



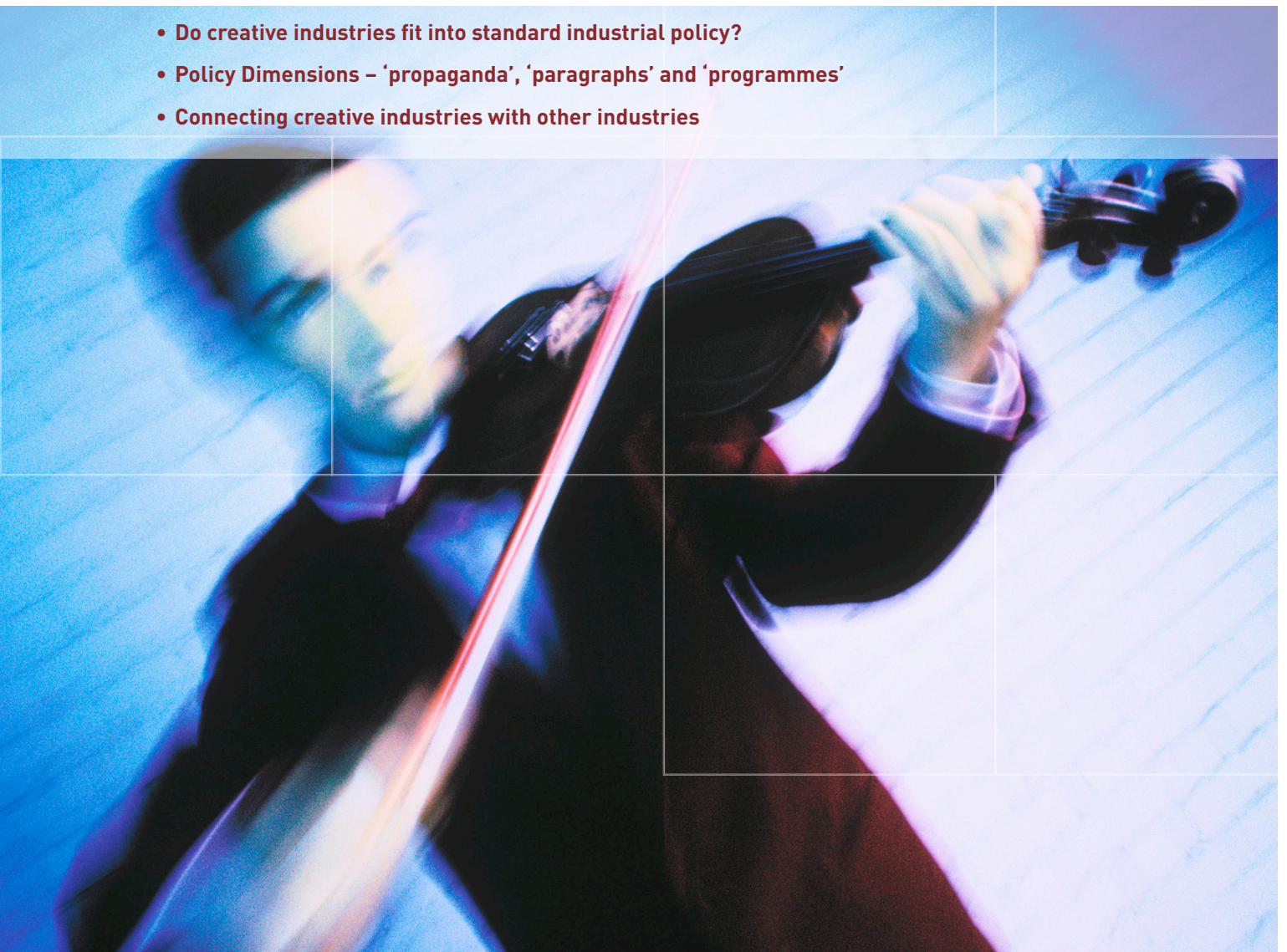
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Creative Directions – a Nordic framework for supporting the creative industries

- Do creative industries fit into standard industrial policy?
- Policy Dimensions – ‘propaganda’, ‘paragraphs’ and ‘programmes’
- Connecting creative industries with other industries



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Abstract: <p>Worldwide governments and regional authorities have begun to take seriously the idea that cultural and creative activities are crucial areas of economic activity. Industries such as music, film, media, advertising, gaming and design are seen to be increasingly worthy of not just cultural policy but also industrial policy support.</p> <p>This report deals with the creative industries from an industrial and economic perspective: taking our point of departure in research on industrial competitiveness and transformation (business strategy, institutional and evolutionary economics etc.) in general, and modern research in economic geography in particular. We outline a series of policy recommendations and concrete measures that aim to help the creative industries further develop.</p> <p>In particular, the report concentrates on how policies implemented and coordinated at a Nordic level have great potential to improve the competitiveness of the creative industries. Policy recommendations are presented that address five distinct but interrelated areas: 1) Knowledge and innovation in the creative industries; 2) Cooperation and collaboration between creative industries firms; 3) Connecting creative industries firms with other industries; 4) Helping Nordic creative industries reach the market; and 5) Encouraging and investing in entrepreneurship.</p>		
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Executive summary

In recent years there has been a growing awareness that industries such as music, film, media, advertising, gaming and design are important areas of economic activity. Governments and regional authorities around the world have begun to take seriously the idea that cultural and creative activities are crucial components of their economies, and in need of support and development through industrial as well as cultural policy.

In policy and academic circles alike ideas of ‘cultural industries’ and ‘creative industries’ have been to capture the notion that activities once thought of as little more than entertaining distractions or ephemeral aspects of a nation’s social life have grown to be important and dynamic global industries. In this report we take up this lead and suggest that in the Nordic region there is considerable growth potential in the cultural and creative industries. We outline a series of policy recommendations and concrete measures that aim to help the ‘creative’ industries further their develop.

Central to this report, is the notion that the creative industries must be considered in the context of an economic approach to the study of the Nordic creative industries, taking our point of departure in research on industrial competitiveness and transformation. Our approach has been to divorce ourselves from cultural or artistic appraisals and to focus on the creative industries as commercial and industrial endeavours: to try and see how they can develop, and be helped, to be competitive and profitable business sectors.

In particular, the report concentrates on how policies implemented and coordinated at a Nordic level have great potential to improve the competitiveness of the creative industries. The report is concerned with the potential of thinking across borders and envisaging cooperation and coordination between firms, institutions, and government across the Nordic region.

The focus of the report is on policies within five distinct but interrelated areas. Below the main conclusions of the report are briefly introduced:

1. Creating world class knowledge and innovation

New knowledge and innovations – and therein industrial development and competitiveness – often heavily rely upon cooperative and collaborative links between the academic sector, private sector and the public sector. In industries such as biotechnology and medicine it is accepted amongst policymakers and industrialists that world class research and development institutions are needed. The Nordic countries have a long history of high quality education in various creative fields but there is still much to be done. With concerted Nordic effort and cooperation the Nordic region has the potential to become a globally important centre for education, research and innovation in the creative industries. In order to generate and get access to new ideas and perspectives it is important that people and ideas have the possibility to get into the Nordic countries. Policy should promote the idea that we have to attract creative people from outside the Nordic region, but also to increase the exchange of talent and creative people within the Nordic region. More active partnership between industry and the education system can help facilitate contacts between students and

industry that can result in better job prospects as well as increasing the flow of new ideas between the educational and commercial sectors. In order to establish, once and for all, the extent and ways in which the creative industries are economic future growth industries there is a need for new systems and methodologies for collecting official statistical data.

2. Hooking up firms within the creative industries

Within the Nordic creative industries there are a large, and growing, number of firms working in different sectors. However, locally - in individual countries and regions - firms working within specific sectors of the creative industries might find themselves relatively isolated, find it hard to locate the services they need, find it difficult to find business partners or recruit experienced staff. Better links between firms, but also between regional or local clusters within the Nordic region could help firms find the partners that complement them best. Cooperation, and competition, between firms often results in better products and services. By hooking up firms in local or regional clusters and production milieus there is a possibility to create synergy effects and Nordic production networks that benefit from the different competences that exist in specific clusters. This process could be facilitated by more effective industry organisations working as platforms for networking, interaction and information exchange.

3. Connecting creative industries firms with other industries

The need for creative industries firms to link up with firms from other industries is not just limited to helping them meet firms in 'traditional' industry. There are often just as high barriers and just as wide cultural gaps between, for instance, designers and music industry executives as there are between designers and executives from manufacturing industry. Creative industries do not only find it difficult to cross industrial or sector borders but often encounter problems hooking up with government and policymakers. Creative industries often find themselves falling between two stools when approaching government: in-between industrial and cultural policy. To be able to bridge such gaps there is a need for meeting places, agents and contact brokers that could help bridge these gaps to increase demand for creative industries products in other sectors of the economy and help them access the governmental services they need.

4. Hitting the market

The commercialization, distribution and retailing of products are where new opportunities can be made and where significant value-added can be created. For many actors in the creative industries – especially small firms with relatively few resources – finding new markets and customers or making the best of the avenues they have in sight can be difficult. Such difficulties are compounded by the fact that relatively small domestic markets – and often highly niched products – mean that for many firms it is far flung global markets that offer the best sales potential. Helping firms and sectors to find new markets and better connect with existing ones is a priority for all parts of the creative industries. It is important to establish, to a much higher degree than before, the Nordic countries as a market for firms within the creative industries. As such it is important to increase demand for creative industries products in other sectors of the economy and increase awareness of the creative industries in public sector purchasing decisions. It is also necessary to take Nordic products and services to wider markets with the help of common export strategies.

The Nordic or Scandinavian brand, based on quality, innovation and creativity rather than a particular 'design', 'sound' or 'aesthetics' should be promoted through, for example, trade fairs, cultural showcases, exhibitions or events. Successful branding is an ongoing process and there is a need to continuously develop and examine established and emerging brands and to constantly test new export initiatives.

5. Entrepreneurship

The cultural industries have become a burgeoning entrepreneurial scene. In recent years, we have seen a surge in start-ups, new entrants, new labour and new activity or product areas. But there is a need for upgrading the status of the creative industries. These activities must be treated as legitimate entrepreneurial opportunities by business promotion authorities, investors and financiers. There is a need for the upgrading of entrepreneurial and commercial skills within the creative industries firms and to better integrate entrepreneurship training into the creative educations. However, firms and entrepreneurs in the cultural industries are faced with a very difficult set of market conditions. Due to the rapidly changeable nature of consumer preference these highly aestheticized product markets tend to be characterised by volatility, uncertainty, and fast product cycles: e.g. chart-music, seasonal fashion design, block buster films, persuasive commercials. In order to face this situation, entrepreneurs in the creative industries must have well tailored support systems and the business skills to successfully manage new firms involved in far from risk free markets.

We believe that it is crucial that the Nordic countries start building immediately on the strengths and opportunities their creative industries represent and contribute in a meaningful way to the further expansion of these important industries. Coordinated and collaborative action at a Nordic level can greatly benefit the competitive base for the firms that make up these exciting growth industries.

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Introduction

In recent years there has been a growing awareness that industries such as music, film, media, advertising, gaming and design are important areas of economic activity. Governments and regional authorities around the world have begun to take seriously the idea of cultural and creative activities as crucial components of their economies, and in need of support and development through industrial rather than cultural policy.

Competing concepts such as ‘cultural industries’ and ‘creative industries’ have been used by policymakers and academics alike to capture the notion that activities once thought of as little more than pleasant distractions or ephemeral aspects of a nation’s social life have grown to be important and dynamic global industries. Whether we call them ‘cultural’ or ‘creative’ industries we are talking here about a group of inter-related and inter-dependent industries that have at their core the commercialization of culture, aesthetics and creativity. They are a set of industries that are defined by the fact that they produce goods and services that are bought for reasons other than purely utilitarian ones, such as aesthetic, semiotic, sensory, or experiential reasons.

In this report the object is to outline a series of policy recommendations and concrete measures that aim to help the creative industries further develop. In particular, the report concentrates on how policies implemented and coordinated at a Nordic level have great potential to improve the competitiveness of the creative industries. In our policy recommendations we have concentrated on five distinct but interrelated policy areas we view as essential to improving the competitive basis for the Nordic creative industries:

1. Creating a world class knowledge and innovation for the Nordic creative industries
2. Helping to hooking up creative industries firms with each other
3. Helping to connect creative industries with other industries
4. Helping Nordic creative industries reach the market
5. Encouraging and investing in entrepreneurship

The ‘creative industries’ have attracted much attention due to the fact that they seem to be at the forefront of a series of wider industrial and market changes affecting Nordic industry. The Nordic countries have seen a large number of employment in manufacturing industry disappear from the labour market during the last decades and many observers believe that for all industries based in high-cost, advanced countries the role of creativity and innovation has become more important than ever. There is a widespread belief that knowledge intensive industries or new economy industries offer the best prospects for economic growth in countries suffering from increased global competition. Thus industries such as biotechnology and information and communication technologies have attracted great attention. However, the shift to a more knowledge intensive economy also entails the advent of a new dynamics of competition based on the emergence of a new economy and the aestheticization of product markets. This idea rests on the observation that the cultural, symbolic, emotional or aesthetic elements of products are often far more decisive factors in consumers’ choices than physical performance and function. This may well be true since it is clear that for many Nordic firms – even in industries as far from ‘culture’ or

'creativity' as cars and processed fish – aspects such as design and brand name, rather than price, are now decisive factors in the way a product enters the market and the degree to which consumers feel products are attuned to their needs and desires. The emergence of ever more demanding customers means that the types of services creative industries supply to other types of firms – e.g. content, design, branding, advertising, etc. – have become both strategically important as well as highly lucrative.

These industries are not only important for their wider significance to other sectors of the Nordic economy but are important earners and employers in their own right. Evidence is mounting that in recent years the Nordic creative industries have developed into competitive export industries and into thriving employers at home (Grefe 1997; Nutek 1997; European Commission 1998; Almquist et al. 1999, 2000; Hallencreutz 2002; Power 2002, 2003; Hallencreutz and Power 2005; Haraldsen et al. 2004). A number of high profile firms have had considerable success on international markets and have attracted media attention in the Nordic countries as well as in international press and magazines (see Djelic and Ainamo 2005). Indeed items such as Danish designer furniture, Swedish and Icelandic music, Finnish industrial design and architecture, and Scandinavian style in general have become powerful global brands in themselves and key symbols of Nordic innovation and industry.

Another aspect of the creative industries is that they have a somewhat unique growth potential. According to (Ernst) Engel's law, the consumption of non-essential or luxury products will rise at a disproportionately higher rate when disposable income expands. At the same time the growth of the creative industries does not necessarily bring with it the same environment and resource issues that, for example, growth in heavy manufacturing industries can. Whatever their environmental credentials it seems that creative, cultural and luxury goods offer considerable potential for continued growth.

However, the Nordic countries are not alone in noticing the potential such industries have for generating new jobs and for contributing to overall industrial competitiveness and many countries are investing heavily in their creative industries. Creative industries initiatives have gathered pace in countries such as the UK, Australia, New Zealand, Canada, South Korea, Hong Kong, Singapore and Japan. We believe therefore that it is crucial that the Nordic countries start building immediately on the strengths and opportunities their creative industries represent and support them with policies aimed at creating a sound basis for entrepreneurship and growth.

The Creative Industries

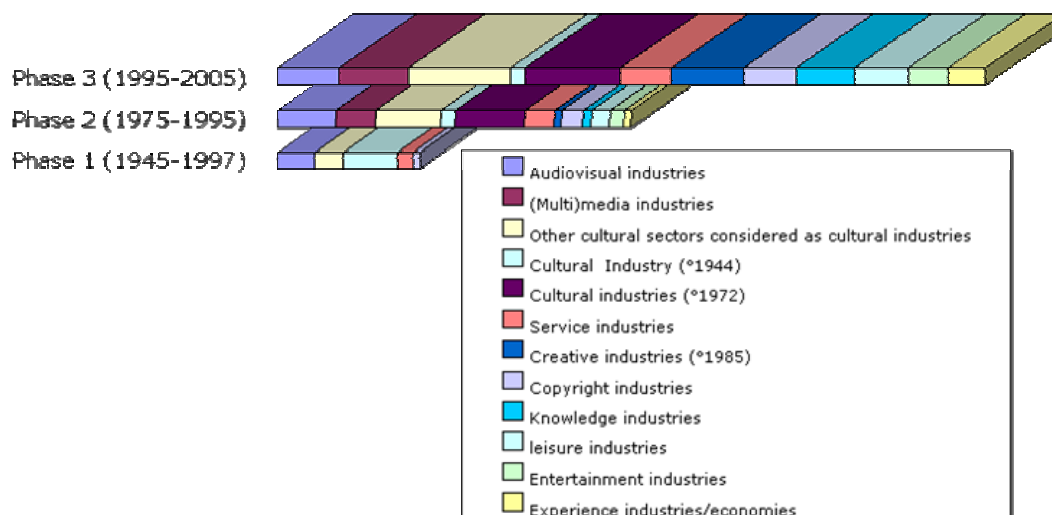
“What's in a name? That which we call a rose by any other word would smell as sweet.” Shakespeare, *Romeo and Juliet*

The term Creative Industries has been widely used and wildly debated in recent years. For many the term strikes a discordant note from the start: what industries are not, at least in some way, ‘creative’?

Academic definitions of the creative industries have tended to focus on identifying what can be considered to be the inherent characteristics or features of the activities that are focused on selling creative or cultural products. In this report, our approach to the ‘creative industries’ is based on the idea that, whatever the exact sectors involved, the industries that make up the ‘cultural’, ‘creative’ or ‘experience’ economy can be seen to display three important common features (Power and Scott 2004).

1. ‘Creative industries’ are concerned in one way or another with the creation of products whose value rests primarily on their symbolic content and the ways in which it stimulates the experiential reactions of consumers.
2. ‘Creative industries’ are generally subject to the effects of the afore mentioned Engels’ Law, which suggests that as disposable income expands so consumption of non-essential or luxury products will rise at a disproportionately higher rate.
3. Firms in ‘creative industries’ are subject to competitive and organizational pressures such that they frequently agglomerate together in dense specialized clusters or industrial districts, preferably local urban local environments/districts, while their products circulate with increasing ease on global markets

Even those who have accepted the idea that certain industries exhibit ‘creative’ characteristics, have great difficulty in agreeing upon a common definition of what those activities are. Alternatively there are those who prefer to use other terms: copyright industries; content industries; cultural industries; entertainment industries; experience industries. Indeed since at least the 1940s academics have been trying to find concepts that describe the types of activities and phenomena we label ‘creative’ in this report. There are presently a number of competing concepts.



The evolution of the conceptual field: The frequency with which various terms were used in academic literature 1945-2005. Source: Katia Segers, Centre for studies on Media and Culture (CEMESO), Vrije Universiteit Brussel, Belgium.

Nonetheless, whilst quite different sectors and activities are included in each of these concepts, there are commonalities. All of these definitions are generally premised upon the idea that something is happening in the economy; that there seems to be a rapidly growing demand for the products these industries sell; and that firms and jobs based upon these activities are an important future source of economic growth and competitiveness.

Against this relatively long history of conceptual uncertainty there have in recent decades been a number of attempts made by policymakers and governments to sectorally define the creative, etc. industries. In many places creative industries first came to the fore as part of regeneration and redevelopment initiatives in old industrial areas or in decaying inner cities. A sort of first-generation approach to the systematic deployment of cultural assets in the quest for local economic growth can be found in the aggressive place-marketing pursued by many municipal authorities since the early 1980s (Kearns and Philo, 1993). This activity was (and still is) often based on a local heritage of historical or artistic resources, but it also assumes the guise of energetic redevelopment programs. One of the most prominent examples of the remaking and marketing of a place in recent years is furnished by the Guggenheim Museum in Bilbao, an initiative that has helped turn a once stagnant old industrial area into a world-renowned tourist centre and a new focus of inward investment. By the mid-1990s examples such as Barcelona and Bilbao meant that the attraction of cultural institutions (especially star museums) and creative workers became an almost universal template to be applied to run-down areas and economic black spots. Culture and creativity were additionally attractive ideas to policymakers in countries and regions where budget constraints and bad experiences meant that large scale subsidies to support or attract manufacturing industry were no longer possible. At the same time the companies and individuals associated with the Internet boom and the continued growth of the service economy extolled the value of innovation, creativity, lifestyle and personal development.

Recently a second generation of alternative (or, rather, complementary) policy approaches have come increasingly under the scrutiny of governments and regional authorities. In this case, the objective is less the construction or redevelopment of facilities that will entice visitors to flock into a given place, as it is to stimulate the formation of localized complexes of cultural industries that will then export their outputs far and wide. This more systemically industry focused approach has focused on identifying growth sectors within the 'new economy' that seem to be different in some way to traditional industry or services. In this context the UK's adoption and promotion of the 'creative industries' in the mid 1990s is important. Such initiatives have typically been coupled with cluster approaches (Porter 1990). Cluster initiatives stress the importance of linking industrial development to the development of regional and national innovation systems. It is these second generation or sectorally focused approach that this report takes.

As can be seen from the table below, many attempts have been made to define which sectors make up the creative, etc. industries. These definitions cover a wide range of industries and activities and have been applied in many different countries.

----- INSERT TABLE 2 – VARIOUS DEFINITIONS HERE -----

What is clear from the above table is that despite the variety of competing concepts there is a certain level of consensus: some sectors or activities appear again and again. It can also be seen that there are certain sectors that are particular to specific countries: e.g. ‘Lacquer ware’ in Japan. Indeed all of the sectoral definitions above clearly take account of the industrial and political realities of their country of origin. Whilst this makes exact comparison of the resulting statistics difficult it does point to the need for both policymakers and academic observers to be sensitive to the particularities of the places they are looking at. Attempting to come up with one universal definition of the creative industries carries with it the danger of missing out on certain local specialities and strengths. Thus whilst international comparison is important there is reason to be cautious. It is the uniqueness of firms’ and regions’ creative product offerings that is the core of their long term competitiveness. Following from this it seems that definitions and associated policy approaches should embrace national peculiarities and differences rather than try and ignore them in a search for ‘the’ approach.

The above table also demonstrates that despite significant national differences and peculiarities all the definitions seem to agree that these sectors are somehow linked to another. There is general agreement that various creative/cultural/experience sectors can be bundled together and that they can be treated as somewhat different from the rest of the economy. This is however far from unproblematic. There is a real problem in creating any coherent policy for creative industries because whilst there might be many industries deeply involved in creative activities that does not mean they are in any other way similar. The creative industry as a whole (however defined) has proven to be quite a challenge to handle for both governmental and educational institutions, internationally as well as in the Nordic countries. The sheer diversity of activities, firm sizes and technological needs that characterise these industries means that it is hard for existing policy channels and organisations to identify one industry and act accordingly with appropriate help. Some sectors of the experience industries – such as the media and music – are dominated by global corporations and are heavy users of advanced information and communications technologies. Other parts of the experience industries – e.g. jewellery and handicrafts – are dominated by micro businesses and low tech, but highly skilled, production techniques. Indeed, the different forms of activities (commercial and non-commercial) within experience industries are so varied in scale, form, organisation, and sector of economic activity that they are barely recognisable as a coherent object of analysis within established frameworks.

Nevertheless there is emerging evidence to suggest that creative sectors are closely linked and interrelated. A recent analysis of firms and industrial activities in Zurich found that whilst certain activity areas tended to cluster together there were also very strong links between clusters of creative activity within the region.

----- INSERT ZURICH CREATIVE CLUSTER MAP HERE -----

The rise of the idea of a bundle of related and interconnected ‘creative’ industries should perhaps be seen in the context of a search within policy circles for alternatives to standard economic and regional development models; and a search for knowledge based substitutes/replacements for increasingly scarce jobs in ‘traditional’ industry. Typically the rise of creative industries focus has taken one of two approach or starting points.

How creative industries are treated in this report

In this report, the analysis of the creative industries is based on two fundamental considerations. First we believe that the creative industries must be considered in the context of an economic approach to the study of the Nordic creative industries, taking our point of departure in research on industrial competitiveness and transformation (business strategy, institutional and evolutionary economics etc.) in general, and modern research in economic geography in particular. Our approach has been to divorce ourselves from cultural or artistic appraisals and to focus only on these activities as commercial and industrial endeavours. We are not alone in doing so. In the UK, amongst many, the ‘creative industry’ policy has a pronounced focus on those parts of the creative industries that are interested in commercial profitability and growth (DCMS 1998, 2000). Thereby non-profit cultural/creative organisations are not generally included: ‘creative industries’ thinking reflects an attempt to widen the debate on the value of culture in policy away from a traditional focus on cultural policy as funding for fine arts and heritage institutions.

This means that, secondly, creative industries should be analyzed in economic and systemic terms. We will regard the creative industries as industrial systems, i.e. systems of interrelated actors within specific socio-institutional environments. The image many people have of the creative industries is one of super-star designers working as haute-couture artists in the rarefied worlds of Parisian salons and Milan cat walks, or indeed the starving artist striving ceaselessly for aesthetic perfection. However, when a group of small countries manages to develop not just a few but a score of internationally successful creative industries, firms and movements, there are reasons to assume that ‘local industrial milieus’ have developed: clusters, regions and milieus that actively contribute to success in recruiting talent and developing commercially viable and exportable products (Florida 2002).

If the creative industries are made better by the places and local systems they are embedded within, then it is also true to say that those places greatly profit from successful creative industries. Dynamic creative industries have been shown to provide jobs, attract tourists, inward investment, creative/innovative workers, and to enrich culture and society. Our point then is that now is the time for us to rethink creative and cultural activities, and to realize that they have considerable economic

development potential: potential that the industrial systems and milieus they are embedded within will greatly help bring out and also benefit from.

There has been considerable debate about the economic value of cultural and creative activities and products. In our perspective and for the sake of simplicity we suggest that the economic impacts of the creative industries can be seen in two dimensions (see also Power and Gustafsson 2005):

1. **The sales perspective** – creative industries quite simply sell goods and services at home and abroad. They sell:
 - Pure creative goods and services: e.g. music, media, film, etc.
 - They help in forming the competitiveness and sales potential of traditional products: e.g. it is easier and more profitable to sell well designed and marketed electrical goods, cars, IT services, etc.

2. **The inward investment/local capability perspective.** The creative industries can play a wider role in creating local advantage by helping to:
 - Attract inward investment and venture capital
 - Attract mobile knowledge workers
 - Attract tourists and visitors
 - Create strong internationally recognised regional brands, profiles and quality marks

The economic impacts of creative industries are, of course, only one aspect of their value. These industries also have an invaluable and undeniably central cultural and social value. The activities that many of these ‘industries’ are involved in contribute to the core of our civilization, culture and society and are a central part of who we are and we will be. Without discounting these facts, there is growing evidence that their economic contribution is considerable and growing.

In 2002 the UK Department of Culture, Media and Sport issued a statistical bulletin on the UK creative industries which estimated that between 1997 and 2003 the sector grew by 6% per year (compared to 3% for the whole of the economy) and accounted for 8% of Gross Value Added in 2003. UK creative industries exports were equal to 4.1% of all goods and services exported and total creative employment increased from 1,5 million in 1997 to 1,8 million in 2004.

Do creative industries fit into standard industrial policy?

There are several reasons to think that the activities that are included under the creative industries banner should not be judged in the same terms we use for industry in general. Certainly the artefacts and ideas these ‘industries’ have contributed to our cultures, societies, and civilisations go far beyond what is measurable in monetary terms. Many argue that by coupling art and creativity to terms such as commerce or industry ultimately leads to the slow destruction of art and creativity.

In this report we have chosen to avoid the age old debate of art versus commerce; choosing instead to recognise the reality that most artists and creators have to earn a living in order to support their creative endeavours. Far from arguing that arts and cultural subsidies need redrawing we focus here on how Nordic policies might help support the commercial endeavours of those creatives that take – for better or worse – the commercial path.

However, bearing in mind the fact that we have said that there are valid reasons for taking an economic and industrial approach to the creative industries why then should we treat them as in any way deserving of specific policies? Are they not just another series of sectors that can be fitted into the well established policies we have for stimulating entrepreneurial, industrial and regional economic development?

There are arguably many reasons for thinking that there is something about creative industries that makes them quite different to many other industrial activities; and thus not fully amenable to the standard industrial policy models we use elsewhere in the economy, and need to be different from traditional economic and regional development policies.

Firstly, the creative industries essentially sell very intangible products. Whilst there may be a concrete or material product with a definite functionality or use (e.g. a piece of clothing) the reasons for why we buy it are far from tangible (this shirt expresses who I am, makes me feel good, looks nice, etc.). If the production and sale of such things as digital products, brands, signs and symbols is fundamentally different to the production and sale of functional products then we need different support policies. For instance planning for urban diversity and high quality information communications networks may be much more important than planning for more efficient heavy goods traffic or out of town business parks.

Secondly, attention needs to be paid to the fact that in most cases these are young developing industries. Industries that rely on digital content and distribution, for instance, are going through rapid technological change as well as having underdeveloped organizational infrastructure: such as R&D support and industry organizations. In addition even if they are long established industries with well established representative bodies and practise – like book publishing or architecture – they tend to be industries where small businesses dominate. As knowledge intensive industries, creative industries are typically composed of swarms of small producers complemented by a few large establishments. Small producers in the creative economy are frequently marked by neo-artisanal forms of production, or to flexible specialization, meaning that they concentrate on making particular categories of products (clothing, films, games, etc.) but where the design specifications of each batch of products change repeatedly. Large firms in the cultural economy occasionally tend toward mass production, but are increasingly prone to organization along the lines of “systems houses” (Scott 2002) – they act as holding companies/financiers that aim to organize the efforts of and inputs from a multitude of small firms and creative individuals.

The fact that the creative industries are dominated by small firms in conjunction with relatively few large corporations could be seen to increase its creative potential since

smaller, younger firms tend to be more flexible. In the long run innovation depends on new entrants; new entrants that grow into strong innovators. The existence of a variety of small and flexible firms also allows the creative system to react quickly to new types of project and new demands: networks of small firms that can quickly assemble project teams are increasingly a competitive strength of the Nordic creative scene. If very small firm sizes dominate creative sectors then we need to be especially aware of the needs of small firms and entrepreneurs.

Whilst not a unique feature of the creative industries, it is true to say that they are particularly sensitive to global markets. The products they produce and sell flow easily across the globe and are often highly prized in very distant places. Additionally many creative products are highly niched and thus find it hard to sell sufficient volumes in the relatively small Nordic home markets. For many firms it is not the ability to produce a world class creative product that is the problem but rather the problem of reaching and locating consumers and markets that may be very far from home. In such cases regional or technological support may be a less pressing need than help with export issues and promotion.

Another reason for why we should sometimes consider these industries different from more 'traditional' ones is their overriding need for constant upgrading of their creative capacity. Markets and demands for creative industries products are highly volatile and fashion dependent with the result that product life-cycles are generally short and subject to rapid change. Firms and entrepreneurs adopt a variety of different strategies to cope such uncertainty but continuous creative development and capacity building is by far the most important. For small firms to do this successfully they often rely upon dense local networks in which they may generate new ideas in collaboration with other actors, and where they can learn about the latest trends, techniques and ideas. For firms located far from urban areas regular participation in trade fairs, industry events and trade associations can be an important substitute for local networks or clusters. For all firms access to highly skilled creative labour and a world class knowledge infrastructure are important not only in the long term but on a daily basis.

The Nordic Arena

This report addresses the idea that a united Nordic approach could benefit the creative industries. This may seem somewhat strange given that most of the policies currently applied to the creative industries are focused at the local and regional levels. Indeed the clearest and most unambiguous finding of successive academic studies is that firms in these industries are more innovative and export to a higher degree if they are situated within localized industrial clusters (Power and Scott 2004; Power 2003, 2002). It seems that as with other knowledge intensive industries, the creative industries benefit from being located as near as possible to each other. Firstly, they seem to enjoy agglomeration economies – shared infrastructural and transaction costs are lower. Secondly, it seems that they benefit from cluster dynamics – proximity to collaborators and competitors allows for knowledge spill-overs, more dynamic labour markets, collaboration and cooperation on product development and offerings (Malmberg and Power 2005; Porter 1990; Sölvell et al. 2003). The fact that most creative industries are dominated by SMEs and that project-based collaboration and

working together is common mean that proximity to potential collaborators and partners is often more important for creative industries than for many other industries. For example, the making of a motion picture or a single issue of a magazine can involve the inputs of over a hundred different freelancers, collaborators and firms. Proximity and clustering lower transaction costs and make project working easier.

Nonetheless whilst local industrial milieus and clusters are often the most effective arenas within which creative industries firms can develop good products it is far from clear that policy should stop here and only concentrate on local initiatives. Even though creative products may be most likely to emerge from tight local networks, ultimately the products of firms in small open economies – such as the Nordic countries – will only be profitable in wider markets. It would therefore be unwise to focus industrial policy on the local development of products alone and ignore the fact that at later stages in the product cycle support might be needed. In addition, for many firms in the Nordic area there may not be a strong local cluster nearby: for instance if the firm is doing something highly specialized or if it is located in a remote area. Cooperation across borders and beyond the local area offers a real possibility of helping firms find new markets or to source the sorts of resources and interaction they need to develop (Ainamo, Kasvio and Kukko 2003).

There are many reasons for thinking that coordinated Nordic policies are an excellent complement to local and national policies to support the creative industries. Not least of these is that there already exists a high level of integration and coordination between the countries. Nordic countries share many institutional and cultural links and similarities. Within the creative industries themselves interpersonal and firm level links are relatively common place, as is the experiences of working in other Nordic countries. Concerted Nordic action could build upon and create new links across the region in a number of areas. The goal of such work would, of course, not be to create a common history or culture but to use common backgrounds to develop effective policies directed towards increasing the competitiveness of Nordic creative industries. Later in this report the policies we suggest are concerned with the potential of thinking across borders and envisaging cooperation and coordination across the Nordic region. We are concerned specifically with policies that stress the importance of cooperation and coordination between firms, institutions, and government. There are many areas in which coordinated Nordic action could aid the scale and scope of creative industries. A far from exhaustive list could include:

- Pooling publicity and promotion efforts and co-branding
- Combined export promotion
- Linking domestic markets and supporting cross border trade
- Connecting producers with Nordic distribution channels
- Linking big and small firms across the region
- Development of common infrastructure and linking of existing institutions
- Developing the educational sector
- Labour and skills development
- Technology and R&D (basic and applied)
- Innovation and information dissemination

For the purposes of this report we have tried to think about concrete policies that focus on taking advantage of scale and scope. Taking advantage of *scale* is about recognising that by combining and coordinating resources and activities we can gain from similarities. For example, it may be interesting to play on Nordic similarities when it comes to attracting investments and capital or in branding certain creative sectors. Taking advantage of *scope* is all about recognising and harnessing the differences between the Nordic countries. Looking for scope might involve seeing that in different places different skills and strengths exist; and that by linking these different specialisms synergies can emerge. It is important to be aware of both the similarities and the dissimilarities.

The Nordic region has the capacity to become one of the world's most dynamic and important regions for creative industries. This is something we must work together to achieve.

Policy Dimensions – ‘propaganda’, ‘paragraphs’ and ‘programmes’

The aim of this report is to suggest ways in which Nordic policy interventions can help support the development and competitiveness of the creative industries. As already mentioned the policies discussed in this report are divided into five policy areas of particular interest. These areas are: 1) Knowledge and innovation in the creative industries; 2) Cooperation and collaboration between creative industries firms; 3) Connecting creative industries firms with other industries; 4) Helping Nordic creative industries reach the market; and 5) Encouraging and investing in entrepreneurship.

Under each heading the policies and recommendations are further broken down into three sub-headings. These sub-headings reflect the type of action area involved. These three types of action area are; ‘Propaganda’, ‘Paragraphs’, and ‘Programmes.’

- *Propaganda* is concerned with policy recommendations that are to do with changing attitudes. In particular propaganda is about changing attitudes about the creative industries being ‘real’ industries. It is about making other industries, politicians and the public understand and value the economic relevance of these activities. Propaganda is first and foremost done through information, communication, dissemination and branding.
- *Paragraphs* are policy recommendations directed towards formal regulations. These policies are about changing the institutional infrastructure and regulations generating the conditions for innovation, knowledge creation, and also the legal framework for commercialising and secure investments in the creative industries.
- *Programmes* are targeted support ideas that aim at concrete initiatives that run for a particular period. These are policy recommendations and short term initiatives with the aim to concretize the policy areas discussed in this report.

These subheadings are intended to give some structure to our recommendations and provocations and we hope they help focus attention on the fact that information, regulation and concrete projects are all needed if we are to support the creative industries.

Creating world class knowledge and innovation

The Creative Industries are entirely dependent on knowledge and innovation. Many of the products they offer are in essence nothing more than intellectual property: there are very few music buyers that buy a CD just because they like shiny plastic disks. The success of creative products rests on their ability to give us new experiences, look or feel a certain way, express our status or ambitions, etc. They are industries which produce goods and services where the intangible elements of the product far outweigh the material or use value. However, we tend to change our tastes in these products very quickly and the firms and individuals that work in the creative industries are under constant pressure to provide new fashions, ideas, creations and so fourth – to be continuously creative.

New knowledge and innovations – and therein industrial development and competitiveness – often heavily rely upon cooperative and collaborative links between the academic sector, private sector and the public sector (sometimes referred to as the ‘Triple Helix’). In industries such as biotechnology and medicine it is accepted amongst policymakers and industrialists that world class research and development institutions are needed. This is in addition to the vital role such institutions play in supplying skilled and creative workers and professionals. The Nordic countries have a long history of high quality education in various creative fields but there is still much to be done. With concerted effort and cooperation we believe that the Nordic region has the potential to become a globally important centre for education, research and innovation in the creative industries. In order to achieve this goal various policies are needed: policies that communicate and inform; policies that address institutions and regulation; and specific projects and programmes.

PROPAGANDA – information on the importance of entrepreneurship, innovation and knowledge in the creative industries

- There is a general lack of research into the creative industries. A key policy should be the promotion of the importance of funding and resources for applied and technical research as well as basic research within the creative industries.
- Some creative industries face problems securing venture capital and many of these problems stem from information and knowledge gaps. These gaps mean that: the creative industries need more information on venture capital, and also that potential investors need more information and awareness of the profits to be made from certain creative industries and on how to evaluate business opportunities. A first step to encourage better communication between venture capital and the creative industries could be the development of information and evaluation tools and ready made packages for creative industries investments.
- Innovation and knowledge are inevitably connected, but need new influences to be remain fresh and relevant and new influences flow with people. Strengthen the idea that diversity in the creative industries labour force is a

source of innovation and promote the idea of flows of people with different non-standard ideas - to firms and sectors.

- A reputation for cultural and creative excellence is something that the Nordic countries have long enjoyed. Awards that celebrate not only Nordic but global excellence could be helpful in signalling the importance we place on outstanding creative innovation. A co-branded series of awards in culture and creative industries, akin to for example the Polar Music Prize, could be an interesting way of promoting the region's reputation for rewarding creative knowledge and innovation.

PARAGRAPHS – formal regulations and actions changing the institutional infrastructure for education and knowledge creation

- Examine whether tax incentives have an effect on attracting foreign direct investments and projects (e.g. film location shooting), and people (knowledge). Even short term projects can bring in new skills and knowledge that local firms can benefit from.
- Investigate the possibility for tax incentives to research and development. All OECD governments provide general tax incentives for R&D (current year write-offs, R&D tax credits etc.) that could in principle apply to R&D in such areas as games hardware, software and infrastructure.

Computer and video game development is R&D intensive with as much as 30-40% of game development costs being attributable to R&D and innovation, but in many countries it is unclear to what extent game development is considered as R&D (OECD). Gaming is not, of course, the only creative industries sector that depends on the latest technology and techniques. The digitisation of media and content industries places an even greater premium on returns to R&D and technological investments.

- There is a lack of sufficient official statistical data on the creative industries even though there is an increased demand from government and industry for reliable statistical data. There is a need for more mapping to provide a better picture of the development within the creative industries. This is necessary to help inform policy development. The mapping also needs to be based on a common understanding of the coverage of the creative industries. Coordination at a Nordic level could help the introduction and gathering of knowledge and statistics on creative industry performance and development (scope and scale). Nordic cooperation could also greatly help the creation of new measures and more accurate statistics at an international level.
- Benchmark Nordic and international best practice in creative industry education and make public these findings.

PROGRAMMES - concrete policy recommendations for improving innovation and the knowledge base in the Nordic creative industries.

- **Research and Development (R&D)** There is a real need to support advanced research into the activities creative industries are concerned with. Relative to other Nordic growth industries, such as biotechnology and ICT, there is a very considerable lack in advanced research both within educational institutions and within the private sector. In some areas the equivalent of basic or fundamental research is carried out at doctoral and postdoctoral levels: such as in the fine arts or in architectural theory. However, applied research at an advanced level is almost completely lacking in the branches of research and academia relevant to the creative industries. This is not, however, because creative industries do not use advanced technologies, materials, manufacturing processes, etc. Indeed sectors such as the broadcast media are often pushing at the forefront of information and communications technologies; industrial design at the leading edge of computer aided design, manufacture and customisation software; and architecture has been consistently responsible for pushing the envelop in materials, structural and mechanical engineering.
- Support the creation of Nordic Centres of Excellence in creative industries research and development.
- R&D funding for design should be open to all disciplines. It is important that design education and research is cross-disciplinary including for example economics, business studies, and engineering.
- Throughout Nordic and European countries there are ‘Living Labs’ and ‘Testbeds’ that are increasingly networked together and are also present outside Europe, principally in the USA. The creative industries could play a valuable part in the efforts of these ‘living labs’. A project to network creative industries firms and institutions into this innovative development should be developed.
- **Support post-doctoral and doctoral research** Post-graduate and research-based programmes should be developed around cluster fields; where research and knowledge production matches specific needs industry actors and experts identify. This could for instance be steered by technology foresight initiatives.
- Much more could be done to attract foreign research student and researchers; as well as to give our brightest researchers the chance to gain experience abroad. Something akin to a Nordic version of the Fulbright programme could help in this regard.
- **Internationalization of the education system** In order to generate and get access to new ideas and perspectives it is important that people and ideas have the possibility to get into the Nordic countries. Policy should promote the idea that we have to attract creative people from outside the Nordic region, but also to increase the exchange of creative people within the Nordic region. In order to create world class knowledge and innovation there is a need for cross institutional cooperation and upgrading in (third level) education across the Nordic countries. Third level creative industry related educations need to be internationalized to a far greater extent than they are today. In order for firms to be more international, the students and future creative professionals they rely upon should be provided with educations that are international in scope and which aim to be amongst the best the world has to offer. Examples of measures that need to be taken are: better use of exchange programs or study abroad periods; increase intake of overseas students; more foreign language

training; increase the use of foreign external examiners; extend visiting academic initiatives and programs; benchmark international best practice in creative education.

- Mandatory exchange programs and study abroad periods in addition to greater use of exchange programmes between the Nordic countries. Educational programmes in the creative industries should consider requiring students to go abroad to acquire as a part of their degree programme. Programmes such as NordPlus and Erasmus exist to support such exchanges within and beyond the Nordic region.
- It is important that educational endeavours in the Nordic countries can draw on and support each other more efficiently if they are to provide the very best education and research. Increase collaboration and joint programs/courses between specialised creative schools in the Nordic countries.
- The Nordic countries should also consider the idea of an increased intake of overseas students in order to support diverse influences in the educational system. Students that are exposed to a wide variety of influences and different cultures may be more innovative and be better equipped do business in foreign markets. A key related issue is the international transferability of the educations they receive; there is thus a great need to engage in debates (such as the Bologna process) over how to make the transfer of educational credits and qualifications across European boundaries easier.
- New talent and diversity are important. Policies are needed to encourage the involvement of more creative industries employees from non-traditional backgrounds and to support more inward migration of foreign creative experts, professionals and even firms.
- **Industry-university networks** More active industry-university partnerships and industry internship programmes should be integrated into creative industries related research and educations. Active industry-university partnerships help facilitate contacts between students and the industry that can result in better job prospects as well as increasing the flow of new ideas between the educational and commercial sectors.
- More industry-academy links in teaching. Greater links between the two sectors could also be facilitated through more teaching done by industry representatives from companies (directly or indirectly) related to the creative industries.
- Upgrading the knowledge base. In some creative industries, like for example the music industry, there is a relative lack of formal education. However, due to the size of these individual industries it may not be possible to organise world-class education and training at national or local levels. Nordic coordination would seem an ideal solution to this.

Hooking up firms within the creative industries

Within the Nordic creative industries there are a large, and growing, number of firms working in different sectors. However, locally - in individual countries and regions - firms working within specific sectors of the creative industries might find themselves relatively isolated, find it hard to locate the services they need, find it difficult to find business partners or recruit experienced staff.

Better links between firms and regional clusters within the Nordic region could help firms find the partners that complement them best, both in flexibility, scope and scale. In certain sectors Nordic cooperation has made more ambitious projects possible, led to cost savings and opened up new markets. Cooperation between firms often results in better products and services, but also the possibility to work with even very large customers. For instance, in film and television production cross-border and joint-Nordic projects have become common practices in recent years.

By hooking up firms in local or regional clusters and production milieus there is a possibility to create synergy effects. At the Nordic level hooking up firms is also about hooking up local or regional clusters with each other in order to create a Nordic production network and in this benefit from the different competences existing in specific clusters. The more clusters are able to cooperate and pool their different talents and specialisms the more likely it is that they can produce truly unique products and services that are globally competitive.

PROPAGANDA – information on the importance of linking firms within the creative industries

- Inter-firm Nordic cooperation can have important benefits but firms may find it difficult to learn about complementarities, strengths and skills available in other Nordic countries. Different actors and arenas can have a powerful role in providing awareness and information about other firms and potential partners in the Nordic region within the same sector (for example, within the music industry). Specifically the following – online databases, web-portals, newsletters, trade fairs, awards ceremonies, industry organisation events - can work as important information channels and could be supported or encouraged.
- Lobbying on common issues that affect a sector could be strengthened through Nordic cooperation and coordination. For example, in areas of concern to film, television and music firms such as intellectual property rights legislation. Greater cooperation between the various Nordic industry organisations in such sectors could therefore be mutually beneficial.

PROGRAMMES - concrete policy recommendations to help link firms together.

- Nordic meeting places, agents and contact brokers could help firms better understand and reach potential partners elsewhere in the Nordic region.

- Projects are needed in the areas professional networking initiatives that are aimed at linking small firms together so that they can share experiences and offer joint product packages. Joint product offers are an important way in which small firms can reach larger clients (who for instance might want a range of new designs in a short period that a single firm might not manage) and helpful to large clients who do not have the time or competence to individually source the range of inputs they might need for a particular project (for instance all the various branding, design, architectural, media, etc. inputs a corporate re-imaging might involve).
- Local cluster initiatives should make it a priority to not only help network their members with each other but also to network the cluster as a whole with other Nordic clusters. In many cases individual clusters have particular strengths and competences that firms in other places may not find locally. However, awareness of complementarities is the first step and local cluster organisations and firms often need help finding out about the strengths and skills available in other Nordic countries. Different actors and arenas can have a powerful role in providing awareness and information on other firms and potential partners in the Nordic region within the same sector or between sectors within the creative industries.

Nordic film clusters: In recent years there has been considerable cross border cooperation in the Nordic film industry. It is common place, for example, for films developed and planned in the Danish film cluster to use the cluster of firms skilled in production and location shooting in Trollhätten in Sweden. In television production Nordic cooperation has become a constant feature.

- Support industry organisations networking on a Nordic level. A well networked system of industrial representatives and professional bodies can help link firms together in a number of ways.

Connecting creative industries with other industries

The need for creative industries firms to link up with firms from other industries is not just limited to helping them meet firms in 'traditional' industry. There are often just as high barriers and just as wide cultural gaps between, for instance, designers and music industry executives as there are between designers and executives from manufacturing industry.

Creative industries do not only find it difficult to cross industrial or sector borders but often encounter problems hooking up with government and policymakers. Creative industries often find themselves falling between two stools when approaching government: typically do they engage with cultural policy. To be able to bridge such gaps there is a need for meeting places, agents and contact brokers that could help bridge these gaps. These brokers could help to promote the existence of the extensive range of products and services available at the home market.

There is a need to improve business support agencies awareness of creative businesses, and to provide appropriate support mechanisms, including the need to help creative businesses to network more effectively, encouraging communication and exchange.

This point aims at creating conditions to make different sectors within the creative industries able to cooperate, but also to increase the communication, understanding and cooperation between the creative industries and other industries. In this, it is also important to link different Nordic clusters to each other.

PROPAGANDA – information on how firms from various sectors and backgrounds can hook up with each other.

- Raising the awareness of the creative industries could be said to involve three processes; First, making other industries and governments aware there is a creative industry; Second, getting them interested in what it might be; Third, figuring out what it takes to get the other sectors within the creative industries, and other industries or governments to make moves towards working with it.
- There is a need for information points and communication platforms where information on other firms (in other sectors) can be shared and matched between potential partners in the Nordic region. For example single points or platforms where a machine tool firm could find information on the best Nordic industrial designers with experience in the area.
- Within the policy community it is of great importance to increase the awareness of the synergies and opportunities in linking creative industries to other industries. For example, taskforces and inter-departmental groups could be needed. Technical or cultural attachés can make up a resource in promoting cultural industries and other industries synergies.

PARAGRAPHS - formal regulations facilitating the expansion of the creative industries

- Develop standards to help public sector purchasers make decisions that include an appreciation of the benefits of including creative industries. In 2005 in Sweden the Government required that public purchasing take into account good design in their decision making process.
- Set standards and promote international industrial and service standards. In cases there are no European standards available for products and services, it is a good opportunity for the Nordic countries to act as pioneers and develop and promote Nordic, and ultimately European or even transnational, certifications and standards.

PROGRAMMES - concrete policy recommendations on the expansion of the creative industries

- Industry organizations and public authorities could produce information packages and organize targeted seminars in order to help financiers and venture capitalists understand what investing in creative industries involves and the potential returns.
- There is a need for ice-breaking activities. For example public purchasing activities or the Nordic governments subsidising firms in traditional or other industries that want to hire or employ resources from the creative industries. This has been used in Denmark in recent years.
- Initiate programmes covering technology transfer and joint development platforms and projects to encourage synergies between creative industries and other industries. Technology transfer projects may be applicable between, for example, digital content industries and firms in electronics or between computer/mobile gaming and medical software.
- Promote networking, create platforms for interaction and actively encourage information exchange. Spread examples of best practices and examples of good business and design practice.
- Explore the possibilities of Nordic ministers to institute a Creative Industries Council: such as the 'Rådet för arkitektur, form och design' in Sweden.

Hitting the market

There is certainly no lack of creativity and talent in the Nordic creative industries. A wealth of new ideas and exciting new products are constantly being produced. However, for a product and a firm to be successful the initial creative process is only the first step. It is the later stages of a products' journey to the end consumer that are often the most decisive to its success. The history of innovation and technological development is littered with fantastic inventions and killer-applications that never hit the market or grabbed the consumer in the right way.

All too often innovation and industrial policy focuses largely on product development stages. However, the commercialization, distribution and retailing of products are often where new opportunities can be made and where significant value-added can be created. For many actors in the creative industries – especially small firms with relatively few resources – finding new markets and customers or making the best of the avenues they have in sight can be difficult. Such difficulties are compounded by the fact that relatively small domestic markets – and often highly niched products – mean that for many firms it is far flung global markets that offer the best sales potential.

Helping firms and sectors to find new markets and better connect with existing ones is a priority for all parts of the creative industries. It is important to establish, to higher degree than before, the Nordic countries as a market for firms within the creative industries, but also through common strategies export the Nordic creative industries and reach for the global market.

PROPAGANDA - information and publicity that aids firms' ability to reach new markets and new customers

- **Branding the Nordic creative industries** Public awareness of Nordic creative products and creative industries is an important dimension. Communicating Nordic excellence in creative products to the Nordic public as well as to an international audience can greatly help new products and firms find customers and market acceptance. Cultural showcases and events can have a lasting effect on public perception and should be supported.

One example of a successful annual showcase that has greatly helped firms find customers and distributors in Japan is the annual Swedish Style week in Tokyo that showcases Swedish design, fashion, music and arts. The TimeOut (2005) guide to Tokyo, for instance, recommends “If design is your thing, aim to visit in October... Swedish Style”.

- Platforms to support export development through brand building. Cultural events, showcases and exhibitions can create powerful (and lasting) brands.

The term 'Scandinavian Design' comes from the title of a 1951 exhibition in a London Department store: the exhibition was the first collaborative Nordic design and decorative arts exhibition outside the region. The longevity of the term was further secured by a travelling exhibition called 'Design in Scandinavia' which hit the US and Canada 1954-57; and by exhibits and critical attention at the Milan Furniture Fair during the 1950s.

- Develop intelligent brands. Successful branding is an ongoing process and there is a need to continuously develop and examine established and emerging brands. Governmental driven or funded branding for industries must be carefully undertaken and professional advice as well as full involvement of stakeholders is necessary.

PARAGRAPHS - formal regulations facilitating the export potential and effectiveness of the creative industries

- The majority of firms in the creative industry aim to profit from intellectual property. Therefore there is a need to look into IPR issues. The Nordic inter-governmental framework may be a good forum within which intellectual property rights and regimes are examined and common policy (lobbying) activities are developed. There is a need for information on how firms can create and protect new revenue streams from intellectual property.
- Monitor and evaluate the regulation of new distribution technologies and the application of existing regulation to these new methods. Whilst digital distribution carries with it undoubted possibilities for criminals and pirates, automatically hindering all new distribution trends can negatively affect the development of innovative solutions and technologies that in the longer term could provide rich new opportunities to Nordic creative industries.
- The Nordic Council of Ministers or the Nordic Innovation Centre (NICe) could perform useful roles in highlighting the importance of supporting the creative industries. The Council in particular could act to support the cross-national networking and awareness of various regional initiatives and cluster organisations within the governmental sector.
- Openness to inflows (import) tends to be highly correlated with future outflows (export). For instance, the openness of Nordic media channels to foreign popular music is widely credited with helping Nordic musicians and music firms understand foreign markets and develop products that export successfully.

PROGRAMMES - concrete policy recommendations aimed at helping creative industries hit new markets

- **Export, branding and the importance of trade fairs** International trade fairs are an important sales and networking opportunity for design firms interested in exporting and support for their involvement should be recognised as a real investment opportunity (and not just a promotional exercise) by export

authorities and trade bodies. Funding attendance and activities that link firms with potential clients and marketing or press channels should be prioritized. At trade fairs export authorities, embassies, industry organizations, etc. can help with such things as administrative issues and translation services, and by using their often superior local knowledge to help pre-arrange business and press contacts and meetings.

- For firms, trade fairs and industry events are often the most direct and important route to new markets and distribution channels. Trade fairs have a general importance for the interchange of information and meeting industry participants as well as their export-promotion function. Larger international trade fairs also attract significant media attention that can be invaluable to firms trying to establish themselves in new markets.
- Nordic and national trade fairs should be supported in efforts they make to internationalize: internationally recognised trade fairs greatly enhance the national brand and help firms to access wider markets. Private actors that run trade fair events have already started using the Nordic brand themselves. For instance, the advertising campaign for Stockholm Furniture Fair 2006 went under the slogan: “Världens största mäsas för nordisk design” (The world’s largest trade fair for Nordic design). Copenhagen International Furniture Fair 2006 advertised under the slogan: “Your access to Scandinavian furniture and design”. Whilst the emergence of one local trade fair as ‘the’ Nordic event may take business away from other competing Nordic events it can be important for the industry as a whole to have a coherent shop window to the world.

Entrepreneurship

As we have already mentioned, a range of commentators from cultural theorists to business experts have suggested that the cultural, symbolic, emotional and aesthetic elements of products are becoming more decisive factors in consumers' choices than physical performance and function. In response to consumers' increased demand for new entertainments, distractions, modes of display, etc. entirely new industries have emerged (e.g. video gaming, web design), older cultural industries have gone from being the preserve of the elite to mass market global industries (e.g. books, high fashion, designer furniture), and traditional consumer industries have tried to redesign and repackage what they always done to suit consumers' new desires. Whatever the exact nature of the changes occurring, it is certain that the cultural industries have become a burgeoning entrepreneurial scene. In recent years, we have seen in every advanced economy a surge in start-ups, new entrants, new labour and new activity/product areas (see Power 2002, 2003; Pratt 1997).

However, firms and entrepreneurs in the cultural industries are faced with a very difficult set of market conditions. Due to the rapidly changing nature of consumer preference these highly aestheticized product markets tend to be characterised by volatility, uncertainty, and fast product cycles. This means that for firms and industries dealing in such markets the development of particular risk management and coping strategies is a key characteristic of how they organize themselves. On an aggregate level it means that larger groups of firms and indeed entire industries in the Nordic countries may develop working and organizational cultures and institutions specifically tailored towards the management of entrepreneurial risk and the ability to rapidly change and adapt to the vagaries of consumer tastes. Other countries and regions in related industries have already done but more needs doing in the Nordic countries (Djelic and Ainamo 1999).

Indeed risk, uncertainty, volatility and fast-moving change is a characteristic feature of activities within the cultural industries such as chart-music, seasonal fashion design, block buster films, persuasive commercials, to name a few. In order to face this situation, entrepreneurs in the creative industries must have well tailored support systems and the business skills to successfully manage new firms involved in far from risk free markets.

At the same time - and this cannot be stressed enough - there is an obvious need to have an active dialogue with those cultural entrepreneurs that are already 'making hits happen'. Active dialogue and information within the industry (and for policymakers about the industry) is essential to understanding and learning how we can improve the entrepreneurial basis for the creative industry and help lessen the risks involved.

PROPAGANDA – encouraging the entrepreneurial scene in the creative industries

- There is a need for upgrading the status of the creative industries. These activities must be treated as legitimate entrepreneurial opportunities by business promotion authorities and investors/financiers. Key to this is the

availability of information and analysis tools for investors and venture capitalists. Supporting the development of information and tools for evaluating creative industries investments could boost the opportunities available to new entrants.

- Promote the upgrading of the entrepreneurial and commercial skills within the creative industries firms. Within many parts of the creative industries there is a lack of knowledge of commercial and business (re)presentation and information.
- In more specialist or niche creative industries there is a great need for information about entrepreneurial issues that cannot be fulfilled locally. Nordic portals or networks could help spread information and help to entrepreneurs wherever they may be located.
- In many creative industries there is a constant debate about issues of art versus commerce. It is important to be aware of these issues when creating policies for the creative industries.

PARAGRAPHS - formal regulations facilitating entrepreneurial activities

- Intergovernmental initiatives that may have a bearing on creative activities should stress awareness that creative activities are also areas of entrepreneurial and industrial activity. Regulation aimed at stimulating entrepreneurial activity should be aware of the business opportunities, sides and needs of cultural and creative activities.
- Introduce business, management and entrepreneurship training as an integral part of creative educations. Standards and requirements in creative educations are very high in the Nordic countries but most often focus entirely upon the creative side. This can mean that new entrants that set up firms are extremely good at creative tasks but less prepared for the practical and business dimensions of running businesses. There is a general need for rethinking, or complementing, the education system within creative industries to take greater account of issues to with and attitudes towards entrepreneurship.

PROGRAMMES - concrete policy recommendations aimed at creative industries entrepreneurship.

- Support incubators and incubator networks. Incubators can be found in various forms in all the Nordic countries and have proven to be highly successful in supporting entrepreneurs. Not only can entrepreneurs receive targeted support and help through them but also have the chance of meeting, learning and collaborating with other entrepreneurs. Since in many places the creative industries are relatively small it would be advantageous to network and link firms in incubators across border. New ways of using the idea of incubators could be developed so as to work at a Nordic level. An example of such an approach could involve the creation of Virtual Incubators: networked incubators instead of an incubator in one single house. These virtual incubators might function best if led by expert groups that could help steer and direct the evolution of virtual networks linking incubators in the Nordic countries.

- In order to support a balanced labour force there is a need for Nordic initiatives to offer mentoring programmes directed towards diversity (gender, race, age etc) within the creative industries. Running such programmes at a Nordic level could help overcome the lack of neutral mentors in many local areas or the problem that in sparsely populated industries, even at a Nordic level, there are few peers to seek advice from. Such mentoring programmes could take place in particular places or be virtual in character. Indeed in many other countries mentors that are accessible over the phone or internet have proved invaluable support to younger entrepreneurs.
- Support to the creative industries is also available from actors outside the Nordic region; such as the European Union. More information to creative industries entrepreneurs on European Union funding is needed. European funding is available to support a range of issues pertinent to entrepreneurs in the creative industries that are interested in cross-border cooperative ventures. However, awareness of these funding opportunities is often limited, information can be difficult to source and application and tendering processes can appear quite daunting. Encouraging awareness within firms of the existence of European Union funds that support *cross-border* ventures could help link Nordic entrepreneurs with each other and wider European markets.

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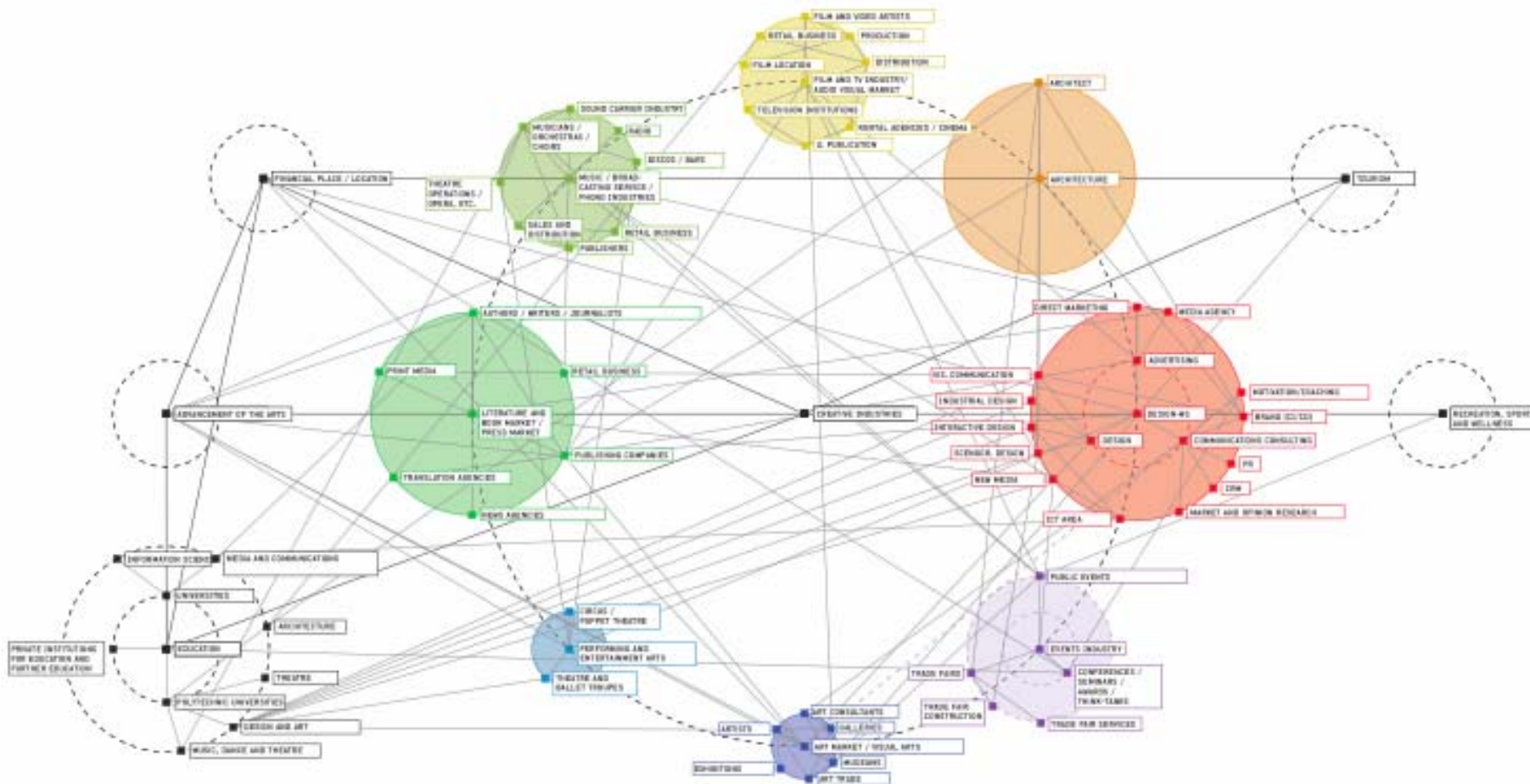
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Table 2

UK (DCMS 1998)	Norway (Haraldsen et al 2004)	New Zealand (NZIER 2002)	Australia (Australian Copyright Council. 2001)	Japan (Yoshimoto 2003)	Hong Kong (CCPR 2003)	Singapore (Heng et al 2003)	Sweden (Power 2002)	Sweden (KKS 2003)
<i>Creative industries</i>	<i>Culture business</i>	<i>Creative Industries</i>	<i>Creative industries</i>	<i>Creative industries</i>	<i>Creative industries</i>	<i>Creative industries</i>	<i>Cultural industries</i>	<i>Experience industries</i>
Advertising	Advertising	Advertising	Advertising	Advertising	Advertising	Advertising	Advertising	Marketing and Communication
Architecture	Architecture	Architecture	Architecture and related professional services	Architecture and engineering services	Architecture	Architectural services	Architecture	Architecture
Arts and antique markets				Artists, academic & cultural organizations	Art and antiques	Arts, antiques trade, crafts	The 'Finer' Arts	Art
Crafts				Lacquer ware			Glass, Ceramics, Crafts; Jewellery	
Design	Design	Design and fashion design	Industrial and visual design	Design	Design	Industrial design	Design	Design
Designer fashion					Designer fashion	Interior, graphics, fashion design	Fashion - Clothing	
Film	Film, Photography, video	Film and video	Film	Film & video	Film	Cinema services	Film	Film/Photo
Performing arts	Performing arts	Performing arts		Music, performing arts	Performing arts	Performing arts		Theatre/Stage art
Publishing	Books, magazines, etc.	Publishing	Publishing	Publishing	Publishing	Publishing	Print Media	
Television and radio	Television and radio	Television and radio	Broadcasting	Television and radio	Television	Broadcasting media	Broadcast Media	Media
Music	Music	Music	Music		Music		Music	Music
Software		Software and computer services	Software design and development	Computer software	Software and IT services	IT and software services		

Interactive leisure software			Interactive media		Game software		Games, New Media	Experiential learning
			Games		Comics			Literature
						Photography	Photography	
	Libraries, museums, etc.			Production, sales & rental of audio & video recordings			Libraries, Museums, Heritage	Tourism
							Furniture	Meals/Restaurants



Source: T Held, C. Kruse and M. Söndermann (2005) *Zurich's Creative Industries*. A report prepared on behalf of the Economic Development Departments of the Canton and City of Zurich.

Creative Directions – a Nordic framework for supporting the creative industries

Nordic Innovation Centre project nr.: 04229

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The Nordic Innovation Centre initiates and finances activities that enhance innovation collaboration and develop and maintain a smoothly functioning market in the Nordic region.

The Centre works primarily with small and medium-sized companies (SMEs) in the Nordic countries. Other important partners are those most closely involved with innovation and market surveillance, such as industrial organisations and interest groups, research institutions and public authorities.

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