

Creative Industries

Overview

The creative industries refers to a range of economic activities which are concerned with the generation or exploitation of knowledge and information. They are also referred to as the cultural industries or the creative economy. Creative economy comprises:

- advertising
- architecture
- art
- crafts
- design
- fashion
- film
- music
- performing arts
- publishing
- R&D
- software
- toys
- games
- TV and radio
- video games

Some argue that the education industry, including public and private services, also belongs to the creative industries.

Nine creative sectors can be identified:

- advertising and marketing
- architecture
- crafts
- design: product, graphic and fashion design
- film, TV productions, TV, video, radio and photography
- IT, software and computer services
- publishing
- museums, galleries and libraries
- music, performing and visual arts

To this list one could add toys and games, the much broader area of research and development in science and technology and gastronomy.

Engineering primarily occupies positions in non-cultural contexts, performing activities of project, management, operation, maintenance, risk analysis and supervision, among others. Nevertheless, many tasks of engineers can be regarded as creative, inventive and innovative. The contribution of engineering is represented by new products, processes and services.

Defining the creative industries as only including industries that create language or cultural artifacts and which engage in some form of industrial reproduction, further reduces the list to the core cultural industries of:

advertising and marketing
broadcasting, film, internet and music industries
print and electronic publishing
video and computer games

Some areas shape their policy around copyright ownership in the value chain, thus adopting a classification dividing up the creative industries according to who owns the copyrights at various stages during the production and distribution of creative content (group of linked activities through which ideas are transformed into cultural goods and services whose value is determined by intellectual property).

Another distinction is between mass production and distribution (film and video; video games; broadcasting; publishing) and those that are primarily craft-based and are meant to be consumed in a particular place and moment (visual arts; performing arts; cultural heritage).

The creative industries are characterized by seven economic properties:

nobody knows principle

demand uncertainty exists because the consumers' reaction to a product are neither known beforehand, nor easily understood afterward

art for art's sake

workers care about originality, technical professional skill or harmony of creative goods and are willing to settle for lower wages than offered by 'humdrum' jobs

motley crew principle

for relatively complex creative products (films), the production requires diversely skilled inputs

each skilled input must be present and perform at some minimum level to produce a valuable outcome

infinite variety

products are differentiated by quality and uniqueness; each product is a distinct combination of inputs leading to infinite variety of options (works of creative writing, whether poetry, novel, screenplays or otherwise)

A list / B list

skills are vertically differentiated

artists are ranked on their skills, originality and proficiency in creative processes and / or products; small differences in skills and talent may yield huge differences in (financial) success

time flies

when coordinating complex projects with diversely skilled inputs, time is of the essence

ars longa

some creative products have durability aspects that invoke copyright protection, allowing a creator or performer to collect rents

Some of these properties may be too rigid. Not all creative workers are purely driven by 'art for art's sake'; the 'ars longa' property also holds for certain non creative products (licensed products) and the 'time flies' property also holds for large construction projects. Creative industries are therefore not unique, but they score generally higher on these properties relative to non-creative industries.

The boundaries between creative industries and cultural industries indicate that cultural industries are best described as an adjunct-sector of the creative industries. Cultural industries include industries that focus on cultural tourism and heritage, museums and libraries, sports and outdoor activities and a variety of 'way of life' activities that arguably range from local pet shows to a host of hobbyist concerns. Thus cultural industries are more concerned about delivering other kinds of value, including cultural wealth and social wealth, rather than primarily providing monetary value.

Some argue for a wider focus on the products of knowledge workers, and judge the 'creative class' (his own term) to include nearly all those offering professional knowledge-based services.

Economic Contribution

The creative industries are increasingly important economically, suggesting that human creativity is the ultimate economic resource and that the industries will depend increasingly on the generation of knowledge through creativity and innovation. Each of the creative industries has an irreducible core concerned with the exchange of finance for rights in intellectual property, implying the creative industries to be 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.

Globally, creative industries excluding software and general scientific research and development account for around 4% of the world's economic output. Estimates of the output corresponding to scientific research and development suggest that an additional 4 – 9% might be attributable to the sector if its definition is extended to include such activities, though the figures vary significantly between different countries.

In the context of other sectors, the creative industries make a far more significant contribution to output than hospitality or utilities and deliver four times the output due to agriculture, fisheries and forestry. In terms of employment and depending on the definition of activities included, the sector is a major employer of between 4-6% of the working population, though this is still significantly less than employment due to traditional areas of work such as retail and manufacturing. Within the creative industries sector, the three largest sub-sectors are design, publishing and television and radio. Together these account for around 75% of revenues and 50% of employment.

The creative industries make a significant contribution to the EU economy, creating about 3% of EU GDP, employing about 6 million people. In addition, the sector plays a crucial role in fostering innovation, in particular for devices and networks.

Remark

Any division into sectors obscures the divide between lifestyle business, non-profits and larger businesses, and between those who receive state subsidies (film) and those who do not (computer games). The inclusion of the antiques trade often comes into question, since it does not generally involve production (except of reproductions and fakes). The inclusion of all computer services has also been questioned.