Understanding Creative Industries: their definitions, models, measurements and drivers

1. Conceptual framework for the creative industries

The concept of creative industries is relatively new and remains in flux. Leading organisations such as UNESCO define them as "those industries that combine the creation, production and commercialization of products which are intangible and cultural in nature. These contents are typically protected by copyright and they can take the form of goods or services".¹ Some have argued that it is important to focus on creativity rather than culture. The UK government, for instance defines the creative industries as “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property”².

What both definitions have in common is the emphasis on intellectual property or copyright aspect of the creative industries, the creative or cultural origin of the goods or services and the commercialisation or wealth and job creation of the creative industries. Models are useful as a guide to the collection of information, the analysis of data, trends and statistics, the conversation with key stakeholders as well as the identification of recommendations and policy direction. The table below highlights some of the key models and what they include.

Table 1: Creative Industries Models and Associated Sectors

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¹ UNESCO website: http://portal.unesco.org/culture

² www.culture.gov.uk/creative_industries
<table>
<thead>
<tr>
<th>1. DCMS Model</th>
<th>2. Symbolic Texts Model</th>
<th>3. Concentric Circles Model</th>
<th>4. WIPO Copyright Model</th>
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<tbody>
<tr>
<td>Advertising</td>
<td>Core Cultural Industries</td>
<td>Core Creative Arts</td>
<td>Core copyright industries</td>
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<tr>
<td>Architecture</td>
<td>Advertising</td>
<td>Literature</td>
<td>Advertising services</td>
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<td>Art and</td>
<td>Film</td>
<td>Music</td>
<td>Copyright collection management societies</td>
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<td>Antiques</td>
<td>Internet</td>
<td>Performing arts</td>
<td>Motion picture and video</td>
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<td>market</td>
<td>Music</td>
<td>Visual arts</td>
<td>Music</td>
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<td>Crafts</td>
<td>Publishing</td>
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<td>Theatre and opera</td>
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<td>Design</td>
<td>Television and radio</td>
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<td>Press and literature</td>
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<td>Fashion</td>
<td>Video and computer games</td>
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<td>Software and databases</td>
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<td>Film and</td>
<td>Other core cultural industries</td>
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<td>Television and radio</td>
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<td>Video</td>
<td>Film</td>
<td></td>
<td>Photography,</td>
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<td>Music</td>
<td>Museums and libraries</td>
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<td>Visual and graphic art</td>
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<td>Performing arts</td>
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<td>Publishing</td>
<td>Peripheral cultural industries</td>
<td>Wider cultural industries</td>
<td>Interdependent copyright industries</td>
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<td>Software</td>
<td>Creative arts</td>
<td>Heritage services</td>
<td>Blank recording material</td>
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<td>Television</td>
<td>Borderline cultural industries</td>
<td>Publishing</td>
<td>Consumer electronics</td>
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<td>and radio</td>
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<td>Sound recording</td>
<td>Musician instruments</td>
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<td>Video and</td>
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<td>Television and radio</td>
<td>Paper</td>
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<td>Computer games</td>
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<td>Video and computer games</td>
<td>Photocopiers, photographic equipment</td>
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<td>Manufacture, wholesale and retail of</td>
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<td>TV sets</td>
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<td>Related industries</td>
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<td>Advertising</td>
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<td>Architecture</td>
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<td>Design</td>
<td>Cinematographic instruments</td>
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<td>Fashion</td>
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<td>Household goods</td>
<td>Partial Copyright Industries</td>
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With the increasing usage of the term ‘Creative Economy’ (UNCTAD, 2006, NESTA 2008) it is useful to capture the relationship between the core creative fields, cultural industries, creative industries and the broader creative economy as evident in the figure below (Figure 3) with the added element of the upstream and downstream activities of the creative economy.

Figure 1: Composition of the Creative Economy
In this model, the “upstream arts” refers to traditional art forms such as the performing, literary and visual arts, which may have commercial value in themselves, whereas “downstream arts” refer to the applied arts such as advertising, design, publishing and media-related activities and which derive their commercial value principally from their applications in other activities. All activities – commercial and non-commercial – are incorporated in this model with the symbiotic relationship between all the sectors of the creative industries emphasised. Importantly for the discussion of the relationship between arts and culture and the commercial exploitation of the arts is that growth or decline in one area will have an effect on another area.

The model of creative occupations, the Creative Trident approach of Higgs and Cunningham is an example of how the concept of creative economy applies to the whole economy. It shifts the focus from a sector specific one to understanding the full economic contribution of creativity to the wider economy. In this way creative occupations are tracked not only in traditional creative industries, but in manufacturing and the wider service industries, such as health, education, government and business services.

Questions:

1. Where do you think the emphasis should lie, culture or creativity? Why?
2. How does your government define these industries?
3. Which model do you find most appealing? Why? What would be left out or included in your preferred model?
4. Do you think the term creative economy is useful for the African context? Why?
5. What is the significance of tracking creative occupations in the broader economy such as manufacturing, services and the public sector?

2. Review of models and classification systems

A number of analytical approaches are used in assessing the contribution of the creative industries to the general economy and their impact on cities and regions. These include

a) Industrial organisation analysis: This involves the measurement of standard economic variables (gross value added, levels of employment of different categories of labour, levels of investment) as is typical of sectoral analysis.

b) Economic impact analysis: These are typically done for cultural events such as festivals or institutions such as museums or heritage sites. The key question of economic impact studies is the effect on the local community and economy as well as the benefits that flow to this local community or economy.

c) Economy wide contribution: This documents four distinct levels of economic contribution or ‘impacts’, that the creative sector has which allow one to isolate the differing level of contribution of the creative industries to the general economy including the direct and quantifiable contribution to the economy such as the direct number of jobs and the direct value-added by the sector, the indirect and quantifiable contribution to the economy which includes multiplier effects, as those employed in the sector spend their wages in other sectors, or creative industries buy inputs from other sectors, the direct and non-quantifiable contribution to the economy such as the contribution to industrial invention, innovation and diffusion, productivity and the contribution of the creative sectors towards a diversified industrial structure and the indirect and non-quantifiable contribution to the economy.

d) The Value Chain Analysis: The cultural or creative industry production chain can be conceived as one in which the creator or artists begins with a creative idea and which is then combined with other inputs to produce a cultural good or service passing through stages in which value is added until the good or service reaches the consumer. The value chain approach has been found to be useful in showing the relationship between the ‘pure’ or traditional arts and the commercial or industrialised arts and culture by seeing them as ‘stages’ of the process in the production of economic and cultural value.
Recent developments in the use of the value chain (Connectus Consulting Inc. for Canadian Heritage, 2007) show how the digital economy is transforming the value networks of the Canadian arts and cultural industries: a product can flow to the consumer but the revenue does not reach the primary creator. This is described as a ‘disconnect’.

e) Urban and regional growth: Creative industries and creative activities are found largely in urban areas and it has become useful and important to assess the contribution of the creative industries to both urban and regional growth (see Landry’s *The Creative City: A Toolkit for Urban Innovators*) as well as illustrating the potential to encourage regional economic growth and employment creation in depressed urban areas and how it can enhance the liveability of cities thereby contributing to urban development.

Questions:

1. Which model or framework do you think is most relevant to the African context?
2. Do you think it is possible to assess the contribution of the creative industries in Africa using this model?
3. Do you think it is important that each country uses the same model or definition?

4. What is the role of artists, cultural organisations and governments in promoting these industries?

3. Measurement of Creative Industries and the origins of Mapping

More than twenty years since UNESCO released a framework for cultural statistics (in 1987) there is still no agreement on a methodology for measuring the creative industries. In addition to the collection of statistics across countries, data are also collected by individual countries. Good official statistics that ‘prove’ the contribution of creative sectors to the overall economy, have in many cases resulted in processes seeking to investigate the contribution at a regional or local level. The United Kingdom was the first country to pioneer the concept of creative industries and the term mapping refers to the characteristics of the sector. Mapping essentially provides the economic data which shows the current value of the creative economy. It also can show the economic potential of the sector and where the sector needs support to grow and realise its potential. In the developing world, Colombia was one of the pioneers of creative mapping with its 2002 study of the creative industries in Bogotá. The development of a handbook “Guide to Producing Regional Mappings of the Creative Industries” (Ministry of Culture, Colombia, 2007), provides invaluable guidelines for the creative mapping process.

The British Council’s programme (2001) ‘Developing Creative Economies’ is designed to share the UK’s experience and understanding of the creative industries and creative economy with developing countries, especially those where piracy is an issue. This support extends to providing expertise and documentation from mapping studies elsewhere although it leaves each country to interpret and define the creative industries themselves. Mapping studies supported by the British Council have been conducted in a range of countries from Asia to South America.
The key challenge of mapping is the inability of official statistics to keep pace with the rapid changes and consequent classification problems that occur in the creative industries. Other challenges relate to the scope of particular sectors, such as design where statistics cannot identify all the constituent parts of that industry. A further limitation is that official statistics fail to capture the full extent of activity as they do not accurately reflect the structure of the industries. However, new insights about the structure of the sectors and the types of firms driving growth have emerged in the UK and some of the key findings are documented in the findings below:

Table 2: Findings from DCMS (Frontier Economics)

<table>
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<tr>
<th>Finding</th>
<th>Detail</th>
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<tr>
<td>Large firms are important for the creative industries</td>
<td>The largest 200 firms account for 50% of turnover</td>
</tr>
<tr>
<td>Growth in the creative industries is driven by start-up</td>
<td>Start up companies accounted for 48% of growth from 1995-2005 – most of this in year 1. Creative Industry companies appear to grow slowly in the years after they start up</td>
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<tr>
<td>companies</td>
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<tr>
<td>Creative firms have survival rates that are similar to other</td>
<td>Three year survival rates for firms within the creative industries is similar to the average across all industrial sectors but there are variations between sectors</td>
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<tr>
<td>sectors.</td>
<td></td>
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<tr>
<td>Large international creative industry firms are important in</td>
<td>International firms may locate in the UK because of its supply of high quality graduates, specialist “creative skills”, unique infrastructure and because the UK is an attractive place for executives to live and visit</td>
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<tr>
<td>the UK</td>
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<tr>
<td>Creative industries perform well on a number of productivity</td>
<td>The creative industries are more likely to be innovative than the other sectors identified in the project and they employ highly skilled workers and have a higher proportion of self employed people that then economy as a whole</td>
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<td>measures compared to other UK sectors</td>
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A key finding of the work for our work on the African continent is that while individually the creative industry sectors (music, performing arts, dance, fashion etc) might not be of strategic importance to the UK, there was no doubt that collectively the creative industries are very important.

\[3\] It should be noted that the data can be disaggregated to different levels and when the broad sectors are broken down certain sub-sectors may have a higher rate of innovation activity than the creative industries aggregate.
The document, Guide to Producing Regional Mappings provides useful elaboration on the purpose of mapping studies as follows:

- To diagnose a given situation by identifying its constituent elements, the relations between them and the results of such interaction.
- To describe and interpret the data to contribute to solutions to the problems revealed by the diagnosis.
- To give greater visibility to the sector through the identification of the value of culture and creation both as cultural expression as well as its contribution to the economy or region.
- To provide information that allows national and regional agents to identify key aspects about the dynamics of creative industries.
- To provide the necessary facts that improve decision-making in the design of policies to strengthen these industries.
- To stimulate the organisation of individuals and companies of the creative and cultural sectors so that they are perceived as a collective whole that facilitates their recognition, positioning and empowerment as an economically important sector.
- To identify the targets of the study which are the institutions that are able to support the growth of the sector, the role-players within the creative sector as well as the stakeholders in the creative community.

Questions:

1. Do you think it is important to put numbers to our assessment of the contribution of the creative industries? Why?
2. Which measurements do you think are most important? Why?
3. Have you any experience of mapping studies? For which industries?

The contribution of the creative industries to the economy – evidence from developed countries

Measurement and mapping of the creative industries help ‘prove’ the contribution of creative sectors to the overall economy and make the advocacy case for government to support these industries. The examples below show that the growth rates of the creative industries are almost double that of overall GDP
growth in these respective countries and indicate that the contribution of the creative sectors to the economy as a whole has been growing over a long period.

The UK Department for Culture, Media and Sport (DCMS) study of 2006 argues that the creative industries in the UK contributed 7.3% of Gross Value Added (GVA) in 2004. This was equivalent to £57 billion. Over the period 1997 to 2004 the creative industries increased their GVA at an average annual rate of 5% and grew employment by 2 per year which was significantly higher than the economy wide rate of 3%. They exported £13 billion worth of goods and services and employed 1.8 million people.

In Singapore (2003) growth rates in various creative sectors can be compared in 5-yearly averages back to 1986. The creative industries directly created value of S$3 billion in 2000 (1.9% of GDP), employed 46,850 people (2.2% of employment) and exported S$536 million worth of goods and service. The Singapore creative industries have experienced higher rates of growth than the economy as a whole. Over the period 1987 to 2000 the creative industries grew by an average of 17.2% per annum compared with average annual GDP growth of 10.5%.

In Canada, Statistics Canada framework and data (Statistics Canada, 2003) estimates that the creative industries directly employed 616,000 workers in 2003 with the real value added output for cultural industries estimated at R46 billion in 2007 or about 3.8% of total real GDP. They also conducts an annual survey of consumer expenditures from which household spending on cultural goods and services can be assessed.

The Creative Industries Mapping Project in Australia used the ‘Creative Trident’ model described above and shows that while there were approximately 300,000 people employed in the Creative Industries (half of which were creative occupations) representing 3.7% of the total Australian workforce, there were a further 137,000 people working in creative occupations in other industries (finance, government, education and manufacturing) resulting in a 437,000 strong creative workforce accounting for 5.4% of the total workforce.
Current Drivers of the Creative Industries

Below is an outline of the current economic and social drivers of the creative industries which will be important to assess for relevance to the African continent as the Arterial Network wishes to encourage and influence the growth and vibrancy of the African creative economy.

1) The relationship between producer and consumers is becoming more direct as producers attempt to better understand their consumers and involve the consumer in the co-creation of the final product through information and communication technologies which ‘allow users to create their own content, gain access to creative content produced by others, and co-create with them’. 

2) Consumers are able to use the content differently because of the impact of the digital revolution (the internet and the diffusion of Web 2.0) on the products and services of the creative industry in the production process and in the new content distribution channels.

3) Increasingly the skills and talent needed that drive the creative economy are a combination of cross-disciplinary collaboration between industry specific skills especially ‘artistic skills and competencies related to the use and adaptation of ICTs, and knowledge of how to commercialise creative ideas’, business skills (management, entrepreneurship, marketing, financial skills and planning) and a range of ‘soft skills’ such as problem solving and interpersonal skills.

4) Cultural and social diversity, tradition and heritage drive the creative economy and influence peoples’ identify and how each relates to the other as well as the stories people want to write or sing about and the stories or sounds people want to hear or see. The increasing demand for diverse content from both diverse audiences and diverse content aggregators such as broadcasters fuels the creative talent of diverse groups.

5) The agglomeration possibilities –clusters of creative activity – within cities. These clusters of creative activity in cities are called the ‘new gold’ of the creative economy in that they are both magnets for creative talent across all sectors of the economy and are economic wealth generators (Landry, 2004:9).

6) The capital investment which gives rise to innovation and experimentation. As opposed to debt financing which can make a creative business more precarious than it already is, equity financing remains in short supply. This equity financing provides not only capital in exchange for equity but also hands-on business management skills and mentoring support for creative enterprises. Some new
business models include those of Prince who offered his new album, Planet Earth as a free cover mount on ‘The Mail on Sunday’ in the UK in July 2007 to the rock band Radiohead’s release of their seventh album In Rainbows on their own web site as a digital download with customers encouraged to choosing their own price, before it was released physically (The Conference Board of Canada, 2008).

Questions for Arterial Network seminar participants

1. What is an appropriate definition of the creative economy and its associated creative industries in the African context?
2. What model or framework of analysis would be most useful to our context both for understanding the sector as well as producing advocacy material?
3. How would be go about measuring and valuing our creative economy and creative sector in the absence of formal, collected statistics and data?
4. Given the poor digital infrastructure and connectivity in many countries of Africa, what drivers are most relevant to Africa?
5. What are the principal ways in which governments, civil society, creative organisations, networks and artists can advance the growth and impact of the creative economy in various African contexts?
6. Who should be leading the research on the creative economy in Africa – pan African organisations, governments, civil society, universities etc?

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