



THE CREATIVE INDUSTRIES – IMPLICATIONS FOR CULTURAL POLICY

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¹ This paper is based on two publications: Nielsén (2008a and 2008b): see References on p. 20 for more information.

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ABSTRACT

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 – not only in Europe but also in Brazil, Canada and China.

However the creative industries have been met with both praise and repudiation. This paper argues for a more balanced approach: to neither praise excessively or walk away too fast. It is true that commercial and artistic perspectives are not always compatible, but it is far better to debate about sensitive issues than to merely sweep them under the carpet. Therefore, cultural policy must involve the concept of the creative industries.³ If cultural policy is static, there is a consequential risk of missing out on both threats and opportunities.

This paper also introduces a model that explains a number of perspectives on the creative industries.

³ This paper does not elaborate on the issue of definitions. Its arguments apply irrespective of the terms and definitions used, such as cultural industries, the cultural economy, the creative economy or the experience industry. For the author's view on definitions, see Nielsén, Tobias (2008), *The ERIBA model – an effective and successful policy framework for the creative industries*, Stockholm: KK-stiftelsen. This can be downloaded for free from www.culturaleconomy.net.

Introduction

Any analysis of culture must be made in the context that culture is a part of – and anyone who studies today's range of culture will see that the context has changed in recent decades. The consumption of culture is on the rise in general, but it is being consumed in new and different forms. Culture as an industry has become more significant, and has become a tool for regional development and urban planning.

This development is a result of the fact that the production and consumption of culture have changed in a revolutionary way. Primarily, the technological developments in Gutenberg's footsteps have made mass production possible and contributed to the rise and acceleration of sales for cultural products. Trade in the arts, culture and entertainment today amounts to a value of more than one trillion US dollars worldwide. Hence, it is hardly surprising that numerous development projects have been started aimed at stimulating the creative industries.

We are all aware of the difference. Today a global cultural landscape is a reality, where even China is making films that are reaching a global audience. In addition, culture is spreading to other new contexts which also affect cultural policy. Consequently, we need to continuously evaluate current frameworks, since conditions are changing all the time. For example, Adorno has discarded jazz music, film and photography as low-culture.

I will be addressing here four trends that have implications for cultural policy:

1) Firstly, there are new sectors that would like to label themselves as culture. One example is video games, and France now offers tax incentives comprising rebates of up to 20 percent of the production costs for games with 'cultural content'. Of course the boundaries are not clear (if they ever were). Video games not only borrow from the movies and literature, but also inspire new movies and finance new music. Many composers have seen their works for video games being played by symphony orchestras and in August 2008, the album *Video Games Live: Volume One* made it to the American billboard charts.

2) Secondly, there is a trend towards increased user involvement: most obviously in terms of user-generated content such as YouTube, but also in an increasing number of other contexts including literature, music, etc. Another side of the coin is that users have more freedom and more control over what they consume. 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.

Another tangible effect is speed. We step into the world of any according to Micael Dahlén (2008), meaning that anyone, anytime, anywhere can share anything. In most cases, we can already download or watch TV shows 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 lives of their books, movies, music albums, etc, is becoming shorter than ever before. The range of content on offer is colossal, and there is always something new waiting around the corner.

Another difference is that consumers are more active than before. Henry Jenkins (2006) states 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 virtual worlds, for example, is enormously successful on the Internet.⁴ The opportunities for directing, producing and distributing content are also manifold. User involvement is also on the rise in general, with Wikipedia as the most notable example (Tapscott-Williams 2007).⁵

3) Thirdly, 'culture' is an issue for economic development. This can be explained by the striving to find new ways for countries, regions and cities to become competitive. The high rate of growth in sales of 'cultural products' is one reason. We humans are consuming more and more culture and experiences in various forms.⁶

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.

Culture and creativity – the argument also 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.

The assumed chain can be summarized as follows:

culture > creativity > innovation > growth > employment

⁴ For example, World of Warcraft.

⁵ See Theodor Adorno's view of the culture industry, where he argues that consumers are passive.

⁶ 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 424.4 billion US dollars 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).

4) Fourthly, the creative industries also are considered to 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 for example.

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. For example, Richard Florida's idea of the creative class has had a great impact (2002). The anticipated results are about tourism, new citizens and inward investment.

Export of ideas

The spread of ideas about the creative industries 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 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 was the starting shot for how the creative industries are perceived (and measured).⁷ In the tradition of its colonial past, the UK has since gone on to spread these ideas to other countries around the world.

If you compare efforts in various parts of the world, a focus on high-tech is predominant in Asia. Growth in market share and international competitiveness are key success factors in this case. In Europe on the other hand, there has been a more pronounced focus on branding and employment.

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 United Kingdom and New Zealand.

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 developing countries. Cultural entrepreneurship has also been emphasised, so

⁷ See for example *Creative industries mapping document* (1998) from the UK's Department for culture, media and sports, and successors to that report.

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). This project includes variables for literacy and the proportion of government institutions in the economy, etc.⁸ 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, at 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 more and more industrialised 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, legitimising protectionist arguments?

The link between the creative industries on the one hand and the arts and culture on the other is not without consequences, as shown by this example. Nevertheless, this link has too seldom been examined or even discussed.

Confusions and difficulties

Why are words or terms invented? The reason is that 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 or umbrella term 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, globalization, and social media.

Why then is it worth talking about the creative industries as such? One reason is that these industries have things in common, e.g., artistic content or creativity as input, in many cases with copyright as the foundation for the business model.⁹

However, there are many difficulties associated with meta-labeling of this sort, or umbrella terms. Justin O'Connor (2007) argues that the price of the term

⁹ O'Connor (2007) provides a good overview of the different definitions.

change from *cultural industries* to *the creative industries*¹⁰ (or in Sweden's case, *the experience industry*¹¹) has been uncertainty about what is actually meant.

It is very much worth noting what is generally left out of this 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 culturalization of the economy, or the economization 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.

Neither do the definitions overlap each other. 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."

Many attempts to measure the creative industries have been made, primarily with the UK's reports as templates, and emphasizing the contribution of these industries to the GDP and the number of people employed by them. The choice of definition apparently affects the outcome, but it is not reasonable to limit the value of culture *or* the creative industries to the direct contributions of some sectors. The discussion in the following chapter will introduce a model that represents an attempt to include several values. In the following chapter, a model is introduced that attempts to capture the complexity of the many values that are the outputs/outcomes of the creative industries. Even if it is complex to look at the range of these values, this should not deter us from trying to measure or assess them. On the contrary, new methods for measuring and assessing the values of the creative industries need to be tested.

Different perspectives – one model

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

¹⁰ See Cunningham (2002) for a discussion of the development in the choice of term, which sheds light on much more than the term itself.

¹¹ The experience industry is equivalent to the creative industries, with the exception that it includes a large part of tourism and excludes software.

reasons why it is important to understand the different perspectives on and approaches to the creative industries that exist.

The different values that people associate with the creative industries are listed below (Nielsén 2004). No matter how these values are perceived – as something good or bad – it 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 in this area.

In fact, these perspectives are not always compatible with each other, even if the same activity or product contribute to several effects. For example, a concert can sell tickets as well as attract tourists and be artistically meaningful.

- 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.* We go to the cinema and 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 Sweden on the world map. Secondly, cultural activities help to shape identity – both individual and collective. As humans, we define ourselves in part 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*.¹²
- e) *Intrinsic value.* This refers to culture as the end rather than the means, generally based on a judgement that involves artistic level 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.

¹² 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).

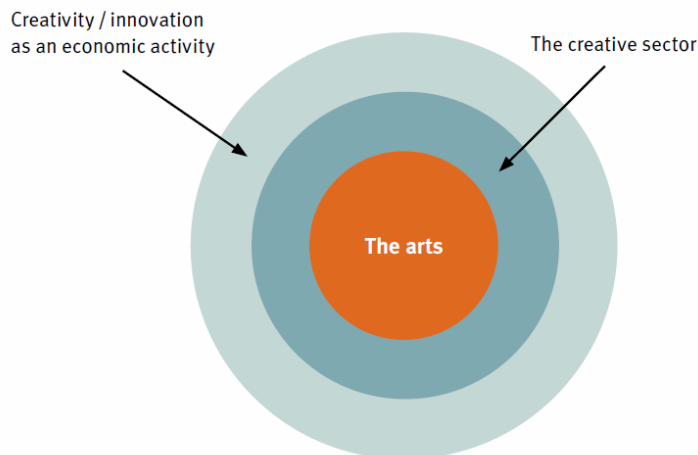
The values listed on the previous page have different origins but they have in common that they originate from a central core that generates certain effects. This core might be an activity such as a concert or a product such as a film. Behind each activity are one or more people who have created something.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

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

This was the symbol that adorned the cover of the first statistics report in Sweden (Knowledge Foundation 2003) on the creative industries to symbolize 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 1. 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 define circles:

- Core creative fields
 - Non industrial activities.
 - Outputs are prototypes and “potentially copyrighted works” (i.e., these works have a high density of creation that would be eligible for copyright but are not however 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 mass 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 (trademarks, for instance).
 - The use of creativity (creative skills of creative people originating in the arts and the cultural industries) is essential to the performances in 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 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.

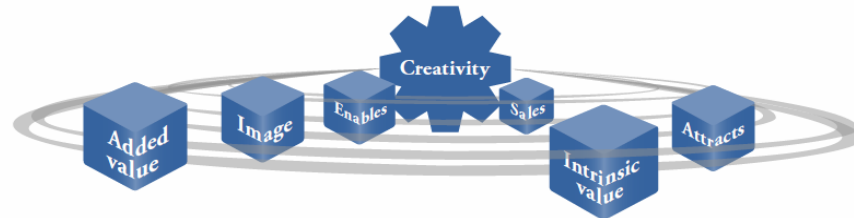
In this model, Nielsén (2004) describes the common core of the creative industries as being like a sun. This central core is essential for the solar system to function – the planets circle around the sun at a greater or lesser distance to it, but ultimately they are dependent on the sun's energy.

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

The planets circling around the sun symbolize the various values associated with the creative industries. There are the businesses or activities that provide support to the core. There are the manufacturers of materials and technology. There 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 the central core. Products are no longer 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 2. The solar system model. Source: Nielsen (2004).



Three types of business model

In addition to describing their different effects and values, there is another way of categorising business activities within the creative industries and the cultural sector. Instead of categorising businesses on the basis of sector demarcations, they can be categorised – across sectorial boundaries – on the basis of three broad types of business model, according to Nielsen (2008): (1) Mass-produced and scalable products; (2) live products; and (3) inputs to other products as value enhancers. These are explained in more detail below.

A categorisation on this basis shows how different players can be linked together on the basis of the goals they have for their business 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 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 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 of the business model here are 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.¹³ It is this model 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 product still costs several hundred dollars.¹⁴

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 formats – 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 and thus fall into the live-based category.

However, live-based businesses can also be packaged as a concept and in this way become scalable. For example, "Mamma Mia" the musical 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).

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

¹³A very good orientation in the huge advantages of scale of digital distribution can be found in Shapiro – Varian 1999.

¹⁴ 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.

holiday weekend, the 110,000 visitors to the city contributed around 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.

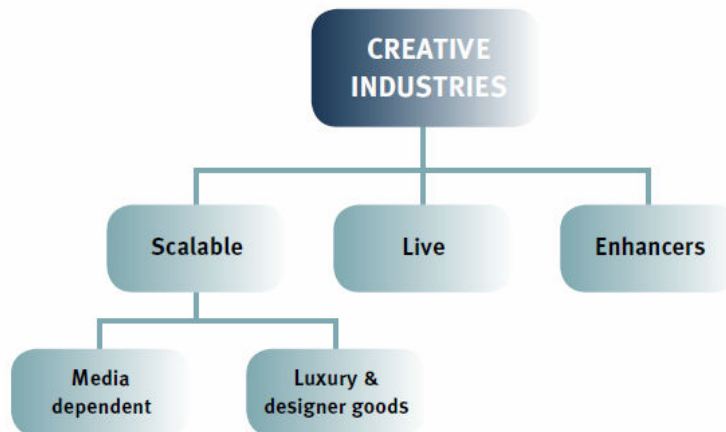
Value-enhancing inputs

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 that they contribute employment opportunities, but because of 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 this sort of 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 5. Business models in the creative industries. Source: Nielsen (2008).



Evaluation model

On the previous pages, two principles were presented. One states that the creative industries contribute a variety of effects. The other describes the structure of the creative industries using three types of business model.

These principles can be brought 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?

Figure 1. Different perspectives and their business models.

	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	

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 book publishers, film production companies or music production companies for example – 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.¹⁵

If tourism is the goal, live-based activities have the biggest effect (E), for example concerts held in big arenas, successful musical and theatrical

¹⁵ Admittedly, tourism is stimulated primarily by films and books, but the effects are largely marginal and difficult to plan for. A notable exception to this is what the *Lord of the Rings* films have meant for New Zealand’s tourism industry.

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 indefinable¹⁶ – intrinsic value (G).

Design competence and other creative service-based inputs primarily contribute 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).

An analysis of the current policy debate in Europe illustrates how the matrix can be used. One trend 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. However the reason may also be purely pragmatic: the promise of the creative industries is sometimes seen as not having been fulfilled, and 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 symbolize 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):

¹⁶ A lot can be said about the intrinsic value of culture and this area too has a number of different arguments. However there is no room for that debate in this paper.

“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. This discourse often makes 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 goal – being important as a component for other trade and industry.

The arts and the creative industries

There are many natural connections between the arts and culture and the creative industries. The first is that the industries ‘industrialize’ and take advantage of artistic works, e.g., music albums, movies, museum exhibitions, art galleries and musicals. Another connection is found at the individual level. In spite of sectorial boundaries, creative individuals have always moved between different sectors. From that perspective, it is obvious that the arts and the creative industries don’t represent two different spheres but are two parts of the same ecosystem. We can also note how different products originate from the same foundation as mentioned above: video games become films, films become video games, books become films, etc.

Instead of attempting to make definitive ‘silos’ in the form of industries, it’s therefore more useful to look at how different ‘systems’ work together and to understand their differences and similarities. 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 among people with the same types of skills, which then forms the basis for one or more industries.

It is not possible to limit all the elements of each of the creative industries to one type of skill. It is therefore more useful to talk about several skills, which can be called a “culture system”. The choice of this term can be explained by the fact that skills are based in “forms of cultural expression”.

Examples of culture systems are the following, where the skills are mentioned first followed by examples of industries that are based on these skills in parentheses:¹⁷

- Acting (TV, film, theatre, musical, etc)
- Storytelling
 - Audiovisual formats (film, radio, TV, video games, etc)
 - Written formats (books, magazines, theatre and the scripts of audiovisual narratives)
- Visual interpretation (design, film, video games, animation, visual arts, architecture)
- Music (recorded music, live music, musicals, etc)

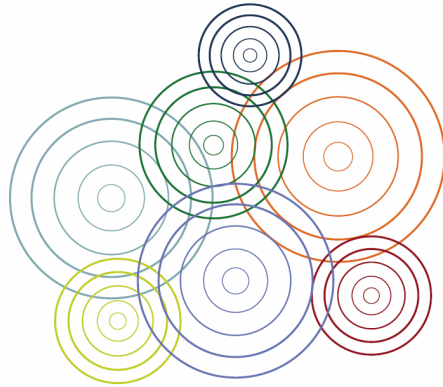
These cultural systems form a kind of ‘base plate’ for the creative industries in general which, in addition to skills, embraces frames of reference, passive knowledge, values, etc.

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). 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 values – based on the cultural systems identified above – we can draw more circles that intersect with each other as illustrated in the figure on the next page. These can be viewed as an ecosystem, involving both non-commercial and commercial activities.

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, as well as other infrastructure such as education and training, and networks.

¹⁷ Compare this with categories of the National [Swedish] Council for Cultural Affairs: word art, visual art, dramatic art, music.

Figure 3. 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.



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?

This is a question that many of those who have analyzed 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, an attempt at some thoughts is presented here.

One conclusion is that cultural policy must change if it is not going to be doomed to shrivel up and be neglected: 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 of activity 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 involved 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:

- An increased 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 rejection of the view that

culture/the arts contribute to the economy. The expectations at times have been unreasonably high.

- Instrumental approaches are at the expense of artistic valuations 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 for cultural policy is a necessity, and is unavoidable for adapting policy to our changing cultural landscape.

It is particularly urgent to discuss these pros and cons now, but this applies no less to the future - to over and over again update and question policy on the basis of what reality has become.

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