THE ERIBA MODEL

AN EFFECTIVE AND SUCCESSFUL POLICY FRAMEWORK FOR THE CREATIVE INDUSTRIES

Tobias Nielsén

In collaboration with Carin Daal, Ingegerd Green, Lars-Erik Rönnlund & Putte Svensson

ERIBA

E = Education and training

R = Research

I = Industry

B = Business

A = the Arts/Culture

GOALS

Artistic excellence

Attractive regions and cities

Balance and dialogue

Collaboration

Diversity and sustainability

Efficient use of (public) resources

Growth in jobs, exports and contribution to GDP

Sustainability

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Developed in Hultsfred by
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Carin Daal & Ingegerd Green

Who can live without it,
I ask in all honesty
What would life be?
Without a song or a dance what are we?
ABBA

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PART 1: THE CREATIVE INDUSTRIES – HOW THEY ARE CHANGING AND THEIR ECOSYSTEMS

What is meant by 'the creative industries'? How can the various sectors of the creative industries, and their effects on the economy and society, best be understood?

Part 1 elaborates on trends and projections, and also describes what is unique about the creative industries, and what has been observed concerning their particular needs.

PART 2: ERIBA – A MODEL FOR GROWTH

ERIBA is a model that explains how growth can be supported and stimulated in the creative industries. ERIBA also demonstrates how collaboration between different players in the creative industries ought to be strengthened within society and the economy in order to generate growth.

But why do we need a new model for growth? Won't the old ones do? In Part 2, we revisit Part 1's economic properties of the creative industries and explain why ERIBA is needed as a new model for capitalising on the opportunities arising from the increased demand for the goods and services of the creative industries.

ABOUT THIS BOOK

Two processes

This book is based on a variety of experience. But primarily two processes and projects lie behind the ideas in ERIBA, and the content of this book in general:

1) The Hultsfred experience

In the mid 1990s, plans took shape to develop business activities around the Hultsfred Festival and the Rockparty organisation. The ERIBA model (which was originally called the FUNK model (after the Swedish acronym for *research, education, industry* and *culture*) was born out of this project. ERIBA in its English version stands for *Education and training, Research, Industry* and *Business*, and *the Arts/culture*. The model made the work done to develop the festival more effective and successful by facilitating analysis, discussion and implementation. One concrete result was the Rock City complex, and the doubling many times over of the number of employees. With the Swedish Industrial Development Centre (IUC) for the music and Creative Industries, a government- and industry-funded support organisation ERIBA was also used to develop a program for growth for Sweden's music industry as a whole.

2) The creative industries development project

During 2005, on behalf of the Knowledge Foundation, Rock City conducted a development project with the aim of describing ERIBA in a context that would be applicable to all of the creative industries (Prexis).[1] As part of this project, a large number of players, including researchers and urban planners as well as people working in the creative industries, were interviewed. Some of the results from a web-based survey that was part of this project are presented in several places in the book. The steering committee for this project comprised the authors of this book.

1 Prexis stood for "Project Experience Industry Sweden". The project manager from the Knowledge Foundation was Carin Daal. For Rock City, Putte Svensson was the project manager, Tobias Nielsén the operative project manager and Yvonne Hammarberg was the coordinator and process manager.

After the publication of the Swedish version of the ERIBA model in 2006, a bigger project was begun at seven locations around Sweden, based on the ERIBA model. More than 400 people participated in this project, and it resulted in the blueprint for action that is presented towards the end of this book.

THE CREATIVE INDUSTRIES

How they are changing and their ecosystems

INTRODUCTION

WE LIVE IN DYNAMIC TIMES. The consumption of culture is on the rise in general, but it is also being consumed in new and different forms. We are spending as much time on the consumption of media as before, but we are more active now when doing so (we watch TV and surf the Internet at the same time for example) and this activity is generally more computer-based. Ten million people are registered as players of the online game *World of Warcraft*. Online games have moved from entertainment to alternative worlds and become their own forms of culture. In addition, consumption is being driven more and more generally by experiences and cultural/artistic values – aesthetics, symbolism, content.

Trade in the culture and entertainment is on the increase and today amounts to a value of more than one trillion US dollars worldwide. So it is hardly surprising that numerous development projects have been started aimed at stimulating the creative industries. However this trade is unevenly distributed across the globe. On the one hand, the UK, USA and China account for 40 per cent of the total world trade in cultural goods according to the UN. On the other hand, just over half of the world's 185 countries have never produced a film, and Africa's proportion of world trade in the creative economy is less than 1 per cent. On the one hand, new forms of cultural expression are flourishing. On the other hand, for many countries, it's difficult to get some elbow-room in this development.

The challenges are many. The creative industries have great potential for generating economic growth. The opportunities are there, but how should they be managed? For example, what should our view of research from academia be, when the pioneering innovations are coming not from them but from entrepreneurs?

The question is: How should the equivalent of the railways, canal systems, ports and networks of roads of yesteryear be constructed for the creative industries today? What type of system and infrastructure are the most appropriate?

This book introduces an explanatory model for development that offers a way of capitalising on the opportunities. The model has been called ERIBA – to emphasise that *education and training, research, industry* and *business*, and the *arts*/culture need to start collaborating.[2] ERIBA is an explanatory model that describes how growth can be stimulated and amplified in the creative industries.

The model explains how resources and businesses ought to be coordinated in order to maximise the effects of initiatives from different areas. Today, the players tend to operate in different quarters, fumbling along by themselves in isolated pockets. Instead of being able to benefit from an effective structure within which to work, they often find themselves reinventing the wheel over and over again. They neglect opportunities for capitalising on synergistic effects and implementing good ideas. By (instead) working together in a systematic fashion, pulling in the same direction, and with measures aimed at stimulating education and training, research, industry and business, and the arts, the opportunities for growth and development within the creative industries increase.

The ERIBA model can be used at both the national and local levels. The ultimate vision is to make our society a better place—through having a long-term perspective, through more effective dialogue and through more efficient utilisation of resources. The goals are economic growth, sustainability, diversity, quality of life and attractive cities and regions.

The first part of this book describes the properties and characteristics of the creative industries and related trends. The second part describes ERIBA in detail, and why the model meets a need and serves a useful purpose in stimulating growth and development in the creative industries. Where no other sources are named, the facts presented and statements made (in this book) are based on the Rock City study conducted for the Knowledge Foundation during 2005. This English translation is based on the Swedish version published in 2006, with some updates and additions.

It's worth noting that ERIBA is a model that has been tested and found to be successful. It was developed out of an actual context (the Hultsfred Festival and Rock City complex, which is the location of the annual rock festival); and has additionally proven to be successful as a development model in many other places in Sweden. In addition, besides describing the ERIBA model in detail, the second part of this book describes the genesis of the model and why it worked so well in the Rock City environment, and what has flowed from development activities based on the ERIBA model at seven other locations across Sweden.

[2] Now an acronym for English words, the model was originally called FUNK representing the Swedish words for research (*forskning*), education (*utbildning*), industry and business (*näring*), and the arts and culture (*kultur*).

Reference points

Is this perspective too optimistic?

The authors have been and are more or less still involved in the work at Rock City. The ERIBA model has its origins in that organisation's way of working: combining the perspectives of and activities in education and training, research, industry and business, and the arts. On the one hand, the model's frame of reference has grown out of a practical way of working that has been found to be successful. On the other hand, the analysis of the model presented in this book is undoubtedly coloured by this background.

Our fundamental outlook is that the creative industries have a lot to offer. With more culture and experiences, the world becomes a more fun place to be. In addition, opportunities for economic growth are enhanced by an economy in which more individuals are able to commercialise cultural or experiential value. Clearly, these assumptions have not been taken out of thin air; they are based on readings of studies and on our own experience, including experience from studies conducted by the authors (some of which form the basis of this book).

In addition, readers should bear in mind that what this book is targeting are the ecosystems for the creative industries and what the ERIBA model can contribute.

A belief in the power of creativity and innovation – both buzzwords in the creative industries – also offers a positive world view in comparison with other, ideologically coloured truths that have come and gone, since an environment that is conducive to and nurturing of creativity and innovation entails openness, diversity and collaboration, even beyond previous demarcations (between industries, as well as regional and national borders). An environment that fosters creativity is characterised by experimentation and permission to make mistakes.

This perspective is rooted in a conception of the world in which society is constantly changing and developing. To think about what the next step should be is therefore essential. This means of course that critical debate is also essential, and it is precisely this outlook that concludes the first part of this book.

There might be those who feel that this perspective is too commercial. The principal effects of ERIBA are, however, balance and collaboration. The fundamental idea behind ERIBA is in fact that it is better to work towards mutual understanding between the commercial and artistic perspectives, and to actually make clear to the creative industries the link that exists between the arts and business and industry. This is also important because the expansion of the consumption of culture is occurring largely under market conditions (around 90 per cent of culture consumption today, according to estimates from UNESCO). In other words, publicly funded arts and cultural activities now account for only a small part of the cultural landscape. Consequently, a lively debate about culture and the arts demands the inclusion of all culture, and an acknowledgement of how various parts of the cultural landscape act on each other.

In the period of just over a decade that initiatives in the creative industries have been implemented, a large number of risks have become apparent, for example, if projections are too optimistic this can have a backlash effect on belief in culture and creativity; and if determinations are made only on short-term economic grounds, this will likely be at the expense of long-term gains and the artistic merit.[3]

A conclusion from this is that there are many difficulties associated with meta-labelling of this sort, or umbrella concepts. It is very much worth noting what is generally left *out* of the debate. And what exactly is not an experience or creativity? What is meant by the term 'the cultural economy' is not obvious either. Does it refer to the culturalisation of the economy, or the economisation of culture?

A follow-up question should always be: which stakeholders are being seen and heard in this debate? Creative industries comprise as a concept a construed field into which some are admitted while others are not.

We argue however that ERIBA is a model that provides a firm foundation for this debate, since it means that these risks can be avoided and the different perspectives involved are made obvious.

Is this perspective too critical?

Not all the answers in this context are obvious. Many questions in fact remain unanswered. This has become clear after many years of working with the creative industries – in the form of studies, providing policy advice, producing articles and reports, giving lectures,

[3] See for example Ross (2007) for more risks.

"Clearly one can—at least as a business—limit oneself to one's own operation and take 'culture' and talent for granted, that is, view them as an inexhaustible natural resource. But in the long term, every business is affected by external forces."

and through direct involvement in various forms (book publishing, events, booking agent for artists, etc).

This book seizes the opportunity to ask a number of questions that are important to focus on and debate. Its goal is to clarify the arguments as well as to have the courage to ask some awkward questions. There has been a special focus on the creative industries in Sweden—as in other countries abroad—since the end of the 1990s. How has this worked in various countries? Has this focus in fact contributed anything? Is there a risk of some nasty surprises further down the track?

A line of reasoning that recurs primarily in the first part of this book is that the creative industries add various forms of value (such as the industries as a commercial sector in themselves, through image and identity creation, through adding value to other sectors and attracting visitors, in the form of regional industrial policy factors and the industries' own intrinsic value). However these forms of value are not always compatible with each other. At least, they are a matter of one's personal values. In spite of this, any debate about striking a balance between these various forms of value—between cultural and industrial policy; between big, flashy projects (spectacular, resource-hungry, one-off affairs) and continuous, low-profile investments in children and young people—has been virtually non-existent. One of the goals of the work on this book has been therefore to problematize the argumentation and be clear about when questions have arisen that require careful weighing up of the pros and cons.

It is far better to have a debate about such sensitive issues than to merely sweep them under the carpet.

There might also be those who feel that this perspective is too fixated on culture/the arts. Clearly one can—at least as a business—limit oneself to one's own operation and take 'culture' and talent for granted, that is, view them as an inexhaustible natural resource. But in the long term, every business is affected by external forces. Are there training courses, for example, and other initiatives that will ensure that opportunities for new, competent, innovators arise? ■

THE CREATIVE INDUSTRIES

Overview

ALL AROUND THE WORLD, concerted efforts are being put into the creative industries. You can find examples in all parts of the world and in countries of varying size, such as Australia, Brazil, China, Canada, the UK and Sweden.

Why all this focus?

It can be explained by a striving to find new ways for countries, regions and cities to be competitive. The high rate of growth in the creative industries is one reason. We humans are consuming more and more culture and experiences in various forms. We are buying books, video games, movies on DVD and designer interior furnishings and fittings. We are enjoying music and fine dining. We watch TV and go to musicals. We visit amusement parks, museums and go to concerts. We amuse ourselves with the Internet and fashion designer clothing.

Another important reason behind these efforts around the world is that all types of businesses are focusing to a greater and greater extent on creativity and innovation, and on creating 'a complete experience' for the consumer. An example of this is all the new functions of mobile phones, which are no longer just about the basic function of making phone calls, but are now also about taking pictures, playing music, watching TV, watching videos, listening to the radio and playing games.

The creative industries also play an important role in creating the image and appeal of places and countries. The "Sweden" brand is closely associated with the pop group ABBA and IKEA, the furniture company.

The Swedish definition of the creative industries is based on the consumer perspective and has even been often referred to in the past as 'the experience industry'. The dominant definition in Sweden was coined by the Knowledge Foundation and includes "people and companies with a creative approach whose primary purpose is to create and/or deliver experiences in some form". This kind of umbrella term is becoming more and more

"Whether the term 'experience industry' or 'the creative industries' is used, the trend is clear, and what is most important is to react and plan for the right balance between threats and opportunities for these industries."

relevant[4] and also covers more industries, all of which have shown strong growth in recent years. Altogether, these industries account for almost 5 per cent of Sweden's GDP.[5]

But defining and choosing terms is not the main aim of this book. Whether the term 'experience industry' or 'the creative industries' is used, the trend is clear, and what is most important is to react and plan for the right balance between threats and opportunities for these industries.[6]

4 This is further explained in the section entitled "Systems and players" on pp. 52–80.
5 This definition does not include software, but does include some areas of tourism ('experience tourism'). Data from 2002, according to the Knowledge Foundation (2005).
6 However the differences between definitions should not be underestimated when it comes to measurement (see page 30).

The Swedish definition of the creative industries includes the following:

- Architecture
- Art
- Design
- Dining
- Experience-based learning
- Fashion
- Film
- Literature
- Market communications
- Music
- Performing arts
- Photography
- The media
- Tourism
- Video games

Trends and projections

Projections

The conclusions of the finance markets are clear:

A picture of growth – but also a continuously dynamic picture.

These are the main conclusions that can be drawn from summarising the finance market's projections for the growth of the creative industries in the coming years.

In principle, all media and entertainment industries are growing with the exception of recorded music and newspaper publishing.[7] The total consumption of goods and services generated by the creative industries is projected to rise by 6–7 per cent annually in the world over the next few years. The strongest annual growth rates are being exhibited by video games (approximately 10 per cent) and electronic entertainment in general.

But what is driving this growth?

Our needs to communicate, to meet, to receive attention, to be entertained and appreciated are enduring. However the way these needs are being met is changing, mainly due to technological changes. A recurring conclusion is that new and emerging consumption patterns—often technology-intensive—will come to be seen as a natural part of the creative industries. These afford new opportunities for revenues and new business models, which is conducive to positive growth for the sector as a whole. Such new consumption patterns also include increased consumer participation (interactivity) and take the form of Internet- and mobile device-based opportunities.

Electronic entertainment is expected to grow very rapidly in general. This includes, for example, video games, TV and mobile phones/devices, and entertainment in the home in general in the form of photos, movies, the Internet, TV and music. Currently what could be described as the Battle of the Titans is being waged over our living rooms: what tools should we use (game consoles, computer screens, televisions, all-in-one centres); what formats we are going to use (for example, for movies and music); what content do we want (what games, movies, TV channels and music tracks); and what route the content is to take (cable operator, Internet service provider, etc).

A key target group are the millennials or net generation—born in the years just before the millennium shift and now growing up, having money to spend, and spending it on digital entertainment. This is the first generation to grow up in a global, connected world, and to these young people new media technologies are familiar, everyday components of their technology-saturated lives.

The investment bank Morgan Stanley presents its picture of the most important factors driving the electronic entertainment industry in the next few years:

- Game-playing is no longer just targeting young males, but is expanding to reach other demographic groups.
- Online games have fully emerged and are continuing to grow.
- Profit margins are expected to grow as business models become increasingly Internet-based.
- Content generates value. It's not the most advanced technology that will necessarily capture the biggest market share. Rather, it is the content that is the most critical component, combined with marketing and distribution.

Thus, what is driving growth are new sources of revenue, which can best be explained by the increase in broadband penetration and speed, and by the convergence of different formats. Digital distribution paths provide advantages of scale and opportunities for colossal financial leverage. Traditional media and entertainment are also projected to show continued growth, although at more modest levels than the technology-intensive industries.

A general conclusion is that the creative industries are still changing and an analysis of their growth potential must therefore be based on this future-oriented outlook.

An increased focus on technology for the consumer also gives rise to the question of whether or not suppliers of technology are now functioning as central players in the creative industries—not just as peripheral distributors or subcontractors. This question also pertains to what is driving what.

[7] During 2007, growth was 6.4 per cent. A key driver of this growth was the Internet. Figures and projections from PWC (2008).

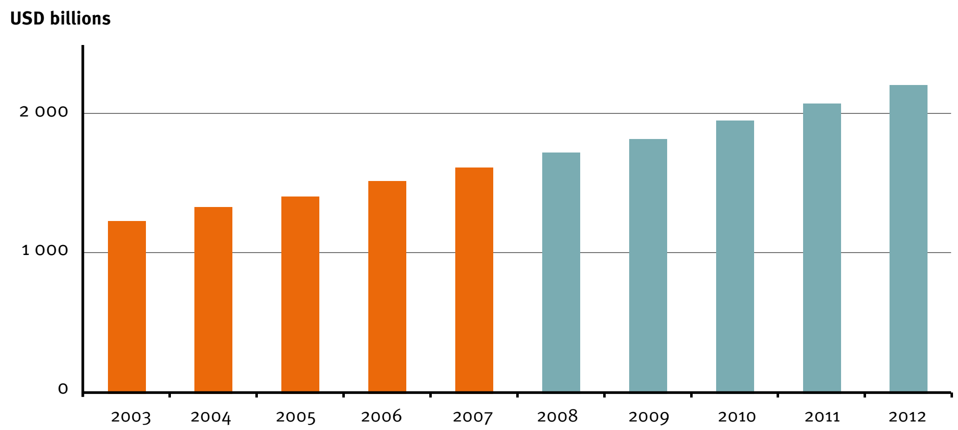


Figure 1. Turnover for the markets for entertainment and media 2003–2012. Amounts in billions of USD. The figures for the period 2008–2012 are a projection. Source: PWC (2008).

New consumption patterns

Who is the consumer and who is the producer?

This is a question that has become increasingly difficult to answer. Because the trend is towards increased consumer participation—most obviously via digital user-generated content (UGC) such as YouTube, but also in an increasing number of other contexts including theatre and other performing arts, literature, etc. This means that consumers have more freedom and more control over what they consume.

This is due in the first instance to the fact that the customer base is becoming better and better informed about processes and content; and secondly that home and mobile/portable device applications are giving the consumer more control. The trend is thus from "push" to "pull", and more flexibility for the consumer: you can have virtually everything the creative industries have to offer in your pocket. The structures and regulations surrounding the content do still have an impact however; for example, attitudes to and control of copyright are affecting consumer behaviour to a high degree.

The changes are being labelled with many names: interactivity, convergence culture, wikinomics, user-generated content, web 2.0, social media, open source, blogosphere, world of any, etc. An increasingly open ecosystem is developing in a media world in which production is actually occurring at the user end of the chain. User involvement is on the rise and content is being adapted to the individual to a greater and greater extent.

A consequence of this development is that it is virtually impossible to map all media channels, and those channels that were previously dominant are finding it more and more difficult to find their new roles in this landscape. This applies not least to television—a top-down technology. In its place you have the blogosphere, with millions of channels, and a new culture—rather than the lowest common denominator culture of television and Hollywood that focuses on what we have in common.

Another tangible effect is speed. We step into the world of any, according to Professor Micael Dahlén (2008b), meaning that anyone, anytime, anywhere can share anything in the global offering. In most cases, we can already download or watch TV programs on Web TV directly after they have been broadcast, anywhere in the world. One of the consequences of this for businesses and artists/creators of content is that the life of their books, movies, music albums, theatrical performances, etc, is becoming even shorter than it was before. The range of content on offer is colossal, and there is always something new waiting around the corner.

The Internet has revolutionised our way of distributing and sharing information and works of art, as well as how we collaborate. Suddenly, the bookshop or recordshop is no longer limited to its own premises, but can offer almost all titles. Chris Anderson (2006) coined the term *the long tail*. The consequences of this trend are, he says, that almost everything really sells. This means that there is more room for narrower niche markets, since it is not just bestsellers and classics that are available from the online store.

This promotes diversity, which is further intensified by the sheer quantity of media channels that are available today. These are coming from businesses, but also from private individuals. These channels are not one way either. Rather, they are interwoven and interactive. Not just in one country either, but all over the world.

A picture based on trend scouting that includes the projections of the finance market thus describes a shift in the creative industries towards an increased focus on technology and with greater consumer power/participation.

Henry Jenkins (2006) stated that the convergence—a buzzword in recent years—of various cultural patterns is not just applicable to the media, but also in fact to the convergence of new and old cultural patterns. He says that cultural convergence is not primarily about a change in technology but more about a change where passive recipients have become active co-players. Consequently, a new generation is growing up with the insight that distributed content is just the starting point. Role-play in dynamic worlds, for example, is enormously successful on the Internet.[8] The opportunities for directing, producing and distributing content are also manifold. User–generated content fills the video clip site YouTube and user involvement is on the rise generally (see for example Tapscott—Williams 2007). [9]

A general overview of these changes can be mapped out in three steps, where we are about to take the third step (the younger generation have already done so).

A century ago, an experience (in the sense of what companies or the creative industries offered) was about the consumer being satisfied with what was offered to him or her where he or she lived.

You had to wait until the circus came to town.

The alternative—actively transporting yourself to an experience—can be achieved in two ways. Either the consumer can transport him/herself to the experience, or the experience can be transported to him/her. During the first period, this basically did not happen at all. People rarely travelled to other places, even places that were quite near to their homes. Compare this to the situation today, when tens of thousands of people travel (to nearby cities) to see U2, Bruce Springsteen or the Rolling Stones. Or even take a low-cost airline flight to visit a hip new nightclub.

The second option—transporting the experience to you, either to your home or home town or city—was also well beyond most people's frames of reference. Would you be able to pay for your favourite artist to come to you? But it's precisely this version of events that characterises the next period. This was made possible through a string of technological advances that provided the tools for storing and distributing sound and images. Behind these advances were a string of inventors of the 19th and 20th centuries: Wheatstone (the microphone), Edison and Cros (the phonograph), the Lumière brothers (cinematography), Poulsen (data storage) and Baird (television).

[8] This is perhaps best illustrated by the virtual world *World of Warcraft*, which has 10 million players.

[9] See also Theodor Adorno's view of the culture industry; he argued that consumers are passive.

"An increasingly open ecosystem is developing in a media world in which production is actually occurring at the user end of the chain. User involvement is on the rise and content is being adapted to the individual to a greater and greater extent."

Suddenly it was possible to go to the cinema, listen to recorded music (initially in jukeboxes, and later consumers were able to afford to buy their own records and playback equipment) and to watch TV. In addition it became possible for most people to benefit from the technology: from the 1960s, the TV became a standard item of equipment in most homes in the developed world. As a consequence of this development, we got superstars; first at the national and then at the international level (from Elvis Presley to MTV).

The third step describes a period that has been made possible by the continuation of technological development. The biggest difference is that the experience is transported to the consumer at the command of the consumer: the consumer determines to a far greater extent when, where and how he/she will consume an experience. People have these potential experiences in their pockets (on their mobile phones such as the iPhone, in portable game consoles and media players), and in their homes via equipment for home entertainment (game consoles that can be connected to the Internet, TVs with recordable hard disks, etc).

These technological foundations create a splintered market where the consumer can become – and therefore does become – more active than before. User involvement rises. The demarcations between consumer and producer are becoming less and less clear: new tools for users to produce and distribute content themselves have risen dramatically.

The English rock band Arctic Monkeys are an example of how a band can top the charts without recourse to a record company. Web sites such as *myspace.com* and *facebook.com* rapidly became a phenomenon,[10] but are just two examples of global social networks that likewise function as development arenas, PR tools and test markets.

[10] Facebook attracted 132.1 million unique visitors in June 2008, compared to MySpace, which attracted 117.6 million, according to ComScore (2008).

In other words, the way we are consuming is changing, but it is also important to understand that some fundamentals remain unchanged:

We humans like experiences.

Some people are better than others at creating and distributing them. Two things continue to remain constant however: talent and the audience. Those who can discover or create stars will always survive. But everything in between—record companies, music publishers, recording studios, video filmmakers, record shops—are constructions after the fact, and intermediaries that may turn out to be redundant. The infrastructure that exists today did not exist when Elvis Presley was the world's top artist in 1958.

Tomorrow, today's infrastructure may become obsolete again. The question that arises therefore is rather how to capture, change in response to, and capitalise on these changes.

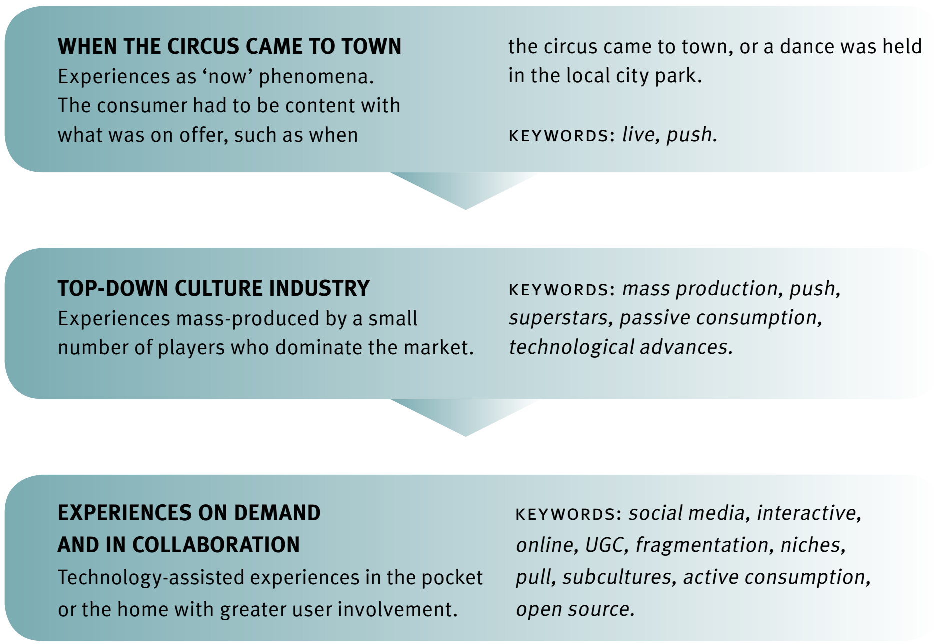


Figure 2. The creative industries in transformation. An overview of changes over a century. Source: Nielsén (2005).

Global competition

Half a century ago, the era of mass production in the creative industries was introduced with global superstars like Elvis Presley and James Dean. Today a global cultural landscape is a reality, where even China is making films that are reaching a global audience, and Columbia has delivered a world superstar like Shakira.

Culture and entertainment have long been international phenomena that cross borders. World trade is constantly growing. UN figures (UNCTAD 2008) show that trade in creative goods and services is growing by 8.7 per cent annually. The value of these products and services amounted to USD 424.4 billion in 2005, representing 3.4 per cent of total world trade.

The turnover of European creative industries amounted to EUR 654 billion in 2003, growing 12.3 per cent faster than the overall economy of the European Union and employing over 5.6 million people (KEA 2006).

But this growth in turnover is not distributed evenly around the world. The UK and the USA are the two biggest exporters of creative goods. And the USA dominates the export of 'cultural services'. The USA is also the biggest importer of creative goods and services, followed by the UK and Germany.

The big exception is China, which became the world's leading producer and exporter of value-added creative products in 2005, with a market share of 19 per cent of total world exports of creative goods. (UNCTAD 2008)

On the whole, Asia has shown exceptional growth in the export of culture. Efforts there are also strongly linked to developing creativity so that it spreads to the entire economy. Author Thomas Friedman states (2005) for example, concerning Singapore, and comparing it with his home country of the USA:

> *"Singapore is a country that takes the Internet seriously. Last week its Ministry of Defense granted a deferment for the country's compulsory National Service to a Singaporean teenager so he could finish competing in the finals of the World Cyber Games—the Olympics of online war games.*
>
> *Being a tiny city-state of four million, Singapore is obsessed with nurturing every ounce of talent of every single citizen. That is why, although its fourth and eighth graders already score at the top of the Times international math and science tests, Singapore has been introducing more innovations into schools. Its government understands that in a flattening world, where more and more jobs can go anywhere, it's not enough to just stay ahead of its neighbors. It has to stay ahead of everyone—Including us.*
>
> *Message to America: They are not racing us to the bottom. They are racing us to the top."*

As this global trend unfolds, a debate is raging about diversity and nurturing contra exploitation of culture, at the UN level as well as in local contexts. An interesting development too is that many developing countries are seeing great opportunities in the creative industries. While they may have benefitted less from industrial development in the world, they are hoping to be able to benefit more from their history, their cultural heritage and their competence in this explosion of culture. Gambia's former Executive Director of the National Council for Arts and Culture Burama K. Sagnia (2005), for example, maintains that the potential for growth in the creative industries is great even in developing countries, particularly after the successes of India's and Nigeria's film industries. In addition, there are highly successful handicraft industries in Senegal, South Africa, India and Brazil.[11]

Furthermore, developing-country exports of related creative goods (including computers, cameras, television sets, and broadcasting and audiovisual equipment) increased rapidly over the period 1996–2005, from USD 51 billion to USD 274 billion. UNCTAD (2008, p. 29) explains that this spectacular growth is indicative of the catching-up strategies being pursued in a number of developing countries to increase their capacities to supply value-added products to global markets. It also reaffirms the continually expanding demand for creative products that rely on these related industries for their distribution and consumption.

While developed countries have dominated both export and import flows, developing countries year after year have increased their share of world markets for creative products, and their exports have risen faster than those from developed countries. Exports of creative goods from developing economies accounted for 29 per cent of world exports of creative goods in 1996 and reached 41 per cent in 2005 (ibid, p. 106.)

The pace of change is spectacular and former structures are crumbling. The record industry has lost its position of leadership in the music industry. Hollywood is asking itself what role it will fill once the digital revolution is complete: will it be enough at that point to be the world's Studio City and central meeting point for actors? Many—all!— countries have more equal opportunities to compete based on cultural values and forms of cultural expression than within the realms of traditional industrial production.

[11] However Latin America's and Africa's percentages of world trade are still marginal. The reasons for this according to UNCTAD (2008) appeared to be inadequate national institutions and the general structures of the world economy.

The competition is tough. But this also means enormous opportunities, since no structures can be taken for granted any longer.

Export of ideas

The spread of ideas about the creative industries and the experience economy has been virtually unprecedented. Cunningham (2005) gives two reasons why the creative industries have become such a widely recognized and important phenomenon:

1. Production in a new economy: rapid growth in the ICT[12] and R&D sectors.
2. Consumption in a new economy: the experience economy with cultural identity and social influence as important components.

It was primarily the Tony Blair government's initiative from 1997 that stood as the starting shot for how the creative industries are perceived (and measured).[13] The UK has then followed its colonial traditions and gone on to happily spread these ideas to other countries around the world.

If you compare efforts in various parts of the world, a focus on high-tech dominates in Asia. Growth in market share and international competitiveness are key factors to success in this case. In Europe, on the other hand, there has been a more pronounced focus on branding and employment. The argumentation goes that cities and regions need to be filled with new content, because old industries have played out the role, while at the same time these cities and regions are to become attractive places for people to live and businesses to establish. Richard Florida's idea of the creative class for example has had a great impact (2002).

In addition there is an element of focus on creative processes in general, often in the form of industrial design or the design process, for the purpose of boosting the competitiveness of the economy in general. This perspective is particularly pronounced in Scandinavia, the UK and New Zealand.

[12] ICT stands for *Information and Communications Technology* and, compared to IT, stresses the importance of communication (with and between people).

[13] See for example *Creative industries mapping document* (1998) from the UK's Department for Culture, Media and Sports, and successors to that report.

"The challenge of the creative industries is the challenge of a new form of economic understanding—they are not 'catching up' with serious, mainstream industries, they are setting the templates which these industries will follow."

In Africa and certain parts of Asia, some projects have been initiated with the involvement of the UN or as aid co-operation that are largely concerned with promoting cultural diversity but also alleviating poverty and bridging knowledge gaps by focusing on the creative industries as important for the developing countries. Cultural entrepreneurship has also been emphasised, so that aid money will have more permanent results and thus function more as a foundation for continued growth than as short-term aid.

Many UN organisations have become involved in this issue, in particular UNESCO, UNDP, UNCTAD, WIPO and WTO. In Asia, UNESCO's regional offices in Bangkok are involved in similar projects, including a large project based on Hong Kong's creativity index (2005), which includes variables for literacy and the proportion of government institutions in the society, etc.[14] UNESCO has also been involved in the debate on what statistics should be used to describe these industries.

UNCTAD has taken the lead with its *Creative Economy Report* (2008), the UN's first report involving several UN organisations with its conference held in Ghana in 2008. WIPO has been active in the debate on rights in issues such as illegal file sharing and piracy in general. WTO discussions have involved in particular the cultural exception, that is what trade barriers—including quotas that the national media must keep to—are permitted. This debate is difficult, since culture is being industrialised more and more at the same time. Wherein lies the balance between culture as a product like any other in a market in which culture is being ever more industrialised; and culture as something decisive for language and identity, thus legitimising protectionist arguments?

[14] Developed by Desmond Hui, Centre for Cultural Policy Research, University of Hong Kong.

Creative industries or the creative economy?

Different reference points

A large number of initiatives are running in different countries aimed at stimulating the creative industries in those countries. Some examples were given in the introduction. These initiatives can be divided into two groups based on the following perspectives:

1. A group of industries that generally go under the following names: *cultural industries, copyright industries, creative industries, entertainment industry.*
2. The economy as a whole or a large part of the economy: *cultural economy, creative economy, experience economy, entertainment economy.*

The boundaries that differentiate these categories are seldom clear or logical. Shouldn't it be possible to equate the creative industries with other industrial sectors? One answer to this question has come from a group of researchers in the UK called Focus on Creative Industries (FOCI), their thesis being that the creative industries are setting an agenda that other industries ought to be following:

> *"Whilst FOCI welcomes the recognition of the strong economic contribution made by the creative industries in terms of wealth creation and employment, we would also keenly stress that this sector is very different from traditional industries. They deal in value and values, signs and symbols; they are multi-skilled and fluid; they move between niches and create hybrids; they are multi-national and they thrive on the margins of economic activity; they mix up making money and making meaning. The challenge of the creative industries is the challenge of a new form of economic understanding—they are not 'catching up' with serious, mainstream industries, they are setting the templates which these industries will follow."*

Which industries should be included? It is not obvious, and the demarcations differ in different countries. In the UK, software is included (and is responsible for a very large portion of the financial figures presented), while parts of tourism are included in Sweden. The variation among these definitions is one reason why it is difficult to measure the creative industries and compare figures between countries.

Kolmodin et al (2008, p. 56) compared the Swedish definition of the creative industries with the EU commission's definition of the cultural economy (KEA 2006) and noted big differences. "Of the 434,000 people employed in the creative industries and the 509,000 employed in 'the cultural economy', only just over 222,000 fall into both categories. To put these definitions on an equal footing in general parlance is thus highly questionable."

Another reason why the creative industries are difficult to measure and understand is the big element of *indirect effects* and here, we are approaching the line of reasoning concerning culture and creativity as driving forces for the entire economy and society in general. The solar system model (Nielsén 2004) presents some examples of the forms of value in the creative industries *and their effects*. These effects stress the export potential of the creative industries and that the sectors of *the creative industries* can comprise industries in themselves, but that they can also have indirect effects[15] such as on tourism, immigration, business establishment and a more creative climate conducive to the innovation pro-cesses of all companies. Culture and creativity – the argument runs – not only make us better people because we feel better, but also result in us becoming more creative, more innovative and developing a better understanding of ourselves and mankind in general, and thus generating more money for our businesses.[16]

The assumed chain can be summarised as follows:

Culture > creativity > innovation > growth > employment

Tourism or technology? The experience from Sweden

Imagine a sparsely populated region quite remote from any metropolitan area. What can you do with such a region in attempting to prepare for an economy in which talent is more important than capital?

Sweden has plenty of this kind of region. As the fifth largest country by area in all of Europe (and slightly bigger than California) but with only 9 million inhabitants, the population density in Sweden is low. 84 per cent of the population live in urban areas, which comprise only 1.3 per cent of the country's total land area. In many regions, it is always going to be difficult to talk about proximity and clusters—far less a creative cluster.

Regional growth is thus perennially a big question in Sweden, and in recent years the question of what the creative industries might be able to contribute to development in the local and regional contexts has been emphasised. But the debate has often circled around artists and small-scale tourist operators. Tourism has been emphasised in general in many contexts in which the creative industries have been talked about in Sweden.[17] Regional branding of events of the more bombastic type has sometimes been categorised as creative industries, such as decorating towns that are in darkness for most of the winter with lights.

A general comparison of initiatives around the world shows that some aim at the small scale and focus on tourism and branding, while others focus more on technology. The latter means that initiatives are linked to the new media, video games and entertainment software to a greater extent. Compare this with John Hartley's definition of creative industries below (2005) and how he emphasises convergence with new media technologies (ICT). His perspective is that the idea of the creative industries is continuation to the 'new economy' with its focus on IT—and that it is only now that the technology is being filled with content.

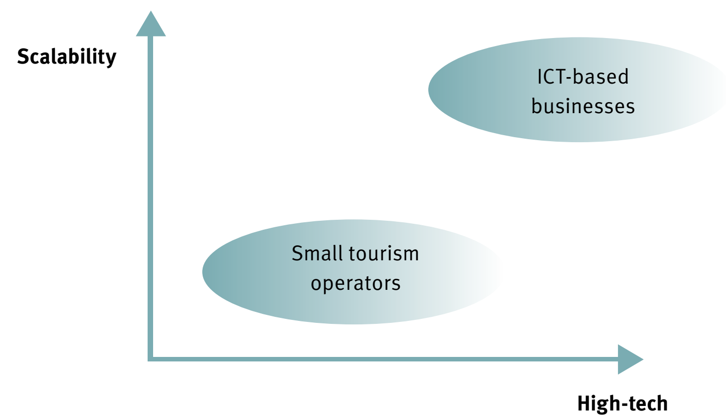


Figure 3. The focus of initiatives for the creative industries. Differences in initiatives in the creative industries.

[15] Read more on page 40.
[16] This is discussed in more detail in, for example, Nielsén 2004, O'Connor 2007 and Pratt 2007.
[17] Remember that the role of tourism in the Swedish definition of the creative industries is quite particularised. See the discussion on page 76.

"The idea of the creative industries seeks to describe the conceptual and practical convergence of the creative arts (individual talent) with cultural industries (mass scale), in the context of new media technologies (ICT's) within a new knowledge economy, for the use of newly interactive citizen-consumers."

The difference between these initiatives is that the scalability of tourism and branding is minimal.[18] While everything has its place, a local 'experience-based' museum has much less potential than an IT-based operation from the point of view of national growth.[19]

The link between regional development and the creative industries is strengthened by the view of practitioners in the creative industries outside of the major cities in Sweden that regional development policy is the second or third most important issue for achieving positive development for their organisation (or for themselves if they are freelancers). Another observation is that the average score on the question of how much importance they attached to policy questions is highest for "small towns or rural areas", followed by "medium-sized cities".[20]

The tendency for those interviewed from the major cities was to attach less importance to policy questions associated with how their businesses in themselves are to achieve positive development (taxation, copyright, etc).

Without evaluating these responses, they are an indication that issues concerning the promotion of their businesses do not have the highest priority. If that had been the case, small business, taxation, copyright and international marketing would have been at the top of their lists.

The weak connection between the IT sector and the creative industries in the debate in Sweden is somewhat surprising, since Sweden can otherwise be seen as a highly successful IT nation, with Ericsson in the vanguard. In addition, Sweden is one of the world's biggest exporters—in absolute figures!—of video games. At least one Swedish-produced game each year is among the top 20 selling video games in the world, which seldom or never occurs for Swedish films, books or records for example.

[18] We talk about various business models including scalability in the next section.
[19] See page47 for a discussion of the significance of exports for regional growth, so that it does not become solely a recycling of feedback of national resources.
[20] According to a web-based survey that attracted more than 200 respondents working in the creative industries.

Major cities (> 300,000 inhabitants)	**Medium-sized cities (> 30,000 inhabitants)**	**Small cities (< 30 000 inhabitants) or rural areas**
1. The arts/culture	1. The arts/culture	1. The arts/culture
2. Copyright	2. Regional development policy	2. Small business
3. IT	3. Small business	3. Regional development policy
4. Small business	4. Taxation	4. IT
5. Taxation	5. Copyright	5. Trade policy, EU and international cooperation

Figure 4. Results from web-based survey. The five most important questions of policy affecting your organisation (or freelance operation) to achieve positive growth, sorted by type of geographical region.

Take also phenomena such as eBay and the file sharing sites Kazaa and The Pirate Bay for example.[21] Behind eBay and Kazaa are two Scandinavians (one Swede and one Dane) and the well-oiled BitTorent system that is The Pirate Bay's servers have been located in Sweden. This is perhaps not by accident considering that in Sweden, the level of IT maturity is high, English language knowledge and skills are very good, and its prosperity permits the acquisition of the requisite equipment.

At the same time there are many examples of major initiatives abroad with close connections to the IT field. Many Asian countries in particular are investing a lot in the infrastructure and PR for video games. China has invested USD 1.8 billion in a five-year program for the development of online games. In South Korea, there is a publicly funded export and developer organisation (Game Infinity) for video games with 80 full-time employees that organises just over 2,000 companies.

[21] No matter what your view of file sharing is, it is something that has meant significant changes for large sections of the creative industries and is having effects on a number of other industries.

Good vibrations?

The following are the reasons generally stressed as to why Sweden's creative industries have excellent prospects for taking a leading position in the world:

1. Technological development in Sweden has been very strong for a long period of time. A relatively large number of inhabitants with access to computers, broadband and mobile phones with advanced features provide an excellent 'greenhouse' for many sectors of the creative industries.

2. As a small but highly developed country, Sweden is well used to operating in an international market and rapidly seizing on trends and influences. Swedish may well be a very small language, which negatively affects some sectors of the creative industries such as film, but it also means that Swedes adapt more rapidly, and make more efforts to reach a bigger market. For example, take the achievements of Sweden's fashion industry.

3. A high level of engagement with cultural activities. This interest is supported by public funding for the arts sector, providing a solid foundation for the creative industries.

UNDERSTANDING THE CREATIVE INDUSTRIES

Many effects—one central core

Different values

WHAT ARE THE MOTIVES behind initiatives and investments in the creative industries? What are the expectations?

There isn't a single answer to this question. Instead, there are many different rationales behind initiatives and investments, and the arguments that support them. These are important for understanding the driving forces for the players and for the planning of government initiatives. Confusion about the meanings of terms and difficulties with measurement and definitions are additional reasons why it is important to understand the different perspectives on and approaches to the creative industries that exist.

Nielsén (2004) summarises the different values that people associate with the creative industries (listed below). No matter how these values are perceived—as good or bad—is important to be aware of these different perspectives in order to understand and to be able to evaluate the advantages and disadvantages of initiatives.

As well, these perspectives are not always compatible with each other, even if the same activity or product can contribute to several effects. A concert can sell tickets as well as attract tourists and be artistically challenging.

A. *Culture attracts people.* A concert or a generally perceived rich cultural life can be factors that attract visitors (tourism) and motivate migration to a place according to, for example, Richard Florida's argument (2002) concerning what attracts *the creative class*.
B. *Culture sells.* A culture's goods and services can be sold on the market. We go to the cinema, concerts, and we buy books. These effects are the easiest to measure.
C. *Culture spawns image and identity.* In the first instance, the creative industries generate attention that other businesses can capitalise on. For example, success in music and

design puts nation and particular municipalities, on the world map. Secondly, cultural activities help to shape identity – both individual and collective. As humans, we often define ourselves on the basis of a feeling of belonging, which is often expressed in the form of a lifestyle (consumption, interests, choice of domicile, etc), which in turn is shaped by works of art (literature, music, theatre, film, etc).

D. *Culture adds value and creates tools for other industries*. This refers to culture as fostering creativity and innovation. The hope is for general effects in the form of an environment that fosters innovation and 'trans-silo' collaboration, such as where culture functions as a subcontractor to other industries, for example, the content for and design of mobile phones; or that experiences and content serve to reinforce an advertising message and boost shopping. This value has been identified by Pine–Gilmore (1999) among others, who talk about an *experience economy*, and Jensen (1999) who describes a *dream society*. [22]

E. *Intrinsic value*. This refers to culture as the end instead of the means, generally based on a judgement that involves artistic merit or value in terms of cultural history. The intrinsic value argument sometimes gets mixed up with other instrumental arguments such as the importance of culture for democracy and freedom of expression.

Circles and the solar system

The values listed above have different origins but they have in common that they originate from a central core that generates these effects. This core might be an activity such as a concert or a product such as a film. Behind all of these cases are one or more people who have created something. It is this 'creation' that fuels all the other effects: it is that which means that something can be sold and distributed; that which means that there is something to attract people with or generate an image from; and that which is the content that other producers can use to add value to their own products.

[22] Holbrook—Hirschman (1982) were early in pointing this out, but these ideas first achieved wide acceptance at the end of the 1990s with, in addition to those mentioned in the main text above, Schmitt—Simonsson (1997) and Wolf (1999) among others. A good overview is provided by Holbrook (2000).

Quite simply, something central on which to build. You can then view the effects as rings on water.

This was the symbol that adorned the cover of the first statistics report in Sweden (the Knowledge Foundation 2003) on the creative industries, to symbolise the values that are not captured by traditional methods of measuring the sectors of the creative industries. In recent times, more descriptions of the creative industries have similarly departed from the method of describing these industries separately, such as was done in the UK's first publicised mapping document of the creative industries (DCMS 1998).

In a later, similar mapping document in the UK, a similar circle model was used (Work Foundation 2007 followed by DCMS 2008). See a simplified version of this in the figure below.

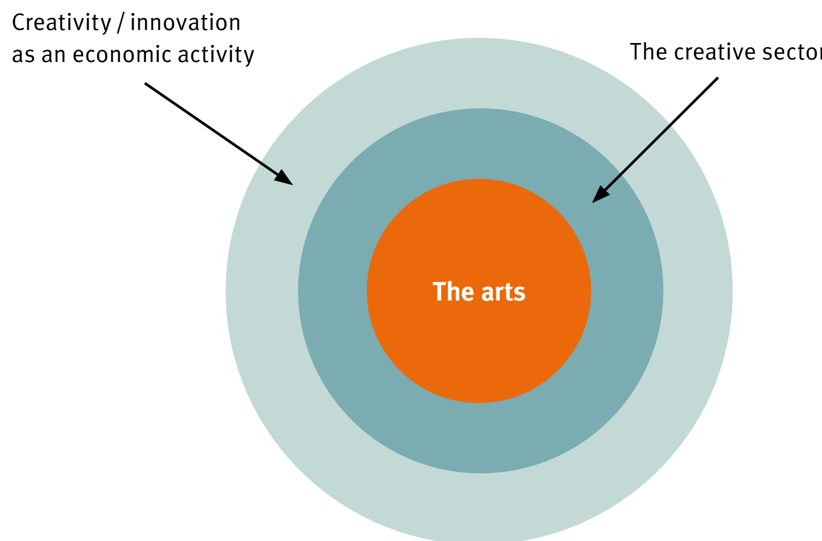


Figure 5. Simplified illustration of the arts in relation to the creative industries and the economy in general.

This arrangement follows the EU commission's major report on the economy of culture (KEA 2006, p. 3), which is based on the following blocks, but does not draw circles:

Core creative fields
- Non-industrial activities.
- Output are prototypes and "potentially copyrighted works" (i.e. these works have a high density of creation that would be eligible to copyright but they are however not systematically copyrighted, as it is the case for most craft works, some performing arts productions and visual arts, etc).

Cultural industries
- Industrial activities aimed at massive reproduction.
- Outputs are based on copyright.

Creative industries and activities
- Activities are not necessarily industrial, and may be prototypes. Although outputs are based on copyright, they may include other intellectual property inputs (trademark for instance).
- The use of creativity (creative skills and creative people originating in the arts field and in the field of cultural industries) is essential to the performances of these non-cultural sectors.

Related industries
- This category is loose and impossible to circumscribe on the basis of clear criteria.
- It involves many other economic sectors that are dependent on the previous 'circles', such as the ICT sector.

The trend in current policy debate in Europe is to place more and more emphasis on 'the creative economy' as opposed to 'the creative industries'. Both the UK's Department for Culture, Media and Sports (2008) and the UN through UNCTAD (2008) had this perspective in their latest reports on the subject.

This shift can be seen as an attempt to give the area a central position in societal development according to Nielsén (2008). However the reason may be purely pragmatic: the promise of the creative industries is sometimes seen as not having been fulfilled, and

The trend in current policy debate in Europe is to place more and more emphasis on "the creative economy" as opposed to "the creative industries".

therefore the focus must be widened. In the case of the UN, it is perhaps more to emphasise the importance of knowledge as a value generator: that prosperity cannot (any longer) be based solely on material assets *such as* new, often technology-based industries growing very rapidly. The word *creativity* and certain technology-intensive creative industries have come to symbolise this idea—and culture in general has been bundled along in the same breath.

Another interesting aspect of 'the creative economy' being given prominence at the expense of 'the creative industries' is that cultural values are being emphasised at the same time (intrinsic value in the matrix). Quoting from the UK Work Foundation's report (2007, p. 204):

> *"But (the creative industries) are more than that. They are the means by which the nation displays expressive value—a source of pleasure, wellbeing and the replenishment of our collectively-created culture—and their growth demonstrates the increasing value we attach to it."*

The EU commission's report (KEA 2006) is not either just an economic report, despite the general image of it as being so. Instead, it also emphasises cultural values.

It is therefore possible to surmise a new discourse on how the creative industries are starting to be perceived more and more in Europe:

1. Culture is important, and not just for its economic effects. And with that, often making use of instrumental arguments, such as tools for diversity, social inclusion and quality of life.
2. That growth in the creative industries is relatively high compared to all other sectors is being criticised (although this does not apply to the digital media field). The emphasis is more on *creativity*— if economic growth is the goa—being important as a component for other trade and industry.

The solar system model

The solar system model is a way of illustrating the relationship between the arts and creativity on the one hand; and the creative industries and the creative economy on the other hand.

In this model, Nielsén (2004) describes the common core of the creative industries as being like a sun. This central core is essential for the solar system to function—the planets circle around the sun at a greater or lesser distance to it, but ultimately they are dependent on the sun's energy.

Without the sun, the solar system stops. Without energy, creativity, knowledge and content, the creative industries would cease, too.

The planets circling around the sun symbolise the various values associated with the creative industries. These are businesses or activities that provide support to the core. They are the manufacturers of materials and technology. They are businesses that supply distribution. When the nation's music and fashion industries are successful, they generate positive PR for the country as a whole. In addition, all production benefits from the energy emanating from this central core. Products no longer need to be just functional; they need to have some extra—experience-based—dimension. The model is also about the important contribution these values make to our wellbeing and social development – prosperity in the broadest sense.

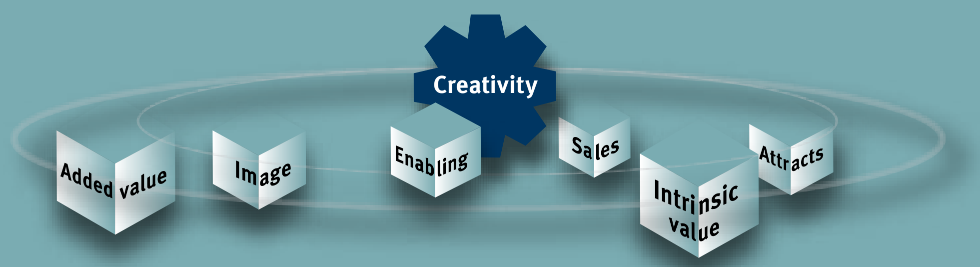


Figure 6. The solar system model. Source: Nielsén (2004).

Three types of business model

An analysis of the growth potential of the creative industries leads to the insight that the business models used in the different sectors of the creative industries differ profoundly.

Instead of dividing up businesses on the basis of sector demarcations, they can be divided up—across sectorial boundaries—on the basis of three types of business model according to Nielsén (2008):

1. Mass-produced and scalable products
2. Live-based products
3. Inputs to other products as value enhancers

A division on this basis shows how different players can be linked together on the basis of what goals they have for their operations. It becomes clear that players can be grouped not only within their own sectors, but also on the basis of the business model underlying their business operations.

Mass-produced products

Mass-produced products are characterised by scalability and are based on a very clearly 'industrial' type of business model. Mass-produced products can be media-dependent, or in the form of (physical) goods. The experience is packaged (stored, styled, designed, etc) and as a rule arises in a context external to the occasion of its production.

Examples of media-dependent, scalable products are films, TV productions, radio programs, recorded music and newspapers and magazines. Note that the format and forms of distribution of these products can vary. Recorded music can be distributed on CDs and in downloadable formats. Films can be shown on TV, at the cinema and sold on DVDs. Newspapers and magazines nowadays don't need to come in the post, but may also take the form of a web-based product.

Another group of scalable products are physical goods—a group in fact that includes all products that can be counted as manufactured goods under the traditional industrial business model. From the point of view of the creative industries, designer goods such as designer clothing and furniture belong here; and if the definition is widened somewhat, which is the case in some countries, it also includes toys, antiques and luxury goods.

What's typical for business models here is the possibilities of leveraging on mass production (given that the production is sold successfully). Leveraging is particularly great for those industries that can capitalise on digital formats, since the marginal cost is often extremely low in relation to the marginal income.[23] It is this logic that explains Microsoft's huge profits for example: the cost of manufacturing one more copy of an operating system or the Microsoft Office package is negligible—but the products still cost several hundred dollars.[24]

Live-based products

Live industries are service-based and characterised by a direct, jointly creative encounter with the consumer, for example, all types of events and performances in various forms—theatre, festivals, dining, sports events, PR events, etc. These industries are normally more personnel-intensive than industries that strive for mass production, which are normally more capital- and technology-intensive.

These businesses can be divided at the general level into two types: with and without premises. Those without premises often form around short-term projects (events), with temporary staff employed for the occasion. Those with premises (or an area) are much more permanent operations, for example, theatre companies and theme parks, even though they must regularly recreate the encounter with the customer.

However, live-based businesses can be packaged as a concept and in this way become scalable. Even a musical such as *Mamma Mia* is now being mass-produced by being performed in many places around the world. But even these examples have a *here* and *now* aspect—the experience arises in the encounter between the producer and consumer and within a surrounding 'system' (to simplify the picture).

[23] A very good orientation in the huge advantages of scale of digital distribution can be found in Shapiro–Varian (1999).

[24] However, the business model only partially explains the company's *success*. The biggest reason is of course that the products have gained a footing in the market and are in demand. To keep repeating this sales success, the company must also continue to invest a great deal in development costs and customer relations.

"When Bruce Springsteen played to a huge arena in one of Sweden's major cities over the tradition-laden midsummer holiday weekend, the 110,000 visitors to the city contributed an influx of SEK 150 million to the city's coffers over a weekend that is otherwise normally almost completely dead. Live industries thus function as 'draw cards' for other businesses."

Live industries in many instances have significant indirect effects, such as for example in the form of tourism. When Bruce Springsteen played to a huge arena in one of Sweden's major cities over the tradition-laden midsummer holiday weekend, the 110,000 visitors to the city contributed an influx of SEK 150 million to the city's coffers over a weekend that is otherwise normally almost completely dead. Live industries thus function as 'draw cards' for other businesses.

Value-enhancing inputs

The value-enhancing sectors of the creative industries are characterised by the experience being an input good or service intended to increase the value of another product. Clear examples are market communications, architecture and industrial design. Just why these sectors are important from a national point of view is not primarily in that they contribute employment opportunities, but through the added value they can generate for production in other industries.

That the design of the iPod, for example, was so successful has led to Apple being able to sell millions of these portable media players. The design increases the value of the product, but note that it is not the designer who makes the big money out of the iPod success, and not the Taiwanese company that assembles these media players (in China) either.

In other words, if you are talking about the significance of the design sector for a country, it is less about the number of people actually gainfully employed in that sector and more about what that sector can add to the country's economy in general.

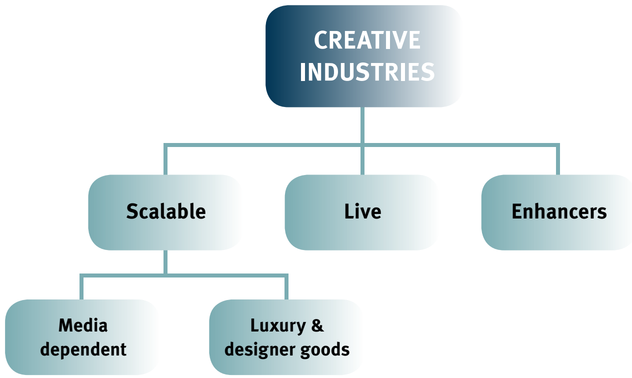


Figure 7. Business models in the creative industries. Source: Nielsén (2008).

SCALABLE (mass-production)	LIVE	VALUE-ENHANCING
Media-dependent	Music (live)	Architecture
Video games	Dining	Design (consultancy)
Filmed entertainment	Wellness	Advertising
Print publishing (books, magazines)	Events	
Music (recorded)	Amusement parks	
Television	Leisure and lodging	
	Theatre and musicals	
Other mass-production		
Fashion and designer goods		
Reproduced art		

Table 1. Grouping based on business models operating in the creative industries. Source: Nielsén (2008).

Evaluation model

On the previous pages, two principles were presented:

One stating that the creative industries contribute a variety of effects.

The other describing the structure of the creative industries based on three types of business model.

Nielsén (2008) brings these principles together in a matrix in the table below. This matrix can be used to answer three questions:

1. What are we talking about?
2. What do we want to achieve and how are we going to achieve it?
3. How should we measure the effects?

	Mass-produced	Live-based	Service-based input
Appeal		E	
Sales	A		
Image and identity	B	F	I
Added value	C		H
Intrinsic value	D	G	

Figure 8. Different perspectives and their business models.

The explanatory model above clarifies these perspectives: Do we want to invest in the creative industries to generate tax revenues or to improve the quality of life in a place? Or both? Or neither of these options?

If successful, the industrialised production of culture—the duplication of works from for example book publishers, film production companies or music production companies—can generate profits (A) and contribute both jobs and tax revenues. This kind of production can also generate effects in the form of image and identity (B)—take for example Ingmar Bergman's picture of Sweden, and songs such as Frank Sinatra's "New York, New York". The content of mass-produced culture—text, the moving image, music—can also function as input to other products and thus add value (C) to them, for example, mobile phones. Mass-produced culture sometimes—but not always—consists of products of artistic interest (D); from Bergman mentioned above, to any of the Nobel Prize winners in literature. On the other hand it is doubtful what significance this type of production has for quality of life in a particular place or for tourism.[25]

If tourism is the goal, live-based activities have the biggest effect (E), for example concerts held in big arenas, successful musical and theatrical productions and festivals. A live concert or theatrical performance can also contribute to the image and identity of a place (F), for example, a rock festival. Such events may of course be motivated by—that somewhat indefinable[26]—intrinsic value (G).

Design competence and other creative service-based inputs primarily contribute to added value (H). The biggest social value of design lies not in how many designers are employed, but what design contributes to other companies. Added value belongs with image and identity (I)—the product is charged with something extra, very often something that contributes to an expression of lifestyle through its consumption: you buy something to show who you are; a particular brand, a certain colour, a particular content. Thus image arises from the value added by the creative or cultural input.

The matrix can also be used as a template for measuring effects. The economic effects of an event, for example, are not measured solely by looking at the event organiser's sales figures, but also in hotel nights and tourist consumption in general: how much 'new' money has streamed in, that is, how much have visitors from elsewhere spent?

Obviously, there are more aspects to weigh into this discussion, for example, (very) small versus (very) large companies and different types of financing and ideological principles (Pratt 2005).

[25] Admittedly, tourism is stimulated primarily by films and books, but the effects are largely marginal and difficult to plan for. A topical exception to this is what the *Lord of the Rings* films have meant for New Zealand's tourism industry.

[26] A lot can be said about the intrinsic value of culture and this area too has a number of different rationalities. However there is no room for that debate in this publication.

Different purposes—different choices

The importance of exports

Regional growth does not always lead to national growth. The reason for this is that regional growth may simply be a result of the redistribution of resources from other parts of the country.[27] For *national growth* therefore, exports are decisive.

An initiative with the purpose of promoting economic growth should therefore have the export perspective very firmly in focus. This is particularly applicable to a small country whose domestic market is sometimes judged to be too small for the creation of profitable businesses. It is perhaps particularly relevant for exports from companies in the creative industries. These sectors achieve success through appealing to people's preferences, and some niches may be too small in a country of Sweden's size to form a sufficiently large market to generate profitability. But if you add together these small niches in several countries, they can form a sufficiently large market to be good business.

But which industries have particularly great export potential?

A map like Figure 8 is an analysis tool that is useful for talking about this issue—which could be reformulated as follows: Which industries can reach the biggest markets? Let us begin from the types of business model mentioned previously, starting with scalability and appeal (live).

Note that even live-intensive creative industries can expand their markets through export. It is of course important to remember that tourism export—when foreign visitors consume the products and services of creative industries in Sweden—is also a form of export. In this context, appeal can be defined as the potential for being the triggering factor for a visit, that is, not some supporting activity that benefits from and makes a profit out of something else having attracted the visitor.

[27] On the other hand—to clarify—there is nothing to say that a region's growth in itself should have negative effects on the growth of other regions in the country (see for example Hallin–Malmberg, 1996). In addition, several regions can capitalise on growth in one region without resources having been shifted from one region to any others. Instead, manpower and knowledge are becoming more mobile, according to the theory of regional enlargement. Nonetheless, the point is the importance of exports.

Scalability refers to the potential for companies to mass-produce their goods or services. This does not necessarily mean locating the mass-production in the country in question (for example, clothing manufacture) but rather benefitting from the leveraging of a 'hit'.

The players and industries may also move within the model. A restaurant, for example, which is fundamentally a live operation, can package itself as a concept and mass-produce that concept. This is why *dining* has been one of the financial analysts' flavour-of-the-month markets in the USA. A case of the movement illustrated by the arrow in the figure below having occurred. The biggest export potential exists for businesses in the shaded grey zone.

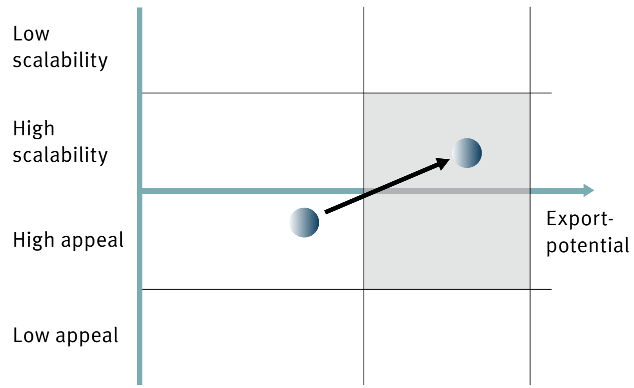


Figure 9. A picture of the potential for Sweden based on direct effects. The arrow illustrates that even live-intensive activities can transform their products into a concept that is scalable.

The finance market favours the scalable sectors, as argued previously. This is because the finance market is always looking for growth in the form of sales and profit margins, and these industries have the greatest potential for this. But even live-intensive industries that can be packaged as a concept and thus become scalable can become the object of investment. Dining was mentioned above. Another such industry is hotels.

But the picture is different from the economy's point of view.

To return for a moment to the third type of business model, value-enhancing, the goal

"In other words, the finance market is always looking for direct effects while society and the community in general (national, regional, municipal government) should be asking themselves why indirect effects should not also be included in any initiatives in the creative industries."

of an investment in, for example, industrial design from a national perspective should primarily be to increase sales and increase the value added a nations economy in general. The big value in relatively good industrial design does not come from a big 'design industry' as suchgenerating big profits. The greatest effects for the country as a whole come—if at all —from boosting the value of other businesses in general, and by contributing to increases in exports in particular.

To summarise these observations about focus, the economy's perspective as a whole is:

- Scalable products can be of value for the purposes of image creation. Films, for example, are seldom profitable in small language areas (A), but a fantastic medium when it comes to branding (B).
- Live-intensive creative industries are often the trigger for visitors to come to a place and as well as being components of a 'living society', which generates indirect effects in the form of contentment, tourism and, indirectly, the appeal of the place (E and F). The difference is that a big part of the consumption ends up in businesses external to the event or events that have drawn the visitors.
- There is a big potential in value-enhancers to increase the value of products (H). For a country, this means increasing the value of its export products. Take China, for example, which is currently charging its export products to a limited extent with value-enhancing components (brands, design, etc); compared with many products from the USA which have been charged with added value (iPod, Coca-Cola, etc).

In other words, the finance market is always looking for direct effects while society and the community in general (national, regional, municipal government) should be asking themselves why indirect effects should not also be included in any initiatives in the creative industries.

Adding to the discussion about exports (while keeping these indirect effects in mind) Power—Gustafsson (2005) present two perspectives: *the export perspective* and *inward investment* and *local capacity*. The export perspective describes how international competitiveness is generated by firstly exporting the products of the creative industries, and secondly through the export of experience-based products from other industries. Inward investment is about attracting foreign investment, employees and tourists, as well as contributing to the marketing the country in general.

Taken together, this means that various players from government can contribute different pieces of the puzzle for supporting and stimulating the creative industries. For a business or organisation that has branding and marketing as its *raison d'être*, the indirect effects of the creative industries are the most important ones, that is, image and the generation of appeal. Another example is that existing organisations working for economic growth and employment agencies should acknowledge the contribution of the creative industries and include them in their existing programs, even to the extent of tailoring parts of their programs to these industries. . There is enormous power here if existing organisations at all levels were to begin to implement at least small initiatives.

What is growth?

Growth can be different things. For example, increased employment need not mean increased profits (that is, an increase in value added = contribution to a country's GDP) or vice versa. The reason generally touted as to why Ericsson has closed down its factories in Sweden is that it takes a much shorter time to produce a mobile phone today than it did previously. The consequence of this is thus that while the value added has increased, employment has gone down considerably.

To link back to the creative industries, a successful scalable operation does not automatically lead to a large number of new jobs. On the other hand, small-scale operations are important from the employment perspective.[28]

[28] The creative industries play an extremely important role for this argument, since most companies in these industries are one-man or micro companies. Read more about independents from page 71.

In summary, different initiatives or focuses must be argued for on the basis of their purpose. The goals of initiatives will differ depending on which players are being targeted. For example, it is easy to understand that an individual practitioner in the creative industries will argue from a very different set of goals than an urban planner at the local, regional or national level.

In addition, the goals of companies may be very different from what the government wants: the government will view more jobs as something that is always good. However individual practitioners are more likely to see an increase in jobs as meaning increased costs and possibly somewhat of a necessary evil for expansion.

Some questions for public investment

An initiative for economic growth should have economic growth as its focus. For this reason, some important questions must be asked:

- Which industries demonstrate the biggest potential for growth?
- What is meant by growth? Primarily jobs or added value?
- Should the creative industries' indirect effects also be included in the growth analysis?

Where exactly is the value generated based on the answers to the questions above?

- Is it generated at the distributors, among the creative artists, in the big cities or in rural areas?
- What needs to be stimulated in the short- and the long-term, respectively; and from this, what is not receiving support today?

SYSTEMS AND PLAYERS

WHY ARE WORDS or terms invented? Because they fill a linguistic gap when we want to label a thing, a phenomenon, or a feeling for which there is no current label.

This is also why a term such as *the creative industries* has started being used more widely. This collective term, like alternative terms such as *the experience industry*, has arisen because of the need to capture something that is occurring. This is similar to the way that other terms have been coined and circulated widely during their initial years: *the information society, globalisation* and *broadband*.

Why then is it worth talking about the creative industries as such? One reason, which was touched on briefly in the introduction, is that the economic and social inpacts that the sectors of the creative industries have in generating competitiveness have been acknowledged. They are now higher up on the agenda.

Another reason is that these industries have things in common. This commonality has been further reinforced by the fact that former industry boundaries have become less and less relevant. Creative individuals have always of course moved between industries. Collaboration and processes that straddle old sectorial boundaries are also being observed among the big multinational players in media, entertainment and experiences in general. Video games become films, films become video games, books become films, restaurant chains are focusing on delivering a complete experience, hotels are hiring interior designers. These are phenomena that have been around for a long time to some extent (which is one of the points of the discussion to come). But what is most notable is the extent to which they are now occurring.

In some cases, true boundaries between these industries have never actually existed, and in other cases these boundaries are becoming increasingly blurred as they are redrawn in an environment in which no structures can be taken for granted. On the following pages, we look at what is common in some instances and not in others. It's important to understand these similarities and differences in order to be able to stimulate the creative industries in the best possible way; for example for the planning of education and training and for how these industries are defined. The analysis is divided into two parts—on the basis of products and players, respectively—and this is followed by a description of company structure within the creative industries.

Same foundation—many products

The music industry as an example

Taking the music industry as an example, what does it actually consist of? As with all the creative industries in general, it is not obvious what should be included in this 'industry'.

The general assumption is often that the record industry is the same as the music industry. The term *the recording industry* however captures the notion that records are about recorded music. But music can also be performed live—which is also 'the music industry'. Just think of Madonna's world tours.[29]

At the same time, to complicate things further, live music events are about so much more than music. The Hultsfred Festival is generally considered to be one of the music industry's biggest events. But if you ask Putte Svensson, one of the founders of the festival and now the CEO of the organisation, he says that he has more in common in terms of knowledge and experience with people who are producers of events—whether they are theatrical performances, dining experiences or just big markets—rather than record companies.

In other words, music is more than one industry. More than anything, music is more than an industry. Music is performed on instruments and computers in boys' and girls' rooms in their homes or in garages. Music is sung by amateur choirs and in Sweden is a self-evident part of any festive occasion. There is a non-commercial side to music that has existed since mankind learnt to keep time to a beat.

Instead of attempting to make definitive 'silos' in the form of industries, it's more useful to look at how different 'systems' work together and to understand the differences and similarities.

In this section, the music industry functions as an example of how a sector can be divided up into a number of systems: on the one hand with differences in the form of different types of business model, players and thinking/logic; on the other hand, from the same foundation—music and those who perform and compose it.

[29] In addition, it turns out that while the record industry has been experiencing some difficult years, and probably has a few more ahead of it, the live music business is experiencing a kind of renaissance.

In general, the music industry can be divided into two main systems:

- *Distribution and production of recorded music*—distributed via CDs, radio, mp3 files, etc. (Examples of businesses include: Sony BMG, Warner, iTunes, Rhapsody).
- *Live performance*—concerts, festivals, etc. (Examples of businesses include: Live Nation, AEG Live, Lollapalloza, the Hultsfred Festival).

The first system mentioned above relates back to the mass-production or scalability type of business model. Music is recorded and reproduced. The second system is circumscribed by the live type of business model—the experience *here* and *now*. But even here, attempts are made to achieve scalability if the opportunity exists. An example of this is the 'same' production performed on many occasions, either in the form of a tour (the performance goes to the audience) or in the same place (the audience comes to the performance). Another example is the festival (where scalability arises through many artists performing in the same place).

Differences. These two systems are based on two different revenue models. In both cases however, companies operate in only one of these systems. Sony BMG might be behind both the production and distribution of recordings, but does not normally arrange concerts. EMA-Telstar arranges concerts and other events, but does not produce or distribute recorded music.[30]

Support for education and training and research is vital in both cases, but it's precisely when education, training and research come up for discussion that it becomes evident that we are talking about two different systems. According to interviews with players in the 'live' system, it's clear that knowledge about how to organise/produce an event is important, with the emphasis on project management, understanding the business model and experience. For these people, questions of interest to 'the recording system' are not as important, for example, copyright or developments in technology (primarily to do with distribution: computers, mobile phones, portable media players, new types of radio). Obviously there are also common elements when it comes to education and training and research—and knowledge and competence—for example, general knowledge of business administration, ethnology, sociology, etc.

[30] However, there are plans to record concerts and to sell the recordings, for example, directly after the concert performance.

"Out of a broad base of non-commercial activity a narrow apex emerges; an elite who become successful from a commercial point of view."

Similarities. Music is the basic ingredient in both systems, and behind the music are individuals and companies that consequently (in most instances) move between both of these systems. An artist can be involved in live performance as well as the recording of music. In other words, the foundation is the same. Obviously there are other connections and collaborations too. For example, record companies have been heavily involved in concerts and radio since these are seen as golden opportunities for marketing for the purpose of selling more records.[31] The point here is however that the types of business model—and the systems—differ.

Another similarity has its origins in the common basis for all music that originates at the non-commercial end. Very few artists and musicians began making music for commercial reasons. On the other hand they can—if they become successful—make music their profession and operate commercially in an industry. In other words, out of a broad base of non-commercial activity a narrow apex emerges; an elite who become successful from a commercial point of view. The direction of movement is from the cultural life to the commercial life context.

Two main systems have been outlined above, but it is not uncommon for the music industry to also function as a value-enhancer. To date, this third system has not been one of the drivers for the music industry's various "sectors", but the structures are changing and new business models are needed. One example is that sales of ringtones and PR events are becoming the livelihood of more and more people in the music industry. But in many cases, music has been about enhancing other businesses for a long time—the nightclub and dining sector (pub shows, jazz brunches, after ski/pub bands, background music in restaurants), the film industry (soundtracks and mood music), market communications (jingles for TV and radio advertising), video games (narrative, or to create an ambience), and the mass media (the Internet, radio and television).

[31] This age-old truth is in fact starting to become—old, outdated. As pirate copying has increased, it has started to become more and more common for revenue streams to be coming primarily from concert sales or merchandising. This has even led to new contracts with artists.

The cluster model and industrial systems

The systems that operate in the music industry become even clearer when looked at on the basis of the Porterian cluster model (2000), which adds a further dimension to the description. This is a frame of reference that is widely accepted and returns as the basis for many more of the arguments presented later in this book.[32] A cluster is defined as a system of players—within an area of competence or around a specific core product—that together are able to generate more added value than what any of the individual players are able to contribute alone.

Six components can be identified in such an industrial system:

- *Core products*. The goods and services that are the end products of the system's production chain.
- *Specialised inputs*. Specifically developed inputs for the production of the core products. These specialised inputs are distinguished by the fact that they are directly adapted for the producers of the core products and are not available separately on the world market.[33]
- *Production technology*. The equipment and technology required for the production.
- *Supporting services and industries*. Contribute directly or indirectly to the growth of the cluster, for example in the form of specialised knowledge and competence.
- *Related industries*. Not directly part of the cluster but nonetheless affecting its development.
- *Customers*. Businesses, industries and individuals who comprise the market for the core products.

Even the music industry itself is comprised of industrial systems and Hallencreutz et al (2004) have shown how this frame of reference can be used for them. We discussed above that the music industry can be divided up into several systems: primarily a live performance system and a recording system. Based on Porter's frame of reference, the corresponding idea is that the music industry's 'core products' are in fact more than one, namely the phonogram and concerts. This account is presented below and could well be used as a template for mapping other industries in order to improve our understanding of them.

[32] The music industry remains here as an example on which to build a theoretical framework for the purpose of better understanding the creative industries as a whole.

[33] According to Hallencreutz et al (2004): "Specialised inputs for the car industry are thus not metal, glass or rubber in general but products of the type ball bearings, braking systems, airbags or systems for exhaust emission control."

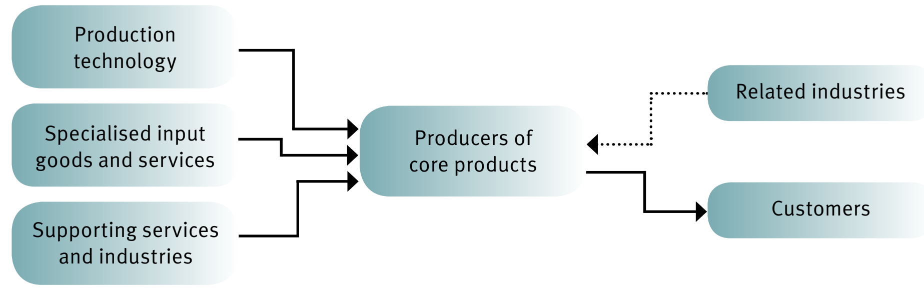


Figure 10. Players in an industrial system. Source: Hallencreutz et al (2004) based on Porter (1990).

The account is as follows:

- *Core products*—phonogram and concerts.
- *Specialised input goods and services*—three categories of player:
  - Originators: composers and lyricists.
  - Those who perform the music: vocalists, musicians and artists in general (who may also be composers and/or lyricists)
  - Those who arrange and produce the music, for example, independent production companies or producers who work for record companies.
- *Production technology*. Instruments, sound equipment, lighting, studio recording equipment, audio mastering and CD pressing equipment.
- *Supporting services*. Strategic knowledge services such as music publishers, songwriters' organisations, management, legal and financial services, video production, advertising and PR.
- *Related industries*. IT, fashion, media, film, etc.[34]
- *Customers*. Purchasers of records, concertgoers.[35]

[34] Interaction with other industries is worth stressing, and it is often reciprocal. Technological development is driving the music industry forward, but most often it is with the production, consumption and distribution of music in mind. The value-enhancing aspects of music have been discussed previously, for example, for films, dining and advertising.

[35] Hallencreutz et al (2004) don't talk about new customers for the music industry. In this context, music instead takes the form of a specialised input and becomes 'value-enhancing' for another core product, for example, the mobile phone.

Specialised input or core product?

What is design? This question helps us to discuss the differences between a specialised input product and the end product (the core product).

The simple answer is several different things.[36] Four types of design can be identified:

- *Elitist design*. Generally furniture or other interior design items. Generally the revenue model is royalty-based. Well-known designers in this category often have their own collections.
- *Product design*. (Has a very strong tradition in Sweden, for example, Gustavsberg and Orrefors.) May also include textile design. You are employed as a designer.
- *Industrial design*. Generally consultancies. A few people in this category are employed, but in that case generally by large multinational corporations like Saab and Electrolux.
- *Graphic design*. Generally work as consultants in website design, illustration or advertising.

These four different types show that design is primarily about functioning as a specialised input product or service. On the other hand, there is the aspect that the input (the design) in some cases leads to a core product that falls into the category of what many would describe as a 'designer product' or even 'art'. In those instances, the specialised input service is emphasised, and is superior to the core product's functional purpose, unlike with industrial design.

So what is different, and what is the same about these four different types of design? According to a generalised study, the answer can be summarised in a number of observations Firstly, a kinship with art. Certain educational institutions educate and train students both for a career as an artist or an industrial designer, for example, HDK School of

[36] Even if there is an attempt to circumscribe 'design' in a definition, several aspects are involved. One example is from a study carried out for the Swedish Industrial Design Foundation: "Design means that you work on solving a problem based on a creative approach where both aesthetic and functional requirements are involved. The focus on a company's design needs is based on its product development but can include the entire organisation's need for design. (Examples include: industrial design, graphic design, interface design, interior design, and design management.)"

Design and Crafts in Gothenburg and University College of Arts, Crafts and Design[37] in Stockholm.

The results of the web-based survey showed that "fine arts" is ranked as the area that lies closest to design according to people working in the field of design.[38]

The second perspective is design as a creative process. The following is from the description for the HDK School of Design and Crafts at the University of Gothenburg:

> *"The aesthetic appearance of objects and environments is just one of many aspects of the design process, a process that encompasses several stages, from the initial identification of design problems through to the adaptation of proposed solutions to production techniques and market requirements."* [39]

One conclusion is that design spans across both the commercial and artistic perspectives, but that design in many instances is about functioning as a specialised input. According to Porter's industrial systems model, this means that design—as aesthetic expression and in the creative process—functions as an input to various core products, for example:

- industrial products (cars, milk cartons, etc),
- designer goods (furniture, etc), or
- 'art' (handicrafts, ornaments such as art glass, etc).

Content and convergence

The boundaries between industries are being exploded and the way in which the giants of the global and national creative industries are reacting and planning is very obvious. A buzzword above all others has spread itself to virtually all discourse about media and entertainment, particularly in the USA. That word is *convergence*. The catalyst is—again—

[37] The University College of Arts, Crafts and Design's programs cover animation and animated film, graphic design and illustration, industrial design, interior design and furniture design, ceramics and glass, fine arts, teacher education, textiles, precious metal/jewellery design and interdisciplinary studies.

[38] See Appendix.

[39] In addition, the description states—with regard to how definitive the boundaries between different sectors are: "The encounter with a multitude of disciplines is part of the nature of the design process. Apart from the fundamental training of creative skills, studying design requires the student to become a good team player and to have a keen sense of curiosity and open-mindedness towards other disciplines and practices."

technological development. Formats and products are converging. A computer screen can be a TV screen and viceversa. The portable media player can now show video clips as well as play audio tracks, and it is probably a mobile phone too. The game console can be a music and film console as well—and play web radio (and even tell you the weather forecast!).

Video games giant Electronic Arts is recruiting from the film industry and Hollywood is trying to get closer to the video game industry.[40] Newspapers today are hardly just a physical product any longer. *The Wall Street Journal* looks more like a TV channel on the web these days. In Sweden, *Dagens Industri* (a major national financial newspaper) is also a TV channel and web-based newspaper. From its website, you can also listen to music via web radio. The journalists' articles can also be repackaged to become (parts of) books.

To return to Porter's frame of reference for industrial systems, the same specialised input (content) becomes different core products delivered in different formats, and additionally in different sectors. These opportunities for synergy effects are observable in a seemingly unending surge of mergers and acquisitions, where company names such as Time Warner (once even AOL Time Warner) clearly illustrate the phenomenon. And if you scratch the surface of the big media and entertainment giants—Sony, Bonnier, Bertelsmann, Time Warner, NewsCorp—you find a mix of industries and distribution channels. The changes are happening continuously, and many are the test balloons being sent up to get wind of new distribution channels. Bertelsmann purchased a majority share in Napster (at the wrong time). NewsCorp has bought a stake in *MySpace.com* (it remains to be seen if it was at the right time).

The primary explanation behind all this convergence and these mergers is that for many in the creative industries, the possibilities of supplying their products in different versions and formats are virtually limitless. A song, for example, can be recorded by different artists, performed live, exist in recorded form and thus be distributed on CD, be a download, or be broadcast on radio or TV. Another distinguishing characteristic[41] associated with this is the possibility and importance of being able to receive economic rents, even a long time after the production has occurred.[42]

[40] For example, see the business magazine Fortune's theme number for May 2006.

[41] Harvard Professor Richard Caves (2000) provides an excellent account when he identifies seven economic properties of the creative industries. The other five are discussed in subsequent sections of this book.

[42] This also explains why copyright is such a sensitive issue today – one of the fundamentals of the business model of many sectors has come under fire and been questioned, and it risks disappearing altogether in some instances. Note that economic rents are not only observable in those industries that have ended up in focus due to digitalisation. In most countries, the artist gets a portion of the price when the artwork changes owner.

"While these industries are still largely separated from each other, the individuals who work in them are tending to move backwards and forwards between them to an ever-increasing extent. Instead of industries it is probably more useful to talk about skills and forms of expression."

Since the media industry often functions as the interface for getting all of these formats and versions out to the public, the media is central to this development. When different sectors are asked to rank which sectors they feel the greatest commonality with, it becomes clear that most feel the greatest affinity with *the media*.[43] This result is not surprising: the media reports on various sectors, the media functions in some cases as a distribution channel, and the media is a central element in most people's lives.

[43] According to Appendix. The result was based on the percentage of all respondents who ticked the box stating that they felt an affinity with other sectors. One could interpret this in many different ways, for example: (1) The media is also an important element in many other sectors. (2) Questions affecting the media sector are also important for my sector (all of them, in this case). These percentages show for example that 45 per cent stated that they feel an affinity with the media.

Culture systems and player clusters

Skills rather than industries

The question is: What creative artist—at least their mind and over time – is limited to one area when it comes to creativity and production? Rasmus Wingård, the creative director of Filippa K Man, says that much of his inspiration comes from films. He has said of his work:

> *"For me it is important to work with shape. Whether it's clothing, furniture or architecture doesn't really matter."*

Josef Fares started filming as a 15-year-old and has produced over 50 short films. He is one of Sweden's most widely acclaimed young filmmakers with films such as *Zozo*. He said that he relaxes at least an hour every day with video games. He is planning to start working on his own video games soon:

> *"In the future, I believe that video games will come to have the same weight as films. Just wait until the technology develops! Then the narratives will also be terrific. And I'll be working on both films and video games."*

Convergence across industry boundaries is being observed not least among the audiovisual sectors such as TV, film and video games. While these industries are still largely separated from each other, the individuals who work in them are tending to move backwards and forwards between them to an ever-increasing extent.

Instead of industries it is probably more useful to talk about skills and forms of expression. Actors and actresses often move between several contexts: film, television, theatre and musicals—sometimes even extending to literature (recording their readings to make e-books for example). Similarly, authors often work on the creation of several end products of their knowledge and skills: books, magazine articles, scripts for television or film productions and sometimes also lyrics or advertising texts.

You can connect some sectors to others based on how clear the connections are between their different inputs (the outputs of creative artists) as well as the driving forces and foundations for these players. This is nothing new, but this connection has been given less emphasis than the connections between different industries and products, that is, on the basis of distribution, company ownership and customer base, etc.

Some conclusions can be drawn from this perspective. Firstly, a common foundation can be observed of people with the same types of skill, which then forms the basis for different industries. See also the discussion above about the music industry, where artists and musicians comprise the foundation for both the live performance and recording systems.

It is not possible to limit all the elements of the creative industries to one type of skills set. It is therefore better to talk about several, which can be called a *culture system*. The choice of this term can be explained by the fact that skills are based on *forms of cultural expression*.

Examples of culture systems are the following—where the skills are mentioned first followed by examples of industries in parentheses:[44]

- acting (TV, film, theatre, musical, etc),
- storytelling,
  – audiovisual format (film, radio, TV, video games, etc),
  – written format (books, magazines, theatre; also the scripts of audiovisual narratives),
- visual interpretation (design, film, video games, animation, visual arts, architecture),
- music (recorded music, live music, musicals, etc),
- dining.

These cultural systems form a kind of 'base plate' for the creative industries in general which, in addition to skills, embraces frames of reference, passive knowledge, values, etc. That which further characterises this foundation, and the foundations of the creative industries, is that the players (those who produce) have their foundations in forms of artistic expression, and that they care about their products (according to Caves 2000).

That this continues to be important is clarified by the fact that 'quality' is experienced by players as being the most important factor for achieving economic growth in their industry.[45]

[44] Compare this with the categories of the National [Swedish] Council for Cultural Affairs: word art, visual art, dramatic art, music.

[45] According to a study of over 200 practitioners in the creative industries (see Appendix 2). On a scale of 1–5, where 5 is the most important, 'quality' scored 4.7 on average. This was followed by 'distribution/sales' (4.4) and 'business knowledge' (4.3).

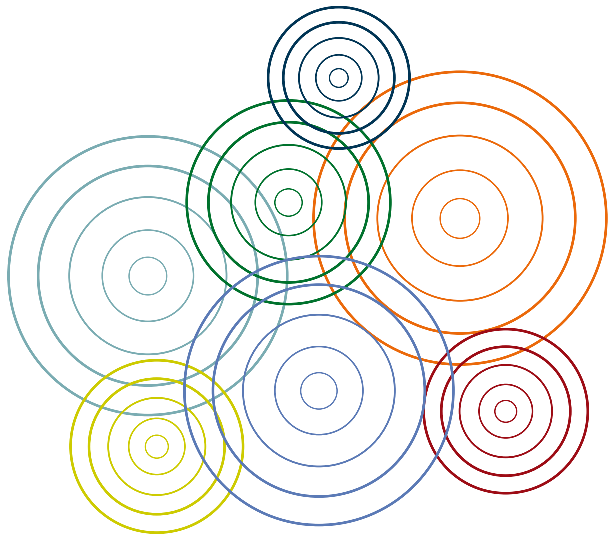


Figure 11. Cultural systems don't live in parallel universes but intersect with each other in spite of having fundamentally different forms of expression, such as music and the visual arts. Each circle symbolises related activities that originate from the act of creation.

In other words, these cultural systems intersect. If we go back to the circles that were drawn up in the earlier discussion about there being many sets of values—based on the cultural systems identified above—we can draw more circles that intersect with each other as illustrated in the figure below.

Typically, people with similar interests and skills tend to congregate and form 'clusters of players'. For example, film actors tend to live in Los Angeles. One reason for this is that this is where the work is,[46] as well as other infrastructure such as education and training, and networks.

[46] Which is a mutual/reciprocal interaction. Businesses are also attracted to where player clusters are located, which is one of Richard Florida's main theses (2002) for explaining why it is important to attract the creative class —knowledge-based companies (who are the biggest innovators in our time) will establish themselves in the place where this cluster is located.

To link back to the various functions in the industrial system, in other words the players in these culture systems can be behind inputs to a *large number of different* products (outputs). Some products can be included in the prevailing definition of the creative industries (the Knowledge Foundation 2005). Other products—in some instances produced by the very same players— may provide inputs to other sectors of the creative industries and entirely different business models.

An artist, for example, can produce artworks that might be sold in a gallery, adorn public spaces—or, although somewhat more unusual—designs for underpants (such as artist Jockum Nordström for the clothing brand Whyred: his underpants are sold in clothing stores and at Stockholm's museum of modern art, *Moderna museet*). Likewise, a songwriter might write music for national television, Sony Ericsson and music publishers (a variety of customers), as well as perform his or her own music or allow others to do so (how the product is designed and packaged); and furthermore the music might be distributed in a number of different ways such as through live performance, on CD, on radio (forms of distribution).

What's typical for these businesses

How are the products of the creative industries produced? Are there any typical features of these companies?

Hartley (2005) emphasised that creative companies (businesses operating in the creative industries) vary greatly in size and direction, but in general they tend to be more micro-, small- or medium-sized businesses rather than large companies.

Power—Gustafsson (2005) also emphasise this variation between the companies: while film, music and video games are products that more often find a global market and are dominated by very big multinational corporations, the picture is very different for art, design and architecture businesses, since they generally operate in a much more fragmented, local market.[47]

[47] According to references to previous studies carried out by Dominic Power, senior lecturer at Uppsala University in Sweden.

The differences, the authors argue, mean that different types of companies operating in the creative industries have very different requirements and needs for advice, capital, legal advice and support, strategic alliances and partnerships, etc.

Cunningham (2005) elaborated further on the same theme and stated that a study can only at best be very generalised if it includes both some of the world's biggest corporations —Time Warner, Bertelsmann, Vivendi—and small rock band businesses.

What policy issues are then the most important for the development of the creative industries? The answers to this question reveal a great deal about the creative industries.[48] Culture is experienced as the most important policy issue (4.3 on average on a scale of 1–5), irrespective of geography, position, or type of business. Generally the following questions were seen as important: IT (average 4.0), small business (4.0), copyright (3.9) and taxation (3.8). Questions concerning transport and infrastructure (2.98), patent and innovation issues (2.9) and agriculture, conservation, hunting and fishing (1.7) were experienced as less important—under 3.0 on average.

This dualistic relationship between cultural and commercial issues is typical and can be seen again in the question of what factors are important for achieving economic growth within each sector/industry. It was mentioned above that "quality" came top of the list, but was closely followed by "distribution/sales" and "business knowledge".

There was a similar tendency when players in the creative industries described the degree of responsibility that different ministries have for each sector. On a scale of 1–5, Sweden's Ministry for Industry and Employment and its Ministry for Education and Culture generally came in at around 4, that is, the players in the creative industries are of the opinion that both of these ministries have a high degree of responsibility.

For the creative industries in total, the average score was 4.1 for the Ministry for Education and Culture, and 3.9 for the Ministry for Industry and Employment, while the average score for the Ministry for Foreign Affairs was 2.5.

[48] Clearly these figures are influenced by who has responded. See Appendix 2 for the method, criticism and more information.

"This dualistic relationship between cultural and commercial issues is typical and can be seen again in the question of what factors are important for achieving economic growth within each sector/industry. It was mentioned that 'quality' came top of the list, but was closely followed by 'distribution/sales' and 'business knowledge'."

There were variations across the different sectors as shown in the figure on the next page. Players in the *film* and *music* sectors thought that the Ministry for Education and Culture had greater responsibility comparatively, while those in the *video games* sector thought that the Ministry for Industry and Employment had more responsibility than the Ministry for Education and Culture for their sector.

These results are most probably transferable to regional and municipal structures, that is, that both commercial units *and* cultural units are experienced as important by players in the creative industries.

But the answers to what is experienced as important also reflect the variations between the sectors, which emphasise different policy issues. The sector *video games* thought that "IT" was the most important question (average 4.2) followed by "copyright" (4.1) and "small business" (4.0). The *tourism/visitor industry* sector thought that "regional development policy" was a policy question of very high importance (4.8). The *design* sector gave priority to "small business" (4.8), while *music* stressed "culture" (4.6) and "copyright" (4.3).

The importance for growth of "involvement in non-profit activities" for the different sectors varied widely from *fine arts* (4.5) and *music* (4.0) to *video games* (2.7). There were also big differences in how important factors such as "cultural activities in general" were perceived to be, for example for *video games* and *music*, respectively.

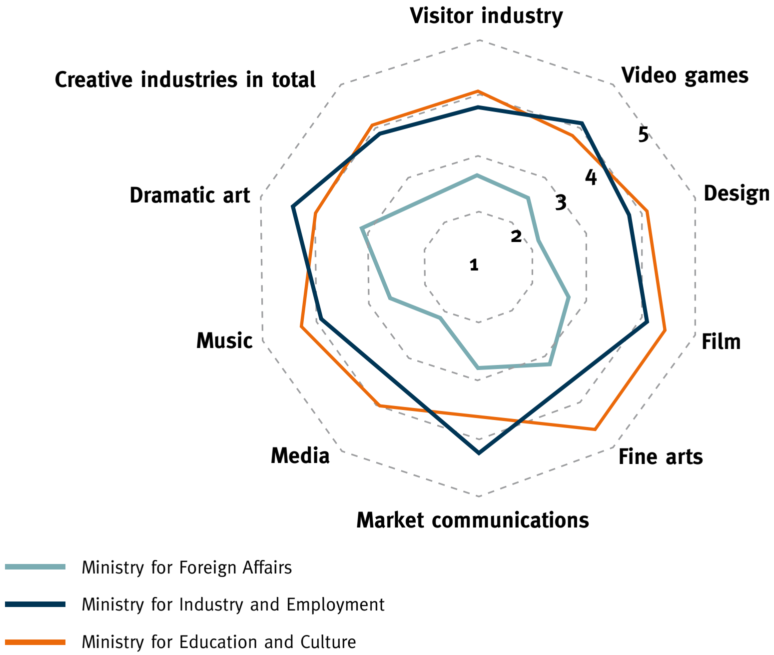


Figure 12. The degree of responsibility that the various industries feel that different ministries have for them. The broken lines in the figure above correspond to a scale of 1–5.

The structure of the creative industries

Although it's possible to discern some features that are typical for all the players in the creative industries, as mentioned above, there are also differences. It's rare to find concordant pictures—but what industries do in fact have such?

For this reason, initiatives to support and stimulate the creative industries should be limited to particular focuses in order to achieve the maximum impact. Demarcation may also be important so as not to create unrealistic expectations, for example, a clear standpoint on what types of companies it is most important to support: The big giants? Or the small businesses in the creative industries? Or perhaps the range between these two?

Because the variations in size are great. A report from the Knowledge Foundation (2004) showed that the creative industries primarily consist of small businesses. You find 98.5 per cent of all the companies in the creative industries in the size group 0–19 employees, and 45 per cent of all the employees in these industries. It is therefore not particularly surprising that the category *freelancers* gave prominence to "small business" as the next most important policy issue (4.4 average score) after "culture" (4.5).

However the quantity of micro businesses should be seen in the light of the fact that barely a quarter of the value generated by the creative industries is generated in the size group with 150 or more employees, while just over half of this value is generated by the smallest size group for number of employees (0–19).

The number of employees and added value follow each other comparatively speaking, that is, the bigger the company is, the greater the value generated in absolute terms.[49] However it is too easy to believe that the best thing to do would be to change the companies structure with the aim of developing the smaller companies into bigger operations. Would the creative industries perhaps function best this way? It is particularly important to see the situation as it is today—and not as one might wish it to be—when measures for the creative industries are being planned.

It is worth emphasising again that it is the micro and small businesses that are responsible for around half of the creative industries' added value— that is, around 2.5 per cent of Sweden's GDP.

The pattern also varies depending on the sector. In most sectors, there are only a few or just one or two large companies, and relatively little value is produced in these companies. This is in contrast to the picture for *literature, media* and *fashion,* for example. Even in these industries, most of the businesses are small, but the difference is that it is in the bigger companies in these industries that most of the added value is generated.

This is most obvious in *the media*, in which in Sweden there are just over 3,300 companies in the smallest size group (94 per cent of the companies); but where 75 per cent of the industry's added value is generated by 3 % of the companies (those with 50 or more employees).

49 See Appendix for an additional breakdown and other variables.

The differences between the sectors again shed light on something that is central to the creative industries: this umbrella term conceals sectors with vastly differing business models and structures (which in fact also applies to an industry term such as "technology companies").

In some sectors, bigger investments are required in order to become competitive (higher entry thresholds) and therefore it can be easier to leverage advantages of scale. For example, the cost of producing the first copy of a newspaper—having an editorial staff—is significantly higher than that of printing a few extra copies once the newspaper has been produced. Compare this to an architect's office that delivers *one* solution (or a small number) to *one* customer.

Similarly, it is possible to find advantages of scale in the distribution stage, even when this applies to the distribution of physical products. To return to the newspaper example, advantages of scale are achieved for a daily newspaper if there is a system in place with aircraft, courier vehicles, employees and retailers. There are also other advantages of being big in the media industry. The bigger you are, the greater chance you have of attracting attention. The more viewers or readers you have, the bigger your advertising revenues will be.

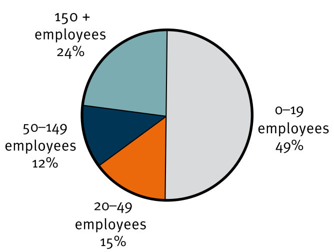


Figure 13. The creative industries in 2002: value added.

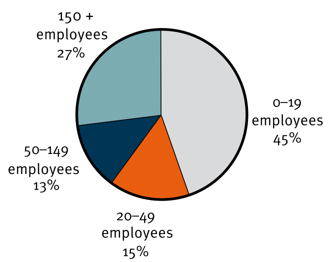


Figure 14. The creative industries in 2002: number of employees.

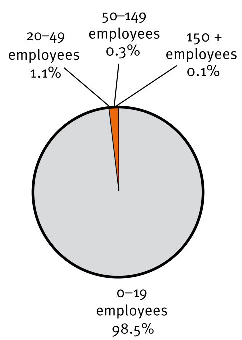


Figure 15. The creative industries in 2002: number of companies.

The independents

The conclusion from the statistics presented on page 70 is clear (and not unanticipated : a bigger company contributes more to the GDP.

At the same time, a large number of smaller operations generate a great amount of value in total. And again: it may not be possible for all companies to be geared up. It might in fact be the case that a large number of small businesses provides an important foundation for the bigger companies to be able to function well at all and to generate value.

Leadbeater—Oakley (1999) were of the opinion that a driving force for the creative industries is in fact the *independents*. They define these as "owner-operators, freelancers and micro businesses" who often function as "producers, designers, salesmen and marketers" all at the same time. The authors point out that these cannot be fitted into particular categories. Furthermore:

> *"Although some are ambitious entrepreneurs, many want their businesses to stay small because they want to retain their independence and their focus on their creativity. Yet that does not mean they see themselves as artists who deserve public subsidy. They want to make their own way in the market. They have few tangible assets other than a couple of computers..... Their main assets are their creativity, skill, ingenuity and imagination."*

The authors add an important component to the picture that has been painted up to this point, namely, the point at which the players in these 'culture systems' become entrepreneurs and the cultural economy comes into existence. This is a function that requires attention, acknowledgement and support in order to promote growth in the creative industries, in particular in the long term.

Because these players are important for generating growth for several reasons: [50]

- *Jobs and growth*. The creative industries are largely comprised of companies with 0–19 employees. These companies—in Sweden numbering close to 100,000—turn over just over SEK 150 billion and contribute almost 2.5 per cent of Sweden's GDP (the Knowledge Foundation 2004). In other words, it's clear that it is not just the big companies that generate growth in the creative industries, even if comparatively speaking they are more business-oriented and generate higher levels of added value per employee.

[50] Based on the account given by Leadbeater—Oakley (1999).

- *Local and sustainable growth*. The independents are labour-intensive and contribute a great deal to generating and maintaining employment. This employment is also in general terms more sustainable since it is based more on the driving forces of individuals and less on fluctuations in the economy or the exchange rate, or the whims of some head office. Maximising shareholder value—a well-known phrase for listed companies—for an owner-operator of a company largely comprises non-financial rewards.[51] This type of employment—with a high service content—also contributes to sustainability in the sense that natural resources are exploited to a lesser degree.[52] Sustainability is also promoted in that the independents often have their operations in one place.[53]
- *National growth*. The independents are a fact, but countries need to strengthen their power to negotiate so that they are not transformed into 'digital craft-workers' at risk of being exploited by the multinational media companies that dominate the world market. This is certainly not least applicable to the conditions for the independents in Sweden. Swedish video game companies, for example, are finding it increasingly difficult to hold their own against foreign companies and thus exist as subcontractors without the possibility of capitalising on their hits. Leadbeater—Oakley (1999) wrote that there is a need to create: "... bigger, stronger, more rapidly growing companies that are able to hold their own in the international market. And we need to create stronger institutions and intermediaries that can support these independent producers and stand between them and the global market in which they compete."
- *New work model*. The independents represent new models for how work is organised, where work is a lifestyle and creativity is both the means and the end. These forms of work are particularly attractive to young people and can have an impact on development in other parts of the service sector in which owner-operators and micro-companies grow. Portfolio enterprise as a career path is generally growing in significance. This means that you don't just have a job, but perhaps combine being an artist with being a graphic designer or trademark consultant.

[51] Compare with Richard Caves' account on the next pages.
[52] There are exceptions to this in the exploitation of cultural heritage and natural resources.
[53] For many reasons: 1) Artistic (identity) or via an event. 2) Cluster. Proximity to other businesses and networks is very important to the independents.

- *Model for creative production*. The independents develop productions that are characterised to a high degree by collaboration and creativity. This model is based on the *commercial exploitation of creativity*. This model may therefore be able to show other industries the way in terms of how they can organise themselves in the future, since many companies—not least high-tech companies—are being forced to generate value through innovation to an ever greater extent.
- *Better and more attractive communities*. The importance of the independents in creating attractive cities (which can be generalised to include regions as well) is a recurrent theme.

Leadbeater—Oakley's (1999) conclusion is that there is an unrealised potential here. One explanation is that the structures in the economy have not kept up with development and there is thus a *missing middle* in policy frameworks and infrastructures at both the local and national levels. The authors summarise some of the causes as follows:[54]

- Cultural policy has traditionally been subsidy-oriented. Organisations and government agencies, etc, have very little knowledge of how the independents (who want to show what they can do in a competitive market) function.
- Today, policy measures and infrastructure often end up falling between departments and initiatives concerned with either 'culture' or 'economic growth'.
- Publicly funded investment projects are often large projects and thus less concerned with small businesses, owner-operators or micro businesses.
- The independents often need to develop a mix of creative skills and business skills, and to do so continuously throughout their working lives. Educational institutions are often far too inflexible to be able to satisfy these needs and instead deliver complete training packages only for a certain period of the practitioner's life.
- Financing is often unavailable at the point in time and at the level (micro-financing) that the independents generally require.

[54] Even if the authors have based their conclusions on the UK, the reasons they give are transferable to other countries.

Seven properties of the creative industries

Harvard Professor Richard Caves (2000) provides an excellent account when he identifies what he calls the seven economic properties of the creative industries.

1. **Nobody knows principle:** Demand uncertainty exists because consumer reactions to a product are neither known beforehand, nor easily understood afterwards.
2. **Art for art's sake:** Workers care about originality, technical professional skill, harmony, etc, of creative goods and are willing to settle for lower wages than offered by 'humdrum' jobs.
3. **Motley crew principle:** For relative complex creative products (e.g., films), the production requires diversely skilled inputs. Each skilled input must be present and perform at some minimum level to produce a valuable outcome.
4. **Infinite variety:** Products are differentiated by quality and by uniqueness: each product is a distinct combination of inputs leading to infinite variety options (e.g., works of creative writing, whether poetry, novel, screenplays or otherwise).
5. **A list/B list:** Skills are vertically differentiated. Artists are ranked on their skills, originality, and proficiency in creative processes and/or products. Small differences in skills and talent may yield huge differences in (financial) success.
6. **Time flies:** When coordinating complex projects with diversely skilled inputs, time is of the essence.
7. **Ars longa:** Some creative products have durability aspects that invoke copyright protection, allowing a creator or performer to collect rents.

Experiences and industries

The Swedish definition

The term *the experience industry* has been talked about in Sweden as much as *the creative industries*.

The term *the experience industry* involves a certain shift in the perspective from the producer to the consumer. It is only in the actual act of consumption that the experience occurs. Before this, the product can only be a potential experience. The focus is not on the production but on the last stage in the value chain: when the product has been distributed and reached the consumer. The consumer perspective is also about emphasising the increased influence of the consumer in the creative industries (and society in general). As consumers, we are no longer passive recipients: through interactive media in many instances we are also participants in the production. At the very least we have many choices.

What's special is that this is being observed barely a few years after the millennium shift; compare this with traditional production of cultural goods and services, where the producer and offering perspectives have been dominant ("it's the public's fault if they don't understand") rather than a demand perspective ("the customer is always right").

The definition that has served as a guide in the Swedish context, formulated by the Knowledge Foundation has been:

> *"The experience industry is a collective term for people and companies with a creative approach whose primary purpose is to create and / or deliver experiences in some form."*

The difference in relation to the UK, for example, is that tourism is emphasised more and copyright and IT less.

The link between the 'experience industry' (according to definition above) and the 'experience economy', which, according to Pine—Gilmore (1999), paints a picture of how much more significant for the entire economy experiences have become, has however led to quite a lot of confusion. What is *not* an experience?

However, this discussion is not different from that which compares the creative industries with the creative economy. What is *not* creative?

Tourism

Tourism can be seen as *displaced consumption*, in the sense that tourism occurs when you purchase goods or services outside of your home location. By this definition, purchasing a movie ticket in another city counts as tourism.

Tourism is thus a business that cuts across different industries.

The connection to cultural initiatives and a relatively large element of experiences is obvious. Tourism rarely arises out of nothing. Something exists that attracts the visitor—and 'experience-based tourism' has exploded in the last decade.

The tourism industry is also widespread and impossible to limit to sectors that have their origins in artistic expression, or where the individuals involved are driven largely by non-financial rewards (for example, according to Caves' account).[55]

But when you modulate this perspective, you see that what these companies and individuals in the creative industries produce needs to be turned over. To a large extent, the commercial turnover occurs via the tourist companies' activities, that is, a chain of players must come into existence in the economy to achieve growth targets. Culture-based businesses and creators are responsible for a very large proportion of the content that results in growth in the visitor industry. A prerequisite for someone wanting to visit a place is that there is something to see and experience there (if you don't count visits to relatives and friends, but even in that case 'doing something' is generally important).

It is therefore important that product development occurs for all tourist attractions within the cultural sector, and here there is a great deal to do in terms of content, design, marketing, etc. And the tourism companies cannot be responsible for this product development, which requires other, creative skills and competence—in fact the kind of competence that people working in the creative industries possess. Thus, it is vital to get cultural institutions to integrate into their operations an approach that incorporates the point of view of economic policy, and to get players in the culture economy to also think in terms of the visitor industry is thus vital for the tourism industry to develop in the country, and for growth to occur.

[55] In addition to hotels, restaurants and communications, it also includes commerce and trade segments that normally are seen as most important for the local population.

"It is a fact that a rich cultural life and strong culture industries are also conducive to the success of the tourist industry in general: the more, and the better, the businesses and activities are that attract tourists, the more tourism there will be."

In other words the conclusion is that culture (and the culture industries) are important for tourism, as they are for many other industries, but should be described just so. Quite clearly there are parts of the tourist industry that are very much dependent on, are based on and derive benefit from, cultural expression in both non-commercial and commercial forms. For the tourist industry, there are close links to cultural life, cultural heritage and cultural skills. On the other hand, it is a fact that a rich cultural life and strong culture industries are also conducive to the success of the tourist industry in general: the more, and the better, the businesses and activities are that attract tourists, the more tourism there will be.

But tourism as a whole does not follow the logic that a rich, robust cultural life increases the chances of professional, well-run businesses, that have as their basis the production or distribution of products that have a strong element of cultural and artistic expression and skills. Conferences for medical practitioners and beach tourism fall outside of this line of reasoning.

Players and industries

- It is difficult to define the sector or sectors:
  - Since the products end up in different industries and have many different effects (both direct and indirect), some of which can be classified in the 'creative industries' but others not.
  - Collaboration across what have previously been industry boundaries is now so commonplace that the boundaries should probably be erased: a story may become a film and a video game, and portable audio players have now become media players that can show films and TV programs as well as play music.

- Compiling and interpreting the data is very difficult because setting the boundaries is difficult, and they are arbitrary anyway.

- Many players operate quite independently of any specific industry, and also possess many different types of knowledge and talent, which makes the use of 'labels' and definitions even more difficult.

- Whatever you might choose to call the source of creativity in the creative industries—the independents, cultural entrepreneurs, creators, organisers, producers—it is a function that needs attention, acknowledgement and support in order to promote growth in the creative industries, particularly in the long term. ■

THE RIGHT EDUCATION AND TRAINING PROGRAMS?

Collaboration and attitudes

THERE IS A LOT happening at the moment that is having an impact on the creative industries. Technological development is driving the emergence of new production and consumption patterns. Industry boundaries are dissolving. A lot is also happening that is having an impact on the education and training programs offered in the arts.

Are educational programs reflecting these changes?

A report on new higher education programs in the field of the arts (Melin 2005) refers to a description that (as discussed previously in this book) will become increasingly important in the future—namely that artistic creativity is taking on the form of mass culture and industry:

> *"Perhaps the most interesting aspect of this phenomenon is that artistic expression is being integrated with technology. Examples are the music and film industries, which have become heavily dependent on technological aids, and the video games industry, which has become heavily dependent on graphics, art and music."*

This increased collaboration between industries can also be observed to a certain extent in education and training programs. This means that certain faculties and programs have begun to collaborate, for example, fine art programs with business schools. In Sweden, there are examples such as the University College of Arts, Crafts and Design in Stockholm collaborating with the Stockholm School of Economics, the Royal Institute of Technology, and the Karolinska Institute.

If you ask those who are responsible for planning and conducting the programs, it is clear that collaboration is a matter of attitude. Although money and time are emphasised as the requisites for collaboration, many would rather stress the following as important reasons for new collaborations: let ideas flow, a free approach, open attitude, not in competition, courage, awareness, capacity to broaden oneself, flexibility, a broader perspective, and contacts. Collaboration can take the form of planned or spontaneous activities, through training placements for students, and as guest lecturers invited to contribute to the program.

Another perspective on this collaboration is based on the question of what and how many education and training programs in creative and fine arts there are. Sweden's National Agency for Higher Education (2005) stated in a new report that there was a surplus of people educated in this area.

This is a remarkable conclusion.[56]

In principle, this reflects an assumption that the sector cannot grow any further, that exports cannot increase. Unfortunately, this conclusion is evidence of an out-moded view that rests on the employee–employer relationship, which is not common in the creative industries, and the belief that the size of the creative industries is constant.

On the contrary, the question ought to be about how these programs are conducted and how they can contribute to growth.[57] How well will the students be prepared for the reality that many of them will face – of becoming the operator of a small business? [58]

In many cases, the connection between education programs and reality is poor. Industry knowledge needs to be augmented so that as an employee or small business operator, graduates will be able to orientate themselves better and benefit from their creative 'know-how'.

Might not external initiatives be needed? Many faculty managers find it difficult to come up with ideas about how education and training programs might be able to contribute to economic growth in the creative industries. Some point out that Swedes tend to suffer a mental block when something is commercial, which hinders collaboration.

Many however express a desire for representatives from the creative industries (commercial) to visit their programs but also provide courses on assignment.

56 Not least because the National Agency for Higher Education's report (page 5) focuses on "other education programs containing units in fine arts subjects, rather than the traditional fine arts programs". The assumption is that "the cultural need and the professional need for independent artists is satisfied by the fine arts offerings of the tertiary institutions".

57 Note that "independent artists" are excluded in the line of reasoning mentioned in the footnote above.

58 See also the report *Att leva på sin talang – kreatörers behov av entreprenörskap* (approx: *Living with talent—the need for entrepreneurship for creatives*) (Gullander et al, 2005).

Awareness and need

When it comes to awareness of and the need for education and training programs, they can be divided into three different levels:

- higher education and university programs,
- continuing education programs for those already working in the industries (practitioners),
- other post-secondary education and training programs, not aimed at practitioners.

The figures on the next pages illustrate some conclusions: Many practitioners in the creative industries feel that they know what university and higher education programs there are within their sector/industry. Their awareness of other types of programs is not as good. A rather apathetic view was observed when it comes to other post-secondary programs that are not aimed at practitioners in the industry.[59]

On the other hand, it is clear that all sectors think that the need for education and training programs and competence development aimed at practitioners is great. All responses concerning the importance of this were between 3.3 (*music*) and 4.5 (*film*) on a scale of 1–5.

Generally, the bigger the need, the bigger the awareness of the programs (see the arrow in Figure 16). The responses from practitioners in the *music industry* are notable here—which is also the sector from which the most responses came and therefore has the biggest statistical significance—which show that the need for education and training is relatively speaking less there. The need for education programs in the music industry seems generally to be relatively less than in most of the other sectors that have been investigated.

The need for and awareness of the programs are connected with the fact that certain industries emphasise formal education more than others. In the design area, for example, post-secondary education is of primary importance for recognition. Tomas Eskilsson of Film i Väst (2005) also talks about the film industry containing many functions for which training is important to varying degrees. "Formal, arts-based education programs have greater significance compared with the music industry," he says.

59 Results from a web-based survey as specified in Appendix.

“Generally, the bigger the need, the bigger the awareness of the education programs. The need for and awareness of the programs are connected with the fact that certain industries emphasise formal education more than others.”

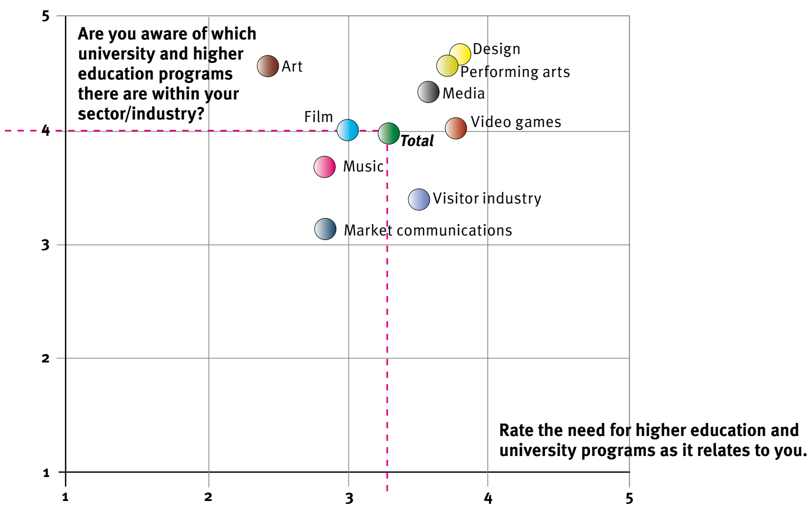


Figure 16. Results from the web-based survey. University and higher education programs: awareness of and need for. The broken lines show the average for the creative industries as a whole.

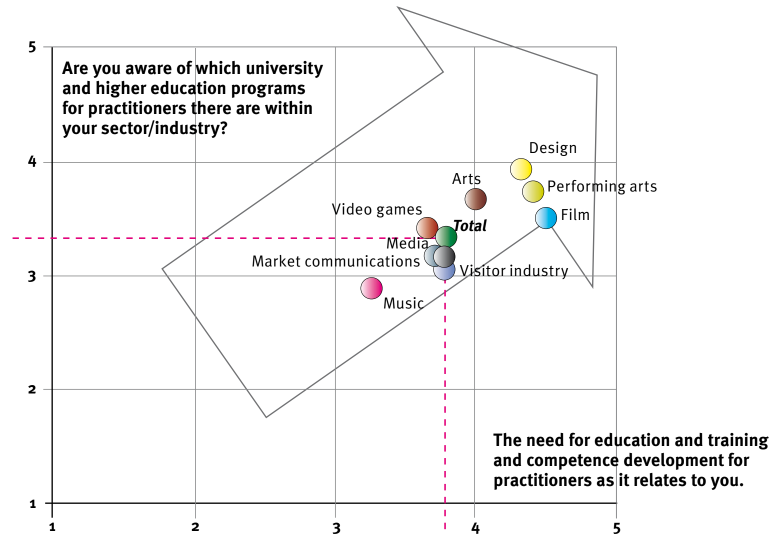


Figure 17. Results from the web-based survey. Education and training programs for people working in the industries (practitioners): awareness of and need for. The broken lines show the average for the creative industries as a whole. The arrow illustrates a linear trend: the greater the perceived need, the more knowledge people feel that they acquire.

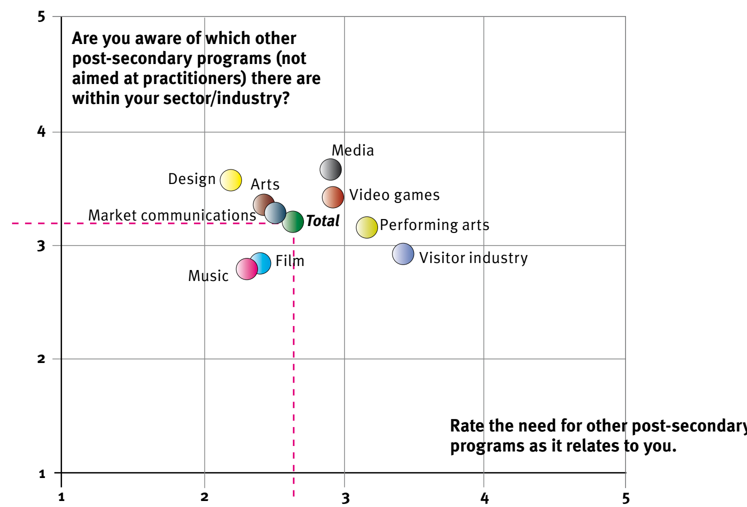


Figure 18. Results from the web-based survey. Other post-secondary education and training programs: awareness of and need for. The broken lines show the average for the creative industries as a whole.

Research

Choice of focus

Research in the area of the arts culture has a long and rich tradition in a variety of disciplines such as ethnology, sociology and literature and art history. In other words, cultural research—that is, research in to the humanities—has the longest experience in shedding light on various aspects of the phenomena that occur within the creative industries. In addition, there are cultural studies.

However, this research has been primarily aimed at studying cultural phenomena in themselves, and there is a clear tradition of separating culture and economics in the academic world, just as there is in society in general.

In research into the humanities too, there is current a debate on content and function. For example, Professor in Literary History Lisbeth Larsson (2005) writes:

> *"The problem with most of the humanities research in Sweden is that people have stopped relating their questions to society. What I mean is that it is far too caught up in its own reality, introverted and self-absorbed, bogged down in its own problems posed from within its own boundaries, and disinterested in contributing to the discourse about the conditions of mankind, which is, after all, the humanities' raison d'être."*

It is only in recent years that the economic aspects of the creative industries have been up on the agenda in that, even in the academic world, it has become more in more clear that culture and the economy are becoming interwoven in new patterns of production and consumption. In economic and entrepreneurial research, it is only in the last decade that the area has been given attention to any real extent, and thus is still in its infancy.

Even so, the picture is clear—research into the creative industries is seldom found in the economics or law faculties.

The importance of research for growth

Creativity and the utilisation of knowledge are fundamental to economic growth, according to Hans Lööf (2005). He also refers to there being many "different growth models that

"A common form of collaboration between industry and academic research is made up of joint projects in the form of researchers going in as experts or consultants. Is this tradition similar within the creative industries? The answer is that in principle it is lacking."

emphasise the build-up of knowledge within companies, the dissemination of knowledge within networks and the capacity to translate knowledge into business concepts and commercial products, as decisive".[60]

He points out that 78 per cent of research in Sweden is carried out by industry, particularly the multinational corporations. Only 19 per cent is carried out at universities and higher education institutions. Is this similar to the picture of where research is being done in the creative industries?

In any case, one can draw the conclusion that the efforts of industry in research are important, and not even the most traditional industries rely solely on what occurs within the hallowed halls of universities. On the other hand, one can assume that in a sector dominated by many small businesses, relatively much less time is spent on research. Micro businesses have a structure for this to a lesser extent; not least because they have their hands full anyway in performing all the tasks required of them. Lööf (ibid) points out that this is generally applicable to small companies.

His view is also that a common form of collaboration between industry and academic research is made up of joint projects in the form of researchers going in as experts or consultants. Is this tradition similar within the creative industries? The answer is that in principle it is lacking, if you discount the fact that academic researchers in the humanities often also function as commentators in the media.

A study of practitioners in the creative industries reinforces the view that research does not contribute much to the creative industries. The figure on the next page illustrates instead a rather indifferent view of research, in terms of both its dissemination and usefulness.

[60] Including Porter (1990) who is also mentioned in this report.

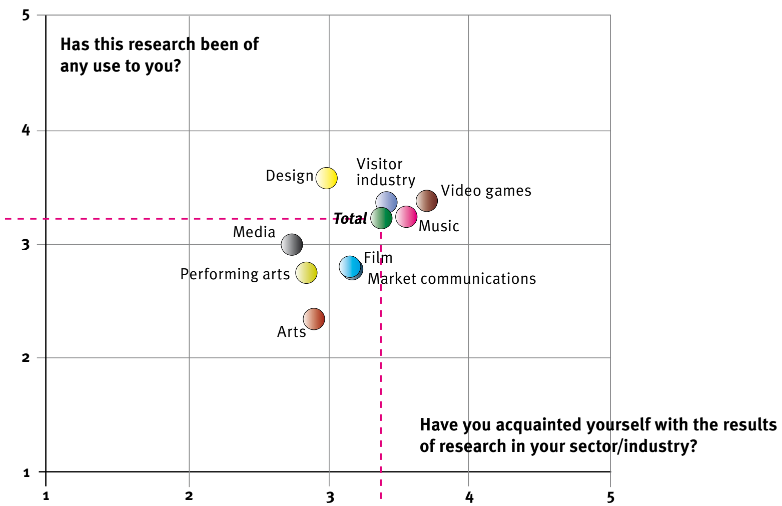


Figure 19. Results from web-based survey. Perceived usefulness and dissemination of research. The broken lines show the average for the creative industries as a whole.

Research in the development of commerce

That a change is needed is a position put forward also by Cunningham (2005):

> *"Major international content growth areas, such as online education, interactive television, multi-platform entertainment, multiplayer online games, web design for business-to-consumer applications, and virtual tourism and heritage, need* ***research*** *that seeks to understand how complex systems involving entertainment, information, education, technological literacy, integrated marketing, lifestyle and aspirational psychographics and cultural capital interrelate. They also need* ***development*** *through trialing and prototyping supported by test beds and infrastructure provision in R&D-style laboratories. They need these in the context of ever-shortening innovation cycles and greater competition in rapidly expanding global markets."*

To contribute to growth, the results of research must be more effective in reaching both entrepreneurs and urban planners. The problem lies in both not knowing how to do this as much as a lack of will to do it.[61] Clear incentives are needed. Today, the arbiter for determining what is good and bad research is if anything how often one is published in academic journals, where one is published, and who then refers to your publication. Even if this is understood as not an entirely optimum system, it is generally accepted.

To stimulate growth in the creative industries, it would also be interesting to see research in which on the commercial aspects of these industries are more clearly integrated into other research. Research that focuses on production should be intensified. In the area of design, for example, research has been largely neglected, and mostly concerned with the history of design in a museum-like manner. In recent years, a number of professors have been appointed and the design process has become the subject of empirical research within the framework of business economics, etc. However the effective transfer of this research to industry is considered to be poor.

Bear in mind, too, that the creative industries are often characterised by a link between culture (the foundation in many cases), commerce (the products on the market), technology (that which is driving development) and human behaviour and senses (the consumption of experiences). This book has also stressed that these industries ought to be viewed as a system rather than as discrete 'silos'. An interdisciplinary and trans-silo perspective is therefore very important in research, too.

But how can these worlds meet?

Researchers who are prepared to be 'bridge-builders' who cross boundaries, coordination and information transfer are needed in both the short and long term. This is particularly important for reaching all the micro-businesses and small businesses operating in the creative industries (the independents). But it is undoubtedly presumptuous to believe that the research institutions will take it upon themselves to do this. Instead, external initiatives are probably needed to encourage and set the scene for growth-promoting measures that are based on research processes and results. ■

[61] Since the various parts of the creative industries and the cultural economy have been brought together by a number of similar lowest common denominators, it is perhaps not either very surprising that the results from much of the research we have found is also similar, irrespective of the actual industry concerned.

EXTERNAL FACTORS

Can creativity be regulated?

CAN YOU REGULATE and influence creativity?

The answer is a resounding "Yes"! Above all, the conditions necessary for stimulating creative results can most definitely be better or worse.

Researchers have found that there are three principal factors that are necessary for generating a creative result: motivation, knowledge and situation. Dahlén (2008) concludes that knowledge accounts for 32 per cent of the creative result. Motivation accounts for in total 25 per cent of the creative result, partly because it constitutes some of the creative capacity, and partly because it affects the way executives utilise the knowledge they have. In other words, it is not enough to have the right knowledge. You must also *understand* that it is right and thereby want to use it creatively.

The third and most influential factor is situation, which is responsible for all of 43 per cent of the creative result. The studies have treated situation as a measure of the working processes that the executives were part of, the incentives linked to their work and the roles they were allowed to adopt. Situation, like motivation, affects the creative result both directly and via the fact that it enables executives to use their knowledge in the best way.

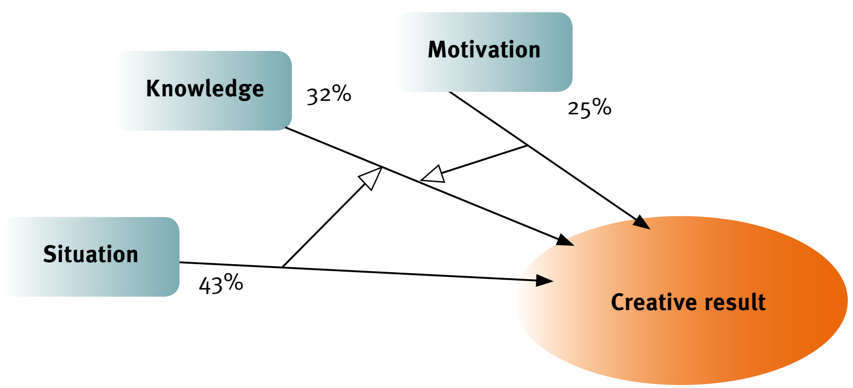


Figure 20. Factors required to generate a creative result. Source: Dahlén (2008).

Creating the right situation is thus vitally important for stimulating creative processes. Whether the creative process has to do with technological development, research or artistic endeavour, it places special demands on the environment. And each environment includes both promoters of and obstacles to creativity. What then should these external factors be? [62]

Creating a conducive environment

Isolated companies are seldom innovative. When ideas are developed into products for a market, that process is more about evolution than revolution. In other words, individual creativity needs to be complemented by collective creativity. In a creative process, meetings with and communication between individuals and different areas of competence are strategically important (Törnqvist 2004).

There is a lot of theory to suggest that the *geographical concentration* of successful businesses and innovation is particularly important in knowledge-intensive sectors (Porter 1990/2000, Törnqvist 2004 et al).

This phenomenon is called *agglomeration* and the examples show that it is not limited to any specific type of business operation. What then are the advantages of companies setting up in close proximity to each other?

1. Production can be made cheaper through of sharing the costs of certain resources. This is particularly applicable to infrastructure and training.
2. Transportation and transaction costs can be reduced between businesses that do a lot of business with each other. Face-to-face meetings are also facilitated.
3. A local market with specialised competence and skills arises. This make life easier for both companies and their employees, for example, it is easier to change job if this can happen without also needing to change residence. This means that the environment becomes more attractive for specialists in a field. One reason for this is that it makes it less risky for people to move to a place that offers several companies as potential employers over the long term. The other reason has to do with the next point.

[62] External factors can refer to both general social conditions in the community in general, and conditions affecting the individual, for example, incentives and roles in their organisations. The discussion here focuses first on the former, and then on the latter aspects. The figures come from a study that looked at the conditions within organisations.

4. An environment is formed that stimulates the exchange of knowledge and innovation. The argument is that an environment in which many people operate in the same field tends to generate processes that often lead to innovation. Information and knowledge flow more rapidly between individuals and organisations, and good examples in the environment inspire further development. 'Silent knowledge'—that is, experience-based—is aggregated and can be transferred. There is also a greater probability that "the third place" will arise, which increases the probability of creative processes occurring.[63]

The same line of reasoning concerning geographical concentration of enterprises is also transferable to the individual level. For example, is there a type of urban environment that facilitates informal meetings for the purpose of knowledge exchange? Sociologist Ray Oldenburg calls this type of environment "the third place" after the home (the first place) and work (the second place).

The third place might be a cafe, restaurant or other public place—just as long as it is not too far from the first or second place. He also stressed the importance of forums for more or less random meetings.

Oldenburg pointed out that with modern urban planning, the distances between places have increased, so much so that possibilities for social life outside the home and the workplace have largely disappeared.

Clusters

In several studies, Dominic Power has shown clearly that businesses in the creative industries (termed experience industries in the citation below) are more successful (more innovative and export more products and services) if they are localised in industrial clusters.

> *"The facts that most experience industries are dominated by SMEs, and that project-based collaboration and working together is common, means that proximity to potential collaborators and partners is even more important for experience industries than for many other industries. The making of a motion picture or a single issue of a magazine can for example involve the inputs of over 100 different freelancers, collaborators and firms. Proximity and clustering lowers transaction costs and facilitates cooperation." (Power—Gustafsson 2005)*

[63] The concept of the "third place" is explained below.

"Consequently, regions or cities should not always strive to create their own isolated clusters, but rather look to how their region or city can have a role in a larger cluster."

Power emphasised the significance of this for boosting international competitiveness. Besides enhancing the possibilities for innovation and quality, etc, clusters create a common pipeline to external players.

> *"Strong clusters tend to be networked together at an international level and these links function as 'pipelines' for innovations and products as well as easing first contact and reducing barriers to entry. Thus, well functioning clusters play two important roles: they provide a nurturing milieu for firms and they provide channels/pipelines that help firms export." (ibid)*

We can also add the view that not *all* places in themselves can function as self-contained industrial systems, but that on the other hand the cluster idea can be widened to the national level. Not all places can become a new Hollywood, he says, but they can find a role in a national cluster. Thus, it is not necessary for the production of both specialised inputs and core products to be localised in the same place. An example of this in Sweden is the city of Trollhättan, which has become a centre for the core product film, although as a city it is involved in the cultural foundations of the Swedish film industry to a much lesser extent.

The reason why the national cluster idea is interesting is because of the phenomenon of a knowledge feedback cycle in successful clusters from the elite to amateurs. This promotes continuous learning and inspires, and contributes networks and marketing windows. Is it then possible to expand a cluster to the national level? Or at least to the regional level? With good infrastructure, the possibilities of this occurring are enhanced in any case.

Consequently, regions or cities should not always strive to create their own isolated clusters, but rather look to how their region or city might be able to have a role in a larger cluster.

It is difficult to isolate particular creative industries. Rather, they are part of interlocking systems. In addition, in the creative industries there are 'base plates', each with their own cultural system and cluster of players, as argued previously in this book.

This points to the idea that it might not always be the right thing to narrow down to a very small niche. A mix of different activities creates more opportunities for different businesses and, in many instances, cross-pollination between them. For example, it is probable that a strong film-industry-based cluster would enhance the production of video games, TV production and the advertising industry. Consequently the idea behind many regional film funds is to build up and support the growth of a 'creative cluster' in general (QNB 2005).

This discussion can also be likened to the spreading of risks. A cluster—and a place—acquires more legs on which to stand and thus can spread in different directions.

Forums as process

Sjöstrand—Tyrstrup (2002) have pointed out the significance of *small talk* and supplementary arenas for organisations. They argued that leadership is construed and (re)produced continuously in a social construct in all possible contexts (formal as well as informal, typical as well as unusual, apparent as well as invisible). Accordingly, the authors emphasise that invisible leadership and informal communication are of decisive importance to development and collaboration.

More and more researchers are expressing the view that creativity must be regarded as a social process (Ford—Gioia 1995). Czíkszentmihályi (1990) is more concrete with his *systems model* of creativity, which emphasises that the creative process needs more than just creative individuals in order to be effective: "the first question I ask of creativity is not *what* is it but *where* is it?"

> *"... an idea or product that deserves the label 'creative' arises from the synergy of many sources and not only from the mind of a single person. It is easier to enhance creativity by changing conditions in the environment than by trying to make people think more creatively. And a genuinely creative accomplishment is almost never the result of a sudden insight, a lightbulb flashing on in the dark, but comes after years of hard work. ... But even without success, creative persons find joy in a job well done. Learning for its own sake is rewarding even if it fails to result in a public discovery."*

Thus, creativity arises out of an interaction between three elements according to Czíkszentmihályi. The first is the *domain*, a part of the culture that contains knowledge and values which are shared within it. The second element is *the individual person,* whose input into

"It is easier to enhance creativity by changing conditions in the environment than by trying to make people think more creatively."

the creative process is about extracting information from the domain and working out variations on this information. The third element is *the field*, which is comprised of individuals who have the power to approve and decide on what is truly "creative" and to exercise control over who is permitted access to the domain.

Czíkszentmihályi stated that the most important implication of the systems model of creativity is that the level of creativity in a given place at a given time does not depend only on the amount of individual creativity. It depends just as much on how well suited the respective domains and fields are to the recognition and diffusion of new ideas.

It is important that there are experts who can encourage, scrutinise and become engaged in the process. In one example, Czíkszentmihályi points out that it is not necessary for a change to occur at the individual level for creative progress to be made—it is sufficient to have the domain with its symbolic rules and procedures and the expertise. The individual nevertheless does play a role in the systems model and Czíkszentmihályi stresses that in order to be creative, the individual must have mastered the domain. In summary, the systems model maintains that culture and community are indispensable elements of the creative process.

At what point then does the exchange of important information and knowledge take place? Frankelius (2005) argued that it is possible to create forums for productive, value-generating processes. He concluded that 95 per cent of all meetings are not productive, but his perspective in saying this is that of formal, structured meetings.

Informal, day-to-day contacts are also important.

This is because innovations are the result of cumulative knowledge and competence development. In this context, every meeting constitutes a building block. That is precisely why it is important to increase the number and quality of the interfaces for them.

Firstly, this is important from the business perspective and the local perspective. It's important to create environments that encourage such encounters—in cities and towns, at the office, etc. Secondly, from the national perspective, it should be acknowledged that individuals normally move between different environments. Throughout life, a person's creative capacity is shaped and developed in the interaction between different times and spaces offering various kinds of encounters. Törnqvist (2004) wrote that the creative process cannot be seen as something that occurs in *one* place or in *one* environment but rather occurs as a process. This complements the line of reasoning about geographic concentration. Consequently, it is not sufficient to focus on one place with 'ready-made' businesses and creative individuals to succeed at the national level. The road to success can be long, and support might not always be the most effective or the most important in the period closest to the end of this road, that is, closest to achieving success.

A study of Nobel Prize winners reported examples of how their career paths have converged. Some research environments (universities) are distinguished by the fact that they have many Nobel Prize winners working there, but Törnqvist, an emeritus professor in ethnogeography, is at pains to point out that the environment prior to this has probably played a more important role. For example, he points out the significance of the school (ibid):

> *"[The Nobel Prize winners] spoke warmly about how competent teachers in close contact with current research within their own subject areas awoke their interest and influenced their decision to continue studying in their chosen fields. It is not uncommon in this connection for schools with strict discipline to emerge, with demands that are so high that they challenge the capacities of the most gifted pupils."*

Cumulative knowledge, natural competence development and geographic concentration were also factors that made Florence a node of artistic excellence according to Eliasson (1997). In an account similar to that of Czíkszentmihályi, the authors conducted an analysis on the basis of the concept of the 'competence block', which, in leading environments can add competitiveness if there is a dynamic interaction between *individuals* (creators, entrepreneurs, industrialists), *capital* (in terms of both venture capital and competent customers[64]) and various *positive structures* (for example, tolerance and geographical density).

Porter (2000) adds another aspect when he comments on his diamond model, stressing the importance of productive competition. To develop into an advanced economy, there must be rivalry with a high level of competition. However this competition must have an innovative rather than imitative focus.

[64] Compare this with Porter's diamond model on the importance of 'demanding demand'.

"An important point too is that the creative industries need more than just creative individuals. A system is important – with supportive structures that stimulate encounters and thus the exchange of knowledge and creativity as a process."

An important point too is that the creative industries need more than just creative individuals. A system is important—with supportive structures that stimulate encounters and thus the exchange of knowledge and creativity as a process. An arena or forum in which to gather is necessary for informal communication, validation by experts and small talk.

Occasionally such systems and arenas arise and grow randomly, particularly in big cities. In smaller places however, it can be more difficult for this to occur naturally, and it thus requires more government intervention. Every initiative should take into account the unique circumstances into which it will be implemented.

The common element nonetheless is the importance of creating the conditions for—and giving permission to—these places (the domains and arenas) to foster creative processes. In concrete terms: not to close down the equivalent of Andy Warhol's *The Factory* if such an organisation emerges (however impossible it might be to establish and plan for such an environment). ■

THE CHALLENGES AHEAD

A better world?

THIS BOOK IS about a social transformation. But how and where will this transformation end? Where will we end up if the promises of the creative industries, of experiences, are added more and more—and aesthetic value is increasingly foregrounded?

No one knows—and people's conjectures diverge. However there are three main lines of conjecture:[65]

1. A better world

Many people are of the view that the creative industries reflect a perspective that takes better account of people's wants and needs.

Aesthetics and a greater understanding of human beings are guiding the technology and the market. Out of this is formulated a promise of product and social development that is in close harmony with people's needs. *Function follows form* instead of the reverse, as the old saying goes. Form as a way of creating meaning and making a functionally chaotic world more intelligible.

A development that means more user-friendly products, and which balances out the technocratic perspective by putting the human being in focus—with our wants and needs. So that we are able to develop as social beings in an ethical and aesthetic society that does not view man as a machine.

This is a bright picture: the commercial in the service of the arts/culture and not vice versa.

[65] The following section is an extract from Nielsén (2004).

2. Amusing ourselves to death

A more pessimistic outlook is that we are amusing ourselves to death in a world where we can no longer tell the difference between reality and entertainment.

Many media critics maintain that we are heading towards a world where everything has become entertainment, where promises of experiences are bombarding us with growing intensity. Compared with the scenario above, culture here is entirely governed by commercial forces.

According to Postman (1985), the end-result is a world where we are simply amusing ourselves to death. He draws a comparison with George Orwell's *1984*, which depicts a society in which "Big Brother" watches over us and feeds us misinformation.

In the novel *1984*, this state of affairs is imposed from the outside. Postman maintains rather that we are creating this situation ourselves—crafting a world where entertainment will eventually supersede reality.

The reason for this is that media events are becoming more prevalent. We perceive our contact with our computers, television and other media as being as real as real life itself. These media events are also veering closer to infotainment. According to Postman, if this continues we will eventually lose our ability to evaluate information properly.[66]

Or, as Twitchell 1992 puts it, reality will become a carnival where the norms of vulgarity and good taste are dissolving at great speed. At the same time, according to Twitchell, "the trashing of taste" can be said to entail a triumph for the general public:

> *"Intellectuals of the old school may not approve of what is published or shown but it is today much closer to the preferences of the common man than during any previous period in history. It is becoming increasingly obvious that this development is becoming increasingly dualistic in nature, where democratic ideals are in conflict with market-steered reality."*

3. It depends

A better world or amusing ourselves to death? How will things turn out? The answer is that we are involved in creating it ourselves.

[66] It is difficult to read Postman today without thinking about the differences in media consumption between then and now due to the Internet, particularly the enormous number of channels created in the last decade.

The best outcome would be if we create an understanding of all the mechanisms and values of the creative industries—that everything originates in the creative act and a creative foundation is essential for commercial exploitation; that the relation is one of mutuality.

We should be working towards a balance between different interests. We should be thinking in the long term.

And above all, debate about the future of the creative industries should be open and serious—not cloaked in cultural policy arguments that amount to wishful thinking, or are the victim of narrow commercial determinations.

Because it is not going to go away. If we don't take command ourselves over this development in Sweden—how *we* want things to be—foreign players will make their mark in any case. Most products from the creative industries have an international—or directly Anglo-Saxon—stamp. Even if we don't like Paris Hilton or Britney Spears, they invade Sweden in any case.

For this reason, we must get this interaction happening.

The following section about the ERIBA model does not provide any answers—but offers a way of seeing, analysing, debating and planning in order to reach solutions. ■

ERIBA

A MODEL FOR GROWTH

SYSTEMATIC COLLABORATION

Why?

There is great variation within the creative industries—from multinational giants to micro businesses, a large number of different sectors, and at times a tension between the cultural and commercial perspectives. People and their organisations also have their hands full with the day-to-day operative agenda—and don't prioritise time, resources and energy for involving themselves long-term in important questions within their industries.

Add to this the 'support' functions such as research and education and training. Researchers have their systems and careers and in this context the transfer of knowledge to industry is seldom uppermost on their agendas. Education and training programs operate on the basis of their own goals, which at times can be very remote from the best interests of the industry.

It is therefore not difficult to understand that there are various disincentives at work that explain why it is so difficult to come to the table around a common agenda and collaboration.

By working systematically towards the same goals and with measures aimed to stimulate growth and development, the chances of achieving growth and development within the creative industries are improved. The potential for Sweden to take a leading position within the creative industries in the world is great, but there is a huge need for increased collaboration between players at different levels in the community.

ERIBA is a model that explains how this can become a reality—an explanatory model that describes how growth can be stimulated and enhanced in the creative industries. The model explains how resources and businesses could be better coordinated in order to maximise the effects of initiatives. The model can be used at both the national and local levels.

ERIBA stands for *education and training*, *research*, *industry*, *business*, and *the arts*. It is within these areas that measures to stimulate growth are mainly needed for the creative industries. To maximise the potential for growth, any measures implemented must also work together. In many instances, this involves developing collaboration between existing businesses and organisations—not starting up new activities. In some instances, it involves changing attitudes and reconciling preserves.

A 'we' feeling is needed—an attitude that is characterised by engagement and which invites collaboration. On the basis of a common set of values and infrastructure, the different players ought to see their roles in the wider perspective and work actively to exchange knowledge and experience. Urban planners may have one tool to operate from. Research and educational institutions are able to see links between different subject areas and could help to better prepare their students for the reality that they will encounter after their studies. Entrepreneurs can get a map of their contexts in order to see how they can improve. Cultural life can be developed and acknowledged for its central role for the creative industries.

ERIBA offers a model for cultivating a long-term and strategic perspective – a systematic way of continually asking oneself if activities that will provide the foundation for development and growth for many years to come are being implemented.

In one of the introductory sections of this book, it was concluded that talent and the audience are constants (that is, to convey and to consume experiences) but that markets, structures and infrastructures change.

Methods are needed for capitalising on and disseminating these changes (strategic knowledge) as well as for adapting to them. The ERIBA model is a systematic way of working towards this.

Infrastructure

By infrastructure we mean:

- formal and informal contact channels,
- an acknowledged set of criteria for standards and forms of work,
- a structural capital that is both explicit and acknowledged, and
- a generally acknowledged understanding of how collaboration between players and sectors should occur to be the most effective and fruitful.

Such an infrastructure is needed to:

- take advantage of and communicate ideas and projects,
- be able to analyse, educate and train effectively, and
- create and maintain a system in which the various parts are developed, evaluated and managed in an opportune and useful way.

Why not other models?

What is new about this model? This is a question that often arises when ERIBA is discussed.

Perhaps it should first be stated that we didn't start out to create a new model just for the sake of it. Instead, the ERIBA model has arisen out of a very tangible need. Other growth models were not seen to be adequate to explain how processes and players interconnect in the creative industries, and consequently how they should be supported and stimulated in the best possible way. The ERIBA model thus attempts to fill a gap to help us to be able to better analyse, plan and stimulate for growth within the creative industries.

Two factors in particular have been missing and therefore have needed to be emphasised.

Firstly, a growth model is needed that is adapted to the particular properties of the creative industries: in particular, the creative industries' foundations in culture/the arts, which is discussed more in the coming chapter, but also other factors such as the large component of small businesses and a generally weak interaction with players in research and higher education compared with other industries. All in all, the ERIBA model accordingly explains that—and how—research, education and training, industry and business and the arts ought to be working together for the purpose of strengthening the creative industries.

Secondly, an understanding of why and how players ought to be collaborating to support and stimulate the creative industries has been lacking. A picture of a system covering the full gamut has not existed, which has meant that a natural and comprehensive infrastructure has not existed either. For this reason, ERIBA is being emphasised here as an explanatory model that hopefully can assist organisations and players to collaborate more, and more effectively.

It should be added that ERIBA has been used in some places without actually calling it ERIBA. An alternative concept that describes something very similar to ERIBA is, for example, *quadro helix*, which emphasises the interaction between industry, the public sector, academia and the arts.

What is most important for initiatives is that they take into consideration the particular characteristics of the creative industries, and that they are based on how a comprehensive system should be constructed and how it should function. Beyond that, what one calls it is of lesser importance.

The importance of infrastructure

Talent is vital, but even talent needs support to be able to develop. This can be illustrated by examples from the world of sport, which for decades has actively worked with infrastructure issues that are:

- area-specific,
- at different geographical levels (local, district, national), and
- apply to both elite and amateur sportsmen and women.

It has been clear to all—both in the world of sport and to outside observers—that there is an interconnected comprehensive system at work here that incorporates both amateurs and the elite; both local activities and national initiatives. It is also clear that there is a certain kinship between different sports, which inspire and stimulate each other.

A common values system—a common explanatory model—has helped make it possible for such a comprehensive system to have been constructed over a period of time. The link between gravel pitches in residential areas, children's and teenagers' activities and national success has been seen. People have also seen it as obvious that you can play sport at the local team level as well as the professional level, but importantly, they have also seen that these two things are interconnected.

An important key to success has always been infrastructure. Firstly, to be able to cultivate talent (other activities, coaches and indoor sports centres). Secondly, to continuously identify and develop talented children and young people. An important key to success for Swedish sport in general is that there is an understanding of the importance of this comprehensive system—from the Swedish Sports Confederation and all the individual sports associations right down to the smallest local club.

There is also a matrix of levels that are linked together—in terms of geography, age and orientation (elite or amateur). This interconnection also exists between different sports. Financing is also permitted to come from both private and public individuals and organisations.

Background: Hultsfred

From punkrock to rock ERIBA!

At the beginning of the 1980s, a bunch of guys sitting around one day decided to take matters into their own hands, among them Putte Svensson. He and the others were fed up with the fact that nothing ever happened in Hultsfred, and so they started to organise parties—initially small ones, but soon much bigger ones. In 1981, the non-profit organisation Rockparty was formed, and five years later in 1986, the first Hultsfred Festival was held, with 7,000 visitors.

These days, around 30,000 people attend the festival and its turnover is around SEK 40 million annually in a town with 5,300 inhabitants. Over 1,300 journalists from over 40 countries report on the event. With 160 bands and artists performing on seven stages, the Hultsfred Festival in Sweden's biggest rock festival. A visit to the Hultsfred Festival is a part of their growing up for most Swedish teenagers, and playing at Hultsfred is pretty much part of every Swedish rock artist's road to success. Many Swedish artists have had their major breakthroughs at Hultsfred.

Today, the Hultsfred Festival is a well-oiled operation that lives and breathes on commercial terms – tickets must be sold, sponsors must be found—but its cultural core is there as a non-negotiable foundation.

In addition, there are many more business activities than just the festival itself—and they all emanate from Rock City, a complex, an environment, an arena and a forum.

Concert activities run all year round, as do a number of business promoting and community development activities. The complex houses a number of education and training programs: both post-secondary in the music industry, digital media, tourism and events; and secondary through the GYRO upper secondary school. Research is carried out here and it is also the location of Sweden's Rock Archives. Metropol has a restaurant that is a natural gathering point on a daily basis, but also a conference and event centre. Rock City is also the home of *IUC Musik- & Upplevelseindustri (IUC Music and Creative Industries)*, an organisation owned by the music industry to promote its interests and work with development.

A current example of this working method in Rock City is "Rookie". This is the name of an initiative by the Rockparty organisation focusing on new music. Each autumn, a

Rookie Festival is held showcasing unknown bands. But at the same time, seminars and activities discussing developments in the music industry are held in an attempt to transfer this knowledge to these new artists. Researchers as well as 'practitioners' participate. In addition, the festival is run by students attending courses at Rock City.

ERIBA grew out of a systematic way of working that developed in conjunction with an EU funded project that began in 1997. The project went under the name "Puzzel" and Lars-Erik Rönnlund was the project manager. The aim of this project was to increase employment.

The results after the five years that the project ran were the following:

- From 10 to 70 employees.
- From 2 to 20 companies.
- From 0 to 5 education programs (post-secondary).
- From 21,000 visitors to 27,000 visitors to the Hultsfred Festival and more live concert activities all year round.

The journey to reach this point was longer than that however. Once the festival really took off, it was necessary for the organisation to become more professional. In 1992 the festival's own concert hall with restaurant (Metropol) was opened after the organisation was accused of having destroyed the floor in the local sports centre (despite the fact that this was shown to be groundless by an investigation).

There was also the potential to do more.

The entrepreneurial spirit was clear, but how could this be maximised? Hultsfred is a small community and a lot was lacking, for example, an inflow of new ideas and competence as well as people who could start working immediately with Rockparty's activities—in other words, an increased proximity to education and training and research.

At the same time many gaps were noted. It was clear that the music industry lacked education and training programs in general. There were plenty of programs for musicians, but none for intermediaries and initiators in the form of organisers and managers. Similarly, there was rarely any research done that the music industry or organisers felt bore much relation to them. However the festival organisation soon got a new perspective thanks to an ethnologist from the University of Lund, Jonas Bjälesjö, who began to use

Hultsfred as the basis for his doctoral studies. Since then, more researchers have come to the party (!) and Hultsfred is now part of or the centre of a number of international research networks and hosts a researchers' conference annually.

The combination of education and training, research, industry and business and the arts is now alive and self-perpetuating. But it should be noted that it is not just about having activities and operations that can be grouped under the various arms of the ERIBA model.

What is vital is the collaboration between them.

And beyond

What is unique about Hultsfred as an example of growth with the assistance of the creative industries is not the results *per se*, but in relation to the small size of this town (5,000 inhabitants).

It demonstrates that unique things can happen even in small places—not just in big cities where creative clusters are normally found.

Rock City in Hultsfred has been able to continue to grow thanks in part to positioning—finding its role in the totality of things—and in part through systematic collaboration.

Putte Svensson, one of the founders of the rock festival and Rock City's founder, says:

> *"We're not the centre of the music industry, but we can be an important part of it. By helping to spread knowledge and competence as well as to inspire young people in particular. We want more people to be able to make a living out of and make money from music."*

The initiative is also characterised by its long-term approach, not least through its interaction with Hultsfred Municipality, which co-finances the arena for education and training and conferencing, *Campus Hultsfred*.

Today Rock City wants to:

- Create physical forums for the development of the music industry and closely allied industries: firstly with a fixed base in Hultsfred, and secondly in the region, and thirdly by continuously working with a variety of activities all over the country.
- Strengthen Sweden's music culture through a leading event that includes both elite and new artists. The Hultsfred Festival additionally has a particular focus on unknown artists and young women artists.
- Spread knowledge and competence through initiatives in education and training, research, the archives and an experience-based museum.
- Contribute to measures aimed at stimulating the music industry through development projects, surveys, incubator activities and concrete projects. Organisations that are linked to Rock City today include a national development centre for the music and creative industries (IUC) and Sweden's Audio Migration Centre.
- Work for an understanding of the music industry's comprehensive system. This means support for the coming generation in the form of a living music culture with a focus on equal opportunity and stimulating the industry so that more people are able to make the leap from amateur to professional and make money from their talent.

Business and business lab

In Hultsfred, the business process is described using three cornerstones: "go with your gut, rock hard and get cred." The best ideas and concepts come from those who are passionate about and believe in their ideas. Those who, by being goal-oriented but open to new approaches and possibilities, have dared to go with their gut feelings and go their own way in collaboration with others. Who, by rocking hard—daring to go for, talk about and market their ideas—can get people on board with them, persuade and get many others to believe in the potential of their ideas. And who have managed to create a brand with high credibility, that can generate credibility among the right target groups by continuously communicating their ideas and always doing something cool and good that 'everyone' wants to have.

Business Lab is dedicated to developing the bearer of an idea. Instead of picking winners, it's about creating winners. The person is more important than the product. The approach to entrepreneurship is that it is an attitude, not a school subject. All individuals can develop entrepreneurial capabilities.

Rock City is one of the three most inspiring entrepreneurial initiatives in Europe. This is according to the EU commission's European Enterprise Awards for excellent examples of entrepreneurship and creativity. Vice-president of the EU commission, Günter Verheugen, and the director of the EU's Enterprise and Industry Directorate-General, Maive Rute, awarded the prize. Over 400 players in Europe put in entries for these awards.

The Hultsfred story

1981 **Rockparty** starts up as a non-profit organisation.

1986 **The Hultsfred Festival** is held for the first time.

1992 **Metropol** is constructed for a cost of SEK 10 million—a car showroom is rebuilt to house a restaurant, concert venue and offices.

1997 The EU project "**Puzzel**" starts. Education programs initiated. Small businesses and networks started. Microsoft begins collaboration with the festival.

1998 The **Digital Media Distribution** course begins. **Puzzel** receives its "good practice" award from the EU.

2000 The higher education program in **Music Management** starts in conjunction with the University of Kalmar. Over 700 applicants for 35 places. Industry-owned *IUC Musik- & Upplevelse-industri (IUC Music and Creative Industries)* is formed with its head office in Rock City.

2002 **The Rock City complex opens** after the Metropol building is extended to a total of 5,000 square metres at a cost of SEK 27 million. Room for businesses, education and training, the festival offices, concert venues, rehearsal spaces, music studios. Rock City is nominated as a **cross boundary arena** in Sweden's creative industries sector by the Knowledge Foundation.

2003 Rock City is the cause of **growing pains**. A shortage of accommodation in Hultsfred as the number of students has grown to 170, now attending 5 different courses. The number of employees is now 70. An additional SEK 5 million is invested in infrastructure.

2004 The music association **Sheena** for the promotion of the **musical interests of young women and girls**, and **Popkollo** (a popular music camp for girls aged 12–16) are started. Rock City's managing director Putte Svensson is named **Entrepreneur of the Year.** He has held many hundreds of lectures around Sweden.

2005 **Swedish Rock Archives** in Rock City sets up a unique new database. All the information on 16,000 records is added to the database. The festival sets a **new visitor record** and attracts more media coverage than any other event in Sweden in all categories.

2006 Sweden's Audio Migration Centre is located in Hultsfred and Västervik. Sweden's **audio heritage** is to be safeguarded and made accessible for coming generations. New education and training initiatives started, for example **Rock City's GYRO upper secondary school**. Rock City receives the EU commission's prize for best entrepreneurship in Europe. More than 100 employees.

2007 Through **Business Lab**, over 60 businesses have been started since the beginning. Sweden's Rock Archives has over 100,000 records in its collections. Rock City prepares a national growth proposal for the music industry based on the **ERIBA model** and play an important role for the *Swedish Creative Industries*, with Putte Svensson as chaiman.

2008 **Campus Hultsfred** is formed in association with Hultsfred Municipality and has 350 students. Popkollo is now being run at eight locations around Sweden.

Growth program for the music industry

The ERIBA model has been used as the basis for the proposed growth program for the music industry. The first program was developed during the spring of 2003 jointly by Rock City and the Swedish and Creative industry-owned development centre for the music.

The second program was produced in 2007 based on the vision that Swedish music could reclaim its pole position as the biggest music exporter in Europe, and that the Swedish music industry would be world-leading in terms of musical creativity, entrepreneurship, technical innovation and collaboration.

In summary, the program proposed the following:

- Support and develop the coming generation.
  - Investment in Sweden's music culture.
  - A comprehensive, all-encompassing system.
- Knowledge- and competence-raising.
  - Decision-making and supporting bodies.
  - Applied research.
  - Needs-based education and training programs.
  - Establish a skills centre.
  - Enterprise and entrepreneurship.
- Create conditions for the industry that are conducive to growth.
  - Unite the industry.
  - Copyright legislation.
  - Development and venture capital.
  - Micro and small business.
- Music distribution.
  - Long-term strategy for export.
  - Digital platforms.
  - Development and business projects, not least in relation to other industries.

Measures based in Hultsfred that can be implemented were sorted under the headings "Education and Training", "Research", "Industry" and "Business" and the "Arts". Examples of activities using ERIBA as a tool for generating growth in the context of one, cohesive system are:

Research:

- Set up research institutes and establish professorships, including the use of seminars and conferences and the development of new education and training programs.
- Studies, industry intelligence and analyses of how consumer behaviour is changing.
- Work towards Swedish music industry research acquiring a leading role in Europe.
- Dissemination of knowledge to the industry. A program for forums/meetings between the business sector, the various sectors of the creative industries and researchers.

Education and training:

- Education and training programs aimed at the music industry at various levels; from upper secondary (GYRO) to post-secondary in various subject areas including management, events and digital distribution. Collaboration with the business sector is very important.
- A competence centre that can provide quality assurance of education and training programs and work for the development of education and training programs that meet expressed needs.

Industry and business:

- Work for better terms and conditions for enterprises in the music industry through lobbying and promoting their legitimacy, and set up creative environments and networks.
- Meetings with the industry, not least in order to link up the recorded music sector with the live music sector.
- Have the power to initiate trans-silo networks and development projects within the public sector, the business sector, academia and the creative industries.
- Establish a venture capital fund for the creative industries. Increase access to capital for investments at the very early stages of development.

The arts:

- Ensure that the breadth in Sweden's pop and rock culture can live on and be nurtured on artistic terms.
- Review government support for pop and rock culture.
- Have the power to initiate development projects and stimulate interest among young people for pop and rock music.
- Work with questions relating to equal opportunity in the music industry.
- Establish a Swedish Rock Archives and an experience-based museum for pop and rock music. ■

"Perhaps it should first be stated that we didn't start out to create a new model just for the sake of it. Instead, the ERIBA model has arisen out of a very tangible need."

Growth proposal from Hultsfred, 2008.

THE ARTS AS INPUT

A rich cultural life

MANY GOVERNMENT FUNDED initiatives have been based on the idea that education and training and research strengthen the economy.

What the ERIBA model does is add in the arts/culture.

"Culture" means here cultural and artistic pursuits in the broadest sense; but not from an anthropological or organisation theory perspective. It means instead the arts and culture as the results of the efforts of creators: manifestations. In addition, we emphasise the conditions required for these manifestations such as (1) places to practice one's art and (2) places to exhibit creative results. This can be collectively termed "cultural life".

But note that the need for the *manifestation* is the *sine qua non* for other activities and probably the only constant in this context. Adult education associations might come and go, but the need to sing and play musicis constant.

Culture cannot either be taken to mean only highbrow culture here. For example, in the music industry, 'culture' means primarily songwriters, artists and music producers when they are acting from a non-commercial basis; and secondly those activities that affect the conditions for these players directly and indirectly, for example, rehearsal spaces, live venues, choirs, music schools, etc. This comes close to the etymology of the word: to cultivate.

Generally, the arts/culture in the ERIBA model refers to the non-commercial part of the music industry. In Hultsfred, which was the origin of the ERIBA model, culture refers to a passion for music, respect for the competence of its artists and the attitude that 'good' music has an intrinsic value all of its own (obviously based on one's own preferences).

A rich cultural life guarantees a successful creative industries sector, that is, the art/culture generally affect the foundations from which businesses in the creative industries grow, to at least the same extent as education and training, and research. (for example, see O'Connor 1999).Looked at from this perspective, all practitioners in the creative industries can be seen as part of a creative 'humus' that comprises a strategic asset for the country's future.

Looked at from this point of view, investing in education and training in the arts, and supporting artists and a rich and accessible cultural life become as obvious as investing in national infrastructure.

There are three main arguments for this:

1. *'Good' creators and producers*. The broader the base, the more stars will be generated. For example: a rich Swedish cultural life in the music arts means a greater probability of achieving a successful Swedish music industry. Note that the emphasis is on *rich*, not *big*. It is about creating an environment that is characterised by playfulness, the desire to experiment and competition. It's about raising the bar. The existence of a big pool of producers should also raise the bar in terms of innovativeness when competition increases (Porter 2000 et al).
2. *'Good' demand*. Investment in a rich cultural life leads to demanding, sophisticated consumers, resulting in the demands being higher on those who are creating the products for the creative industries. The opposite is a market that is unfamiliar with a certain type of product and is therefore satisfied with less internationally competitive products (ibid).
3. *Greater demand*. According to the theory of 'acquired taste', demand increases when knowledge about and familiarity with a certain type of consumption increases. This applies to many products (electronic devices, wine, cars) and to a very large degree to products from the creative industries (Throsby 2001). A bigger domestic market means better prospects for existing and new companies, which translates into better prospects for expansion abroad. A big demand also leads to more and more people wanting to have a go at becoming producers.

These three arguments mean that a focus on the Arts part of the ERIBA model does not imply a linear relation to the outcome, but rather an exponential increase. One additional unit of "cultural life" adds more than one additional unit of "effect" according to the three arguments presented above.

A 'rich cultural life' also refers to geographical distribution: no-one knows where the best and most productive ideas will come from. Eric Hasselqvist, music entrepreneur with many years of experience from both record companies and music publishing, says:

> *"At a guess, talent is distributed evenly across the country. But occasionally some catalyst turns up that takes things further and that's where it all starts to happen."*

“A visit to the Hultsfred Festival is a part of their growing up for most Swedish teenagers, and playing at Hultsfred is pretty much part of every Swedish rock artist’s road to success.”

An analogy can be found in sport, where an intricate system of amateur clubs and associations at various levels all around the country together contribute to the elite, while at the same time the value of all these various organisations *per se* is acknowledged (their benefits to our physical health and fitness, community, enjoyment, etc). Previously in this book, we also talked about initiatives not always being most important at the point where an individual or group is close to succeeding, but rather that the knowledge that lies behind innovations and creativity in general is a cumulative process.

To shed more even light on the role of the arts according to the ERIBA approach, we use the metaphor of a funnel. The funnel metaphor is used to illustrate how many practitioners become a small number of professionals.

Breadth generates the apex.

The figure on the next page illustrates this value and production chain. Inside the system (inside the funnel) are a number of players (individuals and organisations) whose actions originate from both an artistic and a commercial perspective. The movement towards professional activity (“industry and business”) is towards the right in the figure—from the broad cultural context to the market elite, that is, a successful industry.

It is worth emphasising, because it is not obvious from looking at the figure, that even industry and the arts need conditions conducive to their growth and development in order to grow and develop. A rich cultural life primarily requires support (which is often in the form of cultural/arts policy, etc).

What moves in the funnel are the players: in the case of the music industry, artists, songwriters, producers, companies, clubs and associations, etc. The thesis is that these will become more numerous and of better quality if a rich and robust cultural life exists in the form of places to perform (live venues) and practice (rehearsal spaces, try-outs), traditions and infrastructure (music schools, choirs, music teaching in schools), etc.

Note also that not all practitioners want to take the step towards commercial activity. In those cases, there is no movement towards the industry end of the figure, but these people can still be very much a part of a rich cultural life.

Figure 21. A simplified picture of how cultural life drives business activities in the music industry.

The ERIBA model distinguishes between non-commercial and commercial activity, where ‘the arts/cultural life’ refers to the non-commercial perspective. This means that the players behind *specialised inputs,* according to Porter’s cluster model (page 56), can belong in both the Arts and Industry and Business parts of the model. Those who perform music, for example, can do so both as a leisure activity and professionally.

The interaction between and movement from non-commercial to commercial—between the arts/cultural life and industry and business—also applies to other players in this industrial system. Production technology for example— another of the industrial system’s expressions—can be likened to “the arts/cultural life”: the better your knowledge about the technology, the better specialised inputs you can create. Access to cheaper technology for example has meant that young filmmakers are much better cinematographers these days. This ought to lead to an increase in the quality of the creative inputs and have a positive impact on the core product (film).

However players can operate in both non-commercial and commercial contexts. The point is rather that a successful industry within the creative industries is dependent on and/or can greatly benefit from non-commercial activities; both directly through the use of resources, and indirectly and in the longer term through better conditions for cultivating talent and fostering innovation, etc.

Figure 21 provides an example of the process of producing a concert. In this case the organiser happens to be participating on commercial terms, as is the sound and lighting company. Other players such as the manager and the venue agent rightfully belong in the grey zone, since they are aiming to cover their costs, but making a profit is not their sole purpose in being involved. The artists in the example are not (yet) making any money from their music. Their primary goal is to get to perform.

	NON-COMMERCIAL	GREY ZONE	COMMERCIAL
Producers of core products			Organiser of concerts
Specialised inputs (goods and services)	Unsigned artists. Often make their living from other jobs.		
Production technology			Professional sound and lighting company.
Supporting services and industries		A semi-professional manager or agent. Works part-time as a sales rep. The city park functions as a cheap venue.	

Figure 22. Non-commercial and commercial activities based on the industrial system model. The ERIBA model emphasises the interaction between and transfer to/from non-commercial and commercial terms. This applies to specialised inputs as well as production technologies, support functions and core products. The example shows the production of a concert in the music industry—how the interaction between non-commercial and commercial activities can occur in the music industry.

What do we mean by culture?

The long-term growth of the creative industries requires a holistic approach: the need for a foundation that is constantly nurtured. You need to think in the same way as if you were managing a forest: cut down and process some trees but always plan for regrowth (the next generation).

This is what we are referring to by cultural life—or the Arts in the ERIBA model.

Think about the etymology of the word: **culture = to grow**

Cultural life/the arts is thus a 'raw material' for creating the market elite in the creative industries. Like the basic research behind applied research. Like the iron from which you make steel.

But what does 'cultural life/the arts' mean in the context of the different sectors of the creative industries? Below and to the right, you can see some examples of cultural life in the various sectors based on the ERIBA model.

	Examples of cultural life
THE ERIBA MODEL IN GENERAL	*Supply-oriented* Stimulates individuals and activities. • Opportunities and venues to exhibit creative results. • Opportunities and venues to practice and learn. *Demand-oriented* Knowledge and education of consumers/the public. • Demand in a market. • Demands placed on development and regeneration. • Traditions.

	Examples of cultural life
MUSIC	• Rehearsal spaces. • Live venues. • Music schools and music teaching. • A variety of music on offer, e.g., radio channels. • Information about music: Newspapers and magazines, TV, forums, associations.
VIDEO GAMES	• Computer festivals and LAN parties. • Club activities where creativity, experimentation and participation can come together in an organised form. • Demo stage: to exhibit skills in networks. • E-sport, at both professional and amateur levels. There are many organisations and leagues. • Game clans: Players who regularly play together online, often across national borders. • Game journalism: information, education.
FASHION	• The image of fashion. • Fashion as cultural heritage. • Art fashion design and degree of innovation.
DINING	• Potential creators of fine dining of various kinds: chefs, waiters, sommeliers, food designers, experience producers, companies, associations. • Traditions. • Arenas for creativity in practice. • Knowledge of the senses and being able to put that experience into words (dining language). • The 'artistic' languages/skills that form the foundation for working with dining experiences.
THE MOVING IMAGE	• Organised non-commercial activities: activities in film, TV and video games in schools and clubs and associations for example. • Not organised or non-commercial activities in the production of films, TV and video games. • Amateur films on web platforms such as YouTube. • Film festivals and talent quests.
MARKET COMMUNICATIONS AND DESIGN	• The creative input and craft. • Home, school and youth activities. • Traditions and understanding of the significance of design as form and function: adult and corporate education, design museum.

One foundation—many products

The music industry can be divided up on the basis of several business models. The two primary ones are those for live music and recorded music.

However there is still a common foundation for these in the form of a 'music culture', a non-commercial foundation. Besides artists, songwriters and musicians, this includes organiser associations and other non-profit, supportive initiatives. The figure below illustrates this.

In both cases, there are difficulties and setbacks along the road towards a 'market elite'. But of course an artist who finds him or herself within the elite in the 'recorded music' system (for example, with a hit song) will also find it easier to rapidly move towards the elite in the 'live' system.

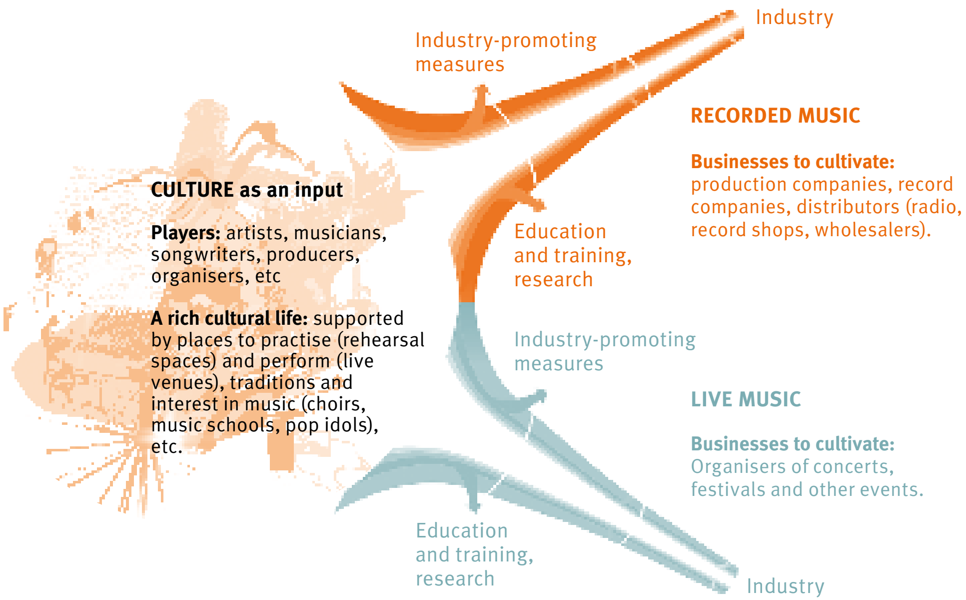


Figure 23. An expanded view of the music industry showing the systems within which players in the industry move.

The systems can be strengthened too—more individuals from this broad base can become successful elite artists given a more supportive foundation. This foundation can be strengthened by places to perform (venues) and the requisites for practising (equipment, rehearsal spaces). Industry-promoting measures, education and research can also be a stimulus for more people being able to make a living out of their art professionally and achieving market success.

The discussion of the ERIBA model up to this point has been based on the music industry, since the model was developed with the music industry in mind. The figure below summarises this discussion and links back to Porter's model of the industrial system.

For the creative industries in general, different clusters of players and culture systems lie behind the inputs to a large number of products. We have previously talked about how the demarcations between sectors are being exploded. In some instances, they have never existed at all and thus it is more appropriate to base the debate on skills rather than industries. In these systems, the players function as both subcontractors and producers of the end product.

In a similar way to the different systems in the music industry (live and recorded music, respectively) having a similar foundation, the creative industries have their foundation in the broad base of a rich cultural life. It's not possible to define the sectors as separate.

Figure 24. Simplified, adapted illustration of the industrial system. The figure also illustrates that even specialised inputs need certain prerequisites and conditions. These form part of the Arts part of the ERIBA model. The examples of players mentioned in the figure are from the music industry

Instead, players, influences, education and training programs and processes all hang together. Figure 24 shows how 'culture systems' create these kinds of 'base plates' for the systems that operate for each of the creative industries.

Bear in mind too that in some instances education and training programs can take the form of culture systems and clusters of players. This occurs when the importance of formal education is great in some sectors, for example, in design or filmmaking.

Figure 25. The star model illustrates the ERIBA model at work for more industries from among the creative industries. Common culture systems form the basis for different kinds of specialised inputs, which lead to different kinds of core products. The many layers illustrate different business models (live, scalable, value-enhancing).

Definitions and the ERIBA model

A lot can be said about the definition of 'the creative industries' and a lot has been said. This is a good thing. What we can say here is that one conclusion is as follows: what connects the various players and sectors based on the ERIBA model's point of view is the input (cultural life/the arts), that is, not the end product or its reception (consumption/the experience).

This follows the definition used in the UK of the creative industries, which emphasises the input: *"industries which have their origin in individual creativity, skill and talent"*. Although the Swedish definition has emphasised the consumer to a greater extent, the input is also taken up in that 'the creative industries' is described as a collective term for "people and companies with a creative approach".

The Swedish definition however has meant that hotels and amusement parks are included. Their connection to culture systems is hardly deterministic or direct, and they are examples of core products that only partly receive their specialised inputs from culture/the arts. In other words, one can contend that 'the creative industries' covers more players than can be explained by the ERIBA model, which nonetheless have creativity at the foundation of their activities, and have as their main task to produce or deliver experiences. It is also relevant to debate whether the definition ought not to be widened against the background of the significance of technology.

However our studies show that ERIBA does work as a model for businesses such as amusement parks, hotels, cable TV operators and technology manufacturers. While these businesses of course cannot be considered to be part of a rich cultural life, there are many examples of businesses that benefit to a high degree from the outputs of culture systems, and thus demonstrate that these outputs increase the value of products. Consider for example the theatre and music at amusement parks, the importance of design for hotels, the content that people fill their technology with. Consequently, ERIBA is primarily a model for strengthening the cultural industries, but these industries are also critically important for many businesses in both the creative industries and the experience economy in general.

However, it is important to understand that ERIBA is but one tool for promoting growth in the creative industries. If we widen the picture further, we see that other inputs can be important, not least when we are talking about established industries that need to become more innovative, assisted to a certain extent by increasing the element of experiences in their products or in their contacts with the consumer. In such a context, ERIBA might not be the most important tool. And not either if the aim is to promote the development of high-tech innovations. Nevertheless, ERIBA helps us to understand certain factors even in examples like these.

We also believe that it is important to be clear and logical but flexible when it comes to concepts and terms—to always try to find the most precise term in every context.

For example, what does the term 'the arts/culture' signify? It has become apparent in many different contexts that the broad approach—which also includes forms of expression of popular culture—needs clarification before a fruitful discourse can begin. In the context of the ERIBA model, the meaning of 'the arts/culture' is sometimes misunderstood.

In addition, the term 'culture' is charged with many meanings—everything from identity and organisational culture to what centuries of debate about high and low culture have contributed.

However, the term should not obscure the goal. Neither is it an end in itself to always use the term 'culture' or 'the arts' when explaining how different activities need to be linked together and collaborate. There are other terms that can be used such as *creativity, creators* and even *knowledge*.

The term 'the arts/culture' has been used as a suitable umbrella term, but if there are alternatives that are more accurate in certain situations, they should be used in preference.

A broadening of the term 'culture' for the video games sector serves to shed light on some additional aspects of the ERIBA model. The production of video games has elements that are close to other forms of cultural expression:

- Narrative (film, literature, music, media).
- Design (film, animation, pictorial art, design, architecture).

Game playing at the broadest level can be seen as the foundation for the quality of specialised inputs (services). This follows the logic that the more practitioners there are, the better the producers and the better the customers, the greater the innovativeness (Porter 2000 et al).

However, gaming should not be seen as practising an art, as is 'playing music'. On the other hand, it does generate an understanding and feeling for the medium in the same way as 'broad-based reading' probably increases the likelihood that more people will try to become authors.

Gaming at the broad level is most obvious in the form of subcultures and gaming events. Every weekend, LAN parties are held where gaming fans connect up their computers to play together. This is also happening to an ever greater extent online. *World of Warcraft* was an example mentioned in the introduction, with 10 million registered users. Even the biggest events such as Dreamhack in southern Sweden attract many visitors and are held in conference centres or sports arenas. E-sport is also a form of organised competition that is demonstrating explosive growth.

What might be described as a 'feeling for western popular culture' can also be discussed on the basis of the arts/cultural life branch of ERIBA. This aspect is interesting because it adds a further dimension to the ERIBA model. Figure 23 is based on the idea that good foundations (such as a rich cultural life) can be conducive to the production of specialised inputs, which then leads to core products. In addition, the same type of player can move in different systems in which different core products are produced while still having/coming from the same type of foundation (see Figure 22 and Figure 24).

The argument concerning a 'feeling for western popular culture' also points to the idea that a common foundation is not just comprised of the players operating there or the educational institutions that exist as part of this foundation. A common foundation can also include shared frames of reference, which can also be included under the prerequisites for specialised inputs. This is tangential to the significance of culture as a system of meaning between people—the ideas, codes, symbols and values that people share and which are communicated and processed in social behaviour, consciously or unconsciously.[67] ■

[67] The purpose of this book is to investigate the prospects for economic growth in Sweden's creative industries. A component of the original idea behind the ERIBA model however was cultural growth. This is a relevant perspective for video games too, since games in various forms have the potential to become the dominant cultural form in the world in the future. Thus, the debate about video games would be well served by a Swedish cultural perspective, since video game development in Sweden is often for a global market, financed with capital from abroad. Video games are often criticised for their content without it having been taken into account that they in fact a medium in the same manner as television. Compare this with the Swedish film industry, which with its small language area, is not either economically viable. However Swedish films do receive finance because they are deemed to be important on the basis of cultural identity and diversity arguments. On the whole, these arguments are relevant to video games as well.

ERIBA IN PRACTICE

Arenas to stimulate growth

THE KEYWORD FOR the ERIBA model is *collaboration*. It is collaboration that is required to get different areas – education and training, research, industry and business and the arts – to stimulate each other.

But how is this collaboration to be achieved?

It's not enough just to say that the players from these different areas ought to get together. Results can only be generated through concrete, trans-silo forums/meetings between energetic individuals – and a systematic approach.

Based on this conviction, the Knowledge Foundation in Sweden began working with a model for *cross boundary arenas* as a way of stimulating the creative industries; a model that it has since spread further to initiatives in other sectors – from visualisation to social entrepreneurs.[68] The Knowledge Foundation's initiative began in 2000 with a five-year program and a budget of SEK 60 million (roughly equivalent to USD 9 million or EUR 6 million).

The most important insight in working on the development of arenas is probably the importance of them being a *neutral player*. Even if a lot of innovation can occur by getting the existing structures to collaborate better, a new neutral player is needed – one that is credible to all participants. A player that can be a catalyst to change and new methods of working while at the same time counterbalancing special interests and the jealous guarding of special reserves. One could see this arenas as being a kind of outsourced public player, but with better sectorial knowledge and contacts.

The arenas has an important task in rallying the players around a common vision and getting them to work actively for their own sectors, as well as facilitating collaboration between the different players and sectors of the creative industries. A common physical environment is also important.

Before the initiative to set up their cross boundary arenas began, the Knowledge Foundation had drawn on the experiences of government cluster initiatives based on the triple helix model. The triple helix model describes the interaction between academia, government and industry. However a arenas is fundamentally not a cluster. Clusters are generally about gathering together individuals and organisations within the same industrial sector in one physical location. Arenas instead focus on bringing about an actual meeting between people, irrespective of where their workplaces are, and irrespective of the organisations or sectors from which they come.

The cross boundary arenas initiative has been running since 2003 and today there are eight such across Sweden, one of which is based in Rock City in Hultsfred. The results so far have been experienced as very positive and the aim is to increase the number of arenas. In addition, these cross boundary arenas have formed a network that is now functioning as a separate non-profit organisation under the name *Swedish Creative Industries*.

Figure 26. The cross boundary arena as a platform for skills development and growth. (Source: Algotson—Daal (2007).

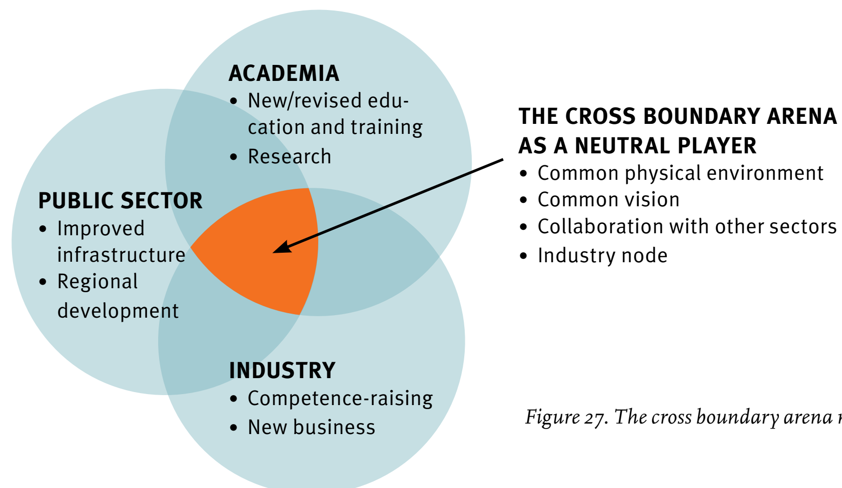


Figure 27. The cross boundary arena model.

[68] Read more about this in Algotson—Daal (2007).

ERIBA in summary

The method derived from the ERIBA model can be summarised in three steps:

1. Identify needs.
2. Identify measures.
3. Implement these measures — with the emphasis on collaboration.

However, to be able to identify needs and measures, you need an understanding of the creative industries. Firstly, you need to understand how the arts as culture determine and drive the prospects for establishing commercial activities within creative industries.

Secondly, you need to have an understanding of what the other parts of the model (education and training, research, and industry and business) consist of and how they function with respect to the creative industries.

Thirdly, as either a creator/producer or financier, you must understand that, in order to make the conditions more conducive to more, better and more profitable businesses within the creative industries, you need to implement measures in all the parts of the ERIBA model—and in addition these measures need to be synchronised.

In summary, ERIBA fundamentally has five factors:

1. *The arts/cultural life*
   Stimulate the broad base of cultural life in general.
   - Individuals and organisations that use the term "cultural expression" and
   - the cultural traditions, activities of children and young people, places used to exhibit/perform creative works, and places to practice/rehearse creative works that are the prerequisites.
     Non-commercial activities.

2. *Research*
   Develop, describe and structure knowledge.

3. *Education and training*
   The dissemination and clarification of knowledge.

4. *Industry and business (business development)*
   When cultural activities become commercial activities (the culture economy). Growth-promoting measures for individuals and organisations from the broad base of a rich cultural life as defined above. Stimulation of the elite from the commercial perspective.

5. *Collaboration*
   Collaboration between the arts, research, education and training in order to strengthen the creative industries, that is, businesses that benefit from, are dependent on or directly based on a rich cultural life and forms of cultural expression. Forms of cultural expression means music, written or audiovisual narrative formats, and the visual arts and design. In this context, decision-makers as well as trade and industry bodies and organisations, government agencies and coordinating bodies is general serve an important purpose.

Measures to stimulate:

- ***Education and training***
- ***Research***
- ***Industry and business***
- ***The arts/culture***

The public policy connection

The need for a comprehensive framework

It is clear that many people in the creative industries are frustrated by the current structures. They feel that they end up falling between areas of responsibility—these being primarily industry, culture and education.

One conclusion is that policy measures and public infrastructure today often end up falling between the responsibilities of government departments and initiatives for either cultural development or economic growth. Cultural policy has traditionally been subsidy-oriented. Organisations and government authorities therefore have very little knowledge about the creative industries, in which many players want to operate in a competitive market even though they are also driven by non-financial rewards and use culture as the foundation of what they produce.[69]

The ERIBA model emphasises the importance of culture/the arts as the genesis for growth and development in the creative industries. This is because the probability of developing successful, commercially-oriented activities is improved where there is a rich cultural life. By the same token, the more people who play football in their youth, and the more football fields there are, the better the national team will be. A bigger and broader pool of people active in sport (or one of the arts) increases the prospects of developing an elite.

No tennis courts, no Björn Borg. No rehearsal spaces, no The Cardigans.

The thrust described in the ERIBA model is towards professional, commercial activity—from many to few, from a broad base to a narrow apex. Those who move in this 'funnel' are the players in the creative industries, for example, script writers, actors and actresses, producers and organisations.

[69] See also Caves' economic properties of creative industries on page 74.

The interaction between culture and commerce

However, there is no automatic link from culture to commerce as such. By the same token, research and education and training do not automatically drive each other, or commercial activities.

The funnel can be widened with the help of measures that stimulate and support. Players and activities develop to higher levels and in greater numbers if they come out of a strong, rich cultural life in the form of opportunities to perform or exhibit creative works (venues, events, distribution) and practice (rehearsal spaces, education and training programs, try-outs, access to equipment), as well as traditions and infrastructure (cinemas, industry organisations, public debate).

In general, the arts/culture part of the ERIBA model refers to non-commercial activities however. Note also that not all practitioners of an art want to or should take the step towards commercial activity. In those cases, there is no movement towards the business/industry end of the funnel, but these people continue to be very much a part of a rich cultural life.

There should be room for both kinds.

This leads us on to the main point of the ERIBA model: that its four parts must be linked together in order to realise the potential for economic growth.

Let us begin with research. While basic research most certainly has its own *raison d'être*, today there is also a large amount of applied research—or research that can easily be applied—that is not reaching all the companies involved in the creative industries. There is a disconnect here.

Similarly, education and training should be linked more closely to industry and business, research and the arts/culture. Education and training here does not primarily mean education and training for arts practitioners, but for the players who gear up the value of arts-based products through support and distribution functions (such as producers, entrepreneurs and vendors).

The disconnect between the cultural and industrial sectors of the economy is due in large part to a lack of knowledge about, and a tradition of, business development in the creative industries, which means that there is great potential in the creative industries that is just not being realised. Many creative businesses have become bogged down in an attitude that results in them not being understood because they are 'exceptional'. But in most instances this is a mistake: there are countless examples of successful businesses in the creative industries. As Nesta (2005) writes: "Claiming 'exceptionalism' is not the way to attract investment in creative businesses. Demonstrating their commercial value is."

A functioning whole

Using the ERIBA model, the creative industries acquire a structure as shown in the figure below. Research and education and training to support cultural life (professional courses) and industry (the traditional innovation system) have existed for some time, but here acquire an important—perhaps the most important—task in supporting the gearing up of the arts from the realm of cultural life to industry and business.

The question thus arises: How should research and education and training be focused and interact with different players? Previously in this book, we talked about the fact that many students of fine arts education and training programs graduate without any knowledge of entrepreneurship, despite the fact that it is precisely *entrepreneurs* that many of them (generally quite reluctantly) will become.

This is not either about just linking research, education and training and the arts/culture to the economy. The relationship ought to be two-way. The economy also has much to gain from investing in and become involved with the other parts.

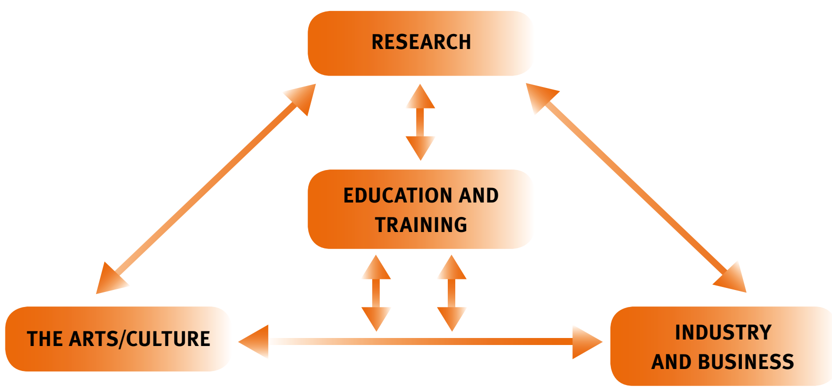


Figure 28. A picture of the ERIBA model's four parts when all players are bearing their share of responsibility.

"In general, the arts/culture part of the ERIBA model refers to non-commercial activities however. Note also that not all practitioners of an art want to or should take the step towards commercial activity. In those cases, there is no movement towards the business/ industry end of the funnel, but these people continue to be very much a part of a rich cultural life."

In the ERIBA model, its four parts (education and training, research, industry and business, the arts) are not just cornerstones: the model shows *that* and *how* collaboration occurs. It is only then that the whole system functions, only then that optimum growth targets can be achieved.

However, a lack of structure for and tradition of meetings between these constituent parts of our model means that meetings, in fact, seldom occur. In other words there appears to be a need for an arena within which experience can be shared, and a system involving all these parts that functions as a totality.

In addition—which was discussed previously—there is frustration in the creative industries over the need to be treated as 'one thing or the other' in many cases. Instead, what we need is collaboration. Several concrete examples exist, such as why is popular music treated solely as a commercial product by the government of Sweden?

There is a great need for bridges, bridge-builders, understanding and acknowledgement. In many instances, initiatives are about coordination and getting an overview with one's sights set on long-term strategic industry development.

For example, just as the biotechnology sector has mathematics and science subjects in compulsory school education, the creative industries do have support in the form of activities of children and young people, art and music in the timetable, public support for cultural institutions and adult education organisations. But it is instead a problem that the results of activities are capitalised on far too infrequently, or may not be capitalised on because the activities would then receive a reduced level of funding.

For this reason, an incentive structure is needed that will encourage, not discourage, the commercial perspective—in collaboration with the cultural perspective!

Collaboration is what we need. ■

A STRATEGIC PLAN FOR SWEDEN

How to use ERIBA

THE ERIBA MODEL is fundamentally an explanatory model. It is the equivalent of a vantage point or a pair of spectacles; in other words a way of seeing, a perspective.

The model offers a systematic method for analysing, discussing, planning, defining—to be followed by implementation. The model can be used at both the local and national levels.

The method involves a process of continuous strategic dialogue, made as concrete as possible by selecting representative participants, setting clear goals, asking relevant questions and having competent process management. In an ERIBA process, development strategies are worked out through concrete collaboration between the players. But the trust developed between the players as part of that process also often leads to a robust informal dialogue.

The vision is growth. The road there is about creating conditions that are conducive to that growth. One way of beginning a concrete approach might be to produce a growth program for industries, nations, cities and regions. This work should involve players from all four parts of the ERIBA model (research, education and training, industry and business, and the arts) and it should be forward-looking. The actual process in this work is also very important: that researchers and entrepreneurs, for example, jointly discuss the challenges and threats for the industry.

ERIBA-based processes were implemented at seven locations in Sweden during 2007. Each process was based in a place where a particular industry had the strongest roots and support. In total more than 400 people participated in workshops and development activities. These seven processes resulted in seven industry-specific growth proposals. These have since been compiled with the help of all project managers into a national strategic plan summarised in 10 focus areas. The various sectors of the creative industries display both similarities and differences. This means that while each sector has its own needs, these focus areas form a common foundation for collaboration.

These 10 focus areas—each comprising needs and proposals to address those needs—are presented on the following pages and serve to summarise some of the debate presented previously in this book. [70]

Collaboration between organisations and businesses

The following ten points comprise a summary of all the comments received as part of the growth programs and an overall blueprint for growth in the creative industries.

1. The need for forums and arenas

The clearest conclusion from all the growth programs is:

Collaboration is missing.

Collaboration is needed.

In addition, collaboration is needed on several levels. The industries are not in themselves good at getting together. The link to research, education and training is poor.

Collaboration between industries should also be improved. In some cases, both businesses and industry organisations (where they exist) are acting as if no changes at all have occurred in the last decades. In some cases, there are many points of common interest between them.

Many of the sectors in the creative industries are also relatively new. There is thus a need for them to spread knowledge and information about themselves—in order to be acknowledged, to bring about a better policy framework that accommodates their needs, to strengthen collaboration with government and with academia.

One important measure is the creation and stimulation of common arenas and forums—both physical and virtual—for the transfer of knowledge and as places to bring together the industry and other players.

[70] This process was conducted in collaboration with the organisation Swedish Creative Industries and the results were published in the report *Nybyggarna*. For more information, see: www.upplevelseindustrin.se

2. Quality-assured education and training programs

Working in the creative industries is generally considered to be trendy. This has left its mark on the number of education and training programs available.

There are many programs out there.

Unfortunately, they are not always designed correctly. In many cases, the link to industry and professional life is poor or non-existent. There is therefore a need for an overhaul of existing education and training programs and quality assurance of them.

Another set of problems concerns whether it is in fact possible to educate and train people for all the occupations in the creative industries. Many of them have a strong element of skilled craftsmanship and are talent-driven.

In such cases, are universities and higher education institutions really the right educators? There is no clear answer to this question, but many industries are requesting that apprenticeships be trialled.

Another important aspect is that continuous learning is very important. Many practitioners in the creative industries live off their ability to lie at the forefront of their fields. The development of new courses for people already working in the creative industries is therefore considered important.

3. Applied research

We live in times of rapid development and the need for new knowledge is great in the creative industries.

Even so, not much needs-based, applied research linked to the creative industries is being done. For example, there is research in the area of film history and theory but almost none in film production. On the whole, the transfer of knowledge from research to those working in the creative industries is experienced as being very weak.

Most of the creative industries are also characterised by a great need for interdisciplinary research. The interaction between the arts/culture and the economy—which is characteristic of the creative industries—should be visible in research.

This results in a greater need for coordination between disciplines and institutions, and for new forms of co-financing.

“Working in the creative industries is generally considered to be trendy. This has left its mark on the number of education and training programs available. There are many programs out there. Unfortunately, they are not always designed correctly.”

Collaboration between academia and the businesses operating in the creative industries is handicapped by the structure: a large number of small enterprises and non-academic traditions.

4. The need for systems hosting a variety of players

Many sectors of the creative industries involve activities that can rightly be included in a tourist system. Examples are dining, rock concerts, video game festivals and the visitor industry in general. The production and consumption of these products and services occurs more or less at the same time. They are unique, here-and-now experiences that occur in real time.

These activities are consumed by the visitor, whose complete experience is made up of all the activities before, during and after their visit. These activities form a common production system involving different players: commercial, non-profit, government, cultural and natural heritage and cultural/artistic, and last but not least, the general public.

The opportunities for collaboration are both monumental and momentous. Joint marketing could be used. The physical infrastructure must function smoothly, such as parking areas and roads.

Quality assurance too is vital.

No tourist system is better than its weakest link. The entire chain of activities needs to be reviewed.

This is also about capitalising on opportunities. If products of the creative industries are attractive and available, they can be turned over into cash in a tourist system. Many culture-based activities/businesses for example have a lot to gain in this context. By strengthening their offerings and making them more readily available, their chances of increasing sales are good.

The conditions for businesses

5. Conditions for small-business owners

Good prospects for growth demand conditions that are conducive to competing with companies in and from other countries. The creative industries are very vulnerable to global competition.

For this reason, favourable conditions are essential for businesses operating in the creative industries.

The problems being described today are about copyright legislation and fiscal policy. For example, how do the VAT rates stack up in an international comparison?

Another example that concerns taxation is about pay-as-you-earn tax in the European countries. For example, managing tours abroad in the music industry means lots of extra work to deal with excessive bureaucracy as well as placing huge demands on liquidity. A harmonisation of the rules is desirable here.

Another difficulty for businesses operating in the creative industries concerns contacts with investors and banks. The creative industries are relatively new, associated with the arts/culture, and they have few fixed assets to provide as surety.

Work on bridging this gap involves both sides. Firstly, businesses operating in the creative industries need more knowledge about how to present business opportunities to banks and investors. Secondly, investors need more knowledge about the creative industries in order to be able to understand them and make reasoned judgements as to the viability of the investment.

6. Business models and copyright

We live in times of rapid changes, including structural changes, such as in the music and moving image industries.

In all cases these changes mean great opportunities but also big demands. Are businesses seeing the opportunities? Are they acting on these opportunities? Is the legislation keeping up with these changes and the new structures?

Disseminating and developing new knowledge about new business models is of great importance in the creative industries. For this to occur, collaboration between industry and business and academia is vital.

In addition, a framework set of terms and conditions must be developed and kept up to date with trends. Copyright law is acknowledged as being very important in many industries and should be reviewed to ensure that it can be complied with.

In general it is critical for businesses operating in the creative industries to reach consumers and be able to take payment for their work. The results of their production are often at a high level in a country like Sweden, but are there routes for new businesses to develop further?

Because in many cases there are obstacles. There is therefore good reason to ask if anything can and should be done to assist in making the products of the creative industries readily available on commercial platforms—both digital and physical.

In the music industry, for example, it is difficult for Swedish-produced music to reach the major digital distribution channels. It is the same in all countries, with the difference that Sweden really has something to export. In the fashion industry, it is also becoming all the more difficult for new fashion designer labels to reach an audience, because the chain stores are dominating the market place.

7. Long-term export strategy

Stimulating exports should be effected in two ways.

Firstly, that businesses become better at making the move to the international market. For this to occur, there is a need for businesses to develop their competence in all matters relating to export. An example of such an initiative is *Born Creative* in Denmark.

Secondly, joint initiatives can be carried out to pave the way. This means, for example, ensuring that there is representation at all the major trade fairs, and having customised programs. This is particularly important considering that the creative industries are primarily made up of small businesses.

In many instances, this means that this competence should be found within the export-stimulating organisations. They need to know what the businesses in the creative industries require and be able to offer a relevant network.

Several initiatives have begun. For the video games industry, for example, there is currently a Scandinavian program, but in many cases the initiatives are mostly *ad hoc* and have a short planning horizon.

What is lacking is a long-term strategy: How can we plan for at least a few years ahead? A long-term strategy should also aim to achieve synergies with other initiatives, such as those aimed at marketing the nation's image.

A holistic approach to stimulating creativity and the arts

8. Stimulating creativity and the arts

The creative industries comprise a branch of the economy and like other branches of the economy, they are stimulated by a rich educational environment.

For the cultural industries—which are in principle the same as the creative industries—education in schools comprises an important part of this. But in addition training is important: practising and experimenting. Venues are needed for practising and exhibiting work. Contests, talent quests and other events offer important goals to work towards and engage people's interest.

A comparison with sport will help to clarify this. Sweden would hardly have exported so many stars to the NHL—Mats Sundin, Peter Forsberg, Henrik Zetterberg—if Sweden had not had so many ice hockey rinks.

Initiatives for children awaken their interest in the arts. Initiatives for teenagers are about giving talent the opportunity to develop.

In addition, initiatives that develop knowledge are needed: that originate in existing traditions, but then create something new and find creative solutions are something that every sector of society can benefit from.

An investment in a rich cultural life goes much further than just activities for children and young people. Because it is from a rich cultural life that the creative industries source their knowledge, competence, innovations and content.

Thus the creative industries are a branch of the economy that is supported and strengthened by a rich cultural life. The connection is that a broad base is essential for creating an elite. By investing in this broad base, you create a greater pool from which the market can select.

Investments in non-commercial cultural activities thus increase the probability of generating successful businesses and individuals in the creative industries.

It is also important to implement measures that create an awareness of this being a system that encompasses the full gamut of activities.

It is also important that a review of funding for the arts is conducted, based on the perspective of the creative industries. Firstly because funding for the arts is needed to support and strengthen a rich cultural life—not least, activities for children and young people.

Secondly because funding for the arts today seldom involves any connection at all to commercial culture. Compared to public investment in film and literature, many parts of the creative industries are neglected.

This means for example that the music industry has an old-fashioned subsidy system, but that the fashion industry has no museums or exhibitions, and that neither video games nor dining are taken seriously as forms of cultural expression.

A consequence of this limited view of culture is that these activities are not covered by any cultural policy that might stimulate depictions of the Swedish perspective on the everyday, traditions and important issues.

The question of funding is also important from the commercial perspective, and for ensuring that we have unique products in a globalised, competitive world.

9. Making money from creativity

The potential is there in many cases. However, many do not manage to maximise what they can earn from their talents and creativity.

Many practitioners therefore do not manage to make the leap to viable professional enterprise after their education and training, or from life as an amateur.

One reason is that many creators lack know-how in entrepreneurship and how to operate a business. There is therefore a need for industrial-style development in the creative industries' small and medium-sized companies.

In many cases this is not about creative artists themselves becoming business executives, but rather about finding the right partners and networks—and about knowing when help is required and from where it can be obtained.

Better guidance is needed right from the start. Mentorship, business networks, courses in company directorship and 'matchmaking' are important tools.

Courses in business for both practitioners and students of the creative arts are another.

Product development within the creative industries also benefits tourism, which thus also gets more reliable partners to work with and more appealing offerings to attract tourists with.

10. Comprehensive systems

Many creative artists work across sectorial boundaries within the creative industries and cultural life. Often, they mix commercial with non-commercial activities.

For example, an actor will generally work in theatre, film and television. A musician can sell compositions to TV, advertising, film and video games, as well as perform at restaurants and attract tourists by performing at events.

No creative artist is in fact limited to only one sector of the creative industries. In addition, they collaborate with other parts of society and the economy.

The same applies to businesses. Design and market communications are important tools for all types of businesses. The moving image is becoming increasingly important in general, not least for the IT sector. Recent years have seen a breakthrough for the moving image as the basis for successful websites (YouTube and others) and mobile phones too now have solutions for showing moving images (trials of mobile TV are up and running and the video call is a fact of life).

Technological development has also contributed to the further convergence of many sectors. Distribution channels are amalgamating. Television programs and movies can be shown on computers and portable media players. Online merchants who previously only sold music are now also selling clothing and video games. And it is in this borderland that new business models are arising and growth is occurring.

In spite of all the common points of interest between the sectors in the creative industries, their structures are often isolated from each other.

Consequently, there is a need for increased collaboration.

The challenges ahead

If a national structure is to become a reality

Rapid changes are occurring in the creative industries. How can these changes be managed in the best way in order to support and stimulate growth?

In this book, we have painted a picture based on the idea of ERIBA as an explanatory model for describing how to support and stimulate growth in the creative industries. Our goal has been to describe and present a systematic method for analysing and implementing growth-promoting measures. The ERIBA model emphasises collaboration and that infrastructure is decisive for a successful creative industries' sector of the economy.

This means acknowledgement that what is operating in fact is a comprehensive system that includes the significance and importance of cultural life/the arts for the creative industries. In addition—in the ERIBA model—research, education and training have been added as vital elements. All in all, the acknowledgement of the need for an infrastructure for the creative industries is something that involves government, the activities of government agencies, new initiatives, the direction of industry organisations, and how practitioners view themselves. ERIBA is a tool that can be used in the work of explaining how and why resources ought to collaborate.

Already today there is a lot of knowledge out there, there are many activities and many players in this context. Thus there is a lot of the work to be done simply in bringing them together, and linking them up. On the one hand, many practitioners in the creative industries experience that there is no support or knowledge available to them, when in fact it is really about making what there is available more accessible to them. On the other hand, it is also up to these practitioners to become involved themselves in issues that are strategic for their industries, such as improving the transfer of knowledge to practitioners from education and training courses and research institutes.

If a national infrastructure were able to become a reality, links between regional nodes and structural nodes for each industry must also be established, and between the players operating within the various parts of the ERIBA model. Networks are a tool that can be used for creating forums/arenas and thus creative processes that involve knowledge transfer. Incentives for all who participate are important for achieving sustainability in any initiative (*what's in it for me?*).

Whose responsibility?

Who or what will take on the long-term responsibility for all of this?

The creative industries comprise a large number of micro-businesses without really any tradition of organising themselves. The existing organisations additionally do not have a good track record in terms of collaborating with each other. Many continue to dwell in outmoded structures.

The goal of applying the ERIBA model is firstly to bring about better collaboration between players, and secondly to generate an understanding of what measures the players need to focus on. The overall aim is to achieve better conditions for growth in the creative industries.

A model for such an infrastructure can be found in the world of sport where there is a comprehensive system in operation based on different sports (equivalent to the sectors of the creative industries), on different geographical areas of responsibility (local, regional and national), and which involves children and young people as well as amateurs and the elite (equivalent to non-commercial cultural activities and the commercial creative industries).

In terms of the creative industries, the goal is thus firstly to get each sector of the creative industries covered by just such a comprehensive system, and secondly to get all the parts to function together in a network structure. The system is held together by activities and organisations, and they need to understand their role in the total system—and to understand the creative industries and how they can be stimulated on the basis of the ERIBA model.

The three levels (according to the system in operation for sports) are the national level for the entire creative industries sector and two subordinate levels—one covering the geographical perspective and one encompassing the various groupings within the creative industries. These groupings may consist of different sectors of the creative industries but may also be interest-driven, such as for example copyright. Different business models may also be the basis for groupings—previously in the book we discussed scalable products, live productions and value-enhancing inputs to other products. Furthermore, groupings may arise out of clusters of players. An example of this are actors, who work in several industries (primarily theatre, film and television) but who may also work in literature (talking books) and music.

In summary, the whole system is built up of various parts. The two subordinate levels (geographic and interest-based groupings) together comprise the macro level and thus benefit all of the nation.

Regional support is also important. You never know where forums will arise, where competence will be built up, where talent will come from. Again based on a comparison with sport: even if four or five cities dominate Swedish football, it is not a given that talent camps will only be located in these cities.

In addition, the creative industries are characterised by small to medium-sized businesses that are well-distributed across the country. However it is worth repeating that while not all places can become a new Hollywood, they can each find their place in a national cluster. With national collaboration, several pipelines to international players can also be created. Good infrastructure is needed for clusters to succeed at the national (or regional) level. That this is possible has been demonstrated by a large number of examples from the world of sport. Regional initiatives however should not be confused with regional redistribution policy. The growth focus ought to be emphasised.

In general, there ought to be clear and visible collaboration partners or counterparts from the creative industries' side. The creative industries are also so heterogeneous that all industry-specific knowledge and initiatives must be capitalised on as well as interest groups based on business models and agendas (copyright, how to be an events organiser, etc).

It is important however that the players in the system are recognized for their roles—both *from above* (politicians and other decision-makers), *from outside* (the media and the general public) and *from below* (players in the creative industries).

For this reason it is of great importance that the industry itself considers the issues being pursued as important so that attention and support for the initiatives is generated.

There should be functions that encourage long-term collaboration on the basis of the ERIBA model for the entire creative industries sector, and have as their task to pursue issues of common interest within the sector and in relation to others. These functions have no intrinsic value of their own but are needed—at least in the beginning—to facilitate the work of creating a common infrastructure. The goal is thus firstly to get all the sectors in the creative industries covered by the one system, and secondly to get all the parts of this system to function together in a network structure.

These functions should then have as their main task to oversee and develop an infrastructure that works in supporting and stimulating Sweden's creative industries.

Looking at central, unifying functions—'motors'—in other industries, one is struck by what appears to be a natural division of activities and responsibilities between these functions, although this division has, of course, been chiselled out over a long period of time. In some cases, they are industry organisations that have been around for more than a century. Similarly in the public sphere, there are government agencies and departments that have a long tradition of working with these interest-based organisations. What we are looking for for the creative industries is a very similar sort of set-up.

The challenges for cultural policy

What then is the logical consequence of the changed conditions for and a mutual interdependence between the non-commercial cultural sector and the creative industries?

A free market set-up?

This is a question that many of those who have analysed the creative industries have wrestled with (including Pratt 2005) and it is such a big question that there is no room here for a serious discussion of it. Nevertheless we permit ourselves some thoughts here (based on Nielsén 2008).

One conclusion is that cultural policy must be changed if it is not going to be doomed to shrivel up and die: in part due to the fact that culture/the arts always finds itself in a difficult situation in comparison to other areas of policy, since its benefits are difficult to define; and in part due to the fact that cultural policy circumscribes a smaller and smaller part of its own sphere if it only involves publicly funded cultural activities, which of course is a much smaller sphere than the private consumption of culture/the arts.

There are risks if economic policy that stimulates the creative industries is not based at all on cultural policy. Sceptics have pointed out some threats (Ross 2007) and we can add to them:

- A bigger offering and increased consumption of culture means opportunities but is characterised by a 'newness frenzy' which means that everything that is not new tends to be overshadowed.

- The creative industries promise too much in relation to how many new jobs are created, which can also lead to a backlash against the view that culture/the arts contribute to the economy. The expectations in some instances have been unreasonably high.
- Instrumental approaches are at the expense of artistic merit or the long-term approach.
- Urban planning for creativity means an environment that (newly constructed and adapted) becomes too expensive for those it was built for.

If cultural policy becomes static, there is a consequential risk of missing out on both threats and opportunities.

Precisely how cultural policy is to be shaped is of course a question that is dependent on ideological approach and what one thinks the purpose of cultural policy should be. But balancing and weighing up the pros and cons in cultural policy is a necessity, and is unavoidable for adapting policy to a changing cultural landscape.

It is particularly urgent to discuss these pros and cons now, but this applies no less to the future—to continue to update and question on the basis of changes to reality.

Same picture—in spite of different goals?

That there are common goals and connections between players is of the utmost importance for an infrastructure to be able to function in the long term. A common set of values must be found that all the different players can subscribe to. A number of studies have shown however that the goals of the different players vary a great deal, but this ought rather to make the need for an overall explanatory model and set of values even more urgent in order to create an awareness of the comprehensive system that is at work; and in order to be able to demonstrate where each players has their place in this comprehensive system and how different interests can be balanced.

The question is: Can the ERIBA model function as such an explanatory model?

The advantages of a common set of values are a common understanding for the value of long-term as well as short-term collaboration, the sharing of responsibilities, the maximisation of resources, the connection between a rich cultural life and commercial activities (amateur and professional activities, etc), and diversity versus growth. Therefore, ERIBA should not either be seen as a be all and end all theory that compels inclusions or exclusions.

With an inclusive approach, even the creative industries' indirect effects can attain their natural place in the whole picture. Connecting supporting players who have this focus to the infrastructure is therefore vital. Measures to support indirect effects of course fall inside of the frame of reference for initiatives, which normally are implemented from (for example) the national export organisations.

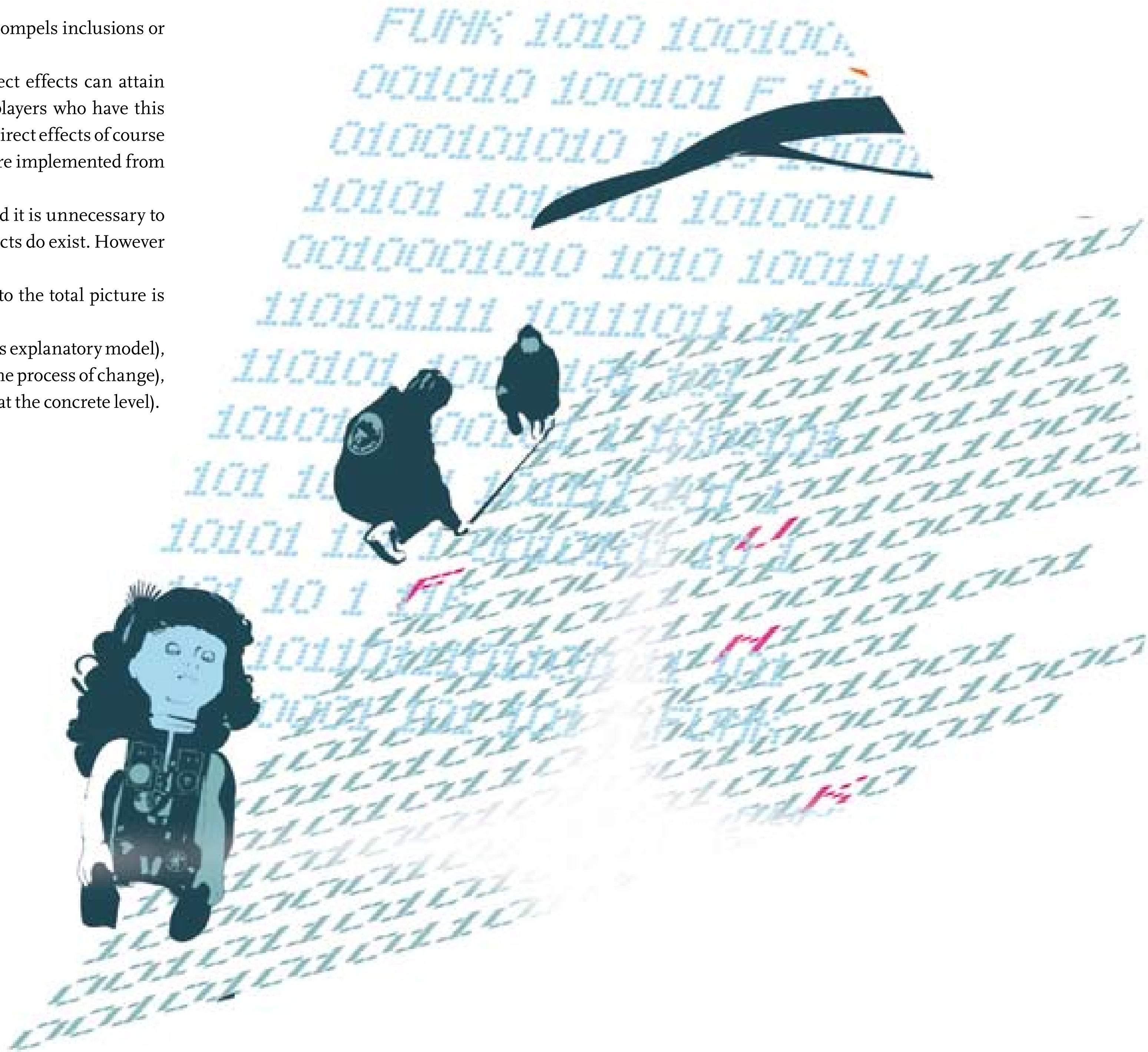
These effects are of particular interest for regional initiatives, and it is unnecessary to dismantle the logic of these initiatives, since we know that these effects do exist. However clarity should be paramount and expectations should be reasonable.

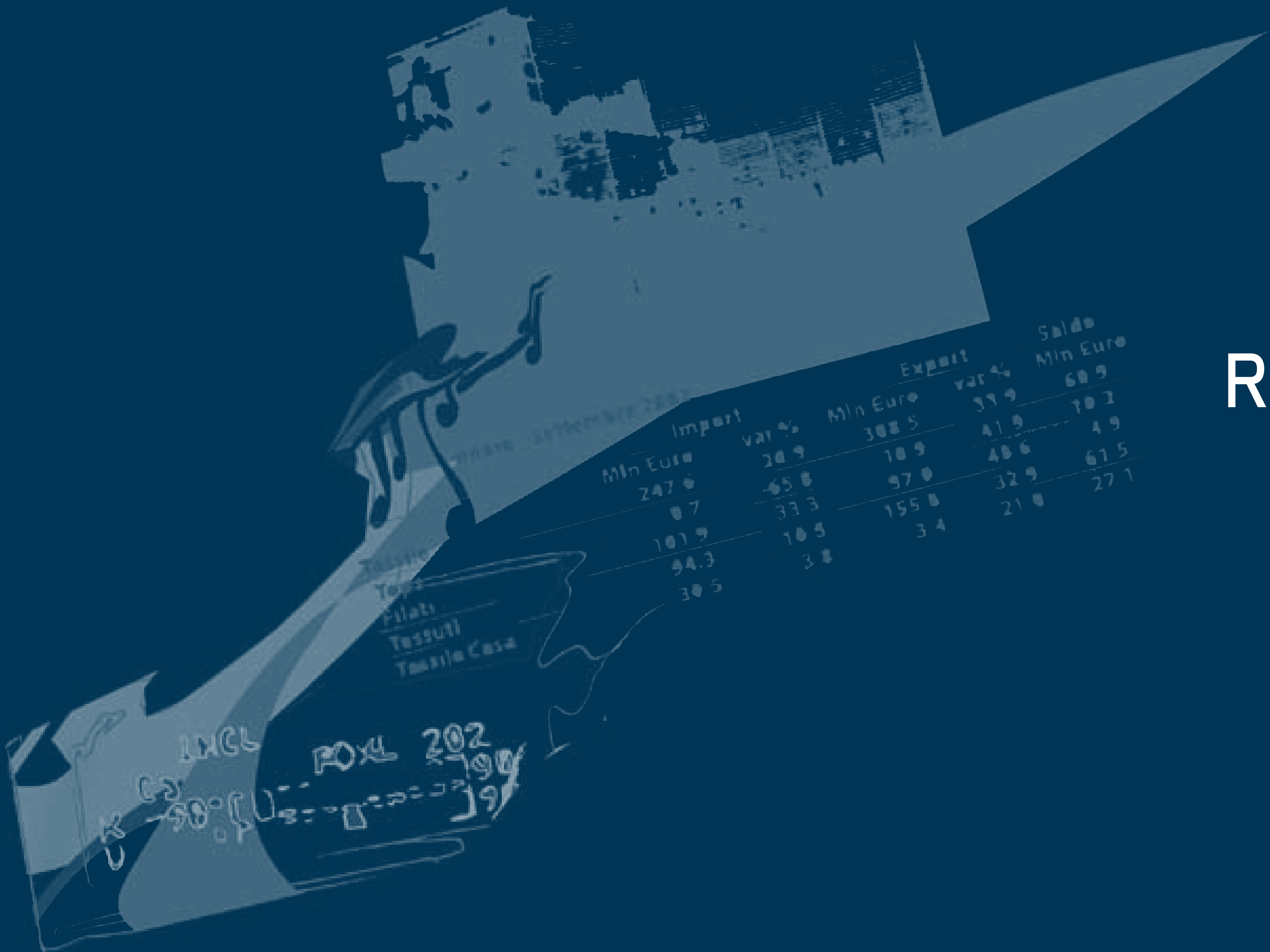
In other words, an inclusive, pragmatic attitude when it comes to the total picture is preferable.

The proposal thus comes down to firstly a joint roadmap (ERIBA as explanatory model), and secondly a dynamic picture of reality (the creative industries in the process of change), but also that (thirdly) one must start somewhere (concrete activities at the concrete level).

What is most decisive is that collaboration ensues.

The future is uncertain, and the competition is tough.
But the opportunities are enormous. ■





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APPENDIX

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APPENDIX

The structure of the creative industries

Figures from 2002.
For the reasoning behind the selection process and the methodology, see the Knowledge Foundation (2003).

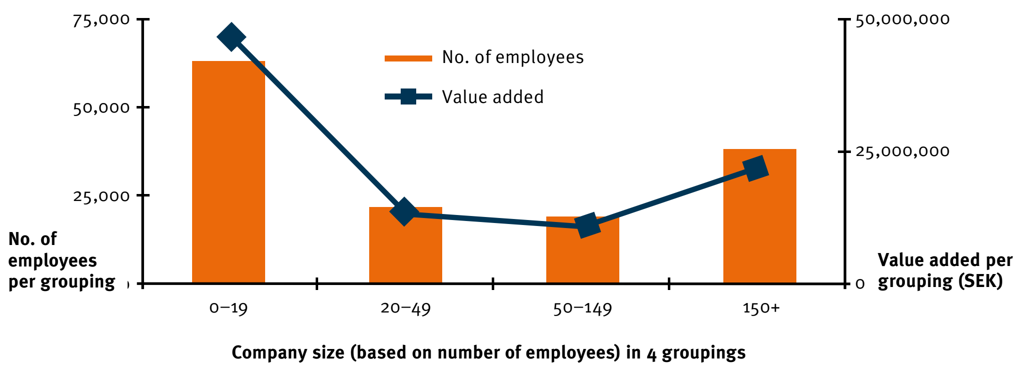


Figure 1. Creative industries in total, value added in relation to size of company (number of employees).

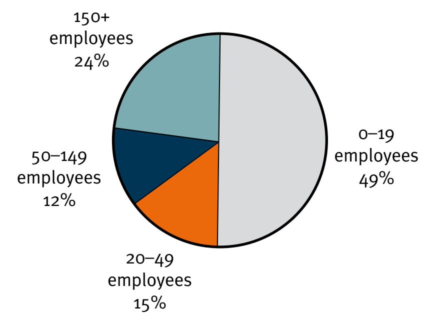


Figure 2. The creative industries: value added.

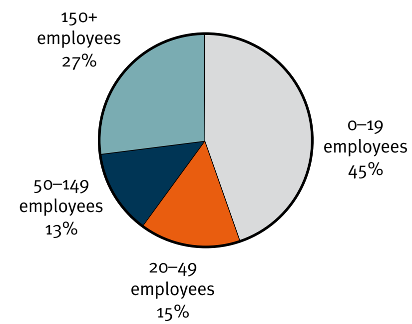


Figure 4. The creative industries: net turnover.

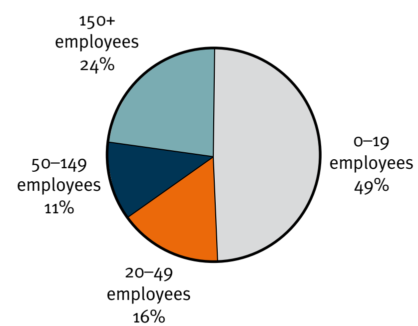


Figure 3. The creative industries: number of employees.

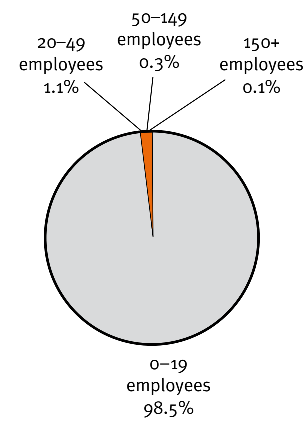


Figure 5. The creative industries: number of companies.

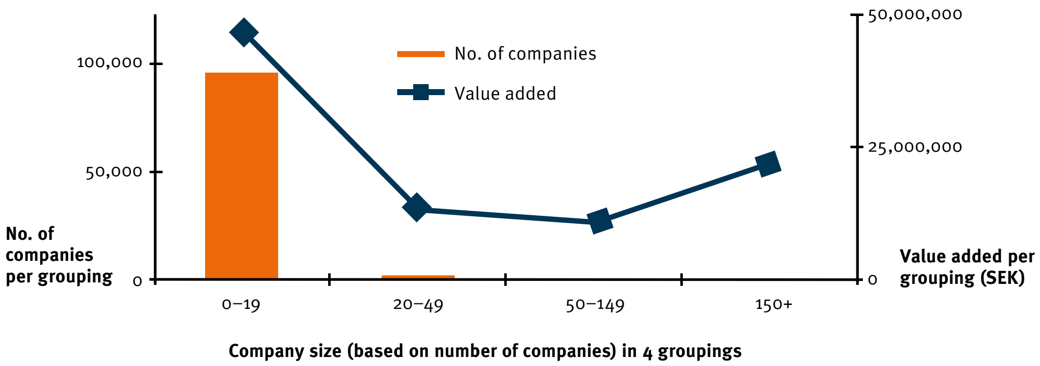


Figure 6. Creative industries in total, value added in relation to size of company (number of companies).

Web-based survey

Method and response rates

A web-based survey was conducted from June to October 2005 targeting active practitioners working in the creative industries (that is, not 'job chasers'). Approximately 2,000 email messages were sent out about the survey and 210 responses were registered.

The goal was to get an even distribution of responses across all sectors, but this proved to be difficult. For this reason, not all the figures below include responses from all sectors, and the reader must bear in mind the distribution of responses when analysing these results. Music and video games were the sectors from which the largest numbers of responses were received, but not even these responses are statistically significant. The geographical distribution was relatively good, with around 60 per cent of responses coming from Sweden's three major cities and the remainder (around 40 per cent) from medium-sized cities, small towns and rural areas.

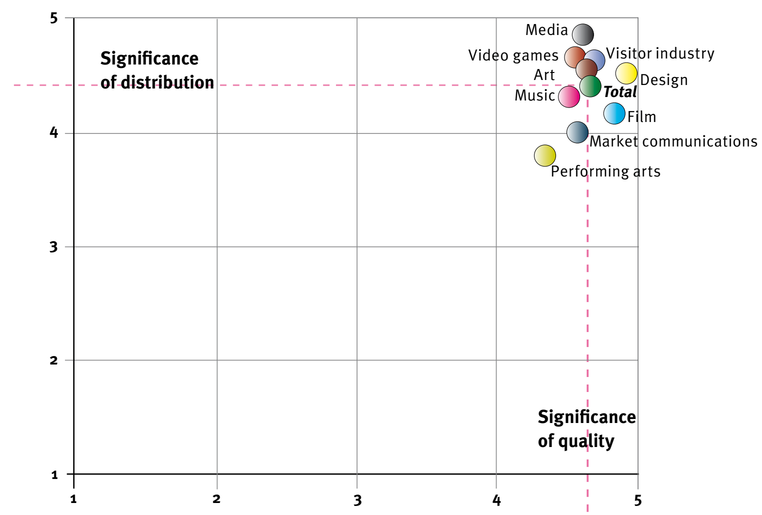


Figure 1. Results from the survey. Comparison of results for distribution and quality for the question on the significance of various factors affecting economic growth in your sector/industry.

Policy questions

Rank the significance of the policy issues listed below for your organisation to achieve positive development.

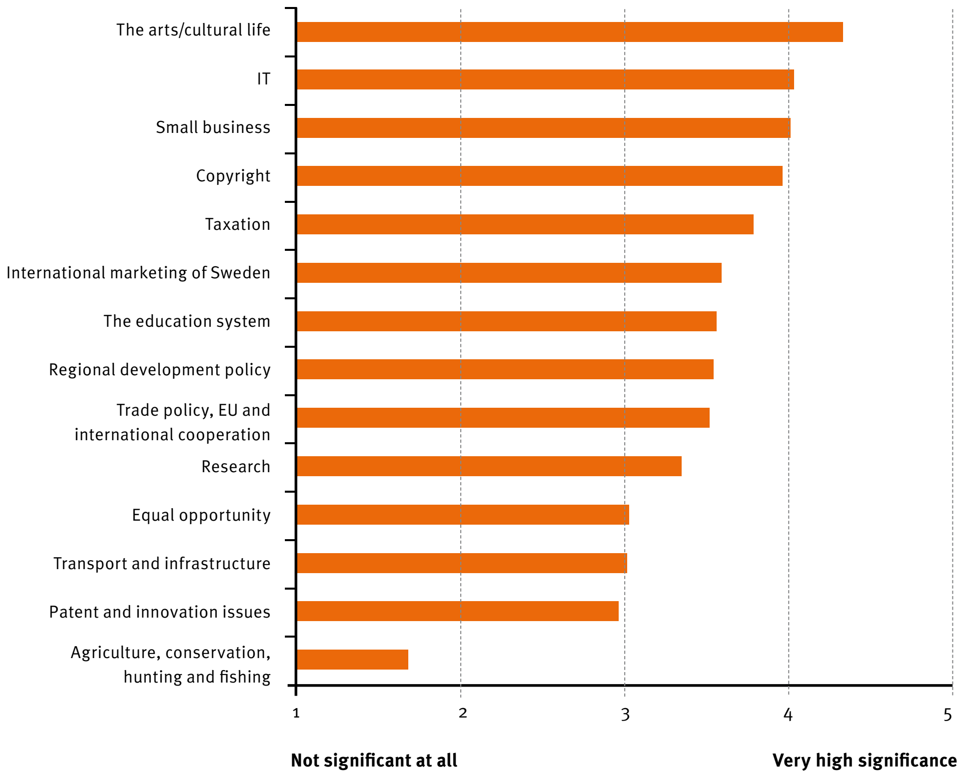


Figure 2. Results of survey responses: questions of policy for your organisation to achieve positive growth.

How important do you think the factors listed below are for achieving economic growth in your sector/industry?

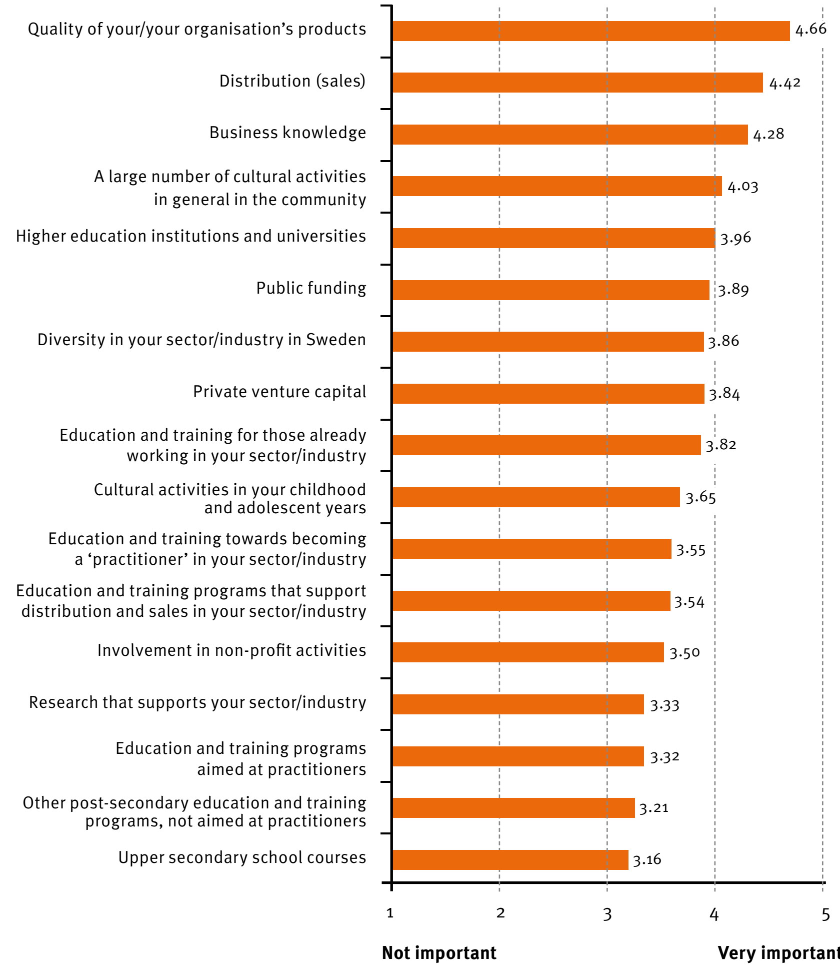


Figure 3. Results of survey: factors for achieving economic growth.

Regional differences

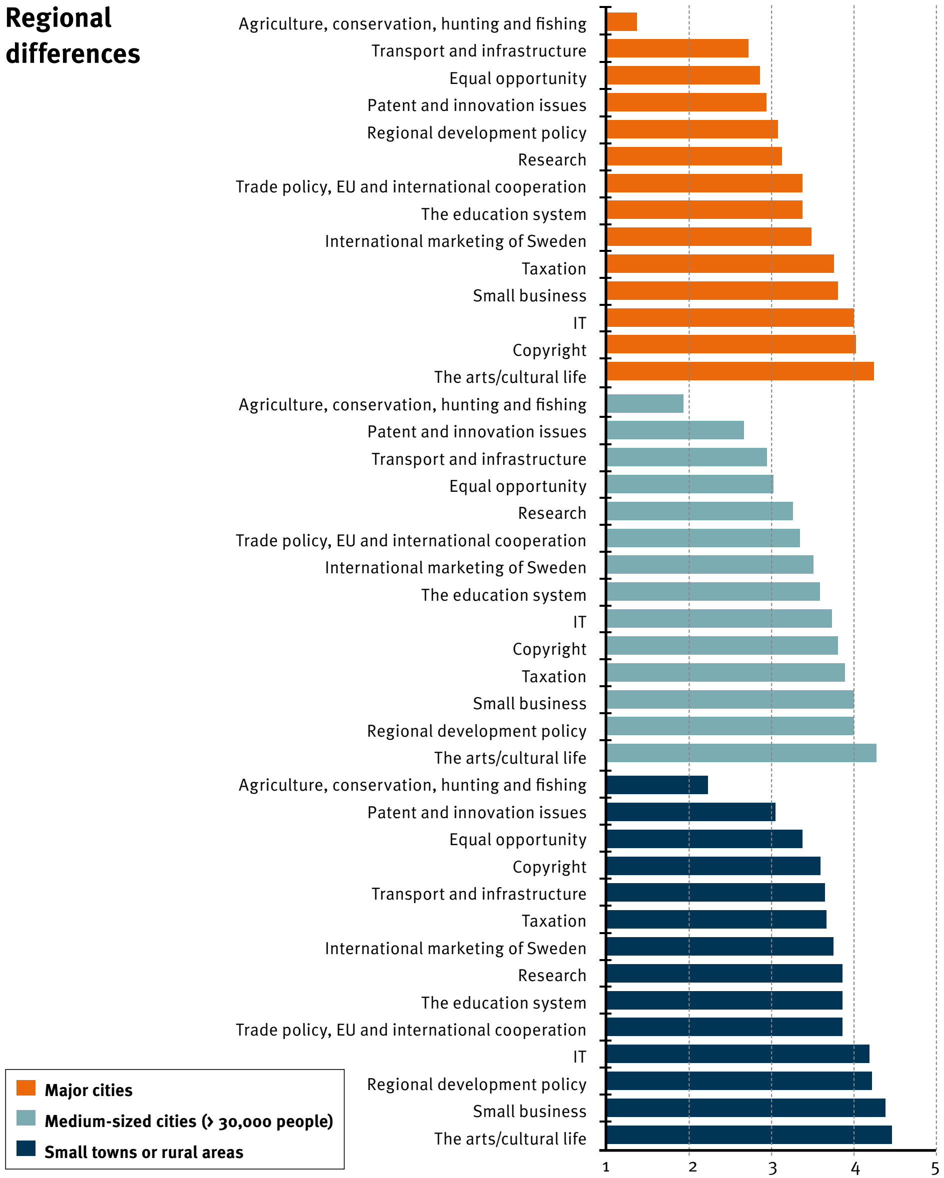


Figure 4. Results from web-based survey. Responses to the question of the significance of policy issues for your organisation (or yourself if a freelancer) for achieving positive development.

		Size of company based on number of employees			
Sector		**0–19**	**20–49**	**50–149**	**150 +**
Architecture	No. of companies	99%	1%	–	–
	Added value	82%	18%	–	
Design	No. of companies	100%	0%	0%	–
	Added value	87%	11%	2%	–
Film/Photography	No. of companies	100%	0%	0%	–
	Added value	81%	9%	10%	–
Literature	No. of companies	99%	1%	0%	0%
	Added value	44%	13%	18%	25%
Art	No. of companies	100%	0%	0%	–
	Added value	94%	4%	2%	–
Market communications	No. of companies	99%	1%	0%	0%
	Added value	66%	24%	8%	1%
Media	No. of companies	94%	3%	2%	1%
	Added value	18%	8%	21%	54%
Fashion	No. of companies	99%	1%	0%	0%
	Added value	48%	12%	4%	35%
Music	No. of companies	99%	0%	0%	–
	Added value	82%	9%	10%	–
Dining	No. of companies	98%	2%	0%	0%
	Added value	64%	16%	7%	13%
Performing arts	No. of companies	100%	0%	0%	–
	Added value	86%	13%	1%	–
Tourism/Visitor industry	No. of companies	97%	2%	1%	0%
	Added value	43%	14%	15%	28%
Experience-based learning	No. of companies	98%	2%	0%	0%
	Added value	52%	28%	15%	4%

Table 1. Distribution of number of companies and added value per sector of the creative industries. (Note that "0%" refers to a very small/negligible percentage while "—" means that there were no companies at all in this category.)

THE AUTHORS

Main author

Tobias Nielsén is CEO and publisher at the research-based consulting firm QNB, with its publishing arm, Volante. The company is based in the Old Town in Stockholm, Sweden. He has functioned as adviser and project-managed or written a large number of economic analyses focused on the cultural sector, the creative industries and urban planning.

Current projects include several reports: for example, on entrepreneurship and investment in the creative industries; on the economic impacts of design; on models for public—private collaboration; and on the handling of copyright in five countries. Tobias has edited several books including *Creativity Unlimited* and *Nextopia*, both by Professor Micael Dahlén.

Mr. Tobias Nielsén has also held lectures in New York, London and Hong Kong, in addition to a string of places in Denmark and Sweden. He holds a Master of Science in Economics and Business Administration from Stockholm School of Economics, Sweden, including studies at Columbia Business School in New York City, USA.

Co-authors

Carin Daal was responsible for the Knowledge Foundation's programs targeting the creative industries from the beginning of these initiatives in 2000. Her work with these initiatives meant contact with a large number of players operating in the creative industries in Sweden, and with players in supporting roles in these industries at the national, regional and municipal levels, as well as universities and higher education institutions. Today, Carin Daal is a popular lecturer and keynote speaker, and advisor to several networks, including some at the Scandinavian level. Carin's own education was in media and communications, and she has also run her own company in the creative industries. Today, she works for the public body Region Skåne, based in Malmö.

Ingegerd Green was the program manager for the Knowledge Foundation's unit Competence development for trade and industry when the ERIBA model was developed and the original book was taking shape. For much of her professional life, she has worked with various forms of development aimed at increasing the competitiveness of small- and medium-sized business. She has been a managing director, owner-manager of her own company and worked in the public service in Sweden, and her work has variously covered the local, regional and national levels. Today, Ingegerd Green serves on the board of directors for a number of companies of various sizes operating in a variety of industries, as well as national organisations aimed at promoting growth and competitiveness in Swedish trade and industry. She also runs her own company.

Lars-Erik Rönnlund is currently Head of Development at Hultsfred Municipality in Sweden where his job includes initiating and driving development projects aimed at generating growth in the music and experience industry. He was formerly CEO of the venture capital and development company IUC Music and Creative Industries. He has dealt with and decided on over 450 ideas for businesses within the creative industries. In addition he has been responsible for a number of surveys of the music industry and was the project manager for the Knowledge Foundation's work towards the creation of the *Aha-Akademin*, which provides education at Masters level in business development for the creative industries. He started his first company when he was 16 years old.

Putte Svensson is the CEO of Rock City AB and development manager for Rockparty in Hultsfred, Sweden. In 1981 he was involved in starting the non-profit organisation Rockparty and founded the Hultsfred Festival in 1986. Since then he has been part of the development of over 20 businesses and education programs in Hultsfred. He has sat on the national board of the European Social Fund, Swedish Travelling Exhibitions and has previously sat on the board of Sweden's Federation of Private Enterprises Företagarna and the Swedish government's growth policy group for IT and culture. Putte Svensson was one of the representatives of the music industry in the industry dialogue with Sweden's Ministry for Industry, Employment and Communications in 2006. Putte has been the recipient of awards such as Entrepreneur of the Year and workes for the Danish government in their expert group for the creative economy.

Putte is in great demand in Scandinavian countries as an adviser in matters relating to the development of the creative industries.

The Knowledge Foundation

To develop Sweden's ability to create value, the Knowledge Foundation (*KK-stiftelsen*) aims to aid the business community, higher education institutes and research institutions in developing leading knowledge and competence environments in priority areas. We are an active financier, creating opportunities, developing outcomes and supporting risk-taking. Since the Foundation's inception in 1994, we have invested more than SEK 6 billion in over 1,900 projects in competence development in the business sector, learning and IT, as well as in the development of new higher education and other institutions.

In 2000, the Knowledge Foundation decided to focus a number of initiatives on Sweden's creative industries. Since then, the foundation has invested over SEK 120 million in pilot studies, communications, the establishment of eight cross-boundary arenas and their network, the development of occupational training courses and—last but not least—the development of *the ERIBA model*.

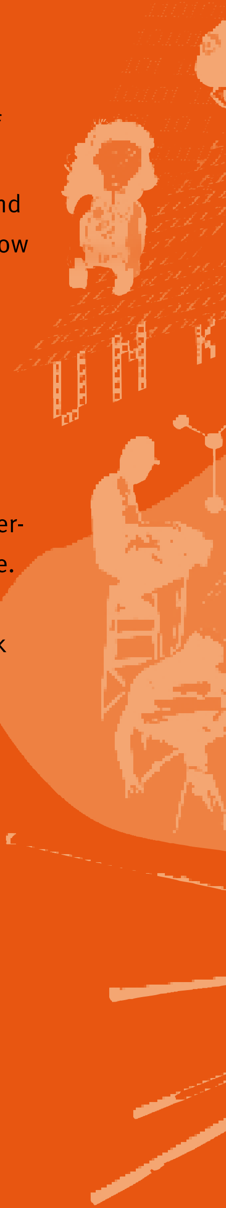
Planning for creativity?

What kinds of business models and systems do you need to nurture creativity? What sort of infrastructure – the equivalent of the railways and shipping ports of the past?

The challenges facing the creative industries today demand that we understand them better and give them a more nurturing environment. This book describes how to do this – based on ERIBA, a model specifically developed for supporting and stimulating growth in the creative industries. It shows the need for initiatives in, and collaboration between, the areas of education (E), research (R), industry (I) and business (B), and the arts/culture (A). The model has its origins in the music festival city Hultsfred and has been applied successfully and developed further by and with Sweden's Knowledge Foundation.

Why a new growth model? Because ERIBA takes into account the special properties of the creative industries, and stresses their foundations in a rich cultural life.

We are living in dynamic times. The consumption of culture is on the rise in general, but culture is also being consumed in new and different forms. Our book concludes with the Swedish perspective, and proposes ten focus areas with concrete suggestions for stimulating the creative industries.



Knowledge Foundation

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