FIFTH AUSTRIAN CREATIVE INDUSTRIES REPORT

Short Version

Focus: Creative Industries as a Regional Factor

CREATIVWIRTSCHAFT.AT

evolve

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ABOUT

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creativ wirtschaft austria represents the interests of Austria's creative industries at a national, European and international level. creativ wirtschaft austria is part of the Austrian Federal Economic Chamber. It represents Austria's creative industries and their development and provides links to other business sectors.

The Fifth Austrian Creative Industries Report was compiled for creativ wirtschaft austria, part of the Austrian Federal Economic Chamber, with the support of the Federal Ministry of Economy, Family and Youth (BMWFJ) as part of evolve, the Austrian initiative to promote innovation in the creative industries.

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Editing: Martin Thomas Pesl, cardamom
Layout: Barbara Wais, Drahtzieher Design + Kommunikation
Photos: Visualisation of supported projects provided by impulse/aws
Printed by: Paul Gerin GmbH & Co KG

Place of publication and production: Vienna

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There is a positive trend that the creative industries and associated knowledge-intensive services are gaining importance at the speed of light. The fact that Austria is increasingly exploiting its innovative potential based on creativity, emotion, usability and ergonomics creates an internationally competitive USP for the country as a location for business. Not only do creative enterprises apply novel technologies and applications for themselves, they also support their broad distribution among the entire national economy. The creative industries thus fulfil the important task of bridging the gap between science, technology and the markets. They manage to sell innovation and open up new markets and growth potentials. At the same time, they help foster the structural change we are very much in need of.

Initiatives like evolve, a support programme started by the Federal Ministry of Economy, Family and Youth (BMWFJ) in 2008, are becoming all the more important. evolve's diverse range of services includes the areas of financial backing, basic and advanced training, support and service as well as networking. Individually tailored funding schemes are designed to support innovative companies in the creative sector especially with their market entry and further growth.

The present Fifth Austrian Creative Industries Report reveals that the number of creative enterprises has increased significantly since 2008 in spite of the temporary economic slump the entire economy went through. Also, on average, the 38,400 creative enterprises have been making higher profits than the overall economy. This new report provides guidance as to which measures to take in the future on a federal and regional level to further push the advancement of the creative industries, so they can make an ever greater contribution to Austria's competitiveness as a habitat for flourishing businesses.

Reinhold Mitterlehner
Federal Minister of Economy, Family and Youth

Creativity is becoming more and more important as a production factor in economic terms. Originality and individual creativity are typical of the creative industries, which usually performs services that are tailored to customers' specific requirements. To me, the creative industries are pioneers in many areas, be it new models for working and clustering or the strong international connectedness of many creative entrepreneurs. The existence of high-quality creative services has been growing in importance as a location factor and distinctive feature of Austria's entire economy, while supporting the discovery and development of new, competitive value added chains.

The Austrian Federal Economic Chamber sensed the enormous growth potential of the creative sector as early as 2002 and developed an economic strategy to allow this potential to unfold. By founding the committee for the creative industries within the Austrian Federal Economic Chamber, called creativ wirtschaft austria, we created a platform that addresses the issue of creative entrepreneurship across all sectors and federal provinces and guarantees Austria a strong position within the European Union as it goes along.

Tomorrow's competition will be decided in the field of creativity, and not only within the creative industries, but in the entire economy, which thus has to embark on new journeys using creative approaches. The creative industries are capable of playing a pioneer role and provide a model for the economy and for future entrepreneurship.

Christoph Leitl
President of the Austrian Federal Economic Chamber

We are living at a historical turning point, where circumstances tend to be reversed. Traditionally, cities used to be the places to be for creative entrepreneurs, as they hosted a wide range of opinions, experiences and skills that collided and thus brought new things into being. While this is still the case, the era of limitless communication has given rural areas the chance to become additional breeding grounds for progress. However, for this to happen, these areas need to open up and allow novel, unconventional intellectual approaches to be spread on the village square. They have to allot some space to new models of working and living and let rapid communication networks in, allow their residents to be mobile and engage in exchange with the cities. Because many creative enterprises need both: connections to urban and rural areas, proximity and remoteness.

Here is the big chance for municipalities and regions not to give in to emigration and overaging but to choose smart specialisation strategies that pay off in both cultural and economic terms. It will be hard work, no doubt. The creative industries as a means of regional development create numerous possibilities as to the recreation of rural structures, branding, identity establishment, for regions to get themselves a positive image and new chances to become, and stay, competitive.

By choosing regions as a focus of the Fifth Austrian Creative Industries Report we have deliberately broken new ground. For the first time, we present regional and municipal policy-makers and other interested readers with specific data, tools and examples on how the creative industries, one of Europe's few heavily growing sectors, can get a foothold in rural areas and contribute to wealth and employment there. For this is another characteristic of historical turning points: they demand new solutions. The old formulas will not suffice any longer.

Gertraud Leimüller
Head of creativ wirtschaft austria

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Michaela Hudecova-Königshofer, designer
www.schnittbogen.at

There was a **6 %** increase on balance in creative enterprises between 2008 and 2010, compared to an increase of only 2 % in the overall economy during the same period.

Austrian creative industries account for **10.4 %** of the entire Austrian economy.

There are **38,400** creative enterprises in Austria, which employ **130,500** people, which in turn equals **4%** of the working population in Austria.

63% are single-person enterprises.

Creative enterprises were responsible for **18.2 billion euros** in revenue in 2010, that is **2.7%** of the total economic turnover.

The gross value added of creative enterprises amounted to **6.9 billion euros**, or **3.5%** of the entire Austrian economy.

The creative industries' contribution to the GNP, or total economic performance, in 2010 was **2.1%**.

1. THEY'RE HERE! THE AUSTRIAN CREATIVE INDUSTRIES

Although the economic crisis caused a significant slowdown in many sectors, the creative industries suffered only minor, if any, losses. Between 2008 and 2010, this sector grew three times faster than the entire economy, especially in Burgenland (plus 10.2%), in Carinthia (plus 7.7%), and in Vienna (plus 7.7%). Almost one in three creative enterprises belonged to the music, books and artistic activities sector in 2010, while 23% were active in software and games and another 22% in advertising. The creative sector outperformed the overall economy in all analysed indicators between 2008 and 2010. There was a slight decrease in creative enterprises in 2011, particularly in the music, books and artistic activities sector, while the number of employed designers, advertising staff and employees of architects as well as software and games developers rose by 3%. Revenues have also remained stable since 2008: although Austria's companies altogether suffered losses of more than 5%, the decrease in revenues among creative enterprises amounted to only 1%. The drop in gross value added among creative enterprises and the overall economy came close to 3%, however, the creative business sector employed more staff in 2010 than in 2008. Recent growth leaders were video and film companies.

Table: Structure of the creative industries by sector and federal province, 2010

The federal provinces are organized by place of business, i.e. all numbers of employees, sales revenue and gross value added are allocated to the province in which the company has its (main) office, regardless of any additional sites (e.g. branches, shops, etc.) a company may have in other provinces.
Sources: KMU Forschung Austria, Statistik Austria

	companies	total number of workers	dependent employees	turnover in million euros	gross value added in million euros
architecture	5,535	14,924	9,466	1,561	790
design	1,398	2,183	762	135	63
music, books and artistic activities	11,355	33,532	21,537	3,529	1,588
radio and TV	84	4,964	4,915	1,245	437
software and games	8,746	35,667	27,899	4,594	2,180
publishing houses	969	9,793	9,049	2,324	728
video and film	1,721	5,695	4,080	680	229
advertising	8,605	23,713	15,409	4,164	983
creative industries in total	38,413	130,471	93,117	18,232	6,998

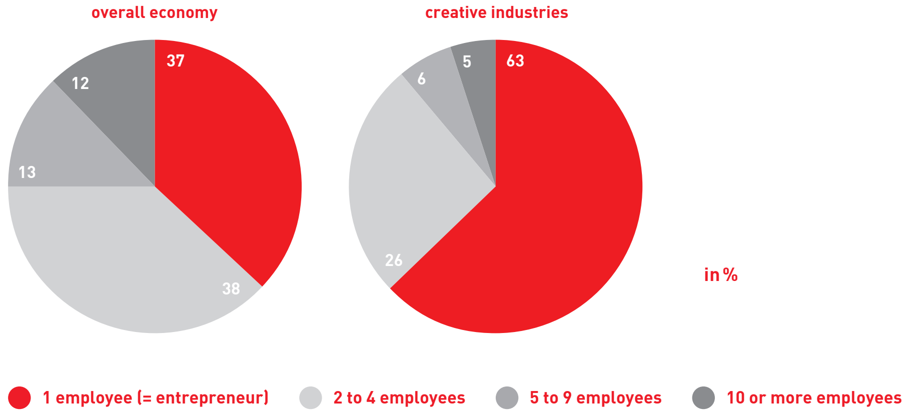
	companies	total number of workers	dependent employees	turnover in million euros	gross value added in million euros
Burgenland	746	2,101	1,366	203	90
Carinthia	1,560	4,544	3,048	478	219
Lower Austria	5,571	15,063	9,617	1,576	653
Upper Austria	3,848	15,162	11,516	1,683	751
Salzburg	2,425	7,814	5,403	841	359
Styria	3,911	12,930	8,976	1,280	583
Tyrol	2,887	8,060	5,089	842	374
Vorarlberg	1,352	4,165	2,798	484	200
Vienna	16,113	60,632	45,304	10,845	3,769
Austria	**38,413**	**130,471**	**93,117**	**18,232**	**6,998**

The creative industries comprise commercial enterprises that are engaged in the creation, production and (media) distribution of creative and cultural goods and services.

The most popular company form in the creative enterprises sector are single-person enterprises, which account for 63%, almost twice as much as the number of single-person enterprises in the entire economy (37%). Three quarters of those in the creative field who chose this company form have declared individual fulfilment, independence, and flexible time management as their reasons to do so. Most single-person enterprises are found in the sectors music, books and artistic activities, design, and video and film. In radio and TV as well as in publishing, employing companies prevail. A little more than a quarter of all creative enterprises have two to four employees, one in ten companies has more than five (total economy: 38 and 25%, respectively). 38% of creative enterprises – and even more in video and film, architecture and design – employ additional staff on a freelance basis.

Graph: Size structure of the creative industries and the overall economy[1] as a percentage of all enterprises, 2010

1 Excluding agriculture and forestry (i.e. sections B to S of ÖNACE 2008). Rounding differences are not settled.
Sources: KMU Forschung Austria, Statistik Austria



Austrian creative enterprises are excellent exporters, particularly those from the sectors design, software and games, and music, books and artistic activities. However, this cannot be generalised due to the rich variety of the markets and products. Taking all creative fields into account, 36% of Austria's creative enterprises sold their products and services abroad in the spring of 2012 (2010: 39%), compared to 27% in the information and consulting sector. The top creative exporters were in Vorarlberg, Vienna, Salzburg and Carinthia, with the Viennese mostly exporting music, books and artistic activities and companies from Vorarlberg and Tyrol specialising in the export of architecture. In Lower Austria, Styria and Burgenland, it was mainly the software and games enterprises that exported their goods and services, while in Salzburg, Upper Austria and Carinthia, it was the advertisers.

With 2.1% of GDP, compared to the rest of Europe, Austria's creative sector ranks ninth among those countries with the strongest creative industries. The leaders are the Netherlands, followed by Sweden, Great Britain and Denmark, each with 3.4 to 3.2% of GDP.

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Peter Umgeher & Georg Schnitzer, designers
www.vandasye.com

The average equity ratio in the creative industries sector for 2010/2011 was **31%**.

76% of all companies had positive equity balances (overall economy: 73 %).

The profits per earned euro in the creative industries sector amounted to **5.5 cents**, as opposed to 3.4 cents/euro in the overall economy.

71% of Austrian creatives made profits (overall economy: 63 %).

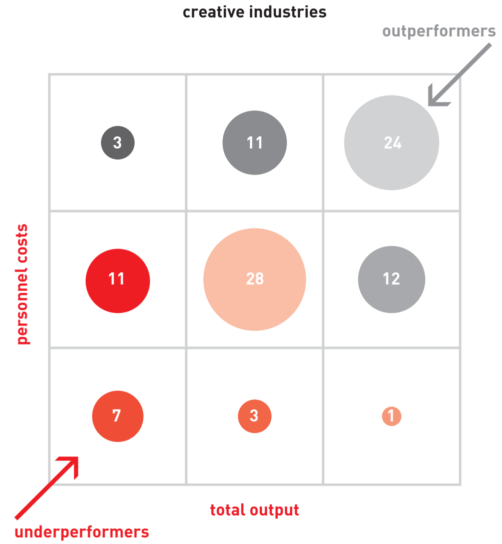
The cash-flow percentage among creative enterprises was **9.3%**, compared to 8% for the overall economy.

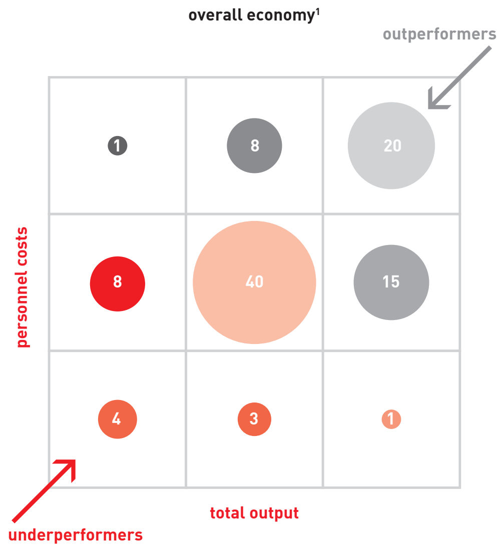
2. GAINING!
THE CREATIVE INDUSTRIES AS A GROWING SECTOR

The creative industries are growing. One in four creative enterprises is a so-called outperformer, a growing company when judged by factors like total output and personnel expenditure over the last five years. When the large group of very small enterprises is taken out of the balance, the percentage of growing companies rises to 31%. 12% of the creative enterprises in Austria showed an increase in revenue while maintaining the same personnel levels in 2010/2011. 11% employed more personnel while maintaining the same overall output level. Revenues and personnel expenditure remained the same in 28% of the companies, while only 7% showed a drop in personnel expenditure and output. The greatest amount of outperformers are found in the software and games sector (39%), followed by architecture (26%) and advertising (25%). Music, books and artistic activities (20%) was among the sectors with the lowest number of outperformers, but still ahead of publishing with 13%. The percentage of outperformers in the overall economy was 20%, while 40% showed consistent developments.

Graph: Companies based on their development of personnel expenditure and output: creative industries vs. overall economy[1], 2006/07-2010/11 (cohort study)

1 Excluding real estate and holdings. Source: KMU Forschung Austria, Bilanzdatenbank



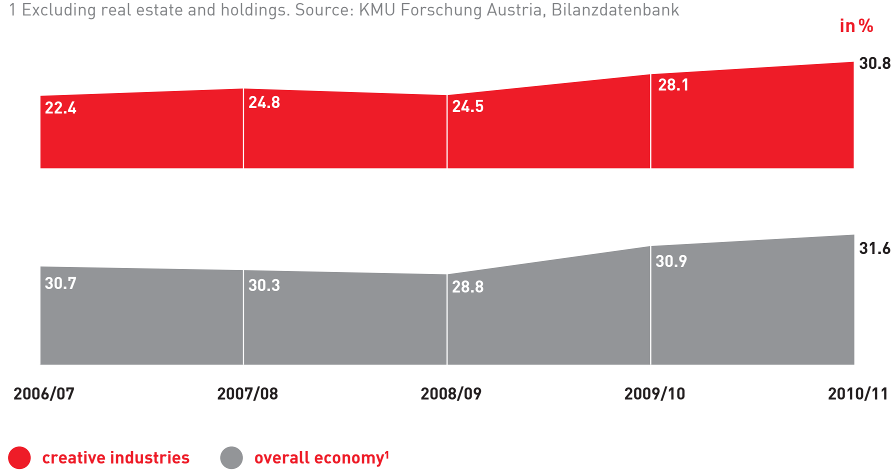


On average, creative business enterprises achieve higher profits relative to the overall economy. In part, this has to do with cost structures: in the creative industries sector, material and external service expenses are markedly lower than in the overall economy. Therefore, bottom line profits are higher, meaning sales profitability is greater. The profit–turnover ratio for the creative industries sector is 5.5%, compared to 3.4% for the entire economy. This is specifically true for enterprises with a cash-based accounting system: they achieved a profit margin of 7.5% in 2010, which is much better than the 5.1% achieved by the overall economy. The superior business results the creative sector achieved are consistent with the high number of Austrian creative enterprises in the profit zone. 71% reported positive company results in 2010/11, but only 63% of enterprises in the entire Austrian economy did the same.

The equity-to-assets ratio in the creative industries has risen sharply compared to the overall economy, from somewhat over 8% in 2006 to 31% in 2010. The numbers for the entire economy have remained practically unchanged at around 32%, which means the creative sector has improved significantly during the past years and exceeded the current minimum standard equity-to-assets ratio of 30%. This standard is an important indicator in credit rating assessment and when it comes to funding long-term assets to cover possible losses. Also, creative enterprises with turnovers of 4 million euros or more have equity capital levels that are up to 8% higher than those of companies in the overall economy. The difference is particularly striking among single-person enterprises: companies of the overall economy have equity capital of around 16%, while those in the creative sector reach a level of 34% and more. Among individual business sectors, software and games lead the creative industries field with 33%, while designers have the least equity capital (22%), slightly behind publishers (23%).

Graph: Equity-to-assets ratio in the creative industries sector and the overall economy[1] in percent of total capital, 2006/07–2010/11

1 Excluding real estate and holdings. Source: KMU Forschung Austria, Bilanzdatenbank



On average, creative enterprises who account on a cash basis have more liquid assets for investments, debt payments, or payments on earnings at their disposal. The cash flow of the creative industries was recently 9.3% of the total output, as opposed to 8% for the overall economy. Creative companies with turnovers of less than 300,000 euros lead the group with a cash-flow percentage of 13.9%.

Another particularity of the creative industries is that companies in this sector have more short-term assets but fewer assets that they invest on a long-term basis. The fluid assets of the creative sector made up 64% of the total capital in the 2011/2012 period, compared to 42% for the entire economy. However, invested capital among creative enterprises reached 35.2%, as opposed to 57.5% for the overall economy. The accounts-payable percentage for the creative sector was 48%, which is higher than that of the overall economy (39%). The percentage of long-term borrowed capital is 9.3% in the creative industries sector, compared to 25.1% for the entire economy. The fact that tangible assets are of less importance to creative entrepreneurs is consistent with their investment behaviour: those companies of the overall economy that have annual turnovers of up to 300,000 euros invest 14.1% of their total output, while the respective creative enterprises invest only 7%. Also, investment costs decrease with increasing turnovers, e.g. companies in the creative sector with turnovers of more than 7 million euros only invest 2.3%, as opposed to 4.2% in the overall economy.

Gebrüder Stitch TM e. U.
Vienna Denim Project
www.gebruederstitch.at

68 % of Austria's creative entrepreneurs plan on acquiring new customer segments.

47 % rely on improved customer loyalty, advertising and image cultivation.

46 % would like to broaden and/or expand their range of products and services.

38 % think it is important to streamline internal procedures.

37 % would like to engage in co-operations.

27 % of software and games companies would like to increase their exports.

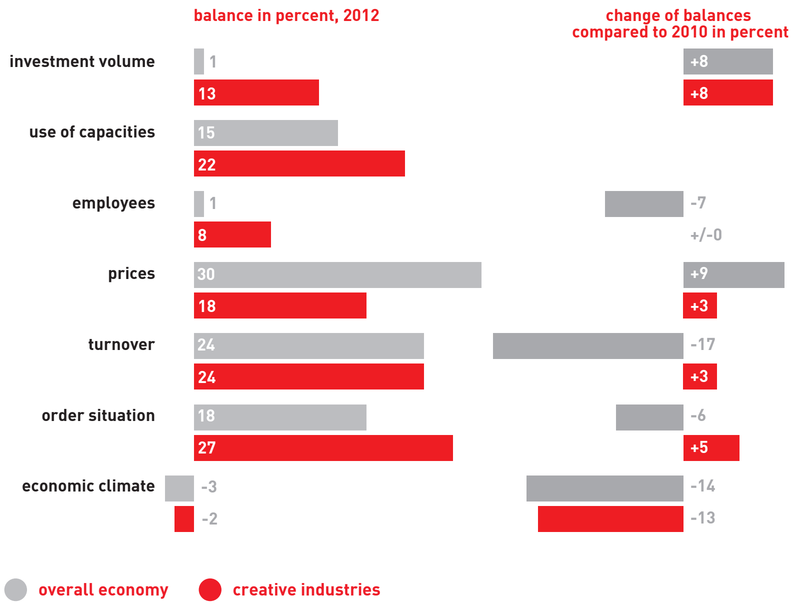
24 % plan to raise their prices.

3. THINK AHEAD! THE CREATIVE INDUSTRIES AND THEIR PLANS FOR THE FUTURE

Prospects of the creative sector are brighter than those of the overall economy. Expectations are generally high except when it comes to the economic climate and the uncertainty associated with it. The creative sector is most optimistic with regard to its order situation, turnover and operating rate, mainly in the fields of advertising, video and film, software and games, and design. Creative enterprises in both music, books and artistic activities, and architecture are somewhat more sceptical. While creative entrepreneurs in Lower Austria, Upper Austria and Tyrol are the most confident, those in Carinthia, Vorarlberg and Vienna are among the more cautious.

Graph: Expectations as to the economic development over the twelve months to come compared to the past twelve months as well as balance[1] changes compared to 2010 in percent: creative industries vs. overall economy, 2012

1 Balance: the number of companies with positive ratings minus the number of companies with negative ratings.
Note: The use of available capacities was not surveyed among the creative industries in 2010, hence no value is indicated for the overall economy either.
Source: KMU Forschung Austria, Austrian Federal Economic Chamber, Company Survey, Spring 2012

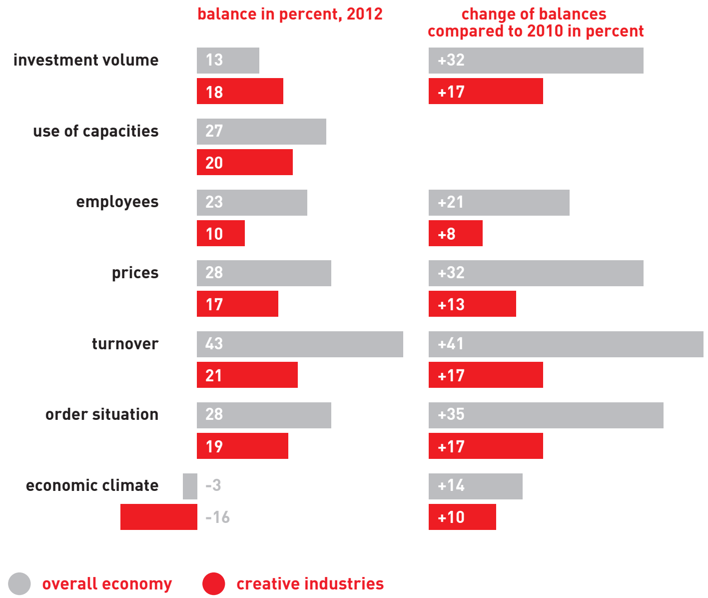


Even when looking back at the turbulent times brought on by the economic crisis, creative entrepreneurs tend to remain positive, especially because the mood has brightened considerably since 2010. However, most entrepreneurs marked the economic climate as negative. The sectors software and games, video and film and advertising generally deemed the economic development between spring 2011 and spring 2012 positive, while architects, being largely dependent on the construction industry, were less positive about this period. At the provincial level, the creative enterprises in Tyrol, Upper Austria and Salzburg identified a more positive development than those in Carinthia, Lower Austria, Styria and Vienna.

Prices remained stable during the 2011/2012 period in almost two thirds of the creative enterprises, while almost one in two companies in the entire economy charged more. These raises were explained by higher wages and salaries as well as increases in energy expenses. Only one in four creative entrepreneurs – mainly in music, books and artistic activities, and design – plans to raise prices in the near future, as compared to 44% of enterprises in the overall economy. Price reductions are mostly expected to happen in the video and film sectors as well as in software and games.

Graph: Economic development over the past twelve months compared to the twelve months before that as well as balance[1] changes compared to 2010 in percent: creative industries vs. overall economy, 2012

1 Balance: the number of companies with positive ratings minus the number of companies with negative ratings.
Note: The use of available capacities was not surveyed among the creative industries in 2010, hence no value is indicated for the overall economy either.
Source: KMU Forschung Austria, Austrian Federal Economic Chamber, Company Survey, Spring 2012

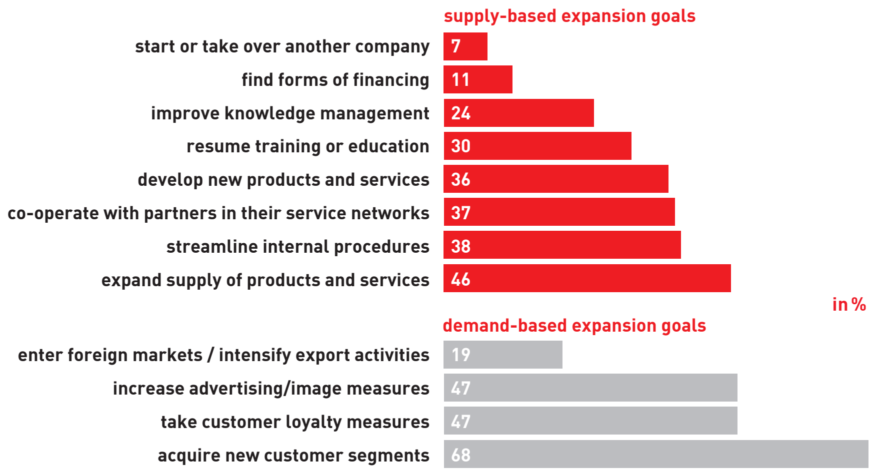


Creative entrepreneurs are defined by pro-active entrepreneurship. They like to roll up their sleeves and come up with many plans for the years to come. Two thirds of them rely on customer acquisition and retention (if only radio and TV enterprises were counted, it would be 100%), almost half plan to cultivate their image and/or to expand their range of services. Streamlining internal procedures is on the list of priorities for 60% of the companies with more than five employees. More than one in three creative entrepreneurs wants to develop products and services; among the enterprises in the software and games sector, 62% have such plans. Young entrepreneurs tend to pursue goals on the demand side, such as acquiring new customer segments (up to 85%) and putting a greater emphasis on advertising (62%). Those in a growth phase mainly count on building up new customer groups (73%) and expanding their product and service portfolios (54%).

Graph: Entrepreneurial goals of Austria's creative industries for the three years to come, percentage of mentions, 2012

Multiple answers were allowed.

Source: KMU Forschung Austria, Austrian Federal Economic Chamber, Company Survey, Spring 2012



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42 % of creative enterprises in Austria are located in Vienna, this is equal to **17.5 %** of the region's total economy.

10.2 % is the growth rate last recorded for the creative industries sector in Burgenland, the leader among the nine provinces.

82 % of those in the creative sector think quality of life is important when choosing a location.

93 % are satisfied with the conditions at their chosen locations.

48 % think private and entrepreneurial reasons are equally important when choosing a location.

69 % prefer company sites close to their homes.

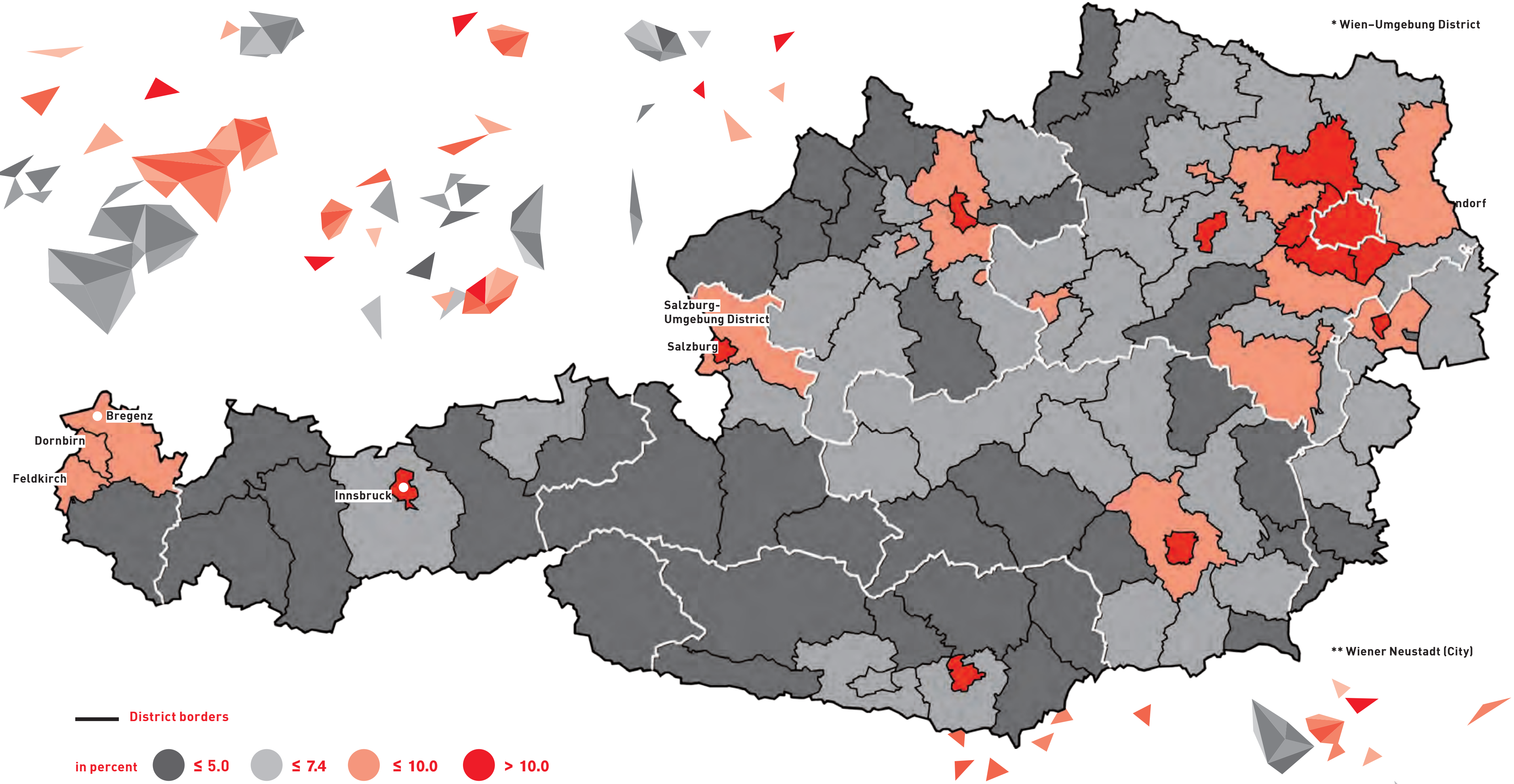
65 % focus on good value for money when deciding on a location.

4. SETTLED! THE CREATIVE INDUSTRIES ARE NO LONGER AN URBAN PHENOMENON

Vienna is the undisputed creative centre of Austria. Almost half of all creative enterprises are located in the federal capital, and 59% of the revenue in the creative sector is generated in Vienna. However, the number of creative enterprises in the countryside, or in less urban regions, has been rising at a rate above average – 12% between 2008 and 2010 –, as the need for creative work is equally increasing in all districts, regions and provinces across Austria. This current trend towards "border crossing" has been referred to as "rurban" development. Almost one in three Austrians lives in such areas today, which include the outermost periphery of cities and are defined by both urban and rural characteristics.

The number of creative industries[1] as a percentage of the total number of companies in the market-oriented economy[2], percentages by district, 2010

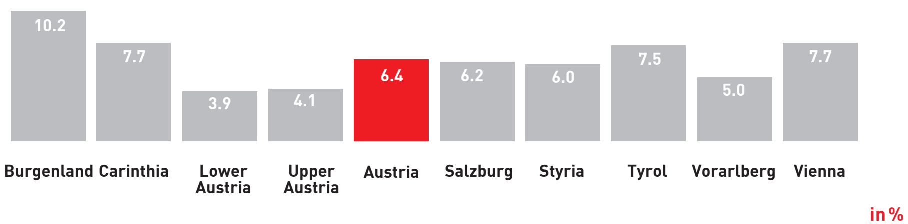
1 excluding artistic activities, cultural education, art dealing. 2 sections B to N as well as department 95 of ÖNACE 2008 (i.e. without agriculture and forestry, teaching and personal services)
Source: KMU Forschung Austria, based on data from Statistik Austria



Outside of Vienna, the higher the population density, the greater the likelihood of finding a creative enterprise in a community or region. This is particularly the case in the more densely populated municipalities in Styria and Tyrol. Vorarlberg, which has more creative enterprises in areas with medium population density than the Austrian average, is an exception in this respect. The growth of creative companies in thinly populated areas spread throughout Austria between 2008 and 2010, albeit from a low baseline. The number of creative enterprises in Vorarlberg is low compared to the Austrian average, but their share of the overall economy in the respective provinces is significant.

Graph: Development of creative enterprises by federal province, changes between 2008 and 2010 in percent

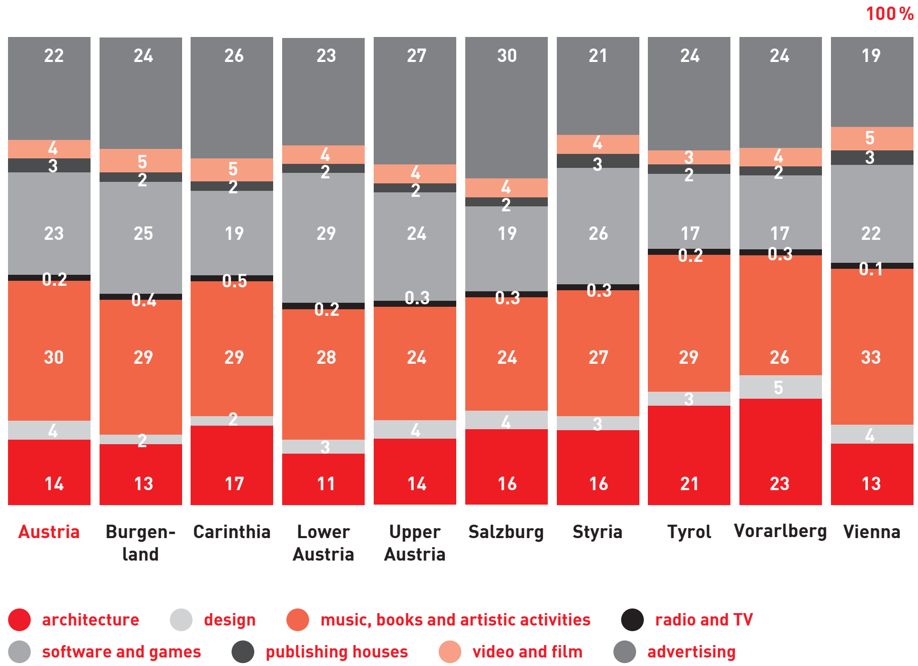
Note: The allocation by district is based on the location of a company's head office.
Sources: KMU Forschung Austria, Statistik Austria



When classified according to business sectors, publishing houses, radio and TV companies as well as architects are more likely to be found in highly populated areas. Designers, video- and filmmakers often choose sites in larger municipalities, whereas software and games enterprises can be found in regions of all sizes. The number of creative companies in Burgenland grew at a rate above average between 2008 and 2010 (plus 10.2%), this was particularly the case in the software and games sector. The growth rate in Carinthia was 7.7% (advertising), 7.7 in Vienna (all sectors) and 7.5 in Tyrol, where the fields of architecture, software and games as well as advertising were particularly strong. The growth of companies in Lower Austria, Upper Austria and Vorarlberg was below the national average (6.4%).

Graph: Percent distribution of creative enterprises by sector in each province, 2010

Note: allocation by province is based on the location of a company's head office, rounding differences are not settled.
Sources: KMU Forschung Austria, Statistik Austria

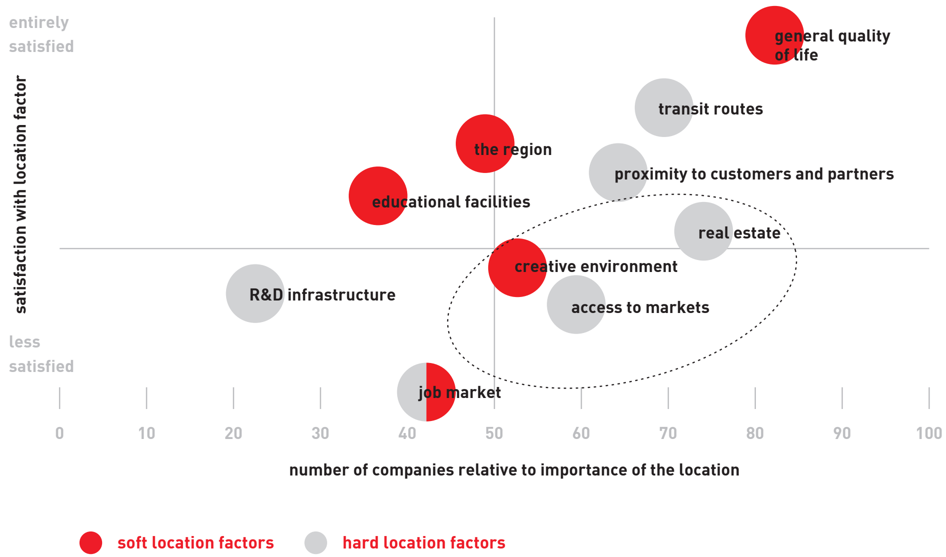


Creative entrepreneurs are considered pacesetters when it comes to factors that define future economic success such as qualifications, flexibility, project-oriented thinking, mobility, co-operations, and new working environments or the work–life balance. Along these lines, 82% of the surveyed entrepreneurs focus on the factor of quality of life when selecting a location. In general, what they desire is a mix of features like utilisable real estate at affordable prices (important for 78%) or geographical proximity to customers (76%). Almost every other creative entrepreneur chooses their location based on both business-related and private reasons, while for 24% only private reasons count – including proximity to their home, quality of life and family-related reasons. 28% make their decisions purely for business reasons, such as good value for money for the facility, infrastructure and being close to their markets. Six in ten creative entrepreneurs prefer to be located close to other creative companies. The choice of location for personal reasons is more important to single-person enterprises, and specifically to designers and advertisers, than to larger companies. 39% of the employing companies, mainly software and games enterprises, publishing houses, music and book companies as well as those pursuing artistic activities make their decision for a location purely on a company-related basis with a focus on good value for money for facilities, good infrastructure, available workforce and proximity to co-operation partners. Either way, the predominant majority of those in the creative sector are satisfied with these location factors.

Workforce availability is particularly important to architecture firms. Architects and companies in the field of music, books and artistic activities as well as video and film also regard available real estate as an important criterion when choosing a location. In terms of real-estate prices, Viennese entrepreneurs and their colleagues in Salzburg are the least satisfied. Architects and designers are more interested in being close to research facilities, while creative companies in Vorarlberg and Vienna consider good transit route access very important. Creative entrepreneurs in Vienna and Styria are more satisfied with the characteristics of their locations than those in other provinces.

Graph: Location factors for the creative industries by individual importance and satisfaction, indicated in percent of all responding creative entrepreneurs, 2012

The further right a factor is placed on the scale, the more important it is for creative entrepreneurs; the further up it is placed, the more satisfied creative entrepreneurs are with it. Lower factors indicate lower levels of satisfaction.
Source: KMU Forschung Austria, Company Survey, Spring 2012



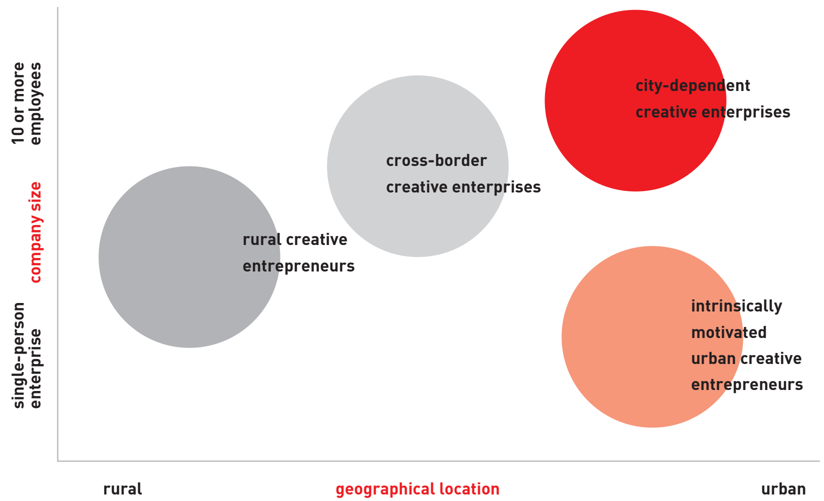
Half of all creative employees like to socialise with their customers and business partners on a private level as well, 35% do so at a lesser extent and 16% have no personal relationships with customers at all. The most amicable sectors are video and film, and music, books and artistic activities, leaving software and games, advertising companies and architecture firms behind. More than half of all creative entrepreneurs have their own office space – especially architects and designers –, more than a third work at home, mainly those in the sectors software and games, and advertising. One in ten entrepreneurs in the video and film sector use shared offices or business incubator centres. The fact that more than half of creative entrepreneurs' work could be done anywhere, but only 14% of them actually take that freedom, shows how strong regional ties among creatives are. 35% believe their on-site presence is important for entrepreneurial success. About 17% say they are planning a change of location for business reasons, including especially companies who are currently in a start-up or growth phase and companies in the sectors music, books and artistic activities, design and architecture.

Four Types of Enterprises Classified According to Regional Aspects

Four types of creative companies with differing needs and demands in terms of regional environment and business location are defined in the Creative Industries Report.

Graph: Types of creative enterprises according to company size and geographical location

The further left a company type is placed on the scale, the more rural its location; the further right it is placed, the more urban it is. The higher the company type is found, the larger the average size of the company, and the lower it is, the smaller the average size of the company.
Source: KMU Forschung Austria, Company Survey, Spring 2012



Rural creative entrepreneurs (28% of the respondent creative enterprises) have strong regional ties and are largely satisfied with the qualities their locations provide. They believe solidarity with their regions is important for the success of their businesses. 60% of them run enterprises single-handedly in rural and rurban regions, more than two fifths have advertising agencies or work in either of the fields music, books and artistic activities, and software and games (one fifth each). When looking for a business location, they are more likely to make spontaneous decisions and acquire low-cost real estate close to their homes. Quality of life is their most important factor when choosing a location as they always also have personal ties to the region where they work. Two thirds record turnovers of less than 100,000 euros. These creative enterprises are a major factor in rural creative industries, because they are most likely to have the larger part of their customers and business partners outside of cities. More than three fifths of these creative companies are currently passing through their maturity phase, while more than a third are in their growth phase. This type of entrepreneur uses the term "region" in a more narrow sense, mostly referring to his or her own municipality or district.

Despite its tendency to be farther away from cities, this group is largely satisfied with its access to markets, even though their grading of transit route access, the public transport network and spatial proximity to peers in their field is below average. Almost half the rural creative entrepreneurs work in their own office spaces, 32% work at home and 36% work at their customers' locations. The majority of these respondents would be able to work flexibly at various locations, but only 10% make use of this possibility.

Almost every second respondent has a university degree, and roughly every third one has a secondary school degree. Creative entrepreneurs in rural areas are less likely to have personal ties to people in their business sectors. Most rural creative enterprises plan to acquire new customers, enter new co-operations and expand the range of their products and services in the future. 16% would like to hire new staff, and only 14% are considering a change of location.

Half of the **cross-border creative enterprises** (17% of all creative enterprises surveyed) are located both in Austrian cities and regions on every stage of urban development. 62% have their most important customers abroad, and 86% have their most important business partners abroad. This group mainly includes companies in the sectors software and games (37%), music, books and artistic activities (22%) and advertising (20%). Cross-border creative entrepreneurs normally take longer to choose a location. The most important factors for them are proximity to their homes, low-cost facilities and high quality of life, while family-related reasons are less important. They mainly define a "region" based on the time it takes them to get to a location, hence the term is used in a broader sense than among other company types and often covers Austria and Europe. Cross-border creative enterprises are larger on average than their rural counterparts. Only 40% are single-person enterprises, while about 15% have ten or more employees. Their turnover is also higher: around 70% record revenues in excess of 100,000 euros.

70% of the cross-border creative entrepreneurs have academic degrees and 50% of them have their companies in the same location as their place of study or training, although this is rarely close to their place of origin. These persons often work in offices of their own. Despite the fact that two thirds could work from another location, only 14% actually do. Business and private networks do not tend to overlap in this group. Cross-border enterprises – more than half of them being in their growth phase – are highly innovative: about 50% have introduced at least one new product or service during the past years; 70% invest in research and development, which is why proximity to appropriate facilities is also more important when choosing a location. This group often regrets the lack of geographical proximity to networks, co-operation partners and R&D sites. One in three companies of this type wants to hire new staff, and one in five companies is considering a change of location.

City-dependent creative enterprises (24% of all respondents) are city residents who consider their on-site presence necessary and critical for their success. Most of them work in architecture or in the music, books and artistic activities sector. These creative entrepreneurs have a sense of attachment to the company's location, which they also take longer to select. Their understanding of "region" is rather narrow, covering not more than the immediate environment. A good public transport network, reasonable real-estate prices, good access to the job market and R&D facilities are critical factors as to which locations they choose. The quality-of-life aspect is somewhat less important to them compared to other company types. City-dependent creative entrepreneurs feel positive about the job market and about markets for their products and services.

The average city-dependent creative entrepreneur employs more than one person, four in ten companies even have five or more employees. However, turnover is lower in this group than in cross-border creative enterprises, as they include many high-turnover software and games companies, while city-dependent entrepreneurs are mainly architecture firms and companies in the music, books and artistic activities sector, whose turnovers are typically lower. Only 55% record more than 100,000 euros in revenue, as opposed to 70% among cross-border enterprises. 40% of the city-dependent entrepreneurs are in a growth, another 40% in a maturity phase. Three quarters have their own offices, whereas one fifth work at home. About half of the city-dependent creative entrepreneurs also completed their studies at the same location that now hosts their company. Seven out of ten respondents have university degrees. Their workplace is less often identical to their place of origin than among rural creative entrepreneurs and intrinsically motivated city entrepreneurs.

Private and business networks overlap to a considerable extent in this group. Compared to rural and cross-border creatives, urban creative entrepreneurs are generally more likely to downsize their staff. However, one fifth of the city-dependent respondents want to hire more staff in the future. The most important goals in this group are customer retention and the acquisition of new customers, increased advertising and the streamlining of internal procedures.

Intrinsically motivated urban creative entrepreneurs (31% of creative enterprises surveyed) are also committed to urban life, but their companies are smaller than those of the city-dependent creative entrepreneurs. 80% of them are single-person enterprises, and among the employing companies few have more than four employees. This group is completely independent in terms of location, their on-site presence is almost never required. The strongest creative fields here are music, books and artistic activities as well as software and games. Half of all companies record a maximum turnover of 50,000 euros. A third are in their growth, another 40% in their maturity phase. One fifth have reached their consolidation and/or negative-growth phase. This group generally decides on a location spontaneously based on main factors like low-cost real estate and public transport, and – as opposed to city-dependent creative entrepreneurs – they are the least satisfied with real estate availability, transit route access and sales market access. Around one fifth are planning a change of location during the three years to come.

This group understands "region" as their immediate environment, albeit the term is used a little more broadly. In geographical terms the intrinsically motivated urban creatives are more flexible: one third of them make use of the possibility of working at different locations. These creative entrepreneurs work in offices of their own, in their homes, at customers' offices, at completely different locations, at their business partners', or in co-working spaces. Almost two thirds have a university degree. Their companies are mostly in the city or region in which they studied, which often coincides with their place of origin. More than 60% of this group also have personal ties to their customers. Proximity to co-operation partners, networks and peers is very important to this group. With almost no exceptions, this group is satisfied with the existing situation. Very few plan to hire new staff, one in entrepreneurs is even thinking about downsizing his or her number of employees. The acquisition of new customers, advertising and co-operations with partners in their service networks are the main goals of this group.

Respondents understood "region" as their own municipality/city/district or, in other words, their "neighbourhood", i.e. immediate environment in terms of the time it takes to reach a location. Two thirds of the respondents define a region as a small area. Fewer defined it as: a province, an area evolved based on cultural homogeny, Austria (4%), or Europe (6%).

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Culture, creativity and the creative industries provide the **basis** for a **region's identity** and image.

The creative industries deter migration and **create jobs**.

The creative industries **strengthen regions** and their local supply.

Creative entrepreneurs develop **new approaches** and models.

Creative entrepreneurs with higher incomes mean **more tax revenues** for the regions they work in.

Competitiveness and **brand loyalty** within regions are increased thanks to the creative industries.

The creative industries **support** the management of crises and structural changes.

The creative industries are **a tool** for regional specialisation.

5. UPGRADED! CREATIVE INDUSTRIES AND THEIR ROLE FOR THE REGIONS

Creative enterprises have recently proven not only to be resistant to periods of crisis, but also to be able to make a contribution when it comes to putting cities, municipalities and regions in the right light. After all, this sector is an important melting pot for innovation, culture and business, where the interplay of technology, education, work spaces, culture and commerce is made possible. With its products and services, the creative industries support other sectors, helping them to remain competitive, to market themselves, to improve business procedures, and to innovate. And, what is more, creative entrepreneurs are generally considered positive thinkers that show the way ahead. Thanks to the "spill-over effect" this sector has on others, both social and cultural-policy-related aspects are addressed. Regions are strengthened by new impulses from the creative field. Fresh ideas and intelligent positioning make it easier to cope with structural change.

There are different possibilities to nurture the creative industries of a region. Examples include the top-down approach, in which institutions or policy makers can provide new impetus from the top; or the bottom-up approach, in which individuals, groups or companies can encourage change at a grassroots level. A third variant are so-called "business beacons", well-respected companies that have a high standing within their regions because they provide new impulses for the creative industries. Three Austrian and three European case studies show how these approaches have changed different regions and can help improve the creative industries' standing while fostering their growth.

CAMPUS Dornbirn

"One grows with the other." (Isabella Natter-Spets, designforum Vorarlberg)

The Vorarlberg Rheintal valley is a densely populated rural region with a vast cultural supply, a lively economy supported by internationally successful industrial companies as well as vibrant, rich creative industries. One of the early supporters of the creative industries was the once influential Vorarlberg textile industry. Today, Vorarlberg's architecture and craftsmanship show how cultural heritage and modern design can be successfully linked, as the fields of architecture and design have been working together to provide the basis for new added value and an increase in tourism. For creative entrepreneurs this means they need to supply excellent services for the export-oriented companies in the region, which are under increasing pressure to produce constant quality and innovation.

As good as this may sound, according to a study, the creative industries and other sectors in Vorarlberg did not have much in common initially, an issue CAMPUS Dornbirn has been addressing since 2008. The public–private partnership project between the city of Dornbirn, HYPO Rent and Prisma Investment GmbH is a strategic centre of knowledge, business and creativity, located on the site of Dornbirn's former postal services garages. Here, the bottom-up needs of creative entrepreneurs have been established before applying top-down solutions. CAMPUS Dornbirn allows creatives to cluster on the inside and to do public relations on the outside, it creates networking opportunities with other sectors and encourages long-term co-operations and partnerships. In addition, the CAMPUS fosters collaboration between basic and advanced training institutions such as WIFI or the Vorarlberg University of Applied Sciences, the proximity to creative hubs, short access ways and a high degree of mobility. The project also intends to bring local creatives who study or work outside Vorarlberg back to their home region and to make the creative scene as a whole more visible and well known. The CAMPUS also helps enhance the competitiveness of the region's economy and industry. 30 creative enterprises with 150 employees have each moved into an office in one of the five CAMPUS buildings so far. This number is scheduled to increase to 75 companies with around 500 employees over the next five to ten years. The companies have access to subsidised leases and compact, turnkey offices. The designforum Vorarlberg, which is also located at CAMPUS Dornbirn, supports networking as an integral part of the project.

OTELO – Open Technology Lab, Greater Linz Area

"If it weren't for OTELO, we would have left for Linz or Vienna a long time ago."

The OTELO association was founded in 2010 in the Vöcklabruck/Gmunden region because of a lack of structures to support creative potential despite a great number of people who had such potential. In other words, creativity was not even perceived as an economic factor. OTELO is an open technology lab that offers low-threshold experimental facilities in rural areas for technology, media and design, partly as an addition to existing educational services. The project is meant to create new perspectives and prevent economic emigration. It was supported by "impulse LEAD" as part of an initiative called evolve that is sponsored by the Austrian Business Service (aws) of the Federal Ministry of Economy, Family and Youth (BMWFJ) and designed to boost awareness for the creative industries as a value added factor in regions remote from highly populated areas. OTELO sites were built in various municipalities, the spaces and infrastructure can be accessed by participants free of charge. Each location hosts open workshops, where at least five participants work on one idea and develop a particular project. OTELO offers support in finding financial sponsors or realising a project. Proposals for the intelligent positioning of the region can then be developed together with the corresponding LEADER region (see below). The projects' subjects are based on existing initiatives, topics and networks (top-down), while the projects themselves are bottom-up creations. OTELO also devises various events, such as workshops, "Denk-Bars" (bars for thought) and bar camps.

OTELO is supposed to provide a successful framework for experimental and creative projects and foster co-operation between different participants from the fields of business, education, research, technology, the media and the arts, such as Lenzing AG, the Ars Electronica fair and universities of applied sciences. Key regional players are asked to identify various creative environments, bring them together and support them. OTELO was also conceived to adapt vacant industrial or administrative buildings and locations for its purposes and ensure that results and experiences acquired in work procedures are consolidated to produce future concepts. By drawing on specifically regional strengths, OTELO hopes to create loyalty to the region and provide points of intersection with other sectors. Gmunden, Vöcklabruck, Kremstal and Ottensheim, the four municipalities where OTELO sites have been built to date, all share a high level of industry and trade with a focus on technology. The large demand for specialised labour this creates is supposed to be met with the help of OTELO. OTELO is designed as a blueprint that reacts to structural challenges in rural areas and could also be applied to other regions.

KAPO in the Heart of Styria

"We aim to define identity in terms of openness, not borders."
(Wolfgang Berger, LEADER region "Oststeirisches Kernland")

KAPO, a manufacturer of windows, doors and furniture in Pöllau, Styria has a workforce of 250 people and is thus the largest employer in a region with low settlement density, a high amount of agriculture and tourism and a small number of large companies and creative enterprises. KAPO, however, has great respect for both craftsmanship and design and does a remarkable job in linking tradition with innovation. The company contracts many external creative services. In 1986, KAPO acquired the brand Neue Wiener Werkstätte (NWW). The company is also very active at a regional level, especially with regard to sustainability. It pursues sponsorship activities in the arts, culture and sports. Re-positioning a region and managing structural change requires the creative industries to link traditional regional strengths with innovation and contemporary design.

As a company with a strong focus on exports, KAPO is an appealing partner for creative entrepreneurs. KAPO created the NWW Design Award for interior design as a consequence of identifying the creative industries' need for connecting with goods production. The prize was first awarded in 2012 and is meant to serve as a platform that links crafts, design and industry, enabling the exchange of knowledge and ideas on the subject of interior design. Entries are presented on a secured website, which is used as a digital design think tank and archive while also providing a venue for young designers to display their work. KAPO cooperates with universities and institutions throughout the entire German-speaking world to make the award reach a broad public.

Gävleborg Region, Sweden

"Culture and industry have always been treated separately."
(Charlotta Netsman, Cultural and Creative Industries Project)

The Gävleborg region in Sweden is rich in cultural assets and known for its wood and steel industry. Commerce and exports also brought IT experts to the region. Creative industries had been existent for a long time, but inhabitants had been unaware of it. For this reason, the municipality of Sandviken chose to explore employment possibilities in the cultural and creative industries and to investigate these sectors' appeal in the region. Sports, being an important factor for this municipality, were included in the definition, and players from the business sector, non-profit organisations, co-operatives and other municipalities were asked to participate in the survey. In the end, it was found that Sandviken had 158 creative enterprises that employed a total staff of 597 people, generated a turnover of 47 million and attracted 1.8 million visitors per year with their activities. Research in the entire Gävleborg region based on the Sandviken model revealed that 6.44% of the entire workforce was employed in the creative industries.
A "Regional Development Council", a public entity with the mission of creating a profile for the region and coordinating regional development, was founded in 2007. Ultimately, a plan was drafted for a three-year regional development project (from October 2010 to December 2013) to bring the creative industries forward. The choice of participants was designed to make the project sustainable. The aim was to broaden the definition of the cultural and creative industries, so tourism, leisure, sport, cultural heritage and information management were included in the initiative. The regional development project then established and strengthened structures and systems and at the same time integrated new proposals into existing programmes. Direct support in the form of funding was of minor importance. First, municipalities were asked to choose a specific target group in a "test phase" and implement initiatives according to their own criteria, i.e. measures such as mentoring programmes, lectures or workshops. Then strategies were developed and transposed into "real systems". The programme is scheduled to continue until the end of 2013.
A mid-programme survey showed that some self-confidence had been achieved for creative entrepreneurs, who had before often felt they did not belong in a specific sector and therefore had received little information on which consulting services they could turn to and how to apply for subsidies. Altogether, the image of the Gävleborg region has slowly begun to change.

Creative Industries Network (CIN) in Derbyshire, Great Britain

Acting against the creative brain drain

The Creative Industries Network (CIN) in Derbyshire has existed for over ten years as a one-stop shop for the creative industries. The CIN was created as a networking tool to help prevent the emigration of creative minds to regional centres or even to London. 4.3% of all employees in the region were already engaged in the creative industries ten years ago, and 25% of those were self-employed. Creative companies were growing with considerable speed in smaller market towns, rural areas and in the periphery of urban areas, but awareness and interest in the region was low. Although the region offered a broad range of research and educational possibilities in the creative sector, it mostly failed to retain talent.

In 2003, CIN started a bottom-up analysis of the region's needs. Certain weaknesses surfaced, including loose networks, isolation of individual companies and artists, the lack of a common contact centre for the business sector and a shortage of resources. Strengths of the creative enterprises' business models included a high degree of flexibility and the ability to adapt to exterior conditions, weaknesses were the enhancement of qualifications, marketing, communication and capital. The demand for products and services from the creative sector was also rather low in Derbyshire, with strong competition coming from other regions.

In its 2006–08 Industries Business Support Programme, CIN put standards in place that helped support creative entrepreneurs in the region to develop further and to identify support possibilities. CIN helped improve starting conditions for new businesses, organised workshops designed to increase exports, published a website to interconnect the entire field and to initiate networking efforts, networking events and customised subsidies. By introducing membership fees, the platform for creative enterprises acquired a higher degree of independence, which decreased dependence on public subsidies and unstable political priorities.

The amount of creative companies increased by a total of 16% in the course of the project, the number of employees rose by 15%, and Derbyshire achieved a higher growth rate than England's entire creative sector.

Ficosa, Barcelona

"One innovation employee creates 20 jobs over five years." (Vincenc Aguilera, Ficosa CEO)

The automotive-component manufacturer Ficosa is located in Barcelona, Spain, a creative hotspot. Barcelona has been able to position itself as one of the most important cities for design in the world over the last 25 years, and designers from 55 countries have their headquarters here. Companies such as HP and Volvo have their design offices in Barcelona. Catalonia has over 50 design training sites with over 6,000 students. The "Barcelona Brand", a successful branding concept has stood for design, architecture, new trends, innovation and lifestyle since the early 1990s. The brand reflects the mix between an open, creative, multicultural climate and quality of life. At the same time, it fosters a creative atmosphere, which in turn attracts new target groups.

Ficosa has existed for 60 years, the company employs a workforce of 1,800 people and is a regional motor for the creative industries, as the company has focused on research, development, innovation, creativity and design for over ten years due to increased demand. According to Vincenc Aguilera, Ficosa's CEO for business development, one person who works on automotive-specific innovation at Ficosa for a year will create jobs for 20 people for a period of five years in the region. The company's outstanding design management has earned it the Chamber Prize of Design Management of the Barcelona Design Center (BCD).

Apart from its own designing team and research centre, Ficosa has integrated many creative minds from the region in its company structure; the company is in close touch with design schools and collaborates with them on various projects. When Ficosa's own team of designers faces excessive workloads, the company hires external help. Ficosa covers 30% of its need for creative work along the entire production chain with people from the region. This way, the automotive-component manufacturer can not only use the strengths and creative openness of the region for its own purposes, but also create added value through re-investment, for example, in highly qualified jobs, thereby supporting the creative industries. Despite being a large-scale exporter, Ficosa plans to maintain its design headquarters in Barcelona. After all, its roots are in Catalonia.

evolve – Austria's initiative for innovation in and through the creative industries

evolve breaks new ground for the Federal Ministry of Economy, Family and Youth (BMWFJ) in the field of research, technology and innovation (FTI) subsidies. The innovation programme for the creative industries is implemented in co-operation with the Austrian Business Service (aws), the impulse programme and creativ wirtschaft austria (Creative Industries Austria, cwa). The overall goal is to tap the creative sector's full potential for innovation in order to safeguard and expand innovation development in Austria as compared to the whole of Europe.

evolve's strategy in funding the creative industries and innovative creative services aims to strengthen the creative industries as a sector with above-average innovations. It also aims to increase the potential of the creative industries, be a driving force for innovations in other sectors and contribute to the added value and growth of other fields. In addition, the transformative potential of the creative industries can be used to spark renewal in other areas (in companies, sectors, communities, regions or society as a whole). This way the creative industries can do their best to strengthen Austria as a business location.

evolve aims to support creative entrepreneurs in all sectors with a set of measures that is based on the needs of creative enterprises throughout Austria regardless of their development phase. The evolve programme is available not only to creative enterprises but to all kinds of enterprises that recognise the value of creative services and want to continue to develop accordingly. In addition to directly supporting companies and/or projects in the creative sector, evolve tries to increase public awareness for all matters concerning the creative industries. evolve pursues an integrated approach that is based on existing support measures and adds to them measures specifically tailored to the creative industries (so that all measures strengthen each other):

Financial Support, Services and Increasing Awareness

The activities of creativ wirtschaft austria comprise services and networking activities that support the economic success of creative enterprises. It represents the interests of Austria's creative industries as a platform, supports favourable framework conditions and implements measures to make the creative industries' achievements visible. The focus of the aws subsidy programme "impulse" is innovative strength that is based on, and achieved by, the creative industries. impulse is seen as a centre of competence for the creative industries and offers an integrated subsidy approach that comprises a portfolio of support measures (including both services and financial aid) specifically designed for the creative industries. evolve also points out other existing offers within the creative industries which may be of interest to persons or businesses of the sector. evolve is a combination of specific measures designed for the creative industries and additional support options available to them. In doing so, evolve unites all federal services that strengthen the creative industries to present one comprehensive package.

Further information is available at:
www.evolve.or.at
www.impulse-awsg.at
www.creativwirtschaft.at

evolve

creative industries
in austria

Austria's Initiative to Support Innovation in the Creative Industries

evolve supports creative entrepreneurs and helps them to develop a unique idea into a profitable business.

www.evolve.or.at

An initiative of the Federal Ministry of Economy, Family and Youth

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RIESS KELOmat GmbH / Friedrich Riess
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Recognise **quality of life** as the most attractive location factor for creative entrepreneurs.

Raise **awareness** for creative (business) procedures and the creative industries.

Gain **access to markets**.

Create an open mentality and a **creative environment**.

Identify and **provide space(s)**.

Be ready to co-operate and to **network**.

Improve training, education and the **job market**.

Retain or bring back **qualified employees**.

Make the **perspectives** and **opportunities** of a region visible.

Aspire smart **positioning**.

Master **challenges** and overcome barriers.

6. KEEP MOVING!
COURSES OF ACTION, THINGS TO DO

People settle in places they like most. This is also true for creative entrepreneurs. It is often they who find hidden treasures and help kick-start regions. Co-operation and intelligent strategies often make many things easier, as the case studies described in the previous chapter show. When it is hard to reconcile traditional thinking with potentially new ideas, it is helpful to support key players and companies by encouraging meetings where all participants gather around a table. For changes to be successful it is vital to be open towards creative business procedures and new ideas, as could be seen in the Swedish example above.

Success is a matter of co-operation. Targeted networking between creative enterprises and leading companies in a region generates added value, as shown by the studies. This improves market access, increases demand and helps meet the challenge of improving quality and launch more innovations, especially for companies with international orientations. Co-operation also creates jobs that require higher qualifications and can help retain qualified employees.

First, framework conditions for a creative environment have to be created, that means a tolerant, open environment that fulfils cultural needs and provides a network of peer creative minds. Barcelona succeeded in doing so – to the benefit of the entire region, other business sectors included. As always, like with OTELO, everything begins with small steps: the offer of low-threshold experimental spaces alone can pave the way for a creative environment to be created and expanded via networking, even in a small town with no prior contact to the creative industries. Systematic networking leads to success, but the number-one requirement is always: awareness of all the possibilities that can arise when different players work together. As proven by the Creative Industries Network (CIN) in Derbyshire, England, this kind of interaction can be the key to economic success.

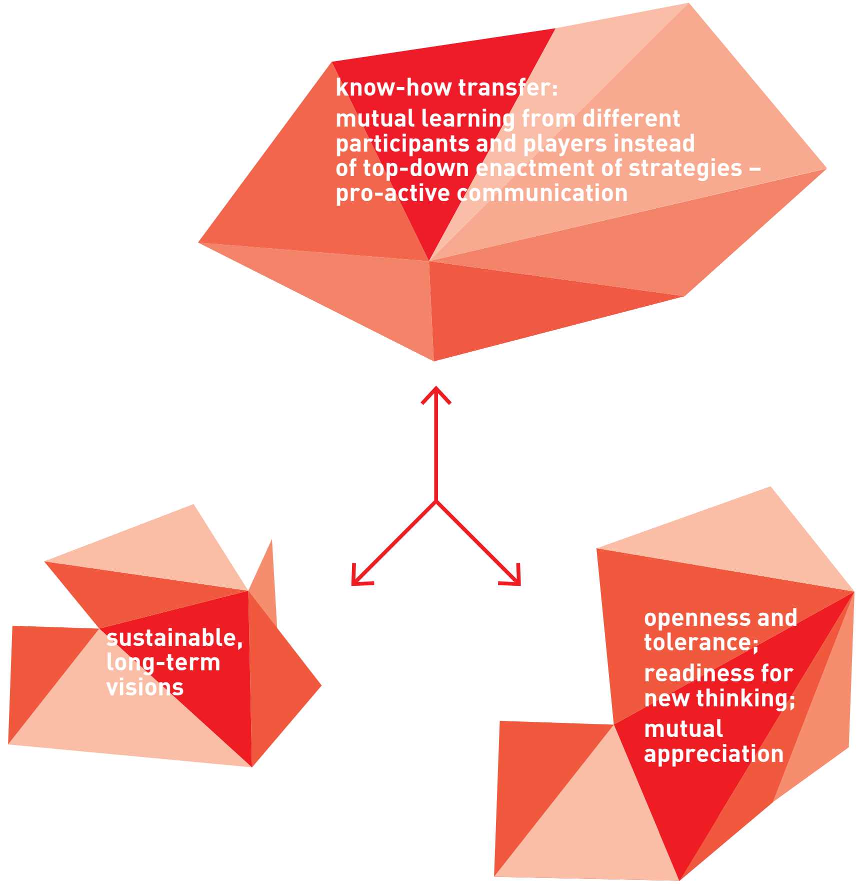
Success, however, also depends on the existence of adequate spaces, an issue creative entrepreneurs have not declared themselves fully satisfied with when asked in the present survey. One possibility is to refurbish vacant buildings to serve as sites for new companies that can be used as co-working spaces or hubs, as was the case with OTELO or CAMPUS Dornbirn. Spaces used as shared offices can encourage the mutual exchange that is so important for successful partnerships and future-oriented co-operation. Creative entrepreneurs tend to be more flexible in matters of space and location, so they are ideally equipped to lead the way in proving it is not always necessary to work in one particular place. Mobility is another topic for the future: Austria's creative minds are not fully satisfied with access to public transport. Especially in rural areas, it is high time to start thinking outside the box.

Constant basic and advanced education as well as innovation will lead to success in Austria's highly qualified creative sector, which is why being close to educational as well as research and development facilities is important. Dornbirn, for example, is already there. At the same time, measures have to be taken to bring back those creative talents that might seek professional fulfilment in creative centres elsewhere. As far as creative centres are concerned, good things are often right on our doorstep. Many regions already have the attractive markets, the niches and target groups, the customers and jobs, but in many cases this has yet to be communicated or made visible properly. With KAPO, for example, it was extremely helpful to involve the LEADER region "Oststeirisches Kernland" as an "innovation agency". In the case of CAMPUS on the other hand, we saw how efficacious public relations work successfully brought the Vorarlberg Rheintal valley to the public's attention. It helps to make use of traditions and link them to innovation in writing the history of a region, like in the story of the textile manufacturers in Vorarlberg who cleared the way for the creative industries.

Last but not least, it is important to eliminate barriers that hinder the progress of positioning procedures. These obstacles often include comprehension problems that could easily be clarified with the help of professional communication, such as what are the creative industries anyway?, or the common belief that creative entrepreneurs accumulate only in cities. The present Creative Industries Report has now shown that limits are blurred in matters of creativity and that new approaches and impulses are always needed to make the best of the future for society and the economy.

Graph: "Attitudes" that define success in implementing subsidy measures for the creative industries

Source: KMU Forschung Austria



Policy

- Responsible policy makers and players must commit to addressing the creative industries;
- appropriate strategies or combinations of strategies for a region have to be identified;
- strategies for region-specific creative industries have to be embedded in overarching development plans and strategies;
- the baseline situation in a region has to be analysed;
- strategic co-operation partners have to be selected and involved;
- subsidies and support have to be obtained in co-operation with "regular" funding institutions;
- incentive plans for local participants have to be created;
- pro-active communication strategies have to be devised.

Co-operation and networking

- Key players, creative environments and "business beacons" have to be identified;
- regional networking across sectors and business fields has to take place;
- co-operations between training institutions and creatives have to be fostered;
- a broad range of participants has to be involved at a local and regional level;
- large and medium-sized companies have to co-operate with creative SMEs;
- adequate forms and formats for co-operation have to be found;
- actual physical space has to be used in encouraging networking and co-operations;
- public–private partnerships have to be fostered.

Regional strengths

- The creative industries of a region have to be made visible;
- regions and/or cities have to achieve clear, long-term positioning;
- proximity to creative hubs has to be sought.