CREATIVE INDUSTRIES SWITZERLAND

FACTS.MODELS.CULTURE

CHRISTOPH WECKERLE

MANFRED GERIG

MICHAEL SÖNDERMANN

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1.0

INTRODUCTION

It might at first seem unusual that a book about the creative industries does not include the words "dynamic," innovative," or "society" on the cover.

The terms "facts" listed in the subheading to imply an empirical quantitative aspect, "models" for a theory-based qualitative approach, and "culture" to imply an in-depth examination of the creative scene, a sub-segment of the creative industries, are relatively sober. The book deals with different approaches and differentiated perspectives that converge to form constellations that, in turn, open up new perspectives.

The time to publish this book was chosen for a specific reason. The authors believe it is necessary to develop new approaches and methods, because it seems that the creative industries discussion is either going around in circles or has stalled completely. Although decision makers have discovered every level of the term – the creative industries are used as a model of success throughout economic and innovation policies, educational policies, city planning, and so on – strategies to put this model into practice remain astonishingly vague. There is an increasingly urgent need for approaches that can be applied to concrete situations. It remains to be seen whether the specific measures in this publication can provide a driving force.

The question of how discussions of constructing approaches to the creative industries' complex of sectors can be derived from analyzing current debates on these industries.

We can generally recognize two approaches that have almost nothing in common and often contradict each other. In one, creative industries studies concentrate on the industry's empirical aspect and present a highly dynamic world, illustrated with steeply rising curves. These studies implicitly focus on the question "What are the creative industries?" and tend to confirm the outsider view of political and other decision makers. The other approach describes the creative industries from a sociological perspective, where precarious labor relations are a central issue and State-funded programs such as the Künstlersozialkasse in Germany, an organization that acts as an artists' union and includes a health care and pension plan. This type of study places the question "Who are the creative industries?" at the fore, and presents an insider view.

If it is possible – and this is one of the aims of this book – to bring these two perspectives closer, to relate them more, and to help them better complement one another, then there may be a chance of advancing the discussion on the creative industries.

An approach of this kind impacts the structure of the publication: integrating qualitative and quantitative approaches remains a challenge and consequently both will always exist side by side.

"Creative Industries Switzerland" is accordingly divided into four, complementary sections. The first presents an overview of the international discourse on the creative industries and analyzes the different terminologies, arguments, and special aspects so as to benefit the Swiss context.

The knowledge and information provided in this first section form the basis for the empirically oriented second section, in which issues of an adequate and internationally applicable version of the Swiss creative industries are raised and answered. The second section gives statistical indicators that are considered necessary for different levels of discourse. The empirical-statistical analyses of the individual submarkets in the creative industries in Switzerland, compared to Europe, update the 1. Kulturwirtschaftsbericht Schweiz[1] (First Swiss Cultural Industries Report) and expand on it with different aspects as regards the diverse nuances in perspective. Micro-market structures and dynamic developments are examined from positive and negative points of view, and the gaps, where empirical statistical analyses break down, are also pointed out.

The third section concentrates on a segment of the second, the creative scene, and within it on the design industry. A qualitative focus describes motivational aspects and uses model-based approaches to break down empirical findings to a detailed qualitative level, and comment on the creative scene's innovative potential in relation to the creative industries as a whole. Active individuals in the creative scene are profiled in essays and photos.

The fourth section summarizes the findings of the first three and identifies various aspects of funding methods. Taking Switzerland as an example, concrete topics are defined and the appropriate funding bodies recommended.

This publication represents a broad spectrum within a specific focus, and is directed accordingly at a wide range of readers. It addresses individuals who wish to familiarize themselves with the creative industries on a strategic-political level, who want to deepen their knowledge, or who are active in developing means of funding. The detailed section on the creative scene also opens interesting perspectives to small businesses active in this sector.

"Creative Industries Switzerland" should be read as a progressive argumentation of international and national points of view, and of qualitative and quantitative approaches. The aim is to clarify and correlate different standpoints. Each individual section – international analysis, empiricism, qualitative approaches, recommended methods of action – deliberately uses its own language and can be observed individually.

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[1] WECKERLE, CHRISTIAN, SÖNDERMANN, MICHAEL,1. Kulturwirtschaftsbericht Schweiz (First Swiss Cultural Industries Report), Zurich University of the Arts, 2003.

Published by the Zurich University of the Arts, “Creative Industries Switzerland” chooses artistic and creative production as its central theme. This close relationship to individuals active in the field serves as a reminder that the creative industries cannot be treated as a streamlined issue, but are highly complex and, to a certain extent, cumbersome.

With this publication, the authors hope that the analysis of the creative industries portrayed in the approaches selected here will draw together and lead to a deeper understanding of the otherwise separate qualitative or quantitative approaches, the insider and external views, and the many phenomena that emerge at interfaces, and ultimately prove that the creative industries deserve further discourse.

2.0

CREATIVE INDUSTRIES IN THE INTERNATIONAL CONTEXT

The creative industries are increasingly considered to be dynamic and attractive in areas as varied as culture, economics, and politics; yet the term remains ambiguous and difficult to grasp in content, structure, or empirically. This introductory section attempts to systematize the most important approaches and models and to develop criteria for a strategic discussion on the subject.

In this section, we analyze the current discussion on the creative industries, and examine different concepts or notions of the creative industries in supranational organizations and individual nations [2.1, 2.2]. The knowledge gained will subsequently be systematized and applied to further considerations in this publication.

2.1 DEVELOPMENT OF THE TERM "CREATIVE INDUSTRIES" SINCE 1970

The cultural and creative terminology that gave rise to current discussion began developing in Europe and Canada in the 1970s.[2] Essays from France focused on the field of tension between "les pouvoirs publics" and "le secteur marchand" in a cultural and socio-political perspective. They also called for cultural policies to position themselves vis-à-vis new perspectives that no longer depended on place and time.[3] The phrase "arts and culture industries" was coined by the mid-1970s in Canada, but it was more politically motivated by Canada's need to have her cultural products and services compete with those of her dominant American neighbors.

In 1983, the Institut pour le Financement du Cinéma et des Industries Culturelles (Institute for funding cinema and cultural industries, IFCIC) was established in France as a form of State-backed financial guarantee to banks and lending institutions that fund projects in the creative industries. It helps companies in this sector to access funding, and also encourages banks to provide the necessary financial support. In 1985, "Soficas" (film and audiovisual industry finance companies) was founded, to sponsor films selected by the French ministry of culture.

In the mid-1980s, a study conducted on the economic significance of Zurich's cultural institutions became very significant.[4] Its methodology is interesting, and it also contributed to shaping the discussion on the issue of indirect economic benefits that extend well beyond Switzerland's borders.

In 1992 in North Rhine-Westphalia, Germany, after the decline of the coal and steel industries, the cultural industries were analyzed as an economic alternative as regards its "image, tourism, and economic, and labor market factors."[5]

In the United Kingdom, the debate started in the 1990s when the young Prime Minister Tony Blair made the legendary claim to the umbrella organization of

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[2] Earlier involvement at least with some aspects of the creative industries can be easily established. See, for example, TARDE, GABRIEL, Psychologie économique, 1900; the author deals with aspects such as the intellectual components of artistic products. The book market during the Weimar period is also worthy of mention here.

[3] GIRARD, AUGUSTIN, Industries Culturelles, in: Futuribles, 17, Paris 1978, pp. 597–605.

[4] BISCHOF, DANIEL P., Die wirtschaftliche Bedeutung der Zürcher Kulturinstitute. Eine Studie der Julius-Bär-Stiftung (The economic significance of Zurich's cultural institutions. A study by the Julius Bär Foundation), 1985. From the Swiss perspective, the cultural-economic models developed by Bruno Frey are also noteworthy in this context.

[5] Archiv für Kulturpolitik (eds.), Dynamik der Kulturwirtschaft Nordrhein-Westfalen im Vergleich, 1. Kulturwirtschaftsbericht 1991/92, (The dynamics of the cultural industries of North Rhine-Westphalia in comparison. 1st cultural industries report 1991/92) ARCult, 1991.

British labor unions that "pop music exports were financially more significant to the country than the steel industry."[6]

Since the mid-1990s, the EU has effectively treated the field as one that provides jobs and integration.

2.2 DIFFERENT VIEWS OF CREATIVE INDUSTRIES IN THE CURRENT DISCUSSION

The creative industries have now come to mean almost anything ranging from the individual products and services of an artist, to all elements of a national economy that are based on some vague notion of creativity. Yet terms such as "technology," "tolerance," and "talent"[7] are turning the creative industries into a core political interest, where they are discussed as an attractive area in which to design the future.

2.2.1 SUPRANATIONAL AND NON-EUROPEAN DISCUSSIONS

Seen from a global perspective, the variety of terminology and different concepts of the creative industries are astonishing. Every three months on average, State representatives from China, India, and Australia organize national and international trade fairs and establish research academies. Recently, supranational organizations have moved to the fore, as well as continents including Africa and South America. These now comprise many sub-organizations of the UN (United Nations Organization), OECD (Organization for Economic Cooperation and Development), and WTO (World Trade Organization).

This diversity is presented here, yet is not explained in depth because an entire overview cannot be sufficiently conclusive, and individual explanatory sections would be little more than summaries. Rather, we focus on the attempt to understand the basic principles of the global discussion.

UNESCO – CULTURAL DIVERSITY AND ACCESS THROUGH NEW TECHNOLOGY The United Nations Educational, Scientific, and Cultural Organization (UNESCO) Convention on the Protection and Promotion of the Diversity of Cultural Expressions[8] accords great significance to the creative industries because of their employment potential and their facility to integrate new technologies.

UNESCO views the creative industries as a global phenomenon and sees here a promising opportunity for its chief socio-political concerns, such as north-south disparity, cultural diversity, and freedom of expression.

Technological innovations offer fascinating prospects of bringing local skills to global markets, and of establishing new partnerships and solidarities between first-world countries and developing nations.

UNESCO draws a conceptual distinction between the cultural and the creative industries. Cultural industries refer to branches that specialize in the creation, production, and commercialization of creative – including intellectual – products and services. The phrase "creative industries" is described in more detail: these are sectors "in which the product or service contains a substantial element of artistic or creative endeavor ..."[9] This specifically includes "printing/publishing and multimedia/audiovisual, phonographic and cinematographic productions/crafts and design/architecture/advertising."[10]

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[6] Musikjahrbuch Schweiz, 2004.

[7] Chapter 2.2.1 Creative Class.

[8] UNESCO, Convention on the Protection and Promotion of the Diversity of Cultural Expression, 2005.

[9] UNESCO, Global Alliance for Cultural Diversity, Understanding Creative Industries, Cultural statistics for public-policy making, n.d.

[10] ibid.

WIPO – PROTECTING INTELLECTUAL PROPERTY AND STIMULATING GROWTH The World Intellectual Property Organization (WIPO) deals with issues pertaining to intellectual property. Its position is that ownership recognition of inventions and creative works will encourage their production, and that this will stimulate economic growth. "The continuum from problem to knowledge to imagination to innovation to intellectual property and finally to the solution in the form of products, continues to be a powerful driving force for economic development."[11] The organization is aiming for a system that "rewards creativity, stimulates innovation and contributes to economic development while safeguarding the public interest."[12] The relatively new WIPO department for the creative industries wants to establish qualitative and quantitative studies on the creative potential of individual countries, develop tools for understanding this potential, and support creative individuals by protecting their interests regarding intellectual property.

Selected models can be found in the WIPO Convention of 1967[13] and in the WIPO Guide on Surveying the Economic Contribution on the Copyright-based Industries (2003).[14]

CORE COPYRIGHT	INTERDEPENDENT INDUSTRIES	PARTIAL COPYRIGHT INDUSTRIES	NON-DEDICATED SUPPORT INDUSTRIES
Press and literature	TV sets, Radios, VCRs, CD Players, DVD Players, Cassette players, Electronic game equipment, and other similar equipment	Apparel, textiles and footwear	General wholesale and retailing
Music, theatrical productions, operas		Jewelry and coins	General transportation
Motion picture and video		Other crafts	Telecommunications and the Internet
Radio and television		Furniture	
Photography	Computers and equipment	Household goods, china and glass	
Software and databases	Musical instruments	Wallcoverings and carpets	
Visual and graphic Arts	Photographic and cinematographic instruments	Toys and games	
Advertising services		Architecture, engineering, surveying	
Copyright collection societies	Photocopiers	Interior design	
	Blank recording material	Museums	
	Paper		

CHART 1_ OWN CHART DEFINING THE WIPO'S DIFFERENT MODELS TO THE CREATIVE INDUSTRIES.

Source: WIPO, Guide on Surveying the Economic Contribution of the Copyright-based Industries, 2003.

11 www.wipo.org

12 ibid.

13 Convention Establishing the World Intellectual Property Organization (signed in Stockholm on July 14, 1967 and amended on September 28, 1979).

14 WIPO, Guide on Surveying the Economic Contribution of the Copyright-based Industries, 2003.

UNCTAD – CREATIVITY ROOTED IN THE CULTURAL CONTEXT OF A COUNTRY The United Nations Conference on Trade and Development (UNCTAD) advocates integrating developing countries into the global economy. UNCTAD believes that knowledge and creativity are among the driving forces behind economic development. This particular, important aspect of the creative industries does not apply to first-world countries; on the other hand, its potential benefits to emerging or developing countries are not yet optimally employed.

This implies that a great strategic opportunity is being neglected, since the UNCTAD believe that creativity – largely as work, capital, or technology – is rooted in a country's cultural context. Artistic expression, talent, and openness, along with the propensity to experiment or develop new ideas, are not exclusively the privilege of developed nations; they provide developing countries with the opportunity to expand their share in the global market and to develop a new level of prosperity.

UNCTAD believes the creative industries emphasize the commercial potential of an area previously considered essentially non-commercial. Art in this sense is extended to include elements of commercialization and technology.

UNCTAD terminology distinguishes between publicly funded culture, the cultural industries – including handicrafts, considered significant by UNCTAD – and the creative industries, which include the following sectors: recording industry/music and theater production/motion picture industry/music publishing/book, journal and newspaper publishing/computer software industry/photography/commercial art/radio, television and cable broadcasting industries.[15]

In this context, cultural industries represent the commercialization of traditional activities, whereas creative industries refer to cultural as well as creative components in other products and services.

ILO – ACCESSING THE CREATIVE INDUSTRIES MARKET The International Labor Organization (ILO) deals with social justice, human rights, and employment laws. Similar to UNCTAD, the ILO has also established that cultural goods and services constitute a significant share of world trade, but that they are not sufficiently exploited in developing countries, because creative individuals here either lack the necessary skills or have no access to the appropriate markets. For this reason, in 2001 the ILO began offering workshops that address this problem.

With the "creative industries," the ILO describes those goods and services that should be viewed under the aspect of employment or growth in employment. An important value is ascribed here to small and mid-sized enterprises. The ILO define as specific activities the fields of music, the performing arts, dance, ethno-tourism, visual arts, handicrafts, film, and television.[16]

THE WORLD BANK – CREATIVE INDUSTRIES AS A GROWTH MARKET FOR DEVELOPING COUNTRIES The World Bank also considers the creative industries as one of the most promising sectors of economic growth for developing countries.[17] As an important global player in the field of development aid, the World Bank offers financial and technological support, and advises governments in their various efforts. Proof of its success can be seen in the positive results achieved in Africa by

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15 UNCTAD, Creative Industries and Development, TD(XI)/BP/13, 2004.

16 Promoting the Culture Sector through Job Creation and Small Enterprise Development in SADC Countries, SEED Working Papers, Nos. 49–53.

17 ibid.

investments in mobile communication. In order to establish a qualified, creative industries workforce, it is essential to first ensure a modern and efficient infrastructure, high quality social and cultural facilities, and the amenities of an intellectually open society. These in turn are key factors in the successful development of urban centers, and thus in the economic prosperity of an entire region.

Creative industries are a relatively new field for the World Bank, which defines the sector as "software, publishing, design, music, video, moviemaking, and electronic games."[18] The common element here is the important intellectual components in the products and services and the consequent need for protection against misuse.

There are other international organizations besides these UN sub-organizations that are intensely active in the field of creative industries. The OECD and the WTO are examples worth mentioning in this context.

OECD – THE CREATIVE INDUSTRIES AS NEWLY DISCOVERED EMPLOYMENT POTENTIAL For some time, the Organization for Economic Cooperation and Development (OECD) left culture to the public sector. It also considered the cultural sector comparatively unproductive in relation to other branches of industry. Now, OECD nations are advised to give more consideration to the employment potential of creative branches.[19] Products and services offered by the creative industries represent interesting development opportunities for cities and even entire regions, as well as the positive effects of tourism and export.

The OECD realizes that not every region or city can benefit to the same degree from these effects and that the creative industries require specific production conditions. The appropriate skills can be developed through education, developing sales networks, or through regulating copyrights.

The OECD distinguishes between the "core of cultural activities" (that is, live performance, plastic art, architectural heritage, cinema), "cultural industries" (audiovisual productions, records and disks, books), and "creative industries" (design objects, fashion, musical instruments, architecture, video games, advertising, etc.).[20] Yet the OECD believes that the "creative industries" exist on the periphery of cultural activities, because they produce products and services primarily for branches outside of the cultural sector. The OECD, like WIPO, is increasing its involvement in the creative industries. A basic report was compiled[21] and then expanded on at the end of 2006 in a workshop in Paris. The ILO's International Standard Classifications of Occupations (ISCO) were discussed; the process is ongoing.

WTO – WORLDWIDE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS The World Trade Organization (WTO) is the body globally responsible for international trade rules and regulations. The Agreement on Trade-related Intellectual Property Rights (TRIPS) forms a cornerstone of the WTO system. It defines the interface with the creative industries. The WTO believes that this agreement has significantly improved the worldwide protection of intellectual property, and it affects the products and services offered by the creative industries on various levels.

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18 YUSUF, SHAHID, NABESHIMA, KAORU, Urban Development Needs Creativity. How Creative Industries Can Affect Urban Areas, World Bank, 2003, p. 2.

19 For Switzerland, see: OECD Reviews on Innovation Policy, Switzerland, 2006.

20 OECD, Culture and Local Development, 2005.

21 OECD, International Measurement of the Economic and Social Importance of Culture, 2006.

The World Trade Organization does not offer an explicit description for the term "creative industries." However, their involvement with different aspects of intellectual property (copyrights and related trademark rights, factory, trade, and service brands, indication of source, designs, patents, topographies of microchips, and business and manufacturing secrets) shows interfaces with many approaches at definitions that will be introduced here. A diagram of this reference is given below.

Seen from a global perspective, it is also important to observe individual nations along with supranational organizations. For Switzerland, this would primarily involve the USA and Asia.

CREATIVE CLASS – EVERYONE IS CREATIVE This model was developed in the United States and has been widely discussed in Europe; it presents creativity as one of the most valuable products of a national economy and one of its most important driving forces. It establishes a direct correlation between economic growth and creativity.

This model introduces the notion of class, in contrast to most occupational- or branch-defined models. There are various indicators that display the positive effects of the "creative class." The mobile and globally active individuals typical of this new social class can only flourish in cities with professional structures and tolerant attitudes.

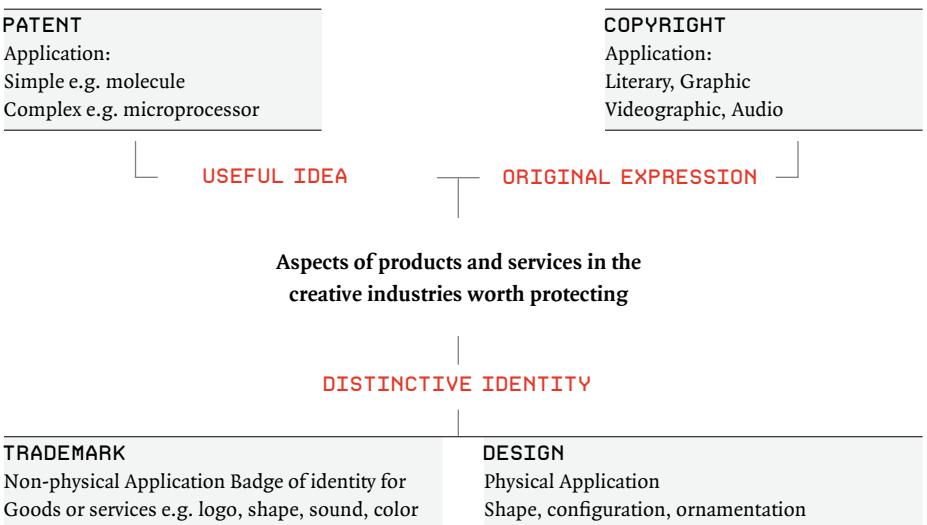

FIGURE 1_ IMMATERIAL ASPECTS OF THE CREATIVE INDUSTRIES AND CORRESPONDING PROTECTIVE MECHANISMS. BASED ON: GOWERS REVIEW ON INTELLECTUAL PROPERTY, HMSO, 2006.

The phrase "creative classes"[22] describes a growing sector of the population whose professional activities are largely reliant on creativity. This creative service is founded in knowledge and information circulated by the "creative class," which produce a wide variety of innovations.

This rather comprehensive classification shows that, in the United States alone, approximately 30% of the working population can now be considered to belong to the creative class.

CREATIVE CLASS	
SUPER CREATIVE CORE	CREATIVE PROFESSIONALS
Computer and mathematical occupations	Management occupations
Architecture and engineering occupations	Business and financial operations occupations
Life, physical, and social science occupations	Legal occupations
Education, training, and library occupations	Healthcare practitioners and technical occupations
Arts, design, entertainment, sports, and media occupations	High-end sales and sales management

CHART 2_ OWN TABLE OF THE "CREATIVE CLASS" ACCORDING TO FLORIDA. SOURCE: FLORIDA, RICHARD, THE RISE OF THE CREATIVE CLASS, BASIC BOOKS, NEW YORK, 2002, PP. 328–29.

[22] see: FLORIDA, RICHARD, The Rise of the Creative Class, Basic Books, New York 2002.

SINGAPORE – FROM CULTURAL INDUSTRY TO COPYRIGHT INDUSTRY In Singapore, the discussion is mainly focused on the economic significance of the interface between artistic creativity, enterprise, and technological innovation: "...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."[23]

It defines four types of added value: added value directly linked to the creative industries and quantifiable (for example: share of gross domestic product); indirectly linked to the creative industries and quantifiable (for example: spillover); directly linked to the creative industries but less quantifiable (for example: contribution to industrial innovation); indirectly linked to the creative industries and hardly quantifiable (for example: quality of life).[24] The following pyramid is a clear visual representation:

The performing arts, literature, and the visual arts are part of the "cultural industries"; the "creative industries" also include advertising, design, print, and media-related activities.

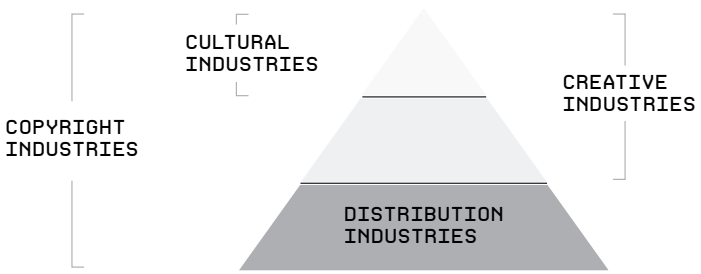

FIGURE 2_ PYRAMID CHART WITH HIERARCHICAL LIST SHOWING THE "CULTURAL INDUSTRIES," "CREATIVE INDUSTRIES," AND "COPYRIGHT INDUSTRIES."

Source: Ministry of Trade Industry, Economic Contributions of Singapore's Creative Industries, 2003.

23 Ministry of Trade and Industry, Economic Contributions of Singapore's Creative Industries, 2003.

24 see: HILLMAN, HARRY CHARTRAND, An Economic Impact Assessment of the Fine Arts, presented to: Third International Conference on Cultural Economics & Planning, Akron, Ohio, April 1984.

2.2.2 THE EUROPEAN DISCUSSION

The EU commission is also currently positioning itself with a 300-page study on the economic significance of the cultural sector,[25] and aims to follow up on prevailing political strategies with specific priorities and profiles.

Numerous European countries are pushing for a more intense recognition of the issue – the UK with its own Minister of Creative Industries and France, as mentioned in Chapter 2.1, with a comprehensive social program.

The European Union wants to advocate the cultural industries, according to the Cultural Commissioner Jan Figel, as a growing economic branch. An appropriate plan of action will be devised, based on the findings of an independent study.

An outline of the current discussion in the EU is given below; as well as some countries that are considered to have interesting models for this book.

EU – LISBON STRATEGY AND CULTURAL INTEGRATION

The discussion on the creative industries in the EU is shaped by the aims of the "Lisbon Strategy," which are to transform the EU into the "most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion."[26] Knowledge and innovation are considered the driving forces of sustainable growth. The i2010 initiative will contribute to making Europe more attractive for investments and innovation in knowledge-based products and services.[27]

The creative industries in the EU are discussed either from a cultural-political or economic-political perspective, according to the Directorate-General in question. Hence, emphasis is placed either on whether the creativity of the branch can contribute to the unity of Europe, or whether the potential to create can stimulate growth and employment. Both possibilities indicate how a coherent policy on the creative industries is necessary to fully exploit existing potential.

A definition developed at the request of the European Commission[28] outlines four different areas: a core cultural area, the cultural industries, the creative industries, and related areas that are not yet clearly defined:

__The core of "non-industrial sectors" consists of non-reproducible goods and services ("visual arts including paintings, sculpture, craft, photography; the arts and antique markets; performing arts including opera, orchestra, theatre, dance, circus; and heritage including museums, heritage sites, archaeological sites, libraries and archives").

__The cultural industrial sector or the cultural industries comprise cultural products and services destined for the mass market or export ("a book, a film, a sound recording, film and video, video-games, broadcasting, music, book and press publishing").

__The third area of creative industries, the "creative sector," understands culture to be the creative input into the production of non-cultural goods ("fashion design, interior design, and product design, architecture, and advertising"). Creativity in this sense is a cultural resource – for example, regarding innovation – in the production process of the non-cultural sector.

__The fourth area of "related industries" consists of crossovers with other sectors (such as information and communication technologies, or ICT), which the study was not able to precisely examine.

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25 Directorate-General for Education and Culture, The Economy of Culture in Europe, Study Prepared for the European Commission. October 2006; Cultural and Creative Industries, Briefing Paper, Policy Department, Structural and Cohesion Policies, Culture and Education, 2007.

26 The Economy of Culture in Europe, p. 25.

27 see: i2010 – A European Information Society for Growth and Employment, Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, Brussels, June 1, 2005, COM (2005).

28 The Economy of Culture in Europe, p. 3.

FRANCE – STATE SPONSORING STRATEGIES In France, the creative industries are also considered an exciting complex of different branches; the people employed in these fields are usually young and have above-average qualifications.

Due to the creative industries' ability to integrate new technologies, it is also believed they will play an important role in the locational competition between urban centers, and that the creative industries, in particular the film industry, will boost France's image internationally.[29] As a result, support for these branches was recommended.

The French Département des Études de la Prospective et des Statistiques (DEPS) has given the cultural industries ("industries culturelles") the comparatively strict classification of a subsection of a more comprehensive cultural sector. The cultural industries here represent publishing, audiovisual and related services. They also include architecture, the performing arts, and preserving the cultural heritage.[30] Shared elements of the cultural industries, according to the DEPS, are the reproduction and the distribution of goods and services through industrialized processes and modern communication technologies.

In a further explanation,[31] the DEPS describes the creative industries ("industries créatives") and lists the following branches: the media, literature, music, theater, opera, cinema and video, radio, photography, software, the visual arts, advertising, and collecting societies. The common elements here are the intellectual components of the respective goods and services ("copyright-based industries").

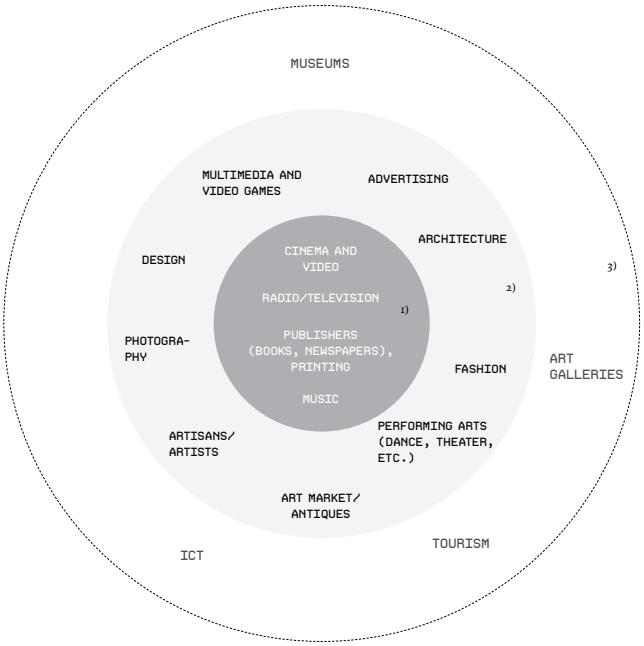

FIGURE 3_ THE BREAKDOWN OF THE "INDUSTRIES CULTURELLES," "INDUSTRIES CRÉATIVES," AND "ACTIVITÉS ÉCONOMIQUES LIÉES" ACCORDING TO THE DEPS.

Source: Iaurif, les Industries Culturelles en Île-de-France, 2006.

UNITED KINGDOM – CREATIVE INDUSTRIES AS A DRIVING FORCE FOR EXPORT AND IMAGE The UK considers itself a leader in the field of the creative industries and wants to continue developing this position for reasons of trade, export, and image. Strategies for the creative sector are directly linked to prevailing political ambitions and can be identified structurally. A "Creative Economy Program" supports individuals who are active on various levels in the creative industries.

29 see: Département des études, de la prospective et des statistiques, L'emploi dans les professions culturelles en 2003 d'après l'enquête emploi de l'insee, Données de cadrages (Employment in the cultural professions in 2003, according to the insee employment survey. Framework data), 42, 2005.

30 ibid.

31 Département des études, de la prospective et des statistiques, Aperçus statistique des industries culturelles, Les notes statistiques du deps (Statistics of the cultural industries), 16, 2006.

The definition of the creative industries, according to the Department for Culture, Media and Sport (DCMS), serves as the model, foundation, or at least a point of orientation for almost all models: "The creative industries are those that are based on individual creativity, skill and talent. They are also those that have the potential to create wealth and jobs through developing intellectual property."[32]

The core concepts are creativity, intellectual property, and employment potential. The following complex of branches are classified as belonging to the creative industries: "Advertising/Architecture/Art and antiques markets/Computer and video games/Crafts/Design/Designer fashion/Film and video/Music/Performing arts/Publishing/Software Television and Radio."

DENMARK – THE CREATIVE INDUSTRIES OR EXPERIENCE ECONOMY The Danish government defines innovation and creativity as the national economy's primary success factors, yet this is no longer a unique selling point. What is interesting, however, is the move to ascribe non-reproducible components of experience to corresponding products and services, so that these become unmistakably distinct on the global market.

The "culture and experience economy"[33] is therefore defined at the interface between art, culture, and the traditional industrial sector. It generates added value predominantly through creativity, and targets a strong client base for the visual arts, leisure, and cultural events. The "culture and experience economy" sector consists mainly of branches that exist in other definitions of the creative industries:

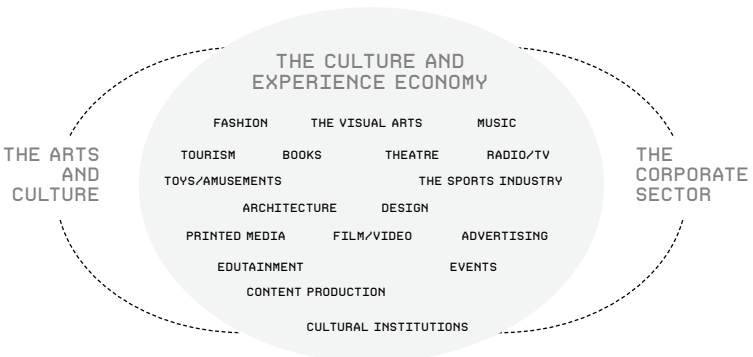

FIGURE 4_ THE "CULTURE AND EXPERIENCE ECONOMY" AT THE INTERFACE BETWEEN ART, CULTURE, AND THE TRADITIONAL INDUSTRIAL ECONOMY SECTORS.

Source: Denmark in the Culture and Experience Economy – 5 new steps, The Danish Growth Strategy, Government of Denmark, 2003.

32 Homepage of the Department for Culture, Media and Sports: www.dcms.gov.uk

33 Denmark in the Culture and Experience Economy – 5 new steps, The Danish Growth Strategy, Government of Denmark, 2003.

GERMANY – THE CREATIVE SECTOR The significance of the creative industries has become indisputable, due to its employment potential and the increasing benefits it brings to the economy. The working practice of individuals involved in this industry is being examined as a promising model for business and added value. The creative industries indicate cultural diversity and attractiveness in cites and entire regions. In Germany, the Deutsche Bundestag's Enquette Commission (survey commission) "Kultur in Deutschland" addresses the topic's various aspects.

For a number of years, there has been a growing number of cultural reports submitted at the federal state, urban, and local district level in Germany.[34] The heterogeneous models only reveal a rough outline of a core area, consisting of the music industry, publishing, the art market, the film industry, radio, architecture and design, software and computer games, and advertising.

A model of the "creative sector" that expands on the creative industries, adding governmental and informal players serves as an interesting chart for the study presented here.[35]

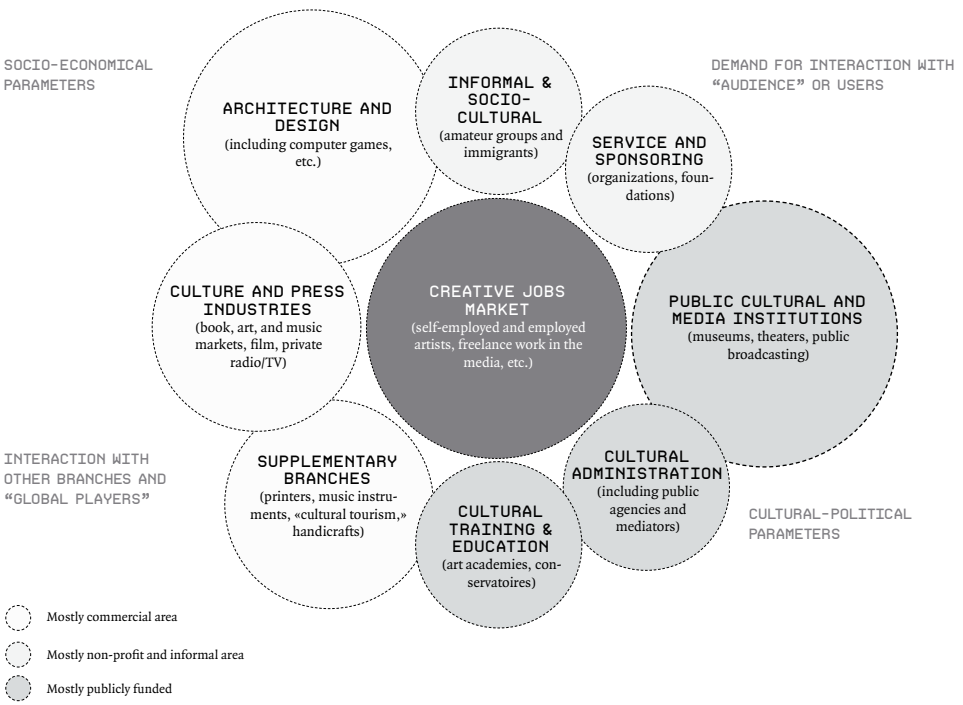

FIGURE 5_ THE CREATIVE SECTOR INCLUDING COMMERCIAL, NON-PROFIT, AND PUBLIC AREAS.

Source: WIESAND, ANDREAS J., SÖNDERMANN, MICHAEL, The Creative Sector – an Engine for Diversity, Growth and Jobs in Europe, 2005.

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34 For an overview see: SÖNDERMANN, MICHAEL, Kulturwirtschaft – Was ist das? (Cultural industries – what are they?), in: Kulturwirtschaft No. 2, 2005. Annual conference of cultural industries, conference papers, Friedrich Naumann Stiftung, 2005.

35 WIESAND, ANDREAS J., SÖNDERMANN, MICHAEL, The Creative Sector – an Engine for Diversity, Growth and Jobs in Europe, 2005.

SUMMARY The chart shows that the list could continue rather arbitrarily at the European and global level. However, even a much more comprehensive observation would have difficulty providing a clearer notion a general definition of the creative industries.[36] Is it only those creative products and services that consist of material and intellectual or creative components? Or does it represent a part of the private enterprise system of a culture-based sector of production? Does it represent commodities that contain a large percentage of symbolic components, and whose value including their added-value process remains unclear even after consumption (such as experience goods, trust goods)?[37] Or does it ultimately suggest that the creative industries are not associated with specific products and services, but rather entail a certain attitude that can be stimulated through specific conditions, such as "technology, tolerance, and talent"?

It has to be acknowledged that different, parallel notions of the creative industries exist, and that neither the market economy nor one-sided content-related definitions are capable of defining the phenomenon.

2.3 ATTEMPTING TO SYSTEMATIZE

Nonetheless, structural criteria can still be determined that can ease orientation and, in an analysis of the Swiss creative industries, can be an international point of reference. Models that can be applied or associated to the creative industries originate at the definition level and by analyzing core arguments.

2.3.1 DEFINITIONAL APPROACHES

The heterogeneity of the discussions concerning the creative industries observed in Chapter 2.2 makes it almost impossible to merge all the various different models into one, all-inclusive definition. It is much more pragmatic to isolate the different definitional focuses and then to compare these diverse models. Below, we outline three recommended observational methods:

The first model is characterized by a close relationship to artistic and cultural production. It comprises self-employed workers and independent companies whose main business is the production, distribution, and advertising of artistic and cultural products and services. The common element between these subbranches and submarkets is the "culture in the broadest sense" factor. This ranges from the individual artistic idea and original production, to applied arts and the artistic and pop cultural industry, and the mass-media distribution of cultural goods and services. Examples here are all culture-related, market-oriented areas such as music ensembles, sound studios, publishing houses, sound storage producers, book and music shops, art dealers and galleries, concert agents, film actors, film producers and movie houses, architect and designer studios, artists' agencies, author and journalists' offices, and agencies for cultural services.

The second model focuses on the concept of intellectual property – meaning the intellectual or immaterial components of products and services that are produced by the creative industries. Creative industries means here selected creative branches that go beyond the above-mentioned art and cultural models and include the software and games industry, advertising, radio, and television, the media, and relatively new trends not associated with art and culture and solely related to extended sectors.[38]

A third model is more generally related to the term "creativity" – often without defining or operationalizing

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36 WYSZOMIRSKI, MARGARET, Cultural Industries/Creative Sector: Definitional Approach, in: Creative Industries, A Measure for Urban Development, Vienna, 2004.

37 see: KRETSCHMER, MARTIN, Wertschöpfung in der Kulturwirtschaft (Added value in the cultural industries), in: Tagungsband zur 2. nationalen Jahrestagung Kulturwirtschaft, Berlin 2005.

38 see: Innovations- und Technologietransfer Salzburg GmbH, Kreativität Salzburg – ein Strategiepapier für eine standortpolitische Schwerpunktsetzung (Salzburg creativity – a strategic paper for setting priorities in local politics), Salzburg, 2005.

it. It includes products and services from practically every branch of industries that have an element of creativity in their production. These branches make up only a very small part of this definition. New emerging areas here include the pharmaceutical industry, electronics, ICT, chemistry, space travel, and the automobile industry.

The following diagram lists the approaches side by side. Dividing them into three sections is an attempt to reduce overly complex facets and overlaps. It also allows different models to be compared. The individual columns are an open line of orientation rather than a selective localization.

In summary, we can observe a shift in the basic definitions and demarcations from artistic/creative products and services of commercial value to those whose value lies in their application or use in broader economic contexts.

The above-mentioned examples (for instance, UNCTAD) also reveal a certain logic behind the diverse focuses. Political action is shaped by a variety of traditions that also affect how different solutions are accepted. The amount of influence conventions have over the way in which the creative industries are understood should not be underestimated.

FOCUS 1: ART/CULTURE AS BRANCHES	FOCUS 2: CREATIVE BRANCHES	FOCUS 3: CREATIVITY IN THE ECONOMY
primary definition focus	**primary definition focus**	**primary definition focus**
Artistic/cultural products and services in the direct branch structure	Products and services with important intellectual components in extended branches	Products and services, based on creativity in the economy as a whole
broader definition focus	**broader definition focus**	**broader definition focus**
Employment dynamics, creation of value, creativity	Employment dynamics, creation of value, creativity, innovation	Employment dynamics, creation of value, creativity, innovation, immaterial components.
typical representative of this theory	**typical representative of this theory**	**typical representative of this theory**
Switzerland, Germany, UNESCO, ...	UK, Denmark, ...	USA, WIPO, …
related terms	**related terms**	**related terms**
«Culture industries», «arts and culture industries», «industries culturelles»	«Creative industries,» «industries créatives»	«Creative economy»
standard demarcations	**standard demarcations**	**standard demarcations**
Music industries, book market, art market, film industry, performing arts, design, architecture	Software, computers, design, print, radio, music, film and video, art, advertisement, architecture, games, fashion, performing art, handicrafts	Copyright industries in a narrow sense, copyright industries in a broad sense, patent industries, trademark and design industries

CHART 3_ THREE DIFFERENT ORIENTATIONS OF THE CREATIVE INDUSTRIES

2.3.2 APPROACHES TO AN ARGUMENTATION When different models need to be described on a definitive level, certain arguments will repeat that constitute the apparent attractive potential of the creative industries, and the terms "added value," "innovation," and "creativity," are given a central role. These will be outlined concisely below to clarify how the terms are applied in the creative industries, rather than present the most up-to-date research.

ADDED VALUE Added value is recognized as a complex mechanism in the creative industries. It is related to different aspects such as digitization,[39] small-sized production structures,[40] or the ever-smaller divisions of labor in production processes. Creative individuals, production, sales, and consumers are converging, dependencies can no longer be clearly defined, and traditional perspectives are reaching their limits.[41]

The following illustration, taken from an interview with John Howkins,[42] illustrates a very new discussion in the field. Howkins is considered one of the internationally most significant representatives of the creative industries. He attempts to point out that the classic, linear added-value theory of "development–production–distribution–consumption," is no longer valid, at least for the creative industries, and needs to be replaced by models that are interdependent in more complex ways.

It is easy to draw a clear distinction between consumption and production in television, but this is more difficult with the Internet, and almost impossible in the games industry. Various "net-labels" in the music sector now sell music as online downloads rather than CDs. The added-value chains based on this principle include improving the terms and conditions for live concerts by raising the awareness level, or producing "value-added compilations."

Although processes are becoming more transparent, and access to the market more varied, the discussion about added value in the creative industries is still tied to linear models. It seems that a theoretical understanding of complex mechanisms is permanently dragging behind the reality experienced in practice.

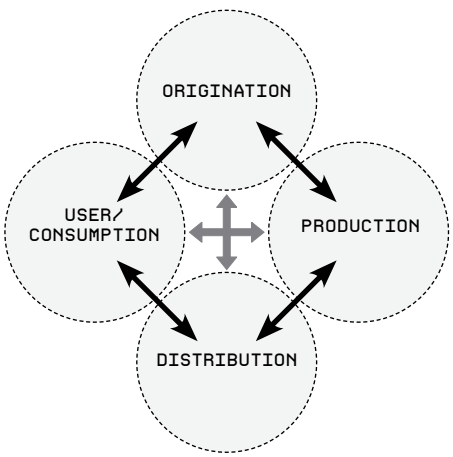

FIGURE 6_ A COMPLEX ADDED-VALUE MECHANISM AS OPPOSED TO A LINEAR MODEL.

Source: GHELIF, DONNA, Understanding the Engine of Creativity in the Creative Economy: An Interview with JOHN HOWKINS, 2006.

39 see: CHANTEPIE, PIERRE, LE DIBERDER, ALAIN, Révolution numérique et industries culturelles (Digital revolution and cultural industries), La Découverte, Paris 2005.

40 see ideas by Creative Cluster Ltd. (www.creativeclusters.com).

41 see: RITMO – Research for Integrated Trading Models for Online Music (http://www.interactivemusicnetwork.org/wg_libraries/technologies.html).

42 GHELIF, DONNA, Understanding the Engine of Creativity in the Creative Economy: an interview with JOHN HOWKINS, 2006.

The advantage of simplified structures becomes evident as soon as added-value models need to be logged statistically. Complex models that reflect reality quickly reach the limits of available empirical-quantitative databases.

In response to this, the 1. Kulturwirtschaftsbericht Schweiz[43] recommended a three-tier model. Level one refers to the original production of creative products and services, level two to the introduction of creative products and services to the end consumer market, and level three refers to the reproduction and distribution of goods and services through industrialized processes and modern communications technologies.

A similar, but four-tier model is the Creative Industries Production Chain (CIPS) used in the British discussion.[44]

In this model, Phase I corresponds to the above-mentioned three-tier model. Phase II focuses on prototypes or on producing specific services, materials, and tools that can be applied to the creative industries. Phase III corresponds with the second tier of the three-tier model, and Phase IV is the actual front-end presentation of products and services, corresponding partly to tier two of the three-tier model.[45]

The discrepancy between theoretical depiction and the reality of practice is obvious. The issue of added value will be readdressed and discussed in relation to the creative industries in Chapter 5. Distinguishing between different concepts of added value will lead to a better understanding of the added-value chain in the creative industries.

I.	II.	III.	IV.
Content origination, authoring	Production, tools	Reproduction and mass distribution	Exhibition and sites of exchange of the rights to consume

CHART 4_ LINEAR SEQUENCE OF THE FOUR TIERS OF AN ADDED-VALUE CHAIN ACCORDING TO THE CREATIVE INDUSTRIES PRODUCTION CHAIN (CIPS).

43 WECKERLE, CHRISTOPH, SÖNDERMANN, MICHAEL, 1. Kulturwirtschaftsbericht Schweiz (First Swiss Cultural Industries Report), Zurich University of the Arts, 2003.

44 PRATT, C. ANDY, Changes in the Cultural Industries in Great Britain, 1998–2002, Paper for Seminar on Cultural Industries, Amsterdam January 26–27, 2006, University of Amsterdam.

45 A new attempt at illustrating mainly linear concepts of added-value chains can be found in: Comparative analysis of the UK's creative industries, Report to DCMS, August 3, 2006, Frontier Economics Ltd., London.

INNOVATION AND CREATIVITY In addition to added value, terms such as "innovation" and "creativity" are common in the discussion on the creative industries.

One reason for this parallelism may well be based in the fact that "innovation," "creativity," and "the creative industries" are assumed to belong to the same context and are even discussed comparably.

The following examples display some definitional features of the concept of innovation[46] that are clearly very related to the descriptions of the creative industries in Chapter 2. Innovation always involves an aspect of insecurity. It is also difficult to make prognoses about the success of innovative models. On the other hand, innovation is rarely self-initiated, but is the product of external efforts. Innovation often has the character of a public good since, because it costs less to reproduce than to develop, the benefits of innovation can rarely be reaped by the developers alone. The subject of reproducibility naturally leads to a discussion of appropriate protective mechanisms. Innovations are related to specific relationships within their respective branches, and to specific locations. They are often analyzed in the context of clusters, path dependencies, or structures of interaction between companies and State representatives, universities, political bodies, etc... Another reason for relating the creative industries with innovation is the Oslo Manual on innovation published by the OECD and Eurostat,[48] which is an important direct and indirect source of many passages in creative industries reports and policy papers. The manual describes innovation as the introduction of new or notably improved products, services, or processes.[49] The essential requirements for innovation are that the product, process, theory, or method introduced to the market must be new (in contrast to routine), or at least significantly modified (innovative combinations of existing knowledge). The market is an important incentive for innovation, because the ultimate objective is to improve a company's (market) performance. We distinguish between product innovation, process innovation, marketing innovation, and organizational innovation. Creativity is associated with the creative industries because of its similar terminology, yet it is also commonly associated with innovation and, in studies conducted on the creative industries, equated with developing new ideas – the first phase of the innovation process. This requires novelties or inventions, which are developed by reexamining existing problems from a new perspective or by discovering new possibilities ex-nihilo – either through the application of new technologies or due to changes in the environment.

This first phase is rarely directly related with economic activity; it is less goal oriented and is different from innovation, which is only mentioned when the economic potential becomes clear or after a tangible product is produced. In this sense, creativity is described as being individual and subjective, and innovation as a group-based and objective concept.

Creativity is not only a precursor to innovation but also as its subset, given that the creative individuals or classes, which constitute the innovative milieus where innovations are implemented, are subsumed under the term.

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46 see: ZINKL, WOLF, Ein Innovationsmarkt für Wissen und Technologie, Diskussionsbeitrag zur Neuausrichtung der Innovationspolitik in der Schweiz (2), (An innovation market for knowledge and technology, Discussion paper for a new direction of Switzerland's innovation policy), Avenir Suisse, 2005. NELSON, RICHARD R., WINTER, SIDNEY G., An Evolutionary Theory of Economic Change, Belknap Press of Harvard University Press, Cambridge, Massachusetts 1982; LUNDVALL, BENGT-AKE (ed.), National Systems of Innovation: Towards a Theory of Innovation and Interactive Learning, Pinter Publishers, London 1992; NELSON RICHARD R., National Innovation Systems, Oxford University Press, Oxford 1993.

47 Oslo Manual, Guidelines for Collecting and Interpreting Innovation Data, third edition, a joint publication of OECD and Eurostat, 2005.

48 ibid, p. 46: "An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations." It is important to note that the Oslo Manual repeatedly refers to the theories of JOSEPH SCHUMPETER (The Theory of Economic Development, 1934). According to Schumpeter, economic progress results from innovation, in that it replaces old technologies with new ones in a dynamic process ("creative destruction"). He draws a distinction between "radical" innovation and "incremental" innovation. SCHUMPETER'S typology of innovation (the introduction of new products, production methods, the establishment of new markets, purchasing channels, the development of new market structures) is also compatible with the Oslo Manual.

In addition, it can often be observed how little the terms innovation and creativity are used selectively, particularly in context with the creative industries.[49] Added value, innovation, and creativity are now the definitive terms in discussion of the creative industries, yet they have not yet been fully examined. Lines of argumentation are often adopted untested from other areas, and conceptual similarities all too easily translated into content-related dimensions.

The systematizing models from chapter 5 onward should be understood as a contribution to a debate that needs extensive continuation.

[49] see: SCHLEICH, PETRA, Creative Industries und regionale Innovationssysteme, InTeReg Working Paper No. 22, 2005, Graz, Vienna, February 2005.

3.0

CREATIVE INDUSTRIES SWITZERLAND

The creative industries in Switzerland will be now analyzed with reference to the international discussion. After Fundamental Definitions [3.1] – which might turn out somewhat more complex than the preceding analyses – there will be a substantial empirical-statistical section. This provides an overview for readers with little time [3.2] as well as a detailed analysis of 13 sub-markets [3.3].

3.1 FUNDAMENTAL DEFINITIONS

In the context of the broader European and international discussion, it is not surprising that the creative industries have met with such great interest in Switzerland. Directly following the publication of the 1. Kulturwirtschaftsbericht Schweiz (First Swiss Cultural Industries Report),[50] the City and Canton of Zurich took the initiative and compiled a creative industries report to serve as the basis for a specific cluster strategy. Additional material was also published on the subject.[51]

It not only focuses on the absolutely crucial, potential employment possibilities offered by the creative industries, but also on the fundamental question of which changes the economic region of Zurich might generate, and which areas of "intellectual property" will shape the key industries in the region of Zurich over the coming ten years.

The creative industries in Switzerland consist of profit-oriented cultural and creative enterprises involved in the creation, production, distribution, and medial distribution of cultural and creative goods and services.

The creative industries are interesting in Switzerland at the moment, because of their dynamic economical development and clustered business structure. The growing significance of these "small creative industries" is due to new technologies and low-cost equipment and production methods, and is also causing the public to reevaluate the self-employed cultural and creative professions, products, and services. The products and services offered by self-employed people, studios, agencies, and so on, are recognized as an integral part of cultural diversity, and contribute to the attractiveness of a city or region. The creative industries are seen as a diverse network of related industries that, due to how they interconnect, comprise different functional fields that need to be examined as a whole, if the creative industries are to provide a sustained contribution to growth and employment. These relationships can be illustrated using the "three-sector model" below:

This model, which is established in Switzerland, chooses to focus on the individual entrepreneur or the creative professional, and divides the cultural sector into three sub-sectors, as illustrated above. While the public and the intermediate sub-sectors are not profit

50 WECKERLE, CHRISTOPH, SÖNDERMANN, MICHAEL, 1. Kulturwirtschaftsbericht Schweiz (First Swiss Cultural Industries Report), Zurich University of the Arts, 2003.

51 see: WECKERLE, CHRISTOPH, SÖNDERMANN, MICHAEL, Kreativwirtschaft Zürich, Der privatwirtschaftliche Teil des kulturellen Sektors im Kanton Zürich (The creative industries in Zurich, the commercial section of the cultural sector in Canton Zurich), Zurich University of the Arts, 2005; KLAUS, PHILIPP, Stadt – Innovation – Kultur, Kulturwirtschaft und kreative innovative Kleinstunternehmen in der Stadt Zürich (City–innovation–culture, cultural industries, and creative innovation of micro-enterprises in the City of Zurich), Seismo, 2006.

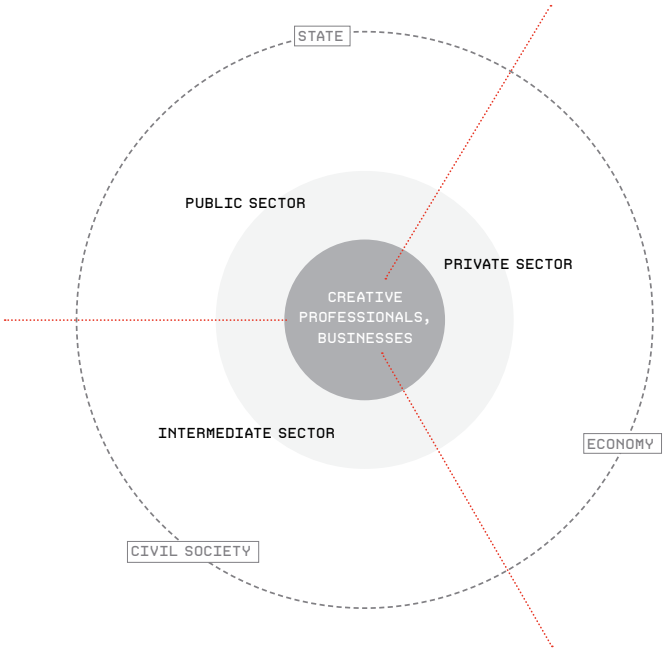


FIGURE 7_ THE THREE-SECTOR MODEL SUBDIVIDES THE TOTAL CULTURAL AREA INTO PUBLIC, INTERMEDIATE, AND PRIVATE SECTORS.

oriented, the private sector is considered commercially oriented and is called "the creative industries." The sub-sectors are connected by a "capillary" system of exchanges. The creative industries develop the creative potential of the public and non-profit sub-sectors, and retroact on them innovatively, at least in principle.

As a result of this complex interdependence and the constant change associated with it, the creative industries can only be understood as an open system. Modifications in definitional focal points and the developments regarding the classifications and overlapping with other branches are therefore considered constitutive. These aspects will be considered in the following two chapters regarding the concerned professions and their business models.

3.1.1 THE DIVERSITY OF THE BRANCHES: CREATIVE PROFESSIONS

One characteristic feature of the creative industries is that it can be understood as a "cross-sectional" branch, the sum of different economic branches from the production, service, and trade sectors. This is the fundamental difference between the creative industries and traditional (e.g. automobile or chemical) industries, which can be described as homogenous branches in the production sector. In this sense the creative industries are related to the media or IT industries, which are also complexes of interlocking branches.

Nonetheless, international classifications attempt to define the creative industries according to statistic-systematic aspects and not according to more realistic sub-markets. Hence, book and media publishers are merged with record companies to form the publishing industry, or businesses trading in art works, music supplies, music instruments, and sometimes books are grouped under the cultural goods industry sector.

The Swiss form of the creative industries is more detailed than international models, and includes additional sub-markets that were documented in direct accordance with the 1. Kulturwirtschaftsbericht Schweiz.[52]

SUB-MARKETS This study, therefore, considers the creative industries to consist of 13 sub-markets. Most offer products and services that target either other production or service branches, or the end-consumer market directly. The press industry and the audiovisual equipment market are two sub-markets with complementary or supporting properties.

[52] WECKERLE, SÖNDERMANN, 1. Kulturwirtschaftsbericht Schweiz, p. 51.

SUB-SEGMENT	FREELANCE AND SELF-EMPLOYED PERSONS CREATIVE PROFESSIONS	COMPANIES AND ENTERPRISES
1. MUSIC INDUSTRY	Composers, musicians, music teachers, sound engineers, interpreters, music ensembles, etc.	Instrument manufacture, music publishers, record companies, agencies, music stores, event managers, clubs, musical festivals, commercial music schools, etc.
2. BOOK MARKET	Writers, authors, journalists, word producers, etc.	Book publishers, wholesale bookselling, bookselling, agents, etc.
3. ART MARKET	Visual artists, art restorers, art teachers, etc.	Gallery, art dealer, museum shop, commercial art exhibitions, etc.
4. FILM INDUSTRY	Screen writers, movie actor/actresses, film producers, etc.	Film and television production companies, film sales and distribution, movie houses, etc.
5. RADIO INDUSTRY	Presenters, speakers, producers, etc.	Radio and television enterprises, etc.
6. PERFORMING ARTS MARKET	Performing artists, artistes, dancers, cabaret artistes, etc.	Commercial theaters, musicals, agents, variety theaters, cabarets, etc.
7. DESIGN INDUSTRY	Designers, craft and applied artists, etc.	Industrial design offices, product design, graphic design, visual design, Web design, etc.
8. ARCHITECTURE MARKET	Architects, landscape architects, etc.	Civil engineering architectural offices interior architecture, landscape design, etc.
9. ADVERTISING INDUSTRY	Copywriters, advertisers, etc.	Advertising offices, advertising distribution, etc.
10. SOFTWARE AND GAMES INDUSTRY	Software and games developers, etc.	Software consulting and development, software publishers programming companies, agents, etc.
11. HANDICRAFTS	Artisans, gold and silversmiths, etc.	Applied arts, processing precious stones and gemstones, manufacturing jewelry, gold and silver products, etc.
12. PRESS INDUSTRY	Writers, authors, journalists, word producers, etc.	Media publishers, newspaper agents, press archives, etc.
13. AUDIOVISUAL EQUIPMENT MARKET	(see music and film industry)	Manufacturers and dealers in film, radio, and audio equipment, etc.

CHART 5_ THEMATIC CLASSIFICATION OF THE CREATIVE INDUSTRIES.

The first six to eight sub-segments in the above chart are considered part of the classical cultural industries. Specialists often refer to them as the "cultural industries" [see the UNESCO definition in Chapter 2.2.1]. This particular concept is more important in countries with significant State cultural funding, especially if the interest lies in policies that integrate both economic and cultural aspects (keywords: double character, cultural and economic goods). However, the concept of the "creative industries" (in particular the British model) is becoming increasingly popular for purely economic reasons. It focuses on the sub-markets of design, advertising, and software and games, in addition to the classical cultural industries [SEE CHAPTER 2.2.2].

3.1.2 THE DIVERSITY OF CREATIVE PROFESSIONALS: BUSINESS MODELS

Within and beyond this complex of branches, creative professionals work full- or part-time as freelancers or employees, and in a variety of constellations. They can be temporarily engaged or employed long-term, can be active locally or internationally, and their work can be based on existing structures or may even deliberately avoid them. Most of the definitions, classifications, and theories examined in Chapter 2.2 fail to consider this when speaking generally about "creative professionals" or the "creative industries." The following three-tiered business typology provides an interesting differentiation:

The three-tiered business typology in the chart above takes into account that each classification of the creative industries is one step closer to the actual reality of the industry. It also takes into account that relevant branches, professions, or activities might exist outside of the observed field. Nonetheless, looking at production and financing mechanisms, the following points out that significant differences exist between the three types of enterprises.

I.	II.		III.
Creative scene	Established small- and mid-sized creative industries enterprises	Established large and very large-sized creative industries enterprises	Creative workers outside the creative industries

CHART 6_ THREE-TIERED BUSINESS TYPOLOGY.

PRODUCTION MECHANISMS To describe the different business models in the creative industries, it is important to observe that the divisions between the three types are not absolute; the transitions are fluid and, according to the branch in question, elements of one type can be decisive for another. The following description will be developed in detail later in the chapter, and should be understood as the representative ideal:

THE CREATIVE SCENE: Professionals in this field generally work in temporary constellations with highly flexible processes for production and communication, thus keeping fixed costs at a minimum. The independence this situation permits is ideal for experiments and innovative work, yet such limited resources also ensure that the complexity of solutions remain manageable. The results are primary prototypes, single-unit productions, and limited series.

ESTABLISHED ENTERPRISES: In the creative industries, these are characterized by operational structures that can be recognized from the outside, and accordingly, production and communication processes often follow standard structures. Contrary to the creative scene, stability, durability, or reliability are the main business principles, and the complexity of solutions is largely kept under control. Innovations result from the capacity to develop new products or product varieties within the norm. However, the focus remains on trusted product criteria and reproductions of standard products.

CREATIVE PROFESSIONALS OUTSIDE THE CREATIVE INDUSTRIES: These individuals (from the creative scene or from established enterprises) should be counted as members of the value-added chain of businesses external to the creative industries. The way they think and act assigns them the role of innovative problem solvers or problem spotters (often associated with a research and development department). Problems are formulated externally and solved in laboratory-like situations under optimal conditions. Because they have access to resources and the appropriate facilities, they can develop highly complex solutions.

FINANCING MECHANISMS Discussions with individuals from different creative branches have shown that the business typology can also be applied to the creative industries' financing mechanisms.

Here, it is important for the creative industries to be precise about the outside- and self-financing categories. Self-financing specifies the extent to which products and services can be marketed, or whether access to the market can be established at all. Outside financing specifies whether an individual and his or her products and services are considered worthy of sponsoring or financing. The following model illustrates the creative scene and established businesses within the creative industries:

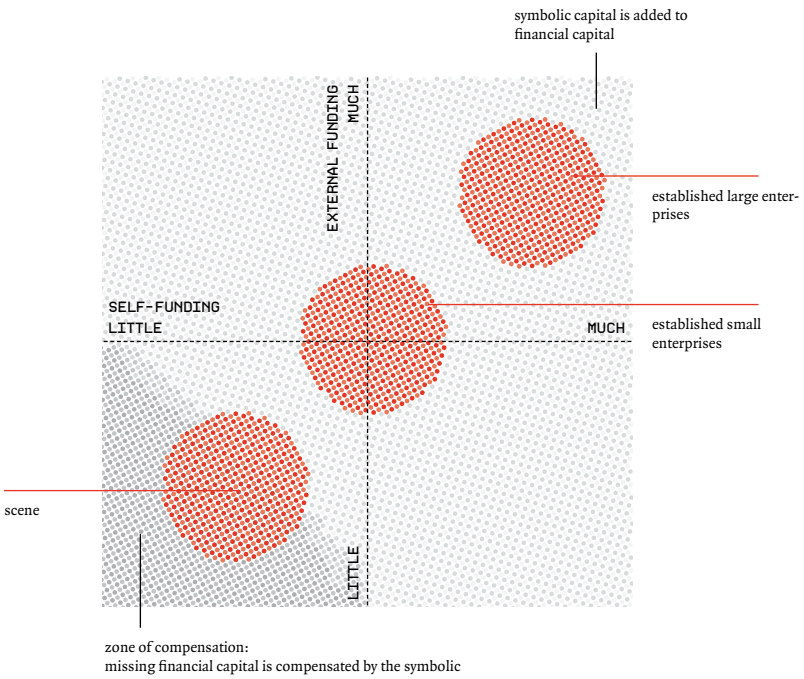


FIGURE 8_ FINANCING MECHANISMS FOR THE CREATIVE INDUSTRIES.

The self-financing axis (investment resources) specifies the extent to which products and services can be marketed and whether access to the market can be established. The outside financing axis (loans, specific public sponsorship) specifies whether an individual and his or her products and services are considered worthy of credit or sponsoring. Yet a distinction should be drawn between monies from the private sector (or bank loans) and monies from public sector (sponsorship for publishers or films).

From the perspective of financing, the "creative scene" is both specific to and constitutive of the creative industries. It has become an area with little access to public funding. Individuals active in the creative scene are not usually creditworthy in the eyes of banking institutions, nor are they generally in a position to fund themselves – hence, their products and services have difficulty accessing the market.

The fact that the creative scene deliberately positions itself within an area that classical business development deems less attractive is the "paradox of the creative industries." It draws on various mechanisms of compensation. Fragile capital resources are supported by a much-reduced imputed entrepreneurial profit and by symbolic capital [SEE CHAPTER 5]. The lack of borrowed capital can be offset by multi-track job profiles (such as employment in the public sector) or by public funding[53] (the three-sector model's capillary exchange relationships: commissions, transport and running costs, scholarships, sales, year-long work grants, specific commissions, catalogs, studios, infrastructure, further education, consulting, etc.).

Representatives from all the creative branches have also confirmed this situation for Switzerland. All seem to point to the fact that few sub-markets contain significant, large, established businesses, but are dominated by small, established business and the creative scene's microstructures – a conclusion that will be repeatedly confirmed in the following empirical-quantitative chapters.

3.1.3 CREATIVE PROFESSIONS, BUSINESS MODELS, FIELDS OF ACTIVITY – AN INTEGRATED PERSPECTIVE

The attempt in the chapters above to define the creative industries by example of professional area and branch classifications, business typologies, and financing mechanisms might at first seem trivial. Yet it differs from most other observations, which do not usually introduce these differences, because the business praxis generally fuses all contributing factors and competences together. Viewing these factors individually however, reveals that structurally contingent potential can be found in every complex of branches in the creative industries – between professional and entrepreneurial competences as well as in their application in fields of activity.

The analysis of the creative scene in Chapter 5 and the development of relevant instructions in Chapter 7 are based on these differences and operationalize them with a view to producing concrete models of funding.

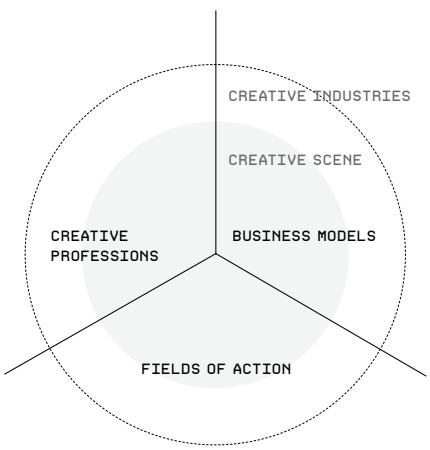


FIGURE 9_ DIFFERENT PERSPECTIVES OF THE CREATIVE INDUSTRIES: PROFESSIONAL AREAS, BUSINESS TYPOLOGY, AND PRAXIS ASPECT.

53 see WECKERLE, CHRISTOPH; VOLK, ANDREAS, Die Rolle von Kultur und Kulturpolitik in den schweizerischen Aussenbeziehungen (The role of culture and cultural politics in Swiss foreign affairs), Swiss National Science Foundation synthesis report, 1999, chapter 3.

3.2 EMPIRICAL OVERVIEW

The empirical overview presents a compact picture of the Swiss creative industries, which will be explained in more detail in the sub-segment profiles below. The overview is directed at readers who prefer a quick, general picture rather than a detailed examination of the sub-market portraits.

The first section [3.2.1] contains a statistical classification of the Swiss creative industries, and discusses the strengths and weaknesses of statistical approaches [3.2.2]. Then, structural data on the creative industries in Switzerland are presented [3.2.3], followed by a description of developments since 2001 [3.2.4]. The fifth section [3.2.5] offers a short overview of the different branches, followed by a closer examination of a few selected sub-segments [3.2.6].

3.2.1 NEW STATISTICAL CLASSIFICATION OF THE INDIVIDUAL SUB-MARKETS

The statistical categorization is geared to the classifications within the creative industries that were presented in Chapter 3.1.1. Individual sub-markets are divided into independent base units and are not gathered into a complex of branches.

In both a narrow and broad sense, this is a shift from the method in the 1. Kulturwirtschaftsbericht Schweiz of interconnecting the related sub-markets. It allows different sub-markets to merge and form new, variable groups in line with the chosen perspective. Instead of providing strict classifications, such as "the book and press industry," links can be chosen flexibly to perhaps create a new complex of branches from the book, design, advertising, and press industries, while basically retaining the internal structure of the respective sub-market. Several professional associations that are interested in conclusions, as true to the branches as possible, have suggested developing this new version of sub-markets.

Working out the interconnections and functional relationships between the sub-markets will be an important task in the future, because it is becoming increasingly difficult on the level of statistical classification. For instance, online trade and the Internet – providing they activate economic activity for the creative industries – is very difficult to classify statistically.

The 2007 statistical classification of the Swiss creative industries was developed on the basis of NOGA, the Swiss General Classification of Economic Activities [SEE CHAPTER 3.3.1]. This official, binding classification system of the Swiss national economy subdivides the entire economy's respective economic activities according to department, group, and sub-segments (business classification). The following business classifications will be examined in detail for the creative industries in Switzerland, and assigned to the 13 sub-markets:

SUB-MARKET	NOGA-No.	BRANCH DESCRIPTION, BUSINESS ACTIVITY
1. MUSIC INDUSTRY	92.31B	Orchestras, choir, musicians (including self-employed musicians)
	80.42B	Schools of the arts (including self-employed music teachers) (share 20%)
	22.14A	Publishers of sound recording media (CDs/DVDs/CD-ROMs)
	22.30A	Reproduction of CDs/DVDs/CD-ROMs
	36.30A	Manufacturing of musical instruments
	52.45C	CDs/DVDs/CD-ROMs retail industry
	52.45D	Musical instruments retail industry
	92.32A	Theaters, opera houses, playhouses, and concert halls [a)]
	92.32B	Other auxiliary services for culture and entertainment (including sound studios) [a)]
	55.40B	Discos, dancing events, night clubs (excluding bars) [a)]
2. BOOK MARKET	92.31D	Other artistic activities and performances (including writers, authors) [a)]
	92.40B	Self-employed journalists
	22.11A	Book publishers (including music publishers)
	52.47A	Retail book trade
3. ART MARKET	92.31C	Self-employed visual artists
	92.31D	Other artistic activities and performances (including restorers) [a)]
	52.48O	Art dealers (retail trade with objects of contemporary art)
	92.52A	Museums (including commercial elements (share 15%)
	52.50A	Antiques retail industry
4. FILM INDUSTRY	92.31A	Theater and ballet companies (including self-employed stage artists and directors) [a)]
	92.11A	Film, TV, video manufacturing
	92.12A	Film distribution and video program providers
	92.13A	Cinemas
5. BROADCASTING INDUSTRY	92.20A	Radio channels (companies)
	92.20B	Television channels (companies)
6. PERFORMING ARTS MARKET	92.31A	Theater and ballet companies (including self-employed stage artists) [a)]
	92.32A	Theaters, opera houses, playhouses and concert halls [a)]
	92.32B	Other culture and entertainment services [a)]
	92.34A	Additional culture and entertainment facilities (circus, self-employed acrobats, puppet theater
7. DESIGN INDUSTRY	74.20D	Industrial design, other engineering offices (share 10%)
	74.87B	Product and graphic design
	74.40A	Communications design, advertising design
	74.14A	Communications design, company consultants (share 10%)
	74.81A	Photo design, photo studios
	74.87C	Exhibition design, exhibition and trade fair industry
8. ARCHITECTURE MARKET	74.20A	Architects' offices
	74.20B	Interior designers' offices
	74.20G	Landscape architecture
9. ADVERTISING INDUSTRY	74.40B	Advertising, advertising distribution
10. SOFTWARE AND GAMES INDUSTRY	72.2	Software and games development and consulting
11. HANDICRAFTS	36.22A	Workmanship of precious stones and gemstones
	36.22B	Manufacturing of jewelry, gold, and silver goods
	26.25A	Manufacturing of other ceramic products otherwise not listed
12. PRESS INDUSTRY	52.47B	Retail trade with newspapers and magazines kiosks
	22.12A	Newspaper publishers
	22.13A	Magazine publishers
	22.15A	Other publishers
	74.85B	Translation agencies
13. AUDIO INDUSTRY	32.30A	Manufacturing of radios and televisions and audio equipment
	52.45B	Retail trade with radio and television equipment

CHART 7_ STATISTICAL CATEGORIZATION OF THE CREATIVE INDUSTRIES, 2007, ACCORDING TO NOGA CLASSIFICATION.

Notes: [a)] business classification assigned to several sub-markets. Shares given in percentage values = fractional inclusion of activity.
Source: NOGA General Classification of Economic Activities, Swiss Federal Statistical Office (SFSO).

3.2.2 STRENGTHS AND WEAKNESSES OF THE STATISTICAL BASIS

The existing categories according to the NOGA General Classification of Economic Activities makes it possible to use and evaluate the different statistical data sources provided by the Swiss official statistics [SEE CHAPTER 3.3.1]. The following strengths and weaknesses are associated with the relationship between the classification of business activities and official statistics:

THE STRENGTHS

__Throughout Europe, empirical studies of the complex of branches in the creative industries are based on official statistics.

__It is the only database available that can be used to carry out cross-branch evaluations on a unified methodological plan. Accessing data sources associations and organizations is not an option, due to the heterogeneity of their data.

__European-wide conventions can be tested by connecting official statistics with the European-wide NACE classification of business activities (Switzerland has joined this system with the NOGA).

__The State regularly commissions the collection of official data, so that statistic analyses can be continually updated according to the same research plan.

__Official statistics are more accepted in politics, science, and the media.

THE WEAKNESSES

__Documenting new economic activities presents serious problems for classifications experts in official statistics, especially regarding the creative industries.

__ Because they mostly involve service-oriented activities that are becoming less material, but rather increasingly immaterial or digital in form, there are more and more possibilities of "gauging" or "assigning" to defined activities. A clear relationship to one business branch is becoming increasingly difficult.

__Individually economic forms of activities can be too small to be clearly, statistically classified, meaning for instance that web design can belong under IT, design, or the Internet.

__The system of statistical classification was developed for the production industry over one hundred years ago. New forms of services no longer fit these older forms of the material value-added chain, because they are in a continuous process of change.

__The creative industries' activities are increasingly practiced outside of the definitive or traditional structure of organizations, associations, or chambers, making it difficult to collect data on flexible, project and network-related activities of the creative industries.

__Official data are often available only after a two-year delay, because they need to be checked by the tax authorities before being statistically processed.

One of the most significant restrictions of statistics should be mentioned here, to give the reader an impression of additional market shares in the creative industries that are either very difficult to establish or cannot yet be established using statistical methods.

The empirical examination of companies and turnovers is based on the Swiss VAT Statistics. Since these statistics includes only businesses with an annual taxable turnover of CHF 75 000 (approximately EUR 50 000) or more, a significant area of the creative industries is missing. Small firms and freelancers with an annual revenue of less than CHF 75 000 cannot not be statistically recorded and analyzed.

The significance of the creative industries' activity that is missing from the above statistical analysis can be estimated using data from neighboring Germany. The sales tax statistics of the German Department of Statistics, Destatis, separates the group of businesses with turnovers of more than CHF 75 000 from those with an annual turnover of less than CHF 75 000. Here, 79% of publishing enterprises generated annual turnover of CHF 75 000 and more. This business group covers 99.8% of the turnover of all publishing enterprises together. 21% of the enterprises have annual turnover of less than CHF 75 000. Their total turnover is a negligible 0.2%.

The following corresponding values can be found in the group "culture, sports, and entertainment," which contains the core group of artistic, cultural, and creative professions: 47%, i.e. almost half of the businesses, have an annual turnover of less than CHF 75 000 and in this business group represent approximately 3.4% of the total turnover.

In the Swiss context, this would mean that – according to the market segment – between 20 and 50% of small businesses and freelancers are not statistically documented. Their economic potential may first seem insignificant to the creative market as a whole, because their share is not more than 3 to 4%. Yet a comprehensive presentation of the market structure reveals that their potential is actually quite significant, since a design bureau with an average annual turnover of less than CHF 75 000 can have an economically relevant size and can also participate in the market.

In total, statistics allow a view into a sub-segment of the creative industries. The more institutional, or more formal the activity, the easier it is to perform an empirical analysis using available statistics. The more

Scale of turnover taking Germany as an example, share in % (Selection: the publishing industry, culture, sports, and entertainment)

Business class	Business share in %	Annual turnover share in %
a) in the publishing industry business group with an annual turnover of CHF 75,000 and over	79%	99,8%
with an annual turnover of less than CHF 75,000	21%	0,2%
b) in the culture, sports, entertainment business group with an annual turnover of CHF 75,000 and over	53%	96,6%
with an annual turnover of less than CHF 75,000	47%	3,4%

CHART 8_ CONCRETE WEAK POINTS BASED ON THE VALUE-ADDED TAX (VAT) STATISTICS.

Note: The areas marked in italics are not collected in the Swiss VAT Statistics. Publishing industry (NACE No. 22.1), Culture, sports, entertainment (NACE No. 92).
Source: Sales Tax Statistics, Destatis; Creative Industries Research Unit / ZHdK; own calculations

informal the creative industries' activities are, especially regarding the creative scene, the more difficult it is to rely on statistics.

Because the statistical analysis has been able to record and describe only one part of the creative industries, the qualitative analysis in Chapter 5 is a fundamental addition. Developing new models creates entirely new or different approaches to the creative industries' microstructures. The theories developed are a forward-looking addition to approaches to this "small" creative industry. The creative scene's increasing variability and heterogeneity in both small and established creative businesses will require statistics more than ever.

Chapter 3.3 contains an interpretation of the 13 sub-market profiles, emphasizing that the empirical-qualitative analysis may be well developed and allow differentiated statements, but it can shed light on only one part of the creative industries.

3.2.3 STRUCTURAL DATA OF THE CREATIVE INDUSTRIES IN SWITZERLAND

In 2005, there was a total of 40 553 businesses in the creative industries, including the freelance cultural and creative professions. In the creative industries in Switzerland, these include the 13 sub-markets: music, books, art, film, broadcasting, performing arts, design, architecture, advertising, software and games, handicrafts, media and recording. All taxable enterprises are included in the creative industries that are active on an operational basis. In 2005, the number of workplaces (enterprises, branches, offices, studios, etc.) totaled approximately 41 600.

The minor discrepancy between the number of businesses and their workplaces is the first reference to the microstructure of the creative industries. In fact, one-person enterprises are common (57% of the creative industries). According to the Swiss State Secretariat for Economic Affairs (SECO), a business with up to nine employees is a small business, and as many as 92% of all creative businesses would belong to this category. The number of employed persons in workplaces totaled approximately 201 000. There is an average of five employees working in enterprises belonging to the creative industries sector. In the broader Swiss economy, the average of ten employees per workplaces is double that number. The dominating aspect of the micro-enterprises in the creative industries is not a Swiss phenomenon; it can be observed throughout Europe. For instance, in Germany, micro-enterprises comprise a total of 90% of the total creative industries sector.

In 2005, the creative industries produced a total turnover of CHF 61.7 billion. This includes taxable national turnovers of CHF 45.8 billion as well as tax-free turnovers (mainly export) of CHF 15.9 billion. The proportion of the creative industrial total turnover in the total Swiss economy is 2.5%. This value emphasizes the Swiss creative industries, as Switzerland overall also has extremely high banking turnovers (18% of the Swiss total turnover). The taxable proportion of the creative industries is thus a better indicator. This lies at 6.1% of the total taxable turnover of the Swiss national economy.

CONCLUSION A first overall conclusion can be formulated for the Swiss creative industries: the creative industries, made up largely of micro-enterprises, provides more than 200 000 full- and part-time jobs, and produced a turnover volume of CHF 61.7 billion in 2005. According to a conservative estimate, the creative industries therefore contributed CHF 19.5 billion to the Swiss gross added value. This is the equivalent of

	Creative industries 2001	Creative industries 2005	4-year change in % 2005/2001
Number of businesses	**38 095**	**40 553**	**6.5**
% of overall economy	12.6	12.7	–
overall economy	302 999	319 823	5.6
Total turnover in CHF million	**54 239**	**61 665**	**13.7**
% of overall economy	3.2	2.5	–
overall economy in CHF million	1 696 291	2 431 944	43.4
Taxable turnover	**–**	**45 774**	**–**
% of taxable overall economy	–	6.1	–
Jobs	**44 550**	**41 550**	**–6.7**
% of overall economy	11.6	11.2	–
overall economy	382 985	372 549	–2.7
Employed people [a]	**209 765**	**201 127**	**–4.1**
% of overall economy	5.7	5.4	–
overall economy	3 671 750	3 698 734	0.7
Added value in CHF million [b]	**18 983**	**19 486**	**2.6**
% of overall economy	4.5	4.3	–
overall economy (GDP) in CHF million	422 485	455 594	7.8

CHART 9_ KEY DATA OF THE CREATIVE INDUSTRIES IN SWITZERLAND 2001/2005.

Notes: Total turnover including tax-free export as well as taxable turnover; [a] full- and part-time; [b] Estimate; Average amount per employee 65 000 EURO. 1 EURO = 1,5 CHF.
Sources: VAT Statistics, FTA; Swiss Business Census, Swiss Federal Statistical Office (SFSO); Creative Industries Research Unit / ZHdK; own calculation.

approximately EUR 13 billion. Compared with 2004, the percentage of the creative industries in the gross domestic product (GDP) is 4.2%, and can be situated between the watch industry (2.5%), the chemical industry (3.4%), and health and welfare (5.8%). The financial sector, consisting of banks and insurance companies, with an added value of 8.9% in the GDP remains unsurpassed.

3.2.4 THE DEVELOPMENT OF THE CREATIVE INDUSTRIES IN SWITZERLAND

The development of turnovers in the creative industries, with a growth rate of 13.7% over a period of four years (2001-2005), was superior to growth in the number of creative businesses. That means that the average turnovers of individual creative industries' enterprises must have improved. On the other hand, during this period, the creative industries could not have kept up with the trading volume of the overall economy. The 43.4% growth rate of turnover in the overall economy was three times that which the creative industries could have generated in the same time frame.

The creative industries demonstrated above-average growth between mid-1995 and 2001/2002,[54] yet the situation in the first half of the new decade did not continue in the same manner. On the contrary, the creative industries made nominal losses in turnover in 2003. The first signs of growth began to appear in 2005, the last surveyed year. The total creative industries' turnover increased by an above-average growth rate of 14% between 2004 and 2005, achieving almost the same dynamism of the overall economy's 18% increase during the same period.

The 2.6% added value of the creative industries in 2005 was an improvement over 2001. However, the

Proportion of the gross value in selected compared branches added in % of gross domestic product

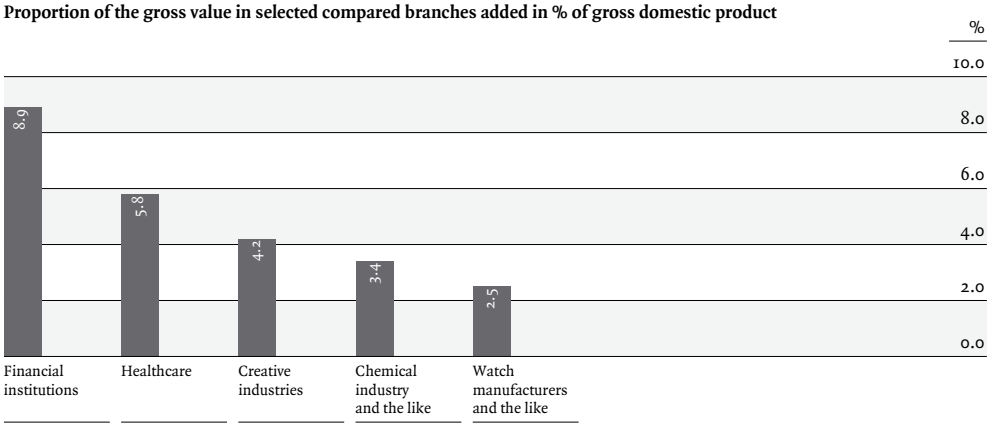
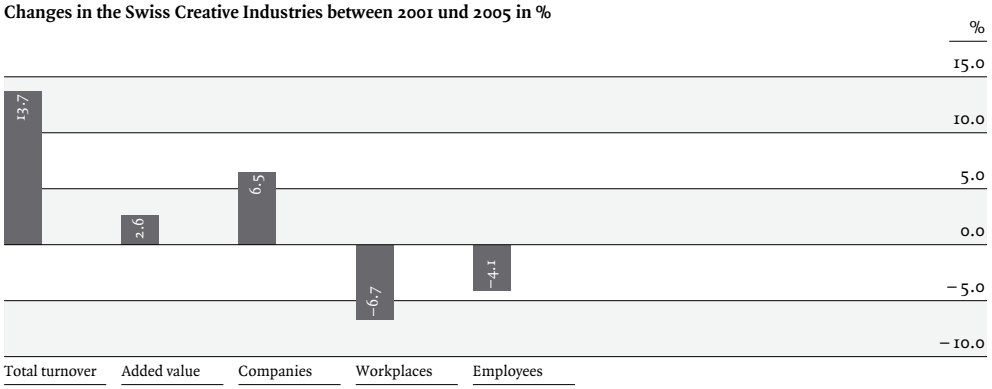


FIGURE 10_ ADDED VALUE OF THE SWISS CREATIVE INDUSTRIES IN COMPARISON (2004).

Notes: Gross value-added of 2004 prices, selection of branches according to NACE No. 65, No. 85, No. 23-24, No. 33. Creative industries calculation.
Source: Production and VAT statistics 2004, SFSO; Creative Industries Research Unit / ZHdK: own calculation.

[54] see Kreativwirtschaft Zurich, Synthesis Report, 2005.

Changes in the Swiss Creative Industries between 2001 und 2005 in %



Note: Change in %, Basis 2001=100%.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

Proportion of the Swiss Creative Industries in the Overall Economy in % (2005)

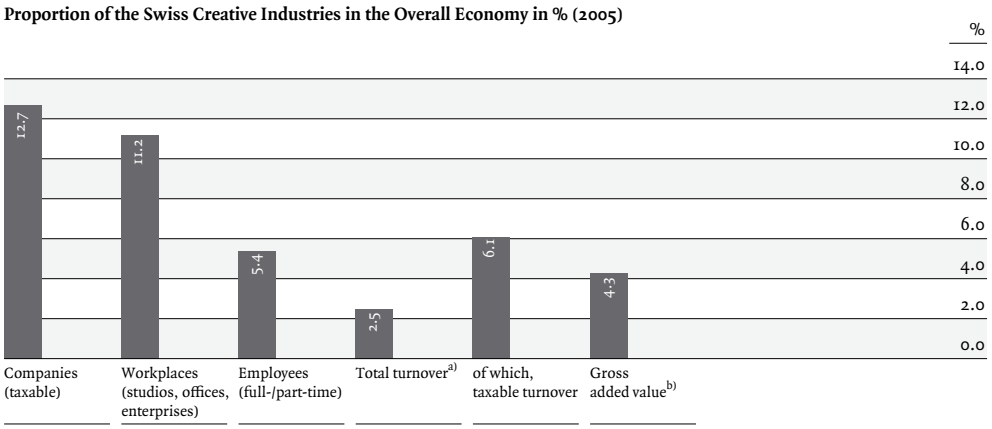


FIGURE 11_ DEVELOPMENT AND SHARES OF THE SWISS CREATIVE INDUSTRIES COMPARED WITH THE ECONOMY AS A WHOLE.

Notes: a) including tax-free exports etc; b) estimate.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

percentage of GDP remained the same, because the overall economy rose 7.8% in four-year comparison.

The complex of branches within the creative industries now comprise more than one tenth of the Swiss economy. Yet it is clear that the changes in this business landscape are contradictory. For one thing, the number of taxable enterprises experienced favorable developments between the comparative period of 2001 and 2005 – growing by 6.5%, stronger than the overall Swiss economy (5.6% growth). With this, almost 2 500 new companies flooded the creative industries, which made its share in the overall Swiss business landscape increase slightly to 12.7%.

For another thing, there was a clear structural change in the number of workplaces. The creative industries lost almost 7% of their workplaces. In absolute numbers this means that 3 000 workplaces were lost. This market decline affected the creative industries much more that the overall economy, which lost a total of 2.7% of workplaces during the four-year comparative survey period. The decrease in workplaces means that places of business, agencies, and other office-like sites became redundant. Production or services offered by a company were reduced to fewer locations. This trend can be seen in the overall economy, but not with the same intensity as in the creative industries.

Structural changes of this type always lead to a loss of jobs as well. In fact, the volume of employment developed negatively in the creative industries. In the comparative four-year period, 8 600 jobs were lost, bringing the figure down from 209 800 in 2001 to 201 000 in 2005. Compared with the overall economy, it once again becomes clear that the creative industries suffered higher employment losses. The level of employment decreased by 4.1% whereas the overall economy remained relatively stable, with a decrease of only 0.7%.

CONCLUSION A second conclusion is that creative enterprises have concentrated their activities down to fewer workplaces. Established enterprises have disappeared, even if the loss here is not as high, yet the number of one-person enterprises on the market is increasing. These diverging developments further support the trend in business and workplaces toward a small branch structure, making an increase in added value a challenge. Chapters 6 and 7 deal with approaches that can initiate appropriate measures.

3.2.5 THE SWISS CREATIVE INDUSTRIES IN AN OVERVIEW OF THE BRANCHES

Different to mono-industries such as the chemical industry, the concept of the "interconnecting branches of the creative industries" is very familiar in discussions concerning the subject. It comprises various sub-markets. The individual culture and creative markets can exist in a relationship of interchange. There are also independent branch segments that coexist. The following distribution in percentages applies to the creative industries in Switzerland:

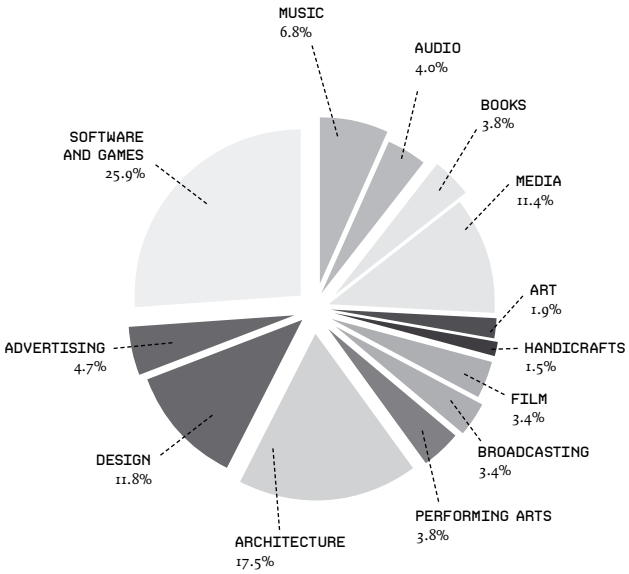


FIGURE 12_ DIVISION OF BRANCHES IN THE SWISS CREATIVE INDUSTRIES ACCORDING TO OCCUPATION (2005).

TOTAL NUMBER OF EMPLOYEES: 201 127

Note: Self-employed and employed persons in full- and part-time jobs.
Sources: Swiss Business Census, SFSO; Creative Industries Research Unit /ZHdK; own calculation.

The largest sub-segments are design, architecture, software and games, and parts of the press industry. Of all observed categories in the creative industries, these achieve values of over 10%. The remaining markets such as music and film, books, art, and performing arts, have values under 10%. These markets, which tend to be culturally oriented, are among the smaller sub-segments of the creative industries.

In the business classification, architecture (28%), software and games (27%), and the design industry (20%) are among the leading sub-markets. Their growth of 5 to 10% is also a notable contribution to the market growth as a whole.

Yet the dynamics of the business development in other sub-markets is clearly better. The film industry demonstrates an above-average growth rate of almost 19%, almost three times higher than the creative industries as a whole. A similarly positive business development can be observed in the media (+10%) and in the small performing arts market (+15%). Performing arts and broadcasting, with 106 enterprises, are among the smallest sub-markets, along with the advertising industry, with almost 400 enterprises, and the handicrafts industry with 850.

The leading industry according to turnover is clearly the software and games industry, which, with CHF 21.4 billion comprises one third of the creative industries' total revenues, and at the same time it is the fastest growing. Its growth rate is three times that of the total revenues of the creative industries, equivalent

THIRTEEN SUB-SEGMENTS ACCORDING TO NUMBER OF BUSINESSES, TOTAL TURNOVERS, WORKPLACES AND EMPLOYMENT. AMOUNTS GIVEN IN ABSOLUTE NUMBERS, PERCENTAGES, AND 4-YEAR CHANGE IN %.

Sub-market	Enterprises			Total			Workplaces			Employees [b]		
	number 2005	proportion of total in %	4-year change in %	turnover in CHF million	share of total in %	4-year change in %	number 2005	share of total in %	4-year change in %	number 2005	share of total in %	4-year change in %
1. MUSIC [a]	1 684	4	4.0	2 060	3	5.2	2 105	5	−14.6	14 014	7	−6.7
2. BOOKS	1 082	3	−3.9	1 913	3	−3.5	1 459	4	−10.2	7 885	4	−2.1
3. ART	1 129	3	1.1	1 479	2	12.2	1 850	4	−18.0	4 007	2	−12.9
4. FILM	1 015	3	18.9	1 431	2	13.4	1 163	3	7.5	7 028	3	6.3
5. BROADCASTING	106	0	1.9	2 198	4	3.6	132	0	−2.2	7 058	4	0.7
6. PERFORMING ARTS [a]	593	1	14.7	781	1	34.6	955	2	−18.0	7 921	4	−1.5
7. DESIGN	7 991	20	7.9	6 681	11	6.1	7 406	18	−4.1	24 510	12	−1.1
8. ARCHITECTURE	11 482	28	5.2	8 293	13	18.4	10 383	25	−4.9	36 262	18	3.7
9. ADVERTISING	395	1	2.1	4 384	7	−14.9	502	1	−14.6	9 647	5	0.8
10. SOFTWARE AND GAMES	11 013	27	9.7	21 390	35	42.6	9 669	23	−4.2	53 744	27	−5.3
11. HANDICRAFTS	854	2	−2.1	1 110	2	−8.1	925	2	−11.3	3 183	2	−21.6
12. MEDIA	2 309	6	10.0	8 236	13	0.3	3 846	9	−7.9	23 646	12	−10.4
13. AUDIO	1 367	3	−6.0	2 341	4	−8.5	1 824	4	−11.0	8 291	4	−14.9
CREATIVE INDUSTRIES	**40 553**	**100**	**6.5**	**61 665**	**100**	**13.7**	**41 550**	**100**	**−6.7**	**201 127**	**100**	**−4.1**

CHART 10_ OVERVIEW OF THE COMPLEX OF BRANCHES IN THE CREATIVE INDUSTRIES (2005)

Notes: [a] individual business branches are assigned to different sub-markets, for this reason the final sum is smaller than the sum of the individual sub-markets;
[b] full- and part-time employees; exchange value 1 EURO = 1.5 CHF; for explanations of the individual business branches see CHART 7.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit/ZHdK; own calculation.

to a growth rate of almost 43%. The design and architecture markets also boast notable growth rates of 6% and 18.4%, respectively, between 2001 and 2005. In turn, the film industry produces notable turnover, which has increased to 13.4%. The art market follows with a similarly good rate of 12.2%.

Most of the workplaces are distributed similarly to the general business landscape, with architecture and design, and software and games generating shares of 18 and 25%, respectively. However, this category displays just how drastic the decline in workplaces is. Except for the film industry sub-market, every other sub-segment demonstrates a process of decline, some by more than 10%, and an overall 6.7% drop between 2001 and 2005. The film industry is again the only counter-cyclical sub-segment here, increasing by 7.5% in the same period.
Film and architecture are the only sub-segments with notable growths of 6.3 and 3.7%, respectively, between 2001 and 2005 in the employment market. There is a particularly steep decline in employment in the visual and applied arts. The art market lost approximately 13% of its jobs, and almost twice as rapidly, handicrafts lost almost 22%.

3.2.6 DEVELOPMENTAL TRENDS IN THE SELECTED SUB-MARKETS

The detailed presentation of 13 sub-markets [SEE CHAPTER 3.3] is summarized in the brief outline below.

THE MUSIC INDUSTRY A fundamental structural change is taking place in the music industry. Owner-operated business or one-person enterprises are expected to increase in the market, and large or mid-sized enterprises will rely more and more on flexible personnel. It is predicted that there will soon be very few secure jobs with company benefits. Hence, the microstructure, or cluster, of the music industry will become even more common. In addition to traditional commercial enterprises, one-person businesses, studio and office partnerships, and networks in the creative scene will dominate Swiss music industry in future.

THE BOOK MARKET The book market is strongly based on microstructures. The literary sector, journalist agencies, and small-sized companies in the publishing and retail book sector are the main structural features. The steady decrease in freelance enterprises and self-employed workers, the reduction of the number of permanent employees and the dramatic decline in the amount of businesses and workplaces might signal a deep-rooted process of decline. The steady process of concentration in the retail book sector towards large chain bookstores might trigger a development towards a book trade that focuses more and more on the production of bestsellers. It remains to be seen whether increasing internationalization of online book purchasing will accelerate the rise in book turnover in Switzerland as well.

THE ART MARKET The art market consists of a large number of visual artists who are part of a scene that revolves around visual art. The professional or economic activities of the art sector have only ever been recorded very rudimentarily. The Swiss art market however is an international market. The rapidly rising international volume in revenue is partly generated by individual enterprises. The accelerating turnover in the art market is also partly due to information search engines on the Internet.

THE FILM INDUSTRY During the survey period the film industry experienced a positive development compared with the usual trend in other sub-markets of the creative industries. As in other European countries, public and private subsidies in Switzerland have greatly contributed to supporting the film industry. Technological developments in the film industry will affect individual production steps after digital methods in film production and movie houses become more common. This could trigger a rise in the number of small film production houses that increasingly shift to video production. The digital and technical amalgamation of DVD, video, film, TV, and computer might become a developmental and creative basis for many people working in film.

THE BROADCASTING INDUSTRY Both public and private broadcasting enterprises are essential to the creative industries for many reasons. They are the main promoters of the creative industries' performance sector, they operate on the creative market with their own production companies, and they appear directly as an important investor in the film and TV production sector. In addition to funding models by the department of culture's success-dependant film subsidy program, "Succès Cinéma," there is the "Pacte de l'audiovisuel" between the film industry and the swiss radio and television broadcasting corporation (SRG SSR idée suisse). These are examples of a close relationship of exchange between the public and the private sectors. Broadcasting companies could hence become the hub of the entire Swiss creative industries.

THE PERFORMING ARTS MARKET Performing artists are one of the most complex groups. They are becoming increasingly self-employed, yet remain dependent. Performing artists are dependent on the market structure on many levels, as well as on promoters or organizer (theatre, radio, film) to offer their services to be shown and/or played and critiqued. Traditional, secure working conditions (through secure jobs) are disappearing. The performing arts market is a unique sub-sector of the culture and creative industry, which functions in a "capillary" relationship of exchange between the State, intermediate, and commercial creative trade. State and commercially financed services can complement one another and should therefore not be viewed only as opposite pairs.

THE DESIGN INDUSTRY The design industry will most likely develop into a leading branch within the creative industries, because it has links to almost every other creative market. These include sound design in the music industry, graphic design in the publishing industry, visual design in the art market, media design in the film industry, stage design in the performing arts market, and web and video design in the games industry. New technological developments reduce the problems for designers much more than for other cultural branches, because they define themselves less through the design of products and more through the design of ideas and concepts. The design industry is presumably the creative branch that can best develop non-technological innovations.

THE ARCHITECTURE MARKET The Swiss architectural industry has a unique position in Europe. This particularly positive development is even more unique considering that the architecture market is also one of the smallest. 95% of all the workplaces in this sector are in micro-enterprises with fewer than ten employees. The

architecture market in Switzerland proves that even small enterprises can demonstrate stable value-added effects.

3.3 A DETAILED ANALYSIS OF THE 13 SUB-MARKETS

Below is an empirical analysis of each individual sub-market [3.3.2 to 3.3.14]. Each analysis is preceded by a short summary that provides the reader with an overview of the important empirical findings and some of the theories derived from them.

3.3.1 CORE TERMS OF THE SUB-MARKET ANALYSIS

Because the professional terminology used in economic or employment statistics is not always self-explanatory, the following provides some core definitions and basic references.

COMPANIES: A company is a highly organized unit consisting of numerous branches, local offices, or divisions, which can be operated from several locations. From the tax authorities' point of view, it is an independent unit with business activities that generate taxable and tax-free turnover. Self-employed or freelance professionals also belong to this category. According to formal law, the categories of companies include one-person businesses, limited liability corporations, stock corporations, and so on. Registering the business unit is important because this records its economical potential.

WORKPLACES: Workplaces are site-specific units. A workplace is part of a lawfully recognized, independent company or identical to it. In the creative industries, these include the agencies, ateliers, or studios of small enterprises, as well as the factories and firms of mid-sized or large enterprises. A company's workplaces are counted individually. Documenting workplaces is important because it is the best way to record employment potential.

EMPLOYMENT: The word employment comprises both self-employed and permanently employed individuals. It can be divided into part-time or full-time or full-time equivalents, i.e. the conversion of full- and part-time into full-time.

MICRO- AND SMALL ENTERPRISES: The terms micro-enterprises and small enterprises play a vital role in the creative industries. Yet despite the fact that there is no official or authorized terminology for this in Switzerland, the terms are still used professionally. The Swiss State Secretariat for Economic Affairs (SECO) divides enterprises into the following categories in magnitude, according to the number of employees.

- *Micro-enterprises: 0–9*
- *Small enterprises: 10–49*
- *Mid-sized enterprises: 50–249*
- *Large enterprises: 250 and more*

The small and mid-sized company structure is often abbreviated to SME. In the following analysis, the terms micro- or small-sized enterprises will be used in two ways. When discussing workplaces and employment, the term "micro-enterprise" will be used as described above. When discussing enterprises and revenues, the term small-sized enterprise will be used. This is also used for taxable enterprises that can file simple flat-rate tax or bottom-line tax forms.

CLASSIFICATION: The classification of business activities, NACE, stands for "Nomenclature statistique des Activités économiques dans la Communauté Européenne" (General Industrial Classification of Economic Activities within the European Communities) and is the classification system of the statistical systematic of economic branches in the European Community. Switzerland has a comparable system, the General Classification of Economic Activities, NOGA (which stands for Nomenclature of General Activities). This system classifies and categorizes every business activity in the national economy. It is used in the entire economic system (economic chambers, business data banks, etc.) – not only in business statistics.

DATA SOURCES: The Mehrwertsteuerstatistik (VAT Statistics) of the Swiss Federal Tax Administration (FTA) and the Eidgenössische Betriebszählung (Swiss Business Census) of the Swiss Federal Statistical Office (SFSO) will be the main sources of data for the statistical analysis. As indicated above, the creative industries in their entirety cannot be documented using official statistics. Their complex network structure presents a great challenge to statistical analyses, and can result in occasional shifts in time comparisons in official statistics that cannot be accounted for in real market developments. These shifts can occur when official statisticians introduce new definitions or classifications, which causes certain enterprises and workplaces to be reclassified and "statistically transferred" to a different economic branch. Hence, large media companies can be transferred from the "publishing" branch to the "recording" branch, so that the data suddenly show a major shift that, due to the official statistics' strict data protection laws, cannot always be plausibly justified.

DATA FROM FEDERATIONS AND ASSOCIATIONS: The quality of sources borrowed from these sources is generally very high. If standard data on the number of members or other market data are available, they are entered in sub-market portraits. Yet the data gathered in surveys taken for this publication different at various associations could not be fully included in the evaluations, because the return in all of the interviews was not satisfying. Improving this data situation will be an important task for future research on the creative industries.

For the above reasons, it is important to remember when reading the following portraits that statistical findings are less than mathematically precise conclusions. They should be viewed as preliminary illustrations and points of reflection for further individual consideration.

Due to the difficult state of statistics for the creative industries complex of branches, the sub-markets will be observed from three perspectives.

__ *From the internal turnover perspective (Swiss Federal Tax Administration, VAT statistics)*

__ *From the official statistics perspective (Swiss Federal Statistical Office (SFSO), Swiss Business Census)*

__ *From the perspective of information from various associations and other sources of market information.*

3.3.2 THE MUSIC INDUSTRY

OVERALL ASSESSMENT OF THE SWISS MUSIC INDUSTRY The music industry, also called the music market, is characterized by its complex structure of very different business activities. Nonetheless, there are some common basic features. First, there is a large music sector, consisting mainly of self-employed and freelance musicians, composers, performing artists, small businesses, and so on. This creative scene is also combined with

semi-professional structures that extend to the area of active amateur musicmaking, rock, pop, and jazz. Second, the music industry also has a traditional, established business structure that ranges from musical instrument production to music publishers and music stores. Third, the term "music industry" primarily refers to the audiovisual equipment market, whose largest enterprises possess a good deal of added value. In addition to production, they also possess the distribution rights to developed sales and distribution systems, which secures them a central position on the music industry market. Besides these three market basic features, the public music and theater sector complements the music industry.

There is a strong shift in the structure of employment taking place. The moderate development of new, independent companies and freelancers is faced with a dramatic decline in local branches and permanent positions. The number of owner-operated businesses or one-person enterprises will presumably increase in the market, and will most likely (be able to) provide only project-related, temporary, or part-time positions. After the decrease in workplaces and the associated reduction of employment possibilities, even small and mid-sized firms will rely more and more on mobile, flexible, and temporary personnel. New secure jobs that include social benefits will presumably be rare even in major companies and media corporations in the future. This will result in an increase in micro-enterprises in the music industry. One-person enterprises, shared ateliers and bureaus, and creative scene networks will shape Switzerland's future music industry in addition to traditional businesses.

THE MUSIC INDUSTRY FROM THE PERSPECTIVE OF THE SWISS FEDERAL TAX ADMINISTRATION The number of companies and self-employed workers in the music industry (excluding the audio industry) amounted to a total of 1 684 in 2005. This figure consists of "classical" economic branches, including 291 music stores, 221 musical instrument manufacturers, almost 200 businesses for audiovisual equipment market, as well as combined economic branches and other services (concert agents, event organizers, sound studios, etc.) that comprise approximately 200 businesses in the largest subgroups. The largest segment is by far the discotheques, dance and night clubs sector, which makes up one fourth of all businesses in the music industry, with a total of 450 businesses.

Compared to 2004, the number of businesses in the music industry increased by only 0.8%. In the four-year comparison with 2001, however, there is a total growth rate of 4%. The music industry is therefore showing a gradual upward trend, which is influenced by different positive and negative changes in the individual economic branches. Small sound studios and music publishers are pushing their way onto the market with a growth rate of 23% in the four-year comparison, followed by theaters and music venues with a growth rate of 22%. This does not reflect large theater or opera companies; it is the growth rate of small and independent theaters and music ensembles, which mostly serve the concert and festival segment in association with concert agencies and event managers. In contrast, the situation in music sales and the audiovisual equipment market has worsened. This sector has lost between 5 and 9% of its trade, and this negative trend has remained constant for years.

KEY DATA ON THE MUSIC INDUSTRY ENTERPRISES 2001–2005 (VAT STATISTICS)

	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
MUSIC INDUSTRY	**1 620**	**1 640**	**1 646**	**1 671**	**1 684**	**4.0**	**1.5**	**0.8**
Orchestras, choirs, (including self-employed musicians)	67	62	61	69	70	4.5	13.1	1.4
Schools of the arts (including self-employed music teachers)	26	29	29	24	25	−3.8	−17.2	4.2
Publishers of sound recording media (CDs/DVDs/CD-ROMs)	75	76	76	89	92	22.7	17.1	3.4
Reproduction of CDs/DVDs/CD-ROMs	26	30	27	24	23	−11.5	−11.1	−4.2
Manufacturing musical instruments	213	214	217	215	221	3.8	−0.9	2.8
CDs/DVDs/CD-ROMs retail trade	217	214	222	211	198	−8.8	−5.0	−6.2
Musical instruments retail trade	306	306	295	295	291	−4.9	0.0	−1.4
Theaters, opera houses, etc. [a)]	87	93	93	103	106	21.8	10.8	2.9
Other auxiliary services for culture and entertainment (including sound studios) [a)]	184	192	192	201	203	10.3	4.7	1.0
Discotheques etc. [a)]	419	424	434	440	455	8.6	1.4	3.4

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)

	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
MUSIC INDUSTRY	**1 959**	**1 960**	**1 871**	**1 907**	**2 060**	**5.2**	**2.0**	**8.0**
Orchestras, choirs, (including self-employed musicians)	99	101	106	116	119	20.9	10.0	2.6
Schools of the arts (including self-employed music teachers)	19	20	20	13	14	−22.6	−33.3	7.5
Publishers of sound recording media (CDs/DVDs/CD-ROMs)	232	195	148	148	327	41.0	0.2	120.7
Reproduction of CDs/DVDs/CD-ROMs	86	80	76	71	67	−22.1	−6.9	−5.5
Manufacturing musical instruments	113	114	109	108	109	−3.8	−0.6	0.6
CDs/DVDs/CD-ROMs retail trade	447	477	456	431	354	−20.8	−5.5	−17.8
Musical instruments retail trade	310	299	280	314	299	−3.5	12.1	−4.7
Theaters, opera houses, etc. [a)]	175	186	228	242	288	64.7	6.0	19.1
Other auxiliary services for culture and entertainment (including sound studios) [a)]	101	113	90	115	111	9.8	27.5	−3.5
Discotheques etc. [a)]	379	373	358	349	373	−1.6	−2.4	6.6

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)

	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
MUSIC INDUSTRY	**2 060**	**196**	**10**	**106**	**5**	**1 176**	**57**	**319**	**15**	**240**	**12**
Orchestras, choirs, (including self-employed musicians)	119	13	10	8	7	24	20	2	2	73	61
Schools of the arts (including self-employed music teachers)	14	2	14	0	0	3	17	0	1	8	58
Publishers of sound recording media (CDs/DVDs/CD-ROMs)	327	4	1	10	3	79	24	228	70	6	2
Reproduction of CDs/DVDs/CD-ROMs	67	1	1	0	0	63	94	2	4	1	2
Manufacturing musical instruments	109	23	21	0	0	47	43	38	34	0	0
CDs/DVDs/CD-ROMs retail trade	354	23	6	20	6	304	86	6	2	0	0
Musical instruments retail trade	299	43	14	16	5	229	77	4	1	4	1
Theaters, opera houses, etc. [a)]	288	13	5	29	10	84	29	22	8	127	44
Other auxiliary services for culture and entertainment (including sound studios) [a)]	111	12	11	18	16	59	53	16	15	6	5
Discotheques etc. [a)]	373	64	17	5	1	285	77	0	0	15	4

WORKPLACES AND EMPLOYMENT 2001 AND 2005 (SWISS BUSINESS CENSUS)	Workplaces		4-year change	Persons employed [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
MUSIC INDUSTRY	**2 466**	**2 105**	**−11.3**	**15 021**	**14 014**	**−6.7**
Orchestras, choirs, (including self-employed musicians)	103	104	1.0	967	1 063	9.9
Schools of the arts (including self-employed music teachers)	122	98	−19.7	1 597	1 796	12.4
Publishers of sound recording media (CDs/DVDs/CD-ROMs)	120	107	−10.8	432	307	−28.9
Reproduction of CDs/DVDs/CD-ROMs	37	30	−18.9	225	196	−12.9
Manufacturing musical instruments	337	271	−19.6	1 045	791	−24.3
CDs/DVDs/CD-ROMs retail trade	446	368	−17.5	1 477	1 194	−19.2
Musical instruments retail trade	384	375	−2.3	1 605	1 500	−6.5
Theaters, opera houses, etc. [a]	152	156	2.6	2 606	2 859	9.7
Other auxiliary services for culture and entertainment (including sound studios) [a]	303	217	−28.4	796	666	−16.3
Discotheques etc. [a]	462	379	−18	4 271	3 642	−14.7

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
MUSIC INDUSTRY	**2 066**	**52**	**28**	**12**	**8**
Orchestras, choirs, (including self-employed musicians)	103	62	24	2	12
Schools of the arts (including self-employed music teachers)	80	52	18	11	19
Publishers of sound recording media (CDs/DVDs/CD-ROMs)	107	72	21	5	2
Reproduction of CDs/DVDs/CD-ROMs	30	57	23	3	17
Manufacturing musical instruments	270	73	19	5	3
CDs/DVDs/CD-ROMs retail trade	368	58	35	7	1
Musical instruments retail trade	375	58	29	8	5
Theaters, opera houses, etc. [a]	139	38	22	19	20
Other auxiliary services for culture and entertainment (including sound studios) [a]	215	74	20	4	2
Discotheques etc. [a]	379	11	37	32	20

CHART 11_ KEY DATA ON THE MUSIC INDUSTRY

Notes: [a] individual business branches assigned to different sub-markets; [b] not including companies in the non-market business sector; [c] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

The music industries' total turnover amounted to CHF 2.1 billion in 2005. Turnover in the music industries clearly experienced more growth than business development. With an 8% increase in turnover from 2004, and an overall increase of 5.2% from 2001, the rate of development is clearly positive. After years of decline and stagnation up to 2004 in the "publishers of sound recording media" sector, the Federal Tax Administration reported a boom in turnover for this segment in 2005. The publishers of sound recording media increased their turnover from CHF 148 million to CHF 327 million, or 121%, between 2004 and 2005 alone. This astonishing development stems purely from an almost tenfold increase in export turnover, from CHF 27 million to CHF 228 million, between 2004 and 2005. This exorbitant shift in turnover is presumably due to the reclassification of a media companies for statistical purposes, rather than to actual market development. The image presented by IFPI, the International Federation of the Phonographic Industry, is quite the opposite. It still shows a downward trend in market development (see the portrait of the federation below).

With a turnover of CHF 784 million, the audiovisual equipment market (publishing, reproduction, and retail trade) is still the economic branch with the strongest revenue, making up 36% of the music industries' entire revenue. While most of the revenue produced by individual segments in the audiovisual equipment market stems from export (CHF 228 million, or 70% of CHF 327 million), revenue produced by the record retail trade stems mainly from domestic sales. Of the CHF 354 million turnover produced in 2005 by CD/DVD/CD-ROM sales, CHF 304 million, or 86%, was generated by the domestic sales of CDs, and so on. The normal rate of 7.6% VAT is imposed on the turnover produced by these products. This is radically different from the book market, which can sell books, magazines, etc., at a rate of only 2.4% VAT.

Discotheques are another economically significant branch, with total turnover of CHF 373 million (an 18% share of the music industry). As in the retail record trade sector, most of the turnover produced by these economic branches stems from domestic sales with a standard tax rate of 7.6% (CHF 285 million from discotheques, CHF 229 million from music stores). It is remarkable however, that such a significant proportion of turnover in both economic branches is attributable to small enterprises [SEE CHAPTER 3.3.1]. In the related economic branch of music instrument production, proceeds from small enterprises amount to over 20%. In six of the ten music industry economic branches, small businesses represent percentages of 10% or more of the total turnover.

Another special feature of the music industry is the comparatively high percentage of tax-exempt revenues, CHF 240 million, or 12%. As a rule, these tax-free proceeds stem purely from enterprises and institutions that are mainly supported by public funding for the arts and other cultural activities. In Switzerland, these include orchestras, theaters and opera houses, playhouses, and music schools. The economic branches of "orchestra, choirs, etc.," "schools of the arts," and "theaters and opera houses, playhouses, etc." point in fact to high percentages, 44 to 61%, of exempt revenue. The revenue generated by these cultural institutions cannot be separated from taxable turnover, resulting in a mix of private, public, and non-profit music sectors.

THE MUSIC INDUSTRY FROM THE PERSPECTIVE OF OFFICIAL STATISTICS

The following section will add to the above-mentioned business changes based on the Federal Tax Administration (VAT) statistics by focusing on the music industry from the official statistics perspective. As the data provided in the key data charts demonstrate, a total of 2 105 workplaces existed in 2005, with a labor force of 14 014 (full- and part-time).

Workplaces in almost every economic branch of the music industry have declined massively, shrinking by 14.6% between 2001 and 2005. Only the economic branches consisting of publicly funded cultural institutions, such as "orchestras, choirs, etc." or "theater and opera houses, playhouses, etc." can demonstrate a slight growth from 1.0 to 2.6%. The same negative development can be observed in employment potential. At -6.7% between 2001 and 2005, almost 400 workplaces were lost in the music industry. This decline however, is observed mostly in the pure music industry branches. Negative rates of 10% or more in the audiovisual equipment market, music retail, and musical instrument production demonstrate that there has been a drastic decline in jobs in the four-year comparison. This negative trend contrasts the development in combined, publicly funded economic branches, which were able to increase their personnel from 10 to 12%.

In addition to the decline in individual businesses and jobs, it is becoming clearer that the business structure of the music industry as a whole consists mainly of micro- and small enterprises. Based on 2105 workplaces in the music industry, 2 066 were analyzed in terms of their structure. 52% of these workplaces are agencies, businesses, and small enterprises employing one or two persons. They are typical owner-operator enterprises. A further 28% employ up to five persons, with workplaces of up to ten employees, amounting to 12% of the total. The central music industry segment in particular, such as the audiovisual equipment market, musical instrument production, and music retail demonstrate a definitive micro-enterprise structure. Between 95 and 99% of workplaces belong to this category. Conversely, only 1 to 5% of these employ more than ten persons per workplace.

PORTRAIT: THE MUSIC INDUSTRY FROM THE PERSPECTIVE OF THE IFPI (INTERNATIONAL FEDERATION OF THE PHONOGRAPHIC INDUSTRY)

According to their own data, the Swiss IFPI has more than 31 members in the CD/DVD/CD-ROM manufacturing sector. These include the four major companies: EMI Music Schweiz AG, Sony BMG Music Entertainment Schweiz GmbH, Universal Music GmbH, and Warner Music Schweiz AG. The federation estimates that there may be over 30 000 persons in Switzerland – artists, authors, composers, employees of publishing houses, agencies, sound studios, record labels, CD pressing, event managers and dealers – employed directly or indirectly in production, sales, and distribution chains in the audiovisual equipment market

"The previous dramatic decline in music revenues on the Swiss market practically came to a halt last year. The turnover reported by the Swiss International Federation of the Phonographic Industry (IFPI) of their members amounted to CHF 224 million in 2005, "only" 3% less than the previous year. Legal downloads were added to this, whose percentage of turnover of approximately CHF 3 million is still modest. Cell phone music downloads have also been added (realtones, mastertones) as well as high-quality audio DVDs. In total, IFPI members sold last year 13.6 million CDs. The decline from the previous year (16.4 million) can be explained by the fact that, as is true

internationally, multiple CDs are now calculated as single units. If taken into consideration that IFPI members represent approximately 90% of the Swiss music market, and assuming there is a retail trade margin of approximately 25% (+7.6% added value), the estimated market volume for 2005 is CHF 335 million. Another 15–20% can be added for illegal downloads and parallel imports."

Source: *Swiss Music News, March 18, 2006*

Country	turnovers in mio. USD	USD per capita
Sweden	295.0	33
Austria	282.1	35
Switzerland	256.3	34
Norway	255.7	56
Denmark	176.9	33
Finland	140.7	27
World	30 204	–

THE POSITION OF THE SWISS AUDIOVISUAL EQUIPMENT MARKET IN AN INTERNATIONAL COMPARISON (2003).

Quelle: IFPI 2004.

3.3.3 THE BOOK MARKET

OVERALL ASSESSMENT OF THE SWISS BOOK MARKET

The book market is a cluster of many small structural units, the predominant ones being the literary sector, journalist bureaus, and small enterprises. On the other hand, the close-knit market, the concentration of media companies, and the different channels of distribution (book trade, direct marketing, book clubs, department stores, the Internet) are the key features of the book market. Its most obvious members include authors, writers, and journalists. They are the original "word producers." Although there would be hardly be any representatives of the book or press industries without these word producers, there are still a number of branch studies that concentrate on the purely manual and industrial production of books. The group of word producers is considered as suppliers who do not really have much to do with the actual "business." Publishers, from the smallest to the most globally active book and media companies, form the second group, which produces books and secures copyrights. The third group consists of wholesalers and retailers of books.

The book market is distinct from other sub-markets in two ways. First, books can be bought at a reduced VAT rate (in Switzerland, 2.4%). Second, for decades the book price fixing agreement has created a relatively stable sales market that could possibly be threatened by discount products from non-branch retail chains. The book market has long been considered a "classical" cultural market par excellence that represents the double function of cultural goods, i.e. their economic and cultural significance.

The steady decline in independent enterprises and self-employed workers, the decline in the number of employees dependent on workplaces, and the dramatic

decline in branch firms and jobs could signalize a far-reaching change of structure.

The process of concentration in the book trade sector as well as the trend towards expanding chain bookstores promotes the development of a "monoculture" that will increasingly encourage and position the production of bestsellers.

The book market has also been greatly influenced by the growing use of the Internet for book sales. According to the sales channels of the German book market, the different market percentages of the book trade turnover in 2005 were made up as follows: at 55%, book dealers generate more than half of all book turnover, while publishing firms generate 17% with direct sales. The Internet and mail-order book trade generates an 11% share. The remaining sales channels comprise less than 10%: department stores (4.3%), book clubs (3.2%), and other points of sale (8.9%). Only the Internet, mail-order book trade, and direct sales by publishing firms were able to expand their share of the market. It remains to be seen whether the increasing internationalization of book sales will affect the Swiss book market's Internet sales turnover positively over the next few years.

A few large book and media publishers and chain bookstores dominate the development of turnover in the Swiss book market. The largest Swiss publishing house, Diogenes-Verlag, with a staff of 62 and annual revenue of CHF 61.5 million, increased its annual turnover in 2006 by 2.6% from 2005. In the same period the second-largest publishing house, Orell Füssli, with 37 employees, generated a sales volume of CHF 15.9 million, 0.9% lower than the year before (all data: Buchreport Magazin, April 2007). The largest bookstore in Switzerland is Orell Füssli with a turnover of CHF 118 million, and the largest bookstore chain Thalia with CHF 103 million (all data: Buchreport Magazin, March, 2006).

The book market's overall sales trend may not have been very positive in the four-year period from 2001 to 2005, yet, except for the book trade, 2005 shows an upward trend. However, a rise in book turnover does not actually mean a rise in returns. And all professionals in the book market are complaining about costs that are rising quicker than turnover.

Observing the development of different turnover types shows that, in the book and media publishing segment, book turnovers with a reduced tax rate declined 6% between 2001 and 2005, while turnovers with a standard tax rate – i.e. they comprise non-book products as well – rose 14% during the same period. Hence, in 2005 in the publishing branch, CDs, DVDs, etc. generated more turnover than books! Book production is shrinking and media production expanding.

Technological adva nces affect many traditional sales and marketing channels. The book market is not spared this development, and will be affected not only by Internet trade, but also by the growing digital production of content. The diversity of local-regional book distribution is under pressure, not only from the competition, but also from its own lack of technological progress, and because of a decrease in stable, regular customers.

ENTERPRISES 2001–2005 (VAT STATISTICS)	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
BOOK MARKET	**1 126**	**1 104**	**1 082**	**1 071**	**1 082**	**–3.9**	**–1.0**	**1.0**
Other artistic activities and performances (including writers, authors) [a]	89	96	96	98	105	18.0	2.1	7.1
Freelance journalists	142	129	124	126	130	–8.5	1.6	3.2
Book publishers (including music publishers)	493	482	464	462	473	–4.1	–0.4	2.4
Retail book trade	402	397	398	385	374	–7.0	–3.3	–2.9

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
BOOK MARKET	**1 982**	**1 924**	**1 790**	**1 846**	**1 913**	**–3.5**	**3.1**	**3.7**
Other artistic activities and performances (including writers, authors) [a]	23	25	21	23	31	36.8	9.6	36.2
Freelance journalists	49	45	40	42	44	–9.1	3.7	5.8
Book publishers (including music publishers)	1 174	1 120	1 026	1 059	1 149	–2.1	3.3	8.5
Retail book trade	738	735	703	722	689	–6.6	2.6	–4.5

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
BOOK MARKET	**1 913**	**153**	**8**	**842**	**44**	**576**	**30**	**311**	**16**	**23**	**1**
Other artistic activities and performances (including writers, authors) [a]	31	15	48	0	1	15	49	0	1	0	1
Freelance journalists	44	15	34	1	1	26	59	2	5	1	2
Book publishers (including music publishers)	1 149	30	3	380	33	423	37	292	25	18	2
Retail book trade	689	94	14	461	67	112	16	16	2	3	0

WORKPLACES AND EMPLOYMENT 2001 AND 2005 (SWISS BUSINESS CENSUS)	Workplaces		4-year change	Persons employed [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
BOOK MARKET	**1 625**	**1 459**	**–10.2**	**8 051**	**7 885**	**–2.1**
Other artistic activities and performances (including writers, authors) [a]	182	162	–11.0	381	423	11.0
Freelance journalists	307	246	–19.9	569	571	0.4
Book publishers (including music publishers)	499	452	–9.4	3 405	3 317	–2.6
Retail book trade	637	599	–6.0	3 696	3 574	–3.3

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
BOOK MARKET	**1 451**	**60**	**25**	**7**	**7**
Other artistic activities and performances (including writers, authors) [a]	161	83	12	2	3
Freelance journalists	246	87	9	2	2
Book publishers (including music publishers)	449	53	28	8	11
Retail book trade	595	49	34	10	7

CHART 12_ KEY DATA ON BOOK MARKET.

Notes: [a] individual business branches assigned to different sub-markets; [b] not including companies in the non-market business sector; [c] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

THE BOOK INDUSTRY FROM THE PERSPECTIVE OF THE SWISS FEDERAL TAX ADMINISTRATION The number of enterprises and self-employed workers in the book market (excluding the press industry) amounted to a total of 1 082 in 2005, with the greatest proportion being book publishers with 473 enterprises and book retailers with 374 enterprises. The groups of self-employed journalists, writers and authors are represented by totals of 130 and 105 bureaus, respectively. These figures provided by the Swiss Federal Tax Administration most likely represent only a very small part of the "word producers" group. Compared to the number of writers and authors (5 600 freelancers), journalists (15 200 freelancers) registered in Germany with the tax and turnover office, Switzerland has approximately 2 100 freelance "word producers." ProLitteris, the Swiss copyright society for literature and art, reports 6 300 copyright holders as members – however, this includes visual artists and other copyright holders.

Compared to 2004, the number of enterprises in the book market grew by 1%. Yet the four-year comparison shows an actual loss of 4 to 8.5% in the book publishing, book retail trade, and journalism sectors. However, in the same period there was a considerable rise of 18% in the writers group. The writer's group was not able to positively influence the overall development of the book market's enterprises and self-employed workers in 2001–2005. Yet this group also comprises a large proportion of other cultural groups that cannot be differentiated for statistical purposes.

The book market shrank by approximately 4%. By 2004, many book publishers, book dealers, and journalists had disappeared from the market. It was not until 2005 before data began to indicate an increase in the number of new enterprises for some segments. Journalists and book publishers seem to be regaining trust in the book market. From 2004 to 2005 they grew by 2.4 and 3.2%, respectively, while the retail book trade experienced a slump, losing approximately 3%.

The total turnover generated by the book market in 2005 amounted to CHF 1.9 billion. CHF 1.15 billion, or more than half, are attributable to the book publishing segment. In the same period, the retail book trade generated CHF 690 million in revenues, while word producers (writers and journalists) generated CHF 31 million and CHF 44 million, respectively.

The sales trend in the book market is similar to the development in the business landscape reported above. In the four-year comparison, all groups except the writers and authors reported 2 to 9% negative rates. However, the economic trend was different in each segment. The journalist group's turnover dropped from CHF 49 million in 2001 to CHF 40 million in 2003, yet rose again to CHF 44 million in 2005. But on average, according to current 2005 data, journalists generated less turnover per bureau than in 2001. Book publishers developed along similar lines. From 2001 to 2003 the revenues sank from CHF 1.17 billion to CHF 1.03 billion, then began to steadily rise to CHF 1.15 billion in 2005. The book publishing business, however, still did not return to its nominal 2001 level. Yet, because the number of enterprises – after the negative market growth – are not yet increasing with the same dynamism, book publishers in 2005 were able to generate more shares of turnover per publisher. In 2005, the turnover per enterprise was CHF 2.43 million; in 2005 the comparable amount was CHF 2.41 million.

In contrast to this, the retail book trade's total turnover experienced a fairly steady downward trend. Turnovers dropped from CHF 738 million in 2001 to

CHF 689 million in 2005, or -6.6%. There are similarities to the book publishers however, who, at rates of -7% in the four-year comparison, suffered an even more drastic decline. The statistical mean average of individual book dealers remains fairly stable. In 2001 the value was CHF 1.84 million per enterprise, in 2005 marginally higher at CHF 1.843 million.

The key data presented above still does not sufficiently describe the book market's structure. For this reason, an evaluation of different types of turnover in the book market should provide more detailed insight. From the 2005 turnover of CHF 1.9 billion, CHF 842 million (44% of the total turnover) are attributable to sales at reduced rate of 2.4%. Sales at the reduced VAT rate were generated by books and media products. A further 30% share of the total turnover with CHF 576 million stems from sales at the standard Swiss VAT rate of 7.6%. With this, one third of the book market's total turnover can be attributable to "non-book" products and services. A glance at a detailed structure of turnover shows that publishers in particular have generated these high turnovers with products and services other than books, i.e. mixtures of book and media publishers that usually generate more revenues with CDs and DVDs than with books. At CHF 423 million, the book and media publisher's transaction value at the standard VAT rate is clearly higher than the CHF 380 million publishers' transaction value at the reduced VAT rate.

Sales of books and magazines are still the core business of the retail book trade, although the percentage of non-book items is steadily growing. Approximately 67% (CHF 461 million) of book turnover in 2005 stems from sales at the reduced VAT rate. Sales volumes at the standard rate amounted to 16% (CHF 112 million), with the remaining turnover divided between export (2%), tax-exempt turnovers (0.5%), and turnover generated by small enterprises (14%).

It is evident that the reported 14% share of small enterprises in the book trade would be a clear representation of the actual situation. Here, the missing statistical documentation on book dealers with less than CHF 75,000 annual revenue had an impact, while a large share of small book dealers are already included in the potential revenue at the reduced tax rate. Comparing this with a subsequent evaluation of the SFSO's Swiss Business Census shows that almost one half of all book dealers employ one to two persons, and 93% of all book dealers employ fewer than ten persons and are thus classified as micro-enterprises.

Based on value-added tax statistics, the "word producer" group reported very high turnover values for the small-enterprise category. 48% of the total turnover of the group of writers and so on stem from turnovers from small enterprises. In the journalist group, 38% is reported in the respective category. The above-mentioned reference can also be applied here to represent the situation for the book trade. According to the Swiss Business Census, 83 to 97% of all writers and journalists work in one-person businesses.

THE BOOK MARKET FROM THE PERSPECTIVE OF OFFICIAL STATISTICS As the key data chart shows, 1 459 workplaces with an employment volume of 7 885 persons (full- and part-time) existed in 2005.

The number of workplaces in all of the book market's individual economic branches is declining drastically – decreasing 10.2% between 2001 and 2005. This negative development in workplaces is accompanied by a decrease in the rate of employment, which, however, only dropped 2.1% in the same time frame. This less drastic negative rate of employment is largely demonstrated by the two largest labor markets: the book publishers and the book trade. Whereas the publishing segment lost 9.4% of its jobs and the book trade segment 6%, the rates of employment decreased by only 2.6 and 3.3%, respectively.

The "word producer" group (writers and journalists) lost 11 and 20% of its workplaces (bureaus), respectively, between 2001 and 2005. In contrast, official statistics display an 11% growth in employment in the writer group and a modest 0.4% growth in the journalist group. This unusual deviation in trend can be explained for one thing by the above-mentioned, mixed writer group category that includes other cultural groups. For another, it seems that the larger journalist bureaus have actually concentrated jobs on fewer workplaces.

The business structure of the entire book market is almost exclusively dominated by micro- and small enterprises. Based on the 1 459 workplaces in the book market, 1 451 were analyzed regarding their structure. 60% of these workplaces are bureaus, stores, businesses, or small publishing firms that employ one to two persons. They are independently run writer and journalist bureaus and classical owner-operated micro-enterprises. A further 25% employed two to five persons per workplace. The workplaces with five to ten employees amount to 7%, and another 7% employ more than ten persons.

Number of enterprises and their turnovers 2005

	Number of enterprises		Turnover in CHF million	
	CH	DE	CH	DE
Journalists	130	6 115	44	1 166
Change from 2001 in %	−9	16	−9	9
Book publishers	473	2 089	1 149	14 431
Change from 2001 in %	−4	2	−2	−16
Book trade	374	4 420	689	6 038
Change from 2001 in %	−7	−4	−7	8

CHART 13_ THE BOOK MARKET IN SWITZERLAND (CH) AND GERMANY (DE).

Notes: taxable enterprises with annual turnover of CHF 75 000 or more. German statistics harmonized with Swiss statistics. EUR 1 = CHF 1.5.
Sources: VAT Statistics, FTA; German sales tax statistics, Destatis, Creative Industries Research Unit/ZHdK, own calculation

The trend in Switzerland is less optimistic than in Germany. Whereas in Switzerland the number of self-employed journalists between 2001 and 2005 dropped 9%, there was a 16% rise in German journalists on the market. The development of turnover for the journalist group also differs between the two countries. A decrease of 9% in four years in Switzerland is contrasted by a 9% increase in Germany.

The book publishing landscape in Switzerland lost 4% of its publishing firms between 2001 and 2005, but in Germany, there was a small 2% increase in new (micro-)publishers. However, turnover volumes in both countries decreased. Here, the German publishing landscape suffered drastic losses. The turnover volume dropped approximately 19% between 2001 and 2005. This was partly due to drastic losses in large book and media publishing firms, which suffered low periods after the 2000/2001 expansion. Switzerland, however, suffered only a 2% loss in turnover.

The book trade sector developed negatively in both countries. Except for turnover volumes generated by the German book trade, which increased 8% in the four-year period, other key data display a negative trend. The Swiss book trade dropped approximately 7%, and the German book trade 4%. This downward trend in Switzerland is accompanied by a turnover loss of 7%.

PORTRAIT: BOOK PRICE FIXING IN SWITZERLAND – INCOMPATIBLE POSITIONS

"The Swiss Federal Council has rejected an appeal by the Schweizerische Buchhändler- und Verlegerverband (the Swiss Association of Book Traders and Publishers, SBVV) for a book price fixing agreement. The appellants were not able to substantiate their claim that price fixing is needed to bring the service addressed in the petition to authors, publishers, retail trade, and the consumer. [...] As the audit of efficiency by the monopolies commission has shown, causality could not be established between book price fixing and book cover diversity, product range, and book dealer numbers. Consequently, it cannot be established that book price fixing is essential to cultural-political services."

Source: Federal Department of Economic Affairs media release. May 2, 2007

"The Schweizerischer Buchhändler- und Verlegerverband (SBVV) deeply regrets the Swiss Federal Council's decision to reject the practice of book price fixing. Most German-speaking Swiss cannot understand why the Swiss Federal Council refuses to acknowledge the significance of the Swiss book market. The Swiss Federal Council now risks a large increase in most book prices. It will be responsible for irreversible consequences that the Swiss book market will sustain. Furthermore, it has missed yet another opportunity to commit to a long-term policy on books and literature.

The SBVV remains convinced of the positive effects of price fixing on both the cultural (diversity of products) and the economic level (low average prices of products)."

Source: SBVV media release. May 2, 2007

3.3.4 THE ART MARKET

OVERALL ASSESSMENT OF THE SWISS ART MARKET

The art market consists largely of a great number of visual artists who are difficult to document empirically. They are part of an art scene that revolves around visual art. The federal tax authorities can report an economically relevant base of approximately 250 taxable visual artists, the official statistics report approx. 770 mainly owner-operated studios, and visarte (Visual Arts Association Switzerland), reports a total of 2 500 active artists as its members.

The Swiss art trade is an internationally oriented market. The dramatically rising international sales volume is generated partly by individual enterprises. The accelerating turnover in the art market is also partly due to information search engines on the Internet. According to written information provided by the headquarters of the Art Galleries Association Switzerland (AGS) in January 2007, the boom in contemporary art that began in 2004 will have increased dramatically in 2005. The AGS predicts that this development will continue in 2006. It also emphasizes the theory that the art market has historically corresponded to financial markets, implying that the positive trend could well continue.

THE ART MARKET FROM THE PERSPECTIVE OF THE SWISS FEDERAL TAX ADMINISTRATION

The number of enterprises and self-employed persons in the art market (excluding handicrafts) totaled 1 129 in 2005. The largest sub-groups were the art dealer group (galleries and art dealers) with 422 enterprises, antique dealers with approximately 300 enterprises, and the group of self-employed visual artists with 249 studios. Art restorers with 105 enterprises and museums with 58 private enterprises extend the core art market.

Compared with 2004, the number of art market enterprises increased 1.3%; during the entire 2001 to 2005 period however, the art market only increased 1.1%. Yet there are different developments concealed behind this factual stagnation. While in the surveyed period the number of visual artists remained fairly stable at 244 to 251 artist studios, the number of galleries grew 4.2% from 405 in 2004 to 422 in 2005. Even the number art restorers' workshops suddenly grew from 98 to 105 units or 7.1%. The number of museums, including private enterprises, developed differently and decreased over the last few years to 11 units, or 13.4%, between 2004 and 2005. The number of antique dealers steadily declined between 2001 and 2005 from 318 to 295 enterprises (-7.2%).

The art market generated a total turnover of CHF 1.5 billion in 2005, which is a very positive trend compared with other enterprises. With almost 17% growth in turnover compared with 2004, and with 12.2% growth compared with 2001, the art market is one of the most successful markets in the creative industries. The striking 36% increase in turnover in the art trade over the four-year period, and the increase of 26.5% from 2001 to 2005 overall, had a positive effect on the state of the Swiss art market as a whole. At

ENTERPRISES 2001–2005 (VAT STATISTICS)

	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
ART MARKET	**1 117**	**1 132**	**1 118**	**1 114**	**1 129**	**1.1**	**–0.4**	**1.3**
Self-employed visual artists	244	251	245	243	249	2.0	–0.8	2.5
Other artistic activities and performances (including restorers) [a]	89	96	96	98	105	18.0	2.1	7.1
Art dealers (retail trade with objects of contemporary art)	409	405	401	405	422	3.2	1.0	4.2
Museums (including commercial elements)	57	64	69	67	58	1.8	–2.9	–13.4
Antiques retail industry	318	316	307	301	295	–7.2	–2.0	–2.0

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)

	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
ART MARKET	**1 318**	**1 439**	**1 249**	**1 266**	**1 479**	**12.2**	**1.4**	**16.9**
Self-employed visual artists	48	47	46	49	49	0.4	6.5	–1.6
Other artistic activities and performances (including restorers) [a]	23	25	21	23	31	36.8	9.6	36.2
Art dealers (retail trade with objects of contemporary art)	737	687	606	790	1 000	35.6	30.5	26.5
Museums (including commercial elements)	252	443	343	177	150	–40.4	–48.5	–15.1
Antiques retail industry	258	239	232	226	250	–3.3	–2.7	10.3

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)

	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
ART MARKET	**1 479**	**122**	**8**	**33**	**2**	**496**	**34**	**645**	**44**	**116**	**8**
Self-employed visual artists	49	26	53	0	0	19	39	3	6	1	1
Other artistic activities and performances (including restorers) [a]	31	15	48	0	1	15	49	0	1	0	1
Art dealers (retail trade with objects of contemporary art)	1 000	34	3	3	0	322	32	560	56	18	2
Museums (including commercial elements)	150	15	10	16	11	63	42	2	1	54	36
Antiques retail industry	250	33	13	13	5	77	31	80	32	42	17

WORKPLACES AND EMPLOYMENT 2001 UND 2005 (SWISS BUSINESS CENSUS)

	Workplaces		4-year change	Persons employed [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
ART MARKET	**2 256**	**1 850**	**–18.0**	**4 600**	**4 007**	**–12.9**
Self-employed visual artists	982	768	–21.8	1 335	1 010	–24.3
Other artistic activities and performances (including restorers) [a]	182	162	–11.0	381	423	11.0
Art dealers (retail trade with objects of contemporary art)	541	490	–9.4	1 251	1 118	–10.6
Museums (including commercial elements)	45	47	4.4	615	678	10.2
Antiques retail industry	506	383	–24.3	1 018	778	–23.6

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)

	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
ART MARKET	**1 825**	**82**	**14**	**2**	**1**
Self-employed visual artists	768	92	8	1	0
Other artistic activities and performances (including restorers) [a]	161	83	12	2	3
Art dealers (retail trade with objects of contemporary art)	489	73	21	4	1
Museums (including commercial elements)	24	39	30	15	16
Antiques retail industry	383	78	20	1	1

CHART 14_ KEY DATA ON THE ART MARKET ENTERPRISES.

Notes: [a] individual business branches assigned to different sub-markets; [b] not including enterprises in the non-market business sector; [c] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

CHF 1 billion, it covers two thirds of the market branch. The lion's share of turnover for art dealers is attributable to the growing percentage of exports of art works, which generated CHF 560 million in 2005.

Art restorers also generated a similarly impressive 36% growth in turnover between 2004 and 2005, whereas revenues generated by the related group of visual artists did not increase. A dramatic decline can be observed in the museum sector, where places of business dropped from a turnover high of CHF 443 million in 2002 to a low of CHF 150 million in 2005. This corresponds to a reduction of two thirds of all museum-related turnovers. However, one reason for the drastic change in museum data could be their statistical reclassification, from private art revenues to the market branch of art dealer [SEE CHAPTER 3.3.1].

Of all the sectors in the creative industries, the art market is the sector with the largest number of cluster units, yet this structural feature is only partially reflected in the breakdown of the different types of turnover. For one, the CHF 49 million generated by self-employed visual artists are only the total taxable revenues. But there are a number of visual artists who generate only tax-free revenues and are therefore not documented in the VAT Statistics. In addition, the total annual turnover of many artists did not amount to CHF 75 000, which is the minimum that enterprises have to generate in order to be included in the VAT Statistics. visarte, the visual artists' professional organization, with over 2 500 active visual artists, is the main umbrella organization in Switzerland, and assumes an average annual income of CHF 30 000 for visual artists. Moreover, the reported total turnover generated by galleries and art dealers are also for the most part tax-free, because they report 56% export revenues.

THE ART MARKET FROM THE PERSPECTIVE OF OFFICIAL STATISTICS By and large, official statistics can provide structural data for visarte's reported number of artist studios and workplaces. According to this, at least 768 visual art studios existed throughout Switzerland in 2005, with an employment potential of 1 010. The development of artists' studios however, shows a steep downward trend. Almost 22% of all studios (= workplaces) disappeared between 2001 and 2005 – in absolute numbers this breaks down to 200 studios. In connection with this, employment numbers dropped 24.3%. From 1 335 registered workplaces in 2001 only 1 010 remained in 2005. Although the art trade generated very high total turnover, it also experienced a steep decline in workplaces and employment during the four-year period. The number of workplaces dropped from 541 in 2001 to 490 in 2005 (-0.4%) and employment dropped from 1 251 to 1 118 (-10.6%). This trend shows that the art dealer sector could not generate sustained good turnover throughout the sector, but that the turnover stems rather from a few large and international enterprises. A further process of decline was suffered by the antique trade sector, where the market share lost almost one fourth of its workplaces and employment potential.

Only the art restorer group and the museums deviated from this trend during the four-year period. While the number of workplaces dropped 11% between 2001 and 2005, employment increased 11% in the same time frame. The museum sector even increased the number of its workplaces (+4.4%) and the number of jobs also rose 10%. This was possible during the poor economic situation only if public financial support was at hand.

Regarding the level of employment, the structural composition of workplaces in the art market proves that very small business unit clusters dominate the art

market more than any other sub-market in the creative industries. 82% of all art market workplaces consist of studios, bureaus, or workshops with one or two employees. In the creative industries as a whole, this rate is only 58%. In total, 99% of the workplaces in the art market are classified as micro-enterprises. Only the museum sector boasts a share of 16% of workplaces with more than ten employees – but again this is affected by the combined category of publicly financed museums.

In addition to large enterprises, a functioning art market consists of numerous micro-enterprises and mixed business forms – the basis for an art sector that is still developing. Nevertheless, until 2005 the regional Swiss art trade did not develop in the same manner as the international art market, because its regional market is marked by a steep process of decline in the number of employees and workplaces.

The art market also exhibits processes of disengagement that can lead to new market structures for the development of new visual products and services. The "old" value-added relationships are increasingly changing: new forms of direct marketing are replacing the traditional relationship between artist, gallery owner, art dealer, collector, or museum. Nonetheless, developing an international production of art will always depend on a good local-regional infrastructure. Without a broad base, first-rate art is still unimaginable!

PORTRAIT: THE ART MARKET FROM THE PERSPECTIVE OF THE ART GALLERIES ASSOCIATION SWITZERLAND (AGS)

"The art market is on the move again. A year ago, it was still unimaginable that a work of art could sell for USD 140 million. Auction houses are reporting record sales, particularly in the field of contemporary art. There is a lot of money swimming around in this world that wants to be invested. Above-average stock market rates of return are flowing generously into the art market. But the question is whether our 54 members can also benefit from this expansion. 'Yes and no' should be the answer. On the one hand, some galleries represent very important artists, who have managed to command high prices and a high demand on the international market. Yet most of these artists have a rather local or regional quality. These artists and galleries profit from the public's general desire to purchase. But this is not where the big money can be made. Galleries have to be based on a better and more stable foundation. All the media reports are calling for caution. What is true for the top-shot section of the world might not be true for the local Swiss market. The Art Galleries Association Switzerland has been advocating good, relevant infrastructure for Switzerland for a while. These do in fact exist and some German galleries have decided to establish second galleries here. This is attractive, first of all, because of the interested public here, but also for tax reasons and Switzerland's good, relevant infrastructure. Good infrastructure for dealers include: an alternative tax environment, waiving resale rights, no artists' social security funds, low VAT rates, and simple tax procedures. These elements lower costs and raise the galleries' and the artists' net turnover. Switzerland is attempting in general to be an attractive business location. This is especially applicable to gallery owners, because art works are first of all very mobile and – as our internationally acclaimed member Hauser und Wirth demonstrates – a location can be moved to a place that offers the best chances of success. Owing to our diverse network and our broad and varied activities (in collaboration with other art dealer associations), we are very optimistic about maintaining our position as the world's fourth most important art dealer location."

(Source: AGS business report 2006)

	EUR million Auctions	EUR million Art trade	EUR million Total	Share
UK	3 381.7	3 381.7	6 763.4	56
France	77.7	1 257.4	1 335.1	11
Germany	770.7	472.3	1243	10
Switzerland	234.3	390.6	624.9	5
Italy	204.9	250.4	455.3	4
Sweden	150.2	183.5	333.7	3
Europe	5 545.7	6 467.4	12 013	100

THE SWISS ART MARKET COMPARED WITH EUROPE, 2001.

Source: Kusin & Company, 2002.

PORTRAIT: MEMBER STRUCTURE OF THE VISUAL ARTS ASSOCIATION (VISARTE)

visarte consists of 18 regional groups and one interest group (for gender issues). The association has a total of 2 518 members, 1 137 of whom are female artists and 1 381 are male; 187 are architects. 836 members have the status of patron.

COMMENT ON THE REPORT ON SOCIAL SECURITY FOR CREATIVE PROFESSIONALS

"visarte, the visual art's professional organization, deeply regrets the report regarding social security for creative professionals. It is a missed opportunity to seriously consider existing analyses by the Federal government and cultural associations, and to provide constructive solutions. Demanding that creative professionals be more self-sufficient detracts from the structural disadvantages that artists are faced with – such as unemployment insurance or occupational benefit plans (BVG). Therefore, most cultural associations offer their members insurance opportunities within their range of capabilities. The difficult financial situation of many artists proves that this is not enough. The Confederation must change the inadequate flexibility of social security and unemployment insurance to adapt to reality, and not the creative professionals or their associations. Early on, various cultural organizations petitioned emphatically for improving existing legislation, within the scope of the Law on the Promotion of Culture, so as to benefit creative professionals. Visarte does not accept the solution proposed by the federal offices, which simply states that artists should find the solution themselves."

Source: visarte Switzerland media release, March 1, 2007

3.3.5 THE FILM INDUSTRY

OVERALL ASSESSMENT OF THE SWISS FILM INDUSTRY The Swiss film industry is comprised of stage and film artists, scriptwriters, and directors, as well as film production including TV production, film distribution, cinemas, and, exceptionally, film financing programs. The film industry is the only cultural market in the creative industries that receives favorable basic conditions as well as substantial public funding to directly finance all stages of production. Backing film production both economically and culturally is a practice in Switzerland – as well as throughout Europe [SEE CHAPTER 7.3.1] – the objective of which is to help secure a viable presence for its respective national film production in the international market. Many other sub-branches in the creative industries refer to these national and regional public film subsidy policies and would like to enjoy similar favorable conditions in their own branch.

During the period of the survey the film industry experienced an upward trend compared with the general trend in other sub-markets of the creative industries. Different subsidy models, such as the Swiss Federal Office of Culture's success-related film subsidy program "Succès Cinéma" and the "Pacte de l'audiovisuel" between the film industry and the Swiss radio and television broadcasting corporation (SRG SSR idée suisse), show the close relationship of exchange between the public and private sectors. Hence, radio and television stations are also producers, distributors, and patrons. According to data provided by the Swiss Federal Statistical Office, the film industry received approximately CHF 64.6 million in public and private monies in 2004 to finance film and television productions. This is an increase of 45% from 2001, when only CHF 44.7 million were available.

ENTERPRISES 2001–2005 (VAT STATISTICS)	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
FILM INDUSTRY	**854**	**876**	**910**	**971**	**1 015**	**18.9**	**6.7**	**4.5**
Theater and ballet groups (including self-employed stage artists and directors) [a]	53	50	54	54	53	0.0	0.0	−1.9
Film/TV and video producers	626	647	678	726	773	23.5	7.1	6.5
Film and video distributors	50	51	56	66	57	14.0	17.9	−13.6
Cinemas	125	128	122	125	132	5.6	2.5	5.6

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
FILM INDUSTRY	**1 262**	**1 343**	**1 412**	**1 528**	**1 431**	**13.4**	**8.2**	**−6.4**
Theater and ballet groups (including self-employed stage artists and directors) [a]	119	161	174	220	201	68.6	26.3	−8.7
Film/TV and video producers	540	553	585	593	654	21.1	1.3	10.3
Film and video distributors	273	253	296	328	266	−2.7	10.8	−19.0
Cinemas	329	377	357	387	310	−5.9	8.5	−19.9

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
FILM INDUSTRY	**1 431**	**52**	**4**	**222**	**16**	**691**	**48**	**242**	**17**	**216**	**15**
Theater and ballet groups (including self-employed stage artists and directors) [a]	201	9	4	2	1	22	11	1	0	168	83
Film/TV and video producers	654	40	6	11	2	364	56	199	30	34	5
Film and video distributors	266	1	0	0	0	226	85	36	14	2	1
Cinemas	310	3	1	209	67	80	26	6	2	12	4

WORKPLACES AND EMPLOYMENT 2001 UND 2005 (SWISS BUSINESS CENSUS)	Workplaces		4-year change	Persons employed [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
FILM INDUSTRY	**1 082**	**1 163**	**7.5**	**6 610**	**7 028**	**6.3**
Theater and ballet groups (including self-employed stage artists and directors) [a]	135	133	−1.5	2 068	2 121	2.6
Film/TV and video producers	652	745	14.3	1 843	2 097	13.8
Film and video distributors	47	48	2.1	236	273	15.7
Cinemas	248	237	−4.4	2 463	2 537	3.0

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
FILM INDUSTRY	**1 159**	**55**	**30**	**9**	**6**
Theater and ballet groups (including self-employed stage artists and directors) [a]	132	51	27	10	12
Film/TV and video producers	744	68	23	5	3
Film and video distributors	48	48	21	19	13
Cinemas	235	18	53	17	12

CHART 15_ KEY DATA ON THE FILM INDUSTRY.

Notes: [a] individual business branches assigned to different sub-markets; [b] full- and part-time employees; [c] not including enterprises in the non-market business sector; [c] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

Over the next few years, technological advancements will change film industry's individual stages of production drastically, provided that digital technology becomes established in film production and in movie houses. It might trigger a boom in small film producers, who would then gradually shift to video production. Hence, the digital, technical amalgamation of DVD-video, film, TV, and computer could become a new major developmental and creative basis for many filmmakers.

THE FILM INDUSTRY FROM THE PERSPECTIVE OF THE SWISS FEDERAL TAX ADMINISTRATION The number of enterprises and self-employed persons in the film industry (excluding broadcasting and AV market) was 1 015 in 2005. This includes the group of stage artists and directors with 53 freelancers. The largest sub-group in the film industry is that of film and TV-film producers who, with approximately 770 enterprises, comprise three fourths of all enterprises in the film industry as a whole. Film and video distributors, with 57 enterprises, are among the smaller members of the branch, while the cinema landscape boasts 132 enterprises, which actually conceals the true number of just under 240 cinema companies throughout Switzerland.

Compared with 2004, the number of enterprises in the film industry began rising again by 4.5%. The four-year comparison with 2001 displayed a large increase in film companies. Their number rose from 626 companies in 2001 to 773 in 2005; a growth of almost 24%. Currently, between 6 and 7% new film production companies are entering the film industry each year. The film distribution sector displayed a moderate growth in the early years, yet most recently suffered a clear drop in 13%. Cinemas have changed very little regarding the number of enterprises, which increased only slightly from 125 to 132 cinema enterprises in the four-year comparison.

The film industries generated CHF 1.4 billion in turnover in 2005. Yet its turnover development did not proceed with the same dynamic as that in the number of enterprises. This 13.4% presents above-average growth compared with the creative industries as a whole. However, this positive number is attributed only to the two segments of film production and stage and film artists. The negative rate of growth in film distribution and cinemas already imply that the development of the film industry was entering a crisis at the time, and it actually suffered a 6.4% loss of total turnover. If film production companies had not experienced a positive growth rate of 10.4% in the present comparative year of the survey, then the film industry as a whole would have undergone a loss of over 10% in turnover.

One particular feature of the film industry is the strikingly even distribution of different types of turnover. From the CHF 1.4 billion total turnover, CHF 691 million, or almost half, is subject to the standard VAT rate of 7.6%. Of this, CHF 364 million are attributable to film production and CHF 226 million to film distribution. The remaining three types of turnover are subject to the reduced tax rate, namely export and tax-exempt turnover, is distributed between a turnover volume of CHF 220 to 240 million, respectively. Cinemas, with the sales of tax-advantaged tickets, boast over CHF 200 million – a lion's share of reduced-tax turnover. Film export generated approximately CHF 200 million mainly through film production companies. Exempt turnover, which stems from tax-exempt public funding, mainly produced by stage and film actors, amounted to CHF 168 million.

THE FILM INDUSTRY FROM THE PERSPECTIVE OF OFFICIAL STATISTICS As demonstrated by the key data chart, 1 163 workplaces existed in 2005 with an employment volume of 728 persons (full- and part-time). There was a positive development of employment in two of the film industry's branches between 2001 and 2005; it was negative in two other branches. This again is attributable to film production and distribution, where workplaces increased approximately 14.3% in the four-year period, 2.1% of which attributable to film distribution. Workplaces in cinemas dropped 4.4%, as did the group of stage and film artists (-1.5%). The film industry's labor market figures are particularly significant. Here, positive effects were displayed in all four of the industry's branches. In total, the number of employees rose approximately 6.3%, the leading branches here being distribution (15.7%) and film production (13.8%).

The film industry is also made up mainly of micro- and small enterprises. 55% of film companies are owner-operated bureaus and studios with one to two employees. 94% of film companies have fewer than ten employees per workplace and are therefore classified as micro-enterprises. Only 6% of all film companies are able to employ more than ten employees per business unit.

PORTRAIT: THE FILM INDUSTRY FROM THE PERSPECTIVE OF MEDIA DESK SUISSE

"Approximately 25 feature films and an equal number of documentaries are made per year in Switzerland. Co-productions account for about one fifth of that number. There is a good production basis available for producing films in Switzerland (equipment, laboratory, special effects), which in some cases is respected internationally. The Swiss film industry is enjoying a high at the moment. In the first quarter of 2006, its share of the box office was 14%. This rate was 6% in the preceding year, which was already quite high compared with before. The Swiss public (a population of approx. 7.2 million) visits the cinema an average of 2.3 times a year despite the high price of tickets (EUR 9 on average). There has been much money invested in project development over the last few years. Success-related subsidies created the incentive to invest in Swiss films on all levels (production, distribution, cinema)."

Source: www.mediadesk.ch

Visitor rate (per person per year)	2.23
Box office	245 mio. CHF
Average ticket price	14.55 CHF

Number of visitors	
German-speaking Switzerland	11 432 831
French-speaking Switzerland	4 872 043
Italian-speaking Switzerland	545 370
Total visitors 2005	16 850 244

Market share in percent	
USA	59.38
Europe	28.21
Germany	5.98
France	8.70
United Kingdom	8.51
Spain	2.15
Switzerland	9.62
Others	2.79

Swiss film production (2005)	
Produced full-length feature films	25
100% Swiss production	17
Debut feature	15
Premiered feature films	18
Produced full-length documentary films	22
100% Swiss production	19
Debut feature	6
Premiered documentary films	27

Source for all data: www.mediadesk.ch, Filmindustrie Schweiz (accessed on April 17, 2007).
A detailed overview of Swiss film financing is provided by the film and cinema statistics of the Swiss Federal Statistical Office, www.bfs.admin.ch.

3.3.6 THE BROADCASTING INDUSTRY

The broadcasting industry is now dominated by a dual structure throughout almost all of Europe. In addition to broadcasting companies financed either by public resources or by fees, there are also private companies that finance their programs through advertising, direct sales, and – in Switzerland – through fees. Because the official statistics cannot break down the structure of the broadcasting industry into public and private units of enterprise, it will be examined in the statistical analysis as a mixed creative market.

The key data chart shows that in 2005 there were approximately 100 to 105 enterprises in the broadcasting industry, a number that remained by and large consistent over the four-year survey period. Whereas the number of broadcasting enterprises amounted to 55 and increased only slightly between 2001 and 2005, the number of TV enterprises, 51, remained relatively consistent. Only one to three enterprises disappeared over the four years.

The broadcasting industry primarily consists of a few very large enterprises. The relatively small number of enterprises generates an enormous turnover volume, producing in 2005 approximately CHF 2.2 billion. After increasing to CHF 2.5 billion by 2003, turnovers demonstrated a downward trend. This is mainly attributable to TV enterprises, which claim the lion's share of turnover with CHF 2.0 billion. Nonetheless, by 2005 an improvement in turnovers can be seen. The total turnover of the Swiss broadcasting industry once again demonstrated a growth rate of 4.0% between 2004 and 2005.

ENTERPRISES 2001–2005 (VAT STATISTICS)	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
BROADCASTING INDUSTRY	**104**	**97**	**103**	**104**	**106**	**1.9**	**1.0**	**1.9**
Radio channels (companies)	52	47	52	55	55	5.8	5.8	0.0
Television channels (companies)	52	50	51	49	51	−1.9	−3.9	4.1

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
BROADCASTING INDUSTRY	**2 123**	**2 270**	**2 508**	**2 113**	**2 198**	**3.6**	**−15.7**	**4.0**
Radio channels (companies)	117	127	128	141	150	28.1	9.9	6.5
Television channels (companies)	2 005	2 143	2 380	1 972	2 048	2.1	−17.1	3.9

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
BROADCASTING INDUSTRY	**2 198**	**2**	**0**	**1 190**	**54**	**929**	**42**	**30**	**1**	**32**	**1**
Radio channels (companies)	150	1	1	8	5	137	91	1	0	3	2
Television channels (companies)	2 048	1	0	1 182	58	792	39	29	1	29	1

WORKPLACES AND EMPLOYMENT 2001 UND 2005 (SWISS BUSINESS CENSUS)	Workplaces		4-year change	Persons employed [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
BROADCASTING INDUSTRY	**135**	**132**	**−2.2**	**7 008**	**7 058**	**0.7**
Radio channels (companies)	79	76	−3.8	2 926	3 142	7.4
Television channels (companies)	56	56	0.0	4 082	3 916	−4.1

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
BROADCASTING INDUSTRY	**132**	**16**	**10**	**15**	**59**
Radio and television institutions	132	16	10	15	59

CHART 16_ KEY DATA ON THE BROADCASTING INDUSTRY.

Notes: [a] individual business branches assigned to different sub-markets; [b] full- and part-time employees;
[c] not including enterprises in the non-market business sector; [d] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

Observing the turnover types shows that turnovers at reduced VAT rates amounting to CHF 1.2 billion are somewhat higher than turnovers at the standard rate, which generated approximately CHF 930 billion in 2005. Because broadcasting has a cultural function as well, it can charge the reduced VAT rate for these services. This tax concession is also available to the book market and other cultural services.

Export and tax-exempt turnovers are almost non-existent in the broadcasting industry. This creative market is also irrelevant for small enterprises – a fact confirmed by the Swiss Business Census statistics of the Swiss Federal Statistical Office (SFSO), which show that, since the majority of broadcasting enterprises embrace almost 60% of all workplaces, the broadcasting industry is one of the largest in the creative industries. In general, both public and private broadcasting enterprises are essential to the creative industries for many reasons. They are the main promoters of the creative industries' performance sector, they operate on the creative market with their own production companies, and they are an important, direct investor in film and TV production. In addition to funding models by the department of culture's success-dependant film subsidy program, "Succès Cinéma," there is the "Pacte de l'audiovisuel" between the film industry and the Swiss radio and television broadcasting corporation (SRG SSR idée suisse). These are examples of a close relationship of exchange between the public and the private sectors (see the SRG SSR idée suisse subsidy figures below).

PORTRAIT: THE NEW SWISS RADIO AND TELEVISION LAW

"On March 9, 2007, the Swiss Federal Council set the date for entry into force of the totally amended Federal Law on Radio and Television (LRTV) would come into effect April 1, 2007. At the same time, it issued the implementing provisions in the new Decree on Radio and Television (DRTV).

PRINCIPLES OF THE NEW LAW: *The Law on Radio and Television adopted by parliament on 24 March 2006 is intended to ensure a continued strong public service from the SRG in the future; at the same time, various regulations affecting private broadcasters are being relaxed. In addition, support for private local-regional broadcasters from fee revenue (splitting) is being expanded.*

At the centre of the new Law on Radio and Television (LRTV) is the intention to maintain an independent Swiss offering of programming which covers all linguistic regions to the same standard and which can compete with programming from financially stronger broadcasters from neighbouring states. To this end, on the one hand the position of the SRG is being assured, and on the other the private Swiss radio and television broadcasters are being strengthened.

A key section of the Law deals with the dissemination of radio and television programmes via telecommunications and considers in particular the effects of digitisation. The completely revised Law also introduces major new features in other areas."

EXTENSIVE DUAL SYSTEM: *The existing LRTV substantially protects the SRG as a public service broadcaster from both linguistic-regional and national competition from other broadcasters. The SRG will now have to secure its position as a service provider, no longer through protection from the competition, but by collecting enough fees. Private broadcasters can now enjoy easier access to the market, will be released from specific mandates for presentation, and will have more financing opportunities because advertising regulations will be brought in line with European standards, and thus adapted to the international situation(for example, commercial breaks).*

It will furthermore be discussed whether SRG's commercial opportunities should be limited to benefit the private sector.

MORE LENIENT CONCESSIONS FOR PRIVATE ENTERPRISES: *The requirements for concessions have been significantly simplified for private enterprises. Concessions for private broadcasters who do not require high frequencies will now need to apply merely for a police license for content authorization. In particular, it will no longer be the State that decides whether a radio or television project is economically worthwhile.*

LIMITED SCOPE OF THE LAW: *The LRTV's future scope will be limited to broadcast programs. Therefore, only content that actually possesses a certain journalistic significance or the power to influence the public will be regulated. Information retrieval services, such as teletext, will no longer be subject to the LRTV. The way content will be distributed in this age of convergence is irrelevant for the legal classification of offers and services. Services distributed via the Internet will be subject to the LRTV only if they contain programs of journalistic significance and can influence public opinion.*

Source: Federal Office of Communications, OFCOM, www.bakom.admin.ch

PORTRAIT: SWISS BROADCASTING CORPORATION SRG SSR IDÉE SUISSE

The SRG SSR idée suisse is a private media firm and is supervised by the principles of stock corporation law. Its brief is based on the Federal Constitution, the Federal Law on Radio and Television (LRTV), and the concession, and is committed to public service. As a non-profit organization, SRG SSR is financed to roughly two thirds through fees and one third through commercial activities. It is politically and economically independent.

With 5 861 employees, annual turnover of CHF 1.5 billion, 16 radio channels, 7 television channels, websites and text services, the SRG SSR (head office) is the largest enterprise for electronic media in Switzerland. Its radio programs and, in prime time viewing, also its television programs, are the market leaders in all four linguistic regions and have remained strong despite competition from more financially stable foreign channels. This public success is one of the requirements of its performance mandate, which the SRG SSR received from the government. Its qualitative position as market leader is an equally ambitious objective. The SRG SSR is not only committed to success, but also to a high standard of journalistic ethics, respecting human dignity, credibility and a high level of professionalism."

(Source: Swiss Broadcasting Corporation SRG SSR idée suisse)

3.3.7 THE PERFORMING ARTS MARKET

OVERALL ASSESSMENT OF THE PERFORMING ARTS MARKET

The performing arts are a unique market in the creative industries. Public financing structures dominate theaters throughout Europe – a fact that also applies to Switzerland. The financial and personnel structure of State-sponsored opera houses and theaters place them in the context of large corporations rather than a privately run, clustered theater sector. However, they both share an intermediate area characterized by a rich, locally and regionally based amateur sector, which also resembles the federalist small-unit structure of Switzerland.

The above-mentioned relationship between tax-free and taxable turnovers is proof of the theory that "capillary" relationships of exchange between the State, intermediate, and private sectors are essential to the cultural sector. State and commercially financed services can complement one another and should therefore not be viewed as opposite pairs.

The data presented should however show – despite the very rudimentary state of the information – that the performing arts market in Switzerland, from the creative industries perspective, is showing a clear shift towards an extended creative scene structure. The number of small theater ensembles, the activities of independent theater groups, and the cabaret sector will increase, and there will be fewer established positions in publicly funded theaters.

Performing artists are developing ever more complex career structures; they are becoming increasingly self-employed, yet not less dependent. Performing artists are dependent on the market structure on many levels, as well as on the promoter or organizer (theatre, broadcasting, film) for their services to be shown and/or played and critiqued. Traditional, secure working conditions (through secure jobs) are disappearing. Moreover, it will become difficult to differentiate between employer and employee, and the subsequent business models reflect this type of hybridization [SEE CHAPTER 5].

THE PERFORMING ARTS MARKET FROM THE PERSPECTIVE OF THE SWISS FEDERAL TAX ADMINISTRATION

For areas relevant to the private economy, the data shows that theaters and concert halls in particular, as well as theater and ballet groups and the self-employed stage artists represent the classical mixed structure of employment. Their annual turnover is comprised of a large share of tax-exempt turnovers. For the theater and ballet group and the self-employed stage artists in 2005, this figure amounted to CHF 168 million (taxable share CHF 33 million), for theaters and concert halls CHF 127 million (taxable share CHF 126 million). The opposite is true for theater and concert ticket offices, and other auxiliary services, as well as for circuses and puppet theaters. Here, taxable turnover makes up the bulk of turnover. So, the so-called "other services" of the cultural enterprises, (theater and concert ticket sales, agencies, directorates, etc.), plus the export share, generated a taxable turnover of CHF 105 million in 2005, while the tax-exempt share amounted only to CHF 6 million. Other typical enterprises in the cabaret arts, such as acrobat groups, puppet theaters, circuses, etc., generated CHF 128 million in taxable turnover, and CHF 53 million in tax-exempt turnover.

The large share of tax-exempt turnover from the entire performing arts market makes the share of turnover seem unusually low for the small enterprises. In reality however, theater professionals and the cabaret sector play a significant role in the theater industry. Yet it has long been very difficult to establish a realistic statistical depiction of this sector, and it is unsatisfactory primarily because the professional and economic activities of the performing arts market are very different to the traditional categories usually included in the data.

The development of the total turnover increased dynamically in the four-year period of 2001–2005, and generated growth of 34.6%, which is chiefly attributable to the theater groups and stages. Yet the period between 2004 and 2005, however, shows only a slight growth of 2.1%. Of the four designated segments, three did not produce positive turnovers, whereas the 19.1% increase reported by the theater sector had a positive influence on the overall trend.

ENTERPRISES 2001–2005 (VAT STATISTICS)

	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
PERFORMING ARTS MARKET	**517**	**530**	**531**	**566**	**593**	**14.7**	**6.6**	**4.8**
Theater and ballet companies (incl. self-employed stage artists) [a]	53	50	54	54	53	0.0	0.0	−1.9
Theaters, opera houses, playhouses and concert halls [a]	87	93	93	103	106	21.8	10.8	2.9
Other culture and entertainment services [a]	184	192	192	201	203	10.3	4.7	1.0
Additional culture and entertainment facilities (circus, self-employed acrobats, puppet theater	193	195	192	208	231	19.7	8.3	11.1

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)

	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
PERFORMING ARTS MARKET	**580**	**648**	**677**	**765**	**781**	**34.6**	**13.0**	**2.1**
Theater and ballet companies (incl. self-employed stage artists) [a]	119	161	174	220	201	68.6	26.3	−8.7
Theaters, opera houses, playhouses and concert halls [a]	175	186	228	242	288	64.7	6.0	19.1
Other culture and entertainment services [a]	101	113	90	115	111	9.8	27.5	−3.5
Additional culture and entertainment facilities (circus, self-employed acrobats, puppet theater	186	188	185	189	181	−2.2	2.1	−3.8

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)

	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
PERFORMING ARTS MARKET	**781**	**55**	**7**	**61**	**8**	**253**	**32**	**45**	**6**	**353**	**45**
Theater and ballet companies (incl. self-employed stage artists) [a]	201	9	4	2	1	22	11	1	0	168	83
Theaters, opera houses, playhouses and concert halls [a]											
Other culture and entertainment services [a]	288	13	5	29	10	84	29	22	8	127	44
Additional culture and entertainment facilities (circus, self-employed acrobats, puppet theater	111	12	11	18	16	59	53	16	15	6	5
	181	22	12	12	7	88	49	6	3	53	29

WORKPLACES AND EMPLOYMENT 2001 UND 2005 (SWISS BUSINESS CENSUS)

	Workplaces		4-year change	Persons employed [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
PERFORMING ARTS MARKET	**1 165**	**955**	**−18.0**	**8 043**	**7 921**	**−1.5**
Theater and ballet companies (incl. self-employed stage artists) [a]	135	133	−1.5	2 068	2 121	2.6
Theaters, opera houses, playhouses and concert halls [a]	152	156	2.6	2 606	2 859	9.7
Other culture and entertainment services [a]	303	217	−28.4	796	666	−16.3
Additional culture and entertainment facilities (circus, self-employed acrobats, puppet theater	575	449	−21.9	2 573	2 275	−11.6

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)

	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
PERFORMING ARTS MARKET	**935**	**56**	**28**	**9**	**7**
Theater and ballet companies (incl. self-employed stage artists) [a]	132	51	27	10	12
Theaters, opera houses, playhouses and concert halls [a]	139	38	22	19	20
Other culture and entertainment services [a]	215	74	20	4	2
Additional culture and entertainment facilities (circus, self-employed acrobats, puppet theater	449	54	34	8	4

CHART 17_ KEY DATA ON THE PERFORMING ARTS MARKET.

Notes: [a] individual business branches assigned to different sub-markets; [b] full- and part-time employees; [c] not including enterprises in the non-market business sector; [d] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

THE PERFORMING ARTS MARKET FROM THE PERSPECTIVE OF OFFICIAL STATISTICS

The performing arts market experienced a decline, according to the Swiss Business Census. The number of workplaces decreased by 18% and with it, the number of employees. These structural losses (-22 to -28% of workplaces and -12 to -16% of employment) mainly affected the private segments and other services, as well as acrobats, puppet theaters, etc.

There is a clear structural change taking place in this segment, suggesting that the number of one-person enterprises is on the rise. In the level of employment category, 56% of the workplaces in the performing arts market employ one to two persons, placing them in the micro-enterprise category. In total, at least 93% of the enterprises are active as micro-enterprises (up to nine employees). The only segments that can boast larger workplaces are the "theater and ballet groups" and the "theater and opera houses, etc." Here, the official statistics are chiefly oriented towards the public theater companies, providing they exist under the legal form of a private enterprise – which explains the 12 or 20% share, respectively, of workplaces in these two theater segments.

PORTRAIT: STRUCTURAL FEATURES OF THE PERFORMING ARTIST BASED ON THE SUISSECULTURE SURVEY

"The social security of cultural professionals in Switzerland. Situation and possibilities of improvement. Report by the working group of the Swiss Federal Office for Culture, Federal Social Insurance Office, and the State Secretariat for Economic Affairs. Approved by the Swiss Federal Council on February 28, 2007."

"Suisseculture is the umbrella association of Swiss cultural professionals. Its members are Swiss professional organizations from various disciplines (writers, musicians, dancers, actors, filmmakers, visual artists, etc.) as well as Swiss copyright organizations. At the end of 2005, Suisseculture sent a questionnaire on the subject of employment and social security to 7 691 cultural professionals, of whom 2 082 responded. Suisseculture's evaluation of the questionnaires is an interesting addition to the federal statistics mentioned above regarding the employment situation of cultural professionals.

__ Many cultural professionals are both self-employed and employee. 29.7% of the cultural professionals work in this combination of self-employed and employed status.[15]

__ 50.7% of cultural professionals with the sole status of employee do not have a permanent job,[16] *but only a temporary contract.*

__ 50.3% of the cultural professionals generate an annual income of less than CHF 19 350 (minimum for entry to occupational benefit plans until the end of 2006) with their cultural activities.

__ 42.1% of cultural professionals' total income[17] *stems from their cultural activity. 57.9% of professionals earn the bulk of their income through activities outside the cultural sector.*[18]

[15] Self-employed only: 50%. Employed only: 20.3%.
[16] The word "permanent position" was not defined by the Suisseculture's questionnaire. It generally implies a long-term, secure position.
[17] Between 80 and 100% of the total earnings
[18] At least 20% of the total earnings is generated outside of the cultural sectors.

	Cultural professionals	National averages
Self-employed [1]	48.3%[a]	13.3%
Employed [1]	51.7%	86.7%
Full-time [1]	66.6%	74.1%
Part-time [1]	33.4%	25.9%
Employed in more than one job	10.5%[1]	6.2%[2]
Temporarily employed	50.7%[3]	7.2%[2]
Gross monthly income [4, b]	CHF 6649	CHF 5500
Rate of unemployed [5, c]	4.7%	3.1%
Rate of unemployed [6, d]	9.6%	3.5%

CULTURAL PROFESSIONALS IN A CROSS-COMPARISON.

Sources:
1 Swiss Federal Population Census 2000.
2 Swiss Labor Force Survey (SLFS) 2005.
3 Suisseculture survey.
4 Swiss Wage Structure Survey (LSE) 2004.
5 Unemployment statistics for July 2006 (SECO).
6 Basis: Unemployment statistics for July 2006 (SECO) and the Federal Population Census, 2000.
a including employed family members. Not including partly self-employed persons.
b Full-time equivalent for employees (median).
c Rate of unemployment 1: including self-employed as employed persons.
d Rate of unemployment 1: not including self-employed as employed persons.

THE CULTURAL PROFESSIONALS IN A CROSS-COMPARISON *Based on the survey's results, a comparison is given below between the employment situation of cultural professionals and the national average for all professions.*

Referring to four measurement categories, the cross-comparison above particularly shows significant differences between cultural professionals and the national averages:

__The share of self-employed persons is approximately four times higher than the national average

__The share of persons employed in more than one profession is almost double that of the national average

__The share of temporary contracts for cultural professionals is approx. seven times that of the national average

__The rate of unemployment of cultural professionals is up to three times that of the national average

__The following additional information pertains to the monthly gross income of cultural professionals of CHF 6 649:

__The cultural sector's monthly gross income of CHF 6 649, established by the Swiss Wage Structure Survey in 2004, applies to actual employees, that is, only to approximately one half of all cultural professionals. There are no existing, reliable figures that reflect cultural professionals' actual earnings. According to a study by the Association of Swiss Painters, Sculptors and Architects (GSMBA) from 1994, only 15% of its members generated a total income of over CHF 50 000 per year. [19] *Moreover, almost half of all those surveyed earned less than CHF 30 000.*[20] *The reliability and topicality of this survey cannot be verified, yet we may assume that the cultural professionals in effect earn well under CHF 6 649 per month.*

__The gross monthly income of CHF 6 649 is based on full-time employment. Since the share of full-time positions in the cultural sector is relatively low [66.6%] compared with other economic branches, and since interruptions in careers are more common in the cultural sector than in other branches (as seen in the high percentage of temporary contracts and the relatively high rate of unemployment), it is highly unlikely that the reported CHF 6 649 gross monthly income is produced by many employees in the cultural sector. According to the author, this amount is more of a theoretical earnings approximation than an actual, earned income."

[19] Members' survey GSMBA, 1994, 1.
[20] Members' survey GSMBA, 1994, 1.

3.3.8 THE DESIGN INDUSTRY

OVERALL ASSESSMENT OF THE SWISS DESIGN INDUSTRY Throughout Europe, the design industry is considered a growth economy, which, in the era of the knowledge and information society, is assuming an increasingly important function in the competitiveness of a country. For a long time design was considered merely an annex to other industries, for example as automobile, furniture, or packaging design, yet a very different picture is currently emerging. The design industry or design market is now an economic branch in its own right and is different on many levels from other economic or business branches. According to the European Commission and the Swiss Nomenclature of General Activities (NOGA), the design sector will be classified into three core sections from 2008 onward. The economic field of design will include the groups of graphic designers and communication designers, production designers and industrial designers, interior designers and interior architecture, and other design activities.

The design industry is growing into a leading branch within the creative industries, because it has increasing links to almost every other sub-market. These include sound design in the music industry, graphic design in the publishing industry, visual design in the art market, media design in the film industry,

ENTERPRISES 2001–2005 (VAT STATISTICS)

	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
DESIGN INDUSTRY	**7 406**	**7 667**	**7 772**	**7 890**	**7 991**	**7.9**	**1.5**	**1.3**
Industrial design, other engineering offices (share 10%)	281	293	298	310	318	13.1	4.0	2.8
Product and graphic design	1 868	1 948	1 987	2 019	2 070	10.8	1.6	2.5
Communications design, advertising design	2 723	2 747	2 722	2 730	2 704	−0.7	0.3	−1.0
Communications design, company consultants (share 10%)	947	1 008	1 053	1 119	1 182	24.8	6.3	5.6
Photo design, photo studios	934	942	943	928	923	−1.2	−1.6	−0.5
Exhibition design, exhibition and trade fair industry	652	729	769	784	794	21.8	2.0	1.3

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)

	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
DESIGN INDUSTRY	**6 296**	**6 122**	**6 076**	**6 461**	**6 681**	**6.1**	**6.3**	**3.4**
Industrial design, other engineering offices (share 10%)	380	380	399	426	436	14.6	6.7	2.3
Product and graphic design	729	738	698	720	719	−1.3	3.1	0.0
Communications design, advertising design	2 766	2 650	2 628	2 593	2 560	−7.4	−1.4	−1.3
Communications design, company consultants (share 10%)	948	865	917	1 157	1 337	41.0	26.2	15.5
Photo design, photo studios	285	275	266	263	270	−5.4	−1.4	2.7
Exhibition design, exhibition and trade fair industry	1 188	1 214	1 167	1 303	1 359	14.4	11.6	4.3

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)

	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
DESIGN INDUSTRY	**6 681**	**618**	**9**	**59**	**1**	**4 219**	**63**	**1 546**	**23**	**224**	**3**
Industrial design, other engineering offices (share 10%)	436	19	4	1	0	221	51	187	43	8	2
Product and graphic design	719	199	28	4	1	454	63	59	8	3	0
Communications design, advertising design	2 560	194	8	23	1	1 861	73	461	18	18	1
Communications design, company consultants (share 10%)	1 337	81	6	7	1	473	35	635	47	139	10
Photo design, photo studios	270	99	37	0	0	149	55	20	7	1	1
Exhibition design, exhibition and trade fair industry	1 359	26	2	25	2	1 061	78	185	14	55	4

WORKPLACES AND EMPLOYMENT 2001 UND 2005 (SWISS BUSINESS CENSUS)

	Workplaces		4-year change	Persons employed [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
DESIGN INDUSTRY	**7 722**	**7 406**	**−4.1**	**24 791**	**24 510**	**−1.1**
Industrial design, other engineering offices (share 10%)	260	260	0.0	1 341	1 511	12.6
Product and graphic design	2 242	2 191	−2.3	5 152	5 092	−1.2
Communications design, advertising design	1 011	1 087	7.5	3 352	3 514	4.8
Communications design, company consultants (share 10%)	2 531	2 312	−8.7	9 277	9 124	−1.6
Photo design, photo studios	1 169	1 037	−11.3	2 125	1 811	−14.8
Exhibition design, exhibition and trade fair industry	509	519	2.0	3 544	3 459	−2.4

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)

	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
DESIGN INDUSTRY	**7 404**	**66**	**23**	**7**	**4**
Industrial design, other engineering offices (share 10%)	260	58	22	10	10
Product and graphic design	2 191	72	22	5	2
Communications design, advertising design	1 087	73	19	5	3
Communications design, company consultants (share 10%)	2 312	58	26	10	6
Photo design, photo studios	1 037	77	20	2	1
Exhibition design, exhibition and trade fair industry	517	50	29	13	9

CHART 18_ KEY DATA ON THE DESIGN INDUSTRY.

Notes: [a] individual business branches assigned to different sub-markets; [b] full- and part-time employees;
[c] not including enterprises in the non-market business sector; [d] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

stage design in the performing arts market, and web and video design in the games industry. New technological developments greatly reduce the problems for designers in this branch, more than any other of the cultural branches, because designers define themselves less and less through the design of products and more and more through the design of ideas and concepts. The design industry is presumably the one creative branch that can best develop non-technological innovations.

However, the design industry is a typical creative industries branch in that it is dominated by a high percentage of micro-enterprises. The design sector and small enterprises with perhaps some economically weak professionals, and the established small or mid-sized enterprises with professionals that are successfully active on the market, all create a cottage industry as well as a professional economy. In Chapter 5, approaches are introduced to shed light on the complex structures of interaction between the creative scene and established enterprises.

THE DESIGN INDUSTRY FROM THE PERSPECTIVE OF THE SWISS FEDERAL TAX ADMINISTRATION The number of enterprises and self-employed persons in the design industry was 7 991 in 2005. This includes the groups of industrial engineers with 318 enterprises, product and graphic designers with 2 070 enterprises, communications designers with 3 886 enterprises collectively, photo designers with 923 enterprises, and exhibition designers with 794 enterprises. The advertising market, which is often associated with design as a well-connected sub-market, is accordingly allocated its own sub-market in this study and analyzed there.

With an average growth of 7.9% between 2001 and 2005, approximately 590 new design enterprises entered the market. Only the advertising designers and photo designers suffered a loss of 1% during this period. Overall, the design industry displays a steady rise in development within the four-year period of the study.

The design industry generated total turnover of CHF 6.7 billion in 2005; its turnover also increased 6.1% between 2001 and 2005, which is similar to its rate of business development. Nonetheless, only three of the four economic branches were successful in increasing their turnover potential. In the four-year period, the industrial designers had a 14.6% increase in turnover, the communications designers in business consulting an above-average increase of 41%, and exhibition designers +14.4%. The remaining design branches, the product designers, communications designers in advertising, and the photo designers, suffered a 1.3 to 7.4% loss. One can only speculate about the positive turnover development displayed by the communications designers in business consulting on the one hand, and the negative turnover development in the communications designers in advertising, on the other. It mostly likely involves individual large companies that generate singular yet exorbitantly high turnovers in business consulting, which then have an effect on the entire economic branch's rate of turnover. On the other hand, the structure of business communication, based on the categorization of the levels of employment in workplaces, is even more clustered than in advertising design. 73% of the workplaces in the communications design segment are bureaus with one to two employees. This is compared with the rate of 53% for advertising designers (see the chart regarding workplaces according to levels of employment).

The largest share of total turnover in the design industry, namely 63%, was generated at the standard

VAT rate (7.6%) in 2005 and amounted, in all of the design branches, to more than half of the respective total turnover. Only the communication designers produced more than half of their turnover with exports and at the tax-exempt rate. The share of turnover that small enterprises were able to produce is perhaps a realistic reflection of the state of the design industry. Only 9% of the total turnover, including production designers (28%) and photo designers (37%) with somewhat higher shares, were attributable to small enterprises. Yet the official statistics present a very different picture, as is described below.

THE DESIGN INDUSTRY FROM THE PERSPECTIVE OF OFFICIAL STATISTICS As the key data chart demonstrates, 7 406 workplaces in the design industry existed in 2005, with a total labor force of 24 510 (full- and part-time).

Workplaces developed negatively between 2001 and 2005. During this period, approx. 4% of workplaces disappeared. Photo designers lost over 11% of their workplaces, advertising designers following closely with a loss of just under 9%, and product designers with a loss of 2.3%. In business communication, there was an increase of 7.5% and in exhibition design, 2%.

The disappearance of workplaces is of course accompanied by a loss in jobs yet – taken as a whole – there is only a slight loss of 1.1% here between 2001 and 2005.

The industrial design branch displayed the most substantial, positive development in the rate of employment and can boast an increase of 12.6%. This is followed by communications designers in business consulting, who enjoyed a 4.8% growth in employment during the same period.

The design industry is also largely dominated by micro- and small enterprises. 66% of design enterprises are owner-operated bureaus and studios with one to two employees. 96% of the enterprises have fewer than ten employees per workplace and are thus classified as micro-enterprises. Only 4% of all design enterprises are able to employ more than ten persons per business unit.

PORTRAIT: AN OUTLINE OF DESIGN INDUSTRY PROFESSIONAL ASSOCIATIONS It is still difficult to find even attempts by professional associations in Switzerland to collect and compile consolidated data regarding the design industry. Internationally, however, there is standardized and professionalized knowledge available and as a consequence, their professional organizations have a much stronger position.[55]

The following list reflects the results of a survey, commissioned by the authors, conducted by the Swiss Design Association (December 2006), yet it is not more than a first step toward improving the data bank.

1. DNS DESIGN NETWORK SWITZERLAND

__ *Members: 125*
__ *The Design Network estimates that there are 150–160 more active design agencies or firms on the market.*

2. BSW LEADING SWISS AGENCIES (ADVERTISING AND COMMUNICATIONS AGENCIES)

__ *Members: 70*
__ *The association estimates that there are 100 more active agencies on the market.*

3. SGD SWISS GRAPHIC DESIGNERS

__ *Members: 350*

4. SDA SWISS DESIGN ASSOCIATION

__ *Members: 200*
__ *The organization estimates at most 500 more active design bureaus and agencies.*

5. VSI.ASAI. VEREINIGUNG SCHWEIZER INNENARCHITEKTEN/ARCHITEKTINNEN (ASSOCIATION OF SWISS INTERIOR ARCHITECTS)

__ *Members: 200*

6. SWISSCARTON

__ *The association of Swiss cardboard and corrugated cardboard workers*
__ *Members: 45 enterprises*
__ *approx. 3 000 employees*
__ *approx. CHF 650 million in turnover*

3.3.9 THE ARCHITECTURE MARKET Today, the architecture market is considered an obvious sub-market of the creative industries throughout Europe. While architecture in Italy or France has long been recognized as a cultural profession, it took some time in countries such as Germany or Scandinavia before architects were included in studies involving the creative industries.

For many reasons, the Swiss architecture market is one of the most significant creative industries sub-markets in Switzerland. It is the largest sub-market as regards the number of enterprises and workplaces, with a share of 28% or 25%, respectively. This equates to approx. 11 500 bureaus with approximately 10 400 workplaces that provide a variety of architectural services. With 36 300 employees and turnover of CHF 8.3 billion, it is the second-largest sub-market after the software and games industries.

55 For comparison: With approximately 3000 members, the Alliance of German Designers (AGD) is the largest professional organization in Europe. Source: BEDA-Bureau of European Design Association – umbrella organization of European design organisations.

ENTERPRISES 2001–2005 (VAT STATISTICS)

	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
ARCHITECTURE MARKET	**10 911**	**11 055**	**11 147**	**11 372**	**11 482**	**5.2**	**2.0**	**1.0**
Architecture bureaus	10 187	10 300	10 377	10 571	10 647	4.5	1.9	0.7
Interior architecture bureaus	485	501	507	517	513	5.8	2.0	−0.8
Landscape design	239	254	263	284	322	34.7	8.0	13.4

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)

	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
ARCHITECTURE MARKET	**7 001**	**7 254**	**7 441**	**8 044**	**8 293**	**18.4**	**8.1**	**3.1**
Architecture bureaus	6 556	6 829	7 036	7 595	7 829	19.4	7.9	3.1
Interior architecture bureaus	303	277	257	280	281	−7.3	9.2	0.2
Landscape design	142	149	148	168	182	28.5	13.3	8.7

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)

	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
ARCHITECTURE MARKET	**8 293**	**1 259**	**15**	**8**	**0**	**6 792**	**82**	**130**	**2**	**88**	**1**
Architecture bureaus	7 829	1 184	15	1	0	6 436	82	106	1	86	1
Interior architecture bureaus	281	35	12	0	0	228	81	18	6	1	0
Landscape design	182	40	22	6	4	128	70	6	3	1	0

WORKPLACES AND EMPLOYMENT 2001 UND 2005 (SWISS BUSINESS CENSUS)

	Workplaces		4-year change	Persons employed [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
ARCHITECTURE MARKET	**10 923**	**10 383**	**−4.9**	**34 958**	**36 262**	**3.7**
Architecture bureaus	10 140	9 578	−5.5	32 628	33 716	3.3
Interior architecture bureaus	525	514	−2.1	1 259	1 222	−2.9
Landscape design	258	291	12.8	1 071	1 324	23.6

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)

	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
ARCHITECTURE MARKET	**10 383**	**54**	**30**	**11**	**5**
Architecture bureaus	9 578	54	30	12	5
Interior architecture bureaus	514	68	25	5	2
Landscape design	291	51	29	11	9

CHART 19_ KEY DATA ON THE ARCHITECTURE MARKET.

Notes: [a] individual business branches assigned to different sub-markets; [b] full- and part-time employees;
[c] not including enterprises in the non-market business sector; [d] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

The architecture market is one of the few creative markets that can be described using clearly categorized business branches. Based on the General Classification of Economic Activities, the Swiss architecture market is divided into three types of architectural activities: the groups of architecture bureaus with architecture studies and consulting services, interior architects, and landscape designers and garden architect bureaus.

THE ARCHITECTURE MARKET FROM THE PERSPECTIVE OF THE SWISS FEDERAL TAX ADMINISTRATION

As demonstrated by the key data chart, the number of architecture bureaus in 2005 amounted to 11 482, the largest group by far being the general architects with approximately 10 650 bureaus. Compared with this, the interior architects and landscape planners represent a tiny group of 513 and 322 bureaus, respectively. Development in the architecture market was positive in all three groups. Approximately 5.2% new bureaus entered the market over the last few years. The smallest group, the landscape planners, enjoyed a 35% increase, the strongest growth of all the new enterprises. Most recently, however, the trend in growth began to decline, again with the exception of the landscape planners. The number of architects in 2004 and 2005 increased slightly by 0.7%, whereas the number of interior architects decreased slightly by 0.8%.

The total turnover generated by the architecture market was CHF 8.3 billion in 2005. Again, the general architects boast the largest turnover volume of CHF 7.83 billion. The turnover produced in 2005 by interior architects and landscape planners was CHF 281 million and CHF 182 million, respectively. The architecture market's economic situation was excellent for two of the three groups. The increase in turnover of 18.4% between 2001 and 2005 shows that architects were one of the most successful members of the creative industries on the market during the four-year period. Only the interior architects suffered a loss of 7.3% over the same timeframe. However, the turnover trend also demonstrates that, with CHF 257 million in turnover, the economic low in 2003 has been overcome. Since then, the turnover generated by interior architects increased significantly, totaling CHF 281 million by 2005.

The classification according to turnover types shows that, in all of the three architecture groups, a notable share of 12 to 22% of the turnover was produced by small enterprises. As regards architecture, small enterprises mean that architecture bureaus with up to CHF 3 million in turnover can take advantage of beneficial tax rates (flat-rate tax or bottom-line tax).

The largest share of architecture turnovers was generated at the standard sales tax rate. At CHF 6.79 billion, this represented 82% of the total turnover. Architecture export turnover, of CHF 130 million and a 2% share of the total turnover, was astonishingly low. Tax-exempt turnover, at a 1% share, played an insignificant role. The architecture market has a special place in the creative industries inasmuch as it practically exists without any public funding or special tax breaks.

THE ARCHITECTURE MARKET FROM THE PERSPECTIVE OF OFFICIAL STATISTICS

The Swiss Business Census shows that architecture bureaus have lost many workplaces despite good economic development. 4.9% of architecture workplaces disappeared in the four-year period between 2001 and 2005. However, the positive economic development had a clear impact on the growth in employment. The architecture bureaus and landscape planners, who had generated very good turnover in the

surveyed period, used these returns to increase the number of jobs. In total, the number of persons employed in the architecture market rose 3.7% from 34,958 in 2001 to 36,262 in 2005. Investing in new jobs is a clear indicator of the architecture market's success.

This positive development is particularly astonishing, because the architecture market is another branch that consists of many micro-enterprises. 95% of all workplaces in this industry employ fewer than ten persons and belong to the micro-enterprise category – making the Swiss architecture market an example of how micro-enterprises can attain a stable value-added effect.

INTERNATIONAL: THE ARCHITECTURE MARKET IN SWITZERLAND AND GERMANY

Finally, a brief comparison with the German architecture market shows that, in the largest group of general architects, according to the German office of statistics, 19 950 architects generated a total turnover of CHF 8.39 billion in 2005. To make this comparison possible, the only architects included in the statistics were those that fit Swiss criteria, namely, those who produced an annual turnover of at least CHF 75 000.

The group of Swiss general architects produced a total of CHF 7.83 billion with only 11 482 bureaus and thus turnover almost as high as their German colleagues; moreover, in 2005, the Swiss general architects' turnover was only about CHF 0.56 billion below the German total turnover.

In sum, the Swiss architecture market is a notably economically significant market potential within the Swiss creative industries. Overall, the Swiss architecture market is one of the few industries in Europe that is actually growing, whereas in other countries, a steady declined has been observed.

PORTRAIT: THE ARCHITECTURE MARKET FROM THE PERSPECTIVE OF PROFESSIONAL ASSOCIATIONS

SIA SWISS ASSOCIATION OF ENGINEERS AND ARCHITECTS

The SIA is a private association divided into four professional groups: architecture, civil engineering, technology and industry, and earth, water, and air. Its roughly 15 000 members include 5 500 architects, 20 landscape architects, and 2 interior architects. The following professional organizations are included in the architecture group:

- *AEC Swiss Association for Construction Economics*
- *A & K Fachverein Architektur und Kultur*
- *BSLA Bund Schweizer Landschaftsarchitekten und -architektinnen*
- *FEB Fachgruppe für die Erhaltung von Bauwerken*
- *FIB Fachgruppe für Integrales Planen und Bauen*
- *FSU Fachverband Schweizer RaumplanerInnen*
- *VSI.ASAI. Vereinigung Schweizer Innenarchitekten/architektinnen*

Source: www.sia.ch

BSLA BUND SCHWEIZER LANDSCHAFTSARCHITEKTEN UND LANDSCHAFTSARCHITEKTINNEN

(Swiss society of professional landscape architects)

The BSLA is an alliance of Swiss landscape architects who specialize in planning. The BSLA has approx. 350 members.

Source: www.bsla.ch

BSA BUND SCHWEIZER ARCHITEKTEN

(Federation of Swiss architects)

The BSA is an association of architects who specialize in urban planning and spatial planning. The BSA has approx. 730 regular members and approx. 100 associated members.

Source: www.architekten-bsa.ch

VSI EEREINIGUNG SCHWEIZER INNENARCHITEKTEN/ARCHITEKTINNEN
(Association of Swiss interior architects and architects)
The VSI.ASAI. considers itself an alliance of architects who specialize in designing and planning interior space. The VSI reports over 160 active members, in addition to a larger number of young members, associated members, honorable members, sponsor members, and free members.

Source: www.vsi-asai.ch

3.3.10 THE ADVERTISING INDUSTRY

The advertising industry comprises all economic activities related to advertising products, services, or other concepts. Its relationship to the mass media makes the advertising industry itself a cross-sectional branch with a variety of facets.

The advertising industry has been introduced to the creative industries in Switzerland as an additional sub-market. It can be categorized together with the design industry as a related market in the broad sense, and has also been placed by the General Classification of Economic Activities in both the "advertising design" and "advertising communication" categories. Since the "advertising design" branch has already been included in the design industry sub-market due to its visual design bureaus, this section will deal with "advertising communication," the second business branch of the advertising market.

This somewhat complicated division of economic branches is not yet satisfactory, yet the future Europe-wide version of the classification of business activities will facilitate a much-improved categorization of the individual business activities.

As the key data chart shows, the number of bureaus in the advertising industry (excluding advertising design) was 395 in 2005, indicating that the number increased somewhat from 2001 after a slight slump that continued until 2003. There is a substantial turnover volume credited to the relatively small number of enterprises. In 2005, fewer than 400 advertising enterprises generated CHF 4.4 billion – a statistical turnover of CHF 11.1 million per enterprise. Between 2004 and 2005, the total advertising turnover increased 2%. Despite the upward trend since 2004, the sub-market was still unable to regain its turnover highpoint of CHF 5.15 billion in 2001. Most of the CHF 3.62 billion total turnover is generated at the standard VAT rate of 7.6%, while exports of CHF 506 million, or 12%, only played a small role. The other types of turnover (small enterprises, reduced VAT and tax-free) did not generate significant shares in the advertising industry as a whole.

The Swiss Business Census shows that, because of the unfavorable economic trend between 2001 and 2005, the advertising branch suffered a considerable loss in the number of workplaces. 14.6% of the advertising industry's workplaces disappeared within the four years. Yet the worsening economic situation did not seem to have a negative impact employment potential. The number of employees even increased somewhat between 2001 and 2005 from 9 575 to 9 647. Next to the radio industry, the advertising market demonstrates the greatest deviation from the creative market's characteristic cluster structure. 20% of the advertising enterprises employed at least ten persons per enterprise unit. The statistical average of employed persons per unit is almost 20%, which is very high compared with other levels in the creative industries as a whole. Nonetheless, there are still one-person enterprises in this sector. 35% of the workplaces consist of one to two employees at most.

ENTERPRISES 2001–2005 (VAT STATISTICS)	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
ADVERTISING INDUSTRY TOTAL	387	376	373	381	395	2.1	2.1%	3.7%

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
ADVERTISING INDUSTRY TOTAL	5 150	4 709	4 146	4 299	4 384	–14.9	3.7	2.0

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
ADVERTISING INDUSTRY TOTAL	4 384	22	0	75	2	3 616	82	506	12	116	3

WORKPLACES AND EMPLOYMENT 2001 UND 2005 (SWISS BUSINESS CENSUS)	Workplaces		4-year change	Persons employed [b)]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
ADVERTISING INDUSTRY TOTAL	588	502	–14.6	9 575	9 647	0.8

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)	Workplaces [c)]	of which, workplaces with... employees [d)]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
ADVERTISING INDUSTRY TOTAL	502	35	30	16	20

CHART 20_ KEY DATA ON THE ADVERTISING (ADVERTISING AGENCIES) INDUSTRY .

Notes: Advertising industry = business branch advertising agency
[a)] individual business branches assigned to different sub-markets; [b)] full- and part-time employees;
[c)] not including enterprises in the non-market business sector; [d)] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

PORTRAIT: ADVERTISING EXPENDITURE IN SWITZERLAND

CHF 5 632 billion was invested in advertising in 2006, according to data provided by the Stiftung Werbestatistik Schweiz (the Swiss foundation for advertising statistics). This figure represents an increase of 3.3 % compared to the previous year. The categories of outdoor advertising, print, television, direct advertising, trade fairs and exhibitions, and address books generated higher turnovers than the previous year. While net advertising turnovers for cinema stagnated, a decline compared to 2005 was reported in teletext and radio turnovers. This data was obtained in written form directly from media surveys. They report the amount that advertisers effectively spend on distributing their advertising activities.

Net advertising turnovers (excluding production costs)	in CHF million (rounded) 2001	2002	2003	2004	2005	2006
Net advertising turnovers Switzerland	**5665**	**5390**	**5123**	**5323**	**5376**	**5632** [4]
Press	**2886**	**2547**	**2302**	**2294**	**2299**	**2369**
1000 Daily media/regional weekly media/Sunday media	[1]	1861	1646	1638	1615	1688
2000 Public media/financial and business media	[1]	307	281	283	294	290
3000 Special media	[1]	245	248	245	257	263
4000 Trade media	[1]	133	127	127	133	128
Electronic media	**677**	**708**	**711**	**757**	**777**	**797**
Television (incl. sponsoring)	494	527 [2]	533	570	588	615
Radio (excl. sponsoring)	129	129	127	133	142	138
Cinema	40 [3]	38	38	41	37	37
Teletext	14	14	13	13	10	8
Other media	**2102**	**2135**	**2110**	**2272**	**2300**	**2466** [4]
External advertising	603	571	566	570	559	598
Address books	155	181	194	201	209	211
Trade fairs and exhibitions	235	243	239	253	257	345 [4]
Direct advertising	1109	1140	1111	1248	1275	1313
Gross advertising turnovers Switzerland						
Internet					36	52
Adscreen					9	12

[1] not comparable with the previous year due to new media typology as of 2002.
[2] not comparable with the previous year because consultant commissions are not included in the turnover produced by the official networks until 2001.
[3] not comparable with the previous year because turnover reports are not available from every source
[4] not comparable with the previous year due to a different basis of collecting data.

Source: Stiftung Werbestatistik Schweiz (the Swiss foundation for advertising statistics), Werbeaufwand Schweiz (advertising expenditure in Switzerland), 2007.

3.3.11 THE SOFTWARE AND GAMES INDUSTRY

In line with the British creative industries, the software and games industry is a core market in the creative industries that focuses on the production and reproduction of software and computer and video games. It is not yet possible, however, to select an adequate business category for these production activities from the general classification of business activities. For this reason, this section will borrow the British concept of the "software houses" business group, which, as a core branch for the games industry, specializes in publishing software and in software consulting and development. Incidentally, this category is also based on the agreement on the currently valid OECD (Organization for Economic Co-operation and Development) concept.[56]

Nevertheless, it is important to note that the software production sector comprises a much larger spectrum. In addition to producing software for games, their main activity is publishing software for office use. Consequently the following conclusions can only be considered as provisional references.

As seen in the key data chart, the number of software and games industry enterprises amounted to over 11 000 units in 2005. This number increased steadily at a rate of 10% between 2001 and 2005.

The total turnover volume increased 42% from CHF 15 billion in 2001 to CHF 21.4 billion in 2005. This growth of almost CHF 6 billion occurred largely in the last year of the survey. It can also be assumed here that a reclassification of VAT statistics [SEE CHAPTER 3.3.1] is responsible for this change, and not an actual market shift.

This assumption is confirmed by data from the Swiss Business Census. According to this, there was no real increase in workplaces in the software and games industry, but actually a decrease between 2001 and 2005. The rate of employment dropped from 56 763 persons in 2001 to 53 744 in 2005, which is a rate of -5.3%.

More than 50%, or approx. CHF 10.6 billion, of the total games industry turnover is credited to national sales. Yet a substantial CHF 9.8 billion are generated by exports. Despite the very high total turnover, the games industry is marked by a broad distribution of micro-enterprises. 58% are among the smallest micro-enterprises with one to two employees. 91% of the enterprises employ a maximum of ten persons per unit. The remaining 9% work in larger enterprises for which the term "industry" is far more appropriate.

[56] OECD: The Online Computer and Video Game Industry. Working Paper DSTI/ICCP/IE (2004) 13/FINAL 12. May 2005

ENTERPRISES 2001–2005 (VAT STATISTICS)	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
SOFTWARE AND GAMES INDUSTRY TOTAL	10 039	10 623	10 766	10 963	11 013	9.7	1.8%	0.5%

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
SOFTWARE AND GAMES INDUSTRY TOTAL	15 003	16 411	15 334	15 075	21 390	42.6	–1.7	41.9

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
SOFTWARE AND GAMES INDUSTRY TOTAL	21 390	644	3	9	0	10 611	50	9 874	46	201	1

WORKPLACES AND EMPLOYMENT 2001 UND 2005 (SWISS BUSINESS CENSUS)	Workplaces		4-year change	Persons employed [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
SOFTWARE AND GAMES INDUSTRY TOTAL	10 092	9 669	–4.2	56 763	53 744	–5.3

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
SOFTWARE AND GAMES INDUSTRY TOTAL	9 666	58	23	9	9

CHART 21_ KEY DATA ON THE SOFTWARE AND GAMES INDUSTRY.

Notes: [a] individual business branches assigned to different sub-markets; [b] full- and part-time employees;
[c] not including enterprises in the non-market business sector; [d] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

PORTRAIT: THE SOFTWARE SECTOR

Extract from: Die volkswirtschaftliche Bedeutung des selbständigen Software-Sektors. Studie im Auftrag der ICT Switzerland [The National Economic Significance of Independent Software Sector, commissioned by ICT (Information and Communication Technology) Switzerland] by Dr. Pascal Sieber & Partners AG Bern, in collaboration with the Universities of Berne and Lausanne (2004). (www.ictswitzerland.ch)

"Most of the 11 329 independent Swiss software companies are small and locally active, with most of their 63 401 employees working in software development and consulting. The independent Swiss software sector[1] specializes largely in converting foreign standard software for local use. Only regarding application software are national manufacturers as important as the international ones.

Software companies pay wages that are higher than average, yet women still benefit less than men, and do not command top earnings either. The software sector trains fewer apprentices than average, despite the fact that most managers complain about the lack of qualified personnel.

The growing independent software sector is an important driving force in the Swiss economy. It contributes approximately one fifth of the gross value-added, which is as much as the financial sector.

Information technology services[2] is one of Switzerland's 43 business sectors. It uses few services provided by other sectors, yet the sector itself is very tightly knit.

Conversely, other sectors purchase a total of CHF 13.4 billion in services provided by the information technology sector. The public administration sector (where outsourcing plays a large role) is the largest consumer, having invested a good CHF 1 billion, followed by the telecommunications (which includes telephone services) with CHF 800 million. The financial sector, however, produces much of its own computer programming services. The entire ICT sector (including telecommunications) has a total turnover of CHF 25 billion.
The significance of the independent software sector becomes evident when observing the consequences of an under-funded sector – it grows more slowly than other sectors, resulting in great damage. Every missing Swiss franc in the software sector represents an actual loss of CHF 2.3."

[1] All Swiss enterprises that manufacture, refine, distribute, implement, or otherwise utilize software. This does not include IT departments in banks, for instance.

[2] Information technology services include the data processing and data banks business sector established by the Swiss Federal Statistical Office. The software sector is a sub-sector of this.

3.3.12 HANDICRAFTS Handicrafts are included in the creative industries in Switzerland as a supplementary sub-market. It can be situated within the art market or within the design industry context. According to the General Classification of Economic Activities, handicrafts comprise at least three business categories. These include "precious and gemstone artisans," "jewelry, gold, and silver product designers," and "other ceramic products manufacturers."

The key data chart shows that the number of handicraft studios in the four-year survey period of 2001 and 2005 fluctuated between 872 and 854 units. Jewelry, gold, and silver product designers comprised the largest group, with 770 enterprises. The two smaller business branches, the precious and gemstone artisans and the ceramic workshops amount to 88 enterprises.

The handicraft sector's total turnover was CHF 1.1 billion in 2005. CHF 744 million, or one fourth, is again credited to the jewelry, gold, and silver product designers. The other fourth, CHF 357 million was produced by the precious and gemstone artisans within the same time frame. The ceramic sector, with CHF 9 million, generated only a marginal percentage of turnover in the same period. The overall development of turnover was influenced by the largest business branch, the jewelry, gold, and silver product designers. After a turnover high of CHF 909 million in 2001, turnover dropped to CHF 750 million, or a loss of 18.1%, in the four-year period.

Despite the positive developments of both other business branches, the total turnover remained negative for the handicrafts sector, which lost approximately 8% in turnover over the survey period. Looking at the breakdown of the types of turnover reveals that the largest share was generated at the standard tax rate. It is also evident that there is a relatively high share of exports, namely 34%, or CHF 380 million. The share of small enterprises in the total turnover is 10%. These again are credited to the jewelry, gold, and silver product designers.

The data from the Swiss Business Census by the Swiss Federal Statistical Office (SFSO) also show a downward trend in the handicrafts industry. Approximately 925 workplaces remained in 2005, after dropping 11.3% from 2001. The rate of employment dropped even more drastically. From the more than 4 000 jobs in 2001, only 3 100 remained in 2005. This is a rate of minus 22% over the four-year period.

Handicraft enterprises have traditionally belonged to the micro-enterprise category, a fact confirmed by the given statistics. Approximately 63% of all workplaces employ more than one or two employees. 96% of the enterprises employ up to ten persons and are allocated to the micro-enterprise category. Nevertheless, there is a notably high percentage of large workplaces in the precious and gemstone sector. 13% of these employ more than ten persons per unit.

ENTERPRISES 2001–2005 (VAT STATISTICS)

	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
HANDICRAFTS	**872**	**864**	**847**	**870**	**854**	**–2.1**	**2.7**	**–1.8**
Precious stone and gemstone artisans	86	87	89	88	82	–4.7	–1.1	–6.8
Jewelry, gold, and silver product designers	779	770	752	777	766	–1.7	3.3	–1.4
Other ceramic products manufacturers	7	7	6	5	6	–14.3	–16.7	20.0

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)

	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
HANDICRAFTS	**1 208**	**1 012**	**1 072**	**1 012**	**1 110**	**–8.1**	**–5.5**	**9.6**
Precious stone and gemstone artisans	292	272	274	379	357	22.2	38.5	–5.8
Jewelry, gold, and silver product designers	909	734	791	626	744	–18.1	–20.8	18.8
Other ceramic products manufacturers	7	7	7	7	9	25.0	1.5	25.0

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)

	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
HANDICRAFTS	**1 110**	**111**	**10**	**0**	**0**	**605**	**55**	**380**	**34**	**6**	**1**
Precious stone and gemstone artisans	357	6	2	0	0	185	52	165	46	2	0
Jewelry, gold, and silver product designers	744	105	14	0	0	412	55	215	29	5	1
Other ceramic products manufacturers	9	0	0	0	0	8	94	1	6	0	0

WORKPLACES AND EMPLOYMENT 2001 AND 2005 (SWISS BUSINESS CENSUS)

	Workplaces		4-year change	of which, workplaces with ... employees [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
HANDICRAFTS	**1 043**	**925**	**–11.3**	**4 062**	**3 183**	**–21.6**
Precious stone and gemstone artisans	79	82	3.8	934	644	–31.0
Jewelry, gold, and silver product designers	952	837	–12.1	3 102	2 525	–18.6
Other ceramic products manufacturers	12	6	–50.0	26	14	–46.2

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)

	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
HANDICRAFTS	**925**	**63**	**26**	**7**	**4**
Precious stone and gemstone artisans	82	60	18	9	13
Jewelry, gold, and silver product designers	837	64	26	7	4
Other ceramic products manufacturers	6	67	33	0	0

CHART 22_ KEY DATA ON THE HANDICRAFTS INDUSTRY.

Notes: [a] individual business branches assigned to different sub-markets; [b] full- and part-time employees;
[c] not including enterprises in the non-market business sector; [d] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

3.3.13 THE PRESS INDUSTRY The press industry is also considered an additional sub-market in the Swiss creative industries. It is related to the business branches that are often allocated to the book market in the broad sense. The individual branches include: newspaper and magazine publishers and other publishing firms, retail trade in newspapers, magazines, and so on, and translation bureaus.

As the key data chart shows, the number of enterprises in the press industry totaled 2,309 in 2005 – the largest group being the "newspaper, magazine, and kiosk retail trade" with just under 990 enterprises. This is followed by the "translation bureaus" with 484 and the "magazine publishers" with 422. "Newspaper publishers" and "other publishers" amounted to 232 and 182 enterprises, respectively. The number grew in all of the business branches between 2001 and 2005. During the four-year period, the number of professionals in the press industry increased 10%. An even stronger growth can be observed in the clustered business branches, such as retail trade or the translation bureaus, yet the publishing branch also displays a growth rate of 2 to 6.6%.

The total turnover generated by the press industry reached a high of CHF 8.2 billion in 2005. CHF 3 billion are credited to the retail trade branch, CHF 2.9 billion to the newspaper publishers, and CHF 1.8 billion to magazine publishers. Approximately CHF 300 million was produced by the group of other publishers, and approx. CHF 200 million by the translation bureaus. However, this sub-market's total turnover did not develop as positively as other business developments.

The two groups of media publishers were responsible for the 0.3% stagnation between 2001 and 2005. They suffered losses of 14.7 and 12.4%, respectively, over the four-year period. In contrast, the other three groups showed extremely positive developments in turnover, skyrocketing 25 to 44% between 2001 and 2005 in the retail trade, the group of other publishers, and the translation bureaus. In general, all business branches are pointing to positive sales trends, even if this is still somewhat reserved in the newspaper publishing group.

Differentiating between the types of turnover shows that the highest share of turnover of CHF 4.8 billion, namely 59%, is generated at the standard VAT rate, whereas sales at the reduced rate amounted to only CHF 2.6 billion, or 30%. A notable share of exports is accredited to the magazine publishing group with approx. CHF 250 million (or a share of 14% of the total turnover). The share of turnover earned by small enterprises is only 5%, which is relatively low in comparison. Yet again, the retail trade group and the translation bureau group with 11% and 23%, respectively, are very strong here.

However, the Swiss Business Census by the Swiss Federal Statistical Office (SFSO) shows that the press industry is experiencing an overall decline, as are most other sub-markets. The number of workplaces decreased 7% from 4 175 in 2001 to 3 846 in 2005. This was accompanied by a drastic loss in personnel. Approximately 10% of the jobs in the press industry were lost during this period, in particular in retail trade and the press publishing group. The group of other publishers and the translation agencies, in contrast, were able to expand their rate of employment. Their rate of growth amounted to 34 and 28%, respectively.

The press industry is dominated by micro-enterprises. 95% of the workplaces employ ten persons or fewer. The cluster structure is particularly concentrated

ENTERPRISES 2001–2005 (VAT STATISTICS)

	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
PRESS INDUSTRY	**2 100**	**2 148**	**2 156**	**2 239**	**2 309**	**10.0**	**3.8**	**3.1**
Newspaper, magazine, kiosk retail trade	896	916	898	941	989	10.4	4.8	5.1
Newspaper publishers	227	229	231	226	232	2.2	−2.2	2.7
Magazine publishers	396	395	401	424	422	6.6	5.7	−0.5
Other publishers	144	149	157	173	182	26.4	10.2	5.2
Translation agencies	437	459	469	475	484	10.8	1.3	1.9

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)

	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
PRESS INDUSTRY	**8 215**	**7 962**	**7 658**	**8 071**	**8 236**	**0.3**	**5.4**	**2.0**
Newspaper, magazine, kiosk retail trade	2 442	2 663	2 704	3 022	3 070	25.7	11.8	1.6
Newspaper publishers	3 400	3 026	2 862	2 896	2 899	−14.7	1.2	0.1
Magazine publishers	2 013	1 920	1 680	1 684	1 763	−12.4	0.3	4.7
Other publishers	206	201	240	273	297	43.9	13.8	8.8
Translation agencies	153	154	172	196	207	35.3	14.1	5.1

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)

	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
PRESS INDUSTRY	**8 236**	**418**	**5**	**2 503**	**30**	**4 845**	**59**	**381**	**5**	**73**	**1**
Newspaper, magazine, kiosk retail trade	3 070	337	11	980	32	1 684	55	49	2	19	1
Newspaper publishers	2 899	7	0	926	32	1 895	65	46	2	18	1
Magazine publishers	1 763	17	1	532	30	924	52	249	14	35	2
Other publishers	297	8	3	63	21	201	68	24	8	0	0
Translation agencies	207	48	23	3	1	141	68	13	6	1	1

WORKPLACES AND EMPLOYMENT 2001 AND 2005 (SWISS BUSINESS CENSUS)

	Workplaces		4-year change	of which, workplaces with ... employees [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
PRESS INDUSTRY	**4 175**	**3 846**	**−7.9**	**26 394**	**23 646**	**−10.4**
Newspaper, magazine, kiosk retail trade	2 799	2 487	−11.1	10 954	9 742	−11.1
Newspaper publishers	314	296	−5.7	9 599	7 917	−17.5
Magazine publishers	389	359	−7.7	4 097	3 704	−9.6
Other publishers	128	159	24.2	787	1 058	34.4
Translation agencies	545	545	0.0	957	1 225	28.0

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)

	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
PRESS INDUSTRY	**3 837**	**59**	**30**	**6**	**5**
Newspaper, magazine, kiosk retail trade	2 487	61	33	4	1
Newspaper publishers	295	24	25	21	29
Magazine publishers	356	37	34	12	17
Other publishers	159	50	27	13	10
Translation agencies	540	84	12	2	2

CHART 23_ KEY DATA ON THE PRESS INDUSTRY.

Notes: [a] individual business branches assigned to different sub-markets; [b] full- and part-time employees;
[c] not including enterprises in the non-market business sector; [d] full-time equivalent.
Sources: ZHdK Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

The fifteen largest daily newspapers in Switzerland:

	Publication	Publisher	Circulation	Readership
1	20 Minuten [a), d)] (German)	20 Minuten (Schweiz) AG	419 684	1 170
2	Blick	Ringier AG	254 657	694
3	Tages-Anzeiger	Tamedia AG	225 287	534
4	Mittelland Zeitung	Aargauer Zeitung AG	210 358	435
5	Berner Zeitung [b), c)]	Espace Media Groupe	157 590	395
6	Neue Zürcher Zeitung	Neue Zürcher Zeitung AG	146 729	308
7	Die Südostschweiz [d)]	Südostschweiz Presse AG	139 802	243
8	Le Matin bleu [a)]	Edipresse Publications SA	134 500	309
9	Neue Luzerner Zeitung	Neue Luzerner Zeitung AG	131 004	318
10	Zürcher Landzeitung [e)]	Zürich Land Medien AG	109 931	221
11	St. Galler Tagblatt	St. Galler Tagblatt AG	103 077	214
12	Basler Zeitung [c)]	National Zeitung und Basler Nachrichten AG	98 645	204
13	24 heures	Edipresse Publications SA	95 315	242
14	Le Matin semaine	Edipresse Publications SA	76 194	321
15	Tribune de Genève	La Tribune de Genève SA	67 151	169
16	Der Bund [b)]	Der Bund Verlag AG	58 590	–

Notes:
[a)] Free newspapers (published Mo-Fr)
[b)] Berner Zeitung: numbers incl. readership of Der Bund
[c)] not WEMF-accredited, publishing house data
[d)] incl. Liechtensteiner Vaterland and Liechtensteiner Volksblatt
[e)] cooperation with the Zürcher Landzeitungen, Der Zürcher Oberländer, Zürcher Unterländer incl. Bülacher Tagblatt and Zürichsee-Zeitungen since September 2006.
Sources: WEMF circulation bulletin 2006 (Basis: average circulation 1.7.2006 – 30.6.2006), MACH Basic 2007/1
Swiss Press Association, March 2007

The largest publishing houses according to turnover 2005:

	Publisher	Turnover 2005	Change in turnover 04/05	Net profit	Profit margin	Employees 2004
1	Ringier AG	1 256.3	12.8	67.1	5.30	6 081
2	Edipresse Publications SA [a)]	894.4	5.9	37.5	4.20	3 636
3	Tamedia AG	650.0	14.7	79.7	18.50	1 518
4	NZZ Gruppe	482.3 [c)]	–11.8	13.6 [c)]	3.70	1 737
5	Basler Mediengruppe [a)]	276.2	–5.2	2.7	0.98	2 023
6	Espace Media Groupe	261.9	0.4	21.3	8.13	890
7	AZ Medien Gruppe	195.8	6.0	8.2	4.70	520
8	LZ Medien AG [c)]	134.2	8.1	11.8	8.80	475
9	Südostschweiz Mediengruppe	124.0	0.2	2.9	2.40	825
10	Jean Frey AG [c)]	93.2	–3.3	6.6	7.10	300
11	Vogt-Schild/Habegger Medien AG	n.p.	n.p.	n.p.	n.p.	380
12	Zürichsee Medien	55.2	–3.0	n.p.	n.p.	197
13	Das Beste [d)]	approx. 40.0	n.p.	n.p.	n.p.	n.p.

Notes:
[a)] IFRS basis
[b)] business year ends June 30
[c)] 2004 for the first time consolidated entirely with the NZZ group
[d)] the American Sarbanes Oxley Act prohibits releasing these figures; n.p.: not published.
Source: Media Trend Journal 6, 2006, Top Medienunternehmen Schweiz (business report, research MTJ).
Swiss Press Association, June 2006

in the retail trade segment and in the translation agencies. In contrast, the media publishers are traditionally among the mid-size or large enterprises in the creative industries.

3.3.14 THE AUDIO INDUSTRY

The audio industry is included in the Swiss creative industries as a supplementary sub-market. It refers to the business branches that are often assigned to the music, film, and radio sub-markets in the broad sense. The audio industry comprises the following business branches: "radio, television, and audio equipment production" and the "retail trade."

As the key data show, the audio industry reported 1,367 enterprises in 2005. Whereas audio production increased – the number of enterprises rose 20% between 2001 and 2005 – the retail trade branch declined 8.1% over the same period. Both lines of development continued between 2004 and 2005.

The total turnover generated in 2005 by the audio industry was CHF 2.3 billion. This is 8.5% less than 2001, a similar trend that can be observed in both business branches. While the turnover in audio production dropped steadily, the retail trade situation improved, putting a halt to the overall negative trend. However, the development over the last years shows a slightly rising trend in turnover.

Audio industry turnover were generated at the standard tax rate. However, 51% of audio production is for export. 8% of the turnover is generated by small enterprises.

A shrinking process in workplaces and in the rate of employment can be clearly observed in the Swiss Business Census data provided by the Swiss Federal Statistical Office (SFSO). The audio industry lost much of its market potential after an 11% decline in workplaces and a 15% decline in personnel. Yet little else could be expected after the drastic decline in turnover.

While audio production can boast a small number of large enterprises, most of the industry is dominated by the cluster structure. 94% of the workplaces have fewer than 10 employees per unit.

The detailed analysis of the 13 sub-markets provides a comprehensive and heterogeneous description of the creative industries. The following chapter will expand upon the perspective based on the empirical-quantitative analysis, and present Switzerland in the European context.

ENTREPRISES 2001–2005 (VAT STATISTICS)

	Companies					4-year change	1-year change	
	Number 2001	Number 2002	Number 2003	Number 2004	Number 2005	in % 2005/01	in % 2004/03	in % 2005/04
AUDIO INDUSTRY	**1 455**	**1 437**	**1 403**	**1 397**	**1 367**	**–6.0**	**–0.4**	**–2.1**
[a] Radio, television, and audio equipment production	104	108	111	119	125	20.2	7.2	5.0
[a] Retail trade	1 351	1 329	1 292	1 278	1 242	–8.1	–1.1	–2.8

TOTAL TURNOVER 2001–2005 (VAT STATISTICS)

	Total turnover					4-year change	1-year change	
	CHF million 2001	CHF million 2002	CHF million 2003	CHF million 2004	CHF million 2005	in % 2005/01	in % 2004/03	in % 2005/04
AUDIO INDUSTRY	**2 559**	**2 640**	**2 365**	**2 381**	**2 341**	**–8.5**	**0.7**	**–1.7**
[a] Radio, television, and audio equipment production	236	264	252	260	215	–8.9	2.9	–17.0
[a] Retail trade	2 322	2 376	2 113	2 121	2 125	–8.5	0.4	0.2

BREAKDOWN OF THE DIFFERENT TURNOVER TYPES 2005 (VAT STATISTICS)

	Total turnover	of which									
	CHF million 2005	Turnover of small enterprises CHF million 2005	Share in %	Turnover at reduced VAT rate CHF million 2005	Share in %	Turnover at normal VT rate CHF million 2005	Share in %	Export turnover CHF million 2005	Share in %	Tax-exempt turnover CHF million 2005	Share in %
AUDIO INDUSTRY	**2 341**	**186**	**8**	**3**	**0**	**2 010**	**86**	**131**	**6**	**6**	**0**
[a] Radio, television, and audio equipment production	215	7	3	0	0	96	45	110	51	0	0
[a] Retail trade	2 125	178	8	3	0	1 914	90	21	1	6	0

WORKPLACES AND EMPLOYMENT 2001 AND 2005 (SWISS BUSINESS CENSUS)

	Workplaces		4-year change	persons employed [b]		4-year change
	Number 2001	Number 2005	in % 2005/01	Number 2001	Number 2005	in % 2005/01
AUDIO INDUSTRY	**2 050**	**1 824**	**–11.0**	**9 740**	**8 291**	**–14.9**
[a] Radio, television, and audio equipment production	114	114	0.0	1 051	817	–22.3
[a] Retail trade	1 936	1 710	–11.7	8 689	7 474	–14.0

WORKPLACES ACCORDING TO LEVELS OF EMPLOYMENT 2005 (SWISS BUSINESS CENSUS)

	Workplaces [c]	of which, workplaces with... employees [d]			
	Number 2005	1 – 2 Share in % of all workplaces	2 – 5 Share in % of all workplaces	5 – 10 Share in % of all workplaces	10 and more Share in % of all workplaces
AUDIO INDUSTRY	**1 824**	**34**	**40**	**20**	**6**
[a] Radio, television, and audio equipment production	114	42	29	15	14
[a] Retail trade	1 710	34	41	20	5

CHART 24_ KEY DATA ON THE AUDIO INDUSTRY ENTERPRISES.

Notes: [a] individual business branches assigned to different sub-markets; [b] full- and part-time employees; [c] not including enterprises in the non-market business sector; [d] full-time equivalent.
Sources: VAT Statistics, FTA; Swiss Business Census, SFSO; Creative Industries Research Unit / ZHdK; own calculation.

SWITZERLAND – EUROPEAN UNION

A discussion of the creative industries in Switzerland is impossible without considering the European aspect. The starting point for a comparison is the EU Commission's survey "The Economy of Culture," mentioned in Chapter 2.2.2.

This chapter describes some of this survey's findings in order to position Switzerland within the European framework. The first section explains Switzerland in the European context [4.1], and is followed by an additional portrait of the creative industries in Europe [4.2].

4.1 SWITZERLAND COMPARED TO EUROPE Comparative analyses for Europe can refer to the research department of the French Ministry of Culture (Département des Études, de la Prospective et des Statistiques, DEPS) for Europe-wide studies. This work is representative of Eurostat, the Statistical Office of the European Commission, and is considered one of the few currently available sources of data on the cultural sector in Europe. The cultural sector is comprised of the economic groups presented in Chart 25, which are derived from the European business classification.

EU Commission classification according to NACE, the official European business classification system

Nace 2-digits	Nace 3 digits	Inclusion in the cultural field
22 – Publishing, printing and reproduction of recorded media	22.1 – Publishing	Yes
	22.2 – Printing and service activities related to printing	No
	22.3 – Reproduction of recorded media	No
92 – Recreational, cultural and sporting activities	92.1 – Motion picture and video activities	Yes
	92.2 – Radio and television activities	Yes
	92.3 – Other entertainment activities	Yes
	92.4 – News agency activities	Yes
	92.5 – Library, archive, museums and other cultural activities	Yes
	92.6 – Sporting activities	No
	92.7 – Other recreational activities	No
74 – Other business activities	74.1 – Legal, accounting, bookkeeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy; holdings	No
	74.2 – Architectural and engineering activities and related technical consultancy	Direct estimation [a)]
	74.3 – Technical testing and analysis	No
	74.4 – Advertising	Yes
	74.5 – Labour recruitment and provision of personnel	No
	74.6 – Investigation and security activities	No
	74.7 – Industrial cleaning	No
	74.8 – Miscellaneous business activities not elsewhere classified	Yes

CHART 25_ STATISTICAL CLASSIFICATION OF THE CULTURAL SECTORS IN EUROPE.

Note: This system does not allow a precise analysis of the architecture market. NACE Rev.1 = Nomenclature statistique des Activités économiques dans la Communauté Européenne" (General Industrial Classification of Economic Activities in the European Communities).
Source: EU Commission, The Economy of Culture in Europe, Brussels 2006 according to: EU cultural statistics/ Task Force Employment/EUROSTAT and the French Ministry of Culture/Research Department DEPS.

Employment rates in the European cultural sectors 2004/2003
Actual number of employees, shares and changes in %

EU States	Cultural sector [a] number absolute 2004	Percentage of EU-25 in % 2004	Percentage [b] of total in % 2004	Change in % 2004/03	Cultural sector number absolute 2003	Percentage of self-employed in % 2003	Percentage [c] with tertiary education in % 2003
Germany	957 000	19.9	3.2	−2.5	981 700	32.6	46.9
United Kingdom	883 300	18.4	3.8	−1.3	894 500	27.5	47.1
France	496 300	10.3	2.5	5.3	471 400	20.3	54.3
Italy	466 900	9.7	2.8	0.1	466 400	51.4	34.7
Spain	379 000	7.9	3.1	13.3	334 400	21.9	57.9
The Netherlands	296 400	6.2	4.2	4.7	283 000	29.9	44.4
Poland	230 800	4.8	1.9	2.9	224 300	20.4	51.8
Sweden	135 500	2.8	3.6	−5.7	143 700	24.8	43.0
Greece	97 400	2.0	3.2	−3.2	100 600	33.5	40.6
Switzerland	**94 000**	**2.0**	**3.2**	**0.5**	**93 500**	**–**	**–**
Belgium	93 500	1.9	2.7	9.4	85 500	28.5	61.7
Czech Republic	89 400	1.9	2.5	1.8	87 800	34.0	34.7
Denmark	80 600	1.7	3.3	−5.4	85 200	14.9	50.1
Hungary	80 600	1.7	6.5	−3.8	83 800	18.3	47.4
Austria	79 100	1.6	3.0	−1.1	80 000	38.4	33.1
Finland	77 600	1.6	3.7	3.2	75 200	17.8	41.3
Portugal	76 200	1.6	2.3	25.7	60 600	21.8	27.1
Ireland	45 700	1.0	3.4	2.9	44 400	26.4	50.8
Latvia	29 100	0.6	3.2	3.9	28 000	7.0	37.6
Lithuania	28 900	0.6	2.3	−6.5	30 900	5.0	58.3
Slovakia	28 700	0.6	1.9	−5.6	30 400	17.3	32.5
Slowenia	28 700	0.6	3.6	22.6	23 400	17.4	41.5
Estonia	18 600	0.4	3.6	−1.6	18 900	9.1	52.2
Cyprus	7 800	0.2	2.3	−7.1	8 400	23.3	64.5
Luxembourg	3 500	0.1	2.4	2.9	3 400	16.2	39.4
Malta	3 000	0.1	3.3	7.1	2 800	11.1	27.8
EU-25 and Switzerland	**4 807 600**	**100.0**	**3.1**	**1.4**	**4 742 200**	**28.9**	**46.6**

CHART 26_ EMPLOYMENT RATES IN THE EUROPEAN CULTURAL SECTOR.

Notes: For a definition of the cultural sector, see the statistical classifications of the cultural sector; [a] not including people employed in cultural tourism; [b] share of employees in the cultural sector including those in cultural tourism, thus % value is 0.5% higher on average. Total = share of the total employment in the respective country in %; [c] higher education degree. The data are based on regular surveys by the Research Department DEPS of the French Ministry of Culture, in collaboration with EUROSTAT/LFS. Employees are comprised of self-employed persons (freelance and enterprises, part-time employment) and dependent employees (workers, permanent employees, civil servants, part-time employees). The definition of employee is based on the Labor Force Concept; for Switzerland on SLFS.
Sources: EU Commission, The Economy of Culture in Europe, Brussels 2006; evaluation for Switzerland, Creative Industries Research Unit / ZHdK, own calculation.

This categorization is based on the business classification. It is a pragmatic procedure because the analysis builds upon existing data. The data evaluated were provided by the European Labor Force Survey, or collected from national data; for Switzerland, from the Swiss Labor Force Survey (SLFS).

In 2004, approximately 4.7 million people, or 2.6% of the labor force in the 25 EU member states, were employed in the cultural sector. If the European cultural tourism labor force is included, then the total of 5.9 million persons amounts to a comparable share of 3.1% of the total EU labor force .

According to the European classification, Switzerland has a labor force totaling 94 000 in the cultural sector. This includes both self-employed and dependent employees. Compared to the Swiss employment force of 201,000 in the creative industries as a whole, this defined cultural sector is missing some sub-markets, such as the software and games industry with a employment of 53 000, and the audio industry.

The geographic distribution of the cultural labor force naturally concentrates on the large, highly populated member states. More than one third of those who work in the cultural sector live in Germany or the United Kingdom. Add France to this figure and it becomes almost half of all the EU's entire cultural labor force. 2.3 million people or 49% are employed in these three countries; yet this should not imply that potential is concentrated only here. Other countries come to the fore once the actual share of the cultural labor force is examined as a comparative figure, in relation to the total labor force in the respective country. The following countries represent the highest share of cultural employees in relation to their respective labor force as a whole, clearly surpassing the 3.1% EU average: Hungary [6.5%), the Netherlands (4.2%), the UK and Finland (each 3.7%), and Sweden, Slovakia and Estonia (each 3.6%). The total distribution, in terms of percentage, of cultural employees over all of the EU member states is relatively insignificant. Cultural infrastructure is standard grass-roots infrastructure, available in all European countries.

One of the most prominent features of the employment landscape in the cultural sector is the relatively high self-employed rate of almost 29%. The rate of self-employed as a whole in the EU in 2006 amounted to not more than 15%.

The high percentage of university graduates in the cultural sector, namely 46.6%, is a notable feature. Compared to this, the rate of 24% in the labor force as a whole is quite modest. Cultural and creative professionals have been investing in their education for a long while. Chapter 5 addresses the issue of whether this investment was actually worthwhile, or whether the reality of the situation is in fact very different.

The Swiss cultural sector, viewed on an absolute scale, is in the top third of the European countries. The estimated percentage of the cultural workforce in the total workforce is 3.2%, just over the EU average. Still, however, this does not assure Switzerland a position among the leading countries, the UK or Scandinavia.

4.2 THE EUROPEAN CREATIVE INDUSTRIES

In a broader analysis, this chapter examines the presentation of the European creative industries. This system of classification was put together following the EU Task Force on Cultural Employment [SEE CHAPTER 4.1] using the definition of the "creative industries" provided by the UK Department for Culture, Media and Sports. It includes the following branches according to NACE-Nos. 22.1, 22.3, 72.2, 74.4, 74.8 as well as the cultural groups NACE-Nos. 92.1 to 92.5. The data needed for this evaluation stem from the structural business statistics and the European Labor Force Survey provided by Eurostat. The data were primarily available in a two-digit, in-depth classification and were estimated for the three-digit categorization based on national results from Germany, France, and the UK.

In 2002,[57] the European cultural industry, with a steadily growing number of enterprise units – namely 1 394 162 freelance bureaus and enterprises – generated a total sales volume of EUR 556 billion. This is equal to an estimated value-added potential of EUR 215 billion. The number of employees was approximately 6.4 million.

This was researched by the Creative Industries Research Unit at the Zurich University of the Arts (zhdk) in collaboration with the EU Cultural Industries research group at the EU Directorate-General for Education and Culture in an evaluation of European branches of the creative industries (EU-25).

If creative sub-branches are included, such as advertising and the software and games industry in the broad sense, the comparative numbers increase significantly. 6.4 million self-employed and taxable enterprises in the creative industries generated a comparable sales volume of EUR 556 billion. The value-added potential increases to a volume of nearly EUR 215 billion.

The strengths and weaknesses of the creative industries become clear when compared with selected traditional industries.

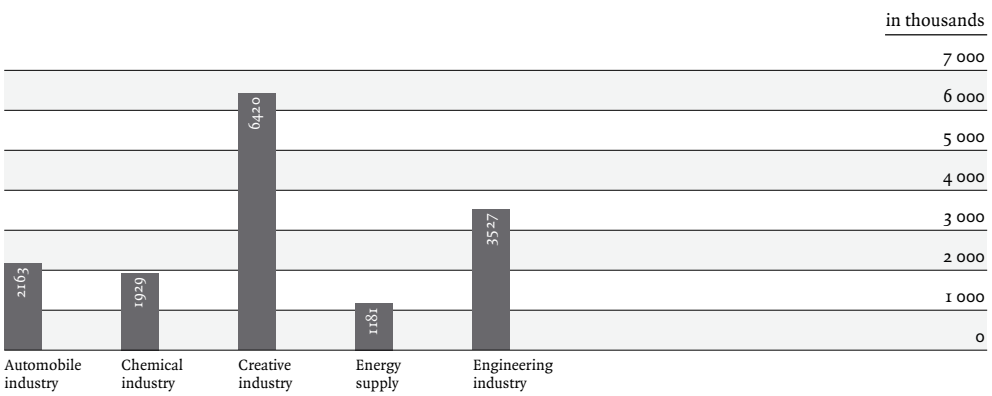


FIGURE 13_ CREATIVE INDUSTRIES WORKFORCE ACCORDING TO THE EU-25 BRANCH EVALUATION, 2002.

Source: EUROSTAT; Creative Industries Research Unit/ZHdK; own calculation

[57] The minor relevance of the data from 2002 is due to the complicated data collection procedure at Eurostat, the Statistical Office of the European Communities. The office cannot collect its own data directly. It first has to gather the national business statistics, which generally involves many delays. In addition to this, the national data are "synthesized" by Eurostat in a lengthy process.

The creative industries (EU-25) still show clear weaknesses in the development of value creation in comparison with traditional classic industries; on the other hand, with 6.4 million employees, the employment volume of the creative industries is well above average and higher than the automotive and chemical industries (2.2 million and 1.9 million respectively); these classical industries only produced one third of the employment of the creative industries.

These key data on the creative industries imply that it can compete with the major European industrial branches. Only these traditional branches, namely the chemical (EUR 601 billion), automotive (EUR 721 billion), engineering (EUR 502 billion), or the food industry (EUR 791 billion) are able to generate turnovers of a similar magnitude to that of the creative industries (EUR 556 billion).

On the other hand, the creative industries is a highly "fragmented industry" with three different levels of enterprises. A distinction needs to be drawn between the micro-enterprises and freelancers [THE CREATIVE SCENE; SEE CHAPTER 5] and the small and mid-sized enterprises (the regional backbone of the creative industries) and the global majors and media corporations.

This small-unit branch structure employs an average of five persons per unit, whereas traditional indus-

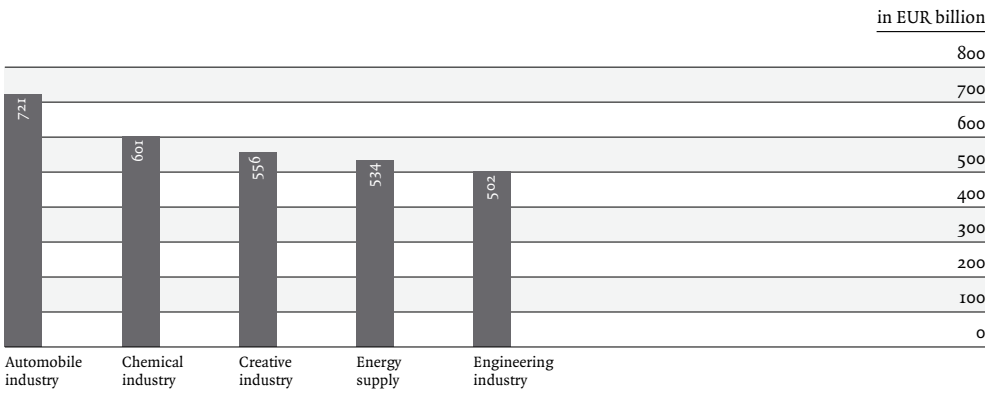


FIGURE 14_ CREATIVE INDUSTRIES TURNOVER IN THE EU-25 BRANCH COMPARISON WITH TRADITIONAL INDUSTRIES, 2002.

Source: EUROSTAT; Creative Industries Research Unit/ZHdK; own calculation.

Cultural and creative industries in comparison with industry branches

	Turnover in EUR billions	added value in EUR billions	Workforce in 1000	Enterprises number [a)]	Employees per enterprise	Turnover per employee
Creative industries	556.3	214.9	6 420	1 394 162	4.6	86.7
Other branches for comparison:						
Food industry	790.9	177.8	4 422	281 824	15.7	178.9
Automobile industry	720.6	118.0	2 163	16 834	128.5	333.1
Chemical industry	601.0	170.6	1 929	31 421	61.4	311.6
Energy	534.0	144.4	1 181	14 880	79.4	452.2
Engineering	502.0	164.7	3 527	162 257	21.7	142.3

CHART 27_ KEY DATA ON THE EUROPEAN CULTURAL AND CREATIVE INDUSTRIES, 2002.

Notes: [a)] Data on enterprises for 2001. Classification of the creative industries in the broader sense comprises NACE codes 22.1, 22.3, 72, 74.2 + 3, 74.4, 74.8 and were adopted from the structural business statistics (SUS). In order to classify the creative industries in the narrow sense, some NACE codes listed above were adjusted by approximation: publishers (22.1), reproduction (22.3), software/PC games (72.2), architecture/industrial design (74.201-03) excluding engineers, advertising (74.4), design activities (74.87), and additional cultural branches in the narrow sense (92.1-5).
Sources: EUROSTAT, SUS 2002; Creative Industries Research Unit/ZHdK; own calculations and approximations.

tries such as the chemical industry or the automobile industry employ statistical averages of up to 128 employees per office, workshop, or factory.

Whereas the classical traditional industries are increasingly weak in their creation of jobs, the creative industries can become a relevant driving force for employment in Europe, providing they are given the appropriate political attention.

It is therefore unsurprising that the creative industries have been on the agenda of the Lisbon Strategy [SEE CHAPTER 2.2] for a long time, At the same time, research still needs to be intensified, to more precisely identify the relevant driving forces behind the creative industries. The following chapter will provide an interesting theory in this regard.

FOCUS: CREATIVE SCENE

Economic journals and publications generally pay little or no attention to the creative scene, even though its cluster structure of micro-enterprises could be treated a cohesive business form, and even though its sheer number forms a sizable share of the creative industries economy. This chapter compensates for this omission and launches the concept of funding of the creative industries as funding also the creative scene.

We first explain the creative scene's conditions and characteristics, which are typically marked by a specific overlapping of private life and working life, and which are beginning to have an impact beyond the creative scene [5.1]. The differences and relationships between the creative industries' established enterprises and the creative scene's micro-enterprises are analyzed using the design scene and its professionals as an example [5.2]. In order to simplify the explanations, we first formulate the conditions that are necessary for a systematic approach. Comparing the creative scene and the creative industries is contingent upon understanding the notion of capital [5.3]. This comparison concludes in the development of a model that both examines the logic with which creative professionals act and negotiate [5.4], and also clarifies that creation of value in the sector demands a broadened concept of the creation of worth.

5.1 REQUIREMENTS AND CHARACTERISTICS In contrast to the above-mentioned economic publications, the creative scene is well represented in sociological and political journals and newspaper supplments.[58] It is regarded as part of the new "premarital," a sector consisting of digital bohemians and the artistic proletariat. The combined private and work life and the mutual complicity typical of young attitudes are received positively. Their emergence in culture and society is considered proof that a new, flexible, and individualized work philosophy is on the rise, and as an expression of the masses and of Post-Fordism.[59] Their concept of life and work is now a model for other groups – ideals such as creativity, individuality, and flexibility are fused with the notion of self-actualization and weighed against financial limitations; nonetheless, proposing this vision of work as a paradigm for a new work concept beyond the creative scene is extremely problematic.[60]

The specific social, cultural, and professional profiles in the creative scene are of course not arbitrarily transferable: its members are primarily young, well educated in design and art professions, and more interested in culture than in politics or business. For the most part, they live and work in cities, they congregate in areas of the city that are still affordable, frequent the same restaurants, run into each other at parties, meet at trade fairs, exhibitions and art openings, and define them-

[58] Statements made about the creative scene in this chapter are aimed at a model that presents the creative scene and the creative industries separately, and that outlines the options and motives of people active in the creative scene. In order to develop this model, various sources were consulted, including specialist journals, discussions in the media, the experience of teaching at the Zurich University of the Arts, and a comprehensive discussion with teachers from seven other Swiss universities. Several group and one-on-one discussions with representatives of the creative scene were also a focus (for more information on procedures and criteria, please refer to the Appendix).

[59] see: VIRNO, PAOLO, Grammatik der Multitude (Grammar for the multitude), in: GDI Impuls 3, Berlin 2005; SAEHRENDT, CHRISTIAN, Das Ende der Boheme, (The end of the bohemians) in: NZZ Literatur und Kunst, 3./4. 2. 2007; ZIEMER, GESA, et al., Research project Komplizenschaft – Arbeit in Zukunft Complicity – the future of work) at the Institute for Theory and Design of Art (ith) at the ZHdK; also: www.zhdk.ch, category: research, MORANDI, PIETRO, Research project Neue Selbständige (The new self-employed) at the Institute for Cultural Studies (ics) at the ZHdK; also: www.zhdk.ch, category: research.

[60] see: MENGER, PIERRE-MICHEL, Kunst und Brot – die Metamorphosen des Arbeitnehmers (Art and bread – the metamorphosis of the employee), Constance, 2006.

selves through their work and activities, which are viewed as creative and stand as a reflection of themselves.

Even though the creative scene seems to be a distinctly urban phenomenon, urbanity is also an attitude that can be compatible with a life in the countryside. Designers, filmmakers, musicians, advertisers, and architects are distinguished by how they approach the outside world, cultivate social networks, and absorb and amplify trends. Those not necessarily reliant on a direct, spontaneous, and expeditious exchange of ideas, and who are able to work reclusively, do not depend on the urban environment. Today, mobility and electronic forms of communication provide almost equivalent opportunities.

However, the establishment of a creative scene is contingent upon very specific social, cultural, and economic conditions. Figure 15 demonstrates their diversity.

A creative scene can exist only if most of the abovementioned conditions are met, and it also reveals something about the type of people involved. They absolutely need to develop a praxis operating with flexibility, openness, and curiosity so as to discover, identify, and solve questions and problems in their work and their everyday life. Consequently, the creative scene produces a style of life and work that is integrative and oriented towards creative solutions, and which absorbs and shapes the social changes, which are pushing towards hybridization. Professional expertise is applied more to open-ended fields of activity than to traditional fields of work.

THE CREATIVE SCENE	AND ITS REQUIREMENTS
Social	
Informal networks	Diverse communicative spaces
Proximity of work and private life	Infrastructure for the everyday and work
Cultural	
Expertise	Training and further education opportunities
Multi-track	Contacts to projects and companies
Occasions and locale	Infrastructure for initiatives
Media	Generous information flow
Economic	
Micro-enterprises	Proximity to potential clients
Temporary constellations	Diversity for project networks
Ideas; prototypes; micro-series	Needs and interests
Low turnover	Compensation possibilities

FIGURE 15_ THE CREATIVE SCENE.

The creative scene praxis balances the economic, cultural, and social aspects and directs them pragmatically; thus avoiding any radical positioning. Moreover, the massive gap between professional expertise and income is not considered disproportionate by the communicative patterns of the creative scene; they view it as a constellation that allows various aspects to be balanced in relation to one another. Uncertainty and interim solutions are dominating factors. Creative scene professionals are active on several levels – working in part-time positions, completing second degrees, investing a great deal of time in projects. They rarely earn more than the bare minimum, yet they feel sheltered in their networks. People in partnerships both work and share childcare.

All of this is achieved and is even satisfying and enjoyable, providing the differences and contrasting features of these complex constellations remain open. The part-time job may be frustrating and unavoidable but it also helps to develop expertise. Studying takes up too much time, but opens up new opportunities. Time invested in the company is difficult to calculate, but allows for experiments and freedom in designing products as well as in forms of cooperation. The people involved all have similar questions and no real alternatives, but they have a communicative network and the shared need to be free to work on both individual and collaborative projects. The urban environment demands constant attention and devotion and, in return, provides a driving force and a social and professional network.

The creative scene is thus a catalyst that connects various fields. It is a testing ground for cultural, social, and economic formats and communicative patterns in which people recognize themselves, communicate, and interact. Its main defining feature is the work-in-progress character. It forms direct contacts to current developments, compels a variety of alternative solutions due to a shortage of resources, develops ideas quickly, and – as a response to manageable and self-posed questions – rejects concrete planning for developing options and keeping them open. This is all due to conditions in which little is valid of itself and much seems contingent. A thoroughly unique notion of value results in the capability to define issues, initiate projects, and enable collaborative approaches to production. If individuals in the creative scene are evolving other work or living models, it is not due to the creative scene's presumable provisional quality. Its specific autonomy forms a complex and dynamic link between economic, cultural, and social aspects, and it is precisely this mix that provides a vital, driving force to established enterprises in the creative industries. The creative scene's ideas, products, and services are often more experimental, its driving questions less mainstream, and the project-based work is more flexibly organized than in creative industries governed by routine. All this can be stimulation to the more established enterprises. Moreover, if these firms also employ professionals from the creative scene, these pragmatic employees will think beyond specific business categories, will expand traditional concepts of products and activities, inspire new work models and means of communication, and introduce social experiences and contacts that are based on mobility and curiosity.

5.2 DESIGN AND DESIGNERS AS A PARADIGM OF THE CREATIVE SCENE

It is possible to describe general criteria only if the creative scene is observed as a whole. Focusing on a specific profile (which is also essential in the creative scene) can reveal what working in the creative scene with a specific (professional) expertise entails.

Focusing on the field of design is not arbitrary. Design is considered the leading discipline in the creative industries, and designers constitute a large proportion of the creative scene. A review of the design praxis in the creative scene will establish the paradigmatic features of the as a whole.[61]

5.2.1 DESIGN

But what is design exactly? According to the traditional definitions, designers create objects and jewelry, print media and web sites, fashion and furniture. They strive for functionality and coherence, do not perceive their work as art, improve existing products and develop new ones. They work with the sensual quality of materials, images, and atmospheres. They are particular in how they define themselves, they are creators, and they develop and realize concepts. Their skills include aesthetic judgement as well as technical expertise and craftsmanship. Creating and manufacturing a functional article requires design know-how, a comprehension of how aesthetics and functionality interact, crafts expertise, and knowledge of production processes.

The current view of design still takes this traditional notion into account, but no longer considers it fundamental. Today, it is the function of design itself that is being questioned and numerous and diverse aspects of it illuminated. One main topic is the assertion that creativity leads to innovation by way of design; conversely, there is the more common notion that design produces ideas that facilitate new products. Designers study the desires of customers and translate them into concepts to be conveyed to products and services that have clear production criteria and stand out among competing products. Designers establish the aesthetic and functional criteria for products and services, set quality standards and design presentation that ranges from complex marketing schemes to branding. Designers conceptualize simple objects into complex contexts, attribute a reflective sensuality to materials, develop and optimize interfaces and systems of symbols; they are aesthetic workers and specialists in communicating information and in how communication flow evolves. The term “socio-design” is radical: it questions how our day-to-day lives can be designed.

It is foreseeable that future developments will call for designers’ expertise to comprise knowledge about, the desire to reflect on, and the willingness to design the world. Designers are active in every social, cultural, and social area. Design embodies the hope that designing the world is a way of overcoming the difficulties a post-modern society has in orienting itself. The category of the in-between will become crucial to design praxis. Design expertise is an ability to communicate and control, which defines the relations between objects, the visible, the sensual phenomena and the still disoriented potential customer by developing and establishing manuals, rules, and procedures for orientation.

Such a concept of design tends to put the immaterial above the materialization. The joy of working on a design expands – it wanders into ideas and concepts, into dialogs and self-representations, into events and publications.

[61] based on various discussions; see details in the Appendix.

PRESS FREEDOM

Cultural production should not be dictated by the rules of the market economy alone.

Carmen Weisskopf, 31, media artist

Carmen Weisskopf works with the art group "Bitnik." The specific profile it brings to the concept of media art is dictated by political and media-theoretic positions. "What we do is not easy to sell. We deal with electronic and digital media and our work is usually a combination of soft- and hardware. Many of our projects are participatory in nature and emphasize the process, the examination of content or interrelations, and do not really aspire to be art objects. The computer is a copy machine. I am not interested in selling something that I can just as well – and without any loss – copy a hundred times and pass on."

"To me, art is an open space."

Her interest in the mechanical has, for Carmen Weisskopf, a lot to do with the questioning of systems, constructions, and theoretical conceptions regarding processes. Prior to her studies in New Media at the Zurich University of the Arts she worked for some time in NGOs and today, alongside her art activities, she is active in a project that assists job seekers in getting qualified. Following her graduation from the ZHdK, she worked as a web designer, but quickly found it incompatible with her artistic work. Aside from organizational reasons – she is a freelance designer and artist, and both activities require much organization – there were content-related aspects that also led her to leave the job. Instead, she now teaches web technologies and digital imaging to other professionals.

"Society is dictated by the media and the codes of conduct they imply. This is what I confront as a media artist."

The art pieces intervene in media procedures; they are determined by broadening the spheres of action and perception. "I believe art is an open space that can be filled with statements and concerns for which there is otherwise little room for within our society."

"It's about counter-information."

As part of "Bitnik," Carmen Weisskopf uses the computer and all its possibilities to question media practices. Such as when she combines television with the Internet to produce and disseminate independent broadcasts. "It's about a form of counter-information, about a counter-publicity."

Who uses it? Well, Goldsmiths College of the University of London, for one, which has just invited the artist group to develop a radical form of collaborative film production. The group will write a web application that will facilitate joint production of documentary films. Individual users can also draw upon the work of "Bitnik": users can appropriate found films and transform them into new films of their own using "Bitnik's" software.

"From time to time you still have to do something."

Although prizes are won at video festivals and money is sought at exhibitions for future projects, this type of art could not exist without public funds. Carmen Weisskopf feels reducing financial support is wrong. "Cultural production should not be dictated by the rules of the market economy alone." It needs space for development that is socially supported. If necessary, "Bitnik" will also create this open space themselves, and realize projects even if subsidies cannot be found.

5.2.2 DESIGNERS In the creative scene, the work of the designers is beginning to resemble a permanent, practical study of conditions and design possibilities. Professional skills are interwoven with a framework of demands linked with expertise and contemporariness.

The fields and limits of design and the design praxis have become less obvious, which is all the more evident in related areas in the creative scene – in universities for instance, where traditional and progressive, decisive and perplexed, or skilled and experimental ways of living and working meet and mix.

STEREOTYPES AND PRACTICE: The uncertainty with which individual designers respond to the developments in design and its fields of activity can be clarified by examining a stereotype. Designers in established enterprises, who sometimes prefer to call themselves Gestalter in German, vary it in many ways. The true Gestalter has always been a Gestalter, something he or she recognized early on. They consider everything as design and work on improving the world and making it more beautiful; they are specialists and are independent; as authors, they integrate services with individuality; they are team-oriented and work in the continuity of select assignments; they are recognized by others in the field and are successful in the face of the competition; their product is prestigious and they earn enough.

Thus, designers in the creative industries define themselves completely by their way of life and the manageable scope of their work: it is about the joy of conveying design aptitude successfully and tangibly. Premise and content are provided by a contract from outside; designers are rendering a service and while rendering this service are also authors. Questions about subjects and business hardly interest them. The market they are supplying, the company where they work, the technology that changes this work, are thoroughly unchallenged preconditions.

Designers in the creative scene firmly embrace the stereotype's important criteria. Being a designer is considered a gift that is revealed early and that grants immediate joy. The lack of interest in business is explained by the designer's philosophy. Design is communicative and involves teamwork.

The image designers have of themselves seems to have remained broadly consistent. Professionals in the creative scene can easily agree on the basic parameters with those in the creative industries. In the process however, they both forget that the creative scene had already long established a unique form of life and work that decidedly differs from the norm. The considerable differences become apparent only upon closer inspection, as seen in Chart 16.

The chart distinguishes between the social, cultural, and economic levels. The classifications on the social level stem from the varying distribution and emphasis of professional and private life. For the professionals in established enterprises, professional attitudes and experiences also generally shape and influence their personal realm. Designers in the creative scene are familiar with this attitude, but integrate both realms a great deal further.

On the cultural level, the difference seen in the social level increases. It is important to note that while representatives of established enterprises draw on professional expertise and recognize it as their cultural capital, designers in the creative scene use their expertise to tap culture and to anchor themselves in their propensity to personalize and be innovative.

Designing is central to both, for representatives of the creative industries through customers and their assignments, for representatives of the creative scene often in a much more diffuse sense. Design demands a versatile design aptitude, based in curiosity and the desire to experiment, as well as in the ability to implement this in look, in physical materiality, in space, in sound, and as a process – and for the development of interfaces between humans and objects. Nevertheless, limits are in fact put on the creative scene if, for example, the complexity of the tasks call for additional training in order to develop research projects on and by design, or when a certain size of an enterprise is required in order to handle the volume of trade, or to implement design strategies to create a company look.

The differences are more obvious on the business level. Professionals in established enterprises may well be sympathetic to integrating private and work lives, yet this would never be an alternative for them, because it results in a precarious financial situation. Professionals in established enterprises consider the dynamics involved in developing projects on the creative scene level, or even the limitations entailed, as unnecessary or even as a sign of inability. On the other hand, those in the creative scene would have nothing against earning more; yet there are various things standing in the way.

STEREOTYPE	SELF-IMAGE	
	ESTABLISHED SMALL AND LARGE ENTERPRISES OF THE CREATIVE INDUSTRIES	MICRO-ENTERPRISES CREATIVE SCENE
Social		
Habitus	Model vocation	Profession and network
Teamwork abilities	Organization of work	Linking private and work life
Recognition	In the profession and environment	In the professional field and peer groups
Cultural		
Expertise/skills	Professional expertise/skills	Professional expertise/skills as cultural identification
Individual signature	Design craft	Individualization
Contemporariness	Working in the mainstream	In touch with innovative tendencies
Profession as culture:		
Beautification	Styling is important	Rather secondary
Development	Continuity	Rather fresh involvement
Ideas	In defined framework	Core expertise/skills
Economic		
Enterprise	Established; preferably self-employed	Micro-enterprise; personal life besides employment
Customer orientation	Primary	Offset by personal projects
Authoring	Offset by customer	Important, also in services
Subsistence	At least sufficient	Achieved only by multi-track options

CHART 28_ STEREOTYPE AND SELF-IMAGE.

The main barrier is the belief, shared strangely enough with professionals in established enterprises, that the logic involved in design is totally different from that of money. The question is only how to fuse the two.

DESIGN LOGIC AND MONETARY LOGIC: Whereas established enterprises recognize the need to compete on the market, and therefore subject themselves to economic demands, professionals in the creative scene are reserved or admit a lack of the knowledge in this regard. Their studies concentrated solely on design expertise and not on market-related issues. Thinking in business terms is considered a constraint that restricts everything to economic goals, and consequently remains inherently foreign to the design process.

The case is simple. The logic of design belongs to the designer; the logic of money is anonymous. Designers inadvertently connect whatever they design to themselves. Their work fundamentally involves nurturing everything that distinguishes them from others. Their expertise is incorporated into the tiniest decisions. In contrast, those who follow monetary logic disappear as individuals, while attempting to utilize that particular logic for themselves. These designers are skilled in assimilating the logic of money, and accordingly, only become visible when they earn it.

The market defines itself by the abstract medium of money; design, on the other hand, in subjectivity that strives for the authentic expression. According to one of the professionals we interviewed, a designer who establishes a company will soon no longer be active as a designer – whereas designers in the creative scene, who combine both and yet remain within it, are admired exceptions.

This view is evident in almost all of the statements made by the creative scene professionals we interviewed. And it is not surprising: those who associate their personal expression with the motivation for combining work and everyday life, recognize the important role distance when exploiting this facet. It is about identity and orientation. The market becomes a concept of reality that is in conflict with the concept of pleasure. There are few attempts made at securing a loan for a company, creating a business plan, or investigating the labor market. On the contrary: many perceive an important part of their work in what one interviewee called a “hobby”: designing with great expertise but avoiding the pressures of commercialization.

In such proclamations, designers in the creative scene take on a position that at first may seem deliberately uncooperative – which is rather surprising considering they are a service-related branch. It makes them appear dysfunctional and inconsistent in relation to the significance that they attribute to both the commission and the client. Yet this is really about something else: the position of the young designer suggests a different concept of market philosophy, business conduct, and expertise. For innovative design work to be at the core, the client should, in the interest of products and procedures, ignore notions about the traditional distribution of work. The logic of the market should in fact touch upon the logic of design, since the former increasingly tries to transform all aspects of society.

This is not about judging this attitude and its related practices. Professionals in the creative scene are conscious of the price they pay for their desire to achieve harmony, identity, expression, and credibility – it is to live with persistent uncertainty. They know how little

they earn and that it should be more. They do not know how things will continue; yet fundamentally they would not alter a thing even if some aspects do need to change. The joy of real and reliable work is always mixed with the frustration that it is not adequately paid, that the pay is substantially lower than the tariffs of established enterprises. At times they are weary of the fact that work and leisure can hardly be separated; then, suddenly, this is precisely what they love. If only one did not also have to "flirt creatively" for anything to happen ...

These brief considerations have characterized the creative scene in general and its designers in particular, and have also defined their specific place within the creative industries. The creative scene is marked by a creative practice that develops new models for life and work, balances the weak and strong points in a seemingly non-economic manner, which is precisely what allows for creating innovative projects and product ideas. Established enterprises, on the other hand, follow the familiar logic of the market.

It is still unsatisfactory that economic weakness is still a feature of the creative scene, despite its overall substantial turnover; it is furthermore unsatisfactory that the vital, driving force it provides is not appropriately acknowledged and implemented.

5.3. CAPITAL IN THE FIELDS OF BUSINESS AND ACTIVITY

The considerations above have presented a complex picture of the creative scene, yet have not systematized them, or specifically focused on economic issues. Below, we therefore propose a set of terms that describe the creative scene practice in economic terms, define the fields of business and activity, and that can consequently cross check the transferability of their models of life and work.

5.3.1 THE CONCEPT OF CAPITAL

To systematically categorize the challenges encountered by professionals in the creative scene, we propose examining the necessary expertise according to its symbolic and financial aspects. From an economic standpoint, expertise is capital that is available to professionals and can be implemented – it is social, cultural, and financial capital. These kinds of capital[62] are interwoven and can only be broken down analytically.

Regarding the creative scene, this concept of capital can help us understand its form of business, and can represent its efforts to reconcile the conflicting interests – expertise, innovation, self-fulfillment, communication, standing, and income are all considered equal needs.

There is one, clear priority for established enterprises: market orientation. Of course, a business praxis reliant on contracts, orders, turnover and profit may well make use of social and cultural skills and display them prominently – yet the difference is that they need to be instrumentalized and calculable.

The broader concept of capital sheds light on the relationship between the creative scene and creative industries, by facilitating a comparison between the creative scene's micro-enterprises and the creative industries' established enterprises.

SOCIAL CAPITAL: Social capital is defined through social relationships and the positive and negative forms of sanction they contain. It is evident and operates in the networks in which everyday life and work, with all its conditions, is communicatively negotiated. A creative scene professional who is unable to network with others will not achieve success.

[62] The notion of different types of capital is derived from PIERRE BOURDIEU, without listing the details he developed. It assists here in comparing the creative scene with the creative industries. For more on BOURDIEU's notion of capital see: BOURDIEU, PIERRE, Raisons pratiques: sur la théorie de l'action (Practical Reason: On the Theory of Action), Paris, 1994.

CULTURAL CAPITAL: Cultural capital is defined through skills applied in generating, handling, and evaluating cultural practices and objects. Professional expertise will become as important as the way in which it is manifest. The product must be visible and recognized. Customers alone will barely suffice. If possible, the media has to take notice, and the region and the city have to employ their qualities in trade fares, exhibitions, and events, for instance.

FINANCIAL CAPITAL: Financial capital determines the availability of material resources and infrastructure. Creative scene professionals have little of this capital, as they have little income. Their line of products is limited. They do not need many machines, expensive studios, or prestigious architecture. The way in which they present their products is inexpensive: they rely on having disproportionate success.

Even though the three kinds of capital are considered as one single, unified capital, they are often counterbalanced so as to compensate for possible deficits. This often happens when creative scene professionals invest their entire capital to secure an assignment, production conditions, production, recognition, and continuity of work. They lack the finances, and have to compensate with social and cultural capital. Consequently, they introduce all of their individual features, successes documented in their CVs, and recommendations from respected authorities.

In this way, the following picture evolves: I have little money, but I am somebody, and able to do many things, it will be worth your while giving me commissions, making me a partner, and recognizing me as being better than my competition. My abilities will serve the client. I am what you see and that is in the client's interests.

Creative scene professionals identify themselves through their cultural and professional skills as well as their affiliation with interesting social networks, such as degrees, references, lifestyles, their own studio, social contacts, their clothing, ways of talking, and knowledge. They distinguish themselves through their symbolic capital, which is constituted from their social and cultural capital, and which ensures them the confidence and trust they seldom receive in the form of a loan. Ideas and definitions of identity become money that leads to work.

Money is then turned back into symbolic capital via the product that produces the kind of value added characteristic of the creative scene: creating credibility and recognition, which indicate chances for marketability and which are based on the creation of visibility and public recognition.

5.3.2 FIELDS OF BUSINESS AND ACTIVITIES Differentiating between fields of business and activities reveals again how creative scene professionals practice a different union of professional and private life than professionals in established enterprises. Both areas distinguish themselves through the logic they use to align their praxis with specific goals. This logic is not always immediately visible and has to be tapped in various different ways [SEE CHAPTER 3.1.2].

Figure 16 outlines the different fields of activity in the creative scene, the business sector of the creative industries, and the creative professions outside the creative industries. Creative scene professionals are at the center and represent the micro-enterprises; they are defined by the interaction of the types of capital.

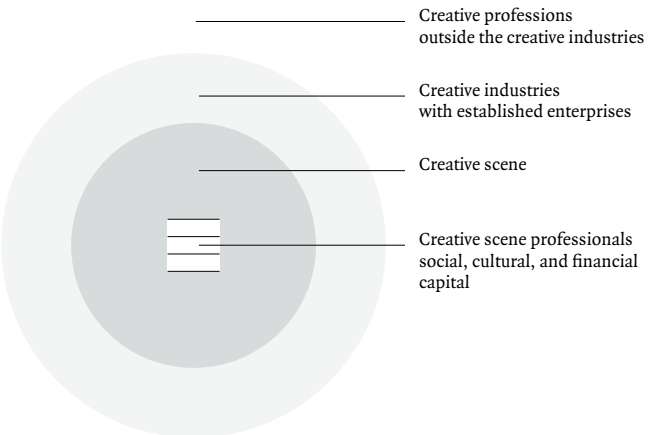


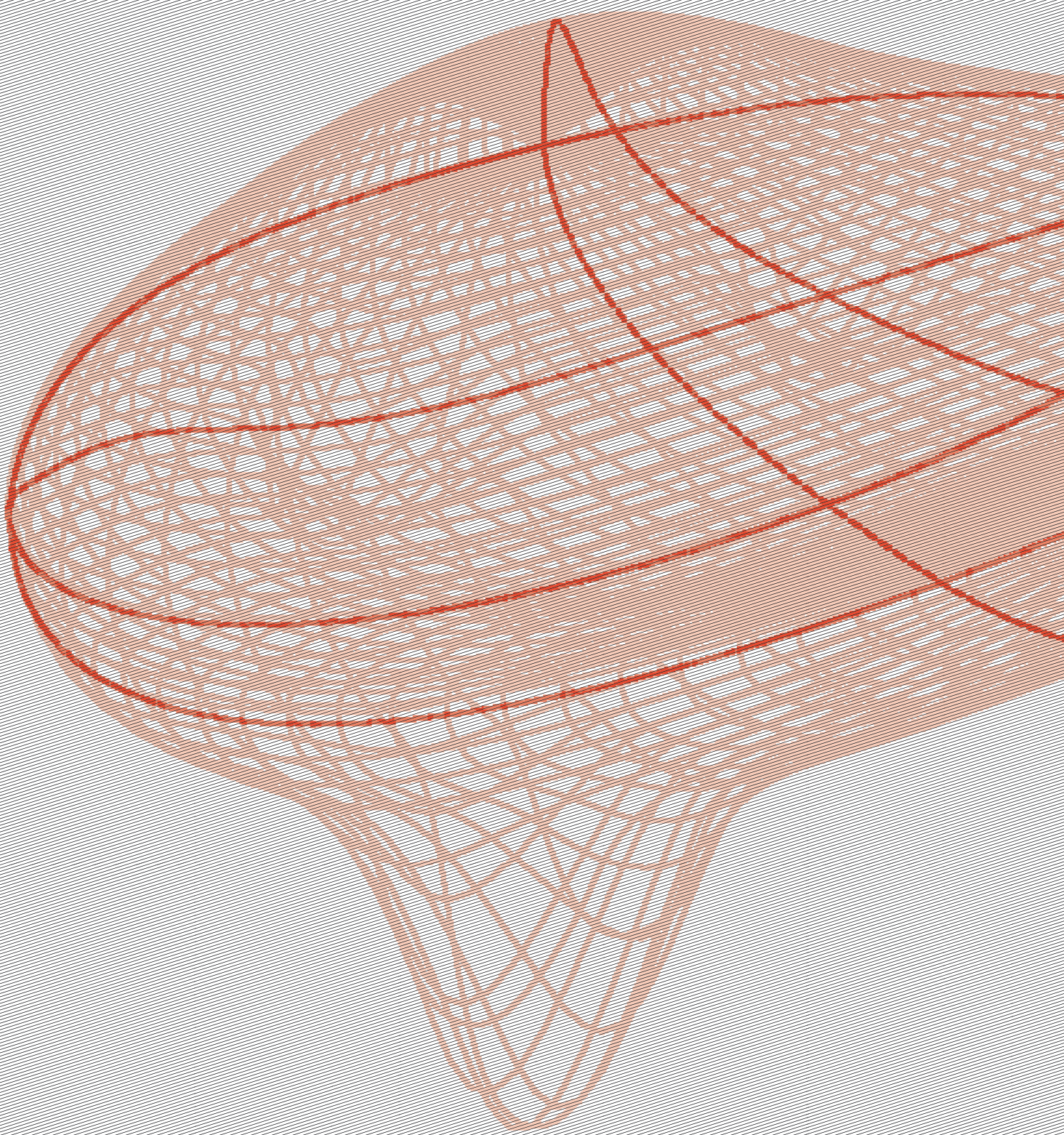
FIGURE 16_ FIELD OF BUSINESS AND ACTIVITY AND DIFFERENT KINDS OF CAPITAL.

THE CREATIVE SCENE: The work conditions in the creative scene are defined by those that constitute the creative scene in general. This essentially implies that creative scene professionals rely on curiosity, associate the need for self-fulfillment with professional skills, work independently on projects in micro-enterprises that absorb trends and react quickly and flexibly to changes on the market. They are team-oriented and have a multi-tracked concept of organization; they have limited economic skills and earn less than they should; they seek a balance between authorship and providing a service; and they look to establish contacts, in particular via the media, in order to gain recognition for themselves and their work. Their work amalgamates these factors and is fundamentally hybrid.

The logic of this hybrid method of working also applies to non-work related contexts. Not even the private sphere can consistently appear as the other, because the work networks are basically informal and therefore are not inherently restricted. The work has the solid core of professional expertise, applied in a professional field; but this does not yet clearly delineate its profile. It can assimilate everything, which is one condition for innovation.

The term "business field" is helpful for this reason. The creative scene defines itself comprehensively through its various fields of activity. It is not a steppingstone, but rather a system that integrates social, cultural, and financial capital into a single, specific unit.

THE CREATIVE INDUSTRIES: The creative industries are organized into established enterprises; their tradition provides a structure that can be clearly navigated by outsiders. Branches define themselves by their products and access to the market. They bring professions and groups of professions together, so as to gather the expertise necessary for production. There are other professions besides the creative ones, including secretaries, accountants, marketing experts.



Ideas about the production of specific aesthetics can lead to desires for machines and programs.

If Ebnöther, 33, product designer

“Here I can work on substance.”

Following his studies in England, If Ebnöther worked for two and a half years at a large agency before spending two years at the smaller firm of an eminent designer. He then completed postgraduate studies at the Swiss Federal Institute of Technology (ETH Zurich), concentrating on CAAD (Computer Aided Architectural Design). He became the director of the ETH’s RAPLAB (Rapid Architectural Prototyping Laboratory), after an intermediate year. “Positions like this are rare in the world. Here, I can work on substance and not just on the design of the surface.”

Using computer-aided technologies to design models, Ebnöther does at the RAPLAB, is closely aligned with his still-distant goal of starting a business. “Actually, models are also products, and I would like to establish a network of stores in which products can be manufactured in a similar fashion – by computer generation. CNC stores without stock, where the products are made on location and by request.” Ebnöther has been pursuing this concept for ten years and knows a number of people working on similar projects. “In London, there are already such stores, but they do not function on an open-source basis. But that is what interests me.” It is a clear, definite vision: instead of shipping goods all over the world, the data would be transferred and optimized in shared, open processes.

“Design makes ideas visible.”

“Ideas are important to me. Through my work with machines, design has become the means with which to make ideas visible. For that reason, the product itself interests me less and less.” In addition to directing RAPLAB – an 80% position – Ebnöther develops products from ideas that interest him on different levels. They don’t have to prove themselves on the market. That must be done by the product ideas that have been conveyed to stores. “I can open it when I can offer ten products that all meet needs reliably.”

Now, however, besides his core work at RAPLAB, Ebnöther has begun to proceed with highly personal ideas. For instance, he has developed and constructed a pocket barbeque grill. (“I’m at the lake and can barbeque my own cervelat sausage.”) He also pursued the idea of a series of attachments for high-heeled shoes, “So that the shoes of the ladies at parties don’t always sink into the lawn.” Likewise, he produced very nice sandals with perforated soles: “They were well-received at the trade show in Milan, but are not very practical because pebbles get stuck in them.” But that doesn’t matter, however, as long as the ideas work – ideas that Ebnöther sees as a mixture of handicrafts, art, and design – ideas that sparkle.

“Presentation is everything to the market.”

Ebnöther believes that design, which is oriented toward the market, is really just working on the surface. He’s interested in something else: “Much too often the idea is secondary and the presentation primary. Of course there are some good concepts, but they are seldom thought radically through to the end. But it is this very pivotal thinking-to-the-end that interests me.” That can only be accomplished where there is no deadline.

Of course, it is not fundamentally dubious that design is concerned with surfaces. “Designers often have to solve problems that are based on appearance; they perform aesthetic interventions.” However, it is not impossible for even that work to stimulate technical innovation. “Ideas regarding the production of specific aesthetics can lead to the desire for machines and programs; technical specialists must then, of course, be consulted for their development.”

Ebnöther became acquainted with this point of view during his studies in England. There, he experienced what it means to orientate the concepts of one’s own work toward more than just preexisting conditions. “It was common to launch a topic in such a way that the technical requirements for the solution were not yet even given.” The design of surfaces, the development of objects, and suggestions regarding technological development were merged with each other.

“Networking platforms are needed.”

Ebnöther views his situation as ideal. “I’ve been able to follow a path that I never even knew existed a couple of years ago.” In his managerial capacity at the ETH, he can use the complex infrastructure and communications structure to amalgamate computer technology, creation, and implementation, and can also utilize the most advanced technologies available while pursuing his own ideas to the extent that this is interesting or necessary.

His situation could be perfectly conveyed to the creative scene. It should, in Ebnöther’s opinion, also be possible there to test, develop, and make one’s own ideas marketable within communicative and practical contexts. “In reality, however, it is difficult to know how to reach the right people. That is why networking platforms are needed where different competencies and resources converge.” In connection with this, it would also be preferable if other forms of publicity existed, besides the media, that could report on design concepts and products: “Perhaps agents, for example, who introduce prospective customers to an idea’s content and everything it could deliver; ideas agents, touring Europe, for communication at trade fairs and events....”

[1] Computer Numerical Control

Conditions of work remain the same and the skills profile unchanged for as long as possible. The enterprise's profile, no matter how small or how large, can be outlined accordingly. Enterprises are established on the market and the dominating factor is the logic of financial capital. They only shape changes on the market, insofar as these correspond to the enterprises' interests in establishment, expansion, and diversification. Accordingly, work in established enterprises is clearly defined. It provides obvious and direct evidence of success, situated in the traditions. Even if this takes time, as also with small, established enterprises, the definition of work remains well defined.

The creative scene's constituent hybridization has only a marginal impact on the creative industries' established enterprises. What these in turn adopt from the creative scene loses in the process its comprehensive character in the framework of their logic, and can be only selectively absorbed and adopted with their orientation in mind. Although hybridization may be the expression of a fundamental change in the world of work, the established enterprises of the creative industries do not design it; this hybridization comes upon them, and they adapt to it.

OUTSIDE THE CREATIVE INDUSTRIES: All the various forms and focuses of work performed in creative professions outside the creative industries cannot be reduced to a few categories. The only thing certain is that this work is instrumentalized and functionally related to producing products that cannot be attributed to the creative industries.

Work performed by creative professionals is as clearly defined as work in creative industries, with one important exception: while small, established enterprises aim to combine professional expertise – cultural capital – with a focus on the dominant financial capital, professionals outside the creative industries are rarely self-employed, and are consequently limited to being employed for their professional skills alone. Designers in automobile companies work hand-in-hand with other designers and research and development departments.

5.4 THE LOGICS OF ACTION AND THE CREATION OF VALUE

The now-introduced variants in the social, cultural, and financial capital and the professional fields of business and activities, both within and outside the creative industries, enable a systematic analysis of the logic of action applied by professionals within the creative scene. Clarifying how they synchronize their motives and options explains the decisions behind specific methods of production, product designs, and forms of communication. Or to put it another way: the motives that determine the professional's behavior are also crucial to the qualities and dimensions in which their work influences the creation of value in the creative industries in general. Financing measures will make sense as long as this process of value creation only serves the creative industries as a whole, while abandoning the individual professionals in the creative scene to continue manipulating, and to compete for, the available forms of capital. Yet they must – and this is an important requirement – keep in mind and include the diverse motives.

To reconstruct the creative scene professionals' logics of action, a model of the motives and options behind their actions are outlined below.

5.4.1 STAGES

Expertise in the creative professions is applied to the fields of business and activities in a specific manner. This is revealed more distinctly when a

distinction is drawn between the production process (from commissioning to realizing a finished product), the product itself (from the original idea, to its materialization, and eventual services and advertising), and the presentation (from product perception to its distribution).

THE PRODUCTION PROCESS: In all fields of business and activities, this process ends with the completion of a product. The actual start of this process, however, is determined differently by the creative scene than by other business fields within and outside the creative industries. The reason behind this is can be seen in the way micro-enterprises work, providing they are part of the creative scene and not established. They do not simply line up commission after commission, project after project. Internal driving forces, external stimulation, project demands, and commissions mix with their work processes. The differences are less noticeable in the production process itself. The flow of work is more open and less formalized within the creative scene than in the two other business branches, because they are less precisely defined and less sharply calculated. In other words, the process can be kept more playful, inquisitive, and experimental. While professional qualifications are not questioned, they may well be stretched to their limits.

THE PRODUCT: The term "product" covers everything from the simple object itself to communication and interactive design, from visualization concepts to conceptualization, and from actual authoring processes to straightforward service provision. Professionals from all fields of activity can be active within this broad realm. The creative scene's characteristic features stem

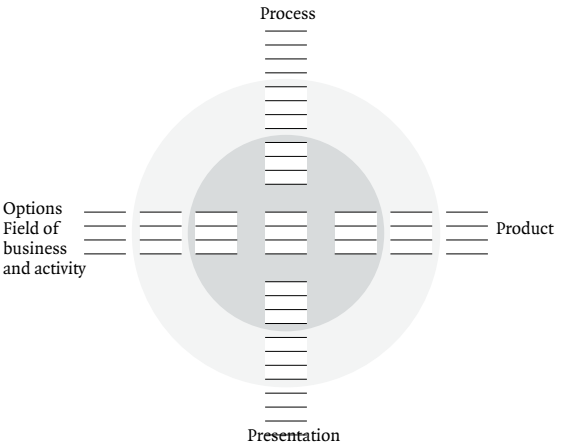


FIGURE 17_ WORK STAGES.

from the special pressure under which products are developed. Limited available resources continually produce new creative friction regarding the concept and production. The surplus of ideas regarding what is realistically feasible affects product requirements, i.e. to be as coherent as any successful product, yet at the same time to set an example, be innovative, and different.

If work processes in the creative scene are already more open than in the other two business fields, then their products ideally embody an exemplary integration of new ideas with an initial, provisional implementation. The notion of product held by the creative scene likewise indicates its dependency upon innovation and, consequently, its innate conflict with established enterprises that view new industries as a variation of established ones.

THE PRESENTATION: The significance and authenticity of the product and its creator need to be conveyed. To whom they direct themselves and how their communication activities are interpreted differs greatly from

branch to branch. Since the creative scene seldom manufactures products with a large number of customers in mind, there is no issue of distribution. Nonetheless, the recognition the work receives still remains a great concern. Recognition is the cultural and social capital that can offset other deficits.

Creative scene professionals accommodate the various characteristics of their production. For one thing, their workspace is not private or closed off from others. To keep the cost of rent at a minimum, numerous studios are rented as a group. In turn, the products are manageable, because there is a lack of financial capital for complex projects. Consequently, they can exploit aspects such as the allure of the object, the appearance of the image, and its spatial presence. They can attend various events, which helps them to gain appreciation and recognition. In the end, they themselves are often the medium of communication that promotes and draws attention to an object, attending events and exhibitions, producing atmospheres, or placing functional objects in the public space. They draw attention to themselves by serving specific events – and, in this way, indirectly draw attention from the media, which is likewise being served.

The attention granted to the creative scene, its professionals, and its works, is aimed at the unexpected, or at least the novel. If the object of attention is concrete and visible, the new is apparent. If it is an idea, a specific person or group will always be visible in the background. This creates forms of quasi-family support and informal networks.

In contrast, established enterprises in the creative industries are bound to their clients. In the face of so many successful and veteran products, new approaches have a hard time – if there are any at all, which is rarely the case. Because what works within an established business, must function properly; there is little space for accident, disturbance, or experimentation. It is difficult to break with routine.

5.4.2 MOTIVE AND OPTIONS: THE SPIRAL MODEL

The model is now decisively being expanded. The differences between the fields of business and activities have been described; now we tune to the professionals who need to position themselves and navigate within these various fields.

The arrows in Figure 18 indicate their options. Whereas the circle that runs through the creative scene emphasizes the possibility for remaining within it.

In regard to performance, the amount of freedom they actually have in choosing between various work options is naturally of importance to people working in the creative scene. We could argue, however, that it has little influence, as these professionals balance their motivations and options using a mixture of assessment and experience, projections, discussions, and desires. The resulting chosen course is always provisional and in a state of continual review.

The fields of activity within the creative scene are familiar to those working in it. In comparison to the fields of business in the creative industries, or creative jobs within the economy, the foundation of experience is rather limited. Nonetheless, a certain level of knowledge can of course be presumed – among the young, thanks to internships and discussions; among older people, through previous practical work experience. These careers are considered options when experience and prospects within the creative scene begin to raise too many questions. For creative scene professionals, this begins to be an issue when they need money; they might for example want to start a family.

In any event, there is no foreseeable motivational situation that applies to the entire creative scene or cast doubts upon it as a whole. Of greater importance than the individual motivations for renouncing an affiliation

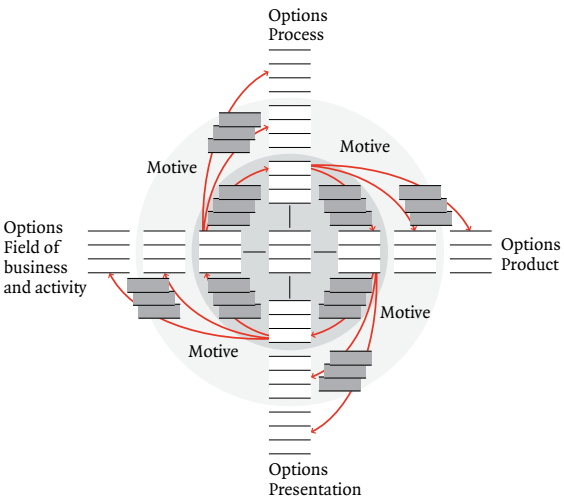


FIGURE 18_ MOTIVE AND OPTIONS.

to the creative scene and working in an established business is, in particular, the gradual development and virtually unnoticed crossover of a small creative business into an established one.

The course chosen by professionals in the creative scene is varied and ambivalent. Those who feel accepted and at home in the creative scene can handle the fact that nothing is obvious or lasting. They merge the personal with business, realize their potential as fully as possible, and symbolically offsetting the meager earnings with the fact that their projects lie close to their heart and that the work reflects both themselves and their skills. Furthermore, they often pursue more than one occupation at a time so as to make ends meet financially. The catchword "precariat," which draws attention to the difficult financial conditions, can also obscure the good reasons there are for persevering.

If creative scene professionals review the options both within and outside the creative industries, they do so not with rigid dichotomy [SEE FIGURE 19]. In their view, the differences are not that drastic. Professional qualifications remain the focus, and only the context changes; the desire to implement personal expertise as fully as possible can be pursued in numerous ways; the different forms of capital can indeed be occasionally exchanged in favor of a better income; the insecurities of self-employment are weighed up against the security of regular employment; individual projects can still be pursued in a subdued form when the demand for services increases.

Looking in from the outside, however, the differences between business and activity fields are clear. While the players do not approach their comparisons systematically and their concerns become harbored in a field of interdependencies in which mind games, intuition, likes and dislikes, and – especially in critical situations – serious deliberations appear, the various forms of logic in business fields can be characterized by the variation in their priorities. The creative industries are targeted primarily at success on the market; the creative scene toward self-ennoblement, ideas, and flexible projects. Creative work within the creative scene's field of activity is therefore somewhat different to creative work in other occupational fields; the same professional expertise is determined in different ways, especially the desire for self-realization through one's work.

Developing personal projects is an example of this. Because these projects do not earn much money,

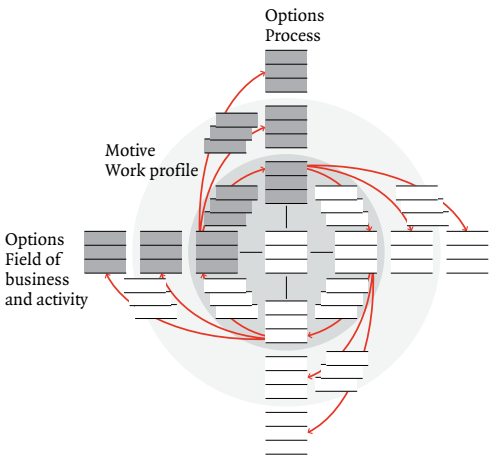


FIGURE 19_ PROFILE OF WORK AS MOTIVE.

they need to be offset by compensating factors. It is a fairly complex constellation, yet it also offers the opportunity to acquire knowledge and expand the horizon of experience. It is all very challenging, not very lucrative, liberating yet simultaneously limiting. The reasons for remaining in the creative scene are ambivalent.

On the other hand, it is possible to find more simple constellations within and outside creative industries: contacts become relaxed because they are able to separate the work from the private affairs; work is defined within a clear framework and still demands professional expertise; and the pay is distinctly better.

In the creative enterprises, the point that marks the beginning of a job is usually accepting a commission – but even there it tends to be a zone within which work is actually begun. The initial phase consists of deliberations and consultations. Interesting projects are discussed with anyone who might have something to contribute.

Expertise is deepened and expanded by synergies, such as those that appear when various skills work in collaboration. From the very beginning, a job is ripe with the potential for innovation: because routines are avoided and new constellations are sought, something new may always be created or conceived, even if it is relatively minor.

The limits to discussions and ideas are immediately clear when applying resources and financial capital become the main focus. It serves as a type of self-censorship: if it is too big, the idea is abandoned.

This open constellation and freedom of development takes pressure off established locations: they are familiar with the routine organization of work in any situation. On the other hand, this lack of routine can also make demands on a particular quality of the creative enterprises: it is free of any formal process of work distribution, and offers the opportunity to mark a product as one's own, to use the product as a testing ground for an individual signature style, and to implement flexible forms of collaborating on projects [FIGURE 20]. The limitations of resources and infrastructures define the process. It is enough if the whole remains coherent within itself – but one should not work at a loss. Yet this is a common occurrence. If a cultural institution offers a prestigious commission, any relationship between effort and financial gain are forgotten.

But when calculated earnings drop below of the wage of an assistant, and the time involved wipes out any distinction between workdays and weekends, or day and night, other options become very promising. With such options, there are clear time allocations, functioning work assignments, more substantive resources, and the sense of a product with a clearly recognizable value.

The product of the creative scene cannot build upon these clear factors. The demands for quality by an established company also pay off – at the same time however, it is more than just the execution of a contract or a self-developed project. It also represents belonging to the creative scene, in that it brings together features of originality and novelty, individualization and signature qualities, and in the process reveals a certain profile that guarantees the satisfaction of its producers.

Should the product lead to a contract and, in turn, an invoice, it would often amount to substantially less than an established company in the branch would have charged – or the figures mask invisible time and effort that seem acceptable only because various types of capital have been amalgamated.

This particular approach to calculating has a fundamental importance if the work is taken on by the creative scene. It places high demands on the expertise and authority of the creative areas in which professionals work. Consequently, is it a distinct confirmation if the product can be representative of the creative scene (Figure 21), together with the possibility of honing the profile with additional projects.

The confirmation, however, finds its limitation in the specific audience that knows about a product and feels attracted to it. Work by the creative scene requires the support of media in order to grow, and is yet seldom able to organize the occasions that promote a single product. The satisfaction the product offers should now be followed up on by additional products, by other creative scene professionals, and by the appropriate media and events.

This hope held by people working the creative scene is very different from the security enjoyed by established enterprises. They need the media only if the product requires it, but then public awareness of that product will be guaranteed. They deliver the expected quality and calculate in such a way that makes the earnings accurate. This security is also revealed in how the product and its relevance are presented.

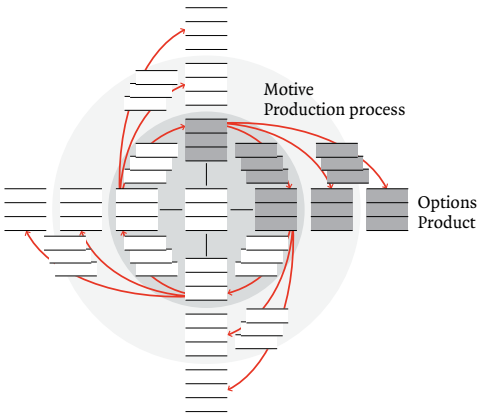


FIGURE 20_ PRODUCTION PROCESS AS MOTIVE.

In contrast, the effectiveness of promoting a product in the creative scene and on the market is fundamentally unknown. Too many different factors come into play. The social and cultural constellations are such that manufacturers in creative scene must mark their own position and that of their products. They look back to something they have manufactured and now wish to exploit; and they look ahead to something coming of it, such as projects and contracts. If what they have achieved is recognized, and whether it works as hoped, remains to be seen.

The option in creative enterprises is thus: to be flexible, to network, to validate oneself and one's work, to create opportunities, and use these in the context of additional projects that correspond to one's own style

03 07

The more lively the personal environment, the richer the design.

Robin Haller, 32, graphic artist

"'Graphic art' is a nice term."

Robin Haller was educated at the Schule für Gestaltung (School of Design) in St. Gallen and has since worked in various small studios. "I like calling myself a graphic artist – then everyone knows what I do. If I were to call myself a 'visual designer,' I would not be not so sure."

At the moment he is studying at the Zurich University of the Arts (zhdk), concentrating on design theory. He started there after he noticed a certain tedium in the work. "I was the second person in a one-person studio." The decision to study theory is an expression of his desire for something new, and: "Theory has always interested me." What he is going to do with his education is still undecided.

In the meantime, he and his girlfriend have had a child. They three live in a four-room apartment in the city's Kreis 4 district, where many young and creative people live and work. His girlfriend is also a designer. Haller now has to carry a double load: the studies demand a lot – he should gradually finish them with an ambitious diploma project – and he also has to hold a 18-hours-a-week job as graphic artist, which helps him meet his end of the financial obligations. "Luckily, it's a place I like and where I learn a lot." The studio is run by three women in their 40s, the jobs are varied, and he has the possibility of working independently.

"Lone wolf."

Haller still pursues his own small design projects, although increasingly rarely. Projects, for example, for friends in need of graphic products. He does these on his own: "I'm already something of a lone wolf." Although he knows many designers – and in all possible areas – he is not interested in networked projects. His relationships remain more personal and friendly.

This way of working alone reflects something of his original motivation to create. The desire to create comes from the joy of being active creatively. "During my studies, I first understood that design is also communication and represents a cultural contribution. Before that, I had always believed it was a form of self-realization."

In design, Haller has found something that corresponds to his capabilities. Although he was never encouraged to follow a career in design at home – his father was a craftsman – the desire was always present within him.

His graphic arts education in St. Gallen was completely oriented toward the values of the Ulm School; Haller, in turn, fully adopted this orientation towards functional and objective design – and, at the same time, the concept that the graphic artist must remain receptive to all influences of the times. "It's not enough to walk within the garden of graphic design alone." He is convinced: "The more lively the personal environment, the richer the design."

"The bad thing about design is that it doesn't just happen, but that you always have to work at it so that something smart results."

Robin Haller knows some designers that cannot spend a day without grappling with design questions. "After my education, it was the same with me. Everything I encountered was important to me as a graphic designer." With time, this curiosity waned. "There is so much that I can do. My goals change often, my ambitions are indefinite." In any event, he would like to consider himself a good designer. And he will not leave the field – even though the amount of creative activity within the entire process is, strictly speaking, rather small. "Usually the creative moment is primarily in the design phase, the later phases can be controlled and done by routine." It is the entire work process that is enjoyable.

"I would never considered approaching a bank; I really don't know how I feel about that, either."

Perhaps Haller will still start his own business after all. "I wanted to do that once, together with a friend. But we had too little money to even to start, and then something else came up." And why did you not try to take a loan out? "That never even entered our minds."

And the current pressures of studying and having a child? Is that a totally private issue, or should there be support available? He doesn't see any need. Only when he thinks about the time coming after his studies, then he sees something lacking: "It would be good if the transition from school to career were prepared differently. There should be agencies that mediate between schools and the market. Perhaps, then, he would even have a studio of his own today. Nonetheless, it doesn't seem necessary to him: "I am still learning with all that I am doing now."

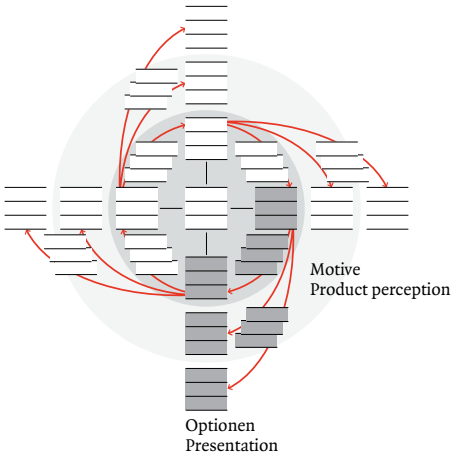


FIGURE 21_ PRODUCT RECEPTION AS MOTIVE.

and individual signature. The option of the established enterprise is not much different in terms of the general details, as they are clearly also interested in validation and opportunity. The framework and the interests are, however, more defined and more routine. They involve customer relations, sales-promotion opportunities, and market orientation.

In this way an ideal series of events is sketched out – from production to product to promotion. People working in the field can now consider what they have experienced and how things should proceed. Does it make sense to prioritize one's own ideas and projects, small but special contracts, open exchanges, and the motivation elicited by the latest developments, over the security and tranquility offered by established companies for the same demands on know-how?

This alternative can be formulated in another way if it is directed specifically at the self-image of the professionals in the field. It would then involve basic decisions that are not the product of rational considerations. The image one has of oneself is not a compensation, although it integrates the experiences of someone in the field. Self-images are rough copies (Figure 22). They determine the positioning and orientation that flow into future work.

For professionals in the creative scene, this would imply that, as people, they feel recognized for their own characteristics and qualities and that they, in turn, validate other professionals they come across. Can people working in the creative scene, with all the uncertainty of the financial situation, really believe they are on the right track when everything is so precarious?

Those whose expertise is applied outside the creative scene may certainly observe the creative industries with respect, even though it presents a precarious situation. But it is hardly possible to question one's own success if it corresponds to the prevailing values – of having made it, being set up and able to plan the future.

These are obviously clichés. However, they are effective. They follow an individualistic logic that seeks to make room for individual forms of working and living, with only vague considerations of social and economic changes. They are models of self-determination that bring a strange mixture of confidence, enthusiasm, and anxiety to the people who make up the creative scene, while bringing the others a strange mixture of success, conformity, and self-abandonment.

THE SPIRAL MODEL: The spiral model developed in Figure 23 integrates the motives and options described above and systematizes them, thus showing how the players in creative enterprises attempt to clarify inescapable uncertainties in their deliberation of motives and options, without following a linear logic. The form of logic in these dealings can be developed from the

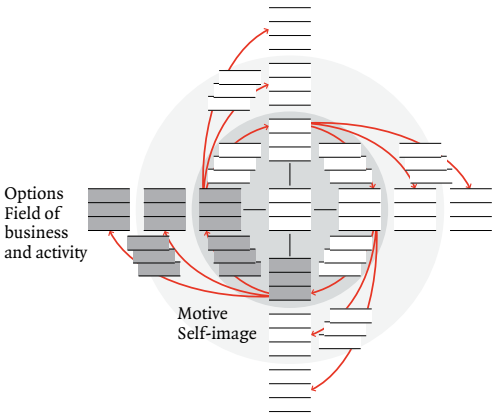


FIGURE 22_ SELF-IMAGE AS MOTIVE.

detailed and comparative readings. It establishes the differentiation of calculations and deliberations as an indicator of the creative enterprise. It is impossible to confine them within simple terms.

The differentiation of logic behind activities enables professionals in the creative scene to compensate for the uncertainties in their overall situation. At the same time it is the prerequisite for a specific form of value creation, which expands beyond traditional notions of value-added. Increasing this creation of value is the objective of funding measures, while eliminating compensatory calculations to benefit the addition of different types of capital is only a desirable side effect.

An explanation of value creation is provided as a conclusion to this chapter, along with – thanks to the distinction between types of capital and working with motives and options – how it can be understood by professionals in creative scene.

5.4.3 VALUE CREATION IN CREATIVE SCENE

The aforementioned considerations show that the professionals in the creative scene develop and stimulate distinctive production, product, and promotion profiles in their specific integration of social, cultural, and financial capital. These profiles envelop an expanded concept of value creation. It is in the interest of funding measures to strengthen and use them. After looking at the spiral model, the main features can be quickly reviewed:

OPENNESS AND MOTIVATION: the creative scene tests new living and working forms that present specific considerations: multiple categorization, hybridizing, fields of activity instead of distinct professions, the close proximity of work and private life. Their work is consequently distinguished by the removal of restrictions, a greater degree of openness in developing tasks and determining problems, and an additional social and cultural field that presents opportunities for motivation.

DEVELOPMENT PRACTICES AND VALUE ORIENTATION: The creative scene uses production processes that are slower and require less effort, more improvisational and conceptual, and which occur in a more complex network. From this evolve opportunities for deepened thoroughness and sustainability, a new conceptualization process, and a complex social and cultural value orientation.

PROTOTYPES AND DRIVING FORCES: The creative scene develops product categories that appear as variations of well-known categories or even as new categories – an expression of a position dependent on play, curiosity, and aesthetic and other experiments. They can create new driving forces and prototypes for opportunities and utilization in established fields.

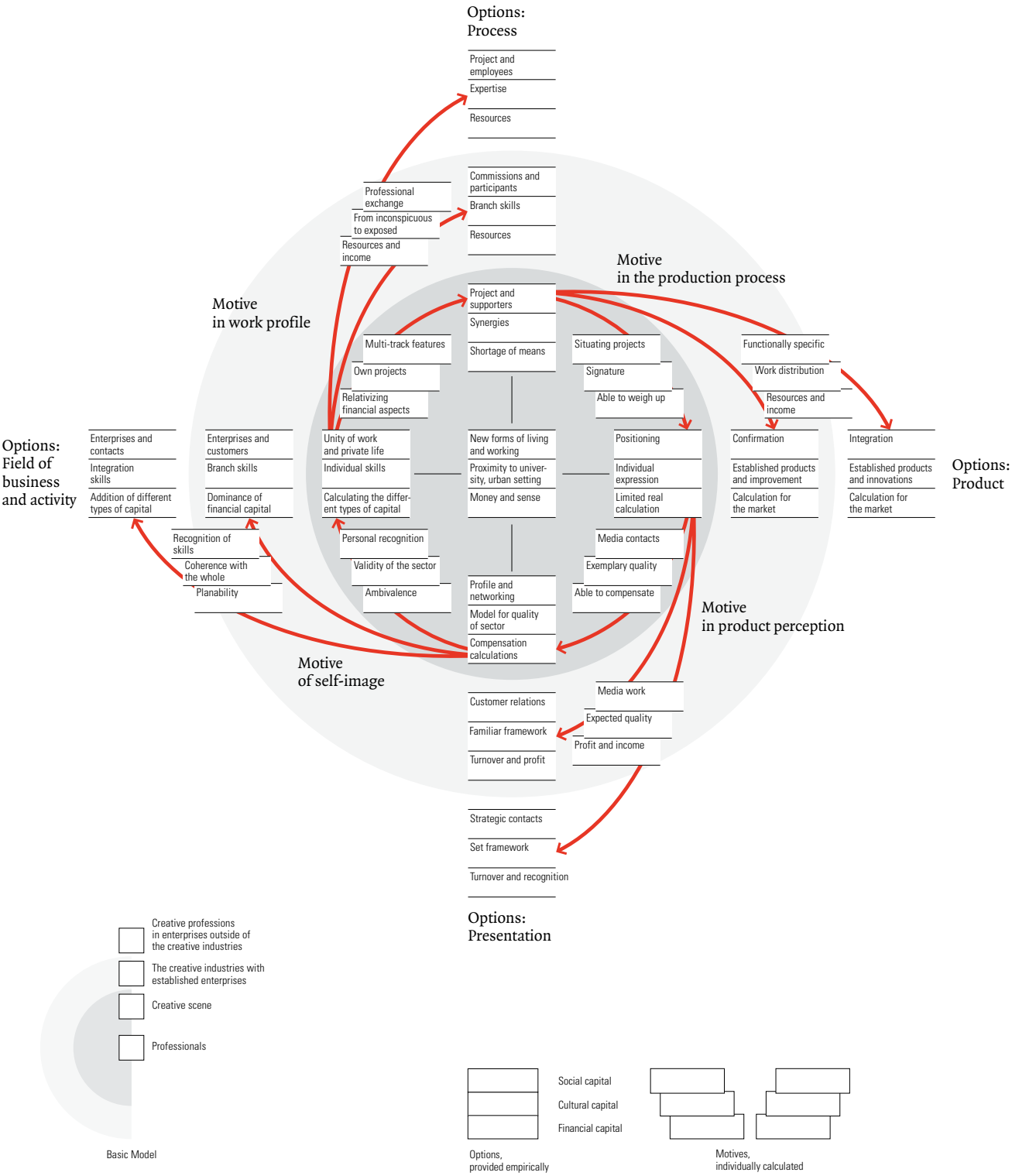


FIGURE 23_ SPIRAL MODEL – OPTIONS AND MOTIVES IN CREATIVE SCENE.

ATTRACTIVENESS OF LOCATION, NICHE MARKETS: The creative scene uses promotion and distribution forms that elicit special qualities from straightforwardness, direct responsibility, and verifiable expertise. They produce and create niche markets, limited productions, and single unit productions, and their connection with the local community makes a location attractive.

EXPERIMENT AND INNOVATION: Looking at the creative scene as an entire system and as a whole reveals how significant a role it plays. In its flexible project contexts and consciously selected "entrepreneurial" freedom, positions, processes, and products are created that in turn have various positive effects on established enterprises. Here, creativity and innovation are very close together. Working methods are oriented toward the principles of experimental research or actually redefine them. Because the "market" need not always be studied in its utmost depth, things are realized that would otherwise never make it past the drawing board – and consistently with surprising effects.

A simple summary of the issues considered is simple: the complexity of the value-added process characteristic of the creative scene is made practically invisible by perspectives that are limited to data and figures. Statistically, the creative scene is almost impossible to understand completely. As soon as the view broadens, it becomes clear that it is anything but peripheral. The creative scene responds to the motivations of an ever-changing market and transforms them into original forms and compelling driving forces. Such qualities make them a perfect target for sustainable funding measures.

6.0

THE CREATIVE INDUSTRIES: POLITICAL FIELDS, SPONSORING MECHANISMS, AND SPONSORING OBJECTIVES

Chapter 6 marks the beginning of the section of this publication devoted to measures. It describes the political fields [6.1] that are involved with the current (international and national) discussion on the complex and multi-layered topic of the creative industries. This is followed by a section dealing with potential national bodies [6.2] that could be in the position to support the potential of the creative industries. The last section outlines the reasons why this publication suggests specifically supporting the creative scene, and how we should differentiate between the outside perspective, that of defining the creative scene as a sector to finance, and the inside perspective, which attributes ambivalence to funding issues [6.3].

6.1 POLITICAL FIELDS

The discussion of specific funding programs is not as advanced as the more attractive debate about the dynamic of the creative industries. After the many reports on the cultural and creative industries, often commissioned by a governmental agency for a particular complex of branches, the question "What next?" is increasingly being posed by politicians and economic funding bodies.

On the one hand, the creative industries, with their above-average dynamic and their immaterial, innovative features, are a highly interesting partner when searching for an answer to the core question of where opportunities can be found for future growth and employment. On the other, the complex of branches is becoming increasingly difficult to access through established means. The enterprises are generally too small and the constellations of enterprises too atypical for traditional funding bodies. Their value creation processes are too diverse for political economists to find easy arguments to support them; too many interfaces make it difficult to formulate clearly the responsibilities of a governmental agency.

The list below can only provide an outline of the political fields that are beginning to address the creative industries, and which are continuing to indicate the difficulties involved in tackling the issue strategically and operatively.

ECONOMIC POLICY (EMPLOYMENT POTENTIAL): Until a few years ago, it was believed that the high-tech branches would generate a high growth dynamic. Technological influences ("spillovers") positively affected other economic branches that were stagnating because of their traditional structure. In the 1990s, this function was assigned to the creative industries. The appropriate measures may support the creative industries' economic dynamic, as well as its associated employment potential.

INNOVATION POLICY (KNOWLEDGE-BASED ECONOMY): The question of the competitive capacity of enterprises or of entire branches is directly related to their capacity for innovation. The creation of value as well as of new forms of employment is increasingly contingent upon innovation. Knowledge about the motivation behind innovation is essential to economic success, as well as knowing which constellations might encourage innovation. Because of their inherent immaterial components inherent in their name, the creative industries are seen to be a part of this knowledge-based economy. Accordingly, attempts are being made positively influence these aspects.

REGIONAL POLICY (URBAN AND REGIONAL DEVELOPMENT, STRUCTURAL CHANGE): From the perspective of regional economics, the creative industries play an important role in the course of the structural change of the urban economy. New types of enterprises are convincing opportunities for politics and the economy to position both cities and region within an international competition for locations. Knowledge of the territorial specificity – unique regional features that are closely related to local conditions and can therefore not be copied – may lead to a better understanding and organization of processes.

EDUCATION POLICY (INTERFACE EDUCATION – LABOR MARKET): The labor market aspects of the creative industries are increasingly being discussed in the context of universities of the arts. The relationship between the education of future creative industries professionals and their labor markets was an issue for education policies long before the Bologna Declaration. The relationship between education, economic, and innovation policies affects academic curricula; education politicians speculate whether the role of the educational institution in this total structure should be redefined. Universities of the arts are considering how to make their interface with the labor market more active.

CULTURAL POLICY (THREE-SECTOR MARKET[63]): If the creative industries are viewed as a part of the cultural sector as a whole, different interfaces emerge between the three sectors of "the State," "civil society," and "the economy." The professionals in the creative industries increasingly work with multi-track employment situations and are constantly shifting between the three sectors. Education policy and modern cultural policy are related in certain areas; yet common interfaces regarding their fields of activities are still difficult to find.

SOCIAL POLICY (PRECARIOUS WORK RELATIONS): A number of studies[64] have concluded that creative industries professionals may well be over-qualified, but they actually earn comparatively less because of their project-related and intermittent method of working. In many countries, the social security structure for the creative industries is either inadequate or non-existent. A socio-politically motivated approach to the creative industries addresses ways of establishing demand or specific models of social security.

This list could be continued; all of the policy areas lack specifically developed approaches and share the need for theoretical foundations.

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63 see: Chapter 3.1

64 see: BETZELT, SIGRID, Flexible Wissensarbeit, AlleindienstleisterInnen zwischen Privileg und Prekarität, ZeS Working Paper No. 3/2006, Zentrum für Sozialpolitik, Universität Bremen, 2006 (Center for social policies, Bremen University).

Do not design to make money.

Annina Züst, 29, designer

“What I make is not art.”

Annina Züst was trained as a seamstress before completing her studies in textile design. Today, she describes herself as a designer. Although she acknowledges the term “textile designer,” she feels that it does not fittingly describe her work. “I work at varied interfaces.” She designs bed linens for a leading Swiss textile firm, for example, and creates graphically patterned textiles for “Making Things,” the independent label she shares with two colleagues. Together with her colleagues, she also manages a store for their label as well as other labels, some of them international, and runs a gallery adjacent to the store that focuses on the interface between design and art.

“I respect artists. Somehow, there’s a different aspiration there, another way of life.” Even if she does not want to draw a precise border around “artistic work,” she does find it important to contemplate the existence of a border: “Because it is particularly fascinating to work on this dividing line.” Annina Züst may perhaps want (only) to design practical products – wearable and functional street wear and goods – but the works she exhibits in the gallery help her to continually reorient herself anew.

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“Two years of professional experience required.”

After she completed her studies in 2004, Annina Züst would have preferred to work in one of the large commercial companies. It was clear to her that she would eventually go into business herself, but first she wanted to gain some experience. Her target companies: Diesel or London’s Topshop. She tried to make contacts in London. “There are job placement offices for designers there. They look at your portfolio for your targeted placement. But it’s always the same: ‘Two years of professional experience required.’” Such agencies do not exist in Switzerland, neither for beginners nor for experienced designers.

Today, however, she is glad it did not work out. She finds amalgamating varying activities fulfilling, and it also supplies her with the necessary space to pursue her own design concepts; at the same time, she is gaining the desired experience with a renowned company.

“The media are very important to us.”

Design has always meant a lot to her. “We’re surrounded by so many things that what they look like is important.” When she was five, she really wanted a sky-blue belt because sky blue goes with everything – as far as she can remember, this was the first adamant design statement that she made. Her parents and her grandmother always encouraged her. Furthermore, she attended the Rudolf Steiner School: “I don’t know if that’s where it comes from, but I still have a soft spot for color and shape transitions.” She places less emphasis on faithfulness to design traditions; more than anything else, they should serve to inspire new creations. She has had notable success. A well-known women’s magazine has presented her label, and another magazine about design and architecture has expressed interest as well. Moreover, she has received a commission from a leading fashion department store: “That is all nice and helpful, but at the same time, all the different activities make it hard for me to concentrate on something specific and to develop it even further.”

Her situation offers her little financial security. “Do not design to make money.” At her part-time job at the textile firm she earns CHF 2 000, which is considered a good income. The house label, the store, and the gallery are not yet very established; their marketing professionalism is still in a process of improvement – always in collaboration with her “Making Things” colleagues, and in continual exchange with the many members of the creative scene, whom she knows and whose professional and creative development she has followed. “With everything that is going on, I cannot maintain a structured week. I usually manage to keep evenings free, as well as one day a week.”

“It’s not about the money.”

And what can be done to ensure that her enjoyable situation does not become a burden? Textile design is a particularly difficult field: “Although the demand for clothing is great, it isn’t enough for a job market that is worth talking about. We hardly have any chance against the established international brands.” Annina Züst does not want to give up her work, as have so many other skilled textile designers, who have long turned to other things. “It’s not about the money. I believe that creativity can choke on too much money. But it should be possible to support product ideas.” Yet there is obviously great hesitation here; Annina Züst does not even bother approaching banks – if anything, then foundations. In Annina Züst’s view, a sensible method for supporting the work of young designers would be to grant interest-free loans: “It would motivate us to persevere.”

Bringing together things that tradition has separated is particularly important to her: “In school, working outside of the boundaries of the disciples was made difficult. I did my graduation project together with a fashion designer. Only after the project was a success did we receive any positive criticism.”

6.2 FUNDING BODIES

The creative industries can play a dynamic role in the different political fields only if they are able to develop their substance accordingly. However, the creative industries' complex or even lacking self-image means it is difficult to find a program that corresponds to their funding requirements.

If the inside perspective of the creative industries (which needs have been identified and then indicated?) can be constructively amalgamated with the outside perspective (which funding programs are realistic in line with the respective conditions?), a first essential step has been made toward a future-oriented funding program.

Funding bodies in Switzerland are in the public, private, or civil society, or the intermediate sectors. These different contexts influence the respective funding strategies. Available resources, institutional foundations, and strategic guidelines can either limit the scope of action in a certain situation or expand the possibilities. Standard potential funding bodies are described below, with the overall Swiss context foremost.

Public sector professionals can be assumed to be those in politics and federal agencies. These include:

__ *Swiss Federal Office of Culture (SFOC): The SFOC organizes cultural and educational structures, supports selected disciplines, and handles various funding commissions. It has a great influence on the understanding of culture and public cultural funding. The creative scene can deliberately include its funding praxis or can distance itself from it.*

__ *Federal Office for Professional Education and Technology (OPET): The OPET is the center for professional education, universities of applied sciences (including universities of art and design) und innovation policies.*

__ *State Secretariat for Economic Affairs (SECO): SECO describes itself as a federal center for economic policies. It designs economic-political structures to ensure sustainable economic growth. It has a great influence on the understanding of business in Switzerland as well as the discussion of whether the creative industries as a whole, or the creative scene as part of it, can be seen as a worth funding from an economic perspective.*

__ *Universities of arts and design: These are prominent educational institutions for many sub-markets of the creative industries; the relationship to professionals in the creative scene is naturally very close.*

Their curricula are formative of the standard with which the creative industries are evaluated as a labor market for their graduates.

In the intermediate or civil society sector, it is necessary to draw a distinction between professionals within and beyond the creative industries:

__ *As a purpose-oriented coalition, the creative branch associations attempt to formulate and represent profession-specific or overriding political interests. They also support their members generally through advice, information, or further education programs. The agendas they determine whether or not their members see themselves as a sub-market of the creative industries.*

__ *Compared to other countries, Switzerland has a widely developed and professionally organized tertiary sector. Other countries admire the foundations in Switzerland. The amount of funding available for cultural projects is much higher than in Europe as a whole.*

Through its funding and award practices, the tertiary sector can either include or exclude the creative scene, and thus influence the opportunities for development of professionals in the field.

The private sector can also be subdivided into institutions that are either part of or outside of the creative industries:

__ *Established enterprises in the creative industries shape the image of this complex of branches with political figures and other decision makers. Whether they see themselves as a part of the creative industries, a system that benefits from the force of the creative scene, or whether they view themselves as representatives of an individual sub-segment, has a direct effect on the significance of the creative scene in public discussions.*

__ *The lending practices of financial institutions can rate the specific features of the creative industries (primary immaterial products and services, little tradition security benefits) as high or low.*

If under certain circumstances the creative industries are given a high-risk status with interesting opportunities for success, this will have a great impact on the significance of the creative scene.

There are evidently sufficient reasons to justify funding strategies in each of the three sectors. Calculable success or even results that can barely be quantified can both be a focus. They may be short-, mid-, or long-term:

	SHORT-TERM SUCCESS PERSPECTIVES	LONG-TERM SUCCESS PERSPECTIVES
Calculable effects	For example: turnover	For example: value creation (esp. material)
Non-calculable or difficult to calculate effects	For example: innovation potential	For example: value creation (esp. immaterial)

CHART 29_ TEMPLATE WITH COMPONENTS OF DIFFERENT FUNDING OBJECTIVES AS A BASIS FOR CHOOSING FUNDING BODIES.

6.3 FUNDING THE CREATIVE SCENE?

Chapter 7 will develop a specific funding model for a particular subsegment of the creative industries, rather than a model for the creative industries as a whole. This method represents the differentiated approach developed here. It may be astonishing at first that we recommend observing not just the established enterprises in the creative industries from the financial support perspective, but also the creative scene.

For one thing, we have ascertained however that established enterprises in the creative industries increasingly resemble enterprises in other branches in terms of their financing and production mechanisms [SEE CHAPTER 3.1.2].

Financing established enterprises in the creative industries requires not so much the development of specific measures, but rather an adequate positioning within an existing funding landscape. This is a task for associations, the relevant community buildings, or professional lobbying. Funding models for established enterprises in the creative industries – mainly through pre-existing funding bodies – are also already available.

Yet this is not the case for the creative scene. For reasons mentioned in Chapter 5, this sector has too many differences to the approaches of "classical" financial support measures, and the need for specific funding strategies has already been confirmed.

Taking such a step would be worthwhile, because, as the interplay of empirical-quantitative and theoretical-qualitative approaches showed, the creative scene develops value-added models and processes that possess unique features and distinguish important functions for the creative industries system.

It can thus be shown that the creative scene is a good testing field for new production processes, and that it constructively handles the specific conditions of a new working world, such as dissolving clear boundaries between professions. It has also become clear that the creative scene develops product categories that are playful, curious, aesthetic, and experimental, and thus creates new a force for established products and prototypes for follow-up and realization in the established field. The forms of advertising and distributing these micro-series and single-unit productions create and serve niche markets, and their local origins make a location attractive.

It is clear that the creative scene plays an important role in the dynamic and innovation potential of the creative industries as a whole. Its flexible contexts facilitate attitudes, processes, and products that have a positive effect on the established enterprises on various levels.

These arguments become all the more significant when considering how the creative scene, according to sub-market, makes up 20 to 50% of all enterprises – they are however generally not statistically documented, but nonetheless successful on the market [SEE CHAPTER 3.2.2].

For a specific funding model, it is necessary to examine how to strengthen the positive effects that would help the creative scene generate its own development and stabilization, and that of the area of established enterprises, and how the dynamics and ambivalences formulated in the spiral model [SEE CHAPTER 5] can disclose a maximum positive effect. It is important here to remember that both the method of working and the business models of the creative scene are deliberate concepts. If, over a more or less long period of time, the professionals in this sector do not desire to develop an established, structured business model, then of course this will have consequences for funding programs.

7.0

RECOMMENDATIONS FOR PROVIDING FINANCIAL SUPPORT TO THE CREATIVE SCENE

The previous chapter concerns itself with specific funding models for the creative scene. First an appropriate decision-making process is sketched out for potential funding agencies [7.1]. A spiral model is then presented as an overview of possible funding measures, giving a detailed explanation of the creative scene's operational logic and presenting the diverse reasons for shifting to established areas of the creative industries. The spiral model is made operational in terms of a funding model [7.2]. Next, a specific funding model is developed for the creative scene [7.3] and explained in its various dimensions [7.3.1–7.3.5]. The chapter concludes with a concrete example of the recommended approach to funding [7.4].

7.1 DECISIONS THAT NEED TO BE MADE BY FUNDING BODIES

This chapter focuses on developing a specific (business) funding model for the creative scene, which would require a series of strategic decisions on the part of the funding body. It first has to be confirmed that the creative scene can and should be defined in terms of potential funding, and then, whether it can be classified as eligible for funds. Developing specific funding programs for the creative scene involves accepting the fact that it is subject, to some extent, to a different logic than established companies. Hence, supporting their specific business models is as important as assisting individual small businesses to develop into established companies.

Should the appraisal of a creative scene turn out positive, then more specific follow-up questions need to be answered that are still strategic in nature. Should the creative scene be stabilized with the appropriate measures or rather expanded? Should corresponding programs be geared primarily toward professionals who remain in the creative scene, or toward those who wish to leave the it to pursue becoming an established company?

These basic questions have to be answered before a relationship can be established between the inside perspective, namely the need for funding, and the outside perspective, the motivation to fund, and before a discussion about specific funding programs and measures can be successful.

7.2 MAKING THE SPIRAL MODEL OPERATIONAL

The spiral model [SEE CHAPTER 5.4.3] compares reasons in favor of making a shift to become established companies in the creative industries, and those who prefer to remain in the creative scene.

A specific funding model for the creative scene must reinforce the motivation for remaining in the industry by making options clearer and more attractive. The goal must be to support the positive aspects of the

creative scene without necessarily submitting it to the logic of established companies. In addition, the ambivalence that professionals in the creative scene experience, because their existence is dictated by the significant need to compensate living and working models, has to be resolved. Yet even when these measures succeed, they still do not cover the deficits they are meant to address.

In the funding model developed below [SEE CHAPTER 3.1.3 REGARDING THE PRELIMINARY STAGE), we refer to a differentiation between three types of capital – social, cultural, and financial [SEE CHAPTER 5.3] – and translate them into terms that identify points of contact for funding measures.

The model [SEE FIGURE 23] distinguishes between the three identified fields, which are normally conflated. If they are separated analytically, however, specific funding measures may be discussed, particularly for the creative scene. Explaining the three fields should make this clearer.

CREATIVE PROFESSIONS The professionals who make up the creative industries are those who possess skills in a creative profession. They are musicians, directors, and designers. These skills merge with qualifications that are necessary for the production of the appropriate products and services. The creative scene also counts social and cultural skills among these qualifications,

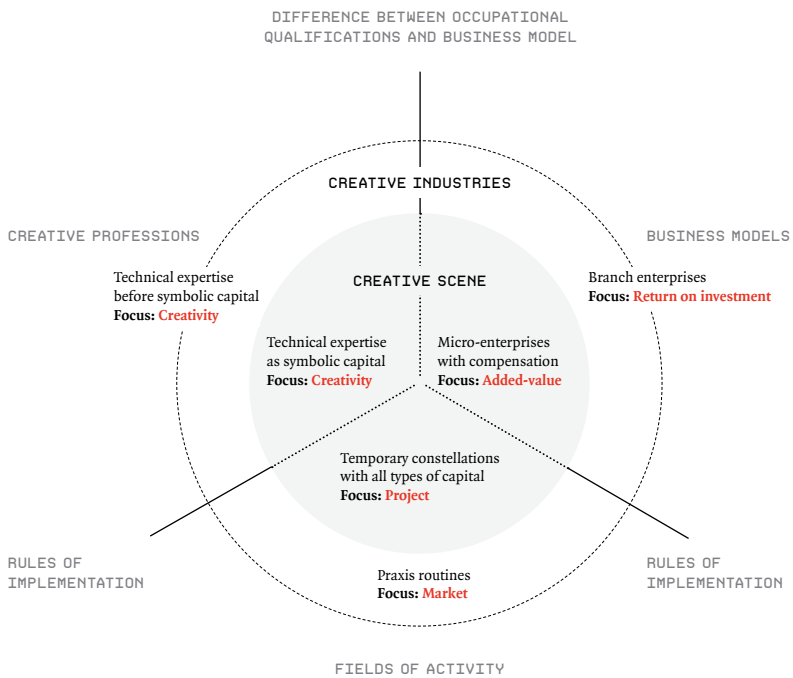
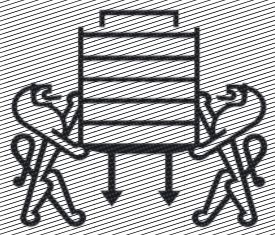


FIGURE 24_ TYPES OF CAPITAL AND CONDITIONS IN PRAXIS



soDA #29 «Hotspot Helvetia»

«A house of creative thought, not a school or a forum, wherein the many who came there, exchanged notes on design, poems, art forms, and life.» Bern Porter

29

You don't only have to search, you can also be found.

Martin Lötscher, 31, publisher

“Curious about the unknown.”

Martin Lötscher has been publishing the magazine “Soda” for ten years now, which he began while studying to become a commercial artist. “You can’t study to become a publisher.” The magazine was always produced in collaboration with others; and there was always the ambition to encourage his audience to have an open attitude: “I hope that in 20 years my work will still be making people curious about the unknown.” According to Martin Lötscher, the readers are characterized by flexibility, interest in others, and the desire and ability to be productive themselves.

“Soda” is put together following a “lucky dip” principle. Those who participate must be prepared for constant reorientation. “I continually reinvent myself; that is often strenuous for collaborators.” Martin Lötscher and his wife bought back the publishing firm following a few experimental attempts at other forms of co-owning or co-publishing with employed colleagues or self-employed partners. “Suddenly, I only had one fifth of the say.” Repurchasing the publishing firm was expensive and Lötscher and his wife had to go into debt and suddenly live on CHF 1 000 a month each. “We are saving and becoming healthy.”

“What we do should be relevant.”

In the meantime, the magazine has a print run of 11 000, around 6 000 of which are sold; every month about another 500 to 600 orders for past issues are also received. The regular publication dates cannot always be met – at the moment three issues are almost finished, but the quality has to be perfect before they can be released. This affects the market position, but Lötscher accepts the consequences: “What we produce should be relevant.”

One concrete example is issue #29 of “Soda”: It deals with the idea of how a centrally located office block in Zurich – previously the city’s social welfare department – can be given a new use, for which there is no previous model. It should visibly become a house for creative people: designers, artists, authors who are active or can get support and advice about their work there. “An independent publishing house. We’re putting together a manifesto for everyone that would like to work on it, and many are very interested in it – even the city and political parties.”

The magazine work and, even more so, projects like this already make it obvious that separating work and leisure time is difficult. Lötscher, however, aims to do exactly that: “It’s not just a good thing when the lines between work and play grow hazy.” Yet how they should be defined remains to be seen. After all, Lötscher describes “Soda” as a leisure-time product, a “hobby product that we seek to professionalize.” And if the publisher couple had children, for example, which would require a different model of time management, the result would in turn be a stimulus for new topics: “Not necessarily about the subject of children, but surely about education and upbringing.”

“What we are planning should correspond more to market mechanisms and the real world.”

The small laboratory called “Soda” should be expanded by a project understood as being in planning. The “guerilla tactic” of taking up topics and pushing them further in numerous directions will continue to be followed, but with greater focus. “Soda” should continue, but something new is planned for 2008. Banks, however, are not part of the plan. “We’ve worked with banks, but the subject-specific competence is often lacking, and publishing houses are considered unsafe.” The publishing firm is a public limited company; the required finances are being sought from within a circle of stockholders and sympathizers.

Once again it will be an idea that makes the innovative difference. Lötscher complains about the lack of innovation within–of all places–the creative scene. “There is a lack of ideas for both products and services, it lacks new business models.” What was new about “Soda” was not the idea of a magazine, but the creatively conspicuous method with which an advertising platform is created for projects and ideas. This structure ensured the magazine broad attention from the very start. “The magazine was hardly on the market and it was already on Swiss television.” The world became small very quickly. New York and London took notice of “Soda,” and today Martin Lötscher counts the most important members of the relevant media and fashion scenes among his friends. “You don’t only have to search, you can also be found.”

“ There are so many people with good ideas, but...”

A success story? Lötscher has faith in the market. Nevertheless, some difficulties could have been avoided. “There is a lack of training to help people prepare for the market. On the other hand, it might make the hurdles seem too overwhelming. The market can be scary. The creative are seldom good business people.”

Therefore, it would already be a substantial improvement if there were greater and more competent communication, particularly between imaginative people in the financial sector, and creative people in the creative scene. There have to be more translation methods so that people do not talk at cross-purposes. “There are so many people who have truly good ideas, but they have no place to be heard and supported.”

because it provides only limited resources for its professionals and offers alternative forms of lifestyle and work.

Funding in this field is targeted at increasing professional skills, providing they also lead to an improvement in practical skills.

BUSINESS MODELS Professional skills have nothing to do with those necessary for setting up and managing a company. The work of any enterprise includes routines that involve creative work as well as accounting and client relations. Creative professionals only have a limited role within the enterprise. Yet, in all other areas, the creative industries are no different from other sub-industries.

Funding in this field is targeted toward the training of business competencies – be they integrated into a single person or in the form of an elementary work-sharing model – always with the goal of securing marketability.

FIELDS OF ACTIVITY An enterprise's praxis indicates whether or not it belongs to the creative industries. Established companies distinguish themselves with industry-related products, while the creative scene uses a mixture of ideas, production, product categories, and media.

Funding in this field is targeted toward differentiations in practice, whereby it is liberated from the burden of compensatory measures. The creative professionals should be able to add their types of capital [SEE FIGURE 8].

7.3 A FUNDING MODEL FOR THE CREATIVE SCENE

Making the spiral model operational is the basis for a funding model that offers various options for funding bodies. It explains that none of the existing funding institutions can identify and respond to all the relevant factors. Instead, it suggests establishing funding bodies, with structures that are coordinated, decentralized, and reflect the project-related nature of the creative scene.

The logic behind such a mirroring is simple: the funding structures must accommodate the structures of praxis. Funding will thus be granted such that compensatory measures are substituted by addition of types of capital. Because the central unit of praxis in the creative scene is project-orientated, all measures will support project work, even if from different perspectives.

Funding can support ideas that are greater than the limitations micro-enterprises allow. The production of innovative products and services should also receive financial support to help them gain visibility and marketability. Providing funding for forms of media communication is conceivable as well, since these could open up new channels that would lead away from the dependency on the established media market. Developing forms of collaboration between micro-enterprises and established companies in the creative industries could also be funded [SEE FIGURE 24].

All these steps bring together consultation, networking options, cultural and social legitimization, and demands for skills. Together they establish a network in which coordinated funding bodies can take advantage of interdependencies.

In contrast to this model, the recommendations below are explained pragmatically. This does not mean that they cannot be integrated into a complex funding configuration. Within the framework of various interviews and discussions [SEE APPENDIX CHAPTER 8.1], an attempt was made to identify the specific funding needs of the creative scene. The nature of the arguments involved accepting a certain level of vagueness. Professionals in the creative scene fluctuated between admitting that they see themselves as an economic branch, and questioning whether there could be any such thing as economic support measures for them. Even if the discussion repeatedly touched on the areas of financing, infrastructure, training and continued education, access, and intellectual property, there was no systematic basis to speak of.

More systematically than in the discussions, these areas should now be coordinated into a model relationship that reflects the particular orientations of the creative scene. The purpose would be to ensure that possible funding measures respond specifically to the profile of the creative enterprise.

7.3.1 FINANCING Financing is usually discussed in terms of one's own savings or of a loan from a close personal contact. Credit institutions rarely enter the picture because they cannot or will not grant credit, even in modest amounts, to enterprises in the creative scene.

During discussion it became clear that there is great interest in opportunities that disregard standard forms of security, which a creative enterprise cannot

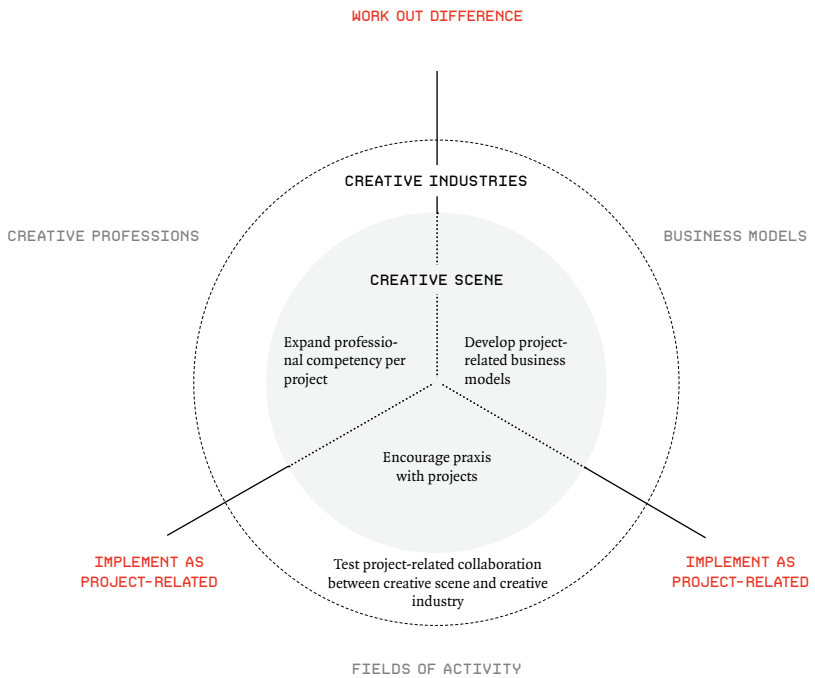


FIGURE 25_ FUNDING MODEL.

provide – generally in the form of specific loan repayment guarantees: funding bodies could assume market-determined risks by providing repayable loans for a limited period. A further possibility would be to provide loan guarantees for other creditors.

Based on international discussions, tax-related measures should also be addressed – approaches that could also be interesting for Switzerland with its decentralized tax system. The European film industry is supported by tax relief measures, while other branches are benefiting from similar models (to the horror of some politicians). In the EU these are considered as government aid and therefore fall under the special regulations for cultural exemptions. Already established in countries such as France, Luxembourg, and Belgium, a similar basis will be discussed in Spain in 2007. A distinction needs to be drawn between general tax breaks, tax deductions and shelters, annual income averaging, and decreasing or eliminating sales or value-added taxes.

Motivated significantly by the Swiss discussion on the new Law on the Promotion of Culture, socio-legal considerations were also mentioned, such as social security laws, unemployment assistance, and pension supplements.[65] What became apparent, however, was that this area was not assigned a very high priority. The reasons may be found in the lack of familiarity with the material as well as in the confidence of representatives of this industry. If these conclusions are now applied to the funding model presented above, the following picture ensues:

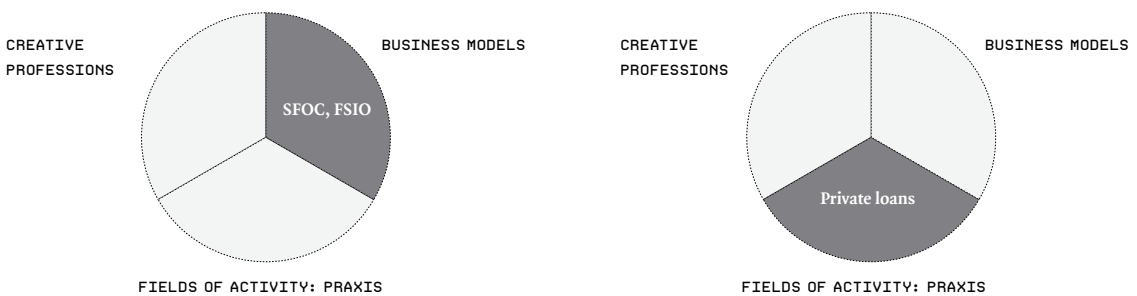


FIGURE 26_ QUESTIONS OF FINANCING AS A TOPIC FOR FUNDING BODIES FROM THE PUBLIC AND PRIVATE SECTORS.

65 see also: Report of the SFOC, FSIO and SECO working group, Die soziale Sicherheit der Kulturschaffenden in der Schweiz, Situation und Verbesserungsmöglichkeiten (Social security for creative professionals in Switzerland: current situation and potential for improvement, approved by the Federal Council on February 28, 2007).

Financial aspects can affect socio-political conditions, or be designed to correlate with the financing of specific products and services. Corresponding funding measures would be applied to the "business model" and "praxis" segments.

Subsequently, a prerequisite for the successful implementation of a practical financial model is the cooperation between public (e.g. Swiss Federal Office of Culture, SFOC and Federal Social Insurance Office, FSIO) and private professionals (e.g. financial institutions).

7.3.2 INFRASTRUCTURE

The option of temporarily using spaces in empty buildings and the idea of creative parks (similar to technology parks) were introduced into the discussion by both sides. The focus was on infrastructures that offer workspace with affordable and flexible rent conditions to small-enterprises in the creative industries. In addition, interest was expressed in secretarial and administrative services, workshops, and networking events.[66]

If these conclusions are now applied to the funding model presented above, the following picture ensues:

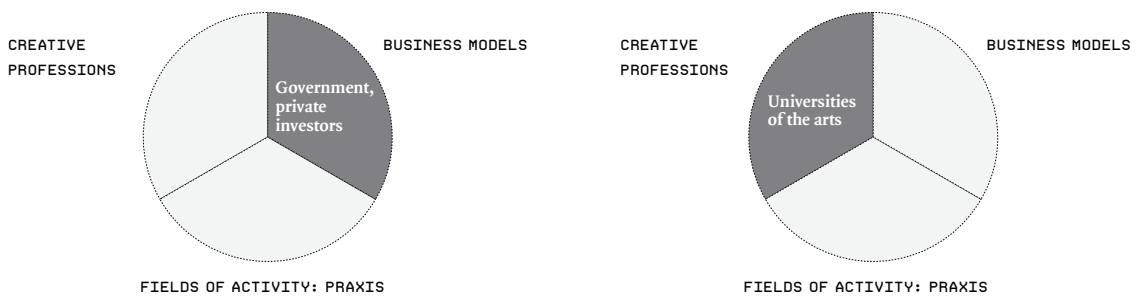


FIGURE 27_ QUESTIONS ABOUT INFRASTRUCTURE AS A TOPIC FOR FUNDING AGENCIES FROM THE PUBLIC AND PRIVATE SECTORS.

[66] The Round Foundry Media Centre, Leeds has been named as an example.

Making infrastructure in all its forms available is generally based on private initiatives (e.g. private investors). The government is responsible for creating favorable circumstances. Training institutions with the appropriate infrastructure and suitable equipment have the potential to play important roles.

Appropriate funding measures therefore logically apply to the segments "creative professions" and "business models." The interface between professional qualifications and business models – more specifically leaving a university of the arts and entering the market – must be considered very carefully.

7.3.4 EDUCATION AND CONTINUED TRAINING

Most of those functioning in the creative sector know that Switzerland offers many SME start-up programs, start-up initiatives, and "venture labs." Yet it has been criticized that these programs are often not specific to a certain industry and are highly dependent on technology.[67] In addition, they are slanted for the most part toward financial capital – a characteristic of special importance to the creative scene. However, in a world in which the lack of financial capital is compensated for by symbolic capital, creating business plans does not always address the most basic requirements.

It was noted in various ways that universities of arts and design could make specific proposals from a better-informed position – proposals that would be geared toward advanced students or to former graduates. This would create a more explicit interface between this type of institution and the creative scene. A similar interface has already been called for in the field of infrastructure.

Education includes both the classic imparting of professional skills and knowledge about actual market developments. Interfaces between arts education institutions and the working world can be established via various professional associations or selected companies.

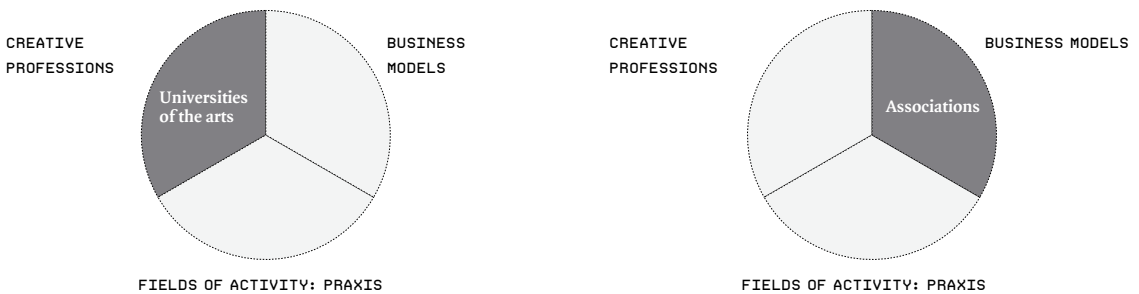


FIGURE 28_ ISSUES OF EDUCATION AS A CORE TOPIC OF THE PUBLIC SECTOR WITH IMPORTANT INTERFACES TO THE INTERMEDIATE AND PRIVATE SECTORS. ISSUES OF CONTINUING EDUCATION AS A TOPIC FOR FUNDING AGENCIES IN THE INTERMEDIATE AND PUBLIC SECTORS.

[67] A positive example that addresses the specific aspects of the creative industries can be found in the Gründerzentrum Kulturwirtschaft Aachen (Founders' center for the cultural industries in Aachen).

Specific options for continuing education are typically found at educational institutions and focus on topics that are not part of the regular course of study. The most common are strategic and practical approaches to establishing a company.

Once again, the main segments are "creative profession" and "business model". Investments in these segments can be understood as an indirect funding of praxis.

7.3.4 MARKET ACCESS

This topic included discussions concerning instruments that support less the creative scene's development of innovative products, but rather their marketing (internationally). The most attractive appear to be initiatives that enable and simplify commercial business dealings. In this context, the UK was repeatedly referred to as a model country.[68]

Specifically regarding Switzerland, it was discussed whether a new position with "translation skills" should be created, so as to better access the market. Here, creative scene professionals assumed that the difference between the creative scene's work and business models and those of established customers in and beyond the creative industries are so large that their compatibility can only be guaranteed with great difficulty.

An intermediary between both worlds, on the other hand, to which one can delegate the task of door opener, pathfinder, and communicator "with the other side" was deemed worthy of investigation.

The issue of market access for creative products and services relates primarily to the segment of "praxis." Measures to improve the creative scene's market access bring together professionals from all three sectors: politics, professional associations, and established companies.

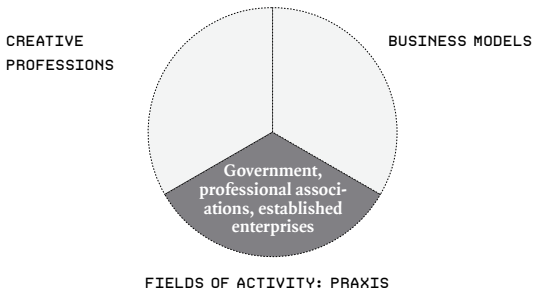


FIGURE 29_ MARKET ACCESS AS A TOPIC FOR FUNDING AGENCIES IN THE INTERMEDIATE AND PRIVATE SECTORS.

An intermediary between the creative scene and established market professionals would also be active in the "praxis" segment. This intermediary would also have access to other two segments via important interfaces.

7.3.5 INTELLECTUAL PROPERTY

"Managing creativity involves knowing, first, when to exploit the non-rivalrous nature of ideas and, second, when to assert intellectual property rights and make one's ideas-as-products rivalrous."[69]

This quotation from John Howkins perfectly formulates the dilemma experienced by professionals in the creative scene. The need for systems and consultation models appears to be increasing – those which allow the creative approach to ideas, products, and processes to be as lengthy and open as possible, and which also guarantee a certain amount of security to those who are often initially acting from a value-added chain perspective.

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68 Indeed, there are many specific examples of which we will now provide a short description of two: Creative London is a think tank operated within a public-private partnership with large cultural agencies and institutions under the aegis of the London Development Agency. The goal of Creative London is to remove essential barriers that confront the creative industries. Since its establishment in 2004, Creative London has already developed and implemented a number of programs. These include investment and financing programs, talent support projects, promotional measures, and making properties available. The main tasks of Creative London include managing ten "creative hubs" – locally anchored initiatives that pull together governmental offices, property owners, cultural professional, and educational institutions in order to create a long-term growth and prosperity program. In 1999 the authorities of the City of Manchester established the Creative Industries Development Service (CIDS) as a promotional body, once it was recognized that developing existing markets and creating new markets were the central challenges of the burgeoning creative industries. The agency assists in market development and supplies cultural companies with background information and strategic analyses of selected industries and markets. As one of its potentially most important promotional measures, CIDS developed a series of trade shows for marketing cultural business both nationally and internationally.

69 HOWKINS, JOHN, The Creative Economy: How People Make Money from Ideas, Penguin Books, London 2001.

Almost everyone I know has to do different things at the same time.

Stephanie Gygax, 31, photographer

“They didn’t even want to speak French in the editorial offices.”

Stephanie Gygax comes from Vevey. The number of French-speakers coming to Zurich is continually increasing. “A lot more is happening here in art and design than in Western Switzerland, and there is more money.” They all have to learn to communicate in German.

Stephanie Gygax was awarded her diploma in 2000. A visitor from Zurich at the exhibition was very taken by her work and showed it to numerous people in Zurich. She was able to follow up on that. When she won the Swiss Annual Photography Awards design prize, she went to Zurich with her portfolio and introduced herself to editorial offices. “I had a clear strategy.” She received increasing numbers of commissions from established magazines and publications.

Nonetheless, integration into Zurich was not easy. Even after meeting people, there still remained a certain distance – partly for competitive reasons as well. This only improved once Stephanie Gygax was able to open a studio with other photographers and designers, a studio that was also large enough for social events. Now, she can personally invite people, whom she would otherwise only have met at other parties or exhibitions. “You’re only really accepted after you have something to offer yourself.”

“Food for my soul.”

For Stephanie Gygax, photography is a language that she loves. Just like art and design for that matter. She is impressed by American photography; William Eggleston is her most important photographer. Gygax’s work deals with a “point de vue,” a sensitive and subtle view that turns everything into subject matter. Her little camera is always present. “Whether taking pictures for magazines or advertising, for myself or an exhibition – my pictures should always be personal.”

Although Stephanie Gygax does not acknowledge a division between art and design, she knows that other people do. “I know many photographers who can no longer show their non-commercial work because their journalistic photographs have become too famous.” However, Gygax has not yet published enough photographs to be threatened by the same problem. She knows that too many commissions can raise a different problem, one that can really grind a person down: “I need time to really examine the images myself; otherwise I could lose the relationship to my own pictures.”

“We have a child.”

Stephanie Gygax’s partner is a designer and has a permanent part-time position as a graphic artist. Gygax also applied for a 30% position as an instructor at the École Supérieure des Beaux-Arts (now the Haute école d’art et de design–University of Art and Design) in Geneva, and – to her surprise – received it.

On the face of it, all costs are covered. The small family makes ends meet fairly well. But the shortcomings become obvious when they start planning for the future. Stephanie Gygax does not have enough time to meet the demanding responsibilities of motherhood and also pursue her photographic interests with the intensity required to combine the personal aspects of the pictures with the requirements of the commissions and the work at the university. “It’s as if I have to decide between commissions, teaching, or my own work.” The time problem is actually a financial one as well. There is no elbowroom and as a result, no real strategies either. For this reason it is still uncertain how and when she will be able to exhibit her work again.

“Everyone does different things.”

Maternity insurance for self-employed people is not sufficient. The pay rates for media positions have dropped significantly over the past years. After all costs have been deducted, the various commissions do not even amount to CHF 2,000. “Almost everyone I know has to do different things at the same time. Almost everyone has financial worries.”

Nowadays, she sees her own experiences reflected in her students in Geneva: “I, too, had the notion that after my degree, people would approach me with commissions.” There was no preparation for a professional life: “I could not write an invoice. I had no idea what I could demand for the copyright of my pictures.” Older colleagues had to supply advice again and again, yet there were still many mistakes made.

On the other hand, Stephanie Gygax wonders whether naivety while at university might not be in fact necessary, in order to have the passion to find one’s own pictorial language. And that is what it is all about for her.

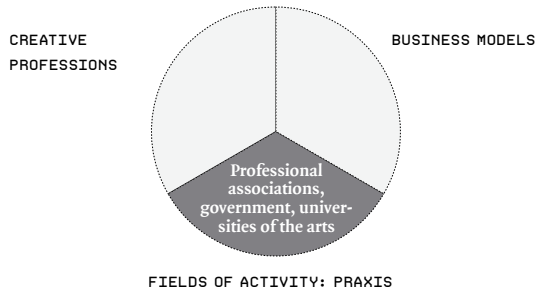

FIGURE 30_ THE COMPLEX OF INTELLECTUAL PROPERTY AS A TOPIC FOR FUNDING BODIES IN THE PUBLIC AND INTERMEDIATE SECTORS.

Knowledge about the core aspects of intellectual property is critical for most professions within the creative industries. Cautious government and pressure applied by professional associations are responsible for establishing specific conditions regarding praxis. Nonetheless, the topic would be appropriate as part of an Master's curriculum.

The five examples related to the creative scene that emerged from discussions and questionnaires demonstrate that a topic-oriented funding focus can clearly be assigned to one of the segments of "creative professions," "business models," and "praxis," and that the suggested separation into three groups allows a precise analysis of the creative scene. It has also been shown that professionals from the different sectors (public, private, intermediate) are generally involved in implementation, which means that multiple funding bodies have to be merged with corresponding objectives.

7.4 IN PLACE OF A CONCLUSION: AN EXAMPLE IN FOUR PHASES

Using a hypothetical example, we can show how the recommended procedure can be specified for Switzerland in four phases:

PHASE 1

WHAT MUST OCCUR? A suitable institution formulates the intention to define the creative scene as a subject for commercial funding. This institution assumes the function of initiating and coordinating.

WHO MUST ACT? The Innovation Promotion Agency (CTI) would be one possibility. This is a funding body for federal innovation and supports the transfer of knowledge and technology between companies and universities. The CTI is rooted within a federal office, but works with non-governmental commissions, which in turn establish contacts with business and science.

WHY WAS THIS ABLE TO OCCUR? The CTI came to the conclusion that it wished to more strongly consider the creative industries in its funding programs for innovation. The main argument is the growth and employment dynamic of this segment. Its content-related and structural links with universities of the arts and design enable it to decidedly involve the creative scene – in the sense of a dynamic driving force of the creative industries. In particular, it wants to use the innovation potential of the creative enterprise. For this, funding programs and enabling practices in Switzerland must be modified.

PHASE 2

WHAT NEEDS TO HAPPEN? The CTI is aware that work and business models, particularly those of the creative scene, are different than those of other industries. Their flexible focus on project-related work and their freedom regarding typical business practices result in prototypes, one-off productions, and limited productions; creativity and innovation are closely related while working methods are oriented to the principles of experimental research. The CTI therefore attempts to configure a selection of funding bodies that properly address these specific conditions.

WHO MUST ACT? The CTI convinces the SFOC, SECO, the Zurich University of the Arts (zhdk), a prominent grants foundation, an established business with a professional corporate social responsibility strategy, and a credit institution to participate as a core group in the funding initiative.

WHY WAS THIS ABLE TO OCCUR? Such a grouping takes into account the public, private, and intermediate sectors. It enables a broad discussion of various funding considerations with a subsequent focus on the objectives of funding.

In addition, addressing the topic of the creative industries is new for most of the professionals and can, from a variety of perspectives, have an effect on their own funding strategies.

SFOC: In its cultural funding, the SFOC would directly take into account the artists' biographies and job status.

SECO: In its business-political strategies, SECO would absorb current and refined practices already in place in other countries.

GRANTS FOUNDATION: For its method of granting funds, the foundation would take an approach to innovation that is new to Switzerland.

BUSINESS: Together with the creative scene, business would support a complex that at last tangibly coordinates business and art.

CREDIT INSTITUTION: Using a loaning method appropriate to the creative scene, the institution would position itself as a creative bank, profiting economically from its engagement in the medium term.

ZHdK: The Zurich University of the Arts would understand its commitment as a necessary expansion of classic approaches to education. It would be prepared to offer its students unique, future-oriented programs.

PHASE 3

WHAT NEEDS TO HAPPEN? First, prioritized funding strategies should be determined. In so doing, the lowest common denominator between the various professionals needs to be identified: which fields from the abovementioned model should be put at the focus of funding activities? Professions, business models, or the interface to the market? Should the creative scene be stabilized or made more dynamic? Should the interfaces between the creative enterprise and established businesses be the focus, or should this focus remain within the creative enterprise itself?

WHO MUST ACT? For such discussions of strategy, the CTI assumes a moderating function. It attempts to create a complementary network of the various professionals in their various sectors. From their various strategic levels, the different funding agents make personnel resources available.

WHY WAS THIS ABLE TO OCCUR? Empirically, strategies that involve different professionals are comparatively very demanding in the development phase. However, they are more stable once they have been implemented, and also correspond to the basic principles of Swiss subsidiarity.

PHASE 4

WHAT NEEDS TO HAPPEN? Focal points for funding need to be developed, using the issues described above as sensible points of orientation, with room for more.

WHO MUST ACT? If, for reasons of efficiency, a reduced number of institutions participated up to Phase 3, this may continue. The zhdk would involve other art education institutions in Switzerland to develop a comprehensive initial strategy. The foundation could make its newly developed approaches accessible to additional foundations by using the Swiss Foundations as an umbrella. The CTI would continue to be responsible for coordination across Switzerland.

8.0

APPENDIX

8.1 ABOUT THE INTERVIEWS AND GROUP DISCUSSIONS

One important source for the statements about the creative scene was the diverse one-on-one interviews and group discussions held with representatives of the design sector as well as with instructors from various Swiss universities. The information below details the individual occasions, names the participants and briefly notes the topics discussed.

The discussions were headed by Manfred Gerig and Christoph Weckerle and were based on qualitative research methods for focus interviews and group discussions.[70] The meetings were coordinated by Robin Haller. The participants were selected on the basis of the following criteria: age, education, professional position, and specific standing in the design field. The discussions were recorded (both visually and acoustically), transcribed, and evaluated through content analysis. The chronological order of the discussions, the participants, and the thematic focus were:

[70] see: FLICK, UWE, VON KARDORFF, ERNST, STEINKE, INES, Qualitative Forschung (Qualitative research), Reinbek 2000. Therein: HOPF, CHRISTEL, Qualitative Interviews, pp. 349ff, BOHNSACK, RALF, Gruppendiskussion (Group discussion), pp. 369ff; KOWAL, SABINE, O'CONNELL, DANIEL C., Zur Transkription von Gesprächen (Transcribing conversations); MAYRINK, PHILIP, Qualitative Inhaltsanalyse (Qualitative content analysis), p. 468.

January 30, 2006

1st Group Discussion with Young Representatives of the Zurich Design Scene

__*Meret Aebersold, industrial designer*
__*Anna Colby, photographer*
__*If Ebnöther, industrial designer*
__*Stephanie Gygax, photographer*
__*Max Rheiner, Interaction Design*
__*Carmen Weisskopf, new media*
__*Annina Züst, textile designer*

Focus of the Discussion

The terms creativity, creative industries, design
Relationship to the market
Lifestyles and working methods
The significance of education and the presence of the university

February 6, 2006

Group Discussion with Young and More Established Visual Designers

__*Monika Gold (established one-person business)*
__*Martin Lötscher (established small enterprise with varied work forms)*
__*Alexander Meier (creative scene)*
__*Sereina Rothenberger (creative scene)*
__*Ruedi Rüegg (established small enterprise with approx. five employees)*
__*Christian Tobler (established mid-sized business with approx. 20 employees)*

Focus of the Discussion

__*Relationship to the findings of the initial round of discussions with young designers*
__*Relationship to the market*
__*Validity of the work, products, profession*
__*Importance of the education*

October 2, 2006

2nd Group Discussions with Young Representatives of the Zurich Design Sector

__*If Ebnöther, industrial designer*
__*Stephanie Gygax, photographer*
__*Robin Haller, graphic artist*
__*Jeannine Herrmann, visual designer*
__*Max Rheiner, interaction design*
__*Annina Züst, textile designer*

Focus of the Discussion

__*Relationship to the findings of the group discussions in January and February*
__*The terms creativity and creative industries*
__*Differentiating the term design*
__*Relationship to the market, entrepreneurial initiative, deficits*
__*Determination of lifestyles and working forms*

November 20, 2006

Group Discussions with Instructors

The instructors interviewed teach in the design field at different Swiss universities

__*Polly Bertram, Mendrisio*
__*Jürg Boner, Lausanne*
__*Roland Fischbacher, Lucerne*
__*Claudia Mareis, Berne*
__*Ralf Michel, Director of the SDN (Swiss Design Network)*
__*Ruedi Widmer, Zurich*

Focus of the Discussion

__*Does education prepare one for the market?*
__*What distinguishes a successful design graduate?*
__*Should something be changed and, if so, what?*

One-on-One Interviews

The one-on-one interviews were held between October 25 and November 21, 2006

__ *If Ebnöther, industrial designer*
__ *Stephani Gygax, photographer*
__ *Robin Haller, graphic artist*
__ *Martin Lötscher, publisher*
__ *Carmen Weisskopf, media artist*
__ *Annina Züst, textile designer*

Prior to the interview, participants were sent a questionnaire, which was then used to determine the structure of the open interview. The questionnaire and the discussions were evaluated together.

Priorities:

__ *Education, occupation, location*
__ *Notions of design and style*
__ *Work and financial situation*
__ *Work in relation to personal circumstances*
__ *Orientation of one's own work*
__ *Suggestions for improving and/or changing the situation*

8.2 BIBLIOGRAPHY

A periodically up-dated bibliography on the subject of creative industries (national and international) is available at www.kulturwirtschaft.ch.

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__ *CTI (The Swiss Innovation Promotion Agency)*
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__ *IFPI (International Federation of Producers of Phonograms and Videograms, Switzerland)*
__ *SIA (Swiss Society of Engineers and Architects)*
__ *SBVV (Association of Swiss book traders and publishers)*
__ *Suisa Foundation for Music*

EDITORS
Christoph Weckerle, Manfred Gerig, Michael Söndermann
Zurich University of the Arts
Research Unit Creative Industries

President: Professor Dr. Hans-Peter Schwarz

Zurich University of the Arts
Department of Cultural Analysis
Institute for Cultural Studies and Art Education
Research Unit Creative Industries
Christoph Weckerle
P.O. Box
8031 Zurich

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Eclat AG, Erlenbach/Zurich

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