts be either scaled up, changed or stopped.

Creative Wallonia is designed as an **inclusive** programme addressing a large **target group** that is “all Walloon citizens” including actions for e.g. students and teachers, public actors, entrepreneurs and creative / innovative companies in general as well as special initiatives for design, ICT, film, archives. A major focus is on CCIs and spillovers / collaboration with other (more traditional) industries.

The programme is **governed** by the cabinet of the Minister of Economy, Industry, Innovation and Digitalisation as well as the Region of Wallonia. The programme is **implemented** by a **community of stakeholders** with specific knowledge of creativity or specific sectors such as design, cinema, etc. these include Wallonie De-

sign, St'Art investment fund (see detailed description in the box), Wallonia Agency for Digitalization, etc.

One **major project** introduced under the framework programme was “**The Wallonia European Creative District**” (working period: 2013-2015, budget: € 1 million). Answering a call of DG Grow (CIP Programme) Wallonia was selected 2012 together with Tuscany as “European Creative District” – a **model region** demonstrating how **creative and cultural industries** can act as a **driver for economic transformation**. Based on the previous experiences of Creative Wallonia (which was also externally evaluated) the Wallonia European Creative District project was again designed as an iterative process with the goal to test and analyse support schemes and to refine the project and the strategy. Based on four complementary axes (mutual transnational policy learning, better business support, better financial support, facilitating cluster and networking activities) around **15 different actions** were designed and implemented by a multi-sector and multidisciplinary Consortium¹⁴² that was also guided and supported by a high Level Group of international experts.

St'Art Investment Fund for creative enterprises

The St'art investment fund is a financial instrument that was set up in **2009** by **Wallonia region** (economic competences) and the **Wallonia-Brussels Federation** (cultural competences) with the goal to support the development of the creative economy by reinforcing the solvency and capacity for growth of small and medium-sized businesses including also non-profit making entities (gaining at least 50 % proper income). The fund was created based on sectorial analyses showing that some cultural activities were not able to find financing within the frameworks of the traditional cultural or business support schemes or also to receive bank financing. To fill this gap, the fund provides **loans and the acquisition of equity** supporting the **creation of companies** and the **development of existing structures**, e.g., to carry out new projects, create products or conquer new markets. The aim is also to introduce a **leverage effect** with banks and private investors. After holding the equity share for five or six years the aim is to be **replaced by private funds**. St'art works in close collaboration with public authorities and regional investment companies with its intervention being supplementary to other existing financial mechanisms and subsidies, not replacing them.

¹⁴² The Public Service of Wallonia (DG06) as the lead partner, Boost-Up/Industries creatives (operated by Wallonie Design), St'Art Invest, the Agence du Numérique (Wallonia Agency for Digitalization), associate partners: ID campus, the clusters Twist and Infopôle TIC.

The **founding shareholders** of the fund were the **Wallonia-Brussels Federation** and **Wallonia region** each initially providing € 5 million. In 2014, the Brussels regional investment company, Finance.Brussels, joined taking the **fund's capital** to **€ 17 million**. While St'art is a 100 % public fund, all investments realised are 50 % public and 50 % private (private investors include entrepreneurs, business angels, banks, or also crowd funding)

Since its foundation **40 investments** have been made, currently investing close to € 10 million (30 % in equity, 70 % in loans). The **portfolio** of St'art investment fund is very **diversified**, covering companies in **different stages of development** (start-up, growth) with a majority of **micro enterprises** (1 – 5 employees) but also companies employing 40 to 70 people.

With a **team** of five persons with mixed **backgrounds in culture as well as finance** the fund is not only providing the **financial support** but also **accompanies the organisations**, helping them to find private investors, to structure their activities requiring also regular reporting and taking them through difficult phases if needed. Being a public fund, the indicators for monitoring activities of St'art include beside return on investment also social effects like created employment, or intellectual property created in the region therefore the fund e.g. also takes the risk of investing in the start-up phase of companies **funding ideas** without any sales or markets available yet. A future challenge of the fund is to address also entrepreneurs of the classical cultural field that are currently more reluctant to apply e.g. also not "speaking the same language".

Within the framework of **Wallonia European Creative District**, St'art was responsible for implementing the axis "Better access to Finance" and has developed 3 axes, including a **two-day pilot training** for bankers and accountants in the area of creative industries in May 2014. The training aimed at investment awareness in the creative industries and provided e. g. modules on the valuation of intangible assets.

For further information please see: <http://www.start-invest.be>

Embedment in / complementarity of overarching policy strategies (national/regional/European)

Due to the (complex) federal structure of Belgium, Creative Wallonia is not integrated in an overarching national policy strategy. Within the region, Wallonia economy (within the competencies of the Region¹⁴³) and cultural agendas (competency of the Wallonia-Brussels Federation) are politically separated. Beside Creative Wallonia which is an economic policy strategy CCIs in the region are also addressed by support schemes with a focus on cultural projects by the Wallonia-Brussels Federation.

On a regional level, Creative Wallonia was included in the Smart Specialisation Strategy of the Walloon region. On a European level, The European Creative District label allowed the region to join European networks such as the European Creative Industry Alliance (ECIA) or the European Service Innovation Centre and to participate in several networking and policy learning processes. The European dimension and exchange as well as the continuous testing and evaluation of existing actions and strategies as part of the The Wallonia European Creative District project also allowed improving the regional industrial strategy. In 2014 the Smart Specialisation Strategy has been strengthened with four priority axis including “Creative economy and high potential SMEs”. These axes were also implemented in the clusters policy (which is the core of the Walloon industrial strategy) and are supported in other actions and elements of the industrial strategy.

Effectiveness of the measures

As part of The Wallonia European Creative District project the first period of Creative Wallonia was evaluated by Technopolis Group in 2014 (*Giarraca et al.*, 2014). Showing the following main results:

- Major outputs of the programme include a **change of the mind set** of programme beneficiaries as well as the potential to contribute towards a change of mind set in the overall Walloon society with actions starting at a very young age that aim at fostering creativity, entrepreneurial spirit, e-skills and transdisciplinary approaches.
- The programme could contribute towards **dissolving isolation between different sectors and actors** that traditionally remain separated in the Walloon landscape creating an innovative and **creative ecosystem** in Wallonia.

¹⁴³ A separate economic CCI strategy with a different approach therefore also exists in Flanders (see the case study on the Region Flanders in the present report).

- Creative Wallonia contributed to **strengthen collaborative dynamics** and **transversal cooperation** between different actors, sectors, and disciplines and could also create a more favourable framework for the development of innovative and creative projects. A survey among beneficiaries of Creative Wallonia showed that 74 % of enterprises and 63 % of other types of beneficiaries (universities, schools, public sector, etc.) engaged in new contacts and collaborations in the course of their participation in the programme.
- Even though the **social impact** of a programme like Creative Wallonia is by nature **hard to measure**, numerous examples of involved organisations collected indicate impacts of the programme that can ultimately lead to a change of behaviour, practices and mentalities on the level of the Walloon society.
- The programme could especially **strengthen competencies and knowledge connected to creativity and innovation** and adoption of new practices of the involved publics. 74 % of respondents of a survey among the beneficiaries of Creative Wallonia indicated that the programme had a positive impact on their vision and knowledge of creativity. Half of the respondents reported a major impact on appropriation of new creative and innovative methods / practices / applications.
- Furthermore, the programme could contribute to **enhance the attractiveness of the region** by accentuating the visibility of creative activities at a regional and international level.

Success factors / learnings

- **Flexible and iterative processes** (allowing **trial and error**) for continuous adaption and improvement of measures and the overall strategy and capacity building of the involved stakeholders;
- Developing measures in a **participatory bottom-up manner** applying methods such as **open innovation** and **design thinking** with a variety of stakeholders with specific knowledge in creativity or (sub-)sectors;
- Continuous **international exchange** for **policy learning** for continuous improvement of measures and strategies;
- Integration in **overarching** (industrial) **strategy for wider impact**;
- Fostering **cooperation between different actors and industries** to overcome isolation between sectors and create an innovative ecosystem;
- Apply a **broad understanding of innovation** (including social and non-technological innovation);
- A **flexible and open management** structure of the programme allowing a wide range of possible actions, ways of implementation and beneficiaries;

- Overcome existing silos in Walloon administration by implementing joint actions of various institutions encouraging the cooperation between them;
- Staying closer to the people that want to be reach (**local hubs**) for a bigger impact;
 - Creative Wallonia established a **strong brand** that allowed good visibility and recognising the different actions as one initiative.

Challenges

- **International reach** has been less a focus of implemented actions;
- The open, bottom up structure of the programme involving many different stakeholders (with different interests and strategies) also entails **difficulties** in terms of **governance and coordination** of the programme;
- The different actions that were launched as pilots allowed for **experimentation**, but stayed also **limited in their impact** and need to be **scaled up** to touch a larger public;
- Another need to be addressed in the future is a **stronger collaboration** between the separated administrations of economic and cultural agendas including a stronger cooperation with the Ministry of Culture and the Wallonia-Brussels Federation.

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4.4. Success factors of national and regional strategies

Support measures for the CCIs touch upon a broad range of policy fields such as innovation and research, regional/urban development, culture, economy, tourism, technology as well as education and societal aspects. While the different national and regional instruments/support programmes differ in various aspects, they also appear to have some success factors in common.

Using an evidence-based approach

CCIs could be a tool for rural regeneration or a strong growing future lead sector. A CCI strategy must be designed in accordance with each specific context. Therefore, an **evidence-based approach** to policy development is needed. For instance, many successful strategies are based on purposively gathered evidence (e.g. sector mapping studies, research on basic data and tailored definitions of the sector).

This evidence-based approach has to be embedded in a “bigger picture” of a political strategical setting as the success of a support programme/initiative depends clearly on the engagement of individuals involved in the initiatives but also on the political backing.

Clear definition of sector and target group

Following a **sector-specific** approach is clearly relevant and a factor for success. This requires a clear **definition of the sector** and its subsectors as well as the **target group/s** as a precondition to define the scope of support and actions, for instance in form of “core” and “wider” target groups.

Strong role of intermediaries

As the CCIs show very specific characteristics in their entrepreneurial behaviour and value systems, sector-specific strategies often rely on intermediaries implementing the support programmes or initiatives (e.g. specific funding agencies for CCIs/subsectors, platforms, incubators, co-working spaces, research institutes, etc.). In this context, the **role of intermediaries** as a platform and local “person of contact” is very important. Often the intermediaries have the role of a “translator” and interface with administrative/political institutions.

One of the most frequent challenges creative economy projects or companies have to face is their position in between art & culture, innovation & technology, and business. As a consequence, repeatedly, there are questions of administrative and institutional responsibilities and of the commercial vs. non-commercial character of

projects and activities (e.g. this may be a major problem in applications for funding).

Broad understanding of innovation

To exploit the strengths and potential of CCI, it seems necessary to apply a broad understanding and definition of **innovation** in the strategies/support programmes. Attention should be paid not only to technology but also to non-technological innovation.

Continuous learning and adaptation in the strategy

A **learning attitude** (know-how transfer, learning between the involved actors) as well as a clear commitment to a sustainable and long term vision including innovative aspects enhance the success of support activities. “Innovative” also means to take risks and to allow in some cases a trial and error approach in the funding initiative and/or an agile organisational structure with a “room for manoeuvre”.

Cooperation and network structure

In general, good **cooperation and network structures** between the different regional/national stakeholders involved are important conditions. This includes good cooperation between different sectors and industries, rural and urban areas, and smaller and bigger CCI enterprises. Focusing on cooperation and networking implies:

- ✓ Accelerating **cooperation between large and medium-sized enterprises and SMEs of the creative industries**. Promoting appropriate points of contact and networking opportunities is proving beneficial.
- ✓ **Fostering partner-matching;**
- ✓ **Broad involvement of actors at the local and regional levels:** this applies in particular to actors from business and industry, from the culture and education sectors, as well as from the public and not-for-profit sectors;
- ✓ **Public-private partnerships:** It is shown that partnerships between public and private institutions can successfully support regional projects for the creative industries;
- ✓ **A clear cross-sectoral** approach;
- ✓ **A participatory, systemic** approach: activation and communication work between all relevant players (e.g. business networks, public funders) leads to a better coordination;

Policy and governance aspects

Concerning **policy / governance aspects**, the following points appear to contribute to the success of an initiative/strategy:

- ✓ Political backing, continuity and will: **clear commitment of the responsible political stakeholders to address and to support creative industries;**
- ✓ Addressing various policy fields simultaneously (e.g. innovation, culture and regional development);
- ✓ Cooperation of stakeholders (e.g. research/business/government), and of ministries (economy, culture, education, foreign affairs);
- ✓ Broad institutional boards and/or individuals engaged in CCI topics and/or appointed to it;
- ✓ Sustainability of funding;
- ✓ Creation of a **creative ecosystem**
 - Combining different **priority areas** (e.g. innovation, culture, entrepreneurial aspects, education, regional development, infrastructure) and creating ties and common strategies;
 - Involvement of rural and urban areas and their respective municipalities and local authorities.
- ✓ **Embedding of the regional creative industries strategy in overarching development plans and strategies.** When promoting creative industries at regional level, it is important not to set isolated measures but to integrate creative industry initiatives in already existing or comprehensive strategies, such as innovation strategies, urban planning strategies, regional development strategies or cultural concepts.
- ✓ **Proactive communication strategies** at regional and local level in order to create a general positive climate for creative industries among the whole business environment and the population.
- ✓ **Development of an overall strategy:**
 - **Identification of strategies or combinations of strategies suitable for the region.** Depending on the type of region, projects which are initiated “top-down” or projects at grass-roots level (“bottom-up”) can lead to success. Also, creative industries can be promoted by “beacon”-businesses from the traditional industries which are increasingly demanding creative services.

- **Involvement of strategic cooperation partners**, in terms of an “integrated approach” – which helps in implementing a successful long-term, sustainable location development process. Potential partners include, for example, regional management organisations, chambers, voluntary interest groups, associations and societies (e.g. from the cultural and educational area) at the federal and regional levels.

5. Synergies/coherence with EU policies

At the European level the political will to support CCIs is reflected in various policy documents and instruments. In the framework of this study, a special focus was put on investigating the implications of the research conducted for EU funding programmes (e.g. COSME, Creative Europe, Horizon 2020, Structural Funds) and the extent to which these instruments complement or support specific EU actions and programmes for the CCIs. The present chapter introduces the EU policy framework for CCIs with a special focus on SMART CCIs specialisation strategies. Following up the case study analyses, the coherence and complementarity of the plurality of measures on different governance levels is examined.

5.1. EU policy framework

5.1.1. Policy objectives

In order to address important **challenges and weaknesses of CCI businesses**, **five key areas for action** were already identified by the European Commission¹⁴⁴, as follows:

- **Addressing changing skills needs,**
- **Improving access to finance,**
- **Enlarging the marketplace (new partnerships and business models),**
- **Expanding international reach and**
- **Reinforcing cross-sectoral fertilisation (multidisciplinary environments)**

Skills needed by cultural and creative sectors include creative entrepreneurship, employees with technical and traditional skills and crafts. To promote creative skills stronger partnerships between cultural and creative sectors, social partners and education and training providers should be aimed for and the respective skills should be learnt from an early age on¹⁴⁵. This is also stated in the Policy handbook on promotion of creative partnerships which makes concrete suggestions on how creative partnerships can be operated and it recommends that policymakers, at

¹⁴⁴ 26.9.2012, COM(2012) 537 final.

¹⁴⁵ 26.9.2012, COM(2012) 537 final.

national and regional or local level, consider ways to support them as strategic tools for social and business innovation.¹⁴⁶

Also, SMEs in the CCIs need to be supported in developing business skills (e. g. in order to become ready for external financing)¹⁴⁷. In this context, through Erasmus+ the Commission supports **Knowledge Alliances** which are transnational, structured and result-driven projects, notably between higher education and business. Knowledge Alliances are open to any discipline, sector and to cross-sectoral cooperation. Some of the activities supported include developing entrepreneurial mind-set and skills.¹⁴⁸

It has been recognised¹⁴⁹ that the cultural and creative sectors face special challenges when it comes to **accessing finance**. Smaller sizes of their enterprises, uncertainty concerning demand for their products and services, greater complexity of their business models as well as higher shares in intangible assets (and thus lack of conventional collateral) make it more difficult for them to access financial means. Banks – the major external source for financing in the SME sector – do not have the necessary expertise to evaluate business models in the cultural and creative industry and are not in a position to assess their intangible assets adequately. Further barriers for accessing finance include (perceived) lack of business skills of organizations and entrepreneurs within the CCIs as well as information asymmetry¹⁵⁰. The Loan Guarantee Facility, as one strand of the “Creative Europe” programme of the European Commission (see p. 244), will be operational in 2016 and addresses the described barriers and shall stimulate the provision of loans to CCIs.

¹⁴⁶ http://ec.europa.eu/culture/library/reports/creative-partnerships_en.pdf

¹⁴⁷ ECIA(2014): *Create, innovate, grow. A new policy agenda to maximise the innovative contributions of Europe's creative industries. Recommendations from the Policy Learning Platform of the European Creative Industries Alliance. Initiative financed under the Competitiveness and Innovation Framework Programme (CIP); See also: Towards more efficient financial ecosystems, Innovative instruments to facilitate access to finance for the cultural and creative sectors (CCS): good practice report (2016)* <http://bookshop.europa.eu/en/towards-more-efficient-financial-ecosystems-pbNC0416091/>

¹⁴⁸ https://eacea.ec.europa.eu/erasmus-plus/actions/key-action-2-cooperation-for-innovation-and-exchange-good-practices/knowledge_en

¹⁴⁹ 26.9.2012, COM(2012) 537 final.

¹⁵⁰ De Voldere, I. et al. (2013) : *Survey on access to finance for cultural and creative sectors. Evaluate the financial gap of different cultural and creative sectors to support the impact assessment of the creative Europe Programme. Brussels: European Commission;*
Dörflinger, A. et al.(2014): *Finanzierungssituation und –bedarf der österreichischen Kultur- und Kreativwirtschaft. Wien: KMU Forschung Austria im Auftrag von erp-fonds der aws, Bundeskanzleramt, Bundesministerium für Wissenschaft, Forschung und Wirtschaft, creativwirtschaft austria der Wirtschaftskammer Österreich.*

In order to **enlarge the market place** cultural and arts institutions should be in a position to exploit new (international) opportunities and address changes in audience behaviour and expectations. Digitalisation can provide opportunities to better respond to consumers' demand (e. g. access to a wide variety of contents and products and for greater participation in the creative process). Partnerships with other sectors can help pushing ahead with the creation, production and distribution on all platforms of digital content, leading to innovative business models, through which content is accessed in different ways, achieving a balance between right-holders' revenues and the general public's access to content and knowledge, thus promoting cultural and media literacy¹⁵¹.

As highlighted in the Open Method of Coordination (OMC) Working Group report on Cultural and Creative Sectors' Export and Internationalisation Support Strategies¹⁵², CCIs also face different challenges when it comes to **expanding international reach**: the predominance of very small companies, weaknesses of intermediaries, issues related to the management of rights, limited access to export promotion financing, lack of information on international trends and target markets, lack of appropriate and coordinated export support measures, or lack of extensive international networks make it more difficult for CCIs to exploit opportunities on the global market. In order to enable small organisations and companies of the CCIs to reach international audiences and markets the European Commission points out i. a. the necessity to identify effective support services, facilitate access to foreign markets and reinforce regulatory dialogues, and assess possible risk sharing facilities¹⁵³. In this context the Commission has set up in 2016 a network of young creative entrepreneurs in Europe and in third countries¹⁵⁴. In addition, the Enterprise Europe Network, which is funded by the European Commission, has set up a sector group on Creative Industries which aims to support internationalisation, match-making and many other business support activities¹⁵⁵.

In an economy that is becoming increasingly interdependent cross-sectoral approaches are getting more important when designing policy measures. Especially for the CCIs - that can act as drivers for innovation in the wider economy and re-

¹⁵¹ 26.9.2012, COM(2012) 537 final.

¹⁵² *Open Method of Coordination (OMC) working group of EU member states' Experts on cultural and creative sectors (2014a): Good practice report on the cultural and creative sectors' export and internationalisation support strategies.* http://ec.europa.eu/culture/library/reports/eac-omc-report-ccs-strategies_en.pdf

¹⁵³ 26.9.2012, COM(2012) 537 final.

¹⁵⁴ *Creative Tracks* www.creativetracks.eu

¹⁵⁵ <http://een.ec.europa.eu/about/sector-groups/creative-industries>

quire multi-disciplinary environments to develop their full potential - measures facilitating cross-sectoral collaboration is of great importance. As strategies in the CCI area mostly do not yet focus on stimulating spillover effects and **fostering cross-sectoral fertilisation** with other sectors (such as e. g. tourism, healthcare, construction), developing better business support instruments and policies in this direction is therefore of importance¹⁵⁶.

5.1.2. Policy instruments

Because of the importance of CCIs for the EU economy, the European Commission already set up and/or supported different types of instruments and interventions geared towards the promotion of CCIs' competitiveness for growth and jobs.

The CCIs are a priority area in the Commission's work with the Member States under the Council Work Plan for Culture. The main instrument is the open method of coordination¹⁵⁷. Experts from the Member States work together with the Commission to identify examples of best practice and draw up policy recommendations¹⁵⁸.

A key policy initiative during the past years has been the **European Creative Industries Alliance (ECIA)**¹⁵⁹ that was set up by the European Commission's Directorate General for Enterprise and Industry under the Competitiveness and Innovation Programme running from January 2012 until the end of 2014. ECIA combines policy learning ("Policy Learning Platform") with eight concrete actions on innovation vouchers, better access to finance as well as cluster excellence & cooperation. Policy-makers and business support practitioners from 28 partner organisations and twelve countries were brought together on the open platform. The overall aim was to shape a community in Europe that actively supports creative industries as a driver for competitiveness, job creation and structural change by developing and testing better policies and tools for creative industries. (*European Creative Industries Alliance*, 2014)

The final report of the ECIA initiative published in November 2014 (*European Creative Industries Alliance*, 2014) includes ten policy recommendations helping to unlock the potential of the creative industries for growth and innovation. The recommendations are summarised under the following main subject areas:

¹⁵⁶ 26.9.2012, COM(2012) 537 final.

¹⁵⁷ http://ec.europa.eu/culture/policy/strategic-framework/european-coop_en.htm

¹⁵⁸ Expert produced reports i.a. on the best use of the structural funds for CCIs support (2012), on export and internationalisation strategies (2014) and on access to finance in the CCIs (2015).

¹⁵⁹ <http://www.eciaplatform.eu/>

- Stimulate innovation and growth by enabling cross-sectoral collaboration;
- Build better business support and access to finance in effective regional ecosystems and
- Measure and raise awareness of the value of the cultural and creative industries as a key driver of innovation and growth.

A focal point in European policy over the past years has been **design**. One declared aim of the European Commission is to accelerate the take-up of design in industrial and innovation activities at European, national, and regional level.¹⁶⁰ The importance of design has been recognised in the Innovation Union and the Europe 2020 Flagship Initiative (*European Commission, 2010b*), and in 2013 an **Action Plan for Design-Driven Innovation** (*European Commission, 2013b*) has been launched. The Action Plan aims to accelerate the take-up of design in innovation policies and to create the capacity and competencies needed to implement these policies. It promotes:

- The understanding of design impact on innovation;
- The design-driven innovation in industry to strengthen competitiveness;
- The adoption of design to drive renewal in the public sector.¹⁶¹

Design for Europe¹⁶² (also known as European Design Innovation Platform) is a three-year programme (2014-2016) co-financed by the European Commission helping to implement the Action Plan for Design-Driven Innovation. It supports design-driven innovation across Europe, delivered by a consortium of design organisations, universities and business support organisations from across the EU. Design for Europe provides a web-based platform to support peer-learning, networking and partnerships as well as a series of events to boost the adoption of design in innovation policies and supports the creation of capacity and competencies to deliver these policies.

5.1.3. Funding Programmes

Creative Europe¹⁶³ (*Official Journal of the European Union, 20.12.2013, No L 347/221*) is the European Commission's framework programme **2014-2020** to strengthen Europe's cultural and creative sectors providing a total of € 1.46 billion. It combines and builds upon the former programmes MEDIA and CULTURE and

¹⁶⁰ http://ec.europa.eu/growth/industry/innovation/policy/design/index_en.htm

¹⁶¹ http://ec.europa.eu/growth/industry/innovation/policy/design/index_en.htm

¹⁶² <http://www.designforeurope.eu/>

¹⁶³ <http://ec.europa.eu/programmes/creative-europe>

supports Culture sector initiatives (such as those promoting cross-border cooperation, platforms, networking, and literary translation); audio-visual sector initiatives (such as those promoting the development, distribution, or access to audio-visual works) as well as a cross-sectoral strand, including a Guarantee Facility and trans-national policy cooperation.

The programme includes the following aims:

- Helping the cultural and creative sectors seize the opportunities of the digital age and globalisation;
- Enabling the sectors to reach their economic potential, contributing to sustainable growth, jobs, and social cohesion;
- Giving Europe's culture and media sectors access to new international opportunities, markets, and audiences.

In order to improve access to finance in the sector, a **Loan Guarantee Facility**¹⁶⁴ was launched on 30 June 2016¹⁶⁵. The facility is not only designed to promote access to loans for micro, small, and medium sized organisations by taking over risks, but it also targets financial intermediaries and aims at improving their risk-assessment capacities which is addressed by a comprehensive capacity building programme. The Guarantee Facility will cover an overall budget of approx. € 121 million enabling repayable loans of up to € 750 million. Part of the risks will be taken over by the European Investment Fund (EIF).

The cross sectoral strand of the Creative Europe programme is also funding activities in relation to data collection and studies (including a study of creative value chains to be published in early 2017) and testing new and cross-sector business approaches to funding, distributing, and monetising creation (including the setting up of a EU network of creative hubs).

Besides programmes and activities that specifically address CCIs, enterprises of these sectors are also supported by EU programmes such as Horizon 2020 and COSME.

Horizon 2020¹⁶⁶ is the biggest EU Research and Innovation programme with around € 80 billion of available funding for 2014 to 2020. It was designed as the financial instrument for implementation of the **Innovation Union**, the Europe 2020 flagship initiative (*European Commission*, 2010b) with the aim to secure Europe's global competitiveness across different emerging industries and sectors.

¹⁶⁴ http://ec.europa.eu/programmes/creative-europe/opportunities/cross-sector-support/index_en.htm

¹⁶⁵ http://europa.eu/rapid/press-release_IP-16-2345_en.htm

¹⁶⁶ <https://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020>

This makes it relevant also for cultural and creative sectors as it supports technological developments related to these sectors, e. g. innovative technologies for the creation and use of creative content and innovative materials for creative industries. Furthermore, Horizon 2020 seeks to explore new forms of innovation including social innovation and creativity for the increase of positive inter-cultural dynamics in Europe and internationally. (*European Commission, 2012b*)

Topics of current calls being of particular interest for CCIs include:

- A European Label for innovation voucher programmes to support spin-in of technology [INNOSUP-2014-6; budget 2014: € 1 million];
- User-driven innovation: value creation through design-enabled innovation [CO-CREATION-02-2016 budget 2016: € 4 million];
- A European map of knowledge production and co-creation in support of research and innovation for societal challenges [CO-CREATION-09-2016 budget 2016: € 2 million];
- Virtual museums and social platform on European digital heritage, memory, identity and cultural interaction [CULT-COOP-08-2016; budget 2016: € 1 million];
- Support technology transfer to the creative industries [ICT-21-2016; budget 2016: € 14 million];
- Gaming and gamification [ICT-24-2016; budget 2016: € 12 million]
- Boost synergies between artists, creative people and technologists [ICT-36-2016; budget 2016: € 15 million].¹⁶⁷ In this context, the European Commission has launched the STARTS initiative, supporting 'Innovation at the nexus of Science, Technology, and the ARTS. The initiative encourages synergies between the Arts and innovation for technology and society by promoting the inclusion of artists in Horizon 2020 projects.¹⁶⁸

COSME (*Official Journal of the European Union, 20.12.2013, No L 347/33*), the programme for the Competitiveness of Enterprises and SMEs implementing the **Small Business Act (SBA)**, reflects the Commission's political will to recognise the crucial role of SMEs in the EU economy. COSME runs from 2014 to 2020, with an overall budget of € 2.3 billion. The programme's objectives are to strengthen the competitiveness and sustainability of the Union's enterprises and to encourage an entrepreneurial culture and promote the creation and growth of SMEs. SMEs are supported by COSME in the following areas:

¹⁶⁷ https://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/master_calls.html

¹⁶⁸ <https://ec.europa.eu/digital-single-market/en/ict-art-starts-platform>

- Improving access to finance for SMEs in the form of equity and debt (annual budget: € 163 million);
- Improving access to markets, particularly inside the Union but also at global level (budget 2015: € 57 million);
- Improving framework conditions for the competitiveness and sustainability of Union enterprises, particularly SMEs including in the tourism sector (budget 2015: € 34 million);
- Promoting entrepreneurship and entrepreneurial culture (budget 2015: € 9 million).¹⁶⁹

Within the framework of the programme, the Commission is proposing to foster the development of world-class clusters and business networks, and to accelerate the emergence of competitive industries based on cross-sectoral activities – actions that are of particular relevance for CCIs. The proposed actions include the encouragement of the adoption of new business models and the commercial use of creative ideas that lead to customised and personalised goods and services meeting the consumer demand. The development of actions linking and adding skills and competencies in the fields of design, creativity and manufacturing are further measures proposed by the Commission. (*European Commission*, 2012b)

Calls specifically relevant for CCIs included: “Maximising synergies between tourism, high-end and creative industries” [COS-TSYNER-2014-3-15; budget: € 400.000] and Cluster Excellence Programme [COS-CLUSTER-2014-3-04; budget: € 1.25 million].¹⁷⁰ Under COSME 2016, the Commission also financed a cluster internationalisation programme for SMEs (GRO/SME/16/C/05) and the Worth partnership project (GRO/SME/16/C/06) with the objective to contribute to reinforcing the competitiveness of the European SMEs.¹⁷¹ The Worth partnership project is the follow up of the Worth project, which initiated partnerships between Designers and Enterprises in fashion, textiles, jewellery, footwear, eyewear, furniture, fur, and leather industries, from different EU Member States (and other CIP participating countries) to create innovative new products.¹⁷²

In recent years, it was recognised that the creative industries can make an important contribution to the economic revitalisation and **repositioning of cities and regions**. The European Commission believes that the cultural and creative industries are in a strategic position to **promote intelligent, sustainable and integrative growth** in the EU regions and cities, and assessed their contribution to the Europe 2020 strategy - the growth strategy of the EU for the next decade - to be

¹⁶⁹ <http://ec.europa.eu/growth/smes/cosme>

¹⁷⁰ <https://ec.europa.eu/easme/en/cosme>

¹⁷¹ <http://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-63-EN-F1-1-ANNEX-1.PDF>

¹⁷² www.worth-project.eu

very significant. The CCIs can contribute to revitalisation and repositioning of cities and regions through their positive effects on regional innovation systems and the creation of a creative eco-system. Among others, they can induce spillover effects on other industries and provide future-oriented jobs, which in turn fosters the future competitiveness of regions. (see e.g. *Bachinger et al.*, 2013; *Dörflinger / Enichlmair*, 2012, *Dörflinger et al.*, 2012; *European Commission* 2010e; *Rivas*, 2011). Consequently, the European Commission invited the Member States to include the **promotion of creative industries in their regional development plans** and to make particularly use of the resources provided by the EU Structural Funds (see *European Commission*, 2012d).

In this context, the regional policy framework of the European Union provides relevant support structures for CCIs with a budget of € 352 billion between 2014 and 2020. The **European Structural and Investment Funds (ESIF)**¹⁷³ include five different funds¹⁷⁴ that are based on and work towards the objectives of the **Europe 2020** growth strategy. While not mentioning CCIs explicitly, the funds provide various opportunities for CCIs, as arts and culture and creative industries in general contribute to local and regional development, urban regeneration, rural development, employability and social inclusion. Funding priorities relevant for CCIs further include e. g. research, technological development and innovation, SME competitiveness and entrepreneurship in cultural and creative industries, or the protection and enhancement of cultural heritage and landscapes¹⁷⁵. Yet, the European Investment Fund (EIF) explicitly mentions the CCIs as one of its spending priorities.

Financing opportunities for CCIs are also provided by the European Fund for Strategic Investments (EFSI)¹⁷⁶. The fund is established within the European Investment Bank (EIB). The aim of the EFSI is to overcome current market failures by addressing market gaps and mobilising private investment with a € 16 billion guarantee from the EU budget, complemented by a € 5 billion allocation of the EIB's capital. The fund supports strategic investments in different areas including human capital, culture and health and also explicitly mentioning the cultural and creative industries (*Official Journal of the European Union*, 1.7.2015, No L 196/1).

¹⁷³ http://ec.europa.eu/regional_policy/en/funding/

¹⁷⁴ *The European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).*

¹⁷⁵ http://ec.europa.eu/regional_policy/en/policy/how/priorities

¹⁷⁶ http://ec.europa.eu/priorities/jobs-growth-and-investment/investment-plan_en ;
<http://www.eib.org/efsi/what-is-efsi/index.htm?lang=en>

Furthermore, the European Commission also points out to CCIs in the context of **smart specialisation strategies**¹⁷⁷. In the 2014-2020 programming period ERDF investments in innovation are used to support the implementation of smart specialisation strategies to attain a greater and more sustainable impact on jobs and growth in the European regions¹⁷⁸. In this context, a **Smart Specialisation Platform** has been set up. The platform provides professional advice to EU countries and regions for the design and implementation of their research and innovation strategies for smart specialisation (RIS3), promoting also mutual learning and trans-national co-operation¹⁷⁹. The platform also provides an interactive map with information on the implemented strategies in European regions.

Alongside the abovementioned initiatives to support and improve the competitiveness of European CCIs, the European Commission launched a set of initiatives to promote the competitiveness of European businesses at large, including the recent launch of a platform on industrial modernisation in the framework of smart specialisation strategies¹⁸⁰, which aims to accelerate the implementation of smart specialisation strategies in the EU and increase the competitiveness and innovation capability of the EU industry. In addition, as part of a set of proposals adopted under the Digital Single Market Strategy, the European Commission adopted a Communication on Digitising the EU industry¹⁸¹, with the aim to help coordinate national and regional initiatives to digitise industry.

¹⁷⁷ *Smart specialisation strategy means the national or regional innovation strategies which set priorities in order to build competitive advantage by developing and matching research and innovation own strengths to business needs in order to address emerging opportunities and market developments in a coherent manner, while avoiding duplication and fragmentation of efforts; a smart specialisation strategy may take the form of, or be included in, a national or regional research and innovation (R&I) strategic policy framework. (Official Journal of the European Union, 20.12.2013, No L 347/320)*

¹⁷⁸ http://ec.europa.eu/regional_policy/index.cfm/en/policy/themes/research-innovation/

¹⁷⁹ <http://s3platform.jrc.ec.europa.eu/home>

¹⁸⁰ <http://s3platform.jrc.ec.europa.eu/industrial-modernisation>

¹⁸¹ <https://ec.europa.eu/digital-single-market/en/news/communication-digitising-european-industry-reaping-full-benefits-digital-single-market>

5.2. Assessment of the global potential impact on CCI of the SMART CCI specialisation strategies

The present chapter includes an assessment of the **global potential impact on CCI of the SMART CCI specialisation strategies** that were recently put in place by regions in the context of the European Structural Investment Funds.

The assessment is based on the in-depth analysis of the case studies, input gained at an experts' workshop held in Vienna (see chapter 1), desk research including data and documents available on the JRC S3 platform as well as strategy documents of the analysed regions. Because of the constraints of the study, which allowed the analysis of only a limited number of case studies, this assessment however cannot be regarded a full evaluation of the Smart Specialisation Strategies in relation to the CCI.

5.2.1. Background

Because of the role played by CCI in the economic revitalisation and repositioning of cities and regions, the European Commission points out to **CCI in the context of smart specialisation strategies (S3)**¹⁸² and regional development plans.

National/regional research and innovation strategies for smart specialisation (RIS3) are defined as follows:

Definition of RIS3¹⁸³

National/regional research and innovation strategies for smart specialisation (RIS3) are integrated, place-based economic transformation agendas that address five important issues:

1. They focus policy support and investments on **key national/regional priorities, challenges and needs** for knowledge-based development, including ICT-related measures.
2. They **build on each country's/region's strengths**, competitive advantages and potential for excellence.
3. They **support technological as well as practice-based innovation** and aim to stimulate private sector investment.
4. They **get stakeholders fully involved** and encourage innovation and experimentation.
5. They are **evidence-based** and include sound monitoring and evaluation systems.

¹⁸² <http://s3platform.jrc.ec.europa.eu>

¹⁸³ <http://s3platform.jrc.ec.europa.eu/interactive-ris3-guide/-/wiki/Main/PART+I>

In the 2014-2020 programming period, **ERDF investments** in innovation are used to support the implementation of smart specialisation strategies to have a greater and more sustainable impact on jobs and growth in the different regions¹⁸⁴. Smart Specialisation is thus a prior condition for investment in research and innovation co-financed by European funds and the Member States and the regions are invited to develop their RIS3 accordingly.

A S3 **Platform** has been set up providing **professional advice** to EU countries and regions for the design and implementation of their RIS3 including a RIS3Guide¹⁸⁵. The aim of the platform is also to promote **mutual learning** and **transnational co-operation**¹⁸⁶. For this purpose, an interactive map has been included providing information on the implemented strategies in European regions and countries. The Eye@RIS3 tool¹⁸⁷ is a **continuously evolving database** providing information on **priorities set** in the different Smart Specialisation Strategies and help in strategy development (e. g. fostering collaboration on specific topics across regions or identify competitive niches)¹⁸⁸.

Out of all the regions registered in the S3 platform, **over 70** have **identified CCIs as one of the S3 priorities** (as per March 2016)¹⁸⁹.

¹⁸⁴ http://ec.europa.eu/regional_policy/index.cfm/en/policy/themes/research-innovation/

¹⁸⁵ <http://s3platform.jrc.ec.europa.eu/ris3-guide>

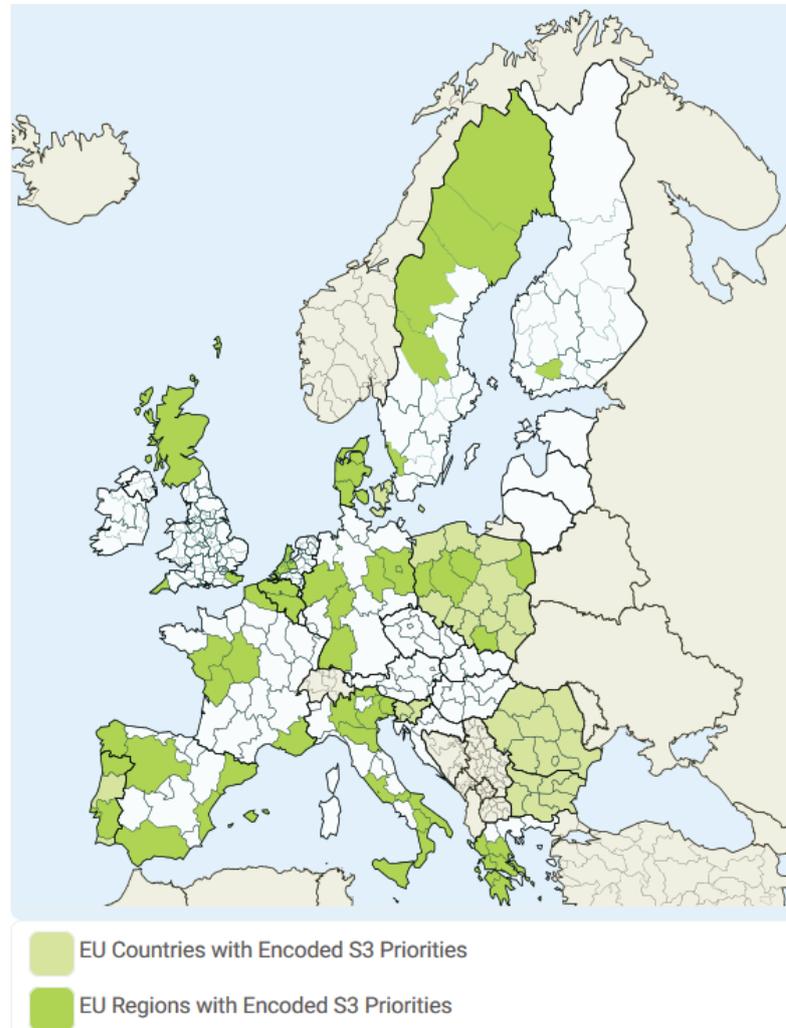
¹⁸⁶ <http://s3platform.jrc.ec.europa.eu/home;jsessionid=JDTTRCXFL8TGThz0z1HQ8VBhPdLqjBtwsx1qk7gLyCG1QHqLsdh!-392399571!1367496645052>

¹⁸⁷ <http://s3platform.jrc.ec.europa.eu/map>

¹⁸⁸ *The data comes from a number of sources including the regions and countries filling out the database, but also by S3P personal finding data in Operational Programmes and RIS3 documents and similar national and regional innovation strategies.*

¹⁸⁹ *When interpreting this number, it has to be taken into account, that the database has been developed as a tool to help strategy development rather than a source of statistical data.*

Graph 21 Countries and regions registered on the S3 platform that have identified CCI as one of their S3 priorities, March 2016



Source: European Commission, Joint Research Centre, <http://s3platform.jrc.ec.europa.eu>

Another project launched in 2016 is an EU level **Smart Specialisation Platform on Industrial Modernisation and Investment**¹⁹⁰. While the regional smart specialisation strategies mostly focus on individual regions, this new platform aims to foster cooperation across and between European regions, clusters and value chains encouraging and supporting regional innovation actors to link their assets, capabilities and innovation efforts.

¹⁹⁰ <http://s3platform.jrc.ec.europa.eu/industrial-modernisation>

Such cooperation will be facilitated by a governance structure at EU level to generate a flow of investment projects using different EU funding opportunities and programmes. Cross-regional innovation will be supported through the European Structural and Investment Funds, Horizon 2020, COSME and the European Fund for Strategic Investments (EFSI). Besides establishing a specific Thematic Smart Specialisation Platform on industrial modernisation and investment, this will also help to set up European Cluster Partnerships for Smart Specialisation Investments and put in place complementary services to support both activities.

5.2.2. (Segments of) CCIs included in S3 and linkages to other industries

Almost all of the ten regional case studies¹⁹¹ analysed address CCIs in some way in their smart specialisation strategies (e. g. by explicitly mentioning CCIs as a priority area or by addressing some of the competitiveness dimensions and challenges of CCIs). Exemplary strategies (of the regional case studies) are described in more detail below.

The analysed regions either **address CCIs as a whole** or **specific segments and subsectors of CCIs** in their smart specialisation strategies. The strategies also link CCIs to other sectors and **overarching future challenges** and **key areas**:

Catalonia includes a broad CCI definition, referring to **cultural and experience based industries** (including **creative and cultural industries** and key services for Catalonia, such as **tourism** and **sport**), and also **design based industries** are separately addressed as one of the seven leading sectors in the strategy. The seven leading sectors were identified based on three future vectors of the economy of Catalonia, which are **industrial tradition**, **quality of life** and **green economy**.

Île-de-France defined “**digital creation**” as one of five strategic innovation areas in its S3 combining **information and communication technologies (ICT)** and **CCIs**. The five strategic innovation areas were also chosen based on their “hybrid” potential and their ability to work on the intersection of three big themes / challenges: **health**, **mobility/transport** and **ICT**. The strategic innovation area digital creation is also linked to different **markets** at the crossroads of ICT and CCIs; these include e. g. **media and leisure**, **communication**, **advertisement and trade**, **smart city**, **smart building**, **formation and education**, **digital security**.

¹⁹¹ The administrative responsibility of smart specialisation strategies can lie on different levels (NUTS1, 2, 3) depending on the administrative structures of the different member states. However, by far the most common category is the level of the region (NUTS2).

North Portugal has included in its S3 the objective to explore creative industries, particularly in the area of **design and architecture**, and the creation of competitive advantages in sectors connected to production of **consumer goods** with emphasis on areas of **design** (especially textile and clothing), **shoe industry, accessories, furniture and jewellery**.

North Rhine-Westphalia defines **media and creative industries** (including eleven sub-branches) as one of the eight lead markets in its S3. The lead markets were identified based on their strength and specialisation advantages to develop solutions for the “**big social challenges of our time**”; these include: **climate protection, resource efficiency and raw materials; supply of healthy food of sustainable production; secure, clean, and efficient supply of energy**; intelligent, eco-friendly and integrated **mobility; health and well-being; security, participation and social cohesion**.

Puglia points out to **cultural and creative industries** as one of the five social challenges/intervention areas in its S3. Furthermore, some specific sectors of the CCIs are targeted including **fashion, design** (in particular of furniture) and **crafts**.

Skåne aims at **combining CCIs** with the three innovation areas – **Smart Material, Sustainable Cities and Personal Health** – that were defined for the S3 of the region.

Wallonia’s S3 includes **creative economy** (including the framework programme **Creative Wallonia** and **Wallonia, European Creative District**) as a **transversal axis** fostering innovation and creativity in the overall society and economy with **CCI playing a major role**.

5.2.3. *Genesis and implementation of the S3*

The analysed regional case studies show that the developed S3 mostly **build up-on** previously developed **cluster strategies** and are **aligned** with **other regional or national innovation or industrial strategies**. As set out in the S3 guidance documents, a **large number of stakeholders** were involved in the development of the regional S3. Also **CCI actors** (e. g. cluster managers but also enterprises) were **actively involved** in the development process. For the following assessments the strategies of Catalonia, Île-de-France, North Rhine-Westphalia and Wallonia are looked at in more detail.

The Government of **Catalonia** has set out its Europe 2020 and RIS3 priorities through the **ECAT 2020** and **RIS3CAT** strategies. The **seven priority sectors** emerge from the Government of Catalonia’s **new industrial strategy** which aims to ensure that the industrial sectors **account for 25 % of the GDP of Catalonia by 2020**.

The design of the strategy was based on **collaborative leadership** and involved the **main stakeholders in the system** (companies, clusters, technology centres, etc.) and the **ministries of the Government of Catalonia** operating in the leading sectors. The work of drafting RIS3CAT was promoted and coordinated by a **steering committee** formed by representatives from the Ministries of Economy and Knowledge and Business and Labour. The document was produced in a **two-way, iterative process** that combined both top-down and bottom-up approaches. The initial **draft** of the RIS3CAT strategy document was submitted to stakeholders and civil society in an **online public consultation process** (176 contributions) followed by a revision and incorporation of the suggestions received.

Although the RIS3CAT strategy is led by the government, research and innovation stakeholders play the **main role in its development and implementation**. In order to promote collaborative initiatives enabling progress in the fields of specialisation in Catalonia, tools were developed that foster cooperation amongst quadruple helix stakeholders. These include **RIS3CAT communities** formed by quadruple helix stakeholders (R&I system, companies, government and innovation users) representative of a particular sector, with the objective to develop and implement agendas for economic transformation in the leading sectors through **territorial specialisation and competitiveness** projects. The joint R&I projects are based on identifying opportunities and needs for the smart transformation of the territory.

In the **Region Île-de-France** the strategic innovation areas identified in the S3 **reflect the strategic choices** already taken within **other strategies**, such as the regional economic development and innovation strategy (Stratégie Régionale de Développement Economique et d'Innovation - SRDEI), the framework of CPER "Contrats de plan État-Région", the operational programmes for ERDF 2007-2013 (PO FEDER 2007-2013), as well as the policy supporting the competitiveness clusters ("pôle de compétitivité").

The Region **Île-de-France** developed its S3 in cooperation with different **innovation actors** from the region (competitiveness cluster, research agencies and enterprises). The process included a **large consultation of the innovation ecosystem** including enterprises, interface structures, knowledge producers as well as an electronic survey among over 300 beneficiaries of the ERDF 2007-2013, interviews and five workshops with over 90 participants.

The regional network of the strategic innovation area **digital creation** (where also CCI's are included) is **organised and implemented** by the competitiveness cluster "**Cap Digital**" (see also case study Île-de-France) regrouping a large ecosystem covering ICT as well as CCI's.

In **North Rhine Westphalia**, from 2012 onwards, the regional government decided to transfer the existing clusters into so called "**Leitmärkte**" ("**lead markets**"). The lead market strategy thus builds on the **cluster strategy** of North Rhine-Westphalia established under the 2007-2013 ERDF funding period. The corresponding "lead market strategy" was established under the roof of the **Innovation Strategy** in North Rhine-Westphalia which in turn was established under the roof of the **Smart Specialisation Strategy** of the region. The strategy was developed using specialised **information- and participation processes**. Within the framework of an **inter-ministry working group**, including representatives of all different support departments of the Region, a **consultation process** was conducted involving representatives of universities and research institutes, associations of the economy and social partners, municipalities, regional associations, business support organisations and technology centres.

The **16 different cluster organisations** (including **Creative.NRW**) play a **major role** in the **development** as well as the **implementation** of the strategy, as their networks are drivers to identify future themes, organising the work in value chains and access market potentials. They help to tap, involve, link and mobilise the relevant industries, areas and actors in line with the objectives of the strategy. Their tasks include to profile the location North Rhine-Westphalia and to provide a platform for joint strategies, activities and measures. The cluster managements also developed strategies for their sectors which are coordinated with the ministries of North Rhine-Westphalia and are therefore an agreed basis for future decisions on support programmes. Their work is also supported by the **NRW cluster secretariat** providing a platform for **overarching exchange** of information and experiences.

Wallonia has been basing its economic development on an integrated innovation approach and strategy since the initiation of the **Marshall Plan in 2005**. The development process of the smart specialisation strategy has therefore been based on the **regional development strategy** initiated 15 years ago and is continuously evolving. The Walloon approach towards smart specialisation is based on a cluster policy aiming at stimulating the development of activity niches. These are complemented by more horizontal approaches aiming at stimulating research and innovation, creativity and entrepreneurship. The measures of the transversal axis Creative Wallonia and Wallonia, European Creative District are developed and implemented by a community of stakeholders (*see also case study Wallonia*).

5.2.4. Objectives / key priorities / future challenges & actions for CCI in S3

When CCIs are included in the regional smart specialisation strategies, they **benefit** from **political backup** as well as **concrete actions and measures** developed to support the priority areas. At the time when this study was carried out, the process of developing concrete measures was still underway. Therefore the general strategy documents did not always allow to **clearly detect** which concrete measures specifically address CCIs.

The S3 of **Catalonia** includes the strategic objective to **modernise the business fabric by improving the efficiency of production processes, internationalisation and the reorientation of consolidated sectors towards activities with greater added value**. To achieve this objective, the RIS3CAT strategy establishes actions to promote the seven leading sectoral areas (including **design-based industries** and **cultural and experience-based industries**). The measures include **R&I tools** as well as **new instruments** in order to **promote collaborative initiatives** including: RIS3CAT communities; specialisation and territorial competitiveness projects; emerging activities; R&D cooperation projects; Public-private partnerships in R&D&I; Industry of Knowledge; Technology transfer; innovative public procurement; strengthening the technological capabilities of research and innovation infrastructures; international cooperation; industrial PhDs and the development of RIS3CAT in Barcelona.

The RIS3CAT is also linked to the **Industrial Strategy** of Catalonia defining Programmes for the Seven Strategic Industrial Sectors. This programme consists of **158 specific actions for 2015-2020** and is aligned with the regional S3. For each leading sector there is an **action plan** (including short-term, medium-term and further actions) and a **Steering Committee** consisting of companies and persons from the Government of Catalonia. Also opportunities for interrelations with other sectors are pointed out. Within this programme **transversal tools** are developed jointly by different Ministries (Culture, Tele-Communication, Enterprise). **Actions for the Cultural and Experience-based industries** include e. g.: a network for the **interrelation of public and private agents**, a new and major **digital culture event** as a springboard to encourage the sector, **training capsules** on best practices and case studies. Opportunities for **interrelations** are seen with the **information and communication technologies sectors** as well as with the **urban public management sector**.

The S3 of **Île-de-France** supports strategic innovation areas as well as transversal measures to tackle the challenges of the Region. The strategic innovation area **digital creation** (where CCIs are included) includes tools that allow enterprises (and especially SMEs) of the ecosystem to **amplify and accelerate the innovation process**, especially by **interfacing** with research laboratories, users or also

with big companies. Measures within the S3 framework therefore include the initiation of **R&D projects in SMEs** that do not have the means for it; direct support for enterprises in **innovation financing** and individual **innovation support**; helping SMEs to **use technology platforms** allowing them to **experiment and test their services and products** (interface with potential users) and to **demonstrate and spread their products and services**.

In **North Rhine-Westphalia**, the **objectives** of the lead market “**media and creative industries**” include successful **profiling of North Rhine-Westphalia** as a **leading location for creativity and innovative capacity** in Germany and Europe; providing for **technological innovators** an **ideal work environment** with **high-capacity, specialised regional clusters**; promoting the **recognition of the contribution of media and the creative industries** towards the **innovation capabilities of a society** and its **leading role** in the area of **social and digital innovation**. A set of concrete areas of action for the lead market media and creative industries is outlined in the strategy. These include strengthening of the **competitiveness of self-employed and entrepreneurs**; **networking along the production and value chain**, establishing **new modes of working** and **new digital business models**, improving the **provision of skilled labour**, **professionalising** media and creative workers, improving the **financing situation** of the sector, as well as the improvement of national and international **visibility** of the growth potential of the media and creative industries in North Rhine-Westphalia. In the framework of the lead market strategy there are also **funding competitions** for CCIs, which were developed together with the cluster management Creative.NRW.

With the overall aim to foster a **culture of creativity and innovation** in **Wallonia**, the S3 of the region includes the **creative economy** as a transversal axis with the framework programme **Creative Wallonia** and **Wallonia, European Creative District** providing actions for CCIs including education programmes, training measures, awareness raising measures, events, clusters & networking, infrastructure etc. (*see case study Wallonia*).

5.2.5. *Learnings / Impact of the S3 on CCIs*

Overall, through analysing regions with smart specialisation strategies, the following was observed:

- Almost all the analysed regions **mention CCIs, or segments of CCIs**, in their S3. Combinations of CCIs with other sectors include e. g. sports, tourism or digital industries. CCIs are also strategically linked to **overarching future challenges** and key areas such as quality of life, health and well-being, formation and education, green economy, climate protection, re-

source efficiency, smart materials or smart / sustainable cities implying that CCI are seen as a supporting factor when it comes to address major future challenges.

- Most of the analysed regions define CCIs as one of their **leading sectors** in the S3. Wallonia promotes creativity and innovation as a **transversal axis** with CCIs playing a major role in driving creativity and innovation throughout the entire Walloon society and supporting regional development.
- Involving CCI actors (e. g. cluster managers but also enterprises) in the development and implementation processes of the regional S3 has shown to be very important. The analysed cases demonstrated that the participatory processes allowed involving **CCIs or CCI interest groups in developing and implementing the strategies**. They were therefore able to bring in their views and shape the objectives and actions adapted to their needs. Due to the close contact between specific CCI intermediaries and the industry they are also able to continuously adapt and improve measures. Participatory methods such as collaborative or systemic leadership, public consultations, and workshops have shown to be quite effective to involve a large number of stakeholders (including triple / quadruple helix stakeholders from R&I, companies, government, users etc.) and set up tailored measures for the target sectors. Often also iterative processes and combination of bottom-up and top down strategies were effectively applied. Cooperation between different political departments and competences (culture, economy) is an important prerequisite for developing sustainable, transversal CCI programmes within the S3.
- When CCIs are included in the regional S3, they benefit from the **political backup** and **visibility** as well as development of **concrete** (medium- and long-term) **actions and measures**. The inclusion of CCIs in the S3 can also contribute to anchor the topic on the political agenda more sustainably. The concrete support actions for CCIs in the S3 range from innovation and networking support, platforms, funding, to education and training measures, infrastructure etc. Due to the different development stages of the strategies it was however not always clearly visible from which measures CCIs would benefit. An evaluation of the benefits for CCIs of the different implemented measures would therefore be necessary at a later stage of the strategies.
- The analysed S3 mostly **reflect already previously taken strategic choices** (e. g. in the framework of cluster strategies). They confirm and strengthen these choices and the position of CCIs. Experts however also

claim that CCIs only profit from S3 strategies if they are already on the political agenda.

- The Smart Specialisation strategy is often linked to an (already existing) regional or also national innovation strategy. The **aligning** of the strategies **with other regional or national strategies** can be viewed as a sign of good **sustainability** of the strategies.
- A critical point mentioned by experts is that smart specialisation strategies projects often help to implement regional infrastructure, but then these **infrastructures are not being sufficiently filled with specific projects or initiatives**.
- **Cooperation** between regions in Europe on the smart specialisation strategies for CCIs could be helpful to strengthen the activities in the regions but also to exchange experience, good practice and to develop inter-regional projects.

5.3. Synergies, complementarities and coherence with EU policies and actions

As described in the previous chapters a **plurality of measures to support CCIs** has been implemented on different levels of governance. This obviously calls for checking synergies, complementarities and coherence with EU policies and actions. The present study takes a first step in that direction by analysing national and regional CCI support policies (see chapter 4) and checking them against the EU policy framework (The European Structural and Investment Funds, COSME, Creative Europe, Horizon 2020, etc.) as described in chapter 5.1.¹⁹² In all case studies conducted as well as at the experts' workshop held in Vienna (see chapter 1) the relevance of EU policies for the national or regional initiatives and the extent to which the initiatives complement or support the EU actions and programmes were discussed with the experts and persons responsible for the initiatives

Coherence of policy objectives

Regarding the **coherence of policy objectives**, the European Commission¹⁹³ identified five key areas for action to support CCIs: **addressing changing skills needs, improving access to finance, enlarging the marketplace** (new partner-

¹⁹² The present report does however not take the character of a full evaluation of EU support policies with regard to CCIs

¹⁹³ 26.9.2012, COM(2012) 537 final.

ships and business models), **expanding international reach** and **reinforcing cross-sectoral fertilisation** (multidisciplinary environments). The analysed case studies show that these areas are also priorities on national and regional levels, demonstrating that there is a **strong overall coherence** of the **policy objectives** of national and regional support policies and EU policies. All national and regional initiatives address most of the defined key areas even though the focus is sometimes stronger on one than on another area. One EU policy objective that seems to be less of a focus in national and regional support policies is “expanding international reach”. In the view of many national and regional CCI stakeholders the EU should focus on **internationalisation activities**, meaning primarily cross-Member State cooperation, but also to some extent cooperation with CCIs from third countries, in order to provide a useful **complement to national and regional measures**. Measures helping CCIs to export include a clear framework for IPR as well as certain tax legislation to facilitate internationalisation of creative industries (as e. g. for performing artists giving shows encounter problems with different tax laws in different countries). For digital creative enterprises it was pointed out that **acceleration programmes** for the best European Start-ups would provide a complementary support policy as well as fostering internationalisation activities.

Accessibility and complementarity of EU funding programmes for CCI

EU funding instruments vary greatly in terms of accessibility and relevance for the creative sectors. Some of the schemes as e. g. Creative Europe are explicitly designed for CCIs while others are more generic programmes (Horizon 2020, COSME) in which CCIs may be addressed among many other sectors. The instruments also differ in terms of direct access or indirect access via national contact points and intermediaries.

Many national and regional stakeholders expressed criticism about the **high complexity** as well as a lack of **flexibility and visibility** of **EU funding schemes**. It has been pointed out that especially the schemes with direct access are hard to access for smaller enterprises (and therefore also for CCIs with their large share of one-person-enterprises) due to the high **administrative burden** and **uncertainty in planning**. Even though many countries (e.g. Finland, Austria, Germany, and Italy) promote EU funding opportunities for CCIs (especially in the area of Structural Funds), the stakeholders feel that the potential of EU funding for CCI enterprises is not exploited sufficiently. Communication on how different programmes fit for creative industries should still be intensified in cooperation with the Member States. Further criticism of EU programmes include a **lack of sustainability** (sometimes the project is over when the funding is over) and the fact that some projects are being designed to fit the funding criteria instead of making it most effective for the applicant.

As an example, **Horizon 2020** applicants face a rather **restricted access**: they have to fit in thematic call topics, fulfil certain criteria (e.g. high-tech SME or disruptive innovation) or have to agree to a compromise to meet basic requirements such as cooperation with other applicants or involving a consultant to get through all the administrative work required for the application and implementation of projects. This is particularly challenging for most of the CCI-applicants. Those who manage to participate are usually already experienced and are a minority. Yet, Horizon 2020 has now implemented the SME instrument that addresses SMEs directly and has a simplified application procedure to enable more SMEs to apply.¹⁹⁴

COSME has a two-fold funding approach: direct funding with specific calls as well as funding of platforms/networks and financial intermediaries. The calls themselves do not seem to address CCIs in an adequate way. A sectoral approach appears to be pursued for some sectors (e.g. tourism) and could therefore also be pursued specifically for CCIs, notably in conjunction with objectives of the digital single market strategy. For instance, the introduction and market testing of new business models could be a specific topic. As financial intermediaries are the main gateways for accessing COSME funds (guarantee, loans, etc.), it should be ensured that these financial intermediaries have sufficient sectoral knowledge on CCIs. The guarantee facility planned in Creative Europe foresees training and awareness raising activity for financial intermediaries to enhance their understanding of businesses acting in the CCI field. Such activities should also be supported by and/or implemented in the context of COSME. As a majority of CCIs are one-person-enterprises, the funding possibilities and selection criteria should be reviewed to allow micro and one-person-enterprises to participate. Also the Action Plan for SME should put a focus on one-person-enterprises as a specific target group among SMEs. The access to guarantee funds is often difficult for micro and small enterprises. The COSME financial instrument should therefore be checked (monitoring data) to what extent it addresses this target group. An instrument adapted for micro-enterprises should be made available or at least be coordinated at regional or Member State level.

The new Loan **Guarantee Facility** within the Creative Europe Programme is seen as an interesting measure that can be **complementary** to the offers in the countries and regions, provided that accessibility is given for small enterprises.

¹⁹⁴ *The dedicated SME instrument's supports close-to-market activities, with the aim to give a strong boost to breakthrough innovation. Highly innovative SMEs with a clear commercial ambition and a potential for high growth and internationalisation are the prime target.(see also: <https://ec.europa.eu/programmes/horizon2020/en/h2020-section/sme-instrument>).*

The case studies revealed that especially the **European Structural and Investment Funds** were often relevant to establish and scale up regional CCI support structures. They are seen as “kick starters” of measures and bring additional value to existing activities. It was also pointed out that one of the major challenges of stakeholders supporting CCIs is to reach **very local and remote areas** with the policies and measures, by establishing local contact points and develop instruments closely linked to CCI needs on this local level. Exploitation of Structural Funds to establish such local structures should therefore be further promoted and enabled. For the funding period 2014-2020, the access to funds from the cohesion policy side is linked to the existence of a **regional smart specialisation strategy**, where CCIs can be defined as a focal point. As shown in chapter 5.2 almost all case studies analysed address CCIs in their smart specialisation strategy and therefore aligned policies with ERDF priorities. As demonstrated in the case studies, the EU can play an enabling role when co-financing certain activities with Structural Funds programmes; nevertheless, the question of how to ensure effectiveness of these funds remains, since this is also very much dependent on other factors such as e.g. national or regional settings for implementation¹⁹⁵.

Also, there seem to be difficulties for CCIs in accessing the **European Fund for Strategic Investments (EFSI)**. Even if CCIs are a priority for spending, after one year of launching the fund no major CCI initiatives received funding. An explanation could be that the fund mainly targets large scale investments which does not match the usual needs of CCIs.

The nature of CCI businesses who strongly depend on networks and co-operation make **cluster support** (e.g. the EU Strategic Cluster Partnership (ESCP)) more relevant to these sectors than to others and cluster support measures should therefore be accelerated. With regard to the heterogeneity of the CCIs, clusters with a clear focus on some (combined) subsectors (e.g. music, multimedia, film and design) seem to be most relevant.

¹⁹⁵ In June 2016, the European Commission (DG GROW and DG REGIO) launched the **Smart Specialisation Platform for Industry Modernisation and Investment**. This initiative aims at offering hands-on support to regions to foster interregional cooperation based on matching smart specialisation priorities related to industrial modernisation, like key enabling technologies, service innovation or resource efficiency. See also <http://s3platform.jrc.ec.europa.eu/industrial-modernisation>, see also 5.2.1.

Role of Member States

CCIs often get **access to EU instruments through national contact points or intermediaries**. Such an indirect way of support puts the burden on the intermediaries, but may actually facilitate access for the CCIs. These types of support instruments address mainly **capacity building of enterprises**. Some specific topics addressed by EU initiatives do not, however, consider the potential and contribution of the CCIs (e.g. Smart City). To improve access and visibility for CCIs, national contact points (NCP) of the Enterprise Europe Network (EEN), Creative Europe desks, Horizon 2020 and Structural Funds as well as Cohesion Funds (especially European Regional Development Fund (ERDF), INTERREG, LEADER) should communicate proactively which measures/calls/operational programmes are relevant for CCIs. In Austria, for instance, a specific guide was produced to make visible the funding possibilities for cultural and creative projects within the Structural Funds¹⁹⁶. Also, NCP meetings at EU level with all Member States-representatives could be used to place the topic on the agenda and share best practice of NCP activities related to CCIs.

Initiatives that can help align initiatives of regions and countries with EU priorities include platforms to exchange good practices. Information such as **lessons learnt** on specific policy approaches, implementation models, practical success stories etc. should be distributed **at EU-level** (EU as hosting, learning and exchange platform). Some Member States cooperate in the scope of platform initiatives (to learn from each other). Such (temporary) cooperation seems to be effective and should be further supported at EU level (e.g. Design for Europe, EU Network of Creative Hubs).

Another important point is the establishment of a unified system of definitions of CCIs across the Member States. The need to **collect and distribute data on CCIs in Member States and regions** (e.g. mapping) is still there.

General recommendations for coherence in EU funding programmes

Some **general recommendations** to be taken into account when setting up EU funding programmes that wish to address CCIs include a good mix of thematic calls, but also continuous possibilities to hand in projects.

- Concerning the design of funding instruments, the eligibility criteria should be revised in order to be really accessible for SMEs and one person enterprises (OPE) (e.g. realistic admission/selection criteria).

¹⁹⁶ http://www.kulturdokumentation.org/download/Auf_einen_Blick.pdf

- The OMC Member States expert groups¹⁹⁷ produce thematically profound reports that could be better spread out within different Commission's services to raise awareness of the state-of-the-art evidence level, for example on CCI access to finance, internationalisation or entrepreneurship. These evidences are relevant for setting up SME “friendly” instruments.
- In the context of innovation, the relevant programmes should consider a broad understanding of innovation, targeting some of the following topics in specific calls: open innovation, including social innovation, service innovation, design, creativity, process innovation, work place innovation, user-driven innovation, public sector innovation, etc.

Not only coherence between national / regional and EU policies is relevant, but also the **coherence between EU instruments**. As CCI policies touch upon different policy fields a strong focus needs to be laid on **cross-sectoral cooperation** – e. g. between Directorates General responsible for enterprise/SMEs, culture but also digital agenda, regional policy, employment and social affairs – and to ensure a policy alignment in the activities of the different DGs.

To enhance coherence on an overall level, it is recommended to define a “**common strategic framework plan**” with thematic objectives, as well as investment priorities especially for CCIs to implement a horizontal approach to support the CCIs. As a second step it should be checked in which way the thematic priorities are addressed in the different EU programmes. This can make visible missing or doubling activities and can help elaborating focussed funding/awareness activities adapted to the needs of CCI businesses.

¹⁹⁷ http://ec.europa.eu/culture/policy/strategic-framework/european-coop_en.htm

6. Synthesis of findings and recommendations

6.1. Synthesis of findings

Analysis steps

This study followed a **three step analysis**. First, the analysis of the **status quo of the sector** described available data as well as key factors of competitiveness (see chapter 3.1.). Second, **support policies** for the sector already in place were analysed. Third, a **stakeholder workshop** was held to discuss the question of what can be done at EU level to foster and support the competitiveness of the cultural and creative industries.

In the first step, the analysis of the status quo of the sector represented the baseline to carry out a **SWOT analysis** of the sector with the involvement of European stakeholders. The aim was to identify the factors that contribute to the current competitiveness situation of the sector and the degree of importance of these factors. The SWOT allowed deriving favourable/unfavourable framework conditions for the sector (see chapter 3.2.). The **foresight exercise** conducted during this step helped to focus on technological challenges of the future and to develop visible future scenarios for the sector, which are partly already observable in the status quo scenario (see chapter 3.3.).

In a second step, **support policies** already implemented to support the sector were analysed. In this step, conducting national and regional case studies helped to give insights into measures and strategies that are already in place, including their success factors and challenges (see chapter 4). As part of this step, CCI smart specialisation strategies of European regions in the context of accessing the Structural Funds programmes were highlighted. Together with an expert workshop, this step helped to generate learnings concerning the **coherence and synergies with EU programmes** (see chapter 5).

As a third and last step, a broad stakeholder workshop held in Brussels was used to discuss the question of “What can be done at EU level to foster and support the competitiveness of the cultural and creative industries? What is needed?” The workshop results validated **areas of action** already identified in the previous steps and showed the need to address some areas in more detail. This third step also aimed at bringing together and reflecting the findings of the previous analysis steps as regards what topics and areas of action have to be addressed to strengthen the competitiveness of CCIs and how the sector could be successfully supported.

OBJECTIVE	Boosting the competitiveness of CCIs & create an optimal EU framework for it
WHAT?	Different areas of action for boosting the competitiveness and to contribute to a healthy and sustainable creative eco-system.
HOW?	Types of instruments, strategic orientation/policy, CCI-specific or generic instruments
WHO?	Level of intervention, institutional setting: EU, national, regional level

Contribution to European competitiveness

The areas of action identified throughout the analysis contribute to the design of a **possible agenda for the CCIs** at EU level. These areas can be considered as milestones that would ensure **good framework conditions to foster the competitiveness of CCIs**. All in all, societal change through the recognition of CCIs' importance and political backing are seen as key for improving the competitiveness of the CCIs.

The results of the sector analysis confirmed the **strong economic position** of CCIs and their resilience to the economic crisis. Indicators for employment, turnover and added-value indeed showed a positive development in the last years. CCIs can be considered as a very **dynamic sector** and the expectations are high that this development will remain positive in the next years as companies and organisations of the CCIs initiate new forms of work (i.e. use of collaborative and co-creative working methods), incorporate digitalisation by the application and the use of new technologies with a strong service orientation, operate in a dynamic innovation environment and initiate spill over and transversal innovation effects in a variety of economic industries and societal levels.

All in all, it clearly appears that **topics shaping the current and future economic system** of the next twenty years, like the use of **technologies/digitalisation**, new processes of **innovation** (i.e. open innovation, open access), new approach to markets and consumers (i.e. prosumer, user-driven), dynamic form of **entrepreneurship** (i.e. start-ups, new business models), the **share of resources** (i.e. collaborative partnerships and sharing economy business models) involve CCIs to a high degree and are **inherent to the entrepreneurial reality** of an important share of **CCI businesses**. CCIs contributed in the past to the emergence of these trends and developments and continue to play an active role in this respect.

Therefore, the CCIs and its products and services should be clearly considered as an **important contribution to the competitiveness** of the European Union's economy and should be addressed as **target sector**. Furthermore, the contribution of the sector is not only restricted to economic development, innovation and com-

petitiveness aspects, but includes as well a contribution to the cultural cohesion of the European Union and therefore also requires a European cultural policy framework. CCI enterprises are very heterogenic in terms of competitiveness, profit making, etc. When assessing the (economic) importance of CCIs, not only traditional quantitative economic indicators should therefore be taken into account but their value should be measured also by indicators beyond GDP, such as social and cultural values, community building, well-being, etc.

When it comes to **strengthening the CCIs**, the characteristics of the sector as described in chapters 2 and 3 show a **dominance of SMEs** throughout all sub-sectors of the CCIs. In this context, it has to be noted that the sector faces common challenges related to company size. In particular, the share of One-Person-Enterprises (OPE) is remarkably high within the CCIs and constitutes a very important characteristic of the sector which has impacts on key factors of competitiveness (see chapter 3.1.). The nature of the services and products generated by CCI companies (in terms of their intangible nature) combined with their small firm sizes make it necessary to support the sector not only by a horizontal approach (i.e. through generic SME support instruments), but also with a tailor-made funding portfolio.

Multi-dimensional approach

The study steps conducted helped identifying the type of approach that policy makers would need to take to boost CCI competitiveness for growth and jobs. CCI businesses are strongly embedded in creative eco-systems whose potential is maximised when a systemic and multi-field approach is adopted. Boosting the competitiveness of CCIs and creating an optimal framework for their development therefore require a **multi-dimensional, cross-sectoral approach**. Yet, in order to boost the competitiveness of CCIs on a large scale, it is necessary to keep in mind the **multiple interlinkages of the CCI** sector with e.g. innovation, regional development, business development, cultural activities, quality of life and skills development.

In order to enable CCIs to exploit their full potential, an **alignment of** different policy fields of the EC (regional, agriculture, innovation, research, education, digital single market) is required. In this context, the EC has to consider and/or address CCIs in different **thematic areas**, e.g. **smart city, circular economy, social innovation, regional development, and innovation in the agricultural context**. In addition, all topics concerning entrepreneurship, start-ups, open innovation are also strongly linked to CCIs as they correspond to elements of the entrepreneurial ecosystem in which CCI businesses are embedded.

Framework conditions and levels of action

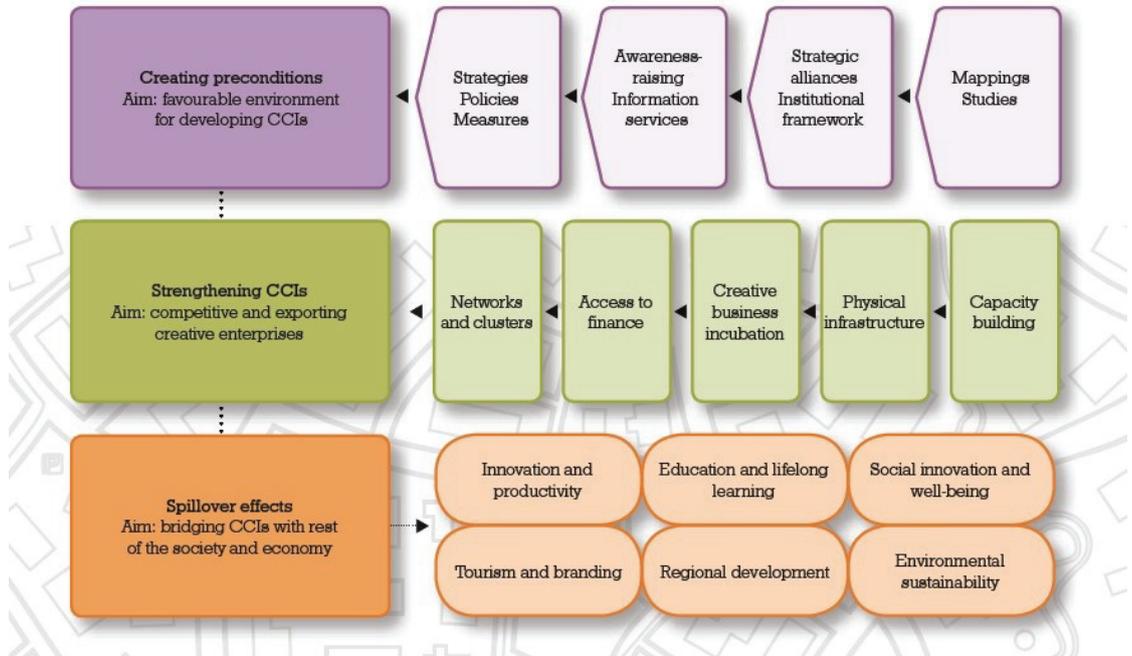
In 2012, an OMC working group of EU Member States experts on CCIs drafted a report on how to support CCIs adequately in a regional context¹⁹⁸. The findings and policy recommendations included in the report are still valid in the context of the results of this study. In their policy recommendations, the experts' working group identified the following "levels of action", which seem to be applicable both at national and EU levels. These are:

- The creation of favourable conditions for the establishment of cultural and creative industries;
- Strengthening the cultural and creative industries with the objective of competitiveness and exporting of creative businesses;
- The effects (so-called spillover-effects) targeted at incorporating the cultural and creative industries to the wider society and economy.

The levels of action are further detailed and explained in the graph below.

¹⁹⁸ http://ec.europa.eu/culture/library/reports/policy-handbook_en.pdf

Graph 22 Levels of action



Source: European Commission, 2012b

As identified in the SWOT analysis, **favourable conditions for the development of CCIs** require not only the existence of a creative milieu, but also awareness of the products and services of CCIs, their forms of work and collaboration and value creation. Therefore, awareness of the **value of CCIs as key drivers of innovation and growth** as well as **awareness** in the overall economy and the public administration of the **added value of creative services** appears to be necessary.

Yet, it has to be highlighted that there is still a strong need for information and up-to-date **evidence on the sector** in relation to the definition of the sector, the needs of specific sub-sectors and regular and comparable data production. What is important to consider is the cross-sectoral dimension of CCIs that make it necessary to use **different policy fields** for fostering the competitiveness of this sector as mentioned previously: innovation policy, regional policy, cultural policy, industrial policy.

The broad understanding of CCIs in the context of this study makes it necessary to mention the **different needs** between the core CCI subsectors and the other sectors. Especially the development of the core industries, fashion industry and high-end industries show quite different trends (see chapter 2). Some subsectors, mainly the fashion industry, related to manufacture and retail, would need different sectoral types of support compared to, for instance, the software & games industries

or the design & arts industries because of the nature of their activities (either services or manufacture).

Some sub-sectors may need direct support to **build up capacity within the businesses** while for other sub-sectors it would be more effective to **promote the demand side**. Because of the high share of OPEs within the sector, a continuous empowering of CCI businesses and professionalization of the actors of the sector is recommendable.

Spillover effects

The importance of spillover effects has been acknowledged by the European Commission which encourages the development of business support instruments fostering **cross-sectoral fertilisation** – e. g. with innovation vouchers (*European Commission*, 2012b). It aims at enabling sustainable **spillover effects** in a business perspective: it is about making stronger cross-sectoral connections between businesses, clusters, labs, incubators, universities, public administration.

The spillover effects also include the **social impact of CCIs** (i.e. social innovation, environment, refugees). CCIs can be considered as producer of cultural value through creative services and cultural goods. Activities in the context of CCIs therefore have a **societal meaning** and can contribute to finding good solutions for societal challenges of the future, e.g. related to digitalisation, sustainability, societal cohesion, health, or smart city. These are topics in which the CCI sector can contribute actively with their (innovative) services and products. CCIs should therefore be addressed in the policy strategies and instruments concerning these topics.

The need for further research into **spillover effects** was addressed by a collaborative research project¹⁹⁹ about the evidence and causality of spillover effects in Europe. The study identified three areas where evidence for spillovers is particularly strong and/or where there is an apparent need for further research:

- Innovation via knowledge spillovers.
- Health and wellbeing via knowledge and industry spillovers.
- Creative milieu and place branding/positioning via network, knowledge and industry spillovers. (see *Tom Fleming Creative Consultancy*, 2015)

¹⁹⁹ Study by Tom Fleming Creative Consultancy commissioned and funded by an international consortium consisting of Arts Council England (ACE), Arts Council of Ireland, European centre for creative economy (ecce), European Cultural Foundation, European Creative Business Network and Creative England. These were joined in the research project by the European Creative Business Network and further partners.

Special calls for supporting intended spillover/crossover activities as well as funding of research for measuring spillover-effects should be considered. Spillover effects between CCIs and tourism are for example already examined by the OECD²⁰⁰.

The abovementioned topics and levels of action are not quite “new” – some are already extensively addressed in different studies, some in policy activities and initiatives of the European Commission. Nevertheless, it is still important to connect them all in a “**big picture**” and to consider the Creative Economy as a whole, in order to see **the interrelations between all these factors**, their contribution to the development of a strong competitive environment as well as the value and contribution of the non-economic dimension of the CCIs.

6.2. *Specific recommendations*

In this section we mainly focus on **areas of action** (what has to be addressed?) and corresponding **recommendations**. Actions in these areas contribute to maintain and to foster the competitiveness of CCIs. These areas of action have been identified from the extensive findings of the different analysis steps, including the feedback from various stakeholders gained in the context of the workshops.

Creation of a healthy financial ecosystem

The overall objective is to create a healthy financial ecosystem that enables CCI business to have **access to finance** without any barriers. Small and medium-sized enterprises often face tremendous difficulties in raising the financial resources they need to promote growth and innovation. Access to financing poses an obstacle to entrepreneurial activity and performance, particularly for the CCIs, where access to loan capital is often hindered by **numerous structural factors**: the small size of enterprises, insecurity regarding the demand for their products and services, the complexity of their business plans and a lack of tangible assets (see chapter 3.3.1.). Furthermore, the banking sector does not have the necessary know-how to analyse business models in the cultural and creative industries and fails to assess the intangible assets of these sectors correctly. For this purpose, a **framework for the valuation of creative content** and agreed standards for valuations of intangible assets would be necessary. Intangible assets are the core assets of CCI businesses but cannot be properly captured in accounting/controlling instruments.

²⁰⁰ OECD report (2014): *Tourism and the Creative Economy* <http://www.oecd.org/publications/tourism-and-the-creative-economy-9789264207875-en.htm>

Therefore, efforts towards an establishment of a harmonized EU framework for the valuation of intangible assets would be welcome.

Raising awareness of banks and other financial intermediaries and providing them with information about the business characteristics of CCIs is a key measure, like for instance the activities of the Creative.NRW, Flanders District of Creativity, Cap Digital, Lodz Media Cluster. This is also already planned on EU level in the context of the Creative Europe programme and the related guarantee scheme. These capacity building measures could be expanded to other programmes like COSME or at least a transfer of know-how and learnings must be ensured. The synergies between the different funds and financial instruments on EU level should be actively exploited. This involves top level political engagement and awareness on EU level towards this objective. It also includes making aware the European Investment Advisory Hub and the European Investment Bank of the specificities of CCIs. Also, the measures and good practices taken on EU level concerning capacity building of financial intermediaries should be disseminated at Member State level. The EC can play the role of an “enabler” for a healthy financial ecosystem through raising awareness of financial intermediaries and Member States.

Adequate funding opportunities that consider the specificities of CCI businesses need to be offered. These could take the form of business support and innovative funding schemes. Examples are listed in the working group of EU Member States experts for the report on “Access to finance for the cultural and creative sectors” (2015) and the case studies from this study: e.g. special CCI funds in North Rhine-Westphalia/Germany, Wallonia and Finland, voucher system in Austria, repayable contributions in Catalonia/Spain, participative loans, activities of Create UK - that could possibly be scaled up at EU level.

Alternative financial sources (e.g. crowdfunding) become increasingly attractive and relevant for CCI businesses. Furthermore, there should be incentives to match grants with other types of finance. The advantages of matching of crowdfunding with other “traditional” forms of funding (grants, loans, equity) are to be considered.

In general, generic national, regional and European SME funding should be better **accessible for CCIs**, by for instance increasing accessibility of funding for **micro-enterprises/self-employed** and/or enable easy access to guarantee mechanisms. CCI businesses must be aware of and be enabled to participate in SME funding sources (e.g. through business associations, funding institutions): there should be a proactive communication and adequate information about the funding opportunities so that CCI businesses feel addressed.

An important topic in an innovative entrepreneurial context is an adequate availability and access to **venture capital (VC)** and **risk capital funding**. A possible VC

fund-of-funds investing in European venture capital²⁰¹ should therefore also consider the CCIs. Here, a facilitation of contacts between investors, business angels and CCI businesses would be useful. A friendly taxation by allowing amortization when investing in risk capital and/or alternative financing instruments could encourage these investments.

Stimulating and transferring innovation initiated by CCIs

The inherent innovation potential and capacity of CCI businesses and activities should be better recognised. Innovation processes constitute a strength of the CCI sector (see chapter 3.1.5., 3.2.2.). The co-creative and collaborative potential and capacity of CCIs can act as innovation booster. This can be further supported through a number of measures including:

- Enabling and valuation of all types of innovation - **broader understanding of innovation**: technological/non-technological, radical/incremental, service innovation;
- Promoting and expanding **open innovation and cross-sector innovation** to allow CCIs to be better integrated in innovation processes;
- **Adequate and non-discriminatory valorisation** of both technological and non-technological innovation, especially in criteria of funding programmes;
- Awareness of **innovative practices** widely used in CCIs (networking, collaborative work methods and activities, co-design, etc.);
- Valuation of the cultural/**creative process** in an innovation context.

These aspects of innovation activities of CCIs should be considered in the context of funding programmes aiming at fostering innovation and research but also in those related to expanding to new markets, international cooperation, etc.

CCIs can be innovative themselves or contribute to innovation activities in other businesses and organisations. Therefore, funding of so called “**CCI based innovation projects**”, where CCIs operate as important know-how resource and partner is also relevant (e.g. creative voucher, aws impulse programme in Austria).

A specificity of CCIs is their ability to **innovate through networks** through their cooperative behaviour. **Creative hubs, innovation labs, FabLabs** in the context of the Makers movement are very relevant physical places for CCIs, especially in a regional context, to generate innovation and value through cooperation and networking between the actors involved in these places. These further promote spillovers in the region they are located in. Start-ups, incubator and acceleration pro-

²⁰¹ As proposed in the Action Plan on Building a Capital Markets Union (European Commission, 2015c).

grammes as described in section 4.3.4. (“Cap Digital” or “ADDICT”) are effective measures for CCIs.

Innovations in the context of CCIs are not only related to new/better products, services, or processes but also to **new business models**: CCIs enter the market differently, define their resources, clients, etc. with new paradigms. Innovative business models are therefore important innovation vehicles and should also be considered as funding objectives/criteria.

As mentioned before, CCI activities and the innovation process they apply can be used to find **new solutions to societal challenges** and can generate effective know-how for research topics like the “circular economy”, improvement of resource efficiency, future urban living or material research. CCIs and especially design have a user-driven perspective.

Open science, open access, as well as **Responsible Research and Innovation** (RRI) are concepts and methods the CCIs are familiar with. In that sense, Horizon 2020 is a very relevant programme for CCIs. Like for the majority of innovative SMEs, support and funding for the **transition phase between prototype and commercial phase** is often missing, especially on national level, and could be tackled on EU level.

Nevertheless, it must be considered that radical innovation or disruptive technologies are only a small part of the CCI innovation activities. Therefore, special calls or the SME instrument of Horizon 2020 could further on focus on a **broader innovation understanding** (i.e. service innovation, user-driven innovation). Even if innovation and going forward are important steps for being competitive, traditional markets like the fashion industry shouldn’t be “destroyed” with an innovation paradigm. An **incremental innovation path** should also be possible.

When referring to **creativity** as a mindset, it becomes clear that it is a mental toolbox for how we go about solving problems and finding new solutions. Through their **approach and perspectives, creative people**, e.g. designers, can help finding new applications of existing technologies, bring in new consumer and market perspectives and therefore create innovate products and services.

It is important to include creative partners in research and innovation projects from the start. Funding programmes or calls for **research combined with art** can also help to exploit the innovation potential of CCIs. Generally speaking, **cross-sectoral collaboration** is a fertile soil for generating innovation and growth within the involved organisations and in the wider regional context (see also the activities of ADDICT, CREATIVE REGION Linz and Upper Austria, Flanders district of creativity, Create Wallonia). The combination of creativity and technology for instance reveals a big potential to trigger innovation and growth as wells as other **crossover effects** through cross-sectoral collaboration. As shown by the example of Wallonia,

CCIs can also become a transversal topic driving transformation of the entire economy by fostering collaboration between CCIs and other industries.

Clear framework for IPR (Intellectual property rights)

An adequate use/enforcement of IPR enabling the creation of value within the business appears to be key for CCI development. For this purpose, **agreed frameworks** for IPR enforcement, taxation and IPR valuation are necessary. It is still a challenge to adopt and create sustainable IP and internet-based business models.

The awareness and information level of CCI businesses concerning IPR, exploitation, protection, etc. must be ensured and raised as they often lack knowledge and resources to protect and enforce their IP. National **patent offices** as well as the European patent office could be further involved and act as **sounding partner** for CCI businesses when it comes to finding adequate IPR protection and enforcement mechanisms. There could be more advice being offered e.g. through the **IPR helpdesks**.

In general, combatting **counterfeiting** and **piracy, including in the digital environment**, is focal as it helps to reduce considerable revenue losses for CCIs. A Memorandum of Understanding ("MoU") was concluded in 2011 under the auspices of the Commission and brought together major internet platforms and right holders to establish a **code of practice** in the fight against the sale of counterfeit goods over the internet and to enhance collaboration between the signatories. A new memorandum was signed on 21 June 2016²⁰².

Ensuring the right balance between a wider access to cultural content on the one hand and the preservation of the cycle of creation and investment on the other is essential in order to achieve a **Digital Single Market**. At the same time, the fair sharing of the value generated by some new forms of online content distribution remains a challenge. The Commission has explicitly acknowledged the problems related to the fair remuneration of cultural creators, both in the 2015 December Communication on copyright (*European Commission, 2015b*), and the 2016 May Communication on platforms (*European Commission, 2016a*).

A clear **framework for valuation of intangible assets** is necessary to allow a better financial exploitation and proper monetisation of IPR based business models (see e.g. chapter 4.2.3. new programme in Finland). A balance must be given between the protection of IPR and **new monetisation models** based on democratisation and open access (see also chapter 3.3.3.).

²⁰² http://europa.eu/rapid/press-release_MEX-16-2282_en.htm

Optimal skills supply

One of the areas where policy support is crucial for CCI competitiveness is capacity building in education and vocational training settings. These would allow optimal education and training of creative workers and entrepreneurs as well as proper recognition of their skills.

As CCIs require a **highly specialised work force** with competencies ranging from entrepreneurship, technical and traditional skills and crafts to digital skills, a major requirement is to invest in skills and education in order to provide the human resources needed. **Creativity** needs to be promoted as a core skill already at an **early stage of the education** system. Also, a stronger focus should be laid on the development of **e-skills** from an early age on. As regards traditional skills and know-how, often linked to European heritage, it is necessary to preserve them and promote them in particular amongst young people.

To promote creative skills **stronger partnerships** between cultural and creative sectors, social partners and education and training providers should be aimed at. Also an **exchange between different academic disciplines** (e.g. design, technology, business administration) can help to develop transversal formations and curricula for the right mix of skills (see e.g. activities of the Skåne region)

In order to promote **capacity building and creative entrepreneurship** initiatives should also focus on partnerships between art / design schools or universities and businesses: CCI entrepreneurs are at the crossroads of creativity and entrepreneurship and need skills in both disciplines. **Incubator units** cooperating with art schools as well as **mentoring programmes** (e.g. acceleration programmes for start-ups) can be effective in this regard. Also **training programmes for entrepreneurial basics** should be provided e. g. in art schools.

Lack of **business skills** has been identified as one major challenge for CCIs. **Coaching and consulting services** for business development, innovation strategies, business intelligence as well as competencies to understand and mobilise financing opportunities should therefore be available and provided to CCI entrepreneurs (see e.g. the activities of CREATIVE REGION Linz and Upper Austria, Skåne region, Creative.NRW). Also the need for **continuous (lifelong) learning** is of special importance for the industry to be able to adapt to a fast changing environment (e. g. in the areas of state-of-the art ICT, media literacy or knowledge about IPR mechanisms and legislation).

Another goal is to facilitate and enhance the **mobility of creative workers** to address shortages of employees and also to allow CCIs to expand their markets and grow in Europe and internationally.

In order to be efficiently used in CCIs, relevant **skills** (scope, professional value) should be **fully recognised** in education systems and qualification frameworks.

The CCI sector is characterised by **irregular forms of employment** (part-time, temporary forms of employment, etc.) as well as in some areas also by a general **shortage of employees**. To address shortages or mismatches, **job-sharing platforms** and other targeted measures such as “**open days**” and “**job datings**”, where companies and students and other potential employees are brought together, can be effective measures (see chapter 4.3, case study of Cap Digital).

On the EU level, more information about the Knowledge Alliances²⁰³ within **Erasmus +** and **Erasmus for Young entrepreneurs** should be distributed to raise awareness and increase participation of CCI entrepreneurs.

Concerning the **mobility programmes for artists**, it should be checked if they are available or can be replicated for the CCIs. Some good practices have already been identified in the OMC report on artists' mobility (*Open Method of Coordination Working Group*, 2012).

Entrepreneurs and employees in CCIs often face precarious employment conditions. Therefore, the issue of **social regimes/employment conditions** needs to be addressed on the level of the Member States.

Cooperative structures and cross-sectoral collaboration

The objective is to raise the awareness concerning the “indirect” value creation and innovation through **spillover-effects and cooperative behaviour of CCIs**.

In this context, important steps are to improve cooperation and joint efforts towards the **removal of silos across CCIs sub-segments and also across other branches**. CCIs have a large share of B2B activities and as they are often small there is a cooperative and collaborative pattern of work in their project-based entrepreneurial reality. In the cooperative way of work lies the **job creation potential of OPE**.

Big data applications are necessary for strengthening **partnerships between businesses and universities/research institutions**, notably for the digital transformation of industry and services. In this context the possibilities of knowledge alliances between higher education and businesses in the framework of Erasmus+ should be exploited²⁰⁴.

²⁰³ http://eacea.ec.europa.eu/home/erasmus-plus/actions/key-action-2-cooperation-for-innovation-and-exchange-good-practices/knowledge_en

²⁰⁴ http://eacea.ec.europa.eu/home/erasmus-plus/actions/key-action-2-cooperation-for-innovation-and-exchange-good-practices/knowledge_en

On a local level, further support of **creative hubs** and other types of co-working spaces as well as **regional and local networks of initiatives**, business associations, and multi-stakeholder forums (e.g. academia, business, politics) are highly recommended (see activities of e.g. ADDICT, Media Evolution, Lodz Media Cluster). This contributes to generate **effective regional creative ecosystems**. “Open ecosystems”, including creativity, culture, technology, research, innovation, can enhance cooperation with other regions with similar structures.

The creation of virtual and real platforms with a clear focus on **community building** helps fostering **cross-sectoral collaboration**. The digital environment offers an opportunity to extend cooperation through new ICT tools and collaborative ways of work. Open business models, open data/open access, business models applying principles of the sharing economy should not be considered as threat for the current economic system. Cooperative and collaborative structures can enhance an adequate use of (limited) resources.

Cooperation settings to associate small and big industry players, horizontally and vertically, should also be addressed. In a regional context, it is necessary to associate small companies and bigger regional players to build a sustainable and dynamic economic structure. Cluster organisations are important vehicles in this context. The majority of the initiatives analysed in chapter 4 include this area of action.

The **European Business Network** and the **European Enterprise Network** can facilitate cooperation activities (cross-sectoral and inter-industry; horizontal as well as vertical) on a Member State and regional level, as well as the new **S3 platform on industry modernisation**.

Internationalisation and exports as key features of successful CCIs

As described in chapter 3.1.6, CCIs face numerous **challenges in terms of internationalisation and international trade** (predominance of very small companies, weaknesses of intermediaries, issues related to the management of rights, limited access to export promotion financing, lack of information on international trends and target markets, lack of appropriate and coordinated export support measures, lack of extensive international networks). With regard to exports to third countries, numerous tariff and non-tariff barriers hamper the presence of European CCIs in third-country markets.

In the view of many national and regional stakeholders of CCI support strategies and measures, the EU should focus on supporting **internationalisation activities**, meaning primarily cross-Member States cooperation, but also to some extent cooperation with third countries, in order to provide useful **support complementary to national and regional measures**.

Heterogeneous taxation and social regimes within the EU hamper the development of mobility and exporting of CCI services & products across Member States. Measures helping CCIs to export include further **harmonisation of IPR frameworks** as well as **tax treaties** to facilitate internationalisation of creative industries (as e. g. for performing artists giving shows in different countries encounter problems with different tax laws, etc.).

Business support mechanisms to access new markets have been compiled by the Member States expert group²⁰⁵ (2014). For instance, these include:

- **exchange and mentoring programmes** on international level
- **Internationalisation platform** (e.g. Top Sector approach in the Netherlands in chapter 4.2.2 with an internationalisation platform which is a strategic fair programme with a joint branding via: “Creative #olland”)
 - o organisation of **fairs, roadshows** - collective representation in international fairs
 - o Support for **international cooperation**: industry-to-industry dialogue, scouting missions and market intelligence
- **Network for young creative entrepreneurs** from the EU and third countries to facilitate internationalisation²⁰⁶.

It could be interesting to consider **CCIs as part of foreign policy**. The recent Communication of June 2016 highlights concrete measures to promote the CCIs in the global context (*European Commission*, 2016b). For example, as part of the Gateway programmes launched in 2016, the Commission can support creative European SMEs in South Korea and South-East Asia through business missions and support services, including coaching, as well as logistical and financial support.

Furthermore, a specialised agency or platform on EU level, as it exists on national level, could support internationalisation efforts of CCI businesses, in order to reach new audiences, particularly among the young, promote the mobility of creators and their works, and enlarge markets.

Taxation frameworks

Taxation topics like VAT and taxation breaks for small players are the Member States’ responsibility. Nevertheless it could be important to have exchanges of good practice between Member States to know which Member States have successful tax incentives/policies related to small players.

²⁰⁵ http://ec.europa.eu/culture/library/reports/report-cultural-creative_en.pdf

²⁰⁶ See also the ongoing project: <http://www.creativetracks.eu/>

Generally speaking, it appears that a new **employment framework**, incl. taxation and social regime, would be needed to adapt to new work environments (e.g. considering the high share of self-employed persons, new types of entrepreneurs, globalisation and mobility requirements).

Conclusive remarks

The specific recommendations discussed in this section show that a number of **policy objectives** could be pursued at EU level. Especially the topics of **innovation, entrepreneurship** aspects including the topic of **new business models** (with the integration of high-value content and communication technologies) are very relevant for the future economic development and sustainability of CCIs. Digitalisation is seen as an opportunity for CCIs as there is less risk of automatization than, for instance, in the manufacturing sector. Knowledge and technology play a crucial role for CCIs, where technology often serves as infrastructure/enabler and CCIs fill and adapt the technology with „meaning“/content. The related threats identified in chapters 3.2. and 3.3. should be tackled though.

CCIs are a dynamic sector with a high capacity of resilience and adjustment, as well as overall strong financial performance. But also the **contribution of the activities of CCIs** beyond the economy and GDP, namely in terms of **cultural value and societal relevance** should become more visible and tangible. This position in the economic as well as in the societal system (including the cultural dimension) through their specific products and services is quite special and unique. Especially in phases of recession and societal conflicts, meaningful and creative products and services can have a positive effect on societal challenges.

While some of the measures identified in this report could already be put in place and would not require any major amendments to existing legislation or programmes, some actions may require an in-depth assessment of inputs, outputs, outcomes and impacts across CCI segments. Indicators for impact assessment (output, outcome indicators) can partly be collected during the lifetime of the proposed measures / initiatives. However, some impacts (impact indicators) will emerge and be visible only after some time. All in all, the projected impact of the abovementioned measures is the creation of a favourable ecosystem for the CCIs so that they continue to thrive and increase their competitiveness, while at the same time keeping their innovativeness in a changing landscape where technological developments and digitalisation represent opportunities for new business models to develop.

6.3. Possible instruments and implementation aspects

The case studies show the broad range of **possible actions/measures** that can be initiated to foster the sector and also illustrate how the different areas of action can be tackled with an adequate bundle of measures. Good and effective programmes are already implemented on national and regional levels. A lot of different measures have been identified on regional level, as the regional added value of CCIs is acknowledged, e.g. creating a sustainable and good living environment, activate economic activities on regional level, raising the attractiveness of the region and cities, enabling a smooth restructuring, strengthening local communities and ecosystems.

Different kinds of instruments can be used and combined depending on the policy objectives they address. There is no one fit all-solution. The **support instruments** can be CCI-specific (tailor-made) or can be “generic” support instruments in which CCI businesses fit in (e.g. business support for SMEs). Furthermore, the instrument can be used in a demand-driven perspective in order to activate the demand for creative services to empower the sector.

The following graph gives an overview of common types of instruments and the topics they often address/cover:

Graph 23 Overview types of support instruments and related topics



Source: Austrian Institute for SME Research

A first analysis of synergies, complementarities, and coherence of the analysed regional and national initiatives/measures with EU policies and actions has been conducted (see chapter 5.3.). The main findings show **coherence with policy objectives** in place, but a requirement for more **connection between the EU funding programmes** to produce a better impact and to be able to address the whole heterogeneous target group of CCIs.

Further evaluation of the EU funding programmes would be useful applying a set of dedicated evaluation methods in order to investigate the detailed CCI-relevance of different strands and programmes. This would make it possible to further shape the instruments and programmes and to see to what extent generic SMEs instruments are effective enough for CCIs (**horizontal approach**) and where tailor-made instruments must be implemented (**sector-specific approach**). The analyses in the present study show clearly the need for a **mix of both approaches** with strong complementarities between them as to design an intelligent intertwined support system and to contribute to good framework conditions.

The different national and regional instruments/support programmes analysed differ in various aspects but they also have some **success factors** in common as regards “how to support CCIs adequately and effectively?”:

- Using an **evidence-based approach**
- Clear **definition of sector** and target group
- Strong role for **intermediaries**
- **Broad understanding of innovation**
- **Continuous learning** and adaptation in the strategy
- **Cooperation and network structure** (e.g. between SMEs and large companies, broad involvement of actors, public-private-partnerships, cross-sectoral approach)
- **Policy and governance aspects** including e.g. political commitment, clear agenda setting, cooperation and alignment of stakeholders, broad institutional boards, embeddedness in overarching strategies)

These positive factors should be considered when implementing initiatives/measures on EU level. A **clear policy agenda for CCIs on EU level** gives strong political backing on Member States and regional level to initiate activities for CCI. All in all, it is recommended to strongly **pursue efforts to create optimal framework conditions in Europe for the Creative and Cultural industries**, in order to further unlock the potential of this sector and strengthen its competitiveness.

7. ANNEX

7.1. Definition of CCIs and priority segments (list of NACE Rev. 2 codes)

Table 27 Cultural and creative industries (CCIs); fashion and high end industries

Cultural and creative industries (CCIs)
<p>Advertising:</p> <p>M 70.21 Public relations and communication services</p> <p>M 73.11 Advertising agencies</p> <p>M 73.12 Media representation</p>
<p>Architecture:</p> <p>M 71.11 Architectural activities</p>
<p>Archives, libraries, cultural heritage:</p> <p>R 91.01 Library and archives activities</p> <p>R 91.02 Museums activities</p> <p>R 91.03 Operation of historical sites and buildings and similar visitor attractions</p> <p>R 93.21 Activities of amusement parks and theme parks</p> <p>R 93.29 Other amusement and recreation activities</p>
<p>Books & press:</p> <p>C 18.11 Printing of newspapers</p> <p>C 18.12 Other printing</p> <p>C 18.13 Pre-press and pre-media services</p> <p>C 18.20 Reproduction of recorded media</p> <p>G 47.61 Retail sale of books in specialised stores</p> <p>G 47.62 Retail sale of newspapers and stationery in specialised stores</p> <p>G 47.79 Retail sale of second-hand goods in stores</p> <p>J 58.11 Book publishing</p> <p>J 58.13 Publishing of newspapers</p> <p>J 58.14 Publishing of journals and periodicals</p> <p>J 63.91 News agency activities</p> <p>M 74.30 Translation and interpretation activities</p>
<p>Cultural education:</p> <p>P 85.52 Cultural education</p>
<p>Design & visual arts:</p> <p>M 74.10 Specialised design activities</p> <p>M 74.20 Photographic activities</p>

Cultural and creative industries (CCIs)
<p>Music: C 32.20 Manufacture of musical instruments G 47.63 Retail sale of music and video recordings in specialised stores J 59.20 Sound recording and music publishing activities</p>
<p>Performing arts & artistic creation: R 90.01 Performing arts R 90.02 Support activities to performing arts R 90.03 Artistic creation R 90.04 Operation of arts facilities</p>
<p>Radio & TV: J 60.10 Radio broadcasting J 60.20 Television programming and broadcasting activities</p>
<p>Software & games: J 58.21 Publishing of computer games J 58.29 Other software publishing J 62.01 Computer programming activities</p>
<p>Video & film: J 59.11 Motion picture, video & television programme production activities J 59.12 Motion picture, video and television programme post-production activities J 59.13 Motion picture, video and television programme distribution activities J 59.14 Motion picture projection activities N 77.22 Renting of video tapes and disk</p>

Additional sectors: Fashion and high-end industries

Fashion:

- C 13.20 Weaving of textiles
- C 13.30 Finishing of textiles
- C 14.11 Manufacture of leather clothes
- C 14.12 Manufacture of workwear
- C 14.13 Manufacture of other outerwear
- C 14.14 Manufacture of underwear
- C 14.19 Manufacture of other wearing apparel and accessories
- C 14.20 Manufacture of articles of fur
- C 14.31 Manufacture of knitted and crocheted hosiery
- C 14.39 Manufacture of other knitted and crocheted apparel
- C 15.11 Tanning and dressing of leather; dressing and dyeing of fur
- C 15.12 Manufacture of luggage, handbags and the like, saddlery and harness
- C 15.20 Manufacture of footwear
- C 32.12 Manufacture of jewellery and related articles
- C 32.13 Manufacture of imitation jewellery and related articles
- G 46.16 Agents involved in the sale of textiles, clothing, fur, footwear and leather goods
- G 46.42 Wholesale of clothing and footwear
- G 46.48 Wholesale of watches and jewellery
- G 47.71 Retail sale of clothing in specialised stores
- G 47.72 Retail sale of footwear and leather goods in specialised stores
- G 47.77 Retail sale of watches and jewellery in specialised stores

High-end industries:

- High-end fashion
- Jewellery and watches
- Accessories
- Leather goods
- Perfumes and cosmetics
- Furniture and household appliances
- Cars
- Boats
- Gastronomy
- Hotels and leisure
- Retail and auction houses
- Publishing

7.2. Sector fiches

7.2.1. Advertising

Structural data

	Data ¹ 2013	Percentage of the core CCl's ²	Change 2008 - 2013
Enterprises	303,400	13.3 %	19.4 %
Persons employed	1,057,500	14.4 %	2.0 %
Turnover in € million	152,700	16.9 %	-10.3 %
Value added in € million	50,500	13.4 %	1.4 %

¹ rounded data

² excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	26 %
Sales profitability	5.1 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.2. Architecture

Structural data

	Data ¹ 2013	Percentage of the core CCIs ²	Change 2008 - 2013
Enterprises	303,500	13.3 %	-1.2 %
Persons employed	579,400	7.9 %	-9.1 %
Turnover in € million	38,500	4.3 %	-20.1 %
Value added in € million	22,200	5.9 %	-18.4 %

¹ rounded data

² excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	29 %
Sales profitability	7.0 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.3. Archives, libraries, cultural heritage

Structural data

	Data ¹ 2013	Percentage of the core CCIs ²	Change 2008 - 2013
Enterprises	115,000	5.0 %	11.7 %
Persons employed	560,000	7.6 %	9.8 %
Turnover in € million	55,000	6.1 %	18.3 %
Value added in € million	22,000	5.8 %	18.3 %

¹ rounded data

² excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	30 %
Sales profitability	7.8 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.4. Books & press

Structural data

	Data ¹ 2013	Percentage of the core CCIs ²	Change 2008 - 2013
Enterprises	446,300	19.6 %	0.7 %
Persons employed	1,968,900	26.8 %	-14.2 %
Turnover in € million	232,700	25.7 %	-17.0 %
Value added in € million	83,800	22.3 %	-14.9 %

¹ rounded data

² excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	31 %
Sales profitability	0.8 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.5. Cultural education

Structural data¹

	Data ² 2013	Percentage of the core CCIs ³
Enterprises	30,000	1.3 %
Persons employed	90,000	1.2 %
Turnover in € million	5,400	0.6 %
Value added in € million	2,700	0.7 %

¹ Due to data restrictions for the year 2008 it is not possible to show the development for this sector.

² rounded data

³ excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	28 %
Sales profitability	2.5 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.6. Design & visual arts

Structural data

	Data ¹ 2013	Percentage of the core CCIs ²	Change 2008 - 2013
Enterprises	275,800	12.1 %	28.0 %
Persons employed	390,900	5.3 %	6.5 %
Turnover in € million	29,700	3.3 %	6.1 %
Value added in € million	14,000	3.7 %	10.3 %

¹ rounded data

² excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	37 %
Sales profitability	5.9 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.7. Music

Structural data

	Data ¹ 2013	Percentage of the core CCIs ²	Change 2008 - 2013
Enterprises	34,300	1.5 %	10.8 %
Persons employed	71,900	1.0 %	-19.3 %
Turnover in € million	11,000	1.2 %	-9.7 %
Value added in € million	4,800	1.3 %	37.9 %

¹ rounded data² excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	26 %
Sales profitability	8.4 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.8. Performing arts & artistic creation

Structural data

	Data ¹ 2013	Percentage of the core CCI ²	Change 2008 - 2013
Enterprises	390,000	17.1 %	23.8 %
Persons employed	660,000	9.0 %	10.0 %
Turnover in € million	70,000	7.7 %	11.1 %
Value added in € million	35,000	9.3 %	11.1 %

¹ rounded data

² excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	26 %
Sales profitability	0.7 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.9. Radio & TV

Structural data

	Data ¹ 2013	Percentage of the core CCIs ²	Change 2008 - 2013
Enterprises	11,700	0.5 %	-11.5 %
Persons employed	253,300	3.4 %	-6.0 %
Turnover in € million	65,600	7.3 %	-1.3 %
Value added in € million	26,900	7.2 %	3.7 %

¹ rounded data² excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	32 %
Sales profitability	8.3 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.10. Software & games

Structural data

	Data ¹ 2013	Percentage of the core CCIs ²	Change 2008 - 2013
Enterprises	262,600	11.5 %	42.4 %
Persons employed	1,331,000	18.1 %	17.8 %
Turnover in € million	181,400	20.1 %	19.3 %
Value added in € million	92,400	24.6 %	28.1 %

¹ rounded data

² excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	36 %
Sales profitability	10.3 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.11. Video & film

Structural data

	Data ¹ 2013	Percentage of the core CCIs ²	Change 2008 - 2013
Enterprises	109,800	4.8 %	16.2 %
Persons employed	384,200	5.2 %	-10.3 %
Turnover in € million	61,900	6.8 %	2.9 %
Value added in € million	21,800	5.8 %	10.6 %

¹ rounded data² excluding fashion industry

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio ¹	25 %
Sales profitability	5.8 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.12. Fashion industry

Structural data

	Data ¹ 2013	Percentage of the fashion industry	Change 2008 - 2013
Enterprises, thereof:	797,100	100.0 %	-8.1 %
<i>Manufacturing of intermediate goods</i>	16,500	2.1 %	-13.1 %
<i>Manufacturing of fashion goods</i>	197,000	24.7 %	-8.0 %
<i>Wholesale and agents</i>	122,900	15.4 %	-6.3 %
<i>Retail sale</i>	460,700	57.8 %	-8.5 %
Persons employed, thereof:	4,735,400	100.0 %	-11.5 %
<i>Manufacturing of intermediate goods</i>	216,800	4.6 %	-29.0 %
<i>Manufacturing of fashion goods</i>	1,474,400	31.1 %	-22.7 %
<i>Wholesale and agents</i>	509,600	10.8 %	-1.8 %
<i>Retail sale</i>	2,534,600	53.5 %	-3.3 %
Turnover in € million, thereof:	577,200	100.0 %	0.4 %
<i>Manufacturing of intermediate goods</i>	31,800	5.5 %	-12.1 %
<i>Manufacturing of fashion goods</i>	121,600	21.1 %	-14.3 %
<i>Wholesale and agents</i>	160,500	27.8 %	12.4 %
<i>Retail sale</i>	263,300	45.6 %	3.6 %
Value added in € million, thereof:	132,400	100.0 %	-1.5 %
<i>Manufacturing of intermediate goods</i>	8,500	6.5 %	-10.2 %
<i>Manufacturing of fashion goods</i>	33,200	25.1 %	-12.3 %
<i>Wholesale and agents</i>	29,100	22.0 %	8.2 %
<i>Retail sale</i>	61,600	46.5 %	2.3 %

¹ rounded data

Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), own calculations

Financial data

	Data 2013
Equity ratio¹	
Fashion industry total	35 %
<i>Manufacturing of intermediate goods</i>	33 %
<i>Manufacturing of fashion goods</i>	39 %
<i>Wholesale and agents</i>	32 %
<i>Retail sale</i>	28 %
Sales profitability	
Fashion industry total	5.9 %
<i>Manufacturing of intermediate goods</i>	3.5 %
<i>Manufacturing of fashion goods</i>	8.3 %
<i>Wholesale and agents</i>	4.4 %
<i>Retail sale</i>	2.8 %

¹ percentage of total equity (capital and other shareholder funds) in total assets

Source: Bureau van Dijk (ORBIS database), own calculations

7.2.13. High-end industries

Structural data

	Data 2013	Change 2010 - 2013
Enterprises	n/a	n/a
Estimated direct and indirect employment	1,700,000	13.3 %
Value of sales (billions of Euros, current prices)	547	27.8 %
Europe's share of global sales of high-end industries	70 %	0.0 %

Source: Frontier Economics (2014)

Financial data

	Data 2013
Equity ratio ¹	n/a
Sales profitability	n/a

¹ percentage of total equity (capital and other shareholder funds) in total assets

7.3. Internationalisation and international trade

7.3.1. UNCTAD Database on creative industries (2008-2011/12)

Table 28 Export of creative goods, creative services and related goods from EU 28 countries¹, 2008-2011

	Value of exports in US-\$ ² in millions, 2011	In % of all creative goods, services and related goods	Change of exports 2008-2011 in %
Creative goods	162,972.2	31.7	-4.7
Creative services	163,832.6	31.9	13.4
Related goods	186,903.3	36.4	-1.5
All creative goods, services and related goods	513,708.1	100.0	1.7

¹ EU 28 countries: Sum of exports of each EU 28 country, regardless of the export going to another EU Member State or a third country

² US-Dollars at current prices and current exchange rates in millions

Source: UNCTAD Database on creative industries, 2016, own calculations

Table 29 Export of creative goods from EU 28 countries¹, by type, 2008 to 2012

	Value of exports in US-\$ ² in millions, 2012 ³	Change of exports 2008-2012 in %	Exports ⁴ in % of the total world, 2012	Change of share in total world 2008-2012 in %points
Art crafts	7,697.4	-14.0	19.2	-10.3
<i>Carpets</i>	2,501.5	-19.3	31.2	-17.5
<i>Celebration⁵</i>	888.6	9.6	16.3	-5.2
<i>Other⁶</i>	846.9	-2.3	22.7	-5.9
<i>Paperware</i>	41.6	2.6	46.0	1.7
<i>Wickerware</i>	181.0	-26.3	8.9	-0.8
<i>Yarn</i>	3,237.7	-16.7	14.7	-12.0
Audiovisuals	14,034.3	-32.6	42.8	-11.5
<i>Film</i>	96.1	-69.9	19.9	-21.6
<i>CD, DVD, tapes</i>	13,938.2	-32.0	42.9	-11.7
Design	89,189.6	1.3	23.2	-16.6
<i>Architecture⁷</i>	98.2	-72.1	43.4	-35.4
<i>Fashion</i>	27,556.3	19.2	23.9	-15.4
<i>Glassware</i>	838.6	-21.3	27.4	-33.1
<i>Interior</i>	30,934.5	-13.1	35.3	-18.3
<i>Jewellery</i>	19,287.5	17.3	12.8	-18.4
<i>Toys</i>	10,474.6	-8.9	26.7	-1.2
New media	9,338.7	-33.7	22.1	-8.1
<i>Recorded media</i>	4,830.9	-9.8	21.2	-6.8
<i>Video games</i>	4,507.8	-48.4	23.2	-8.5
Performing arts	1,449.2	-6.5	26.1	-8.0
<i>Musical instruments</i>	1,371.0	-6.6	25.2	-7.9
<i>Printed music</i>	78.2	-5.7	66.7	-2.3
Publishing	21,610.4	-19.1	51.8	-4.3
<i>Books</i>	8,658.2	-13.4	46.9	-6.2
<i>Newspaper</i>	7,149.3	-20.0	52.3	1.3
<i>Other printed matter</i>	5,802.9	-25.5	60.7	-8.2
Visual arts	13,520.3	24.6	34.0	-3.3
<i>Antiques</i>	2,162.5	19.7	54.6	-2.5
<i>Paintings</i>	7,438.7	36.5	47.9	11.3
<i>Photography</i>	712.6	-19.5	28.6	-9.8
<i>Sculpture</i>	3,206.4	18.6	17.3	-13.6
All creative goods	156,839.8	-8.3	27.4	-13.6

¹ EU 28 countries: Sum of exports of each EU 28 country, regardless of the export going to another EU Member State or a third country

² US-Dollars at current prices and current exchange rates in millions

³ Data for Italy taken from the year 2011

⁴ Exports of all EU 27 countries (Croatia not included)

⁵ Celebration: articles for Christmas, festivities, carnivals, etc.

⁶ Other: candles, tanned or dressed fur skins, artificial flowers, wood marquetry, etc.

⁷ Architecture: original drawings for architectural plans

Source: UNCTAD Database on creative industries, 2016, own calculations

Table 30 Export of creative goods¹, by country, 2008-2012

	Value of exports in US-\$ ² , 2012	Change 2008-2012 in %
Austria	5,078.8	-21.1
Belgium	7,610.8	-21.0
Bulgaria	358.8	-4.9
Croatia	210.9	-34.3
Cyprus	35.2	16.9
Czech Republic	5,613.7	-0.4
Denmark	3,506.0	-13.3
Estonia	535.4	60.1
Finland	774.8	-36.5
France	19,774.1	10.2
Germany	28,718.6	-21.5
Greece	790.7	-17.1
Hungary	1,142.9	13.7
Ireland	1,603.8	-47.7
Italy ³	27,022.2	-2.9
Latvia	320.9	29.1
Lithuania	1,025.6	40.7
Luxembourg	116.9	-69.6
Malta	200.8	53.8
Netherlands	9,395.2	-19.9
Poland	5,011.4	-3.6
Portugal	1,406.8	26.0
Romania	1,302.4	-10.5
Slovakia	1,288.6	-5.0
Slovenia	672.4	-28.3
Spain	5,922.1	-5.8
Sweden	4,317.2	-12.9
United Kingdom	23,082.9	9.3
EU 28 total⁴	156,839.8	-8.3

¹ Creative goods: Art crafts (carpets; celebration; other; paperware; wickerware; yarn), audio visuals (film; CD, DVD, Tapes), design (architecture; fashion; glassware; interior; jewellery; toys), new media (recorded media; video games), performing arts (musical Instruments; printed music), publishing (books; newspaper; other printed matter), visual arts (antiques; paintings; photography; sculpture)

² US-Dollars at current prices and current exchange rates in millions

³ Data taken from the year 2011

⁴ Sum of exports of each EU 28 country, regardless of the export going to another EU Member State or a third country

Source: UNCTAD Database on creative industries, 2016

Table 31 Exports of creative services¹, by country, 2008-2011

	Value of exports in US-\$ ² , 2011	Change 2008-2011 in %
Austria	7,281.5	3.8
Belgium	10,355.1	29.6
Bulgaria	426.8	27.5
Croatia	851.8	2.1
Cyprus	164.0	1.4
Czech Republic	2,202.3	9.9
Denmark	4,253.4	-5.1
Estonia	270.9	5.2
Finland	1,021.6	-9.6
France	18,712.6	98.4
Germany	34,568.5	5.6
Greece ³	533.0	-7.9
Hungary	2,672.7	24.2
Ireland	1,923.7	2.4
Italy	7,813.4	-2.3
Latvia	299.3	5.0
Lithuania	148.7	28.4
Luxembourg	4,473.0	101.0
Malta ⁴	2,168.1	37.8
Netherlands	6,443.6	8.8
Poland	4,113.3	26.8
Portugal	1,655.4	10.8
Romania	1,348.5	9.1
Slovakia	405.7	-2.9
Slovenia	457.1	-10.6
Spain	10,348.2	-2.3
Sweden	7,752.9	9.8
United Kingdom	31,167.6	1.0
EU 28 total⁵	163,832.6	13.4

¹ Creative services: Advertising, market research and public opinion polling; architectural, engineering and other technical services; research and development; personal, cultural and recreational services (audiovisual and related services, other personal, cultural and recreational services)

² US-Dollars at current prices and current exchange rates in millions

³ Data for advertising, market research and public opinion polling was taken from the year 2010; no data available for architectural, engineering and other technical services

⁴ No data available for research and development

⁵ Sum of exports of each EU 28 country, regardless of the export going to another EU Member State or a third country

Source: UNCTAD Database on creative industries, 2016

Table 32 Export of goods related to creative industries from EU 28 countries, by type, 2008-2011

	Value of exports in US-\$ ¹ , 2011	Change 2008-2011 in %
Audiovisuals	60,861.1	-2.0
<i>E. Broadcasting</i>	52,915.5	-1.1
<i>Film</i>	473.5	5.2
<i>Sound production</i>	7,472.1	-7.7
Design	50,088.2	9.3
<i>Architecture</i>	11,384.4	-16.3
<i>Fashion</i>	400.1	16.8
<i>Interior</i>	273.9	-32.2
<i>Jewellery</i>	38,029.8	20.8
New media	55,300.0	-9.1
<i>Computer equipment</i>	55,300.0	-9.1
Performing arts	2,446.6	4.4
<i>Celebration</i>	640.6	29.8
<i>Musical instruments</i>	1,806.0	-2.4
Publishing	9,822.1	-0.1
<i>Books</i>	64.8	24.0
<i>Other printed matter</i>	9,757.3	-0.2
Visual arts	8,385.3	-5.3
<i>Paintings</i>	1,319.5	0.3
<i>Photography</i>	7,065.8	-6.2
All related goods	186,903.3	-1.5

¹ US-Dollars at current prices and current exchange rates in millions

Source: UNCTAD Database on creative industries, 2016, own calculations

Table 33 Export of goods related to creative industries¹, by country, 2008-2011

	Value of exports in US-\$ ² , 2011	Change 2008-2011 in %
Austria	3,135.2	-6.8
Belgium	26,833.0	21.3
Bulgaria	350.5	79.6
Croatia	126.2	-14.8
Cyprus	13.0	-63.1
Czech Republic	13,415.7	18.9
Denmark	2,021.9	0.7
Estonia	166.0	6.7
Finland	4,302.7	-63.0
France	8,094.0	-10.9
Germany	30,422.3	-9.1
Greece	379.3	4.8
Hungary	13,109.0	-8.6
Ireland	3,375.8	-61.8
Italy	12,730.3	5.9
Latvia	274.9	48.6
Lithuania	353.9	19.4
Luxembourg	555.1	61.0
Malta ⁴	23.5	84.9
Netherlands	24,627.9	6.5
Poland	2,104.0	-28.3
Portugal	2,948.0	42.3
Romania	3,095.8	169.0
Slovakia	3,415.4	93.0
Slovenia	307.8	-2.5
Spain	6,500.6	6.7
Sweden	3,971.0	12.6
United Kingdom	20,250.7	7.0
EU 28 total³	186,903.3	-1.5

¹ Goods related to creative industries: Audiovisuals (e. broadcasting, film, sound production); design (architecture, fashion, interior, jewellery); new media (computer equipments); performing arts (celebration, musical instruments); publishing (books, other printed matter); visual arts (paintings, photography)

² US-Dollars at current prices and current exchange rates in millions

³ EU 28 countries: Sum of exports of each EU 28 country, regardless of the export going to another EU Member State or a third country

Source: UNCTAD Database on creative industries, 2016

7.3.2. Eurostat: Data on international trade (2008-2014)

Table 34 Intra-EU export of cultural goods from EU 28 countries, 2008-2014

	Value of exports in € millions, 2014	Change of exports 2008-2014 in %
Antiques; postage or revenue stamps; collections and collector's pieces	131.02	6.3
Works of art (paintings, engravings, sculptures, designs, etc.)	708.50	-4.3
Musical instruments; parts and accessories thereof	849.13	3.4
Knitted or crocheted fabrics; embroidery in the piece; tapestries	690.53	-18.3
Photographic plates and film, exposed and developed	80.73	-22.2
Books	4,079.05	-8.0
Newspapers, journals and periodicals	1,958.62	-22.4
Maps and hydrographical or similar charts	100.67	-19.5
Cinematographic film, exposed and developed; video games and consoles	3,651.90	-37.0
Recorded media (CDs, DVDs, gramophone records etc.)	2,286.17	-47.1
Plans and drawings for architectural or other similar purposes	17.35	-40.2
All cultural goods	14,553.66	-26.7

Source: Eurostat, International trade of cultural goods

Table 35 Extra-EU export of cultural goods from EU 28 countries, 2008-2014

	2014	VÄ 08-14 in %
Antiques; postage or revenue stamps; collections and collector's pieces	1,476.49	47.8
Works of art (paintings, engravings, sculptures, designs, etc.)	5,451.69	63.4
Musical instruments; parts and accessories thereof	505.48	17.4
Knitted or crocheted fabrics; embroidery in the piece; tapestries	592.24	-6.0
Photographic plates and film, exposed and developed	64.00	12.6
Books	2,603.21	4.3
Newspapers, journals and periodicals	636.55	-27.6
Maps and hydrographical or similar charts	69.38	19.0
Cinematographic film, exposed and developed; video games and consoles	432.86	-12.4
Recorded media (CDs, DVDs, gramophone records etc.)	859.95	-8.5
Plans and drawings for architectural or other similar purposes	32.91	-84.6
All cultural goods	12,724.75	20.8

Source: Eurostat, International trade of cultural goods

7.4. SWOT analysis: list of factors

Table 36 Internal factors (intra-industry situation for CCIs)

Topics	Internal factors
Human resources	Artistic and creative input Availability of qualified employees Entrepreneurial skills Working conditions
Economic viability	Structure of enterprise size Capital structure Business financing - investment readiness Business models - IPR Business models - distribution channels
Cooperation and networks	Cooperation of businesses with other businesses in the same sector Cooperation of businesses with other businesses in other sectors International cooperation Heterogeneity of actors
Innovation	Innovation cooperation ²⁰⁷ Development of innovative products and services Intellectual Property Rights Spillovers to other industries Innovation process
Internationalisation, international trade	Extent of participation of CCIs in international trade
Infrastructure	Availability of creative hubs, co-working spaces

²⁰⁷ Cooperation of two or more businesses with the aim of realising innovation projects alternative to in-house development or external development

Table 37 External factors (extra-industry situation for CCIs)

Topics	External factors
Human resources	Availability of training facilities
Finance	Awareness of financial institutions for CCIs New forms of business financing
Products and technology	Digitalisation Availability of knowledge and technologies Availability of ICT infrastructure Technological change - competition with other regions in the world
Markets and competition	Competitive position Market demand and market saturation
Political factors	Cooperation between institutional actors in the field of culture and actors in the field of economy European legal framework concerning Intellectual Property Rights (IPR) Laws and regulations concerning the mobility by pursuing the creative activity Existence of awareness / support structures / funding for CCIs at EU level Existence of awareness / support structures / funding for CCIs at national level Existence of awareness / support structures / funding for CCIs at regional level Political awareness for cross-sectoral fertilisation
Economic factors	Structural change - shift from manufacturing to services General state of the economy Level of income and prices
Social and demographic factors	Consumer trends Open and tolerant environment towards creative processes Different European languages Age composition of the population

7.5. Foresight analysis - Workshop agenda

Programme	
9:30-10:00	Welcome and introduction
10:00-10:30	Presentation & discussion of SWOT analysis results
10:30-11:00	<p><u>Plenary discussion</u></p> <p>Tasks:</p> <ul style="list-style-type: none"> Identify technological developments (including new technologies, new usage of technologies, new processes) that are likely to have a significant impact on CCIs in the next 20 years (e.g. digitalisation, development of big data, internet of things, 3D printing, cloud computing, regulation) Clustering of the identified developments by theme
11:00-11:15	<u>Voting on highest impact / most likely clusters</u>
11:15-11:30	Coffee break
11:30-12:00	<p><u>Scenario development session I:</u></p> <p>Tasks:</p> <ul style="list-style-type: none"> How do the clusters identified in plenary impact on the development of CCIs (e.g. sectoral convergence within CCIs, emergence of new business revenue/profit models, automation of the creative process, user-driven / open innovation, etc.)? Creation of a long list of scenario headings <p>Selection of up to 3 scenarios</p>
12:00-12:45	<p><u>Scenario development session II:</u></p> <p>Detailed description of selected scenarios in 3 groups covering the following aspects</p> <ul style="list-style-type: none"> Inputs Actors + processes Outputs Change mechanisms
12:45-13:30	Lunch
13:30-14:15	Plenary discussion on scenarios: Q&As and validation
14:15-15:00	<p><u>Scenario development session III:</u></p> <p>How do the scenarios affect the wider economy?</p> <ul style="list-style-type: none"> Relevance and specific contribution of CCIs to the overall innovation process (i.e. how CCIs support innovation) in the wider economic context / whole economy) CCI spillover effects in relation to a sample of specific industrial sectors (tourism, construction etc.)
15:00-15:15	Coffee break
15:15-16:30	<p><u>Policy responses</u></p> <p>Tasks:</p> <ul style="list-style-type: none"> What does this mean for policy-makers? How could policy responses look like? What needs to happen on the policy side to make the desirable impacts of each scenario work and to mitigate risks? <p>Action plan, roadmap for policy development at EU level</p>
16:30-17:00	<u>Summary and wrap-up</u>

7.6. List of involved experts

7.6.1. Foresight workshop: attendees list

Name		Organisation
Elisabeth	Lismont	Association of Commercial Television in Europe (ACT)
Julia	Bennett	Crafts Council
Sarah	Thirtle	Creative United - Creative Industry Finance
Rosa	Perez Monclus	Creative United - Creative Industry Finance
Stéphane	Cagnot	Dedale - European research and production agency
Julien	Brouillard	Dedale - European research and production agency
Margaret	Mulligan	EBN
Johanna	Van Antwerpen	ECIA
Nadine	Hanemann	European Centre for Creative Economy (ECCE)
Jill	Cosins	Europeana
Anne	Bergman-Tahon	Federation of European Publishers (FEP-FEE)
Burak	Ozgen	GESAC
Heritiana	Ranaivoson	iMinds
Mathilde	Vivot	Impulse Brussels
Juliane	Schulze	Media deals
Dinah	Caine	Skillset, the Sector Skills Council for the Creative Industries
Lizzy	Komen	The Netherlands Institute for Sound and Vision
Massimo	Poti'	Toolbox Co-working
Åsa Lind	Chong	Tourism developer
Katharina	Hoelck	Vrije Universiteit Brussel

7.6.2. Case studies: Contacted experts

Name	Organisation/Role
Toni Attard	Arts Council Malta (Director of Strategy)
Kimmo Aulake	Special Government Advisor (Department for Art and Cultural Policy, Division for Copyright Policy and the Economy of Culture),
Patrick Bartos	Creative Region Linz & Upper Austria, CEO
Virginie Civrais	St'art SA, Fonds d'investissement pour les entreprises créatives, CEO
Ann Claes	Flanders Fashion Institute, senior project manager
Patrick Cocquet,	Cap Digital, Chief Executive Officer
Beata Cygan	Media Cluster Foundation, Lodz
Adrian Debattista	Arts Council Malta (Research Associate)
Hélène Delay	Capital Games, General Director
Jeroen van Erp	Chair of the Dutch Creative Council and Professor of concept design, Delft University of Technology / Faculty Industrial Design Engineering
Cristina Farinha	Executive Director of ADDICT
Chloé Faton	Regional administration, project manager Creative Wallonia
Gaetano Grasso	InnovaPuglia Spa, LivingLabs implementation
Kirsi Kaunisharju	Counsellor for Cultural Affairs, Department for Art and Cultural Policy, Division for Art
Mineke de Lange	Secretaris Topsector Creatieve Industrie Directie Topsectoren & Industriebeleid ,DG Bedrijfsleven en Innovatie, Ministerie van Economische Zaken
Eva Leemet	CEO Loov Eesti - Creative Estonia
Vincent Lepage	Director, Economic Policy Directorate of Public Service of Wallonia
Jane Nilsson	Region Skåne, Culture and Business developer
Magnus Thure Nilsson	Media Evolution, CEO
Claudia Nussbauer	Ministerium für Wirtschaft, Energie, Industrie, Mittelstand und Handwerk des Landes Nordrhein-Westfalen; Referat Kreativwirtschaft
Gwyn Owens	Department for Culture, Media and Sport, Secretary to the Creative Industries Council
Carolin Paulus	CREATIVE.NRW, project manager
Àlexandre Pi	Catalan Institute for Cultural Companies / Department of Business Development, responsible for financing tools
Sara Ponnert	Media Evolution; project manager, head of international collaboration
Lucia Seel	International Consulting, Project Manager of the EU projects "CREA.RE" and "Cross Innovation"

Name	Organisation/Role
Jordi Sellas i Ferré	Ministry of Culture / Government of Catalonia, Directorate-General for Creation and Cultural Companies (DGCEC)
Petra Tarjanne	Ministerial Adviser, Enterprise and Innovation Department, Industrial Policy, Ministry of the Employment and the Economy
Sarah Thirtle	Creative United, Head of Business Lending Programmes, focusing on the strategy and development of the Creative Industry Finance programme
Maria Tuszynski	Region Skåne, Culture and Business developer
Carlo Vuijsteke	Flanders District of Creativity, Senior Project Manager
Pascal Widart,	Economist, Economic Policy Directorate of Public Service of Wallonia

7.6.3. Case study workshop: attendees list

Name	Organisation
Petra Tarjanne	Finnish Ministry of the Employment and the Economy
Lucia Seel	Lucia Seel - International Consulting
Sabine Pumpel	Austria Wirtschaftsservice Gesellschaft mbH
Marilena Vecco	Erasmus University Rotterdam
Rasmus Wiinstedt Tscherning	Creative Business Cup
Viviana Spaghetti	VVA Europe
Karin Bachinger	Austrian Institute for SME Research
Aliette Dörflinger	Austrian Institute for SME Research
Christina Enichlmair	Austrian Institute for SME Research
Iris Fischl	Austrian Institute for SME Research

7.6.4. Consultation workshop: attendees list

Name	Organisation
Jon Arambarri	Virtualware
Karin Bachinger	Austrian Institute for SME Research
Madhavi Bhatt	EASME
Armando Branchini	Fondazione Altagamma
Martin Buechele	Facilitator
Mark Camilleri	National Book Council
Jill Cousins	Europeana Foundation

Name		Organisation
Clementine	Daubeuf	KEA European Affairs
Isabelle	De Voldere	IDEA Consult
Aliette	Dörflinger	Austrian Institute for SME Research
Christina	Enichlmaier	Austrian Institute for SME Research
Philippe	Gelin	DG CONNECT
Caterina	Geremei	LVMH Moët Hennessy - Louis Vuitton
Christel	Goossens	European Broadcasting Union
Pierre	Hausemer	VVA Europe
Kirsi	Kaunisharju	Ministry of Education and Culture
Nina	Klein	Frankfurt Book Fair
Grete	Kodi	Creativity Lab
Jakob	Kroon	Skåne European Office
Silke	Lalvani	Pearle
Stefania	Lazzaroni	FONDAZIONE ALTAGAMMA
Gloria	Lorenzo Leronés	European Commission
Magda	Maher	Council of the European Union
Eleonora Maria	Mazzoli	EBU
Nicole	McNeilly	Arts Council England
Dorota	Nigge	DG EAC
Leon	Ottmüller	EP
Matthieu	Philibert	IMPALA
Ilse	Pogatschnigg	Facilitator
Fabienne	Pondeville	CULT
Nathalie	Revel	EASME
Maria	Ruiz	Council European Union
Mauro	Scalia	Euratex
Martin	Schmid	Austrian Federal Economic Chamber
Vincent	Sneed	Association of European Radios
Viviana	Spaghetti	VVA Europe
Mahgorzata	Szlendak	CULT
Enrico	Turrin	Federation of European Publishers
Maria	Tuszynski	Region Skåne
Marilena	Vecco	EUR, ENCATC
Anne Marit	Waade	Aarhus University
Agnieszka	Wojdyr	DG Growth

7.7. Case studies

Box 1 Main sources for identification of potential national and regional case studies

Platforms

- JRC S3 platform: <http://s3platform.jrc.ec.europa.eu/home>
- The platform of the European Creative Industries Alliance - ECIA
<http://www.eciapplatform.eu/>
- Web platform for European Clusters: cluster-collaboration.eu

Reports (with Case Studies included)

- *Kea European Affairs* (2012): Measuring economic impact of CCIs policies. How to justify investment in cultural and creative assets. Project co-financed by the European Regional Development Fund, INTERREG IVC programme (http://www.keanet.eu/docs/measuring-economic-impact-of-ccis-policies_final_creare.pdf)
- *Amann, S. / Lange, B.* (2013): INTERREG IVC Thematic Programme Capitalisation Analysis on Creative Industries. European Regional Development Fund; Interreg IVC. (http://www.interreg4c.eu/fileadmin/User_Upload/PDFs/CAPITALISATION/Report/Creative_industries.pdf)
- *Gassler H. / Sellner, R. / Dörflinger, A. / Fürst, C. / Gavac, K. / Hölzl, K. / Voithofer, P.* (2015): Sechster Österreichischer Kreativwirtschaftsbericht. Schwerpunkt Kreativwirtschaft und ihr Markt, on behalf of creativ wirtschaft austria (http://www.creativwirtschaft.at/document/6.KWB_Langfassung_WEB.pdf)
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- *KEA* (2012): Creative SpIN – Creative Spill-overs for Innovation URBACT II Thematic Network BASELINE STUDY (http://www.keanet.eu/docs/creativespin_baselinestudyfinal.pdf)
- *OECD* (2014): Tourism and the Creative Economy. OECD Studies on Tourism (http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/tourism-and-the-creative-economy_9789264207875-en#page1)
- *European Union* (2012): European Agenda for Culture Work Plan for Culture 2011–2014, Policy handbook on How to strategically use the EU support programmes, including Structural Funds, to foster the potential of culture for local, regional and national development and the spillover effects on the wider economy?, Working Group of EU Member States Experts (Open Method of Coordination) on cultural and Creative Industries (http://ec.europa.eu/culture/library/publications/cci-policy-handbook_en.pdf)

Table 38 Case Studies: guiding template

Name of the case study:

[Name of the analysed strategy/policy/action in English and in original language]

Country / region:

In a nutshell:

[short description of the analysed strategy/policy/action: what is it, what is the specific character, ... 1-3 sentences]

DESCRIPTIVE PART:

Key information and figures

- Type(s) of measure(s) / instrument(s):
- Source of funding (e.g. funding body/bodies):
- Implementing body/bodies:
- Working period:
- Involved budget:
- Target groups/segments: [e.g. whole CCI vs. only design]
- Addressed key areas of action (26.9.2012, COM(2012) 537 final; SWOT) e.g.:
 - addressing changing skills needs,
 - improving access to finance,
 - enlarging the marketplace – e.g. new partnerships and business models,
 - expanding international reach,
 - reinforcing cross-sectoral fertilisation
 - further: _____ *[open question]*

Design / intervention logic

[Mission, objectives, key areas target groups and beneficiaries addressed by the measure(s), support instruments and activities, interrelation between different instruments/activities, identification and description of the implementing body/bodies, top-down vs. bottom-up]

Background: Genesis of the strategy/policy/action

[in short: development, why / by whom was/were the measure(s) introduced?, main drivers of implementation bottom-up vs. top-down initiatives?, adaption of measure(s) over time?]

Embedment in/ complementarity of overarching policy strategies (national/regional/European)

[Situation and general role of CCIs in the country/region, embedment in (other) strategies (e.g. overarching policy strategies, SMART Specialisation Strategies, complementarity / support of European activities and programmes)]

Effectiveness of the measure(s)

[Outputs: e.g. number of beneficiaries, number of funded projects in different sub-segments, number of networking events, etc.;

Effects/impacts - if available: evidence of spillover effects; assessment of overall effectiveness according to external evaluation or monitoring results]

What are the indicators demonstrating the effectiveness?

ANALYTICAL PART

Main success factors / weaknesses / barriers of the action(s):

[description of success factors / weaknesses / barriers, successful steps / necessary pre-conditions for introducing the measures; overall impact of the analysed measure(s), potential to tackle the identified challenges, barriers and market failures identified; innovativeness of action / new approaches, outlook/future development of the measure(s)?]

Relevance for EU-policies

[What are the main needs of the beneficiaries possibly not covered in the national or regional measures? / What are successful (elements of) strategies that could be scaled up / replicated at the EU level?]

Preliminary conclusions and lessons learned

[major conclusions, most important lessons learned]

Sources:

Supporting evidence: *[Links, documents]*

Interview partners: *[Name, institution, role/function in the context of the case]*

The case studies will be conducted by the lead partner (Austrian Institute for SME Research – KMFA) and by the consortium partner VVA.

Table 39 Conducting the case studies: work distribution between KMFA and VVA

Case studies	conducted by
National case studies	
1. United Kingdom	VVA
2. The Netherlands	KMFA
3. Finland	KMFA
4. Estonia	KMFA
5. Malta	KMFA
Regional case studies	
6. Apulia (Italy) - LivingLabs	VVA
7. Catalonia (Spain) – Catalan Institute for the Cultural Companies	KMFA
8. Flanders (Belgium) – Flanders District of Creativity (Flanders DC) / Flanders Creative Industries Platform	KMFA
9. Île-de-France (France) – Cap Digital	KMFA
10. Lodz (Poland) – Media Cluster	VVA
11. North Portugal (Portugal) - ADDICT	VVA
12. North Rhine-Westphalia (Germany) – Creative.NRW / Competence centre for the creative industries	KMFA
13. Skåne (Sweden) – Action plan 2013-2020 for the CCIs	KMFA
14. Upper Austria (Austria) – CREATIVE REGION Linz & Upper Austria	KMFA
15. Wallonia (Belgium) – Creative Wallonia	KMFA

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European Commission (2015b): Communication: Towards a modern, more European copyright framework. Brussels, 9 December 2015, COM(2015) 626 final

European Commission (2015c): Communication: Action Plan on Building a Capital Markets Union. Brussels, 30 September 2015, COM(2015) 468 final.

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Other sources, platforms:

Creative Europe Programme 2014-2020: http://ec.europa.eu/programmes/creative-europe/index_en.htm

ESSnet-Culture (European Statistical System Network on Culture):
<http://www.essnet-portal.eu/project-information/culture/>

Horizon 2020: <https://ec.europa.eu/programmes/horizon2020/>

Policy Learning Platform of the European Creative Industries Alliance:
<http://www.eciaplatform.eu/>

Programme for the Competitiveness of the Enterprises and small and medium-sized enterprises – COSME: <http://ec.europa.eu/enterprise/initiatives/cosme>

Smart Specialisation Platform S3: <http://s3platform.jrc.ec.europa.eu/home>



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