

# Product Design

Lecture 10: Creative industry and its meaning

## Creative Economy

- Is an evolving concept based on creative assets embracing economic, cultural, social and technological aspects
- It has linkages at macro and micro levels with the overall economy, hence an important development dimension
- It can foster economic growth, job creation, export earnings while promoting social inclusion, cultural diversity and human development.
- It is a feasible policy option to diversify economies and improve trade and development gains in developing countries

(UNCTAD)

## Development Dimensions of the Creative Economy

Multi- Dimensional  
development, cultural,  
economic and social  
policies

Omni-present  
education  
labour  
culture, arts and leisure

Cross-cutting  
culture  
labour  
industry  
trade  
technology  
tourism

Aesthetic and Ethnic Values  
anthropology / history  
cultural diversity and heritage

In-temporal  
past traditions  
present technologies  
future vision

Society Inclusive  
public/private sectors  
all social classes  
profit and non-profit (NGOs)

## { History of the 'Creative Industries' }

- In May 1998, Lord Chris Smith wanted money from the treasury and a political agenda to recognise this and gain advantage from the IP, which at the time was not well regulated...



- ...hence the creative industries were born:
  - “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**.” (DCMS, 1998).



## Creative Industries

- A set of knowledge-based economic activities making intensive use of creativity as primary input to produce marketable value-added creative products and services
- Creative products and services are centred but not restricted to arts and culture
- Are tangible products or intangible services with creative content, economic value and market objectives
- They are able to generate income from trade and property rights
- It is a new dynamic sector in world trade

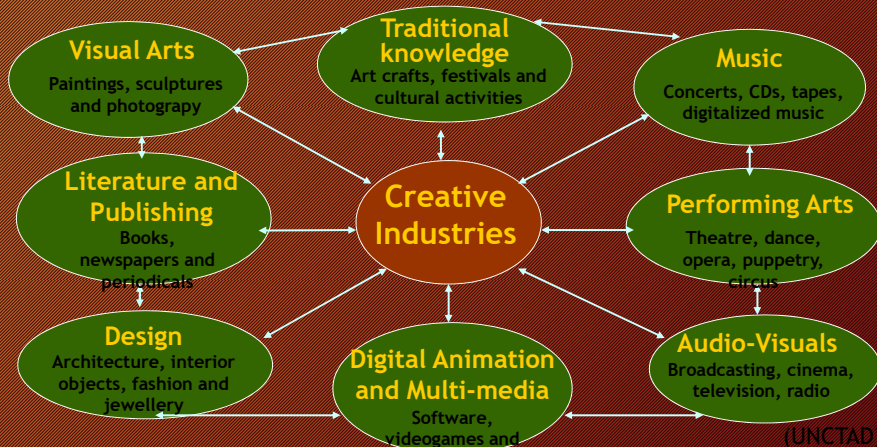
(UNCTAD)

## Creative Industries: a definition

- CITF defines Creative industries
  - “those activities 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”
  - See website [www.culture.gov.uk/creative/mapping.html](http://www.culture.gov.uk/creative/mapping.html)
  - These include advertising, architecture, the art and antiques market, crafts, design, designer fashion, film, interactive leisure, software, music, the performing arts, print media and publishing, software, television and radio, heritage and tourism services

## The scope of creative industries

Is a vast field dealing with the interplay of various sub-sectors from traditional art crafts to technology-oriented multi-media services



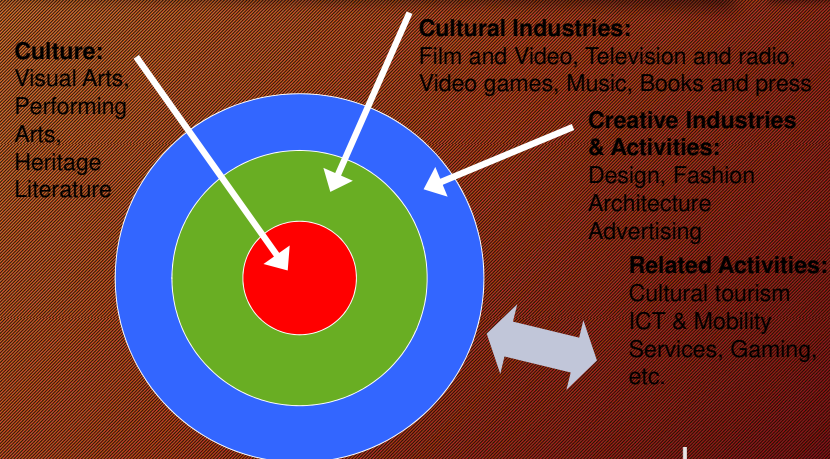
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## { What do they do now and how do they work? }

- The creative industries (and the definitions thereof) are the focus of intense debate in government, academia and in the private realm
- How are they different from 'other' industries? (or within the CIs?)
  - Government support (more or less?)
  - Structure (flatter?)
  - People (multi-skilled)
  - Output (functionality versus fashion)
  - Spatiality (concentrated or dispersed?)



## What are we talking about?...



9

## How to capture the potential of the creative economy for development ?

Main issues :

- Economic linkages and **externalities**
- Growth prospects and **trade flows**
- Supply and **value-chain** cycle
- **Cross-cutting** nature of creative industries
- Tangible products and **intangible services**
- Formal and **informal sectors**
- Measuring **creative content**
- Dealing with **connectivity** and multi-media

## A new dynamic sector in world trade

- UNCTAD figures indicate that world exports of :

| Visual arts                | Cinema industry            |
|----------------------------|----------------------------|
| -US\$ 7.3 billion in 1996  | - US\$ 354 million in 1996 |
| -US\$ 14.4 billion in 2004 | - US\$ 653 million in 2004 |

Trend: export earnings nearly doubled in eight years

**Exports is only part of total revenue**

excluding copyrights, licenses, marketing and distribution

**Are those figures meaningful ?**

Can exports of visual arts be much higher than the film industry?

How to relate 653 million with 75 billion worth film market ?

Digital films, need to start new statistical series ?

## Difficulties in measuring creative services

- Not all creative products have creative content (blank CDs)
- Capturing figures for architecture, design and advertising services identifying and adding up physical and digital distribution?
- How to get reliable trade flows in broadcasting content in developing countries?
- Any universal alternative for EBOPS for trade in services ?
- Film producers in developing countries no longer use 35mm, distribution problems, drop in figures captures shift to DVDs?
- How to distinguish standard computer services from creative or cultural digital services ?



## Challenges for mapping creative economies

- Lack of precise and consensual definitions
- Limitations of current methodologies/statistical codes
- Differences among data collecting practices
- Existing models not suitable for developing countries
- What and how to access different creative sectors
- Gaps in existing statistical data by int/nat institutions
- How to define comparability across sectors and countries
- Lack of financial and human resources for surveys

## Contribution of Creative Industries to the Economy: some evidence

- Mapping studies in UK, Singapore, Canada and Australia
  - Not directly comparable across countries since definitions vary
  - But they illustrate the significant contribution that sectors make to the economy as a whole
- **Eg UK: Creative industries in 2004 contributed**
  - 7.3% of Gross value added (£57billion) and
  - grew at rate of 5% (97-04) (compared to rest of economy of 3%) with
  - employment growing at 2%.
  - They exported £13 billion worth of goods and services and
  - employed 1.8 million people (DCMS, 2006)

## Contribution of Creative Industries to the Economy: some evidence

- **Singapore**
  - From 1986 in 5 yearly averages can compare growth rates in various creative sectors:
    - value of S\$3 bn in 2000 (=1.9% of GDP)
    - employed 46,850 people (= 2.2% of employment)
    - exported S\$536 million worth of g & s.
  - Higher growth rates than economy of whole: 87-2000 CIs : 17.2% pa (annual ave growth of GDP 10.5%)

## Contribution of Creative Industries to the Economy: some evidence

- **Canada**
  - Conference Board of Canada (2008)
    - full contribution is \$84.6bn (7.4% of total real GDP) in 2007
    - Full employment contribution (direct, indirect and induced effects) being over 1.1 million people in 2007
    - Average household in Canada spent about \$1,650 on cultural g & s = \$21 bn in 2007 (trends of household spending away from written media to cable and satellite TV)



## Interventions through research

- Any policy-oriented research is also an intervention. A new dynamic is set in motion the minute you start asking people questions.
- For ex: In a research project conducted amongst small creative enterprises in the SADC region, providers of small business support and assistance became aware that more co-ordination was necessary.

## Strategic Pillar 1: Improving Access to Resources

CRAFT  
Strategic  
Framework

|                     |   |
|---------------------|---|
| <b>Problem</b>      | Lack of access to resources such as materials, production space etc.  |
| <b>Intervention</b> | Urban and satellite hubs  |
| <b>Objective</b>    | Improve access to resources to improve product quality and production efficiencies  |
| <b>Risk</b>         | Dependency<br>Gate keeping  |
| <b>Indicators</b>   | <ul style="list-style-type: none"> <li>• Production space: 30 craft enterprises per region</li> <li>• Improvement in product quality and production efficiency</li> <li>• Consistent increase in the turnover of craft enterprises</li> </ul> |

## Strategic Pillar 2: Improving Market Access

CRAFT  
Strategic  
Framework

|                     |   |
|---------------------|---|
| <b>Problem</b>      | Lack of market access   |
| <b>Intervention</b> | <ul style="list-style-type: none"> <li>• Improved access</li> <li>• Product development</li> <li>• Product ranges linked to opportunities (2010)</li> <li>• Market segmentation strategies</li> <li>• Partnerships with retail &amp; other sectors</li> <li>• Export market identification</li> </ul> |
| <b>Objective</b>    | Facilitate and grow market access opportunities   |
| <b>Risk</b>         | Inability of producers to meet market demands due to market readiness issues  |
| <b>Indicators</b>   | <ul style="list-style-type: none"> <li>• Consistent growth in regular custom</li> <li>• Value of sales of new products</li> <li>• Increased market share of local products</li> </ul>   |

## Strategic Pillar 3: Marketing

CRAFT  
Strategic  
Framework

|                     |   |
|---------------------|---|
| <b>Problem</b>      | Lack of value of local craft products in the market   |
| <b>Intervention</b> | <ul style="list-style-type: none"> <li>• Advocacy campaigns</li> <li>• Branding strategy</li> <li>• Promotion of fair trade practice</li> <li>• Media to promote craft</li> </ul>                                   |
| <b>Objective</b>    | Increase consumption of craft products in Gauteng   |
| <b>Risk</b>         | "Overselling" of products   |
| <b>Indicators</b>   | <ul style="list-style-type: none"> <li>• Increase in volume of sales</li> <li>• Increase in attendance at markets etc.</li> <li>• Increase in retail outlets</li> <li>• Increase in fair trade practices</li> </ul> |



## Strategic Pillar 4: Improving the Skills Base

CRAFT  
Strategic  
Framework

| Problem             | Significant skills gaps   |
|---------------------|---|
| <b>Intervention</b> | <ul style="list-style-type: none"> <li>Facilitation of formal training through SETAs</li> <li>Continuous professional development programmes</li> <li>Mentorship &amp; apprenticeship programmes</li> </ul> |
| <b>Objective</b>    | Improve skills of producers, retailers & agents   |
| <b>Risk</b>         | Training not "demand-led"<br>Dependency on SETA funding   |
| <b>Indicators</b>   | <ul style="list-style-type: none"> <li>General improvement in skills</li> <li>Increase in outputs of crafters in programmes</li> </ul>  |

## Strategic Pillar 5: Improving Design and Innovation

CRAFT  
Strategic  
Framework

| Problem             | Under-utilised design & innovation resources   |
|---------------------|--|
| <b>Intervention</b> | <ul style="list-style-type: none"> <li>Design &amp; product development support</li> <li>Market driven programmes</li> <li>Quality assurance &amp; control</li> <li>Materials development</li> <li>FabLab links</li> </ul> |
| <b>Objective</b>    | Develop design & innovation skills to ensure continuous product innovation   |
| <b>Risk</b>         | Lack of market-driven ethos<br>Sustainability  |
| <b>Indicators</b>   | <ul style="list-style-type: none"> <li>Increased market access</li> <li>Number of new products</li> <li>Improved products &amp; quality</li> <li>Increased market share</li> </ul>   |

## Strategic Pillar 6: Developing Enterprises

EXAMPLE  
OF FORMAT  
FROM  
CREATIVE  
MAPPING  
IN  
GAUTENG

Strategic  
Framework

| Problem             | Survivalist level of enterprises  |
|---------------------|---|
| <b>Intervention</b> | <ul style="list-style-type: none"> <li>Application of business criteria</li> <li>Partnership development</li> <li>Referral services</li> <li>Tailor-made services</li> </ul>  |
| <b>Objective</b>    | Enterprise development at all levels  |
| <b>Risk</b>         | Failure rate of new enterprises<br>Dependency<br>Lack of co-operation   |
| <b>Indicators</b>   | <ul style="list-style-type: none"> <li>Increase in registrations</li> <li>Increase in turnover &amp; profitability</li> <li>Number of businesses in business after 5 years</li> <li>Increase in skills</li> <li>Increase in production &amp; sales</li> </ul> |

## Strategic Pillar 7: Improving Information Sharing & Coordination

EXAMPLE  
OF FORMAT  
FROM  
CREATIVE  
MAPPING  
IN  
GAUTENG

Strategic  
Framework

| Problem             | Lack of communication & co-operation between stakeholders   |
|---------------------|---|
| <b>Intervention</b> | <ul style="list-style-type: none"> <li>Networking opportunities</li> <li>Tools such as a newsletter</li> <li>Regional hubs</li> <li>Regional craft forum</li> <li>Research</li> <li>Centralised database</li> </ul> |
| <b>Objective</b>    | Improve government services   |
| <b>Risk</b>         | Gate keepers<br>Apathy<br>Cynicism  |
| <b>Indicators</b>   | <ul style="list-style-type: none"> <li>Increase in range of services</li> <li>Improved quality of services</li> <li>Increased networks in the sector</li> </ul>   |



