

EICI responses to the Green Paper “Unlocking the potential of Cultural and creative industries”

Towards a European integrated strategy for cultural and creative industries

Putting in place the right enablers

New spaces for experimentation, innovation and entrepreneurship in the cultural and creative sector

Experimentation, innovation and entrepreneurship lie at the heart of Europe’s creative industries. This should be reflected more strongly in the Green Paper. The fact that creative industries are considered key enablers of innovation in other sectors underlines these capacities (see last section on spill-over effects). However, there are several areas where European policy action could assist in further promoting the innovation potential of European CIs:

ICT for Innovation: To better equip creative SMEs (SMEs constituting the majority of the CIs) to innovate through ICTs, Europe’s research and innovation programmes (FP8 ICT strands/ CIP ICT PSP strands/ etc.) and their guidelines should be adapted to better facilitate the inclusion of SME creators in research and innovation processes (a “creativity quota”, advocating a share of creative sector representation in EU R&D activities could, for example, be promoted). A stronger cooperation between those EU programmes that work with creative companies (such as MEDIA and CULTURE) and technology-oriented programmes such as FP8 should be promoted (e.g. by promoting EC R&D funding opportunities through MEDIA and the Culture Programme or by encouraging staff rotations between EC officials working in these different domains, to name but a few options). Funds should be made available to enable creative SMEs to apply for EU research and innovation grants and join existing research networks. Unfortunately, the Digital Agenda does not reflect such closer interaction between the two sectors.

Covering digital transfer costs: It is important to recognise that these initiatives may not lead to a full adoption of ICT-solutions by the sector, as the Green Paper rightly identifies the CI’s structural specificity and the fact that creative companies have to bear the main costs of “going digital” as further factors that influence their willingness of going digital. The EU should therefore consider the

establishment of a Creative Digital Transfer Investment Fund (through the EIB), which would specifically enable creative industries to deal with the difficult and risky transition to digital business models. Such fund should cover the costs that digital incurs at all levels of the creative value chain (development, production, digitisation, infrastructure investments, distribution, point of sale/service, etc.).

Rewarding creativity: The take up and proliferation of new modes of digital production, digital distribution and digital consumption can only be facilitated if creators are appropriately rewarded for their creative efforts. EU and national legislators have to balance a range of legal principles to enable effective copyright enforcement in the digital age (copyright and neighbouring rights, data privacy, free speech, etc.). Divergent enforcement rules across the EU won't lead to the establishment of a "digital single market". The EU should therefore play a role in facilitating the current debate on the appropriateness of copyright enforcement regimes in the digital environment. Furthermore, it should focus on streamlining copyright management processes to enable easier and less costly exploitation of content (also across borders), as has been suggested in the Digital Agenda.

Moreover creative ideas and projects can be facilitated by the existence of « ideas laboratories » where « lead users », consumers, researchers, business and training bodies concur. The needs and expectations of users are not sufficiently taken into account in the innovation process. In such places, many aspects contribute to creativity and innovation: transverse tools, cross-industry and cross-firms synergies, mutualisation of tools and sharing of ideas, etc. This environment will attract talents and creatives enhancing the creativity and dynamism of the place, creating a virtuous circle and developing the territory. This innovation process combines user-led and industry-led innovations. Researchers and industry bodies, with the support of the European Commission, can present users projects, products or ideas, inspiring and training the user community. At the same time, user-leads and consumers can give feedback and produce new ideas for projects or products.

Concretely, this place should combine several platforms: creativity rooms, demonstration and showcasing, technology testing room, etc. An example of this approach is the Polo di Innovazione Creatività e Innovazione funded by Piedmont Region (Italy) and managed by the Virtual Reality Multimedia Park of Turin (<http://www.vrmmp.it/en/company.htm>).

In order to promote this kind of experimentation, innovation and entrepreneurship we believe that, across all areas, the EU should additionally promote more efficient support actions like:

- Commercialisation support: effective research should be accompanied by commercialisation measures to facilitate the translation into successful products and services. These measures

should not stop at research phase, but cover the whole innovation cycle to encourage entrepreneurial cultural and business start-up, through awareness raising, training, incubation and pre-seed investment;

- Personal support: in CCIs freelancers, small and micro business can benefit very strongly from individual and personal support actions. Existing supporting actions are often not geared to the specific characteristics and problems of divergent creative industries, and therefore do not offer the players the necessary support. There is a lack of information, and barriers to reduce the participation in these support programs.
- Innovation support: innovation support measure for the creative industries have to be simpler, more flexible, agile, experimental and adaptable, in line with rapidly evolving markets.

Finally, as emerged in the Joint Research Agenda (JRA) published by the CReATE project (<http://www.lets-create.eu>), ICT innovations plays a vital role for many public and private companies and in particular for knowledge intensive and creative service industries. Currently knowledge gap between Creative Industries and ICT hamper fruitful cooperation, as languages, mindsets and the overall understanding of business profoundly differs in both fields. Further improvements have to be reached in matching offer and demand between ICT and Creative Industries in order to promote new business model: attractive ICT solutions being affordable, available and usable for Creative Industries will boost both sides. Additionally, user involvements within all stages of the product development are too weak.

Moreover research creative fields (ref. to 5 CReATE trends - <http://www.lets-create.eu>) need to be strengthened by raising public efforts to support innovation in creative industries, e.g. through tailored R&D funding, the establishment of open innovation labs and international collaboration. In order to overcome existing barriers and help the sector to unfold its enormous potential actions should/recommendations of the CReATE Joint Research Agenda focus on:

- Framework conditions must be adapted to the special requirements of Creative Industries, being aware of their rapid innovation cycles, their project-based working habits and their micro-financing requirements.
- Research schemes have to focus promising research fields, which allow effective knowledge transfer, interdisciplinary approaches as well as business and user involvement.
- Funding programmes have to be channelled to the identified research fields and adopted to the needs of the sector: small and micro companies in need of flexible, unbureaucratic, project-based financing schemes.

- Support schemes for business interaction need to offer attractive ways to connect researchers to creative companies as well to improve the understanding of different mindsets in ICT and Creative Industries.
- Cluster support actions must take into account that international exchange activities are often very weak in Creative Industries, lacking contacts, time and expertise. Cross- and inter-cluster activities can boost creative competitiveness.

Better matching the skills needs of CCI's

The European Union could contribute to fostering peer-coaching by implementing an exchange programme for people working in the CCI's. Such programme could draw from the Erasmus for Young Entrepreneurs' one. The key point here is to create exchange experiences based on creating bridges between art and design on the one hand and business on the other hand. Peer creatives could also have the possibility to swap positions in their work, in order to learn from other peer environments while leaving an imprint and rising inspiration and new ideas.

Another idea that could be explored in order to promote peer-coaching concerns a virtual platform where creatives are « mated » with a peer. The platform could be used to exchange works, ideas, to build projects/products in an iterative way and to host artistic digital content, a media library and other contents. If the platform could hardly suffice itself, it could very well constitute a means of perpetuating the experience of exchange programmes. The EU could in addition contribute to set up a network of such platforms all over Europe.

Access to funding

Access to finance: Creative industries suffer from little access to finance (private and public). This misrepresents the economic as well as the social relevance of the sector and hampers their ability to innovate. Next to the above mentioned Digital Transfer Investment Fund the EICI supports the idea of establishing a specific CI investment fund at EU level which takes into account the specific investment needs of creative companies (to identify these needs see KEA's study on Access to Finance in CIs, developed for ECCE Innovation, available at www.keanet.eu). In addition to this, we would like to stress the need for strong cooperation between all governance levels to optimise public investments. EU structural funds should be made more available to co-finance creative industry specific investment schemes such as the Advantage Creative Fund in the West Midlands (UK). In addition to this, existing non-sector specific schemes have to open up to the creative industries. To facilitate this, the CI's

should be supported to develop a more reliable evidence-base regarding the returns on investment in relation to creative investments. Indirect support mechanisms to attract private investment, such as tax incentives for specific sub-sectors, should be promoted and best practices should be shared. Private investment in the CCI sector could be more bolstered by creating a network of « business angels » specialised in the CCI's. Auction floor for projects could be organised and funded by the EU during which business angels would meet potential creative partner . Moreover the EC should – through a range of training programmes (incl. LLL and MEDIA Training) – support the establishment of CI-specific investment readiness schemes.

In addition to this, local and regional stakeholders should play a role in facilitating better access to finance as they are ideally placed to:

- Capture the needs of local CCIs and tailor support to their needs,
- Adapt and/or develop financing mechanisms,
- Facilitate relations with investors,
- Put support for culture and CCIs at the heart of other policy domains, encouraging a multidisciplinary approach and fostering lateral thinking,
- Access EU funding (structural or innovation funds, EIB/EIF).

There is therefore a need to further integrate local and regional stakeholders into the delivery of new public finance mechanisms of the CIs. As CCIs in particular and the wider economy in general are undergoing significant changes due to the digital shift, globalisation (and individualisation) there is a clear need to rethink how finance works and how it is targeted. In this respect, public authorities should also test new types of finance for the sector such as micro finance. Research indicates that micro-finance targeted at SMEs can play a role in triggering the development of small, innovative business ventures, some of which may in the long term lead to significant growth and employment. CCIs could act as a test bed for new types of finance (e.g. micro) since they can be seen as a model for how the knowledge economy may look in the future (networked, collaborative, and culture-based). Finally, we would like to stress a key principle in which all EICI members believe and which can be promoted in relation to the issue of access to finance: Only more creative policy making and more creative and flexible public investment and support mechanisms can unleash the real potential of the European creative industries. From an economic development perspective many existing creative industries support programmes at local, national and European level are embedded in cultural policy goals. This duality of creative industries' policy – the fact that it promotes both cultural as well as economic objectives – is to the benefit of Europe. However, there is a potential to innovate some of the existing support programmes for certain creative industry sectors. In this context, we would like to point out a section from EICI's submission to the recent the Future of Innovation Policy consultation of

DG Enterprise (see <http://www.creativity-innovation.eu/documents.html>):

“Creative Innovation calls for softer, more sophisticated measures which are able to reach out to creative professionals and innovators. All too often innovation support mechanisms attract the wrong kind of people: experts in writing tenders rather than in creative innovative products and concepts. All too often innovators are discouraged from applying for public funding because of the gap between the excitement and creativity of the idea and the abstract and cumbersome process for distributing public funding. Therefore, innovation policy has to be simpler, more flexible and adaptable, in line with rapidly evolving markets and able to support unpredictable innovations. Different policy tools have to be used alongside project funding, such as prize-based incentives and public procurement of innovative solutions. New approaches should be continuously explored to involve the most innovative players and to reach out to the wider community of innovators. Moreover, policy makers as well as funding bodies should live up to their commitment of user-centered innovation and involve SMEs and creative companies in the design of new support mechanisms. Several supporting members of the EICI are currently developing and/or implementing some of these new forms of support which seek to take into account the realities of increasingly networked and hybrid innovation processes. Because they are closer to the “ground”, EICI partners are able to experiment and develop more flexible, open and relational approaches to innovation support.”

In the context of this consultation, this above statement also holds ground in relation to policy making and public investments for the benefit of the creative industries.

Local and regional development as a launchpad for global success

Local and regional dimension

The EICI welcomes that the Green Paper outlines the essential local and regional dimension of creative industries' development in Europe. The sector depends on proximity – the closeness between creative enterprises, suppliers, R&D facilities and public institutions. In addition to this, creative companies often create products and services linked to specific consumer tastes that develop along linguistic and cultural borders. Moreover, new approaches of open innovation, user-generated innovation and service innovation inherently require more interaction between the “creator” and the “consumer”. This interaction in the “creative eco-system” can often be supported (but does not always have to be based on) spatial proximity.

In today's knowledge society, creative business success often relies on the dynamics of local and regional creative clusters and related support mechanisms. These small and flexible local networks generally flourish in environments where creative individuals and businesses, arts schools, scientists and cultural operators are encouraged to communicate, collaborate and nurture each other. European cities and regions with all their respective creative specificities and diversities are well positioned to develop these clusters. Where creative talent settles, creative companies, entrepreneurs and investments tend to follow. Local initiatives aimed at supporting culture and creativity bear fruit in a large number of European regions and cities. Some examples: In Berlin around 18,570 companies are active in the creative industries which generated a turnover of € 8.1 billion in 2002. In 2004, 6.9% of the total number of jobs in Amsterdam was provided by the creative industries, a sector also responsible for regenerating key urban areas. In London, the creative industries are the second largest business sector and third largest employer after the financial sector. However, creative industries do not only contribute to the growth of large metropolises. The project Creative Clusters, funded by Urbact and project managed by EICI member Inteli, illustrates how creativity can also drive the development in urban areas.

Finally we would like to stress the Kreativland idea, a cluster network proposed by MFG Baden-Württemberg in the southwest region of Germany where CCIs are drawing sectors. The cluster, which includes already 15 Projects partners and more than 30 members, aims to promote the culture and creative sector at regional level with joint communication actions and cooperation project. Particular effort will be located to the International cooperation with cluster of other regions or nations in order to bring at International level successful strategic regional and local development.

In this context of using local and regional creative industries for development, the European Parliament underlines the importance of promoting “tailor-made and regionally or locally adapted projects as these are the most effective and sustainable projects for regional and urban development”

(European Parliament resolution of 2 April 2009 on the role of culture in the development of European Regions). All of the EICI's members assist the European Union in developing and delivering such projects in the context of several EC support streams (ref. to the document attached to Access to funding topic). It is laudable that some of the regional funding mechanisms (such as some strands of Interreg) have in the past 2 – 3 years recognised the creative sectors as particular drivers of innovation. However, we believe that an overwhelming majority of ERDF support is still given to large infrastructure projects and that further attention should be given to supporting projects that foster the creative industries. For example, a recent EC study on the contribution of culture to regional development for the European Commission reconfirms that the majority of ERDF funding goes to large scale transport projects (28%) and technologically-oriented R&D and innovation projects (24%). While these expenses are certainly important we would argue that a larger share should be contributed to the areas of culture (2.2 %) and information society (5,6% - including infrastructure investments in ICTs).

To achieve such “creativity-shift”, local, regional as well as European policy makers have to become more aware of the social and economic contributions of the creative sectors. Europe's regions should be supported in implementing strategic planning exercises that further integrate creative industries policy in other domains of policy making. Several projects, such as CReATE, Creative Clusters and ECCE Innovation illustrate how this can be done. However, they represent a special case rather than the status quo when looking at all EU regions.

In this context, structural funds should be made more readily available to undertake studies and strategic planning exercises which look into the societal contribution of the creative sectors and their future development as only sound evidence will in the future lead to further investment in the creative sectors. Furthermore, DG Research resources (such as those distributed via the Regions of Knowledge support stream) should continue to support creative industries-related regional foresight activities.

Finally, there is a strong need to better connect existing regional and local creative industries initiatives across borders to enable creative industries to expand their market reach and thereby contribute to the development of the single market. While it is normal that most local and regional public support programmes target development goals that are specific to the profile of each creative region, several aspects of these programmes should be more networked (for example: investment readiness schemes for creative entrepreneurs would benefit from closer collaboration as investor contacts could be exchanged between the different projects).

Mobility and circulation of cultural and creative works

A clear link can be established between mobility of cultural and creative works and peer-coaching exchange programmes as the latter aim to promote mobility of creatives and exchange with their environment. Thus, peer-coaching programmes are a top priority whose benefits and synergies spill over various aspects of CCI's leverage potential.

Another initiative that would probably promote cultural diversity and creativity through mobility as leverage is the creation of a European School of Creativity. Much inspiration material could be drawn from the Summer School on Management of Creativity in an Innovation Society offered by HEC Montréal and the University of Barcelona, in collaboration with ESADE and the Polytechnic University of Catalonia.

In addition to this we believe that virtual mobility is also extremely important and will characterize the new years. Considering the fast development of new technologies, exist already more options to replace real mobility by virtual one. Small lab projects run via virtual platform might be the first step, promoted by the EC, to further this kind of mobility.

Cultural exchanges and international trade

The European Interest Group on Creativity and Innovation e.V. is fond of the cultural exchanges process. Our network, among all Europe, furthers the promotion of cross border exchange of regional or local good practices and ideas. In this context we will welcome the collaboration of EU in order to promote and support cooperation with third countries. Study visit, international Business Angels and virtual matchmaking events could encourage quicker and easier exchanges.

Towards a creative economy : the spillovers of CClS

Europe's post-industrial economy is characterised by increased connectivity (especially due to the roll-out of ICTs) and increasingly dependent on fast global production and distribution processes. It competes with producers and services providers from throughout the world. Furthermore, the importance of creative content and the integration of symbolic and aesthetic value in new products and services across a wide range of industries shape buying preferences in today's consumer society. Because of these circumstances, creative capacities and design skills are today necessary to succeed in a wide range of industrial sectors, from car manufacturing to consumer electronics manufacturing or other industries.

In this new economic environment companies need to increasingly collaborate with creative firms, technology companies, research institutions and users in order to develop successful and market-oriented products and services. In our view, this process-oriented, more hybrid understanding of how innovation comes about is less linear than traditional science- and technology-oriented definitions of innovation. A notion of what we label "creative innovation" recognises that societal and economic renewal emerge in creative eco-systems, which are shaped by the interactions of diverse players, by shared norms and values as well as by technological development. This notion is closely linked to von Hippel's understanding of open innovation¹. Innovation barriers in these creative ecosystems are more behavioural and fine-grained than those in traditional industries of the 20th century and often related to a lack of soft skills such as creativity². Capacities such as communication, interdisciplinary management, cultural awareness, creative talent, and the ability to develop ideas, products and services in a playful and iterative manner become ingredients of success that are as important as technological inventions or market share. In this context, recent research from NESTA in the UK shows that companies that spend twice as much as the average firm on creative services are 25% more likely to introduce product innovations.³

Interestingly, diverse industries throughout the economy as well as the public sector can learn from creative firms how to navigate in this new environment. First, because companies from the creative industries have long mastered the delicate challenge of creating demand driven markets in today's consumer society. Second, because many creative firms have long practiced open-innovation that is driven by cross-sector collaboration, risk-sharing and iterative product development processes that

¹ Hippel E. V. (2006). Democratizing Innovation. The MIT Press.

² Potts and Morrisson (2008). Nudging Innovation - Fifth generation innovation, behavioural constraints, and the role of creative business. Research report created for NESTA.

³ NESTA, Creating Innovation, 2008 ([link embedded](#))

involve diverse stakeholders and users⁴. KEA's recent study for the European Commission concerning the impact of culture on creativity illustrates the importance of such cross-sector creative collaborations in developing Europe's innovation capacities⁵.

There are a number of policy actions necessary to increase creative spill-overs:

- There is a need for more interdisciplinary policy making and an integration of "creativity policies" in domains as varied as R&D policy, innovation policy, regional policy, education policy, and many other areas. Tangible suggestions as to how the EC can increase the benefit that, for example, EU R&D policy can have on the creative sector were suggested in relation to the section "Putting in place the right enablers"
- There is a need for more flexible, less administratively burdensome and small scale public support mechanisms that aim to create links between the creative industries and other sectors. The Creative Credits scheme in the UK, a voucher mechanism that aims to support such linkages, should be adopted by EU financing institutions such as the EIF.
- There are a number of further non-monetary support schemes that can help to increase innovation spillovers. Many of these have been pioneered by ECCE Innovation ("Creative Innovation Transfer Agents", "Creative Innovation Awards", "Better Public Procurement" in relation to creative services, "Creativity Vouchers").⁶

How to better support the use of intermediaries between all different stakeholders in the creative ecosystem?

In this context, we would like to particularly stress the need for better integration of local and regional intermediary organisations, such as the EICI's members and partner organisations, into the delivery of national as well as EU support programmes for creative industries and creative innovation in general. As mentioned before, we believe that innovation as well as creative processes often depend on local/spatial dynamics. Therefore, local and regional agencies are well placed to connect creative companies as well as creative clusters to the support endeavours of national and European public bodies. As a result, the EICI (as well as equivalent networks) should be involved in any of the future creative industry related EC initiatives (such as the Creative Industries Alliance), The EICI as well as

⁴ Consider, for example, development processes in film production companies or design agencies. For more information on these aspects see Paris T. (2007). Organisation, processus et structures de la création. Culture prospective.

⁵ KEA, 2009, The Impact of Culture on Creativity, Study for the EC, ([link embedded](#))

⁶ ECCE Innovation Workpackages, See ECCE Website: <http://www.ecce-innovation.eu/ecce/work-packages.html> (accessed 20/07/2010)

its Members could contribute to these initiatives in several ways: by managing localised support projects, by disseminating project results, by integrating SMEs – which often find it difficult to understand and engage in CI support programmes – in new programmes.

