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Abstract "Promoting the Creative Industries: From Project to Process"
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Introduction to the State of Debate in 2007

Culture as an economic activity is a daily topic for artists, that is culture entrepreneurs since centuries. For cultural and economic politics however it is a new challenge that commercial cultue production has such large dimensions - first being larger than public spending for culture and secondly being larger than many traditional economic fields such as real estate, automobile production or the chemical industries. The study "The Economy of Culture", produced by KEA and commissioned by the European Commission in 2006, is the last in a series of research having started in Northrhine-Westfalia, Germany, and the UK in the 90ies.

The empirical results are similar all over Europe: The so called "Creative Industries" produce at least 2,5% of GDP reaching up to a stunning 7% in some countries. However the definition which branches are to be included and to what extent differs still from country to country. Usually commercial activities in the performing arts, music, visual art, literature, architecture, design, fashion, film, tv, gaming, advertisement and journalism are included. The role of the public sector and cultural heritage is also calculated differently. Further more there is not satisfactory data base yet – this is one of the main results of all studies in Europe, whether on municipal or on European level.

While the Economy of Culture reached in 2007 the highest political attention so far, it also revealed its lack of empirical description and understanding.

Understanding the Economy of Culture
What do we know?

1.) Markets of creative or culture products are inherently fragmented (hidden information) and resist foresight (hidden action). Since we expect a culture production to surprise the audience with a new idea, the acceptance of cultural products can not be foreseen. Such markets are always high risk. Industrial products work the opposite way: the reproduce constantly the same product and quality like a car or a yogurt.
Cultural and industrial products are inherently different and follow different market laws.
2.) Beaumols law of cost disease prohibits earnings by economies of scale. One of hour of singing still needs one hour; while the production of watches per hour increases from year to year. This implies two results:

> First individual incomes are limited in the cultural industries.
> Secondly for some cultural productions public spending must therefore increase relative to other public spending topics which are getting cheaper each year because of increasing economies of scale.

3.) The Fragmentation of cultural markets implies high costs of information and of market orientation. Cultural markets are expensive to use for the cultural consumer as well as the cultural entrepreneur, especially cross country. This is the main reason why the European common market is not working at its best for the cultural markets. However there is a second side to this view: fragmentation is the economic

counterpart of the diversity of culture, which are in the end the spirit of the market and the fundament of cultural identity.
4.) Conclusion
Politics – whether from the culture or economic department – has one option to promote cultural entrepreneurs without damaging cultural diversity. It must not reduce risk or increase foresight – this would attack the cultural identity. It must however reduce the costs of using markets that means: more information efficiency on the cultural markets and cultural entrepreneurs. Politics must implement more information tools on cultural markets – from public to private radio and television, internet portals, magazines, fairs, audience development and - to begin with: cultural education. In the European context this means first of all budgets for translations and cross-country networks which step up commercial promotion for foreign products.[1] To sum it up: The time to market must be reduced.

And what do we not know?

1.) Neither market makers nor researchers can predict how success in the cultural markets works. The question, how to make a star or just how to make a frequent demand, has no general answer. It seems it must be "produced" artist specific. This is a great obstacle for artist management and market efficiency.
Some scientists as well as the study "Economy of Culture" promote therefore to a support of creative structures like
   production spaces,
   product mobility,
   market finance and
   audience communication
– Instead of supporting individual projects, productions or artists, whose success is not predictable.
2.) The development of creative quarters is not yet understood. Most often they are recognized when their development is surfacing, not when it is starting. Most researchers at least agree that a critical mass of creative and cultural entrepreneurs is necessary. Most agree that important persons of a sector motivate others to move into the quarter. However it is a secret who does the first step for which reason (it is not cheap rents alone!) and who is the important person.

To sum it up: We know at least we need more research.

Ruhr2010: Promoting the Creative Industries
From Project to Process

Ruhr2010 is aiming to promote the approximately 20.000 creative entrepreneurs in 52 cities of the Metropol Ruhr by

a.) strengthening its inherent market principles, focusing the European Market

b.) initiating an-going cultural and economic process

To reach these aims we are adopting a bottom up as well as a top down strategy which is sector specific as well as sector-integrating. Here are some examples:

[1] This is much more then artist mobility. Short-time Mobility does not make a long-term audience and does not guarantee an on-going promotion and communication effect.

Aim 1: Strengthening inherent market principles within the European Market

Example 1: Improve Finance / Capital Market Access
Top-Down: The NRW Bank is setting up a Creative Capital Fund being advised by creative industries experts which projects to choose.
Bottom-Up: Enable local business banks in the 52 cities (seminars, coaching, and statistics) to give loans to creative entrepreneurs.
Both actions are initiated or supervised and coordinated with the Ruhr2010.

Example 2: Music / Live Entertainment
Top-Down: The Love Parade moved from Berlin to the Metropol Ruhr. More than 1,0 Million visitors joined the Love Parade and the Love Weekend in August 2007 and generated business with a spending of almost 100 Euros per visitor.
Bottom-Up: A forum of all music clubs in the Metropol Ruhr was established and a hearing on the music market started. Now the music entrepreneurs and the music market start re-organizing marketing, European exports and local communication - being coached and "networked" by the team Creative Industries at Ruhr2010. Currently a European export strategy is worked on.

This is example is almost a blue-print for increasing market efficiency: The costs of information are reduced by market hearings and commissions. The actors are acting – and are thus automatically planning for more than a single event in 2010.

Creative Industries Ruhr2010 is acting as a **moderator and information-broker** – not only in the music sector, but also in other sectors of the creative industries; not only in the field of finance, but also in others fields such as digital communication and journalism.

Aim 2: Initiating an-going cultural and economic process

The Creative Industries Ruhr2010 has also top down lead projects – which also aim at enabling actors.

Example 1: We are planning the first ever database of creative entrepreneurs in all 52 cities of the Metropol Ruhr. This initiative is a cooperation with the business promotion departments of all 52 cities – after many day long meetings – and the Metropol Ruhr Business Promotion Office.

Example 2: We are promoting the development of Creative Quarters. This is coordinated with four cities and includes a research project about what an "artist residence" in the future might be. Artist Residences of today are often working in quite centralized cities or capitals. The Metropol Ruhr has a different, more decentralized structure. Also it is a mixture of larger and smaller cities. Metropol Ruhr might be a model how creative quarters might work outside the capitals.

The Team Creative Industries Ruhr2010 is acting as an **advisor** to the acting cities and entrepreneurs in the Metropol Ruhr.